



Foreign Agricultural Service

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Nigeria

Market Development Report

Evaluation of 'Eat & Drink American' In-store Promotion, Bestway Supermarkets, Port Harcourt 2000

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Report Highlights

FAS/Lagos organized a 15-day 'Eat & Drink American' in-store promotion for U.S. high-value foods with the Bestway Supermarket chain in Port Harcourt, Nigeria during December 1999. The event was highly successful in expanding sales of U.S. consumer-ready foods and will serve as a model for the planning of future activities in this market geared to the retail supermarket sector.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Lagos [NI1], NI

From: FAS/Lagos
To: AGEXPORT Services Division/FAS/USDA Washington, DC
Activity: "Eat and Drink American" (Supermarket Promotion)
Venue: Bestway Supermarkets in Port Harcourt, Nigeria
Date: December 4 - 19, 1999

BACKGROUND

- ' FAS/Lagos in collaboration with Bestway Supermarkets- -a 10-store retail chain located in Port Harcourt, an oil-rich city in Nigeria's Delta region- -organized an "Eat & Drink American" in-store promotion for U.S. consumer foods. The event was held in three of Bestway's largest stores.
- ' This represented the first time that Post has organized a major marketing initiative outside of Lagos and our first ever retail in-store promotion.
- ' FAS/Lagos selected Bestway Supermarkets as the ideal retail chain based upon:
 - Its participation in the 1997 Worldwide Food Expo in Chicago which prompted the initiation of Bestway's direct purchasing of U.S. high-value, consumer-ready food products.
 - A newly established relationship between Bestway and a U.S. consolidator. This had led to Bestway's monthly purchases of two 40-foot containers of mixed grocery items during the past year.
 - Its strong customer base consisting of both high-income Nigerians and expatriates working with the local oil industry.
- ' The event is judged to have been highly successful. Bestway recorded a significant gain in sales and has indicated that, as a result of the activity, it will increase its purchases of U.S. foods.
- ' Post will adopt this activity as a model for future in-store retail promotions in other key urban areas.

FAS OBJECTIVES

- ' Stimulate demand for American food products by creating increased consumer awareness of high quality U.S. consumer-ready food products.
- ' To re-assure Nigerian consumers of the U.S. origin of consumer-ready food products sold by local importers/distributors. Often, country of origin labeling is inaccurate.
- ' To evaluate point-of-sale materials that Post has created in recent months designed for the purpose of diversifying our marketing initiatives. The idea is to create a readily identifiable marketing logo which Nigerian consumers in every major urban area will recognize as an indication that the retailer is marketing U.S. food products.
- ' To support the promotional/sales efforts of local importers/distributors of U.S. foods.
- ' To stimulate interest on the part of other retailers, as they try to keep pace with their competitors.

BESTWAY OBJECTIVES

- ' To increase store traffic and sales volumes by attracting new customers.
- ' To develop a marketing strategy based upon establishing a reputation as a marketer of quality, imported U.S. foods. Many consumers are concerned that imported products often are subjected to label and product

adulteration.

- ' To achieve a reputation as a retailer of authentic U.S. groceries.

STRATEGY

- ' Increase U.S. sales of consumer-ready foods in the Nigerian market by demonstrating to retailers the sales/profit benefits of dedicating a section of their floor space to U.S. groceries.
- ' Expand sales of U.S. groceries by adding new product lines.
- ' Expand sales of U.S. processed foods in Nigeria by gaining greater penetration in key urban areas outside of Lagos, beginning with Port Harcourt.
- ' Stimulate consumer demand for U.S. food products by utilizing mass media and retail marketing activities which will enhance consumer awareness.

ACTIVITIES & METHODOLOGIES

- ' Bestway ordered an additional three 40-foot containers of mixed U.S. groceries from its U.S. supplier which was displayed and sold during this in-store promotion.
- ' A section of Bestway's stores was dedicated exclusively for U.S. products.
- ' FAS/Lagos mobilized local importers/distributors of U.S. foods in Nigeria to focus their sales efforts on the Bestway chain. This added to the diversity of products offered during the event while at the same time exposing and test-marketing new U.S. food products in the Delta region.
- ' Locally-produced POS materials, including: branded pens, branded shopping bags, in-door and out-door banners, car/door stickers, balloons and other store decorations were utilized.
- ' To minimize Post expenditures for this activity, some promotional materials were borrowed from the Foreign Commercial Service, Lagos.
- ' Radio jingles were produced to announce the event for the 15-day period on local radio stations.
- ' An advertising campaign was conducted based upon the distribution of printed material and the use of internet.

