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ECONOMIC COMMISSION FOR AFRICA

DEVELOPMENT OF AN EFFECTIVE SYSTEM
OF MARKET RESEARCH AND PRODUCT IDENTIFICATION
FOR INTRA-AFRICAN TRADE
(PART II)

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PURPOSE OF THE PRESENT STUDY

As indicated in the introduction to the first part of this study on an effective market research and product identification for intra-African trade, the purpose is a practical one : to identify selected products from the four **subregions** of Africa suitable for intra-African trade, provide guidelines for desk and field market research and define basic criteria for the extension of existing market shares and the penetration of potential markets.

The representative sample products providing a concrete framework for the exercise, are export products of interest to three producing and exporting countries of the North African subregion, viz. Algeria, Morocco and Tunisia, including grape wines, canned fish and canned fruits and vegetables. Having a similar production structure in the food industry sector, these countries are facing an increasingly deteriorating marketing situation in their traditional export markets, with consequent need for market diversification.

For the identification of existing and potential African markets and market trends, the study has made use of available statistical material, other written sources on marketing trends and first hand information from direct contacts both in the producer and in some of the consumer countries. In addition to the application of the basic methodology, as presented in the first part of this study as to relevant basic information to be obtained and the consequent identification of priority markets and target consumer groups, the study refers to the specific information to be obtained and specific contacts in the field in connexion with the products concerned. Its intention is, thus, to offer an adequate starting point for the market structure analyses to be carried out in the field.

I. SUPPLY SITUATION AND ACTUAL EXPORTS OF SAMPLE PRODUCTS

A. GRAPE WINES

1. Production trends and policies

The production in all three countries indicates a strongly decreasing trend. This is mainly due to four factors, viz (a) lower harvests and productivity; (b) deteriorating marketing situation in traditional export markets (c) reduction of grapes growing areas in favour of other crops considered to be of national interest, (d) the export policy followed by all the three countries aiming at a reduction of exports of lower quality bulk wine in favour of high quality bottled wines with trade marks of their own. The production figures for the three countries are as follows :

- (a) Algeria : Present production 5.5. to 7.0 million hectoliters per year, marking a strong reduction from the 10 to 14 million hectoliters per year before and shortly after independence;
- (b) Morocco : Present production estimated at 200 000 hectoliters per year representing a drastically declining trend since 1965 (3.5 million hl.) and 1972 (1.2 million hl.) due to reasons indicated above;

(c) Tunisia : Production in 1977 was estimated at 750 thousand metric tons, representing same declining trend as in the cases of Algeria and Morocco.^{1/}

2. Marketing situation and exports

(a) Actual exports

The general marketing situation can be approximately determined by a desk research, based on available statistics. The export figures for the three countries concerned are as follows : The figures include wines, vermouths and similar products.

Country		1975	1976	1977	Quantity :
		V.	Q.	V.	Q.
Algeria	V.	123 368	96 484	92 000	
	Q.	476 451	385 331	250 000	
Morocco	V.	10 757	10 520	11 100	
	Q.	50 143	45 417	45 200	
Tunisia	V.	17 291	10 799	5 098	
	Q.	89 021	70 358	20 214	

(Source : FAO Trade Yearbook 1977 UN Yearbook of int.stat 1977)

The export figures show the same decreasing trends as to quantities exported, together with improving prices in relation to quantities, due to the export policy defined above.

(i) The traditional export markets of North African wines are the EEC and other European countries. However, and as indicated above these exports are at present and since some years facing increasing difficulties in the traditional markets, partly due to the growing production of the main producer countries of the EEC and partly due to the increased export efforts and the price policy of other European wines producing countries like Spain, Portugal and Greece whose association with the EEC in the near future will increase their favourable competitive situation and, consequently, the marketing difficulties of the North African wine exporters. This situation has forced them to give an increasing attention to the need for market diversification outside Europe including the exploration of the possibilities offered by some African markets. Of the three countries, especially Morocco has already been able to penetrate new markets like the United States, Japan, some of the Socialist countries in Eastern Europe and some West and Central African countries.

^{1/} Algérie : Ministère de l'Agriculture et de la Réforme Agraire
Maroc : Office de Commercialisation et d'Exportation, Bilan 1965-75
Tunisie : Institut National de la Statistique

(ii) Exports to African countries

Algeria: Algeria's principal export market in Africa is the largest African wine importer Ivory Coast, which imported some 17600 mt of Algerian wine in 1977. Morocco shows a regular export toward Madagascar with some sporadic exports to Senegal, Ivory Coast, Congo and Zaire. Tunisia's largest export market for wines in Africa is Ivory Coast, with small quantities being exported to Senegal, Gabon, Madagascar, Congo, Zaire and Benin. Tunisia being the most successful of the three countries in African markets (some 6 660 mt in 1975).

