Media Feedback Report

Energy Drinks in South Africa

April 2017

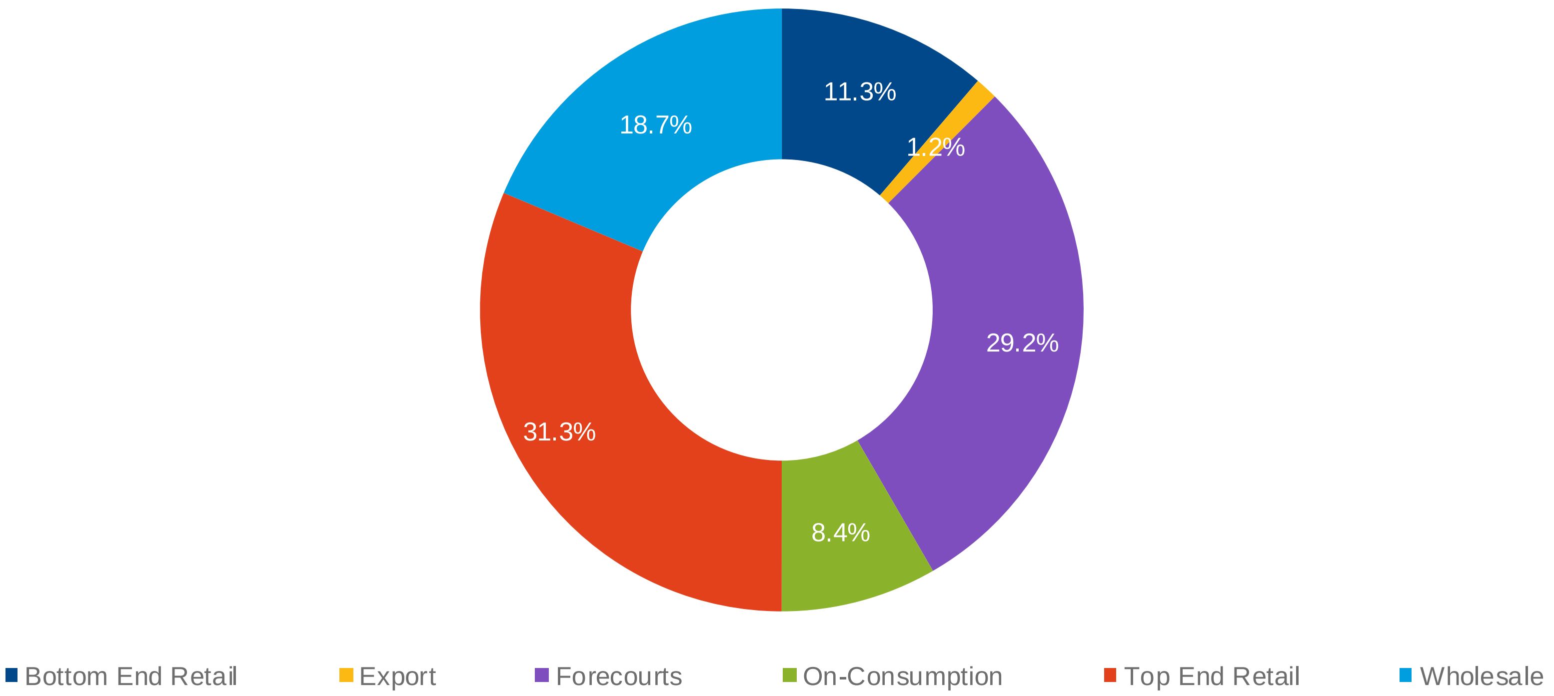
Market Trends

The RTD energy drinks market again showed substantial volume growth in 2016. There have been a number of new entrants to the RTD energy drinks category in the last few years. Some of these are established, local, non-alcoholic beverage producers extending their offerings to enter the lucrative energy drinks market. These players priced their products aggressively and placed their variants in the informal and wholesale sectors, thus extending the category footprint within these channels. The new entrants and their pricing strategies increased market competitiveness and some of the new entrants have not managed to maintain their presence in the market, exiting the sector soon after they entered.

The catchy designs and brand names synonymous with this category are further developed by the new entrants, retaining the category popularity amongst the younger, social media driven target market. This is consistent with much of the promotional activity which takes place through social media and offers appropriate prizes, such as airtime and tickets to shows and sports games.

