



# IRI Pulse Report Drinks

Welcome to the Pulse Q3 2013 edition for drinks. We hope you find it useful. Please do not hesitate to contact us if you have any questions or comments at [EU.Marketing@IRIworldwide.com](mailto:EU.Marketing@IRIworldwide.com).

**Q3 2013**

[IRIworldwide.eu](http://IRIworldwide.eu)



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## About the Report

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- This Drinks report is one of 10 super category reports designed to show high-level comparison and analysis for retail markets across major countries in Europe.
- This report contains data gathered from around Europe. This market was split into the following categories: soft drinks, juices squashes and syrups, mineral water, coffee, tea, cocoa.
- The report highlights key metrics such as total sales figures, market trends, category shares, winners and losers for Europe and for individual countries.
- The data has been sourced from IRI retail databases and Eurostat – the statistical branch of administration for the European Commission.
- The countries included in the report are: France, Germany, Italy, the Netherlands, Spain and the United Kingdom (U.K.).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters and drugstores, including the Canary Islands
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries it has not been possible to source data pertaining to certain categories. When this has occurred it has been documented in the Notes section found at the end of the report.

## On the Radar

The drinks categories in Europe show a diverse development across the countries. One common denominator is definitely the price increases once again.

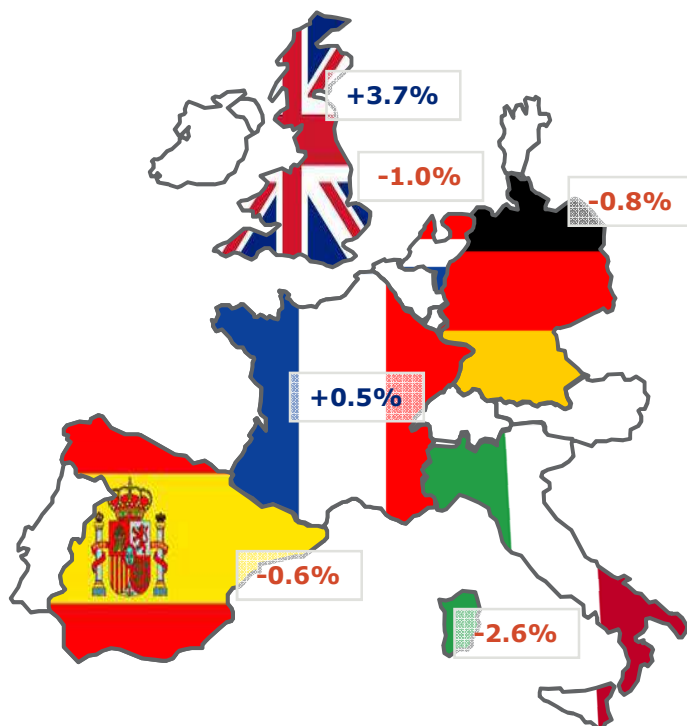
### ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTHS INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2012	Jan. 2013	Sep. 2013	Average 2012	Sep. 2013	Average 2012	2012	2013 (Estimate)
France	65.3	65.6	11.1	10.2	+1.2	+2.5	2 032 297	2 059 358
Germany	80.3	80.5	5.2	5.5	+1.8	+2.4	2 644 200	2 694 499
Italy	59.3	59.6	12.5	10.7	+1.8	+3.5	1 565 916	1 568 388
Netherlands	16.7	16.8	7.0	5.3	+3.1	+2.8	600 638	604 459
Spain	46.8	46.7	26.6	25.0	+2.3	+2.3	1 049 525	1 051 076
United Kingdom	63.4	63.8	7.5	7.9	+2.7	+3.7	1 901 001	1 854 920

