+357 96 030922
info@marketpublishers.com

East Africa Food and Drink Report Q3 2012

https://marketpublishers.com/r/E4D58D0DF29EN.html
Date: June 2012
Pages: 110
Price: US$ 1,295.00 (Single User License)
ID: E4D58D0DF29EN

Abstracts

Includes 3 FREE quarterly updates

Kenya The dynamics of a stronger currency, tight monetary policy and improved weather conditions suggest that domestic demand conditions should remain reasonably healthy in 2012. While the lagged impact of tighter monetary conditions could start to bite, we do not believe that this will bear a substantial impact on consumption spending in the coming quarters.

The Kenyan consumer-facing sectors are showing tremendous long-term promise. Although Kenya is not clearly distinguishable from its neighbours Tanzania and Uganda in terms of GDP per capita, Kenya's consumer sector is significantly more developed than these countries. The domestic food and drink processing industry is much stronger, and internal trade systems are more developed, with organised grocery retail outlets much more widespread.

Following a challenging two-year period over 2008 and 2009, as post-election violence and then a sluggish economy reined in private consumption after a period of accelerated growth, Kenya is much more integrated into the global economy than the rest of the East African Community (EAC). Kenya is the EAC's economic hub and its most developed consumer market.

Our strong Kenyan view is also backed up by the fact that we believe companies can more efficiently reach the end-consumer market in comparison with Tanzania and Uganda. Internal trade systems are stronger, with mass grocery retail contributing an estimated 5% to consolidated grocery sales compared with a non-Kenyan East African average of about 1%.

Headline Industry Data

+357 96 030922
info@marketpublishers.com

Per capita food consumption is forecast to increase by 13.0% in 2012. To 2016, we are forecasting a compound annual growth of 10.6%.

Mass grocery retail sales are forecast to increase by 29.2% in 2012. To 2016, we are forecasting a compound annual growth of 31.6%.

Sudan South Sudan is capturing the attention of a number of food and drink companies in the beer, soft drink and retail spaces. The referendum held in South Sudan over secession from Khartoum earlier in 2011 became reality on July 9. The separation of powers and the formation of an independent state will have profound implications spanning the political, economic and social divide. For Juba, South Sudan's capital, succession is somewhat of a coup given that around three-quarters of Sudan's oil output is produced in

South Sudan. The South, which can lay claim to about three quarters of Sudan's oil output, is going to try and attract investment into its non-oil economy over the next few years. We are already seeing interest with the announcement that the Kenyan food retailer Uchumi is planning to launch a store in Juba and may be followed by some of its regional rivals in the future. While there is certainly a lot of room for growth in organised retailing, we believe the most exciting opportunities from a food and drink point of view will lie in beer and soft drinks. Meanwhile, the North will also continue to hold appeal over the long term.

Per capita food consumption is forecast to increase by 25.8% in 2012. To 2016, we forecast a compound annual growth of 17.2%.

Mass grocery retail sales are forecast to increase by 29.6% in 2012. To 2016, we forecast compound annual growth of 20.7%.

Tanzania We note that Tanzania’s telecoms industry is one of the region’s most competitive, with a host of big hitters jockeying for a share of the market. Our telecoms team forecasts that there will be more than 52 mobile phone subscribers per 100 inhabitants in 2011 and this will rise to nearly 70 by 2016. These are phenomenal numbers and the sheer manner in which mobile phones have caught on in Africa really highlights what can be achieved on the consumer side. Companies that can invest heavily in distributional infrastructure (getting your products to the final consumer is probably the greatest challenge you have to overcome) are best placed. This is a big reason why telecoms and also soft drinks have been so successful in Tanzania and

+357 96 030922
info@marketpublishers.com

indeed most of Africa.

With income still low, there are potentially dynamic opportunities on offer for low-cost goods targeting the mass market in particular and Tanzania is no exception. Demand for basic essentials such as toothpaste and shampoo will grow considerably over the next few years. With internal distribution systems in terrible shape, large investment into distribution must be made.

There is still very little formal leverage across much of Sub-Saharan Africa on the consumer side – retail banking penetration is tiny, which makes the takeoff in mobile banking very exciting, and formal home ownership financing is still mostly in its infancy. So much activity remains under the radar across much of the region, where the informal economy accounts for a big chunk of spending. The huge take off in cell phones over the past decade shows that if the price is right, there are huge opportunities at mass market level, where consumers are willing to embrace new brands.

Headline Industry Data

Per capita food consumption is forecast to increase by 25.8% in 2012. To 2016, compound annual growth of 15.5%

Mass grocery retail sales are forecast to increase by 30.1% in 2012. To 2016, compound annual growth of 19.4% is forecast

Uganda Uganda's organised food and drink (F&D) industry is accelerating off a very low base, with per capita food consumption still below US$250, per capita beer consumption below 10 litres and organised grocery retail's proportional contribution to overall sales below 5%. As local consumers climb up the income ranks, these consumption levels will soar considerably over the coming years, underpinning our expectations that the Ugandan market will comfortably outperform the broader East African Community (EAC) region.

Backing up BMI's view on Uganda's relative competitiveness, sector investments have been more forthcoming in its F&D sector than in Tanzania's, with a number of companies opting to invest in Uganda before Tanzania. Uganda's beer industry has been the EAC's most competitive for some time, with Diageo-owned East Africa Breweries (EAB) vying for leadership, while most recently Kenyan retailers, led by Nakumatt and Uchumi in particular, have been launching stores, with others expected to follow suit. The retailers are largely pursuing middle-high income traffic, as the industry generally lacks the scale to pursue low-income traffic at this stage.

In stark contrast to the demographic 'time bomb' being faced by most developed countries, Uganda's population is one of the most youthful and fastest growing in the world. According to statistics published by the US Census Bureau, Uganda's total fertility rate is 6.5 births per woman, second only to Niger.

Given that we expect the birth rate to be sustained at this high level, the country's population pyramid is likely to be as widely based in three or four decades from now as it is at present.

Headline Industry Data

Per capita food consumption is forecast to increase by 20.7% in 2012. To 2016, compound annual growth of 14.1% is forecast
Mass grocery retail sales are forecast to increase by 27.8% in 2012. To 2016, compound annual growth of 19.4% is forecast

Contents

+357 96 030922
info@marketpublishers.com

I would like to order

Product name: East Africa Food and Drink Report Q3 2012

Product link: https://marketpublishers.com/r/E4D58D0DF29EN.html

Price: US$ 1,295.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page https://marketpublishers.com/r/E4D58D0DF29EN.html