

**South African Milk Processors’ Organisation**

The voluntary organisation of milk processors for the promotion of the development of the secondary dairy industry to the benefit of the dairy industry, the consumer and the South African society.

**TRENDS OF THE RETAIL SALES OF NINE DAIRY AND EIGHT OTHER GENERALLY USED FOOD PRODUCTS, BASED ON INFORMATION UP**

**TO DECEMBER 2017**

***(A report prepared for Milk SA)***

***SYNOPSIS***

|  |  |
| --- | --- |
|  | ***This report covers the performance (sales quantities and average prices) in the retail market of nine dairy products and eight other generally used food products;*** |
|  | ***The performance (retail sales quantity and price) of any particular dairy 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 dairy products differs;*** |
|  | ***The average retail sales prices of 8 of the 9 dairy products of which the performance in the retail market is monitored, increased from December 2016 to December 2017 and the increases of 3 of the 8 products were more than the inflation rate of 5.1 in the year ended in December 2017. From September to December 2017, the average retail prices of 5 of the 9 dairy products decreased;*** |
|  | ***The average retail prices of 2 of the 8 other food products in December 2017 were higher than a year ago, and the price increase of 1 of the 2 other food products was higher than the inflation rate. From September to December 2017, the average retail prices of 3 of the 8 other food products decreased;*** |
|  | ***The average retail sales prices of 10 of the 17 food products (dairy and other) increased from December 2016 to December 2017, and 8 of the 10 products are dairy products; and*** |
|  | ***The retail sales quantities of 9 of the 17 food products (dairy and other) covered by this report, increased from the year which ended in December 2016, to the year which ended in December 2017, and 3 of the 9 food products are dairy products;*** |
|  | ***The figures and analyses in this report are of macro nature and the position of the different role-players may differ meaningfully from the macro position.*** |

**TRENDS OF THE RETAIL SALES OF NINE DAIRY PRODUCTS AND EIGHT OTHER GENERALLY USED FOOD PRODUCTS BASED ON INFORMATION UP TO DECEMBER 2017 OBTAINED FROM THE NIELSEN COMPANY**

**(A report prepared for Milk SA)**

*This report was compiled by the Office of SAMPRO and forms part of the industry information project of SAMPRO. 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 SAMPRO are designed and implemented in accordance with the Competition Act and independently from commercial interest of any and all the members of SAMPRO.*

**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:

1. Nine dairy products;
2. Eight other food products; and
3. 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. “The Nielsen Company” 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 Nielsen surveys.

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

* *The research is based on surveys which don’t 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-packed 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 represents 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 not to report on only the change in the quantity (mass or volume) of sales but also the changes of the average price 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 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 frequent. This situation explains why 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 the 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. 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. For example, in some markets segments, the consumer weighs up the benefits of purchasing dairy products versus the benefit of buying totally unrelated products and services.*

6. Although the surveys of Nielsen do not cover the total retail market, the results of the surveys should be regarded as meaningful indicators of the trends in retail sales.

7. In Table 2, the Nielsen sample is expressed as a percentage of the estimated total demand in terms of quantity.

**TABLE 2: NIELSEN SAMPLE AS PERCENTAGE OF THE ESTIMATED TOTAL DEMAND**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **PRODUCT** |  | **A****NIELSEN SAMPLE** | **B****ESTIMATED TOTAL DEMAND 1)** | **A** **AS PERCENTAGE OF B** |
| Pasteurised milk and ESL milk  | (Litre) | 319 131 939 | 662 972 813 3)  | 48.1 |
| UHT and sterilised Milk  | (Litre) | 376 821 896 | 926 006 067 3)  | 40.7 |
| Flavoured milk  | (Litre) | 21 866 454 | 36 491 863 3)  | 60.2 |
| Yoghurt  | (Litre) | 187 704 648 | 227 623 831 3)  | 82.5 |
| Maas  | (Litre) | 143 779 846 | 179 724 8063)  | 80.0 |
| Pre-Packaged cheese  | (Kg) | 25 007 913 | 100 781 003 2), 3) | 24.8 |
| Cream cheese  | (Kg) | 3 226 097 | 5  100 461 3) | 63.3 |
| Butter  | (Kg) | 9 124 602 | 20 120 642 3)  | 45.3 |
| Cream | (Litre) | 10 874 185 | 22 189 787 3)  | 46.1 |

