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## 2014 Annual Quantification Report Bottled Water in South Africa

Media Feedback

# Product Definitions

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| Product          | Definition  |
|------------------|---|
| Bottled water    | Bottled water is drinking water packaged in plastic or glass water bottles.   |
| Sparkling water  | Sparkling water is water into which carbon dioxide gas under pressure has been dissolved.   |
| Flavoured water  | Flavoured water, also known as enhanced water is a category that is marketed as water, but which contain additional ingredients, ranging from natural or artificial flavours, sugar, sweeteners, vitamins, minerals and other "enhancements." |
| Functional water | Functional water is a drink that includes formulation ingredients such as herbs, vitamins, minerals, amino acids or additional raw fruit or vegetables.   |

# Market Trends

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The overall bottled water market grew in both volume and value in 2013. The average Rand/litre selling price declined slightly in 2013 as functional water and sparkling flavoured water lost share to lower priced still water. Market growth may be attributed to:

- New players entering the market with new product offerings
- Aggressive pricing and high levels of promotional activity
- Consumers buying products that offer a health benefit, this being congruent with the trend to healthy lifestyle
- Continued benefit gained from the health advantages of bottled water versus other beverages as well as drinking tap water

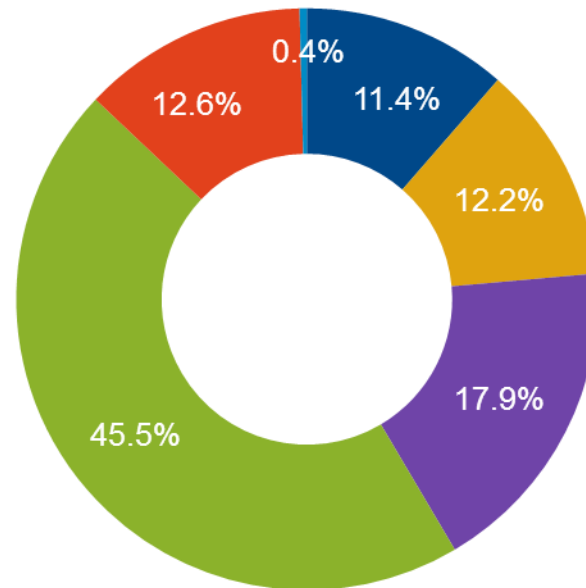
Despite the recorded growth, industry players were under pressure due to the following:

- Rising input costs
- Depressed consumer spending

Demand for glass packaging increased in volume from 2012 to 2013, though off a small base. Increase in volume of products on shelves and new products launched packed in glass contributed to the achieved growth.

Bottled water exports were prominent in 2013, primarily driven by the weaker Rand. Exports volumes are expected to see additional increases over the medium term as Botswana Bureau of Standards has agreed to partner with the South African National Bottled Water Association, accepting South African bottled water standards.

