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Media Feedback Report
RTD Iced Tea in South Africa
June 2017

Product Definitions

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RTD iced tea

RTD iced tea is a form of chilled or cooled tea that is usually sweetened.

Market Trends

The RTD iced tea category has grown in popularity with consumers in South Africa. The category grew in both volume and value in 2016. The iced tea category outperformed a struggling economy, considering the annual GDP growth was 0.3% for South Africa. It is believed that this category has not yet reached maturity and will continue on a positive growth trajectory for the foreseeable future.

The category growth may be attributed to the following factors:

- New brands and products entering the market, thus increasing volume
- Brand extensions and the introduction of new flavours, attracting new consumers
- An increase in the distribution of iced tea to previously underserved channels, such as wholesale
- Warmer temperatures in the country encouraging high demand for iced tea
- The weak Rand exchange rate against foreign currencies encouraging sales to export markets
- New, larger pack sizes launched in the second half of 2016 resulted in a growing volume
- Players increasing their foot print in regions previously underserved around the country, such as the Eastern Cape with developments in Nelson Mandela Bay municipality.

Market Trends Cont.

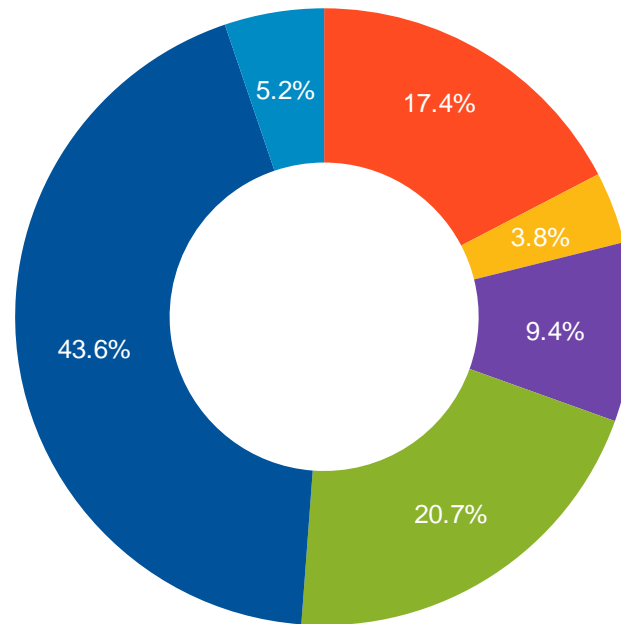
The iced tea category saw innovative product additions to the industry in 2016. Some players focused on the authentic South African flavour of rooibos in their iced tea. This adds the health benefit of having no caffeine in the iced tea and is also beneficial in terms of the export market where rooibos is well known and received. There has also been a shift by consumers to larger pack sizes, as bulk buying is seen to offer a higher value-for-money return.

Some players' activities during the course of the year, that may have affected the category, are as follows:

- Carter's Iced Tea launched a new pack size. Their iced tea can now be found in a 500ml PET bottle available in garage forecourts and bottom end retail
- Lipton released a new sugar-free iced tea available in their most popular flavours, peach and lemon
- BOS Iced Tea launched a 'Big BOS' 3 litre pack size
- Kingsley Beverages is expanding their brand and opening a plant in the UK
- FUZE iced tea launched a new flavour and promoted it with a competition to Bali
- Manhattan made changes to their packaging and has a new look
- Lipton launched two, limited editions virgin cocktail mixer flavours in the last quarter of 2016.

The iced tea category is expected to continue to grow in the short to medium term as the growing popularity of the category underpins volumes.

