



THE BLEND

WESTROCK COFFEE COMPANY'S QUARTERLY NEWSLETTER

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IN THIS ISSUE:

BETTER FOR YOU BEVERAGES

AN INSIDE LOOK AT
CONSUMER DEMAND
AND ITS IMPACT ON THE
FOODSERVICE INDUSTRY

INSIGHTS & DATA ON CONSUMER BEHAVIOR

Consumer demand for healthier, **“better-for-you” (BFY) products** is significantly impacting the coffee and tea categories.

This report explores key trends such as the evolving landscape of BFY products, the rising interest in functional ingredients, and the growing importance of convenience. **Key drivers in product development include transparency, personalized wellness, and accessible formats**, with brands incorporating ingredients that address specific health needs—from gut health to mental well-being. We will also examine how these trends manifest in the broader beverage space, and explore the evolving definitions of “healthy” and “BFY.”



Defining “Healthy” and “BFY”

In this issue, “healthy” and “better-for-you” (BFY) refer to products that provide more than just basic nutrition. They focus on a holistic approach to well-being, with ingredients and formulations that support specific health goals, including:



Nutrient Density

Products rich in **vitamins, minerals, antioxidants**, and other beneficial compounds.



Functional Benefits

Ingredients offering targeted health benefits, such as improving **digestion, cognitive function, or immune support**.



Clean Label

Products with minimal processing, no artificial additives, and transparent sourcing.



Personalized Wellness

Products catering to individual dietary needs and health goals, allowing for customized wellness routines.

EVOLVING CONSUMER DEMAND FOR BFY COFFEE AND TEA

The definition of “healthier” is evolving. Consumers are looking for more than just low-calorie or low-sugar options.

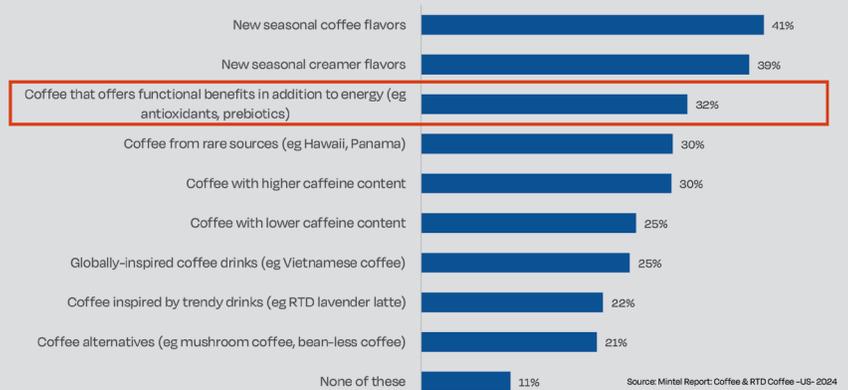
Transparency in ingredient sourcing and labeling is now essential, as consumers want to understand what they’re consuming. “Personalized” wellness has become a major trend, with consumers seeking products that suit their unique needs. This is reflected in the **growing popularity of functional ingredients that target specific health concerns**. Convenience also remains a priority, with ready-to-drink (RTD) and single-serve formats dominating the market.

Data shows significant interest in functional benefits in coffee, with 32% of consumers expressing interest in such products. **Cold brew drinkers are particularly receptive to functional offerings (46%). While energy is still a primary driver for coffee consumption (47% of Millennials and Gen Z)**, more consumers are also seeking additional health benefits.

Across the board, **relaxation/ stress relief** is the benefit most consumers are interested in for tea, while coffee tends to lean more toward **cognitive enhancement and mental focus**.

1 In 3 Consumers Are Looking for Functional benefits in Coffee

"Which of the following coffee products would you be interested in trying? Please select all that apply."



The Rise of Personalized Wellness

Consumers are increasingly proactive about their health and wellness, seeking products tailored to their individual needs and preferences. This drive for personalization is influencing several key trends : customization, self-care, and data-driven decisions.

Customization

Consumers want products that can be customized to their health needs, **such as adding specific supplements** to their coffee or choosing tea blends for personal health concerns.

Self-Care

Wellness is becoming synonymous with self-care, and **consumers are prioritizing products that promote relaxation, stress reduction, and overall well-being**.

Data-Driven Decisions

More consumers are **using data from wearable devices and health apps to inform their wellness choices**, selecting products that align with their personal health metrics.

Functional Ingredients and Their Role In Beverages

Functional ingredients are **driving product innovation in coffee, tea, and broader beverage categories**. The chart also illustrates the sequence of BFY menu adoption for the optimal consumer buy-in.