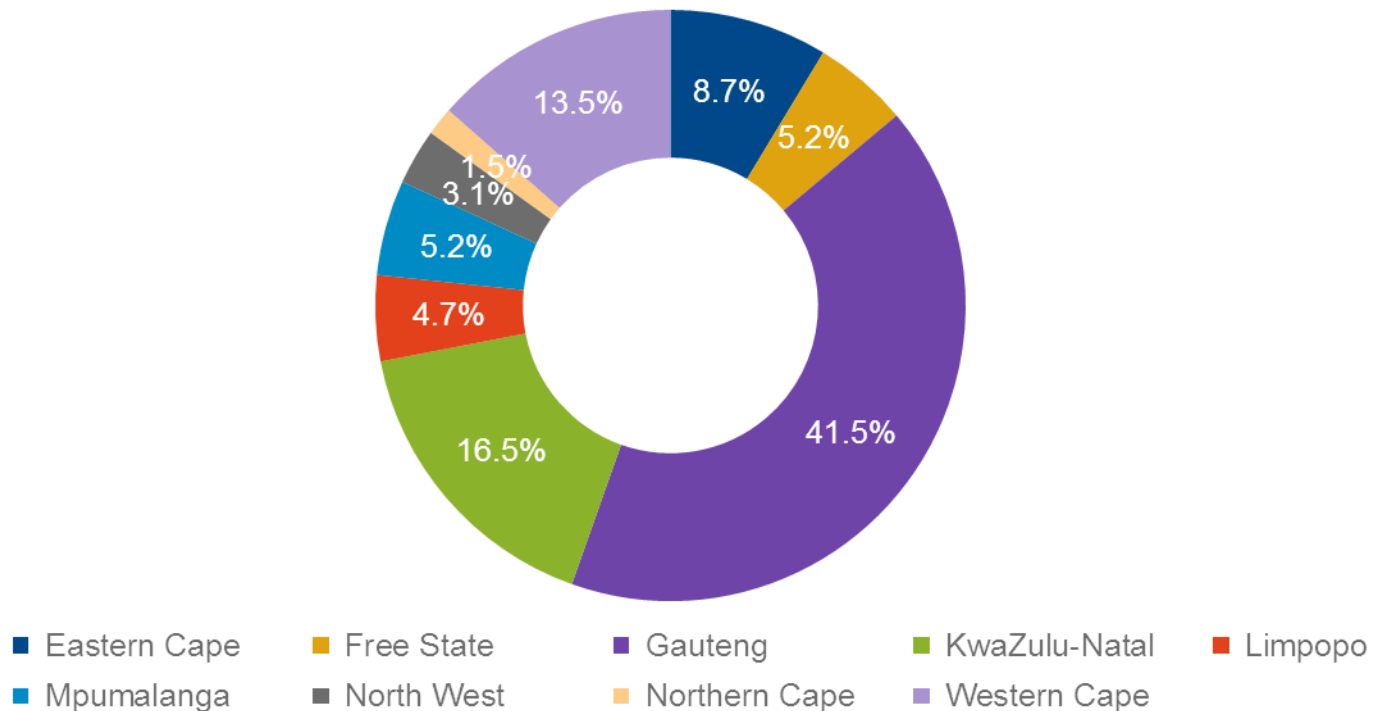
# Channel Distribution 2013



■ Bottom End Retail ■ Garage Forecourts ■ On Consumption ■ Top End Retail ■ Wholesale ■ Export

*Top end retail remained the most popular channel and contributed 45.5% to the total volume sold in 2013. However, improved distribution, brand promotions and lower prices led to a shift in channel volume share from top-end retail to bottom-end retail and garage forecourts.*

# Local Regional Distribution 2013



*Bottled water purchased in the three major metro regions accounted for 71.5% of total sales in 2013. Smaller market players shifted focus to less competitive and promotionally active regions where it was easier for them to increase their sales volumes.*

# BMi Research Services

Annual Quantifications

BMi Tracking Report Schedule 2014

Commissioned Research

Consumer Research

Eye Tracking & Shopper Insights

In Store Observation Services & Liquor In Store Pricing

Mystery Shopping

Print Ads Promotional Pricing and Share of Spend



*Category Quantifications involve sizing up markets annually to see volume, value and consumption trends. The service is available for most food, beverage, confectionery and snack products. We have more than 10 years of historical data in tracking each market. Using these insights, you're able to harness the potential in your market by understanding strategic category trends across the total market. A unique offering incorporating formal and informal market components. Total market includes retail, wholesale, foodservices, industrial and exports.*

## Category Quantifications

*Total market quantification for 140 CPG Categories*

### *What are the latest market trends? And...*

- Sizing up markets annually to ascertain volume, value and consumption trends
- Covering most food, beverage, confectionery and snack categories
- Extensive database – over 15 years information which we use to quantify and track numerous products and markets within South Africa
- Total market includes retail, wholesale, foodservices, industrial and exports



