



# Smoothie's – Glass half full or half empty?



May 2011

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# Market Environment

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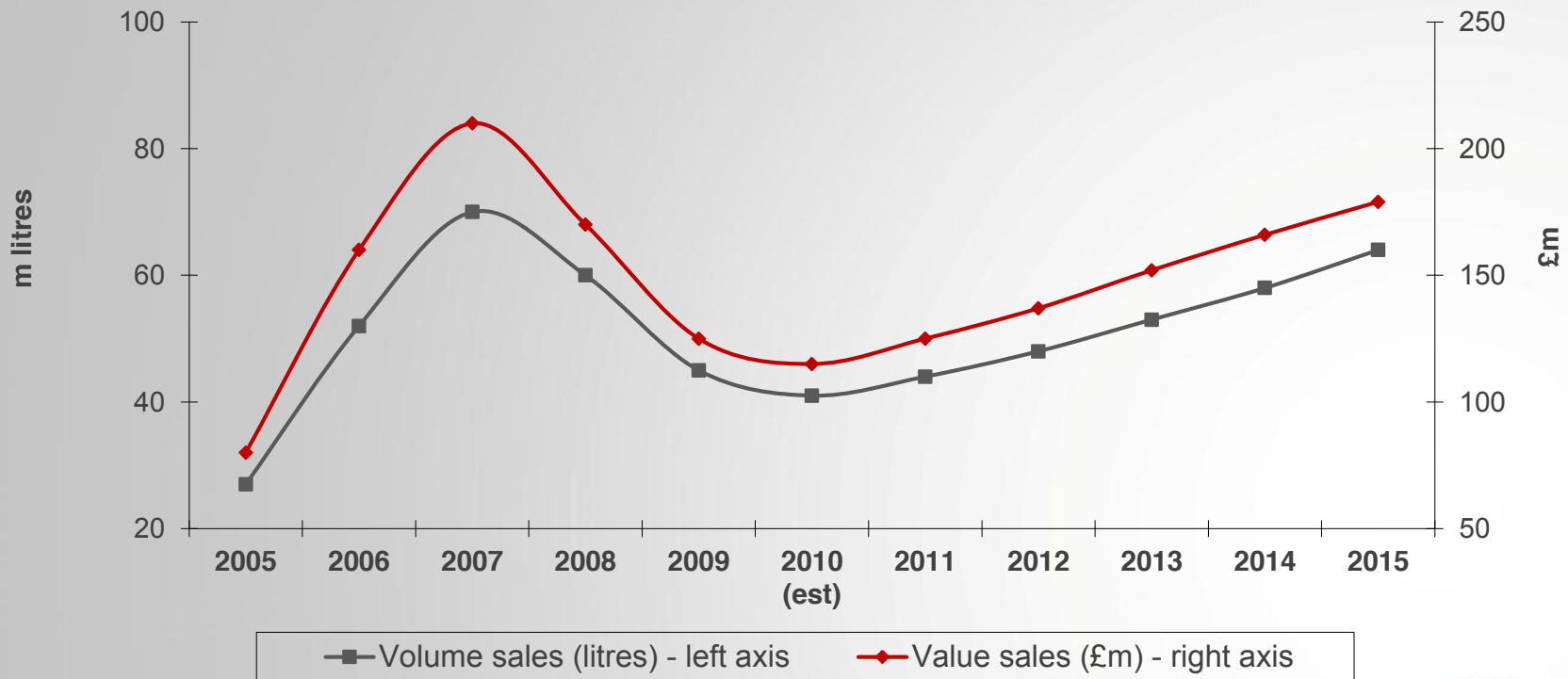




# Market size & forecast

- Having seen exponential growth of **159%** in volume sales between 2005 and 2007, the smoothies market then saw a dramatic reversal in fortunes with a **36%** decline between 2007 and 2009 as consumer spend became increasingly squeezed
- Mintel forecasts that this decline will slow in 2010 and the market will experience slow but steady growth thereafter, however not to the extent seen in the mid-2000s where Innocent almost single-handedly grew the category from scratch

*Market trends and forecast for smoothie value (current prices) and volume sales, 2005-2015*



