Soft Drinks: European market, consumer trends, and innovation

July 2021

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1. Introduction

The present consumer and market report, titled **“Soft drinks: European market, consumer trends, and innovation”,** provides an analysis of the soft drinks sector, with a special focus on health. The geographical scope of the report is Europe, spotlighting the Atlantic Area countries (France, Ireland, Portugal, Spain, and United Kingdom). In the report, the production, value and volume of sales of the sector, as well as product launching, main positionings, consumer trends and market health claims were evaluated. The main information sources have been Innova Database, Innova Markets Insights, GlobalData, and European Commission databases, among others.

The following categories have been analysed: Waters, Carbonates and energy/stimulant drinks, Drink concentrates, mixes and meal replacements, Energy drinks, Juice and juice drinks, and Chilled coffee and tea. Waters includes flavoured and unflavoured water and plant-based waters. Flavoured and unflavoured water includes mineral water, carbonated/sparkling water and still water. Plant based waters includes coconut, maple and birch waters (the main ones) as well as aloe vera, artichoke, bamboo, cactus, cucumber, watermelon, olive, banana and rose water. Carbonates and energy/stimulant drinks includes all carbonated beverages, mixers (tonic water, bitter lemon), ginger ale, root beer, birch beer, non-alcoholic malt, and energy drinks. Drink concentrates, mixes and meal replacements includes all types of liquid and powder concentrates and dilutables. Juice and juice drinks include the subcategories Juices and Nectars, Fruit/Flavoured Still Drinks and Plant Based Waters. Chilled coffee and tea include beverages made of coffee and tea that can be consumed either cold or iced.

The present report is the second of a series of “consumer, market and innovation reports” that represent one of the several innovation support services for SMEs implemented in the scope of the project **“AHFES - A quadruple helix Atlantic Area healthy food ecosystem for growth of SMEs”**. The aim of this service, delivered by the Galician Food Cluster (Clusaga), is to provide to Atlantic Area SMEs working in the healthy food segment with information and knowledge helpful to guide their strategies within a specific market sector or country, as well as for the preparation of their product or commercial strategies.

AHFES: A quadruple helix Atlantic Area healthy food ecosystem for growth of SMEs

AHFES (*Atlantic Healthy Food EcoSystem*) is a European project funded by the Interreg Atlantic Area programme. The purpose of AHFES is to improve the overall competitiveness and growth of SMEs in the value chain of healthy food & lifestyles by contributing to enhancing a transnational innovation ecosystem that helps SMEs access knowledge, partners and markets and align their products and services to consumer needs and expectations.

Throughout the project duration (form March 2019 to August 2022), AHFES will deliver the following outputs:

- Intelligence gathering on current consumer trends regarding healthy food and lifestyles
- Mapping of the Atlantic Area healthy food and lifestyles innovation ecosystem
- Facilitation of networking and support in building transnational innovation partnerships
- Innovation training actions for SMEs
- Services tailored to SME needs

AHFES is implemented by the following organisations:

clúster alimentario de galicia | NORTHERN IRELAND FOOD & DRINK | Valorial OSONS L'ALIMENT PLUS INTELLIGENT

eit Food | Instituto_Nacional de Saúde Doutor Ricardo Jorge | NUI Galway OÉ Gaillimh

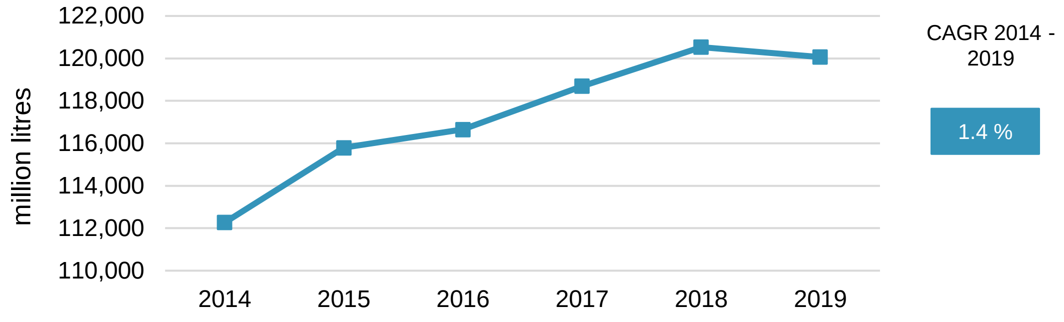
INOVCLUSTER Associação do Cluster Agro-Industrial do Centro | bicinnovation | Bwyd a Diod Cymru Food & Drink Wales

2. The market: European perspective

2.1 Overview of the soft drinks EU-28 market size

After five years of growth, in 2019 there was a slight decline in the European soft drinks industry sales volume according to UNESDA (Union of European Beverages Associations). Sales decreased by -0.39% from the previous year, reaching a sales volume of 120,067.3 million litres.

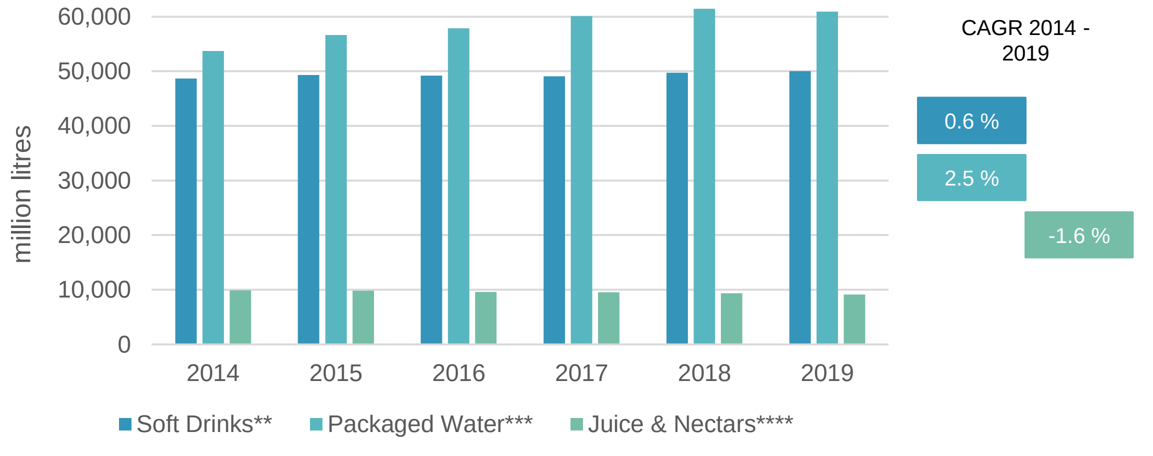
Soft drinks sales volume evolution in Europe (2014-2019)



Source: UNESDA
** The data above is collected by industry analysts Global Data.*

This contraction was mainly due to a decrease in the volume sales of Packaged Water (-0.9%) and Juice & Nectars (-2.5%). The table below includes the disaggregated study of the evolution of sales of the complete category.

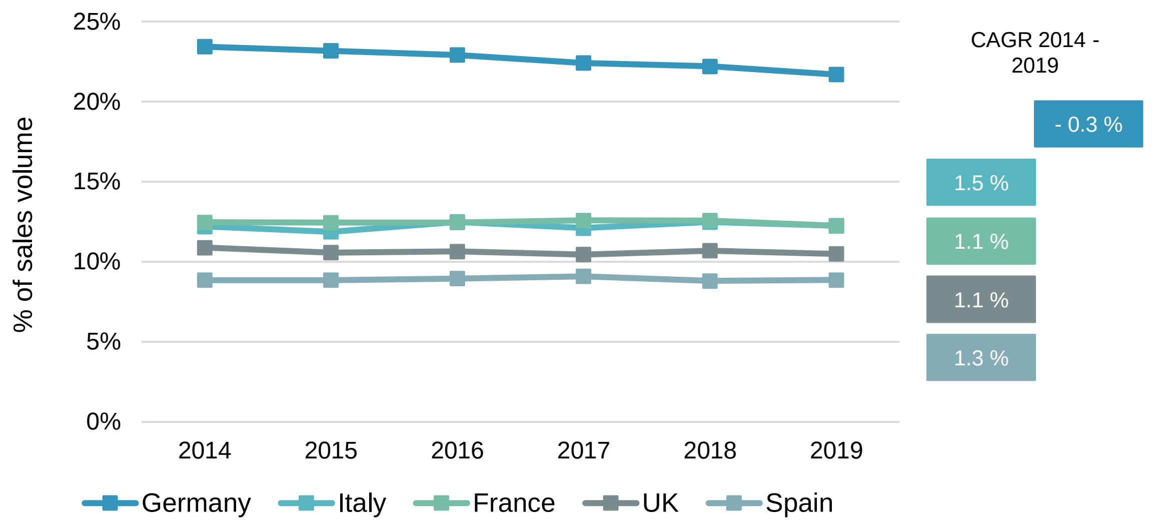
Composition of soft drinks sales in Europe (2014-2019)



Source: UNESDA
**The data above was collected by industry analysts Global Data.*
***"Soft Drinks" include: Carbonates, Still Drinks (<25% juice), Iced/RTD Tea Drinks, Iced/RTD Coffee Drinks, Sports Drinks, Energy Drinks, Flavored Water and Enhanced Water.*
****"Packaged Water" excludes bulk/HOD wáter.*
*****"Juice & Nectars" includes: 100% Juice and Nectars (25-99% juice).*

The countries with the highest sales volume of soft drinks in 2019 were Germany (27.6 billion litres), Italy (15.7 billion litres) and France (14.4 billion litres), together accounting for 48.1 % of total sales in Europe. These countries were followed by Spain (11.4 billion litres) and the UK (10.7 billion litres), which together accounted for a further 18.4%. Ultimately, the top five countries represented more than half of the total sales volume in Europe in 2019.