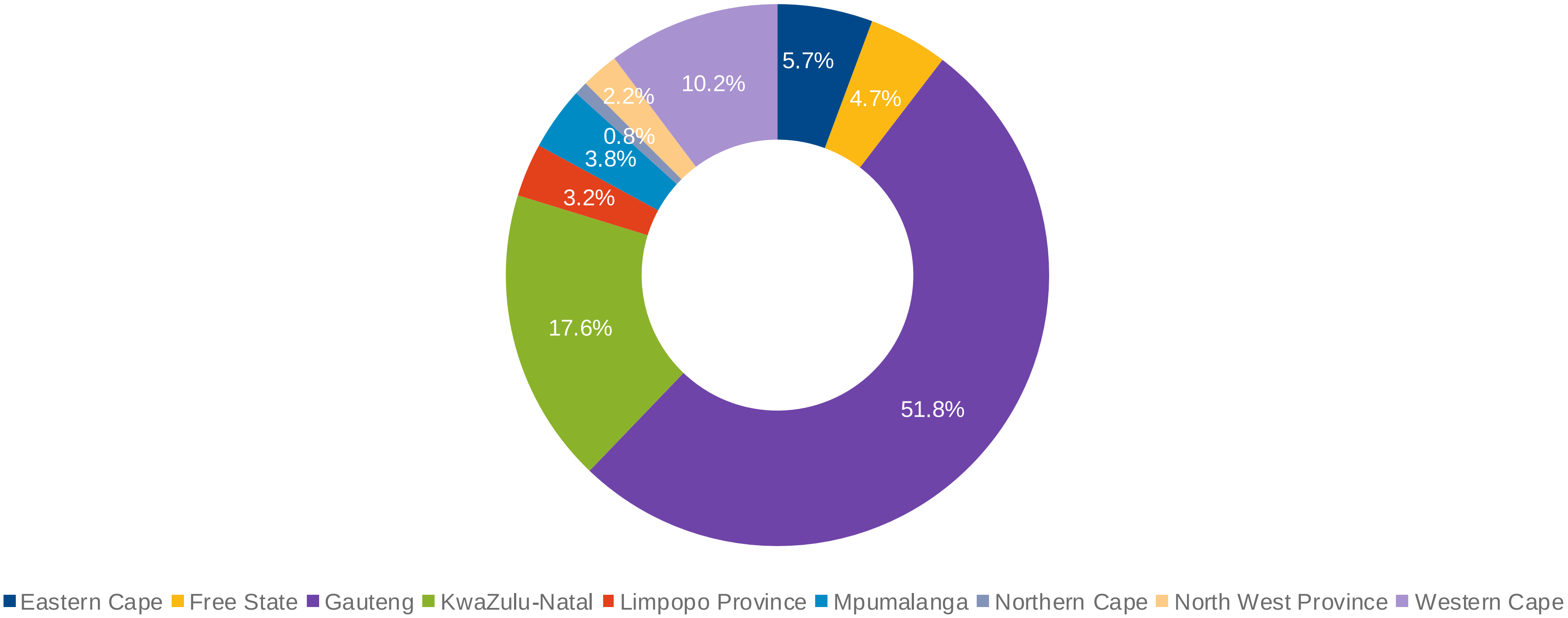
The South African economy is going through turbulent times with many factors affecting local markets. The exchange rate is very volatile and there is much uncertainty overall. Nevertheless, the RTD energy drinks sector has room for volume growth. It remains to be seen whether the new players will continue to drive lower prices or will establish themselves and then begin to work within the established pricing structure for the category.

Channel Distribution 2016



A third of all volumes is sold through top-end retail but wholesale and forecourts together make up almost half of the category volume and, together with the bottom end, they are the channels of choice for new local players to establish their presence in the market. On consumption remains a valuable channel for the more established players.

Local Regional Distribution 2016



Gauteng continues to dominate demand for RTD energy drinks with 51.8% of the volume. Less affluent, less urban provinces such as the North West, Mpumalanga and the Eastern Cape have shown volume growth but the concentration of distribution to the three major metropolitan areas continues with the Western Cape and KwaZulu-Natal making up a further 27.8% of the category.

