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Media Feedback Report
2017 Malt Beer in South Africa

May 2017

Product and Channel Definitions

Product Definitions

Malt Beer	An alcoholic beverage typically brewed from barley, comprising a mixture of malt syrup, water, sugar and yeast which is flavoured with hops. Malt beer typically contains between 4% and 6% alcohol. This report covers ale and lagers.
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Channel

Definition

On Consumption	Includes restaurants, hospitality and pubs. These could be at work or recreational. Examples are quick service restaurants, full service restaurants, accommodation establishments and sports clubs
Off Consumption	Sale of beverage for consumption elsewhere, not at point of purchase Usually associated with alcoholic beverages

Market Trends

The malt beer category is a mature market, recording limited volume growth year on year. During 2016, the category grew in both volume and value. The category's increase in value was attributed more to the overall price increase than volume growth during the period under consideration.

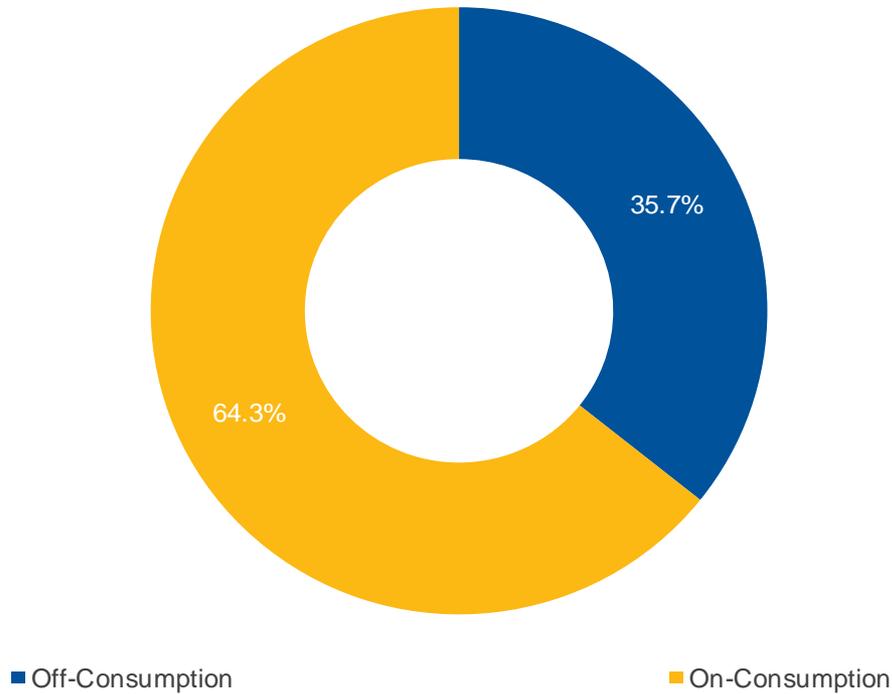
The category is believed to be losing share to craft beer and other beverage categories that are cheaper priced. In addition, it is believed that reduced consumer spending on particular food and beverage products influenced the volume movement negatively. The beer products and brands launched in 2015 and 2016 did not make any significant difference to the overall category's volume growth.

The off-consumption channel has been gaining share at the expense of the on-consumption sector. Retail chains have increased their number of liquor stores in the last two years and have been attracting a significant influx of consumers. The off-consumption channel is also characterised by strong marketing and promotional activities, as well as a wide number of brands and products.

Malt beer is packed predominantly in glass, with returnable glass dominating the category. The cans and other forms of packaging, such as kegs, are smaller in volume share compared to glass. The volume packed in returnable glass is expected to increase as it is considered cheaper priced than non-returnable bottles during this tough economic time.

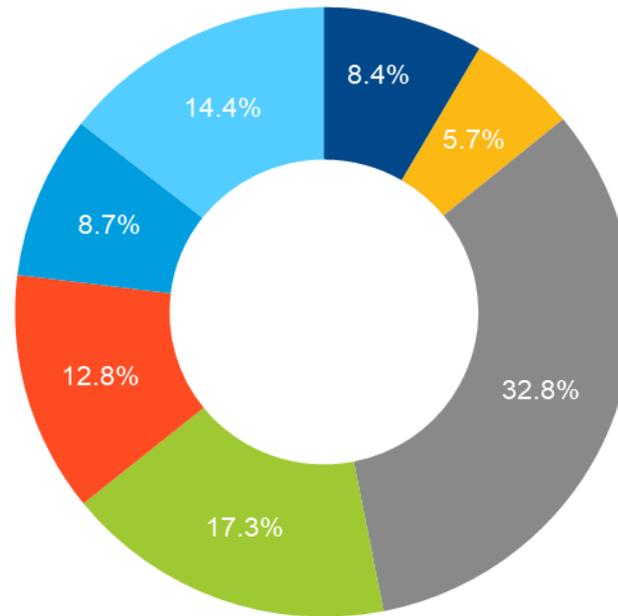
The malt beer industry is expected to remain under pressure due to limited consumer spending and competition from other cheaper alcoholic products in the short to medium term.

