

Tonic Water Market Surges: Premiumization Drives Growth

Luxury brands and flavor innovation propel the tonic water market to reach \$1.17 billion by 2027.

WILMINGTON, NEW CASTLE, DELAWARE, UNITED STATES, May 9, 2024 /EINPresswire.com/ -- According to a new report published by Allied Market Research, titled "[Tonic Water Market](#) by Flavor, Packaging form and Distribution Channel: Opportunity Analysis and Industry Forecast, 2021–2027," The global tonic water market was valued at \$805.4 million in

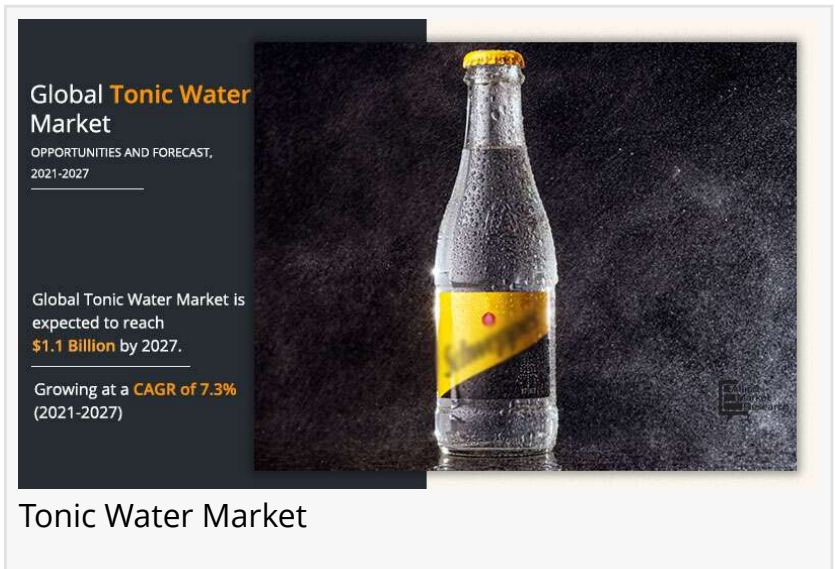
2019 and is projected to reach \$1,168.9 million by 2027, registering a CAGR of 7.3% from 2021 to 2027. The market is expected to exhibit an incremental revenue opportunity of \$363.5 million from 2019 to 2027. The tonic water market is propelled by the rise in demand for tonic water as a result of rise in preference for premium brands. The rising demand for high-premium tonic

waters as a result of change in consumer tastes, rise in standard of living globally and inclination toward innovative products is expected to drive the growth of the global tonic water market.

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Innovation and premiumization are reshaping the tonic water market landscape.”

Allied Market Research



Tonic Water Market

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In order to engage tech-savvy young consumers that seek greater value for money, more personalization, and integrated digital access, luxury tonic water brands have started to develop accurate social media platforms to expand consumer reach. Furthermore, millennia also value quality, authenticity and provenance, and hence are willing to pay more to enjoy them. The young consumers are inclined to experiment with their alcoholic beverages, which has essentially led to the rise in 'cocktail culture'. This culture has further enhanced the usage of mixers as an ingredient, thereby propelling global tonic water market trends.

Market Evolution: Premiumization and Differentiation

Premiumization is a key driver in the market's evolution, particularly as the gin boom levels off. The mixer market is undergoing significant shifts as numerous brands enter the category. However, merely replicating the success of others or pursuing differentiation for its own sake is no longer sufficient. Brands now need to strive for meaningful differentiation to capture fresh interest and stand out in a competitive landscape.

Market Evolution: Tonic and Flavored Mixers

While tonic remains a cornerstone of the mixer market, the focus is no longer solely on the classic G&T. Premiumization trends are reshaping the landscape, favoring high-quality brands with a distinct identity and unique selling proposition. With the surge in popularity of Tequila, mezcal, and rum, there's growing demand for flavored tonics tailored to these spirits, as well as alternative mixers like sodas, ginger beers, and colas. The emergence of innovative flavors, such as citrus, herb, and floral infusions, reflects evolving consumer tastes and preferences.

