

South Africa Metal Packaging Market- Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)

Market Report | 2023-01-23 | 101 pages | Mordor Intelligence

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Report description:

The South Africa Metal Packaging Market is expected to register a CAGR of 5.1% for the forecast period. With a significant share of metal in the packaging market, the food and beverage industry is witnessing demand recovery post the sharp decline during the COVID-19 pandemic. There has been an increasing demand for packaged food products such as meat, vegetables, and fruits. The South African metal packaging market is predicted to rise steadily due to growing applications in various industries such as food and drinks, personal care, healthcare, home & consumer, and industrial.

Key Highlights

The increased desire for a zero-waste lifestyle through plastic-free, sustainable, and eco-friendly alternatives has shifted the packaging industry. Growing consumer awareness of the usage of non-carcinogenic materials in packaging and increased demand for lightweight packaging are increasing the metal cans market's growth prospects.

The rise in packaged food and beverage consumption, especially canned fruits and vegetables, and the on-the-go trends of millennials might be driving factors for the growth of the metal packaging market globally. At the same time, the growth of the pharmaceutical and cosmetics industries in the market also impacts the metal packaging industry growth in the South Africa market. However, the presence of alternate packaging solutions and shortage of raw materials can hinder the market's growth. The spread of COVID-19 hampered the growth of Africa's Canned Food. It may have a cascading effect over the next few years owing to food shortage, closure of medium and small businesses, and supply chain disruptions due to the complete lockdown and suspension of production activities during the lockdown period across the region. In April 2021, the pandemic hit the South African aluminum can, end, and tab stock supplier Hulamin quite severely. Sales at Hulamin suffered a 24 % volume decline as a direct consequence of the coronavirus pandemic.

In many regards, can makers profitably meet the challenges of the pandemic, stepping up production to record levels? They managed to do that despite supply-line disruptions lengthening delivery times for products, parts, and machinery and increased

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transport costs pushing up prices for new equipment. Those headwinds put at risk canmakers' plans to meet an anticipated continuation of rising.

The current Ukraine-Russia war has created a new multifaceted risk to the South African economy. The war exacerbates supply chain bottlenecks and inflationary pressures via higher energy and food prices which could result in a more rapid tightening of monetary policy and impose additional fiscal pressures. Mounting inflationary pressures and rising interest rates will hurt discretionary income and negatively impact consumer spending, economic growth, employment, poverty, and food security.

South Africa Metal Packaging Market Trends

Growing Food and Beverage Industry

Metal packaging is predominantly employed in the food industry for packaging and preservation. Due to their excellent recycling ability, aluminum and steel are extensively used in packaging. Metal packaging's market growth has been fueled by its extended shelf life and preservation of nutrients within the food.

Furthermore, semi-processed ready-to-eat canned foods have also seen an increase in demand in the market due to their convenience and economic benefits for several consumers in South Africa.

South Africa's food manufacturers are typically involved in several food groups, have established market shares, and control most food categories' production and sales capacity. South African food processors rely on formal retail chains to sell their products. Large multinational companies such as Nestle and Unilever operate their manufacturing plants in South Africa, and food processed here is sold in both South Africa and the wider African market. The food market expansion across the country has boosted the market growth.

With a population of more than 58 million, South Africa is the richest country and largest beer producer and consumer on the African continent. But the South African beer industry's growth has been muted for the last few years because of sluggish economic growth. Yet, the country remains one of the most interesting global beer markets, with a strong dominance of major players.

Increasing disposable income and acceptance of occasional drinking drive the market's growth. Rising urbanization and the increasing introduction of innovative products by manufacturers is a lucrative opportunity for South Africa Alcoholic beverages growth.

Moreover, the rising number of social drinkers and the surging working population also increase the market's development. The increasing middle-class population backed by the low content of alcohol in beers is adding to the South Africa Alcohol Beverage Market share. The rising number of retail channels, along with a busy life schedule, is propelling the market growth.

High Demand for Canned Food in South Africa

The rising disposable income of the natives, coupled with a change in food preferences and a shift towards healthy lifestyles, are among the major driving factors expected to fuel the growth of the canned food market in Africa. Growing interest and investments by international players are further expected to trigger the market growth of the South African canned food demand in the near future.

Additionally, the rising awareness regarding health and hygiene is adding to the development of the industry. Rising penetration towards extending the shelf life of the products, along with the high usage of metal cans in production, is adding to the South African metal packaging market share. The increasing availability of canned food such as canned vegetables and fruits is developing the market growth.

For example, in May 2022, Higher beverage can volumes boosted Nampak's sales. Robust sales of beer, cider, and energy drinks

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and a resurgent demand for canned fish helped lift South African canmaker Nampak's half-year sales and profits. Additionally, in April 2022, Demand for beverage cans helped Hulamin return to profit. Hulamin returned to profit as the South African aluminum can stock producer emerged from pandemic shutdowns to meet sustained Demand for beverage cans. Moreover, in South Africa and Angola, Nampak is the largest manufacturer of beverage cans. In Nigeria, aluminum beverage cans comprise around half the market. For instance, South African canmaker Nampak signed a deal with the local arm of global brewer Anheuser-Busch InBev to export a billion cans to South, Central, and North America markets between 2020 and 2021, where there is a shortage of cans.

South Africa Metal Packaging Market Competitor Analysis

The South Africa Metal Packaging Market industry is extremely competitive and capital-intensive, resulting in only a handful of national and international processors dominating the market. The firms such as Nampak Bevcan, Hulamin Limited, GZI Industries Limited, Can It, and others keep innovating and entering into strategic partnerships to retain their market share.

In July 2022, Tiger Brands conveyed that it will continue its operations at its deciduous fruit business Langeberg & Ashton Foods (L&AF) for a further season. The decision was taken after a compact was agreed upon with organized labor, L&AF employees, and the Canning Fruit Producers Association members allowing the Company to undertake the significant risk required to operate the business for the forthcoming season. Tiger Brands will continue to engage with interested parties toward executing a transaction that could provide for the continuation of a sustainable deciduous fruit processing operation beyond the 2022/3 season. In May 2020, Tiger Brands announced its intent to exit the deciduous fruit business following a strategic review and formed part of efforts to better align its portfolio to the Group's future growth aspirations on the African continent and focus on manufacturing, marketing, and distributing everyday branded food and beverages. Over the past two years, Tiger Brands has sought to find a buyer for the L&AF business with a view to ensuring a controlled exit through the disposal of the business.

In March 2022, a South African alcoholic beverage brand switched to cans after a shortage of glass bottles left it struggling to get its popular cider to retailers. Distell, Africa's leading cider producer, has launched a limited edition of can packaging for its Savanna brand following the glass shortage. The cider has only been sold in bottles since its launch, but Distell, which also produces other brands like Hunter's and Klipdrift, has been struggling with a 'severe' glass shortage in South Africa, which forced it to consider cans.

Additional Benefits:

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

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