TRENDS OF THE RETAIL SALES OF NINE DAIRY AND EIGHT OTHER GENERALLY USED FOOD PRODUCTS, BASED ON INFORMATION UP TO MARCH 2023 OBTAINED FROM NIELSENIQ

(A report prepared by the Office of SAMPRO for Milk SA)

SYNOPSIS

This report covers the performance (sales quantities and average prices) in the retail market of 17 food products consisting of 9 dairy products and 8 other generally used food products;

The performance (retail sales quantity and price) of any particular food product can, and typically does, change meaningfully during a period of even as short as a few months;

The performance (retail sales quantity and price) of the different food products differs;

In the year which ended in March 2023, the retail sales quantities of thirteen of the seventeen food products, were lower than in the same months of 2022, and eight of the thirteen food products are dairy products;

In the six-months which ended in March 2023, the retail sales quantities of fourteen of the seventeen food products, were lower than in the same months of 2022, and nine of the fourteen food products are dairy products; and

In March 2023, the retail sales quantities of eleven of the seventeen food products were lower than in March 2022 and six of the eleven food products are dairy products.

In March 2023, the retail prices of all seventeen food products were higher than March 2022 (12 months ago) and nine of the seventeen food products are dairy products;

In the six-months which ended in March 2023, the retail prices of sixteen of the seventeen food products were higher than September 2022 (6 months ago) and nine of the sixteen food products are dairy products; and

From February 2023 to March 2023, the retail prices of eight of the seventeen food products increased and seven of the eight products are dairy products.

The figures and analyses in this report are of a macro nature and the position of the different role-players may differ meaningfully from the macro position.

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This report was compiled by the Office of SAMPRO and forms part of the Industry Information Project of Milk SA. The purpose of the project is to make market signals available to members and other interested parties, which is a prerequisite for effective competition, as envisaged by the Competition Act.

All activities of the Industry Information Project of Milk SA are designed and implemented in accordance with the Competition Act and independently from any commercial interest.

Introduction

1. In the report attention is given to trends of retail sales (quantity and average price) of nine dairy products and eight other generally used food products which consist of four starch products, one fat product and three beverages. The products are listed in Table 1.

TABLE 1: PRODUCTS COVERED BY THIS REPORT

DAIRY PRODUCTS	OTHER FOOD PRODUCTS
Fresh milk	Instant cereal
Long life milk (UHT)	Bread
Flavoured Milk	Rice
Yoghurt	Maize meal
Maas	Margarine
Pre–packaged cheese	Tea
Cream cheese	Coffee
Butter	Short life juice
Cream	

2. In the next sections of this report, separate attention is given to the performance in terms of quantity and price in the retail market of:

   (a) Nine dairy products,

   (b) Eight other food products consisting of four starch products, one fat product and three beverages; and

(c) A comparison between (a) and (b).

Dairy Products

3. The trends in the retail markets for the different dairy products in the recent past are important market signals to stimulate timeous adjustment of the supply of each of the different products to follow demand. Such adjustment is in the interests of the consumer, the dairy industry, the appropriate use of national resources and effective competition in the markets concerned.

4. "NielsenIQ" provides information based on monthly surveys of the retail sales of milk and other dairy products. Non-retail sales, such as sales to wholesalers and industrial buyers, which form significant parts of the total sales of dairy products, are not part of the NielsenIQ surveys.

5. In assessing the research results of NielsenIQ, the following should be taken into account:

- *The research is based on surveys which do not cover all retail outlets in South Africa,*

- *The research results show the performance of the retail outlets covered by the surveys and cannot in an unqualified way be described as the performance of the total South African consumer market,*

- *In respect of UHT milk, flavoured milk, yoghurt, maas and pre-packaged cheese, the surveys cover a significantly higher number of different types of retail shops than is the case in respect of fresh milk, cream, butter, cottage cheese and cream cheese,*

- *The surveys do not cover non-retail sales of dairy products. Non-retail sales represent a meaningful part of the total sales of dairy products,*

- *The surveys cover the retail sales of South African and imported products,*

- *As market signals, it is important <u>not to report on only the change in the quantity (mass or volume) of sales but also the changes of the average price</u> due to the very obvious fact that there is significant interaction between the price and the quantity of sales,*

- *The figures and analyses in this report are of a macro nature and the position of the different role-players may differ meaningfully from the macro position,*

