

Retail penetration:

West African Cluster:

Ghana:

- Retail sales growth 10 %, growth relatively advanced compared to others. Traditional open air markets account for more than two-thirds of retail sales in Ghana. Supermarkets only account for 1 percent of sales – still more domestic supermarkets are growing including Melcom, Kwatsons and Palace Hypermarket and foreign owned companies are also entering, including GNC, Shoprite, Total and Wal-Mart.
- Opportunity to benefit from first demographic dividend, generally accommodating business environment, popularity of shopping centres. Ghana's modern retail sector is restricted mainly to Accra. There are currently only a small number of international retailers on the scene. The size of the middle class is still small, but is growing at a rapid pace, thereby providing the base for the demand for the convenience and variety that is offered by super- and hypermarkets.
- A number of South African retailers have expressed a desire to expand their presence in Ghana, and to take up space in new developments. These include Shoprite, Game, Foschini, Mr Price, Spur, Truworths, Woolworths, Edgars, and Famous Brands. Well-known international retailers have been less eager to enter the market, although Zara, Mango, Hugo Boss, Tommy Hilfiger, and TM Lewin have recently shown interest. The strongest retail growth are Osu, Tetteh, Quarshie Interchange, East Legon, Wija (Dunkuna), Teshie, Tema, Achimota, Takoradi, and Kumasi.

<https://www.kpmg.com/Africa/en/IssuesAndInsights/Articles-Publications/General-Industries-Publications/Documents/African%20Consumer%20and%20Retail%20Report.pdf>

<http://www.atkearney.com/consumer-products-retail/african-retail-development-index>

Nigeria:

- Large market size, youthful population, urbanization, privatization of power sector.
- Wholesale & retail trade accounted for an average 29% of the economy's nominal GDP (2013) up from 19.8% in the corresponding period of 2012. According to the minister of industry, trade, and investment, Nigeria received N205. billion (around US\$1.3 billion) worth of investment in its retail sector during 2012-13. Nigeria's retail sector is currently undergoing a transformation with international supermarket brands entering the country, new malls that will be constructed, and the conversion of informal markets into more modern facilities. Although only a tiny section of retail trade is formal at present, the advantages of shopping in supermarkets and convenience stores have become increasingly apparent to domestic consumers.
- Nigeria's modern supermarkets are a mix of domestic and foreign retailers. Park'n'Shop, Nigeria's largest domestic retailer, is one of the few to operate a chain. Its range of in-store offerings is popular with consumers, as is its focus on fresh foods. Foreign supermarkets such as shoprite and spar mainly sell imported products appealing to expats in Lagos.

- Informal channels still dominant. The domestic retail scene ranges from small shops in rural areas selling the most basics of necessities to poor customers, all the way up to multi-million-dollar Western-style malls in the larger cities. Nigeria's first modern shopping centre – the Palms Mall in Lekki, Lagos – was opened in 2006. In December 2011, Ikeja City Mall (anchored by South Africa's Shoprite) was opened in Lagos, and it has been quite popular. Smaller centres include City Mall, Surulere Shopping Centre, and Silverbird Galleria.

<https://www.kpmg.com/Africa/en/IssuesAndInsights/Articles-Publications/General-Industries-Publications/Documents/African%20Consumer%20and%20Retail%20Report.pdf>

<http://www.atkearney.com/consumer-products-retail/african-retail-development-index>

East African Cluster:

Kenya:

- Strong population growth, growing middle class, educated labour force, dynamic private sector, regional leader – possibilities for regional expansion
- Retail sector accounts for 10-20 % of total sales
- According to euromonitor international supermarkets offer essential food products as a 5%-10% discount to informal retailers.
- Retail sector dominated by local players of which Nakumatt (34 branches) has largest market share. Other players include Tuskys (45 branches), Uchimi (22 branches), and Naivas (29 branches).
- Foreign firms find it difficult to enter the market (South African Massmart was unsuccessful)
- Wholesale and retail sector accounts for 10 % of Kenya's nominal GDP – expanded on average 7,6 percent p.a. in real terms during 2006-2012.
- Kenyan retailers eager to expand to East Africa, especially Uganda. Nakumatt looking to buy 3 of shoprite's stores in Tanzania.
- Risks: Risk of terror attacks, private consumption dependent on agricultural earnings, risk of inflation and higher taxes

<https://www.kpmg.com/Africa/en/IssuesAndInsights/Articles-Publications/General-Industries-Publications/Documents/African%20Consumer%20and%20Retail%20Report.pdf>

Rwanda:

