THE TETRA PAK INDEX
ISSUE 9 – 2016
100% JUICE

INSIGHTS AND OPPORTUNITIES IN 100% JUICE

A GLOBAL VIEW

CONSUMER SURVEY / GLOBAL OVERVIEW / PRODUCT TRENDS / MARKET ANALYSIS / BRAND SUCCESS STORIES

Consumers worldwide overwhelmingly see 100% juice as healthy, natural and tasty, according to a new international survey commissioned by Tetra Pak for this report. Our research also shows that brands in both developed and emerging markets are finding creative ways to capitalise on these attributes, introducing innovative new products that are capturing the imagination of consumers and helping drive growth. Such innovations are growing the category too, which has expanded beyond its traditional fruit base to include new sources such as vegetables and exotic plants, notably coconut.

Welcome to the latest issue of the Tetra Pak Index, which, for the first time in its eight-year history, is focused exclusively on 100% juice.

The 100% juice market today is more dynamic than ever. Mobilised by challenges and opportunities in equal measure, it is responding with ever-more new products and niche offerings. In a category that now stretches from the traditional fruit juices such as orange, apple and grapefruit, to a range of innovative vegetable blends, or the simple goodness of coconut water, the possibilities seem endless.

We see particularly strong growth of 100% juice in emerging markets, with consumption in countries such as China (see page 21) and Brazil (see page 23) rising at a fast pace, and promising even greater things for the future. Combined with other growth hotspots, such as Malaysia, India and Indonesia, we expect rising demand in these new 100% juice nations to more than offset declines in recession-hit established markets, returning the category to global growth going forward.

In North America and Europe, 100% juice's traditional heartlands, the market remains tough, prompting brand owners to explore new opportunities for growth, as we highlight in this report. Not-from-concentrate 100% juice is gaining share from its reconstituted namesake, reflecting a clear trend for natural products. The top end is performing particularly well, both in terms of volume and price, with consumers willing to pay more for products that offer what they are after, especially when it comes to health and wellness.

As our consumer survey shows, healthy and natural are the two standout characteristics associated with 100% juice, alongside tasty. Indeed, 100% juice is still widely cited in expert nutritional advice as a key contributor to a healthy diet, particularly as an easy and convenient way to secure one of the five daily portions of fruit and vegetables recommended by the World Health Organization – a target that the majority of adults and children are still failing to meet.

It is, therefore, no surprise to find that, while our survey shows wide awareness of the sugar debate, which has attracted much media interest and industry concern in some markets, few consumers doubt the goodness of 100% juice. That said, excessive sugar consumption is a public concern in many countries, and our survey does show that, in some cases, consumers have lowered their consumption of 100% juice as a result. It is quite clear that there is a good deal of confusion, spurred by alarmist media coverage, sometimes from less-than-rigorous sources.

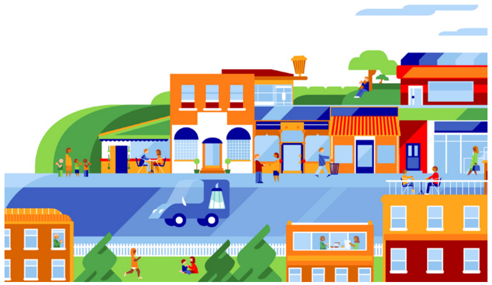
On the plus side, it is worth noting that none of the existing regulatory actions to address sugar consumption target 100% juice, which has no added sugar. We strongly believe, therefore, that by working together to bring clarity to the debate, the sugar issue can be turned into an opportunity within the 100% juice category. Campaigns are now under way in Europe to do just that, such as the programmes driven by AIJN, the European Fruit Juice Association (see page 07).

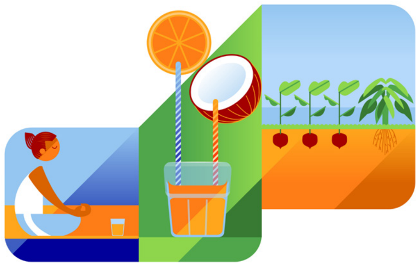
As ever, the key to success is innovation: offering the right product at the right time to meet the modern consumer's needs – and, just as importantly, capturing their attention and making a connection. An excellent example of this is packaged coconut water, a formerly niche or loose product that has become a global phenomenon with extraordinary speed. Yes, the market is ever more crowded, complex and competitive; but look how exciting and rewarding it can be, too.

I hope you enjoy this report and find it both informative and inspiring.

DENNIS JÖNSSON
PRESIDENT AND CEO, TETRA PAK

CONTENT OVERVIEW





Note: This report focuses on 100% juice. For a definition, see the Glossary, page 25. All data in this report is from Tetra Pak Compass or our consumer survey, except where indicated.

WHAT CONSUMERS BELIEVE

Our consumer survey[1] asked thousands of current and lapsed users in seven markets around the world what they think of 100% juice, where and how they drink it (or why they've lapsed), and what they most want from new products. Here's what we found…

Overall, our survey respondents think 100% juice is tasty (85%), natural (81%) and healthy (81%). Current users are more enthusiastic than lapsed, but the overall image is the same for both. Users in the US, Germany, the UK and Brazil also perceive 100% juice as refreshing (all 85% or higher), while in China it's seen as a high-quality product (82%).

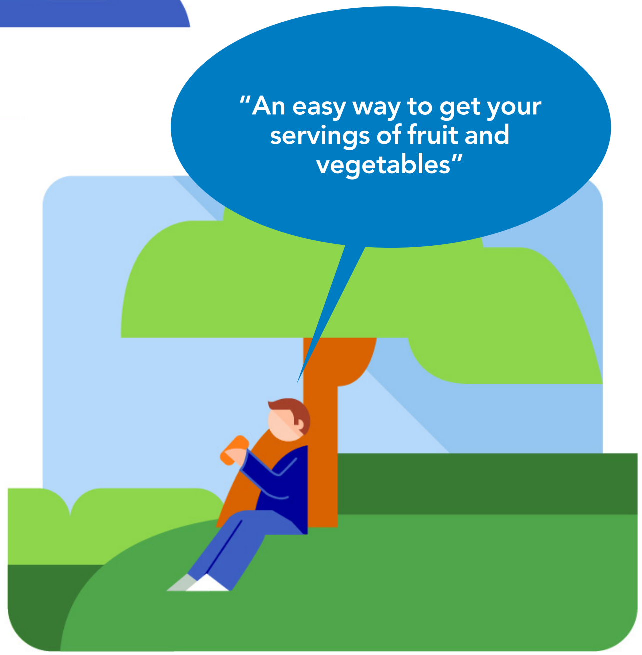
Consumption: how, where and how much

Much the same factors are cited as prime consumption drivers, but with slight differences: healthiness comes top (49%), followed by tastiness (43%) and naturalness (32%). Again, refreshment is a strong factor in the UK (42%), while richness in fibre is particularly appealing in China (32%).

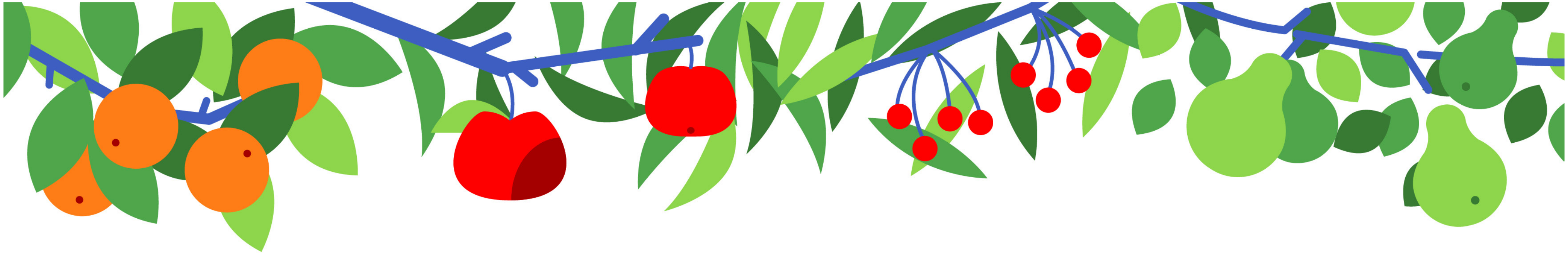
Overall, 100% juice is seen as equally suitable for adults (78%) and kids (77%), and good for starting the day and for relaxation moments. Lapsed users find it harder to make evaluations in terms of suitability, but overall they still see it as appropriate for both adults and kids, and a good way to start the day.

Although globally juice is mostly consumed for breakfast (47%) and whenever the need is felt (39%), there are interesting regional differences. It's drunk for snacking in Japan and Russia, during main meals in Brazil, and as a sports drink in China. It's overwhelmingly consumed at home, cited by more than 90% in all markets except China (83%). School and work are the most common out-of-home occasions, although café/restaurants rate high in China (25%), Brazil (25%) and Russia (24%).

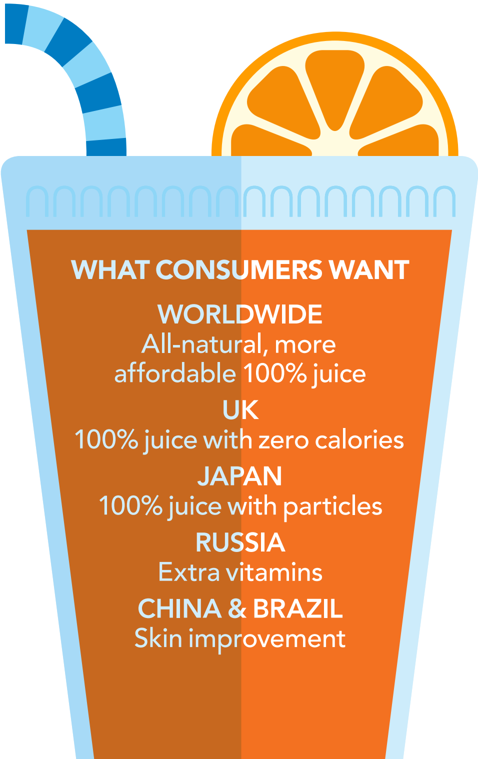
Frequency of consumption is relatively high across all geographies, with 42% overall saying they drink it once a day or more: this number is highest in Brazil (51%), followed by the US (45%) and the UK (42%), with Japan last (29%). The figure for consumption once every two to three days is consistent at about a third across the board. On average, consumers worldwide drink 1.2 glasses a day (240ml), with Brazil highest (1.7), followed by Germany (1.4) and Russia (1.3).



VERBATIM COMMENTS FROM OUR CONSUMER RESEARCH



In Russia, juice is something to drink in company. In China, it's suitable for a moment of relaxation. In Brazil, it's good for the lunch box. In the US, UK, Germany and Japan, it's still a great way to start the day.



100% juice and children

Consumption drivers and patterns are much the same for children, the majority of whom drink 100% juice in all geographies. Overall, 77% of respondents who were parents said that all their kids drink juice (only 9% said that none did), rising to 85% in the US. On average, children drink a little more than adults – 1.3 glasses a day (260ml) – with the US and Germany leading on 1.6, and Russia (0.7) and China (0.5) way behind.

Again, healthiness (47%), tastiness (39%) and naturalness (25%) are all given as top reasons for children drinking 100% juice. Worldwide, taste and preference (both 25%) are the main reasons given for kids not drinking it. But sugar content is an issue in Germany (30%) and the US (25%), and particularly the UK and also China, where it's the number one reason for non-consumption (29% in both markets).

The majority of respondents worldwide (63%) are aware of the sugar debate (see page 07). The majority (58%) say it hasn't changed their drinking habits, but around a third worldwide have reduced consumption, and more than 40% have cut back in China, Japan and Brazil.

Why users lapse and what they switch to

Lapsed users give changed habits/no particular reason as the main factor (28%) for quitting, but sugar content comes in second (27%), with affordability third (21%). Sugar content is the top reason in the UK (39%), Germany (32%) and the US (29%). Affordability is the top issue in Russia (34%) and second in Brazil (32%). Less opportunity is top in Brazil (37%), Japan (32%) and China (26%), and second in Russia (31%).

By far the leading replacement for lapsed users is water (57%), followed by tea (36%), which is particularly popular in Russia (58%) and Japan (45%), and coffee (30%). Milk and drinking yoghurt are strong alternatives in China, and also in Brazil and Russia.

The perfect product: what consumers want

As for product characteristics, respondents worldwide told us that they are most interested in 100% juice that is all natural (67%), affordable (66%) and enriched with vitamins (55%). Users in Germany would also be particularly interested in 100% juice with particles (59%), while zero calories is appealing in the UK (54%) and skin improvement is favoured in Brazil (81%), China (79%) and Russia (58%). For more on consumer trends, and product innovations that are meeting them, see the following pages.

