



# GROCCERY

SOFT DRINKS REVIEW  
2018

**BRITVIC**

# WELCOME to the Britvic Soft Drinks Review

It has been an unprecedented year for our category with a series of impactful events to navigate. A number of opportunities and challenges arose from changes in the consumer, retail and regulatory landscape.

Pleasingly, the soft drinks category performance continues to be amazingly resilient, growing in both value (+7.7%) and volume (+2.9%)<sup>1</sup>.

The Soft Drinks Industry Levy (SDIL) was introduced last April, signalling the start of increasing government focus on initiatives to help improve the nation's health through reducing calories from our diets.

Britvic's strategy and long-term focus on health and the strength of our no/low portfolio meant we entered the levy from a robust position, already benefiting from strong sales growth. Today 99% of our GB owned brands are below/exempt (90% in Ireland) and our strategy to encourage healthier choices is working effectively.

The levy has had a lasting impact on the soft drinks industry, particularly in the cola category, with significant volume shift from regular to low and no sugar options and products such as Pepsi Max have now gained significant share from full sugar products.

The post-levy trend towards no/low sugar has also seen the dilutes category improve its fortunes, driven by Robinsons' excellent performance and the launch of its premium Fruit Cordials and Creations, with Robinsons Creations the top soft drink launch of the past two years.<sup>2</sup>

In January this year, government took the next step by opening consultation to gain industry insight into regulations around high fat salt sugar (HFSS). At Britvic we are very much aligned to this desire to make a positive difference to the people and world around us through our sustainable business programme, 'A Healthier Everyday', which focuses on three areas where we can make a real difference: healthier people, healthier communities and a healthier planet.

Spearheaded by the Blue Planet II documentary, plastic - and particularly single use - came into sharp focus. Many positive steps have been taken in retail, including charging for plastic bags and the introduction of reverse vending machine trials and as an industry we must continue to prioritise how we can limit our environmental impact.

Although the summer's CO<sub>2</sub> shortage saw soft drink volume sales lost through the limited production of carbonated soft drinks, value was maintained in the category due to quick reactions including scaling back on promotional activity<sup>2</sup> and suppliers who operated in non-carbonated spaces, like Britvic, that were able to offer retailers choice.

2018 was also a record year for mergers and acquisitions with more than a quarter of deals in the past 22 years signed in the last 12 months, including completion of the Tesco/Booker deal. This consolidation has continued into 2019 with the announcement of the Ocado/M&S joint venture and these business movements have opened up an even more competitive marketplace with retailers looking to differentiate and grow value.



**Paul Graham**  
GB Managing Director

This level of activity shows the vibrant and dynamic nature of the sector, which continues to offer great opportunity, but the offer has to be distinctive and well-run to thrive. All was not positive though - last year also saw high-profile closures of a number of retail businesses.

Preparations for Brexit continued throughout 2018. There will of course be regulatory changes to adapt to but I believe that the soft drinks category will again demonstrate resilience in this area.

Our category continues to be a dynamic and creative place to be with a wealth of opportunities and innovation from both suppliers and retailers, which continues to excite consumers and make soft drinks among the most exhilarating categories in the UK.



# 2018 MARKET INFLUENCES

First half

MFG  
acquires  
MRH



Beast  
from the East



Soft Drinks Industry  
Levy introduced



Hottest  
summer on record  
for 30 years



Jan

Feb

Mar

Apr

May



Plastic  
Blue Planet II



Tesco completes  
£4bn  
takeover of Booker



Nisa / Co-op  
deal approved  
by Nisa members



# 2018 MARKET INFLUENCES

## Second half

England reach the semi-finals of the **World Cup**

CO<sub>2</sub> shortage



CCEP purchase Costa



Applegreen completes takeover of Welcome Break



The Restaurant Group completes takeover of Wagamama



Jun

Jul

Aug

Nov

Dec



Co-op to supply to 2,200 Costcutter stores following P&H closure



Tesco and Carrefour form strategic alliance



U16 Energy drink consultation announcement



Today's / Landmark merger



Asda / Sainsbury's merger referred to competition commission

# THE YEAR IN NUMBERS

Overall grocery sales

# 0.0%<sup>3</sup>

Flat in both value and volume, which was better than expected, and was driven by a solid end to the year.

Q4 Sales seeing

## +1.4%<sup>3</sup>

December growth

## +3.3%<sup>3</sup>

Best 4w/e grocery growth since 2012

The biggest movements in where we shop continued to be away from the main shop in supermarkets towards (in order):<sup>4</sup>

1

main shop in discounters

2

main shop online

3

top-up shop in discounters

This leaves online & discounters continuing to drive growth

# 5<sup>th</sup> biggest<sup>4</sup>

Retailer - Aldi supermarket

Aldi is now the fifth biggest retailer in UK Grocery, moving ahead of Waitrose and more recently Co-op.

However, the top four are also returning to growth, with Tesco and Asda leading the way, with 0.3% value growth and 1.9% growth respectively in the L12w vs YA.

Value growth

Tesco

## +0.6%<sup>21</sup>

Asda

## +0.7%<sup>21</sup>

In the L12w vs YA.

We saw less and less promotions, with spend on offer falling to its lowest level in six years.

