

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

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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### **Report description:**

The European Functional Beverage Market is projected to record a CAGR of 8.42% over the next five years.

Functional beverages such as energy drinks offer various health benefits due to the presence of carbohydrates, electrolytes, and minerals such as calcium, magnesium, and sodium. They keep the body hydrated during activities that require excessive energy such as sports, exercises, and workouts. Similarly, the consumption of probiotic drinks helps prevent bowel diseases and strengthen the immune system. These benefits coupled with rising consumer awareness are driving the growth of the market. For example, in the United Kingdom, 21% of functional beverage consumers show an interest in sports or energy drinks that support brain function. In addition, the growing popularity of e-commerce is anticipated to further boost the growth of the functional beverage market in Europe during the forecast period. However, increasing concerns about obesity will reduce the demand in the market.

Consumer trends in the health and wellness market are influenced by multiple factors such as the rising demand for healthier drinks. The aging population is fueling the demand to overcome or prevent adverse health conditions, as they consider these functional beverages as 'meal bottles'. Consumers demand high-quality products including organic and natural products due to rising health consciousness. Moreover, the change in consumption patterns in favor of the convenience food industry is supporting market demand. Consumers are looking for healthy alternatives to carbonated drinks such as functional water. German consumers focus more on the quality of functional water as compared to its price while making a purchase and usually prefer well-established brands to private label lines. Manufacturing companies in energy drinks, sports drinks, and functional water in Germany are launching promotional campaigns and advertisements through the use of celebrity endorsements, TV commercials, and other communication methods to gain consumer attention. ?

Moreover, increasing demand for innovative products, like plant-based and lactose-free beverage products, drives the market study, while the inclusion of CBD-infused functional beverages is expected to be an opportunity for the future market.

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## Europe Functional Beverages Market Trends

### Flavor Innovations Leading to Market Growth

Consumers are increasingly drawn to the health benefits available through functional beverages. People are more concerned about their health and fitness, which in turn increases the demand for functional beverages. Although the gut health and functional foods phenomenon has impacted all aspects of the menu, the beverage category holds the largest opportunity for flavor innovation. Beverages can be incorporated with vitamins and supplements, allowing nutrient-dense ingredients, such as kale and turmeric, to find a natural home. Innovations in the flavor industry have made flavor ingredients, such as natural isoasmone and natural hibiscus extract liquid, possible, which provide a much more accurate and flavorful version of floral flavor for use in products ranging from functional juice blends and enhanced waters to energy drinks. Also, the rising trend of zero-calorie, zero-sugar, and low-carb content soft drinks is rising across the region, boosting the market growth. Natural flavors are gaining traction due to their health benefits and refreshing tastes.

### Germany Holds the Major Market Share

The functional beverage market in Germany is benefited from the strong economy and consumers' increasing health consciousness. The aging population is fueling the demand for functional beverages to prevent or overcome adverse health conditions. They consider functional beverages as the 'meal bottle.' Consumers in Germany tend to buy less often. However, they demand high-quality products, including organic and health and wellness food products. The increasing number of single households and a growing mobile society are changing the food and beverage consumption patterns in favor of the convenience food industry.

Thus, there has been a rise in the demand for convenient foods, including ready-to-eat products, fruit juices, and coffee. Also, the penetration of online grocery stores is increasing in European countries such as Germany helps vendors save operating and overhead costs compared to the physical store format. The movement towards organic food products has long since achieved mainstream status in Germany. More and more consumers are seeking to improve their sense of well-being, health, and even their performance levels through the consumption of functional beverages.

### Europe Functional Beverages Market Competitor Analysis

The European functional beverage market is a fragmented market with various players operating across segments. Major recognized players include PepsiCo, Coca-Cola, Red Bull, Fonterra Co-operative Group, and Monster Energy. Due to the high growth potential in the region, most companies are trying to expand their presence in the market. Few major players dominate the market due to their extensive distribution channels. Merging is the second most preferred strategy. Major players are merging with local ones to gain dominance in local markets. Product pricing is another strategy adopted by companies.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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