

BEVERAGES



InView
Q2 2018



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General Beverage Industry News and Trends

- ▶ Ginger is becoming a popular ingredient in many beverage categories due to its health benefits and flavor versatility. While ginger works in many categories, shelf-stable teas featuring ginger have seen sales grow from \$23 million in 2014 to \$35.6 million in 2017. The next most popular category for ginger is refrigerated juices which grew from \$92,245 in 2014 to \$2.4 million. Finally, shelf-stable juices containing ginger recorded \$703,806 in sales last year, up from \$60,139 in 2014. *(Source: BeverageDaily.com, March 28, 2018)*



- ▶ Cornell University's Department of Food Science is researching turning acid whey, a remnant from the production of Greek yogurt, into an alcoholic dairy product. The researchers are investigating combining multiple strains of bacteria and yeast to produce fermentation and using barley to break down starch into simple sugars that ferment into beer. The methods have produced a low-alcohol beer with a sour, salty flavor. Unique flavor profiles are possible with various factors including the breed of the cow coming into play. *(Source: BeverageDaily.com, April 12, 2018)*
- ▶ The most successful product introductions in 2017, as based on first-year total sales, ranked Dunkin' Donuts Iced Coffee third with \$67.1 million in sales, Nestle Splash fourth with \$55.2 million in sales, and PepsiCo's LIFEWTR fifth with \$50.4 million in sales. The top ten new products ranked by sales through the convenience store channel were primarily beverages including Red Bull Green Edition (#1 with \$110.7 million in sales), LIFEWTR (#2, \$107.6 million), Monster Mutant Super Soda (#3, \$42.3 million), MTN DEW Pitch Black (#5, \$38.6 million), MTN DEW Black Label (#7, \$32.8 million), Sprite Tropical Mix (#8, \$32.5 million), and Pepsi Cherry Vanilla (#10, \$23.4 million). *(Source: Beverage Industry, April 17, 2018)*
- ▶ Retail sales of liquid refreshment beverages grew 3% in 2017 to exceed \$180 billion. Beverage volume increased 2%. Three categories experienced declining volume last year: fruit beverages (-3.9%), sports drinks (-2.1%), and carbonated soft drinks (-1.3%). Bottled water remained the leading category by volume and recorded 7% growth in volume and 10.8% in retail sales. Other high performing categories included ready-to-drink coffee (up 12.3% in volume and 14.4% in retail sales) and value-added water (up 11.7% in volume and 10% in retail sales). The top five liquid refreshment brands by volume in 2017 were Coke, Pepsi, Mountain Dew, Nestle Pure Life, and Dr Pepper. *(Source: Beverage Industry, May 7, 2018)*
- ▶ SAS Green Gen Technologies has created a bottle made from flax fibers which it hopes will become a lightweight, biodegradable alternative to traditional glass bottles used for beer, wine, and spirits. The first bottles are expected to hit the high-end market this year. As the production process achieves scales and becomes more automated, cost per bottle may decline making it an option for more mainstream beverage products. The company hopes to produce 1.5 million bottles in 2019. *(Source: BeverageDaily.com, April 13, 2018)*



- ▶ MillerCoors, in partnership with AriZona Beverages, introduced Arnold Palmer Spiked Half & Half nationwide. The flavored malt beverage combines non-carbonated iced tea and lemonade made with real juice. The new product is available nationwide. *(Source: Beverage Industry, March 22, 2018)*



- ▶ Anheuser-Busch InBev-owned breweries have introduced exclusive beers for three Major League Baseball teams. Blue Point Brewing's NY Pinstripe Pilsner will be exclusively available at Yankee Stadium. Devils Backbone Brewing Co. released Earned Run Ale, previously available only at the Washington Nationals' ballpark, as a 4-pack of 16-ounce cans in the Washington, D.C. metro area. Goose Island produced a draft-only release for the Chicago Cubs that is available only at Wrigley Field. Goose Island is also the official craft beer of the Chicago White Socks. Other deals with MLB teams include Revolution Brewing's branded taproom at Chicago White Sox's Guaranteed Rate Field, Boston Beer's Samuel Adams brand as the official craft beer of the Boston Red Sox, Boulevard 5-year deal with the Kansas City Royals as the official craft beer, and Mikkeller's brewery and taproom inside the New York Mets' Citi Field. *(Source: Brewbound, March 28, 2018; Brewbound, April 5, 2018)*

- ▶ Keith Villa, the inventor of Blue Moon craft beer, has launched a new company Cerla Beverages which will focus on non-alcoholic cannabis-infused craft beers. Cerla hopes to be the first entrant into this market. The product will only be sold in states where recreational marijuana use is permitted by law. *(Source: Brewbound, March 28, 2018)*

- ▶ Craft Brew Alliance announced it signed a multi-year partnership with Major League Soccer's LA Galaxy to make Kona the club's official craft beer. Meanwhile, Constellation Brands expanded its sponsorship of Galaxy with a deal that makes Modelo Especial the club's official import beer. *(Source: Brewbound, March 29, 2018)*

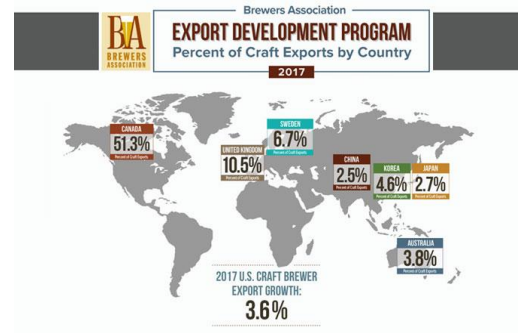
- ▶ The Brewers Association, a national trade group of small and independent brewers, estimates as much as 2.7 million barrels of beer were sold directly to consumers through taprooms or brewery shops in 2017. Onsite brewery sales grew as much as 19% last year and accounted for one-third of the craft beer segment's total growth. Direct sales have a large impact on a brewery's bottom line with a profit margin up to five times higher than when selling to a distributor. The increasing popularity of taprooms and brewpubs has resulted in an estimated 9% decline in bar traffic overall and double-digit declines in cities such as Chicago, Minneapolis, Seattle, San Diego, Denver, and Portland. *(Source: Brewbound, March 30, 2018)*

- ▶ Dogfish Head is launching a variety 12-pack which transforms into a leak-proof cooler when ice is added. The "Off-Center Your Summer Pack" will include four varieties of beer – 60 Minute IPA, SeaQuench Ale, Lupu-Luau IPA, and Namaste White – and a Dogfish Head koozie. The packs will be priced as high as \$22 in some markets. Consumers will also have a chance to win a trip to Dogfish Head's brewery in Delaware where they can help prepare batches of beer. *(Source: Brewbound, March 30, 2018)*



▶ New Holland Brewing will introduce Dragon’s Milk Reserve Cherry Chocolate in April. The beer is a bourbon barrel stout with 11% alcohol by volume. *(Source: Brewbound, April 11, 2018)*

▶ In 2017, exports of U.S. craft beers rose 3.6% by volume to 482,309 barrels valued at \$125.4 million. Canada was the largest market for U.S. craft beer and accounted for 51.3% of total exports, followed by the UK (10.5%), Sweden (6.7%), Korea (4.6%), Australia (3.8%), and China (2.5%). The Asia Pacific region (excluding Japan) imported 7.4% more U.S. craft beer than in the prior year making it the highest growth area. *(Source: BeverageDaily.com, April 4, 2018)*



▶ Anheuser-Busch InBev’s Budweiser beer is teaming up with Beam Suntory’s Jim Beam bourbon to launch Budweiser Reserve Copper Lager later this year. The limited-edition beer will be brewed with two-row barley and aged in Jim Beam bourbon barrels to create a toasted oak aroma with a nutty taste and caramel rye and vanilla notes. The brew will celebrate the 85th anniversary of the repeal of Prohibition. The brands will be marketed together through an on-premise cross-merchandising program as well as promoted together at retailers throughout the US. *(Source: BeverageDaily.com, April 5, 2018)*

