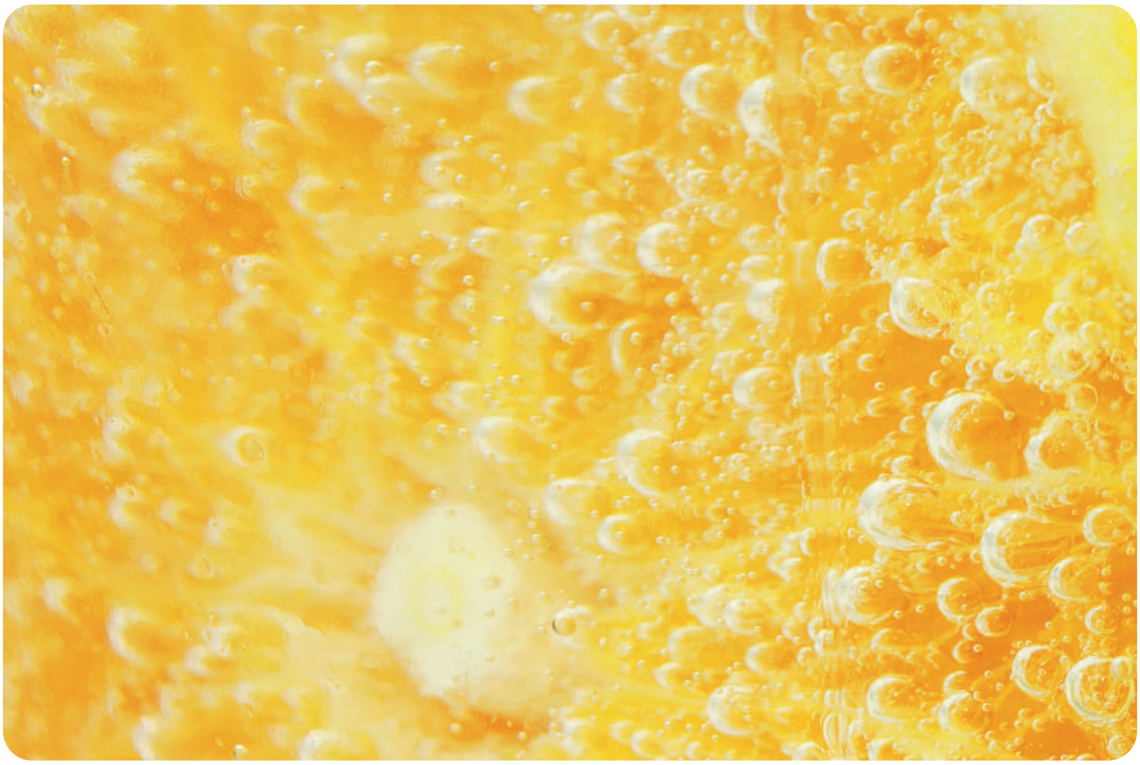
Navigating the Future of Beverages: Key Trends and Opportunities

An insight into the evolution of non-alcoholic beverages across Middle East and Africa.

Fi Africa | Agrumaria Reggina



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Executive Summary

The non-alcoholic beverage industry is evolving rapidly, shaped by a growing demand for **health-driven**, **flavour-forward**, and **clean-label products**. Consumers are seeking drinks that support immunity, energy, digestion, and mental clarity - and expect these benefits across all categories, from carbonated soft drinks to 100% juice.

In the MEA region, health and naturalness are *prioritized over price*, offering strong growth potential for brands that deliver functional value with cultural relevance.

Sugar reduction, **plant-based ingredients**, and **transparent labelling** are now essential, not optional.

This report explores six dynamic beverage categories - **CSDs**, **Energy Drinks**, **Flavoured Waters**, **Iced Tea**, **Still Drinks**, and **100% Juice** - highlighting the most promising directions for innovation.

Key findings include:

- Energy Drinks lead in functional innovation and flavour variety.
- Flavoured Waters and Iced Teas bridge health and hydration with mass appeal.
- 100% Juice must evolve beyond sugar perceptions through blending and superfoods.
- CSDs and Still Drinks remain relevant when aligned with wellness cues.

MEA consumers are ready for products that combine trust, taste, and purpose. This report offers strategic insight for navigating a fast-changing landscape.

Key drivers of change

Shaping the future of non-alcoholic beverages in MEA and beyond

Across all categories - from carbonated soft drinks to 100% juice - the beverage industry is being reshaped by a set of powerful, interconnected forces. These drivers are redefining consumer expectations and creating new opportunities for brands that can adapt with relevance and agility.

Health & Functionality

Consumers increasingly demand drinks that do more: **support immunity**, **enhance energy** or focus, **aid digestion**, or **promote emotional well-being**. Ingredients like botanicals, vitamins, and adaptogens are no longer niche - they're becoming standard in both mainstream and premium offerings.

