

2020 CHRISTMAS SHOPPING ACROSS LEADING SUPERMARKETS BENEFITED FOREIGN PRODUCERS

As 74% of products surveyed across 19 product categories with high local production potential were imported



Konfidants

Strategy | Transactions | Advisory

MARCH 2021

Introduction

The government of Ghana, in collaboration with other stakeholders, has continued to make various efforts to promote Made-In-Ghana (MIG) goods across the country. The government led initiative through the Food and Drugs Authority (FDA) to promote prime shelf space allocations for Made-In-Ghana goods across major supermarkets was one such initiative that made a lot of headlines.

In 2019, research and advisory firm *Konfidants*, noticed a huge gap in these interventions -- which was the lack of a robust monitoring and evaluation framework to track progress. This led to the launch of a periodic monitoring framework to track progress on this agenda, and provide evidence-based insights to guide policymaking, dialogue with supermarkets and support to local producers.

This report presents the findings of the second survey in the project which seeks to monitor the shelf space dedicated to MIG goods across the country's leading supermarkets. The survey (conducted in December 2020) covered nine (9) leading supermarkets and two (2) popular fuel station marts in Accra: *Shoprite (Accra Mall)*, *Game (Accra Mall)*, *Palace Supermarket (Palace Mall)*, *Koala (Osu)*, *Maxmart (37)*, *City Dia (La)*, *Melcom (North Kaneshie)* and *Marina Mall Supermarket (Airport)*, *China Mall (Spintex)*, *Batsonaa Total (Batsonaa)*, *Airport Shell (Airport)*.

The survey focused on nineteen (19) main product categories which were selected based on insights from the first survey in 2019. A few additional product categories were added to reflect areas where local producers are known to have inherent competitive potential.

