



Wine Export Opportunities to:

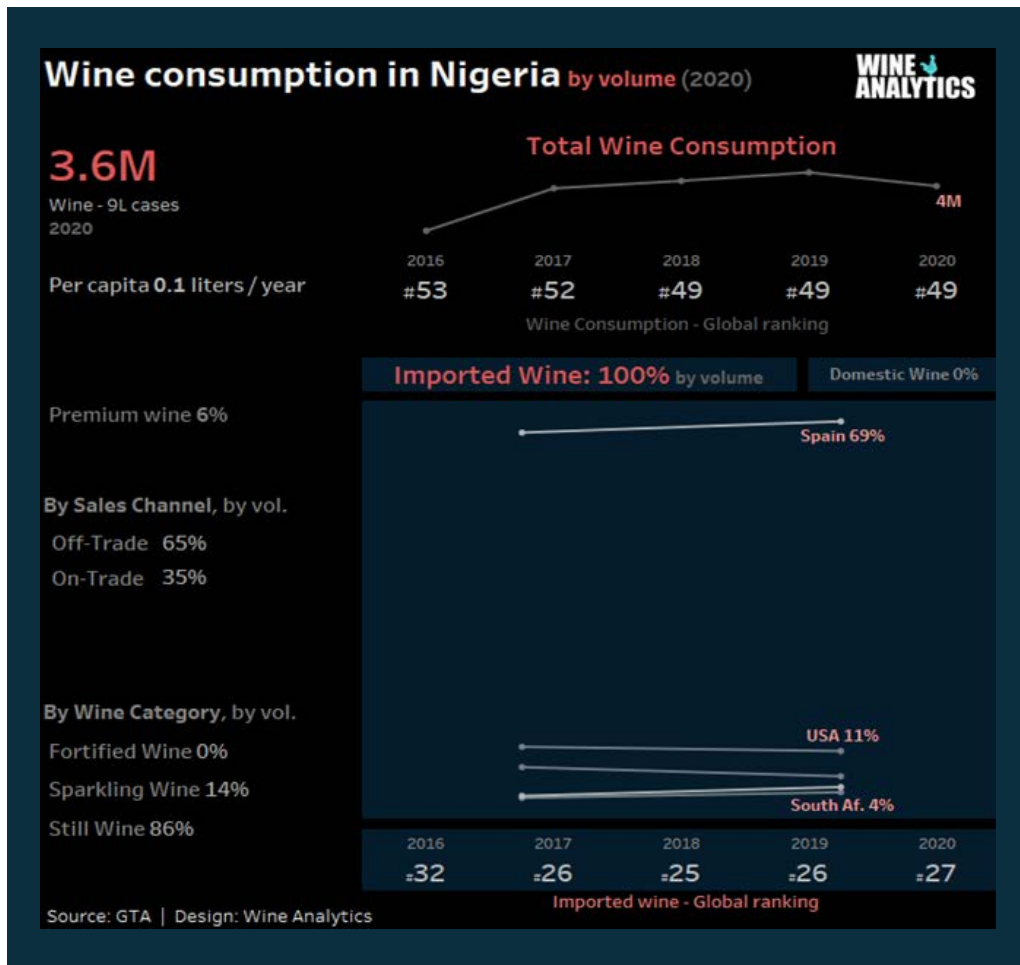
NIGERIA

Euromonitor International found that wine consumption in Nigeria rose to 33.1 million litres in 2021, the highest level since 2015.¹ With more Nigerians consuming wine, learn more about wine export opportunities to Africa's most populous country.

Wine Consumption In Nigeria

According to Fortune Business Insights™, the global wine market in 2019 was an estimated USD\$364.25 billion and is expected to grow at an annual rate of 6.06% between 2020 and 2027. This means that by 2027, the global wine market size is anticipated to reach an amazing USD\$444.93 billion.