Source: Eurostat, September 2013

# GLOBAL TRENDS

## TOTAL DRINKS VALUE SALES AND % CHANGE VS. PRIOR YEAR

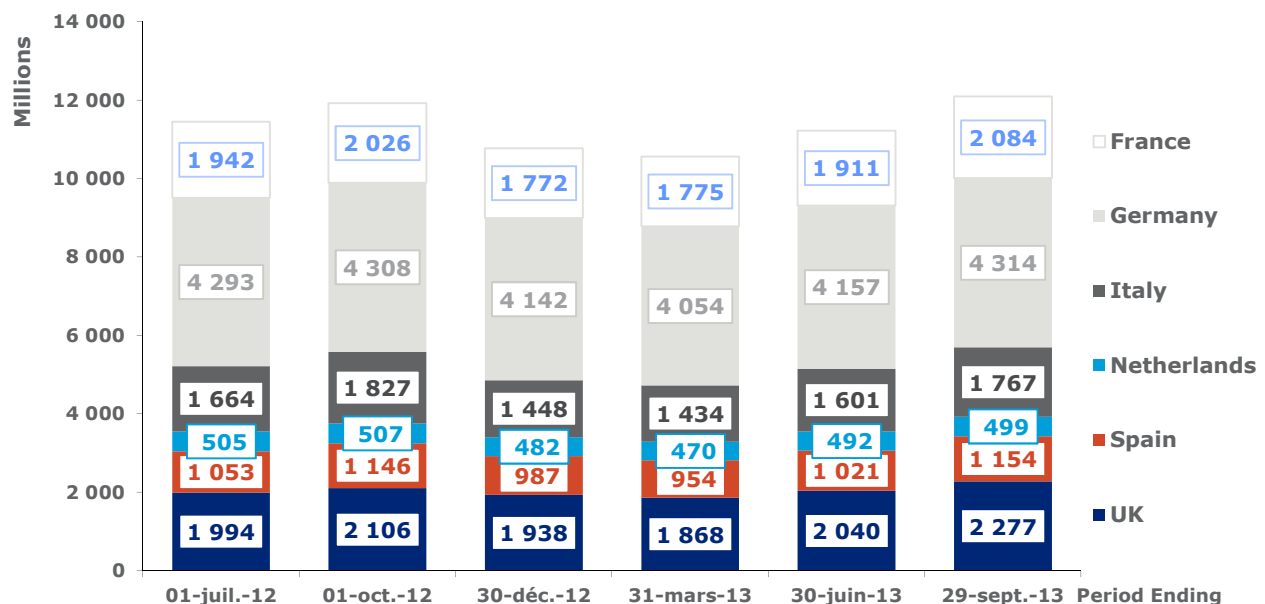


VALUE SALES IN MILLIONS (€)	
Total EU	44 644
DE	16 668
UK	8 124*
FR	7 543
IT	6 251
ES	4 117
NL	1 942

\*based on an exchange rate of €1.150 to the pound

**TOTAL EUROPE +0.0%**

## TOTAL DRINKS VALUE SALES FOR THE LAST SIX QUARTERS

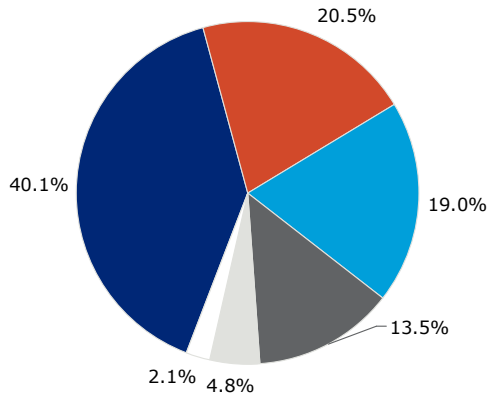


Source: IRI retail databases; Period ending 29 September 2013



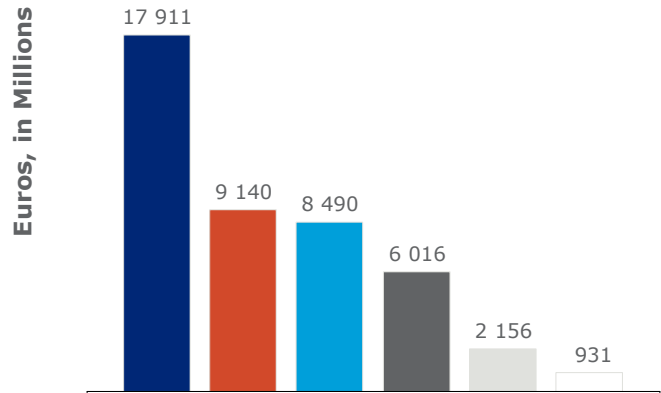
# Europe

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



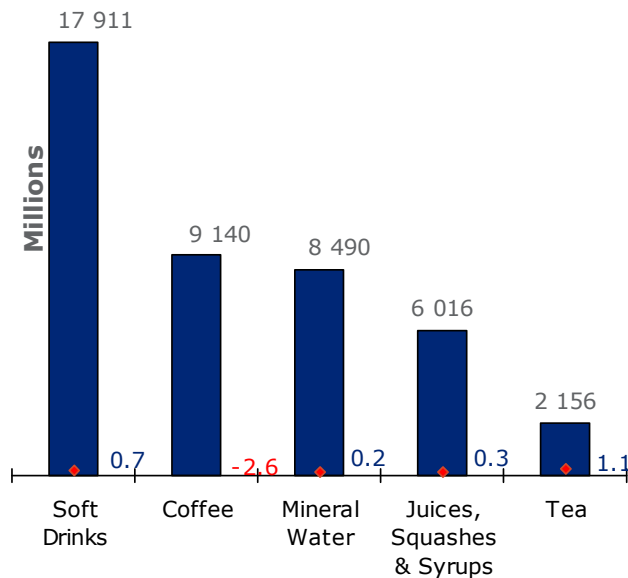
■ Soft Drinks ■ Coffee ■ Mineral Water ■ Juices, Squashes & Syrups ■ Tea ■ Cocoa

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change vs. year ago



■ Total € Sales ◆ % € vs. YA

## KEY TRENDS

- In the third quarter of 2013 value sales across most European countries is out performing volume driven by higher prices.
- The unseasonal weather has played a key role in lowering volume sales year to date in 2013 across most countries.
- The performances across Europe of the drinks categories is diverse. Tea is outperforming the other categories whilst coffee is the only category in value decline.

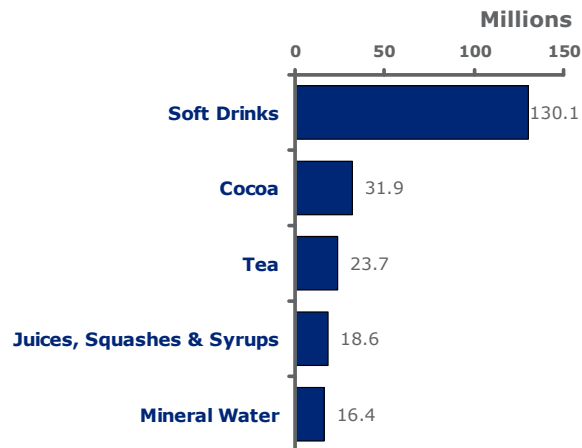
Europe includes: France, Germany, Italy, Netherlands, Spain and United Kingdom

Source: IRI retail databases; Period ending 29 September 2013

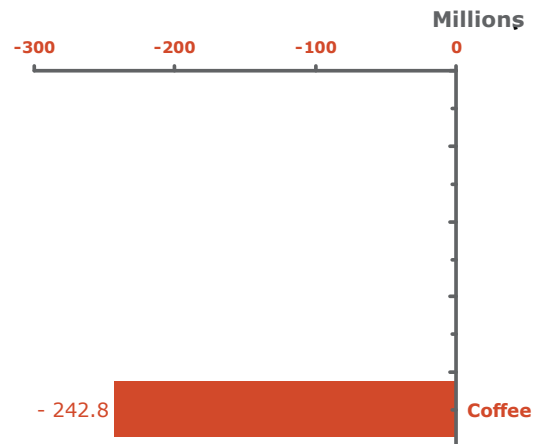


## Europe

### TOP WINNERS: VALUE SALES CHANGE VS. YR. AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VS. YR. AGO (€)



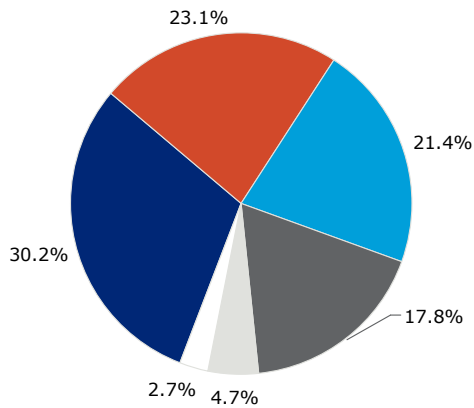
### CATEGORY INSIGHTS

- The European drinks market remains stable in Q3 2013. Except for coffee all the other categories are growing in value, especially soft drink. The increase in soft drinks is driven by the performance in France and the U.K. The decline of coffee is driven by German, France and the Netherlands.
- Value growth in soft drinks has been driven by price increases as volume has fluctuated across each country.
- The decline in coffee in France has been driven by all coffee segments except for pods. The key driver of this decline has been the fall in prices. In Germany the decline in coffee has come from the biggest segment, roasted coffee. This decline has impacted the overall performance as the other segments have not been able to compensate the loss. In the Netherlands the premium coffee market has grown in value driven by price increases but this has impacted volume sales which has declined.
- In Europe the performance of the juices, squashes and syrups category has differed across the countries. The Netherlands' has seen strong growth driven by squashes and syrups whilst sales in Italy have declined.
- The mineral water category performance has been impacted by the weather but due to price increases the category has seen value sales grow.

