

BRITVIČ

Foodservice

Soft Drinks Review 2024



Welcome

to the Britvic Soft Drinks Review

Soft drinks: stability in a volatile world

In 2023, soft drinks once again proved their resilience, relevance, and ability to excite people from all walks of life. They can be affordable treats, sophisticated alternatives to alcohol, energising pick-me-ups, refreshing health supplements and even fashion statements. And as a new wave of brands build sales, soft drinks are becoming an ever-broader church.

As we explore over the following pages, the UK soft drinks market has achieved solid growth driven by a combination of price and innovation. Overall volumes have slipped, although at a slower rate than most other categories. Despite ongoing volatility around the world, costs are becoming more predictable and inflation more manageable. Good old-fashioned cost management, understanding consumer needs and addressing them with exciting new products and compelling marketing campaigns are the name of the game once again.

At Britvic, we're proud to have helped the category grow in 2023. We've added to our portfolio with the acquisition of Jimmy's Iced Coffee and continued to invest in innovations like our clean-label Plenish Barista M*lks and new flavours such as Pepsi MAX® Mango and Tango Editions Sugar Free Paradise Punch. All of these have struck a chord with consumers and added value for us and our partners.

We've focused on connecting with people through our imaginative and relative marketing campaigns. Tango, for example, has another offbeat, irreverent and downright funny ad campaign to thank for much of its success over the past year, while Pepsi has benefitted from a global redesign that references its heritage and helps it stand out from the crowd.

We've also proven our commitment to continuing to grow in a sustainable way. The next chapter in this report outlines how Britvic is continuing to focus on its Healthier People, Healthier Planet strategy through a wide range of initiatives, including our ongoing calorie-

reduction efforts, development of drinks with functional health benefits and efforts to cut our reliance on fossil fuels, as well as our alignment with the United Nations' Sustainable Development Goals.

After that, we delve into the dynamics that have been shaping the soft drinks market over the past year, as well as the initiatives of Britvic, our partners, and our peers. We then dig deeper into specific categories and our strategies for unlocking further growth, including our latest innovations, marketing campaigns and merchandising and promotional initiatives.

Despite the uncertainty that exists in the world today, we are looking forward with a sense of renewed strength and optimism. We look forward to continuing to grow one of FMCG's most exciting and vibrant categories and helping people enjoy life's everyday moments. We'll be crossing our fingers for a little more normality; our soft drinks, however, will always be extraordinary.



Kind regards
Paul Graham
Managing Director





Sustainability

Healthier People, Healthier Planet

It's fewer than 50 years since the word *sustainability* was first used in the sense that most people use it today; in short, to “describe human activity in which environmental degradation is minimised”.¹ The soft drinks industry takes this seriously. We are all working towards ambitious targets.

Sustainability shouldn't only be seen in the context of the planet and the creatures humanity shares it with, however. It's widely accepted that sustainability should also be seen in relation to the health of people. “Health and sustainability are mutually enabling and constraining,” state the authors of one influential study.² Healthy people need a healthy planet, and vice versa. The forementioned study recommends the integration of health and sustainability initiatives.

That's what we've done. At Britvic we use the phrase *Healthier People, Healthier Planet* to encapsulate our approach to sustainability. We're proud to be working with our peers across the industry to aim to reduce our impact on the environment and help improve people's health. But what does that mean in practice? And what progress has been made over the past year?



¹ OED - https://www.oed.com/dictionary/sustainable_adj

² Health Promotion International, 8 January 2013 - <https://academic.oup.com/heapro/article/29/3/558/754800>



Healthier people

We're going to start with the people part of the equation, partly because social and economic aspects are often overlooked when it comes to sustainability. Any organisation that's serious about being sustainable must consider these factors in conjunction with the environment. We see helping people live healthier, happier, more fulfilling lives as one of our key duties.

This work takes many forms. At Britvic we have made significant progress in terms of cutting the amount of sugar our products contain. Each 250ml serve we produce in Great Britain contains an average of 12.5 calories³. Globally, that figure stands at 22 calories⁴, meaning that we have already beaten our target of cutting calorie count to fewer than 30 per serve by 2025.

Our peers are also cutting calories. Coca-Cola Europacific Partners (CCEP) cut the sugar content of the drinks it sells across Europe by 4.7% against a 2019 baseline in 2023.⁵ Last year, 48.4% of CCEP drinks sold in Europe were low or no calorie.⁶ Suntory Beverage & Food GB&I says it's on course to have doubled its volume of drinks containing 5g of sugar or fewer per 100ml by 2025 (versus 2015).⁷

Of course, helping people get healthier relies on more than cutting sugar content. We can also fortify with ingredients that offer functional health benefits, such as vitamins or minerals. The imperatives for this are commercial as well as ethical. Nearly half of people say they would prefer to boost their vitamin intake through the food and drink they consume rather than supplements.⁸

Britvic is meeting growing demand for healthier drinks and investing in its wellness brand portfolio. In 2024, we extended our Plenish range with the additions of Plenish Mango Sunshine and Beet Balance, With Mango Sunshine offering 100% of the recommended intake (RI) of vitamin D and Beet Balance designed to support overall women's health with 100% RI of vitamin B6, the two new additions give shoppers even more choice to proactively support their health. The flavours will join Ginger Immunity, Berry Gut Health, Turmeric Recovery and Spirulina Detox, ensuring consumers have a daily shot for a variety of health needs.

There are many more examples of the vibrancy of the wellness drinks space right now. Brands like Hip Pop and Remedy helped fuel kombucha's strong growth in 2023,⁹ as more people picked up the fermented tea for its purported gut health benefits and naturally low sugar content. Retailers see this as a growing opportunity. Tesco has introduced functional health drinks bays, stocking CBD drinks brand Goodrays and vitamin drinks from VitHit alongside kombucha brands Nexba and Remedy.¹⁰



³ <https://www.britvic.com/media/krpdotmg/britvic-annual-report-and-accounts-2023.pdf>

⁴ https://www.britvic.com/media/do0hc0p2/britvic-plc_sustainability-performance-datasheet-2023.pdf. The 2023 figure was independently assured by Deloitte LLP for 2023. Basis of reporting, plus assurance report from Deloitte

⁵ Coca-Cola Europacific Partners - <https://www.cocacolaep.com/sustainability/this-is-forward/forward-on-drinks/#:~:text=We'll%20aim%20for%2050,options%20via%20our%20menu%20deals.>

⁶ Coca-Cola Europacific Partners - <https://www.cocacolaep.com/sustainability/this-is-forward/forward-on-drinks/#:~:text=We'll%20aim%20for%2050,options%20via%20our%20menu%20deals.>

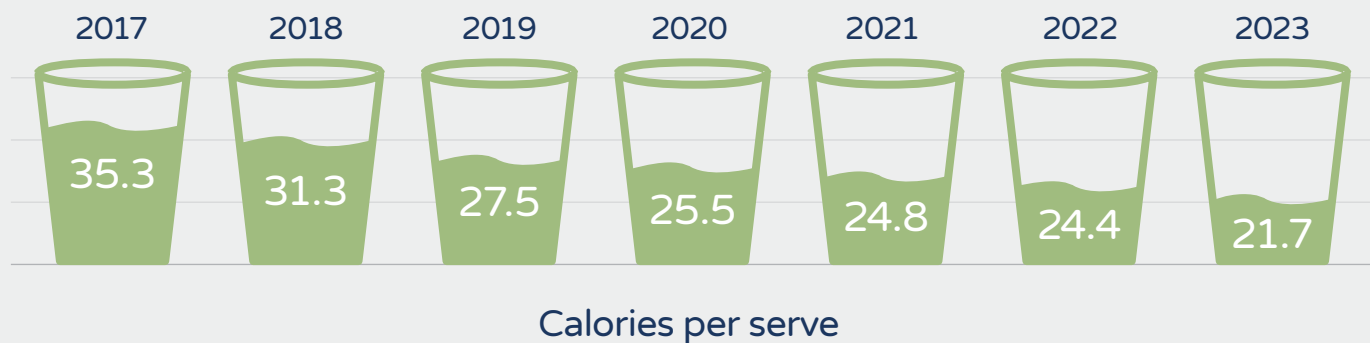
⁷ Suntory Beverage & Food GB&I - <https://www.suntorybeverageandfood-europe.com/en-GB/gbi/sustainability/products/>

⁸ Xampla/The Grocer - <https://www.thegrocer.co.uk/opinion/functional-food-and-drink-claims-must-stand-up-to-growing-scrutiny/676207.article>

⁹ NielsenIQ 52 w/e 7 October 2023 - The Grocer - <https://www.thegrocer.co.uk/category-reports/is-booch-about-to-boom/686297.article>

¹⁰ The Grocer - <https://www.thegrocer.co.uk/soft-drinks/tesco-rolls-out-functional-bays-for-kombucha-and-cbd-drinks/690019.article>

Cutting calories¹¹



Clearly, wellness doesn't only relate to physical health. Mental wellbeing and social inclusivity are also crucial. We are taking steps to promote these both within our organisation and in wider society. For example, in September 2023, Tango entered its second year of partnership with youth charity, The Prince's Trust, to help young people develop essential life skills and access job opportunities.

In the first year of the partnership, Tango donated £100,000 to the Trust to help empower young people with the skills and knowledge to allow them to find work and build brighter futures. In the partnership's second year, which was ushered in with an event hosted by YouTuber and musician Yung Filly, Tango will donate a further £120,000 to support the charity.

Research for Britvic in 2023 also shone a light on the need for greater emotional support in schools. Three in five (58%) parents say they are concerned about their child's mental resilience and emotional wellbeing; and 81% believe mental health should be on the curriculum in primary and secondary schools.¹² Only 33% of teachers say they have the skills to support children with issues around mental wellbeing.¹²

We're committed to changing this. In May 2023, we announced a multi-year partnership with the wellbeing charity, Bounce Forward, which included our employees nominating almost 150 schools in their home communities to receive fully funded support from the organisation to support pupils' mental resilience and emotional wellbeing.



¹¹ https://www.britvic.com/media/do0hc0p2/britvic-plc_sustainability-performance-datasheet-2023.pdf

¹² Opinion poll for Britvic and Bounce Forward - 6 April to 17 April 2023; 2,000 UK parents with children at primary or secondary school; 326 teachers of children at primary or secondary schools

Levelling the field

Despite the progress of recent decades in addressing social inequalities, society still has a long way to go before the field is levelled. So does the food and drink industry: between 2009 and 2019, 42% of venture capital funding in the sector went to firms founded by people from “elite educational backgrounds” – just 2.3% went to all-female teams and only 0.3% went to Black-owned start-ups.¹³

The industry is helping to redress the balance. Sainsbury's, for example, is running the Thrive with Sainsbury's incubator scheme, which offers funding, support and mentorship for Black-led food and drink businesses. In February 2023, it announced the first three businesses to have won a listing at the retailer as part of the scheme.¹⁴

Further examples from the past year include Deliveroo and its restaurant partners' campaign with charity, Albert Kennedy Trust to support vulnerable LGBTQIA+ people facing homelessness, Lidl's sponsorship of Birmingham Pride 2023 (complete with a Lidl Pride bus on which staff members rode) and Ocado's decision to join the Career Accelerator LGBTQIA+ business mentoring programme.¹⁵

At Britvic, we believe we all have a part to play in making the world a more equal and inclusive place. And not just because it's the right thing to do; by ensuring people from all backgrounds and of all points of view are included in all aspects of life, we all stand to benefit.



Our work with the National Autistic Society to support the launch of Robinsons Fruit Shoot's easier to recycle sports caps in 2024 is also pertinent. We developed videos, storyboards and online materials with the National Autistic Society to help neurodivergent children and their families manage the transition to the new cap. We targeted autism-related media, parenting publications and influencers to explain the changes, raise awareness of the challenges faced by those with autism and show how brands can support this community.

The campaign was a huge success, achieving an earned media reach of more than 1.5 million people and a social media reach of 4 million people. Internally, Britvic continues to develop and expand neurodiversity training and continue its commitment to develop inclusive marketing campaigns that resonate with diverse consumer groups, including the neurodivergent community.

¹³ The Grocer - <https://www.thegrocer.co.uk/saturday-essay/why-is-food-and-drink-innovation-only-accessible-to-the-privileged-few/678675.article>

¹⁴ The Grocer - <https://www.thegrocer.co.uk/buying-and-supplying/sainsburys-thrive-scheme-lists-its-first-black-founded-brands/676106.article>

¹⁵ The Grocer - <https://www.thegrocer.co.uk/marketing/15-ways-supermarkets-and-grocery-are-celebrating-pride-month/679697.article>



Thankfully, we're not alone in working to make the world a more inclusive, happier place. Coca-Cola GB, for example, was official sponsor of Pride in London and Brighton Pride in 2023 and teamed up with Gay Times to create Breakthrough with Coke Studio, a campaign giving unsigned LGBTQIA+ musicians the chance to gain the recognition and support they deserve. Coca-Cola is also working with myGwork, the business community for LGBTQIA+ professionals and inclusive employers.

At Britvic, we share these values and are working hard to maintain and build an inclusive culture that embraces all, prioritises wellbeing and rewards dynamism. Examples of how we are doing this can be seen in the work that we're doing with network groups such as B-Proud, which connect and support LGBTQIA+ employees and straight allies throughout our organisation, and B-Seen, which is focused on attracting, retaining and championing employees with disabilities and diverse abilities.