|  |
| --- |
| 1. ***Retail sales plus non retail sales for the period January to December 2017.***
2. ***Includes hard and semi-hard cheeses, pre-packaged and other.***
3. ***Estimated figures calculated by the Office of SAMPRO based on the BMI figures of 2012 and 2013 and inflated by the growth rates as shown by Nielsen figures.***
 |

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

**TABLE 3:**

**CHANGES IN THE RETAIL SALES QUANTITIES FROM THE YEAR JANUARY 2016 TO DECEMBER 2016, TO THE YEAR JANUARY 2017 TO DECEMBER 2017, AND CHANGES IN THE RETAIL PRICES, FROM DECEMBER 2016 TO DECEMBER 2017**

|  |  |  |
| --- | --- | --- |
| **DAIRY PRODUCT** | **Change in Retail****Sales****Quantity****Percent** | **Change in****Retail** **Prices****Percent** |
|  **FRESH MILK** | **-3.7** | **-0.5** |
|  **LONG LIFE MILK (UHT MILK)** | **9.0** | **0.7** |
|  **FLAVOURED MILK** | **-6.7** | **3.9** |
|  **YOGHURT** | **-0.1** | **0.1** |
|  **MAAS** | **4.0** | **0.9** |
|  **PRE-PACKAGED CHEESE** | **8.2** | **2.1** |
|  **CREAM CHEESE** | **-9.8** | **9.2** |
|  **BUTTER** | **-5.5** | **28.3** |
|  **CREAM** | **-0.1** | **11.2** |

1. According to Table 3:
2. The average retail prices of 8 of the 9 products were higher in December 2017 than in December 2016;
3. The increases of the average retail prices of 3 of the 8 products, of which the retail prices increased from December 2016 to December 2017, were higher than the inflation rate of 5.1. percent for the year which ended in December 2017; and
4. In the year that ended in December 2017, the retail sales quantities of 3 of the 9 dairy products were from 4.0 to 9.0 percent higher than in the previous year, but the sales quantities of 6 of the 9 dairy products were lower than in the previous year.

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****December 2017****versus the****sales in the****month of****December 2016** | **Sales in the****3 months from October 2017 to****December 2017****versus the****sales in the****3 months from****October 2016 to****December 2016** | **Sales in the****6 months from July 2017 to December 2017****versus the****sales in the****6 months from****July 2016 to December 2016** | **Sales in the****9 months from****April 2017 to December 2017****versus the****sales in the****9 months from****April 2016 to December 2016** | **Sales in the****12 months from****January 2017 to****December 2017****versus the****sales in the****12 months from****January 2016 to****December 2016** |
|  | **percent** |  | **percent** |  | **percent** |
| **Fresh Milk** | **1.7** | **-0.7** | **-2.8** | **-4.0** | **-3.7** |
| **UHT milk** | **11.9** | **8.0** | **8.3** | **11.8** | **9.0** |
| **Flavoured milk** | **1.6** | **2.5** | **-0.6** | **-3.1** | **-6.7** |
| **Yoghurt** | **3.1** | **4.6** | **3.4** | **2.0** | **-0.1** |
| **Maas** | **3.7** | **8.6** | **7.8** | **6.3** | **4.0** |
| **Pre-packaged cheese** | **9.2** | **11.2** | **9.1** | **7.7** | **8.2** |
| **Cream cheese** | **-8.3** | **-12.0** | **-9.3** | **-9.0** | **-9.8** |
| **Butter** | **1.9** | **-5.1** | **-5.4** | **-6.0** | **-5.5** |
| **Cream** | **0.7** | **-0.6** | **-0.3** | **0.7** | **-0.1** |

