

Non-Alcoholic Beverage Trends

A look at the trends influencing non-alcoholic beverage packaging design and innovation.



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Introduction

The global non-alcoholic beverage market has a strong outlook through 2026, with steady growth expected across categories. COVID-19 losses quickly recovered, and the industry has been resilient to inflationary pressures, with consumers increasing their consumption. However, the economy and lingering effects of the pandemic are influencing category trends. Consumers are spending more time at home, viewing non-alcoholic beverages as a small indulgence, and focusing on ingredients that benefit their health and the environment.

Here are the key category trends we're following this year.

**The brands mentioned in this report are trademarks of their respective owners. Inclusion of these brands in this report is not meant to imply an association with or endorsement from the respective trademark owners.*

Cocooning

During the height of COVID-19, consumers became reliant on creating enjoyable at-home food and beverage occasions. Post-pandemic, inflation is driving people back home for more affordable food and beverage experiences. Spending time at home is also a comfort following the stress and anxiety from the last few years. People want to try new things and be part of the creation process, driving experimentation and connoisseurship trends. There is also growing demand for do-it-yourself (DIY) beverage-making kits and elevated products that allow consumers to create professionally-made beverages at home for a lower cost. Novelty beverages, unusual ingredient and flavor formulations, and digital features can enhance the experience.

When it comes to packaging, premium brand design and unique custom structures elevate the at-home beverage occasion. Smart packaging elements like QR codes and augmented/virtual reality can create unique, interactive, and memorable consumer experiences. And larger pack sizes add value. There is growing demand for 'family' sizes with a 3.4% CAGR 2022-27, the third largest of all non-alcoholic beverage pack sizes.

The most popular consumption occasion for Non-Alcoholic Beverages is “while relaxing at home,” followed by “entertaining/socializing at home.” (GlobalData)



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Ingredient Focus

Today's consumers pay close attention to what goes into their food and drinks. This is driven by a focus on health, wellness, and environmental concerns. Better-for-you, clean label, and sustainably sourced ingredients are becoming increasingly important. Products with multi-functionality and “super” ingredients that provide added benefits have been trending in recent years. Growing consumer awareness of the negative effects of sugar and other additives is leading to more moderation and avoidance across beverage categories. And locally sourced ingredients are popular because they allow consumers to support local communities and environmental responsibility.

Large on-pack claims that quickly communicate a product's benefits and attributes can differentiate from the competition and drive consumer trial. Transparent nutritional information reassures consumers that they can feel good about what they're drinking and build brand trust. And telling your brand's story can connect with consumers looking to support regional brands or those with a socially or environmentally conscious mission.

67% of consumers say they pay very high / high level of attention to the ingredients used in the food and drinks they consume. (GlobalData)

Affordable Indulgences

For today's budget-conscious consumers, some non-alcoholic beverages remain a small luxury – one that is indulgent but affordable despite inflationary pressures. According to GlobalData, premium soft drinks will experience the fastest growth of all non-alcoholic price segments in the next few years (3.2% CAGR 2022-27). Eating and drinking “out” can be one of the first compromises budget-conscious consumers make. Others are looking to replace larger luxuries with smaller indulgences that are more affordable. This creates opportunities for beverage brands to create more enjoyable, “treat-like” beverages that can be enjoyed anywhere.

While launching premium beverage products should be a win in the coming years, using smaller pack sizes or serving sizes will be important to maintain affordability for the average consumer. In light of the rising cost of living, almost one in five consumers say they are staying with the brands they usually buy but buying fewer products or smaller packs (GlobalData).

Premium soft drinks will experience the fastest growth in the next few years of all non-alcoholic beverage price segments. (GlobalData)





Blurred Lines

The previously established lines between beverage categories are blurring. Soft drink brands are introducing alcoholic beverages like hard seltzers and flavored RTDs. And the last several years have seen a continual rise in multi-functional beverages that combine physical, emotional, and mental health benefits. For example, Gatorade recently launched its first energy-first sports drink. Rising health and wellness trends mean that a growing number of consumers are swapping alcoholic beverages for soft drinks. Others are adding drinks to their diet for improved hydration and extra nutritional value from fortified and functional non-alcoholic beverages. Demand for these products means consumers are willing to pay slightly more, and innovation will be important.

With beverage categories beginning to overlap, the role of package design becomes increasingly important to prevent consumer confusion. The use of color, sub-branding, large benefit callouts, and more can help differentiate between products and improve shoppability.



Beverage brands need to boost their creativity and innovation to appeal to today's consumers and stay relevant.

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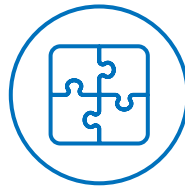
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