BIZCOMMUNITY

Growth trends in SA's fast food industry

The year-on-year (y-o-y) growth of South Africa's food and beverage industry slowed to 0.1% as at July 2018, according to Broll Property Intel's Retail Snapshot Q3:2018. Restaurants and coffee shops experienced a y-o-y decline of 1.6%, catering services declined by 1.6%, while takeaway and fast food outlets experienced the high y-o-y growth, achieving a growth of 2.8% and have been recording a positive trend line since January 2008 with regards to total income recorded.

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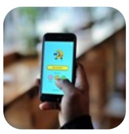
In order to determine which fast-food category performs best, Broll Property Intel investigated the fast-food industry in So Africa; assessing the trading densities (TD) of a wide range of fast-food retailers across various shopping centres, over a year period.

Franchising's prominence in fast food

When it comes to the franchise industry, the fast food and restaurant sector plays a prominent role, contributing the most (29%) to the industry's turnover of R587 billion in 2017. In the South African retail landscape, the majority of fast food retailers are franchisees, with some of the key players in the industry being franchisors such as Yum Brands, Taste Holdings and Famous Brands.

The entrance of a number of new brands into the South African fast food industry in recent years has expanded the offeri to consumers, as well retailer competition. Even though an increasing number of drive-throughs have become evident over recent years, fast food deliveries have now also become the norm.

Mr D Food and UberEats are said to hold a 90% market share when it comes to the fast-food delivery market. Mobile apps and online systems now allow for fast and effective order placing, without having to spell out your name, surname and stre address countless times.



E-COMMERCE

Mr D Food reaches milestone of 1 million downloads

2 Aug 2018

Burgers, chicken, pizza or pies?

When looking at various Broll-managed shopping centres over a 5-year period, average TD for fast-food overall have beei experiencing a slight declining trend, which can be attributed to the increased financial pressure which consumers are un due to increasing price hikes.

Most fast food categories achieved TD in line with or above the market average, barring fish and other. In the first three years, pizza was the top achiever but in year 4 it was marginally overtaken by burgers, with pies as the best performer in year 5. This is possibly an indication of consumers making more affordable fast food selections.

The report further breaks down the sample size by varying parameters in order to determine the top performers in differer scenarios. Fast food tends to perform better in larger-sized centres where pizza is a top choice, while burgers are preferr in smaller centres. When looking at locational parameters, burgers are the top achievers in main cities and pies for outer-lying areas.

When comparing the three major provinces, average TD in 12 months to August 2018 were the highest in Gauteng for burgers, chicken and fish, the Western Cape recorded the highest TD for pies, while pizza came out on top in KwaZulu-Natal. Lastly, when looking at international versus local retailers, in terms of burgers, chicken and pizza, local retailers achieve higher TD with regards to pizza.

RESEARCH

Fast food franchising shows steady growth in South Africa

10 May 2018

The Retail Snapshot Q3:2018 highlights the fact that the best performing fast-food category differs depending on the vario parameters that can influence a business's success, such as the centre size, it's location, etc. Therefore, Broll Property says it's of vital importance for both landlords and retailers to obtain sector-specific data that provides detailed insight into target market, location, surrounding demographics and existing competition.