



2017

Making it Happen

Annual Report 2017



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Report methodology and background

In line with its European colleagues, the British Soft Association commissioned food, drink and retailing data analysts Canadean to produce its 2017 report.

The key strength of Canadean's methodology is that works in industry partnerships across the value chain, from suppliers to brand producers and both on- and off-premise channels.

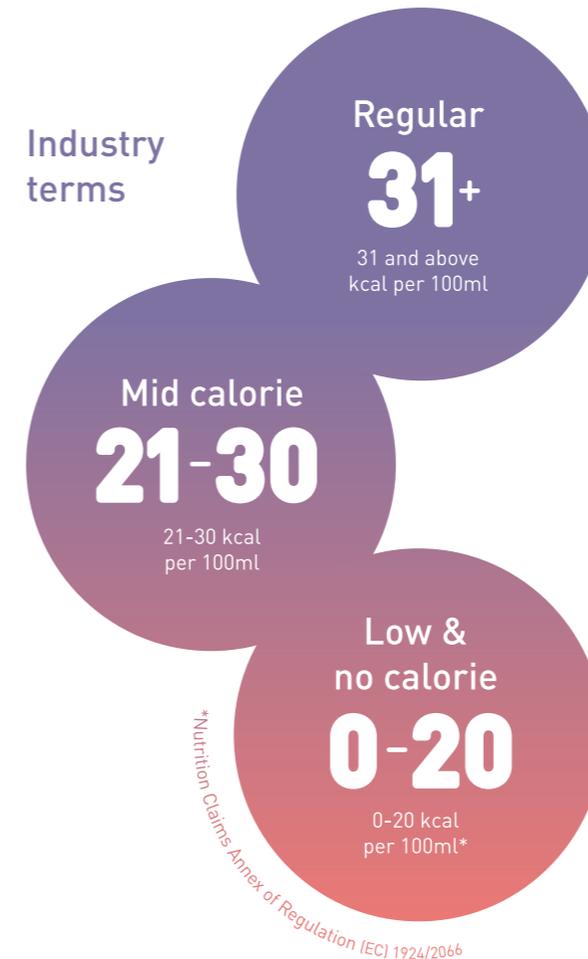
The research is built from brand data upwards. The 'brick-by-brick' approach ensures that the research gives insights from all angles; from brand volume through to corporate volume, flavour segmentation, packaging splits and channel distribution.

The companies featured in the company profiles and those whose brands are featured in the individual market categories are selected through regular market observation based on the size of their output and/or their dynamism.

Sources

- Official production and trade statistics
- Face-to-face interviews with leading soft drinks producers
- Interviews with retailers, distributors and associated industries
- Consumer surveys
- Quarterly monitoring of product offered in all trade channels in selected markets

Industry terms



Introduction

In today's challenging climate the UK soft drinks sector has been working hard year-on-year to respond to changing consumer needs. Not least in the last few years where industry's efforts have stepped up considerably in their commitment towards calorie reduction. This change in pace has led to a 17% reduction in sugar intake from soft drinks over the last four years. The serious commitment to calorie reduction has seen manufacturers undertake a variety of initiatives including:

- New product development
- Reformulation of existing recipes
- Widening the availability of smaller pack sizes
- Increasing advertising spend on low and no calorie drinks



BSDA Director General - Gavin Partington

Every soft drink category has significantly reduced sugar intake, most notably carbonates [19%], dilutables [23.6%] and still and juice drinks [26%]. In addition to this, sales of bottled water have continued to rise [9.6% in 2016].

Nevertheless, the industry recognised that it could go further. In 2015, companies also voluntarily agreed not to advertise regular soft drinks to children under 16, across all media channels, including online – a year ahead of the CAP code revision.

The soft drinks industry continues to lead the way in reducing sugar and calorie intake from its products and we hope to set a positive example to other parts of the food and drink sector of what can be achieved.

Sugar intake from overall soft drink consumption is down over 17% since 2013

[Source: Kantar Worldpanel]

OVER 17%



Definition

Carbonated drinks, still and juice drinks, dilutables, fruit juices, bottled waters, sports and energy drinks.

