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New Product Development Trends in the Fruit Sector

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Introduction

There are two types of new fruit products that are currently entering the market: (1) New product lines that allow suppliers, manufacturers, wholesalers or retailers to enter into a new market, and (2) product line extensions that support existing product lines to expand their range and scope to a larger market segment. Most of the new products enter the market in the second category, because it is a quick and efficient strategy for suppliers and manufacturers to enter a market with less spending in introducing the product.

Between 1999 and 2004, the fruit sector has displayed a consistent growth of new products. New products have been introduced in major global markets, which include more than 50 countries. With the introduction of more than 4,500 fruit and fruit-containing products¹ in 2004 alone, the sector is expected to exhibit significant growth in the coming years. The following sections provide a brief description of recent product development trends for selected fruit and fruit-containing product categories.

Product categories

New fruit products are entering the market in the following categories: Minimally processed fruits, canned fruits, frozen fruits, fruit juices and juice drinks, fruit confectioneries, fruit spreads, energy and sports drinks, cider, and fruit-containing alcoholic beverages (e.g., wine, spirits, and beer products). Other new products containing fruits include snack bars, breakfast cereals, baby foods and drinks, and a variety of bakery food items. Fruits are also becoming important ingredients in prepared meals and meal replacements. They are increasingly added in sauces and seasoning products, side dishes, and soups. A wide range of new tea products (especially in the ice tea product line extension) and enhanced water drinks are flavored with different fruit mixtures. Weight control products and pet foods are also produced using fruits as ingredients. This report focuses on some of the main fruit product categories that have been introduced in recent years to address specific consumers' desires, wants and needs.

¹ Mintel Global New Product Database

New products focusing on freshness, variety, and flavor

New fruit products introduced in the minimally processed fruit category show a broad array of diversity in their flavor and variety. Designed to maintain freshness, these products are minimally processed. They are mainly peeled, fresh-cut or pitted fruits. Most of them are introduced as ready-to-eat snacks. New products are also introduced for use as side dishes or as fresh produce that can easily be added to one-dish meals such as salads, casseroles or stir-fry dishes. In addition, an increasing number of exotic fruit varieties (e.g., guava, jackfruits, etc.) and mixtures are gaining popularity around the world (Intel, *category review, fruits*, 2004).

In the canned fruit category, most of the new products are product line extensions with new varieties, added-in exotic fruits and flavors or with new names and package types. The past few years have also witnessed a significant growth of new dried fruit products. Growth in this category is partly attributed to an increase in the variety of dried fruits introduced to expand the fruit snack range. Many dried fruits are also entering the market as mixes and ingredients with many other food products. They are entering the market sweetened, flavored, enriched with vitamins and minerals or mixed with other products such as nuts and cereals or to be used in salads, desserts, entrees, and in baking and cooking. Most of the new frozen fruit products are coming in a package that contains one type of fruit or mixes of a variety of fruits. Companies introduced frozen fruits to be used for side dishes, fruit salads, desserts, and breakfast or in baking and cooking.

New fruit spreads often feature a wide variety of flavor combinations. Manufacturers are working on product innovations to add flavor or uniqueness to these products. Some products are thus not just sweet but combinations of sweet and spicy. Products are also coming with unique and uncommon combinations of flavor and texture. A variety of upscale fruit spreads are produced for restaurants and hotels. New products in the fruit confectionery category have different forms and appearances. Many products are coming as fruits coated or sweetened with sugar or edible coloring. Some are candies and other sweets filled with fruit concentrates, fruit juices, etc. Others are chocolates or gums flavored with different fruit flavors including fruit juices, concentrates, and purees. There are also some upscale and gourmet product lines.

Fruit-containing dairy products are coming with fruit flavors or added-in pieces of fruits mixed in yogurt, milk, cheese or even butter. New products are entering the market as refreshing snack foods or drinks, breakfast foods, and desserts. Other fruit-containing non-alcoholic beverages such as energy and sports drinks are another important component manufacturers provided due attention in their product innovation. These drinks have experienced high growth in recent years, partly as a result of product innovations that allowed the introduction of many new products. New line extensions in this category are entering the market with a high content of fruit.

The alcoholic beverage category provides a broad array of new product development opportunities for the fruit sector. The beer category is one example. There are fruit-containing beers that have been introduced in recent years. Manufacturers have mainly focused on variety and flavor innovations in introducing these products. Spirits and liquor drinks have also been introduced with a variety of fruits as ingredients and flavors. In addition, an increasing number of new wine products are entering the market. In the wine category, manufacturers have mainly focused on variety and flavor innovations in introducing new products.

