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Retail Foods

Retail Food Sector 2010

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Report Highlights:

This report is an annual update of the previously submitted Retail Food Sector 2010 Report. It provides updates on the entire 2009 and part of the 2010 data for Senegal retail food imports.

Senegal's total retail food sales for 2009 reached an estimated \$2 billion, down 26.5 percent from the previous year's record high. Food imports declined in 2009 compared to 2008 because of good harvests and food supply. Senegal relies heavily on imports to meet its food needs and imported \$885 million in 2009 compared to \$1 billion in 2008 in such staples as rice, wheat, dairy and vegetable oil. France remains a major source for food imports, but the market now also includes sources in South America, Asia and Africa. There is market potential for U.S. food exports particularly with a regional approach and strategic marketing. The outlook for imported consumer-oriented foods is promising given Senegal's high rate of urbanization, sizeable expatriate community and reliance on food imports.

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SECTION I. MARKET SUMMARY

Senegal, a semi-arid country on the westernmost tip of Africa, has a population of about 13.7 million people of which more than 60 percent are engaged in agricultural activities. Even so, Senegal must rely heavily on imports to meet its food needs, with imports accounting for up to 70 percent. Staples such as rice, wheat, dairy and vegetable oil are imported and processed or packaged for retail trade. In 2009, Senegal imported an estimated \$885 million of these commodities to supplement local food production which represent a decrease of 11 percent compared to 2008.

Senegal's total retail food market for 2009 had an estimated value of \$2 billion, which is a 26.5 percent decrease over the previous year's record high. The rapid growth in Senegal's retail food sector since 2006 can be largely attributed to a significant increase in import quantities as well as increases in unit prices. Senegal experienced poor harvests in 2007 and commodity prices rose dramatically at the end of 2007 and well into 2008. The global food price crisis of 2008 was felt quite sharply in Senegal, causing the government to institute such temporary measures as removing all import duties for rice and setting a price cap in order to ease the burden on consumers. Given the 2008 current pace of imports and more stabilized global commodity prices, Senegal's total food retail for 2009 declined from last year's high, but retail food trade remains bright due to population growth and rural to urban migration.

Senegal's Retail Food Sales

	2005	2006	2007	2008	2009	<i>Jan-Sept 2010</i>
Value in \$ billion	1.60	1.57	2.17	2.76	2.03	1.3
Annual percent Growth		-2.2	38.2	27.5	-26.5	-

(Source: FAS Dakar estimates derived from various trade sources)

The retail food sector is dominated by thousands of small boutiques and grocery outlets, with modern supermarkets found almost exclusively in Dakar, the capital and largest city. Up to a quarter of the population is concentrated in and around Dakar, while Thies and Kaolack, the next largest cities, have about 13.2 and 10.7 percent of the population, respectively. Over the past ten years there has been significant growth in the retail food sector and several modern supermarkets have opened in Dakar, leading to continuing changes in consumers' purchasing habits. Senegal has about 12,000 retail food outlets, which includes modern supermarkets, traditional grocery stores, numerous tiny boutiques (akin to kiosks) and open-air markets. Modern supermarkets and grocery stores represent less than 2 percent of food outlets, while tiny grocery shops known as boutiques account for as much as 80 percent of retail food outlets.

Dakar is the epicenter of imported consumer-oriented foods in Senegal. Not only is it home to over a quarter of Senegal's population, it is also the seat of Senegal's sizeable expatriate community and at least a quarter of high-income consumers. Dakar is also the city with the greatest concentration of

modern supermarkets and outlets likely to carry imported consumer-oriented foods and beverages.

There are no hypermarkets in Senegal but *Casino*, the French supermarket chain and the new Indian owned *Hypermarket Exclusive* lead the way in this category with the most modern supermarkets.

Casino stores tend to be located in small malls of 5 -10 stores that are typically European or U.S.-franchised sporting goods, fast-food restaurants or clothing stores. *Casino* supermarkets have a deli with ready-to-eat foods, which is a novelty in Senegal, but reflects a growing trend of eating out for a small segment of the population. Currently there are five *Casino* supermarkets in Dakar, the largest of which (~ 1,400 m²) just opened in 2010 at the new *Sea Plaza Mall* next door to the *Radisson*, Dakar's latest 5-star hotel in an upscale area of the city. The second largest *Casino*, opened in 2009, is located in *Les Almadies*, an area of the city with a high concentration of expatriates.

