

Statistical release

P6421

Food and beverages industry, 2007

**Embargoed until:
23 February 2009
08:00**

Enquiries:

User Information Services
(012) 310 8600

Contents

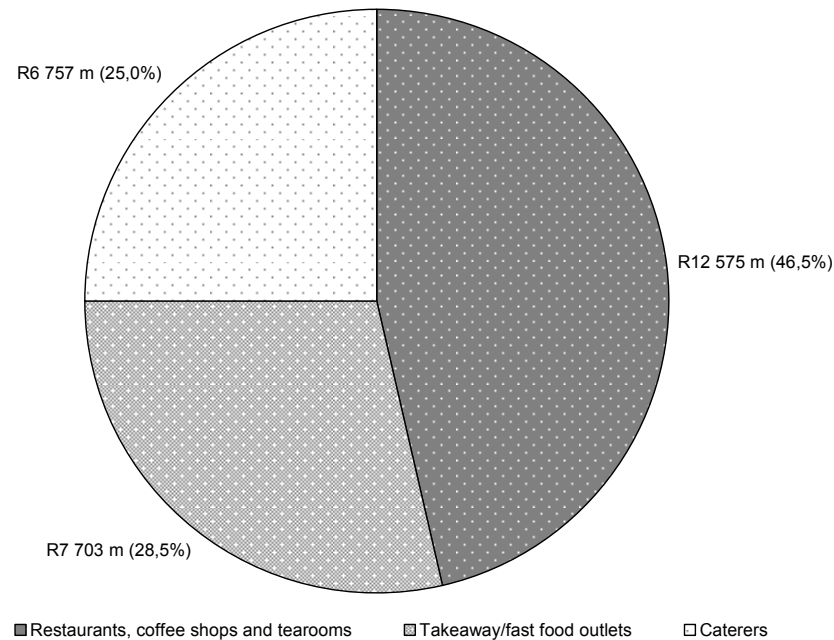
Summary of findings for the year 2007	2
Table 1 – Principal statistics in the food and beverages industry, 2007	6
Table 2 – Profit margin in the food and beverages industry, 2007	6
Table 3 – Income in the food and beverages industry, 2007	7
Table 4 – Income by enterprise type in the food and beverages industry, 2007	7
Table 5 – Expenditure in the food and beverages industry, 2007	8
Table 6 – Employment in the food and beverages industry, 2007	10
Table 7 – Employment by enterprise size in the food and beverages industry, 2007	11
Table 8 – Book value at the end of the year of assets by asset type in the food and beverages industry, 2007	12
Table 9 – Total assets, equity and liabilities in the food and beverages industry, 2007	13
Explanatory notes	14
Glossary	18
General information	20

