SCOTTS INTERNATIONAL

South Africa Savory Snacks Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 87 pages | Mordor Intelligence

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Report description:

The South African savory snacks market was valued at USD 1,348.93 million in 2020, and it is projected to reach a CAGR of 3.94 % during the forecast period (2021-2026).

The COVID-19 pandemic and the restrictions to curb its spread in South Africa interrupted many economic activities, resulting in the limited operation of formal and informal activities. The lockdown measures, which restricted the movement of people who did not have special permits, affected the sourcing of food items sold by traders. A nationwide lockdown in March 2020 brought rapid changes to the South African retail sector, as retail operations adapted to new ways of doing business. Snacks and nuts, along with crisps, have been kept back as risk categories in the food sector, as supermarkets re-allocate stock priorities toward staples and essential supplies due to the coronavirus outbreak. The economic fallout as a result of the COVID-19 pandemic and general economic woes of South Africa is expected to see many consumers reducing their spending on food as disposable incomes continue to decrease in the short term. Savory snacks are likely to see modest retail value sales growth at constant 2021 prices as well as volume growth as consumers prioritize essential goods over the forecast period.

Over long term,South Africans prefer spicy flavors.A recent research published by Knorr in March 2020 indicated that 47% of consumers in the market studied preferred snacking between lunch and dinner, while 70% admitted to snacking in between meals with chips, which held a major share among six portfolios. Thus, in order to stay ahead in such a competitive market, key players are continuously introducing new products with innovative flavors. For example, in 2019, Pringles launched Aromat-flavored chips.The introduction of healthier alternatives, like the low-fat and low-sodium savory snacks, has been influencing the growth of the market, while nuts and seeds are gaining momentum among the healthy eating community.Increased desire for healthy snacks and rising food consumption per capita, combined with easy-food demand, packaging innovation, and a rise in the young population, are driving the consumption of savory snacks. The savory snacks industry has been improving the availability and variety of healthy snacks, such as roasted seeds and nuts, baked wafers, and potato chips, gluten-free, low fat, and organic, due to the prevalence of obesity and to cater to the health-consciousness consumers who demand healthy products.?Additionally, owing to the changing tastes and preferences of consumers, there have been considerable product developments by various local and regional players in the market. In order to innovate the product range, leading players are enhancing savory snack products by featuring enhanced flavors, functionalities, ingredients, and attractive packaging of the products sold in retail selves.?

South Africa Savory Snacks Market Trends

Rising Demand for Convenient Snacking Options

The consumers in the country are constantly seeking convenient snacking options that are being upgraded by major manufacturers operating in the South African savory snacks market. The demand for convenient snacks is increasing due to changes in social and economic patterns, as well as increased expenditure on food and beverages. Convenient snacks like potato chips, extruded snacks, nuts and seeds, and popcorn, among others, are becoming extremely popular, especially among the working population of the country and the rising young generation consumers due to their hectic lifestyles. Moreover, the on-the-go snacking concept is linked to easy consumption and is relatively easier to handle, which savory snacks like popcorn and potato chips offer. Also, popcorn, nuts and seeds, and extruded snacks can help in preventing people from getting too hungry for junk foods, as these serve as ideal eatables in between breaks or whenever people do not have time to cook. Because of the increased focus on fitness and physical well-being, health-conscious customers are increasingly gravitating toward healthier snack options like low-fat savory snacks, indicating great market potential. As per the US Department of Agriculture, imports of nuts and dried fruits in South Africa increased from USD 2.8 million in 2015 to USD 9.2 million in 2018.Savory snacking options help the consumers save time on cooking at home, especially in times of minor hunger urges, serve as convenient tiffin options for school/college-going children, and even in between work sessions. Due to the global pandemic, the shift in shopping behavior has seen a positive change in snacking behavior because of the growing in-home consumption.

Potato Chips Holds a Promising Market Share in the Country

Potato chips are preferred by consumers of different demographics in the market studied, with a large population of youth trying out new and unique flavors. This factor is motivating the savory snack manufacturers to offer new and innovative snacks and fried potato chips. Further, flavored potato chips include a variety of flavors, including barbecue chips, salt and vinegar, sour cream and onion, spicy jalapeno, rotisserie chicken, cheddar and sour cream, and sweet onion, among others, which are being well perceived by consumers all around the market. Additionally, the players are opting for local flavor ranges to grab the marketspace. For instance, in 2020, Simba announced the launch of two locally inspired flavors: Chakalaka and Shisanyama. Chakalaka and Shisanyama are iconic South African foods that are consumed in the market. South Africa implemented a regulation (R.214 legislation) for maximum sodium content in flavored potato chips (excluding salt and vinegar flavored) to 650 mg in 2016 and 550 mg in 2019, whereas the rate ranges to 1,000 mg (2016) and 850 mg/100g by 2019. Thus, the leading players and the local ones had a chance to grab their share in the evolving market by launching the standard-complying products at the earliest. Further, South African potato producers have been experiencing many challenges brought on by COVID-19, the cost-price squeeze, and the temperature change that has resulted in rising input costs of the local produced raw material. However, in 2021, regulating bodies have made imported potato chips from Belgium and the Netherlands at least 30% cheaper than locally produced chips, altering the value chain for a minimal period at least.

South Africa Savory Snacks Market Competitor Analysis

The market studied is highly competitive, with major international and domestic players, namely PepsiCo Inc., Kellogg Company, and AVI Limited. The major players in the market have a wide distribution network and an extensive product portfolio, catering to various consumers. The prime factors determining the market players and their position in the concerned market are the high-quality ingredients and sustainable packaging. Such factors enabled the leading companies to focus on launching innovative and fresh ingredient-based products, due to growing preference across the country. Huge investments were made in R&D to develop products for the specific needs of the consumers' needs. This assists the companies to maintain a strong foothold in the market.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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