The wine imports from North Africa of selected African countries and the value and percentage of these imports in comparison to total wine imports, can be seen from the following table :

Wine imports from North Africa of selected importing African countries 1976
(Value 1 000 US\$)

Importing country	Wine imports from North Africa		Algeria	Morocco	Tunisia
	Value	Percentage			
Cameroon	625	12.41		131	492
Central African Empire	290	28.16			263
Congo	867	24.56			854
Gabon	664	11.45			643
Ivory Coast	10 640	54.68	7 840	213	2 587
Madagascar	1 363	76.79	235	783	346
Nigeria	134	1.16		126	
Senegal	2 168	42.91	1 240	115	813

(Source : Africa Trade Centre (ECA) Tables on intra-African trade for Confidential and Non-Committal Bilateral Trade Consultations 1979).

As can be seen from above, African wine imports from African producer countries represent in the case of all the largest importing countries percentages far above the average figures for intra-African trade and for most other products. Percentage range from the maximum of 76.79 per cent of Madagascar to the minimum 1.16 per cent for Nigeria. Algeria is heavily dominating Ivory Coast's wine imports from Africa, while Tunisia is present in all the above markets except for Nigeria, and Morocco seems to have no current of exports to Cameroon, the Central African Empire, Congo and Gabon.

3. Market identification through desk research

Market identification for North African wines in African consumer markets can in principle, be made through desk research either identifying the actual countries of destination of wine exports from the three countries or following the indications given by exports of competitor countries in Europe, mainly France, Spain and Portugal, utilizing national export and import statistics and the FAO trade statistics. The imports of the main wine importing countries in West and Central Africa are given in the following table :

	1975	1976	1977	V.	Quantity (MT)
				Q.	Value 000 US\$
<u>Ivory Coast</u>	13 693	12 985	15 000	V.	
	46 825	53 914	50 000	Q.	
<u>Cameroon</u>	4 696	5 180	8 800	V.	
	12 470	15 228	22 000	Q.	
<u>Gabon</u>	6 108	5 859	7 500	V.	
	14 293	24 962	18 000	Q.	
<u>Congo</u>	3 614	3 528	3 800	V.	
	19 346	13 137	11 000	Q.	
<u>Senegal</u>	2 383	2 200	2 100	V.	
	7 127	7 000	6 000	Q.	
<u>Benin</u>	2 428	2 294	2 300	V.	
	2 508	2 674	2 700	Q.	
<u>Angola</u>	2 428	2 294	2 300	V.	
	20 000	25 000	28 100	Q.	
<u>Zaire</u>	2 200	1 000	1 500	V.	
	2 100	1 000	1 000	Q.	
<u>Nigeria</u>	11 619	11 587	12 000	V.	
	3 265	5 987	6 000	Q.	

As can be seen from this table the leading wine importing country in the two subregions is Ivory Coast, followed by Angola, Cameroon, Congo, Gabon and other Francophone countries. However, the fastest increase in wine imports is represented by Nigeria, the value of the imports increasing from 2 705 thousand US\$ in 1973 and 4 099 thousand in 1974 to 11 619 thousand in 1975 thus reflecting the economic expansion and the increase in income in certain social groupings and the consequent increase in demand for luxury goods. Although the Government has recently taken measures to curb the import of luxury goods, including wines and champagnes, it may be expected that the pressure of the demand for or increased import will continue in this fast-growing market. The same is, most probably valid, for Ivory Coast, Cameroon and Gabon. Other smaller import markets are Liberia, Togo and Sierra Leone. These markets are mostly dominated by French brands, in spite of the increasingly stronger penetration of cheaper Portuguese wines, which is one of the most remarkable market features for the last four years. As indicated by the price/quantity ratio, Angola's imports are dominated by cheap Portuguese wines. The origin of Nigeria's increasing wine imports cannot be determined from available sources, but judging from the price/quantity ratio which is similar to that of the wine imports of the Francophone countries it would seem to be dominated by French brands.

In conclusion and as can be seen from the percentage in A 2 (ii), there is still room for increased shares of North African wines in many important African markets, in which the imports of African wines represent only a small percentage of total wine imports. This is true in the cases of Cameroon, Congo, Gabon and the Central African Empire, and very especially, for the big and steadily growing Nigerian market, which presently is supplied almost entirely from extra-African sources.

