

Nigerians grow nose for SA wine exports

SA's wine exports have shown healthy growth in the first three months of this year, with Nigeria connoisseurs developing a keen nose for the local grape.

By Hopewell Radebe ^{20 Apr 2012}

Nontraditional markets for SA's wines - such as East Africa, Russia, and Japan - are growing, raising the prospects for a depressed local industry bedevilled by squeezed profit margins.

SA's wine export volumes rose 21% in the first three months of the year, compared with 2011, Wines of SA said yesterday, 19 April 2012.

The organisation, which promotes the export of South African wines, said it was planning to boost the sale of local wines in the Nigerian market, where a "keen interest" had developed.

Wines of SA encouraged wine producers to take advantage of the receptive trend towards local wines by exploring new markets, especially on the continent.

CEO Su Birch said yesterday there were signs of "good growth for bottled wines" in East Africa and Asia.

She said with a projected annual gross domestic product growth of 11.8% until 2016, Nigeria would be the world's fourth-most populous nation by 2050, and could not be ignored by South African wine producers.

Speaking at a Wines of SA seminar in Stellenbosch on Tuesday, Sapta Bhattacharyya, associate vice-president of global research company Aranca, said the volume of wine exported to Nigeria from 2007 to 2011 had shown a compound annual growth rate of 24.12%. The value of Nigeria's wine market was about 300m a year, and is expected to reach 370m by 2015.

The European market held the lion's share of SA's wine market, consuming 60% of volumes sold, Bhattacharyya said.

Most of the wine consumed in Nigeria was red, accounting for 73.6% by volume, he said.

South African wine exports to Nigeria grew 12% during the 12 months to March.

Bhattacharyya estimated that 5.2-million people, representing the top 10% of earners among Nigeria's population of 156-million, accounted for 43% of consumption expenditure in the country. This was the group to target as potential wine consumers. But he warned that producers should be aware that, although consumer purchasing power was on the rise in Nigeria and there was a growing interest in wine, the market remained extremely priceconscious.

Other issues to be considered when entering the Nigerian market were the 50% import duties, the onerous and expensive bureaucracy that included registration of all wine with the National Agency for Food and Drug Administration and Control, and political unrest and corruption.

Birch said: "Many of the global luxury brands have entered the Nigerian market and these include several famous-name spirits, as well as champagne brands whose products are being welcomed by the country's

affluent consumers.

"We know anecdotally from a number of South African producers that there is a robust appetite for premium and higher-priced local wines."

Nigeria does not produce grapes or make wine. However, there are plans by its government to encourage the growth of the industry in the southern parts of the country.

Matome Mbatha, Wines of SA's manager for Africa and the Americas, said all of the organisation's promotional activity would be focused on the southern, non-Muslim regions of Nigeria. Total volumes of all wines sold in Nigeria were expected to grow by 6% a year, but just 2% by value.

He said Wines of SA would be participating in SA Week in Nigeria in mid-July and would be hosting VIP tastings for trade, media and consumers.

It was also hoped that Nigerian traders would attend Cape Wine 2012, a three-day trade exhibition in Cape Town in September.

Source: *Business Day*

For more, visit: <https://www.bizcommunity.com>