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## Food and beverages industry, 2018

Embargoed until:  
30 September 2020  
13:00

Report No. 64-20-01 (2018)

Statistics South Africa

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Dipalopalo tsa Aforikaborwa • Dipalopalo tsa Aforika Borwa • Ezazibalo zaseNingizimu Afrika • Tshitatistika Afrika Tshipembe • Tinhlayo Afrika-Dzonga

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**Food and beverages, 2018** / Statistics South Africa

Published by Statistics South Africa, Private Bag X44, Pretoria, 0001

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Stats SA Library Cataloguing-in-Publication (CIP) Data

**Food and beverages, 2018** / Statistics South Africa. Pretoria: Statistics South Africa, 2020

**Report 64-20-01 (2018)**

38 pages

ISBN: 978-0-621-48757-2

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## Contents

1.	Introduction .....	1
1.1	Aim and collection unit .....	1
1.2	Scope and coverage .....	1
1.3	Data items .....	1
1.4	Reference period .....	2
1.5	Current prices .....	2
1.6	Reliability of data .....	2
1.7	Confidentiality .....	2
2.	Summary of findings for the year 2018 .....	3
2.1	Income .....	3
	Table A – Income in the food and beverages industry, 2009 – 2018 .....	3
	Table B – Concentration ratio for total income in the food and beverages industry, 2009 – 2018 .....	4
	Table C – Profit margin in the food and beverages industry, 2009 – 2018 .....	4
2.2.	Employment .....	5
	Table D – Employment in the food and beverages industry for the last pay period ended on or before 30 June, 2009 – 2018 .....	5
	Figure 1 – Income and employment by type of service (% contribution) in the food and beverages industry, 2018 .....	6
	Figure 2 – Income and employment by enterprise size (% contribution) in the food and beverages industry, 2018 .....	7
	Table E – Average salaries and wages in the food and beverages industry, 2009 – 2018 .....	8
2.3.	Trade industry value added .....	9
	Figure 3 – Trade industry value added, annual percentage change (constant 2010 prices), 2011–2019 .....	9
	Figure 4 – Percentage contribution of the trade industry to total value added (current prices), 2011–2019 .....	9
2.4.	Capital expenditure on new assets .....	10
	Table F – Capital expenditure on new assets in the food and beverages industry, 2009 – 2018 .....	10
3.	Tables .....	11
	Table 1 – Principal statistics in the trade industry, 2015 and 2018 .....	11
	Table 2 – Principal statistics in the food and beverages industry, 2015 and 2018 .....	11
	Table 3 – Principal statistics by type of service in the food and beverages industry, 2015 and 2018 .....	12
	Table 4 – Profit margin in the food and beverages industry, 2015 and 2018 .....	13
	Table 5 – Income in the food and beverages industry, 2015 and 2018 .....	13
	Table 6 – Income in the food and beverages industry, 2018 .....	14
	Table 7 – Income by enterprise size in the food and beverages industry, 2018 .....	14
	Table 8 – Concentration ratios (relative contribution of the large enterprises) in the food and beverages industry, 2018 .....	15
	Table 9 – Expenditure in the food and beverages industry, 2015 and 2018 .....	16
	Table 10 – Expenditure in the food and beverages industry, 2018 .....	17

Table 11 – Capital expenditure on new assets in the food and beverages industry, 2015 and 2018 .....	18
Table 12 – Capital expenditure on new assets in the food and beverages industry, 2018 .....	19
Table 13 – Employment in the food and beverages industry for the last pay period ended on or before 30 June, 2015 and 2018.....	20
Table 14 – Details of employment in the food and beverages industry for the last pay period ended on or before 30 of June 2018 .....	20
Table 15 – Employment by enterprise size in the food and beverages industry for the last pay period ended on or before 30 of June 2018 .....	21
Table 16 – Details of income from sales by commodity type in the food and beverages industry, 2015 and 2018 .....	21
Table 17 – Details of income from sales of goods by commodity type in the food and beverages industry, 2018 .....	22
Table 18 – Details of purchases by commodity type in the food and beverages industry, 2015 and 2018 .....	23
Table 19 – Details of purchases by commodity type in the food and beverages industry, 2018 .....	24
Table 20 – Income from sales of goods and services by client base in the food and beverages Industry, 2015 and 2018.....	25
Table 21 – Income from sales of goods and services rendered by client base in the food and beverages Industry, 2018 .....	25
Table 22 – Information and communication technology (ICT) usage, for business purposes, in the food and beverages industry, 2018.....	26
Table 23 – Main uses of the internet, for business operations, in the food and beverages industry, 2018 .....	26
Table 24 – Internet connection used in the food and beverages industry, 2018 .....	28
Table 25 – Information and communication technology usage, by enterprise size, in the food and beverages industry, 2018.....	28
Table 26 – Booking/ordering methods and the use of social media platforms, 2018 .....	29
Explanatory notes .....	30
Table 27 – Size groups for the food and beverages industry, 2018 .....	31
Table 28 – Income in the food and beverages industry within 95% confidence limits, 2018 .....	32
Glossary .....	33

## **Food and beverages industry, 2018**

### **1. Introduction**

#### **1.1 Aim and collection unit**

This publication presents estimates in respect of the food and beverages industry, 2018. The survey aims to provide financial, production, employment and related information for the food and beverages industry in South Africa.

The last survey was conducted in 2015 (Report No. 64-20-01 (2015)).

The statistical unit for the collection of 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 activities. Each enterprise is classified to an industry that reflects its predominant activity.

#### **1.2 Scope and coverage**

The 2018 food and beverages industry large sample survey covers enterprises registered for value added tax (VAT) that are mainly engaged in the following activities classified according to the January 1993 edition of the Standard Industrial Classification of All Economic Activities (SIC), Fifth edition, Report No. 09-09-02:

- Restaurants, coffee shops or tearooms, with liquor licence (SIC 64201).
- Restaurants, coffee shops or tearooms, without liquor licence (SIC 64202).
- Takeaway counters and fast-food outlets (SIC 64203).
- Caterers (SIC 64204).
- Other catering services (SIC 64209).

#### **The following activities are excluded:**

- Wholesale trade in food, beverages and tobacco (SIC 6122).
- Retail trade in non-specialised stores with food, beverages and tobacco predominating (SIC 6211).
- Retail trade in food, beverages and tobacco in specialised stores (SIC 6220).

#### **1.3 Data items**

The following categories of data items were collected: industrial classification, details of employment, trading income, expenditure, profit or loss, inventories, capital expenditure on new assets, details of sales, details of services, details of purchases, details of the client base, the breakdown of sales and services rendered, salaries and wages by province, and details of information and communication technology and communication technology usage.

**N.B.: The 2015 figures are revised, while the 2018 figures are preliminary.**

#### **1.4 Reference period**

The questionnaires were completed for the financial year **ended on any date between 1 July 2017 and 30 June 2018**, according to the usual reporting schedule of the enterprise, with the following exception:

- Employment as at 30 June 2018.

#### **1.5 Current prices**

The rand values are at current prices.

#### **1.6 Reliability of data**

All estimates compiled for this industry are subject to both sampling and non-sampling errors.

