Sweet beverage stories

Insights Report

Energy's evolution: sugar-free formulation fuels energy drink growth

Consumer preferences for healthy, natural products are transforming the beverage landscape. Nowhere is the change more evident than in the energy drink aisle, where brands are rethinking the category's reliance on sugars and artificial ingredients. To draw in new customers, they're pivoting toward a sugar-free, nature-derived future. Early results suggest this new generation of energy drinks are building a healthy buzz.

While other beverage categories struggled, energy drink volumes were largely protected from pandemic declines, posting a small 1% dip in volume sales in 2020.[1] Shifts toward more on-trend solutions likely helped the segment avoid a deeper slump, as brands rolled out products infused with added vitamins and beneficial botanicals, and expanded offerings to address new use occasions like mental wellbeing. Consumer reactions to those moves suggest the category has a promising future as early 2021 volumes have already soared above 2019 levels.[2]

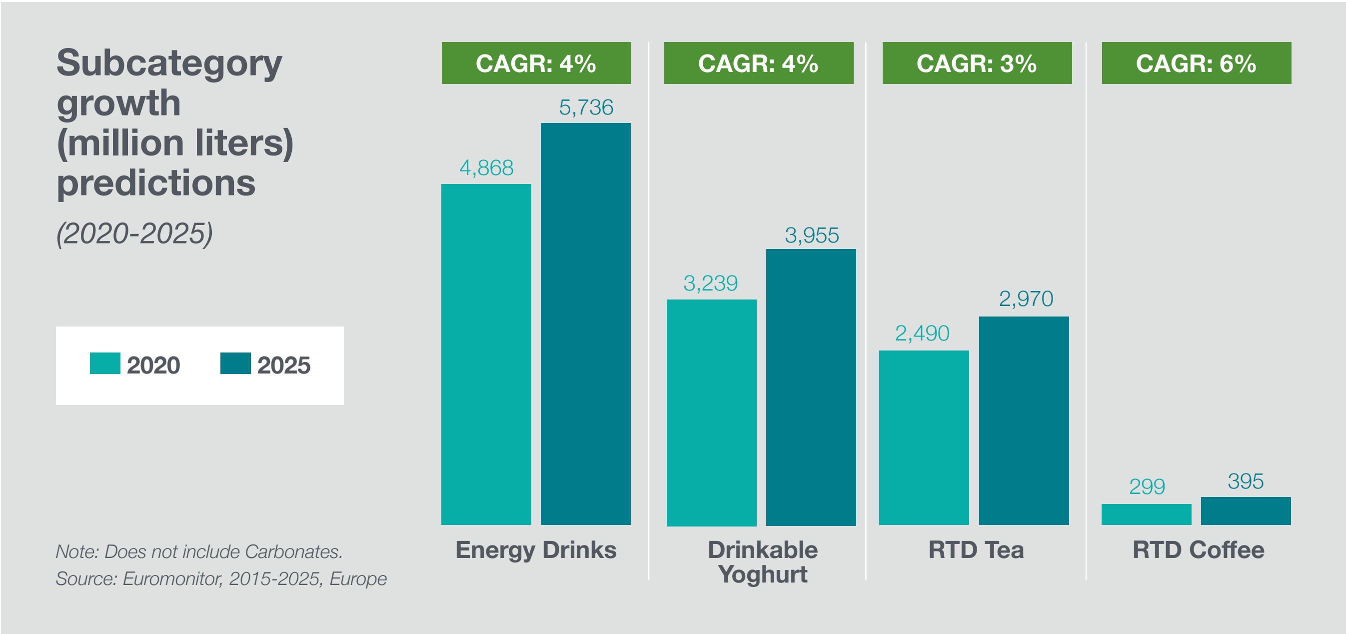
Yet to fully realize its potential, brands may need to up their formulation game. Sugar free is rapidly becoming the standard; the next challenge is delivering on consumer desires for products made with 'natural' ingredients. High intensity sweeteners like stevia can help brands make that shift, replacing artificial sweeteners with options that consumers view more favorably.