Source: Mintel

# Market share

- It has been an incredibly tough three years for Innocent which has seen its value cut by a third
- While, this has mostly been due to the recession, its brand equity has also taken a number of hits which may make it more difficult to recover in the long-term
- Innocent is increasingly focusing on its kids products which now account for a fifth of its retail sales. This is a growing market and one which Ella's Kitchen, while tiny in comparison, has done well to exploit
- PepsiCo's presence in the market has been curtailed by the failure of Tropicana smoothies to fill the gap left by its decision to pull PJs
- Ironically, this means that Innocent has increased its share of the market (now 80%) despite losing revenue



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# Ad Market & Traffic Trends

# Smoothies Search Traffic KPIs

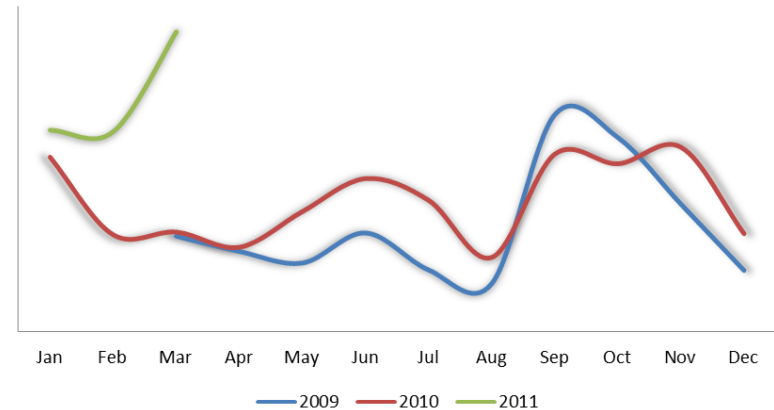
## Traffic

- Searches for smoothies and smoothie related terms (including brands) increased by **+2%** in 2010 compared to 2009.
- Searches for smoothie terms increased by **+89%** Jan to March 2011 v Jan to March 2010.

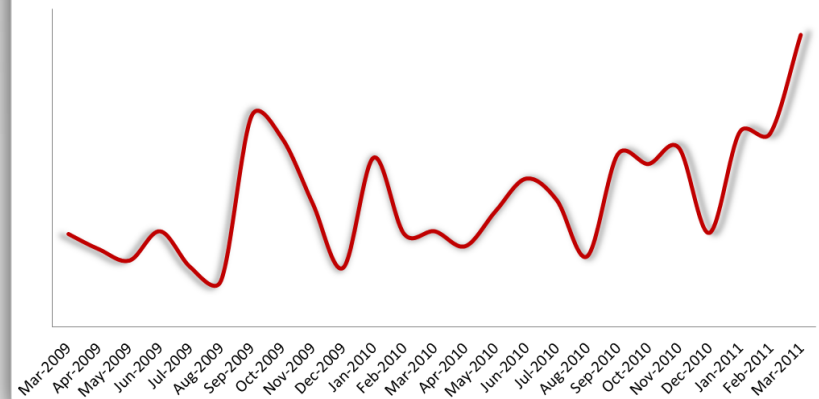
## Insights:

- The term 'smoothies' is the highest traffic driving term. However, this is closely followed by the brand 'Innocent Smoothies' which shows how the Innocent brand has impacted consumer behaviour when searching for a specific smoothie product.

Smoothies Search Trend - YoY



'Smoothies' Search Trend - MoM



# Smoothie Demographics and Daily Trends

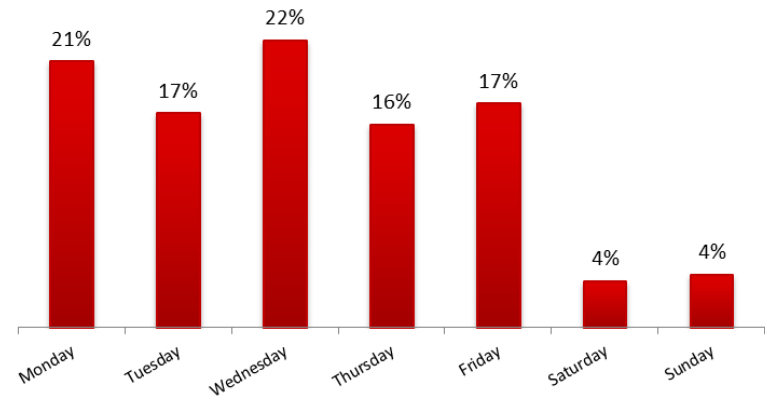
Wednesday has been the largest traffic driving day over the last 2 months followed closely by Monday's.

