REPORT OVERVIEW

The South African Breakfast Cereals Industry Landscape Report 2017 (103 pages) provides a dynamic synthesis of industry research, examining the local and global Breakfast Cereals industry from a uniquely holistic perspective, with detailed insights into the entire value chain – from manufacturing to retail trends, competitor and pricing analysis.

SOME KEY QUESTIONS THE REPORT WILL HELP YOU TO ANSWER:

For the Global Breakfast Cereals Industry Section:
- What are the current market dynamics of the Breakfast Cereals industry?
- What are the Breakfast Cereals industry trends, drivers, and restraints?

For the South African Breakfast Cereals Industry Section:
- What are the current market dynamics and production trends?
- What is the size of the market (2012-2016), growth trends and forecasts?
- Who are the key manufacturing players in the SA Breakfast Cereals industry?
- What are the latest South African consumer and industry trends, drivers and restraints?

For the South African Retail and Pricing Analysis Section:
- Who are the key retail players in the SA Breakfast Cereals industry?
- What are the prices of popular Breakfast Cereals across SA retail outlets?
Our Food and Beverages Industry Landscape reports have been purchased by manufacturers and retailers, below are selected Clients:
Insight Survey is a South African B2B market research company with almost 10 years of heritage, focusing on business-to-business (B2B) market research to ensure smarter, more-profitable business decisions are made with reduced investment risk.

We offer B2B market research solutions to help you to successfully improve or expand your business, enter new markets, launch new products or better understand your internal or external environment.
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OUR RESEARCH SOLUTIONS

✓ Competitor pricing research
✓ Store visits and store checks
✓ Competitor interviews
✓ Customer interviews
✓ Company website analysis
✓ Governmental held records
The global Breakfast Cereals market was estimated at US$43 billion in 2016 and is set to grow at a CAGR of 4.3% during the forecast period from 2017 until 2022. The market is forecast to reach US$55 billion by 2022.

- The market is forecast to be driven by an increasing preference for healthy multi-grain and whole grain-based Breakfast Cereals that are low fat, low calorie, organic, and enriched with vitamins and minerals.

- The US and Europe represent the largest markets worldwide, however developing regions such as Latin America have the fastest growing markets, with a CAGR of 7.9% over the next 5 years.

- The global Breakfast Cereals market possesses a brand specific market value, wherein popular brands like Kellogg’s account for a majority market share.

- Kellogg’s is the global market leader in the Breakfast Cereals market, while General Mills and Post Holdings are some of the other key players.

Market players are currently focusing on catering to region-specific breakfast habits to promote their products and increase their brand value. Brand loyalty and customer orientation are thus quite important for their market value.
Feeding Schemes and Other Initiatives

- There has been a distinct shift towards feeding schemes by a variety of companies. An example is the ‘Breakfasts for Better Days’ initiative between Kellogg’s South Africa, Clover and Tetra Pak (in 2016). The campaign provides thousands of learners with a balanced breakfast every school day. Food Bank SA distributes the food.

- Another example is the ‘Virtuous Circle’, which is a unique circular economy project taking place in South Africa between 2016 and 2017. It uses a three pillar approach to address the challenge of sustainability whilst simultaneously tackling the broader societal issues of education and malnutrition.

FUTURELIFE is one of the lead partners involved in the Feeding pillar. Since October 2016, more than 650,000 FUTURELIFE Smart food meals have been distributed to schools across South Africa in innovative dual compartment multilayer pouches designed to optimise the transport, storage, preparation, and consumption of nutritious children’s meals.

Source: The Virtuous Circle; Brand South Africa; Kellogg’s

Image Source: The Virtuous Circle
As at the year ended 2016, it is reported that over 128 billion bowls of Kellogg's Cornflakes are consumed each year worldwide as well as more than US$14 billion a year in net sales.

- The financial year end 2016 illustrated a year-on-year fourth quarter growth in net sales and saw sales growth in every region except Europe.

- The Kellogg's Company’s reported EPS was US$0.99, which came in above their fourth quarter expectation experiencing an increase of 25.3%.

- Due to difficult packaged foods environment, the overall Kellogg's group experienced a decline in net sales of 3.1% in quarter two across all segments.

- However, the Kellogg's Asia-Pacific segment experienced a good quarter in Q2 with 43% growth in net sales from US$228 million to US$238 million as at 1 July 2017, as well as accelerated improvement in both operating profit and profit margins, as depicted and explained in the graph.

As illustrated in the graph below, Kellogg’s Asia-Pacific division experienced a 58% growth in operating profit from US$12 million in 2016 to US$19 million as at 1 July 2017.

Kellogg’s strategic approach in 2017 is to focus their efforts on improving it’s health and wellness credentials within their taste brands through nutritional innovation and brand-building.

Source: Kellogg’s Annual Report 2016; Kellogg’s Investor Report 2017; Q2 Kellogg’s Transcript 2017

Image Source: Kellogg’s
South Africa's retail sector has remained resilient in the face of an economic downturn and the devastating drought. Retail trade sales grew by 1.7% in May 2017 compared with the same period a year ago.

- Much of the growth came from retailers of food, beverages and tobacco in specialised stores.

- For the year ending 2 July 2017, the Shoprite Group (including the Shoprite and Checkers brands) saw turnover grow by a solid 8.4% to R141 billion. Trading profit grew by 11.6% to R8 billion.

- For the 52 weeks ending 26 February 2017, Pick n Pay delivered a turnover of R77.5 billion (a growth of 7% compared to R72.4 billion in 2016).

- Spar Southern Africa’s turnover (for the six months ending March 2017) increased by 4.9% to R32.5 billion (2016: R31.0 billion).

- For the 52 weeks ended 25 June 2017, Woolworths Food’s turnover and concession sales increased by 4.6% to R27.7 billion.

- Turnover for Massmart amounted to R42.6 billion for the 26 weeks ended 25 June 2017, an increase of 0.4% compared to R42.5 billion for the 26 weeks up to 25 June 2016.

- In August 2017, a pricing analysis was conducted with the retail chains below, who were compared on baking ingredients, beverages, cereals and porridge, and staples.

- Interestingly, Pick n Pay proved cheapest, with Shoprite (commonly perceived as a ‘cheaper retailer’) being the 2nd most expensive shop.

BASKET OF GOODS PRICING ANALYSIS: 2017

- **Pick n Pay**: R596.04
- **Checkers**: R613.25
- **Shoprite**: R628.04
- **Spar**: R632.87

Source: OnShelf; Massmart; Pick n Pay; Shoprite Holdings; Spar Group; Woolworths Holdings; Businesslive; Businesstech; Checkers

Image Source: Pixabay
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<th>WOODWORKS</th>
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This pricing analysis was conducted at retail stores/supermarkets during w/c 18 September 2017.
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