

# Zim: Lager volumes hit 10-year high

By [Dumisani Ndlela](#)

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Lagers and sparkling beverages consumption surged during the six months to 30 September 2010, pushing total beverages volumes for the half-year period to a level not seen since 2005. Lagers volumes reached levels last seen in 1999.



Delta Corporation, an associate unit of SABMiller, has reported a 16% increase in total beverages volumes to 2.8 million for the six months, a high last seen before an economic crisis heightened in 2005.

"This composite growth figure gives an incomplete picture as it hides a trend that can be seen better by disaggregating the components," said Delta's board chairman, Canaan Dube.

Lagers volumes surged 48%, with sparkling beverages experiencing the biggest leap of 63%. Traditional beer however reflected a 4% loss in volumes.

## Movement from traditional beer to lagers

"Of interest, the level of lager volumes achieved in the six months to September 2010 was last seen in September 1999," said Dube.

Apparently, the trend, which was noticeable from last year's results, was that as the economy recovers, there has been a strong movement from traditional beer to lagers. Last year's growth in traditional beer consumption was only two thirds that of lagers.

"[The shift] has become more marked now that lager brand and package availability has improved," said Dube. "This is a desirable trend because, although the lager business is more capital intensive, margins are better."

The increase in larger consumption has also given the country's treasury something to smile about: the beverages group's contribution to the cash-strapped fiscus through income tax, value added tax and excise duty amounted to US\$60.3 million, with excise duty having grown disproportionately by 77% due to the swing to lagers.

## SABMiller lifeline to Delta

Dube said refurbishment of a mothballed plant had brought the national lager packaging capacity to "a little over two million hectolitres per annum."

Last month, SABMiller said it had consolidated Delta's financial results effective from 1 April, reporting that the Zimbabwean firm had contributed total beverage volumes in the six months of 1.0 million hectolitres.

SABMiller extended a total US\$16 million lifeline to Delta last year, part of which was used to set up a new beer bottling line which has boosted beer production capacity.

The group has also increased its PET filling capacity at one of its Coca-Cola plants to close the PET supply gap. Plant refurbishment has been ongoing at all production facilities, while equipment replacement has also taken place.

## **Strong brand portfolio**

Delta Corporation has a strong brand portfolio of lager beers, with Lion Lager dominating the share at 40%. It also has a portfolio of sparkling beverages - Coca-Cola, Fanta, Sprite, Sparleta and Schweppes, among others, as well as traditional beer.

The group now dominates the beer market and the soft drinks market, and has almost completely closed the gap on competition.

## **ABOUT DUMISANI NDLELA**

Dumisani Ndlela is a Zimbabwean journalist specialising in business and financial reporting, with experience reporting on commodities, stock and financial markets, advertising, marketing and the media. He has previously reported from a number of regional countries as well as from the UK and Germany on commodities and regional integration. He can be contacted on [dndlela@yahoo.co.uk](mailto:dndlela@yahoo.co.uk)

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