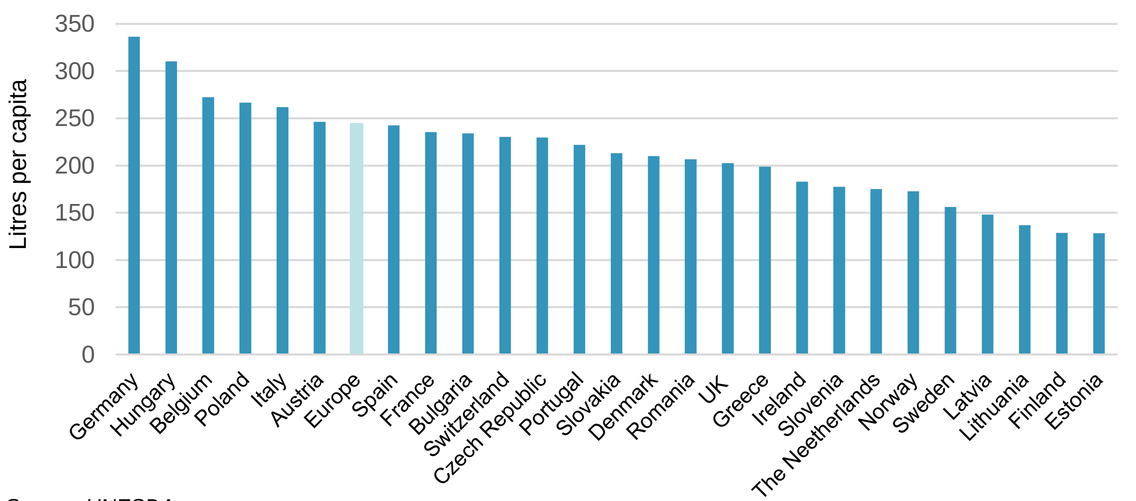
Top 5 countries for Soft Drinks sales in Europe:



Source: UNESDA
**The data above was collected by industry analysts Global Data.*

On the consumption side, according to UNESDA, in 2019 the per capita consumption of soft drinks in Europe was 243.9 litres. The countries with the highest levels of soft drinks per capita consumption were Germany (336.3 litres), Hungary (310.3 litres) and Belgium (272.4 litres).

Per capita consumption of soft drinks in Europe (l/capita)

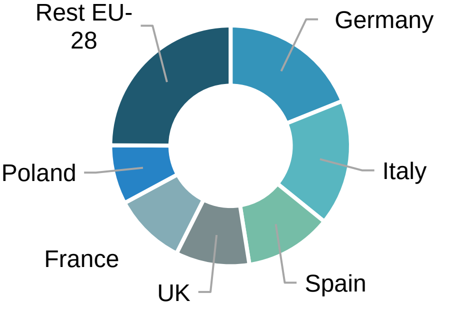


Source: UNESDA
**The data above is collected by industry analysts Global Data.*

2.2 Soft drinks production in the EU-28

According to the European statistical system (Eurostat), in 2019 approximately 130 billion litres of soft drinks were produced in the European Union, a decrease of -1.13 % compared to 2018. In value terms, soft drinks production reached €54 billion in 2019 rising 2.24% against the previous year.

EU-28 main soft drinks producing countries



The main soft drinks producing countries in 2019 were Germany, Italy, Spain, UK, France and Poland Together they accounted for three quarters of total EU-28 production.

In view of the product categories analysed by Eurostat, for the purpose of this part of the present study the following were considered:

PRCCODE	Production volume (l)	Production value (€)
11071130 - Mineral waters and aerated waters, unsweetened	65,820,000,000	12,698,338,637
11071930 - Waters, with added sugar, other sweetening matter or flavoured, i.e. soft drinks (including mineral and aerated)	41,600,000,000	2,500,000,000
11071950 - Non-alcoholic beverages not containing milk fat (excluding sweetened or unsweetened mineral, aerated or flavoured waters)	14,362,440,869	10,170,326,085
10321100 - Tomato juice	148,610,726	90,226,650
10321220 - Unconcentrated orange juice (excluding frozen)	2,584,519,719	2,059,290,465
10321230 - Orange juice n.e.c.	270,000,000	280,000,000
10321300 - Grapefruit juice	81,690,525	81,192,342
10321400 - Pineapple juice	214,215,184	178,865,091
10321500 - Grape juice (including grape must)	893,548,446	590,324,134
10321600 - Apple juice	2,186,709,253	1,523,522,312
10321910 - Unconcentrated juice of any single citrus fruit (excluding orange and grapefruit)	268,805,650	234,636,630
10321920 - Unconcentrated juice of any single fruit or vegetable, not fermented and not containing added spirit (excluding orange, grapefruit, pineapple, tomato, grape and apple juices)	660,187,711	631,012,097
10321930 - Other fruit and vegetable juices n.e.c.	1,215,843,603	1,512,574,606
Total	**130,306,571,686**	**54,550,309,049**

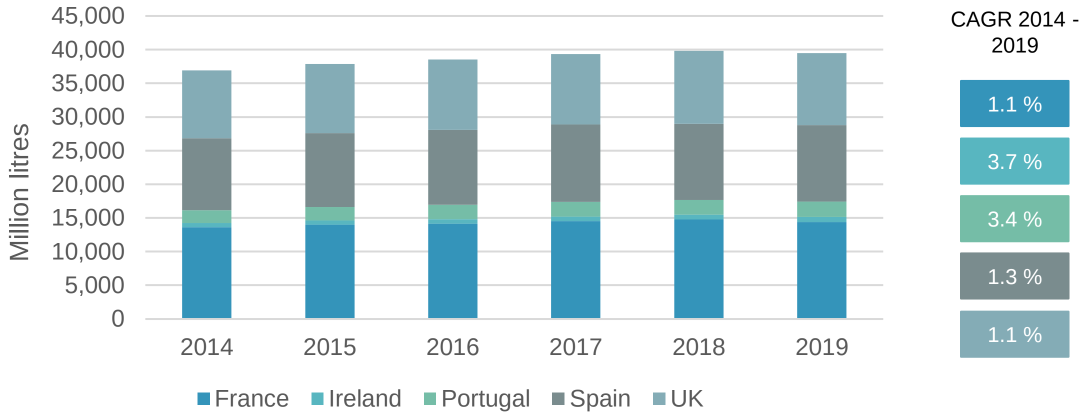
Source: Eurostat.
**This table contains the latest data on anual sold production. Total production data was not available for the selected categories..*

2.3 Soft drinks in AHFES countries

This section focuses on the Atlantic Area countries, namely: France, Ireland, Portugal, Spain, and United Kingdom.

The level of soft drinks sales in the AHFES countries reached 39.5 billion litres in 2019, which accounted for 32.87% of the total sales volumen in Europe that same year.

Sales volume of soft drinks in AHFES countries:



Source: UNESDA
**The data above was collected by industry analysts Global Data.*

Spain, France and the United Kingdom were among the top 5 soft drinks producing countries in the EU in 2019, as mentioned in the previous section. The latest data analysed by the European Commission on the production volume of different categories of soft drinks before the UK's exit from the EU are included below.

PRCCODE	France	Ireland	Portugal	Spain	UK
11071130	6,873,447,357	161,031,379	-	8,520,523,000	2,085,183,766
11071930	4,214,790,393	-	692,282,425	283,565,000	10,227,160,000
11071950	840,696,793	-	1,179,546	4,723,293,000	-
10321100	8,030,241	0	-	4,512,891	9,910,166
10321220	444,355,891	-	10,280,188	438,291,278	433,052,804
10321230.	0	0	726,089	56,390,906	-
10321300	22,580,616	-	0	5,455,819	4,177,073
10321400	43,793,631	0	192,382	44,196,237	-
10321500	21,912,371	0	-	614,432,698	-
10321600	129,232,972	-	9,797,574	132,571,200	168,033,358
10321910	37,866,416	-	818,853	123,517,732	-
10321920	25,221,767	-	1,500	105,294,616	-
10321930	0	-	117,819,362	169,548,633	-

Source: Eurostat.
**(-) Data not available.*

2.4 International trade of soft drinks

The Harmonised System (HS) has been considered as the most appropriate way to delimit the study of foreign trade in soft drinks. Yet there is no specific tariff code for the category of soft drinks, most non-alcoholic beverages are grouped in Chapter 22 of the Harmonised System tariff classification, which covers all beverages. Fruit juices are classified in Chapter 20, heading 20.09. For the purposes of this study, the category was delimited under the following HS codes:

HS Code	Product
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter
2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.
2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 2009

Source: Taric Consultation (European Commision).