In Brazil, juice is consumed during lunch and dinner. In Russia and Japan, it's drunk for snacking. In the US, UK and Germany, it's drunk at breakfast. And in China, it's drunk whenever the consumer feels the need.

THE SUGAR DEBATE

Our research shows that the majority of respondents worldwide (63%) are aware of the sugar debate, with awareness particularly high in Brazil (78%) and the UK (70%). Yet only 9% of those that had heard of the debate believed that 100% juice is not good and only 12% have any doubts at all. The majority have not altered their consumption as a result. Indeed, the market with most awareness is also one of the fastest growing: Brazil.

That said, 72% believe that "it comes down to how much you drink" and around a third worldwide have reduced consumption. This echoes official advice on portion size, which is key to this debate: 150ml is now cited in the UK, for example, as the recommended daily intake of juice, equating to one of our "5 a day", leading to opportunities for portion "shot" packs in that size.

How the industry is responding

Excessive sugar consumption is a public issue that has attracted much attention in many countries, resulting in plenty of media interest and also some regulatory actions – although none have yet targeted 100% juice. For example, a new proposed law in the UK announced in March specifically exempts 100% juice, citing its health benefits (see page 19). This means 100% juice manufacturers can turn this into an opportunity by delivering clear messaging and communicating with consumers effectively.

In response to the debate, AIJN, the European Fruit Juice Association, is embarking on a pan-European PR campaign across at least 14 nations to improve the public image of 100% fruit juice – particularly orange juice – and communicate the scientific evidence demonstrating that it is a great addition to a healthy diet.

"We know from looking at over 400 peer-reviewed articles on 100% fruit juice, referencing over 1,000 scientists' research, that most research shows positive or neutral effects on health, and there is very little credible science demonstrating otherwise," says Gaynor Ferrari, AIJN Campaign Director. "We need to communicate this to health influencers – including politicians – to rebalance the conversation. We will also talk about drinking fruit juice in moderation – a small glass a day is all that is needed."[1]

AIJN is creating a bank of science and communications materials, including a database of all the available research on fruit juices and tools that participating countries can use to roll out their own campaigns. Messaging and look and feel will be consistent, but each country will be able to localise its own campaign, which will involve stakeholder engagement, public affairs, media, events and digital activity.

AIJN has also assembled a Scientific Expert Panel (SEP), including some of the world's leading nutrition scientists, chaired by Rui Hai Liu, Professor of Food Science at Cornell University. The SEP will ensure that AIJN is aware of the most up-to-date science, and its members can attend events and write scientific opinion pieces.

THE CHILE EXAMPLE

For the rest of the beverage industry other than 100% juice, the regulatory actions can have significant impacts. For example, when Mexico introduced a 10% tax on all beverages with added sugar in 2014, it led to a 12% drop in sales in its first year, according to research published in the British Medical Journal.

Instead of fighting the regulations, the industry needs to mobilise and respond positively, with healthier formulations and, again, the right communication. The response of beverage manufacturers in Chile is a good example.

Concerned about rising levels of obesity, particularly among children, the Chilean government introduced a new law in 2014, requiring products to bear a stamp if they contain sugar (or sodium, saturated fats or calories) above a certain level. Such products have strict limits on advertising and can't be sold or promoted in schools – the prime consumption occasion for portion packs. Sales for affected products will be significantly threatened.

As soon as the new law was announced, beverage manufacturers moved quickly to reformulate their products well before the new sugar stamp came into effect (June 2016). They also launched campaigns and increased their PR and school activities to communicate the new reduced-sugar products.

As a result, among Tetra Pak customers, for instance, the significant negative trend caused by the sugar debate has been reversed.

AIJN'S 5 HEALTHY FRUIT JUICE FACTS

1. Drinking fruit juice can help you increase your daily fruit and vegetable intake.
2. There is never any added sugar in 100% fruit juice.
3. 100% fruit juice can contribute to a healthy diet, since it is a source of essential nutrients.
4. 100% fruit juice can help children become used to the taste of fruit and vegetables, which may lead to long-term positive health choices.
5. Glycemic index levels of fruit juices are typically low and comparable to that of the fruit from which they are made.

"It is time for the industry to skillfully rebalance the conversation based on facts, making sure that everyone is aware of the goodness of fruit juice, using scientific evidence and world-renowned scientists to speak on our behalf"

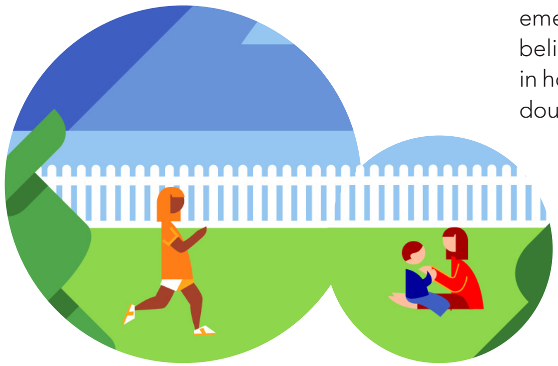
Marjan Skotnicki-Hoogland, President, AIJN

HEALTH AND WELLNESS

Consumers' continued strong belief in the healthiness of 100% juice connects with the biggest global trend in the food and beverage sector generally. Studies show that 63% rate eating healthy/nutritious food as very important, rising to 71% in the emerging world,[1] and 51% say they pay high attention to ingredients used in their food and drink.[2]

This is particularly true of Millennials, the most influential generation of consumers yet. They're young, aspirational and demanding – and they spend approximately $600 billion annually.[3] They're coveted by major brands and represent a significant and disruptive force for the global food and beverage industry.

While Millennials recognise there is a place for indulging, they are predominantly health conscious, with 51%[4] actively avoiding fast food. They are conscious of the need to focus on specific ingredients and are most concerned with vitamin deficiency, additives and not being able to eat regular meals due to lack of time.[5]



Globally, there is a more holistic view on health today. More consumers are recognising that their diets can connect with the way they look and feel: food, beverages and fitness are all important parts of the equation to maintain complete wellbeing. Savvy brands are leveraging this. For example, Annie Lawless, co-founder of US brand Suja Juice, is a certified holistic health coach. She "spearheads consumer education" for the brand, through blogging, sharing recipes via social media and one-on-one interactions with customers.

Health is also becoming important as a desirable lifestyle element: a healthy image has cosmetic as well as physical appeal; a way of demonstrating social status and showing off achievements with peers. Buying healthy food and drink products is a part of this.

Brands that benefit from this trend clearly position their products as part of a glamorous healthy lifestyle: Amita Motion, Vita Coco and Do Bem are good examples. The healthy lifestyle trend is particularly strong in the emerging world, where 48% of consumers believe that their individuality is reflected in how they look and what they buy – nearly double the figure in established markets.[6]

5 OTHER KEY CONSUMER TRENDS

1 SIMPLIFY LIFE

Consumers' lives are becoming ever busier, putting traditional patterns of consumption under pressure. Globally, 73% snack outside of mealtimes,[7] sometimes replacing the meal itself, especially breakfast. That's a challenge for 100% juice – breakfast is still the main consumption occasion – but it presents an opportunity for on-the-go products with more convenient single-serve, resealable packs. Snacking offers opportunities, too: our consumer study shows that juice is already drunk as a snack in Russia and Japan, for example. It can also be a convenient part of a nutritionally balanced meal (common in Brazil), while some "raw" juice brands position their products as a key part of "cleansing" regimes.

2 HUMAN CONNECTION

Human beings are wired to connect, and constantly seek others' opinion about what to buy, often via the internet and social media. Today's consumer is looking for meaning and personality: story-telling and provenance has never been more important. Brands need to interact with people in a human and friendly manner. Innocent is a great example (see page 20), with a knack for communication online and offline, from on-pack messaging to hand-written letters in its communications with consumers.

3 THE EXPERIENCE HUNTER

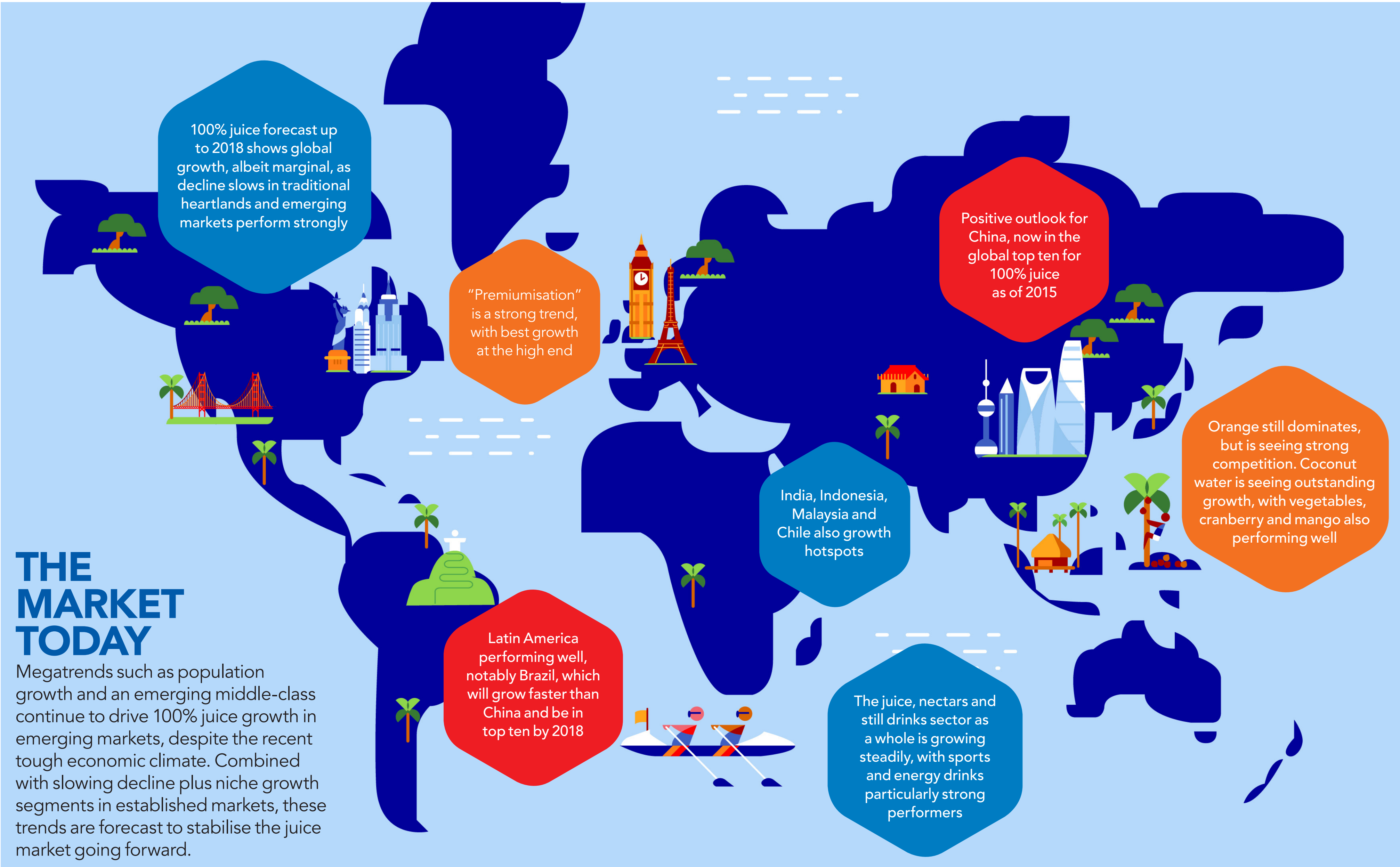
Consumers are always on the look out not only for new products, but also new experiences. They are used to being emotionally engaged by brands; to be surprised, entertained and amused. Engagement is also being driven through technology, such as QR codes on packs, driving consumers to dedicated websites, or augmented reality, using solutions from providers such as Blippar, which calls this approach "visual marketing".

4 HONESTLY SPEAKING

Consumer trust can no longer be taken for granted today – it has to be earned. Honesty is becoming part of the story-telling experience. Brands are using hand-rendered typography and other details to give a feeling of the small-scale, local, personal and hand-made, such as Cawston Press (see page 19). Consumers are also becoming more sceptical about advice from traditional health experts, because it seems to keep changing. As a result they are becoming their own experts and turning to the internet or social media for information. Brands must be part of this conversation themselves, helping to educate their consumers while building an emotional connection to the brand.

5 ME AND MY PLANET

Globalisation and environmental concerns have fostered greater eco-sensitivity among consumers, who are also aware that a healthier planet means a "healthier me". Consumers want products that are both green inside – all natural, no additives – and outside: low carbon footprint, recyclable and renewable packaging, etc.



THE MARKET TODAY

Megatrends such as population growth and an emerging middle-class continue to drive 100% juice growth in emerging markets, despite the recent tough economic climate. Combined with slowing decline plus niche growth segments in established markets, these trends are forecast to stabilise the juice market going forward.