Overall soft drink consumption

	2011	2012	2013	2014	2015	2016
Volume M litres	13,503	13,321	13,431	13,358	13,346	13,522
YOY growth (%)	1.7	-1.4	0.8	-0.5	-0.1	1.3
Litres per capita	213.4	209.1	209.5	206.8	205.0	206.2
Value M GBP	12,694	12,971	13,465	13,655	13,710	13,801
Value YOY growth (%)	5.4	2.2	3.8	1.4	0.4	0.7
Value per capita (£)	200.6	203.6	210.0	211.4	210.6	210.5

Source: Canadean

Latest developments

For the first time since 2014, the soft drinks market recorded a growth thanks to product innovation, premiumization, and investment in marketing strategies to align with the consumer trend of health consciousness.



Calorie split

- 1. No/low calorie - 58%
- 2. Regular - 38%
- 3. Mid calorie - 4%



Category split

- 1. Carbonated soft drinks - 38%
- 2. Dilutables - 21%
- 3. Bottled water - 20%
- 4. Still & Juice drinks - 8%
- 5. Fruit Juice - 7%
- 6. Sports & Energy drinks - 6%



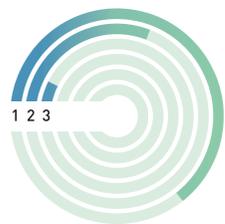
Packaging split

- 1. PET/plastic - 72%
- 2. Metal - 11%
- 3. Carton - 6%
- 4. Glass/other - 6%
- 5. Dispense - 5%

Bottled Water

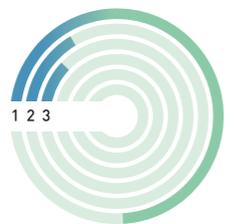
	2011	2012	2013	2014	2015	2016
Volume M litres	1,879	1,896	2,022	2,207	2,407	2,637
YOY growth (%)	1.4	0.9	6.6	9.1	9.0	9.6
Litres per capita	29.70	29.77	31.55	34.17	36.97	40.22
Value M GBP	1,099	1,139	1,251	1,368	1,485	1,602
Value YOY growth (%)	5.3	3.6	9.9	9.3	8.6	7.9
Value per capita (£)	17.4	17.9	19.5	21.2	22.8	24.4
Share of total soft drinks (%)	13.9	14.2	15.1	16.5	18.0	19.5

Source: Canadean



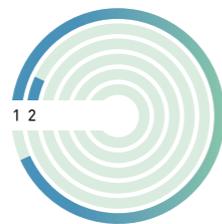
Water category split

- 1. Mineral - **66%**
- 2. Spring - **28%**
- 3. Bottled drinking water - **6%**



Water type split

- 1. Still - **75%**
- 2. Sparkling - **14%**
- 3. Still water cooler - **11%**



Packaging split

- 1. PET/plastic - **95%**
- 2. Glass - **5%**

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 litres and above.

Company spotlight

Abbey Well unveiled a new design in 2016 with the launch of the twist bottle. The new bottle utilises nearly a third less plastic than the previous design and has a new label which states "Recycle me".



Latest developments

Product innovation and marketing investment have allowed the water category to capitalise on the consumer health trend, resulting in bottled water sales increasing significantly.



In 2016 bottled water sales increased by 9.6%



Sugar intake from carbonates is down 19% since 2013

[Source: Kantar Worldpanel]

Carbonates

	2011	2012	2013	2014	2015	2016
Volume M litres	5,443	5,360	5,350	5,240	5,201	5,192
YOY growth (%)	1.9	-1.5	-0.2	-2.1	-0.7	-0.2
Litres per capita	86.0	84.1	83.5	81.1	79.9	79.2
Value M GBP	5,667	5,783	5,918	5,891	5,855	5,834
Value YOY growth (%)	4.8	2.1	2.3	-0.5	-0.6	-0.4
Value per capita [€]	89.5	90.8	92.3	91.2	89.9	89.0
Share of total soft drinks (%)	40.3	40.2	39.8	39.2	39.0	38.4

Source: Canadean

Latest developments

The carbonates category saw an increased focus and development of premium products, particularly on tonics, mixers and bitters.