The estimates presented in this publication are subject to sampling variability since they are based on information obtained from a sample. That is, they might 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 error likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate. The larger the RSE, the less reliable the estimate. The following are some of the likely sources of non-sampling errors: sampling frame not up to date, wrong definitions and classification, phrasing of questions, non-response, processing and estimation. Every effort is made to minimise non-sampling errors by the 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.

#### **1.7 Confidentiality**

According to section 17 of the Statistics Act, 1999 (Act No. 6 of 1999), completed questionnaires remain confidential to Statistics South Africa (Stats SA). Individual business information is never disclosed. Results are presented in aggregated form only.

## 2. Summary of findings for the year 2018

### 2.1 Income

**Table A – Income in the food and beverages industry, 2009 – 2018**

Type of service	2009		2012		2015		2018	
	R million	% contribution	R million	% contribution	R million	% contribution	R million	% contribution
Restaurants and coffee shops	17 227	46,1	24 496	55,6	27 430	49,5	33 704	46,6
Takeaway and fast-food outlets	11 030	29,5	13 645	31,0	17 989	32,4	24 261	33,6
Caterers and other catering services	9 103	24,4	5 884	13,4	10 038	18,1	14 320	19,8
<b>Total</b>	<b>37 360</b>	<b>100,0</b>	<b>44 025</b>	<b>100,0</b>	<b>55 457</b>	<b>100,0</b>	<b>72 285</b>	<b>100,0</b>

Source: Report No. 64-02-01

The total income for the food and beverages industry in 2018 was R72,3 billion. The total income represents an increase of 9,2% per annum over the income reported in the corresponding survey of 2015 (R55,5 billion). Comparing 2015 and 2018, large increases were reported for 'restaurants and coffee shops' and 'takeaway and fast-food outlets', both +R6,3 billion. 'Caterers and other catering services' reported an increase of +R4,3 billion during the same period.

Between 2009 and 2018, 'takeaway and fast-food outlets' gained the biggest percentage share (+4,1 percentage points) in income from the food and beverages industry (from a percentage contribution of 29,5% in 2009 to 33,6% in 2018). 'Caterers and other catering services' lost the biggest percentage share (-4,6 percentage points) over the same period (from 24,4% in 2009 to 19,8% in 2018).

**Table B – Concentration ratio for total income in the food and beverages industry, 2009 – 2018**

Concentration ratio	2009		2012		2015		2018	
	%							
CR5	14,7		11,2		10,0		14,2	
CR10	19,5		16,0		15,2		19,6	
CR20	25,7		21,6		21,5		26,8	
CR50	32,2		28,7		29,8		35,3	
CR100	37,2		34,5		36,5		41,9	

Source: Report No. 64-02-01

In 2018, the top 100 enterprises in the food and beverages industry contributed 41,9% to the total income compared with 37,2% in 2009. The concentration ratios of the top 10, 20, 50 and 100 enterprises were the highest in 2018 at 19,6%, 26,8%, 35,3% and 41,9% respectively. This illustrates the growing dominance of the top enterprises in the food and beverages industry in 2018.

**Table C – Profit margin in the food and beverages industry, 2009 – 2018**

Type of service	Net profit/loss after tax				Turnover				Profit margin			
	2009	2012	2015	2018	2009	2012	2015	2018	2009	2012	2015	2018
	R million								%			
Restaurants and coffee shops	264	523	506	1 083	16 985	23 915	30 936	39 527	1,6	2,2	1,6	2,7
Takeaway and fast-food outlets	175	338	401	705	10 872	13 445	15 367	18 027	1,6	2,5	2,6	3,9
Caterers and other catering services	-37	-26	172	592	8 435	5 820	6 864	12 922	-0,4	-0,4	2,5	4,6
<b>Total</b>	<b>402</b>	<b>835</b>	<b>1 079</b>	<b>2 380</b>	<b>36 292</b>	<b>43 180</b>	<b>53 167</b>	<b>70 476</b>	<b>1,1</b>	<b>1,9</b>	<b>2,0</b>	<b>3,4</b>

Source: Report No. 64-02-01

The profit margin for the food and beverages industry in 2018 was 3,4%. 'Caterers and other catering services' had the highest profit margin at 4,6%, followed by 'takeaway and fast-food outlets' (3,9%) and 'restaurants and coffee shops' (2,7%).

Between 2009 and 2018, the food and beverages industry recorded a highest profit margin of 3,4% in 2018. The highest profit margin by type of service was for 'caterers and other catering services' at 4,6% in 2018.



## 2.2. Employment

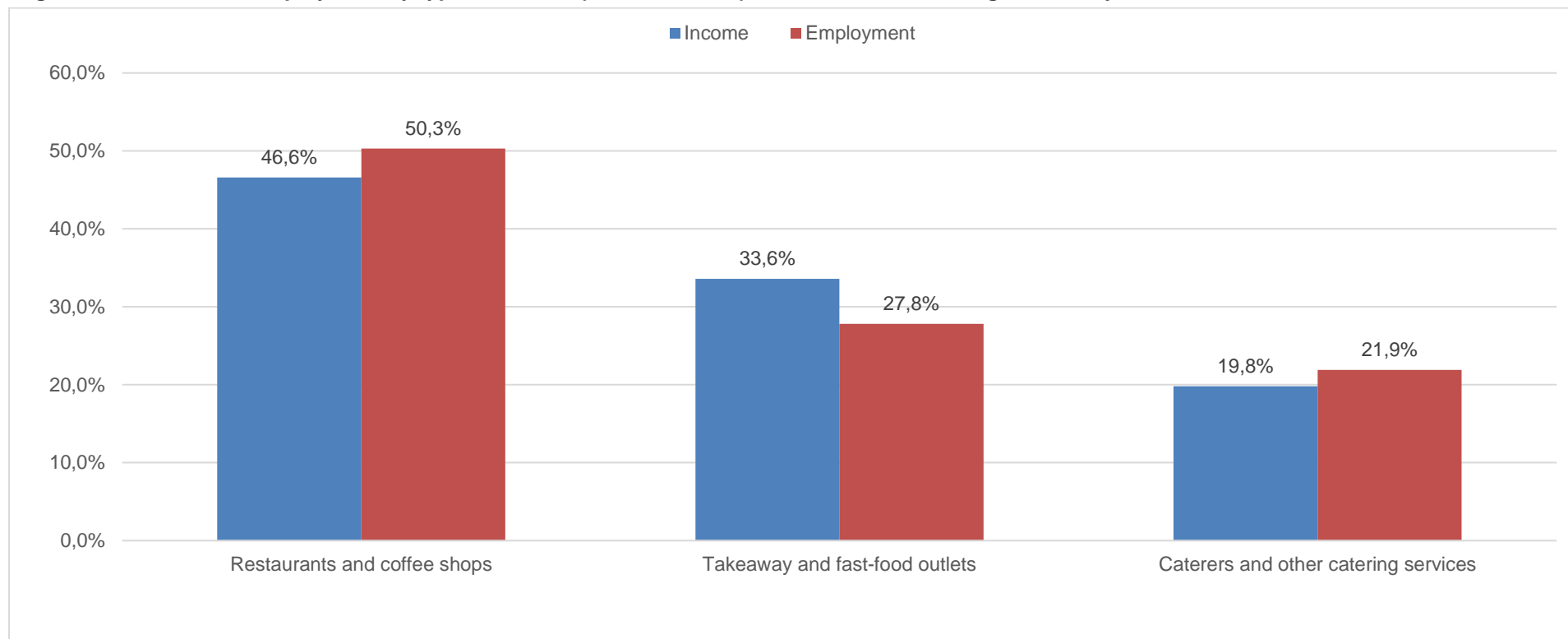
**Table D – Employment in the food and beverages industry for the last pay period ended on or before 30 June, 2009 – 2018**