▶ Anheuser-Busch’s Bud Light portfolio is expanding with a reformulated Bud Light Lime and a new Bud Light Orange. The light beers are brewed with lime and orange peels respectively to produce a natural citrus flavor. Citrus flavors account for 84% of the overall flavored beer segment. To support the launch, Bud Light’s new commercials will feature the beers and highlight their natural flavors and potential for summertime refreshment. Bud Light Orange will be available until September. *(Source: Beverage Industry, April 10, 2018)*

▶ Michelob Ultra introduced a 7-ounce bottle option. Each bottle contains 55 calories and 1.5 grams of carbohydrates. It is positioned as a lighter option tailored for weeknight drinking. *(Source: Beverage Industry, April 13, 2018)*

▶ Canada’s oldest and largest independent brewery, Moosehead Breweries, is bringing Moosehead Pale Ale to the U.S. The beer, first brewed in 1933, has a loyalty following in Canada. The brewery hopes to capitalize on the popularity of pale ales with American drinkers. *(Source: Brewbound, April 16, 2018)*

▶ MillerCoors’ Henry’s Hard Sparkling Water is now available in 12-ounce slim cans. Henry’s Hard Sparkling Water has a light fruit-flavor and is available in Lemon Lime, Passion Fruit, and Strawberry Kiwi. Each can has 88 calories and no sugar as these attributes are the ones with which drinkers of hard sparkling beverages are most concerned. A national marketing campaign in support of the brand will kick-off in April with cable television ads, social media, out-of-home, and print media. *(Source: Beverage Industry, April 10, 2018)*



- ▶ Stella Artois, an Anheuser-Busch InBev brand, launched a new campaign to encourage consumers to savor life's important moments and not get bogged down by modern distractions. The Joie de Bière campaign will focus on 19 global markets. The centerpiece of the campaign will be a fictitious modern village with an old world European charm where nothing gets in the way of enjoying life or a Stella Artois. The campaign will include the brand's largest TV buy to date for an ad titled "Les Pockets." Other aspects of the campaign include pop-up bars at food festivals, complimentary Drizly codes to purchase Stella Artois delivered to consumers via social media, extra happy hour specials on Mondays, billboards with real flowers, and a sweepstakes for a VIP trip to the San Diego Wine & Food Festival through Snapchat. The campaign will also feature engaging digital vignettes that encourage people to put their phones down and online pop-up ads that ask consumers to consider how much time they are spending online. *(Source: Beverage Industry, April 16, 2018)*



- ▶ Anheuser-Busch InBev recognizes homebrewing is growing in the U.S. with 1.1 million individuals brewing 1.4 million barrels – or 1% of all beer – in 2017. With that in mind, ZX Ventures, an Anheuser-Busch subsidiary, acquired the leading supplier of homebrewing products and is actively working to expand its business and help make homebrewers more successful. It hopes to make "homebrewing as accessible as cooking." *(Source: BeverageDaily.com, April 16, 2018)*
- ▶ Tiger Beer, brewed in Singapore since 1932 and the number one beer in Asia, launches a new campaign focused on "uncaged" local heroes who take a bold approach to their craft. The campaign will spotlight heroes from technology, dance, fashion, music, art, and food. The Uncaged Heroes will appear in a film seen on social media and the brand website. Local activations will occur in 13 countries including the U.S. In the U.S. program, Tiger Beer will focus on music and include a contest featuring live performances. The winner will have a chance to perform at a global event in September in Venice, Italy. Tiger Beer is imported by Heineken. *(Source: Brewbound, April 17, 2018)*
- ▶ Dos Equis released limited edition Cinco Equis cans in New York and Texas for the Cinco de Mayo holiday. In addition, two ads that use over-the-top humor will be tied to the Mexican holiday. *(Source: Adweek, May 2, 2018)*

- ▶ New Belgium Brewing was part of a team that created Bicycle Kick Kolsch to mark a summer of World Cup soccer. The recipe is a collaboration of five brewers from five countries on five continents. It contains chamomile, the national flower of Russia – host of the World Cup, and lemongrass to represent the playing field. The beer is light, sessionable, and appropriate for any time of day. Bicycle Kick Kolsch will be available globally for a limited time in both cans and on draft. *(Source: Brewbound, April 16, 2018)*

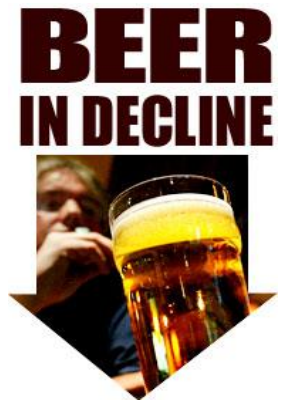




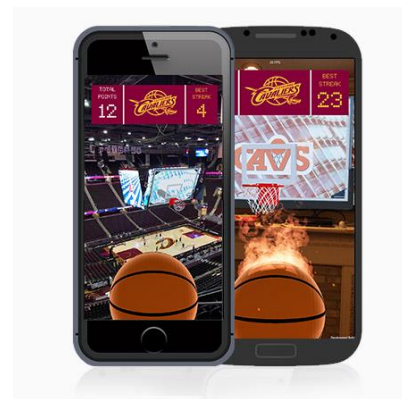
- ▶ Diageo launched Smirnoff Spiked Sparkling Seltzer Raspberry Rosé flavor. It is positioned as a summer drink appropriate for rooftop drinks, poolside parties, backyard barbeques, and beachside bon fires. Each 12-ounce cans contains 90 calories and no sugar or artificial sweeteners. (Source: Brewbound, May 6, 2018)
- ▶ Craft breweries that are part of Anheuser-Busch's High-End division plan to release more 15- and 18-packs of their beers in response to consumer demand. Michigan's Founders Brewing ignited the trend in March 2014 when it switched from a 12-pack to a 15-pack without raising the suggested retail price. Currently, Goose Island IPA, Goose Island 312, Golden Road Wolf Pup session IPA, and a Breckenridge Brewery sampler pack are available as 15-packs for \$19.99 or less. Blue Point Brewing and Devils Backbone are expected to have larger packs soon. (Source: Brewbound, April 19, 2018)
- ▶ Also adopting larger format packaging, craft brewer Oskar Blues introduced a 24-can variety pack which uses collated shrink packaging. The packaging was driven in part by club store retailers who are looking for large format packages of craft beers. The shrink wrap packaging is cost-effective reducing costs and the need for secondary packaging materials as well as requiring fewer deliveries. It also has shelf appeal. Oskar Blues reports that since switching to the packaging sales through national retailers have increased 300%. (Source: BeverageDaily.com, May 2, 2018)
- ▶ Crowlers, an aluminum alternative to glass growlers, are becoming more popular. Like growlers, crowlers allow consumers to purchase draft beer to-go from breweries and retail venues. The can is sealed with a tabletop seamer. Crowlers are better at blocking out light and oxygen as well as portable, convenient, and easy to recycle. (Source: Market Watch, May 2, 2018)
- ▶ The Brewers Association believes the craft beer segment has settled into a long-term growth pattern in the mid-single digits and the days of double-digit growth are done. Regional brewers are struggling most in a decelerating craft beer market recording growth of only 1%. Their growth came from innovation and market expansion. However, craft beer drinkers are shifting away from off-premise retail beer to more experiential drinking occasions offered by local tap and tasting rooms. Microbreweries reported 17% growth in volume while brewpubs saw a 15% increase. Last year, 997 new breweries opened while 165 closed. (Source: BeverageDaily.com, May 3, 2018)
- ▶ Mike's Hard Lemonade launched a campaign using broadcast and digital ads to target males age 25-29. The campaign uses internet meme-inspired humor the millennial audience will recognize. The effort will also include a social extension featuring six-packs with a Snapchat Snapcode contest. The contest will ask consumers to submit their best joke for a chance to win "their happiest weekend ever." A custom Snapchat lens will also be available. Pop-up events in New York, Chicago, and Los Angeles are planned where consumers can taste happiness in a cotton candy forest, sing their favorite songs during "Mike's Caraoke," enjoy a comedy show, and other surprises. (Source: Adweek, May 7, 2017)



