LOW 2 NO:

GROWTH & OPPORTUNITY

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AGENDA

Who is the low 2 no consumer?	How are operators tapping into the low 2 no sector?	Trends and Innovation

METHODOLOGY

Eating & Drinking Out Panel

Lumina Intelligence's UK Eating & Drinking Out Panel tracks the behaviour of 1,500 nationally-representative consumers each week, building up to a sample of 78,000 every year, across all eating out channels and day-parts (including snacking)

2020-2022

Market Sizing & Operator Data Index

Market sizing data tracking the performance of hospitality and grocery operators, based on turnover and outlet numbers

Extracts from Operator Data Index and wider synthesis with total Eating Out market sizing

2016-2025F

Menu Tracker

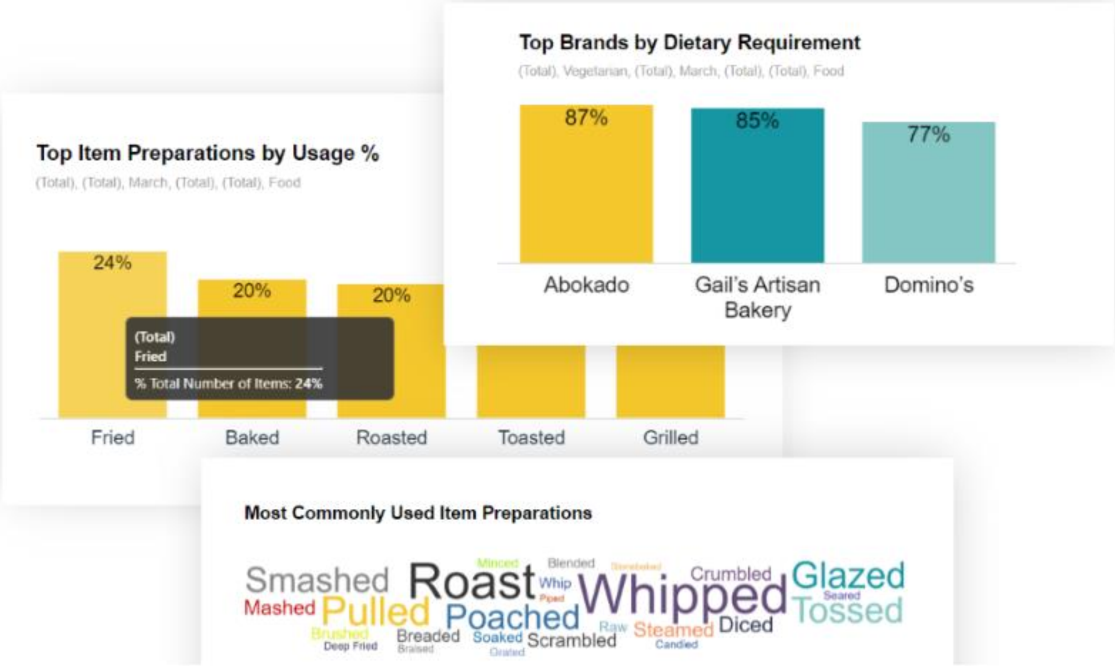
Lumina Intelligence Menu Tracker Tool holds food and drink menu data, updated monthly, from the top 20 branded chains by outlets across restaurants, pubs & bars, QSR and coffee & sandwich shops.

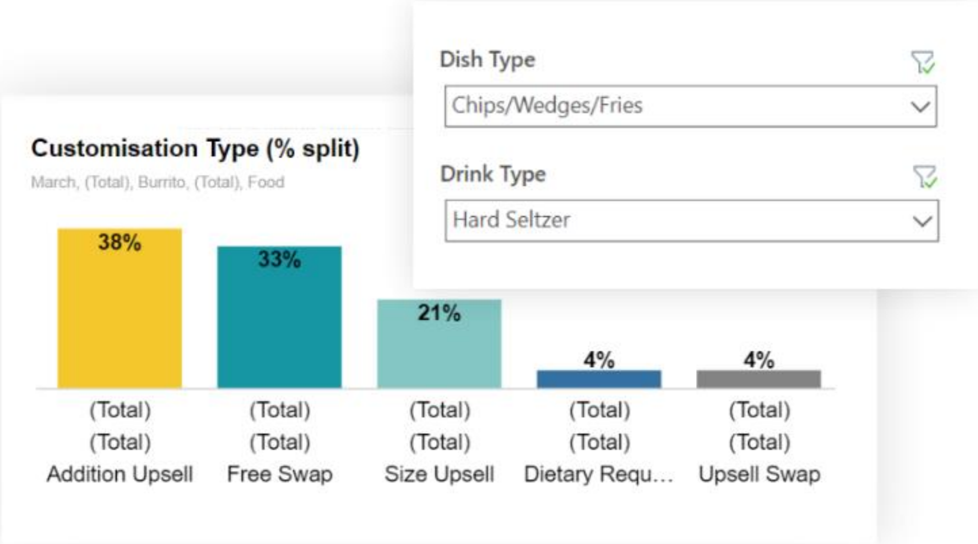
2022

Lumina Intelligence also uses external sources including desk research and GFK Consumer Confidence Index

