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Media Feedback Report

RTD Fruit Juice in South Africa

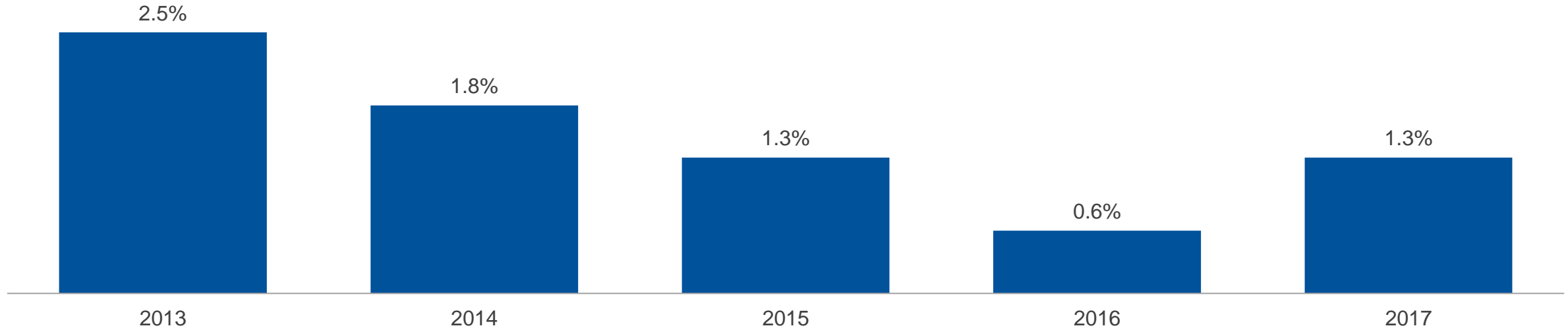
May 2018

South African Economy

South Africa's GDP

GDP is the market value of all officially recognised final goods and services produced within a country in a given period of time.

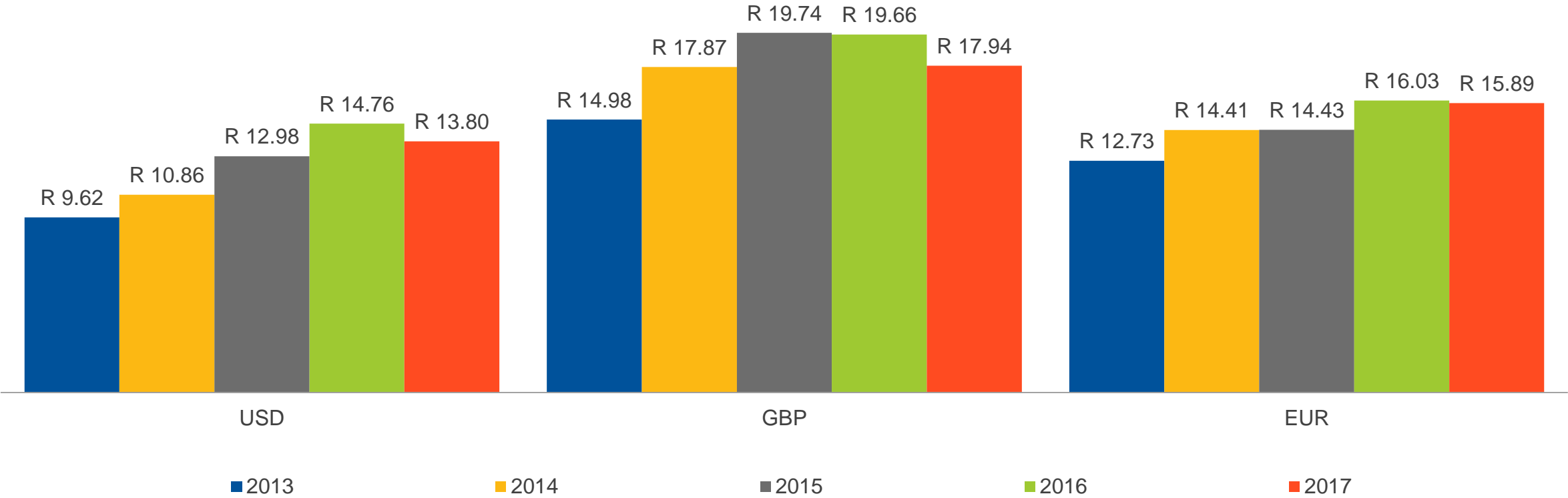
Growth rates in industry value added and GDP (constant 2010 prices)



The South African economy grew by 1.3% in 2017, up by 0.7% compared to 2016 but reflecting 2015 performance. The RTD fruit juice category saw a volume decline of 0.1% in 2017, the first negative performance recorded in five years, and contributed 0.6% to the total South Africa GDP.

