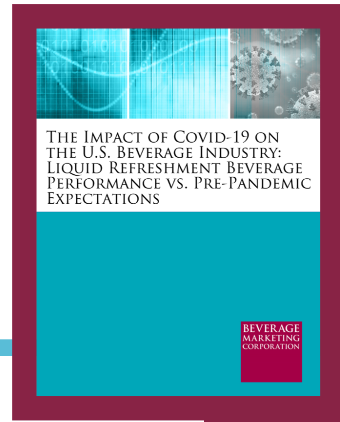
The Impact of Covid-19 on the U.S. Beverage Industry: Liquid Refreshment Beverage Performance vs. Pre-Pandemic Expectations

2021 Edition (Published June 2021. Data through 2020. Market projections through 2025.) More than 50 pages, with extensive text analysis, charts and tables.



The Impact of Covid-19 on the U.S. Beverage Industry: Liquid Refreshment Beverage Performance vs. Pre-Pandemic Expectations charts how the pandemic has affected the various segments of the liquid refreshment beverage (LRB) market. It considers the impact of the pandemic on bottled water, energy drinks, carbonated soft drinks (CSDs) and more. It measure volume, wholesale dollars and retail dollars for each category and shows how these segments were affected by covid-19 in 2020 as well as the ongoing impact in 2021 and beyond.

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Inside:

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The answers you need

This report examines topline trends of the pandemic itself and how the various LRB categories have been affected by it. 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 covid-19-related LRB developments?
- How is covid-19 and its aftermath likely to impact the LRB segment to 2025?

This report features

The Impact of Covid-19 on the U.S. Beverage Industry: Liquid Refreshment Beverage Performance vs. Pre-Pandemic Expectations looks at the uneven impact of the impact 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 superficial evidence of the economy improving as things return to normal, there are countervailing trends that suggest to beverage marketers that strategic planning may be needed just in case a "V-shaped" recovery does not materialize. Using Beverage Marketing's exclusive data and projections, the report provides insights into:

- The LRB categories that are more reliant on on-premise distribution channels will have more of a challenge returning to normal.
- GDP, personal disposable income, unemployment and CPI/PPI in 2020 and 2021 and how they compare to historical norms.
- To what degree does innovation counteract the negative impact of the pandemic and associated lockdown measures?
- What are some of the prospects for the various LRB segments going forward? Which ones will recover their former growth arc by 2025? Which segments won't get back to normal?

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June 2021

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NOTE: The information contained in this report is confidential and solely intended for the benefit of the immediate recipient hereof.

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Due to the coronavirus, people generally are more cognizant of their health. This seems to be particularly true with Millennials and the Gen Z.

- Regardless of the age of the consumer, functional beverages promising greater physical or mental well-being have great potential. Covid-19 brought “immunity” to the fore of functional benefits but there is a veritable laundry list that includes hangover prevention, stress reduction, detoxification, and others — even beauty enhancement. The idea is to “future-proof” oneself against maladies (although hangover drinks are more in the “past-remedy” category).
- The consensus seems to be that the bigger, more established brands benefited from the pandemic, relatively speaking, while innovation was temporarily delayed. This viewpoint was buttressed by the actions of Coca-Cola Company, which is winnowing the number of brands it owns from about 500 to the 200+ range. Among the brands that it discontinued in 2020 were TaB, Odwalla and Zico (although at the last minute it decided to sell the latter to a group that includes Zico’s founder).
- As was stated at the recent Beverage Forum, innovation could end up being strong in 2021 since we are pretty much getting two years for the price of one.

The distribution channel mix of pre-pandemic times will not return to normal any time soon.

- There is even a new normal with e-commerce. Online grocery sales actually declined in April 2021, according to the Brick Meets Click/Mercatus Grocery Shopping Survey. U.S. online grocery sales fell by 10% month-over-month to $8.4 billion in April 2021. This was still up 16% year-over-year. At four times pre-pandemic levels, however, e-commerce has represented a step-change in how Americans do their grocery shopping.
- According to a spring 2021 survey of 600 U.S. online shoppers by shipping software provider ShipStation, as reported by *Chain Store Age*, 56% were still buying an increased quantity of goods due to accessibility concerns, down from 71% who were asked in March 2020 when the pandemic started. An interesting countervailing point is that “groceries and furniture are the only two retail verticals in which respondents still prefer to shop in store vs. online today.”

Exhibit 10

LIQUID REFRESHMENT BEVERAGE MARKET

CHANGE IN VOLUME BETWEEN PRE-COVID AND ACTUAL 2020 BY CATEGORY

2020 – 2021(P)

Category	Pre-COVID 2019/20(P)	Actual 2019/20	Pre-COVID 2020(P)/21(P)	Actual 2020/21(P)
Bottled Water	[illegible]%	[illegible]%	[illegible]%	[illegible]%
CSDs	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Fruit Beverages	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Sports Drinks	[illegible]%	[illegible]%	[illegible]%	[illegible]%
RTD Tea	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Energy Drinks	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Value-Added Water	[illegible]%	[illegible]%	[illegible]%	[illegible]%
RTD Coffee	[illegible]%	[illegible]%	[illegible]%	[illegible]%
TOTAL	[illegible]%	[illegible]%	[illegible]%	[illegible]%

(P) Projected

Source: Beverage Marketing Corporation