



FOODSERVICE & LICENSED

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, operator and regulatory landscape.

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. Manufacturer activity ahead of the levy, including reformulations to reduce sugar or packaging size, removing full sugar lines and/or offering alternatives resulted in just 8.4% of soft drinks being levy liable.

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.

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.

From a soft drinks perspective, the out of home market was less affected by the summer's CO2 shortage. The season, however, also played host to the World Cup and England reaching the tournament's semi-finals provided a fantastic boost to the nation and to drinks sales, including soft drinks.

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. This consolidation has opened up an even more competitive marketplace with retailers looking to differentiate and grow value into the foodservice space as lines continue to blur. 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, foodservice and licensed businesses.



Paul Graham
GB Managing Director

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 operators, which continues to excite consumers and make soft drinks among the most exhilarating categories in the UK.

Kind Regards,
Paul Graham



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**

CO₂ 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

TOTAL SOFT DRINKS

Continuing Growth Areas

Health remains high on agenda

Health and wellness continued to be one of the main trends for soft drinks in 2018 with consumers increasingly looking for no or low-sugar drinks, healthy hydration products and exciting drinks to help support alcohol moderation.

38%¹
of soft drinks sales
came from
SUGAR FREE
/tax exempt SKUs.

Cutting sugar

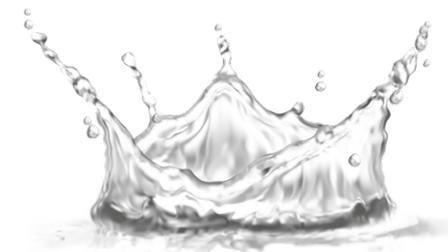
2018 was a pivotal year for sugar with the Soft Drinks Industry Levy (SDIL), aimed to help address growing childhood obesity, generating huge media attention when it was introduced in April.

Many brands opted to reformulate ahead of the levy, which ultimately resulted in only 8.4%² of soft drinks being exposed to the SDIL once it commenced. This decisive action by manufacturers led to a lower 'tax take' than expected but contributed to a higher level of calorie and sugar reduction. George Osborne'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.

One year on the levy has certainly influenced consumer behaviour, with more people either reducing the quantity of full sugar products they buy or switching to no or low sugar alternatives, with the 36%³ year on year value growth in these products directly attributed to the levy.



Total Water and Water Plus sales



plain water

+£261.3m¹
(+11.4%)



water plus

+£96.9m¹
(+4.2%)

'Water plus' adding sales

'Water plus' experienced strong growth with +18%4 volume sales in total Foodservice and Licensed channels, demonstrating the increasing demand for products that balance taste and hydration. The surge in product innovation for those individuals seeking natural products with no sugar or artificial, combined with more availability through outlets stocking unsweetened waters, has provided more choice for these consumers.

Abstain gains

The momentum around low and no alcohol drinks continued in 2018, with 16% of consumers claiming to choose low/no alcohol drinks as an alternative to alcohol, but carbonates still remained the no.1 choice at 43%⁵.

Consumers cited 'health' followed by 'saving money'⁶ as the primary consideration to reduce alcohol consumption and proves why soft drinks remain a popular choice for abstainers.

1 in 5⁷
consumers now
DO NOT drink alcohol

1/3⁷
are **MODERATING**
their alcohol intake

43%
see soft drinks as the
BEST ALTERNATIVE
to alcohol

Immediacy and personalisation

Consumers tolerate less waiting and want things quicker - our lives have become less structured with 24-hour working/ playing/ consumption and this tendency gained momentum throughout 2018. The growth in omnichannel shopping, has given a path to purchase taking place anywhere, anytime.

This fuelled the growth in the food to go and delivery markets over the past 12 months. In a 'blue dot' society where individuals are the centre of everything through the technology they interact with on a daily basis, there has also been an increasing demand for goods and services to be personalised. Customers expected greater choice and the ability to have the food and drink they consume, their way.

Premiumisation – drinks worth paying more for

The thirst for premium products showed no sign of abating in 2018 and proved that premiumisation isn't one dimensional. It can mean better quality products, more premium serves or packaging, offer convenience or embody a more social purpose (environmental, socially conscious products).



Increasing focus on sustainability

Sustainability issues are highly visible with Collins Dictionary naming 'single-use' its word of 2018. Hospitality operators led the charge in 2018 on removing plastic straws from their businesses. There was also an increasing expectation by operators for suppliers to help them answer sustainability issues, such as reducing plastic in food deliveries.

Sustainability-focused food and drink launches increased, including William Grant's Discarded Vermouth and Rubies in the Rubble ketchup made from wonky and surplus vegetables, served in Hippo Inns' pubs.

Sales of soft drinks single use plastic formats were not significantly impacted in 2018, indicating that, at a time where consumer confidence is low, value, convenience and quality still remain more important than sustainability.



CHANNEL PERFORMANCE

More visits and growing average spend boosts the Eating Out market

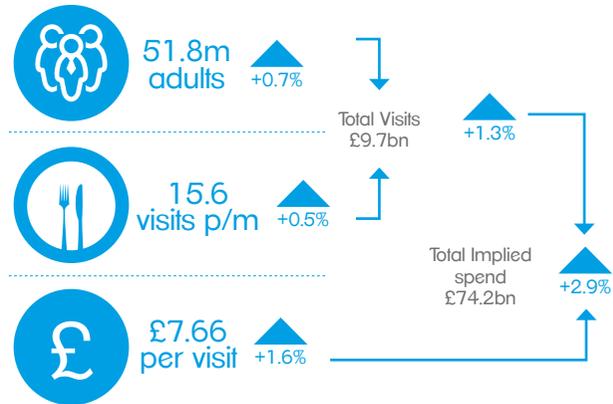
The 2018 UK Eating Out market was valued at £89.5bn in 2018, growing +1.5% with 12 million more visits than 2017.

The growth was driven by a rising number of visits and an increased average spend.

The growing UK population was key to the increase in the number of visitors, while consumer spend grew in line with menu price inflation.

Visit frequency only increased slightly from the four-year low level of 15.5 recorded in Y/E December 2017.

Total market: breakfast, lunch, dinner & snacks⁹



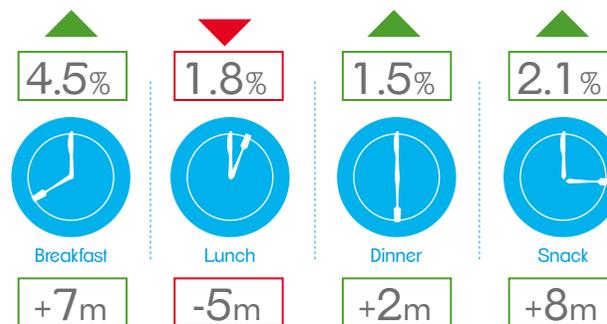
Data only includes consumption by 18+ adults, UK residents and excludes consumption by under 18s, tourists and on solus drinks visits.

Breakfast stood out as the day-part with the biggest gain in visits, fuelled by the success of the no. 1 breakfast channel: coffee shops and cafés⁹.

Lunch was the only day-part that saw a decline in visits year-on-year, losing five million occasions⁹.

More consumers pre-planned their weekday meals, aiming for healthier home-cooked dishes. More visits were added to snacking occasions, the most important day-part in the Eating Out market, up by +2% and the trend for healthy snacks has continued to grow at the expense of items such as chocolate and crisps⁹. The number of dinner visits increased by +1.5%, adding two million occasions⁹.

Change in total number of visits per day part¹⁰



Also aiding the growth was the Summer 2018 'feel good factor' fuelled by the royal wedding, the hottest summer in 30 years and World Cup success, which drove people out of home and acted as a counterbalance to weak consumer confidence.

The channel segments that responded best to consumer trends also predictably fared the best.

Retail, Travel & Leisure was the fastest growing sector, primarily driven by coffee shops - both established players and smaller artisanal brands - because they met consumer demands for lower-ticket products and convenience. In leisure, sports clubs were the star performer, with fitness club memberships at record levels¹².

Across the Foodservice and Licensed market

World Cup

spend was up $+9\%$ ¹¹ vs Euro 2016

Pub & Bars spend was up $+20\%$ ¹¹ vs Euro 2016

Restaurant spend was up $+24\%$ ¹¹ vs Euro 2016

Out Of Home Market⁸

£89.5bn $(+1.5\%)$

327,676 $(+0.3\%)$ outlets

Retail, travel & leisure⁸

£19.7bn $(+3.7\%)$

105,959 $(+1.6\%)$

Hotels, pubs & restaurants⁸

£65.5bn $(+0.9\%)$

161,572 (-0.3%)

Contract catering⁸

£4.3bn $(+1.6\%)$

60,145 (-0.3%)

The channel segments that responded best to consumer trends also predictably fared the best. Retail, Travel & Leisure was the fastest growing sector, primarily driven by coffee shops - both established players and smaller artisanal brands – because they met consumer demands for lower-ticket products and convenience. In leisure, sports clubs were the star performer, with fitness club memberships at record levels¹².

