

BRAND FOOTPRINT

THE UK RANKING OF THE MOST CHOSEN BEVERAGE BRANDS

MAY 2018



BEVERAGES

Successful innovation has led to much of the beverages sector's growth this year as brands have moved to meet changing tastes and needs. The sugar levy brought a new financial urgency to bear on brands already grappling with consumers watching their calorie intakes. Categories such as tea and smoothies have created new formats and added in extra benefits to win consumers at the points of sale and consumption. Whilst the shrinkflation effects of Brexit price rises are prevalent, there is still plenty of value being created in the sector by premium products.

Consumers are prepared to pay more for things that deliver in the key areas of health, convenience and indulgence. It is a testament to the success of many drinks brands that they have found real growth over the past year despite the growing threat from own label alternatives.

Sweet Alternatives

Across the board, growth in mainstream carbonated drinks has come as a result of successful reformulation of recipes and the creation of alternatives which fall short of the sugar levy threshold. Successfully adapting to changing consumer and regulator needs around sugar has been a key lever for many growing drinks brands in the last year.

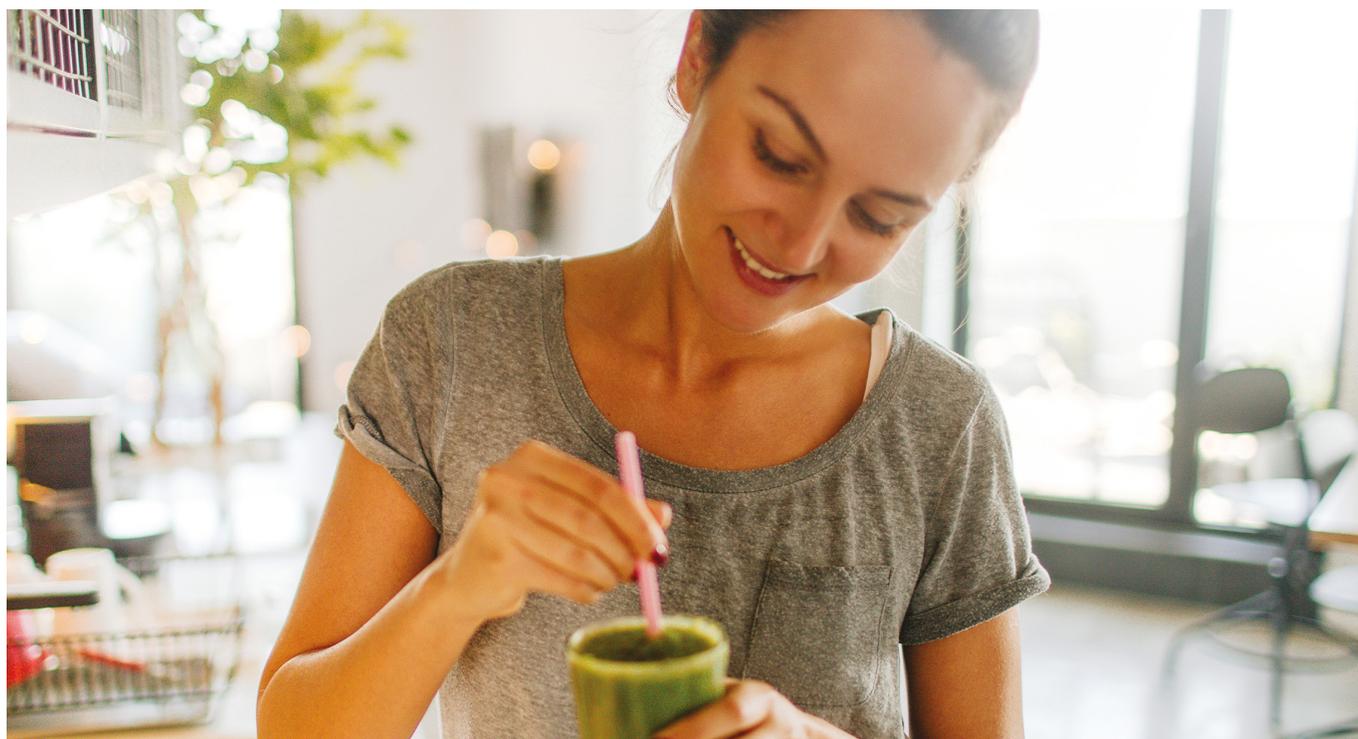
Fanta, 12th in the ranking, was the strongest of the top 20 beverage brands. CRPs rose by 37%, with penetration up 3% and frequency up 19%. The early 2017 relaunch included a reformulation down to 4.6g of sugar per 100ml, accompanied with a new logo and bottle shape. The launch was supported by a multi-million pound marketing campaign. In addition, Fanta successfully capitalised on Halloween, with special packaging gaining them more presence in-store. The release of a 12 can multipack in the smaller 150ml size, combined with the reformulation to reduce sugar by 33%, provided another way for people to choose the brand while still being conscious of their health.

