THE FUTURE OF HEALTHY DRINKS

SUPPORTING INDUSTRY ACTION ON INNOVATION AND REFORMULATION
Tetra Pak was founded on the principle that we should protect what’s good – in the communities we operate in, for the wider environment, and in supporting our customers’ business success.

We, along with other members of the drinks industry, see that society is changing, creating profound challenges for us all.

At a macro level, people are consuming the same or more calories than they did before, yet they are burning off less calories due to the increasingly sedentary lifestyles they are living. The NHS estimates that the average adult has 200-300 more calories than they need every day, while a study from the British Heart Foundation shows that only 67 per cent of people aged 61+ meet recommended physical activity guidelines.

Obesity rates are rising, and consumers and stakeholders are becoming more concerned about sugar and calorie intake. It is clear that this is an issue that goes well beyond the influence of one industry sector, but is an issue that the industry has shown a willingness to tackle wherever it can.

As the world’s leading food processing and packaging solutions provider, and a company committed to supporting our communities, business partners, and wider environment, we wanted to explore these issues and identify practical ways drinks producers can address these challenges and contribute to better health.

This report explores some of these areas, including innovation and reformulation, portion control, better labelling and consumer education.

The producers represented in this report are just some of the companies leading our industry in innovating to help consumers make healthier choices. Like Tetra Pak, they recognise that healthy, sustainable nutrition is here to stay and we will continue to drive best practice for a better future together.

Stefan Fageräng
Managing Director North West Europe
Being overweight is not a choice a child makes. Children’s diet is the product of what they learn at home, in childcare, at school and in what they see in the wider world around them. They watch how we eat, talk about and behave around food; how we cook and shop; they are bombarded with food marketing through multi-faceted channels and media, which grow increasingly more complex and frequent as they get older; and they have greater awareness of and exposure to brands and products at a very young age than any of us have before experienced. They observe that we link food with emotion in both positive and negative ways. Excess weight in childhood and adolescence isn’t children’s fault, but it is very much their problem. A problem we’ve created for them; a problem it’s our duty of care to address.

Together, all of us – either as food consumers or providers – have created this society in which it is often easiest and cheapest to make less healthy choices. We can’t let our children’s health suffer any more as a result. We cannot remain complicit in this.

There is huge support for the need for action. There is a broad consensus among parents, doctors, nurses, teachers, scientists, retailers and those who lead industry that collective action is needed. And helping children to choose healthier drinks is an important part of this journey. National data shows that sugary soft drinks are a big source of sugar in children’s diet, particularly as they get older, and don’t give children any nutritional value. Our own recent national analysis of hundreds of millions of packed lunches tells a story of the most popular ‘one-shot’ lunchbox drinks giving young children their entire daily limit of added sugar in one hit. New research by the Natural Hydration Council highlights the impact of our own drinking habits, as parents, on the choices our children make.

That’s why we must take every step to help families buy sugary soft drinks less often and to excite children about options like plain water and milk. Other drinks need to have nutritional value and be affordable. The focus of manufacturers on meaningful reformulation of their products is crucial.

Over the years, we’ve worked closely with the drinks industry on reformulation for schools, making sure that the drinks children can buy in our school canteens today meet national school food standards. We’ve seen first-hand what industry can achieve with reformulation for children’s health. Drinks in schools have, arguably, set the tone. It’s time to see how much wider their impact could be. Drinks alone won’t solve our obesity crisis but they are a crucial tool in the fight to get children eating and drinking more healthily.

Linda Cregan
Chief Executive Officer, Children’s Food Trust

We have much to celebrate in relation to our current food environment, but we undoubtedly also face challenges. Sustainability, resilience, and population health can only be addressed by partnership working, harnessing expertise and experience from across the food and drink supply chain. Yet too often industry, policy makers, and health professionals work in silos; a situation reinforced by differing goals, mistrust, and scepticism.

Our current approach to food and drink in relation to health, in particular; requires a paradigm shift. We are still working within a biomedical, risk management framework and rely on overly simplistic advice that perpetuates a good-bad dichotomy and distrust between actors. We – perhaps unconsciously – reinforce the notion that there are ‘good’ foods and drinks which we should eat more of, and ‘bad’ products we should eat less of to avoid serious long-term health consequences. Public health often offers austere solutions to complex problems which, for many people, are unworkable in the context of their lived experiences. Furthermore, we are guilty of presenting interventions as offering ‘one-size-fits-all’ solutions to hugely complex scenarios. And perhaps nothing exemplifies our fundamentally flawed approach to public health nutrition better than the current emphasis on sugar.

An alternative framing is that there is huge, exciting opportunity for enhancing lives with great tasting products that are innovative, convenient, affordable, and/or a host of other characteristics that consumers look for, and which deliver a healthy and varied whole-diet. To do this we need to recognise and validate the wider socio-cultural meaning of food and drink - and stop demonizing actor and agents.

Dr Judy Anne Swift
Associate Professor of Behavioural Nutrition,
The University of Nottingham

No payment was received by Linda Cregan for this foreword.

No payment was received by Dr Swift for this foreword.
Consumer habits are rapidly evolving as people become more health conscious and seek healthier lifestyles. Meanwhile, the soft drinks industry levy looms large and will bring further change to the industry. These two factors are affecting UK drinks producers and opening up new opportunities and challenges to redefine, reformulate and innovate.

This report looks at the global trends impacting juice and still drinks consumption, the innovative techniques being used to support healthier choices, how industry is working to ensure these solutions are more accessible and in the right amount, the importance of brand standout and informative labelling in driving healthier lifestyle choices and the role sustainability has within delivering healthier solutions.
A CHANGING LANDSCAPE
Recent social and political changes have meant the beverage industry, particularly in the UK, will need to rethink their approach in 2016 and beyond. “Redefinition” – shaking up the perception of drinks – is a key trend this year. With an increased demand for healthy choices and more information available to make educated choices, juice and non-carbonated drinks companies need to identify the key factors to appeal to consumers and be successful in this changing environment. Having the determination to respond to consumer needs and step up to the challenges posed by the UK government and stakeholders around health and consumer education will be critical to success.