AN OVERVIEW OF MENU TRACKER

Track the development of food and drinks trends via the collection of menus from top brands





OUR CORONAVIRUS LABELLING

Pre Coronavirus

Pre-2020

Pre Coronavirus Uncertainty

January-February 2020
At this time little had happened in the UK and Europe regarding the outbreak.

Peak Coronavirus Lockdown

Mar-May 2020 (I)
Nov 2020 (II)
Dec-Mar 2021 (III)
The height of the pandemic. Government intervention led to widespread home working, school closures and reduced public transport. Public encouraged to avoid non-essential travel and implement social distancing.

Post Lockdown

May-Nov 2020 (I)
Nov-Dec 2020 (II)
Apr 21-Dec-21 (III)
Intermittent periods of time directly following Lockdown I-III.
This is predicted to be a minimum period of six months with continuing risk aversion mindsets.

Economic Impact

Now
Period when the UK feels the economic impact that the virus will leave. This period is set to be defined by cautionary consumer spending and notable operator causalities.

Market Recovery Adjusted Normality

Future (years)
Expected to be in around 3-5 years. The competitive landscape of the food and drink market will be very different, with Lumina Intelligence expecting some lasting legacies from both consumers and operators going forward.

Source Lumina Intelligence

LOW 2 NO INNOVATION IS RELEVANT TO OVER 2 IN 3

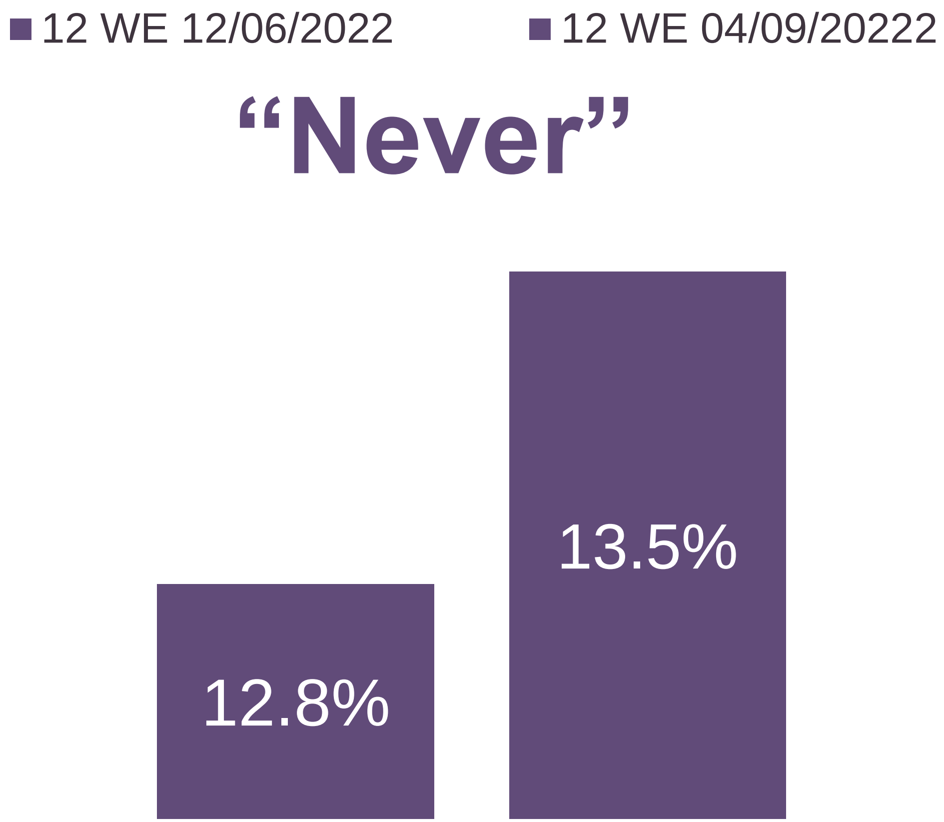
How often do you drink alcohol?

