The Dairy Opportunity in West Africa

14 Sept 2021

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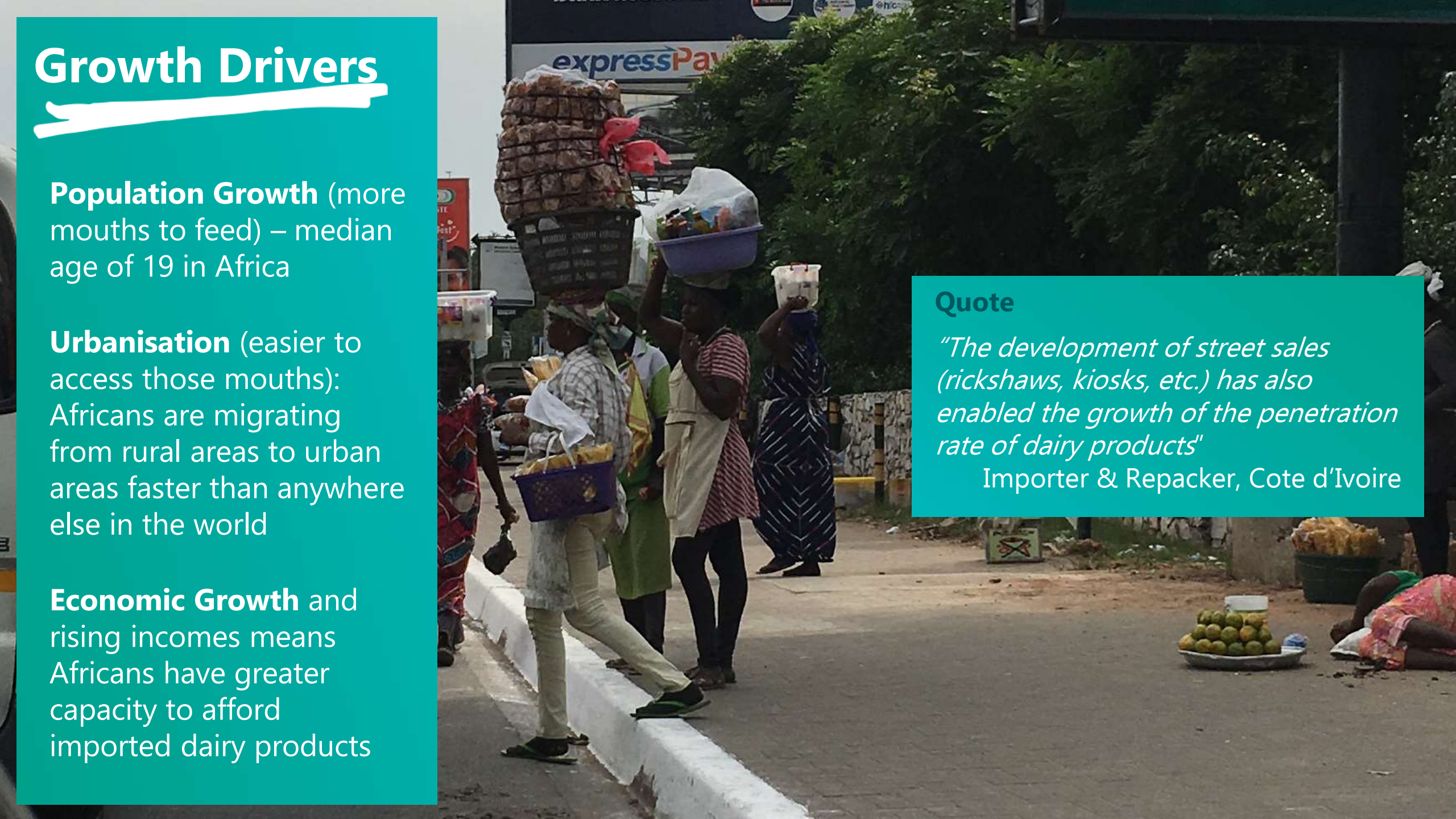
- Market dynamics & the growth of dairy
- Bord Bia research
- The growth of powder
- Fragmentation & more opportunity
- The importance of brand-building
- Crystal ball

Growth Drivers

Population Growth (more mouths to feed) – median age of 19 in Africa

Urbanisation (easier to access those mouths): Africans are migrating from rural areas to urban areas faster than anywhere else in the world

Economic Growth and rising incomes means Africans have greater capacity to afford imported dairy products



Quote

"The development of street sales (rickshaws, kiosks, etc.) has also enabled the growth of the penetration rate of dairy products"

Importer & Repacker, Cote d'Ivoire

Dairy category is one of growth



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Thinking House Research 2021

- ✓ Market trends for FFMP in Senegal, Cote d'Ivoire and Ghana – March 2021
- ✓ Uses & Attitudes for Dairy in Nigeria (focusing on powder and evaporated milk) – September 2021



