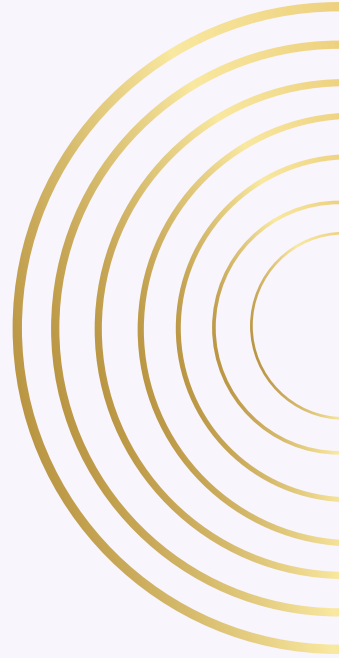


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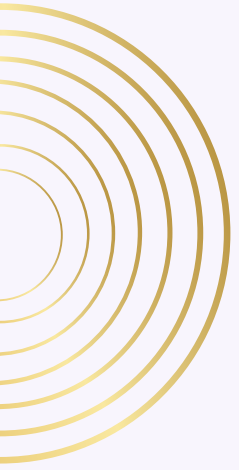
# MINI INDUSTRY REPORT

Beverages



**Presented by**  
**Genesis 7 Consulting**





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# MARKET OVERVIEW

The beverage industry is broad and wildly diverse – encompassing everything from water (the most popular non-alcoholic beverage in the U.S.) to beer (the most popular alcoholic beverage in the U.S.), to wide-ranging drinks sourced from nearly every edible plant, fungi, mineral or animal product consumed in societies across the planet. The global beverage market is one that is constantly innovating and expanding, fueled by the new tastes of younger generations, technological advances, a growing focus on health and wellness, cultural and social shifts, the need for quality, sustainable products, and a limitless thirst for new, global flavors.



# MARKET DRIVERS

The global beverage industry is expected to show an annual growth rate (CAGR) of 14.22% between 2023-2027. We've identified 5 trends driving this rapid growth.

## **Health & Wellness**

Consumer demand is exploding for beverages that don't simply taste good, but also offer health benefits and align with consumers' wellness goals. This includes traditional non-alcoholic and alcoholic beverages which have been formulated to be high-protein, high-fiber, moderate-caffeine, low-calorie, low-carb, or low-sugar. Options catering to specific dietary needs and lifestyles such as vegan, dairy-free, plant-based, and keto are also widely available. Among the trendiest drinks related to this development are functional beverages - those that provide prebiotic, probiotic, detoxing, immunity boosting, energizing, cognitive supporting, mood elevating, or euphoric qualities.

## **Sobriety & Low-to-No-Alcohol**

Gen-Z consumers are reconsidering their relationship with alcohol and driving the boom in the Low-to-No-Alcohol (LNA) beverages sector. This generational shift has expanded the market for traditionally alcoholic beverages that are now lower in alcohol or alcohol substitutes that are free of it altogether. Brands at all levels have taken note of changing tastes, adapted and established new product lines to make their brands more inclusive of all consumers' preferences for alcohol. Food scientists have brought innovation and excitement to this once previously limited category by developing new ways to replicate the burning, hoppy, malty, smoky or other qualities of traditional alcoholic beverages in mocktails and other LNA beverages using botanicals, seeds, nuts, and other natural ingredients. In legal cannabis markets, CBD and THC beverages are also a budding offshoot of the LNA trend.

## **Convenience**

Millennials have officially aged into busier lifestyles that value convenience. According to consumer survey data, 87% of millennial shoppers say that convenience is "extremely or very important" to them (compare this to only 77% for Boomers). This carries over into this generations' beverage tastes as well. This generation is embracing alcoholic beverage choices that are more accessible and fit the growing "at-home cocktail culture". Demand for ready-to-drink (RTD) cocktails and mixed drinks are on the rise, and RTD is the fastest growing spirits category among alcoholic beverages. This category includes convenient offerings such as pre-mixed cocktails, canned wines, flavored seltzers, and malt-based drinks such as kombucha. Despite wanting the simplicity of a pre-mixed cocktail, RTD cocktail buyers have tastes for complex, luxurious, and varied global flavors.

