BRITVIC
SOFT DRINKS REPORT 2009

The Britvic Soft Drinks Report provides a comprehensive view of the industry in 2008. It is based on independent data and insight from leading market researcher Nielsen. This year's report includes a review of industry issues, the take-home and on-premise channels and a selection of international markets. It also provides insights into the way consumers have been responding to the credit crunch and initial stages of the economic downturn.

BRITVIC soft drinks

nielsen

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www.softdrinksreport.com

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Audio Data

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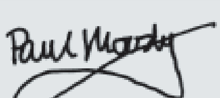
INTRODUCTION AND SUMMARY

The soft drinks industry proved remarkably resilient in 2008 despite tough trading conditions, writes Paul Moody.

Paul Moody

Chief Executive, Britvic Soft Drinks and President of The British Soft Drinks Association



UK soft drinks sales totalled £8.4bn in 2008 across all channels, just 1% lower than the previous year's record figure; soft drinks remains one of the most important categories in the take-home and on-premise sectors. During a year when both the weather and the economy were against us, and the impact of regulation continued, this was quite an achievement. It acknowledges the industry's ability to adapt and respond to change.

As the economic climate continues to deteriorate, the most difficult questions to answer are: how much will consumer demand be affected, and in what way? Our analysis of consumer behaviour in 2008, as the impact of the credit crunch began, gives some clues.

As you might expect, shoppers are looking to reduce their grocery bills, watching out for promotions and taking more opportunity to buy on promotion. Perhaps this is one critical key to soft drinks' resilience: promotions are a staple part of our industry's marketing, accounting for 61% of total branded sales. The price difference between branded products and own label alternatives is relatively narrow, and if shoppers want to trim their spend, they are showing little inclination to start with soft drinks brands they know and trust.

They do appear to be planning their shopping more consciously, cutting back on both top-up visits and 'monster shops'. But the good news for our industry is that branded soft drinks are a staple of the mid-sized shopping basket.

As a result, take-home sales, which account for almost three-quarters of the UK soft drinks market, have held up well: they grew by 1% in value in 2008 despite a 2% volume decline. This growth was driven largely by glucose and stimulant (energy) drinks and sports drinks – both of which offer consumers unique functional benefits that they are willing to pay for. As economic conditions have worsened, traditional favourites such as cola, squash and juice drinks have benefited.

Smoothies faltered significantly after several years of strong growth, as consumers were clearly not willing to pay the price premium when they could get their fruit fix elsewhere. Bottled water also suffered as the poor summer and economic climate contributed to its second year of declining sales. However, evidence from international markets similar to the UK suggests it may have more room for growth in the medium to long term. The gradual trends we noted in previous years – from carbonated to still, and from regular to diet or no-added-sugar have continued.

The licensed trade had a more difficult year than the grocery retailers. The economy, the continued challenge of the smoking ban and a disappointing summer added up to a perfect storm of challenges, and Euro 2008 failed to provide the hoped-for relief. But the growing emphasis on food and families has favoured soft drinks. They outperformed total alcoholic drinks, with sales down just 4% by value and 6% by volume at £2.3bn. Cola and lemonade remained pub staples while food and family-friendly fruit juice and juice drinks performed the most strongly. In contrast to take-home, energy drinks saw their third consecutive year of decline – while bottled water suffered in both channels.

Our review of international trends shows a similar picture to the UK across Europe and the United States. While volumes may be down, value is holding up well. Health and wellbeing continued to shape consumer behaviour in these countries and beyond, as our snapshot of India shows, although there are significant differences in local interpretation.

Soft drinks continue to be a staple purchase on which consumers are reluctant to compromise. And as a soft drink is a small-ticket, cash item offering affordable everyday enjoyment, they have little reason to. In the downturn so far, it's the big brands and traditionally popular sub-categories like cola, squash and juice drinks that consumers seem particularly unwilling to do without.

The soft drinks industry's close understanding of consumer and shopper behaviour has enabled it to continue satisfying the huge diversity of consumer needs, whether for hydration, health, enjoyment, convenience, value or – particularly nowadays – all of those at once. With another tough year in prospect, the challenge for the industry is to keep delivering the combination of value and quality that consumers expect, and to stay alert to every shift in their daily purchasing decisions.

To extract the audio Q&A with Paul Moody go to:
www.softdrinksreport.com/audio09

The Take-Home Soft Drinks Market In FMCG Context

		£ millions	% Change
1	Soft Drinks	6,085	1
2	Total Wine	4,821	4
3	Total Beer	3,907	1
4	Chocolate Confectionery	3,347	1
5	Total Spirits	2,978	7
6	Total Snacks	1,879	8
7	Yogurt	1,366	11
8	Sugar Confectionery	1,209	-1
9	Butter and Margarine	1,161	15
10	Toilet Tissues	1,031	2

Source: ACNielsen Scantrack, MAT 27 Dec 2008

The On-Premise Soft Drinks Market in Context

Total Brewers		£ millions	% Change
1	Beer	9,968	-5
2	Spirits	2,414	-3
3	Soft Drinks	2,311	-4
4	Wine	1,264	-4
5	Cider	1,022	2
6	FABS	318	-14
7	Fortified Wine	57	-7
8	Champagne and Sparkling Wine	88	4
9	Perry	2	2

Source: ACNielsen Total Brewers, MAT November 2008

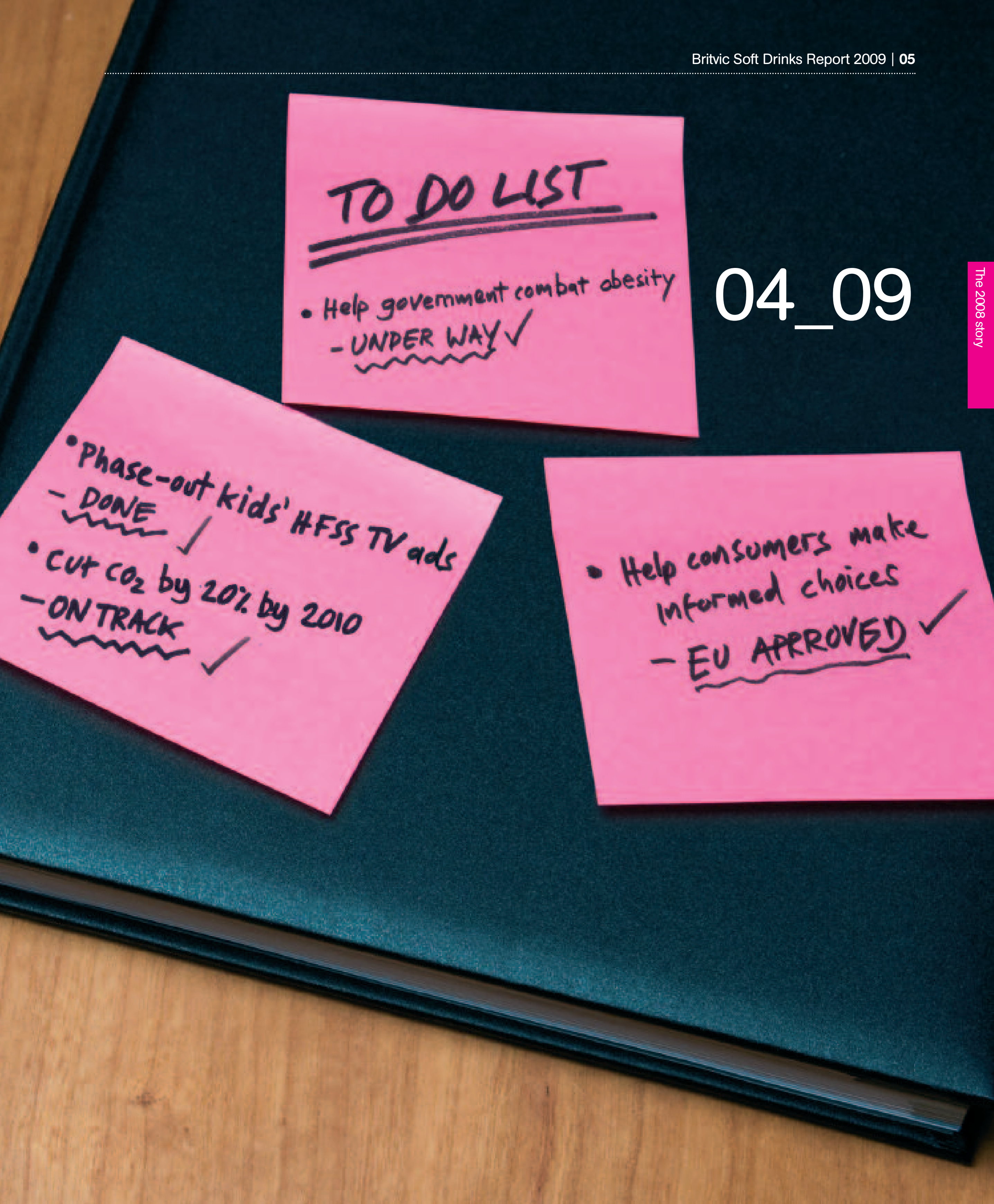
The Soft Drinks Market

	Value and volume	% Change	% Share
Take-Home	6,085	1.0	72.5
	6,877	-2.0	93
On-Premise	2,311	-4.0	27.5
	519	-6.0	7.0
Total	8,396	-1.0	100
	7,396	-2.0	100

Value (£m) ■ Volume (in litres) ■

Source: Nielsen Scantrack, MAT 27 Dec 2008, On-Premise Audit, MAT Nov 2008

THE 2008 STORY


TO DO LIST
• Help government combat obesity
- UNDER WAY ✓
• Phase-out kids' HFSS TV ads
- DONE ✓
• Cut CO_2 by 20% by 2010
- ON TRACK ✓
• Help consumers make informed choices
- EU APPROVED ✓

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OVERVIEW

The industry rose to the challenge of economic meltdown and another washout summer with well-judged marketing campaigns maintaining sales despite significantly reduced advertising spend. It also responded positively wherever possible to a stream of regulatory and government initiatives relating to advertising, ingredients, labelling, climate change and even which drinks could be sold in hospitals...

Sales
Holding up in a tough market

Hopes of a boost from a long hot summer were disappointed. Instead the weather, along with the economic climate, got worse. But the soft drinks industry proved its resilience, keeping sales value virtually flat – down just 1% to £8.4bn – on volumes down 2%. In fact, it actually grew value by 1% to £6.1bn in take-home, its principal sales channel. However, it could not escape the impact of a tough year for the licensed trade: despite faring better than almost all other drinks sub-categories, soft drinks still saw a 4% fall in sales value to £2.3bn.

Labelling
Europe goes for GDAs

In January the European Commission recommended its preferred food labelling system for adoption across Europe – the Guideline Daily Amount (GDA) system. Most of the UK industry favours this scheme, rather than the rival “traffic light” labelling, on the grounds that it enables consumers to make their own informed choices. More than 50 UK food and drink companies display GDA labels on over 20,000 product lines.

Advertising
Kids get sugar-free TV

The Government continued to tighten-up the rules for advertising seen by children, as part of its Obesity Strategy. The squeeze on TV ads for products classified as “high fat, sugar and salt” (HFSS) began in 2007 with scheduling restrictions to protect under-10s.

Restrictions were extended to cover under-16s in January 2008. Dedicated children’s channels, which stood to be most severely affected by loss of revenue, were given an extra year to adapt as the restrictions were phased in. But by the end of 2008 the ban was in full force: no HFSS advertising to youngsters is allowed from January 2009. But the impact on the soft drinks industry is negligible, as most manufacturers voluntarily stopped advertising high energy drinks to kids before the restrictions came in.

Obesity

Government urges Change4Life

Another product of the Obesity Strategy is the Change4Life campaign, which was announced in July 2008. Its tagline: “Eat well, move more, live longer”. Backed by a coalition of industry partners [Business4Life], government departments, NGOs and community organisations, its aim is to prevent obesity in families – especially under-11s.

The campaign calls for a lifestyle revolution against “the biggest challenge faced by UK society”: obesity, it says, causes 9,000 people to die prematurely every year, costing the NHS £4.2bn and the economy £16bn a year. Without radical change, it warns that 90% of today’s children will be overweight or obese and at risk from serious diseases by 2050. The campaign moved up a gear in January 2009, launching an ambitious TV, poster and magazine ad campaign. A number of soft drinks companies have signed up to support this campaign.

£8.4bn

The soft drinks industry proved its resilience, keeping sales value virtually flat – down just 1% to £8.4bn

THE 2008 STORY

Labelling
Controversial colours on the way out

In July 2008 the EU ruled out a ban on a number of food colourings that have been linked with adverse effects on children's behaviour. But it will require warning labelling on products using these additives by mid-2010. In November the UK Government confirmed it is working with the food industry towards a voluntary withdrawal of the additives by the end of 2009. The British Soft Drinks Association confirmed that only a very small minority of UK-produced drinks used the colours, and manufacturers were working to find alternatives wherever possible.