Private label is becoming increasingly important & driving growth, particularly in Tesco and Co-op where PL has seen massive support. Notably Premium PL is gaining share.<sup>1</sup>

private label



Total value of soft drinks<sup>1</sup>

# £6.2bn

+7.7%

Pack format growth<sup>1</sup>

+8.6%	single
+8.2%	single multipack
+6.8%	multi-serve

Category data<sup>1</sup>

## Juice drinks

£400m	value
-6.4%	growth

## Pure juice

£872m	value
+2.5%	growth

## Glucose stimulants drinks

£493m	value
+4.4%	growth

## Plain water

£645m	value
+4.7%	growth

## Dairy &amp; Dairy Substitute

£414m	value
+5.4%	growth

## Smoothies

£236m	value
+6.1%	growth

## Sport drinks

£75m	value
+6.2%	growth

## Squashes

£438m	value
+7.9%	growth

## Non fruit carbonates

£138m	value
+9.0%	growth

## Fruit carbonates

£448m	value
+10.7%	growth

## Water plus

£211m	value
+12%	growth

## Cola

£1.3bn	value
+12.6%	growth

## Lemonade

£125m	value
+17.4%	growth

## Cold hot drinks

£99m	value
+30%	growth

## Traditional Mixers

£250m	value
+30.8%	growth

Manufacturers<sup>1</sup>

## CCEP

£1.5bn	value
+11.3%	growth

## Private label

£1.3bn	value
+3.3%	growth

## Britvic

£741m	value
+11.4%	growth

## LRS

£328m	value
+2.5%	growth

## Danone

£283m	value
+1.6%	growth

## Innocent

£258m	value
+5.4%	growth

## Tropicana

£222m	value
+2.4%	growth

## Nestle Waters

£199m	value
+5.2%	growth

## Red Bull

£146m	value
+10.3%	growth

## Barrs

£132m	value
+11.5%	growth

Top 10 Brand performance<sup>1</sup>

Cola-Cola	Pepsi	Innocent	Lucozade	Robinsons
£896m value	£386m value	£248m value	£235m value	£218m value
+12.5% growth	+13.4% growth	+6.3% growth	+4.1% growth	+7.6% growth
Tropicana	Red Bull	Fanta	Schweppes	Fever Tree
£188m value	£146m value	£124m value	£115m value	£114m value
+3.9% growth	+10.3% growth	+17.4% growth	+24.0% growth	+53.4% growth

Top 10 Brands in growth<sup>1</sup>

## Highest Ranked by highest % value difference vs Y1

Fever Tree	Schweppes	Fanta	Dr. Pepper	Vimto
£113.8m value	£114.7m value	£123.5m value	£60.1m value	£62.6m value
+53.4% growth	+24.0% growth	+17.4% growth	+13.8% growth	+13.5% growth
Pepsi	Highland Spring	Coca-Cola	Im Bru	Red Bull
£386.3m value	£88.0m value	£896.4m value	£75.2m value	£145.9m value
+13.4% growth	+12.6% growth	+12.5% growth	+11.6% growth	+10.3% growth

## Lowest Ranked by lowest % value differences vs Y1

Strathmore	Aqua	Coldpress	Suncrest	Quaker
£828,000 value	£676,000 value	£1.8m value	£278,000 value	£453,000 value
-60.0% growth	-54.5% growth	-51.9% growth	-49.9% growth	-47.8% growth
Acqua Pura	Jammin	Acqua Frita	Aceau Vitamin	Sunpride
£3.6m value	£586,000 value	£1.4m value	£2.5m value	£1.2m value
-47.1% growth	-46.7% growth	-46.5% growth	-39.7% growth	-31.1% growth

# CHANNEL PERFORMANCE

2018 was a year of very strong performance with total soft drink sales up 7.7%<sup>1</sup> in the Grocery channel.

Whilst overall consumer confidence weakened to its lowest point in the last four years<sup>1</sup> due to uncertainty around Brexit, increased at home socialising occasions, along with good weather helped provide strong soft drinks growth in the grocery sector.

Unprecedented events in the past year delivered both excitement and turmoil to the soft drinks market. April saw the introduction of the Soft Drinks Industry Levy (SDIL) and there was the hottest summer on record since 1976. Even with the challenge of the CO<sub>2</sub> issue across Europe, the soft drinks category saw its highest performance in five years<sup>1</sup>. Still soft drinks categories disproportionately benefited from the issue and brands continued to see strong growth. Despite more limited availability, the hot weather and huge demand also drove the carbonates category and it delivered positive sales as well, resulting in overall value and volume sales increases.

Because of the CO<sub>2</sub> issue, retailers switched more promotions from carbonates to still category products. In some instances, when carbonates were promoted, they received feature space without any price cut offer, and generated similar levels of value.

Although household penetration of soft drinks is almost completely at its limit, it currently only features in one in every three consumption occasions and is present in only 32.7% of grocery shopping baskets<sup>6</sup>. There is additionally a significant opportunity to capitalise on the growing trends of reducing alcohol consumption along with the rising premiumisation of adult drinks.

## Discounters and online growth

Competition in the grocery channel remained strong in 2018, with customers switching into discounters and online sales growth continuing but slowing down.<sup>7</sup>

Discounters' rapid store expansion is driving growth and helping them attract new shoppers with Aldi and Lidl now contributing £446m<sup>7</sup> to soft drinks sales.



Soft drinks sales share value

£446m<sup>7</sup>

Online sales continued to grow through existing shoppers spending more, with sales now representing 9.2%<sup>7</sup> of total soft drinks spend, highlighting its importance to the category, as it now represents 7.2%<sup>7</sup> of total grocery shopping spend.



share of online sales

+9.2%<sup>7</sup>

of total soft drinks spend

## Retailer consolidation continues

Consolidation in the retail market continued throughout 2018, with the merger of Tesco and Booker. The recent announcement of a new online partnership between Ocado and M&S (starting in 2020) demonstrates that consolidation will continue at pace.

A more consolidated market offers improved operational efficiencies which in turn is likely to benefit consumers with lower prices and more choice.

# KEY GROCERY SOFT DRINK INFLUENCES

## Soft drinks industry levy impact

The Soft Drinks Industry Levy (SDIL) went live in April 2018, with the government's aim to reduce the nation's sugar consumption from soft drinks. Upon announcement of the levy, manufacturers responded in various ways: technical innovation of the category enabled a number of brands to navigate changes in recipes to lower sugar formulations. Ultimately the level of reformulation was such that the cola and stimulant categories were left with the most exposure to the levy.