Summary of findings for the year 2007

Income

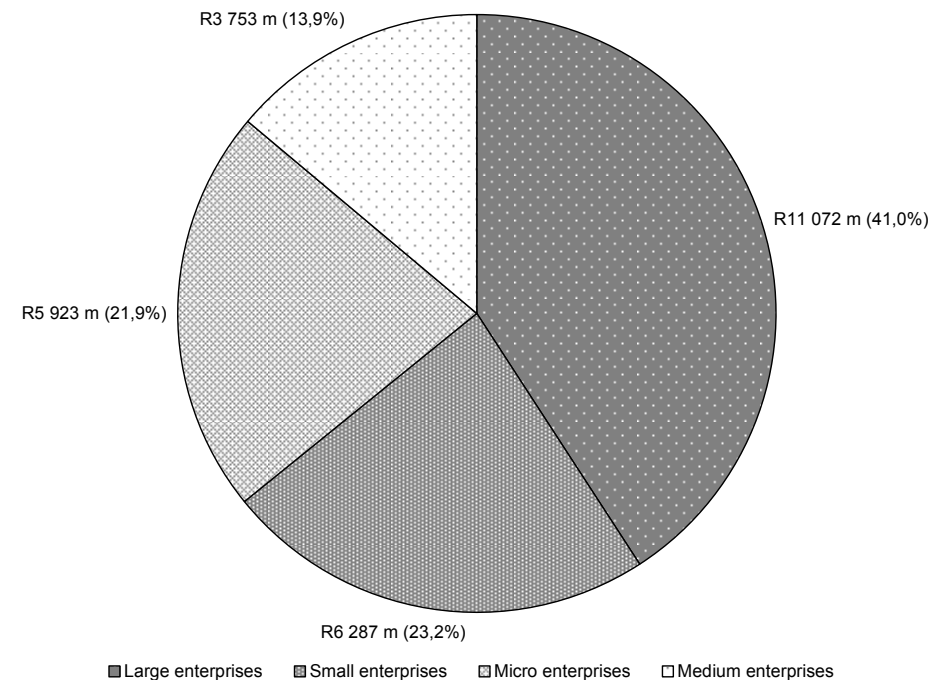
In 2007 total income for the food and beverages industry was R27 035 million. The largest contributor to total income was 'Restaurants, coffee shops and tearooms' (R12 575 million or 46,5%), followed by 'Takeaway/fast food outlets' (R7 703 million or 28,5%) and 'Caterers' (R6 757 million or 25,0%) (Figure 1).

Figure 1: Breakdown of income in the food and beverages industry by industry groups, 2007



The analysis of income by enterprise size for the food and beverages industry indicates that large enterprises (those with turnover greater than R13 million) generated 41,0% (or R11 072 million) of the total income (Figure 2).

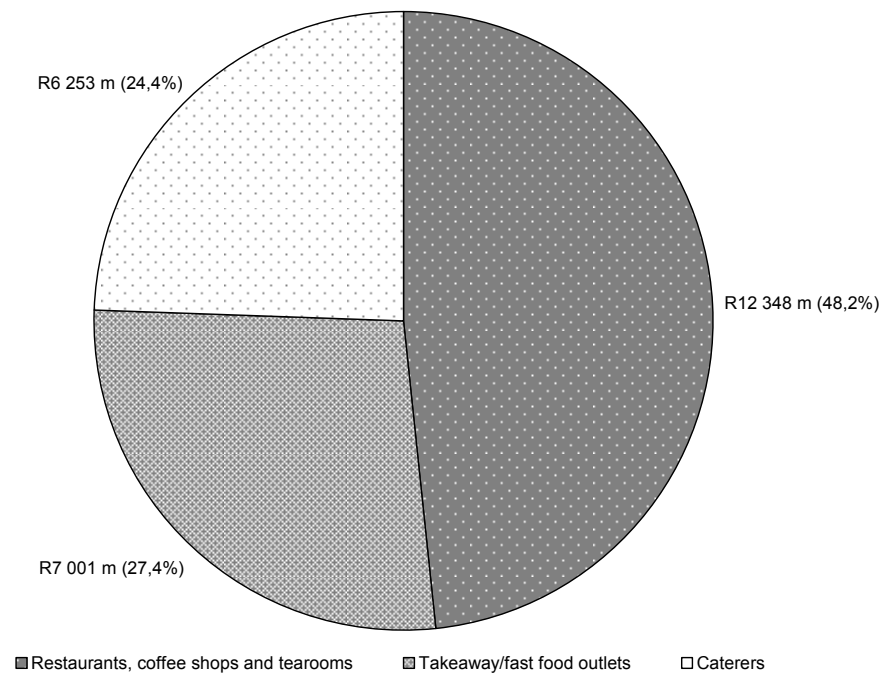
Figure 2: Breakdown of income in the food and beverages industry by enterprise size, 2007



