SOFT DRINKS OVERVIEW

MARCH 2025

THINK SHOPPER. ACT CATEGORY.

AGENDA

1. MACRO TRENDS
2. KEY CATGORY FACTS
3. CATEGORY INSIGHT
4. TOP SELLERS
5. MERCHANDISING PRINCIPLES
6. PROMO MECHANICS

TOP CONSUMER AND CATEGORY TRENDS

THINK SHOPPER. ACT CATEGORY.

POLARISING CONSUMER CONFIDENCE

Disparity in consumer confidence - those who are feeling financially confident will be more bullish in 2025; however, those who aren't as confident have entered 2025 with hesitation and reservation.

THE 'PARADOXICAL' SHOPPER

Consumers are shopping for health alongside indulgence and 'natural' alongside the benefits of science. Educating at fixture will become increasingly important.

HFSS

HFSS means that consumers are having to change the way they are shopping and consuming food and drink, Low sugar is already becoming bigger and bigger

GROWTH IN FUNCTIONAL

Functional products will continue to be increasingly important as consumers view 'food as medicine' to meet daily essential nutrient needs.

Source: Retail Research Ord | Kantar Retail IQ & Mintel Consumers and the Economic Outlook UK Q4 2024

RETAILERS MUST ADAPT TO THESE CHANGING TIMES

THINK SHOPPER. ACT CATEGORY.

PRICING AND PROMOS

Consumers will adopt a reward hunter mentality shopping to get the best rewards. Thus price-matching and loyalty pricing creates a more compelling value proposition for consumers.

Retailers will continue to seek to narrow the price gap between large and small format stores

SHOPPER MISSION

Given consumers are looking for rewards they will reduce pre-planning their shopper journey and instead shop more impulsively in store.

The shopper journey becomes increasingly important to add incremental sales

IN STORE FORMAT

Retailers are shifting to having more self-service theatre in store to reduce headcount. However, it is important to ensure this does not affect the shopper journey.

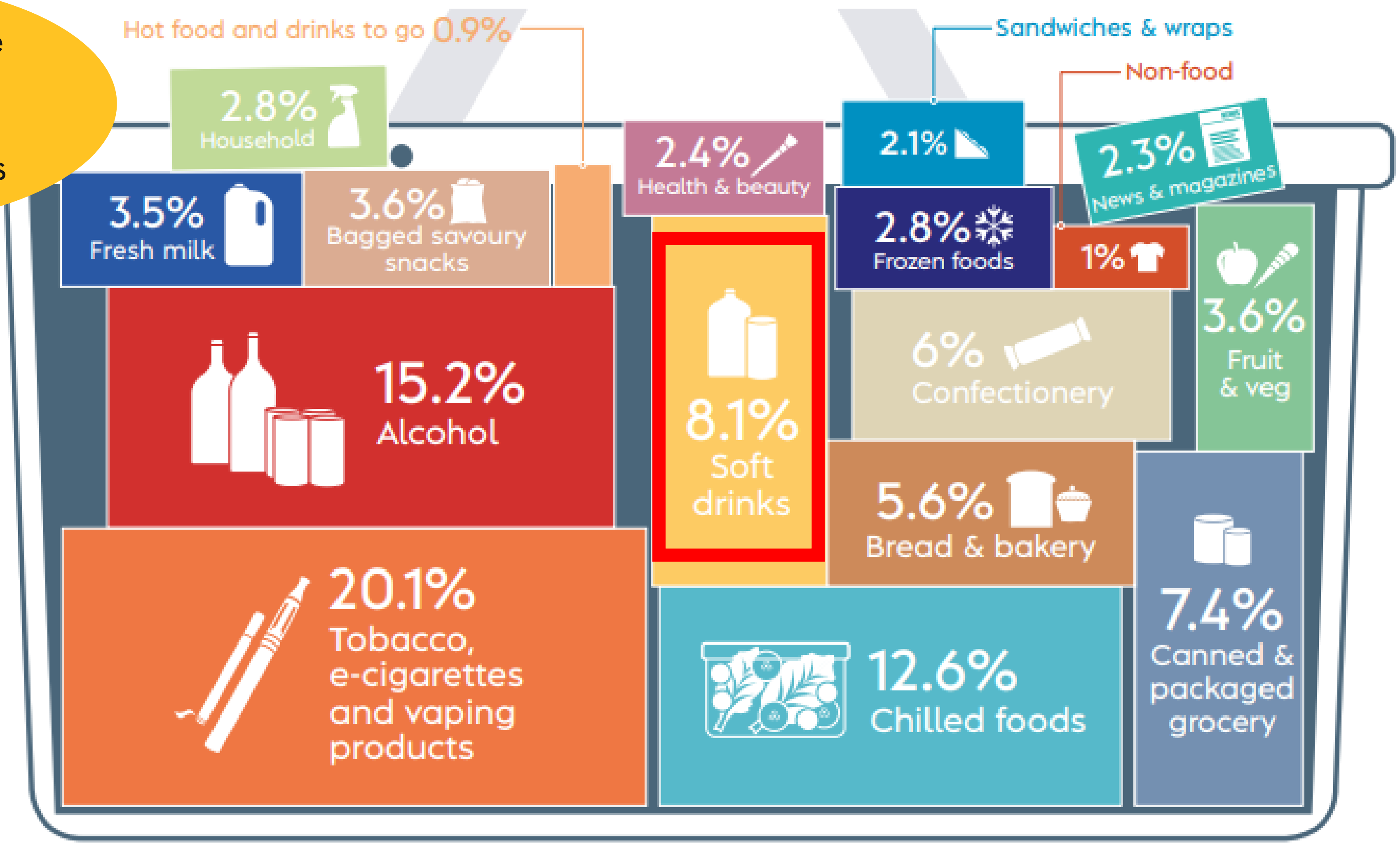
Retailers must that shopper journey is not compromised by rationalising headcount

Source: Retail Research Ord | Kantar Retail IQ & Mintel Consumers and the Economic Outlook UK Q4 2024

SOFT DRINKS ARE BECOMING INCREASINGLY IMPORTANT FOR TOTAL STORE SALES

THINK SHOPPER. ACT CATEGORY.

Soft Drinks are the 3rd biggest value contributor to convenience stores



Source: ACS Local Shop Report 2024 (low res).pdf

KEY CATEGORY FACTS

1. Soft Drinks are worth over £2.3bn in the last year in Total Independents & Symbols and is up 1% vs YA.

2. S&E (£909M) is the largest segment in Indies & Symbols, followed by Cola (£479M) and Flav Carbs (£317M)

3. Coca-Cola (-1.5%) is the #1 Brand in Indies & Symbols followed by Red Bull (+12.3%) and Monster (+11.1%)

4. 18 Single Serve Sports & Energy Drinks are sold every second in Symbols & Indies in the UK – Keep your fridges stocked to maximise sales

Source: NIQ Discover Total Symbols & Indies Total Soft Drinks L52W W.E. 18.01.25

IN 2024 WE SAW STRONG GROWTH FROM S&E AND WATER

Segment	Sales Value	Change
S&E	£909M	+2.37%
COLA	£479M	-0.83%
FLAVOURED CARBS	£317M	-0.19%
WATER	£228M	+8.86%
FRUIT DRINKS	£182M	-2.62%
RTD COFFEE	£47M	+0.01%
CONCENTRATES	£30M	-6.33%

Source: NIQ Discover Total Indies & Symbols Total Soft Drinks Segment Sales Value (£) & Sales Value Change (%) L52W W.E. 18/01/24

LOOKING AHEAD, 2029 CAGR% GROWTH FORECASTED TO BE DRIVEN BY FUNCTIONAL CATEGORIES IN SOFT DRINKS

THINK SHOPPER. ACT CATEGORY.