According to data from the International Trade Centre (ITC, Trade Map), the value of global imports of the category reached to 39.7 billion in 2020, a 2.6% decrease over 2019. The United States remains the world's largest importer of the category with a 16% share, and in 2020 purchased $6.4 billion of soft drinks. Next would be Germany, with an 8% share of world imports, equivalent to a total of $3 billion.

Concerning exports, the EU-28 supplied much of the international demand. The value of global exports of the category amounted 39.9 billion in 2020, a 4% decrease over 2019. In 2020, the United States was the top importer of EU-28 soft drinks, followed by Switzerland, Norway, Japan, China and Saudi Arabia.

EU-28 main soft drinks export destination countries

Source: Access2Markets database (European Commission).
**The intensity of the colour corresponds to the value of exports. The higher the intensity, the higher the value.*

2.5 Top brands globally

The main players operating in the soft drinks market are the Coca-Cola Company, PepsiCo, Nestlé, Keurig Dr. Pepper, Danone and Red Bull, among others.

The table below highlights the top global soft drinks brands. It is based on the BrandZ 2020 ranking of the most valuable global brands, presented annually by Kantar.

For the purposes of the ranking, the category includes RDT non-alcoholic beverages, including carbonated soft drinks, sodas, juices, bottled water, functional (isotonic and energy), tea-coffee (hot and cold) and milk drinks.

Coca-Cola tops the list with a value of more than USD70 billion, followed by the Austrian energy drink Brand Red Bull.

Ranking of the top ten most valuable soft drinks brands in 2020 worldwide:

Position	Brand name	Value (million USD)
1	Coca-Cola	71,701
2	Red Bull	12,751
3	Diet Coke	12,315
4	Pepsi	11,123
5	Yili	9,203
6	Lipton	9,100
7	Nespresso	8,214
8	Nescafé	8,072
9	Mengniu	6,831
10	Fanta	6,433

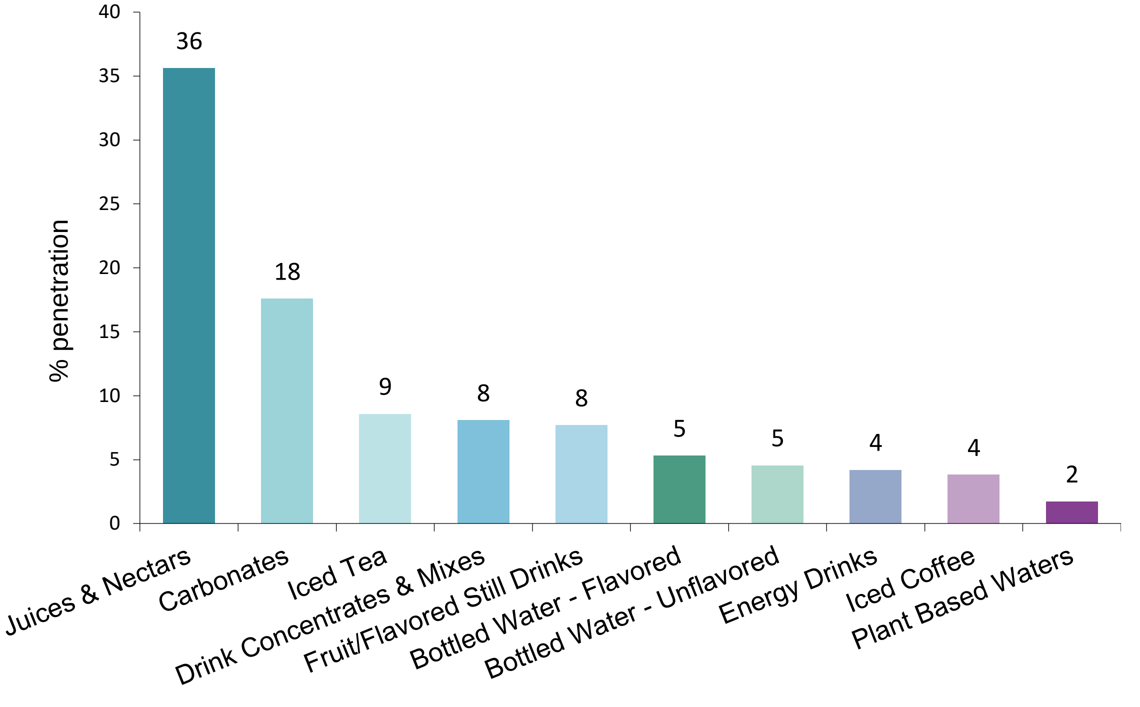
Source: BrandZ Most Valuable Global Brands 2020, Kantar.

3. Healthy soft drinks new products and positioning

3.1 Soft drinks new products in Europe

Juices & nectars stands out as the subcategory with more new products development (NPD), followed by carbonates and iced tea, which presents a similar range of new innovations as drink concentrates & mixes, and fruit/flavoured still drinks. Most of the soft drinks subcategories are growing, especially iced coffee (15.7%) and energy/stimulating drinks (8.3%). Other subcategories growing are juices & nectars (0.7%), flavoured bottled water (1.2%), drink concentrates & mixes (2.2%), carbonates (3.5%) and iced tea (8.1%).

Top 10 soft drinks NPD in Europe (2016-2020)



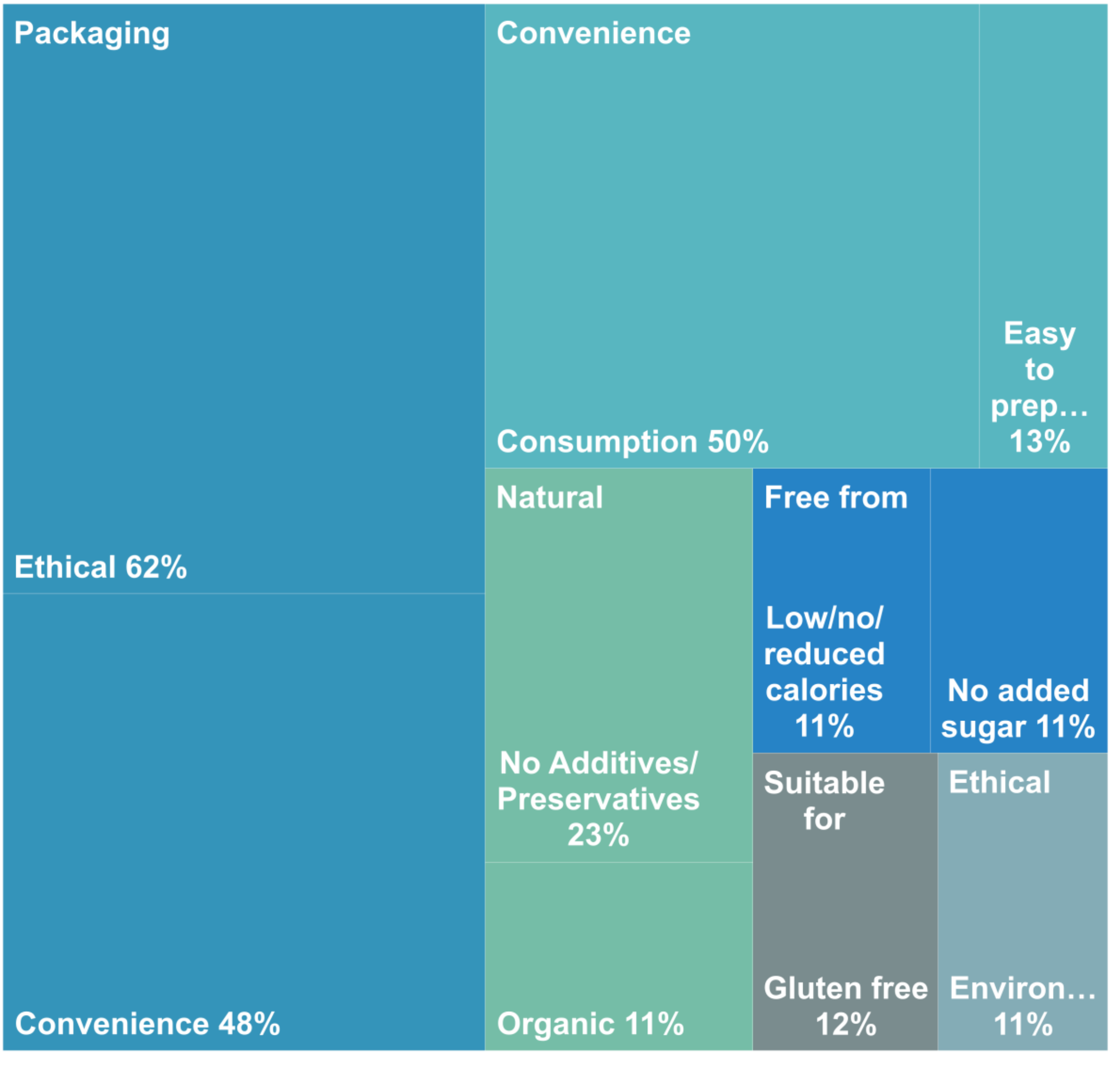
Cranberry juice drink **(United Kingdom)**.

