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Media Feedback Report

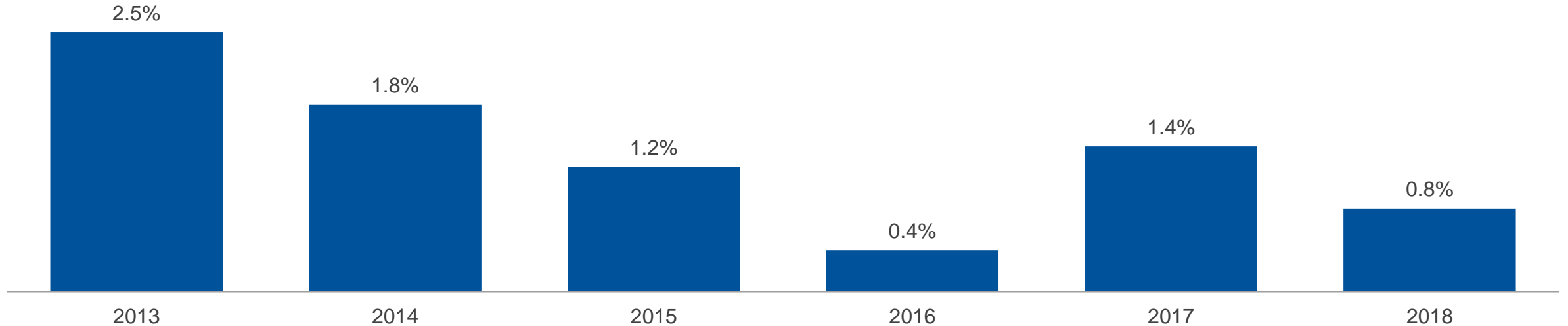
Flavoured Milk in South Africa

July 2019

South African Economy

South Africa's Gross Domestic Product (GDP)

Constant 2010 prices

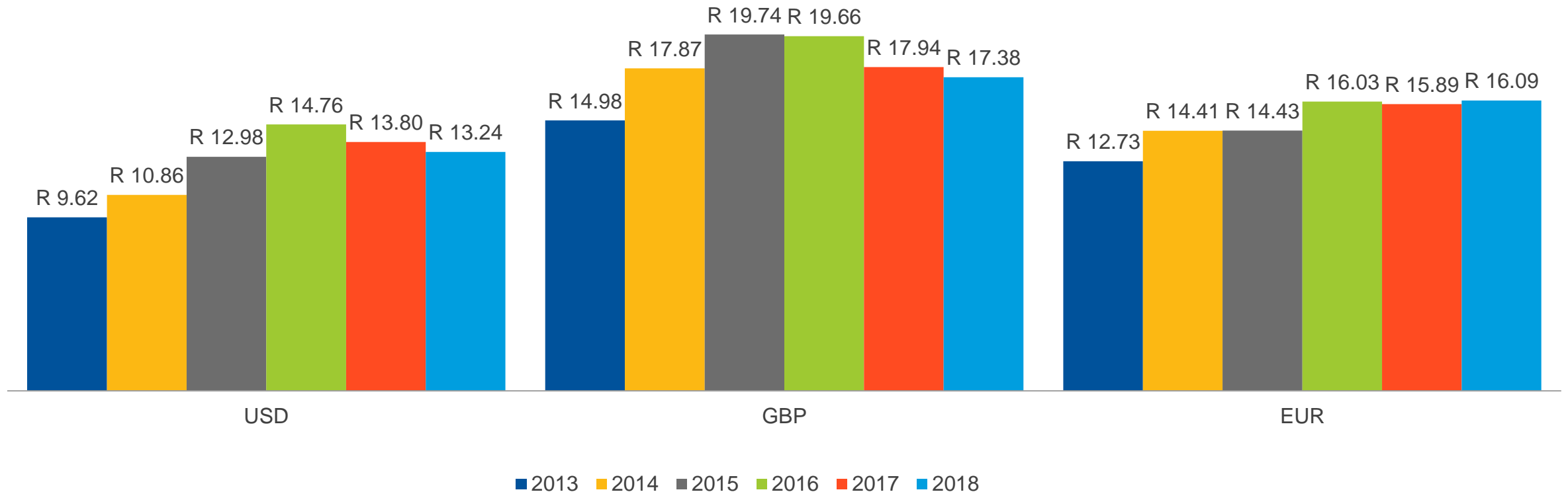


The South African GDP was recorded at 0.8% in 2018. The growth was led by increased economic activity in finance, real estate and business services and general government services.