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Preference for Powder

- **Powder milk registers the strongest current growth** of any drinking milk format in Nigeria
    - 15% to reach sales of NGN183 billion in 2020 - representing 3 in 4 of the value of the drinking milk category (Euromonitor, 2020)
- Senegal, Côte d'Ivoire and Ghana are all seeing **growing demand for milk powders**
    - Senegal – 10.5% p.a average growth over last 10 years
    - Cote d'Ivoire - 8% p.a average growth over last 10 years
    - Ghana – 4% p.a average growth over last 10 years



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Boom of Yoghurt Drinks





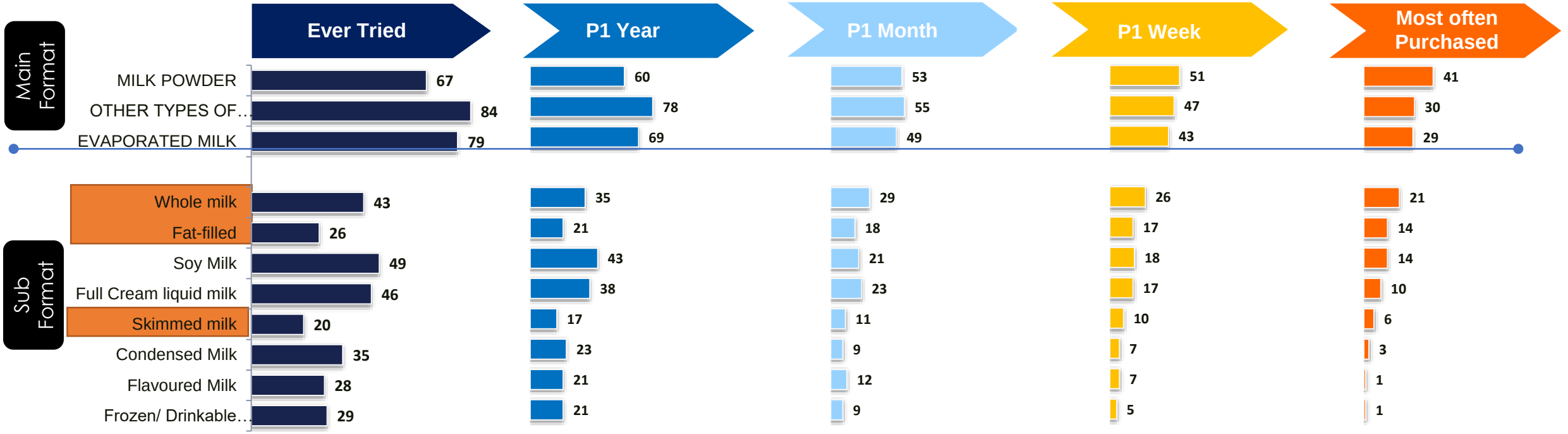




Source: Mintel GNPD

Milk powder is the format most often bought in Nigeria

%



Base: n=1620

B4. Which of these dairy milk types have you ever consumed?
B5. Which of these have you consumed in the past year?
B6. Which of these have you consumed in the past 3 months?
B7. Which of these have you consumed in the past 1 month?
B8. Which of these have you consumed in the past 1 week?
B9. And which of these do you consume most often?

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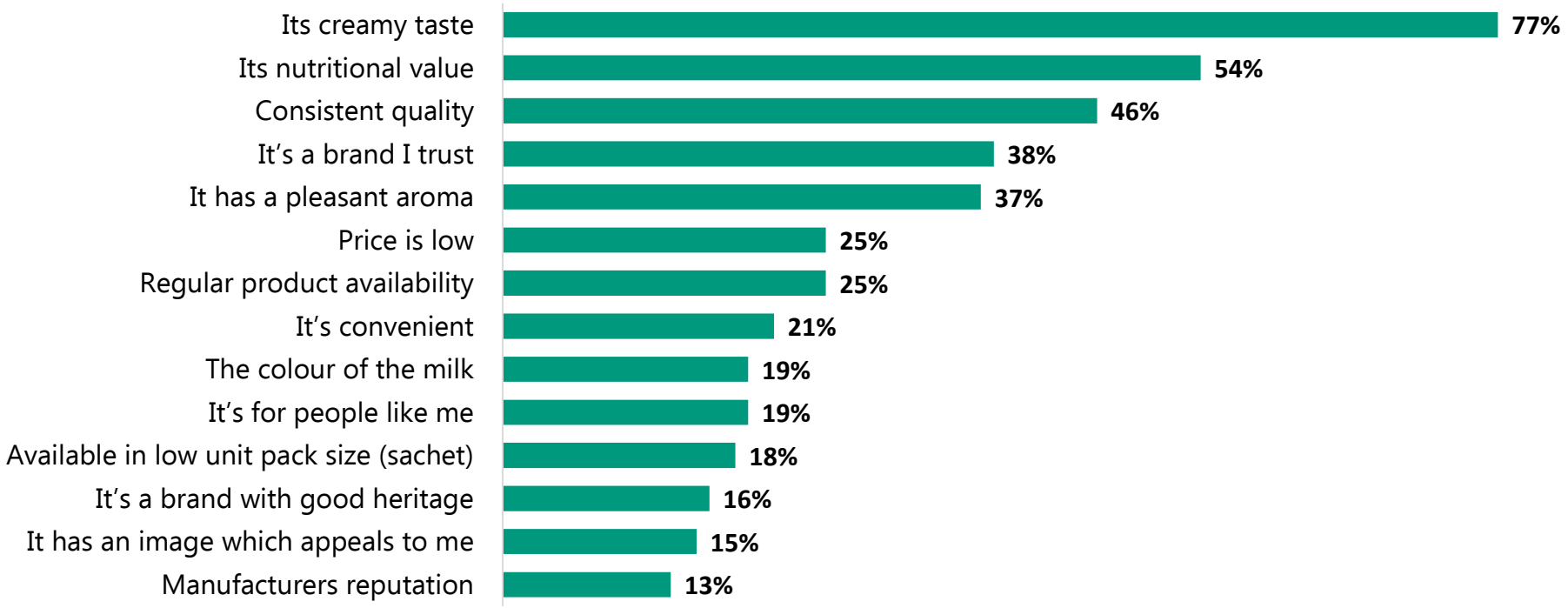
Source: Listing Study (CATI)

