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**WONDERWORKS TREND REPORT  
HOW HEALTH CONSCIOUSNESS IS CHANGING  
THE DRINKS INDUSTRY IN THE UK**

**January 2019**



## THE OMNIPRESENT HEALTH TREND ARE WE CHANGING OUR WAYS FOR GOOD?

### *Healthy Lifestyle Is Changing UK Shoppers' Habits*

Health consciousness has become an increasingly important part of people's lifestyle in the UK.

For one, Brits are actively moderating their drinking. 4 million people took part in Dry January in 2018, and even more are expected to go alcohol free for the first month of 2019<sup>i</sup>. A Mintel report revealed that one third of adults have reduced or limited their alcohol intake over the past year<sup>ii</sup>.

Brits are also cutting down on smoking, with only 16.8% reported as smoking regularly in 2018<sup>iii</sup>.

And last but by no means least, of the UK's health concerns, *sugar* was identified as the most pressing wider food safety issue according to a survey by the UK's Food Standards Agency<sup>iv</sup>.

As the nation turns to healthier options, the drinks industry faces the important challenge of how to adapt without compromising its brands.

In this trend report we take a look at how growing health consciousness is changing the landscape for alcoholic and soft drinks in the UK.



## Rise of Organic Food & Drink

One consequence of the healthy lifestyle trend is the rise of products that are certified as organic.

According to research conducted by IRI<sup>v</sup> in 2017, more than two thirds (72%) of shoppers in the UK are buying 'healthy food', labelled as having less salt, sugar, fat or calories. Almost half (43%) of British shoppers now buy organic food – a third more than three years ago.

The Soil Association's 2018 Organic Market Report<sup>vi</sup> revealed the UK organic market is now worth more than ever at £2.2 billion, growing 6% in 2017. The market has now had six years of steady growth, with organic accounting for 1.5% of the total UK food and drink market.



## Health Consciousness & Alcoholic Drinks

Health consciousness is driving an overall reduction in alcohol consumption per person – but not all categories are declining. Some have managed to use the trend to their advantage

### Organic Wine & Beer is Still Growing

The popularity of organic wine and beer continues to grow, with sales in the UK increasing by over 8% and many supermarkets expanding their range<sup>vii</sup>.

Organic wine and beer are proving popular with an audience looking for craft products made by small producers.

### Non-Alcoholic Beer is Exploding

Non-alcoholic beer is going from strength to strength, with 58% year-on-year growth in UK retail according to the Kantar Worldpanel report<sup>viii</sup>. Given its high potential reach, non-alcoholic beer could prove to be a catalyst for the wider acceptance of non-alcoholic drinking.

### No & Low Spirits are Maturing

We examined the rise of the No & Low category in 2018 (see [report](#)). This category is now coming into its own, moving beyond the generic label of 'non-alcoholic spirits'. We are starting to see increasingly sophisticated offerings that cover the full range of alcoholic spirits.

Take Ceder's: its non-alcoholic alternative to gin has been swiftly embraced by both UK retailers and gin-lovers.

### 'Diet' Spirits are Emerging

Calories are another key concern of the health conscious consumer.

In response, Ketel One Vodka has launched its Botanical series. The distilled spirit contains 25% fewer calories and alcohol than regular vodka. The range has received a lot of attention from the media due to its positioning as a 'diet vodka'.

## Impact On Soft Drinks

Health consciousness has had a large impact on soft drinks. The defining trends have been the reduction of added sugar and the emergence of functional soft drinks.

### Subtracting Sugar

The most drastic change recently has been the imposition of the Sugar Tax, which came into force in the UK on 6 April 2018. A higher levy is now applied to drinks with a total sugar content of more than 5g per 100ml, while an even higher levy is imposed on drinks with an excess of 8g sugar per 100ml.



Consequently, some soft drink brands have moved to reduce the amount of added sugar to avoid raising the RRP - but with mixed success:

- In 2018, the maker of the iconic Scottish drink Irn-Bru stopped producing the original full sugar version. But cutting the sugar content to just below the 5g threshold led to an outcry among brand loyalists.
- Lucozade, owned by the Japanese company Suntory, has also moved to cut sugar but the results have been ambivalent: The Grocer reported an initial sales decline of 8.4%<sup>ix</sup>.
- In contrast, Fever-Tree felt confident enough to expand its Refreshingly Light range that contains less than 5g of sugar per 100 ml to “offer the widest selection of low-calorie mixers to consumers at on trade and at home”<sup>x</sup>.

Such a varied picture explains why producers of some famous brands including Pepsi and Coca-Cola have opted not to cut sugar from their original recipes but to sell smaller bottles instead.

### Adding Functional Features

Functional soft drinks may just be one of the key trends of 2019. Health conscious consumers are rejecting sugar but may look to products to provide wellbeing benefits instead.

Coconut water, kombucha and now kefir have all prospered thanks to promising a healthy boost. Still, the biggest winner of this trend might be fruit and vegetable smoothies. The category has continued its rise as brands like Innocent, Naked and Savse launched new products dedicated to providing health, energy and nutrition.

Fresh smoothie bars have also become increasingly popular on the high street. Chains including Crush, Joe & the Juice and Fuel have continued to expand their footprint in key cities across the UK.



## MOMENTS OF WONDER

Wonderworks' edit of notable health consciousness-inspired drinks brands:

### Non-Alcoholic Spirits

Non-alcoholic spirits now offer sophisticated alternatives to specific spirits including gin, vodka and rum.



IN THE NEWS....