We're also continuing to focus on helping young people build brighter futures by investing in internships, apprenticeships and graduate schemes. Through our partnerships with Solihull College and the charities upReach and KARE Ireland, we are offering a variety of workplace opportunities to people with disabilities and diverse abilities and those from disadvantaged backgrounds. This year, we welcomed seven upReach students to shadow our employees in a variety of roles.¹⁶

To ensure employees feel energised and happy and encourage dialogue about how our organisation evolves, we conduct anonymous employee surveys. Our engagement scores are stable, high and consistently above global benchmarks, standing at 78 in 2023.¹⁷ This indicates that Britvic is a happy, inclusive and engaging place to work where people feel a sense of belonging.



¹⁶ Britvic Job Experience for Students with Special Education Needs - Solihull College & University Centre

¹⁷ Employee Heartbeat is a twice yearly employee survey, providing us with valuable insights on employee engagement, what works well in the organisation, and what we can improve. Employees respond to statements on a five point scale ranging from strongly disagree to strongly agree. Their individual responses are then converted to a number on a rating scale going from 0 (strongly disagree) through 25, 50 and 75 to 100 (strongly agree). The overall score shown is the average of all these ratings

Championing diversity

At Britvic we believe that diversity makes us stronger. That's why we've created five diversity network groups to support colleagues from all backgrounds and of varying abilities.



B-Diverse promotes increased racial, ethical and cultural diversity in the business and supports Black, Asian and ethnically diverse employees in bringing their true selves to work.



B-Seen is passionate about Britvic attracting, retaining and championing employees with disabilities and diverse abilities.



B-Empowered champions gender equality and gender parity. It supports the attraction, development and retention of great female talent.



B-Proud connects and supports LGBTQIA+ employees and straight allies.



B-Well is the name we give our supportive network of Mental Health First Aiders and Wellbeing Warriors. Its aim is to bring together the various support programmes that exist in Britvic, to create the conditions for a healthier and caring work environment, in which we all feel supported and understood. B-Well offers a guiding hand to anyone who may be struggling with mental, emotional or physical wellness issues, as well as being here to help us all manage our energy and recovery in building resilience to cope with life's everyday challenges.



Healthier planet

Healthier people need a healthy planet. At Britvic, we're committed to achieving net zero carbon emissions by 2050, in line with global efforts to restrict global temperatures rising by no more than 1.5°C. We were the first UK soft drinks producer to have this goal approved by the Science Based Targets initiative. So far, we've cut our Scope 1 and Scope 2 market-based emissions by 32.6% since 2017.¹⁸

We're continuing to make progress. With the support of the Department for Energy Security and Net Zero's Industrial Energy Transformation Fund (IETF), we invested £8m in a heat recovery system at our Beckton site (the IETF provided approximately half of this funding). This will cut emissions by an estimated 1,200 tonnes a year – about the same amount as the energy used by 11,500 homes a year.¹⁹

Last year, we worked with solar energy provider Atrato Onsite Energy and Squeaky Energy, to generate and deliver clean energy exclusively for our sites in Great Britain via a 10-year agreement. This agreement covers 75% of the electricity Britvic gets from the National Grid in Great Britain – powering current operations, including its Beckton and Leeds factories, which can produce 2,000 recyclable bottles per minute.

We want to continue to invest in renewable energy sources and energy efficiency projects, to reach net zero throughout our operations, as well as stepping up efforts to become more efficient in terms of packaging and water use and protecting biodiversity.²⁰

Britvic has teamed up with The Rivers Trust to fund wetland restoration projects and using our volunteer days to support litter picks, clearing rivers and tree planting. In 2023, our employees in Great Britain and Ireland contributed more than 6,300 hours to community causes, including those aimed at protecting and improving the natural environments and biodiversity.²⁰

As a business that primarily relies on sales of packaged soft drinks, we continue our support for the roll out of a UK-wide deposit return scheme (DRS), a move that will increase recycling rates, reduce littering and ensure greater availability of quality recycled PET plastic. We welcomed the April announcement that a nationwide DRS will go live across England, Scotland, Northern Ireland and Wales in October 2027. This is a crucial step in building a truly circular economy in which packaging never becomes waste.



¹⁸ <https://sciencebasedtargets.org/target-dashboard>;
Britvic plc Sustainability Performance Datasheet 2023

¹⁹ IETF Phase 2, Autumn 2021: competition winners - GOV.UK (www.gov.uk)

²⁰ Britvic plc Sustainability Performance Datasheet 2023- 788 volunteering days as taken by Britvic employees. Assuming an eight hour working day: 788 x 8 = 6,304 hours

DRS: Lessons from the Emerald Isle

As UK governments and the industry continue to work towards the introduction of a deposit return scheme (DRS) on drinks packaging, Britvic is proud to have been part of a cross-industry board that oversaw the February 2024 launch of DRS over in Ireland.

The scheme covers plastic bottles and aluminium and steel drinks cans and has seen more than 2,000 reverse vending machines installed in supermarkets, convenience stores and forecourts across the country.

Shoppers pay deposits of between €15 and €25 on drinks, which can be redeemed for food and drink vouchers in store.

The aim of the scheme is to increase Irish recycling rates, which was estimated to be between 60% and 70% pre-DRS, to 77% for plastic bottles by 2025 and 90% to 2029.²¹ So far, the scheme has been heralded a roaring success, with more than 20 million containers returned via the DRS by the beginning of April.²²



Meanwhile, we continue to make strides to offer a range of packaging formats. To this end, in January, we launched plain Aqua Libra Still and Sparkling water in 330ml infinitely recyclable aluminium cans. Aqua Libra continues to reinvent hydration, with having served in excess of 1 million serves in just 18 months through the innovative dispense system, The Flavour Tap.³

Through our partnership with environmental services company, Ocean Co, we are supporting projects that create the most impact for communities across the globe, clearing rivers and waterways and collecting plastic to be recycled, upcycled or co-processed through a fully traceable system.

²¹ The Grocer: <https://www.thegrocer.co.uk/deposit-return-schemes/inside-irelands-new-deposit-return-scheme/687901.article#:~:text=Recycling%20rates&text=As%20a%20result%2C%20DRS%20is,works%20for%20three%20years%20now.>

²² <https://dublingazette.com/dublinlocalmatters/news/deposit-return-cans-55533/>

²³ Total serves of Flavour tap through data collected 1/1/23-8/5/24



Another way we're working to reduce packaging waste includes the accelerated roll out of London Essence Company's Freshly Infused founts in pubs and restaurants. This system can yield a reduction in drinks packaging of 99% for our partners, which reduces our water usage and haulage space for transportation.²⁴ Highly concentrated squashes and syrups, such as super strength Robinsons in innovative 89% plant-based packaging concept, Ecopack, is another example of how we're reducing packaging waste.

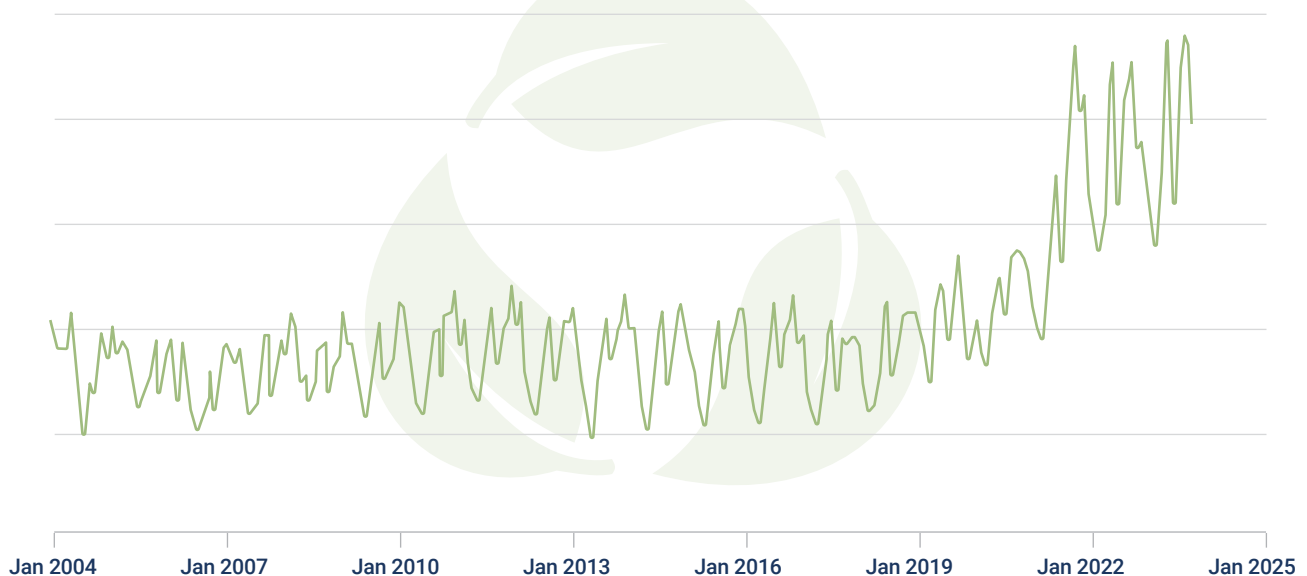
Sustainability is a growing concern for everyone. We will continue to strive to make our operations more sustainable and share stories of the steps we are taking to our consumers, growing numbers of whom are affiliating themselves with brands that represent their values and abandoning those that don't.²⁵ Over the coming chapters, we will share stories of other ways we're engaging with shoppers and driving growth for our partners.



Searching for sustainability

Sustainability matters. Growing concern is illustrated by the surge in Google searches for the term over the past two decades. Searches have peaked in the past three years²⁶ as evidence of the toll humanity is taking on the planet and discourse around the need for change at a global level have mounted.

Interest over time²⁶



²⁴ Based on 1000 cases of LEC NRB Tonic water transitioning to dispense- equal to reduced packaging of 4.6 tonnes

²⁵ Mintel 2024 Global Consumer Trends - https://insights.mintel.com/rs/193-JGD-439/images/Mintel_2024_Global_Consumer_Trends_English.pdf?mkt_tok=MTkzLUpHRC00MzkAAAGPuzHpd90_082JTAJCI7YNUncIkZhvTYJ4c2DzBqE1xyLSSYLfs-X9owpyW5hk8TE1iUOWHa59GIPazrFhqJfHv-BJCJzwKotRX8tHtEB7o

²⁶ <https://trends.google.com/trends/explore?date=all&geo=GB&q=sustainability&hl=en>

Category overview

Performing under pressure

Put enough pressure on anything for long enough and it will change. The past year has shown how this law of physics applies to food and drink. Last February, inflation hit a height not seen since the 1970s¹, and prices continued to rise (although at a falling rate) throughout 2023.² As a consequence, people have reined in spend and volumes have fallen for many categories.³

Despite this pressure, soft drinks have performed well. Overall sales of soft drinks through the UK's out-of-home outlets, supermarkets, convenience stores and discounters grew by 6.5% to just over £20.3bn; volumes slipped by 1.5%.⁴ After the wild swings in sales seen since 2020, this represents a resumption of business as usual for the category.



¹ ONS - <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/february2023>

² ONS - <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>

³ The Grocer – Top Products - <https://www.thegrocer.co.uk/reports/rankings/top-products>

⁴ NielsenIQ RMS - grocery, impulse & convenience and discounters 52 w/e 30.12.23 - combined with CGA by NielsenIQ - out-of-home 52 w/e 31.12.23 vs a year ago



Well, almost. Beneath the headline figures, significant changes are still taking place. With disposable incomes being squeezed hard by inflation, soft drinks volumes saw sharp declines in grocery multiples (down 3.7%)⁵ and licensed venues (down 3.5%)⁶ throughout the year as people switched to cheaper outlets and went out to eat and drink less often. Recent months have been more positive, with grocery volumes growing in 2023's final quarter and volume growth returned to a positive 2.4% in the first quarter of 2024.⁷

The discounters and foodservice – particularly fast food operators – have benefitted most. Soft drinks volumes have grown in these channels by 4.6%⁵ and 0.8%⁶ respectively. While convenience and impulse retailers have seen soft drinks volumes slip by 1.8%,⁵ the category is still fuelling strong growth for petrol forecourts, where soft drinks sales have grown by 9.9% on volumes up 1.6%.⁵

These performances take on a different light when seen in a wider context. As we explored in the 2023 Britvic Soft Drinks Review, category sales boomed in grocery and convenience during the turmoil of Covid and out-of-home saw strong growth as pubs and restaurants

reopened after the pandemic. Crucially, soft drinks value sales are 12.6% higher than they were in 2019 and 3.7% higher in volume⁸.

This is testament to the resilience and ingenuity of producers and retailers, as well as the increasingly diverse roles soft drinks play in people's lives. Soft drinks can be affordable treats, refreshing pick-me-ups and sophisticated alternatives to alcohol. They can help enable a more balanced lifestyle, help people calm down or stay alert; increasingly, they reflect the values and interests of the people who drink them.



