

Analysis conducted by

CARDINAL

Sample provided by

respondi

CLOSE TO PEOPLE



From a consumer perspective, value for money remains the key issue for soft drinks in casual dining. There is recognition that the soft drinks offer has improved in terms of choice and serve over the last couple of years, but value is still a problem.

How do operators improve perception of value? Free refills are the most popular solution and consumers say post-mix offers better value for money. However, free refills aren't viable in all styles of outlet, so another way to tackle perceptions of value is by enhancing the serve. Our survey shows that only a minority of soft drinks were served in branded glasses and a quarter without ice. We know from our work in the alcohol sector that a better quality serve affects next drink purchase and also contributes positively to the overall experience.

Soft drinks can get neglected in the on-trade – banished to the bottom of the fridge or apologetically on the back of a menu, creating the impression of it being a negative choice. Consumers recognise this – 42% think staff would rather serve an alcoholic drink. There is an opportunity to present the category more positively, and the majority of consumers are open to staff recommendations.

In terms of range development, consumers are most interested in more healthy options – specifically additive free and low sugar. Brand owners have taken notice and have been actively innovating in the area. With similar trends happening in the food offer, casual dining provides the perfect environment to experiment with soft drinks.

THE Soft Drinks IN RESTAURANTS REPORT

Consumers are seeking crafted experiences from all products when dining out, putting pressure on categories like soft drinks. Casual Dining Magazine's Soft Drinks in Restaurants Report showcases the current perception of soft drinks in the market and gives operators advice on how to better their liquid menus

It's time for soft drinks to come out from the shadow of alcoholic beverages and shine for consumers to see – in all their fruity, sparkling, delicate and complex glory.

Why should a soft drinks menu become a neglected area when there is such a massive opportunity to increase customer spend despite the absence of spirits, beer or wine? There's work to be done though, to enable diners to see past the standard selection of carbonated drinks, juice and water. That's why Casual Dining Magazine has teamed up with Cardinal to quiz customers who had recently drunk a soft drink in a visit to a casual dining restaurant. The sample, which was provided by Respondi, gets down to the nitty-gritty details of each liquid consumed, the reasons behind each choice and the general perception of the soft drinks on offer.

People seek value in everything. That's value in experiences, value for money and added value to purchases. Soft drinks are a perfect example of a category that has immense potential to be filled up to the brim with value, and we've got the stats to prove it.

"With as many as one in five people in the UK choosing not to consume alcohol, soft drinks are growing in popularity," says Donna Pisani, trade communications manager at Coca-Cola Enterprises (CCE). "As part of their restaurant experience, people are often looking for well-presented drinks to accompany their meal. Focusing on soft drinks can have a huge impact on sales, with research commissioned by CCE showing that if each person at a table

of four orders two additional drinks, the total bill can increase by an average 43.7%."

There are more opportunities than ever to encourage quality soft drink consumption, and restaurants are beginning to take note.

"Our non-alcoholic offering is becoming more and more important to us as consumers demand more interesting and sophisticated options," explains Luke Neale, bar development manager at Las Iguanas. "Our demographic are often out for dinner but not drinking alcohol and want an option that is not overly sweet and looking like it should be in a lunch box. Fulfilling this is key in our 'cooler' selection, some of which are an evolution of classic cocktails that have been made without alcohol, while others are designed on flavour."

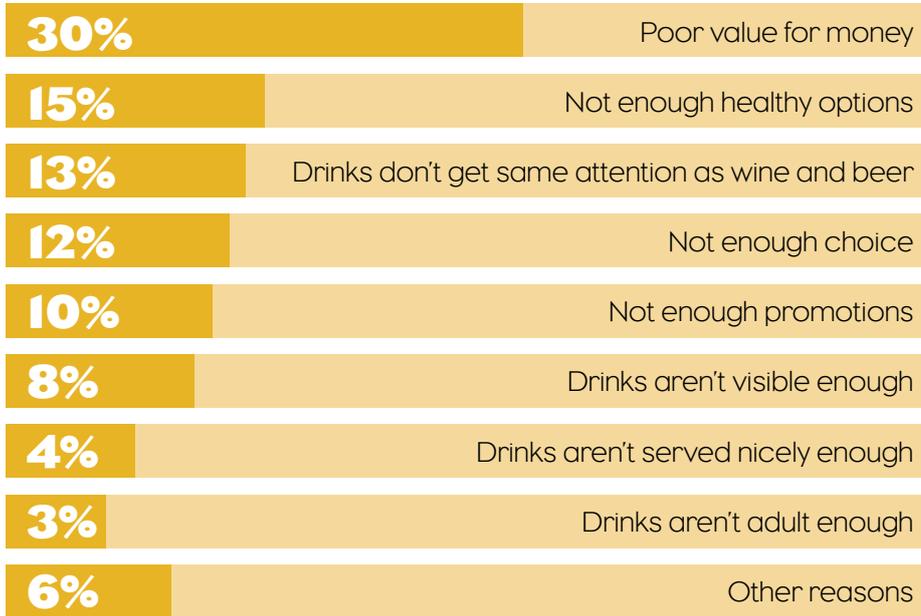
There's no reason why a soft drinks menu shouldn't behave like a tantalising cocktail list, which often carries its own personality across restaurants.

