

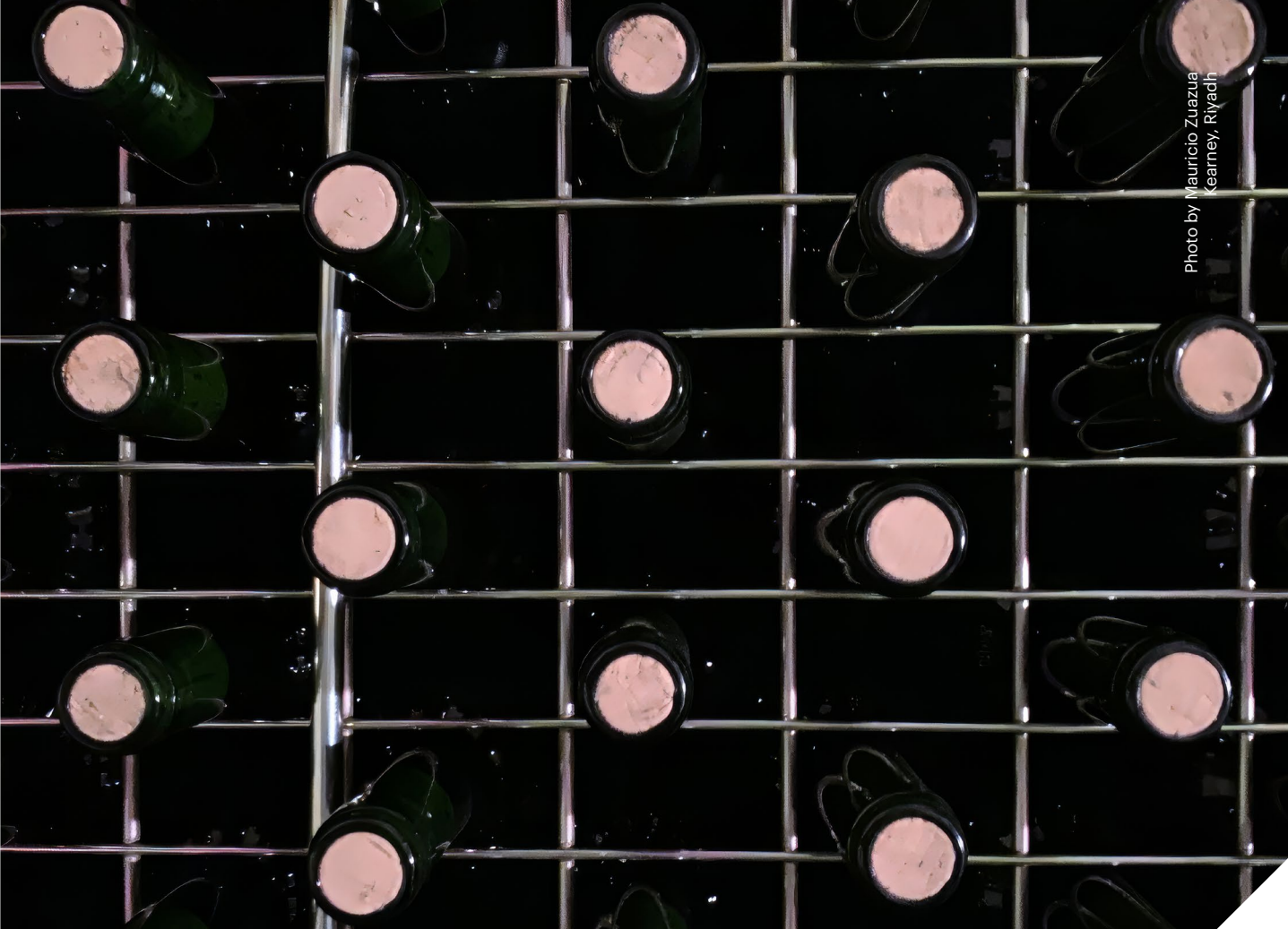


Photo by Mauricio Zuzua
Kearney, Riyadh

Achieving net
zero in beverages:
still a long way
to go

KEARNEY

The industry is in real danger of failing to meet sustainability targets, but the leading companies are pointing the way.

As global climate targets such as those established by the Paris Agreement loom closer, the beverage industry is under mounting pressure to translate its sustainability commitments into measurable emissions reductions. Although many companies have publicly declared ambitious net zero goals for 2030 and 2050, our latest research reveals that the industry is falling short of the pace required to meet them.