Channel hopping⁹

Total soft drinks
£20.3bn, +6.5% value change, -1.5% volume change

Discounters	Convenience & impulse	Grocery multiples	Foodservice outlets	Licensed outlets
£1.2bn	£4.2bn	£7.2bn	£3bn	£4.6bn
Value % change 17.5	Value % change 10.3	Value % change 7.4	Value % change 4.0	Value % change 1.4
Volume % change 4.6	Volume % change -1.8	Volume % change -3.7	Volume % change 0.8	Volume % change -3.5

⁵ NielsenIQ RMS, Total Soft Drinks, Value and Volume Sales, grocery, impulse & convenience and discounters, 52 w/e to 30th Dec 2023

⁶ CGA by NielsenIQ RMS – out of home data, Total Soft Drinks, Value and Volume Sales, 52 w/e 30.12.23

⁷ NielsenIQ RMS, Total Soft Drinks, grocery, impulse & convenience and discounters, volume sales, 12 w/e to 30th March 2024

⁸ Kantar Worldpanel - Combined TH & OOH Purchase Panel data - Total Soft Drinks 52we 22.01.2023 Vs 27.01.2019

⁹ NielsenIQ RMS - grocery, impulse & convenience and discounters 52 w/e 30.12.23 - combined with CGA by NielsenIQ - out-of-home 52 w/e 31.12.23 vs a year ago

Pulling power

The fact that discounters have seen the strongest growth of any retail channel¹⁰ is not surprising, given the current economic climate. By November 2023, 56.6% of UK consumers reported being moderately or severely affected by the soaring cost of living, up from 53.6% in November 2022.¹¹ The number of people reporting being severely affected rose from 11.4% to 14.4% during this period.¹²

The financial pressure people are under is impacting the out-of-home market as well as retail. In November 2023, 32% of people said they were going out to eat and drink less often because of concerns about the cost-of-living crisis.¹³ As we've seen, the UK's pubs, bars and restaurants have borne the brunt of this, while fast food operators have proven more resilient.

It's crucial that all operators are seen to be offering value. The number of people who identify as being value-led inched up from 75.7% in 2022 to 76.3% last year.¹⁴ As we explore in later chapters, this fact hasn't been missed by retailers or licensed and foodservice operators, all of whom are upping their efforts to keep people coming through their doors with meal deal promotions and loyalty schemes.

Operators increasingly recognise that the soft drinks they stock help determine people's choice of store or venue. That's why Britvic has launched ready-to-drink versions of Tango Ice Blast flavours, Raspberry Blast and Cherry Blast, exclusively into the convenience channel. But bold flavours, striking colours and eye-catching packaging aren't the only ways to attract shoppers.

Despite growing value consciousness, 86% of people still think that good quality has a price and 73% of people are happy to pay more for higher quality.¹⁵ Clearly, value means different things to different people, whether it's a sophisticated mocktail or house cooler served at their favourite bar or the latest offering from a social media sensation. People are still prepared to pay for drinks that tick their boxes.

Just look at the frenzied scenes¹⁵ at stores that were stocking the latest Prime Hydration launches in 2023 for further proof of the remarkable pulling power of soft drinks. Despite a fall in sales for Prime in 2024,¹⁶ retailers are still banking on the brand to create a buzz. Iceland, for example, was keen to spread the word when it became the first UK stockist of Prime Banana & Strawberry in April.¹⁷



10 CGA by NielsenIQ RMS - out-of-home 52 w/e 31.12.23

11 NielsenIQ RMS Homescan Survey - November 2023 - Question: How much is the cost-of-living crisis impacting you at the moment?

12 NielsenIQ RMS Homescan Survey - November 2023 v November 2022 - Question: How much is the cost-of-living crisis impacting you at the moment?

13 NielsenIQ RMS and CGA by NielsenIQ Homescan Survey - November 2023

14 Lumina Intelligence Eating & Drinking Out Panel 52 w/e 25.12.22 v 52 w/e 24.12.23

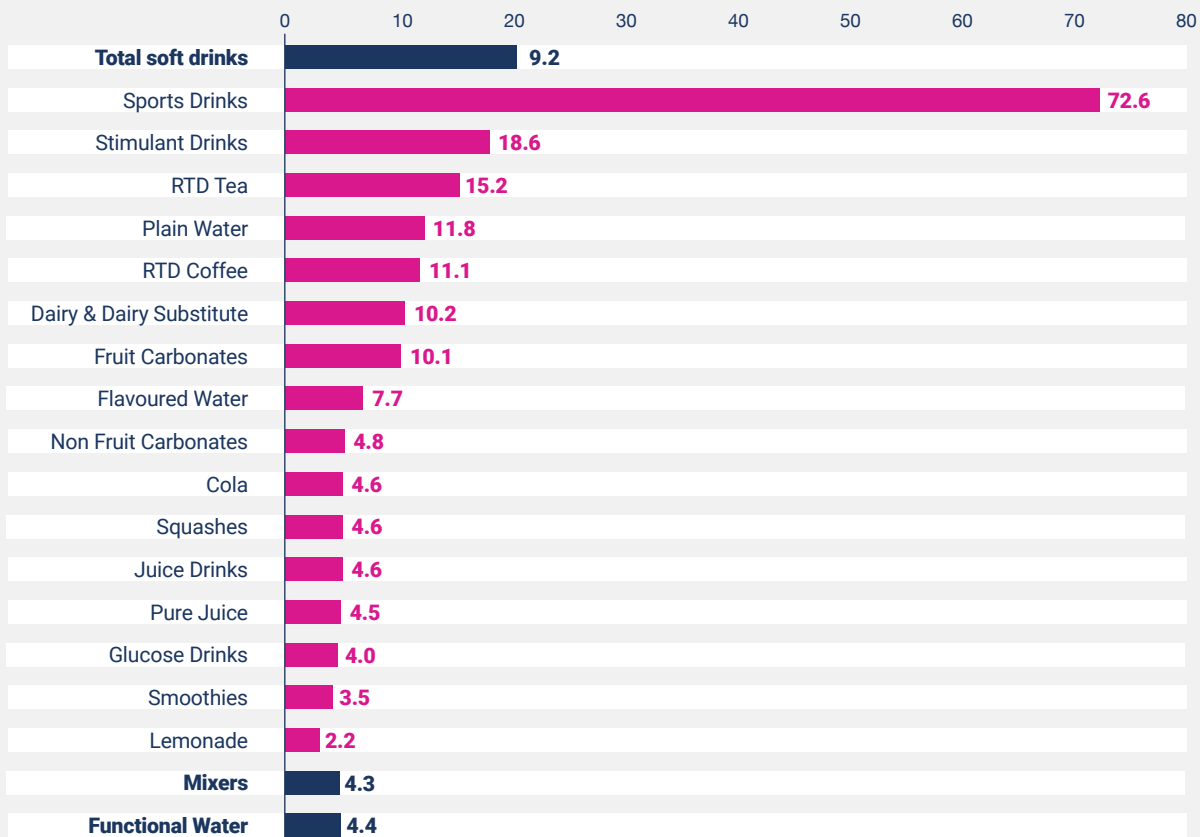
15 The Grocer - <https://www.thegrocer.co.uk/aldi/prime-hydration-drink-back-in-aldi-stores/678341.article>

16 The Grocer - <https://www.thegrocer.co.uk/soft-drinks/prime-sales-in-freefall-with-bottles-reduced-in-tesco-to-just-31p/689987.article>

17 Grocery Gazette - <https://www.grocerygazette.co.uk/2024/04/02/prime-strawberry-iceland/>

Soft drinks sales growth: sector by sector¹⁸

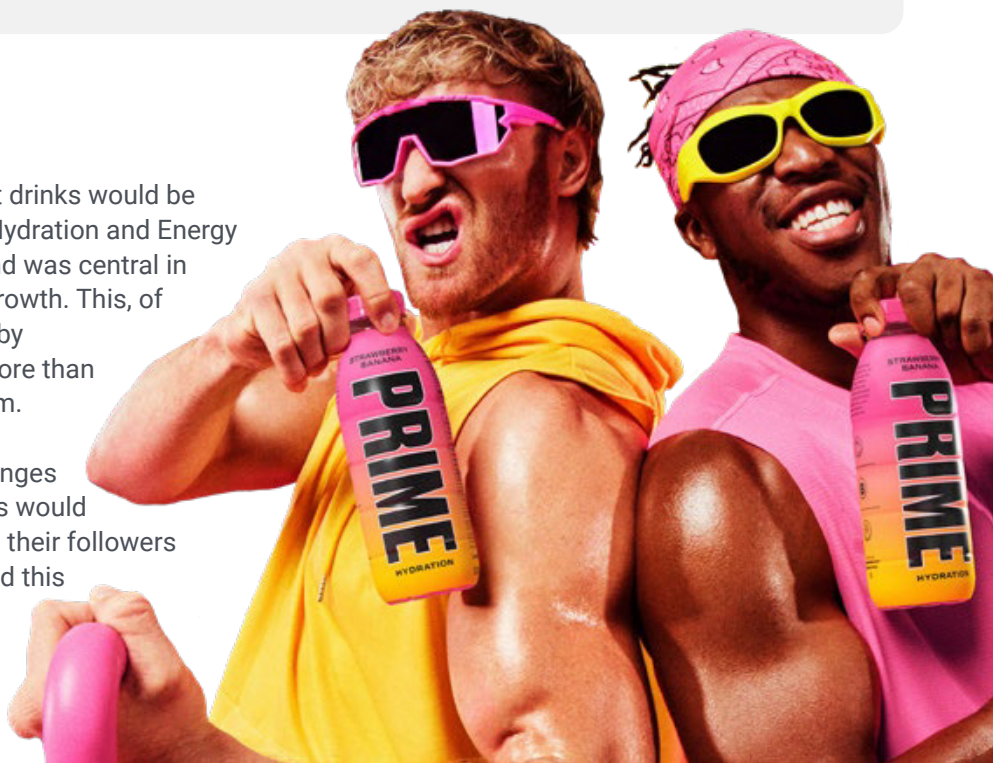
Value % change



Prime numbers

Any discussion about the past year for soft drinks would be incomplete without mention of the Prime Hydration and Energy lines. Prime racked up £55.7m in 2023¹⁹ and was central in driving the sports drinks category's huge growth. This, of course, is thanks to the hype driven online by founders, KSI and Logan Paul, who have more than 60m subscribers on YouTube between them.

The rise of Prime reflects fundamental changes to the world of branding. In the past, brands would recruit celebrities in the hope of converting their followers into buyers. KSI and Logan Paul have turned this upside down. They are the brand. Prime took 1.3% of soft drinks value in grocery, convenience and discounters in 2023.²⁰ However, share has fallen to 0.5% since the start of 2024.²¹



¹⁸ NielsenIQ RMS - grocery, impulse & convenience and discounters 52 w/e 30.12.23 - combined with CGA by NielsenIQ - out-of-home 52 w/e 31.12.23 vs a year ago

¹⁹ Circana Total Convenience, Total Soft Drinks, Value growth YoY, 52WE 31.12.23

²⁰ NielsenIQ RMS - Total Coverage Inc. Discounters, Total Soft Drinks, Value share of sales, Calendar year 2023 w/e 30.12.2023

²¹ NielsenIQ RMS - Total Coverage Inc. Discounters, Total Soft Drinks, Value share of sales, Latest 12 weeks to 30.03.2024

Having said that, many established FMCG brands could still learn a lot from Prime about creating a buzz online with a steady flow of new products. After all, seven of the top 20 soft drinks launches in 2023 were from Prime.²² And it doesn't stop there. Prime clearly has big ambitions, having registered its logo against beers, wines and spirits, vaping equipment and CBD preparations with the UK Intellectual Property Office in 2023.²³

Limited editions have gained currency among established brands too. Limited Edition Tango Sugar Free Paradise Punch, for example, racked up sales of £4.2m²² after launching in February 2023. What's crucial is that such products drive incremental growth and shoppers continue to buy once the novelty has worn off.



Rockstar Energy® to rock six UK festivals

Rockstar by name; Rockstar by nature! In April, Rockstar Energy® signed a multi-year partnership with Live Nation, organiser of the Reading, Leeds, Parklife, TRNSMT, Creamfields and Wireless music festivals. This marks the next phase of the brand's musical journey, which saw the launch of the Rockstar Energy® Press Play platform and activations with artists including Stormzy and Raye in 2023.

For the first time, Live Nation will welcome one headline partner across the six UK festivals, with the name of each featuring the tag "Rockstar Energy® Drinks Presents..." The partnership will include on-pack promotional Rockstar Energy® VIP Wristbands on selected cans, offering a range of special prizes and perks, including festival and concert tickets, queue jumps and backstage passes.

Festival-goers will be able to grab rapid energy boosts from Rockstar Energy® sampling points at each of the six festivals this summer, helping to enhance the festival experience while cementing the brand's appeal with consumers, particularly those belonging to Generation Z (people born between 1997 and 2010), who are most likely to frequent festivals.²⁴



²² Circana Total Convenience, Total Soft Drinks, Value Sales, 52WE 31.12.23

²³ The Grocer - <https://www.thegrocer.co.uk/new-product-development/prime-planning-extensions-into-vaping-cbd-booze-and-more/686445.article>

²⁴ Pew Research Centre - Defining generations: Where Millennials end and Generation Z begins, 17/01/2019 <https://www.pewresearch.org/fact-tank/2019/01/17/where-millennials-end-and-generation-z-begins/>

Jimmy's joins Britvic

Britvic entered the booming Ready-to-Drink Coffee market in July 2023 with the acquisition of Jimmy's Iced Coffee. In a category that is now growing at 10.4%,²⁵ Jimmy's Iced Coffee is the perfect fit for Britvic, completing our quartet of energy-boosting drinks, which includes power boosts in the shape of Rockstar Energy® and Purdey's Natural Energy Drinks, as well as plant-powered pick-me-ups with Plenish Health Shots.

Since adding Jimmy's to our portfolio, we've boosted the brand's functional credentials with the addition of two new products in collaboration with Myprotein. Available in Original Iced Coffee and Caramel Iced Coffee, the co-branded Myprotein lines pack 5.6 grams of protein per 100ml and have been designed to help convenience retailers cash in on growing demand for protein-enriched drinks.



