Exporting Alcoholic Beverages to Nigeria

Liz Whitehouse,

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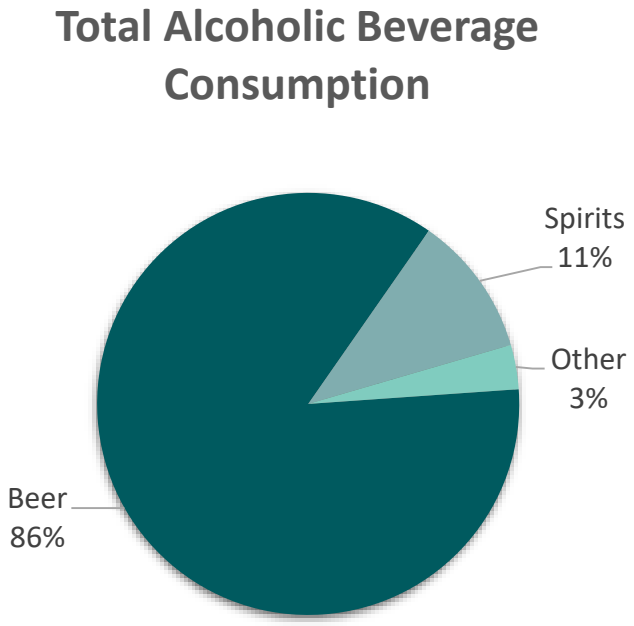
BORD BIA
IRISH FOOD BOARD



Size of the Market

- Nigerians spent about €480 million on alcohol in 2016 with 75% of this spend occurring in the southern part of Nigeria (National Bureau of Statistics)
- The total volume of alcoholic beverages consumed in 2020 was 208,9 million cases
- This represents 2.7% category growth between 2015 and 2020
- Around 11% of total consumption is spirits, 85% is beer
- The spirits category has seen the highest growth in this period at 7.8% ahead of total alcohol beverages at 2.7% (IWSR)



Source: IWSR Report, 2021

The Whiskey Market

From the total 226 million cases of alcohol consumed in 2020, whiskey accounted for 1.7 million cases showing 1.1% CAGR between 2019 and 2020

Irish whiskey accounted for 6.5% of total whiskey consumption in 2020

The growth in the Irish Whiskey category has been led by Jameson Irish Whiskey - Jameson Original and more recently Jameson Black Barrel

Consumption: '000s nine litre cases					
Category	2019	2020	CAGR 2019 to 2020	CAGR 2015 to 2020	CAGR 2020 to 2025
Spirits	22,250.45	22,645.50	1.8%	7.8%	4.2%
Whiskey	**1,685.75**	**1,704.25**	**1.1%**	**6.0%**	**3.7%**
Scotch	231.25	215.25	-6.9%	2.8%	9.1%
US Whiskey	26.50	35.00	32.1%	-10.4%	6.5%
Irish Whiskey	**46.50**	**111.25**	**139.2%**	**118.2%**	**8.2%**
Indian Whiskey	235.75	233.00	-1.2%	-18.9%	-12.4%
Other Whisky	1,145.75	1,109.75	-3.1%	25.6%	4.4%

Source: IWSR 2021 Report

Market for Liqueurs and Gin

Liqueurs

- This is a female consumer dominated category in Nigeria with consumption of 2,3 million cases in 2020 according to the IWSR report
- More than half of the volume in this category is dominated by Best Cream Liquor - a local brand made by NigerBev
- Consumption has shown growth of about 4.5% between 2015 and 2020

Gin

- Gin is considered a traditional drink in Nigeria and is mainly consumed in the Niger Delta region where consumption is predominantly as an infusion for herbs and leaves used in traditional medicine
- Consumption in 2020 according to IWSR was 5,6 million cases with growth of 4.7% between 2015 and 2020



Route to Market:

Market Structure and Channel Contribution

On-trade channel: 25-30% of the total sales in spirits
Off-trade: 70-75% of the total sales of spirits
E-Commerce: Less than 1% of sales but growing steadily



Pricing Dynamics by Channel

Channel	Average Mark-up	Pricing Strategy
Distributor	10%	
Wholesale	7 – 10%	Priced on demand with lower margins for products with high demand
Retail Off-trade	25 – 30%	Price based on shelf rotation – higher the rotation the lower the margin
Retail On-Trade	100 – 300%	Price based on image of outlet, customer profile and location

Consumption Drivers On-trade

- Pop Culture : Brands that are endorsed by international celebrities
- Ostentatious/Lavish lifestyle : Multiple purchase of luxury brands (Champagne, Cognac XO)
- Bottle culture over shots culture



Consumption Drivers
Off-trade (Home consumption)

- Home-tainment: Relaxation and enjoyment
- Unpretentious consumption
- Associate with bonding and connectedness



Distributor Model

- Brand owners rely on the services of key distributors and logistics partners to drive sales and distribution.
- The distributor is usually assigned exclusive territories where the jobs is primarily to push products to wholesalers as well as retailers.
- Distributors are mostly designated based on the type of product they distribute :

Premium Brand Focused:

Imported product delivered to a central warehouse and further distributed for onward sales to other channel members.