The *Hypermarket Exclusive* just opened November 2010 in Dakar in the *VDN* area. It is the biggest supermarket in Senegal (~ 2,500 m² -twice bigger than *Casino*) with two levels (See picture 1). The first level is only for retail food and the second one is for apparel, electronics, cookware etc. It is owned by Indians. There are also about eight small boutiques on the second floor selling jewelry and clothes. This supermarket offers a large choice of brands and Asian food (See picture 2 and 3). Among the various brands sold in the retail food, there are Natco and Netto. Most of the food originates from United Kingdom, United Arab Emirates, Spain and France.

Modern supermarkets attract families who visit and browse as entertainment and in the process are exposed to new products.



Picture 1: Two levels at *Hypermarket Exclusive* supermarket



Picture 2: Food aisles at *Hypermarket Exclusive* supermarket



Picture 3: Various brands of pasta at *Hypermarket Exclusive* supermarket.



Picture 4: A holiday advertisement at *Casino*. Note the use of sheep (instead of reindeer) which have symbolic importance to Muslims.

Food Retail Outlets in Dakar

Outlets	Average Size (sq meter)	Number of outlets	Product Line
Supermarkets and mid-sized grocery stores	10 – 2,500 m ²	200	Full service; diverse with meat, dairy, fruits & vegetables
Convenience stores and <i>boutiques</i>	<10 m ²	~ 9,000	Limited; everyday staples, fruit & veg.
Open-air markets	clusters of 10-100 ⁺ 5 - 10 m ² stalls in a large open area	50 – 100	Meat, vegetables, fruits, cereal grains, limited pre-packaged goods

(Source: Trade sources and Post estimates)

Since the advent of gas-station type convenience stores in Senegal in 1995, the numbers have grown rapidly as consumers favor these outlets for their proximity and quick service, even though prices are generally higher than in larger grocery stores. Senegal has a few home-grown names in this category (*Pridoux, Select, Filfili...*) which are typically owned by French or Lebanese expatriates, with a tiny sprinkling of Senegalese entrepreneurs. Together with the larger modern supermarkets, these outlets represent about 2 percent of retail food outlets, but provide the highest concentration of high-value imported products. Consumers are generally expatriates or affluent Senegalese or Lebanese residents. Senegal is not very keen on franchises, but *Pridoux* was the first to be franchised in Senegal.

In Senegal, as in much of Africa, it is in the informal sector that a sizeable share of trading activity occurs. As noted earlier, Senegal has a system of tiny shops called *boutiques* which together with the traditional open-air markets account for as much as 93 percent of retail food outlets. *Boutiques* are very informal structures, on or by the roadside, that are found throughout residential neighborhoods and by

major thoroughfare. They are generally independently owned and carry food products and household necessities in relatively small quantity or sizes which are particularly suited to that large segment of the population with lower purchasing power. Their share of the food market is difficult to quantify due to their informal nature, but it may well be as high as 50 percent of retail food sales. Very little high-value imported consumer-oriented foods are likely sold through these outlets, however.

In recognition of the significance of these informal outlets to the retail sector, the Government of Senegal (GOS) launched a project in January 2009 with a long-term goal to establish 10,000 government-sanctioned boutiques nationwide. GOS will have a 60 percent controlling share in these outlets to be known as easy boutiques, which are to be more tightly controlled and help regulate the market by fighting price speculation and controlling the quality of products sold to consumers. Such staples as rice, milk, cooking oil and sugar are to be sold at standardized prices that are lower than prices in the regular boutique. As of today, about 10 easy boutiques have been established thus far.

In February 2010, Senegal launched the *Produits Africains Normalises et Accessibles pour un Developpement Local et Environnemental* (PANALE) network which is a group of boutiques that sell locally processed cereals, fish, vegetables and fruits. Three boutiques are located strategically near post offices in Dakar. PANALE groups 90,000 well organized women that have good knowledge of local food processing. The project is part of the NGO Oxfam's Private Sector program in West Africa and aims at supporting women entrepreneurs to realize their vision in producing local high quality value added products. The project is implemented by women's cooperative that Oxfam, an International NGO, has helped to set up. The cooperative represents 30 groups of women leaders who are part of the processing networks with 2,500 direct beneficiaries and over 90,000 members.

Senegal also has four duty free stores, known as *Senegal Free Store* (SFS), *Compagnie Senegalaise de Negoces Alimentaires* (CSNA), *Thoumas M.N*, and *Dakar Catering* in Dakar for the exclusive access of the diplomatic, consular and sizeable international aid communities. These stores carry imported consumer-oriented foods and beverages and are good sources for a wide selection of wines and liquor at somewhat lower prices.

