

ELDERFLOWER SYRUP AS A PRODUCT NICHE IN HEALTH AND WELLNESS BEVERAGE MARKET

Vito Bobek¹, Alexander Schlacher², Hazbo Skoko³, Anita Maček⁴

¹University of Applied Sciences FH Joanneum, Graz, Austria

²TravelPerk, Barcelona, Spain

³Faculty of Business, Charles Strut University, Sydney, Australia

⁴University of Applied Sciences FH Joanneum, Graz, Austria

The paper elaborates on the topic of the potential creation of an original product niche in Mexico's health and wellness beverage market. The potential positioning of a new product within the category of "health and wellness beverages" presents a promising step and is perceived as moving in accordance with current societal and demographic trends.

Key words: elderflower syrup, product niche, health and wellness beverage market.

СИРОП БУЗИНЫ, КАК НИШЕВЫЙ ПРОДУКТ В ОБЛАСТИ РЫНКА ОЗДОРОВИТЕЛЬНЫХ НАПИТКОВ

Вито Бобек¹, Александр Шлахер², Хазбо Скоко³, Анита Мачек⁴

¹Университет прикладных наук ФНЖоаннеум, Грац, Австрия

²TravelPerk, Барселона, Испания

³Факультет бизнеса, Charles Strut университет, Сидней, Австралия

⁴Университет прикладных наук ФНЖоаннеум, Грац, Австрия

Статья посвящена теме потенциального создания оригинальной продуктовой ниши на рынке оздоровительных напитков Мексики. Потенциальное позиционирование нового продукта в категории «оздоровительные напитки» представляет собой перспективный шаг и воспринимается как движение в соответствии с современными общественными и демографическими тенденциями.

Ключевые слова: сироп бузины, продуктовая ниша, рынок оздоровительных напитков.

Scientific literature nominates the plant from which the beverage is made of *Sambucus Nigra* (Austin, 2012, p. 215) with the English naming, elder or elderflower. Generally speaking the "health and wellness" industry is one of the most promising business areas of upcoming decades. Food and beverage products offering specific health benefits are proven to steadily incline in sales and are expected to break the one trillion dollar mark by 2017 (Euromonitor, 2012, par. 1 – 3). Especially products distinguished for their natural ingredients back up this trend. Also compared

to the wider beverage and soft drink industry the health and wellness classification is outperforming its competing categories.

Research question and research

We set the following research question:

1. *»How can the elderflower syrup be positioned in a beverage market?«*
2. *»What characteristics define elderflower as a healthy product?«*

The overall research analysis is defined within the scope of exploratory research as the major emphasis is on the discovery of ideas and insights. It is chosen to apply a mixed research analysis as it is perceived as “broadening and strengthening” the concerned study and hence most suitable for the case.

Positioning elderflower syrup in a beverage market

A beverage is commonly defined as a liquid that consists predominately or totally of water and may be consumed by drinking it (Mataix, 2006, p. 369). It is a collective nomination of all liquid consumables which are processed to be drunk by almost any living species. Its elementary and most important feature is to cover the daily need for liquids and maintain therewith connected metabolism processes. Beverages may be consumed hot or cold (Lebensmittellexikon, 2014, par. 1). Generally beverages are subdivided into following defined categories: non-alcoholic drink and alcoholic drink. The elderflower concentrate belongs to firstly defined category a):

- a) Non-alcoholic drink: This category includes beverages that contain less than 0.5 Vol. % ethanol alcohol (Lebensmittellexikon, 2014, par. 1). Popular drinks of the category are soft drinks, coffee, bottled water and fruit juices (Torres, 2011, p. 24).
- b) Alcoholic drink: Beverages containing alcohol such as wine, beer and spirits. In this case alcohol ethanol is produced by a process of either fermentation or distillation (European Commission – Scientific Committees, 2014, par. 2).

