



Who is the functional beverage consumer?

Comparing segments of emerging beverages



Introduction

A functional beverage can be broadly defined as any drink with added health benefits, encompassing categories such as energy drinks, enhanced water, and plant milks. Consumers of functional beverages purchase and use them regularly—often daily—and typically consider them to be part of their holistic wellness routine.

Functional beverages is a wide category with many underlying trends. These include:

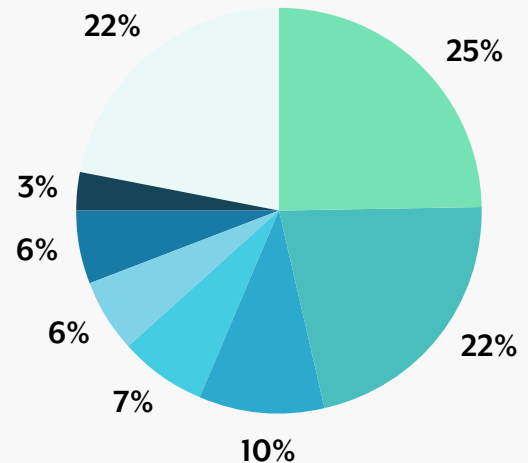
- Ingredients aligning themselves with nootropics to promote brain health
- Health claims around increased immunity
- Products designed to increase relaxation



Functional Ingredients on Social Media

% Share of Voice among Functional Beverage Conversations

■ Probiotics ■ Turmeric ■ Ginger ■ Collagen
■ Vitamin C ■ CBD ■ Elderberry ■ Other



Functional beverages often include added ingredients to achieve a specific need state for the consumer.

Most Purchased Functional Beverages

Innovation and Marketing teams are constantly keeping an eye on emerging product trends and how consumers are reacting. When moving forward with a new product, they want to ensure they have a strong understanding of who that consumer is. With emerging trends, however, it's not always clear who that consumer is or how they think of different products.

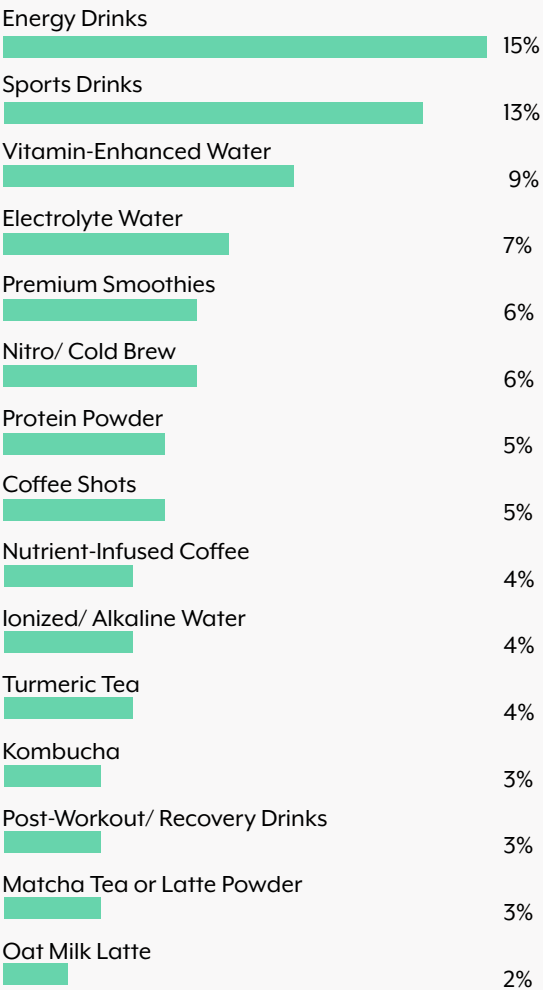
As the data shows, Energy Drinks and Sports Drinks are the two most purchased functional beverages. Both have been on the market for decades and are widely available. However, the difference in the Energy Drink consumer and Sports Drink consumer is vast and should be strongly understood by the teams creating those products.

In this report, we'll explore the consumers of the top functional beverage products to uncover how they compare, contrast, and what this means for brands looking to identify their next innovation.

Let's dig in.

Top Functional Beverages

% of consumers purchasing product in last 3 months



As the category has matured, consumers have a plethora of drinks and functional ingredients to choose from.



Sports Drinks vs. Energy Drinks

Sports drinks and energy drinks are two of the most widely consumed functional beverages in the United States, with 13% purchasing sports drinks and 15% purchasing energy drinks. Though these categories bear a number of facial similarities, the active ingredients in each can vary greatly.

