

**Required Report:** Required - Public Distribution

**Date:** July 06, 2023

**Report Number:** SF2023-0019

**Report Name:** Retail Foods

**Country:** South Africa - Republic of

**Post:** Pretoria

**Report Category:** Retail Foods

**Prepared By:** Nevolan Reddy and Pamela Ngqinani

**Approved By:** Katherine Woody

**Report Highlights:**

The South African retail food market is highly concentrated among the five largest companies, including Shoprite Holdings Ltd, Pick n Pay Retailers Pty Ltd, Spar Group Ltd, Massmart (Walmart-owned), and Woolworths Holdings Ltd. Together, they account for about 80 percent of all retail sales, with the remaining 20 percent largely coming from the informal retail sector. In 2022, South African retail food sales amounted to \$38 billion. South African imports of consumer-oriented agricultural products totaled \$3.2 billion in 2022, up from \$3.1 billion in 2021. Retail trade sales represent close to 20 percent of South Africa's GDP. Key trends in the South African retail foods sector include continued growth in e-commerce and home delivery services, sustained demand for healthier offerings in the fresh food and wellness niches, increasing interest in plant-based and meat-alternative products, and growing consumer demand for halal offerings.

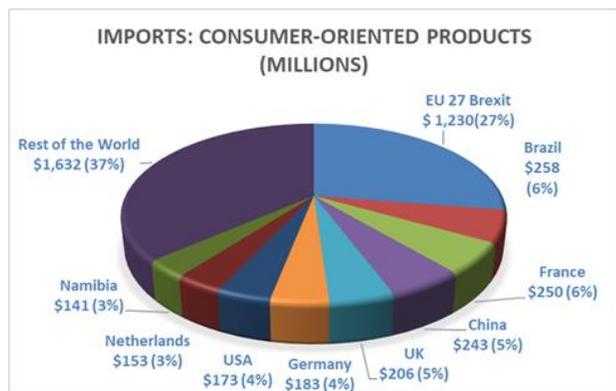
## Market Fact Sheet: South Africa

### Executive Summary

South Africa is a middle-income emerging market with an estimated population of 61 million (68 percent live in urban areas). The country's GDP increased by 1.6 percent in 2022, reaching \$420 billion. South Africa exports more agricultural goods than any other country in Africa. Although the country is mostly self-sufficient in terms of production, there is substantial demand for food ingredients, providing opportunities for U.S. exports.

### Imports of Consumer-Oriented Products

Imports of all agricultural products totaled \$7.7 billion in 2022, compared to \$7.3 billion in 2021. At the same time, imports of consumer-oriented products were \$3.2 billion in 2022, compared to \$3.1 billion in 2021. The EU accounted for 27 percent of total consumer-oriented imports, while 4 percent were from the United States.



### Food Processing Industry

South Africa's demand for ingredients for the food manufacturing sector drives imports of a wide range of products. The country boasts more than 1,800 food production companies, although the 10 largest firms account for more than 80 percent of the sector's revenue.

### Food Retail Industry

The food retail sector, which makes up more than half of all retail sales in South Africa, is characterized by a dependable supply of high-quality foods, a mature market, and market concentration. The growth of national supermarket chains has also significantly altered the structure and operation of agriculture, upstream food processing, and wholesale food industries.

## Quick Facts CY 2022

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

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

- |                               |                          |
|-------------------------------|--------------------------|
| 1. Dairy Products             | 6. Tree Nuts             |
| 2. Condiments and Sauces      | 7. Snack Foods           |
| 3. Chocolate & Cocoa Products | 8. Distilled Spirits     |
| 4. Non-Alcoholic Beverages    | 9. Processed/Dried Fruit |
| 5. Soups and Prepared Foods   | 10. Beef & Beef Products |

#### 2022 Food Industry by Channel

Food Industry Output	\$43 billion
Food Exports	\$12.8 billion
Food Imports	\$7.7 billion
Retail	\$38 billion
Food Service	\$5 billion

