

Mageu sales decline, but recovery is expected

Recent research released by BMi Research has revealed that in 2014, Mageu, one of the oldest beverages in southern Africa, had a decline in volume for the first time in over five years...

Although the product's volume declined, the value continued to grow on a yearly base and an increasing popularity for Mageu was identified as a trend amongst most of its consumers. The reasons for the decline may be attributed to:



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Mageu.co.za

- A six-month strike in the mining sector, which contributes to a large portion of the market volume. Mageu has a large base of users amongst the lower to mid LSM. Some of these consumers grew up producing and drinking the beverage. Decline in their usage will have an effect on total market;
- Unfavourable weather conditions in some parts of the country contributed to low usage of the product, contributing to decline in on-consumption channel volume; and
- The increase in the fuel price. Transportation costs and raw material costs increased production costs and were also passed on to consumers. Consumer spending was under pressure due to slow economic growth and the change in pricing affected their spending.

Mageu remains one of the oldest beverages in southern Africa and can easily be produced. Innovative products and packaging are constant in order to remain competitive against other beverage categories.

Mageu is primarily dominated by carton packaging. The packaging is convenient and easy to use and consumers like it. The 1 litre carton continues to lead the market, followed by 500ml, which is expected to grow significantly in 2015 due to packaging shift by some brands.

According to BMi Research: "The market is expected to recover in 2015 as experts are optimistic that we will not experience the kind of strike we had in 2014 and the economy is expected to show positive signs of recovery."

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