Clean label transparency

The call for "**natural**," "**no preservatives**," and "**free from artificial additives**" is now universal. Shoppers want simple, recognizable ingredient lists and clear communication around sourcing and processing - especially in markets like MEA, where trust and transparency are top priorities.

Flavour-led differentiation

Flavour remains a critical purchase driver, but expectations have evolved. Consumers seek **bolder**, **more adventurous profiles** - including exotic fruits, herbal blends, and floral infusions. Regional or culturally inspired variants are especially powerful in MEA, where taste is deeply tied to identity and exploration.

Affordable wellness

Economic pressure is a defining factor in emerging markets. Brands that offer **perceived health benefits at accessible price points** - through format innovation, lighter variants, or hybrid products - can unlock new consumer segments without compromising value.

Format innovation

Beverage choices are increasingly occasion-based: energizing the morning, supporting afternoon focus, or offering relaxation at night. Ready-to-drink, smaller packs, and resealable formats **meet evolving routines while enhancing convenience and sustainability**.

Purpose & Sustainability

Younger consumers, particularly in MEA, care about the role of brands in society. Ethical sourcing, recyclable packaging, and visible commitments to local communities and the environment are no longer optional - they're part of **brand credibility and differentiation**.

1. Carbonated soft drinks (CSDs)

Carbonated soft drinks (CSDs) continue to hold a central position in the global beverage landscape. Despite facing mounting pressure from health-conscious consumers and rising inflation, the category demonstrates remarkable resilience. CSDs remain a staple in many markets, with a loyal consumer base and consistent engagement across age groups.

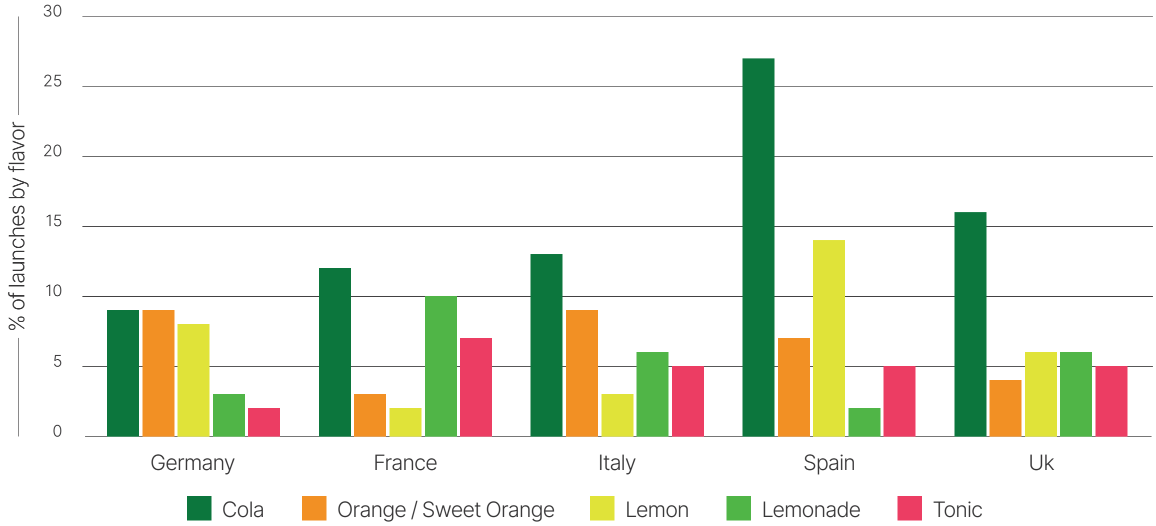
Between 2024 and 2029, the global CSD market is forecast to grow in value by **22%**, with volume growth projected at a more modest **6%**. This disparity reflects a maturing category facing market saturation in many developed regions, as well as the growing presence of "better-for-you" alternatives that are gaining traction among younger and health-driven consumers.

1.1 Segment breakdown and innovation patterns

Cola-Based CSDs

Cola remains the dominant flavour in Europe, accounting for 56.5% of sales in Germany and 57.4% in the UK. However, innovation is shifting toward more modern hybrids like cola-orange, which is bringing novelty while preserving familiarity. Citrus-based CSDs are also gaining premium positioning, especially lemon, which doubled in launch share in Germany from 3% in 2018 to 8% in 2024.

Share of CSDs launches, by flavour, 2024



Source: Mintel

Citrus-Flavoured CSDs

As in other beverage categories, the CSD segment is under growing pressure to evolve in line with health and wellness expectations. While traditional sugary sodas remain popular, there is a rising demand for **sugar-free**, **low-calorie**, and **functional** options. Many brands are now incorporating ingredients that promise additional benefits - from **natural energizers** like ginseng to **relaxing botanicals** such as chamomile - in an effort to modernize their offerings without alienating core consumers.