- ▶ Industry-wide, beer volume declined more sharply than expected during the first quarter of 2018. Reasons for the decrease include a colder start to the year, a plateau in alcohol consumption overall, a more limited pool of drinkers, a shift among millennial drinkers to wine and spirits, and a growing preference for smaller, local brands. Beer has traditionally been an alcoholic beverage for younger drinkers with beer accounting for 65% of alcohol consumed by Americans age 21-27. By 2016, the portion had fallen to 43%. Beer's share of the U.S. alcohol market by value was 48.2% in 2010 and 45.6% in 2017 while spirits increased from 29.6% to 31.7% and wine held constant. *(Source: The Wall Street Journal, May 9, 2018)*



- ▶ Budweiser, the official beer of the FIFA World Cup, launched a global campaign. "Light Up the FIFA World Cup" features the largest beer delivery to date, eight million noise-activated Red Light Cups, and integrated experiential, digital, and social programs in more than 50 countries. A commercial spotlights thousands of drones carrying Budweiser from a St. Louis brewery to Moscow with the goal of delivering a stadium full of fans their own Budweiser beer. The spot culminates when fan cheers activate Red Light Cups throughout the stadium. Cups will be available at Budweiser's global viewing parties and events as well as available for purchase. There will be more than 70 variations of the cups including one for every match. *(Source: Brewbound, May 9, 2018)*
- ▶ The market for low and no-alcohol beers is growing as consumers focus more on health and wellness. However, it is calorie counts that are likely to have the biggest effect on purchase decision. Consumers sometimes associate low-alcohol beer with inferior taste and quality while they associate low-calorie with healthy. The market for vegan and gluten-free beers is very small but expected to grow in the future driven by consumer interest in those options. *(Source: BeverageDaily.com, May 9, 2018)*
- ▶ New Belgium Brewing has introduced a new product classified as a hemp pale ale which is made of hops and hemp hearts. The Hemperor will be supported with ads on digital and social platforms but no television advertising due to restrictions on promoting products containing hemp. Print ads will also be used. The quirky ads feature the Hemperor and his magical kingdom. *(Source: Adweek, May 18, 2018)*
- ▶ Strongbow Hard Ciders, a Heineken brand, will return its Original Dry to store shelves in June. After it was discontinued, over 160,000 social media mentions from over 100,000 consumers were received asking the version be brought back. Strongbow is the leading global cider brand. *(Source: Brewbound, May 20, 2018)*
- ▶ Budweiser has reintroduced a mobile game which allows Cleveland Cavaliers fans to shoot virtual hoops to win prizes during live games. Fans can use the "Deep in the Q" app during timeouts by pointing their phones at the scoreboard, swiping the screen to shoot basketballs at an augmented reality backboard. If fans are attending a game, they can compete with other fans present in a designated area in the arena. At home, Cleveland area fans can activate the mobile app with Budweiser branding. *(Source: Mobile Marketer, May 14, 2018)*



- ▶ Craft Brew Alliance announced its Kona brand will be the official craft beer of the Association of Volleyball Professionals. The deal will extend into 2020. (Source: Brewbound, May 2, 2018)

- ▶ D.G. Yuengling & Son introduced a new brand campaign and tagline. “Spread Your Wings” hopes to inspire and empower consumers by using eagle wings to symbolize the values of strength, hard work, energy, independence, and resiliency. Yuengling was originally called Eagle Brewery and the iconic eagle on its label debuted in 1829 and has remained part of the brand’s imagery ever since. The fully integrated campaign uses video, audio, out-of-home, print, and social media to highlight challenges to an individual’s physical, intellectual, and creative limits and the inner drive that allowed them to realize their full potential. (Source: Beverage Industry, May 15, 2018)



- ▶ The latest obsession among beer brewers – both home and commercial – is finding new or possibly ancient strains of yeast with which to brew beer. It can take years to find the right recipe for a strain of yeast. Carlsberg A/S is selling Carlsberg 1883 which is brewed from a strain taken from a 130-year-old bottle of beer found in Copenhagen. Heineken NV has H41 which uses the yeast found on a mushroom in Argentina and is thought to be an ancestor of the company’s regular brewing yeast. Australian brewery, James Squire, offers Wreck Preservation Ale that uses a yeast strain taken from a bottle of beer recovered from a 1797 shipwreck near Tasmania. (Source: The Wall Street Journal, May 20, 2018)

- ▶ Anheuser-Busch InBev’s CEO, Carlos Brito, advises the industry to embrace its clean label – only four natural ingredients with, no added sugars, flavors, or artificial ingredients. He suggests playing up the industry’s connection to agriculture and farming. He also encourages the continuing diversification of beer styles and the premiumization of products. (Source: BeverageDaily.com, June 12, 2018)

- ▶ The global beer market is forecast to grow by no more than 2% annually for the foreseeable future as consumers drink less but drink better. About 1% year-over-year growth was recorded for the world beer market in 2017. Growth varies by region with Africa, the Middle East, and Asia experiencing growth around 4% while Latin America and Eastern Europe have shown 2% growth. Australia, North America, and Western Europe reported flat or declining sales. Premium and super-premium products saw higher growth rates than discount and mainstream beers. Flavored beers and beer mixes also experienced high growth rates. Globally, 37% of drinkers say they are willing to pay more for an alcoholic beverage which provides higher levels of enjoyment. Eighty-four percent of global drinkers want to reduce or moderate their alcohol consumption. (Source: BeverageDaily.com, June 5, 2018)

- ▶ Dogfish Head Craft Brewery announced its Liquid Truth Serum will return as a year-round brand and will be available in cans. The brewer will also release Fruit-Full Fort, a Belgian ale brewed with raspberries, blackberries, boysenberries, and elderberries. (Source: Brewbound, June 15, 2018)



- ▶ Traveler Beer Company, a subsidiary of The Boston Beer Company, launched Fuzzy Traveler Peach Shandy. The new release will be available year-round in markets across the Midwest, Mid-Atlantic, and New England regions beginning in July. *(Source: Brewbound, June 8, 2018)*
- ▶ In the United States, retail dollar sales of beer increased 4.1% for the four weeks ending May 20th and volume sales grew 2.1%. Segments showing the most growth included cider (18.7% increase), imports (9.5%), domestic super-premium (15.8%), flavored malt beverages (8.5%), and non-alcoholic beers (2.2%). For the first 20 weeks of the year, dollar sales totaled \$12.3 billion in multi-outlet channels including grocery, drug, club, dollar, mass, and military. Dollar sales for several craft beer companies have recorded double digit growth year-to-date including Founders (48.7% increase), Bell's Brewery (10.1%), Firestone Walker (14.2%), and Dogfish Head (17.7%) while others have seen sales go down including North American Breweries (-5.9%), New Belgium Brewing (-6.1%), Gambrinus (-5.3%), Craft Brew Alliance (-4.4%), and Deschutes (-10.5%). *(Source: Brewbound, June 5, 2018)*
- ▶ A new survey of craft beer drinkers in the U.S., UK, Belgium, Spain, France, Italy, and the Netherlands found just under half of respondents report drinking more craft beer than they did two years ago while only 6% said they are drinking less. As they increase craft beer consumption, 56% say they are drinking less regular beer. The survey found that craft beer drinkers are less concerned with the beer being local in origin and more concerned that it was produced with fresh ingredients using sustainable processes. Craft drinkers expressed an interest in trying different beers from around the world. The most important attributes for choosing a craft beer are taste and quality with 75% choosing taste above all other factors. Drinkers also appreciate the diversity of craft beer with 80% planning to continue to try new brands. However, this quest for variety makes it difficult for craft beers to build brand loyalty. *(Source: BeverageDaily.com, June 14, 2018)*
- ▶ The Beer Institute shared findings from two recent consumer surveys. One survey found 65% of people age 21 and older support having a brewery in their neighborhood. Furthermore, 46% support extending federal excise tax relief for brewers beyond 2019 when they expire. A separate survey of 21- to 24-year-olds found only 25% agreed with the statement "beer is for people like me." Among those respondents who consumed alcoholic beverages in the past week, 31% agreed with the statement. Only 16% of last week drinkers consider beer a special treat compared to 36% who felt that way about wine and 34% about liquor. Only 2% of last week drinkers think of beer as sophisticated while 41% think of wine as sophisticated. The study found the reasons this demographic group does not drink beer include don't like feeling bloated (44%), prefer different types of alcohol (44%), prefer healthier options (42%), and only view beer as appropriate for certain occasions (31%). *(Source: Brewbound, June 12, 2018)*
- ▶ New Belgium Brewing is rolling out two sour beers: La Folie and Transatlantique Kriek. The introductions will mark the 20th year of the brewer's sour beer program. Each beer will be packaged in 375 mil cork & cage bottles and bottle-conditioned. *(Source: Brewbound, May 21, 2018)*