The announcement of the soft drinks industry levy in March 2016 caused a massive response amongst drinks producers. Despite this, consumers were surprisingly receptive to the announcement. According to the Bridgethorne Shopper Index for The Grocer, three fifths of consumers are in favour of the levy on soft drinks with almost a third saying they ‘definitely agreed’ with it.

This levy represents a turning point for the industry. It opens avenues to redefine and create new categories, reformulate and develop premium products with higher margin opportunities. The crux of the levy calls on drinks manufacturers to be accountable for the ingredients in their products and to think more closely about their sugar content – something consumers are already considering. The Bridgethorne
Shopper Index also found that more than half (52 per cent) are worried about the amount of sugar in their food, compared to 46 per cent being worried about additives and just 32 per cent about calories. Meanwhile, according to a study by researchers at Harvard\(^1\), more than half of children and teens in the US are dehydrated – further emphasising the need for producers to ensure they target consumers appropriately.

**A HEALTHIER OUTLOOK**

Almost half of British consumers said they have become more health conscious in the past 12 months\(^2\) and 76 per cent believe brands have a responsibility to provide consumers with content focused on health. Health is certainly back on the agenda – 60 per cent of UK consumers are actively looking for healthy options when grocery shopping\(^3\). With significant changes in the industry and a rise in health bloggers and advisers online, the consumer landscape for healthy drinks is shifting and manufacturers need to ensure they keep up with the pace of change.

There is already positive innovation in the market, for instance from drinks producers launching new products with lower sugar content or natural ingredients like watermelon or cactus water. This innovation is being driven by new entrants into the market, as well as from larger players.

An increasing number of consumers are also starting to switch to low, no and mid calorie drinks. This trend is being seen both inside and out of the home. 60 per cent of households are reducing their sugar consumption from soft drinks with 20 per cent switching to drinking more water and 25 per cent replacing it with diet drinks\(^4\).

Will sugar alternatives be increasingly added to drinks? Innovative techniques to dilute products and remove calories or using natural sweeteners, such as stevia could start becoming the norm, if palatable to the consumer.

**PERCEPTIONS OF JUICE**

Tetra Pak’s own research from 2016 explores the ‘image’ of 100 per cent juice\(^5\). In the UK, almost three quarters (74 per cent) said 100 per cent juice was healthy and 45 per cent believe it is an essential part of their diet. This outlook isn’t unique to Britain. In both the US and China, 84 per cent believe 100 per cent juice is healthy and in Russia, half said it was an essential part of their diet.

The research also unveiled the suitability of 100 per cent juice with 84 per cent of British consumers saying it was suitable for adults and 63 per cent agreeing it is good for the lunch box – an important factor when parents decide what their child drinks at school. 100 per cent juice is still very much a day-to-day drink with 42 per cent of British consumers saying they drink 100 per cent juice once a day or more often. According to a 2015 report by the British Soft Drinks Association (BSDA), sales of still and juice drinks were up 0.5 per cent to £1.9 billion in 2014, whilst overall volume of carbonates dropped in the same period.

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\(^2\)How Retail, Food and Drink Brands are Shaping UK Health with Content, Newscred 2015.  
\(^3\)Nielsen State of the Nation UK, 2015.  
\(^4\)Nielsen Scan Track Data to WE 02.01.16.  
\(^5\)Tetra Pak Juice Index, September 2016.
One of the main reasons for the rise in the bottled water market is to keep skin healthy\(^7\). Many brands have started to launch products containing added vitamins to give specific health benefits, for example, adding vitamin B6 and B12 to reduce fatigue and beta-glucan to boost energy levels. In the US, there is a definite trend towards plant-based water, for example cactus water, maple water or birch water and this is largely being driven by the millennial generation.

Another recent trend in the drinks industry is a wider variety of portion sizes. With consumption habits changing and an increased focus on portion control, this trend is expected to grow over the next few years, with smaller portion packs being brought to market giving consumers more options to choose from and manufacturers new revenue streams.

These trends are very much here to stay but will continue to evolve as advances in technology and social and economic developments impact different lifestyle choices. Consumers’ response to these changes in terms of their choice of drink will have an impact on the beverage industry and drinks manufacturers need to be prepared to respond accordingly. In order for them to be able to deliver value, it is becoming increasingly important to understand the mindset of consumers and keep up to date with their changing needs.

\(^6\)New flavours and segmentation opportunities, Mintel GNPD, May 2013.

\(^7\)Source: Bottled Water – UK – March 2015.
The still drinks industry is being pressured to ensure it not only meets the demands and expectations of customers, but also supports the Government’s agenda around health. If policy can be designed to encourage better health while also stimulating innovation, there is potential to pave the way for the UK drinks industry to design new products that support consumers to make healthier choices. Whether reformulation happens through the use of new ingredients, or a brand decides to lower its sugar content, the industry has already begun to take steps to demonstrate its role in promoting healthier lifestyles.

MEETING CONSUMER DEMAND

Brands are beginning to reformulate their existing drinks and bring new products to market to ensure they stay relevant to consumers. According to the Mintel GNPD database, there was a 36 per cent rise globally in 2015 alone, of food and drink products featuring the term, ‘superfood’. This surge reflects increasing consumer demand for more nutritious products. For example, FUEL10K, one of the UK’s first brands to offer protein-boosted breakfast drinks, recently launched a new recipe that has 30 per cent less sugar.

INNOVATION AND REFORMULATION IN THE STILL DRINKS INDUSTRY

Drivers of Change

Obesity is costing the UK around £10 billion a year and it is estimated that this issue affects around one in every four adults and one in every five children aged 10-11. Obesity is firmly on the Government’s agenda and recent announcements have put the sugar content of drinks firmly in the spotlight. This is affecting manufacturers producing the drinks, retailers that list them and consumers’ buying choices.

