



insights
to
grow

Media Feedback Report 2019

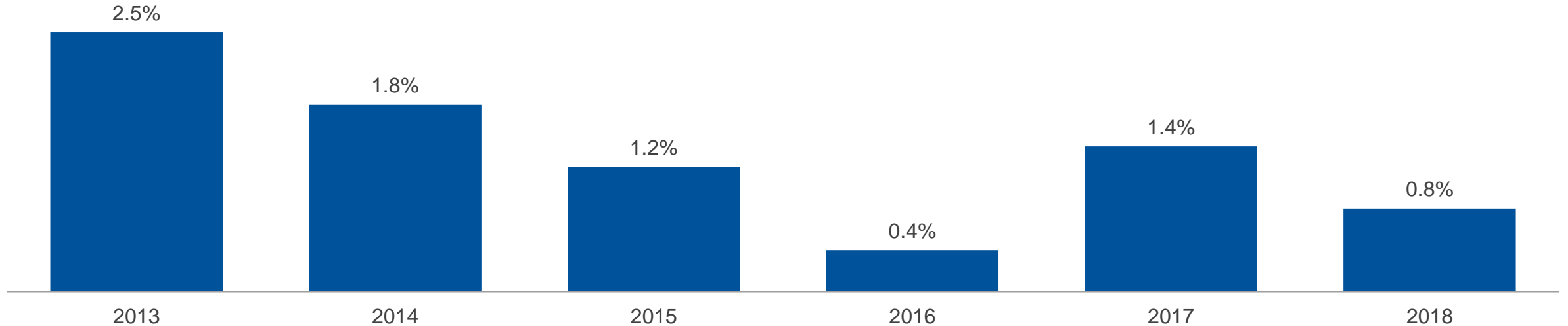
Bottled Water in South Africa

May 2019

South African Economy

South Africa's Gross Domestic Product (GDP)

Constant 2010 prices

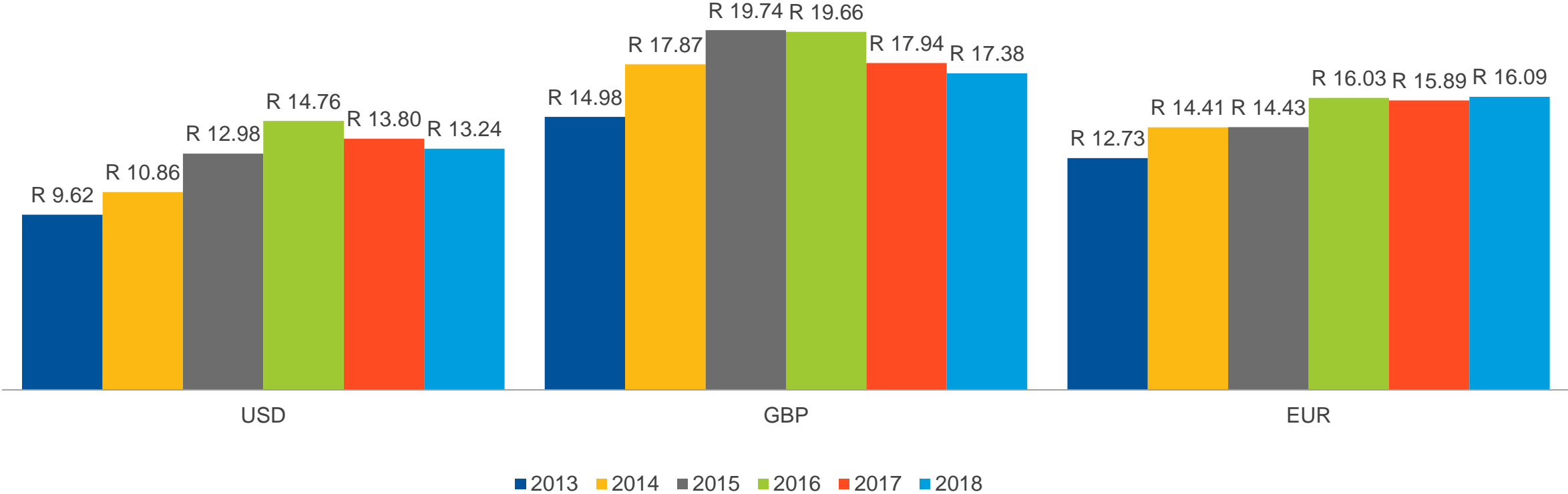


The South African GDP was recorded at 0.8% in 2018. The growth was led by increased economic activity in finance, real estate and business services and general government services. In this period RTD iced tea saw the opposite as a negative growth was recorded for the category.