To shed light on the gap between ambition and action, we combined a deep-dive emissions analysis with a targeted survey of chief sustainability officers (CSOs) from leading international beverage companies. Together, this research provides a comprehensive view of where the industry stands in terms of both decarbonization outcomes and the strategic methods being used to accelerate progress.

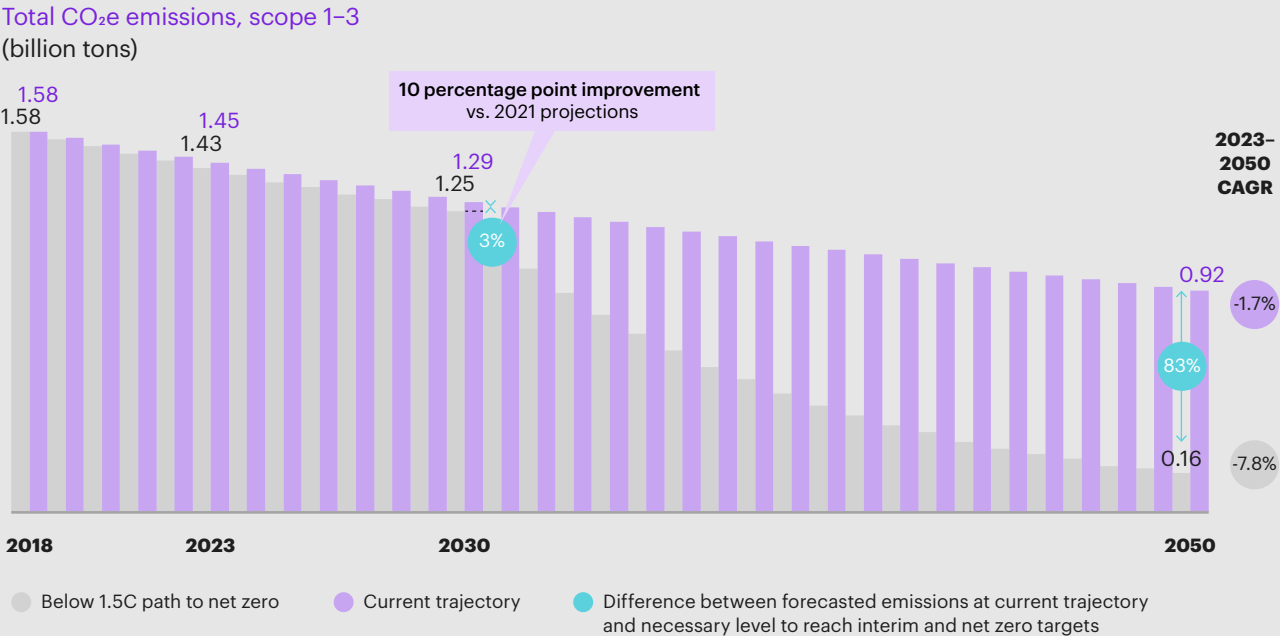
Tracking the carbon footprint: beverage industry emissions

In our previous report, we began tracking the emissions performance of beverage companies and identified a clear call to action: the industry needed to accelerate its decarbonization efforts to stay on course for net zero. This year's analysis, based on 2023 data, shows encouraging signs of progress but also confirms that acceleration is crucial to reach net zero.

Compared with our 2021 projections, the industry has achieved a 10 percentage point improvement, which is a step in the right direction (see figure 1). However, current efforts translate into a -1.7 percent compound annual reduction through 2050, which still falls short of the -7.8 percent annual reduction needed to align with the 1.5°C pathway.

If this pace continues, emissions in 2030 will be about 3 percent above the target of 1.25 billion tons. Looking farther ahead, 2050 emissions are projected at 0.92 billion tons, compared with the net zero-aligned target of 0.16 billion tons—an 83 percent gap that highlights the enormous scale of opportunity.

