



insights
to
grow

Media Feedback Report 2018

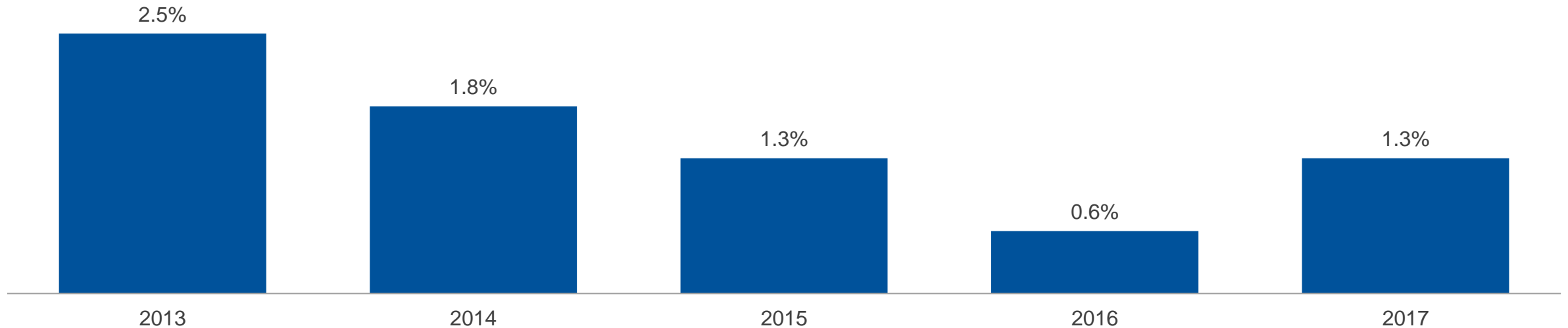
RTD Energy Drinks in South Africa

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.

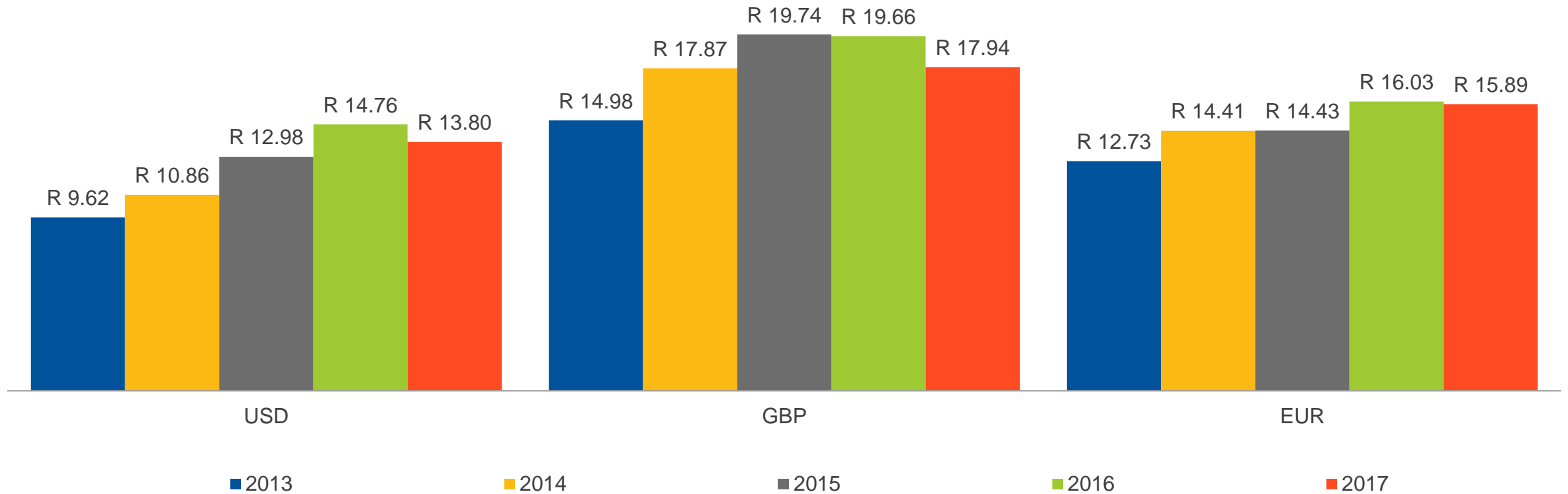
Growth rates in industry value added and GDP (constant 2010 prices)



The South African economy grew by 1.3% in 2017, up by 0.7 percentage points compared to 2016. The RTD energy drinks category has however grown at a much higher rate than this over the same time frame.