Soft Drinks 5YR CAGR growth 2024 to 2029

TOTAL SOFT DRINKS	COLA	ENERGY	STILL BOTTLED WATER	FRUIT CARBS	FRUIT DRINKS	CONCENTRATES	FLAVOURED WATER	SPARKLING WATER	RTD COFFEE	SPORTS DRINKS	MIXERS
+4%	+4%	+8%	+3%	+4%	+3%	+1%	+5%	+2%	+12%	+8%	-2%

Source: Euromonitor 5yr CAGR Forecast to 2024 to 2029 – Oct 2024

EUROMONITOR INTERNATIONAL

FUNCTIONAL DRINKS COVERS A WIDE SPECTRUM OF DRINKS

FUNCTIONAL DRINKS

CORE ENERGY

ENERGY DRINK

NATURAL ENERGY

NATURAL ENERGY

FOCUS

RTD COFFEE

MUSCLE RECOVERY

PROTEIN/ DAIRY

ACCELERATED HYDRATION

VITAMIN WATER

EXTRA RESILIENCE

JUICES

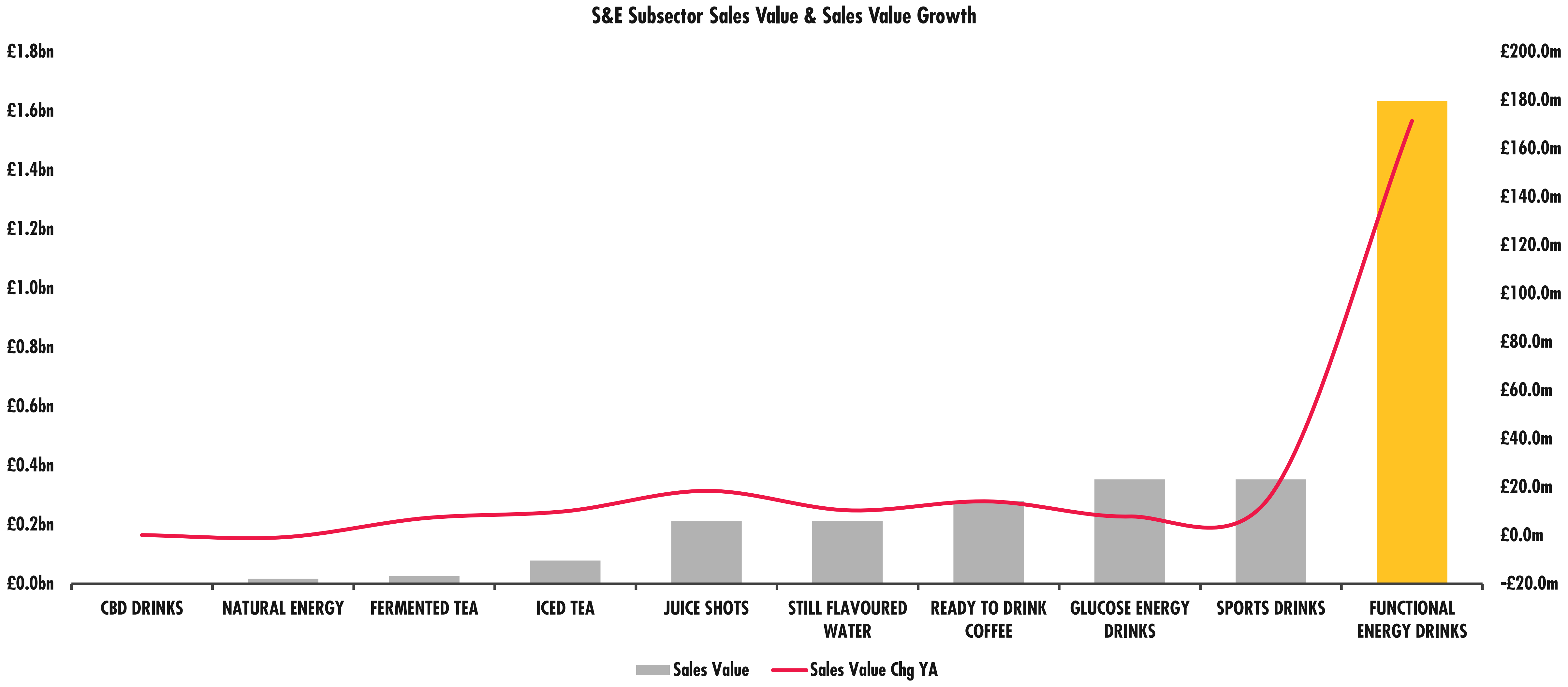
GUT HEALTH

KOMBUCHA/ KEFIR

RELAX

CBD

HOWEVER, ENERGY IS VITAL TO WINNING FUNCTIONALITY



Source: Nielsen ScanTrack Subsector Sales Value and Sales Value Chg (£) W.E. 31.08.24

S&E DEEP DIVE

KEY S&E FACTS

THINK SHOPPER. ACT CATEGORY.

1. Sports & Energy is worth over £2.2bn in the UK and is the fastest growing segment in Soft Drinks (+£28m YoY)

2. 3 of the top 5 biggest brands in the Soft drinks category are Sports & Energy – Make sure you have the right range to drive sales

3. 8 of the top 10 bestselling Single Serve SKUs in Symbols and Indies are a Sports & Energy SKU – Make sure you stock the best performing SKUs

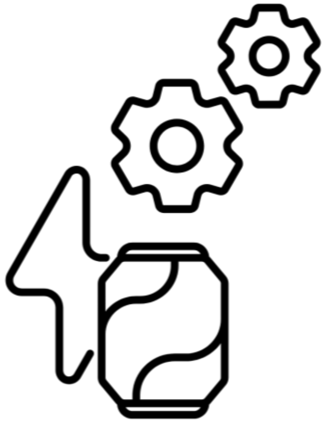
4. Sports & Energy Drinks are growing at 7% in Indies & Symbols, furthering its status as largest subsector in Total Soft Drinks in Convenience

Source: NIQ Discover Total Symbols & Indies Total Soft Drinks L52W W.E. 04.01.25

S&E BREAKDOWN

FUNCTIONAL IS THE BIGGEST VALUE SEGMENT DRIVER IN S&E

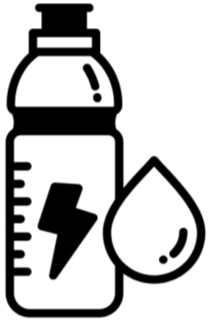
THINK SHOPPER. ACT CATEGORY.