# BMI Tracking Report Schedule 2014

| Packaging  | Annual Beverage Publications  |  |   |
|--|---|--|---|
| <p>All reports</p> <ul style="list-style-type: none"> <li>• Packaging overview</li> <li>• Paper &amp; Board</li> <li>• QPM</li> <li>• Quarterly Import</li> </ul>                                | <p>Full Report (All reports below)</p>  |  |   |
|  | <p><i>Alcoholic Beverages</i></p> <ul style="list-style-type: none"> <li>• Flavoured Alcoholic Beverages</li> <li>• Malt Beer</li> <li>• Sorghum Beer</li> <li>• Spirits</li> <li>• Wine</li> </ul> | <p><i>Non Alcoholic Beverages</i></p> <ul style="list-style-type: none"> <li>• Bottled Water</li> <li>• Carbonated Soft Drinks</li> <li>• Cordials and Squash</li> <li>• Energy Drinks</li> <li>• Fruit Juice</li> <li>• Iced Tea</li> <li>• Mageu</li> <li>• Sports Drinks</li> </ul> | <p><i>Dairy Beverages</i></p> <ul style="list-style-type: none"> <li>• Dairy Juice Blends</li> <li>• Drinking Yoghurt</li> <li>• Flavoured Milk</li> <li>• Maas</li> <li>• Milk</li> </ul>                        |
| Annual Food Publications   | Confectionery & Snacks  | On Request   |   |
| <ul style="list-style-type: none"> <li>• Canned Protein</li> <li>• Dairy</li> <li>• Desserts</li> <li>• F&amp;C Beverages</li> <li>• Pasta</li> <li>• Rice</li> <li>• Wheat and Grain</li> </ul> | <ul style="list-style-type: none"> <li>• Ice Cream</li> <li>• Packaging of Snack Foods</li> <li>• South African Confectionery Market</li> <li>• The Impulse Market in South Africa</li> </ul>       | <ul style="list-style-type: none"> <li>• Biscuits and Rusks</li> <li>• Breakfast Foods</li> <li>• Baked Products</li> <li>• Baking Aids</li> <li>• Eggs</li> <li>• Fats and Oils</li> <li>• Frozen and Par-Baked Products</li> <li>• Premixes</li> <li>• Pre-prepared Meals</li> </ul> | <ul style="list-style-type: none"> <li>• Processed Meat Products</li> <li>• Protein</li> <li>• Sauces</li> <li>• Soup and Condiments</li> <li>• Sweet and Savoury Spreads</li> <li>• Value Added Meals</li> </ul> |

For further enquiries please contact [research@bmi.co.za](mailto:research@bmi.co.za)



*For research needs not covered by our standard set of services, we will tailor-make a study solution.*

*BMi's Commissioned Research is designed specifically to answer questions in your particular market. From industrial assessments to traditional consumer studies, we have the expertise to grow your business.*

## Commissioned Research

*Need to investigate the market regarding other issues? Examples including...*

- Service quality measurement (SQM)
- Utilising previous methodology and extensive in house database, any market may be assessed on a commissioned or adhoc basis
- Respondents incentive to participate is complimentary feedback provided at conclusion of research project which is usually top line market sizes

*Consumer Division has a passionate focus on consumer behaviour, combining professional skills with optimal technology and products to complement insights. Project teams are hand picked based on their knowledge and expertise of the subject matter and offers a range of research methodologies that aim to give you a multi-dimensional and insightful solution to the understanding of your product/brand. The division has the ability to draw on BMI Research's established experience in the retail and wholesale sectors, providing a unique and customized solution to understanding consumer behaviour.*

