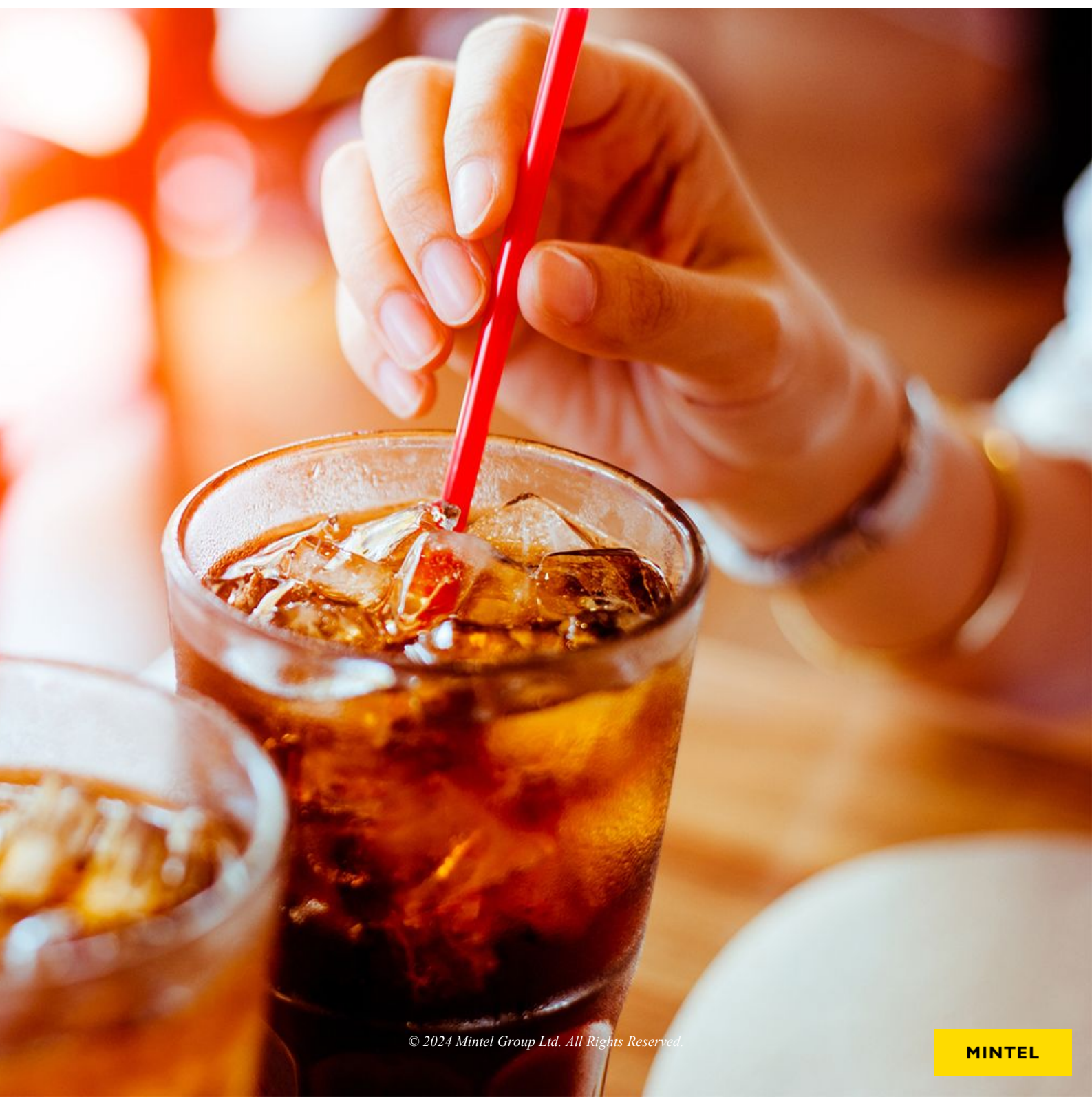


CARBONATED SOFT DRINKS – INDIAN CONSUMER – 2018

CSDs don't have to trade off on their reputation as an indulgence, but instead embrace it and encourage more treat-based consumption occasions.



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Report Content

EXECUTIVE SUMMARY

- What you need to know – Summary
- Increase occasions for consumption and health benefits in CSDs in India to stem slowdown in growth
- Carbonated soft drinks bear the brunt in the war against sugar
- Increase access to CSDs for Indian consumers through wider distribution
 - Graph 1: Agreement with the statement 'Carbonated soft drinks are widely available', May 2018
- Position CSDs as a permissible indulgence in India, offering refreshment and taste
- Re-invigorate the CSD market in India with greater flavour innovation
- Incorporate positive nutrition in CSDs to improve the overall health image of the drinks
- What it means

