Changing Tastes

The UK Soft Drinks Annual Report 2015

BRITISH Soft Drinks ASSOCIATION

Changing tastes

The number of consumers switching to low, no and mid calorie drinks in 2014 speaks volumes for industry's efforts to meet changing consumer demands. It means almost half of all carbonates sold in the UK are low or no calorie. Added to that sales of bottled water continued to flourish, up 9.3%, and nearly three quarters of all dilutables sold are low or no calorie. This represents a significant shift.

Driven by a determination to respond to consumer needs and to step up to public health challenges, soft drinks companies have pushed sales of drinks containing fewer calories to unprecedented levels.

Through reformulation, new product development, smaller pack sizes and increased advertising spend of nearly 50% last year alone, soft drinks manufacturers have used a variety of initiatives to achieve their calorie reduction goals whilst still meeting consumer expectations.

But despite the success of some categories overall soft drinks consumption was down slightly by 0.5%. That partly reflects the fall in sales of fruit juice (down 9.5%) - an unfortunate by-product of the misguided campaign on sugar – which sadly means some consumers have reduced the role of fruit juice in their 5 a day. We as an industry will be stepping up our work to address this issue in 2015.

Consumer needs are clearly changing and as an industry we are responding. By providing an ever wider range of products the soft drinks industry plays a positive role in encouraging and helping consumers make the right choice for their lifestyle.

BSDA Director General
Gavin Partington

Contents

Report methodology and background

Specialist food and drink consultancy, Zenith International, has been commissioned to produce the 2015 BSDA UK Soft Drinks Report. All data and insights contained in this report were produced using Zenith's internal market databases and primary research.

In compiling its research, Zenith relies on the goodwill and co-operation of companies active in the marketplace. During Zenith's annual research into the UK soft drinks industry, over 100 soft drinks producers are contacted. This includes larger branded operators, retailer own label specialists, contract packers and a significant number of smaller independent companies.

Based on individual producer volumes for the year, market sector and segment totals are calculated from the 'bottom up'. At a sector and segment level, adjustments are then made for any double counting of contract and licensed bottling. Estimates for unauthorised soft drink imports sold through the 'grey market' are also included. This is more pronounced in categories such as carbonates rather than dilute-to-taste drinks, for example.

The figures presented encompass all aspects of the market including: take home, impulse and on premise; water cooler volumes for the office; home dispensed carbonated soft drinks; and draught dispensed carbonates.

Following a detailed review of all data files received, certain adjustments have been made to historic volumes.

Overall soft drinks consumption

Definition

Carbonated drinks, still and juice drinks, dilutables, fruit juices, and bottled waters. Sport and energy drinks are also included within their relevant categories, namely still and carbonated drinks respectively.

Industry Terms

Regular: 31 and above kcal per 100ml
Mid calorie: 21-30 kcal per 100ml
Low & no calorie: 0-20 kcal per 100ml*

Key 2014 facts

- 14.8 billion litres of soft drinks were consumed in the UK
- The UK soft drinks industry is worth £15.7 billion
- Consumption of bottled water was up 9.3% and value sales up over 10%
- Volume of still flavoured water increased by 16.4% to over 250 million litres
- 49% of carbonates sold in 2014 were low and no calorie

> 57% of soft drinks are now low and no calorie

UK soft drinks consumption 2008 - 2014

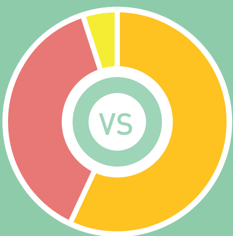
	2008	2009	2010	2011	2012	2013	2014
Million litres	13630	13920	14520	14960	14680	14860	14790
% change	-1.0	+2.1	+4.3	+3.0	-1.9	+1.2	-0.5
Litres per person	222.2	225.5	233.9	239.5	233.8	235.2	232.9
Value, £ million	12610	13000	13780	14590	15030	15510	15670
% change	+0.9	+3.1	+6.0	+5.9	+3.0	+3.2	+1.0
Value per litre, £	0.93	0.93	0.95	0.98	1.02	1.04	1.06

