NIQ *Perspective*

The rise of the outcome beverage

"Consumers are becoming far more intentional about what earns a place in their routine, and beverages are no exception. What stands out to me is that this is no longer just about hydration or wellness positioning. Increasingly, consumers are looking at beverages as tools to support energy, focus, mood, recovery, and even alcohol-free living, and I think that mindset is going to reshape a significant part of beverage innovation through 2030."

Chris Costagli
Vice President, F&B Thought Leadership

For brands…

Brands should focus less on claim variety and more on use occasions tied to consumer need states. Stronger dollars per buyer and growing repeat behavior suggest the category is becoming habit-driven where trust and consistency will matter more over time. Success through 2030 will likely depend on brands combining performance relevance, transparent communication, and routine integration.

For retailers…

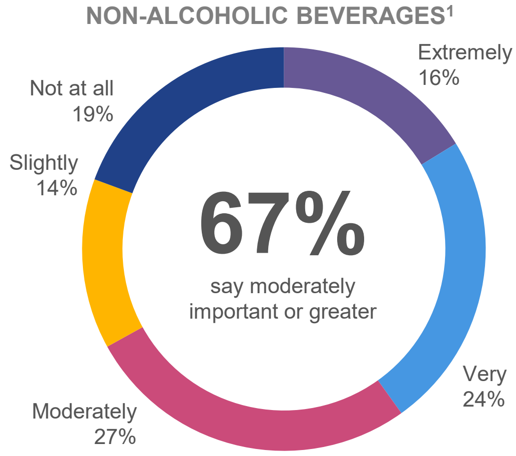
Retailers should reposition functional beverages as a traffic driver supported by clearer merchandising and benefit-led navigation. As consumers increasingly shop beverages with specific functional goals in mind, simplifying discovery and reducing decision friction will become critical to sustaining growth. Retailers that align assortment and cross-category adjacencies to wellness routines will be better positioned to capture repeat engagement and premium spend.

Implications for the Beverage Industry

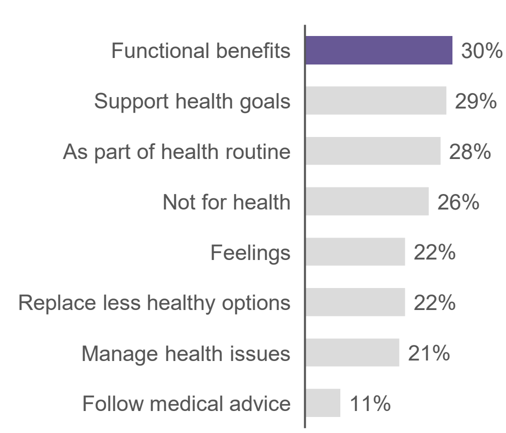
Consumers want more from every sip

The non-alcoholic beverage market is facing a higher standard as consumers increasingly seek energy, hydration, stress support, and gut health benefits alongside taste. When over half of consumers say functional benefits matter, the category is clearly shifting toward utility and self-management. The growing appeal of alcohol-free living expands that opportunity by making beverages more central to sleep, focus, and routine wellness.

IMPORTANCE OF FUNCTIONAL BENEFITS WHEN CHOOSING NON-ALCOHOLIC BEVERAGES[1]



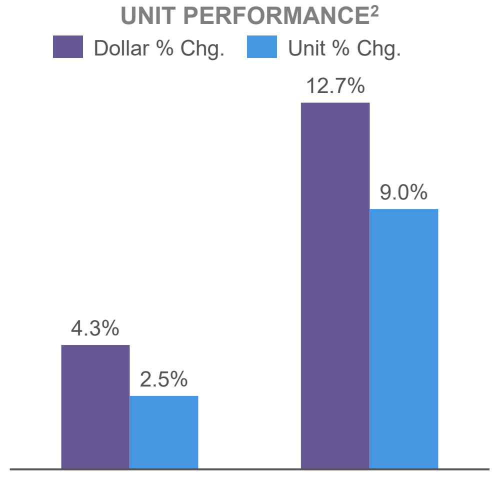
ATTRIBUTES THAT MATTER MOST WHEN CHOOSING HEALTH-FOCUSED NON-ALCOHOLIC BEVERAGES[1]



