

Alternative beverages

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Alternative beverages competed on the basis of differentiation from traditional drinks such as carbonated soft drinks or fruit juices. The market started out with low competition, however that is rapidly changing as many new product lines enter and profit margins will inevitably suffer from the price reduction. The rest of the beverage industry is faced with low profit margins because of high competition and little ability to differentiate products. The alternative beverage segment help companies to sustain volume growth in mature markets where consumers were reducing their consumption of carbonated soft drinks.

Also the alternative beverage industry offered products that catered to different demographics. For example energy drinks were purchased more by teens and young adults while energy shots were bought by adults to get extra boosts of energy during the work day. In addition the vitamin-enhanced drinks and sports drinks went more toward athletes and people who exercised often. This differs from just the usual carbonated soft drinks that people were used to drinking. Now they had products that they could consume for different activities.

Demand is expected to grow worldwide as consumer purchasing power is increased and alternative beverages offered profit margins much higher than those of other beverages. One key characteristic in the beverage market was introduction of the energy shots and they were an important growth factor in the industry; the 5 hour energyspot was introduced in 2004 and took the market by storm with its high containments of B6, B12 and caffeine. Competitor's course introduced energy shots to the market but none have

come close to the 5 hour energy shot, with it holding 85% of the market share in 2009.