Industry expert

Soft drinks manufacturers have been responding to consumers' desire for more 'natural' ingredients for some time now and reformulation, where possible, is ongoing. As a responsible industry it is essential that we continue to meet consumer needs while maintaining the high levels of safety and quality of our products.

Jill Ardagh
Director General, British Soft Drinks Association

Recycling
Scotland mulls compulsory deposits

In July 2008 the Scottish Government said it was seeking views on how to improve recycling rates, including the possible introduction of some form of mandatory deposit scheme. The British Soft Drinks Association believes that developing kerbside and on-the-go collection is a more cost-effective way of increasing recycling, as confirmed by a wide body of evidence including a report published for DEFRA in December 2008.

Climate change
Less CO_2 in UK food and drink

In November the Food and Drink Federation announced that its members had cut their CO_2 emissions by 17% since 1990. The industry has been releasing an average 58,000 tonnes less CO_2 annually since 1990 – equivalent to taking 22,000 cars off UK roads each year. Members are on target to meet their commitment to a 20% cut in CO_2 emissions by 2010, compared with 1990.

Industry expert

FDF members achieved significant CO_2 reductions through their efforts to improve energy efficiency in their factories, boost productivity and make greater use of renewable energy. In a challenging economic climate it is even more important that companies use energy, fuel, water and other inputs more efficiently and produce less waste – this can bring win wins both for the environment and businesses.

Stephen Reeson
Energy Manager, Food and Drink Federation

20%

UK food and drink manufacturers are on track for a 20% cut in CO_2 by 2010

Healthcare
Welsh wards give sugar the boot

In November 2008 the Welsh Assembly introduced a blanket ban on hospital vending machines selling crisps, chocolate and soft drinks apart from water and fruit juice. It had already declared its intention of replacing unhealthy snacks with fruit and no added sugar, still drinks to help patients make “healthy choices”. Reminders to eat five portions of fruit or vegetables a day have replaced logos on the sides of machines. Four health trusts with long-term supplier contracts have been given more time to complete the change. Meanwhile, the Welsh Assembly’s action has raised concerns that it might start a trend across the UK public sector, undermining consumer choice.

£103m
The amount manufacturers invested in their brands in 2008

Marketing
Advertisers hold back for a second year running

Another glum summer dampened marketers’ enthusiasm. In the absence of the traditional hot-weather upsurge in demand, soft drinks manufacturers again reduced advertising investment accordingly – down 6% to £103m following the previous year’s 6% fall. But with ad prices coming down less spend doesn’t necessarily equate to less brand investment.

PepsiCo, Britvic, Coca-Cola GB and GlaxoSmithKline again topped the list of advertisers, with an aggregate £67m spend (down by £6.8m). The most advertised brands were Coca-Cola (Diet, Regular and Zero), Pepsi Max and Red Bull (overtaking Lucozade to take fifth place).

Coca-Cola GB remained the largest spender with a 28% share, and was the only advertiser in the top four to increase its spend (up 6%). Among the top 10 advertisers, the mood was split: half cut their spend and half increased it, and there were notable increases by Red Bull and Ocean Spray. But the increases totalled only £6.3m, against cutbacks totalling £13.9m.

Cola was the largest category spender, driven by more than £6m of extra spending on Regular Coca-Cola (up 66%) and over £1.5m behind the launch of Red Bull Cola. Dairy drinks took second place with £16.8m investment, down 23%. They now stand only just above energy drinks, which took a close third place at £15.2m, down 4%. The general decline in spending on sports and energy drinks was strongly offset by Kick Start, with spending doubled to almost £3m, and £1.4m to support the mid-year launch of sports drink Gatorade. The sharpest falls in sub-category spending were squash (down 48%) and smoothies (down 50%).

Noteworthy campaigns of 2008 included Coca-Cola’s launch of Fanta Still across television, outdoor and print. Britvic relaunched Drench with its successful breakdancing Brains campaign, spending £2.3m on TV and online, and Red Bull significantly increased its spend with the launch of Red Bull Cola.

THE CREDIT CRUNCH CONSUMER

10_17

Consumer behaviour

OVERVIEW

It's impossible to review 2008 without considering the impact of the deepening economic downturn. This has brought far-reaching changes to every part of our lives. Some will be temporary, others perhaps permanent. So how will it affect the way people shop for groceries in general, and soft drinks in particular?

Consumer trends
The economy comes to the fore

The consumer trends identified in last year's report are still in evidence: health and wellbeing, indulgence, ethical and environmental concerns and convenience all played a role in purchasing decisions in 2008. But inevitably they were overshadowed by the economy.

The pursuit of health and wellbeing remains the most pervasive of these trends. Consumers have taken the "five a day" message on board – but not at any price. Their more budget-conscious attitude was clearly a factor in the drop in smoothie sales and the shift from smoothies to cheaper pure juice. But growing public awareness of obesity helped to maintain the gradual shift in favour of diet variants. And products offering functional benefits – stimulant, glucose and sports drinks – continued to grow sales strongly.

Consumers still care about the environment and ethical trading – but again, not at any price. In 2008 they were turning to trusted brands rather than the premium priced products with strong organic credentials.

But while consumers were becoming more budget-conscious in 2008, they were certainly not ready for austerity. Premium soft drinks brands offer a little indulgence at an affordable price, and their sales held up well.

Consumers showed no great inclination to sacrifice convenience, either. Sales volume through convenience stores was down 3%, only marginally more than the 2% reduction in take-home sales overall. It seems that consumers are reluctant to forgo the convenience of picking up a chilled bottle or can on the go. For more on this, see grocery and impulse trends on page 28.

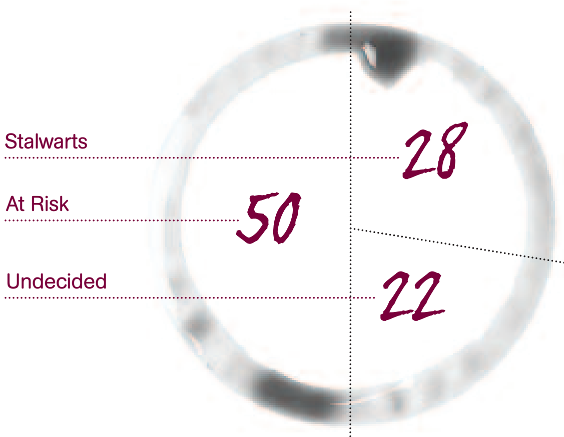
Tightening our belts

Reducing grocery spending

To find out how consumers have reacted to the credit crunch, we first asked people if they'd already changed their shopping behaviour. Did they agree with the statement: "As other bills increase I have cut down the amount I spend on groceries"?

As Figure 1 shows, half claimed to be cutting down: we classed them as "At Risk". But a large minority, 28%, said they weren't: we classed them as "Stalwarts". The remaining 22% were undecided.

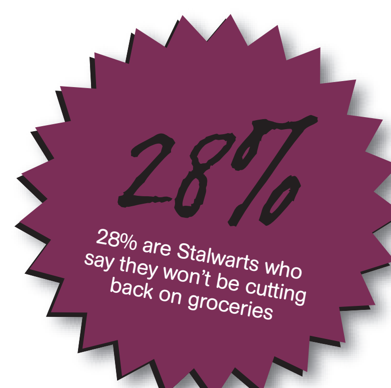
Figure 1: Half of us are cutting back



Clearly the soft drinks industry needs to understand how the At Risk group are cutting down their grocery spend, if it is going to grow value over the next 12 months. But there is some comfort to be drawn from the size of the Stalwarts group: more than one in four consumers see no reason to cut back on their everyday food and drink shopping.

When it comes to soft drinks, optimists might also note that soft drinks sales continued to grow during the recession of the early 1990s. Consumers now have a much higher level of disposable income than they did then, and spend a smaller percentage of that income on soft drinks.

We will examine the impact of this spend-conscious behaviour on the soft drinks category in more detail in this chapter. Interestingly, it appears that soft drinks are one area where consumers are not cutting back significantly, and we explore some of the reasons why.

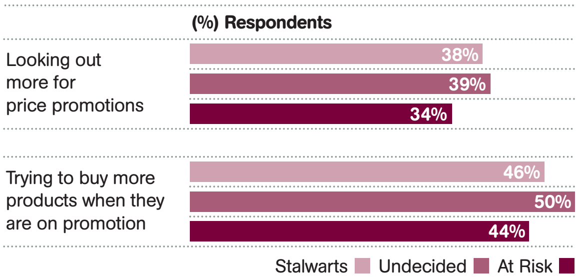


So what are consumers looking for now?
Almost half of us aim to pick up more bargains

At Risk shoppers are using a variety of methods to rein-in their overall grocery spend: 44% are looking to buy more on promotion, while 39% claim to be buying less indulgent products and 30% are buying more own label products across all grocery products.

But they're not the only ones changing their shopping habits. The Stalwarts are changing, too. One thing all shopper groups share is an increased desire to get value for money, reflected in a heightened response to promotions. All shopper groups want to feel they've got a deal, with Stalwarts even more likely than the At Risk group to watch out for price promotions and take advantage of them: 46% say they're "trying to buy more products when they are on promotion". At the same time, more than a quarter of all shopper groups say they're looking to cut their food wastage.

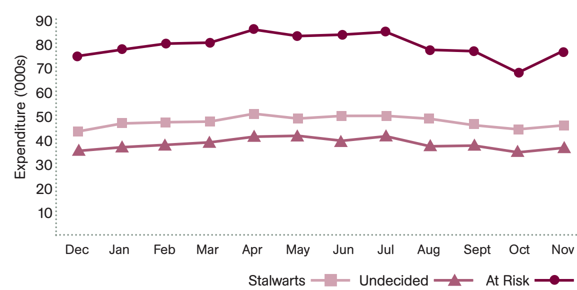
Figure 2. Tendency towards promotions within shopper groups



Source: Nielsen Homescan

And are consumers translating these ambitions into action? It certainly looks like it. As Figure 3 shows, the biggest drop in grocery purchases has been among the At Risk group who said they were cutting back their spending. It's perhaps encouraging that this group also delivered the most marked upswing in November and December 2008 – despite cutting back, they were still willing to relax and spend more at Christmas. This was also reflected in the soft drinks market as increased sales of premium branded soft drinks contributed to the dramatic uplift in grocery spend, illustrating that consumers are willing to spend a little more on small ticket treats during the festive season, even when budgets are tight.

Figure 3. Consumers are doing what they say they'll do



Source: Nielsen Homescan

Industry expert

As an integral part of many household's purchasing, soft drinks are well placed to weather the storm. However, it will be the brands which can actively appeal to shoppers while demonstrating value to their consumers which are likely to win during the recession – and let's not forget, value isn't just about being cheap.

Jake Shepherd
Marketing & Communications Director
The Nielsen Company

Impact on soft drinks

Value matters more than price

With prices heading upwards and the economy headed down, the stereotypical consumer response would be to switch from premium to value lines. But with soft drinks the story hasn't been quite that simple.

So far, the staple soft drink sub-categories that combine enjoyment with value and quality – such as cola, squash and juice drinks – have held up particularly well. And within these sub-categories, consumers seem to be turning to brands they recognise and trust to deliver those attributes of quality and value. After all, if branded squash costs around 6p a glass, they appear to feel there's no great incentive to compromise.

Overall, soft drinks sales showed some signs of recovery in November and December 2008, after consumer confidence reached its lowest ebb in September. But not all parts of the price spectrum were equally affected. Intriguingly, sales in the mainstream price band proved particularly resilient. As in past downturns, shoppers have maintained their loyalty to the brands they know and trust, rather than switching to unfamiliar "value" brands.

The relative stability of the soft drinks category has come from mainstream sales, which have increased in value by almost 2% on virtually flat volumes. While some premium sub-categories have taken a hit (smoothies lost 20% in sales value and almost 15% of volume in 2008), the premium tier as a whole has only declined by 1% in value; volume has actually grown slightly, driven by increased promotional activity. Paradoxically, it's the value tier that has seen the greatest decline, with value declining by 6% and volume down by 8%. Key factors here include the "flight to trusted brands" seen in past economic downturns, and retailers increasing the prices of their "value" own label lines.

This strong performance in the mainstream tier has been supported by some increase in promotional activity encouraging consumers to trade up from value lines. Together with the good response to premium promotions, this suggests that consumer desire for premium and mainstream is undiminished, so these categories should continue to perform when consumer confidence improves.

Promotions have always played a substantial role in soft drinks marketing. In 2008 they accounted for 47% of total sales, and 61% of branded sales. So there has been no great pressure on manufacturers to step-up the level of promotions: there are already plenty of attractive deals on offer, and with shoppers keeping a closer eye on where their money is going, brands that offer perceived value through the right promotions will continue to maintain market share. The good news for premium soft drinks is that it's not necessarily absolute price that matters: it's the price-quality ratio. For now, manufacturers need to be particularly clear about what that ratio is for their own brands.

Branded vs own label
Soft drinks brands hold up

Across the grocery marketplace, the rivalry between brands and own label is intensifying. Already, some retailers are actively pushing their own label products ahead of comparable leading brands – and 30% of At Risk shoppers claim to be purchasing more own label groceries to save money. The focus however is on the lower end of the market: after years of double-digit expansion, the phenomenal growth of premium own label groceries slowed to 4% in 2008.

