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Ghana

Retail Food Sector

2000

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Report Highlights:
Sales opportunities exist in Ghana for imported high-value, consumer-ready food products. U.S. exporters should view Ghana as an entry point to the West African subregion which has a population of about 250 million.

Includes PSD changes: No
Includes Trade Matrix: No
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Table of Contents

SECTION I. MARKET SUMMARY:

A. Countrywide, the Ghanaian retail food sector employs more than 6 million people.

B. The retail food sector in Ghana consists of three main segments:

- Large supermarkets
- Convenience stores and small groceries
- Traditional open air markets.

These sub-groupings account for 10%, 25% and 65% respectively, of total retail food sales.

C. Features of Retail Food Outlets in Ghana:

Retail Outlet Type	Av. Size (sq. m)	Number	Mkt. size served	Av. Annual Turnover	Location	Stock Level	Service Method
Super-markets	10-200	10	10%	$ 3 million	Urban	Full-Line	Self-serve
Conve-nience stores/ Small Groceries	<10	Approx. 200,000	25%	$ 4,000	90%-urban; 10% -rural	Limited	10%-Self-serve; 90%-Assisted
Tra-ditional Markets	10 - 1,000	>3,000 Loca-tions	65%	$ 3 million (Aggregate figure for all retailers in a given market)	60%-urban; 40%-rural	Very Limited	100% Assisted

D. Total retail food sales in Ghana in 1998 estimated at approximately $1.2 billion. This consists of:

Type of Food Product	**%**
Imported high-value consumer-ready food products	32
Partly processed and packaged in Ghana	8

Totally processed in Ghana	15
Local produced foodstuffs, including fresh fruits and vegetables, meat and fish	45
Total	100

E. About 35 percent of all retail sales of imported consumer-ready food products in Ghana in 1998 were handled by supermarkets. Even though the traditional markets are generally not well equipped and adapted for the sale of HVP, approximately 40 percent of all imported consumer foods were sold through them. Convenience stores accounted for the remaining 25 percent.

F. Retail pricing in Ghana:

<table>
<tr><td></td><td>Domestic Products</td><td colspan="2">Imported Products</td><td colspan="2">Imported Products from USA</td></tr>
<tr><td>Average retail mark-up(%)</td><td>10</td><td colspan="2">15</td><td colspan="2">20</td></tr>
<tr><td>Average price ratio(/100)</td><td>100</td><td colspan="2">115</td><td colspan="2">120</td></tr>
<tr><td colspan="2"></td><td>Super-markets</td><td>Convenience Shops</td><td colspan="2">Traditional Markets</td></tr>
<tr><td colspan="2">Retail mark-up for imports (%)</td><td>15</td><td>25</td><td colspan="2">5</td></tr>
<tr><td colspan="2">Retail mark-up for domestic products(%)</td><td>20</td><td>15</td><td colspan="2">5</td></tr>
<tr><td colspan="2"></td><td>Importer</td><td>Wholesaler</td><td>Retailer</td><td>Consumer</td></tr>
<tr><td colspan="2">Average price ratio for distribution members (/100)</td><td>100</td><td>110</td><td>115</td><td>125</td></tr>
</table>

G. Trends in retail business in Ghana:

- The supermarket industry in Ghana is gradually expanding. Outlets of between 5 and 10 square meters in size are usually clustered together in one location.
- High-value consumer-ready products which are prepared and packaged for use on one or two occasions, are preferred by the Ghanaian consumer.
- The Supermarket industry in Ghana is not sophisticated. There are only three Supermarkets which have branches in other cities and urban centers. Three large Supermarkets (with only one outlet) are located in the capital city, Accra. Several medium-sized independent supermarket units have recently been opened in other urban centers.

H. Annual retail food sales in Ghana increased by about 30% during the mid to late 1990's. Following the liberalization of the Ghanaian economy, there has been an increase in private-sector economic activities. In 1999, retail food sales grew by about 10 percent.

I. The establishment of several small to medium-sized retail outlets in Ghana, by independent retailers, following the trade liberalization policy of the Government of Ghana, has greatly contributed to the growth of the retail food sector in Ghana.

