



insights
to
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Media Feedback Report 2019

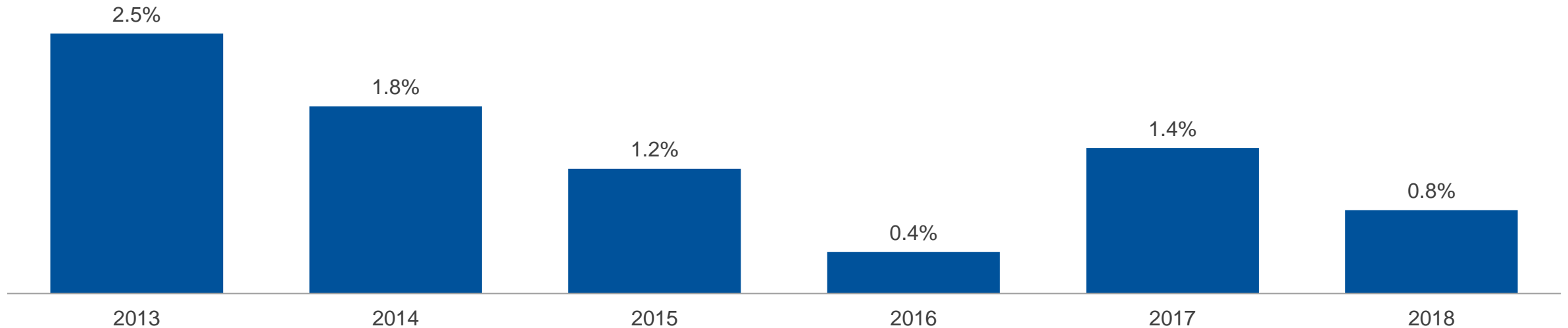
RTD Energy Drinks in South Africa

April 2019

South African Economy

South Africa's Gross Domestic Product (GDP)

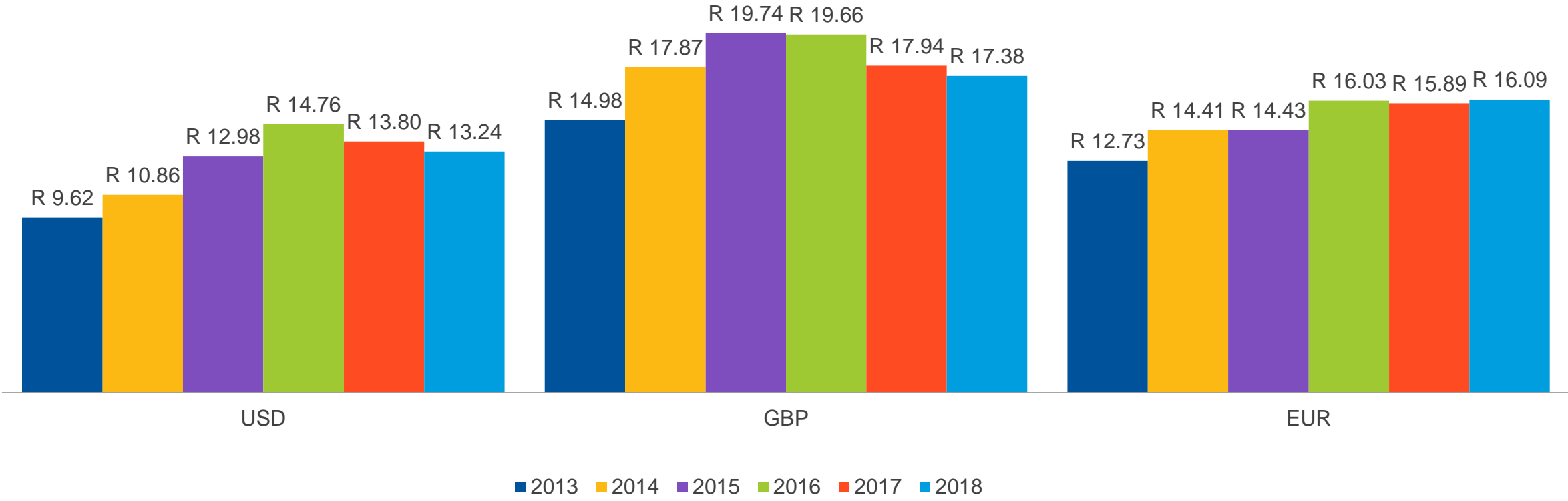
Constant 2010 prices



The South African economy grew by 0.8% in 2018, following an increase of 1.4% in 2017. The annual growth was led by increased economic activity in finance, real estate and business services, as well as general government services.