Potential incremental targeting opportunities would include up-weighting target campaigns on certain days of the week

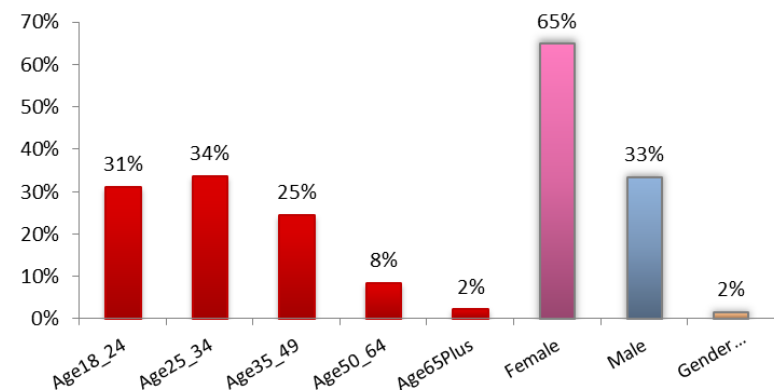
The 18-24 and 25-34 age brackets are the main age groups for traffic with 34% and 31% respectively.

Gender breakdown tends to focus on Females with 65% of searches being female vs. 33% male. 2% remains as 'unknown gender'.

Smoothie Daily Search Traffic - March - April 2011



Smoothie Searcher Demographics - March 2011





# Industry Insights

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# Internal Market Environment

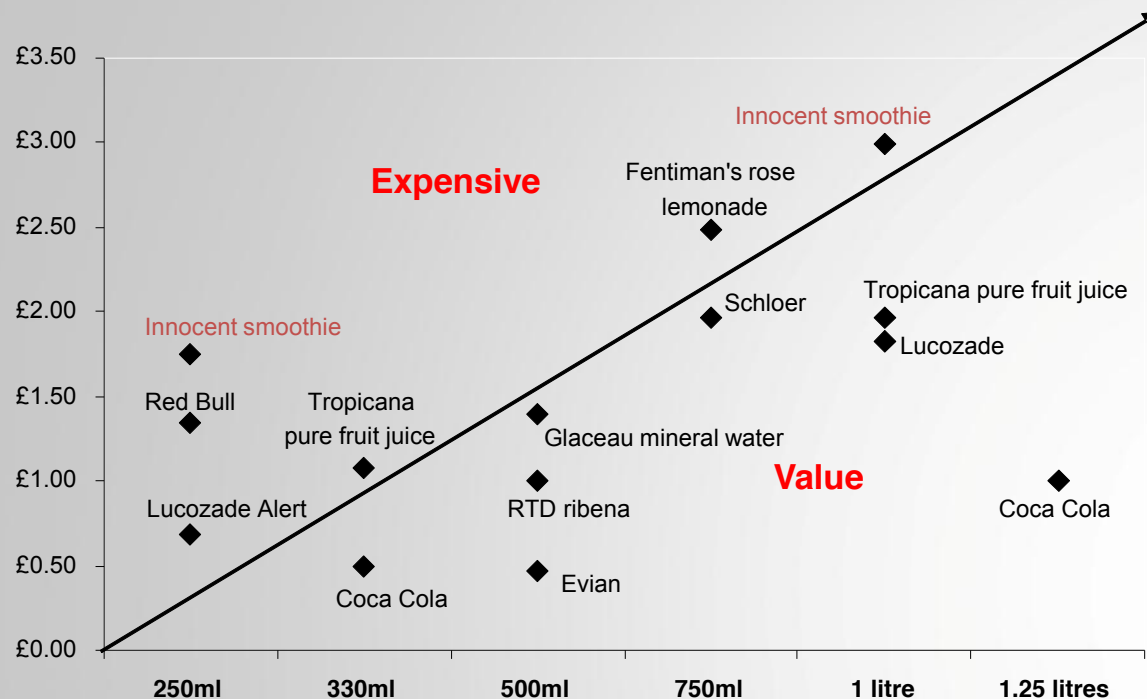
- Consumers are now demanding a lot more from brands and
  - Smoothies have struggled to convince consumers of their value credentials and are therefore viewed as a non-essential luxury
- Despite UK consumers having less money to spend, the desire for more premium and healthy products remains a key driver for the soft drinks sector - and smoothies remains well-placed to meet these needs
- Smoothies have been damaged by negative publicity around their health credentials
  - E.g. damage to teeth and high calorie-intake despite scientific evidence to the contrary
  - However, smoothies are still seen by consumers as a healthy product and the drive towards making sure kids have a healthier diet is playing to their advantage
- Increased consumer choice means that penetration of individual soft drink types has been in decline for the past five years for all but energy/sports drinks
- The economic downturn has had a huge impact on the dynamics of the market with previously growing categories such as smoothies, bottled water and premium soft drinks experiencing a sharp drop in sales



