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## Fortified/Functional Beverages in the United Kingdom

### PROSPECTS

#### Fortified/functional (FF) Claims Go Mainstream

In the UK, consumers are limiting their sugar intake and showing greater scrutiny about what they put into their bodies. FF soft drinks gained traction in recent years, as they respond to the need for more mindful consumption, being positioned as healthier options than conventional soft drinks and providing a key point of differentiation in this increasingly competitive environment. Across the UK, beverage manufacturers are experimenting with innovative functional ingredients and investing in new processing techniques to add value to their existing commodity products and boost sales. FF claims represent an opportunity to change the negative image perception of certain soft drinks, such as energy drinks, while leveraging key attributes that resonate with consumers, such as energy, caffeine, or plant-based ingredients. In the forecast period, fortified/functional claims are set to go mainstream, jumping on "reviving" hydration, immunity-boosting ingredients, energizing properties, and further expanding digestive health claims, to attract increasingly health-conscious consumers.

#### Adaptogen Herbs Grow in Soft Drinks

In 2019, brands continued to favor botanicals and adaptogen herbs such as ginseng, guarana, and turmeric in their new product developments, to position their soft drinks as functional and convey

a sense of exclusivity for premium formats. Within energy drinks, manufacturers are moving away from chemicals and artificial ingredients, favoring plant-based natural sources of energy. Innovations with guarana, guayusa leaves, and green tea extract are eroding the shares of traditional variants containing taurine and vitamin B, as illustrated by the launch of Tenzing, RUNA, and Coca-Cola Energy. In FF bottled water, the market is diversifying further as brands take advantage of the consumer shift away from carbonated soft drinks to provide healthier variants containing vitamins and minerals – which are less sweet than other beverages in the landscape. In FF fruit/vegetable juice, brands are looking beyond ingredients in their recipes and investing in cold press format and high pressure processing to extend the shelf life of their products and offer smaller pack types to meet the demand for convenience.

#### Ff Fruit/Herbal Tea is Increasingly Favored

Within FF hot drinks, FF fruit/herbal tea continued to lead growth in retail current value terms, responding to consumers' interest in hot drinks with added benefits that challenge the traditional cup of black tea. As the market is witnessing a continued shift towards the consumption of fruit/herbal tea, fortified/functional claims are becoming a priority on manufacturers' agendas, in order to truly diversify their product portfolios,



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take advantage of their health and wellness appeal and create “smarter tea” blends. Driven by a new generation of younger consumers seeking low sugar beverages and functional drinks to supplement their active lifestyles, FF hot drinks is set to continue to grow in the forecast period. However, these beverages are facing greater scrutiny from the Advertising Standards Authority (ASA), as functional claims need to comply with regulations on nutrition and health. In late 2018, Pukka’s Detox range had to be rebranded under the new brand Feel New, as the ASA banned the brand from using the word “detox” without a permitted health or nutrition claim.

## COMPETITIVE LANDSCAPE

### Continued Growth of Coca-Cola in Functional Bottled Water

Lucozade Ribena Suntory continued to lead FF beverages in value terms in 2019. However, it saw a share decline, while Red Bull in second and Coca-Cola Enterprises in third witnessed continued value growth throughout 2019. Coca-Cola’s Glacéau Smartwater and VitaminWater brands have established themselves as key leaders in the functional bottled water space. In addition, Coca-Cola continued to showcase its ongoing sustainable packaging strategy, relaunching Smartwater in 100% recycled PET format and launching a multi-brand campaign to encourage consumers to recycle in a bid to create a true circular economy for plastic bottles. This campaign not only enabled the company to grow, but also highlighted its efforts

to reform the recycling system across the UK – a strategic move to respond to consumers’ increased interest in purchasing products from companies with an environmentally-friendly agenda.

### Juice Shots with Functionality Claims are on the Rise

Across both retail and foodservice, sales of juice shots continue to grow, as consumers are seeking more convenient formats. The brand Plenish is jumping on the craze to provide juice shots with added benefits, such as its Plenish Ginger Ninka or Gut Guardian options, available at Ocado, and has launched juice cleanses on its e-commerce website. Meanwhile, the brand MOJU innovated with caffeinated juice with the launch of its Chili Energy Caffeine shot with guarana seeds, providing an energy boost to consumers.

### Purdey’s Gains Ground with a New Positioning

Within FF soft drinks, Purdey’s is posting promising growth. Its success and impressive value share are linked to its increased promotional efforts and impressive product launches. Originally launched as a “Multivitamin Fruit Drink”, Purdey’s changed its on-pack message to “Multivitamin Energy” in a bid to resonate with consumers seeking healthier energy drinks. This move was further supplemented with an outdoor campaign across key cities in the UK and a video campaign dubbed “Energy as Nature Intended”, which was released on television. ■



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