KEY TRENDS

- What you need to know

Key drivers

- India shows positive growth in CSDs as the category faces troubled times in several markets
 - Graph 2: Fastest/slowest growing markets, by total market compound annual growth, carbonated soft drinks, last five years*
- Boost CSD consumption with small packs positioned as permissible indulgence
- Offer more better-for-you CSD options in India to win back the health-conscious
 - Graph 3: Retail market year-on-year growth by volume, carbonated soft drinks, 2014-22
- Low-sugar CSD variants can appeal to Indian consumers focusing on their health
- Under India's new GST structure, CSDs are levied the highest tax rate
- Per litre price of CSDs has increased by 15% during 2013-17
- Incorporate real fruit juice in CSDs, not just for consumers, but also for a lower GST rate
 - Graph 4: Use of real fruit juice as a purchase influencer, by age group, May 2018

Global trends and how they're playing out in India

- Highlight the absence of certain ingredients within CSDs to improve their image
- Regulators around the world aim to get people to re-think their drinks
- Indian companies pledge to make packaged food and drink healthier

CONSUMER INSIGHTS

- What you need to know

Carbonated soft drink usage

- Use herbs, real juice to improve the health image of CSDs among South Indians
- Highlight efforts to improve water security to reassure South Indian consumers about brand responsibility
- Launch more diet CSD variants to appeal to health-conscious upper SEC consumers
 - Graph 5: CSD types consumed, by socioeconomic class (SEC), May 2018
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- Focus innovation on greater flavour varieties in diet drinks
 - Graph 6: Select attitudes towards CSDs, regular drinkers vs diet drinkers, May 2018
- Look to non-cola flavours for growth among female consumers in India's CSD market
 - Graph 7: Consumption of different CSD flavours, by age and gender, May 2018
- Non-cola flavours see larger growth in India's CSD space
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 - Graph 8: Consumption of different CSD flavours, by gender, May 2018

Expanding consumption occasions

- Highlight refreshment functionality of CSDs to indulgence consumers in India
 - Graph 9: Select attitudes towards CSDs from indulgence consumers, May 2018
- Open the door for more frequent CSD consumption through food pairing
 - Graph 10: Occasions for CSD consumption, May 2018
- 'Share a Coke' campaign arrives in India, points to everyday consumption occasions
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 - Graph 11: CSD purchase location, May 2018
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 - Graph 12: Where extra money is spent after buying necessities, April 2018
- Allowing outside food in theatres holds opportunities for snack-and-drink bundle packs
- Use out-of-home purchase locations as a point for consumers to experiment with new flavours
 - Graph 13: CSD type, by purchase location, May 2018
- CSD sales in foodservice grow faster than retail sales

Purchase motivators

- India remains a growth market for the CSD category amidst global slowdown
- Indian consumers want fruit juice, more flavours in their CSDs
 - Graph 14: Features that would encourage greater purchase of CSDs, May 2018
- TURF methodology
- Formulate CSDs to position them as a relaxation aid
- TURF analysis reveals the mix of attributes that will attract the largest number of unique respondents
- Embrace the 'treat' reputation of CSDs with relaxation benefits for metro dwellers and women

- Make flavour bundles available for larger households
 - Graph 15: Interest in flavour options by household size, May 2018

MARKET APPLICATIONS

- Opportunities: Key areas of focus

Opportunities

- Fruit juice features as an ingredient in 21% of CSD launches during July 2015–June 2018
- Engage with Indian consumers through a greater variety of fruit flavours in CSDs
 - Graph 16: Growth in select flavours in CSDs, July 2016–June 2017 to July 2017–June 2018
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- Increase appeal of CSDs among parents with healthier options for children.
 - Graph 17: CSD consumption by family member, May 2018
- Focus on relaxation benefits, added nutrition in CSD innovation for kids
 - Graph 18: Select purchase motivators of consumers wanting healthier options for kids, May 2018
- The world's first 'relaxation drink' enters India
- TranQuini ad focuses on relaxation without drowsiness

Who's innovating

- Coca-Cola increases its focus on traditional and regional beverages in India
- Local flavours dominate innovation in Coca-Cola India's portfolio
- Take inspiration from traditional, familiar flavours in the Indian market, and appeal to local pride
- Look to hyperlocal flavours and ingredients to connect with local consumers
- Go premium with nostalgia and fun packaging
- Honouring the annual bull-taming sport in Tamil Nadu, Kaalaiyan from Coimbatore plays up nostalgia and local pride

Global innovators

- Formulation is central to industry's reaction to sugar tax
- Communicate sugar content in a simple, easy-to-understand format
- Keep sugar, calorie claims on-pack clear for health-conscious consumers
- Consumers show interest in a variety of functional benefits in CSDs
- Look to functional formulations from other markets to improve the image of CSDs in India
- Don't forget to make CSDs fun as well, particularly for young people
- Interest in fruit flavours is gaining traction across the globe
 - Graph 19: Attitudes toward fruit-flavoured carbonated soft drinks, 2016
- Bring in trending flavours from other beverage categories to appeal to experimental CSD consumers
- Spice up CSDs

APPENDIX

- Consumer survey methodology

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