The Soft Drinks Market in Poland
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Introduction

We are delighted to provide you with this report, drawn up with the aim of analysing the soft drinks market in Poland. Our publication presents the current situation of the industry and gives a comprehensive overview of trends influencing the market. The report describes all the key soft drinks categories – from bottled water, to carbonates, juices, nectars and fruit drinks, to sports and energy drinks, as well as Ready-to-Drink coffee and tea.

The value of the Polish soft drinks market in 2016 is estimated at more than PLN 22 bn. Compared with Western Europe, the soft drinks market in Poland still has growth potential. For example, bottled water consumption per person is twice as low in Poland as in Italy, Spain, or France. Significant here are not only Poles’ preferences, but also the lifestyle and level of wealth of our society compared with those of so-called old EU countries.

Bottled water, juices and nectars, carbonates, and other soft drinks constitute a significant part of our food industry. Their consumers, counted in vast numbers, are not limited to those who live in Poland, but also include residents of other countries. Between 2010 and 2015, the value of soft drinks exports grew by more than 60%, and in 2015 it was three times the value of their import. The main importer of Polish soft drinks is Germany, where up to 25% of all exported soft drinks were sold.

In order to provide a comprehensive picture of the soft drinks market, not only did we analyse market data, but we also surveyed soft drinks consumers, producers, and distributors in Poland. The results of our survey permit viewing the market from various perspectives and enable confrontation of concepts formulated by companies with consumers’ needs and expectations.

We would like to express our sincere thanks to companies and consumers who participated in our survey. Special thanks to the managers and industry experts who granted their time for our in-depth interviews. We hope that our report will provide you with compelling insights into the soft drinks market in Poland.
Key findings

Market value of soft drinks in Poland in 2015 amounted to PLN 21.7 bn

Forecasts for the years ahead reflect a favourable environment for the growth of the soft drinks market. It is estimated that, by 2020, the value of soft drinks sales will increase by 14% and will exceed PLN 24 bn. This is due to economic factors and key consumer trends.

4% share of the Polish market in the total soft drinks sales in the European Union

When compared with those of West European countries, the soft drinks market in Poland is still relatively small, but its most vital feature is the potential for growth. Poland is the largest market in Central and Eastern Europe.

Bottled water constitutes almost 45% of soft drinks sales volume

In the years ahead, the bottled water segment share in the soft drinks market total will grow in both volume and value. This is due mainly to consumers’ increasing awareness of, and demand for, a healthy lifestyle.

Carbonates constitute almost 38% of soft drinks sales value in Poland

When viewed from the perspective of sales value, carbonates constitute at present the largest segment of the soft drinks market. However, future forecasts for this category are not particularly favourable: its percentage share in the total market will decrease and consumer interest will gradually decline.

The sports drinks segment, despite a relatively low share in the Polish soft drinks market, is characterised by a considerable rate of growth

The compound annual growth rate for the sports drinks segment in 2016-2020 is estimated at 3.8%. This results from a growing awareness of healthy lifestyles and the increasing popularity of active leisure products. Industry experts confirm optimistic forecasts: as many as half of the companies surveyed expect more than 10% sales volume growth in the near future.
Sales volume of NFC (not from concentrate) juices in Poland will grow by more than half in the next five years

Poles are expected to consume more NFC juices, and the compound annual growth rate for this category will be 8% in 2016-2020. When compared with Western European countries such as France or Great Britain, the Polish NFC juices market is still relatively small, but its growth prospects are excellent.

Discounters as the main soft drinks distribution channel in Poland

One-fifth of off-trade sales is conducted by discount stores. As many as 68% of consumers declare that they purchase soft drinks there. According to companies that participated in the survey, in the near future discounters will keep strengthening their position in all key segments.

Half of the companies surveyed describe their current financial situation as highly favourable

Companies operating within the soft drinks market are optimistic about their current and future situation. Moreover, as many as 88% of the companies surveyed regard their situation as really good or quite good, and all the companies expect sales volume increases in the near future.

More than four in ten consumers admit that they are willing to seek for the best quantity/quality to price relationship

Value for Money is a vital trend that shapes sales levels and dynamics. It influences producers and distributors, exerting strong pressure for margin reduction and increasing the role of price in competing for consumers.

As many as 38% of survey participants admit to buying beverages ahead – in large quantities or packaging

Poles declare that increasingly often they purchase drinks in bulk packaging to have them at hand whenever necessary. Following the Buy Ahead trend, producers have started gradually to adjust packaging to reflect consumers’ expectations and needs.

One in four consumers is open to new products and willing to seek enhanced flavours, original packaging, or innovative solutions

A survey carried out amongst soft drinks producers and distributors confirmed that in the coming years, the innovation process will constitute a strong market trend. At the same time, as many as 58% of Poles have their favourite drinks, which they have unchangeably drunk for years.
1. The Soft Drinks Market in Poland

1.1. Market size and conditions

Total soft drink sales in Poland in 2015 exceeded EUR 5 bn, which constituted 4% of EU retail sales value and 1% of global sales.

In 2015, global soft drinks market value amounted to nearly EUR 683 bn. A substantial 23% of global sales were attributable to the United States and exceeded the total value of soft drinks sales in all the EU countries combined. More than half of soft drinks global market value was generated by the five biggest players: United States, China, Japan, Mexico, and Germany.

The total value of the EU soft drinks market in 2015 amounted to EUR 134 bn. The main contributor here was the German market, whose value exceeded EUR 29 bn. The first runner-up was Great Britain, with its market worth almost EUR 18 bn, followed by France with almost EUR 16 bn.

Value and volume of soft drinks retail sales worldwide, in the EU and in selected countries, 2015.
The compound annual growth rate (CAGR) of the soft drinks market in Poland in 2010-2015 amounted to merely 0.6%. In 2015, the value of retail sales on the analysed market reached PLN 21.7 bn, including PLN 14.7 bn off-trade and PLN 7.0 bn on-trade.

In the period between 2016 and 2020, the estimated compound annual growth of 2.7% reflects positive sentiments about the Polish market future. It is estimated that within the next five years its value will grow by 13%, thus exceeding PLN 24 bn in 2020.

The Polish soft drinks market largely depends on consumers’ sentiments and subjective feelings concerning the country’s economic situation. The dynamics of GDP change does not immediately translate onto the value of soft drinks retail sales in Poland. The period of stagnation, observed within individual segments of that market in 2010-2012, was more closely linked to unemployment growth and pay freeze, which directly influenced immediate consumption.

Apart from economic factors, consumer trends are vital for the industry, as shown by the growing importance of healthy lifestyles and physical activity. Polish consumers are becoming more aware of ingredients included in products they choose and of additional benefits certain drinks can provide. Health-oriented attitudes are decisive for the growth of certain drink categories (e.g., NFC juice, sports drinks, still water) and a simultaneous drop of sales in other product groups (e.g., carbonated cola drinks, still juice drinks).

Another vitally important trend that shapes soft drinks sale levels and dynamics is Value for Money, understood as a search for high quality products at attractive prices. On one hand, the growth of Poles’ personal wealth increases their willingness to spend more, yet on the other hand, it does not guarantee that consumers buy top shelf products or accept higher prices for the same drinks. In recent years, the popularity of smart shopping has increased, where the said phenomenon, consisting in purchasing top quality products at the lowest prices possible, has been enabled by the development of discounter networks.
Over the past five years, soft drinks market value increased by 3%, accompanied by almost 8% increase of sales volume. By 2020, the value of the market is expected to grow by 14%, while its volume will grow by 18%. In terms of value, it will mark a growth more than four times higher than that recorded in 2010-2015.

The analysis of individual market segments clearly shows an increasing share (volume and value) of the largest volume category, i.e. bottled water, in all distribution channels. The main factor underlying that tendency is an increasing consumer awareness concerning healthy lifestyles. Within the next few years the tendency will strengthen, and by 2020 the value of retail sale of bottled water in Poland will exceed PLN 6 million.

The forecast concerning the second largest sales category in terms of volume, i.e. carbonates, is not that optimistic. In 2015, the sales value of carbonates constituted almost 38% of soft drinks sold in Poland. However, forecasts are clear that the carbonates share in the market will decline. Worth mentioning is the fact that carbonates constitute the largest on-trade soft drinks market segment.

Juices, nectars, and fruit drinks form the third largest segment in terms of volume. In 2015, the value of that category dropped by almost PLN 8 million as compared to the 2010 figures. There was also recorded a drop in volume: in 2015 their sales were lower than five years earlier by 127 million litres. According to the forecasts, in 2020 the value of the juices, nectars, and fruit drinks category
will reach almost PLN 6.4 bn, while its volume will exceed 1.4 bn litres.

The energy drinks segment grows in popularity both in Poland and abroad. Forecasts say that the growing trend will continue for years to come, and in 2020 the value of retail sales in this product group in Poland will near PLN 1.8 bn. This means an almost 40% growth in value and 52% growth in volume as compared with 2015 figures.

Sports drinks sales, although a small share in the entire market, are characterised by dynamic growth. It is the category in which the biggest change in sales volume was recorded. In 2010-2015, its sales volume increased by 63%, while its sales value grew by only 12%. This situation stems chiefly from the growing popularity of this soft drinks category and the introduction to the market of cheaper sports brands.

The RTD tea and RTD coffee segments have a relatively small share in the soft drinks market in Poland. At the same time, both categories are characterised by dynamic growth. In accordance with forecasts for the next five years, the sales volume of RTD tea will grow by 24%, while that of RTD coffee by as much as 50%.
In 2015, the average per capita sale of soft drinks in Poland amounted to 184 litres and cost the equivalent of EUR 135. At the same time, a resident of Germany bought 291 litres of drinks for EUR 360; a resident of Spain, 255 litres for EUR 307; whereas a resident of Italy, 225 litres for EUR 240. On average, the Hungarian, who bought a bigger volume of soft drinks, paid less for them than the Pole. Residents of Great Britain bought a relatively small volume of soft drinks (157 litres per person) and paid EUR 277.
### Soft drinks consumption frequency in Poland, by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Daily or almost daily</th>
<th>At least once a month</th>
<th>Never / I do not drink such beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Still water</td>
<td>64%</td>
<td>88%</td>
<td>5%</td>
</tr>
<tr>
<td>Sparkling water</td>
<td>33%</td>
<td>73%</td>
<td>12%</td>
</tr>
<tr>
<td>Functional water</td>
<td>6%</td>
<td>39%</td>
<td>38%</td>
</tr>
<tr>
<td>Flavoured water</td>
<td>5%</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>Carbonated cola drinks</td>
<td>5%</td>
<td>61%</td>
<td>16%</td>
</tr>
<tr>
<td>Other carbonates</td>
<td>3%</td>
<td>50%</td>
<td>23%</td>
</tr>
<tr>
<td>Juices</td>
<td>9%</td>
<td>81%</td>
<td>7%</td>
</tr>
<tr>
<td>Nectars</td>
<td>3%</td>
<td>59%</td>
<td>20%</td>
</tr>
<tr>
<td>Fruit drinks</td>
<td>2%</td>
<td>48%</td>
<td>27%</td>
</tr>
<tr>
<td>Energy drinks</td>
<td>1%</td>
<td>22%</td>
<td>58%</td>
</tr>
<tr>
<td>Sports drinks</td>
<td>1%</td>
<td>22%</td>
<td>60%</td>
</tr>
<tr>
<td>RTD tea</td>
<td>5%</td>
<td>41%</td>
<td>36%</td>
</tr>
<tr>
<td>RTD coffee</td>
<td>3%</td>
<td>21%</td>
<td>59%</td>
</tr>
</tbody>
</table>

As shown by the above consumer survey, as many as 64% of Poles drink still water daily or almost daily, while 88% of Poles drink it at least once a month. A smaller group (33%) admit to drinking sparkling water every day. 100% juices are also very popular among the survey participants: 8 in 10 survey participants mentioned drinking them at least once a month. There is also a vast group (approximately 60% of all the survey participants) that never drink sports drinks, energy drinks, or RTD coffee.
In Poland, the value of soft drinks exports significantly exceeds that of imports, and in 2015 the former was almost three times bigger than the latter. After the period of intensive growth in 2009-2012, export stabilized in 2012 at EUR 779 million. The main contributor to the relative stagnation observed in 2012-2015 was the juices, nectars, and fruit drinks segment that constitutes more than half of the total value of export. A drop in exports in that category was caused, inter alia, by declining juice consumption in Western Europe and the resulting decrease in demand for juices from Poland. Another reason for the drop was an embargo imposed on Polish products by Russia in 2014; the export of fruit juices, in particular apple juice, significantly dropped. Consequences of the above proved even more significant because Poland is the second biggest apple juice exporter worldwide, and Russia was its main market.