- *The consumer market consists of different segments, like segments based on the income of consumers. The dairy products which are regarded by higher income* *consumers as necessities and which are used daily, are for lower income consumers luxuries purchased in smaller quantities or less frequently. This situation explains why a change of the price of even the most basic dairy product, namely pasteurised milk, influences the quantity sold. Similarly, changes in the income of consumers impact on the quantity sold,*

- *In terms of the production-orientated approach, the different dairy products are closely related but, in terms of a market-orientated approach the differences between the different dairy products are significant. This is due to especially the differences in respect of the nature, use, price and image of the different dairy products; and*

- *The retail situation is much more complex than, for example, a few decades ago. <u>Dairy products are not only competing with substitute products, but also with a host of other products and services which are offered by different industries to the consumer.</u> For example, in some market segments, the consumer weighs up the benefits of purchasing dairy products versus the benefit of buying totally unrelated products and services.*

6. In the case of fresh milk, cream, butter and cream cheese, the surveys of "NielsenIQ" cover only "major stores" as described in paragraph 5.

7. Although the surveys of NielsenIQ in respect of the products mentioned in the previous paragraph only cover "major stores", the results of the surveys should be regarded as meaningful indicators of the trends in retail sales. In the table below, the NielsenIQ sample for 2022, is expressed as a percentage of the estimated total demand in the same period[2]).

NIELSENIQ SAMPLE AS PERCENTAGE OF THE ESTIMATED TOTAL DEMAND

PRODUCT		A NIELSENIQ SAMPLE	B ESTIMATED TOTAL DEMAND [4)]	A AS PERCENTAGE OF B
Pasteurised milk and ESL milk	(Litre)	221 337 851	421 606 169	52.5
UHT and sterilised Milk	(Litre)	562 466 603	1013 678 785	55.5
Flavoured milk	(Litre)	18 849 761	40 718 108	46.3
Yoghurt	(Litre)	198 556 506	249 984 958	79.4
Maas	(Litre)	208 239 567	267 047 015	78.0
Pre-Packaged cheese[3)]	(Kg)	37 408 255	90 950 180	41.1
Cream cheese	(Kg)	2 821 291	4 522 392	62.4
Butter	(Kg)	9 554 219	22 786 048	41.9
Cream	(Litre)	10 510 125	19 074 182	55.1

2. ***Retail sales plus non-retail sales for the period January to December 2022.***
3. ***Includes hard and semi-hard cheeses, pre-packaged and other (excluded cream cheese).***
4. ***Estimated figures calculated by the Office of SAMPRO are based on the unprocessed milk allocations for the manufacturing of dairy products as supplied by Milk SA. In the case of cream cheese and cream the estimated figures are based on BMI figures of 2012 and 2013 and inflated by the growth rates as shown by NielsenIQ.***

8. The performance of the dairy products concerned in the retail market, as measured by NielsenIQ, is set out in Tables 3 to 5.

TABLE 3:

CHANGES IN THE RETAIL SALES QUANTITIES FROM THE YEAR APRIL 2021 TO MARCH 2022, TO THE YEAR APRIL 2022 TO MARCH 2023, AND CHANGES IN THE RETAIL PRICES FROM MARCH 2022 TO MARCH 2023 OF SPECIFIC DAIRY PRODUCTS

PRODUCT	CHANGE IN RETAIL SALES QUANTITY PERCENT	CHANGE IN RETAIL PRICES PERCENT
FRESH MILK	-5.9	17.5
LONG LIFE MILK (UHT MILK)	-3.0	17.1
FLAVOURED MILK	-6.1	19.0
YOGHURT	-4.3	16.0
MAAS	0.3	24.1
PRE-PACKAGED CHEESE	-0.02	15.6
CREAM CHEESE	-1.4	10.9
BUTTER	-4.3	11.5
CREAM	-6.4	13.7

9. According to Table 3:

a) The average retail prices of all nine products were higher in March 2023, than in March 2022; and

b) In the year which ended in March 2023, the retail sales prices of all nine dairy products increased and none of the nine products' retail sales price increased at a rate less than the inflation rate of 7.1 percent. The price increases of four of the nine dairy products, were higher than the inflation rate of processed food of 16.2 percent in the year which ended in March 2023.

10. The percentage changes in retail sale quantities indicated in Table 3, do not mean that the sales quantities changed continuously at the same rate, during the period concerned. This situation is illustrated in Table 4.

