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Ghana

Retail Food Sector

Ghana's Retail Sector

2007

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Report Highlights:
The Ghanaian market continues to offer many opportunities for U.S. exporters of high-value food products. Demand for these products is rapidly expanding, but the U.S. share remains relatively low at five percent. Ghana is also a key access point for market entry into the larger West Africa region.

Includes PSD Changes: No
Includes Trade Matrix: No
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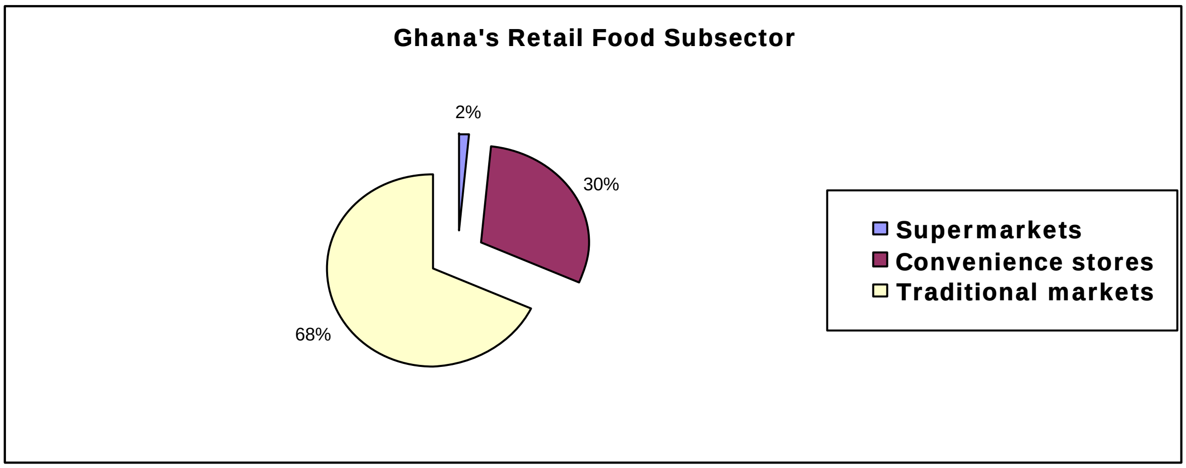
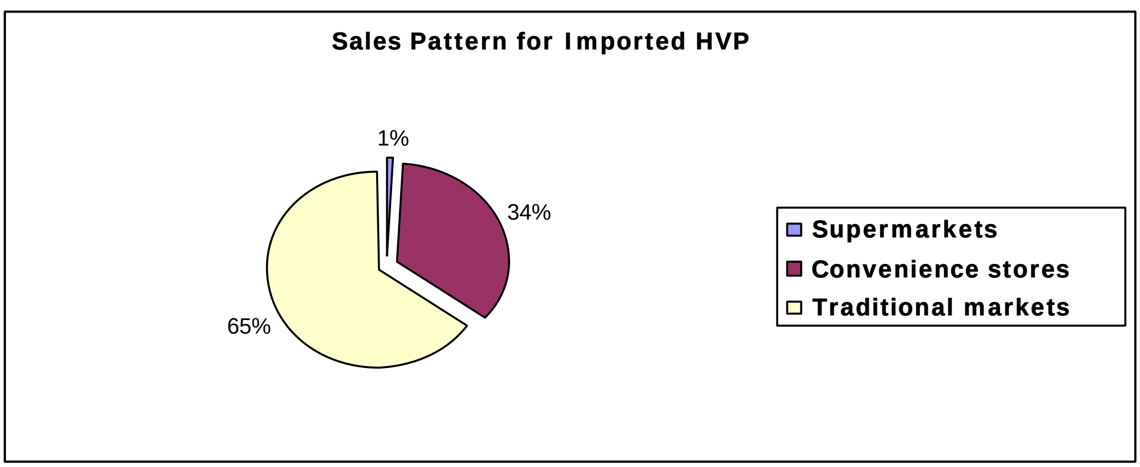
SECTION I. MARKET SUMMARY