Source: Statssa

Currency

Performance of the South African Rand

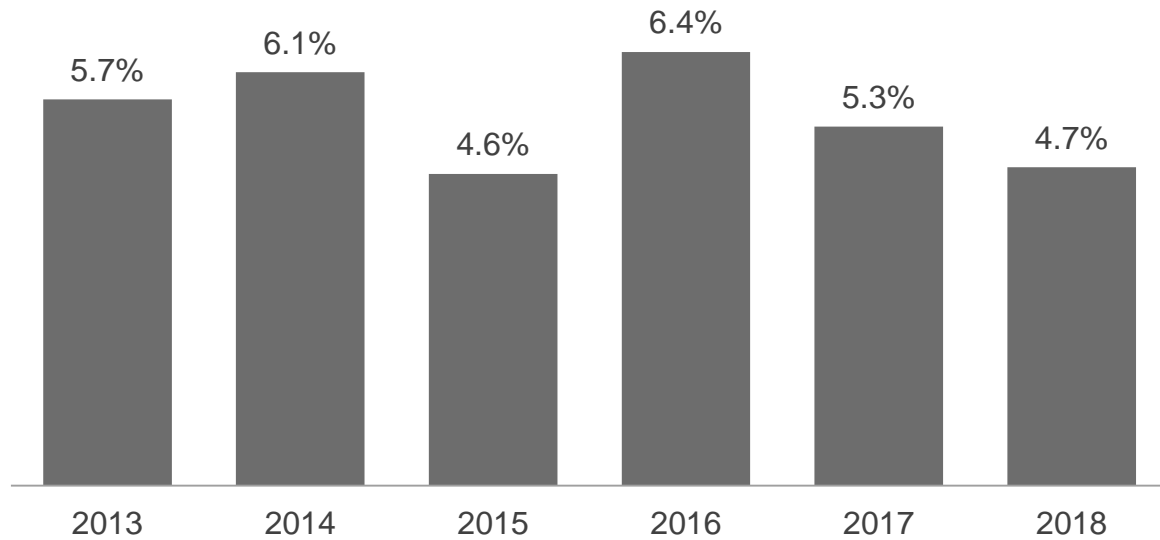


Source: Exchange Rate

South African Economy

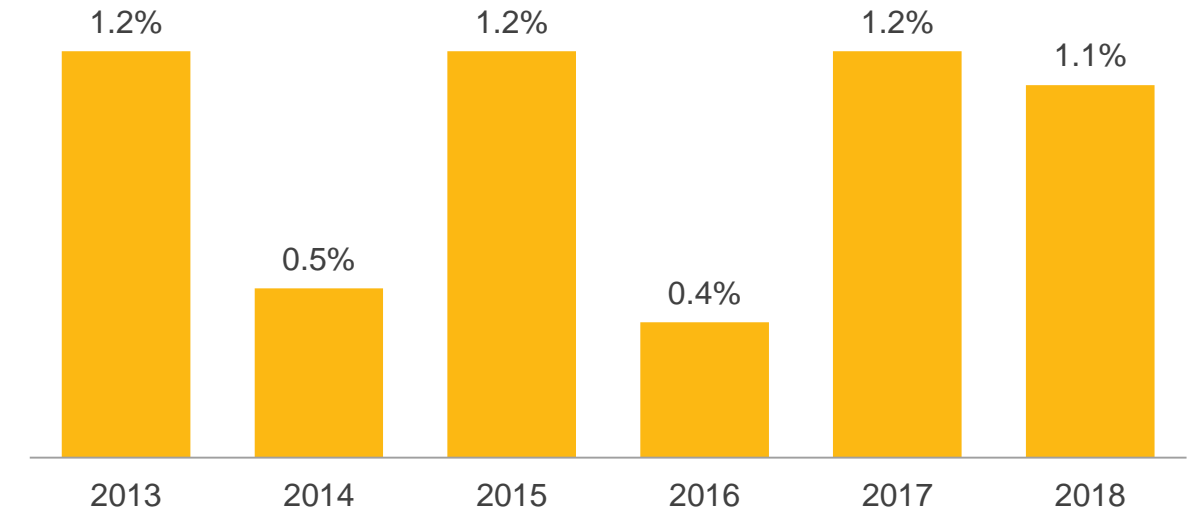
Consumer Price Index (CPI)