Source: Zenith International

*Nutrition Claims Annex of Regulation (EC) 1924/2066

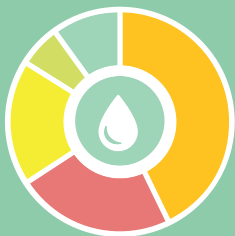
14.8 billion litres of soft drinks were consumed in the UK

The UK soft drinks industry is worth £15.7 billion



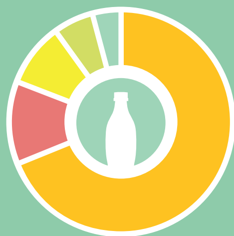
UK calorie split for all soft drinks

- Low & no calorie [57%]
- Regular [38%]
- Mid calorie [5%]



UK soft drinks sectors

- Carbonates [43%]
- Dilutables [23%]
- Bottled water [18%]
- Fruit juice [6%]
- Still and juice drinks [10%]



UK soft drinks packaging

- PET/Plastic [69%]
- Can [12%]
- Carton [9%]
- Glass/Other [6%]
- Dispense [4%]

Source: Zenith International

Bottled water

Definition

Still, sparkling and lightly carbonated; natural mineral waters, spring waters and bottled drinking waters packaged in sizes of 10 litres or below; water for coolers in sizes of 10.1 and above.

Key 2014 facts

- Overall volume of bottled water rose by 9.3% to 2,580 million litres
- Cooler volumes increased for a second consecutive year rising by 4.9% to over 280 million litres
- The 500ml bottle, both single and multi-pack, continues to be the most popular pack size
- On premise sales continue to recover though the increased demand for tap water in restaurants continues to threaten sales

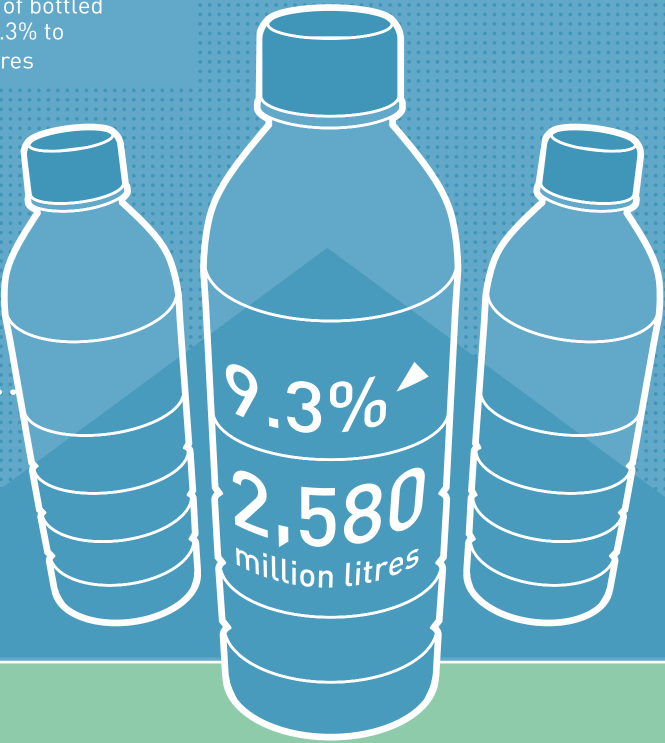
> The average person in the UK consumed 40.6 litres of bottled water in 2014

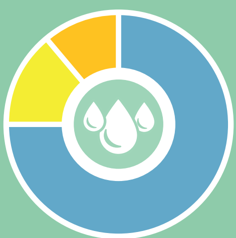
UK bottled water consumption 2008-2014

	2008	2009	2010	2011	2012	2013	2014
Million litres	1970	2010	2020	2070	2140	2360	2580
% change	-5.7	+2.0	+0.5	+2.5	+3.4	+10.3	+9.3
Litres per person	32.1	32.6	32.5	33.2	34.1	37.4	40.6
% of all soft drinks	14.5	14.4	13.9	13.8	14.6	15.9	17.4
Value, £ million	1380	1400	1420	1500	1570	1770	1960
% change	-3.5	+1.4	+1.4	+5.6	+4.7	+12.7	+10.7
Value per litre, £	0.70	0.70	0.70	0.72	0.73	0.75	0.76