4. Market identification and market structure analyses through field market research

(a) Execution of the field research

After the preparatory desk research which allows an identification grosso modo of existing and potential African markets for North African wines, a field market research in selected markets ought to be carried out in order to allow a market structure analysis and ascertain the real marketing possibilities in quantitative terms.

As for the technical execution of this field marketing research, there seem to be practically one alternative possibilities :

- (i) Separate field research carried out by the export promotion authorities of the three countries;
- (ii) Joint field marketing research carried out by an international or regional institution or consulting enterprise on behalf of all the three countries.

Taking into account that a field market research represents an expensive enterprise, it would not seem reasonable to undertake three different studies on the same subject, provided impartial services in the field could be obtained. It is therefore recommended that the field research be carried out either by a research team from ECA or by an expert or consultant hired for the purpose or by the Association of African Trade Promotion Organization in Tangier, which would represent a guarantee for the impartiality of the research.

(b) Selection of target markets for the field research

Following the indications of the preparatory desk research, it would seem that the target markets to be given first priority in the preparation of a field market research and taking into consideration the factors indicated under A (3) and above are as follows :

- (i) Ivory Coast, Cameroon, Senegal, Gabon, Congo, Angola. With the exception of Angola whose import have until now been dominated by Portuguese wines all the rest are Francophone countries with an already well established wine consumption in certain social groups and a regular wine import, mostly from France, but also including quotas from African wine exporting countries and Portugal. The field research should therefore ascertain the possibilities of increasing the import quotas of African wines and define the necessary measures in the field of trade policy and marketing and the targets for market expansion. In the case of Angola still dominated by wine imports from the former metropolitan country, the possibilities of a gradual replacement of these imports by African wines should be studied and discussed with the authorities.

(ii) Nigeria represents an important future market which should be given special attention, especially as to the structure of demand and the origin of imports, since the market seems to be less price-minded than many of the Francophone countries, due to rapid economic expansion. Some attention could also be given to the near-by small but regular markets of Liberia, Sierra Leone and the Gambia (where tourist trade offers a scope for marketing of luxury goods).

(c) Preparation of field marketing research

As to necessary pre-mission contacts and logistic preparations, attention is drawn to the concise guidelines given in points 14-16 of Part I of the present study. Due attention to these guidelines is especially important when planning the research in the big Nigerian market which offers intricate logistic problems and differences between the various parts of the country.

(d) Preparation of work programme and information to be obtained

Guidelines for the field work and basic information to be obtained by the field mission are established in Part I, 17, 18, (ii-v) and 19-20 of this study. However, and taking into account the specific structure of demand of the products concerned in African markets, it is recommended that special attention should be given to the following information and contacts:

(i) Import treatment and structure of imports

- Import treatment and licensing system (with attention to preferential treatment)
- Countries of origin
- Brands
- Prices by unit
- Customs duties and taxes; and criteria for taxation
- Transport costs

(ii) Consumption and consumer segmentation and preferences

- Consumption trends (last four years)
- Religious and ethnical groups and their attitudes to wine consumption
- Who are the consumers? (Definition of consumer segmentation as to origin and income level)
- Growth rate of actual consumer groups and new potential consumer groups
- Consumer motivation (consumer habits, income level, social prestige, etc.)
- Consumer preferences (brand loyalty, preferences as to taste, quality, prices)

- Estimated price/quality ratio
- Are there distributors' and/or consumers' prejudices as to African wines ?

(iii) Identification of competition

- Leading brands and their origin
- How is the product marketed (size of bottle, labelling etc.)
- Other competitors (origin, estimated share of market)
- Reasons for dominance (brand loyalty, preferential import treatment, local taste, structure of import trade, quality, prices ?)
- Vulnerability of competition (to quality, cheaper prices, etc.)

(iv) Contacts in the field to be given special attention

(Enterprises and social institutions catering for the consumption of high income consumer groups)

- Authorities concerned with imports
- Leading importers (especially African importing enterprises, if any)
- Leading supermarkets dealing with luxury goods
- Luxury and first class hotels and restaurants (with special attention to State-owned hotels having right to duty-free imports)
- Brokers and enterprises dealing with duty-free imports (Government officials, diplomats, etc.)
- Social clubs, circles and associations (Golf clubs, maritime clubs, tourist associations, hunting clubs, etc.)
- Shipbrokers and maritime enterprises
- International airlines.

5. Analysis of findings and recommendations

The analyses of the findings of the field mission allowing for an evaluation of the actual marketing situation, could be carried out by ECA or the Association of African Trade Promotion Organization, with the assistance of the TANGER MULPOC with attention to the guidelines given in Part I, Phase 6, (i-v) of the study and the results and recommendations communicated to the three countries concerned.

