THE 2023

FOOD AND DRINK INTELLIGENCE REPORT

Contents

In this report, we'll look at Food and Drink opportunities for 2023 combined with the key challenges that have impacted the industry in 2022, including the cost-of-living crisis and new UK legislation on the promotion of products High in Fat, Salt, and Sugar (HFSS).

PART 1
THE FOOD INDUSTRY

The Food Industry

For professionals in the food and drink industry, it's no secret that behaviour is constantly shifting. This year has brought a variety of opportunities with it, but also many challenges.

One challenge we've seen has been the cost-of-living crisis, which has forced most consumers to shift their behaviour to save money. At the same time, Government-imposed legislation restricting the promotion of food products high in fat salt and sugar (HFSS) has affected companies and their consumers too.

To begin our look at opportunities this year, let's delve into how these HFSS restrictions have been implemented and perceived, as they'll uncover insight into the growing concerns around **health**.

Healthy Eating and HFSS

There is currently a growing push for more healthy eating by the Government and other organisations, and more consumers are becoming conscious of this too.

The COVID-19 pandemic brought to light the harmful impacts being overweight or obese can have on a person's health, and so the Government has imposed new legislation since October 2022, restricting the promotion of foods that are HFSS (high in fat, salt or sugar), that contribute to the rising UK obesity rates.

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Quick recap: What are HFSS restrictions?

The following changes will apply to retailers' in-store goods

Featuring HFSS goods in key sales locations is prohibited from October 2022 (e.g. store entrances, checkouts, and aisle ends), both in-store and online. There will be restrictions on offers promoting HFSS foods from October 2023 - specifically volume offers including multibuy promotions (e.g. '3 for 2') and 'buy one get one free' offers.

There are some exemptions for specific retailers; the volume-price restrictions won't apply to small businesses with fewer than 50 employees, and location restrictions won't apply to specialist shops that only sell one category of food product, such as sweet shops.

What classifies as HFSS?

If a food product is in one of the below categories and scores a 4 or more on the '2004 to 2005 Nutrient Profiling Model (NPM)' it will be classified as HFSS and promotional restrictions will apply. For drink products, a score of 1 or more classifies as HFSS.

Categories: Restrictions apply to prepacked HFSS products in;

- Soft drinks
- Cakes, chocolate confectionery, sugar confectionery
- Ice cream
- Sweet biscuits
- Breakfast cereals
- Yoghurts
- Milk-based / juice-based drinks with added sugar
- Pizza
- Meal centres, including breaded and battered products (e.g. curries, chicken nuggets, breaded chicken/fish)
- Crisps and savoury snacks
- Chips and equivalent potato products
- 'Morning goods' (e.g. pastries)
- Puddings

Months after the beginning of these restrictions, retailers have adapted in different ways. For example, some have replaced their end of aisle gondolas with pictures or adverts for key products in-store, whereas others are promoting non-HFSS items like alcohol in those spaces, and others are promoting healthier, non-HFSS products in those spaces.

Let’s look at how consumers have reacted to the changes

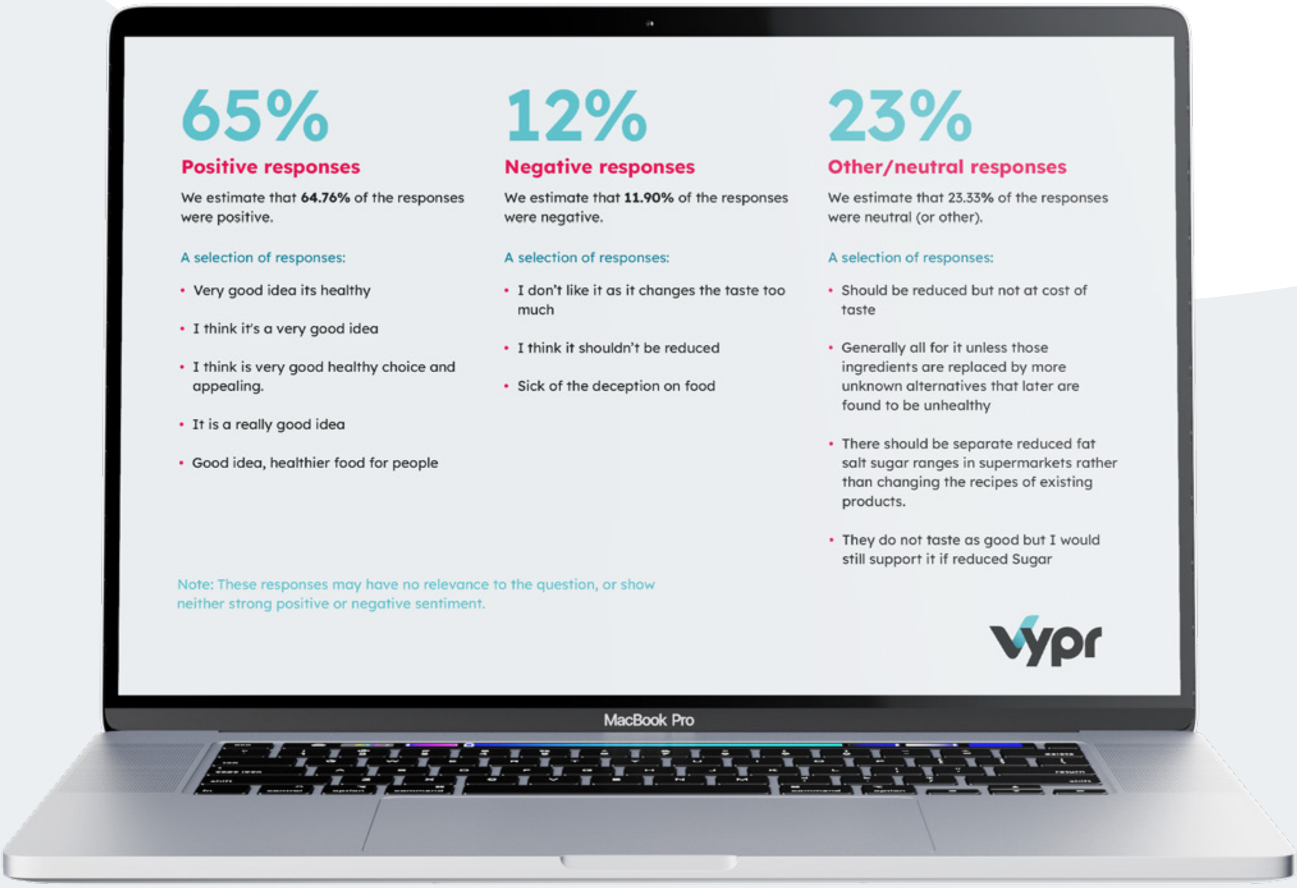
Have they noticed?

47% of our nationally representative sample still don’t know much about the restrictions, but 36% of people are now aware of what ‘HFSS foods’ are, and it’s evident consumers still feel positive about seeing healthier foods in-store.

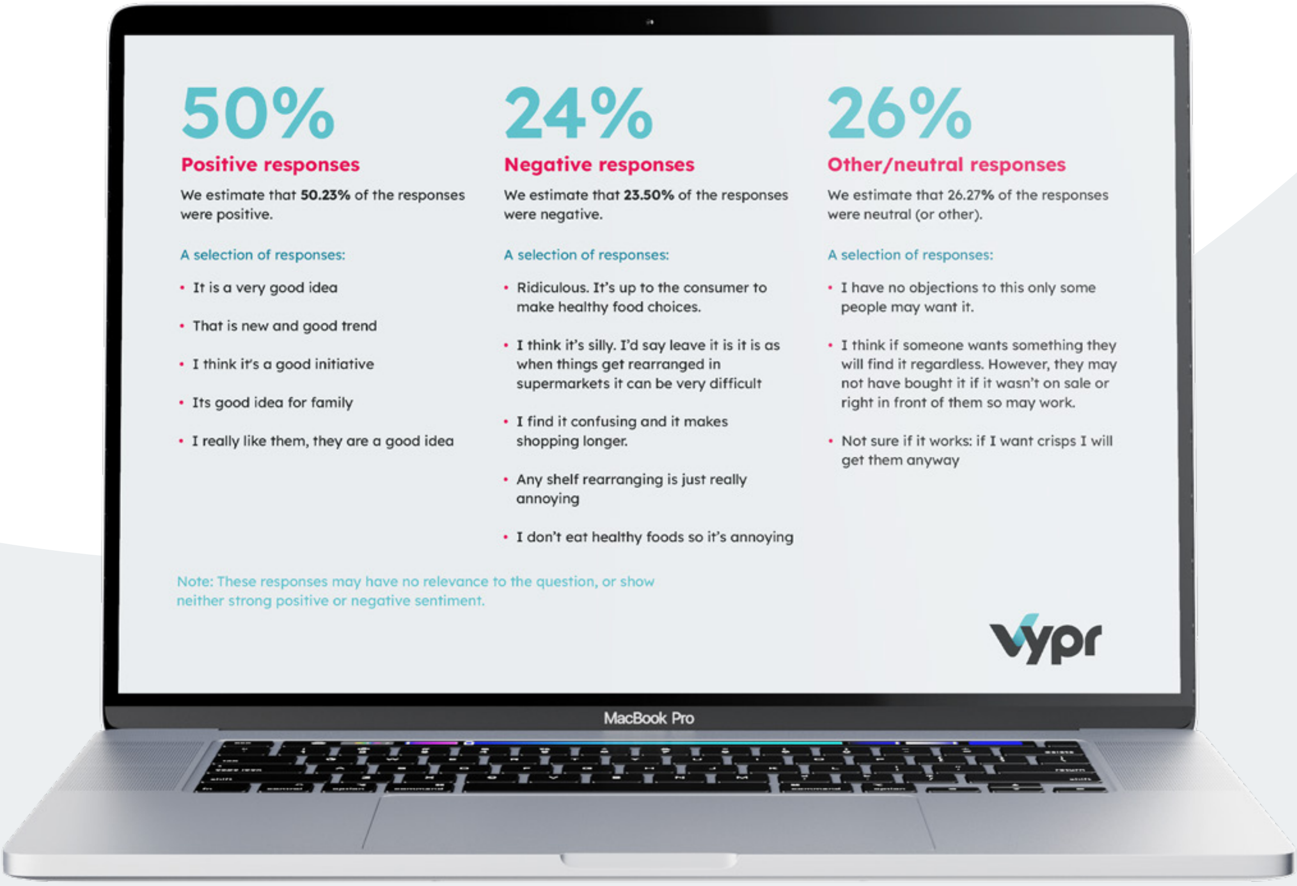
Consumers still want Healthier Foods

Conducting a Sentiment Analysis on Vypr, we found that most consumers (65%) still feel positive about the proposed changes to supermarket foods. However, now that some products have implemented these changes, this has been slightly reduced since previous Vypr research in April 2022, especially around the **poorer taste** of some of these items.

Thoughts on Reducing Fat Sugar and Salt in Supermarket Foods



When it comes to thoughts on the rearrangement of shelves, similar to April 2022 we found that 50% of consumers felt positive but there were still many negative opinions around how it makes **shopping longer and more inconvenient**.



More than half of consumers have now seen differences to product locations implemented – 47% have seen **some** changes recently, and 19% have seen a lot - differing quite a bit by the main supermarket they shop at.