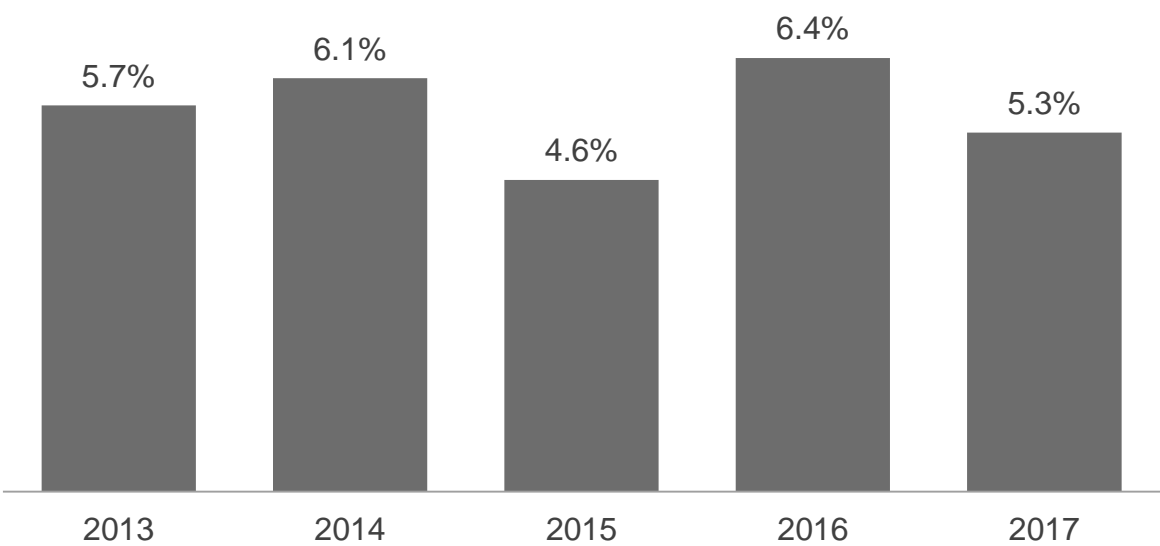
Currency

Performance of the South African Rand

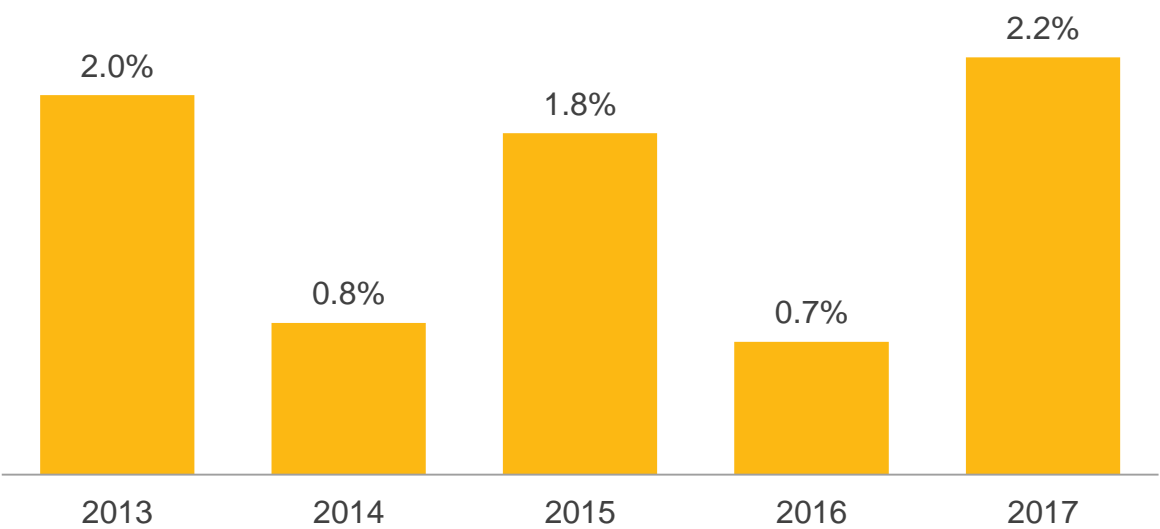


South African Economy

Consumer Price Index



Household Consumption Expenditure



Source: SARB, Statssa



Market Trends

In 2017, the RTD fruit juice category saw its first decline in five years. The category is possibly not a priority purchase for consumers who are financially strained by the difficult position the South African economy is in, as evidenced by the slowing performance.