"It's really important that we offer our customers a diverse soft drinks menu," states Joe Hill, founder and managing director of Base + Barley. "There's nothing more disappointing than visiting a restaurant with an amazing bar, only to find a really boring soft drinks menu. It's important to us that our soft drink offering is as exciting as our craft beer and cocktail selection."

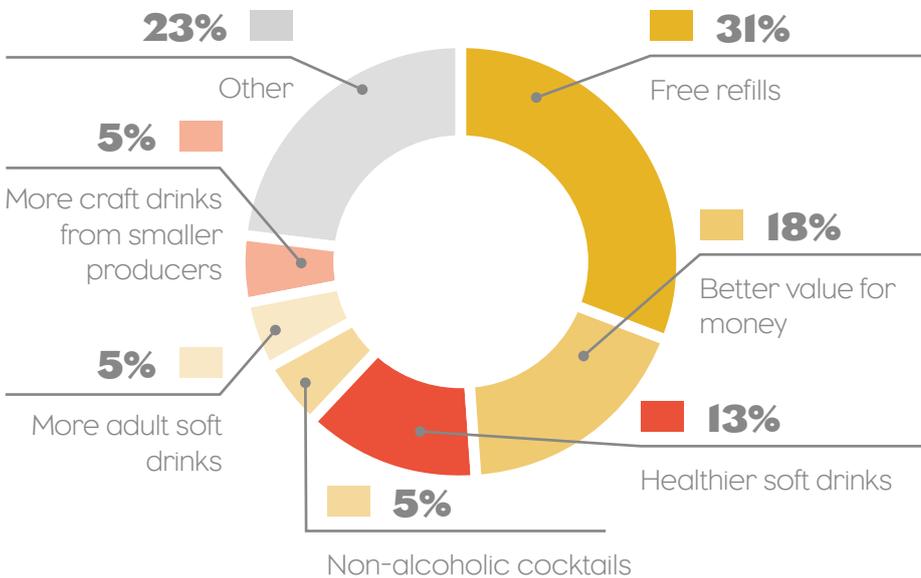
Alcohol can provide the blueprint for invigorating the soft drinks selection, especially when it comes to planning a diverse range, keeping it interesting and concise and avoiding becoming too adventurous.

44%
of people think soft drinks using a post mix, from a draught tap or gun, offer better value for money than packaged

Consumers' issues about non-alcoholic drinks in casual dining restaurants



What would people like to see more of regarding soft drinks?



"The soft drinks menu should take its cue from the length of the establishment's wine list," advises Gabriel David, founder and chairman of Luscombe Drinks. "If a restaurant or bar has 10 wines on their list, they should have at least five variants of soft drinks. These should, however, not be soft drinks readily available from supermarkets."

And therein lies a major factor in providing a restaurant-specific soft drinks experience – to give value to the occasion it should go beyond what people tend to opt for at home.

Does this desire for value extend beyond the mere choice available? Of course, the entire drinking experience needs to promote value at each point, from price promotions, the serve and signature drinks to simply offering free refills and complementary water. ☒

Demand for premium drinks mixers grew in 2015 by 14%

(Source: Britvic Soft Drinks Review 2016)



In putting together this report, Casual Dining Magazine has been able to delve into the behaviours behind the purchase – and something that seems to resonate with diners drinking with their meal is how much value they perceive additional purchases to hold.

If 34% are unsure about the style of drink they are prepared to pay more for, there's a massive opportunity to investigate what soft drink serves suit your establishment best, and experiment with adding value to these opportunities by winning over those indecisive diners.

