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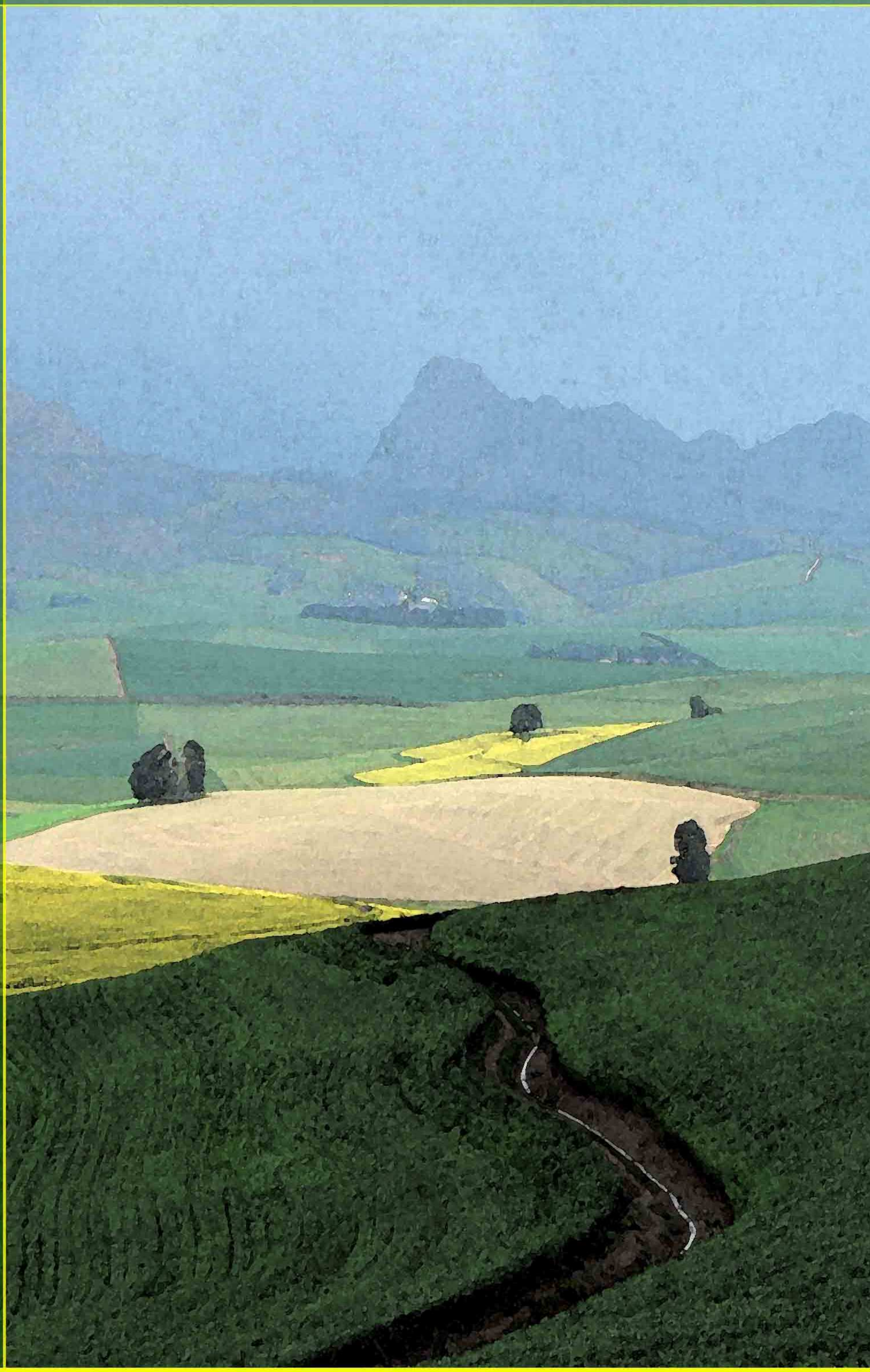
The South African Agricultural BASELINE

June 2008



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Consumer trends and analyses

Introduction

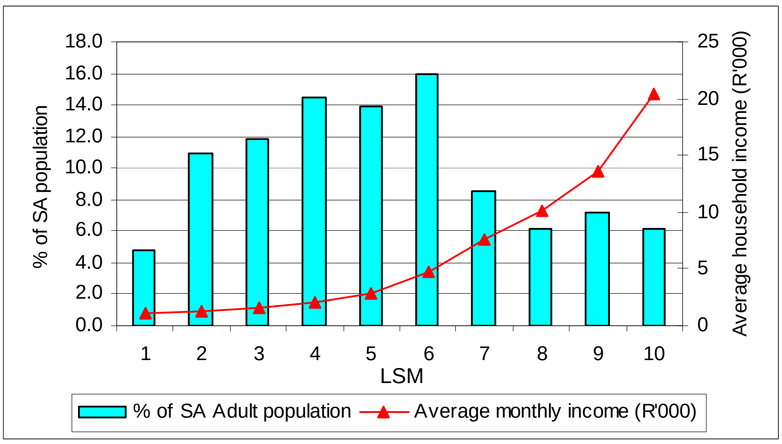
In order to develop a more comprehensive understanding of the models and projections presented in this BFAP Baseline document, it is critical to understand the food consumption trends affecting food demand in the South African context. This section provides a view of food consumption trends in terms of the following aspects:

* The profile of the South African consumer market.
* Dynamics in the South African consumer market.
* Food expenditure patterns of South African households.
* Consumption trends of selected South African food products in terms of market concentration (number of consumers and total spending) and growth potential.
* Current consumer food trends in South Africa: A new product development perspective.