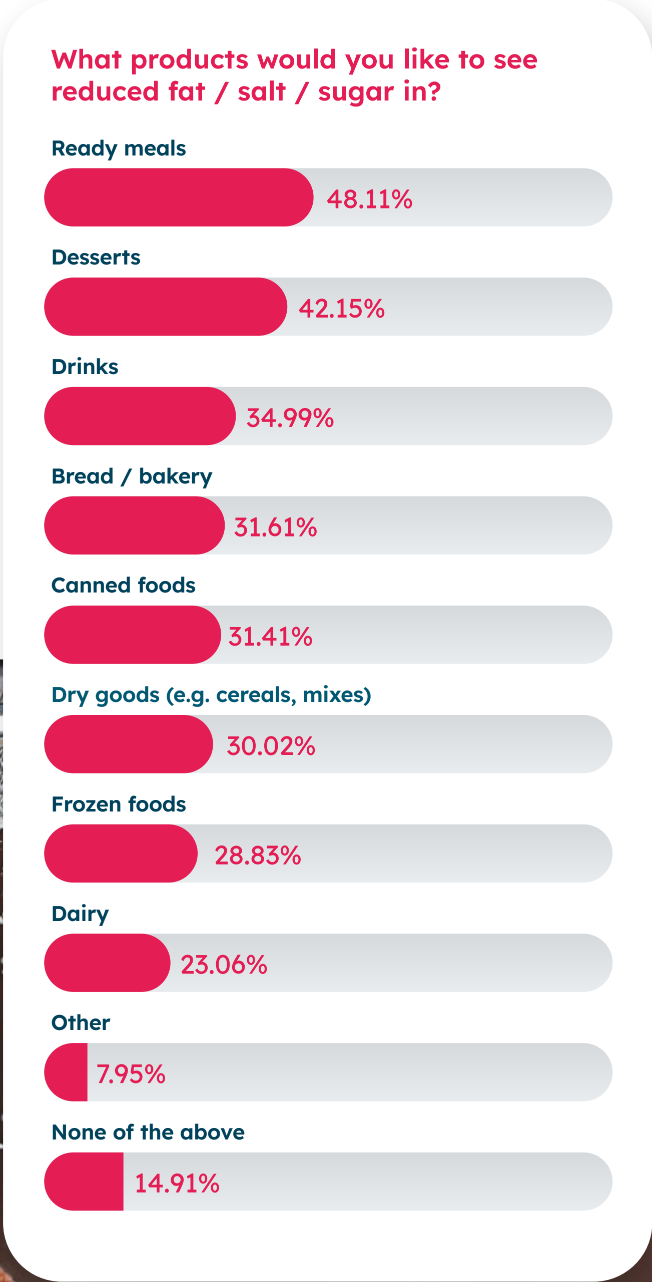
Strangely, around 24% of consumers said they're still picking up HFSS items like sweets/chocolate from the end of aisles. When asked where from, we were surprised to find the names of multiple large retailers in the responses, suggesting a lack of regulation.

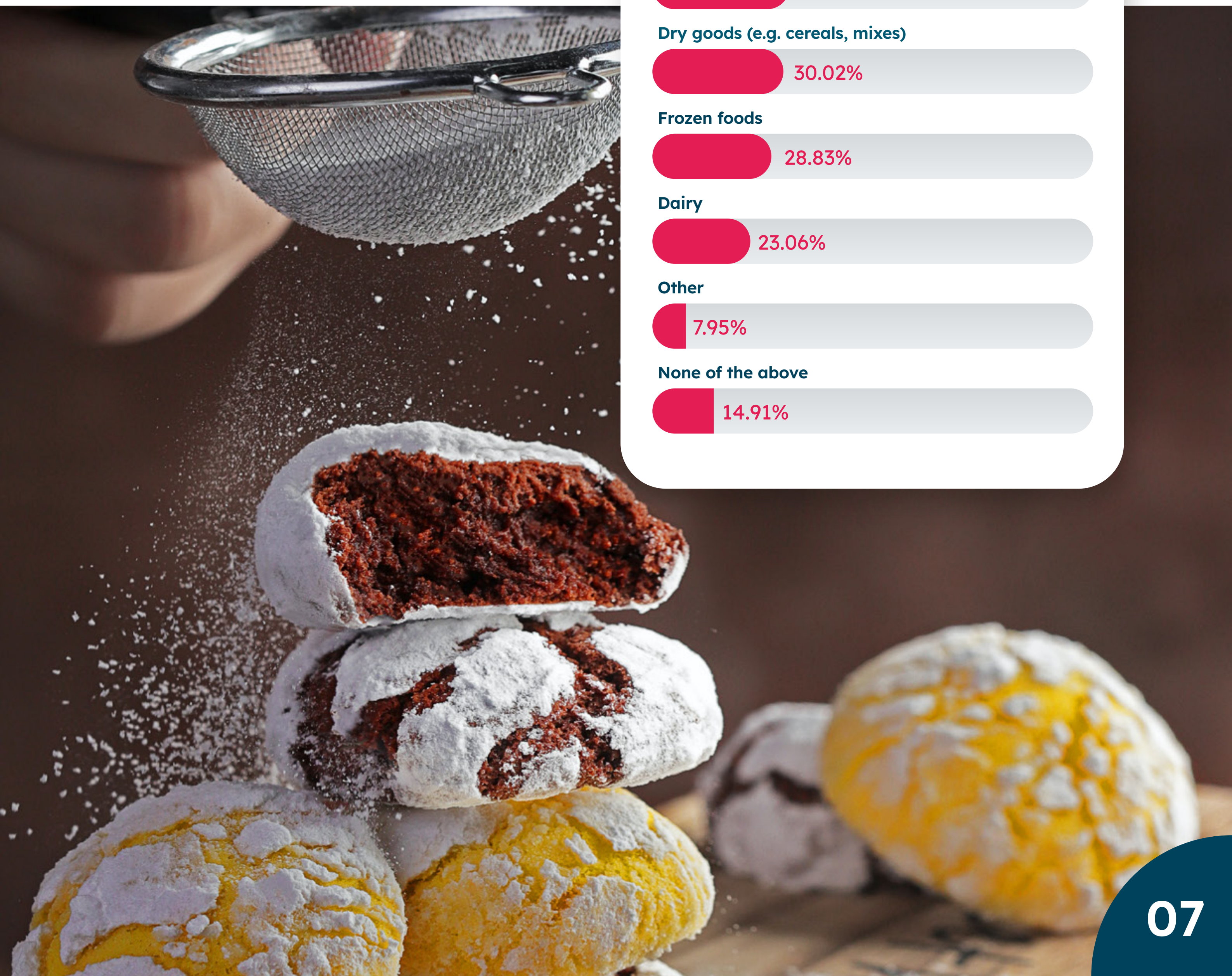
However, by looking at the Sentiment Analysis above, it seems consumers would probably not complain about these locations not having changed, as many feel quite inconvenienced by changes to what they're used to.

Consumers are still interested in product changes

Unlike location changes, a lot of consumers do still want to see less fat, sugar and salt in their products, with 48% specifically wanting to see this in ready meals, with desserts close second at 42%.

However, as we've emphasised before, consumers do not want to sacrifice on taste. The specific needs within each category depend on a businesses' own products, brand images, and targets – which can only be teased out through individual research of their target audiences.





The Best Way to Reduce Fat Sugar Salt

We wanted to see through which method consumers want to see less HFSS in their products.

Compared to previous Vypr research in April 2022, 42% want to see reformulated options, but slightly more consumers wanted the HFSS options to still be available on shelves to keep choice available (14% to 17% now). Interestingly, the number that want smaller portions has dropped (24% down to 17%).

But many consumers have noticed changes to pack sizes...

Interestingly, a large number (51%) of consumers have indeed noticed smaller pack sizes recently. This indicates a noticeable number of companies have chosen to go down this route when consumers really want more **reformulation, as long as great taste remains.**

This is intriguing, especially at this time of economic crisis. Smaller packs and higher prices don't bode well for brands trying to retain a positive image with their consumers. Let's explore more below.

Smaller packs and higher prices don't bode well for brands trying to retain a positive image with their consumers.

Let's explore more below.

Consumer Budgets being Squeezed

There's no ignoring the cost-of-living crisis placing substantial pressure on people's wallets. In fact, this crisis was the reason the Government said they decided to delay the second part of the legislation until October 2023. This works well, as most consumers aren't willing to pay more for HFSS products, and so allowing the continued promotion of these products takes off some pressure.

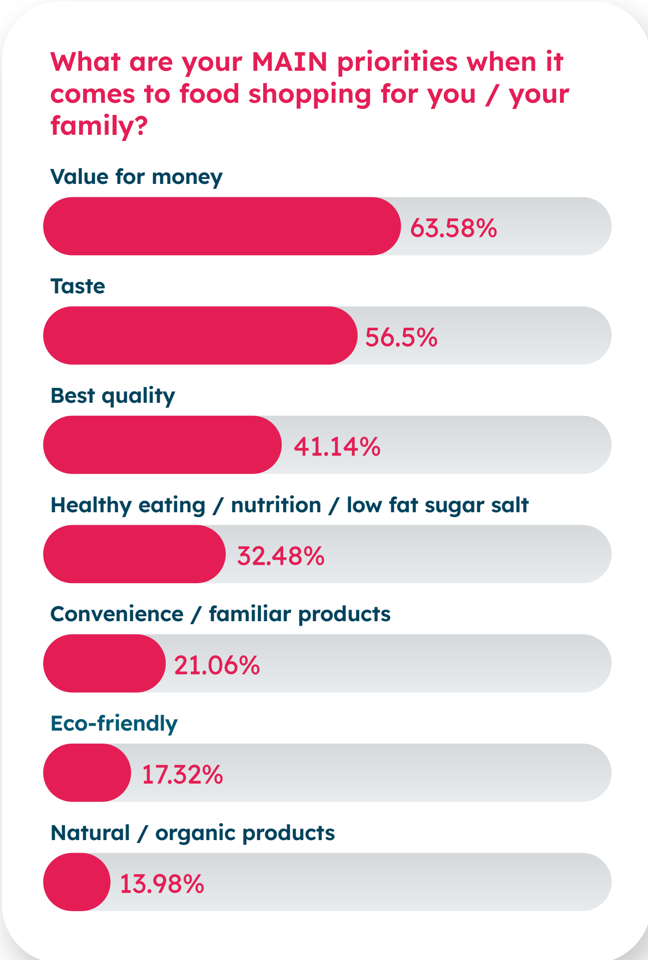
Would you be willing to pay MORE for less healthy products (e.g. desserts, snacks, confectionery)?

There's also been a drop in the number willing to pay more for healthier foods – in April 61% of consumers were still willing to, compared to 52% as of December 2022.

Looking to what consumer shopping priorities are currently in the research below, 33% of consumers think healthy eating is a priority when food shopping, increasing slightly since April. But 64% of consumers are still mainly looking for value for money, **so if a product can offer health and value, it puts itself forward for a real chance of continued success as the interest in healthy eating continues to grow.**

As we've mentioned previously, **taste** appears again in our research here as increasingly important for many, even more than healthy-eating. Around 57% think this is a priority as of December, compared to 52% in April.

Interestingly, the **quality** of the products was more important to consumers than the nutritional value of them, which supports that they're looking for the best value for money, i.e., the best they can get with the resources they have.

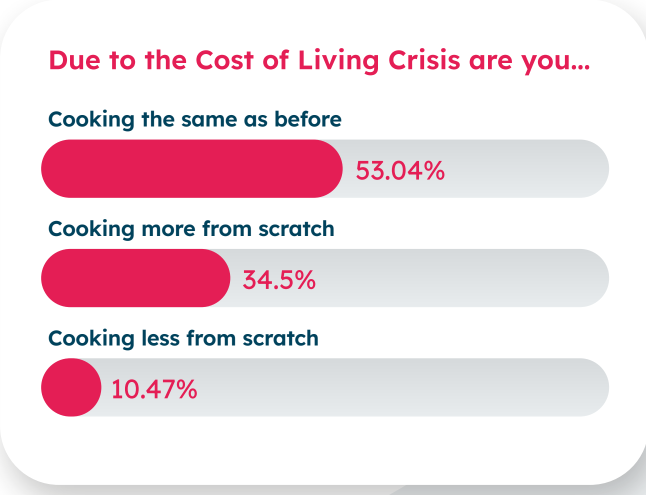


The cost of living crisis is also impacting how consumers are eating and preparing their meals – explore more below.

