

Why Africa?

- Some of the fastest growing economies in the world.
 - Will play increasingly significant role in global economic growth.
- Young and rapidly growing population.
- Household incomes and consumption projected to rise.
 - Results in rapidly growing middle class.
- Digital and mobile access is quickly expanding.
- Infrastructure gap is closing.
- Primed for mass industrialization.
- US Government has taken unprecedented steps to support business to Africa.

Challenges in Africa?

- Business in Africa continues to be associated with real and perceived risks.
- Institutional and infrastructure barriers along with tariff and non-tariff barriers.
- Risk and reward imbalances and high transaction cost.
- Bureaucracy slows everything down.

What's needed?

- It requires becoming familiar with your chosen markets.
- Understand the risks and opportunities and decide what's best for your business.
- Lean into new resources available through CWI.
- An adventurous and inquisitive mindset. (when others run away, we go have a look)

Market insights: West Africa

Due to French influence, West Africa has a wine drinking culture and through access and education, we can have a share of that pie.

- Key Markets:
 - Nigeria
 - Largest economy in the region.
 - Largest population on the continent.
 - Strong oil and gas deposits.
 - Appetite for luxury brands.
 - Success of Champagne and Spirits show potential.
 - Premium brands are in demand.
 - Nafdac registration remains a challenge.
 - Importers used to Spirits spending budgets and their expectation can be out of sync.
 - No real formal retail with most sales going through distributors and open-air markets.
 - Premium brands consumed at exclusive lounges, clubs, bars where “bottle serve” is prevalent.
 - Online purchases of premium brands on the rise.
 - Ghana
 - Probably the most stable economy in West Africa but not the strongest.
 - Medium sized population and decent sized middle class.
 - Trendy dining out and club scene with the demand for premium brands rising.
 - Only a few good importers don't make for great competition, but this is slowly levelling out.
 - Some importers operating into neighbouring Côte d'Ivoire.

What to expect in the trade and at the show:

The people of West Africa are generally friendly although the way that Nigerians talk could be perceived as arrogant and upfront. This is not an indication of their attitude but rather how Westerners interpret the way they talk. They love premium brands with stories and unique selling points. They won't necessarily know much about terrior and the different cultivars but enjoy wines that are big and bold. When customers ask for sweet wine, this is because of what they know, not necessarily because it's all they drink. Use the opportunity to educate them in a polite manner and have them taste fruit forward and smoother wines.

The trade is split between the importers and the distributors. The importers handle all the admin of finding brands and importing them. They also handle any Nafdac requirements and ensure that products comply. The distributors want nothing to do with the above and like to sell the consumers what they want without the hassle. Some importers will have distribution and some direct-to-consumer channels, but this is mainly handled by the distributors.

The formal retail in Nigeria for wines is not great, there are only a few supermarkets and liquor stores with most of these focussing on volume brands. Most actual retail stores for wine and spirits are

normally distributors as well. Distributors will look after formal establishments in horeca and DTC through their own stores and the open-air markets (informal trade) supplies all the rest.

Storage of wines and spirits in Nigeria is not great so be sure to discuss this with your potential importer so that they understand the importance of proper storage of your wine. Customers will generally be very well dressed and love to be recognized for their style.

Shipping to Nigeria and Ghana would either be direct or potentially from a European hub as they are already sourcing various products out of Europe. I'm sure that shipping from the East Coast could also work well to reduce lead times.

Ex-cellar price points:

Our focus should be on mid-level and up with some attention to the entry level segment.

- Expectations for the bottom end are around **\$1.00 to \$2.00** per bottle with various quality levels and many sweeter style wines. Big volume drivers of 10-100 by 20ft's per year.
- Entry level is around **\$2.00 - \$5.00** per bottle with the potential to ship containers at a time. A mix between dry red style which are fruit forward and even some sweeter wines.
- Mid-level is **\$5.00 - \$12.00** per bottle where volumes are potentially pallets at a time with the right importer. Style will be mainly dry red and fruit forward red.
- High and Premium wines are from **\$15.00** per bottle where expectations could be between 10-100 cases. Volumes might be low but there are guys that buy at these price points. I once sold 850 bottles of Armand de Brignac at \$200 p/b to one importer.

Market insights: East Africa

Newer to the wine drinking scene but generally more educated population resulting in quicker uptake through openness to new experiences and desire for knowledge. This also resulted in some markets being quite cluttered, confusing the general consumer.