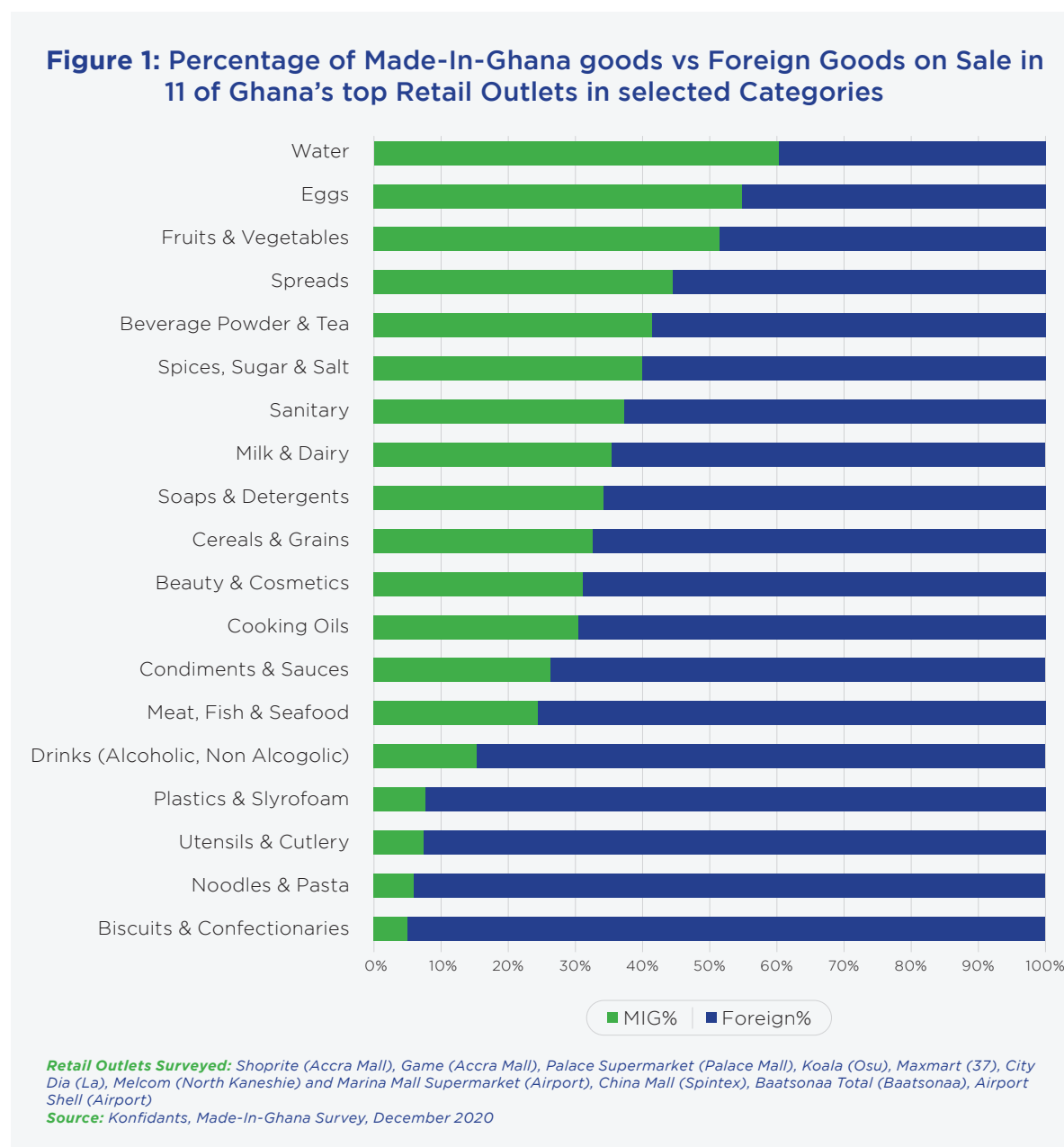
Summary of Findings

The findings provide a bittersweet picture when compared to the previous edition: There are still not enough Made-In-Ghana goods in the retail outlets, but there has been some improvement from the previous 2019 survey. A total number of 7,983 brands (from the 19 product categories) were counted across all 11 retail outlets included in the survey. Out of this number, 5,943 (74%) were foreign brands, with only 2,040 (26%) being Made-In-Ghana brands. This is an improvement on the 2019 survey when only 18% of goods surveyed were Made-In-Ghana.

