

## South African Confectionery Industry – October 2022

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### Executive Summary

This sector fact sheet provides a general overview of the South African confectionery industry, which comprises of chocolate confectionery, sugar confectionery and gum. Specifically, it provides details on the size of the industry, as well as trade information for both South Africa and the Western Cape. The key highlights in the fact sheet are provided below:

### Size

- According to Euromonitor International, the South African chocolate confectionery market retail value sales are estimated to grow by 8% y-o-y in 2022, to reach ZAR14.7bn.
- The South African sugar confectionery retail value sales are estimated to increase by 6% y-o-y to reach ZAR9.6bn in 2022.
- Retail value sales of gum in South Africa are estimated to grow by 9% y-o-y in 2022, to reach a value of ZAR2.9bn.

### Trends

- The challenging economic climate (specifically inflation) in South Africa is a cause for decline in sales in the confectionery industry.
- The growing demand for sugar-free snacks is also contributing to sales decline.
- Premium and artisan chocolates is driving the growth of small, niche manufacturers who are focusing on artisan chocolate that is organic and reasonably priced.

### Trade

- In 2021, South African sugar confectionery exports stood at ZAR1,148.4m, increasing by 12.59% from the 2020 value of ZAR1,019.61m. In a similar manner, imports increased by 15.53% y-o-y, from ZAR862.55m in 2020 to ZAR996.54m in 2021.
- The top destination markets for South Africa's exports of sugar confectionery in 2021 were Namibia (ZAR257.79m), Botswana (ZAR222.92m) and Zimbabwe (ZAR154.76m).
- The Western Cape's export of sugar confectionery stood at ZAR234.09m in 2021, approximately 0.77% lower than the 2020 value of ZAR238.31m. Meanwhile, imports stood at ZAR117.86m in 2021, an increase of 0.93% y-o-y from the 2020 value of ZAR116.78m.
- The leading destination markets for the province's exports of sugar confectionery in 2021 were Namibia (ZAR75.02m), the United States (ZAR54.82m) and Australia (ZAR22.03m).

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## 1. Introduction

This report focuses on the market status of the South African confectionery industry which comprises of chocolate confectionery, sugar confectionery and gum. The analysis looks at the state of the industry, key trends, the size of the industry as well as trade information for both South Africa and the Western Cape.

## 2. The South African Confectionery Industry

### 2.1 Description

The confectionery market can be divided into chocolate confectionery, sugar confectionery, and gum. The manufacture of cocoa, chocolate and sugar confectionery involves:

- The shelling, roasting and grinding of cocoa beans to make chocolate cocoa products and confectioneries
- The manufacture of chocolate products from chocolate that is bought from producers
- The making of sugar and non-sugar sweets and chewing gum from ingredients such as sugar, syrup, starch, fruit, preservatives, chocolate, nuts, emulsifiers and flavourings.

Chewing gum and bubble gum fall under the sugar confectionery category. Chewing gum base is a natural gum called chicle, and this is harvested from the sap of the tropical sopapilla tree. This gum is chewy but cannot be blown into large bubbles. Bubble gum base, on the other hand, is a mixture of starches and polymers made in a laboratory and specially formulated to blow bubbles.

Baked confectionery includes muffins, cakes, cupcakes, pastries, sweet biscuits, rusks, doughnuts and savoury biscuits, along with snack bars and other baked on-the-go snacks.

Three companies, Cadbury manufacturer Mondelez, Nestle, and Beacon manufacturer Tiger Brands account for nearly three quarters of the market in South Africa. Mondelez is the largest confectionery business in South Africa with market leadership in the chocolate, chewing gum and bubble-gum categories.

### 2.2 Industry value chain<sup>1</sup>

The confectionery production process involves farmers, buyers, shippers, processors, chocolatiers, confectioners and distributors.

Suppliers to the industry include:

- Suppliers of raw materials and other ingredients such as nuts, sugar, syrup, starch, fruit, preservatives, emulsifiers and flavourings
- Suppliers of machines and plants
- Suppliers of packaging technology and materials
- Suppliers of refrigeration and air conditioning, technology automation, data processing, control technology as well as safety, quality management and analysis, laboratory and measuring equipment.

The main **inputs** into the confectionery industry are sugar and cocoa. Sugar is sourced locally as South Africa is a producer of this commodity, while cocoa is imported. The largest cocoa-producing regions are Africa, Asia and the Americas with the largest cocoa-producing countries being Ivory Coast and Ghana, which collectively account for between 60% and 70% of world production.

Manufacturers use a variety of distribution channels including independent and large chain wholesalers, hypermarkets, supermarkets and convenience retailers.

- Chewing gum has higher unit prices in comparison to bubble gum, which is mainly sold through hawkers as well as traditional retailers
- Sweets are also sold in spaza shops and by informal traders

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<sup>1</sup> *WhoOwnsWhom, 2019*

## 2.3 Trends<sup>2</sup>

### **Declining consumers spend**

The challenging economic climate in South Africa continues to place pressure on the local confectionery industry. Increasing food prices among many factors contribute to a more constrained environment and dampened consumer spend. Cash-strapped shoppers, like lower-middle income groups have cut down on non-essential goods spending, especially as increasing commodity costs force manufacturers to pass rising costs on to consumers.

### **Increase in demand for healthier snacks**

The decline in sales is also reflective of changing consumer demands as consumers shift to buying healthier snack products. Further, there is a growing demand for sugar-free and chemical-free products, which has resulted in niche companies such as Caring Candies increasing their customer base.

### **Premium and artisan chocolates is driving the growth of small, niche manufacturers**

According to *Who Owns Whom*, many consumers are switching to premium chocolate, a trend particularly notable among upper-income consumer groups. This trend is driving the growth of small, niche manufacturers who are focusing on manufacturing artisan chocolate that is organic and reasonably priced.

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<sup>2</sup> *WhoOwnsWhom, 2019*