6. Marketing decisions and actions

To be left to national export promotion authorities

B. FISH IN AIRTIGHT CONTAINERS

1. Production trends

Fish in airtight containers is produced by all the three countries concerned (Algeria, Morocco, Tunisia) but up to now exported only by Morocco and Tunisia. The production included sardines (European pilchard), sardinellas, tunas, bonitos and mackerel. The somewhat deficient production figures are given as follows :

(a) <u>Algeria</u> :	1973	1974	1975	1976	('000 MT)
	1.8	2.9	2.5	2.7	

Production consists entirely of sardines and is absorbed by domestic demand.

(b) Morocco :

Sardines : Last available production figure is from 1972 (43.3 thousand MT)^{1/}. According to figures given (1976) by the "Office de Commercialisation des Exportations", average production figure for sardines for 1971-75 was 80-100 000 tons of canned fish, out of which 85 per cent were sardines.

Tuna : Average catch 1971/75 was 10 000 tons. Last available production figure for canned tuna was 0.4 thousand MT (1972) and for mackerel 3.9 thousand. As can be seen and as stated production is dominated by sardine canning.

(c) Tunisia :

Tunisia's fish canning industry is dedicated principally to sardine canning as shown in the following figures:

Canned Sardines	1972	1973	1974	1975	1976	(Q. '000 MT)
	0.4	0.3	0.3	0.1	NA	

2. Exports and marketing situation

(a) Actual exports

(i) Traditional markets

Some 60 per cent of Morocco's and the total of Tunisia's exports of canned fish, principally sardines, are destined for European markets; Tunisia's almost exclusively for France and Morocco's to the countries of EEC, mainly France and to a lesser extent to Syria, Philippines, Greece and Reunion. Total exports of the two countries were as follows :

1/ Source : FAO Yearbook of Fishery Statistics 1977

<u>Morocco :</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	
Sardines : Q.	53.3	36.2	46.6	(Q = 1 000 MT)
V.	51 114.0	39 650.0	47 231.0	(V = 1 000 US\$)
Tuna : Q.	0.9	0.2	0.4	
V.	1 573.0	383.0	700.0	
Mackarel : Q.	4.0	3.3	5.9	
V.	3 364.0	2 200.0	5 384.0	

(Source : FAO Yearbook of Fishery Statistics 1977)

Tunisia :

Tunisia's exports of canned fish, practically all sardines, were as follows :

	<u>1974</u>	<u>1975</u>	<u>1976</u>
	-	-	76.6 MT

(ii) Exports to African countries

Morocco : Morocco's exports of canned fish to African markets are shown by the following statistics :

	<u>Country of destination</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
<u>Sardines:</u>	Zaire	5.2	2.0	2.0
	Ivory Coast	0.7	0.1	-
	Ghana	0.1	0.2	-
	Nigeria	-	-	2.5
<u>Mackarel :</u>	Cameroon	0.2	0.3	-
	Ghana	1.3	-	-

(Source : FAO Yearbook of Fishery Statistic 1977
Banque Marocaine du Commerce Exterieur,
monthly information review July 1976)

Tunisia : No exports to African markets.

(b) Production and marketing trends

The fish canning industry in Morocco is given first priority in the exploration of natural resources, while in Tunisia it plays a less prominent role. In spite of the importance given to it, the Moroccan fish canning industry has been showing a declining trend since 1975. This is partly due to obsolete machinery, low productivity and irregular supply of raw materials and, on the other hand, to increasing marketing problems, similar to those which have been identified in connection with the marketing of North African wines in traditional markets namely the competition from strong European producer countries like Spain and Portugal, which will still increase after their association with the EEC and the strengthening of protectionist tendencies. This will, as in the case of wines, create a need for market diversification.

On the other hand, Moroccan and Tunisian sardines whose high quality is guaranteed by severe rules of quality control and strict standards cannot compete in "price markets" with some inferior products, namely the so-called "false sardines" marketed by some countries like Japan and Brazil. Consequently, the high quality and relatively high prices confine them to quality markets and higher income consumer groups, unless other qualities at lower prices for new consumer markets can be included in production.

On the other hand, the increasing price trend as to canned fish is by no means limited to the North African products. Due to the continuous increase in fuel prices concerning both the cost of the catch and production prices, and the increases in the prices for vegetable oils (in spite of the shift from expensive olive oils to cheaper qualities) and tin plates, sardines cannot any more be classified as cheap consumer goods as was the case some two decades ago. Provided an international agreement on the protection of the trade mark "sardines" is reached which would have been expected for years, some degree of adjustment as to the demand of canned sardines may take place. Except for the luxury qualities, viz. skin and boneless Portuguese sardines in olive oil and some French brands and in the high level consumer groups, brand loyalty is not so developed as for canned fish as is the case for some other canned products and demand elasticity in relation to price seems to be considerable, which means that one brand is easily exchanged for another.