A. According to industry sources, retail food sales totaled $1 billion in 2006. This consists of:
- Imported high-value food products (34 percent)
- Products partially processed and packaged in Ghana (11 percent)
- Products completely processed in Ghana (9 percent)
- Local, unprocessed foodstuffs and staples including fresh fruits and vegetables, fish, meat, etc. (46 percent)

B. The retail food sector in Ghana consists of three main sub-sectors:
- Supermarkets (accounting for approximately 2 percent of total retail sales)
- Convenience stores and small grocery stores (30 percent)
- Traditional open air markets (68 percent)



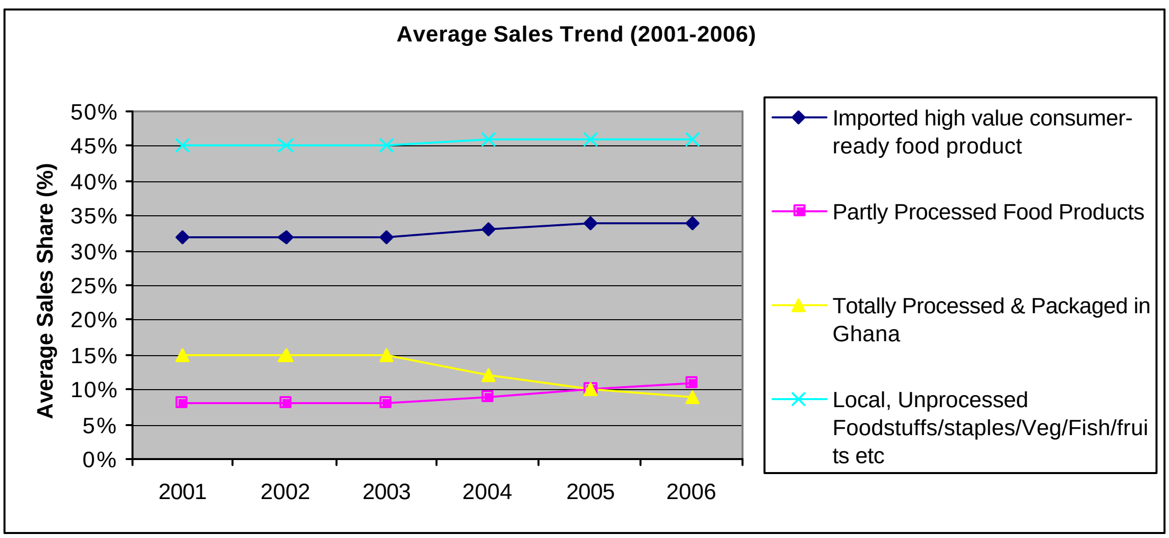
C. In terms of retail sales of imported high-value food products, supermarkets are estimated to account for 1 percent, convenience stores 34 percent, and traditional markets 65 percent, according to industry sources.



D. Features of Retail Food Outlets

	Supermarket	Convenience Stores /Small grocery	Traditional Markets
Average size (sq.m)	10-200	<10	5-10
Number of Outlets	18	Over 500,000	Over 3,000 (locations)
Market size Served (%)	2%	30%	68%
Average Annual Turnover ($)	$5 million	$5,000	$3 million/location
Location	Urban	8:2(Urban-rural)	7:3(Urban-rural)
Stock level	Full line	Limited	Very limited
Service method	Self-Serve	Assisted	Assisted

E. The following chart illustrates the sales trend for food products sold in Ghana's retail sector between 2001 and 2006 and illustrates the growth in imported products.



F. Ghanaian consumers are price sensitive. Retailers prefer stocking relatively small consumer-ready food products, prepared and packaged for one time use only. Consumer demand for these products is high due to their relative affordability.

Suppliers pricing pattern

Description	Domestic	Other country	US Products
Average retail mark-up (/100)	1	1.15	1.20
Average price ratio (/100)	1	1.15	1.20

Pricing pattern for the retail sector sub-groups

Description	Supermarkets	Convenience shops	Traditional markets
Retail mark-up (imports)	1.50	1.20	1
Retail mark-up (domestic)	1.20	1.15	1

Pricing pattern among retail sector channel members

Description	Importer	Wholesaler	Retailer	Consumer
Average price Ratio (/100)	1	10	15	25

Advantages and challenges in the Ghanaian market.