Rarely & Sometimes

59%

+1ppt

Year-on-year



Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

CONSUMERS ARE BECOMING MORE PRICE-CONSCIOUS

VALUE SCRUTINY

Value Led

Pubs and Bars 73%

+5ppts

Vs 12 WE 08.08.21

Pubs & Bars: Average number of alcoholic drinks (with % change vs previous 12WE)

Drink	Average	% change
Beer	2.52	-1.6%
Wine	2.16	-0.9%
Spirit	2.72	-3.2%
Cider	2.27	+1.3%
Cocktail	2.72	-2.2%

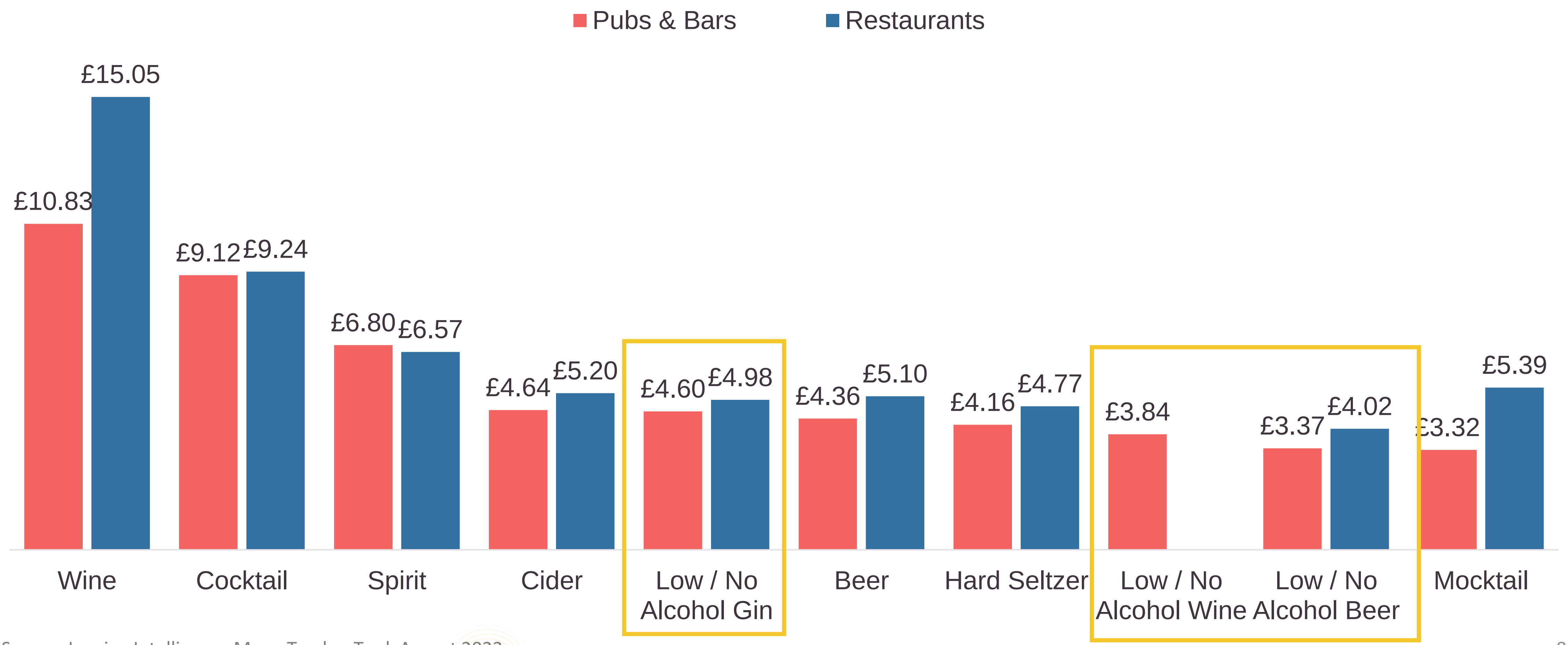
44%

I am trying to cut down on my alcohol consumption

Source: Lumina Intelligence Eating and Drinking Out Panel, data collected 12 WE 08/08/21 and 12 WE 07/08/22