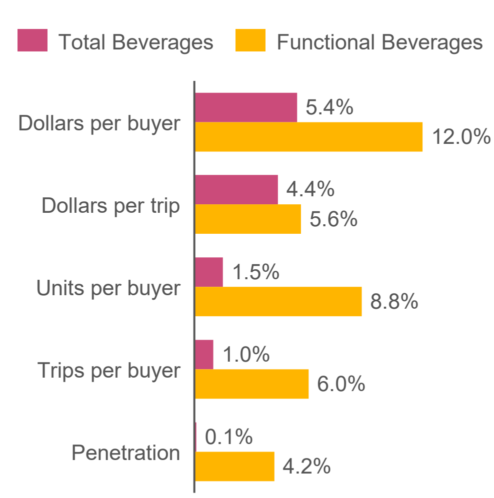
Habit is replacing trial

Functional beverages are outpacing total beverages on growth and strengthening core buyer metrics at the same time. Category performance is being driven by premium spend, with dollars per buyer rising 12.0% compared with 5.4% for total beverages, while higher trips and units reinforce sustained use. This points to a category that is scaling through breadth and depth, not simply price or novelty.

FUNCTIONAL BEVERAGES DOLLAR AND UNIT PERFORMANCE[2]



PURCHASE TRENDS[3]



Industry Analysis Sources: [1]NIQ, BASES Quick Question Omnibus Survey, May 2026, n=2,007; [2]NIQ, Retail Measurement Services, Powered By Label Insights, Total Full View, Latest 52 w/e 05/23/2026 ; [3]NIQ, Expanded Omnishopper Panel, Total US, Total Outlets, Latest 52 w/e 04/18/2026

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NielsenIQ

The takeaway…

- *Functional beverages are becoming embedded in daily routines, not occasional wellness purchases.*
- *Future growth will depend more on clarity and trust than on expanding functional claims.*
- *Consumers increasingly view functional beverages as worth paying more for when benefits feel believable and repeatable.*
- *Gen Z consumers are approaching functional beverages as personalized tools tied to energy, mood, focus, and identity-driven routines.*

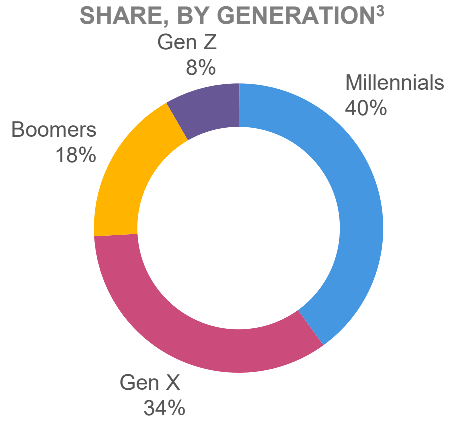
Your next move…

- *Build products, packaging, and marketing around repeat daily occasions to reinforce functional beverages as part of consumers' routines rather than one-time wellness discoveries.*
- *Simplify benefit communication across shelf, packaging, and digital touchpoints so consumers can immediately understand what the product does and why it fits their needs.*
- *Strengthen trust through ingredient familiarity, dosage transparency, and consistent performance to justify long-term premium pricing and repeat purchase.*
- *Develop Gen Z-focused innovation that supports personalization, identity expression, and flexible need states.*