Contract catering delivered a second year of growth, just ahead of the total Eating Out market¹².

The driver in this channel was business and industry (B&I), delivered through improved offers. Managed and independent pubs delivered solid performance, from medium sized and mid-level premium outlets - such as The City Pub Group and Oakmann Inns & Restaurants - as consumers sought better experiences combined with good value quality food and drinks¹².

Wet-led pubs experienced something of a turnaround in fortunes too as closures plateaued¹², a surge of new openings took place in Northern cities and like-for-like sales grew¹³.

In the restaurant sector food-led growth and new openings slowed, with increasing cost pressures and high competition.

In the restaurant sector food-led growth and new openings slowed, with increasing cost pressures and high competition. Branded contemporary and traditional fast food performance bucked the trend, led by contemporary fast food, ranked the fastest growing market segment in 2018, with operators such as Chopstix Noodle bar, Itsu, Leon and Pret A Manger seeing strong outlet growth too¹⁴.

The 'casual dining crunch' continued with more high-profile site closures. As in the pub market, medium sized brands such as The Ivy Market Grill, Pho, Rosa's Thai Café and Meat Liquor delivered the biggest turnover growth +6.8%, taking share and raising consumer expectations.

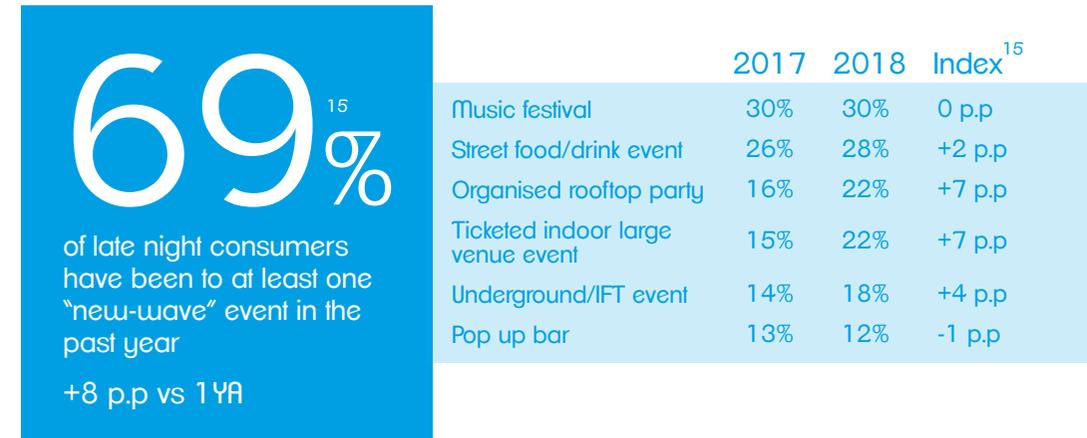
Consumers are seeking new exciting experiences and are increasingly drawn to third space and pop up events⁴⁹.

As a result, the second fastest growing market segment last year was street food (+9.1%)⁴⁷ and it is estimated that street food and mobile van outlets totalled 8,450 outlets⁹ in December 2018, up +6.1% from 2017.

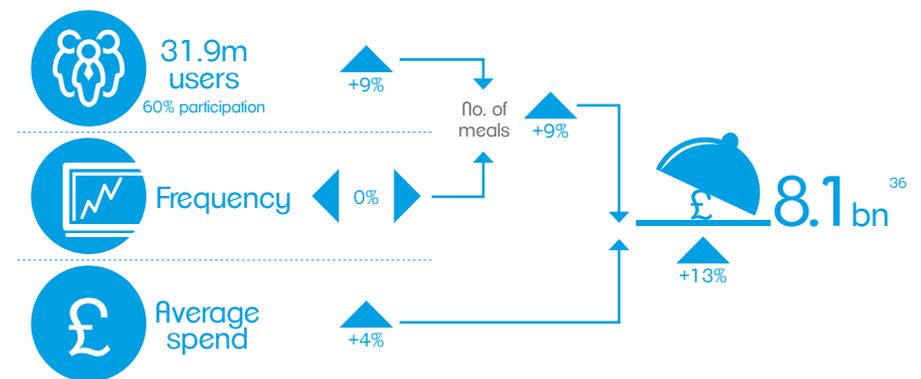
Street food focused venues such as Street Feast, Dinerama, Boxbark and Winterville continued to trade strongly with customers drawn to the experience concept of the venues, with street food/drink events visited by 28% of consumers in the past year¹⁵.

Events seeing the strongest growth in 2018 were organised rooftop parties +7p.p. while ticketed indoor large venue events also saw a +7p.p increase per person in the past year¹⁵.

Consumers continue to explore, with a clear appetite for new wave experiences and events

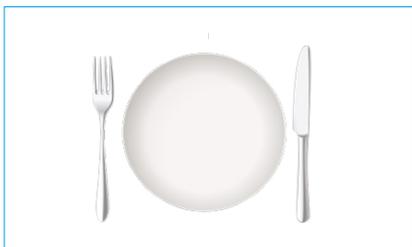


Delivery is also in the top 5 fastest growing market segments driven by attracting new users and increased spend



CHANNEL PERFORMANCE

Continued



UK Eating Out Market Value 2018

£89.5⁸bn

+1.5% Y/A



Total no. outlets in 2018

327,676⁸

+1.3% growth

Hotels, Pubs, Bars & Restaurants⁸

£65.5bn	value sales
+0.9%	growth

161,572	outlets
-0.3%	growth

Retail, Travel & Leisure⁸

£19.7bn	value sales
+3.7%	growth

105,959	outlets
+1.6%	growth

Contract catering⁸

£4.3bn	value sales
+1.6%	growth

60,145	outlets
-0.3%	growth

Hotels⁸

Full Service

£7.4bn	value
10,731	outlets

Budget

£0.6bn	value
3,958	outlets

Guest Houses & Lodges

£0.5bn	value
24,811	outlets

Holiday Parks

£0.1bn	value
2,427	outlets

Pubs & Bars⁸

Managed, branded & franchised

£10.8bn	value
9,930	outlets

Independent & Free of tie

£7.9bn	value
18,532	outlets

Talented & leased

£3.6bn	value
15,247	outlets

Social clubs

£0.2bn	value
2,575	outlets

Total value⁸

£8.7bn	value
42,307	outlets
+1.6%	growth

Total value⁸

£22.5bn	value
46,284	outlets
+1.6%	growth

Service Led Restaurants⁸

Independent	£12.7bn	value	26,246	outlets
Branded	£5.8bn	value	4,881	outlets
Fine dining	£0.8bn	value	457	outlets

Fast Food⁸

Independent inc. takeaway	£5bn	value	26,005	outlets
Branded traditional	£4.9bn	value	3,313	outlets
Branded delivery focused	£2.1bn	value	2,138	outlets
Branded contemporary	£1.5bn	value	1,493	outlets
Street food & Mobile vans	£1.2bn	value	8,448	outlets

Contract Catering⁸

B&I	£2.5bn	value	14,815	outlets
Public sector	£1.9bn	value	45,330	outlets

Retail⁸

Supermarket & Convenience	£7.3bn	value	49,150	outlets
Bakery-led & sandwich	£4.6bn	value	15,453	outlets
Coffee shops	£4.1bn	value	9,803	outlets
Supermarket, Department store & Garden centre cafe's	£1bn	value	2,997	outlets

Leisure⁸

Visitor attractions	£0.17bn	value	4,190	outlets
Sports clubs	£0.17bn	value	6,994	outlets
Event & Mobile catering	£0.08bn	value	4,851	outlets
Entertainment venues	£0.06bn	value	1,811	outlets
Stadia	£0.007bn	value	406	outlets

Travel⁸

Petrol forecourts	£0.97bn	value	6,271	outlets
Railway stations & trains	£0.81bn	value	2,870	outlets
Airports	£0.31bn	value	620	outlets
Roadside & MSA	£0.13bn	value	348	outlets
Boat/ferry cruises & ports	£0.01bn	value	195	outlets

Total value⁸

£19.4bn	value	31,584	outlets	-2.8%	growth
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Total value⁸

£14.8bn	value	41,396	outlets	+4.7%	growth
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Total value⁸

£4.3bn	value	60,145	outlets	-1.6%	growth
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Total value⁸

