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Retail Food Sector 2011

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Report Highlights:

This is an update of the annual Retail Food Sector report reflecting 2010 and part of 2011 (Jan-Oct) for Senegal retail food imports and sales. Senegal relies heavily on imports such as rice, wheat, dairy, and vegetable oil to meet food needs. Imports rebounded 6 percent in 2011 (Jan-Oct) to \$1.10 billion from a 9 percent decline in 2010 (\$1.04 billion). France remains a major source for food imports, but sources in South America, Asia, and Africa are making headway. The outlook for imported consumer-oriented foods is promising given Senegal's high rate of urbanization, sizeable expatriate community, and reliance on food imports. Senegal's total retail food sales for 2010 reached \$1.8 billion, down 11.7 percent from the previous year. U.S. foods face brand recognition problems and high prices due to limited importers.

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Section I. Market Summary

Senegal, a semi-arid country on the westernmost tip of Africa, has a population of about 12.6 million of which more than 77 percent are engaged in agricultural activities. Even so, Senegal must rely heavily on imports to meet food needs, with imports accounting for up to 70 percent. Staples such as rice, wheat, dairy and vegetable oil are imported and processed or packaged for retail trade. In 2010, Senegal imported \$1.0 billion of these commodities to supplement local food production which represent a decline of 9.3 percent compared to 2009.

Senegal's total retail food market for 2010 was valued \$1.7 billion, an 11.7 percent decrease over the previous year. The rapid growth in Senegal's retail food sector since 2006 most attributed to a significant increase in both import quantities and unit prices. Senegal experienced poor harvests in 2007, and commodity prices rose dramatically at the end of 2007 and well into 2008. The global food price crisis of 2008 was felt quite sharply in Senegal, causing the government to institute such temporary measures as removing all import duties for rice and setting a price cap in order to ease the burden on consumers. Therefore, Senegal's total food retail in 2008 was a record compared to the three previous years (2005-2007). Food imports declined in 2009 and 2010 compared to 2008, but retail food trade remains bright due to population growth and rural to urban migration. (See table 1). There is a potential for U.S. products, especially for red meat, rice, food preparation and beverages but they are highly sensitive to prices.

Table 1: Senegal's Retail Food Sales

	2005	2006	2007	2008	2009	2010	Jan-Oct 2011
Value in \$ billion	1.6	1.6	2.2	2.7	1.9	1.7	1.8
Annual percent Growth		-2.2	38.2	24.9	-27.3	-11.7	-

(Source: FAS Dakar estimates derived from various trade sources)

Senegal has about 12,000 retail food outlets, which includes modern supermarkets, traditional grocery stores, numerous tiny boutiques (akin to kiosks) and open-air markets. This sector is dominated by thousands of small boutiques (tiny grocery shops) and grocery outlets, with modern supermarkets found almost exclusively in Dakar, the capital and largest city. Up to a quarter of the population is concentrated in and around Dakar while Thiès and Kaolack, the next largest cities, have about 13.2 and 10.7 percent of the population, respectively. Over the past ten years, there has been significant growth in the retail food sector, and several modern supermarkets have opened in Dakar, leading to continuing changes in consumers' purchasing habits. Modern supermarkets and grocery stores make up less than 2 percent of food outlets, while boutiques account for as much as 80 percent of retail food outlets.

Dakar is the epicenter of imported consumer-oriented foods in Senegal. Not only is it home to over a quarter of Senegal's population, it is also the seat of Senegal's sizeable expatriate community (mostly European) and at least a quarter of high-income consumers. Dakar is also the city with the greatest concentration of modern supermarkets and outlets likely to carry imported consumer-oriented foods and beverages. There are U.S. brands on shelves (i.e., Coca-Cola, Kraft Foods, Kellogg's, Mars, PepsiCo, and Procter & Gamble), but they are not manufactured in the United States. Unfortunately, Senegal's few importers limit retailer access to food items from the United States so retailers are at the mercy of their prices because of lack of competition. According to retailers, condiments, chewing gum, pancakes and other baking mixes could be areas of opportunity for U.S. products.

