

Special Report

Drink Mixes and Liquid Water Enhancers

No matter what they do, everyone needs to be hydrated. With many people turning to bottled water over soda and other carbonated soft drinks, powdered drink mixes have become a popular way to mix things up. With benefits from electrolytes, energy, vitamins, immune support, to different flavors, products like Jel Sert are becoming a part of people's daily routines.

"When you look at drink mixes, it encompasses multiple different product types," said Ken Wegner, President of Jel Sert. "The only growing part of the powdered side of the business is stick pack. It's grown all through Covid and it continues to accelerate in growth. The other part of drink mixes is liquid water enhancers which fall into the same category. That category did grow during Covid because people were home and that's truly an at-home product. It did well during that time. We see the category from a stick pack—that's what we'll focus on—that's a true growth engine right now in the whole powdered drink mix category. That part of it has and will continue to grow. We're seeing some tremendous opportunity in that space with our own branded items that we have and with the licensed portfolio that we have, and we see it from a functional perspective. We see functional items doing very well in the space. Whether it be hydration with electrolytes, energy, vitamin fortification, immunity type products, that is a fast-growing part of the category."

"It's really truly an on-the-go type product, very lightweight, something easily slipped into your pocket or backpack," Wegner continued. "Bottled water is the No. 1 selling beverage in the nation. It surpassed carbonated soft drinks a few years ago and it just continues to grow. And now the ability to modify it with a powdered item really makes a big difference."

Hydration has been a significant callout in the drink packs segment, Wegner said. "The hydration space is really growing," he said. "Pedialyte really started that whole thing when they launched their Pedialyte powder. A lot of others have now followed suit with some startup brands. Some have done

very well, others not so well. There's been a bit of a crowding in the category with that. We're seeing that some of that will get weeded out as time goes on. There are some brands that have taken off and done really well in that space, including our own Pure Kick brand which does really well as an energy platform and separately a hydration platform. And then we also have another brand which functions primarily in the industrial space. Industrial hydration is extremely big and important right now. It's for people that work in oil and gas. It's for steel mills, landscaping, agriculture, road work. Anywhere people are exposed to high temperatures for long periods of time where they need to have mandatory hydration breaks as part of their safety standards. That's where All Sport plays."

"The consumer will continue to push health and wellness with a requirement for immunity and low sugar," said SOS Hydration Founder and CEO James Mayo. "There is a silent but building pandemic of obesity and pre-diabetes. One to five Americans are estimated to have pre-diabetes. 2023 will see a continued push to lower sugar with healthier options like SOS, and we will see a rise in related tracking of glucose. Monitors like SM24 can tell users where their glucose levels are and will help aid the public in making more educated decisions relating to health and nutrition."

Wegner said functionality is going to help the drink mixes and liquid water enhancers category advance. In light of this, the company recently partnered with Vita Fusion to offer consumers a Vita Fusion drink mix. "We have a license from Vita Fusion, the No. 1 gummy vitamin in the nation," Wegner said. "We now have a drink mix, a Vita Fusion drink mix with two different platforms: one is hydration and one is energy. We just launched nationwide in Walgreens. There's a lot of other retailer excitement and acceptance coming up."

The next phase of growth for drink mixes and liquid water enhancers looks like "continued blurring of the lines between the fresh shots and the drink mixes for what they contain ingredient wise," Mayo said. "There will also be a

continued push towards giving more options within drink mixes, from hydration to immunity to energy to sleep to CBD. Nothing is off the table as the format is easy for companies to enter and it's cheaper than ready to drink, and also the consumer is starting to understand that pouring a stick into a bottle is not hard to do and is better for the environment."

Jel Sert has identified opportunities within its own product line to crossover existing lines, notably one of its nostalgic popular lines with one of Jel Sert's functional hydration-focused lines. "We're even doing a bit of a crossover where we've taken Jolly Rancher and we're using it as a flavor on our Pure Kick energy product," Wegner said. "It's a Jel Sert-owned brand and it's an energy platform and it will be flavored with basically Jolly Rancher flavor. We're crossing over between Jel Sert-owned and licensed. And we'll be doing more of that as time goes on. There's other stuff we're working on that we're excited about bringing to the category. We're going to continue to add capacity, we're adding professional people within our R&D lab, and we have a tremendous group there that is developing these incredibly great tasting products. We're just going to continue to partner with the right people, not only from a licensing perspective but also from a contract perspective."

"For this category, it's still really in its infancy despite a few billion dollar brands in the space," Mayo said. "There is space for further growth but the consumer still has limited knowledge of the category, say compared to sports drinks. For SOS it's all about education that there is something healthy, immune boosting and good for you but that also there is an alternative to bulk sugar. The second is raising awareness of the brand, which in turn carries over to category awareness. There is still a learn for retail buyers where to put the specialized drinks mixes so 2023 will likely see more centralization into one area as these mixes can be found in pediatrics, sports and beverage. Its real home should be in beverage as the customer drives for better for you products."