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Energy Drink Market In India - Market Analysis / Case Studies / Share And Growth

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1 Chapter 1: Introduction

Over the last few years, the demand for energy drinks in India has grown rapidly due to changes in the lifestyle of the population; more specifically, the overall urbanization, the young and progressed population of the country with increasing consciousness about their health and convenience in their lifestyles. The market has grown rapidly by changing the consumer's disposable income and the adoption of modern retail and electronic commerce. The demand for energy drinks has grown with the major global brands such as Red Bull and Monster and also other local players have brought in various products for various needs. India's energy drink market has been analyzed focusing on the areas which include the major influencing factors, the market share distribution, and the growth potential in the future (Shruti, Pérez-Guevara, Elizalde-Martínez, & Kutralam-Muniasamy, 2020).

1.1 Background

In this case, energy drinks are among those that have recorded a remarkable increment in their market in India and this is due to the changes in consumer's consumption patterns and lifestyle. In the last ten years, urbanization has increased which has resulted in more people adopting busy schedules and looking for ways to boost energy. The desire for this kind of food has also been boosted by the increasing population of the youth and the enhancement of their disposable incomes. Market reports indicated that the energy drink industry had a compound annual growth rate (CAGR) of 9.22% between 2020 and 2023, and based on the projections this market is expected to rise from about \$0.7 trillion in 2024 to \$1.01 billion by 2030 (Markets, 2024). It is primarily as a result of the expansion of the fitness and active segment that has seen global and local players to bring in various options in the market. The global brands such as Red Bull and Monster dominate the energy drink market while local brands have adapted their beverages to the taste and affordability

of the people in that area. The availability of new formats of retail stores such as convenience stores and e-shops has further helped in increasing the visibility of the products and thus boosting the market. The changes also depict a shift in the consumption pattern towards more functional drinks, this is in line with the new awareness of health in India.

1.2 Research Objectives

The research objectives are given below:

1. To identify key market drivers and barriers.
2. To analyze the competitive landscape and market share distribution.
3. To examine consumer preferences and trends.
4. To explore case studies of leading brands to understand their strategies and market positioning.

1.3 Research Questions

The research seeks to answer the following questions:

1. What are the current market size and growth rate of the energy drink market in India?
2. What factors are driving the demand for energy drinks in India?
3. How are different brands positioning themselves in the market, and what are their market shares?
4. What are the emerging trends and consumer preferences in the energy drink sector?

1.4 Significance of the Study

The findings of this study will be useful to any individual interested in the beverage industry such as producers, promoters, and shareholders. This paper gives relevant information about the dynamics of the energy drink market in India and its prospects for development and possible problems. It then helps business organizations to plan on how to enter the market or when to expand given the existing consumer behavior and market conditions (Rozon, 2024).

1.5 Scope and Limitations

The subject area of this research comprises a comprehensive survey of the Indian energy drink market, its size, and trends share, and competition. To obtain an updated view, the investigation mainly relies on information collected in the last 5 years. However, the study is confined to the nature and quality of the information provided by private firms and the volatility of the market forces brought about by factors like changes in regulations or new trends in health consciousness (Rajan, Vinutha, Brindha, Shukla, & Mishra, 2024).

2 Chapter 2: Literature Review

The consumption of energy drinks has gained much importance in India over the past few years owing to the shift change in the lifestyle of people, their growing consciousness towards health, and the marketing techniques adopted by popular brands. The literature review of this study is a synthesis of knowledge from scholarly articles in the analysis of the market, consumers, regulation, and forecast.

The energy drink market in India has felt the optimism of growth, marked by a compound annual growth rate (CAGR) of 9.22% from the year 2020 to 2023. As for the major drivers of this strong growth trend, these include, among others, the growing urbanization and the gradual enhancement of the consumer's disposable income level that has made energy drinks more affordable across the population. Roy and Mukherjee have cited that the Market size was calculated to be around \$0.74 billion in 2024, thereby implying that the value will increase in the future even without computations for the increase in value in the future 1.01 billion by 2030. This growth is due to the need to consume functional beverages that provide energy fast and help to shed the tiredness, thereby supporting the fast-paced lifestyle of the young working population. Also, there is increased coverage in stores and new modern retail formats which have been cited in industry reports as a key driver of the market (Markets, 2024).