Cargill® Helping the world *thrive*

The quest for healthier beverages

Across the beverage landscape, sugar-laden drinks are falling out of favor, propelled by a more health-conscious consumer base. Still, the outlook for the broader beverage market remains bright. Prior to COVID-19, beverages showed stable growth, with a CAGR ('15-'20) of 1%. While the pandemic had a negative impact on 2020 volumes, sales are expected to quickly recover, growing by 2% in the coming year as volumes bounce back to similar levels as in 2019.[3]

Three segments, bottled waters (53%), carbonates (29%) and juice (11%), make up the bulk of the beverage category. But smaller segments – energy drinks included – hold the key to growth. In 2020, energy drinks made up 2% of total beverage volume; however, over the last five years the segment delivered rapid increases (+7%). As the graph below illustrates, Euromonitor predicts energy drinks will continue their steady climb, with a CAGR of +4% for the next five years.[4] *(Due to their significantly higher volumes, bottled waters and carbonates are excluded from the chart.)*



+20%

A closer examination of past results (2015-2020) reveals that reduced-sugar energy drinks showed more growth than any other category, delivering an impressive CAGR of +20%.

The continued popularity of energy drinks should come as no surprise. After all, busy shoppers are attracted to their easy-to-consume energy and mental boost. But the segment is not immune to scrutiny. Brought to the forefront by the pandemic, health is one of the major trends shaping the European food and drinks industry.

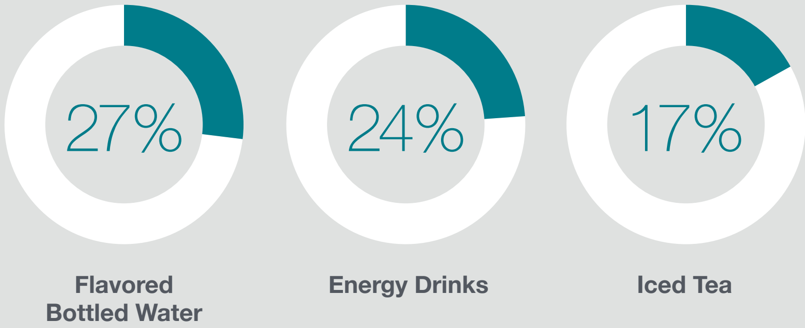
In response, manufacturers are altering their recipes. Like other beverage categories, sugar- and calorie-related claims are on the rise. In 2020, the retail volume of all reduced-sugar soft drinks accounted for 10,720 million liters. Although reduced-sugar carbonates make up the bulk of volume (85%), energy drinks still account for 281 million liters (3%). A closer examination of past results (2015-2020) reveals that reduced-sugar energy drinks showed more growth than any other category, delivering an impressive CAGR of +20%. The future also looks promising, with a strong CAGR of +7% projected in the coming five years.[5]

Spotlight on innovation

Those projections align with Cargill's proprietary TrendTracker™ insights, which identified 'Holistic Nutrition' as a key trend in the months ahead. Consumers are adopting this all-encompassing approach to diet and nutrition, actively looking for more nutritionally balanced products. Cutting down on sugar is a big part of this goal, with the majority (52%) of EMEA consumers reporting that reducing sugar in their diet has become more important over the last year.[6]

The shift away from sugar is especially pronounced in the energy drink segment, where nearly a quarter (24%) of all new products touted sugar-free claims. By a wide margin, sugar-free positioning dominated other sugar- or calorie-related claims. Innova reports an overwhelming 80% of these products carried sugar-free claims.[7]

Top 3 categories with highest prevalence of sugar-free claims



Percent of launches with a sugar-free claim on total launches per subcategory, 2020, top 3 categories
Source: Innova, 2020, Europe

