Smoothies - UK - September 2010

Report Price: £1500 / $2310 / €1793

What is this report about?

The smoothies category has seen its exponential growth – driven by the success of Innocent – checked in the past three years, with the economic downturn seeing many consumers switching to cheaper alternatives such as pure fruit juices.

However, the decline of the category has also been due to negative publicity around adverse health effects and brands such as Innocent have not made a strong enough case as to why they are worth paying more for in spite of people having less money to spend.

The category is showing tentative signs of recovery and Mintel forecasts that a continued upturn in the economy, as well as smoothies' increased presence in the children's market, will see the category return to growth in the near future. However, to what extent this is so depends on dealing with consumer mistrust that smoothies are not as healthy as they claim to be.

What have we found out?

- Heavy discounting has failed to arrest the decline in the smoothie market, with consumers continuing to switch to cheaper alternatives such as fruit juice. As a result, the market declined by 36% between 2007 and 2009, following strong growth (+159%) between 2005 and 2007.
- Despite strong supporting evidence from the British Nutrition Foundation, Innocent has failed to defend itself, and the smoothie category in general, from accusations that smoothies are calorie laden and bad for your teeth.
- Innocent dominates the market, accounting for 80% of all value sales despite having a torrid time over the last two years. This is mainly on account of Pepsico's decision to discontinue market number two brand PJs, and its lack of success in extending the Tropicana brand into the smoothies market to fill the gap.
- Smoothie brands should be shouting louder about their exotic flavours, with three quarters of drinkers finding their exotic combination of fruits exciting.
- Smoothies should also be targeting the impulse channel more, as time pressed consumers look for a quick health fix, rather than relying on sales of litre cartons in supermarkets, where margins are being eroded by heavy discounts.
- Coca-cola's investment in Innocent should provide the brand with the distribution scale to improve margins while maintaining price competition. Mintel's price-analysis shows that unlike their litre option, Innocent's smaller sized 250ml bottles and 180g kids cartons are vey expensive compared to their soft drinks competitors.

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