The decisive actions by manufacturers led to a lower 'tax take' than expected but contributed to a higher level of calorie and sugar reduction. George Osbourne's original assumption was that the levy would generate £520m annually, but due to the unprecedented level of reformulation seen from manufacturers this was revised down to £240m.<sup>8</sup>

The trend towards healthy drinks and sugar free variants was already present prior to introduction of the levy, however its implementation saw this trend further accelerate. It was particularly true in categories where a price difference between full sugar and sugar free variants was created, such as cola.

Sugar free take-home cola has seen share increase from 63% to 72%<sup>1</sup> of volume in grocery, with no sugar the main driver of that growth. In the wider category the levy saw many of the healthier stills categories such as squash and flavoured water gaining volume share.

Ultimately the overall soft drinks category remained buoyant post levy introduction. Despite large shifts in cola, the cola category too remained in a healthy position, where the strong growth of low/no sugar segments compensated for full sugar declines.

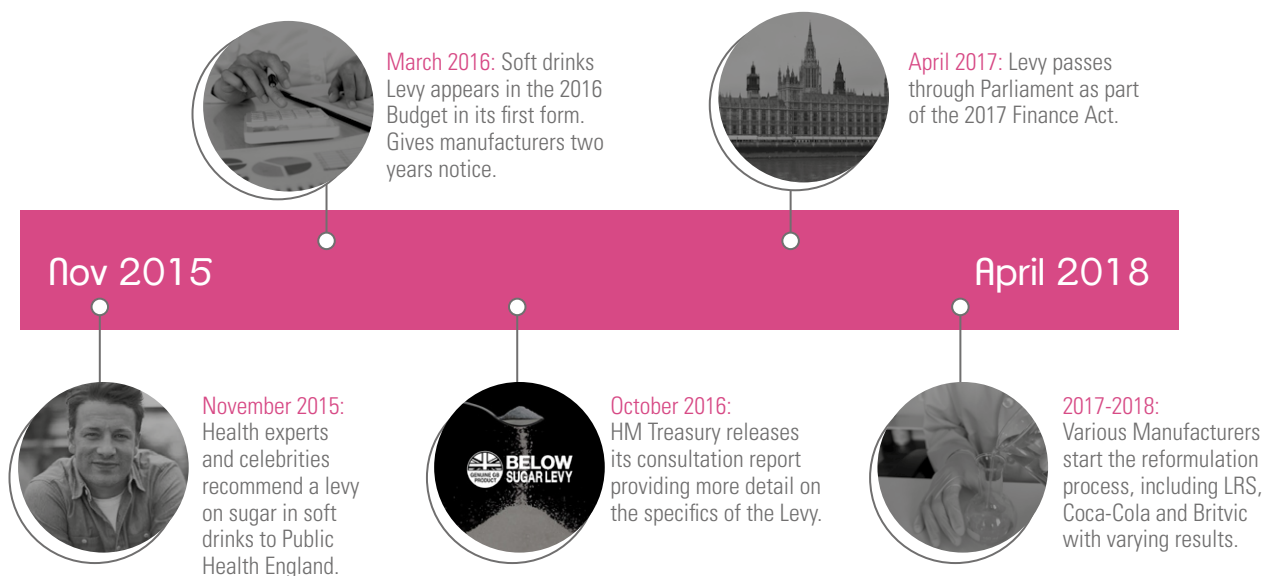
Retailers responded to the sugar levy and adjusted their range and mix accordingly in 2018. Promotional support was also readjusted in favour of healthier segments, although retailers too recognised the importance of supporting overall choice.

The sugar levy will undoubtedly be viewed as a success by the government, and it is quite possible that they will be looking to employ a similar model in other FMCG categories such as biscuits, cereals or yoghurts.

## What is the soft drinks industry levy?

under levy			liable		
<b>sugar free</b> no greater than 0.5g of sugar per 100ml	<b>low sugar</b> 0.6g to 2.4g of sugar per 100ml	<b>moderate sugar</b> 2.5g to 4.9g of sugar per 100ml	<b>medium sugar</b> 0.5g to 7.9g of sugar per 100ml	<b>high sugar</b> 8g+ sugar per 100ml	<b>natural high sugar</b> 5g+ but no added sugar

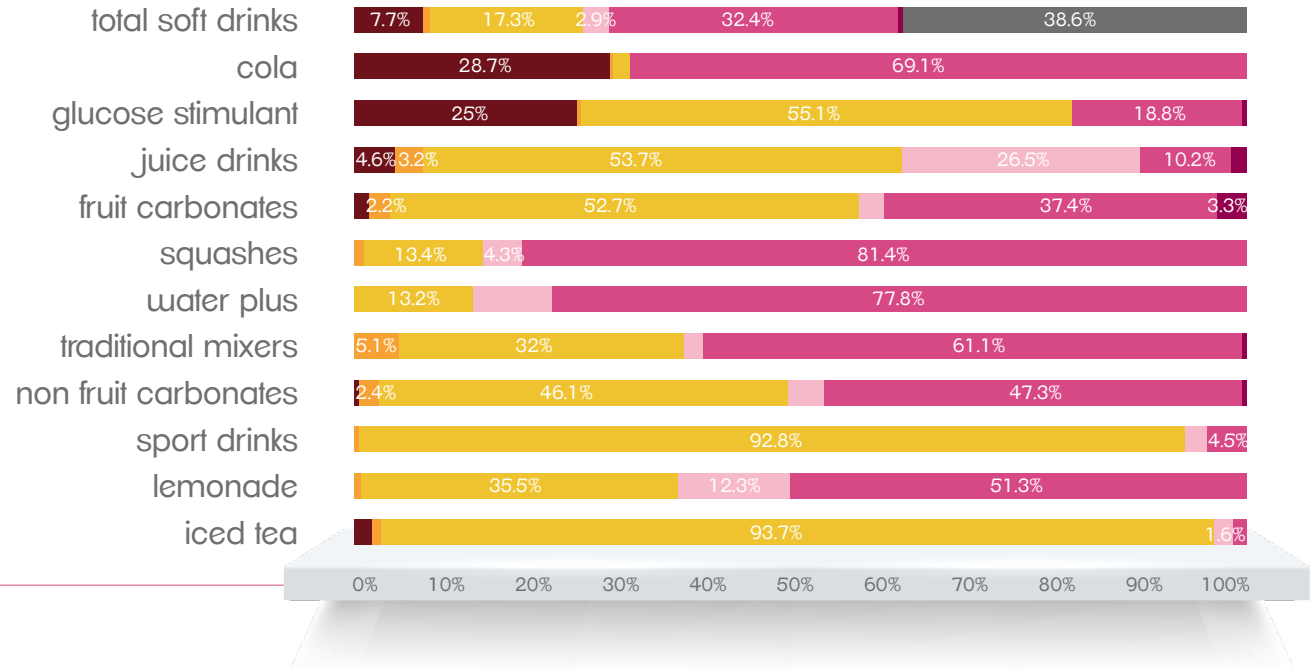
The bands equate to legal definitions of sugar free and low sugar