Europe includes: France, Germany, Italy, Netherlands, Spain and United Kingdom

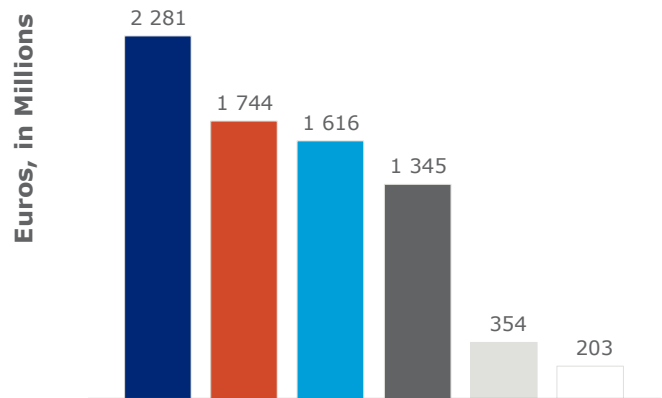
Source: IRI retail databases; Period ending 29 September 2013

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



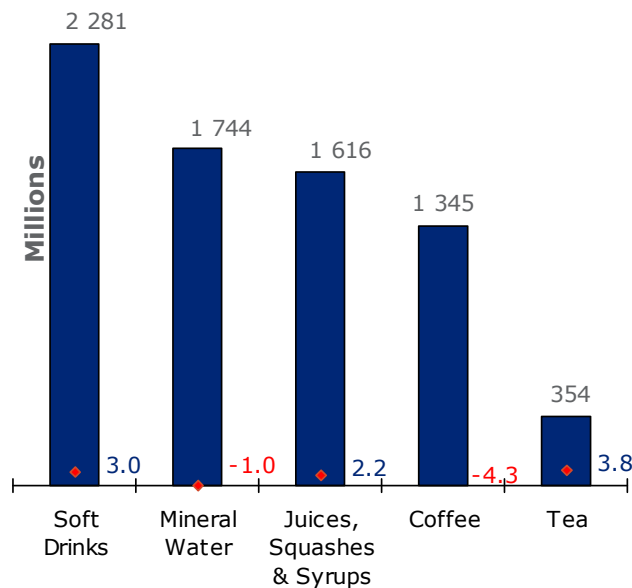
■ Soft Drinks ■ Mineral Water ■ Juices, Squashes & Syrups ■ Coffee ■ Tea ■ Cocoa

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change vs. year ago



■ Total € Sales ◆ % € vs. YA

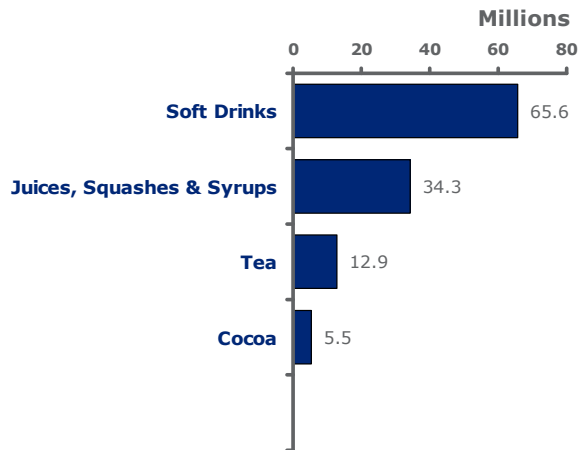
## KEY TRENDS

- In the French drinks market, there is a noticeable difference between value and volume trends.
- The soft drinks category continues to decline in volume, except the energy drinks and the still drinks (iced tea drink-Lipton, fruit drinks-Oasis, but is in good value growth.
- Waters continue to increase in volume but the values sales is on the decline.
- Syrups are in growth thanks to gains in the sodastream segment and in the mainstream syrup.

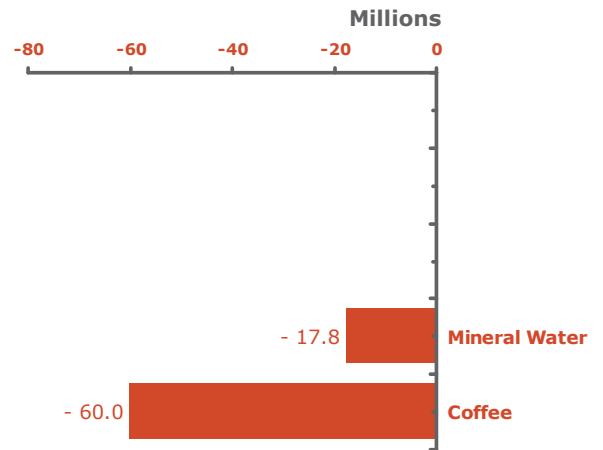
Source: IRI retail databases; Period ending 29 September 2013



### TOP WINNERS: VALUE SALES CHANGE VS. YR. AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VS. YR. AGO (€)



### CATEGORY INSIGHTS

- On waters, more promotion has led to the category being devalued. National brands continue to increase the promotional activity and Cristaline brand (low pricing) continues to grow.
- There is a difference in soft drinks between still and carbonated: still remains in growth and CSD is declining in volume, mainly due to Coca Cola brands. Coca Cola continue to decline in volume with Light and Regular.
- Syrup - The development of the soda machine trend in France has driven the development on syrup. Moreover, during the financial crisis, syrup remained the cheapest drink. The mainstream flavor is also increasing (grenadian, mint...)
- In the coffee market, pods continue to grow well, while other coffees are in decline: private label is decreasing by 6.1% in volume and 8.2% in value.
- Tea - Foods International is driving the growth of the category (with private label). Pods is also growing fast (Mondelez and Nestlé), Unilever is flat.

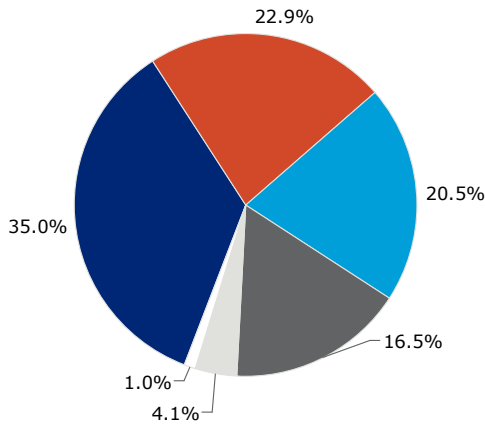
Source: IRI retail databases; Period ending 29 September 2013