Type of service	2009		2012		2015		2018	
	Number	% contribution	Number	% contribution	Number	% contribution	Number	% contribution
Restaurants and coffee shops	97 167	52,2	109 122	59,1	95 789	53,7	103 336	50,3
Takeaway and fast-food outlets	44 895	24,1	49 704	26,9	50 946	28,5	57 121	27,8
Caterers and other catering services	44 041	23,7	25 837	14,0	31 823	17,8	44 954	21,9
<b>Total</b>	<b>186 103</b>	<b>100,0</b>	<b>184 663</b>	<b>100,0</b>	<b>178 558</b>	<b>100,0</b>	<b>205 411</b>	<b>100,0</b>

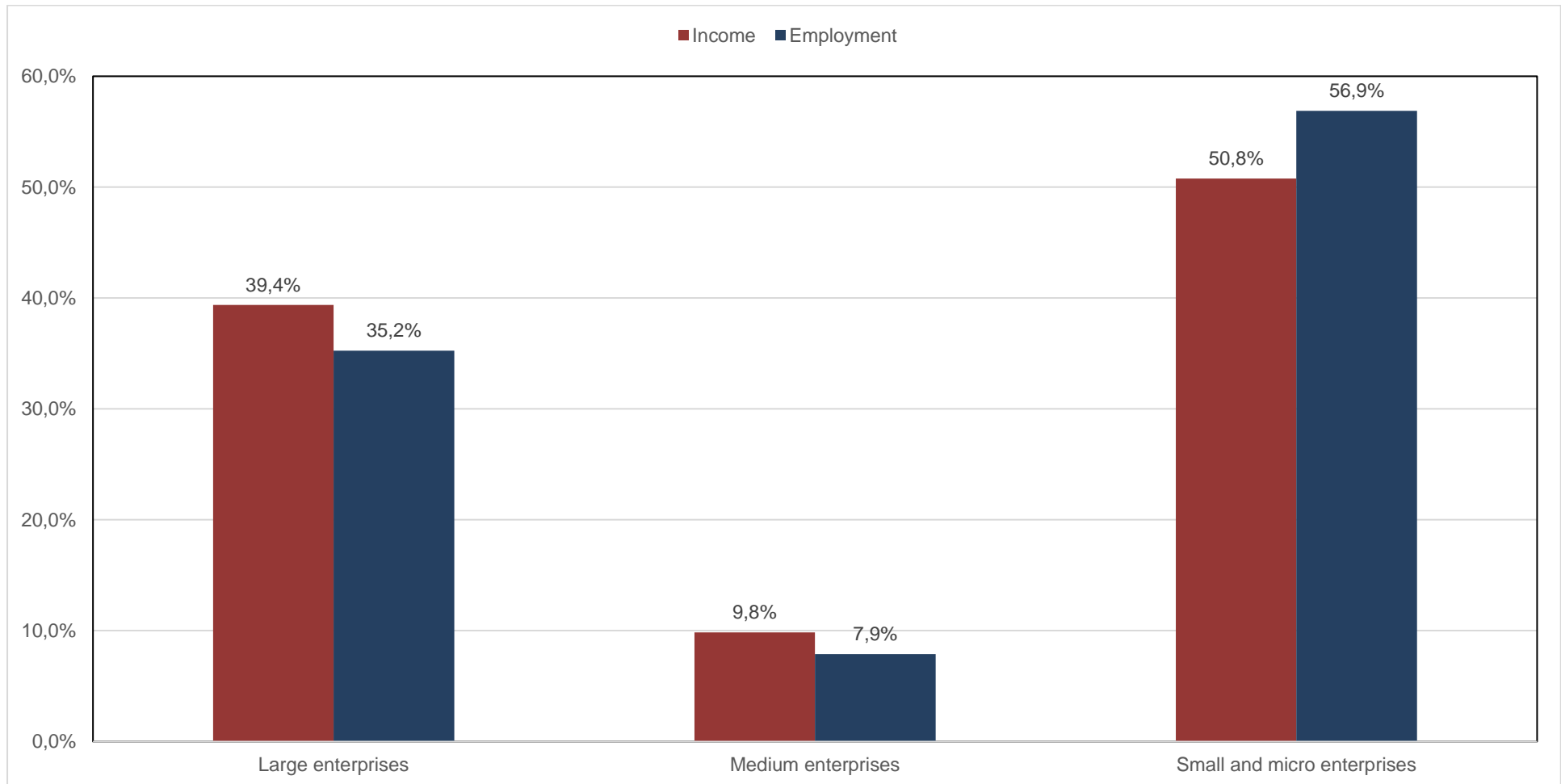
Source: Report No. 64-02-01

The total number of persons employed in the food and beverages industry as at the end of June 2018 was 205 411. 'Restaurants and coffee shops' employed the largest number of persons (103 336 or 50,3%), followed by 'takeaway and fast-food outlets' (57 121 or 27,8%) and 'caterers and other catering services' (44 954 or 21,9%).

Formal employment increased from 186 103 in 2009 to 205 411 in 2018 (a gain of 19 308 jobs). The biggest gain in persons employed between 2009 and 2018 was in 'takeaway and fast-food outlets' (+12 226 persons), followed by 'restaurants and coffee shops' (+6 169).

**Figure 1 – Income and employment by type of service (% contribution) in the food and beverages industry, 2018**

The types of service with the highest proportion of employment compared with the proportion of income were 'restaurants and coffee shops' (contributing 50,3% of employment and 46,6% of income) and 'caterers and other catering services' (contributing 21,9% of employment and 19,8% of income). The only division with the proportion of income higher than the proportion of employment was 'takeaway and fast-food outlets' (contributing 27,8% of employment and 33,6% of income).

**Figure 2 – Income and employment by enterprise size (% contribution) in the food and beverages industry, 2018**

Large enterprises (those with annual turnover equal to or greater than R78 million) contributed 39,4% of the total income of the industry in 2018 whereas their contribution to employment was 35,2%. Most (64,8%) of the employment in the industry was created by small, medium and micro enterprises (SMMEs) while their contribution to income was 60,6%.

