

Coca-Cola banks on growing African market of Appletiser

The Coca-Cola Company believes the Appletiser brand has "lots of legs" and the US-headquartered firm will look for opportunities to grow the niche brand, its regional head said.

By Nick Hedley¹ Dec 2014



Part of the Appletiser Colours range

Coca-Cola said last week it would buy Appletiser and 19 other soft-drink brands from SABMiller for US\$260m, as part of a larger deal to create a dominant African bottler of Coca-Cola products with SABMiller and a private firm.

Nathan Kalumbu, president of Coca-Cola's Eurasia and Africa unit, said: "Appletiser is a fantastic brand - it's growing across a number of markets in Africa as we speak, and outside Africa too.

"As we evolve our strategy in the next couple of years, we will look at all opportunities to leverage this brand," he said.

Both Coca-Cola and PepsiCo are broadening their portfolios in the face of changing consumer preferences, particularly in developed markets such as the US where health concerns are weighing on soda sales.

Appletiser, a specialist rather than mass-market type brand, was started in the Western Cape in 1966 and has since grown to be available to consumers in more than 30 countries.

But despite its growth, Mark Bowman, MD of SABMiller's Africa business, said last week much of Appletiser's success abroad had hinged on Coca-Cola's franchise model, where third parties bottle and distribute the carbonated apple juice.

Franchised Coca-Cola bottlers in Africa make Coca-Cola from concentrate derived from two main sources - a French unit supplies bottlers in West Africa with concentrate, while a Swaziland unit provides concentrate to bottlers such as SABMiller in the rest of Africa.

"Appletiser has done very well. It boxes much higher than its actual size - its visibility is high in the market but it's quite a small brand. And I suppose from a SABMiller perspective we've never quite got it to where we felt it should be," Bowman said.

Bowman said it had been an anomaly having an SABMiller-owned brand being sold through the Coca-Cola system. "Now that of that dissonance disappears and I think that probably opens an opportunity."

Source: Business Day