Introduction

Soft drinks companies have been engaged in calorie reduction initiatives for many years but since 2012 industry action has stepped up considerably. This change in pace has led to a 16% reduction in sugar intake from soft drinks over the last four years. This serious commitment to calorie reduction has seen manufacturers undertake a variety of initiatives including:

- New product development
- Creative recipe changes
- Widening the availability of smaller pack sizes
- Increasing advertising spend on low and no calorie drinks

Every soft drink category has significantly reduced sugar intake, most notably carbonates (17%) and dilutables (35%). Sales of bottled water continue to rise (8% in 2015) and smaller pack sizes have increased by over a quarter (26.5%) since 2011.

Nevertheless, the industry recognised that it could go further. In 2015 the sector set out plans to reduce sugar and calorie intake from its drinks by 20% by 2020. Companies also voluntarily agreed not to advertise regular soft drinks to children under 16, across all media channels, including online.

The soft drinks industry continues to lead the way in reducing sugar and calorie intake from its products. It’s worth bearing in mind that soft drinks account for only 3% of calories (5% for teenagers) in the average UK diet.

We recognise we have a role to play in tackling the challenge of obesity and we are taking action. However, we are only likely to have a real impact in the UK if we move beyond one product or ingredient and adopt a holistic approach that addresses overall diet and lifestyle.

Sources

- Official production and trade statistics
- Face-to-face interviews with leading soft drinks producers
- Interviews with retailers, distributors and associated industries
- Consumer surveys
- Quarterly monitoring of product offered in all trade channels in selected markets

Industry terms

Regular: 31 and above kcal per 100ml
Mid calorie: 21-30 kcal per 100ml
Low & no calorie: 0-20 kcal per 100mL*


Contents

Leading the way
2 Report methodology and background
3 Introduction
What we’ve done so far
5 Overall soft drinks consumption
6 Bottled water
7 Carbonates
8 Dilutables
9 Fruit juice
10 Still and juice drinks
11 Sports and energy drinks
12 Sugar reduction
13 Product innovation
14 Smaller pack sizes
15 Advertising and marketing
What more can we do
16 Advertising to under 16s
19 Calorie reduction
About the soft drinks industry
21 Education
22 Employment
23 Sustainability

In line with its European colleagues, the British Soft Drinks Association commissioned food, drink and retailing data analysts Canadean to produce its 2016 annual report. This is the first time BSDA has used Canadian so please note there will be some differences with figures from previous reports.

The key strength of Canadean’s methodology is that it works in industry partnerships across the value chain, from suppliers to brand producers and both on- and off-premise channels.

The research is built from brand data upwards. The ‘brick-by-brick’ approach ensures that the research gives insights from all angles: from brand volume through to corporate volume, flavour segmentation, packaging splits and channel distribution.

The companies featured in the company profiles and those whose brands are featured in the individual market categories are selected through regular market observation based on the size of their output and/or their dynamism.

Nevertheless, the industry recognised that it could go further. In 2015 the sector set out plans to reduce sugar and calorie intake from its drinks by 20% by 2020. Companies also voluntarily agreed not to advertise regular soft drinks to children under 16, across all media channels, including online.

The soft drinks industry continues to lead the way in reducing sugar and calorie intake from its products. It’s worth bearing in mind that soft drinks account for only 3% of calories (5% for teenagers) in the average UK diet.

We recognise we have a role to play in tackling the challenge of obesity and we are taking action. However, we are only likely to have a real impact in the UK if we move beyond one product or ingredient and adopt a holistic approach that addresses overall diet and lifestyle.

Sources

- Official production and trade statistics
- Face-to-face interviews with leading soft drinks producers
- Interviews with retailers, distributors and associated industries
- Consumer surveys
- Quarterly monitoring of product offered in all trade channels in selected markets

Industry terms

Regular: 31 and above kcal per 100ml
Mid calorie: 21-30 kcal per 100ml
Low & no calorie: 0-20 kcal per 100mL*

Overall soft drinks consumption

<table>
<thead>
<tr>
<th>Definition</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume M litres</td>
<td>13220</td>
<td>13422</td>
<td>13247</td>
<td>13354</td>
<td>13279</td>
<td>13253</td>
</tr>
<tr>
<td>YOY growth (%)</td>
<td>1.8</td>
<td>1.5</td>
<td>-1.3</td>
<td>0.8</td>
<td>-0.6</td>
<td>-0.2</td>
</tr>
<tr>
<td>Litres per capita</td>
<td>210.6</td>
<td>212.0</td>
<td>208.0</td>
<td>208.2</td>
<td>205.5</td>
<td>203.6</td>
</tr>
<tr>
<td>Value M GBP</td>
<td>11905</td>
<td>12568</td>
<td>12844</td>
<td>13320</td>
<td>13624</td>
<td>13986</td>
</tr>
<tr>
<td>Value YOY growth (%)</td>
<td>4.0</td>
<td>5.6</td>
<td>2.2</td>
<td>3.7</td>
<td>2.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Value per capita (£)</td>
<td>190</td>
<td>199</td>
<td>202</td>
<td>208</td>
<td>211</td>
<td>215</td>
</tr>
</tbody>
</table>

