

NEW! THE FUTURE OF BEVERAGES

2022 EDITION (Published November 2022. Data through 2021. Market projections through 2027.) More than 60 pages, with extensive text analysis, graphs, charts and tables.



Jumpstart your brainstorming sessions and re-calibrate your crystal ball! The Future of Beverages, a sequel of sorts to 2021's The Impact of Covid-19 on the U.S. Beverage Industry, goes beyond just charting how the pandemic has affected the various segments of the liquid refreshment beverage (LRB) market. Although it considers the impact of the pandemic on bottled water, energy drinks, carbonated soft drinks (CSDs), etc., measuring volume, wholesale dollars and retail dollars for each category and how these segments were affected by covid-19 in 2020, 2021 and beyond, it also discusses broader topics such as economic data, the financial system and even a cursory look at geopolitics. Further, possible social trends are discussed to spur one's thinking and forecasts through 2026 are provided.

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THE ANSWERS YOU NEED

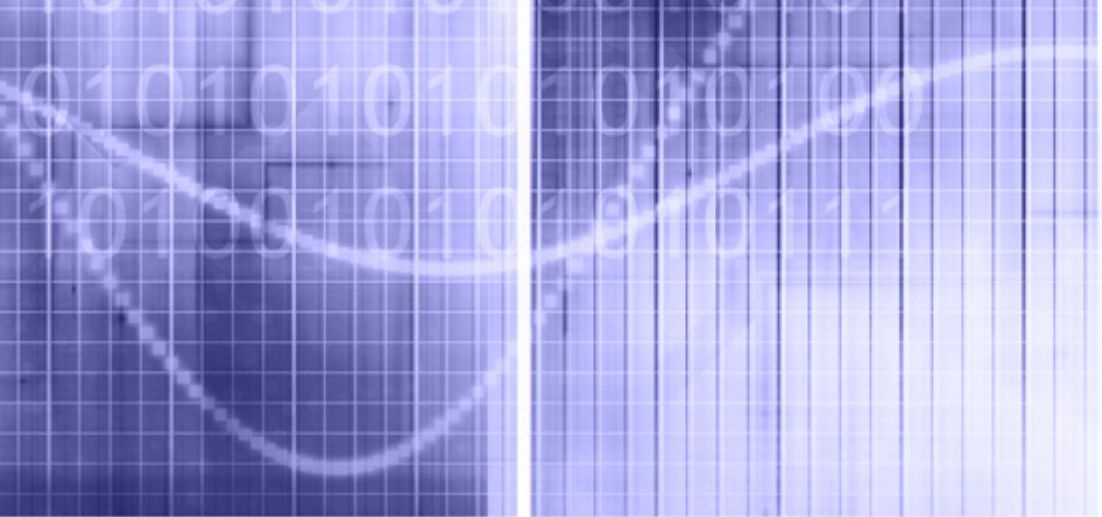
This report examines topline trends of how the various LRB categories were affected by the pandemic and looks at what may be coming next. LRB segments of the following non-alcohol beverage categories are covered: bottled water, value added waters, fruit beverages, RTD coffee, RTD tea, CSDs, energy drinks and sports beverages. Questions answered include:

- Which LRB segments were most affected negatively and least affected in 2020 and 2021?
- Are there any LRB segments which were able to grow faster than expected despite the pandemic?
- What are the underlying macroeconomic trends driving these LRB developments?
- How is covid-19 and its aftermath likely to impact the LRB segment to 2026?

THIS REPORT FEATURES

The Future of Beverages looks at the uneven impact of the pandemic on the LRB industry, with some segments experiencing hardships while others are surviving and even thriving in this uncertain environment. It posits that, even though there may be evidence of the economy and life "returning to normal," there are countervailing trends that suggest to beverage marketers that strategic planning may be needed in the likely event that more turmoil is in store for 2023 (early returns suggest it will be a bumpy ride). Using Beverage Marketing's exclusive data and projections, the report provides insights into:

- GDP, personal disposable income, unemployment and CPI/PPI in 2021 and 2022 and how they compare to historical norms. How will the outsized inflation resolve itself in the coming years? How might geopolitics raise the specter of global recession (or worse)?
- To what degree has innovation counteracted the negative impact of the pandemic and associated lockdown measures? Which beverage categories may thrive in the new normal?
- What are some of the prospects for the various LRB segments going forward? Which ones will recover their former growth arc by 2027? Which segments won't get back to normal?