Shifting the focus to health and wellness beverages, Figure 1 presents the industries sub categories by definition. All of the categories constitute the health and wellness beverage market and share one characteristic: they have a positive impact on human’s physical or mental state of being. It is clear that healthy alimentation through intake of beneficial beverages is evidently on the way from “a niche to mainstream”.



Figure 1 – Health and Wellness Beverages

Source: Euromonitor, 2013. Cardiovascular Health: A Key Area of Functional Food and Drinks Development.

Nowadays, health and wellness is probably the most crucial theme in new beverage development. However, it is seen that it takes many forms. Most of them are closely tied to the creation of more natural options. By fact the healthy food and beverage category leads the entire health and wellness market in value growth. Globally its amount is estimated to USD 300 billion (Euromonitor, 2012, p. 14). The elderflower concentrate may be positioned in the niches of “functional & better for you beverages”. Planning of the value is important. The financial plan is the internal control in the planning of financial resources (Horvat, 2017, p. 165).

At the end of the nineties of the last century firstly the term functional beverage emerges and an industry starts to evolve around it. Simultaneously commercial marketplaces and supermarkets initiate to stock their assortment with products of this kind.

People concerned with the category understand that its food and beverage products are significantly coined by health benefits superior to ordinary nutrition (Heasman & Mellendin, 2001, p. XVI). Market development is a result of demand and supply dynamics. Arguably also in the case of discussion a mixture of factors, as for instance, health concerns, education, and lifestyle changes influenced those dynamics and led to the development of the category. As a consequence of general demand, concurrently the supply of health and wellness beverages augments. It is justifiable to argue that now is the right time to contribute to the development of further products in this market. Certain beverages have specific kind of positive functionality for the human consumer. If this is the case, there is the opportunity to position the beverage accordingly. Functionality may also origin from packaging or storage potential, as it is the case with elderflower concentrate. Brands either rely on the perception of healthiness or those who would like to make secure statements will demand a scientific analysis, as regulations are becoming tighter (Euromonitor, 2013, p. 35).

Product insights of elderflower: Is it a healthy product?

In pursuit of delivering a complete analysis on the case of investigation some introductive information around the elder plant is discussed. Firstly an overview of the plant’s botanical features and its geographical occurrence is provided. Secondly an indication of history and health related functionality is presented.

The elder plant is typically coined by “flat-topped masses of the honey creamy-white, aromatic umbel, followed by extensively wilting bunches of dark, luscious berries”. It belongs to the suckle family, scientifically, Caprifoliaceae – Sambuceae, which is comprised of 25 different kinds of plants. Fundamentally this family of plants covers woods and bushes (Fischer, Oswald & Adler, 2008, p. 804). Its leaves are ragged and organized in opposition to each other in “a pinnate with 5–9 leaflets that are 5–30 cm in length and around 3–5 cm in width” (Tahseen & Mishra, 2013, p. 114). In Europe the elder blossoms from May until end of June. Flowers may be harvested until July (Holm & Eigner, 2005, p. 185). It typically grows in mudflats, coastline thicket, on forest gaps and is potentially found around farms, post-industrial wastelands, abandoned gardens and fields. In most areas the elder plant does not grow in forests because high light obtainability and nutrient rich soil is essential for its healthy growth. This kind of environment is rarely present in forests (Kabuce & Priede, 2006, p. 5). It is a recurrent bush and reproduces itself by spreading seeds consequently to flowering. Generally the plant produces large numbers of fruits and blossoms every year. Usually it starts to flower in its third or fourth year after cultivation (Atkinson & Atkinson, 2002, p. 903).

In terms of today’s geographic diffusion the plant is relatively widespread. It grows on various continents and is principally domestic in America, Europe, Western and Middle-Asia (Rzedowski & Rzedowski, 2005, p. 738). However, general limits are hardly definable due to its wide naturalization since the middle ages. Fundamentally, *Sambucus nigra* is a European species ranging from cool temperate to western-Mediterranean and from oceanic to sub oceanic geographies.