BETTER FOR YOU MENU ADOPTION CYCLE



1
INCEPTION

Adaptogens and Nootropics

Ingredients like ashwagandha and lion's mane are gaining popularity for their cognitive benefits, addressing mental health concerns, especially among younger generations. **Cognitive enhancement and mental focus remain a key benefit for coffee drinkers, particularly for younger demographics.** Among Gen Z, 25% chose cognitive enhancement/mental focus as the most important benefit, with 38% ranking it in their top 2 benefits.



2
ADOPTION

Collagen

Collagen-infused coffee and tea are marketed for **improving skin health**, aligning with the "beauty-from-within" trend. Collagen is also appearing in protein shakes, smoothies, and even some alcoholic drinks.



3
PROLIFERATION

Probiotics and Prebiotics

With gut health as a major focus, **31% of consumers have tried prebiotic drinks, and 26% have tried fibrous beverages.** Kombucha, yogurt drinks, and juices are increasingly fortified with probiotics and prebiotics.



4
UBIQUITOUS

Herbal Blends

Teas featuring chamomile, lavender, and other herbs are gaining popularity for their relaxation and sleep benefits, reflecting a demand for stress relief solutions. **Relaxation/stress relief was by far the most important benefit in a functional tea**, with 29% of consumers choosing it as the most important benefit and 42% ranking it in their top 2.



