

## Beverage Blurring - US - February 2016

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"Beverage blurring is the concept of cross-category beverages, also known as hybrid or fusion drinks, and the impact they have on the consumer impression and behavior. Cross-category drinks combine two or more drink categories, blending flavors and functionality to create a new beverage that could fall under multiple categories."

- Elizabeth Sisel, Beverage Analyst

### This report looks at the following areas:

- Top categories struggle to grab consumer attention
- Beverage health, function second to taste/ flavor
- Expanding beverage selection can overwhelm, decrease product loyalty

Cross-category beverages have become increasingly popular as manufacturers look to cater to consumer's health and wellness demands, as well as their desire for flavor experience. Those demands have led to the creation of numerous beverages with multiple identities. While it offers great potential for attracting consumer interest, it also challenges manufacturers and retailers for proper positioning on store shelves and risks complicating consumer purchases.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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## Table of Contents

### Overview

What you need to know

Definition

### Executive Summary

The issues

Top categories struggle to grab consumer attention

Figure 1: Non-alcoholic beverage consumption, November 2015

Beverage health, function second to taste/flavor

Figure 2: Preferred beverages attitudes and behaviors – Reasons for drinking preferred beverages, November 2015

Expanding beverage selection can overwhelm, decrease product loyalty

Figure 3: Drinking attitudes and behaviors – Attitudes toward beverage availability, November 2015

The opportunities

Free offerings, taste, price influences new beverage trial

Figure 4: Drinking attitudes and behaviors – Preferred beverages, November 2015

Figure 5: Attributes that encourage new beverage trial, November 2015

Leverage consumer loyalty to inspire trial

Figure 6: Attributes that encourage new beverage trial, November 2015

What it means

### The Market – What You Need to Know

Top non-alcoholic categories struggles, remaining sees growth

Juice, CSDs, dairy milk has highest market penetration

Preference for bulk, single-serve shifts with age

Preferences for chilled, room temperature changes with age

Supermarkets, mass merchandisers top purchase locations

### Market Breakdown

Leading categories see stagnant growth and declines

Figure 7: Percent change in sales non-alcoholic drinks, by segment, at current prices, 2014-15

Carbonated Soft Drinks: Spotlight on Natural/Craft – US, June 2015

Juice, Juice Drinks, and Smoothies – US, November 2015

Mintel's upcoming Dairy Milk – US, March 2016

Bottled Water – US, January 2015

Coffee – US, September 2015

Nutritional and Performance Drinks – US, January 2015

Energy Drinks – US, May 2015

Tea & RTD Tea – US, July 2015

Mintel's upcoming Non-dairy Milk – US, April 2016

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## Market Perspective – Beverage Consumption

Juice, CSDs, dairy milk have highest market penetration

Figure 8: Non-alcoholic beverage consumption, November 2015

Figure 9: Individual carbonated soft drinks and bottled water mean consumption in a seven- day period, July 2014 to September 2015

Figure 10: Household mean consumption of juice, coffee, tea, or milk on an average day, July 2014 to September 2015

Figure 11: Individual energy drink/shot and thirst quenching/sports drinks mean consumption in a 30 day period, July 2014 to September 2015

## Market Perspective – Bulk Versus Single-serve

Preference for bulk, single-serve shifts with age

Figure 12: Size and refrigeration preferences – Size, by age, November 2015

Single-serve can encourage beverage trial

Figure 13: Size and refrigeration preferences – Attitudes toward single-serve, November 2015

Figure 14: Size and refrigeration preferences – Attitudes toward single-serve, by age, November 2015

## Market Perspective – Chilled Versus Store Shelves

Preferences for chilled, room temperature changes with age

Figure 15: Size and refrigeration preferences – Refrigeration preferences, by age, November 2015

Consumers expect beverages to be on store shelves

Figure 16: IFT beverage blurring – Beverage placement, June 2015

## Market Perspective – Purchase Locations

Supermarkets, mass merchandisers top purchase locations

Figure 17: Preferred beverages attitudes and behaviors – Top purchasing locations, November 2015

Figure 18: Preferred beverages attitudes and behaviors – Top purchasing locations, by age, November 2015

## Market Factors

Health concerns remain top-of-mind with consumers

Figure 19: Important to achieve good health – Any top three rank, May 2015

Consumers aged 25-34, older groups on the rise

Figure 20: Growth rates of population (% change), by age, 2010-20

Declining household income challenges some beverage categories

Figure 21: Median household income, in inflation-adjusted dollars, 2004-14

Households with children decline

Figure 22: Households, by presence of own children, 2003-13

Hispanic population experiencing growth

Figure 23: Growth rates of population (% change), by race and Hispanic origin, 2010-20

Overlap between Millennials, acculturated Hispanics, and parents

Millennials as parents

Figure 24: Households with own children, by age of householder, 2013

Hispanics as parents

Figure 25: Households with own children, by Hispanic origin of householder, 2013

Hispanics as Millennials

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Figure 26: Generations, by Hispanic origin, 2015

## Key Players – What You Need to Know

- Cross-category beverages see growth
- Beverage category crossover creates new flavors, functions
- Grassroots promotional efforts move the needle