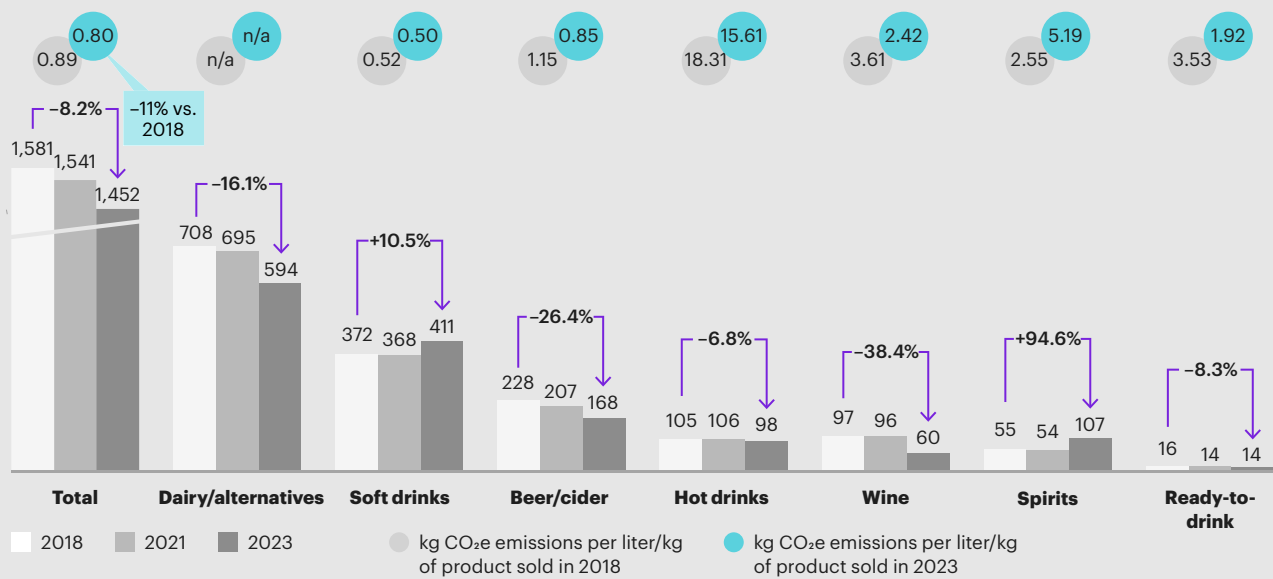
Figure 1
Despite some progress, the beverage industry will need to pick up the pace to reach net zero goals



Note: CO₂e is carbon dioxide equivalent.
Sources: sustainability reports from beverage companies; Kearney analysis

Figure 2
The beverage industry's emissions have been shrinking

Global beverage CO₂e emissions by segment
(million tons, scope 1–3)



Note: CO₂e is carbon dioxide equivalent.
Sources: sustainability reports from beverage companies; Kearney analysis

But there is a positive takeaway: the industry is moving in the right direction, and latest improvements suggests more progress is possible. In 2023, the beverage industry emitted 1.45 billion tons of CO₂e, reflecting an 8.2 percent absolute reduction in emissions since 2018 and an 11 percent improvement in emissions intensity per liter of product sold (see figure 2). This progress indicates that sustainability efforts are beginning to deliver measurable results at scale.

Segment-level trends reveal a combination of laudable achievements in tandem with areas for further improvement. The wine segment led the way with a 38.4 percent reduction, followed by beer and cider (-26.4 percent), dairy and dairy alternatives (-16.1 percent), ready-to-drinks (-8.3 percent), and hot drinks (-6.8 percent). These reductions demonstrate the potential improvements that operational and supply chain optimizations can bring. However, it's noteworthy that some categories, including spirits (+94.6 percent) and soft drinks (+10.5 percent), actually showed emission increases. These rises are largely attributable to improved scope 3 reporting and increased production volume, respectively. The expanded visibility is a positive step toward full value-chain accountability, but it also highlights the difficulty for many beverage companies to decarbonize.

Overall, this trajectory confirms that positive change is possible when decarbonization is embedded across the value chain.

Decarbonization in practice: CSO insights into the strategic ambitions, progress, and challenges

To complement our industry-wide emissions analysis and provide a more nuanced understanding of corporate decarbonization strategies, we conducted a targeted survey of CSOs from selected international beverage companies representing more than \$200 billion in sales. The objective was to assess both the strategic intent and the progress being made toward meeting net zero targets at the company level, thereby enriching the broader industry perspective with insights from practitioners at the forefront of sustainability transformation.