Expenditure

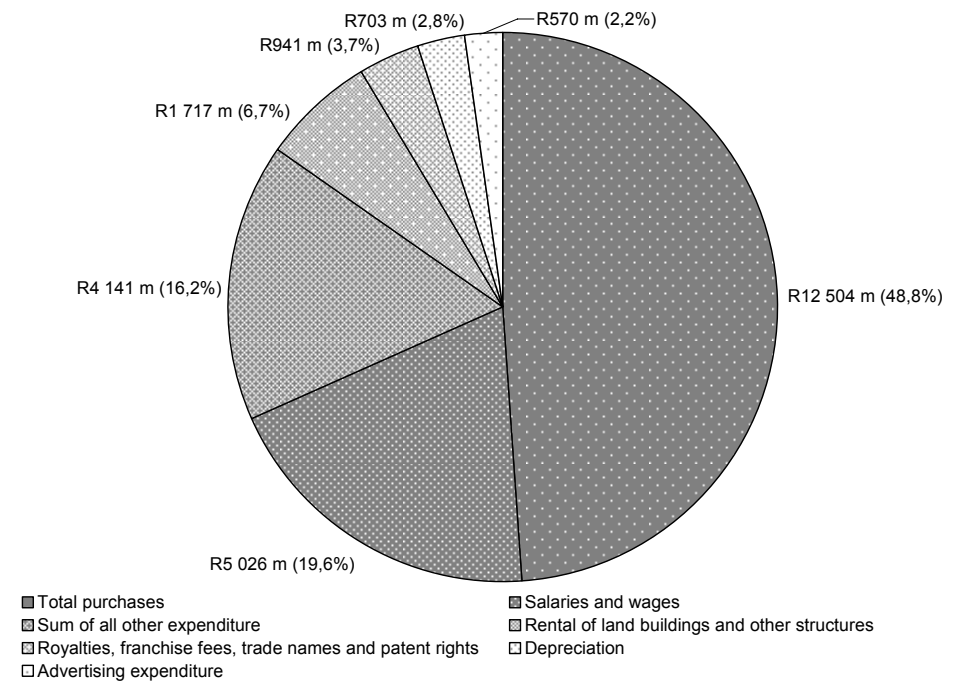
In 2007 total expenditure for the food and beverages industry was R25 602 million. The largest contributor to total expenditure was 'Restaurants, coffee shops and tearooms' (R12 348 million or 48,2%), followed by 'Takeaway/fast food outlets' (R7 001 million or 27,4%) and 'Caterers' (R6 253 million or 24,4%) (Figure 3).

Figure 3: Breakdown of expenditure in the food and beverages industry by industry groups, 2007



The total expenditure for the food and beverages industry was primarily made up of purchases (R12 504 million or 48,8%) and salaries and wages (R 5 026 million or 19,6%) (Figure 4).

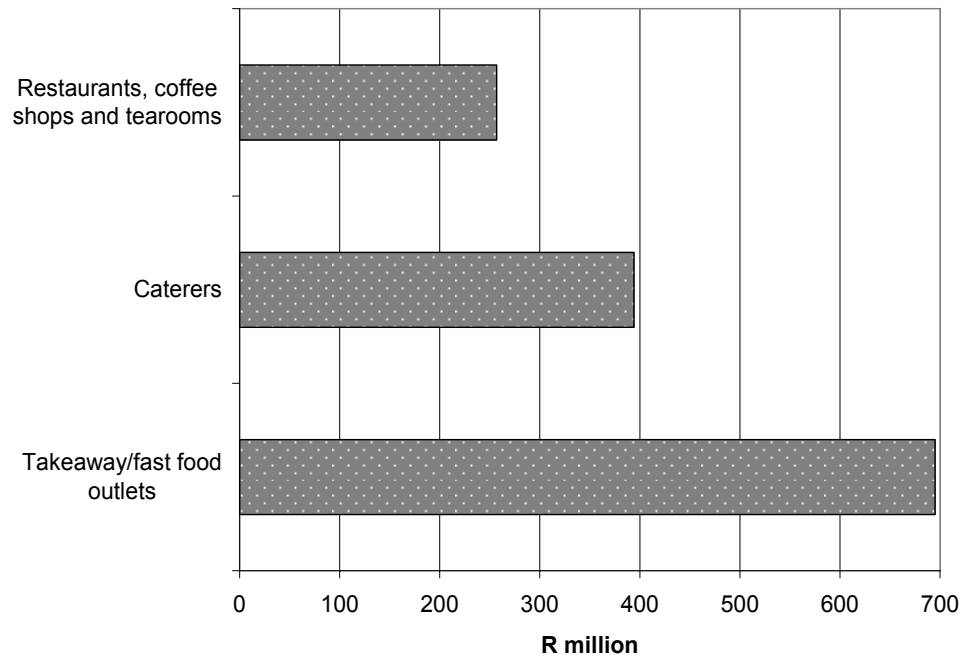
Figure 4: Breakdown of expenditure in the food and beverages industry by expenditure type, 2007



