

Wellness & Functional Beverages in the U.S.

2007 Edition

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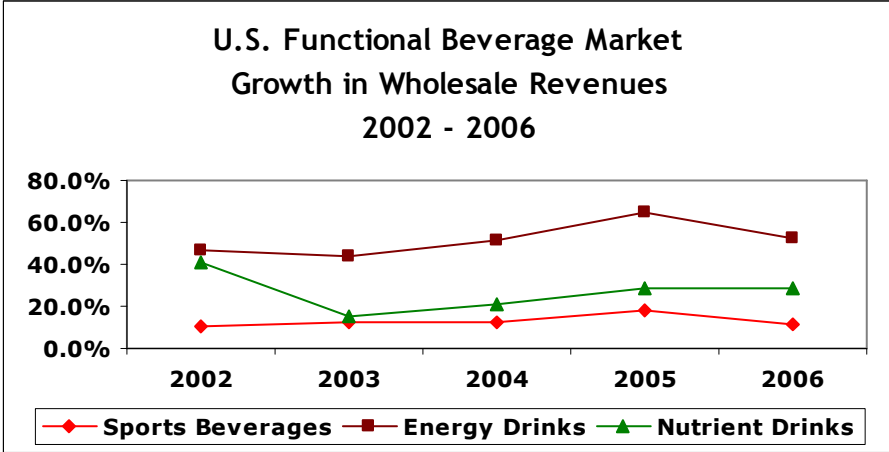
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**WELLNESS AND FUNCTIONAL RTD BEVERAGE MARKET
CHANGE IN ESTIMATED WHOLESALE DOLLAR SALES AND VOLUME
2000 – 2006**

Year	Dollars	Gallons	Price Per Gallon
1999/00	5.8%	2.7%	3.0%
2000/01	4.2%	3.3%	0.9%
2001/02	2.9%	4.9%	-1.9%
2002/03	3.4%	3.3%	0.1%
2003/04	5.7%	3.9%	1.8%
2004/05	6.3%	6.6%	-0.3%
2005/06	5.8%	6.4%	-0.6%

Source: Beverage Marketing Corporation



Source: Beverage Marketing Corporation

In general, beverages classified as “nutrient-enhanced” include single-serve fruit beverages, ready-to-drink teas and water drinks that contain (broadly defined) nutraceuticals such as vitamins and minerals, as well as herbs like ginseng, ginkgo biloba and others.

- While marketers stress beverages’ nutraceutical ingredients as selling points, they do not want the products confined to health food store aisles or specialty store shelves.
- Consequently, marketers highlight the presence of nutraceuticals but do so conservatively, usually without making definite, direct health claims, in order to avoid running afoul of federal regulators. (As noted in Chapter 1, some have stepped over the line, prompting rebukes from the FDA.)

Once unpredictable, the nutrient-enhanced drink segment has settled into a more normative pattern of late.

- In 2002, enhanced waters enjoyed a breakout year, while nutrient-enhanced fruit drinks, teas and dairy drinks had slow-to-negative growth.
- In 2003, nutrient-enhanced teas rebounded, but fruit drinks declined considerably. Enhanced waters grew strongly during the year, but not as briskly as in 2002.
- In 2004, enhanced waters enjoyed accelerated growth from the year before, while nutrient-enhanced fruit drinks declined for the third time in four years. Nutrient-enhanced teas grew moderately while nutrient-enhanced dairy drinks declined slightly.
- In 2005, enhanced waters grew at an accelerated pace yet again. Nutrient-enhanced fruit drinks enjoyed their strongest growth in five years. Nutrient-enhanced teas and nutrient-enhanced dairy drinks grew slightly.
- In 2006, enhanced waters enjoyed their third straight year of 40%-plus growth. Nutrient-enhanced fruit drinks and teas had moderate growth and nutrient-enhanced dairy drinks declined.