The best performing category of Made-In-Ghana goods is Water (with 60% of all Water on sale produced in Ghana), followed by Eggs (with 55% MIG), Fruits & Vegetables (52% MIG) and Spreads (44.74% MIG).

The worst performing categories are Biscuits & Confectionaries (6% MIG), Noodles & Pasta (6%) and Utensils & Cutlery (7% MIG).

Figure 1 below, is a summary of the combined share of MIG goods on display across all 11 supermarkets for the 19 product categories surveyed.



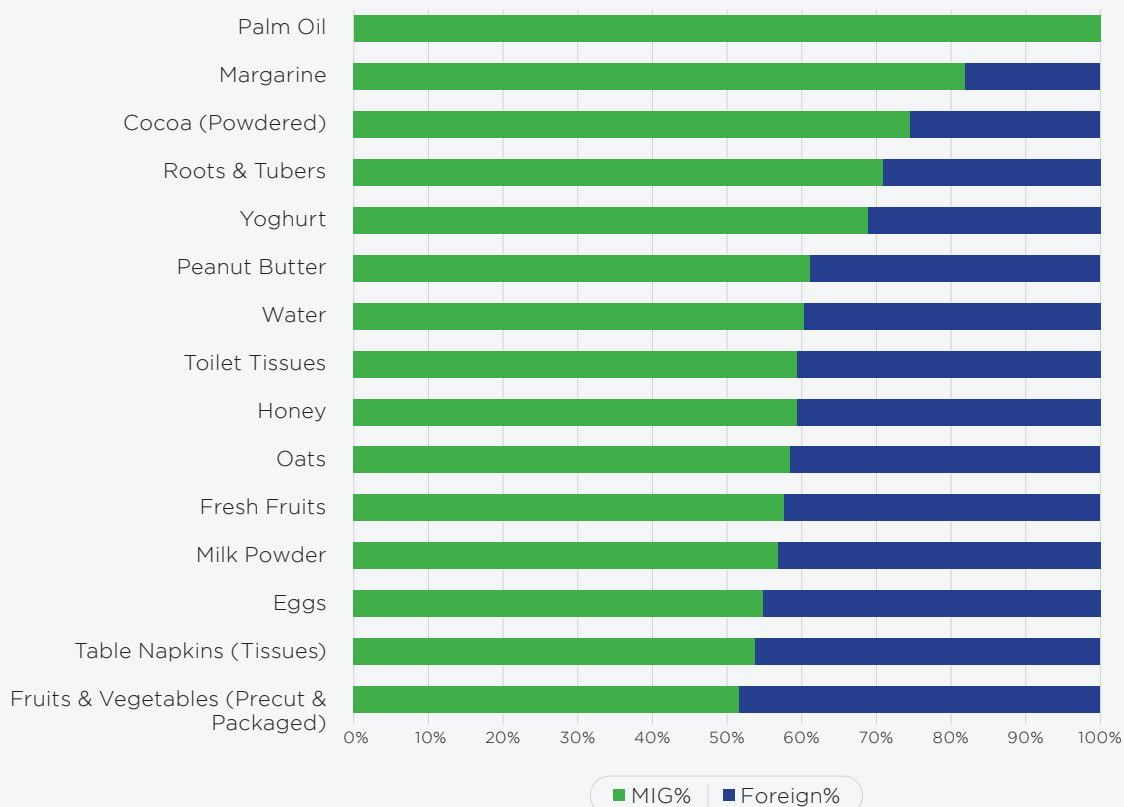
As was the case in 2019, Food products (fresh, processed and manufactured) dominate the 19 categories in which MIG goods are visible in the supermarkets. Fourteen (14) of the 19 categories are food products.