Consumer trends are also driving innovation in the drinks industry. The market is certainly seeing a trend in the UK for healthier products, both for on-the-go consumption and in the home. Obesity seems to be a serious problem in the UK and 29 per cent of adults aged 16+ are in fact concerned about being overweight. This, combined with the Government’s agenda, has created an urgency for manufacturers to act, as well as an opportunity for them to be creative and make a difference.

Meeting Consumer Demand

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FUEL10K realised that its customers were not just demanding protein-based drinks that they can have at breakfast time, but something that could also be healthy. The number of people skipping breakfast is on the rise. FUEL10K saw this as an opportunity to offer a product that not only appeals to the health-conscious consumer, but also meets the growing need for convenient consumption targeting the ever popular out-of-home market.

Consumers are now looking for more choice and flexibility when it comes to eating and drinking, allowing them to try a variety of healthy options. Consumers do not want to be restricted in their choices, just because they have decided to take a healthier approach to their food and drink intake.

*Attitudes towards healthy drinking out of home UK, Mintel Group Ltd. September 2015.


Bridgethorne Shopper Index.
FUEL10K is relatively young, created less than five years ago, and is already shaking up the breakfast drinks market. FUEL10K spotted the opportunity to launch its breakfast cereal drinks after realizing that breakfast box cereals were in decline, granola was becoming more popular and there seemed to be a gap in the market for an ‘on-the-go’ breakfast option. FUEL10K took inspiration from Australia’s breakfast drinks and the US with its emphasis on protein, and worked with Tetra Pak to create its new breakfast range.

FUEL10K’s liquid breakfast drink is a blend of dairy and protein with fibre and vitamins, which makes you feel fuller for longer. It is a functional drink, with the aim of appealing to younger consumers, who are used to skipping breakfast and are not engaged in eating at that time of day. Whilst FUEL10K is firmly a breakfast brand, and not about sports nutrition, it is keenly aware that health is driving consumer purchasing choices.

In response to consumers’ demand for healthier choices, FUEL10K reformulated and launched its new breakfast drink with 30 per cent less sugar. It understands that sugar is an inhibitor for some customers and so redesigned its product with less sugar, without compromising on the taste or quality of the drink.

However, the industry needs to take a step and recognise that more education is needed around the different types and sources of sugar. For example, the difference between dairy products that contain lactose and fruit based products which contain fructose. Although FUEL10K believes this will support more reformulation in the industry, and is something consumers are demanding, they recognise that the issue around sugar is here to stay.

According to a 2015 Mintel report, almost half (49 per cent) of people agree that they would order more healthily if there were more choice. Balancing the healthy options on offer, with enough variety to keep consumers interested, will be important for the industry moving forward. Creston Dairy is one such producer, which, in its commitment to deliver the goodness of dairy, but reduce the impact of sugar, has cut the amount of sugar in its Moo flavoured milks.

BREAKING BORDERS WITH NEW FLAVOURS

As part of this innovative drive by the industry, a wealth of ingredients from a range of different countries are starting to be added into drinks. Some claim to offer functional and nutritional benefits, such as aloe vera and watermelon water, from brands such as Simplee Aloe and What A Melon, and some are natural alternatives to using refined sugar as a sweetener. Just Bee Drinks is an example of a brand that uses very small amounts of honey in their water based drinks to give them a natural sweetness, whilst still creating a very low calorie drink.

The addition of vegetables and other sources of fibre into drinks is also becoming more popular with the aim of packing as many nutrients into a drink as possible for the consumer. Among new product development opportunities, fruit and vegetable blends for children would be welcomed by 71 per cent of mothers (of under 16s), who drink fruit juice and juice drinks. Interestingly, over a third (36 per cent) of people who are buying more fruit juices and smoothies are doing so because of the wider availability of healthier options including fruit and vegetable blends.

Cawston Press has taken this trend one step further by expanding its Kids’ Blends range, which mixes the goodness of 60 per cent pure juice and 40 per cent water to include a vegetable juice variant.

Consumers are also looking for a sense of excitement and adventure, as well as variety. There is a trend towards the use of more exotic flavours in drinks, using ingredients from across the globe such as mango, watermelon and coconut, as people seek to trigger their taste buds more than they did in the past.

It is interesting however, that whilst these quirky flavours are becoming more popular, consumers still desire them as part of a blend with more familiar tastes: for example, a blend of pineapple juice with coconut water or vitamins and botanicals added to water. In fact, 35 per cent of people who drink flavoured bottled water are interested in bottled water with exotic fruit flavours. This pairing of something familiar, in this case water, with something more adventurous creates a reformulation opportunity for brands. In recent years, kiwi and strawberry have become widely available in the UK market, but there is definitely scope for brands to use more unusual exotic fruits to help them stand out as innovative and more flavourful alternatives to plain water.
What A Melon was launched in May 2016 and is already making a big impact in the natural hydration drinks market. This category has grown considerably in recent years, is dominated by coconut water, and is now worth more than $1 billion globally. When the What A Melon team started looking into this market, they identified that while consumers were increasingly looking for healthy alternatives, they were not willing to compromise on taste or additional functional and rehydration benefits.

After much searching, they discovered that watermelon juice is packed full of key nutrients including electrolyte potassium, the antioxidant lycopene, and the amino acid citruline. Lycopene gives watermelon juice its reddish colour, while citruline, which watermelons contain in large quantities, aids muscle recovery and endurance, making the juice ideal for both post-workout hydration and summer refreshment. And when it came to choosing the precise variety of watermelons from which to make their juice, the team deliberately chose fruit variants with the lowest sugar and highest levels of natural nutrients.

Other watermelon juices have previously been launched onto the market, but they have been expensive, and had a short shelf life. What A Melon was able to overcome this by adding just one other ingredient - a dash of lemon juice - to keep the taste of their product fresh, and by choosing carton packaging for its excellent preservation qualities.

Four months on from launch, What A Melon is available in premium outlets such as Itsu, Whole Foods and Selfridges, and the company is well on track to achieving its first year targets. While the team is focussing on the UK market, they are already seeing interest in their product in a number of export markets including the US, Middle East, and Europe. They are also looking at developing a 1 litre package for families, 150ml wedge cartons for kids, and are also targeting the on-trade.