Company spotlight

In 2016, 75% of Pepsi's 2016 grocery retail sales were in no sugar cola varieties (Pepsi MAX or Diet Pepsi)



Definition

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



Calorie split

- 1. Regular - 52%
- 2. No/Low Calorie - 43%
- 3. Mid Calorie - 5%



Flavour split

- 1. Cola - 60%
- 2. Lemonade - 9%
- 3. Orange - 7%
- 4. Tonic, mixers & bitters - 4%
- 5. Lemon/lime - 4%
- 6. Others - 16%



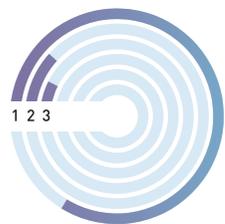
Packaging split

- 1. PET/plastic - 61%
- 2. Metal - 24%
- 3. Dispense - 12%
- 4. Glass - 3%

Dilutables

	2011	2012	2013	2014	2015	2016
Volume M litres	3,271	3,194	3,173	3,041	2,882	2,826
YOY growth (%)	3.1	-2.4	-0.7	-4.2	-5.2	-1.9
Litres per capita	51.69	50.13	49.49	47.07	44.27	43.1
Value M GBP	829	818	855	832	816	798
Value YOY growth (%)	4.7	-1.4	4.5	-2.6	-1.9	-2.1
Value per capita (€)	13.1	12.8	13.3	12.9	12.5	12.2
Share of total soft drinks (%)	24.2	24.0	23.6	22.8	21.6	20.9

Source: Canadean



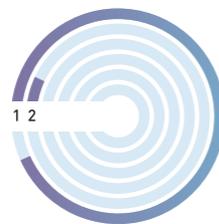
Calorie split

- 1. No/low calorie - 85%
- 2. Regular - 11%
- 3. Mid Calorie - 4%



Category split

- 1. Orange - 33%
- 2. Blends - 33%
- 3. Apple - 13%
- 4. Blackcurrant - 7%
- 5. Lemon / Lime - 6%
- 6. Others - 8%



Packaging split

- 1. PET/plastic - 96%
- 2. Glass / other - 4%

Definition

Squashes, cordials, powders and other concentrates for dilution to taste by consumers, expressed as ready to drink (RTD). Typically adding 4 parts water to 1 part product for single concentrates, 9 parts water to 1 part product for double concentrates and varying amounts for super concentrates with 50-70ml making 5-7 litres RTD.

Company spotlight

In a brand relaunch, Robinsons removed all full-sugar lines from its fruit squash and replaced them with 'no added sugar' variants.



Latest developments

No/low calorie products make up the biggest segment in the dilutables category (85%). The category also contributed to the second biggest drop (after still & juice drinks) in sugar and calorie intake, down 23.6% and 22.5% respectively.

Sugar intake from dilutables is down 23.6% since 2013

[Source: Kantar Worldpanel]





Only 8% of children and 29% of adults currently reach their 5-a-day

(Source: National Diet and Nutrition Survey)



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.

Fruit Juice

	2011	2012	2013	2014	2015	2016
Volume M litres	1,180	1,144	1,079	996	948	928
YOY growth (%)	-2.7	-3.0	-5.7	-7.7	-4.8	-2.1
Litres per capita	18.6	18.0	16.8	15.4	14.6	14.2
Value M GBP	1,534	1,553	1,522	1,455	1,373	1,357
Value YOY growth (%)	2.7	1.3	-2.0	-4.4	-5.7	-1.1
Value per capita (€)	24.2	24.4	23.7	22.5	21.1	20.7
Share of total soft drinks (%)	8.7	8.6	8.0	7.5	7.1	6.9

Source: Canadean



FC/NFC split

- 1. From concentrate - 50%
- 2. Not from concentrate - 50%



Flavour split

- 1. Orange - 64%
- 2. Apple - 14%
- 3. Pineapple - 4%
- 4. Grapefruit - 2%
- 5. Others - 16%



Packaging split

- 1. Carton - 63%
- 2. PET/plastic - 34%
- 3. Glass/other - 3%

Latest developments

The UK Fruit Juice Health and Diet Quality Study found that fruit juice consumers have a lower BMI and waist circumference than non-consumers (correlation). The analysis also showed that contrary to concerns about over consumption of fruit juice, UK consumers (on average) are not consuming sufficient pure fruit juice to meet the 150ml portion which counts as one of the 5-a-day.

Company spotlight

Tropicana launched the Little Glass campaign, a multi-million pound marketing campaign focused on the nutritional benefits of fruit juice when consumed in moderation, supporting the recommended 150ml portion size.