Changing Methods of Consumption

01 Cooking from Scratch

As a result of the cost of living crisis, more consumers are cooking meals from scratch (35%). When we followed up to see what sorts of things they're cooking, we found everything from pasta to traditional British comfort foods like Shepherd's Pie, but the priority is easy to prepare meals. **People also mentioned the use of slow cookers and airfryers to prepare their meals, to reduce energy consumption.**



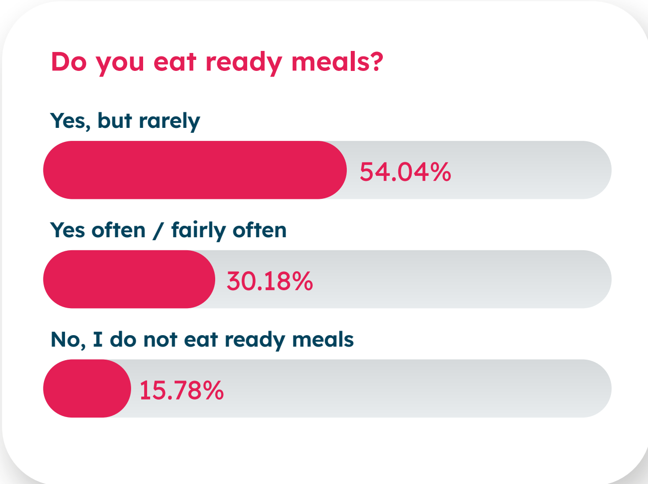
Despite the increase in those cooking meals from scratch, particularly easy-to-prepare ones, the demand for **quick-to-prepare** and convenient meals is still growing.

Changing Methods of Consumption (continued)

02 Convenience – Ready Meals

Many consumers are still eating ready meals that are quick to purchase and prepare – 30% of consumers eat ready meals often, and only 16% of our nationally representative sample say they don't eat them at all.

We followed up to ask why – the main reason was the convenience, being quick and easy to prepare when short on time. So, despite the cost-of-living crisis, demand still exists. In fact, some consumers buy these products as they can simply be microwaved, reducing energy usage and therefore saving them money on their bills. However, as we've seen, people are seeking value for money and will be put off by high prices. Companies will need to test thoroughly to optimise the price of products for the value they provide.



“Convenient and quick to cook to reduce energy usage”

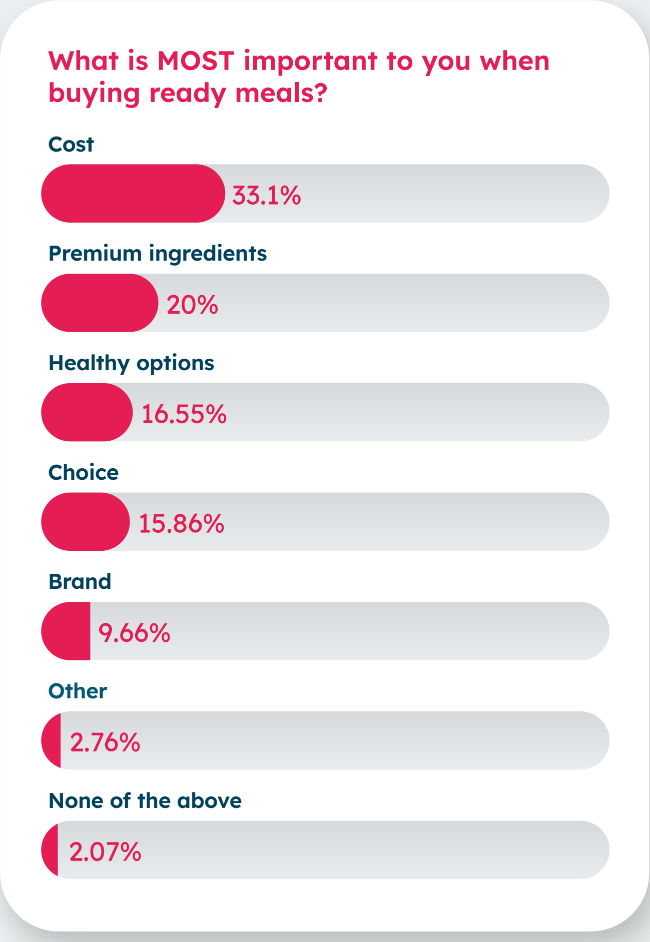
“I'm not very good at cooking so it's more convenient particularly if I'm on my own. It's also quicker and cheaper if I can just use the microwave.”

- Feedback from Vypr Consumer Research (December 2022)

What's most important to consumers when choosing a ready meal?

When it comes to ready meals, consumers mainly look for the best price, however once again quality is taking precedence over healthy eating – consumers are slightly more concerned about **premium ingredients** than how healthy the options are.

An interesting angle for further research for companies would be to see whether consumers perceive premium ingredients as naturally healthier – easily testable on Vypr.



What do consumers want more of?

More opportunities exist within ready meals – from our responses we saw demand for more ‘authentic’ international options from different cuisines, alongside more meal kits such as ‘dine in for 2’ boxes.

We also saw the opportunity for growth in terms of a desire for plant-based options, which brings us to our next opportunity below.

Demand for Plant-based Options

There is a growth in demand for Vegan meal products, especially those that use plants in innovative ways to create tasty dishes. This growth is evidenced by the fact that 17% more people say they're taking part in Vegan month challenge 'Veganuary' this year, compared to last year.

We targeted research at **non-vegan/vegetarian groups** (committed carnivores, omnivores, and meat reducers) and found that overall, 33% are somewhat interested in trying plant-based food. This is a very positive sign as it means there is a larger audience to promote products to and a real chance for this sector to keep growing. 18% are very interested, and 12% say they already buy these products.

On a further look at the data when we filtered the results, we found that most of the people who voted 'Not at all interested' or 'Somewhat not interested' were predictably the **committed carnivore** group. We followed up to see what would make them more interested in trying plant-based, and found the following:

- More interesting options and flavours
- Less processed food, especially in meat alternative products
- Clearer ingredient labelling and quality sourcing
- More recipe ideas

All in all, many opportunities exist in this sector but companies need to be careful to not only focus on emulating meat options, as plant-based means much more. As a consumer identified below, there are plenty of options for meat alternatives, but it seems enough products have not explored the extensive opportunity of the desire for natural alternative ingredients.

> "There are plenty of sausages, burgers and fake meat. Not every vegan wants fake meat. I'd like decent vegan options for lasagne, moussaka, pizza and shepherds pie that don't rely on emulating the meat version.
> Lentils, beans and vegetables are perfect substitutes. I have to avoid most of what's available because they add in the awful fake cheese which completely ruins otherwise decent vegan dishes.
> And I'm soy intolerant and there aren't enough options with pea or lentil protein for me."

- Feedback from Vypr Consumer Research (December 2022)

Vypr spoke to Indy Kaur as part of The Innovate Podcast, who emphasised this point – many people are not just looking for meat-mimics, especially vegetarians that have never eaten meat. Other groups of consumers that want to try plant-based foods also don't want to try the meat alternatives as they just want the more veggie options, showing there is a demand for these innovations.

> "We can look at innovation as being the food tech side of innovation… getting to the closest versions of animal-based proteins or dairy, but we could also keep innovation really simple in terms of lets just talk about veg"
>
> "I'm hearing people who are omnivores who don't really want to shop for plant-based alternatives – they want to eat meat when they want to eat meat, but then they want to explore new plant-based food but they just want it from plants"
>
> - Indy Kaur, Founder and CEO of Plant Futures, sourced from the Innovate Podcast.

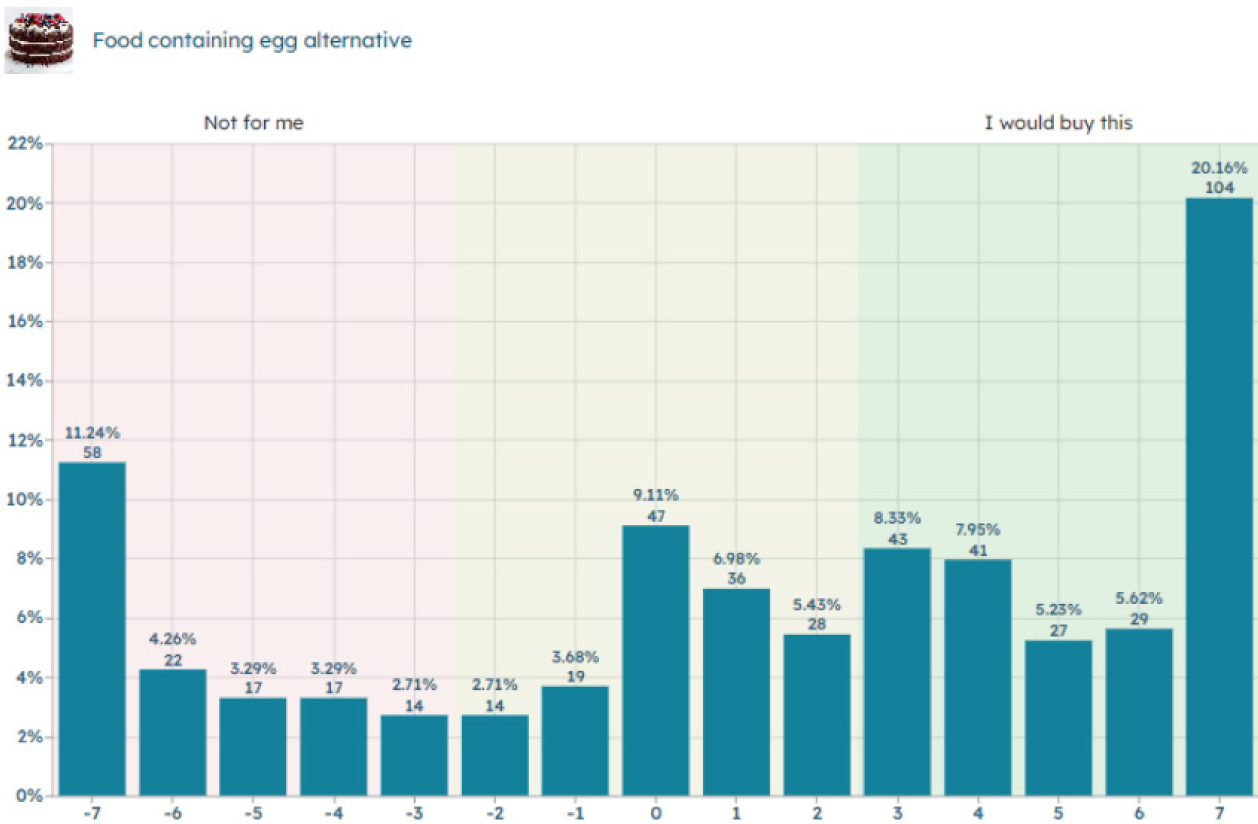
Podcast Episode

Other opportunities in the plant-based sector that we saw in responses included the desire for more soya-free options, along with different cheeses and pizzas. One consumer also wanted to see more **egg replacements**, and it's interesting they say that as this may indeed begin to grow, fuelled by recent supply shortages – read more below.

Supply Shortages are Shifting Choices

Sudden shifts in the supply chain have affected a lot of decisions in 2022. Most recently, the shortage of eggs due to the bird flu outbreak has meant consumers have not had access to the supply they normally would. This year we saw that some stores imposed restrictions on the number of egg boxes they could purchase, and some consumers were left with no eggs as a result.

Due to this, it's natural that consumers who buy these products will look for alternatives, so we're likely to see changes to product choices, mostly where egg is needed as an ingredient within a recipe rather than on its own. Consumers are not opposed to the idea of foods containing egg alternatives – in fact, 47% would be willing to purchase these products. When filtering results by diet, carnivores were the least likely to purchase, and meat reducers were the most likely, along with vegetarians/vegans.