According to Albert Einstein, if bees disappeared off the face of the earth, then man would only have four years left to live. Joe Harper’s family has a history in beekeeping but Joe wanted to take things one step further by developing a low sugar drink using honey. He could see that people preferred using honey as a natural alternative to refined sugar to sweeten their food and drink and that there seemed to be a growing worry about the amount of refined sugar and artificial sweeteners found in many products. He spotted an opportunity to incorporate honey into drinks but wanted to ensure that it not only tasted good, but was healthy and sustainable for the environment too.

Joe quit his day job in March 2015 and went into full production shortly after. Just Bee comprises of fresh spring water infused with fruit juices and a single drop of honey. Joe is very proud that all ingredients used in his drinks are completely natural with sugar content being less than 4g/100ml and calories less than 50 kcal per carton. This is well below the government’s proposed soft drinks industry levy guidelines. Joe has increasingly found that people ask him about the different types of sugar in drinks, which he believes is largely driven by a lot of confusion in the media about what is good or bad for your health. Honey is sweeter than refined sugar which means you can use less to create the same taste and keep sugar content lower.

As well as supporting healthier buying habits, Just Bee promotes a strong sustainability message. The bee population is currently in decline and Just Bee is determined to help. The company has pledged 10 per cent of its profits to British bee charities and promotes protecting and supporting the local bee population by giving out free wildflower seeds to help boost their natural habitat.

In addition to this, the recyclable cartons chosen by Just Bee Drinks mirror their dedication to sustainability.

“Consumers are now much more aware of the level of sugar in drinks and often use this as a factor to decide whether to buy a product or not.”

Joe Harper, Co-Founder at Just Bee
People who work in air conditioned environments can lose 500-750ml of water every hour which if not replenished can impair cognitive processes and mood. Flo Drinks founder, Ali felt his focus and performance while studying for his PhD was lagging despite living a healthy and active lifestyle. Despite having a litre of water at his desk each day, he rarely got above the 500ml mark. All the coffees, teas, energy drinks and other beverages were not helping. After a lot of research, Ali discovered he was dehydrated and that this was affecting him cognitively, started making what is now Flo Essence Water (by Flo Drinks) in his own kitchen, began drinking over two litres of his flavoured water each day and saw his performance improve drastically.

The health conscious solicitor was frustrated by the lack of choice of healthy drinks. Even drinks marketed as healthy are often full of artificial sweeteners, preservatives, sugar and other additives.

Ali developed Flo Drinks’ Essence Water for two years, quit his day job in 2015 and Flo Drinks went into production in April 2016. Flo Essence Water is a mineral water drawn from the deep bedrock of organic land in a Nature Park in Brandenburg, Germany, at a depth of over 400 metres, infused with a hint of natural flavours. It is one of the purest mineral waters in the world with trace nitrates (less <0.12mg per 500ml bottle) a naturally low mineral content and a perfect pH of 7. It has no calories, sugar, sweeteners, preservatives, colouring or additives. There are four variants: Watermelon with Garden Mint, Cucumber with Lemon, Lychee with Hibiscus, and Blueberry with Vanilla.

Ali chose to use Tetra Pak for Flo Drinks. With a low acidic product, shelf life can be a problem but Tetra Pak cartons protect Flo Drinks from oxygen and light and maintain the integrity and taste of the waters for 12 months. Ali refused to use aseptic PET bottles. He opted for a paper based carton as he wanted to have his healthy drinks in the most eco-conscious packaging possible using mostly renewable resources that needed less water for packaging production. Ali did not want to produce a healthy drink that uses fossil fuel based plastic packaging that could be damaging to the environment.

Flo Drinks are available online with independent retail deals in the pipeline. Longer term, Ali has his eye on the supermarkets and food service operators who supply the large city financial and professional services firms. In the future solicitors, or indeed anyone else, seeking a sugar, sweetener, preservative and calorie free drink and wanting more than water need look no further.

PRESERVING NUTRITIONAL VALUE

It is not just a new experience that these different flavours bring to consumers. There is also a nutritional benefit for manufacturers to consider when using these fruits. Mango and guava are good examples of fruits rich in vitamin A and C, which can help strengthen the immune system and maintain healthy connective tissue. Therefore, adding mango into a drink not only offers a different experience to the consumer from a taste perspective, but has added health benefits too.

Developing innovative ideas to help make drinks healthier and more attractive to consumers is a positive move for the industry. However, in order for the benefits of this innovation to become a reality for consumers, the nutritional value of the drink needs to be protected.

THE ROLE OF PACKAGING IN SUPPORTING INNOVATION

Ensuring manufacturers make the right choice with their drinks packaging will pay dividends in the long run. It would be a waste of time to develop a drink and ensure its nutritional content reflected the product offering, if only for the nutrients inside to degrade over time and become less beneficial by the time it reached the consumer.

Innovation is not just about the ingredients. The industry is beginning to make innovative changes in relation to portion sizes. Portion control plays a large role in helping consumers make healthy choices. For example, 51 per cent of people agree that they would rather have a smaller portion of their favourite food than have it reduced fat or sugar*.

*Attitudes towards healthy drinking out of home UK, Mintel Group Ltd, September 2015.
Crediton Dairy is one of the UK’s leading dairy drinks businesses. Its products, ranging from customer specific own-label dairy drinks to its own Dairy Pride and Moo brands, can be found in retail stores and food service organisations across the country.

The latest additions to this range of products are the Moo Milk milkshakes in 330ml Tetra Prisma® Aseptic cartons, available in four flavours: strawberry, banana, chocolate and chocolate fudge cake. Crucially, these products contain less than 5% added sugar and meet School Food Standards guidelines, presenting a healthy drink or dessert option for children on school menus.