## Consumer Research

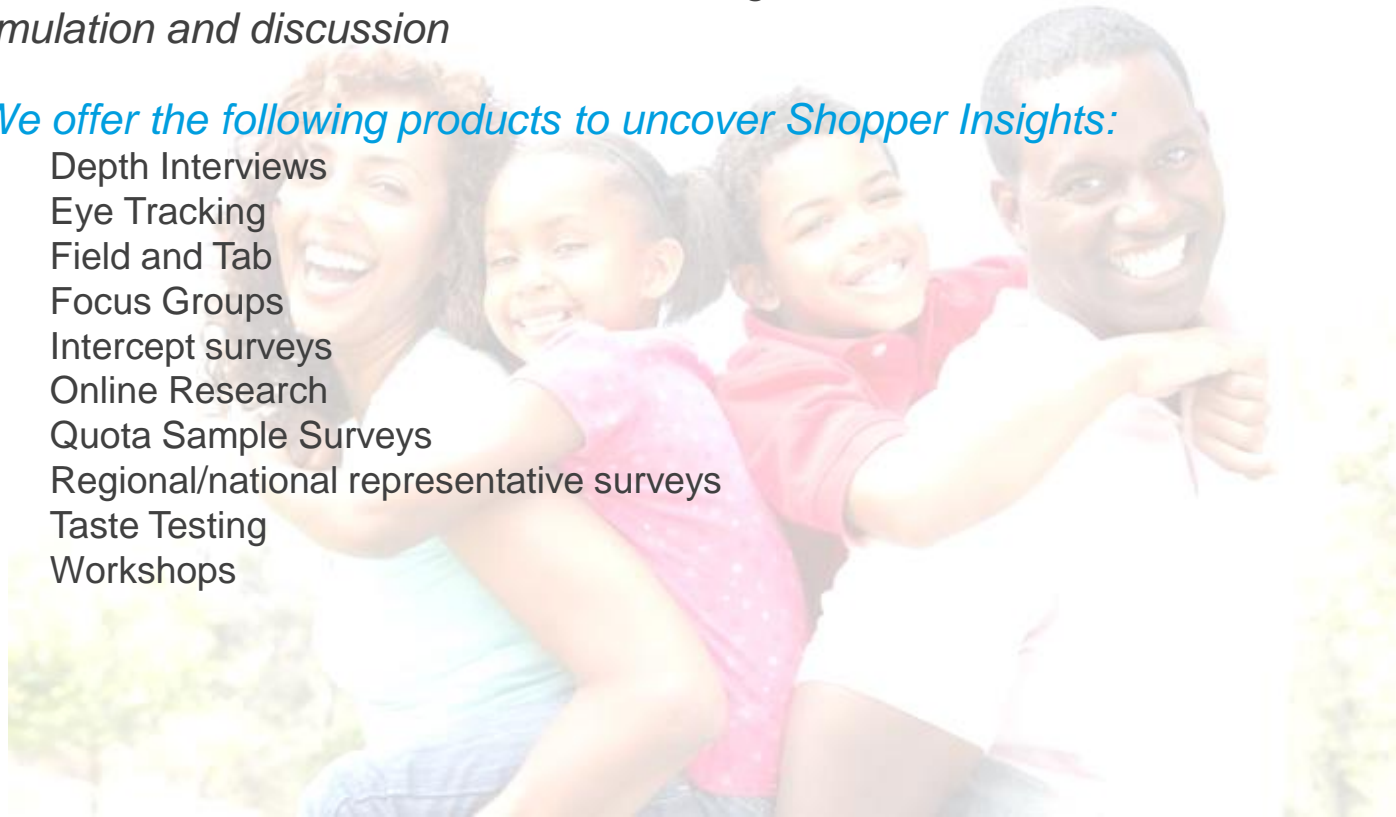
*Getting into the hearts and minds of Consumers through interaction, stimulation and discussion*

*We offer the following products to uncover Shopper Insights:*

- Depth Interviews
- Eye Tracking
- Field and Tab
- Focus Groups
- Intercept surveys
- Online Research
- Quota Sample Surveys
- Regional/national representative surveys
- Taste Testing
- Workshops



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*Eye tracking is a unique research method to evaluate how consumers perceive retail environments, packaging and communication messages in different media by measuring at what they are actually looking. Its ability to unobtrusively measure consumer attention and capture subconscious behaviour is what really makes eye tracking a strong complement to other research methods. Eye tracking is established as standard practice among many of the leading market researchers that cater to brand owners all over the world.*

## Eye Tracking

*Help brand owners, product developers and marketers to better understand consumer interest in their products*

### *Different Type of Studies including:*

- Packaging Studies
- Shopper Studies
- Communication Studies
- Digital User Experience Studies



*Gives first-hand insight into brand performance in store. Monitor products versus competitors' to assess performance and remedy gaps. Ensure accurate data which translates into tactical competitive advantages.*

## In Store Observations

### *In Store Shelf Health:*

- In Store Observation gives first-hand insight into brand's performance in store
- In Store Observation monitors products versus competitors to assess performance and remedy gaps
- Ensuring accurate data which translates into tactical competitive advantages
  - Product availability on shelf
  - Brand shelf space assessment
  - Product listing and availability in store
  - Actual promotional advert in store
  - Promotional activity in that particular store
  - In Store compliance
  - Verification Audits

*The primary objective of this research type is to evaluate a company's products and/or services from a customer perspective, providing strategic insights around service and compliance standards.*

