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## **Report Name:** Retail Foods Annual

**Country:** South Africa - Republic of

**Post:** Pretoria

**Report Category:** Retail Foods

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### **Report Highlights:**

The five biggest corporations, Shoprite Holdings Ltd., Pick n Pay Retailers Pty Ltd., Spar Group Ltd., Walmart-owned Massmart, and Woolworths Holdings Ltd., account for a substantial portion of the retail food market in South Africa. When combined, they make up over 60% of all retail food sales. Retail food sales in South Africa reached a total of \$39 billion in 2023. In 2023, consumer-oriented agricultural goods were imported by South Africa to the tune of \$3.2 billion. In South Africa, retail trade sales account for over 20% of the country's GDP. Prolonged demand for healthier options in the fresh food and wellness sectors, growing interest in subscription services, and the necessity of omnichannel shopping—a hybrid approach that combines product information and reviews—are some of the major developments in the South African retail food industry.

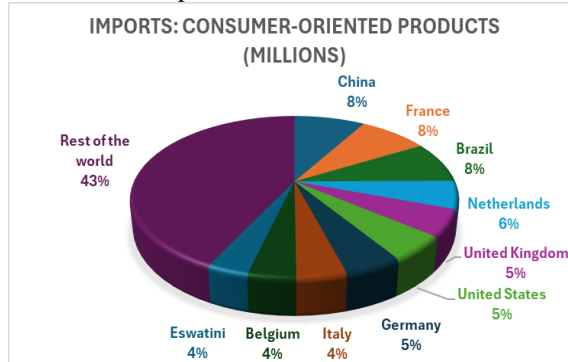
# Market Fact Sheet: South Africa

## Executive Summary

With an estimated 64 million people, 68 percent of whom reside in urban areas, South Africa is a middle-income growing market. In 2023, the GDP of the nation grew by 1.6 percent to \$420 billion. More agricultural products are exported from South Africa than from any other African nation. Despite the nation's overall production capacity, there is a sizable market for food ingredients with potential for American exports.

## Consumer-Oriented Agricultural Imports

In 2023, the aggregate value of agricultural product imports was \$7.3 billion, down from \$7.7 billion in 2022. Of that, the value of consumer-oriented goods imports reached \$3.2 billion in 2022 and remained stable at that level in 2023. Of all consumer-oriented imports, China accounted for 8.4 percent and the United States 5 percent.



## Food Retail Industry

The food retail industry in South Africa is notable as a well-established sector, accounting for about half of all retail sales. This market has seen steady growth in e-commerce, home delivery services, plant-based and halal product demand, and health and wellness products. South Africa's food retail sales were around \$39 billion in 2023.

## Food Processing Industry

South Africa imports a large range of items because the food processing industry has a high need for ingredients. Even though there are more than 1,800 food processing companies in the nation, the top 10 make up more than 80 percent of the industry's overall revenue.

## Food Service Industry

South Africa's food service sales reached \$5 billion in 2023. There is increasing hope that there will be growth in 2024 in this sector as food inflation eases and there is growth in tourism. New cuisines are being introduced by hotels and restaurants to entice tourists visiting South Africa as the sector grows.

## Quick Facts CY 2023

**Imports of Consumer-Oriented Products** \$3.2 billion

### List of Top 10 Growth Products in South Africa

- |                           |                         |
|---------------------------|-------------------------|
| 1) Food Preparations      | 6) Pork & Pork Products |
| 2) Beef and Beef Products | 7) Wine                 |
| 3) Non-Alc. Beverages     | 8) Meat Products NESOI  |
| 4) Fruit & Veg Juices     | 9) Nursery Products     |
| 5) Pet Food               | 10) Popcorn             |

### 2023 Food Industry by Channel

Food Industry Output	\$44 billion
Food Exports	\$13.3 billion
Food Imports	\$7.4 billion
Retail	\$39 billion
Food Service	\$5 billion

### Top 10 South African Food Retailers

- |                      |                          |
|----------------------|--------------------------|
| 1. Shoprite          | 6. Food Lovers Holdings  |
| 2. Pick n Pay        | 7. Kit Kat Group         |
| 3. Spar Group Ltd.   | 8. Quantum Foods         |
| 4. Massmart Holdings | 9. Africa Cash and Carry |
| 5. Woolworths        | 10. Devland Cash & Carry |

