

# Sporting News

**A growing number of American consumers are pursuing active lifestyles, participating in sports and receptive to foods and drinks that help them get the most out of their physical regimen. However, their attitudes to these foods and beverages are as different as their motivations for physical activity.**

*William A. Roberts, Jr., Business Editor*

**I**n its examination of “The Market for Sports Food and Drinks—U.S.,” Mintel International Group defines sports food and drinks as “products which are marketed as offering some benefit to the body before, during or after activity. Included in this definition are sports drinks, energy drinks, protein powders/liquids, energy bars and athletic bars.” Despite impressive growth over the past six years, Mintel finds this market still has opportunity to expand further.

When measured at current prices, the combined sports food and drink category grew 48% between 2000 and 2005, which represents 31% growth at constant 2005 prices. The reasons behind this growth, however, are far more diverse than simple sports participation. Most marketers in the category have had success by targeting consumers with active lifestyles, yet a diverse user base is finding a variety of usage occasions for sports drinks and foods. Nonetheless, Mintel chooses to assess Americans’ interest in sports and physical activity, in addition to the types of people taking part in different physical activities.

A large group, in fact, often participates in sports and other active pastimes and is proving receptive to foods and drinks that help it make the most of these sporty lifestyles. Some of the consumers crave competition, certain others are exercising more for peace of mind, weight control or



**With a number of Americans taking up extreme physical challenges, Gatorade is among the companies catering to these endurance athletes, actually incorporating the term in its Endurance Formula product.**

cardiovascular health, and still others are looking simply for outdoor adventure and excitement.

Citing research by the National Sporting Goods Association, Mintel notes participation in golf and tackle football has declined, while other sports have seen increases.

Between 2003 and 2004, the number of bike riders increased 5.3%; joggers were up 3.2%, and 3.9% more people were exercising with equipment. Baseball, soccer and volleyball also saw increased participation during that time frame, and the number of gym visits has risen—11.4 million people went to the gym 100 or more times in 1998; that number reached 15.7 million in 2003.

## Terms of Endurance

Furthermore, Mintel says, “a significant and growing number of Americans are taking up extreme physical challenges, such as marathons and triathlons. This trend holds great opportunity for food and drink companies which can connect successfully with these endurance athletes.”



Gatorade, a unit of PepsiCo, went so far as to incorporate the term “endurance” in the name of its Endurance Formula beverage and, thereby, provided an example of the fragmentation of the sports food and drink market. That is, more products are addressing specific needs based on level of physical activity and, in certain instances, companies are pursuing sports-active consumers based on demographic groups.

Individualization and personalization have emerged as popular trends in recent years, and this attracts endurance athletes. Interviews with these athletes find they believe nothing will work the same for everyone, hinting that the market needs to be customized for participants’ individual tastes and physical needs, since “everyone’s body works differently, so no one food or drink will work the same for everyone.”

What does “work” for these athletes are foods and drinks providing the body with energy and hydration without giving the consumer a sore stomach, a common problem during activity of high levels and/or long duration. Furthermore, a product’s taste will ensure consumption and prevent sickness.

Sports drinks also can serve to protect muscle, finds a study by James Madison University. According to the

Some energy bars have come under fire as being glorified confections. More healthful positioning and ingredients like whole grains should help offset some of those concerns.

school’s research, sports drinks with both carbohydrates and protein “maximize one’s performance and decrease muscle damage.” In

the study, athletes who drank Accelerade (which boasts protein and carbs) could ride 29% longer than those who consumed a beverage containing only carbohydrates and no protein. If further studies support these results, leaders in the sports drink segment (notably Gatorade and Powerade) are highly likely to supplement their brand portfolios with beverages containing a combination of carbohydrates and protein.

Already, the combined sports beverage and bar segments averaged a 42% increase in new product launches between 2001 and 2004, and introductions remained strong through mid-October of 2005; up to that time, 113 new sports and energy beverages had been introduced, the report notes. (A May 2006 search of the GNPD showed 193 such products introduced in the U.S. during 2005, though only 42 had been spotted through May of 2006.)

During the period under review in Mintel’s report, more than 1,100 nutrition and energy bars had been introduced, with more than 600 new sports/energy beverages hitting the market, according to the GNPD. In the process, a number of new players emerged in the sports segment.