FUNCTIONAL ENERGY

£707M

+7.82%



SPORTS DRINKS

£103M

-23.66%

GLUCOSE ENERGY

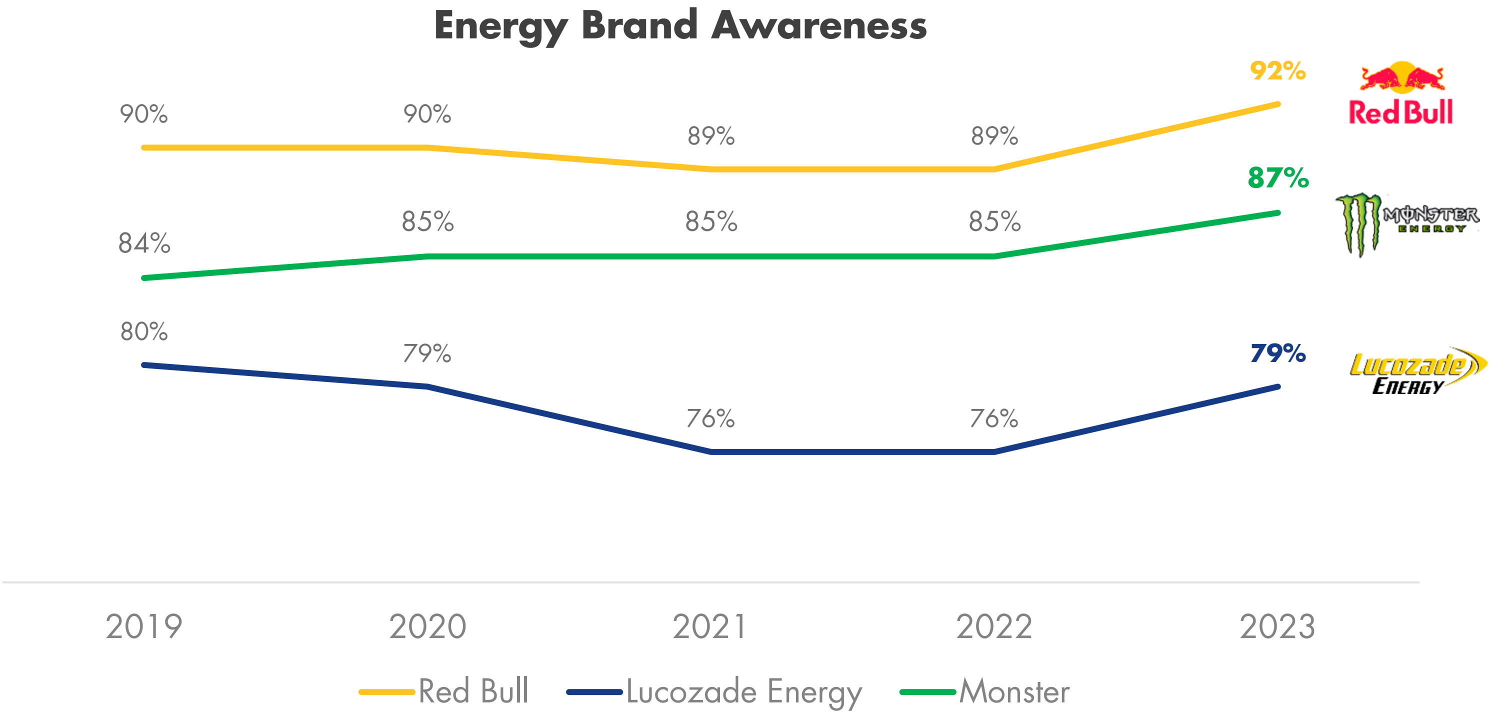
£98M

+2.64%

Source: NIQ Discover Total Indies & Symbols S&E Subsector Sales Value (£) & Sales Value Growth (%) L52W W.E. 18/01/25

THEY KEY ENERGY BRANDS ARE WELL KNOWN TO CONSUMERS

SHOPPERS SEEK RED BULL'S RHOMBUS TO ORIENT TO THE CATEGORY



SOURCE: Red Bull T&A Research 2023

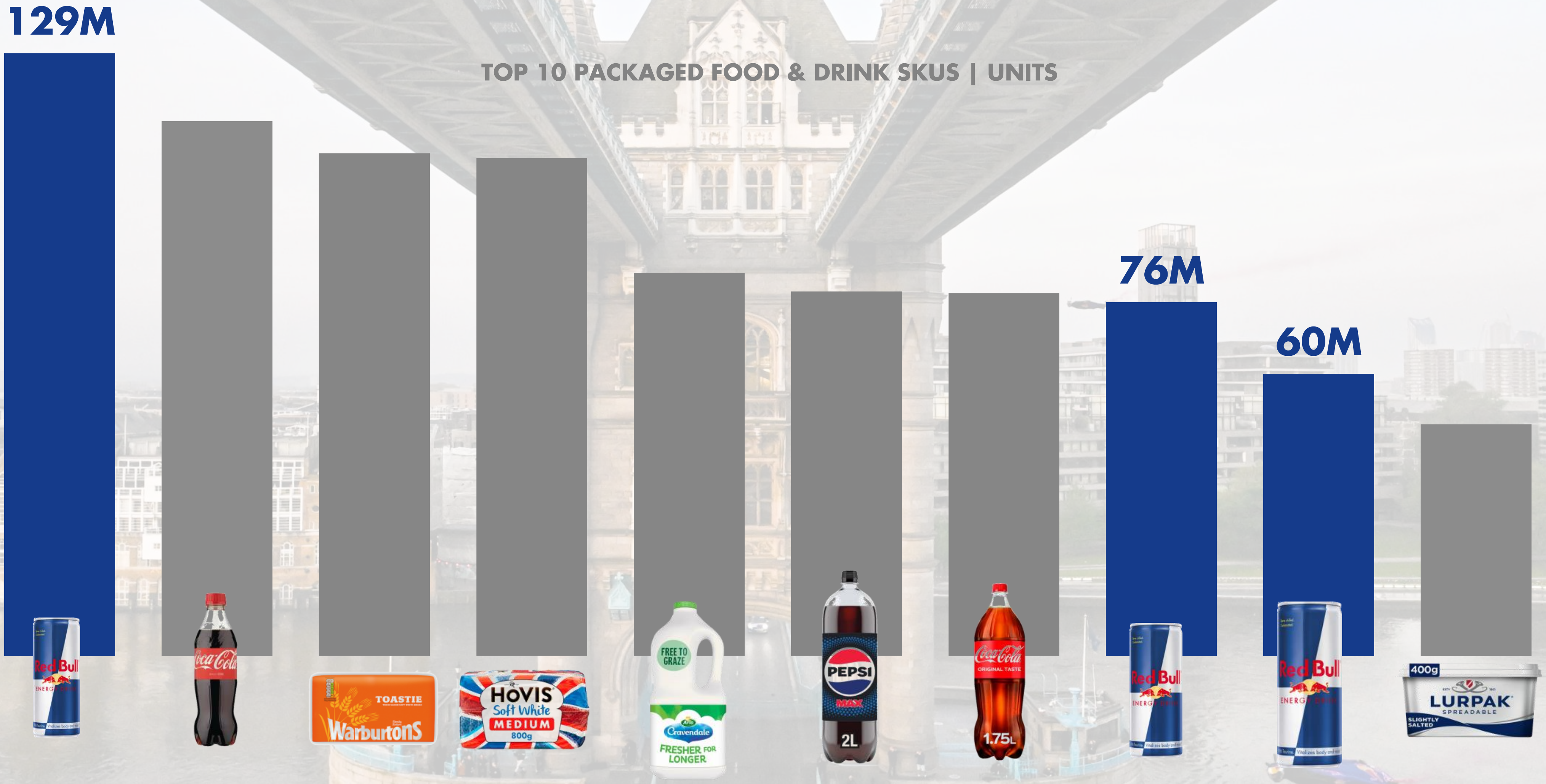
THIS IS REFLECTED IN THE TOP S&E SKUS

RED BULL IS THE BESTSELLING ENERGY DRINK IN THE MARKET

Rank	SKU	SALES VALUE
1.	Red Bull 250ml	£92.0M
2.	Red Bull 355ml	£71.6M
3.	Red Bull 473ml	£69.5M
4.	Monster 500ml	£47.7M
5.	Monster Mango Loco 500ml	£33.8M
6.	Monster Pipeline Punch 500ml	£30.0M
7.	Monster Ultra 500ml	£27.3M
8.	Lucozade Energy Orange 500ml	£24.7M
9.	Lucozade Sport Orange 500ml	£24.1M
10.	Lucozade Energy Original 500ml	£17.0M