### 3. Size of the Industry

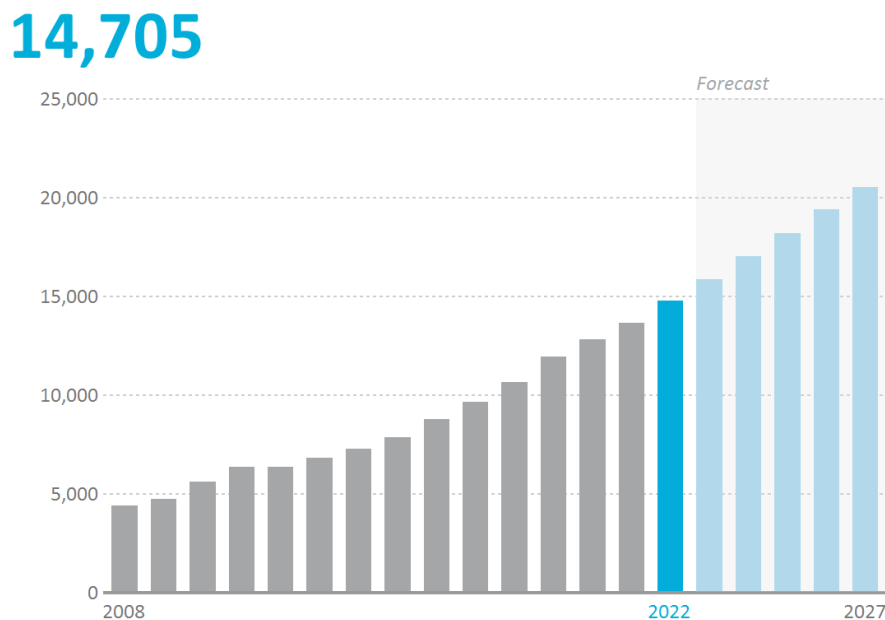
#### 3.1 Chocolate Confectionery

##### Domestic Sales

Figure 1 below shows the performance (in terms of retail value sales) of the chocolate confectionery industry in South Africa between 2008 and forecasted for 2027. Chocolate confectionery is the largest category of the South African confectionery industry. This market has always experienced growth in retail value sales, although with notable declines in growth for some periods.

According to Euromonitor International, retail value sales for this market are estimated to grow by 8% y-o-y in 2022, from ZAR13.59bn in 2021 to ZAR14.7bn in 2022. Sales are forecast to increase in 2023 and beyond.

**FIGURE 1: SALES OF CHOCOLATE CONFECTIONERY IN SOUTH AFRICA  
RETAIL VALUE RSP - ZAR MILLIONS – CURRENT – 2008-2027F**



Source: Adapted from Euromonitor International, 2022

*Note: RSP – Retail Selling Price. Retail selling price (i.e., sales at end price to consumer) including retailer and wholesaler mark-ups and sales tax (except in the US and Canada) and excise taxes (Euromonitor International, 2022).*

##### Sales By Category

By category, chocolate countlines<sup>3</sup> is set to be the largest category of chocolate confectionery in 2022 at a value of ZAR6416.4m. It is followed by chocolate tablets (ZAR6054.0m) and boxed assortments (ZAR1088.5m). In terms of performance (as measured by current year growth), seasonal chocolate is set to be the best performing category in 2022, with retail value sales estimated to grow by 18.5% y-o-y to reach ZAR908m.

<sup>3</sup> Countline is the name given to chocolate bars originally sold by number in units rather than by weight.

**TABLE 1: SALES OF CHOCOLATE CONFECTIONERY IN SOUTH AFRICA BY CATEGORY  
RETAIL VALUE RSP - ZAR MILLIONS – CURRENT – 2022 EST.**

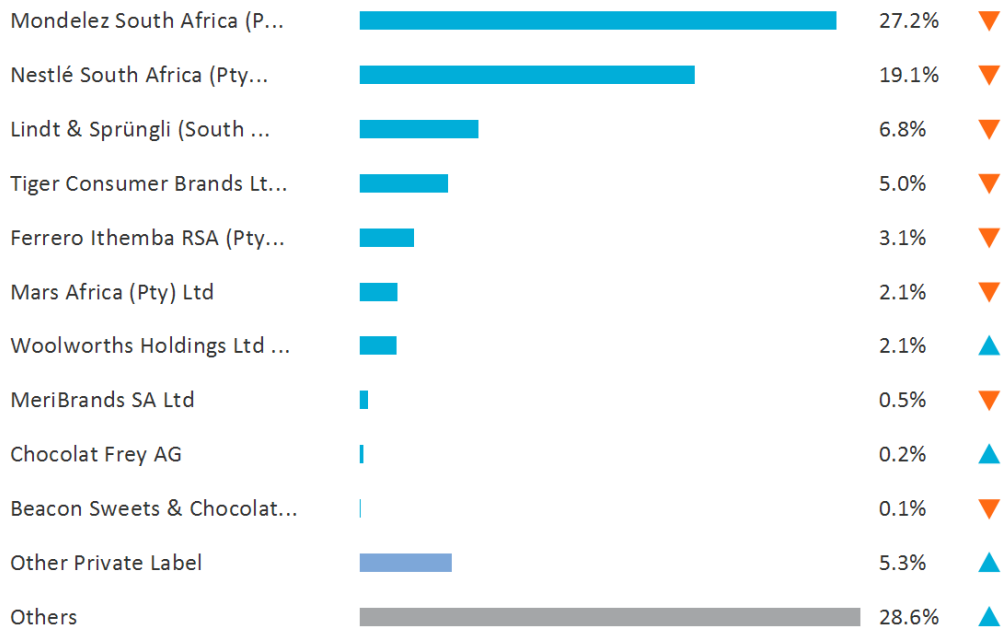
Category	Category Value	Current Year Growth	% CAGR (Historic)	%CAGR (Forecast)	
Chocolate Pouches and Bags	226.0		4.5	4.6	6.0
Boxed Assortments	1,088.5		6.3	3.0	6.8
Chocolate with Toys	12.3		-0.1	1.6	-0.5
Countlines	6,416.4		5.8	7.3	6.4
Seasonal Chocolate	907.5		18.5	10.2	10.1
Tablets	6,054.0		9.7	12.3	6.9
Other Chocolate Confectionery	-		-	-	-

Source: Adapted from Euromonitor International, 2022

### Company Market Share

By company market share of chocolate confectionery in 2022, Mondelez South Africa (Pty) Ltd is set to be the leading chocolate confectionery company in 2022, with a market share of 27.2%. Nestlé South Africa (Pty) Ltd holds the second position with a market share of 19.1%. While Lindt & Sprüngli (South Africa) (Pty) takes third place with 6.8% share of the market.

**FIGURE 2: COMPANY SHARE OF CHOCOLATE CONFECTIONERY IN SOUTH AFRICA  
% SHARE NATIONAL BRAND OWNER (NBO)<sup>4</sup> – RETAIL VALUE RSP – 2022 EST.**