Table E – Average salaries and wages in the food and beverages industry, 2009 – 2018

Type of service	2009			2012			2015			2018		
	Salaries and wages	Total employees	Average salaries and wages	Salaries and wages	Total employees	Average salaries and wages	Salaries and wages	Total employees	Average salaries and wages	Salaries and wages	Total employees	Average salaries and wages
	R million	Number	Rands	R million	Number	Rands	R million	Number	Rands	R million	Number	Rands
Restaurants and coffee shops	3 300	97 167	33 962	5 204	109 122	47 690	5 814	95 789	60 696	7 396	103 336	71 572
Takeaway and fast-food outlets	1 540	44 895	34 302	2 101	49 704	42 270	2 806	50 946	55 078	3 724	57 121	65 195
Caterers and other catering services	1 778	44 041	40 371	1 381	25 837	53 450	2 188	31 823	68 755	3 541	44 954	78 769
<b>Total</b>	<b>6 618</b>	<b>186 103</b>	<b>35 561</b>	<b>8 686</b>	<b>184 663</b>	<b>47 037</b>	<b>10 808</b>	<b>178 558</b>	<b>60 529</b>	<b>14 661</b>	<b>205 411</b>	<b>71 374</b>

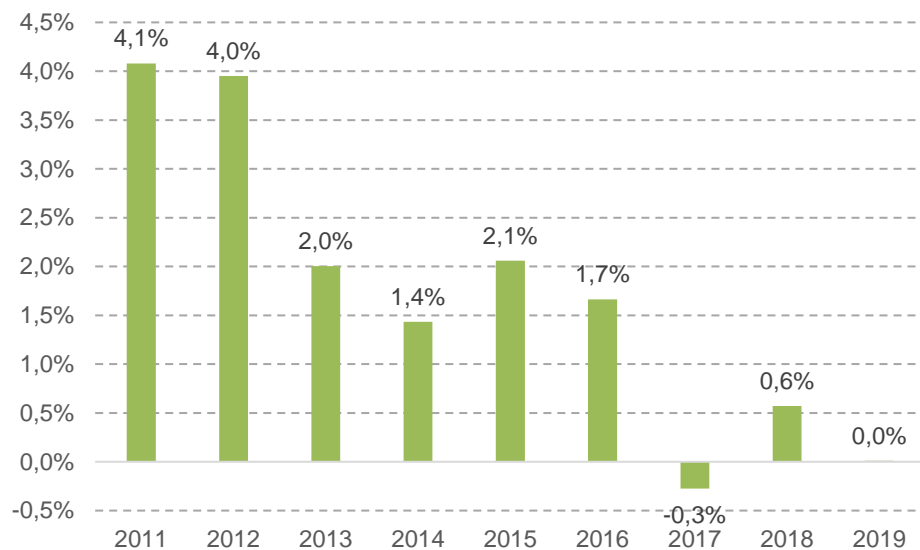
Source: Report No. 64-02-01

The average for salaries and wages in the food and beverages industry in 2018 was R71 374. The type of service with the highest average salaries and wages in 2018 was 'caterers and other catering services' (R78 769), followed by 'restaurants and coffee shops' (R71 572). The type of service with the lowest average salaries and wages in 2018 was 'takeaway and fast-food outlets' (R65 195).

Total average salaries and wages increased from R35 561 in 2009 to R71 374 in 2018, an annualised growth rate of 8,0%. The highest annualised growth rate between surveys in the food and beverages was 9,8% between 2009 and 2012.

### 2.3. Trade industry value added <sup>1</sup>

**Figure 3 – Trade industry value added, annual percentage change (constant 2010 prices), 2011–2019**

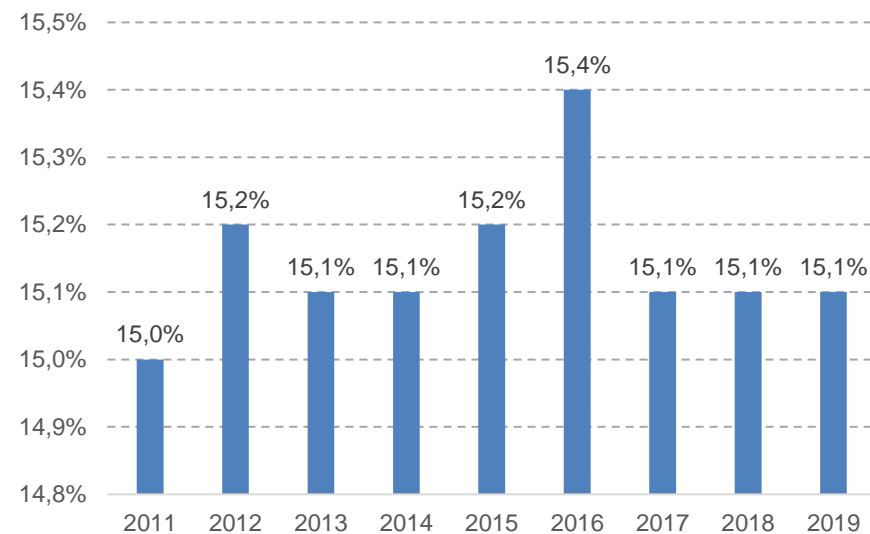


Source: P0441, GDP annual and regional tables, 2020

Trade industry value added at constant 2010 prices increased from R385,7 billion in 2011 to R431,7 billion in 2019. The annual growth rate fell from 4,0% in 2012 to 2,0% in 2013, and in 2017 there was a contraction of 0,3%. The average annual growth rate during 2011–2019 was 1,7% (P0441, GDP annual and regional tables, 2020).

<sup>1</sup> Wholesale, retail, motor, tourist accommodation, and food and beverages.

**Figure 4 – Percentage contribution of the trade industry to total value added (current prices), 2011–2019**



Source: P0441, GDP annual and regional tables, 2020

Between 2015 and 2018, the contribution of the trade industry to total value added declined slightly from 15,2% to 15,1%. For the period 2011 to 2019, the highest contribution of the trade industry to total value added was 15,4% in 2016.

## 2.4. Capital expenditure on new assets

**Table F – Capital expenditure on new assets in the food and beverages industry, 2009 – 2018**

Type service	2009		2012		2015		2018	
	R million	% contribution	R million	% contribution	R million	% contribution	R million	% contribution
Restaurants and coffee shops	526	38,0	573	38,8	760	39,2	868	36,9
Takeaway and fast-food outlets	697	50,3	796	54,0	1 022	52,8	1 327	56,3
Caterers and other catering services	162	11,7	106	7,2	155	8,0	159	6,8
<b>Total</b>	<b>1 385</b>	<b>100,0</b>	<b>1 475</b>	<b>100,0</b>	<b>1 937</b>	<b>100,0</b>	<b>2 354</b>	<b>100,0</b>

Source: Report No. 64-02-01

The total capital expenditure on new assets in 2018 (R2,4 billion) represents an increase of 6,7% per annum over the expenditure reported in the corresponding survey of 2015 (R1,9 billion). The largest contributor to total capital expenditure was 'takeaway and fast-food outlets' (R1,3 billion or 56,3%), followed by 'restaurants and coffee shops' (R868 million or 36,9%) and 'caterers and other catering services' (R159 million or 6,8%). Comparing 2015 and 2018, the largest increase was reported for 'takeaway and fast-food outlets' (+R305 million).

Between 2009 and 2018, 'takeaway and fast-food outlets' gained the biggest percentage share (+6,0 percentage points) in capital expenditure on new assets. 'Caterers and other catering services' lost the biggest percentage share (-4,9 percentage points) over the same period (from 11,7% in 2009 to 6,8% in 2018).



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### 3. Tables

**Table 1 – Principal statistics in the trade industry<sup>1</sup>, 2015 and 2018**

	Turnover	Total income	Total expenditure	Total value of opening inventories	Total value of closing inventories	Net profit or loss before tax	Capital expenditure on new assets	Number of employees
	R million							Number
<b>2015</b>	3 049 350	3 109 038	3 015 407	294 042	315 865	115 454	54 548	1 821 779
<b>2018</b>	3 628 691	3 710 988	3 604 059	395 054	418 625	130 500	60 106	1 856 290
<b>Annualised % change</b>	<b>6,0</b>	<b>6,1</b>	<b>6,1</b>	<b>10,3</b>	<b>9,8</b>	<b>4,2</b>	<b>3,3</b>	<b>0,6</b>

<sup>1</sup> The trade industry comprises wholesale trade, retail trade, motor trade, tourist accommodation, and food and beverages.

