BMi Research's 2013 Annual Quantification Reports

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BMi Research (Pty)Ltd, is a research house specialising in consumer and industrial research in various sectors, including the retail market. It has more than 30 years' experience in the industry across a wide range of methodologies and markets. Below are 2013 Annual Quantification Reports on Bottled Water/Drinking Water, Flavoured Alcoholic Beverages (FABS),fruit drinks, malt beer and sports drinks in South Africa.

2013 Annual Quantification Report on Bottled Water/Drinking Water

Water that meets all the applicable government standards sealed in a sanitary container and sold for human consumption. Bottled water cannot contain sweeteners or chemical additives (other than flavours, extracts or essences) and must be calorie and sugar free. Flavours derived from spices or fruits can be added to bottled water, but these additions must comprise <1% by weight of the final product. Beverages containing >1% by weight flavour limit are classified as soft drinks. Bottled water may be sodium free or contain very low amounts of sodium, and can contain natural or added carbonation.

Bottled Water/Spring Water

This has become the generic term used in relation to all bottled waters. However, true bottled waters are obtained from a natural or drilled spring.
The mineral salt content gives it specific properties that may be beneficial to health, containing not less than 250 parts per million total dissolved solids. These waters can have a salty, soapy or earthy taste depending on their mineral content. They are distinguished from other types of bottled water by its constant level and relative proportions of mineral and trace elements at the point of emergence from source. No minerals can be added to this product.

Natural Water

This is regarded as spring, mineral artesian or well water and is derived from an underground formation and not from a municipal system or public water supply.

Market Trends

Bottled water market has increased from 2011 - 2012 in volume. Players in the market feel that the rise in bottled water has to do with consumers believing that bottled water is healthier than tap water. Category value growth was driven jointly by the price per litre increase as well as by the volume growth. The prices increased due to natural inflationary pressures.

In terms of packaging demand, glass usage declined during 2012, while PET demand strengthened. There has been a shift from glass into PET making this pack type dominant in the bottled water industry. Functional breakdown flavour increased in volume and in share, which shows that there has been a shift from sparkling and still product flavours as those have decreased in volume and share.

Still unflavoured water continues to dominate and the functional breakdown flavour is developing and maturing as players believe that functional waters have been enhanced with specific ingredients which deliver health and wellbeing benefits.

Top-end retail channel continues to dominate in distribution. Bottom-end retail, garage forecourts, wholesale and on-consumption channel do show growth in distribution. Players believe that the consumption of bottled water continues to increase at home and away from home.

All regions experienced growth in volume distribution, except for Western Cape, with a slight decline. Players believe that there is an increasing demand of bottled water. Northern Cape is growing in share and Free State increased in volume and in share. Limpopo region increased in volume and in share while the North West region decreased in volume but gained share.
Bottled water industry is encountering new opportunities and challenges with health threat due to lack of recycling tap water regulations and increasing water filtration systems becoming more popular.

2013 Annual Quantification Report on Flavoured Alcoholic Beverages (FABS)

The flavoured alcoholic beverage (FAB) market consists of traditional alcoholic fruit beverages, like ciders and wine-based fruit ales, as well as spirit coolers or premixed products.

Market Trends

Flavoured Alcohol Beverages market has increased from 2011 - 2012 in volume. Players in the market feel that the market predominantly has impulse buyers that are not afraid of trying new products that they find novelty appealing. It is believed that the market will experience growth next year.

Category value growth was driven jointly by the price per litre increase as well as by the volume growth. The prices increased due to natural inflationary pressures and a rise in excise levies across all alcohol products.

In terms of packaging demand, the 330ml/340ml sizes experienced growth. With competition in this industry, players in the market feel that packaging provides a competitive edge by adding value to the consumer.

Western Cape increased its volume share this year in distribution whilst Eastern Cape, Free State/Northern Cape and KwaZulu-Natal regions experienced a decrease in share and the Gauteng region remained static.

Flavoured Alcohol Beverages industry is encountering new opportunities and challenges. Growth is being driven by demand for organic products and drinks with low alcohol content in this industry. There are consumers changing preferences, featuring a shift toward health-oriented wellness drinks.

