The Next Wave of No-Alcohol Beverages in the U.S.

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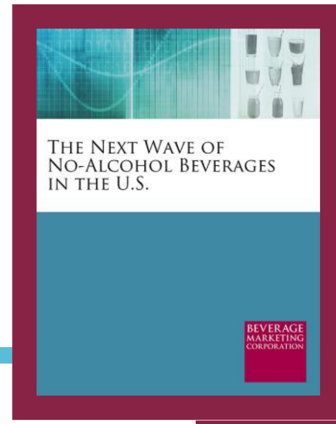

This report, formerly named *Up-and-Coming Beverage Categories and Companies in the U.S.*, scrutinizes the always-changing marketplace by identifying and quantifying emerging non-alcoholic beverage categories, discussing companies of growing significance and describing what could be the next big thing.

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The answers you need

In an industry where innovation is a constant, this report provides in-depth analysis of ways innovation is changing the beverage landscape through the emergence of new categories and brands. It also provides an overview of defining trends spurring developments in new categories. It also looks at the fast-growing liquid refreshment beverage companies, discusses their performance and indicates what makes them noteworthy. Questions answered include:

- What new categories are enlivening the U.S. beverage market?
- How big are these emerging sectors and why are they worthy of being on your radar?
- What trends characterize the various up-and-coming beverage types entering the marketplace?
- Which companies enjoy the backing of industry veterans and strong financial resources, and which do not?
- Which beverage companies and brands show the most promise for success in the competitive U.S. marketplace?
- Which companies could become takeover targets in the near future?

This report features

Get a comprehensive overview of 19 fledgling beverage segments, some of which are poised to become the next big thing. For added market perspective, the entrepreneurial brands that comprise the burgeoning beverage categories are anchored in the context of more-established beverage market.

To provide context to the research findings, the report discusses factors that have led to the development of new beverage segments despite the relative maturity of the packaged beverage market as a whole. Backed by Beverage Marketing's reliable, all-sales-channel-inclusive data, readers get a thorough understanding of key facets of emerging beverage markets including:

- Analysis of industry trends and quantification of emerging non-alcoholic beverage categories and sub-segments.
- Discussion of the types of companies driving innovation – from the traditional large beverage companies to entrepreneurs.
- Insight from our up and coming market research analysts' on the factors driving innovation into new beverage types.
- Analysis of niche and emerging segments including high-end water, cannabis infused beverages, premium sodas, dairy alternatives, premium ready-to-drink teas, coconut water, essence waters, kombucha, cleanses, ready-to-drink protein drinks, functional beverages, probiotics, energy drinks, premium kids' beverages, ready-to-drink coffee and more.
- Discussion of companies with distinctive brands in each nascent and new segment. Companies/brands covered include: Aloe Gloe, Alkaline Water Co/Aquahydrate, Argo Tea, AriZona, Balance Water, Bulletproof Coffee, C4, Califia Farms, Calypso Lemonade, Celsius, Cheribundi, Essentia, Evamor, GT's Living Foods, GoodBelly, Guayaki, Harmless Harvest, Health-Ade, High Brew, Hint Water, Humm Kombucha, Inko's, Karma Wellness Water, KonaRed, La Croix, Lifeway, Mamma Chia, MatchaBar, Neuro, Protein2O, Purity Organic, Q Tonic, Reed's, Rockstar, Sambazon, Soylent, Sparkling ICE, Suja, Sweet Leaf/Tradewinds, Vita Coco, Voss, VPX, Zevia, Zola Açaí and more.

- Our up and coming beverage companies market research analysts' take on the brands to watch in the various non-alcohol sectors and what they are doing to differentiate themselves as well as discussion of the strengths of various emerging brands and categories and the challenges they'll face going forward.

The Next Wave of No-Alcohol Beverages in the U.S.

BEVERAGE MARKETING CORPORATION

The Next Wave of No-Alcohol Beverages in the U.S.

December 2019

BEVERAGE MARKETING CORPORATION

R E S E A R C H ● D A T A ● C O N S U L T I N G

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

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Text Sample 1

Among other key features of the beverage landscape have been legislative initiatives to tax sodas and other sugar-sweetened beverages that, with some major wins in cities like Philadelphia and Berkeley, California, have galvanized soda lobbyist the American Beverage Association and its members to spend unprecedented amounts to beat them back.