### GDP/Population

Population: 64 million people  
 GDP: \$406 billion  
 GDP per capita: \$6,060

Sources: Trade Data Monitor, Statistics South Africa (Stats SA), Euromonitor International, GATS, local trade contacts, local industry publications, and trade press

## Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
South Africa has a highly developed economy with well-established food and beverage distribution networks into the rest of Southern Africa, contemporary retail chains, and developed infrastructure.	Transportation costs to ship goods to South Africa are higher due to the distance from the United States. Cold chain products risk spoilage due to electrical outages. High unemployment leads to lower purchasing power amongst the vast majority of consumers.
Opportunities	Challenges
South African consumer behavior is largely driven by media, so consumers tend to purchase popular products based on media programs. There is a distribution network that expands through southern Africa region, originating in South Africa.	US products are priced higher than European products due to trade agreements with the EU, UK, and MERCOSUR trade block. There are tariff barriers for animal products from the United States. Port congestion in South Africa sees delays in products reach market.

## SECTION 1: Market Summary

Retail food sales in South Africa reached a total of \$39 billion in 2023. The five biggest companies, Shoprite Holdings Ltd., Pick n Pay Retailers Pty Ltd., Spar Group Ltd., Walmart-owned Massmart, and Woolworths Holdings Ltd., account for a substantial portion of the retail food market in South Africa. Referred to as the Big 5 retail companies in South Africa, they make up over 60 percent of total retail sales, while the informal retail industry covers 20 percent, leaving 20 percent for the smaller retailers and discounters. Similar to 2022, South Africa imported \$3.2 billion worth of consumer-oriented products in 2023. In South Africa, retail trade sales account for over 20 percent of the country's GDP. With an annual growth rate of 0.6 percent, the gross domestic product (GDP) of the nation is \$406 billion. The nation's agricultural exports rose by 3 percent, when compared to 2022, to \$13.3 billion. Being the most developed and well-rounded economy on the continent, South Africa offers exporters a mature, diversified economy with a strong financial sector and preferential access to its export markets in the Southern African Development Community (SADC).

Compared to 2022, 44 percent of South African consumers think their financial circumstances have regressed in 2023 according to the annual Nielsen Intelligence Questionnaire for South Africa. Most of the participants concur that rising living expenses are the root of their present financial problems, and more than two thirds of the sample claim that the economic downturn has made their circumstances worse. This is a significant increase over the previous year. The rand has depreciated, and food prices reached a record 14-year high inflation rate in March 2023. The study indicates that all South African consumers are making fewer purchases. Transitioning from luxury to mainstream or value products is one of the most widely used strategies amongst consumers.

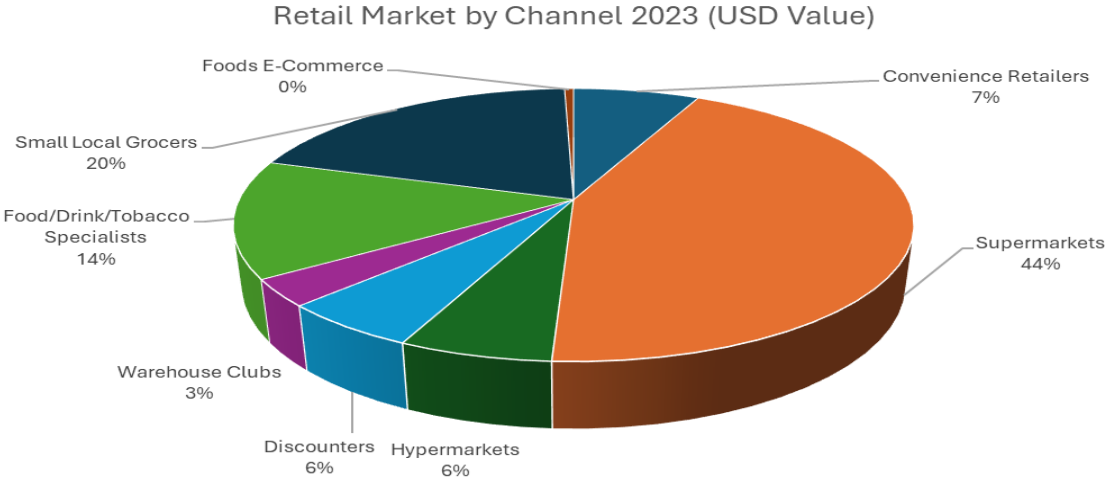
**Table 1: Advantages and Challenges Facing U.S. Exporters**

