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Prepared By: OAA-Lagos Staff

Approved By: Christopher Bielecki

Report Highlights:

Nigeria is one of Africa's largest retail consumer markets, however in 2023-2024, difficult economic conditions and changing government policies have taken a bite out of the country's food retail prospects. This report provides an overview of Nigeria's retail sector, including market entry strategies, structure, distribution channels, and best export prospects.

Market Fact Sheet

Executive Summary

Nigeria is the most populous country in Africa. With its large consumer base and growing population, it is expected to remain an important market for food and agricultural exporters. However, macroeconomic, political, security, and consumer purchasing power challenges have stifled export prospects. As a result, the value of imported food and agricultural products was estimated at \$6 billion in 2023, a 33 percent decrease from the previous year. In 2023, U.S. food and agricultural exports were \$245 million, a significant decrease compared to the \$631 million recorded in 2022. U.S. food and agricultural exports face strong competition from the European Union (EU), Asian, South American, United Kingdom (UK), and South African (SA) suppliers.

Imports of Consumer-Oriented Products

In 2023, consumer-oriented food exports amounted to \$1.6 billion, (a 13 percent decrease from the value recorded in 2022) with the United States accounting for only about two percent or about \$40 million (Figure 1). While the country has a large and young population, ineffective macroeconomic policies, weak transportation and cold chain infrastructure, insecurity, and the lack of foreign exchange continue to temper import demand.

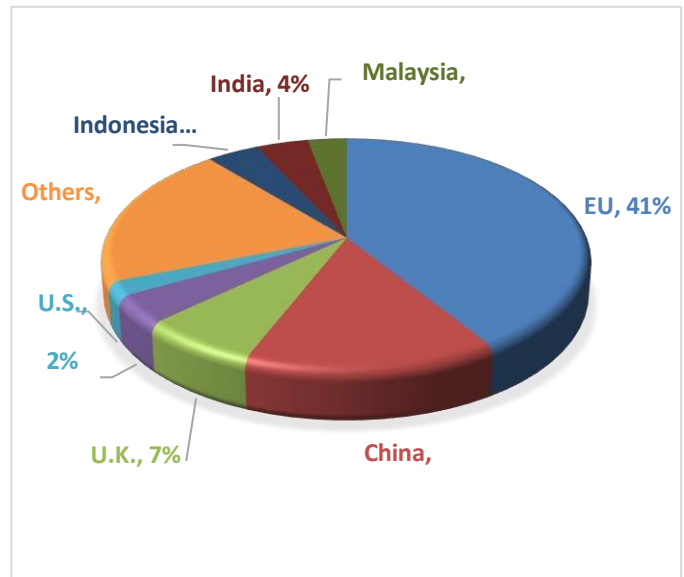
Food Retail Industry

The retail food sector is fragmented and relies on informal sales. It is estimated that about 70 percent of food shopping is conducted in traditional open markets. However, more consumers are shifting to supermarkets and convenience stores. Internet and smartphone users have fueled expansion of online shopping.

Food Processing Industry

The sector is dominated by small and medium enterprises (SMEs) which import raw materials not locally available. Most multinational food processing companies use third party distributors due to the difficulty of doing business in Nigeria. Due to the naira’s devaluation, real gross domestic product (GDP) growth in 2023 for the food processing sector declined by 27 percent compared to 2022.

Figure 1. Market Share of Consumer-Oriented Exports in 2023



Strengths	Weaknesses	Top Consumer-oriented Products Based on Growth Trends
<ul style="list-style-type: none"> ➤ Africa’s largest consumer market. ➤ Familiarity with U.S./European foods; English language used. ➤ Favorable view of the United States. 	<ul style="list-style-type: none"> ➤ Weak consumer purchasing power. ➤ Volatile currency; foreign exchange shortages. ➤ Banking, credit, and finance challenges. 	
Opportunities	Threats	<ul style="list-style-type: none"> • Prepared foods • Seafood products • Wine and related products • Distilled spirits • Dairy products • Processed vegetables • Pet foods • Spices
<ul style="list-style-type: none"> ➤ Increasing urbanization. ➤ Lifting of government-imposed forex restrictions. ➤ Strong market for food and beverage imports. 	<ul style="list-style-type: none"> ➤ Insecurity and weak infrastructure. ➤ Cold chain, logistics, and distribution limit export growth outside of cities. ➤ Government import bans on food items. 	