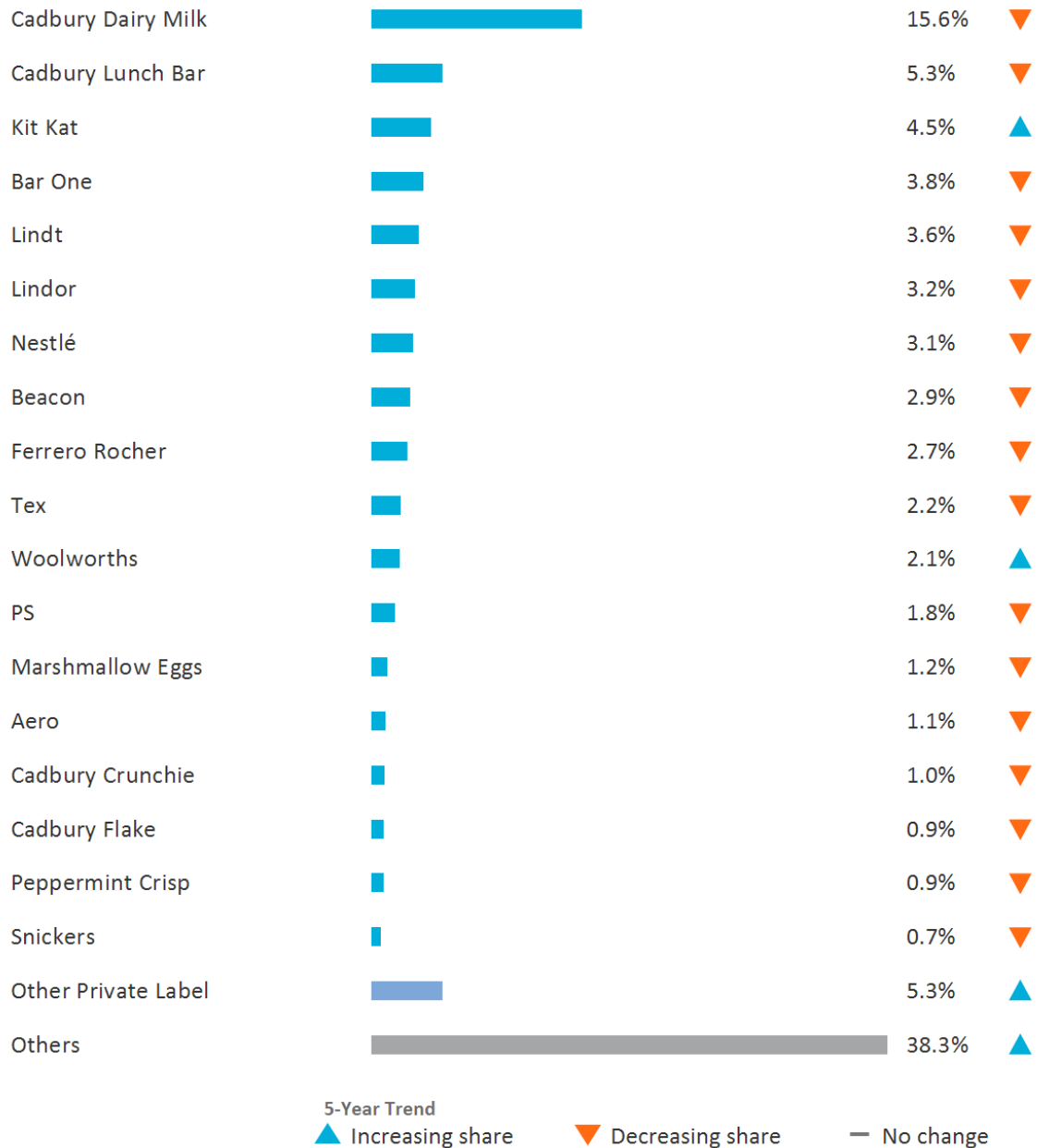
Source: Adapted from Euromonitor International, 2022

<sup>4</sup> NBO stands for National Brand Owner, i.e., producer (company's own brand or under license) or distributor of brand (Euromonitor International, 2022).

## Brand Market Share

In terms of brand market share estimates for 2022, Cadbury Dairy Milk is set to be the top chocolate confectionery brand with a 15.6% market share. Cadbury Lunch Bar (5.3%) and Kit Kat (5.3%) followed in second and third place respectively.

**FIGURE 3: BRAND SHARE OF CHOCOLATE CONFECTIONERY IN SOUTH AFRICA**  
**% SHARE NATIONAL BRAND OWNER (NBO) – RETAIL VALUE RSP – 2022 EST.**



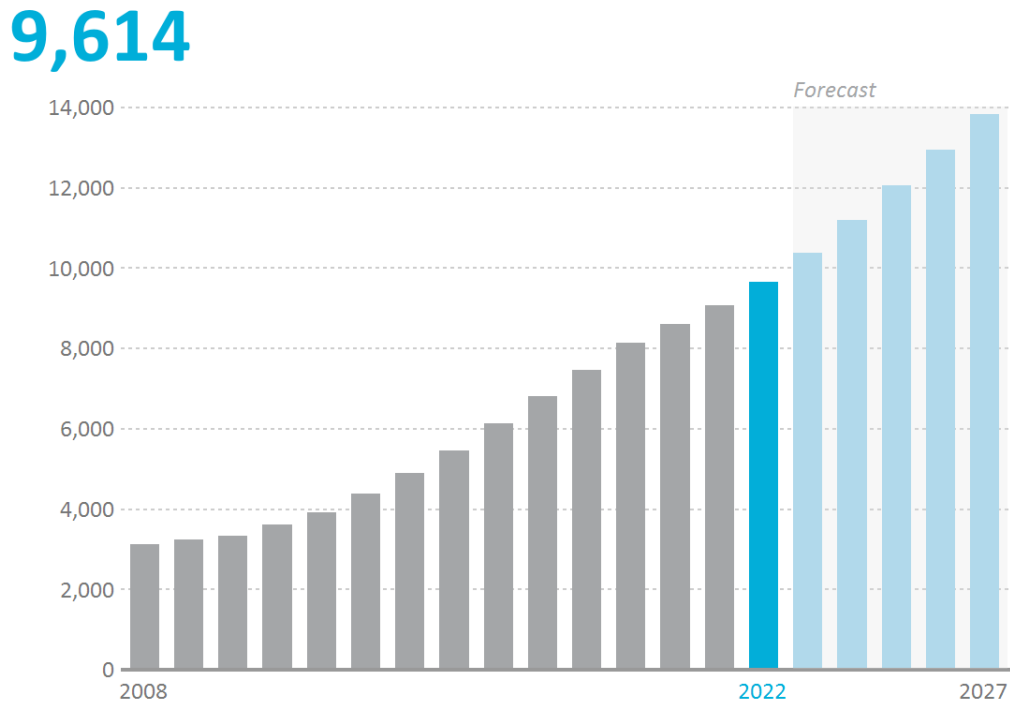
Source: Adapted from Euromonitor International, 2022

## 3.2 Sugar Confectionery

### Sales

Figure 4 below shows the retail value sales of sugar confectionery in South Africa between 2008 and 2027. According to Euromonitor International, sales in the sugar confectionery market in South Africa are estimated to increase by 6% y-o-y in 2022 to reach a value of ZAR9.6bn, with further increases forecasted for 2023 and beyond.