CBD infused raspberry flavoured sparkling drink **(France)**.

3.2 Product positioning in the European soft drinks market

Consumers are more aware about sustainability and this reflects in the main positioning, ethical packaging, which is present in 62% of the NPD. Convenience packaging and consumption are on top of the positionings list, which is in line with the trend globally of on the go consumption. The main claims are then related to packaging and convencience of consumption, constituting the so called ready to drink (RTD) beverages. Passive health claims such as low/no/reduced calories or no added sugar are getting popular, as well as natural products through claims such as no additives/preservatives and organic.

The positioning with a stronger growth is convenience packaging (34.5%), and others growing are ethical-environment (10%), easy to prepare (6.4%), ethical packaging (5.3%), organic (4.9%), convenience consumption (4.8%) low/no/reduced calories (3.4%) and no added sugar (2.3%).



3.3 Top brands in AHFES countries

Private labels represent about a fourth of the soft drinks market in AHFES countries, with a growth of 6.3%, more than the double of branded products (2.6%). The top brands are Font Vella (Spain), Casino (France), Morrisons (United Kingdom), Continente (Portugal) and Innocent (Ireland).

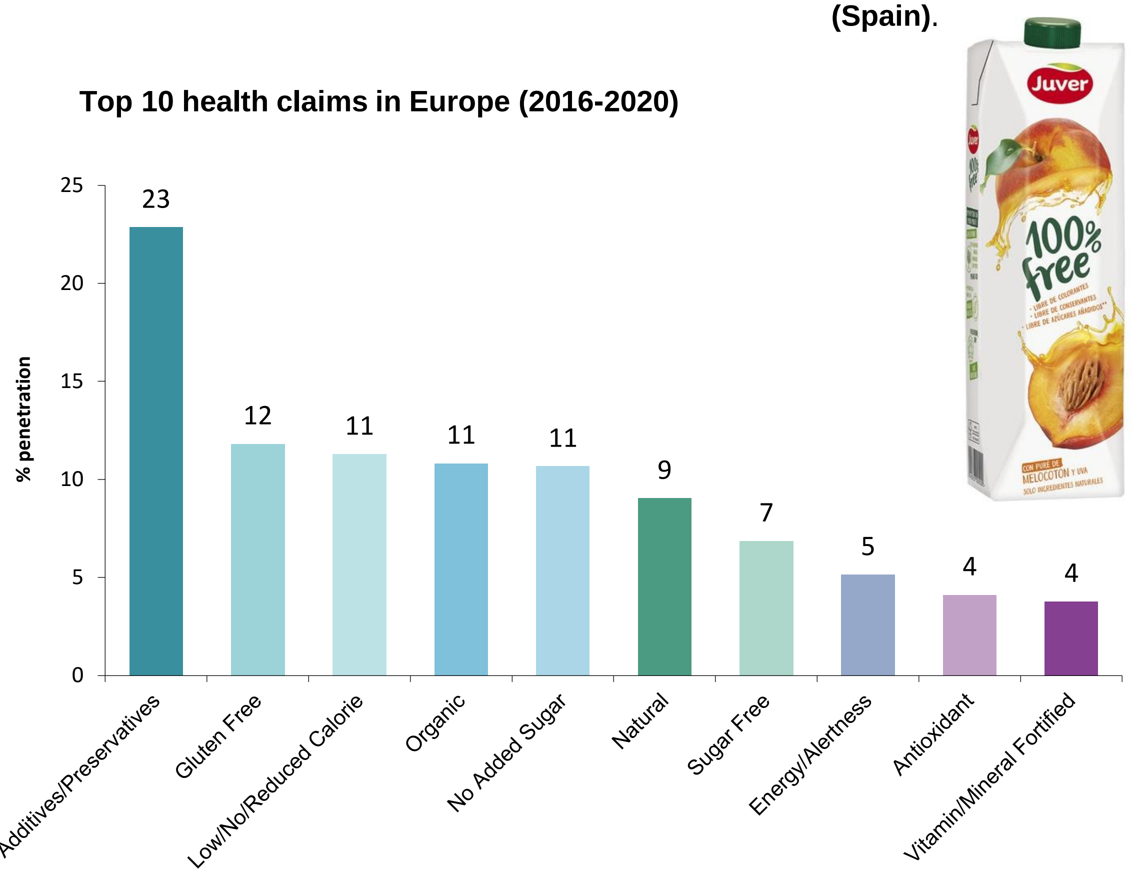
Top 10 brands	Spain	France	United Kingdom	Portugal	Ireland
1	Font Vella	Casino	Morrisons	Continente	Innocent
2	Hacendado	Auchan	Asda	Compal	Tesco
3	Zumosol	Carrefour	Marks and Spencer	Solevita	Volvic
4	Dia	Tropicana	Tesco	Sumol	Coca Cola
5	Consum	Cora	Innocent	Paquito	The Juice Company
6	Auchan	Innocent	Tropicana	Auchan	Naturis
7	Juver	Vitamont	Robinsons	Coca Cola	Schweppes
8	El Corte Ingles	Monoprix	Sainsburys	Juver	Marks and Spencer
9	Schweppes	Volvic	Rubicon	Santal	XS
10	Solevita	Pressade	Waitrose	Amanhecer	Monster Energy

3.4 Health claims in the European soft drinks market

The most popular health claim is no additives/preservatives, present in almost one of four NPD. Other recurrent claims are gluten free, low/no/reduced calorie, no added sugar, and organic. The main growing claims are sugar-free (20.7%), organic (4.9%), low/no/reduced calories (3.4%), and no added sugar (2.3%). This scenario reflects a clear preference for products with less additives and passive or “free from” health claims, which is in line with the global trends of consumers betting for a shorter list of ingredients and care for their health.

Peach and grape juice **with no preservatives** **(Spain)**.

Top 10 health claims in Europe (2016-2020)

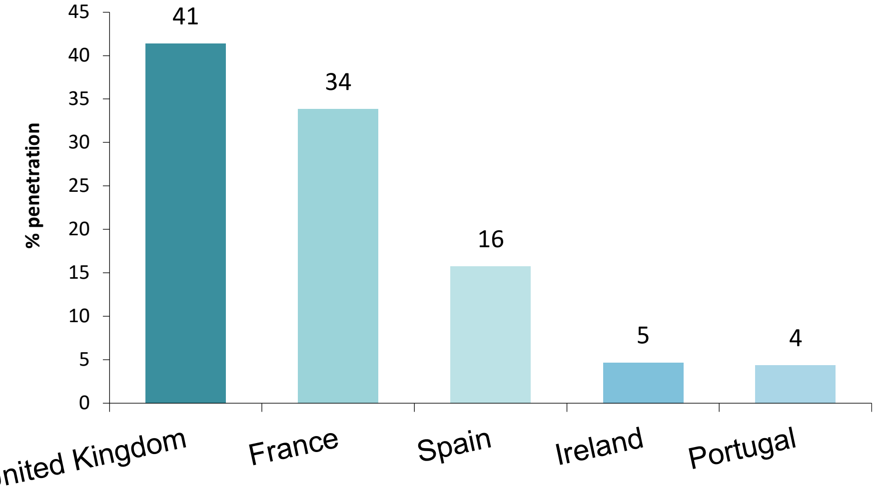


Sparkling natural beverage with a hint of elderflower **low in sugar and low in calories** **(Ireland)**.

3.5 NPD in AHFES countries

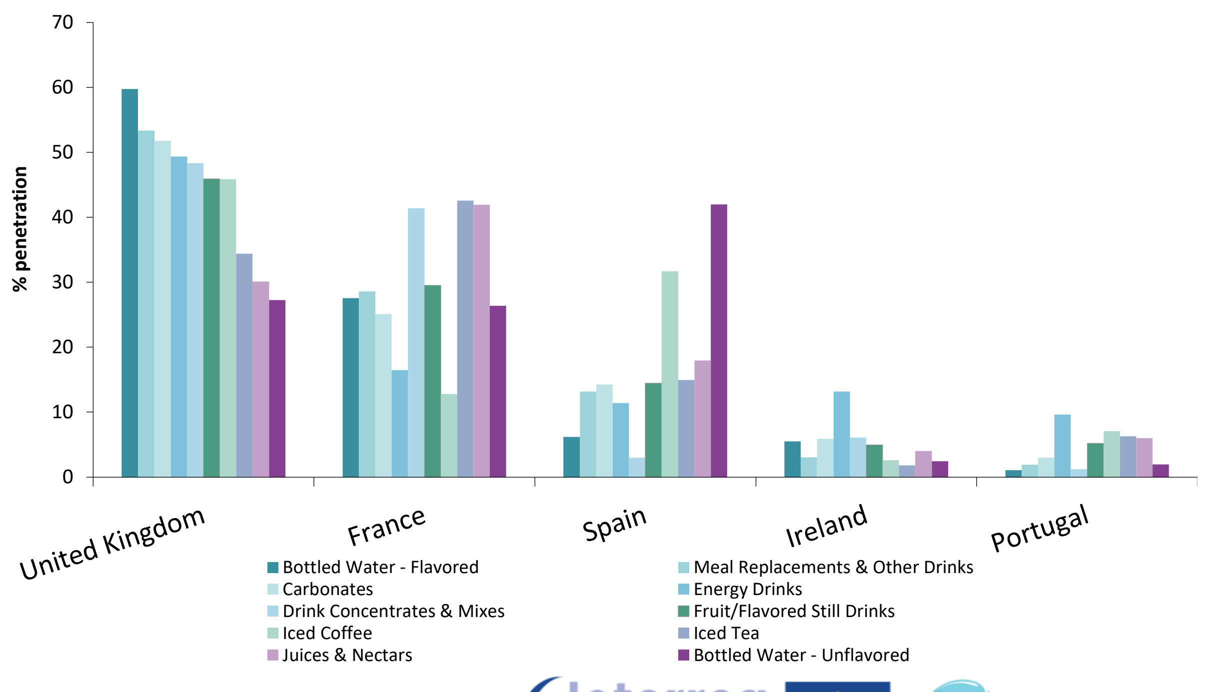
United Kingdom shows the larger number of new launches among AHFES countries, followed by France. The highest growth takes place in Portugal (19.7%) and Spain (14.6%).