Germany, which received as much as 25% of all exported beverages, was the largest recipient of Polish exports. The following countries vital for Polish exports should be mentioned: Great Britain, Czech Republic, the Netherlands, and Austria. At the same time, Poland imported beverages mainly from the Netherlands, Germany, Austria, Hungary, and Ukraine.
### 1.2. Soft drinks retail distribution channels

In Poland, soft drinks are distributed mainly off-trade. The market share of this distribution channel amounts to 92% in terms of volume. As compared with other European countries, the on-trade channel (i.e., chiefly restaurants, pubs, bars, cafes, and hotels) has played a minor role here: in 2015 only 8% of the total soft drinks volume in Poland was sold on-trade, whereas an average figure for European Union countries was 18%.

Within the off-trade channel, the majority of soft drinks are sold through discounters, supermarkets, and hypermarkets. In Poland, more than one-fifth of total sales within that channel are attributable to discounters, comparable to the EU average of 22%. However, supermarkets, not discounters, record the highest soft drinks sales within the off-trade channel in the European Union, and they sell almost 1/3 of all soft drinks. In Poland, 19% of sales are attributable to that channel.

In one consumer survey, as many as 68% of consumers disclose that they buy soft drinks at discounters. Moreover, Poles buy soft drinks relatively often in hypermarkets (55%) and supermarkets (50%). One in ten soft drinks consumers shops for them at petrol stations.

The survey results indicate that the number of Poles who buy soft drinks on-trade is still very small. Only 6% of consumers declared that they drank soft drinks in restaurants, and even fewer of them in pubs and bars (4%), temporary retail points (4%), or clubs and discos (2%).

<table>
<thead>
<tr>
<th>Channel</th>
<th>Volume Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-trade</td>
<td>92%</td>
</tr>
<tr>
<td>Discounters</td>
<td>21%</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>19%</td>
</tr>
<tr>
<td>Hypermarkets</td>
<td>18%</td>
</tr>
<tr>
<td>Grocers</td>
<td>45%</td>
</tr>
<tr>
<td>Off-license, liquor and confectionery store</td>
<td>5%</td>
</tr>
<tr>
<td>Petrol stations</td>
<td>9%</td>
</tr>
<tr>
<td>Online stores</td>
<td>1%</td>
</tr>
<tr>
<td>On-trade</td>
<td>8%</td>
</tr>
<tr>
<td>Restaurants</td>
<td>6%</td>
</tr>
<tr>
<td>Clubs, discos</td>
<td>2%</td>
</tr>
<tr>
<td>Hotels</td>
<td>1%</td>
</tr>
<tr>
<td>Temporary retail points, public events</td>
<td>4%</td>
</tr>
</tbody>
</table>

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*Source: KPMG in Poland based on data provided by Euromonitor International and a consumer survey*
### Retail distribution channels growth potential

<table>
<thead>
<tr>
<th></th>
<th>Bottled water</th>
<th>Carbonates</th>
<th>Juices, nectars, and fruit drinks</th>
<th>Energy drinks</th>
<th>Sports drinks</th>
<th>RTD tea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypermarkets</td>
<td>56%</td>
<td>50%</td>
<td>13%</td>
<td>0%</td>
<td>50%</td>
<td>67%</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>78%</td>
<td>38%</td>
<td>63%</td>
<td>11%</td>
<td>63%</td>
<td>33%</td>
</tr>
<tr>
<td>Discounters</td>
<td>78%</td>
<td>75%</td>
<td>100%</td>
<td>78%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Grocers</td>
<td>22%</td>
<td>38%</td>
<td>50%</td>
<td>67%</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Off-license, liquor and confectionery store</td>
<td>0%</td>
<td>38%</td>
<td>0%</td>
<td>33%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Petrol stations</td>
<td>22%</td>
<td>0%</td>
<td>0%</td>
<td>67%</td>
<td>25%</td>
<td>17%</td>
</tr>
<tr>
<td>Online stores</td>
<td>0%</td>
<td>38%</td>
<td>38%</td>
<td>0%</td>
<td>25%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>11%</td>
<td>38%</td>
<td>13%</td>
<td>33%</td>
<td>0%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Growth potential** – percentage of companies that believe the channel will grow in importance as part of a certain soft drink category (respondent could indicate up to 3 categories)

Source: KPMG in Poland based on a soft drink companies survey

Soft drink companies believe that the discounters’ position in all key segments will keep strengthening. The role of supermarket will also grow in importance, in particular, in the following categories: bottled water; sports drinks; juices, nectars, and fruit drinks. The industry sees good prospects ahead for the energy drinks category in petrol stations.

The on-trade channel future is relatively uncertain. On the one hand, with their growth in wealth, Poles are increasingly eager to eat out, which, to take the long view, may lead to an increase in significance of the on-trade channel in the market structure. On the other hand, the companies do not expect a revolution comparable to that which has taken place in some Western European countries. The biggest growth potential is seen first of all in pubs, bars, restaurants, and temporary retail points.

The future will belong to those retailers who offer complex options to clients who highly value comfort, time-saving, and being “smart”. In other words, the future belongs to retailers who provide the widest offers and introduce new products regularly, and yet do not allow their SKU to become so diversified that shopping will not be simple. To retailers whose outlets are close to clients’ homes. To retailers who offer economical products, and yet whose product range will also satisfy clients looking for high quality. The dominant feature of today is complexity, and this will remain unchanged. The future of discounters, particularly of discounters hardly distinguishable from supermarkets, is safe.

Anna Barabasz-Sawińska
Marketing Director CEE
Maspex Group
1.3. Consumer trends

Key consumer trends of the soft drinks market

Consumers have their favourite drinks, which they have drunk for years. Simultaneously, they investigate the health-related aspects of soft drinks: they read product labels, look for good ingredients, and choose products without artificial additives. These two trends strongly affect all soft drinks categories and shape consumer choices, as well as producers’ and distributors’ strategies.

More than four in ten consumers (43%) admit they definitely seek the best quality/quantity relation to the price by looking for promotions and lowest price for a certain product. The Value for Money trend affects all the soft drinks market segments by exerting a strong pressure for margin decrease and increasing the price significance in competing for clients. Consistent with this trend is the increasing share of discounters as well as the development of economic sectors and private labels.

Consumer shopping habits are of key importance for the soft drinks market. As many as 38% of survey participants say they buy soft drinks ahead of use in large quantities, or bulk packaging, that are stored at home and used whenever needed. The Buying Ahead trend has caused producers to adjust the packaging of products they offer to the clients’ expectations and needs.

Although consumers are well acquainted with international soft drinks brands, recent years have seen an increase in the importance of local products. 37% of the respondents declared that when choosing soft drinks they check the country of origin and they prefer to buy products associated with Poland.

Every fourth consumer is open to new concepts and willing to seek for enhanced flavours, original products, or packaging. Reactions to this innovation trend include functional waters (i.e. water enriched with minerals, vitamins, herbal extracts, or other functional ingredients), sports drinks, and exotic flavour drinks. As proven by a survey carried out among soft drinks manufacturers in Poland, innovations will have a strong presence in the market in years to come, and they will contribute to the extension of the current range of products on offer.

71% of consumers claim that their choice of a soft drink is strongly affected by the ingredients used, and therefore they read product labels.

20% of consumers find the current range of soft drinks on offer unadjusted to their needs.

Source: KPMG in Poland based on a consumer survey
## Key consumer trends of the soft drinks market in Poland

<table>
<thead>
<tr>
<th>Trend</th>
<th>Current share</th>
<th>Future impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attachment</strong></td>
<td>58%</td>
<td>0%</td>
</tr>
<tr>
<td>&quot;I have my favourite drinks which I have drunk for years.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>52%</td>
<td>100%</td>
</tr>
<tr>
<td>&quot;I pay much attention to health-related aspects of drinks I choose; I look for products containing healthy ingredients.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Value for Money</strong></td>
<td>43%</td>
<td>56%</td>
</tr>
<tr>
<td>&quot;I seek the lowest price or a better quality/quantity relation to the price; I look for promotions.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Buying Ahead</strong></td>
<td>38%</td>
<td>45%</td>
</tr>
<tr>
<td>&quot;Very often I buy soft drinks ahead (e.g. at hypermarkets or discounters), in big quantities and/or packaging to have them at home to be drunk when needed.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Economic Patriotism</strong></td>
<td>37%</td>
<td>25%</td>
</tr>
<tr>
<td>&quot;When choosing drinks I pay attention to the country of their origin.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>25%</td>
<td>33%</td>
</tr>
<tr>
<td>&quot;I like new things; I look for new flavours, unique products, or packaging.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Premiumisation</strong></td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>&quot;I eagerly buy top-shelf products.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hipsterization</strong></td>
<td>15%</td>
<td>22%</td>
</tr>
<tr>
<td>&quot;A drink is not only to quench my thirst, but also to suit myself and my image, and express my personality.&quot;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Current share** – the percentage of soft drinks consumers that strongly identify themselves with that attitude

**Future impact** – the percentage of companies that believe this trend will be of big / average / small significance for the soft drinks market in the next two years.

The consumers could indicate no more than 4 key trends/attitudes.

Source: KPMG in Poland based on a consumer survey and a soft drinks market companies survey

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In recent years we have observed in Poland an increasingly strong trend of focusing on health and well-being. This applies to the entire food industry and includes soft drinks. Consumers try to choose drinks containing natural ingredients, less sugar, and no preservatives. According to survey results, Poles’ beliefs and declarations reflect a more pro-health approach than their actual purchasing activities suggest, and the strength of this trend is still markedly different in Poland and in Western Europe. For example, although prices for Coca-Cola and Coca-Cola Zero are identical, Poles more eagerly reach for a traditional Cola whereas the Belgians, for the no-calorie version. Nevertheless, we are convinced that the pro-health trend will constantly grow in importance and exert an ever bigger influence on new products and the shopping habits of Poles.

**Iwona Jacaszek‐Prus**
Corporate Affairs Manager
Coca-Cola HBC Polska
1.4. Situation of companies

For many years, the growth of the soft drinks market in Poland has been constant, and its prospects are still good. These facts are of vital importance for producers and distributors operating within that industry. As many as half the companies that responded to the survey regard their current financial situation as highly favourable, while 38% believe it is quite good. The companies expect that in the next year their sales volume will increase; one in three respondents claims that the 2016 sales volume will be more than 10% higher than that recorded the previous year.