Packaging plays an increasingly important role in communicating these benefits. Clean, minimalistic designs, health callouts, and recyclable materials all contribute to reinforcing brand trust in a competitive and health-aware market.

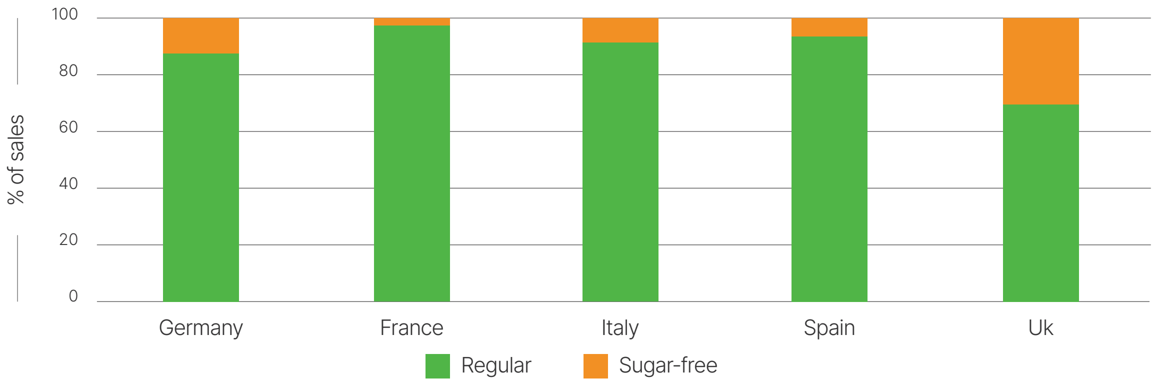
1.2 Market dynamics and consumer segmentation

CSDs now serve both indulgent and functional roles. Younger consumers seek bold, shareable flavours; older ones gravitate toward less sweet, more purposeful options. This dual demand is pushing brands to balance tradition with wellness.

Energy Drinks

Energy drinks are among the **fastest-growing segments** in the non-alcoholic beverage market, driven by rising demand for functionality and performance support. While still smaller than CSDs in share, their volume growth is outpacing other categories.
The segment has evolved significantly: once focused on high-caffeine formulas and extreme branding, today it centers on **sugar-free, low-calorie, and clean-label solutions**. Functional ingredients like B vitamins, adaptogens, and electrolytes are becoming standard, appealing to a broader demographic — from students and athletes to professionals.

Sugar-free shares of energy drink, by volume, 2022



Source: Mintel

Consumers are increasingly scrutinizing sugar content, artificial additives, and high caffeine levels. As a result, energy drink brands are embracing cleaner labels, often highlighting claims such as "no sugar", "natural caffeine sources", "functional ingredients" (e.g., B vitamins, adaptogens, electrolytes). This evolution is aligning energy drinks more closely with wellness trends, enabling them to attract a broader and more health-aware demographic, including athletes, professionals, students, and even older consumers.

Innovation in flavours and formats

Flavour variety is a major growth driver. Traditional synthetic profiles are being replaced by **fruit-based**, **tropical**, **and botanical blends** — including watermelon, yuzu, and green tea.

Innovation also extends to format: mini cans, multipacks, and hybrid options (e.g. energy-infused waters or sparkling teas) serve diverse consumption occasions — from pre-workout to desk time.

New positioning and consumer reach

The category has matured beyond its niche roots. Brands now position **energy drinks as lifestyle enhancers**, focusing on mental performance, endurance, and wellness.

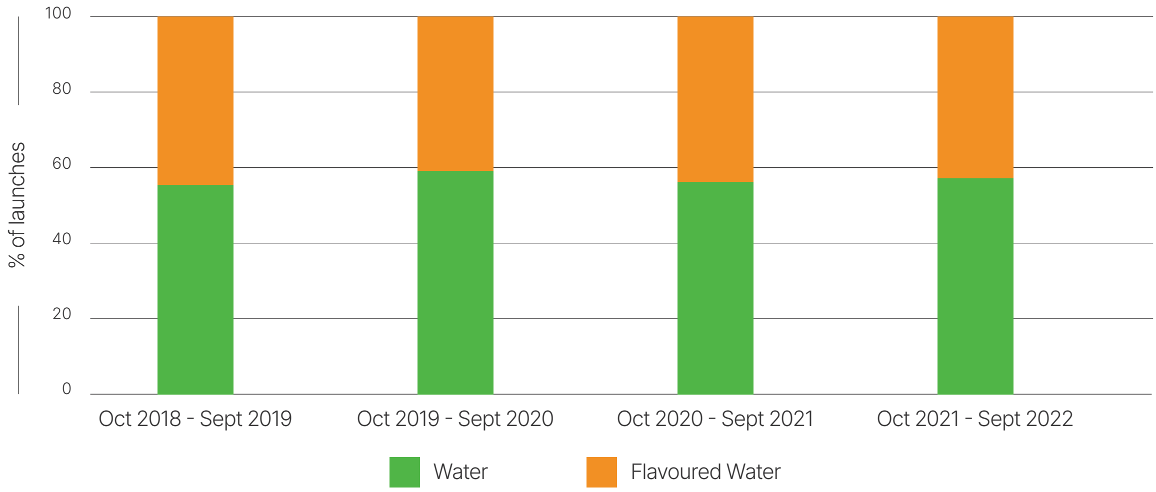
E-commerce and convenience formats boost accessibility and trial — especially among younger, tech-savvy consumers.