On the other hand, and from the point of view of the African consumer, canned fish has some advantages making it especially suitable for tropical markets, namely long shelf-life, (easy to store and preserve without need for refrigerated storage facilities), high nutritive value and easy to serve in relation to size of package and easy to serve as such or in addition to other foodstuffs. This makes canned fish specially useful for consumption under certain conditions such as travel, safaris, camps, military provisions, etc. especially as emergency rations.

3. Identification of African markets by desk research

Available statistical sources allow a fairly exact identification of countries of destination for Moroccan canned fish, mainly sardines, and of other African consumer countries importing canned fish from other producer countries. The following tables (a and b) show the imports of African importers of canned fish (value : 1 000 US\$)

(a) <u>Importing country</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Nigeria	5 934	20 207	47 000
Zaire	22 301	14 743	NA
Gabon	5 009	2 949	2 027
Mozambique	2 251	4 764	NA
Ghana	1 389	9 240	NA

(Source : FAO Trade Statistics 1977)

(b) Imports of fish and fish preparations from Morocco to selected African markets 1976

(Volume and percentage of total imports of fish products include all African countries)

<u>Importing country</u>	<u>Imports from Africa</u>		<u>Imports from Morocco</u>
	<u>Value ('000US\$)</u>	<u>Percentage</u>	
Benin	257	12.58	172
Cameroon	690	20.33	525
Congo	710	16.56	399
Gabon	328	10.6	213
Ivory Coast	7 855	24.70	1 959
Madagascar	931	91.45	931
Nigeria	8 773	7.05	8 099
Zaire	10 580	22.54	4 112

(Source : Africa Trade Centre (ECA) Tables on Intra-African Trade 1979)

As will be realized the fastest growing and largest markets are Nigeria and Zaire. In spite of this, Nigeria's imports from Morocco represent only 7.05 per cent, the rest of its imports coming from supply sources outside Africa. Madagascar supplies itself almost totally from Morocco, the other importing countries showing percentages from 10.6 to 22.54 per cent. Although no figures for Zaire are available for 1977-1978, there are indications that imports of canned goods in general, including sardines, have increased drastically in the last years. Increase in imports of canned goods in general is reported to be 300 per cent in 1978, compared to the level of 1977.^{1/} Even so, imports are considered to be insufficient and far from satisfying demand. The importance of these two African markets (Nigeria and Zaire) is further confirmed by Moroccan statistical sources, according to which exports of Moroccan sardines in 1976 were 115 731 boxes of 100 tins each to Nigeria and 103 640 boxes to Zaire. Other African countries of destination showing growing import trends are Madagascar, Ivory Coast, Ghana, Mozambique, Congo, Benin and

^{1/} Source : Moniteur du Commerce IV international No. 396-397/17 August 1978

Cameroon. The main consumer demand in Africa seems to be for tins of 120 grams containing sardines in vegetable oil or in spiced tomato sauce.^{1/}

As to competition, the principal African importing countries supply themselves from Portugal (Mozambique), Spain (Ghana, Ivory Coast, Liberia, Nigeria, Zaire) and Japan (Nigeria) as to "false" sardines, while mackarel is imported mainly from Japan (Ghana, Nigeria, Liberia, Zaire and Zambia). As shown by the percentages in table (b), there is still considerable scope for increasing the market share of Morocco and Tunisia in all markets (except Madagascar), and very especially so in the cases of Nigeria and Zaire, and to take over a share of the market in countries like Mozambique presently relying totally on imports from non-African sources.

4. Market structure analyses through field research in selected markets

(a) Market priorities

The previous desk research allows a fairly exact identification both of existing and potential markets. Some of the most important of these markets should, as a next step, be singled out for field marketing research in order to identify the determinants for an eventual marketing action. This is the more important as exports until recently seem to have been rather sporadic and no systematic market analyses has, as yet, been carried out, in spite of the urgent need for market diversification and concerted marketing efforts. The priority in terms of the markets to be investigated is, thus, as follows:

First priority : Nigeria, Zaire, Ivory Coast

Second priority: Benin, Cameroon, Congo, Ghana, Mozambique^{2/}

(b) Execution of the field marketing research

As in the case of the field marketing research for North African wines, it is recommended that the research be carried out by the Association of African Trade Promotion Organizations, in collaboration with ECA, in order to guarantee the impartiality of the study.