Baking has been particularly affected

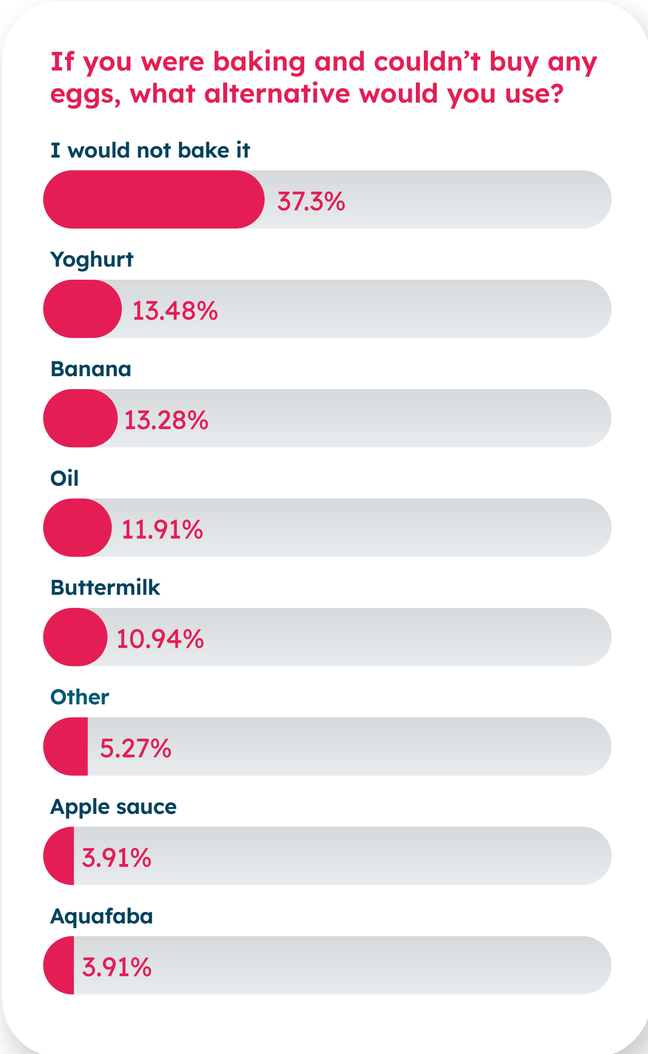
Eggs are required for a lot of baked goods. Though egg-free baking is already popular with many, the above shortages mean this demand is also expanding as more people are forced to look for alternative recipes and ideas.

We asked what alternatives consumers would use as a substitute for eggs and found that 13% would use yoghurt, and another 13% bananas.

Companies have already developed interesting products to jump on this trend of consumers looking for egg alternatives. With supply issues potentially lasting and shifting behaviour further, it's worth exploring more due to increased potential for demand.

For example, 'Aquafaba' is an egg substitute made from chickpeas which forms a foam much like egg whites. As the process to make it from scratch is time-consuming, products that offer this ready-to-use with well-tested messaging stand to gain a positive image with consumers, which can already be seen on shelves.

This is just one example of supply shortages, and how they can shift behaviour quickly. **It just goes to show how important it is to stay on top of changes and keep pace with the consumer through research to ensure opportunities are not missed.**



At a time of economic crisis, consumer loyalty reduces for many products, creating opportunities for new innovations within the market.

This is the final area we'll explore below.

Consumers Shifting to Own Label Products

Own label products are traditionally cheaper than branded ones, and so predictably, 61% of consumers say that some of their shopping is made up of supermarket own brand products or those from value ranges.

Nearly a third (30%) said these products make up **most** of their shopping, which shows just how large the opportunity is here for these products.

They also plan to continue next year, as 73% say they'll continue buying these products to make up some of their shopping, and 23% will continue buying them to make up most of their shopping.

Vypr spoke to Paul Stainton as part of The Innovate Podcast, who emphasised this point:

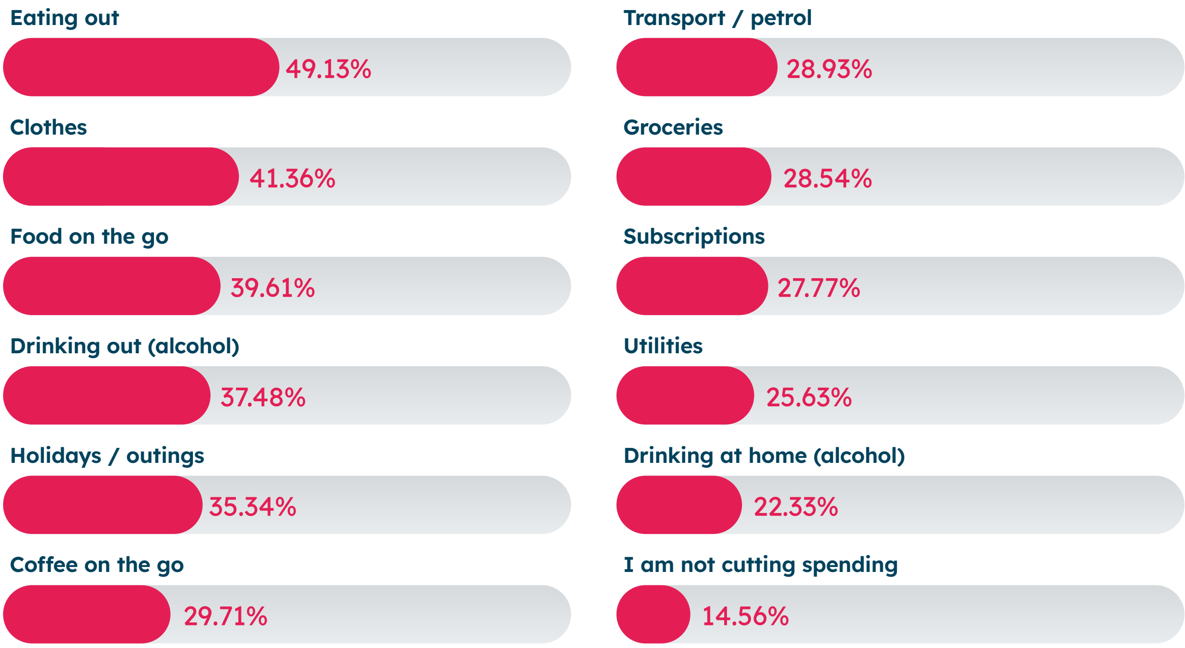
> “It’s a huge opportunity for private label, always is and always has been when we’ve been in a recession, or high interest rates, or people’s spending power has reduced. The cost of living crisis has really bit and it’s already being seen worldwide, in terms of a spending choice into private label.”
>
> “One way that all retailers should be trying to keep hold of their customers is by launching great new innovative products, keeping their range fresh.”
>
> “Retailers themselves are really really busy, they’re managing cost price increases, availability issues… they are having less time to go out and look to see what’s going on, where new innovation is going to come from, so they be will expecting their suppliers to do it, so it’s absolutely essential”
>
> - Paul Stainton, Partner at IPLC, sourced from the Innovate Podcast.

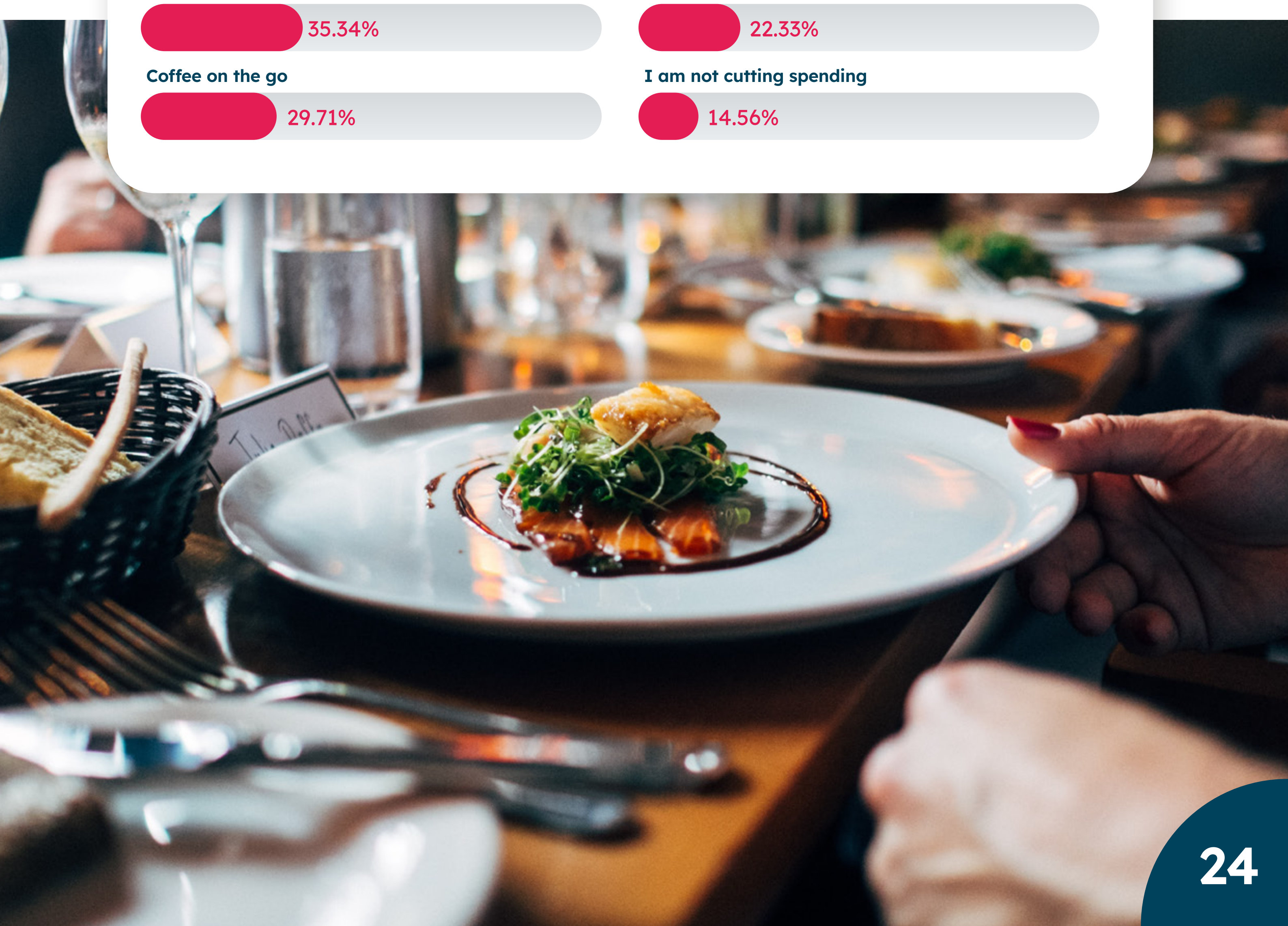
Podcast Episode

Extra insight: the cost of living crisis is affecting more than food purchases…

Vypr frequently keeps track of what consumers are cutting spending on – see the research summary below.