J. Ghana's population of 19 million is rapidly growing at approximately 3.2% annually. Many Ghanaians who have been living in Europe and North America, and have acquired the taste for HVPs, are of late returning home to settle permanently in Ghana. With improved income levels (resulting from the increase in private-sector economic activities), improved customs policies, and continuing inefficiency in local food production and processing, the Ghanaian environment is supportive of growth in retail food sales of imported consumer-ready food products.

K. Most imported high-value consumer-ready food products sold in Ghana are imported from Europe, Asia, and South Africa. The U.S. share of imported high-value consumer-ready products sold in the Ghanaian market is quite small. However, within the last few years, it has been seen that the U.S. share of imported high-value consumer-ready products has been growing gradually. This is due to the fact that U.S. products are seen as products of higher quality than those from other origins.

L. The majority of "large-sized" Supermarkets in Ghana are owned and managed by third or fourth generation people of Indian and Lebanese origin, residing in Ghana. However, almost all of the recently established small and medium-sized Supermarkets are owned and managed by Ghanaians. On the other hand, most of the hotels, restaurants and fast food establishments are joint venture operations between Ghanaians and other nationals - Chinese, Indians, Lebanese, French, Italians, British, etc.

M. Since the Government of Ghana (GOG) is projecting Ghana as the gateway to the West African sub-region, opportunities exist for increased sales of U.S. food products in Ghana. Imported HVP is often exported as "new products" from Ghana into the West African sub-region.

N. U.S. exporters should consult with USDA/FAS, Accra, before initiating business relations with potential Ghanaian importer to confirm their reliability. U.S. exporters should take note that business fraud, until recently, an unheard of phenomenon in Ghana, is now on the increase.

Advantages & Disadvantages:

Advantages	Challenges
Ghana's population of 19 million is growing at an annual rate of 3.2%. Imported HVP consumption will increase with the trend toward urbanization.	The average per capita income in Ghana is estimated at $440. The monthly minimum wage in Ghana is approximately $30.
The Government of Ghana (GOG) has embarked upon a World Bank-sponsored economic reform program. Ghana has a democratically-elected Government.	U.S. high-value consumer-ready products are not readily available in Ghana. Imports are purchased strictly on a cash basis and not with concessional credit.
U.S. food products are generally viewed by Ghanaian consumers as high quality.	Freight costs for products shipped from the U.S. are higher than those shipped from the European community, Asia or South Africa.
Ghanaian consumers readily accept snacks and convenience-type foods from the United States. Ghanaians readily acquire the taste for these products originating from the United States.	Ghanaian importers often comment that U.S. exporters are not as responsive as exporters from Europe, Asia or South Africa to importer requests regarding price quotations, packaging and documentation.
Quite a large number of Ghanaians are patronizing supermarkets and convenience stores because these shops are seen to be cleaner, and shopping in them is enjoyable and time saving.	Because of inadequate direct U.S. to West Africa shipping routes, most imported goods from the United States is transshipped through Europe. This results in added costs, longer shipping periods and pilfering of goods.
The Government of Ghana is systematically liberalizing trade in Ghana in line with its WTO obligations to phase out import bans.	The climate in Ghana is tropical. Traditional open markets (prevalent in Ghana) are not ideal for displaying imported food products.
There is a marked increase in female employment and children attending schools. Middle and high-income groups also are growing. These groups are familiar with the nutritional value, and the time-saving qualities of high-value, consumer-ready products.	Many retail food outlets in Ghana are family-owned. They often lack the expertise and the capital needed for expansion and training to meet the demands of the expanding retail market in Ghana.
U.S. grocery items entering Ghana enjoy a bonus market of about 250 million from other neighboring West African countries.	There are few freight consolidators in the U.S. willing to meet Ghanaian importer ordering and shipping requirements. U.S. firms view the Ghanaian market as a small market.

Most high-value, consumer-ready items are not produced domestically in Ghana. Ghanaians will continue to import them. Ghana's domestic food processing capacity is underdeveloped.	The infrastructure for processing, storage and distribution of high-value consumer-ready products and other perishable products is limited in Ghana.