# Price-point as a barrier to consumer usage of smoothies

Mintel's analysis shows that litre cartons of Innocent are at roughly the right price-point but that the impulse 250ml bottles need to come down to stimulate mainstream consumer purchasing. With Coca Cola now the majority stake-holder in Innocent, it has the opportunity to grow the company so that they can leverage scale to reduce these prices

*Price positioning of selected soft drinks, based on packaging size*



Source: [mysupermarket.com/Mintel](http://mysupermarket.com/Mintel) (August 2010)

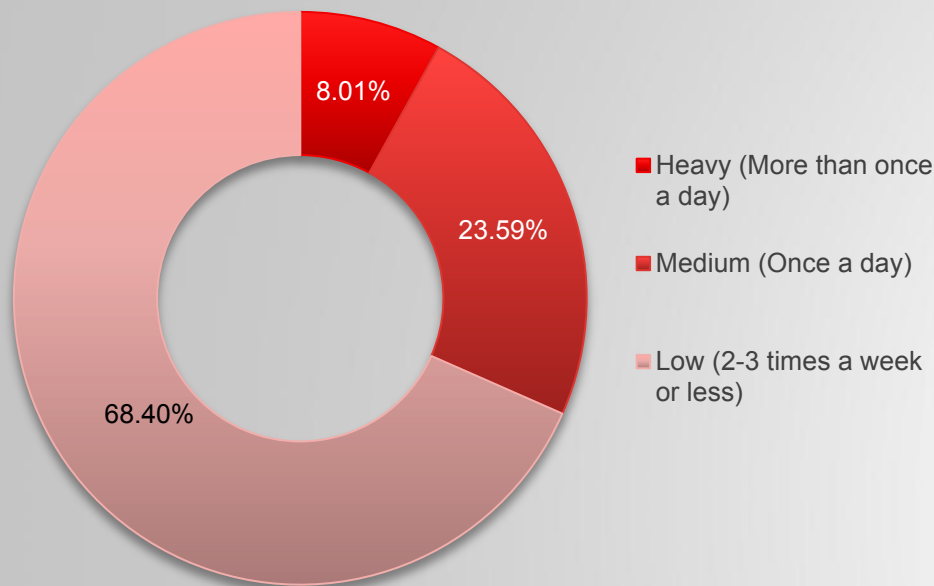
All prices from [Tesco.com](http://Tesco.com) in August 2010.

# Consumption & most popular brands

Out of the total fruit drink/ vegetable drink/ smoothie market in the UK Innocent ranks 3<sup>rd</sup> with 14% of consumers saying it is one of their most often consumed brands.

The relatively high price of smoothie/ fruit drinks market means one can conclude that they could be considered a 'treat' or luxury by consumers, which is why almost 7 out of 10 consume them 2/3 times a week or less.