LOW ALCOHOL SPIRITS ARE THE MOST LUCRATIVE

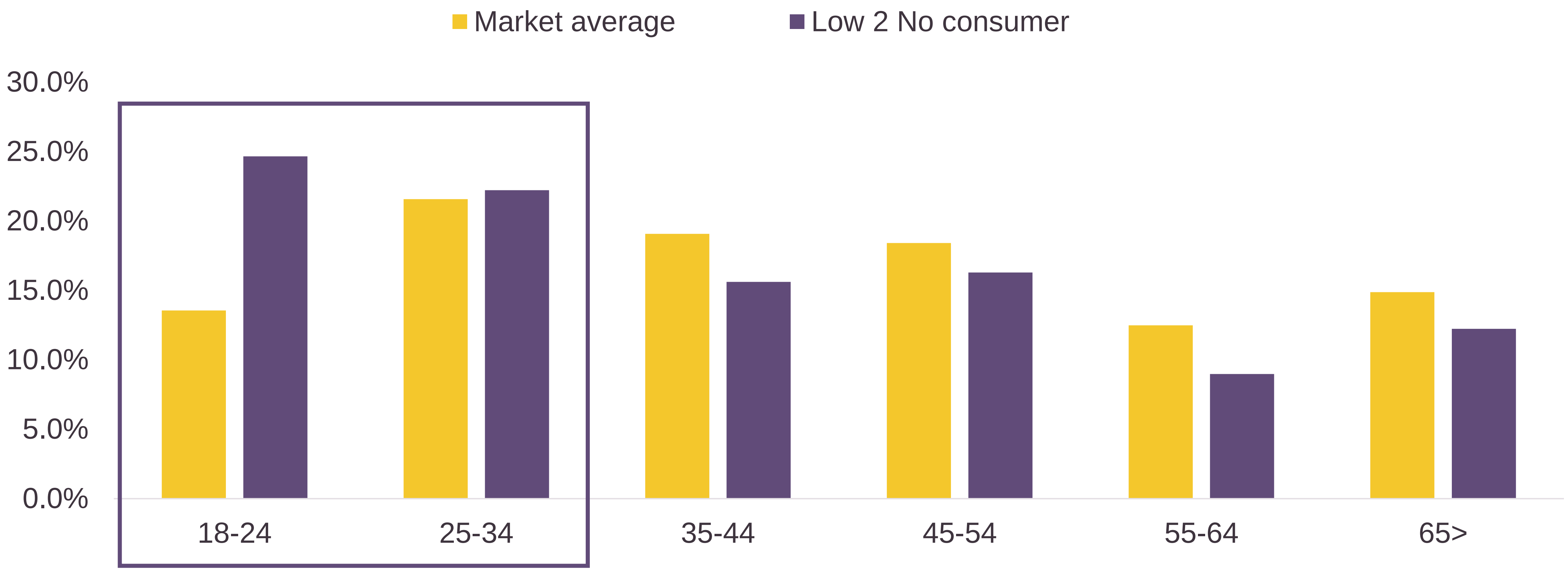
Average price of low 2 no vs alcohol, August 2022



Source: Lumina Intelligence Menu Tracker Tool, August 2022

LOW 2 NO CONSUMERS ARE YOUNGER

Age group split, total market vs low 2 no consumers



Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

BRANDS ARE MORE IMPORTANT TO YOUNGER CONSUMERS

71%

Very Brand-Led

18-24s

+13%

Vs total market

Gordon's No-Gin & Tonic 5.00 79 kcal

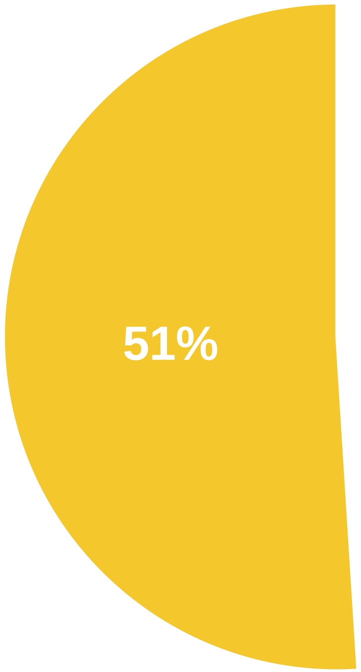
VG

Gordon's 0%, Fever-Tree Mediterranean tonic, rosemary and lime

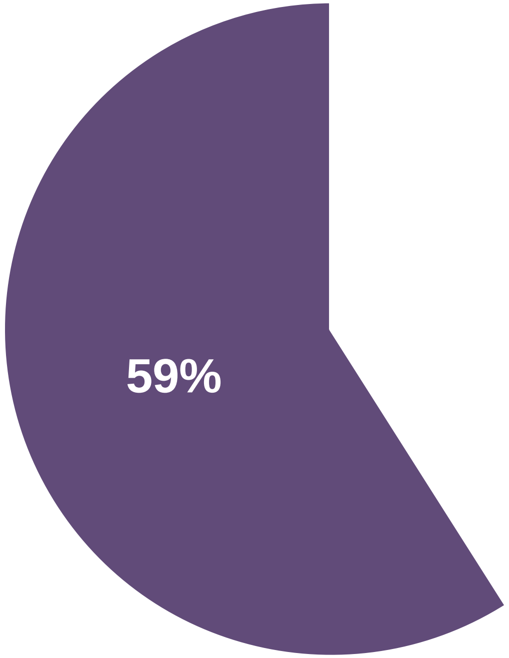
Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