The use and application of elder may be traced back to the Stone Age. In ancient times it was used by Hippocrates and his followers due to its medical benefits and immune system strengthening features.

Hardly a plant enjoyed as much reputation during ancient times as the elder. During antique and medieval times basically all parts of the bush, flowers, leaves, woods and barks were used for medical, textile and print related applications (Bäumler, 2012, p. 278). In ancient Rome the parts of the plant were used for cosmetic applications and already for the production of beverages and a precursor of today’s ice cream (Pfannhauser & Peters, 1998, p. 3).

Research studies demonstrate that because of its bioactive, anti-oxidant compounds, such as flavonoids and phenolic acids the syrup is a beneficial agent for a selection of diseases. In this context commonly cited diseases are cancer, cardiovascular diseases and neurodegenerative disorders (Christensen et al., 2007, p. 293). Even though studies on the health effects of flavonoids and other bioactive antioxidants are rather young, a variety of articles show that the elderflower extract offers a number of health promoting compounds and minimize the risk of age-related diseases (Halliwell et al., 2005, p. 268). Risk cannot be eliminated almost never, because some events cannot be predicted or anticipated (Horvat and Milost, 2017). Another study successfully proves the potential of elderflower concentrate to stimulate glucose uptake in primary porcine myotubes and hence reduce fat accumulation in humans. The study concludes that elderflower extracts hold bioactive combinations proficient of modulating glucose and lipid metabolism which makes

them suitable for nutraceutical and pharmaceutical applications in cases of diabetes and obesity (Bhattacharya et al., 2013, p. 11033).

Gray et al. advocate the presence of anti-diabetic compounds in the elder's flower as it contains water-soluble components capable of stimulating insulin secretion and enhancing muscle glucose uptake and metabolism. Thus, the extract from the flower of *Sambucus nigra* exemplifies a promising nutritional assistant for the treatment of diabetes and a possible source for the detection of novel orally active agent for impending diabetes remedy (Gray et al., 2000, p. 20).

Going into further detail about the analytics and scientific methods that are applied to gather the briefly summarized health related benefits offered by the elderflower concentrate would go far beyond the scope of a business related research topic. Yet, summarizing it is essential to the research questions posed as it provides proof to the potentials and the reasonable market positioning of the syrup within the category of health and wellness beverages. Nevertheless it shall not be forgotten that taste, communication, design and positioning are as important for the case of discussion as health-related benefits.

Business case: Elderflower

One of the principle questions in the beverage market is frequently directed to new flavor development and forecasting the next trend of the industry. For instance in the bar and restaurant scene pomegranate had its success, then acai, so what comes next? Analysts of the category find that elderflower is a hot bet. As a humoristic yet justifying side note it may be mentioned that the Oscar winning actor George Clooney ordered 800 elderflower cocktails for the Hollywood opening of the film "Oceans 13" (Strenk, 2008, p. 19). In Mexico so far no relevant business case is established around the elderflower. However, there are a number of business cases in different geographical areas that are worth talking about.

One remarkable example of success in relation to the elderflower is the German company Bionade. Each employee in organisation is accountable for their areas of work in accordance with the definitions in employment agreements or the act on the classification of assignments and duties and in compliance with these rules (Horvat, Lipičnik, 2016, p. 31). The brand is positioned as a "globally unique non-alcoholic refreshment beverage" based on purely biological ingredients. Bionade was founded in 1995 and claims that with this approach the company created a blue ocean firstly in Germany and later all over Europe. Its visionary approach to provide beverages that are produced by a fully sustainable operation and coined by natural tastiness and a "better for you" approach lifted an insolvent brewery into a completely new market. Amongst other SKUs, its most successfully commercialized product is based on elderflower concentrate (Bionade, 2014, par. 1). One important remark is that initially Bionade was not able to achieve the expected success. Firstly the communicational focus was exclusively laid on the health related benefits of the product, measured success is mediocre. Once the enterprise started to brand the product as "hip lifestyle drink that happens to be healthy", sales augmented substantially. By doing so the trademark booked 300 % sales increase per year in its

beginning. Today the same metric augments per 100 % year over year. Based on its success story in Europe the company entered the US market in 2008 (German American Chamber of Commerce, 2008, p. 6 - 7).