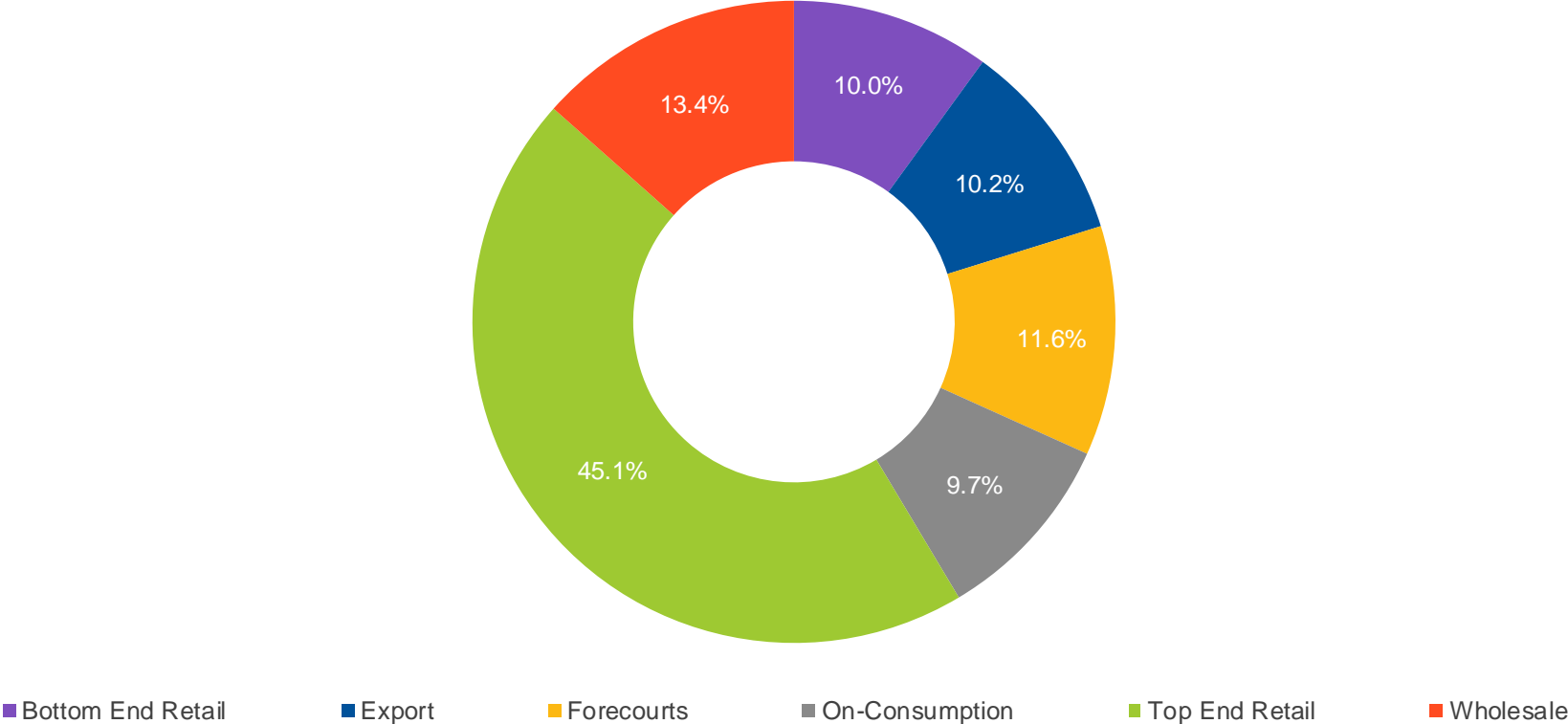
Segments with fewer perceived health advantages (“Other” – ie. carbonated), make up only a small portion of category sales. This may be the association a consumer makes of carbonated fruit juice to sparkling soft drinks. The rest of the market volumes, accounting for more than a 90% share, entail long life aseptic juices and short life juices.

Top end retail comprised close to half of all category volume sales for 2017 and continues to see growth. The greatest growth shown came through bottom end retail (though this was still fairly slow). It is hypothesised that cash-strapped consumers shifted to purchasing in more convenient channels, and that this was a driver of the performance seen within the bottom end.