UK Top 20		CONSUMER REACH POINTS (MILLIONS)		
		2016	2017	YR/YR %
1	COCA-COLA	203	208	▲ 2
2	PEPSI	131	126	▼ -4
3	NESCAFE	123	117	▼ -4
4	ROBINSONS	95	94	▼ -1
5	LUCOZADE	61	63	▲ 5
6	INNOCENT	46	47	▲ 2
7	TROPICANA	49	46	▼ -7
8	TETLEY TEA	38	41	▲ 6
9	KENCO	34	39	▲ 17
10	P.G.TIPS	43	39	▼ -9
11	SCHWEPES	40	38	▼ -4
12	FANTA	26	35	▲ 37
13	VIMTO	28	32	▲ 14
14	TWININGS	31	32	▲ 3
15	RIBENA	28	30	▲ 6
16	YORKSHIRE TEA	28	28	▲ 2
17	STELLA ARTOIS	35	28	▼ -20
18	HARDYS	31	26	▼ -17
19	IRN BRU	23	26	▲ 10
20	VOLVIC	22	24	▲ 12

Vimto, up 14% in this year's ranking, was originally a "pop" brand from the north of England. The recipe was changed in stages to educate taste buds to the less sugary version of the well-loved product. Growing physical presence, Vimto launched eight new SKUs in 2017, pushing for wider distribution of the new flavours and ready-to-drink varieties.

The brand also invested in Minis Remix products as well as Vim2o – a no added sugar spring water drink. In March 2018 Vimto announced all of their products fell outside of the sugar levy.

Coca-Cola reformulated and rebranded Coke Zero Sugar in the last year to more clearly offer consumers choice in their



brand portfolio. Coke Classic has stayed untouched but accounts for an ever smaller part of the wider brand. Even a large brand like Coca-Cola has found the room for 1% penetration growth, directly leading to a 2% increase in CRPs. Last year's initiatives included the new Vanilla and Cherry flavours launched under the Zero Sugar line, the distribution of 11 million free samples and a Taste the Summer holiday competition.

Despite some difficult headlines, Lucozade has nonetheless managed to increase CRPs by 5%. The launch of lower-sugar Lucozade Energy attracted some negative attention for both the change in taste and the effect of the change on diabetics who used the high sugar drink to manage their condition. The brand however enjoyed growth from Lucozade Sport and the successful launch of multipacks. Inclusion in the Tesco Meal Deal led to increased front-of-store presence and greater visibility for impulse shoppers.

Irn Bru Xtra, the sugar free version of the Scottish favourite performed strongly, helping increase overall brand CRPs by 10%. Dr Pepper CRPs were up by 8%, helped especially by price promotions on the 2 litre bottle.

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Innovating for Success

The growing popularity of lunchboxes, with more people taking food from home to eat during the day, is an example of a trend beyond an individual brand's control. Ribena were alert to the opportunity, growing CRPs by 6%, with new shoppers being brought in by the 2016 launched Ribena Minis. By launching this portable option, the brand managed to expand the moments in which it would be



consumed. The no-spill packaging appealed to both parents trying to minimise mess and the children responsible for more than 56% of Ribena consumption occasions.

Smoothies as a whole are in growth. Although potentially affected by the heightened awareness about sugar content, the category has taken the opportunity to dial-up health and functional credentials through adding extra ingredients. Innocent increased CRPs by 2% in the last year, emphasising their "Super" range. The existing Super Smoothies were in 14% growth while the newly launched Super Juices have made sales of £2.2m since April 2017. This premium element of the chilled juice market acknowledges the trend of consumers being willing to pay more for additional health benefits and targeting specific occasions such as the early morning wake-up.

The bottled water category has been in long term growth with a value nearly four times what it was 20 years ago. Now bought by 7 out of 10 British households, it has exceeded colas for the first time in terms of household penetration. Younger shoppers in particular are choosing water over

BEVERAGES

carbonates. Water has played strongly into the overall health trend, but has added innovations too. Functional waters laced with electrolytes are aimed at the fitness market, and fruit infused waters at those who want flavour without sugar. Volvic, up 10%, made it into the top 20 beverage ranking, following on from the 'find your volcano' campaign which ran early in the year when consumers are most focused on changing their lifestyles.

Adults Only

The adult soft drinks category is an area of significant growth. Meeting all the big sales drivers in the sector – premiumisation, natural and often with lower sugar this is a sweet spot that manufacturers have been able to capitalise on. Total sales values of adult soft drinks are up 14% to £281m with volumes up 9%. Price is less of a consideration in this part of the market, with the adult segment commanding



a price of £1.96 per litre compared to £0.50 for soft drinks as a whole.