A major reason many people eat out is to seek a different experience to their everyday lives within their own kitchen, so shouldn't the drinks option reflect this? Although it can certainly be a valuable exercise serving familiar favourites, operators would be wise to avoid replicating their local shop or supermarket in the offering. Don't be afraid to be different and take a risk, ensuring a solid grounding of staff knowledge and training to build confidence in alternative serves. 63% of people drink fizzy drinks – yet these people seek value for money. Encourage people to see the value of a signature crafted drink or encourage more purchases with refill options, elevating the soft drinks presence to that of the cocktail or wine list.

Value can't be added overnight, and it's not something that can be falsified or faked – consumers will see straight through it.

Value is slowly gained, earned and achieved over time. But it's easier said than done when people are increasingly concerned about the implications of sugary products on their health, more likely to complain if a serve is lacking presentation or taste (often sharing their experience to audiences on social media), and balancing their spend between more premium experiences on fewer occasions with cautious memories of the last financial crisis.

"More than one fifth of UK adults now say they do not drink alcohol at all," explains Simon Green, marketing director for Franklin & Sons, Global Brands. "Restaurateurs can capitalise on this trend by offering a better choice of soft drinks on the menu that meet the demand for more premium products and a more interesting range of flavours."

If fewer people drink alcohol as regularly as they once did, then soft drinks present an opportunity to fill the gap in spending, offering a platform for drinks of a similar price, provided they are presented in a way that offers value for money and a different experience to what they're used to.

"Consumers' palates are also more discerning than ever before and now demand a range of options covering many different flavours and varieties," notes Russell Kirkham, senior shopper marketing manager – out of home at Britvic Soft Drinks. "Although brands such as Pepsi MAX and 7UP will continue to form a solid basis of any soft drinks range, if you don't supplement this with offerings that deliver exciting and diverse tastes, you're most certainly missing out on extra sales and trade-up opportunities."

More restaurants have seen their menus extended to meet the trend for more breakfast and brunch occasions eaten away from home – soft drinks benefit from a harmony with menus of this nature.

"Although we have a busy bar in the evenings, we also have a great daytime trade with families, and have recently extended our opening hours to serve breakfast too," states Hill. "During breakfast and lunch service customers are delighted to find refreshing and interesting soft drink options available." ▶



*Feel refreshed
Drinking something soft at
Las Iguanas*

Have the following aspects of soft drinks improved at all in the last couple of years?

Choice of soft drinks



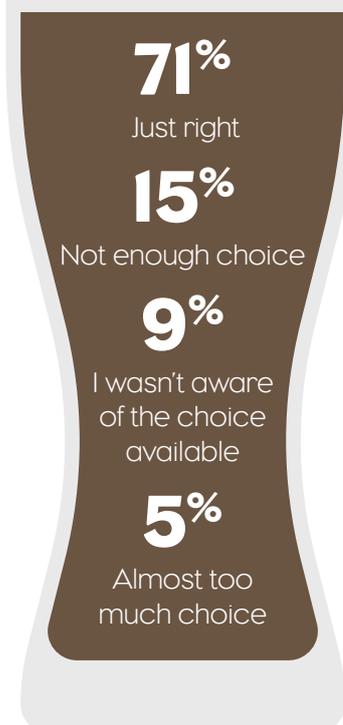
The way soft drinks are served



Value for money of soft drinks



The majority of people think there's enough choice of soft drinks in restaurants



Take the bitter with the sweet

It seems fitting to be writing about soft drinks on the day that chancellor George Osborne's sugar tax was announced in his eighth Budget, which comes into force in two years' time.

Some industry figures have been vocal in their support for the additional tax.

"All credit to George Osborne for having the vision to introduce a levy on sugary drinks in the Budget," states John Vincent, founder of Leon and sugar campaigner. "The voluntary [10p] sugar tax that Jamie Oliver and Leon introduced in September 2015 showed what could be done. What is so good is that the money raised will be spent directly on things that will help make children healthier."

Water-based soft drinks will soon be taxed on sugar content, in the hope that the expected £520m raised (the equivalent of 18-24p per litre) will be spent on primary school sports. This puts the pressure on drinks makers, and in turn operators, to be seen as proactive towards lowering sugar in their products and serves, while simultaneously delivering a premium and tasty experience.