<b>Advantages</b>	<b>Challenges</b>
New and unique foods engage the curiosity of South African customers, particularly those in the snack, prepared, health, halal, and beverage sectors.	Retailers and customers who are unaware of the range of American items offered
Modern retail chains with well-established networks for the import and delivery of food and beverages, together with well-developed infrastructure	Constant delays at port due to mismanagement result in food items that are not stored correctly, spoiling.
Distributors and importers have the power to boost brand loyalty.	Consumer class disparities, with a sizable section of the populace priced out of the market for foreign cuisine
Growing online food shopping platforms and a surge in the number of quick delivery services, especially for items that are sensitive to temperature	Some South African consumers find it difficult to purchase online due to the high cost of internet access and cellphone data.
The existence of robust, competent South African businesses that make excellent trading and investment partners.	While American goods are subject to hefty import duties, European and BRICS nations have privileged market access or free trade agreements with South Africa.
U.S. investment provides good returns due to	Numerous political, economic, and regulatory

South Africa’s vibrant business community, which is the engine of economic growth, despite political and increasing socio-economic challenges.	variables that negatively impact international enterprises are causing significant concern. These include information concerning government corruption and mismanagement, high rates of unemployment, violent crime, inadequate infrastructure, and inadequate government assistance to underprivileged populations.
South Africa's transportation system is sophisticated and consists of the largest rail and aviation networks in the continent.	Significant obstacles face South Africa's port, rail, and road logistics industries. Even though South Africa has some of the best transportation infrastructure on the continent, delays in cargo handling and higher costs for shipping companies and importers/exporters have resulted from a lack of maintenance and infrastructure investment, which has caused a shift from rail to road.
South Africa is the entrance to the rest of Africa. Six percent of the continent's population, 18 percent of its GDP, and 50 percent of its purchasing power are accounted for by this nation.	The mandatory requirements for U.S. producers of goods that are similarly produced in South Africa is frequently seen as an expense and risk issue for doing business in South Africa. These requirements are also subject to constant change.
The South African middle class, which is a small portion of the country, has the financial stability and ability to spend on higher priced items.	Planning can be made more difficult by the erratic Rand-dollar exchange rate, particularly for startups or smaller businesses.

For more information on the South African market please consult the FAS Pretoria [Exporter Guide](#). The U.S. International Trade Administration’s [South Africa Country Commercial Guide](#) also provides background information on South Africa’s business climate.

**2023 Retail Sales by Channel**



Source: Euromonitor International

Retailers in South Africa have had to adapt their marketing strategies in response to consumers who are struggling to meet their fundamental necessities due to inflation, particularly the dramatically rising cost of food. When food prices reached a 14-year high in March 2023, the South African Reserve Bank (SARB) began to raise interest rates to control inflation. Even with such interventions, customers have less money available for items other than necessities like food.

In the second quarter of this year, the South African economy grew by 0.4 percent, led by seven industries: banking, manufacturing, trading, gas, electricity, water delivery, and mining. A second straight reduction in mining was caused by lower output of gold, diamonds, coal, iron ore, and ore. Two factors in the transport industry's subpar performance were labor strikes and a decline in freight volumes being processed through the various ports. There was lower than expected rainfall in certain provinces whilst KwaZulu Natal experienced heavy rainfall, which had an adverse effect on agriculture.

Retail in South Africa has many prospects for American manufacturers. U.S. products are appealing to South Africans even as they are limited by pricing and availability. In the rapidly changing retail market, exporters may prosper by getting ahead of trends and adjusting to shifting customer behaviors. The secret is to embrace digital change, put sustainability first, and provide South African shops with smooth, individualized shopping experiences while meeting the demands of US companies.

### **Key Trends in the South African Food Retail Sector:**

- Growth in food expenditure by eight percent
- Customers in South Africa want a consistent online, in-store, and mobile buying experience for an increase in customer loyalty and convenience.
- Healthier offerings in the fresh food and wellness niches as well as vegan and halaal products
- Grocery stores with online platforms are investigating new revenue streams, such as subscription programs that let users tailor their purchases and choose how often they want them delivered.