Why health and product quality still matter

Drumming up excitement with new flavours, celebrity partnerships and store exclusives isn't the only way to drive growth in soft drinks, of course. Demand for premium soft drinks and those that offer additional health benefits or reduced sugar content continues to surge, fuelling growth for a range of Britvic brands including London Essence Company, Plenish and Pepsi MAX®.²⁶

Research shows that the importance of health to people when they're choosing what to eat or drink is partly informed by how confident they're feeling about their finances.²⁷ However, although recent economic shocks have dragged down the number of food and drink products consumed for health reasons, one in five soft drinks is still consumed on health grounds.²⁶

What's more, in each of the final four months of 2023, the importance of health consistently grew. More people bought items for health benefits such as added vitamins and minerals, natural or less processed credentials, or to get one of their five a day.²⁸ This is benefitting soft drinks categories such as plain and infused water, health shots and natural energy drinks.

That's not all: the growing numbers who are moderating their alcohol intake bode well for health-orientated, premium soft drinks. Currently, 46% of drinkers say they're trying to consume less alcohol, yet only one in nine say they're doing this by switching to soft drinks²⁸.

This presents businesses like ours, and the partners we supply, with more opportunities. Read on to discover how we're unlocking them...



Currently

46%

of drinkers say they're trying to consume less alcohol

yet only

1 in 9

say they're doing this by switching to soft drinks²⁸

²⁶ NielsenIQ RMS - grocery, impulse & convenience and discounters 52 w/e 30.12.23

²⁷ Kantar Usage - total soft drinks 52 w/e 26.12.23

²⁸ Kantar Usage Panel - total food and drink; health needs and servings versus previous year; 12 w/e periods

The year in numbers

Soft drinks
volume sales up

+0.8%

vs 2022¹

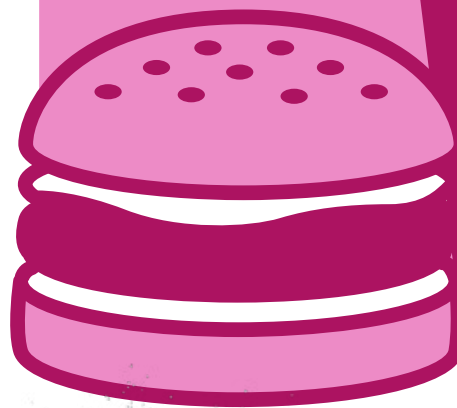
Soft drinks
value sales up

+4.0%

vs 2022²

High Street food-to-go has grown share of Foodservice most vs 2022

+0.6ppt¹



Travel and Leisure has also grown share

+0.2ppt
vs 2022¹



Foodservice
accounts for
62%
of out of home
soft drinks
volume¹



up
+1.0ppt
vs 2022¹

Foodservice
soft drink sales
equates to

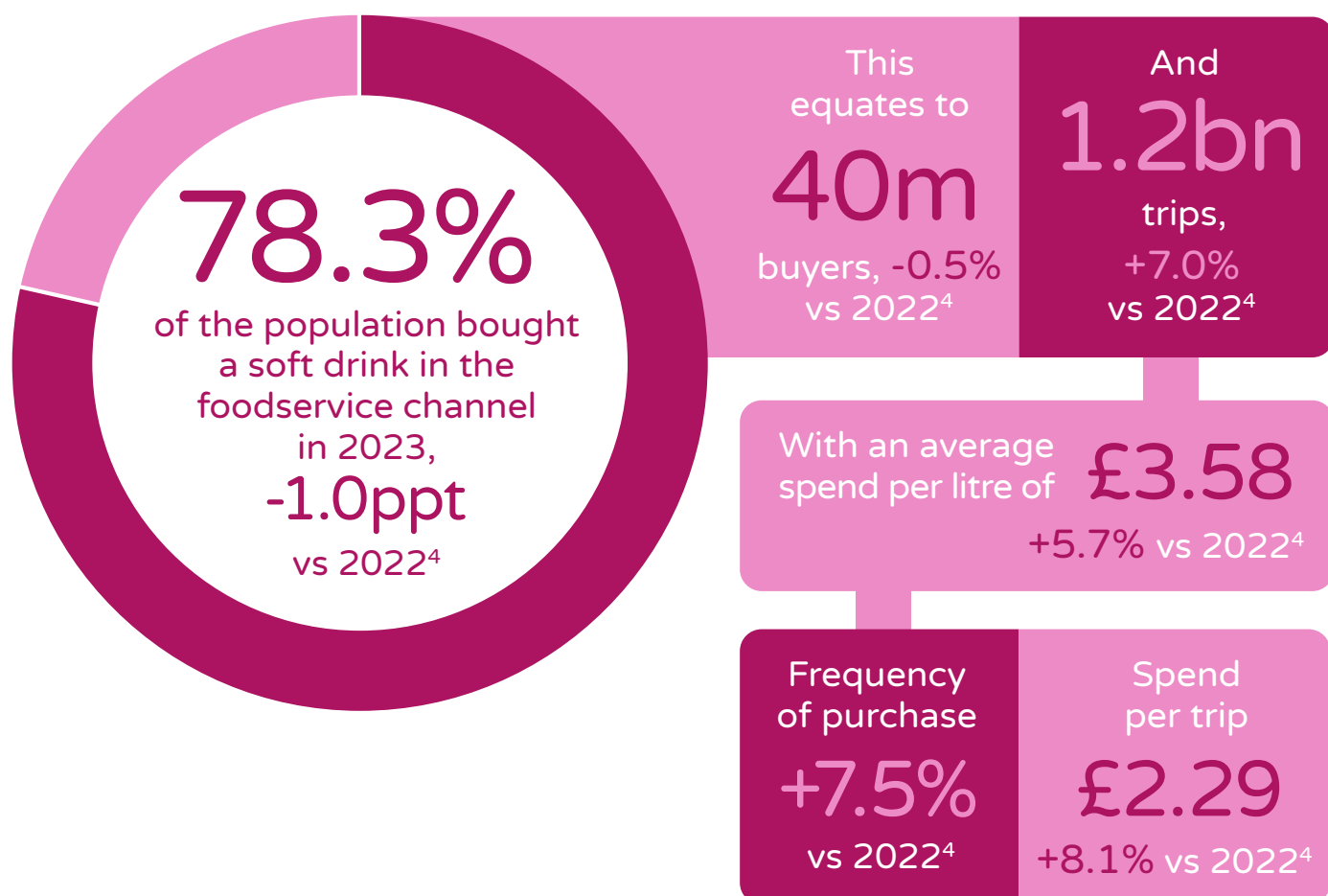
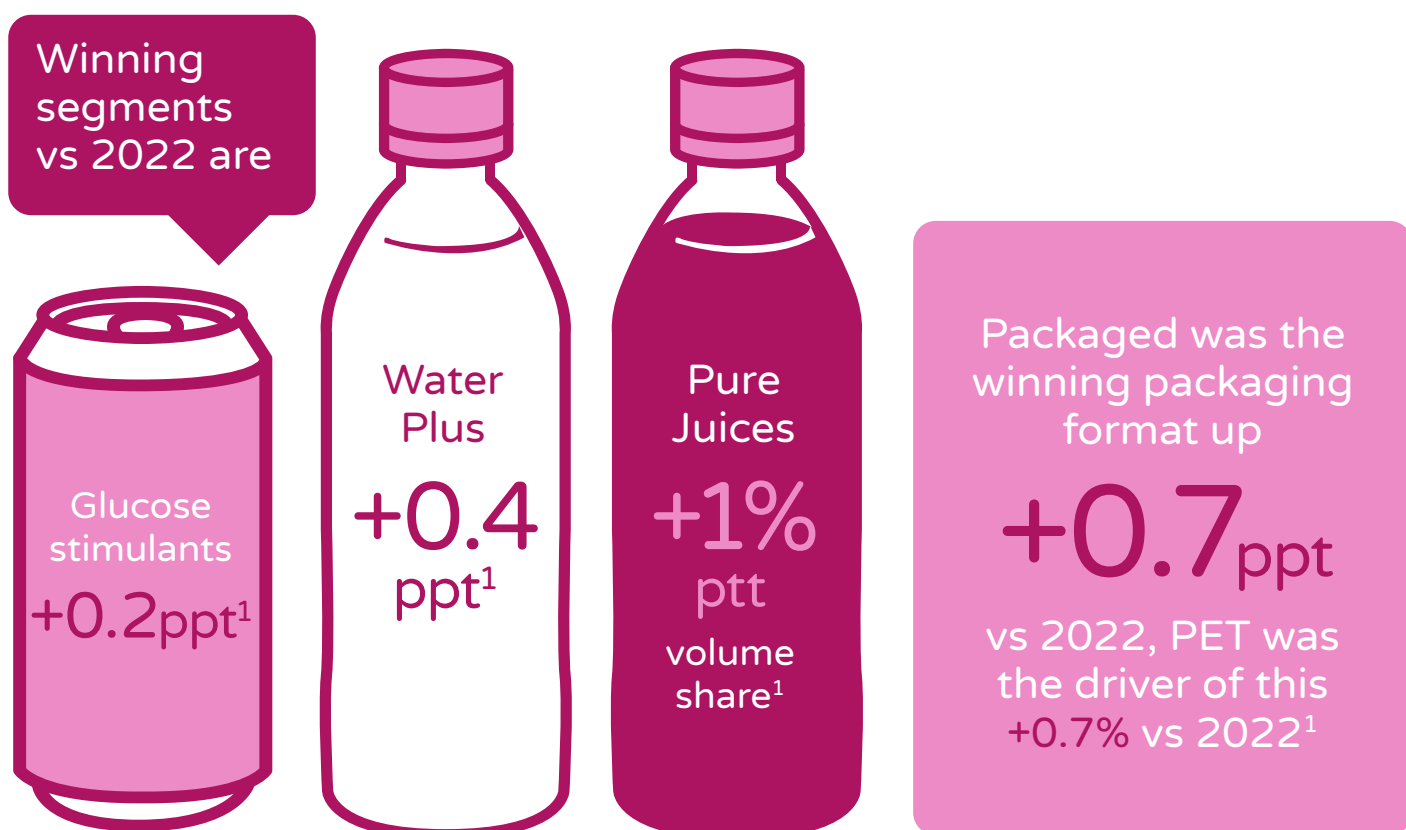
1.1bn
litres

and
£3.0bn³

¹ CGA by NielsenIQ, Foodservice, Volume Data, Soft Drinks Britvic Defined, MAT to 31.12.2023

² CGA by NielsenIQ, Foodservice, Value Data, Soft Drinks Britvic Defined, MAT to 31.12.2023

³ CGA by NielsenIQ, Foodservice, Volume and Value Data, Soft Drinks Britvic Defined, MAT to 31.12.2023



Foodservice category overview

Putting the fizz into foodservice

Eating out is bouncing back. The overall value of food, alcohol and soft drinks sold through UK foodservice outlets hit £97.3bn in 2023 – the first time annual sales have exceeded pre-pandemic levels. Total sales were 6% higher than in 2022 and up 1.5% on 2019's market value.¹ However, overall volumes of food and drink sold through foodservice dipped by 2.8%.²

In a year that was defined by soaring inflation and squeezed consumer spending, these statistics might not come as a surprise. Food and drink inflation hit heights not seen since the 1970s³ in 2023. What might raise eyebrows is the resilience of soft drinks: sales grew by 4.0% to hit £3.02bn in 2023⁴ and volumes grew by 0.8%,⁴ once again proving the crucial role soft drinks play in driving footfall and sales and putting the fizz into foodservice.

This doesn't mean soft drinks have been free from challenges over the past year, of course. Growth has been achieved despite a 0.6% year-on-year dip in buyer numbers,⁵ thanks largely to a significant increase in purchase frequency (up 7.5%)⁵ and volume bought per trip (up 3.4%)⁵ by those that continue to buy soft drinks from foodservice outlets. As we'll explore over the coming pages, this reflects the spotlight that savvy operators are shining on their soft drinks and illustrates wider opportunities for the sector as a whole.



1 IGD - UK eating out forecast 2023-2028 – P7

2 IGD - UK eating out forecast 2023-2028 – P8



3 ONS - <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costofliving/latestinsights#:~:text=Food%3A%20Inflation%20falls%20to%20lowest%20level%20since%20April%202022&text=This%20was%20the%20tenth%20consecutive,seen%20for%20over%2045%20years.>

4 CGA by NielsenIQ Foodservice & Licensed Report, Total Foodservice, Total Soft Drinks, Britvic Defined, MAT 31.12.23

5 Kantar Worldpanel Online Total Soft Drinks, Foodservice, 52wk ending 24.12.23

There are encouraging signs that foodservice will return to growth in real terms over the course of 2024, driven by outlet growth and the ongoing recovery of footfall in city centre, travel and leisure destinations.⁶ But as the market bounces back, we're seeing changes in both consumers' reasons for visiting outlets and the type of outlets they're visiting. This requires new approaches to selling soft drinks.

Foodservice's bounce back is partly driven by greater numbers of people being on the move again. Share of eating out that took place in city centre or high street locations grew by 1% pts in 2023,⁶ reflecting growth in demand from people looking for quick meals, snacks and drinks while they're out and about. More people are choosing venues based on proximity and menu choice,⁶ clearly, ensuring your menus are varied and your venues are in the right locations is crucial.⁶



Sparkling growth

Soft drinks are punching above their weight in foodservice. Overall sales of food and drink through foodservice grew by 6% year-on-year in 2023,⁷ but volumes fell by 3.8%.⁷ Soft drinks, meanwhile, grew by 4.0% on volumes up 0.8%,⁸ demonstrating the resilience of the category.