#### Food Industry Gross Sales

Food Industry Revenues – \$4 billion

#### Top 10 South African Food Retailers

- |                      |                              |
|----------------------|------------------------------|
| 1. Shoprite          | 6. Food Lovers Holdings      |
| 2. Pick n Pay        | 7. CCBSA                     |
| 3. Woolworths        | 8. Kit Kat Group             |
| 4. Spar Group Ltd.   | 9. Quantum Foods             |
| 5. Massmart Holdings | 10. Wellness Warehouse (Pty) |

#### GDP/Population

Population: 60.8 million people  
 GDP: \$420.28 billion  
 GDP per capita: \$6,739

Data and Information 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
<ul style="list-style-type: none"> <li>Advanced economy and market structure</li> <li>Relatively developed infrastructure</li> <li>Modern retail chains for food and beverage distribution</li> </ul>	<ul style="list-style-type: none"> <li>High transport costs from US</li> <li>Electricity outages pose challenges for cold-chain products</li> <li>Limited technical capacity of regulators contributes to market access issues</li> </ul>
Opportunities	Challenges
<ul style="list-style-type: none"> <li>South African retailers/importers interested in U.S. products</li> <li>Gateway to other Southern African countries</li> <li>Consumers interested in new products</li> </ul>	<ul style="list-style-type: none"> <li>Policies and lower tariffs favoring other suppliers</li> <li>Political preference for other BRICS countries.</li> <li>Decreased consumer purchasing power due to high unemployment and inflation</li> </ul>

For more information, please contact FAS Pretoria:

[AgPretoria@usda.gov](mailto:AgPretoria@usda.gov)  
[www.usdasouthernafrica.org](http://www.usdasouthernafrica.org)

## SECTION 1: Market Summary

The South African retail food market is highly concentrated among the five largest companies, including Shoprite Holdings Ltd, Pick n Pay Retailers Pty Ltd, Spar Group Ltd, Massmart (Walmart-owned), and Woolworths Holdings Ltd. Together, they account for about 80 percent of all retail sales, with the remaining 20 percent largely coming from the informal retail sector. In 2022, South African retail food sales amounted to \$38 billion. South African imports of consumer-oriented agricultural products totaled \$3.2 billion in 2022, up from \$3.1 billion in 2021. Retail trade sales represent close to 20 percent of South Africa’s GDP. The country has a gross domestic product (GDP) of \$420 billion, making it the third largest economy in Africa, after Nigeria and Egypt. The country increased its agricultural exports by 3 percent year on year to \$12.8 billion (about R234 billion) in 2022.

**Table 1: 2022 Sales in the South African Retail Sector**

Type of Store	Sales (\$ billion)	Annual Rate (%)	Major Market Leaders % Share
Convenience Stores	\$2.6	4%	Shoprite = 28% Others = 56% (Small, informal convenience stores, known as “spaza shops,” in townships and informal settlements.)
Discounters	\$1.8	17%	Pick n Pay = 74% Shoprite = 26%
Hypermarkets	\$2.4	7%	Pick n Pay = 38% Shoprite = 37%
Supermarkets	\$16.5	8%	Shoprite = 40% Spar = 26% Pick n Pay = 19% Woolworths = 11%
Local Grocery Retailers	\$9.4	10%	Pick n Pay = 7% (market leader in smaller format stores in townships under the Boxer and QualiSave brands) Spar = 3.7%
e-Commerce	\$2.8	21%	Pick n Pay = 5.8% Woolworths = 4.2% Shoprite = 2.7%