£17bn	value	77,403	outlets	+3.7%	growth
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Total value⁸

£0.48bn	value	18,252	outlets	+2.5%	growth
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Total value⁸

£2.2bn	value	10,304	outlets	+3.7%	growth
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THE YEAR IN NUMBERS

Total value of soft drinks in F&L
£7.1¹⁷ bn

Total Foodservice¹⁷

Total Licensed¹⁸

2.7bn
 +2.5%

4.4bn
 +4.8%

Contract catering ¹⁷	Quick service restaurants ¹⁷	High street food-to-go ¹⁷	Travel & Leisure ¹⁷
£1.1bn	£899m	£424m	£364m
+4.3%	-1.7%	-2.3%	+15.6%

Wei-led ¹⁸	Food-led pub ¹⁸	Hotel ¹⁸	Late ¹⁸	Restaurant ¹⁸
£1.2bn	£982m	£862m	£822m	£582m
+6.7%	+4.8%	+3.3%	+1.3%	+8.3%

Category performance¹⁷

Cola	Flavoured carbs	Lemonade	Mixers	Plain water	Still juice drinks	Pure juice other	Glucose/ Stimulants	Squash	Pure Juice Mixers	Water+	Carbonated Juice Drinks	Sport
3.1bn	671m	622m	544m	536m	528m	336m	289m	232m	102m	77m	48m	15m
+8%	+1.9%	+4.4%	+30.2%	-9.5%	-3.5%	-12.5%	-2.4%	+4.7%	-9.5%	+13.2%	-18.6%	-0.3%

value (£)
Change vs Yr (%)

Draught vs Packaged¹⁷

draught	packaged
£2.9bn value	£4.2bn value
+2.9% change vs Yr	+4.4% change vs Yr

Sugar content¹⁷

full sugar	low calorie
£4.7bn value	£2.5bn value
-3.3% change vs Yr	+20.5% change vs Yr

Premiumisation in Licensed¹⁷

mainstream	premium
£4.0bn value	£0.4bn value
+1.8% change vs Yr	+42.0% change vs Yr

Still vs Sparkling¹⁷

still	sparkling
£1.7bn value	£5.5bn value
-7.2% change vs Yr	+7.7% change vs Yr

Top 5 Manufactures in Licensed¹⁷

CCEP	Britvic	Fever Tree	Red Bull	Barr
£1.7bn	£1.6bn	£251m	£172m	£98m
+6.2%	+1.0%	+78.7%	-0.1%	-15.2%

Top 5 Manufactures in Foodservice¹⁷

CCEP	Britvic	LRS	Gerber Juice Co	Cott Beverages
£1.5bn	£340m	£76m	£72m	£57m
+9.8%	-1.6%	-18.7%	-1.7%	-19.3%

Top 10 brands in Foodservice¹⁷

Cola-Cola	Fanta	Pepsi	Sprite	Sunpride
979m	184m	164m	72m	58m
+8.7%	+13.9%	-5.0%	+3.9%	-1.7%

value (£)
Change vs Yr (%)

Harrogate Spa	Tango	Oasis	Calypso	Red Bull
53m	53m	52m	39m	36m
+9.3%	+9.3%	+15.8%	-7.4%	+0.6%

value (£)
Change vs Yr (%)

Biggest segments in Foodservice¹⁷

Cola	Flavoured carbs	Plain Water	Still Juice Drinks	Pure Juice Drinks
£1.1bn value	£488m value	£290m value	£249m value	£213m value
+6.4% change vs Yr	+4.7% change vs Yr	-9.3% change vs Yr	-1.4% change vs Yr	-10.6% change vs Yr

Top 10 brands in Licensed¹⁸

Cola Cola	Pepsi	Schweppes	Fever Tree	R. White's
1.1bn	791m	520m	251m	250m
+12.6%	+4.9%	-2.2%	+78.7%	+4.8%

value (£)
Change vs Yr (%)

J2O	Britvic	Red Bull	Fentimans	Strathmore
195m	182m	172m	55m	52m
-6.1%	-12.5%	-0.1%	+9.7%	-19.4%

value (£)
Change vs Yr (%)

Biggest segments in Licensed¹⁸

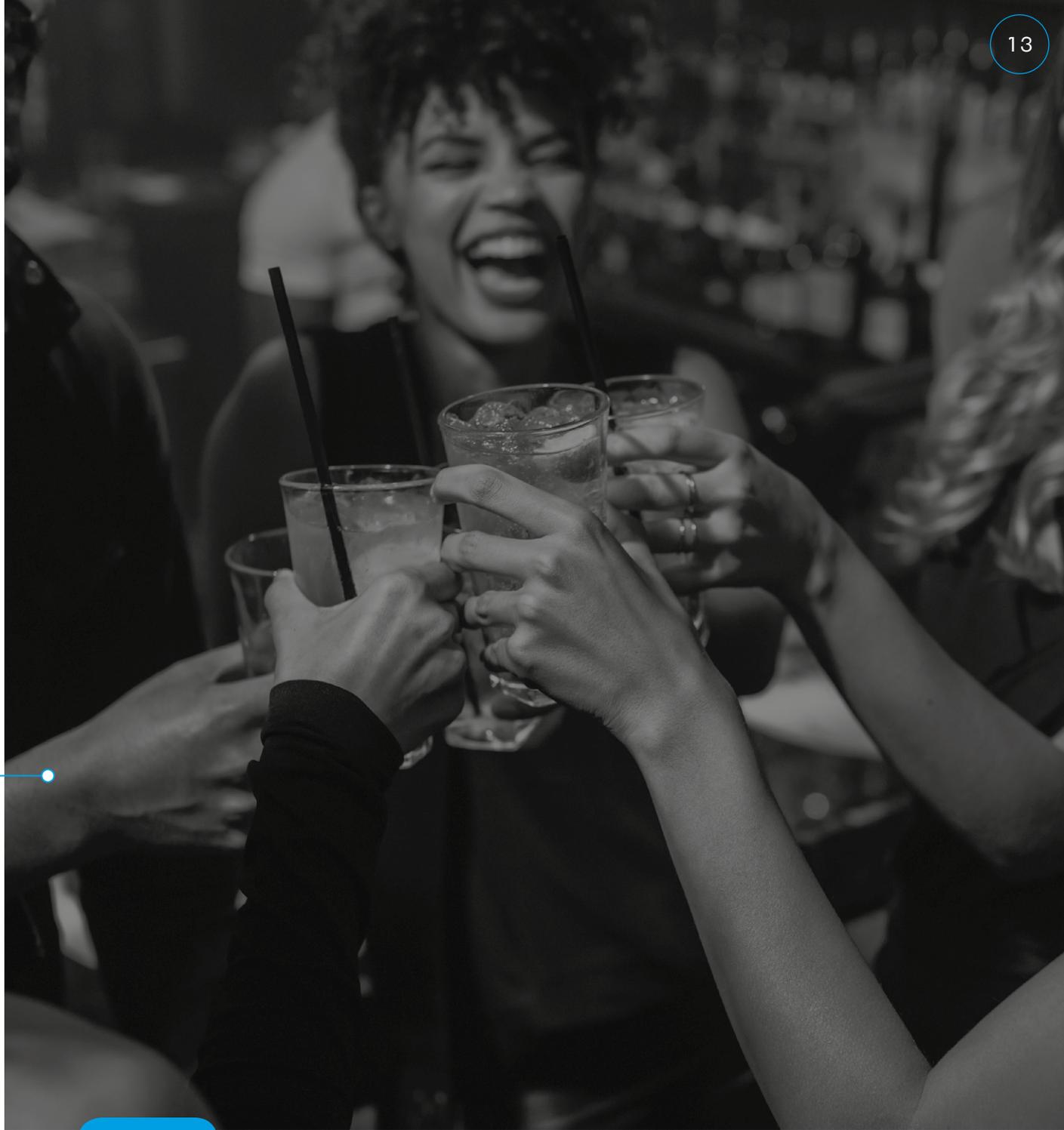
Cola	Lemonade	Mixers	Still Juice Drinks	Plain Water
£2bn value	£587m value	£528m value	£279m value	£245m value
+9.0% change vs Yr	+4.5% change vs Yr	+30.1% change vs Yr	-5.4% change vs Yr	-9.7% change vs Yr

TOTAL DRINKS MARKET SALES

Total drinks category sales over the year reached £29.6bn¹⁶.

Despite a slight drop of -1% in volume, value grew +2.7%, driven by premium drinks which outperformed mainstream across spirits, soft drinks and in key Long Alcoholic Drinks (LADs), categories of premium lager and craft beer¹⁶.