Energy drinks are infused with ingredients meant to improve energy, most commonly caffeine. Many are also marketed to help with weight loss and improve concentration. On the other hand, sports drinks are used by consumers as a replacement for water and electrolytes (minerals such as calcium, potassium, and sodium) which have been lost through the process of sweating from exercise.

Consumers want sports drinks for healthy hydration while energy stays in its lane.

When it comes to ingredients, sports drinks consumers are more concerned with what they’re ingesting. Compared to energy drink consumers, sports drink consumers care more about additives in their beverages, having real ingredients, no added sugar, no artificial sweeteners, and no preservatives in the



products they consume. Purchasers of sports drinks also tend to be more concerned about health claims, especially when it comes to supporting heart health. Brands like Gatorade have always been about hydration but are now responding to this consumer need with a targeted product positioning.

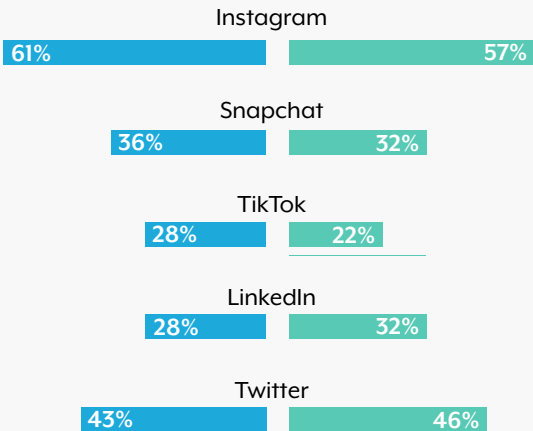
Energy drink purchasers seem to be more concerned with the effect of the product rather than what is in it. Purchasing an energy drink appears to have a singular purchase—to feel energized—while sports drinks purchasers are looking for more nuanced health benefits.

Energy drink consumers tend to skew younger, with a greater number of Gen Z, Millennial, and Gen X consumers as compared to those who purchase sports drinks. This translates to their social media use—energy drink consumers over index on numerous apps typically associated with younger individuals, including Instagram, Snapchat, and Tik Tok. Comparatively, you are more likely to find a sports drink consumer on LinkedIn or Twitter.

Energy Drink vs. Sports Drink Consumer Social Media Use

% of consumers that browse social media platform

■ Energy Drinks ■ Sports Drinks



In general, there is more of online engagement around energy drinks. Brands of these drinks have historically made a bigger effort to create distinct communities both in-person and online. In 2021, Red Bull has 5.2 million followers while Gatorade has a mere 60,000. The ability to show up on these emerging online communities has likely contributed to energy drinks’ skew towards younger consumers.

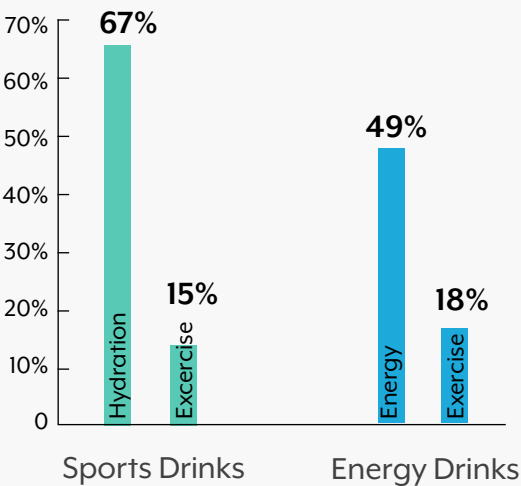


Social Conversations

One would assume the context of conversations around sports drinks would be sports or exercise. However, “hydration” dominates the topic of conversation around sports drinks. This makes sense as people look to hydrate after a workout. But why isn’t “exercise” part of the conversation? That’s where energy drinks come in.

Looking at posts about energy drinks, the top topics of conversation are “energy” and “exercise.” People seem to be more likely to talk about energy drinks in relation to their workout than sports drinks. They may look to an energy drink to hype them up before a workout. As the workout comes to a close, they’ll reach for a more sports-positioned beverage focused on hydration and recovery.

Top Topics Social Conversation by Share of Voice



Source: Brightfield Group's Evergi Platform, Consumer Insights (N = 5,000 US Gen. Pop.) and Social Listening



Turmeric Tea vs. Kombucha

Two popular functional teas, kombucha and turmeric tea are used by a similar number of American consumers. 3.5% of the general population reports buying turmeric tea in the last 3 months, and 3.2% report buying kombucha in the last 3 months.