Since November 2010, a hypermarket named *Hypermarket Exclusive* opened in Dakar on one of its main auto routes the *Voie de Degagement Nord* (VDN). It is ~ 2,500 sq. meters with two levels and own by Indian. (See Picture 1) The first level is dedicated to retail food, and the second is for apparel, electronics, cookware etc. There are also about seven small boutiques on the second floor selling equipment and clothes. This supermarket offers a large choice of brands and Asian food. The most common are Natco, Belle France, and Netto. Most of the food originates from the United Kingdom, United Arab Emirates, Spain and France.

The most modern supermarket in Senegal is *Casino*, a French supermarket chain. (See Picture 2) *Casino* stores tend to be located in small malls of 5-10 stores that are typically European or U.S.-franchised sporting goods, fast-food restaurants or clothing stores. *Casino* supermarkets have a deli with ready-to-eat foods, which is a novelty in Senegal, but reflects a growing trend of eating out for a small segment of the population. There are six *Casino* supermarkets in Dakar region, and one located at Sally (Mbour) in Thiès region. The largest of which (~ 1,400 sq. meters) opened in 2010 at the new *Sea Plaza Mall* next door to the *Radisson Blue hotel*, Dakar's latest 5-star hotel in an upscale area of the city. The second largest *Casino*, opened in 2009, is located in *Les Almadies*, an area of the city with a high concentration of expatriates.

The wholesale and sub-wholesale supermarket, *King Cash*, was launched in 2008 in Dakar. (See Picture 3) It is the only cash & carry supermarket with more than 2,000 products originated from the French brand name *Leader Price* that sell discount products at a good quality. Local products are also available. These products are generally pre-packaged foods. The formula Cash & Carry is defined as a method of self-service practiced in a large warehouse where customers (retailers and professional users) choose their goods, pay at the exit, and outweigh their purchases.



Picture 1: An outside view of *Hypermarché Exclusive*



Picture 2: *Casino* supermarket at *Les Almadies*
Senegal's biggest supermarket chain



Picture 3: *King Cash*, the King of cash & carry in Senegal

Source: FAS Dakar



Picture 4: Pridoux, a Senegalese own chain

Table 2: Food Retail Outlets in Dakar

Outlets	Average Size (sq meter)	Number of Outlets	Product Line
Hypermarket	$\geq 2,500$	1	Full service; diverse with meat, dairy, fruits & vegetables, pre-package foods...
Supermarkets and mid-sized grocery stores	≥ 10 and $< 2,500$	200	Full service; diverse with meat, dairy, fruits & vegetables, pre-package foods...
Convenience stores and <i>boutiques</i>	< 10	$\sim 9,000$	Limited; everyday staples, fruit & veg.
Open-air markets	clusters of 10-100+ 5 - 10 stalls in a large open area	50 – 100	Meat, vegetables, fruits, cereal grains, limited pre-packaged goods

(Source: Trade sources and Post estimates)

Since the advent of gas-station type convenience stores in Senegal in 1995, the numbers have grown rapidly as consumers value their proximity and quick service, even though prices are generally higher than in larger grocery stores. Senegal has a few home-grown grocery stores (*Pridoux*, *Select*, *le parcours* (Hoballah), *Fili Fili...*) which are typically owned by French or Lebanese expatriates, with a sprinkling of Senegalese entrepreneurs. Together with larger modern supermarkets, these outlets represent about 2 percent of retail food outlets, but provide the highest concentration of high-value imported products. Consumers are generally expatriates or affluent Senegalese or Lebanese residents. Senegal is not very keen on franchises, but *Pridoux* was the first to be franchised in Senegal (See Picture 4).

In Senegal, as in much of Africa, a sizeable share of trading activity occurs in the informal sector. As noted earlier, Senegal has a system of boutiques which together with the traditional open-air markets account for as much as 93 percent of retail food outlets. Boutiques are informal structures, on or by the roadside, that are found throughout residential neighborhoods and by major thoroughfare. They are generally independently owned and carry food products and household necessities in relatively small quantities or sizes, which are particularly suited to that large segment of the population with lower purchasing power. Their share of the food market is difficult to quantify due to their informal nature, but it may well be as high as 50 percent of retail food sales. Very little high-value imported consumer-oriented foods are likely sold through these outlets, however.