Standout categories that drove the growth were soft drinks (+4.8%) and spirits (+7.0%)¹⁶.



FOODSERVICE AND LICENSED SOFT DRINKS PERFORMANCE

Soft Drinks delivered strong growth in 2018, gaining popularity at every day part

Soft drinks accounted for every day part for the majority of drinks bought at lunch, dinner and snack visits¹⁹. The category was worth £7.14bn in 2018, with value sales increasing +3.8%, delivering value ahead of volume, which dipped very slightly by -0.4%¹⁷.

Outlet types driving soft drinks growth

There was solid soft drinks value performance in both Foodservice and Licensed, with Licensed at the forefront growing +4.8% and Foodservice delivering a +2.5% increase in value. In the licensed market growth came from managed, wet-led, food-led freehold, leased and tenanted pubs

Foodservice volume and value sales recovered following the introduction of the SDIL, with high rate of sale in quick serve restaurants (QSR as the savvy consumer's choice. Contract catering outperformed foodservice (+4.2%) drive by Health & welfare (+9.5%) and education (+5.8%). Workplace grew at a rate of +2.6%, broadly in line with total foodservice¹⁷.

Product categories delivering growth

Mixers had the highest value performance of soft drinks sales in Foodservice and Licensed (+30.2%), but cola generated the largest actual value (+£233m, +8% YoY) and volume +4.9%¹⁷.

The licensed channel drove the cola and mixers growth, in particular in the pub segment, through premium mixers and no sugar, full flavour colas, with Pepsi MAX[®] leading growth across the channel¹⁷.

Another winning segment was 'Water plus', which delivered double digit value growth (+13.2%) across the Foodservice and Licensed channels in line with the desire for more considered health choices¹⁷.

There were declines in the plain water and pure juice segments, primarily in Foodservice, with water impacted by performance in Fast Food/QSR (-21.3%) and workplace catering (-15.1%), and pure juice losses driven by value declines in food to go (-9.5%) and fast food/QSR (-37.6%)¹⁷.

Low sugar variants recruited new shoppers to the market as they moderated their purchases of full sugar. Low calorie products increased value by +20.5% in the total Foodservice and Licensed market, with Licensed sales (+25.7%) outperforming Foodservice (+12.6%), driven by full flavour, no sugar colas, low calorie mixers, and flavoured carbonates¹⁷.

Successful NPD drinks categories

Juice drinks saw the highest value gains from NPD in 2018, generating +27% of total NPD value. Performance was primarily driven by Honest Kids Appley Ever After and new flavours from Robinsons Refresh'd, Fuze and Fruit Shoot Juiced¹⁷.

'Cola' NPD generated the second highest value (+17%) with an influx of new brands and big players introducing new flavours in low calorie variants, closely followed by mixers (12%). Among the most successful NPD in the cola and mixers categories were Coke Zero Peach and Diet Coke Exotic Mango. In mixers, new flavours from Fever-Tree, including a citrus tonic water to pair with tequila, showed strong growth¹⁷.

Kids drinks

Children were most likely to drink soft drinks that are specifically tailored for them in the leisure sector, but under-index in fast food and food-led pubs where kids often over-index as part of the occasion. As such the kids category underperformed, declining in value and volume driven by falling distribution and rate of sale¹⁷.

52%¹⁶

of consumers perceive the range of soft drinks at outlets as "boring"

61%¹⁶

of consumers would like to see a greater range of soft drinks targeted at adults

only 14%²⁰

of F&L Business Leaders perceive their soft drinks offer as market leading, lowest of all drinks categories.

Adult soft drinks

Key brands in terms of their scale and growth in adult soft drinks were Fentimans and Franklin & Sons, with successful new products moving away from traditional sweet, fruity drinks to more complex combinations of flavours without artificial ingredients, sweeteners or added sugars¹⁷.

Opportunity for growth

In 2018 it was the operators who responded to the consumers trends who both drove and capitalised on the soft drinks value growth.

CONSUMER TRENDS

Foodservice and Licensed touch every consumer in every life stage - exciting, innovative and ever evolving, delivering experiences across all occasions.

It is a very sensitive channel to macro consumer trends but also provides a strong opportunity to deliver differentiated offers and value growth by understanding and responding to the following trends:



Health and Wellness

Health continued to be an increasing concern to UK consumers with 65% of people of all ages saying that they are proactively trying to lead a healthier lifestyle²¹.

The primary reason for drinking soft drinks isn't health, but it is important to ensure that soft drinks are not excluded or overlooked as a healthy or neutral option. Sugar was and will continue to be a major health concern among consumers and with the levy coming into effect in 2018, this compounded the effect²².

Optimal health and wellness can mean different things to different people²¹.

The focus on health in soft drinks is not just about sugar - as consumers are now looking to tick many health boxes with what they consume, including sugar free - but also added health benefits, naturalness and low/no alcohol alternatives.



Over half of consumers

55%²²

consider nutritional content / ingredients one of the top three most important factors in a purchase decision, with nearly a quarter (23%) considering it the most important factor.

18-34²²

year olds

are most prominently influenced by nutritional information on menus.

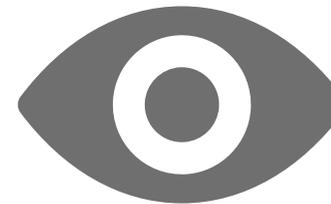
68%³⁰

of the population agreeing that provision of healthy options has an impact on their choices of where to eat and drink out.

55%²⁴

of business leaders cite 'healthy options' as an area which has increased in priority for their business.

Consumer want to see:⁴⁸



MORE promotional offers on healthier items

EXPANDED range of healthier options

BETTER communication of healthier options

Top Health considerations for drinks

Sugar Free

No additives/preservatives

Made with natural ingredients

Zero calorie

Lower calorie

Unprocessed

Naturalness and added benefits

Consumers are continuing to side-step highly processed food, added sugars and sweeteners artificial ingredients and seeking out naturalness and freshness, with one in four specifically look out for natural products with less artificial ingredients and one in five seeking healthier products with added benefits²⁵. Over half of all adults find 'natural' and 'real' attributes the most appealing factors when choosing a drink⁵⁰.



Communication is key with messages around ingredients and production.

2018 saw high energy in NPD in unsweetened flavoured waters (or seltzers) entering ranges in food to go. The opportunity is to extend this into the rest of foodservice and Licensed to disrupt the high levels of tap water, with brands like Aqua Libra and its new cucumber and mint flavour.

When asked what new foods people are looking to buy, 'natural/fresh ingredients / less artificial additives' and 'healthier products with added benefits' feature in the top four.²⁵

Added benefits means different things to different people, both functional and emotional. In 2018 people increasingly sought more ingestible supplements to enhance health and looks, and looked to soft drinks as a means of ingestible supplement to enhance health and looks.

For some added benefits are simply about looking good, both physically and on social media, however for others it is much more functional. With only one in five feeling we get enough sleep⁵¹, many looked to natural energy drinks with the growing concern around high levels of caffeine in traditional energy drinks. Playing in the space are smoothies and boost shots, 'no nasties energy' and hot cold drinks.

Others sought drinks that gave their body something they need. With a strong market already carved by probiotic drinks in take home, 2018 saw growing innovation and interest in out of home moving into protein, vitamins, omega 3, electrolytes and other added benefits for the body.

Kombucha drinks, for instance, attract significant media attention in 2018, with No. 1 Kombucha, a lightly sparkling fermented tea with symbiotic culture of bacteria and yeast (SCOBY), announcing plans to bring kombucha into the UK out of home mainstream as a functional, alternative soft drink and non-alcoholic option.

Look good



Natural energy



Do good for me



Alcohol moderation

Alcohol moderation also gained momentum, particularly with the younger Millennials and Gen Z generations the least likely to drink on a monthly basis - being more concerned about the impact on health and cost of drinking alcohol²⁸.

One in five consumers are reducing alcohol consumption to reap the health benefits and save money²⁷

66% of consumers have visited a licensed venue on a night out in the last six months and not drunk alcohol (CGA Consumer Panel Survey 2017)

1/4 of millennials and gen Z are teetotal²⁶

2/3 of consumers would welcome a wider range of adult soft drinks²⁹

Soft drinks were the most popular replacement to alcoholic drinks (47%) followed by mocktails (15%²⁷). Soft drinks are gaining ground at each drink occasion, while alcohol sales were down during last year's hot summer.

Redemption Bar - A restaurant-bar with a difference, Redemption is vegan and totally alcohol-free with a menu of mocktails



Premiumisation continued to reshape the out of home food and drink landscape

With reduced visit frequency, an increasing amount of operators responded and provided a more premium offer to drive up spend, removing heavy promotions and investing in converting their retail space to be more premium such as Harvesters conversions to Miller and Carter, and Workplace restaurants evolving their offer.