Consequently, all the best 5 performing categories are food related. However, the performance of these dominant food product categories is still not good enough.

Of the 19 categories, only Water, Eggs, and Fruits & Vegetables have more than 50% Made-In-Ghana share.

It is only when we go beyond the categories and pick out individual products within the categories that we begin to see goods with very high share of Made-In-Ghana. Figure 2 below presents the products with at least 50% Made-In-Ghana share.

Figure 2: Products Where Made-In-Ghana Brands constitute at least 50% of all brands stocked by Ghana’s top retail outlets



Retail Outlets Surveyed: Shoprite (Accra Mall), Game (Accra Mall), Palace Supermarket (Palace Mall), Koala (Osu), Maxmart (37), City Dia (La), Melcom (North Kaneshie) and Marina Mall Supermarket (Airport), China Mall (Spintex), Baatsonaa Total (Baatsonaa), Airport Shell (Airport)
Source: Konfidants, Made-In-Ghana Survey, December 2020

The upset of this year is the sharp decline in MIG eggs from 93%, in the previous survey to 55%. This could be a result of the widely reported shortage of poultry feeds local poultry farmers experienced during the last quarter of 2020¹ (during which the survey was conducted).

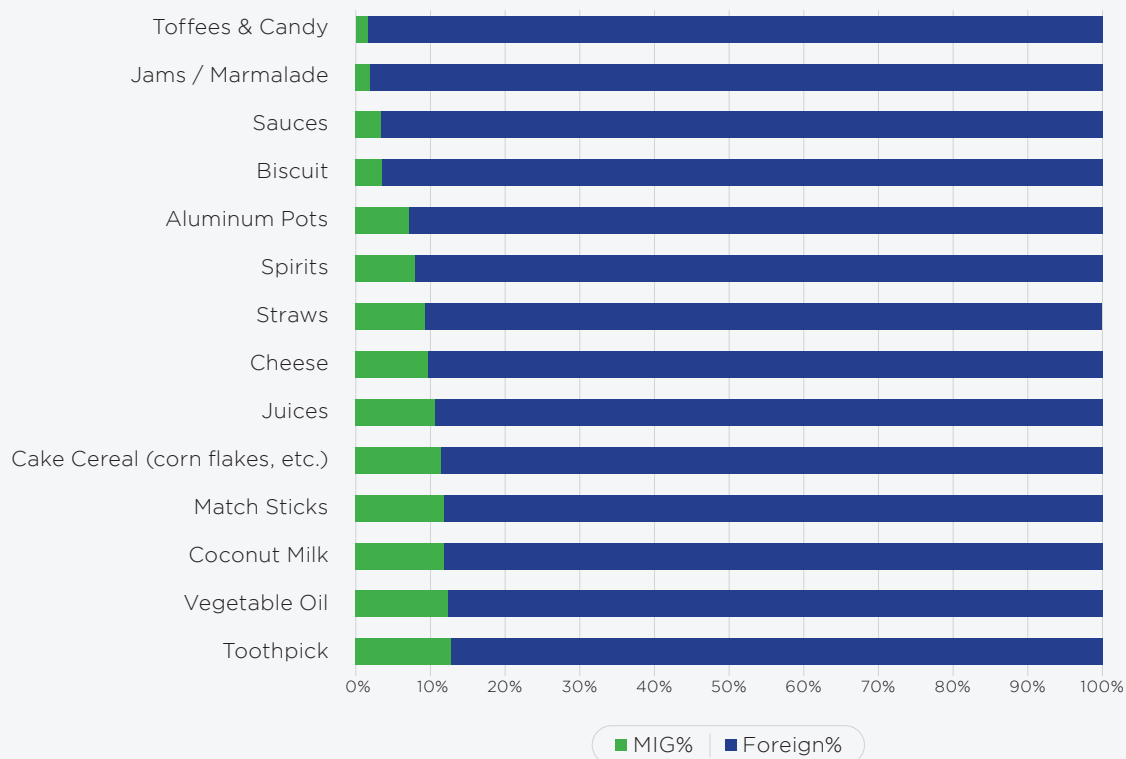
¹ <https://citinewsroom.com/2020/12/producers-of-poultry-products-lament-shortage-of-feed/>