A profile of the South African consumer market

South Africa is a diverse nation with a wide variety of wealth groups and cultural denominations spread over urban and rural areas. The South African Advertising Research Foundation (SAARF) developed a market segmentation tool - the Universal Living Standard Measures (SU-LSM) - based on the socio-economic status of an individual or group (SAARF, 2007).

Consumers of least status form the segment SU-LSM 1 and those of the highest status SU-LSM 10.The majority of South African consumers fall within the middle class namely SU-LSM 4 to SU-LSM 7 (about 53% of the total South African adult population in 2007) (SAARF, 2008a)



The SU-LSM segments: Proportion of SA adult population & average monthly household income in 2007
(SAARF, 2008a)

A summary profile of the South African consumer market is presented in the following table, based on a classification system[1] distinguishing between marginalised consumers (LSM 1 to 3), modern emerging consumers (LSM 4 to 6) and modern established consumers (LSM 7 to 10).

[1] Proposed by AC Nielsen (Source: ACNielsen, 2005a)

A summary profile of the South African consumer market

Descriptor:	Marginalised consumers:	Modern consumers: Emerging:	Modern consumers: Established
Share of SA population[2]	27.6%	44.3%	28.1%
SU-LSM classification[3]	LSM 1 - 3	LSM 4 - 6	LSM 7 - 10
Average monthly household income[2]	LSM 1: R1054 LSM 2: R1257 LSM 3: R1611	LSM 4: R2018 LSM 5: R2873 LSM 6: R4709	LSM 7: R7619 LSM 8: R10113 LSM 9: R13585 LSM 10: R20349
Gender[2]: %Male / % Female	LSM 1: 39.1%/60.9% LSM 2: 47.5%/52.5% LSM 3: 49.9%/50.1%	LSM 4: 50.6%/49.4% LSM 5: 52.5%/47.5% LSM 6: 49.8%/50.2%	LSM 7: 52.3%/47.7% LSM 8: 51.4%/48.6% LSM 9: 50.0%/50.0% LSM 10: 49.3%/50.7%
Formal unemployment[4]	LSM 1: 54% LSM 2: 42% LSM 3: 38%	LSM 4: 40% LSM 5: 35% LSM 6: 27%	LSM 7: 19% LSM 8: 13% LSM 9: 7% LSM 10: 3%
Rural share of group[2]	LSM 1: 100.0% LSM 2: 92.9% LSM 3: 73.9%	LSM 4: 53.8% LSM 5: 30.9% LSM 6: 13.8%	LSM 7: 5.2% LSM 8: 5.2% LSM 9: 5.3% LSM 10: 7.1%
Education level[2]	18% / 42% No formal education / Primary schooling (LSM 1)	--------------------------------	->38% / 46% Matric / Post-matric (LSM 10)
Main provincial location[4]	KZN, E Cape, Limpopo	Gauteng, W Cape, KZN	Gauteng, W Cape
Contribution to Fast Moving Consumer Goods (FMCG) spending[3]	22%	37%	41%
Retail shopping frequency: % of consumers in group engaging in monthly bulk shopping[4]	LSM 1: 83% LSM 2: 74% LSM 3: 69%	LSM 4: 69% LSM 5: 68% LSM 6: 66%	LSM 7: 64% LSM 8: 63% LSM 9: 57% LSM 10: 52%
Estimated share of total SA household income[5]	7%	27%	66%
Food expenditure patterns: : estimated expenditure on dominant food groups as share of total food expenditure within wealth category[6]	Bread & cereals: 29% Meat: 23% Vegetables: 11% Dairy, eggs: 8%	Meat: 28% Bread & cereals: 22% Dairy, eggs:10% Vegetables: 9%	Meat: 25% Bread & cereals: 13% Dairy, eggs: 11% Vegetables: 9%

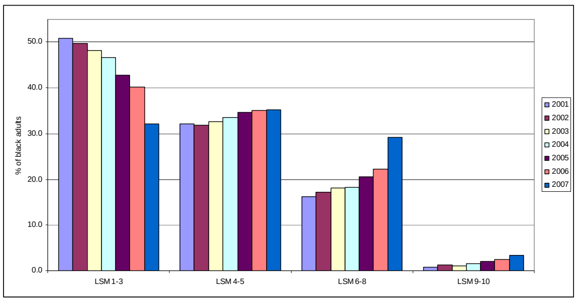
2 SAARF, 2008a
3 AC Nielsen, 2005
4 SAARF, 2007
5 Calculations based on the data from SAARF, 2008a
6 Calculations based on data from STATSSA, 2008.