Whilst the younger generations were the most likely to buy premium (75%) , people of all ages are willing to spend more when a set of criteria have been met, including health credentials and added benefits, sustainability and convenience, and of course a key element; premium products, and where and how they are experiencing it.

Premium growth in soft drinks has to date been largely driven by premium mixers, hand-in-hand with crafted and premium spirits. However other soft drinks segments outside mixers are not growing premium at the same rate, and under indexes vs premium alcohol.

Suppliers and operators who capitalised on this trend in 2018 delivered against three key areas: Premium products, Premium experiences and Awareness of the premium offer.



25-34 year olds are heaviest users, with 75% buying Premium in on-trade

Gen Y are the most likely to always buy premium



Older 55+ years 40% will buy Premium

Other age groups are most likely to occasionally buy premium



Over index on Friday Nights, largest occasion planned night out with friends

Alcohol brands are leading the way in terms of creating low/ no alcohol versions of beers, wines and spirits and consumers are now more open to trying them as an alternative to their favourite tipple. But with the preferred no alcohol drink being soft drinks, there is a clear opportunity for the category to play in this space, particularly with Gen Z, where a third are likely to purchase no alcohol beer and spirits if available³⁰.

There was high growth in low and no alcohol beers and spirits with a third of Gen Z prepared to buy, but innovation in adult soft drinks, targeting the adult palate, also became more important. New more grown up flavours , sophisticated liquids and serves - typically using botanicals, herbs, spices and essences to elevate flavour and experience.

Adult drinks can also be a finished drink such as Thomas & Evans from Britvic, crafted with over 20 ingredients, including botanicals, and Luscombe's Rhubarb Crush, designed to pair with food.

Long mixed seasonal serves and mocktails also played here with the theatre of build and serve on par with alcohol, and using low/no alcohol drinks as an ingredient, such as Seedlip, the pioneer in non-alcohol recreating spirit cues and new entrants like Stryk Not Vodka and Square Root Non-Alcoholic Gin & Tonic who have added a G&T to its range of non-alcoholic cocktails. Managed and independent Operators alike such as Browns and Nine Lives in Bermondsey who teamed up with Seedlip to offer "Soda sessions", a "booze-free party" throughout 2018.

Despite the ongoing media noise, the low/no alcohol category still remained very small¹⁶.

A big driver for both suppliers and operators to embrace these products, other than the trend of moderation, is being able to sell products that don't require any alcohol duty, with margins significantly higher.

Premium products

Premium is more accessible than ever, with 'quality of drink offered' even a driver of outlet choice in mainstream outlets. In the last two years alone, 259 premium new products were launched¹⁷.

As a result, across all food and drinks categories, there has been a significant shift in usage, value and volume share into products upward along the product quality continuum. People are shifting from quantity to quality, with quality of drink considered a top 3 contributor to experience³⁰ and with consumers willing to pay more for something they perceive as premium (65%)³¹.

New mixers that extended out of tonic further headroom for premium mixer growth, such as vodka and dark spirit mixers. London Essence Company' offers a spiced ginger beer and delicate ginger ale while Schweppes added a Muscovado 1973 premium mixer, designed to pair with rums and sweeter US whiskeys.



Innovation in the soft drink category also came from segments outside of mixers, in particular niche, crafted soft drink innovations with strong authenticity and provenance cues - key elements to perceptions of super premium status. More middle tier premium soft drinks products and innovations with less niche flavour profiles were also really important in trading people up acting as a safer trial option. In 2018 it was the middle tier of soft drinks that delivered the majority of the premium growth in Foodservice, and in Licensed there was higher premium share gain in super premium soft drinks.

Contemporary QSR and coffee shops displayed great examples of ranging across the quality tiers to meet the different needs, with a combination of big brand favourites, right through to unbranded niche products with craft and health credentials, with cans making a comeback to facilitate space efficiencies in fridge.



Premium experience

Key to perceptions of worth more are where and how soft drinks are experienced. In 2018 four in five industry business leaders saw experience as the number one driver in the market²⁴ and this was true for Licensed and Foodservice alike, with foodservice executives expecting 'experiential options to excite the consumer' to change for the better in the next three to five years.

Elevated serve is a vital tool in delivering drink experience, satisfaction and perceptions of value for money. And with such high volume share pouring through the mainstream core (such as draught cola and lemonade), there were a number of examples of savvy operators extracting new value from the high rate of sale core through elevated serve. Within the more premium drinks, serves and cues that replicated the experience with alcohol such as front bar build, and interesting garnish also drove perceptions of premium and worth more.



Increasingly experience is delivered through the food and the drink offer combined are integral to the enjoyment of the occasion. This was driven through fun, multi-sensory experiences in many alternative environments, such as festivals, food halls and street food markets.

Pairing soft drinks in particular with food¹⁹ is an opportunity as the number one drink enjoyed with food, and 'pairing well with my food' remains a top driver of soft drinks choice³².

Awareness of the premium offer

Unlike other channels, the offer is not always particularly visible in Foodservice and Licensed outlets, often living in under counter fridges or with limited space in the chiller.

Two thirds of guests are more likely choose something different if they are aware of the range and spend on drinks is 17% higher with a menu.

Whilst wine spirits and beers are still better presented on menus as a rule, 2018 saw increasing examples of soft drinks menu feature being raised to new levels, moving to positive language and highlighting premium offer by separating out the more complex layered and crafted options within the soft and long mixed drinks sections. Staff are also key to raising awareness of the premium offer available.

COCKTAILS	
OUR SEASONAL COCKTAILS	
<i>Enjoy our range of limited edition cocktails featuring the best seasonal flavours</i>	
SPRINGTIME BRAMBLE Monkey 47 gin, blackberry liqueur, rhubarb, lemon	11.50
APRICOT CLUB Havana 3 Year Old, apricot jam, sugar, lemon	9.50
ELDERFLOWER SPRITZ Monkey 47 gin, prosecco, elderflower, lime, soda	11.50
KIWI CRUSH Absolut Citron, kiwi, sugar, lime, ginger ale	10.50
BLOOD ORANGE ROYALE Moët & Chandon Impérial, Absolut Citron	11.50
SPRITZ	
SOUTHSIDE SPRITZ Chase vodka, elderflower, lemon, mint, topped with soda	9.50
APEROL SPRITZ Aperol, Prosecco, soda over ice with an orange slice	8.50
PORTOFINO SPRITZ Tanqueray gin, Aperol, Sauvignon Blanc, peach, Earl Grey & lemon, topped with soda	9
STRAWBERRY SPRITZ Tanqueray gin, Campari, Lillet Rouge, rosé & strawberry, topped with soda	9
SPARKLING COCKTAILS	
CLASSIC BELLINI White peach purée, Prosecco	8
ROSSINI ROYALE Vodka, strawberry, rhubarb, vanilla, Prosecco	8.50
SPARKLING BERRY ROYALE London Dry Gin, LBV port, blackberries & lemon, Prosecco	8.50
RHUBARB ROYALE Vodka, rhubarb, lemon & rose, Prosecco	8.50
BLACKBERRY FIZZ Absolut Raspberri, Crème de Cassis, Chambord, lemon juice, Prosecco	9.50