The research also revealed some disturbing trends in the following products: Only 2% of jams and marmalades on the shelves are Made-In-Ghana, which is worrying given that 58% of Fresh Fruits on the shelves are Made-In-Ghana. (This is one area where there is a clear need and opportunity to add value locally).

Over 62% of all rice, salt (65%), fresh meat (66%), fresh poultry (70%) and even chocolate (65%) brands on the shelves were foreign as well. Given these products have very strong production possibilities on the local market, this is quite worrying.

The percentage of Made-In-Ghana water has risen to 60%, from the 56% recorded in the 2019 survey; however, it is still worrying, considering that 2 of every 5 brands of water sold in the supermarkets are imported.

Figure 3: Products Where Made-In-Ghana Brands constitute less than 15% of all brands stocked by Ghana’s top retail outlets

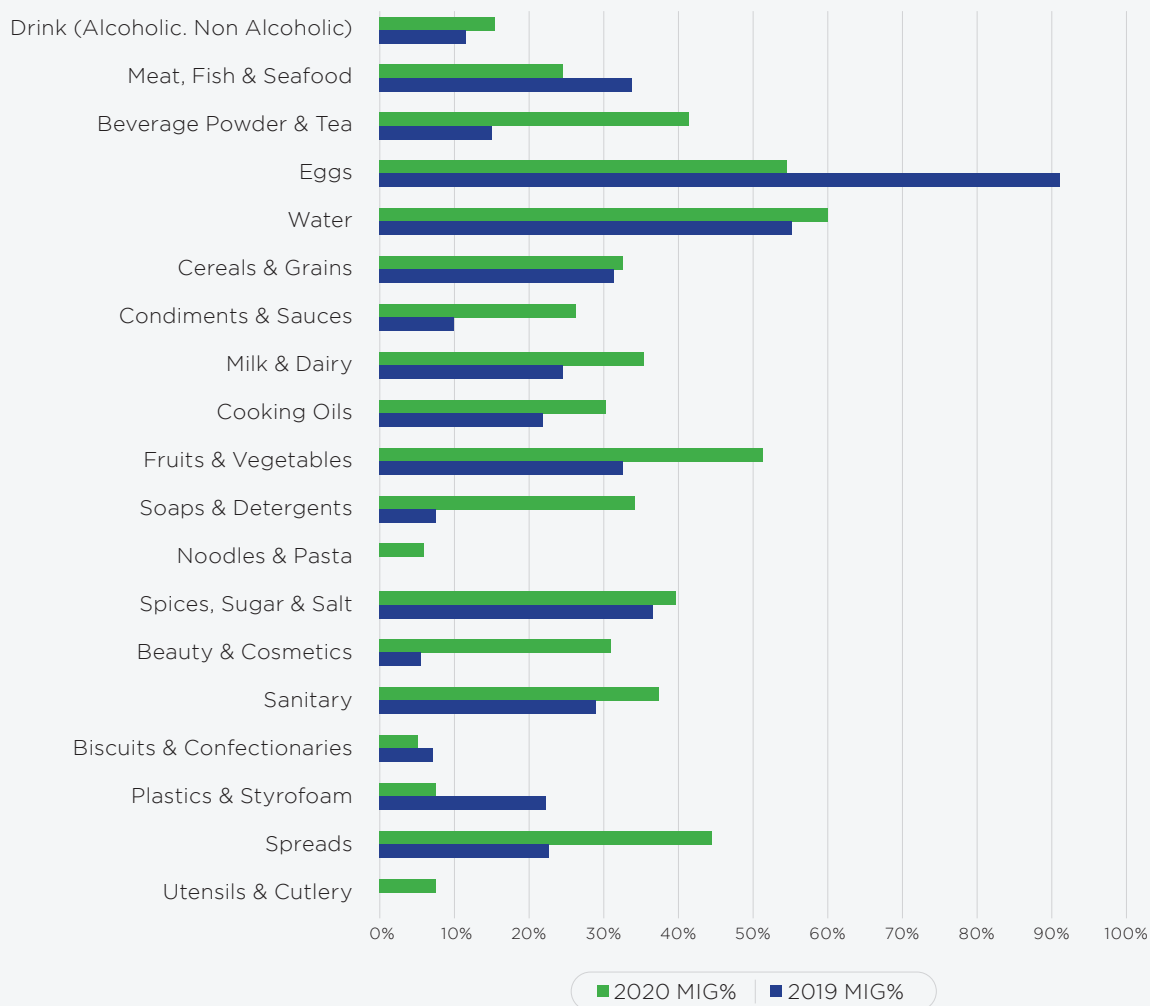


Retail Outlets Surveyed: Shoprite (Accra Mall), Game (Accra Mall), Palace Supermarket (Palace Mall), Koala (Osu), Maxmart (37), City Dia (La), Melcom (North Kaneshie) and Marina Mall Supermarket (Airport), China Mall (Spintex), Baatsonaa Total (Baatsonaa), Airport Shell (Airport)
Source: Konfidants, Made-In-Ghana Survey, December 2020

Notable Trends Observed Over the Two Surveys

When the data from this edition of the survey is compared to the maiden survey, there is a clear trend of progress, with an increased share of MIG percentage in 13 of the 19 categories surveyed as shown in figure 4 below.

Figure 4: Comparing the performance of Made-In-Ghana goods across the selected categories in the 2019 and 2020 surveys



Retail Outlets Surveyed: Shoprite (Accra Mall), Game (Accra Mall), Palace Supermarket (Palace Mall), Koala (Osu), Maxmart (37), City Dia (La), Melcom (North Kaneshie) and Marina Mall Supermarket (Airport), China Mall (Spintex), Baatsonaa Total (Baatsonaa), Airport Shell (Airport)

NB: China Mall, Airport Shell and Baatsonaa Total were only added to the retail outlets this edition

NB: The 'Noodles & Pasta' and 'Utensils & Cutlery' categories were introduced this year and therefore have no baseline from the previous survey

Source: Konfidants, Made-In-Ghana Survey, December 2020

- Soaps & Detergents, Beverage Powder & Tea, and Beauty & Cosmetics were the categories that saw the highest increase in MIG share between the two surveys.
- Biscuits & Confectionaries, Meat, Fish & Seafood, Plastics & Styrofoam, and Eggs were the only categories to record a decrease in their MIG share.
- *A deepening trend observed over the two surveys is the “Ghananization” (giving foreign made products Ghanaian native brand identity) of imported Fast Moving Consumable Goods (FMCGs) such as cooking oils, tomato paste, canned fish etc. As we noted in the previous report, this potentially creates a false Made-In-Ghana identity for products that are fully foreign produced. (Made abroad but with local Ghanaian brand name identity).*
- On the other end of the spectrum, is the phenomenon of products carrying Made-In-Ghana label but actually wholly imported and only locally packaged with virtually zero Ghanaian production content. This trend too continues to be pervasive. As was the case in the 2019 survey, most of the Made-In-Ghana Sugar, Salt and oats sold in the supermarkets fall within this category.
- As observed in 2019, MIG products continue to remain relatively more prominent under product categories with low value addition compared to those with significant value addition.
- As with last year, processed goods constitute the majority of goods surveyed (84%) however, only a small percentage of them are Made-In-Ghana (23%). On the other hand, unprocessed goods, which make up 16% of all goods surveyed, have a Made-In-Ghana share of 40%.
- Also, it was noted this year, that a large percentage of unprocessed MIG goods (84%), had been either pre-cut or packaged, a step in the right direction of value addition, albeit small.
- Again, the classic case of cooking oils that was observed in 2019 repeats itself. 100% of all palm oils sold in all supermarkets are Ghanaian made. But when it comes to refined (bleached) vegetable oils where higher/sophisticated value addition/processing (to palm oil) is required, only 12% are MIG.

