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Special Issue: Top-10 CSD Results for 2007.

CSD Decline Accelerates. Category Down -2.3%. Industry Falls Below 10 Bil Cases. Top-3 Firms Lose Volume. Diet Mt. Dew Strongest-Performing Top-10 CSD Brand. PepsiCo Out-Performs in LRBs.

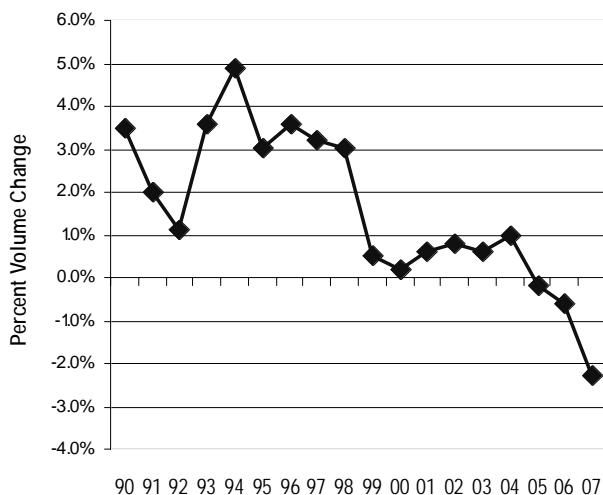
The volume of the U.S. CSD market declined -2.3% in 2007. That compares to a -0.6% decline in 2006 and a -0.2% decline in 2005. As shown by the left chart below, the CSD industry has moved from roughly +3% growth in the 1990's to increasing rates of decline in the last three years. BD's CSD data includes energy drinks. It does not include bottled water, sports drinks, RTD teas, etc. This all-channel data captures all CSD volume: retail, fountain, vending, etc.

LRBs. In the U.S., with the CSD decline accelerating and bottled water growth slowing, total liquid refreshment beverage (LRB) results are also slipping. For 2007, PepsiCo's LRB volume was up just +0.1%. Coke was down -0.5%. Cadbury was down -1.6%. LRBs include CSDs plus bottled water, sports drinks, etc. A large part of PepsiCo's modest LRB growth was driven by its strongly-performing Lipton tea portfolio. BD will publish water, non-carb and LRB details in upcoming issues.

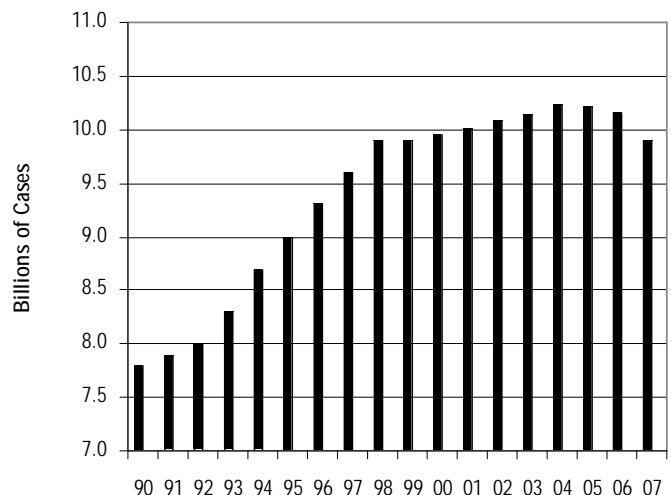
CSD cases and dollars. BD estimates that the total CSD volume in 2007 was about 9.9 bil 192-oz cases. That means the category has slipped below 10 bil cases for the first time since 2000 (right chart below). The retail dollar value of the U.S. CSD business in 2007 was up about +2.7% to \$72 bil. That compares to \$70.1 bil in 2006. The dollar increase -- in the face of declining volume -- is due to two factors: price increases of traditional CSDs and the growth in premium-priced energy drinks.

