

CASE STUDY:

Understanding Small Producers and Importers of Sugar-sweetened Beverages

The proposed sugar tax levy aims to incentivise brands to consider the volume of sugar in their drinks, but how will it affect smaller producers and importers? Winning Moves investigated the market and assessed the impact on SME's.

The challenge

Sugar-sweetened beverages contribute to the overconsumption of sugar in children, greatly enhancing the risk of obesity and other health implications. This prompted the introduction of a taxation on soft drinks and dilutables, proposed in Budget 2016, to encourage companies to reduce the volume of sugar in their drinks. HMRC commissioned Winning Moves to inform the legislation surrounding the levy, specifically concerning small and medium sized producers and importers. On behalf of HMRC, Winning Moves consulted the market, generating insight into how companies operate and how the levy may impact their business. The research was also conducted to aid HMRC in development of an appropriate exemption threshold, below which smaller companies would be immune from taxation.

The approach

Comprehensive desk research was used to analyse the market and identify high level characteristics of small and medium sized producers and importers. This scoping exercise informed the sampling framework from which fifty qualitative interviews were undertaken with qualifying companies. The interviews investigated features of each business, such as the customer base, the volume of production, the supply chain, and how and whether sugar levels were tested. Respondents were also questioned on their awareness and opinion of the proposed levy, and any anticipated barriers or opportunities that may arise from the taxation and exemption threshold.



**HM Revenue
& Customs**

CASE STUDY:**The result**

A large range in production volume was found, with producers dealing in both the mass market and in niche/specialist soft drinks. Some companies outsourced elements of the production line, whilst others ran their own, and not all companies tested their products for sugar content. Both barriers and opportunities for growth were identified, along with other perceived positive and negative implications of the impending tax levy.

Winning Moves provided a comprehensive overview of the findings, which can be found in the published report at <https://www.gov.uk/government/publications/exploring-small-producers-and-importers-of-soft-drinks-with-added-sugar>.