Strategic branding has had a profound impact on the structure and development of the Indian energy drink market: it has allowed major brands to strengthen their positions in it. In the soft drink markets of India and Malaysia, Deshpande (2020) aims to define how strategic branding applies to Coca-Cola where the company seeks to become a TOMB. The review also stresses that brand awareness, continuous advertising, and cultural sensitivity are essential in market domination. Some of the factors that have boosted the sales of Coca-cola in the Indian market include brand association which comes in the form of campaigns that are particular to the consumers and certain regions. This strategy has paved way for energy drink brand companies that want to penetrate a saturated market due to the fact that the behavior of consumers has to be understood well in the given location. Similarly, global brands like Red Bull and Monster have used their brand equity but at the same time have realized that the marketing message needs to be modified to fit the Indian context and as such they have continued to link their brands with sports and other extreme activities, which are preferred by the youth. The global brand recognition and localization of the marketing strategies have proved to be very helpful in attracting and retaining customers and maintaining market leadership (Deshpande, 2020).

The current analysis reveals that Indian customers' perceptions of energy drinks are highly dependent on affective and sensory factors. Mehta et al. (2021) conducted a study on consumers' emotions and facial expressions about the acceptability of energy drinks, where it was found that taste and packaging greatly affected their satisfaction and perception. It is easily seen that products like Red Bull and Monster are associated with superior quality because of the differences in the design of the cans and the taste of the drinks. These brands have effectively used appeal which is related to the sense, as they have the spicy taste and the stylish and attractive design of packages that can influence consumers' emotions. This emotional response is

usually associated with the brand loyalty, and thus sensory marketing plays a significant role in the energy drink industry. In addition, the research established that consumers linked the regular intake of these products with an active and exciting life, which gave the brands a loyal association (Mehta, Sharma, Kanala, Thakur, & Torrico, 2021).

Market Analysis

Kaur, et al., (2019) observed a change in consumers' consumption patterns towards the increase of Healthier Products and Sweetener-Free Natural Energy Drinks. This segment has recorded a rather high growth rate of 17 percent. To this effect, there has been a decline in the share of HFSS food in India from 5% in 2020 to 5.3% in 2023 due to increasing health consciousness among Indian consumers (Markets, 2024). Increased health consciousness especially among young people as the baby boomers' generation and the millennials and Gen Z has pushed for the intake of drinks with natural flavors, less sugar, and vitamin and mineral supplements. These are the youths and the urban people in India who fancy energy drinks due to the perceived effects of increased energy and focus. In addition, there is an added advantage of new and exotic flavors like watermelon and mango which are within the acceptance level of the Indian populace. Supporting this trend is the growing availability of these flavors both in physical and online stores, thus giving consumers many choices (Kaur, et al., 2019).

Social media advertising has become one of the most effective ways through which brands in the industry can reach the target market, which mainly consists of the youthful population. A study by Thakur, Roy, and Ray (2020) also explored the effects of Social Media Advertising on the Indian energy drink market and indicated that major social media platforms such as Instagram and Facebook play a crucial role in influencing the buyer's paradigm and boosting sales. Therefore, the social media strategies of user-generated content and influencer collaborations were identified to have a significant importance of increasing brand awareness and authority among the youth. Admirers tend to associate themselves with the brand's spirit and liveliness, which makes the younger population a favorite target for marketers. The sharing of information is easily done on social media hence making the campaigns go viral which in turn makes the social media platforms an essential tool in the marketing of energy drinks. Apart from increasing brand exposure, such an approach also involves consumers in real-time, memorable, and stimulating brand encounters (Thakur, Roy, & Ray, 2020).

It is also important to note that the dynamic consumer influence as regards the lifestyle and general health consciousness is the major determinant of the soft drinks market and the energy drink segment in particular. Poranki and AbulKhair (2018) also talk about how the changes in customer requirements, including the tendencies towards the consumption of healthy drinks, are influencing the markets. The study also captures the growth of the niche market with consumers' preference for natural and sugar-free energy drinks due to the growing health-consciousness. This transition is apparent with an increase in the consumption of foods with organic or all-natural claims, less sugar, and containing vitamins or electrolytes. To address such preferences, brands are now engaging in innovation and have come up with several products that satisfy the needs of the

health-conscious population. This trend not only extends the market target but also establishes energy drinks as a healthy beverage for consumer who are concerned with their health (Poranki & AbulKhair, 2018).