**FIGURE 4: SALES OF SUGAR CONFECTIONERY IN SOUTH AFRICA  
RETAIL VALUE RSP - ZAR MILLIONS – CURRENT – 2022 EST.**



Source: Adapted from Euromonitor International, 2022

### Sales By Category

Pastilles, gums, jellies and chews is set to be the largest category of sugar confectionery in South Africa in 2022, with estimated value sales of ZAR3817.5m. While toffees, caramels, and nougat are set to be the second largest category at a value of ZAR1716.9m, followed by boiled sweets (ZAR1671.6m) in third place. Toffees, caramels, and nougat are also set to be the best performing category in 2022, with estimated retail value sales growth of 9.3% y-o-y.



**TABLE 2: SALES OF SUGAR CONFECTIONERY IN SOUTH AFRICA BY CATEGORY  
RETAIL VALUE RSP - ZAR MILLIONS – CURRENT – 2022 EST.**

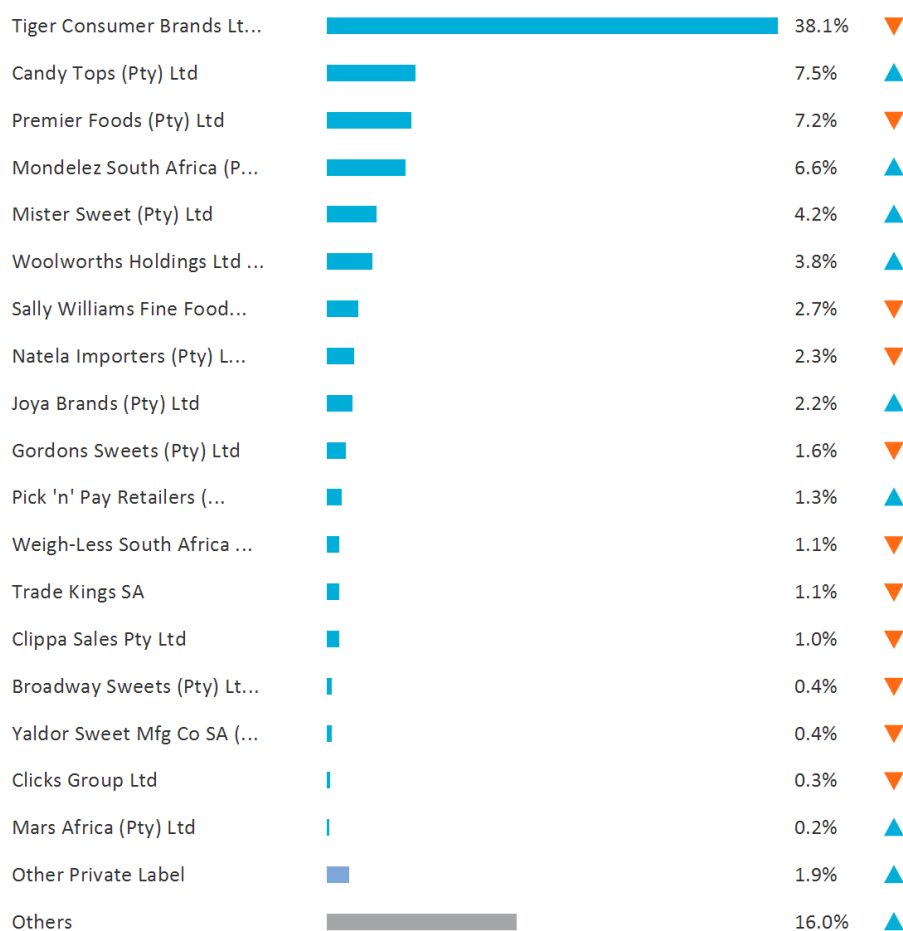
Category	Category Value	Current Year Growth	% CAGR (Historic)	%CAGR (Forecast)	
<b>Boiled Sweets</b>	1,671.6	8.8	7.4	6.5	
Liquorice	326.9	8.4	8.2	6.6	
Lollipops	620.5	8.5	5.7	7.5	
<b>Medicated Confectionery</b>	643.5	7.9	8.8	9.8	
<b>Mints</b>	80.9	5.4	3.4	4.6	
Power Mints	27.8	8.3	3.9	7.2	
Standard Mints	53.1	4.0	3.1	3.2	
Pastilles, Gummies, Jellies and Chews	3,817.5	2.8	6.3	7.0	
Toffees, Caramels and Nougat	1,716.9	9.3	9.1	7.4	
<b>Other Sugar Confectionery</b>	736.4	8.9	8.2	10.7	

Source: Adapted from Euromonitor International, 2022

### Company Market Share

By company market share of sugar confectionery, Tiger Consumer Brands Ltd is set to be the leading player in 2022, with a retail value share of 38.1%. Candy Tops (Pty) Ltd (7.5%), and Premier Foods (Pty) Ltd (7.2%) followed in second and third places, respectively.

**FIGURE 5: COMPANY SHARE OF SUGAR CONFECTIONERY IN SOUTH AFRICA  
% SHARE NATIONAL BRAND OWNER (NBO) – RETAIL VALUE RSP – 2022 EST.**

