

# Sweet beverage stories

## Riding the flavored water wave



**S**purred by the pandemic, consumers not only seek healthier hydration options, some also look for more indulgence.

Flavored bottled waters, which already enjoy a health halo are well suited to address this opportunity. They perfectly combine lower-calorie choices with a touch of indulgence.

Like other beverage categories in Europe, flavored bottled waters were hit by pandemic-driven volume declines,

dropping 2% in 2020. However, sales are predicted to rebound rapidly, with 2021 volumes projected to be almost on par with 2019 levels.<sup>1</sup>

This quick recovery hints at the category's potential. However, to truly quench consumers' thirst for healthier hydration, opportunities arise for enriched options such as proteins, vitamins, and fibers. There's also more opportunity for flavor innovation, moving beyond fruity flavors to invite discovery and pull in more consumers to the space.

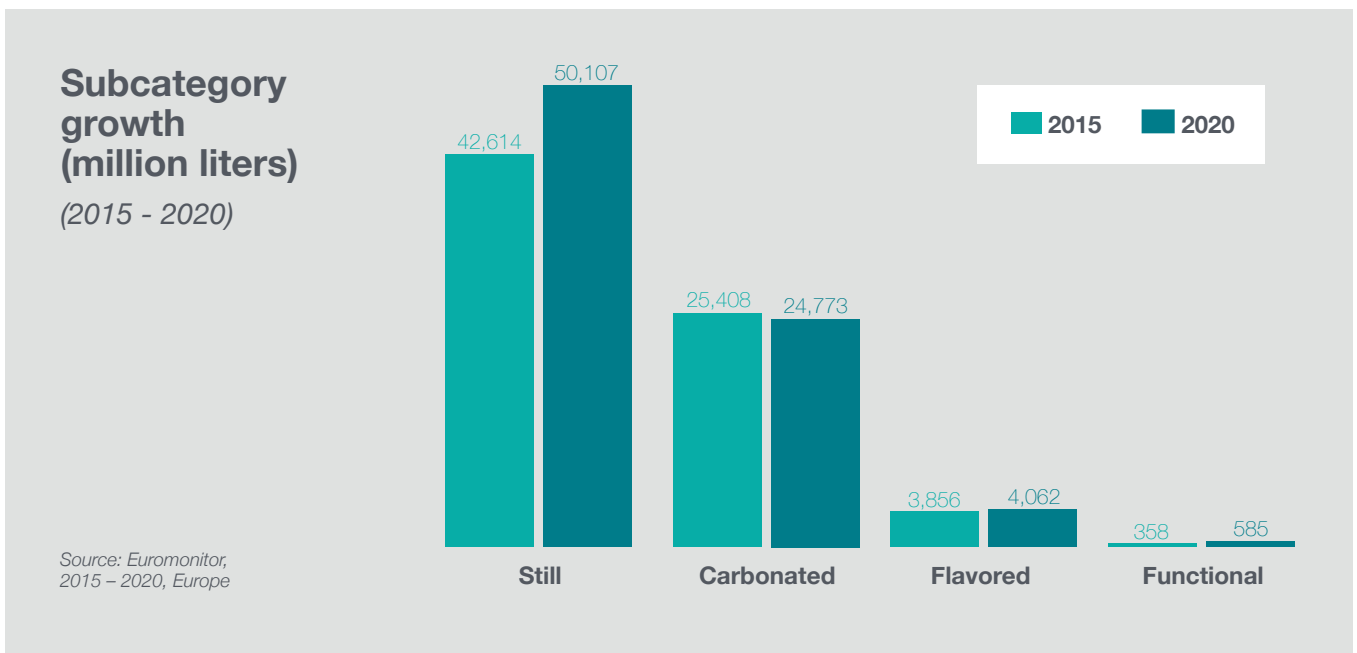
# Flavored waters make a splash

Across the beverage landscape, full sugar 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, the soft drinks market showed stable growth, with a CAGR (2015-2020) of 1%. While the pandemic negatively impacted 2020 volumes, beverage sales are expected to quickly recover, growing by 2% in the coming year as volumes bounce back to levels similar to 2019.<sup>2</sup>