- The 2014 African Retail Development Index developed by AT Kearney, a global consultancy, indicates that Rwanda is the top destination for global goods and services suppliers in Africa thanks to its focus on reforming the business climate and seeking to attract foreign investment. The report shows that formal retail business in malls and shopping centres are still in early stages in most sub-Saharan African countries but cites Rwanda as the most promising major retail market on the continent.
(http://www.gov.rw/newsdetails2/?tx_ttnews%5Btt_news%5D=633&cHash=8001ea5962ba37812e113f3ae92ff77e)
- Market lifted by people from neighboring countries such as Uganda and Congo travelling to Rwanda to shop

- Most consumers base their shopping decisions on price and affordability and are reluctant to change brands.
- Fresh food purchases typically made in informal markets and dry and packaged food bought from kiosks – tend to offer smaller products at low price
- Store convenience important – prefer to shop closer to home
- Formal grocers operate in the country. Kenyan retailer Nakumatt operates two stores in Kigali (capital)

Central African Cluster:

Angola:

- The Angolan retail sector is forecasted to grow by 8% next year, increasing to US\$ 30bn up from a forecasted US\$ 28bn in 2014, making up 21.3% of the country's GDP up from 15% in 2002, thanks to the rapid expansion of the Angolan middle class, according to Eaglestone, an investment bank that focusses on sub-Saharan Africa
- Shoprite, a South African supermarket and discount store giant, international supermarket chain Spar, and Portuguese group, Teixeira Duarte are already present in Angola while other brands like Portuguese food and FMCG retailer, Sonae, is expected to open in 2015.
- Kero – a wholly Angolan owned food and FMCG retailer – opened the biggest hypermarket in the country in 2012 and now has seven hypermarkets and three supermarkets, with plans to open two new hypermarkets in 2014.

(<http://www.eaglestone.eu/xms/files/PR - Retail sector in Angola 2014 240914.pdf>)

Southern Africa Cluster:

South Africa:

- The most established retail market (14,34 % of GDP). Retail sales increased 3 % between 2005 and 2012.
- Modern retail accounts for more than 60 percent of sales, led by local chain Shoprite. Supermarkets dominate the market thanks to substantial investment, hypermarkets have spread a little more slowly but cater to more affluent classes.
- Private labels embraced (previously been perceived as low quality – positioned for budget, mid-priced and premium markets – all income levels)
- Leaders private labels: Pick n Pay, Woolworths, Shoprite
- E-commerce picking up

<http://www.atkearney.com/consumer-products-retail/african-retail-development-index>

Namibia:

- Retail sector experienced high growth past few years (12 %) showing signs of maturing – efficient transport network a major factor contributing

- Retail (currently \$2,9 billion a year) has grown due to increased consumer demand and spending, stable political environment and low inflation and interest rates.
- South Africa's strongest retailers dominate modern retail in Namibia, particularly Shoprite, SPAR, Pick n Pay, Massmart, and Fruit and Veg City. Shoprite leads grocery in Namibia with 93 outlets across the country, and Pick N Pay teamed up with Nedbank Namibia in an effort to grow its consumer base. Woolworths returned to the country with the goal of improving its position in the market. Local chain Woermann Brock

<http://www.atkearney.com/consumer-products-retail/african-retail-development-index>

Botswana:

- Landlocked English speaking country – retail major economic activity – the country's second largest job provider and accounts for 29 % of GDP
- Presently one of the relatively easiest countries for entry, with good land availability, efficient regulations, suppliers, distributors and relatively easy import rules.
- Local chain Choppies and Netherland based SPAR lead the grocery market.
- Woolworths and Shoprite both have plans to expand operations and Walmart (through Massmart) has presence in cash-and-carry, home improvement and supermarkets.

<http://www.atkearney.com/consumer-products-retail/african-retail-development-index>