Dynamics in the South African consumer market

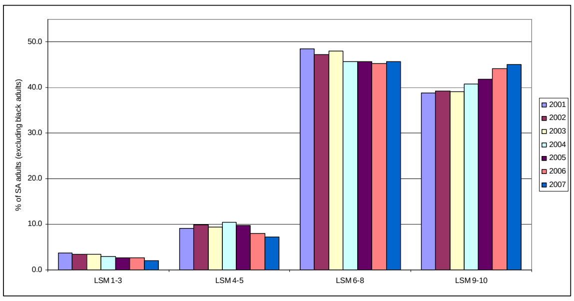
South African consumers are characterized by class mobility where consumers migrate to higher LSM groups, driven by economic growth, socio-economic empowerment and consequent increased wealth levels. The graph illustrates the decrease in the number of consumers within LSM 1 to 3, accompanied with an increase in the number of consumers within LSM 6 to 8 (the upper middle class).

LSM class mobility during the period 2001 to 2007 (*SAARF, 2008b)*

A prominent sub-segment within the growing middle class is known as the 'new black middle class', also referred to as the 'Black Diamonds'[7] representing about 12% of black adults and just over 20% of the purchasing power in South Africa.



LSM mobility: Black consumers, 2001-2007 *(SAARF 2008b)*



LSM mobility: White, coloured and Indian consumers, 2001-2007 *(SAARF 2008b)*

The movement of black households to higher wealth levels is evident from the graph indicating that the share of black adults in LSM 1 to 3 decreased dramatically, accompanied with a dramatic increase in the share of black adults in LSM 6 to 8 (increasing from 16.2% in 2001 to 29.2% in 2007). The share of black adults in LSM 4 to 5, as well as LSM 9 to 10 also increased slightly during the period 2001 to 2007.

[7] Classification of the UCT Unilever Institute of Strategic Marketing.

Food income and expenditure patterns of South African households (1)

This section explores the income and food expenditure patterns of South African households on selected major food groups (based on the recent STATSSA survey 'Income & Expenditure of households 2005/2006' [IES 2005/2006]).

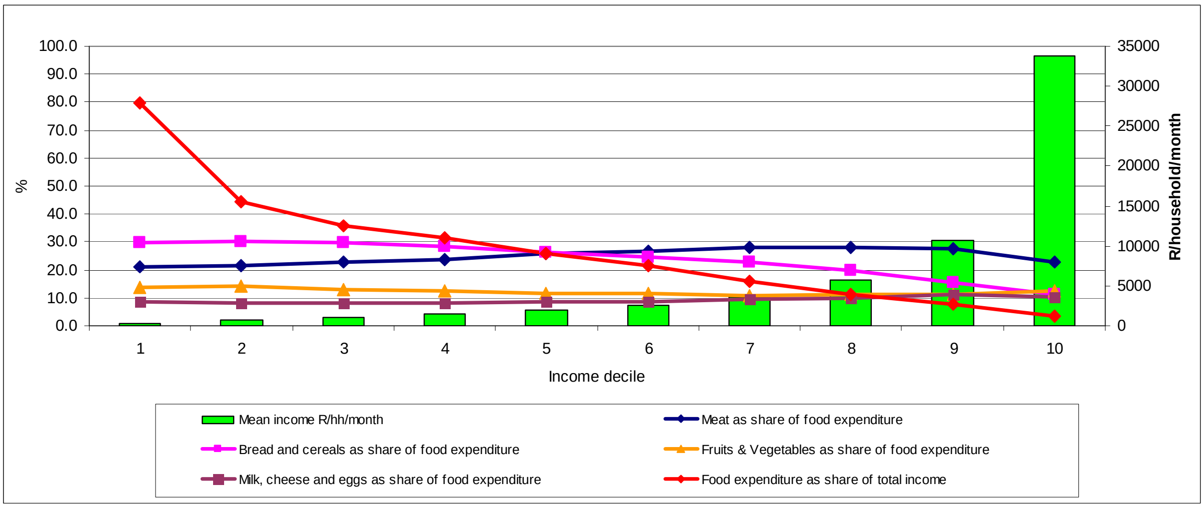
Household income:

The distribution of household income in South Africa sourced from work activities and social security grants[8] is summarized in the table below, based on 10 income deciles, each representing 10% of the total South African population. The dualistic nature of the South African economy is clearly evident from the data, indicating that 50% of the total population (within income deciles 1 to 5) received only 10% of the total household income during the period 2005/06. On the other hand the 30% of the population falling within the wealthiest income deciles (deciles 8 to 10) received 79% of the total household income during 2005/06. Furthermore, the mean household income for decile 1 is 99% smaller than the mean household income for decile 10.

The distribution of household income in South Africa, 2005/06

Income decile[9]:	Share of total household income:	Value of aggregate annual income for all households in specific income decile (Rand/decile/annum):	Mean household income (Rand/household/month):
1	0.2%	R 1 495	R 360
2	1.2%	R 8 971	R 799
3	2.2%	R 16 447	R 1 108
4	2.9%	R 21 680	R 1 469
5	3.5%	R 26 165	R 1 915
6	4.7%	R 35 136	R 2 545
7	6.4%	R 47 845	R 3 632
8	10.3%	R 77 001	R 5 795
9	17.8%	R 133 069	R 10 737
10	50.9%	R 380 518	R 33 804
TOTAL	***100.0%***	***R 747 580***	***R 6 216***

Household food expenditure:



Food expenditure patterns of South African consumers in various income deciles on main food groups

[8] Consisting of old age pensions, disability grants, family & other allowances and workmen's compensation funds.