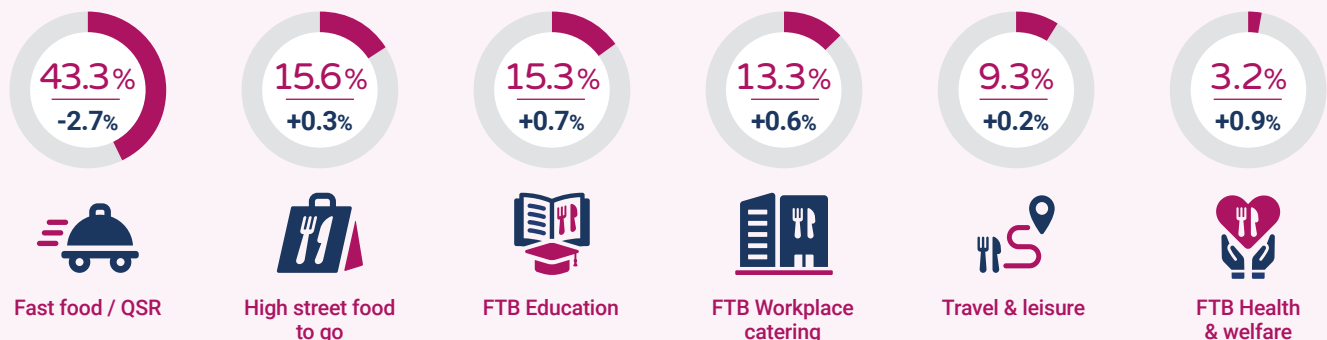
Soft drinks value sales have grown by 4.0% on volumes up 0.8%.⁸



Overall foodservice sales have grown by 6% year-on-year; volumes have fallen by 3.8%.⁷

QSR and High Street remain the key areas to focus on in Foodservice - many opportunities to target major and small emerging groups, and independent venues

Value share of soft drinks by segment in Foodservice⁹



⁶ Lumina UK Eating Out Market Report, May 2023

⁷ IGD - UK eating out forecast 2023-2028 - P7

⁸ CGA by NielsenIQ Foodservice & Licensed Report, Total Foodservice, Total Soft Drinks, Britvic Defined, MAT 31.12.23

⁹ CGA by NielsenIQ, OPMS 2023, P13

The recovery gathers pace

The eating out market turned over £97.3bn in 2023.⁷ That's an increase of 6% on the previous year⁷ and 1.5% on 2019.⁷ Growth in casual dining and pubs is being held back as people draw in their belts in response to the cost of living crisis.⁷ Fast food is expected to be the main beneficiary of this as consumers continue to trade down and operators expand their estates.

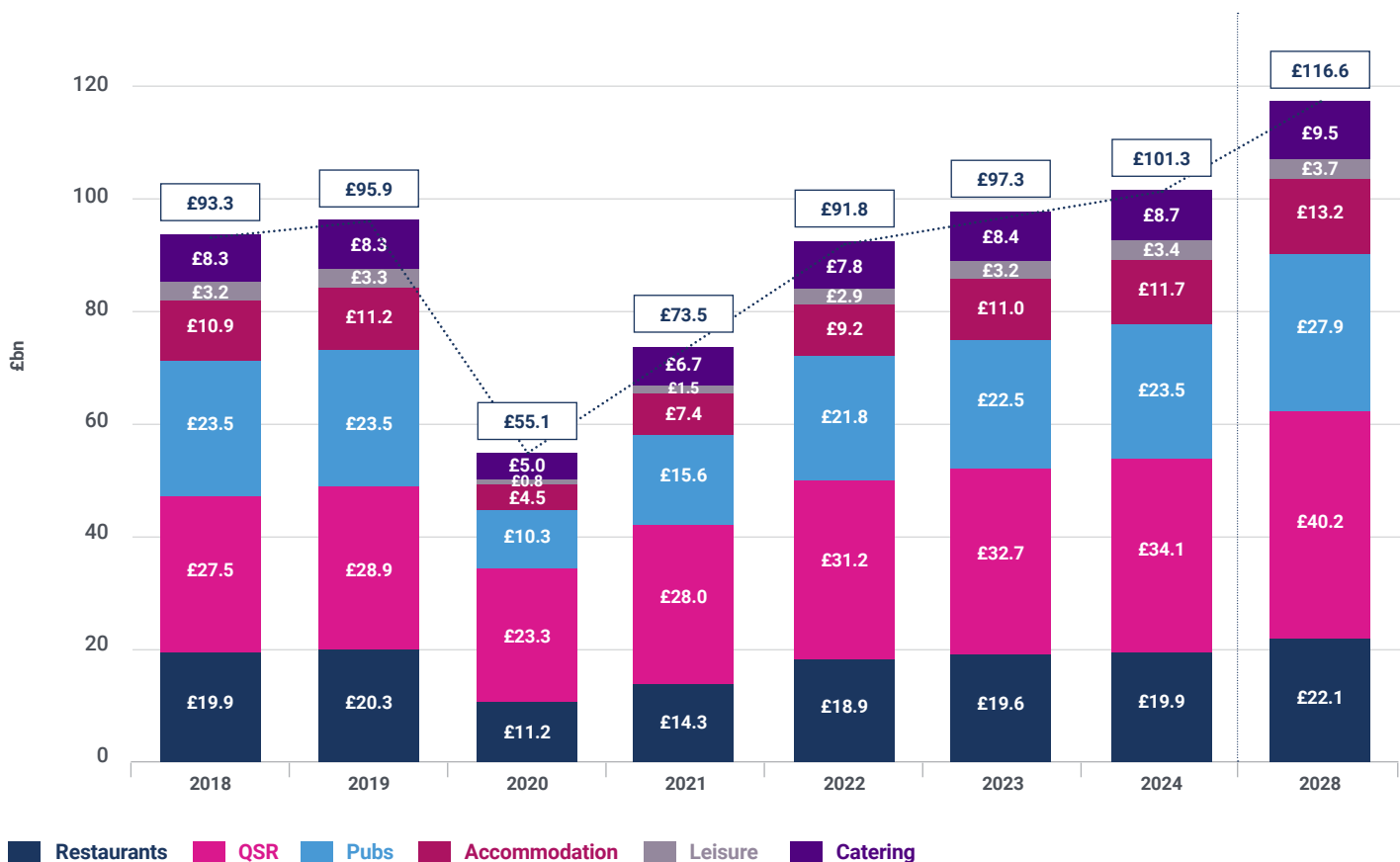
Within workplace environments, with less days in the office and fewer workplace restaurants open, leveraging retail opportunities for soft drinks within close proximity to workplaces represents a clear opportunity. In catering, only 32.7% of soft drinks are bought and consumed in the restaurant, 25.7% are taken back to the desk and 12.9% in car/bus/train, suggesting a need for soft drinks for different day parts.¹⁰



Pre-pandemic value⁷

Eating out (£ bn)

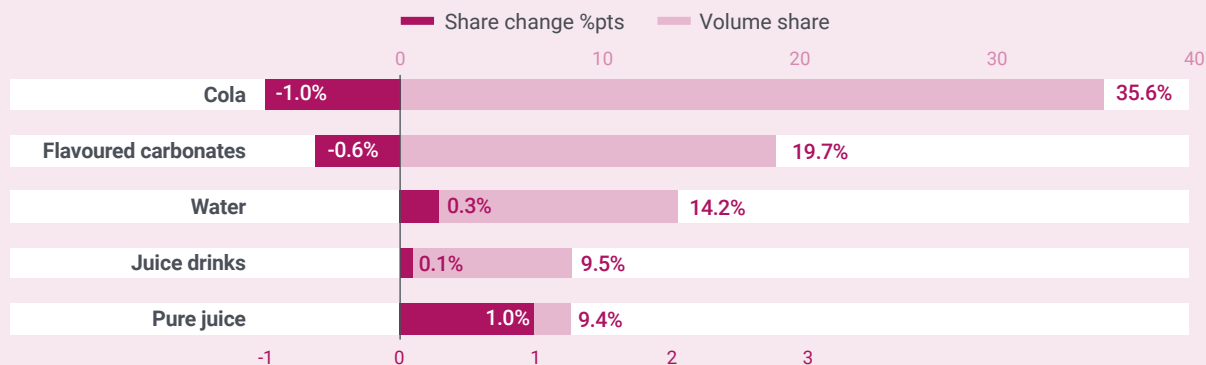
	2018	2019	2020	2021	2022	2023	2024	2028
Vs PY	0.1%	2.8%	-42.6%	32.8%	25.5%	6.0%	4.1%	3.9%
Vs 2019			-42.6%	-23.7%	-4.3%	1.5%	5.6%	21.6%



¹⁰ Lumina Intelligence Eating and Drinking Out Panel, Contract Catering - Soft Drinks Occasions 12we 19.02.2023 & 18.02.2024

Top of the pops¹¹

The top five selling soft drinks in foodservice, ranked by volume share of total soft drinks category.



As we explore below, the decline in treat occasions and growth in quick meals are presenting significant opportunities for fast food operators. There are also clear opportunities for casual dining restaurants to use soft drinks in their response to the changing commercial climate. The number of people who identify as non-drinkers is growing – it increased by 0.8% pts¹² in 2023 – and fewer people are going out for treats, when alcohol is more likely to be consumed¹³ – this is fuelling demand for more sophisticated soft drinks.

Operators should focus on innovative drinks menus to target spend growth.¹⁴ Both Zizzi and Wagamama are great examples of how to target non-alcoholic drink occasions through soft drink innovation and mindful drink options. Zizzi has partnered with the Goodrays and Humble Warrior brands, and Wagamama has a range of low and no options, aligned to current health trends and consumers cutting back on alcohol. More than one in three visits to the on-trade – 31% of pub trips and 40% of visits to restaurants – are now alcohol-free.¹⁵

People want quality whether they're drinking alcohol or not. Although more than three quarters (76.3%) of people identify as being value-led when it comes to their drinks choices, similar numbers (73.4%) say they are led by quality.¹⁶ In fact, 86% of people agree that quality comes at a price¹⁶ and 73% are happy to splash out more for high quality drinks;¹⁶ illustrating the sheer scale of opportunity for foodservice operators to trade choices up to more premium drinks.

Zizzi is doing just that by partnering with the London Essence Company, which was the on-trade's fastest

growing mixer brand in 2023.¹⁷ For those who want alcohol, it's developed serves such as Campari Elderflower Fizz (Campari mixed with London Essence Company Blood Orange & Elderflower Tonic) and Pineapple Spritz (Dead Man's Fingers Rum with London Essence Company Roasted Pineapple Crafted Soda). For those who are abstaining, it has a range of mocktails using London Essence Company Sodas as a base.

J2O Ready-To-Drink Mocktails – Blackberry & Blueberry Martini; Strawberry & Orange Blossom Mojito; and White Peach & Mango Daiquiri – are another perfect solution for those looking to serve up gorgeous drinks on the fly.

Coffee shops and cafés are also looking to attract treat-seeking customers with elevated ranges. For example, Caffè Nero has launched a range of coffee flavours to encourage trade up, including pistachio, cherry and coconut and caramel. Costa, meanwhile, has launched a range of hot milkshakes in white chocolate and strawberry, salted caramel coffee and chocolate hazel flavours.



11 CGA by NielsenIQ, Foodservice & Licensed Report, Total Foodservice, Categories Britvic Defined, MAT 31.12.23

12 Lumina UK Eating Out Market Report, May 2023

13 Mintel - <https://drinksretailingnews.co.uk/the-future-of-alcoholic-drinks-in-the-uk-mintel-analysis/>

14 Lumina Intelligence UK Menu & Food Trends Report Dec 23

15 Kam Low & No 2023: The Customer Perspective

16 Lumina Intelligence Eating and Drinking Out Panel, data collected 52WE 25/12/22 & 52WE 24/12/23

17 CGA by NielsenIQ Mixed Drinks Licensed Report – 04.11.23 MAT

Zizzi adds pizzaz with London Essence Company

Drinks should be sensational, with or without alcohol. That's the philosophy behind London Essence Company's Crafted Sodas range, available in Raspberry & Rose, Aromatic Orange & Fig, Pink Grapefruit and White Peach & Jasmine. Leading high street Italian restaurant chain, Zizzi is using the range, along with London Essence Company's tonics, to add some flair to its mixed drinks and mocktails range.



Delight throughout the day by elevating the everyday

Daytime dining is on the rise.¹⁶ This presents foodservice operators with opportunities to wow guests with elevated versions of everyday drinks.

Lunchtime is prime time for pepping up coffees with added kicks of flavours, or serving delicious milkshakes and smoothies; try offering lassis, shandies or house sodas from mid to late afternoon.

Teisseire, Robinsons Cordials and the London Essence Company range of Mixers and Crafted Sodas are perfectly positioned to help operators add value to their daytime drinks ranges. London Essence Soda's are available in both glass bottle and single can formats to suit both mixed or solus drink serves.

Here are some suggestions to ensure you're serving sensational drinks throughout the day...



NOON-3PM



Spiced Honey Mocha

Pour 12.5ml of Teisseire Syrup into a warm glass and steam 150ml of Plenish Barista Oat M*lk. Add a fresh double espresso to the glass, top with the frothed M*lk and dust with cinnamon. Voilà, a warming, spicy twist on a classic!



Mint House Soda

To create this fresh and effervescent house soda, simply fill a highball with ice, pour in 50ml of Teisseire Mint Syrup, top up with Britvic Soda Water, stir and garnish with a fresh mint leaf!



3-6PM

**Pineapple Pilsner**

Pour 25ml of Teisseire Pineapple Syrup into a pilsner glass and top up with 275ml of chilled R Whites Lemonade and 275ml of pilsner: a refreshing, tropical and lighter twist on the traditional pint!