2. Flavoured waters

Flavoured waters have emerged as a rapidly expanding segment within the global beverage industry, offer-ing a compelling blend of **hydration**, **flavour variety**, **and health functionality**. These products meet the needs of modern consumers who are actively reducing their intake of sugary soft drinks but still seek en-joyment, refreshment, and added value in their beverage choices.

The segment is thriving across multiple markets, particularly in Europe, where **flavoured water accounted for 50% of all bottled water launches in 2023**, up from **45% in 2019**. This upward trajectory reflects both rising consumer demand and brand investment in innovation and reformulation.

Europe: water launches, by sub-category, 2018 - 2023



Source: Mintel

2.1 Functional and flavour innovation

The rise of flavoured waters is tightly linked to wellness positioning. Products increasingly feature functional claims — from vitamin fortification to immune and digestive support — while maintaining low-calorie, sugar-free profiles.

Flavour innovation is central to their success. While lemon, lime, and berry remain popular, botanical and exotic blends — such as yuzu, hibiscus, elderflower, and peach-ginger — are growing. These flavours, often paired with clean label claims and real fruit extracts, align with demand for natural, authentic refreshment.

2.2 Consumption moments and lifestyle fit

Flavoured waters serve as a bridge between plain water and soft drinks, offering refreshment without guilt. They appeal to health-conscious adults, families, and urban consumers seeking low-calorie, functional beverages.

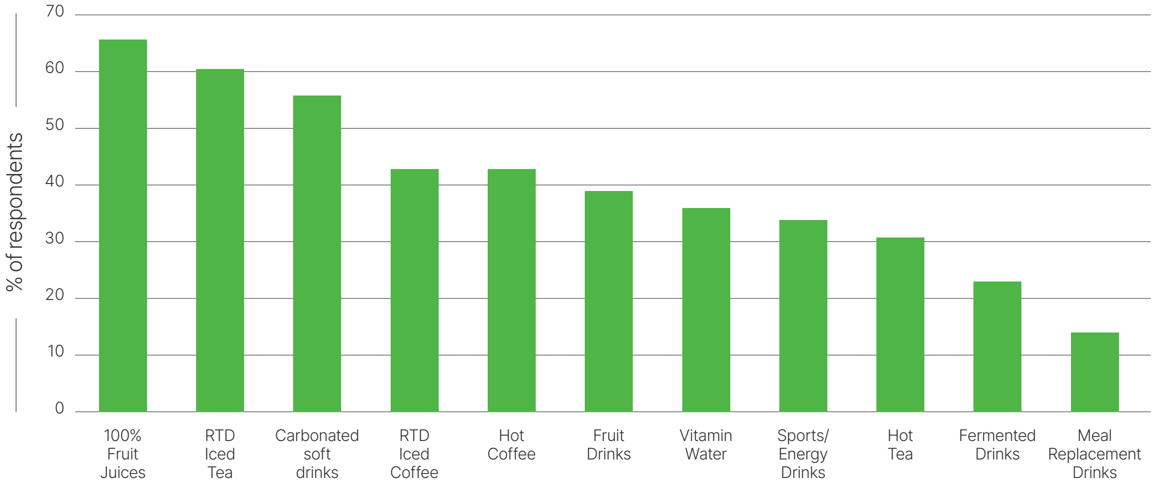
On-the-go consumption is key, with single-serve bottles dominating retail and refillable formats gaining popularity in mature markets

3. Ice Teas

Iced tea has evolved from a simple summer refreshment into a dynamic, health-aligned category. Iced tea has evolved into a dynamic, health-aligned category, thanks to its natural profile, versatility, and ability to deliver functional benefits.

Consumers increasingly view iced tea as a **healthier alternative to carbonated soft drinks**, particularly in markets where sugar reduction and natural positioning are top priorities. This perception is especially strong among **young consumers**, who value both **wellness benefits** and **flavour diversity**.

Thailand: consumption of non-alcoholic beverages in 2024



Source: Mintel

3.1 Innovation, Benefits and Format Appeal

Iced tea responds to growing demand for **natural**, **low-sugar** drinks enriched with **wellness benefits**. Brands are reducing sweeteners and enhancing products with botanicals and functional ingredients — from digestive support to mood and energy balance.