Wellness-oriented fruit products on the rise

Many fruit products are traditionally perceived as healthy products. For example, in the past, fruit juice and juice drinks have been considered to be healthy products. Currently consumers' interest in low-carb diets is increasingly affecting the market for these products. Therefore, manufacturers have begun to introduce new health-oriented products in many fruit categories. A quick search in the Mintel Global New Product Database (GNPD) resulted in an increasing number of health-oriented fruit products. As of 08/19/05, the database contains 5305 fruit and fruit-containing products that claim to be low/no/reduced fat, 5096 products that claim to be no additive/preservatives, 4967 products that claim to be vitamin/mineral fortified, 3829 products that claim to be low/no/reduced sugar, and 3303 products that claim to be all natural fruit and fruit-containing products.

In particular, significant changes have been observed in the fruit juice and juice drink category. Most of the new fruit juice products have positioned themselves as healthy and functional drinks fortified with additional ingredients like vitamins and minerals or they

claim to be calorie-free, no or low fat, natural, no added sugar, no preservatives. A range of sparkling juice drinks are also emerging to make the category more competitive with other non-alcoholic drinks like water and soft drinks. Product innovations in this line extension focused on flavor and variety. The canned and frozen fruit categories also show a healthy line of extension with low sugar, low calorie, without preservatives, etc. Some products claim to be organic or all natural. Also, fruit spreads are entering the market as healthy and functional foods, such as low calorie, no added sugar, no additives and preservatives, made from 100% fruit, vitamin/mineral fortified, organic, etc.

Fruit confectionery products are benefiting from extending the snack product line to include healthy snacking for consumers with health and diet concerns. Some new products thus claim to be organic or natural choice and they are emerging with labels such as eco-fruit, organics, natural, fat free, etc. Some fruit-containing dairy products and sports and energy drinks are aimed at consumers with health concerns. A range of low or no fat, no added sugar, vitamin and mineral fortified, etc. products with assorted fruit varieties are now available. Some new products in the wine category also distinguish themselves as drinks produced from fruits grown under specific climatic conditions while others claim to be produced from natural fruits (Mintel, *beverages volume II*, 2002).

Fruits are highly regarded as convenient products

Convenience has become an important factor for consumers when buying food products. Currently, an increasing number of consumers have less time for cooking and eating food at home, or are less able to prepare or cook food at home. This situation has led to a significant growth in food products that are convenient. Packaging innovations have helped in developing food products that are easily portable or storable. Microwaveable containers, resealable bags, flexible stand-up pouches and lunch-box friendly packaging are some examples of recent innovations in the fruit sector ((Mintel, *category review, fruits*, 2004).

Most packages for minimally processed fruits are suitable for snacking. Products in this category come in resealable plastic bags, plastic trays or individual wrappers that maintain freshness. There are also some baked fruit products that come packed in microwaveable plastic trays. By making the product more convenient, minimally processed fruits are changing the fresh fruit category, which was once understood as seasonal, unbranded, bulk,

and undifferentiated (Cook, 2003). Packaging innovation has also played a significant role in the introduction of new products in the fruit juice and juice drink category. Many juice drinks have been launched to be easily portable and available as ready-to-drink products. Interestingly, some new packaging designs are also focusing on languages and package descriptions. For example, product descriptions are becoming multi/bilingual.

The dried fruit category is also enjoying from the benefits of being convenient, highly portable and storable. Manufacturers are creating not only innovative flavors but also innovative containers in an effort to increase market shares. New dried fruit products are becoming smaller and are packaged in easy-to-open, easy-to-eat, and stay-fresh plastic tubs, pouches or platters providing consumers with a convenient way to transport and consume the product. Plastic zip packages are growing trends as dried fruit manufacturers are creating reusable bags for the home, office and car. Convenience has led to an increase in the development of kids oriented single-serving dried fruit product launches.

Convenience has also been one of the driving forces in the introduction of new fruit spread products. Some fruit spreads are currently entering the market with squeezable containers having an easy-spread cup to make it easier to spread the jelly on bread. Packaging also played an important role in marketing fruit confectioneries. Most of the items are currently available in flexible packs and companies are becoming more and more innovative, introducing packages with new features and shapes. Pop out packs, bilingual, and resealable packages are now common. Some companies have even gone further and create products that are tied to special occasions (e.g., confectionery products come as a tie-in with certain film launching times). Convenience is also becoming an important market driver in introducing new fruit-containing dairy products. Some companies are relaunching products with new package designs making them easily consumable by on-the-go consumers without using utensils.