**Raspberry & Rose Lassi**

This creamy, thick and floral lassi is made by blending 4 tbsp of natural yoghurt, 125ml of Plenish Coconut M*lk, Teisseire Rose and Raspberry Syrups (20ml of each), with a pinch of cardamom and half a scoop of ice. Garnish with lime or rose petals!



6-9PM

**Ginger Snap**

Add 50ml of Earl Grey Tea, 10ml of Teisseire Ginger Syrup and 10ml of lemon juice to a cocktail tin and pour in ice. Shake. Strain into a highball glass, top with 150ml of R Whites Lemonade and garnish with a lemon wedge and orange twist!

**Garden Path**

Pour 25ml of Teisseire Elderflower Syrup into a highball glass and add ice. Top up with Britvic Raspberry Pink Tonic, stir and garnish with lime wedge and edible flower!

Elevating mixed serves is an all day opportunity

12-3PM



Coffees
Milkshakes
Smoothies
House soda

3-6PM



Shandies
Highballs
Milkshakes
Cocktails
House soda

Quick service restaurants (QSR) – that’s traditional branded, contemporary branded and independent fast-food operators, street food outlets, high street bakeries, sandwich shops and similar – are expected to see greatest growth over coming years, stealing share from full-service restaurants, which are challenged by outlet decline and greater exposure to rising costs, staff shortages and dampened consumer spending¹⁸.

Nevertheless, fast food hasn’t been immune to the effects of the cost-of-living crisis. In value terms, QSR has lost the most share – a decline of 0.7% pts¹⁹ – partly because cash-strapped families are trading down to retail to make savings (supermarkets have cashed in by increasing ranges of “fakeaway” products²⁰), but also due to fast food operators keeping a tighter lid on price rises. To attract shoppers trading down from pubs and full-service restaurants and compete with fast food’s new generation, players are ramping up quality cues.

See McDonald’s March 2024 announcement of its most “significant menu changes” in decades as an example.²¹ The changes included the introduction of freshly toasted, brioche-style buns, crunchier lettuce and the addition of onions to the beef patties while they are cooking for added flavour. Patties are also seared at hotter temperatures to create juicier burgers with gooier cheese, says McDonald’s.

This makes sense, given that many are migrating from pricier establishments – where buns aren’t buns if they’re anything but brioche – in response to the squeeze on their finances.¹⁸ Stiffening competition from operators such as Flat Iron, which specialises in steak at affordable prices, and decadent burger chains such as Fat Hippo also means fast food’s leading players need to up their game.

Soft drinks and alternatives to alcohol are not an afterthought for fast food’s newcomers. Indeed, some are putting their soft drinks offerings front and centre of their menus and marketing. Karak Chaii, for example, now operates around 25 drinks-first outlets across the UK¹⁹, selling a range of its signature flavoured chai drinks (hot or cold), mango and guava coolers and dessert noodle drinks.



¹⁸ Lumina UK Restaurant Market Report Nov 2023

¹⁹ CGA by Nielsen, Foodservice & Licensed Report, QSR, Value Sales, Categories Britvic Defined, MAT 31.12.23

²⁰ <https://www.thegrocer.co.uk/asda/asda-unveils-four-fancy-fakeaway-ready-meal-ranges/684475.article> - <https://www.thegrocer.co.uk/aldi/aldis-fakeaway-mcdonalds-dupes-vs-the-real-thing/679790.article>

²¹ <https://www.thesun.co.uk/money/26576112/mcdonalds-huge-changes-burgers-menu-big-mac-cheeseburger/#:~:text=The%20changes%20will%20be%20rolled,way%20they%20sear%20beef%20patties.>

Fast-growing Indian street food operator, Mowgli has its own range of signature mocktails, lassis and low and no offerings and Flat Iron has a range of non-alcoholic house fizzes. Fat Hippo offers a range of fizzy drinks including Pepsi MAX® by the pint and Itsu has a range of co-branded LA Brewery kombuchas, as well as own-brand flavoured sparkling drinks.

Evidently, soft drinks are playing a more central role in many operators' propositions. As we will explore in greater detail in the next chapter, health, indulgence and specialisation are all tools that foodservice operators are using to stand out from the crowd. For example, Megan's, which had increased its estate to around 25 outlets by the end of 2023,²² offers a range of juices, smoothies and health shots as part of its breakfast and brunch menu. And fried chicken chains, Popeyes and Slim Chickens, have ranges of ultra-indulgent hand-spun shakes.



Fast food, rapid growth

Fast food is in rapid growth. By the end of 2023, there were more than 44,000 fast food outlets trading across the UK, with annual sales worth £17.6bn. That represents 56.4% growth in turnover and a 4% rise in the number of outlets trading since 2020. Street food and contemporary fast food have seen the strongest growth.²³

MARKET CHANNEL	2020	2021	2022	2023	
Branded traditional fast food - Turnover (£m)	3,374	5,101	5,605	6,107	81.0%
Branded traditional fast food - Outlets	3,454	3,591	3,780	3,900	12.9%
Independent fast food/take-away - Turnover (£m)	3,600	4,048	4,946	5,035	39.9%
Independent fast food/take-away - Outlets	26,157	26,183	26,209	26,272	0.4%
Branded contemporary fast food - Turnover (£m)	886	1,231	1,836	2,140	141.6%
Branded contemporary fast food - Outlets	1,343	1,447	1,656	1,839	36.9%
Branded delivery-focused fast food - Turnover (£m)	2,699	2,791	2,682	2,871	6.3%
Branded delivery-focused fast food - Outlets	2,415	2,547	2,677	2,748	13.8%
Street food & Mobile vans - Turnover (£m)	708	759	1,404	1,463	106.7%
Street food & Mobile vans - Outlets	8,970	9,069	9,177	9,288	3.5%
Total fast food - Turnover (£m)	11,267	13,930	16,474	17,617	56.4%
Total fast food - Outlets	42,339	42,837	43,500	44,047	4.0%

²² Lumina UK Eating Out Market Report May 2023

²³ Lumina Intelligence Market Sizing, March 2024

Fast food: the new generation

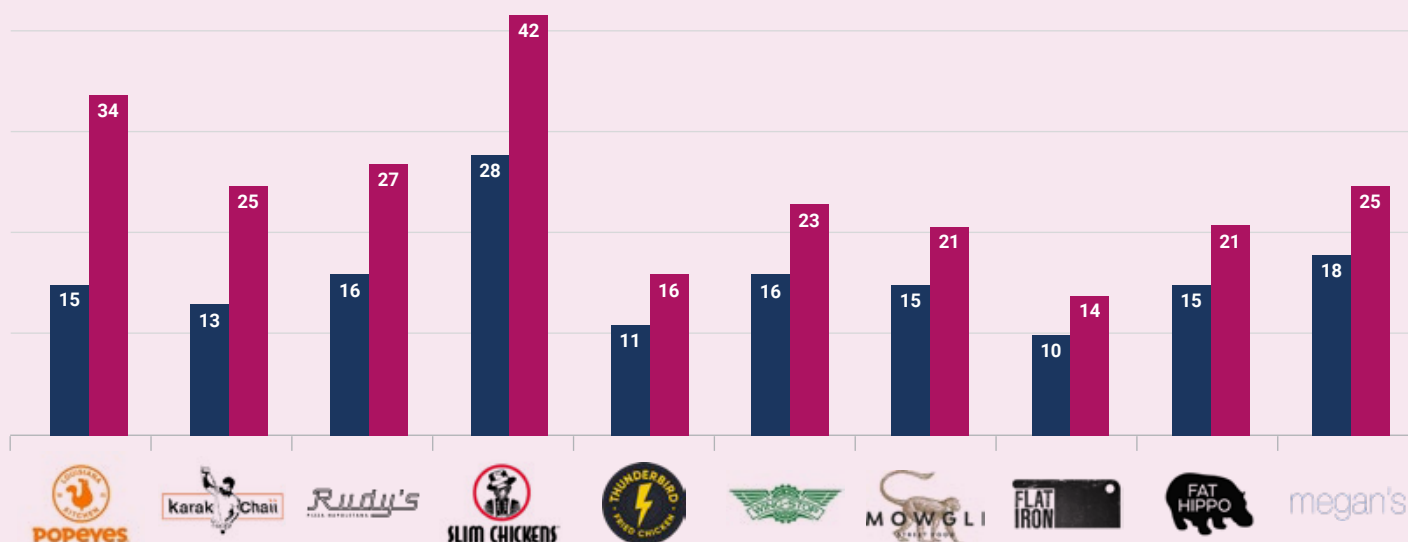
A new generation of fast food challengers is shaking up the sector. Operators defined as “contemporary fast food” businesses – for example, Popeyes Louisiana Chicken, Mowgli Street Food and Slim Chickens – are opening new outlets at a rate of knots and helping to broaden Britain’s culinary horizons. Contemporary fast food saw a 141.5% increase in turnover and a 36.9% rise in outlets between 2020 and the end of 2023.²⁴



Challenger brands seeing healthy investment & expansion in outlets

Top 10 branded restaurant, pub/bar restaurant and fast food brands by outlet growth, Dec 22 - Dec 23²²

■ Dec 22 ■ Dec 23F



As we've seen, the foodservice sector is undergoing big changes. People are moving more and looking for greater diversity of food and drink in a greater diversity of places. Value is still crucial, but it's operators that can strike the right balance between offering great value and exciting propositions that will prosper most in the coming year. **This presents valuable opportunities for fast food operators. Read on to find out how we are helping our partners realise these opportunities by upping their soft drinks game...**



Foodservice deep dive

Fuelling fast food's growth with sensational soft drinks

First, some good news: in January this year, consumer confidence reached its highest level since January 2022, driven by people's growing optimism about their personal finances and falling levels of inflation.¹ Despite this, confidence is still far below pre-pandemic levels, so it's crucial that foodservice operators continue to offer value.

Fast food operators are using promotions on soft drinks, which feature in 83% of all foodservice occasions,² to do that. With more than a third (38.1%)³ of people citing good value for money as a motivator for their choice of soft drink (a rise of 2.1% pts)³ and 13.8% citing special offers or discounts as a motivator (a rise of 1.2% pts),³ operators are upping the ante on meal deals and sales events.

For example, Burger King is using initiatives such as its Family Bundles – incorporating Whoppers, Chicken Royales, hamburgers and cheeseburgers with fries and drinks – for set prices starting at £9.99 to attract families back into foodservice⁴. Newcomer, Thunderbird, is also going big on value deals as it expands its estate. Every weekday, it offers lunch deals of three chicken strips, dip, fries and a soft drink for £6.49; Wing Wednesdays offers diners half-price wings all day; and Meltdown Mondays features half price burgers.

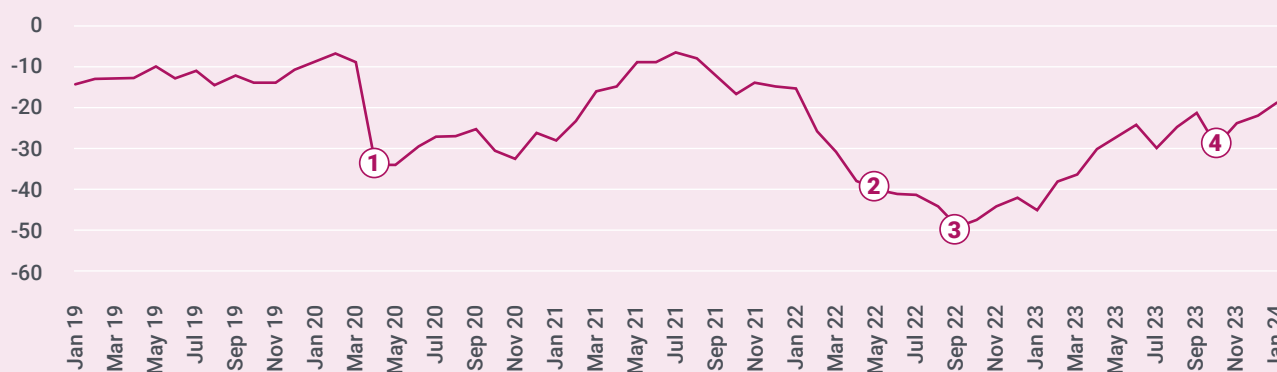
Value is clearly important, but people are not prepared to sacrifice on quality. More than two in five (42%)³ people say they always go for their favourite brand when buying soft drinks in foodservice (a rise of 5% pts)³ and 25.2% say product quality is the main reason for their choice of soft drink (a rise of 2.6% pts).³ That's why, here at Britvic, we've been mobilising the power of the brands in our portfolio to drive growth and enhance consumer value perceptions for our foodservice partners.

During the autumn half term and build up to Halloween 2023, Subway offered a free kid's meal (comprising a Sub, Bear snacks and a Robinsons Fruit Shoot) with every foot-long Sub sold. During the same half term holiday on Uber Eats, KFC offered 25% off Family Feast Buckets with Pepsi MAX® and Robinsons Fruit Shoot and Pizza Hut gave away free 500ml bottles of Tango with every £20 spent. Both deals drove significant growth for the operators and will be repeated in 2024.

Vote of confidence

Consumer confidence is recovering, after the rollercoaster of recent years. At the beginning of 2024, consumer confidence reached a level not seen since January 2022.