Source: Statssa

Currency

Performance of the South African Rand

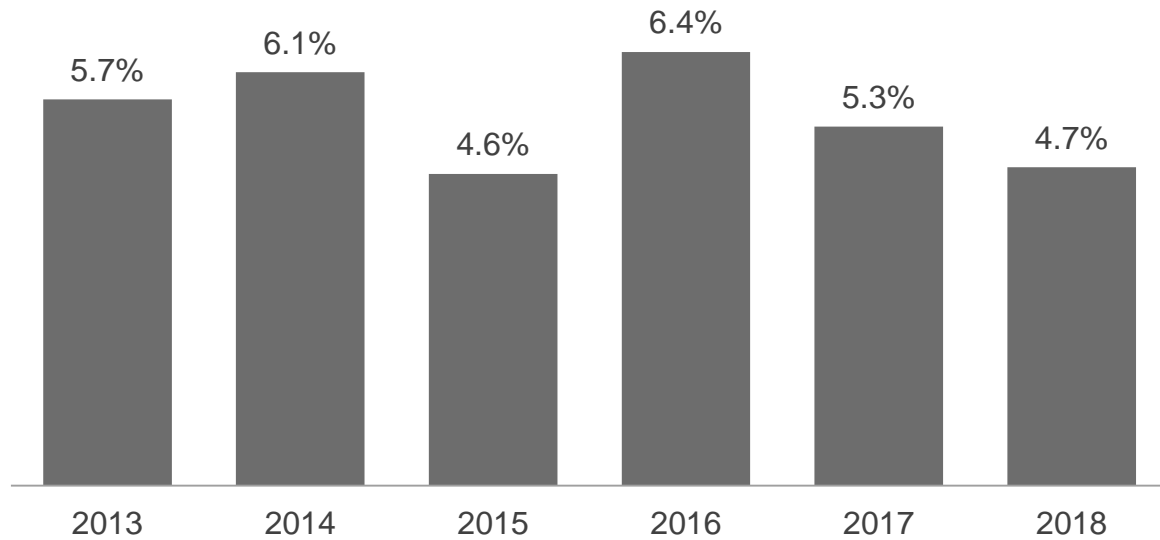


Source: Exchange Rate

South African Economy

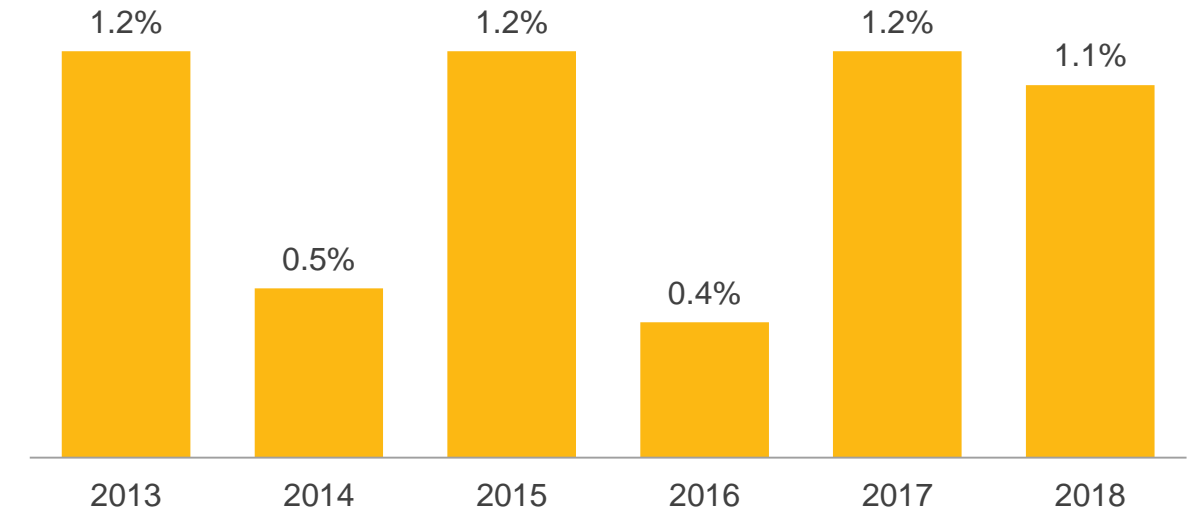
Consumer Price Index (CPI)

Dec 2016=100



Household Consumption Expenditure (HCE)

Constant 2010 Prices



Market Trends

The bottled water industry is driven by the health concerns regarding normal drinking water, although it is said to be up to standard. The changing lifestyles, preference for vitamin and minerals are some of the other influences that drive this category. Bottled water manufacturers are introducing new products with health benefits and a variety of flavours as it is noted that the younger generation prefers different options available to them. The new products are offering functional benefits, convenience and better taste which are preferred by consumers.

The bottled water category in South Africa continued to grow in both volume and value for 2018 in South Africa.