11. 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** | **December 2017 versus****November 2017****(1 month ago)** | **December 2017 versus****September 2017****(3 months ago)** | **December 2017 versus****June 2017****(6 months ago)** | **December 2017 versus****March 2017****(9 months ago)** | **December 2017 versus****December 2016****(12 months ago)** | **December 2017 versus****June 2016****(18 months ago)** | **December 2017 versus****December 2015****(24 months ago)** |
|  | **Percent** | **Percent** | **Percent** | **Percent** | **Percent** | **Percent** | **Percent** |
| **FRESH MILK** | **-0.8** | **-0.3** | **-0.9** | **-1.6** | **-0.5** | **3.9** | **19.3** |
| **UHT MILK** | **-0.4** | **0.2** | **-0.7** | **-0.2** | **0.7** | **0.4** | **24.1** |
| **FLAVOURED MILK** | **1.8** | **-1.9** | **-0.8** | **2.0** | **3.9** | **8.1** | **17.8** |
| **YOGHURT** | **-0.5** | **-1.0** | **-3.7** | **-2.1** | **0.1** | **4.0** | **10.5** |
| **MAAS** | **1.0** | **-0.8** | **-1.4** | **-0.9** | **0.9** | **0.9** | **8.5** |
| **PRE-PACKAGED CHEESE** | **-0.4** | **-2.7** | **-3.5** | **1.5** | **2.1** | **5.0** | **18.6** |
| **CREAM CHEESE** | **3.0** | **4.2** | **1.9** | **8.3** | **9.2** | **17.7** | **27.2** |
| **BUTTER** | **2.0** | **5.8** | **17.7** | **27.1** | **28.3** | **38.1** | **64.0** |
| **CREAM** | **8.5** | **10.9** | **12.0** | **14.7** | **11.2** | **17.6** | **26.5** |

**OTHER FOOD PRODUCTS**

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

**TABLE 6:**

**CHANGES IN THE RETAIL SALES QUANTITIES FROM THE YEAR JANUARY 2016 TO DECEMBER 2016, TO THE YEAR JANUARY 2017 TO DECEMBER 2017, AND CHANGES IN THE AVERAGE RETAIL PRICES, FROM DECEMBER 2016 TO DECEMBER 2017 OF SPECIFIC FOOD PRODUCTS**

|  |  |  |
| --- | --- | --- |
| **Food products** | **Change in Retail sales quantity****Percent** | **Change in Retail** **prices****Percent** |
| **Instant cereals** | **5.9** | **-1.7** |
| **Bread** | **5.1** | **-3.7** |
| **Rice** | **4.8** | **-0.4** |
| **Maize meal** | **15.4** | **-30.9** |
| **Margarine** | **3.3** | **-1.7** |
| **Tea** | **-2.5** | **10.2** |
| **Coffee** | **6.5** | **-2.9** |
| **Short life juice** | **-3.4** | **2.9** |

13. According to Table 6:

1. The average retail prices of 2 of the 8 food products were higher in December 2017 than a year ago;
2. The price increase of 1 of the food products was higher than the increase of the consumer price index of 5.1 percent in the year which ended in December 2017; and
3. The sales quantities of 6 of the 8 food products were higher in the year which ended in December 2017 than in the previous year.