THE FUTURE OF BEVERAGES

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The Future of Beverages

November 2022

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In the past couple of years and counting, vacillations have occurred with the personal saving rate. The personal saving rate is calculated as a percentage of disposable personal income, which is the money that a person or household has left over after accounting for the payment of taxes. (Exhibit 3)

- After being in line with historical norms in the first quarter of 2020, U.S. disposable personal income seesawed wildly afterwards. Federal remedial measures such as the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law in late March, helped fuel a whopping 48.6% rise in disposable personal income in the second quarter of 2020.
- As a reminder, among the CARES Act provisions was a one-time cash payment to Americans, along with enhanced federal unemployment benefits and the establishment of the Paycheck Protection Program (PPP) that provided loans to businesses which turned into outright grants if they continued paying their workers.
- In the third and fourth quarters of 2020, disposable personal income plummeted by 17.4% and 10.1%, respectively, as covid-19-related lockdowns took their toll on the economy and people's pocketbooks. In the meantime, partisan wrangling in the U.S. Congress prevented the passage of more fiscal stimulus until after the 2020 election — this time a \$900 billion package signed into law in December by outgoing President Trump that included another direct payment to Americans.
- Smoothing out the curves, disposable personal income grew by 5.8% in 2020. Although the number was positive, it masked the uneven impact of covid-19 upon different income strata, prompting accusations that the rich got much richer while everyone else mostly did worse.
- On 11 March 2021, President Biden signed the American Rescue Plan Act of 2021, encompassing a \$1.9 trillion package of stimulus and relief measures. As a result, disposable personal income soared by an unheard-of 61.3% in the first quarter.
- In April 2021, however, disposable personal income fell by 14.6% as the latest "stimmy checks" to individuals were mostly received in March.
- As for the personal saving rate, it has fluctuated from a high of 33.8% in April 2020 to 3.1% in September 2022. This is noteworthy from two perspectives: first, the speed at which the personal saving rate can evaporate and, perhaps more importantly, the big impact that a relatively modest stimulus package has on the average person's savings. If the personal saving rate can fall to 3.1% during an "unacknowledged recession," one can imagine what the impact would be during a "real" recession.

**CONSUMER PRICE INDEX CHANGE FOR
BEVERAGE CATEGORIES VS. ALL ITEMS
2001 – H1 2022**

Changes in CPI Indexes				
Year	Nonalcoholic Beverages	Alcoholic Beverages*	Food and Beverages	All Items
2000/01	█%	█%	█%	█%
2001/02	█%	█%	█%	█%
2002/03	█%	█%	█%	█%
2003/04	█%	█%	█%	█%
2004/05	█%	█%	█%	█%
2005/06	█%	█%	█%	█%
2006/07	█%	█%	█%	█%
2007/08	█%	█%	█%	█%
2008/09	█%	█%	█%	█%
2009/10	█%	█%	█%	█%
2010/11	█%	█%	█%	█%
2011/12	█%	█%	█%	█%
2012/13	█%	█%	█%	█%
2013/14	█%	█%	█%	█%
2014/15	█%	█%	█%	█%
2015/16	█%	█%	█%	█%
2016/17	█%	█%	█%	█%
2017/18	█%	█%	█%	█%
2018/19	█%	█%	█%	█%
2019/20	█%	█%	█%	█%
2020/21	█%	█%	█%	█%
2021/22**	█%	█%	█%	█%

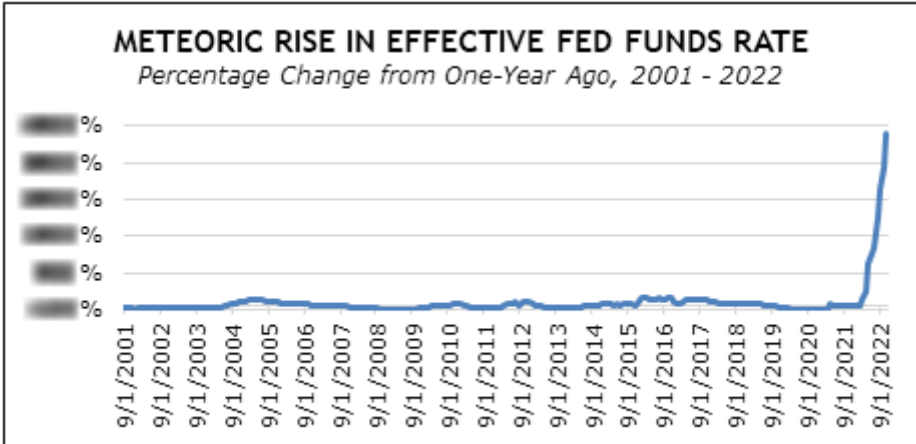
Base Period: 1982 - 1984 = 100

Note: Not seasonally adjusted.

** Beer, ale, and other malt beverages at home.*

*** H1 2022 level versus H1 2021 (year-over-year).*

Source: Beverage Marketing Corporation; Bureau of Labor Statistics



Source: St. Louis Federal Reserve Economic Research (FRED); NY FED