## **SECTION 2: Road Map for Market Entry**

### **2.1 Entry Strategy**

New U.S. exporters to South Africa need to understand their buyers' needs and how best to meet clients' purchasing requirements and specifications. They should consider the following when planning to enter the market:

- U.S. exporters are encouraged to contact FAS Pretoria to request a list of South African food and beverage importers.
- Exporting through distribution or import agents with knowledge of retail market conditions is the safest and easiest way to enter the South African retail food market. It is essential that U.S. exporters choose a competent agent registered with the South African Revenue Services (SARS). The agent should be capable of handling customs clearance, comply with all the regulatory requirements, and plan for necessary documentation, warehousing, and financing arrangements.

U.S. exporters must also be registered with SARS. The U.S. exporter registration will only be processed after the nomination of a registered agent based in South Africa.

- The most successful U.S. exporters to South Africa are those who have comprehensively researched the market prior to engaging retailers, agents, or importers. Once contacts are established, it is advisable to visit and meet in person. Maintaining close contact with your local agent to track changes in import procedures will help ensure that the agent is effectively representing your interests. Teleconferencing platforms, such as WhatsApp, Zoom, and Microsoft Teams, are widely used in South Africa and can be helpful in establishing relationships with importers prior to in-person travel.
- FAS organizes market development activities, including exhibitions and trade missions promoting U.S. food and agricultural products to help U.S. exporters meet credible agents. U.S. exporters can participate in these large, multinational exhibitions that draw tens of thousands of buyers and distributors. FAS also organizes buying teams of foreign importers and buyers to visit U.S. trade shows and meet with U.S. exporters. Participation in these programs can provide useful information to buyers, facilitate trade contacts and relationships, and help answer lingering questions.
- U.S. exporters can also contact their respective [State Regional Trade Group](#) (SRTG) and the [National Association of State Department of Agriculture](#) (NASDA) to obtain additional market entry support. [Cooperator groups](#) also regularly organize trade missions and help companies participate in trade shows.

## 2.2 Market Structure

- Compared to other African markets, the supermarket industry in South Africa is highly developed and makes use of both decentralized and centralized distribution networks.
- Numerous exporters of consumer products deal directly with South African retail establishments, such as department shops, chain stores, consumer businesses, and cooperative groups of independent merchants that handle wholesale purchasing, selling, and storage.
- Even though South Africa has adopted internet shopping more slowly than many other nations, the trend seems to be shifting.
- Informal merchants, also known as spazas, are an essential component of South African communities, with over 150,000 of them situated near residential areas. Typically, spaza businesses sell food products, drinks, and other small items.
- See the FAS Pretoria [Food and Agricultural Import Regulations and Standards \(FAIRS\) Export Country Report](#) for more information and a list of responsible government departments. The [FAIRS Export Certificate Report](#) provides information on health certificates and trade documents needed for various products.

**Table 2: Top Food Retailers in South Africa**

RETAILER	WEBSITE
Shoprite Holding Ltd	<a href="http://www.shopriteholdings.co.za">www.shopriteholdings.co.za</a>
Pick n Pay Retailers	<a href="http://www.pnp.co.za">www.pnp.co.za</a>
Spar Group	<a href="http://www.spar.co.za">www.spar.co.za</a>
Massmart Holding Ltd	<a href="http://www.massmart.co.za">www.massmart.co.za</a>
Woolworths Holding Ltd	<a href="http://www.woolworths.co.za">www.woolworths.co.za</a>

### SECTION 3: Competition

U.S. exports to South Africa face competition from domestic producers in the country as well as countries in the [Southern African Customs Union](#) (SACU), which have duty-free access to the market (Botswana, Eswatini, Lesotho, and Namibia). Additionally, countries in BRICS, the [EU](#), and [MERCOSUR](#) have favorable market access arrangements with South Africa. South Africa is also negotiating tariff schedules and preferential trade conditions for implementation of the [African Continental Free Trade Area](#) (AfCFTA).