Advantages	Challenges
▪ Ghana's population of 22 million is growing at 2.7 percent per annum. ▪ Continued strong growth in rural to urban migration is increasing demand for high-value products (HVPs). ▪ The Ghanaian market is relatively open with tariff rates relatively low and banded at zero, five, ten and twenty percent. ▪ Ghanaian consumers associate U.S. food products with being of high quality and value. ▪ Growth in the tourism sector and demand from neighboring countries is	▪ Ghana's estimated per capita income is only $300. ▪ The monthly minimum wage is only approximately $30. ▪ U.S. HVPs are currently not readily available in Ghana. ▪ Competition is strong from traditional suppliers in Europe and Asia. ▪ Many U.S. exporters lack sufficient information regarding the Ghanaian market. ▪ Many U.S. exporters view Ghana as too small a small market and there are few U.S. freight consolidators who are willing to meet the requirements

creating new opportunities for HVP. ▪ U.S. HVP items entering Ghana can be re-exported into neighboring West African countries (a market of 250 million people). ▪ Insufficient domestic production and processing means import demand in Ghana for HVPs will remain high.	of Ghanaian importers

SECTION II. ROAD MAP FOR MARKET ENTRY

A. The major players for distributing imported HVP in Ghana are:

- Importer/distributor
- Agents/Sole representatives
- Wholesalers
- Sub-wholesalers/Super retailers
- Retailers

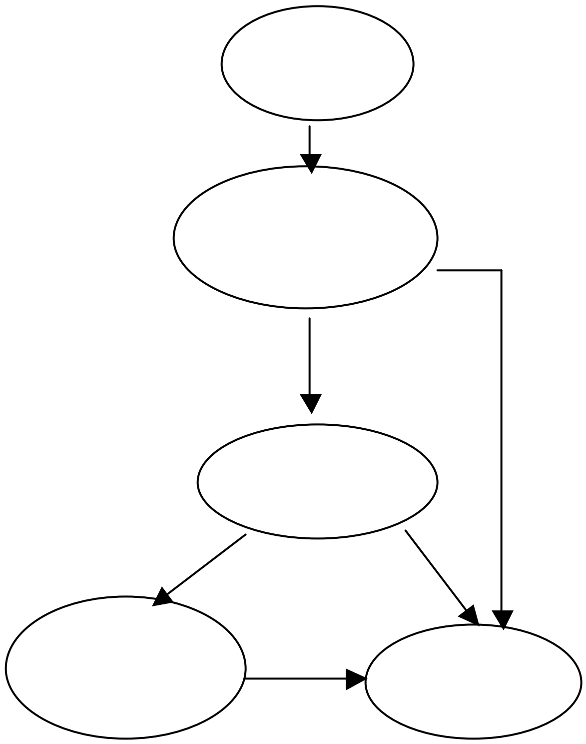
B. The first point of contact for entry into the Ghanaian market is typically the importer/distributor. U.S. exporters should take one or more of the following steps to assist in entering the Ghanaian market:

- Contact the Agricultural Attache/Agricultural Specialist at the USDA/FAS office located in the US Embassy in Accra, Ghana, to assist in selecting one or more importer/distributors.
- Directly contact the selected importer/distributors or the local agent that would usually register the products with the Foods and Drugs Board.
- Identify and sell through consolidators based in the United States who are already serving the West African region. Such consolidators usually already have a good understanding of local market practices.
- Exhibit at the FMI supermarket trade show in Chicago, which is well attended by Ghanaian importers and is a venue for follow-up contacts/face-to-face meetings.
- Offer flexible shipping volumes and small-sized packaging which includes readable manufacture date and date of expiration.