Milky taste, nutritional value and consistency of quality are the three key drivers for the most often used brand of milk powder

Why is milk powder the most often purchased format?

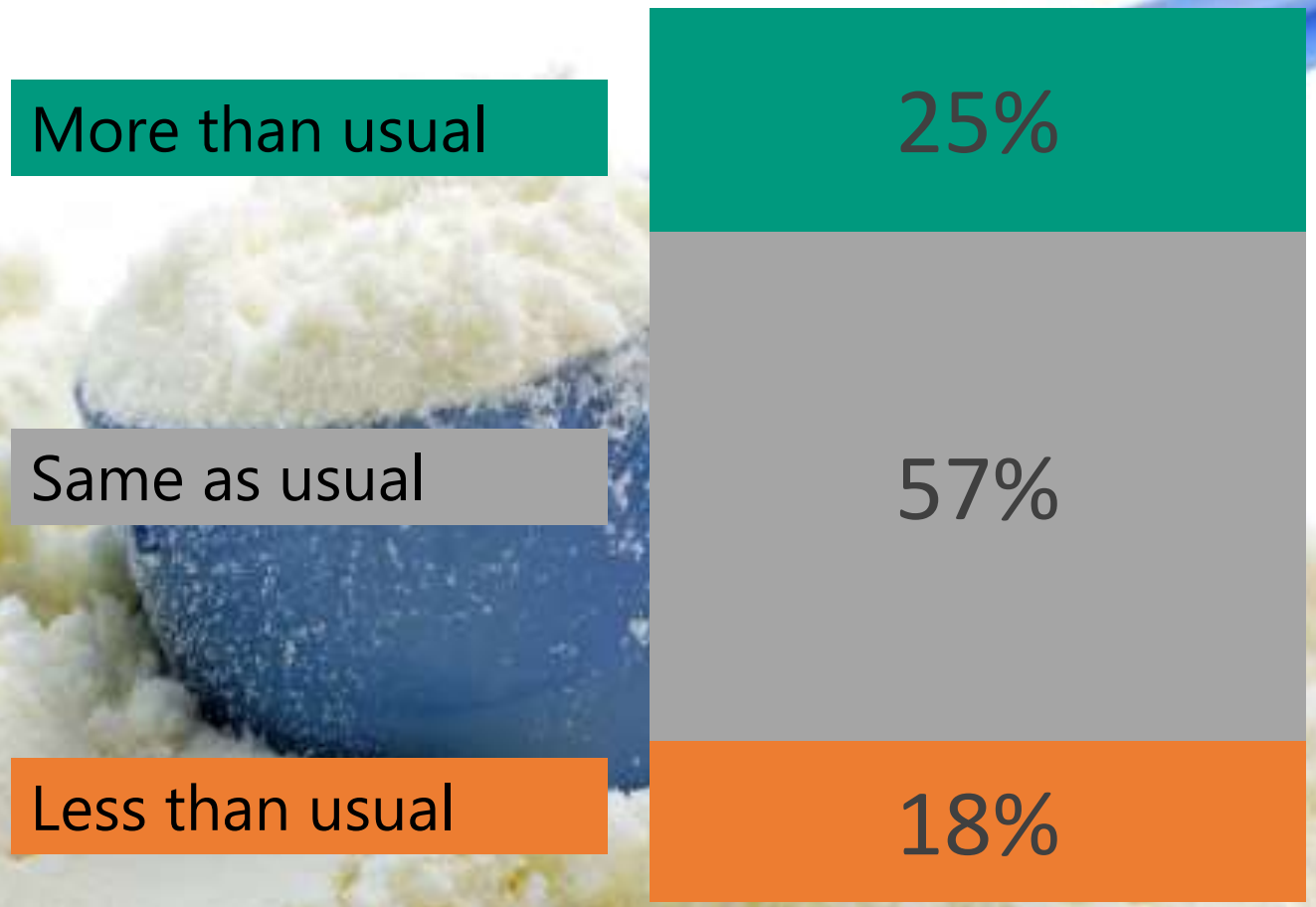


CA13a. You mentioned that [PIPE IN BRAND CODED CA11], is your most often used brand of [INSERT code 4 or 6 Selected at S.3b]. Can you please tell me the reasons why you consume this brand more than any other brand of [INSERT code 4 or 6 Selected at S.3b]?