Currency

Performance of the South African Rand



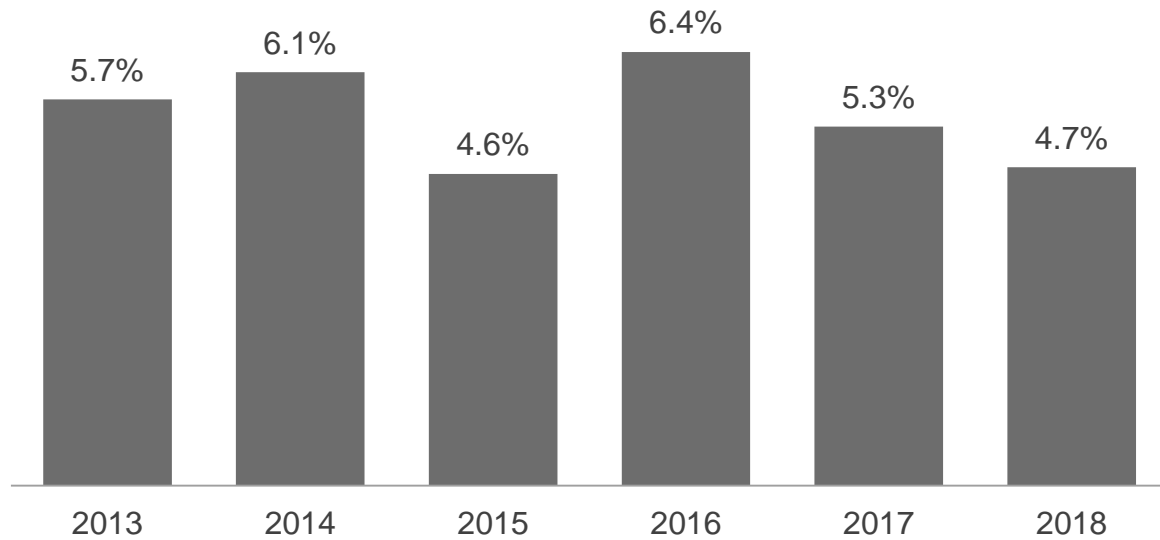
Source: Exchange Rate



South African Economy

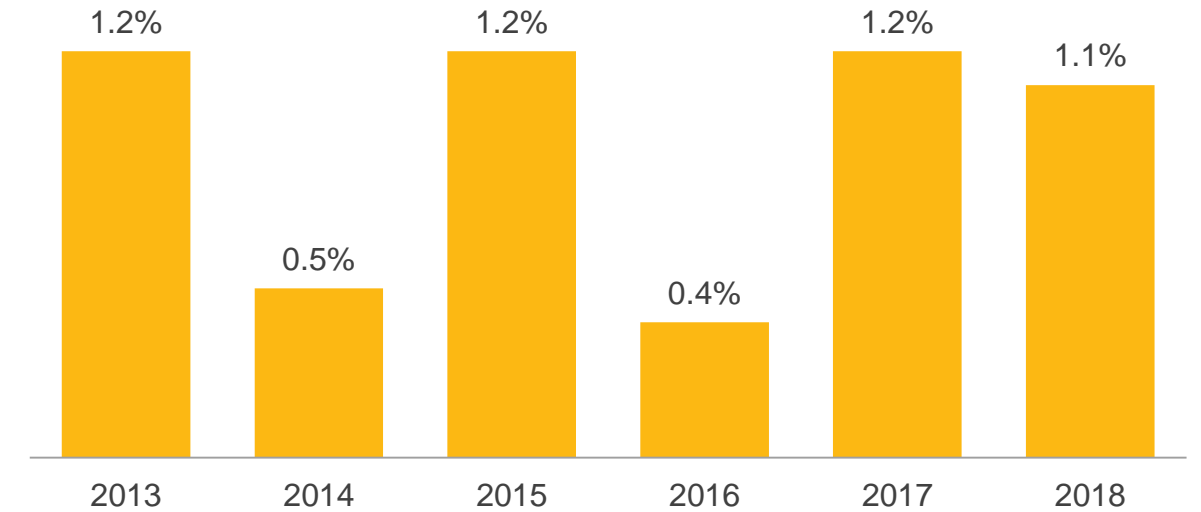
Consumer Price Index (CPI)

Dec 2016=100



Household Consumption Expenditure (HCE)

Constant 2010 Prices



Market Trends

In the year 2017, global sales of energy drinks were 11.57 billion litres and the category was expected to rise to 14.7 billion litres in 2018. Although it has been put out publicly that there are potential health detriments, consumers continue to purchase the product. Having said this the growth rate isn't as high as in previous years. After the increase in the awareness on sugar consumption and the implementation of sugar tax, some players launched “zero” variants that replace regular sugar with artificial sweeteners. Others however, have chosen to continue driving their brands without changing the formula with the risk of damaging their brands.