- ▶ Ahead of the 2018 World Cup, Anheuser-Busch InBev, Constellation Brands, and Heineken are releasing new ad campaigns. AB InBev will support Bud Light with three medieval-themed television commercials – one specific to the World Cup and the other two building on the “Dilly” slogan and promoting Bud Light Lime and Bud Light Orange. Constellation Brands will use the World Cup to feature its Modelo brand which it says has a “fighting spirit.” The ad will ask fans to root for Mexico who hasn’t advanced beyond its fourth World Cup game for almost 30 years. Heineken will unveil two ads that are part of its “Cheers to the Unexpected” campaign one of which has a soccer angle. (Source: *Brewbound*, June 15, 2018)

Bottled Water

- ▶ Tata Waters and Talking Rain have teamed up to bring Himalayan Natural Water to the U.S. Himalayan Natural Mineral Water is one of the first premium products from India to target the American market. The water, enhanced with minerals and electrolytes, will debut in Chicago, Southern California, and on Amazon. (Source: *Beverage Industry*, April 2, 2018)



- ▶ Fiji Water unveiled a new bottle with a sport cap and slim design. The new packaging was designed to attract fitness enthusiasts. The product will be promoted through an integrated summer marketing campaign which will use television, print, digital, social media, influencer, in-store, promotional, public relations, and event marketing. Fiji is the number one brand of premium imported bottled water in the U.S. (Source: *Beverage Industry*, April 5, 2018)
- ▶ Premium water is a \$2.1 billion market in the U.S. Essentia is currently ranked fourth in the premium water category and its triple-digit growth may bump it to third place soon. Customers spent \$124 million on the alkaline water brand. The most passionate brand fans are 18-34-year-old males who are African American or Hispanic and focused on health and fitness. The brand’s new CMO plans to focus on getting out the brand’s story of being the “Overachieving H₂O” – “a supercharged ionized alkaline water that’s better at hydrating.” (Source: *Campaign*, April 12, 2018; *BeverageDaily.com*, May 1, 2018)
- ▶ Blossom Water has reformulated its blossom botanical drink to further lower calorie and sugar content. Each bottle of Blossom Water Version 2.0 contains 10 calories and 2 grams of sugar. The new formula eliminates erythritol and agave for a cleaner label. Blossom Water is available in Grapefruit Lilac, Lemon Rose, Mango hibiscus, Plum Jasmine, and Pomegranate Geranium. (Source: *Beverage Industry*, May 7, 2018)
- ▶ PepsiCo’s LIFEWTR announced a partnership with Frieze for the premium water brand’s fifth design series. Art Beyond Borders will showcase artists whose artwork embraces the intersections of culture and bridges divides. Frieze promotes interesting artists through Frieze Magazine and Frieze Art Fairs. The three artists featured in the series are Laercio Redondon, AIKO, and Yinka Ilori. (Source: *Beverage Industry*, May 1, 2018)

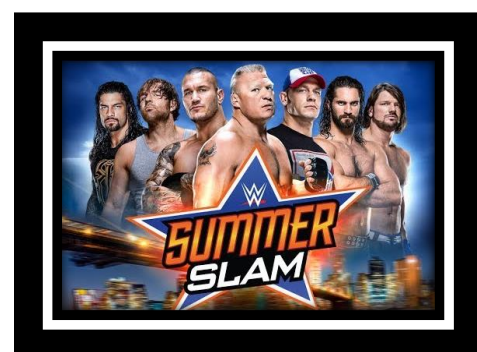


- ▶ Talking Rain Beverage Co. is releasing a limited-edition mystery fruit flavor of its Sparkling Ice brand water. A social media sweepstakes, #WhatTheFlavorSweeps, will ask fans to vote on mystery flavor guesses and enter for a chance to win \$45,000 in prizes. Fans can participate on Facebook, Instagram, and Twitter. Sparkling Ice Mystery Flavor will be available through the end of July. The bottles feature red and blue packaging with a question mark inside the brand's signature ice cube logo. *(Source: Beverage Industry, May 15, 2018)*



- ▶ Coca-Cola purchased Topo Chico, the mineral water from Mexico, last fall and is now working to expand distribution throughout the U.S. Since October, Topo Chico's distribution in convenience stores has increased by 25%. In the first quarter of 2018, the U.S. retail value of the brand has grown more than 30%. Previously, 70% of Topo Chico's sales were in Texas. *(Source: Dallas News, May 19, 2018)*
- ▶ In 2017, U.S. bottled water consumption increased 7% to 13.7 billion gallons. Sales increased to \$18.5 billion, an 8.8% rise. Per capita consumption of bottled water now exceeds 42 gallons and is projected to top 50 gallons per capita in the coming years. All segments of bottled water grew last year with domestic sparkling water registering a 27.5% spike. Domestic non-sparkling water rose 5.5% while water delivered in 3- and 5-gallon jugs to homes and offices increased 1.3%. *(Source: BeverageDaily.com, June 1, 2018)*
- ▶ Core Hydration is building its summer marketing campaign around Demi Lovato, a singer/actress and an investor in the brand of premium water. The campaign will primarily use digital channels and will emphasize authenticity and balance. Ads will show Lovato drinking Core in different situations – such as working, relaxing at home – as she tries to lead a balanced life. *(Source: BevNet, June 14, 2018)*

- ▶ Nestlé Waters North America has enlisted WWE for a new campaign which encourages consumers to choose water as part of a healthy lifestyle. The campaign will feature a sweepstakes that asks fans to share reasons why they choose water on Instagram or Twitter or at the sweeps website. The winner will receive a trip to WWE's "SummerSlam" in August. The campaign will also include short, co-branded videos produced by WWE, starring WWE Superstars, and distributed across digital and social channels. *(Source: MarketingDaily, May 31, 2018)*



- ▶ An Israeli start-up, O.Vine, has introduced non-alcoholic wine grape infused water. O.Vine combines natural spring water with an infusion of grape skin and seeds, which are leftover waste from wine production, to deliver the antioxidant benefits of wine. It is offered in flat and sparkling varieties in red (Cabernet, Merlot, Syrah, and Petit Verdot) and white (Riseling and Gewürztraminer). The product will make its worldwide debut on June 30 in New York. The product is positioned to appeal to those who enjoy natural, healthy food and beverages with clean labels that are sustainably sourced. However, it will also target customers who may not be able to enjoy their favorite wines anymore. *(Source: BeverageDaily.com, June 14, 2018)*

Carbonated Soft Drinks

- ▶ Red Bull has introduced a line of organic soft drinks in two U.S. markets. Organics by Red Bull is USDA-certified organic and available in cola, ginger ale, bitter lemon, and tonic water. Only the cola version contains caffeine which is sourced from organic coffee beans. It is not considered an energy drink. (Source: BeverageDaily.com, March 29, 2018)