Although the situation of the soft drinks market is seen as favourable and revenues are expected to grow, companies operating within the industry face obstacles to further development. Cooperation with distribution channels is among the most frequently mentioned factors that adversely affect the companies’ results. The problem here is not only difficult or costly access, but also the strong price pressure exerted by the biggest soft drinks consumers. In the opinion of every second company that participated in the survey, the key factor that affects their performance is strong competition. This opinion is shared by big producers and both local medium-sized and small manufacturers. In addition, half of the respondents indicated the level and variability of production costs, costs of investments necessitated by maintaining the status of a competitive company, and rates of exchange as obstacles. The availability and quality of human resources (38%), which results first of all from a demand for employees that possess specialist knowledge, are also adverse factors.

### Soft drinks companies’ assessment of their own financial situation

- **Highly unfavourable**: 12%
- **Quite unfavourable**: 38%
- **Neither favourable nor unfavourable**: 50%

Source: KPMG in Poland based on a soft drink companies survey

### Change in sales volume expected by companies in 2016 as compared with 2015

- **Increase**
  - >10%
  - 6-10%
  - 2-5%
- **No change**: 0%
- **Decrease**
  - 2-5%
  - 6-10%
  - >10%

33% 50% 17%

Source: KPMG in Poland based on a soft drink companies survey

### Main factors that adversely affect companies’ performance and growth

- Cooperation with distribution channels (access opportunities and costs, pressure on price): 75%
- Competition from other manufacturers / distributors: 50%
- Level / variability of production costs (raw materials / labour / energy): 50%
- Costs of investments necessary to stay competitive: 50%
- Level / variability of rates of exchange: 50%
- Availability of human resources: 38%

Companies could indicate no more than 4 most vital obstacles

Source: KPMG in Poland based on a soft drink companies survey
When asked about strategic challenges to be faced within next two years, a substantial majority of companies (88%) indicated their product portfolio, which includes, first of all, product innovations development, launching new products or their varieties, portfolio restructuring, or giving up unprofitable brands. Three in four companies find it of key importance to identify and react to consumer trends and to adjust their offer to a change in clients’ finances as well as their needs, expectations, spending intentions, or shopping-related factors. Key customer relationship management and intensification of their presence in selected distribution channels proved the strongest challenge for 63% of the companies surveyed. At the same time, half of the respondents find the area of human resources, i.e. recruitment, training, best employees retention, and management of their efficiency, most vital. Moreover, 50% of companies also mentioned product safety and quality, which are constituted by quality management and product-related standards.

### Strategic challenges to be faced by companies within next 2 years

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product portfolio</td>
<td>88%</td>
</tr>
<tr>
<td>Consumer trends</td>
<td>75%</td>
</tr>
<tr>
<td>Presence in distribution channels</td>
<td>63%</td>
</tr>
<tr>
<td>Human resources</td>
<td>50%</td>
</tr>
<tr>
<td>Product safety and quality</td>
<td>50%</td>
</tr>
<tr>
<td>Brand management</td>
<td>38%</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>38%</td>
</tr>
<tr>
<td>Price policy</td>
<td>25%</td>
</tr>
</tbody>
</table>

Companies could indicate no more than 5 most vital areas.

Source: KPMG in Poland based on a soft drink companies survey.

Ten years ago Polish consumers found most attractive products made in western countries associated with higher quality and greater prestige. Recent years have shown an increased interest in Polish products. Poles find product origin more and more important and choose Polish brands, thus supporting domestic producers and the Polish economy.

Marcin Bojanowicz
Marketing Director
Zbyszko Company
2. Bottled water

2.1. Market size and conditions

In 2015, the Poles spent PLN 4.9 billion on bottled water, having bought 3.2 billion litres of that product off- and on-trade. Water is growing in popularity, and its increasing importance for healthy Polish lifestyles has been reflected in changes in sales within recent years. Since 2011, the Polish water market has been constantly growing as reflected by 2.7% CAGR for last five years. There are strong indicators that in the years to come the growth will be even greater: by 2020 the value of retail sales of bottled water in Poland will exceed PLN 6 billion.

The value of the world bottled water market in 2015 amounted to EUR 16 billion. Almost one fourth of that figure, EUR 39 billion, was composed of the value of water sales in the European Union. The main contributor here was Germany; not only does Germany generate the highest sales figure among the European countries, but it also records the greatest sales value per person.

Value and volume of retail sale of bottled water worldwide, in the EU and in selected countries, 2015

- **Poland**
  - EUR 1,175 million
- **European Union**
  - EUR 39,432 million
- **Worldwide**
  - EUR 163,582 million

Source: KPMG in Poland based on data from Euromonitor International
86% of the companies that participated in the survey believe that the market situation in the still water segment is highly favourable. What is more, all the respondents are convinced that the sales volume in that segment in 2016 will be higher than the one recorded in 2015. 57% believe that the increase will be between 6% and 10%.

The remaining three bottled water segments – sparkling waters, functional waters, and flavoured waters – were given a less optimistic assessment. The majority of respondents judged the prevailing market situation to be quite favourable. When asked about the 2016 sales volume changes expected, producers mostly indicated a growth of 2%-5% to the 2015 figures.

Opinion on the current market situation of the bottled water segment

Still water

- Highly favourable: 14%
- Quite favourable: 86%
- Quite unfavourable: 13%
- Highly unfavourable: 25%

Sparkling water

- Highly favourable: 57%
- Quite favourable: 43%
- Quite unfavourable: 14%
- Highly unfavourable: 14%

Functional water

- Highly favourable: 62%
- Quite favourable: 25%
- Quite unfavourable: 13%
- Highly unfavourable: 14%

Flavoured water

- Highly favourable: 72%
- Quite favourable: 14%
- Quite unfavourable: 14%
- Highly unfavourable: 14%
Change in bottled water sales volume expected by companies in 2016 as compared with 2015

<table>
<thead>
<tr>
<th>Percentage Change</th>
<th>Increase</th>
<th>No Change</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;10%</td>
<td>14%</td>
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<td>6-10%</td>
<td>57%</td>
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<tr>
<td>2-5%</td>
<td>29%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>No change</td>
<td>0%</td>
<td>14%</td>
<td>0%</td>
</tr>
<tr>
<td>2-5%</td>
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<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>6-10%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>&gt;10%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a soft drink companies survey

Product categories share in 2015 bottled water sales volume in Poland

- **49%** Still water (PLN 2,415 million)
- **30%** Sparkling water (PLN 1,475 million)
- **20%** Flavoured water (PLN 954 million)
- **1%** Functional water (PLN 51 million)

Still water constitutes almost half of the retail sales value of bottled water and simultaneously corresponds to 54% of its total sales volume. Over the last five years, both the value and the volume of still water sales have been constantly growing, and the pace of growth was similar to that of the entire bottled water segment. The second largest category is sparkling water, which constitutes 30% of the retail sales value.

Particular attention should be paid to functional water, i.e. water enriched with minerals, vitamins, herbal extracts, or other functional ingredients. Although the overall segment share of those products is minute, their significance has been growing over recent years. According to the data provided by Euromonitor International, the share of the functional waters category in the USA bottled waters market in 2015 amounted to 6%. In Poland, water producers have been launching more and more products belonging to that category and, as information received from them indicates, there is a chance that functional waters will constantly be present on the Polish market.

67% of the consumers claim they see significant differences between spring, mineral, and functional waters

Source: KPMG in Poland based on a soft drink companies survey
In Poland, consumption of bottled water per person significantly differs from that recorded by European leaders. The greatest volume of water is bought by Italians: the annual figure per person is about 180 litres and with a value of almost EUR 100. Italians are followed by Spaniards (152 litres, EUR 105) and the French (145 litres, EUR 63). On average, a Pole still buys substantially less per annum, i.e. only 82 litres of water that on average cost EUR 31. Germans buy on average 143 litres of water per person and spend on it as much as EUR 118. Such big expenditures on bottled water stem first of all from Germans’ shopping habits: they choose waters that are more expensive, contain more minerals, or are enriched with vitamins and functional ingredients, very often from remote corners of the world.

### Bottled water sales per person in selected countries, 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Volume (litres per capita)</th>
<th>Value (EUR per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>180</td>
<td>99</td>
</tr>
<tr>
<td>Spain</td>
<td>152</td>
<td>105</td>
</tr>
<tr>
<td>France</td>
<td>143</td>
<td>63</td>
</tr>
<tr>
<td>Germany</td>
<td>126</td>
<td>118</td>
</tr>
<tr>
<td>Hungary</td>
<td>95</td>
<td>38</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>87</td>
<td>49</td>
</tr>
<tr>
<td>Slovakia</td>
<td>82</td>
<td>38</td>
</tr>
<tr>
<td>Poland</td>
<td>67</td>
<td>31</td>
</tr>
<tr>
<td>Romania</td>
<td>40</td>
<td>24</td>
</tr>
<tr>
<td>Great Britain</td>
<td>40</td>
<td>52</td>
</tr>
<tr>
<td>Ukraine</td>
<td>34</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on data from Euromonitor International

### 2.2. Bottled water retail distribution channels

<table>
<thead>
<tr>
<th>Channel</th>
<th>Still water</th>
<th>Sparkling water</th>
<th>Functional water</th>
<th>Flavoured water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-trade 95%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hypermarkets 23%</td>
<td>57%</td>
<td>56%</td>
<td>51%</td>
<td>52%</td>
</tr>
<tr>
<td>Supermarkets 23%</td>
<td>46%</td>
<td>48%</td>
<td>45%</td>
<td>47%</td>
</tr>
<tr>
<td>Discounters 21%</td>
<td>70%</td>
<td>70%</td>
<td>56%</td>
<td>68%</td>
</tr>
<tr>
<td>Grocers 33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-license, liquor and</td>
<td>47%</td>
<td>45%</td>
<td>34%</td>
<td>49%</td>
</tr>
<tr>
<td>confectionery store</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petrol stations 9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online stores 2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pubs, bars, cafés 4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurants 9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clubs, discos 2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels 1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary retail points, public events 6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on data provided by Euromonitor International and a consumer survey
As compared to other soft drink categories, bottled water is very rarely sold on-trade. In 2015, only 5% of the bottled water sales volume were sold in this channel, i.e. in pubs, bars, cafes, and restaurants. For example, according to data gathered by Euromonitor International, Hungarians buy 3% of water in the channel analysed, Czechs buy 10%, Germans, 12% and Portuguese, 23%.

Changes taking place in the off-trade distribution channel are of vital importance for the water market. In 2010-2015, the discounters’ share in the off-trade sales volume rose from almost 14% to more than 21%. This growth was at the expense of small retailers (suffering a drop from 36% to 26%).

As gleaned from the consumer survey, as many as seven in ten consumers declare that they buy still and sparkling water at discounters. The frequency of purchases that Poles make at hypermarkets, supermarkets, and grocers is comparable. Results of the survey have confirmed that very few consumers buy bottled water on-trade. Only 9% of respondents indicated they purchased still water in restaurants, and even fewer, 5%, declared they purchased sparkling water there.

2.3. Consumer trends

Key consumer trends of the bottled water market

Clearly, a dynamic development of the bottled water category is furthered by consumer awareness and an increasing emphasis on health-related aspects of water consumption. When choosing water, consumers treat it as a crucial part of a healthy lifestyle. Water consumption in Poland is still low compared with that of Western Europe countries; however, as indicated by the survey conducted in companies, company managers notice considerable potential in this category.

The Buying Ahead trend is also vital for the bottled waters market. More than half of the consumers (53%) declare that they often buy water in big quantities or packaging to store at home and use when needed. This changing attitude to shopping is closely linked to the prominence of discounters and hypermarkets in bottled water distribution, for these are the channels wherein water is most frequently bought ahead. In addition, this trend makes the producers adjust the packaging offered to the clients’ needs.

The significance of the Localness trend differs depending on the soft drinks market segment that is under discussion. Local solutions are most vital for Polish consumers, and they are eager to buy domestic products from the bottled water segment. This is because Poles are aware that we have very good mineral waters in Poland and they want to drink them.

