South Africa Beverages - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 90 pages | Mordor Intelligence

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Report description:

South Africa Beverages Market Analysis

The South African beverage market is expected to grow from USD 19.80 billion in 2025 to USD 20.79 billion in 2026 and is forecast to reach USD 26.52 billion by 2031 at 4.99% CAGR over 2026-2031. Urbanization, longer working hours, and increased female workforce participation are driving demand, while functional formulations and digital retail strategies are fueling growth. The demand for premium beverages, particularly in the alcoholic segment, is rising, with craft beers and high-quality spirits gaining popularity. Consumers are increasingly willing to pay a premium for these distinctive products. Additionally, the adoption of technologies such as automation and digitalization is improving production efficiency, enhancing product quality, and optimizing supply chain management. Significant investments by global players, including t and Varun Beverages, reflect confidence in the market's long-term potential, despite challenges like sin taxes and water scarcity.

South Africa Beverages Market Trends and Insights

Flavored-beverage premiumization wave

As South African incomes grow, consumers are increasingly opting for premium beverages, transforming spending habits. This change, supported by the International Monetary Fund's forecast of South Africa's GDP per capita reaching 6,800 in 2025, has driven a wave of innovation and experience-focused branding, boosting sales values. Brands are capitalizing on this trend, achieving higher margins as consumers prioritize quality experiences over quantity. Tiger Brands has tapped into this opportunity by offering Rose's Ginger and Blueberry Cordials, addressing the rising demand for premium mixers in the cocktail and mocktail culture. Local craft producers, such as Soul Barrel Brewing, are also benefiting from this premiumization trend. Their Wild African Soul was named Best Beer in Africa at the 2025 African Beer Cup, showcasing the premium potential of traditional ingredients like sorghum umqombothi. Additionally, the preference for locally sourced beverages is creating opportunities for domestic brands to use provenance as a premium differentiator. As consumers increasingly view premium purchases as worthwhile, the competitive landscape is shifting, emphasizing quality over quantity.

Health-centric sugar-reformulation race

In South Africa, the Health Promotion Levy is driving beverage manufacturers to reformulate their products. More than half of the country's beverages now carry warning labels due to high sugar content and the use of artificial sweeteners. The levy, which charges 2.1 cents for every gram of sugar exceeding 4 grams per 100ml, is encouraging manufacturers to explore innovative strategies beyond simple sugar reduction, as noted by the South African Revenue Service. In July 2024, Tiger Brands launched the Jungle Oat Drink range, South Africa's first oat drink line featuring 5 unique flavors. This development highlights a growing industry shift, with companies focusing on health-oriented alternatives to avoid sugar penalties while meeting nutritional trends. Reformulation efforts are also expanding beyond sugar to include functional ingredients. Local brands like Carmien Tea and Laager are now offering products enriched with probiotics and CBD. This regulatory-driven shift is benefiting companies that adapt proactively while penalizing those that continue to produce high-sugar formulations. As South Africans prioritize health more this year, market demand is increasingly aligning with these regulatory changes.

Rising tax on soft drinks and sugary beverages

The South African government is strengthening its sin tax policy, with the 2025 budget proposing a 6.75% increase in excise duties on alcoholic beverages, surpassing expected inflation rates. Combined with the Health Promotion Levy on sugary drinks, this policy is altering cost structures for manufacturers and retailers, pushing them toward lower-taxed product categories. The wine industry is particularly affected, as these taxes drive up production costs and contribute to a rise in illicit trade, especially during economic downturns. The government is also considering a progressive excise duty rate for wine and beer, with public consultations planned for 2025, signaling potential tax increases that could reshape competitive dynamics. Despite these fiscal challenges, consumer demand for wine remains steady, with premium segments absorbing tax hikes while value segments experience volume declines. The tax burden disproportionately affects lower-income consumers, potentially driving market segmentation toward premium products that can sustain profitability despite higher taxes.

Other drivers and restraints analyzed in the detailed report include:

Functional and energy-drink boomLocal craft and independent breweries growthChronic water-scarcity production risk

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Non-alcoholic beverages are expected to achieve a CAGR of 6.74% from 2026 to 2031, surpassing the growth of the broader South African beverage market. This growth is fueled by the increasing demand for sugar-free energy drinks, ready-to-drink teas, and plant-based milks. Regulatory measures and changing consumer preferences, particularly toward premium products, are driving this momentum. The energy-drink segment is contributing significantly to the expansion of the South African beverage market, transitioning its appeal from performance-driven consumption to social occasions. Additionally, ready-to-drink teas and coffees, such as Red Espresso's rooibos line, are gaining traction internationally, highlighting their export opportunities.

Alcoholic beverages hold a substantial 52.46% market share but are encountering challenges due to moderation trends. Beer continues to sustain its volume primarily because of its affordability, while the market is evolving with the introduction of craft innovations and low-alcohol alternatives. South Africa's growing wine production, reported at 8.8 million hectoliters in 2024 by the International Organisation of Vine and Wine, reinforces the leading position of alcoholic beverages in the country's beverage market. Premium gins and specialty seltzers are attracting experiential consumers, adding value to the market, though their overall contribution remains limited. Moreover, producers are proactively aligning their portfolios with health-focused narratives to mitigate risks associated with potential tax increases and advertising restrictions.

The South Africa Beverage Market Report is Segmented by Product Type (Alcoholic Beverages, Non-Alcoholic Beverages), Packaging Type (PET Bottles, Glass Bottles, Cans, Tetrapack, Other), Distribution Channel (On-Trade, Off-Trade), and Geography (Gauteng, KwaZulu-Natal, Western Cape, Mpumalanga, Limpopo, Rest of South Africa). The Market Forecasts are Provided in Terms of Value (USD) and Volume (Liters).

List of Companies Covered in this Report:

Anheuser-Busch InBev NV The Coca-Cola Company Distell Group Holdings Ltd Heineken N.V. PepsiCo Inc. Diageo PLC Red Bull GmbH Monster Beverage Corporation Kingsley Beverages Ekhamanzi Springs (Pty) Ltd Perfect Water Twizza Soft Drinks (Pty) Ltd Tiger Brands Ltd Clover Industries Ltd The Beverage Company Carlsberg Group THIRSTI Spring Water Ceres Fruit Juices (Pty)... Designer Water Pty Ltd Rhodes Food Group

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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