The juices, nectars and still drinks sector as a whole is growing steadily, with sports and energy drinks particularly strong performers. However, 100% juice is having a tougher time. Consumption is centred in established markets, especially North America and Europe, and has therefore felt the impact of the recession to a greater extent, which has affected consumer spend.

All of the top ten markets have declined over the last three years, with the exception of China, which has seen CAGR of 11% between 2012 and 2015, although from a relatively smaller volume base. It is now the world's eighth biggest market, consuming 545 million litres in 2015 – but that's just 8% of the size of the US at number one, which has been declining by 2.6% for the past three years. Looking ahead, China is expected to continue to grow at 7.7% CAGR to 2018, but will be outpaced by Brazil, which by then will also feature in the global top ten (see graphic below).

This reflects the increasing significance of Latin America generally, which has shown the biggest growth in the last three years as the growing middle class trade up from home-squeezed to packaged juice: it has grown by more than 12% a year, although, again, from a relatively low base. The same factors are driving growth in other hotspots, such as India, Indonesia and Malaysia, identified by Mintel as the fastest growing markets in terms of total volumes. The combination of such growth and slowing decline in established markets is forecasted to stabilise 100% juice, returning it to growth going forward – albeit marginal at 0.1%.

Per capita consumption: scope for future growth

A useful guide for exploring current penetration and scope for future growth is per capita consumption. Even allowing for the drop in total volumes, in 2015, US consumers drank more than 6.7 billion litres of 100% juice, just under a third of the worldwide total. Per capita, that amounted to 20.9 litres per person per year, the fourth highest globally after Canada (30.1 litres per person per year), Norway (25.4) and Germany (21.7).

By contrast, China's per capita consumption is just 0.4 litres per person per year, suggesting that despite its double-digit growth, the industry is still only scratching the surface of the opportunity. The fastest growing markets in per capita terms between 2010 and 2015 can be found in Africa, the Middle East and Latin America. While many of these started from a low base, some are emerging as key markets, driving sales and innovation. Brazil is one we've already mentioned; Mexico, South Africa and Saudi Arabia are others.

Trend for "premiumisation"

Drilling down further into the 100% juice segment, there are some interesting dynamics and growth stories. Not from concentrate (NFC) is gaining share from reconstituted, up from 25.6% in 2009 to 28.9% in 2015.[1] This is despite its higher price point, reflecting the trend for natural, less processed products, as well as a general trend for "premiumisation". Global average prices per litre for reconstituted juice declined by 0.3% CAGR 2009-2015, while NFC prices grew at 1% CAGR 2009-2015.[2]

Volumes of NFC sales are also increasing in many countries, including those where overall juice consumption has dropped. In Germany, for example, NFC 100% juice sales grew by 4.1% between 2012 and 2015, and are projected to grow a further 3.8% by 2018, while overall volumes decline. The trend is even more marked in Canada and South Africa.

In the UK in 2015 – a challenging market in a challenging year (see page 19) – the overall value of juices, smoothies and juice drinks fell 5.3% on volume down 2.4%[3] due to price cuts, largely led by own-label brands, as supermarkets strive to fight off competition from discount stores. Meanwhile, branded prices actually increased 1.1% overall, with NFC-branded products up 3.4%.[4]

TOP TEN 100% JUICE MARKETS IN 2015 AND 2018

Forecast shows slowing decline in established markets, while China and Brazil grow

Figures show consumption in million litres

MARKET 2015	15,349
USA	6,736
GERMANY	1,761
JAPAN	1,415
FRANCE	1,332
CANADA	1,082
UK	971
RUSSIA	754
CHINA	545
AUSTRALIA	397
SPAIN	358

MARKET 2018	15,095
USA	6,579
GERMANY	1,702
JAPAN	1,304
FRANCE	1,286
CANADA	1,082
UK	880
RUSSIA	712
CHINA	679
BRAZIL	492
AUSTRALIA	379

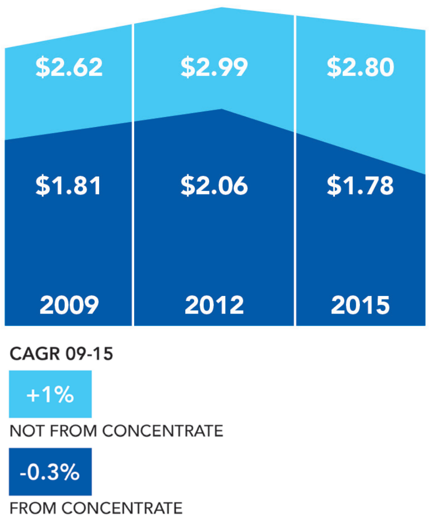
The price divide: growth is at the top
There is now a real gulf in pricing in some markets: in the US, the premium segment now starts at $7 per litre, more than double the price of the value segment, which is less than $3. Despite this, in the US as in Europe, the growth is at the high end, demonstrating the willingness of consumers to pay for products that meet their needs.

Particularly strong performers are the new breed of "cold pressed" juices and smoothies with strong health and wellness claims – and often organic and artisanal credentials, too – typically targeted at affluent Millennials. It should be noted that some consumers mentioned affordability as an issue in our survey, demonstrating that price is an issue for some money-conscious consumers.

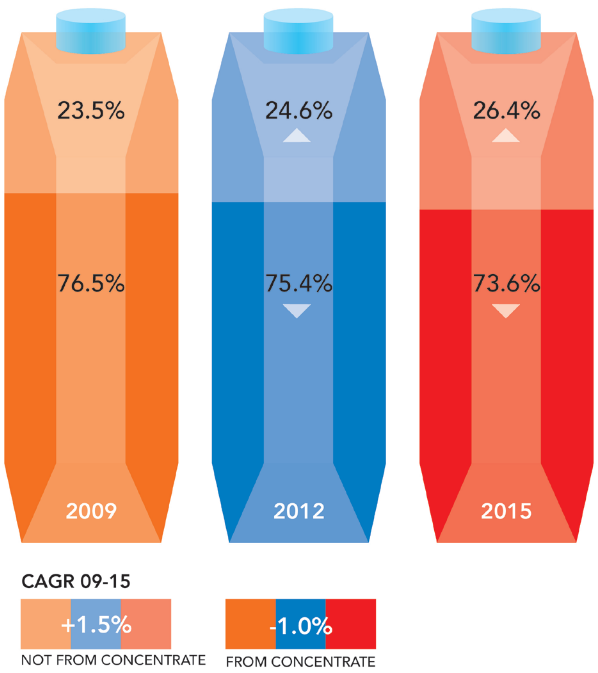
Beyond orange: a changing flavour palette
There are also some changes in terms of the most popular flavours. Orange remains the dominant flavour, with 6.9 billion litres sold in 2015 and a 46% share of the 100% juice market. Apple juice is second, with 17% of sales, but both are seeing a decline, while the health-conscious option of mixed vegetable has risen to become the fourth most popular.[1]

Cranberry and mango have also seen significant growth, albeit from a much smaller base. But outstripping them all in growth is coconut water, which has exploded from a niche to a fashionable mainstream product in just a few years. A global phenomenon, it's an example of the opportunities that exist for innovations that both meet modern consumer needs and capture the imagination.

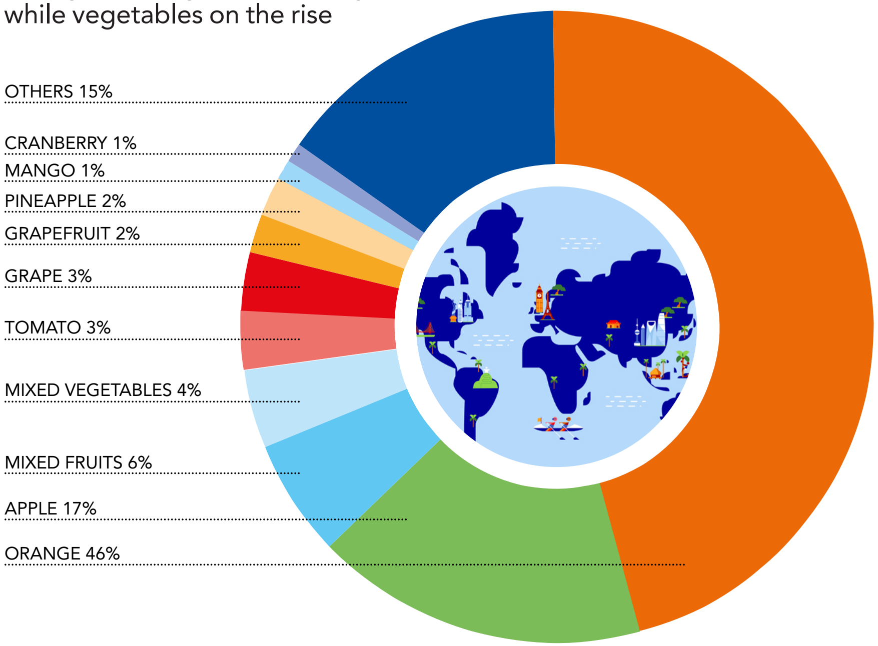
GROWING GAP IN PRICING...
Consumers will pay more for natural, less processed products



...WHILE NOT FROM CONCENTRATE SEES GROWTH AND TAKES SHARE
Reflects the trend for "premiumisation"

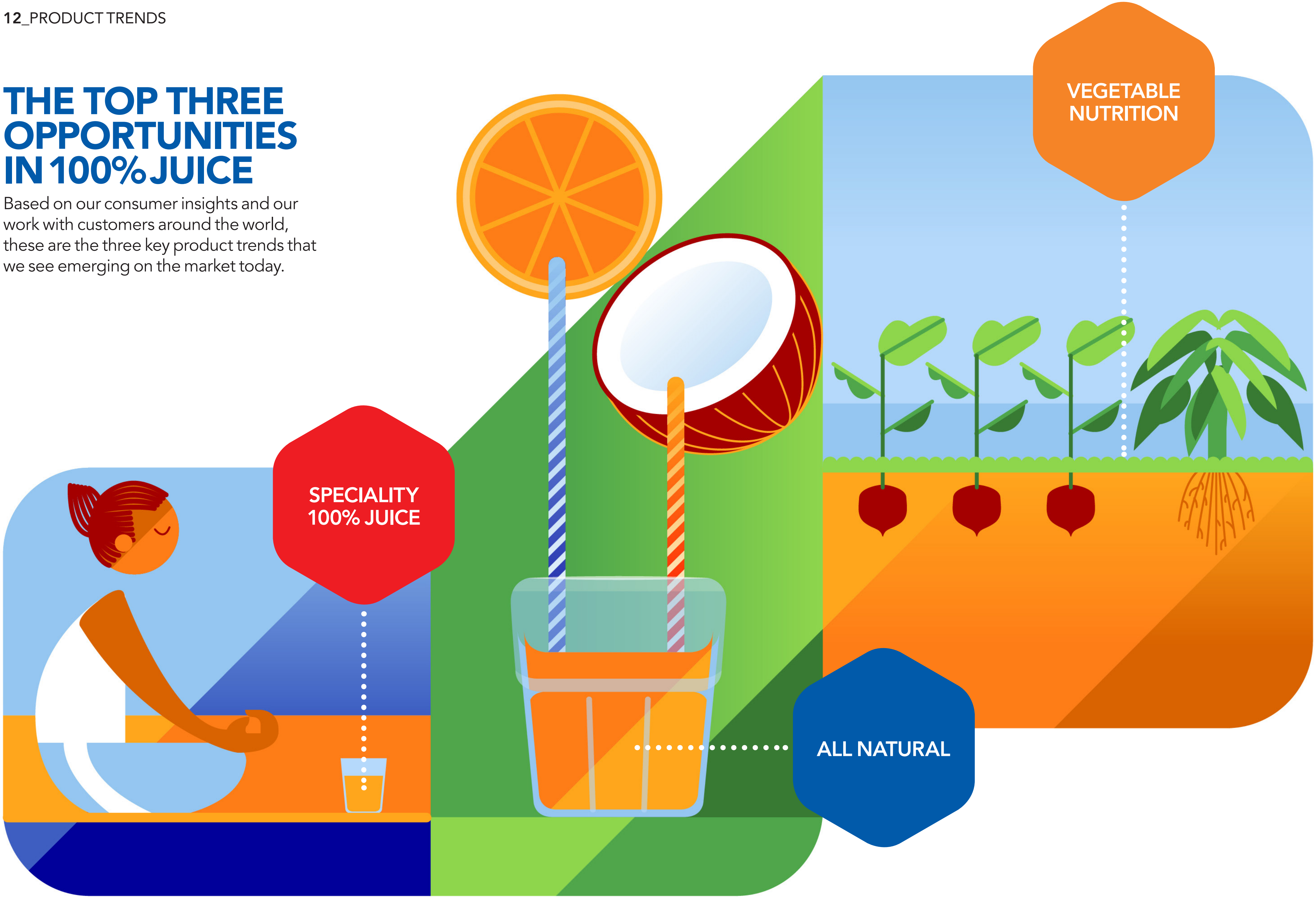


A CHANGING FLAVOUR PALETTE
Orange still king, but declining while vegetables on the rise



THE TOP THREE OPPORTUNITIES IN 100% JUICE

Based on our consumer insights and our work with customers around the world, these are the three key product trends that we see emerging on the market today.