But in the soft drinks market there are few signs of a major shift towards own label. The fact is, with over half of branded soft drinks sold on promotion, the price incentive for shoppers to trade down to own label is often relatively small. In most soft drink sub-categories, brands make a real difference to consumer perceptions – and they are quite willing to spend a few pence more on a trusted name.

Among soft drink sub-categories the big winner has been cola – significantly, the sub-category where promotions account for 74% of branded sales. Cola has been capturing sales from both branded and own label water, as well as branded squash and own label pure juice. Where brands have lost out since the downturn began, this appears to have been part of a broader story – for example, smoothies (seen as expensive), water (seasonality and environmental concerns), pure juice (migration to carbonates and juice drinks).

So it would seem that the downturn, on its own, has not had much impact in driving consumers from brands to own label. While own label has its place – and a stronger appeal in more generic categories such as milk or cheese – soft drinks is an area where consumers are reluctant to settle for less than a trusted brand. And although own label will continue to challenge branded food and drink, consumers may not be willing to forgo the trust and reputation linked to a brand for the sake of a few pennies.

Industry expert

Soft drinks is a key category for Martin McColl in both impulse and take home, continuing to grow well above inflation. The strong development of our c-store estate has seen incredible growth in the larger take home products. Important to us is the strength of branded product. Our customers seek out the big brands demonstrating faith in the security and equity of such products, fitting well with our overall strategy.

Tony Start
Trading Director, Martin McColl

The discounters
Where price matters most

The continental discounters – Aldi, Lidl and Netto – have made a big impression in the downturn. Although their UK market share remains modest, it has reached its highest levels in recent months since Kwik-Save's heyday of the 1990s, and this trend looks set to continue in the current economic climate. Even before the credit crunch, they were making their mark with consumers trying to combat the rising cost of food and drink. More recently, with many households agreeing that they want to save on their grocery spending, discounters have been growing sales at over 16% year on year, sharply outpacing the overall market. They've outperformed the UK's top four retailers by 10% over the last two years, and this growth accelerated in the second half of 2008.

Research indicates that the typical new discount customers are younger shoppers with children. As Figure 4 shows, there are no surprises about why customers choose to shop at a discounter: low prices are the dominant factor, followed by convenient locations.

Figure 4. The clue to discounters' success is in the name

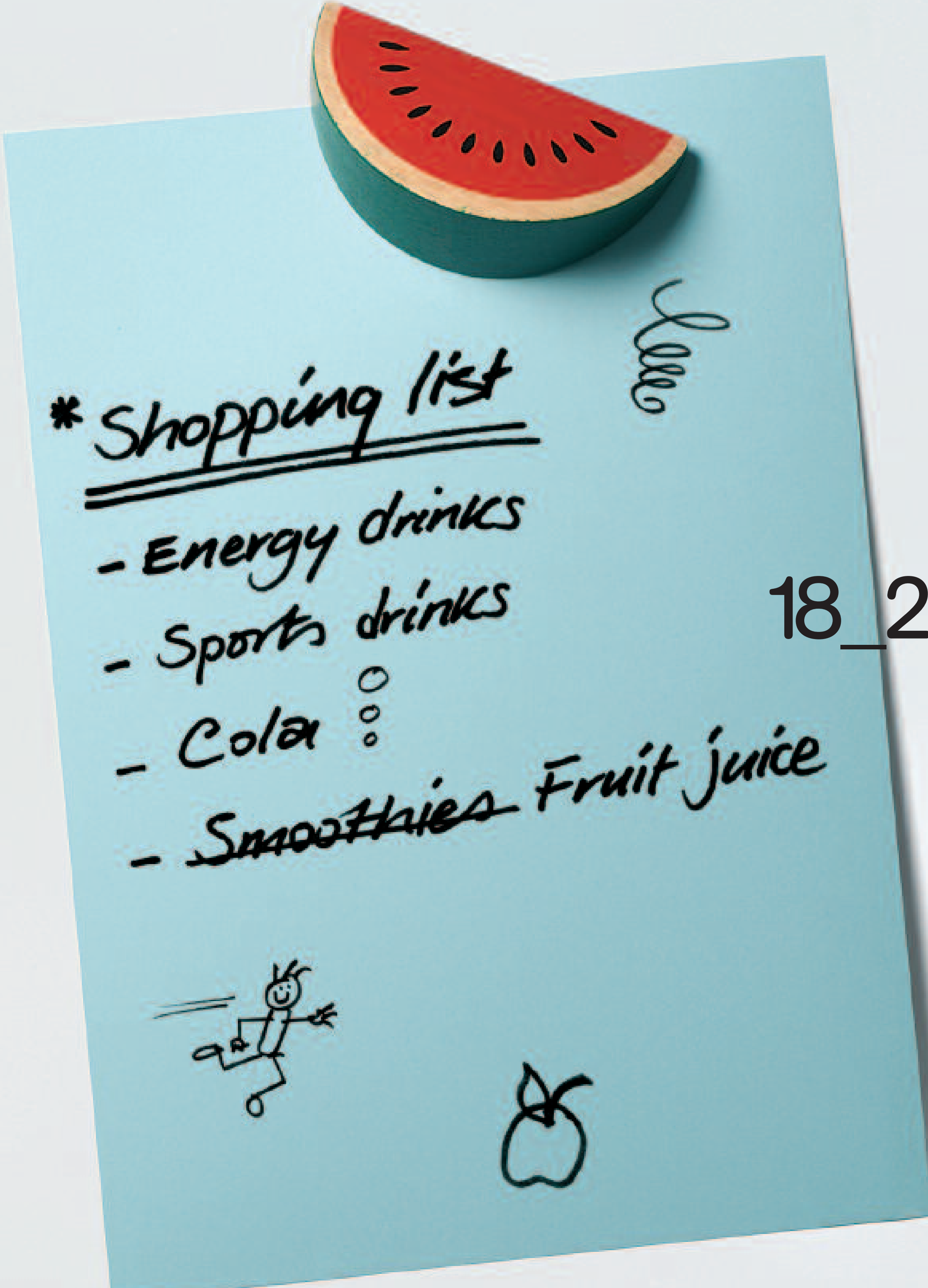
	% change
Low prices	80%
Convenient to get to	40%
Save money on groceries	38%
Ease of parking	30%
Own brand is a good alternative to the main brands	28%
Wide range of well known products	24%
Good quality fresh food	22%
Seen TV and press adverts	13%
Wide range of fresh food	12%

Source: Nielsen Homescan

More consumers are visiting the discounters in search of low prices, but the real challenge is to convert them into loyal, regular customers. This will depend not just on pricing, but on the in-store experience and range of products on offer. While discounters are seeing an increase in the number of people shopping with them, maintaining frequency of visits remains a challenge. Shoppers may be increasing their repertoire of supermarkets to save money but discounters remain for many only an occasional grocery shopping destination.

While they are now stocking branded goods more widely, including soft drinks, they may need to go further: many consumers want to see brands they trust, particularly in an unfamiliar shopping environment. As discounters reach more deeply into the mainstream grocery market, mainstream branded soft drinks have a real role to play in broadening their appeal and growing their soft drink sales. But their continued expansion is by no means a certainty: the major multiples will not give up share without a fight.

TAKE-HOME REVIEW


* Shopping list
- Energy drinks
- Sports drinks
- Cola
- ~~Smoothies~~ Fruit juice

18_29

OVERVIEW

It was a good year for energy and sports drinks, cola, squash and the soft drinks industry – which managed to increase take-home sales even as the downturn began to bite. But 2008 was not such a good year for sunshine, plain water or smoothies…

Overview

Another disappointing summer, punctuated by rain and very little sunshine, made 2008 the second challenging year in a row for soft drinks. This combined with the start of the economic downturn also contributed to a 2% reduction in sales volume. But despite fading consumer confidence, the industry still managed to increase value sales by 1% (£6m) to £6.1bn. A modest increase, certainly – but quite a feat when so many other consumer sectors reported substantial setbacks.

Glucose and stimulant (energy) drinks had a great year, boosting sales by a further 12%. Sports drinks also did well, even if they were unable to match the dramatic growth of the previous two years. And spurred by some inspired and innovative marketing, cola didn't just hold on to top place: it enjoyed a renaissance.

The surprise of the year came from smoothies. They'd been growing strongly for several years, with volume up by a staggering 36% in 2007 alone. But in 2008 the tide turned – value fell 20% and volume 15%. As consumers count the pennies more carefully, it is becoming harder for smoothies to command such a strong price premium. But not all premium categories have been hurt by the downturn. Some smoothie buyers have switched to less expensive premium drinks such as water plus and pure juice in an effort maintain their "five a day" at lower cost.

Apart from the poor summer, the onset of the credit crunch and the continuing environmental debate are having an impact on sales of plain water which suffered a decline of 9% in value and 8% volume. The evidence from European markets suggests it may well have room to grow in the long term.

Suppliers

Britvic's 8% value growth, against the market's 1% overall rise, was driven by strong performances from Pepsi, Robinsons and newly-launched Gatorade. CCE's sales rose 3%, energised by rising sales of Regular Coke and the success of Relentless. For GSK it was swings and roundabouts, with Lucozade growth offset by a poor year for Ribena and sales flat overall. Danone's sales were down 7% as growth in dairy drinks was more than offset by declining sales of water. In the Top 10, Tropicana UK saw the biggest increase in sales value (up 14%) while Innocent saw the most significant decline (down 23%).

Brands

Tropicana and Pepsi outperformed the other top brands with double digit growth. Tropicana's Pure Premium performed strongly and the launch of its smoothies was a success despite the downturn in this sub-category as a whole. Pepsi Max and regular Pepsi both performed well, as did Regular Coke in a good year for cola. It was also a good year for Robinsons, which increased its leadership of the squash sub-category. On the debit side, Volvic and Ribena both saw sales fall significantly.

Retailers

In booming, on-the-go 2007 it was the small, impulse-led outlets that enjoyed the strongest growth. In 2008, consumers seemed to be taking "take-home" more literally. Grocery multiples (supermarkets) were the main engine of growth, with sales value up 2% despite a 1% decline in volume. By contrast, impulse outlets saw value down 3% and volume down 5%. Hardest hit were independents, with value down 5%. Multiple forecourts saw a steeper 10% decline, but this was partly due to changing patterns of operation: increasingly, oil companies are passing management of forecourt shops to the local dealer or franchisee, which means that the shop is reclassified from "multiple" to "independent"; as a result, of the volume of soft drinks sold through multiple forecourts has been reducing as they decline in number.

It wasn't all doom and gloom for impulse outlets. Multiple off licenses enjoyed good sales growth (5% value, 6% volume). And other impulse multiples also managed to drive average value up 5%.

TOTAL TAKE-HOME SUB-CATEGORY PERFORMANCE

	Value and volume	% change	% share
Cola	1,294	4	21
	1,631	3	24
Pure juice	1,212	-1	20
	1,146	-2	17
Glucose and stimulant drinks	522	12	9
	255	12	4
Juice drinks	480	-1	8
	372	1	5
Squash	446	2	7
	537	-3	8
Fruit carbonates	432	-1	7
	531	-6	8
Plain water	417	-9	7
	978	-8	14
Dairy and dairy substitute	382	2	6
	170	-4	2
Smoothies	172	-20	3
	64	-15	1
Sports drinks	166	7	3
	103	9	1
Non-fruit carbonates	149	2	2
	224	-5	3
Water plus	149	-8	2
	212	-4	3
Lemonade	143	5	2
	481	-4	7
Traditional mixers	112	4	2
	171	-3	2
Cold hot drinks	8	-11	0
	5	-8	0
Total soft drinks	6,085	1.0	
	6,877	-2.0	

Value (£m) ■ Volume (m litres) ■

Source: Nielsen Scantrack, MAT 27 December 2008

Top Take-Home Brands Value

Value	£ millions	% change
1 Coca-Cola	969	1
2 Lucozade	343	3
3 Robinsons	300	6
4 Tropicana	286	16
5 Pepsi-Cola	258	15
6 Red Bull	182	9
7 Ribena	129	-7
8 Fanta	118	-2
9 Volvic	118	-14
10 Schweppes	111	7

Source: Nielsen Scantrack Impulse, Total Coverage, MAT 27 Dec 2008

To extract this chart data go to: www.softdrinksreport.com/data09

SOFT DRINKS SUB-CATEGORIES

Cola

Defying the downturn

Cola doubled its value growth to 4% and remains the top sub-category with sales of £1.29bn – that's 21% of the take-home market. The big success story was Pepsi, with 15% growth taking the brand's overall sales to £258m: Pepsi Max grew by 20%, regular by 16%. Coke sales grew 2% to £969m as 4% growth for Regular offset Coke Zero's 6% decline.

Regular variants again outperformed diet or no-added-sugar (+4% vs +2%) as consumers continue to re-assess their attitudes to health and wellbeing – for example, opting for regular as a taste treat in a balanced diet.