Iwona Jacaszek-Prus
Corporate Affairs Manager
Coca-Cola HBC Polska

© 2016 KPMG in Poland based on a consumer survey
Still water is a soft drink most eagerly drunk by consumers. As many as 85% of the respondents declared that they drank it at least several times a month, and 64% drink it every day. One third of the respondents drink sparkling water daily or almost daily. Much fewer people buy functional or flavoured water. Only every third respondent drinks it at least 2-3 times a month.

Still water is a soft drink most eagerly drunk by consumers. As many as 85% of the respondents declared that they drank it at least several times a month, and 64% drink it every day. One third of the respondents drink sparkling water daily or almost daily. Much fewer people buy functional or flavoured water. Only every third respondent drinks it at least 2-3 times a month.

In recent years we have observed significant changes in the nutrition habits of Poles: physical activity and healthy eating are increasingly important in everyday life. Consumers eagerly buy products that contain no preservatives or artificial sweeteners, or that are unprocessed and low-calorie; they also read product labels and pay attention to the ingredients used. They have ceased to expect that a soft drink or water will merely quench their thirst; now they expect it will also constitute an adequate source of nutrition. Hence, this year we have paid much attention to the development of products falling within the categories of functional waters and freshly squeezed juices.

Marcin Bojanowicz
Marketing Director
Zbyszko Company

Bottled water consumption frequency in Poland

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily or almost daily</th>
<th>2-3 times a week</th>
<th>Once a week</th>
<th>2-3 times a month</th>
<th>Once a month</th>
<th>Less than once a month</th>
<th>Never / I do not drink such beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Still water</td>
<td>64%</td>
<td>10%</td>
<td>5%</td>
<td>6%</td>
<td>3%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Sparkling water</td>
<td>33%</td>
<td>15%</td>
<td>9%</td>
<td>11%</td>
<td>5%</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>Functional water</td>
<td>6%</td>
<td>9%</td>
<td>7%</td>
<td>10%</td>
<td>7%</td>
<td>23%</td>
<td>38%</td>
</tr>
<tr>
<td>Flavoured water</td>
<td>5%</td>
<td>8%</td>
<td>9%</td>
<td>11%</td>
<td>7%</td>
<td>23%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a consumer survey
A vast majority (89%) of people who never drink still water declare that they do not like its taste. 12% of all respondents never drink sparkling water, and more than half of them believe it is unhealthy. Almost 40% of persons surveyed never drink functional or flavoured water. These consumers believe that the former is not tasty, and they avoid the latter for health-related reasons.

We expect that in the years to come we will observe a steady growth in the sale of mineral waters, including healing waters, at the expense of unbranded spring waters. One of the reasons is a change in the lifestyles of Polish consumers and their growing health awareness. There will also be a growth in the sale of drinks dedicated for certain recipients, e.g., runners, children, seniors.

Ewa Lewek
Vice-President of the Management Board
Krakowski Kredens Tradycja Galicyjska
3. Carbonates

3.1. Market size and conditions

In terms of retail sales value, which in 2015 amounted to almost PLN 8.3 billion, carbonates constitute the leading soft drinks market category in Poland. However, consumers’ interest in carbonates is not growing as intensely as it did in the past. In addition, strong price competition among the soft drinks producers in Poland contributed to a slight drop in this segment’s value with a simultaneous growth in its volume.

In 2015, the carbonates’ world market value amounted to EUR 274 billion. One-fifth of this is sales within the European Union, which reached almost EUR 55 billion. The biggest volume of carbonates was sold in Germany, Great Britain, and Spain. Poland, with almost EUR 2 billion, generates 3.6% of all European Union sales.

Value and volume of carbonates retail sales worldwide, in the EU and in selected countries, 2015
In 2010-2015, the total retail sale value of carbonates in Poland declined, and the compound annual growth rate (CAGR) was -0.2%. According to forecasts, in the coming years the declining trend will be reversed, however, primarily because of the increase in the on-trade channel value.

Carbonates are the only segment among the analysed soft drinks market categories in Poland where the share of the on-trade channel in the sales value exceeds 40%.

Representatives of carbonates-producing companies are cautiously optimistic. Two-thirds of the respondents believe that the situation of the carbonated cola drinks is quite favourable, while one-third described it as quite unfavourable.

A more pessimistic opinion was expressed with reference to non-cola carbonates: 83% of the respondents believe that the situation of this category is quite unfavourable, and 50% of them expect a 2-5% drop in sales in 2016 as compared with 2015.
The hipsterization trend originated from a rejection of traditional values by a modern consumer and his attempts to be different, to be distinguishable from the mainstream. Sometimes this trend is closely linked with innovation, inconsistency, and dynamism. It results from modern consumers’ characteristics: the way they change, the way their knowledge expands, their constant access to the entire world through travel and the Internet.

Iwona Jacaszek-Prus
Corporate Affairs Manager
Coca-Cola HBC Polska

Change in carbonates sales volume expected by companies in 2016 as compared with 2015

<table>
<thead>
<tr>
<th>Increase</th>
<th>No change</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;10%</td>
<td>2-5%</td>
<td>&gt;10%</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>40%</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>17%</td>
<td>33%</td>
<td>50%</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Carbonated cola drinks
Other carbonates

Source: KPMG in Poland based on a soft drink companies survey

Product categories share in 2015 carbonates sales volume in Poland

- Carbonated cola drinks: 62%
- Other carbonates: 38%

Source: KPMG in Poland based on data from Euromonitor International

The carbonates category includes two main segments: carbonated cola drinks and other carbonates. In Poland cola drinks are more popular, and their sale generates as much as 62% of the entire segment value. These are also the drinks most frequently bought in the majority of European Union countries.
Germans buy the greatest volume of carbonates per person – as many as 96 litres a year—and on average they pay EUR 139 for that. The highest expenditures on carbonates are made by Spaniards, who spend on average EUR 142. A Pole purchases on average 57 litres of carbonates a year, spending approximately EUR 52.

3.2. Carbonated drinks retail distribution channels

In comparison with other segments of the soft drinks market in Poland, carbonated drinks belong to the products, which are relatively often sold via the on-trade channel. However, comparing to other European countries, the role of pubs, bars, cafes and restaurants is still rather small. For example, in Portugal almost 40% of the sales volume of carbonated drinks accounts for the on-trade channel, in Italy – 33%, and in Austria – 30%.

Like in other segments of soft drinks in Poland, more and more carbonated soft drinks are sold at discount stores. Within the last five years, this share has increased by 9 percentage points, corresponding to 22% of sales in the off-trade channel in 2015.

The conducted survey reveals that as many as seven out of ten respondents declare buying carbonated soft drinks at discount stores, and more than half-in hyper- and supermarkets. A relatively large number of respondents, which equals to 15%, purchase this kind of drinks at petrol stations.
3.3. Consumer trends

Key consumer trends of the carbonates market

When choosing carbonated drinks, consumers usually rely on products they have known or liked for years. As the survey reveals, as many as 63% of consumers believe that their shopping choices are to a substantial extent shaped by their attachment to favourite carbonated drinks.

Irrespective of the growing premiumisation (indicated by 26% of respondents), half of the consumers admit that they definitely seek the best quantity/quality relation to price and look for promotions to find carbonates at lowest prices. The Value for Money trend, which strongly affects the carbonates segment, creates a space for development of own brands and discounter networks.

As in the bottled waters segment, Poles’ shopping habits are vitally affected by the Buying Ahead trend. As many as 42% of consumers declare that they buy products of this type in big quantity and packaging and drink them as required. An answer to this trend is big packaging and multipacks introduced to their offer by carbonated drinks producers.

Almost every fifth person is of the opinion that he reaches for carbonates not only to quench his thirst, but also to enhance his image or express his personality. These consumers wish to distinguish themselves from the mainstream: they choose niche drinks available in selected places and innovative solutions.

Regarding beverages, the main factor affecting Polish shopping habits is the price, one of the lowest in Europe. Consumers look for products with the best value to price relation and seek bargains and promotions, as they openly admit. However, this is just one soft drinks market trend. Other consumer and product trends include, among others, innovation, health, well-being, and localness. These are the trends that help to build a brand and launch new products.

Iwona Jacaszek-Prus
Corporate Affairs Manager
Coca-Cola HBC Polska

The consumers could indicate no more than 4 key trends/attitudes
Source: KPMG in Poland based on a consumer survey

Value for Money

Econo

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Carbonates consumption frequency in Poland

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily or almost daily</th>
<th>2-3 times a week</th>
<th>Once a week</th>
<th>2-3 times a month</th>
<th>Once a month</th>
<th>Less than once a month</th>
<th>Never / I do not drink such beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbonated cola drinks</td>
<td>5%</td>
<td>13%</td>
<td>13%</td>
<td>19%</td>
<td>11%</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>Other carbonates</td>
<td>3%</td>
<td>8%</td>
<td>11%</td>
<td>18%</td>
<td>11%</td>
<td>27%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a consumer survey

Reasons for desisting from drinking carbonates of various categories

The most frequently mentioned reason for which the respondents desist from drinking carbonates is health. At the same time, 17% of people who do not drink cola drinks and 28% of those that do not drink other carbonates dislike the carbonates' taste.

Cola drinks constitute a fairly stable segment although recently a slight drop in sales has been recorded. However, according to forecasts, this segment will remain stable for the next few years. Nevertheless, cola drinks sales are changing in individual distribution channels. After several years of stability, there is now a drop in the importance of a traditional and organized channel, while the sale through discounters has been significantly growing.

As in almost all soft drinks segments, the health and wellness trend is vital for the cola drinks category. This situation is particularly interesting because in no other segment is an attachment to taste and the brand's name so important: there are two main market players who hold a major share of the cola market. This proves that market strength, combined with taste perception, with a simultaneous rise of the health and wellness trend, is extremely important. In addition, product portfolio extension, including no- or low-sugar cola drinks, has been increasingly important. Poland and other Central and Eastern European countries have specific preferences in that respect. First, no-sugar drinks are regarded as less tasty, with a so-called "aftertaste". Next, people regard aspartame as harmful although there is no evidence to support that view. Therefore, despite substantial investments into supporting no-sugar cola drinks, attempts to change Polish consumers' perceptions of them have been unsuccessful so far, and the their sales are still substantially lower when compared with those of Western European countries. In the context of the above-mentioned factors, one of the biggest challenges of cola drinks producers is retaining their consumers, who very often reach for water and other substitutes for traditional drinks instead of choosing their sugar-free versions.

Pawel Gurgul
General Director
PepsiCo Polska
4. Juices, nectars, and fruit drinks

4.1. Market size and conditions

In 2015, the value of retail sales of juices, nectars, and fruit drinks in Poland increased to almost PLN 6 billion. After carbonates, it is second biggest soft drinks category in Poland (in terms of value). The value of the Polish market share in European Union sales is almost 6% - the only segment in which Poland’s significance is larger is RTD tea.

In 2015, the value of the juices, nectars, and fruit drinks market worldwide exceeded EUR 117 billion; more than one-fifth represented the European Union market. Within the European Union market, most juices, nectars, and fruit drinks were sold in Germany, France, and Great Britain. In 2010-2011, the value of this market in Poland recorded a drop of approximately PLN 250 million, which predominantly resulted from the worldwide economic crisis and pessimistic consumer sentiments. However, since 2012 a slow, yet steady growth of the market value has been observed. Nevertheless, in 2015 the value of the juices, nectars, and fruit drinks segment did not exceed the 2010 figure. It is estimated that within next four years the market will be growing steadily by 1.4% a year, and in 2020 the value of sales will amount to almost PLN 6.4 billion.
The companies operating within the industry that participated in the survey are quite optimistic about the category of juices, nectars, and fruit drinks. Every third respondent is of the opinion that the juices segment’s situation is definitely good, while the others say that it is rather good. At the same time, as many as 57% of all the respondents believe that it is rather good. At the same time, as many as 57% of all the respondents believe that next year this category will record a growth of 6 to 10%.