TABLE 4:

CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC DAIRY PRODUCTS

PRODUCT	Sales in the month of March 2023 versus the sales in the month of March 2022	Sales in the 3 months from January to March 2023 versus the sales in the 3 months from January to March 2022	Sales in the 6 months from October 2022 to March 2023 versus the sales in the 6 months from October 2021 to March 2022	Sales in the 9 months from July 2022 to March 2023 versus the sales in the 9 months from July 2021 to March 2022	Sales in the 12 months from April 2022 to March 2023 versus the sales in the 12 months from April 2021 to March 2022
	percent	percent	percent	percent	percent
Fresh Milk	-2.3	-2.9	-4.3	-4.7	-5.9
UHT milk	-7.3	-11.3	-4.9	-5.0	-3.0
Flavoured milk	-15.3	-12.5	-9.3	-6.6	-6.1
Yoghurt	-4.2	-6.4	-5.6	-4.9	-4.3
Maas	-1.6	0.7	-0.9	0.7	0.3
Pre-packaged cheese	-2.9	-2.4	-0.7	0.1	-0.02
Cream cheese	7.7	2.0	-0.1	-1.7	-1.4
Butter	2.8	-9.5	-4.0	-6.1	-4.3
Cream	0.6	-8.5	-6.7	-6.8	-6.4

11. Important observations in respect of Table 4, are as follows:

a) In the year which ended in March 2023, the retail sales quantities of eight of the nine dairy products were lower than in the same year which ended in 2022,

b) In the six months which ended in March 2023, the retail sales quantities of all nine dairy products were lower than in the same six months of 2022,

c) In the three months which ended in March 2023, the retail sales quantities of seven of the nine dairy products were lower than in the same three months of 2022; and

d) In March 2023, the retail sales quantities of six of the nine dairy products were lower than in March 2022.

12. The percentage changes in the average *retail prices* indicated in Table 3, do not mean that the prices changed continuously at the same rate, during the period concerned. This situation is illustrated in Table 5.

TABLE 5:

CHANGES IN THE AVERAGE RETAIL PRICES OF SPECIFIC DAIRY PRODUCTS

PRODUCT	March 2023 versus February 2023 (1 month ago)	March 2023 versus December 2022 (3 months ago)	March 2023 versus September 2022 (6 months ago)	March 2023 versus June 2022 (9 months ago)	March 2023 versus March 2022 (12 months ago)	March 2023 versus September 2021 (18 months ago)	March 2023 versus March 2021 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	4.0	9.6	11.8	14.7	17.5	17.5	21.8
UHT MILK	1.0	8.3	5.2	8.1	17.1	15.0	19.5
FLAVOURED MILK	1.6	8.4	7.7	12.2	19.0	17.1	28.5
YOGHURT	0.18	7.2	7.9	16.9	16.0	17.2	21.9
MAAS	4.4	9.5	14.2	21.6	24.1	25.3	26.0
PRE-PACKAGED CHEESE	-0.5	3.2	7.5	10.1	15.6	13.6	18.1
CREAM CHEESE	2.8	1.5	3.9	6.7	10.9	12.7	14.0
BUTTER	-2.6	2.5	4.1	8.4	11.5	11.7	12.8
CREAM	2.4	3.6	6.7	10.7	13.7	16.2	20.1

13. Important observations in respect of Table 5, are as follows:

a) In the year which ended in March 2023, the retail prices of all nine dairy products increased,

b) In the six months which ended in March 2023, the retail prices of all nine dairy products increased,

c) In the three months which ended in March 2023, the retail prices of all nine dairy products increased; and

d) From February 2023 to March 2023, the retail prices of seven of the nine dairy products increased.

OTHER FOOD PRODUCTS

14. The performance of the eight food products concerned in the retail market, as measured by NielsenIQ, is set out in Tables 6 to 8.

TABLE 6:

CHANGES IN THE RETAIL SALES QUANTITIES FROM THE YEAR APRIL 2021 TO MARCH 2022, TO THE YEAR APRIL 2022 TO MARCH 2023, AND CHANGES IN THE RETAIL PRICES FROM MARCH 2022 TO MARCH 2023 OF SPECIFIC FOOD PRODUCTS

Food products	Change in Retail sales quantities Percent	Change in Retail prices Percent
Instant cereals	-1.7	12.9
Bread	8.2	16.0
Rice	12.3	4.8
Maize meal	3.2	31.7
Margarine	-0.9	8.4
Tea	-3.4	9.7
Coffee	-6.4	15.8
Short life juice	-6.9	19.4

15. According to Table 6:

a) The average retail prices of all eight food products were higher in March 2023, than a year ago,

b) The price increases of one of the eight food products of which the prices increased, were lower than the increase of the consumer price index of 7.1 percent in the year which ended in March 2023 and the price increases of two of

<u>the eight products, were higher than the inflation rate of processed food of 16.2 percent in the year which ended in March 2023;</u> and

c) The sales quantities of five of the eight food products were lower in the year which ended in March 2023, than in the previous year.

