

# CARBONATED SOFT DRINKS – GERMANY – 2021

Premium CSDs with natural ingredients and less-sweet flavours will benefit from the alcohol moderation trend by appealing to adult tastes.



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# Report Content



## EXECUTIVE SUMMARY

- Mintel's perspective

### Impact of COVID-19 on carbonated soft drinks

- COVID-19's impact on CSDs and German consumer behaviour

### Market context

- COVID-19 leads to squeezed budgets for many
- Scope for CSDs as alcohol alternatives
  - Graph 1: consumption of CSDs in the last three months, by type and location, December 2020
- Address CSDs' negative aspects

### Mintel predicts

- Market size & forecast following COVID-19 outbreak
- Premiumisation trend is delivering value growth
- Volume sales expected to decline slightly to 2025...
- ...while value growth is expected

### What consumers want, and why

- Consumers want: natural ingredients
- Consumers want: less-sweet options
- Consumers want: new flavours
- Consumers want: better for you drinks

### Opportunities

- Create more at-home drinking opportunities for CSDs...
- ...including food pairing suggestions
- Premiumise CSDs to compete against alcoholic drinks
- Use upcycled ingredients and improve ethical credentials
- Mintel Trend Mood to Order

### The competitive landscape

- Coca-Cola has a commanding position for both volume and value sales
  - Graph 2: retail market shares of CSDs\*, by value and volume, 2020
- Quick download resources

## MARKET DRIVERS

- A return to lockdown
- The impact of COVID-19 on the German economy
  - Graph 3: key economic data, in real terms, 2019-22
- How a COVID-19 recession will reshape the industry
- Lockdowns impact foodservice and out-of-home consumption
- Health concerns drive the alcohol moderation trend
- Public spotlight on sugar content impacts CSDs
- Ethical challenges go beyond sustainability
  - Graph 4: top environmental concerns, October 2019
- Brexit: some disruption for German trade will be inevitable

## WHAT CONSUMERS WANT, AND WHY

### Impact of COVID-19 on consumer behaviour

- Elevate evenings in with innovative CSDs
- Appeal to consumers' interest in healthy treats
- CSDs can win from alcohol reduction
  - Graph 5: consumer spending on alcoholic drinks for drinking at home compared to before the COVID-19 outbreak, 8-17 December, 2020

### Consumption of carbonated soft drinks

- Regular CSDs continue to enjoy higher usage than diet versions
- CSD consumption grows among all age groups
  - Graph 6: consumption of regular sugary CSDs in the last three months, by age group, July 2019 vs December 2020
  - Graph 7: consumption of diet/light CSDs in the last three months, by age group, July 2019 vs December 2020
- Keep drinkers engaged as they age
  - Graph 8: consumption of CSDs in the last three months, by gender and age group, December 2020
- Give diet/light drinks an image overhaul
- One third of CSD users drinks them daily
  - Graph 9: frequency of drinking CSDs, by type, December 2020
- Over-55s drink diet/light CSDs most often
  - Graph 10: frequency of drinking diet/light CSDs, by age group, December 2020
- Target at-home drinking
  - Graph 11: consumption of CSDs in the last three months, by type and by location, December 2020
- Soft drinks serve as alcohol alternatives
- Foster at-home drinking in particular among young consumers

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- Graph 12: consumption of CSDs in- and out-of-home, by age group, December 2020
- International inspiration: recruit users with elevated in-home experiences

## Reasons to drink carbonated soft drinks

- CSDs are a permissible treat
  - Graph 13: reasons to drink CSDs, December 2020
- Sugary drinks provide a sweet treat
  - Graph 14: drinking CSDs to satisfy a sweet craving, by age groups, December 2020
- CSDs with a functional twist hold a captive audience
  - Graph 15: wellbeing reasons to drink CSDs, by age groups, December 2020
- Look to include calming ingredients

## Attitudes towards carbonated soft drinks

- Premiumise with all-natural ingredients
  - Graph 16: attitudes towards CSDs, December 2020
- Keep artificial additives to a minimum
- Use craft production processes
- Celebrate natural variations
- Broaden the range of flavours
- World flavours can add a sense of adventure
- Benefit from nostalgic flavours
- Look to premiumise familiar flavours
- Single-variety CSDs provide ways to premiumise
- Use local ingredients

## Behaviours around carbonated soft drinks

- Demand for more sustainability is also prevalent regarding CSDs
  - Graph 17: behaviours around CSDs, December 2020
- Consumers want sustainable packaging
- Offer meal pairing suggestions
  - Graph 18: consumers who would like to know more about what foods are best to pair with different CSDs, by age group, December 2020
- Lower carbonation could tempt under-35s to drink more CSDs
  - Graph 19: consumer interest in CSDs with lower carbonation than regular CSDs by age group, December 2020
- Team with soda makers to enable customised CSDs
- Provide mocktail inspiration
  - Graph 20: interest in making mocktails using CSDs, by age group, December 2020

## LAUNCH ACTIVITY

- Coca-Cola remains the key player for NPD..
  - Graph 21: CSD launches, by top 10 companies, 2016-20
- ...but private labels gain importance
- Private labels push the innovation button
- Ethical & environmental claims show biggest growth among CSD launches
  - Graph 22: fastest-growing claims for CSD launches, 2016-20
- Explore new ways to attract ethically conscious shoppers
- Natural recipes remain an aspirational target
  - Graph 23: CSD launches, by natural claims, 2016-20
- Minimal ingredients and high fruit content are more natural
- Brewing and fermentation can inspire associations with naturalness
- Shifting the sugar message from sugar free to low sugar
  - Graph 24: CSD launches by leading 'minus' claims, 2016-20
- Take sugar content even lower
- Less-sweet flavours show biggest growth in new CSD launches
  - Graph 25: top five flavour components of CSD launches\* with biggest growth, 2019-20
- Less-sweet flavours with a touch of sophistication
- Take flavour inspiration from around the world

## Advertising and marketing activity

- Power to the people
- Tap further into seasonal and limited product launches

## MARKET SHARE

- Coca-Cola holds a considerable market lead

### Germany: retail market share of carbonated soft drinks, by volume, 2019-20

- Private label shows biggest drop in volume market share

### Germany: retail market share of carbonated soft drinks, by value, 2019-20

- Coca-Cola takes more than half of value sales

## MARKET SEGMENTATION, SIZE AND FORECAST

### Forecasting during the COVID-19 pandemic

- Note on forecast in response to COVID-19
- Volume sales expected to decline slightly to 2025..

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- ...while value growth is expected
- Adding value is important to deliver market growth

## **Germany: retail market volume sales of carbonated soft drinks, by segment, 2019-2020**

- Coca-Cola underpins colas' category lead
- Dominant cola segment shows strongest growth in volume...

## **Germany: retail market value sales of carbonated soft drinks, by segment, 2019-20**

- ... and market value

## **APPENDIX**

### **Appendix – products covered, abbreviations, consumer research methodology and language usage**

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

### **Appendix – market size and forecast**

- Market size and forecast – volume
- Market size and forecast – value

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