In recognition of the significance of these informal outlets to the retail sector, the Government of Senegal (GOS) launched a project in January 2009 with a long-term goal to establish 10,000 government-sanctioned boutiques nationwide. GOS will have a 60 percent controlling share in these outlets to be known as “easy boutiques”, which are to be more tightly controlled and help regulate the market by fighting price speculation and controlling the quality of products sold to consumers. Such staples as rice, milk, cooking oil and sugar are to be sold at standardized prices that are lower than prices in the regular boutique. There are 110 easy boutiques located in Dakar and Kaolack regions.

In February 2010, Senegal launched another project, *Produits Africains Normalises et Accessibles pour un Developpement Local et Environnemental* (PANALE) network, which is a group of boutiques that sell locally processed cereals, fish, vegetables and fruits. Three boutiques are located strategically near post offices in Dakar. PANALE groups 90,000 well organized women that have good knowledge of local food processing and is part of Oxfam’s private sector program in West Africa and aims to support women entrepreneurs to realize their vision of producing local high-quality value-added products. The project is implemented by women’s cooperative that Oxfam has established. The cooperative represents 30 groups of women leaders who are part of the processing networks with 2,500 direct beneficiaries and over 90,000 members.

Senegal also has four duty free stores in Dakar *Senegal Free Store* (SFS), *Compagnie Senegalaise de Negoces Alimentaires* (CSNA), *Thoumas M.N.*, and *Dakar Catering* for exclusive access of the diplomatic, consular and sizeable international aid communities. These stores carry imported consumer-oriented foods and beverages and are good sources for a wide selection of wines and liquor at somewhat lower prices.

Table 3: Advantages and challenges facing U.S. products in Senegal

Advantages	Challenges
<ul style="list-style-type: none"> • A sizeable expatriate community and growing middle class with a penchant for imported foods and beverages. • High rate of urbanization (42 percent) with a 3.3 percent annual growth rate leading to increasing demand and a growing retail food sector. • Dakar has an improved port system and is a transportation and telecommunications hub in West Africa. • Senegalese are generally well disposed towards Americans and actively seek U.S. trade and investment. • Opportunities exist for U.S. products like processed foods, beverages, rice and red meat targeting niche markets and a regional approach. Growing interest from U.S. Wheat Associates, U.S. Rice Federation, <i>World Initiative for Soy in Human Health</i> (WISHH) and <i>U.S. Soybean Export Council</i> (USSEC). • Common external tariffs for imports and elimination of tariffs between the 8 countries of the <i>West African Economic and Monetary Union</i> (WAEMU). 	<ul style="list-style-type: none"> • Strong French influence; biggest trade partner supplying 20 percent of all trade and a high proportion of imported foods (20.7 percent). • High port fees and customs duties. Senegal also adds 18 percent VAT on imports products. • High rate of unemployment (48 percent) with 54 percent of the population below the poverty line. Per capita income (2010) is estimated at \$1,900. • Lack of U.S. brand recognition • Lack of U.S. interest due to relatively small market size. French and Asian domination of the market as well as some competition from cheaper and lower quality food products from Asia and Turkey. • Higher freight rates and longer transit time from the U.S. than from Europe, Asia or South America.

Section II. Road Map for Market Entry

The importer-distributor is the first contact for entry into the Senegalese market. The major players for distribution of imported food products in Senegal are:

- Importer-distributors
- Agents/Sole Representatives
- Wholesalers
- Sub-Wholesalers/ Super retailers
- Retailers

Following are approaches for new-to-market exporters to consider for entry into Senegal's retail food sector:

- Conduct market research, particularly for product testing, price comparisons, identifying competitors and market size.
 - Review export statistics for the previous 5 years.
 - Take the time to understand the dynamics of the market and consumers' preferences.
 - Consult with importer/distributors who know customers' tastes and preferences as well as feasible quantities.
- Contract the services of an agent and appoint a distributor or dealer, and/or establish a direct sales branch or subsidiary.
 - The agent or distributor should be a local firm, fluent in French and knowledgeable about Senegal's business practices.
 - Choose a local partner (importer/agent) versed in handling Senegal's entry requirements for new imports; this can be quite involved.
 - Commodity imports are subject to phytosanitary inspection by the *Directorate of Plant Protection* (DPV) and the Ministry of Commerce.
 - Sample tests from each shipment may be performed while the agent continues with the registration approval process.
 - It is vital to send the bill of lading and phytosanitary clearance documents prior to shipping your products to the agent/importer.
 - Provide brochures and marketing literature in French.
- U.S. firms opening an outlet in Senegal will need legal counsel and notary services for all the formalities associated with establishing an office here.
 - The U.S. Embassy has a list of experienced lawyers and notaries.
 - Seek out a firm specializing in financial and tax advisory services. Senegal has representatives of major U.S. and international auditing and business consulting firms.

- Senegal organizes an international trade fair every year in Dakar.
 - Try to attend if feasible
 - Rent space/booth to advertise your products
 - Network and make business contacts with local partners and others from across West Africa.
- Importers in Senegal tend to have a preference for consumer-oriented food products with the following characteristics:
 - Relatively small-sized packaging; quantities packaged for affordable one-time use.
 - Bulk, intermediate products and consumer products for local re-processing and packaging.
 - Mixed-containers of high-value products and brands or types of products authorized for import.
 - Perishable food products processed and packaged for long shelf-life without refrigeration.

Market Structure

A. Wholesalers, supermarkets and large retailers' procurement and distribution

The key players for distribution of imported consumer-oriented foods in Senegal are the importer-distributors, the wholesalers, the sub-wholesalers and retailers. The importer-distributor category includes agents/sole representatives and supermarkets like *Casino* that import containers of consolidated groceries for their own outlets. Some wholesalers may also be retailers. Most importers and wholesalers are located in Dakar. Wholesalers tend to have a smaller profit margin or mark-up (2 – 5 percent) than the sub-wholesalers and retailers whose profit margin may be between 20 and 25 percent.