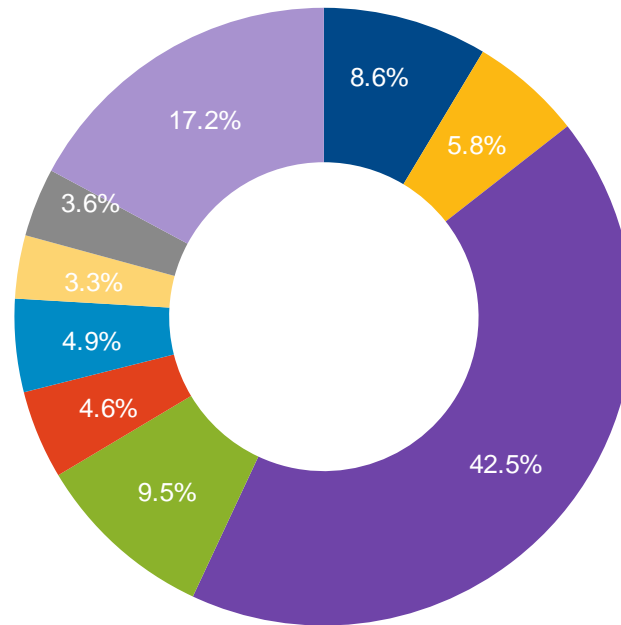
Channel Distribution 2016



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

The top end retail channel remained the leading supplier of RTD iced tea. Other channels that showed good growth and have potential for future growth are wholesale and export. Iced tea has a higher consumption rate in America and European countries and industry players have earmarked the export channel as a potential growth area to nearby African and European countries, especially in the favourable export conditions of a weakened Rand.

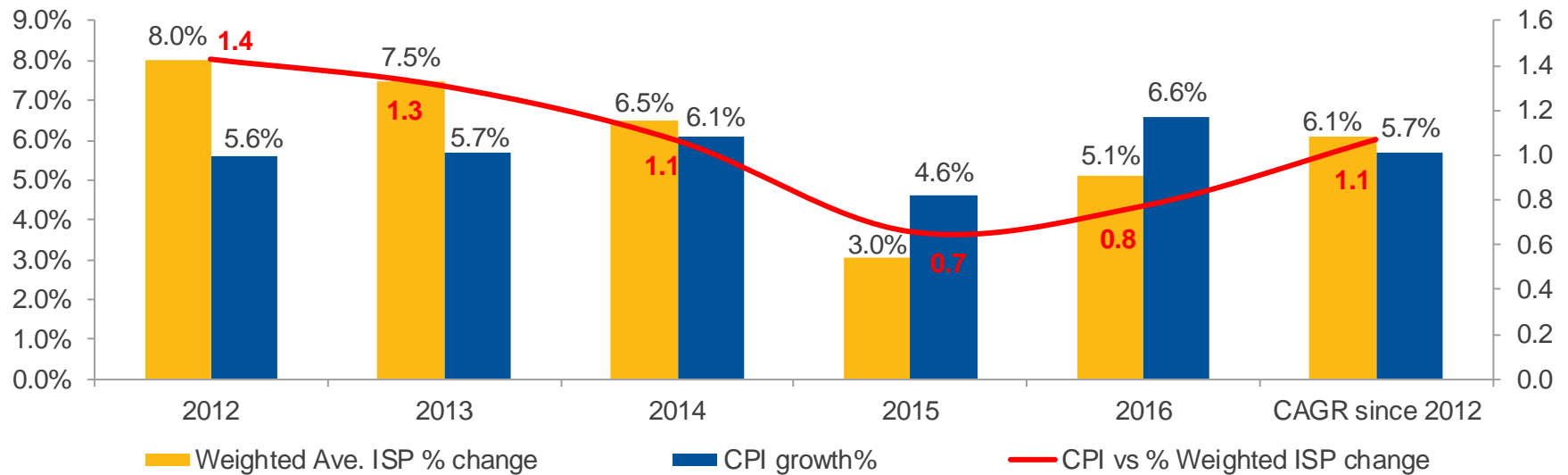
Local Regional Distribution 2016



■ E Cape ■ Free State ■ Gauteng ■ KwaZulu-Natal ■ Limpopo ■ Mpumalanga ■ N Cape ■ North West Prov. ■ W Cape

Gauteng remains the region to where most volume of iced tea are sold, but lost some share to other major metro regions such as KwaZulu-Natal and Eastern Cape in 2016 compared to 2015.

Historical Average Industry Selling Price



The average industry selling price saw a positive increase of 5.1% compared to 2015. This increase was below the annual CPI rate of 6.6% for 2016.

The category value in this report has changed as an improved methodology of calculating on-consumption pricing has been applied.

Pricing represents an average weighted Rand per Litre

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Reg No. 2008/004751/07





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