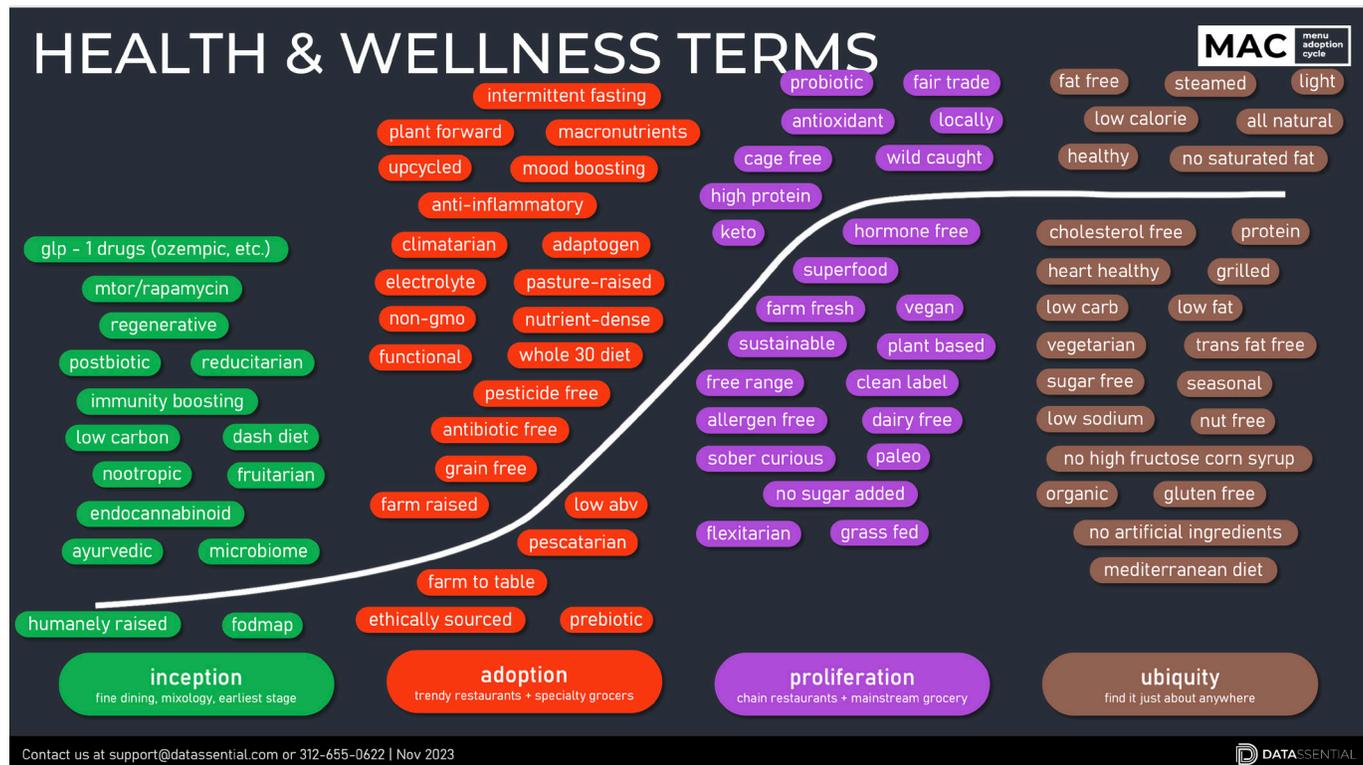
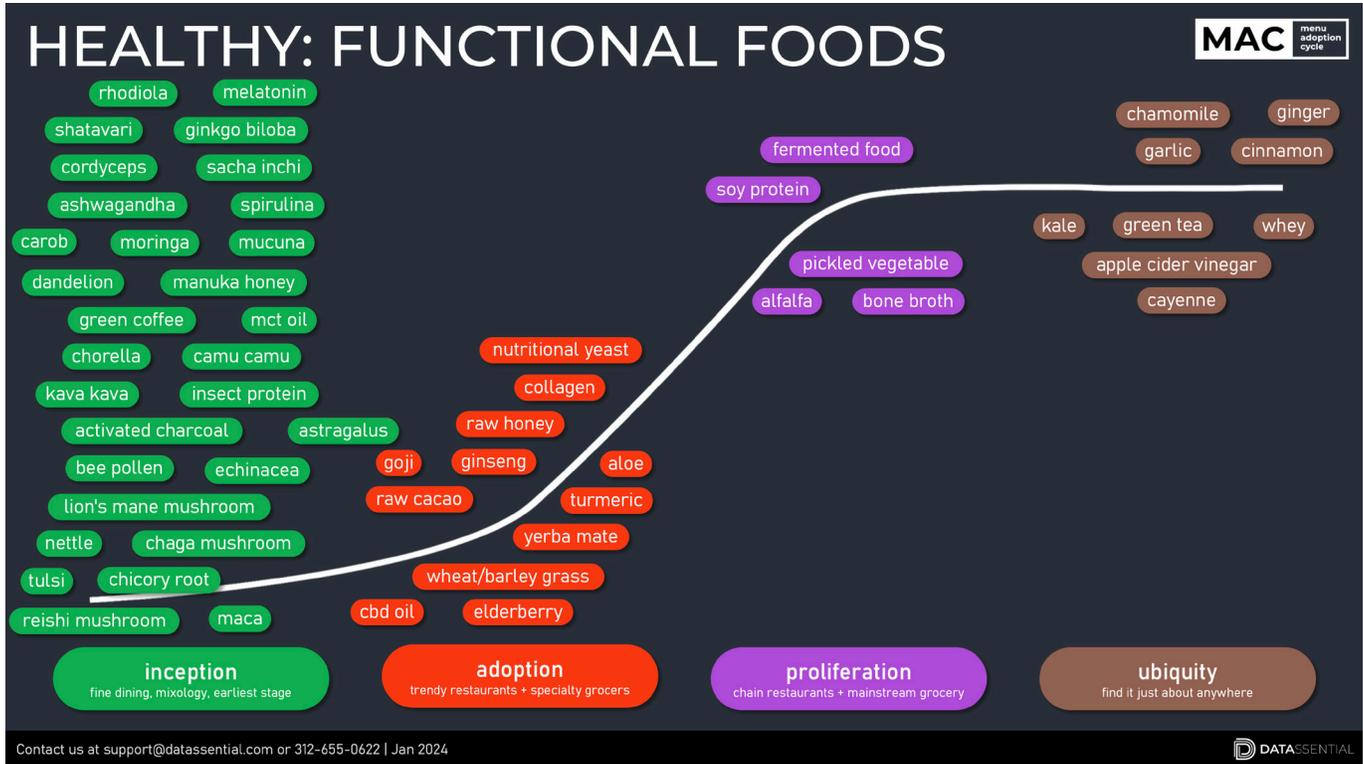
5
UBIQUITOUS

Immunity-Boosting Ingredients

Ingredients like turmeric, ginger, and echinacea are sought for immune support, especially during cold and flu seasons. These ingredients are commonly found in functional shots, wellness tonics, and some sports drinks. Tea drinkers, particularly, associate these ingredients with immune support, **with 45% of consumers expressing interest in immune-boosting beverages.**

Popular and Accepted BFY Terms & Products

Below are charts showing the **better for you menu adoption cycle**, as consumers build awareness, curiosity, purchase intent, and then ultimately repeat purchase behavior.