## Sugar level share of sector, Volume sales and Total coverage<sup>9</sup>

There was a greater level of reformulation than expected and subsequently only the Cola and Stimulant sectors have been left with significant exposure to the levy.



## Health

Although the levy accelerated the already established trends of sugar reduction, the increasingly important focus on health continues to present itself in different ways to retailers.

The complexity around health is evolving, with taste the number one consumer motivation for drinking a soft drink, meaning that delivering healthier drinks which also deliver on taste is challenging for both manufacturers and retailers.

In July 2018, the 'Big 4' along with Co-op introduced the U16 voluntary ban on energy drinks and there will be more to tell once consultation is completed and the outcome presents itself.

With traditional energy drink sales under the spotlight, people are moving towards healthier options and natural energy drinks are gaining favour with the newly emerged 'natural energy' category predicted to be worth £206m over the next five years (+26% in 2023 versus 2018)<sup>20</sup>.

The natural energy category has already seen growth double in the past three years<sup>10</sup>, with sales also expected to treble over the next five years.<sup>20</sup>

A key trend that is continuing to build momentum is consumers reducing alcohol consumption and consequently we're seeing more innovation in the adult focused soft drinks space.

This innovation is coming from both alcohol and soft drinks manufacturers and is likely to continue apace in 2019.

Another important area of soft drinks innovation has been in the water arena, with manufacturers looking to address consumers' desires for natural and artificial-free products that deliver on taste. Equally we have seen some more high profile launches in the sustainable water arena. Shoppers are responding positively to this innovation which is helping them to hydrate more healthily, and innovation in this area is likely to increase. Robinsons innovation in these healthier categories has also meant that the brand overtook Coca-Cola as the most consumed brand in home in 2018.<sup>11</sup>



## Premiumisation

Premiumisation means different things to different shoppers and isn't just about higher quality products. Shopper groups are willing to pay more for products with added health benefits, that are good for the environment and community, have more convenient on the go formats and for drinks that elevate their drinking experience.

Consumers are increasingly under time pressure and are looking to savour every moment of enjoyment. We also know that 'experience' is becoming more important to consumers. This has created an opportunity to deliver great tasting and better quality products which shoppers are willing to pay more for, adding value to both the consumer experience and the category.

Squash, adult soft drinks and mixers were the categories most successful in achieving this in 2018. In squash, through Robinsons' introduction of Creations and Cordials ranges, shoppers were successfully traded up into the "better" and "best" tiers, resulting in strong overall value growth of the category.

Mixers has almost doubled in size in grocery over the past three years<sup>10</sup> and this is primarily due to the growth of the premium tier driven by Fever Tree. As the premium tier becomes more established, this in turn creates an opportunity for the emergence of a super-premium tier, similar to what has developed in other FMCG categories such as alcohol. Adult soft drinks has also seen a resurgence this year, with growth of the sub category driven both by mainstream and premium brands.<sup>10</sup>



## Range rationalisation

Under ongoing pressure to reduce costs, some retailers have adopted range rationalisation strategies, aimed at improving in-store operational efficiencies and overall supply chain profitability. Reducing range has also undoubtedly improved clarity at soft drink fixtures and makes it easier for shoppers, but the challenge remains in delivering efficiencies whilst ensuring the right choice is offered to the consumer.

The process of reviewing the range, on an ongoing basis, is critical in ensuring the right choice is constantly offered, delivering against the current and emerging needs of consumers. Product ranges with clear positioning and defined roles within the range will remain as critical as ever to delivering a loyal shopper base.

# 2019 AND BEYOND IN GROCERY

Although the Grocery channel is predicted to grow this year, recent forecasts from IGD<sup>13</sup> predict this will largely be driven by inflation rather than by volume or consumption increases.

Long-term market predictions are currently very difficult because of the uncertainty around Brexit, however consumers are likely to see higher grocery prices and household incomes squeezed, issues already giving them cause for concern.

However, consumers have also said they haven't yet noticed or felt the pinch of higher prices.<sup>13</sup>

The fastest-growing channel in grocery is expected to remain as online, predicted to grow by

more than **50%**<sup>14</sup>  
in the next five years to take a share of approximately **7.5%**<sup>14</sup>

In his announcement of the M&S delivery deal with Ocado in February, M&S CEO, Steve Rowe, describe it as "a new era in online grocery shopping".

As a particularly important channel for soft drinks, with online already accounting for 11% of category sales<sup>15</sup>, the industry needs to keep pace with future trends and technological advances such as voice recognition to maintain its momentum.

## Discounters remain in growth

Whilst the consumer switch from supermarkets to discounters has slowed, discounters are still expected to be the second fastest growing channel, increasing through shopper penetration as well as trips, with IGD forecasting their share to grow to 14%+ over the next five years.<sup>13</sup>

With half of the UK population now visiting a discounter<sup>15</sup>, but with this type of retailer reliant on relatively less loyal shoppers, the channel's key opportunity is likely to be in enhancing the shopper experience to better satisfy the needs of the modern consumer.

Whilst discounters can compete on price, the 'Big 4' supermarkets have a key advantage during event periods such as Halloween, Easter and Christmas, along with a greater breadth of product choice, including growth areas likely to become core areas in the future.