## Consumption: Heavy, Medium, Low



Brand	Answered yes to 'consume most often'
Tesco	20.07
Tropicana Juices	19.15
Innocent	14.35
Asda	12.79
Sainsbury's	12.49
Other Brands	9.39
Other Supermarket's Own Brand	9.32
Ocean Spray Cranberry Classic	8.28
Morrisons	7.89
Capri-Sun	7.76
Ribena	7.3

Base: Smoothie consumers in the last 12 months

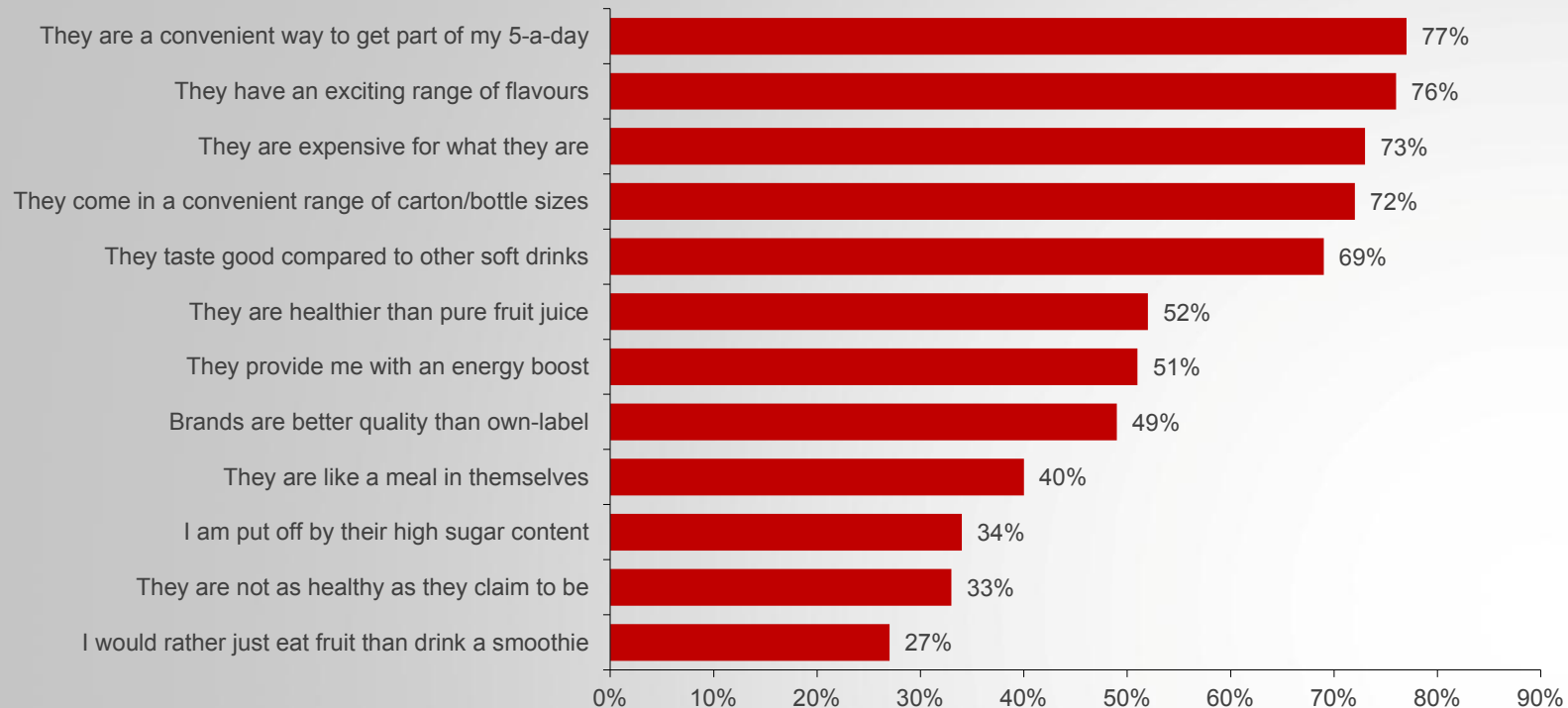
Source: TGI GB Q1 2011



# Consumer attitudes to smoothies

- The convenience of smoothies in contributing towards people's five-a-day is considered a huge benefit by consumers and this has been a focal point for Innocent's recent communications
- However, smoothie drinkers are equally enthusiastic about something less widely publicised - the exciting flavours of smoothies