Distribution Flow Chart for Supermarket

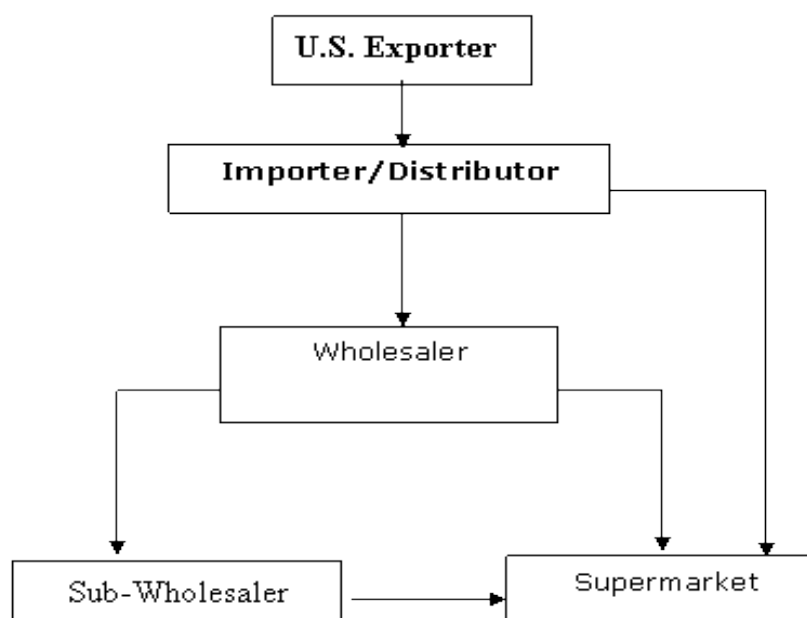


Table 4: Company profile for selected modern supermarkets and wholesalers

Name and Outlet Type	Ownership	Outlets	Location	Purchasing Agent type
<i>ETS Bocar Samba Dieye</i> (wholesaler)	Senegalese	1	Dakar	Importer/wholesaler
<i>SOFIEX</i> (distributor)	Lebanese	1	Dakar	Importer/wholesaler
<i>BTC</i> (wholesaler)	Senegalese	3	Dakar	Importer/wholesaler
<i>Saprolait</i> (distributor)	French	1	Dakar	Importer/wholesaler
<i>King Cash</i> (discount supermarket)	Lebanese	1	Dakar	Importer/wholesaler/sub-wholesaler
<i>Hypermarket Exclusive</i> (Hypermarket)	Indian	1	Dakar	Importer/retailer
<i>Casino</i> (supermarket)	French	6	Dakar	Importer/retailer
<i>Chaine de Distribution Alimentaire</i> (CAD) (wholesaler)	Lebanese	1	Dakar	Importer/wholesaler/retailer
<i>Pridoux</i> (supermarket)	Senegalese	11	Dakar, nationwide	Importer/wholesaler/retailer

(Source: FAS Dakar and trade sources)

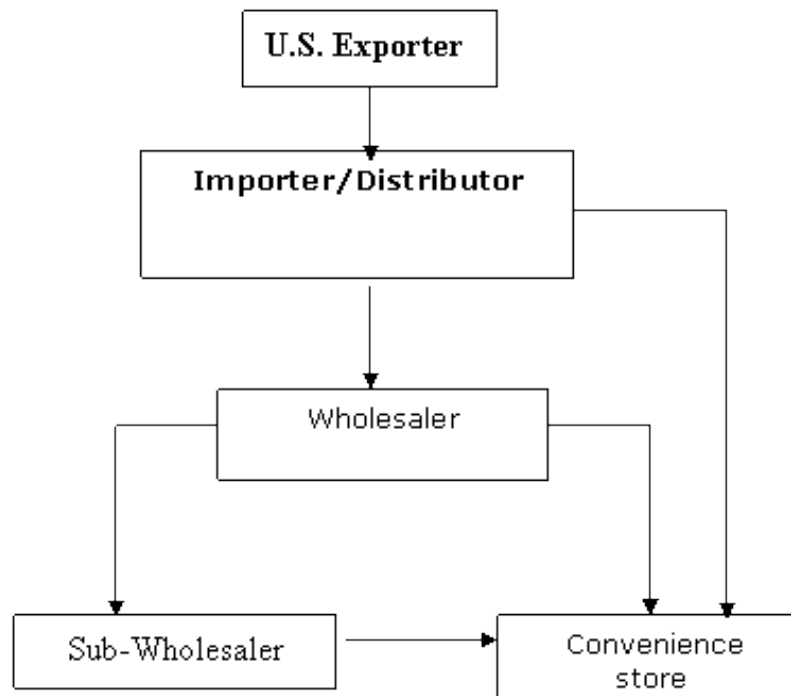
B. Convenience Stores/Gas Marts, kiosks procurement and distribution

- Retail outlets in this category include convenience stores, mini-marts, gas marts *boutiques*, kiosks and roadside stalls. As much as 80 percent of retail food outlets are in this category.
- Outlets in this category tend to be small. Most buy their products from sub-wholesalers. Only few of the larger stores or chain stores in this category tend to get their merchandise directly from wholesalers.
- Gas marts have limited food sales. Product prices are usually much higher than in convenience stores or *boutiques*.
- Most small convenience stores and *boutiques* do not carry frozen foods as electricity supply can be unreliable with frequent power outages and few have their own generators.