- ▶ Carbonated soft drink volume fell 1% in 2017 for the 13th consecutive year of declines. To slow or reverse the trend, soda makers are exploring different sweeteners, lower-calorie options, and natural and additive-free formulas. Other strategies the category is employing include smaller package sizes and more premium offerings such as craft sodas. Demographics may also provide some relief as younger generations and Hispanic consumers overindex on drinking carbonated soft drinks, report increasing their usage in the past year, and show very strong engagement with the category. (Source: Beverage Industry, April 11, 2018)
- ▶ Coca-Cola is gaining insights from its Freestyle fountain dispensers. These insights prompted the launch of cherry-flavored Sprite. The soft-drink company is also experimenting with messaging on the Freestyle machines to promote limited-edition flavors and custom beverages. (Source: WARC, April 12, 2018)
- ▶ In Schweppes' latest campaign, the brand's longstanding tagline changes from "What Did You Expect?" to "What Do You Expect?" What hasn't changed is the premise of a beautiful woman with a strong thirst for the beverage that isn't a cola or a cocktail. However, unlike past ads, it is obvious the object of her desire is a bottle of Schweppes. The spot also features more action as she pursues the bottle through a series of whimsical adventures. (Source: Adweek, April 16, 2018)
- ▶ Pepsi is bringing back MTN DEW Baja Blast after a two-year absence. The limited-edition drink will be available throughout the summer. (Source: Beverage Industry, April 20, 2018)
- ▶ Mountain Dew used a chatbot targeting gamers on the video streaming platform Twitch. The DEWbot was part of an eight-week campaign that leveraged gaming influencers to encourage fans to vote on the best electronics parts to put into a \$50,000 gaming supercomputer. The campaign resulted in a 550% increase in in-stream conversations, a 265% gain in Mountain Dew Twitch fans, and a 572% rise in channel engagement. In total, the chatbot engaged 190,000 unique in-stream viewers who logged 11,600 hours of branded content watched. (Source: Mobile Marketer, April 12, 2018)



- ▶ Diet Coke's brand redesign and new campaign resulted in the drink's first quarterly sales gain in almost eight years. The overhaul included a logo redesign, four new flavors, and new slim can packaging. The marketing campaign strikes a youthful yet blunt vibe and uses the tagline "because I can." Coca-Cola declined to provide specific sales figures for the brand but stated the initial response was encouraging. The company also reported sales were roughly split among the flavors which accounted for about one-third of the volume growth. *(Source: Ad Age, April 24, 2018; The Wall Street Journal, April 24, 2018)*



- ▶ During its first quarter earnings call, PepsiCo's chief executive said the company will increase its marketing spend for its beverage unit. She also said new products including Bubly sparkling water and a clear, lemon-lime Mountain Dew, are helping the unit get back on track. Company research suggests the "Pepsi Generations" campaign has improved consumer connectivity to the brand. *(Source: The Wall Street Journal, April 26, 2018)*
- ▶ Coca-Cola's "Share a Coke" campaign is back for a fifth consecutive year. Seven 20-ounce Coke products will feature more than 1,100 first and last names as well as generic nicknames such as "A Champion." New this year, the "Share a Coke" name labels on 20-ounce bottles can be peeled off to reveal a Sip & Scan code that offers the chance to win prizes. The product packaging will also have a patriotic theme. The campaign will be supported via TV, radio, outdoor, cinema, social, and digital marketing efforts. The Share Chair, an oversized armchair and shareable vending machine, will be on tour at different events throughout the summer. When two people sit together on the chair, personalized mini cans are provided through the chair's arms. A camera captures the moment and gives the visitors a photo and video to share on social media. *(Source: Marketing Dive, May 10, 2018)*
- ▶ U.S. retail sales of carbonated soft drinks experienced a 3% jump during the four weeks ending May 19th as compared to the same period a year earlier and a 0.1% increase as compared to the 12 weeks preceding the period. Unit sales for the four-week period rose 1.5% year-over-year. The diet soft drink segment performed especially well with dollar sales up 5.3% compared to a 2.2% increase for regular carbonated sodas. The dollar sales gains were primarily driven by a 6.1% increase in Coca-Cola product sales. Dr Pepper Snapple Group sales rose 3.4%. PepsiCo's sales declined 0.1% for the four weeks measured. *(Source: Food-Navigator.com, May 30, 2018)*

- ▶ Pepsi is teaming up with singer/songwriter Dierks Bentley on the launch of Pepsi Generations' summer music campaign, "This is the Pepsi." The campaign will give fans an inside look at the seasonal collection of Pepsi stuff. As part of the partnership, Pepsi will sponsor Bentley's Seven Peaks Music Festival in Buena Vista, Colorado. The soft drink maker will also sponsor CMA Fest, a country music fan experience festival in Nashville, Tennessee. Finally, during the CMA awards broadcast, a Pepsi-sponsored collaboration will pair a country music star of today with a country legend to perform a song. *(Source: Beverage Industry, May 22, 2018)*



- ▶ Mountain Dew unveiled a new campaign featuring Kevin Hart. The “Give Your Head a Mtn Dew Kickstart” effort is a series of 15-second spots showing what goes through the actor’s head as he drinks a Mtn Dew Kickstart, a soft drink targeted for morning consumption. The commercials are on Mountain Dew’s social media channels. The campaign is part of a yearlong partnership with Hart that will include TV, digital, social, and experiential elements as well as being integrated into the comedian’s Irresponsible Tour. *(Source: Marketing Dive, May 17, 2018)*



Coffee, Tea, and Cocoa

- ▶ Pure Leaf rolled out two new flavors in its Tea House Collection. Spiced Chai is organic black tea blended with aromatic spices. Strawberry & Garden Mint is also organic black tea that features strawberry and mint flavors. *(Source: Beverage Industry, March 23, 2018)*
- ▶ Peet’s Coffee promoted its Cold Brew through several activations at the Coachella Valley Music and Arts Festival. The brand was featured at a unique branded bus within the festival campground and in an interactive “Ice Sauna” photo booth at the DayClub Palm Springs. A branded keg Trike cruised through the campground and outside the Sahara tent offering samples of Baridi Black Cold Brew coffee on tap. Before the festival, Peet’s sponsored a contest to win three-day, VIP passes to the event. *(Source: Chief Marketer, April 17, 2018)*
- ▶ Starbucks added two new Frappuccinos to its permanent menu. The Ultra Caramel Frappuccino and the Triple Mocha Frappuccino are both made with the chain’s Sweet Cold Brew Whipped Cream, infused with cold brew coffee, dark caramel sauce and white chocolate mocha sauce. *(Source: USA Today, May 1, 2018)*
- ▶ U.S. retail sales of ready-to-drink cold brew coffee surged 450% between 2015 and 2017 and now total \$38.1 million. A consumer survey discovered drinkers are primarily drawn to cold brew’s taste with 92% of respondents stating they like the beverage’s taste and 74% agreeing the beverage is flavorful. The top descriptors of cold brew coffee were “smooth” and “indulgent.” Popular taste attributes – as based on blind tastings of 27 cold brew samples – identified were roasted, malty, smoky, chocolate, and caramelized. *(Source: Food-Navigator.com, May 9, 2018)*
- ▶ 7-Eleven is introducing a proprietary Cold Brew Iced Coffee. To launch the new drink, for a limited time this summer, it will be priced at 99 cents for any size cups. *(Source: BevNet, June 6, 2018)*
- ▶ Califia Farms introduced its first branded print magazine. *Pour Over* focuses on coffee culture, plant-based lifestyles, and sustainable food systems. The goal for the magazine is to help consumers understand Califia Farms and its mission. Print editions will be published semi-annually and distributed at no charge through coffeehouses, specialty hotels, and other venues that use Califia Farms’ Barista Blend almond milk. *(Source: PublishersDaily, April 3, 2018)*