Base: n=566

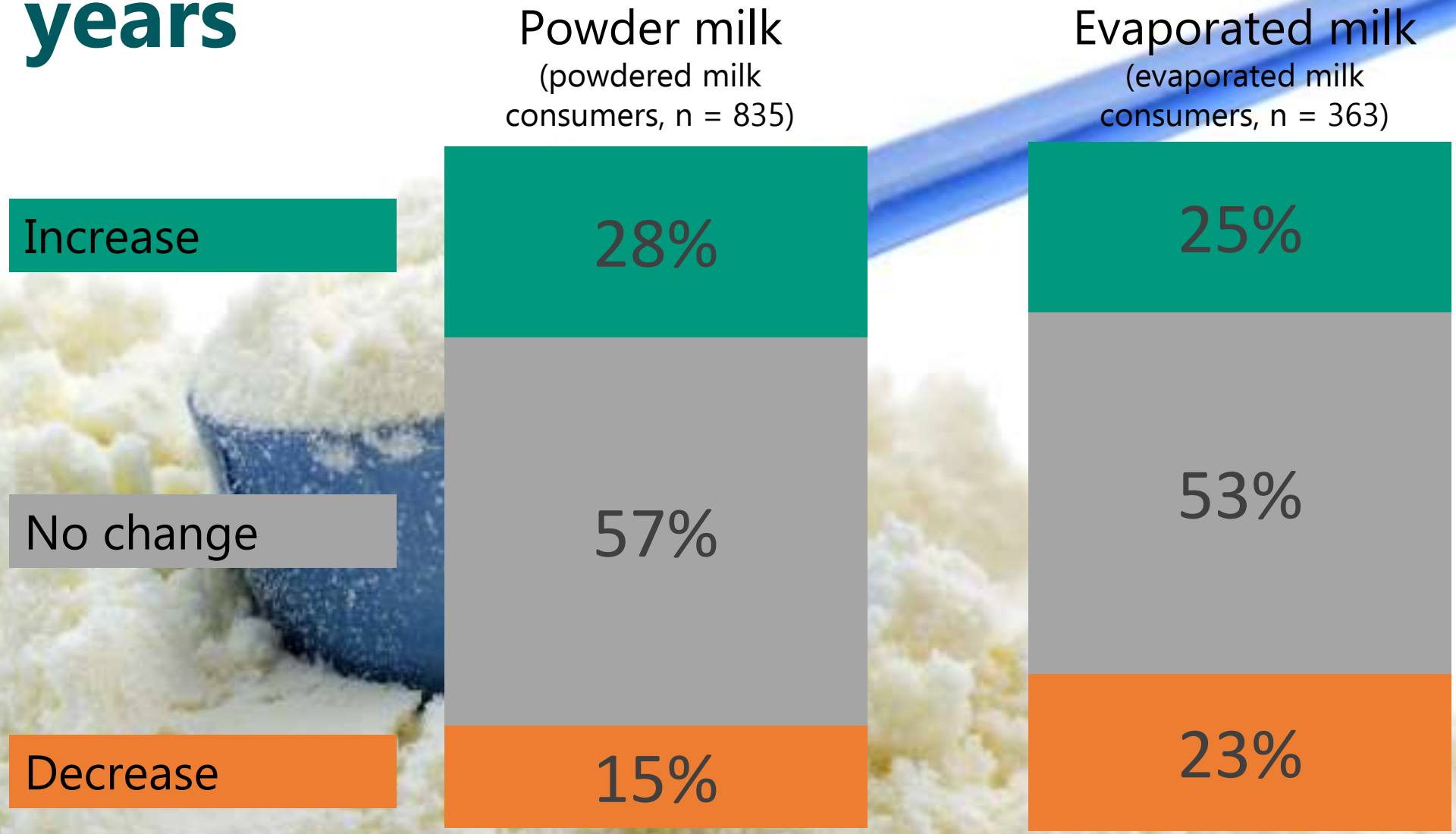
Source: U&A Study

1 in 4 powdered milk consumers claim to have consumed more since Covid outbreak



CS4. Considering the period before COVID-19 and now how would you describe your consumption level for the various types of dairy milk, would you say you consume more or less than you normally consume before Covid-19? Kindly select which is appropriate to your consumption level within the period in these list of options
Base: n=566