MEDITERRANEAN GARDENIA	
<i>Despite the driest of climates, our most skilful botanists discovered blossoming groves and refreshing artefacts to preserve in our Mediterranean Gardenia collection.</i>	
Apricot and Peach Smash 7.95	Raspberry Disaronno Sour 7.95
A soft and dangerously drinkable Woodford Reserve bourbon smash. Peach and apricot provide a delightfully light and fruity twist.	A long-standing favourite. Raspberry purée, lemon juice, pomegranate juice, Disaronno and raspberry liqueur.
Pineapple Mezcalita 8.95	Birch Negroni 7.95
A modern margarita. Mezcal, El Jimador tequila, Licor 43, pineapple juice, lime juice and vanilla syrup.	Freya Birch Spirit, Campari and sweet Martini Riserva ambrato stirred to create a herbaceous sipper.
Orange and Cardamom Spritz 8.25	Smoked Birch Old Fashioned 9.95
When Italy met India... Aperol, Prosecco, cardamom bitters, Martini Riserva ambrato, lemon juice, apricot purée and topped with soda.	Monkey Shoulder whisky stirred with orange bitters and Freya Birch Spirit, before being wood-smoked at the bar. Strong but smooth!
Poppy and Pomegranate Martini 7.75	Mediterranean Martini 9.95
A delicate blend of poppy seed liqueur and sweet pomegranate. Blended with raspberry liqueur, Ciroc Red Berry vodka, lemon and a hint of basil.	A zesty blend of gin, lemon bitters, white vermouth and finished with a fragrant sprig of rosemary and a signature olive.
SMOKING TEA POTS	
<i>Iced tea brewed to perfection with a tippie twist. 8.95 each</i>	
Hibiscus and Red Berry Iced Tea Bockmans Gin, blueberry liqueur, pomegranate juice and jasmine with an exotic hibiscus tea blend.	
Passion fruit and Lemongrass Iced Tea Bacardi Cuatro, pink grapefruit and passion fruit, shaken over lemongrass and ginger tea.	
Matcha Melon Iced Tea Grey Goose, Bénédictine and melon liqueur shaken over a blend of matcha tea, lemon juice, honey and apple juice.	
<i>...or why not share any of the above?</i>	
SMOKING TEA POT SHARERS 27.95 (Ideal for 4 or 5 people)	
GIN CARAFES	
<i>A carafe filled with botanically-balanced gin and tonic - made for sharing! 4 servings.</i>	
Secret Carafe Our very own Secret Gin paired with tonic and finished with fresh grapefruit and rosemary.	19.95
Hendrick's Carafe Hendrick's Gin paired with cucumber, elderflower liqueur and pink peppercorns.	19.95
Tanqueray Carafe Tanqueray gin and pink grapefruit liqueur, garnished with lemon thyme and pink grapefruit.	19.95
ALCOHOL FREE	
<i>Carefully crafted mocktails made with fresh juices and fruits.</i>	
Tropical Crush Seedlip Garden non-alcoholic spirit, pineapple juice, passion fruit syrup, orange juice and served with half a passion fruit. How exotic!	5.50
Juniper Garden A refreshingly herbal blend of Seedlip Garden non-alcoholic spirit, elderflower cordial, vanilla and sage syrup, apple juice, lime juice and juniper berries.	5.50
All The Greens Fresh mint, kiwi and ginger, with a splash of apple and lemon. All boosted with plant-powered elixir.	4.75
Botanist Lemonade Our zingy homemade lemonade is a nod to Grandma. Thyme, fresh lemon juice, sugar and elderflower cordial topped with soda. Refreshing, zesty and sharp.	4.75
Berry Good Times Fresh blueberries, blackberries, mint and a touch of raspberry syrup. Shaken with apple and cranberry juice and garnished with a sprig of mint.	4.75



Personalisation & Immediacy

The growth in omnichannel shopping has given consumers a path to purchase that takes place anywhere, anytime. There are now unprecedented expectations regarding service levels, especially around customisation and immediacy.

Personalisation potential

A personalised offer became even more important. Suppliers and retailers were more savvy at delivering it. Offering personalisation as part of outlet brand proposition and USP can prove highly successful, such as Chipolte's 'build your own meal deal' and burger operator Five Guys, who take it to the next level where its total offer can be personalised from every element of the food right through to the drinks with flavours from Coca-Cola Free Style machines, with 125 different soft drinks flavours to create.

In soft drinks, personalisation elevated in 2018 through ingredients, mixing and flavour infusions, serve and experience tailored to the individual. Flavoured tonics led the way to deliver a G&T specific to tastes, such as Merchant's Heart tonics and spirit enhancing essences.

Funkin introduced a flavour differentiated hemp syrup to its range to appeal to less sweet palates. In Foodservice innovative operators tapped into the trend for personalisation combined it with added health benefits, delivering juice drinks and smoothies with nutrients and vitamins needed by someone at a specific moment in time, such as the Portobello Juice Café's 'Flu Fighter', for those feeling under the weather, and 'Black Magic' which promises to help hangovers subside.

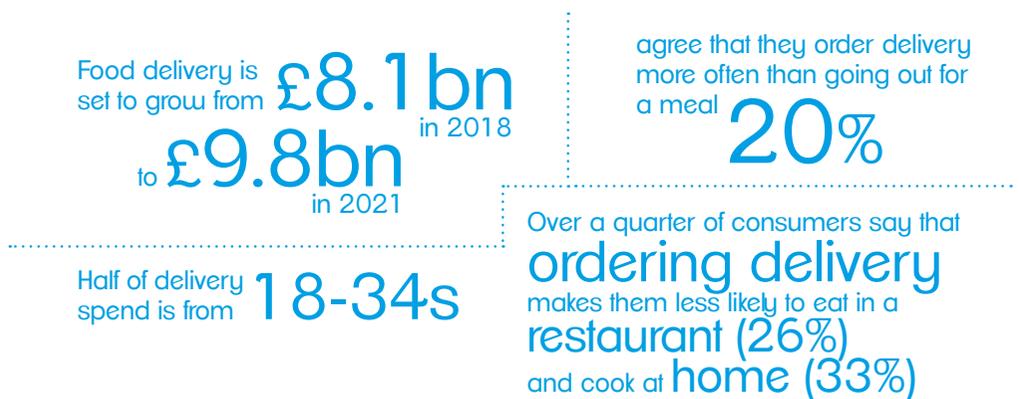
Food to go and Delivery

With a third of meals bought on the go in 2018, and the increase in snacking, food to go continued to outperform the market, as one of the only areas growing frequency and occasions³⁴. While spend grew on food in Food to Go, soft drinks spend was flat, significantly, under indexing compared with in outlet at four in five, Contract catering suffered the lowest drink with food incidence³⁴. There is enormous potential to incrementally grow soft drinks on food to go occasions where adding a soft drink will increase value³⁵.

With the fall in lunch visits¹⁹, maximising all day parts and tapping into breakfast and snacking growth is key. Catering for Gen Z and millennials was a good strategy in 2018 with 25-34-year olds spending the most on soft drinks. These younger consumers have a broad soft drinks repertoire and chose water, 'water plus' and pure juices when purchasing a soft drink with their food to go offer. Meal deals were also a winning strategy to grow soft drinks incidence in food to go occasions in 2018, with 84% looking for a soft drink in any meal deal (29% always and 55% quite likely)³⁵. In delivery, expectations of immediacy have risen with services like Amazon Prime and Deliveroo fuelling demand for food delivery; 27.3m consumers ordered food delivery in the last six months.

Food delivery is set to grow to £9.8bn in 2021 and in 2018 more operators and business models moved into delivery, including fast food, high street, casual dining and managed pub brands such as Toby Carvery, Harvester and All Bar One. Whilst many successfully translated their offer to an at home occasion, others created a differentiated offer to protect cannibalisation of their out of home outlet brand experience and make the offer fit more for delivery.

There is a significant opportunity for soft drinks to deliver more growth in this category with one in four of delivery users ordering a drink³⁶. Over half of consumers ordering delivery considered it a treat, and the price driven drink choice is rationalised³⁶. For soft drinks to play a role and become part of the order routine, operators need to disrupt and encourage consumers to add soft drinks to the order through promotion and special meal deal offers, communicated on menu and online order forms. The challenge for operators is how soft drinks are driven into the order, delivered effectively, whilst maintaining the differentiation and value of drinks out of home.



The Rise in Virtual Brands



Cafe Rouge turns chicken with new virtual brand Chef & Rooster

THE FUTURE OF SOFT DRINK IN FOODSERVICE & LICENSED

Whilst the macro trends of 2018 are set to continue and evolve in 2019, there are some stand out future focus for 2019 and beyond.

Sustainability

Sustainability and impact on the environment are increasingly influencing consumer purchase decisions. Nearly half (48%) of consumers seeing sustainability as 'very important'³⁰.

And it is not just consumers. When customers and business leaders were asked what the most important sustainability issues to them are the top three were³⁷:



Waste management

Sustainability around plastics is a key trend with 98% of business leaders having plans to reduce their company's consumption³⁸; consumers want manufacturers to take the lead and make packaging easy to recycle³⁹.

Whilst plastic straws attracted much attention in the media in 2018 influencing decisions such as McDonald's plan to move to paper straws in 2019, water sales were also impacted by plastics with 37% of people carrying their own refillable bottles⁴⁰.

This opens up an exciting opportunity for the future of dispense out of home to deliver sellable soft drinks that can be dispensed into our refillable bottles.



Wetherspoon teamed up with charity Fare Share to reduce food wastage by donating surplus foods.

Nando's teamed up with teams to refurbish outdoor furniture and reuse in their stores. Prevented waste and additional purchasing.

Packaging

This is particularly relevant in an industry currently reliant on single use plastic and the huge spotlight that it brings to soft drinks. Nearly half (48%) of consumers feel it is 'extremely' or 'very' important that the brands they visit use environmentally friendly packaging³⁰.