- ▶ Starbucks sold the rights to offer its coffee and tea in supermarkets and other retail stores to Nestlé for \$7.15 billion. Sales of Starbucks products – including Starbucks, Starbucks K-Cups, Starbucks Reserve, Starbucks VIA, Seattle’s Best Coffee, Torrefazione Italia, and Teavana – through these channels totaled \$1.8 billion in fiscal 2017, 8% of its total revenues. Starbucks is shedding its ancillary businesses so it can focus on expanding its retail stores in the U.S. and China. Nestlé has identified coffee as a priority area. Its Nescafé brand generates \$10 billion in annual sales while Nespresso’s yearly revenues are about \$5 billion. *(Source: The Wall Street Journal, May 7, 2018; Beverage Industry, May 7, 2018)*



- ▶ For the summer season, Dunkin’ Donuts launched Butter Pecan, Cookie Dough, and Pistachio flavored coffees. Fans voted via social media for their favorite ice cream flavored coffees last summer which the chain promised to feature in 2018. A dozen fans who voted were selected to receive a summer’s worth of Dunkin’ coffee and a retail location in their community will offer free medium ice cream flavored iced coffees for the first 500 guests on a specified date this summer. *(Source: Beverage Industry, May 29, 2018)*

- ▶ Between 2006 and 2016, global consumption of tea increased annually by 4.5%. Tea consumption is growing rapidly in China, India, and other emerging economies especially among young, upper-middle class consumers who are integrating more gourmet quality tea into their lifestyle. Growth in tea consumption has also benefited from expanded consumer awareness of its health benefits including its anti-oxidant, anti-inflammatory, and weight loss properties as well as the tea as an alternative to soda, juice, and milk. *(Source: BeverageDaily.com, May 29, 2018)*

- ▶ Worldwide production of black tea is forecast to increase 2.2% annually over the next ten years while green tea is projected to grow 7.5% a year. However, changing climates may impact those numbers as tea is very sensitive to growing conditions. Already, floods and droughts affect yields, quality, and prices. Growth in production is driven by increased demand. *(Source: BeverageDaily.com, May 30, 2018)*

- ▶ In 2017, 19% of new coffees introduced around the world were ready-to-drink, iced coffees, up from 15% of global coffee launches in 2015. The chilled coffee segment grew at least 10% a year in the U.S. between 2013 and 2017 driven by the increasing popularity of cold brew. In 2017, 56% of new ready-to-drink coffee launches were cold brews, up from 38% the year before. Younger drinkers are more likely to be consumers of ready-to-drink coffee with 68% of those age 18 to 34 years old drinking single-serve RTD coffee compared to 43% of all adults. *(Source: BeverageDaily.com, May 31, 2018)*

- ▶ Demand for JM Smucker’s new premium coffee brand, 1850, has exceeded expectations. The product is performing well with traditional Folgers drinkers as well as younger consumers. Retail interest has also been strong with more shelf facings than originally anticipated. Research has found the entry-level premium brand to be very incremental and is not expected to cannibalize Dunkin’ Donuts coffee sales. *(Source: FoodNavigator-USA.com, June 8, 2018)*



- ▶ La Colombe Coffee Roaster added three new varieties to its ready-to-drink line. Two new draft latte flavors are honeysuckle and Brazilian caramel. A single-origin organic pure black Columbian cold brew coffee was also introduced. *(Source: Dairy Foods, May 15, 2018)*
- ▶ Teavana is introducing a new line, Teavana Sparkling Craft Iced teas. Two varieties will be available: Blackberry Lime Green Tea and Unsweetened Peach Nectarine Green Tea. Featuring fine tea and botanicals, the carbonated teas will use cane sugar and no artificial flavors. *(Source: BevNet, June 14, 2018)*



Distilled Spirits/Liquor

- ▶ Diageo North America and Sean "Diddy" Combs announced they will bring back Cîroc Ultra-Premium Vodka Summer Colada. Summer Colada is the first flavor named as part of the 2018 Cîroc Summer Collection. First released in 2017, the limited-edition vodka was one of the brand's most successful varieties. Other varieties in the summer collection are Peach and Pineapple. The varieties will be supported by entertainers Karol G., Teyana Taylor, and Cassie who will be the #CIROCSummerSquad of 2018. The squad will celebrate female empowerment at various events across the country during the summer. The brand will also make donations to Dress for Success, a nonprofit who helps women re-enter the workforce. *(Source: Beverage Industry, April 3, 2018)*
- ▶ Belvedere Vodka introduced Ginger Zest featuring the flavors of tangy ginger and juicy lemon with a touch of grapefruit. The flavors come from oil extracted from fruit peels and fresh fruit that are soaked in alcohol and then distilled. *(Source: Beverage Industry, April 9, 2018)*
- ▶ For the 52 weeks ending February 11, dollar sales of distilled spirits sold through multi-outlet retailers increased 2.9%. Volume increased 2.2% for the market overall last year. Sales increases by segment in 2017: American whiskey 8.1%; tequila 9.9%; cognac 13.8%; Irish whisky +12.8%; and vodka 3%. Top selling brands by segment and their change in sales over the past year:
 - Whiskeys: Jack Daniels (2.3% in dollar sales / 1.6% in case sales), Crown Royal 3.9% / 3.8%), and Fireball (9.8% / 10.3%).
 - Vodkas: Smirnoff (-2.2% / -1.1%), Tito's (39.7% / 38.7%), and Absolut (-1.1% / 0.7%).
 - Tequilas: Jose Cuervo (-1.7% / -3.8%), Patron (3.9% / 3.9%), and Sauza (13.9% / 19.5%).*(Source: Beverage Industry, April 10, 2018)*
- ▶ SKYY Spirits introduced SKYY Sun-Ripened Watermelon Vodka. Infused with real fruit, the product is designed to blend well with any mixer. *(Source: Beverage Industry, May 14, 2018)*
- ▶ The Macallan Distillers released a rare limited-edition single-malt whisky, The Macallan 50 Years Old, 2018 release. The single malt whisky aged for 50 years. Only 200 individually numbered bottles will be sold worldwide with 35 of those allocated to the United States. The whisky has a suggested retail price of \$35,000. *(Source: Beverage Industry, March 27, 2018)*



- ▶ Diageo developed a botanical version of Ketel One with 30% alcohol by volume. The beverage will be marketed as “made with vodka” as it does not meet the definition of vodka which must be bottled at 40% alcohol by volume or 37.5% alcohol by volume for flavored vodkas. Diageo is hoping the new drink appeals to drinkers looking for healthier options. Ketel One Botanical will have 73 calories per 1.5-ounce shot, 25% fewer than the original Ketel One. Diageo hopes the drink will attract women and wine drinkers as well as younger consumers who are trying to cut back on their alcohol consumption. Ketel One Botanical will be available in three flavors: cucumber and mint, peach and orange blossom, and grapefruit and rose. A suggested drink is Ketel One Botanical with soda, ice, and fresh herbs or fruit. *(Source: The Wall Street Journal, May 1, 2018)*



- ▶ Unlike other spirits, rum has not yet gone through a period of significant premiumization. Brands are trying to fill that gap including Añejo Cuatro, Bacardi Gran Reserva Diez, Bacardi Reserva Ocho, and Bacardi Gran Reserva Limitada. The latter product is sold for \$100 a bottle and positioned as a “sipping rum.” Premium rum has grown globally at a rate of 8.8% over the past five years. The biggest challenge for the category is recruiting a new generation of rum drinkers. Consumers do not have a lot of knowledge about rum and do not understand the selling points of premium rum. *(Source: Campaign US, April 11, 2018)*

- ▶ Bacardi completed its acquisition of Patrón Spirits. The acquisition makes Bacardi the leading company in the U.S. super-premium segment and the second largest company by market share based on value in the U.S. Patrón is the number one super-premium tequila brand. *(Source: Beverage Industry, May 1, 2018)*

- ▶ Bob Dylan is launching a line of boutique whiskeys called Heaven’s Door. The line will have three expressions a Tennessee Bourbon, a double-barrel-aged blend, and a straight rye. Heaven’s Door was developed with Spirits Investment Partners. A variety of master distillers and blenders will contribute to the brand catalogue. *(Source: Wine Spectator, May 3, 2018)*

