

## 63% of South Africans consider bars and restaurants a 'must have'

South Africa is at a critical point in the evolution of its alcohol sector, which fought to survive during a globally unprecedented series of Covid-19 induced alcohol bans. Within this revitalised trading environment, deep data and skilful analysis of this sector have never been as important.



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CGA by NIQ recently undertook an extensive roadshow to key clients in Johannesburg and Cape Town to share some of the latest data and insights about the South African liquor outlook.

Outlining some of the key trends they shared, New Market Development MD Scott Elliott says: “Polarisation in spending has created a complex landscape On Premise landscape in South Africa. While consumers are passionate about going out, the cost-of-living crisis has inevitably affected spending. This makes it more important than ever to deliver consistently good experiences that justify people’s spending, and to establish ranges with the right blend of value-led and more premium options.”

### **Bar culture**

Despite the obvious financial constraints, Elliot says CGA research shows how deeply bars and restaurants remain ingrained in people’s lives.

“Consumers know this is where human connections and memories are made, and they are eager to continue building them, even when spending is tight. Compared to the global average, a higher percentage of South Africans (29% vs. 22%) frequent bars, with a remarkable 70% visiting weekly.



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Elliot says this stems from the fact that South Africa's bars and restaurants have an incredibly varied appeal, which has created a core of highly engaged users, half of whom visit at least once a week.

“Keeping these loyal guests coming back is key to success, but it is also important to appeal to more occasional users, who could well become brand advocates in the future.

“This type of loyalty also has significance for suppliers, as bars and restaurants are the perfect places to establish brand awareness, grow loyalty and gain share - and as consumers hopefully recover their spending confidence, it should become even more lucrative as 2024 goes on.”

### Deeper insights

CGA's in-depth analysis also reveals that younger generations, particularly those between 25-44 years old, are fuelling the growth of the bar scene. This demographic leads the way in bar visitation, with 36% of 35 to 44-year-olds frequenting bars, and 18% of 25-34-year-olds exploring late-night bars.

Interestingly, younger consumers (aged 18-44) explore a wider variety of beverages in on-premise settings compared to older age groups. In addition, there is a growing preference for fewer but higher-quality drinks, demonstrating a shift toward a premium on-premise experience.

### Bottles and bubbles

The South African wine market is also experiencing an exciting period with a 15.8% increase in consumption in 2023, coupled with a clear consumer shift towards higher-quality wines. This signals a maturing wine market where preferences are evolving, evidenced by a move away from boxed wines towards bottled varieties. What's more, purchases are likely to increase again in 2024.

In addition, more than a third (35%) of consumers plan to drink champagne more often in the next 12 months than they do at the moment with significant numbers also planning to drink more red wine (30%), sparkling wine (25%) and white wine (19%).

EMEA Client Service & Solutions Director George Argyropoulos comments: “It's particularly encouraging to see strong interest in champagne, which suggests consumers are ready to spend on celebratory drinks and occasions, despite pressure on their spending in recent months.”

### Flavour fiesta

CGA by NIQ's analysis also illuminated a unique aspect of the South African market: a pronounced dominance of flavoured

alcoholic beverages (FABs). FAB consumption in South Africa stands at a remarkable 39%, significantly exceeding the global average of 8%. South Africans demonstrate a particular affinity for cider, with consumption far outpacing the global average (39% vs. 8%).



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The data also indicates strong growth in other FAB categories, including spirit coolers, which are experiencing a remarkable surge with a 78% increase in 2023. This trend aligns with a preference for convenient, fun, and ready-to-drink options, particularly among younger consumers.

### Future outlook

Looking to the future the CGA team's insights suggest that sustainability, ethical production, and the incorporation of local ingredients are becoming increasingly important factors influencing consumer choices.

Argyropoulos recommends: "Suppliers and on-premise venues that prioritise transparent sourcing, environmentally conscious practices, and the celebration of South African ingredients will likely find greater resonance with discerning consumers. Innovation that aligns with these preferences will likely shape the future of the South African beverage alcohol market."

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