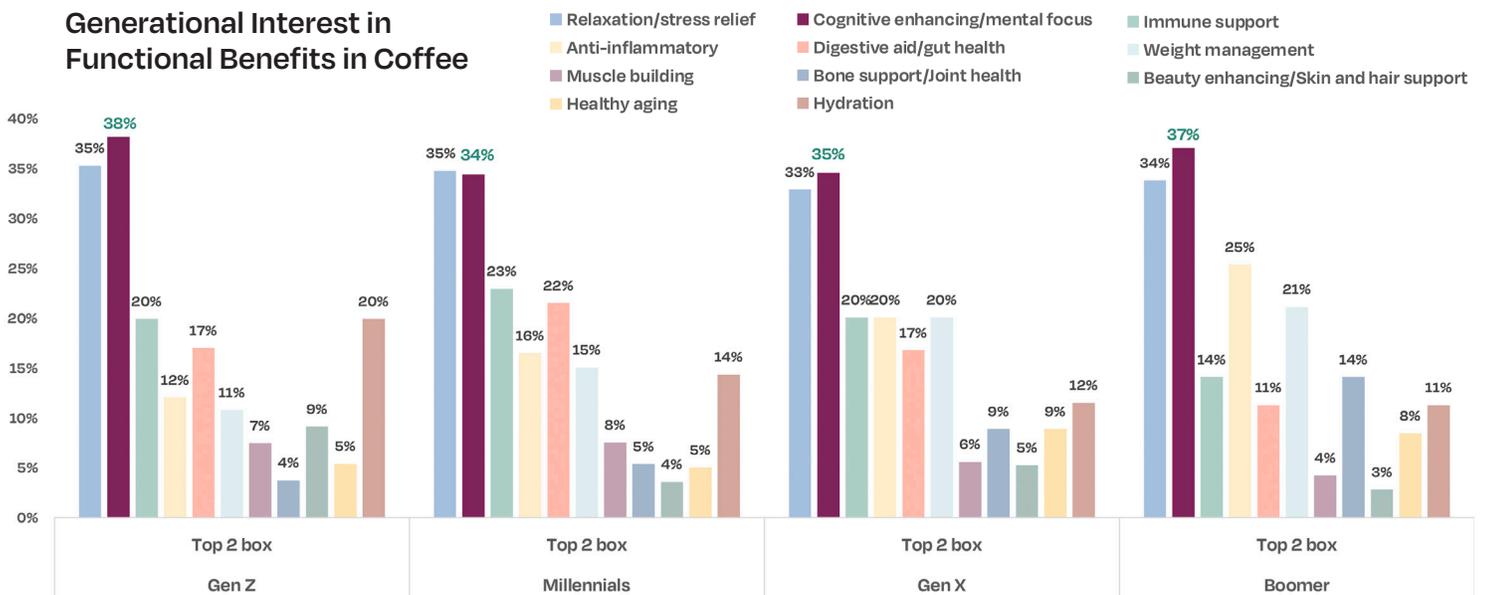


CONVENIENCE AND PRODUCT INNOVATION

Ready-to-drink (RTD) and single-serve formats remain essential to meet the demand for convenience. Brands are developing hybrid **products that combine functional ingredients with convenience**, such as refreshers with added nutritional benefits, including B-vitamins and antioxidants. **About 34% of consumers are interested in such products.** The demand for natural, less-processed products is evident, as over half of U.S. consumers surveyed expressed interest in coffee and tea beverages with no artificial ingredients.

Among Gen Z, **25% chose cognitive enhancement/mental focus as the most important benefit**, with 38% ranking it in their top 2 benefits.

Generational Interest in Functional Benefits in Coffee



Source: Westrock Proprietary Study - Functional Benefits in Coffee & Tea 2025

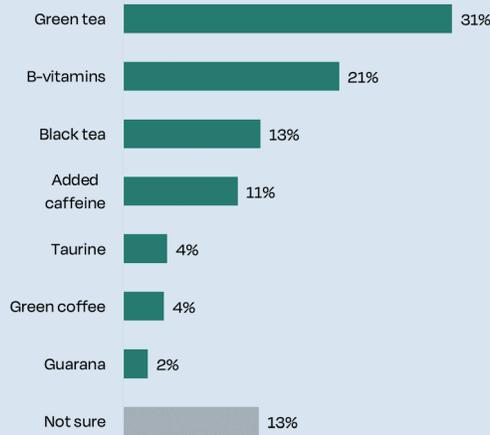
Tea's Position in the Wellness Market

Tea has a unique position in the wellness market. **Consumers associate it with relaxation and comfort, often seeing it as a tonic offering both physical and mental health benefits.** The growing perception of tea as a wellness product drives consumption, with relaxation being a leading motivator. The majority of consumers view new tea introductions as healthy. **Relaxation/stress relief is a top benefit consumers seek in functional tea,** with 29% of consumers selecting it as the most important benefit.