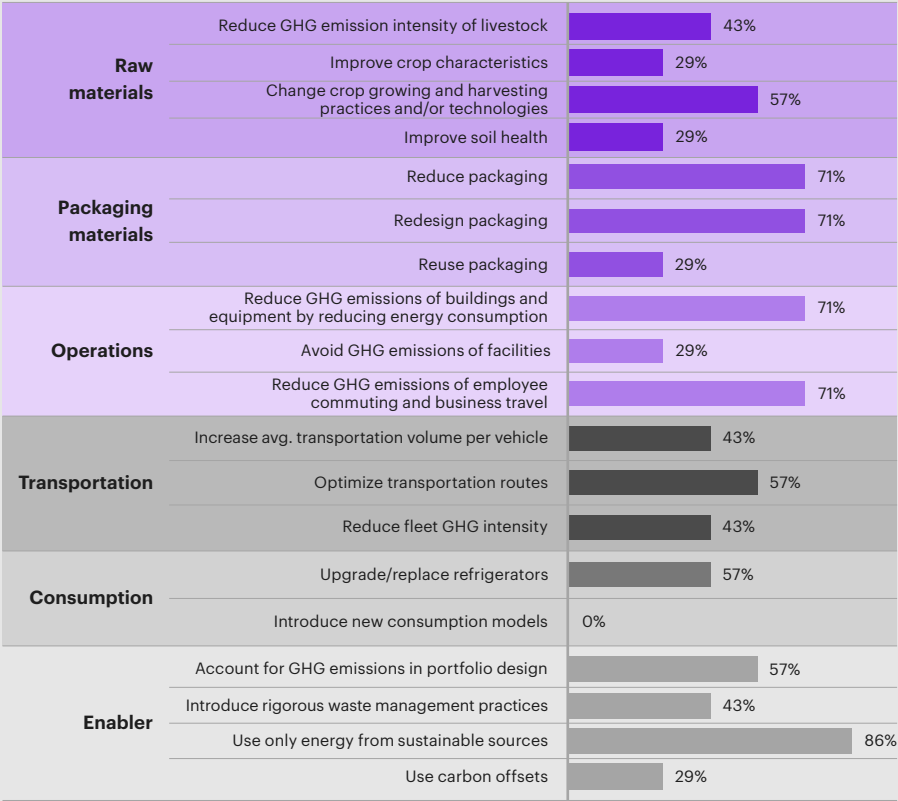
Only 17 percent of the CSOs we surveyed are fully satisfied with their company’s progress on carbon emissions reduction. Most shared that they are only somewhat satisfied, while another 17 percent report being somewhat dissatisfied. This mixed sentiment highlights the internal challenges and uncertainties that beverage companies are facing, even as they pursue increasingly ambitious sustainability agendas.

Confidence in achieving net zero targets by the declared timelines also reflects this ambivalence. While 40 percent of CSOs say they are fully confident in meeting all their targets, 60 percent acknowledge the likelihood of missing at least some of them. These findings point to a growing recognition within the industry that while intentions are strong, the road to net zero is fraught with operational, technical, and financial challenges that still need to be overcome.

Nevertheless, beverage companies are advancing their decarbonization efforts across all scopes of emissions—from direct operations to upstream and downstream activities (see figure 3). In addressing scope 1, 2, and 3 emissions, these businesses are deploying a broad range of reduction initiatives across their value chains. For example, in the sourcing of raw materials, 57 percent of CSOs say they have adopted new crop-growing and harvesting techniques or technologies to lower agricultural emissions. In packaging, 71 percent say they have taken measures to reduce or redesign packaging materials, thereby lowering their embedded carbon footprint.

Figure 3
Beverage companies are working to address their emissions across the value chain

Initiatives already implemented to reduce GHG emissions (share of survey respondents)



Note: GHG is greenhouse gas.
Source: Kearney’s chief sustainability officer study, January 2025

Operational decarbonization is also gaining momentum: 71 percent of participating companies have implemented energy efficiency measures that target buildings and equipment, and they are taking steps to reduce emissions from employee commuting and business travel. In logistics, 57 percent of CSOs are optimizing transportation routes to reduce fuel use and associated emissions. However, when it comes to emissions tied to product consumption, progress appears to be more limited: while 57 percent of companies are investing in upgrading or replacing refrigeration units, none of the surveyed firms report having implemented alternative consumption models to drive systemic reductions at the point of use.