14. 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****December 2017****versus the****sales in the****month of****December 2016** | **Sales in the****3 months from October 2017 to****December 2017****versus the****sales in the****3 months from****October 2016 to****December 2016** | **Sales in the****6 months from July 2017 to December 2017****versus the****sales in the****6 months from****July 2016 to December 2016** | **Sales in the****9 months from****April 2017 to December 2017****versus the****sales in the****9 months from****April 2016 to December 2016** | **Sales in the****12 months from****January 2017 to****December 2017****versus the****sales in the****12 months from****January 2016 to****December 2016** |
|  | **percent** |  | **percent** |  | **percent** |
| **Instant Cereals** | **11.7** | **9.7** | **8.1** | **7.0** | **5.9** |
| **Bread** | **9.7** | **7.8** | **5.9** | **5.2** | **5.1** |
| **Rice** | **5.2** | **8.6** | **5.5** | **6.1** | **4.8** |
| **Maize Meal** | **22.9** | **30.5** | **23.9** | **20.8** | **15.4** |
| **Margarine** | **4.2** | **7.2** | **5.8** | **4.1** | **3.3** |
| **Tea** | **-1.3** | **-3.9** | **-4.2** | **-1.8** | **-2.5** |
| **Coffee** | **24.0** | **13.9** | **7.4** | **6.2** | **6.5** |
| **Short Life Juice** | **-4.3** | **-3.6** | **-1.9** | **0.2** | **-3.4** |

15. 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** | **December 2017 versus****November 2017****(1 month ago)** | **December 2017 versus****September 2017****(3 months ago)** | **December 2017 versus****June 2017****(6 months ago)** | **December 2017 versus****March 2017****(9 months ago)** | **December 2017 versus****December 2016****(12 months ago)** | **December 2017 versus****June 2016****(18 months ago)** | **December 2017 versus****December 2015****(24 months ago)** |
|  | **Percent** | **Percent** | **Percent** | **Percent** | **Percent** | **Percent** | **Percent** |
| **Instant Cereals** | **3.3** | **3.5** | **3.6** | **-1.9** | **-1.7** | **3.0** | **4.0** |
| **Bread** | **0.8** | **0.8** | **-1.1** | **-2.4** | **-3.7** | **3.3** | **18.1** |
| **Rice** | **2.5** | **-0.7** | **1.6** | **-1.1** | **-0.4** | **2.4** | **11.6** |
| **Maize Meal** | **0.2** | **-5.4** | **-16.8** | **-27.5** | **-30.9** | **-27.7** | **-3.9** |
| **Margarine** | **1.4** | **2.5** | **0.4** | **0.4** | **-1.7** | **5.0** | **10.8** |
| **Tea** | **-1.3** | **0.2** | **1.5** | **9.2** | **10.2** | **21.2** | **35.6** |
| **Coffee** | **-1.3** | **3.3** | **5.4** | **-3.5** | **-2.9** | **4.7** | **15.3** |
| **Short Life Juice** | **-2.6** | **-3.7** | **-0.3** | **-0.3** | **2.9** | **2.9** | **16.1** |

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

16. In Table 9 the changes in the retail sales quantities of the dairy products and 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****DECember 2017****versus the****sales in the****month of****DECember 2016** | **Sales in the****6 months from JULY 2017 to DECember 2017 Versus the****sales in the****6 months from****JULY 2016 to DECember 2016** | **Sales in the****12 months from****JANUARY 2017 to****DECember 2017****versus the****sales in the****12 months from****JANUARY 2016 to****DECember 2016** |
| ***%*** | ***Ranking*** | ***%*** | ***Ranking*** | ***%*** | ***Ranking*** |
| Maize Meal | **22.9** | **2** | **23.9** | **1** | **15.4** | **1** |
| UHT milk | **11.9** | **3** | **8.3** | **3** | **9.0** | **2** |
| Pre-packaged cheese | **9.2** | **6** | **9.1** | **2** | **8.2** | **3** |
| Coffee | **24.0** | **1** | **7.4** | **6** | **6.5** | **4** |
| Instant Cereals | **11.7** | **4** | **8.1** | **4** | **5.9** | **5** |
| Bread | **9.7** | **5** | **5.9** | **7** | **5.1** | **6** |
| Rice | **5.2** | **7** | **5.5** | **9** | **4.8** | **7** |
| Maas | **3.7** | **9** | **7.8** | **5** | **4.0** | **8** |
| Margarine | **4.2** | **8** | **5.8** | **8** | **3.3** | **9** |
| Yoghurt | **3.1** | **10** | **3.4** | **10** | **-0.1** | **10** |
| Cream | **0.7** | **14** | **-0.3** | **11** | **-0.1** | **11** |
| Tea | **-1.3** | **15** | **-4.2** | **16** | **-2.5** | **12** |
| Short Life Juice | **-4.3** | **16** | **-1.9** | **13** | **-3.4** | **13** |
| Fresh Milk | **1.7** | **12** | **-2.8** | **15** | **-3.7** | **14** |
| Butter | **1.9** | **11** | **-5.4** | **15** | **-5.5** | **15** |
| Flavoured milk | **1.6** | **13** | **-0.6** | **12** | **-6.7** | **16** |
| Cream cheese | **-8.3** | **17** | **-9.3** | **17** | **-9.8** | **17** |

