SA SPORTS AND ENERGY DRINKS INDUSTRY LANDSCAPE REPORT

COMPiled: JULY 2016
REPORT OVERVIEW

The South African Sports and Energy Drinks Landscape Report (85 pages) provides a dynamic synthesis of industry research, examining the local and global Sports and Energy Drinks industry from a uniquely holistic perspective, with detailed insights into the entire value chain – from manufacturing to retail pricing and consumption.

SOME KEY QUESTIONS THE REPORT WILL HELP YOU TO ANSWER:

For the Global Sports and Energy Drinks Industry Section:

△ What are the current market dynamics of the global Sports and Energy Drinks industry?
△ What are the global Sports and Energy Drinks industry trends, drivers, and restraints?

For the South African Sports and Energy Drinks Industry Section:

△ What are the current market dynamics of the SA Sports and Energy Drinks industry?
△ Who are the key manufacturing players in the SA Sports and Energy Drinks industry?

For the South African Retail and Pricing Analysis Section:

△ Who are the key retail players in the SA Sports and Energy Drinks industry?
△ What are the prices of popular Sports and Energy Drinks brands across South African retail outlets?

In terms of South African Consumer Insights and Trends:

△ What are the volumes for Sports and Energy Drinks consumption (2011-2015) and forecasts (2016-2019)?
△ What are the statistics regarding the most popular purchased Sports and Energy Drinks brands in 2015?
85 page report filled with detailed charts, graphs, tables and insights
In 2015, the global sports and energy drinks market was estimated to be worth about $64.7 billion U.S.

- Between 2010 and 2015, the global energy drinks market saw an annual growth of 11%.

- Sales of all nutritional and performance drinks grew by 29% in the United States from 2009–2014, though the sales growth dropped from 14% in 2011 to just 6% in 2014.

- The global sports and energy drinks market is expected to grow at a compound annual growth rate (CAGR) of 7-10% between 2015 and 2019.

- Sports and energy drinks is one of the fastest growing soft drinks categories – with this growth being supported by their functional properties and lifestyle marketing.

- Marketing campaigns are increasing the popularity of these drinks among non-athlete consumers.

- The use of natural ingredients is one of the main drivers for growth, in addition to increased brand awareness and rising disposable incomes.

- PepsiCo. had the largest global market share in 2015 at 29% followed by 17% for Coca-Cola.

- Red Bull had the third largest market share at 7%.

**SPORTS/ENERGY DRINK MARKET SHARE BY COMPANY: 2015**

- PepsiCo Inc. 30%
- Coca-Cola 29%
- Red Bull GmbH 17%
- Monster Beverage Corp. 6%
- TC Pharmaceutical Industries 6%
- Otsuka Holdings 5%
- Other (companies less than 5%) 4%
**Nutrition:**

- Only 53% of Sports Drinks consumers actively partake in spots, while 89% show an interest in Sports.

- Drinks that offer nutrition and convenience and can be used as a food substitute has gained significant popularity and has increased demand by 42% in the US.

- A growing trend is the addition of vitamins and minerals e.g. products like **Vitamin Water**.

- Nutrition labelling is important for manufacturers to add since it represents another point of sale.

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**Health energy products:**

- These include products such as **Bioplus**, **Berocca** and **Vita-thion**.

- In keeping with the health trend, these products offer a healthy vitamin supplement, mainly consisting of vitamins B, C and Sodium, that improves the body’s natural energy sources and ability to use it.

- These products are mainly driving the higher LSM markets since they are perceived to be expensive.

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**Powder products:**

- Powder products have become extremely popular among females and males, especially individuals that gym regularly.

- Powder products can be used as food substitutes and allows for support in weight loss, especially in the female market.

- Males tend to use powder products in order to build muscle and to keep body weight constant.
Launched in April 2002, Monster Energy mainly advertise through sporting event sponsorships such as extreme sports i.e. BMX, mountain biking, snowboarding, skateboarding, and car racing.

- Coca-Cola bought a 16.7% stake in California's Monster Beverage Corporation in August 2015.
- Monster Beverage has a market cap of $30.03 billion, a P/E ratio of 41.54, an enterprise value of $26.99 billion, a P/B ratio of 6.01 and a quick ratio of 7.02.
- Monster's gross international sales grew from $141 million in Q1 2015 to $184.4 million in Q1 2016 (30% growth).
- Monster's key customer in 2014 was full service distributors, followed closely by outside U.S. sales.

### Monster Energy SA Brands:
- Monster Energy
- Khaos
- Absolutely zero
- Rehab
- The Doctor
- Assault
- Ripper

![Monster Energy Global Sales Chart](chart.png)

**MONSTER ENERGY GLOBAL SALES:**
BILLION US DOLLARS

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<th>Year</th>
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Source: Monster Energy; Guru focus; Seeking alpha; Times live; Statista
South Africa’s biggest food retail chains have experienced growth in sales, despite economic hardships and the devastating drought.

- Woolworths Food including concessions have increased by 11.9% up to 26 June 2016 with a price movement of 6.7%. The total revenue was R58.1 billion.

- For the 26 weeks up to 26 June 2016, total sales at Massmart increased to R42.3 billion – an 8.7% growth over the prior 26 week period. Annual product inflation was estimated at 5.8%, comparable store sales increased by 6.4%.

- Shoprite Holdings managed to boost sales by 14.4% from R130.03 billion for the 12 months to June 2016 compared to 11.2% in June 2015.

- Spar revenue grew by 16.8% for the interim period (up to 31 March 2016) to R42.484 billion Spar from R36.383 billion in 2015.

- Pick n Pay experienced growth in sales, with a growing retail turnover of 8.2% to R72.4 billion for the 2016 financial year.

The infographic below shows that the average basket of goods from Woolworths is 15% higher than from Checkers.

Source: Woolworths Holdings; Shoprite Holdings; Spar; Moneyweb

Image source: BusinessTech
Between 2011 and 2015, the volume trends among consumers who had personally drunk sports drinks had declined; with 45% drinking 1 sports drinks in the past 7 days in 2015, compared with 43% in 2011.

In 2015, 45% (3.4 million) of sports drinks consumers personally drank 1 sports drink in the past 7 days, 39% (3.0 million) drank 2-3 sports drinks and 16% (1.2 million) had consumed 4 or more sports drinks.

Source: AMPS 2011B-2015B (Adult population 16+ years)
Sample Size: 24,527 (2011); 24,528 (2012); 24,882 (2013); 25,060 (2014); 25,079 (2015)
Based on weighted numbers
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