LOW 2 NO CONSUMER MORE LIKELY TO BE FEMALE

Female



Total market

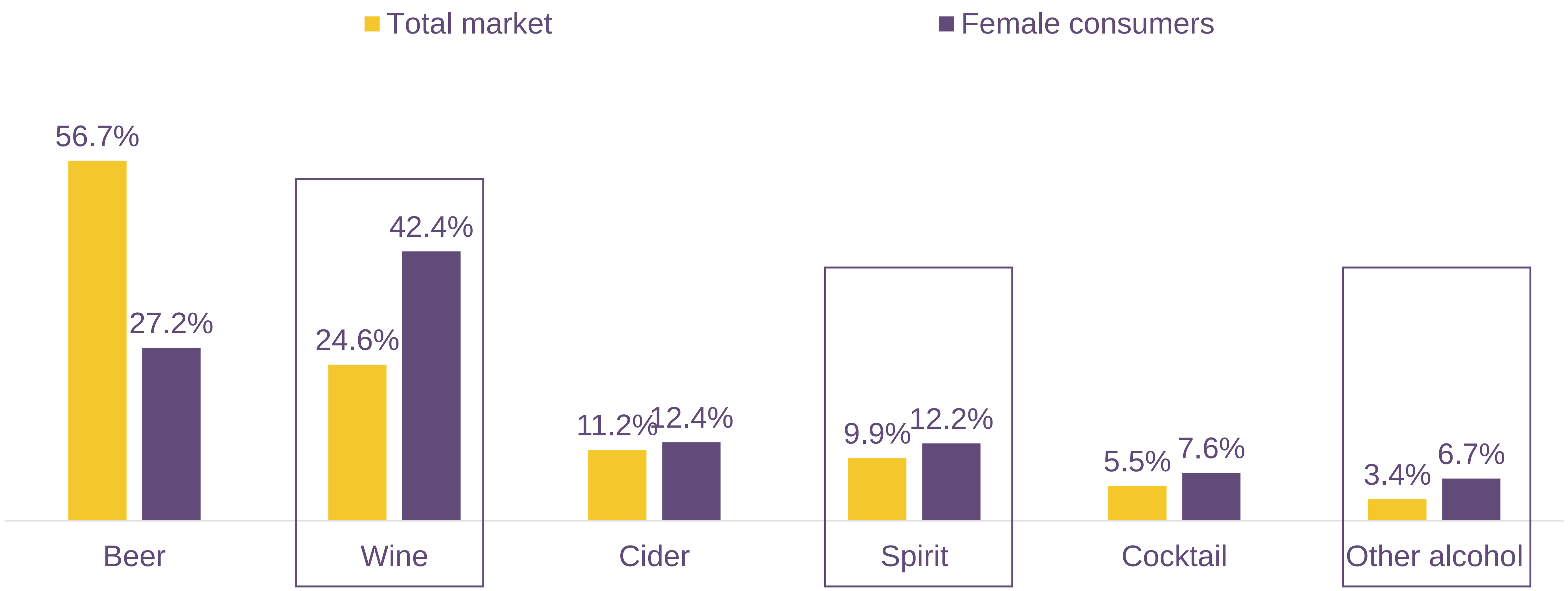


Low 2 No consumers

Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

LOW 2 NO INNOVATION SHOULD WIDEN SCOPE OF DRINKS

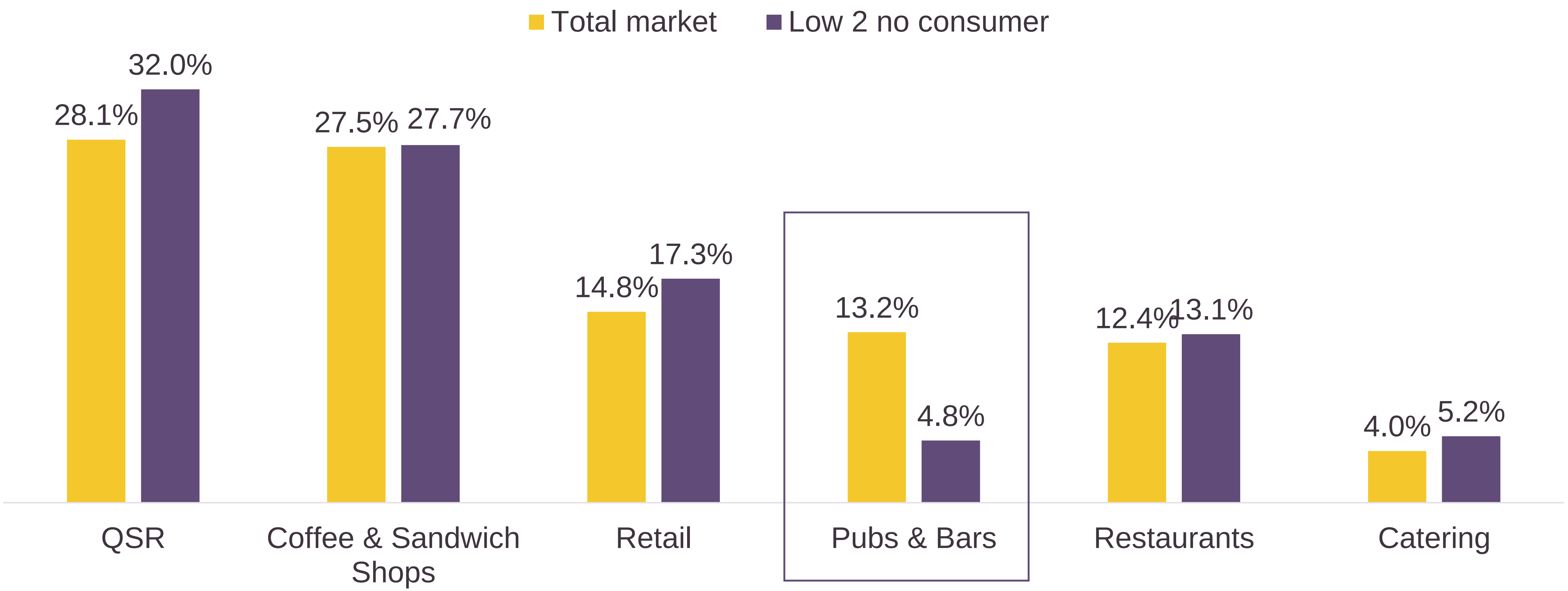