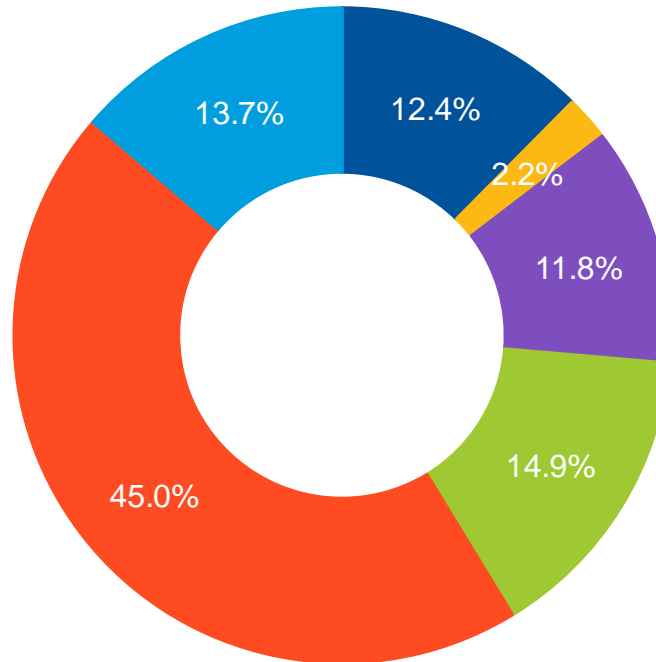
The category volume growth may be attributed to the following factors:

- The implementation of sugar tax on sugar beverages boosted the popularity of bottled water and has been the main reason for its shift, as alternative beverages became more expensive
- A decline in average selling price due to a significant increase in share of larger pack sizes and bulk packaging. These are more economical than the smaller pack sizes and single serving offerings
- There were certain areas with water shortages resulted in the ongoing purchasing of bottled water

In the past consumers were not aware of the different types of bottled water. According to South Africa's packaged water legislation, there are three main types of bottled water which are natural, water defined by origin and prepared water. The prices also vary widely between them. It has mentioned that the consumers that were faced in the drought situation are the most knowledgeable about the different types of water available as they noticed the price differences while purchasing and questioned it a lot more than alternative regions.

Plastic remained the dominant packaging option, whilst other pack formats lost volume share. Generally, other more expensive packaging materials are used for premium brands, but some consumers prefer value brands possibly as they perceive water as a commodity type product.

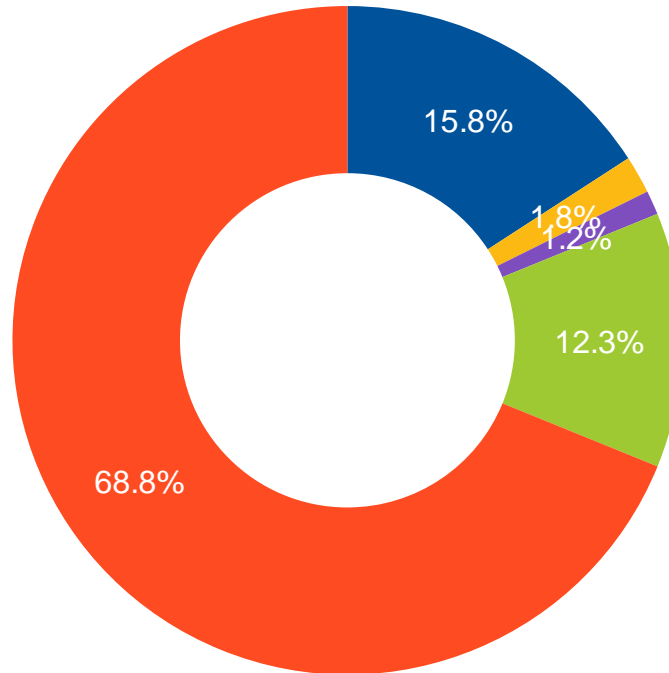
Channel Distribution



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

On consumption has shown a relatively large increase in volume as players say that the channel has driven bottled water after the sugar tax implementation. It is noted that a lot of outlets now place bottled water on the tables before you actually sit down at a restaurant encouraging you to open it and pay for it at the end of the meal. Exports is still being labelled as the sector for opportunity as these buyers are willing to pay a higher price and South Africa is currently meeting the bottled water standards of other countries. While our standards are said to be fairly high in South Africa, there are certain regulations that are now legal requirements and are being checked for compliance to increase/improve our standards even further.

Market Breakdown



■ Flavoured Sparkling ■ Flavoured Still ■ Functional ■ Unflavoured Sparkling ■ Unflavoured Still

It is noted that flavoured water had done relatively well in 2017, however in 2018, unflavoured water drove the category growth. The decrease experienced by flavoured water in 2018 is believed to be due to the overstocking in 2017. It is still mentioned that flavoured waters are appealing to the younger consumer opposed to the older generation that is used to water being unflavoured and still. The younger generation is said to want a variety of tastes and are more demanding when it comes to differentiation of products.



- 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



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



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

Thought Starters...



Will a South African player launch a bottled water in the can packaging type?



Will flavoured water continue to gain preference as the younger generation prefers this?



Will day zero(drought) actually take place in 2019 as predicted and will this have a positive effect on the bottled water category?

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