Over 1 in 4 powdered milk consumers intend to consume more in the next 3 years



CS8. Now thinking about your plan for the next three years, would you say your purchase of the various types of dairy milk will, increase, decrease or remain the same? Kindly select which is appropriate for your purchase decision for each of the dairy milk type from these list of options

But Price is Not to be Ignored

- Consumer, thus customers, remain very price sensitive
- Price is the key driver of choice for importers
- Irish perceived as more expensive by importers interviewed – sales vulnerable to lower cost/quality – challenge to differentiate

> *"What is important to us is price, taste and conservation during transport by boat. We buy MIKSI. Why? Because it is cheapest, the taste is good and it is good quality."*
>
> Importer, Senegal

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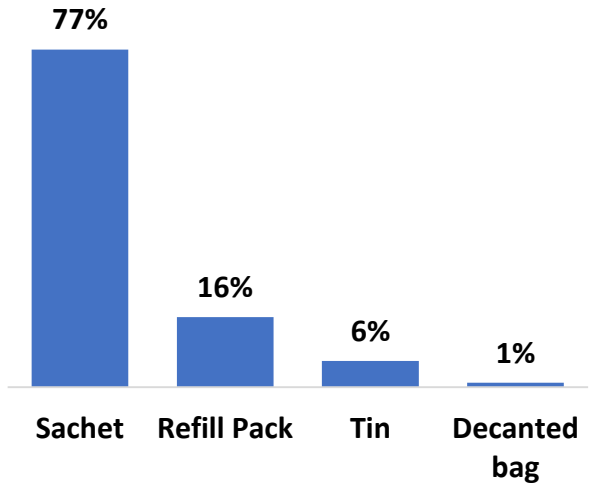
Purchases of milk powder is mostly in sachet of 20g and below format

Pack Format & Sizes
(Milk Powder)

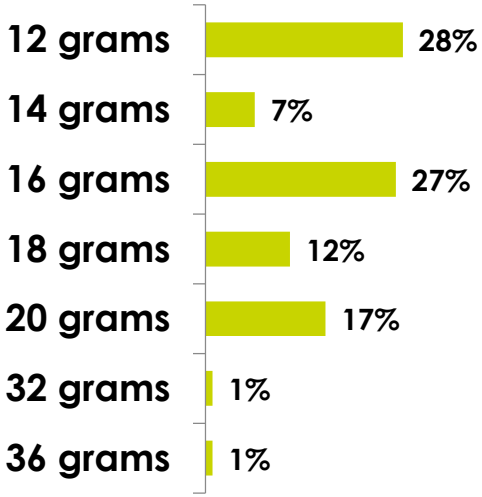
Most often format



91%

use a sachet 20g and below most often

Pack Size Sachets



Base – Actual Purchasers of Powdered Milk: n=361

BP3c. What format of [INSERT code 4 or 6 Selected at S.3b] did you buy the last time?
BP4. What pack size of the sachet did you buy the last time?
BP5. What pack size of the [PIPE IN CODE 2/3/5 SELECTED AT BP3c] did you buy the last?

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Source: U&A Study



FRAGMENTING THE POWDER MARKET

FFMP is Quickly Growing Category

- At consumer level **awareness of the difference between FFMP and WMP is low.**
- **Consumers increasingly choose the lower cost** alternatives in purchases of milk powder
- As a result **FFMP demand growing rapidly -** >19% growth in FFMP imports per annum in Senegal and Cote d'Ivoire
- There is likely a low awareness of distinction in Nigeria also – where WMP is claimed to be the most purchased



Quote

"FFMP is much more popular in African markets and especially in Senegal. We find more FFMP in the market because it is easier to source and price is lower than other types of milk. "

Importer and repacker, Senegal



Trend towards Lower Protein

- Senegal - all international brands have <20% protein
- In Ghana flavoured powdered beverages with low protein are popular
- In Côte d'Ivoire retail powder still mainly WMP but FFMP growing
- Low technical awareness
- 20% of powder milk buyers in Nigeria claim to pay attention to protein content before purchasing



Quote

"A Ghanaian adult will not drink a glass of plain milk as a Senegalese adult might. It has to be flavoured. "

Leading importer and repacker, Ghana

Flavoured Powders

- Flavoured milks and coffee blends account for over half of total FFMP sales in Ghana.
- Popularity expected to grow in Senegal and Cote d'Ivoire.
- Much lower protein content than the plain FFMP products.
- Non dairy creamers (plain and flavoured) sell in sachets alongside FFMP. Sourced mainly from China and heavily promoted in media. Typically contain 2-3% protein.
- Only 7% in Nigeria purchased flavoured milk in the last 7 days.