**Table 2 – Principal statistics in the food and beverages industry, 2015 and 2018**

	Turnover	Total income	Total current expenditure	Total value of opening inventory	Total value of closing inventory	Net profit before tax	Capital expenditure on assets	Number of employees
	R million							Number
<b>2015</b>	54 649	55 457	54 613	1 032	1 736	1 548	1 937	178 558
<b>2018</b>	70 320	72 285	69 017	1 603	1 482	3 147	2 354	205 411
<b>Annualised % change</b>	<b>8,8</b>	<b>9,2</b>	<b>8,1</b>	<b>15,8</b>	<b>-5,1</b>	<b>26,7</b>	<b>6,7</b>	<b>4,8</b>

Table 3 – Principal statistics by type of service in the food and beverages industry, 2015 and 2018

Type of service	Total income			Total expenditure			Total value of opening inventory		
	2015	2018	Annualised % change	2015	2018	Annualised % change	2015	2018	Annualised % change
	R million			R million			R million		
Restaurants and coffee shops	27 430	33 704	7,1	26 889	32 198	6,2	617	887	12,9
Takeaway and fast-food outlets	17 989	24 261	10,5	17 913	23 219	9,0	206	442	29,0
Caterers and other catering services	10 038	14 320	12,6	9 811	13 600	11,5	209	274	9,4
<b>Total</b>	<b>55 457</b>	<b>72 285</b>	<b>9,2</b>	<b>54 613</b>	<b>69 017</b>	<b>8,1</b>	<b>1 032</b>	<b>1 603</b>	<b>15,8</b>

Table 3 – Principal statistics type of service in the food and beverages industry, 2015 and 2018 (concluded)

Type of service	Total value of closing inventory			Net profit before tax			Capital expenditure on assets		
	2015	2018	Annualised % change	2015	2018	Annualised % change	2015	2018	Annualised % change
	R million			R million			R million		
Restaurants and coffee shops	878	686	-7,9	802	1 305	17,6	760	868	4,5
Takeaway and fast-food outlets	587	507	-4,8	457	1 107	34,3	1 022	1 327	9,1
Caterers and other catering services	271	289	2,2	289	735	36,5	155	159	0,9
<b>Total</b>	<b>1 736</b>	<b>1 482</b>	<b>-5,1</b>	<b>1 548</b>	<b>3 147</b>	<b>26,7</b>	<b>1 937</b>	<b>2 354</b>	<b>6,7</b>



**Table 4 – Profit margin in the food and beverages industry, 2015 and 2018**

Type of service	Net profit after tax		Turnover		Profit margin <sup>2</sup>	
	2015	2018	2015	2018	2015	2018
	R million				%	
Restaurants and coffee shops	601	945	27 104	33 249	2,2	2,8
Takeaway and fast-food outlets	271	814	17 649	23 777	1,5	3,4
Caterers and other catering services	228	596	9 896	13 294	2,3	4,5
<b>Total</b>	<b>1 100</b>	<b>2 355</b>	<b>54 649</b>	<b>70 320</b>	<b>2,0</b>	<b>3,3</b>

<sup>2</sup> Profit margin = net profit after tax divided by turnover multiplied by 100

**Table 5 – Income in the food and beverages industry, 2015 and 2018**

Type of income	2015	2018	2015	2018	Annualised % change
	R million		% contribution		
Sales of goods and service rendered	54 314	69 992	97,9	96,7	8,8
Interest	167	255	0,3	0,4	15,2
Rental, leasing income	335	328	0,6	0,5	-0,7
Other income	641	1 710	1,2	2,4	38,3
<b>Total</b>	<b>55 457</b>	<b>72 285</b>	<b>100,0</b>	<b>100,0</b>	<b>9,2</b>

Table 6 – Income in the food and beverages industry, 2018

Type of service	Sales of goods	Interest	Rental, leasing income	Dividends	Other income	Total income
	R million					
Restaurants and coffee shops	33 245	123	4	8	324	33 704
Takeaway and fast-food outlets	23 458	66	319	1	417	24 261
Caterers and other catering services	13 289	66	5	173	787	14 320
<b>Total</b>	<b>69 992</b>	<b>255</b>	<b>328</b>	<b>182</b>	<b>1 528</b>	<b>72 285</b>

Table 7 – Income by enterprise size in the food and beverages industry, 2018

Type of service	Large enterprises	Medium enterprises	Small and micro enterprises	Total
	R million			
Restaurants and coffee shops	5 030	2 624	26 050	33 704
Takeaway and fast-food outlets	14 119	3 247	6 895	24 261
Caterers and other catering services	9 316	1 241	3 763	14 320
<b>Total</b>	<b>28 465</b>	<b>7 112</b>	<b>36 708</b>	<b>72 285</b>

**Table 8 – Concentration ratios (relative contribution of the large enterprises) in the food and beverages industry, 2018**

Type of service	Total income	Income of 5 largest enterprises	Relative contribution of 5 largest enterprises <sup>4</sup>	Income of 10 largest enterprises	Relative contribution of 10 largest enterprises <sup>4</sup>	Income of 20 largest enterprises	Relative contribution of 20 largest enterprises <sup>4</sup>
	R million		%	R million	%	R million	%
Restaurants and coffee shops	33 704	3 278	9,7	4 051	12,0	5 030	14,9
Takeaway and fast-food outlets	24 261	6 355	26,2	9 366	38,6	11 933	49,2
Caterers and other catering services	14 320	6 376	44,5	7 911	55,2	9 282	64,8
<b>Total</b>	<b>72 285</b>	<b>10 283<sup>3</sup></b>	<b>14,2</b>	<b>14 196<sup>3</sup></b>	<b>19,6</b>	<b>19 388<sup>3</sup></b>	<b>26,8</b>

<sup>3</sup> Note: These figures reflect the income of the 5, 10, 20, 50 and 100 largest enterprises respectively, and not the column totals

<sup>4</sup> Relative contribution = income of the largest enterprises divided by total income and multiplied by 100

**Table 8 – Concentration ratios (relative contribution of the large enterprises) in the food and beverages industry, 2018 (concluded)**

Type of service	Income of 50 largest enterprises	Relative contribution of 50 largest enterprises <sup>4</sup>	Income of 100 largest enterprises	Relative contribution of 100 largest enterprises <sup>4</sup>
	R million	%	R million	%
Restaurants and coffee shops	6 603	19,6	8 414	25,0
Takeaway and fast-food outlets	15 253	62,9	17 802	73,4
Caterers and other catering services	10 754	75,1	10 809	75,5
<b>Total</b>	<b>25 527<sup>3</sup></b>	<b>35,3</b>	<b>30 301<sup>3</sup></b>	<b>41,9</b>

<sup>3</sup> Note: These figures reflect the income of the 5, 10, 20, 50 and 100 largest enterprises respectively, and not the column totals

<sup>4</sup> Relative contribution = income of the largest enterprises divided by total income and multiplied by 100