1/ Source : Office de Commercialisation des Exportations, Casablanca, 1976.

2/ Although part of Southern African market research in Mozambique is justified by these countries' increasing imports of canned fish.

(c) Preparation of the field marketing research

See Part I, 14-16 of the study.

(d) Work programme in the field and relevant information to be obtained

Guidelines for field work and basic information to be obtained are given in Part I, 17, 18 (ii-v) and 19-20 of the study. However, taking into consideration the specific characteristics of the product concerned, special attention should be given to the following aspects :

(i) Import treatment and structure

- Import treatment and licencing (Preferential treatment, if any, and for whom ?)
- Countries of origin (percentages)
- Prices CIF per unit (viz for boxes of 100 tins of 125 grams or others)
- Customs duties and taxes (criteria for fixing them; luxury goods etc.)
- Transport costs
- Packing

(ii) Consumption and consumer segmentation and preferences

- Consumption trends (last four years)
- Who are the consumers (consumer segmentation as to income groups, quality and prices)
- How is the products distributed ?
 - By supermarkets and groceries ?
(Starting from what price and quality ?)^{1/}
 - Market places and street markets (what quality and prices ?)
- Consumer preferences as to
 - Vegetable oils used
 - Spicing
 - Size of tin and package
 - Size and number of fishes per tin
- Price/quality ratio
- How is the product used for consumption ?

^{1/} Define differences in quality and prices between the different distribution channels, in order to determinate the channels of distribution for "our" products

(iii) Identification of competition

- Leading brands and their origin; their share of the market
- Other competitors (origin and market share)
- Reasons for their position in the market (Long-established trade links and brand loyalty; and preferential import treatment, taste, prices)
- Packing and presentation of competing products (simple tins or additional packages)
- Kind of vegetable oils and spices used

(iv) Contacts to be given special attention in the field

- Authorities dealing with imports (Commercial and sanitary)
- Leading importers and distributors supplying
 - Supermarkets and groceries
 - Market places and street markets
 - Supermarkets and groceries
 - Market places
 - Hotels and restaurants (both first class and popular)
 - Shipdealers and stores
 - Military authorities
 - Tourist organizations

5. Analysis of findings and recommendations

As in case I.A. (5) above.

6. Marketing decision and actions

To be left to national export promotion authorities.

C. CANNED FRUITS AND VEGETABLES

1. Production and production trends

(a) Algeria

No production figures for canned fruits and vegetables. Reference is therefore made to export figures.

(b) Morocco

This sector represents actually one of the most developed of industrial activities of the country. However, and in spite of the importance given to it the output seems to be irregular, probably mainly due to irregular supply of raw materials.

Average maximum production capacity is as follows :

Product	Number of factories	Production capacity
Condiments	53	50 000 MT
Juices	11	165 000 MT
Vegetables	27	39 000 MT
Fruits	30	32 000 MT

(Source : OCE; Departments Conserves, Fruits et Legumes, Casablanca (1977))

(c) Tunisia

Production was in 1976 estimated at 37 000 tons per year.

(Source : Institut National de la Statistique (Tunis) Decembre 1977)

2. Exports and marketing situation

(a) Actual exports

(i) Traditional markets

The total of the exports of canned fruits and vegetables of the three countries is given below:

	1974	1975	1976	1977	Value: 1 000 US\$
Algeria	2 332	2 783	4 053	NA	
Morocco	35 334	37 163	30 995	11 529	
Tunisia	5 152	3 352	1 408	NA	

The bulk of the exports of the three countries goes traditionally to Europe and, partly to Libya. As can be realized, only Algeria's exports are showing an increasing trend. The present marketing situation is increasingly difficult due to the very keen competition in the traditional markets (France and rest of Europe) and will be still more difficult with Spain entering the common market. As in the case of wines and canned fish market diversification is therefore an imperative and a simple pre-condition of survival for this industry.

(ii) African markets

No export figures for Africa are available in the case of Algeria and Morocco. Also Tunisia's exports were totally Europe-oriented. However, it is known that sporadic exports of smaller quantities of the product have been made to Central and West African markets.

