



**EASTERN CAPE LIQUOR BOARD**

**LIQUOR INDUSTRY MARKET DATA ANALYSIS**

**MARCH 2013**

## REPORT OUTLINE

1. Background
2. Liquor growth – a national perspective
3. Liquor growth by province
4. EC expenditure rate
5. EC's contribution to liquor industry

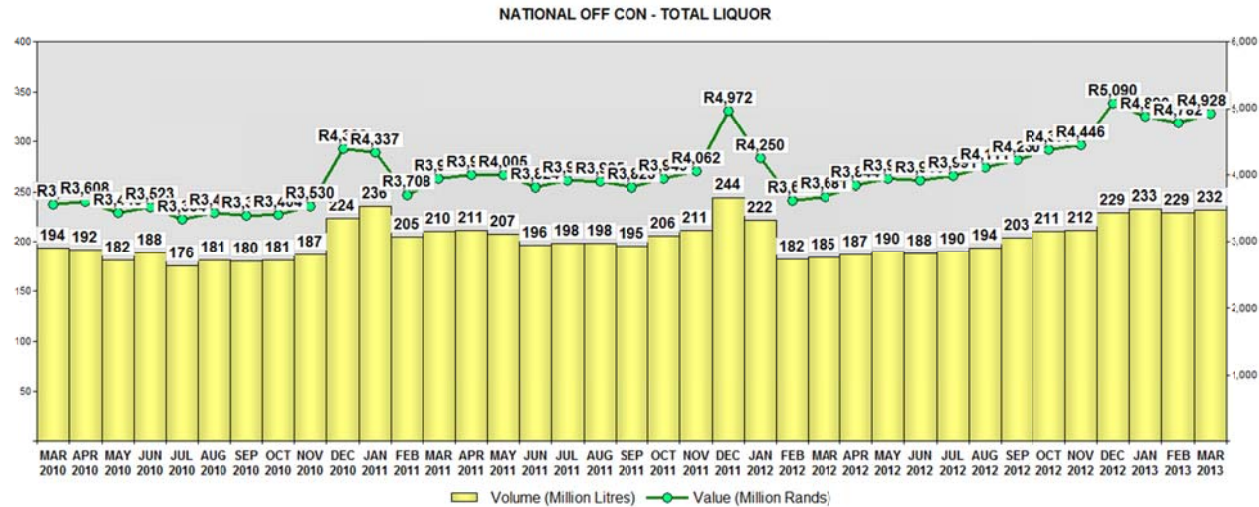
## **1. BACKGROUND**

ECLB has subscribed to Nielsen Company to obtain information on Liquor Industry market research so as to monitor trends and market size by province in the liquor market. This liquor industry data builds on the data that ECLB received in September 2012. The South African liquor industry is a major force in the South African economy, providing employment and income to a number of households and making a substantial contribution to government tax revenue. According to Association for Responsible Alcohol Use (2012) liquor industry's manufacturing operations and capital expenditure are responsible for an estimated R94.2 billion (or 4, 4%) of South Africa's gross domestic product. The industry's GDP multiplier is estimated at R2.08 which means that for every R1.00 in sales revenue generated by the liquor industry, R2.08 is added to the country's GDP (ARA, 2012).

It is important to accentuate that ECLB is seized with an enormous task of regulating such a gigantic market that massively contributes to the country's GDP. It is against this backdrop that ECLB takes a concerted effort in assessing trends in the liquor industry market with a view to improving its regulatory practices and appreciating the economic impact of the industry.

## 2. Liquor growth – a national perspective

Figure 1: National Off-Consumption Liquor



The figure above shows the rate of liquor growth on a national scale. As at the end of March 2013, the national consumption of liquor has grown from R48b in the previous year to R53b. The value of Liquor consumption has grown by about R4.5bn relative to the previous year. During the year under review liquor value growth increased from 9% to 9, 5%.

Conversely, volume growth has experienced decline from 4, 9% in the previous year to 1, 7% in the current year. The liquor inflation rate has significantly increased from 4, 1% in the previous year compared to the 7, 8% during the year under review.

