



# BRING HOME THE BACON

By Iga Motylska

For South African agribusinesses to thrive in the current socio-economic climate, they need to understand how various factors, such as load-shedding and unemployment, the fluctuating economic environment, and a looming election and global conflict, are affecting consumer behaviour and market dynamics.

South Africans are eating more pork, according to SAPPO's business intelligence team. Between 2012 and 2022, annual local pork consumption per capita grew by 27,7% from 4,19 kg to 5,35 kg. When factoring in population growth, national consumption grew by 54,8% over the same period, with local production filling this increased demand. This consumption growth, along with abattoirs relying less and less on imports to supplement local demand, has allowed local production to increase by 72% between 2012 and 2022. About 93% of the pork that South Africans consumed in 2022 was produced locally, with a relatively small export component sent to other African countries.

### South African pork trends

- Pork imports are largely due to a demand for ribs.
- At a retail level, fresh pork cuts are some of the most affordable meat options available in South Africa, with prices more comparable to chicken than beef.

### SAPPO's future predictions

- The 2023 national slaughter figures are predicted to be on par or slightly lower than the 2022 figures, based on monthly slaughter figures from Agricultural Levy Services (ALS).
- Feed input prices increased significantly during recent years, with the highest prices seen in 2022; these prices decreased over the course of 2023. Over the medium term, a sideways movement in yellow maize prices – the largest feed cost component – is expected. This may encourage further growth in the pork industry, given the high demand for affordable protein in South Africa.

### BFAP outlook

South Africa's meat consumption per capita is expected to decline over the next two to three years, largely due to income pressure for consumers. It will recover somewhat in the medium term as we see better economic prospects, according to *BFAP Baseline Agricultural Outlook 2023–2032* [an annual report that depicts a 10-year outlook for South African agriculture, agro-processing production, consumption, prices and trade, presented by the Bureau for Food and Agricultural Policy (BFAP)].

"Local meat consumption trends for the next 10 years, show that beef is projected to increase by 4,1%, chicken will increase by 3%, while sheep meat will decline by 6%. Pork shows the best growth of 11,4% over the next decade," says Dr Hester Vermeulen, manager of consumer analysis at BFAP. "We should remember, however, that these projections are based on product prices, consumer income levels, and also consumer spending power," she continues.

Consistent load-shedding might also influence meat intake nationally going forward. Consumers with limited means to keep food cold during power outages might choose an appealing protein alternative such as canned meat or fish and eggs, which are easier to keep and have a longer shelf life, adds Dr Vermeulen.

### The world's most frugal shoppers

"Stretched South African consumers are making trade-offs

at the grocery store and economising to shield themselves from high food prices. This behaviour has implications for retailers but may, in turn, help fight inflation itself," according to Deloitte's June 2023 Food Frugality Index. It is published monthly to measure how financial stress influences consumers' decision-making while grocery shopping. The report outlines the state of the South African Food and Non-Alcoholic Beverage Index and how it impacts consumer behaviour.

Based on those findings, Deloitte stated that South Africa is "the nation with the most frugal shoppers". It found that South African consumers have the highest rates of frugality among the 13 countries in key global markets that were surveyed. Close to half of South African consumers (46%) engaged in three or more frugal behaviours in a two-week period just to make ends meet.

Food frugality is not just about how much consumers buy but also what they buy, which often requires certain trade-offs. "Perhaps not surprisingly, trade-offs often centre around expensive items like meat and seafood," according to *Food fight: Consumers confront inflation with frugality*, published by Deloitte.

### Affordability

"In South Africa's challenging economic climate, we could see increased demand for less expensive meat cuts, with mainly wealthier consumers being able to afford premium cuts, while some middle-income consumers may splurge on higher-priced cuts occasionally," says Dr Vermeulen.

South Africans are also turning to different sources of protein besides meat. Deloitte found that more than a third of consumers (37%) bought lower-cost meats or cuts in October 2023 when compared to the previous month. Similarly, in the same period of time, 32% of consumers purchased mostly no-name 'store' brands. These high trade-off rates point to potential opportunities for private label and value-priced offerings, where farmers sell directly to retailers to white-label and package their meat.

### Food waste

More than half (57%) of South Africans claimed to save money by reducing their food waste at home in October 2023. This consumer behaviour is potentially amplified by load-shedding and the fear of perishable food going off due to power cuts and the inability to refrigerate food to keep it fresh and edible.

The food industry may see consumers buying smaller carts, shopping more frequently, and buying less fresh food, all within the confines of planned meals or choosing more shelf-stable canned products and frozen foods. Retailers and suppliers may reconsider their pack sizing and using technology that reduces food waste, such as vacuum-sealed packaging.

### Sustainability drives

Low economic growth coupled with a high-inflation environment has resulted in low consumer confidence across South Africa. These challenges simultaneously present future opportunities, according to the Global Consumer Insights Survey 6 by PwC, which outlines key trends and insights impacting the South African consumer.

It found that 80% of South African consumers are willing to pay up to 5% more for sustainably produced goods.