Soft drinks NPD in AHFES countries (2016-2020)



Per category, countries differ in terms of NPD. Flavoured water is the leading categories in United Kingdom while juices & nectars and iced tea lead in France, presenting a similar number of NPD. In Spain, unflavoured bottled water and is the categories followed by iced coffee, and both in Ireland and Portugal, energy drinks is the category with more NPD.

Soft drinks NPD in AHFES Countries (2016-2020)



3.6 Main health claims in AHFES countries

Similarly to European data, no additives/preservatives is the main health claim in all countries except from France, which is second behind organic. No added sugar is the second most popular claim, which grows in all countries except from Ireland. Another relevant claim is low/no/reduced calories, which grows in most of the AHFES countries. A similar trend was observed for other free from claims such as gluten free and sugar free.

Top 10 Health Claims by country (2016-2020)

Region	1. No Additives/ Preservatives	2. Gluten Free	3. No added sugar	4. Natural	5. Low/No/ Reduced Calories	6. Sugar Free	7. Energy/ Alertness	8. Organic	9. Reduced Sugar	10. Inmune Health
Spain	16%*	16%*	14%*	14%	11%*	6%*	3%	13%*		
Portugal	18%	6%*	14%*	12%*	15%	6%*	7%*	6%*	3%	
France	23%	5%*	14%*	7%	7%*	4%*	4%	30%*	3%*	
United Kingdom	27%	11%*	20%*	13%	18%*	11%*	8%	9%		5%
Ireland	24%*	6%	17%	8%	20%	11%	12%		4%	6%*

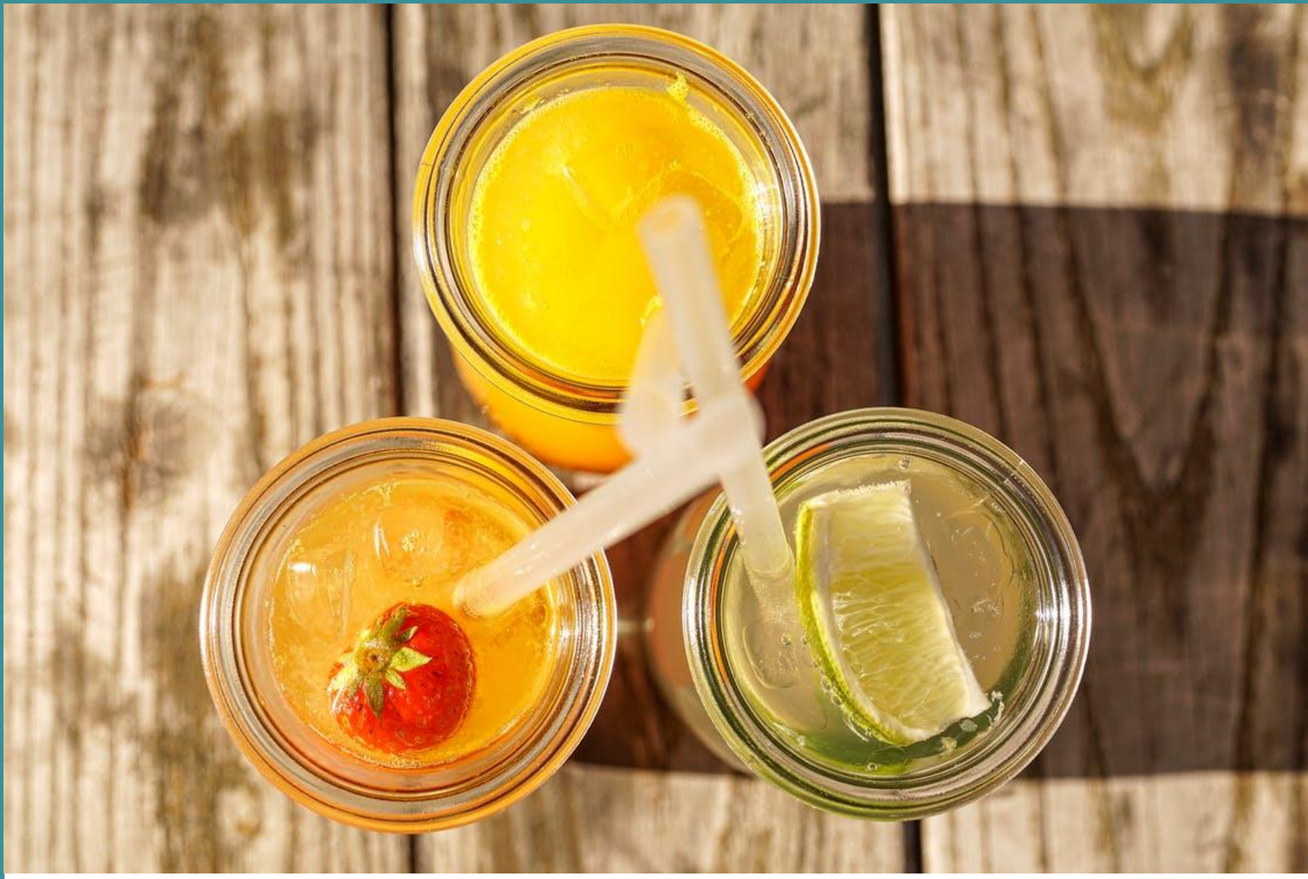
*growing trend
Colour code highlighting Top 1-3 health claims #1 #2 #3
Percentages indicate the % of new products carrying the claim

Original kombucha with zero sugar and zero calories **(Portugal)**.

Cappuccino coffee drink with almond milk Zero preservatives **(France)**.

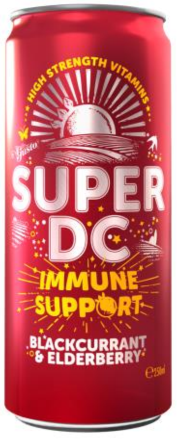
Strawberry and banana smoothie with no added sugars **(Spain)**.

4. Top trends



4.1 Health and immune system

Immune health is one of the key health trends for 2020 and beyond. Consumers are increasingly looking for beverage products that support their immune health including ingredients such as vitamin A or zinc. Likewise, the consumption of functional drinks over the last years has increased. Choosing beverages high in nutrients and antioxidants is among the causes by consumers to achieve immune health.



Blackcurrant and elderberry flavored carbonate drink with **zinc and strength vitamins to support a healthy immune function** **(United Kingdom)**.

Mango, coconut milk, apple and ginger smoothie with **rich in vitamins C and B6 which help the normal functioning of the immune system** **(France)**.

In the wake of COVID-19, a growing number of products are focusing on delivering additional health benefits. The ongoing anxiety stemming from the pandemic continue pushing consumers toward prioritizing their immune health, what makes the use of immune health positionings rise.

1 in 3

Global consumers say that their **concerns about immune health have increased in 2020 over 2019**

Source: Innova Consumer Survey 2020

Carbonated drink with a blend of vitamins and minerals and ashwagandha plant to **boost the immune response** **(Ireland)**.

Frozen smoothie high in vitamin C and source of vitamin A and minerals **to support the immune system** **(Ireland)**.

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4.2. Clean label and sustainability

Beverages with natural ingredients and a short ingredients list are popular, since comprehensive is a key element to gaining and maintaining consumer confidence in products in the long term. There is also an increased growth in local foods, as consumers value the social and qualitative characteristics of these products. A meaningful storytelling is appreciated to meet the evolving clean label consumer demand.

Apple juice from **100% ecologic fruit from Navarra región and no additives** (**Spain**).

Ékolo based its production in the **Slow Food** movement that promotes healthier and more sustainable food.

Average annual growth in food & beverage NPD tracked with a claim related to **sustainable sourcing of farming globally**

+12%

Both major companies and smaller start-ups are releasing beverage designed to minimize environmental impact, featuring fully recyclable and sustainably sourced materials.

Ginger Ale **from organic European farming and packaging optimization to respect the environment** (**France**).