Making signature soft drink mixes in-house can be one way to demonstrate a commitment to fresh ingredients.

"By making juice and smoothies on site, casual dining operators have complete control over what is included," says Michael Eyre, product director at Jestic Foodservice Equipment Limited. "They are able to change the fruit throughout the week to vary the offering and cost and portion control is significantly enhanced to provide a sustainable beverage offering for customers. With the current trend in healthy living, smoothies offer the most potential when it comes to sales, customer demand and subsequently profit margins."

Consumers are interested in seeing drinks that are healthier, additive free and low in sugar – but first, operators need to understand the type of soft drinks people are consuming to gather info on the drinking occasion they are seeking. Looking at the research, 63% drink water-based, fizzy drinks – so this is an area where the majority of people could either be persuaded to opt for a premium, healthier offer, or encouraged to try a different type of soft drink altogether.

Only 2% of people drink mocktails, but they are huge value drivers and should be recommended as fresh, mixed drinks with

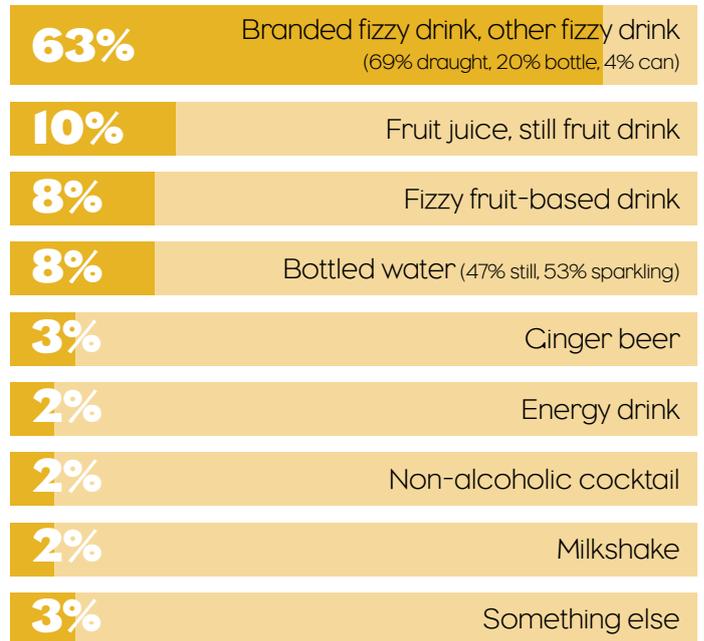


Healthy credentials that would make people more likely to choose a certain restaurant the next time they go out

48% would if non-alcoholic drinks were served that are 100% natural with no additives

45% would if there were more low sugar non-alcoholic drinks

What type of soft drink did you last consume while dining out?



healthy credentials. This obviously depends on the time of day, type of diner and what food is being served alongside.

"Lunch and early evenings are the most common times for non-alcoholic drinks to be ordered, but they are relevant all the time, with over a quarter of all millennials not drinking at all," comments Neale. "Las Iguanas' ginger and lemongrass mojo-less, which is a drink based on the classic mojito, has a refreshing, palate cleansing quality with an additional depth of flavour from the spice which works really well with a number of our dishes, but in particular the XinXim, a Brazilian classic made with chicken, crayfish, coconut and lime."

Fresh mixes need to suit the occasion and the food, otherwise operators run the risk of alienating the soft drinks selection from the rest of the menu. ▶

Frobishers

WE KNOW JUICE



*Fruity garnish
Just one example of an alluring
mocktail at Las Iguanas*

What would make people be more likely to go to a certain restaurant?