## **Craft, Small Batch & Premiumization**

Consumers across all ages are demanding premium quality and a craft feel to the beverages they consume including high-end canned and bottled water and organic juices, single origin coffees, micro distillery produced spirits, and craft RTD cocktails. According to Kadence International, "about 20 percent of last year's spirit-based RTDs in North America claimed to be 'craft' beverages". While craft beer interest has slowed in recent years, there is a growing demand for craft and small batch wines and spirits as well as non-alcohol beverages like coffee, tea, and kombucha.

## **Sustainability & Social Responsibility**

According to research firm Kadence International, around 88% of consumers report that they look at the sustainability of a product and 73% of consumers are willing to pay more money for packaging that is sustainable. Greater awareness of climate change is also creating demand for more sustainably sourced, climate friendly beverages. In addition, consumers are growing more conscious of the need for more ethically sourced ingredients such as fair trade or direct trade coffee, tea, and chocolate and are seeking transparency from the brands they support.

# FUTURE IMPACTS



Research  
**SUGAR  
SUBSTITUTES**



Brands need to explore  
**THE GENERATIONAL  
TASTES**



Increase in  
**SALES DUE TO  
CLIMATE CHANGE**

As highlighted by current market drivers, changing generational tastes will continue to shape the beverage industry in the future, a natural trend as younger generations expand their buying power. Supply chain vulnerabilities across all industries have been exposed since the arrival of the COVID-19 pandemic and its supply chain disruptions. Climate change, environmental disasters, and geopolitical unrest and conflict such as war in Ukraine have also shown to be a challenge to beverage producers and their ingredient supply chains. Similar issues will continue to impact this global industry. Furthermore, rising temperatures resulting from climate change are driving demand for beverages that help affected populations stay hydrated in warmer climates. Public health issues, scientific research findings and heightened public awareness of them will also impact the future of this industry. Public health crises like the pandemic accelerated more health-conscious consumer spending. Research regarding sugar, sugar substitutes, and alcohol consumption have also recently changed the beverage industry landscape.

# MARKETING SUGGESTIONS

Based on the developments in the beverage industry, Genesis 7 Consulting recommends three approaches to marketing your product in the beverage sector.

## ***Inclusiveness***

Consider how your beverage brand appeals to a broader audience – both alcohol drinkers and non-drinkers alike, people of all genders, consumers across different age groups, diverse racial and ethnic groups. Also consider your package design, its accessibility, and how you can appeal to everyone by benefiting everyone with more accessible packaging. Inclusivity isn't so much a trend as it is the new normal and a necessity to thrive, in an increasingly diverse society and global market where customers with different needs and unique tastes can easily connect and engage with beverage brands across the world.

## ***Willingness to Evolve***

Thriving in the beverage industry requires thinking about future consumers and trends, and being able to pivot with changing generational tastes. Even the dominant beverage brands in the non-alcoholic and alcoholic segments alike are constantly adapting and reinventing themselves. Be ready to adjust your marketing to the latest developments in medical research, public health concerns, sustainability and conscious consumption.

## ***Minimalist Messaging***

The beverage industry is complex, crowded, and competitive. And the number of choices across product segments can be overwhelming to consumers. Connect with your customers through simplified, direct, and transparent messaging in your marketing. Make it easier for beverage buyers to clearly see how your product aligns with their tastes, health and wellness goals, dietary needs, lifestyle and/or social values.

**INCLUDE**  
unique tastes

**EXPAND**  
on flavors

**OFFER**  
options

**BE**  
inclusive

**USE**  
Simple marketing

# WHAT WE LOVE ABOUT THE INDUSTRY

On a personal level, the Genesis 7 Consulting team is embracing the endless variety the beverage industry has to offer in its alcohol and non-alcohol segments. In particular, we are excited about enjoying and supporting local brands, small businesses, and emerging innovators producing delicious beverages that help us relax, energize, celebrate, and nourish. From ground coffee to cold brews, matcha lattes, hard seltzers, wines, and craft beers. [Click here](#) to learn more about some of our favorite beverages and beverage brands in our latest blog.



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