Pricing Competitiveness Drops as Local Packaging Gets Better

In order to get on the shelves, Made-In-Ghana goods need to compete on 3 main fronts; quality, appeal (packaging and branding) and pricing. In the previous survey, we took a look at price competitiveness and discovered that MIG goods were price competitive. Using a subset of products for price comparison in 2019,

it was found that in 73% of those products, Made-In-Ghana goods were cheaper than foreign ones, although the price differentials were marginal, as one would expect in a retail context. However, the recent survey recorded a more even distribution of price, over a much larger sample size. This means that while Made-In-Ghana goods do not have a strong pricing advantage over foreign goods, they are still price competitive and not overwhelmingly more expensive as is the general notion.

While the overwhelming pricing advantage observed in 2019 has shrunk, the impressive trend of improved branding and packaging of Made-In-Ghana goods has continued. While foreign brands continue to enjoy a market perception of superiority in packaging, and quality, evidence from the two surveys point to the shrinking of the “packaging gap” as several MIG goods are catching up with foreign brands in packaging. Made-In-Ghana goods have continued to improve significantly with packaging and branding. This improvement in branding was noted across all 19 categories surveyed.

Long Payment Periods is a Big Disincentive to local Producers

Discussions with some local manufacturers and suppliers, pointed to the fact that, even when products are competitive in the categories of quality, branding, and pricing, there were still other barriers to getting on the shelves of some of the supermarkets.

One such barrier for local manufacturers and suppliers is the fact that big supermarkets can take several weeks and months to pay their suppliers. While long payment periods are a standard practice around the world for supermarkets, it can be financially stressful for small businesses that supply products to big retailers.

According to some suppliers interviewed, the payment periods can take up to 3 months. For many local producers and suppliers, that delay puts a dent in their cashflow, affects their operational efficiency and ultimately creates an existential crisis for their business, making it difficult for them to get their products on the shelves. Because of this situation many local producers simply avoid the big supermarkets. Others deliberately limit the quantity of goods they supply to supermarkets – even if demand is high – simply to limit exposure to cashflow crunch resulting from long payment periods.

