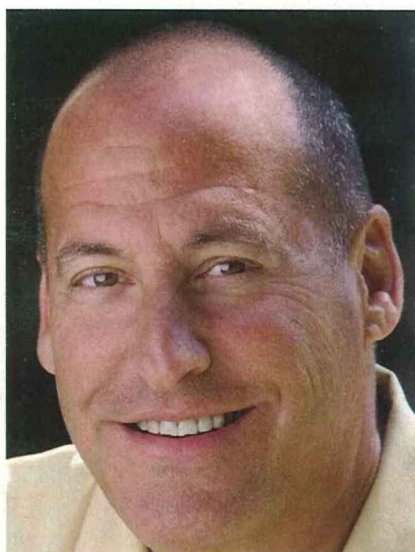


Rev up, bulk up, cool down

TRENDS IN THE BEVERAGE SPACE

Innovation is picking up across the board, especially in the ever-fertile beverages category. **JIM TONKIN,**



the guru of all things drinkable, takes a look at developments in relaxation, energy and protein drinks

You can't step in the same stream twice, and you sure can't take the same snapshot of the beverages market twice, either. Three trends worth noting are gaining traction in this rapidly evolving space: relaxation drinks, energy drinks and drinks with added protein.

Relaxation drinks

Sales of beer and soda are down. But functional-drinks sales are up, including relaxation drinks. These beverages are billed as a way to relax without the alcohol. What's driving, or stopping, the rise of relaxation? Nothing, with the exception of consumer confusion. Generally speaking, the reason for relaxation drinks is to have something that is the antithesis of an energy drink.

There are several relaxation drinks on the market, from Code Blue to VIB (Vacation In a Bottle) to Big Chill. The market leader for quite some time was a product called Drank, and had enticed people to drink melatonin, which has only a little anecdotal evidence for relaxation. Some people who travel swear by melatonin to help with jet lag.

Drank largely built its brand on melatonin, but the FDA stepped in and caused Drank to reformulate, saying that if someone drinks too much of the product his/her health could be at risk.

L-theanine is now the major GRAS relaxation ingredient in this sector.

Energy drinks

Perhaps surprisingly (especially if you're an avid coffee drinker), a huge percentage

of the market does not opt in to energy drinks. These people are typically an older, nonbar crowd. Their desires have given rise to the growth of the shot market, which could grow to be larger than the energy-drinks market.

Some of the older crowd who are opting out of the 8 oz., 12 oz., 16 oz. and 24 oz. energy drink containers are opting in to smaller shots in the afternoon. They take them in a 2 oz. form, so they don't have to drink a pint that tastes like garbage. (Think Red Bull. You've got to hand it to the Red Bull people – they've got a product that tastes bad but still sells like hot cakes.)

It's easier to down 2 oz. of something that tastes bad than to down 8 oz. This is how energy shots get around the horrible taste and aftertaste of vitamin B complexes.

It's easier to down 2 oz. of something that tastes bad than to down 8 oz.. This is how energy shots get around the horrible taste and aftertaste of vitamin B complexes, without a lot of masking agents.

Back to the bar scene: The latest beverage controversy is the combination of caffeine and alcohol. Red Bull and vodka was the precursor to Four Loko, but it seems like a dead end now in the wake of FDA and FTC actions. No regulators are happy about the amalgamation of alcohol and energy. >>

Before the category was abused, one of its progenitors was LipoVitan, which has been around for 35 years. The product came from Malaysia, and a Japanese company put it in an ugly brown plastic bottle. LipoVitan became the afternoon pick-me-up used by probably half of Japanese businessmen to get a B vitamin boost. The beverage was very successful and a well-kept secret, which is typical of things found in the Orient where they're using herbal extracts that are just now becoming popular in the United States. The energy-drinks business took on a life of its own from products like LipoVitan.

Protein drinks

Protein is still one of the top five or six most sought-after genres in the health

space. Whey protein in particular is growing in popularity. Protein continues to be a centerpiece in drinks, with other ingredients added in such as energy ingredients or fiber, causing the category to morph. In addition, a lot of people who aren't regular red-meat eaters or dairy consumers are starting to warm to the idea of protein supplementation in either a liquid or even a pill form.

Formulation challenges are apparent with whey protein because the ingredient tends to be viscous. Protein drinks made by ABB (American Body Builders), TwinLabs and Designer-Whey were trailblazers in the market. DesignerWhey made 10g or 15g of protein in a drink taste good. LaBrada's Lean product is another great-tasting protein beverage. **Fi**

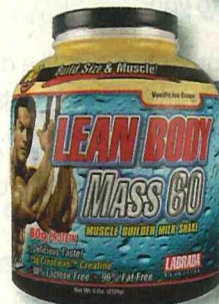
U.S. consumer sales of sports and energy drinks and shots reached \$13.1 billion on nearly 12 percent growth in 2010, according to **NBJ** estimates. Sports drink sales hit \$5.4 billion (8 percent growth), energy drink sales were \$6.3 billion (11 percent growth) and energy shot sales reached \$1.3 billion (38 percent growth).



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DESIGNER WHEY



LIPOVITAN

ACKNOWLEDGED RISKS OF CAFFEINE/ALCOHOL PAIRING

The risks of caffeinated beverages premixed with alcohol are now a matter of public record. In November 2010, Dr. Joshua Sharfstein, then U.S. Food and Drug Administration principal deputy commissioner, said, "FDA does not find support for the claim that the addition of caffeine to these alcoholic beverages is 'generally recognized as safe,' which is the legal standard. To the contrary, there is evidence that the combinations of caffeine and alcohol in these products pose a public health concern."

The worry among experts was that caffeine can mask some of the sensory cues individuals might normally rely on to determine their level of intoxication. The FDA press release that contained Sharfstein's statement said that, "peer-reviewed studies suggest that the consumption of beverages containing added caffeine and alcohol is associated with risky behaviors that may lead to hazardous and life-threatening situations."

That concern about the caffeine-alcohol link now extends to drinks like rum and Coke as well. A 2010 study that collected data from 328 bar patrons in a college-bar district compared intoxication levels among an alcohol mixed with energy drinks group (AmED), a cola-caffeinated alcoholic drinks group and other drinkers. The results showed that the cola and AmED groups got about equally intoxicated and both left the bars more drunk on average than general drinkers.
—Hank Schultz