Within the beverage industry, energy intensive processes are often used to extract raw products or carry out complex distilling. However, the heightened consumer awareness surrounding sustainability is driving companies to demonstrate more sustainable methods and environmentally friendly ethics. Also, brands are increasingly looking for innovative ways to utilize food waste to produce new beverage products.

Sparkling spring water with cucumber & raspberry extract, **reducing food waste using wonky fruits and misfits.** (**United Kingdom**).

38% Of global consumers would consider a **sustainable or more ethical alternative** over a conventional product

Responsible consumers are increasingly calling on companies to put ecological and social responsibility at the forefront of their corporate strategy. Stricter social standards in production are increasingly becoming a must-have

"I expect companies to invest in sustainability"

2018

65% of global consumers

2019

87% of global consumers

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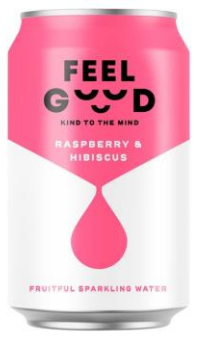
4.3 Improved mood health

Mental health is more important than ever and the care for brain health opened new potential for supporting well-being and for strengthening cognitive and mental health. This remains at the forefront of the beverage industry as many consumers turn into healthier options specially accounting the “extra” high stress levels produced by the pandemic. As a result, beverage companies are innovating with new ingredients to manufacture products that can offer functional benefits.



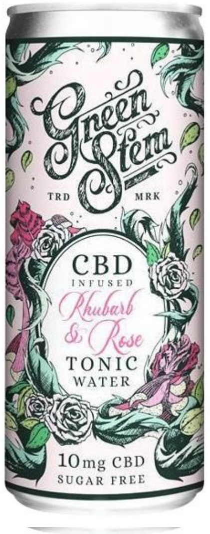
Raspberry and hibiscus flavored sparkling water infused with ginseng, kind to the mind (**United Kingdom**).

Iced tea with rose, green tea, chamomile, passion flower, and valerian, that help to reduce tension, anxiety, stress and nervous agitation (**France**).

+36%

Average annual growth in **food & beverage** launches tracked with adaptogens (Global, CAGR 2016-2020 YTD)

Relaxation drinks and mixtures include natural and nutritious ingredients that are supposed to have calming or energising effects on the body and mind, are mood-boosters, or improve cognitive functions, including amino acids such as L-theanine, adaptogens, CBD, and botanicals.



Rhubarb and Rose Tonic Water with CBD for its well being-enhancing properties (**United Kingdom**).

4.4 Reformulation for less calories

As a response to the increasing demand by consumers of healthy food and beverages and pressure by authorities in some countries for sugar reduction, brands focus their innovation in creating sugar-reduced versions of their products.

Sugar and calorie free carbonated soft drink (**United Kingdom**).

Tonic water with **zero calories**. (**Portugal**).

Sugar free sparkling drink with natural flavors of lemon and lime. (**France**).

Carbonated soft drink with **sweeteners**. (**Spain**).

4.5 Fusion of global ingredients

The wide availability of information in a digital era, the facility to access to novel ingredients, the raising awareness of consumers for their health, and the fusion of flavours enabled by globalisation open to access to novel ingredients with diverse benefits and functions, as well as enjoying new global tastes at home. There has been a rising use of high-quality ingredients that are more often in the ingredients list of soft drinks. These feature superfoods such as turmeric, ginger, rosehip or moringa, botanicals including herbs, flowers and spices, or plant-based waters from coconut or pine. The applications of such ingredients are wide, at consumers disposal according to their preference, either for taste, mood, or health uses.

Turmeric and lemon juice (**France**).

Yuzu flavoured tonic water (**Spain**).

Trendy ingredients and flavours

Type	Examples
Botanicals/roots	*Turmeric* *Ginger* *Hibiscus* *Rose*
Adaptogens	*CBD* *L-theanine* *Ashwagandha*
Popular flavours	*Elderflower* *Elderberry* *Yuzu* *Blackcurrant*

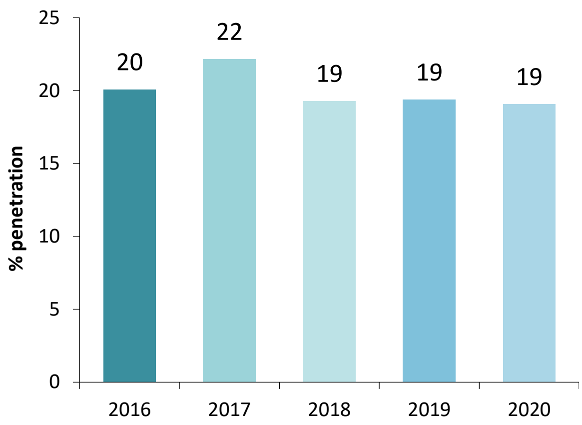
Ginger, turmeric, and cayenne flavoured kefir soda (**United Kingdom**).

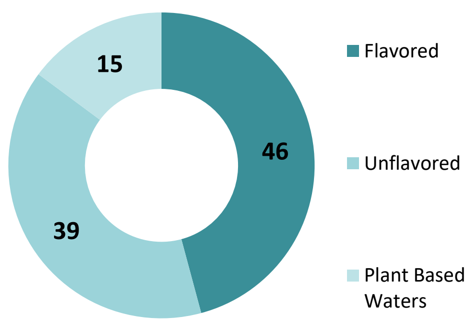
5. Categories

5.1 Waters

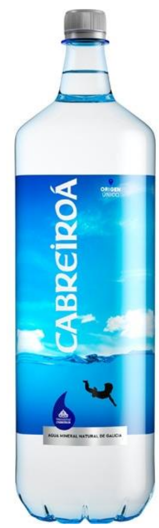
Launches of waters remain stable along the period 2016-2020, with a slight decrease due mostly to the drop of plant-based waters (-8.7%). Flavoured water, on the other hand, presents a high number of launches and is trending upward. Waters with fruity flavours such as bitter orange, dragon fruit, herbal extracts like elderflower, tropical tastes, or indulgent flavour combos such as blood orange and rosemary or raspberry and hibiscus are trending.

Bottled Water launches in AHFES countries (2016-2020)





CAGR (2016-2020)
-1.3 %



Natural mineral water from Galicia (**Spain**).

In terms of health claims, no additives/preservatives and natural lead the list in all countries. “Free from” claims such as no added sugar and specially low/no/reduced calories. are popular among all AHFES countries.

Top 10 Health Claims by country (2016-2020)

Region	1. Natural	2. No Additives/ Preservatives	3. Low/No/ Reduced Calories	4. Sugar Free	5. No added sugar	6. Energy/Alertness	7. Gluten Free	8. Organic	9. Low/no/ reduced sodium	10. Vitamin/ Mineral Fortified
Spain	39%	12%	9%	6%	7%		9%	7%*	17%*	
Portugal	21%*	25%*	12%	8%				12%		
France	33%	24%*	16%*	16%*	4%	2%*	4%	18%*	4%	
United Kingdom	18%	33%	28%	25%*	20%	6%	8%	6%		4%
Ireland	28%	25%	34%*	16%	7%	9%				10%
EUROPE	26%	20%	19%*	11%*	9%	3%	7%	9%	6%	4%

*growing trend
Colour code highlighting Top 1-3 health claims #1 #2 #3
Percentages indicate the % of new products carrying the claim

Natural and no added preservatives/additives are more recurrent claims among AHFES countries

Sparkling **natural** mineral water of Quezac (**France**).

Sparkling water infused with cucumber, mint, and lime, and **no artificials** (**United Kingdom**).

Redcurrant flavoured sparkling **natural** mineral water (**Portugal**).

Water with passive health claims

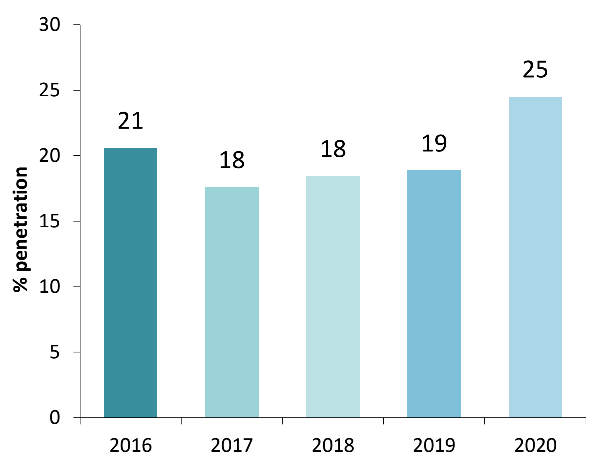
Sparkling lemon and lime flavoured water with **zero calories**. (**Ireland**).

Mint flavoured natural mineral water **calories free** (**Spain**).

5.2 Carbonates and energy/stimulant drinks

NPD of carbonates and energy/stimulant drinks grows since 2017, presenting a CGAR of 4.4%. The highest number of NPD took place in 2020. The “push” of energy/stimulating drinks, with a CAGR of 8.3% and a high number of NPD in 2020, might reflect a slip back into people’s prepandemic routines as pandemic is getting under control.

