
The Outbreak Of Listeriosis in South Africa

Listeriosis is a foodborne disease which is transmitted by eating foods contaminated with Listeria bacteria. Through 2017 and 2018, South Africa had, what is known as the world's worst breakout of Listeriosis currently recorded. The breakout was a result of contaminated meat produced by Enterprise Foods - a subsidiary of Tiger Brands, and which resulted in 183 deaths over the period. This resulted in Enterprise as well as the rest of the fast food industry occurring drastic losses due to loss in sales, health and safety issues and obsolete stock. The outbreak affected all stakeholders in the industry as factories were closed, jobs were lost and there was a high number of casualties. South Africa's reputation was tarnished as international investors grew wary and became concerned with the status of the breakout, therefore resulting in the withdrawal of potential investors. Even companies who were not directly linked to Listeriosis suffered losses as consumers were afraid of cross contamination and would rather not take risks, many companies had to recall their products from stores. The issue became so severe that 4 countries had banned meats imported from SA. The losses became drastic factories and abattoirs had to close down, resulting in over 2000 people being retrenched and South Africa's unemployment rate of 26.6% increasing.

During 2017-2018, South Africa suffered the world's largest case of Listeriosis outbreak which, according to the article, resulted in 183 recorded deaths. This was a result of consuming contaminated cold meats (e.g. polony and sausages). The outbreak resulted in losses throughout the entire fast food industry and all other linked stakeholders. Rainbow Chicken and other related suppliers

In March 2018, Enterprise announced that they will be temporarily seizingne and Germiston factories, which was identified as the source of the outbreak as well as later closing their Pretoria factory (According to the Business Tech article.) This lead to the Company's Clayville abattoir suffering as Enterprise was its main supply customers. By stopping production, Enterprise already occurring huge losses of R28 million-R33 million as no production means no sales income or profit, yet fixed expenses were still payable. Tiger Brands further announced an official recall on all products across the country relating to Listeriosis. The nationwide recall costed Enterprise a total of R337 million and R377 million on a pre-tax basis. These costs included all expenses for national recall excluding canned products as they were produced in another factory site in Polokwane. However, the company had managed to claim R94 million to cover some of their additional costs.

However, Enterprise was not the only company who incurred major losses. President Cyril Ramaphosa released a statement earlier this year saying that since the breakout, 2 processing factories and 1 abattoir has shut down. In total, an overall of over 2000 jobs were lost. That's over 2000 families left with a shortage of income to manage surviving. This also contributes to South Africa's unemployment rate of 26.6% hence worsening the economy.

Enterprise has also suffered in terms of their shares. Their share price was steady at R392.02 before falling 8% after the listeriosis outbreak.

Not only has Enterprise occurred severe financial losses but their brand name has now become

tarnished from all the negative publicity regarding the outbreak. Along with Enterprise, South Africa's reputation and credibility has also been lost.

Effects on South Africa's Reputation and Economy

4 countries have banned imported meats from South Africa. This is a very negative image for South Africa as it shows the rest of the world that SA has bad public relations and untrustworthy products. Mozambique and Namibia have immediately stopped imports from SA following the news of the Listeriosis breakout. This would've had a domino effect on the decrease in South Africa's GDP for trade and export. Botswana recalled all products immediately from their shelves and Zambia called on all South African retail store to remove all contaminated products from their shelves with immediate effect. SA's GDP with would've further decreased from the loss of sales from Enterprise considering that they were responsible for 28.2% of all meat sales in South Africa in 2017 and the local market was singlehandedly worth R6.02 billion. SA's credibility would also be tarnished to current and potential international investors as they would grow wary and would not want to be associated with a negative image. They would also withdraw their investments to avoid incurring losses as well. The additional 2000 families have now lost a source of income, adding to the poverty rates in SA, and hence worsening the economy.

With over 2000 people losing their jobs with factories closing, there was a slight increase in South Africa's unemployment rate of 26.6%. This also means that factories had to pay out retrenchment compensations which is an additional expense to the already suffering company.

However local brands have been affected more than international brands, where international brands would reconsider expanding to SA, local brands were directly impacted.