



Refreshing 2023 performance by ready-to-drink beverage sector

The ready-to-drink (RTD) cold drink market, including sparkling soft drinks (SSDs), fruit juices and sports drinks, experienced positive volume growth in 2023, with SSD volumes surpassing pre-Covid levels, new research from BMi Research has revealed. Ready-to-drink sports drinks recorded the biggest volume jump, achieving almost double-digit growth, followed by SSDs, which grew at half that rate. Ready-to-drink fruit juices was the slowest performer but still managed volume growth of 3-4%.

Sparkling soft drinks

Sparkling soft drinks dominate the RTD market in terms of size, and in the past year continued to recover well, with the most popular drink flavours driving growth. Promotions and product innovation in this sector were key to volume growth.

“Primary flavours performed well, even as consumer spending remained under pressure. Beyond price benefits offered, the numeric distribution of these brands increased within the top-end retail, and local and traditional retail outlets, attracting new consumers.

“We saw aggressive promotional activities and effective execution, particularly from the larger industry players, to regain market share lost over the last few years,” explains Khathu Musingadi, Senior Research Analyst at BMi Research.



Image by mel-nik, www.canva.com

Industry feedback showed that consumers also responded favourably to innovative, new packaging in 2023, while the introduction of new flavours – including seasonal flavours – created much hype, attracting users to try new flavours in the market. This was evidenced through one brand’s new 500ml can and another’s 1 litre PET mixer.

As always, warmer weather conditions during the summer months promoted consistently high consumption of cold beverages.

Although most channels performed positively as the overall category grew, bottom-end retail

and on-consumption channels experienced a decline in demand, for instance ...

“Garage forecourts, showed limited growth. Top-end retailers and wholesale channels, meanwhile, experienced the biggest volume growth.”

“This may be a result of favourable pricing in the wholesale sector, and some bottom-end

retailers purchasing from wholesalers instead of purchasing directly from suppliers. Wholesalers are often more affordable than other channels and offer a wide range of brands and packaging options. The on-consumption channel decline could be a result of the rise in syrup sales for soda fountains to the foodservice industry. Consumers are choosing fountain drinks as they’re more affordable than packaged drinks,” Musingadi adds.

The SSD category is expected to continue this positive growth, with BMi Research’s estimates pegging that at around 3% in 2024,





Images: www.metro.co.in/product-world/cold-beverages

with a sustained annual average of about 2% over the next four years. Larger pack sizes, the mainstay of this category, are expected to drive growth due to their affordability.

Ready-to-drink fruit juice

The RTD fruit juice category continued to perform positively in 2023 in both volume and value terms. Hard-hitting pricing and promotional activity by larger industry players was the major driver of the growth recorded, with the innovative packaging and rebranding introduced by certain brands further contributing to the volume increase in this category.

One major brand rebranded and introduced a smaller pack size, while another launched 500ml and 1.5 litre PET bottles.

“Production constraints reported by major industry players within the sparkling juice sub-category negatively affected product availability and thus, product sales of sparkling juice. Although the sub-category declined, the overall category increased, with pure fruit juice, fruit drinks and fruit nectar driving the volume growth,” says Musingadi.



All channels showed positive growth last year, however bottom-end retail recorded the lowest growth. This was most likely because this retail sector predominantly services lower income groups that may not be able to afford fruit juice, which is still perceived as expensive compared to other beverages in the market.

The fruit juice category is expected to enjoy a positive outlook in the short to medium term,

as producers increase their focus on price and promotions to further boost volume and market share. There could also be a shift in future towards increased nectar products and fruit drinks that cost less to produce compared to pure fruit juice, to encourage sales.



Ready to drink sports drinks

Demand in this category remained consistent in 2023, well supported by effective execution, and assertive pricing and promotional activities. This growth was maintained despite production challenges faced within the industry, which led to a shift in market share between the most prominent industry players.

“Those production challenges plagued major players for most of 2023, but were addressed during the second half of the year, which spurred category growth. Increased activities from these



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industry players to regain lost share further contributed to the positive performance of this category. The input we received in our research indicated that increased activity from amateur and professional sporting teams and related events was a major driver of sports drink product demand,” Musingadi notes.

The outlook for this category is also expected to remain positive in the short to medium term as major brands drive the industry forward through promotions, effective marketing and sports event sponsorships.

It is important to note that this research was conducted amidst constrained economic conditions in South Africa. Inflation remained high at an average of 6% for the year (the South African Reserve Bank has a CPI target of 3-6%), and basic food

and beverage items remained expensive, forcing cash-strapped consumers to prioritise which basic food items to purchase just to get to the end of the month.

Although the rate of unemployment has slowed down, it remained high at around 32% last year. This represented lost sales opportunities. Additionally, retail sales declined by 1% from 2022 to 2023, possibly as a result of consumers purchasing less due to the high cost of living, the research team hypothesised.

South Africa experienced the most power cuts in 2023, which also lasted longer hours. This had a negative impact on production and consequently, companies’ margins. Although the economy was predicted to show no growth in 2023, it remained resilient and grew by 0.6% – above the projected ‘no growth’ estimate.

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Tokinomo Fanta Halloween shelfbot.

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