Source: NIQ Discover Total Indies & Symbols S&E SKU Sales Value L52W W.E. 04/01/25

AND THE KEY SKUS SELL MORE THAN ANYTHING ELSE



Source: Nielsen Scantrack | Total Coverage | Single Serve Value Sales | Food & Drink = Ambient Grocery, Fresh Foods, Frozen Foods, BWS & Impulse | Latest 52 w/e 10.08.24

FLAVOURS ARE BECOMING INCREASINGLY IMPORTANT TO WIN NEW CONSUMERS

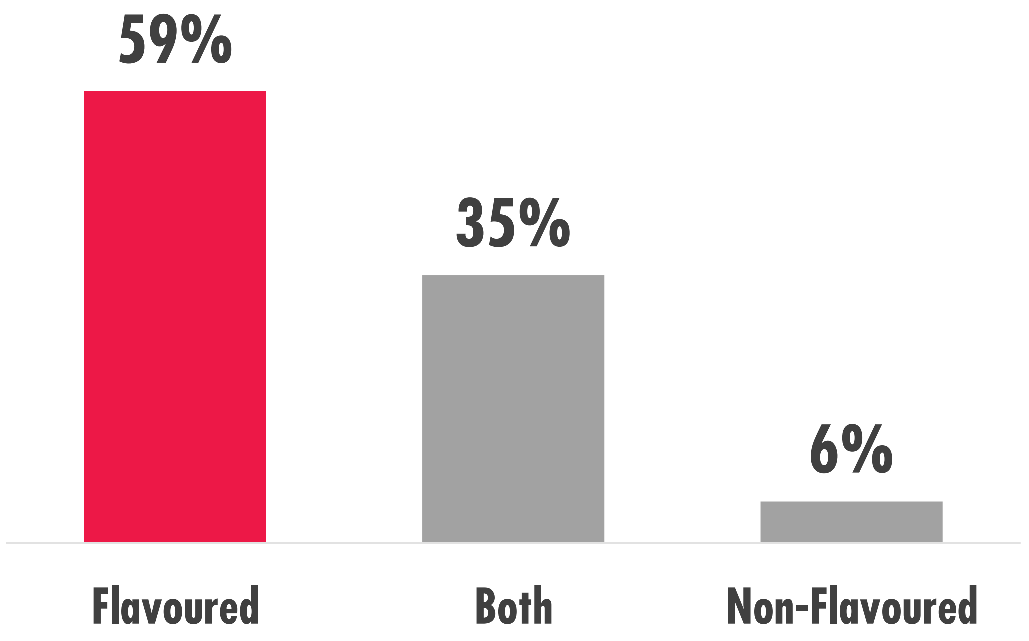
THINK SHOPPER. ACT CATEGORY.

Top Drivers of Energy Drink Consumption
Share of No. 1 Ranking

#1	TASTE/FLAVOUR
#2	BRAND
#3	PRICE

NON ENERGY DRINK BUYERS

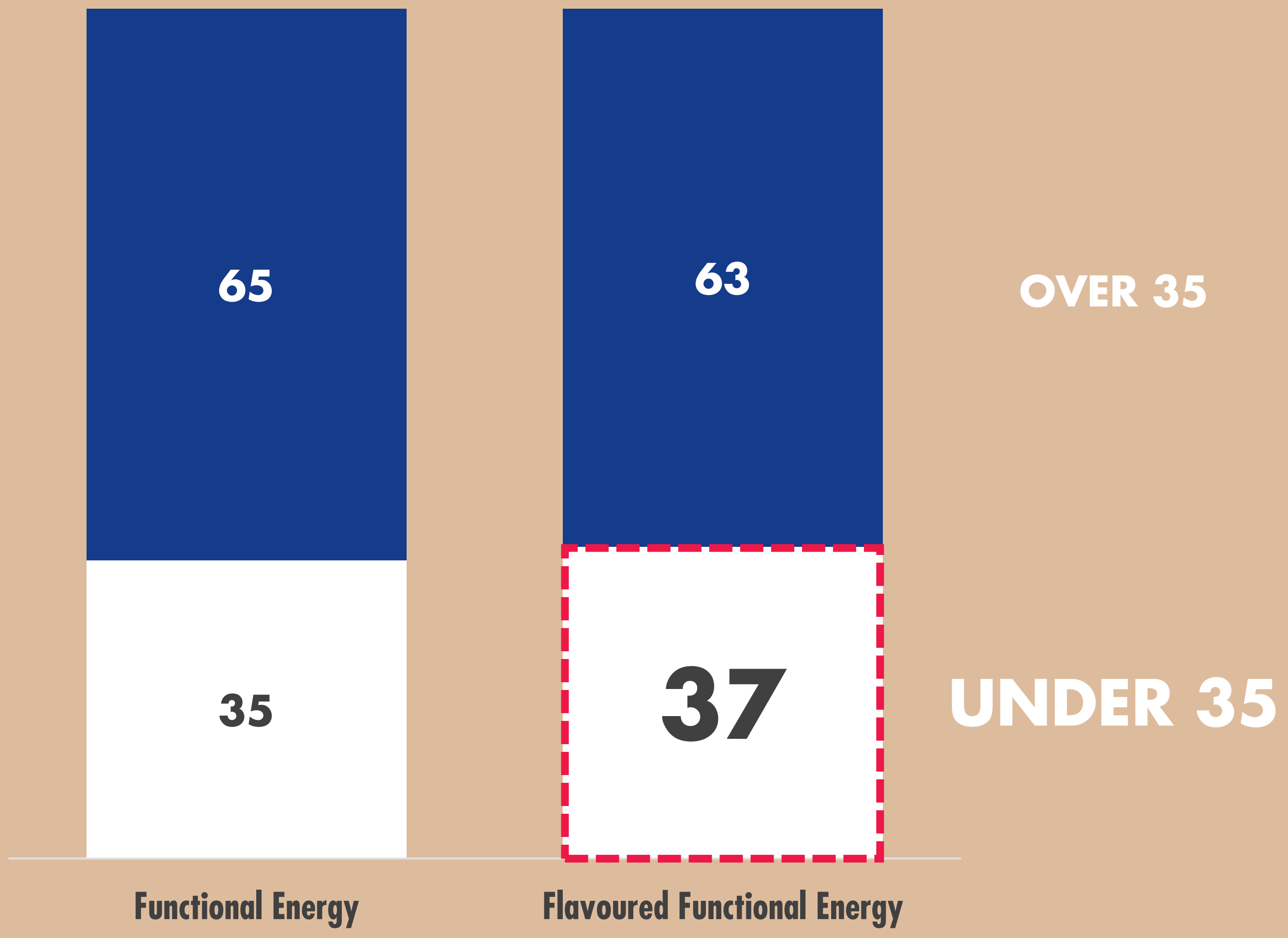
% THAT WOULD CONSIDER



Source: ED Shopper Value Sensor Wave 1 2023, Global ED Shoppers n=17,840 / ED Shoppers n=1,000 / | APPINIO Editions Research March 2024, Non-Energy Drink Buyers n = 91