Excludes exports

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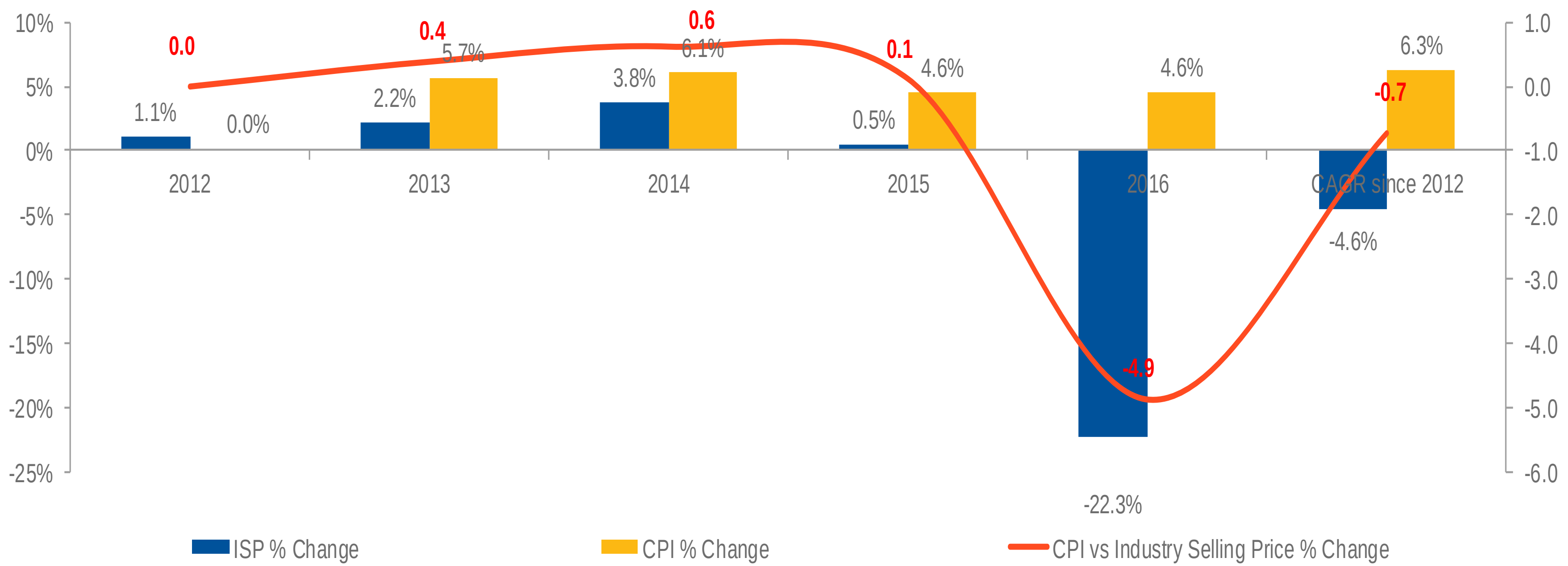
Historical Industry Selling Price



The pricing of energy drinks saw a decline in 2016, after relatively static pricing in 2015, as the new entrants continued aggressive discounting to gain presence in the market. The established players adjusted their pricing strategies accordingly. This led to divergent, channel specific pricing levels for 2016.

2015 price was revised

Price represents a weighted average selling price across all channels

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Packaging

All reports

- Packaging overview
- Paper & Board
- QPM
- Quarterly Import

Annual Beverage Publications

Full Report (All reports below)

Alcoholic Beverages

- Flavoured Alcoholic Beverages
- Malt Beer
- Sorghum Beer
- Spirits
- Wine

Non Alcoholic Beverages

- Bottled Water
- Carbonated Soft Drinks
- Cordials and Squash
- Energy Drinks
- Fruit Juice
- Iced Tea
- Mageu
- Sports Drinks

Dairy Beverages

- Dairy Juice Blends
- Drinking Yoghurt
- Flavoured Milk
- Maas
- Milk

Annual Food Publications

- Canned Protein
- Dairy
- Desserts
- F&C Beverages
- Pasta
- Rice
- Wheat and Grain

Confectionery & Snacks

- Ice Cream
- Packaging of Snack Foods
- South African Confectionery Market
- The Impulse Market in South Africa

On Request

- Biscuits and Rusks
- Breakfast Foods
- Baked Products
- Baking Aids
- Eggs
- Fats and Oils
- Frozen and Par-Baked Products
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