Dispense delivers a key future opportunity for the Foodservice and Licensed channel, reappraising how we view, utilise and deliver dispense with a multitude of benefits: reducing reliance on single use plastic, positively contributing to waste management along with delivering operational efficiencies for retailers.

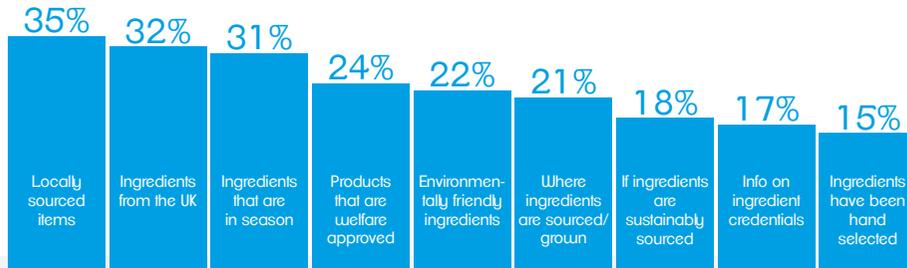


Ethical sourcing

The sustainability of ingredients is important or very important to 44% of consumers when choosing a meal out of home, an increase of +10p.p. in two years³⁰.

Consumers are becoming more insistent that the ingredients they consume meet certain requirements

Thinking about when eating out, which of the following, if any, appeal to you?



Consumers are interested in the sourcing of their food, as well as products that are healthy and good for the environment³⁷.

This trend is expected to grow year on year. Local soft drinks such as Cushiedoos, produced with Scottish mountain water and botanicals is among products available which meet these needs.

However, price and quality remain top of consumers worry list, so initiatives need to drive initiatives that do not hit the consumer wallet⁴¹.

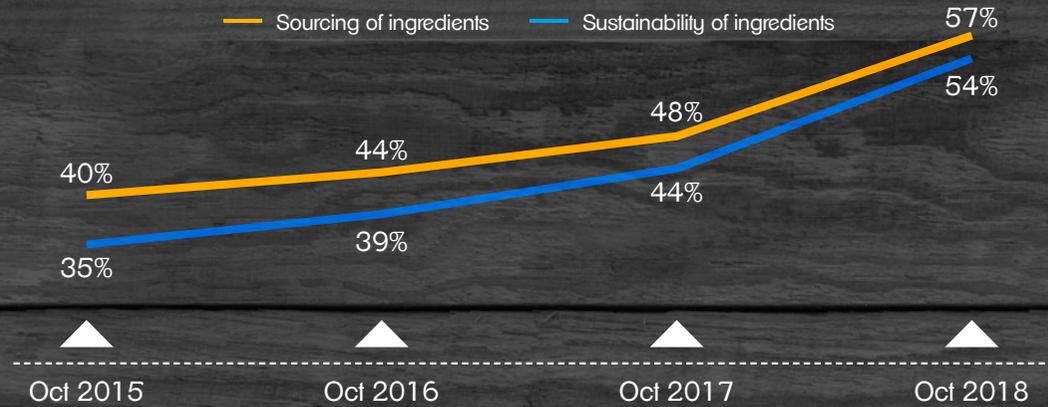


Karma Cola's original recipe is made with Fairtrade organic cane sugar and real cola nut grown by the Mende and Temne people of Sierra Leone. Part of the proceeds from each bottle go to cola growers' families.



Sustainability and sourcing of ingredients is also high on the agenda when choosing a meal out of home³⁰

How important are the following when choosing a meal out of home? | Very important and important



Channel blurring

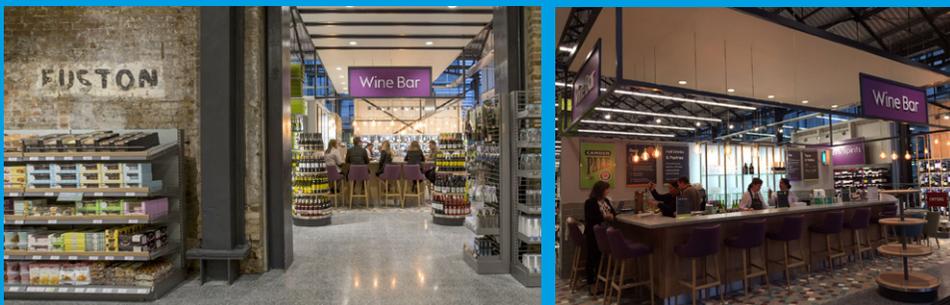
Cross channel offer has been present across Foodservice and Licensed for many years such as McDonald's launching McCafe, and branded coffee shops operating within cinemas and contract catering environments.

However, with increasing expectations and the desire for experience even the mundane is becoming a moment to treat, reward and socialise.

As a result, the blending of channels is set to go to the next level, delivering experience and blurring the lines between not only foodservice and Licensed, but into convenience, grocery, and even bringing experience, food and drink consumption into non-traditional retail environments as new wave social space.



As channels continue to merge, these new wave social spaces will take soft drinks experience and differentiated serve to new heights, replicating that offered in Licensed through new innovative dispense solutions and technologies and elevate serve, delivered as a finished drink rather than from a can or bottle.



Technology

It is vital that operators and suppliers stay on top of and invest in new tech trends that will increase efficiency, quality and experience for the consumer, integrated to drive footfall and value across Foodservice and Licensed.

Senior Executives in the industry expect to see improvements in technology and wider usage in the food and beverage market over the next three to five years to enhance consumer dining experience, relevance of offer, and improve operational efficiency³⁷.

Booking and marketing plays a major role with 13.4m British consumers having used mobile apps to pay or order food out of home⁴².

These mobile apps tend to be used by the more affluent, younger and more frequent visitors out off home , therefore they are a key group to engage and recruit.

Restaurants top the ranking for outlet type where consumers use mobile apps to order or pay when eating out, with almost half of consumers participating, followed by pubs and coffee shops so its key for this channel to be making provisions.

However, there is room to improve. While over half believe it improved their experience, over a quarter did not, and two thirds of consumers don't currently use apps out of home⁴³.

Delivering against today and tomorrow's consumer wants – and expectations – to be heard, understood, remembered and respected as an individual by brands is key to the industry success in a highly competitive environment.

Technology is a vehicle to deliver this, such as using digital loyalty schemes to capture, communicate to and provide food and drink offers to personal preferences.

Social media content, particularly widely used by Gen Z, offers contact with the humans behind the outlet brand, and offers a platform to shout about retailers CSR activities with 1 in 3 sharing good causes they believe in⁴⁴.

Artificial Intelligence (AI) advancements are also set to open up exciting new space within the channel, TGI Friday in collaboration with Hyper Giant have been experimenting with AI that taps into ever growing social media usage with their AI powered virtual bartender that targets consumers who express hunger or thirst on social media with personalised messages.

And front of house technologies that increase speed of order such as McDonald's Kiosk ordering screens are set to grow in the right environments where there is a key need for convenience and on the go mission.



In delivery, with speed of delivery the biggest area needing improvement according to consumers⁴⁷, technology is key to realising full potential. Operators such as Pizza Hut are using technology to innovate around delivery, teaming up with Toyota to create a self-driving delivery car.

Drones are one part of Uber's strategy of automation and autonomous technology and is planning to launch food delivery drones internationally by 2021. Meanwhile consumers top 'expecting to see' advancements are in own-website delivery, GPS tracking and mobile delivery apps⁴⁷.

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-venues it is often 'just' an enabler for it. For instance, a considered and tailored use of technology in-outlets can lead to meaningful interaction with staff who can deliver what online never can – the human touch and a human brain teasing out what guests really want and need.

Conclusion

The forecast for the Eating and Drinking Out market looks positive in 2019. Predictions stand at +1.8% growth in 2019 with the food to go market set to lead the way at an estimated +3.0% growth to a value of £21.2bn this year⁴⁵.

The fundamental need for value and convenience will remain key to market value growth, but it will be bolstered operators' growing embrace of more conscious consumerism and ultra-convenience delivering time-saving innovation with clear, compelling commercial advantage.

MCA has predicted that significant Top 10 outlet growth expansion will continue throughout 2019 with more growth to come in breakfast, healthy snacks and drinks, hot food, global products and plant-based offerings.

They also remark the importance of building partnership across categories, e.g. food and soft drinks, and sweet/savoury pairings with soft drinks⁴⁵.

The continued uncertainty around the likely outcome of Brexit makes predictions around the impact on UK consumers virtually impossible.

However, as an industry of manufacturers and retailers, we can proactively work together to influence, understand and respond to the evolving needs of guests to deliver sensational eating and drinking experiences, and ultimately drive value creation out of home.