FRAGMENTING THE FFMP MARKET

- **Bulk product with 24% protein**
- **Lower priced bulk product** with more cost effective formulations usually involving low protein content for less protein sensitive customers
- **Smaller bulk bags** (e.g. 5kg, 10 kg) to facilitate foodservice and small artisan buyers
- **Potential for flavoured powders** (well established in Ghana)
- **Develop Irish owned retail FFMP brand/brands** (with variants including more than one protein level, flavoured variants, etc.)



THE IMPORTANCE OF BRANDS

About ½ of both milk powder and evaporated milk consumers usually consider only one brand of milk when shopping

	Powder	Evaporated
I have only ever considered one brand	46%	52%
I choose between several brands	40%	41%

BP10.Which of the following best describes how you select brand of [INSERT code 4 or 6 Selected at S.3B] anytime you are shopping for milk?

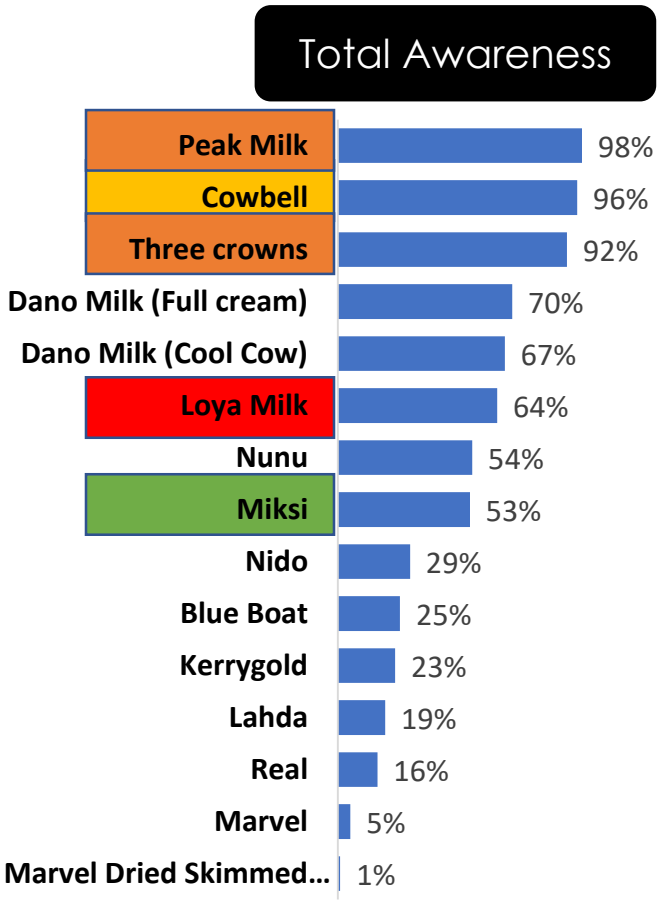
Base – Actual Purchasers of Powdered Milk: n=361
Base – Actual Purchasers of Evaporated Milk: n=127

