Energy and Sports Drinks: U.S. Retail Market Trends & Opportunities
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Borrowing from the Bottled Water & Sparkling Water Playbook

Among the major types of RTD non-alcoholic beverages, bottled water stands as the most popular choice, with 70.3% of consumers reporting that they purchase this beverage, up from 64.5% in 2008. Bottled water’s advances largely came at the expense of regular and diet CSDs, which many consumers started to shun due to perception of these products as containing high amounts of sugar and artificial ingredients. As bottled water is the ultimate “free from” beverage at a time when many consumers are looking for products with as few additives as possible, the category is a formidable competitor to other RTD beverages besides CSDs.

With a consumer base that is generally less concerned about nutrition, energy and sports drinks have been relatively more immune than CSDs to scrutiny over their ingredients. However, growth within this sector of the market depends in part on reaching consumers beyond this base. In their effort to do so, many brands are dropping the aggressive flavors, neon colors, and sweeteners commonly associated with energy and sports drinks in favor of a lighter approach. The aim is often to mimic bottled water or lightly-carbonated sparkling water beverages, which are popular among female consumers, in both appearance and taste. [Figure 3-5]

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### Figure 3-5 | Usage of Bottled Spring Water & Sparkling Water by Gender, 2016 (percent and index)

<table>
<thead>
<tr>
<th>Consumer Group</th>
<th>Noncarbonated Bottled Spring Water</th>
<th>Sparkling Waters, Seltzers &amp; Natural Sodas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Males</td>
<td>67.0%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Index</td>
<td>95</td>
<td>112</td>
</tr>
<tr>
<td>Females</td>
<td>73.5%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Index</td>
<td>104</td>
<td>89</td>
</tr>
</tbody>
</table>

Note: Indexes are based on the U.S. adult norm such that an index of 90 is 10% below the norm, an index of 100 is exactly at the norm, and an index of 110 is 10% above the norm.

Source: Compiled by Packaged Facts based on Simmons Market Research NCS Adult Study 12-Month, Fall 2016. Base: Individuals. Copyright: 2017. All rights reserved.
Packaging is an important part of this image change effort. In contrast to the bold colors and graphics common in the energy drink category, brands such as Runa are opting for slender cans with light colors and little to no graphics, as this approach helps to foster an image of the beverage as low in calories and “free from” artificial ingredients. [Illustration 3-7]

**Illustration 3-7 | Runa Energy Drink**

Flavor profiles are also getting lighter, with simple fruit combinations announced in neat labels on the package. Going a step further to evoke a clean image, and appeal to consumers of sparkling beverages, many Hiball beverages are labelled as “sparkling energy water” rather than as an “energy drink.” [Illustration 3-8]