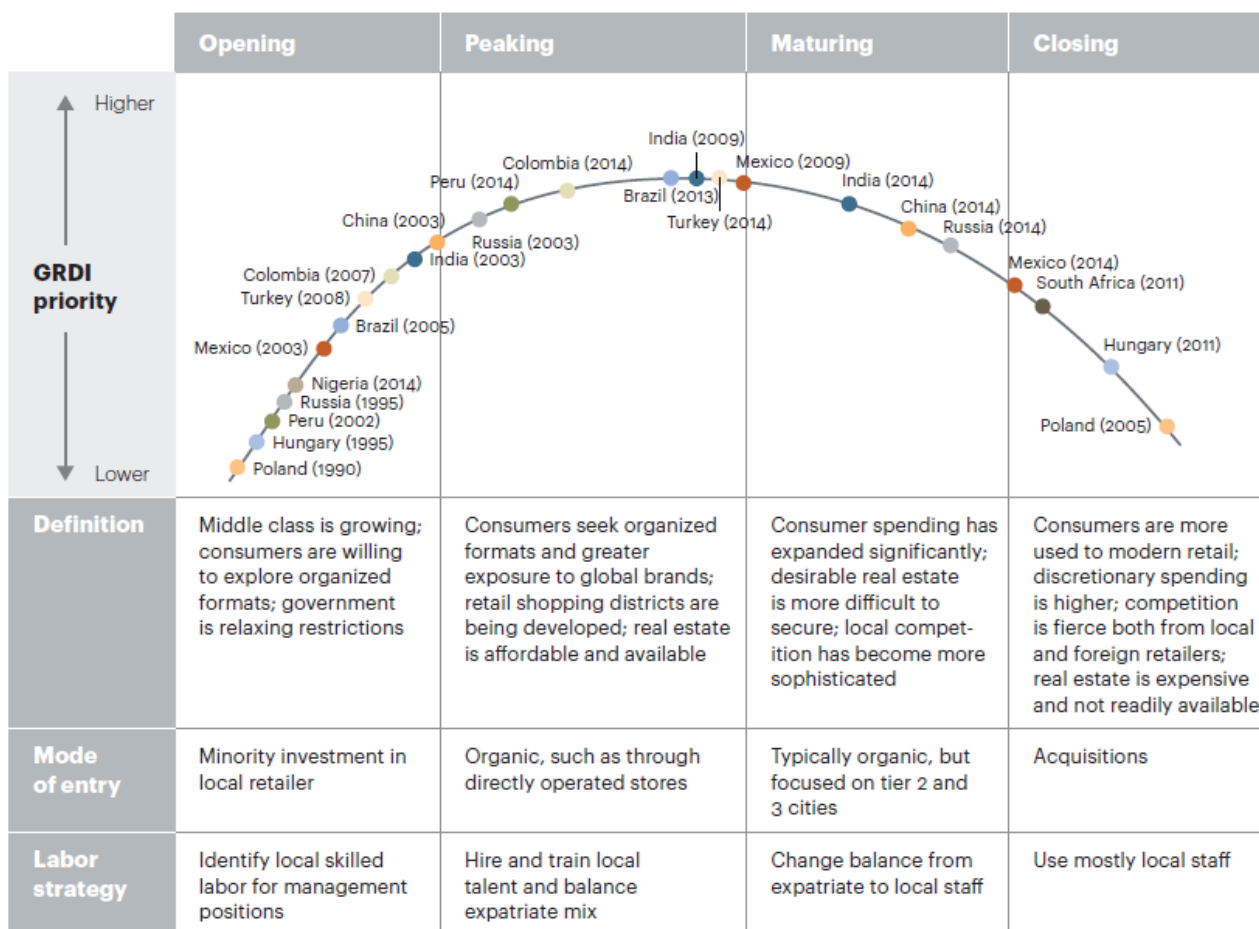
Islands

Mauritius

- an attractive market for us as it has potential in terms of growth in disposable income. Based on comprehensive research and assessment, Mauritius is one of the most successful and competitive economies in Africa, providing impetus for our investment into the country. Although the customer base does differ from the South African market we firmly believe that the convenience and offering of Pick n Pay will be a significant draw-card for Mauritian customers.
- Picknpay feels Mauritius retail market is largely untapped, shoprite operates there already