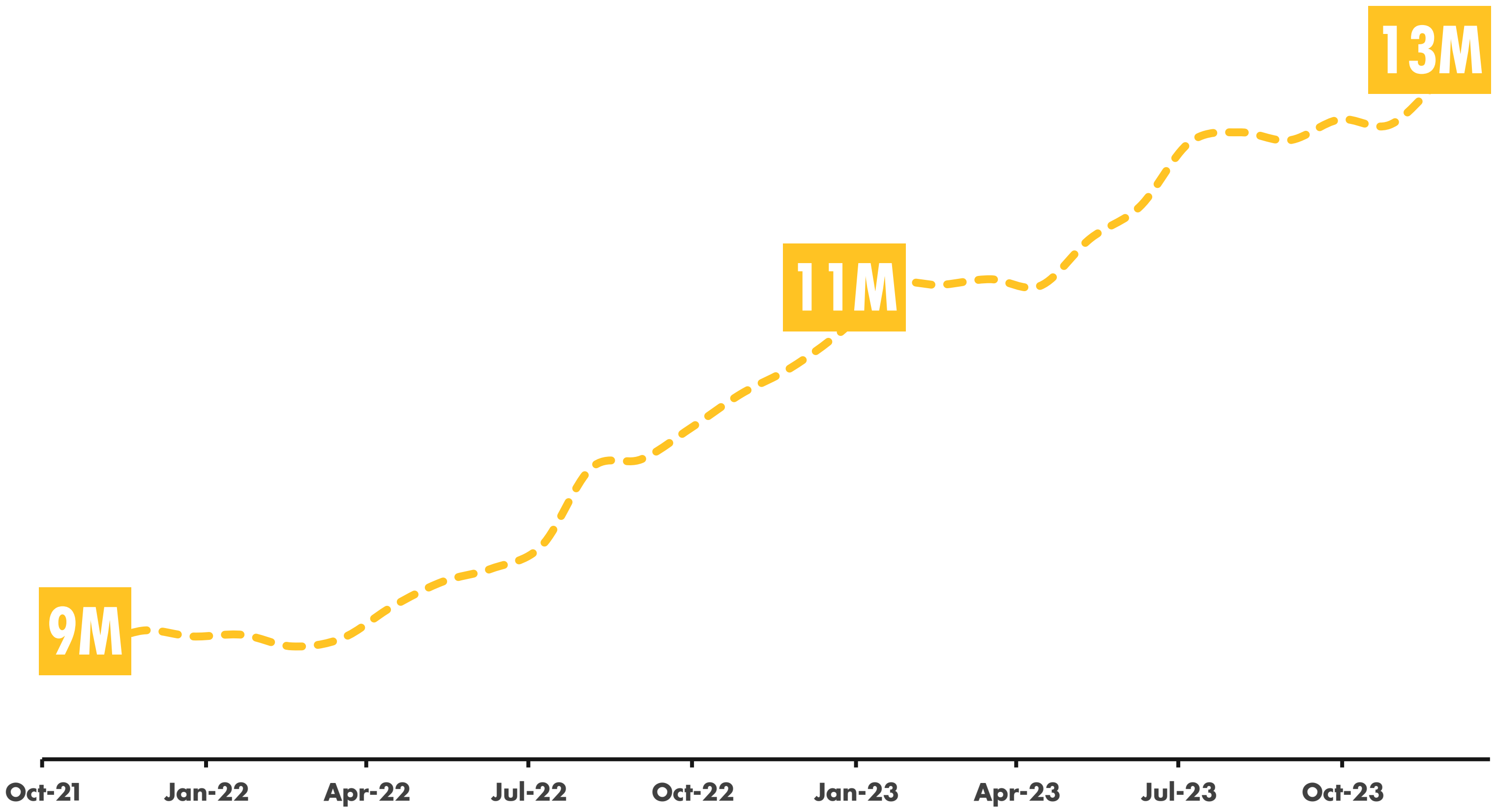
SPEAKING TO A YOUNGER CONSUMER

ENERGY DRINK BUYERS | SPEND %



& HELPS RECRUIT NEW SHOPPERS TO THE CATEGORY

FLAVOURED FUNCTIONAL ENERGY | BUYERS



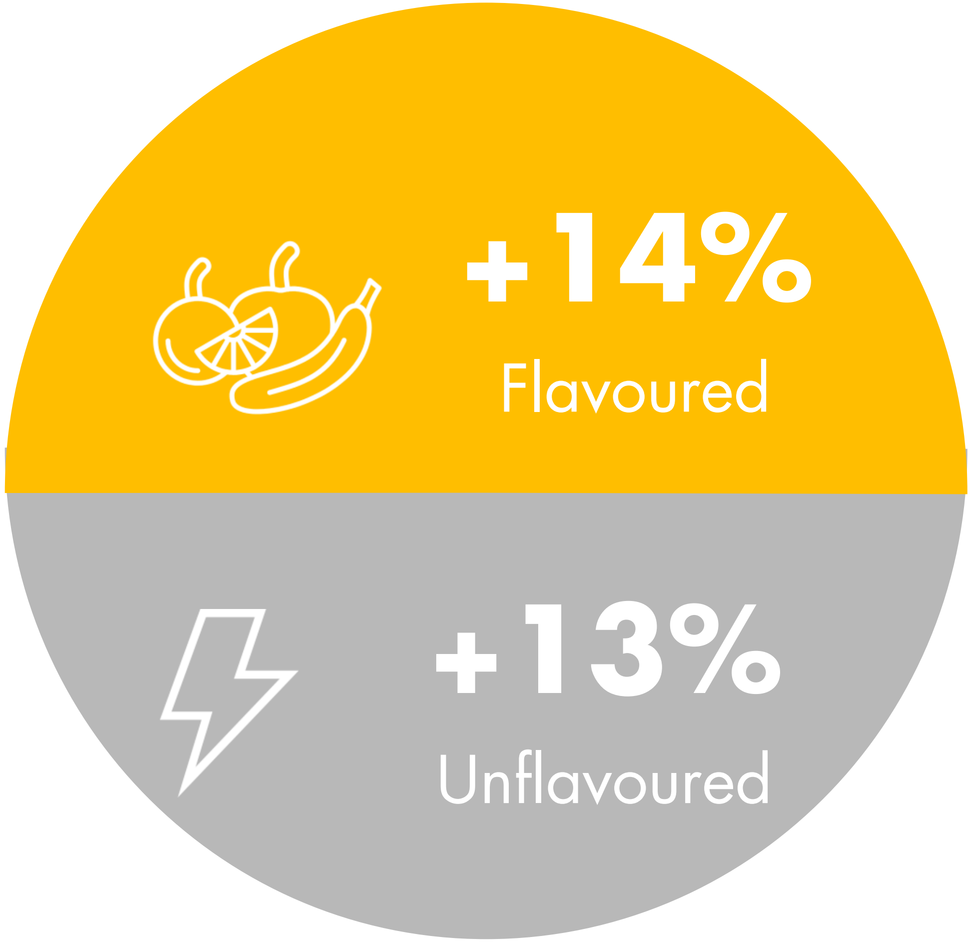
71% of New Energy Drink shoppers buy flavours.

Flavours are key to recruiting category shoppers.