Source: Canadean

What we’ve done so far

Sugar intake from overall soft drink consumption is down over 16% since 2012

Source: Kantar Worldpanel

### Category split

1. Carbonated soft drinks - 38%
2. Bottled water - 19%
3. Fruit juice - 7%
4. Sports & energy drinks - 4%
5. Dilutables - 22%
6. Still & juice drinks - 8%

### Packaging split

1. PET/plastics - 72%
2. Metal - 11%
3. Carton - 9%
4. Glass/bottles - 6%
5. Dispense - 5%

### Calorie split

1. No/low calorie - 58%
2. Mid calorie - 6%
3. Regular - 36%

Source: Kantar Worldpanel
Bottled water

Definition
Still, sparkling and lightly carbonated; natural mineral waters, spring waters and bottled drinking waters packaged in sizes of 10 litres or below; water for coolers in sizes of 10.1 and above.

Carbonates

Definition
Ready to drink carbonates, including draught and home dispense; regular, mid, low and no calorie; sparkling juices; cola, lemon including lemonade; lemon-lime; mixers including tonic and bitter drinks; orange; shandy; others including other carbonated fruit flavours, sparkling flavoured water, health drinks and herbal drinks.

Volume M litres
2010 2011 2012 2013 2014 2015
1954 1984 2022 2163 2369 2564
YOY growth (%) 3.0 1.5 1.9 7.0 9.5 8.2
Litres per capita 31.2 31.3 31.7 33.7 36.7 39.4
Value M GBP 1077 1135 1183 1301 1431 1546
Value YOY growth (%) 6.5 5.4 4.3 10.0 10.0 8.1
Value per capita (£) 14.8 14.8 15.3 16.2 17.8 19.3
Share of total soft drinks (%) 14.8 14.8 15.3 16.2 17.8 19.3

In 2015 bottled water sales increased by 8%.

Sugar intake from carbonates is down 17% since 2012.
**Dilutables**

**Definition**

Squashes, cordials, powders and other concentrates for dilution to taste by consumers, expressed as ready to drink (RTD). Typically adding 4 parts water to 1 part product for single concentrates, 9 parts water to 1 part product for double concentrates and varying amounts for super concentrates with 50-70ml making 5-7 litres RTD.

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume M litres</th>
<th>YOY Growth (%)</th>
<th>Litres per capita</th>
<th>Value M GBP</th>
<th>Value YOY Growth (%)</th>
<th>Value per capita (£)</th>
<th>Share of total soft drinks (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1212</td>
<td>0.0</td>
<td>19.3</td>
<td>1494</td>
<td>5.9</td>
<td>23.8</td>
<td>9.2</td>
</tr>
<tr>
<td>2011</td>
<td>1180</td>
<td>-2.7</td>
<td>18.6</td>
<td>1534</td>
<td>2.7</td>
<td>24.2</td>
<td>8.8</td>
</tr>
<tr>
<td>2012</td>
<td>1144</td>
<td>-3.0</td>
<td>18.0</td>
<td>1553</td>
<td>1.3</td>
<td>24.4</td>
<td>8.6</td>
</tr>
<tr>
<td>2013</td>
<td>1079</td>
<td>-5.7</td>
<td>16.8</td>
<td>1527</td>
<td>-1.7</td>
<td>23.8</td>
<td>8.1</td>
</tr>
<tr>
<td>2014</td>
<td>996</td>
<td>-7.7</td>
<td>15.4</td>
<td>1476</td>
<td>-3.3</td>
<td>22.9</td>
<td>7.5</td>
</tr>
<tr>
<td>2015</td>
<td>947</td>
<td>-4.9</td>
<td>14.6</td>
<td>1444</td>
<td>-2.2</td>
<td>22.2</td>
<td>7.1</td>
</tr>
</tbody>
</table>

**Source:** Canadean

---

**Fruit juice**

**Definition**

100% fruit content equivalent, sometimes referred to as pure juice or 100% juice. Chilled juice comprises four main types: freshly squeezed juice; not from concentrate juice; chilled from concentrate (may be from concentrate or part from concentrate); smoothies. Ambient or long life juices are mainly from concentrate.

