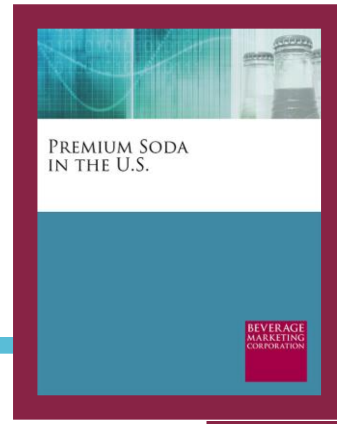
PREMIUM SODA IN THE U.S.

2019 EDITION (Published April 2019. Data through 2018. Market projections through 2023.) More than 50 pages, with extensive text analysis, graphs, charts and tables



Will the premium soda market turn around its decelerating growth in the future?

Beverage Marketing Corporation considers the possibilities in its industry report entitled: *Premium Soda in the U.S.* The question is an important one as this report considers a beverage type that enjoyed a revival earlier in the decade but which has shown signs of slowing down. It also looks at how players in the segment have adapted and innovated to stay ahead of changing consumer demands and ever-changing aversions to certain ingredients. Considering the hypercompetitive nature of the liquid refreshment beverage marketplace in the U.S., it is important to consider premium soda's prospects to 2023.

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The answers you need

This brief but insightful market report measures volume, wholesale dollar sales and retail dollar sales going back to 2012. It covers top brands and discusses key issues in the premium soda category. BMC's exclusive five-year projections are also included. Questions answered include:

- What is premium soda and what are the leading brands?
- Is the market sewn up by big companies or is there room for smaller players to capture a significant percentage of market share?
- Why has the category performed the way it has in the past six years? How does premium soda relate to the larger carbonated soft drink (CSD) market?
- How much is the premium soda market expected to grow in the next five years? What are the growth drivers going forward?

This report features

This report examines a niche segment of the massive CSD category. The presentation of industry research begins with an overview of the premium soda market. It then analyzes various brands and the companies behind them, taking note of innovations they have achieved and the marketing strategies behind them. The issues raised are important for entrepreneurs and market veterans alike to consider.

After outlining this context, the report describes the issues likely to determine what is next in the U.S. premium soda marketplace and projects market size five years into the future. In this report, readers get a thorough understanding of all facets of the premium soda market including:

- Discussion of the main competitors and their likely prospects, including analysis of the strategies of the largest brands in the segment. Brands analyzed include Sparkling ICE, San Pellegrino, IZZE, IBC, Zevia, Hansen's, Blue Sky, Reed’s, Spindrift, Boylan’s, Stewart's, Jones, Talking Rain, Maine Root, Hotlips, Bruce Cost Ginger, Afri Cola, Crafted Sodas & New Wave Soda and more
- Total market, all-sales-channel inclusive Volume and wholesale dollar value data, market share and growth for key brands including Sparkling ICE, San Pellegrino, IZZE, IBC, Zevia, Hansen's, Blue Sky, Reed’s, Spindrift, Boylan’s, Stewart's, Jones Soda, Talking Rain, Orangina, Bai Bubbles, Thomas Kemper and Caleb/Stubborn/Lemon
- Analysis of the prospects of the premium soda market in the next five years, with Beverage Marketing’s wholesale dollar and volume category projections to 2023

Premium Soda in the U.S.

BEVERAGE MARKETING CORPORATION

Premium Soda in the U.S.

April 2019

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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Summary

Premium soft drinks can be classified in several categories.

- As noted, one comprises longstanding regional brands that, through clever branding and playing of the heritage/authenticity card, have managed to successfully reposition themselves as contemporary improvements on mass-market CSDs. Ironically, by hewing to older styles of formulation and packaging, they have been able to position themselves as gourmet brands and also tap into the desire among some consumers for simpler, cleaner packaging and recipes. It is not dissimilar to what brands like Yuengling have done in beer.
- New Jersey-based Boylan, for example, has played on uncluttered glass bottles that reprise the best aspects of older brands with classic flavors and cane-sugar formulations to enjoy steady growth radiating outward from its Northeast bulwark. But it has also ridden seltzers and other lighter recipes in reaction to consumers' shifting preferences.
- The company represented the first beverage investment by Emigrant Capital, an arm of Emigrant Bank, which later added Jolt Cola marketer Wet Planet and Zola Açaí before cooling on venture capital investments in startups and exiting all but the merged Boylan/Jolt. After making sporadic efforts to unload the company, Emigrant lately has rebuffed suitors in recognition that it will command a higher price once it has restored its momentum and the category itself is more established.
- Most parts of the country still boast small firms operating below the radar of the major players for loyal coteries of consumers, and some distributors such as Real Soda in Los Angeles have made it a point of pride to carry as many of these as they can find. Many of these companies are nimble, two-person operations: two brothers at Maine Root in Austin, Texas, and the husband-and-wife team at Grown Up Soda (both profiled below). (Fizzy Lizzy itself was a husband-and-wife operation before its founders sold out to sub-premium player White Rock.)
- While the Big Three soda companies have made a few efforts over the years to acquire independent brands — say, PepsiCo with Izze, Big Red Ltd. with Thomas Kemper and recently Coca-Cola with New England regional brand Moxie — until Pepsi's distribution deal with Bundaberg these had been few and far between.
- While PepsiCo has tried to create new boutique soda brands under brands like Caleb's Kola, 1893 and Stubborn Soda, Coca-Cola took a different route, having its organic Honest Tea unit launch a stevia-sweetened soft drink brand called Honest Fizz. But it failed to ignite. For companies that boast a century's worth of experience in creating and marketing soft drinks, getting over the "not invented here" hurdle must be difficult indeed but that time may be at hand.

Exhibit 7

LEADING PREMIUM SODA BRANDS

CHANGE IN VOLUME

2013 – 2018(p)

Brand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18(p)
Sparkling ICE	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
San Pellegrino	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
IZZE	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
IBC	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Zevia	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Hansen's/Blue Sky	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Reed's	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Spindrift	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]%	[redacted]%
Boylan's	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Stewart's	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Jones Soda	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Steaz	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Orangina	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Bai Bubbles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]%	[redacted]%
Thomas Kemper	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Caleb's/Stubborn/Lemon	[redacted]	[redacted]	[redacted]	[redacted]%	[redacted]%	[redacted]%
Subtotal	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
All Other	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%
TOTAL	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%	[redacted]%

(p) Preliminary

Source: Beverage Marketing Corporation