FMCG sector

CASE STUDY

East Africa market entry strategy for US-based FMCG multinational

Our market prioritisation exercise provided the basis for a multi-million-dollar investment decision by the company.

LOCATION
Ethiopia, Tanzania,
Kenya, Uganda

REQUIREMENT

A leading US-headquartered multinational was considering a greenfield investment in juice and non-alcoholic beverage production and distribution across several East African markets. The client required a detailed understanding of the current market landscape and investment climate for FMCG / non-alcoholic beverage companies in Tanzania, Ethiopia, Uganda and Kenya.

APPROACH

Sofala's in-country research teams conducted source interviews with business leaders, local suppliers and distributors, government officials, regulators and consumer associations across all four markets. Our research assessed the investment climate for the non-alcoholic beverage/consumer goods sector in each market, including: identification of tax policy issues and foreign exchange restrictions (for example, the extent of capital controls and foreign currency rationing in Ethiopia); investment incentives and customs duties for beverage producers located within the East African Community; the outlook for antitrust regulation in the sector; operational challenges associated with last-mile distribution; and an assessment of the competitive landscape in each market, focused both on global players such as Coca Cola and Pepsico and on local champions such Bahkresa Group, whose own-brand cola outsells Coke in Tanzania.

OUTCOME

Our strategic recommendations and market prioritisation exercise provided the basis for a multi-million-dollar investment decision by the company.

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