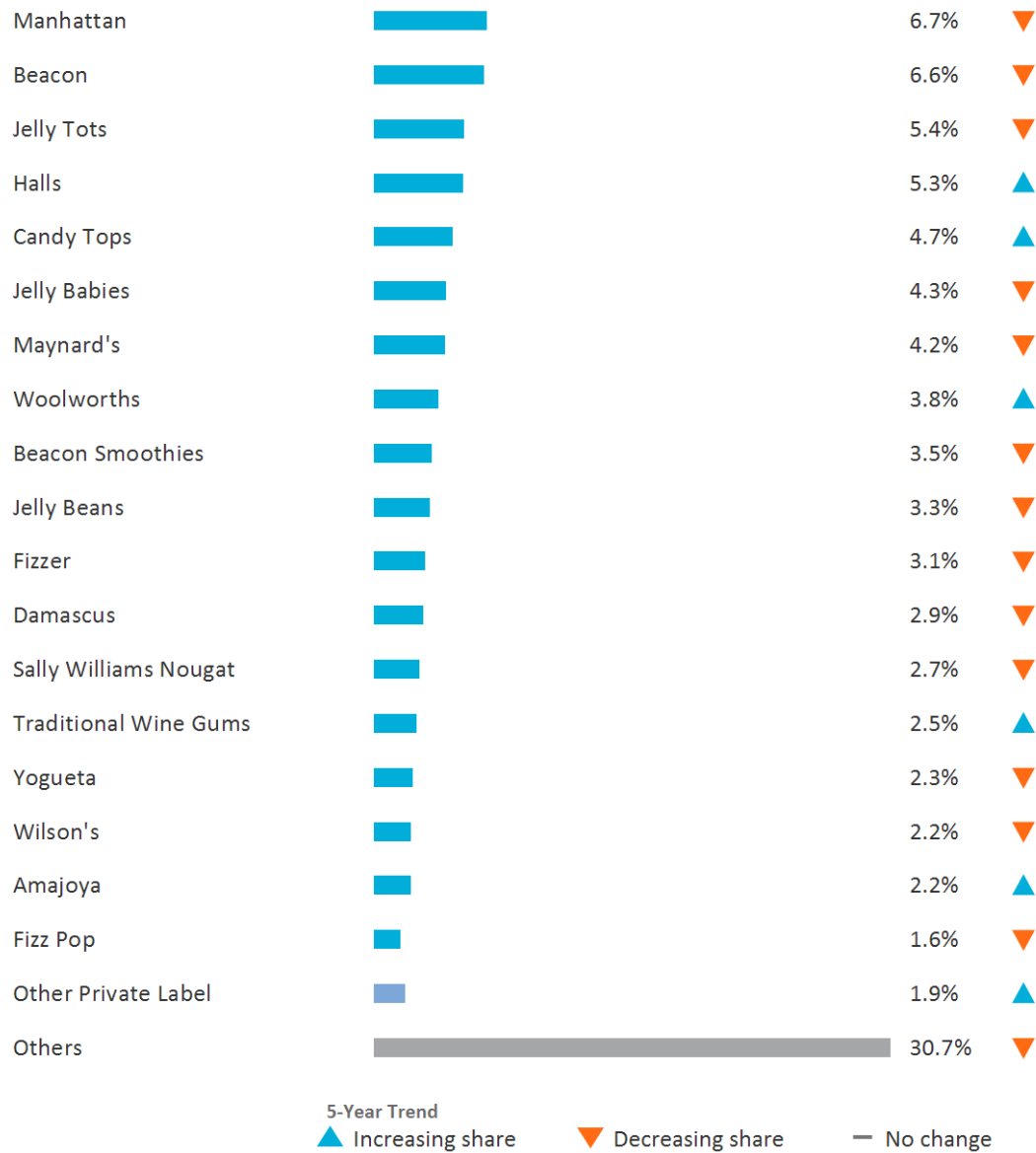


Source: Adapted from Euromonitor International, 2022

## Brand Market Share

In terms of brand market share of sugar confectionery, Manhattan is set to be the leading sugar confectionery brand, with an estimated retail value share of 6.71% in 2022. This is followed by Beacon (6.6%), and Jelly Tots (5.4%) in second and third place, respectively.

**FIGURE 6: BRAND SHARE OF SUGAR CONFECTIONERY IN SOUTH AFRICA**  
**% SHARE NATIONAL BRAND OWNER (NBO) – RETAIL VALUE RSP – 2022 EST.**



Adapted from Euromonitor International, 2022

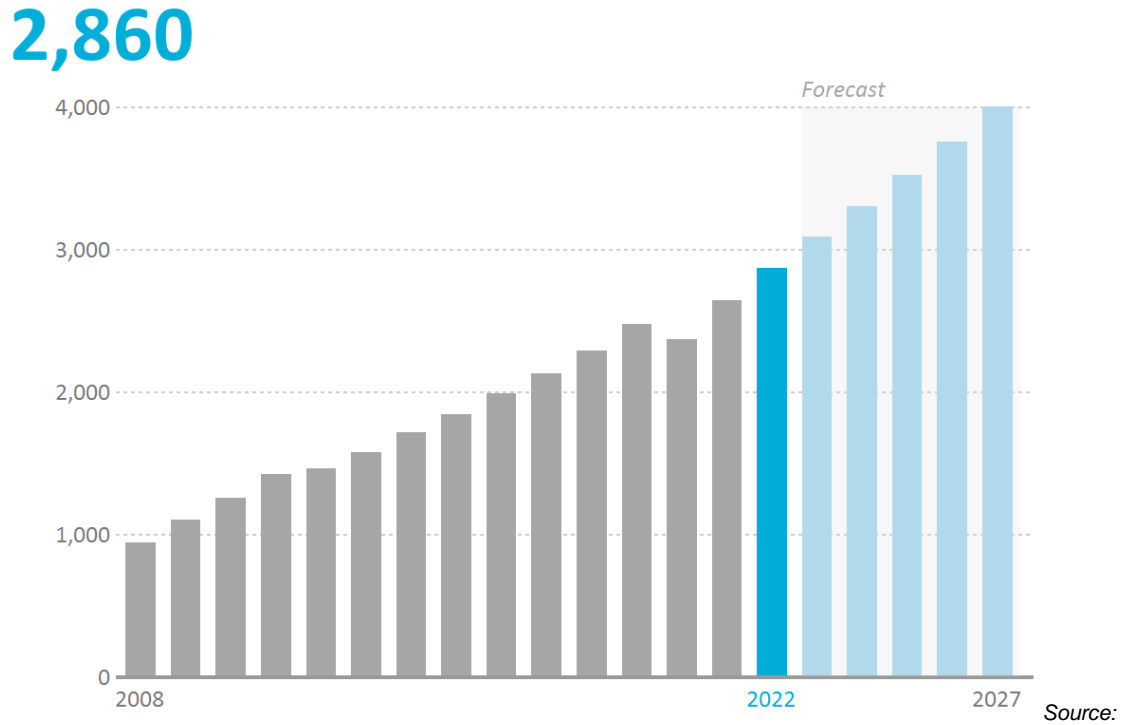
Source:

### 3.3 Gum

#### Domestic Sales

According to Euromonitor International, retail value sales of gum in South Africa are estimated to grow by 9% y-o-y in 2022, to reach ZAR2.9bn.

**FIGURE 7: SALES OF GUM IN SOUTH AFRICA  
RETAIL VALUE RSP - ZAR MILLIONS – CURRENT – 2008-2027F**



#### Sales By Category

Chewing gum is set to be the leading category of gum in 2022, with an estimated retail value sale of ZAR1891.5m.

**TABLE 3: SALES OF GUM IN SOUTH AFRICA BY CATEGORY  
RETAIL VALUE RSP - ZAR MILLIONS – CURRENT – 2022 EST.**

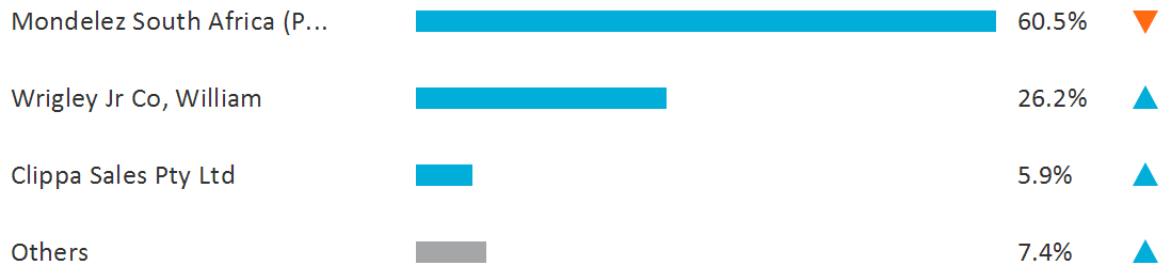
Category	Category Value	Current Year Growth	% CAGR (Historic)	%CAGR (Forecast)	
Bubble Gum	968.7		8.2	4.9	6.7
Chewing Gum	1,891.5		8.8	6.9	7.0

Source: Adapted from Euromonitor International, 2022

### Company Market Share

By company market share of gum, Mondelez South Africa (Pty) Ltd is set to be the leading player in 2022, with an estimated retail value share of 60.5%. It is followed by Wrigley Jr Co, Willima (26.2%), and Clippa Sales Pty Ltd (5.9%).

