



# 2

# TAKE-HOME MARKET

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## Introduction

**Despite the poor summer – the prime cause of a 2% slip in sales volume – soft drinks still managed to drive take-home sales value up 2.8% to £6.07bn. This growth was driven by a changing mix, as consumers continued to look for premium and healthier options as well as functional benefits. The industry's success in meeting these changing demands added more than enough value to offset the drop in volume.**





## TOTAL TAKE-HOME SUB-CATEGORY PERFORMANCE

	Value and volume		% change	% share
Cola	1,248	1,578	2 1	21 22
Pure juice	1,036	969	5 -4	17 14
Juice drinks	671	571	1 0	11 8
Glucose and stimulant drinks	481	235	25 24	8 3
Plain water	463	1,062	-3 -6	8 15
Fruit carbonates	438	565	-2 -7	7 8
Squash	435	556	-7 -4	7 8
Dairy and dairy substitute	379	178	-3 -5	6 3
Smoothies	214	75	31 36	4 1
Water plus	154	217	-11 -13	3 3
Sports drinks	154	94	16 15	3 1
Non-fruit carbonates	146	236	3 2	2 3
Lemonade	135	496	-2 -6	2 7
Traditional mixers	108	177	3 -2	2 3
Cold hot drinks	7	5	-23 -21	0 0
<b>Total soft drinks</b>	<b>6,068</b>	<b>7,014</b>	<b>2.8</b>	<b>-2.0</b>

Value (£m) ■ Volume (m litres) ■

Source: Nielsen Scantrack, MAT 29 December 2007

Take-home sales value grew  
2.8% to £6.07bn

**+2.8%**

**Premium mix and healthier options keep sales growing**

The premium-priced glucose and stimulant drinks, sports drinks and smoothie categories saw the highest value share growth, benefiting from the health and wellbeing trend. Pure juice also experienced an uplift that brought it closer to the largest sub-category, cola. And although the trend towards naturalness helped increase volumes of still drinks, it was carbonates that pushed up sales value - led by glucose and stimulant energy drinks and new pack formats.

The trend towards naturalness took some of the impetus out of diet/no-added-sugar variants as some consumers opted for natural sugar over artificial sweeteners. The drinks that lost most ground were arguably the most weather-dependent: lower-priced bottled water, fruit carbonates and squashes.

**Brands  
Innocent and Red Bull show fast growth**

With sales value of £960m Coca-Cola remains the biggest take-home brand, followed by fast-growing Lucozade (£338m). Robinsons (£284m) remains the third best selling brand. The fastest growing brands in the Top 10 were Innocent (up 46%) and Red Bull (up 23%), reflecting industry trends.

**Suppliers  
Branded suppliers enjoy healthy growth**

The top three branded suppliers all shared in the growth story. CCE grew sales value by 4% to £1.59bn, while Britvic grew value by 2% to £638m. GSK enjoyed the strongest growth among the market leaders – buoyed by the boom in drinks with functional benefits, it pushed sales value up 6% to £480m. Innocent continued to benefit from the health and wellbeing trend: sales grew 47% to £143m, raising it from eighth to seventh place in the supplier league table (refer to chart on page 52).

**Retailers  
“Drink now” is the growth driver**

The year’s success stories were the 7% value growth at co-ops and symbols, and 6% growth at convenience stores. Independents maintained steady growth at 4%. By contrast, out of town stores – the biggest sellers of soft drinks – delivered a more modest 2% and high street stores saw sales levelling off. The main growth driver appears to be sales for immediate consumption: dividing the market into grocery multiples vs smaller “impulse” outlets, the impulse stores grew sales twice as fast as the multiples. This emphasises the importance of a well-ranged front of store area and convenient, “on-the-go” pack formats.

**Top Take-Home Brands**

Brand	£ millions	% change
1 Coca-Cola	960	2
2 Lucozade	338	14
3 Robinsons	284	2
4 Tropicana	246	10
5 Pepsi-Cola	225	4
6 Red Bull	170	23
7 Innocent	141	46
8 Ribena	140	-8
9 Volvic	139	-6
10 Fanta	122	-4

Source: Nielsen Scantrack, Total Coverage, MAT 29 December 2007

## TAKE-HOME SOFT DRINK SUB-CATEGORIES

### Cola Regular cola holds the fort



Cola held on to its market-leading 21% value share. Value growth of 2% to £1.25bn matched its 2006 performance. The year's success stories were the regular colas as consumers took a more balanced approach to their cola drinking repertoire. Pepsi's 4% brand growth was driven by regular Pepsi, whose 9% growth brought sales to £83m – close behind Pepsi Max, whose sales grew 2% to £85m. Over at CCE regular Coke kept growth in line with the market as Diet Coke's sales were cannibalised by Coke Zero.

