

Carbonated Soft Drinks: Inc Impact of COVID-19 - UK - December 2020

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This report looks at the following areas:

- The impact of COVID-19 on the carbonated soft drinks market.
- The outlook for the market in the re-emergence from the pandemic and recovery up to 2025.
- The latest new product development (NPD) trends.
- Consumers' habits around drinking carbonated soft drinks and their reasons for doing so.
- Consumer attitudes towards carbonated soft drinks.

Relaxation has a – perhaps surprisingly – important role in usage of carbonated soft drinks. As many as a third of drinkers agree that carbonated soft drinks that contain relaxing ingredients are appealing.

The pandemic has hit total sales of carbonated soft drinks, which are estimated to have plunged by 28.5% in value and 7.8% in volume terms respectively in 2020. The record fall in on-trade sales in this market was entirely responsible for this slump, and masks a strong retail performance. However, sales will rebound in 2021, although the new wave of lockdowns in early 2021 adds a further challenge for the recovery of the on-trade. The role of these products as affordable and permissible treats, and the importance of emotion-led drivers, will support growth during the income squeeze.

The reinvigorated focus on health presents a threat to the market. However, this preoccupation with health and greater attention on weight management should further fuel the shift towards diet/light variants. Switching will be supported by the high level of L/N/R sugar launch activity which was triggered by the SDIL and has continued since.

The alcohol moderation trend, which is likely to gain extra momentum in the wake of the pandemic, presents one of the biggest opportunities for the market. This is especially the case for premium carbonated soft drinks, which are widely seen as a good alternative to alcoholic drinks. This positioning can



“Emotion-led motivations to drink CSDs have come to the fore since the COVID-19 outbreak and will be pivotal in driving usage in its aftermath, with nostalgia helping to create a feel-good factor. Strengthening associations with emotional wellbeing, for example with ingredients linked to relaxation, will resonate.”

– Emma Clifford, Associate Director – Food and Drink Research

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be pushed more actively through alcohol-inspired flavours, with strong interest in those based on cocktails. Providing recipe inspiration for mocktails would also resonate widely.

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- Heightened opportunities around global flavours
- An uptick in soda-maker ownership
- A need to address the guilt around drinking CSDs
- Alcohol-inspired flavours can capitalise on the alcohol moderation trend
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