Dec 2016=100



Household Consumption Expenditure (HCE)

Constant 2010 Prices



Market Trends

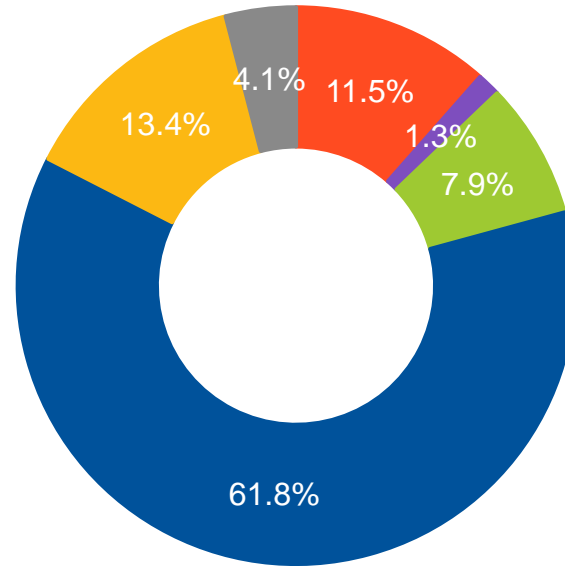
The flavoured milk category recovered some of the volume lost in the past two years as it recorded a positive growth during 2018. The recovery of water in areas which were previously affected by the drought has positively impacted the feed for cows and consequently the supply of milk to the industry. A similar trend is observed from other dairy beverages such as drinking yoghurt, buttermilk and maas, which also witnessed a surge in the volume in 2018.

Top end retail maintained its position as the dominant outlet for flavoured milk accounting for almost two thirds of the volume. This channel is known for promotional activity in store and has a large customer base. The on-consumption channel showed the slowest growth and accounted for the second smallest share in volume in 2018. On-consumption has been under pressure across other beverage categories as well. This is partially driven by the depressed economy leading consumers to eat out less frequently.

The key metropolitan regions held the major share of the volume distributed for flavoured milk in 2018. Collectively Gauteng, KwaZulu-Natal and the Western Cape made up the majority share of the volume. The large population size and higher disposable income is believed to be the driving factors behind the large volume share. The largest growth in volume was witnessed by North West region (although off a small base), over the period under review. It is hypothesized that the volume surplus may have been attributed to the oversupply in neighbouring regions such as Gauteng.

In the medium to long term, the category is expected to continue growing in volume as players are also likely to innovate to keep consumers interested in their products.

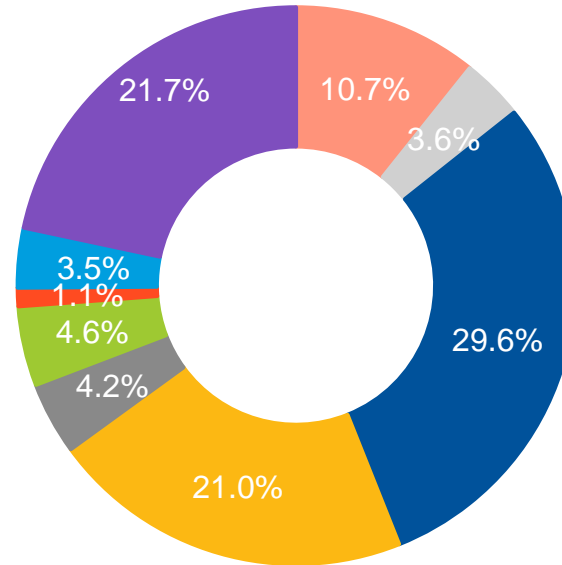
Channel Distribution



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

Top end retail continued to dominate the channel distribution accounting for almost two thirds of the total volume. The channel is known for promotional activity seen in-store and has large customer base, making it an ideal channel for players to distribute their products to. Exports has the smallest share in volume. Due to the lifespan of flavoured milk, it is not a common product to export to international markets.

Local Regional Distribution



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

The metropolitan regions maintained their position as the dominant shareholders of flavoured milk making up majority of the total volume distributed in 2018. These regions are the economic hub of the country and have a large portion of consumers in the upper LSM spectrum attributing to the large demand of the product.

Excludes Exports



- 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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Reg No. 2008/004751/07



Contact us:

Cleide Tinga
Research Analyst
cleide@bmi.co.za

t: +2711 615 7000
f: +2711 615 4999
research@bmi.co.za
bmi.co.za
@BMi_Research



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