Sugar & Calorie Claims Positioning (2020)*

2020 Positioning	No Sugar Added	Low/No/Reduced Calories	Sugar Free	Low Sugar	Reduced Sugar
Total Soft Drinks	42%	36%	29%	7%	6%
Carbonates	22%	52%	41%	5%	9%
Flavored Bottled Water	21%	62%	46%	3%	2%
Iced Tea	**11%**	**53%**	**40%**	**13%**	**4%**
Meal Replacement & Other Drinks	54%	16%	1%	34%	2%
Energy Drinks	4%	42%	80%	2%	3%

**Only products with sugar and/or calorie claims included.*
Source: Innova, 2020, Europe

Cargill's TrendTracker™ insights highlight this accelerated sweetener scrutiny as consumers try to reduce their intake of sugars. At the same time, it emphasizes that not all sweeteners are equal in the eyes of shoppers. Artificial sweeteners hold little sway with EMEA consumers as the majority (53%) say that having no artificial sweeteners is an extremely/ very important statement on labels.[8]

Yet despite consumers' wariness towards artificials, of the top five sweeteners most often used in sugar- or calorie-positioned* energy drinks, three are artificial sweeteners: Sucralose, acesulfame-K (ace-K), aspartame.

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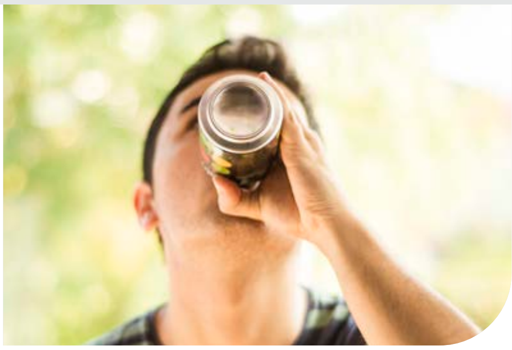
HealthFocus International, 2020

Top five sweeteners most often used in sugar- or calorie-positioned* energy drinks

	Sucralose	Ace-K	Stevia	Aspartame	Granulated Sugar
Incidence:	59%	54%	24%	20%	11%
Purchase Impact:	↓-29%	↓-29%	↑+7%	↓-29%	↓-16%

Innova, 2020; Cargill IngredienTracker ™ proprietary research, 2020



While sugars and artificial sweeteners have lost favor with consumers, there are sweetening solutions that fare better.

Cargill's IngredienTracker™ study found stevia is a well-received choice, especially among younger shoppers (13- to 34-year-olds). Just two sugars, honey and agave syrup, scored higher than stevia with this influential demographic.

Good news for EU manufacturers using Cargill stevia: From August 3, 2021, "steviol glycosides (E 960)" have been renamed "steviol glycosides from stevia (E 960a)." While this regulation enters force in January 2023, we recommend updating your labeling immediately, since this regulatory change will appeal to consumers who know stevia as a botanical origin sweetener.

Source: COMMISSION REGULATION (EU) 2021/1156 of 13 July 2021 amending Annex II to Regulation (EC) No 1333/2008 of the European Parliament and of the Council and the Annex to Commission Regulation (EU) No 231/2012 as regards steviol glycosides (E 960) and rebaudioside M produced via enzyme modification of steviol glycosides from Stevia

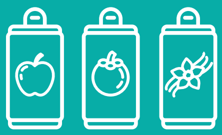
** Includes low sugar, reduced sugar, sugar free, no added sugar and no/low/reduced calorie claims*

What's next for energy drinks?

Energy drinks enjoy a loyal following, but to gain a larger foothold on a broader swath of shoppers, manufacturers must address the category's long-standing reputation for high sugar content.

Despite the increasing presence of sugar-free options, there remains a wide-spread belief that energy drinks have more sugar than carbonates. To challenge those perceptions, brands need to delve deeper into sugar-reduction strategies to help improve their image.

Some of this work has already begun. While it's not yet the most widely used sweetener in energy drinks, stevia did post the highest growth over the past five years, with a CAGR of +27%. Focus on launches with sugar- and/or calorie-related claims and it soars even higher, with a CAGR of +58% from 2015-20.[9]



Energy drink flavors are changing to signal a healthier, more "natural" beverage

Where citrus flavors once dominated, brands are now incorporating more diverse fruit flavors. Red apple, mango, coconut and acai are trending upward, and some brands are pushing the envelope further with options like cherimoya and lotus.