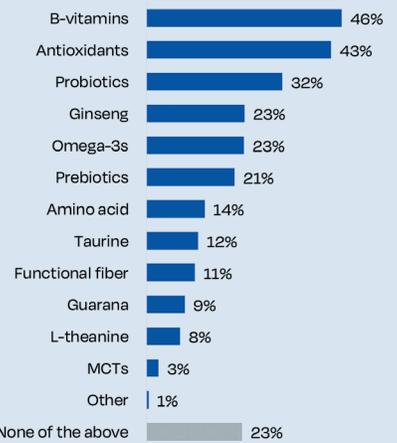


Green tea and B vitamins are the top preferred energy and functional ingredients in refreshers.

Energy Ingredient Preferences



Functional Attribute Wants

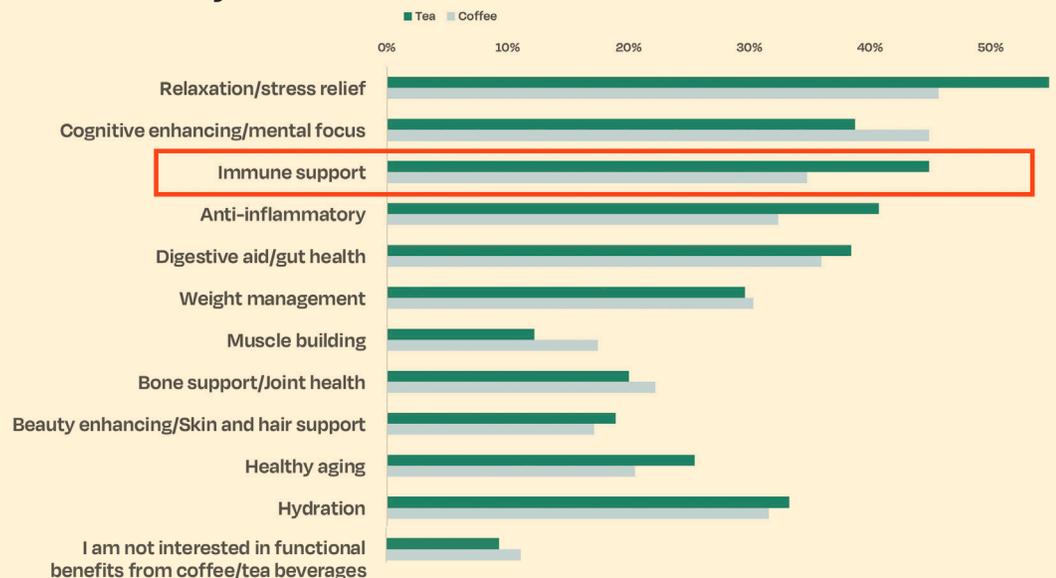


Datassential Refreshers & Functional Beverages BUZZ Topical Report

*among those who have tried or have interest in trying refreshers

Tea drinkers associate these **ingredients with immune support**, with 45% of consumers expressing interest in immune-boosting beverages.

Any interest in functional benefits coffee vs. tea?





CHALLENGES AND OPPORTUNITIES

- 1 Taste**
While functionality is important, taste remains the primary factor in consumer choices. Brands need to balance flavor with health benefits.
- 2 Education**
Consumers desire more information on the benefits of functional ingredients. 75% of consumers want to learn more about how these ingredients can benefit them.
- 3 Accessibility**
For broader adoption, functional beverages must be more accessible, including availability in restaurants and bars.
- 4 Targeted Marketing**
Younger generations, especially Gen Z, are highly interested in functional beverages. Brands should tailor marketing to highlight specific benefits that resonate with these demographics. For example, Gen Z over indexes in interest for low caffeine and decaf coffee claims compared to other age groups, reflecting a shift toward more mindful consumption.

Conclusion

The coffee and tea categories, along with the broader beverage market, are undergoing a transformation driven by consumer demand for healthier, more functional products. Brands that focus on transparency, convenience, personalization, and effective communication of health benefits will be well-positioned to succeed in this evolving market. Innovation in functional ingredients, combined with a focus on taste, accessibility, and natural formulations, will be crucial in meeting the growing consumer demand for personalized wellness solutions.

Sources: Westrock Functional Benefits Consumer Survey, Datassential, Mintel Group Ltd.

THANK YOU

This report is brought to you by Westrock Coffee.
Watch for our next quarterly issue of THE BLEND.



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