

Is SA's health trend boosting fruit juice sales?

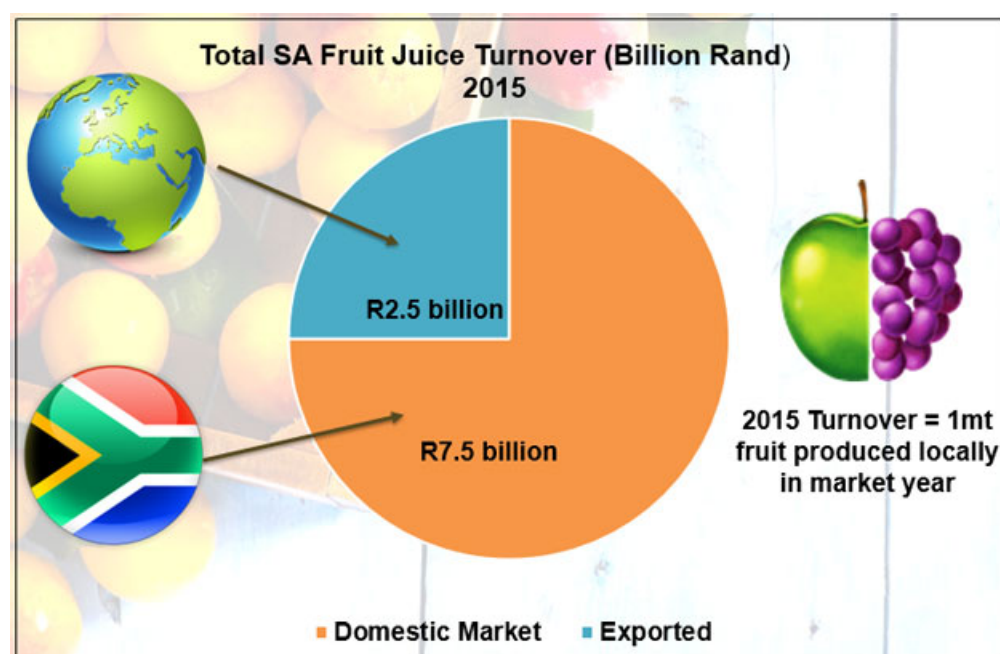
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The answer seems obvious. It must be a resounding 'yes'. Surely, the health fundi battalion, armed with neon à la mode apparel and spurred on by draconian dietary ideology, must be boosting RTD juice sales as they wage their corporeal war against the proverbial 'bulge'? One may certainly be forgiven for thinking so anyway.

However, the reality is that despite niche LSM-10 growth in demand for 'healthy' fruit juices (be it traditional freshly squeezed juice, bottled coconut water, or swanky kale and pineapple smoothies from trendy HPP juice bars), RTD juice sales are actually steadily declining across South Africa due to the ever-tightening economic stranglehold currently afflicting the average consumer.

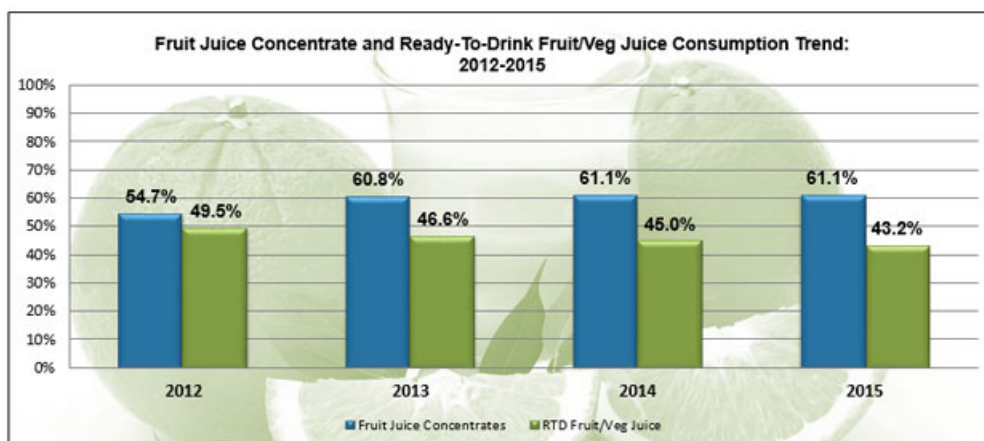
Insight Survey's latest SA Fruit Juice Landscape Report 2016 addresses this common misconception (wholly applicable across the domestic FMCG spectrum) by unpacking the direct correlation between economic climate and RTD/concentrate volume sales; in so doing providing a comprehensively nuanced understanding of the current industry environment and market dynamics.