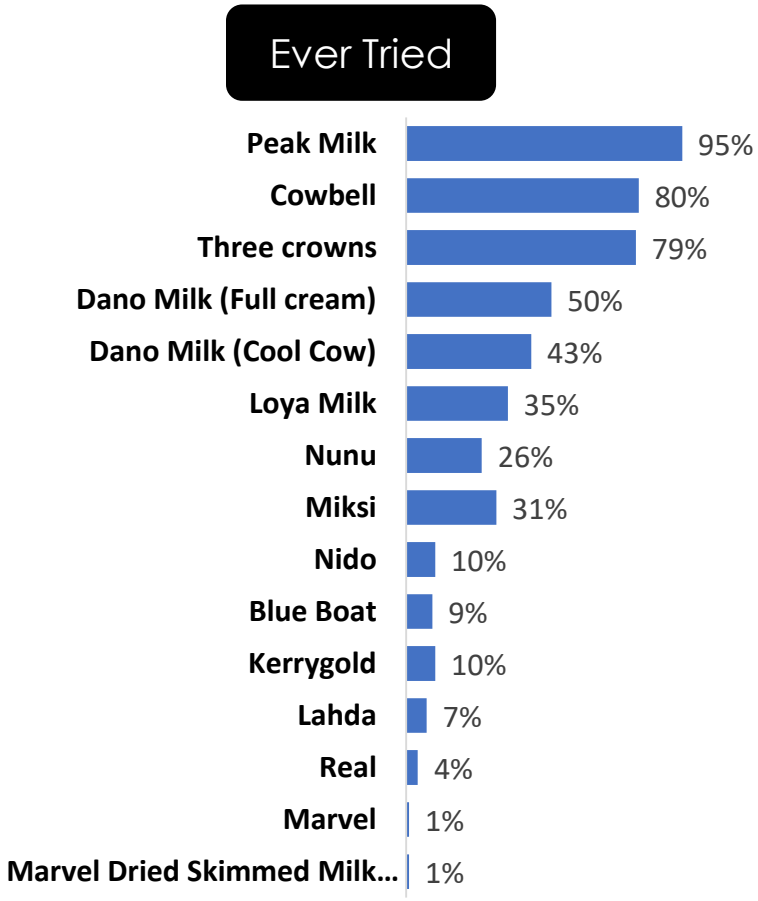
Source: U&A Study

Peak Milk, Cowbell and Three Crowns by far the most popular milk powder brands

High awareness and usage

Low awareness and usage





CA2. Which other brand milk types are you aware of? Please mention as many brands as you can think of.
CA6. Which of these milk types have you ever consumed?

Base - Powdered Milk: n=566

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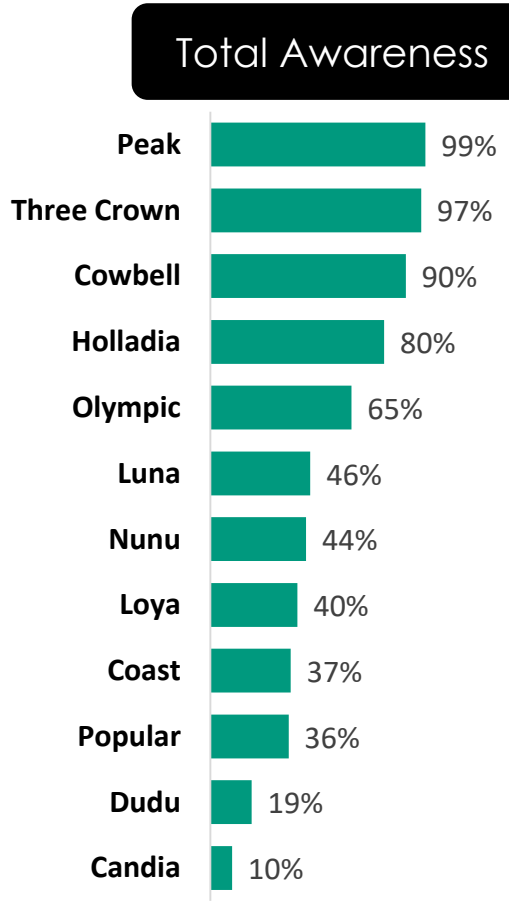
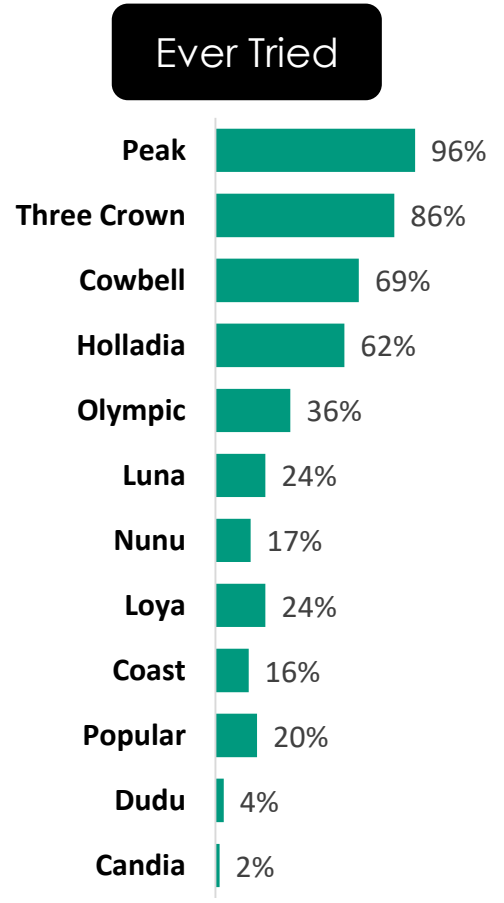
Source: U&A Study

Peak, Three Crowns and Cowbell are also the most popular evaporated milk brands

High awareness and usage

Low awareness and usage





CA2. Which other brand milk types are you aware of? Please mention as many brands as you can think of.
CA6. Which of these milk types have you ever consumed?

Base - Evaporated Milk: n=248

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Source: U&A Study

Growing International Branded Presence (Senegal)

- **In 2015 Nestlé's GLORIA was the only FFMP brand packed in Senegal by an international company.** Nestlé also supplied NIDO which was FCMP at that time.
- In the last 5 years, **Arla, Promasidor and DMK have launched** locally packed retail FFMP brands and Nestlé has reformulated NIDO which now contains vegetable fat (and less protein).











