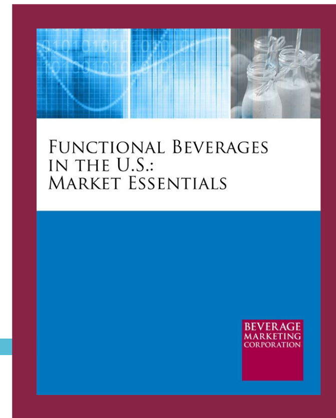
FUNCTIONAL BEVERAGES IN THE U.S.: MARKET ESSENTIALS

2024 EDITION (Published December 2024. Data through 2023, selected preliminary 2024 figures and forecasts through 2028.) More than 40 PowerPoint slides, with analysis and charts, as well as more than 30 exhibits in Excel format.



Embracing the future of function. This market report presents Beverage Marketing Corporation's research on functional beverages to provide insights into the increasingly intertwined world of healthful beverages that also offer a specific functional benefit to consumers. In this study, BMC examines trends and issues in this multi-faceted market, covering beverages aiming to aid health, quench thirst and provide specific benefits. The report homes in on new-era wellness beverages, looking at the various segments and types. Market drivers and need states are discussed and data and forecasts are provided.

This market research report looks at protein drinks, probiotics, functional water and other functional beverages, nutrient provision/meal replacement products and more, documenting their historical, current and projected performances. Forecasts are offered for energy drinks, sports beverages, RTD Tea, enhanced water, superpremium juices, protein drinks, almond milk, alkaline waters, kombucha, meal replacement drinks, coconut water, probiotics, oat milk, plant milks and other functional beverages. The result of recent moves by companies in various aspects of this diverse space are discussed and analyzed, offering insight as well as caveats to current and future marketers.

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INSIDE:

HAVE QUESTIONS?

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The answers you need

Functional Beverages in the U.S.: Market Essentials provides in-depth market analysis, shedding light on various aspects of the segments through reliable data and discussions of what the numbers really mean. Questions answered include:

- Which segments in the United States have been growing historically and currently, and which have not?
- What percentage of the U.S. beverage market can be classified as belonging to the functional category, and how has this changed in recent years?
- What are the leading companies, and how have they been performing?
- Which segment has the highest growth? Which company has leading market share?
- What are the leading consumer benefit segments of the industry?
- How have functional beverages evolved from legacy categories?
- What are the prospects of the functional beverage category and its segments through 2028?

This report features

The Functional Beverages report provides an overview of the dozen or so beverage segments deemed to make up the functional beverage category and the market drivers and industry innovation that are likely to lead to expanded functional benefits in the years ahead. Much more than a functional beverages market report per se, this study provides data and analysis of multiple facets of the industry and insight on the trends and consumer need states driving it. Volume, retail dollars, wholesale dollars and per capita consumption statistics are included.

The companies and brands that comprise the burgeoning super-category are vetted, anchoring them in the context of recent changes that have spurred growth. Advertising and demographic data of the sub-segments are documented.

Backed by Beverage Marketing's reliable, all-sales-channel-inclusive data, readers get a thorough understanding of the combined super-category as well as multiple facets of the functional beverages market including:

- Discussion of the need states underpinning demand for such healthy products, as well as examination of target markets and consumer benefit segments round out the research. The report gives greater perspective to its research by illustrating the increasingly strong relationship between functionality in the mainstream beverage marketplace and the consumer drivers that are fueling innovation in the segment. The report also sizes the functional beverage market by consumer benefit segment and tracks growth and share by benefit such as hydration, weight management, etc.
- Key consumer need states are grouped and quantified, providing wholesale dollars, growth and share for Health and Wellness, Hydration, Energy/Rejuvenation and Function Specific products.
- Focus is placed on newer beverage types such as coconut water, energy drinks, kombucha, probiotics, oat milk, meal replacement and protein drinks. In addition, key results from BMC's market research is also provided, with expanded analysis of various sub-categories provided to ensure a fuller understanding of this rapidly changing arena.

- Key segments are quantified, offering volume and wholesale dollars, growth, market share and projections for the broad basket of sub-segments that contribute to this multi-faceted segment including: Sports Drinks, RTD Tea, Energy Drinks, Enhanced Water, Almond Milk, Superpremium Juices, Alkaline Water, Meal Replacement Drinks, Protein Drinks, Oat Milk, Coconut Water, Kombucha, Probiotic, Plant Water, and Other Functional Beverages. Trends and innovative brands within each of the sub-segments are also discussed.

- Leading companies in the segment are tracked, providing volume and wholesale dollar results, growth and market shares for PepsiCo, Coca-Cola, Red Bull, Monster Beverage, Keurig Dr Pepper, Bang, Ferolito, Vultaggio & Sons and GT's Living Foods.

- Key companies Advertising expenditures by segment as well as functional expenditures by media outlet (including internet advertising).

- The Excel presentation shows consumer demographic profiles comparing consumers of key beverage segments.

- Five-year wholesale dollar projections for the market and its sub-segments through 2028.

Functional Beverages in the U.S.: Market Essentials

BEVERAGE MARKETING CORPORATION

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December 2024

BEVERAGE MARKETING CORPORATION

RESEARCH ● DATA ● CONSULTING

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

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Exhibit

Vita Coco, based in New York, was founded by old friends Ira Liran, who lives in Brazil, and Michael Kirban, a Brooklyn-based software executive who served as the company's feet on the ground in the U.S.