## Supermarkets hold strong but differentiation urged

Outside of the online and discounter channels it is important to recognise that approximately half of the growth over the next five years in grocery is expected to come from the supermarket and convenience channels.<sup>13</sup>

What is becoming increasingly clear is that, in order to win in this increasingly competitive environment, grocery retailers will need to continue to establish a point of difference to their competitors, whether that be through price, premiumisation, community or experience.

Retailers understanding of shopper behaviour and motivations at an ever-increasing depth will be vital in enabling success through connecting with and continuing to engage more fully with shoppers.



# FUTURE DRIVERS IN SOFT DRINKS

## Health & Wellness

A key pillar for the growth of soft drinks, health & wellness encompasses many platforms:



hydration



natural



reducing alcohol consumption



functional benefits



sugar



"Natural" drinks

At its core, the soft drinks category plays a pivotal role in helping to hydrate the nation, and as awareness and appreciation, by an increasing number of the population, grows of the importance of staying hydrated, the opportunity is in ensuring soft drinks are positioned as a primary solution to satisfy this thirst.

Understanding and preference for 'naturalness' is increasing among UK consumers, with factors such as the sugar levy introduction providing both an opportunity and threat to future growth.

Increasing publicity of the impact chemical ingredients such as sugar substitutes can have on the body and the environment is driving some consumers to seek reassurance and natural alternatives.

Providing shoppers with this reassurance and product choices in this area will help in unlocking further growth.



Adult soft drinks

The trend of declining alcohol consumption, particularly amongst Millennials, presents an opportunity for the category to provide solutions in the form of adult soft drinks. However, there is a need to deliver products that offer a level of sophistication and taste which are seen as a positive choice instead of an alcoholic drink and not just an alternative.



Energy drinks

A number of increasingly discerning consumers are now prioritising products that offer functional benefits or fortification, such as natural energy. However, as much as these consumers are willing to pay extra for these benefits they are unwilling to compromise on taste, meaning that brands in this area need to clearly deliver on both respects.

With increasing government focus - through the introduction of the levy - on the nation to decrease their sugar intake to help tackle the growing health issues of the population, many soft drink manufacturers responded to the planned introduction of the levy by reducing sugar and calories from their products.

However, even before the levy was introduced last April there was already a significant shopper shift towards healthier product categories such as no and low sugar and plain and flavoured water.

Whilst it is important that retailers recognise this change and adjust range and space accordingly to remain 'future-proof', it also presents a clear commercial opportunity as the sugar-free shopper spends more, visits more often and buys more volume than the full sugar shopper<sup>15</sup>. A healthy category really does make for a healthier return.



## Value for money

Soft drinks, as a category, offers great value for money, e.g. cost per serve for dilutes.

As shoppers and consumers become more discerning and choiceful, they are prepared to trade up accordingly when they perceive a product to offer added value.

This added value can stem from a number of factors, including taste, format, ingredients (e.g. Robinsons Cordials & Fruit Creations ranges), provenance, sourcing and experience, and therefore offers a number of growth platforms for the soft drinks category.

Recent examples of where added value has driven premiumisation, include the mixers, dilutes, water and adult soft drinks categories where high quality, better-tasting products have successfully delivered sustainable added value.<sup>1</sup>



As with the alcohol sector, where increasing premiumisation through improved quality, craft-sourcing and formats have added value, this is set to continue in soft drinks too.

Supporting added-value propositions through ranging, space and display will also help to drive even greater value and premiumisation into the category, which will not only deliver greater returns but continue to enhance the image of the category as a solution-driven one.

Importantly, added value in the form of premiumisation must be a continuum for soft drinks.

As has been the case in categories such as washing powder, beer, wines and spirits, today's premium is tomorrow's mainstream, allowing the premiumisation cycle to continue.

As an industry it is important to work together to ensure that value is continuously created in the category through initiatives that offer sustainable added value, not just in the perception of the shopper and consumer, but also in the delivery to them.

## The UK Plastic Pact

Britvic is a founding member of the UK Plastics Pact, a pioneering agreement which aims to transform the plastic packaging system in the UK. Pact members have committed to a series of ambitious targets by 2025:

- 1 Eliminate problematic or unnecessary single-use plastic packaging through redesign, innovation or alternative (re-use) delivery models.
- 2 100% of plastic packaging to be reusable, recyclable or compostable.
- 3 70% of plastic packaging effectively recycled or composted.
- 4 30% average recycled content across all plastic packaging.

The pact aims to involve partners across the full plastic value chain to play a part in creating a circular economy for plastics and a healthier planet.

More information is available at [www.wrap.org.uk/content/the-uk-plastics-pact](http://www.wrap.org.uk/content/the-uk-plastics-pact)



# FUTURE OUTLOOK

## Sustainability

Environmental issues remain at the forefront of media and consumer concerns. A third of shoppers say they have switched to another brand that was more transparent or environmentally/socially responsible.<sup>16</sup>

Younger shoppers are very environmentally conscious, and this will be a big factor for them to consider when purchasing. After the airing of the final episode of the most recent Blue Planet II series, “reusable bottles” was the most searched item on Google Analytics and 71% of people, aged 18 to 34, now claim to use refillable water bottles every day.<sup>17</sup>

Additionally, sustainability (44%) and sourcing (48%) of ingredients are growing in importance for people when choosing a meal out of home.<sup>18</sup>

Finally, almost half (42%) of consumers want manufacturers to take the lead and make packaging easy to recycle in future.<sup>17</sup>



### Carlsberg new packaging innovation reduces plastic

Snack-pack: reduce plastic waste by more than **1,200 tons** a year. Reduces the amount of plastic by **76%**

Other improvements include:





- Cradle-to-Cradle certified silver inks on bottle labels to improve recyclability.
- New coating on refillable glass bottles to extend lifespans and reduce environmental footprint
- New caps which remove oxygen to make beer taste fresher for longer.

