
Image Source: Shutterstock

The Cold Revolution: Navigating the Transformation of Foodservice Beverages

David Henkes, Senior Principal

The foodservice nonalcohol beverage market demonstrated remarkable resilience in 2025, reaching $264.1 billion in consumer spending despite facing industrywide challenges. While overall volume (defined as finished gallons) declined slightly by 0.6%, the market continues to evolve with cold beverages emerging as the primary growth driver, fundamentally reshaping consumption patterns and operator strategies across all segments. This transformation represents not just a temporary shift, but a structural change in how consumers engage with beverages in foodservice settings.

Technomic by informa

The Cold Beverage Revolution

The foodservice beverage market achieved significant scale in 2025, establishing itself as a cornerstone of the industry. Consumer spending reached $264.1 billion, which commands 23% of total foodservice industry sales and making it a critical component of operator profitability and consumer satisfaction.

The market's performance in 2025 revealed interesting dynamics. Consumer spending on all beverages grew by 2.7%, slightly trailing the total industry growth of 3.0%, while volume declined by 0.6% compared to a 0.1% decline across the broader industry. However, these aggregate numbers mask a more nuanced story. Cold beverage spending surged by 3.4%, significantly outpacing hot beverage spending growth of just 1.2%. This divergence underscores the fundamental shift occurring within the category, where innovation and consumer preference are driving cold beverages to the forefront of market growth. This sustained growth reflects fundamental shifts in consumer preferences toward refreshing, customizable and innovative beverage options that align with modern lifestyles and consumption occasions.

The five-year growth trajectory tells a compelling story of sustained momentum within cold beverages. While the growth rate has moderated as the market matured and normalized, the consistency of outperformance demonstrates that this is not a temporary phenomenon but rather a structural shift in consumer behavior. Cold beverages have become the default choice for an increasing number of occasions, driven by their versatility, perceived refreshment value and alignment with on-the-go lifestyles.

Cold beverage spending surged by 3.4%.

Format Evolution: Single-Serve Dominance

Single-serve beverages emerged as the clear growth format in 2025, up 1.0% in finished gallon volume and significantly outperforming the industry. This growth contrasts with dispensed formats, which declined slightly, particularly in hot beverages. The shift toward single-serve reflects multiple converging trends: consumer demand for convenience and consistency, perceived value and quality, and operator concerns about labor intensity and waste management.

Within hot beverages, coffee pods represented the only format with positive growth, at 2.0%, while traditional dispensed hot beverages struggled. The cold beverage segment showed even more dramatic format evolution, with fresh and scratch preparations gaining ground across cold coffee drinks, smoothies, iced teas and lemonades. These fresh-prepared cold beverages command premium pricing while delivering the customization and quality that consumers increasingly expect. The format shift also addresses operational realities, as single-serve options often reduce waste, simplify inventory management and provide more consistent quality with less training required.

Image Source: Shutterstock

Growth Drivers and Trends

INNOVATION IN COLD COFFEE

Cold coffee represents the fastest-growing major beverage category, with volume up 3.4% in 2025. The category benefits from multiple tailwinds that position it for continued growth. Menu innovation has exploded, with operators offering cold brew, nitro cold brew, specialty iced drinks and creative flavor combinations that appeal to adventurous consumers. These innovations command premium pricing, with cold coffee drinks often priced 20%-30% higher than traditional hot coffee, driving both revenue and margin expansion.

The category also benefits from year-round consumption patterns, breaking free from the seasonal constraints that once limited iced coffee to summer months. Younger consumers, particularly Gen Zers and millennials, have embraced cold coffee as their preferred format, viewing it as more refreshing, versatile and aligned with their lifestyles. The customization appeal is significant, as cold coffee platforms easily accommodate flavor shots, alternative milks, sweetener options and toppings, allowing consumers to create personalized beverages that reflect their preferences and dietary needs.

REFRESHERS

The “refresher” category has been a significant driver of growth, although pinning down exactly what these beverages are can sometimes be difficult. In general, they are noncarbonated, noncoffee drinks that are often using lemonade or tea as a base, typically with colorful fruit flavorings. These beverages appeal strongly to Gen Zers and millennials who are drinking less alcohol while seeking refreshing, photogenic and better-for-you alternatives to traditional sodas or heavy coffee drinks. For operators, these beverages deliver strong profitability through premium pricing, customization (which boosts attachment rates and check size), and versatility across dayparts, while aligning with broader trends toward functional, visually appealing and shareable beverages that feel indulgent yet lighter.

