SPORTS AND ENERGY DRINKS – GERMANY – 2023

While price rises create challenges for sports/energy drinks, Germans still want a boost. Amid demand for all-natural and BFY launches, efficacy is still paramount.

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Sports And Energy Drinks - Germany - 2023

This report looks at the following areas:

- Market drivers for sports and energy drinks, including the cost of living and shift towards healthy eating
- Usage frequency, with 77% of 16-24s drinking energy drinks and 25-34 users on the rise
- Standard vs low/no sugar varieties, including how to create value without sugar
- Usage occasions, including how to earn clout with the gaming generation
- Behaviours related to sports and energy drinks, with caffeine moderation gaining momentum and how to destigmatise energy drinks
- Attitudes towards sports and energy drinks, with consumers leaning towards authentic naturalness and brand quality
- Recent launch activity and innovations
- Market share, size and forecast

> While price rises create challenges for sports/energy drinks, Germans still want a boost. Amid demand for all-natural and BFY launches, efficacy is still paramount.

Overview

44% of Germans**drink any sports or energy drink/energy shot, rising to 82% of 16-24s. Overall usage has** grown by 6 percentage points since 2021, despite double-digit inflation.

Caffeine's functionality makes energy drinks **an indispensable crutch for on-the-go workers,** while sports drinks have found prominence among 45-54s as a versatile booster, with 46% using them for two or more occasions. However, **users are beginning to moderate their**

caffeine intake as part of a broader focus on sleep quality and mental health. 59% of 16-24s are interested **in lower-caffeine alternatives** – a challenge for energy drink brands.

Though Germans seek energisation, **social stigma still dogs the category.** Sports/energy drinks are seen as too high in sugar and unnatural, fueling interest in sugar-free, clean-label and all-natural products.

Healthier adjacent categories, eg tea and fruit juice, provide competition for sports and energy drinks in this regard. Innovation around tea-based and less-sweet flavours may serve to broaden the category's appeal among existing and new users alike.

Growing impetus around gaming is perhaps the biggest opportunity for brands in the next five years. Young users rely on both sports and energy drinks to power gaming sessions, but with **US giant PRIME entering the German market**, brands must move fast to seize this opportunity.

Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five-year outlook for sports & energy drinks

Market context

- Year-on-Year usage is up against 2021
  - Graph 1: usage frequency of sports and energy drinks in the past three months, 2023
- Germans need energy more than ever before
- Focus on sleep and mental health may drive caffeine moderation
  - Graph 2: mental wellbeing compared to one year prior, 2022
- Clean label is king as consumers prioritise naturalness

Mintel predicts

- Energy drinks encroach on sports drinks' market and beyond
- Market size & forecast – energy drinks
- Energy drinks forecast to grow to €4.3 billion by 2028
- Market size & forecast – sports drinks
- Sport drinks forecast to make modest gains of €8m by 2028

Opportunities

- Small formats are a compromise for young parents
- Gaming cohort is the prime target group for energy brands
- Medium-to-low caffeine drinks offer desk workers the boost they need
- Create authentic natural sports and energy drinks by pledging social action

The competitive landscape

- Red Bull is still untouchable in energy drink value sales
  - Graph 3: company retail shares of energy drinks, by value and volume, 2022
- Private labels dominate sports drinks sales, though Coca-Cola leads branded fightback
  - Graph 4: company retail shares of sports drinks, by value and volume, 2022

MARKET DRIVERS

The German economy

- Stagnation follows a technical recession

- Graph 5: key economic data, in real terms, 2019-24

- Continuously high inflation shapes consumers, brands and the economy…
- …impacting financial wellbeing…
- …confidence and consumer expenditure

Inflation and cost of living

- Sports and energy drink prices rise, but energisers are more crucial to consumers than ever
- The cost of living crisis will drive demand for functional and versatile sports and energy drinks
  - Graph 6: financial situation, 2023

Physical and mental wellness

- Half of Germans are overweight or obese
  - Graph 7: overweight and obesity rate, by BMI and age group, 2014 vs 2019
- BMEL's voluntary reduction targets mean brands must toe the line or face scrutiny
- Sugar concerns drive interest in sugar-free sports and energy drinks
  - Graph 8: frequency of eating/drinking healthily, 2021-22
- Focus on sleep and mental health may drive caffeine moderation
  - Graph 9: mental wellbeing compared to one year prior, 2022
- Expect a surge in clean label sports and energy drinks with Germans prioritising naturalness
- Consumers' definition of healthy food is founded on both naturalness and nutrition

Digitalisation

- Social media is home to sports and energy drinks' core consumers, creating tailwind for the category
  - Graph 10: social media platforms used in the last three months, by age group, 2023
- Digital trends: who are Gen Z and what has shaped them?
- TikTok is essential for sports and energy drink brands to stay relevant with 16-24s

WHAT CONSUMERS WANT AND WHY

Frequency of sports and energy drink usage

- Sports and energy drinks continue steady post-pandemic growth
  - Graph 11: usage frequency of sports and energy drinks in the past three months, 2023
- Energy drinks still lead the way among 16-24s…
  - Graph 12: consumption of sports/energy drinks in the last three months, by age, 2023
- …but men are still dominant consumers in both categories
- Sport drinks make incremental post-pandemic gains
  - Graph 13: usage frequency of sports drinks, 2020, 2021 and 2023
- Room for growth in current exercise participation levels
- Encourage self-autonomy with guilt-free choices

- Moderate Millennials are a tough nut to crack…
  - Graph 14: usage frequency of energy drinks by age group, 2023
- …but smaller formats may create an opening

