

MARKET REPORT

November 2019

Beverage trends: Non-alcoholic drinks

- **Successful mixture of trend and tradition**
- **Focus on additional benefits**
- **Global upswing in bottled water**

The non-alcoholic drinks sector continues to fascinate, wherever in the world you are. Especially because the creative machinery keeps on turning. Ideas follow ideas – and while some are just passing, others take hold and stay. If new non-alcoholic drinks pick up on a current trend, they have every chance of developing further. There is a particular focus on questions of health-consciousness, sustainability, convenience, and the combination of tradition and innovation.

Forward looking trends

For 2019 and beyond, market research agency Mintel perceives three forward looking trends that will determine the dynamics of global beverage innovations. The keywords here are “evergreen consumption”, “through the ages” and “elevated convenience”. “Evergreen consumption” is geared toward the growing demand for sustainable products as part of a 360-degree approach. The desired sustainability initiatives include improved access to recycling, in the same way, by implication, as the development of beverages with ingredients cultivated in accordance with regenerative agricultural practices. “Through the ages” focuses particularly on the desire for a healthy old age. Beverages must make a specific contribution in this regard. And under the heading of “elevated convenience”, the challenge is on beverage manufacturers to supply their products to best suit the relevant consumer situation in each case. Heading the list of the 2019 Top Ten Trends from Innova Market Insights is the “adventurous consumer”, which means it is increasingly important to think about appealing to consumers interested in new discoveries and experiences when developing new products.

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The exotic and the familiar

In general, consumers demand natural ingredients, and imaginative combinations are always popular. Vegetable extracts from ginger to turmeric, vegetable-based ingredients such as those based on almonds, coconuts, oats and rice, and botanicals like basil, lemongrass and mint, play a key role, as do new fruit taste nuances. Mintel recently identified asparagus extract, baobab fruit and maqui berries as functional ingredients with the potential to become a trend. For the European non-alcoholic beverage market, tropextrakt views fruits like calamansi, yuzu and mangosteen as rising stars. The company acknowledges that exotic fruits with special tastes or functions tend to be particularly successful if they harmonise well with familiar ingredients.

Focus on additional benefits

There are many examples of innovative beverages with additional benefits around the world. One company in the USA, for example, markets a coconut and mango drink containing chia seeds in a 296 ml glass bottle, so the chia seeds are clearly visible to the consumer. Another company offers Melon Rosé, a watermelon drink with lemon, mint, rose water and baobab in a 355 ml PET bottle, described as "Beauty". Australia is home to a probiotic kombucha drink with a pomegranate flavour in a 250 ml glass bottle. A company in the Philippines markets its speciality, a still water flavoured with calamansi, in a 500 ml PET bottle. And in Singapore, tapped birch water comes in a range of flavours, including blueberry and cranberry juice, in a 250 ml carton.

There are all kinds of interesting creations on the European market. One British company, for example, has put new vegetable-based drinks in almond, oat, hazelnut and rice, and coconut and rice flavours on the cooler shelf. These contain spring water and a little sea salt, in addition to the above ingredients, and are marketed in 750 ml PET bottles containing at least 30.0 percent recycled PET. The same company recently added fruit juice mixtures with trendy ingredients like spirulina extract and extra vitamins to its range. A German start-up recently introduced a carbonated soft drink containing vegetable extracts, vitamins and bioactive Q10 in a reusable 200 ml glass bottle. Other ingredients are passionfruit, lemon, grapefruit, ginger, turmeric and pepper. Another German brand markets a

ginger and apple shot in rose hip, chokeberry and orange; turmeric, orange and pepper; and beetroot and pear varieties in a 60 ml glass bottle. And from a further German beverage manufacturer comes a new herbal lemonade with the brand name "Kräuterbraut" in three flavours: coca and cardamom, mint and nettle, and sage and tonka bean.