Flavour innovation remains key: blends like peach-hibiscus, yuzu, mango-rose, and mint-lime cater to Gen Z and experimental consumers.

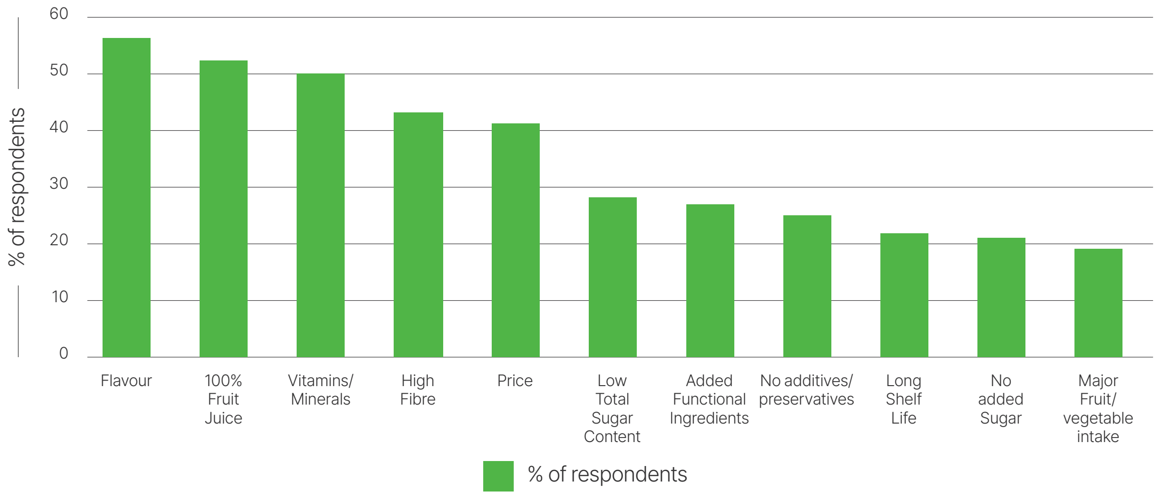
Ready-to-drink (RTD) formats dominate, meeting the needs of on-the-go lifestyles with sleek, single-serve packaging that reinforces health positioning.

4. Flavoured still drinks

Fruit and flavoured still drinks occupy a unique space in the non-alcoholic beverage market — blending elements of fruit juice, water, sweeteners, and, increasingly, **functional ingredients**. They are positioned as **lighter**, often more **affordable**, and sometimes **healthier** alternatives to 100% juice, appealing to a wide cross-section of consumers seeking **refreshment, flavour variety, and better-for-you credentials**.

This hybrid positioning enables the category to flexibly respond to key market demands: **lower sugar content**, **functional benefits**, and **natural claims**. In doing so, it acts as a stepping stone between indulgence and health — particularly attractive for those who are price-sensitive but unwilling to compromise on taste or perceived wellness.

Thailand: most important factors when buying a packaged juice and/or juice drinks, 2024



Source: Mintel

4.1 Flavour & audience appeal

Flavour continues to drive consumer interest in still drinks, but expectations are rising. While **orange and lemon remain staples**, there's a **growing appetite for berry**, **tropical**, and **exotic combinations** that offer sensory novelty. Limited-edition blends and seasonal launches — such as mango-lime or strawberry-guava — attract attention, especially among younger and urban consumers.

At the same time, health-conscious shoppers are looking for drinks that offer more than just refreshment. Brands are responding with variants enriched with vitamins, antioxidants, and other functional ingredients — often highlighted through clean-label claims like “no preservatives” or “natural ingredients”.

The category also resonates with families, particularly parents looking for flavourful yet nutritionally reassuring options for children. Consumers increasingly favour transparency and recognisability: simple, natural-sounding formulations win trust, while overly complex or artificial ingredient lists tend to be rejected.

Hybrid concepts — such as juice-waters or drinks with added pulp or chia seeds — **are gaining traction** as modern lifestyle beverages, ideal for light hydration, in-between moments, and on-the-go consumption.

4.2 Strategic Opportunities

To thrive in this increasingly competitive space, brands must develop **multi-dimensional products** that appeal across **taste, function, and label appeal**. Key success factors include:

- Leveraging **natural imagery** and **ethical sourcing** to build trust
- Highlighting **low sugar content or natural sweetness** (e.g. stevia, fruit-based)
- Offering **limited-edition or seasonal flavours** to keep consumer interest high
- Positioning around **value-for-money**, especially in emerging markets

Flavoured still drinks are no longer just a diluted version of juice — they are becoming **standalone lifestyle beverages**, tailored to a new generation of consumers looking for accessible wellness with enjoyable taste.

