

# DRINKERS TICKLED BY HEALTHIER TIPPLES

As shoppers continue to move towards healthier options, retailers and manufacturers should focus on the fruit/tea and water enhanced segments.

By IRI Senior Account Manager Etienne Bitteau.

In the latest 52 weeks, the total beverages category, including ready-to-drink (RTD) and excluding hot drinks and take-home beverages (THB), grew in value by 0.5 per cent in the convenience vertical. This was largely thanks to an increase in average price per unit from \$3.19 to \$3.24. However, overall units were in decline, down by 1.2 per cent versus a year ago.

The RTD sub-category is accountable for 83 per cent of value and 88 per cent of volume in the total beverages category. In fact, RTD drinks are growing at a faster pace than THB in value (0.5 per cent versus 0.3 per cent growth) and declining at a slower pace in units (-1.1 per cent versus -1.7 per cent).

RTD growth is driven by three main segments:

- Energy drinks (up \$11.49 million versus a year ago).
- Fruit/tea (up \$5.69 million versus a year ago).
- Enhanced water (up \$3.53 million versus a year ago).

## Top drivers

Energy drinks is the largest segment in the beverages category, accountable for 21.7 per cent of sales in the latest MAT. Thanks to 4.5 per cent value sales growth, it also has 34 per cent share of growth in the RTD sub-category. This makes it by far the biggest contributor to beverages growth in the past year, with manufacturers such as Frucor Suntory and Red Bull adding \$5.07 million and \$4.82 million to the category respectively.

Fruit/tea is the fastest growing segment in the latest MAT, up 43.3 per cent versus a year ago and is one of the biggest contributors to beverages category growth. Fruit/tea is a premium-focus segment, with a price per unit that grew by 8.7 per cent versus a year ago, adding important dollar value to the total category. Despite this increase, its share of growth for the RTD sub-category is only half that of energy drinks at 17.1 per cent. This strong performance by the fruit/tea segment

is led by two main brands: Remedy and Amplify (Frucor Suntory) are driving growth with kombucha products.

On another note, it's important to draw attention to enhanced water, which is the second fastest growing segment within the category, increasing by 15.7 per cent in value versus a year ago and almost as much in units (up 13.4 per cent). Accountable for 2.6 per cent of RTD sales, the segment is predominantly driven by Pump brand which has three SKUs in the top five fastest growing items list in the water enhanced segment: Berry Storm 750ml, Lime Rush 750ml and Lemon Fix 750ml. Those items have the advantage of being the cheapest products in the category's top 20 selling items, with an average price/unit around \$3.35 and average 750ml size – significantly larger than other products.

## What's next?

Fruit/tea and enhanced water are the segments retailers and manufacturers need to focus on going forward. As shoppers continue to seek out no/low sugar drinks and move towards healthier options, these segments will become more and more important. In the long-term, brands and manufacturers should invest in these products to drive growth.

Sources:

IRI Scan data MAT to 2/6/19.

Convenience market: 7-Eleven, Coles Express, Caltex, BP, Woolworths Petrol, Puma Energy, Freedom Fuels, NightOwl, APCO.

IRI Shopper Panel data MAT to 26/5/19.

## About IRI

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