Crediton Dairy has recently launched a new, reformulated recipe across the entire Moo range of flavoured milks, reducing the added sugar content by 30% - equivalent to 27 million teaspoons of sugar a year, based on volumes sold in 2015. The new recipe uses a new kind of natural flavouring to enhance the sweetness of the drink without the need to add artificial sweeteners.

“This meeting the needs of the consumers and delivering low-sugar dairy drinks without compromising on taste is one of our key goals.”
Bethan Parsley, NPD Manager, Crediton Dairy

Simplee Aloe is a drinks brand still in its infancy, yet making its mark on the healthy drinks market. The brand started up almost three years ago and is based around the traditionally Asian product, aloe vera. The team recognised the popularity of the product in Asia as well as its associated health benefits, including digestion support, and saw this as an opportunity to bring it to UK consumers.

Simplee Aloe envision its drinks going on the same trajectory as the ever popular coconut water and position its product as a healthy, premium and tasty drink. The ingredients used are 100 per cent natural and consist of aloe vera mixed with fruit juice. The team are extremely proud to say that they do not add any refined sugar to their drinks and use fruit juice for flavour and natural sweetness. Having the ability to put information on all sides of the carton gives consumers more confidence and knowledge about what they are purchasing.

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Looking into the future, Simplee Aloe agrees that there is a lot of innovation happening in the still drinks market right now and this is a positive thing for the industry. New government changes around sugar in drinks has certainly driven this demand for more innovative and low-sugar drinks.
For manufacturers, the ability to deliver the right amount of product to suit different consumer needs will provide an edge in this competitive market. The upcoming launch of a 125ml product offering by Radnor Hills is just one such example.

Food and drink naturally degrade over time. However, there are factors that accelerate this process and some that can slow it down. Exposure to light and oxygen can cause food to lose its natural taste, colour, smell and nutritional value, and speed up spoilage. The aim of packaging is to slow this process down as much as possible, to extend shelf life and maintain the quality and nutritional content of the product.

If manufacturers are reformulating their drinks to include more fibre or exotic flavours, consumers expect a certain level of quality. Particularly with blended drinks which include fruit that has travelled from further away, consumers still expect the same level of nutritional retention as they would from something that was locally produced. Tetra Pak cartons have been designed with different layers, each with their own role, to ensure the drink inside is of the best quality by the time it reaches the consumer.

- **The layer of paperboard** is good at keeping out harmful light and providing a protective structure, which is especially important for milk as the Vitamin B2 in milk is light sensitive.
- **The thin layers of plastic** water proof the pack to protect and seal the different layers together.
- **A very thin aluminium layer** in long-life cartons acts as a very effective light and oxygen barrier to minimise microbial regrowth, giving the product a longer shelf life, without the need for refrigeration. An effective oxygen barrier is especially important for products rich in vitamin C, as this can degrade when exposed to oxygen.

"Delivering healthier alternatives is one thing, but they also need to be delivered in the right amount. Industry can and should take the lead in helping people to not only make good product choices, but to help them better manage their overall intake."

Claire Cornes
Product Development Manager
Radnor Hills Mineral Water

With this in mind, Radnor Hills is leading the way in producing healthier solutions that are more suitable in size for kids, adult snacking, one shots or on the go consumption. This year will mark its release of a 125ml packaging solution.

To ensure its suitability to the changing lifestyles of consumers today, it is easy to grip, easy to use, protects against mess with a no spill straw and offers the product protection of ambient technology - so that the goodness of the product is protected, irrespective of whether it is stored and sold in the chiller or on the shelf.
Using the right carton, brief heat treatment and an aseptic filling process can help avoid the need for preservation or refrigeration, giving consumers access to fruit and vegetables all year around, without the worry about seasonality. This increases access to healthy choices without the restriction of certain ingredients not being able to be used in certain months of the year. Without the correct protection, consumers could have a more limited window to consume certain fruit and vegetables based on their availability during the year. However, if ingredients are prepared when in season and then packaged correctly, they are able to sit on the shelf for longer periods of time, protecting against loss of their nutritional value or compromising on quality.

UHT treatment combined with aseptic filling and packaging enables ambient storage, opening up the market to manufacturers who have limited access to indoor refrigeration. Ambient drinks are processed and packed in a way to help protect the goodness inside the package and minimise the loss of their nutritional benefit. They also remove some of the limitations of transport, enabling drinks to be shipped between factory and store without the need for chilled distribution.

According to DEFRA, around 177 million tonnes of waste is generated every year in England alone. Extending the shelf life of products reduces the amount of food and packaging waste, which in turn makes production and distribution much more cost effective for manufacturers.

Ruben Rausing, founder of Tetra Pak, was once quoted saying, “a package should save more than it costs”. This has evolved over time. The role packaging plays in preserving nutritional value is still vital in the drinks industry. Brands are becoming much more aware about consumers wanting more healthy choices and the innovative ways in which they are meeting these demands. Packaging helps with these changes and supports manufacturers on their journey of reformulation towards a healthier product offering.
Research shows that almost 3 out of 4 food purchasing decisions are made looking at the product in-store, providing marketers with plenty of opportunities to influence the decisions of consumers.

Today's retail outlets offer shoppers plenty of choice, and with the average consumer spending just 13 seconds choosing a product in store, the window of opportunity for brands to grab their attention can be very small.

Having the right packaging can make the difference in those decisions. Manufacturers need to consider a range of factors when choosing packaging for their products, including ensuring the right fit with their brands, strong shelf performance, and the right user experience for customers.

Tetra Pak has developed a packaging recommendation tool to assist manufacturers in developing their packaging, based on insights gained through market research. It ensures that packaging contributes to products and brands in a more measurable and impactful way.

Founded by apple growers in 1986, Cawston Press is now run by a small team who are passionate about good food and bringing innovative new products to the market.

The team noticed that consumers’ tastes were changing, and that as part of this people were drinking more plain water, flavoured waters, and generally moving away from overly sweet products, not just in drinks but across the board. As parents themselves, the Cawston team were watering down juice for their own kids, so decided to develop a range of kids’ drinks made from a blend of 60 per cent pure juice and 40 per cent water. In addition to being a product they thought children would like, they felt that for kids who might not have drunk juice before, this was an important opportunity to train their palates to like less sweet things.