SECTION II. ROAD MAP FOR MARKET ENTRY

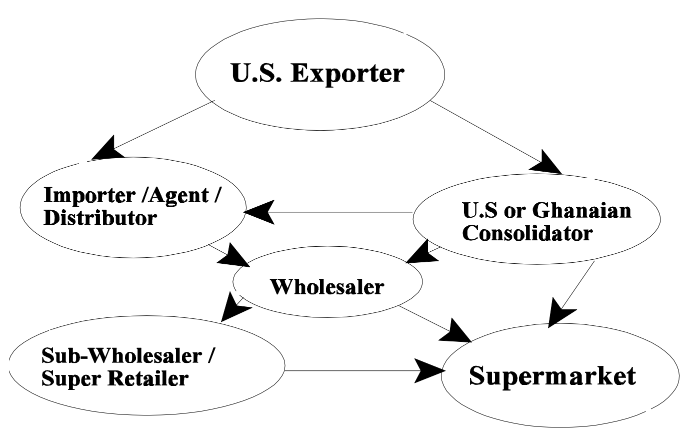
A. SUPERMARKET

Entry Strategy:

Exporters are advised to contact the Agricultural Counselor, Embassy of the United States of America, Accra, Ghana, for assistance in selecting a local distributor/agent and solicitor.
The U.S. exporter should work with, or appoint, a local distributor/agent in Ghana to register the imported products with appropriate Government of Ghana (GOG) regulatory bodies, introduce the products into the local market, and develop consumer demand.
Most importers in Ghana are small-scale operators. They usually import about three or four containers of mixed high-value consumer-ready products. The U.S. exporter should be willing to consolidate items for the Ghanaian importer.

U.S. exporters should exhibit, or work with other companies who have been exhibiting at the FMI food and supermarket show in Chicago. Ghanaian importers and supermarket operators have been attending this Show for the past five years.
Exporters from Europe, Asia and South Africa often offer various credit terms to importers from Ghana. Frequently, the importer is asked to make a 30% cash deposit prior to shipment which is followed by the payment of another 30% upon the arrival of the goods. The remaining 40% is paid thirty or sixty days after receipt of the goods. U.S. exporters usually insist that payment is done with confirmed and irrevocable Letters of Credit. U.S. exporters should note that L/Cs are not easily opened in Ghana. U.S. may consider offering credit terms for Ghanaian importers upon consultations with USDA/FAS, Accra. Offering USDA's Supplier Credit Guarantee Program has proven to be an effective tool in promoting sales

Distribution Flowchart for Supermarkets



in this market.

Market Structure:

- A Ghanaian importer may be appointed the agent or sole representative of the exporter in Ghana. Usually the Ghanaian importer acts as a consolidator and wholesaler in Ghana, selling relatively large quantities of high-value consumer-ready products to other wholesalers, sub-wholesalers, super-retailers, distributors, supermarket operators and other retailers in Ghana, at discount prices, and usually on credit.
- Supermarket operators in Ghana either import goods directly, or procure goods from importers/wholesalers, or from local consolidators, depending on the size of the purchase and credit terms offered.
- Some foreign consolidators, especially in Europe, Asia and South Africa, supply the needs of wholesalers, consolidators and supermarkets operating in Ghana.
- Many small-sized and medium sized supermarkets in Ghana are owned by importers. The importer in question usually registers his company as an importing, exporting and trading firm. The imported food items are wholesaled and retailed in the supermarket by the same company. Some of the goods may be sold to other competitor-retailers or supermarkets in Ghana.

Company Profiles of Major Supermarkets:

Retailer Name & Outlet Type	Ownership	Sales ($Million)	No. of Outlets	Location (city)	Type of Purchasing Agent
A-LIFE SUPERMARKET	Ghanaian	5	5	Accra, Kumasi, Obuasi	Importer, Distributor, Supermarket Operator, Retailer
MULTISTORES LIMITED	Multinational Company	2.5	2	Accra, Kumasi	Importer, Supermarket Operator, Retailer
KOALA SUPERMARKET	Lebanese (Resident in Ghana)	3	1	Accra	Importer, Supermarket Operator, Retailer
HARDEES SUPERMARKET	Lebanese (Resident in Ghana)	1.5	1	Accra	Importer, Supermarket Operator, Retailer

