REPORT OVERVIEW

The South African Coffee Landscape Report (84 pages) provides a dynamic synthesis of industry research, examining the local and global coffee industry from a uniquely holistic perspective, with detailed insights into the entire value chain – from production right through to consumption.

SOME KEY QUESTIONS THE REPORT WILL HELP YOU TO ANSWER:

For the Global Coffee Section:
- What are the current market dynamics of the global coffee industry?
- What are the global coffee production and consumption trends?
- What are the global coffee industry trends, challenges and reactive strategies?

For the South African Coffee Section:
- What are the current market dynamics of the SA coffee industry?
- Who are the key manufacturing players in the SA coffee industry?

For the South African Coffee Competitor and Pricing Analysis Section:
- Who are the key retail players in the SA coffee industry?
- What are the prices of coffees at retail outlets i.e. Lattes, Espressos, Americanos, and Cappuccinos?
- What are the prices of popular Ground and Instant coffee brands across South African supermarkets?

In terms of South African Consumer Insights and Trends:
- What are the statistics regarding the most popular Instant and Ground coffee brands in 2015?
- What are the Instant and Ground coffee consumer trends and forecasts (2007-2019)?
84 page report filled with detailed charts, graphs, tables and insights
Traditional consuming markets account for over 50% of the world total, but this percentage share is diminishing, and the strongest potential for further growth can be found in emerging markets.

- Total demand in 2013 was estimated at 146.1 million bags, and has been growing at around 2.1% per annum for the last 4 years.
- Growth has mostly been driven by increased demand in exporting countries and new consuming countries, which have registered average annual growth rates of 3.1% and 2.7% respectively, since 2010.
- Particularly strong growth has been observed in East and South East Asia such as Indonesia, Vietnam and South Korea.
- Traditional consuming markets have registered more modest growth rates of around 1.3% per annum.

Coffee demand in the European Union has stagnated somewhat recently, although consumption in the USA has shown something of a resurgence.

SA coffee shops have seen a 7.1% increase in income since 2014 with impressive growth across the country. South Africa is joining the coffee revolution and slowly escaping its faintly embarrassing instant coffee roots.

- “Instant coffee is still very popular in South Africa” says Judith Walter, Marketing Manager of Coffee Capsules Direct. “However, the demand for fresh coffee that is freshly brewed is on the rise”.

- This view is echoed by Darren Levy, CEO of Vida e Caffé: “Retail is becoming increasingly competitive in South Africa and, as a result, is becoming more about convenience as many players have both quality beans and service”.

- Coffee is also being driven by its strong links to conviviality as echoed by Darren Levy in the adjacent quote:

“Coffee is something that ignites a sense of social wellbeing and this has sparked a number of trends in consumption and location. People want to enjoy good coffee and they want it to be led by social engagement and beautiful spaces”.

- Darren Levy, CEO of Vida e Caffé

Source: www.marketingspread.co.za
The Nestlé monopoly, coupled with the ubiquity of global coffee franchises, makes South African coffee a consolidated market environment, raising high entry barriers for new players, and systematically attempting to squeeze out independent retailers.

But just how are they able to compete with the MNC juggernaut franchises?

- The growing trend towards choosing coffee based on its origin, quality and flavour;
- The conviviality and trendy ‘social ambiance’ within boutique outlets;
- The blurring of lines between coffee and adjacent categories; and
- Unique product offerings (e.g. coconut or almond milk, Vietnamese style iced coffee, pour-overs, chemex and aeropress brews).

SA’s Top Rated Independent Outlets:
- Truth Coffee Roastery (CPT)
- Espresso Lab Microroasters (CPT)
- Father Coffee (JHB)
- 4th Avenue Coffee Roasters (JHB)
- Tribe Coffee Roasting (CPT)
- Freedom Café (DBN)
- Roast Master Café (PE)

There are four big players in the coffee market in South Africa, namely AVI, Famous Brands, Mondelez, and Nestlé.

1. AVI

- In 2015, AVI had a turnover of R11.24 billion which was up 10% in the last financial year from R10.27 billion. Their operating profit also was up 12% to R1.92 billion.

- Their Entyce Beverages business unit’s revenue in 2015 was R3.04 million, 11.9% higher than 2014. Additionally, their coffee revenue was 7.6% up with volumes down 0.6% in 2014.

- AVI’s coffee brands’ selling prices increased in 2015 to protect margin. Volumes in turn were also resilient at higher prices.

- The total marketing expenditure for coffee in 2015 was 8.5%. AVI focused their spend on their core brands, new product launches and line extensions.

- Their local brands include Lavazza, Ciro, House of Coffees, Koffiehuis, and Frisco.

- Mixed instant coffee volumes declined though due to aggressive competitor pricing on both mixed instant and pure instant coffee in the second half of 2015.

- Affordable brewed coffee volumes were also constrained as consumers switched to more convenient coffee offerings when they could afford to.

- The premium roast and ground coffee category volumes increased due to the launch of Hug in a Mug, which is a speciality coffee in a convenient format for consumers.

Source: [http://www.avi.co.za/](http://www.avi.co.za/)
### SAMPLE FROM REPORT:
INSTANT COFFEE CONSUMPTION TRENDS: 2013-2015

#### How many cups of instant coffee i.e. coffee to which you just add water, did you personally drink yesterday?

<table>
<thead>
<tr>
<th>Year</th>
<th>1 Cup</th>
<th>2 Cups</th>
<th>3+ Cups</th>
<th>Total</th>
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<tr>
<td>2013</td>
<td>6,819,000</td>
<td>6,740,000</td>
<td>5,546,000</td>
<td>19,105,000</td>
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<tr>
<td>2014</td>
<td>6,748,000</td>
<td>7,190,000</td>
<td>5,560,000</td>
<td>19,498,000</td>
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<tr>
<td>2015</td>
<td>6,957,000</td>
<td>6,969,000</td>
<td>5,614,000</td>
<td>19,539,000</td>
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</table>

- **Between 2013 and 2015**, the proportion of Instant Coffee consumers who personally drank 1 cup of Instant Coffee yesterday was stable at 36%.
- **In 2015**, 36% (7.0 million) of Instant Coffee consumers had personally drank 1 cup of Instant Coffee yesterday, 36% (7.0 million) had drank 2 cups and 29% (5.6 million) had consumed 3 or more cups.

Source: AMPS 2013A-2015A (Adult population 16+ years)
Sample Size: 24 824 (2013); 24 994 (2014); 25 078 (2015)
Based on weighted numbers
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