Source: Zenith International

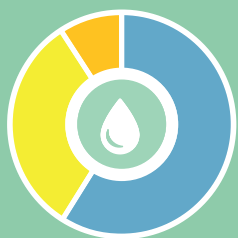
Overall volume of bottled water rose by 9.3% to 2,580 million litres





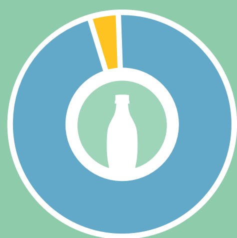
UK bottled water categories

- Still bottled [75%]
- Sparkling bottled [14%]
- Still water cooler [11%]



UK bottled water types

- Mineral [59%]
- Spring [32%]
- Bottled drinking water [9%]



UK bottled water packaging

- PET/Plastic [96%]
- Glass/other [4%]

Source: Zenith International

Carbonates

Definition

Ready to drink carbonates, including draught and home dispense; regular, mid, low and no calorie; sparkling juices; cola; lemon including lemonade; lemon-lime; energy drinks; mixers including tonic and bitter drinks; orange; shandy; others including other carbonated fruit flavours, sparkling flavoured water, health drinks and herbal drinks.

Key 2014 facts

- 49% of carbonates sold in 2014 were low and no calorie
- Slight fall in overall volume to 6,380 million litres
- The growing mid calorie market now accounts for 6% of all carbonates sold
- Fewer than half the carbonates in the UK market are regular drinks

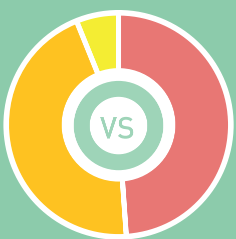
> Carbonates remained the largest single category with 43% market share

UK carbonates consumption 2008-14

	2008	2009	2010	2011	2012	2013	2014
Million litres	5860	6040	6330	6600	6440	6500	6380
% change	+1.9	+3.1	+4.8	+4.3	-2.4	+0.9	-1.8
Litres per person	95.5	97.9	102.0	105.7	102.6	103.0	100.5
% of all soft drinks	43.0	43.4	43.6	44.1	43.9	43.7	43.1
Value, £ million	7030	7430	7910	8410	8710	8920	9060
% change	+3.6	+5.7	+6.5	+6.3	+3.6	+2.4	+1.6
Value per litre, £	1.20	1.23	1.25	1.27	1.35	1.37	1.42

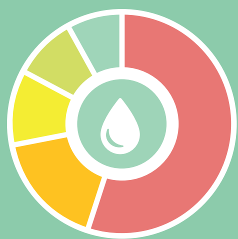
Source: Zenith International

49% of carbonates sold in 2014
were low and no calorie



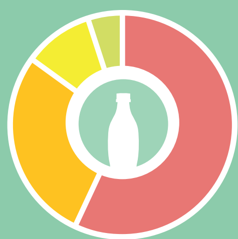
UK calorie split for carbonates

- Low & no calorie [49%]
- Regular [45%]
- Mid calorie [6%]



UK carbonates flavours

- Cola [55%]
- Fruit [17%]
- Lemonade [11%]
- Energy [9%]
- Other [8%]



UK carbonates packaging

- PET/Plastic [57%]
- Can [28%]
- Dispense [10%]
- Glass [5%]

Source: Zenith International

Dilutables

Definition

Squashes, cordials, powders and other concentrates for dilution to taste by consumers, adding 4 parts water to 1 part product for single concentrate or 9 parts water to 1 part product for double concentrate. Super concentrate's dilution rates vary; typically a 50-70ml bottle makes 20-30 servings equivalent to 5-7 RTD litres. **Dilutables are expressed as ready to drink (RTD) for ease of comparison where measuring overall soft drinks market figures/shares.**

Key 2014 facts

- 74% of dilutable drinks are low and no calorie
- Consumption of dilutables fell by 2.3% to 3.4 billion litres in ready to drink volumes
- Market value dropped by 4.5% to under £1.1 billion
- Super concentrate squashes have taken dilutables into the 'on-the-go' sector

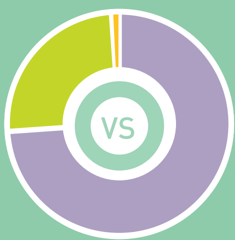
> Dilutables is the second biggest category after carbonates