Market Evolution: Flavor Experimentation and Innovation

Flavor experimentation is driving market growth, offering opportunities for brands to expand their product portfolios and appeal to diverse consumer preferences. From exotic botanicals to fresh fruit infusions and alternative sweeteners, there's a growing appetite for unique and adventurous flavor profiles. However, it's crucial for brands to approach innovation with purpose and direction, avoiding overcomplicated products and prioritizing natural, fresh flavors that resonate with consumers. True innovation goes beyond flavor alone, with brands like BZZD Energy bridging the gap between mixers and energy drinks, catering to health-conscious consumers with naturally caffeinated options sweetened with stevia.

Market Evolution: Ingredient Innovation and Reformulation

Producers are reevaluating traditional ingredients like quinine, seeking alternatives to offer consumers a broader range of options. Some brands are reducing or eliminating quinine from their formulations to create a milder, more herbaceous bitterness that complements a wider variety of spirits. This shift reflects a growing awareness of diverse consumer preferences and the desire to cater to a broader audience beyond traditional G&T drinkers.

Market Evolution: Artistic Packaging and Branding

Artistic flair and packaging innovation play a crucial role in distinguishing brands in a crowded market. The use of bold, eye-catching designs and unconventional packaging formats can help brands stand out and capture consumer attention. The Artisan Drinks Co's artistic approach to packaging, featuring bold art deco illustrations, exemplifies this trend. By offering its mixers in

larger cans, the company enhances convenience for consumers while maintaining a distinct brand identity in a competitive landscape dominated by established players.

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The global tonic water market is also expected to be explored in terms of the development of tonic water produced using organic, natural, and authentic ingredients. With rising consumer consciousness, the demand for beverages produced using organic ingredients is anticipated to grow in the near future. This element creates an opportunity for tonic water manufacturers to expand their consumer base and generate growth avenues.

Owing to the outbreak of the COVID-19 pandemic, there has been a considerable impact on the tonic water market. The on-trade segment has especially been impacted since bars, restaurants, pubs, and breweries have been shut down due to the lockdown and customer visits are entirely restricted. Comparatively, the impact was less likely to be felt on the off-trade sales channel since consumers stockpiled beverages in the initial stages of the lockdown. However, the lockdown has generated a great opportunity for e-commerce channels due to social distancing.

The tonic water market analysis comprises flavor, packaging form, distribution channel, and region. By flavor, the market is bifurcated into plain and flavored. On the basis of packaging form, it is segregated into cartons and bottles. According to the distribution channel, it is classified into on-trade, off-trade, and online retail. Region-wise, the market is studied across North America, Europe, Asia-Pacific, and LAMEA.

On the basis of flavor, the plain category was the dominant segment in 2019 with 58.1% share in the market, owing to the fact that plain tonic water has been traditionally largely consumed as a mixer for alcoholic beverages. However, with changes in tastes and preferences among consumers, the demand for flavored tonic water is expected to grow at a higher CAGR. This shift in demand is anticipated to create widespread flavored tonic water market opportunities.

Depending on packaging form, the bottle segment was the dominant segment in 2019 with a 62.9% share of the market, since they have been one of the most traditional means of packaging tonic water. Plastic bottles were once regarded as the most popular and widely used form of tonic water packaging. However, glass bottles have gained more traction in recent years owing to social elements and the rise of the on-trade segment.

As per the distribution channel, the off-trade segment was the dominant segment in 2019 with a 49.3% share of the tonic water market, since the off-trade sales segment plays a crucial role in terms of quantity selling. The majority of off-trade sales are generated through large supermarket chains. Sales strategies such as in-store promotions, tastings for selective products, membership offers, and many others have enabled the tonic water market to grow sales through this segment.

Region-wise, Europe was the most prominent region in 2019 due to tremendous popularity and substantial consumption of alcoholic beverages in the region. The Europe region is also the highest producer and consumer of tonic water across the globe, with the UK accounting for the maximum global tonic water market share.

By flavor, the plain tonic water segment was the highest contributor to the market, with \$468.0 million in 2019, and is estimated to reach \$655.1 million by 2027, at a CAGR of 6.8% during the forecast period.

By packaging form, the bottles segment was the highest contributor to the market, with \$506.9 million in 2019, and is estimated to reach \$759.9 million by 2027, at a CAGR of 7.7% during the tonic water market forecast period.

By distribution channel, the off-trade segment was the highest contributor to the market, with \$397.4 million in 2019, and is estimated to reach \$540.3 million by 2027, at a CAGR of 6.4% during the forecast period.

In 2019, Europe was the highest revenue contributor, accounting for \$360.8 million, and is estimated to reach \$495.6 million by 2027, with a CAGR of 6.5%.

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