Table 5: Company profile for selected convenience stores, groceries and kiosks

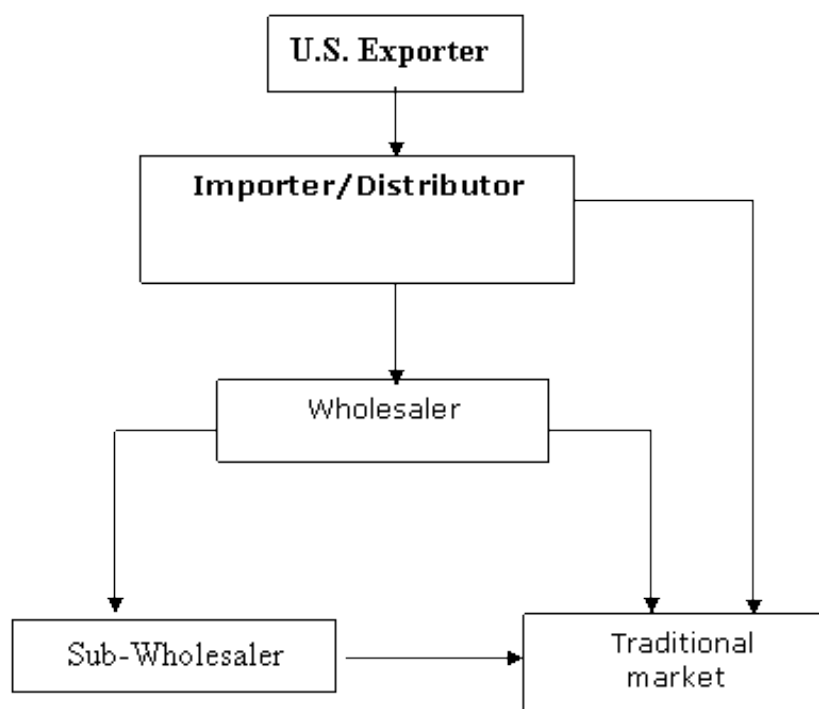
Name and Outlet Type	Ownership	Outlets	Location	Purchasing Agent type
Bonjour (gas mart)	French	24	Dakar and Thiès	Retailer
Eden's (gas mart)	Senegalese	9	Urban (nationwide)	Retailer
Select (gas mart)	French	24	Urban (nationwide)	Retailer
My Shop (gas mart)	Libyan	18	Urban (nationwide)	Retailer
Le Parcours (convenience)	Lebanese	1	Dakar	Retailer
Fili Fili (convenience)	Lebanese	1	Dakar	Retailer
<i>Easy boutique</i> (kiosk)	Senegalese	110	Dakar & nationwide	Retailer
PANALE (Boutique)	Senegalese	~3	Dakar	Retailer

(Source: Post and trade sources)

Distribution Flow Chart for Convenience Stores**C. Traditional Markets**

- Traditional markets typically have a cluster of small stalls under a single roof or in an open-air location in urban and rural areas nationwide.
- Market vendors buy their goods from wholesalers or sub-wholesalers, who are often also located in the traditional market area or in buildings nearby.
- Retail prices tend to be less than in supermarkets and are usually negotiated. Customers are most often women of lower economic class or household staff shopping for daily needs.
- Products for sale are generally locally produced, processed or packaged and tend to be staple cereals, fresh fruits, vegetables, meat or fish.

Distribution Flow Chart for Traditional Market



Section III: Competition

As noted earlier, Senegal imports up to 70 percent of its food needs. The market is dominated by Europe, in particular France (21 percent) followed by the Netherlands (4 percent). Though France remains a major source for certain categories like wheat, milk and cream, cheese and snacks, Senegal's food import market has diversified to include Asia (i.e. Thailand – 12 percent), South America (i.e. Brazil– 10 percent) and African neighbors (i.e. Cote d'Ivoire – 5 percent) . The U.S. market share is quite small (1.5 percent), but there is potential for growth if more effort is made to target this market with effective sensitization of U.S. brands and product lines and increased access for retailers of U.S. goods. Grocery consolidation or a regional approach might work best for products where the volume might be too small. A visit to Casino and Hypermarket Exclusive where customers tend to be expatriates and Senegalese professionals who can afford U.S. products, sell European products. However, there are U.S. brands present, but are manufactured outside the United States, i.e. European Union.

Senegal is a member of the *West African Economic and Monetary Union* (WAEMU) or UEMOA (*Union Economique et Monétaire Ouest Africaine*) which includes eight countries sharing a common tariff rate and currency. Thus, once goods enter in one country they can be shipped to any of the other countries without further taxes or duties imposed. The eight countries of WAEMU are Senegal, Cote d'Ivoire, Togo, Mali, Burkina Faso, Guinea Bissau, Niger and Benin.