Turmeric tea is high in curcumin—a chemical purported to have anti-inflammatory benefits. Popular health websites—such as Medical News Today—claim the tea can reduce arthritis symptoms, boost immune function, and help prevent and treat cancer. But like many claims we see in functional beverages, none of these claims have been thoroughly evaluated or approved by the FDA.

Kombucha is, simply put, fermented fizzy black or green tea. The drink has been around for thousands of years and is purported to promote health by aiding digestion, boosting the immune system, and aiding in weight loss—though similar to turmeric tea, these statements have not been evaluated. Regardless, consumers can find kombucha on store shelves nationwide, and the adventurous may even use a SCOBY (symbiotic culture of bacteria and yeast) to ferment their own at home.

Kombucha is used for bodily and mental health while consumers seek turmeric tea for general well-being.

Kombucha has a younger userbase and is more common among Gen Z and Millennial purchasers than turmeric tea. Both sets of consumers skew towards the upper income tier, but turmeric tea does so to a greater degree than kombucha—which is still enjoyed significantly among lower income consumers. Though both sets of consumers have



sustainability as their top need state, kombucha users significantly over index on relaxation and focus while turmeric tea purchasers are comparatively more in need of holistic wellness and immunity. Lipton’s Turmeric

Herbal Tea, found in the “Wellbeing” section of their website, aligns very well with the need states of those consumers.

When it comes to ingredients, turmeric tea consumers are significantly more concerned about additives and tend to buy organic more frequently, though both consumer groups over-index on these attributes. On the other hand, kombucha consumers are more concerned about artificial sweeteners and have a stronger desire for probiotics.