Cawston’s instincts proved well founded: the Kids’ Blends range has done very well since it was launched in 2012. The team recently launched a new variant, ‘Sunshine Sipper’, a blend of fruit and vegetable juices (orange, apple, and carrot), water, and vitamin C, and are also looking at expanding into new markets, such as the US.

Great taste and quality ingredients are also key concerns for the Cawston team. They take pride in not using any sweeteners or artificial ingredients, and press their apples as soon as they’re picked, ensuring their juice tastes the same all year round.

“‘We press all our apples as soon as they’re picked, ensuring our juice tastes the same all year round.'

Steve Kearns, Managing Director, Cawston Press
Princes is a well-established brand and has been one of the nation’s favourite food and drink manufacturers for generations. Founded in 1880, Princes is now one of the leading fruit juice drinks suppliers in the UK.

Well in advance of the announcement of the proposed soft drinks industry levy, Princes recognised the shift in consumer demand towards healthier lifestyle products as well as the growing drive to reduce sugar consumption across the population. This led to the launch of its new No Added Sugar Fruit Refreshers range in March 2016, which replaced their range of added sugar juice drinks. Each of the six flavours contains 25 calories or less per 150ml serving and contains no preservatives, making them appealing for the health conscious adult as well as parents who want a tasty yet healthy drink for the family.

To support Princes’ no preservatives promise, Tetra Pak cartons offer protection from light and air, which helps to maintain the quality of the drink for longer.

“Listening to what our customers want is key to our product development and we regularly review our ranges and formulations to meet the demand. We strive to adapt our products to fit consumer needs wherever possible, without compromising on taste and quality.

However, as the leading from concentrate ambient juice brand, we continue to see some confusion among consumers about the differences between added sugar juice drinks and pure fruit juices. With this in mind, providing consumers with healthy alternatives is important hence the launch of the No Added Sugar Fruit Refresher juice drinks. This needs to go hand in hand with more education around the benefits of 100 per cent pure juices (of which 150ml provides 1 of your 5 a day) to help consumers make the right choices.”

Jonathan Barr, Marketing Director for Princes

Increasing concerns over the nation’s health and obesity levels are starting to influence consumer behaviour. This is starting to change purchasing habits, and drive consumers to pay more attention to labelling and ingredients.

The UK drinks market has been at the heart of this process. Recent years have seen a general shift from carbonates to juice, and from juice to water: as noted in chapter 1 of this report, British Soft Drinks Association figures show sales of still and juice drinks grew 0.5 per cent in 2014, whilst overall volume of carbonates dropped in the same period.

According to Mintel, bottled water sales grew by 29 per cent in value and 25 per cent in volume terms between 2010-15, reaching an estimated £1.96 billion in value and 2,823 million litres in 2015. This trend looks set to continue, with the market forecast to see volume growth of 17 per cent and value growth of 19 per cent between 2015-20.

Within the juice category itself, growth is being driven by new product development and the wider availability of healthier options such as fruit and vegetable blends, drinks with functional benefits, and drinks with reduced sugar content.

“36 per cent of those who are buying more juice/smoothies are doing so because of the wider availability of healthier options such as fruit and vegetable blends.”

“29 per cent welcome drinks featuring functional benefits”.

“Half of premium soft drinks users would be interested in buying variants with reduced sugar content.”

To support Princes’ no preservatives promise, Tetra Pak cartons offer protection from light and air, which helps to maintain the quality of the drink for longer.

Jonathan Barr, Marketing Director for Princes
At the same time, consumers are looking for more and clearer information about the products they are choosing. Forty-seven per cent of people aged over 16 say it is important for them to check the nutritional information on packaging when choosing a new food or drink, while 50 per cent think the advice on what food/drink is healthy is confusing8. Research also shows that 79 per cent would support making on-pack nutritional information easier to read11.

The flavoured water market illustrates this trend, where half of water drinkers find it hard to tell how healthy a flavoured water is. Many flavoured water brands are responding to this by expanding their sugar-free offerings and highlighting low sugar content prominently on-pack to cut through this confusion8.

This highlights the opportunity for drinks producers to respond through clearer and simpler messaging emphasising properties likely to appeal to consumers, such as low or reduced sugar - which consumers now perceive as being more important than low fat9, or functional benefits like added fibre or vitamins or even naturalness like 150mls of pure juice blended with water to deliver both hydration and 1 of your 5 a day15.

Producers also need to think about how they deliver these messages, and how packaging can support this. This is crucial because research shows that 70 per cent of buying decisions are made at point of sale. This applies equally to physical shops as online, so as the world becomes increasingly digital, producers also need to think about how they can best use technology to appeal to a wider audience, engage consumers, and provide additional information over and above what can be included on physical packs.

Drinks producers can look to examples of other sectors using websites, QR codes, augmented reality apps, and other innovative approaches for engaging consumers and influencing behaviour. The huge popularity of the Pokemon Go game among smartphone users, or the many new ways in which brands are taking advantage of the Augmented Reality capabilities of apps such as Snapchat, show the opportunities technology can present to make communication and education among different groups of consumers easier and more fun.
supply chains and customer relationships. But there is arguably more to do to engage a wider group of businesses, including small and medium sized firms in this agenda, and help them explain their role in addressing sustainability issues to consumers.

**IMPORTANCE OF SUSTAINABILITY TO CONSUMERS**

Research by the Natural Marketing Institute shows that consumers with an interest in health, diet or nutrition also have an interest in sustainability. These consumers are known as ‘LOHAS’ – people with ‘lifestyles of health and sustainability’. More than 90 per cent of LOHAS are motivated to purchase “environmental products”, and 45 per cent of European LOHAS are willing to pay more for such products.

In the UK, 32 per cent of people consider environmental aspects when purchasing things and 24 per cent purchase an environmentally friendly product, even if it costs more. These consumers recognise that health and the environment go hand in hand. They see a link between the food they eat and drink, how it is produced and packaged, and their health and the environment.