Alcoholic drink share by average vs female consumers



Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

PUBS CAN DO MORE TO WIDEN DEMOGRAPHICS

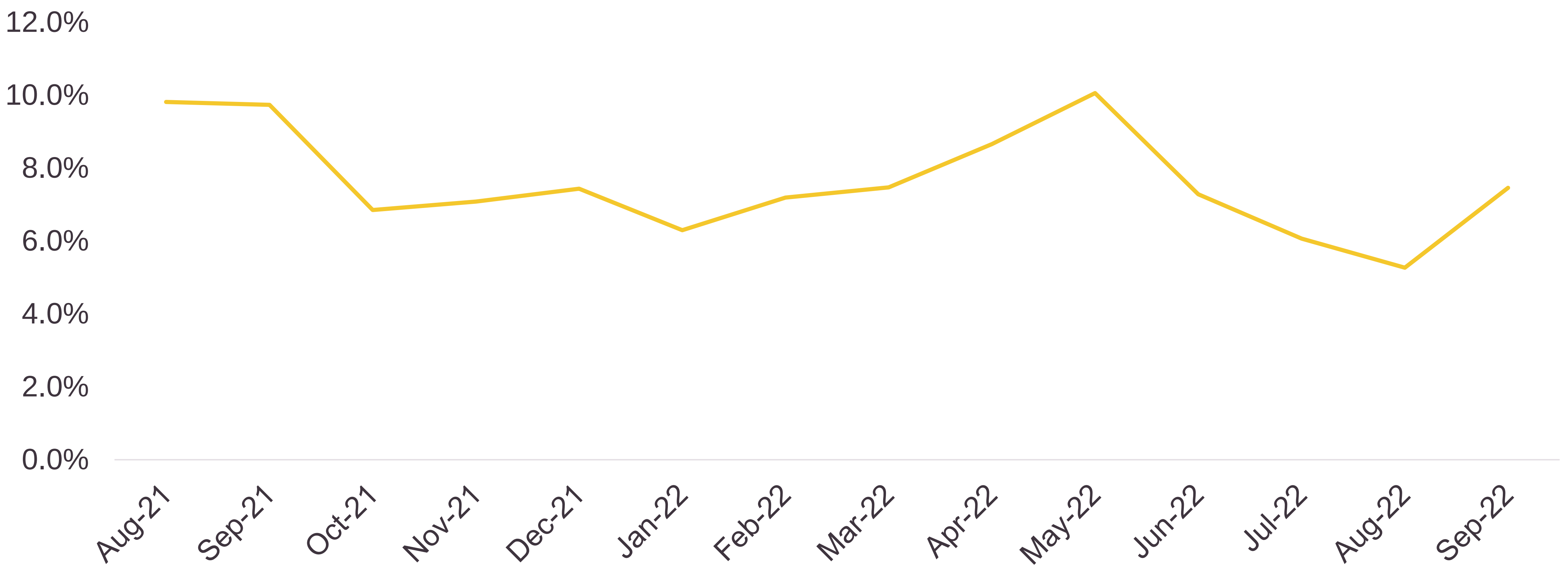
Channel share of occasions, total market vs low 2 no consumer



Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

ALCOHOL-FREE PENETRATION LIMITED BY OPTIONS

Incidence of alcohol free beer, wine or cocktail in restaurants and pubs and bars, 2020-2022

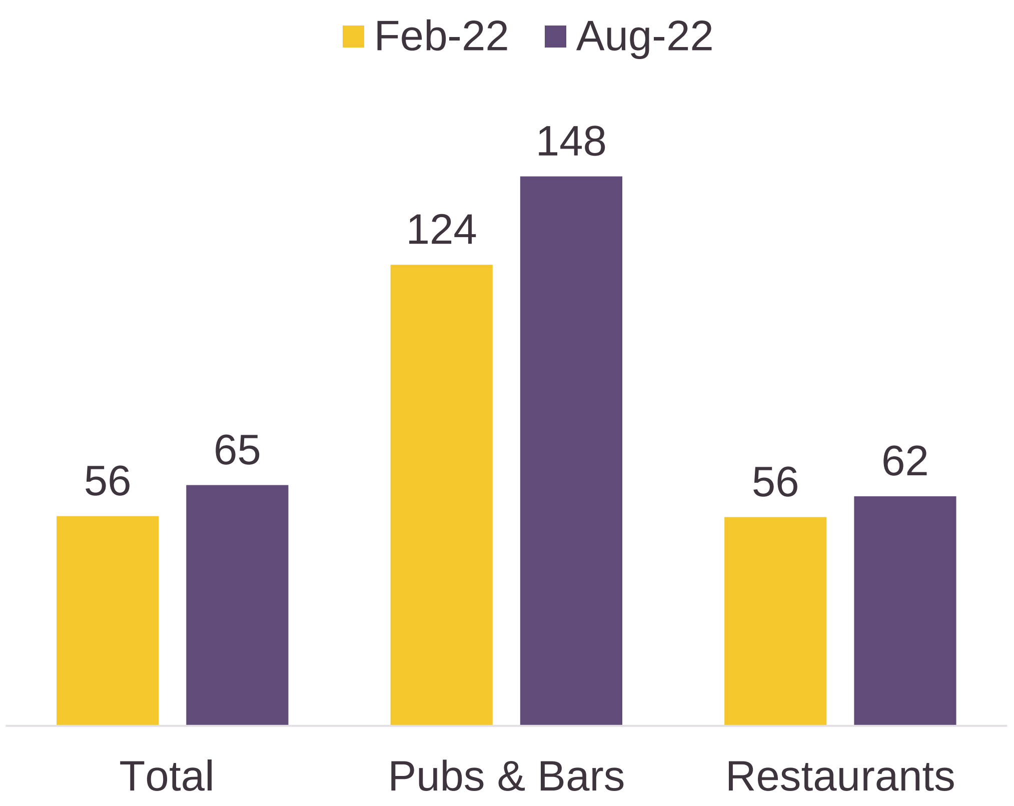


*total sample size each period <200

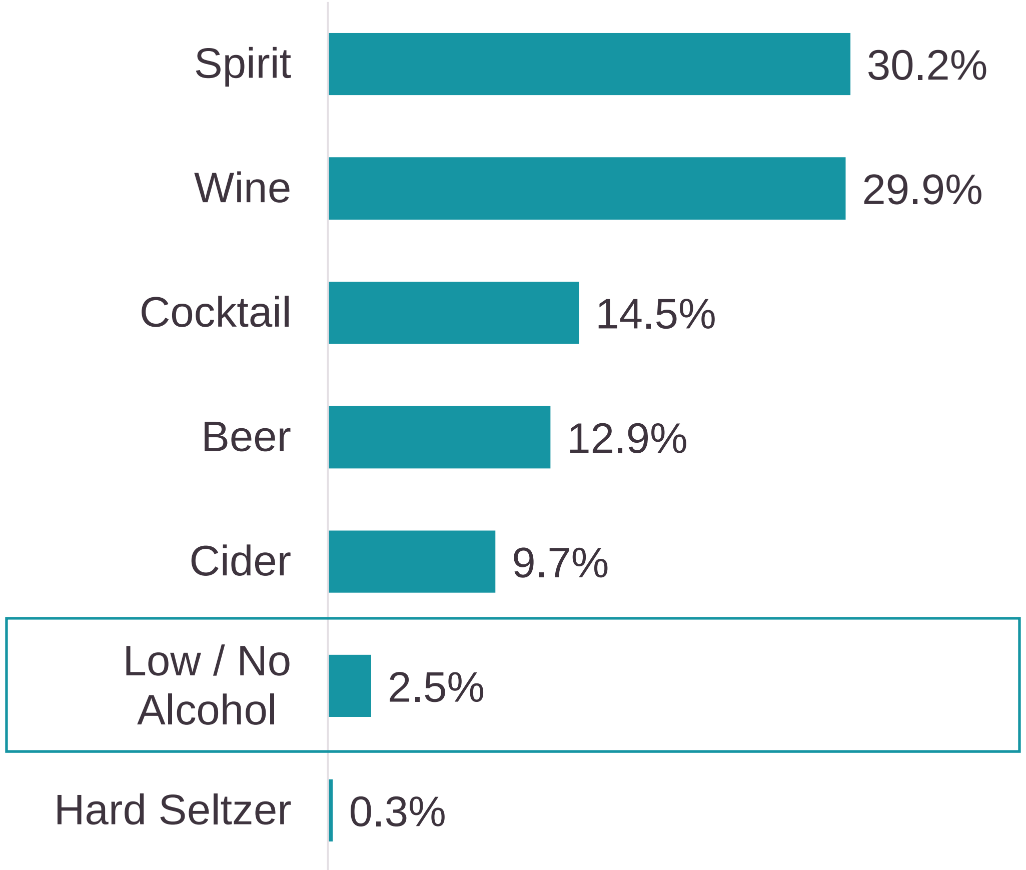
Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