Similarly, inspiring is the business success story of Addmore Products with its start in the UK and final destination in New Zealand. When Kate Addis formed her company of which she is major shareholder and managing director today, her main goal was to “manufacture and market a highly unusual product” to the beverage market of New Zealand. Management of a company must establish a good as business process structure in order to achieve its business objectives (Horvat, Mojzer, 2019, p. 11). After living some years in England and enjoying the taste and functions of drinks based on elderflower syrup she returned to New Zealand with an exciting idea. After the discovery of local elderflower stock in New Zealand her journey to success started by experimenting with recipes using local flowers. The drinks were tested on locals and the result revealed a promising potential.

After launching the product to the market in 2002 a continuous line of success commences for Kate Addis. Touring to tradeshow, continuously improving distribution networks and diversifying the portfolio paid off for Addmore Products (Owens, 2007, p. 21). In 2010 and 2011 the elderflower company was rewarded the “Cuisine Artisan Award” (Addmore, 2014, par. 1 – 4). Similarly, as in the proposed Mexican business case also Kate Addis sees extensive potential for elderflower syrup mixed with water, sparkling water or sparkling wine as well as applied in alcoholic cocktails. Even creating spirit from elderflower is seen as a potentially interesting opportunity by market experts, as Kate Addis amongst others (Owens, 2007, p. 21). She also believes in local cultivation, manufacturing, handpicked flower collection and a fully sustainable business model. Her success proves her right and is appreciated as an aspirational benchmark agent for the case in Mexico (FMCG, 2012, p. 20).

The North American spirits brand, Cooper Spirits International LLC, launched its St. Germain Elderflower Spirit in 2007. As pointed out, developing high percentage - alcoholic spirits from the flower demonstrates business potential too. The company proves this to be a valid hypothesis by manufacturing spirits from handpicked elderflowers. Today it ships about 65.000 4.5-liter cases per year (Beverage World, 2009, p. 34). The brand is forecast to break the 100.000 cases per year frontier in the within the upcoming years (Cirillo, 2009, p. 16). These examples are only a few of many successfully created business ventures around elderflower. All of the cases presented and beyond share similar characteristics of a healthy and/or trendy product proposition. Interestingly it is noted that the business cases present themselves in highly distinct geographical and socio-cultural backgrounds which speaks for the wide applicability of the elderflower concentrate. Ultimately it can be concluded that the historical accomplishment approves the product.

Conclusion

Throughout this chapter a general introduction to the botanical features of the elder plant and more specifically its blossoms is provided. Coining features, natural habitat, growth cycles and origin are discussed and integrated into the overall interpretation of the research study. Moreover, an outline on the historical development of the plant within human socio-cultural dynamics and its significance in spiritual rites and religious beliefs as well its commercial development in the 19th century until nowadays diversification is referred to. An overview of the health-related potentials of the elder plant's flower and the extract produced from it is provided. Therewith the product's positioning within the health and wellness beverage market is further justified.

Finally, three successful business cases that serve as an aspirational agent for the research conducted are presented. The insights provided are vital to understand potential market position and communication of the elderflower syrup. Based on the cited information clear comprehension on growth and harvesting schedules can be derived which are indispensable to achieving clarity upon the potential manufacturing schedule of elderflower concentrate.

Presenting the botanical features of the plant creates transparency for the interested reader and opens the door to leveraging the thesis' topic to individual operations. Finally, the business cases discussed approve that the assumed potential in distinct geographic and circumstantial settings.

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