**Table 3: Competitive Overview of South Africa 2023 Imports of Consumer Oriented Products**

<b>Product Category</b>	<b>Market Share of Major Suppliers</b>	<b>Strength of Key Supply Countries</b>	<b>Advantages and Disadvantages of Local Supplies</b>
<b>Distilled Spirits</b> 2023 total imports: \$337 million	France = 29% UK = 25% Ireland = 13% USA = 6%	France is the largest supplier of wine or grape alcohol, while the UK is largest supplier of whiskies. The primary U.S. distilled spirit export is Whisky.	South Africa has insufficient production of high-value alcoholic beverages to meet domestic demand.
<b>Poultry Meat and Products (excluding eggs)</b> 2023 total imports: \$260 million	Brazil = 75% USA = 13% Argentina = 3%	The USA has the largest market share in meat and edible offal (including livers) of chickens. Brazil is the leader for edible offal of chickens, not cut in pieces, frozen.	Poultry is a major source of protein for South Africans, and there is demand for imports to supplement inadequate local production.
<b>Dairy Products</b> 2023 total imports: \$252 million	France = 26% Germany = 11% New Zealand = 10% USA = 2%	France is the main supplier of whey and modified whey, buttermilk, milk, and cream. Germany is the largest supplier of lactose and lactose syrup. New Zealand is the largest supplier of processed cheese, while the United States is responsible for supplying lactose to South Africa.	Demand for imports of dairy products depends on the ability of local producers to meet domestic demand in each product category.
<b>Bakery Goods, Cereals, Pasta</b> 2023 total imports: \$231 million	eSwatini = 13% Namibia = 9% Italy = 9% USA = 0.4%	eSwatini was the leading supplier of pasta that did not contain eggs, while Namibia was also a supplier of pasta to South Africa. The United States was the leading supplier of bread and pastries.	Pasta is a net import product for South Africa. According to certain industry participants, importers of pasta are profiting from a regulatory mismatch that allows them to purchase pasta at a lower cost than local producers by importing



			it from members of the Southern African Customs Union.
<b>Processed Vegetables</b> 2023 total imports: \$203 million	Belgium = 28% China = 23% Italy = 12% USA = 0.7%	Belgium was the leading supplier of French fries with China leading the way with tomato paste and puree. The USA was leading in terms of onion powder.	South Africa's imports, particularly those of cereals, meats, and vegetables, are being positively impacted by the country's expanding middle class and high-income earners.
<b>Soup and Other Food Preparations</b> 2023 total imports: \$185 million	Germany = 17% Poland = 11% Netherlands = 10% USA = 9%	Germany was the leading supplier of prepared food soups and broths in 2023, with Poland leading the supplies of prepared foods.	There is growing demand for processed and easy-to-prepare food products in South Africa, especially with frequent power outages that leave consumers limited time to prepare meals, especially during weekdays.
<b>Chocolates and Cocoa Products</b> 2023 total imports: \$182 million	Belgium = 13% Italy = 10% Germany = 7% USA = 1.6%	Belgium is the leading supplier of chocolate and cocoa products, followed by Italy and Germany.	One of the biggest and most well-established confectionery marketplaces in Africa is found in South Africa. There is a growing consumer desire for chocolate that comes in sharing-friendly packaging. Additionally, sugar-free goods are becoming more popular.
<b>Coffee, Roasted &amp; Extracts</b> 2023 total imports: \$134 million	Spain = 17% Germany = 14% Netherlands = 14% USA = 0.2%	Spain was the leading exporter of coffee extracts to South Africa whilst Germany and Netherlands led the way in roasted coffee.	South Africa imports significantly more coffee than it exports because domestic demand for the beverage greatly exceeds the limited amount produced.
<b>Meat Products</b> 2023 total imports: \$133 million	China = 56% Brazil = 17% Australia = 7% USA = 3%	China was the leading supplier of animal offal and sausage while the USA supplied insects for human consumption	Though domestic production of chicken, beef, and pork is high, imports must be used to balance out South Africa's use of these meats.
<b>Beer</b> 2023 total imports: \$132 million	Netherlands = 47% Namibia = 28% Mozambique = 7%	China was the leading supplier of beer made from malt and Namibia placed in a distant second.	Despite being the continent's top beer producer, South Africa still must import a significant amount of beer to meet demand, accounting for over 30 percent of the



			market.
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Source: Trade Data Monitor