### Pure juice Closing in on cola



Pure juice is still the N°2 sub-category, but continues to gain ground on front-runner cola as consumers aim for healthier lifestyles and more natural products. It now has 17% of take-home sales, against cola's 21%. Although growth slowed in 2007, a 5% increase took total sales to £1.04bn. Private label still dominates, taking 60% of total value.

But premium pure juice brands performed well: Tropicana pushed sales up 9% to £233m and Copella grew 27%. By contrast, Del Monte struggled: sales dropped 24% to £16m. New brands also did well: in the year's top 10 soft drinks launches, Robinsons Fruit Shoot 100% juice took fifth place.

### Juice drinks Oasis and Robinsons Fruit Shoot beat the slowdown



After 7% growth in 2006, juice drinks slowed last year but maintained 1% growth to £671m. The picture would have looked less positive without Oasis and Robinsons Fruit Shoot. Oasis had an excellent year, with 21% growth taking sales to £78m – hot on the heels of N°1 kids' juice drink Robinsons Fruit Shoot, which increased sales 5% to £79m.

Cola held onto its market leading 21% value share with 2% value growth

+2%

Pure juice grew 5% in value to £1.04bn

+5%

**Glucose and stimulant drinks**   
**Still boosting performance**

As consumers looked to drinks with functional benefits, glucose and stimulant drinks were the big success story. New buyers flooded into the sub-category, and 31% of the British population now buy glucose and stimulant drinks at least once a year. Sales value grew 25% to £481m, making this the fourth biggest sub-category with an 8% market share. Glucose drinks grew 18% and stimulant drinks grew 33%, and they now share the market 50/50. Lucozade Energy remains the brand leader, with sales up 14% to £221m. But the biggest beneficiary of consumers' thirst for functional benefits was Red Bull, with sales up £31m (23%) to £170m. New contender Relentless made a decent start, slotting in at N°4 with sales of £20m.

**Glucose and stimulant drinks value grew 25% to £481m**

**+25%**

**Plain water**   
**Poor summer halts growth**

In a wet and cold summer, water didn't look so appealing to consumers. After years of strong growth, sales dropped 3% to £463m; among the top three brands only Evian managed to grow (up 4%). Private label was hit particularly hard, with sales down 7% to £118m. New contender Drench managed to maintain forward momentum in the impulse sector, lifting sales 51% in its second full year.

**Fruit carbonates**   
**Down overall, but 7UP up**

The decline in this sub-category has continued to slow. Last year sales value fell 2% to £438m, with consumers purchasing less frequently. Lemon and lime drinks were again the brightest spot, with 7UP scoring a 14% rise in sales value to £28m and Sprite adding 1% to £57m. Dr Pepper also achieved 3% growth to £62m.

**Squash**   
**Brand leader gains share in tough market**

The poor summer impacted on squash sales, as it did bottled water, with sales value down 7% to £435m. Consumer preference for no-added-sugar meant sales of these squashes held firm while regular squashes took most of the hit. It was a good year for the leading brand Robinsons, which gained share to take 42% of the market with sales of £184m, while Ribena's sales slipped 10% to £49.6m.

**Dairy and dairy substitute**   
**Flavoured milk rises, others stall**

After several years of growth, dairy drinks appear to have peaked. Sales value dropped 3% in 2007 to £379m. Probiotics, last year's dairy heroes, led the decline with a 9% fall in both volume and value. Sales of Muller Vitality dropped 14% to £35m, narrowing the gap for third-placed Friji, whose sales grew 1% to £31m. Flavoured milk bucked the trend, maintaining 7% value growth overall to account for a third of the sub-category – with Mars and Yazoo raising sales value by 40% and 11% respectively.

## TAKE-HOME SOFT DRINK SUB-CATEGORIES CONTINUED

Smoothies remained the fastest growing sub-category with 31% value growth

+31%

Sports drinks continued strong performance with 16% value growth

+16%

### Smoothies Fastest-growing again



After doubling in 2006, value growth slowed last year. But a 31% increase meant smoothies were still the fastest-growing sub-category – ahead of next-best glucose and stimulant drinks, albeit on a much smaller base. Last year's sales totalled £214m – of which brand leader Innocent took a majority 66%, growing sales by 47%.

### Sports drinks Still growing energetically



Sports drinks continued to grow well, following 28% growth in 2006 with 16% last year to £154m. Exercise is a significant part of maintaining a balanced approach to health and sports drinks tap into that growing lifestyle choice. The N°1 brand remains Lucozade Sport, growing 15% with sales of £102m. Powerade is still a distant N°2 but grew quickly (39%) last year to achieve £31m sales.

