

Functional Beverage Market - Growth, Trends, and Forecasts (2023 - 2028)

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Report description:

The Global Functional Beverage Market is projected to register a CAGR of 7.5% over the upcoming five years.

Post-Covid-19, the market has witnessed a surge in demand for products that provide functional benefits, such as immune health, which is likely to impact the market positively. Consumers are increasingly seeking functional beverage products as they believe might aid in the body's defenses. Countries like the United Kingdom have already announced a proof plan to counter rising obesity in the country with campaigns like "better health". Such initiatives are being considered a potential for the market that earns consumers turning to opt for a functional beverage with functional benefits. Increasing demand for innovative products, like plant-based and lactose-free beverage products, is driving market growth, while the inclusion of CBD-infused functional beverages is expected to be an opportunity for the future market.

Many functional drinks offer numerous health benefits, including hydration, fluid maintenance, and nutritional benefits. With the aging baby boom generation willing to invest in innovative products that will enhance their lives, the functional beverage industry is increasingly driven by consumers' recognition of the link between diet and health. Market players are therefore increasingly developing new products regularly to further develop the studied market.

As more consumers gain awareness and experience with the online and DTC distribution models, the market is expected to witness a transition of online channels by functional beverage manufacturers in the coming years. Additionally, energy drinks are becoming increasingly popular among college students and corporate workers as a substitute for coffee. Furthermore, these energy drinks are becoming more popular as mixers for alcoholic beverages.

Functional Beverage Market Trends

The Growing Demand for Healthy Hydration Products

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The progressive inclination of consumers toward health-oriented beverages has involved probiotic food products as a requisite in the list. In addition, the sale promoting tag lines, such as "ready to drink," "on the go," and other convenience factors, such as favorable packaging altogether served by beverages, further augments the demand for probiotic drinks, including kombucha. Consumers have started to prefer functional drinks over fruit juices and carbonated drinks.

With consumers now increasingly aware of the health implications associated with soft drinks categories, concerned drinkers are frequently shunning vilified categories, like carbonates and juices, in favor of 'healthier choices, such as soymilk, probiotics, and other functional drinks. Consumer education has been the key factor behind the rising demand for healthy hydration drinks. The trend of healthy hydration owes its success to the growing awareness of fermented drinks with natural ingredients and the increasing acceptance of consuming probiotics.

Asia-Pacific is the Fastest Growing Region

The high incidence of cardiovascular disease, osteoporosis, and arthritis, coupled with the growing demand for convenience beverages and the changing lifestyle among Asian consumers, is the primary driver for the growth of functional energy drinks, fortified/functional plant-based, and malt-based hot drink sales in the market. Furthermore, due to the high prevalence of diabetes in countries like India and China, consumers are becoming more aware of the importance of a healthy diet and active lifestyle, encouraging consumers to prefer natural sweeteners, such as stevia beverages. According to the International Diabetes Federation, In 2022, India is one of the 7 countries that make up the South East Asia region. In the South East Asia Region, 90 million people have diabetes; by 2045, this number will rise to 151.5 million. Thus, companies like PepsiCo Inc. and Coca-Cola are committed to removing artificial ingredients and reducing the sugar content in their products.

Additionally, Australia is one of the major markets for the functional beverage in the Asia-Pacific region. Health-conscious Australians are going out of their way to consume healthier food products, particularly products that have a functional benefit to their health. As a result, functional beverage products have seen tremendous growth in recent years. A few examples of trending functional beverages in the functional beverage sector of Australia include fermented drinks such as Kombucha and nootropic drinks. Consequently, the functional beverage industry in the country has undergone some changes over the last few years. Companies have adjusted their product innovation strategies to meet the changing demands of consumers. For instance, in April 2021, MOJO launched its new MOJO Kombucha Soda which supports a different aspect of gut health. The newly launched product is low in sugar and is stevia free with 2.5 grams of dietary fiber per serving. It is available in three distinct flavors: Tropical Twirl, Cola Kiss, and Berry Blitz.

Functional Beverage Market Competitor Analysis

The functional beverage market is competitive and comprises numerous regional and international competitors. Players are also extensively focusing on providing consumers with innovative offerings while including functional benefits in each of their products. Furthermore, while engaging the consumers with innovation and expansion strategies, key players are capitalizing on the market revenue. Many companies operating in the market are embarking on product innovation, mergers, and acquisitions as their key strategies to achieve consolidation and optimize their offerings. Some of the major players in the market studied are PepsiCo, Red Bull GmbH, Coco-Cola, and Monster Beverage Corporation, among others.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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