SECTION I. MARKET SUMMARY

In 2024, foreign exchange scarcity and currency devaluation led to weak consumer purchasing power, placing negative pressure on the retail foods industry (Table 1). Food inflation averaged 34 percent year-over-year in 2023 and reached an all-time high of 40.87 percent month-over-month in June 2024, before declining slightly through August 2024. Food inflation has been caused by a weak currency and the high cost of imports, lower food production, high energy costs, and insecurity. These factors have decreased private sector investment and weakened household earnings and spending.

The domestic food and beverage sector has been stressed by economic, power, security, and finance pressures. Over decades, government import substitution policies meant to boost domestic agriculture and food processing have been largely unsuccessful. To increase domestic food production, the government implemented several trade protectionist measures including import bans and foreign exchange restrictions. In October 2023, the [Government lifted restrictions](#) on sourcing foreign exchange for 43 items, including several food and agricultural products, and in July 2024, implemented [temporary import tax waivers for selected commodities](#) until December 31, 2024.

Food and beverages sales drive Nigeria’s retail sector. The sector consists of supermarkets, convenience stores/small groceries, and traditional open-air markets. Though the traditional markets have the largest percentage of total retail foods share, changing consumer tastes and eating patterns, an increasing demand for convenient foods and beverages, and increasing consciousness of food safety and nutritional values have contributed to the growth of modern retail. In addition, high transport costs and insecurity are making it more convenient and safer for buyers to purchase goods under one roof. [Euromonitor International](#) reported a 24 percent increase in supermarket sales in 2023 compared to 2022. According to the report, supermarkets took advantage of inflation-driven changes to consumer behavior to boost sales. The country’s e-commerce sector has also shown some potential as more embrace online shopping. Many retailers use their outlets as distribution points for order delivery. Despite the reported growth in supermarket sales, the sector saw prices of selected goods rise by as much as 200 percent in past year.

Table 1. Advantages and Challenges facing the Retail Foods Sector

Advantages	Challenges
Large market of more than 230 million.	Limited physical presence of U.S. agricultural companies; limited U.S. exporter knowledge of the market.

Increasing urbanization and rising levels of female employment support demand for retail food shopping.	U.S. food products have shorter shelf life; long transit/clearing times; seldom carry readable “Best Before” dates as required by Nigeria’s food regulations.
Western-style retail sector, and a trend toward greater demand for healthy foods are creating market similarity and easing transactions.	U.S. products are generally higher priced compared to competitors; traditional trade links with Europe remain strong.
Consumers are increasingly demanding higher quality foods; food processors perceive imported food ingredients as high quality.	High tariffs, levies, quotas, import prohibitions on poultry, beef, and pork, and other products.
Given weak domestic production, SMEs seek imported ingredients to package shelf-stable foods for a growing population.	Difficult for exporters to utilize GSM-102.
Nigerian buyers attend trade shows in the United States, and those with USA Pavilions.	Lack of foreign exchange availability; strong dollar relative to the naira.
FAS/Lagos has good working relationship with government of Nigeria (GON) policy officials and representatives of the key private sector trade and industry associations.	Bureaucratic inefficiencies; multiple port inspection agencies and poor infrastructure delay custom clearances.

SECTION II: ROAD MAP FOR MARKET ENTRY

2.1 Entry Strategy

The retail food sector offers a growing market opportunity for U.S. exporters of processed foods and ingredients. U.S. exporters can approach the retail food market through established importers, distributors, agents, or representatives. The importer-distributor is central and should be the first contact for entry into the market.

