

# Regional markets offer refreshing growth prospects for local beverage producers

By [Shawn Henning](#)

17 Sep 2015

As an independent beverage producer, you've no doubt looked at South Africa's heavyweight consumer markets of Gauteng, the Western Cape and KwaZulu-Natal and wondered how you were going to break into these provinces to expand your brand. Well, you'll be interested to know that growth opportunities for your beverages do exist, just not necessarily only in these traditional markets.



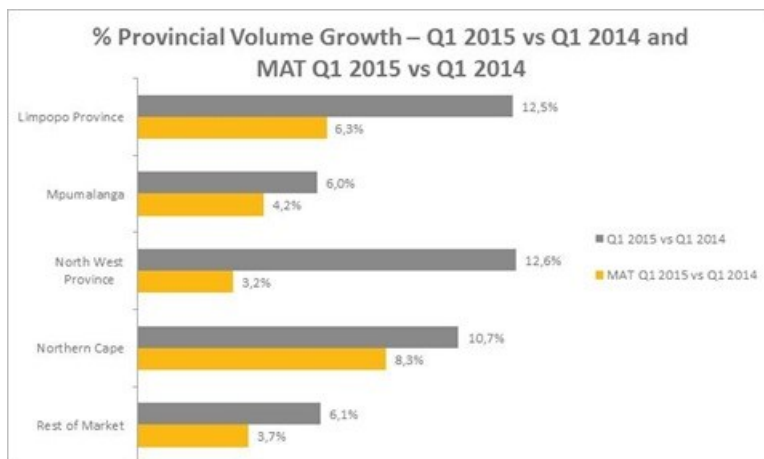
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Beverage manufacturers have historically focused on these provinces because they're bigger, which means more consumers and greater sales opportunities. But with this comes fierce competition and a continual fight for consumer loyalty in a market in which disposable income is dwindling.

It's hardly surprising then, that the smaller provincial markets are becoming increasingly attractive. At BMi Research, our market research has revealed growth in the beverage market in Limpopo, Mpumalanga, the North West, and the Northern

Cape over the past two years.

While this growth has come off a small, but steadily expanding base, the figures make for a compelling case. When comparing the performance of non-alcoholic beverages from the first quarter of 2015 versus the same quarter in 2014, the market in Mpumalanga grew by 6%; in the Northern Cape, by 10.7%; in Limpopo, by 12.5% and in the North West, by 12.6%, compared to the same period the previous year. During this time the rest of the beverage market grew by just 6.1%.



It's clear, the market opportunities are there. So, how do you tap into them?

Firstly, do your homework. Just because the markets are smaller, it doesn't mean that you can leave anything to chance. In fact, new ventures in unfamiliar markets with their vastly different consumer profiles; unknown competitors, social, cultural and political issues; and limitations, like infrastructure challenges, should be informed by even more thorough market research.

## Understand your new consumers

These findings will help you understand your new consumers and their environment, to ensure this prospective market really holds the growth potential you think it does. Because brand failure in smaller markets where there is less competition

could spell disaster for both your fledgling brand loyalty and your profit margin.

Just as you're looking for new market opportunities, so other independent producers are too. And the bigger manufacturers have access to solid market intelligence outlining the very same prospects. So although there is a window of opportunity now, it won't be open for long. This is why it's critical that once you're in a new market, you constantly stay one step ahead of your competitors, introducing new flavours, pack sizes and value-added promotions to maintain your competitive edge.

And when you've mastered these regional markets, look north. Similar growth opportunities exist just across our borders, where expanding local retailers are successfully putting down roots. Partnering them allows you to pursue export growth, while mitigating some of the risk involved in expanding into Africa.

## ABOUT SHAWN HENNING

Shawn Henning is analytics director at BM Research, a leading full-service consumer and industrial retail research service provider and pricing specialist with more than 30 years' experience in the South African and African research industry working across a wide range of methodologies and markets.

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