5. 100% Juice

5.1 A premium segment facing evolving expectations

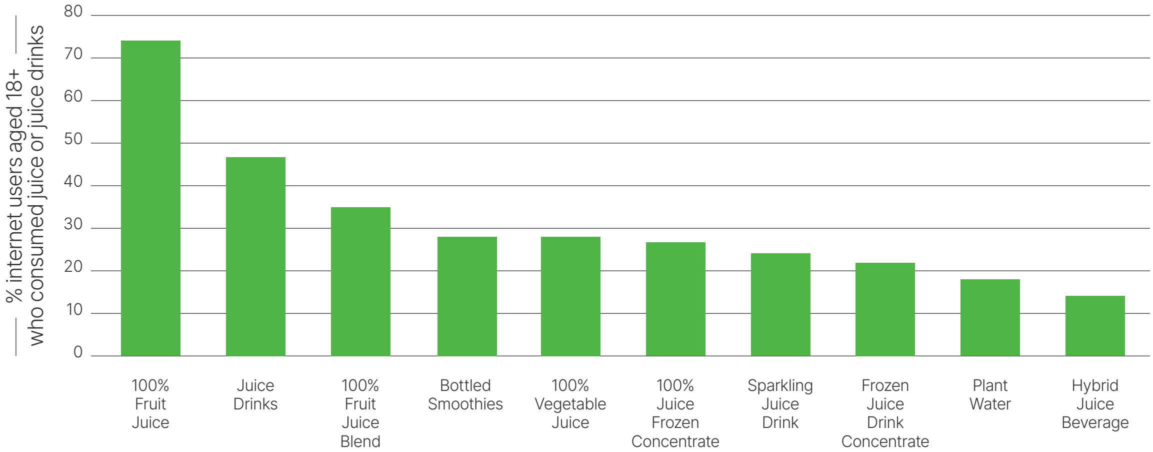
100% juice maintains strong consumer trust as a **natural**, **vitamin-rich option**. However, rising prices, sugar content concerns, and competition from lighter alternatives are challenging its growth, especially in mature markets.

5.2 Health perception and flavour expansion

Despite increasing awareness around natural sugars, 100% juice retains strong health credentials — especially when brands clearly communicate "no added sugar" and clean-label sourcing.

To keep pace with consumer expectations, brands are diversifying beyond orange and apple. **Popular blends** include carrot-orange-ginger, beetroot-berry, or tropical fruits like guava and acerola — often associated with functional or immunity-boosting benefits.

US: juice and juice drink consumption, 2024



Source: Mintel

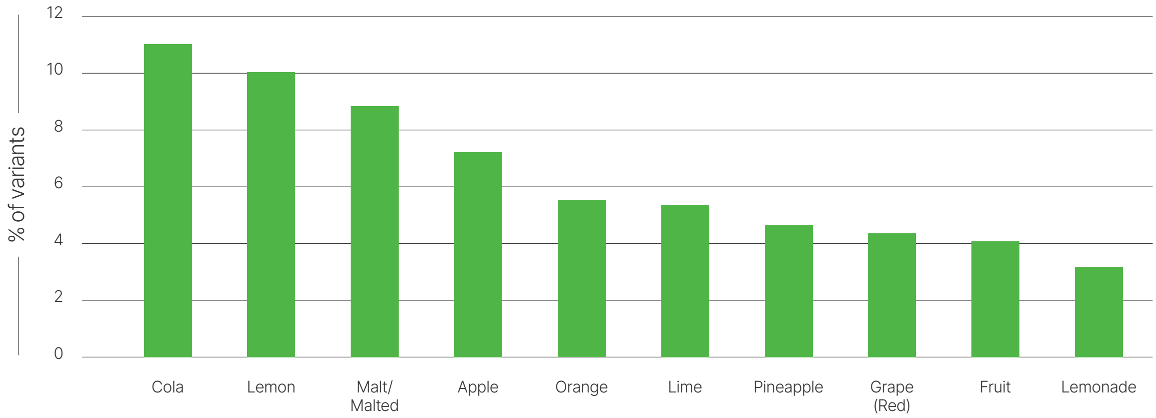
5.3 Balancing value and natural equity

As a premium product, 100% juice is more vulnerable to price sensitivity. To remain competitive, brands must balance clean-label integrity and functional value with accessible formats and portion sizes — especially in emerging markets where health remains a top purchase driver.

6. MEA Region: growth anchored in health and function

While **cola** remains a dominant flavour in Europe and globally, MEA markets are witnessing a broader exploration of flavour profiles in carbonated soft drinks. Brands are introducing **bold**, **culturally relevant**, **and novel flavours** to attract adventurous consumers. This flavour innovation is designed to appeal to a **younger audience**, many of whom are seeking **new taste experiences** that diverge from Western staples.