## Mystery Shopping

### *Uncover Mystery Shopping Insights around:*

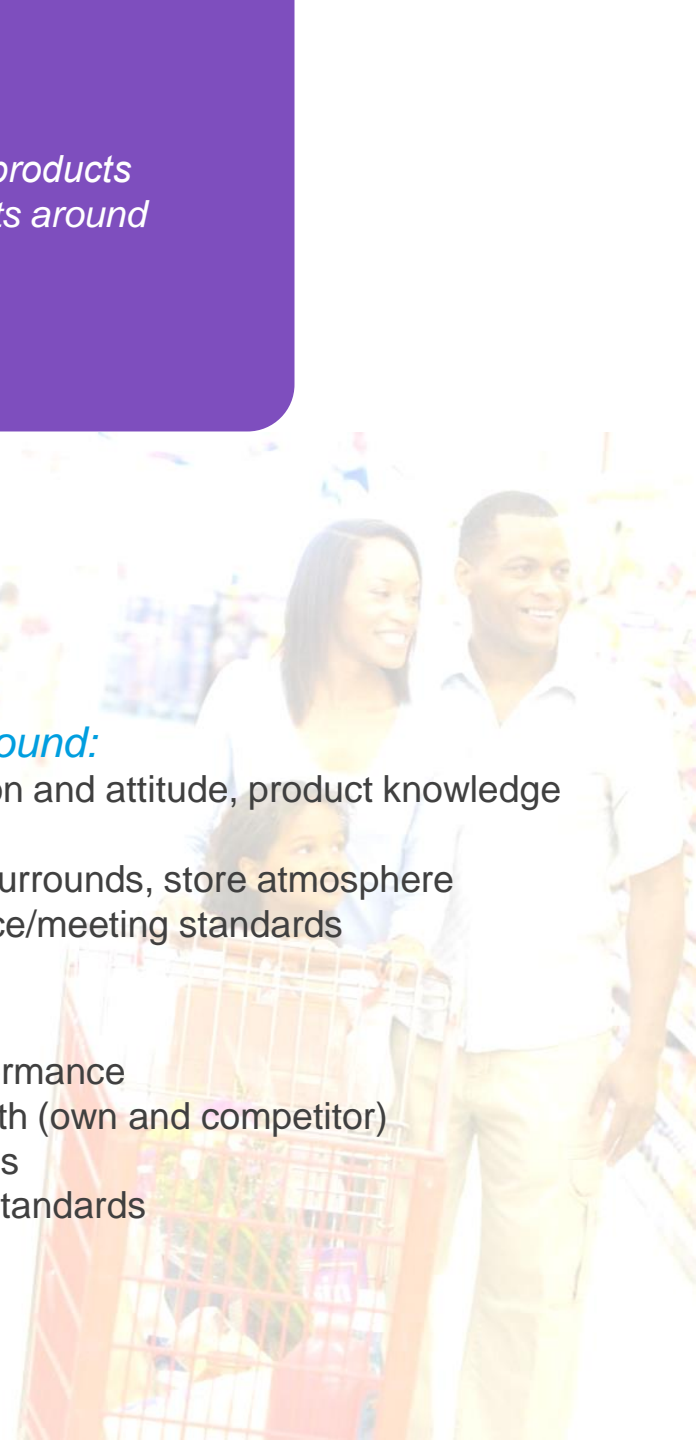
- Service levels, including staff presentation and attitude, product knowledge and selling skills
- Store environment, including store and surrounds, store atmosphere
- Product, merchandise, brand: Compliance/meeting standards

### *In order to:*

- Recognise and reward outstanding performance
- Identify areas of weaknesses and strength (own and competitor)
- Test effectiveness of training programmes
- Determine adherence to organisational standards
- Verify promotional compliance



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*Covers all brands advertised in all regions by retailer by month. The analysis provides an inside picture of the retail promotional environment. Track competitor promotions and pricing, offering top line or granular data.*

*Assess whether brand is gaining sufficient share, relative to your spend on promotional print advertising. Track competitor promotional pricing to tactically react on own product pricing.*

## PrintAds

### *Promotional pricing & share of print spend:*

- Print Ads covers all brands advertised in all regions by retailer by month
- Analysis provides an inside picture of the retail promotional environment
- Tracks competitor promotions
- Provides Rand value to advertising spend versus competitor brands
- Coverage: National, weekly newspapers, weekly community newspapers, consumer magazines, in-store broadsheets



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Consumer behaviour doesn't always predict shopping behaviour. BMi Research's Consumer Research division taps into shopping behaviour in order to understand the repertoires of brands that shoppers consider and the triggers in store that can potentially influence their behaviour.

Shopper Insights can be used to better understand the purchasing process and factors impacting product and brand choice when in store. Additionally, they can be used to identify sales opportunities for categories and brands and can provide insights around triggers and influences when consumers are in "Shopper Mode".

## Shopper Insights

*Understanding Shopper behaviour through observation, interaction and discussion*

*Qualitative and Quantitative solutions including:*

- Accompanied Shopping Trips
- Eye Tracking
- Observations
- Point of Purchase (POP) Interviews



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## *Note:*

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