[9] Each income decile represents 10% of the South African population.

Food income and expenditure patterns of South African households (2)

Food expenditure as share of total household income:

- Population average: Share of income spent on food:
  13.5% (IES 2005/2006)[10]; 20.6% (BMR data, [Martins, 2006])
- Constitutes a higher share of poorer consumers (varying from 79.7% for decile 1 up to only 9.1% for decile 10), illustrating the inverse relationship between income and share of budget allocated to food.

Expenditure on main food groups as share of total household food expenditure[11]:

- Meat:
  - Population average: 25.2% of total food expenditure on meat.
  - Meat constitutes a large share of total food expenditure for all income deciles especially for income deciles 6 to 10.
  - Meat expenditure as share of total food expenditure increases from 20.9% for decile 1 towards decile 8 (28.1%) followed by a decline towards decile 10 (23.0%).
  - Similar expenditure shares for deciles 7 to 9.
  - Meat is the most important food expenditure item of consumers within decile 10 at a level of 23%. The expenditure on the other main food types is very similar for this group around 10% of total food expenditure.
- Bread and cereals:
  - Population average: 20.8% of total food expenditure on bread and cereals.
  - Bread and cereals dominates the food expenditure of consumers in deciles 1 to 4.
  - Higher share for lower income deciles (decile 1: 29.6%; to decile 10: 11.2%).
  - Similar trend as observed in BRM data (BFAP Baseline, 2007).
  - Dramatic decrease in the share of food expenditure allocated to bread and cereals moving from decile 6 to 10 (given wealthy consumers' larger dietary variety and decreased importance of staple food types).
- Fruit and vegetables:
  - Population average: 12.1% of total food expenditure on fruit and vegetables.
  - Contribution to food expenditure decreases from 13.9% in decile 1 to 12.1% in decile 7, followed by an increase towards decile 10 (12.5%). The increase could be linked to wealthier consumers' higher levels of health awareness.
- Dairy and eggs:
  - Population average: 9.6% of total food expenditure on dairy and eggs.
  - Smallest contribution to food expenditure among main food groups.
  - Similar shares for deciles 1 to 4 followed by increasing shares towards decile 9 (11.3%).

The consumer profile of the main food groups in South Africa[12]:

- Bread and cereals expenditure:
  - Spending approximately equally divided among various racial groups.
  - Slightly dominated by female consumers (±52.8% of total spending).
  - Slightly dominated by rural consumers (±54.6% of total spending).
  - Dominated by poorest income deciles 1 to 5, followed by income deciles 6 to 8 (± 44.5% and 32.3% of total spending respectively).
- Meat expenditure:
  - Dominated by white and coloured consumers (±29.2% and 26.7% of total spending respectively).
  - Dominant among male consumers (±55.8% of total spending).
  - Dominant among urban consumers (± 62.4%).
  - Spending approximately equally divided among various racial groups.
- Fruit and vegetables expenditure:
  - Dominated by white consumers (± 67.9%).
  - Slightly dominated by male consumers (±51.3%).
  - Dominated by urban consumers (±56.6%).
  - Dominated by wealthy consumers (deciles 8 to 10), followed by poorest consumers (deciles 1 to 5) (± 37.3% and 34.7% respectively).
- Dairy and eggs expenditure:
  - Dominated by white consumers (± 31.2%).
  - Dominated by male consumers (±56.2%).
  - Dominated by urban consumers (±64.8%).
  - Dominated by wealthy consumers in income deciles 8 to 10 (± 41.8%).

[10] Food and non-alcoholic beverages as a proportion of consumption expenditure fell from 27,4% in 2000 to 16,6% in 2005/2006. According to IES 2005/2006 a major contributing factor to the extent of the decline from IES 2000 to IES 2005/2006 is under-reporting on high-frequency purchases such as food when using a diary to keep records (IES 2005/2006) and over-reporting of expenditure when relying on recall (IES 2000).

[11] Includes food and non-alcoholic beverages.

[12] Based on data from IES 2005/2006 – food expenditure patterns of the South African population in terms of races, gender groups, urban / rural based consumers and income deciles; expressed as estimated share of total spending on the specific food groups by all groups combined.

Consumption trends of selected South African food products (1)

This section provides information on trends in the consumption of selected foods in the South African market over time based on an analysis of data provided by SAARF Trends data (SAARF, 2004; 2005; 2006; 2008a) indicating the share of South African adult consumers purchasing or consuming specific foods.