What are you cutting spending on due to the rising costs of living? (select all that apply)

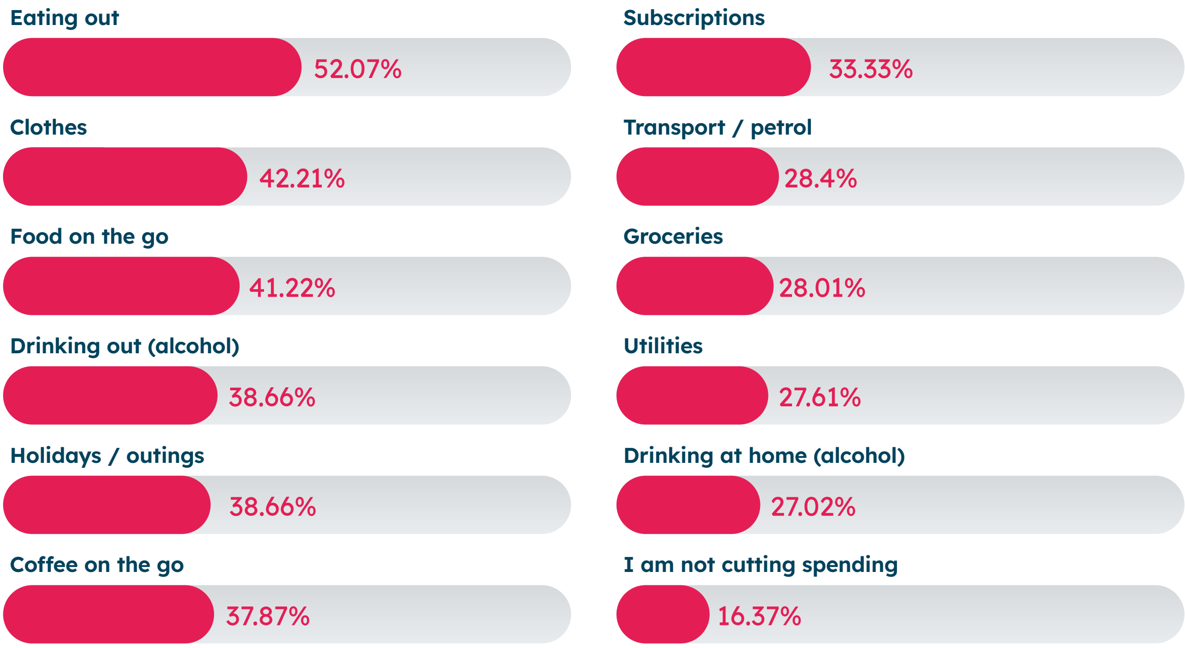




Eating out is the largest cut people have been making this year, but they've also been cutting down on non-food and drink purchases like clothes and transport.

Consumers also **plan to continue cutting the same things next year**, in mostly the same pattern, but slightly more will consider cutting their **subscriptions** (28% are cutting down this year compared to 33% planning to cut next year).

What are you cutting spending on next year, if living costs keep rising? (select all that apply)



As we can see, consumers are cutting spending not just on eating but also on drinking Alcohol.

Yet this doesn't mean growth is being stifled in the industry – explore part 2 of our report to discover more about the **opportunities in the drinks industry.**

Part 1 Key Takeaways

Changing legislation, inflationary pressures and shifting behaviours are creating opportunities in the food industry. Here's a recap of key information from this section:

- Consumers are interested in healthy eating and have noticed some effects of recent Government HFSS legislation – mainly smaller pack sizes and product location changes
- The cost of living crisis is shifting consumer behaviours such as what they eat and how they prepare their meals, and pushing many towards purchasing cheaper own label products
- There is an increasing demand for plant-based product options and other alternatives, in part due to supply shortages shifting behaviour

PART 2

THE ALCOHOLIC DRINKS INDUSTRY

The Alcoholic Drinks Industry

In this section, we'll explore growing opportunities within the Alcoholic Drinks industry.

A Changing Environment

Shifting consumer behaviour is driving change in the alcoholic drinks industry, and companies need to make smart decisions to ensure they thrive in this environment. However, there are varying and sometimes conflicting forces at play, affecting behaviour between groups of consumers. For example, many consumers are experiencing a more extreme squeeze on spending, whereas some have managed to save money during lockdowns by not spending on experiences they might've had.

Also, there's no ignoring the stretch on manufacturers who are experiencing unprecedented raw material, transport and energy cost increases, and need to reduce these spiralling costs whilst meeting the above consumer demands.

There's a lot happening but it's an exciting time for the industry – these challenges and relatively fast changing consumer behaviour brings about lots of opportunity, and real areas for growth.

Overall, when consumers are looking for alcohol, the main thing we've seen they're looking for is **value for money**. Consumers are switching to what gives them the most value, which doesn't always mean the cheapest option – it means the quality.

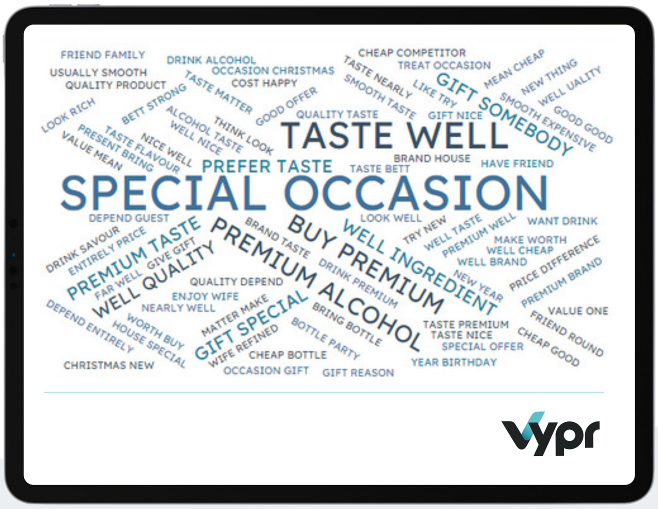
For this reason, **interest in premium products that deliver higher quality experiences has seen growth this year**, and we ran some research to see if this is still the case.

Premiumisation Appealing to Consumers

Premium alcohol is appealing to more consumers for its perceived superior quality and experience. Many industry sources emphasise this growing demand for premium alcohol ranges.

Research has revealed this trend in past economic crises, showing that in the drinks industry consumers don't simply immediately switch to value products like in other areas of food and drink. In fact, we found that **43% of our nationally representative sample plan to buy more premium alcohol next year.**

To understand why the demand exists, it's essential to understand why consumers choose them as opposed to value ranges.



We ran research on Vypr to pose the question. The main reasons we received were:

- They're good for gifting or making an impression, and for special occasions
- They taste better and smoother – primarily for spirits such as whisky and vodka
- They have higher quality ingredients and less 'nasties'
- They tend to be more authentic and ethically sourced

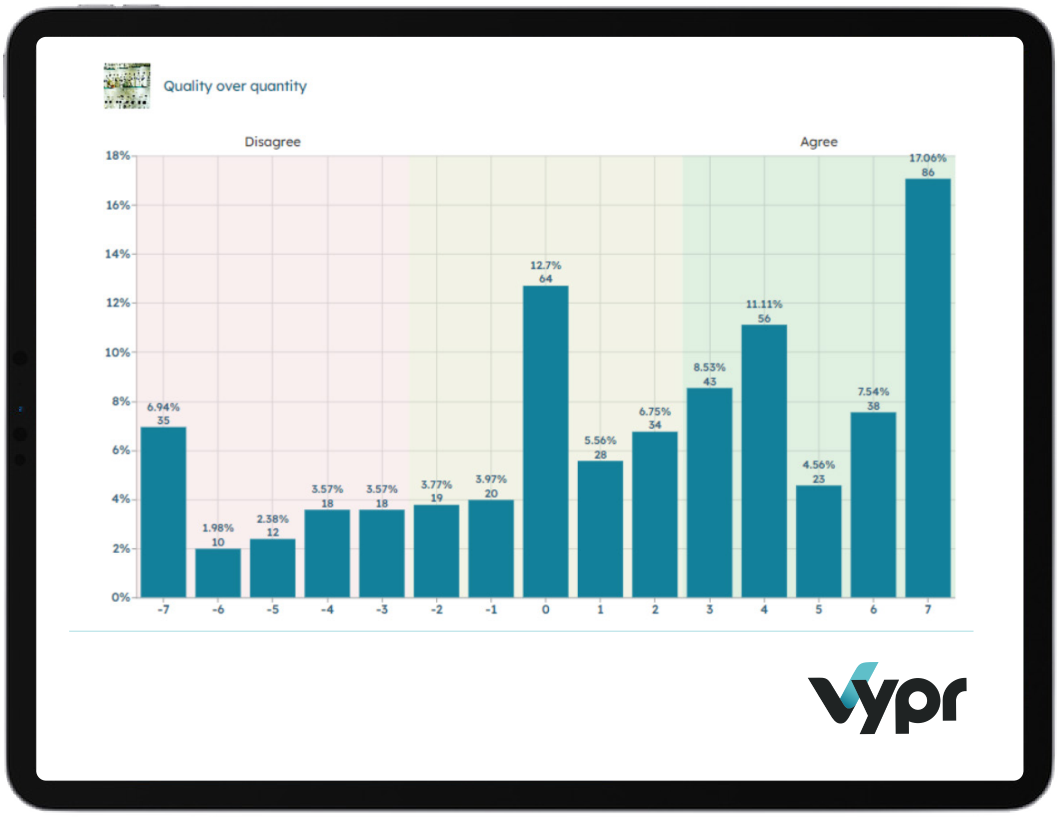
"The quality and taste are what matter, which makes it worth buying premium."

"I buy premium alcohol as I don't drink much so might as well have the best"

- Feedback from Vypr Consumer Research (December 2022)

As we see in the feedback above, some consumers are reducing their consumption of alcohol (37% say they've been drinking less in 2022) but when they do drink, they want a premium experience – however they still want to see **reasonable prices for what they're getting.**

We ran research to see if consumers agree with this idea of purchasing quality over quantity. However, compared to when we conducted the same research in June, we have seen slightly less strength of agreement with this statement. This does not indicate that the trend of premiumisation is falling, but it might be starting to plateau.



To test the appetite for premium brands more subtly, we used a scientific approach to find out if branding an item as a premium product has any influence on purchasing intent. As an example, we tested a Vodka offering, using the exact same image but scientifically split-testing the description of the product with separate matched demographic groups of consumers, as shown in the Consumer Insight section below.

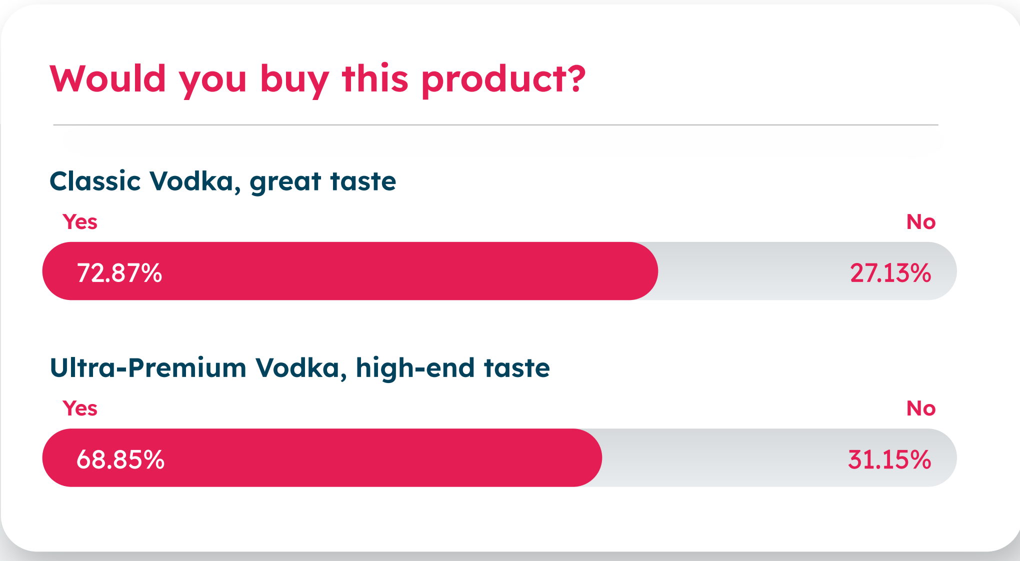
Interestingly, we found a change compared to when we last ran the same research in June 2022. Previously, a lot more consumers said yes to the 'ultra-premium' vodka with high-end taste, compared to the classic one. But this time, we've seen more people saying yes to the classic vodka compared to the premium one.

This is an intriguing finding and shows just how important it is to constantly test ideas as a business attempting to optimise products, as behaviour is always shifting.

For example, an explanation for this could be that consumers are beginning to trust clarity at a time of economic hesitation. The clearer the messaging on a pack, the better it seems to perform. However, this is a hypothesis that should be further tested and never assumed. These insights are valuable as they let companies discover how consumers are thinking and acting, to make better decisions evidenced by real data.