Source: Kantar Take Home Panel | 52 weeks to July 2023 | MAT Dec 2023

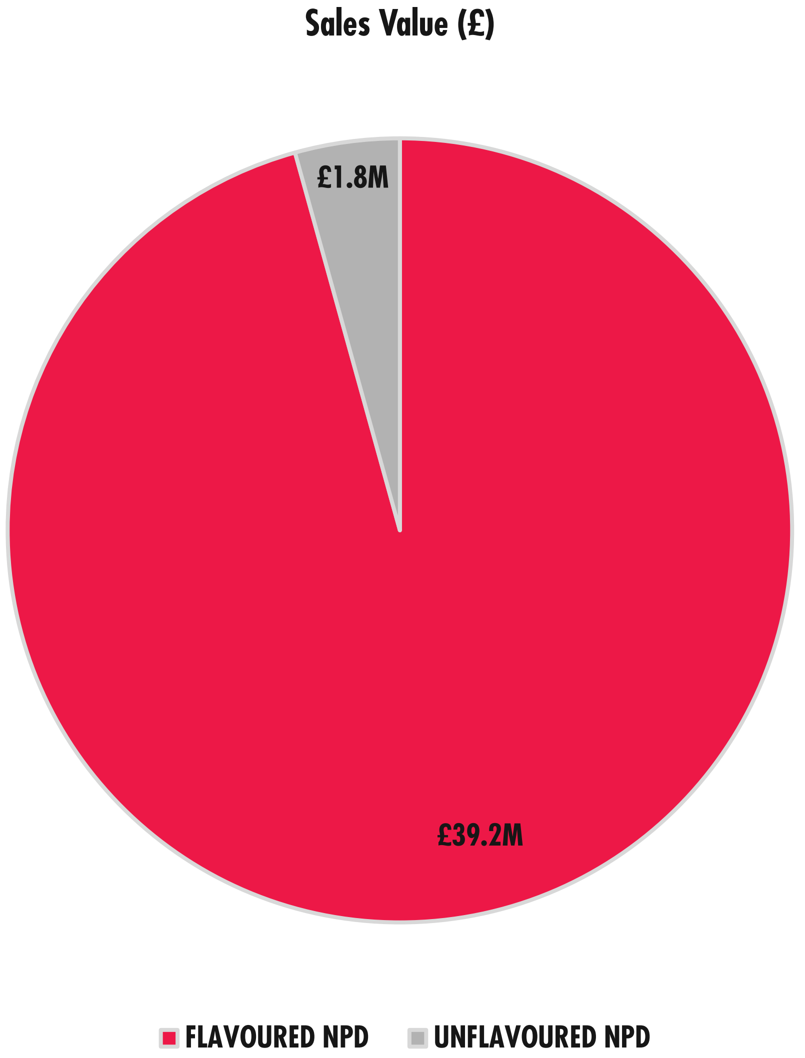
FLAVOUR IS DRIVING GROWTH ACROSS THE TOTAL CATEGORY

THINK SHOPPER. ACT CATEGORY.



Source: Nielsen Discover Sports & Energy (Indies & Symbols – North Only) – 52 W/E 22nd December 2024

WITH 96% OF S&E NPD SALES COMING FROM FLAVOURED SKUS



Source: NIQ Discover S&E Single Serve NPD Total Indies & Symbols Sales Value L52W W.E. 18/01/25

CONSUMERS NEED ENERGY FOR MORE OCCASIONS

THERE ARE +66M MORE FUNCTIONAL ENERGY OCCASIONS AT HOME SINCE 2019

THINK SHOPPER. ACT CATEGORY.

143 MILLION

FUNCTIONAL ENERGY OCCASIONS AT HOME

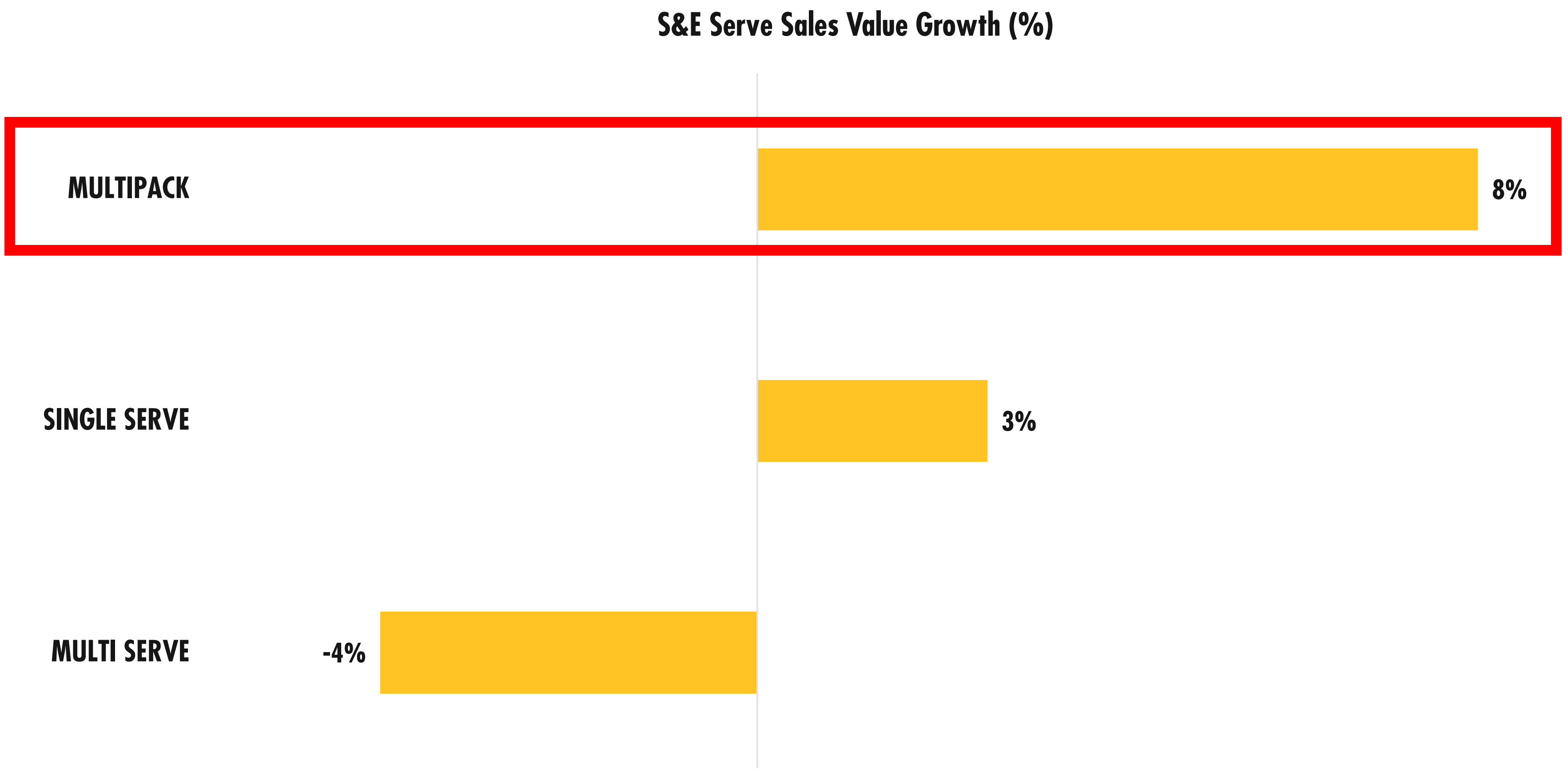
+86%

VS 2019

SOURCE: KANTAR USAGE PANEL | AT HOME FUNCTIONAL ENERGY OCCASIONS | MAT 24TH DECEMBER 2023

CLEAR AS MULTIS ARE GROWING AHEAD OF SINGLES

THINK SHOPPER. ACT CATEGORY.