86% of the respondents describe the nectar segment situation as good, and 60% of them are of the opinion that in 2016 the sales volume will increase by 2-5% as compared with a previous year.

The least favourable opinion was expressed with reference to still fruit drinks: almost every third respondent (29%) believes that the situation within that category is rather bad. Nevertheless, the forecasts for the next year do not seem to be pessimistic; 60% of the companies surveyed believe there will be a 2-5% growth to 2015, while 40% envisage no change in the sales volume.
Change in the sales volume of juices, nectars, and fruit drinks expected by companies in 2016 as compared with 2015

<table>
<thead>
<tr>
<th>Increase</th>
<th>No change</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;10%</td>
<td>2-5%</td>
<td>&gt;10%</td>
</tr>
<tr>
<td>0%</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>0%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>60%</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a soft drink companies survey

Product categories share in 2015 sales volume of juices, nectars, and fruit drinks in Poland

- **Juices** (100% juice content) - 46% of the market, with a sales value of PLN 2,697 million.
- **Nectars** (25-99% juice content) - 25% of the market, with a sales value of PLN 1,501 million.
- **Fruit drinks** (up to 24% juice content) - 29% of the market, with a sales value of PLN 1,731 million.

Source: KPMG in Poland based on data from Euromonitor International

Juices constitute 46% of the value of retail sale in the segment. The first runners up are drinks containing up to 24% of juice, while nectars (25-99% juice content) take one-fourth of the market. Poles most often choose orange juice. Apple, multi-fruit, and carrot juices are also popular.

The list of favourite flavours has been unchangeably opened by orange, apple, currant or multivitamin. A big segment of the market includes fruit mixes which sometimes contain rare fruits or super fruits. The market is nevertheless developing new flavour variations. This stems from consumers’ constant need to try new things and from the fact that the consumers are not homogenous. There are traditionalists accustomed to their favourite flavours, but there are also people who constantly seek for new things, like changes, and must constantly be offered new and more diversified products within a brand. An easier access to novelties from around the world, travel, and social media has resulted in people, especially the young, wanting to try new things, and expecting constant change and surprise.

Anna Barabasz-Sawińska
Marketing Director CEE
Maspex Group

55% of consumers believe that the best drinks are the ones they make themselves.

Source: KPMG in Poland based on a soft drink companies survey
Compared with sales in other European countries, a relatively big quantity of juices, nectars, and fruit drinks is bought in Poland. Per capita, Poles consume 35 litres a year, i.e. just one litre less than residents of Germany, giving us the second position in Europe. The greatest expenditures for products of that category are made by the French: EUR 71 per person. Next are the Germans (EUR 65) and the British (EUR 63). The Poles spend the relatively low amount of EUR 37 per person. As revealed from the comparison of expenditures made for that purpose, we pay almost half as much as the Germans, British, or French.

The market of juices, nectars, and fruit drinks will be subject to changes similar to those that take place in other food categories in relation to distribution channels, points of sale, and the products.

Taking into account an increasing tendency among Poles to eat out or hold celebrations outside their homes, we predict an increase of significance of the HORECA market. Therefore, we should notice there a growth of sale of juices, nectars, and fruit drinks.

In my opinion, retail sales growth will not be substantial. First of all, we may expect movement within a certain category. For example, in juices there will be growth in sales of ecological juices at the expense of sales of concentrate-based juices. In drinks there will be an increase in sales of drinks containing the smallest possible quantity of additives such as preservatives, artificial colourings, or flavours, and an increase of consumption of drinks that do not contain such ingredients, but include natural additives or vitamins.

Ewa Lewek
Vice-President of the Management Board
Krakowski Kredens Tradycja Galicyjska
Part of the market of juices, nectars, and fruit drinks that has attractive prospects ahead is the subcategory of NFC juices, i.e. juices that are not made from concentrate, usually freshly squeezed or pressed.

In Poland in 2015, the NFC juices segment constituted only 2% of the volume and 4% of the value of juices sales, while in other Western European countries, such as France or Great Britain, it was respectively 59% of value and 54% of volume, and 49% of value and 38% of volume of the juices market.

Although the sales volume of NFC juices grows dynamically, annual consumption per person in Poland is relatively low. In 2015, a Pole spent on average EUR 0.7 and drank 0.3 litres of NFC juices. Although the forecasts predict this category’s growth, Poland still lags behind other countries. On average, a Pole drinks 38 times less NFC juices than a Canadian does. In Europe, most not-from-concentrate juices are drunk in Ireland (9.6 litres per capita), France (8.9 litres per capita), and Great Britain (6.8 litres per capita).

In future Poles are expected to buy more products from this category and to spend more money on them. According to the forecasts, in Poland the value of the analysed segment will grow from EUR 26.5 million in 2015 to EUR 39.7 million in 2020. The compound annual growth rate (CAGR) that amounted to 9% in 2010-2015 will drop to 8% in 2016-2020. Although the pace of growth of the Polish NFC juices market value will decrease, it is still one of the greatest within the European Union. The quickest development here will be recorded in the Czech market, which will be followed by the Hungarian and Croatian markets.

### Sale of NFC juices per person in selected countries, 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Volume (litres per capita)</th>
<th>Value (EUR per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>8.9</td>
<td>31.3</td>
</tr>
<tr>
<td>France</td>
<td>6.8</td>
<td>27.6</td>
</tr>
<tr>
<td>Great Britain</td>
<td>2.1</td>
<td>18.8</td>
</tr>
<tr>
<td>Germany</td>
<td>0.7</td>
<td>4.5</td>
</tr>
<tr>
<td>Spain</td>
<td>0.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Poland</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Italy</td>
<td>0.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Hungary</td>
<td>0.2</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on data from Euromonitor International

*According to Euromonitor International, NFC (not from concentrate) juices are commonly freshly-squeezed, not reconstituted from concentrate products, usually stored within chilled cabinets. Not from concentrate juices can be partially pasteurised, which means their shelf life can range from four days to three weeks. Other sources define NFC juices broader and according to them this category amounted to 110 million litres in Poland at the end of 2015.*
4.3. Juices, nectars, and fruit drinks retail distribution channels

In accordance with the data of Euromonitor International, the off-trade channel is the primary distributor of juices, nectars and fruit drinks: it covers as much as 90% of the sales volume of these products in Poland. To compare, the Germans purchase 84% of juices, nectars, and fruit drinks off-trade, the Italians, 82%, and the Spanish, 81%. The growing role of discounters in the off-trade sales volume is vital for that sector. According to data provided by Euromonitor International, in 2010-2015, their share grew in 2010-2015 from 14% to more than 19%. The growth took place at the expense of small retailers.

Consumers of juices, nectars, and fruit drinks are strongly attached to discounters: more than 70% of the respondents shop within that channel, while less frequently at hypermarkets, supermarkets, and grocers.

With the growth in their wealth, Poles are increasingly eager to eat out, and thus a gradual increase of the on-trade channel in the distribution structure may be expected in the long run. However, analyses indicate that a change making Poland’s dining-out habits similar to those of Western European countries should not be expected. Every tenth respondent declares that he purchases juices in restaurants. The figures are lower for nectars (4%) and still fruit drinks (4%).

Paweł Gurgul
General Director
PepsiCo Polska

In the juices category attention should be paid to the importance of PET packaging. Until now these products were sold in carton juice boxes. In 2005-2010 attempts were made to sell juices in plastic bottles, and yet they were strongly resisted by the consumers. Recently, the market has undergone certain changes, and juices in PET bottles are distributed on an increasingly larger scale.
4.4. Consumer trends

Key consumer trends of the juices, nectars, and fruit drinks market

X% – average value for the juices, nectars, and fruit drinks segment
[X%] – average value for the soft drinks market

The consumers could indicate no more than 4 key trends/attitudes
Source: KPMG in Poland based on a consumer survey

Consumers look for healthy products containing natural ingredients and no artificial additives. This trend is particularly significant in the juices, nectars, and fruit drinks segment. As many as 65% of the respondents focus on health-related matters when choosing this product category.

Irrespective of other trends, one feature of the juices, nectars, and fruit drinks market remains vital: Polish consumers want to drink products made in Poland. When choosing products of this category, every second respondent checks the country of origin.

Every fourth consumer declares being open to novelties, original tastes, and packaging. Producers effectively stimulate that trend by introducing numerous innovations, e.g. exotic flavours, fruit mixes, lowering calorie content, or adding certain drink functionalities. A survey carried out in companies operating within the industry proves that the innovation trend will constantly grow and affect development of the current product offering available on the market.

On-the-go lifestyles are increasing the popularity of convenience products that can be taken along, are always at hand, and may even substitute for a meal. A focus on convenience and the search for simple solutions have caused a steady development of products in plastic packaging, products lighter in transport, easier to store, taking up less space than, for example, glass in a waste container.

A new family pack is enjoying growing popularity, i.e. the “bag in box”, which usually referred to as a “carton with a tap”. These usually have a volume of 3 to 5 litres, may be used for a longer time and, additionally, are a kind of a gadget.

Anna Barabasz-Sawińska
Marketing Director CEE
Maspex Group

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Frequency of consumption of juices, nectars, and fruit drinks in Poland

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily or almost daily</th>
<th>2-3 times a week</th>
<th>Once a week</th>
<th>2-3 times a month</th>
<th>Once a month</th>
<th>Less than once a month</th>
<th>Never / I do not drink such beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Juices</td>
<td>9%</td>
<td>24%</td>
<td>20%</td>
<td>19%</td>
<td>9%</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td>Nectars</td>
<td>3%</td>
<td>12%</td>
<td>14%</td>
<td>17%</td>
<td>13%</td>
<td>21%</td>
<td>20%</td>
</tr>
<tr>
<td>Fruit drinks</td>
<td>2%</td>
<td>9%</td>
<td>10%</td>
<td>13%</td>
<td>13%</td>
<td>25%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a consumer survey

As the consumer survey reveals, half of the respondents drink juices at least once a week. Only every fifth respondent declared drinking still fruit drinks once a week or more frequently, while as many as 28% claim they never drink them. Fruit nectars are consumed at least once a week by 29% of all the respondents, but at the same time 20% never drink such drinks.

Private labels form an important part of the juices, nectars, and fruit drinks segment. Their growth is very dynamic. They constantly offer products that are new, better, and above all easily accessible thanks to a development of the discounter's network, the private labels' main distribution channel. On the other hand, the presence and activity of private labels force a greater activity on the part of branded products' manufacturers. This involves constant development and innovation because the brands' aim is to build a category, irrespective of what no-brand competitors do.

Anna Barabasz-Sawińska
Marketing Director CEE
Maspex Group
Almost 40% of all survey participants who declared they had never drunk juices said this was because the prices were too high. Almost every third respondent in that group does not like the taste of fruit juice. Every fifth Pole never drinks nectars. The most often repeated reasons here are as follows: “I do not like it” (40%), “they are unhealthy” (28%), and “they are too expensive” (19%). Almost half of the survey participants who never drink still fruit drinks claim they do not like their taste.

The health trend will undoubtedly make producers develop healthy products with lower sugar contents or with no sugar. There are, for example, the dynamically growing fruit mousses segment and the vegetable juices segments. The latter is a niche segment in Poland, but has potential. As yet little known “functional fruits” may also constitute an area for development; such fruits (e.g. chokeberry, cranberry) have numerous health benefits and need no supplementing.