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume M litres</th>
<th>YOY Growth (%)</th>
<th>Litres per capita</th>
<th>Value M GBP</th>
<th>Value YOY Growth (%)</th>
<th>Value per capita (£)</th>
<th>Share of total soft drinks (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1212</td>
<td>0.0</td>
<td>19.3</td>
<td>1494</td>
<td>5.9</td>
<td>23.8</td>
<td>9.2</td>
</tr>
<tr>
<td>2011</td>
<td>1180</td>
<td>-2.7</td>
<td>18.6</td>
<td>1534</td>
<td>2.7</td>
<td>24.2</td>
<td>8.8</td>
</tr>
<tr>
<td>2012</td>
<td>1144</td>
<td>-3.0</td>
<td>18.0</td>
<td>1553</td>
<td>1.3</td>
<td>24.4</td>
<td>8.6</td>
</tr>
<tr>
<td>2013</td>
<td>1079</td>
<td>-5.7</td>
<td>16.8</td>
<td>1527</td>
<td>-1.7</td>
<td>23.8</td>
<td>8.1</td>
</tr>
<tr>
<td>2014</td>
<td>996</td>
<td>-7.7</td>
<td>15.4</td>
<td>1476</td>
<td>-3.3</td>
<td>22.9</td>
<td>7.5</td>
</tr>
<tr>
<td>2015</td>
<td>947</td>
<td>-4.9</td>
<td>14.6</td>
<td>1444</td>
<td>-2.2</td>
<td>22.2</td>
<td>7.1</td>
</tr>
</tbody>
</table>

**Source:** Canadean
Still and juice drinks

Definition
High fruit juice (25-99% fruit content); juice drinks including juicy water (5-30% fruit content); other still drinks (0-5%) including iced tea, still flavoured water and non-fruit drinks.

Sports and energy drinks

Definition
Sports drinks - Drinks that enhance physical performance before, during or after physical/sporting activity. Sports drinks replace fluids and electrolytes/minerals lost by sweating and supply a boost of carbohydrate: isotonic (fluid, electrolytes and 6 to 8% carbohydrate), hypotonic (fluids, electrolytes and a low level of carbohydrate) and hypertonic (high level of carbohydrate).

Energy drinks - Traditional glucose based energy drinks; functional or stimulation energy drinks which claim a particular energy boost from caffeine, guarana, taurine and ginseng or other herbs or some combination of these ingredients.

Calorie split
1. No/low calorie - 28%
2. Mid calorie - 8%
3. Regular - 64%

Category split
1. Juice drinks - 47%
2. Still flavoured water - 25%
3. High fruit juice - 19%
4. Juicy water - 8%
5. Other - 2%

Packaging split
1. PET/plastic - 59%
2. Carton - 22%
3. Foil pouch - 10%
4. Glass/other - 9%

Source: Canadean

Sugar intake from still and juice drinks is down 9.5% since 2012

Source: Kantar Worldpanel

Energy drinks market is worth over £2 billion - up nearly 8% from 2014

Sweetener split energy drinks
1. No/sweetener - 5%
2. Mid-calorie - 33%
3. Regular - 62%

Source: Canadean
Sugar reduction

In 2011 AG Barr committed to reduce the average calorific content per 100ml of its drinks portfolio by 5% by 2016. By the end of 2015 they had achieved an 8.8% reduction.

By removing added sugar varieties of Robinsons and Fruit Shoot and reformulating other drinks, Britvic has removed more than 18 billion calories from the soft drinks category since 2012.

By the end of 2014 Nichols had removed more than 2,300 tonnes of sugar, 9.5 billion calories, from its products. In the last 12 months Nichols has further reduced the sugar usage across the portfolio by 8%

Purity Soft Drinks has reduced the added sugar levels in its core range by 40% in the past 3 years, with 20% out in 2013 and now a further 20% out in the 2016 relaunch.

UK soft drinks manufacturers have reduced sugar intake from their products by 16.2% since 2012

Product innovation

In 2014 Coca-Cola launched Coca-Cola Life which contains a third fewer calories than the regular option.

In May 2016 Lucozade Ribena Suntory launched a low calorie version of its iconic brand Lucozade.

In partnership with Unilever and Britvic, PepsiCo reformulated the Lipton Ice Tea range in 2015, using sweetener from a natural source, Stevia, to reduce sugar levels by 30%. Each 500ml bottle now contains fewer than 100 calories.

As part of SHS Drinks’ commitment to reduce calories from its products by 5% by April 2016, they launched Shloer Light in 2014 which contains half the calories of ‘regular’ Shloer.
Case studies

Coca-Cola has increased its marketing investment on no-sugar, no-calorie cola drinks by 52% between 2012 and 2014.