Ceder's Distilled Non-Alcoholic Gin

Stryk Non-Alcoholic spirits

### Healthy Smoothies

Smoothies now offer increasingly nuanced health benefits. Premium smoothie brands are often made of cold-pressed and organic ingredients.



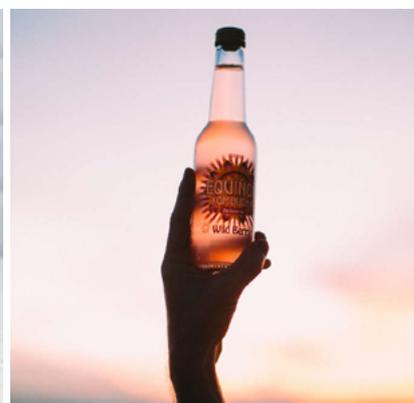
IN THE NEWS....

Savse: cold-pressed goodness, on the go

Plenish - Plant Powered range of Health Drinks

### Kombucha

Kombucha has managed to make a leap from hip coffee shops to mainstream restaurants and bars thanks to its unique flavour and positive impact on the digestive system.



IN THE NEWS....

Real Kombucha: non-alcoholic fermentation at its finest

Equinox Kombucha

## WE WONDER

*Wonderworks' opinion on the health consciousness trend*

### *How will health consciousness impact the drinks industry?*



#### ALCOHOLIC DRINKS

Perhaps counterintuitively, health consciousness may prove to be beneficial for the alcoholic drinks industry. Excessive alcohol consumption is a key health concern in the UK and, as a result, sales of alcohol per person have been decreasing since 2008. Yet the industry is adapting. In 2018, UK gin sales grew an impressive 38% year on year<sup>xi</sup> and exports are booming. It is likely that health consciousness is discouraging binge drinking and helping to set a more sustainable path for the industry going forwards. Premiumisation is likely to continue, moving alcohol from casual indulgence to celebratory ritual. We also expect organic, reduced calorie and lower ABV drinks to enjoy growing popularity with the health conscious audience.

#### SOFT DRINKS

As people turn to healthier options, soft drinks stand to benefit. But importantly, health conscious consumers are demanding a different kind of product. A delicious flavour is just a starting point: soft drinks will have to offer real benefits for people's health and wellbeing. Products that manage to combine an excellent taste with broader health benefits and a low sugar content are likely to emerge as the biggest winners in the category.

#### NON-ALCOHOLIC ADULT DRINKS

As an alcohol-free lifestyle becomes more common, it is expected the category will play a growing role in socialisation moments that were previously the exclusive preserve of alcohol. Non-alcoholic adult drinks will do well if they succeed at capturing the excitement of their alcohol-laden counterparts and make special moments their own. Even more ambitious product innovation and growth can be expected.

## WE WONDER

### What do people in the industry think?

**Craig Hutchison, co-founder, CEDER'S ALT-GIN**

#### Why do people choose CEDER'S?

*"CEDER'S is a non-alcoholic alt-gin. People choose it when looking for an everyday escape from their hectic lives. It provides all the familiar gin cues including the packaging and flavour – something that was extremely difficult to create. The spirit is juniper based, combined with other carefully selected botanicals. Mostly, however, we are a mindfulness brand. We want to give everyone a much-needed escape."*

#### What are some of the key trends in healthier drinking?

*"Non-alcoholic drinks are moving beyond just quenching the thirst or providing a nice taste. People are discovering that they can do so much more. Today, non-alcoholic drinks can satisfy emotional desires like the need for healthy hedonism and mindfulness. They can also provide a new kind of storytelling and indulgence."*

#### What does the future hold for the adult drinks industry?

*"Like all industries, the adult drinks industry will experience disruption, driven by access to knowledge, changing lifestyles – like health consciousness – and technology innovation. We will therefore see non-alcoholic, holistic drink experiences taking an ever-increasing share of the pie."*



<sup>1</sup><https://alcoholchange.org.uk/get-involved/campaigns/dry-january/about-dry-january/the-dry-january-story>

<sup>2</sup><http://www.mintel.com/press-centre/food-and-drink/32-of-brits-have-reduced-or-limited-their-alcohol-intake>

<sup>3</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/adultsmokinghabitsingreatbritain/2017>

<sup>4</sup><https://www.food.gov.uk/news-alerts/news/public-attitudes-tracker-survey-results-published-0?navref=search-global-news-and-alerts-4>

<sup>5</sup><https://www.iriworldwide.com/site/en-GB/insights/Publications/IRI-Shopper-Insights-Survey>

<sup>6</sup><https://www.soilassociation.org/certification/trade-news/2018/organic-has-reached-its-highest-sales-ever-at-over-22b/>

<sup>7</sup><https://www.soilassociation.org/certification/trade-news/2018/organic-has-reached-its-highest-sales-ever-at-over-22b/>

<sup>8</sup><https://www.thedrinksbusiness.com/2018/08/non-alcoholic-beer-sales-see-60-boost-in-uk-retail/>

<sup>9</sup><https://www.thegrocer.co.uk/buying-and-supplying/health/lucozade-sales-bomb-after-backlash-over-lower-sugar/559663.article>

<sup>10</sup><https://www.thedrinksbusiness.com/2018/03/fever-tree-extends-low-calorie-range-as-revenue-rises-by-66/>

<sup>11</sup><https://www.thedrinksbusiness.com/2018/09/sales-of-uk-gin-double-in-value-in-five-years-to-hit-2-2-billion/>



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