

Factors driving demand for UHT milk in Africa

By Penny Ntuli

11 Mar 2015

UHT milk sales by volume garnered 53% of market share in 2013, outstripping demand for chilled milk for the first time in South Africa. African flavoured milk consumption is also set to increase overall by 7.1%, reaching as much as 12.4% in North Africa, between 2013 and 2016, according to Tetra Pak's Dairy Index 2014.



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Growing UHT milk popularity in South Africa can be attributed to numerous factors. First is the growing middle class that is also migrating to urban centres. In South Africa, this group traditionally consumed UHT milk and continue to do so. It is a well-known phenomenon in the industry that once people develop a taste for either UHT or chilled milk; it typically remains throughout their lives.

However, there are other reasons, such as availability of fridges and, increasingly, electricity. South Africa's Census 2011, which reportedly queried in excess of 20 million people, found that there were 14,5 million households of which only 9,9 million had a fridge. There were an average of 3.5 people per household, which means a staggering 16 million people, or one-third of the total 51,7 million population at the time, were without fridges.

Electricity supply a cause for demand

Erratic electricity supply is expected to exacerbate the trouble of keeping chilled milk in homes across the country. Chilled milk, which is pasteurised, can effectively be kept for 7 to 10 days. However, bacterial spores begin growing in the milk as soon as it reaches 10 degrees Celsius or warmer, regardless if it is open or not. UHT milk products do not suffer this problem. They can be kept, unopened, at ambient temperatures for anywhere up to six months, depending on the specific product. It is only once opened that UHT milk products must be kept chilled until packs are emptied.

Electricity supply is a problem throughout Africa. According to African Development Bank Group, the total installed generating capacity in 48 sub-Saharan African countries is just 68 gigawatts (GW) - the same as Spain. Frighteningly, as much as a quarter of that meagre supply is offline at any given time, due to poor maintenance and ageing infrastructure. Regardless, one in five sub-Sahara Africans simply do not have access to electricity and fewer than 40% of African countries will achieve universal access to electricity by 2050.

Consumption generally lower

Whether it be low availability for formal distribution channels in certain locations, poor infrastructure, low income or a non-milk drinking culture, Africans do not consume nearly the quantities of milk and milk products as Europeans. Africans regularly consume anywhere from 50 to 150 litres per capita while the World Health Organization (WHO) recommends 200 litres per capita. The situation is improving though. Total African consumption is currently around 17 billion litres, which represents compound annual growth (CAGR) of 3.5% since 2012.

Africa, as a developing market, represents significant growth opportunity for milk producers due to the burgeoning middle class, urbanisation and previously untapped market potential, so the irregular, inconsistent supply of electricity will be a growing problem for milk distributors overcome only by powdered and ambient milk products. Growing UHT volumes indicate that fresh, ambient milk is important to many Africans as a source of nutrition and whole foods. Simultaneously, health and convenience are appealing factors to the growing, urbanising middle class of Africans supporting growth of on-the-go portion packs flavoured milks.

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