Pure juice

Holding steady

With value sales just 1% down at £1,212m, pure juice remains the No2 sub-category with 20% market share behind cola's 21%. With no significant branded rivals, Tropicana was driving the market, capturing sales from smoothies as some buyers looked for a cheaper alternative healthy fruit drink. Private label sales were down 2%.

£1.3bn

With sales of £1.29bn, cola remains top category

20%

Pure juice now makes up a fifth of take-home sales

Glucose and stimulant drinks

Growing relentlessly

Once again, this is the sub-category that's driving the market. With 12% value growth to £522m, it has overtaken juice drinks to become the third largest sub-category by value. At a time when premium products may have an uphill struggle, this is great news for the industry. Appropriately, it was the stimulant drinks that energised sales: Relentless grew 110% to £40m, Red Bull was up 7% to £178m, and overall growth was 20% as new entrants piled in. But Lucozade remained the sub-category leader, pushing sales up 4% to £228m.

Juice drinks

Kids hold the key

Juice drinks sales held steady, with value sales falling just 1% to £480m. Kids' brands were the key to this market in 2008, with Robinsons Fruit Shoot gaining 5% to £82m and Capri Sun sales up 11% to £72m. The more adult-oriented Oasis and Britvic J_2O both lost 3%. However, Ribena cartons recorded the steepest decline, down 13% against competition from Capri Sun's successful launch of 330ml pouches.

Squash

Tesco concentrates volumes and adds value

Squash sales are heavily influenced by the weather. So without the benefit of a good summer, the sub-category did well to grow value by 2% to £446m. Volume declined by 3%, led by private label – due primarily to Tesco's switch to double concentrate. This had no significant impact on private label's value share but considerably improved Tesco's price per litre. Robinsons had a good year, with sales up 6% to £195m, and continues to lead the sub-category. After a disappointing performance in the previous year, Ribena held sales level at £49m.

+12%

Glucose and stimulant drinks grew fastest

Fruit flavoured carbonates

Lemon'n'lime surges ahead

Fruit flavoured carbonates value sales steadied, down just 1% to £432m. The hero: lemon and lime drinks, which grew by 6% – with Sprite up 5% to £60m and 7UP rising 8% to £30m. Orange, still the most popular flavour, was down 7% as Tango and Fanta lost sales. Lilt also had a poor year, although Dr Pepper and Appletiser both grew.

Plain water

Rained off

A second consecutive poor summer didn't help plain water. After falling 3% in 2007, sales dropped by a further 9% in 2008 to £417m. Branded water fared better than private label, which declined by 13%, but the top two brands both had a tough year: Evian was down by 7% and Volvic by 13%. The best news among leading brands came from Buxton, up 3%, Highland Spring, with flat sales, and the Drench relaunch, which increased sales by 67%. Vittel had a particularly tough year, with a 55% decline in sales.

Dairy drinks

Probiotics stabilise

After losing sales in 2007, dairy drinks recovered much of the lost ground in 2008 with 2% value sales growth to £382m. And after their precipitous 10% fall in 2007, probiotics steadied in 2008 with value down only 2%. The two big growth brands were Frijj and Benecol, which had both been struggling a year earlier.

£446m

Squash sales grew 2% in value

SOFT DRINKS SUB-CATEGORIES

Smoothies

Rough year for smoothies

After two years as the fastest-growing sub-category, smoothies' fortunes reversed in 2008 – with sales in decline from March. Over the year, they dropped 20% to £172m. The fall was led by sub-category leader Innocent, with sales down 26%. But PepsiCo had some success with its new Tropicana Smoothie brand: this launched in February and chalked-up £16m sales in the year.

-20%

Smoothie sales took a tumble in 2008

Sports drinks

Second fastest-growing sub-category

After averaging 22% growth a year in the previous two years, sports drinks added a further 7% increase in 2008 to £166m. That was enough to make them the second fastest-growing sub-category after glucose and stimulant drinks. Sub-category growth was driven by the full launch of Gatorade, which added £5m of sales. Lucozade Sport grew by 5%, Powerade by 15% and private label by 33%.

+7%

Amount value sales of sports drinks grew in 2008

Non-fruit carbonates

Sustained by the strength of Irn

This sub-category is dominated by Irn Bru, which continues to go from strength to strength. Despite a 66% reduction in advertising spend in 2008, its sales rose 5% to £91m – enabling the sub-category to sustain 2% growth to £149m. Irn Bru's continuing success is striking, given that fruit flavoured carbonates are in decline. But drinks such as Irn Bru and Dr Pepper are in a class of their own: they each have a strong core of loyal buyers, and no direct substitutes.

Water plus

Downturn tempered by new brands

After double-digit growth in 2006, water plus recorded a second year of decline in 2008, with value sales down 8% to £149m. The sub-category consists mainly of flavoured water, which accounts for 96% of sales and fell by 5% last year. Water with functional ingredients, which accounts for the remaining 4% of sales, declined by 42% in value.

In flavoured water, top brand Volvic Touch Of Fruit lost 9% value, Robinsons Fruit Shoot H_2O was down 4% and private label declined by 12%. Newcomer This Water, launched in May 2007, bucked the trend with 200% growth. In functional water the leading brand, Volvic Revive, lost half its sales but new brands entered the fray: V Water, acquired by PepsiCo part-way through the year and now distributed by Britvic, grew sales by 226% to £442k, while Glaceau Vitamin Water achieved sales of £362k after being launched by CCE in May.

Lemonade

Premium brands keep growing

Lemonade sales value took a positive turn in 2008, rising 5% to £143m after the previous year's 2% fall. Once again, premium brands fared better than private label. While own brands slipped 1% to £63m, Schweppes sales grew 12% to £60m and R Whites grew 3% to £10m.

Traditional mixers

Lifted by soda and price rises

Strengthening prices lifted value sales by 4% despite a 3% fall in volume. Sub-category growth was driven by tonic water, up 4%, and soda water, up 8% in value terms.

Cold hot drinks

Sales still cooling

This sub-category continues to decline as sales fell 11% by value to £8m, and 8% by volume. The leading brand with 44% share is Lipton Ice Tea, which saw value sales fall by 7%.

Industry expert

In today's economic environment, customers are seeking value more than ever – retailers and manufacturers will need to adjust their strategies accordingly. However, these immediate concerns won't displace the longer term corporate responsibility agenda as customers will still seek brand values that match their own on health, the environment, and sourcing with integrity. And that will almost certainly require retailers to focus more on the robustness of their business partners and to build on their most trusted relationships.

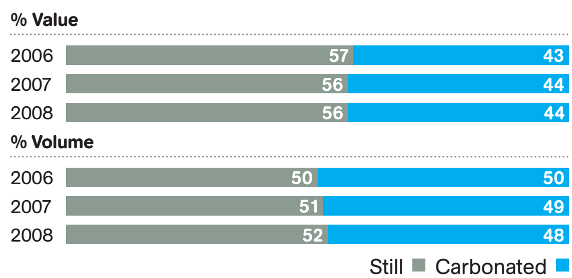
Patrick Miller
Category Manager, Sainsbury's

STILL vs CARBONATED

To extract this chart data go to:
www.softdrinksreport.com/data09

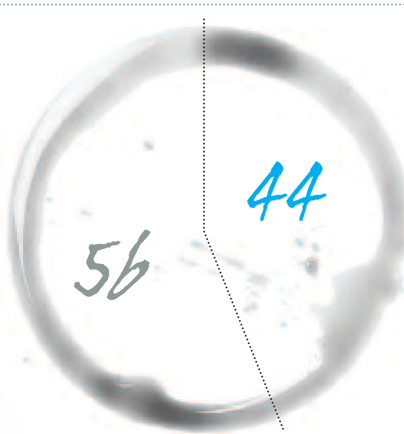
Still drinks gain more volume share
The gradual but discernible shift in favour of still drinks continues, driven by the trend towards better-for-you options and naturalness. Although the balance was unchanged in value terms last year, there was a further shift in volume. Carbonates value is holding up despite its slight volume decline due to the growth of premium-priced carbonated glucose and stimulant drinks.

Still vs Carbonated

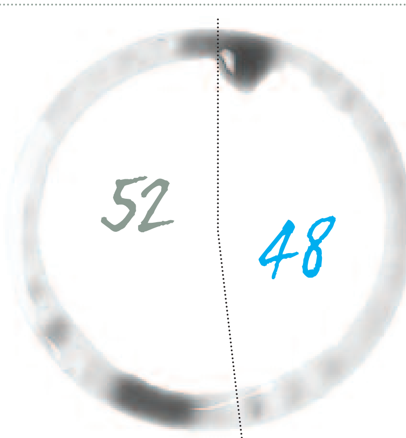


Source: Nielsen Scantrack

Value % share in 2008



Volume % share in 2008

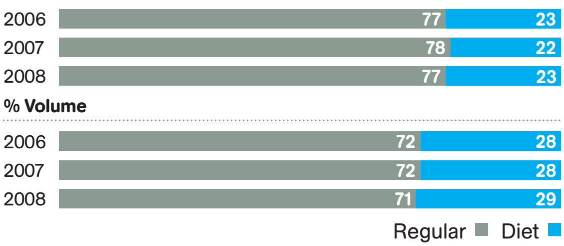


REGULAR vs DIET

Low-cal heroes

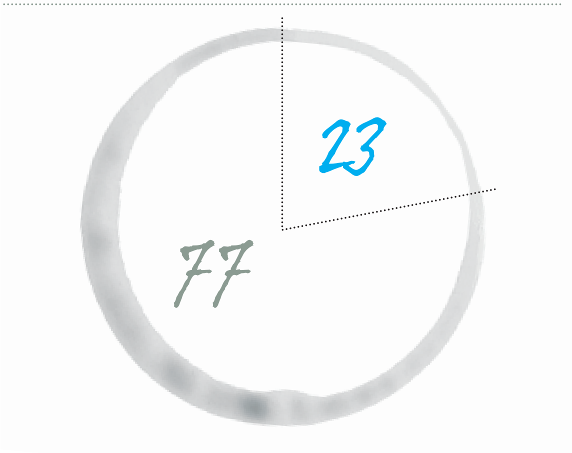
The focus on health, and growing concern about obesity, continue to push consumers towards no-sugar variants of their favourite soft drinks. In 2008, diet brands gained a further percentage point of share in both volume and value. The success of Pepsi Max, which grew sales value by 22% last year, played a significant part in this. But, it's important to note that soft drinks such as water and pure juice don't have a diet alternative, which accounts for the over-index of regular variants.

Regular vs Diet

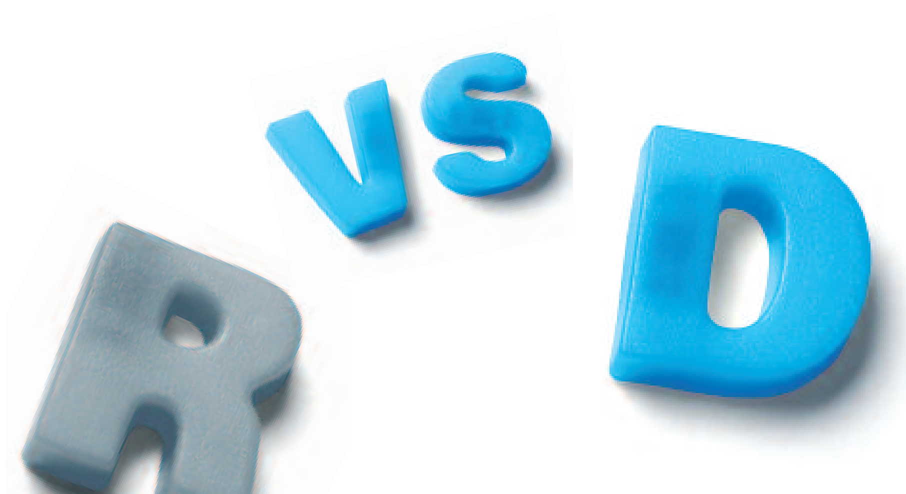


Source: Nielsen Scantrack

Value % share in 2008



Volume % share in 2008



GROCERY AND IMPULSE TRENDS

Big shops vs small shops

One consequence of the economic downturn is a change in the way we all shop. That, in turn, will have an impact on the products that sell – and the prices they sell for.

In particular, research is indicating a change in the way we use big supermarkets compared with convenience and impulse stores. People use supermarkets for scheduled shopping trips to make planned purchases: the weekly or monthly "big shop". Of course, they also nip in for more impulsive purchasing – such as top-up shopping, lunchtime visits or responses to promotional activity – but above all, the supermarket is where you take your shopping list.

Impulse outlets – such as small independents, co-ops, fuel forecourts and off-licenses – generally cater for a less planned and more impulsive visit: the pint of milk or loaf of bread, maybe a couple of top-up items, or a pit-stop for a snack or drink on the way to somewhere else.

