Global Trends - Beverages

Global wine consumption and production

Global wine consumption and production

Global Trends - Wine Industry Key Elements
Internet 2016 vs 2000 Statistics

The following table below shows Internet growth between years 2000 and 2016 (mid-year) for the main seven World Geographic Regions.

It is interesting to see that the growth rate has been very different for the various geographic regions. Most impressive is the very high growth rate for Africa and the Middle East.

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<table>
<thead>
<tr>
<th>World Regions</th>
<th>Internet Users 2000</th>
<th>Internet Users 2016</th>
<th>Growth % 2000-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICA</td>
<td>4,514,400</td>
<td>333,521,659</td>
<td>7,283.0 %</td>
</tr>
<tr>
<td>ASIA</td>
<td>114,304,000</td>
<td>1,766,289,264</td>
<td>1,445.3 %</td>
</tr>
<tr>
<td>EUROPE</td>
<td>105,096,093</td>
<td>614,974,023</td>
<td>485.2 %</td>
</tr>
<tr>
<td>MIDDLE EAST</td>
<td>3,264,800</td>
<td>129,498,735</td>
<td>3,842.4 %</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>108,096,800</td>
<td>320,067,193</td>
<td>196.1 %</td>
</tr>
<tr>
<td>LATIN AMERICA / CARIB</td>
<td>18,068,819</td>
<td>374,461,854</td>
<td>1,972.4 %</td>
</tr>
<tr>
<td>OCEANIA / AUSTRALIA</td>
<td>7,520,480</td>
<td>27,508,287</td>
<td>261.0 %</td>
</tr>
<tr>
<td>TOTAL WORLD</td>
<td>360,985,492</td>
<td>3,566,321,015</td>
<td>887.9 %</td>
</tr>
</tbody>
</table>


Doing Business beyond South Africa: Growth and Opportunity in Sub-Saharan Cities

In a recent report by Euromonitor International - Doing Business beyond South Africa: Growth and Opportunity in Sub-Saharan Cities – a few interesting developments are mentioned:

Cities: A driving force in the market
Sub-Saharan Africa is the least urbanised region in the world, with only 38% of the total population living in cities as of 2015. This region lags behind other emerging regions such as Asia (44%) and Latin America (80%) and is also in stark contrast to North America (83%). Yet in line with a booming economy, Sub-Saharan Africa is projected to see its urban population surge by 74% from 2015 to 2030, the most of any developing region globally. In absolute terms the number of city dwellers in Sub-Saharan Africa is expected to increase by 268 million and the urban population will constitute 45% of the total by 2030.

As of 2015, the top five Sub-Saharan African cities with the biggest market sizes in terms of consumer spending are Lagos in Nigeria, Johannesburg, Pretoria, Cape Town and Durban. Underpinned by a large population base and a relatively high level of affluence, these urban areas are home to some of the most sophisticated consumer markets in the region.

In terms of consumer spending, Sub-Saharan Africa’s next growth champions are found among cities of various sizes. Large urban agglomerations such as Nairobi (Kenya) and Abuja (Nigeria) stand out for their fast-paced growth. In 2015, medium and small cities in Kenya and Cameroon such as Mombasa and Kisumu and Douala and Yaoundé will also become more attractive.

Severe shortage of shopping infrastructure
The shortage of a store-based modern retail environment can be characterised as a common problem across Sub-Saharan Africa. South Africa boasts the biggest penetration of formal retailing venues. Kenya, Cameroon and Nigeria still shop in open-air markets. For example, in 2015, more than 95% of purchases in Nigeria were carried out in open-air markets.
The majority of shopping centres that operate or are in development are found in first- and second-tier cities such as Lagos, Abuja, Calabar and Kano. The retail infrastructure is also being expanded to other cities such as in Effurun, Nairobi, and Kisumu. Cameroon’s retail activity is also emerging.

Building business locations in the suburbs is likely to constrain the pool of potential buyers due to poor mobility options such as low passenger car ownership and limited public transportation. In addition, lagging rates of households’ access to internet in all Sub-Saharan African cities limits the effectiveness of online marketing and sales.

Transport and logistics bottlenecks
How to efficiently transport goods while continuously growing the number of retail outlets in Sub-Saharan Africa remains a challenge. Delays in delivering supplies hinder effective planning and smooth business operations. The largest distributor of Nike and Adidas products in South Africa, The Foschini Group, claims that a week-long transportation of goods by air can extend up to five weeks. South Africa’s leading retailer Shoprite claims it could take 117 days for stock to arrive at Nigerian shops. To counteract logistics bottlenecks, companies try to keep plenty of stock in reserve. For example, Shoprite keeps a warehouse full of flour to keep up with its fresh bread offerings.

As countries in Sub-Saharan Africa continue to improve their transportation networks, supply chain management will certainly become easier for businesses. For example, Lekki Deep Seaport located 60 km east of Lagos in Nigeria has a planned annual capacity of 2.5 million twenty-foot equivalent units and is scheduled to launch in 2017. The Lagos-Calabar Railway is in process which will have more than 1,400 km running from Lagos in the west to Calabar in the east, connecting such cities as Aba, Port Harcourt, Warri and Benin City in Nigeria. Another railway, Mombasa-Nairobi-Kampala-Kigali-Juba Railway is currently being constructed, which will provide connections to the capital cities of Uganda, Rwanda, and South Sudan.

Conclusion
Cities are at the helm of these impressive economic changes. Urban centres, on the back of their economic and administrative significance, boast disproportionately bigger shares of the region’s middle class, consumer spending, as well as households with digital literacy and modern lifestyles.

At the same time, Sub-Saharan African cities are diverse, and it is important to carefully consider profiles as well as the future consumer market trends in each city to capitalise on the positive economic momentum.

By 2030, real consumer spending will surge in Cameroon’s Douala and Yaoundé, Kenya’s Nairobi, Mombasa and Kisumu and Nigeria’s Abuja, reflecting improving household incomes and soaring population. However, these cities of opportunity are likely to support different types of initiatives. For example, Abuja has the highest share among Sub-Saharan African cities of households earning more than US$10,000 a year (as of 2015). As such, the capital city of oil-rich Nigeria is likely to be responsive to higher-end products and services. In contrast, Kenyan cities are relatively poorer. Yet on the positive side, the country’s relatively high internet usage paves the way for innovative, tech-savvy solutions.

Therefore, explicitly devising strategic plans to deal with intensifying local competition, lack of modern retailing outlets, as well as logistics bottlenecks is a must for overall success.

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