Anna Barabasz-Sawińska
Marketing Director CEE
Maspex Group
5. Energy drinks

5.1. Market size and conditions

In 2015, Poles spent almost PLN 1.3 billion on, and purchased 118 million litres of, energy drinks. Energy drinks are growing in popularity both in Poland and worldwide. According to forecasts, the increasing tendency will be maintained: the compound annual growth rate (CAGR) in 2016-2020 will amount to over 6.8%, and in 2020 retail sales of energy drinks in Poland will total almost PLN 1.8 billion.

In 2015, the value of the energy drinks market worldwide was EUR 38 billion. Almost one-fifth came from sales in the European Union. The greatest sales value within the EU is attributable to Great Britain. Energy drinks consumption by the British generates as much as one-fourth of the EU energy drinks market value. Meanwhile, the Polish market constitutes 4.3% of the European Union market value.

Value and volume of energy drinks sales worldwide, in the EU and in selected countries, 2015

Source: KPMG in Poland based on data from Euromonitor International
In 2010-2012 the energy drinks segment recorded a drop in retail sales value, which resulted predominantly from a change in consumer sentiments. Since 2012, market value has started to steadily grow, and in 2015 it achieved the level of almost PLN 1.3 billion. According to estimates, the value of this market will keep increasing over the next few years, and its compound annual growth rate (CAGR) will amount to 6.8% in 2016-2010. The market value will be PLN 1.8 billion in 2020.

Almost one-third of the companies that participated in the survey regards the energy drinks market situation as highly favourable, and 57% think it quite favourable. Respondents’ forecasts concerning sales volume change in 2016 as compared with 2015 were also positive. As many as 60% of the survey participants believe sales will increase by 2-5%, while 40% of them predict even a higher rise of 6-10%.
Residents of Great Britain buy the most energy drinks: in 2015 a Briton drank on average 8 litres and paid EUR 31 for them. First runners up are Hungarians. Hungarian drank on average almost 5 litres, paying almost EUR 14, whereas Germans came third with 4 litres per person for EUR 18. Within one year a Pole buys on average more than 3 litres of energy drinks and pays EUR 8 for them. In Czech Republic and Slovakia, comparable quantities of energy drinks are consumed, but more money is spent on them.

Distribution at petrol stations is relatively important for the Polish energy drinks market. As many as 28% of people who consume these drinks declare that they buy them there.

As with other segments, consumers very often buy energy drinks at discount networks (65%), supermarkets (55%), hypermarkets (51%), and grocers (44%).
5.3. Consumer trends

The consumers could indicate no more than 4 key trends/attitudes

Source: KPMG in Poland based on a consumer survey

To give an example of how new products could be introduced within the energy drinks segment, energy drinks with added vitamins and minerals as well as the usual body stimulating ingredients might be developed. This is one response companies give to the burgeoning healthy lifestyle trend.

Artur Dorf
Marketing Country Manager
Novi (Isostar brand distributor)
## Frequency of consumption of energy drinks in Poland

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily or almost daily</th>
<th>2-3 times a week</th>
<th>Once a week</th>
<th>2-3 times a month</th>
<th>Once a month</th>
<th>Less than once a month</th>
<th>Never / I do not drink such beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy drinks</td>
<td>1%</td>
<td>3%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>20%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a consumer survey

## Reasons for desisting from drinking energy drinks

- I do not like them: 5%
- They are too expensive: 22%
- They are unhealthy: 6%
- Other reason: 67%

Source: KPMG in Poland based on a consumer survey

As few as every tenth respondent declares that he consumes energy drinks at least once a week. Almost six in ten survey participants never drink beverages of that type. Among the respondents that drink energy drinks, the majority are men (59%) and people younger than 45 (71%). A substantial majority of those who do not consume these drinks claim such drinks are unhealthy.

Contrary to the carbonated cola drinks segment, energy drinks form a category that grows extremely quickly. Consumer surveys show that a key criterion for choosing energy drinks is their taste. Recipients of the energy drinks category are young people, predominantly men. They are open to new things and seek new products and flavour solutions. The most frequently used packaging for energy drinks are 0.25 litre cans. Private labels are trying to introduce other packaging for these products; however, this has little significance for the entire segment. Interestingly, almost 60% of all the energy drinks consumers are so-called “heavy users”, i.e. people who regularly drink products of that type.

Energy drinks are usually bought on impulse. Their sales in various channels are growing, yet it is petrol stations that record the highest increase. The above is stimulated first of all with its functionality and available formats.

Paweł Gurgul
General Director
PepsiCo Polska
6. Sports drinks

6.1. Market size and conditions

The sports drinks market value has been growing in Poland, and in 2015 it amounted to PLN 203 million. This corresponds to 2.6% of the European Union market value, which ranks Poland ninth among all EU countries. The five biggest markets, constituting almost 80% of the entire market value, are Spain, Germany, Great Britain, Italy, and the Netherlands.

A constantly growing awareness of physical activity’s role in everyday life resulted in a growth of popularity of products that support active leisure, including sports drinks. As revealed by the quantity data analysis, interest in this type of product has been increasing. This is manifested in the rise of volume and value of sales both in Poland and worldwide.

Value and volume of sports drinks sales worldwide, in the EU and in selected countries, 2015

Source: KPMG in Poland based on data from Euromonitor International
In 2010-2015 the sports drinks market was increasing at a compound annual growth rate (CAGR) of 2.4%. According to estimates, within the next five years the growth will be even higher and amount to almost 4% a year, while the value of retail sales in this segment will reach PLN 241 million in Poland. The sports drinks segment, despite its relatively low share in the Polish soft drinks market, is seen favourably by companies operating within the industry. This is confirmed by the results of the survey. The situation of this category is considered quite favourable by as many as 71% of the survey participants and highly favourable by almost one-third of them. What is more, half of the respondent companies predict that in 2016 the sales volume will be 10% higher than the one recorded the previous year.

Opinion on the current sports drinks segment situation

Sports drinks

- Highly unfavourable
- Quite unfavourable
- Quite favourable
- Highly favourable

71% 29%

Source: KPMG in Poland based on a soft drink companies survey

Change in the sales volume of sports drinks expected by companies in 2016 as compared with 2015

- Increase
  - >10%: 50%
  - 6-10%: 25%
  - 2-5%: 25%
- No change: 0%
- Decrease
  - 2-5%: 0%
  - 6-10%: 0%
  - >10%: 0%

Source: KPMG in Poland based on a soft drink companies survey

Source: KPMG in Poland based on data from Euromonitor International; (f) – forecast

Dariusz Gałęzewski
President of the Management Board
OSHEE Polska
Residents of Spain consume the greatest volume of sports drinks in Europe: in 2015 they bought on average 5.5 litres of that beverage per person and paid EUR 10 for them. The first runners up are the British, who bought 2.2 litres for EUR 4.6, and in third place are the Germans with 2.2 litres for EUR 3.8. On average, a Pole bought only 0.1 litres and paid EUR 1.3 for it.

<table>
<thead>
<tr>
<th>Country</th>
<th>Volume (litres per capita)</th>
<th>Value (EUR per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>5.5</td>
<td>10.0</td>
</tr>
<tr>
<td>Great Britain</td>
<td>2.2</td>
<td>4.6</td>
</tr>
<tr>
<td>Germany</td>
<td>2.2</td>
<td>3.8</td>
</tr>
<tr>
<td>Italy</td>
<td>1.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Poland</td>
<td>1.3</td>
<td>0.5</td>
</tr>
<tr>
<td>Slovakia</td>
<td>0.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Hungary</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td>France</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Romania</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on data from Euromonitor International

### 6.2. Sports drinks retail distribution channels

According to the consumer survey, approximately half of the people who buy sports drinks state they do it at discounters (54%), supermarkets (49%), and grocers (45%). Almost every fifth respondent (18%) purchases those products at petrol stations. The on-trade channel is of limited importance for sports drinks distribution in Poland: only 3% of consumers buy sports drinks in temporary retail points.

<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage of Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypermarkets</td>
<td>52%</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>49%</td>
</tr>
<tr>
<td>Discounters</td>
<td>54%</td>
</tr>
<tr>
<td>Grocers</td>
<td>45%</td>
</tr>
<tr>
<td>Off-license, liquor and confectionery store</td>
<td>7%</td>
</tr>
<tr>
<td>Petrol stations</td>
<td>18%</td>
</tr>
<tr>
<td>Online stores</td>
<td>2%</td>
</tr>
<tr>
<td>Pubs, bars, cafes</td>
<td>2%</td>
</tr>
<tr>
<td>Restaurants</td>
<td>1%</td>
</tr>
<tr>
<td>Clubs, discos</td>
<td>1%</td>
</tr>
<tr>
<td>Hotels</td>
<td>0%</td>
</tr>
<tr>
<td>Temporary retail points, public events</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Source: KPMG in Poland based on a consumer survey*

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### 6.3. Consumer trends

**Key consumer trends of the sports drinks market**

- **Buying Ahead**
  - Value for Money
  - 54% (52%)
  - Innovation
  - 42% (43%)
  - Premiumisation
  - 23% (25%)
  - Health
  - 23% (36%)

**The consumers could indicate no more than 4 key trends/attitudes**

Source: KPMG in Poland based on a consumer survey

When buying products of this category, more than half of the sports drinks consumers pay attention to information included on the product label and the product's health-related aspects. Respondents regard the price criterion as important, yet they prefer to choose premium-positioned products.

About 40% of people who declare that they regularly consume products of that market segment choose drinks they have known and trusted for years.

Recently the sports drinks market has become increasingly mature and competitive. This is caused by a situation similar to the one that took place in previous years on the energy drinks market when many producers were introducing energizers to their range. That the sports drink market is developing is proven by the adjustment of products to certain target groups (e.g. bikers, runners) and introduction of product novelties (new ingredients, flavours, packaging) on a regular basis. The growing popularity of sport, a greater understanding of healthy lifestyles, or the increase of wealth within society lead to a growth of production per person and, as a result, cause producers and distributors to take an optimistic view of the future. The situation of western markets suggests that the sports drinks segment in Poland has a considerable potential.

**Artur Dorf**
Marketing Country Manager
Novi (Isostar brand distributor)
Almost one in four sports drinks consumers reports that he drinks them at least once a month, and only 1% of the survey participants drinks them daily. Sports drinks are mostly drunk by men and young people. Only 4% of the respondents aged 65 and older reported having drunk sports drinks several times a month. Almost 60% of consumers claim they never drink sports drinks and mention their unfavourable influence on health as the main reason.

Source: KPMG in Poland based on a consumer survey

### Frequency of consumption of sports drinks in Poland

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily or almost daily</th>
<th>2-3 times a week</th>
<th>Once a week</th>
<th>2-3 times a month</th>
<th>Once a month</th>
<th>Less than once a month</th>
<th>Never / I do not drink such beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sports drinks</td>
<td>1%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td>18%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a consumer survey

### Reasons for desisting from drinking sports drinks

Almost one in four sports drinks consumers reports that he drinks them at least once a month, and only 1% of the survey participants drinks them daily. Sports drinks are mostly drunk by men and young people. Only 4% of the respondents aged 65 and older reported having drunk sports drinks several times a month. Almost 60% of consumers claim they never drink sports drinks and mention their unfavourable influence on health as the main reason.

Consumers regard the sports drinks sector firstly in terms of functionalities and the needs these drinks satisfy. The category is still relatively small, but it has been growing within recent years and, as forecasts predict, this dynamic will be maintained in the coming years. The main reason for this is the increasing popularity of sport, which is accompanied by an extension of the product range offered to physically active people and an increase in sales at gyms, fitness clubs, and other sport centres.

Paweł Gurgul  
General Director  
PepsiCo Polska

The largest development can be expected in the sectors of sports drinks and functional waters associated with sport and a healthy lifestyle. An analysis of the current market situation and the increase in these products’ sales allows producers to be highly optimistic about the future.