16. The percentage changes in retail sale quantities indicated in Table 6, do not mean that the sales quantities changed continuously at the same rate, during the period concerned. This situation is illustrated in Table 7.

TABLE 7:

CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC FOOD PRODUCTS

PRODUCT	Sales in the month of March 2023 versus the sales in the month of March 2022	Sales in the 3 months from January to March 2023 versus the sales in the 3 months from January to March 2022	Sales in the 6 months from October 2022 to March 2023 versus the sales in the 6 months from October 2021 to March 2022	Sales in the 9 months from July 2022 to March 2023 versus the sales in the 9 months from July 2021 to March 2022	Sales in the 12 months from April 2022 to March 2023 versus the sales in the 12 months from April 2021 to March 2022
	percent	percent	percent	percent	percent
Instant Cereals	-1.9	-2.5	-2.0	-2.8	-1.7
Bread	6.6	9.0	8.3	8.3	8.2
Rice	11.2	13.4	10.4	12.0	12.3
Maize Meal	3.0	1.8	1.7	2.6	3.2
Margarine	-4.5	-2.5	-3.5	-2.2	-0.9
Tea	-5.8	-3.8	-4.2	-5.4	-3.4
Coffee	-6.4	-5.9	-7.6	-9.4	-6.4
Short Life Juice	-13.2	-13.6	-11.9	-9.0	-6.9

17. Important observations in respect of Table 7, are as follows:

a) In the year which ended in March 2023, the retail sales quantities of five of the eight food products were lower than in the same months of 2021 and 2022,

b) In the six months which ended in March 2023, the retail sales quantities of five of the eight food products were lower than in the same months of 2021 and 2022,

c) In the three months which ended in March 2023, the retail sales quantities of five of the eight food products, were lower; and

d) In March 2023, the retail sales quantity of five of the eight food products, was lower than in March 2022.

18. The percentage changes in retail prices indicated in Table 6, do not mean that the price changed continuously at the same rate, during the period concerned. This situation is illustrated in Table 8.

TABLE 8:

CHANGES IN THE AVERAGE RETAIL PRICES OF SPECIFIC FOOD PRODUCTS

PRODUCT	March 2023 versus February 2023 (1 month ago)	March 2023 versus December 2022 (3 months ago)	March 2023 versus September 2022 (6 months ago)	March 2023 versus June 2022 (9 months ago)	March 2023 versus March 2022 (12 months ago)	March 2023 versus September 2021 (18 months ago)	March 2023 versus March 2021 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Instant Cereals	-0.02	4.1	6.7	16.7	12.9	21.6	19.2
Bread	1.7	1.0	1.5	8.6	16.0	22.7	21.3
Rice	-1.0	-1.0	1.5	3.1	4.8	0.2	-5.4
Maize Meal	-1.3	2.5	11.2	17.9	31.7	35.3	24.4
Margarine	-1.8	-3.5	-0.6	3.6	8.4	11.1	23.1
Tea	-0.3	5.2	7.6	12.3	9.7	13.3	6.8
Coffee	-2.8	1.5	6.8	25.3	15.8	34.7	34.6
Short Life Juice	-1.8	2.7	2.5	13.0	19.4	14.2	19.9

19. Important observations in respect of Table 8, are as follows:

a) In the year which ended in March 2023, the retail prices of all eight food products, increased,

b) In the six months which ended in March 2023, the retail prices of seven of the eight food products, increased,

c) In the three months which ended in March 2023, the retail prices of six of the eight food products, increased; and

d) From February 2023 to March 2023, the retail prices of seven of the eight food products, decreased.

Comparison of the performance in the retail market of the dairy products and the other food products concerned.

20. In Table 9, the changes in the retail sales quantities of the dairy products and the other food products concerned are indicated and ranked from the highest to the lowest. The highest increase in the relevant period is ranked as 1 and the lowest as 17.