Channel Distribution 2016



The on-consumption channel held the most volume share within this category, accounting for 64.3% of total volume sold in 2016. The off-consumption channel gained share from 33.4% in 2015 to 35.7% in 2016. It is believed that retailers have opened more liquor stores and consumers are purchasing the beverage to drink at a later stage.

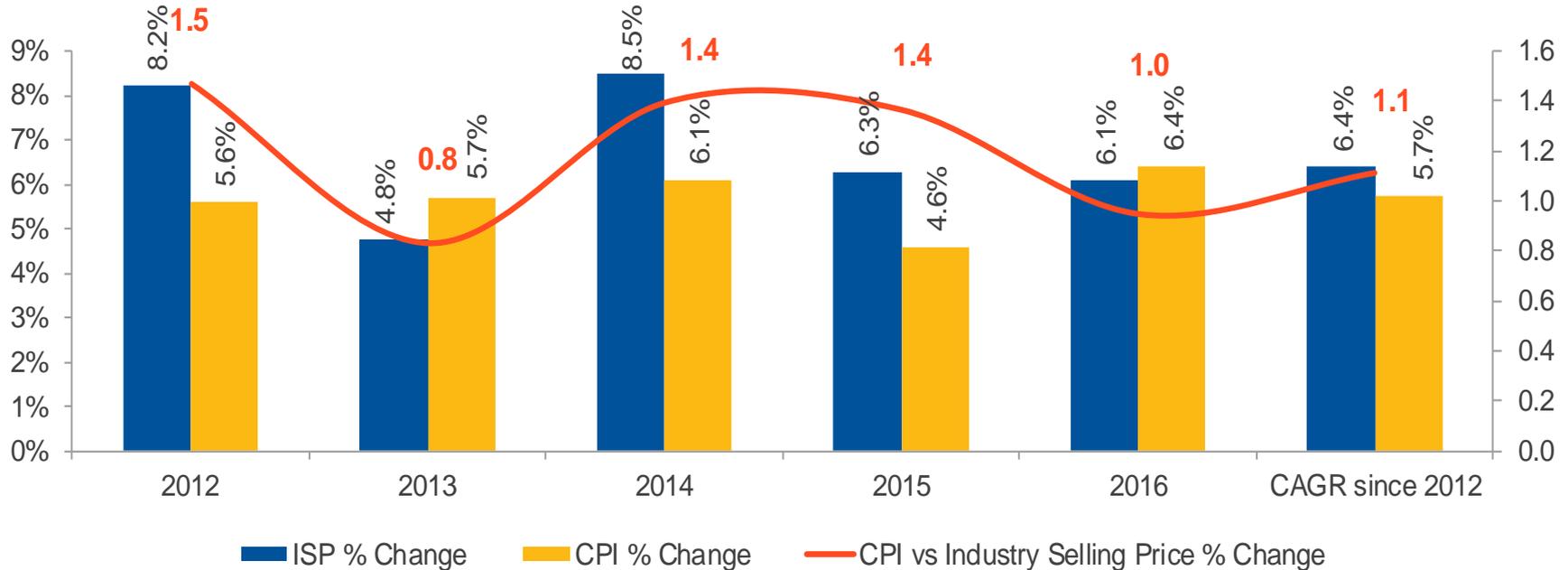
Local Regional Distribution 2016



■ Eastern Cape ■ Free State/Northern Cape ■ Gauteng ■ KwaZulu-Natal ■ Limpopo/Mpumalanga ■ North West ■ Western Cape

The three major metropolitan regions collectively accounted for 64.5% of total volume sold in 2016 compared to 63.5% sold in 2015. The increase in share may be attributed to consumers in these regions having higher consumption expenditure than other regions.

Historical Average Industry Selling Price



The category's industry selling price (ISP) recorded a 6.1% increase in 2016. The ISP rate was 0.3 percentage points below the CPI rate. Promotional activities and discounts within the off-consumption sector are believed to have hampered a potentially higher price increase for the year.

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