

Health concerns and rising prosperity drive the packaged water market in Africa

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Health concerns towards the lack of safe drinking water across many African countries, combined with rising consumer incomes, has driven the packaged water market in the region to grow faster than that of Europe and the US.

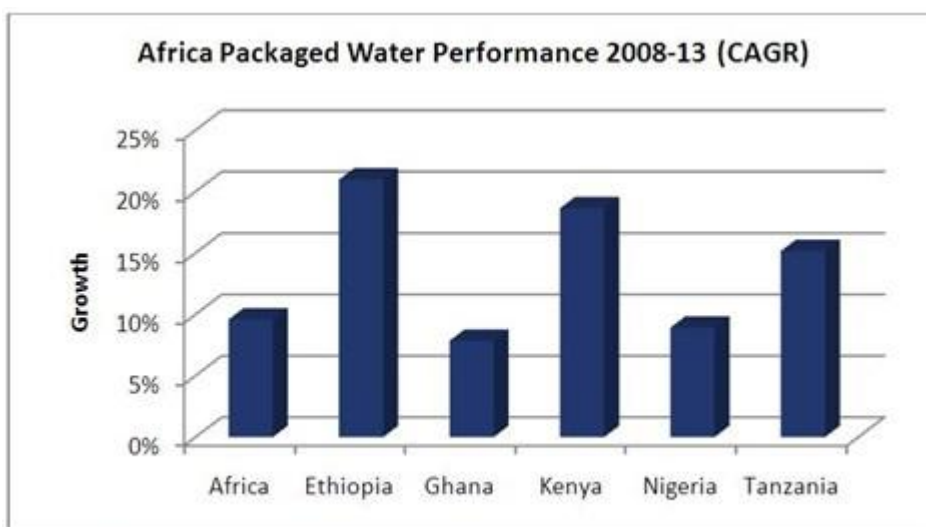
The African packaged water market has seen strong growth in recent years, largely outperforming developed Western nations, according to Canadean's latest soft drinks research. Rising incomes across the region has meant that more people can afford packaged water as a solution for clean and safe drinking water.

In the last five years, growth levels have remained consistently high across the continent, with double-digit increases posted in a number of countries. A compound average growth rate (CAGR) of 10% in Africa has largely been driven by the Nigerian market. Nigeria makes up two-thirds of the region's packaged water contribution. Although growth in Nigeria has slowed in recent years, per capita consumption continues to increase and is still well above the regional average.

In the coming years the African packaged water market is expected to continue its growth, with public water supplies still remaining rather limited or unreliable. The rate of growth is, nonetheless, forecast to slow between 2013 and 2018 to a CAGR of 5%. This reflects concerns over the quality of infrastructure across the continent, as well as uncertainty about the introduction of more expensive PET bottles in the key Nigerian market. Balancing consumer demand with the right price point will therefore be critical for African packaged water companies in the near future.



A new PET pack type for Nestlé Pure Life, launched in Nigeria 2013.



Source: Canadean

In developing markets such as Nigeria, Tanzania and Ghana, consumers are increasingly turning to packaged water as an alternative to public water supplies.