- ' Receptions were organized at the beginning and end of the event. Costs were borne by the Bestway supermarket chain.
- ' To stimulate consumer interest, Bestway offered a 5 percent price discount on all U.S. food products purchased during the 15-day period of the event.
- ' Bestway stores were decorated in a festive red, white and blue color scheme to create an American image for shoppers.
- ' The 15-day in-store promotion was timed to coincide with consumer shopping preparations for the Christmas season. Nigerian households normally double their food purchases during the month of December.

CONSTRAINTS

- ' Sales volume was adversely affected by delays in the delivery of some U.S. products from importers/distributors based in Lagos.
- ' Bestway sales during the activity would have been larger if not for the aggressive Christmas sales campaigns carried out by other competing retailers.
- ' Consumer feedback from the event indicated a desire for a wider selection of imported U.S. foods. Although

this was a constraint on potential sales volume, it sent a clear message to store management.

RESULTS/CONCLUSIONS

- ' Bestway reported that customer traffic in December 1999 increased 50 percent over the same month in 1998.
- ' Overall sales of U.S. products during the event was estimated at \$40,000, an increase of 30 percent for the same period a year earlier.
- ' Sales of U.S. groceries are still showing benefits from the promotion. According to Bestway, sales a month after the conclusion of the activity are up 20 percent over a year earlier.
- ' Sales gains were particularly strong for: rice, fruit juice, breakfast cereals, pasta, spices and snack food items.
- ' More than 40 different manufacturers' brands were utilized during the activity, many of which participated with multiple products.
- ' Many customers expressed a desire for a wider variety of U.S. groceries.
- ' Five local importers/distributors of U.S. consumer-ready foods have entered into sales arrangements with Bestway as a means of distributing their products in eastern Nigeria as a result of the event.
- ' Bestway is now engaged in discussions with several other importers in an attempt to arrange additional purchasing agreements.
- ' The section of the stores dedicated to U.S. groceries in Bestway outlets during the event have become permanent sites for U.S. products in response to customer demand.
- ' The Dutch community in Port Harcourt met with Bestway management following the event and has proposed a similar event for Dutch foods.
- ' Other supermarket chains in Port Harcourt have contacted FAS/Lagos expressing their desire to collaborate with us in conducting similar marketing activities.

PROPOSALS/RECOMMENDATIONS

- ' Post will maintain its newly established relationship with Bestway as a focal point for promoting sales of U.S. food products in eastern Nigeria.
- ' FAS/Lagos will assist Bestway in the design and decoration of its permanent American foods section.
- ' The 'Eat & Drink American' logo tested in this event will be adopted for future marketing activities.
- ' FAS/Lagos will organize in-store promotions with supermarkets and convenience stores that merchandise U.S. food products on a city, regional or national basis.
- ' FAS/Lagos proposes to organize a similar event with Bestway in October 2000. During this month, competing retailers are not conducting their Christmas sales campaigns.
- ' Post will mobilize additional importers/distributors of U.S. foods to display and sell their products in the second edition of the event planned for October 2000.
- ' Post has reported this event in the Promotional Opportunities Report 2000 to publicize it among U.S. food exporters wishing to introduce their products into the Nigerian market. FAS/Lagos and Bestway Supermarkets will support and assist U.S. exporters wishing to exhibit at the event.

COSTS

- ' Port Harcourt is a coastal city located about 700 miles to the east of Lagos in the oil-rich Delta region.
- ' Total Post expenditures for the event were \$ 4,177. This included: \$2,108 for travel, \$1,495 for the production of POS materials, and \$574 for advertising costs. This activity represents the first time that FAS/Lagos has acquired appropriate POS materials for carrying out retail-oriented marketing activities for U.S. consumer-ready foods. Some of the POS materials used in this activity remain with Post for future usage.
- ' Costs borne by Beltway are estimated at approximately \$ 3,000.
- ' FAS/Lagos' expenditures in carrying out this event reflected the pioneering aspect of this activity which necessitated additional travel expenses.
- ' Post anticipates that future costs for similar events will be lower due to lessons learned which will allow us to pass on additional costs to our collaborators.

ENCLOSURES

The following enclosures have been sent to AGEXPORT Services Division, Attention: Ed Porter:

- ' Photographs covering the event.
- ' A cassette tape of the radio advertisement jingle.
- ' Some of the locally produced POS materials used during the event.