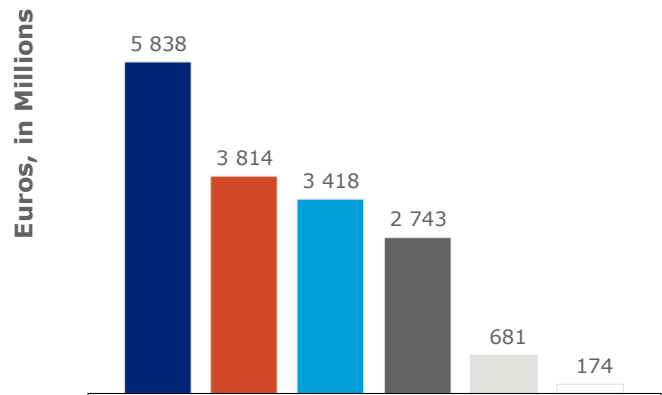
# Germany

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



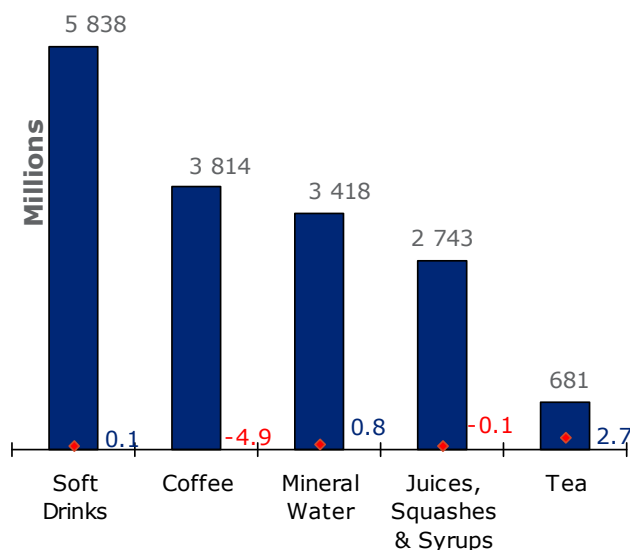
■ Soft Drinks ■ Coffee ■ Mineral Water ■ Juices, Squashes & Syrups ■ Tea ■ Cocoa

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change vs. year ago



■ Total € Sales ◆ % € vs. YA

## KEY TRENDS

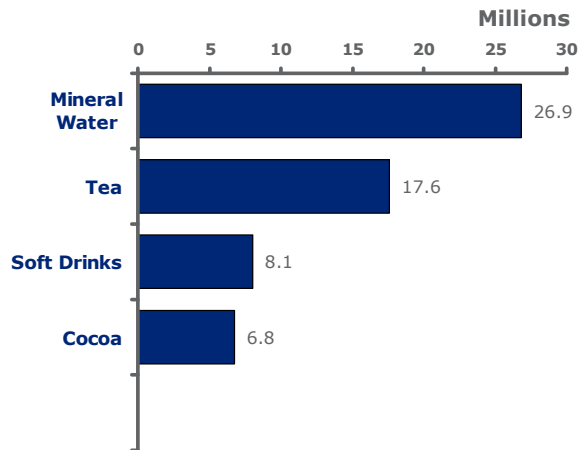
- The German FMCG market is affected by price increases in 2013 which is being replicated the Drinks category. In the MAT drinks sales decrease but Q3 2013 compared to Q3 2012 is slightly growing again (+ 0.1%).
- Contrasting trends occurring in volume and value for total non-alcoholic beverages (without coffee and tea) which are the opposite as seen last year. Because of the price increases, volume sales have fallen but value sales are slightly positive. This however does not apply in juices, ice tea and water plus where both value and volume sales are in decline.
- Significant development being driven most notably from soft drink (energy, fassbrause and adult lemonade) and coffee (capsules) segment.

Source: IRI retail databases; Period ending 29 September 2013

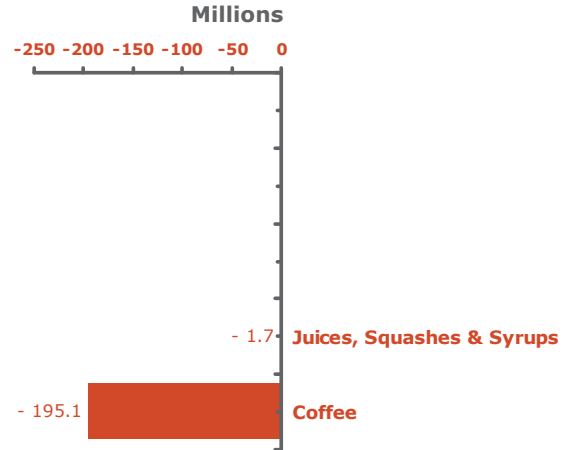


# Germany

## TOP WINNERS: VALUE SALES CHANGE VS. YR. AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VS. YR. AGO (€)



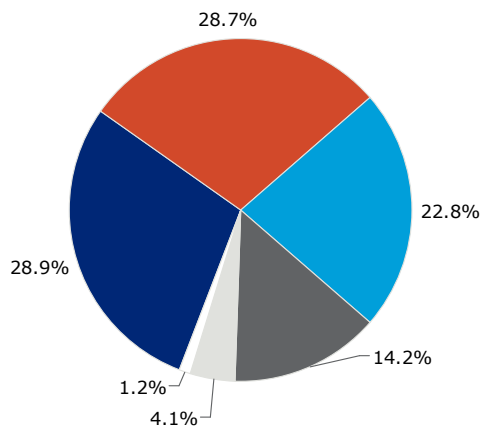
## CATEGORY INSIGHTS

- Mineral water sales look to recover from a negative sales in the past. The current growth comes from the still water and water with little CO<sup>2</sup>. Both these segments could grow if there is an increase in promotional activity.
- Performance in soft drinks could see value sales gain but is now only third out of the top growing segments in Germany. Again, the good performance of soft drinks is driven by the Coca-Cola Listing at Aldi in Germany in October 2012. Coca-Cola is stable or slightly declining in most retailers but the Aldi performance has easily compensated these losses. Further growth comes from energy drinks and fassbrause and apart from that there is some drive in the lemonade market. Some players entered the market in the high price adult lemonade segment – like Eckes Granini DieLimo, Gerolsteiner Limonade and San Pellegrino Limonade – this and last year. Especially the concept of Eckes Granini DieLimo which works very well and has already generate significant sales.
- Like in the last quarters the juices segment continues to be driven by price increases in Q3 2013. Consumers reacted by reducing their levels of consumption but to counter the fall in volume, most retailers have started aggressive promotions. However, value sales continue to be impacted and declined in Q3 2013.
- The coffee's value sales also continue to decline. The prices of the biggest segment roasted coffee are still going down, but this is driven by ground coffee which is not appealing to consumers any more. Growth is driven by the unground and single portions segment, but both segments together only have about 40% share on roasted coffee. Thus their growth cannot compensate the losses from the ground coffee segment. The highest growth rate currently come from capsules within the single portions segment.