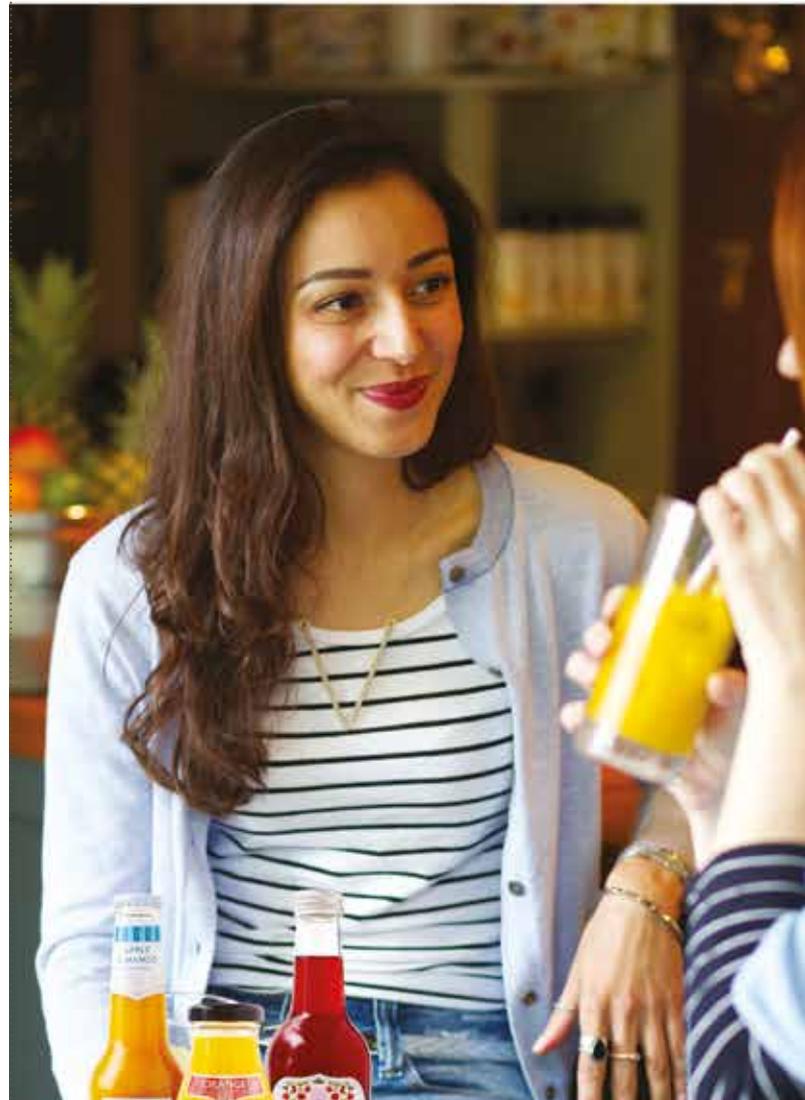
56% would if guests were served a carafe of tap water without having to ask



42% confirmed it would be nice to see calorie information included on the menu



47% confirmed it would be nice to see only craft drinks from smaller producers on the menu



Make theirs
a Frobishers.

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To discover the profit margin potential of stocking premium soft drinks, come and explore our full range of fruit juices, still and sparkling juice drinks and smoothies.

It's now 'measurable' for on-trade premises to offer inspiring soft drinks menus (Mintel 2015)
Alcohol sales are declining, with one in five drinkers choosing soft drinks over alcohol (ONS 2015)

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Serve a purpose

Apart from their alcoholic content, something that sets cocktails apart from all other drinks in terms of value is the serve, including the vessel and garnish. When asked, 42% of staff would rather serve an alcoholic drink, but surely the same passion and creativity can be inspired in drinks that are born of the same mixology, just without an ABV?

Delivering soft drinks in designated glassware or other drinking vessels enhances the serve for the person purchasing it, creating a more engaged and fully rounded experience.

"Glassware plays a huge part in how drinks can be perceived and also a premium looking bottle will have an impact over the general taste and appearance of the product," explains Holly Wagstaff, marketing assistant at Radnor Hills.

Branding, be it from a product angle or operator angle, is largely underutilised when considering soft drinks, but it is a major way to deviate from a standard serve.

"We have glasses etched with the Base + Barley brand stamp, which can be seen throughout the restaurant and bar," says Hill. "As our brand is quite new it's important that we land it properly, so we have paid a lot of attention to detail to ensure that the branding is cohesive across the entire drinking and dining experience."

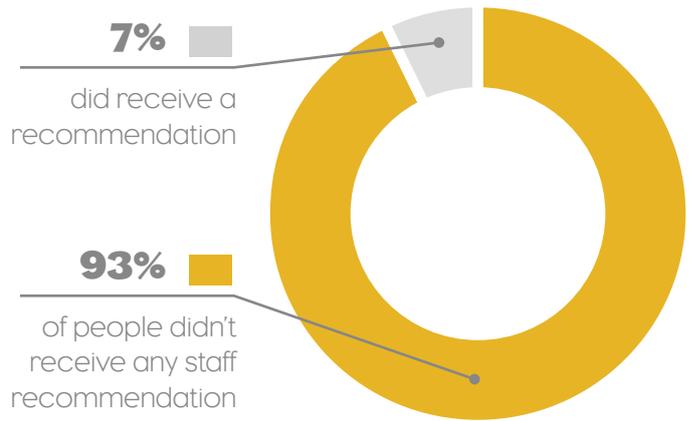
Every effort made with these serves not only pours value into a drinks menu, but the entire operation. The menu itself should be informative, educating diners and tempting them to try an alternative serve.