MARKET STRUCTURES

A. Supermarket Procurement and Distribution:

Distribution flow chart for Supermarket Market



- Supermarkets procure goods from the wholesalers or local consolidators depending on size and financial capabilities.
- Some supermarkets in Ghana import HVP products directly. These supermarkets register trading/importing firms distinct from their supermarket operations. These firms source the supermarket's merchandizing requirements as well as sell some imported products to competing retailers.
- Supermarkets purchase more than 90 percent of their HVP stocking from importers and wholesalers located in the traditional, open markets.

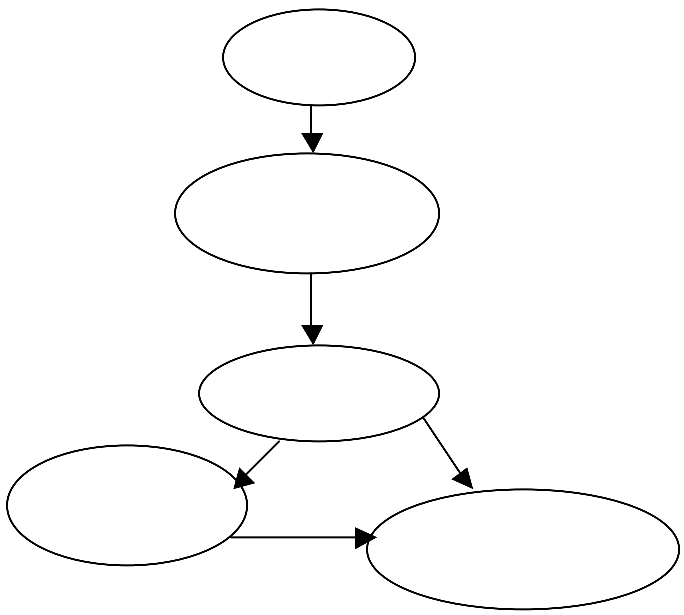
Company Profiles of Major Supermarkets/Wholesalers

Retailer	Ownership	Sales ($MIL)	No. of Outlets	Location (City)	Purchasing Agent type
Maxmart Supermarket	Lebanese/Resident in Ghana	2.5	3	Accra, Legon, Takoradi	Importer/retailer
Kwatsons Impex	Lebanese/Resident in Ghana	4.0	3	Accra, Tema, Kumasi	Importer/retailer
Koala Supermarket	Lebanese/Resident in Ghana	2.0	1	Accra	Importer/retailer
Shoprite Supermarket	South African (just opened Nov 1, 2007)	2.0	1	Accra	Importer/ Retailer
Park and Shop	Lebanese/Resident in Ghana	0.8	1	Accra	Importer/retailer
To-in-Town Supermarket	Lebanese/Resident in Ghana	0.8	1	Accra	Importer/retailer
All Green Supermarket	Lebanese/Resident in Ghana	0.7	1	Accra	Importer/retailer
Ghana Groceries	Libyan/Resident in Ghana	0.5	1	Accra	Importer/retailer
A Life Supermarket	Ghanaian	0.5	3	Accra, Kumasi, Oboasi	Importer/retailer
Melcom Stores Ltd	Malaysian/Resident in Ghana	0.2	3	Accra, Kumasi	Importer/retailer

B. Convenience Stores / Grocery stores / Kiosks / Gas Marts Procurement and Distribution

- Convenience shops (500,000 total) include mini-supermarkets, small grocery stores (over 200,000 in Ghana), gas marts (approximately 500), numerous kiosks, and roadside stalls.
- Convenience stores have limited capitalization and significant space limitations. Most of these stores buy from sub-wholesalers or super-retailers located in the traditional market. Only those few with relatively large capital buy from wholesalers.
- Kiosks are usually located at prime locations where high sales potential exists. Municipal authorities typically only issue temporary building permits for kiosks and they are fewer in number than roadside stalls.
- Gas marts are growing rapidly, although their food sales are minimal. Product prices at these outlets are usually much higher than at other convenience stores.
- Due to the unreliable supply of electricity, less than two percent of convenient stores sell frozen foods.