<https://carlsberggroup.com/newsroom/carlsberg-launches-ground-breaking-innovations-to-reduce-plastic-waste/>

## Channel blurring

Retailers need to be conscious of the changing shopping habits of the next generation. The demand for immediacy will undoubtedly continue to fuel the growth of the Convenience channel, and retailers will need to cater for this behaviour, offering a broader range of soft drinks, including bigger take-home packs as well as the usual immediate consumption single pack formats.

Suggestions Based on Your Search

 <p>Pepsi Max 2 Litre Bottle</p> <p>Write a review &gt;</p> <p>Rest of shelf &gt;</p>	 <p>Pepsi Max 24 X 330ml</p> <p>Write a review &gt;</p> <p>Rest of shelf &gt;</p>	 <p>Pepsi Max 12 X 330ml</p> <p>Write a review &gt;</p> <p>Rest of shelf &gt;</p>	 <p>Pepsi Max 1.5 Litre</p> <p>Write a review &gt;</p> <p>Rest of shelf &gt;</p>
--	--	--	---

## Technology

By next year, 30% of web browsing will be done without a screen and by 2021 there will be 1.8 billion consumers worldwide using a voice-enabled device<sup>19</sup>. This brings new ways of how soft drinks and brands, in particular, will make their way into shopping baskets and the key challenge that everyone faces is how they get themselves to the top of search lists to win the virtual basket battle, especially if voice technology adopts substitution techniques. The advancement offers multiple rewards but also a host of risks.

## Hyper personalisation

**56%** of US and UK consumers say they are more likely to shop at a retailer in-store or online that recognises them by name.<sup>20</sup>

Personalisation in retail is by no means new. Decades ago, part of the appeal of local shops was the local shopkeeper remembering your preferences and the butcher knowing your favourite cut of lamb or beef.

While the landscape of retail has changed tremendously over the years, the desire for personalised experiences remains. What has changed is the move towards offerings, services and experiences that are more tailored than ever before.

While personalisation lends itself very comfortably to online retailing, there is much that the bricks and mortar channel could, and needs to do - to stay relevant in an immensely competitive environment.

Hyper personalisation has, to a large extent, become possible thanks to technological advances. There is no doubt that, for online retailing, technology is the key to personalisation. However, in-store it is often 'just' an enabler for it. For instance, a considered and tailored use of technology in-store can lead to meaningful interaction with store staff who can deliver what online never can - the human touch and a human brain teasing out what shoppers really want and need.

# CONCLUSION

2018 has undoubtedly been an unprecedented year for the soft drink category. It was an impressive year of growth, buoyed by the warmest summer since 1976. It was also a year that demonstrated the strength of the industry's insight and ability to respond to significant challenges such as the sugar levy and the CO<sub>2</sub> issue.

Looking further into 2019 and beyond we need to recognise the impact of annualising against these factors, but the scope for future growth of the category remains huge.

Soft drinks appear in only 30% of grocery shopping baskets, and only feature in one in three consumption occasions<sup>15</sup>

There is still headroom for growth; soft drinks only feature in one in every three consumption occasions and is present in only 30% of grocery shopping baskets. The category is also perfectly placed to capitalise on the growing trends of reducing alcohol consumption along with the rising premiumisation of adult drinks.

Sustainability and the issue of single use plastic is also set to become an increasingly key focus in the future, but the industry has clearly shown its resilience in meeting challenges such as these and we see the opportunity for manufacturers, retailers, pressure groups and government to work together for the rest of 2019 and beyond to continue making further changes for the good.

And as shopping habits continue to evolve, it will become ever more important for retailers and suppliers to work together in better understanding and satisfying the needs of today's shoppers and consumers - the soft drink that they want, wherever, whenever.



# DEFINITIONS/GLOSSARY

## Big 4

Tesco, Sainsbury's, Asda and Morrisons

## 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.

## 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.

## Dilutes

Dilute-to-taste drinks.

## Energy Drinks

All 'energy boosting' drinks such as Red Bull and Monster, normally fizzy.

## Fruit Flavoured Carbonates

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.

## Gen Z

The demographic cohort after the Millennials. ... Most of Generation Z have used the Internet since a young age and are comfortable with technology and social media. There is no precise date for when Generation Z begins, but demographers and researchers typically use the mid-1990s to mid-2000s as starting birth years.

## Grocery

As defined by Nielsen, excludes Discounters.

## Iced Tea & Coffee

Includes cold soft drinks that are tea and coffee based such as Lipton Ice Tea.

## 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, that may be chilled or longlife. Includes all concentrated juices, with the exception of frozen juice.

## Lemonade

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

## Millennials

A term used to describe individuals born between the mid-1980s to the mid-1990s, those who are now aged between their mid-twenties and mid-thirties. This is the generation that entered adulthood during the first decade of the millennium

## Mixers

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

## Non-Fruit Carbonates

Non-fruit flavoured carbonates, excluding cola but including Irm Bru. Also includes traditionals such as cream soda, ginger beer and shandy.

## 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.

## 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. Must be diluted prior to consumption.

## Stills

Collective term for the non-carbonated segments.

## Stimulants

All 'energy boosting' drinks such as Red Bull, normally fizzy.

## Water

Still or sparkling water with nothing else added.

## Water Plus / Flavoured Water

Sparkling or still flavoured water.