Red Bull, the first energy drink, launched in India in the year 2009 and captured the market soon. Extending from its brand image, Red Bull adopted the right marketing techniques such as sponsoring extreme sports and having bright-colored packaging to appeal to the youth of India.

Case Study: The Energy Drink market in India is currently estimated to be about INR 15 billion in 2023 and is expanding at the rate of 17% CAGR. 2%. Red Bull still holds a 40 % share of the market attributable to this they have not deviated from their brand image and are always associated with youth activities. The pricing strategy of Red Bull is set at a higher level than local brands such as Cloud 9 and Tzinga, however, this factor has not affected the company's expansion. However, it has strengthened an understanding of quality and the concept of the 'only,' which is closely associated with quality. It has only improved the brand 's association with the youth due to modern and creative digital marketing techniques such as social media influencer marketing (Arslan, 2023).

3 Chapter 3: Research Methodology

3.1 Research Design

The research uses a qualitative research approach to understand the trends and dynamics of the energy drink market in India, which includes market study, case study, market position, and market trend and growth. Such a design is used to acquire qualitative information about customers' behavior, advertising approaches, and market environment that could be hard to identify using only numerical data. In the research process, the participants will be interviewed through semi-structured interviews; the participants will be the marketing professionals, distributors, and retailers within the energy drink industry and the participants will be five in number (Somers & Svatikova, 2020). This strategy enables one to gather a massive amount of detailed information that offers deep insights into the market.

3.2 Data Collection Methods

Semi-structured interviews were employed in data collection since they offer the researcher the ability to ask a set of questions while at the same time allowing for new topics to be introduced mid-interview. These questions were formulated in the form of broad questions that allowed the interviewers to gather as much information as possible about the market situation in the relevant markets, customers' preferences, competitors' strategies, and the role of branding in customer decisions (Chua, et al., 2020). The study employed purposive sampling to recruit participants to increase the probability of having diverse views from different industry stakeholders. Every interview lasted between 45 minutes and one hour and was audio-taped and transcribed to ensure that all the participants' responses were captured.

3.3 Data Analysis Techniques

The collected data was analyzed using thematic analysis, a technique that is used especially in identifying, describing and reporting of patterns in qualitative data. The analysis process involved several steps: reading of the data several times, identifying interesting features of the data across the cases, and grouping the codes into possible themes. The above-mentioned themes were then scrutinized and reviewed to correspond with the data findings and meet the research questions (Cong, Bremer, & Miroso, 2020). The method of thematic analysis was chosen because it is appropriate for systematically processing large amounts of qualitative data and for determining the patterns and findings that can be used to conclude the study.

3.4 Ethical Considerations

Pertaining to the rights of the participants, strict measures of ethical considerations were observed in this study to maintain the privacy of the participant's data. The participants provided consent and were read the rights of participating in the study, the purpose of the study, and their decision to withdraw from the study at any particular time would not attract any consequence (Wee, et al., 2021). By design, the participants' identity was concealed in the study, and the general findings were presented in a manner that could not be traced to the specific individual. Further, the data collected and analyzed were kept secure and only retrievable by the research team thus adhering to ethical requirements in researching people.

4 Results

4.1 Thematic Analysis

Theme 1: Major segments that are going to fuel demand

Participant One was of the view that energy drink consumers in India are mainly the young adults of between 18 and 30 years of age, and their purchase is occasioned by the desire to gain more energy and to also be able to concentrate better. Participant Two concurred with the former saying that college students and early professionals are a critical group because of the busy schedules and stress they go through. Participant Three stressed the increase in popularity of energy drinks among those persons, who exercise and build up their muscles, as well as athletes who enhance their performance and recovery with the help of these products. Participant Four said that urban centers witness higher consumption rates, which is in agreement with the fast pace of life in urban settings. Participant Five said that though the targeted group remains young people, there is a sharp increase in middle-aged people who require energy to fight their tiredness.