HEALTH AND WELLNESS POSITIONING

Several high-growth categories align with health and wellness trends, capturing consumer interest in functional beverages that deliver benefits beyond basic refreshment. Energy drink growth has been driven by consumer demand for convenient energy solutions, as well as the proliferation of new brands and flavors. Enhanced water continues to grow due to health-conscious consumers seeking hydration with added vitamins, minerals or electrolytes. Smoothies have also done well, positioning themselves as nutritious meal replacements or snacks.

These categories succeed by addressing consumer desires for beverages that contribute to their health and wellness goals. Whether providing energy, hydration, nutrition or functional benefits, these beverages command premium pricing while delivering perceived value that justifies the cost. The health and wellness positioning also aligns with broader societal trends toward preventive health, clean labels and transparency in ingredients.

Image Source: Shutterstock

PREMIUMIZATION AND VALUE PERCEPTION

Despite volume challenges, spending growth outpaces volume growth across most categories, indicating successful premiumization strategies. Consumers demonstrate willingness to pay more for specialty and craft beverages, customization options, perceived quality ingredients and unique flavor profiles. This premiumization trend reflects a fundamental shift in how consumers value beverages, moving beyond simple refreshment to viewing beverages as experiences worth paying for.

CONVENIENCE AND PORTABILITY

The dominance of single-serve formats and strong performance in convenience-oriented segments underscore the importance of grab-and-go options in modern beverage consumption. While dine-in still accounts for 61% of beverage sales, alternative formats are gaining share rapidly. Takeout represents 16% of beverage sales, delivery another 16% and drive-thru 7% overall (rising to 28% among operators offering drive-thru service). This shift reflects changing consumer lifestyles, where beverages increasingly serve as portable companions to busy days rather than sit-down accompaniments to meals.

The convenience trend has profound implications for beverage program design. Operators must ensure their beverages travel well, maintain quality during transport and provide satisfying experiences even when consumed away from the point of purchase. This has driven innovation in packaging, formulation and service models, with successful operators designing beverage programs specifically optimized for off-premise consumption rather than simply adapting dine-in offerings.

Market Outlook: 2025-2030

Technomic projects continued growth for the foodservice beverage market through 2030, with cold beverages driving virtually all performance gains. The total market is expected to reach 12.8 billion finished gallons by 2030, representing a compound annual growth rate of 1.4% in real terms. However, this aggregate figure masks significant divergence between hot and cold beverages, with cold beverages projected to grow at 1.9% annually and hot beverages to remain essentially flat at 0.1% growth.

This forecast reflects several underlying assumptions about consumer behavior, market dynamics and competitive forces. The continued shift toward cold beverages is expected to persist, driven by generational preferences, innovation momentum and the versatility of cold platforms. Hot beverages will face ongoing challenges from changing consumption patterns, though specialty coffee will provide some offset to declines in regular coffee. The overall market will benefit from population growth, increasing away-from-home consumption occasions and successful premiumization strategies, though these positives will be partially offset by ongoing traffic challenges in certain segments.

Image Source: Shutterstock

Final Thoughts

The foodservice nonalcohol beverage market stands at an inflection point, where traditional patterns are giving way to new realities driven by changing consumer preferences, operational imperatives and innovation momentum. While overall volume faces headwinds from broader industry traffic challenges, the category demonstrates remarkable adaptability through premiumization, innovation and format evolution. Cold beverages have emerged as the undisputed growth engine, with cold coffee leading a broader transformation in consumer preferences that shows no signs of abating.

Success in this evolving landscape requires operators and suppliers to embrace complexity, balancing operational efficiency with consumer demand for variety, managing costs while pursuing premiumization, and investing in innovation while addressing fundamental challenges like waste and equipment maintenance. The operators and suppliers who navigate these tensions most effectively will capture disproportionate share of growth and profitability in the years ahead.

As the market evolves, beverages will continue to play an increasingly strategic role in foodservice success, not merely as accompaniments to food but as destination categories driving traffic, loyalty and profitability. The operators who recognize this reality and invest accordingly will find themselves well-positioned to thrive in an increasingly competitive and dynamic market. The beverage category's combination of growth, profitability and innovation potential makes it one of the most compelling opportunities in foodservice, deserving of strategic focus and investment from operators, suppliers and investors alike.

Image Source: Shutterstock

Technomic
by informa

Since 1966, we have produced in-depth research focused on the foodservice industry.

We provide insights into consumer, industry and menu trends in the U.S., Canada and 23 markets around the world. Our team of experts helps leaders in the industry make complex business decisions, set strategy and stay ahead of the curve.