### 3. Liquor growth by province

Figure 2: Value by Province

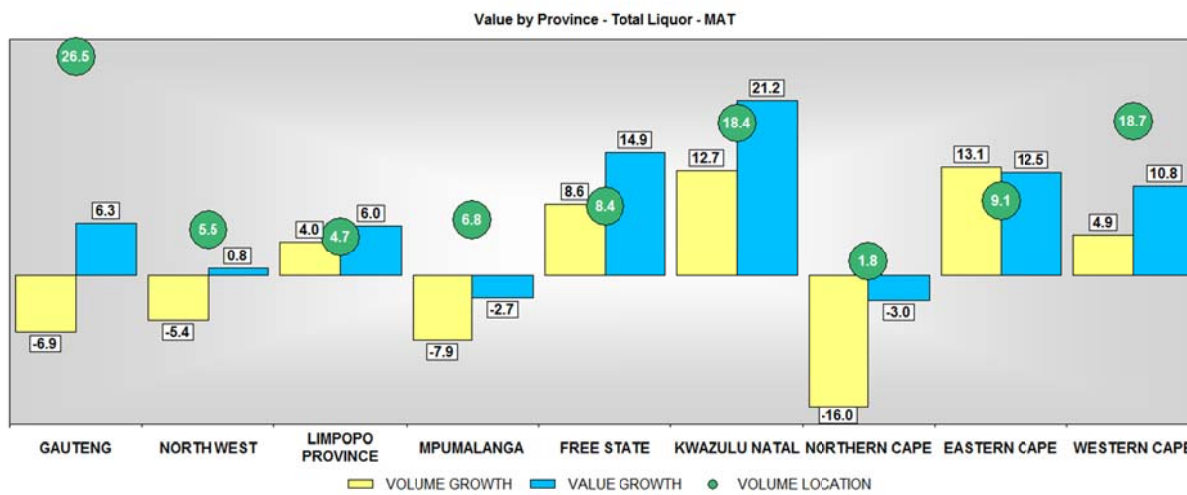


Figure 2 depicts liquor by province in volumes, value and location. Northern Cape has the lowest volume (-16, 0%) and value (-3, 0%) growth. Mpumalanga also shows sharp decline in both volumes (-7, 9%) and value (-2, 7%). About 1, 8% and 6, 8% volumes of liquor are located in the two provinces respectively.

Gauteng and Western Cape show value growth of liquor which is at 6, 3% and 10, 8% respectively. Whilst volume has declined by -6, 9% in Gauteng, it has however slightly grown in Western Cape by 4, 9%. In the Western Cape value has grown more than the volume. Gauteng shows the highest volume location at 26, 5 % followed by Western Cape at 18, 7% and Kwazulu Natal at 18.4%.

In the Eastern Cape the value has gone up by 12, 5% relative to national average which shows 9, 5%. However, the volume (13.1%) has grown more than the value and the national volume average, which is at 1, 7%. About 9, 1% liquor volume is located in the Eastern Cape.