Want to track some consumer drinking habits over time? Check out Vypr's cost-of-living tracker here:

Cost of Living Tracker



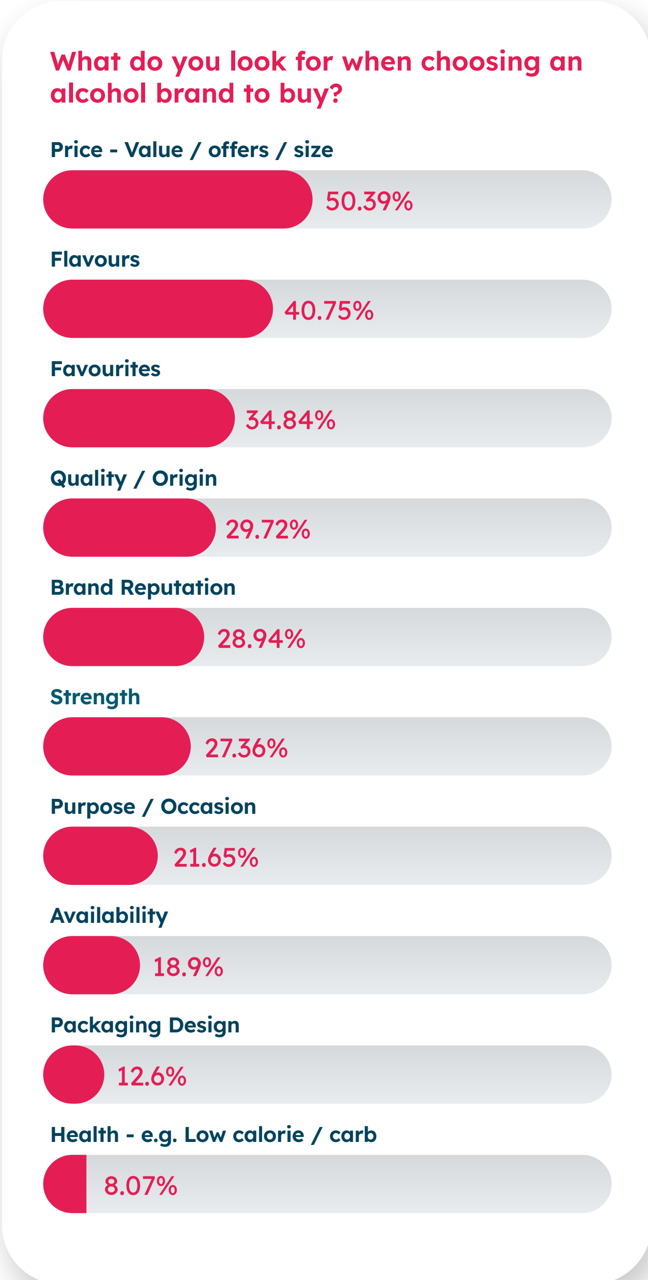
There is room for innovation in this sector, as premium offerings have a more positive reputation over cheaper versions when developed correctly. Brand messaging and packaging also has an impact on sales, but **taste** is important when consumers decide whether a product is premium or not, which was mentioned frequently in our research.

Therefore, as we've seen above in the split-by research, only investing in brand messaging and premium packaging, without better-tasting ingredients and formulas doesn't guarantee success. All these factors require researching specific concepts with consumers and infusing the development cycle with real consumer data and will lead companies to success.

Furthermore, the price of the products should be set just right. As part of our research, we looked at current priorities when it comes to buying alcohol, as shown on the right.

At this time, most consumers are prioritising price and value, so companies will need to get their strategies right and ensure they're listing with the optimal price consumers are willing to pay for premium products.

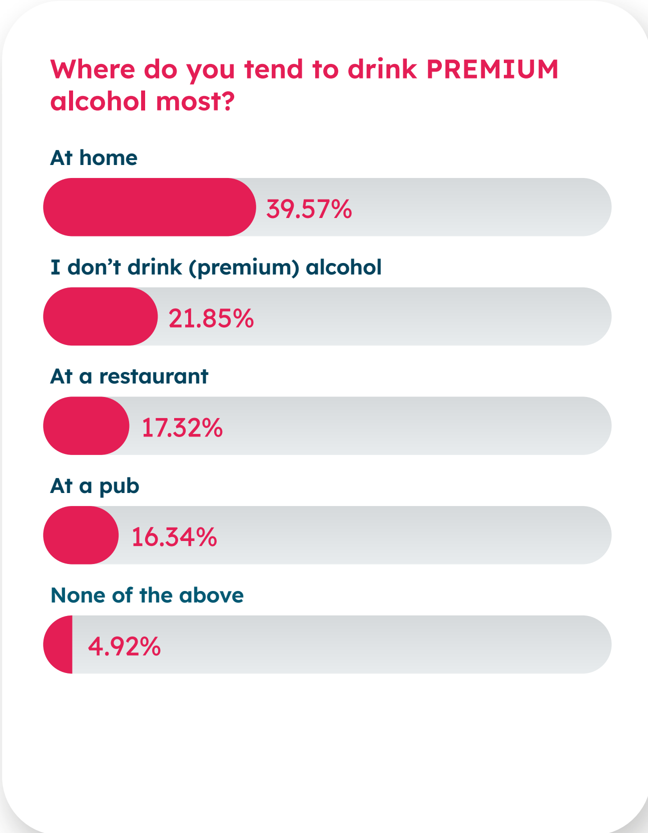
Though consumers want more quality experiences doesn't mean they have an unlimited budget to do so – they need to feel they are getting the value they're paying for. **Companies that can offer premium experiences at reasonable prices for what they're offering will see real success here.** Again, these prices can be tested and optimised on platforms like Vypr, for easier and more evidence-based decision-making.



Research also suggests that consumers might splurge on premium alcohol as it is a smaller luxury and treat compared to some other experiences like holidays (35% say they're cutting down on these). However, it is worth noting that more people are cutting on drinking Alcohol **outside the home** (37%) at bars and pubs, whereas the lowest number of people are cutting on **drinking at home** (22%).

Following this, most people are still drinking **premium alcohol at home**, so the demand here is still positive. The primary reason is that it's cheaper to buy from the supermarket. This is a trend also inflated due to the pandemic. This means companies could focus their efforts on catering to this demand.

On the other hand, many consumers are completely switching their preferences to low/no alcohol drinks.



Alcohol-free Consumption Growing

Along with consumers becoming more value-conscious, they're also being more health-conscious, following a similar trend in the Food industry. There has been an increase in 'NoLo' drink consumption, a term used to describe the range of alcohol-free offerings or those with very small amounts of alcohol in them, that tend to replicate the look and flavours of their alcoholic counterparts.

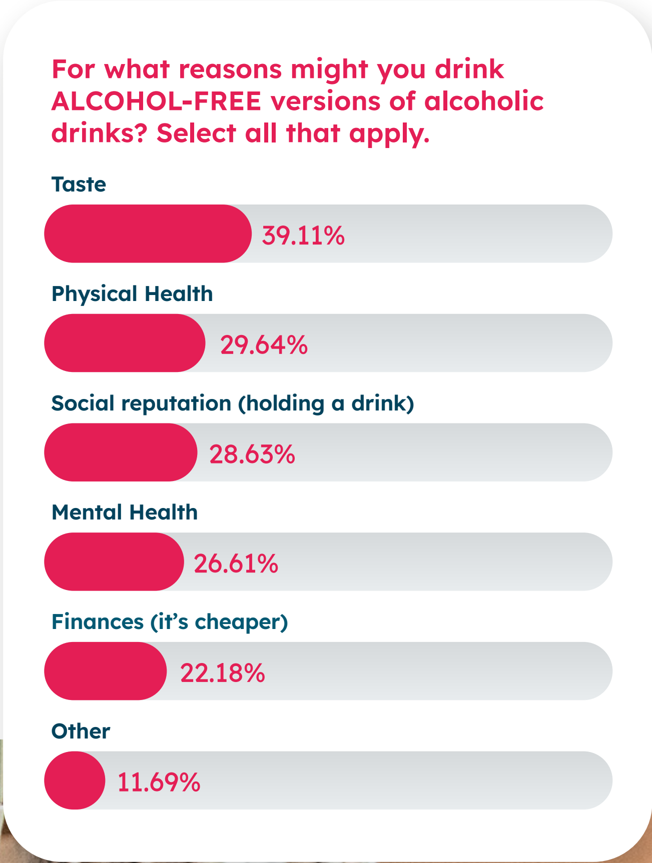
This trend is growing, evidenced by the increased number now taking part in challenges like Dry January. Currently, around 56% of Alcohol drinkers in our sample say they buy alcohol-free versions of alcoholic drinks.

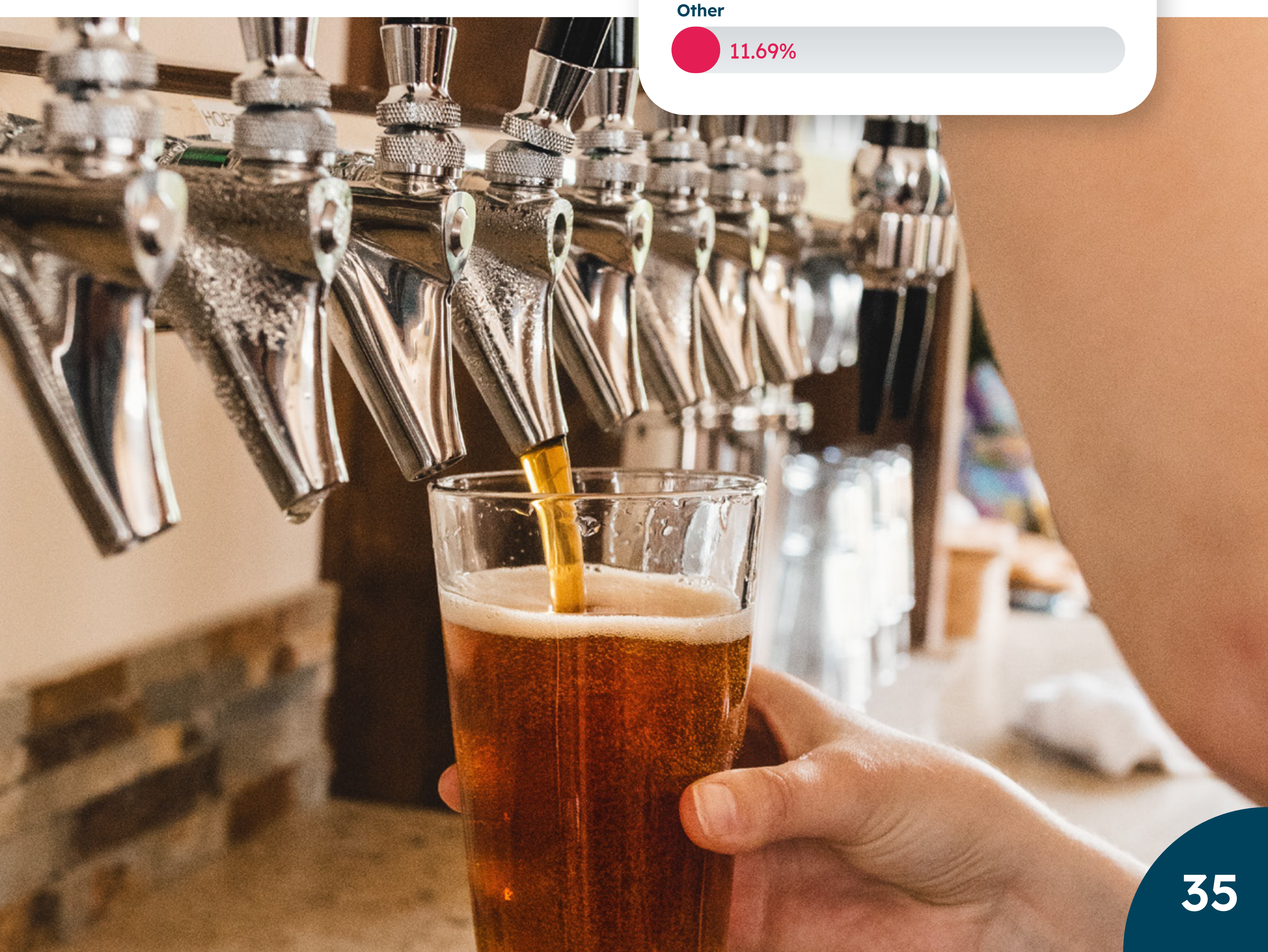
When we filtered the results, it was evident this opportunity is driven more by younger people currently. 75% of 18-24s answered yes, compared to 40% of 55-64s, and just 22% of over 65s.

