

South Africa Foodservice - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2017 - 2029

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Report description:

The South Africa Foodservice Market size is estimated at USD 8.91 billion in 2024, and is expected to reach USD 17.22 billion by 2029, growing at a CAGR of 14.09% during the forecast period (2024-2029).

The rising popularity of food delivery platforms like Mr.D and Uber Eats is boosting the market growth

- Quick service restaurants hold a significant share of the market. During the study period, the quick service restaurants segment is expected to register a CAGR of 7.61% by value. The growth of food delivery services such as Mr. D Food and Uber Eats in South Africa has made it easier for QSRs to reach customers who cannot visit their physical outlets. Mr. D Food controls 30% of the South African food delivery industry, while Uber Eats holds a 25% share. This has increased the ability of QSRs to expand their delivery capabilities and reach more customers. Processed chicken, burgers, processed fish, pizza, and sandwiches, among others, are some of the main fast food items gaining popularity in the South African market.

- FSR holds the second-largest share of the market. In the FSR segment, the Asian cuisine sub-segment is expanding and is projected to register a CAGR of 13.58% by value in the forecast period. South Africa is a diverse country with a multicultural population. This exposure has increased appreciation and demand for Asian flavors and dishes. There has been an increase in migration to South Africa from Asian countries, such as China and India. Indian South Africans comprise around 2.5% of the South African population in 2023, amounting to approximately 1.6 million people. This migration has led to the opening of more Asian restaurants in South Africa.

- Cloud kitchens are projected to register a CAGR of 18.76% by value in the forecast period. Cloud kitchens offer a wide variety of cuisine options to cater to the diverse tastes of South African consumers. Popular cloud kitchens such as Kitchens Dot Com, operating in Johannesburg and Cape Town, and GhostKitchenZA have partnered with established restaurants to provide

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delivery-only menus under different brand names.

South Africa Foodservice Market Trends

Quick service restaurants remain popular in South Africa, with international and local chains dominating the market, led by McDonald's, KFC, Burger King, Chicken Licken, and Chesa Nyama

- Quick-service restaurants held a significant share of the market in terms of the number of outlets, amounting to 79.20%, in 2022. Quick-service chains that offer burgers, pizza, fried chicken, and sandwiches are very popular in South Africa, including McDonald's, KFC, and Burger King, which have over 300, 1,000, and 97 outlets, respectively. In addition to international chains, there are many popular local fast food brands in South Africa, such as Chesa Nyama and Chicken Licken, which is known for its crispy fried chicken and garlic sauce. Cafes and bar outlets are the fastest-growing in the market in terms of the number of outlets, projected to register a growth of 2.60% in the forecast period. However, the demand for freshly brewed coffee is on the rise.

- The country records around a 2.3% average annual growth rate in coffee consumption. Brands with strong identities are most likely to thrive and grow. This is evidenced by the development of coffee chains that have grown from a single store into a franchise and further into a global brand spreading from Cape Town to deep into Africa. Many cafes in South Africa are also catering to the increasing demand for healthy food options by offering vegan and vegetarian options on their menus. Cloud kitchen is the second fastest-growing segment in the market in terms of the number of outlets. The segment is projected to register a CAGR of 9.04% in the forecast period. The growth of cloud kitchens in South Africa is in line with the increasing popularity of food delivery services such as Uber Eats, Mr. D Food, and OrderIn. These services have led to an increase in demand for food delivery-only operations. Many cloud kitchens have emerged in South Africa in recent years, especially in cities like Johannesburg and Cape Town. Some of the popular cloud kitchen brands in South Africa include Knead Bakery, The Kitchen Collective, and On-Demand Kitchens.

Asian cuisine driving demand for full-service restaurants in South Africa, with popular dishes including braai, baboti, and bunny chow

- The average order value was observed to be the highest among full service restaurants in 2022 compared to other foodservice types, with a price of USD 37.7. The demand for FSR in the country is driven by Asian cuisine, which contributed significantly to the South African foodservice market. Beluga, Taste of Thai, and Bao Down are some of the country's popular Asian restaurants. Popular dishes offered by FSR outlets in the country are Braai, Baboti, and Bunny Chow, which were priced at USD 8.6, USD 7.25, and USD 7.75 per 300 grams, respectively, in 2022.

- Cloud kitchens are expected to grow at a faster rate in the market. The average order value of cloud kitchens was USD 13.8 in 2022. Food delivery apps, such as Uber Eats and Mr. D Food, which are strong forces in the food delivery industry, have enabled the cloud kitchen model to scale better. For instance, Mr. D Food has over 5 million downloads and over 1 million active users. Similarly, Uber Eats has a 25% market share in South Africa and is anticipated to see a 40% revenue increase by 2027. This has created a significant opportunity for food businesses to expand their reach. Popular cloud kitchens in the country are KitchenCo.,

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Kitchen Maestro, and Food Junction. The average order value of quick service restaurants increased by 13.27% from 2017 to 2022. The entry of various national and international players in the QSR segment has significantly boosted the chained quick service fast food outlet market due to the rapidly expanding middle-income group and increased consumer spending on fast food. Popular dishes offered by QSR outlets in the country include Burgers, Pizza, and Bitlong, which were priced at USD 3.25, USD 4.7, and USD 3.5 per 300 grams, respectively, in 2022.

South Africa Foodservice Industry Overview

The South Africa Foodservice Market is fragmented, with the top five companies occupying 29.04%. The major players in this market are Famous Brands Limited, McDonald's Corporation, Restaurant Brands International Inc., Spur Corporation Limited and Yum! Brands Inc. (sorted alphabetically).

Additional Benefits:

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

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