LOW 2 NO IS FIGHTING FOR SPACE ON MAINSTREAM MENUS

Average number of drinks per menu, February vs August 2022



Alcoholic drink type menu share, August 2022 vs February 2022



Source: Lumina Intelligence Menu Tracker Tool, August 2022

LOW 2 NO CONSUMERS ARE LUCRATIVE TO TARGET

Average spend on non-alcoholic drinks, total market vs low 2 no consumer

£3.50

Total non-alcoholic

+2.3%

Vs total market

£3.27

Soft Drinks

+6.0%

Vs total market

Source: Lumina Intelligence Eating & Drinking Out Panel, August 2022

LOW 2 NO OFFERS SALES GROWTH OPPORTUNITIES

Average price across drink menus, August 2022

	Pubs & Bars	Restaurants
Low 2 No drink	**£3.50**	**£4.40**

LOUNGERS

NO & LOW

Light & Stormy 5.50
Packed with coconut, pineapple & ginger with kola nut notes, this non-alcoholic spirit from Caleño is mixed with ginger ale & lime for a healthier twist on the classic.

Amalfi Spritz 5.95
One of the most iconic aperitifs ever, our version of this Venetian classic is sunshine itself. Made with Lyres Italian spritz, sweet orange & rhubarb flavours mix with tonic over ice. Saluti.

Tanqueray 0.0% Gin & Tonic 3.95

+26% **+37%**

Vs Soft drink average price

Source: Lumina Intelligence Menu Tracker Tool, August 2022

APPEALING TO WIDER AUDIENCE OF CONSUMERS

Source: Lumina Intelligence, August 2022

HEALTH SHOULD BE FRONT OF MIND

44%

Very Health-Conscious

+2ppt

Vs previous 12 weeks


MOCKTAILS

All of the taste, none of the alcohol.

NEW Cuddles on the Beach
Everyone loves a cuddle. Orange juice with passion fruit syrup and a dash of grenadine (111 kcal)

NEW Watermelon Sugar
Sing it out loud. This is a must for anyone fancying a treat without the alcohol. Soda mixed with watermelon syrup and lime juice. With a frozen watermelon flag and cucumber (73 kcal)

NEW Cherry Bakewell
A twist on the classic cranberry juice drink mixed with cherry and Orgeat syrup (140 kcal)

NEW Strawberry Soda
A light summer treat. Strawberry syrup and lime juice topped off with soda. Served with a fresh strawberry and mint garnish (12 kcal)

Source: Lumina Intelligence Menu Tracker Tool, August 2022

HEALTH TARGETED FOR NEW ENTRANTS

WHAT IS A HARD TONIC?

A tonic is anything that enlivens or invigorates, and our Hard Tonics are refreshing and revitalising drinks with a lightly alcoholic edge.

A premium and distinctly British take on 'Hard Seltzer' made using high quality natural ingredients and flavoured with hedgerow botanicals.

Source: Lumina Intelligence, August 2022

ALTERNATIVE APPROACHES TO THE CATEGORY

Source: Lumina Intelligence, August 2022

Less consumers are drinking alcohol as value and health grow in importance

Low 2 no is a lucrative category to expand and should target trade up from soft drinks

Brand identity, spirits and wines are growth opportunities for Low 2 no

Get in touch

For further information about this report please contact:

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Lumina Intelligence