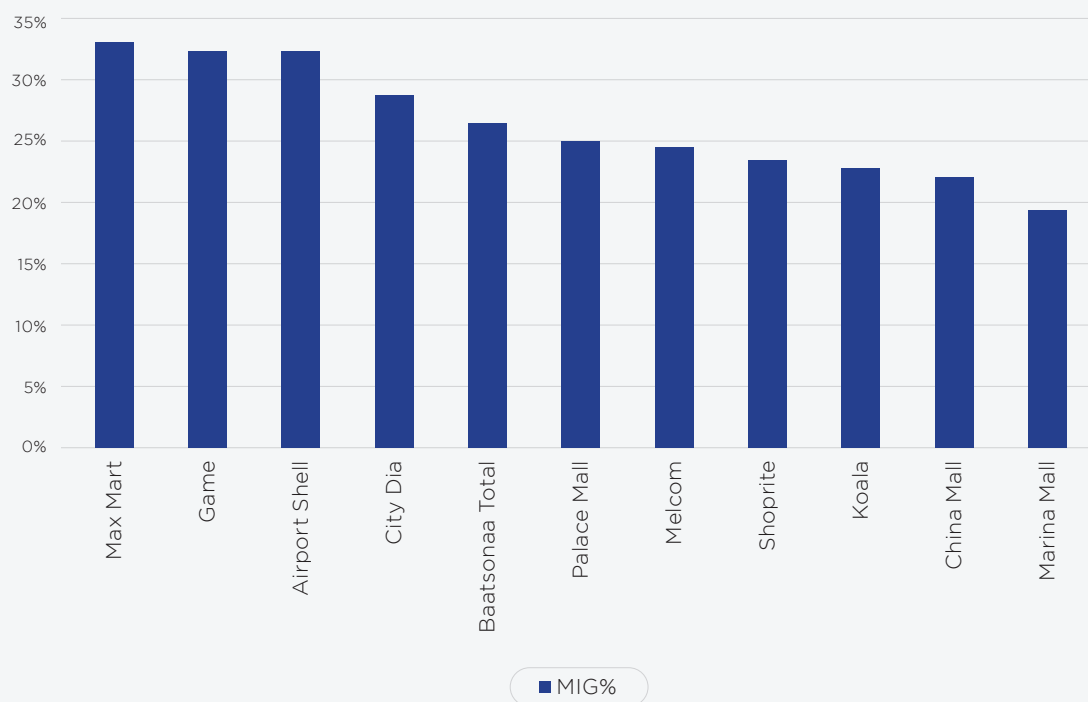
How Individual Supermarkets Performed

When the supermarkets are measured by the percentage of Made-In-Ghana goods in the product categories in their own shops, none crossed 35%. Max Mart recorded the highest Made-In-Ghana share with 33%. Game and Airport Shell followed with 32%.

In the 2019 survey, only 3 out of the 8 supermarkets surveyed crossed 20% of Made-In-Ghana goods in the product categories. However, in the December 2020 survey, 10 out of 11 crossed the 20% threshold with the exception of Marina Mall (19%).

The figure below shows the Made-In-Ghana percentages of each retail outlet surveyed.

Figure 5: Percentage of Brands in Each Retail Outlet Surveyed, Across the 19 Selected Categories, that were Made-In-Ghana



Source: Konfidants, Made-In-Ghana Survey, December 2020

Time to go beyond dedicated Made-In-Ghana Stands

The survey found that some of the outlets had dedicated Made-In-Ghana stands or shelves in response to the FDA-led “Buy-Ghana, Love-Ghana” initiative. *While commendable in some respects, it was observed that the dedicated Made-In-Ghana stands are too small, if not negligible for impact. In some respect it could be described as a tokenistic gesture. A more impactful approach will be required.* Instead of having a single dedicated MIG stand in the supermarket, each product display segment within the supermarket could have dedicated MIG shelves. This will ensure multiple dedicated MIG shelves across the mall, e.g., dedicated MIG shelves for toiletries, oils, detergents, meat etc.

Conclusion and Recommendations

In conclusion, the data shows there has been a slight progress towards making Made-In-Ghana goods a more prominent part of the stock on shelves of major retail outlets. However, there is still a lot of work to be done to reach that goal.

- The overall competitiveness of MIG products (and manufacturers) need to be improved of course. Local small producers will need support to make their products more competitive in quality, standards certifications, branding, pricing and financing. Innovative financing options by financial institutions and the supermarkets could provide accounts receivable financing solutions that can assist small suppliers to comfortably adjust to the long payment periods of the supermarkets.
- To improve shelf space of MIG across retail outlets, there is the need for policy makers and key stakeholders to review current efforts being made to increase shelf presence of Made-In-Ghana goods, to ensure these efforts are holistic, dealing with the very roots of the problem and ensuring that any results attained are not just at face value but are deeply impactful and sustainable.
- There is the need to go beyond the sole FDA led approach to a multi-stakeholder approach. The Ministry of Trade and Industry with its agencies such as the Ghana Enterprises Agency (Formerly NBSSI), National Entrepreneurship Innovation Program (NEIP), Standards Authority should collaborate with the FDA and other stakeholders such as industry associations (e.g., Association of Ghana Industries (AGI)), GIPC, the supermarkets, MASLOC, and financial institutions towards a holistic policy and program framework to improving shelf space of MIG. This should be evidence based - such as **setting a target for a minimum threshold for Made-In-Ghana goods across the supermarkets within a specified period.**

As the African Continental Free Trade Area (AfCFTA) takes off, the competitiveness of Made-In-Ghana producers and suppliers is about to be tested even more – at home and abroad. But if Made-In-Ghana brands are to expand across the continental market, they must first win at home. They cannot win shelf space abroad if they cannot dominate shelves at home. The big supermarkets can and should become a starting point for scaling the competitiveness and visibility of Made-In-Ghana brands.

About the Made-In-Ghana Report

This report is the second in a series of surveys by Konfidants to monitor progress in how the major retail outlets in Ghana are championing the patronage of Made-In-Ghana products. It forms part of its SMEs Competitiveness & Market Access Program.

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