

## Soft drinks industry faces headwinds of increasing, shifting health concerns

CHICAGO - According to Euromonitor International's hot and soft drinks industry research, released yesterday, the global hot drinks industry performed well, achieving slight improvement over growth in 2014. Hot drinks growth reached 7% in off-trade current value terms with tea being the fastest growing industry category, followed by other hot drinks and coffee. Total volumes in hot drinks grew by 2%.



Twenty-fifteen was characterised by weakness in key emerging markets for consumer goods, particularly BRIC markets. However, in the hot drinks category among the Brics, India achieved six percent total volume growth for hot drinks in 2015, up from four percent in 2014. India's economy and demand for hot drinks have been less impacted by the slowdown in the global economy because its GDP is less reliant on exporting of manufactured goods and raw materials than Brazil, China or Russia.

In regards to soft drinks, the global industry saw marginal growth from 2014 to 2015. Growth reached 5.5% in value terms with energy drinks as the fastest growing category, followed by bottled water and sports drinks. Total volumes in the overall soft drinks category grew by 3%.

"The soft drinks industry faces multiple headwinds in 2016. Key emerging markets will continue to struggle, while health concerns are growing and shifting. Traditional low-calorie options may not be enough to carbonates; consumers are increasingly skeptical of added ingredients, particularly artificial sweeteners," says head of soft drinks and hot drinks research, Michael Schaefer. "Reduced-sugar carbonates underperformed regular, full-calorie carbonates in both North America and Asia Pacific. A large-scale shift to lighter, often naturally less-sweet beverages - bottled water above all - will continue to drive innovation globally."