**FIGURE 8: COMPANY SHARE OF GUM IN SOUTH AFRICA**  
**% SHARE NATIONAL BRAND OWNER (NBO) – RETAIL VALUE RSP – 2022 EST.**

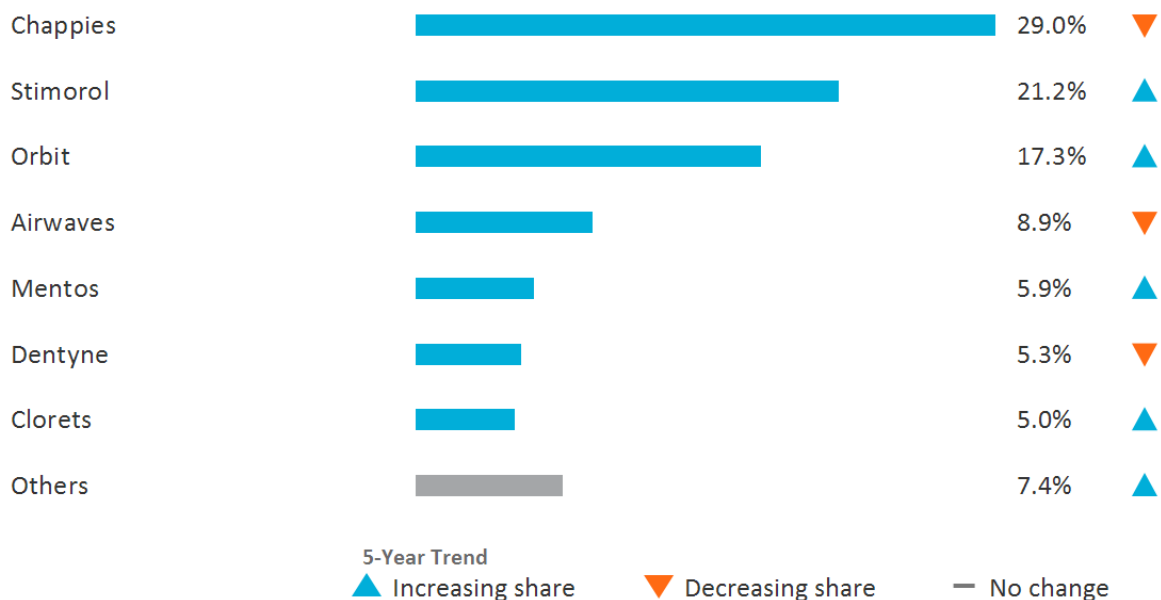


Source: Adapted from Euromonitor International, 2022

### Brand Market Share

In terms of brand market share of gum, Chappies is set to be the top gum brand in South Africa, with an estimated retail value share of 29.0% in 2022. Stimorol (21.2%) and Orbit (17.3%) follow in second and third place respectively.

**FIGURE 9: BRAND SHARE OF GUM IN SOUTH AFRICA**  
**% SHARE NATIONAL BRAND OWNER (NBO) – RETAIL VALUE RSP – 2022 EST.**



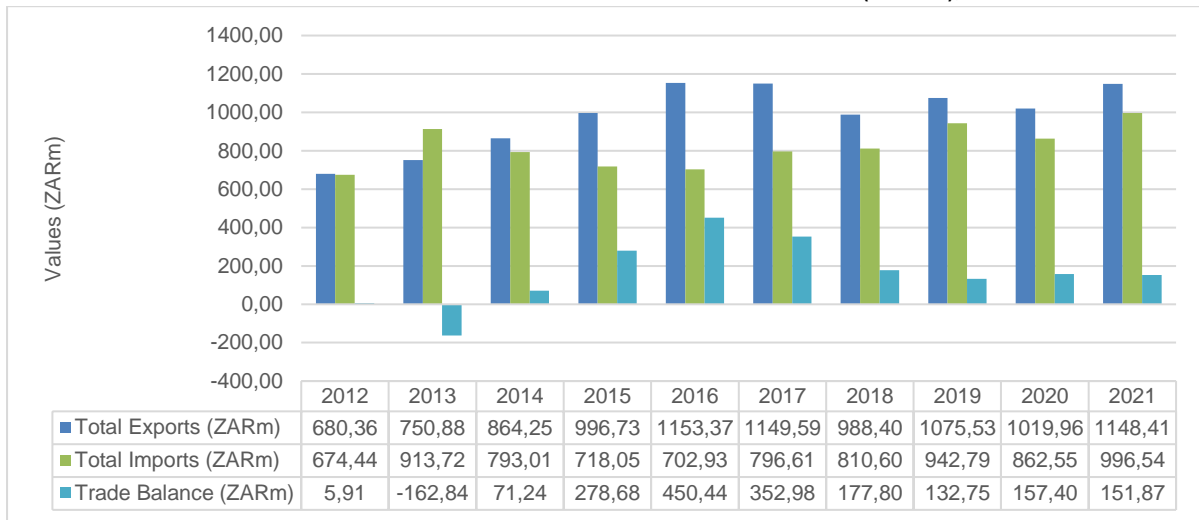
Source: Adapted from Euromonitor International, 2022

#### 4. South African Trade Information

South Africa's global trade of sugar confectionery for the period 2012-2021 is presented in figure 10 below. Over the specified period, South Africa was a net exporter of sugar confectionery except for year 2013. Notably, since 2019, South Africa's sugar confectionery exports have surpassed the billion-rand mark.

In 2021, sugar confectionery exports stood at ZAR1,148.4m, increasing by 12.59% y-o-y from the 2020 value of ZAR1,019.61m. In a similar manner, imports increased by 15.53% y-o-y, from ZAR862.55m in 2020 to ZAR996.54m in 2021.