Carbonate and energy drinks launches in AHFES countries (2016-2020)



CAGR (2016-2020) **4.4%**

Mango and passion fruit flavoured sparkling drink with **CBD** (**France**).

Even though carbonates and stimulant/energy drinks has not been associated with healthy beverages, during the last years the new products launches in the market included a number of health-related claims specially focused on “free from” ingredients. Passive health claims such as low/no/reduced calories, sugar free and no added sugar are on top of the list of health claims, showing a growth in almost all countries. Likewise, no additives/preservatives is present in 1 out of 3 to 1 out of 4 NPD and grows in several countries, showing an effort by the industry to move towards more natural products to satisfy the demand of consumers.

Top 10 Health Claims by country (2016-2020)

Region	1. Low/No/ Reduced Calories	2. No Additives/ Preservatives	3. Sugar Free	4. Energy/ Alertness	5. No added sugar	6. Natural	7. Gluten Free	8. Reduced Sugar	9. Low sugar	10. Vitamin/Mineral Fortified
Spain	20%	10%	16%*	10%	9%	8%	10%		1%	1%
Portugal	27%*	12%	29%*	30%*	9%*	20%	2%	3%	1%	6%*
France	10%*	20%*	11%	10%	3%	5%		3%	3%	2%
United Kingdom	29%*	32%	16%*	14%*	12%*	15%	8%*	4%	3%	
Ireland	34%	26%*	24%	25%	9%*	5%	10%	10%*	5%	4%
EUROPE	18%*	17%	16%*	15%	6%*	7%	6%*	3%*		4%*

*growing trend
Colour code highlighting Top 1-3 health claims #1 #2 #3
Percentages indicate the % of new products carrying the claim

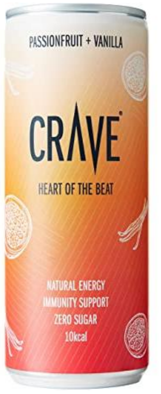
No additives/preservatives is the most popular claim and is a growing trend in AHFES countries

Carbonated lemon-lime soft drink with **no preservatives and colourings** (**Spain**).

Organic carbonated pomegranate drink with **no preservative. colour or artificial flavour** (**France**).

Lightly sparkling natural blood orange and turmeric drink **naturally low in calories** (**Ireland**).

Green apple flavoured carbonated soft drink with fruit juice **with no sugar added** (**Portugal**).

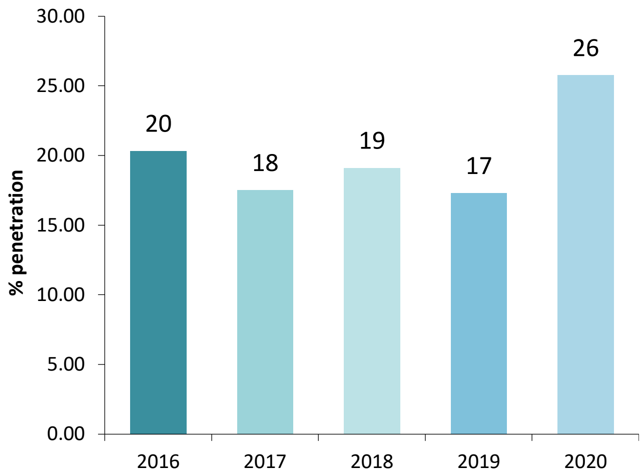


Sparkling passionfruit and vanilla flavoured energy drink with **zero sugar** (**United Kingdom**).

5.3 Drink concentrates, mixes and meal replacements

The subcategories of Drink Concentrates & Mixes, Meal Replacements & Other Drinks are growing with a CAGR of 6.1%, which responds to consumer trends such as personalized nutrition and the global tendency “on the go”. The products of this subcategory enable to design a customized drink to satisfy the individual needs of the consumers, for both nutrition purposes and convenience consumption.

Drink Concentrates & Mixes, Meal Replacements & Other Drinks launches in AHFES countries (2016-2020)



CAGR (2016-2020) **6.1%**

Acai, beets, apple, and ginger lunch shake (**United Kingdom**).

The claims used in these subcategories are widely distributed, highlighting no additives/preservatives and gluten free as recurrent. Both claims are growing in almost all AHFES countries. Organic is also a popular trend that grows in Portugal, France and Ireland. Active claims such as high/source of protein and high/source of fibre are growing trends which reflects the desire of the consumer to improve nutrition through a personalized meal.

Top 10 Health Claims by country (2016-2020)

Region	1. No Additives/ Preservatives	2. Gluten Free	3. Organic	4.High/ source of protein	5. No added sugar	6. Low/No/Reduced Calories	7.High/ source of fiber	8. Weight management	9. Natural	10. Energy/ Alertness
Spain	17%*	29%	13%	19%*		13%*	22%*	44%*	9%	14%*
Portugal	35%*	50%*	45%*	35%	45%*		50%*		40%	30%
France	25%*	17%*	26%*	15%*	8%	7%*	10%	7%		
United Kingdom	30%	23%*	10%	21%*	27%*	16%	15%*	12%	14%	
Ireland	24%*	17%*	15%*	10%*	26%	18%*				9%
EUROPE	25%*	20%*	18%*	17%*	14%*	12%	13%*	11%*	8%*	

*growing trend
Colour code highlighting Top 1-3 health claims #1 #2 #3
Percentages indicate the % of new products carrying the claim

Interreg Atlantic Area
European Regional Development Fund
EUROPEAN UNION
AHFES

High/source of protein is a claim present in all AHFES countries in NPD

Coconut flavoured meal drink **high in protein** (**United Kingdom**).

Gluten free is a popular growing claim

Gluten free ready-to-drink meal drink with vanilla flavour (**France**).

Organic and no additives/preservatives are growing claims present in all AHFES countries

Organic spirulina powder mix for smoothies (**Ireland**)

Energize smoothie mix with **no additives added** (**Portugal**)

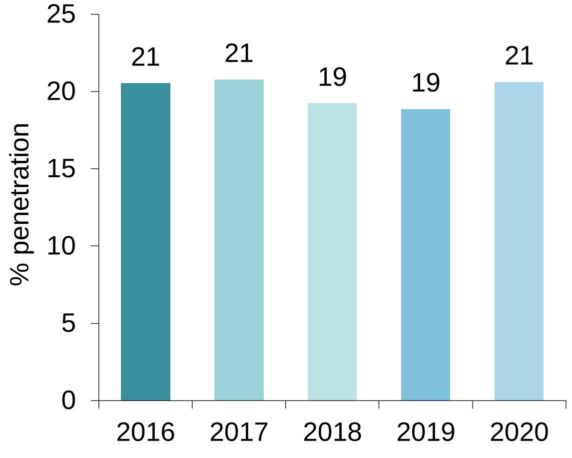
Products with passive health claims

Brekkie shake with coconut, almond and chai spice, **Low in salt and sugars.** (**United Kingdom**).

5.4 Juice and juice drinks

The subcategory of Fruit/Flavoured still drinks and juices & nectars presents stability In terms of launches, with a slight increase in 2020.

Fruit/Flavoured Still Drinks, Juices & Nectars and Plant based waters launches in AHFES countries (2016-2020)



CAGR (2016-2020)
0.1%

Peach nectar (**Portugal**).

The most popular claim is no added sugar, which grows in Spain, Portugal and France. No additives/preservatives is also a recurrent claim as well as organic and natural, showing the preference of consumers for les artificial ingredients and natural products. Additionally, active health claims such as vitamin/mineral fortified are growing in countries like United Kingdom and Ireland.

Top 10 Health Claims by country (2016-2020)

Region	1. No added sugar	2. No Additives/ Preservatives	6. Organic	3. Natural	4. Antioxidant	8. Vitamin/Mineral Fortified	5. Gluten Free	7. Low/No/Reduced Calories	9. Energy/Alertness	10. Inmune Health
Spain	21%*	15%*	16%*	8%	5%	3%	14%	7%		3%
Portugal	14%*	15%	5%	14%*	1%		4%	10%		
France	24%*	21%	37%*	3%	3%*	3%*	2%		3%*	
United Kingdom	26%	23%	8%	6%	5%	8%*	7%	7%	6%	11%
Ireland	22%	22%		5%	3%	13%*		7%*	7%	8%
EUROPE	17%*	23%	17%*	7%	3%	6%	6%*	4%	3%	4%

*growing trend
Colour code highlighting Top 1-3 health claims #1 #2 #3
Percentages indicate the % of new products carrying the claim

No added sugar, the main claim

Cold pressed sweet and sour apple juice with no added sugar (**United Kingdom**).

Squeezed yellow grapefruit juice with no added sugar (**France**).

Organic, natural and no added additives/preservatives are among the most popular health claims

Cold pressed carrot, apple, orange, ginger, and lemon juice, organic and with no preservatives (**Spain**).

