

Kellogg's inks Nigeria deal in Africa expansion

By [Colleen Goko](#)

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US-based cereal maker Kellogg's announced this week it is acquiring half of Nigerian food distributor Multipro for \$450m as part of its drive to expand on the continent...



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This follows its acquisition in January of a majority stake in Egyptian biscuit manufacturer Bisco Misr for \$125m.

"We have the potential to double the size of our emerging-market business by 2020," said Kellogg's CEO John Bryant.

The growing middle class in sub-Saharan Africa, Latin America and Asia give multinationals such as Kellogg's the potential avenues for growth as developed markets stagnate.

"We are very aggressive in the emerging markets and our growth plans, and we believe now is the right time to make those investments," Mr Bryant said.

Kellogg's, the second-largest cereal brand in SA behind Pioneer Foods, manufactures its products in 17 countries outside SA and distributes them to 180 countries worldwide.

Its cereal brands include Corn Flakes, Special K, Coco Pops and All-Bran.

Kellogg's said the growth potential for cereal was especially strong in sub-Saharan Africa. "As a region that is experiencing explosive growth - with a population of almost 1-billion people and an economy that is expected to more than double over the next 10 years - sub-Saharan Africa provides tremendous opportunity for our company," said Mr Bryant.

The Frontier Strategy Group's practice leader for sub-Saharan Africa, Anna Rosenberg, said many multinational companies had decided to include African countries in their portfolios.

"Many executives hope to compensate for sluggish growth in the eurozone by making quick returns in Africa," she said.

"While Africa's economy is on track to be worth \$3-trillion by 2025, benefiting from sub-Saharan African growth is a long-term game. The region's development will likely span several decades."

Source: Business Day

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