Theme 2: Brand Positioning Strategies

Participant One also noted that companies like Red Bull are marketing their brands as being luxurious, linked to sports that are considered risky and vigor. Participant Two also pointed out how Monster and similar brands focus on their bigger, 'better value' packs and appeal to a wider audience. Participant Three stated that the local brands tend to emphasize low prices as well as catering to clients with a narrow budget. Participant Four noted that some brands employ endorsement by celebrities to improve their image and appeal to the youth.

Participant Five elaborated on how begin-ups enter the market and choose to market their products as having different flavors and healthier formulations compared to established brands.

Theme 3: Impact of the Existing Health Trend and Policy Regulations

Participant One noted that due to the growing concern on health, there are low sugar energy drinks with added vitamins. Participant Two also stated that new regulations are making brands to declare the list of ingredients more freely and also reducing the amount of caffeine in the products. According to Participant Three, there is the awareness of healthy formulations that has seen the use of natural and organic ingredients. Participant Four also noted that brands are starting to shift, meaning that they are beginning to see health as something that must be marketed and thus brands contain fewer calories or have added some functional value. Participant Five also noted that pervasive regulation has also led to more careful promotional strategies in order not to given misleading, health information.

Theme 4: Role of Distribution Channels

Participant One explained that physical stores still matter and are relevant for the acquisition of retail consumer goods especially in urban areas that are characterized by convenience. Participant Two highlighted the aspect of absolute reliance on the emerging online platforms that cover almost all the brands and have convenient delivery mechanisms. Participant Three stressed that amazon and Flipkart and similar online portals have become increasingly important as the tech-savvy consumer is reached. Participant Four noted that some brands promote their products through both ‘bricks and mortar’ shops, and e-shops. Participant Five was quite clear in pointing out convenience stores and gyms as the channel that would be relevant to the targeted customers.

Theme 5: Innovation as the basis of Future Development

Participant One described the following as probable future innovations: the increase in the incorporation of natural ingredients in products and the creation of products that are formulated to the person’s health profile. Participant two argued that sustainability and packaging that is friendly to the environment will be a popular trend as the people become conscious with the environment. Participant Three expected that innovation was to be made on the flavors and that there were to be functional drinks with extra benefits to the body. Participant Four added that marketing strategies will continuously tap into the utilization of social media and influencer agreements to appeal to the younger audience. A new distribution channel was described by Participant Five, which refers to subscription services that deliver energy drinks to consumers periodically.

5 Conclusion

The Indian energy drink market is characterized by continuous changes in trends and consumer choice, competitive brand planning, and existing and emerging policies. Based on the analysis, it is concluded that the target consumers are young adults 18-30 of age, in college, employed, and health-conscious individuals

who engage in the gym or fitness activities. Lifestyles associated with the large consumption of energy bars include those of the urban population, mainly because of the fast pace of life in towns and cities; middle-aged are also becoming conscious consumers, in search of energy boosters. Different positioning strategies are used, while Red Bull uses premium, energetic associations for a worldwide recognized brand, Monster uses value-for-money associations on the packaging. Local brands always use the pricing factor as their strategy, while new entrants may cover different flavors and healthy products. New diet trends and policies of the governments regarding healthy products have forced the brand to come up with less sugar products, natural products, and clear labeling of the products, which are examples of the shift towards a healthier lifestyle.

Market outlets are very important in determining the success of a business. Physical stores remain relevant, especially for the conventional products sold in urban areas, but new economy internet-enabled platforms and online retailers are more relevant when it comes to reaching the technologically savvy generation. The approach of using both the retail stores and online shops, as well as specific target points of sale that include convenience stores and gyms helps make the brand more available and easily reached. Future development of energy drinks in India will depend on the new directions of natural products, green containers, and tailored blends. Concerning audience targeting, social media and influencer marketing will be more relevant to address young people while new delivery channels like subscription services may create extra opportunities to expand a market.

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Appendix

Interview Questions

- What are the key demographic segments driving the demand for energy drinks in India?
- How do different energy drink brands position themselves in the Indian market?
- How have health trends and regulatory policies influenced the formulation and marketing of energy drinks in India?
- What role do various distribution channels (e.g., retail stores, online platforms) play in the success of energy drink brands in India?
- What innovations in product development or marketing do you foresee as critical for the future growth of the energy drink market in India?