UK dilutables consumption 2008 - 2014

	2008	2009	2010	2011	2012	2013	2014
Million litres	3250	3350	3540	3660	3620	3480	3400
% change	-3.0	+3.1	+5.7	+3.4	-1.1	-3.9	-2.3
Litres per person	53.0	54.3	57.0	58.6	57.7	55.1	53.6
% of all soft drinks	23.8	24.1	24.4	24.5	24.7	23.4	23.0
Value, £ million	780	840	920	1050	1070	1110	1060
% change	-3.1	+7.7	+9.5	+14.1	+1.9	+3.7	-4.5
Value per litre, £	0.24	0.25	0.26	0.29	0.30	0.32	0.31

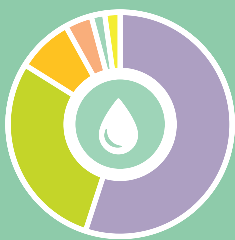
Source: Zenith International

74% of dilutable drinks are low and no calorie



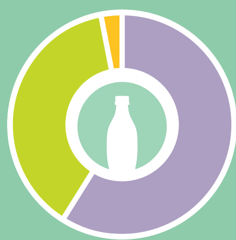
UK calorie split for dilutables

- Low and no calorie [74%]
- Regular [25%]
- Mid calorie [1%]



UK dilutables flavours

- Blends [55%]
- Orange [29%]
- Blackcurrant [8%]
- Lemon [4%]
- Lime [2%]
- Other [2%]



UK dilutables packaging

- PET/Plastic up to 1 litre [59%]
- PET/Plastic over 1 litre [38%]
- Other [3%]

Source: Zenith International

Fruit juice

Definition

100% fruit content equivalent, sometimes referred to as pure juice or 100% juice. Chilled juice comprises four main types: freshly squeezed juice; not from concentrate juice; chilled from concentrate (may be from concentrate or part from concentrate); smoothies. Ambient or long life juices are mainly from concentrate.

Key 2014 facts

- Consumption of fruit juice fell to below 1 billion litres in 2014 – down 9.5% on 2013
- Smoothies lost further ground, down 6% to 48 million litres in 2014
- The Government recommends that a portion of 150ml juice can count as one of your 5 a day
- Consumption of fruit juice in the UK equates to an average of just 41ml per person per day

"Sector value fell by 7.1% to around £1.7 bn"

