

# Carbonated Soft Drinks - UK - June 2011

Report Price: £1500 / \$2310 / €1793



## What is this report about?

The carbonated soft drinks market has in many ways been helped by the economic downturn because of being a 'cheap indulgence'. However, it is hugely dependent upon the multiples, meaning that it remains a commoditised market that relies on huge volumes to make profits. With inflationary pressure increasing, it needs to capitalise on its brand equity to charge a higher premium and make more margin from what is essentially a mature market.

## What have we found out?

- Increasing outdoor marketing and retail 'touchpoints' (ie strategically placed vending machines) can get people drinking carbonated more on the go. Currently only 38% of drinkers do so compared to 64% of bottled water drinkers, not to mention 87% of drinkers of carbonated soft drinks who buy them to drink at home.
- There is also more room to target the 31.8 million UK workers through a more aggressive strategy of providing and stocking company vending machines. Currently only 11.5m of drinkers of carbonated soft drinks buy them to consume at work despite the product's penetration being as high as 40.9 million 15+ adults.
- Pepsi Max and Coke Zero still have considerable growth potential as shown by the recent discernable shift in more positive consumer attitudes towards low calorie fizzy drinks, particularly among colas. Mintel found that 45% of all drinkers are more likely to consider drinking low calorie carbonated soft drinks than a year ago.
- Manufacturers can capitalise more on the fact that over half of 16-24 year-olds like a variety of flavours. There has recently been little innovation beyond the core flavours of cola, lemon and orange, with Mintel's research showing that of new innovations in 2010, no other flavours accounted for more than 4% of new products to market.
- There is evidence that mainstream carbonated soft drinks can justify considerably higher price points in supermarkets, something which will increase margins and deliver greater brand equity. Mintel found that in net terms 30% favour buying established brands they trust compared to 11% who base their decision on discounts, while over a third (35%) always buy the same brand.
- Marketing carbonated soft drinks as for occasions or mood-states when people feel like having a naughty treat is an ideal way to target 16-34 year-olds. Mintel's research shows that over half (53%) of drinkers of carbonated soft drinks in this age group think of them as 'one of life's guilty pleasures' compared to 36% of over-35 year-olds.

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