Artur Dorf  
Marketing Country Manager  
Novi (Isostar brand distributor)
7. Ready to drink tea

7.1. Market size and conditions

RTD (ready to drink) tea is a type of a product ready for consumption, most often in the form of iced tea. When compared with figures recorded in other EU countries, the value of RTD tea consumption in Poland is relatively high. Poland’s share in the European Union market value is slightly more than 6%, and the largest shares of this market are held by Germany and Italy.

In 2015 Poland was ranked sixth among European Union countries in terms of RTD tea sales value. It was preceded by Germany, Italy, the Netherlands, France, and Belgium. In Germany, the value of sales is almost four times higher than in Poland and on average 30 times bigger than in Great Britain. In most EU countries the sale of RTD tea constitutes approximately 2-3% of the total value of soft drinks sales.

Value and volume of RTD tea sales worldwide, in the EU and in selected countries, 2015

Source: KPMG in Poland based on data from Euromonitor International
Since 2012, the RTD tea market in Poland has been increasing in value, and it recorded a compound annual growth rate (CAGR) of 1.2%. According to estimates, this growth will be even greater in 2016-2020, when it will amount to 3.1%. The on-trade channel share has been gradually increasing in recent years, from 18% in 2010 to 21% in 2015.

RTD tea is typically a seasonal product. It is mostly sold in the summer (from the end of May to the end of September).

Consumers usually consider it a healthier alternative to flavoured waters. Two-thirds of products in this category are black tea based beverages, while the second largest subcategory is products prepared from green tea.

The current situation and the near future of the RTD tea segment have made a favourable impression upon soft drinks producers and distributors. This is confirmed by the results of the survey. As many as 71% of the survey participants consider the situation of this category quite favourable, and 83% of them believe that in the near future the sales volume will increase by 2-5%.

Opinion on the current RTD tea segment situation

- Highly favourable
- Quite favourable
- Quite unfavourable
- Highly unfavourable

71% of participants consider the situation quite favourable, while 29% consider it highly unfavourable.

Change in the sales volume of RTD tea expected by companies in 2016 as compared with 2015

- Increase
  - >10%
  - 6-10%
  - 2-5%
  - No change
- Decrease
  - 2-5%
  - 6-10%
  - >10%

83% of respondents expect an increase in sales volume, while 17% expect a decrease.
In 2015, a Pole bought on average 6 litres of RTD tea and paid EUR 6.5 for them. The biggest expenditure for products of that category was made by Italians: they paid EUR 12.7 for 7.7 litres of RTD tea. Germans are leaders in terms of quantity of litres bought – almost 10 litres for EUR 12.2.

The exceptionally low consumption of RTD tea in Great Britain is primarily cultural. The British are frequent and eager drinkers of brewed tea, and RTD tea did not get an enthusiastic welcome on their market.

7.2. RTD tea retail distribution channels

<table>
<thead>
<tr>
<th>Channel</th>
<th>Off-trade</th>
<th>On-trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypermarkets</td>
<td>17%</td>
<td>52%</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>Discounters</td>
<td>30%</td>
<td>60%</td>
</tr>
<tr>
<td>Grocers</td>
<td>33%</td>
<td>39%</td>
</tr>
<tr>
<td>Off-license, liquor and confectionery store</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Petrol stations</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Online stores</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Pubs, bars, cafes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clubs, discos</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary retail points, public events</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The leading soft drinks distribution channel in Poland is discounters, which over the years and thanks to a consistent business strategy, have considerably changed their image. Now these are shops whose salesroom arrangement is that of a supermarket, and where the majority of those products’ purchasers do their shopping. We have no doubts that this distribution channel will strengthen its position in all key market segments.

Source: KPMG in Poland based on data from Euromonitor International.
7.3. Consumer trends

Key consumer trends of the RTD teas market

Key consumer trends that shape the RTD teas market are attachment to a certain product and interest in health. More than half of consumers of this segment’s products have their favourite teas, which they have repeatedly bought, for years. There has also developed a very large group (47% of the RTD teas consumers) who tend to choose tea as a healthier alternative to other drinks. Every third consumer claims that he seeks new flavours and is open to innovation, while only every fourth consumer buys ahead, in big quantities and/or packaging.

Within the RTD tea segment there is a clear division into a dominant category of black teas (approximately 70% of the market) and a smaller, yet recording higher sales growth, category of green teas (less than 30% of the market). An increasing number of producers actively support green teas and invest in their development as these are the teas that match current trends involving healthy lifestyles and awareness of ingredients used in chosen products. Another issue important for consumers is the low calorie count of drinks they buy; in order to meet those expectations, RTD teas producers lower the sugar content in drinks. Half of the RTD teas are available on the Polish market in 1.5 litre bottles; they are bought for consumption at home, for split consumption, or for sharing with others. RTD teas are sold mostly at discounters: almost half of the entire sales volume is sold there, and this share grows every year, primarily caused by increasing sales of private labels. Sales of RTD tea are influenced by the season: the majority of products are sold in the summer, which distinguishes that category from segments less dependent on weather conditions.

Over recent years we could have observed the development of a new trend among Polish consumers. Poles have made their lifestyles more active, and they practice sports regularly. However, when comparing Poland with Western Europe, we can see that our country is still at the beginning of its journey towards health and everyday physical activity. We see prospects for further development: year by year more and more people practice amateur sports, and the number of organized sports events is growing. The observation that parents encourage their children to spend their leisure time actively, as the lack of exercise adversely affect the children’s growth and development, inspires optimism.

Artur Dorf
Marketing Country Manager
Novi (Isostar brand distributor)

Paweł Gurgul
General Director
PepsiCo Polska

The consumers could indicate no more than 4 key trends/attitudes
Source: KPMG in Poland based on a consumer survey
RTD tea is drunk predominantly by people under 45 years of age. More than 40% of the respondents report that they drink such beverages at least once a month, while 5% drink it every day. 37% of the survey participants do not drink RTD tea because they do not like it or believe it is unhealthy.

A substantial consumer group, the so-called “Millennials”, will cause the introduction of numerous new sub-brands and product lines, and even one-year lines, in order to provide this demanding group with ever-new products.

Anna Barabasz-Sawińska  
Marketing Director CEE  
Maspex Group

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**Frequency of consumption of RTD tea in Poland**

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily or almost daily</th>
<th>2-3 times a week</th>
<th>Once a week</th>
<th>2-3 times a month</th>
<th>Once a month</th>
<th>Less than once a month</th>
<th>Never / I do not drink such beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTD tea</td>
<td>5%</td>
<td>6%</td>
<td>8%</td>
<td>11%</td>
<td>10%</td>
<td>23%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: KPMG in Poland based on a consumer survey

**Reasons for desisting from drinking RTD tea**

- I do not like them: 6%
- They are too expensive: 35%
- They are unhealthy: 43%
- Other reason: 16%

Source: KPMG in Poland based on a consumer survey

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Within its regulatory aspect, the soft drinks market is included in a broader category of the food market subject to detailed regulations in both the European Union and Poland.

In Poland, the basis for such regulations is the Act of 25 August 2006 on the Safety of Food and Nutrition. This applies the provisions of numerous EU regulations and covers such issues as health requirements of products; principles of hygiene; competence of authorities within the scope of conducting official food control; as well as, to a certain extent, principles of sales, advertising, and promotion; and requirements concerning institutional catering to children and youth.

Certain categories of soft drinks are in addition subject to detailed regulations, e.g. those applicable to agricultural and food markets regarding juices and nectars, or to dietary supplements in energy drinks.

A separate sphere of regulations vital for the industry refers to acquisition of water as a basic ingredient in soft drinks production. In certain European Union countries (e.g. Slovakia) this issue is regulated by constitutional provisions. In Poland, water acquisition, including water acquisition by soft drinks producers, is also regulated, but not in the fundamental Act. Nevertheless, it is worth remembering that in accordance with the so-called Water Framework Directive of the European Union, “Water is not a commercial product like any other but, rather, a heritage which must be protected, defended, and treated as such.”

8.1. Production

Production notification

Taking up business activity in soft drinks manufacturing is subject to registration and approval. The Public Health Protection Agency is competent in that respect. It is provided with notifications by its regional branches.

Business activity in manufacturing, storing, packaging, and trading in agricultural and food products, including juices and nectars, is subject to notification to a provincial inspector for commercial quality of agricultural and food products. This obligation does not apply to retail trading in such products.
Acquisition of water as a raw material for production

With reference to prospecting and extraction of waters, the legislator decided to introduce a dichotomous split of necessary entitlements. Depending on the legal classification of a certain water, where such classification is primarily based on mineral ingredients of the water, an entrepreneur using his or her own water intake is required to obtain:

- a licence covering healing waters, thermal waters, and brines under the provisions of the Geological and Mining Law, or
- a water-legal permit for all other waters under the provisions of the Water Law.

As should be mentioned regarding general regulations on the protection of the environment, there are costs connected with the observance of reporting obligations, payment of an environmental fee, and the so-called “product fee”. The latter is applicable when a product is introduced to trading in packaging, including bottles.

Planned amendments in the system of charges

Recently, the planned amendment to the Water Law has been subject to vigorous discussions. According to the published bill, the amendment is to ensure, inter alia, “a comprehensive approach in the water charges policy, with due regard given to the reimbursement of costs for water-related services”, in compliance with Article 9 of the Water Framework Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000. As planned by the authors of the bill, this means, inter alia, an exclusion of the water intake charges from provisions on environmental protection and a change concerning entities authorised to collect such charges, with a simultaneous partial application thereto of relevant provisions on tax obligations. In addition, the bill provides for an introduction of a fixed (daily) charge and a variable charge corresponding to the currently applied solution. The latter, when compared to its current amount, would be subject to a substantial increase for the purposes of drinks production. The originally proposed increase amount was strongly opposed, so the Ministry of Environmental Protection has announced a vital reduction of the charge before it has actually been applied. We still do not know the final wording of the planned regulation; thus, it is difficult to assess its influence on the industry. However, it is absolutely clear that the bill will substantially increase the costs of soft drinks production.

Quality standards

As mentioned above, production of soft drinks is subject to the provisions of the Act on the Safety of Food and Nutrition, which forms a regulatory basis for this market segment.

In accordance with a statutory definition, manufacturing of foodstuffs covers activities involving the preparation of raw materials for processing, their storage, technological treatment, packing and labelling, and all activities preceding their introduction to trading, including finished products storage until that time.

Any food product, including a soft drink, which is to be legally introduced to trading within the territory of the Republic of Poland, must be consistent with the norms, meet the requirements defined in the statutory regulations and secondary legislation, and be properly labelled.
Foods for particular nutritional uses
The Act imposes strict regulations on foods for particular nutritional uses, i.e. those that because of the ingredients used or the manner of preparation clearly differ from commonly consumed foodstuffs and, in accordance with information placed on packaging, are introduced to trading to satisfy special nutritional needs. Energy drinks and sports drinks may be classified among such products. Under the Act, stricter regulations are applicable to foodstuffs of this kind, in particular at the stage of production. Moreover, the producer may define drinks of this category as “supplements” i.e. foodstuffs that are meant to supplement the normal diet and which are concentrated sources of vitamins or minerals or other substances with a nutritional or physiological effect. Products so defined are subject to a more thorough statutory control, and their ingredients must be consistent with the norms defined in the secondary legislation.

Spring waters, table waters, mineral waters
The waters segment (comprising natural mineral waters, spring waters, and table waters) is a part of the soft drinks market subject to separate regulations, in particular to protect such waters against pollution or change of their characteristic mineral ingredients. The scope of regulation also covers intakes of natural mineral waters, as well as installations and devices for these waters’ extraction, transportation, bottling, and packing.