Access to electricity & food-related electrical appliances:

National trends: % of South African adults with in-home access to …

	2001	2002	2003	2004	2005	2006	2007
Electricity	80.3	83.1	83.6	84.9	85.1	85.8	87.1
Refrigerator	60.8	63.7	64.8	65.6	67.7	69.2	72.0
Microwave oven	27.9	30.4	31.3	32.1	35.6	38.7	43.7

LSM trends: % of South African adults within specific LSM groups with in-home access to …

		LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Electricity	**2004**	34.9	53	80.1	94.4	98.4	99.3	99.3	99.5	99.6	99.7
	2005	33.8	50	73.5	91.9	97.8	99.2	99.4	99.6	99.7	99.7
	2006	35.1	49.2	73.1	89.6	97.4	99.1	99.7	99.5	99.9	99.7
	2007	35.4	49.1	73.2	90.6	97.3	99.2	99.5	99.5	99.8	99.9
Refrigerator	**2004**	0	8.5	42.0	67.6	87.7	96.2	98.0	98.8	99.2	99.8
	2005	0	6.0	42.0	64.3	88.2	96.2	97.5	98.3	99.0	99.7
	2006	0	7.6	41.4	66.2	86.8	95.8	98.5	97.9	99.0	99.2
	2007	0	5.9	41.2	66.7	86.8	95.7	98.4	98.5	99.3	99.3
Micro-wave oven	**2004**	0	0	0.5	2.2	13.8	51.3	82.8	91.6	96.5	98.8
	2005	0	0	0.6	5.0	18.5	57.9	83.7	93.5	96.7	99.2
	2006	0	0	0	4.5	21.5	61.1	87.2	94.3	97.4	98.9
	2007	0	0.2	1.8	6	25.3	64.9	88.9	95.2	97.4	99.2

- From 2001 to 2007 access to in-home electricity increased from 80.3% to 87.1% of South African adults and consumers' access to major in-home appliances also increased significantly.
- Consumers with access to an in-home refrigerator are mainly concentrated in LSM 5 to 10 while consumers with access to an in-home microwave oven are mainly concentrated in LSM 7 to 10 potentially representing the market for ready-to-eat meals involving microwave oven heating.

Purchase / Usage of specific foods - Infant food

National trends: % of total South African adults population purchasing / using …

	2001	2002	2003	2004	2005	2006	2007
Baby food*	10.9	9.4	9.1	9.7	9.5	9.9	10.0
Infant cereal*	11.0	9.8	9.2	9.7	8.8	9.3	10.1
Infant formulae*	10.5	9.5	9.7	10.3	9.4	9.1	9.0

LSM trends: % of total South African adult population located within specific LSM groups purchasing / using …

		LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Baby food*	**2004**	0.8	1.3	1.4	1.8	1.6	1.5	0.5	0.3	0.3	0.2
	2005	0.4	1.5	1.2	2.1	1.6	0.9	0.6	0.4	0.3	0.2
	2006	0.2	1.4	1.7	2.2	1.7	1.6	0.4	0.5	0.5	0.3
	2007	0.2	1.2	1.5	1.8	1.8	1.8	0.6	0.5	0.5	0.2
Infant cereal*	**2004**	0.7	1.3	1.1	1.9	1.6	1.6	0.5	0.3	0.3	0.3
	2005	0.5	1.5	1.0	1.6	1.4	0.9	0.6	0.4	0.3	0.2
	2006	0.3	1.3	1.7	2.2	1.6	1.6	0.5	0.5	0.4	0.3
	2007	0.2	1.2	1.6	1.8	1.7	1.8	0.5	0.5	0.5	0.3
Infant formulae*	**2004**	0.9	1.6	1.5	1.8	1.6	1.4	0.5	0.3	0.3	0.3
	2005	0.6	1.5	1.2	1.6	1.4	1.0	0.6	0.3	0.3	0.2
	2006	0.3	1.1	1.3	1.8	1.7	1.3	0.5	0.4	0.4	0.4
	2007	0.2	1.1	1.3	1.6	1.6	1.5	0.5	0.4	0.4	0.3

** Consumer products - personally bought for self or household members*

- In terms of consumer numbers, the purchasers of infant foods are mainly found among the middle wealth categories (LSM 3 to 6) followed by LSM 7 to 10. In 2005 LSM 4 to 6 contributed ±55% and ±65% of the total expenditure on infant cereals and formulae (BMR data, Martins, 2006).
- From 2003 to 2007 the share of SA adults purchasing baby food and infant cereals increased slightly mainly driven by increased purchasing in the middle wealth categories (possibly linked to increased income levels). However the share of SA adults purchasing infant formulae decreased slightly especially among LSM 1 to 3. This is mainly due to global socio political pressure reflected in the South African Department of Health's consumer education campaign at primary health care clinics promoting the benefits of exclusive and prolonged breast feeding for long term health benefits to mother and child.

Consumption trends of selected South African food products (2)

Purchase / Usage of specific foods - Maize meal

National trends: % of total South African adult population purchasing / using …

	2001	2002	2003	2004	2005	2006	2007
Maize meal*	75.4	75.4	75.4	73.2	72.4	74.7	75.6

LSM trends: % of total South African adult population located within specific LSM groups purchasing / using …

		LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Maize meal*	2004	7.4	10.0	11.0	11.6	10.2	10.0	3.6	2.6	3.1	2.4
	2005	5.5	10.3	10.2	12.3	11.0	10.0	4.9	3.1	3.2	2.4
	2006	4.7	10.3	10.7	12.7	10.9	11.3	5.1	3.3	3.5	3.0
	2007	4.4	9.4	10.3	12.5	11.6	12.4	5.6	3.6	3.6	2.8

** Consumer products - personally bought for self or household members*

- From 2001 to 2007 the share of SA adults purchasing maize meal was relatively constant.
- A major share of the South African adult population purchase maize meal enforcing the staple food status of the product in the South African context.
- In terms of consumer numbers, the largest portion of maize meal consumers are located in the middle wealth categories (LSM 3 to 6). In 2005 LSM 4 to 6 contributed ±67% of the total expenditure on maize meal (BMR data, Martins, 2006).
- The importance of maize meal for the lower- and middle LSM groups is evident from the data.

