

RMB and ZX Ventures partner to invest in beverage brand The Duchess

Rand Merchant Bank (RMB) has partnered with AB InBev's corporate venture capital and innovation arm ZX Ventures to take an equity stake in South African alcohol-free drinks company The Duchess. The deal marks the first co-investment between RMB and ZX Ventures.



Source: The Duchess

The Duchess launched in 2016 and became popular for its alcohol-free gin and tonic. The company has since achieved multinational success by selling over 8 million bottles and winning the Best Adult Drink & Best New Drink Concept at the Global Innobev Awards. In 2020, it expanded its range to launch [alcohol-free wine spritzers](#) to target the underserved alcohol-free wine market.

The Duchess is now available in seven countries including South Africa, The Netherlands, Belgium, Australia and the UK. Over 50% of its sales already come from export markets.

Catherine Townshend of RMB's Growth Capital Solutions team, which specialises in funding and advising high-growth companies, said: "This investment represents a great opportunity to build on The Duchess success story with global momentum in the 'better for you' beverage innovation category.

"We are pleased to support an innovative and proudly South African team to take a special 'homegrown' product beyond our borders and share it with the rest of the world."



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Catering to global demand

The Duchess founder Johannes le Roux said that there is a fast-growing, global demand for non-alcoholic drinks. "The Duchess is proving to be an international favourite with health and wellness-minded people who simply weren't satisfied with

sparkling water or sugary soft drinks as alternatives to alcohol.

“People have become more conscious about what they put in their bodies. The notion of 'you are what you eat' has evolved to 'you are also what you drink’.”

Le Roux noted that the ‘No and Low alcohol’ is a category that he believes has huge potential. “It’s projected to grow by a 7.6% compound annual growth rate (CAGR) per year to a \$43bn global market by 2025. “Alcohol-free drinks are likely to be particularly popular with females in Africa and younger consumers that are 'sober curious’,” he said.

He added that the global pandemic has spurred a greater focus on health and wellness.



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Partnering to empower entrepreneurs

ZX Ventures first backed The Duchess in 2019. With its connection to a global beverage giant, ZX Ventures has strong networks and deep industry knowledge to compliment the Duchess team, and partnered with RMB because of its financing know-how and access to African networks.

Daniel Obaseki, investment partner, ZX Ventures EURAF Beverage Fund said: “We are excited about the opportunity to partner with RMB and are confident that joining forces will enable us in our mission to empower entrepreneurs to unlock growth in South Africa with both capital and strategic expertise. We look forward to our continued work with The Duchess and RMB.”

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