



Hydration: The Gateway to Wellness

April 2023

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SCOPE OF THE REPORT

Scope

KEY FINDINGS

Key findings

INTRODUCTION

What is this report about?

What do we mean by the “hydration category”?

Methodology/sources for understanding hydration

HOW HYDRATION IS CHANGING

Water+ enhanced beverages are a value creator in the drinks industry

The line between beverage and nutritional supplement is blurring

Understanding the changing format mix within hydration drinks

North America still dominates sports drink and sports nutrition spending

Format innovation creates opportunity for new small and mid-size hydration brands

WHY HYDRATION IS VITAL FOR CONSUMERS

Who are the consumers who seek hydration?

Hydration consumers are concerned about a range of other health conditions

Exercise is still the cornerstone of hydration engagement

Hydration in the wider context of health, wellness and nutrition

Hydration consumers are heavy users of health tech

Personal health technology allows consumers to better monitor and improve hydration

THE HYDRATION UNIVERSE IN 2023

Hydration has segmented into distinct need-states and categories

Sizing the global market for added-value hydration products

US: Sports drinks brands push into new formats for hydration products

US: Development of hydration e-commerce brands across sports drinks and powder mixes

Japan: Otsuka Pharmaceutical leads hydration with segmentation across need-state

Japan: Otsuka Pharmaceutical outreach to prevent heat related illness

Europe: Advanced sports nutrition brands have the edge as hydration demand increases

Europe: Sustainability concerns create opportunity for non-RTD hydration products

Canned herbal teas and barley tea as natural hydration options in Asian markets

Unprecedented momentum of Prime underscores the importance of viral/social engagement

Coca-Cola to realign its hydration portfolio in 2023 following Bodyarmor acquisition

PepsiCo vertically integrates hydration options under the Gatorade global brand

WHAT'S NEXT? INNOVATION PROFILES

Hydration plus: Approaching hydration as a health and wellness platform

Category leader Nuun successfully extends to immune supports benefits

Pedialyte's various reinventions keep the brand at the leading edge of hydration

Otsuka's BodyMainté combines hydration and all-purpose physical conditioning

Gatorade and Bodyarmor move into performance, pre-workout energy

Bala Enzyme extends sports recovery benefits to joint relief

Raisin tea offers a natural alternative for “post-social” replenishment

Hydrant connects the dots between hydration and sleep

Waterdrop expanding concentrate format with sustainability messaging

Corsa hydration tonics marry craft appeal, recovery and refreshment

Sap's Original targets everyday hydration with added functional benefits

CONCLUSIONS

For today's consumer, hydration is a platform for general wellness

Implications for suppliers

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