**FIGURE 10: SOUTH AFRICA'S TRADE OF SUGAR CONFECTIONERY (HS1704), 2012-2021**

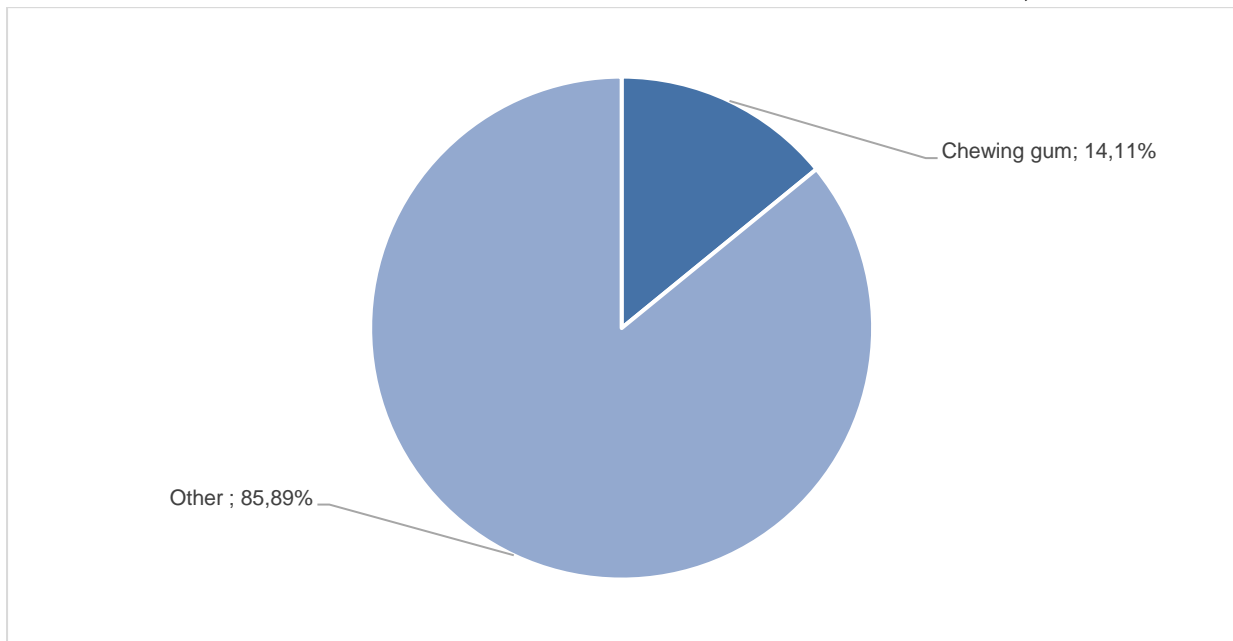


Source: Quantec, 2022

#### Categories

In 2021, chewing gum held a share of 14.11% of South Africa's sugar confectionery exports to the world, as shown in the figure below. While other categories of sugar confectionery had 85.89% share of the exports.

**FIGURE 11: SOUTH AFRICA'S TRADE OF SUGAR CONFECTIONERY PER CATEGORY, 2021**



Source: Quantec, 2022

Table 4 below shows South Africa's top export and import markets for sugar confectionery in 2021. Namibia was the top export market at a value of ZAR257.79m, accounting for 22.45% of all sugar exports from the Western Cape. It was followed by Botswana (ZAR222.92m) and Zimbabwe (ZAR154.76m). The top import markets for sugar confectionery into South Africa were Swaziland (ZAR421.58m), Zambia (ZAR82.24m), and Turkey (ZAR65.19m).

The highest growth in exports over the period 2017-2021 was achieved from United States (29.59%), Zimbabwe (11.71%) and Australia (9.86%). While the highest growth in imports were for Swaziland (42.30%), Zambia (8.25%) and Turkey (6.54%).

**TABLE 4: SOUTH AFRICA'S TOP EXPORT AND IMPORT MARKETS FOR SUGAR CONFECTIONERY (HS1704), 2012-2021**

SOUTH AFRICA'S TOP EXPORT MARKETS FOR SUGAR CONFECTIONERY (HS1704), 2021					SOUTH AFRICA'S TOP 10 IMPORT MARKETS FOR SUGAR CONFECTIONERY (HS1704), 2021				
RANK	COUNTRY	VALUE 2021 (ZARm)	% GROWTH (ZAR), 2017-2021	% SHARE, 2021	RANK	COUNTRY	VALUE 2017 (ZARm)	% GROWTH (ZAR), 2017-2021	% SHARE, 2021
1	Namibia	257,79	3,89%	22,45%	1	Swaziland	421,58	42,30%	51.59%
2	Botswana	222,92	4,03%	19,41%	2	Zambia	82,24	8,25%	10.38%
3	Zimbabwe	154,64	11,17%	13,47%	3	Turkey	65,19	6,54%	5.80%
4	Swaziland	105,76	9,52%	9,21%	4	Thailand	62,53	6,28%	3.94%
5	Mozambique	74,96	9,63%	6,53%	5	China	59,40	5,96%	3.83%
6	Lesotho	70,41	5,55%	6,13%	6	Brazil	37,23	3,74%	2.85%
7	United States	62,20	29,59%	5,42%	7	Egypt	36,01	3,61%	2.28%
8	Zambia	41,97	-16,37%	3,65%	8	India	23,94	2,40%	1.72%
9	Australia	28,67	9,86%	2,50%	9	Belgium	22,30	2,24%	1.62%
10	Malawi	13,50	-8,60%	1,18%	10	United Kingdom	21,05	2,11%	1.46%
<b>TOTAL EXPORTS</b>		<b>1148,41</b>	<b>0,38%</b>	<b>100,00%</b>	<b>TOTAL IMPORTS</b>		<b>996,54</b>	<b>100,00%</b>	<b>100,00%</b>

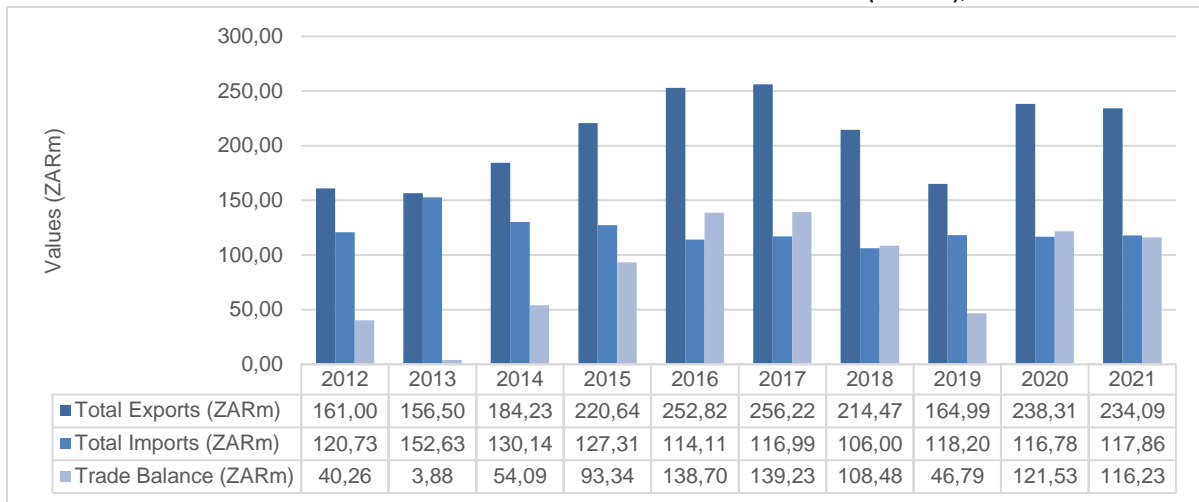
Source: Quantec, 2022

## 6. Western Cape Trade Information

The Western Cape's trade of sugar confectionery for the period 2012 to 2021 is shown in the figure below. The province is a net exporter of sugar confectionery.