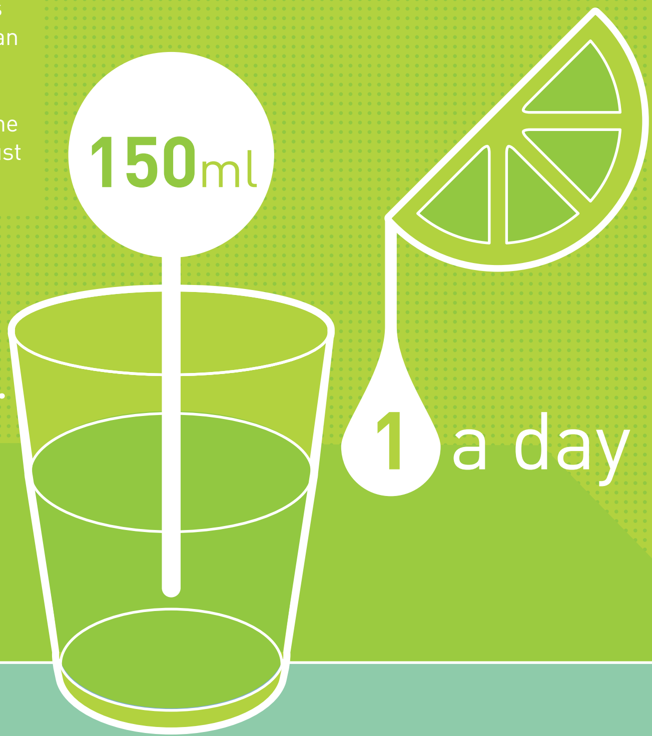
UK fruit juice consumption 2008 - 2014

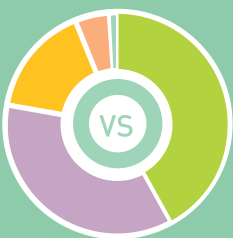
	2008	2009	2010	2011	2012	2013	2014
Million litres	1190	1150	1180	1160	1100	1050	950
% change	-3.3	-3.4	+2.6	-1.7	-5.2	-4.5	-9.5
Litres per person	19.4	18.6	19.0	18.6	17.5	16.6	15.0
% of all soft drinks	8.7	8.3	8.1	7.8	7.5	7.1	6.4
Value, £ million	1760	1670	1760	1830	1860	1820	1690
% change	-3.8	-5.1	+5.4	+4.0	+1.6	-2.2	-7.1
Value per litre, £	1.48	1.45	1.49	1.58	1.69	1.73	1.78

Source: Zenith International

The Government recommends that a portion of 150ml juice can count as one of your 5 a day

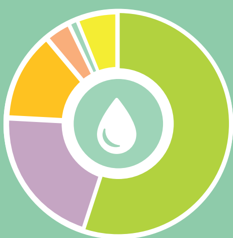
Consumption of fruit juice in the UK equates to an average of just 41ml per person per day





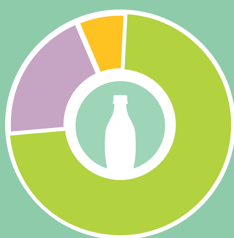
UK ambient and chilled fruit juice

- Ambient [42%]
- Chilled not from concentrate [36%]
- Chilled from concentrate [16%]
- Chilled smoothies [5%]
- Chilled freshly squeezed [1%]



UK fruit juice flavours

- Orange [55%]
- Blends [21%]
- Apple [13%]
- Pineapple [4%]
- Grapefruit [1%]
- Other [6%]



UK fruit juice packaging

- Carton [73%]
- PET/Plastic [20%]
- Glass/other [7%]

Source: Zenith International

Still and juice drinks

Definition

High fruit juice (25-99% fruit content); juice drinks including juicy water (5-30% fruit content); other still drinks (0-5%) including iced tea, sports drinks, still flavoured water and non-fruit drinks.

Key 2014 facts

- Still and juice drinks volumes rose by 0.7% to 1,480 million litres
- Volume of still flavoured water increased by 16.4% to over 250 million litres
- 36% of still and juice drinks are mid, low and no calories

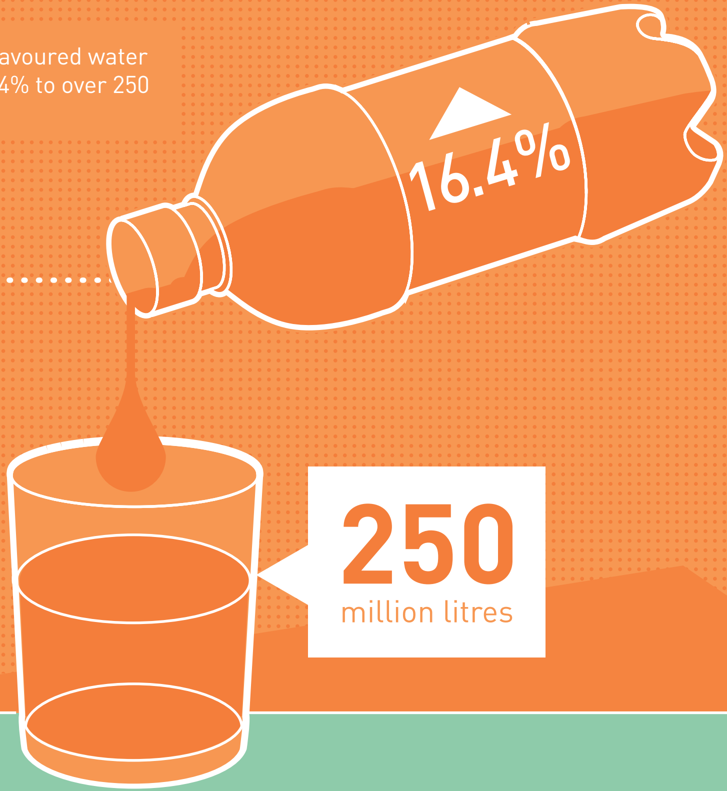
"Sales of still and juice drinks were up 0.5% to £1.9 bn"