**WHAT IS SUSTAINABILITY AND SUSTAINABLE DEVELOPMENT?**

Although there is no universally agreed definition of sustainability, the term is now being increasingly used by businesses as they respond to consumer demands for strong environmental and social performance.

The Brundtland Commission defined sustainable development as ‘meeting the needs of the present, without compromising the ability of future generations to meet their own needs’. Corporate Social Responsibility (CSR) in turn, is commonly taken as a company’s sense of responsibility towards the community and environment (both ecological and social) in which it operates.

Today, there is remarkable degree of consensus among governments, businesses, and citizens about the importance of sustainable practices. Many companies are building targets for economic, social and environmental development into their day to day activities. Large firms in particular have active sustainability and CSR programmes in place extending throughout their supply chains and customer relationships. But there is arguably more to do to engage a wider group of businesses, including small and medium sized firms in this agenda, and help them explain their role in addressing sustainability issues to consumers.
The founder of Aquapax, Neil Tomlinson grew up on a beach and has always been very aware of water quality, and the importance of protecting the environment. With the aim of not only delivering the highest quality water for people to drink, especially when they were out and about, but also protecting the environment, he wanted to ensure Aquapax used a packaging solution with a strong environmental profile.

The product itself is positioned by Aquapax as a premium quality natural mineral water with a near perfect 7.065 pH low mineral balance. This makes it suitable for infants and all diets and tastes like pure fresh natural water with no taint or after-taste. The naturalness of the product and ethos behind its creation is mirrored in the packaging. The eye catching design of the carton draws the consumer’s attention towards the product, making it standout on the shelf and further accentuates its unique position in the water market.

To complement the product, the packaging is mainly made from renewable materials, they are repeatedly shown to be a low carbon packaging choice in life cycle studies across the world, and they are widely recycled across the UK.

“We are seeing more consumers recognise the importance of protecting our environment and as carton recycling increases, slowly more are asking for cartons to be used because of their strong environmental profile.”

Neil Tomlinson, Founder of Aquapax

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These preferences translate into differences in consumers’ day-to-day purchasing decisions in specific product categories. Notably, research points to an increased interest in sustainability, and willingness to pay more for products which are ‘healthy’ or ‘sustainable’, from people who are vegetarian, vegan, or consume dairy alternatives or water.

For these consumers, packaging that minimises environmental impact, protects and preserves its contents in a natural way and is easy to transport, store, use and recycle, is important. Research of consumers buying food and drink ‘on the go’ brings this out: 68 per cent want to know about the environmental credentials of the packaging of the products they are buying, and of these 82 per cent want to know if the packaging is recyclable. Moreover 70 per cent of consumers think that the environmental credentials of the packaging should be communicated on the pack.

Looking at the long term trends, research points to environmental sustainability becoming increasingly important to consumers, with greater demand for products with strong environmental or sustainability credentials.

SUSTAINABILITY AND PACKAGING

Packaging plays a key role in a product’s sustainability, and making packaging more sustainable means working to ensure it meets the needs of the present without compromising the needs of future generations, while balancing environmental, economic and social factors.

1Huhtamaki Consumer Insights research quoted in Out of Home Magazine, July 2016.
The UK's free-from market has grown significantly over the past few years, reaching £470 million in 2015. It is predicted to grow to £673 million 2015-20, a 43 per cent growth rate. Alpro, the UK's leading plant based alternative to milk brand, has also recorded a significant rise in sales over 2014/2015.

Only one in 10 users eat or drink free-from products due to being diagnosed with a food allergy or intolerance, with a further 15 per cent doing so because they suspect they might have one. Three quarters of free-from consumers are choosing them for reasons unrelated to food allergies/intolerances: and an increasing number of people cut out foods from their diet as part of a "lifestyle choice".

One commonly cited reason is sustainability, with consumers opting for plant based foods as they use less natural resources, such as land, water and energy compared to animal based products. Alpro is a company built to encompass this.

Its ambitions for growing a sustainable business are built on the concept of shared value creation; bringing healthy and sustainable food to as many people as possible, and in doing so creating profitable growth. This means that not only does it offer an ever increasing range of plant based products to choose from, but the brand has also achieved a 12 per cent reduction in sugars across its complete portfolio between 2006 and 2014 and is targeting a further 12.5 per cent reduction by 2020 as part of its long term ‘sugars vision and strategy’.

PROTECTING OUR FUTURE

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“We have a vision of a world where more of what we eat comes directly from plants – planet friendly, sustainable and healthy.”

Greet Vanderheyden, Sustainable Development Manager for Alpro

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Alpro state that an important part of this sugars vision is that they continue to reduce sugar despite the fact that their plant based products have the same, or even lower amounts of sugar than comparable animal based alternatives that contain naturally occurring sugars, such as lactose.

It also means that all their choices; from sustainable sourcing of soy beans, reducing the carbon impact and water consumption of their production process, all the way to the packaging they use is carefully thought out to improve their performance.