"Adult soft drink consumers are adventurous and like trying new and different flavour combinations," says Simon Speers, managing director at Bottlegreen Drinks. "Provide diners with a description of keynote flavours, suggest why they will pair well with particular dishes on the menu, and create some theatre around the serve by using attractive glassware and adding fresh garnishes."

Garnishing is also a simple but effective way of instantly elevating a serve beyond the bare minimum and encouraging upselling for premium drinks and points of difference for staff recommendations, which aren't being used enough in restaurants at the moment.

"We would recommend that operators have a wide range of premium soft drinks available – and a range that is clearly visible to diners and delivered with the same care, attention and experience associated with food, wine or premium spirit offerings," advises Jamie Nascimento, head of marketing for Orangina. "Research shows that over 60% of consumers want to see an increased range of soft drinks targeted at adults – and that healthy and premium options are increasingly popular, as they provide a great alternative to alcohol." And once this range is in place, staff should be shouting about it. 🍹

Staff engagement relating to soft drinks



Would consumers welcome staff recommendations?

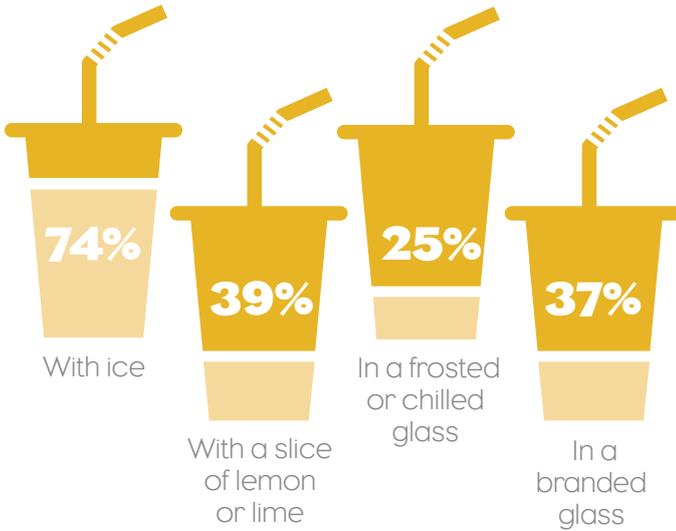


How a soft drink is served affects consumers' perception

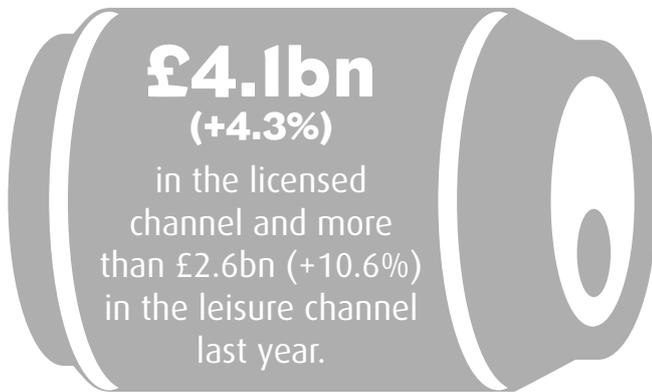


Service with a smile
93% of people didn't receive any staff recommendation

How are soft drinks served?



Soft drinks generated value sales of more than...



(Source: Britvic Soft Drinks Review 2016)

Feeling fresh

Never let a drinks menu become stagnated – it should be fluid and change with diners’ tastes and expectations.

“Offer as broad a range as practicable and review the soft drinks range at least every quarter,” suggests Speers. “Be guided by monitoring weekly rates of sale to find out what sells well in your outlet – take out slow sellers and bring in new and seasonal lines to keep the range fresh, particularly for regular customers.”

Constantly evaluating who enters a certain restaurant and what they order means the drinks on offer and accompanying promotions are valuable to them.