Adult-based carbonated brands have all grown strongly, particularly lemonades (+9%), colas (+10%), fruit carbonates (+9%), and mixers (+30%).

Tonic has provided the biggest beverages success story of recent years. Traditionally a low-consideration purchase to accompany the more important gin, the tonic category in the last year has increased twice as much in value as it has in

volume (37% vs 17%). The increase has been driven by the growth of premium brands such as Fever-Tree and Fentimans to accompany the explosion in the craft gin sector. Fever-Tree take home sales alone were £42m, just behind the market leader Schweppes (£51m). Fever Tree has catapulted into position 37 of the UK Brand Footprint Beverages ranking, with a 133% increase of CRPs year-on-year.

Hot Growth

The big news is that tea, which has been in decline for the last five years as

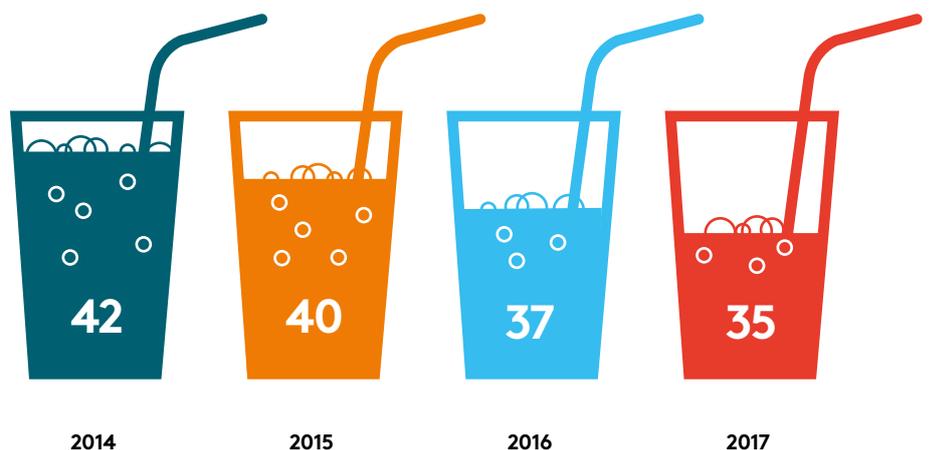
THE SUGAR LEVY

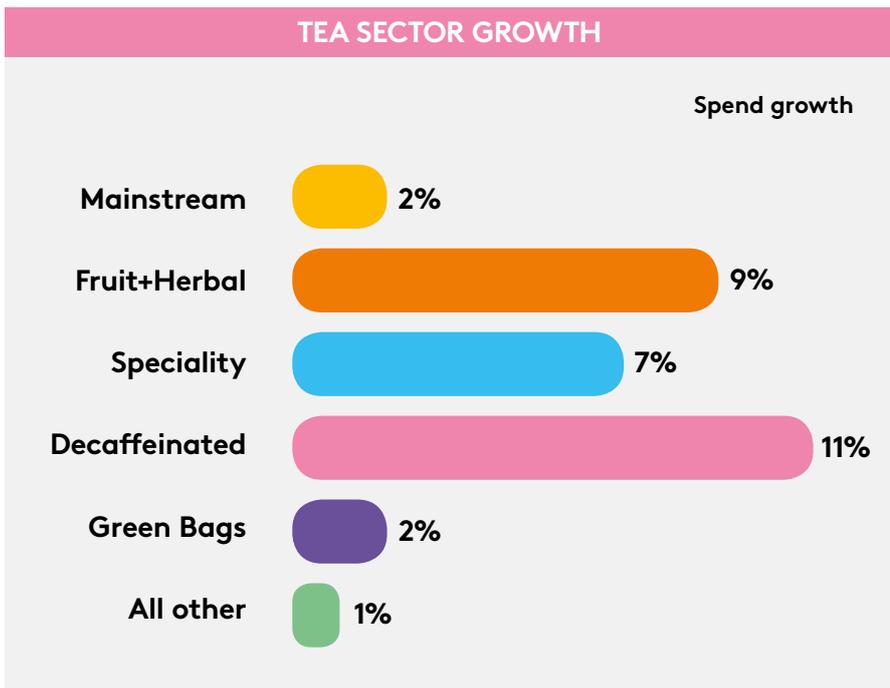
From April 6th 2018, the UK government introduced the sugar levy. The objective is to combat childhood obesity by removing added sugar from soft drinks. Public health experts suggest sugar-sweetened soft drinks are a major source of sugar for children and teenagers, and that sugar intake drives obesity. From Kantar Worldpanel's nutrition data we know that approximately one third of take home soft drinks volume will be subject to the tax.