Competition from local industries is not significant for most imported foods given the reliance on imports, even in the local processing industry. The fisheries sector may be one area, however, where this would not be true, particularly for fresh/chilled/frozen fish. Senegal harvests a significant quantity of tropical fish both for local consumption and export. In 2010, Senegal exports \$230 million in fish and seafood products, with about \$143 million in fresh, chilled and frozen fish and \$20 million in shrimp and prawns including in shell and frozen.

The table below offers a view of Senegal's major food imports for 2008-2010 by sector and also identifies the top sources for these products. The Netherlands remains the major source for imported fresh vegetables, with about half of the total in this sector being onions and shallot, almost all of which came from the Netherlands. France continues to have a 16 percent share of total consumer-oriented foods, and is still sourcing a fourth of the dairy sector and over 53 percent of imported cheese.

Table 6: Senegal's Principal Food Imports for 2009, 2010, and Jan-Oct 2011

Products	2008 Total Value	2009 Total Value	2010 Total Value	2011 (Jan-Oct)	2010 Primary Source	2010 Market Share in percent
	<i>\$ million</i>	<i>\$ million</i>	<i>\$ million</i>	<i>\$ million</i>		
Dairy	143.5	122.6	112.5	87.5	France	23.1
Red meat	16.8	17.8	14.5	10.6	India	60.0
Snack foods	18.5	15.5	12.6	13.3	Turkey	17.8
Fresh vegetables	32.9	24.4	33.1	30.9	Netherlands	69.4
Fresh fruits	24.4	20.5	21.1	16.6	Ivory Coast	39.4
Sugar/sweeteners/ beverage base	31.9	56.0	83.6	108.7	Brazil, France	58.3
Wine & beer	10.4	10.4	9.37	7.8	Spain	37.7
Total Consumer- oriented foods	612.4	508.0	426.6	449.7	France, Netherland, Cote d'Ivoire	~ 40.0
Rice	518.4	336.0	271.2	296.6	Thailand	62.0
Wheat	156.8	109.4	123.2	151.1	France	88.0
Vegetable oils	185.8	132.0	103.9	116.5	Brazil, Argentina, Cote d'Ivoire	~ 90.0

(Source: Global Trade Atlas)

Section IV. Best Products Prospects

In general, bulk staple commodities have the greatest market share and best prospects. There are, however, many other products that may have good market potential here, given the right promotion and marketing. Below is a list of products categorized by their market presence and potential.

A. Products present in the market with good sales potential

- dairy products
 - powdered and liquid milk: bulk whole fat and skimmed milk powder; liquid milk (UHT), pre-packaged 1-liter cartons of fresh or UHT milk.
 - cheese
 - butter and margarine
- vegetable oils
 - crude soybean
 - crude and refined palm oil
 - refined peanut oil
 - bottled vegetable oil: all varieties
- rice
- wheat
- onions
- fresh fruits: apples, grapes, pears, citrus
- tea and coffee
- fruit juices: orange, apple, pineapple
- pasta products
- beer and wine
- spirits, liqueurs
- canned fruits and vegetables

B. Products not present in significant quantity, but with good potential

- snack foods (biscuits, chips, crackers etc)
- poultry meat
- red meat
- offal
- potatoes
- table grapes, apples, pears
- breakfast cereals
- condiments
- baking mixes

C. Product with strong domestic demand, but too few suppliers.

- tomato paste/ketchup
- fruit preparations and juices
- confectionery (candies, gums etc)
- mayonnaise and salad dressing
- spices and sauces including soy sauce
- potatoes
- onions and garlic
- pasta products

Section V. Post Contact and Further Information

FAS Office

The FAS office in Dakar, Senegal has regional coverage for much of francophone West Africa and some neighboring countries; namely, Senegal, Mali, Burkina Faso, Niger, Chad, Cote d'Ivoire, and the Gambia. Following is the contact information for the office:

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Useful Reports:

The following links are for reports of particular relevance to trade with Senegal. For further information and data, please also visit FAS' website at www.fas.usda.gov.

[2011 Senegal FAIRS Country Reports](#)

[2011 Senegal Exporter Guide](#)