Purchase / Usage of specific foods - Yoghurt

National trends: % of total South African adults population purchasing / using …

	2001	2002	2003	2004	2005	2006	2007
Yoghurt*	46.0	45.4	42.6	43.4	45.4	47.4	48.0

LSM trends: % of total South African adult population located within specific LSM groups purchasing / using …

		LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Yoghurt*	2004	1.8	3.8	5.3	6.6	6.4	7.0	3.1	2.4	3.1	2.9
	2005	1.7	4.7	4.8	6.9	7.0	7.1	4.0	3.0	3.4	2.9
	2006	1.3	4.4	5.3	7.3	7.2	8.2	4.4	3.3	3.9	3.6
	2007	1.0	3.8	4.7	6.7	7.3	9.0	4.6	3.5	4.0	3.5

** Consumer products - personally bought for self or household members*

- From 2003 to 2007 the share of SA adults purchasing yoghurt increased from 43% to 48% with overall growth particularly driven by growth in the middle wealth categories (LSM 5 to 7).
- This growth trend could be linked to improved household access to electricity and refrigerators as well as increasing health awareness among consumers.
- In terms of consumer numbers, the largest portion of yoghurt consumers are located in the middle wealth categories (LSM 4 to 6), even though in 2005 LSM 4 to 6 contributed only ±25% of the total expenditure on yoghurt. On the other hand LSM 7 to 10 contributed ±71% of the total expenditure on yoghurt in 2005 (BMR data, Martins, 2006). Thus, these results could suggest that the per capita consumption of yoghurt is higher among the upper LSM categories.

Purchase / Usage of specific foods - Frozen vegetables

National trends: % of total South African adults population purchasing / using …

	2001	2002	2003	2004	2005	2006	2007
Frozen vegetables*	38.0	34.2	31.5	35.6	36.7	34.1	34.3

LSM trends: % of total South African adult population located within specific LSM groups purchasing / using …

		LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Frozen vegeta-bles*	2004	0.8	1.9	2.7	4.1	4.3	6.4	3.6	2.9	3.7	3.5
	2005	Not available	1.5	1.9	3.7	4.2	5.9	4.2	3.4	4.1	3.5
	2006	0.2	1.2	1.7	3.3	3.8	6.4	4.3	3.5	4.3	4.2
	2007	0.3	1.2	1.7	3.0	4.0	6.7	4.5	3.7	4.5	4.0

** Consumer products - personally bought for self or household members*

- The consumers of frozen vegetables are mainly found among the middle and upper LSM groups. Among these consumers consumption is most likely driven by the convenience associated with frozen vegetables facilitated by access to in-home refrigeration.
- In 2005 LSM 8 to 10 contributed ±59% of the total expenditure on frozen vegetables, followed by a 39% contribution by the middle LMS groups (BMR data, Martins, 2006). Thus, these results could suggest that the per capita consumption of frozen vegetables is higher among the upper LSM categories.

Consumption trends of selected South African food products (3)

Purchase / Usage of specific foods - Sugar packets / bags

National trends: % of total South African adults population purchasing / using …

	2001	2002	2003	2004	2005	2006	2007
Sugar*	-	-	82.3	81.8	81.2	79.4	80.8

LSM trends: % of total South African adult population located within specific LSM groups purchasing / using …

		LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Sugar*	**2004**	7.2	10.1	11.2	12.0	10.7	11.4	4.8	3.8	5.0	4.1
	2005	5.7	10.2	10.0	12.0	11.3	11.0	6.1	4.6	5.0	4.3
	2006	4.3	8.6	9.8	11.6	9.9	11.6	6.2	4.7	5.2	5.0
	2007	4.0	8.5	9.6	11.8	11.2	13.1	6.9	5.1	5.7	4.9

** Consumer products - personally bought for self or household members*

- From 2003 to 2007 the share of SA adults purchasing sugar decreased slightly from 82.3% to 80.8% which could possibly be linked to increased health awareness among consumers.
- The largest share of SA adult sugar purchasers are found in the middle wealth categories (LSM 4 to 6). In 2005 LSM 4 to 6 contributed ±47% of the total expenditure on white sugar (BMR data, Martins, 2006).