**Table 9 – Expenditure in the food and beverages industry, 2015 and 2018**

Type of expenditure	2015	2018	2015	2018	Annualised % change
	R million		% contribution		
Purchases	27 734	33 343	50,7	48,3	6,3
Subcontractors and labour/ employment brokers paid	97	65	0,2	0,1	-12,5
Employment cost	10 808	14 661	19,8	21,2	10,7
Leasing and hiring of plant, machinery, equipment and vehicles	434	543	0,8	0,8	7,8
Rental and leasing of land, buildings and other structures	3 006	4 039	5,5	5,9	10,3
Railage and transport-out	147	244	0,3	0,4	18,4
Interest	541	713	1,0	1,0	9,6
Advertising, marketing and promotion	1 001	1 509	1,8	2,2	14,7
Utilities (water and electricity)	1 186	2 015	2,2	2,9	19,3
Other expenditure	9 659	11 885	17,7	17,2	7,1
<b>Total</b>	<b>54 613</b>	<b>69 017</b>	<b>100,0</b>	<b>100,0</b>	<b>8,1</b>

**Table 10 – Expenditure in the food and beverages industry, 2018**

Type of service	Purchases	Employment cost	Leasing and hiring of plant, machinery, equipment and vehicles under operating leases	Rental and leasing of land, buildings and other structures under operating leases	Railage and transport-out	Interest paid	Insurance premiums
	R million						
Restaurants and coffee shops	14 638	7 396	320	2 511	93	318	221
Takeaway and fast-food outlets	11 125	3 724	144	1 268	124	251	86
Caterers and other catering services	7 580	3 541	79	260	27	144	67
<b>Total</b>	<b>33 343</b>	<b>14 661</b>	<b>543</b>	<b>4 039</b>	<b>244</b>	<b>713</b>	<b>374</b>

**Table 10 – Expenditure in the food and beverages industry, 2018 (concluded)**

Type of service	Advertising, marketing and promotion	Depreciation and amortisation	Royalties, franchise fees, copyright, trade names, trademarks and patent rights	Repair and maintenance	Losses on financial and other assets: disposal of assets, realisation for cash and revaluation of assets	Utilities (water and electricity)	Other expenditure	Total
	R million							
Restaurants and coffee shops	462	859	1 022	336	26	1 103	2 893	32 198
Takeaway and fast-food outlets	1 014	736	1 566	362	79	804	1 936	23 219
Caterers and other catering services	33	189	27	121	7	108	1 417	13 600
<b>Total</b>	<b>1 509</b>	<b>1 784</b>	<b>2 615</b>	<b>819</b>	<b>112</b>	<b>2 015</b>	<b>6 246</b>	<b>69 017</b>

Table 11 – Capital expenditure on new assets in the food and beverages industry, 2015 and 2018

Type of asset	2015	2018	2015	2018	Annualised % change
	R million		% contribution		
Land, buildings and construction works, roads, parking areas and leasehold improvements	319	544	16,5	23,1	19,5
Plant, machinery, furniture and fittings, construction equipment, manufacturing equipment and other office equipment	985	1 337	51,0	56,8	10,7
Computers, network equipment and other ICT equipment	101	200	5,2	8,5	25,6
Motor vehicles, trucks, aircraft, boats, trailers, locomotives, fleet and other transport equipment	241	84	12,4	3,6	-29,6
Other capital expenditure	291	189	14,9	8,0	-13,3
<b>Total capital expenditure on assets</b>	<b>1 937</b>	<b>2 354</b>	<b>100,0</b>	<b>100,0</b>	<b>6,7</b>

**Table 12 – Capital expenditure on new assets in the food and beverages industry, 2018**

Type of asset	Restaurants and coffee shops	Takeaway and fast-food outlets	Caterers and other catering services	Total
	R million			
Land, buildings and construction works, roads, parking areas and leasehold improvements	182	319	43	544
Plant, machinery, furniture and fittings, construction equipment, manufacturing equipment and other office equipment	532	746	59	1 337
Computers, network equipment and other ICT equipment	62	105	33	200
Motor vehicles, trucks, aircraft, boats, trailers, locomotives, fleet and other transport equipment	50	19	15	84
Other capital expenditure	42	138	9	189
<b>Total capital expenditure on assets</b>	<b>868</b>	<b>1 327</b>	<b>159</b>	<b>2 354</b>

**Table 13 – Employment in the food and beverages industry for the last pay period ended on or before 30 June, 2015 and 2018**

Type of service	Female employees			Male employees			Total employees		
	2015	2018	Annualised % change	2015	2018	Annualised % change	2015	2018	Annualised % change
	Number			Number			Number		
Restaurants and coffee shops	55 215	60 690	3,2	40 575	42 646	1,7	95 789	103 336	2,6
Takeaway and fast-food outlets	31 512	37 337	5,8	19 434	19 787	0,6	50 946	57 121	3,9
Caterers and other catering services	18 661	26 529	12,4	13 162	18 427	11,9	31 823	44 954	12,2
<b>Total</b>	<b>105 388</b>	<b>124 556</b>	<b>5,7</b>	<b>73 171</b>	<b>80 860</b>	<b>3,4</b>	<b>178 558</b>	<b>205 411</b>	<b>4,8</b>

**Table 14 – Details of employment in the food and beverages industry for the last pay period ended on or before 30 of June 2018**

Type of service	Full-time employees			Part-time employees			Total employees
	Female	Male	Total	Female	Male	Total	
	Number						
Restaurants and coffee shops	55 316	39 566	94 882	5 376	3 080	8 453	103 336
Takeaway and fast-food outlets	30 799	16 361	47 160	6 529	3 426	9 967	57 121
Caterers and other catering services	25 483	17 557	43 040	1 047	870	1 916	44 954
<b>Total</b>	<b>111 598</b>	<b>73 484</b>	<b>185 082</b>	<b>12 952</b>	<b>7 376</b>	<b>20 336</b>	<b>205 411</b>



**Table 15 – Employment by enterprise size in the food and beverages industry for the last pay period ended on or before 30 of June 2018**

Type of service	Large enterprises	Medium enterprises	Small and micro enterprises	Total
	Number			
Restaurants and coffee shops	11 445	7 475	84 416	103 336
Takeaway and fast-food outlets	34 905	5 624	16 592	57 121
Caterers and other catering services	26 043	3 104	15 807	44 954
<b>Total</b>	<b>72 393</b>	<b>16 203</b>	<b>116 815</b>	<b>205 411</b>

**Table 16 – Details of income from sales by commodity type in the food and beverages industry, 2015 and 2018**

Commodity type	2015	2018	2015	2018	Annualised % change
	R million		% contribution		
Food and snacks	44 813	57 978	83,9	83,9	9,0
Non-alcoholic beverages	4 175	5 156	7,8	7,5	7,3
Alcoholic fermented beverages	2 362	3 135	4,4	4,5	9,9
Alcoholic distilled beverages and wines	1 905	2 721	3,6	3,9	12,6
Other sales	169	163	0,3	0,2	-0,6
<b>Total sales of goods</b>	<b>53 424</b>	<b>69 153</b>	<b>100,0</b>	<b>100,0</b>	<b>9,0</b>