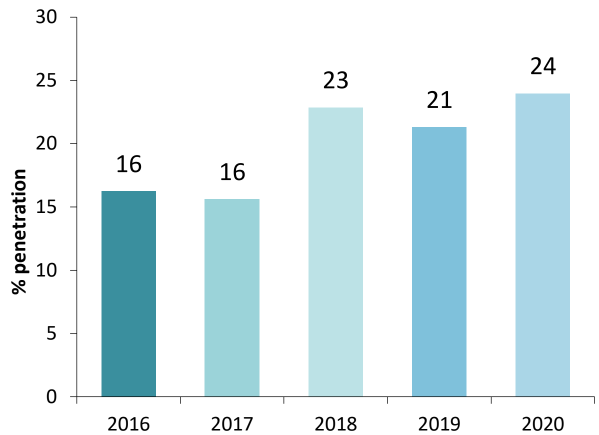
Organic grape juice organic and with no flavouring or any artificial colouring (**Portugal**).

Mango and passion fruit juice drink from concentrate with no added sugar or sweeteners (**Ireland**).

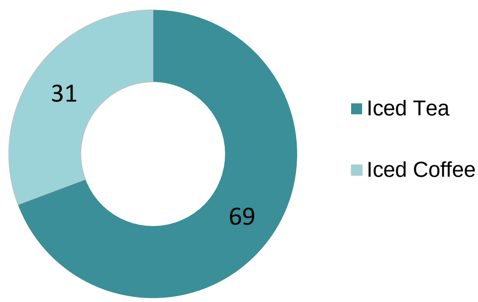
5.5 Chilled coffee and tea

This category, including comprising iced coffee and iced tea are growing with a CGAR of 10.2%. Particularly, iced tea presents a higher growth of 15.7%.

Iced Coffee & Iced Tea launches in AHFES countries (2016-2020)



CAGR (2016-2020)
10.2%



Hibiscus mint with raspberry leaves infusion (**France**).

Organic and no additives/preservatives are the main claims. Organic is particularly growing alongside natural. Remarkably, passive health claims such as gluten free, sugar free or no added sugar are widely present and growing in several AHFES countries.

Top 10 Health Claims by country (2016-2020)

Region	1. Organic	2. No Additives/ Preservatives	3. Low/No/ Reduced Calories	4. Gluten Free	5. Sugar Free	6. No added sugar	7. Natural	8. Low sugar	9. Lactose Free	10. Antioxidant
Spain	22%*	31%*	16%*	38%*	10%*	9%	10%*	4%	10%*	4%
Portugal	9%	27%	16%	9%	2%	13%*	8%	3%	6%	2%
France	38%*	34%	21%	4%*	3%	7%	6%*	5%		
United Kingdom	26%*	19%	11%*	13%*	15%*	11%	14%*			
Ireland	14%	25%	11%	7%	18%	18%	14%	6%*		4%
EUROPE	22%*	22%	16%*	12%*	7%*	6%*	8%*		6%*	

*growing trend
Colour code highlighting Top 1-3 health claims #1 #2 #3
Percentages indicate the % of new products carrying the claim

Organic, and no added additives/preservatives are recurrent claims

Organic kombucha with mandarin flavour (**Spain**).

Organic caffe latte (**Portugal**).

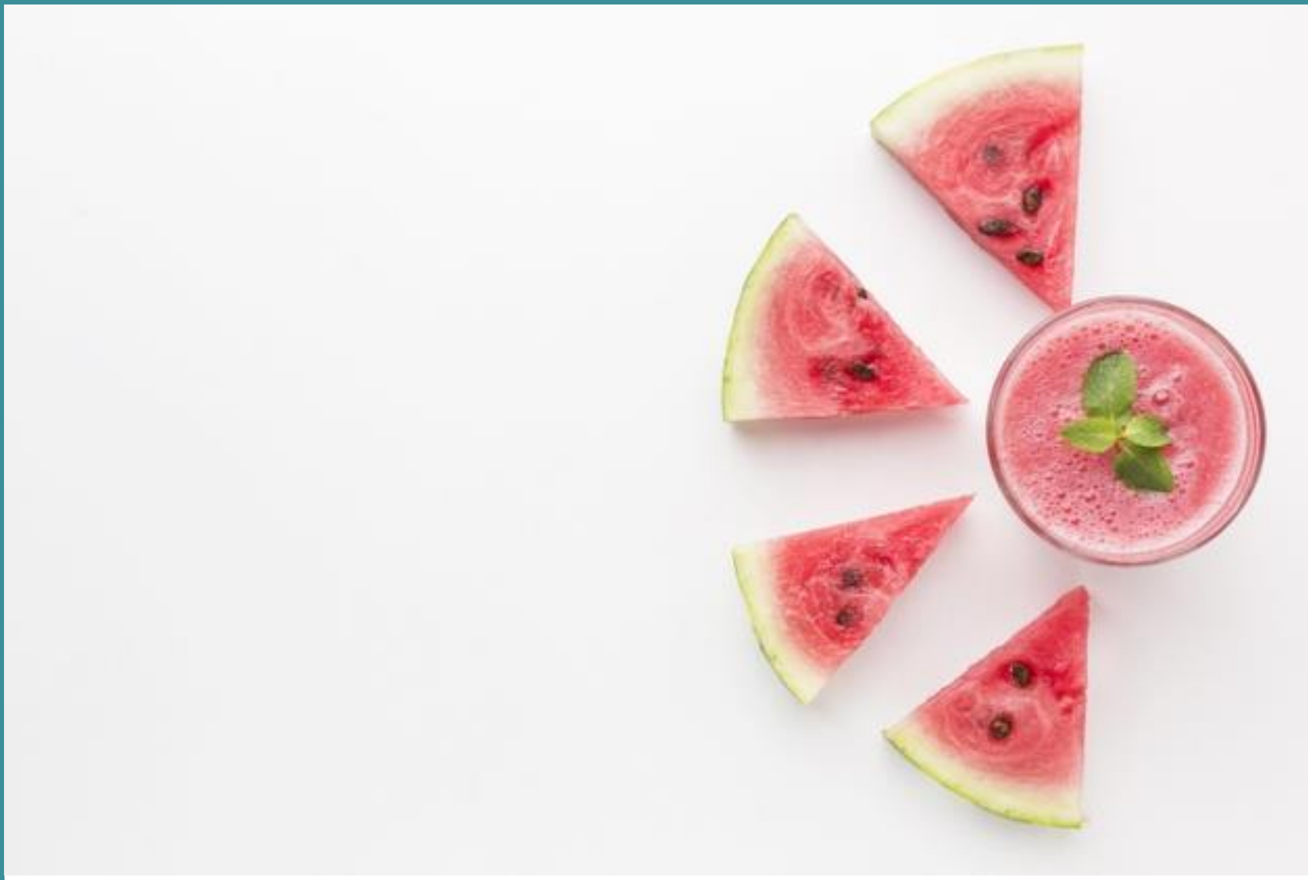
Green tea, yuzu and bitter orange botanical tea drink with no artificial flavours and sweeteners (**Ireland**).

Passive health claims are present in almost all launches

Mocha iced coffee with no added sugar (**United Kingdom**).

Organic raspberry and hibiscus flavoured black tea infusion low in calories (**France**).

6. Conclusions



The soft drinks industry presented in the last years a permanent grow, with a slight decrease in 2019. In Europe, Germany leads the category of sales volume, production, and per capita consumption. France is the leader among the AHFES countries in terms of sales volume, and Spain in production and per capita consumption. Juices & nectars stands as the category with more innovations and carbonates is the subsequent category. Both have experienced in the last years a reformulation in their ingredients to contain less calories and less sugar. This is reflected in the increase of passive health claims as a response to the raising demand for healthier beverages by consumers, but also due to the authorities' pressure to reduce ingredients that lead to diet-related diseases such as obesity or diabetes. It is remarkable the combination of traditional ingredients with trendy new ones with diverse characteristics, including health benefits and mood modulation.

Ethical packaging and convenience consumption are the main positioning strategies of new products. This is a response to global trends regarding clean label and naturalness, and on the go (ready-to-drink) consumption. Consumers are more aware about the environment and social corporateness and demand sustainable packaging containing labels easy to read, with shorter list of ingredients. Consumers' care for their health is reflected in passive claims such as low/no/reduced calories and no added sugar, and the use ingredients with bioactive functions. For this reason, interest has risen in drinks with a healthy and natural image, such as flavored waters and iced tea.

Among AHFES countries, the main subcategories of NPD differ among countries. In United Kingdom, flavoured water is the main subcategory, while in France chilled/iced tea is on top of the list. In Spain, unflavoured water ranks first, and Energy/Stimulant drinks is on top of the list in Ireland and Portugal. Although NPD subcategories are different, AHFES countries present similarities in terms of health claims. No additives/preservatives is the main claim, which reflects the preference of consumers for more natural products. Likewise, the passive health claims no added sugar and low/no/reduced calories are among the top claims in all AHFES countries, a response by the industry to the raising demand of consumers for healthier beverages. Regarding brands, branded products take three fourths of the market, although private labels continue growing and surpass the growth of branded products.

In summary, soft drinks is a category with great opportunities for innovation. Ready to go drinks with an ethical packaging and natural ingredients, blends of traditional flavours with bioactive ingredients bringing an extra aid to nutrition and immune system, as well as mood modulators for a personal experience open the gate for multiple possibilities.

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