Dive in for a closer look, and you'll find bottled waters accounted for more than half of 2020 soft drinks volumes, making it the biggest subcategory. Despite a slight dip in 2020 volumes (-2%), bottled waters have been reliable performers, delivering stable growth over the past five years (+2% CAGR). According to Euromonitor, this upward trend is predicted to continue. By 2022, volumes are projected to exceed 2019 levels.<sup>3</sup>

Clearly, there's more to this category than just plain water, though still and carbonated products make up the bulk of bottled water volumes (90%).<sup>4</sup> Flavored and functional waters round out the category.



Of the four subcategories, only carbonated waters showed a slight decline (-1%) over the last five years. In contrast, the remaining segments delivered steady volume growth – sales trends that are expected to continue in the years ahead.<sup>5</sup>

Flavored bottled waters, the focus of this report, performed similar to the overall bottled water category. While the subcategory registered small pandemic-related volume declines in 2020 (-2%), this should be balanced against five years of steady growth (+1% CAGR 2015-2020). Looking ahead, the flavored waters segment is projected to continue its steady upward trend (+2% CAGR 2020-2025).<sup>6</sup>

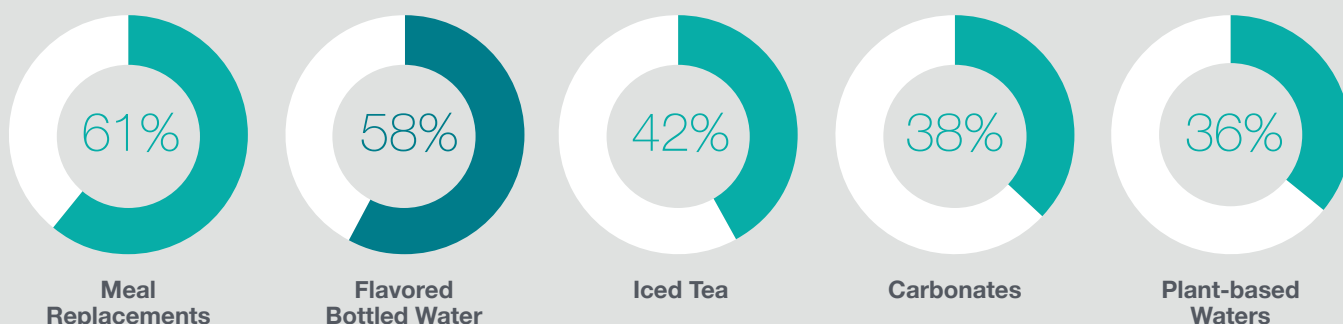
# Spotlight on innovation

Those growth predictions align with broader industry-wide trends. Cargill's proprietary TrendTracker™ points to 'Holistic Nutrition' as a key influence in the months ahead. Consumers are adopting an all-encompassing approach to diet and nutrition, actively looking for more nutritionally balanced products. Cutting down on sugars is a big part of this goal, with the majority (52%) of EMEA consumers reporting that reducing sugars in their diet has become more important over the last year.<sup>7</sup>

Innova data corroborates this move to healthier beverages, as sugar-related claims increased in new beverage product development. In 2020 alone, more than 2,500 soft drinks with a sugar- or calorie-related claim hit store shelves, meaning nearly a third of all soft drink launches had such a claim.

Flavored bottled water is well positioned in this sugar-conscious environment. Looking at categories with the highest prevalence of sugar and/or calorie claims, flavored bottled water takes second place, just behind meal replacements. More than half of the flavored bottled water launches in 2020 had a sugar and/or calorie claim.