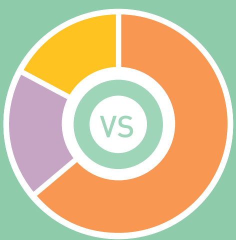
UK still and juice drinks consumption 2008 - 2014

	2008	2009	2010	2011	2012	2013	2014
Million litres	1360	1370	1450	1470	1380	1470	1480
% change	+0.7	+0.7	+5.8	+1.4	-6.1	+6.5	+0.7
Litres per person	22.2	22.2	23.4	23.5	22.0	23.3	23.3
% of all soft drinks	10.0	9.8	10.0	9.8	9.4	9.9	10.0
Value, £ million	1660	1660	1770	1800	1820	1890	1900
% change	+0.6	-	+6.6	+1.7	+1.1	+3.8	+0.5
Value per litre, £	1.22	1.21	1.22	1.22	1.32	1.29	1.28

Source: Zenith International

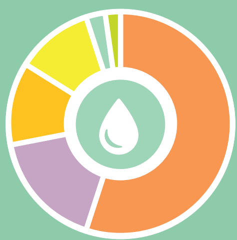
Volume of still flavoured water increased by 16.4% to over 250 million litres





UK calorie split for still and juice drinks

- Regular [64%]
- Low and no calorie [19%]
- Mid calorie [17%]



UK still and juice drinks categories

- Juice drinks [55%]
- Still flavoured water [17%]
- High fruit juice [12%]
- Sports [11%]
- Juicy water [3%]
- Other [2%]

UK still and juice drinks packaging

- PET/Plastic [45%]
- Carton [41%]
- Glass/other [14%]

Source: Zenith International

Sports and energy drinks

Definition

Sports drinks

Drinks that enhance physical performance before, during or after physical/sporting activity. Sports drinks replace fluids and electrolytes/minerals lost by sweating and supply a boost of carbohydrate: isotonic (fluid, electrolytes and 6 to 8% carbohydrate), hypotonic (fluids, electrolytes and a low level of carbohydrate) and hypertonic (high level of carbohydrate).

Energy drinks

Traditional glucose based energy drinks; functional or stimulation energy drinks which claim a particular energy boost from caffeine, guarana, taurine and ginseng or other herbs or some combination of these ingredients.

Key 2014 facts

- Sales of sports drinks were worth £250 million in 2014
- The energy drinks market is worth £1,480 million up 4.2% from 2013

> Low and no calorie energy drinks now make up around 5% of the energy drinks market

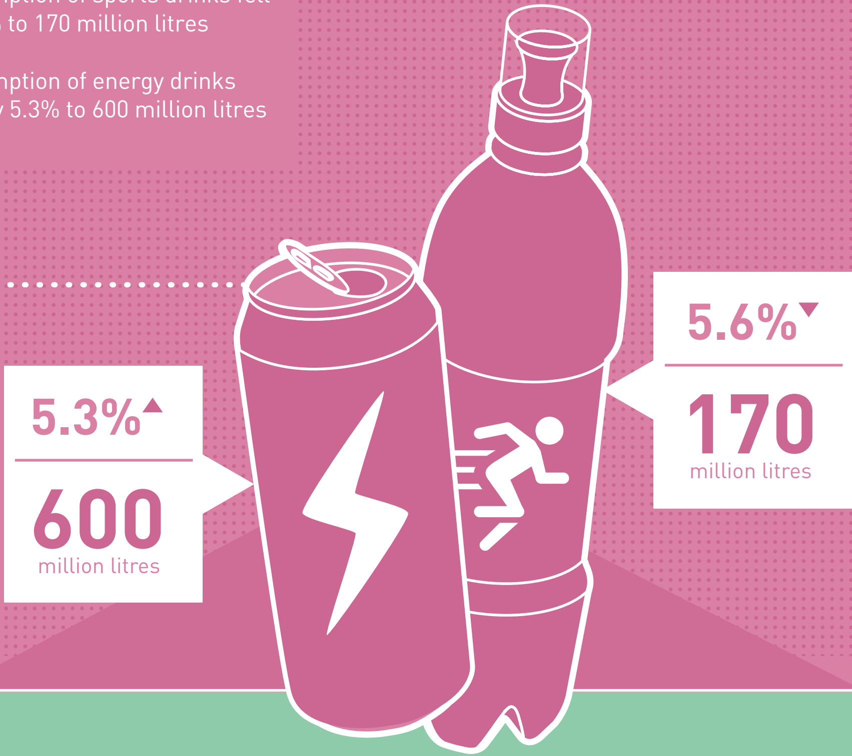
UK sports and energy drinks consumption 2008 - 2014