Net profit before tax

In 2007 net profit before tax in the food and beverages industry was R1 346 million. The largest contributor to net profit before tax was 'Takeaway/fast food outlets' (R695 million or 51,6%), followed by 'Caterers' (R394 million or 29,3%) and 'Restaurants, coffee shops and tearooms' (R257 million or 19,1%) (Figure 5).

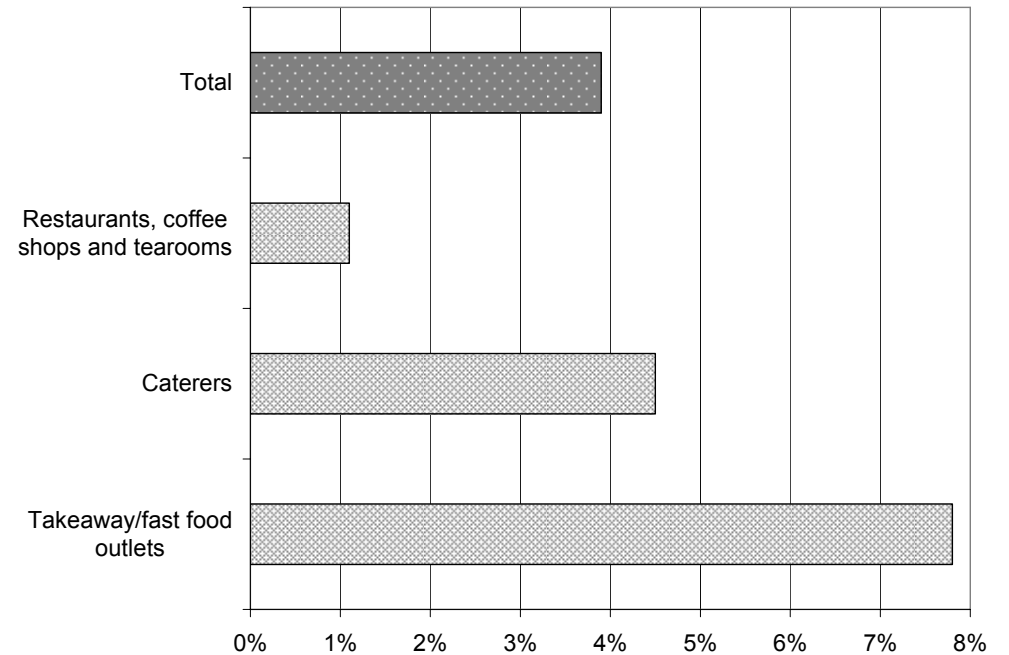
Figure 5: Net profit before tax in the food and beverages industry by industry groups, 2007



Profit margin

In 2007 the profit margin (net profit before tax as a percentage of turnover) for the food and beverages industry was 3,9%. 'Takeaway/fast food outlets' had the highest profit margin of 7,8%, followed by 'Caterers' (4,5%) and 'Restaurant, coffee shops and tearooms' (1,1%) (Figure 6).