Source: IRI retail databases; Period ending 29 September 2013

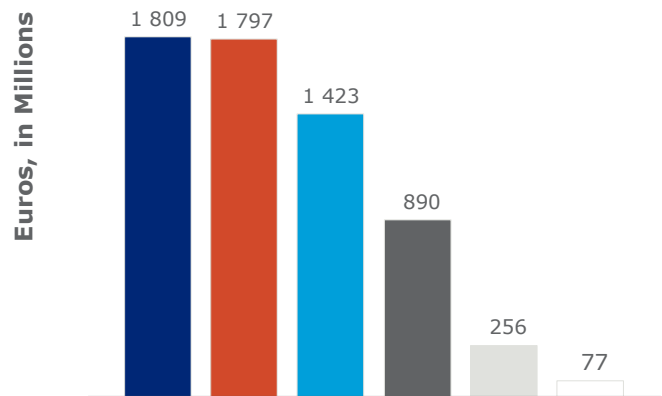


### CATEGORY SHARE OF VALUE IN THE LAST YEAR



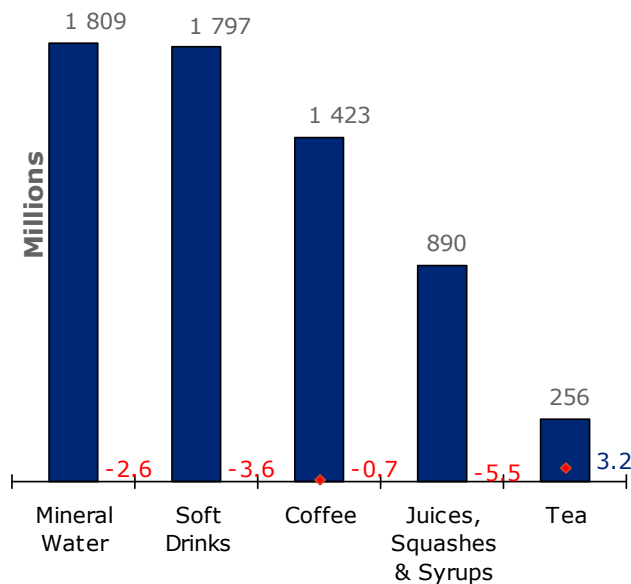
■ Mineral Water ■ Soft Drinks ■ Coffee ■ Juices, Squashes & Syrups ■ Tea □ Cocoa

### CATEGORY VALUE SALES IN THE LAST YEAR



### TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change vs. year ago



■ Total € Sales ◆ % € vs. YA

### KEY TRENDS

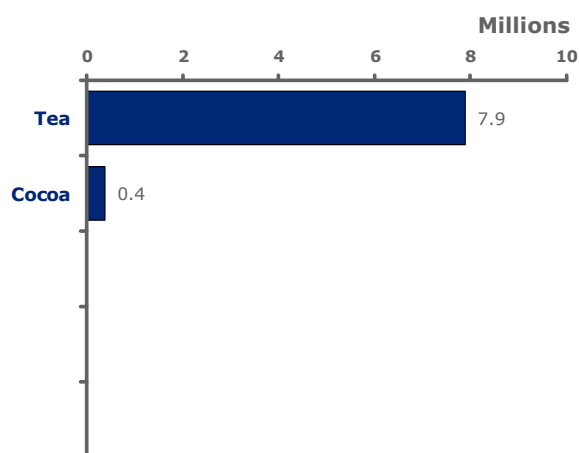
- Year ending Q3 2013 shows a positive trend only for infusion (hot tea) market, and a decline in all others categories.
- The trends have been impacted by temperatures: high season 2013 (from May to September) records steadily lower temperatures compared to 2012; all seasonal categories (water, soft drinks and juices) are penalized by this situation.
- Price rises have affected all categories, due mainly to price increase of petrol (impact on logistics costs and on productive costs: fuel, heating and electricity in factories, packaging PET...) and of raw materials (coffee and sugar).
- This scenario drives the consumers to make real choices of convenience that cause negative trends (volume and value) for most of drinks categories.

Source: IRI retail databases; Period ending 29 September 2013

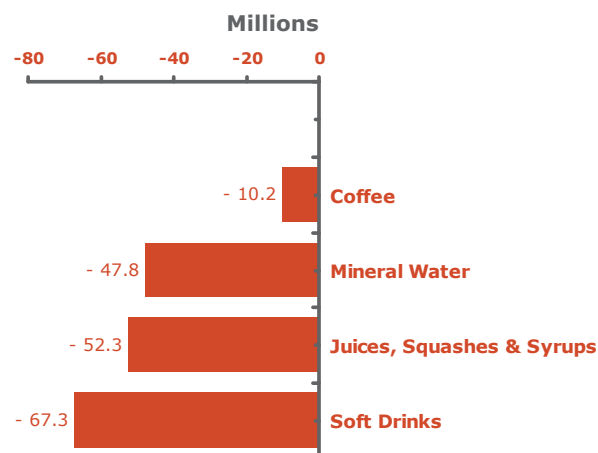


Italy

### TOP WINNERS: VALUE SALES CHANGE VS. YR. AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VS. YR. AGO (€)



### CATEGORY INSIGHTS

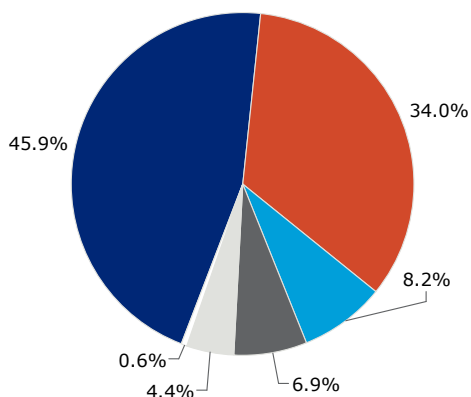
- In the last part of 2012 and during 2013, some themes continue to influence categories trends:
  - Weakness of consumer demand due to the economic crisis
  - Increase of inflation rate (particularly driven by price increase of several raw material e.g. coffee) and petrol that impacts the cost of transport and packaging (e.g. PET)
  - Retailers transferring these rising costs to the shelf prices
- During 2013 these trends (decrease of consumer demand and increase of inflation rate) were accentuated further and have come to impact virtually all food categories.
- In general, since Q4 2012 we have seen the weakness of consumer demand in FMCG due to economic crisis also affect the beverages market. In the last year ending, volumes of the soft drinks market have been affected by price increase and by consumer behavior targeted at low price categories (trading down).
- Carbonated soft drinks is the market that records the most important turnover loss: many segments (orangeades, lemon lime, tonic, chinotti) record very negative trends.
- Infusion (tea) is the only growing market considering the last year ending, both in turnover and in consumption. This market benefits from the 2013 winter season being longer than the previous year: March, April and May had temperatures below the seasonal average and colder compared to 2012. Positive trend is driven by functional tisane (slimming, relaxing, diuretic, laxative, digestive...).