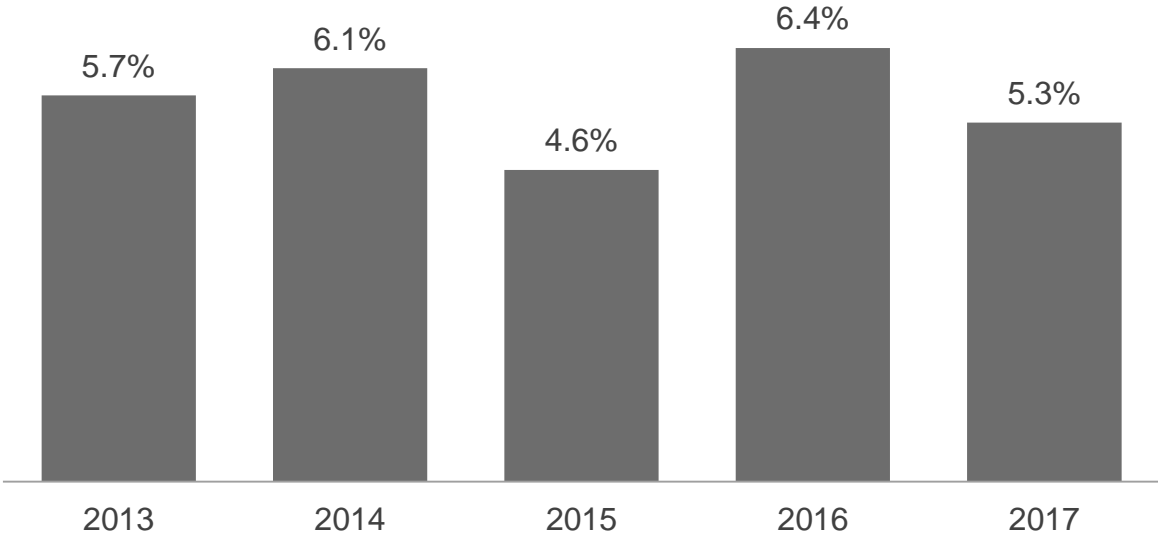
Currency

Performance of the South African Rand

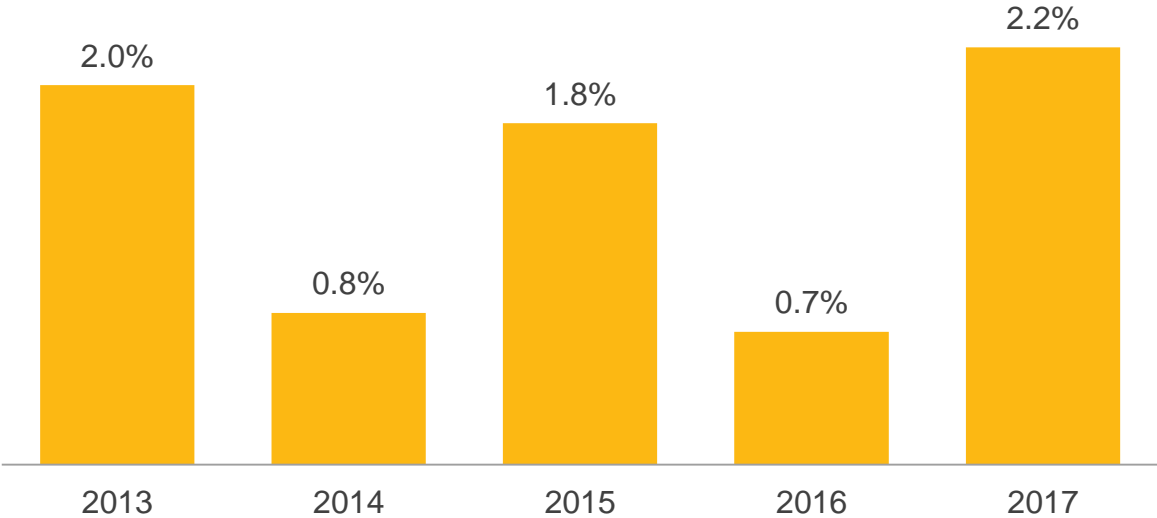


South African Economy

Consumer Price Index



Household Consumption Expenditure



Source: SARB, Statssa



Market Trends

Energy drinks are specifically targeted at consumers who lead busy lifestyles and engage in sporting activities, so in order to portray this image, product marketing needs to be aligned.

The category saw an influx of new players in recent years, these being mostly importers of final products, whereas only a few players have exited the market.

RTD energy drinks remain one of the fastest growing beverages in the industry as this category achieved a substantial volume growth year-on-year. The value of the category also grew but lower than the rate in the value movement. This volume growth ahead of value performance is indicative of increased unit sales at a lower price point.

Within the 2017 year, Q2 2017 experienced the smallest growth, whereas the volume started to grow at a faster rate in Q3 and Q4 2017. The volatile and weakened rand might have been the reason for the slower growth in the first two quarters of 2017, bearing in mind that a number of brands are imported.