Stevia's rapid ascent aligns with consumers' evolving attitudes toward sweeteners. While sucralose remains – for now – the most commonly used sweetener in energy drinks, it's weighed down by negative perceptions and an overarching move toward "natural" ingredients. Plant-sourced stevia sweeteners address these concerns, enabling a more consumer-friendly approach to sugar-free formulation.

Other claims are also growing. In line with broader trends toward plant-based eating, vegan claims top the list, with a CAGR ('15-'20) of +44%. Similarly, organic claims delivered double-digit growth (+10%).[10] As brands focused on sugar-, calorie- and vegan claims, other attributes took a back seat. Most notably, energy-boosting claims are in sharp decline (-17%), reflecting a broader shift toward holistic wellbeing and the growing role mental health positioning is playing in this marketplace.[11]

The shift from physical energy to a focus on mental energy and vitality is evident in some of the newest energy drink launches, which are infused with ginseng, hemp seed, and matcha.

Shifting flavors *(CAGR 15-20)*

PUNCH:	COLA:	EXOTIC:	SUPERFRUITS:	CITRUS:
↑ +57%	↑ +39%	↑ +19%	↑ +17%	↓ -3%

Source: Innova, 2020, Europe

INNOVATION ON THE SHELF

Virtue Clean Energy Berries Flavored Sparkling Energy Drink

Claims: Energy drink with vitamins and natural caffeine. A can of Virtue has equal caffeine to 1 cup of coffee. Clean energy. **Zero sugar. Zero calories. Nothing artificial.** Suitable for vegans.

Ingredients: Sparkling water, natural flavor enhancer: **erythritol**, naturel flavors, agave nectar, tartaric acid, sweetener: **steviol glycoside** (stevia plant extract), green coffee bean extract, vitamins (B3, B6, B7, B12).

Crave Natural Energy Drink with Pineapple and Coconut

Claims: **Natural** energy from organic green coffee beans and vitamin Bs, **immunity support**, 480mg of branched chained amino acids (BCAAs) per can. **Zero sugar** and only 10 calories per can. **Sweetened with stevia. Vegan**, vegetarian and gluten-free.

Ingredients: Sparkling water, natural flavourings, vitamin C, BCAAs (leucine, isoleucine, valine), **steviol glycosides**, green coffee bean extract, apple, safflower and lemon concentrates, acacia gum, glycerol esters of wood rosins, vitamins (B3, B6, B7 and B12).

Flyte Berry Energy Drinks

Claims: Low in calorie. **Energy, focus and vitality**. Vitamins B2, B3, B6, B9, B12 and pantothenic acid contributes to **reduce fatigue**. Pantothenic acid contributes to normal **intellectual** performances.

Ingredients: Sparkling water, fruit juice from concentrate, natural flavor, sweeteners: **steviol glycoside**, caffeine (0.03%), maca root extract (0.03%), acerola juice powder, vitamins (B1, B2, B3, B6, B9, B12, pantothenic acid, biotin), Himalayan pink salt.

Source, Innova, 2020

Sweet, nature-derived solutions

Consumers' heightened interest in less sugar and more naturally sweetened energy drinks, coupled with evolving label expectations, have created new formulation challenges. Fortunately, Cargill's broad portfolio of nature-derived sweetness solutions can help product developers navigate the do's and don'ts of today's formulation realities, while still delivering energy drinks and other beverages brimming with great taste.

OUR SWEETNESS SOLUTIONS INCLUDE:

Truvia® & ViaTech® stevia leaf extracts

Steviol glycoside is a high intensity sweetener, derived from the stevia leaf that answers consumer demand for nature-derived, recognizable ingredients. Characterized by its high relative sweetness, it enables claimable sugar and calorie reduction as a single ingredient or in ingredient blends. Additionally, steviol glycoside is tooth-friendly and safe for use by diabetics. Cargill's stevia portfolio includes Truvia®, a high purity Reb A stevia sweetener, and ViaTech® stevia leaf extracts, which are patented combinations of sweet stevia components, optimized for true sweet taste.

