

The Grocer

Focus On: Sports & Energy drinks by Natalie Brown (natalie_brown@live.co.uk)

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The Story

- **The sports & energy drinks sector looks like it is starting to run out of puff. Value growth has slowed for energy drinks, on negligible volume growth; sales of sports drinks have continued to slump. Despite this, eight out of the top 10 sports & energy SKUs are in growth. How come? To what extent is the overall market being impacted by concern around sugar? What else is affecting the market? And, in light of the sugar debate, what potential is there for energy drinks with more 'natural' and lower sugar credentials?**

Key themes

Energy drinks and health: This feature will explore in detail the extent at which the energy drinks market has been impacted by growing concern around sugar, looking at sales data for low and no sugar product variants and so-called 'natural energy' drinks. How is the sugar debate likely to shape this market in the coming year?

'Natural' energy: The formula for energy drinks has been pretty simple in the past: sugar, caffeine and/or taurine. But now brands are using a widening array of exotic ingredients to add weight to their claims, from ginseng and green tea to guarana and sea buckthorn, and some are even removing added sugar from the recipe. How much potential is there in the UK for such products? Will they help drive future growth? Are the big energy drinks brands looking at this?

Can you cut sugar completely? Everyone knows that sugar gives us energy. So if you cut sugar from an energy drink recipe, can the product still rightly be called an 'energy' drink? In a separate box out we will be tackling this question, looking at the performance of sugar-free energy drinks so far and exploring which ingredients can be used to give energy in the absence of sugar. Can anything do the job of the white stuff?

Sports drinks: Sports drinks continue to struggle, as drinkers switch to products perceived as more 'natural' and offering greater functional benefits to sportspeople, including bottled and tap water. This feature will analyse the performance of sports brands, with particular attention paid to high profile marketing campaigns of the past year, NPD, price and promotions.

Innovation: This will be key to this feature. We will be investigating how new product development has shaped the category over the past year and what is in store for shoppers in 2014. We will be profiling four of the most interesting launches in a separate innovation panel.

Formats: In the wider soft drinks market, many have unveiled a host of new formats over the past year, designed to hit specific price points and suit particular retail channels and occasions. This feature will explore how much of an opportunity there is for sports and energy drinks to innovate in terms of formats. Who's leading the way?

Flavours: This feature will explore in detail how the flavour of sports & energy drinks is evolving through new product development. What will be the hot new flavour trends of 2015 and how are brands looking to cash in?

Promotions: This feature will explore how the promotional strategies of retailers and brands have changed over the past year. Attention will be paid to the promotional strategies of retailers and how this has affected average prices over the past year.

Advertising and marketing: This feature will also investigate how the marketing and advertising strategies of the category's biggest brands have evolved over the past year and how they will develop in the coming year to sustain growth or return brands to growth.

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?