GfK consumer confidence, January 2019-2024⁴



- ① Coronavirus pandemic outbreak, lockdown
- ② Russia invades Ukraine & energy price cap adjusted
- ③ Political turbulence, death of Queen Elizabeth II & double digit inflation
- ④ Israel and Palestine conflict

² Lumina Intelligence Eating and Drinking Out Panel, data collected 12WE 17.04.22 and 12WE 16.04.23

³ CGA by NielsenIQ Brandtrack 2022 Q3 sample size: 1,582-1,715

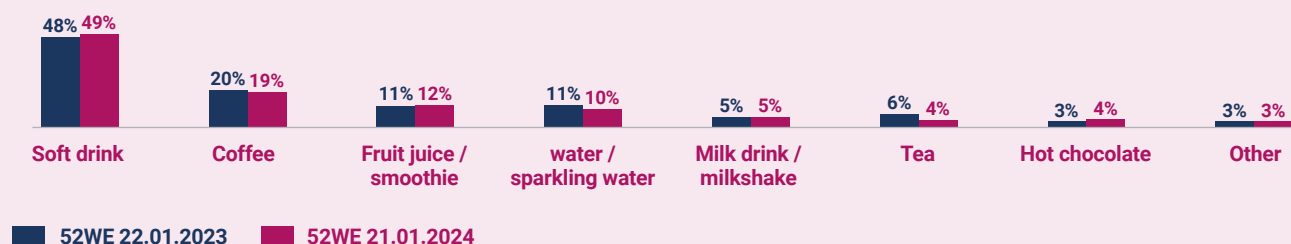
⁴ Lumina-Intelligence-UK-Food-to-Go-Market-Report-2024 – P13

Soft drinks gain share of lunch and snack occasions

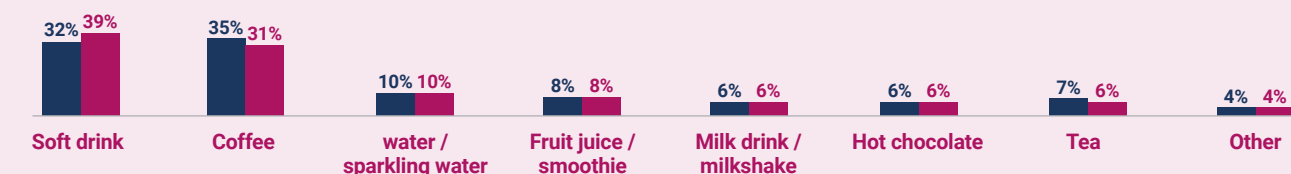
Soft drinks play an important role in lunch and snacking occasions outside the home. That importance is growing: 48% of food-to-go lunch occasions featured soft drinks in 2022,⁵ rising to 49% in 2023;⁵ and 32% of food-to-go snacking occasions featured soft drinks in 2022⁵, rising to 39% last year.⁵ Linked deals have played a key role in driving this growth.



Top 10 drinks consumed by daypart - Lunch, Food-to-go occasions⁵



Top 10 drinks consumed by daypart - Snack, Food to go occasions



It's important that the independent sector doesn't get left behind in the race for value. Independent operators accounted for 29% of fast food turnover in 2023,⁶ and we're helping this grow with bespoke point of sale material for Tango. This included the distribution of 600k bespoke Tango branded chicken boxes through wholesalers, including Caterchoice, N&B Foods and Z&H Foods – activity that helped drive sales and brand awareness, and will be repeated with an increased roll-out in 2024.

Simply offering money off isn't the only way to attract value conscious consumers and keeping them coming back, of course. With many people looking to save money by trading down from more expensive outlets such as pubs and restaurants, foodservice operators are increasingly rewarding customers who sign up for loyalty schemes to win repeat custom.



⁵ Lumina Intelligence Eating and Drinking Out Panel 12 w/e 22.01.23 and 12 w/e 21.01.24

⁶ Lumina Intelligence Market Sizing, March 2024

Use varies from channel to channel. Loyalty cards and digital loyalty programmes accounted for 10.3% of promotions used across foodservice as a whole in 2023,⁷ but only 5.5% of deals in QSR, where meal deals are a more popular mechanic (accounting for 12.5% of promotions).⁷ Coffee and sandwich shops are where loyalty schemes are driving most custom, with 7.3% of customers now members (up 3.6% pts year-on-year)⁷ and 17.6% of promotions used being loyalty related (up from 15.4% in 2022).⁷

Operators are also winning custom by offering more specialist menus and personalised meals. Gail's, for example, has relaunched the click & collect function on its loyalty app, and Greggs has introduced made-to-order propositions including a range of baguettes and pizzas to encourage consumers to trade up and boost sales⁸. The operator has also been using the Greggs App to improve the customer journey and reduce costs.

Of course, another way to keep customers coming back is simply to make your menus stand out from

the crowd. As we've seen, Flat Iron is doing this by specialising in steak, which has traditionally been seen as an upmarket, special occasion dish, and players such as Popeyes and Thunderbird are leveraging the versatility of chicken by offering a range of products inspired by more exotic cuisines⁸.



The rise of more fast-food restaurants specialising in a greater variety of cuisines offers opportunities for food and soft drink pairings that go beyond the classic burger and Pepsi MAX® combo. For example, London Essence Company Spiced Ginger Beer pairs perfectly with spicier Asian dishes, Tango Mango Sugar Free (which landed in February 2024) complements and cuts through the richness of dishes such as fried chicken. Sales of mango-flavoured drinks have surged by 26% in the past year.⁹

Tango Mango has been launched to build on the success of 2022 limited edition Peachy Berry and 2023's Paradise Punch, which have generated sales worth £16.8m between them across the total market.¹⁰ By causing a stir with exciting flavour innovations and offering refreshment at great prices, we're ensuring we and our foodservice partners keep pace with fast food's rapid growth. Why not join us?



⁷ Lumina Intelligence Eating and Drinking Out Panel, data collected 52WE 25.12.22 and 52WE 24.12.23

⁸ Lumina UK Eating Out Market Report, May 2023

⁹ NielsenIQ RMS, Total Coverage GB, Total Soft Drinks Mango and Mango flavoured drinks, Britvic Defined, Value % chg vs YA MAT to 24.06.23

¹⁰ NielsenIQ Retail Measurement, GB Total Coverage, Berry Peachy & Paradise Punch combined RSV 2023 sales w/e 30.12.23

A bolt from the blue

Taste is king in cola. It's the top influence on people's drink choices¹¹ and key to the success of Pepsi MAX®, the UK's bestselling sugar-free cola.¹² Nearly three-quarters (71.5%) of people say they prefer the taste of Pepsi MAX® to the UK's biggest selling full-sugar cola.¹³ Pepsi MAX® Cherry, Lime and Mango are also the UK's top flavoured colas, with sales worth £200m.¹⁴ But everything, even cola, needs a bit of extra excitement and colour every so often.

Hence the launch of Pepsi Electric – a zesty, refreshing, citrusy, electric blue cola. Pepsi's latest zero-sugar cola is rolling into independent fast food outlets from May in 500ml PET bottles. Pepsi Electric won 97% approval ratings in consumer testing,¹⁵ so we're certain it will help attract more Gen-Zers, who are more likely to buy new flavours, through our partners' doors. How's that for a bolt from the blue?



Building digital loyalty

Foodservice is going high tech. A recent poll found that 83% of foodservice operators intend to invest in technology in the next three years as they step up efforts to cement loyalty and improve customer experience.¹⁶ Examples are varied: Subway is forking out on self-serve kiosks and KFC is continuing to invest in its unique game-based loyalty app Rewards Arcade, while Zizzi has launched its Zillionaire's Club

platform, which offers rewards every time customers visit restaurants and use click & collect or order deliveries. The scheme is aimed at delivering a more personalised service. Nando's is also continuing its digital loyalty journey, offering diners the chance to collect redeemable "chillies" and other personalised benefits every time they spend £7 or more.¹⁷



¹¹ Kantar WPO, Usage, Cola Need States, MAT 52 WE 27.11.22

¹² NielsenIQ RMS, Total Coverage inc. Discounters, Cola Sector Britvic Defined, Value Sales, 52 w/e 30.03.24

¹³ In a blind sampling in the UK between 03/10/23 to 25/11/23: 39,266 of 54,899 people sampled preferred the taste of Pepsi MAX® to the UK's biggest selling full sugar

¹⁴ Nielsen IQ RMS, Total Cola, Total Coverage GB, RSV value change in absolutes, 2023 full year to week ending 30.12.23

¹⁵ Ada Zappi Early Concept Test – Q2 '23

¹⁶ CGA by NielsenIQ, Business Confidence Survey October 2023

¹⁷ Lumina UK Restaurant Market Report November 2023

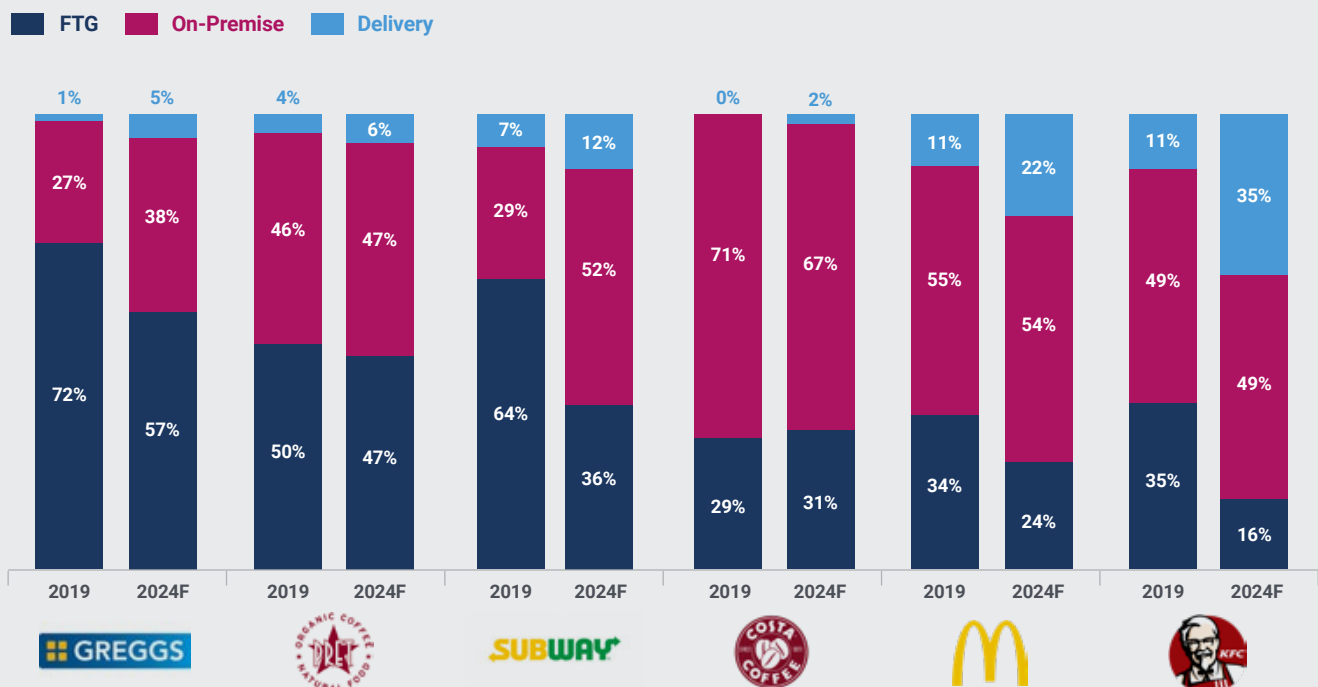
Driving growth in delivery

D-commerce is going places. By the end of this year, orders made on delivery apps will have grown share of leading foodservice brands' turnover by an expected 8% pts compared to 2019.¹⁸ Delivery will have gone from 11% to an expected 22% of McDonald's turnover in the same timeframe¹⁸; 35% of KFC's turnover is forecast to come through delivery by the end of the year, up from 11% in 2019.¹⁸ But here's the rub: only 26.7% of orders through delivery aggregators include a soft drink,¹⁹

suggesting operators are missing a trick to maximise order value. Here at Britvic, we're working with partners to address this. For example, the KFC Hat Trick Bundle offered customers who ordered Family Feast Buckets with 1.5l bottles of Pepsi MAX[®] via Uber Eats, Just Eat or Deliveroo the chance to win a £5k cash prize. It drove an 11.7% increase in orders²⁰ and 14.3% of people who used the deal were new to KFC.²⁰



Leading foodservice FTG brands by total estimated turnover share, 2019-2024F¹⁸



¹⁸ Lumina Intelligence UK Food To Go Market Report 2024

¹⁹ Lumina intelligence, MAT data to 21.1.24, Total Soft Drinks, Delivery Lumina defined

