

NPD Watch: US Energy Drinks, Playboy rolls into town

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Energy drink brands are the brash rock 'n' roll rebels of non-alcoholic beverages. This is a category where pretty much anything goes.

In the fast-growing US market, big guns Red Bull, Monster, Rockstar and Full Throttle will be keeping a guarded eye on the newest kid on the block, Playboy Energy. For a market that thrives on shock and awe, the entry of Playboy Energy (Play Beverages LLC) is not too much of a surprise and with energy drinks currently the most dynamic sector in the US beverages industry, you can see why Mr Hefner and associates have staked a tidy wad of cash. Specifically, according to Euromonitor International's latest figures, US consumption of energy drinks climbed to 1.2 billion litres in 2007, up 27.9% over 2006 and a colossal 424% over 2002 (39.3% CAGR). Crucially, this is a premium soft drinks category that is driven by strong on-trade activity. Total rsp value in the US totalled around US\$7.7 billion last year, which, put in context, amounts to 11% of the total value of the carbonates sector compared with 2% in volume terms. Energy drinks is, therefore, one of the most exciting value-enhancing beverage markets to enter but it is also one of the most vulnerable. That vulnerability lies in fast changing fads and fashions in which brands can disappear as fast as quicksand.

Playboy Energy plays unashamedly on its heritage, with the iconic rabbit blazoned across a black 8.4oz can. Promotional support behind the brand focused on college campuses and trendy nightclubs, which is the ideal haunt for this type of product. During pre-launch in Hollywood, this was a must-have brand to be seen with and herein is an important point - energy drinks are much less about boosting your energy levels and much more about boosting your 'cool' factor. Young and trendy socialites are therefore the sweet spot of the consumer base, and if you can crack that fickle crowd you can win some strong returns on investment. Mixability with alcoholic spirits, especially vodka, is a big driver of volume for the sector as a whole. In fact, in some markets, vodka brands have signed promotional tie-ins with energy drinks brands and there is even one vodka brand, Dutch produced V2, which markets itself as a pre-mixed vodka energy drink, infused with caffeine and taurine. In other markets, the booze factor is kept deliberately low profile. However, whether manufacturers like it or not, the mixer image is a reality of the energy drinks sector and it is the on-premise profile of a brand that can make it or break it.

Innovation is an almost inadequate term for what the energy drinks sector demands. What the sector needs is mega-innovation, or a newness and originality off the scale. There is neither an image nor a formula that should be considered too over-the-top. Of course, the start-up costs can be very high because any brand worth its mettle needs to hit the marketplace all guns blazing. This is not a sector for the faint-hearted. Playboy Energy is arguably one of the most colourful players to hit the market to date and ticks all the boxes in terms of fad appeal. It is currently available in a handful of US cities and will roll out further next month. It will be interesting to monitor how the brand is received after the initial fad-appeal dies down and whether it can sustain itself in a market famous for fly-by-nights. Look out for some interesting new packaging if the brand proves a winner. Â Print this page E-mail a friend For further detail about this article and other related findings, please visitÂ Euromonitor International by clicking here.