

Tiger Brands grows sales after price hikes

By [Ngobile Dlodla](#)

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South Africa's biggest food producer Tiger Brands said on Tuesday, 21 February that its four-month revenue to end January rose 17% year-on-year as it raised prices to manage soaring input costs.



Source: Reuters/James Oatway

Consumer goods producers globally have lifted prices to cope with surging costs for almost all raw materials, energy and packaging after Russia's invasion of Ukraine compounded pandemic-related supply chain logjams. But they face a challenge in how much they can raise prices as increasingly cost-conscious consumers trade down.

The maker of Jungle Oats, Tastic rice and Purity baby products increased prices by 18% in the four months to 31 January. While price hikes boosted its revenue from continuing operations, overall volume dipped 1%.



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The impact of this level of inflation, together with interest rate hikes, has forced consumers to be even more price-conscious, particularly within the basic food segment, the company said.

Tiger Brands said the price hikes were necessary to manage sustained raw material and cost increases, predominantly in its grains and home and personal care portfolios.

"Whilst we anticipate a significant reduction in inflation in our basket in the second half of our financial year, inflation in that period is expected at low double digits based on our expectations of commodity pricing," the company said.



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Millions spent on backup power supplies

It also faced costs related to running diesel generators as state power utility Eskom implemented crippling power outages lasting up to 10 hours a day.

Tiger Brands spent R27m on backup generators in the period and expects to spend an additional R15m in maintenance in the year to September.

Its contingency plans for when electricity is off for 10-14 hours a day indicate that it will require a further capital investment of about R120m for additional generating capacity, it added.

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