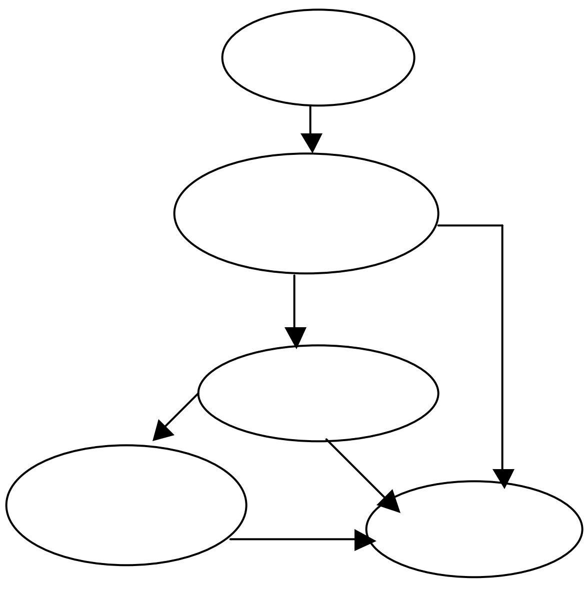
Distribution Flowchart for Convenience Stores



C. Traditional Markets Procurement and Distribution

- Retail outlets at traditional markets consist of small stalls clustered in a large grouping under a single roof or open-air venue.
- Retailers buy from sub-wholesalers or super-retailers due to limited capital.
- More than 90 percent of imported HVPs are sold through channel members located in the traditional market and about 80 percent of all wholesalers, sub-wholesaler and super-retailers are located in the traditional markets.
- Products at traditional markets are priced about 5 percent lower than in retail outlets.
- Sale prices are often fixed and not negotiable for HVPs in the traditional open markets, as opposed to staple foodstuffs.
- More than 90 percent of the local staple foodstuffs, including fresh fruit and vegetables, meat and frozen fish (imported or local), are sold to consumers at the traditional markets.
- Traditional markets organize promotional activities that tend to have significant consumer impact.

Distribution Flow Chart for Traditional Market

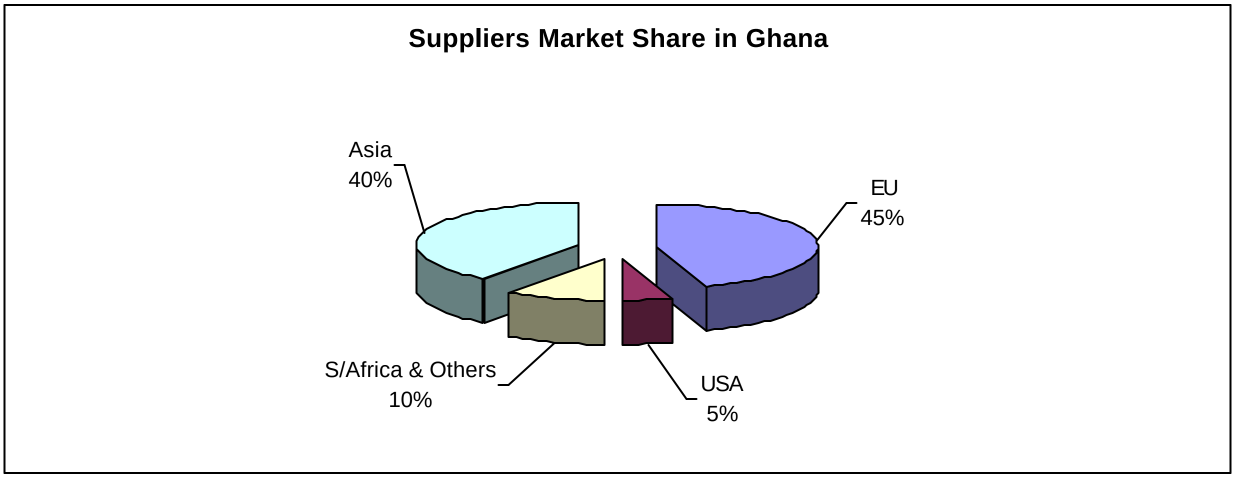


SECTION III: COMPETITION

A. Import demand for HVPs continues to grow as Ghana's domestic food processing is underdeveloped.
   - The average capacity utilization within this sector is less than 30 percent.
   - Deteriorating infrastructure
   - has limited the growth of domestic food processing.
   - Domestic HVP supply (currently at about five percent) is experiencing only slow growth and does not meet the rapidly expanding demand by Ghanaian consumers for HVP.