Source: [Fruit Review](#); Graphics by Insight Survey

The SA fruit juice industry is assiduously integrated with global markets through considerable import and export trade. It is of significant importance to the domestic economy, with an estimated turnover of around R10 billion in 2015 (amounting to the production of roughly one million tons of fresh fruit). Of the produced amount of juice, 25% is exported for global consumption [1].

As the graph below illustrates, the proportion of SA fruit juice concentrate consumers has increased from 54.7% to 61.1% between 2012 and 2015; whilst the percentage of RTD fruit juice consumers has steadily declined from 49.5% in 2012 to 43.2% in 2015.



Source: [AMPS, Insight Survey](#); Graphics by Insight Survey

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This trend provides commentary on the interplay between pecuniary melancholia and consumer purchase dynamics. Since 2012 the domestic economy has become increasingly emaciated, hamstrung somewhat systematically by a socio-political maelstrom. As such, premium FMCG products such as RTD fruit juices, despite their economically impervious LSM-10 market appeal, have become an unaffordable luxury for the average South African consumer.

This has left the fruit juice industry in somewhat of a quagmire, with manufacturers scrambling to adjust to shifting consumer demand. Clover, as the RTD industry leader with 19% market share, has seen overall volumes (purely in the RTD market) plummet by a whopping 5.8% over the past year.

And the future appears to hold no respite for premium fruit juice manufacturers in South Africa. In the wake of market tumult in early 2016, GDP growth projections for the year have been revised to as low as 0.5%. In addition, consumer inflation is forecast to remain high throughout the year (averaging at around 6%); and it is amidst this bleak backdrop of a withering currency and escalating inflationary risks, that the repo rate has recently been pushed up to 6.25% [2].

What all this equates to as far as the fruit juice industry is concerned, is further decline in RTD volume sales in 2016/17 as the burgeoning throng of parsimonious consumers in LSMs 1-8 increasingly opt for more cost-effective Concentrate alternatives.

Thus despite niche growth in demand for RTD fruit juice, it is evident that the Puma-clad health fundis in the upper LSMs are doing little to halt the socio-economically induced trend towards fruit juice concentrate.

However, the future may not be all sunshine and 'Roses' (excuse the pun) for the concentrate market! The significant growth trend could potentially be stifled if finance minister Pravin Gordhan's proposed plan to introduce a 20% sin tax on sugar-laden drinks is implemented in 2017. This amplification in the cost of concentrates could, hypothetically speaking, resuscitate the capricious RTD market in years to come.

The **South African Fruit Juice Landscape Report** (99 pages) provides a dynamic synthesis of industry research, examining the local and global fruit juice industry from a uniquely holistic perspective, with detailed insights into the entire value chain – from manufacturing to retail and consumption.

Some key questions the report will help you to answer:

- What are the current market dynamics of the global fruit juice industry?
- What are the SA fruit juice industry trends, drivers, and restraints?
- Who are the key retail players in the SA fruit juice industry?
- What are the prices of popular RTD/concentrate brands at various retail outlets in SA?
- What are the statistical volume trends for fruit juice (RTD/concentrate) purchasing (2010-2015)?

Please note that the 99-page PowerPoint report is available for purchase for R25,000 (excluding VAT). Alternatively, individual sections can be purchased for R7,500 (excluding VAT). For additional information simply contact us at info@insightsurvey.co.za or directly on (0)21 045 0202.

For a full brochure please go to: [South African Fruit Juice Landscape Report 2016](#).

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We offer B2B market research solutions to help you to successfully improve or expand your business, enter new markets, launch new products or better understand your internal or external environment.

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