Mainstream Brand Focused:

Large warehouses and an extensive salesforce structure due to the volume of products consumed in this category. Primarily locally manufactured brands.

Import/Logistics Partners:

Responsibilities go beyond stocking, sales, and distribution of products and they are also responsible for the direct importation of products from brand owners who are not physically present in Nigeria. They also act as brand representatives for the brand owners. They are structured to distribute nationally and will work with premium brand distributors to ensure national reach.

Registration

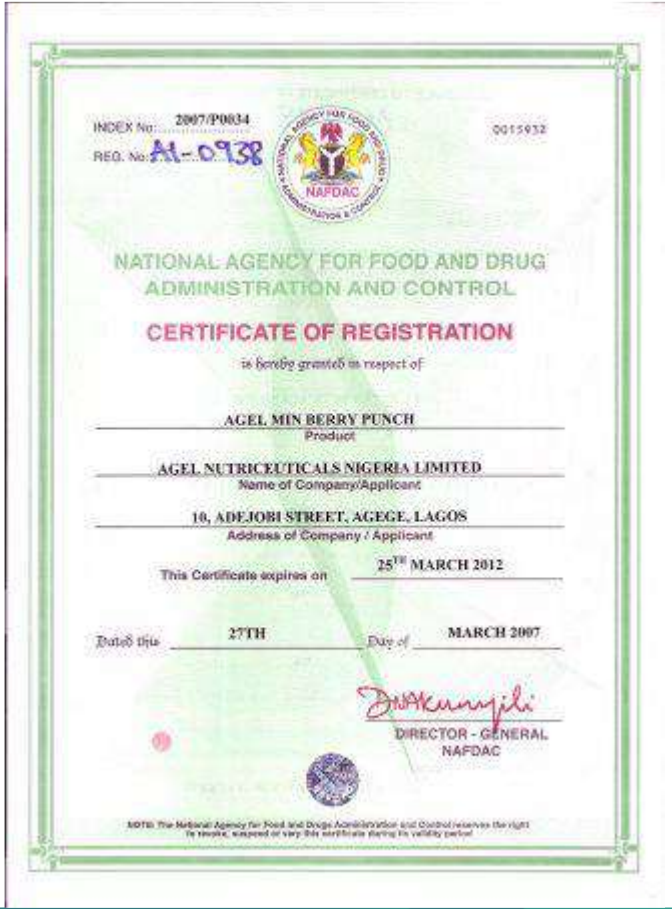
The National Agency for Food and Drug Administration and Control (NAFDAC) controls the manufacture, importation, exportation, advertisement and distribution of wines and spirits sold and consumed in Nigeria.

A NAFDAC Registration Certificate is required for all alcoholic beverages imported, distributed and sold in Nigeria.

NAFDAC Labelling Regulations require that in addition to standard food labelling requirements, alcoholic beverage labels need to state:

- Percentage of absolute alcohol by volume
- 18+ age restriction must be stated on the label
- Product MUST NOT indicate any health benefits or claims
- Restriction on use by pregnant women must be indicated
- Name of the product must be presented in a manner to protect the geographical indications and designation of the product

It is always advisable to hire the services of a NAFDAC consultant when dealing with the agency.


INDEX No: 2007/P0034
REG. No: A1-0938
0015932
NAFDAC
NATIONAL AGENCY FOR FOOD AND DRUG ADMINISTRATION AND CONTROL
CERTIFICATE OF REGISTRATION
is hereby granted in respect of
AGEL MIN BERRY PUNCH
Product
AGEL NUTRICEUTICALS NIGERIA LIMITED
Name of Company/Applicant
10, ADEJOBI STREET, AGEGE, LAGOS
Address of Company / Applicant
This Certificate expires on 25TH MARCH 2012
Dated this 27TH Day of MARCH 2007
DIRECTOR - GENERAL
NAFDAC

Trademarks



- It is a legal requirement to get a Trademark registered before an alcoholic beverage can be imported into Nigeria
- The local distributor is the person who will own your trademark in Nigeria
- As an Irish exporter you will be required to have a distributor agreement signed with the distributor spanning a period of between 2 and 5 years
- The Irish exporter will give the local distributor Power of Attorney and the distributor will register the trademark in his name on the Irish exporters' behalf
- The distribution agreement needs to be tightly worded with a good exit clause so that the you can get your brand back when the agreement expires
- The trademark will be registered for the period of the distribution agreement
- If there is a change distributor the trademark needs to be need to re-registered to the new distributor

Import Tariffs on Spirits (HS2208)

Tax	Rate	Value for Assessment
Import Duty	20%	Assessed on the cif value based on the exchange rate on the approved Form M
VAT	7.5%	Assessed on the duty-paid value
Import Levy	50%	
Excise	20%	
Administrative fee	1%	Assessed on the fob value based on the exchange rate on the approved Form M

Thank you

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