**Table 17 – Details of income from sales of goods by commodity type in the food and beverages industry, 2018**

Commodity type	Restaurants and coffee shops	Takeaway and fast-food outlets	Caterers and other catering services	Total
	R million			
Food and snacks	25 780	21 551	10 647	57 978
Non-alcoholic beverages	3 318	1 614	224	5 156
Alcoholic fermented beverages	1 933	33	1 169	3 135
Alcoholic distilled beverages and wines	2 094	91	536	2 721
Other sales	49	97	17	163
<b>Total sales of goods</b>	<b>33 174</b>	<b>23 386</b>	<b>12 593</b>	<b>69 153</b>

**Table 18 – Details of purchases by commodity type in the food and beverages industry, 2015 and 2018**

Commodity type	2015	2018	2015	2018	Annualised % change
	R million		% contribution		
Vegetables	2 432	2 791	8,8	8,4	4,7
Fruits and nuts	668	1 072	2,4	3,2	17,1
Meat and fish products	11 085	12 896	39,9	38,6	5,2
Dairy products	1 293	2 126	4,7	6,4	18,0
Bakery products	1 745	2 119	6,3	6,4	6,7
Other food products	3 354	3 812	12,1	11,4	4,4
Alcoholic beverages	2 438	2 750	8,8	8,2	4,1
Non-alcoholic beverages	2 747	3 431	9,9	10,3	7,7
Gas	350	394	1,3	1,2	4,0
Other purchases	1 622	1 952	5,8	5,9	7,8
<b>Total purchases</b>	<b>27 734</b>	<b>33 343</b>	<b>100,0</b>	<b>100,0</b>	<b>6,3</b>

**Table 19 – Details of purchases by commodity type in the food and beverages industry, 2018**

Commodity type	Restaurants and coffee shops	Takeaway and fast-food outlets	Caterers and other catering services	Total
	R million			
Vegetables	938	993	860	2 791
Fruits and nuts	333	333	406	1 072
Meat and fish products	5 142	5 387	2 367	12 896
Dairy products	1 104	545	477	2 126
Bakery products	947	743	429	2 119
Other food products	1 547	1 443	822	3 812
Alcoholic beverages	1 470	46	1 234	2 750
Non-alcoholic beverages	1 987	965	479	3 431
Gas	229	123	42	394
Other purchases	941	547	464	1 952
<b>Total purchases</b>	<b>14 638</b>	<b>11 125</b>	<b>7 580</b>	<b>33 343</b>

**Table 20 – Income from sales of goods and services by client base in the food and beverages Industry, 2015 and 2018**

Type of client	2015	2018	2015	2018	Annualised % change
	R million		% contribution		
Individuals and households	42 928	59 682	79,1	85,3	11,6
Businesses (including NGOs)	10 770	8 807	19,8	12,6	-6,5
Government (national, provincial and local), including parastatals	616	1 502	1,1	2,1	34,6
<b>Total</b>	<b>54 314</b>	<b>69 991</b>	<b>100,0</b>	<b>100,0</b>	<b>8,8</b>

**Table 21 – Income from sales of goods and services rendered by client base in the food and beverages Industry, 2018**

Type of service	Individuals and households	Businesses (including NGOs)	Government (national, provincial and local), including parastatals	Total
	R million			
Restaurants and coffee shops	31 874	1 223	148	33 245
Takeaway and fast-food outlets	23 016	373	69	23 458
Caterers and other catering services	4 792	7 211	1 285	13 288
<b>Total</b>	<b>59 682</b>	<b>8 807</b>	<b>1 502</b>	<b>69 991</b>

**Table 22 – Information and communication technology (ICT) usage, for business purposes, in the food and beverages industry, 2018**

Type of service	Computers/ electronics devices	Fixed phone line	Corporate mobile phone	Fax machine	Internet	Own web page	IT outsourced	Invest in ICT training
	% of enterprises							
Restaurants and coffee shops	100,0	95,2	54,4	36,8	99,2	56,8	6,6	42,0
Takeaway and fast-food outlets	99,0	93,1	52,9	43,1	97,1	41,2	9,8	51,0
Caterers and other catering services	97,9	93,6	70,2	44,7	95,7	61,7	4,3	36,2
<b>Total</b>	<b>99,3</b>	<b>94,2</b>	<b>56,6</b>	<b>40,5</b>	<b>97,8</b>	<b>51,8</b>	<b>6,6</b>	<b>42,0</b>

**Table 23 – Main uses of the internet, for business operations, in the food and beverages industry, 2018**

Type of service	Email	Business promotions (advertising)	e-commerce	e-government	e-learning	Social networks	ICT-based supply chains (tracking systems)
	% of enterprises						
Restaurants and coffee shops	96,8	39,2	8,0	8,0	5,6	18,4	5,6
Takeaway and fast-food outlets	96,1	17,6	5,9	2,9	9,8	6,9	5,9
Caterers and other catering services	89,4	38,3	10,6	4,3	0,0	12,8	12,8
<b>Total</b>	<b>95,3</b>	<b>31,0</b>	<b>7,7</b>	<b>5,5</b>	<b>6,2</b>	<b>13,1</b>	<b>6,9</b>

**Table 23 – Main uses of the internet, for business operations, in the food and beverages industry, 2018 (concluded)**

Type of service	Information services	Internet banking	Virtual teams, remote working, telecommunity	VOIP (e.g. Skype)	Receive orders/bookings	Place orders/bookings	Other uses
	% of enterprises						
Restaurants and coffee shops	48,0	72,0	5,6	4,0	24,0	23,2	1,6
Takeaway and fast-food outlets	52,9	68,6	9,8	5,9	18,6	16,7	2,9
Caterers and other catering services	61,7	59,6	6,4	6,4	10,6	21,3	0,0
<b>Total</b>	<b>52,2</b>	<b>68,6</b>	<b>7,3</b>	<b>5,1</b>	<b>19,7</b>	<b>20,4</b>	<b>1,8</b>

**Table 24 – Internet connection used in the food and beverages industry, 2018**

Type of service	Broadband fixed line	Broadband mobile
	% of enterprises	
Restaurants and coffee shops	64,8	68,0
Takeaway and fast-food outlets	55,9	51,0
Caterers and other catering services	46,8	66,0
<b>Total</b>	<b>58,4</b>	<b>61,3</b>

**Table 25 – Information and communication technology usage, by enterprise size, in the food and beverages industry, 2018**

Enterprise size	Computers/ electronic devices	Fixed phone line	Corporate mobile phone	Fax machine	Internet	Own web page	Received orders over internet	Financial transactions undertaken on website	IT outsourced	Invest in ICT training
	% of enterprises									
Large enterprises	100,0	95,7	68,6	55,7	100,0	57,1	15,7	12,9	58,6	18,6
Medium enterprises	100,0	97,3	51,4	45,9	97,3	54,1	17,6	5,4	67,6	16,2
Small and micro enterprises	98,5	91,5	53,1	29,2	96,9	47,7	23,1	3,8	53,1	8,5
<b>Total</b>	<b>99,3</b>	<b>94,2</b>	<b>56,6</b>	<b>40,5</b>	<b>97,8</b>	<b>51,8</b>	<b>19,7</b>	<b>6,6</b>	<b>58,4</b>	<b>13,1</b>



