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PERSPECTIVES OF LEADERSHIP FUNCTIONAL BEVERAGES IN THE WORLD MARKET

Functional Soft Drinks Report breaks down the market into four categories: enriched beverages (such as juices and waters with added vitamins and minerals); sports drinks; energy drinks; and finally nutraceuticals (products with added ingredients targeted at specific medical or health benefits).

A functional beverage can be defined as a non-alcoholic drink that includes non-traditional ingredients in its make up. This can include herbs, vitamins, minerals, amino acids or raw fruit and vegetable ingredients. These drinks are meant to provide health benefits that go beyond daily nutrition.

According to the different brands of energy drinks, ingredients that serve as stimulants include: taurine, glucoronolactone, caffeine, and B vitamins, guarana, ginseng, ginkgo biloba, L-carnitine, sugars, antioxidants, yerba mate, creatine, milk thistle. Functional beverage companies are more aware of the 'health conscious' individuals and have introduced functional beverages with less sugar and therefore less calories. For example, Vitaminwater 10 contains only 10 calories per serving (25 calories for a 351mL bottle, 7.5 grams of sugar and 250% of daily allowance of Vitamin C). On the other hand, it has the same 25% of the daily allowance of Vitamins B3, B5, B6 & B12 as the original. Vitaminwater 10 has an all natural sweetener extracted from the stevia plant, which is a benefit in lowering calorie content (although taste is another matter) as well as fitting the product in the "natural" category.

The dollar sales share on each of these sub-segments are: 28% (Hydration), 8.4% (Energy/Rejuvenation), 62.2% (Health and Wellness), 1.2% (Weight Management)

The consumer group is characterized as well educated, females, ages 35–55 belonging to upper middle, middle, and lower middle classes. This is due to their perceptions towards positive health beliefs, as well as a relatively high disposable income. Within the energy and stimulant drink sector, young adults aged 18 to 34 are considered to be the main target market, evidenced by high consumption rates.

Functional beverages have become popular due to its appeal to consumers who are seeking specific health benefits in their foods and beverages with their 'healthiness-on-the-go' idea. Both convenience and health have been identified as important factors when consumers make decisions about purchasing foods and beverages. Functional drinks are promoted with benefits such as heart health, improved immunity and digestion, joint health, satiety, and energy-boosting

The top three countries, the US, Japan and Germany, accounted for 83% of global functional bottled water total RTD volume in 2009. Both the US and Germany had strong CAGRs from 2006 to 2009 (32% and 20%, respectively) and while growth is forecast to slow from 2009 to 2014, it will still be strong (8% CAGRs for both countries). In Japan, functional bottled water sales are declining in off-trade RTD volume terms.

The functional soft drinks market looks set for further growth over the next few years, according to a new report from just-drinks. While the recession and competition from other functional foods represent challenges, the sector offers many opportunities for growth.

The global FSD sector, which comprises a range of sub-categories from sports and energy drinks to products categorised by which health concerns they target, grew by 48.42% in value terms between 2001 and 2008 to reach US\$30.3bn. This represented a compound annual growth rate (CAGR) of 5.07% in that seven-year period.

However, just-drinks forecasts global FSD value sales will increase by a CAGR of 5.84% between 2009 and 2014, to a total value of \$49.9bn. Saturation in more developed markets, such as Germany, UK, Japan and the US, will be offset by growth in markets such as Australia, Eastern Europe and the Netherlands, the report states.

The value share of FSDs within the total global soft drinks market is also set to increase, from a predicted 9.0% in 2009 to 10.3% in 2014, with share being taken from more traditional products, such as carbonated soft drinks (CSDs).

It is little wonder that major drinks companies have looked to move into the FSD category. Not only has the market grown over the past five years but these specialist products command premium prices. The report states that growth in global FSD volumes was slightly slower than value growth between 2001 and 2008, with a CAGR of 4.64% versus 5.07% in value.