2013 Annual Quantification Report on Fruit Drinks
This category should have a minimum pure fruit juice content of 6%.

Carbonated Fruit Drinks

Carbonated fruit based drinks is a concept which provides nutritional elements of the fruit along with natural pigments and flavour in addition to carbonation effects.

Nectar

It is stipulated that this category should include a minimum of 12.5% to 50% pure fruit juice content, depending on the type of fruit used. For instance, orange nectar requires a minimum of 50% pure orange juice, and lemon nectar a minimum of 12.5% pure juice.

Pure Fruit Juice

Pure fruit juice may be classified into two sub-categories, namely:

Unsweetened fruit juice

This category includes 100% pure fruit juice.

Sweetened Fruit Juice

This product comprises 70-90% pure juice depending on the type of fruit used in the juice. (Example Lemon - 70% minimum pure lemon juice, Orange - 90% pure orange juice).

Market Trends Fruit Juice

- The Fruit Juice market grew in volume terms in 2012.
- The Fruit Juice market saw a increase in the price per litre in 2012.
- This price increase, in conjunction with the volume increase, resulted in a Fruit Juice market value increase.
- In distribution terms, both garage forecourts and top-end retail gained volume share to the loss of wholesale, bottom end retail, exports and on-consumption.
- There was a regional shift away from the Mpumalanga, Free State, Limpopo, Gauteng and Eastern Cape towards KwaZulu-Natal, North West Province, Northern Cape, Western Cape and Export.

2013 Annual Quantification Report on Malt Beer

An alcoholic beverage typically brewed from barley comprising a mixture of malt syrup, water, sugar and yeast which is flavoured with hops. Malt beer typically contains between 4% and 6% alcohol.

Market Trends

Malt beer saw conservative growth in 2012 compared to previous years, though it is still seen as a very popular product amongst the adult population of South Africa. In recent years effort has been put into limiting the consumption of this product through laws and prohibiting the sale of alcohol during certain hours.

The overall category value growth was lower than in previous years. Competition amongst players is high, pushing prices lower with promotions and competitions. In addition, limited growth undermined further potential increase in category value.

On consumption malt beer, which is drunk at restaurants, mines and taverns, remains the most dominant channel, however it has lost some share to the off-consumption sector.

The 440ml can pack format had a massive growth in the market, pushing the overall can market up by close on one third of the total market in 2012. This had an effect on glass, the other popular pack type, which consequently saw a static market state for 2012.

2013 Annual Quantification Report on Sports Drinks

Sports Drinks primarily consist of water, carbohydrates, and electrolytes (sodium, chloride, and potassium) and are designed to assist the body with replacing fluid and electrolytes.

RTD Sports Drinks Market Trends

Sports drinks market has increased from 2011 - 2012 in volume. Players in the market feel that the rise in sport drinks popularity has to do with the aggressive marketing sponsorships and brand activities in sports targeting sport players and supporters.

Category value growth was driven jointly by the price per litre increase as well as by the volume growth.

The packaging demand for sports drinks is dominated by PET bottles. The 500ml packaging size have increased in volume and holds a large percentage share amongst other pack sizes. Players in the market feel that sport drinks packaging design is a powerful marketing tool that provides a scientific and evocative unique competitive look by adding value to the consumer.

The bottom end retail channel experienced a high increase in volume and in return grew in share followed by top end retail share increase. Garage forecourts, on consumption and wholesale decreased in share.

Mpumalanga now absorbs a large percentage of the volume and share, following KwaZulu-Natal's increase in volume and share and Free State increase in volume growing in share too. North West and Western Cape decreased in volume and in share whilst Limpopo decreased in volume and remained static in share. Eastern Cape and Northern Cape experienced a decreased in volume and share when Gauteng decreased in share and remained static in volume.

Sport drinks industry is encountering new opportunities and challenges with players launching aggressive advertising campaigns to promote brands and capture attention of health conscious consumers as they are aware of competition against energy drinks makers planning to introduce energy drinks with nutritional benefits.

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