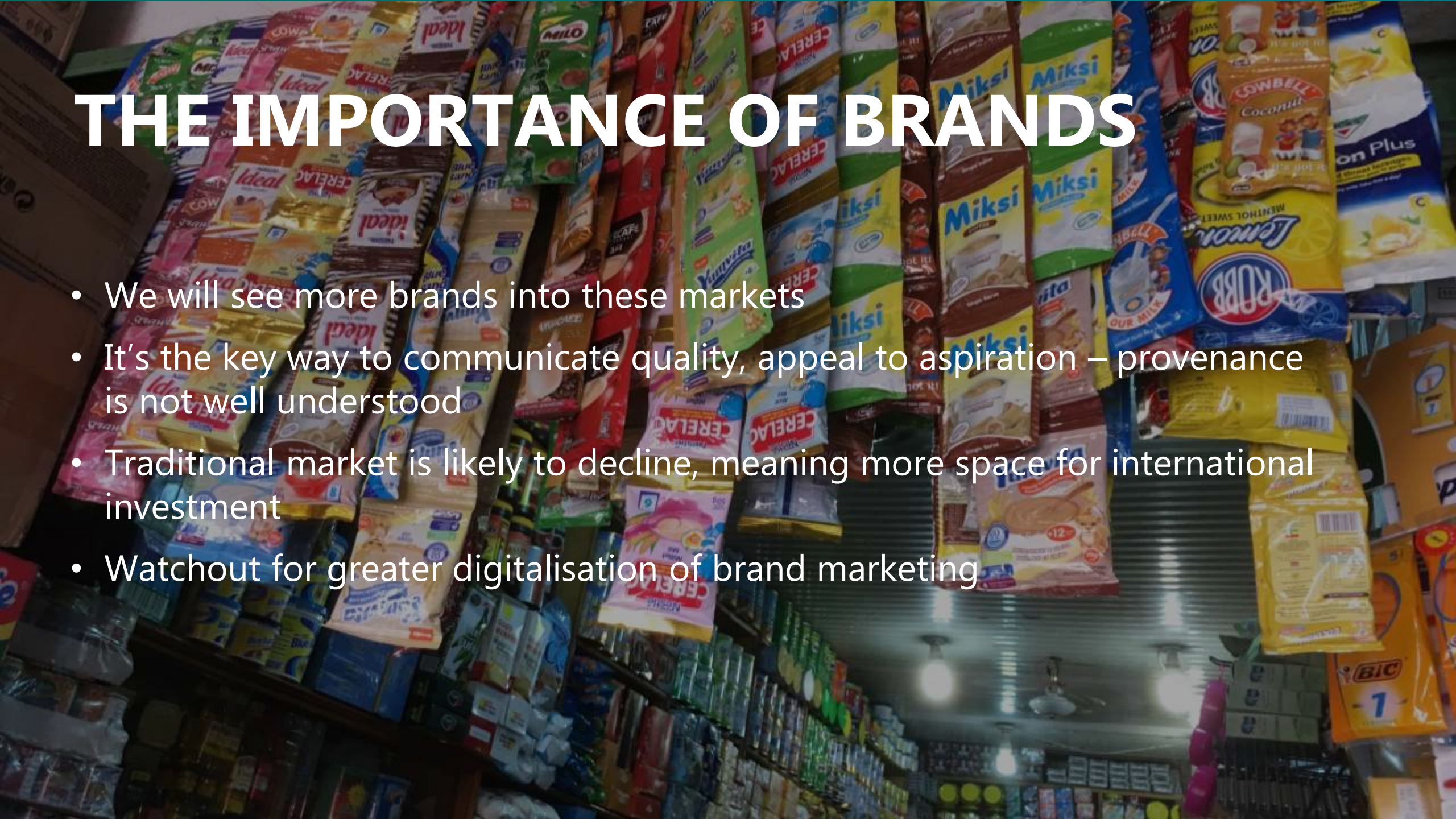
Photos by Brian McNulty



Growth in Sustainability Claims

- Mintel GNPD note a 350% growth in new products making sustainability claims – packaging in particular
- Though not seeming to register, yet, with consumers
- Functionality and convenience the other growing claims

THE IMPORTANCE OF BRANDS



- We will see more brands into these markets
- It's the key way to communicate quality, appeal to aspiration – provenance is not well understood
- Traditional market is likely to decline, meaning more space for international investment
- Watchout for greater digitalisation of brand marketing

Crystal Ball



- **Dairy consumption and sales to increase** – 6-18% annual growth across markets (Fitch, 2021)
- **Continued growth in demand for FFMP** particularly in Senegal and Côte d'Ivoire though the 19% p.a. not sustainable
- **Increased investment in FFMP brands by major dairy companies –** more formalised markets
- **Differentiation** – **new international brands,** different protein levels
- Growth of refrigeration, but growth of liquid milk not to come near growth of powder (Euromonitor, 2020)
- Continued growth of **flavoured products** – forecasted growth to 50 billion Naira by 2025 (Euromonitor, 2020)

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Thank You

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