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

2021 Edition (Published December 2021. Data through 2020.)
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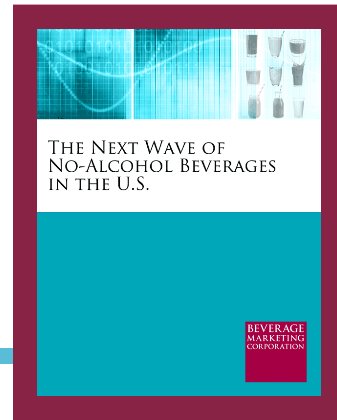

This report from Beverage Marketing Corporation scrutinizes the always-changing marketplace by identifying and quantifying emerging non-alcoholic beverage categories, discussing companies of growing significance and describing what could be the next big thing.

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Inside:

HAVE QUESTIONS?

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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 several 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 may include: Alkaline Water Co, Apres, Argo Tea, AriZona, Bang Energy, BioSteel, Bulletproof Coffee, C4, Califia Farms, Calypso Lemonade, Celsius, Cheribundi, Evamor, GT's Living Foods, GoodBelly, Guayaki, Harmless Harvest, Health-Ade, High Brew, Hint Water, Humm Kombucha, Inko's, Karma Wellness Water, Kitu Super Coffee, La Croix, Lifeway, Mamma Chia, MatchaBar, Neuro, Oatly, Olipop, OWYN, Protein2O, Purity Organic, Q Tonic, Ready Nutrition, Reed's, Sambazon, Soylent, Sparkling ICE, Suja, Sweet Leaf/Tradewinds, Trimino, Vita Coco, Voss, 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.

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BEVERAGE MARKETING CORPORATION

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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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Text Sample 1

That convenience store mainstay, energy, serves as a good example of the unpredictable directions non-alcohol beverages have been taking.

- While big brands like Red Bull, Monster and Rockstar have been mainly locked up in captive distribution systems (even as they continued to be independently owned), a disruptive challenger called Bang Energy seemingly came out of nowhere to establish a new segment called performance or fitness energy. (We say "seemingly" because it did have an incubation period of several years before attaining broad traction.) These brands use workout-oriented ingredients like creatine, branched-chain amino acids and L-theanine, and lots of caffeine, in the range of 300 mg per package. Bang has rocketed to the $1 billion range in retail sales and paved the way for other fitness-energy challengers like C4 and Celsius. Celsius seems to be the breakout star, reporting a $90 million quarter as this report was going to bed.
- Even among the experts, this was not a foreseen development. Many instead saw a completely different path for the energy segment in which the core consumers of Red Bull and Monster would grow up, begin to pay more attention to those items' nutritional data and turn to natural energy drinks as an upgrade. That view guided Anheuser-Busch InBev's acquisitions of the organic Hiball energy brand.
- While Guayaki Yerba Mate has done well as an alternative to conventional energy drinks and a sparkling yerba mate brand called Yerbae has shown momentum out the gate, the natural, "healthier" energy segment has not delivered to expectations. Instead, the performance segment really came out of nowhere to put the category on its ear. By now, retailers are building special shelf sets around these brands and the major beverage players have had to react with their own entries — the Coca-Cola/Monster alliance with Reign, Keurig Dr Pepper with Adrenaline Shoc.
- A further shock occurred last year when PepsiCo moved to acquire its partner brand Rockstar for $3.85 billion — not so much because it saw vast potential in the long-declining brand, but to extricate itself from a contract that precluded it from offering non-Rockstar energy entries. The lure was a distribution alliance inked with Bang, which promptly exited the beer houses it had mainly relied upon (mainly Anheuser-Busch houses) and created a scramble for replacements. But the Pepsi/Bang alliance got off to a rocky start and Bang owner VPX Sports has been trying to extricate itself from the alliance before the conclusion of its three-year term in October 2023. Meanwhile, brands like Celsius, C4, Rowdy and G Fuel have sought to exploit the uncertainty by winning new distribution. So it remains a highly dynamic and unpredictable segment, full of opportunity for new winners to emerge, even as leaders Red Bull and Monster continue to thrive.

Text Sample 2

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. (They also are moving increasingly to banning single-use plastic as a beverage package.) 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, and fountain brands like organic Tractor Soda making major inroads as a result.
- 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 who sold Core to KDP and is managing the Zen WTR and A Shoc brands) 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.