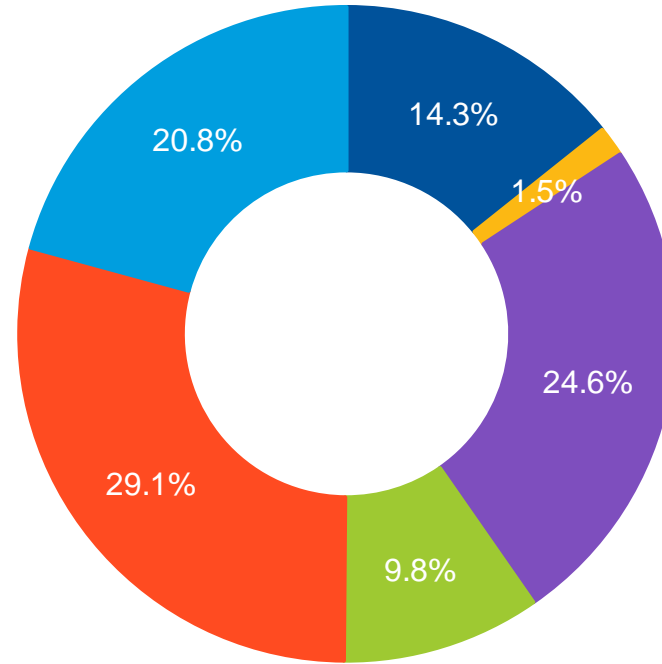
The category experienced a double digit growth of from 2017 to 2018. RTD energy drinks is specifically targeted at consumers who lead busy lifestyles and engage in sporting activities, so in order to portray this image, product marketing needs to be aligned.

Some of the potential factors that contributed to the growth in volume and value in 2018 were as follows:

- The category is still believed to be in the growth stage of the product lifecycle and off a smaller volume base.
- The price is starting to decrease for the category as the market becomes more saturated and the product is relatively expensive on a rand per litre basis.
- The caffeine content helps stimulate the body and gives it the boost it needs for the busy consumers lifestyle
- The average South African consumer is still not as alarmed by the health risks published in media compared to other countries. South Africans are still believed to be one of the largest consumers of the beverage in the world

It has been published that energy drinks being sold to kids under 18 is being banned in countries like England. South Africa is known to follow in the footsteps of other countries and players have mentioned that they would expect this to happen in years to come. If it doesn't officially, parents are still becoming more aware of the content in energy drinks and will stop their kids from having them. This will therefore have an effect on future volumes.

Channel Distribution

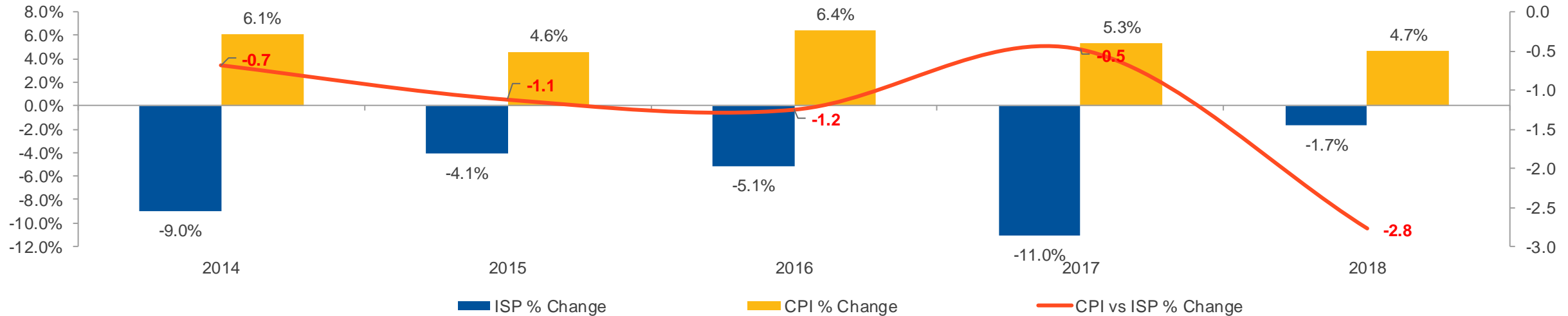


■ Bottom End Retail ■ Export ■ Garage Forecourts ■ On Consumption ■ Top End Retail ■ Wholesale

Garage forecourts and top end retail were the two largest channels for 2018. These two channels combined account for more than half of the channel share at 53.7%. Garage forecourts is said to drive the volumes for consumers on the go and lead a busy lifestyle and this channel is easy to stop at and make quick purchases without long queues and are conveniently located. Both channels have a greater reach to mid to high income households that are more likely to purchase the category based on its premium qualities.

Historical Weighted Industry Selling Price

Year	Industry Selling Price (ISP/Litre)	ISP % Change
2013	R 53.79	
2014	R 48.98	-9.0%
2015	R 46.97	-4.1%
2016	R 44.56	-5.1%
2017	R 39.64	-11.0%
2018	R 38.96	-1.7%



The pricing of energy drinks has been under the headline inflation rate for a number of years. The lower price can be obtained and players entering the market are still using the low price strategy to enter the market.



- Analytics Solution
- Dashboards

- Beverages
- Food
- Packaging



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

Advertising

Analytics

Category Quantification

Business Research B2B

- Business Insights
- Market Quantifications



Solutions

Print Ads



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

Mystery Shopping



Instore

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



- Consumer Insights
- Shopper Insights



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

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