

The Grocer

Focus On: Energy drinks by Ash O'Mahony (Ashleigh.OMahony@wrbm.com)

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The Story

A clampdown on sugar, under-16 bans and an increasing wellness agenda. You would expect times to be tough for energy drinks. Yet the sector is still in a buoyant mood. Yes, total sales are down slightly, but this is largely down to losses in drinks that rely on glucose on their source of energy. Sales of the harder stuff – including caffeine combined with other stimulants such as taurine – are booming and this is particularly true of the diet versions for major brands. It suggests consumers are more concerned with calorie-counting than wellness, regardless of what the media would have you believe. But as talk intensifies over a mandatory ban on sales to children – and headlines warn of the effects on heart rate and blood pressure – could health fears finally hit home?

Key Themes:

High energy drinks: Sales of the big bang energy drinks – including caffeine and at least one other stimulant – are up with some brands doing particularly well over the past year. Why is this? Is it down to increased consumption among existing shoppers, or new shoppers? Which brands are winning particularly big?

Diet drinks: By far the largest growing sub-category in energy drinks is that of the diet, high-energy drink, partly due to price promotions. Will this grow even further now the sugar tax has hit home?

Glucose energy drinks: Drinks that rely on glucose as their main source of energy have dragged the category down this year, contributing to a loss of 380,000 shoppers. So why is this? Was it all down to publicity over the sugar tax? Was it failed reformulation? Or is there just a higher awareness of sugar content in general? And could sales fall further now higher prices have come into effect?

Ban on minors: Bar the sugar tax, the biggest news of the year has been the voluntary bans on selling energy drinks to children. Several retailers including Morrisons, Lidl, Sainsbury's and Waitrose have gone down this route, and calls are mounting for a mandatory ban. What impact will this have on sales? What proportion comes from under-16s?

Negative publicity: The papers have been full of articles on what energy drinks do to your heart rate, blood pressure etc. While nothing new, this coverage does seem to have intensified of late. Will this put off shoppers? How do energy drinks fit with the increasing wellness agenda?

Electrolytes: This is the latest buzzword in energy. More and more brands are including them as a key selling point, and even water brands are getting in on the act. Which brands are popping up and how appealing are electrolytes to shoppers? Will this become just as important as caffeine?

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?