Source: Euromonitor International

A trend among South African consumers recently is the movement away from traditional grocery stores and towards e-commerce sales. South Africa’s biggest retailers, including Shoprite and Pick n Pay responded to the trend by launching Checkers Sixty60 and Pick n Pay ASAP to allow their shoppers to purchase goods online and then have them delivered to their homes, sometimes in as little as one hour. This trend was already underway before the pandemic, but lockdowns and health fears spurred more consumers to explore e-commerce, and retailers accelerated development of their platforms and their delivery networks. Some analysts predict that South Africa will continue to see a surge in the e-commerce trend for groceries over the next seven years. There has also been growing demand for online ordering and delivery services for lower income consumer. Yebo Fresh is an upstart that promised to deliver groceries within 24 hours, providing a lower-cost option for consumers in townships and

informal settlements who may live far away from large retailers. Pick n Pay has also expanded its Boxer brand stores, which offer more affordable prices for lower-income consumers, while also establishing QualiSave stores aimed at middle- and lower-income consumers. Shoprite, long known to cater to middle- and lower-income consumers, has gone in the opposite direction, opening more specialist stores, including pharmacies, baby stores, and pet care stores. American products are seen as specialty products, and these stores could offer new opportunities for niche products.

Inflation, especially [rampant food price inflation](#), has caused South African retailers to change tactics to market to consumers who have to stretch their money to pay for basic needs. Food prices surged to a 14-year high in March 2023, and the South African Reserve Bank SARB has raised interest rates multiple times to try to tame inflation. These hikes have left consumers with less disposable income for purchases beyond basic food staples. Additionally, [frequent electricity outages](#) (called “load shedding”) have surged prices for cold chain products and made consumers think twice about limiting their fresh purchases due to [food safety concerns](#). Many households were forced to cut items like fresh milk and frozen meat from their grocery lists due to the higher-than-normal prices on these goods and concerns about spoilage due to unreliable refrigeration at home. While there are signs that food price inflation has slowed in recent months, many consumers are still cautious about their spending. Post contacts report that they have seen an uptick in bulk purchases of staple items, as consumers have combined their budgets with family and friends to save through economies of scale.

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

- Continued growth in e-commerce and home delivery services
- Healthier offerings in the fresh food and wellness niches, as well as vegan products
- Increased interest in plant-based and meat-alternative products
- Increased consumer demand for halal offerings

Nevertheless, load shedding has had a significant impact on South African businesses, including retailers that have been forced to purchase generators and large amounts of fuel to maintain operations. Many small businesses have been forced to close, and food manufacturers have seen costs rise due to delayed production or the need to invest in alternate electricity generation using generators or solar panels. While large retailers have continued to see growth, load shedding has affected their bottom line. According to company statements and press reports, Pick n Pay has paid \$27 million in the last year to run their generators, while Shoprite spends an average of \$5.5 million per month to run generators at their stores. Post’s contacts in the retail sector also report significant losses due to food spoilage/waster, with the smaller retailers the hardest hit. Large generators are very costly, and many small businesses do not have any back up power available. While the frequency of load

shedding has eased in recent weeks, the problem is expected to persist for at least the next 12 to 18 months.

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.

**Table 2: Advantages and Challenges Facing U.S. Exporters**

Advantages	Challenges
Expanding online retail food platforms and increased proliferation of rapid delivery services, including for temperature-sensitive products	Internet service and cellular data is expensive in South Africa, limiting the option of online shopping for some consumers.
Well-developed infrastructure and modern retail chains with established food and beverage import and distribution networks	Electricity outages due to load shedding have increased costs and reduced store hours for some retailers. Consumers may not have access to online sales platforms during load shedding.
Importers and distributors are capable of increasing brand loyalty.	Consumers and retailers with limited knowledge of available U.S. products available
South African consumers are interested in new and different foods, especially in the snack food, prepared food, health food, halal, and beverage categories.	European and BRICS countries have preferential market access or free trade agreements with South Africa, while U.S. products face high import tariffs.
Retailers are expanding the variety of private-label or store label products targeted for various consumer groups.	Differences in consumer classes, with a large portion of the population priced out of the market for imported foods
Importers are interested in expanding the array of U.S. products available in the market.	Rampant food price inflation has eroded consumers' disposable income and hampered spending.
South Africa has extensive distribution linkages to other African countries, which provides multiple channels to diversify distribution in the region.	The rand-dollar exchange rate can complicate planning, especially for smaller or new-to-market firms. Although forward cover is readily available and the rand is a commonly traded currency, interest rates tend to be higher than in United States and other developed markets.
Retail chains offer larger format stores to accommodate one-stop shopping, including a larger selection of imported and private-label food and beverage product lines.	U.S. companies seeking to do business in South Africa may have to abide by Broad-Based Black Economic Empowerment (B-BBEE) policies, which aim to redress economic imbalances among historically disadvantaged communities to facilitate socio-economic transformation.
Young consumers tend to prefer processed and easy-to-prepare foods, including brands that they have seen on social media and in movies and TV series.	Food safety and phytosanitary restrictions may limit the importation of certain foods, while labelling requirements may make small shipments cost prohibitive.