1_SPECIALITY 100% JUICE

Consumers are looking for functional products that can either reduce their risk of disease and/or promote good health: 61% globally say they are interested in products with proven medical health benefits[1] while three in ten people are interested in premium soft drinks with functional benefits that relieve stress.[2]

Functional health products are clearly on the rise: the number of new product launches addressing this segment saw CAGR of 31% between 2012 and 2015. In 2015, these launches addressed a wide variety of areas: immunity (22%), heart health (12%), digestion (11%), bone health (8%), brain health (6%) and beauty benefits (4%).[3]

In the "plus" claims category (CAGR up 6%), vitamin/mineral-fortified was the clear leader (69%). Vitamin enrichment also registered highly as the most interesting product in our survey (third globally with 55%). Other studies suggest that nearly 28% are "very willing" to pay more for such products,[4] with younger consumers (the target group for Amita Motion: see case study, right) and those from emerging markets rating higher.

Other popular new product launches included high/added fibre (19%), added calcium (10%) and high protein (2%). However, it's notable that the "minus" category has seen much stronger growth overall (CAGR up 42%), with low/reduced sugar dominating on 79%.[5]

CASE STUDY
AMITA MOTION
GREECE

Amita Motion has built a strong youth following through its inspirational focus on music, notably its annual Positive Energy Day concert, which attracted a record crowd of 65,000 people in 2015

True to its name and concept, Amita Motion is a highly energetic brand that continually refreshes itself to stay relevant to its youthful target audience. Launched in 1993, this functional blend of nine reconstituted fruit juices was the first on the market to be fortified with seven vitamins, and was originally promoted as a sports drink delivering physical energy – hence the name Motion.

Post-millennium, consumers began to demand more variety, not only in products but also in brand propositions. So Amita Motion evolved to address its consumers' emotional as well as physical needs, transforming its focus on physical energy to "positive energy", recruiting brand ambassadors from showbusiness and sport "to transmit joy and optimism" in the year before the Olympic Games in Athens, a huge national occasion.

While still using traditional media for brand messaging, it also began using digital marketing, launching a new online portal with a strong music focus, as it began to build a community. In 2006 it launched Amita Motion Positive Energy Day with a major music concert, which is now an annual event. In 2015, it attracted a record 65,000 people.

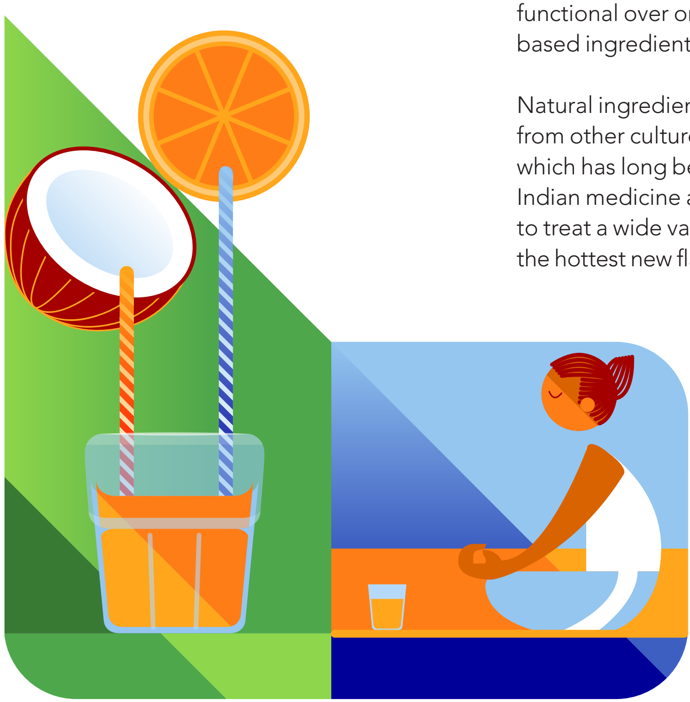
As consumers in the current decade started to seek experiences with their products, Amita Motion was perfectly positioned, with positive energy as its enabler and music its vehicle. Initiatives have included using the brand's Facebook page, launched in 2010, to let consumers choose the location of three live concerts via an online game; an online event allowing consumers to simulate managing a popular artist for a year, with the prize of a private concert; a song and talent search competition called Positive Sound and Positive Group; a Facebook club; concerts in three cities called Midnight Sessions, designed to appeal to its over-18 target groups; and live streaming for key events, such as the Positive Energy Day concert.

Amita Motion's approach is a successful one: it has been a strong performer throughout its history. Inevitably, it lost volume sales in recent years along with the rest of the category, due to the economic downturn in Greece. But market share has been growing since 2014 – it is now the leader in the vitamin-added juices category with 62% share[6] – while brand awareness has reached 98%,[7] the highest in the category. Indeed, it's now one of the country's top youth brands across the board, with more than 560,000 likes on Facebook.

"Youth has always been Amita Motion's target group," says Georgia Zitti, Senior Brand Manager for Amita Motion. "Young people look for brands that make them feel energised and inspire them to live their life to the maximum. A brand needs to understand their needs, habits and behaviours, and find pathways to moments of happiness that build positive feelings and memories. Technology changes so fast and competitive advantages are copied so quickly, so we focus instead on experiences and feelings. By being unique, creative and authentic, we aim to reach the hearts of our consumers and inspire them."

2_ALL NATURAL

There is a clear shift towards products that the consumer sees as natural (see Sady Pridonya case study, right), evident in not-from-concentrate 100% juice gaining share over reconstituted despite its higher price. In our consumer survey, "all natural" rated highest as most interesting product (on 67%). This reflects Nielsen's 2015 Global Health and Wellness Survey, which says 43% of global consumers now want to buy "all-natural" products. The regions where this trend is most pronounced are Latin America (64%) and Middle East/Africa (53%).



Natural claims are growing in new product launches (CAGR up 25%), especially no additives/preservatives. Other popular new product launch claims include organic (27%) and GMO-free (9%).[1] Food with less salt, sugar, fat, lactose, caffeine and gluten are all becoming more popular. Sugar in particular is becoming a key issue: 45% of consumers now look for low sugar or sugar-free products when choosing food or beverages.[2]

It's evident that "natural" increasingly overlaps with "healthy", with one observer describing "naturally functional" as the "king of trends". "What people want, more than anything else, is for their foods and beverages to be naturally functional – to provide a benefit that's intrinsic to the food. Given the choice, they will always select a product they perceive as naturally functional over one with an added, science-based ingredient."[3]

Natural ingredients are also being imported from other cultures: for example, turmeric, which has long been used in Chinese and Indian medicine as an anti-inflammatory agent to treat a wide variety of conditions, was one of the hottest new flavour trends in the US in 2015.[4]

CASE STUDY

SADY PRIDONYA
RUSSIA

Natural goodness is the cornerstone of Sady Pridonya, the flagship brand of the company of the same name: one of the leading Russian producers of juices and nectars, as well as fruit and vegetable-based food for babies and toddlers. Family-owned and entirely vertically integrated, Sady Pridonya focuses on high-quality, environmentally friendly products, summed up by its slogan, which roughly translates as "quality at first hand".

Marketing focuses on transparency, with annual national TV campaigns showing the care that goes into growing and processing, and creating a strong link between the raw material and the product on the shelf. The adverts also help to demystify the production process – important in a market where there is consumer uncertainty about processing and preservatives.

There is a particular focus on Sady Pridonya's orchards. Apple is the most popular juice flavour in Russia: it accounts for 30% of Sady Pridonya juice/nectar retail sales volume on its own, and another 42% in blends. These blends include five new vegetable mixes (such as apple, carrot, multi-veg and beetroot; and tomato, apple and pumpkin), to exploit the vegetable nutrition trend. Launched in July 2015 in 1 litre cartons, these new blends are targeted at health-conscious urban consumers for in-home consumption.

Sady Pridonya aims to appeal to the whole urban family, using interactivity and fun as triggers in its marketing. Online activities include a virtual tour of the orchards, teaching consumers about harvesting, processing and packaging along the way, promoted by a QR code on special packs. On-pack communication includes information on "growing juice", with the FSC™ logo clearly positioned to add further environmental credibility.

The brand continues to perform well in an extremely tough market, where economic pressures are forcing consumers to cut consumption, switch to lower-cost products or even reject the category completely.

While market volume dropped by 12% in 2015, with no easy recovery expected, brand relative performance is good, up from 3.4% in February 2015 to 4% in February 2016, with value share up from 3.6% to 4.2% over the same period.

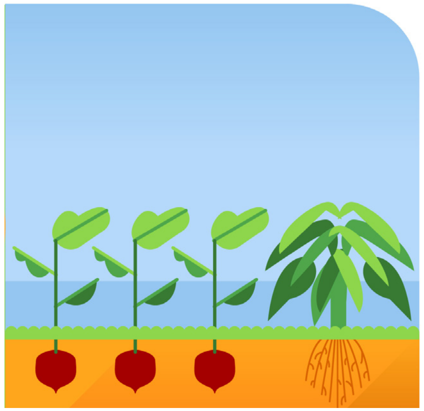
From our viewpoint at Tetra Pak, we're seeing both regional players and multinationals adapting to the market conditions. Strong competition and demand for innovation is more apparent than ever, while a continuous brand voice is considered a must by retail and distributors. Consumers expect real value when making a purchase, and potential for growth does still exist for brands that can deliver it.

3_VEGETABLE NUTRITION

Vegetable drinks have long had a strong presence in some markets, notably Japan (see Kagome case study, right), where they are seen as a distinct segment, focused on health, while traditional juices are considered a refreshment. But they are becoming increasingly popular worldwide, especially in established markets where they are blended with juice to lower the natural sugar content and add health benefits.

As a result, mixed vegetables and tomatoes are now among the top ten flavours globally, making inroads into the market share of traditional fruit flavours. Mixed vegetables with fruit ranked at number eight in our consumer survey on 18% and tomato at number ten on 17%.

New product launches with vegetables as an ingredient have seen 43% CAGR growth between 2012 and 2015.[1] Again, there is crossover with the other two trends, as many in-vogue "naturally functional" ingredients are vegetables, such as beetroot and kale.



CASE STUDY

KAGOME
JAPAN

One of Japan's main vegetable growers for more than a century, Kagome pioneered vegetable juices as a new outlet for its produce, launching its original Yasai Seikatsu vegetable and fruit juice blend in 1995. Today, it has an annual turnover of €1 billion, and a product range that also features fruit juices and lactic acid drinks. Overseas markets include the US and Australia, but around 70% of revenue comes from Japan, where Kagome is the biggest player in the vegetable and fruit juice market, with a 48% share.

Yasai Seikatsu remains its flagship product, updated monthly with seasonal and regional flavours to keep it fresh in a novelty-hungry market. A more recent launch is the vegetable-only Yasai Ichinichi Kore Ippon mixed juice, which provides the equivalent of the recommended vegetable daily allowance in a single 200ml or 125ml portion pack. Its main target market is males aged 20-40, for whom convenience is key. But Yasai Seikatsu and Yasai Ichinichi Kore Ippon also now offer smaller sizes (125ml/100ml) to appeal to older consumers, an increasingly important demographic in aging Japan. This followed research in 2013 which found that the 200ml option left them feeling too full.

In many places, vegetable blends are relatively new as mainstream products, but in Japan the market is mature. Demand has been falling over the past few years, with so-called "heavy users" choosing either to eat their vegetables fresh or juice them at home, and "light users" tempted away by a growing range of other healthy alternatives, such as drinking yoghurt, soy milk and other drinks carrying official functional health certification.

Looking to reverse this trend, Kagome recently revamped four of its leading portion pack products, reformulating them to include fibre and changing the packaging to a brand new carton with leaf-shaped panels – the first time the format had been deployed in Japan. The packaging underwent a redesign to maximise on-shelf impact and use the unique panels to include messages about the product's health benefits. In another first for Kagome, the paperboard used in these cartons is now FSC™-certified, boosting the brand's environmental credentials.

The newly revamped products were available exclusively in convenience stores – the main channel for portion packs – capitalising on the new shape and formulation. Kagome worked closely with Tetra Pak to develop a range of targeted promotional activities including a website, a membership programme, YouTube video and saturation advertising on trains.

