

## Substantial growth in energy drinks, report finds

BMi Research has found that the ready to drink (RTD) energy drinks market enjoyed substantial growth in 2015, albeit at a lower rate than was seen in the last five years. The RTD energy drinks volume grew to 153.1 million litres, increasing by 25.0% from 2014 to 2015.



Traditionally the last part of a year tends to show good sales increases due to the warmer weather but an under-performing economy in the second quarter of 2015, as well as a volatile and weakened rand exchange rate, could have been the drivers of slower growth in the last part of 2015.

The unfavourable import conditions, multiplied by strong competition from numerous RTD energy drink brands entering the market in previous years, resulted in a substantial number of players leaving the market in 2015; however some of the imported brands did not completely leave the market and it is likely they will be brought back into the country when the rand strengthens and exchange rates improve for importers.

The pricing per litre for energy drinks has shown increased year-on-year growth for the last three years. Although this category has a much higher price per litre than other non-alcoholic beverage categories, this did not cause consumers to switch to alternative beverage categories.

Gauteng still dominates the regional distribution of energy drinks with just over half of the total volume distributed to this region via top-end retail, wholesale and forecourts. The Eastern Cape, North West Province and Mpumalanga all presented positive growths, showing a shift in focus of players to smaller regions where they find there to be lesser competition.