

Money is tight but alcohol and coffee sales are cooking

By [Colleen Goko](#)

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Times may be tough, but South Africans are not giving up their morning takeaway coffee fix or their after-work tippie.



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The latest data from Statistics SA shows that total income from the food and beverage sector increased 3.4% year on year in February, to R3.2bn.

The growth in the sector was led by a 9.4% rise in bar sales, while income from restaurants and coffee shops climbed 5.3%.

Restaurants and coffee shops in particular have benefited from a changing coffee culture. Large investments have been made by domestic and international companies trying to catch the artisan coffee wave before it peaks and crests.

Today, Taste Holdings will open the first Starbucks store in SA at the Rosebank Mall.

Grand Parade Investments, having signed a franchise agreement with Nasdaq-listed Dunkin' Brands, intends to open as many as 250 Dunkin' Donuts and 70 Baskin Robbins stores this year.

Famous Brands clinched a deal with French chain Paul to bring the bakery-café establishment to SA.

A survey by Flanders Investment said South Africans still drank more instant coffee, but there was a growing market for freshly brewed hot beverages.

"Consumers are becoming more adventurous in trying out new options," lead researcher Mark Schiltz said.

"More and more coffee drinkers have bean-grinders at home, indicating a growing shift away from drinking instant coffee. A number of new, independent coffee shops with their own in-house coffee roasters have appeared in the past few years," he said.

When it comes to fermented beverages, Mintel — a market research and insight group — said tough times did not equate to less demand for alcohol.

"What's more likely to happen is that consumers switch from more expensive beer to the less expensive varieties, just like consumers switch from name-brand goods to the store-brand version. The consumption is there, but it's of the cheaper alternative," it said.

Demand for alcohol in SA has also been sustained by the expansion of the wine consumer market due to new entrants into the sweet red and rosé sector.

According to the South African Wine Industry Information and Systems, new consumers are mainstream women between 20 and 40 years who aspire to a sophisticated, urban lifestyle.

Source: Business Day

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