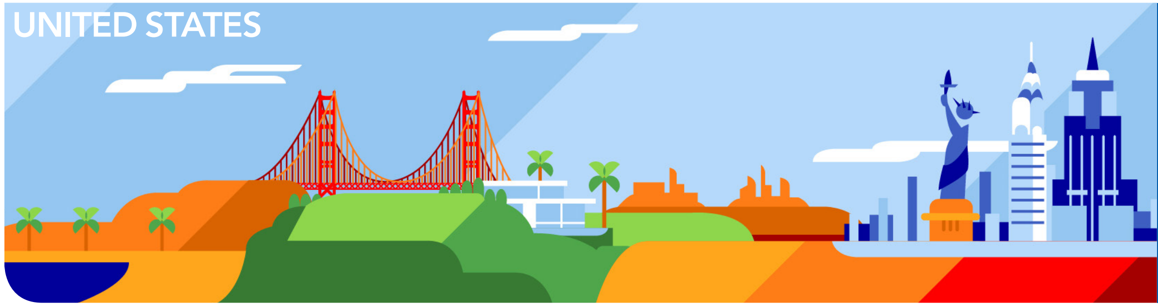
Sales jumped 16% year-on-year, driven by double-digit growth in two of the revamped products, Fruity Salad and Energy Roots. Purchase frequency and penetration also increased, with the new products available in almost 100% of stores, up from 90%.

"By renewing the package and reinvigorating the product, we have responded to consumer needs and expanded our consumer base," says Kota Hayashi of Kagome's Consumer Product Division. "We can use the panels on the package to highlight the benefits, and to make our product stand out on the shelf. And by using FSC-certified paperboard we are promoting our environmental credentials, too."

Healthy Japan

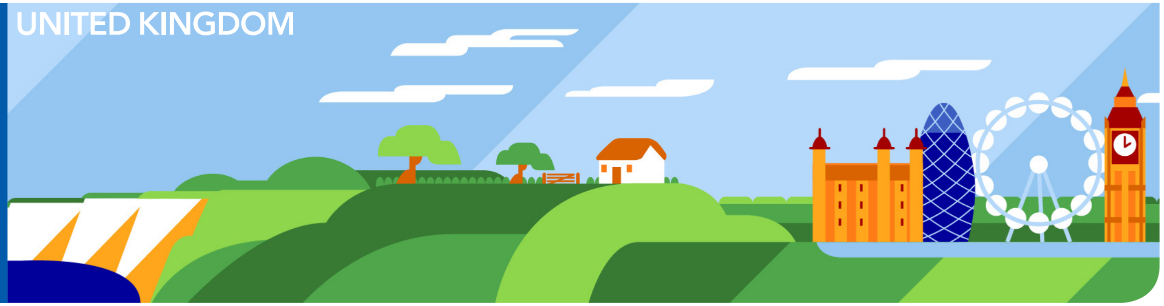
In recent years, health concerns, notably the aging population, have prompted the government of Japan to implement new policies to increase awareness of functional products, which are already hugely popular.[2] It now oversees three categories of health claims on food labels, with varying qualification requirements.

UNITED STATES



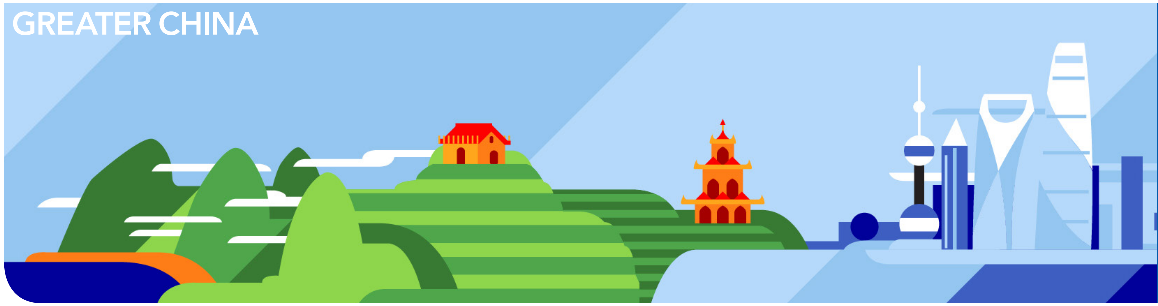
- Rising prices and sugar concerns are challenges, but targeted opportunities are opening up
- Breakfast skipping is also an issue, but offers out-of-home opportunities, particularly on-the-go
- Strong performance in premium segment, including growth in HPP juices
- Ever more niches helping rise of challenger brands
- Acquisition of most promising new brands by major players
- Coconut water continues to grow strongly, paving the way for other plant-based waters

UNITED KINGDOM



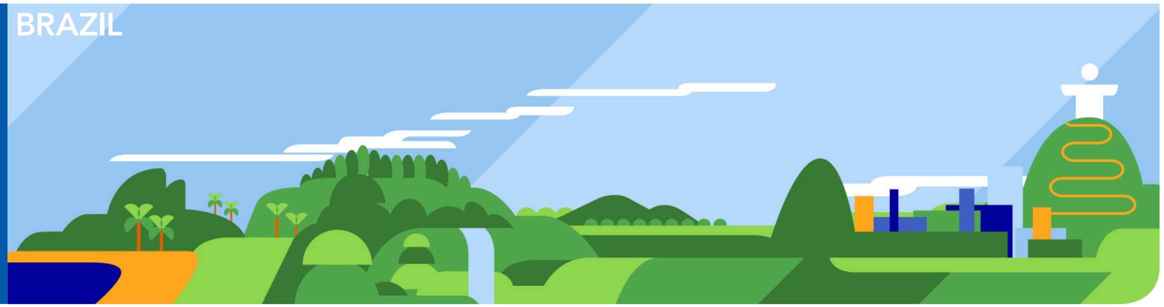
- Strong consumer awareness and public pressure around sugar debate. Sugar tax on drinks announced, but 100% juice exempt
- New health advice confirms 150ml juice and smoothies as one of "5 a day", creating opportunities for portion-controlled products
- Campaigns to re-establish juice as beneficial to a healthy lifestyle
- Opportunities for products that address consumer health needs and concerns. Vegetable drinks/blends already a clear trend
- Strong growth for HPP brands
- Coconut water performing well

GREATER CHINA



- Greater China is now the eighth biggest market for 100% juice, while per capita consumption is just 0.4 litres. Strong growth forecast, up 7% CAGR to 2018, despite slowdown in rest of sector
- Imports are increasing rapidly, albeit off a low base, helped by rise of ecommerce across broad geographies and demographics
- Demand for natural, safe and functional products driving innovation. Potential for 100% juice to be positioned as a healthy lifestyle balancer
- Work/life balance key. Big opportunity for snacking and on-the-go
- Rising disposable incomes means consumers are willing to "spend more for better". Opportunities for under-served segments, eg children and women

BRAZIL



- Declining exports and over-production of orange crop driving producers to develop domestic market
- Strong freshly squeezed tradition: an estimated 2.5 billion litres consumed a year
- Packaged 100% juice (coconut water included) consumption growing: up from 167 million to 361 million litres in 2012-2015 (just under 30% CAGR)
- Strong growth continues for 100% juice and coconut water
- Fruit content key in marketing communication
- Innovative flavours, vegetable blends and functional benefits all adding excitement and building momentum

UNITED STATES

FINDING GROWTH IN AN ESTABLISHED MARKET

While overall juice consumption continues to fall, there are excellent growth opportunities at the premium end and with all-conquering coconut water.

Looking at the big picture, 100% juice in the US is a remarkable success story. Decades of strong post-war growth show phenomenal penetration and today the US is by far the world's biggest market, consuming 6.7 billion litres in 2015 – more than the next five biggest markets combined. Nevertheless, consumption has been steadily falling for a while now, registering -2.6% CAGR between 2012 and 2015.

Orange juice in particular has struggled, a trend flagged by a recent US Department of Agriculture report as a prime cause of declining fruit consumption overall – potentially a cause for health concern, especially given that Americans are eating fewer vegetables, too.[1]

Various factors are driving the changes. The USDA report points to the impact of rising prices due to crop shortages and raw material cost increases. Meanwhile, greater transparency in labelling has led to an increased awareness of naturally occurring sugars, which has driven some consumers away: 29% of lapsed US users in our survey cited sugar content as the reason for leaving the category. This has helped fuel strong performance in other categories, notably water.

Changing consumer habits: challenges and opportunities

The continuing shift away from traditional breakfast at home is having an impact, too. A survey by the NPD Group found that 31 million Americans, about 10%, don't eat breakfast – and that number is likely to grow. This is a challenge for juice, as breakfast remains by far the most popular consumption occasion; our research shows that 55% of Americans consume 100% juice at breakfast, the highest percentage of all markets surveyed. But as already mentioned, it also presents an opportunity for on-the-go products with more convenient, single-serve resealable packs.

There are plenty of other opportunities too, notably in the premium segment. This is performing extremely well, with notable growth both in consumption and pricing, as in Europe. The premium segment now starts at $7 per litre, more than double the value price of less than $3. This demonstrates that consumers clearly can still be excited by juice – and are prepared to pay a premium price – when it meets their needs.

CASE STUDY

VITA COCO

It all began in 2004 when Mike Kirban and Ira Liran met two young Brazilian women in a New York bar, who sang the praises of the "agua de coco" back home. Inspired, Mike and Ira went on to found Vita Coco and launch their own packaged coconut water in the US, starting a craze that is sweeping the world.

Vita Coco's rise has been extraordinary and it continues to grow at pace, with sales up 78% (CAGR) between 2011 and 2014.[2] In the last year, Americans drank nearly 94 million litres of packaged coconut water, up 15% on the previous 12 months.[3] Vita Coco remains the clear US leader, with 44% market share by volume. Despite attracting plenty of competition, it still outperformed the market last year, with 16% growth.[4]

"According to Technavio, the coconut water market in the Americas was valued at $796 million in 2014," says Arthur Gallego, Global Director, Corporate Communications at Vita Coco. "The US is the largest piece of that, followed by Brazil. And we estimate that figure to be at the lower end as it doesn't include retailers like Costco and other chains that don't report their sales. But it's really the growth figure that's most impressive: Technavio forecasts that this market will reach $2.46 billion in 2019."

Vita Coco clearly addressed a timely, unmet need, bridging two on-trend opportunities: providing a refreshing, health-conscious and naturally low-sugar beverage; and a hydration alternative to traditional sports drinks. But the way the brand has presented, promoted and marketed itself, not to mention the way it continues to evolve and diversify, has been central to its success – and indeed the development of the whole category.

Celebrity endorsement was vital in the early stages. A well-planned PR campaign starting in January 2010 introduced Vita Coco's first celebrity investors – Madonna, Demi Moore, Matthew McConaughey and musician Anthony Kiedis – who promoted Vita Coco at public appearances and in the media, and helped the brand attract global press coverage. Rihanna became the public face of the brand in 2011 and appeared in an advertising campaign that year and again in 2012.

Since 2010, Vita Coco has run a pro-athlete partnership programme, focusing on American football, baseball and basketball, raising awareness of its sports rehydration benefits to increase its appeal to male consumers.

Campaigns have consistently focused on the product's simplicity and naturalness, leveraging digital, social and out-of-home advertising, including memorably branded taxicabs with the slogan "Taxi to the beach". In 2015, the brand launched its first global advertising campaign – the first to include broadcast TV – called "Stupidly Simple®", using such taglines as "It's water. From a coconut" and "Our plant is a plant" to drive awareness of its all-natural appeal with humorous, tongue-in-cheek messages.

Now sold in more than 100,000 retailers across the US, Vita Coco's product portfolio also continues to grow. To its initial offer of a single portion pack of coconut water it has since added juice blends, "lemonade" with lemon pulp, and sports, coffee and children's drinks, all of which include coconut water. In 2014 the brand launched its first non-beverage product: Vita Coco Coconut Oil. In May 2016 All Market Inc., Vita Coco's parent company, launched a new brand of organic coconut water produced through a farming cooperative in Thailand.

Meanwhile, Vita Coco continues to expand globally too, and is now available (and typically the market leader) in 31 countries, including Canada, most of Europe, Japan, China and New Zealand. Quite a journey since that chance meeting in a bar.

New niches, new potential

Particularly strong performers in the premium segment are the relatively new breed of HPP/cold-pressed/raw juices and smoothies with strong health and wellness claims – and often with organic and artisanal credentials, too. Initially fringe products promoted by "juice cleansing" celebrities, they are becoming increasingly mainstream, creating challenger brands, whose strong growth has attracted interest from major players. Examples include Suja Life, in which The Coca-Cola Company acquired a 30% stake in 2015; Naked Juice, acquired by PepsiCo in 2006; and Evolution Fresh, acquired by Starbucks in late 2011.