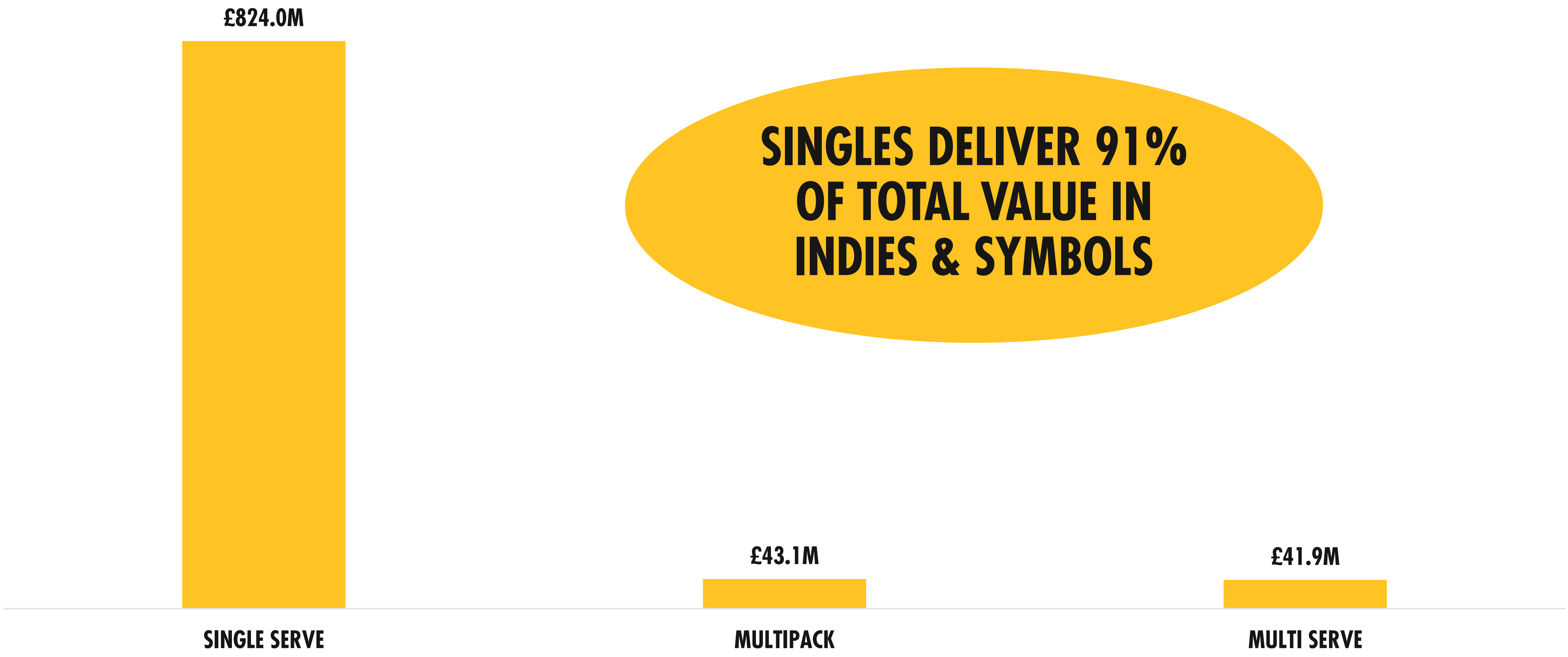


Source: NIQ Discover Total Indies & Symbols S&E Sales Value Growth L52W W.E 18/01/25

HOWEVER STILL IMPORTANT TO BACK SINGLES

OPPORTUNITY TO MAXIMISE SALES THROUGH BOTH SERVES

S&E Serve Sales Value (£)



Source: NIQ Discover S&E Serve Sales Value Total Indies & Symbols L52W W.E. 18/01/25

HOW TO HELP SHOPPERS SHOP!

MERCHANDISING PRINCIPLES

4 KEY PRINCIPLES TO MAXIMISE SALES ON SHELF & HELP SHOPPER JOURNEYS

THINK SHOPPER. ACT CATEGORY.

SIGNPOST THE CATEGORY

CONSUMERS USE COLOUR AND SHAPE TO NAVIGATE IN-STORE

STOCK SKUs AT EYE LEVEL

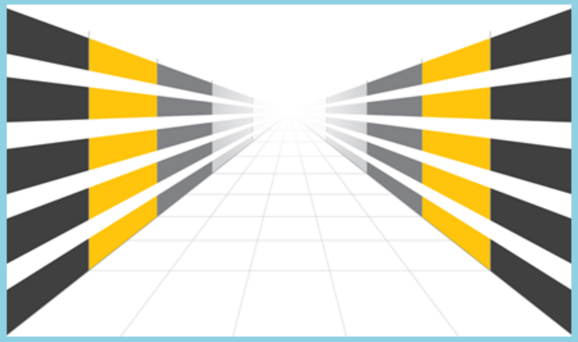
PLACE HIGHEST AWARENESS BRAND AT EYE LEVEL

BRAND BLOCKING

GROUPING PRODUCTS BY BRAND EASES THE FINDABILITY

VERTICAL MERCHANDISING

SHOPPERS CAN ONLY SEE PRODUCTS WITHIN A **1.3M** BREADTH



HOW TO DRIVE SALES
PRICING & PROMOS

PROMOS ACCOUNT FOR 40% OF PURCHASES IN CONVENIENCE

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Promotion shoppers spend more and visit more frequently than the average market, demonstrating the importance of promotions for boosting trade.

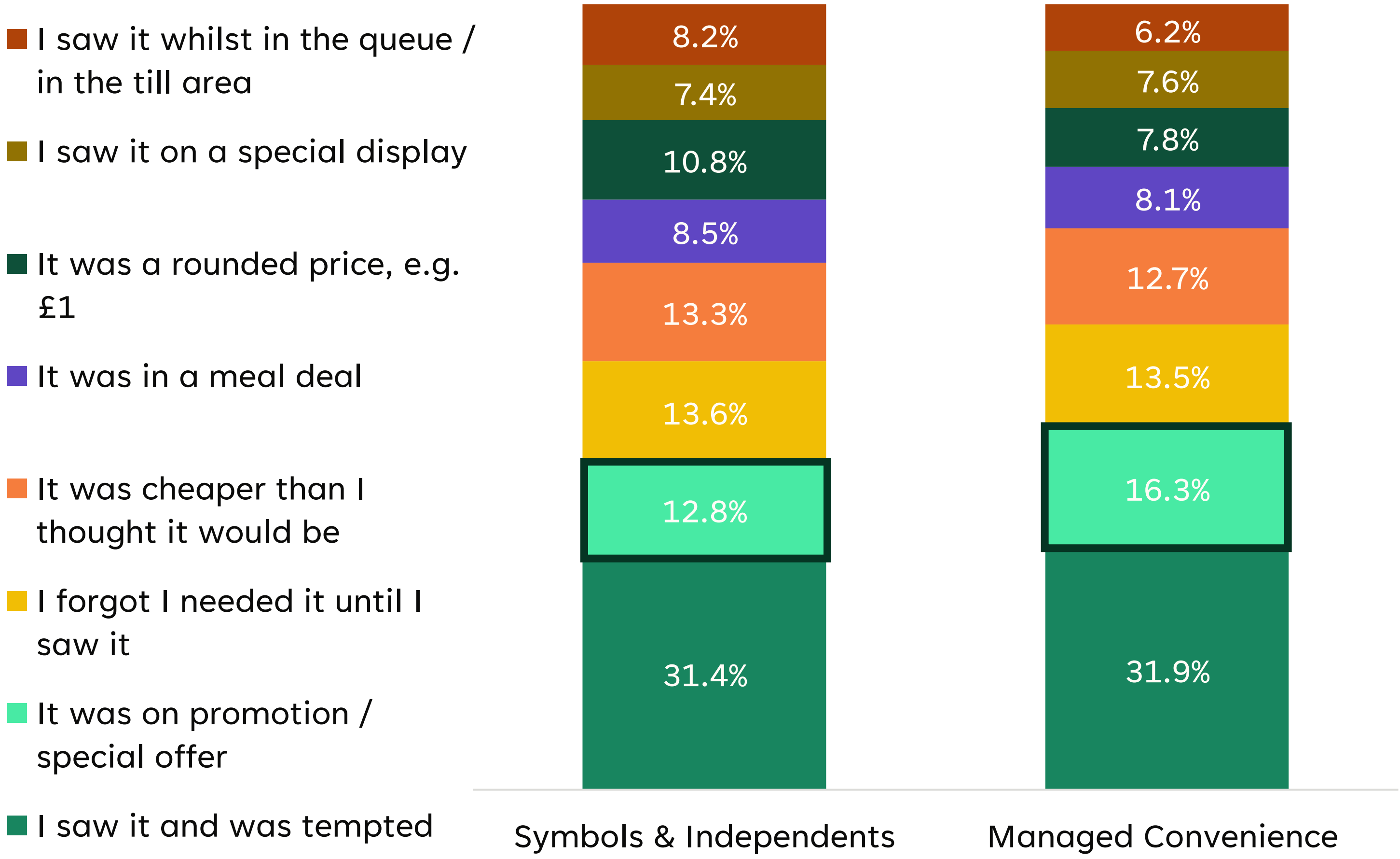
	% of purchases made on promotion	Average spend on shop items	Frequency	Penetration
52WE 03/03/2024	**41.3%**	**£12.43**	**3.3**	**23.2%**
Index vs total market	-	**ix.127**	**ix.118**	**ix.41**
52WE 05/03/2023	**41.1%**	**£9.25**	**3.1**	**23.0%**

