Up-and-Coming Beverage Categories and Companies in the U.S.

2014 Edition (Published December 2014. Data through 2013.)
More than 250 pages, with extensive text analysis.

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This "value set" combines two formerly separate reports (*Up-and-Coming Beverage Companies* and *Up-and-Coming Beverage Categories*) into a single study, and offers it at a substantial savings. This report scrutinizes the always-changing marketplace, identifying and quantifying emerging non-alcoholic beverage categories, discussing companies of growing significance and describing what could be the next big thing. It also provides an overview of defining trends spurring development of the new categories and looks at the fast-growing liquid refreshment beverage companies, discussing their performance and indicating what makes them noteworthy.

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The answers you need

Up-and-Coming Beverage Categories and Companies in the U.S. provides in-depth analysis, shedding light on various aspects of the market. Questions answered include:

- What new beverage 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 up-and-coming beverage companies and brands show the most promise for success in the competitive U.S. marketplace?
- Which companies could become take-over targets in the near future?

This report features

Up-and-Coming Beverage Categories and Companies in the U.S. provides an overview of 19 fledgling beverage segments, some of which are poised to become the next big thing. The entrepreneurial brands that comprise the burgeoning beverage categories are anchored in the context of more-established beverage market. Documented are the factors that have led to the development of new beverage categories despite the relative maturity of the packaged beverage market as a whole. Backed by Beverage Marketing's reliable, all-sales-channel-inclusive data, users get a thorough understanding of key facets of the up-and-coming beverage market 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
- Coverage of the factors driving innovation into new beverage types
- Analysis of niche and emerging segments including high-end water, premium sodas, cap-activated beverages, superpremium ready-to-drink teas, coconut water, essence waters, kombucha, cleanses, ready-to-drink protein drinks, shots, functional beverages, probiotics, healthy energy drinks, premium kids' beverages, ready-to-drink coffee and more
- Discussion of companies with distinctive brands in each nascent and new segment. Companies covered include: 5-Hour Energy, Activate, AquaHydrate, Ayala's Herbal Water, Bai, Bob Marley, BodyArmor, Calypso Lemonade, Celsius, Coco Libre, Core Power, FRS, Function, G.T.'s, Golazo, GoodBelly, Guayaki, Harmless Harvest, Health-Ade, High Country Kombucha, Hint Water, Karma Wellness Water, KeVita, Lifeway, Mamma Chia, Metromint, Mountain Valley, Muscle Milk, Nawgan, Neuro, One Natural Experience (ONE), Reed's, Sambazon, Simpli Oat, Sneaky Pete's, Sparkling Ice, Steaz, Stumptown Coffee Roasters, Vita Coco, Wolfgang Puck, Xenergy, Zevia, Zico, Zola Açaí and more
- Our analysts' take on the brands to watch in the various up-and-coming 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

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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The change in sentiment by Coke and other strategics – coupled with a sobering recession that tamped down consumers' spending patterns – changed the game considerably. The "landgrab" strategy of going big fast, at great cost, by no means has entirely vanished: brands from BodyArmor to Suja, despite their protestations of restraint, are very much plying that strategy, thanks to their seemingly straightforward access to substantial amounts of capital and, in the case of BodyArmor, two rich principals.

- Still, things have considerably settled down now. The conventional wisdom has shifted toward a strategy where launches are confined to one or a handful of markets or retail channels, the proposition refined, and only then do brands expand. Take Bai Brands, backed by a former Glaceau principal and making a fair amount of noise in the marketplace: at the time it inked a national distribution deal with DPS in November 2013, it still had no DSD presence in key markets like the Pacific Northwest and Arizona, as it followed the new mantra of going deep rather than broad in the markets it chooses.

- Although generally the most effective at getting a brand seeded, DSD is not automatically assumed to be the proper route to market, at least not in undiluted form. It is simply too costly, so entrepreneurs often go with so-called hybrid schemes, where key retailers may be shipped the product directly, or pursue unconventional DSD options, such as dairy or ice cream or snacks houses, where the contractual and other demands are smaller.

- And entrepreneurs generally understand that it is better to delay resorting to institutional financing until later in the game, to avoid the loss of control that comes with having to meet aggressive targets that may prove unattainable.

- As noted briefly above, that is not to say there have not been any aggressive landgrab-style rollouts any more: brands such as FRS, Activate, Neuro, Marley and BodyArmor have spent extremely aggressively on building a large footprint as early as possible. For distributors looking for volume-generating hits, these all engendered a fair amount of excitement, but so far none has broken out and several have retrenched. FRS has retreated to being primarily an on-line play, Activate seems effectively to be out of the market and Neuro has endured some scaling back as its spending seemed to outrun its sell-through. Earlier high-fliers that crashed included the likes of Adina Holistics and New Leaf Tea.

- Most entrepreneurs – at least in their earliest brand-development stages – pay at least lip service to the notion that building their new brand will be a gradual process. As they often remind listeners, even "overnight successes" like Vitaminwater and Red Bull were a decade or more in the making, and they will not be expending anything like the resources of such brands.

We are also seeing increasing experiments at blending category attributes – although not always successfully.

- After earlier melding energy with coffee, the Monster and Rockstar energy brands have scored solid successes by adding electrolytes to their energy blends in noncarbonated versions that meld energy and sports drinks under the monikers Monster Rehab and Rockstar Recovery. More recently, Monster has blended energy with protein, as Muscle Monster, and other such hybrids are sure to come.
- The market had previously seen enhanced waters like Vitaminwater market themselves as sports drinks but the category-blurring impetus appears to be reaching a crescendo. A brand like Nu Aquos, for instance, can claim to participate in three different segments, given its leavening of electrolytes, protein and other nutrients in a drinkable format resembling a sports drink.
- But there are no slam-dunks in beverages, and not all such efforts have met with success. Thus, the idea of offering a superfruit-based cola, as Rainforest Cola did with an açaí-based blend, has not panned out and the company switched categories entirely with the launch of a coffee brand called Perk! instead.
- Another impact of superfruit mania has been entrepreneurs' continued ransacking of the natural world – preferably plants growing in tropical climes – for new miracle ingredients to put at the core of their beverages. The coffee bean and its surrounding fruit have both taken prominent roles in several brands, as have chia seeds and cayenne peppers. (Hoping for a spark to lift their slumberous growth, domestic growers of antioxidant-rich dark fruits like cherries and plums have similarly tried to jump on the superfruit bandwagon.)
- Seeing similar dynamics as an ethnic commodity that might migrate to the general market, many are harboring high hopes for aloe as the "next" coconut water. Whether consumers eventually will get fatigued by the confusing array remains to be seen, but certainly the spectacular uptake by consumers of once-arcane coconut water has egged on entrepreneurs.

There has been some talk in beverage circles of "functional fatigue" among consumers.

- The thought is that, with things like jobs and healthcare coverage to worry about, many consumers may be less inclined these days to devote much time to deciphering the ingredients and claims behind the latest miracle beverages, with the result that functional brands may be a harder sell than in the immediate past.