Flavour positioning in CSDs, Top 10, 2023-2025



Source: Mintel

Health and wellness positioning

Sugar, caffeine, and artificial ingredients are growing concerns across the region. In response, brands are rapidly expanding their **sugar-free** and **low-calorie** offerings. Many new CSDs highlight **natural functional ingredients** such as ginseng or chamomile.

These additions allow brands to reposition carbonated drinks as more than just indulgent refreshments — transforming them into **lifestyle products** with added value.

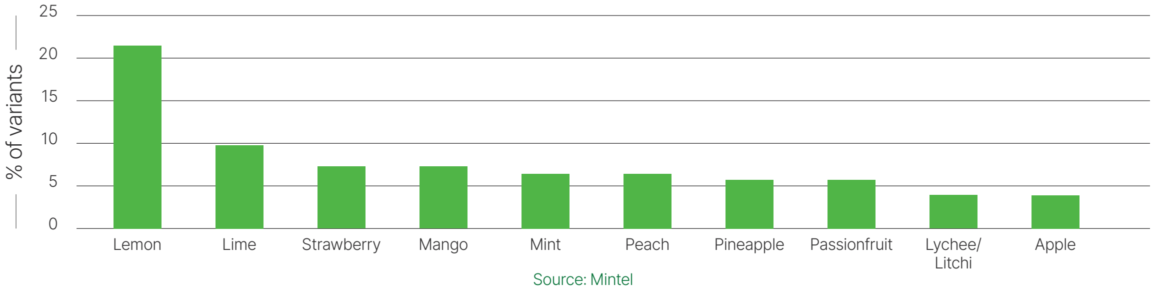
Premiumization and visual identity

Younger, more affluent consumers are drawn to **premium packaging**, modern aesthetics, and **international flavour inspiration**. This is encouraging the use of upscale materials, vibrant labelling, and eco-conscious packaging designs — reinforcing product value and shelf impact.

6.3 Functional refreshments: waters & teas

Flavoured waters, while less established than in Europe, are **gaining traction** in the MEA region due to rising health consciousness. Products featuring **vitamin enrichment**, **mineral fortification**, and **natural fruit infusions** are finding favour with consumers who seek hydration solutions that go beyond plain water.

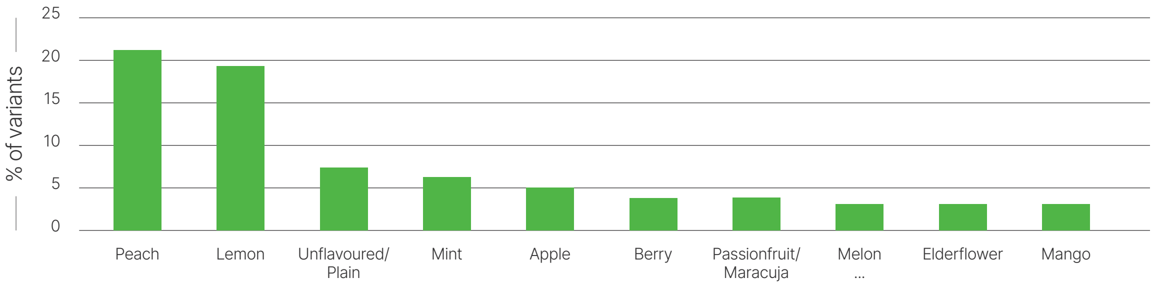
Flavour positioning in Flavoured Waters, top 10, 2023-2025



Source: Mintel

Iced tea is also evolving, with brands leaning into **herbal and botanical blends** that appeal to both traditional preferences and wellness trends. Leading claims in the region include antioxidant content, beauty support, and general health and immune boosting.

Flavour positioning in Iced Teas, top 10, 2023-2025



Source: Mintel

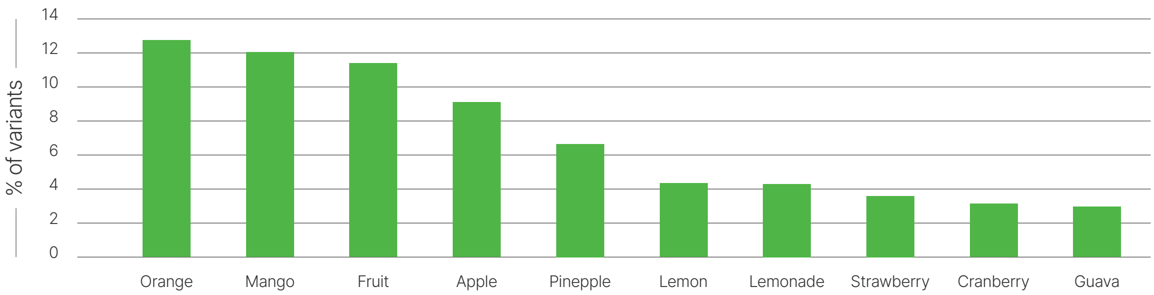
Consumers, particularly in **Nigeria and South Africa**, show strong alignment with label transparency, and there is widespread public support for **government-backed health education and warning labels** — especially concerning children's nutrition.