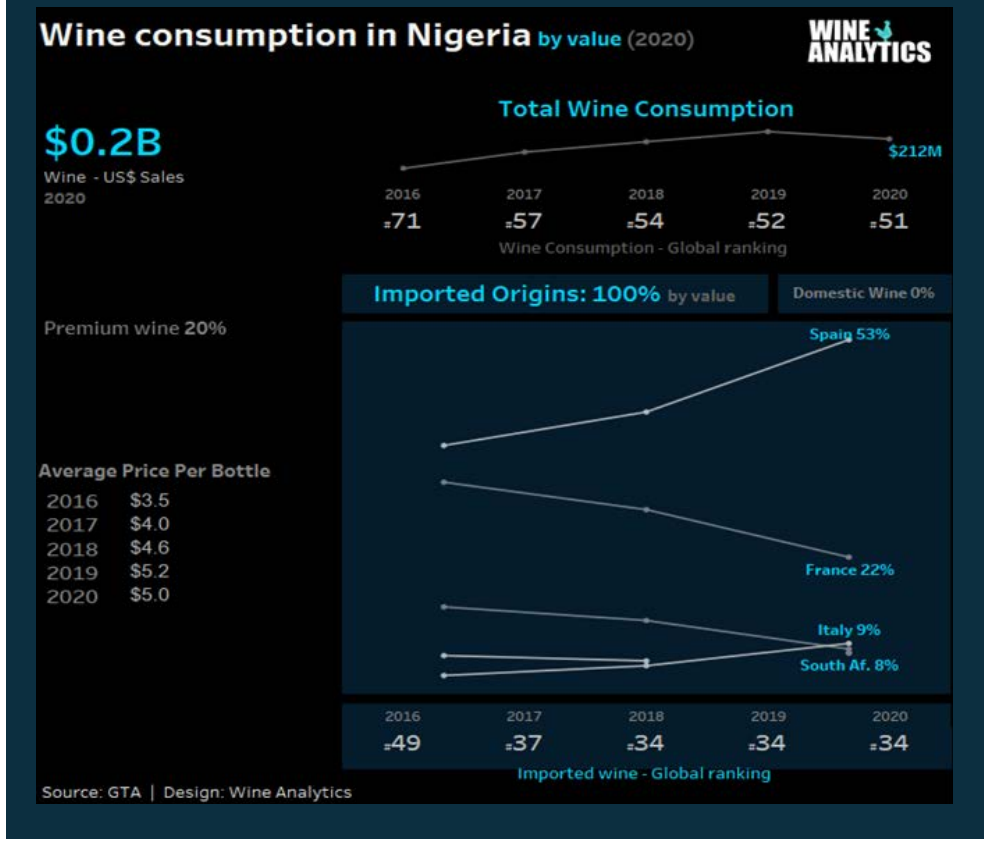
In Nigeria, the still wine market was equal to USD\$183 million (calculated in retail prices) in 2015 and is forecast to reach USD\$570.9 million (in retail prices) by 2025. This represents a CAGR of 11.72 per cent for the period 2020-2025.



Despite declined growth more recently, there are still ample opportunities for Australian wine to gain traction in the Nigerian market with its distinct wine varietals and flavours.

Red wines are the most consumed with 74 per cent of the volume of wine sold followed by white wines (13 per cent). Red wines are predominantly consumed by the wealthy and upper middle class, who can afford to drink wine even during a pandemic.





There is a preference for entry-level and mid-range products due to the low purchasing power of consumers. Women prefer sweet products and those with a low percentage of alcohol.

Non-alcoholic wines are beginning to gain momentum in the market because of deep religious beliefs of a wide section of Nigerians. Locally produced spirits dominate the sub-sector with bitters being very popular among consumers.



Wine Importation In Nigeria

Historically, Nigeria is not a wine producing country, except for local palm wine. Spain, South Africa and Italy are the market leaders for entry and mid-range wines, while France remains popular for high-end products. Other countries present in the market are the United States, Portugal, Chile, Mexico and Australia.

Importation of beers are prohibited to protect local production. International brands with strong market shares in the country include Heineken (48.7 per cent), Diageo (21.6 per cent) and Anheuser Busch InBev (19.6 per cent).

The importation and marketing of all food products in Nigeria are subject to prior registration with the NAFDAC (National Agency for Food and Drug Administration and Control). Since October 2005, goods imported into Nigeria are subject to inspection upon arrival. This control is carried out on behalf of the Nigerian Government by three private companies: SGS, Swede Control Intertek and Cotecna.



Overview Of The Nigerian Retail Sector

Nigeria's population of more than 206 million (in 2020) accounts for about 50 per cent of West Africa's 400 million people. Over half of the country's population resides in urban areas, and urbanization is growing at 4 per cent annually. The country's population is estimated to reach 400 million by 2050 with about 20 per cent of the population within 15-24 years cohort.

The Consumption Expenditure Pattern (CEP) published by the National Bureau of Statistics shows that an average Nigerian spends about 55 per cent of their income on food and 45 percent on non-food items.