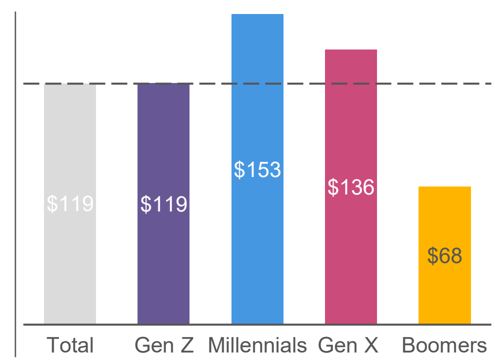
Millennials drive the value story

Millennials are the economic engine of functional beverages, driving 40% of dollar share and the highest dollars per buyer at $153 each. Their willingness to pay confirms functional beverages as premium-capable category. However, long-term growth depends on successfully converting Gen Z into higher-spending consumers.

FUNCTIONAL BEVERAGES VALUE SHARE, BY GENERATION[3]



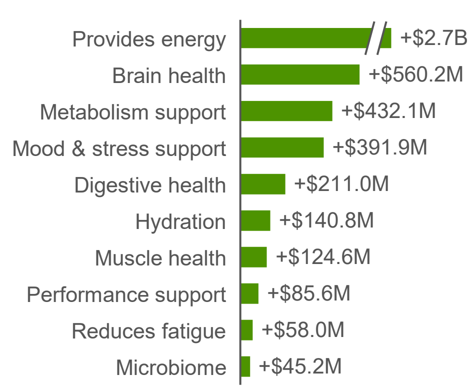
FUNCTIONAL BEVERAGES DOLLARS PER BUYER, BY GENERATION[3]



Vague wellness is running out

Functional beverage growth is consolidating around clearly articulated performance benefits. Energy leads, but cognitive and metabolic claims are driving incremental monetization. As the category matures, consumers are directing spend toward products that promise measurable impact rather than generalized wellness.

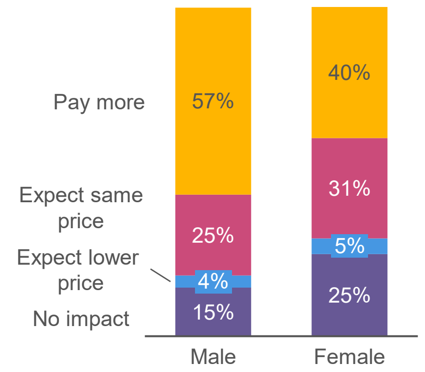
BEVERAGE DOLLAR ABS GROWTH, WITH STATED FUNCTIONAL BENEFITS[2]



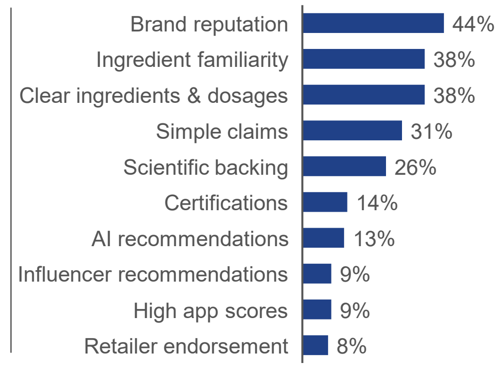
Price power depends on credibility

Functional beverages appear to have meaningful premium headroom, but pricing power is strongly linked to perceived benefit certainty rather than trend appeal alone. Consumers are more likely to pay up when ingredients are familiar, dosages are understandable, and brand fundamentals feel reliable.

WILLINGNESS TO PAY FOR FUNCTIONAL BEVERAGES[1]



KEY DRIVERS OF TRUST IN FUNCTIONAL BEVERAGES[1]



Looking for more?

Functional beverages are moving beyond niche wellness and into a much more durable role in consumer behavior. The combination of stronger growth, premium spend, and repeat engagement suggests the category is becoming a force within non-alcoholic beverages. Looking ahead to 2030, success will depend on how effectively retailers and manufacturers reduce choice friction, reinforce repeat use, and build confidence in benefit delivery.