17. In Table 10, the increases and decreases of the average retail prices of dairy products and other food products for 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** | **DECember 2017 versus****NOVEMBER 2017****(1 month ago)** | **DECember 2017 versus****JUNE 2017****(6 months ago)** | **DECember 2017 versus****DECember 2016****(12 months ago)** |
| ***%*** | ***Ranking*** | ***%*** | ***Ranking*** | ***%*** | ***Ranking*** |
| **Butter** | **2.0** | **5** | **17.7** | **1** | **28.3** | **1** |
| **Cream** | **8.5** | **1** | **12.0** | **2** | **11.2** | **2** |
| **Tea** | **-1.3** | **15** | **1.5** | **7** | **10.2** | **3** |
| **Cream cheese** | **3.0** | **3** | **1.9** | **5** | **9.2** | **4** |
| **Flavoured milk** | **1.8** | **6** | **-0.8** | **11** | **3.9** | **5** |
| **Short Life Juice** | **-2.6** | **17** | **-0.3** | **9** | **2.9** | **6** |
| **Pre-packaged cheese** | **-0.4** | **11** | **-3.5** | **15** | **2.1** | **7** |
| **Maas** | **1.0** | **8** | **-1.4** | **14** | **0.9** | **8** |
| **UHT milk** | **-0.4** | **12** | **-0.7** | **10** | **0.7** | **9** |
| **Yoghurt** | **-0.5** | **13** | **-3.7** | **16** | **0.1** | **10** |
| **Rice** | **2.5** | **4** | **1.6** | **6** | **-0.4** | **11** |
| **Fresh Milk** | **-0.8** | **14** | **-0.9** | **12** | **-0.5** | **12** |
| **Instant Cereals** | **3.3** | **2** | **3.6** | **4** | **-1.7** | **13** |
| **Margarine** | **1.4** | **7** | **0.4** | **8** | **-1.7** | **14** |
| **Coffee** | **-1.3** | **16** | **5.4** | **3** | **-2.9** | **15** |
| **Bread** | **0.8** | **9** | **-1.1** | **13** | **-3.7** | **16** |
| **Maize Meal** | **0.2** | **10** | **-16.8** | **17** | **-30.9** | **17** |

18. From Table 9 and Table 10 it is clear that:

1. The retail sales quantities of 9 of the 17 food products (dairy and other) covered by this report, increased from the year which ended in December 2016, to the year which ended in December 2017, and 3 of the 9 food products are dairy products; and
2. 8 of the 10 food products (dairy and other) covered by this report, of which the average retail prices increased from December 2016 to December 2017, are dairy products.

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**De Wet Jonker**

**Alwyn P Kraamwinkel**

**26 March 2018**

***Svj/SAMPRO/DE WET/2017 Nielsen alle produkte MSA Des 2017***