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This report looks at the following areas:

- Hybrids invigorate cluttered beverage aisle
- Budding yet low hybrid use
- · Younger, ethnically diverse generations show high engagement
- But don't forget consumers over 40
- Diverse opportunity for development and targeted positioning
- · Keep innovation on the fringe of familiar



"Category-defying hybrid drinks have been at the heart of growth and innovation in the non-alcoholic beverage market. Opportunities lie in expanding drink occasions, reaching a wider range of consumers, and continuing to integrate innovative ingredients and new functional benefits into hybrid beverages."

- Mimi Bonnett, Director - Food and Drink, Foodservice

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- · Healthy living trends support BFY hybrid drinks
- · Recovering economy helps buoy premium fusion drinks
- Younger, ethnically diverse generations are important to arowth
- ...but don't forget those 40+

MARKET PERSPECTIVE

In a crowded drink market, it's a mixed bag of success
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- Bottled water growth reflects popularity of BFY drinks
- Energy drinks continue to grow sales
- RTD renaissance brings new life to coffees and teas

MARKET FACTORS

- Wellness for everyone
- Obesity rates remain high and propel need to reduce sugar consumption, lose weight

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- · Fringe interest in CBD suggests education is needed, maybe

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· Mainstreaming of Bai

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 Harnessing the power of RTD coffees/teas with functionality, flavor, and nutrition

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- Tapping into healthy gut trend
- · Pair energy with other functions
- Other hybrid drinks focus on hydration, recovery, and detoxification

WHAT'S STRUGGLING?

Missing the boat with health-focused Boomers, women

WHAT'S NEXT?

- Blurring the line between drinks and meals with robust nourishment
- Can CBD infused drinks be mainstreamed?

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- · Hybrid drinks garner fringe use, but gaining
- Switching behavior is evident
- Hydration and refreshment are primary drivers, secondary ones are reward driven
- Consumers want energy, consumers want to relax
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- CHAID methodology
- TURF methodology
- Correspondence Analysis methodology

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