- The company for some time now has been the clear market leader and, as the category has somewhat stalled, embarked on a vigorous bout of innovation inside and outside the coconut water category to stimulate faster growth and tempt an acquirer. The latter did not happen, so the company instead took advantage of hospitable public markets to launch an IPO that enabled some long-time investors, Verlinvest and Reignwood Group, to liquidate some of their shares while stoking the pump for continued expansion.
- As noted, a major portion of Vita Coco's funding had come from Verlinvest, the investment fund built on money from the Interbrew (Stella Artois) brewing fortune. Verlinvest had scored a notable success in an earlier investment in Vitaminwater marketer Glacéau and has invested in essence water marketer Hint and açaí player Sambazon. As a family fund, it can take a more patient approach than conventional private equity providers, being under no pressure to find a lucrative exit for its investors. That proved a good thing, as Vita Coco's chances of an exit proved elusive, as has been the case with Hint, too.
- Another key investor has been the Chinese owner of Red Bull in that market, Reignwood Group, which invested about $167 million to acquire a 25% stake in Vita Coco, for an enterprise value estimated at $665 million. (Reflecting the stalled prospects of the category, that valuation had grown only to $774 million via the IPO, not a huge increment of value added over a seven-year period.) Reignwood, based in Beijing, also agreed to distribute the brand in China.
- Notably for startups in beverages, Kirban has been operating profitably for years, cutting his first dividend check to investors in 2016, thanks to taking a guerrilla approach to building the business. That record has somewhat shielded him from the plunge in share values of newly listed beverage companies as investors have soured at the growth-at-all-costs model and begun to demand signs of a pathway to profitability.
- In a coup in its earlier days that brought a wave of publicity and brand awareness, several celebrity consumers of the brand came aboard as investors, including pop icon Madonna, her manager Guy Oseary, actors Matthew McConaughey and Demi Moore, as well as Red Hot Chili Peppers frontman Anthony Kiedis.

Exhibit 2.8

THE FUNCTIONAL RTD BEVERAGE MARKET

SHARE OF WHOLESALE DOLLAR SALES (r)

2018 - 2024(p)

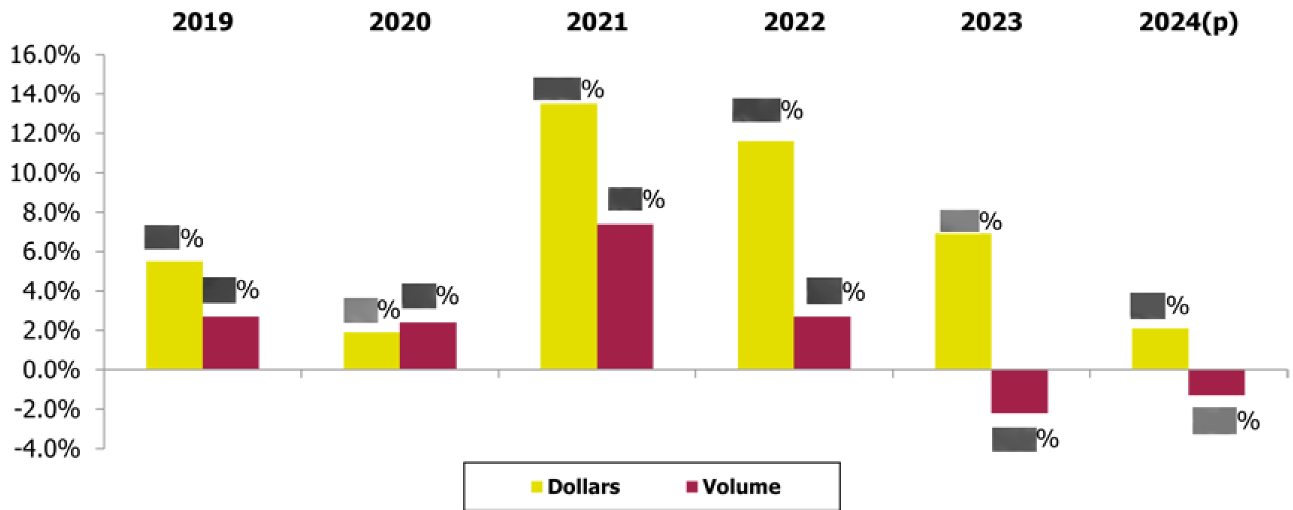
Segments	2018	2019	2020	2021	2022	2023	2024(p)
Energy Drinks	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Sports Drinks	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
RTD Tea	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Enhanced Water	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Superpremium Juices	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Almond Milk	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Protein Drinks	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Meal Replacement	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Kombucha	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Alkaline Water	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Coconut Water	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Probiotic	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Oat Milk	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Plant Water	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Other*	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
TOTAL	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%

(p) Preliminary

** Includes nutrient-enhanced teas, dairy drinks, fruit beverages and waters.*

Source: Beverage Marketing Corporation

Functional Beverage Wholesale Dollar and Volume Growth
2019 – 2024(p)



(p) Preliminary
Source: Beverage Marketing Corporation