New fruit products targeting different ethnic and demographic groups

In the minimally processed fruit category, some companies have started developing new package designs for their produce to meet demands of specific demographic groups, for example, fruits in a tub or bowl designed for children. Some fruit juice and juice drinks are also aimed at specific demographic groups. Fruit drinks for school children, for example, are

designed to be convenient and include juices fortified with vitamins and minerals. There are some new canned fruits designed to meet dietary preferences of specific ethnic groups, especially Hispanics. Some frozen fruits are coming as products to be used in children's lunch boxes. There are many fruit confectionery products especially designed for school children. Some are shaped in different forms and designs to attract mainly children and young adults.

Women and children are major consumers of fruit-containing yogurt products. Children would especially remain an attractive target for these products, as they continue to add them to breakfast and lunch kits or use them as a snack (Mintel, *yogurt drinks*, 2004). In the sports and energy drinks category, manufacturers have also begun to tailor the product to narrower demographic groups (e.g. narrow age range). Hispanics are becoming potential consumers for sports and energy drinks. There are currently new sports and energy drinks displaying bilingual labels and supported by Spanish advertisements (Mintel, *RTD non-carbonated beverages*, 2004). The alcoholic beverage category provides a broad array of new product development opportunities for the fruit sector. There are, for example, fruit-containing new beer products aimed at women. New spirits are also being introduced targeting specific demographic groups, for example, drinks for young adults.

Consumers perceive most of the fruit products as healthy and convenient products and they are ready to pay a premium price. But people with low income tend to buy less expensive foods, and they are attracted to discount shops. There are some fruit products that are entering the market for sale through these stores. These are mainly in the canned fruit and confectionery categories.

Some fruit products repositioning themselves as a substitute for other food products

The side dish industry is currently suffering from aging product lines that have not changed for decades, while tastes and demanded meal types have long since changed (Mintel, *side dishes*, 2003). Most of the side dishes seem to be uninteresting in the current supermarkets containing a wide variety of new items. Some fruit product manufacturers (mainly in the minimally processed, canned and frozen fruit categories) have thus started filling this gap.

There are now a variety of fruit products that are being introduced as side dishes. Others are coming as multi-purpose products that could be used for breakfast or as a delicious topping.

Traditionally, the confectionery sector has been dominated by sugar and chocolate confectioneries and gums. Concerns over health and rising obesity rates have, however, heightened awareness of sugar, fat and carbohydrates (Intel, *sugar confectionery*, 2004). As a result many companies are now creating products with less sugar, and calories to encourage healthier eating, and fruit confectioneries become one of the new product trends that are growing in this sector. Companies are introducing new fruit confectionery products that use fruit mixes as substitutes for chocolate and candy confectioneries. Also, in the fruit-containing dairy product category, some new products claim to be whole meal replacements produced using different ingredients that include fruit, cereals and yogurt.

Some repositioning activities are also taking place in the fruit sector. Due to lack of markets for canned fruits, for example, canned fruit manufacturers are currently expanding their line of production focusing on minimally processed fruits that can be used as snacks. The canned fruit transformation process has also included the introduction of upscale canned fruit products, mixing the fruit with wine or other alcoholic beverages. Many sports and energy drinks have also repositioned themselves as healthy drinks, expanding their previous role.

Concluding remarks

Recent new product development trends in the fruit sector have been stimulated by a variety of factors. (1) Consumers are increasingly willing to pay a premium for convenience and fruits are becoming one of the most convenient food products. Minimally processed fruits and dried fruits are especially benefiting from this trend. Packaging innovations that make the product more portable and convenient while maintaining freshness will continue to be the driving force to raise sales in these product categories. (2) An increasing number of consumers are also looking for healthier fruit products. Traditionally, fruits have been perceived as healthy products. With health-conscious consumers currently looking for low-carb products, however, some fruit products are perceived as less healthy products. Thus some fruit product suppliers and manufacturers have started repositioning their products. Fruit juice drinks and fruit spreads are some of the categories affected by this trend. Therefore an increasing number of new products claim to be calorie free or fortified with

vitamins and minerals. Also, popularity of organic and natural fruits is still on the rise. (3) The consumer is looking for variety and flavor in new fruit products. Adding exotic fruit varieties and flavors has thus become important for some manufacturers to make products appealing to a broad array of consumers. Alcoholic beverages, fruit spreads, fruit juice drinks, and fruit confectioneries are some of the categories that mainly focus on variety, flavor, and texture. These products will continue to benefit from this trend. Also, the ethnic and demographic market is becoming relevant. This is especially evident in the fruit juice and juice drinks category. (4) The substitution role of fruits in some food categories is also becoming significant. Overall, fruit suppliers and manufacturers have a variety of product development and market opportunities based on different market drivers to raise sales from fruit products.

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