PARK AND SHOP	Indian (Resident in Ghana)	1.5	1	Accra	Importer, Supermarket Operator, Retailer
ALL GREEN SUPERMARKET	Lebanese (Resident in Ghana)	0.8	1	Tema	Importer, Supermarket Operator, Retailer
KWATSONS IMPEX	Lebanese (Resident in Ghana)	8	5	Accra Tema Kumasi	Importer, Consolidator, Wholesaler, Distributor, Agent
FOREWIN (GHANA) LIMITED	Lebanese (Resident in Ghana)	8	4	Accra, Takoradi, Kumasi Tema	Importer, Wholesaler, Distributor, Agent
PEP SHOP	South African-Ghanaian joint venture	1.5	2	Accra	Supermarket operator, Retailer
GHANA GROCERIES	Libyan	0.5	1	Accra	Importer, Supermarket Operator, Retailer
EL MOYA ASSOCIATES	Ghanaian	1	3	Accra	Importer, Wholesaler, Supermarket Operator

B. CONVENIENCE STORES/GROCERY SHOPS/KIOSKS/GAS MARTS

Entry Strategy:

Contact the Agricultural Counselor, Embassy of the United States of America, Accra, Ghana, for assistance in selecting a local distributor/agent or solicitor.
Appoint a local distributor/agent in Ghana to register products with the appropriate GOG regulatory bodies, introduce the product, and develop consumer demand.
Identify consolidators based either in the U.S. or in Ghana.
Offer high-value, consumer-ready food products in mixed-lot containers.

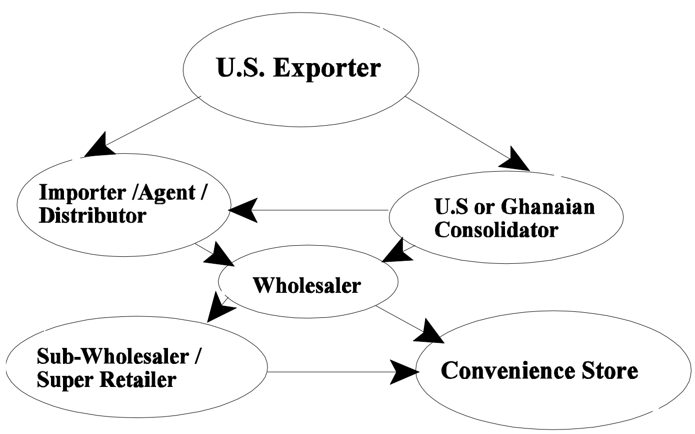
Support activities for in-store and point-of-sale promotions in numerous small- and medium-sized outlets.

Market Structure & Profiles:

Convenience shops include mini-supermarkets, small grocery stores, gas marts, kiosks, and roadside stalls

Most convenience shops in Ghana are located in and around residential areas. They are usually limited in their operations by inadequate capital inflows and space. Most of them purchase their goods from wholesalers, sub-wholesalers or super-retailers. A few of them may have relatives residing in Europe or the U.S. who supply them with their imported high-value consumer-ready products requirements.

Distribution Flowchart for Convenience Stores



On the other hand, kiosks are located at places where operators envisage high sales potential. Kiosk may be moved to a new location at any time. They are fewer in number than roadside stalls.

"Gas marts" in Ghana are growing rapidly. Every newly built gas station has a mart. Gas marts are usually added to renovated old gas stations. Stock levels in gas marts are usually low, their food sales minimal, and sales prices tend to be markedly higher than those charged by other retailers.

Most Ghanaian convenience stores carry a limited line of high-turnover convenience products. They usually operate long hours. The key items include bread, milk and other products, cigarettes, beverages, soft drinks.

About 10 percent of convenience stores, grocery shops and kiosks in Ghana stock only a single product label of a given item.

Due to poor and irregular electricity supply, only about 20 per cent of these outlets sell chilled and frozen food products.