Consumers are currently able to choose from a vast number of operators offering a tantalising array of food choices served from modern, often hi-tech outlets.⁴⁶

DEFINITIONS/GLOSSARY

Business and Industry

Contracted / In-House

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.

Contract catering

On site catering provided within public sector and workplace environments. Canteen/restaurant catering.

Education sector

Contracted / In-House

Energy Drinks

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

Food-Led Pubs

Outlets that have a dining menu of some description.

Foodservice

Defined in this report as Education, Health and Welfare, Workplace Catering, Travel and Leisure, High Street food to go, Quick Service Restaurants.

Free of Tie

Pubs that are bought and owned in their entirety by the landlord.

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 contain fruit.

Gen Z

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

Juice Drinks

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

Leased

Landlords of leased pubs have a long-term (traditionally 10-25 year) commercial and assignable lease.

Leisure

Sports Clubs / Event Catering / Stadia / Visitor Attractions / Entertainment Venues

Lemonade

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

Managed

A brewery appoints a salaried manager, while retaining ownership of the pub; this arrangement is a "managed house".

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.

Natural Energy

Any product that calls out energy/boost/lift/pick me up/power/tiredness reduction as the primary benefit AND either specifically calls out natural/organic ingredients OR only contains pure ingredients (e.g. Juices). In addition to this rule, we are assuming that espresso is naturally seen as energy giving so any espresso-based product, unless filled with added artificial ingredients, or where the primary need state is indulgence, would be included

Non-Fruit Flavoured Carbonates

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

Omnichannel Shopping

A seamless shopping experience, whether shopping online from a desktop or mobile device, by telephone, or in a brick-and-mortar store.

OOH

Out of Home. Includes Retail, Travel & Leisure

Public Sector

Defence / Justice / Healthcare / Local Authorities / Oil Rigs

Pure Juice (other)

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.

Retail

Coffee Shops / Sandwich Bars / Bakery Stores / Department Stores / Supermarket Cafes / Supermarket Grab and Go / Convenience Grab and Go

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.

Tenanted

Landlords of tenanted pubs are more likely to have shorter-term agreement which is contracted outside of the Landlord and Tenant Act (meaning that the term is fixed).

Third Space

The concept of an additional place to home and work (being the first two spaces) where consumers spend some of their leisure time.

Total Licensed

Defined in this report as Restaurants, Food-Led Pubs, Wet-Led Pubs, Sport / Social Clubs, Wine Bars, Circuit Bars, Proprietary Clubs, Hotels.

Travel

Roadside and MSA / Petrol Forecourts / Railway Stations / Airports / Ports

Water

Still or sparkling water with nothing else added.

Water Plus / Flavoured water

Sparkling or still flavoured water.

Wet-Led Pubs

'Wet-led' pubs are outlets that don't sell food (other than over-the-counter snacks such as packaged crisps).

DATA

Licensed: Total Soft Drinks

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Total Soft Drinks	4,202.8	4,399.1	4.7	713,947	720,609	0.9
Total Soft Drinks Draught	2,058.1	2,098.7	2.0	407,361	404,863	-0.6
Total Soft Drinks Packaged	2,144.7	2,300.3	7.3	306,586	315,746	3.0

Licensed: Soft drinks categories

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Cola	1,817.8	1,981.7	9.0	316,055	333,639	5.6
Lemonade	561.9	587.3	4.5	105,130	106,934	1.7
Mixers	405.5	527.7	30.1	41,497	53,888	29.9
Juice Drinks	337.4	311.0	-7.8	45,633	41,407	-9.3
Water	278.3	256.1	-8.0	53,651	47,844	-10.8
Gluc/Stim/Sport	209.9	204.3	-2.7	23,165	22,360	-3.5
Flavoured Carbs	192.4	183.2	-4.8	33,498	30,110	-10.1
Squash	186.0	166.1	-10.7	69,728	63,105	-9.5
Pure Juice Other	146.0	123.1	-15.7	19,361	15,970	-17.5
Pure Juice Mixers	55.6	48.0	-13.7	6,109	5,224	-14.5

Top 10 Brands in Licensed

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Coca-Cola	993.0	1,117.9	12.6	168,259	177,403	5.4
Pepsi	754.2	791.5	4.9	132,483	140,253	5.9
Schweppes	531.5	520.0	-2.2	102,458	97,757	-4.6
Fever Tree	140.3	250.7	78.7	13,257	24,123	82.0
R Whites	238.6	250.1	4.8	47,841	47,737	-0.2
J20	207.7	195.1	-6.1	25,679	23,425	-8.8
Britvic	208.5	182.5	-12.5	42,124	37,239	-11.6
Red Bull	171.8	171.5	-0.1	16,523	16,275	-1.5
Fentimans	50.3	55.2	9.7	4,868	5,328	9.4
Strathmore	65.0	52.4	-19.4	11,819	9,302	-21.3

Top 5 Manufacturers in Licensed

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
CCSB	1,638.1	1,740.4	6.2	288,446	290,506	0.7
Britvic	1,490.2	1,504.8	1.0	264,332	265,302	0.4
Fever-Tree	140.3	250.7	78.7	13,257	24,123	82.0
Red Bull	171.8	171.5	-0.1	16,523	16,275	-1.5
Barr	115.2	97.8	-15.2	22,289	19,195	-13.9

Full Sugar vs Low Calorie in Licensed

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Total Soft Drinks FULL SUGAR	2,969.4	2,848.8	-4.1	501,513	467,190	-6.8
Total Soft Drinks LOW CALORIE	1,233.3	1,550.3	25.7	212,435	253,419	19.3

Foodservice: Total Soft Drinks

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Total Soft Drinks	2,676.5	2,743.1	2.5	1,131,373	1,116,781	-1.3
Total Soft Drinks Draught	790.6	833.6	5.4	269,400	289,563	7.5
Total Soft Drinks Packaged	1,885.9	1,909.5	1.2	861,973	827,219	-4.0

Foodservice: Soft drinks categories

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Cola	1,079.4	1,148.1	6.4	390,597	407,391	4.3
Flavoured Carbs	465.9	487.8	4.7	169,348	175,968	3.9
Water	382.1	357.0	-6.6	198,312	183,567	-7.4
Juice Drinks	269.2	265.2	-1.5	88,829	86,257	-2.9
Pure Juice Other	238.2	212.9	-10.6	96,546	86,202	-10.7
Gluc/Stim/Sport	101.7	100.0	-1.6	24,332	22,712	-6.7
Squash	35.5	65.7	85.3	130,455	123,141	-5.6
Pure Juice Mixers	56.6	53.6	-5.3	14,952	13,894	-7.1
Lemonade	34.1	34.9	2.3	16,124	15,310	-5.0
Mixers	12.8	16.7	30.9	1,713	2,170	26.7

Top 10 Brands in Foodservice

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Coca-Cola	900.6	979	8.7	320,340	340,343	6.2
Fanta	161.8	184	13.9	58,611	66,680	13.8
Pepsi	172.1	164	-5.0	68,846	65,776	-4.5
Sprite	69.6	72	3.9	25,151	25,929	3.1
Sunpride	59.3	58	-1.7	39,615	38,027	-4.0
Harrogate Spa	48.3	53	9.3	32,648	34,336	5.2
Tango	49.7	52	5.0	19,391	19,920	2.7
Oasis	45.1	52	15.8	15,648	18,017	15.1
Calypso	41.7	39	-7.4	23,175	20,614	-11.0
Red Bull	36.1	36	0.6	4,988	4,742	-4.9

Top 5 Manufacturers in Foodservice

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
HOLDING CO : CCSB	1,345.7	1,477.1	9.8	478,096	514,863	7.7
HOLDING CO : Britvic	345.7	340.0	-1.6	134,174	129,640	-3.4
HOLDING CO : LR Suntory	93.9	76.3	-18.7	32,982	25,120	-23.8
HOLDING CO : Gerber Juice Co	73.0	71.8	-1.7	45,883	44,286	-3.5
HOLDING CO : Cott Beverages	70.7	57.1	-19.3	38,430	30,560	-20.5

Foodservice: Soft drinks categories

	Value M MAT YA	MAT TY	MAT % Chg YA	Volume 000's L MAT YA	MAT TY	MAT % Chg YA
Total Soft Drinks FULL SUGAR	1,854.8	1,817.8	-2.0	709,210	670,479	-5.5
Total Soft Drinks LOW CALORIE	821.6	925.3	12.6	422,163	446,302	5.7

SOURCES

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2	Nielsen Scantrack 12 weeks to we 30.06.18 vs YA – Total Coverage	18	HIM Wholesale Study 2018
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