Global upswing in bottled water

The world of non-alcoholic beverages is growing more and more innovative and varied, while managing to retain its traditional aspect. The lion's share of sector revenue still comes from traditional beverages. According to Euromonitor International, global per capita consumption of bottled water amounted to 36.4 litres in 2018. For 2019 it expects this figure to increase to 38.1 litres per person. This represents 32.2 litres of still water, 4.1 litres of carbonated water, and 1.8 litres of functional and flavoured waters. According to Euromonitor International forecasts, the top regions in the world for bottled water in 2019 will again be North America and Western Europe, at 104.8 and 100.7 litres per person, respectively. The provisional figures for 2019 also show an increase in per capita consumption in the regions of Asia (21.1 litres/person), Australasia (33.4 litres/person), Latin America (40.4 litres/person), and Africa/Middle East (43.2 litres/person). The water industry expects global consumption to continue growing strongly in the future. Grand View Research expects annual value-based market growth to average a healthy 7.4 percent through to 2025. Looking at the global 2019 forecasts for the categories of milk (14.5 litres/person), carbonated soft drinks (21.6 litres/person) and juice (7.9 litres/person), Euromonitor International rates these segments as largely static compared to 2018, with changes of no more than 0.1 litre/person.

Measured in terms of growth in per capita consumption, bottled water will once again record the strongest growth in the traditional non-alcoholic drinks segment in Western Europe in 2019, according to Euromonitor International: from 97.8 litres/person in 2018 to 100.7 litres/person in 2019. By comparison, forecast per capita consumption of milk for 2019 is 43.4 litres (2018: 44.1 litres); carbonated soft drinks 46.8 litres (2018: 47.0 litres); and juice 20.5 litres (2018: 20.8 litres).

Global sugar-reduction strategies

Soft drinks regularly make the headlines because they often have a high sugar content. There is currently a global focus on sugar-reduction strategies, and many countries have already introduced a tax on excessively sweetened soft drinks. Germany has already adopted the government's "National Reduction and Innovation Strategy for Sugar". The food and beverage industry has undertaken to achieve specific reduction targets by 2025. The Association of the German Non-Alcoholic Beverage Industry (Wirtschaftsvereinigung Alkoholfreie Getränke, wafg) hopes to reduce sugar and calories in the soft drink category by 15.0 percent between 2015 and 2025.

Germany still world fruit juice champion

Provisional calculations by wafg suggest that per capita consumption of soft drinks in Germany reached 123.1 litres in 2018, thanks in part to that year's unusually hot summer. This represents an increase of 6.3 percent compared to the previous year. In addition to lemonades, low-calorie or zero-calorie light products enjoyed particularly positive growth. Per capita consumption of bottled water grew to 151.6 litres in Germany last year, made up of 147.7 litres of mineral and curative waters, and 3.9 litres of spring and soda water. Conversely, consumption of fruit juices and fruit nectars declined to 31.5 litres/person in 2018 (2017: 32.2 litres/person). Even with these changes, Germans still retained the undisputed title of "world fruit juice champions", followed by Norway (23.1 litres), Austria (21.8 litres) and the USA (21.3 litres).

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BrauBeviale is one of the most important capital goods trade fairs for the beverage industry worldwide. During this three-day event at Exhibition Centre Nuremberg, international exhibitors showcase a comprehensive range of solutions for the entire beverage production process chain, including raw materials, technologies, logistics and marketing ideas. Visitors come from the technical and commercial management segments of the European beverage industry as well as from the retail and catering sectors. The product display is rounded out by an attractive supporting programme that explores and discusses the trending issues in the industry. The main topic is the future viability of the beverage sector. Other highlights include the BrauBeviale Forum, Craft Drinks Area and numerous themed pavilions. The usual relaxed atmosphere will make BrauBeviale the No. 1 meeting place for the industry. Private Brauereien Bayern (Bavarian Association of Private Breweries) is the honorary sponsor of BrauBeviale. BrauBeviale is a member of the Beviale Family, the global network of events focusing on the manufacture and marketing of beverages. www.braubeviale.de/en

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