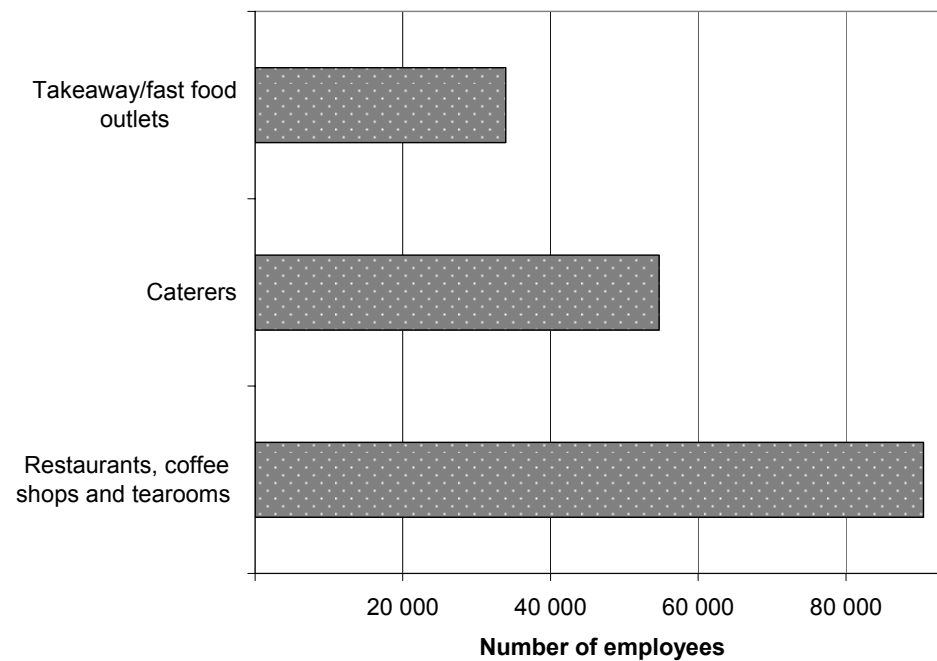
Figure 6: Profit margin in the food and beverages industry by industry groups, 2007



Employment

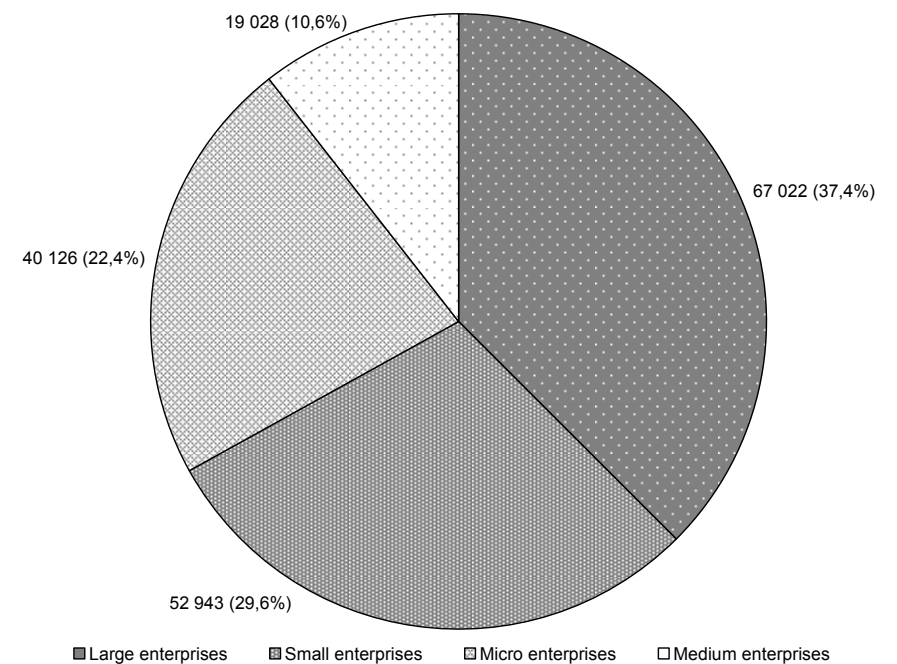
At the end of June 2007 the total number of employees in the food and beverages industry was 179 119. 'Restaurants, coffee shops and tearooms' employed the largest number of employees (90 479 or 50,5%), followed by 'Caterers' (54 692 or 30,5%) and 'Takeaway/fast food outlets' (33 948 or 19,0%) (Figure 7).