6.4 Accessible wellness: flavoured still drinks

Flavoured still drinks are well positioned as **cost-effective**, **flavourful alternatives** to 100% juice. While only a small percentage currently make "all natural" claims, there is a clear trend toward **free-from preservatives**, **colourings and artificial flavourings**.

These attributes align with the region's demand for **recognizable**, **trustworthy ingredients**. There is also an emerging opportunity for **limited-edition flavours** and **seasonal innovation**, which are still underutilized but could serve as a differentiation strategy.

Flavour positioning in Fruit/Flavoured Still Drinks, top 10, 2023-2025



Source: Mintel

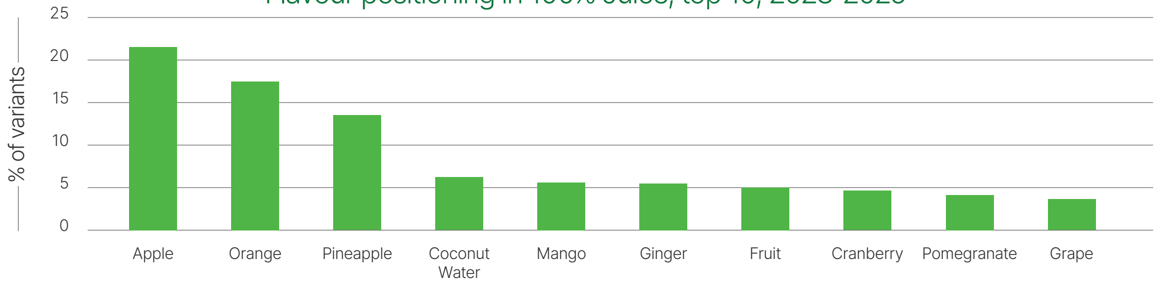
Ethical and environmental concerns are gaining ground: **31–38% of MEA consumers** report that social responsibility and sustainability claims impact their purchasing decisions — providing room for **brand storytelling around sourcing**, **community engagement**, and **eco-impact**.

6.5 100% Juice: naturalness driving relevance

After a period of stagnation, the **chilled 100% juice segment** is returning to growth in MEA, driven by rising awareness of health benefits and a preference for **natural**, **preservative-free beverages**. However, shelf-stable products still dominate in terms of **distribution and availability**.

Across Nigeria, Saudi Arabia, and South Africa, between **63% and 82% of consumers** say that health benefits are the **most important factor** in food and drink decisions. Additionally, **natural ingredients** are important for **58–73%** of shoppers, reinforcing the relevance of clean-label positioning in juice.

Flavour positioning in 100% Juice, top 10, 2023-2025



Source: Mintel

6.6 Strategic growth areas

The MEA region offers high-growth potential for beverage companies that can successfully navigate **economic sensitivity** while delivering on health, flavour, and trust. Key opportunities include:

- **Functional innovation:** Targeting specific health outcomes like immunity, energy, or digestion using local and botanical ingredients
- **Less-sweet alternatives:** Meeting demand for reduced sugar without compromising taste
- **Natural and clean-label differentiation:** Building brand trust through transparency and ingredient simplicity
- **Limited-edition and regionally inspired flavours:** Generating excitement and cultural relevance
- **Sustainability storytelling:** Appealing to socially responsible consumers with clear environmental and ethical credentials.

Conclusion

The non-alcoholic beverage industry is undergoing a profound shift: **health**, **flavour**, and **transparency** are no longer added value — they are core expectations. In the MEA region, where wellness priorities often outweigh price sensitivity, these demands are especially pronounced.

To stay competitive, beverage companies must deliver clear functional benefits — from immunity to focus — while maintaining clean-label integrity and flavour excitement. Innovation is key: **hybrid formats, occasion-based positioning**, and **novel regional ingredients** are essential tools for differentiation.

Affordability remains crucial in emerging markets, but it must be balanced with perceived quality. Tailoring formats, price points, and value messaging can support this equilibrium.

Finally, brands must demonstrate purpose. Ethical sourcing, sustainability, and community alignment are now part of the purchase decision — particularly for younger consumers.

Success will belong to those who can consistently deliver on four pillars: health, taste, simplicity, and purpose.

WHAT'S NEXT?

Discover the future of beverages at **Fi Africa**

The beverage industry in the **MEA Region** is moving fast — shaped by unique **health priorities**, **regional flavour preferences**, and **evolving consumption habits**. This report highlights the most promising directions for innovation.

For visitors at **Food Ingredients Africa**, these insights are just the beginning: the exhibition floor will be a platform to further explore these dynamics through direct interaction and shared expertise.

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