Source: Lumina Intelligence Convenience Tracking Programme, data collected 52WE 03/03/2024, 52WE 05/03/2023 and 52WE 06/03/2022

PROMOS DRIVE IMPULSE PURCHASES IN THE CHANNEL

It is ranked as the second most important reason as to why someone will pick up an item they did not originally intended to purchase. Therefore, helping to drive incremental sales in store.

Top reasons for purchasing on impulse



Source: Lumina Intelligence Convenience Tracking Programme, data collected 52WE 03/03/2024

MEAL OCCASIONS ARE BECOMING KEY FOR PROMO PURCHASING

THINK SHOPPER. ACT CATEGORY.

The top over indexing occasion for promo purchases are meal occasions.

Lunch time meal deals, breakfast and snack occasions all over indexing and experiencing year on year growth.

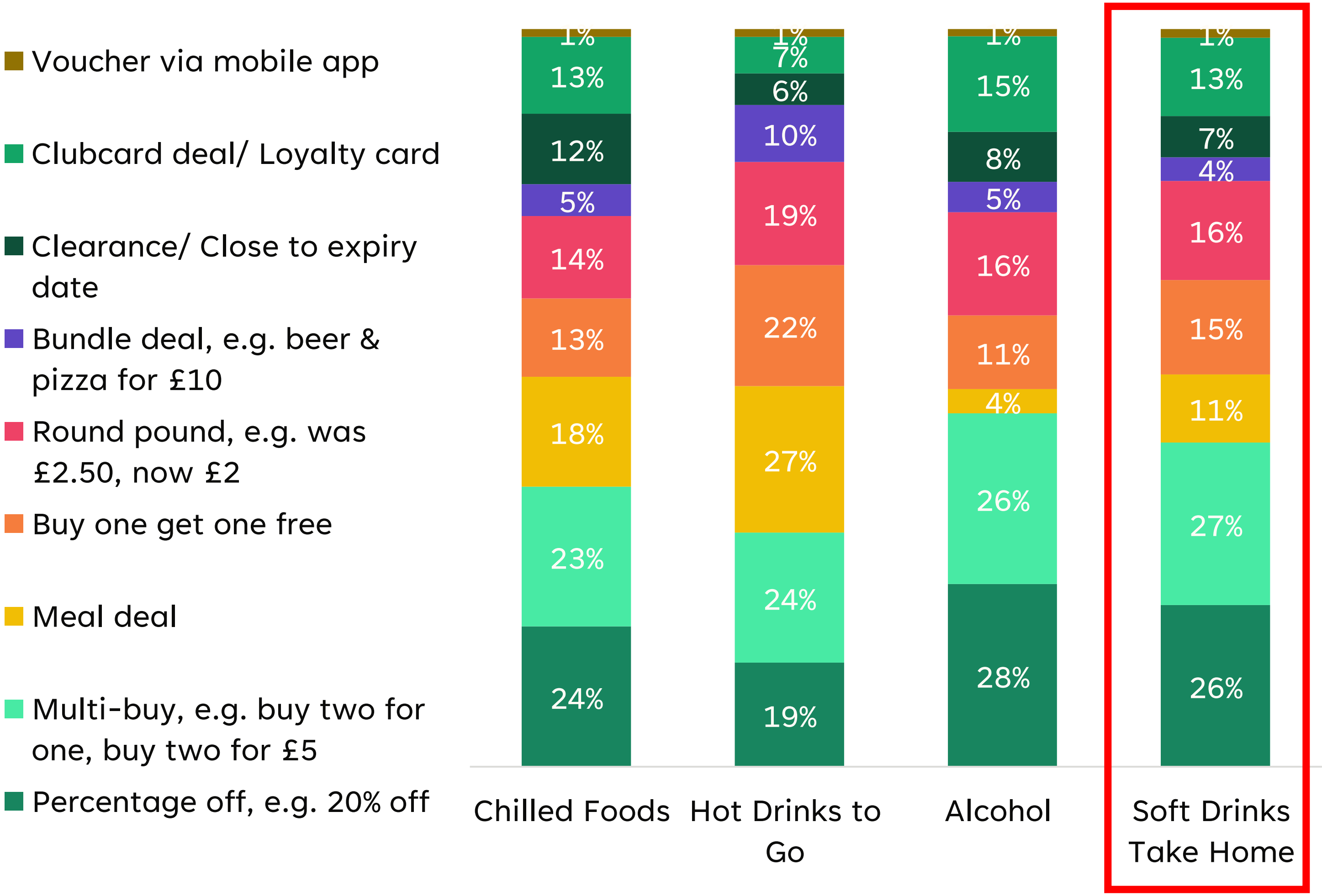
Opportunity to engage customers via link deals and meal deals throughout the day.

CATEGORY SPECIFIC PROMO DEALS

OPPORTUNITY TO HAVE CERTAIN CROSS-CATEGORY PROMO DEALS TO DRIVE INCREMENTAL SALES

E.G. by having a meal deal promo combining chilled foods and take home soft drinks this can further help drive incremental sales alongside the main promo drivers of percentage off and multi-buy.

Type of promotion, top five products bought on promotion



Source: Lumina Intelligence Convenience Tracking Programme, data collected 52WE 03/03/24

SUMMARY

THINK SHOPPER. ACT CATEGORY.

Consumer Trends

Consumers are shopping more paradoxically and have adopted a reward hunter mentality. This changes how they will shop in-store; increasing the importance of the shopper journey.

S&E

S&E is driving growth to the category. Ensuring you have the right range on shelf will help increase penetration and footfall in stores speaking to new and existing consumer needs

Pricing & Promo

Promos are becoming increasingly important to the channel with 40% of purchases coming from promo mechanics. Continue to back the right promos can help drive incremental sales in store.

ANY FURTHER QUESTIONS

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