In 2021, the Western Cape sugar confectionery exports stood at ZAR234.09m, some 0.77% down on the 2020 value of ZAR238.31m. Meanwhile, imports stood at ZAR117.86m, an increase of 0.93% from the 2020 value of ZAR116.78m.

**FIGURE 12: WESTERN CAPE'S TRADE OF SUGAR CONFECTIONERY (HS1704), 2012-2021**

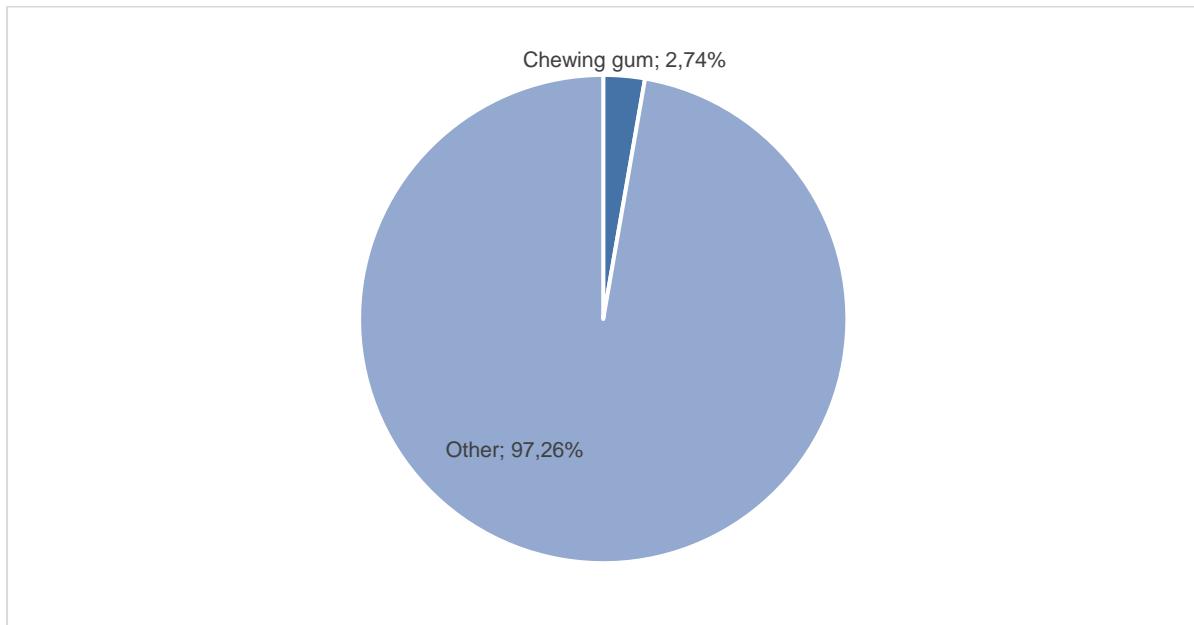


Source: Quantec, 2022

### Categories

For the Western Cape, chewing gum had a share of 3% of its sugar confectionery exports to the world, as shown in the figure below. While other categories of sugar confectionery held 97.26% share of exports.

**FIGURE 13: WESTERN CAPE'S TRADE OF SUGAR CONFECTIONERY PER CATEGORY, 2021**



Source: Quantec, 2022

In terms of key trade markets for the Western Cape's sugar confectionery exports, Namibia was the leading destination market, with exports valued at ZAR75.02m in 2021. The United States followed in second place, with exports reaching a total value of ZAR54.02, while Australia came third, with exports reaching a total value of ZAR22.03m. The top import markets for sugar confectionery into the Western Cape were China, with imports valued at ZAR23.50m in 2021. It was followed by Brazil (ZAR21.51m) and Turkey (ZAR12.61) in third and second place, respectively.

The highest growth in exports over the 5-year-period (2017-2021) was achieved from United States (46.52%), Malawi (19.58%) and Botswana (14.05%). Meanwhile, it was Switzerland (305,139,91%), Spain (154.58%) and Italy (126.45%) that achieved the highest growth in sugar confectionery imports by the Western Cape over the five-year period analysed

**TABLE 5: WESTERN CAPE'S TOP TRADE MARKETS FOR SUGAR CONFECTIONERY (HS1704), 2012-2021**

THE WESTERN CAPE'S TOP 10 EXPORT MARKETS FOR SUGAR CONFECTIONERY (HS1704), 2021					THE WESTERN CAPE'S TOP 10 IMPORT MARKETS FOR SUGAR CONFECTIONERY (HS1704), 2021				
RANK	COUNTRY	VALUE 2021 (ZARm)	% GROWTH (ZAR), 2017-2021	% SHARE, 2021	RANK	COUNTRY	VALUE 2021 (ZARm)	% GROWTH (ZAR), 2017-2021	% SHARE, 2021
1	Namibia	75,02	4,56%	32,05%	1	China	23,50	2,42%	19,94%
2	United States	54,82	46,52%	23,42%	2	Brazil	21,51	8,10%	18,25%
3	Australia	22,03	13,95%	9,41%	3	Turkey	12,61	17,45%	10,70%
4	Swaziland	17,17	1,86%	7,33%	4	United Kingdom	9,76	3,41%	8,28%
5	Botswana	15,74	14,05%	6,72%	5	Italy	8,49	126,45%	7,20%
6	Zambia	8,00	0,51%	3,42%	6	Malaysia	8,30	-12,77%	7,05%
7	Canada	5,03	13,30%	2,15%	7	Spain	5,71	154,58%	4,84%
8	Malawi	4,21	19,58%	1,80%	8	Poland	4,70	32,83%	3,99%
9	Mozambique	3,76	3,11%	1,61%	9	Netherlands	4,14	52,14%	3,52%
10	Mauritius	3,68	-1,20%	1,57%	10	Switzerland	3,11	305139,91%	2,64%
<b>TOTAL EXPORTS</b>		<b>234,09</b>	<b>0,93%</b>	<b>100,00%</b>	<b>TOTAL IMPORTS</b>		<b>117,86</b>	<b>0,87%</b>	<b>100,00%</b>

Source: Quantec, 2022



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