Table 26 – Booking/ordering methods and the use of social media platforms, 2018

Type of service	Walk-in customers	Telephone bookings	Fax bookings	Internet	Other booking/ordering methods	Enterprises using social media platforms for researching the industry
	% of enterprises					
Restaurants and coffee shops	95,3	70,8	6,6	36,8	25,5	47,2
Takeaway and fast-food outlets	92,7	63,4	2,4	29,3	29,3	26,8
Caterers and other catering services	74,4	43,6	7,7	23,1	15,4	25,6
<b>Total</b>	<b>90,7</b>	<b>63,4</b>	<b>5,3</b>	<b>31,7</b>	<b>25,1</b>	<b>36,1</b>

## Explanatory notes

<b>Background</b>	<p>The results presented in this publication have been derived from the 2018 food and beverages large sample survey. This is a periodic survey which measures economic activity in the food and beverage sector of the South African economy. This survey is based on a sample of private and public enterprises operating in the food and beverage industry.</p> <p>The sample was drawn from Stats SA's business register, based on the units registered for value added tax (VAT).</p>
<b>Value added tax (VAT)</b>	All figures exclude value added tax (VAT).
<b>Reference period</b>	The information was collected from enterprises for their financial year, which ended on any date between 1 July 2017 and 30 June 2018.
<b>Purpose of the survey</b>	Results of the survey are used within Stats SA for benchmarking the gross domestic product (GDP) and its components. These statistics are also used by government policy advisors in monitoring the performance and contribution of individual industries to the South African economy and the effectiveness of industry policies, and by private sector users in analyses of comparative business and industry performance.
<b>Classification by industry</b>	The 1993 edition of the <i>Standard Industrial Classification of All Economic Activities</i> (SIC), Fifth Edition, Report No. 09-09-02, 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</i> (ISIC) with suitable adaptations for local conditions. Statistics in this publication are presented at SIC group (five-digit) level. Each enterprise is classified to an industry, which reflects its predominant activity.
<b>Statistical unit</b>	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 turnover recorded for them on the Stats SA business register. Large enterprises are those with an annual recorded turnover above R78 million. Table 27 presents Department of Trade, Industry and Competition (DTIC) cut-off points adjusted by a factor of 6,0.

**Table 27 – Size groups for the food and beverages industry, 2018**

Size group	Annual turnover
Large	VAT turnover > R78 000 000
Medium	R36 000 000 < VAT turnover ≤ R78 000 000
Small	R30 600 000 < VAT turnover ≤ R36 000 000
Micro	VAT turnover ≤ R30 600 000

**Survey methodology and design**

The survey was conducted by post, email, fax, telephone and personal visits.

A sample of approximately 800 enterprises was drawn from a frame of enterprises using stratified simple random sampling. The enterprises were first stratified at the five-digit level according to the SIC, and then by size of enterprise. All large, medium and small enterprises were completely enumerated. Turnover as recorded on the business register was used as a measure of size for stratification. The collection rate was 76,5%.

**Collection rate**

Collection rate = ((collected + finalised investigations) / sample size) x 100.

**Turnover collection rate**

Turnover collection rate = ((weighted collected enterprises BR turnover + weighted finalised investigations BR turnover)/population turnover)\*100.  
The turnover collection rate was 90,1%.

**Weighting methodology**

For those strata not completely enumerated, 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 were calculated and then aggregated with the completely enumerated stratum to form division estimates.

**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 error likely to have occurred as a result of sampling, and thus avoids the need to refer to the size of the estimate.

**Table 28 – Income in the food and beverages industry within 95% confidence limits, 2018**

Type of service	Lower limit	Total income	Upper limit	Relative standard error
	R million			%
Restaurants and coffee shops	27 949	33 704	39 458	8,7
Takeaway and fast-food outlets	21 634	24 261	26 888	5,5
Caterers and other catering services	12 789	14 320	15 851	5,5
<b>All food and beverages</b>	<b>65 776</b>	<b>72 285</b>	<b>78 793</b>	<b>4,6</b>

**Revisions to previous results**

Revisions were made to previous results due to new information obtained after publication.

**Abbreviations**

BR	Business Register
DTIC	Department of Trade, Industry and Competition
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

<b>Concentration ratio</b>	The ratio of the income of the <i>n</i> largest enterprises to the total income.
<b>Employees</b>	Persons employed by a business or organisation and who received payment (in salaries, wages, commission, piece rates or payments in kind) for the last pay period ended on or before 30 June 2018.
<b>Employment costs</b>	The total cost of employment, including salaries, wages, service and other bonuses, allowances (including car allowances), overtime payments, retirement benefits, contributions to medical, pension and provident funds, unemployment insurance and accident funds, and housing subsidies.
<b>Enterprise</b>	The enterprise is a legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its activities.
<b>Full-time employees</b>	Full-time employees are those (permanent, temporary or casual) who normally work 40 hours or more per week.
<b>Industry</b>	An industry consists of a group of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the <i>System of National Accounts</i> (SNA) in the same way as in the <i>Standard Industrial Classification of all Economic Activities (SIC)</i> , Fifth Edition, Report No. 09-90-02 of January 1993.
<b>Motor vehicles</b>	Motor vehicles include cars, trucks, aircraft, boats, trailers, locomotives and other transport equipment.
<b>Net profit or loss after tax</b>	Total income <b>plus</b> closing value of inventories <b>minus</b> total expenditure <b>minus</b> opening value of inventories <b>minus</b> company tax
<b>Net profit or loss before tax</b>	Total income <b>plus</b> closing value of inventories <b>minus</b> total expenditure <b>minus</b> opening value of inventories

<b>Other expenditure</b>	<p>Other expenditure includes:</p> <p>Custom duties; excise duties; cleaning services (contracted out); interest; pest control; security; repairs and maintenance; management and administration fees; motor vehicle running expenditure, including parts and fuel if not part of operating expenditure; insurance; royalties; franchise fees; severance, termination and redundancy payments; advertising, marketing, promotions; railage and transport-out; professional services, e.g. accounting, audit and other professional services, legal expenses and data processing services; and staff welfare, including amenities (canteen, crèche, gym).</p>
<b>Other income</b>	<p>Other income includes:</p> <p>Grants received from institutions other than government; donations or sponsorships; and royalties received from enterprises based in South Africa.</p>
<b>Other sales</b>	<p>Other sales include:</p> <p>Sales from vending machines; tobacco and tobacco products; other sales.</p>
<b>Part-time employees</b>	Part-time employees are those (permanent, temporary or casual) who usually work less than 40 hours per week.
<b>Profit margin</b>	<p>Profit margin is derived as:</p> <p>Net profit after tax</p> <p><b>divided by</b> turnover</p> <p><b>multiplied by</b> 100.</p>
<b>Statistical unit</b>	A statistical unit is a unit of observation or measurement for which statistical data are collected or derived.
<b>Stratum</b>	A stratum is constructed by concatenating the SIC classification and size group variables.
<b>Turnover</b>	<p>Turnover includes:</p> <ul style="list-style-type: none"> <li>• value of sales of goods;</li> <li>• amount received for services rendered;</li> <li>• rent and lease payments received for land and buildings; and</li> <li>• rent, leasing and hiring received for machinery, vehicles and other equipment.</li> </ul>
<b>Working proprietors</b>	Working proprietors include all individual proprietors and partners, whether they earn a salary or not, actively engaged in the work of the enterprise, excluding silent or inactive partners whose principal activity is outside of the enterprise.
<b>Zero values</b>	All rand values less than R500 000.