Advantages and challenges facing U.S. products in Senegal

Advantages	Challenges
<ul style="list-style-type: none"> • A sizeable expatriate community and 	<ul style="list-style-type: none"> ▪ Strong French influence; biggest trade

<p>growing middle class with a penchant for imported foods and beverages.</p> <ul style="list-style-type: none"> • High rate of urbanization (42 percent) with a 3.1 percent annual growth rate leading to increasing demand and a growing retail food sector. • Dakar has an improved port system and is a transportation and telecommunications hub in West Africa. • Senegalese are generally well disposed towards Americans and actively seek U.S. trade and investment. • Opportunities exist for U.S. products targeting niche markets and a regional approach. Growing interest from U.S. Wheat, U.S. Rice Federation, WISHH and USSEC. • Common external tariffs for imports and elimination of tariffs between the 8 countries of the <i>West African Economic and Monetary Union (WAEMU)</i>. 	<p>partner supplying 16 percent of all trade and a high proportion of imported foods.</p> <ul style="list-style-type: none"> ▪ High port fees and customs duties. WEAMU also adds 18 percent VAT on imports from outside the West Africa region. ▪ High rate of unemployment (48 percent) with 54 percent of the population below the poverty line. Per capita income is estimated at \$1,700. (2009) ▪ Limited knowledge of U.S. brands and product line. ▪ Lack of U.S. interest due to the relatively small market size. French and Asian domination of the market as well as some competition from cheaper and lower quality food products from Asia and Turkey. ▪ Higher freight rates and longer transit time from the U.S. than from Europe, Asia or South America.
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SECTION II. ROAD MAP FOR MARKET ENTRY

The importer-distributor is the first contact for entry into the Senegalese market. The major players for distribution of imported food products in Senegal are:

- Importer-distributors
- Agents/Sole Representatives
- Wholesalers
- Sub-Wholesalers/ Super retailers

- Retailers

Following are approaches for new-to-market exporters to consider for entry into Senegal's retail food sector:

- Conduct market research, particularly for product testing, price comparisons, identifying competitors and market size.
 - Review export statistics for the previous 5 years.
 - Take the time to understand the dynamics of the market and consumers' preferences.
 - Consult with importer/distributors who know customers' tastes and preferences as well as feasible quantities.
- Contract the services of an agent and appoint a distributor or dealer, and/or establish a direct sales branch or subsidiary.
 - The agent or distributor should be a local firm, fluent in French and knowledgeable about Senegal's business practices.
 - Choose a local partner (importer/agent) versed in handling Senegal's entry requirements for new imports; this can be quite involved.
 - Commodity imports are subject to phytosanitary inspection by the *Directorate of Plant Protection* (DPV) and the Ministry of Commerce.
 - Sample tests from each shipment may be performed while the agent continues with the registration approval process.
 - It is vital that the agent/importer is sent the bill of lading and phytosanitary clearance documents prior to shipping your products.
 - Provide brochures and marketing literature in French.
- U.S. firms opening an outlet in Senegal will need legal counsel and notary services for all the formalities associated with establishing an office here.
 - The U.S. Embassy has a list of experienced lawyers and notaries.
 - Seek out a firm specializing in financial and tax advisory services. Senegal has representatives of major U.S. and international auditing and business consulting firms.

Senegal organizes an international trade fair every two years in Dakar.

- Try to attend if feasible,
- Rent space/booth to advertise your products
- Network and make business contacts with local partners and others from across West Africa.

Importers in Senegal tend to have a preference for consumer-oriented food products with the following characteristics:

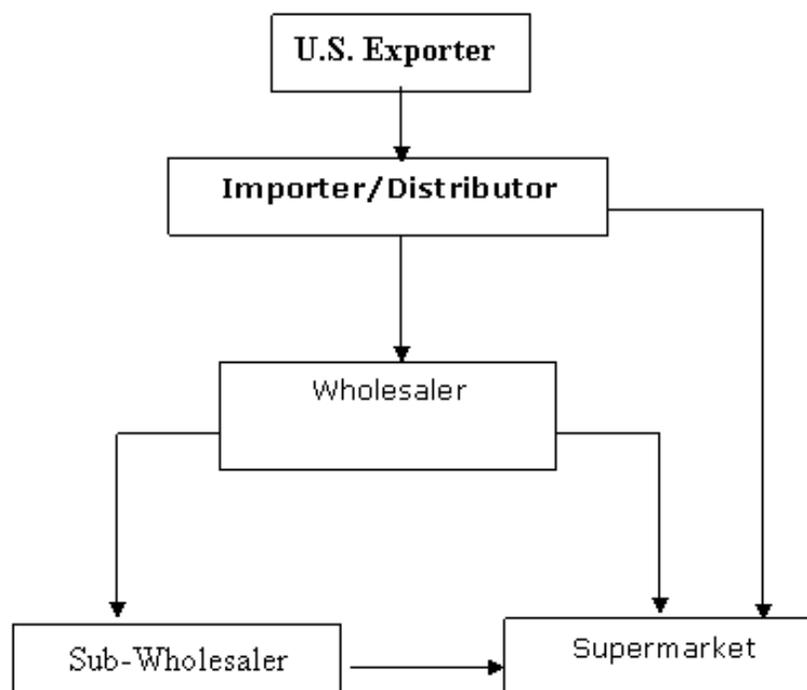
- Relatively small-sized packaging; quantities packaged for affordable one-time use.
- Bulk, intermediate products and consumer products for local re-processing and packaging.
- Mixed-containers of high-value products and brands or types of products authorized for import.
- Perishable food products processed and packaged for long shelf-life without refrigeration.

MARKET STRUCTURE

A. Wholesalers, supermarkets and large retailers' procurement and distribution

The key players for distribution of imported consumer-oriented foods in Senegal are the importer-distributors, the wholesalers, the sub-wholesalers and retailers. The importer-distributor category includes agents/sole representatives and supermarkets like *Casino* that import containers of consolidated groceries for their own outlets. Some wholesalers may also be retailers. Most importers and wholesalers are located in Dakar. Wholesalers tend to have a smaller profit margin or mark-up (2 – 5 percent) than the sub-wholesalers and retailers whose profit margin may be between 20 and 25 percent.

Distribution Flow Chart for Supermarket



Company profile for selected modern supermarkets and wholesalers

Name and Outlet Type	Ownership	Outlets	Location	Purchasing Agent type
ETS Bocar Samba Dieye (wholesaler)	Senegalese	1	Dakar	Importer/wholesaler
SOFIEX (distributor)	Lebanese	1	Dakar	Importer/wholesaler
BTC (wholesaler)	Senegalese	3	Dakar	Importer/wholesaler
<i>Hypermarket Exclusive</i> (supermarket)	Indian	1	Dakar	Importer/retailer
<i>Casino</i> (supermarket)	French	5	Dakar	Importer/retailer
Pridoux (supermarket)	Senegalese	11	Dakar, nationwide	Importer/wholesaler/retailer

(Source: Post and trade sources)

B. Convenience Stores/Gas Marts and kiosks procurement and distribution

- Retail outlets in this category include convenience stores, mini-marts, gas marts *boutiques*, kiosks and roadside stalls. As much as 80 percent of retail food outlets are in this category.
- Outlets in this category tend to be relatively small. Most buy their products from sub-

wholesalers. Only few of the larger stores or chain stores in this category tend to get their merchandise directly from wholesalers.

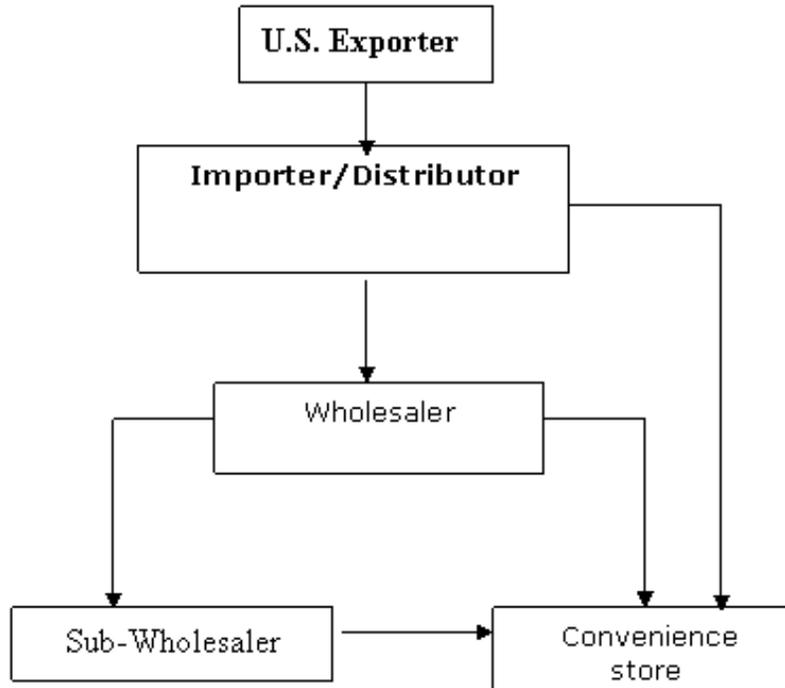
- Gas marts have limited food sales. Product prices are usually much higher than in convenience stores or *boutiques*.
- Most small convenience stores and *boutiques* do not carry frozen foods as electricity supply can be unreliable with frequent power outages and few have their own generators.