The retail food sector accounts for about 16.4 percent of total GDP. About 80 per cent of shopping is still conducted at traditional shops but more consumers are shifting towards purchasing consumer food at supermarkets and convenience stores. Multinational supermarkets in large shopping mall such as ShopRite from South Africa, SPAR, and GAME (a South African retail chain acquired by Walmart) among others have expanded operations across the country.

According to industry sources, revenues of Nigeria's food service consisting of full-service hotels, restaurants, quick service restaurants, cafes, and bars, 100 percent home delivery among others reached \$13 billion in 2019. Food sales in the hotel, restaurant and institutional (HRI) sector was divided as follows: hotels (30 per cent), restaurants (50 per cent) and institutions/industrial/outdoor (20 per cent).

Why Nigeria As Your Next Investment Destination

People: Biggest economy in Africa with a population of more than 206 million people. Lagos is among the ten largest cities in the world with 15.3 million inhabitants and is expected to grow by 70 per cent over the next decade.

Consumer Market Size: Africa's largest consumer market is worth roughly USD\$370 billion (2013). Increased spending among households is expected to increase to USD\$200 billion between 2015 and 2025 or 30 per cent of Africa's overall consumption growth over this period.

Online Shopping: Nigerians report the highest rate on the continent at 25 per cent.

Investment: Zero restrictions on capital allowance and 100 per cent tax exemption for 5 years for new agro-processing businesses.

ABOUT LEKKI FREE TRADE ZONE

132
FREE ZONE ENTERPRISES

7
INVESTMENT RICH
SECTORS

3,000
HECTARES OF
INVESTMENT SPACE

320
MILLION MARKET SIZE

120,000
PROJECTED RESIDENTS

SABMiller (Beverage Case Study)

SABMiller started as South Africa's national champion. The company began acquiring African breweries in 1993, starting with a 50 per cent stake in a money-losing operation in Tanzania. With help from local partners, it quickly turned the brewery around, tripling production and generating healthy profits within three years.

From 2007 to 2016, SABMiller's African sales outside of South Africa climbed from USD\$280 million to USD\$1 billion and by 2016, had brewing operations in forty of Africa's fifty-four countries.

SABMiller used a successful brand-positioning approach to develop a diverse portfolio of African brands tailored to local markets. In Nigeria, SABMiller developed a new beer brand, and priced it 25 per cent below the market leading brand. Hero became one of the company's most successful brands and production was never able to keep up with demand.

Source: Africa Business Revolution

GZ Industries Nigeria (Aluminum Cans Case Study)

As brewers and beverage companies grew exponentially across Africa, they all imported their packaging due to lack of local production. This provided an opportunity for GZ Industries (GZI) to build Nigeria's first aluminium-can manufacturing plant in Ogun State near Lagos.

GZI quickly reached its production capacity of 1.2 billion cans per year, leading the company to open a second plant in Abia State in South Eastern Nigeria. GZI plans to expand across Africa, including establishing a plant in South Africa, where it will go head-to-head with Nampak, currently the largest can manufacturer in Africa.

Source: Africa Business Revolution

Lekki Free Trade Zone (Case Study)

Special economic zones (SEZs) and free-trade zones were the spearhead of Asian industrialisation, allowing countries with major deficits in power, logistics and bureaucracy to pull in investors. The Lekki Free Trade Zone (Lekki FTZ) in Lagos, Nigeria covers about 155 square kilometres. The first phase of the zone covers 30 square kilometres and includes a deepwater port and several anchor clients, including the second Kellogg's factory in Africa and a Dano Milk factory from Arla.

Tolaram, a Singaporean agri-processor, runs the free zone. The group has been in the manufacturing business for 50 years and runs 19 factories in Nigeria. It expects food and beverages, pharmaceutical, chemicals, non-metallics and logistics companies who want to use Nigeria as a hub for manufacturing /distribution in West Africa to be attracted to the area.

Source: The Africa Report & Wikipedia

Africa Market Entry Services by OctoberFirst Consulting

At OctoberFirst Consulting, we strongly believe that any business can succeed and thrive with sound market research and painstaking due diligence designed to help you navigate institutional voids and establish viable business partnership(s). Whether you are addressing a mass market need or a niche market, we can efficiently and cost-effectively help you:

- Identify the right distributor or niche markets,
- Search for joint ventures or acquisition opportunities
- Find investment prospects.

Our Africa market research solutions will help you answer the critical questions such as:

- What is the size of the market and consumer trends
- What are perceptions of products and local competition
- What are cost implications so you can make the best decisions and succeed.

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