U.S. Soda Sales Drop to 1995 Lows

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In this Feb. 11, 2014 file photo, thousands of empty and crushed soda cans build up on a conveyer belt near the end of the line at Tennis Sanitation in Saint Paul Park, Minn. Americans cut back on soda again in 2013, extending a trend that began nearly a decade ago. U.S. sales volume of carbonated soft drinks fell 3 percent in 2013, according to an annual report by Beverage Digest, an industry tracker.
(AP Photo/The St. Paul Pioneer Press, John Doman)

NEW YORK (AP) — Americans cut back on soda at an accelerated pace last year, extending a slow retreat from the category that began nearly a decade ago.

U.S. sales volume of carbonated soft drinks fell 3 percent in 2013, according to a report released Monday by Beverage Digest, an industry tracker. That represents a steeper drop than the 1.2 percent decline in 2012 and brings total soda volume to the lowest level since 1995.

The latest numbers underscore the daunting challenge Coca-Cola Co. [1] and PepsiCo Inc. [2] face in turning around the category, despite their plans to intensify marketing and introduce versions of their flagship sodas made with natural, low-calorie sweeteners.

While carbonated soft drinks still represent the biggest category in the beverage industry, alternatives such as energy drinks and flavored waters have slowly chipped away at the popularity of longtime favorites like Coke, Pepsi and Dr Pepper.

Soda's image has also taken a beating, with public health advocates blaming it for fueling weight gain.

Even diet sodas are suffering. Last year, for instance, sales volume for Diet Coke and Diet Pepsi suffered steeper declines than their full-calorie counterparts.

"The carbonated category is in need of innovation and innovation quickly," said John Sicher, publisher of Beverage Digest.

Industry executives blame the trend in diet sodas on worries people have about artificial sweeteners. But newer, smaller brands made with artificial sweeteners, such as Sparkling Ice by TalkingRain, have enjoyed strong growth.

Overall, Coca-Cola Co. [3]fared better than rival PepsiCo and saw its soda volume fall 2.2 percent, according to the Beverage Digest. In addition to its namesake soda, Coca-Cola owns Sprite and Fanta.

PepsiCo Inc. [4], which makes Mountain Dew, saw volume fall 4.4 percent. That was despite the company's stepped up marketing for Pepsi, including sponsorship of the Super Bowl halftime show for the past two years.

Overall, the declines in the soda category mean that 1.2 billion cases have been wiped from the industry since 1995. Each case represents 192 ounces.

Coke remains the top soda brand, followed by Diet Coke at No. 2, Pepsi at No. 3 and Mountain Dew at No. 4. The only new brand in the top 10 was Coke Zero, which displaced Diet Dr Pepper.

Coca-Cola and PepsiCo both make an array of other beverages, including bottled water, orange juice and sports drinks. But sodas still account for a large and lucrative portion of their businesses.

Dan Schafer, a spokesman for Coca-Cola, said the Atlanta company was "committed to returning our overall sparkling business to growth in the U.S."

A representative for PepsiCo, Dave DeCecco, noted that the company's portfolio includes several leading beverages in growth categories, such as Gatorade in sports drinks and Lipton in bottled teas. The company, based in Purchase, N.Y., has noted that it is less dependent on soda sales than rival Coca-Cola.

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