## Product Impact

- Iconic packaging can cause confusion
- Brand name can interfere with consumer perception
- Packaging/looks can be deceiving
- Hybrid beverages may nudge consumers to new territory

## What's Working?

- Cross-category drinks hit on trends, see success at MULO channels
- Characteristics of success
- Branded by heritage and ingredients
- Categories with healthier association

## What's Struggling?

- Some drinks facing stronger competition at MULO outlets

## What's Next?

- Waters increase functionality and flavor offerings
- Around the US
- Around the globe
- Teas cross with variety of categories
- Around the US
- Around the globe
- Coffee flavor, function tapped for multiple drink types
- Around the US
- Around the globe
- Juice fusions move to new categories
- Around the US
- Around the globe
- Milk meets water

## The Consumer – What You Need to Know

- Confusion over cross-category beverage placement
- Hybrid drinks struggle with positive perceptions
- Majority only sometimes purchase new drinks
- Consumers open to new beverage trial
- Free trial, taste most important to encourage new beverage trial

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Consumers enjoy wide beverage selection

## Beverage Confusion

Confusion over cross-category beverage placement

Vital Juice Co. Almond Cold Pressed Juice

Figure 27: Beverage placement – Vital Juice Co. Almond Cold Pressed Juice, November 2015

POM Supertea

Figure 28: Beverage placement – POM Supertea, November 2015

Mtn Dew Kickstart Energizing Sparkling Juice Beverage

Figure 29: Beverage placement – Mtn Dew Kickstart Energizing Sparkling Juice Beverage, November 2015

V8 V Fusion + Energy

Figure 30: Beverage placement – V8 V Fusion + Energy, November 2015

Starbucks Refreshers Sparkling Green Coffee Energy Beverage

Figure 31: Beverage placement – Starbucks Refreshers Sparkling Green Coffee Energy Beverage, November 2015

Hi Ball Sparkling Energy Water

Figure 32: Beverage placement – Hi Ball Sparkling Energy Water, November 2015

Jones Strawberry Lime Sparkling Water

Figure 33: Beverage placement – Jones Strawberry Lime Sparkling Water, November 2015

Rockstar Roasted Caffe Latte Flavored Energy & Coffee Drink

Figure 34: Beverage placement – Rockstar Roasted Caffe Latte Flavored Energy & Coffee Drink, November 2015

Harmless Harvest 100% Raw Coconut Water with Fair Trade Coffee

Figure 35: Beverage placement – Harmless Harvest 100% Raw Coconut Water with Fair Trade Coffee, November 2015

## Views toward Hybrid (Fusion/Cross-category) Drinks

Hybrid drinks has opportunity to leverage uniqueness

Figure 36: Beverage blurring – Positive attitudes toward hybrid drinks, June 2015

Figure 37: Beverage blurring – Positive attitudes toward hybrid drinks, by age, June 2015

Figure 38: Beverage blurring – Positive attitudes toward hybrid drinks, by demographics, June 2015

Hybrid/fusions drinks are challenged by consumer perceptions

Figure 39: Beverage blurring – Negative attitudes toward hybrid drinks, June 2015

## New Beverage Purchasing Behaviors

Majority only sometimes purchase new drinks

Figure 40: Drinking attitudes and behaviors – New drink purchasing behaviors, November 2015

Frequently purchase new or different beverages

Sometimes purchased new or different beverages

Rarely purchases new or different beverages

Frequent new drink shoppers visit a variety of retail channels

Figure 41: Preferred beverages attitudes and behaviors – Top purchasing locations, by drinking attitudes and behaviors, November 2015

Hybrid beverage drinkers

Occasional hybrid drinkers

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No interest in hybrid drinks

## Attitudes toward New and Preferred Beverages

Consumers open to new beverage trial

Figure 42: Drinking attitudes and behaviors – Preferred beverages, November 2015

Open to new beverage trial

Sticks to preferred beverages

Prefers variety

Reasons for drinking preferred beverages

Figure 43: Preferred beverages attitudes and behaviors – Reasons for drinking preferred beverages, November 2015

Figure 44: Preferred beverages attitudes and behaviors – Reasons for drinking preferred beverages, by age, November 2015

## Encourage New Beverage Trial

Free trial, taste most important to encourage new beverage trial

Figure 45: Attributes that encourage new beverage trial, November 2015

Figure 46: Attributes that encourage new beverage trial, by age, November 2015

Opportunities to reach women with new drink trial

Opportunities to reach parents with new drink trial

## Attitudes toward Available Drink Selection

Consumers enjoy wide beverage selection

Figure 47: Drinking attitudes and behaviors – Attitudes toward beverage availability, November 2015

Enjoys the selection

Indifferent

Overwhelmed

Figure 48: Drinking attitudes and behaviors – Attitudes toward beverage availability, by age, November 2015

## Appendix – Data Sources and Abbreviations

Data sources

Sales data

Consumer survey data

Consumer qualitative research

Abbreviations and terms

Abbreviations

Terms

## Appendix – Market Breakdown

Figure 49: Sales non-alcoholic drinks, by segment, at current prices 2010-15

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