Zerose® erythritol

The first zero-calorie polyol that is industrially manufactured by a fermentation process, and that offers similar functionality to sucrose. It is synergistic with high-intensity sweeteners, and masks off-flavors and bring mouthfeel. It can help to reduce 1.5% of sugars.

INFUSE by Cargill™

Our new service offering model in EMEA can help you design the tailored ingredient blend that truly meets your needs. Full sugar replacement is also possible, with Trilisse® QSR 904 as one of our most popular blends. It delivers an indulgent sweet alternative to 10.5 brix sugar reference. It is a blend of erythritol and stevia as the main components, and sucralose added in lower dosage. It enables no added sugar claims and zero calorie formulation.

NO ADDED SUGAR RECIPE

Syrup 1+4

INGREDIENTS	G
Trillise® QSR	**15.22**
Potassium sorbate 30%	0.66
Citric Acid	5.2
Trisodium citrate	3.00
Energy compound	90.00
Water	90.42
Total	**203.84**
Volume (ml)	**200**
Brix	**11.68**
Apparent density	**1.0440**
ACA (% w/v)	**2.96**

Beverage

INGREDIENTS	G
Syrup 1+ 4	203.84
Carbonated water	802.87
Total	**1006.71**
Volume (ml)	**1000.00**
Brix	**2.45**
Apparent density	**1.0067**
ACA (% w/v)	**0.62**

Nutrition Facts

Amount per serving: 100 ml	
Energy (kcal/ 100g)	2.0
Carbohydrates %	1.5
of which sugars	0.0
Salt %	0.4

Your partner for growth

For more than half a century, Cargill has been a leading supplier of sweetness solutions, earning our reputation as a trusted, reliable partner. We've invested hundreds of thousands of hours in R&D, formulation and production to develop some of the industry's most innovative sweetening solutions, including Truvia® and ViaTech® stevia leaf extracts. Soon EverSweet,®* a Reb M and Reb D stevia sweetener made via fermentation, will join that list, enabling sugar reductions up to 100%.

To speed your product development journey, we now offer INFUSE by Cargill™, a service that uses our extensive sweetness and texture acumen to rapidly create tailor-made ingredient blends. INFUSE has a range of no added sugar blends in its portfolio which can be easily tailored to meet your specific sugar – and/or calorie reduction targets.

cargill.com/infuse

Energy drinks and other beverages will continue to face heightened expectations but formulating reduced-sugar options can still be sweet. With more than 300 ingredients, deep technical expertise, a global supply chain and a commitment to sustainability, beverage manufacturers who partner with Cargill will enjoy sweet success.

Advancing sustainability, every step of the way

An unwavering commitment to sustainability infuses everything we do. It starts from the ground up, with our farmer-partners, who embrace soil and water conservation practices and regularly evaluate and improve their farming practices.

We recognize the importance of transparency, which is why our third-party audited Stevia Sustainable Agriculture Standard ensures our stevia producers and manufacturing facilities follow best practices, protecting both the environment and our workers' welfare.

Learn more about Cargill's sugar reduction ingredients and expertise at **cargill.com/food-beverage/emea/calorie-and-sugar-reduction.**

* Currently available in the U.S. only.

References

[1] Euromonitor, energy drinks, Europe, 2015-2020
[2] Euromonitor, energy drinks, Europe, 2015-2025
[3] Euromonitor, soft drinks, Europe, 2015-2025
[4] Euromonitor, energy drinks, Europe, 2020-2025
[5] Euromonitor, reduced-sugar soft drinks, Europe, 2015-2025
[6] HealthFocus International, 2020
[7] Innova, Europe, 2020
[8] Health Focus International, 2020
[9] Innova, energy drinks, Europe, 2020
[10] Innova, energy drinks, Europe, 2020
[11] Innova, energy drinks, Europe, 2020

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