Why are people buying Alcohol-free?

More people are choosing these options – but why? We found out that health, both physical and mental, is a large priority for consumers buying these drinks. However, they are also buying these products for their **taste**, meaning companies will need to strike the right balance between their formula and branding.

As the demand continues to rise, it is worth brands investing in developing alcohol-free options to ranges, to ensure they don't miss out on this large proportion of health-conscious consumers.





What types do consumers want to see more of?

Primarily, people want to see more Alcohol-free **spirits**, as voted by 42% of the consumers that currently drink Alcohol-free offerings. Only 11% think there is enough variety in the stores at the moment.

Beer comes close second with 40% of consumers wanting more options, and only 17% thinking there is enough choice.

Finally, wine is third with 33% of consumers wanting to see more, and 22% thinking there is enough.

Other brands appealing to the **health-conscious consumer have begun combining healthy ingredients with alcohol to create unique blends.** For example, Boozy Boocha, a Kombucha probiotic drink containing alcohol, has acquired quite a following. Combining health benefits with alcohol can be strange to many initially, but there is a huge opportunity for success here. Once trends are out there, nowadays fuelled by promotions and word-of-mouth on social media (such as popular platform TikTok), companies can be onto big wins. After all, every new trend has to be tried before it becomes a hit.

Again, it's less risky to conduct the development and optimisation of these big ideas by using research to validate ideas before they become a potentially expensive reality. For example, using the Vypr research platform we ran a Sentiment Analysis on consumer thoughts about these 'healthy' alcoholic drinks.

We found pitfalls to avoid. Promoting these types of drinks needs to be done carefully to avoid having the questionable effect of encouraging more alcohol consumption, which can harm a brand's reputation. We also found that many neutral consumers hadn't seen any credible ones but said they were open to trying, meaning there may be a gap in the market here to take advantage of, revealed through these direct consumer insights. The experiences mostly appealed to consumers that already drink frequently and enjoy the fact they'll benefit from it too.

What about health benefits in non-alcoholic drinks?

We're seeing new innovations in the market that claim to boost cognition, mental health, and gut health, to name a few, and have found split opinions from consumers here.

Around 55% of consumers felt positively about drinks that boost gut health, however only around 42% believed in drinks such as CBD-infusions, and just 40% believed in the effects of mood/mental health boosting drinks. Many consumers in our sample were sceptical of the idea, as they didn't believe it would have much of an impact.

Looking at the feedback in the quotes below, there is work to be done here around perceptions as many people don't trust these innovations, especially when it comes to CBD which many view with caution. This makes the case for thorough testing of individual ideas before they are launched, as all product decisions will need to be optimised to address the concerns of these individuals. The demand for health exists and is translatable into drinks, as even though some consumers were hesitant, many were still willing to try and are on board with the idea.

> "I think they're tapping into an important market because we are more concerned about our mental wellbeing than ever before. I try them, I particularly like Trip drinks, but I'm not sure how much I believe how much benefit they actually bring."
>
> "Not something I am interested in at all and don't trust it"
>
> "I really feel this is a sales gimmick."
>
> "Not convinced they are effective. Marketing trick."
>
> - Feedback from Vypr Consumer Research (December 2022)

Most of these health drinks are packaged and ready-to-drink (RTD) and we've seen a big interest in RTD for Alcoholic drinks too – read more below.

Demand for Convenience Growing

Many consumers (61% of our sample) are currently buying ready-to-drink alcoholic beverages like Alcopops and canned cocktails. Interestingly, there is a difference between age groups here – only 37% of those over 55 said they buy these products, compared to 75% of those aged 18-34.

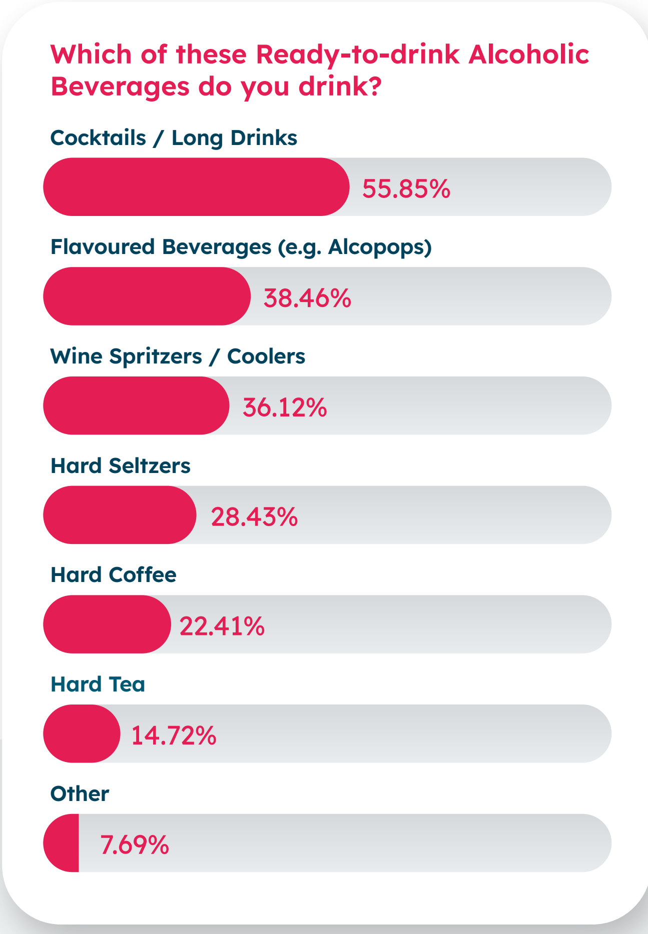
Do you buy RTD (ready-to-drink) alcoholic beverages? (e.g. Alcopops/coolers, canned cocktails, hard seltzers, etc)

What are consumers looking for in these products?

In our research, we found that consumers primarily look for quality products with good alcohol content and great taste. Many mentioned they want to avoid artificial ingredients. They also search for creative new flavours and combinations that they can't easily make themselves.

What are they currently drinking?

Cocktails / long drinks are currently the most popular ready-to-drink option at 55% of consumers consuming these, with flavoured beverages like Alcopops next, at 38% of consumers.



Furthermore, 67% of consumers also felt positive about drinking **premium** varieties from a can (as long as the packaging doesn't affect the taste), which just goes to show how much taste matters to consumers more than appearance (but of course, this should not be neglected as companies need to optimise based on their audience through proper testing). They especially think it's a great idea for **convenience when hosting events**.

> "Yes if reasonably priced and with real ingredients, reduced sugar, no sweeteners or artificial ingredients"
>
> "Yes it would be convenient and great for parties and big family events."
>
> - Feedback from Vypr Consumer Research (December 2022)

Why are some consumers not on board with RTD?

We asked the sample that said they **don't** drink RTD why this is, and received a variety of reasons:

- They're too expensive, cheaper to make their own
- Consumers want to create their own combinations, to their taste
- They tend to be high in calories, and some are too sweet
- They don't see the need for them as they don't drink on-the-go

If companies wanted to grow further, careful testing and targeting to address these reasons could help them expand their audience.

When we asked the sample if there's anything that would interest them to try, we mainly received responses around more flavour combinations, better taste, and better prices / offers.

We also found an interesting comment on sustainability:

> "Only if consuming in an out of home environment as this is both expensive and wasteful in terms of the amount of packaging."
>
> - Feedback from Vypr Consumer Research (December 2022)

Interestingly, other consumers are also beginning to care more about sustainability.

Sustainable Brands are Perceived Differently

Ethics and responsible sourcing are becoming a much larger deal for consumers of products in all industries. Consumers are currently focused on getting value for their money, but are also interested in the background of brands.

We found that 29% would pay **a lot more** for products that are proven to be eco-friendly. Furthermore, we found that consumers want to see more eco-friendly packaging, and it would even sway their choice of brand to buy, if they are still conveniently designed – meaning avoiding sacrificing quality just to check the ‘tick-box’ of sustainability. They also didn’t want to see increased costs, which can be avoided by investing in tools to test potential ideas with target consumers, before spending tons of money on developing them.

Consumers are also beginning to perceive sustainable brands as better-quality brands. Therefore, there is an opportunity for investment into more sustainable product development processes, which can set brands apart from others. It is important to have the consumer voice at the forefront of development however, and make sure resources aren’t wasted by confirming the demand for concepts beforehand, and then testing the correct messaging for promotional strategies.

Consumers also don’t want to see inflated prices of products due to it and want quality retained. For example, some mentioned brands that have switched to cardboard but consumers in our research complained about flimsiness.

> “I guess cardboard is better than plastic however [product]’s cardboard is too flimsy especially on packs of 10 bottles!”
>
> - Feedback from Vypr Consumer Research (December 2022)

Improving eco-friendliness can also mean using as little packaging as possible, as consumers have expressed more interest in this. Interestingly, more are also becoming aware of the need for overall sustainability, from **production and supply chains to shelves.**

“I prefer to use packaging that is easy to dispose of. The less packaging to get rid of the better”

“I think it's very important that we all do our best to be eco-friendly and I would feel favourably on a brand that made this change.”

“It's a good thing but they also need to think about other parts of the supply chain improving environmental credentials”

“Very positive. But it should be part of a whole company sustainable transformation.”

- Feedback from Vypr Consumer Research (December 2022)

It’s worth emphasising that brands should not claim changes unless genuine efforts proven to be more sustainable have been made, as this can backfire due to consumers being more aware of a phenomenon called ‘greenwashing’, deceptive advertising around sustainability.

“Not sure whether it’s just greenwashing. Getting rid of plastic wrapping off cans makes sense but not sure paper alternatives to bottles are actually any greener”

- Feedback from Vypr Consumer Research (December 2022)

Of course, as consumer budgets are being squeezed most are prioritising value for money, however, it would be a dangerous mistake to ignore this trend. Even at this time of economic crisis, 44% are **trying** to choose sustainable products, and an additional 11% are **actively** doing this.

Therefore, this time should instead be framed as an opportunity, if possible, for companies to invest more in making their supply chains as sustainable as possible. They can then invest in marketing the products correctly to get the message across and boost brand image.

Let's explore other opportunities seen within the alcoholic drinks industry.

Other Opportunities

We asked consumers what they want to see more of overall in the industry, and found that ready-made cocktails, new flavours (especially fruity ones), and limited-edition ranges were ideas mentioned frequently.

> “More fruity alcoholic drinks - anything that doesn’t taste too bitter or sour”
>
> - Feedback from Vypr Consumer Research (December 2022)

A better range of spirits (especially Gin) including more flavoured varieties, were particularly sought-after, mentioned in many responses.

> “More exotic flavours of gin and vodka. I am a big fan of flavoured spirits so extra choices would be great.”
>
> - Feedback from Vypr Consumer Research (December 2022)

Vypr has created an interactive summary of other opportunities for 2023, check it out by clicking below.

Upcoming Alcohol Opportunities

Let’s dive into the last few opportunities we’ll discuss that are growing in the drinks industry.

Online ordering

More consumers are shopping online, a trend also escalated by the pandemic. Currently, 17% of the population say they order Alcohol online, and more than half (54%) have purchased online at some point.

Packaging and descriptions differ when viewed online and so investment into research on what works best in this format also matters. It may also be worth investing in personalised experiences delivered online, an especially popular category for gifting.