3. Identification of potential African markets by desk research

In spite of the fact that canned fruits and vegetables in general are considered in Africa to be a luxury product and in spite of the availability throughout the year of fresh fruits and vegetables in most Western and Central African countries, imports of these products show a steadily increasing trend in some of the largest consumer markets. This is especially true in the case of concentrated and spiced tomato paste which already in many West and Central African countries has become a product of mass consumption being largely utilized as condiments for soups and sauces, especially in the family-size 40 grams tin. The relatively cheap price of this product places it within reach of large consumer groups and it is generally marketed through the street markets. The same although to a lesser extent is valid for peeled tomatoes, carrots and peas, in tins of 4- to 500 grams and fruit juices. The figures below give a picture of the development of the imports of canned vegetables in some of the largest African consumer countries :

<u>Country</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Value: 000 US\$</u>
Nigeria	4 212	8 349	17 180	NA	
Senegal	3 770	7 276	NA	NA	
Ivory Coast	4 289	3 832	4 690	6 904	
Zaire	8 582	2 234	NA	NA	

As can be observed the most striking feature of the above table is, as in the case of most imports of consumer goods, is Nigeria's drastically by increasing imports of canned goods at a pace of approximately 100 per cent per year. Also in the case of the other major importers the trend is clearly increasing, although not so rapidly as in the case of Nigeria. However, and in spite of the fact that official figures for 1976, 1977 and 1978 for Zaire are not available, imports of canned vegetables are showing a strong increase in 1976-78, the total increase in imports of canned goods (including corned beef, tinned fish and canned vegetables), being 300 per cent in one year. Principal suppliers were Belgium, France, Morocco and South Africa, especially for peeled tomatoes, beans, peas and carrots, while Italy dominated the tomato paste imports.^{1/} It seems evident that the present geographical distribution of the countries of origin is closely related to payment conditions and credits granted by these countries. On the other hand, the heavy dependency of Zaire on imports of canned goods and goods imports in general seems to be related to the break-down of the domestic distribution and supply system. The country will probably continue to offer a good market for canned goods at least for some time, by the very fact of its rapid population increase and its still insufficient industrial and agricultural production capacity.

One characteristic feature of imports of canned goods to West and Central African countries is the large utilization of these products by hotels and restaurants. This is explained by the fact that these enterprises, due to the very character of their activity, find it risky to rely on the often irregular supply of local fresh fruits and vegetables and thus are forced to adjust their supply and product availability to the daily demand, viz to the highly variable number of guests, thus being forced to keep reserves of easily storable goods.

^{1/} Source : MOCI No. 306-307 August 1978.

This is facilitated by the arrangements by which several State-owned hotels in West Africa are allowed to import their supplies free of duty, a fact which makes them interesting targets for test sales.

It seems therefore evident that the larger importing countries in the two subregions, namely Nigeria, Senegal, Ivory Coast and Zaire offer good prospective markets for canned goods, and that, by coherent marketing efforts, the North African producer countries should be able to take a share of the increasing demand. The same goes, though to a much less extent, for smaller importing countries like the Gambia, Liberia, Sierra Leone and Ghana.

Export of North African canned goods to these African markets has been sporadic and modest, mainly due to lack of co-ordination and dynamic approach in marketing, insufficient information and market structure analyses, taking into account that very especially in the cases of Algeria and Morocco transport facilities to West and Central African harbours are available. Especially the markets of the Anglophone countries in West Africa and in particular the dominating Nigerian market have not been given attention, probably due to language difficulties.

4. Market structure analysis through field marketing research

(a) Market priorities

Following the indications of the above desk research, field marketing research should be carried out in selected markets in West and Central Africa, in order to assess the structure of future demand trends, competition and conditions for taking over a share of the market, taking into account that the North African presence in most of them is almost non-existent. Considering the trends shown by the above statistical indicators, the following priority as to field market research would seem reasonable:

First priority : Nigeria, Senegal, Ivory Coast, Zaire
Second priority: Gabon, Ghana, Gambia, Liberia, Sierra Leone

(b) Execution of field research

Reference is made to recommendations in chapters A and B of the present study.

(c) Preparation of the field marketing research

Refer to Part I, 14-16 of the study.

(d) Work programme in the field and relevant information to be obtained

In addition to the guidelines given in Part I, 17, 18 (ii-v) and 19-20 of the study, special attention is drawn to the following aspects :

(i) Import treatment and structure

- Import treatment and licencing (Preferential treatment, if any, and for whom ?)

- Countries of origin (percentages) for each product,
with special attention to tomato paste and peeled
tomatoes)

- Prices per unit (box) for each specified item
- Transport cost
- Packing

(ii) Consumption and consumer segmentation and preferences

- Consumer trends (last four years) for each relevant item
- Countries of origin (for each item)
- Who are the consumer ? (Segmentation as to income group,
per item) for
 - concentrated tomato paste
 - peeled tomatoes
 - other items
- How are the products distributed ?
 - By supermarkets and groceries (specify items)^{1/}
 - By market places and street markets (specify items)^{1/}
- Consumers preferences as to :
 - Size of tin and package
 - Spicing
 - Content of tin
- Estimated elasticity of demand as to price
- How is the product used for consumption ?