South Africa’s three key major metropolitan regions dominated the volume share for the fruit juice category. Gauteng is the dominant region and declined as North West, KwaZulu-Natal and the Eastern Cape experienced growth. The shift to top end retail in these regions may drive this dynamic.

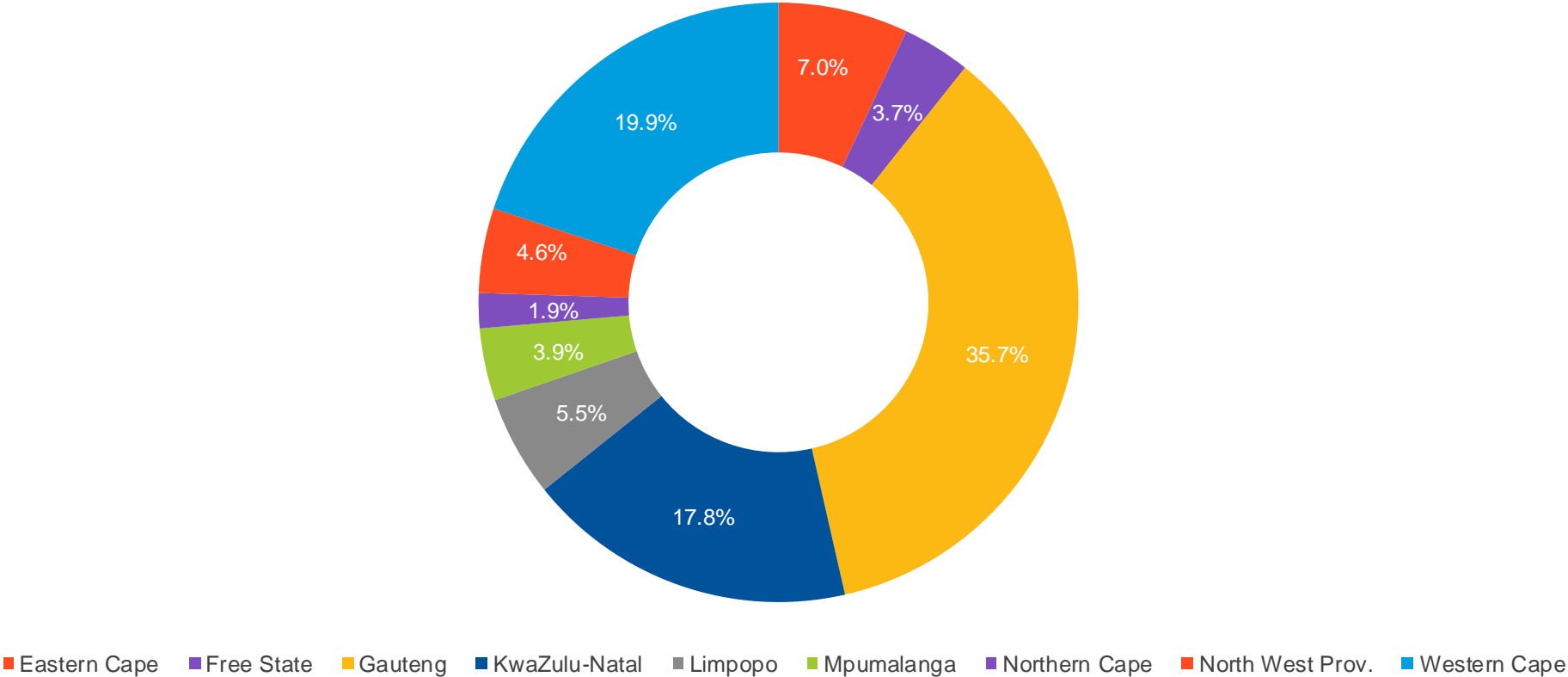
Rigid plastic and carton are the prevailing pack formats within the fruit juice industry, where larger “sharing” pack sizes (1L – 1.5L) are dominant.