Standard vs low/no-sugar varieties of sports and energy drinks

- Sports drinks are seen as too high in sugar
  - Graph 15: sport and energy drink consumption, by standard vs alternatives, 2023
- Sugar and caffeine is still a winning mix for a quick fix in energy drinks
  - Graph 16: usage occasions by varieties of energy drink, 2023
- Crush the crash with micronutrient energy boosters
  - Graph 17: top 5 food and drink categories most likely consumed for energy-boosting benefits, 2023
- Flavourscape AI shows whitespace for citrus and spice blends
- Sports drinks must cast net wider to win exercise occasions
- Protect against blue light with fortified nutrition
- 'Optimal hydration' – a movement to watch within beverages

Drinking occasions

- Energy drinks cut the gap on sport drinks in both physical and mental usage occasions…
- …making them the perfect all-purpose energiser…
  - Graph 18: energy drink usage repertoire, 2023
- …while sports drinks' established familiarity makes them a go-to for older cohorts
  - Graph 19: sports drink usage repertoire, 2023
- Fit into the setup to embed drinks in gamer culture
- Gaming content provides an in for energy brands…
- …win fanatical fans by getting onside with streaming stars
- Learn from Prime's cult-success by promoting safe caffeine use
- Create an alcohol-free buzz for the sober curious
- Energy for social occasions

Behaviours around energy drink usage

- Concerns around caffeine emerge as consumers place physical and mental wellness at the forefront
  - Graph 20: behaviours around sports and energy drink usage, 2023
- Offer medium-to-low caffeine drinks to help moderate users through the day
- Deliver multipacks to promote moderate consumption
- Flavourscape AI shows that tea flavours are on the rise
- Rival RTD teas with tea-based flavours
- Destigmatise sports and energy drinks by broadening formats
- Dilutable formats can appeal to reusable bottle users

Attitudes towards sport and energy drink use

- Easy to follow information is top priority for consumers
  - Graph 21: attitudes towards sport and energy drink consumption, 2023
- Energy drinks can clean up their image with clearer labelling
- Naturalism offers whitespace in sports and energy drinks, but brands must be wary of social washing
- Energy drink brands must use messaging to sell sceptics on natural appeal
- Brands must capitalise on consumer loyalty by delivering on quality
  - Graph 22: agreement with 'Own-label sports/energy drinks are just as effective as branded ones', 2023
- Boost quality halo with unfiltered varieties

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- Rank outsiders threaten to break Red Bull hegemony
  - Graph 23: sports and energy drink total launches, by company, 2019-23
- Brands dominate launches, but high cost of living helps own-labels slash margin
  - Graph 24: sports and energy drink launches, by branded vs private label, 2019-23
- Red Bull launches tap into German consumers' wanderlust
- Own-labels holds strong against top brands with value launches
- Sugar content diverges between sports and energy drinks, though both categories struggle to maintain low levels
  - Graph 25: sports and energy drink launches by average sugar (g/100ml), 2019-23
- Sugar reduction claims match rate of sugar reduction
  - Graph 26: percentage of sports and energy drinks with zero/no-added/reduced sugar claims, 2019-23
- Nutri-Score is lagging behind in sports and energy drink launches
  - Graph 27: launches in selected drink categories, by % using the Nutri-Score, 2020-23
- Functional claims seldom stretch beyond energy
  - Graph 28: sport and energy drink launches, by functional claims, 2019-23
- Energy to sustain mental performance
- Boost functional energy products with micronutrients
  - Graph 29: sport and energy drink launches with energy claim, by top vitamins and minerals*, 2022-23
- Cross categories to offer additional nutrition
- Alcohol brands are rivalling sports drinks with isotonic varieties
- Citrus dominates the top ten flavours for 2023
  - Graph 30: sport and energy drink launches, by top 10 flavour components, 2019-23
- Less-sweet flavours are growing in energy drinks
- Dessert and candy flavours set to grow with consumers wanting guilt-free treats
- Organic claims continue to grow
  - Graph 31: sports and energy drink launches, by natural and suitable for claims, 2019-23
- Clean energy is small but growing

- Indie brands take the fight to corporations with aggressive messaging
- Ethical production is a rising priority in sports and energy drinks
  - Graph 32: sport and energy drink launches with ethical/eco claims, 2019-23
- Sports and energy drinks substantiate ethical claims

Advertising and marketing activity

- Red Bull uses sporting excellence to promote its brand
- Gönrgy promotes influencer energy through rap music
- Waterdrop extol benefits to health and environment
- FC Bayern offer PRIME a platform to become number one in Germany

MARKET SHARE

Company retail market shares of energy drinks

- Market share in energy drinks
- Red Bull is the runaway winner as multiple brands lose value shares
- Own labels suffer biggest volume share losses, while Red Bull capitalises

Company retail market shares of sports drinks

- Market share in sport drinks
- Value shares experience overall slump as Coca-Cola make gains
- Growth is rare as the volume market stutters

MARKET SIZE, SEGMENTATION AND FORECAST

- Energy drinks go from strength to stength
- Energy drinks anticipated to grow to €4.3 billion by 2028
- Energy drinks volume sales growth will continue, reaching 1bn litres by 2028
- Sports drinks flatter to deceive
- Sport drinks forecast to make modest gains of €8m by 2028
- Sport drinks usage will dip, stifling volume sales

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

Appendix – market size and central forecast methodology

- Forecast methodology
- Forecast methodology – fan chart
- Market size – energy drinks – value
- Market size – energy drinks – volume
- Market size – sports drinks – value
- Market size – sports drinks – volume
- Market forecast and prediction intervals – energy drinks – value
- Market forecast and prediction intervals – energy drinks – volume
- Market forecast and prediction intervals – sports drinks - value
- Market forecast and prediction intervals – sports drinks – volume

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