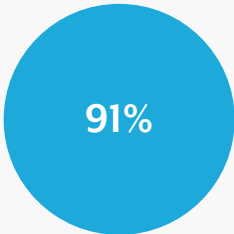
Top Consumer Need States

Turmeric Tea

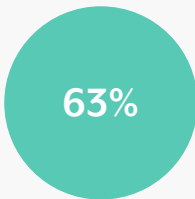
Kombucha



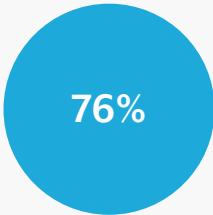
Sustainability



Sustainability



Immunity



Relaxation



Holistic wellness



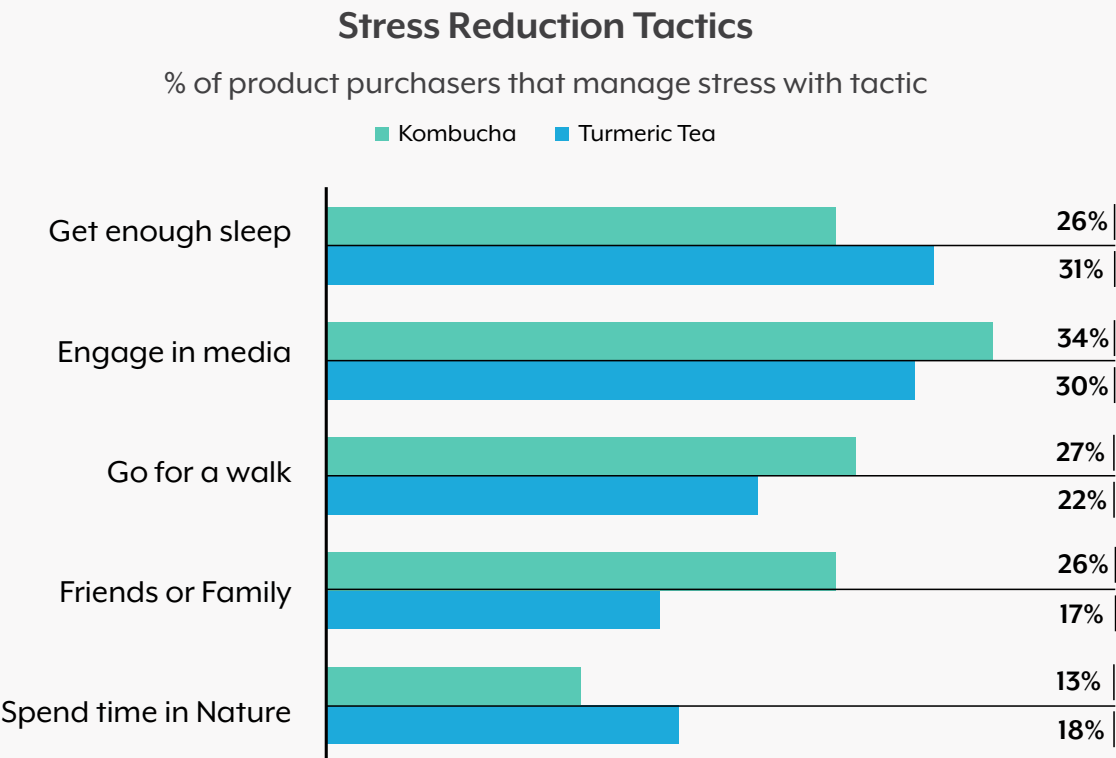
Focus

Turmeric Tea Consumers Take a “Crunchier” Approach to Well-being.

When it comes to their attitudes on well-being, a larger majority of Kombucha purchasers agree “reducing stress is a priority” than turmeric tea drinkers. Turmeric Tea are more likely to “focus on me time.” Interestingly, these attitudes play out in how each consumer group copes with stress. Turmeric tea drinkers deal with stress most often by getting enough sleep, while kombucha drinkers destress by engaging in media. Kombucha consumers tend to spend more time with friends and family while turmeric tea consumers spend comparatively more time in nature.

What do we mean by “crunchy?”

Consumers who are more likely to be eco-minded, emphasize sustainable well-being practices, and look for those attributes in the products they buy.





Oat Milk Latte vs. Nitro/Cold Brew

Both trending products in the caffeinated landscape, oat milk lattes and nitro/cold brew coffee can be found at cafes across the country. Despite their similarities in distribution, cold brew is purchased significantly more—with 5.4% of survey respondents having purchased this product while only 1.9% had recently bought an oat milk latte.

Compared to other plant-based milks, oat milk is easier to steam and is therefore a perfect substitute for standard milk in lattes. In addition, it is environmentally sustainable and uses less water than many of its counterparts, generally contains no added sugar, and has 4 grams of protein in every serving—not to mention the fact that many believe it has a flavor which actually enhances coffee instead of detracting from the latte experience.

Nitro/cold brew coffee is, as the name would suggest, brewed cold. The ground beans are soaked in room temperature for hours before serving, resulting in a product that is smoother, sweeter, and overall less acidic than standard coffee. Nitro coffee is cold brew infused with nitrogen gas, creating small bubbles in the coffee that result in a thicker and creamier texture which somewhat resembles beer.

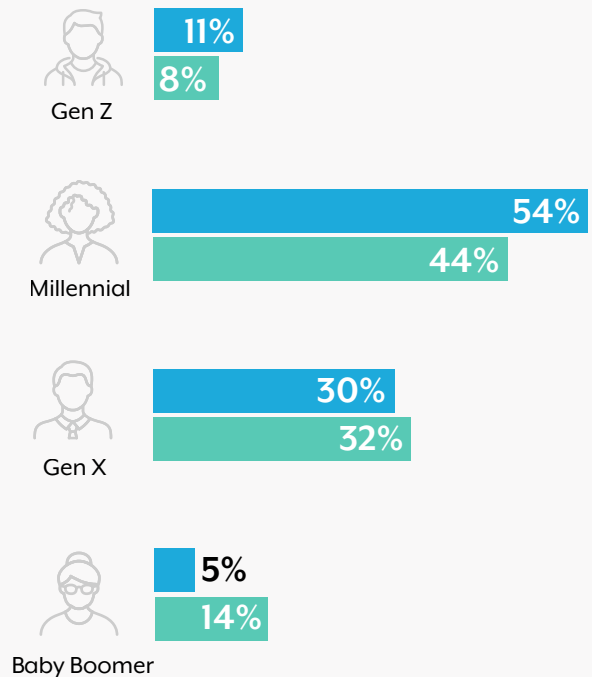
Oat milk latte consumers are more ingredient and brand-conscious while cold brew consumers are just looking for the jolt.

Oat milk lattes, the more niche product, is purchased overwhelmingly by millennial and Gen Z consumers while nitro/cold brew, though it over indexes with these generations, still skews older and has many more baby boomers in its consumer base. These oat milk latte consumers tend to be male (nitro/cold brew is purchased more by females), higher income, and are comparatively more concerned with sustainability, exercise, holistic wellness, immunity, and plant-based goods. They also tend to agree more that high quality are worth the additional cost and believe companies should have a social cause.