In addition, in order to legally launch “natural mineral waters” (or, respectively, “mineral waters”, “spring waters”, or “table waters”) in Poland, a competent national or EU authority, in particular the Chief Sanitary Inspector, must confirm certain water’s classification within a relevant category. The matter is determined by an administrative decision issued at the request of an entity concerned, and the relevant application, inter alia, is attached with a water assessment and its classification in a certain category by a scientific unit or other competent authority.

EU Hygiene Package
The so-called “EU Hygiene Package” determines minimum hygiene requirements to be observed in production. It is a general regulation applicable to the entire food market, and thus also to the soft drinks market.

Legislation vital for soft drinks production:
- Act of 25 August 2006 on the Safety of Food and Nutrition (Journal of Laws of 2015, item 594, as amended);
- Regulation by the Minister of Health of 9 October 2007 on Dietary Supplements Composition and Labelling (Journal of Laws of 2015, item 2032);
- Regulation by the Minister of Health of 16 September 2007 on Food Products for Special Nutritional Needs (Journal of Laws of 2015, item 1026);
- Regulation by the Minister of Health of 31 March 2011 on Natural Mineral Waters, spring Waters and Table Waters (Journal of Laws of No. 85, item 466);
- Act of 21 December 2000 on Commercial Quality of Agricultural and Food Products (Journal of Laws of 2015, item 678, as amended);
- Water Law of 18 July 2001 (Journal of Laws of 2015, item 469, as amended);
European Union legislation, mentioned in the Act on the Safety of Food and Nutrition, which implements that legislation in the Polish legal system includes:


8.2. Promotion and sales

**General**

In contrast to their production stage, promotion and sales of soft drinks are subject to substantially fewer industry-specific regulations. Apart from the general hygiene-related provisions mentioned in the Act on the Safety of Food and Nutrition, attention should be paid to regulations on the protection of competition and consumers, as well as provisions concerning educational facilities.

**Drinks labelling**

A key aspect of regulations concerning protection of competition and consumers is meeting information requirements, which is implemented through a proper and comprehensive labelling of foodstuffs, including beverages of all types. The basic national secondary legislation, which reflects the Community Directives in the Polish legal system, is the Regulation by the Minister of Agriculture and Rural Development of 23 December 2014 on food products labelling. The main goal of the regulation implementation by the producers is to direct consumers’ attention to differences in the nature and designation of offered products of certain types. Crucially, a label on a foodstuff marketed in packaging must include information on the manner of its preparation or consumption if the absence of such information might result in its improper use.

Moreover, the basic regulation of the above-mentioned issue is established by the secondary legislation to the Act on Safety of Food and Nutrition and the Regulation (EU) No 1169/2011 on the provision of food information, as well as the generally binding provisions regarding the protection of competition and consumers. Another pertinent regulation was issued by the Minister of Agriculture and Rural Development of 30 September 2003; it includes detailed requirements.
concerning the commercial quality of fruit juices and nectars, and refers to a proper classification of the products offered, where such a classification is of particular importance for avoiding misleading the consumers.

In accordance with statutory requirements, labels on foodstuffs launched in Poland should include information in Polish, at least, unless they are designated for markets other than the domestic one.

Proper labelling may be highly advantageous for an offered product when the label presents the desirable characteristics or properties of the product and thus persuades the consumer to choose it.

The above aspect of food labelling may involve:

• “nutritional claims” that are equivalent to any declaration, which states, suggests, or implies that the food it describes has beneficial nutritional properties stemming from such food’s energy content (energy value), or nutritional or other substances it contains (or from their absence);

• “health claims” that are equivalent to any declaration, which states, suggests, or implies that there is an association between a food category, a given food, or one of its ingredients, and health.

Since food products may have a profound influence on a consumer, they may be labelled with such nutritional or health claims on condition that the requirements of certain secondary legislation and specific provisions of community regulations are satisfied (in particular, requirements included in the provisions of regulation 1924/2006 dedicated to this issue).

General advertising principles

Advertising bans stemming explicitly from the Broadcasting Act should be noted. Advertising may not violate human dignity; include any content that is discriminatory on grounds of race, sex, or nationality; be offensive to one’s religious or political beliefs; prejudice physical, mental, or moral development of youths; or encourage behaviour prejudicial to health, safety, or environment.

Moreover, in the Act on the Safety of Food and Nutrition, the legislator listed numerous provisions that make a general advertising regime much stricter with reference to foodstuffs, in particular regarding dietary supplements’ labelling, presentation, and advertisement. Claims or suggestions that a balanced and varied diet may not provide human body with all necessary nutrients are prohibited.

Soft drinks sale in educational facilities

The rules governing soft drinks’ sale and advertisement in educational facilities should be noted. Conducting promotional and advertising activities that would encourage the purchase of foodstuffs other than those included in groups of food products designated for sale to children and youths in these facilities is prohibited.

Commercial activities in educational facilities are regulated by statutory provisions, and one of the most vital legislations in that respect is the Regulation by the Minister of Health of 26 August 2015 on groups of food products designated for sale to children and youths in the educational system, and requirements to be met by food products used in institutional catering for children and youths within it. The above-mentioned regulation includes numerous instructions and exclusions referring to all types of
products designated for consumption in educational facilities. The final provisions of the Act on the Safety of Food and Nutrition provide for fines in the event of failure to observe the above-mentioned secondary legislation to the Act.

**Legislation vital for soft drinks sale:**

- Act of 25 August 2006 on the Safety of Food and Nutrition (Journal of Laws of 2015, item 594, as amended);
- Regulation by the Minister of 26 August 2015 on groups of food products designated for sale to children and youths in the educational system, and requirements to be met by food products used in institutional catering for children and youths within it (Journal of Laws, item 1256 – on 1 September 2016 the regulation will be amended);
- Regulation by the Minister of Agriculture and Rural Development of 30 September 2003 on detailed requirements concerning the commercial quality of fruit juices and nectars (Journal of Laws of 2014, item 494, as amended);
- Regulation by the Minister of Agriculture and Rural Development of 23 December 2014 on food products labelling (Journal of Laws of 2015, item 29);
- Regulation by the Minister of Economy of 20 July 2009 on detailed requirements for packed goods labelling (Journal of Laws No. 122, item 1010);
- Broadcasting Act of 29 December 1992 (Journal of Laws of 2016, item 639, as amended);
8.3. Summary

An increased interest in nutrition as fundamental to human health, noted within European Union countries and among their authorities, has led to increased legislative activity within that scope.

The addressees of various regulations governing the food industry, including the soft drinks sector, are very often critical about that legislation and regard it as an overregulation. At the same time, supervisory competence over the soft drinks market in Poland was given to various inspectorates and controlling services, which suggests a space for deregulation within that sphere. Hopefully, the deregulation attempts that we are observing now in our country will prove more successful than the previous ones.

On the other hand, we should be aware that it is in our general interest to have rational regulations governing the industry that deals with the production and sale of water-based products crucial for human physiology. Thus, formal simplification in that respect, if any, is not expected to be radical.
9. Methodology

Analysis of the soft drinks market in Poland involved the following research methods:

9.1. Desk research

The report is based on data obtained from companies, soft drinks market research institutions (chiefly Euromonitor International), and statistical institutes (chiefly Eurostat and the Central Statistical office of Poland). The quoted data that describe retail sales within a certain category cover both off-trade and on-trade sales (i.e., respectively at retailers’ and in the HORECA sector). In order to enable a comprehensive analysis of the situation in various countries, a division on market segments was based on the classification introduced by Euromonitor International. Several product categories are slightly differently defined under Polish law and by Euromonitor. The data in this report are as they were at the end of June 2016.

For the purposes of this analysis, the soft drinks market has been divided into the following categories:

- **Bottled water** – this segment covers bottled waters: still, sparkling, flavoured, and functional.
- **Carbonates** – soft drinks infused with carbon dioxide and all sparkling soft drinks containing fruit juice that are not classified among RTD teas, flavoured waters, or energy drinks. The segment has been split into carbonated cola drinks and other carbonates.
- **Juices, nectars, and fruit drinks** – within this category fall all packaged juices obtained from fruits or vegetables by mechanical process, concentrated or freshly squeezed, very often containing fruit and vegetable pulp or purée. The analysis does not refer to non-packed juices. It covers still drinks only. Carbonated drinks have been included in the carbonates category. The segment aggregates 100% juices, nectars (25-99% juice content), drinks of up to 24% juice content, and flavoured juice drinks (with no juice content).
- **Energy drinks** – functional drinks to boost energy levels. They are very often carbonated and contain caffeine and water-soluble vitamins.
- **Sports drinks** – isotonic, hypotonic, and hypertonic products that provide fluids and carbohydrates, supplement lost body fluids, electrolytes (sodium, potassium, chlorides), and glucose.
- **RTD tea** – all packaged products based on brewed tea or tea extract. These drinks may be sweetened or unsweetened, carbonated or still, in many flavours. They may also contain juice.
- **RTD coffee** – ready to drink coffees made with coffee or coffee extract, consumed hot or cold. The category includes neither coffee drinks and flavoured milks for children, nor coffee-flavoured products in which a coffee flavour is but one of several. Due to its minute share in the entire market, this segment has not been included in this report.
9.2. Survey of Polish consumers of soft drinks

The consumer survey was conducted in July 2016 by Norstat on a representative sample of 1,005 adult Poles. The respondents were asked about their preferences and habits concerning soft drinks purchase and consumption. The research method applied for the purposes of the survey was the CAWI (Computer Assisted Web Interview).

### Gender

<table>
<thead>
<tr>
<th></th>
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<th>Female</th>
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<tbody>
<tr>
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### Age

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<tr>
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<td>21%</td>
<td>20%</td>
<td>15%</td>
<td>19%</td>
<td>16%</td>
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</tbody>
</table>

### Place of residence

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<th></th>
<th>Village</th>
<th>City (number of inhabitants):</th>
<th></th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>up to 20 thousand</td>
<td></td>
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<tr>
<td>Total</td>
<td>37%</td>
<td>11%</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>20-50 thousand</th>
<th>50-200 thousand</th>
<th>200-500 thousand</th>
<th>over 500 thousand</th>
</tr>
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<tbody>
<tr>
<td>Total</td>
<td>12%</td>
<td>15%</td>
<td>11%</td>
<td>14%</td>
</tr>
</tbody>
</table>

### Education

<table>
<thead>
<tr>
<th></th>
<th>Primary</th>
<th>Vocational</th>
<th>Secondary</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1%</td>
<td>6%</td>
<td>42%</td>
<td>51%</td>
</tr>
</tbody>
</table>
9.3. Survey of soft drinks market companies in Poland

The report also draws on data collected in a survey conducted among representatives of enterprises operating within the industry. The survey participants were the companies’ top management: CEOs, board members, directors, or owners. The survey covered big corporations as well as small and medium-sized producers and distributors of various categories of soft drinks. The survey was carried out from May to August 2016, and covered companies to which almost a half of the Polish soft drinks market value is attributable.

In addition, the respondents answered questions referring to categories they represent or analyse on an ongoing basis (e.g., products competitive to those they offer).

Surveyed companies structure according to employment record

![Surveyed companies structure](image)

Micro and small companies (up to 49 employees) 15%
Medium-sized companies (50-249 employees) 46%
Big companies (250 employees and more) 39%

Source: KPMG in Poland based on a soft drinks market companies survey

Surveyed companies structure according to dominant segment of activity

![Surveyed companies structure](image)

Carbonates 31%
Juices, nectars and fruit drinks 31%
Bottled waters 15%
Sports drinks 15%
Energy drinks 8%

Source: KPMG in Poland based on a soft drinks market companies survey

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