This growth in HPP juice suggests that juice itself is not unattractive, but it does need to be produced and presented in the right way. Leading companies are responding by delivering products that are truer to old-fashioned, simple techniques, such as juices that are not clarified – for example, Apple & Eve Organics (see case study, right).

Functional benefits, premium price

Evolution Fresh is also a good example of how producers are justifying their premium position by creating value-added juices with functional benefits: it recently added a new Protein Power Berry fruit juice blend smoothie, boasting 26g of protein in a 450ml serving, tapping into what's become a huge American trend. Another example is Uncle Matt's, which recently introduced juices with probiotic Ganeden BC30, which supports digestion and immunity, and turmeric, which has anti-inflammatory effects.

And finally there's the rise of coconut water. In the last year, Americans drank nearly 94 million litres of packaged coconut water, up 15% on the previous 12 months, valuing the domestic market at just under $400 million.[1] Originally a by-product seen as waste and thrown away due to its delicate composition, coconut water has been reinvented as an all-natural sports drink, dubbed "nature's isotonic" for its ability to rapidly rehydrate and supply electrolytes to the human body.

Coconut water: all-natural, all-innovation

It's another example of an all-natural product that rapidly became mainstream, propelled into the public eye through celebrity endorsement of key brands Vita Coco (see case study, previous page) and Zico. As sales have grown, so has the competition. Just as Vita Coco has added to its appeal, and its value, with multiple new product offerings, so many other brands have added coconut water to their line-up, either in pure form or in blends.

And now there are all kinds of new plant-based products, similarly refreshing, hydrating and naturally low in sugar, including maple, birch and bamboo waters. These all demonstrate the strong trend for greater variety in the marketplace, creating greater complexity – and greater opportunity, too.

CASE STUDY

APPLE & EVE

Apple & Eve launched its first product, "100% pure wood-pressed apple juice", way back in 1975. Today, it's a household name, synonymous with health, wellness and premium quality. It has a strong reputation for innovation, built on a list of American firsts: it launched America's first 100% juice box (1982); clinched an exclusive licensing deal to introduce a Sesame Street juice line (1999), making it "the beverage of choice among the preschool set", according to the New York Times; and launched the first aseptic fruit and vegetable juice blend for kids (2009).

Now the branded juice division of Lassonde in the US, following its acquisition in 2014, Apple & Eve prides itself on its attractive branding. It has strong appeal across a wide demographic, particularly among mothers who want to give their families the benefits of fruit juice and are concerned about added sugar and the health of their children. To that end, it takes care to be transparent with its products, listing their ingredients and nutritional values on its website.

The range has an excellent entry point in its Sesame Street line. The US TV show is the world's number one brand for children aged two to five, offering a unique platform with high loyalty. After Sesame Street, kids graduate to the core Apple & Eve range. The number one 100% juice box brand in the US today, with national distribution in all three of the major club chains and Walmart, Apple & Eve continues to show excellent growth – rare in this challenging market. Sales stood at 77 million portion packs over the last year,[2] up 11% on the previous year.

Apple & Eve's Organics line, which was introduced in 2003 and leverages the halo effect of the parent brand's reputation, is performing even better, albeit from a lower base: over the last year, its portion pack sales grew 17% to more than 4.5 million.[3] It's also interesting to note that this Organics range, now the leading aseptic-packed organic 100% juice nationally, is responding to the strong growth of less processed brands by delivering products that are truer to traditional, simple techniques, such as unclarified juices – rather like that original 100% pure wood-pressed apple juice from 1975, in fact.

The Apple & Eve brand is supported by national marketing campaigns, with strong use of targeted digital media including posts on social media (particularly Facebook, where it has a healthy 620,000 likes[4]) and strong social advocacy, leveraging influencers and ambassadors. "We've partnered with vendors that help us identify strong social influencers that meet our target and are located in geographies where we have a well-established presence," says Gordon Crane, Founder and CEO of Apple & Eve.

The brand also uses discount coupons and e-commerce retailer vouchers, distributed both on the website and via social media, and as inserts in national/local newspapers with a total circulation of more than 35 million.

"The notion of natural, quality and 'better for you' that consumers are demanding today is ingrained in the DNA of the Apple & Eve brand – it's the basic pillars that make up the foundation of the brand – and we take great pride in providing our consumers with a delicious product they can trust for their whole family," says Gordon Crane. "We are already one of America's best-known juice brands and are confident in our ability to continue to grow our juices in a challenging market."

UNITED KINGDOM
FOCUS ON THE SUGAR DEBATE

If you're looking for a market to study with high interest in the sugar debate, look no further than the UK, where media coverage and high-profile campaigns have led to major marketing initiatives to highlight the health benefits of 100% juice.

Awareness of the sugar debate is unusually high in the UK: 70% of respondents in our survey had heard of the issue. Perhaps that isn't surprising given the intensity of media coverage and high-profile campaigns, notably by celebrity chef Jamie Oliver, who set up an e-petition that saw more than 150,000 people backing a sugar tax. In March this year, such a levy was duly announced – and approved by 56% of the population, according to one poll.[1]

However, while details of the tax are yet to be confirmed, 100% juice is considered exempt due to its health benefits (as are dairy-based drinks). Moreover, a 150ml portion of fruit juice has also been retained as one of the revised 5-a-day healthy eating guidelines issued by Public Health England (PHE), a government advisory body.

There had been calls for its exclusion due to sugar content, but these were rejected by an expert panel after reports showed it had no link with heart disease, while it did have a string of benefits to vitamin and mineral intakes, especially among teenage children. "These findings highlight the reason why fruit juice was included in 5-a-day in the first place," said one member of the panel.[2] Smoothies are also included in the PHE's advice, but cut from two to just one of the 5-a-day.

Retailers are important players in the debate too, as they seek to be seen as promoters of healthy diets: for example, Waitrose cut listings of chilled branded juices in favour of its own-label juices with 30% less sugar and sweetened with stevia. Such developments are particularly important in the UK as supermarkets are such a prime source of juice purchases here: at 90%, the highest level of all countries in our consumer survey.

Juice campaigns address sugar issue

The sugar issue was recently cited by Marina Edwards, Senior Director at Tropicana in the UK, as a major reason for loss of 100% juice and smoothie sales in 2015, down almost £76 million (although the rate of decline is slowing).[3] Tropicana is addressing the issue by launching its biggest campaign in three years. Running for six months across TV, print, digital and point-of-sale advertising, it aims to educate consumers about the nutritional benefits of 100% juice when enjoyed in moderation.

Called Little Glass, the campaign focuses on portion size, encouraging people to have the recommended 150ml of juice each day, as part of their 5 a day. It also includes a partnership with the Telegraph, a national newspaper, including an online content hub dedicated to nutrition and wellbeing.

As already mentioned, AIJN, the European Fruit Juice Association, is embarking on a major international campaign with similar aims. "The UK has been particularly hit with negative media around the sugar content of juice and this is clearly leading to confusion, with 38% of consumers now believing it contains added sugars," says Francesca Woodhouse, Communications, British Fruit Juice Association, which is working on the campaign in the UK. "We are engaging with stakeholders and influencers to re-balance the debate and ensure that we avoid further consumer confusion. Just 150ml of 100% fruit juice is a convenient way to increase fruit intake and support good

CASE STUDY
CAWSTON PRESS

Although founded in 1986, the current identity and success of Cawston Press began with a rebrand seven years ago that aimed to draw more attention to this premium quality juice, made from whole pressed fruit rather than concentrates.

Cawston Press knew that making high-quality, interesting juices wasn't enough; how they expressed this with their packaging was going to be key for an ambient product. Using Cawston's unique process of picking and pressing as a source of inspiration, a bold, contemporary design was created. The name was changed from the original Cawston Vale to Cawston Press, highlighting the brand story of picking and pressing fruit. The redesign enabled Cawston Press to stand out in the crowded ambient fixture, giving it a strong, recognisable personality, with great shelf-presence.

In the 12 months following the rebrand, sales rocketed by 249% – contributing nearly 60% of the whole ambient juice category's 4% growth in value terms in 2010. The brand has continued to grow – both in sales and product range – ever since, despite challenging market conditions.

In 2013, it introduced a new range of fruit and vegetable blends, which has grown by more than 60% over the last two years, driven by demand for healthier, natural drinks that also deliver on flavour. Its Brilliant Beetroot is one of its biggest selling variants and has been joined by successful blends like Radiant Roots – a blend of apples, carrots, beetroot and ginger. In 2015, sales for their juices topped 5.5 million with this continuing to grow 33% year on year in the first half of 2016.

Beyond its pressed fruit and vegetable range, Cawston Press has also added a range of Kids' Blends in 200ml cartons made with pressed juice and water, including a blend with vegetables, and Sparkling Drinks "for grown-ups": both ranges sold 5 million units each in 2015 and now account for a quarter of the total product mix apiece.

Cawston Press has built a strong online presence, with their website, newsletters and social media offering tasty and healthy recipes, events and competitions. It has an engaging offline presence too, with a vintage caravan that visits picnic concerts, fetes and county shows in and around London as part of their sampling campaign. In 2016 they will sample to over half a million consumers.

"Cawston Press is a brand with purpose," says Steve Kearns, its Managing Director. "We want to challenge the market by delivering delicious drinks with interesting flavours, using quality ingredients. Cawston Press is continuing to show year-on-year sales growth of over 60%. We believe our success is down to great people and great products that deliver on taste and offer something a little different to run-of-the-mill soft drinks and juices."

health when more than two thirds of adults are not getting their 5-a-day." Recent consumer research by the local campaign team found that 83% of respondents were unaware that 150ml is the recommended daily amount, and only 35% drink 100% juice to get one of their 5-a-day.

New challenges, new opportunities

While the sugar issue is clearly a challenge, it also presents opportunities for options that consumers perceive as healthier, and the industry is responding with new offerings across all three of our product trends. Tropicana is adding vitamin-enriched and vegetable blends within its Essentials range, for example, along with clear sugar content per serving advice on-pack.

Cawston Press (see boxout, previous page) has grown its range of 100% fruit and vegetable blends by more than 60% over the last two years to meet demand. Naked Juice has also seen strong take-up for its fruit and vegetable blends – Berry Veggie, Bright Beets, Orange Carrot, Sea Greens and Kale Blazer – which helped it grow its total juice and smoothie volumes by 23% in 2015. "Naked Juice is a great example of a brand that's adapted to consumer needs and is well placed to fuel further category growth," says Jeremy Gibson, UK Marketing Director at PepsiCo, which owns Naked Juice and Tropicana.[1]

As in the US, there are plenty of other challenger brands in the cold-pressed/raw/organic segment that are seeing strong growth and winning retail listings. These include Coldpress, Savse, Plenish, B.press and Sunmagic. "Demand is growing significantly for 100% raw, organic, unpasteurized and cold-pressed juices," says Mitch Minton, founder of Presscription juices, which launched in 2015. "Consumers are looking for innovative drinks with original flavour combinations, as well as products that are highly nutritious and with a low sugar content."[2]

From our viewpoint at Tetra Pak, we also see opportunities for the right product in the right amount, with drink shot solutions expanding rapidly. We also see opportunities for healthy juice products that seize new consumption occasions, such as eating and drinking outside the home and on the go. Sandwich chain Pret A Manger now offers cold-pressed vegetable drinks/blends and a Ginger Shot, for example, while the Eat chain offers a Raw Pure Green fruit and vegetable blend.

Meanwhile, coconut water goes from strength to strength. Value sales of Vita Coco are up 20.9% to £30.4 million, for example, on volumes up 28.4%.[3] It's doing well for Innocent too. Its Coconut Water, launched in March 2015, is now the number two brand after Vita Coco. Naked Coconut Water has also seen strong growth, up from £283,000 to £3.6 million in 2015.

"Coconut water's penetration has grown phenomenally year on year from 4% to 7.4%," says Innocent's MD Nick Canney. "With further innovation and investment this sector is set to continue to grow." Its success is also sparking opportunities for all kinds of other plant-based waters, with recent launches in the market of watermelon, birch and cactus water. The possibilities here are almost endless.

CASE STUDY

INNOCENT

It was a breath of fresh air when Innocent arrived on the UK market with its all-natural, pure-fruit smoothies in 1999. Equally novel was its fun, cheeky language and a real drive to engage with consumers, with personal touches on its packaging and invitations to visit its HQ, "Fruit Towers", for "a chat".

Combined with its strong ethical stance (10% of all profits go to charity), Innocent's unique tone helped it connect with its target young demographic, and it quickly became one of the UK's definitive millennial brands. It became a major social media presence too, and by 2011, it edged out Starbucks to top the Social Brands 100. At the latest count, it had nearly 550,000 likes on Facebook, 63,000 followers on Instagram and 226,000 followers on Twitter, its main social media hub. It sends out around 300 tweets a week, which are typically timely, shareable and amusing, and always on-trend and on-brand. Engagement is excellent and the brand "tries to respond to everyone that needs a response".[4] Content is often shared across channels, including a blog on the website that allows longer entries.

