



Reimagining the Future: Trends and Innovations in the Beverage Industry

Welcome

The beverage industry is undergoing significant shifts and innovations, driven by consumer preferences and emerging health-conscious trends. In this thought leadership report, we explore the key insights shared during the mid-year trends report for the beverage segment. We identify several trends and make actionable recommendations for businesses operating in the Consumer Packaged Goods (CPG) industry.



Functional Beverages as Medicine

One of the most significant trends in the beverage industry is the emergence of functional beverages positioned as medicine. Consumers are increasingly seeking beverages that offer health benefits and contribute to their overall well-being. This trend presents a unique opportunity for CPG companies to invest in research and development to create functional beverages that address specific health concerns.

RECOMMENDATIONS

CPG companies should focus on developing and marketing beverages that provide genuine health benefits, supported by scientific research. Transparently communicate these benefits to consumers, ensuring they understand how these functional beverages can improve their health and wellness.

Top Performing Health Focuses Tracked in Beverage

Health Focus	Sales	%Growth YoY
Cleanse & Detox	\$15.0M	+38.4%
Mood Support	\$21.5M	+27.5%
Hair Skin & Nails	\$8.6M	+15.5%
Digestive Health	\$1.07B	+14.7%
Pain & Inflammation	\$4.1M	+12.8%
Cognitive Health	\$51.0M	+11.8%
Hydration	\$445M	+11.0%
Weight Loss	\$748K	8.5%
Cold & Flu	\$69.4M	+7.8%
Immune Health	\$43.0M	+5.8%

Soda Category

Water Category

Health Focus	YoY Growth	Health Focus	YoY Growth
Digestive Health	+218.5%	Sleep	+295.2%
Performance	+26.8%	Cold & Flu	+83.5%
Cognitive Health	+1.9%	Hydration	+39.9%

Reimagining Kombucha

Kombucha has gained popularity as a fermented beverage with gut health benefits. However, there is room for innovation and market expansion. Consumers are interested in shelf-stable options with milder flavors and accessible price points. Additionally, there is an opportunity to explore kid-positioned non-alcoholic kombuchas.

RECOMMENDATIONS

CPG companies should explore innovative variations of kombucha that appeal to a broader audience, including children and those seeking a more approachable taste. Develop shelf-stable options and consider different packaging formats to meet consumer needs.

Kombucha Reimagined



Kombucha but No Vinegary Taste



Kid-Positioned Kombucha

Leveraging Novel Ingredients

Super Nirvana's use of HMB in functional beverages demonstrates the potential of leveraging novel ingredients to cater to specific consumer demands. Ingredients like HMB, known for their muscle recovery and aging population benefits, can differentiate products and attract health-conscious consumers.

RECOMMENDATIONS

CPG companies should invest in research to identify and incorporate novel, scientifically backed ingredients into their beverage formulations. Demonstrating the health benefits of such ingredients will enhance the appeal of their products to consumers seeking functional beverages.

Functional Beverages



Muscle Recovery – HMB



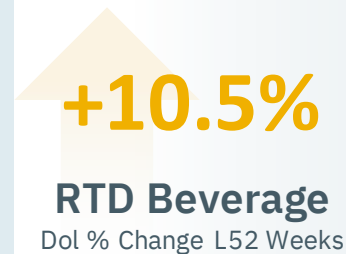
All-in-One – Mood, Immunity, Cognition

Natural and Low-Calorie Sweeteners

Consumer demand for natural and healthier alternatives to artificial sweeteners is growing. While artificial sweeteners are still popular in certain beverages, there is an opportunity for CPG companies to explore natural, low-calorie sweeteners and unsweetened options in functional beverages.

RECOMMENDATIONS

CPG companies should prioritize the use of natural sweeteners and reduce dependence on artificial ones. Offering low-calorie and unsweetened options can cater to health-conscious consumers looking to reduce sugar intake while maintaining the taste experience.