Per caps. With the decline in CSD volume and the growth in the U.S. population, BD estimates that CSD per capita consumption for 2007 fell to about 789 eight-ounce servings. That compares to about 814 eight-ounce servings in 2006; 828 servings in 2005;

U.S. CSD Volume Performance 1990-2007



CSD Volume 1990-2007



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Top-10 CSD Companies and Brands for 2007

2007 Rank	Companies	2007 Market Share	2006 Market Share	Share Change	2007 Cases (millions)	2006 Cases (millions)	Volume % Change
1	Coca-Cola Co.	42.8	42.9	-0.1	4241.1	4357.5	-2.7%
2	PepsiCo	31.1	31.2	-0.1	3082.8	3167.5	-2.7%
3	Cadbury (Dr Pepper Snapple)	15.0	14.9	+0.1	1491.3	1512.9	-1.4%
4	Cott Corp.	4.8	5.1	-0.3	476.6	520.9	-8.5%
5	National Beverage	2.5	2.5	flat	243.9	249.4	-2.2%
6	Hansen Natural	0.8	0.6	+0.2	79.1	58.6	+35.0%
7	Red Bull	0.6	0.5	+0.1	63.9	53.7	+19.0%
8	Rockstar	0.4	0.3	+0.1	43.6	31.4	+38.9%
9	Big Red	0.4	0.4	flat	42.4	42.4	+0.1%
10	Private label and other	1.6	1.6	flat	155.1	163.5	-5.1%
	Total Industry	100	100.0		9919.8	10157.8	-2.3%

2007 Rank	Brands	2007 Market Share	2006 Market Share	Share Change	2007 Cases (millions)	2006 Cases (millions)	Volume % Change
1	Coke Classic (Coke)	17.2	17.3	-0.1	1707.3	1760.1	-3.0%
2	Pepsi-Cola (Pepsi)	10.7	11.0	-0.3	1059.8	1113.2	-4.8%
3	Diet Coke (Coke)	10.0	9.8	+0.2	990.0	998.0	-0.8%
4	Mt. Dew (Pepsi)	6.6	6.6	flat	659.6	666.3	-1.0%
5	Diet Pepsi (Pepsi)	6.0	6.0	flat	594.9	607.0	-2.0%
6	Dr Pepper (Cadbury)	5.9	5.8	+0.1	585.9	588.2	-0.4%
7	Sprite (Coke)	5.6	5.7	-0.1	553.3	575.2	-3.8%
8	Fanta (Coke)	1.8	1.8	flat	177.6	179.4	-1.0%
9	Diet Mt Dew (Pepsi)	1.6	1.5	+0.1	163.1	152.4	+7.0%
10	Diet Dr Pepper (Cadbury)	1.6	1.5	+0.1	154.0	149.2	+3.2%

and 849 servings in 2000. However, even with the recent declines, the U.S. still has the highest CSD per caps in the world.

Companies. The top-two companies, Coke and Pepsi, generated very similar results last year. Coke's CSD volume and PepsiCo's CSD volume were down -2.7%. Both lost share. Cadbury's CSD volume was down -1.4%; its share was up. As in 2006, the strongest growth performers in 2007 were the energy drink companies. Hansen Natural -- with both energy drinks and other CSDs in its portfolio -- is the #6 company; it posted +35% CSD growth. Additionally, Red Bull and Rockstar performed strongly last year.

Brands. Even in the difficult CSD climate, some brands posted volume growth last year. Diet Mt. Dew grew +7%; Diet Dr Pepper +3.2%. Among brands below the top-10, Coke Zero grew +37.5%. Cadbury's Sunkist grew +2.6%, and many of its smaller brands also grew. However, the big flagship cola brands -- Coke Classic and Pepsi -- both declined, with Coke Classic volume down -3% and Pepsi down -4.8%. Both the big diet colas were also down: Diet Coke declined -0.8%; Diet Pepsi -2%.

Methodology. BD tracks CSD volume in all channels including retail, vending and fountain. CSD, non-carb and water all-channel data will be available in BD's "Fact Book 2008"; spring publication. All-channel data in this Special Issue, in other BD issues and in the Fact Book is based on BD estimates. BD provides initial estimates to the companies and requests feedback. In most cases -- though not all -- the companies provide feedback. BD then computes its final data, which, in some cases, may differ from companies' data and is, in the end, based on BD's evaluation, analysis and opinion.

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