Purchase / Usage of specific foods - Alcoholic beverages

National trends: % of total South African adults population purchasing / using …

	2001	2002	2003	2004	2005	2006	2007
Beer (excl Sorghum beer)**	21.6	21.5	22.0	22.2	22.6	23.8	24.8
Sorghum beer**	7.5	7.6	5.5	6.7	6.7	6.1	5.7
Table wine - boxed/jugs**	7.2	7.3	7.1	7.2	6.7	7.0	7.4
Table wine - corked**	7.2	6.7	6.1	5.9	6.1	6.7	6.7

LSM trends: % of total South African adult population located within specific LSM groups purchasing / using …

		LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Beer**	**2004**	1.7	2.4	2.8	3.1	2.9	3.2	1.5	1.1	1.5	1.4
	2005	1.2	2.6	2.7	3.6	3.3	3.5	1.9	1.2	1.5	1.3
	2006	0.8	2.7	3.2	4.0	3.6	3.7	1.7	1.2	1.6	1.9
	2007	1.0	2.4	3.0	3.8	3.6	4.1	2.1	1.4	1.7	1.8
Sorghum beer**	**2004**	1.1	1.3	1.2	1.1	0.8	0.6	0.1	0.1	0.1	0.1
	2005	1.2	1.0	1.3	1.2	0.9	0.4	0.1	0.0	0.0	0.0
	2006	0.9	1.5	1.0	1.1	0.9	0.4	0.1	0.0	0.0	0.0
	2007	0.8	1.3	1.0	1.1	0.8	0.5	0.1	0.0	0.0	0.0
Table wine - boxed**	**2004**	0.3	0.6	0.8	1.1	0.9	0.9	0.5	0.5	0.7	0.9
	2005	0.3	0.8	0.8	0.9	1.0	0.8	0.5	0.3	0.6	0.7
	2006	0.2	0.8	0.9	1.0	0.9	1.0	0.5	0.4	0.6	0.8
	2007	0.3	0.8	0.8	1.0	0.9	1.1	0.6	0.4	0.6	0.7
Table wine - corked**	**2004**	0.2	0.3	0.5	0.5	0.6	0.7	0.4	0.5	0.8	1.3
	2005	0.2	0.4	0.5	0.7	0.8	0.8	0.6	0.4	0.9	1.2
	2006	0.1	0.5	0.5	0.7	0.7	1.0	0.5	0.5	0.8	1.4
	2007	0.1	0.4	0.5	0.7	0.6	1.0	0.5	0.6	0.9	1.4

*** Consumer products - personal usage*

- From 2002 to 2007 the share of South African consumers consuming beer increased from 21.5% to 24.8% [representing a 15.3% increase]. The increase was mainly driven by growth among the middle wealth categories and to a lesser extent growth in LSM 8 to 10.
- The portion of South African consumers consuming boxed wine was relatively constant from 2001 to 2006 but increased slightly from 2006 to 2007.
- From 2001 to 2004 the portion of South African consumers consuming corked wine decreased from 7.2% to 5.9% followed by an increase towards 2007 to 6.7% (a similar level to 2002).
- Sorghum beer is more popular among the lower LSM groups.
- The largest share of SA adults purchasing regular beer are found in the middle wealth categories (LSM 4 to 6). In 2005 LSM 4 to 6 contributed ±45% of the total expenditure on beer (BMR data, Martins, 2006).
- The consumption of wine is much more prominent among wealthier consumers especially consumers in LSM 9 and LSM 10. In 2005 LSM 9 and 10 contributed ±81% of the total expenditure on wine (including fortified wines) (BMR data, Martins, 2006).

Current consumer food trends in South Africa: A new product development perspective (1)

This section provides an overview of the most prominent food trends in the South African food sector. The discussion is based on an analysis of the 27 best new food products on South African retail shelves during 2006/2007[13]. The first part of this section will provide a description of the products and the relevant food trends addressed by these products followed by a summary of the consumer food trends analysed within this section.

Food trends addressed by the best new food products on South African retail shelves during 2007[14]

Product:	Applicable food trends:
Aloe condiments: An aloepickle/piccalilli and aloe/citrus marmalade.	***Indulgence***[15]: Introducing aloe as an ingredient in order to provide products with a unique good taste. ***Culture:*** The products have an African indigenous feel.
Chicken meat snack: Frozen crumbed fully cooked whole muscle chicken 'waffles' which are reheated and crisped for a few minutes in a toaster.	***Convenience***: Fully cooked reheated and crisped for a few minutes in a toaster. ***Indulgence***: Interesting product format and good taste. ***Environmental awareness***: Re-usable plastic container.
Chilled baby foods: A range of chilled weaning-stage baby foods that are nutritionally correct; contains no added sugar starch or salt; free from colourants flavourants preservatives and allergens.	***Convenience & health***: A healthy alternative for time-pressed parents. ***Simplicity***: 'Natural' product - no added sugar starch or salt; free from colourants flavourants and preservatives. ***Food safety***: Safe for infant consumption despite the fact that it is a chilled product with a potential high risk of cold chain breaks; Free from all known allergens.
Frozen herbs: A range of frozen herbs.	***Convenience & health***: 'All the taste fragrance and nutritional benefits of fresh herbs' …. 'none of the drawbacks of unavailability and wastage. ***Indulgence***: Add herbs to food to satisfy more sophisticated palates and food choices. ***Simplicity***: Consumers return to cooking with 'natural' ingredients such as herbs instead of instant food flavourings.
Fruit juices with seasonal flavours: Winter-time flavours: Gluhwein (apple blackcurrent and spices) as well as Marula Apple and cinnamon.	***Health:*** Consuming fruit juice for its health benefits. ***Indulgence:*** Introducing exotic tastes to the fruit juice category as well as the option to consume the product cold or hot during the winter season.
Functional sandwich breads: A range of six functional breads offering consumers specific health benefits.	***Health – functional food***: Bread offering consumers specific health benefits: High-fibre low GI wholegrain added omega-3 selenium and cholesterol-lowering soy protein. ***Indulgence***: Introducing exciting elements to an everyday food product.
Instant pesto: Instant pesto in two variants – Tomato & Herb as well as Tomato & Chilli. Consumer simply adds hot water and olive oil to make pesto.	***Convenience:*** Eliminates wastage associated with such niche ingredients since consumer can mix the desired quantity of pesto when required by simply adding hot water and olive oil (i.e. user friendly). ***Indulgence***: Pesto is an integral part of contemporary eating trends increasing consumers' sensory food experience. Attractive packaging with visual appeal. ***Connectivity***: Good gift appeal – stylish interesting product high quality and great taste.
Sally Williams Nougat Ice cream	***Indulgence***: Introducing exciting elements to an everyday dessert food product through co-branding.
Vanilla paste: Stylish gourmet vanilla paste with real Madagascar Bourbon vanilla seeds and cold processed vanilla extract.	***Convenience***: Instant 'real' vanilla; Innovative dispenser nozzle ensuring accurate tidy measuring (one pump = 1ml) ***Simplicity***: Return to 'natural' ingredients – made from real Madagascar Bourbon vanilla seeds. ***Indulgence***: The product's authentic vanilla flavour can make food more attractive increasing consumers' sensory experience; Attractive packaging with visual appeal. ***Connectivity***: 'Superb gift appeal'