Channel Distribution



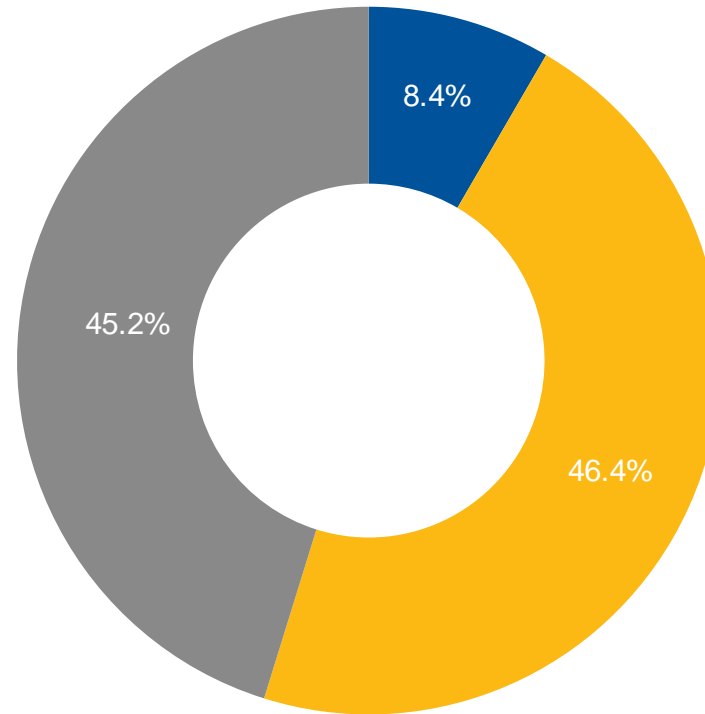
Top end retail was close to half of all category volume for 2017, with wholesale the next largest channel in volume terms. Promotional activity in these store formats may have contributed to volume growth, though the ease of reaching a greater number of consumers through established means, makes these channels more attractive too.

Local Regional Distribution



South Africa’s three key metropolitan regions dominated the volume share for the RTD fruit juice category. High per capita population, as well as demographic profile in these regions, drives sales here.

Market Breakdown



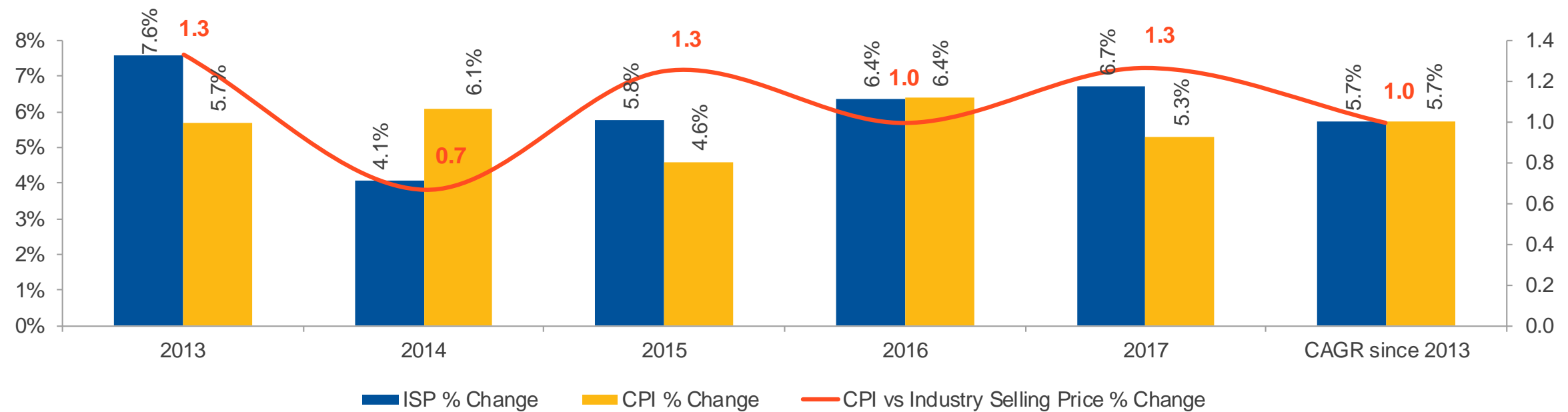
■ Long Life - Other (Carbonates/Other)

■ Long Life - Aseptic (Pure/Nectar/Fruit Drinks)

■ Short Life - Fresh (Pure/Nectar)

More than 90% of fruit juice sales are through long life aseptic juices and short life juices, while long life other (driven by carbonated), makes up only a small portion of sales. The smaller share for the latter may be as a result of this segment having fewer perceived health advantages, as they may be associated more with sparkling soft drinks.

Average Industry Selling Price vs Inflation



Price increases have been evident each year over the past five years. The increase in the base year was 6.7% (ahead of headline CPI) with an increase in industry selling price increase of 5.7%

The industry selling price represents a weighted average selling price across all channels
Pricing represents an average weighted Rand per Litre
The industry selling price in this report has changed as an improved methodology of calculating on-consumption pricing has been applied
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Note:

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