“Consider your outlet’s demographic and stock a range to meet and exceed your consumers’ needs,” adds Steve Carter, sales and marketing director at Frofishers Juices. “Don’t just opt for the run-of-the-mill soft drinks such as cola, lemonade and orange juice, but consider other flavours and a mix of still and sparkling soft drinks to help expand the revenue potential from the sector. Staff can be a very effective means of promoting more profitable drinks. They need to be educated on the added value benefits of drinks to help promote premium choices and broaden customers’ repertoires.”

Recommendations are something customers are very open to, particularly if there are new menu items, and it’s an opportunity currently being wasted in the majority of soft drink orders.

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Time to toast
Restaurant guests enjoying options
from Coca-Cola Enterprises

Let's drink to that!

Remember that every restaurant visit has the potential to be anchored with a soft drinks experience.

Improving the overall drinks offering in any establishment can have remarkable knock-on effects with drinks orders. Offering free tap water without customers having to ask, stocking premium drinks using more grown up flavours and perfecting signature serves that complement the food menu can all add value to the menu and its consumption.

Opting for a soft drink needs to be a positive choice, instead of it signifying a negation of alcohol. If 13% of people get the impression in lots of places that staff would rather guests order a beer or glass of wine and 29% notice this behaviour in some places, many will be led to believe that non-alcoholic drinks are an apologetic option.

This is certainly not the case, with crafted drinks appealing to people of all ages, creating an inclusive ordering culture.

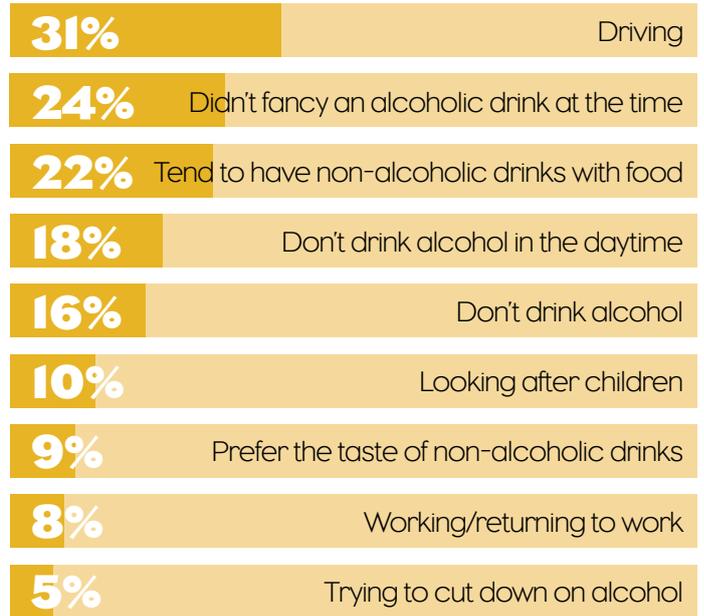
"Adult 'craft' soft drinks such as root beers and cream sodas are proving highly successful in the casual dining sector, where the influence and popularity of American style casual dining outlets is driving growth of American imports like root beer," explains Graham Richardson, general manager for Dominion Root Beer, Heathwick. "'Craft' soft drinks offer a genuine point of difference for an outlet and provide an interesting and exciting alternative to mainstream soft drinks."

Looking at wider trends can influence the type of drinks stocked, while ensuring

Low calorie purchases accounted for over a quarter **(27%)** of soft drinks sales in licensed and in leisure channels

(Source: Britvic Soft Drinks Review 2016)

Why did consumers choose to have a non-alcoholic drink?



sufficient staff training can allow your team to communicate individual restaurants' drinks menus to customers.

"Let your bar staff taste the products and learn about them, how it tastes, what ingredients they have, just as you would with a bottle of wine," suggests Wagstaff. "This is a great way for staff to help sell a product, especially is it's an unknown brand."

So what can operators take from Casual Dining Magazine's Soft Drinks in Restaurants Report? Soft drink consumption – be it the improvement of volume or the betterment of producers and brands – is centred on the perceived value of the experience. If it's a simple serve, then push for value for money and allow customers to enjoy free refills; if a restaurant seeks signature craft drinks, research brands and blends thoroughly and communicate the benefits of these choices to customers through engaging menus and in depth staff training, not to mention recommendations. Let's show alcoholic serves that this category isn't a soft touch. ☺