That produces some basic differences in the soft drinks people buy. Products such as squash and pure juice are bought more frequently in the supermarket, whereas stimulant drinks or juice drinks are more often bought in impulse outlets. Pack formats are different, too: generally speaking, supermarket shoppers bulk-buy items such as two-litre bottles of carbonates, and multi-packs of smaller servings such as juice cartons and 330ml cans. In impulse outlets, they're much more likely to grab a single item, usually a single serving such as a can of cola, bottle of water or an energy drink.

Coca-Cola and Pepsi are staples in both channels because of their size as brands and wide variety of pack sizes for different occasions. Brands such as Robinsons squash and Tropicana rank far higher in supermarkets as they are bought for consumption at home. In impulse purchases such as Lucozade and Red Bull – which are picked up for consumption on the spot or at a destination like the gym – are more frequent.

It's also interesting to see that Evian is the only water in the supermarket Top 10 while Volvic is the only water in the impulse Top 10 – same sub-category, same supplier, but different proposition and pack.

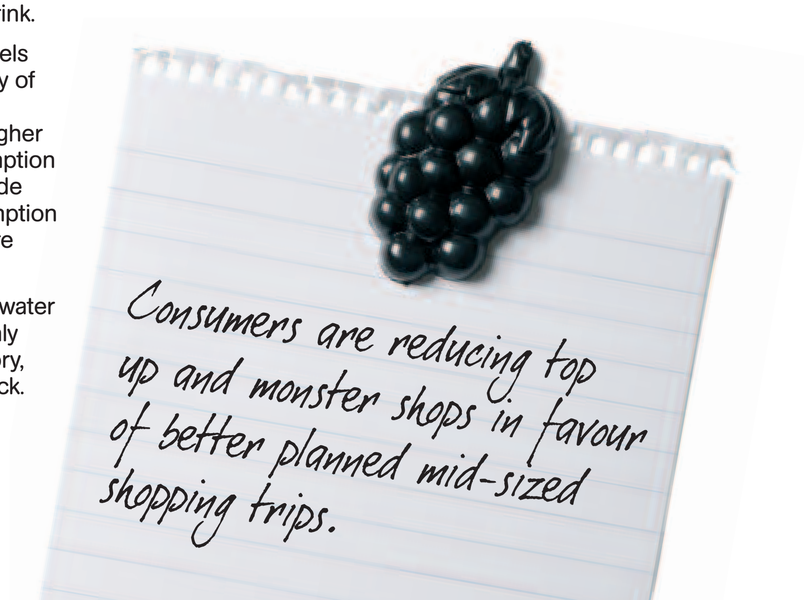
Let's look at the top ten brands in each market:

Grocery		Value Sales (£m)
1	Coca-Cola	557
2	Tropicana	212
3	Pepsi Cola	177
4	Robinsons Squash	161
5	Actimel Dairy Drinks	101
6	Innocent Smoothies	95
7	Lucozade Energy	91
8	Red Bull	60
9	Evian	59
10	Robinsons Fruit Shoot	59

Source: Nielsen Scantrack, MAT 27 Dec 2008

Impulse		Value Sales (£m)
1	Coca-Cola	413
2	Lucozade Energy	138
3	Red Bull	119
4	Pepsi Cola	82
5	Lucozade Sport	71
6	Ribena Juice Drinks	55
7	Fanta	54
8	Irn Bru	49
9	Tropicana	48
10	Volvic	45

Source: Nielsen Scantrack, MAT 27 Dec 2008



There's a size difference, too. The top-selling pack volume in supermarkets is 1-litre – common to Robinsons squash, Tropicana juice, Innocent smoothies and water; whereas the top-selling volume in impulse is 500ml – think PET bottles of Coke, Pepsi, Lucozade, Ribena and so on.

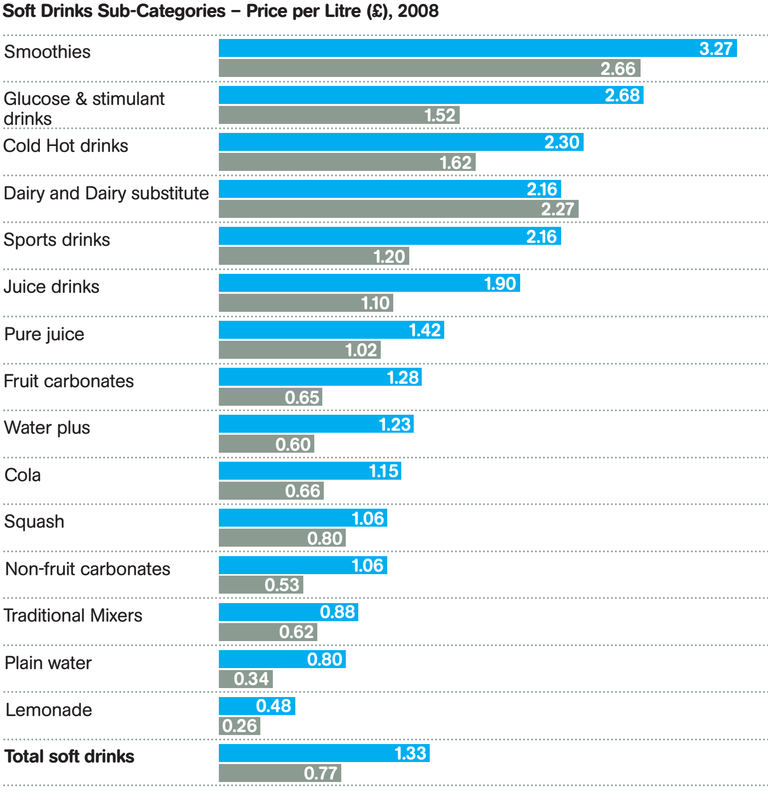
Another differentiating factor is price. As Figure 1 shows, all sub-categories except dairy drinks command a premium in impulse outlets. There are several reasons for this. First and foremost, consumers are willing to pay significantly more for the convenience of buying a drink on the go, usually ready-chilled; and by its nature, impulse buying is less exposed to price competition. Compared with supermarkets, impulse outlets need to cover higher overheads, longer supply claims and limited economies of scale. And pack size is also a factor – supermarkets sell a higher proportion of the more economical large sizes and multi-packs.

Impulse outlets and supermarkets serve very different consumer needs, and both have their place in the market. But to an extent they will continue to challenge each other, so both must play to their strengths to maintain their market share.

Consumer research already shows that people are reducing their top-up shopping in favour of larger, better-planned shopping trips: the frequency of small-basket shopping has fallen more steeply in 2008 than mid-to-large basket trips. Interestingly, there has also been a relative decline in the "monster shop", as people consider what they really need rather than overindulging in multi-buys and creating waste or stockpiling. The good news for soft drinks is that they tend to be a staple fixture in the mid-sized shopping basket.

On the face of it, the reduction in top-up shopping could pose a threat to impulse outlets. But they serve two distinct markets: top-up shopping for deferred consumption, and on-the-go buying for immediate consumption. To thrive in today's market, impulse outlets will need to focus on retaining their top-up shoppers while maximising on-the-go sales.

Soft Drinks Sub-Categories – Price per Litre (£), 2008



Source: Nielsen Scantrack

ON-PREMISE REVIEW

30_39

OVERVIEW

It was another challenging year for pubs, bars, restaurants, UK football teams and most alcoholic drinks. And while it was a relatively good year for soft drinks and cider, nobody had much to celebrate.

Overview

Still outperforming the hard stuff

These are tough times for the licensed trade. The setbacks it had to contend with in 2008 included poor weather, the ongoing effects of the smoking ban, and start of the economic downturn, and all the UK teams' failure to qualify for Euro 2008.

It's hardly surprising that consumers were visiting licensed premises less last year, preferring to stay in more and take advantage of the lower prices offered by supermarkets. Soft drinks continued to outperform the overall drinks market in the licensed channel, even though their sales were down 4% by value and 6% by volume to £2.3bn.

Historically, alcohol has been relatively resilient in recessions. But as the beer drinkers of yesteryear are disappearing and more pub visits are centred on food, wet sales are in decline.

The shape of the market has changed significantly, even in the past 12 months, as the smoking ban has encouraged more families, females and mixed groups through the door. In general, the pubs that have fared the best are those that have invested in becoming destination establishments with a greater family and food focus. Soft drinks' increased importance in this mix helps to explain their relative resilience.

Of the larger sub-categories, fruit juice and juice drinks performed better, with value sales virtually unchanged on 2007.

TOTAL ON-PREMISE SUB-CATEGORY PERFORMANCE

	Value and volume	% change	% share
Cola	946	-4	41
	247	-7	48
Lemonade	422	-6	18
	114	-7	22
Juice drinks	245	0	11
	44	-4	8
Squash	170	-1	7
	16	-5	3
Mixers	158	-4	7
	26	-5	5
Fruit juice	139	-1	6
	23	-1	4
Energy	109	-7	5
	15	-8	3
Bottled water	71	-7	3
	19	-11	4
Flavoured carbonates (excluding energy)	52	-1	2
	17	-3	3
Total soft drinks	2,311	-4.0	
	519	-6.0	

Value (£m) Volume (m litres)

Source: Nielsen On-Premise Audit, MAT November 2008

Top On-Premise Brands

Value	£ millions	% change
1 Coca-Cola	451	-6
2 Pepsi-Cola	431	0
3 R Whites Lemonade	193	2
4 Britvic J_2O	178	-3
5 Schweppes Lemonade	156	-12
6 Red Bull	97	-8
7 Schweppes Mixers	81	-3
8 Britvic Mixers	70	-4
9 Britvic Squash	66	1
10 Britvic Juices	50	1

Source: Nielsen On-Premise Audit, Total Brewers, MAT Nov 2008

To extract this chart data go to:
www.softdrinksreport.com/data09

Pubs and bars
Managed sector improved in second half

In 2008 soft drinks sales in the independent sector (down 1%) held up better than either managed (down 4%) or leased and tenanted outlets (down 7%). However, in the second half of the year the managed sector improved their performance significantly as the higher quality and value of their food offering enabled them to sustain revenues while declines accelerated in the leased and tenanted sector. The improving value and broadening appeal of managed estates is likely to strengthen their position relative to the independent and leased and tenanted sectors through recessionary times.

Brands
J_2O overtakes Magners

J_2O overtook Magners to become the channel's biggest-selling packaged drink – a notable achievement. Coca-Cola remains the largest brand, with Pepsi close behind and narrowing the gap.

Suppliers
Britvic increases market leadership

Britvic is still No1 supplier in the licensed channel, with sales of £1.1bn and 46% value share. In 2008 it increased its share, holding sales steady while the overall market declined 4%. No2 supplier CCE lost market share to 34%, with sales declining 7% to £789m. Other suppliers, accounting for 20% of the market, maintained flat sales.

Foodservice / HORECA (Hotels, Restaurants and Catering)

Workplace catering drives growth

Within the foodservice (HORECA) channel of on-premise soft drinks sales continued to grow in 2008, albeit it at 3% rather than the previous year's 12%. Total sales value in 2008 was £239 million. The largest channel and largest driver of growth is workplace catering, which grew 8% to £62million. The reasons for this growth are not entirely clear – key factors are likely to be companies improving workplace facilities for employees and people going out for lunch less because of the economic downturn. The segment showing the greatest decline is restaurants, down 5%, which is consistent with the falls experienced by pubs and bars.

The largest sub-category in foodservice soft drinks sales was fruit juice, which stayed flat at £66m. But the fastest growth came from energy drinks – up by 11% to £25million. Less favoured sub-categories were both still and flavoured water, down 3% and 32% respectively.

HORECA & Leisure
Sub-Category Performance – Value

Value	£ millions	% change
1 Fruit Juice	66	0
2 Fruit Drinks	40	4
3 Carbonates - Cola	34	5
4 Still Water	32	-3
5 Energy Drinks	25	11
6 Other Carbonates	18	0
7 Squash	11	-3
8 Sparkling Water	7	1
9 Flavoured Water	3	-32
10 Carbonates - Lemonade	2	5
11 Mixers	1	27
Grand Total	239	-1

Source: Nielsen Delivered Catering Wholesale, MAT Dec 2008

HORECA & Leisure
Sub-Channel Performance – Value

Value	£ millions	% change
1 Workplace Catering	62	8
2 Education	35	-2
3 Hotels	32	-1
4 Travel & Leisure	30	1
5 Fast Food & Cafes	30	0
6 Health & Welfare	27	0
7 Restaurants	22	-5

Source: Nielsen Delivered Catering Wholesale, MAT Dec 2008

SOFT DRINKS SUB-CATEGORIES

£946m

With sales down 4%, the £1bn milestone proved elusive for cola

Cola

Pepsi narrows the gap

Cola is the dominant sub-category in the licensed market, with 41% value share, so tends to determine the overall trend. In 2008 its value sales fell 4%, in line with the soft drinks total, to £946m. Of the two main players, Pepsi had the better year. Coca-Cola gave up a little of its market leadership, with sales down 6% to £451m and share of the cola sub-category down to 48%. Pepsi continued to close the gap, with sales virtually unchanged at £431m and share up to 45%. Its Diet Pepsi brand actually achieved positive growth of 4%. Pepsi benefits from its leadership in draught systems, which offer retailers better margin, convenience and speed of serve than packaged product. The majority of cola is now served this way in pubs and bars, and Pepsi has gained further strength from its patented "Xtra Cold" dispense system.