“Fitness products” are a trend to note in new product launches, believes the National Confectioners Association,

with Jelly Belly Sport Beans, Blitz’s Cinnamon Energy Gum and Quench Gum among the products expanding the idea of “sports products.” Likewise, Masterfoods capitalized on its Snickers brand to introduce an energy bar in June of 2003—the Snickers Marathon, while Hershey’s added a protein-packed version of its Payday around the same time. In addition, the trend is not only a retail phenomenon; White Castle augmented its beverage offerings with Coca-Cola’s Full Throttle energy drink, and 7-Eleven has plans to offer its own proprietary line of energy drinks and bars.

To reach consumers, sports food and drink players have turned to specific

## Into Sports

U.S. Retail Sales of Sports Food and Drink, in Millions

Year	Sales (Current Prices)	% Change	Sales (Constant 2005 Prices)	% Change
2005	\$6,126	9.1%	\$6,126	6.0%
2004	\$5,613	9.8%	\$5,781	7.0%
2003	\$5,110	5.2%	\$5,403	2.8%
2002	\$4,859	8.6%	\$5,255	6.9%
2001	\$4,475	8.3%	\$4,916	5.3%
2000	\$4,132	-	\$4,669	-

Source: Mintel/Nutrition Business Journal/Information Resources Inc./SPINS/NACS



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## PREPARED FOODS

## new product trends



One of the few competitors to Gatorade actually to make any headway in terms of market share, Coca-Cola's Powerade has expanded into new flavors and positioning to garner consumer attention.

health concerns or goals. Gatorade's Propel, a fitness water, was launched in 2002 to reach calorie-conscious consumers; it had 10 calories per serving, as opposed to the 50 calories per serving of the original Gatorade Thirst Quencher. Marketed as "how Gatorade does water," Propel is the company's attempt to leverage the positive attributes of the Gatorade brand while simultaneously positioning the product as a beneficial water. The efforts appear to be working; sales of Propel grew from \$88.9 million in 2003 to reach \$128.8 million in 2004—in food, drug and mass merchandiser channels (excluding Wal-Mart).

A credible threat to Gatorade's fitness water product did not emerge until July of last year, when Coca-Cola extended the Powerade brand. Powerade

Option claims to exceed the traditional sports drink by being an "option" for active consumers looking for hydration at any point throughout the day. An added bonus, the product is low in calories and carbohydrates.

### The Low Flow

Red Bull, meanwhile, took a sugar-free approach when extending its powerhouse, segment-inventing energy drink in 2003. Red Bull Sugarfree netted 20% of all the brand's volume that year in on-premise sales, as well as 18% of its grocery sales. A Red Bull spokesperson notes the product's consumers have tripled (to 2.4 million) since the launch of a promotional campaign. Also joining the "low in..." energy drink brigade has been Monster, whose low-sugar version of its original energy beverage incorporates the sweetener sucralose.

Between 2000 and 2005, the market for energy drinks has exploded, as sales (off-premise, not including Wal-Mart or health food stores) have increased more than

### Making Sport

New Products in the Sports Beverage and Nutrition/energy Bar Segments in the U.S.

Year	New Sports/energy Beverage Products	New Snacks, Nutrition and Energy Bars
2005*	113	185
2004	155	298
2003	105	227
2002	129	205
2001	110	208

\*Through October 13, 2005  
Source: Mintel/GNPD

700% to \$1.1 billion. Considering estimates place on-premise sales of energy drinks in the \$600 million range in 2004, the market is valued at roughly \$1.4 billion. For 2005, Mintel estimates on-premise sales to have hit around \$849 million. "On-premise sales are key to this category," Mintel states, "as many users consume the products while out with friends, oftentimes using these drinks as mixers with alcohol."

In terms of the off-premise market, the growth of energy drink sales has been helped in no



small part by new packaging. Multi-packs and 16oz cans have emerged as rivals to the 8oz cans, the one-time hallmark of the segment. Also beneficial to companies in this segment are the relatively high price—and high margins—of energy drink products. According to one consulting firm, an 8.3oz energy drink typically retails for \$1.99, which at \$0.24 an ounce is roughly 10 times higher than the price of soda per ounce.

### Back to Formula

Mintel notes the desire for low-calorie beverages in the sports drink arena is a trend to watch. However, it is proving to be a significant challenge to suppliers, as the reduced level of carbohydrates changes the formula and, more importantly, the effectiveness of the beverages. According to physiological research, a carbohydrate level of around 6% is a must for a sport drink to rehydrate the consumer rapidly. The use of artificial sweeteners, Mintel contends, means low-calorie products are unable to meet this performance attribute, thereby undermining the core positioning of the product.