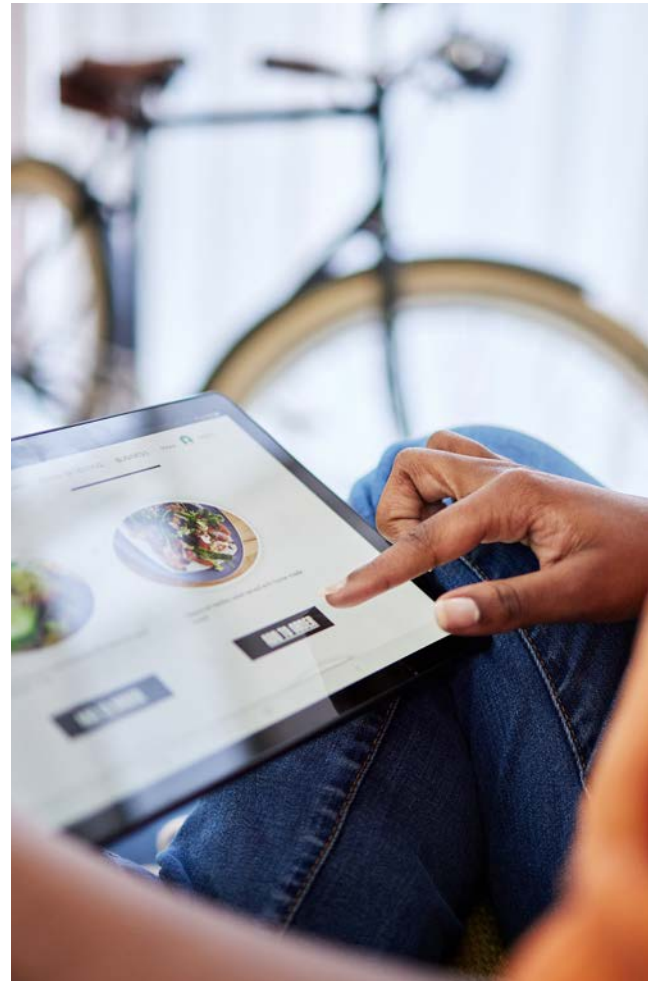
“Locally, sustainability remains important among affluent consumers as well as to middle-income consumers to some degree. The sustainability movement might have some impact among very wealthy, highly educated consumers who are concerned for the environment,” says Dr Vermeulen.

According to BFAP’s findings, 29% of affluent and middle-income South African consumers support eating meat with a lighter environmental footprint, 17% are willing to eat less meat, and 3% are willing to stop eating meat entirely. In light of this, an important future consideration is how pork can position itself as a more sustainable meat option.

“However, for many South Africans, eating meat is often a status symbol, and it’s unlikely that sustainability concerns will cause a major reduction of meat consumption anytime soon. Rather, low- and middle-income consumers are more often driven by affordability concerns and health considerations when it comes to their purchasing decisions,” she continues.

### Direct sales with online marketing

Technology is empowering consumers to search the internet for accurate information about particular products or services, while comparing prices and reading reviews. In the food and beverage sector, 45% of consumers would consider purchasing directly; and 35% have purchased directly in the past, according to PwC’s June 2023 Global Consumer Insights Pulse Survey.



**Consumer advertising preferences:**

- **37%** adverts that link directly to offers promotions for products/brands

- **35%** television adverts
- **34%** sponsored adverts on social media
- **21%** pop-up adverts on retailer websites
- **21%** personalised adverts via email

**BFAP consumer takeaways**

Numerous consumer trends are impacting the food sector in general and the meat sector specifically.

- Consumers are increasingly aware of food safety and want guarantees that their food is not contaminated and that it is free of any potentially harmful elements, such as pesticides, agrichemicals and so on.
- Health and wellness remains important, in terms of consumers wanting to lose weight, get more fit, or improve their general health and well-being, which is driving healthier food choices.
- Home cooking remains popular, especially post the COVID-19 pandemic. Consumers want convenient home-cooking solutions where they can prepare a nutritious meal that will not take too long. We need to educate consumers through recipes and creative ways to use various pork cuts.
- Snacking offers great opportunities as consumers are avoiding big meals during the day and snacking more frequently. They are always looking for quick, easy, affordable, and healthier ways to snack, while indulging

in interesting flavours or trying novel ingredients. There is scope for the meat industry to position itself with healthy, convenient, nutritious snacking products.

**Opportunities for SAPPO farmers**

- Build a direct-to-consumer sales funnel on your website or via owned platforms.
- Offer newsletter subscriptions for exclusive deals.
- Investigate opportunities for value-priced offerings at a retail level.
- Support the consumers decision-making through necessary information online and in-store.
- Remove unnecessary friction at the point-of-sale or during the online purchase experience.
- Use technology to improve and simplify the consumer journey.
- Invest in customer relationship management through easy-to-navigate, search engine optimisation websites, mobile apps, and social media platforms.
- Cater to a growing demand for environmental and social sustainability. ● ●

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