Today, Innocent is Europe's biggest smoothie brand. Now available in 15 countries, its turnover in 2015 was £295 million, up 19% on 2014, and it is more than 90% owned by The Coca-Cola Company. It has steadily added various juices and veg/fruit blends along the way, including the Innocent Kids range, launched in 2006, which accounted for 20% of total sales by value in 2015. "The Innocent Kids range tapped into an unmet need, offering parents a convenient, natural, nutritious and treat-worthy way to get their kids to eat more fruit and veg, be it at home, at school or out and about," says Jamie Watters, Marketing Manager at Innocent. "We have ambitions to grow the business by bringing more new product developments to market that address this need in ever more delicious and fun ways."

In April 2015, Innocent launched its own Coconut Water, another demonstration that its innovative, entrepreneurial ethos continues to thrive. "It wasn't part of our expertise, but it was clear there was a market trend, and within less than 12 months of thinking we needed to be in this space we were up and running with a product that's now taken nearly 40% of UK market share," said Innocent CEO Douglas Lamont in a recent interview.[5] "We're nimble and can innovate and have a brand that can stretch across different categories. That's our opportunity."

GREATER CHINA

HARNESSING THE WORLD'S BIGGEST OPPORTUNITY

While Greater China remains very much in the early stages of development for juice today, its dynamism and sheer size make it undeniably attractive and the forecast for the next few years continues to be strong.

While Greater China (GC) is very much an under-developed market for juice, its dynamism and sheer size make it undeniably attractive. The GC ready-to-drink (RTD) market as a whole has seen 11% CAGR for the past five years to reach 151 billion litres. The main growth driver has been packaged water, which now accounts for nearly 60% of that total, with dairy and juice, nectars and still drinks pretty evenly split for the remainder.

Drilling down, GC clearly already has a taste for fruit: it's now the world's second-biggest market (after the US) for juice, nectars and fruit-flavoured still drinks, consuming more than 16.8 billion litres – around 14% of global volume. Even so, per capita annual consumption across this whole category is still relatively low at less than 12 litres – Americans drink four times as much.

100% juice: small beginnings, big potential

The numbers are even more pronounced for 100% juice: per capita consumption is very small, just 0.4 litres, yet GC is still the world's eighth biggest market at 545 million litres. For comparison, Canada (the world's fifth biggest market) consumes about double that – but only because its average citizen drinks 70 times as much as a Chinese citizen.

100% juice in GC today only has a small volume share: just 2% of the ready-to-drink market. But it is forecast to see strong growth to 2019, up 7%, in contrast to much of the rest of juice, nectars and still drinks. The sector as a whole is expected to slow, adding just 0.3% to reach 31.6bn litres by 2019.

There are various reasons for 100% juice's continued growth: low penetration; new products and brands, including imports; and strong interest in health categories. In GC, 100% juice typically performs a different role to nectars and still drinks: it's positioned as a premium natural product for nutrition and health, particularly for kids and adults, rather than a low-cost thirst quencher.

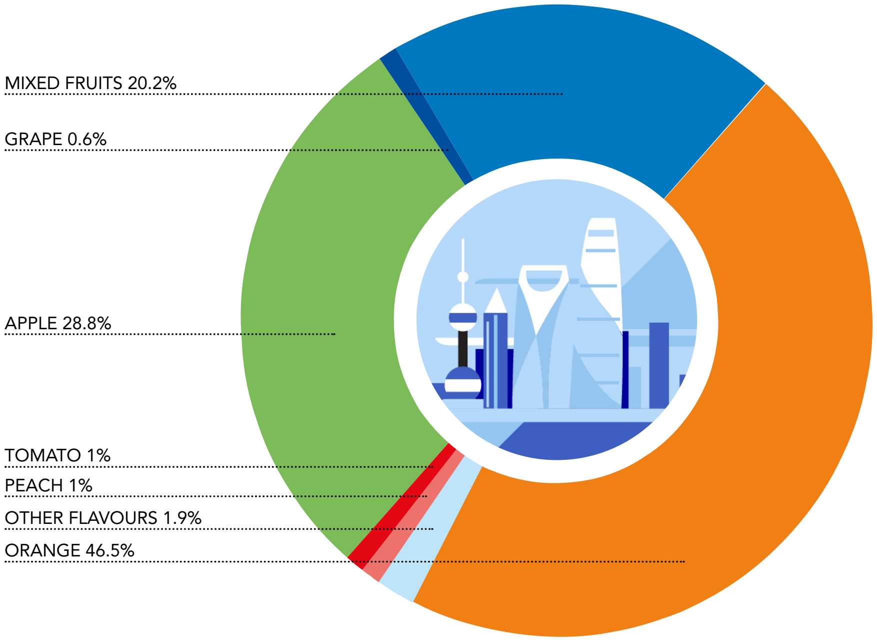
Distribution reflects that: 100% juice is largely sold through modern trade, rather than the traditional/modern mix common to nectars and still drinks. It also has strong penetration in the higher-tier markets: Beijing, Jiangsu and Shanghai alone account for 45% of total retailing volume sales.[1]

Changing dynamics as imports rise

However, the market is changing. The juice, nectars and fruit-flavoured still drinks sector generally is highly concentrated, with juice and nectars in particular being dominated by domestic brands, notably Huiyuan, which accounts for around a third of both. Ecommerce purchase penetration and frequency is increasing across the country. Value growth in lower-tier cities now exceeds the key cities (Shanghai, Guangzhou, Beijing and Shenzhen), while rural online shopping is growing at a surprising pace, too.

As a result, ecommerce has become a useful platform to help launch new domestic products. To some extent, it's also a gateway for imports. Many imported 100% juice products are available online first, including a huge amount of international brands. A browse through yhd.com, a major online shopping website owned by Walmart, shows just how competitive this market already is, with some 144 brands from more than 18 countries, with Southeast Asia accounting for 47% of the number of product variations.

TOP 100% JUICE FLAVOURS IN CHINA



CASE STUDY
BOMY

The Bomy brand has been present in Taiwan for 40 years and has become synonymous with vegetable juice – a long-established category here. In 2007, a new trend for vegetable juice products built around the "5-a-day" concept saw a surge in consumer interest

Bomy's brand owner, the Taiwanese company Chou Chin, decided to see this as an opportunity rather than a challenge. It launched a new line of mixed vegetable juices called Bomy Daily Veg, which would take advantage of the boom while also differentiating Bomy from the competition.

Chou Chin's research showed that Bomy's traditional products were mainly consumed by men, who had less time to cook for themselves, and were less likely to eat sufficient vegetables. Moreover, these products had a distinct vegetable taste, which put off some consumers and narrowed its potential audience. So for the new Daily Veg line, Chou Chin developed a range of products with a fruitier, less vegetable taste, designed to be particularly appealing to women.

Bomy Daily Veg offers the complete recommended daily allowance (RDA) of fruit and vegetables – equivalent to 500g of raw ingredients – in a single portion. Launched mainly in convenience stores for out-of-home consumption, distribution has been expanded to supermarkets and other channels for consumption in the home.

Campaigns – including TV, in-store floor and point-of-sale displays, web promotions and online engagement via Facebook – focus on supplying the RDA of fruit and vegetables, typically featuring healthy, glamorous young women.

The new Daily Veg line has increased Bomy's market share by around 10% – the result of expanding its consumer penetration, Chou Chin believes. Moreover, consumer satisfaction with the new line has allowed Chou Chin to increase the price point for its 500ml Daily Veg range from NT$25 to a more premium NT$28 since 2012, and to NT$30 in 2016.

Typically, online is just a stepping stone. Once the brand has entered the market, it will then try to expand its presence and geographic reach via offline channels. Although coming off a low base, imported 100% juice saw 80% volume growth in 2014 to account for 5% of the 100% juice market – and it's still growing.[1]

Emerging and potential trends

As for other trends, both health and work/life balance are pivotal, as elsewhere, rated as the two joint top concerns at 33%.[2] Demand for natural, safe products drives product innovation, with organic, non-GMO, no additives, natural, no sugar and no pesticides all registering as hot key words in 2015.[3]

Looking ahead, we see lots of room for product innovation by local players and have identified the following four potential trends, based on the insights of our market specialists at Tetra Pak China and our experience of other, more established markets around the world.

Lifestyle balancer

We see potential demand for more juice products that could help complete daily nutrition and/or reduce the impact of unhealthy indulgences. For example, one local player has already launched a mixed juice with 11 fruits and vegetables and 50 vitamins and minerals. The new blend is being strongly positioned as a provider of energy and supplements for the whole day.

Healthy snacking

Snacking is a huge opportunity here, with 74% of Chinese consumers attracted to liquid snacking between meals[4] – the highest proportion in the world. We see tasty and satisfying fruit smoothie-type juices as a potential trend for urban consumers with a hectic lifestyle.

Water substitutes

Consumers know the importance of water and packaged water is a strong performer. But many find it boring to drink or don't like its lack of taste. We see natural alternatives as a potential trend for these consumers. Coconut water is an obvious example. As elsewhere, this segment is a growing trend, with the popularity of Vita Coco in particular attracting a deluge of imports – more than 15 brands from five markets, mostly from Southeast Asia, entered China during 2015 alone – sparking launches from leading local player Yeshu in the same year.

Golden niche

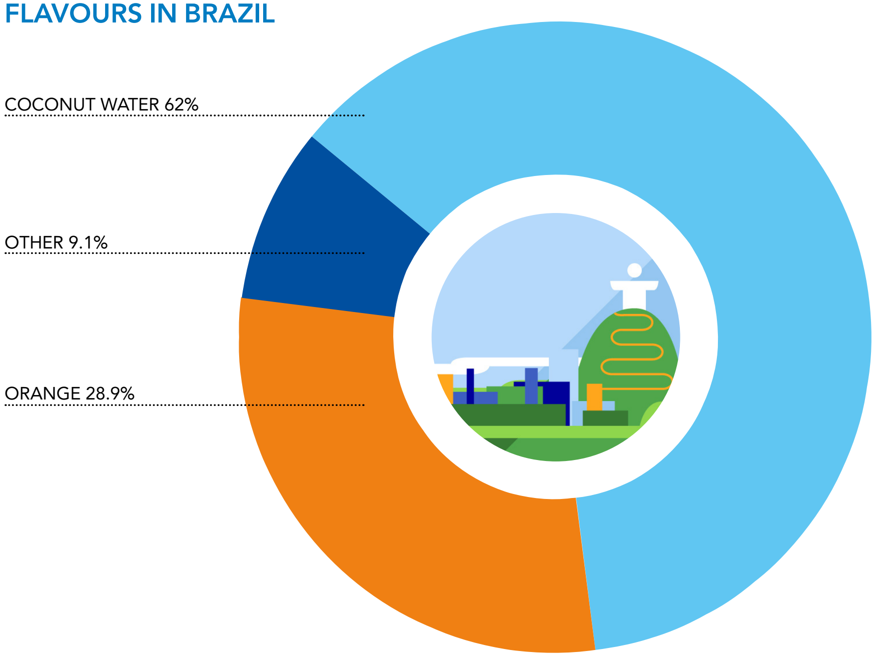
There are sizeable opportunities among under-served consumer segments. For example, juices for children look particularly attractive. Expenses related to children comes a clear second for spend after food for both high- and middle-income consumers, and local players are already starting to target products and marketing in this area. Functional products aimed at women are another potential opportunity identified by Tetra Pak China.

BRAZIL

A FRESHLY SQUEEZED MARKET BEGINS TO EVOLVE

Although Brazil is the world's biggest orange juice producer and exporter, domestic consumption has traditionally been freshly squeezed. But that's changing as aspirational consumers trade up to packaged juice with a range of benefits, making Brazil the engine room of Latin American growth.

TOP 100% JUICE FLAVOURS IN BRAZIL



Brazil is the orange capital of the world. It produces around 35% of the world's oranges and around 50% of its orange juice, most of which is exported, notably to the US and Europe. But the citrus business has been tough in recent years. Falling export demand, exacerbated by a temporary ban on imports to the US due to pesticide concerns, and some bumper harvests have led to a major issue with over-production, leading to a drive to develop the relatively untapped domestic market.

Brazilians already drink a lot of juice, but most it is freshly squeezed, either at home or in juice bars. According to Tetra Pak Brazil local market estimates, the country consumes around 2.5 billion litres of freshly squeezed juice a year. But packaged juice has been growing rapidly in the past ten years or so, as the growing aspirational middle-class trade up and players expand distribution.