# DATA

## TOP 10 DISTRIBUTORS IN GROCERY VALUE SALES

	Value Sales (£'000)	Value % Chg YA	Value Abs Diff vs YA (000s)	Volume Sales ('000)	Volume % Chg YA	Volume Abs Diff vs YA (000s)
CCE	1,494,518	11.3	151,981	1,237,688	-0.9	-11,355
PRIVATE LABEL	1,342,932	3.3	43,180	2,238,618	2.8	61,218
BRITVIC	741,291	11.4	76,017	703,478	2.7	18,758
LUCZD-RBN-SNTRY	328,090	2.5	8,152	221,613	5.2	10,877
DANONE	283,290	1.6	4,372	332,063	1.3	4,348
INNOCENT	258,440	5.4	13,162	97,131	0.5	531
TROPICANA UK	222,252	2.4	5,245	113,761	-0.2	-205
NESTLE WATERS	199,130	5.2	9,769	385,505	8.9	31,595
RED BULL	145,949	10.3	13,660	37,062	7.2	2,495
BARRS	131,840	11.5	13,578	143,937	13.5	17,142

## SOFT DRINKS SEGMENTS PERFORMANCE IN GROCERY

	Value Sales (£'000)	Value % Chg YA	Value Abs Diff vs YA (000s)	Volume Sales ('000)	Volume % Chg YA	Volume Abs Diff vs YA (000s)
COLA	1,311,151	12.6	146,912	1,248,039	-1.9	-24,347
PURE JUICE	871,520	2.5	21,490	619,529	0.6	3,631
PLAIN WATER	644,701	4.7	28,928	1,656,799	5.8	90,829
FRUIT CARBONATES	448,096	10.7	43,473	440,955	1.2	5,190
SQUASHES	438,467	7.9	32,028	382,257	6.5	23,286
DAIRY & DAIRY SUBSITUTE	414,315	5.4	21,223	177,909	3.2	5,583
JUICE DRINKS	400,088	-6.4	-27,580	293,513	-11.9	-39,647
STIMULANT	314,046	3.9	11,831	130,255	-1.5	-1,975
TRADITIONAL MIXERS	250,212	30.8	58,900	228,999	14.1	28,293
KIDS SOFT DRINKS	237,232	-3.5	-8,703	171,823	-8.7	-16,302
SMOOTHIES	235,811	6.1	13,499	67,894	4.4	2,877
WATER PLUS	211,234	12.0	22,680	323,257	8.0	24,017
GLUCOSE	178,469	5.3	8,973	131,431	9.4	11,318
ADULT SOFT DRINKS	153,922	12.0	16,533	69,809	13.1	8,086
NON FRUIT CARBONATES	137,835	9.0	11,390	158,598	3.8	5,835
LEMONADE	124,666	17.4	18,493	289,062	12.5	32,028
COLD HOT DRINKS	98,610	30.0	22,761	26,614	31.3	6,342
SPORTS DRINKS	75,216	6.2	4,366	53,387	2.6	1,361

## LEADING BRANDS IN GROCERY

	Value Sales (£'000)	Value % Chg Yr	Value Abs Diff vs Yr (000s)	Volume Sales ('000)	Volume % Chg Yr	Volume Abs Diff vs Yr (000s)
COCA-COLA NON ALCHLC BVRGS	896,354	12.5	99,836	752,648	-3.6	-28,277
PEPSI COLA NON ALCHLC BVRGS	386,331	13.4	45,566	418,459	1.7	7,146
PRIVATE LABEL	1,342,932	3.3	43,180	2,238,618	2.8	61,218
FEVER-TREE NON ALCHLC BVRGS	113,853	53.4	39,645	34,418	49.9	11,452
SCHWEPPE'S NON ALCHLC BVRG	114,722	24.0	22,218	125,080	28.3	27,585
FANTA	123,532	17.4	18,300	113,218	1.1	1,199
ROBINSONS	217,989	7.6	15,466	170,875	1.6	2,693
INNOCENT	247,547	6.3	14,695	93,044	1.2	1,141
RED BULL	145,949	10.3	13,660	37,062	7.2	2,495
HIGHLAND SPG NON ALCHLC BVRGS	88,031	12.6	9,818	187,332	15.5	25,130
LUCOZADE	235,068	4.1	9,162	174,472	6.9	11,315



## LEADING BRANDS IN GROCERY [continued]

	Value Sales (£'000)	Value % Chg YA	Value Abs Diff vs YA (000s)	Volume Sales ('000)	Volume % Chg YA	Volume Abs Diff vs YA (000s)
IRN BRU	75,217	11.6	7,826	91,422	13.7	11,034
VIMTO	62,597	13.5	7,429	58,556	17.9	8,905
DR PEPPER	60,065	13.8	7,264	50,548	-1.8	-945
MONSTER	93,902	8.3	7,182	44,531	3.7	1,588
TROPICANA	187,835	3.9	7,002	93,415	1.9	1,782
VOLVIC	81,201	8.7	6,475	129,130	13.3	15,116
PURE LIFE	66,471	7.3	4,515	193,092	11.4	19,717
SAN PELLEGRINO	55,231	6.0	3,142	39,046	6.2	2,271
NAKED	60,626	4.0	2,358	13,497	-1.8	-254
BUXTON NON ALCHLC BVRGS	75,325	3.2	2,311	152,063	6.9	9,858
EVIAN	103,438	1.1	1,124	158,246	-5.0	-8,246
ACTIMEL	93,028	-2.7	-2,583	37,419	-3.3	-1,277
RIBENA	85,803	-3.3	-2,963	43,502	-4.1	-1,855
CAPRI SUN	58,272	-12.9	-8,639	44,153	-22.2	-12,628

## GOING FOR GROWTH IN GROCERY

	Value Sales (£'000)	Value % Chg YA	Value Abs Diff vs YA (000s)	Volume Sales ('000)	Volume % Chg YA	Volume Abs Diff vs YA (000s)
COCA-COLA NON ALCHLC BVRGS	896,354	12.5	99,836	752,648	-3.6	-28,277
PEPSI COLA NON ALCHLC BVRGS	386,331	13.4	45,566	418,459	1.7	7,146
PRIVATE LABEL	1,342,932	3.3	43,180	2,238,618	2.8	61,218
FEVER-TREE NON ALCHLC BVRGS	113,853	53.4	39,645	34,418	49.9	11,452
SCHWEPPE'S NON ALCHLC BVRG	114,722	24.0	22,218	125,080	28.3	27,585
FANTA	123,532	17.4	18,300	113,218	1.1	1,199
ROBINSONS	217,989	7.6	15,466	170,875	1.6	2,693
INNOCENT	247,547	6.3	14,695	93,044	1.2	1,141
RED BULL	145,949	10.3	13,660	37,062	7.2	2,495
HIGHLAND SPG NON ALCHLC BVRGS	88,031	12.6	9,818	187,332	15.5	25,130