Since 2014 Nichols has focused all above-the-line communications on their no added sugar ranges.

72% of Pepsi’s 2015 estimated retail sales were in no sugar colas thanks to initiatives such as a commitment to only advertise low or no sugar cola varieties and better value pricing.

Following its ‘Zero Excuses’ campaign in 2015 5% of consumers of regular Red Bull moved to the low and no calorie options in less than a year.

Advertising and marketing

Between 2012 and 2014 UK soft drinks manufacturers increased their ad spend on low and no calorie drinks by 70%.

Smaller pack sizes

In 2014 sales of 250ml Coca-Cola grew by 23%, increasing distribution by more than 4,300 stores, to a total of 13,655 stores.

IRN-BRU regular and IRN-BRU sugar free 250ml packs are currently available in 75% of supermarkets in Scotland.

In partnership with PepsiCo, Britvic now offer 250ml multipack cans of Pepsi, Pepsi Max, Diet Pepsi, 7Up and Tango.

In 2014, Tropicana introduced a kids’ multipack for lunchboxes with a smaller 150ml portion of 100% fruit juice which equates to one of your five-a-day.

Following a significant increase in availability, sales of 250ml cans have risen by 26.5% since 2011.
What more can we do...
In 2015 the soft drinks industry became the only food and drink category with an ambitious plan to reduce calorie intake from its products by 20% by 2020. We will reach this goal by building on our most successful efforts of recent years.

- New product development
- Creative recipe changes
- Ever wider availability of smaller pack sizes
- Increase in advertising spend on low and no calorie drinks

Advertising to under 16s

As under 16s receive most advertising through social media and other online channels the soft drinks industry has voluntarily extended the current code for broadcasting to all of its advertising.

- No advertising to under 16s on social media and other online channels
- No advergames aimed at under 16s that feature regular soft drinks
- No static advertising within 100m limit of a school
- No advertising at or sponsoring sporting events and concerts aimed at unaccompanied under 16s

Calorie reduction

20% Calorie reduction to be achieved by December 2020
Education and skills

The UK soft drinks industry is a major contributor to the economy and continues to support growth by investing in skills for the future, both for the people working in the industry and for those taking their first steps into employment. Our members have implemented and supported many successful education and training programmes; from school through to university and beyond.

The British Soft Drinks Industry Foundation offers educational grants to support students taking courses in food science and technology and also funds apprenticeships for those working within the soft drinks industry.

Case Studies

Since 2014, A.G. Barr has invested £400k in The Prince’s Trust to support 13 – 30 year olds who are unemployed or struggling at school.

21 apprentices are currently participating in Britvic’s training scheme.


Lucozade Ribena Sunrty runs an accredited apprenticeship scheme and a two-year graduate programme and provides undergraduate and PhD student sponsorship.
Employment

The soft drinks industry is committed to British manufacturing and values the UK as a market place; reinvesting profits back into industry development, training and skills. It is also a highly efficient and productive sector – for every employee in soft drinks manufacturing some £126,000 is added to the national economy.

Soft drinks companies continuously invest in new technology and improved efficiency. Having high productivity rates, it is also a sector that rewards its employees well with an average wage of over £30,000. It also stimulates the wider economy significantly - for every direct job in UK soft drinks manufacturing, a further five are supported in the supply chain.

The supporting functions of soft drinks manufacturers such as finance, marketing, HR, public relations and advertising also have a significant impact on the UK economy.

Overall, soft drinks sector activity has been estimated by Oxford Economics to sustain over 340,000 jobs in manufacturing, retailing and hospitality.

15K people are directly employed by the soft drinks industry

348K+ jobs are supported by the soft drinks industry

£5.6bn generated by the industry in wages

Sustainability

The Soft Drinks Sustainability Roadmap was set up by the industry in collaboration with Defra and the Waste and Resources Action Programme (WRAP). The Roadmap sets out opportunities for companies to reduce their environmental impact, conserve resources and is a means of sharing best practice throughout the supply chain. The Roadmap focuses on five key areas: water, waste reduction, packaging and litter, carbon reduction and sustainable sourcing.

The soft drinks industry is also committed to reducing the amount of packaging it uses and ensuring that it’s easy for the consumer to recycle. Through the Packaging Recycling Group Scotland (PRGS) we are working in partnership with key stakeholders to boost recycling, reduce waste and help tackle littering in Scotland which is a better approach to increasing recycling rates than the introduction of a deposit scheme.

0% of waste sent to landfill by the UK’s leading soft drinks companies

100% of all bottles, cans and cartons can be recycled

20% increase in plastic bottles collected for recycling from 2010-2014 (RECOUP)