Lemonade

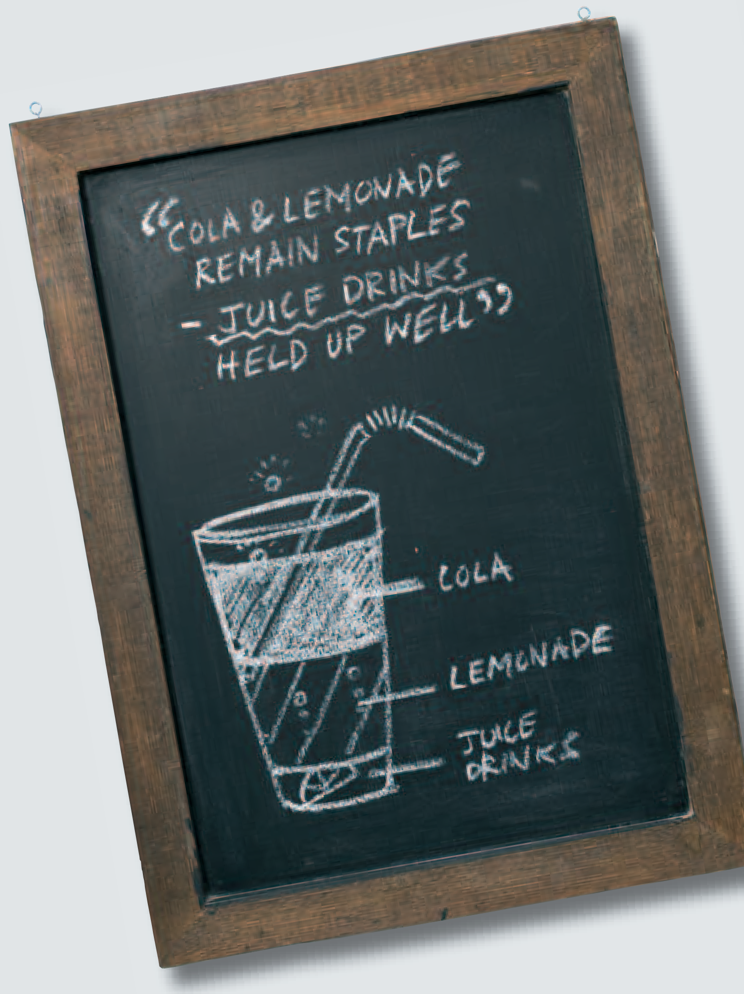
R Whites strengthens lead as market shrinks

Lemonade is also served mainly in draught format. It remains the second-largest sub-category, with 18% share, but sales declined by 6% to £422m. R Whites strengthened its market leadership, growing sales 2% to £193m and achieving 45% share of the sub-category. Schweppes Lemonade lost some share to 37% as its sales declined 12%.

Juice drinks

Holding up well

Juice drinks are the third-largest category but, with 11% share, trail far behind cola and lemonade. Like fruit juice, they performed relatively well: sales remained flat at £245m. J_2O maintained its 80% market share, with sales steady at £178m.



Squash

Schweppes makes gains

Squash also performed relatively well, with sales steady at £170m. Schweppes Squash made the running, raising sales by 7% to £36m and boosting market share to 21%. Market leader Britvic Cordial increased sales by 1% to £66m, retaining 39% of the market.

Mixers

Main brands share modest decline

Mixers moved broadly in line with the market, with sales down 4% to £158m. Market leader Schweppes saw sales decline by 3% to £81m, while Britvic lost sales only slightly faster to £70m.

Fruit juice

Relatively healthy

Fruit juice benefited from the growing trend towards food and family and performed relatively well in 2008, with sales broadly steady at £139m. Britvic Juices retained their No1 position, with sales growing 4% to £56m while second-placed Schweppes Juices saw sales fall 8%.

Energy

V&RB passes its peak

Energy drinks may be the powerhouse of the take-home market, but in the licensed trade they had a second year of decline as the fashion for vodka and Red Bull passed its peak. After losing 3% in 2007, the sub-category lost a further 7% of sales in 2008 to £109m. Red Bull is the clear market leader with 89% share, but its 8% fall-off in sales last year was slightly faster than the overall market decline.

Bottled water

Growth run falters

The downturn for water started in 2007 with take-home sales. Last year it reached the licensed trade, and sales declined 7% to £71m. Strathmore (£17m) and Abbey Well (£13m) are the key players, declining by 5% and 7% respectively. There is some positive news: Highland Spring shot up by 18% to £7m, while Robinsons Fruit Shoot H_2O built on the previous year's 36% growth, adding 2% to reach £6m.

Flavoured carbonates

Downturn slows down

After losing 7% of sales in 2007, flavoured carbonates slowed their decline to 1% last year, with sales of £52m. The big winner was Irn Bru, which lifted sales by an impressive 10% to £16m.

Industry expert

For the Whitbread business, the soft drinks category is the second largest drinks category and therefore strategically critical to us.

This year is set to be an exciting but challenging one for the licensed trade, as most consumers are feeling the negative effects of the economic situation. We aim to keep delivering the right quality, range and serve of our drinks, with the aim of increasing footfall and promoting value for our guests. Soft drinks play a crucial role in this, whether through the range of drinks on offer or the innovative products this category continues to produce.

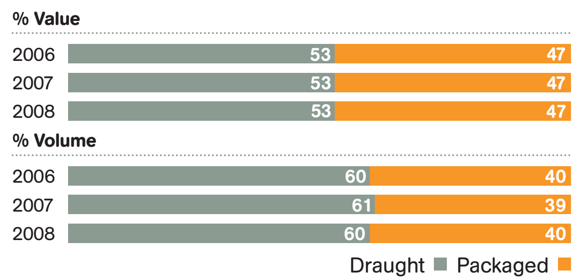
Paul Clutton
Head of Procurement – Drinks, Supplies and Services, Whitbread

DRAUGHT vs PACKAGED

To extract this chart data go to:
www.softdrinksreport.com/data09

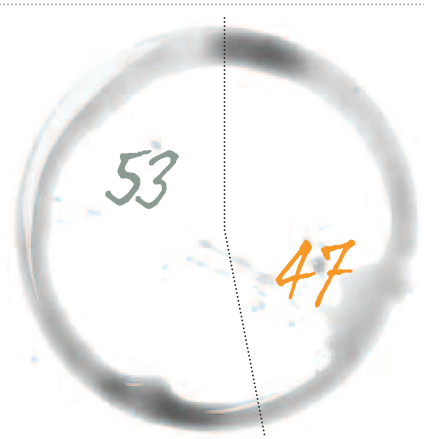
The split between draught and packaged soft drinks in the licensed channel has remained the same over the last 3 years. Draught continues to hold a larger proportion of the market both in value and volume due to its use as a mixer for alcohol and its perception as the value option for consumers dining out.

Draught vs Packaged

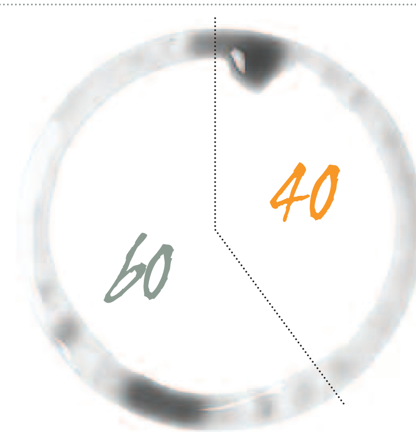


Source: Nielsen On-Premise Audit, MAT November 2008

Value % share in 2008



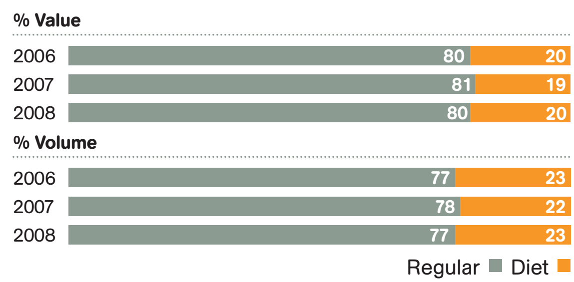
Volume % share in 2008



REGULAR vs DIET

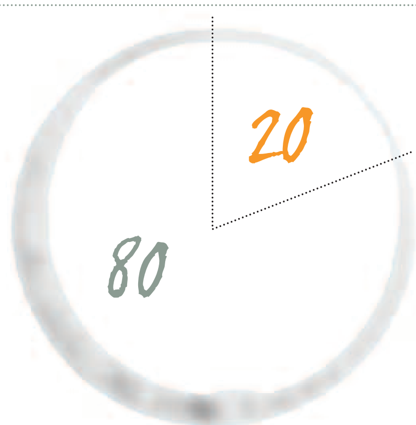
Consumers tend to make more indulgent, full sugar soft drinks choices in the licensed channel to suit the social occasion. With carbonates accounting for the majority of soft drinks sales in the on-premise and, within this, regular varieties over-indexing, health and wellbeing is less of a concern than in take home, where diet has grown its share. Regular variants also over-index as they include sub-categories such as pure juice, which do not have diet or no-added-sugar counterparts.

Regular vs Diet



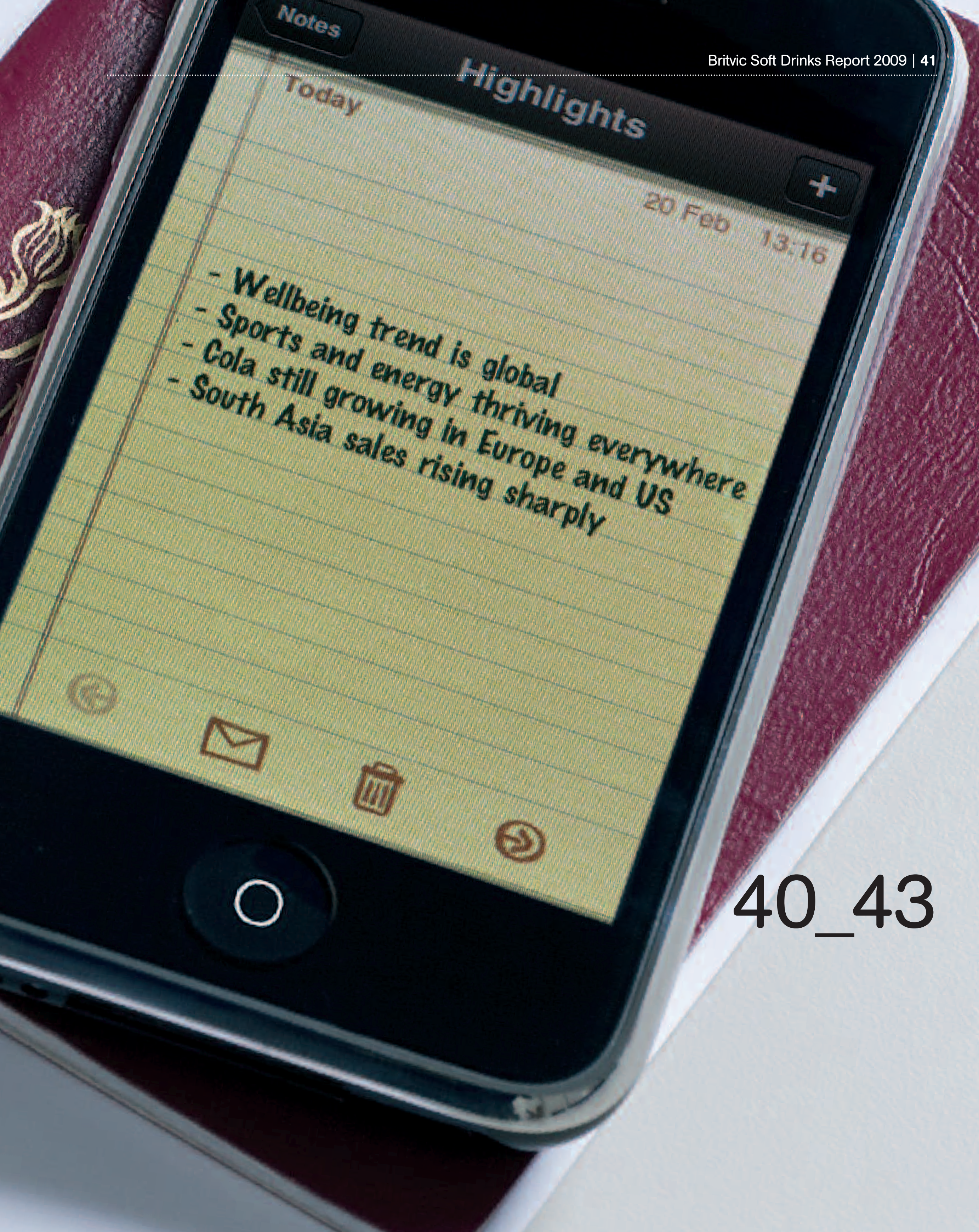
Source: Nielsen On-Premise Audit, MAT November 2008

Value % share in 2008



Volume % share in 2008

GLOBAL TRENDS



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Global trends

OVERVIEW

A look at other markets comparable to the UK shows broadly similar trends. Soft drink sales are proving reasonably resilient in economically troubled markets. And the preoccupation with health and wellbeing is near-universal. But as our snapshot of India shows, the same trend can manifest itself in widely differing ways…

5%

Soft drinks sales value rose by 5% in Germany

25%

Soft drinks sales value rose 25% in India

Megatrends

Seeking health and wellbeing in different ways

Around the globe, many countries hit by the deteriorating economic conditions saw similar trends to those in the UK last year: soft drink sales value showing little or no growth as prices rose but volumes declined. Health and wellbeing are still on the agenda, but consumers' response varies from country to country. Almost everywhere, there's growing enthusiasm for sports and energy drinks as brands such as Gatorade and Red Bull become more firmly established. In Germany, health and wellbeing concerns are helping soft drinks win sales from the alcoholic drinks sector. In France, the focus is on avoiding fat and sugar. And in India, concern for health and hygiene is powering a boom in packaged and branded drinks. As economic turbulence engulfs the world's economies this year, it will be interesting to see the impact on soft drinks in different regions. What's been clear in the past is that strong brands prove their importance in economic downturns, wherever they are in the world.