## Categories with highest prevalence of sugar and calorie claims



\*% of launches with sugar/calorie claims on total launches per subcategory, 2020, Top 5 categories  
Source: Innova, 2020, Europe

Differences in how brands approach sugar and calorie claims vary by beverage segment. Overall, calorie-related claims lead in soft drink launches while reduced sugar claims remain occasional. Flavored bottled waters most frequently use calorie and sugar-free claims, with almost one-third of launches making each of these claims.<sup>8</sup>

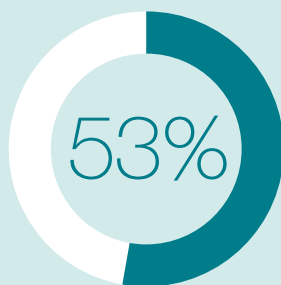
Sugar & Calorie Claims Positioning (2020)*					
2020 Positioning	No Sugar Added	Low/No/Reduced Calories	Sugar Free	Low Sugar	Reduced Sugar
Total Soft Drinks	42%	36%	29%	7%	6%
Carbonates	22%	52%	41%	5%	9%
Flavored Bottled Water	21%	62%	46%	3%	2%
Iced Tea	11%	53%	40%	13%	4%
Meal Replacement & Other Drinks	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™ highlights this acceleration of sweetener scrutiny as consumers try to reduce their sugars intake. 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.<sup>9</sup>

Yet despite consumers' wariness towards artificials — driven also by regulatory constraints — of the top five sweeteners most often used in sugar- or calorie-positioned\* flavored bottled waters, two are artificial sweeteners: sucralose and acesulfame-K (ace-K).



**53% of EMEA consumers say that having no artificial sweeteners is an extremely/very important statement on labels.**

*HealthFocus International, 2020*

## Top five sweeteners most often used in sugar- or calorie-positioned\* flavored bottled waters

Sucralose	Granulated Sugar	Ace-k	Stevia	Fructose
Incidence: <b>45%</b>	Incidence: <b>37%</b>	Incidence: <b>32%</b>	Incidence: <b>17%</b>	Incidence: <b>3%</b>
Purchase Impact: <b>↓-26%</b>	Purchase Impact: <b>↓-15%</b>	Purchase Impact: <b>↓-29%</b>	Purchase Impact: <b>↑+16%</b>	Purchase Impact: <b>↓-2%</b>

*Innova, 2020; Cargill IngredientTracker™ proprietary research, 2021*

**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 flavored bottled waters?

## Adventurous flavors are on the rise

(CAGR 2015-2020)



**Mint**.....+44%



**Spices & Seeds**.....+28%



**Ginger**.....+27%



**Rhubarb**.....+15%



**Cucumber** .....+13%



**Lemon**.....+6%

Source: Innova, 2015 - 2020, Europe

One thing is certain. As consumers become more health conscious, their beverage choices will evolve. Flavored bottled waters, which combine minimal calories with inviting flavors, are well positioned for this new marketplace. For many consumers, they represent a welcome change, offering a refreshing beverage without the guilt associated with a full calorie drink.

To truly win, however, brands may need to stretch beyond the basic fruit flavors that have long defined the segment. Today's consumers crave adventure and are willing to experience new flavors. This is not to say that classic flavors like lemon (+6%) will lose their appeal, but to garner the attention of a wider audience, bolder varieties are needed. One approach is pairing lemon with a trendy partner like ginger. Other brands are finding success with unexpected vegetable-, herbal- and spice-infused drinks.<sup>10</sup>

**Novel flavors aren't the only innovation on the horizon. Today's health-focused consumers seek additional benefits in beverages. Among the fastest growing claims:**

**Immune Health**

↑ +26%

**Vegan**

↑ +26%

**Vitamin/Mineral Fortified**

↑ +16%

Source: Innova, 2015 - 2020, Europe

Premiumization is also on the rise, as brands embrace evocative flavor descriptions to upscale product offerings. Lemon becomes Sicilian lemon; orange transforms into Tarocco blood orange. Similarly, infusing waters with additional benefits such as collagen and 'beauty' vitamins lends a premium vibe. Packaging matters too. Glass bottles are increasing in popularity, adding an air of refinement to product offerings, while also enabling brands to position themselves as more sustainable.

## INNOVATION ON THE SHELF

### Juice Burst Immunity Booster Vitamin Water with Orange and Pomelo

**Claims:** Contains vitamin B6 and B12 which contribute to the normal function of the immune system. 40 calories per bottle.