*Attitudes towards smoothies, July 2010*



Base: 16+ smoothie drinkers in the past 12 months (265)

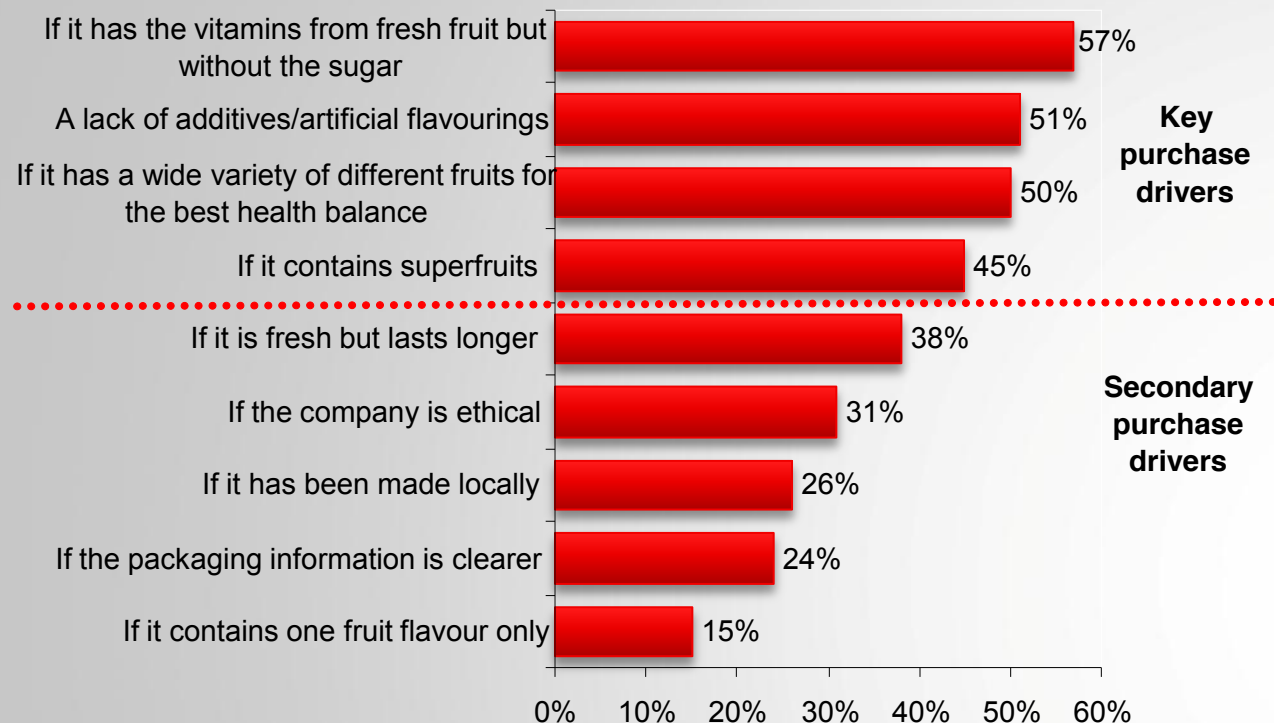
Source: Toluna/Mintel

# Consumer attitudes to smoothies

In an ideal world, consumers would like the nutrition of smoothies without the sugar:

*“Health professionals often perceive that juices and smoothies are relatively high in calories and sugar compared with whole fruit, and that consumption should be discouraged in order to prevent a rise in sugar intake. This is an erroneous belief in the case of smoothies which contain around 30g of total sugar per serving, a similar amount found in one banana and a portion of mango or cherries.”* `Ruxton CHS (2008), British Nutrition Bulletin

Which of the following factors, if any, would persuade you to buy one smoothie brand over another?



Base: 16+ smoothie drinkers in the past 12 months (265)

Source: Toluna/Mintel