

Africa Foodservice Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The African Foodservice Market is projected to register a CAGR of 7.99% over the next forecast period.

The expanding foodservice market in the region is fueled by increasing disposable income, increasing visitor and ex-pat arrivals, improving urban lifestyles, and altering consumer preferences. Additionally, growing market trends, such as food trucks, inclination toward casual dining, localization of cuisines, and food stalls, combined with the availability of many international cuisines, provide customers with new experiences, thus increasing their spending on meals away from home. The COVID-19 pandemic led to widespread economic distress throughout the region. The pandemic has profoundly impacted the food systems, including food security and nutrition, food and livestock production (including upstream input and credit provision), food safety, food supply chains, and regional food trade.

It has also impacted trade flows due to international logistics and transportation disruptions, and in some cases, due to policy responses, like import or export restrictions. About thirty-two trade flow interruptions, such as international shipping costs, recently surged to an all-time peak, which further disrupted the international supply chain with its heavy reliance on sea freight transport, which affected both food and agriculture inputs, including the foodservice market. According to Department: Statistics of South Africa, in the three months that concluded in February 2021 compared to the three months that ended in February 2020, total income dropped by 30%. Restaurants and coffee shops (-38.8% and contributing -21.4 percentage points) and catering services (-46.5% and contributing -5.9 percentage points) were the main causes of this decline. However, the market is recovering slowly during the current year.

Supported by a stable government and dining and eating-out trends, the market studied is projected to witness significant growth over the forecast period. Moreover, with growing urbanization and access to technology, there is a growing preference for home

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delivery services, primarily provided by companies. This is expected to supplement the segment's growth over the forecast period. The busy lifestyles of consumers in the country are driving the demand for takeaways, on-the-go food services, and home delivery trends.

Africa Foodservice Market Trends

Rising Tourism Spending Driving Foodservice Sales

Leisure tourism is responsible for a large portion of the tourism expenditure in Africa. In 2021, consumer foodservice through leisure tourism was growing rapidly, especially in destinations such as Morocco, and South Africa, where tourism is a rapidly growing industry. The demand for international restaurant chains and full-service restaurants is also projected to grow over the forecast period. Along with the rise in tourism, celebrating local food as part of tourism and facilitating trading relations between hotels, restaurants, and local suppliers have been an integral part of African tourism, propelling tourism expenditure into foodservice outlets. According to the UNWTO World Tourism Barometer, tourist arrivals to Africa increased by 12% in 2021 compared to 2020. However, they were still 74% lower than in 2019, driving the regional foodservice market.

Quick Service Restaurants Holds a Prominent Share

The African marketplace witnessed the influx of an unprecedented number of quick-service restaurants, particularly fast-food operators, after the opening of the first fast-food outlet in Nigeria in 1986, by Mr. Bigg's, a subsidiary of UAC Nigeria PLC. The role of technology is expected to shape the future of African quick-service restaurants, as leading companies are opening high-technology chains and launching online food ordering apps in line with the market demand. Some of the leading quick service brands in the country include Pizza Hut, Chicken Republic, Mr. Bigg's, and Tastee Fried Chicken.

The entry of various national and international players in the quick-service segment has significantly widened the chained quick-service fast-food outlet market due to the rapidly expanding middle-class population, urbanization, increased spending among the youth, a growing number of nuclear families, and better delivery services by brands' own and app-based delivery partners. For instance, in September 2021, KFC South Africa, a fast-food restaurant, launched an in-house delivery service dubbed KFC Delivery Plus, allowing customers to place their orders via the KFC mobile app or website and secure access to exclusive offers.

Africa Foodservice Market Competitor Analysis

The African foodservice market is highly competitive. The global market players focus on improving their market shares, and small regional players primarily cater to smaller regions to expand their market shares. Some of the leading players in the market include Yum! Brands Inc., Domino's Pizza Inc., and Nando's. Product innovation and partnership are the key strategies adopted by the key players in the market studied. Both strategies work together for the players to satiate the range of consumer groups, such as consumer demand for plant-based, vegan, and organic products. International restaurants, such as McDonald's, Starbucks Corporation, and Yum! Brands Inc. have been continuously expanding through franchises or joint ventures with local food service companies that would rather be franchisees of foreign brands than open their local restaurants. This strategy appears to have a better chance of succeeding because it requires less work to develop brand value among market consumers.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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