**Ingredients:** Water, fruit juices from concentrate: orange, pomelo, passion fruit; citric acid, natural flavoring, ascorbic acid, L-leucine, **steviol glycoside**, niacin, pantothenic acid, vitamin B6, folic acid, biotin, vitamin B12; L-valine, L-isoleucine, carob bean gum, carotenes.

Source, Innova, 2020

### Turtle Lightly Sparkling Mango Spring Water

**Claims:** Turtle sodas are doing their best to support sea turtle conservation through their projects, donations and education initiatives. Zero sugar. Zero calories. Recyclable packaging. Suitable for vegetarians and vegans.

**Ingredients:** Carbonated water, natural flavors, citric acid, ascorbic acid, **steviol glycoside**.

### Marlish Sparkling Sicilian Lemon Flavored Spring Water

**Claims:** Sugar free. Less than 4 calories per can. No artificial preservatives.

**Ingredients:** Spring water, citric acid, carbon dioxide, natural flavoring, **sucralose**.

# Sweet, nature-derived solutions

Consumers' heightened interest in healthier beverages, 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 flavored bottled waters and other beverages brimming with great taste.

## OUR SWEETNESS SOLUTIONS INCLUDE:

### C☆TruSweet® 1795 fructose syrup

A 95% pure fructose syrup characterized by high relative sweetness and positive consumer perceptions. Made from either corn or wheat, it delivers a sweet taste at lower usage levels, enabling **30% sugar and calorie reduction** (more if used in combination with high-intensity sweeteners).

### 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.



**With Truvia, product developers can achieve sugar reductions of 30%** (3-4°SEV) and more in combination with C☆TruSweet® 1795 fructose syrup (up to 5°SEV), in a cost-competitive manner.



**ViaTech enables even deeper cuts, up to 50%** (5-6°SEV) or more in combination with C☆TruSweet® 1795 fructose syrup and/or Zerose® erythritol (up to 7°SEV) with great organoleptic performance.



### INFUSE by Cargill™

(our new service offering model in Europe) can help you design the tailored ingredient blend that truly meets your needs.

*Full sugar replacement is also possible, when used as part of an ingredient blend.*

## RECIPE: Strawberry Flavored Water with 50% Sugar Reduction

Syrup 1+4	
INGREDIENTS	G
Sugar syrup 65 B	66.7
Citric acid 50%	3.30
Trisodium citrate	0.2
Juice compound 63.8 B	8.20
<b>Viatech® TS 300</b>	0.065
Spring water	130.23
<b>Total (g)</b>	<b>208.7</b>
<b>Volume (ml)</b>	<b>200</b>

Beverage	
INGREDIENTS	G
Syrup 1+4	208.7
Spring water	797.8
<b>Total</b>	<b>1006.5</b>
<b>Volume (ml)</b>	<b>1000.00</b>



Nutrition Facts	
Amount per serving: 100 ml	
Energy	10.0 kcal
Fats %	0.00
<i>of which saturated</i>	0.00
Carbohydrates %	2.40
<i>of which sugars</i>	2.40
<i>of which fibers</i>	0.00
Proteins %	0.00
Dietary fiber	0.00
Salt %	0.00



# 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.

**INFUSE**  
by Cargill

[cargill.com/infuse](https://cargill.com/infuse)

Flavored bottled waters 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](https://cargill.com/food-beverage/emea/calorie-and-sugar-reduction).

\* Currently available in the U.S. only.

### References

- <sup>1</sup> Euromonitor, Bottled Water
- <sup>2</sup> Euromonitor, Soft Drinks, 2015-2020, Europe
- <sup>3</sup> Euromonitor, Bottled Waters, 2015-2025, Europe
- <sup>4</sup> Euromonitor, Bottled Waters, 2020
- <sup>5</sup> Euromonitor, Bottled Waters, 2015-2025, Europe
- <sup>6</sup> Euromonitor, Flavored Bottled Waters, 2015 - 2025, Europe
- <sup>7</sup> HealthFocus International, 2020
- <sup>8</sup> Innova, 2020
- <sup>9</sup> HealthFocus International, 2020
- <sup>10</sup> Innova, 2020