Source: IRI retail databases; Period ending 29 September 2013

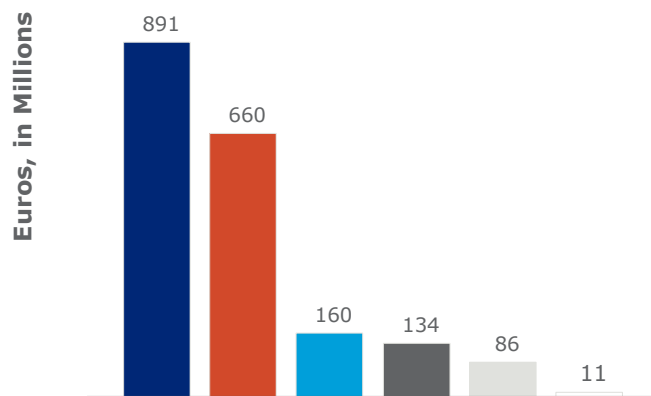


# Netherlands

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



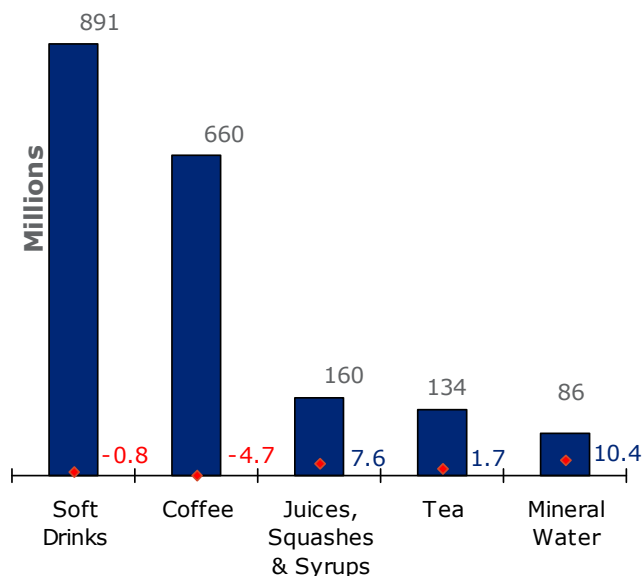
## CATEGORY VALUE SALES IN THE LAST YEAR



■ Soft Drinks ■ Coffee ■ Juices, Squashes & Syrups ■ Tea ■ Mineral Water ■ Cocoa

## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change vs. year ago



■ Total € Sales ◆ % € vs. YA

## KEY TRENDS

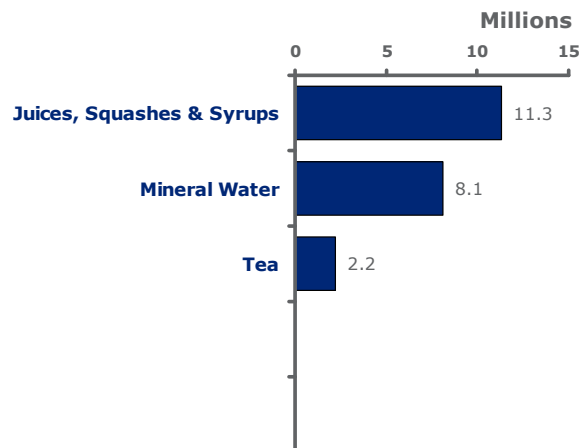
- Total drinks is declining in the Netherlands, in value (-1.4%) and volume (-3.5%). It doesn't meet the growth of the total market.
- Price increases have impacted volume and despite higher promotion pressure, shoppers are buying less.
- Cold drinks maintained a stable turnover by increased prices. While in the hot drinks category the lower prices led to a decrease in turnover and volume.
- Despite the introduction of Coca Cola, one of the first national brand at Aldi, the hard discount supermarkets are losing share in favor of highly promoting service supermarkets. Without the introduction of Coca Cola the discount supermarkets are losing share even more.

Source: IRI retail databases; Period ending 29 September 2013

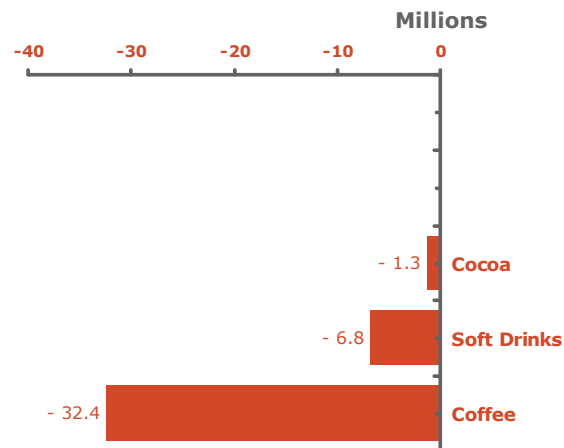


## Netherlands

### TOP WINNERS: VALUE SALES CHANGE VS. YR. AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VS. YR. AGO (€)



### CATEGORY INSIGHTS

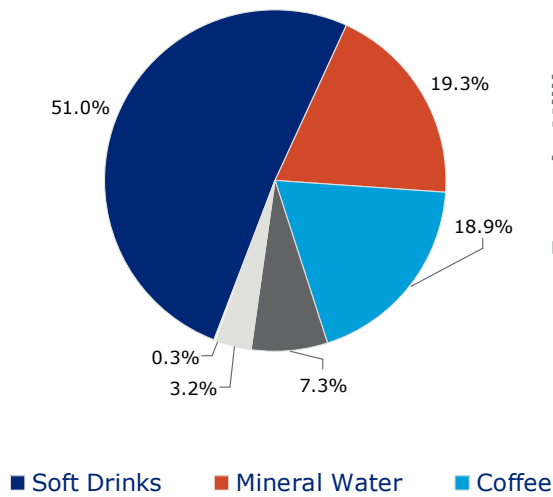
- The growth in juices, squashes and syrups is driven by the strong performance within squashes and syrups. This category keeps winning 'share of throat' at the cost of other liquid intake categories. Probably also driven by more price conscious shoppers in economical tough times.
- Within the category mineral water, the non carbonated water is only growing because of price increases. Also within carbonated water the prices have increased but did not lead to a volume decline, as volumes also showed growth figures of more than 3.2%. Also introductions led to the growth within water; budget brand Delphin and luxury brands like Marie Stella and San Pellegrino grew within the water market.
- All hot drinks (coffee, chocolate and tea) are declining in volume. Although premium coffee methods (cups, beans) are still winning volume share this trend is not big enough to bring value growth to the whole category. Douwe Egberts L'or expanded their product line with success. The new products were incremental to its existing range.
- Herbal and green tea are growing within the tea category. A high promo pressure is also responsible for this growth with an average of 40-55% for the biggest brands Pickwick and Lipton.
- In absolute terms, soft drinks is the biggest contributor to value growth, thanks to price increases. However price increases are leading to a downturn in volume, soft drinks is the biggest contributor to volume loss. The long summer couldn't stop the decline in volume. Ice tea and flavoured waters were the exceptions as these two segments continue to win volume in the declining market.