## SECTION 2: Road Map for Market Entry

### 2.1 Entry Strategy

New U.S. exporters to South Africa need to fully 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

- The South African retail industry is undergoing changes to accommodate growing consumer interest in online shopping, simplified transactions, and delivery services.
- The South African supermarket sector is well-developed relative to other markets on the African continent and utilizes both centralized and decentralized distribution systems.
- Most large supermarket chains and big franchises maintain their own distribution centers and modern warehouse systems to supply their branches around the country. U.S. exporters usually trade with buyers at the headquarters of large retail chains.
- Other retail supermarkets, such as Spar, are flexible and permit individual store managers to deal directly with U.S. exporters, local distributors, and import agents.

- In addition to major retailers, there are independent retailers who often buy from large wholesalers. These distributors also sell to small grocery stores and street vendors.
- Convenience stores attached to gas stations are mostly owned by major retail groups and stocked according to the retailer’s head office purchasing policy.

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 3: Top Food Retailers in South Africa**

<b>RETAILER</b>	<b>WEBSITE</b>
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 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 4: Competitive Overview of South Africa 2022 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>Poultry Meat and Products (excluding eggs)</b> 2022 total imports: \$285 million	Brazil = 72% USA = 14% Argentina = 8%	Brazil has the largest market share in meat and edible offal (including livers) of chickens. The United States is the leader in leg quarters and drumsticks.	Poultry is a major source of protein for South Africans, and there is demand for imports to supplement inadequate local production.
<b>Tree Nuts</b> 2022 total imports: \$111 million	USA = 27% Mozambique = 12% Vietnam = 11%	The United States is a leading supplier of almonds and ground nuts.	South Africa is a net importer of nuts, though the country is a large producer of macadamia nuts.
<b>Distilled Spirits</b> 2022 total imports: \$354 million	UK = 35% France = 22% Germany = 13%	The UK is the leading supplier of whiskeys and gin, while France is the	South Africa has insufficient production of high-value alcoholic beverages to meet

	USA = 6%	largest supplier of vodka.	domestic demand.
<b>Soup and Other Food Preparations</b> 2022 total imports: \$199 million	Germany = 17% Netherlands = 13% USA = 13%	Germany was leading supplier of prepared food soups and broths in 2022, with Netherlands and United States each taking 13 percent market share.	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 windows to prepare meals, especially during weekdays.
<b>Dairy Products</b> 2022 total imports: \$290 million	France = 23% New Zealand = 13% Germany = 10% USA = 7%	France is the main supplier of whey and modified whey, buttermilk, milk, and cream. New Zealand is the largest supplier of processed cheese, while Germany is the largest supplier of lactose and lactose syrup.	Demand for imports of dairy products depends on the ability of local producers to meet domestic demand in each product category.
<b>Condiments and Sauces</b> 2022 total imports: \$47 million	USA = 21% Italy = 13% UK = 10%	The United States is the leading supplier of sauces and preparations, mixed condiments, and mixed seasonings. Italy is the second largest supplier, followed by the UK.	The competitiveness of local processors and producers has boosted prices and quality standards.
<b>Beef and Beef Products</b> 2022 total imports: \$55 million	Argentina = 25% USA = 11% UK = 9%	Argentina became the leading supplier of beef offal and beef meat in 2022, while the United States dropped to second place, with the UK as third largest supplier.	Domestic production is unable to meet local demand. Import demand is variable and depends on local market conditions.
<b>Chocolates and Cocoa Products</b> 2022 total imports: \$169 million	Belgium = 10% Italy = 10% Malaysia = 7% USA = 3%	Belgium is the leading supplier of chocolate and cocoa products, followed by Italy and Malaysia.	South Africa has one of the largest and most established confectionery markets on the African continent. Consumers have shown an increasing demand for chocolate packaged in bags, which are suitable for sharing. Sugar-free products are also making headway in the market.

