

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Post: Addis Ababa

Ethiopia's Grocery Sector is Rapidly Expanding

Report Categories:

Retail Foods

Approved By:

Michael G. Francom, Ag Counselor

Prepared By:

Abdurahman Mohammed

Report Highlights:

Ethiopia's retail grocery sector, which is exclusively concentrated in the capital city, has seen rapid growth in recent years due to the country's strong economic growth, rising urbanization, and growing population. The sector is expected to continue its upward climb, which will generate new opportunities for both U.S. and locally-made foods.

Reasons Behind the Expansion in Ethiopia’s Grocery Business:

Over the last decade, Ethiopia has seen a surge in the number of grocery stores opening in the capital city, Addis Ababa. This growing trend, which is expected to continue into the future, is primarily attributed to the country’s double digit growth over the last decade, urbanization, and the expanding population of Addis Ababa, the country’s capital. Increased economic prosperity has translated into more disposable income that can be used for local and imported foods, including those outside the traditional Ethiopian diet. In addition, the presence of a sizeable expat and diaspora community is contributing to increased demand for certain imported foods, especially Western and Asian products.

There is an estimated five million people living in the ever-expanding and developing capital. As Addis Ababa grows, there is an increasing share of city dwellers that are opting to live in condominiums where they are unable to cook traditional foods, like the traditional fermented, flatbread, called injera, in their indoor kitchens or butcher animals in their backyards. As a consequence, more and more urban, middle-class consumers are turning to grocery stores, mini-marts, and neighborhood kiosks to satisfy some of the food and beverage demands. In response to this growing and anticipated future demand, the number of grocery stores has skyrocketed in recent years.

Players in the Retail Grocery Business:

Eight major supermarket chains, with a total of 21 stores, are open across Addis Ababa. The major food retail stores – Shoa, Fantu, Safeway, Friendship, Bambis, All-Mart, Novis, and Loyal – supply a wide array of products, most of which are imported foods and beverages. In addition to these major players, there are mid and smaller-sized stores. See table 1 for listing of Ethiopian supermarket chains.

The United States, Europe, Turkey, Egypt and the United Arab Emirates are among the top suppliers of food and beverage products being sold through the retail grocery sector. Most retailers, because of historical or personal connections, tend to import from a single country/region. For example, Novis and Bambis prefer to import most of their food products from Europe. Shoa generally sources from the UAE, while Fantu imports a large portion of its food products from the United States.

In addition to direct imports, most retailers purchase certain imported items from one another or from one of the large importer/distributors, such as Teji International Trading. The main reasons for this sourcing practice are price, capacity, and distribution rights. For example, depending on the type of product, some retailers may prefer to purchase some of their imported foods from local trading companies, which can bring in a large single-product shipment (e.g. breakfast cereal) in multiple containers (vice mixed containers) with more competitive pricing. In addition, some retailers, which are large enough to import, have exclusive contracts with foreign suppliers and act as the de-facto distributor in country, selling certain products to other retailers and businesses.

Post expects that the number of grocery outlets (list below) will continue to grow in the future. This anticipated expansion will create opportunities for imported food products from the United States and other sources, while at the same time creating new opportunities for locally-sourced products.

Store Name	# of Locations
1. Shoa Supermarket & Hypermarket	9
2. Safeway Supermarket	3

3. Fantu Supermarket	2
4. Novis Supermarket	2
5. All-Mart PLC	2
6. Bambis Grocery	1
7. Friendship Supermarket	1
8. Loyal Supermarket	1
9. Abadir Supermarket	3
10. Queen's Supermarket	2
11. Shi-Solomon Supermarket	2
12. New York Supermarket	1
13. Apple Supermarket	1
14. Ethio Supermarket	1
15. Savemore Grocery	1
16. Rec Supermarket	1
17. Kafdm Supermarket	1
18. Lomiad Supermarket	1
19. Belonias Supermarket	1
20. Abel Supermarket	1
21. Sun City Supermarket	1

Types of Imported and Local Foods Being Sold on Store Shelves:

Nearly all of the processed and packaged foods sold at major retail outlets are imported. These products include the following: breakfast cereals, candy, cooking oils (e.g. soy, corn, sunflower and olive), rice, powdered milk, condiments (e.g. mustard, ketchup, and salad dressing), pastas, cookies and crackers, jams and jellies, and fruit juices.

Most of the fresh fruits and vegetables, such as bananas, pineapples, mangoes, avocados, potatoes, broccoli, beans, squash, tomatoes, onions, peppers and lettuce are sourced locally. However, there are certain fruits, such as apples, kiwis and grapes, which are being imported in small volumes, mostly from South Africa. U.S. apples can also periodically be found on store shelves.

With regards to eggs and meat (beef, mutton, and chicken), these predominantly come from domestic sources. However, in the last year, a couple of retailers have started selling imported chicken meat from Brazil and Ukraine. In the case of dairy products, most of which are imported from Europe, there is locally-produced fluid and powdered milk available alongside imported UHT and powdered milk. Imported cheeses are also becoming increasingly available. Most of these dairy products are imported from Europe.

Commercial imports of food from the United States either come direct or transit through Dubai in the UAE. Some of the more popular U.S. products on store shelves are jams, jellies, peanut butter, vinegar, mustard, mayonnaise, ketchup, sauces, breakfast cereal, cake mixes, nuts, crackers, and chips. Continued opportunities exist for these and other products, such as cheese, processed sandwich meats, pasta, juices, infant food, milk powder, confectionaries, biscuits, fresh fruits and nuts.

The combination of import duties and taxes processed grocery food items is quite high, with a cumulative tax burden of almost 65 percent. Specific duties and taxes on processed food items are as

follows: import duty (30%); VAT (15%), surtax (10%), and withholding tax (3%). For more details on import duties and taxes and how they are calculated, please refer to [ET1507](#).

Retail-led Marketing Activities to Attract Customers:

A number of retailers for the first time are beginning to offer a variety of incentives, such as coupons, gift cards, and redeemable points, in order to encourage patrons to shop at their stores. At the same time, many of these outlets are offering discounted food items at their delis, bakeries, and pizza stations to attract new customers. In-store promotions are expected in the future and may provide opportunities to feature U.S. products.