#### 4. EC Expenditure Rate

Figure 3: Value by Province

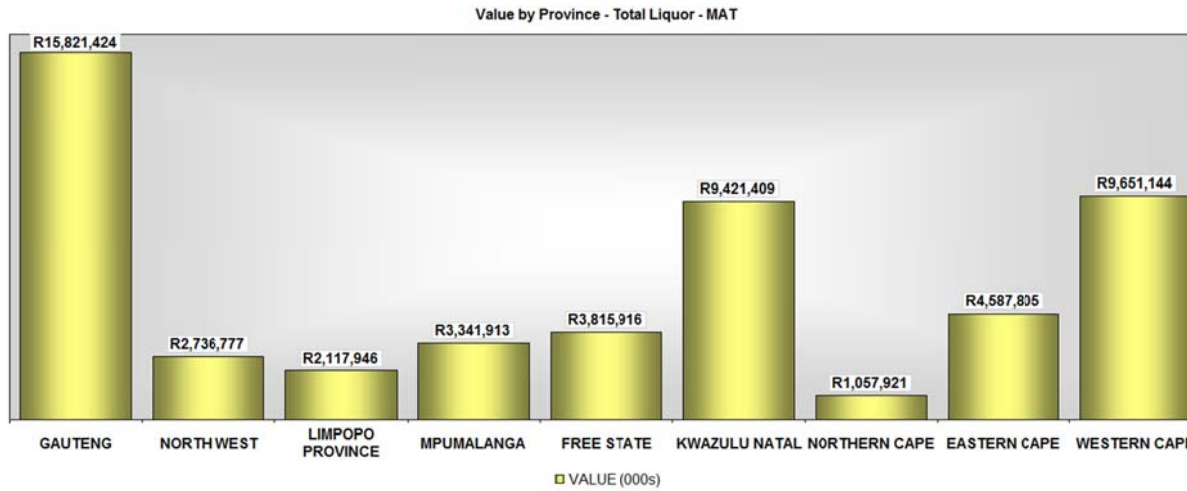


Figure 3 above shows that Eastern Cape is the fourth highest spending province on liquor, sitting at R4, 5bn. This represents a significant increase of R0, 9bn over a period of a year considering that in previous year it was at R3, 6bn.

## 5. EC's contribution to liquor industry

Figure 4: National Liquor Location Volumes

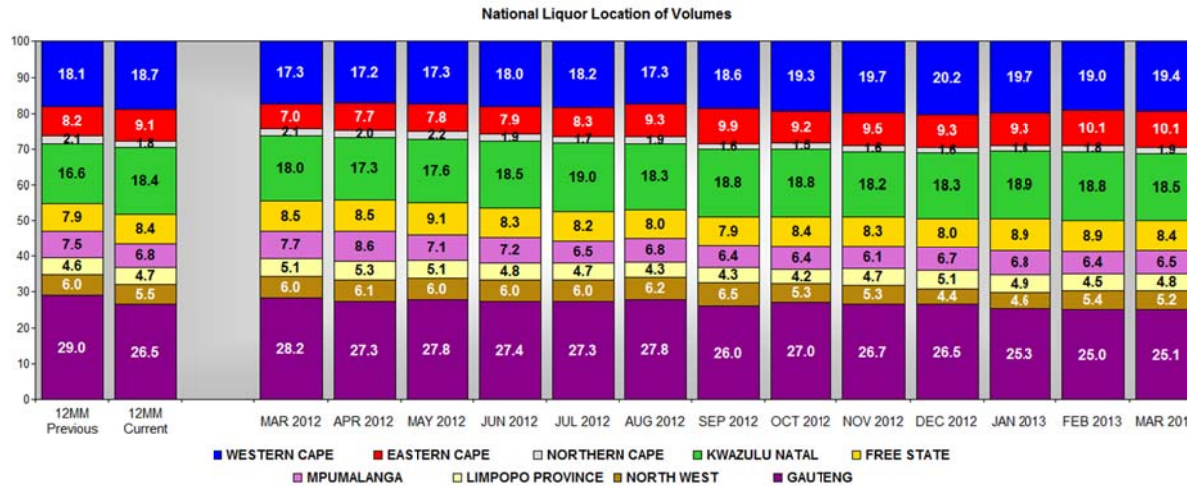


Figure 5 shows that of all the liquor consumed in South Africa 10, 1% of total volumes are located in the Eastern Cape. It also shows that Eastern Cape is increasingly becoming more important to liquor industry. It further illustrates an exponential growth from 9, 3% in March 2012 to 10, 1% in March 2013.

Western Cape (19, 4%) and Kwazulu Natal (18, 5%) are also becoming more important to liquor industry at the expense of Gauteng which has consistently experienced regression from 28% in March 2012 to 25, 1% in March 2013, which is a decline of 3% year-on-year. Northern Cape has the lowest volumes of liquor, and is sitting at 1, 9%. It has shown a decline from 2.1% in March 2012 to 1, 9% in March 2013.