Tropicana

Still and Juice Drinks

	2011	2012	2013	2014	2015	2016
Volume M litres	1,051	1,016	1,066	1,103	1,115	1,135
YOY growth (%)	-3.3	-3.4	5.0	3.5	1.1	1.9
Litres per capita	16.6	15.9	16.6	17.1	17.1	17.3
Value M GBP	1,735	1,703	1,830	1,883	1,897	1,926
Value YOY growth (%)	2.2	-1.9	7.5	2.9	0.7	1.6
Value per capita (€)	27.4	26.7	28.6	29.2	29.1	29.4
Share of total soft drinks (%)	7.8	7.6	7.9	8.3	8.4	8.4

Source: Canadean



Calorie split

1. Regular - 57%
2. No/Low Calorie - 37%
3. Mid Calorie - 6%



Category split

1. Juice drinks - 49%
2. Still flavored waters - 26%
3. High fruit juice - 17%
4. Juicy water - 6%
5. Others - 2%



Packaging split

1. PET/plastic - 67%
2. Carton - 20%
3. Foil pouch - 7%
4. Glass/other - 6%

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, still flavoured water and non-fruit drinks.

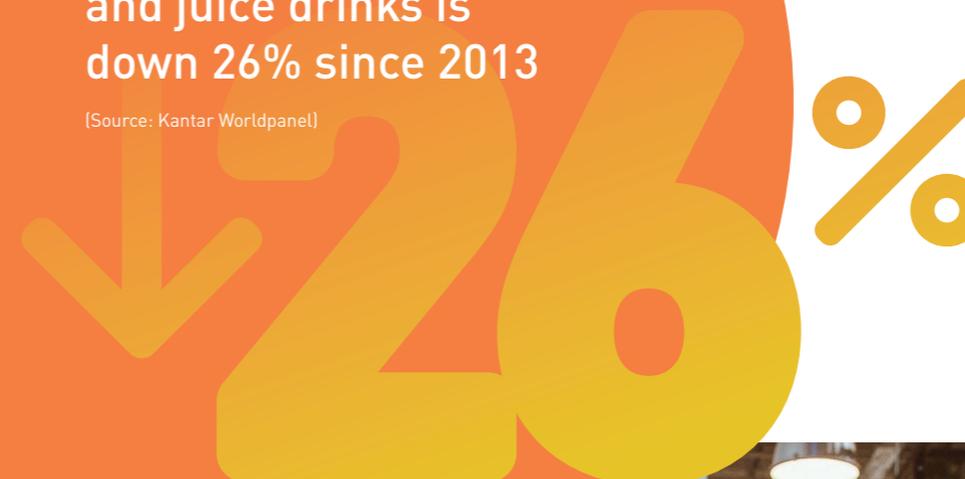
Company spotlight

Britvic has stopped producing and selling added-sugar Fruit Shoot in the UK. Through reformulation and innovation, Britvic has removed 19bn calories from its portfolio since 2012 on an annualised basis.



Sugar intake from still and juice drinks is down 26% since 2013

[Source: Kantar Worldpanel]



Latest developments

Sales of Iced/RTD tea have increased steadily since 2014. Perceived as rich in antioxidants, the category appeals to the growing market of health conscious consumers.



In 2016, the UK sports and energy drinks market was worth over £2 billion.

BN+



Definition

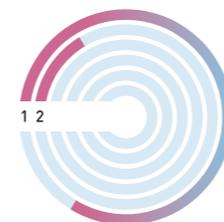
Sports drinks - Drinks that enhance physical performance before, during or after physical/sporting activity. Sports drinks replace fluids and electrolytes/minerals lost by sweating and supply a boost of carbohydrate: isotonic (fluid, electrolytes and 6 to 8% carbohydrate), hypotonic (fluids, electrolytes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

Sports and Energy Drinks

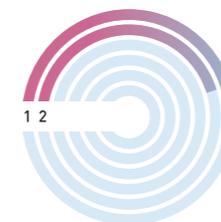
	2011	2012	2013	2014	2015	2016
Sports drinks						
Volume M litres	162	152	145	137	128	123
YOY growth (%)	2.7	-6.1	-4.3	-5.5	-6.9	-3.9
Share of total soft drinks (%)	1.2	1.1	1.1	1.0	1.0	0.9
Energy drinks						
Volume M litres	517	560	595	635	666	679
YOY Growth (%)	12.8	8.2	6.3	6.7	4.9	2.0
Share of total soft drinks (%)	3.8	4.2	4.4	4.8	5.0	5.0

Source: Canadean



Sports/Energy Split

1. Energy Drinks - 85%
2. Sports Drinks - 15%



Packaging Split

1. PET/plastic - 55%
2. Metal - 45%

Latest developments

Low calorie variants gained share in the energy drinks market as brands established low calorie and sugar-free options in response to the health conscious trend.

