

Functional Beverage - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Report description:

The Functional Beverage Market size is estimated at USD 213.74 billion in 2024, and is expected to reach USD 306.76 billion by 2029, growing at a CAGR of 7.49% during the forecast period (2024-2029).

Consumers gravitate toward beverages with functional benefits, majorly influenced by health and wellness trends. Functional drinks with protein and claims to boost energy are gaining popularity, especially among fitness enthusiasts. Functional beverages are gaining immense popularity among millennials due to aggressive marketing campaigns toward young consumers. Advertisements promoting functional beverages such as energy drinks, sports drinks, and other fortified beverages as the drinks that ignite the mind, refresh the body, and enhance performance and stamina are further capturing consumer attention. Moreover, digestive health is likely the next functional crowd-pleaser, and consumers are willing to pay high prices. Therefore, brands may leverage the opportunity to expand their product portfolio and consumer base. As the functional beverages market is highly competitive, manufacturers must stay in tune with changing consumer needs and deliver innovation with proven scientific benefits of powerful active ingredients to stand out. For instance, in October 2023, the Tropicana brand of PepsiCo Inc. launched its two new smoothie flavors containing Vitamin C. The products Tropicana Smoothie Pineapple & Mango and Strawberry & Banana are to be retailed across India in all distribution channels operating in the market.

Functional Beverages Market Trends

Inclination Toward Dairy and Dairy Alternative Beverages

The rising demand for probiotic drinks by health-conscious consumers primarily drives the market. The growing trend of veganism further increases the demand for plant-based functional milk products. Plant-based milk analogs may lack some of the

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nutritional benefits of dairy. Hence, manufacturers incorporated micronutrients such as vitamins B12 and D and calcium to enhance the product's nutritional value.

The market is fueled by the availability of numerous flavors and packaging variants, the growing consumer indulgence for exotic flavors, and significant investments by manufacturers. For instance, in June 2022, Danone North America launched the Activia+ multi-benefit probiotic yogurt drink, which includes billions of active and live probiotics to support gut health. The product is a good source of zinc and vitamins D and C.

Asia-Pacific is the Largest Market

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. Thus, several companies are committed to removing artificial ingredients and reducing the sugar content in their products. For instance, in 2023, Monster Energy launched Monster Energy Zero Sugar globally. It is claimed to contain 100% Monster and 0% sugar and primed with 160 mg of caffeine. It is further stated that Monster Energy Zero Sugar consumption helps fight fatigue and improve mental performance and focus.

Australia is one of the significant markets for functional beverages in Asia-Pacific. Consumer preference for low-sugar beverages is growing as they become more conscious of their food and drinks. Players also heavily emphasize bringing consumers novel options while incorporating valuable ingredients into each of their items. For instance, in August 2023, Straight Up Energy, operating in Australia, launched its new energy drink product in three flavors: Green Apple, Mango and Passionfruit, and Watermelon and Pineapple.

Functional Beverages Industry Overview

The functional beverage market is competitive and comprises numerous regional and international competitors. Players operating in the market are embarking on product innovation, mergers, and acquisitions as their key strategies to consolidate and optimize their offerings. They also focus on expansion strategies to capitalize on the market revenue. Some of the major players in the market studied are PepsiCo, Red Bull GmbH, Coca-Cola, Danone SA, and Monster Beverage Corporation.

Additional Benefits:

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

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