How it Adds Up

- Naturally occurring sugars and milk-based drinks are not taxed.
- 24p for every litre with 8g added sugar per 100ml
- 18p for every litre with 5-7.9g per 100ml
- It means an extra 40p on a 1.75lt bottle with the higher sugar level

% SOFT DRINKS VOLUME LIABLE TO LEVY





Brand Focus: Kenco

Kenco recorded a CRP growth of 17% to reach 9th position in the Beverages ranking. Jacobs Douwe Egberts have invested significantly in the brand over the last year.

New and consistent branding across the portfolio, significant promotional activity and a wave of NPD has led to an extra 886,000 shoppers buying into the brand last year, an increase of three penetration points.

The majority of brand sales are derived from Kenco Rich, Really Smooth, Tassimo and the fast growing 'Soluble Specialities' which have experienced an 88% spend increase. The range has expanded from three SKUs to five, adding in flat white and mocha variants. Tassimo lines now include mocha, cappuccino and decaf and also a launch into the Nespresso format.

young people shunned hot drinks, has returned to growth. Finding new people to target is a key growth lever, and tea brands have finally upped the appeal among younger shoppers. Perversely, one helpful factor has been tea bought away from the home in coffee shops, which has allowed for a reappraisal of price, and the development of premium offerings. It is also perceived as healthier alternative to either soft drinks or alcohol, which appeals particularly to the millennial consumer. Whilst standard black tea overall is still in decline, there is development in the

market for more premium black teas. Yorkshire Tea enjoyed an increase in CRPs of 2%, grounded in an 11% increase in young people (aged 16-24) buying the brand and also a 5% increase in the breakfast consumption

Teas with added benefits - vitamins or special ingredients such as matcha - have been core to category growth. Twining's functional teas have grown by 78% in the last year, contributing to the overall 3% increase in CRPs. The brand has successfully attracted more consumers, particularly those in the

16-24 age range which has increased by half in the last year.

Tetley's CRPs are up by 6%. Despite much media focus on grocery 'shrinkflation' Tetley have grown the biggest 240 pack size by 14% and also increased the number of younger shoppers - up 18% across the 16-34 age group. Also, tapping into consumer demands for health benefits the brand launched a number of flavoured and functional teas in recent years, with fruit tea growing by 115%.

Growth for the coffee category has come from adding and extending premium products. With 30% of people in the UK now owning a coffee machine, it's easy to understand why more and more brands are expanding their repertoire into this area. Amazon's Dash buttons offer tantalising new channel opportunities that brands will be keen to leverage. At present only two brands, Tassimo and Dolce Gusto, are available via Amazon Dash buttons,

We are proud of our pioneering role in reinvigorating mixers. Our focus on putting the best quality ingredients and choice back into the category has broad appeal and is attracting consumers of all ages as never before.

Oliver Winters, Global Communications Director, Fever-Tree



BEVERAGES

but this is one part of the market that lends itself well to ecommerce, particularly where the button technology could be integrated into the machine.

Although well outside the top 20, L'Or ranked as Kantar Worldpanel's biggest new brand launch of 2017. With sales of £31 million from its launch in February 2017 until the year end, 6% of those sales were incremental to the category. The brand replaced Carte Noire, but with a more premium positioning. While the majority of sales have been of instant coffee, there are roast, ground and capsule variants too – the latter with an aluminium case to maintain freshness. L'Or has maximised availability by making both Nespresso and Tassimo compatible formats in keeping with the trend to bring the café experience in-home.

The beverages sector has been rocked by external forces over the

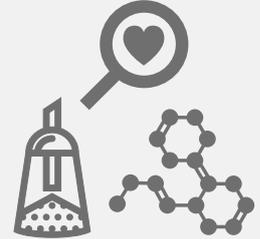
Future Trends



Linking tea to savoury as well as sweet occasions



Recyclability: from plastic water bottles to coffee pods



Focus on health widening from sugar to synthetics including aspartame, acesulfame K and sucralose

last couple of years. Many soft drinks brands have had to deal with the 2016 announcement of the sugar levy. The direct or indirect effects across the whole category have shaped 2017, but the next 12 months will show what the impact actually looks like for sales. Hot drink brands have found ways to deal

with changing drinking habits at home, working with emerging consumer concepts of health and looking to the out of home market for inspiration. With a finite amount of space on shelf and in the chiller, retailers and brands will need to be quick to adjust to changing consumer sentiment.

About Brand Footprint

Kantar Worldpanel believe that brands grow by increasing the number of people that buy them, their penetration. There are five strategic levers which we have identified that lead to brand growth.

Brand Footprint is our global study of which brands shoppers are choosing to buy, and why. The metric used to measure this is called Consumer Reach Points (CRP) and it is calculated by looking at penetration and frequency in combination with the number of households in the country.



Find the full global report at kantarworldpanel.com/brand-footprint-ranking