Subscription boxes are also gaining in popularity recently, due to the convenience of being delivered directly to consumer doors. 33% say they have at some point subscribed to one of these services. We followed up to ask this group what they look for in a great subscription box.

As visible in the word cloud below, price and quality were key factors, but also:

- Variety of different types of alcohol
- Unique ranges unavailable on the market
- Quick and free delivery
- Extras included e.g., games and surprises
- More background on production
- Rewards for subscribing

It's worth noting that price is a huge consideration for these boxes at this point and it seems to have more of an impact here than in other areas like premiumisation. When asking consumers if they'd try these boxes, they responded that they find the options currently available quite expensive, and so to get more on board, prices will need to be lowered to what consumers find reasonable.

Some also don't find the current choices of boxes that intriguing, touting the supermarket ranges as much better.

"Not really they cost a lot for not a lot"

"I've tried this before. Ends up being easier just going to the shops since the range in supermarkets have grown so much"

- Feedback from Vypr Consumer Research (December 2022)

Demand for more foreign variety

Through our research, we also saw a demand for UK outlets to have more varieties of foreign alcohol. Companies can develop drinks with this charm to engage these consumers.

> “More diverse international drinks”
>
> “Lagers from Germany would be a different choice”
>
> “More International & Global brands eg. Zubrowka a Polish vodka.”
>
> - Feedback from Vypr Consumer Research (December 2022)

Brand values and stories should resonate with consumers

Along with the sustainability angle we saw earlier, many consumers throughout our research pointed out that they'd be more likely to favour a brand with an authentic story and ethical values. Even during the current climate, brand affinity can make consumers stick to buying a certain product even if there are cheaper alternatives available.

The brand values and story can give a consumer the confidence that the product is a good one, even if not marketed as premium, as they know where it originates from and can connect with it, a viable option, especially for companies that offer value/cheaper brands.

This pattern also shows in the recent uptake of craft beers and other drinks, as these brands tend to have more character compared to mass-produced varieties – so there really is lots of opportunity to be found by investing in great branding.

After all, when it comes to branding, as many companies already know, stories are key to creating a lasting impression and connection. It goes way beyond only looking for what alcohol is on offer at the time in the supermarket.

Part 2 Key Takeaways

Changing behaviours and interests are creating new opportunities in the drinks industry. This report summarised the main trends currently affecting the industry, which are:

- Premiumisation continues to appeal to consumers and influence purchasing intent, despite cost of living concerns, as consumers want more value for their money
- Consumption of Alcohol-free is growing as more consumers become conscious about their health
- Convenience continues to grow as ready-to-drink products appeal more to consumers, along with online ordering
- Sustainable brands are being perceived in a more positive light, along with considerations around branding and marketing that have impacts on consumer perceptions

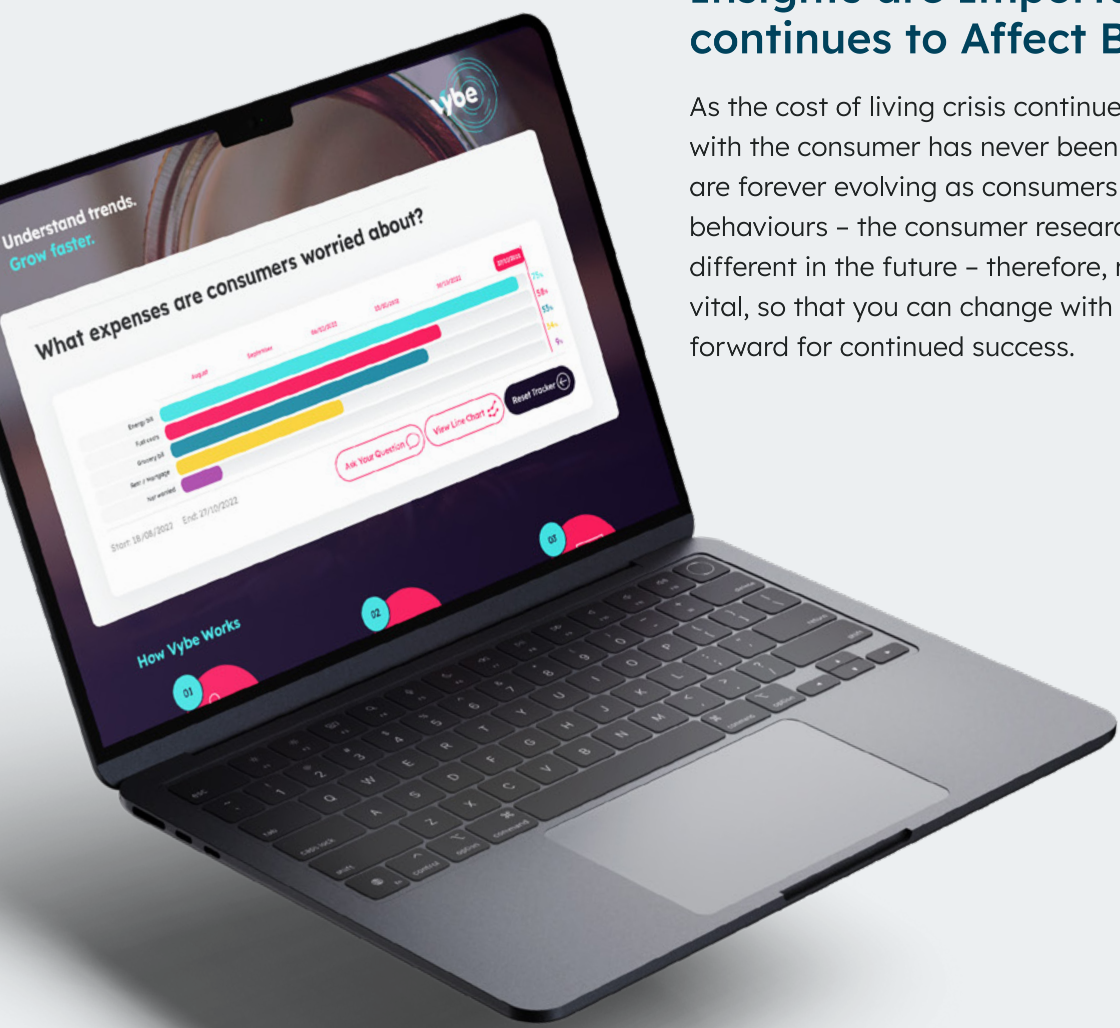
PART 3
THE APPLICATION OF CONSUMER RESEARCH FOR SUCCESS

The Application of Consumer Research for Success

As we've seen, consumer research is vital to product processes, and can help companies discover insights that fuel new opportunities for the future.

We obtained the insights in this report using our online research platform, Vypr. Tools like these can help companies optimise product or service offerings, by delivering consumer sentiment around existing ones, new concepts, and general ideas.

Embedding relevant, predictive insights throughout the product process means it becomes easier to keep on top of trends like the ones in this report, and continuously adapt.



Insights are Important as Inflation continues to Affect Behaviours

As the cost of living crisis continues to evolve, keeping pace with the consumer has never been more important. Insights are forever evolving as consumers change opinions and behaviours – the consumer research in this report may be different in the future – therefore, real-time insights are vital, so that you can change with the times and move forward for continued success.

Insights are Important to Develop Winning Products in 2023

When it comes to creating relevant products this year, regularly touching base with consumers to receive robust insights will ensure all new product developments or optimisations solve a real consumer need.

This consumer research fuels **product intelligence,** so companies can make intelligently crafted products they know will win on shelves. Product Intelligence solves the issues of currently inefficient product processes and allows companies to keep pace with their target consumers.

By placing consumer data and subsequent intelligence at the heart of development, businesses can create a sustainable, financially beneficial way of working.

It's also key to **meeting future demand**: data reveals trends, changing consumer insight and opinion, and these predictive analytics mean you can stay ahead of the curve and create products you know will meet a real demand.

Incorporate consumer research into your process, and reap the benefits...

01 Better understand your consumers

With the consumer voice by your side, you'll drastically improve product outcomes as every decision will be based on a more thorough understanding of your key target audience.

The voice of the consumer is essential in many ways, for example, it can help uncover new opportunities. In our research it was clear consumers are becoming more aware of wasteful practices – and this is relevant for some companies to track and stay updated with, to avoid losing favour with their target audience, **all made possible through research.**

02 Save resources, reduce waste

Traditional product processes generate a large amount of waste. Research tools such as Vypr allow you to test and iterate product concepts and ideas with consumers digitally, before they are brought to life physically, reducing material waste, shipping waste, financial waste – the list goes on.

03 Grow with confidence, not guesses

Consumer research in all product processes means companies can make evidence-based decisions and avoid guesswork. Frequently, subjective opinion and assumptions from internal stakeholders sneak their way into product processes, so decisions are made on irrelevant data, leading to irrelevant products being created, and targets being missed.

Consumer intelligence provide proof and insight from the real target audience – consumers – so companies can move forward with confidence and easily prove why they've made decisions to important stakeholders.

Our product intelligence platform makes it easy to get these insights.

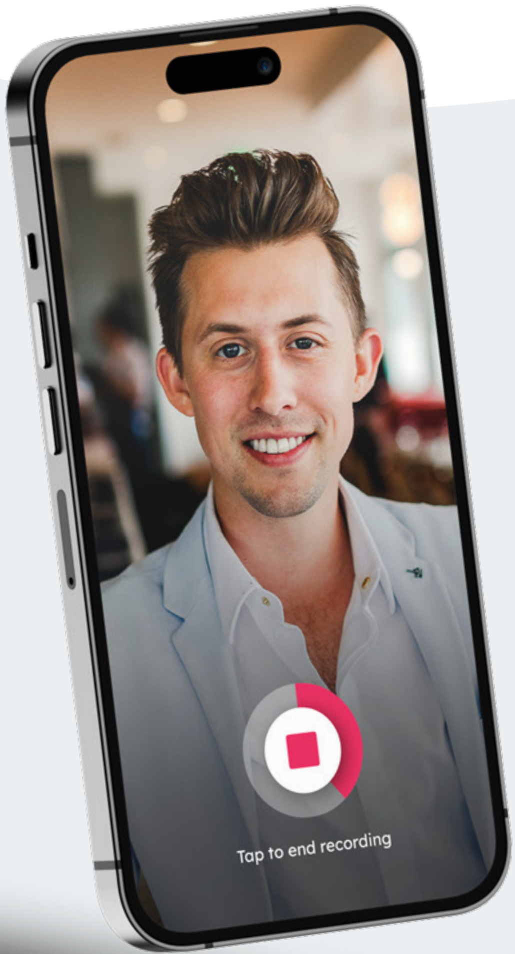
Vypr is an online self-service platform that allows you to run research with consumers, whenever you need it.

With Vypr, you get the consumer voice at your fingertips, meaning decision-making is rapid, robust and precise resulting in **better decisions, for winning products.**

Our service integrates effortlessly with current product processes, and our Steers (what we call research questions) take an average of 90 minutes to complete, so you can say goodbye to waiting for long-winded research reports, and **get insights when you need them, quickly and efficiently.**

Understand Consumers with Powerful Text Insights...

Our platform offers a variety of question types – you can find out consumer sentiment on any topic, figure out what they'd pay for a product, split-test concepts/adverts, and more.



...AND Video Insights!

With our latest feature, VyPops, you can now also get video answers directly from your consumers – **the most powerful visual proof of consumer sentiment.**

Don't get left behind – Vypr makes it easy to get robust and reliable intelligence, and we're always here to help. Our team have years of experience in your roles, and know how to help you, whether you work in Category, Marketing, Brand, Commercial, or NPD functions.

It's time to feed robust consumer intelligence into your product process to power decisions, wow stakeholders, and create engaging presentations that are sure to guarantee success.

The possibilities and benefits are endless

BETTER DECISIONS,
WINNING PRODUCTS.

Ready to get robust consumer intelligence to power your product strategy? Get started with some free research!

Get FREE Consumer Research