Figure 7: Employment in the food and beverages industry by industry by groups, 2007



Large enterprises (those with turnover exceeding R13 million) employed 67 022 employees (37,4%) in the food and beverages industry, followed by small enterprises (those with turnover between R5,1 million and R6 million) employing 52 943 employees (29,6%) (Figure 8).

Figure 8: Employment in the food and beverages industry by enterprise size, 2007



PJ Lehohla
Statistician-General

Food and beverages industry, 2007

Table 1 – Principal statistics in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	R million			
Total income	12 575	7 703	6 757	27 035
Total expenditure	12 348	7 001	6 253	25 602
Total value of opening inventory	178	141	240	559
Total value of closing inventory	208	134	131	473
Net profit before tax	257	695	394	1 346
Book value of fixed assets at the beginning of the year	1 787	1 983	902	4 672
Book value of fixed assets at the end of the year	2 021	1 977	1 296	5 294

Table 2 – Profit margin in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
Net profit after tax (R million)	132	590	301	1 023
Turnover (R million)	12 217	7 556	6 648	26 421
Profit margin (%)	1,1	7,8	4,5	3,9

Table 3 – Income in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	R million			
Sales of goods	12 060	7 307	3 886	23 253
Income from services rendered	153	180	2 760	3 093
Interest received	46	22	40	108
Dividends received	173	0	3	176
Other income	143	194	68	405
Total income	12 575	7 703	6 757	27 035

Table 4 – Income by enterprise type in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	R million			
Large enterprises	2 740	3 664	4 668	11 072
Medium enterprises	2 646	699	408	3 753
Small enterprises	6 025	166	96	6 287
Micro enterprises	1 164	3 174	1 585	5 923
Total	12 575	7 703	6 757	27 035

Table 5 – Expenditure in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	R million			
Total purchases	5 426	3 681	3 397	12 504
Salaries and wages	2 312	1 031	1 683	5 026
Advertising expenditure	336	206	28	570
Bank charges	133	45	23	201
Containers and packaging materials	106	37	8	151
Depreciation	358	226	119	703
Insurance premium paid	70	39	42	151
Interest paid	97	65	56	218
Losses from redemption, liquidation or revaluation of liabilities	172	0	0	172
Operational leasing and hiring of plant, machinery, equipment	82	11	178	271

Table 5 – Expenditure in the food and beverages industry, 2007 (concluded)

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	R million			
Motor vehicle running expenditure	67	41	58	166
Rental of land buildings and other structures	1 110	457	150	1 717
Repair and maintenance	186	103	54	343
Royalties, franchise fees, trade names and patent rights	506	432	3	941
Security services	34	79	19	132
Water and electricity services	199	115	37	351
Other expenditure	1 154	433	398	1 985
Total expenditure	12 348	7 001	6 253	25 602

Table 6 – Employment in the food and beverages industry, 2007

Item		Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
		Number			
Permanent employees	Male	23 020	12 324	18 306	53 650
	Female	46 844	18 377	26 329	91 550
	Total	69 864	30 701	44 635	145 200
Temporary employees	Male	2 607	417	132	3 156
	Female	2 665	766	1 025	4 456
	Total	5 272	1 183	1 157	7 612
Casual employees	Male	6 187	1 118	3 207	10 512
	Female	9 156	946	5 693	15 795
	Total	15 343	2 064	8 900	26 307
Total employment	Male	31 814	13 859	21 645	67 318
	Female	58 665	20 089	33 047	111 801
	Total	90 479	33 948	54 692	179 119