USA

Water slips as juice drives the growth

Across the Atlantic, soft drinks sales slowed somewhat in 2008. Sales value grew by 1% as volume sales reduced by 3%. Juice and juice drinks drove the value growth – particularly chilled juice, which grew both volume and value by 3%. In 2007 bottled water had been top of the class with double-digit growth, but in 2008 sales declined by 2%: a similar picture to the UK a year earlier. Within carbonated drink, cola sales grew 4% by volume but sales value was flat.

Republic of Ireland
Hit hard by recession

Both take-home and licensed channels in Ireland are suffering from one of the harshest recessions in Europe; and the large-scale return of migrants back to Eastern Europe has put additional pressure on many consumer categories including soft drinks. Despite this, soft drinks grew value by 2% in 2008, on volume down by virtually the same amount, although in the second half of the year conditions deteriorated significantly. The main sources of value growth were cola, up 3%, and energy drinks, up 7%. Fruit carbonates, which have a much bigger value share in the Irish market than in the UK (17% to the UK's 7%), saw sales slip by a little over 1%. Plain water, which also has a higher value share than in the UK (15% vs 7%), lost 2% of sales value. Conversely pure fruit juice, which has a much smaller share than in the UK (5% vs 20%), grew sales value by 2%.

Germany
Soft drinks gaining from alcohol

Health and wellbeing are becoming increasingly important in Germany, encouraging more consumers to move away from the declining alcohol sector and towards soft drinks. In addition, average fluid intake is increasing in Germany as average temperatures rise. The result: a more buoyant soft drinks sector than elsewhere in Northern Europe, with sales value up 5% on volume up 4% – despite the fact that the economy entered recession ahead of the UK. Carbonated soft drinks grew ahead of the market at 7%, driven by cola. Water, which has by far the largest volume sales in Germany, added a further 5% in 2008. Sports and energy drinks are the smallest sub-category but they're growing fast, with value up 15% on volume up 16% in 2008. Perhaps surprisingly in such a health-focused market, juice was in decline, with the growth in nectars insufficient to offset falling sales of fruit juices and fruit based drinks.

France
In need of healthy new ideas

In France, growing interest in health and wellbeing has focused on the importance of low fat and low sugar. The soft drinks market, which has suffered from lack of innovation in response to consumer trends, saw volumes fall by over 4% in 2008, although carbonated drinks drove a 2% rise in sales value. The leading sub-category, water, is now seeing significant decline – in 2008, sales reduced by 8% in volume and 5% in value. The second largest sub-category, carbonated soft drinks, increased sales value by 4%, boosted by colas, lime and lemonade. Fruit based still drinks contributed to slight growth in the fruit juice and fruit drinks sub-category. Given the recent shortage of innovation, the market could benefit this year from the introduction of wellbeing-focused soft drinks.

India
Health and hygiene drive bottled drinks

Soft drinks enjoyed record double-digit growth in India last year, with value up 25% and volume up 21%. Consumers' health and hygiene concerns are diminishing street vendor sales of unpackaged and unbranded soft drinks. Instead, consumers are spending their money on drinks with a healthier appeal, boosting sales of bottled drinks and still fruit or vegetable drinks. Rising health consciousness pushed-up the value of bottled water sales by 29% in 2008 and carbonated drinks also grew strongly, with volume up 19%. Iced tea and coffee are also gaining in popularity, possibly reflecting the increase in office jobs in India's emerging service sector.

Industry expert

Soft drinks consumers around the globe have retained their increasing focus on perceivably healthy soft drinks options in 2008, driven by a population that actively seeks out a wellbeing function in their diet. In 2009 this will be a key factor used by innovation teams throughout the world, not just in terms of product proposition but also in areas such as packaging convenience.

Chris Jones
Shopper Insight Consultant, The Nielsen Company


All of our chart data and definitions used in this report can be found within this chapter.
To download any of the chart data go to www.softdrinksreport.com/data09

DATA

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Data

DATA

The data in this report is supplied by leading market analysts who are continually working to improve accuracy, resulting in slightly different samples each year.

This creates an artificial level for trend analysis year-on-year across all channels. However, the sample is adjusted retrospectively and change percentages are accurate, although value and volume data should not be compared to last year's report. Unless otherwise stated all volumes represented are "as sold" not "as drunk".

For ease of use some figures have been rounded to whole numbers. This may result in small discrepancies in chart totals but does not affect the accuracy of the background data. Data is correct at time of going to print.

To extract the chart data go to:
www.softdrinksreport.com/data09

The Soft Drinks Market

Value	£ millions	% Share	% Change
1 Take-Home	6,085	72.5	1
2 On-Premise	2,311	27.5	-4
Total	8,396	100	-1
Volume	**ltrs millions**	**% Share**	**% Change**
1 Take-Home	6,877	93.0	-2
2 On-Premise	519	7.0	-6
Total	7,396	100	-2

Source: Nielsen Scantrack, MAT 27 Dec 2008, On-Premise Audit MAT Nov 2008

The Take-Home Soft Drinks Market In FMCG Context

	£ millions	% Change
1 Soft Drink	6,085	1
2 Total Wine	4,821	4
3 Total Beer	3,907	1
4 Chocolate Confectionery	3,347	1
5 Total Spirits	2,978	7
6 Total Snacks	1,879	8
7 Yogurt	1,366	11
8 Sugar Confectionery	1,209	-1
9 Butter and Margarine	1,161	15
10 Toilet Tissues	1,031	2

Source: ACNielsen Scantrack, MAT 27 Dec 2008

The On-Premise Soft Drinks Market in Context

Total Brewers	£ millions	% Change
1 Beer	9,968	-5
2 Spirits	2,414	-3
3 Soft Drinks	2,311	-4
4 Wine	1,264	-4
5 Cider	1,022	2
6 FABS	318	-14
7 Fortified Wine	57	-7
8 Champagne and Sparkling Wine	88	4
9 Perry	2	2

Source: ACNielsen On-Premise Audit MAT November 2008

Top Marketing Spend by Advertisers

	£ millions	% Change
1 Coca-Cola Great Britain	33.90	6
2 Britvic Soft Drinks Ltd/Pepsico Intl Ltd	19.6	-30
3 GlaxoSmithKline Nutr Healthcare	13.68	-4
4 Red Bull Company	7.58	29
5 Schweppes Beverages	4.74	3
6 Ocean Spray Intl Inc	2.93	31
7 Gerber Foods Intl	2.21	549
8 Danone Waters (UK & Ireland) Ltd	1.56	-72
9 AG Barr Plc	1.55	-40
10 Nestlé	1.52	50

Source: Nielsen Media Research

Top Marketing Spend by Category

Value	£ millions	% Change
1 Adult Drinks	86.90	-97
2 Cola	33.89	5
3 Dairy Drinks	16.83	-23
4 Squash	5.46	-48
5 Energy and sports drinks	15.27	-4
6 Flavoured Carbonates	8.12	-16
7 Fruit Drinks	5.87	-22
8 Fruit Juice	10.60	-24
9 New Group	36.83	11
10 Range/Others	2.86	-52
11 Smoothies	1.74	-50
12 Waters	8.49	0

Source: Nielsen Media Research: Ad Dynamix

Top Marketing Spend by Brand

	£ millions	% Change
1 Coca-Cola – Original Coke	15.59	66
2 Pepsi – Max	4.60	-24
3 Coca-Cola – Diet Coke	4.36	-40
4 Coca-Cola– Coca-Cola Zero	3.95	-46
5 Red Bull – Drink	3.75	-36
6 Lucozade – Energy Drink	3.50	-37
7 Oasis – Drink	2.67	18
8 Ocean Spray – Cranberry Juice	2.60	17
9 Ribena – Pure Juice Range	2.58	n/a
10 Robinsons – Fruit Shoot H20	2.26	119

Source: Nielsen Media Research

Total Take-Home sub-category performance

Value	£ millions	% Share	% Change
1 Cola	1,294	21	4
2 Pure juice	1,212	20	-1
3 Glucose/stimulant drinks	522	9	12
4 Juice drinks	480	8	-1
5 Squash	446	7	2
6 Fruit carbonates	432	7	-1
7 Plain water	417	7	-9
8 Dairy and dairy substitute	382	6	2
9 Smoothies	172	3	-20
10 Sports drinks	166	3	7
11 Non-fruit carbonates	149	2	2
12 Water plus	149	2	-8
13 Lemonade	143	2	5
14 Traditional mixers	112	2	4
15 Cold hot drinks	8	0	-11
Total soft drinks	6,085	100	1

Volume	litres millions	% Share	% Change
1 Cola	1,631	24	3
2 Pure juice	1,146	17	-2
3 Plain water	978	14	-8
4 Squash	537	8	-3
5 Fruit carbonates	531	8	-6
6 Lemonade	481	7	-4
7 Juice drinks	372	5	1
8 Glucose/stimulant drinks	255	4	12
9 Non-fruit carbonates	224	3	-5
10 Water plus	212	3	-4
11 Dairy and dairy substitute	170	2	-4
12 Traditional mixers	171	2	-3
13 Sports drinks	103	1	9
14 Smoothies	64	1	-15
15 Cold hot drinks	5	0	-8
Total soft drinks	6,877	100	-2

Source: ACNielsen Scantrack, MAT 27 Dec 2008

Total Take Home Carbonated vs Still

Value	£ millions	% Share	% Change
1 Carbonated	2,652	44	5
2 Still	3,433	56	-2
Total soft drinks	6,085		

Volume	litres millions	% Share	% Change
1 Carbonated	3,292	48	3
2 Still	3,585	52	-4
Total soft drinks	6,877		

Source: Nielsen Scantrack, MAT 27 Dec 2008

Total Take-Home Top Suppliers

Value	£ millions	% change
1 CCE	1,629	3
2 Britvic	688	8
3 GlaxoSmithKline	475	1
4 Danone	333	-7
5 Tropicana UK	326	14
6 Red Bull	182	9
7 A G Barr	130	9
8 Innocent	110	-23
9 Gerber Foods	72	-3
10 Highland Spring	57	-1

Volume	litres millions	% Change
1 CCE	1,697	1
2 Britvic	837	9
3 Danone	346	-11
4 GlaxoSmithKline	275	1
5 Tropicana UK	206	15
6 A G Barr	145	8
7 Highland Spring	110	0
8 Nestlé Waters	80	-10
9 Gerber Foods	70	-7
10 Princes Soft Drinks	69	-6

Source: Nielsen Scantrack, MAT 27 Dec 2008

Top Take-Home Brands Value

Value	£ millions	% change
1 Coca-Cola	969	1
2 Lucozade	343	3
3 Robinsons	300	6
4 Tropicana	286	16
5 Pepsi-Cola	258	15
6 Red Bull	182	9
7 Ribena	129	-7
8 Fanta	118	-2
9 Volvic	118	-14
10 Schweppes	111	7

Source: Nielsen Scantrack Impulse, Total Coverage, MAT 27 Dec 2008

Top Take-Home Brands Volume

Volume	litres millions	% change
1 Coca-Cola	1,033	1
2 Pepsi-Cola	387	14
3 Robinsons	316	8
4 Lucozade	200	2
5 Schweppes	187	0
6 Tropicana	184	19
7 Evian	153	-10
8 Volvic	149	-12
9 Fanta	122	-2
10 Highland Spring	110	0

Source: Nielsen Scantrack Impulse, Total Coverage, MAT 27 Dec 2008

Total Take-Home Split

Value	£ millions	% Share	% Change
1 Out of town	2,748	45	2
2 High Street	1,379	23	-1
3 Convenience	1,953	32	-1

Volume	£ millions	% Share	% Change
1 Out of town	3,733	54	-1
2 High Street	1,667	24	-3
3 Convenience	1,466	21	-3