Source: Trade Data Monitor

## SECTION 4: Best Product Prospects Categories

### 4.1 Products present in the market that have good sales potential

South Africa presents market opportunities for U.S. exports in several categories, including beef and beef offal, pork, tree nuts (especially almonds), condiments and sauces, distilled spirits, non-alcoholic beverages, snack foods, and chocolate and confectionary products.

**Table 5: South African Imports of Consumer-Oriented Products from the World**

Product	Annual Series (Value: USD)		
	2020	2021	2022
All Consumer-Oriented	2,629,336,079	3,166,216,564	3,243,526,264
Distilled Spirits	190,969,047	293,681,377	354,506,526
Dairy Products	247,397,378	277,007,461	290,503,172
Poultry Meat & Product (excluding eggs)	424,947,957	313,738,383	285,097,029
Bakery Goods, Cereals, & Pasta	147,279,018	185,584,929	218,652,865
Soup & Other Food Preparations	182,071,978	211,885,518	198,636,878
Chocolate & Cocoa Products	162,204,776	177,625,500	169,306,050
Processed Vegetables	133,014,838	153,351,031	159,786,490
Coffee, Roasted and Extracts	113,424,229	122,786,644	137,266,673
Non-Alcoholic Beverages (excluding juices, coffee, tea)	88,781,502	104,394,289	134,135,129
Meat Products NESOI	107,885,742	137,757,001	126,637,458

Source: Trade Data Monitor

**Table 6: U.S. Top 10 Consumer-Oriented Exports to South Africa**

Product	Annual Series (Value: USD)		
	2020	2021	2022
Consumer-Oriented All	1666,809,296	193,542,640	173,155,444
Poultry Meat & Meat Prods (ex. eggs)	56,769,472	61,845,764	42,698,551
Tree Nuts	21,438,532	18,499,568	30,216,479
Distilled Spirits	11,051,287	19,747,595	21,469,298
Soup & Other Food Preparations	28,073,559	27,322,152	19,935,666
Dairy Products	8,565,848	16,975,941	18,688,643
Condiments & Sauces	5,861,110	8,968,883	10,649,284
Beef & Beef Products	12,658,852	13,352,827	6,696,542
Chocolates & Cocoa Products	2,059,907	2,535,003	3,391,325
Processed Vegetables	3,435,557	2,600,551	2,830,804

Source: Trade Data Monitor

### 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, 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 Pretoria

If you have questions or comments regarding this report, please contact the Office of Agricultural Affairs in Pretoria, South Africa.

Office of Agricultural Affairs  
U.S. Embassy Pretoria  
877 Pretorius Street, Arcadia, Pretoria, 0083  
P.O. Box 9536, Pretoria, 0001

Tel: +27-12-431-4057

Email: [AgPretoria@usda.gov](mailto:AgPretoria@usda.gov)

Website: [www.usdasouthernafrica.org](http://www.usdasouthernafrica.org)

Facebook: [www.facebook.com/dinewithUSSa](https://www.facebook.com/dinewithUSSa)

Instagram: [www.instagram.com/delicioUS\\_southafrica](https://www.instagram.com/delicioUS_southafrica)

Other market and commodity reports are available through the FAS website: **Error! Hyperlink reference not valid.**

### 5.2 Additional Contacts

- American Chamber of Commerce in South Africa: [www.amcham.co.za](http://www.amcham.co.za)
- U.S. Commercial Service in South Africa: <https://www.trade.gov/south-africa-contact-us>
- U.S. International Trade Administration – South Africa Country Commercial Guide: <https://www.trade.gov/knowledge-product/exporting-south-africa-market-overview>

### Attachments:

No Attachments