Table 7 – Employment by enterprise size in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	Number			
Large enterprises	16 621	15 245	35 156	67 022
Medium enterprises	14 685	3 170	1 173	19 028
Small enterprises	51 533	812	598	52 943
Micro enterprises	7 640	14 721	17 765	40 126
Total	90 479	33 948	54 692	179 119

Table 8 – Book value at the end of the year of assets by asset type in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	R million			
Land	45	187	13	245
Non-residential buildings	25	342	30	397
Computer and IT equipment	54	38	47	139
Motor vehicle and other transport	216	110	101	427
Plant, machinery and other office equipment	856	628	476	1 960
Intangible assets	495	591	616	1702
Other assets	330	81	13	424
Total assets	2 021	1 977	1 296	5 294

Table 9 – Total assets, equity and liabilities in the food and beverages industry, 2007

Item	Restaurants, coffee shops and tearooms	Takeaway/fast food outlets	Caterers	Total
	R million			
Company tax	125	105	93	323
Cash dividends	52	54	9	115
Non-current assets	2 838	2 166	1 511	6 515
Current assets	874	626	1 200	2 700
Total assets	3 712	2 792	2 711	9 215
Current liabilities	1 355	697	1 303	3 355
Non-current liability	1 677	1 350	975	4 002
Owners' equity	680	745	433	1 858
Total equity and liabilities	3 712	2 792	2 711	9 215

Explanatory notes

Background	<p>The results presented in this publication have been derived from the 2007 food and beverages large sample survey. This is a periodic survey, which measures economic activity in the food and beverages industry of the South African economy. This survey is based on a sample of private and public enterprises operating in the food and beverages industry.</p> <p>The sample was drawn from the business register. The business register is based mainly on the income tax (IT) and value added tax (VAT) databases. All enterprises in the business register are legally bound to register for either VAT or IT or both. That is, enterprises that are registered for tax are included on the new business register, and hence were given a chance of selection in the sample for the survey.</p>
Value added tax (VAT)	All figures exclude value added tax (VAT)
Reference period	The information was collected from enterprises for their financial year, which ended on any date between 1 July 2006 and 30 June 2007.
Purpose of the survey	Results of the survey are used within Stats SA for compiling the Gross Domestic Product (GDP) and its components, which are used to develop and monitor government policy. These statistics are also used by the private sector in analyses of comparative business and industry performance.
Scope and coverage	<p>This survey covers food and beverages enterprises conducting activities in –</p> <ul style="list-style-type: none"> (i) Restaurants or tearooms with liquor licence (ii) Restaurants or tearooms without liquor licence (iii) Takeaway/fast food outlets (iv) Caterers (v) Other catering services <p><i>Including</i></p> <ul style="list-style-type: none"> • The South African based activities of enterprises which operate in multiple countries. <p><i>Excluding</i></p> <ul style="list-style-type: none"> • Activities of South African based companies in other countries.
Classification by industry	The 1993 edition of the <i>Standard Industrial Classification of all Economic Activities (SIC), Fifth Edition, Report No. 09-09-02</i> , was used to classify the statistical units in the survey. The SIC is based on the 1990 <i>International Standard Industrial Classification of all Economic Activities (ISIC)</i> with suitable adaptations for local conditions. Statistics in this publication are presented at SIC division (5-digit) level. Each enterprise is classified to an industry, which reflects its predominant activity.
Statistical unit	The statistical unit for the collection of the information is an enterprise. An enterprise is a legal unit (or a combination of legal units) that includes and directly controls all functions necessary to carry out its production activities.

Size groups

The enterprises are divided into four size groups according to the value of their business register turnover. Large enterprises are enterprises with an annual business register turnover of R13 million and more. Table A presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points.

Table A – Size groups for the food and beverages industry

Size group	Turnover
Large	Turnover > R 13 000 000
Medium	R 6 000 000 < Turnover < R 13 000 000
Small	R 5 100 000 < Turnover < R 6 000 000
Micro	Turnover < R 5 100 000

Survey Methodology and design

The survey was conducted by mail, fax, telephone and personal visits. A sample of approximately 1 017 enterprises was drawn using stratified simple random sampling. The enterprises were first stratified at 5-digit level. All large enterprises are completely enumerated. Business register turnover was used as the measure of size for stratification.

