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SOFT DRINKS PROVE TO BE RECESSION-PROOF WITH SALES UP 2% TO £8.5bn

Changing shopper behaviour means soft drinks fair well during the challenging economic climate...

UK sales of soft drinks proved resilient in the recession and capitalised upon shifting shopper buying habits according to the 2010 Britvic Soft Drinks Report published today.

Now worth £8.5bn across all channels, the UK soft drinks category grew by 2% in value and 1% in volume retaining its number one category position in take-home and overtaking sprits within the licensed channel to become the second biggest category behind beer. This strong performance highlights consumer perception of soft drinks as being affordable, everyday purchases both in and out of the home. The report demonstrates that although consumers remained cautious with their spending throughout 2009, soft drinks not only represented value for money, but also provided enjoyment within all budgets.

Big growth for biggest sub-category

The report, which uses independent data from Nielsen, highlights that across the board cola remains the number one performing sub-category growing by 4% in both channels and securing a 22% share of soft drinks within take-home and 41% within licensed. Both glucose and stimulant (energy) drinks and squash commanded the strongest value growth within take-home of 7%. Smoothies were yet again the hardest hit in take-home with a double digit drop of 27% in value and volume as consumers continued to switch into more budget-friendly sub-categories.

Murray Harris, Sales Director at Britvic, comments: "Growing by 2% and now worth a huge £8.5bn, soft drinks retains its crown as one of the most valuable categories across all channels. What is clear from the report is that soft drinks continue to be seen to offer value for money to consumers and are a staple of consumers' beverage repertoire both in and out of the home. It has also highlighted a number of unexpected switches that consumers have

made over the last year. Who would've thought that pure juice consumers would be switching now to low calorie cola?"

Value overtakes loyalty

Research commissioned for the report showed that consumers were prepared to shop around and change their buying habits to get the best value. This has impacted upon shopper loyalty to both brand and retailers and resulted in an increase in promotions. Within soft drinks alone promotions on formats for later consumption increased by 3% to 49%. Supermarkets won this battle, discounters' growth slowed and sales of soft drinks in impulse outlets declined in value by 3%, however convenience stores of over 280 sq m enjoyed a 2% increase in sales.

This sustained search for best value has also resulted in a notable drop of 4% (worth £41m) within pure juice, the second biggest sub-category in take-home as consumers switched to the less expensive options of juice drinks and low calorie cola. However, within the on-premise channel, juice drinks didn't fare as well as squash became the more attractive option for value-hungry consumers trying to stretch their spend when drinking out of home.

Food and family friendliness attract consumers out of home

Although the trend for more in-home social occasions increased, the 3% growth of soft drinks sales within the licensed channel offers some cheer for a channel that experienced yet another challenging year with overall sales of beers, wines and spirits down by 8% volume and 5% in value. Licensed outlets that targeted the leisure pound by focusing on a good quality food offering and providing family friendly value offers has helped ensure soft drinks remained resilient.

"Although soft drinks form a part of our everyday lives and the industry can be buoyed by this return to form, consumer spending habits have undoubtedly changed during the course of the downturn. Manufacturers and retailers have had to aggressively market soft drinks' value for money and the fact that the market has enjoyed solid growth in the last year can be attributed to this." concludes Murray Harris.

To view the online version of the report & to download charts or a full pdf please go to www.softdrinksreport.com