B. Export competition for imported HVPs into Ghana is strong.
- The European Union, Asia and South Africa are the dominant suppliers of imported consumer ready food products in Ghana.
- Asian HVP products are increasing market share in Ghana due to their more direct participation in distribution channels as well as promotion of their products.
- South Africa's market share has been growing as a result of an increased bilateral trade promotion with Ghana.

2007 industry estimates put the origin and supply of high-value consumer-ready food products as presented below:



C. The low U.S. market share is mostly due to:
- Higher freight charges for shipments from the United States to Ghana. There are few direct sea routes from the United States and most U.S. goods are transshipped through Europe, adding to shipping costs.
- Lack of expiry dates/best before labels on some U.S. HVPs creates difficulty for the Ghanaian importer during clearing process and in marketing products.
- Lack of awareness of the availability of U.S. products in Ghana.
- Some U.S. exporters are unwilling to meet Ghanaian importer demands especially on product specification and documentation.
- Insufficient contact between U.S. HVP exporters and Ghanaian importers.

D. Competitor advantages include:
- Freight consolidators located in the EU are readily available to Ghanaian importers.
- Products from the United Kingdom usually have manufacturing and expiry dates on the products.
- Freight costs on shipments from the EU, Asia and other African countries to Ghana are relatively lower compared with those from the United States as a result of shorter distances and more frequent routes to West Africa.
- Asian suppliers are responsive to Ghanaian-importer demands especially on quantity, quality, packaging, pricing, documentation and payment schedules.
- Asian firms (agents or representatives) obtain essential market information from the Ghanaian buyers by frequent face-to-face interaction.

E. Market requirements by Ghanaian importers include:

- Requiring services of freight consolidators in the United States to handle their ordering and shipment to minimize cost of shipping.
- Purchasing mixed containers is preferred.
- Seeking exclusive distribution/agency agreements from exporters.
- Sometimes anticipating under-invoicing of imports in order to reduce import duties.

SECTION IV. BEST PRODUCT PROSPECTS

Products with good sales potential

Fruit preparations Fruit juice and soft drinks (AAAA)	Breakfast Cereals Including oatmeal (AAA)	Mixed seasonings, spices and Condiments (AAA)	Powdered beverages including fruit juice (A)
Frozen poultry and fish products (AAAA)	Baking mixes including baking powder, yeast and Flavorings (AAA)	Skimmed and whole milk (liquid and powdered) (AAA)	Snack foods (cookies, biscuits) (A)
Tomato puree and tomato puree concentrate (AAAA)	Non-alcoholic beverages (Tea, Coffee, fruit drinks (AAA)	Pasta products (AA)	Margarine, butter and cheese (A)
Bottled Vegetable cooking oil (AAAA)	Wines (including Sparkling wines) and Beers both alcoholic and non alcoholic (AAA)	Confectionery products (candies, gums, dessert products) (AA)	Canned fruit and vegetables (A)
Canned fish especially mackerel (AAAA)	Packaged rice (AAA)	Alcoholic beverages including spirits, liquor, (AA)	Canned meat (A)
Baby foods, including infant formula, cereal baby foods (AAAA)	Mayonnaise, salad dressing, tomato ketchup, sauces (AAA)	Health foods (A)	Ice cream, yoghurt concentrates (A)

Footnotes

AAAA------------Highest sales potential
AAA--------------Higher sales potential
AA---------------high sales potential
A-----------------sales potential

B. Products not present in significant quantities but which have good sales potential:
- Ice cream, snack foods, soups and HRI products.
- Perishable foods, processed and packaged for longer shelf life without refrigeration.

C. Products not present because they face significant barriers:
- There are relatively few barriers to imports for food products into Ghana.

SECTION V. POST CONTACT INFORMATION

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