However, sports food and drinks are not always consumed before, during or after physical activity, with many (energy bars and sports drinks, in particular) consumed simply due to their taste and/or convenience. These consumption patterns also are helped in no small part by the popularity of the sports and athletes who endorse and help to market these types of products.

Curiously, amid the growth of the sports product category, two differing yet somewhat related trends are notable in society and the marketplace. Continual reports note the growing rates of obesity, as well as the ongoing struggles against diabetes and sedentary lifestyles that are leading to serious health issues. At the same time, being sporty seems to be “in,” though Mintel acknowledges this may be a “countertrend” driven by the weight epidemic.”

This has resulted in food and beverage companies broadening the number of “good for you” products and/or offering items with a “sporty” positioning. Mintel references ACNielsen’s “What’s Hot Around the Globe: Insights on Growth in Food and Beverages 2004” in mentioning that, among the seven categories experiencing worldwide double-digit growth, five were offering perceived health and/or

weight-management benefits. Leading the growth were soy-based drinks (up 31% from 2003 to 2004) and drinkable yogurts (registering 19% growth during that time), both of which had been noted among the “hot growth categories” in 2002. This suggests a long-term “good for you” trend in the entire food and beverage market. Mintel also notes sports/energy drinks were among the “good for you”



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For the Amino Vital line of energy bars, the manufacturer incorporated amino acids, to “support focus and quicker recovery.”

products making the list in 2004, garnering 10% growth worldwide.

Still, these new “good for you” and “sporty” products are not necessarily due to the increasing number of sports participants. Citing exclusive consumer research, Mintel’s “Sports Drinks—U.S., February 2005,” a separate report from the one discussed here, found some 36% of respondents who buy sports drinks admit “really just buy(ing) them for the taste.” For that matter, for consumers seeking a quick snack, the convenience and taste of nutrition and energy bars are two strong selling points.

Mintel notes successful targeting of consumers based on demographics has helped grow the sports drink segment in the past five years. Gatorade attempted to reach Hispanic athletes with the March 2002 launch of Xtremo, whose sales increased from \$12 million to \$21 million between 2002 and 2004. A similar focus on reaching children prompted the launch of Gatorade’s All Stars, which earned \$11 million in its first three months on the market in 2002.

The market for children’s sports drinks was valued at around \$95 million in 2004, and the true value for the brand is in building awareness among young people who “can take their sports drink habits into adulthood,” Mintel suspects. This reasoning is likely behind Gatorade’s sponsorships of professional sports and programs which get children personally involved. Furthermore, the efforts make sense for the other products in Gatorade’s stable, since those with children in the home are almost twice as likely to buy sports drinks, compared to those households without children.

All Stars are not without challengers for young people, however. February of 2004 saw the launch of SunnyD Intense Sport Rehydrating Sport Drinks, boasting essential vitamins and a “powerful taste,” and the line has been successful enough to warrant extensions into Raspberry Ice and Cool Punch flavors in the summer of 2005. Also in the mix is Kraft’s Capri Sun Sport; this sports drink in its familiar pouch launched in 2003.

Women, meanwhile, have been the target for nutrition and energy bars since the 2001 launch of PowerBar’s Pria, which contains soy protein and calcium. The soy promises to “build muscle tone.” CLIF Bar targeted women of all ages with LUNA, though these products may have been particularly relevant to women (older women, in particular) worried about their weight, fiber intake and general nutrition.

Overall, energy and wellness bars have fared well since 2000, with sales up 13.5% in current terms during that time. That is not to say the products have been embraced wholeheartedly. In fact, to improve taste, many energy bar makers have added sugar, prompting many nutritionists to label energy and wellness bars as glorified candy bars. Indeed, the sugar content can be fairly high: a chocolate PowerBar is 27.7% sugar, while a chocolate Balance Bar is 36%, both of which still are less than a typical Snickers bar (51.1%) and regular Milky Way (60.2%). <sup>PF</sup>

*This article contains information from the Mintel report “The Market for Sports Food and Drinks—U.S.” Please visit <http://reports.mintel.com> for more information or call Mintel at 312-932-0400.*

### Website Resources:

- [www.ameribev.org](http://www.ameribev.org) — American Beverage Association
- [www.eatright.com](http://www.eatright.com) — American Dietetic Association (ADA)
- [www.gmaabrand.com](http://www.gmaabrand.com) — Grocery Manufacturers Association (GMA)
- [www.ific.org](http://www.ific.org) — International Food Information Council (IFIC)

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**Orest Kochan**  
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