## BRANDS SUFFERING GREATEST DECLINE

	Value Sales (£'000)	Value % Chg YA	Value Abs Diff vs YA (000s)	Volume Sales ('000)	Volume % Chg YA	Volume Abs Diff vs YA (000s)
CAPRI SUN	58,272	-12.9	-8,639	44,153	-22.2	-12,628
WEETABIX	12,042	-25.3	-4,086	2,749	-32.1	-1,298
EMERGE	9,618	-28.1	-3,758	7,008	-31.5	-3,216
OCEAN SPRAY	24,504	-11.9	-3,304	17,563	-17.7	-3,770
AQUA PURA	3,639	-47.1	-3,238	12,063	-43.2	-9,172
RIBENA	85,803	-3.3	-2,963	43,502	-4.1	-1,855
ACTIMEL	93,028	-2.7	-2,583	37,419	-3.3	-1,277
RELENTLESS	17,984	-12.3	-2,525	9,893	-9.3	-1,012
JUCEE	4,554	-30.5	-1,995	8,409	-27.5	-3,191
COLDPRESS	1,808	-51.9	-1,951	454	-49.7	-448

## TOP 25 NPD LAUNCHES - BY VALUE

Rank	Brand	Sector	Value	Weeks on market	Sales per week (up to first 52)
1	TROPICANA ESSENTIALS BERRY BOOST	PURE JUICE	3,436,508	50	68,730
2	TROPICANA ESSENTIALS VITALITY	PURE JUICE	2,449,324	50	48,986
3	FEVER-TREE REFRESHINGLY LIGHT LIMITED EDITION	TRADITIONAL MIXERS	2,177,248	31	70,234
4	THE COLLECTIVE GREAT DAIRY	DAIRY AND DAIRY SUBSITUTE	1,990,703	34	58,550
5	ALPRO CAFFE	DAIRY AND DAIRY SUBSITUTE	1,870,121	48	38,961
6	TROPICANA ESSENTIALS VITAMIN POWER	PURE JUICE	1,691,253	49	34,515
7	ROBINSONS FRUIT SHOOT JUICED	JUICE DRINKS	1,542,539	46	33,533
8	LARAZADE ENERGY LIMITED EDITION	GLUCOSE STIMULANT DRINKS	1,418,625	15	94,575
9	FUZE TEA	COLD HOT DRINKS	1,330,492	47	28,308
10	FEVER-TREE REFRESHINGLY LIGHT	LEMONADE	1,119,185	41	27,297
11	COCA-COLA ZERO FESTIVE LIMITED EDITION	COLA	886,652	11	80,605
12	N-GINE ENERGY	GLUCOSE STIMULANT DRINKS	837,108	30	27,904

## TOP 25 NPD LAUNCHES - BY VALUE [continued]

Rank	Brand	Sector	Value	Weeks on market	Sales per week (up to first 52)
13	FEVER-TREE REFRESHINGLY LIGHT	COLA	812,472	41	19,816
14	BIOMEL	DAIRY AND DAIRY SUBSITUTE	808,463	34	23,778
15	RED BULL THE TROPICAL EDITION SUGAR FREE	GLUCOSE STIMULANT DRINKS	726,130	41	17,710
16	WAO	GLUCOSE STIMULANT DRINKS	568,138	38	14,951
17	TROPICANA ESSENTIALS INNER BALANCE	PURE JUICE	539,406	49	11,008
18	NO 1 KOMBUCHA	COLD HOT DRINKS	509,302	30	16,977
19	NESCAFE AZERA NITRO	COLD HOT DRINKS	503,280	33	15,251
20	SCHWEPPE'S 1783	TRADITIONAL MIXERS	501,701	42	11,945
21	LINDAHL'S KVARG	DAIRY AND DAIRY SUBSITUTE	491,966	41	11,999
22	WASTE NOT	PURE JUICE	384,482	33	11,651
23	MONSTER ESPRESSO	COLD HOT DRINKS	358,673	8	44,834
24	RUBICON DELUXE	JUICE DRINKS	358,464	42	8,535
25	MONSTER MEGA ENERGY ULTRA	GLUCOSE STIMULANT DRINKS	308,762	35	8,822



# SOURCES

No.	Reference
1	Nielsen Scantrack, Grocery Multiples, 52 we 29.12.18
2	Nielsen Scantrack Grocery Multiples Value Sales 52 we 29.12.18
3	Nielsen Scantrack, TSR Grocery Multiples (including General Merchandise), YOY Sales Growth, 52 we 29.12.2018
4	Kantar Worldpanel, Spend £000, 52 we 29.12.18
5	Nielsen Scantrack Grocery Multiples, 12 we 29.12.18
6	Kantar Usage Panel % Servings Dat 52 wk to 02.12.18
7	Kantar Worldpanel Take Home Value Sales 52 we 30.12.2018
8	HMRC - SDIL Launch release - 05.04.2018
9	Nielsen Scantrack, Total Coverage 26 we 27.10.2018
10	Nielsen Scantrack Total Coverage Value Sales 52 we 29th December 2018

No.	Reference
11	Kantar Worldpanel Usage, In Home and Carried Out Consumption, 52 we 02.12.2018
12	Global Data, Premiumisation Report 2018
13	IGD 2018
14	IGD Online Store of the Future 2018
15	Kantar Worldpanel Take Home Sales 52 we 30th December 2018
16	HIM Consumer Poll 2018
17	Kantar World Panel Link Q survey answered by 5,084 Worldpanel Plus panellists. Feb 2018
18	CGA BrandTrack October 2017
19	Kantar Voicelabs analysis combined with research from CIRP, KPCB and Infoscout
20	Britvic Channel State of the Nation

**BRITVIC**<sup>®</sup>

---