TABLE 9:

CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC DAIRY PRODUCTS AND SPECIFIC OTHER FOOD PRODUCTS

Product	SALES IN THE MONTH OF MARCH 2023 VERSUS THE SALES IN THE MONTH OF MARCH 2022		SALES IN THE 6 MONTHS FROM OCTOBER 2022 TO MARCH 2023 VERSUS THE SALES IN THE 6 MONTHS FROM OCTOBER 2021 TO MARCH 2022		SALES IN THE 12 MONTHS FROM APRIL 2022 TO MARCH 2023 VERSUS THE SALES IN THE 12 MONTHS FROM APRIL 2021 TO MARCH 2022	
	%	*Ranking*	*%*	*Ranking*	*%*	*Ranking*
Rice	11.2	1	10.4	1	12.3	1
Bread	6.6	3	8.3	2	8.2	2
Maize Meal	3.0	4	1.7	3	3.2	3
Maas	-1.6	7	-0.9	6	0.3	4
Pre-packaged cheese	-2.9	10	-0.7	5	-0.02	5
Margarine	-4.5	12	-3.5	8	-0.9	6
Cream cheese	7.7	2	-0.1	4	-1.4	7
Instant Cereals	-1.9	8	-2.0	7	-1.7	8
UHT milk	-7.3	15	-4.9	12	-3.0	9
Tea	-5.8	13	-4.2	10	-3.4	10
Yoghurt	-4.2	11	-5.6	13	-4.3	11
Butter	2.8	5	-4.0	9	-4.3	12
Fresh Milk	-2.3	9	-4.3	11	-5.9	13
Flavoured milk	-15.3	17	-9.3	16	-6.1	14
Cream	0.6	6	-6.7	14	-6.4	15
Coffee	-6.4	14	-7.6	15	-6.4	16
Short Life Juice	-13.2	16	-11.9	17	-6.9	17

21. Important observations in respect of Table 9, are as follows:

a) In the year which ended in March 2023, the retail sales quantities of thirteen of the seventeen food products, <u>were lower</u> than in the same months of 2022, and eight of the thirteen food products are dairy products,

b) In the six-months which ended in March 2023, the retail sales quantities of fourteen of the seventeen food products, <u>were lower</u> than in the same months of 2022, and nine of the fourteen food products are dairy products; and

c) In March 2023, the retail sales quantities of eleven of the seventeen food products <u>were lower</u> than in March 2022 and six of the eleven food products are dairy products.

22. In Table 10, the increases and decreases in the average retail prices of the dairy products and the other food products in the different periods concerned, are indicated and ranked from the highest to the lowest.

TABLE 10:

INCREASES AND DECREASES IN THE AVERAGE RETAIL PRICES OF SPECIFIC DAIRY PRODUCTS AND SPECIFIC OTHER FOOD PRODUCTS

Product	MARCH 2023 VERSUS FEBRUARY 2023 (1 MONTH AGO)		MARCH 2023 VERSUS SEPTEMBER 2022 (6 MONTHS AGO)		MARCH 2023 VERSUS MARCH 2022 (12 MONTHS AGO)	
	%	*Ranking*	*%*	*Ranking*	*%*	*Ranking*
Maize Meal	-1.3	13	11.2	3	31.7	1
Maas	4.4	1	14.2	1	24.1	2
Short Life Juice	-1.8	14	2.5	14	19.4	3
Flavoured milk	1.6	6	7.7	5	19.0	4
Fresh Milk	4.0	2	11.8	2	17.5	5
UHT milk	1.0	7	5.2	11	17.1	6
Yoghurt	0.18	8	7.9	4	16.0	7
Bread	1.7	5	1.5	15	16.0	8
Coffee	-2.8	17	6.8	8	15.8	9
Pre-packaged cheese	-0.5	11	7.5	7	15.6	10
Cream	2.4	4	6.7	9	13.7	11
Instant Cereals	-0.02	9	6.7	10	12.9	12
Butter	-2.6	16	4.1	12	11.5	13
Cream cheese	2.8	3	3.9	13	10.9	14
Tea	-0.3	10	7.6	6	9.7	15
Margarine	-1.8	15	-0.6	17	8.4	16
Rice	-1.0	12	1.5	16	4.8	17

23. Important observations in respect of Table 10, are as follows:

a) In March 2023, the retail prices of all seventeen food products were higher than March 2022 (12 months ago) and nine of the seventeen food products are dairy products;

b) In the six-months which ended in March 2023, the retail prices of sixteen of the seventeen food products were higher than September 2022 (6 months ago) and nine of the sixteen food products are dairy products; and

c) From February 2023 to March 2023, the retail prices of eight of the seventeen food products increased and seven of the eight products are dairy products.

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