

The Grocer

Focus On: Sports & Energy drinks by Daniel Selwood (daniel.selwood@thegrocer.co.uk)

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The Story

Sales of sugar-free sports & energy drinks are booming as brands reformulate existing recipes and launch low-cal extensions to sidestep the sugar levy that comes in next April. Yet full-sugar lines still account for the lion's share of overall value and sports & energy is still the most heavily reliant on full-sugar drinks of all the major soft drinks sectors. Why is this? What are brands and retailers doing to promote lower-sugar options? Will they ever be as big as standard lines? And how hard will the sector be hit by the sugar levy?

Key themes

Reformulation: This feature will pay close attention to how both brands and retailers have been reformulating products to cut sugar content. Who has been doing this and how? Has it had any impact on sales? Do players risk a consumer backlash?

New product development: Another key focus will be NPD, from the development of no-sugar ranges to appeal to the more health conscious through to new flavour launches. Who's doing what and how are new products performing on shelf?

The sugar levy: Another central theme will be the likely impact of the sugar levy. How hard will the sector's key players be hit by the tax? What are they doing to mitigate its impact? What will be its impact on retail prices?

'Natural' energy: The formula for energy drinks has been pretty simple in the past: sugar, caffeine and/or taurine. But now brands are using a widening array of exotic ingredients to add weight to their functional claims, and fruit juice to escape the sugar tax. How are such offerings doing?

Sports drinks: Sports drinks continue to struggle, as drinkers switch to products perceived as more 'natural' and offering greater functional benefits to sportspeople, including bottled and tap water. This feature will analyse the performance of sports brands, with particular attention paid to high profile marketing campaigns of the past year, NPD, price and promotions.

Innovation: This will be key to this feature. We will be investigating how new product development has shaped the category over the past year and what is in store for shoppers in 2017. We will be profiling four of the most interesting launches in a separate innovation panel.

Formats: In the wider soft drinks market, many have unveiled a host of new formats over the past year, designed to hit specific price points and suit particular retail channels and occasions. This feature will explore how much of an opportunity there is for sports and energy drinks to innovate in terms of formats. Who's leading the way?

Flavours: This feature will explore in detail how the flavour of sports & energy drinks is evolving through new product development. What will be the hot new flavour trends of 2017 and how are brands looking to cash in?

Promotions: This feature will explore how the promotional strategies of retailers and brands have changed over the past year. Attention will be paid to the promotional strategies of retailers and how this has affected average prices over the past year.

Advertising and marketing: This feature will also investigate how the marketing and advertising strategies of the category's biggest brands have evolved over the past year and how they will develop in the coming year to sustain growth or return brands to growth.

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?