Source: Nielsen Scantrack Impulse, MAT 27 Dec 2008

The Take-Home Channel

Value	£ millions	% Share	% Change
1 Grocery Multiples	4,223	69	2
2 Impulse	1,862	31	-3
Total Coverage	6,085	100	1

Volume	litres millions	% Share	% Change
1 Grocery Multiples	5,477	80	-1
2 Impulse	1,400	20	-5
Total Coverage	6,877	100	-2

Source: Nielsen Scantrack Impulse, Retail View, MAT 27 Dec 2008

Grocery Multiples Sub-Category Performance

Value	£ millions	% share	% Change
1 Pure juice	1,063	25	-1
2 Cola	779	18	9
3 Squash	386	9	3
4 Dairy and dairy substitute	316	7	3
5 Juice drinks	312	7	4
6 Plain water	277	7	-8
7 Fruit carbonates	256	6	4
8 Glucose stimulant drinks	209	5	16
9 Smoothies	158	4	-20
10 Water plus	107	3	-5
11 Lemonade	106	3	7
12 Traditional mixers	91	2	5
13 Non-fruit carbonates	87	2	4
14 Sports drinks	70	2	20
15 Cold hot drinks	7	n/a	-10
Total soft drinks	4,223	100	2

Volume	litres millions	% share	% Change
1 Cola	1,184	22	6
2 Pure juice	1,041	19	-2
3 Plain water	802	15	-7
4 Squash	481	9	-3
5 Lemonade	404	7	-4
6 Fruit carbonates	394	7	-5
7 Juice drinks	283	5	5
8 Water plus	178	3	-3
9 Non-fruit carbonates	165	3	-7
10 Traditional mixers	148	3	-3
11 Dairy and dairy substitute	139	3	-2
12 Glucose stimulant drinks	137	3	12
13 Smoothies	59	1	-15
14 Sports drinks	58	1	20
15 Cold hot drinks	4	n/a	-5
Total soft drinks	5,477	100	-1

Source: Nielsen Scantrack, MAT 27 Dec 2008

Impulse Sub-Category Performance

Value	£ millions	% share	% Change
1 Cola	515	28	-2
2 Glucose stimulant drinks	314	17	10
3 Fruit carbonates	176	9	-7
4 Juice drinks	169	9	-10
5 Pure juice	149	8	0
6 Plain water	141	8	-11
7 Sports drinks	96	5	-1
8 Dairy and dairy substitute	66	4	-5
9 Non-fruit carbonates	62	3	0
10 Squash	60	3	-4
11 Lemonade	36	2	-3
12 Water plus	42	2	-13
13 Traditional mixers	20	1	-1
14 Smoothies	14	1	-17
15 Cold hot drinks	2	n/a	-15
Total soft drinks	1,862	100	-3

Volume	litres millions	% share	% Change
1 Cola	447	32	-2
2 Plain water	176	13	-12
3 Fruit carbonates	137	10	-10
4 Glucose stimulant drinks	117	8	11
5 Pure juice	105	7	-1
6 Juice drinks	89	6	-11
7 Lemonade	77	5	-5
8 Non-fruit carbonates	59	4	-1
9 Squash	56	4	-5
10 Sports drinks	45	3	-3
11 Water plus	34	2	-12
12 Dairy and dairy substitute	31	2	-14
13 Traditional mixers	23	2	-4
14 Smoothies	4	n/a	-14
15 Cold hot drinks	1	n/a	-21
Total soft drinks	1,400	100	-5

Source: Nielsen Scantrack, MAT 27 Dec 2008

The Impulse Channel Split

Value	£ millions	% Share	% Change
1 Co-ops & Symbols	742	40	1
2 Total Multiples Forecourts	213	11	-10
3 Total Multiples Split Offs GB	52	3	5
4 Independents	730	39	-5
5 Other Impulse Multiples	125	7	5
Total Impulse GB	1,862	100	-3

Volume	litres millions	% Share	% Change
1 Co-ops & Symbols	660	47	-2
2 Total Multiples Forecourts	113	8	-16
3 Total Multiples Split Offs GB	47	3	6
4 Independents	500	36	-8
5 Other Impulse Multiples	79	6	8
Total Impulse GB	1,400	100	-5

Source: Nielsen Scantrack Impulse, MAT 27 Dec 2008

Take-Home Deferred v Immediate

Value	£ millions	% share	% Change
1 Deferred	4,228	69	1
2 Immediate	1,857	31	-1

Volume	litres millions	% share	% Change
1 Deferred	5,811	84	-2
2 Immediate	1,067	16	-4

Source: Nielsen Scantrack, MAT 27 Dec 2008

Take-Home Diet v Regular

Value	£ millions	% share	% change
1 Diet	1,393	23	2
2 Regular	4,692	77	1

Volume	litres millions	% share	% change
1 Diet	1,971	29	-1
2 Regular	4,907	71	-2

Source: Nielsen Scantrack Impulse, MAT 27 Dec 2008

Total On-Premise sub-category performance

Value	£ millions	% Share	% Change
1 Cola	946	41	-4
2 Lemonade	422	18	-6
3 Juice drinks	245	11	0
4 Squash	170	7	-1
5 Mixers	158	7	-4
6 Fruit juice	139	6	-1
7 Energy	109	5	-7
8 Mineral water	71	3	-7
9 Flavoured carbs (excl energy)	52	2	-1
Total soft drinks	2,311	100	-4

Volume	litres millions	% Share	% Change
1 Cola	247	48	-7
2 Lemonade	114	22	-7
5 Juice drinks	44	8	-4
4 Mixers	26	5	-5
3 Fruit juice	23	4	-1
9 Mineral water	19	4	-11
8 Flavoured carbs (excl energy)	17	3	-3
6 Squash	16	3	-5
7 Energy	15	3	-8
Total soft drinks	519	100	-6

Source: ACNielsen On-Premise Audit, MAT Nov 2008

Top On-Premise Brands

Value	£ millions	% change
1 Coca-Cola	451	-6
2 Pepsi-Cola	431	0
3 R Whites Lemonade	193	2
4 Britvic J2O	178	-3
5 Schweppes Lemonade	156	-12
6 Red Bull	97	-8
7 Schweppes Mixers	81	-3
8 Britvic Mixers	70	-4
9 Britvic Squash	66	1
10 Britvic Juices	50	1

Source: Nielsen On Premise Audit, Total Brewers, MAT Nov 2008

Volume	litres millions	% change
1 Coca-Cola	120	-8.2
2 Pepsi-Cola	107	-3.9
3 R Whites Lemonade	48	-1.4
4 Schweppes Lemonade	43	-9.7
5 Britvic J2O	30	-6.5
6 Schweppes Mixers	12	-8.1
7 Red Bull	12	-8.2
8 Britvic Mixers	11	-2.7
9 Britvic Juices	7	2.6
10 Britvic Squash	7	-1.4

Source: Nielsen On Premise Audit, Total Brewers, MAT Nov 2008

On-Premise Suppliers

Value	£ millions	% share	% change
1 Britvic	1,055	46	0.0
2 CCE	789	34	-6.8
3 Other	467	20	0.0
Total soft drinks	2,311	100	-3.7

Volume	litres millions	% share	% change
1 Britvic	225	43	-2.9
2 CCE	190	37	-8.4
3 Other	104	20	5.0
Total soft drinks	519	100	-6.3

Source: Nielsen On Premise Audit, MAT Nov 2008

Total On-Premise Channel Split

Value	£ millions	% share	% change
1 Managed Pub Chains	693	30.0	-4.4
2 Lease/Tenanted Pubs	735	31.8	-6.5
3 Independents	883	38.2	-0.7
Total	2,311	100	-3.7

Volume	litres millions	% share	% Change
1 Managed Pub Chains	135	26.1	-5.7
2 Lease/Tenanted Pubs	157	30.2	-9.3
3 Independents	227	43.7	-4.3
Total	519	100	-6.3

Source: Nielsen On Premise Audit MAT Nov 2008

Total Brewers Draught v Packaged

Value	£ millions	% share	% change
1 Draught	1,218	53	-4.3
2 Packaged	1,093	47	-3.1

Volume	litres millions	% share	% change
1 Draught	314	60	-6.3
2 Packaged	205	40	-6.1

Source: Nielsen On-Premise Audit, MAT Nov 2008

Total Brewers Diet v Regular

Value	£ millions	% share	% change
1 Diet	464	20	-0.2
2 Regular	1,847	80	-4.6

Volume	litres millions	% share	% change
1 Diet	117	23	-2.6
2 Regular	402	77	-7.3

Source: Nielsen On-Premise Audit, MAT Nov 2008

Total Brewers Carbonated v Still

Value	£ millions	% share	% change
1 Carbonated	1,688	73	-4.6
2 Still	623	27	-1.2

Volume	litres millions	% share	% change
1 Carbonated	418	81	-6.6
2 Still	101	19	-4.9

Source: Nielsen On-Premise Audit, MAT Nov 2008

HORECA & Leisure Sub-Channel Performance – Value

Value	£ millions	% change
1 Workplace Catering	62	8
2 Education	35	-2
3 Hotels	32	-1
4 Travel & Leisure	30	1
5 Fast Food & Cafes	30	0
6 Health & Welfare	27	0
7 Restaurants	22	-5

Source: Nielsen Delivered Catering Wholesale, MAT Dec 2008

HORECA & Leisure Sub-Category Performance – Value

Value	£ millions	% change
1 Fruit Juice	66	0
2 Fruit Drinks	40	4
3 Carbonates - Cola	34	5
4 Still Water	32	-3
5 Energy Drinks	25	11
6 Other Carbonates	18	0
7 Squash	11	-3
8 Sparkling Water	7	1
9 Flavoured Water	3	-32
10 Carbonates - Lemonade	2	5
11 Mixers	1	27
Grand Total	239	-1

Source: Nielsen Delivered Catering Wholesale, MAT Dec 2008

DEFINITIONS/GLOSSARY

Carbonates
A drink made predominantly from carbonated water to which juice or flavourings have been added.

Cola
Cola-flavoured carbonated drinks, including cola with flavours such as cherry, twist of lemon, etc. Includes all clear and coloured colas.

Fruit Carbonates
Fruit flavoured carbonated drinks. Flavours are typically orange, cherry, lime, blackcurrant, apple, pineapple and grapefruit, lemon, lemon and lime, tropical and other mixed fruit flavours. Also includes Tizer, Dr Pepper and Vimto, as these brands now contain fruit.

Non-Fruit Carbonates
Non-fruit flavoured carbonates, excluding cola but including the unique Irn Bru. Also includes traditionals such as cream soda, ginger beer and shandy.

Lemonade
All conventional clear and cloudy or traditional, carbonated lemonade. Flavoured with lemon juice and additional fruit flavours to produce coloured lemonade.

Glucose and Stimulant Drinks
All "energy boosting" drinks such as Red Bull and Red Devil, normally fizzy.

Sports Drinks
Drinks that are specifically designed to replace minerals, sugars, trace elements and fluids as a result of exercise. Can include dilutables and powders.

Squash
Concentrated beverage, commonly called squash, cordial or syrup. Artificially flavoured or with natural juice that must be diluted prior to consumption.

Mixers
All drinks intended to dilute an alcoholic beverage, as well as being consumed as a solus soft drink.

Cold Hot Drinks
Includes cold soft drinks that are tea and coffee based such as Lipton's Iced Tea.

Smoothies
Generally drinks described as smoothie, either in brand name or as a descriptor on the packaging. Drinks described as thickie will also be included.

Dairy Drinks
Ready to drink milk or milk substitute to which flavouring or juice has been added. May consist of any type of milk regardless of fat content.

Juice Drinks
A non-carbonated drink which generally contains fruit juice (some may not) plus added water or other ingredients.

Pure Juice
A non-carbonated 100% pure juice or other juice blend with no added water or sweetener, which may be chilled or long-life. Includes all concentrated juices, with the exception of frozen juice. Diluted cranberry juice drinks and cranberry blends are classified as Pure juice.

Plain Water
Still or sparkling water with nothing else added.

Water Plus
Sparkling or still flavoured water, or functional water (excluding sports water).

HORECA/Foodservice
Hotels, restaurants and catering.

Data sources
All sources are indicated in the charts and graphs, and detailed sources are available to all references in the text.

Take-home data relates to MAT 27 December 2008 and is taken from Nielsen's Scantrack Impulse Service, which monitors weekly data from EPOS checkout scanners. All sales figures are in £millions, all volumes in million litres.

On-premise data is taken from Nielsen's On-Premise Audit and relates to MAT November 2008. All sales figures are in £millions, all volumes in million litres.

"The Credit Crunch Consumer" section contains insight taken from Nielsen's Homescan panel, with data relating to MAT 27 December 2008 unless otherwise stated.

Survey information is representative of the GB population and is based on survey responses from Nielsen's Homescan panel, a sample of 15,000 households.

Other data provided by:
Mindshare

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Designed and produced by: Radley Yeldar
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BRITVIC soft drinks

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