## SECTION 4: Best Product Prospects Categories

**Table 4: South African Imports of Consumer-Oriented Products from the World**

Product	Annual Series (Value: USD)		
	2021	2022	2023
All Consumer-Oriented	3,166,216,564	3,243,526,264	3,199,256,597
Distilled Spirits	293,681,377	354,506,526	337,669,021
Poultry Meat and Products (excluding eggs)	277,007,461	290,503,172	260,007,531
Dairy Products	313,738,383	285,097,029	252,933,514
Bakery Goods, Cereals, Pasta	185,584,929	218,652,865	231,078,334
Processed Vegetables	211,885,518	198,636,878	203,941,494
Soup and Other Food Preparations	177,625,500	169,306,050	185,010,966
Chocolates and Cocoa Products	153,351,031	159,786,490	182,947,753
Coffee, Roasted & Extracts	122,786,644	137,266,673	134,211,558
Meat Products	104,394,289	134,135,129	133,287,801
Beer	137,757,001	126,637,458	129,828,360

Source: Trade Data Monitor

**Table 5: U.S. Top 10 Consumer-Oriented Exports to South Africa**

Product	Annual Series (Value: USD)		
	2021	2022	2023
Consumer-Oriented All	193,542,640	173,155,444	162,141,935
Poultry Meat & Meat Prods (ex. eggs)	61,845,764	42,698,551	35,418,843
Tree Nuts	18,499,568	30,216,479	24,788,406
Distilled Spirits	19,747,595	21,469,298	23,852,218
Soup & Other Food Preparations	27,322,152	19,935,666	18,620,566
Beef & Beef Products	13,352,827	6,696,542	13,009,435
Non-alcoholic beverages	1,589,283	1,882,189	9,287,391
Dairy Products	16,975,941	18,688,643	7,716,161
Condiments & Sauces	8,968,883	10,649,284	7,260,030
Meat Products	6,354,367	2,758,764	4,149,590

Source: Trade Data Monitor

### 4.1 Products present in the market that have strong sales potential.

South Africa presents market opportunities for U.S. exports in several categories, including meat and products, tree nuts (especially almonds), distilled spirits, non-alcoholic beverages, beef & beef products, and dairy products.

#### 4.2 Products not available in significant quantities that have good sales potential

Opportunities exist for new U.S. products in the South African food and beverage market, including beef and beef products (specifically hearts and lungs), fish and seafood products, tree nuts, frozen foods, pet food, snacks and prepared foods, condiments and sauces, seasonings and spice blends, and fruit and vegetable juices.

### SECTION 5: Key Contacts and Further Information

#### 5.1 FAS South Africa

If you have questions or comments regarding this report, please contact the FAS Office of Agricultural Affairs at the U.S. Embassy in Pretoria:

Agricultural Affairs Office	Phone: +27 12 431 4057
Physical Address:	Email: <a href="mailto:AgPretoria@state.gov">AgPretoria@state.gov</a>
Office of Agricultural Affairs	Website:
U.S. Embassy, Pretoria, South Africa	<a href="http://www.usdasouthernafrika.org">www.usdasouthernafrika.org</a>
877 Pretorius Street, Arcadia, Pretoria, 0083	
P.O. Box 9536, Pretoria, 0001	
<a href="http://www.fas.usda.gov">http://www.fas.usda.gov</a>	

For a list of relevant South African government agencies, please see the [South African FAIRS Country Report](#)

Other FAS market and commodity reports are available through the FAS website: <https://www.fas.usda.gov/data>

FAS South Africa currently has a [Facebook](#) and [Instagram](#) page. The pages are used to run the DelicioUS campaign and advise followers on any competitions or programs that are currently being hosted by the office.

#### 6.2 Additional Useful Resources

- American Chamber of Commerce in South Africa: [www.amcham.co.za](http://www.amcham.co.za)
  - U.S. Commercial Service: <https://www.trade.gov/south-africa>
  - U.S. International Trade Administration – South Africa Country Commercial Guide: <https://www.trade.gov/knowledge-product/exporting-south-africa-market-overview>
  - The Franchise Association of South Africa: <https://www.fasa.co.za>
  - The Restaurant Association of South Africa: <http://www.restaurant.org.za/>
  - South African Tourism: <https://www.tourism.gov.za>
  - The Federated Hospitality Association of South Africa (FEDHASA): <https://fedhasa.co.za>
- The Tourism Grading Council of South Africa: <https://www.tourismgrading.co.za/>

**Attachments:**

No Attachments