Cold brew consumers purchase their goods in different places, significantly over indexing when it comes to mass merchandisers while oat milk latte consumers shop more online and at natural food stores. For oat milk latte consumers, the goods they purchase are more likely to be free of additives, organic, and make substantial health claims—especially about immunity and heart health. On the other hand, cold brew consumers are more concerned about caffeine content than oat milk latte consumers—though both are purchasing coffee products—and tend to be more anxious. Starbucks' Black Unsweetened Cold Brew is a great example of a mainstream cold brew product positioned for those just want that kick.

Purchasers by Generation

■ Oat Milk Latte ■ Nitro/Cold Brew

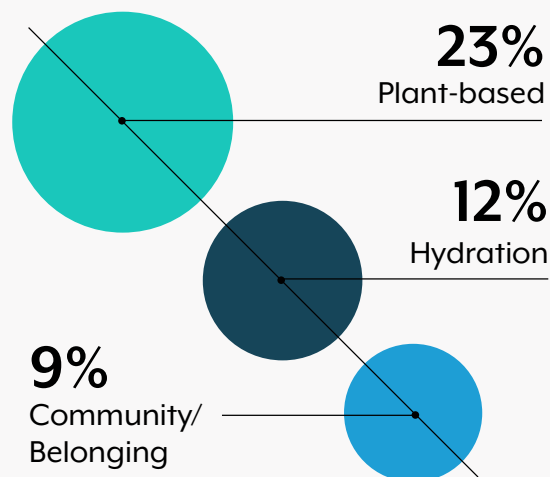


Using Social to Better Understand a Community

Consumers are starting to talk about oat milk lattes quite differently than nitro cold brew despite both being coffee products. Their growing topics of conversation around oat milk lattes are much more likely to be about community and belonging. Additionally, “plant-based” conversations are very prevalent; the sentiment score is 50/100 indicating the topic is very divisive with passionate people on both sides. That combination of growing topics is unique to oat milk lattes, indicating a very passionate and potentially very loyal subset of consumers who are waiting for the right brand to delight them.

Growing Topics of Conversation for Oat Milk Latte

% increase in share of voice from July 2020 to January 2021



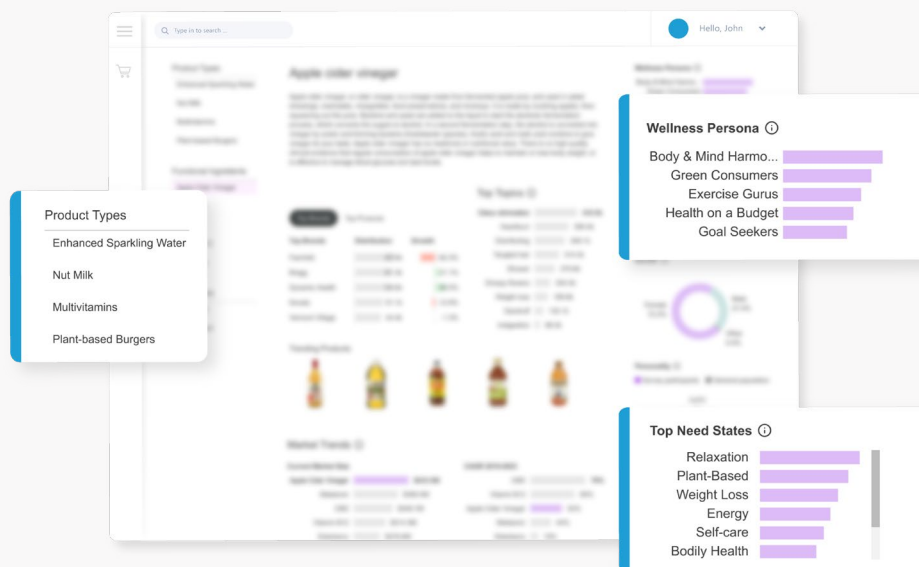
What does this mean for brands?

Brands should have a strong understanding of who is using a particular beverage and how this differs from similar products. Not all consumers within a category are the same, so it's important to understand the slight behavioral and attitudinal nuances. Those differences are the key to effective segmentation, product development, and marketing of new products.

All off these functional beverages aim to satisfy a specific consumer need—from energy to relaxation. Brands need to create new products with the customer's needs at the center. By understanding and focusing on need states, brands unlock new product opportunities and can remain agile in their product development. The most successful products will be created with the need state already in mind.

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