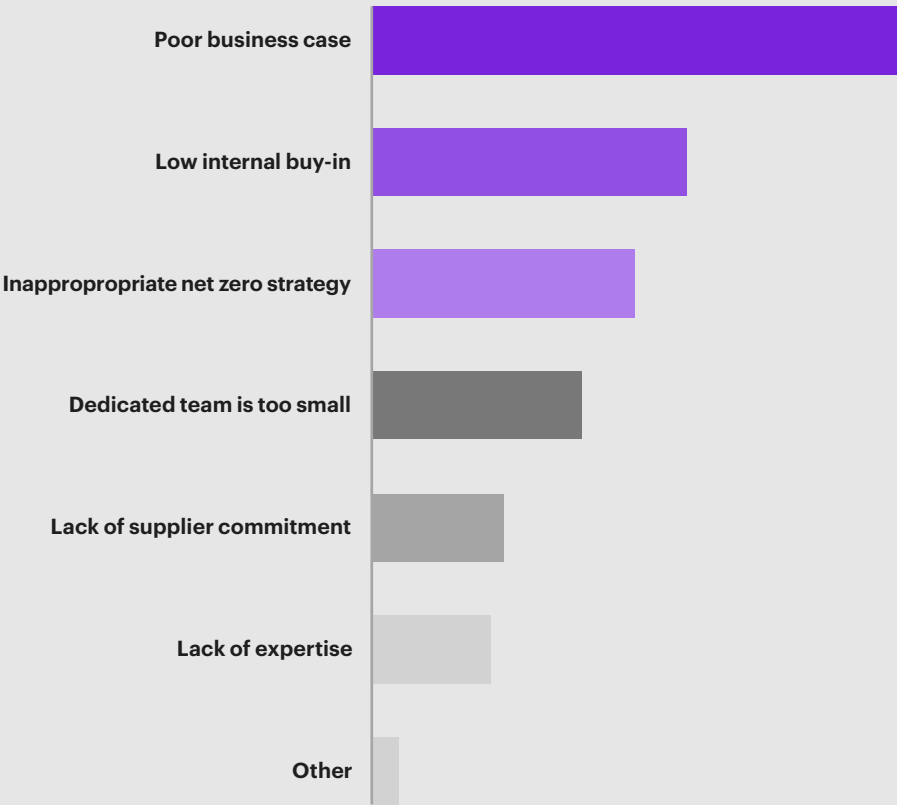
Finally, several enablers are emerging as central to companies’ decarbonization strategies. The most widely adopted initiative, cited by 86 percent of CSOs, is the exclusive use of energy from renewable or sustainable sources. Additionally, 57 percent say their companies are beginning to integrate greenhouse gas (GHG) considerations directly into portfolio design decisions—an important step in aligning product strategy with long-term climate goals.

Looking to 2025, our study reveals a cautiously optimistic outlook regarding investment levels in emissions reduction. Notably, 33 percent of CSOs plan to increase their decarbonization investments by up to 25 percent compared with 2024. Notably, none of the surveyed companies intend to scale back investments by more than 25 percent, suggesting a generally measured approach to sustainability funding in the near term.

These planned investment trajectories underscore a broader trend of incremental progress rather than a step-change transformation, which may reflect underlying structural barriers within the organizations. When asked to identify the primary challenges impeding effective GHG reduction, the top concern cited was the poor business case for decarbonization initiatives (see figure 4). This was closely followed by low internal buy-in and the presence of an inappropriate or insufficient net zero strategy.

Figure 4
A poor business case is the biggest barrier to decarbonization, according to chief sustainability officers

Key obstacles to effective reduction of GHG emissions



Source: Kearney’s chief sustainability officer study, January 2025

These obstacles point to a common issue: aligning sustainability objectives with core business and financial logic. Such challenges also highlight the essential elements needed to close the ambition-to-action gap. For example, improving business case methodologies to better capture long-term value creation, driving cross-functional alignment through tailored change communication strategies, and architecting pragmatic yet ambitious net zero road maps are proven ways to overcome internal resistance and unlock investment potential.

Other frequently mentioned barriers include limited internal resources, lack of supplier commitment, and lack of expertise—hurdles that reflect the systemic and cross-functional nature of decarbonization, which requires technical know-how and leadership support in tandem with deep engagement across the supply chain and ecosystem. Overcoming these obstacles will be essential for translating climate ambition into measurable outcomes across the industry.

Although the beverage industry has begun to take meaningful steps toward decarbonization, the pace and scale of change are far from enough.

The (long?) road ahead for beverage decarbonization

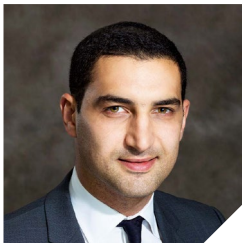
The findings from our emissions analysis and CSO survey make one thing clear: although the beverage industry has begun to take meaningful steps toward decarbonization, the pace and scale of change are far from enough. A persistent ambition-to-action gap is still hindering progress.

Yet there are signs of momentum, as companies are making crucial investments across the value chain. To stay on track for 2030 and 2050 targets, these efforts must accelerate and become more systemic. Overcoming the barriers will require stronger investment logic, bolder leadership, and cross-functional coordination—areas where strategic guidance can turn intent into impact. With the right focus and support, the beverage industry has the potential not only to catch up, but to become a leader in the global race to net zero.

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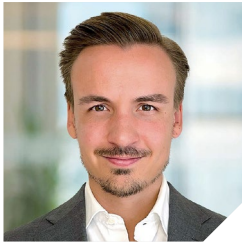
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