C. TRADITIONAL OPEN MARKETS

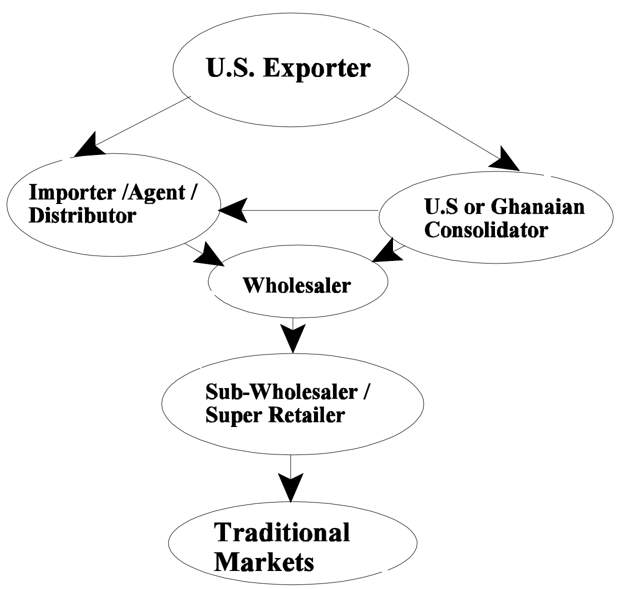
Entry Strategy:

Contact the Agricultural Counselor, Embassy of the United States of America, Accra, Ghana, for assistance in selecting a local distributor/agent.
Collaborate with the appointed local distributor/agent in Ghana to register products with the GOG regulatory bodies, introduce the product, and develop consumer demand.
Identify consolidators based either in the U.S. or in Ghana.
Offer flexible shipping volumes of mixed containers.
Support activities for in-store and point-of-sale promotions in numerous small-sized outlets.
Adopt a pricing strategy which allows the Ghanaian importer to initiate buying.

Market Structure & Profiles:

Retailers buy from wholesalers, sub-wholesalers or super-retailers due to limited capital.
About 70% of all wholesalers, sub-wholesalers and super-retailers are located in and around traditional markets.
Most Ghanaian food importers own retail outlets for HVP, located primarily in urban centers close to the traditional open market in their locality.
Product prices are about 20% lower than in alternate retail outlets.
Pricing in the open traditional markets is not fixed, and the ultimate sales price is negotiated on the spot.
Local staple foodstuffs, including fresh fruit and vegetables, meat and fish, are the principal foods sold in these retail outlets.
About 5% of the outlets in the traditional open markets have large deep freezers used in selling high-value consumer-ready products. Bicycles with cold storage compartments are also used to sell some high-value consumer-ready products in the open markets.
Retail outlets in the open markets consist of small stalls clustered in a large grouping under a single roof, or open air venue.

Distribution Flowchart for Traditional Markets



About 65% of the traditional markets stock only a single product label for a given item.
Promotional activities organized in and around the traditional markets tend to have

significant consumer impact.

SECTION III. COMPETITION

Origin/Market Share Position:

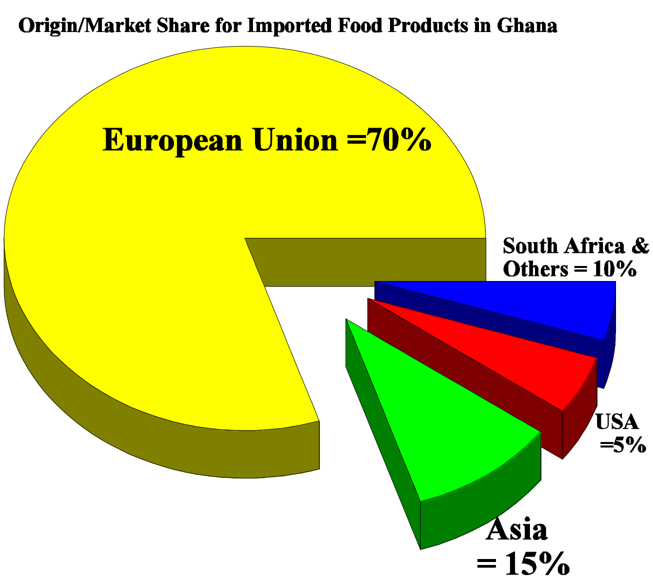
High-value consumer-ready food products found on the markets in Ghana are imported from the following areas: EU (70%), Asia(15%),
South Africa and others (10%), and USA (5%).

The low U.S. market share is due partly to the higher freight costs involved in moving products from the U.S. to Ghana. There are a few direct sea routes from the U.S. to Ghana, and as such, most of the goods imported from the U.S. to Ghana are trans shipped through Europe. This adds to shipping costs. The local trade often comment that U.S. exporters tend to be less responsive to the requirements of the "small-importer" from Ghana.