- When considering the types of food products presented in Table 2 four of the products are condiments being the dominant food product category among the new product finalists. Among the remaining products two products are processed fruit / vegetables one product processed poultry one product a dairy dessert and one product range a starch food.
- The new product finalists generally address a combination of consumer food trends.
- **Convenience and indulgence are the most prominent food trends addressed by these products (as further illustrated in the next table).**

[13] The 27 products were evaluated in the 15th annual Symrise / Food Review New Product Competition during 2007 (South African Food Review, 2007 a; 2007b; 2007c; 2007d).
[14] The data presented in Table 2 is based on the 9 new product finalists in the 15th annual Symrise / Food Review New Product Competition during 2007.
[15] Indulgence refers to consumers' need for improved and diverse food experiences (more pleasure, intensity and sensation), e.g. in terms of taste, shapes, presentation, aroma, ingredients and colour of food.

Current consumer food trends in South Africa: A new product development perspective (2)

A summary of new food products on South African retail shelves during 2007 - food categories and applicable food trends[16]

Product number:	Food product category:	Applicable food trends:								
		Convenience:	Indulgence[17]:	Health:	Culture:	Simplicity:	Environmental concerns:	Connectivity:	Status food:	Fun / children food:
1	Vanilla paste condiment	√	√			√		√	√	
2	Frozen herbs condiment	√	√	√		√				
3	Infant food – fruit & vegetables	√		√		√			√	
4	Fruit drink	√	√	√				√	√	
5	Eggs – pasteurized			√						
6	Functional yoghurt	√		√						
7	Reduced fat camembert		√	√						
8	Fruit smoothies	√	√	√						
9	Savoury & fruity snack	√	√							√
10	Just-microwave hot dogs and wraps	√								√
11	Chicken meat toaster snack	√	√				√			
12	Functional sandwich breads		√	√						
13	Nougat ice cream		√							
14	Functional yoghurt	√		√						
15	Vino Cotto verjuice condiment		√		√					
16	Fruit pieces in jelly / juice	√		√						√
17	Oil free salad dressing	√	√	√				√	√	
18	Wine in cans	√								
19	Calcium & vitamin D-enriched milk			√						
20	Instant pesto	√	√					√	√	
21	Fruit juice in winter flavours		√	√				√		
22	Aloe condiments		√		√			√	√	
23	Organic chicken			√			√			
24	100% real fruit juice concentrate	√		√						
25	Vodka mixer drink	√	√					√	√	
26	Functional food bars	√	√	√						√
27	Ready-to-eat sauces	√	√							
TOTAL NUMBER OF APPLICABLE FOOD PRODUCTS:		18	17	16	1	3	2	7	7	4

- During 2007 product innovation was particularly evident in the food condiments market as well as the functional food market, mostly aimed at wealthier segments of the consumer market.
- **Convenience, indulgence and health[18] (particularly provided through functional ingredients) are the most prominent food trends addressed by new food products during 2007.**

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[16] The 27 products were evaluated in the 15th annual Symrise / Food Review New Product Competition during 2007.
[17] Indulgence refers to consumers' need for improved and diverse food experiences (more pleasure, intensity and sensation), e.g. in terms of taste, shapes, presentation, aroma, ingredients and colour of food.
[18] Health is a key food trend internationally, as reflected in 10 key trends in food, nutrition and health 2008 by Mellentin (2008): (1) Digestive health; (2) Fruit and superfruit; (3) The marketing power of 'naturally healthy'; (4) Beauty foods; (5) Weight management; (6) Mood foods; (7) The premiumisation of health; (8) Healthy snacking; (9) Kid's nutrition through connecting to multiple trends; and (10) 'Antioxidants the new probiotics'.

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