Company profile for selected convenience stores, groceries and kiosks

Name and Outlet Type	Ownership	Outlets	Location	Purchasing Agent type
Bonjour (gas mart)	French	24	Dakar and Thies	Retailer
Eden's (gas mart)	Senegalese	9	Urban (nationwide)	Retailer
Select (gas mart)	French	24	Urban (nationwide)	Retailer
My Shop (gas mart)	Libyan	18	Urban (nationwide)	Retailer
Le Parcours (convenience)	Lebanese	1	Dakar	Retailer
Filfili (convenience)	Lebanese	1	Dakar	Retailer
<i>Easy boutique</i> (kiosk)	Senegalese	~10	Dakar & nationwide	Retailer
PANALE (Boutique)	Senegalese	3	Dakar	Retailer

(Source: Post and trade sources)

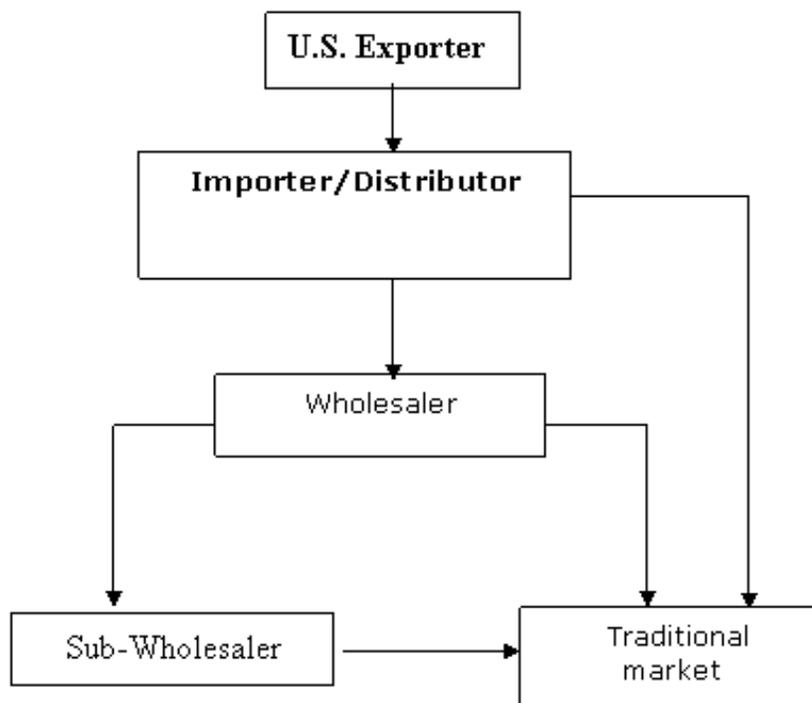
Distribution Flow Chart for Convenience Stores



C. Traditional Markets

- Traditional markets typically have a cluster of small stalls under a single roof or in an open-air location in urban and rural areas nationwide.
- Market vendors buy their goods from wholesalers or sub-wholesalers, who are often also located in the traditional market area or in buildings nearby.
- Retail prices tend to be less than in supermarkets and are usually negotiated. Customers are most often women of lower economic class or household staff shopping for daily needs.
- Products for sale are generally locally produced, processed or packaged and tend to be staple cereals, fresh fruits, vegetables, meat or fish.