The primary drivers of growth for the category year-on-year include the following:

- Promotional activity, driving the category volumes and repeat purchases
- Players lowering their prices in order to stay competitive in the market, as several more economical options become available
- The usage of social media as a platform to target consumers and reinforce brand image

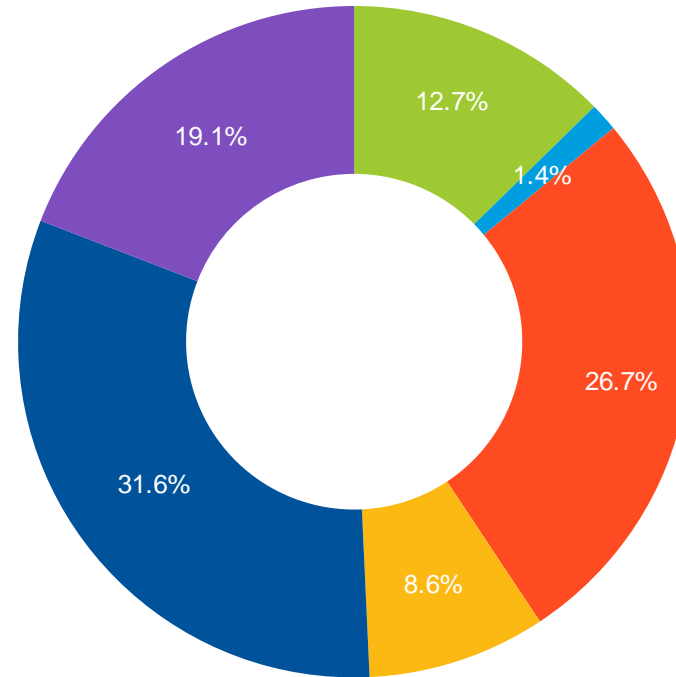
Private label brands manufactured for top end retailers are gaining consumer preference, as consumers already have a level of trust in these various brands. This existing store brand equity is increasingly being leveraged across a number of categories, not just energy drinks. For energy drinks in particular this has a negative impact on less established brands, as well-known brands are more resilient in terms of consumer loyalty.

The primary packaging type for RTD energy drinks is can. It is known that this pack format is associated with the category more than alternative formats. This pack type has taken share consistently from plastic and glass over the past five years.

The single largest regional consumer of energy drinks is Gauteng. This is a skew that exists particularly for energy drinks compared to alternative beverage categories.

The category is expected to continue growing in the near future according to various player input received.

Channel Distribution



■ Bottom End Retail

■ Export

■ Forecourts

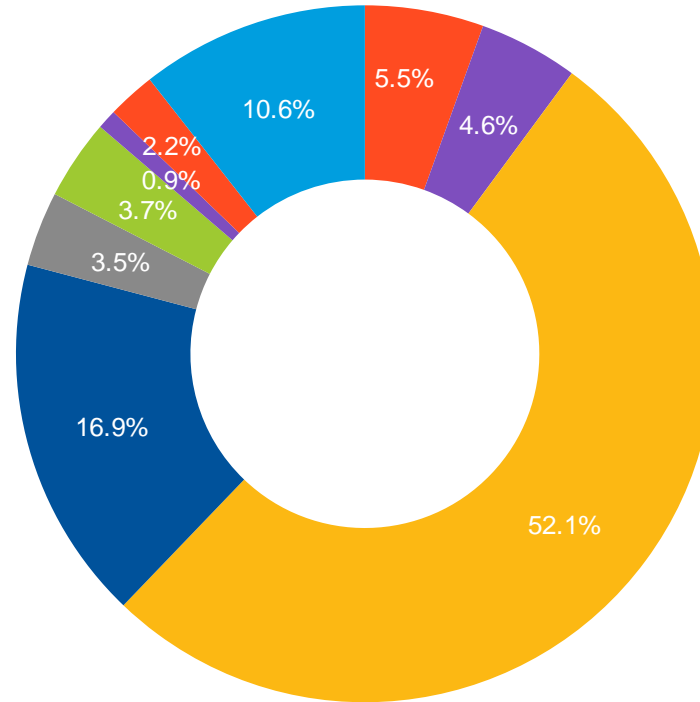
■ On-Consumption

■ Top End Retail

■ Wholesale

Bottom end retail experienced the largest increase year-on-year relative to the performance by other channels. A possible driver for this channel growth may be that the new market entrants find it easier to get their products into bottom end retail compared to getting a listing with top end retail outlets. In addition, bottom end retailers are increasingly developing alliances, and then negotiating with manufacturers for better pricing as they are buying in bulk.

Local Regional Distribution



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

The key metropolitan regions, which include Gauteng, KwaZulu-Natal and the Western Cape, collectively account for the majority (79.6%) of the category's regional volume share. There are, however, large movements from the smaller regions as well which shows that South Africa is growing and it isn't always the metropolitan regions that contribute to the shift. Considering the higher price of RTD energy drinks compared to alternative non-alcoholic beverages, the consumers in the smaller regions were still willing to spend on the category.

Please note: Excludes exports



- Analytics Solution
- Dashboards

- Beverages
- Food
- Packaging



- Advertising & Campaign Testing
- Brand Competitive Advertising Tracking
- Omnichannel

Advertising

Category Quantification

Business Research B2B

- Business Insights
- Market Quantifications



Solutions

Print Ads

Consumer Research

- Consumer Insights
- Shopper Insights



Mystery Shopping

Instore

- Category Ranging
- Compliance Tracker
- Shelf & Promotional Price Surveys
- Shelf Health



- Brand Compliance
- Store Compliance
- Staff Compliance
- Promotional Compliance



- Print Promotional Pricing Tracker
- Number of Promotional Ads
- Adspend Value
- Print Ads Mobile App
- Promotional Effectiveness

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