U.S. exporters can follow one or a combination of these strategies to enter the market:

- Contact the FAS Office of Agricultural Affairs (Section V) in Lagos, to assist in identifying potential importer-distributors.
- Contact the selected importer-distributor(s) with sales catalogs. Importer-distributors usually register products with the relevant government food regulatory agencies, such as the National Agency for Food & Drug Administration & Control (NAFDAC).
- Target distributors and wholesalers that stock a wide range of items, as the food service and supermarket operators search for a “one-stop-shop” distributor.
- While there are some growing retail foods trade shows in Nigeria and West Africa (e.g., [Food and Beverage West Africa](#) to be held in Lagos, June 2025), also consider exhibiting at regional trade shows, such as [Gulfood](#) and [Anuga](#), which are generally well attended by Nigerian

importers.

- Offer flexible shipping volumes and small-sized packaging, indicating readable manufacture date and date of expiration.
- Consider visiting Lagos, which many consider the commercial and business capital of Nigeria. Provide samples and sales catalogs to potential buyers.

2.2 Market Structure

Industry analysis shows that traditional open-air markets account for 72 percent of retail sales, 25 percent for convenience and small grocery stores, and three percent for supermarkets. Online sales are six percent of total retail food sales. Most offline stores have platforms for online retail. Processed food, beverages, condiments and sauces, spices, and tree nuts are among the top consumer-oriented products sold online. These items continue to extend their presence on e-commerce platforms in 2023 due to their convenience and shelf-life. Meanwhile, perishable products including fresh vegetables and fruits, and dairy products are mostly distributed through offline channels, however some e-commerce service providers are now providing fresh grocery delivery services.

In the early 2000s, investment spurred optimistic shopping malls plans which proliferated in major cities. International supermarkets such as ShopRite, SPAR, and GAME expanded operations across the country. However, since 2015 and the decline of the price of oil, there has been a retreat in retail expansion due to difficult economic conditions. These challenges are partly responsible for the divestment and shutting down of branches by some of the big retail stores, growing number of shopping kiosks and street shops, and the trend towards smaller-sized operations serving neighborhoods.

Lagos state and Abuja have the highest concentration of organized retail stores. There is also a fair share of organized stores in other cities such as Kaduna, Port Harcourt, Ibadan, and Enugu. These are good locations because of the large population of middle- and upper-income individuals.

SMEs dominate the domestic food processing industry. The sector also has some large international companies operating inside Nigeria, including Tolaram's joint venture with Kellogg's to produce snacks and breakfast cereals. It is difficult for the local food processing industry to compete with imported brands due to weak infrastructure, scarcity of raw materials, and high operating costs. International brands are perceived as higher quality and are frequently cheaper than domestically processed foods. Processed foods from large multinationals are usually imported and distributed by domestic franchisees and distributors. FAS-Lagos estimates that about 80 percent of the larger food processing, intermediate foods, and ingredient companies are headquartered in Lagos.

2.3 Distribution Channels

An importer may serve as the U.S. exporter's appointed agent and sole representative, or they may import consolidated containers from various consumer-oriented food exporters.

- Retailers purchase more than 80 percent of consumer-oriented foods from

importers and wholesalers located in traditional open markets.

- There are growing instances where wholesalers/agents are bypassed by end-users who deal directly with exporters.
- There is an increase in in-store offerings such as fresh foods (including local foodstuff, fruits, and vegetables), take-away food service, bakery, and confectionery corners. Supermarket outlets are also dedicating corners for these new offerings, and in most cases, supply of local foodstuff, fresh fruits and vegetables are contracted to local producers.
- Street stores and kiosks offer low prices to attract more consumers.
- Online retailing is an emerging trend. Consumers (especially the young) in urban areas are utilizing mobile payments, restaurant and grocery delivery applications, and e-commerce.

2.4 Modern retail outlets in Nigeria

Supermarkets

- Supermarkets (Table 2) procure goods directly from distributors, wholesalers or local consolidators, and sometimes from other retailers in traditional markets depending on size and financial leverage.
- Most supermarkets now run bakery, restaurant, and fast-food operations.
- Most supermarket operators are also importers – they sometimes register trading/importing firms distinct from their supermarket operations for sourcing unique and hard-to-find items from international markets.

Table 2. Leading Supermarket Chains

Retailer	Estimated number of outlets
ShopRite	20+
Justrite Superstore	18
FoodCo	18
Market square	15+
SPAR/Park 'N' Shop	14
Roban Stores	10+
Everyday Emporium	8
Prince Ebeano	5
Grand Square	4+
Hubmart Stores	4+

Source: FAS-Lagos

Convenience Stores

- Have limited capitalization and significant space limitations.