- ▶ Pernod Ricard unveiled a new limited-edition bottle for its Absolut brand vodka. Absolut America is painted red, white, and blue. Between May 1 and September 3, Absolut plans to donate \$1 to Keep America Beautiful, a non-profit committed to community improvement, for every photo shared on social media that shows people partying with purpose using the hashtags #AbsolutAmerica and #promotion. *(Source: Beverage Industry, May 7, 2018)*



- ▶ Boodles Proper British Gin released a series of how-to-videos in advance of the royal wedding. The series, “The Boodles Guide to The New Proper,” features an etiquette expert and sartorialist who offer an American audience tips on weddings, dining, men’s style, cocktails, and more. The brand is also offering recipes for cocktails such as Gin Fizz and Bramble. *(Source: Marketing Dive, May 15, 2018)*

- ▶ Bacardi launched a new campaign with the tagline “Do What Moves You.” A 60-second spot shows a group of dancers enjoying a rum-filled night in the Caribbean but they are only shown from the waist down. The campaign also includes dance-themed out-of-home activation and a musical social activation that will happen later in the summer. Bacardi hopes by focusing on movement and not faces, the ad’s kinetic expression will produce an emotional connection. Its strategy to engage consumers with lifestyle- or experience-driven marketing aligns with other spirit brands. *(Source: Marketing Dive, May 15, 2018)*
- ▶ Stolichnaya introduced a new global campaign, “Whatever Drives You,” which is centered on identities and individuality. The campaign was shot in the Ukraine and features real people in TV commercials, digital and social spots, and print ads. The campaign’s message is “whatever drives you, make it bold, make it last, make it loud and clear.” The campaign also uses a new font, designed by artist Tyrsa. Stolichnaya Brush can be downloaded and used for free. *(Source: Marketing Dive, May 17, 2018)*
- ▶ Beam Suntory revealed that a Whiskey and Women research project guided the company has it repositioned its Jim Beam brand. The brand found 30% of the brand’s growth was coming from women. Mila Kunis was recruited as a female brand ambassador and women were put at the heart of the ads. In addition, the ads show Jim Beam drinkers ordering whiskey with ice, a common practice but one that purists generally disapprove. *(Source: WARC, May 22, 2018)*



Fruit/Vegetable Juices and Drinks

- ▶ Minute Maid announced a new marketing campaign which encourages parents to embrace family moments, even when they are not “Instagram-ready.” The Coca-Cola brand conducted research to better understand how parents use social media, especially whether or not posted pictures and videos are staged – with 36% of respondents admitting they do so most or nearly all of the time. Furthermore, 43% said they only post items they consider flattering. The campaign asks families to get real and tells them that “this is GOOD.” The campaign will include new television spots, refreshed social media accounts, and digital media. Minute Maid will also partner with influencers to share on social media with #thisisGOOD. *(Source: Beverage Industry, April 10, 2018)*
- ▶ The global orange juice market has been declining for 15 years. One reason for the decline is that orange juice is primarily a product for developed, industrialized markets and emerging markets such as China and the Middle East have not met consumption expectations. At the same time, other beverage categories including tea, coffee, and bottled water have seen tremendous growth over the past decade or so. *(Source: BeverageDaily.com, May 9, 2018)*



- ▶ Tampico Beverage has completely refreshed the brand with an updated logo, new labeling, and a redesigned website. The new look and feel seeks to convey fun adventure, uplifting aesthetic, spirit of discovery, and joyful moments. The logo features juice droplets coming from the brand name to symbolize bursts of flavor while the “o” at the end of the name is a fun smiley face. For the launch, brand ambassadors will surprise consumers in public spaces in seven large cities on Tampico Tuesdays passing out wristbands and promoting the drink. *(Source: Beverage Industry, April 13, 2018)*



- ▶ Campbell Soup has been sued in a California court for allegedly falsely advertising V8 Splash as “healthy, natural beverages brimming with healthful fruit and vegetable juices.” The lawsuit contends the flavored juice is “artificially-flavored sugar-water” that contains 3% carrot juice and 2% or less of a reconstituted fruit juice blend. The legal action also challenges the use of malic acid which can be both an acid regulator and a flavoring agent, or as some companies call it a flavor enhancer. If it is being used as a flavoring agent in V8 Splash, then it should carry an artificially-flavored designation. *(Source: FoodNavigator-USA.com, April 10, 2018)*
- ▶ Pom Wonderful launched a multichannel campaign which represents its biggest digital spend ever. The ads feature a fictional character who lives with a living dolphin impaled through his chest symbolizing a health scare. The spots show the character engaging in daily life activities such as riding a bike and working in the office with the dolphin flopping around. The message speaks to the health benefits of the pomegranate products while poking fun at pharmaceutical ads. The media plan includes television consumers, public relations, social media, and placement on screens in doctors’ offices. *(Source: Marketing Dive, May 15, 2018)*
- ▶ Simply Beverages launched Simply Light. The line will include four flavors: Orange Pulp-Free, Orange with Calcium & Vitamin D, Lemonade, and Lemonade with Raspberry. Simply Light, part of the Coca-Cola family, was developed in response to consumers who wanted orange juice or lemonade with less sugar and fewer calories. The product introduction will be supported with a campaign that includes broadcast and digital platforms. *(Source: Beverage Industry, May 22, 2018)*

- ▶ Cherrish, a 100% cherry juice product, is rolling out to convenience stores to compete against premium juices. Cherry juice purportedly has anti-inflammatory benefits and a low glycemic index which makes it appropriate for athletes to drink post-workout as well as diabetics. The brand began by targeting professional sports teams, college athletics programs, and most recently athletic clubs. Cherrish is now turning towards the retail space with the introduction of a 12-ounce PET bottle. *(Source: BeverageDaily.com, May 17, 2018)*



Functional/Nutritional Drinks

- ▶ Kill Cliff introduced a new line of sports drinks called Endure which features a slow-burning specialty carbohydrate. Each 20-ounce bottle has 24 grams of sugar that comes from a branded version of isomaltulose, a low-glycemic carb source derived from non-GMO beets. Endure is the first ready-to-drink produce in the U.S. that features Palatinose. Because of its ingredients, the drink may produce a sustained boost of energy and so it is appropriate to drink before or during a workout. Endure is sweetened with monk fruit extract as isomaltulose is not a sweetener. As with Kill Cliff's other products, Endure is positioned as a cleaner-labeled sports drink. *(Source: FoodNavigator-USA.com, March 21, 2018)*

- ▶ A limited-edition Red Bull can featuring Kris Bryant will be released in the Midwest in time for the start of the Major League Baseball season. The can has a Snapchat Snapcode which unlocks two augmented reality experiences – one allows fans to pitch to Bryant and the other transforms the user's face into a baseball that Bryant hits into the air. Along with the can, a prank video starring Bryant and titled "Special Delivery" will be released. In it, Bryant makes pizza deliveries to unsuspecting fantasy baseball leagues during their drafts. *(Source: Beverage Industry, March 27, 2018)*



- ▶ CORE Nutrition released CORE Organic, a beverage which offers nutrient-enhanced hydration as well as antioxidants and probiotics for immunity health. The product is non-GMO, gluten-free, OU Kosher, soy-free, and vegan and contains less than one gram of sugar and less than five calories. *(Source: Beverage Industry, April 5, 2018)*

- ▶ In 2017, 27.2% of new beverage introductions in the U.S. and UK claimed functional benefits, up from 12.6% the year before. The top three function claims were energy/alertness (20%), digestive health (19%), and antioxidants (12.7%). A wider variety of functional benefits are being touted including immune system support, beauty enhancement, detoxification, and improved cognition. Other functional beverage trends are the proliferation of shot-size servings, the incorporation of ingredients with good fat, and the use of collagen. *(Source: BeverageDaily.com, April 6, 2018)*