### Water plus Functional water takes off



After double digit growth in 2006, sales of water plus (water with flavours or functional ingredients) declined 11% to £154m in 2007. This decline was driven by flavoured water, accounting for 99% of the sub-category, which was particularly hard hit by the poor summer weather. Private label bore the brunt of the sales losses, declining 17% to £55m. Volvic Touch of Fruit also suffered, with sales down 16% to £49m. One success story was Robinsons Fruit Shoot H<sub>2</sub>O, up 54% to £17m.

Functional water, which offers added benefits such as vitamins or energy and includes brands such as Vitsmart and Carpe Diem botanics, represents the remaining 1% of the sub-category. In 2007 it only accounted for sales of £2m – but that was almost double the previous year's performance (up 94%) and functional water looks set to become increasingly important.

**Non-fruit carbonates**  
**Brands add value**



Brands outperformed private label in this sub-category, too. While volume only grew 2%, sales grew 3% in value to £146m. The reason: loyal consumers drove value growth for branded products, led by 6% for Irn Bru and 9% for Shandy Bass. Private label products took the hit, with sales down 5% by value.

**Lemonade**  
**Consumers support premium brands**



Price increases helped premium lemonades maintain sales and confirmed that consumers are ready to pay for quality: while volumes were down 6%, sales value declined only 2% to £135m. Here again, private label was the main loser, with sales down 8% to £62m. Meanwhile, Schweppes maintained its growth, with sales up 8% to £53m thanks to a strong performance in grocery multiples.

**Traditional mixers**  
**Private label moves up in the mix**



After a flat year in 2006, mixers fared better in 2007. A 3% lift in both value and volume took sales to £108m. And by contrast with the previous three sub-categories it was private label that made the running, with sales value up by 8%, while Canada Dry sales value slipped 6%.

**Cold hot drinks**  
**Iced coffee feels the chill**



The poor summer did no favours to cold hot drinks – mainly iced tea and iced coffee. Sales declined 23% in 2007, and this sub-category now accounts for less than 0.1% of soft drinks sales. Lipton and Kenco make up 91% of the sub-category, and Kenco's sales dropped 35% to £2.7m. Lipton held up better, but still showed a 6% decline to £4.1m.

**Industry expert**

“Soft drinks is by far the biggest impulse category in grocery: at over £6bn it’s about double the next-largest category, confectionery. So the industry’s response to consumer and regulatory trends really matters to us. The push towards healthier lifestyles is coming from both consumers and regulators, and we’ve been impressed with the way products and brands have been coming through to turn this potential challenge into fresh opportunities to add value.”

**Lisa Lennon**  
 Buying Manager  
 ASDA



**Functional water – an emerging sub-category – grew 94% to £2m**

**+94%**

## TAKE-HOME MARKET TRENDS

### HEALTH AND NATURALNESS DRIVE VALUE GROWTH

The consumer trend towards better-for-you options resulted in a significant increase in still drinks' share of the market from 2001 to 2006. In 2007, however, the trend started to rebalance as carbonates grew both value and volume market share. This was driven by the growth of premium-priced functional drinks such as Red Bull (up 23%), Lucozade Sport (up 15%) and Lucozade Energy (up 14%) – and by new cola packaging.

## STILL vs CARBONATED

	Value %
2005	54   46
2006	57   43
2007	56   44

	Volume %
2005	48   52
2006	50   50
2007	49   51

Still ■ Carbonated ■

Value % share in 2007

Carbonated | Still



Volume % share in 2007

Carbonated

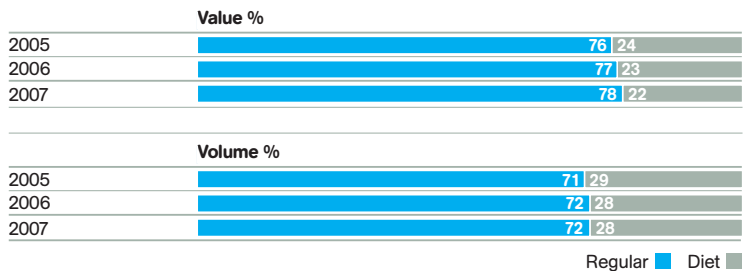
Still



Changing consumer attitudes also appear to have slightly shifted the long-term trend in favour of diet or no-added-sugar variants. Fuelled by consumers concerned about their health and appearance, this trend was evident prior to 2006 in key sub-categories such as cola, squash and flavoured carbonates, as reported in last year's Soft Drinks Report. But in the last three years, it has reversed slightly as consumers are taking a broader and more balanced view of health and wellbeing – it's no longer just about avoiding sugar – and the quest for naturalness has led some to turn back to natural sugar rather than artificial sweeteners. As consumers seek healthier lifestyles (and redefine what they see as healthy) it's the more natural, regular products (many now with reduced sugar content) that are set to gain increasing prominence – and command the strongest pricing.

For more on this, see *The complex consumer* on page 33.

## REGULAR vs DIET



Value % share in 2007



Volume % share in 2007