- Buy mostly from wholesalers and retailers in the traditional market.
- Importers sell directly to the convenience stores for promotional reasons.
- Less than two percent of convenient stores sell frozen foods due largely to poor and irregular electricity supply.
- Kiosks typically are located at prime locations where high sales potential exists and where municipal authorities issue temporary building permits—they are also fewer in number than roadside stalls.
- Gas marts are growing rapidly and serving more mobile buyers. However, they render minimal food sales.

Online Retail

- Some e-commerce platforms have dedicated apps for foodservice. Jumia and Bolt exited the food delivery business in 2023.
- However, Glovo and Chowdeck are ecommerce platforms popular for food delivery.

SECTION III: COMPETITION

Due to freight routes and traditional retail foods buyer awareness of European offerings, U.S. exporters compete with Europe for higher-end products. There is also competition from New Zealand for dairy products. For other products, especially fresh fruit and wines, South Africa is a major supplier. Imports of fresh fruits from Europe, North Africa, and the Middle East are common during South Africa’s off-season. Product prices at the point of origin, freight costs, and foreign exchange rates are major factors affecting the competitiveness of imported U.S. retail food and beverages. Importers report that suppliers from Europe, Asia and South Africa make physical contact with the market and key players in Nigeria’s retail food sector. These suppliers understand Nigeria’s local practices better than U.S. exporters and are often able to handle the demands of the market.

SECTION IV: BEST PRODUCT PROSPECTS

U.S. wine and distilled spirits have an established presence and distribution network in Nigeria (Table 4). Wheat-based bakery products and food preparations continue to grow in popularity, especially as hotels, cafés, and western-style restaurants grow. While the government’s trade restrictions limit imports of beef, pork, and poultry, there is indications of strong consumer demand for poultry amid the proliferation of Quick Service Restaurants specializing in chicken items. Nigerians are large consumers of wild-caught seafood and farmed fishery products. If economic growth returns, there may be renewed opportunities to export higher-end fishery products for the HRI and retail food sectors, although Europe may be at a competitive advantage over U.S. suppliers. Dairy products are another potential prospect, with world exports valued at \$568 million but with the United States only exporting about \$2 million in 2023 (Tables 4 and 5).

Table 4. U.S. Top 10 Consumer-Oriented Exports to Nigeria

Description			
	2020 (\$1000s)	2021 (\$1000s)	2023 (\$1000s)
Food Preparations	31,601	23,167	24,345
Wine and Related Products	18,210	19,749	4,703
Distilled Spirits	3,724	6,244	3,047
Dairy Products	5,409	2,237	2,150
Other Consumer Oriented	1,139	2,043	1,324
Processed vegetables	723	374.00	713
Non-Alcoholic Bev. (e.g., juices)	3,286	1,602	680
Dog & Cat Food	458	537	531
Condiments & Sauces	887	436	274
Bakery Goods, Cereals & Pasta	725	684	211

Source: BICO – U.S Census Bureau Trade Data

Table 5. World's Top 10 Consumer-Oriented Exports to Nigeria

Description			
	2020 (\$1000s)	2021 (\$1000s)	2023 (\$1000s)
Dairy Products	839,941	758,613	568,476
Soup and Other Preparations	203,622	193,502	168,423
Processed Vegetables	103,081	123,420	203,420
Bakery Goods, Cereals & Pasta	32,408	76,893	150,462
Processed Fruits	34,667	82,162	81,210
Fresh Fruits	51,189	78,559	60,512
Spices	25,746	44,083	51,176
Distilled Spirits	43,189	38,988	48,327
Tree Nuts	3,310	27,595	44,604
Condiments & Sauces	68,348	58,000	43,217

Source: Trade Data Monitor, LLC

SECTION V: FURTHER INFORMATION

Office of Agricultural Affairs

U.S. Consulate, 2 Walter Carrington Crescent

Victoria Island, Lagos, Nigeria

Tel: +234 01 460 3485

AgLagos@usda.gov

Attachments:

No Attachments