Source: IRI retail databases; Period ending 29 September 2013

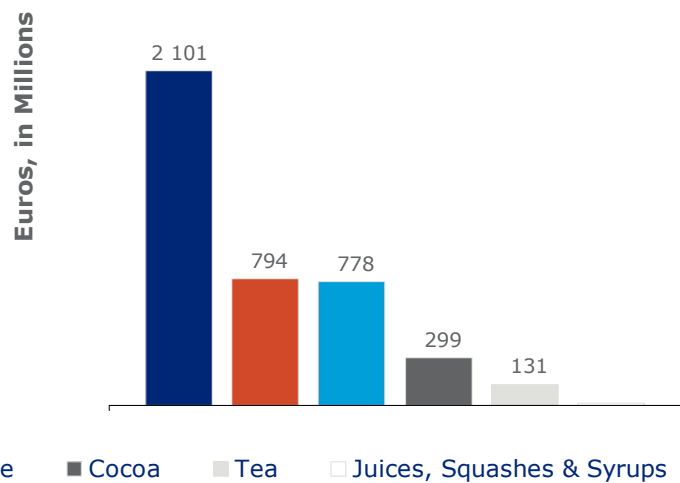


# Spain

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

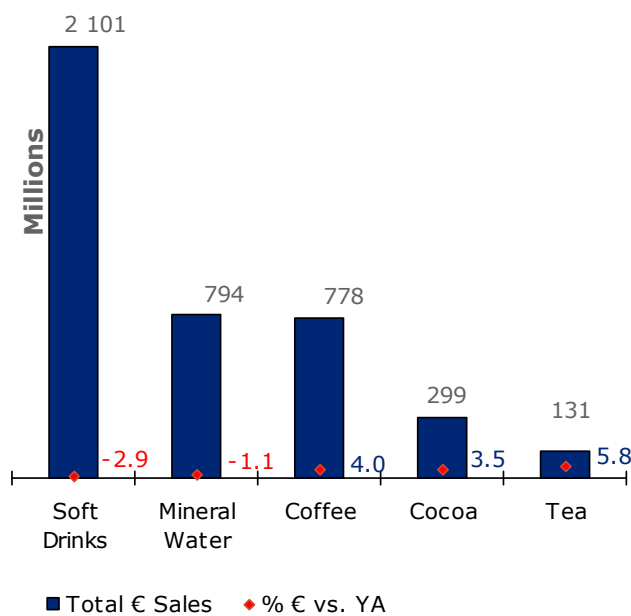


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change vs. year ago



## KEY TRENDS

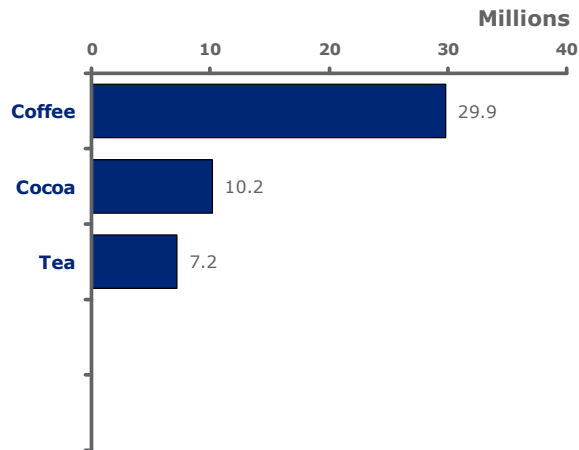
- During Q3 2013, the drinks market has decreased, compared to the previous quarter.
- During 2013, new taxes were imposed by the government impacting prices.
- Categories with a lower market weight reduced product prices last year and they have a positive value trend (coffee, cocoa and tea).
- The segments that are experiencing volume growth include indian tonic, smoothies and coffee capsules.

Source: IRI retail databases; Period ending 29 September 2013

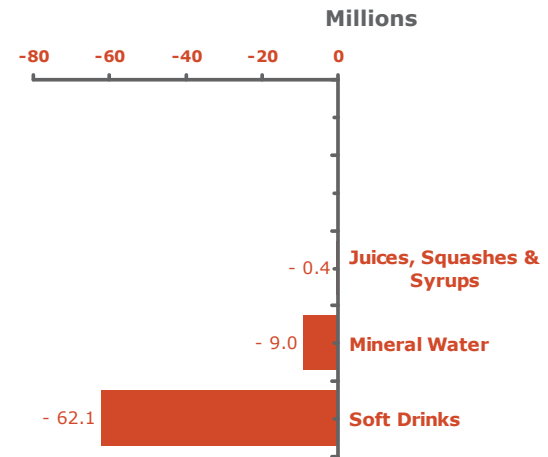


# Spain

## TOP WINNERS: VALUE SALES CHANGE VS. YR. AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VS. YR. AGO (€)



## CATEGORY INSIGHTS

- Sales in indian tonic have gone up steadily in soft drinks (+6.5% value) thanks to the gin tonic market. New premium products and brands have been launched during the last months.
- Coca Cola Co, PepsiCo and Orangina Schweppes sales decreased in the latest MAT due to categories like colas, stills, tea and gaseosas (local special carbonated water). Coca Cola Co sales decreased slightly in the last MAT driven by Coca Cola, Fanta and Aquarius.
- The most important contributor to the growth of coffee segment is the coffee capsules (+28,0% versus MAT last year).
- For drinks category, the positive trend is due to growth of Mercadona (retail main leader).
- Brands like Don Simon and Superguss are growing up (juices, water and stills).
- Water category has a decreased in their sales driven by every sub segment ( mineral water, flavor water and water with gas). By brands, it is significative that private label sales go down sharply (-4.8%).