Requirements of importers from Ghana:

Importers from Ghana prefer purchasing mixed containers.
Want to minimize shipping costs and, therefore, find the services of freight consolidators in the U.S. to handle their ordering and shipment. Some of them employ the services of their friends and relatives living in the U.S.
Anticipate that their foreign suppliers will meet their desire to under-invoice in order to reduce import duty payments.
Seek exclusive distribution/agency agreements from exporters.

Competitor Advantages:



Because of the colonial ties Ghana has with UK., Ghanaians have a "colonial and traditional" taste for products from U.K.
Products from U.K. usually have their manufacturing and expiry dates written on them.
Most importers easily and readily employ the services of freight consolidators located in Europe.

- # As a result of the shorter sea routes from U.K. and the Republic of South Africa to Ghana, freight costs from these areas to Ghana are lower than from the U.S.
- # Many freighters are already plying the West African coasts. The availability of alternate freights, account for the lower freight costs.
- # Asian firms are more receptive to Ghanaian-importer demands especially on quantity, quality, packaging pricing, documentation and payment schedules than their U.S. counterparts.

SECTION IV. BEST PRODUCT PROSPECTS

A. Products in the Market which have Good Sales Potential are tabulated below:

Fruit preparations, fruit juices and soft drinks (Aaaa)	Breakfast cereals (Aaa)	Pastas products (Aa)	Canned vegetables (A)
Skimmed and whole milk powder (Aaa)	Bakery and other food preparation ingredients (Aaa)	Liquid milk (Aa)	Non-alcoholic beverages (A)
Snack foods (Aaa)	Frozen poultry and fish products (Aaa)	Powdered beverages (Aa)	Cheese (A)
Ice Cream (Aaa)	Alcoholic beverages (Aa)	Candies/Dessert products (A)	Cooking Oil (A)
Wine (Aaa)	Spices (Aa)	Margarine (A)	Tomato purees (A)

Note:
Aaaa = Highest demand
Aaa = Higher demand
Aa = High demand
A = Demand

B. Products not present in significant quantities but which have good sales potential:

- # Ice cream, dessert products, snack foods, soups and HRI products.
- # Perishable food products, processed and packaged for longer shelf life without refrigeration.

C. Products not present because they face significant barriers: foreign cigarettes, cigars, turkey tails

- # Consumer-ready imported products that are legally banned by the Government of Ghana are often smuggled into Ghana.

SECTION V: FOOD SAFETY AND REGULATIONS

All imported high-value consumer-ready food products must be registered with the Food and Drugs Board prior to exporting to shipment. They must also be certified as wholesome for human consumption by the Ghana Standards Board (Ministry of Trade and Industry) or the Veterinary Services Department (Ministry of Food and Agriculture).

The Food and Drugs Board is the GOG regulatory body for food product manufacturing, importation, advertisement, and distribution in Ghana.

High-value, consumer-ready food products imported into Ghana are no longer subject to pre-shipment inspection. Agricultural imports are inspected upon arrival at the port of entry into Ghana.

Goods arriving at seaports are inspected by the Gateway Services Limited (GSL). This is a joint venture operation between:

1. Ghana Ports and Harbors Authority (GPHA)
2. Customs, Excise and Preventive Service (CEPS) of Ghana
3. COTECNA

Goods arriving by air are inspected by GSVB. This is a joint venture operation between:

1. Ghana Standards Board
2. Bureau Veritas of France

The Ghanaian importer pays an inspection fee of 1% of the C&F value to the inspection agency. The importer can also arrange for a commercial inspection by SGS for goods imported from the United States.

For fast clearance of imported goods, importers are urged to submit to the appropriate inspection agency (GSL or GSVB) import declaration forms, proforma invoices and supplementary information documents twenty-one (21) days prior to the arrival of the shipment. Importers should also submit the final invoice, the bill of lading, and the packing list ten (10) days prior to the arrival of the goods. The early submission of documents expedites clearance. The GSL has installed a container mobile x-ray Scanning Machine at the port in Tema (one is yet to be installed at the port in Takoradi) to facilitate trade and provide efficient verification of imports. This will reduce the waiting time of containers at the Ports, making Ghanaian ports less expensive.

SECTION VI. POST CONTACT AND FURTHER INFORMATION

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