Company spotlight

Lucozade reformulated its drinks in 2016 to contain 50% less sugar, as well as launching a zero calorie or no sugar added variant for every product within its portfolio.



Advertising and marketing commitments



In 2015, the soft drinks industry voluntarily agreed not to advertise regular soft drinks to children under 16, across all media channels, almost a year in advance of the Committee of Advertising Practice (CAP) ban coming into effect. This ongoing commitment also includes further restrictions to advertising around schools.

Case studies



Britvic does not market to under 12s and does not advertise high sugar producers to under 16s. Where no or low sugar variants are widely available it will lead with these products in all above-the-line advertising.



Between 2011 and 2014, Coca-Cola increased marketing investment in its no-sugar, no-calorie colas by 25%.



In 2017, all of A.G. Barr's advertising will be focused on low and reduced sugar products.



10 years ago PepsiCo made the decision to stop advertising any HFSS products within its UK portfolio to children under 16 years of age, across any platform. PepsiCo also committed to only advertise low or no sugar cola variants in the UK.

What more can we do...

Case studies



Britvic has used the power of its brands to inspire 2.6m people to actively play together. Fruit Shoot has helped over 500,000 children get active through its 'Active Skills' campaign



ParkLives is part of a £20 million commitment by Coca-Cola Great Britain to invest in community-based programmes. Now into its fourth year, ParkLives has helped to support the wellbeing of local communities and grassroots organisations across the UK.



Over half a million British children go to school without breakfast. Magic Breakfast provides a nutritious breakfast to over 30,000 children across nearly 500 primary secondary and Special Educational Needs schools, plus Pupil Referral Units. To date, PepsiCo has donated almost a million servings of Quaker porridge oats and over a million litres of 100% fruit juice respectively (2009 - 2016).

The soft drinks industry is committed to encouraging responsible consumption of all its products. It provides a wide choice of calorie content and pack size; and nutrition labelling is included on pack so consumers can make an informed choice about the products they are drinking.



Sustainability

The soft drinks industry is committed to reducing its environmental impact at all stages of the supply chain. As an industry we have been working closely together and with stakeholders to help shape the ambition for all our packaging in the UK to be 100% recyclable, that consumers recycle and that drinks containers do not end up as litter in our towns, countryside, rivers and oceans.

We believe that working together with Government, NGOs and other stakeholders real progress can be achieved to make the UK the world leader in creating a truly circular economy.



Love Your Forest

Each year 250 tonnes of rubbish are removed from the Forest of Dean, costing local tax-payers more than £400,000 a year. With the help of environment charity Hubbub, Lucozade Ribena Suntory took on the challenge to help reduce littering and set about testing some innovative and positive solutions to tackle this problem. As a result of this partnership, The 'Love Your Forest' campaign was launched in 2016 and engages different sections of the local community in a collaborative effort on environmental initiatives.



Recycling Rewards

The year-long 'Recycling Rewards' campaign, part funded by Encirc, was developed by Bryson Recycling in a bid to boost recycling levels and add value to the local economy all in aid of a good cause. For every tonne of glass, paper and plastic collected through Bryson Recycling's kerbside box service, £1 will be donated to a local charity.



Give Your Litter A Lift

In November 2016, Environmental charity Keep Scotland Beautiful launched its national campaign to clean up Scotland's roadsides – Give Your Litter a Lift – encompassing a range of interventions with local councils, roadside billboards, and partnerships with outlet village Gretna Gateway and McDonalds. The campaign is funded by Coca-Cola, A.G. BARR, Lucozade Ribena Suntory, Red Bull and Britvic

348K
348,000 jobs are supported
by the soft drinks industry

Employment

The soft drinks industry is committed to British manufacturing and values the UK as a market place; reinvesting profits back into industry development, training and skills. It is also a highly efficient and productive sector – for every employee in soft drinks manufacturing some £126,000 is added to the national economy.

Soft drinks companies continuously invest in new technology and improved efficiency. Having high productivity rates, it is also a sector that rewards its employees well with an average wage of over £30,000. It also stimulates the wider economy significantly - for every direct job in UK soft drinks manufacturing, a further five are supported in the supply chain.

The supporting functions of soft drinks manufacturers such as finance, marketing, HR, public relations and advertising also have a significant impact on the UK economy.

Overall, soft drinks sector activity has been estimated by Oxford Economics to sustain over 340,000 jobs in manufacturing, retailing and hospitality.





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