

June 3, 2019

## IS YOUNG CONSUMERS' LOVE OF LA CROIX REALLY FIZZLING OUT?

HEADLINES ARE ANNOUNCING AN END TO MILLENNIALS' LOVE AFFAIR WITH LA CROIX. ARE THEY RIGHT? OUR BRAND TRACKER TELLS THE REAL STORY...

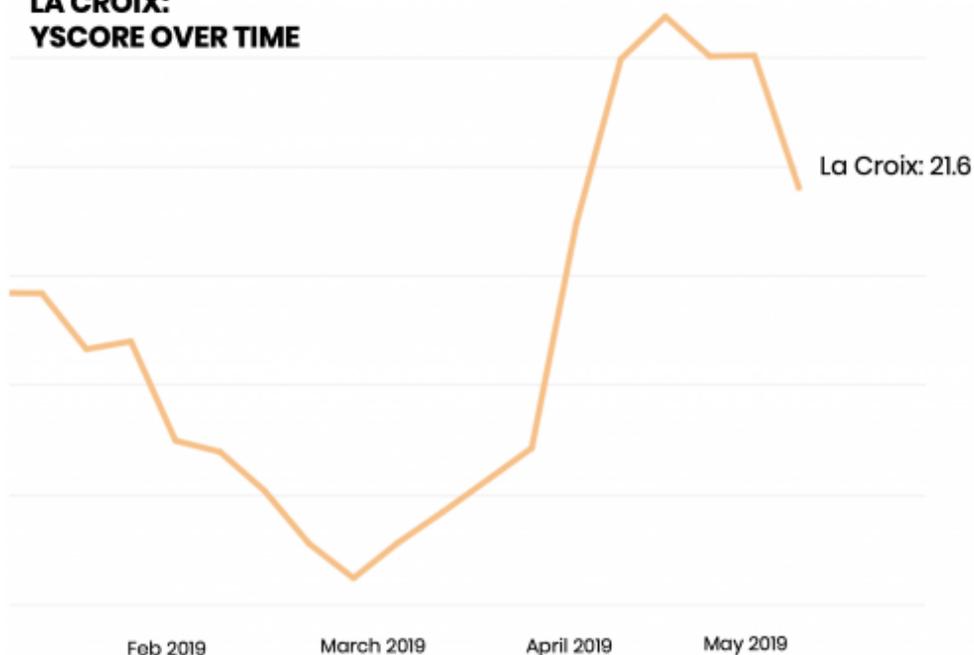
Have you heard the latest shocking sparkling beverage news? According to [CNN Business](#), “LaCroix was the Millennial 'it' brand. Now it has lost its way.” [Bloomberg says](#) that, “LaCroix Seltzer Sales Are in a ‘Free Fall.’” [Vox declares](#), “LaCroix’s era as the coolest seltzer in America is over.” And [Fast Company](#) puts the nail in the coffin with, “[La Croix sales plummet as it becomes another failed experiment in hipster design.](#)” Ouch. All of these headlines would have you believe that young consumers are done with the seltzer that was once a cult favorite, and they all cite a beverage analyst for Guggenheim who [reports that](#) the brand’s sales “have fallen more than 15% in May after tumbling nearly 7% in April, 5% in March and 6% in February.” In response, the stock price for parent company National Beverage has fallen. But are young consumers really over La Croix? We looked to the [YPulse brand tracker](#) to find out what’s really going on—and found it’s not time to carve La Croix’s gravestone just yet.

To take a quick step back, La Croix has actually been around for 30 years, but back in 2015, people [began to notice](#) that the small soda brand was seeing sales explode— thanks to Millennials. The brand has [credited social media](#) for the surge in their popularity among young consumers. From the beginning, [Fortune](#) reports that the brand avoided traditional advertising and their bright packaging was a major part of creating their cult appeal. Those [Instagrammable](#) pastel cans are perfect fodder for feeds, and their “vast network of micro-influencers” made sure no Millennial could miss them. The brand also benefitted from a significant increase in sparkling water’s popularity, as young consumers sought out healthy alternatives to soda. Sales of sparkling water, one of [Millennials’ favorite things to drink](#), more than doubled between 2013 and 2017. National Beverage reported they saw profits rise “from \$49.3 million to \$107 million” between 2015 and 2017.