- ▶ Sales of refrigerated probiotic drinks and juices increased 30% in 2017 to \$32.3 billion. Growth among non-dairy beverages with probiotic ingredients is expected to be 9.6% compounded annually from 2017-2022. Demand for probiotic drinks is driven by consumer focus on health, increasing awareness of and willingness to accept bacteria as beneficial to health, and the wider availability of packs of drinks for on-the-go consumption. *(Source: BeverageDaily.com, April 6, 2018)*

- ▶ Nuun recently launched Immunity. Sold as a tablet that is added to 16-ounces of water, Immunity consists of a botanical blend of anti-inflammatory, anti-oxidant, and vitamin ingredients as well as electrolytes to optimize hydration and support the body's natural immune system. Nuun Immunity is available in two flavors: Orange Citrus and Blueberry Tangerine. *(Source: Beverage Industry, April 3, 2018)*



- ▶ Soylent, a meal replacement drink, is rolling out to 450 Walmart stores across the U.S. Soylent's retail distribution now approaches 4,000 stores including more than 2,500 7-Eleven locations. The brand hopes to be in about 5,000 stores before the end of 2018. Soylent considers fast food to be its primary competitors and has found success when placed near grab & go meals and beverages. *(Source: BeverageDaily.com, April 11, 2018)*
- ▶ According to a survey conducted for the International Food Information Council, one-third of Americans are trying to consume probiotics and 10% are adding prebiotics to their diets. The prebiotics' market is expected to grow 44% through 2020. *(Source: Beverage Industry, May 8, 2018)*
- ▶ Kevita Sparkling Probiotic Drinks launched Watermelon Rose flavor. The sparkling water beverage is made with a water kefir culture as well as watermelon juice and rose water. Kevita is a division of PepsiCo. *(Source: Beverage Industry, May 4, 2018)*
- ▶ Bolthouse Farm launched the Bolthouse Farms "B" line of lower-sugar premium refrigerated beverages. The line contains protein drinks made with whey protein concentrate available in chocolate, coffee, vanilla and vanilla-chai flavors and non-dairy smoothies available in strawberry-banana and sweet green. *(Source: Dairy Foods, May 11, 2018)*
- ▶ Molson Coors announced the purchase of Clearly Kombucha. This is the brewer's first acquisition of a non-alcoholic beverage brand. Terms of the deal were not disclosed. *(Source: BevNet, June 6, 2018)*



Milk/Milk Alternatives/Dairy Drinks

- ▶ A research report predicts U.S. dairy milk sales will fall 11% to \$15.9 billion by 2020 in part because of plant-based alternatives which are expected to grow from \$2 billion to \$3 billion during the same period. To combat the decline in dairy milk, one industry executive suggests focusing on the use of organic milk to make other dairy products such as cheese and yogurt, distributing more organic milk to foodservice, and educating the public on the health benefits of dairy. *(Source: FoodNavigator.com, April 10, 2018)*
- ▶ Milk Processor Education Program (MilkPEP) launched a new campaign. "Pour More Milk" shows moms why children need the nutrients that milk offers and spotlights new ways to serve the beverage. The campaign includes television commercials which advance the position of the American Academy of Pediatrics that milk should be served at most meals with water served between meals. *(Source: Dairy Foods, May 4, 2018)*
- ▶ Coca-Cola will begin selling fairlife Ultrafiltered Milk in Canada by late this year. Canada will be the first international market for the brand of high-protein, low-sugar, lactose-free milk. *(Source: DairyReporter.com, June 12, 2018)*



- ▶ Around the world, dairy-free milk alternatives recorded retail sales of \$15.6 billion and represented 12% of the total fluid milk and milk alternatives market. Global demand for dairy is projected to increase 2.5% for years to come with non-fluid categories offsetting weak fluid milk demand. Reasons for choosing dairy include nutrition, price, and flavor while selling points for non-dairy alternatives include health, lifestyle, curiosity, animal welfare, and sustainability. Research shows younger consumers are the largest segment purchasing dairy-free beverages. Dairy-free is also supported by the flexitarians, who consume fewer animal products but on occasion will make an exception. In the U.S., 38% of American try to eat a meatless meal at least once a week. *(Source: DairyReporter.com, May 29, 2018)*

- ▶ Oakhurst introduced Wild Blueberry Milk. The flavored whole milk will be sold from May to October in Northern New England. It contains wild blueberries from Wyman's of Maine. Oakhurst is the leading seller of flavored whole milk in Maine and New Hampshire. *(Source: Dairy Foods, June 8, 2018)*



- ▶ Walnut milk could potential carve out a niche in the plant-based milk alternatives market with an unusual nutritional profile. Walnuts are a good source of the short-chain omega-e fatty acid, ALA. The nut also has lower sugar content than almond milk (2g per serving versus 5-7g per serving) and fewer calories (45 calories versus 60 calories). Walnut milk brands in the market include Mariani Nut, Elmhurst Milked, and 137 Degrees. *(Source: FoodNavigator-USA.com, May 31, 2018)*
- ▶ In the year ending April 22, sales of refrigerated almond milk increased 9.8% while shelf-stable almond milk rose 4%. During the same period, refrigerated soy milk declined 10.5% and the shelf-stable version fell 9.6%. Coconut milk in the refrigerator case saw sales go up 5.2% while coconut milk in the grocery aisle increased sales by 3.3%. Rice milk lost sales – down 5.6% for refrigerated and 3.7% for shelf-stable. The strongest growth levels came from more recent entrants including cashew, walnut, pea, hemp, quinoa, oat, and flax milk as well as blends of plant-based milks. In total, refrigerated plant-based milk sales grew 7% to \$1.61 billion across all retailers measured (excluding online, convenience, and certain key retailers). Shelf-stable plant-based milks rose 4.7% to \$229 million. *(Source: FoodNavigator-USA.com, June 4, 2018)*

Wine

- ▶ Barefoot redesigned its spritzer can. The new packaging is supported by a music video featuring "The Slay Team," which consists of three actresses and two comediennes, singing a pop anthem "Crushin' It." Each member of the Slay Team embodies one of the five different spritzer flavors which they sip throughout the video. The video offers a message of empowerment as the women are "crushin' it" despite life's challenges. *(Source: Adweek, May 24, 2018)*



- ▶ In the 52 weeks ending December 30, 2017 canned wine's dollar growth surged 54%, the highest of any alternative wine packaging. Canned wine has total sales of \$28 million. Sales of canned wine are seasonal, favoring the spring and summer seasons. Besides seasonality, other stumbling blocks the category faces include quality perceptions and pricing. *(Source: Market Watch, March 22, 2018)*
- ▶ Vinebox is a monthly subscription service that offers unique, small-lot wines, packaged in tubes which are the equivalent to a glass of wine. The shipments start at \$29 for three 3.4-ounce vials of wine. The company offers 70 to 120 wines a year sourced exclusively from small European producers. Vinebox is one of many wine subscription services that has come into the market over the past few years. *(Source: Market Watch, May 24, 2018)*
- ▶ Global wine production declined 8.6% in 2017, a historical low. Unfavorable climate conditions in Europe lead to a 14.6% fall in production. Italy remained the leading producer of wine in the world followed by Spain. Global wine consumption increased slightly last year. The United States is the largest consumer of wine followed by France, Italy, Germany, and China. *(Source: BeverageDaily.com, April 26, 2018)*
- ▶ Mancan Wine introduced Mancan Rosé. Made from 100% California grapes, the wine is a blend of un-oaked Chardonnay and Zinfandel. The varietal joins Red, White, and Fizz flavors of wine in a can. *(Source: Beverage Industry, May 3, 2018)*
- ▶ Sales of wines from California grew 3% to \$35.2 billion in 2017. This represents a 15% increase over the last ten years. Trends affecting the industry include premiumization, e-commerce and direct-to-consumer sales, an increase in the legal drinking age population, and a 20% increase in the number of retail locations that sell wine. Rosé volume increased 60% last year while total shipments of sparkling wines were up 8% and now account for 7% of the U.S. wine market. *(Source: BeverageDaily.com, May 24, 2018)*





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