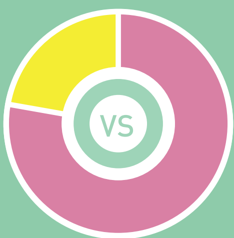
	2008	2009	2010	2011	2012	2013	2014
Sports drinks, million litres	**160**	**170**	**190**	**200**	**180**	**180**	**170**
% change	+3.2	+6.3	+11.8	+5.3	-1.0	-	-5.6
Litres per person	2.6	2.7	3.0	3.2	2.9	2.8	2.7
% of all soft drinks	1.2	1.2	1.3	1.3	1.2	1.2	1.1
Energy drinks, million litres	**370**	**390**	**440**	**500**	**530**	**570**	**600**
% change	+12.1	+5.4	+12.8	+13.6	+6.0	+7.5	+5.3
Litres per person	6.0	6.3	7.0	8.0	8.4	9.0	9.4
% of all soft drinks	2.7	2.8	3.0	3.3	3.6	3.8	4.1

Source: Zenith International

Consumption of sports drinks fell by 5.6% to 170 million litres

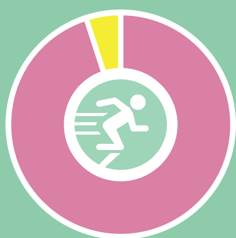
Consumption of energy drinks grew by 5.3% to 600 million litres in 2014





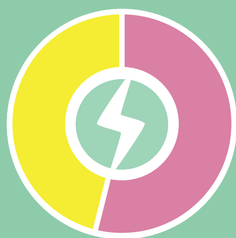
UK sport and energy drinks

- Energy [78%]
- Sports [22%]



UK sports drinks types

- Isotonic [95%]
- Hypotonic [5%]



UK energy drinks types

- Stimulant [54%]
- Glucose [46%]

Source: Zenith International

About the soft drinks industry

Soft drinks and UK manufacturing

The soft drinks industry is a major contributor to the UK economy through investment in skills, innovation, jobs and economic growth.

- Contributes around £7.7 billion to the UK economy - £1.4 billion directly from investment and spending.
- Supports 135,000 jobs in the UK, around 20,000 of these directly within soft drinks companies, and 115,000 through the wider supply chain.

Soft drinks and health

The soft drinks industry is committed to helping consumers make good choices and live healthier lives. Our members have already made substantial changes to their product ranges, through reformulation, introducing low and no sugar options, offering a wider range of portion sizes and through innovative marketing campaigns.

Soft drinks and sustainability

The soft drinks industry is committed to reducing its environmental impact, by changing packaging design, encouraging recycling and cutting waste. The soft drinks industry and its supply chain is leading the way in resource efficiency through its soft drinks sustainability roadmap, working in partnership with Defra, WRAP and 40 signatories from industry.

The roadmap aims to set out opportunities for companies to reduce their environmental impact, use resources more efficiently and promoting best practice in the sector.

About BSDA

The British Soft Drinks Association is the national trade association representing the collective interests of producers and manufacturers of soft drinks including carbonated drinks, still and dilutable drinks, fruit juices and bottled waters.

Main membership benefits include:

- Information, advice and advance warning on all aspects of the industry, including technical standards, best practice and legislation to ensure good planning.
- Participation in the development of Codes of Practice and initiatives to promote the industry's reputation and demonstrate social responsibility.
- Assistance and advice on incident management.
- The opportunity to network with industry colleagues at BSDA meetings and events and influence policy-making.
- Access to and representation by our European Associations: UNESDA, AIJN and EFBW.
- Inclusion in BSDA's online listing of manufacturers and suppliers and access to Member only website.
- A range of courses tailored to the industry with substantial discounts for members.

For more information about BSDA and its activities contact

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