But in response to their massive success with Millennials, competition for La Croix has increased significantly in a relatively short amount of time, with many big brands launching their own La Croix competitors. In fact, we even dubbed this phenomenon [The La Croix Effect](#), tracking some of the La Croix copycats entering the market from brands like Pepsi, Coca-Cola, and Corona. Last year, even Kool-Aid [rolled out](#) Kool-Aid Sparklers, a low-sugar, sparkling canned drink made for older kids and teens.

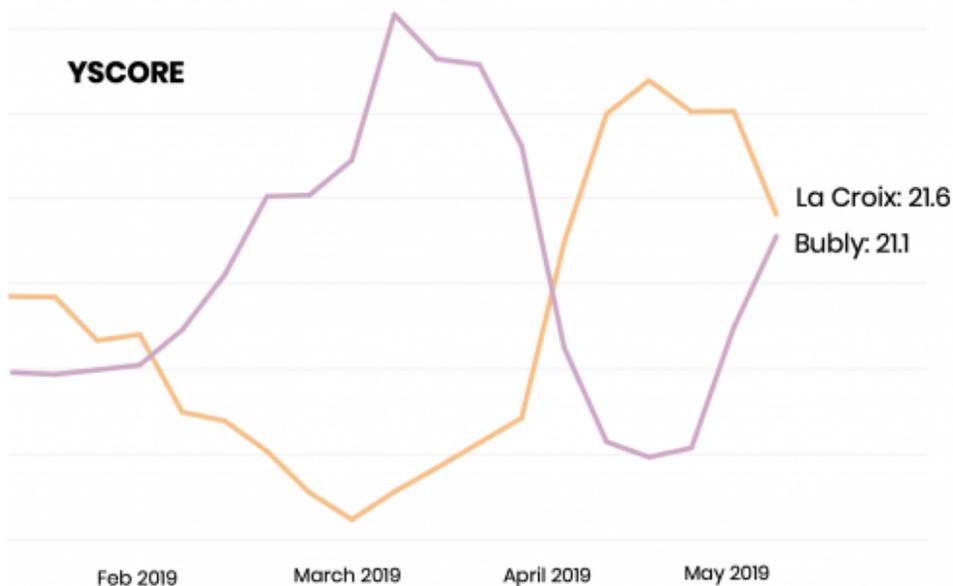
It makes sense that in this new environment, with multiple direct competitors being launched in the last two years, sales for La Croix would take a hit. But declarations that young consumers are done with the brand don’t hold up. Our brand tracker monitors young consumers’ affinity for over 400 brands, across 16 core diagnostics (like whether a brand is trustworthy, supports causes, is recommended to others, and has a bright future, as just a few examples). The Yscore aggregates performance across these 16 measures to determine a brand's success among young consumers. We first looked at La Croix's Yscore over time among 18-36-year-olds (since Millennials were credited for their success, and now by many for their “downfall”). Here’s what we found:

## LA CROIX: YSCORE OVER TIME



While La Croix's Yscore has seen a recent dip, it's actually been on an upwards trajectory overall in the last few months, and is currently at a higher point than it was at the start of the year. It appears that while their sales may be suffering, their standing with Millennials is not currently in a "free fall"—which indicates that they may be having some bad quarters but still have a chance to win back customers. We get an even better idea at what's going on when we compare La Croix to one of the brands created to compete with them. In February of 2018, Pepsi launched their La Croix competitor, Bubly, an Instagrammable sparkling water brand sold in bright, cheerful cans featuring personalized messages. Here we compare Bubly's Yscore over time to La Croix's:

## YSCORE

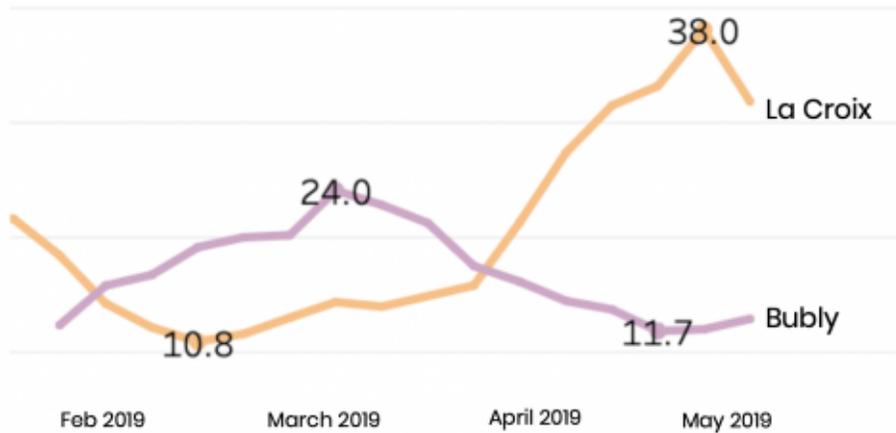


The impact of the sparkling competition here is clear. La Croix's dip in Yscore directly correlates with Bubly's surge in brand affinity—which took place right after their first major Super Bowl campaign. We wrote about the marketing move in our [Brand Tracking the Super Bowl report](#),

where we found that their ad, featuring Michael Bublé, helped increase awareness and positive talk about the brand, and boosted Bubly's Yscore six points—more than any other brand we tracked before and after the big game. At the time, we reported: “the play-on-names ad might not have broken new ground, but it at least made an impression for a brand that needed to get their name out there. Seltzer is a competitive industry—and we're not being sarcastic.”

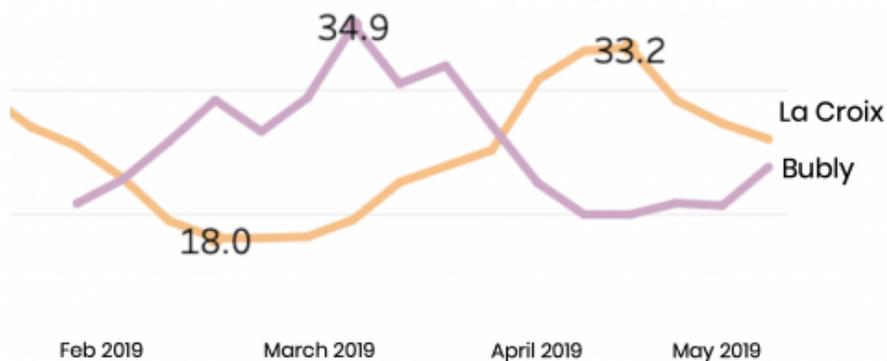
The increase in awareness and positive perception around one of their big competitors put a dent in La Croix's standing, but in more recent months, they actually surpassed Bubly's Yscore once again, and now the two brands are reaching even ground. Things look even more positive for La Croix when we look at a few specific dimensions. Here we have their “popular” score compared to Bubly's:

## POPULAR



The scores here are based on the question, “Which of the following are POPULAR among you and your friends?”—and we can see that La Croix still beats out Bubly in this area. Again, Bubly saw an increase in their popularity after the Super Bowl, but La Croix has since regained that lost ground. We see the same pattern play out when we look at the brands' scores for the vital question, “Which of the following would you USE, BUY OR BUY FROM in the future?”

## WILL USE/BUY



This "will use/buy" score is a key metric in determining a brand's success with young

consumers. La Croix has more competition to contend with, and their scores are fluctuating in response, but right now, their "will/use buy" score is healthier than Bubly's, and it's at a higher point than it was in February or March, key months cited in that headline-spawning Guggenheim report. The bottom line is, yes, La Croix is not the only sparkly brand in town anymore, but we wouldn't count them out—and Millennials are still interested in them.

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