(iii) Identification of competition

Refer to chapters A and B. 4 (d) (iii) of the present
study.

(iv) Contacts to be given special attention in the field

Refer to B. 4 (d) (iv) of the present study.

5. Analysis of findings and recommendations

As in cases indicated under A and B (5) of the present study.

6. Marketing decisions and action

To be left to national export promotion authorities.

^{1/} Define differences in quality and prices per item (i.e. different brands
of peeled tomatoes, beans, etc.) between the different distribution channels,
in order to identify the proper channel for relevant product.

II. SUMMARY AND RECOMMENDATIONS

A. Summary of findings

1. The three North African producer countries, Algeria, Morocco and Tunisia, having similar agricultural production structures, are facing increasing marketing problems for some of their traditional export products, inter alia, wines, canned fish and canned fruits and vegetables in their traditional European markets, due to protectionist tendencies and heavy competition from South European producer countries (Spain and Portugal) whose association with the EEC is imminent. The imperative pre-condition for the survival and expansion of industries affected by this situation, is therefore market diversification.
2. Due to their traditional ties with the European markets, marketing efforts in other markets, especially African, have been modest and sporadic and not based on systematic market information and analysis or co-ordinated export drives.
3. There are several large African consumer countries, both Francophone and Anglophone, showing an increasing demand and import trend for inter alia consumer goods such as wines, canned fish and canned vegetables and fruits, and presently supplying themselves mainly from sources outside Africa. Several of these countries would probably offer new outlets for North African products if the marketing is properly prepared and carried out. This seems to be especially valid for the rapidly growing consumer goods markets of Nigeria, Ivory Coast, Zaire and Senegal, but also, though to a lesser degree for countries like Cameroon, Congo, Ghana, Liberia, Sierra Leone and Gabon.

B. Recommendations

Taking into consideration the above findings, the following action is recommended :

1. That the three producer countries undertake concerted marketing drives in the main potential consumer markets indicated above, in order to obtain a diversification of their export markets and lessen the dependency of their relevant industries on traditional markets.
2. That as a first step towards systematic market penetration, field marketing research and market structure analyses be undertaken in these markets, in order to assess the actual demand and marketing possibilities for North African consumer products. This field marketing research should be undertaken by some regional or subregional institution in order to guarantee the impartiality of the findings and recommendations. It is therefore recommended that the research be undertaken by the Association of African Trade Promotion Organizations, in close collaboration with ECA.
3. That top priority be given to field marketing research in the fast-growing consumer markets of Nigeria, Ivory Coast, Senegal and Zaire, followed, at a later stage, by field marketing research in other West and Central African countries, as indicated above. It is highly recommended that existing trade

fairs in the sub-regions whenever possible be utilized as focal points for these field research works as they provide excellent short-cuts for market and product evaluation and information about consumption and consumer preferences.

4. That the findings of the marketing research missions be analysed by the Association of African Trade Promotion Organizations, in collaboration with ECA and the findings, together with possible recommendations as to marketing action, be communicated to the countries concerned, the proper follow-up action in the field of marketing being the exclusive concern of the export promotion authorities of the individual countries.

A N N E X

Factors hampering exports of North African wines to African markets

Some of the general negative factors can be identified prima facie, whilst others, especially those related to special conditions in individual countries, ought to be identified by way of field research. These general factors are, inter alia :

- Consumer habits limiting wine consumption principally to African Francophone countries, and in particular to expatriates and high-income groups, due to the low purchasing power in most African consumer markets, and hence the small size of the market;
- Tariffs and other import preferences given to French wines in a number of countries;
- Consumer preferences for traditionally established brands, mainly French, due to long established trade links;
- Structure of import trade which is mostly in the hands of expatriate traders with strong business links and established import channels;
- Consumer trends towards cheaper brands, favouring the Portuguese and Spanish wines and cheaper French brands;
- Transport problem : This is especially true in the case of Tunisia, while Algeria and Morocco have established regular maritime transport links to West African harbours.
- Lack of consumer information as regards the quality/price ratio of North African wines.
- Insufficient market information and marketing efforts in African markets.

Factors favouring penetration of North African wines to African markets

- The high and favourable quality/price ratio of North African export wines, in comparison with French and Italian wines;
- Increasing production costs in competitor countries (Spain and Portugal);
- Probable change in marketing policy of main competitor countries (Spain and Portugal), as a consequence of their association with EEC;
- Trade agreements granting North African wines more favourable import conditions (lower tariffs and preferential licencing treatment)
- Future development of transport links.