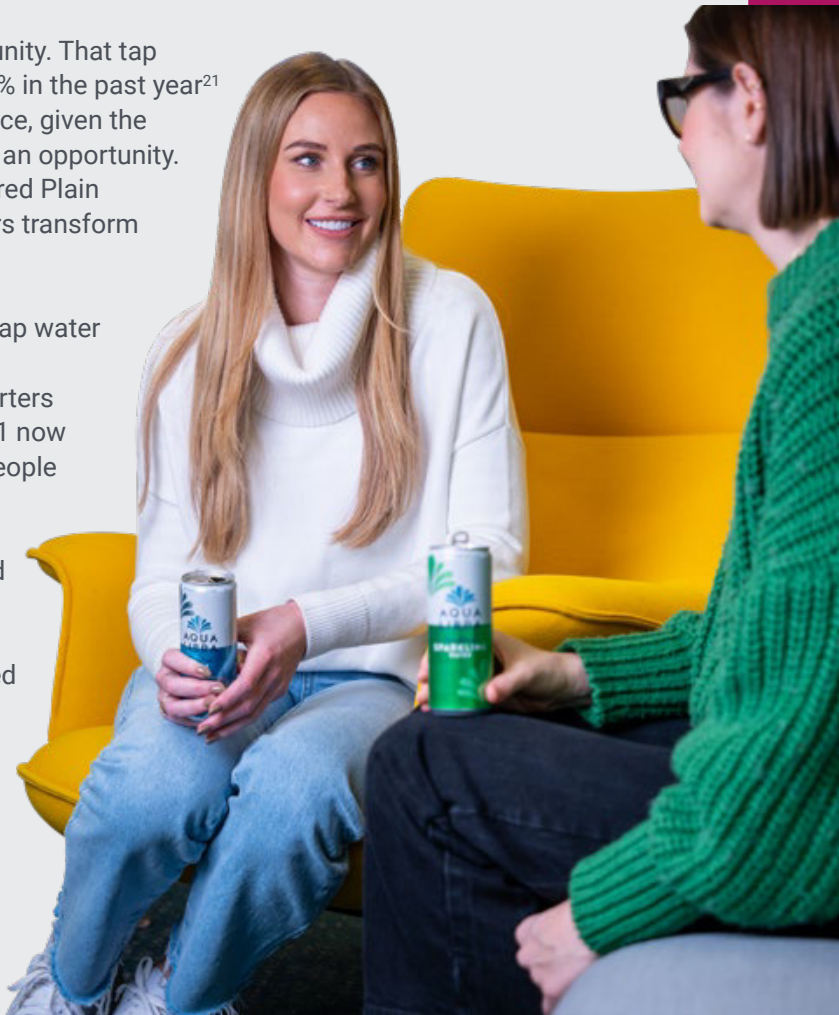
²⁰ Britvic internal data

Plain water: a clear opportunity for foodservice

Flip a challenge upside down and you'll find opportunity. That tap water consumption outside homes has risen by 1.5% in the past year²¹ could certainly be seen as a challenge for foodservice, given the importance of soft drinks to the sector. But it's also an opportunity. In January 2024, we launched Aqua Libra Pure Filtered Plain and Sparkling Water to help our foodservice partners transform the challenge.

The launch was informed by certain facts. Greater tap water consumption is being driven by growing health and environmental consciousness. More than three quarters (78%) of adults and two thirds of kids aged under 11 now use personal water bottles.²² Nearly half (46%) of people say sustainability is important when it comes to drinks packaging²³ and 45% think water sourced from the UK is more sustainable than water shipped from overseas.²³

That's why Aqua Libra Pure Filtered water is packaged in 330ml infinitely recyclable aluminium cans, with the water finely filtered and sourced from the UK, eradicating the need for unnecessary transportation miles. Aqua Libra Pure Filtered Sparkling and Still Water complements our existing range of infused waters under the Aqua Libra brand and allows our partners to increase their appeal to health and sustainability-conscious consumers.



How workplace operators can tap the “water plus” opportunity

The “water plus” category – comprising flavoured, infused and functional water products – is worth £16.6m and growing at 19.5% year-on-year.²⁴ We're helping workplace caterers tap into this opportunity with the Aqua Libra Flavour Tap. The system serves pure filtered water, either plain or infused with a choice of flavours (all containing zero calories, sugar and preservatives), at the touch of a button.

The Flavour Tap is establishing itself as a next-generation office perk, having served over 1 million drinks, with national and multinational businesses installing them in their facilities. Not only do the systems encourage healthy and flavourful hydration throughout the working day, they also make significant contributions to lowering companies' environmental impact.



²¹ Kantar Worldpanel GB – TH Usage Panel – Total Drinks – Occasions (consumer in-home & taken out) 52WE 14.05.23 vs 14.05.19

²² Ipsos water bottle omnibus, 1,095 adults aged 16-75 September 2023

²³ Mintel Bottled Water Report 2023

²⁴ CGA by NielsenIQ, Foodservice & Licensed report, Workplace Catering, Water Plus segment RSV 2023

Channel performance

UK eating out market value

£7,662,941

+2.4% YA

282,257 total no. outlets in 2023

-1.5% decline

All tables sourced from CGA by NielsenIQ, Foodservice & Licensed, Volume and Value, MAT w.e. 31.12.2023 (value in £'000) unless otherwise stated. All YoY % chg is vs MAT YA.

Hotels, pubs, bars & restaurants	Retail, travel & leisure	Contract catering
£4,644,843 Value sales	£2,054,979 Value sales	£963,120 Value sales
1.3% Value growth	0.9% Value growth	11.3% Value growth
96,652 Outlets	98,383 Outlets	87,221 Outlets
-4.2% Outlet growth	2.2% Outlet growth	-2.5% Outlet growth

Retail includes Fast Food QSR and High Street Food To Go

Pubs and Bars includes Bar, Bar Restaurant, Community Pub, Food Pub, High Street Pub, Nightclub

Service-led Restaurant includes Casual Dining and Restaurants

Fast food QSR	Contract catering	High street food-to-go	Leisure & travel
	Education £465,567 27,524 Outlets		
	Health & welfare £98,364 29,778 Outlets		
	Workplace £399,188 29,919 Outlets		
Total value £1,305,796 44,223 Outlets	Total value £963,120 87,221 Outlets	Total value £470,022 41,697 Outlets	Total value £279,161 11,462 Outlets
Total value growth -1.5%	Total value growth 11.3%	Total value growth 5.7%	Total value growth 4.3%

Total soft drinks in foodservice

£3,018,099

+4%

Contract catering	Fast food QSR	High st. food-to-go	Leisure & travel
£963,120 11.3%	£1,305,796 -1.5%	£470,022 5.7%	£279,161 4.3%

Category performance

	Value (£'000)	% change vs YA
Cola	1,101,896	-1.4
Flavoured carbs	605,133	-1.7
Lemonade	27,019	8.2
Mixers	6,681	20.0
Plain water	258,425	7.0
Still juice drinks	371,897	0.0
Pure juice other	295,132	26.1
Gluc stim	91,051	13.6
Squash	46,528	17.5
Pure juice mixers	72,356	18.6
Water plus	88,384	26.5
Carbonated juice drinks	17,643	88.1
Sport	21,877	22.0

Sugar content

	Value (£'000)	% change vs YA
High sugar	1,376,252	-0.8
Low sugar	873,696	0.0

High Sugar includes high sugar, medium sugar, moderate sugar, naturally high sugar

Low Sugar includes low sugar and sugar free

Based on static soft drinks levy coding in 2018

Still vs sparkling

	Value (£'000)	% change vs YA
Sparkling	1,934,241	0.7
Still	1,083,857	10.4

Biggest segments in foodservice

	Value (£'000)	% change vs YA
Cola	1,101,896	-1.4
Flavoured carbs	605,133	-1.7
Still juice drinks	371,897	0.0
Pure juice other	295,132	26.1
Plain water	258,425	7.0

Foodservice – Total soft drinks

	Value Sales (£'000)			Volume Sales (000's L)		
	MAT YA	MAT TY	MAT % change YA	MAT YA	MAT TY	MAT % change YA
Total soft drinks	2,902,804	3,018,099	4.0	1,043,009	1,051,429	0.8
Draught	1,164,176	1,179,948	1.4	510,731	507,737	-0.6
Packaged	1,738,628	1,838,151	5.7	532,278	543,692	2.1

Soft drinks categories in foodservice

	Value Sales (£'000)			Volume Sales (000's L)		
	MAT YA	MAT TY	MAT % change YA	MAT YA	MAT TY	MAT % change YA
Total soft drinks	2,902,804	3,018,099	4.0	1,043,009	1,051,429	0.8
Total soft drinks beverage syrups	5,743	7,452	29.8	549	682	24.2
Total soft drinks coffee	8,301	6,626	-20.2	1,091	873	-20.0
Total soft drinks cola	1,117,143	1,101,896	-1.4	380,761	373,823	-1.8
Total soft drinks flavoured carbs	615,763	605,133	-1.7	212,278	207,172	-2.4
Total soft drinks gluc stim sport	98,103	112,928	15.1	21,804	24,945	14.4
Total soft drinks juice drinks	381,151	389,540	2.2	98,067	100,282	2.3
Total soft drinks lemonade	24,969	27,019	8.2	14,394	15,271	6.1
Total soft drinks mixers	5,568	6,681	20.0	808	943	16.7
Total soft drinks pure juice	295,045	367,488	24.6	88,163	99,331	12.7
Total soft drinks squash	39,595	46,528	17.5	80,666	79,108	-1.9
Total soft drinks water	311,424	346,809	11.4	144,428	148,998	3.2

Top 10 brands in foodservice

	Value sales (£'000)			Volume sales (000's L)		
	MAT YA	MAT TY	MAT % change YA	MAT YA	MAT TY	MAT % change YA
Coca Cola	592,018	577,459	-2.5	188,463	183,549	-2.6
Diet Coke	219,363	204,935	-6.6	73,861	68,824	-6.8
Fanta	193,827	172,049	-11.2	65,784	57,718	-12.3
Coke Zero	152,793	163,457	7.0	55,843	58,147	4.1
Pepsi Max®	108,041	111,997	3.7	46,803	47,970	2.5
Oasis	119,604	111,981	-6.4	35,229	33,684	-4.4
Robinsons Fruit Shoot	79,194	69,380	-12.4	16,148	14,457	-10.5
Harrogate Spa	46,766	50,578	8.2	22,946	21,867	-4.7
Tango	49,066	49,478	0.8	16,714	16,905	1.1
Tango Sugar Free	55,017	47,253	-14.1	20,482	17,590	-14.1
Sprite Zero	46,230	46,231	0.0	19,858	20,159	1.5
7UP Free	35,027	35,211	0.5	13,507	13,608	0.7

Top 5 manufacturers in foodservice

	Value sales (£'000)			Volume sales (000's L)		
	MAT YA	MAT TY	MAT % change YA	MAT YA	MAT TY	MAT % change YA
CCGB	1,535,807	1,497,428	-2.5	503,777	490,890	-2.6
Britvic	454,930	450,195	-1.0	158,662	156,348	-1.5
Other suppliers	275,219	324,874	18.0	158,943	163,226	2.7
Radnor Fruit Farms	105,743	124,678	17.9	41,495	44,063	6.2
Nestle	65,688	72,741	10.7	28,686	31,618	10.2

Other Suppliers includes regional companies that are grouped together

Glossary

Business and Industry

Contracted / In-House

Carbonates

A drink made predominantly from carbonated water to which juice or flavourings have been added

Cola

Cola-flavoured carbonated drinks, including cola with flavours such as cherry, twist of lemon, etc. Includes all clear and coloured colas

Contract catering

On site catering provided within public sector and workplace environments. Canteen/restaurant catering

Dilutes (also see Squash)

Concentrated beverage, commonly called squash, cordial or syrup. Must be diluted prior to consumption

Energy drinks

All 'energy boosting' drinks such as Red Bull, normally fizzy

Foodservice

Defined in this report as Education, Health and Welfare, Workplace Catering, Travel and Leisure, High Street food to go, Quick Service Restaurants

Fruit flavoured carbonates

Flavours are typically orange, cherry, lime, blackcurrant, apple, pineapple and grapefruit, lemon, lemon and lime, tropical and other mixed fruit flavours. Also includes Tizer, Dr Pepper and Vimto, as these brands contain fruit

Gen Z

The demographic cohort after Millennials. Most of Gen Z have used the Internet since a young age and are comfortable with tech and social media. There is no precise date for when Gen Z begins, but demographers and researchers typically use the mid-1990s to mid-2000s as starting birth years

Iced coffee

A ready-to-drink packaged coffee beverage, containing coffee, that is usually consumed chilled

Juice drinks

A non-carbonated drink which generally contains fruit juice (some may not) plus added water or other ingredients

Leisure

Sports Clubs / Event Catering / Stadia / Visitor Attractions / Entertainment Venues

Lemonade

All conventional clear and cloudy or traditional, carbonated lemonade; flavoured with lemon juice and additional fruit flavours to produce coloured lemonade

Millennials

A term used to describe individuals born between the mid-1980s to the mid-1990s, those who are now aged between their mid-twenties and mid-thirties. This is the generation that entered adulthood during the first decade of the millennium

Mixers

Drinks intended to dilute an alcoholic beverage, as well as being consumed as a standalone soft drink

Natural energy

Natural Energy are Energy drinks which contain stimulants from a natural source

Non-fruit flavoured carbonates

Non-fruit flavoured carbonates, excluding cola but including Irn Bru. Also includes traditionals such as cream soda, ginger beer and shandy

OOH

Out of Home. Includes Retail, Travel & Leisure

Public sector

Defence / Justice / Healthcare / Local Authorities / Oil Rigs

Pure juice (other)

A non-carbonated 100% pure juice or other juice blend with no added water or sweetener, that may be chilled or longlife. Includes all concentrated juices, with the exception of frozen juice

Retail

Coffee Shops / Sandwich Bars / Bakery Stores / Department Stores / Supermarket Cafes / Supermarket Grab and Go/ Convenience Grab and Go

Sports drinks

Drinks that are specifically designed to replace minerals, sugars, trace elements and fluids as a result of exercise. Can include dilutables and powders

Squash (also see Dilutes)

Concentrated beverage, commonly called squash, cordial or syrup. Must be diluted prior to consumption

Stills

Collective term for the non-carbonated segments

Stimulants

All 'energy boosting' drinks such as Red Bull, normally fizzy

Water

Still or sparkling water with nothing else added

Water plus / Flavoured water

Sparkling or still flavoured water



BRITVIČ