- Key Markets:
 - Kenya
 - Key economic hub for East Africa with the biggest port at Mombasa.
 - Relatively stable economy and strategically positioned for foreign investment in the region.
 - Strong middle class and educated population.
 - Regional base for UN and multinational businesses resulting in large expat community.
 - Trading hub for all neighbouring countries.
 - Appetite to learn about brands with wine high on the list.
 - Better formal retail and good output through Horeca.
 - Fairly easy to import wine with only pre-inspection and "imported by" sticker required.
 - Tax stamps applied in-market.
 - Certain testing needed.
 - Decent tourism sector.

- Tanzania
 - Also a relatively stable economy but more conservative than Kenya.
 - Large population of over 70mil.
 - Very good tourism sector based out of Arusha.
 - Smaller premium and luxury market than Kenya.
 - Zanzibar should be seen as a separate market as it plays by different rules.

What to expect in the trade and at the show:

East Africans are known for their friendliness and their broad smiles. They are always keen to help and easy to chat to. They also have a love for premium brands but are more sensitive to price. There is a very long history with Indian traders and some of the importers will be 4-5th generation Indian families. East Africa is more cosmopolitan than the West and they have a very large expat population.

Due to lax Import controls, the market is full of “importing traders” that are more opportunistic in their supply than they are brand builders. Shipping to East Africa will benefit from a South African hub or through operators in Dubai. The guys in Dubai have proven channels into East Africa but they will sell to many importers/traders in each country.

Ex-cellar price points:

Very similar to Nigeria but better prospects at mid-level price points are more. Focus on the mid-level and up and position ourselves strongly.

- Expectations for the bottom end are around **\$1.00 to \$2.00** per bottle with various quality levels and many sweeter style wines. Big volume drivers of 10-100 by 20ft’s per year.
- Entry level is around **\$2.00 - \$5.00** per bottle with the potential to ship containers at a time. A mix between dry red style which are fruit forward and full-bodied white wines.
- Mid-level is **\$5.00 - \$12.00** per bottle where volumes are potentially pallets at a time with the right importer. Style will be mainly dry red and fruit forward red, followed by white.
- High and Premium wines are from **\$15.00** per bottle where expectations could be between 10-100 cases. My allocation into Nairobi with one producer at \$20 a bottle was 150x6 which was taken up each vintage.

Market insights: Southern Africa

This region is dominated by South African wine but has much potential for Californian wines as well. The region is way more stable than the rest of Africa and confidence levels are rising. The wine trade is much more formalised, and consumers are well educated in local and foreign products. I believe that opportunity lies not just with the importers but with the premium formal retail and premium consumers.

- Key Markets:
 - South Africa
 - Stable economy with good formal structures to make business easier.
 - Limited trade barriers other than price.
 - Experience with importing wine from around the world and handling it correctly.
 - Long wine drinking culture but with limited exposure to imported wine.

- Well-educated formal importers with good structures to move the wine.
- Retail opportunities through various premium outlets.
- Sommeliers association is active and inquisitive.
- Good teaching establishments that help with customer and consumer knowledge.
- World class horeca offering where premium wine is sold.
- Great tourism numbers that encourage a wider wine offering.
- Rising number of very wealthy “Black Diamonds” that yearn for exclusive access to premium experiences.
- Namibia and Botswana
 - High consumption of wine but more value driven for the general consumer.
 - Solid importers with experience and brand building mindsets.
 - High tourism numbers with potential at high end lodges but limited volumes.

What to expect in the trade and at the show:

South Africa has an appreciation and understanding of premium wine with good access to the potential consumer. Importers will know about all the well-known Californian brands but due to limited exposure, won't know much about the rest. There will certainly be interest in finding the gems in-between as the allocation of current wines available to the market will be low. Due to its long history with wine, people enjoy somewhat more technical wine chat along with historical anecdotes about your products. This market will probably be as close to what you can expect from any other formal wine market around the world.

Shipping to South Africa should be fairly easy direct and there is potential to ship directly to some of the supermarkets.

Ex-cellars price points:

In South Africa, the playing field is potentially wider with more opportunities at most ex-cellar price points. Pricing tiered into channels.

- Premium Grocers will potentially consider price points of **\$3.00 - \$7.00 p/b** but will be picky about marketing contributions. Pallets and potentially containers.
- Wine Retail stores will look to the same price points as grocers but could go up to **\$15.00** whilst stoking a few wines of the high to premium price points from the importers. Mixed pallets at a time.
- Importers make use of mainly DTC and online sales and look after premium Horeca direct. They will be looking for known brands, hidden gems and regional stalwarts across **all price points**. Cases to pallets.