Weighting methodology

For those strata not completely enumerated (strata 4), the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated stratum to form division estimates.

These procedures, which are in line with international best practice, are described in more detail on the Stats SA website at www.statssa.gov.za/publications/publicationsearch.asp.

Relative standard error

Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the food and beverages industry in South Africa.

One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of enterprises was used. The relative standard error (RSE) provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate.

Table B – Income in the food and beverages industry within 95% confidence limit, 2007

Type of service	Lower limit	Total income	Upper limit	Relative standard error
	R million			%
Restaurants, coffee shops and tearooms	9 543	12 575	15 607	12,3
Takeaway/fast food outlets	6 314	7 703	9 092	9,2
Caterers	5 539	6 757	7 975	9,2
Total	24 280	27 035	29 790	5,2

Non-sampling error

Inaccuracies may occur because of imperfections in reporting by enterprises and errors made in the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Non-sampling errors occur in both sample surveys and censuses.

Comparability with previously published information

The information in this statistical release is comparable with the information released by the annual financial survey. This large sample survey was conducted from a sample drawn from a new business register of all enterprises registered for either VAT or IT or both.

Rounding-off of figures

The figures in the tables have, where necessary, been rounded off to the nearest final digit shown. There may therefore be slight discrepancies between the sums of the constituent items and the totals shown.

Abbreviations

BR	Business register
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
ISIC	International Standard Industrial Classification of all Economic Activities
IT	Income tax
RSE	Relative standard error
SARS	South African Revenue Service
SE	Standard error
SIC	Standard Industrial Classification of all Economic Activities
SNA	System of National Accounts
Stats SA	Statistics South Africa
VAT	Value added tax

Glossary

Permanent employees	Employees appointed on an open-ended contract with no stipulated termination date, and who are entitled to benefits such as paid leave and medical aid contributions.
Temporary employees	Employees appointed on a short-term contract basis for periods normally not exceeding one year.
Casual employees	Employees who fall neither within the 'permanent employee' category nor within that of a 'temporary employee'. Such employees are typically working daily or hourly.
Employees	Employees are those people employed by the business or organisation who received payment (in salaries, wages, commission, piece rates or payments in kind) for the last pay period ended on or before 30 June 2007.
Enterprise	A legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.
Industry	An industry is made up of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the System of National Accounts (SNA) in the same way as in the <i>Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02</i> of January 1993 (SIC).
Net profit or loss before tax	Net profit or loss before tax is derived as: Total income plus closing stocks minus total expenditure minus opening stocks
Profit margin	Profit margin is derived as: Net profit or loss after tax divided by turnover multiplied by 100
Statistical unit	A unit about which statistics are tabulated, compiled or published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.
Stratum	A stratum is constructed by concatenating the SIC classification and size group variables.

Turnover

Turnover includes:

The value of sales

Amounts received for work done

Amounts received for services rendered

Rent and/or lease payments received for land and buildings

Rent, leasing hiring received for machinery, vehicles and other equipment

Turnover excludes:

Value added tax (VAT)

Net profit or loss on sales or revaluation of fixed assets (including profit or loss on foreign exchange)

Export freight charges

Interest received and

Excise duty

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Enquiries

Telephone number: (012) 310 8600/ 8390/ 8351/ 4892/ 8496/ 8095 (user information services)
 (012) 310 4779 / 310 8234/ 310 8191 (technical enquiries)
 (012) 310 8161 (orders)
 (012) 310 4883/4885/8018 (library)

Fax number: (012) 310 8623 (technical enquiries)

Email address: sandisilej@statssa.gov.za (technical enquiries)
tshepop@statssa.gov.za (technical enquiries)
info@statssa.gov.za (user information services)
distribution@statssa.gov.za (orders)

Postal address: Private Bag X44, Pretoria, 0001

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