Distribution Flow Chart for Traditional Market



SECTION III: COMPETITION

As noted earlier Senegal imports up to 70 percent of its food needs. Historically, the market has been dominated by Europe, in particular France (19 percent) followed by Netherlands (10 percent), but this is changing. Though France remains a major source for certain categories like snacks, cheese and wheat, Senegal's food import market has diversified to include Asia (i.e. China – 4 percent), South America (i.e. Brazil– 4 percent) and African neighbors (i.e. Cote d'Ivoire – 10 percent) . The U.S. market share is quite small but there is potential for growth if more effort is made to target this market. Grocery consolidation or a regional approach might work best for products where the volume might be too small. Senegal is a member of the *West African Economic and Monetary Union (WAEMU)* or *UEMOA (Union Economique et Monétaire Ouest Africaine)* which includes eight countries sharing a common tariff rate and currency. Thus, once goods enter in one country they can be shipped to any of the other countries without further taxes or duties imposed. The eight countries of WAEMU are Senegal, Cote d'Ivoire, Togo, Mali, Burkina Faso, Guinea Bissau, Niger and Benin.

Competition from local industries is not significant for most imported foods given the reliance on imports, even in the local processing industry. The fisheries sector may be one area, however, where this would not be true, particularly for fresh/chilled/frozen fish. Senegal harvests a significant quantity of tropical fish both for local consumption and export. Each year Senegal exports about \$250 - \$300 million in fish and seafood products, with about \$10-12 million of this being canned tuna.

The table below offers a view of some of Senegal's major food imports for 2008 and 2009 by sector

and also identifies the top sources for these products. The Netherlands remains the major source for imported vegetables, with about half of the total in this sector being onions and shallot, almost all of which came from the Netherlands. Ireland and France continue to have an 18 percent share each of total consumer-oriented foods, and France is still sourcing a fourth of the dairy sector and over 50 percent of imported cheese.

Senegal's Principal Food Imports for 2008 and 2009

	2008 Total Value <i>\$ million</i>	2009 Total Value <i>\$ million</i>	2009 Primary Source	2009 Market Share in percent
Dairy	143.5	122.6	France	22.48
Red meat	16.8	17.8	India	62
Snack foods	18.5	15.5	France	19.6
Fresh vegetables	32.9	24.4	Netherlands	74
Fresh fruits	24.4	20.5	Ivory Coast	43
Sugar/sweeteners/beverage base	31.9	56	France	47
Wine & beer	10.4	10.4	Spain	39
Consumer-oriented foods - Total	612.4	508	France, Netherlands	29
Bulk Staples				
Rice	518.4	336	Thailand	62
Wheat	156.8	1.095	France	86
Vegetable oils	185.8	132	Brazil, Argentina, Cote D'Ivoire	~ 80

(Source: Global Trade Atlas)

SECTION IV. BEST PRODUCTS PROSPECTS

In general bulk staple commodities have the greatest market share and best prospects. There are, however, many other products that may have good market potential here, given the right promotion and marketing. Below is a list of products categorized by their market presence and potential.

A. Products currently present in the market with good sales potential

- dairy products
 - powdered and liquid milk: bulk whole fat and skimmed milk powder; liquid milk (UHT), pre-packaged 1-liter cartons of fresh or UHT milk.
 - cheese

- butter and margarine
- vegetable oils
 - crude soybean
 - crude and refined palm oil
 - refined peanut oil
 - bottled vegetable oil: all varieties
- rice
- wheat
- onions
- fresh fruits: apples, grapes, pears, citrus
- tea and coffee
- fruit juices: orange, apple, pineapple
- pasta products
- beer and wine
- spirits, liqueurs
- canned fruits and vegetables

B. Products not present in significant quantity, but with good potential

- snack foods (biscuits, chips, crackers etc)
- poultry meat
- red meat
- organ meat products
- potatoes
- table grapes, apples, pears
- breakfast cereals
- mayonnaise

C. Product with strong domestic demand, but too few suppliers.

- tomato paste/ketchup
- fruit preparations and juices
- confectionery (candies, gums etc)
- mayonnaise and salad dressing
- spices and sauces including soy sauce
- potatoes
- onions and garlic
- pasta products

SECTION V. POST CONTACT AND FURTHER INFORMATION

FAS Office

The FAS office in Dakar, Senegal has regional coverage for much of francophone West Africa and some neighboring countries; namely, Senegal, Mali, Chad, Cote d'Ivoire, Benin, Togo, the Gambia, Guinea Bissau and Guinea. Following is the contact information for the office:

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Useful Reports:

The following links are for reports of particular relevance to trade with Senegal. For further information and data, please also visit FAS' website at www.fas.usda.gov.

[2010 Senegal FAIRS Country Reports](#)

[2010 Senegal Exporter Guide](#)