Packaged juice consumption increasing

Between 2012 and 2015, Brazil's packaged 100% juice consumption (coconut water included) increased from 167 million to 361 million litres – a CAGR of just under 30%. Yet per capita consumption remains relatively small, giving plenty of room for more growth. By 2018, the total consumption is predicted to be 492 million litres, meaning Brazil will be one of the world's ten largest 100% markets. Almost half of the juice consumed in the country is not from concentrate – a proportion that is projected to remain essentially unchanged over the next few years. In Latin America generally, 100% juice has a small share of the JNSD market: 0.7 billion litres, compared with 3.7 billion litres for nectars and 21.1 billion for fruit-flavoured still drinks in 2015. But it's forecast to lead growth going forward, albeit from that smaller base: up 12% from 2015-2018, compared with 2% and 1.5% respectively.

New opportunities

Manufacturers in Brazil are seizing the opportunity, using fruit content as a common communication highlight to help support a higher price point. The Coca-Cola Company's Del Valle, a strong nectars brand, entered the 100% juice market in January 2015. Coaf Sucos is an example of a fruit producer entering the segment for the first time, offering its NFC product in 1 litre cartons for in-home and 330ml cartons for on-the-go/out-of-home consumption. Do Bem offers its 100% NFC juice in the same packages, including orange pulp to further highlight the fruit content and support the premium price point.

CASE STUDY

DEU FOME SIMMM!

Launched in November 2015, Deu Fome's Hunger He SIMMM! is an innovative new high-fibre fruit/veg drink designed as a healthy on-the-go snack for busy young consumers, neatly addressing all three of our product trends in one. A blend of fibre, banana, pineapple, apple, pear, grape, coconut milk and lemon, each 200ml portion contains just 116 calories – about the same as a cereal bar. It contains no lactose, gluten, preservatives or sugar and is rich in vitamins, iron and zinc.

Positioned as an ideal product for hungry consumers who have no time for a conventional meal, it's distributed for immediate consumption at gyms, bakeries, convenience and health food stores, as well as supermarkets.

"Hunger He SIMMM! is made for consumers who are always on the move," says Giorgeo Zanlorenzi, President at Deu Fome. "It's a light, healthy, convenient snack that's full of energy and the great taste of fruit and vegetables."

All of these examples are for orange juice. But innovative flavours, vegetable blends and functional benefits are all adding excitement and building momentum in the market. Do Bem's youth-friendly range is a great example (see case study, right).

Coconut water: the other big conversion story

And finally coconut water, which is by far the leading national 100% juice flavour, with 106.1 million litres sold in 2015, representing 62% of the market, more than double the figure for second place orange (49.4 million litres and 28.9% market share). Like fresh orange juice, fresh coconut water has long been popular in Brazil, commonly sold by street vendors still in its green shell, and drunk through a straw. Indeed, Brazil is really where the global phenomenon originated: the idea for Vita Coco was planted after co-founders Ira Lira and Michael Kirban struck up a conversation with two Brazilian women in a bar, and the brand still sources much of its coconut water from here.

Brazil remains the biggest market for packaged coconut water, which continues to see strong growth, driven particularly by leading brand Kero Coco produced by Amacoco, which was acquired by PepsiCo in 2009. It's a good example of how big unpackaged coconut water markets can be converted – a trend gaining traction in other markets with a strong coconut water tradition, such as India, Singapore, Malaysia and Thailand.

CASE STUDY

DO BEM

Fruit juice is a key part of the Rio beach "scene" that's so influential in Brazilian popular culture. This vibrant city abounds with "sucos" vendors, offering not only single juices but also inventive combinations of fruit and vegetables – many promising health benefits, from curing a hangover to revitalising flagging revellers on a night out.

These noisy, buzzing and uniquely Brazilian bars are the inspiration behind Do Bem. Founded in 2007, it's a young brand for a young consumer, offering high-quality, all-natural premium juice products with strong lifestyle positioning. Its name is a slang version of a common greeting in Brazil – "tudo bem?", meaning "are you well?" – and this informal approach is at the core of its marketing.

Its original offering was orange juice, with no sugar or preservatives, followed by other single fruits, such as apple, tangerine and grape. Pack design is striking: modern, stylish and unconventional. While marketing messages highlight the all-natural ingredients, the packaging – 1 litre cartons for the home and 330ml cartons for on-the-go – shows, not fruit, but a quirky character illustration, which has evolved with each new addition to the range.

Do Bem has continued to expand its portfolio with specialty blends that combine fruit and vegetables to offer specific benefits. Two particularly successful examples are its Vem Meu Bronze (which translates as "let my tan come") and green Detox Monstro ("detox monster") blends, both of which offer on-pack health and nutritional information and advice.

Vem Meu Bronze is a mix of orange, beetroot and carrot that claims to be good for a healthy immune system and for developing a faster, safer tan. It is also high in vitamin C and is recommended as ideal before or after exercising. Detox Monstro is a vivid green blend of kale, cucumber, apple, spearmint, lime and ginger that offers benefits for the liver, kidneys, stomach and brain. Both blends come in 1 litre recyclable packs with Facebook and Instagram links for further information communications.

Facebook and particularly Instagram are central to communications, which focus as much on lifestyle as the products themselves. Typical posts include pictures and stories of young, cool, rather offbeat Brazilians having fun, plus luscious images of fruit and snapshots of a Do Bem-branded Mini Cooper with fantastic Rio backdrops.

Throughout, the brand uses the same colloquial, chatty tone captured in its name. ("Say hi to our tasty orange juice with pulp! For those who don't like weakling juices.") Building on its reputation as an enabler of fun, healthy lifestyles, Do Bem also offers customers a wristband – the Do Bem maquina – to track their fitness. It also sponsors a rock festival and a surf project in Rio.

Do Bem has a premium price point: substantially higher than the average packaged juice in Brazil. But its striking growth, as eye-catching as its packaging, demonstrates that consumers are prepared to pay more for a brand that delivers both a product and an experience that they see as high value and relevant to them.

PARTING THOUGHTS

Here are our six key insights into the 100% juice category – and the opportunities that they present.

1

Consumers see 100% juice as tasty, natural and healthy

This is a strong positive perception that connects to the biggest trends in food and beverages today. There are opportunities in three product areas – specialty 100% juice; all natural; and vegetable nutrition – especially when they overlap.

2

Awareness of the sugar debate is wide-spread – but few have negative perceptions of 100% juice

Now is the time to remind and re-educate consumers and influencers about the health benefits of 100% juice, particularly as one of the recommended "5-a-day". Joint action and consistent messaging across the industry is key.

3

However, some consumers have reduced consumption due to sugar concerns

There are opportunities for portion packs in sizes that reflect local expert advice for recommended daily intake, and for new formulations, such as fruit and vegetable blends with lower natural sugar content and additional health benefits.

4

Changing lifestyles are challenging traditional consumption occasions, notably breakfast

Demand for on-the-go consumption, snacking and social juice occasions all create alternative opportunities for consumption out of home.

5

"Premiumisation" is a rising trend

The strongest growth in the category is at the highest end. Consumers are particularly prepared to pay more for natural products that promote good health.

6

New segments, new recipes, new brands keep shaking up the market

Product innovation is key to success: modern consumers constantly crave new ways to meet their needs and will readily turn to new products. Fresh ways to communicate and connect are equally important.

GLOSSARY

100% juice
100% juice is 100% fruit. It contains only the natural ingredients from fruit and vegetables: juice or juice concentrate, water, natural flavourings and fruit pulp. There are two varieties: from concentrate and not from concentrate (NFC).

Cold-pressed
Juice extracted by a press, rather than other methods. If it has no other treatment, it may be called raw or fresh, and typically needs to be kept chilled and should be consumed within three days. These juices are often found in juice bars where they are created in front of customers. Many juices labelled cold-pressed have also been subjected to HPP.

FFSD
Fruit-flavoured still drinks. Contain less than 25% fruit. Some countries have a minimum requirement for juice content, while others require that the juice content is stated on the package.

From concentrate
100% juice that has had water extracted to reduce its volume for transportation. On arrival at its destination plant, the concentrate is reconstituted with the same amount of water that was extracted. Juice from concentrate is either filled aseptically and stored at ambient temperature with a shelf life of six to 12 months, or filled and refrigerated in non-aseptic packaging, with the same shelf life as chilled not-from-concentrate juice.

HPP
An alternative to traditional pasteurization, high-pressure processing (HPP) involves using pressure instead of heat to eliminate the growth of pathogens. HPP extends the life of the juice up to three weeks, while also claiming to maintain the characteristics of freshly pressed juice.

JNSD
Juices, nectars and still drinks. Generally grouped together as a single sector by the industry.

Lapsed user
Someone who has drunk 100% juice in the past occasionally, but not in the last three months.

Nectar
Produced from juice that is mixed with water and sometimes sugar. Juice content must be at least 25%; for citrus nectars it must be at least 50%. Traditionally, nectar is a fruit juice that is too thick to drink – for example, from apricots, peaches and pears – which therefore needs extra water. But many modern juice and water blends are also technically nectars.

NFC
Not from concentrate. 100% juice that has not been reconstituted. These products are commonly freshly squeezed and stored within chilled cabinets. They can also be partially pasteurized, which means their shelf life can range from four days to three weeks.

Still drinks
Includes fruit-flavoured still drinks (FFSD) and non-fruit drinks, such as tea-based, coffee-based, and sports and energy drinks.

User
Someone who has consumed 100% juice in the last three months.

REFERENCES

All data in this report is from Tetra Pak Compass or our consumer survey, except where indicated here.

04-1: The Tetra Pak study surveyed 7,000 consumers, comprised of a total of 1,000 current and lapsed users in each of seven markets: Brazil, China, Germany, Japan, Russia, the US and the UK. Interviews were conducted online 7-15 March 2016. Total figures quoted include the data from all the seven markets, which have been weighted according to the distribution of consumed 100% juice, as per Tetra Pak Compass data. The results of each market individually have not been weighted
07-1: AIJN Market Report 2016
08-1: Roper Reports Worldwide 2015
08-2: Nielsen Global Health Report 2015
08-3: http://www.goldmansachs.com/our-thinking/pages/millennials/
08-4: Datamonitor Consumer Survey 2014
08-5: Tetra Pak Millennials Report 2015
08-6: Roper Reports Worldwide 2015
08-7: Datamonitor Consumer Survey, 2014
10-1: Euromonitor
10-2: Euromonitor
10-3: 52 w/e December 2015, Kantar Worldpanel
10-4: Kantar Worldpanel
11-1: Euromonitor 2015, off-trade
13-1: Roper Reports Worldwide 2015
13-2: Attitudes towards Premium Soft Drinks – UK, February 2015, Mintel
13-3: Mintel GNPD 2015
13-4: Nielsen global health report 2015
13-5: Mintel GNPD 2015
13-6: IRI combined year to date, June 2016
13-7: TNS CCT year to date, May 2016
14-1: Mintel GNPD 2015
14-2: Roper Reports Worldwide 2015
14-3:10 Key Trends in Food, Nutrition & Health 2016, by Julian Mellentin, New Nutrition Business
14-4: Up 512% August 2014-July 2015 versus August 2012-July 2013, 2016 Trend Insight Report, Fona International
15-1: Mintel GNPD 2015
15-2: A survey by Japan's Consumer Affairs Agency (CAA: the government body that oversees food labelling and health claims) found that almost 90% of consumers make purchasing choices based on function. Source: USDA GAIN report #JA 4509
17-1: U.S. Food Commodity Consumption Broken Down by Demographics, 1994-2008; Biing-Hwan Lin, Jean C. Buzby, Tobenna D. Anekwe, and Jeanine T. Bentley; a report summary from the Economic Research Service, March 2016
17-2: Vita Coco
17-3: Latest 52 weeks to week ending 5/4/16 Nielsen
17-4: Nielsen
18-1: Latest 52 weeks to week ending 5/4/16; market value $398,158,624: Nielsen
18-2: By units, 52 weeks to week ending 14/05/16, Nielsen Answers
18-3: By units, 52 weeks to week ending 14/05/16, Nielsen Answers
18-4: As at 05/07/16.
19-1: Harris Interactive poll for The Grocer, published 30 March 2016
19-2: The Grocer, 27 February 2015
19-3: The Grocer, 11 March 2016
20-1: Focus on juices and smoothies, The Grocer, 27 February 2016
20-2: Focus on juices and smoothies, The Grocer, 27 February 2016
20-3: IRI
20-4: Helena Langdon, Communities Manager, "How Innocent drinks uses social media", http://linkhumans.com/case-study/innocent-drinks
20-5: The Grocer, 28 May 2016
21-1: Nielsen Retailing tracking
22-1: Compass/Euromonitor.
22-2: 2nd Nielsen on-line survey: 2014 China health trend
22-3: All rapidly growing key words, surpassing 2014 in Q1-Q3 2015 alone: 2015 Taobao consumption analysis
22-4: GFK Roper country report

Tetra Pak®