- Meanwhile, corporate campuses have been opening up their beverage sets to new ideas, sometimes voted on by their employees, as the companies adopt health-and-wellness policies that definitely do not emphasize soda, highly sweetened teas and other traditional refreshers. And quick-serve and fast-food restaurant chains increasingly were looking to ease ingredients like high-fructose corn syrup (HFCS) out of their offerings, with chains like Panera and Chipotle Grill among the leaders in such efforts.
- On the retail side, a growing number of mainstream retailers, seeing chains like Whole Foods and Sprouts Farmers Market developing an image as homes for innovative new brands, have decided to stop ceding that ground, and stepped up their efforts to make themselves more hospitable incubators for interesting new items.
- Thus, Walmart, Target, Safeway, Kroger and drug chains like CVS have been fostering programs that ease the entry of newer brands by bringing down the slotting, distribution and other barriers to such brands getting on their shelves, at least in limited, experimental sets. (Of course, if the brands don't turn, these retailers sometimes prove to have short fuses on keeping them on their shelves.)

As accepting as the climate has become to healthier, more premium entries, this is not to say that beverages do not remain a brutally competitive business, even at the premium end that is emphasized in this report.

- There is a debate about how steep the cost of entry is. Successful serial entrepreneurs like Mike Repole (the Vitaminwater veteran now running BodyArmor) and Lance Collins (the Fuze veteran now running Core) like to say that if you don't have tens of millions of dollars to bring to the table you may as well stay home, and their easy access to capital has enabled them to pursue expensive "landgrab" strategies that call for quick national rollouts, backed by expensive direct store distribution (DSD) and field marketing efforts. Thanks to their access to resources, they can stay in the game until they hit upon the right combination of product and positioning elements to attain success, and a successful exit.

- But there are at least a few counter-examples of companies that have built sizable businesses in a gradual fashion, without recourse to institutional capital or a need to operate in the red. After all, that is how AriZona Iced Tea grew its brand — which now generates over $1 billion in sales — and the husband-and-wife team behind a brand like Joe Tea have similarly been building a big beverage and snack company running lean and operating at a profit. The owners behind Vita Coco, which has taken in institutional money, like to note that they have been paying dividend checks for several years now. So the patient, go-slow approach still is capable of success.

Text Sample 2

As for the categories of beverages, talk about a complete revolution in consumers' purchasing habits is likely premature at this point. After all, some of the fastest-growing brands on the landscape over the past decade are far from offering any kind of claim to being a healthier option: Talking Rain's Sparkling ICE (viewed by many in the business as diet soda cunningly disguised as bottled water); the sugar bomb that is Calypso Lemonade, and of course the leading energy drinks, really a new breed of more highly caffeinated sodas. (The "fitness" energy brands disrupting them are themselves far from paragons of natural formulations and low sugar levels.)

- And scores of healthier kids' beverages have suffered the consequences of believing mothers' protestations that they only want the best for their children, as consumers continue to default to brands like Capri Sun rather than pay the premium that the newer alternatives demand. These stories all seem to fight what consumers tell pollsters they are seeking these days in terms of healthy ingredients and the like.

- To go back to the giant CSD category, it is no secret that consumers are turning away from them in droves (although it must be emphasized that the fast-growing energy drink segment really comprises CSDs in another guise.) In the past few years, however, a full-fledged sugar panic seems to have taken hold among many consumers, who are suddenly scrutinizing ingredient labels for sugar content and sometimes turning away even from healthier-positioned brands like craft sodas and cold-pressed juices after discovering the high levels of sugar they often contain. That has prompted a rethinking by many of those brands of their recipes — in extreme cases, it has led to a brand like fruit-based Spindrift fleeing the category entirely and reinventing itself as an unsweetened sparkling water.

- In fact, the biggest breakout category of recent years would have to be sparkling water, riding the success not just of National Beverage's La Croix but inspiring marketers in a range of other categories, from coconut water to tea, to offer sparkling versions of their brands, in the view that the palate rewards of fizz may coax consumers into accepting brands that are lower in sugar than what consumers have been used to consuming.

- Meanwhile, boutique soda makers have been caught up short by the recognition that their use of natural, even organic, ingredients such as cane sugar has bought no respite from that sugar freakout afflicting consumers. So many have accelerated their addition of zero-calorie extensions, often over the objections of exacting founders unwilling to compromise their flavor: a new management team at Reed's Inc. forced the brand's perfectionist founder Chris Reed to finally get zero-calorie Reed's and Virgil's sodas to market, and the eponymous founder of Bruce Cost Ginger Ale was forced out of the company in part because he refused to risk tarnishing his reputation as an innovative chef with any stevia-sweetened zero-calorie offerings. Cold-pressed juice makers are in the same bind, despite the nutritional density of their offerings: they are downsizing their packages, as much to get the calorie count down as to get the price down.