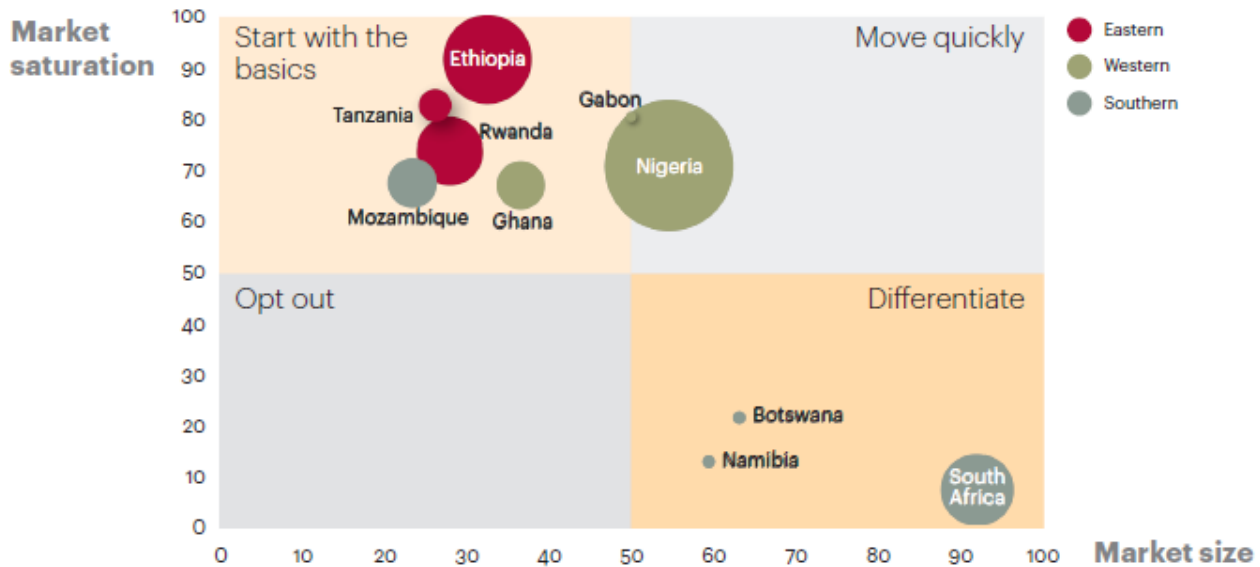
<http://www.howwemadeitinafrica.com/interview-pick-n-pay-sees-untapped-retail-potential-in-mauritius/12753/>

The GRDI window of opportunity



Source: A.T. Kearney analysis

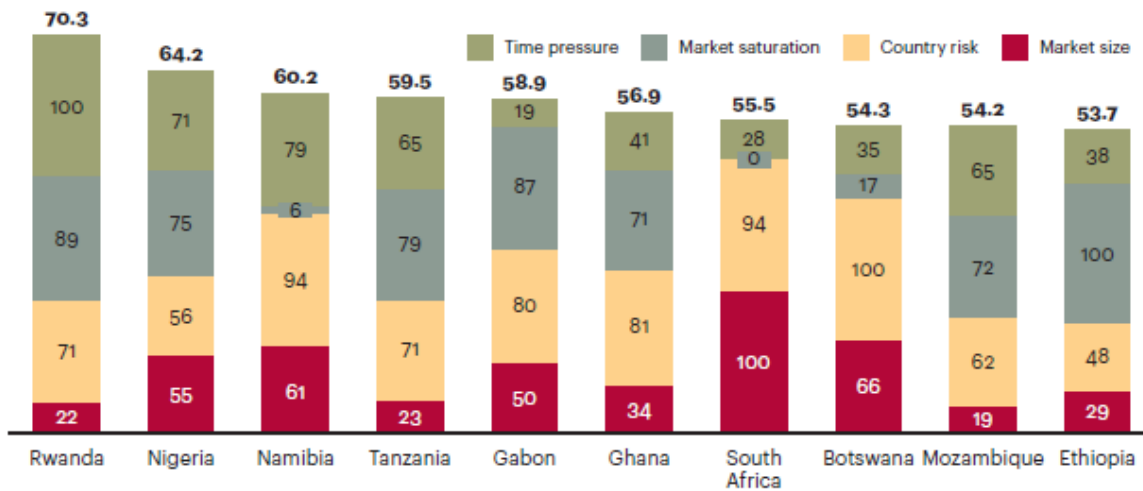
Comparing market size and saturation for the right go-to-market approach



Note: Market saturation scores range from 100 (unsaturated) to 0 (fully saturated). Market size is measured from 100 (largest) to 0 (smallest).
Sources: Euromoney, Population Reference Bureau, World Bank, EIU; A.T. Kearney analysis

The 2014 African Retail Development Index™

ARDI score



Note: Rankings are based on 2012 data. Each of the four factors (time pressure, market saturation, country risk, market size) is worth 25 percent. Maximum value for each factor is 100. For definitions of each factor, see the appendix.
Source: Euromoney, Population Reference Bureau, World Bank, EIU; A.T. Kearney analysis

¹ To read more about the GRDI, see <http://www.atkearney.com/consumer-products-retail/global-retail-development-index>.

² We evaluated 48 countries in Africa for the ARDI. We excluded North Africa (Mauritania, Western Sahara, Morocco, Algeria, Tunisia, Libya, and Egypt) from this study because of that region's different dynamics compared with Sub-Saharan Africa. The relative positions of some countries in this Index differ from the GRDI because of the different datasets used for each study as well as the differences in the minimum and maximum values used to assess the two sets of countries.