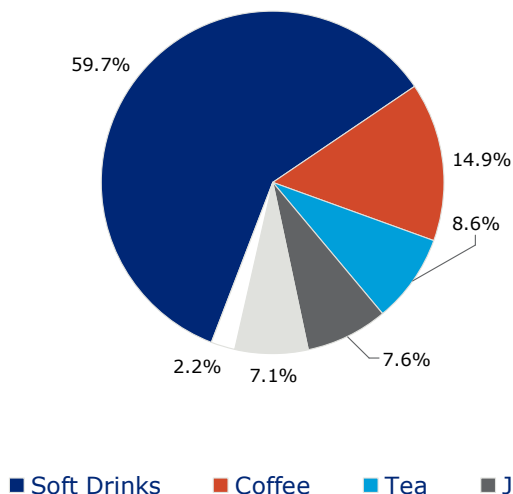
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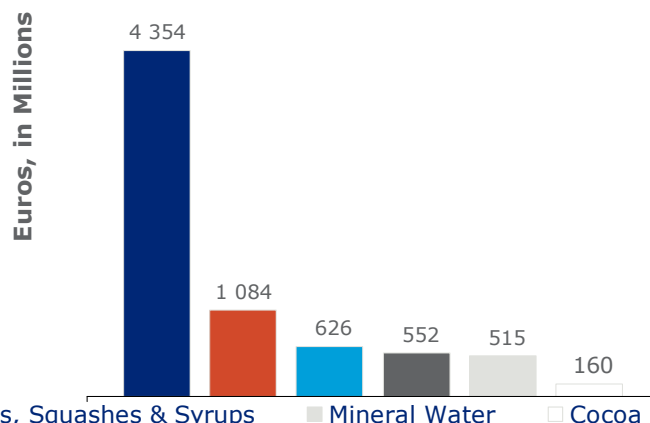


# United Kingdom

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

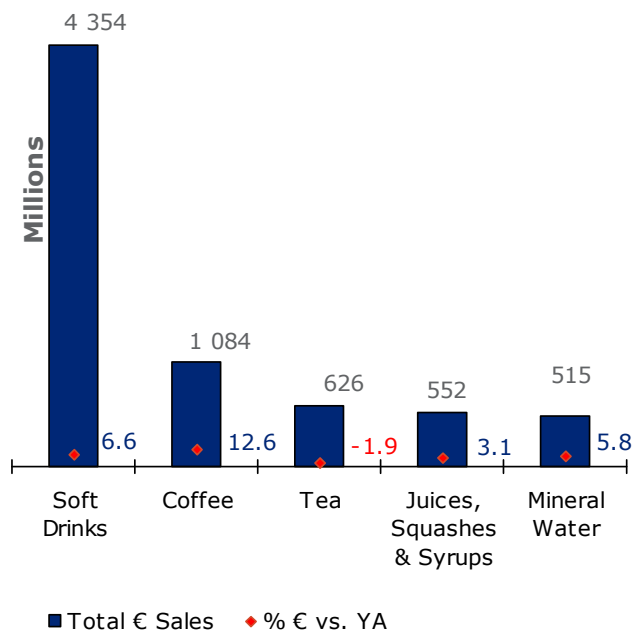


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change vs. year ago



## KEY TRENDS

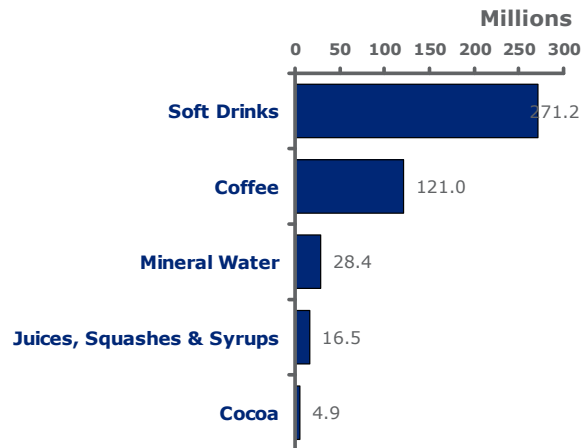
- All sectors in the U.K. are experiencing value growth with the exception of tea which is in slight decline (-1.9% year on year). Price increases continue to be the driving factor behind value growth.
- The coffee category is seeing very strong value growth, due to the innovation of the high priced premium sector, where consumers able to replicate the “Coffee Shop” occasion at home.
- Mineral water is the only category to out-perform the drinks market in volume. The strong volume gains (+9.7%) helped to drive overall value sales.

Source: IRI retail databases; Period ending 29 September 2013

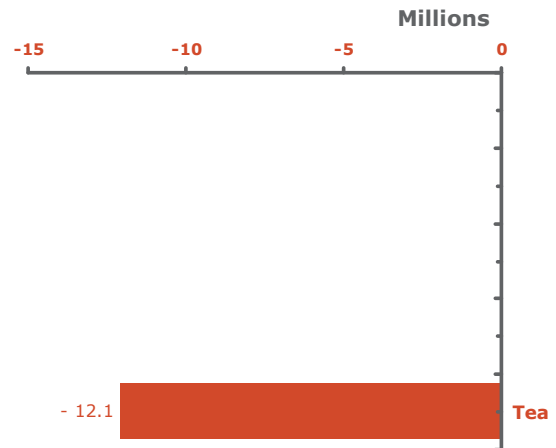


## United Kingdom

### TOP WINNERS: VALUE SALES CHANGE VS. YR. AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VS. YR. AGO (€)



### CATEGORY INSIGHTS

- The weather has been a key factor behind the sales performance in 2013. The coldest March in 50 years resulted in positive sale increases for the hot beverages sectors but then the warm summer impacted sales for hot beverages as shoppers increased spend on soft drinks, water and juices, squashes and syrup products.
- Tea continues its long term decline due to normal black tea declining heavily in volume. These declines have not been offset by the strong value growth from non black tea sectors of fruit and herbal, specialty and green. These sectors have been in mild volume growth and the main players in these sectors have been driving value growth through price increases.
- In coffee, the premium priced variants are driving the sector. Instant coffee contributed nearly 3/4 of the category value growth, particularly that of innovative microground variants and café style products. Ground coffee is however growing in both value and volume driven by innovation in pods.
- Strongest volume growth in water was from flavoured still and flavoured sparkling, although the biggest sector of plain still grew in volume by 9.0%.
- Soft drink category value growth has been led by ready-to-drink (RTD) juice and cola (greater secondary display), whilst soft drinks volume has also grown slightly by 0.9%. The price increases have helped value sales out grow the volume performance. Fruit juice from concentrate and juice smoothies have not performed well driven by reductions in amount of volume sold on promotion.

Source: IRI retail databases; Period ending 29 September 2013

# Final Notes

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## Notes on Category Definitions for Countries

Due to the diverse products found in individual countries across this market it was necessary to consolidate the available data into the categories in this report. In some cases, it wasn't possible to align products across all 6 countries. Those exceptions are listed below:

### Soft Drinks

- The UK data in this report does not contain iced tea and other tea based beverages and the other countries do not

### Juices, Squashes & Syrups

- The Germany data in this report includes smoothies and refrigerated fruit juice and the other countries do not

### Mineral Water

- The France data in this report includes flavored mineral water whereas the other countries do not
- The Italy data in this report includes flavored sports drinks whereas the other countries do not

## Resources

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To gain insight into opportunities across specific categories, segments, channels or retailers, contact your IRI client service representative regarding custom analyses leveraging the following resources:

- **InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. InfoScan Census utilizes the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness. All data about drinks comes from **InfoScan Census®**.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

### FOR MORE INFORMATION

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