### DIFFERENT WAYS TO IMPROVE THE ENVIRONMENTAL, SOCIAL AND ECONOMIC SUSTAINABILITY OF PACKAGING:

<table>
<thead>
<tr>
<th><strong>ENVIRONMENTAL</strong></th>
<th><strong>SOCIAL</strong></th>
<th><strong>ECONOMIC</strong></th>
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<tbody>
<tr>
<td>Increasing use of materials in the production of packaging that limit depletion of earth's natural resources e.g. renewable materials</td>
<td>Ensure sourcing of materials benefits local communities</td>
<td>Ensuring an appropriate cost and benefit balance and value for money across the entire value chain, from the producer of the raw materials, to the manufacturers and final users</td>
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<td>Protecting the product within so as to avoid food waste and the need for energy intensive refrigeration</td>
<td>Ensuring packaging is fit for purpose in protecting the product and consumers from risk of harm e.g. health and safety</td>
<td>Delivering long term sustainable solutions that help save cost, while enabling business to grow</td>
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<td>Choosing packaging which has a low carbon impact</td>
<td>Ensuring functionality, including ease of use</td>
<td>Safeguarding the economic prosperity of all stakeholders</td>
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<tr>
<td>Balancing weight, shape, and functionality of packaging</td>
<td>Ensuring availability of appropriate and easy to access end of life solutions to avoid litter and improve quality of life</td>
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<tr>
<td>Optimising transport efficiency</td>
<td>Raising consumer awareness of the environmental profile of packaging so that they can make an appropriate packaging choice</td>
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<tr>
<td>Increasing recyclability of packaging when appropriate through improved collection and ensuring recycling facilities are available for collected materials</td>
<td>Safeguarding health, safety and wellbeing of employees and stakeholders</td>
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<tr>
<td>Using processing, filling and distribution line equipment that uses less resources, water and energy and create a lower carbon impact than alternatives.</td>
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THE IMPORTANCE OF COLLABORATION

With consumers increasingly looking for information and action on sustainability issues from the products and services they use, product manufacturers need to work with partners who can help them deliver on this and bring it to life. This is crucial in a sector like food and drink manufacturing, where a single consumer-facing product may depend on a complex, global supply chain, involving many different companies and countries. For products and brands with a strong connection to health and sustainability, being credible in the eyes of consumers on these issues is absolutely vital.

Packaging clearly has a key role to play in this, which is why producers need to look for solutions which are designed to preserve the contents naturally without the need for preservatives, have a strong environmental profile throughout the supply chain, are as recyclable as possible, and help minimise food waste.

Tetra Pak is committed to increasing the use of renewable raw materials in cartons. Renewable resources are natural resources that grow back, such as wood and sugarcane. A package made from well-managed renewable materials is a future-proof solution, securing the supply of packaging materials and protecting food and forests for this generation and those to come.

FOREST STEWARDSHIP COUNCIL

Founded in 1994 by a group of non-governmental organisations, timber users and traders, the Forest Stewardship Council® (FSC®) standard is widely recognised as the highest global certification for forest management. For a product to carry the FSC label there must be an unbroken Chain of Custody certification for all relevant sites. Tetra Pak has completed the certification for all converting plants and market companies and can supply FSC-labelled packages from anywhere in the world.

Tetra Pak’s 2020 Strategy includes ambitious targets to ensure carbon emissions across its value chain are capped at 2010 levels through to 2020. In 2015, emissions were down 15 per cent from the 2010 baseline, despite a 16 per cent increase in production. Furthermore, in June 2016 Tetra Pak signed the RE100 pledge, committing to increase its use of renewable electricity from 20 per cent today to 100 per cent across all global operations by 2030.

THE IMPORTANCE OF COLLABORATION

When prioritising these factors manufacturers should undertake a sustainability assessment in order to identify priority areas for improvement. This has parallels to life cycle assessments which help identify the stages in a product’s life cycle which have the greatest impact on various environmental indicators.

BRANDS AND SUSTAINABILITY

For many brands, sustainability is core to their customers and positioning, and a way to differentiate themselves from the competition. Cawston Press, for example, emphasises that it uses Tetra Pak cartons because they keep juice fresher for longer, while providing a packaging solution that can also be collected for recycling in more than 90 per cent of UK local authority areas.

Meanwhile the Norwegian dairy producer TINE currently uses renewable cartons for its 1.75 litre milk products and has committed to extending their use across its entire range from 2017. Head of Corporate Responsibility Bjørn Malm says: "We believe growing our business sustainably is not just good for the environment, it also improves our competitiveness and provides product differentiation."

This thinking has been embraced by leading consumer goods manufacturers like P&G and Unilever. Experts such as the former P&G marketing officer Jim Stengel have also found a ‘cause and effect’ link between a brand’s ability to serve a higher purpose and its financial performance, showing that embracing sustainability can be good business.
Tetra Pak believes that using renewable resources, and managing them responsibly, creates market differentiation. In 2015, 100 per cent of Tetra Pak’s paperboard came from Forest Stewardship Council® (FSC®)-certified and controlled sources, while during the year customers produced more than 54 billion FSC-certified carton packages around the world. The total produced since the first FSC-labelled package was launched in 2007 now stands at around 200 billion.

Bio-based caps and protective coatings are also made from plastics derived from sugarcane. Since launching the bio-based plastics solutions, more than 26 billion packs have been produced with bio-based coating and over 6.4 billion caps made out of plastic derived from sugar cane.

The long-term goal is that all Tetra Pak packaging will be made from 100 per cent renewable materials. 2015 marked the launch of world’s first fully renewable package for liquid food – the Tetra Rex® Bio-based package. Looking ahead, exploring innovative renewable materials that can also be traced back from package to origin will be key.

As part of the carton trade association ACE UK, Tetra Pak also actively supports the recycling of cartons in the UK. Today, cartons are collected for recycling in over 90 per cent of UK local authority areas, over 60 per cent enable people to recycle cartons from the home by means of kerbside recycling collections.

The aim is for 100 per cent of UK local authorities to collect cartons from the home for recycling. To support this, ACE UK and the paper mill operator Sonoco Alcore partnered to open a dedicated carton recycling facility in Halifax in September 2013. This plant enables cartons to be recycled into valuable new products such as recycled paperboard, building materials and even children’s play mats. This means that the plant can offer a competitive price per ton for used beverage cartons, providing an incentive for local authorities to collect cartons as part of their recycling collections.

The carton industry also works with local authorities and other stakeholders to increase consumer awareness around the recycling of cartons, including by sharing communications tools and messaging.

Websites like www.tetrapakrecycling.co.uk/locator and www.smartartoncartonrecycling.co.uk provide consumers with useful information on carton recycling.

Aside from these channels one of the best ways to communicate on carton recycling and to raise awareness is via on pack messaging. Cartons are eligible to carry the “Widely Recycled Check Locally for kerbside” label, and Tetra Pak supports customers with advice on suitable on pack environmental messaging reflecting the product and brand in question.