Sugar Alcohols

+5% Sugar Alcohols

+6% Erythritol

Natural Low/No Cal Sweeteners

+10% Natural Low Cal Swt.

+92% Allulose

+11% Stevia

+1% Monk Fruit

Artificial & Controversial Sweeteners

+12% Artificial Sweeteners

+16% Aspartame

+10% High Fructose Corn Syrup

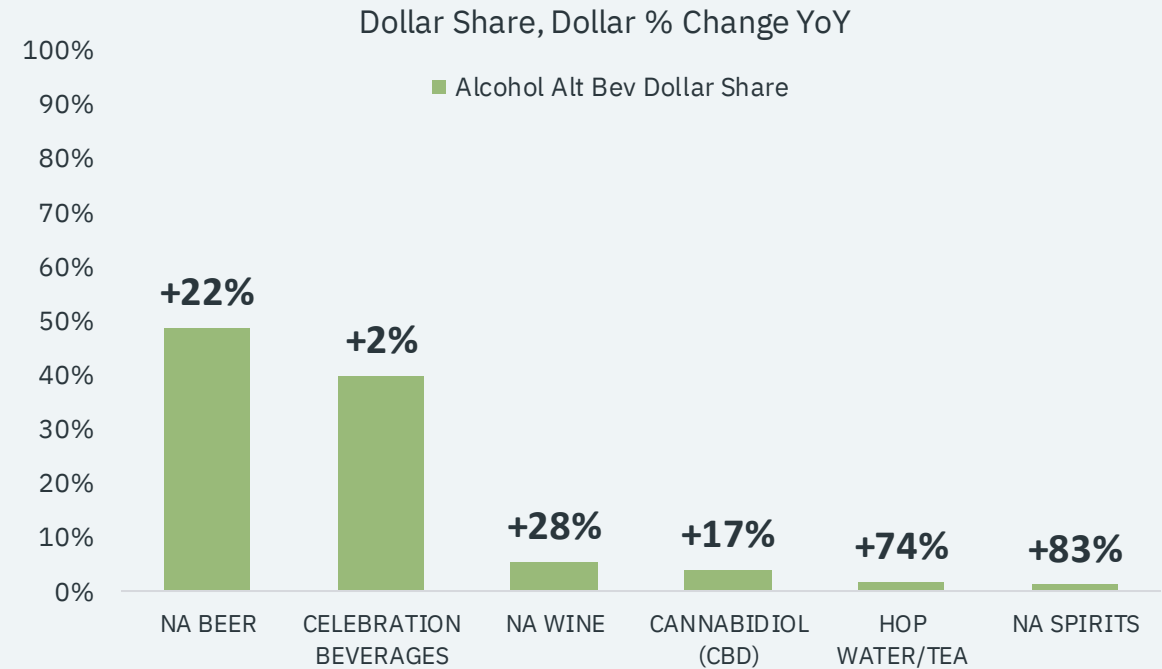
+9% Sucralose

Non-Alcoholic Sector

The rise of the non-alcoholic sector presents a unique opportunity for CPG companies to cater to consumers seeking alcohol-free alternatives that still provide a premium experience. This trend extends to non-alcoholic beers, wines, and spirits, offering consumers a variety of choices.

RECOMMENDATIONS

CPG companies should diversify their product offerings by developing and promoting non-alcoholic versions of popular alcoholic beverages. Creative marketing and innovative packaging can further elevate the appeal of these products to a wider audience.



Conclusion

The beverage industry is witnessing dynamic changes driven by evolving consumer preferences and health-conscious trends. For CPG companies to thrive in this competitive landscape, it is crucial to embrace the emerging trends and seize the opportunities they present. By investing in research and development, leveraging novel ingredients, offering health-focused functional beverages, and exploring natural sweeteners and non-alcoholic options, CPG businesses can position themselves at the forefront of the evolving beverage market. Embracing these recommendations will enable companies to connect with consumers on a deeper level and drive growth and success in the beverage segment.





Thank you!

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