Giorgi Beridze

Nestle wants to enter Africa

Business climate in African countries is getting better and better for the last decade. This means that GDP per capita is getting higher as well as other economic KPIs which determine the wellness of the county's economy. Except for the economic growth, demographic situation is also changing in African countries. Urban population (and population in general) is rapidly increasing. Apart from this, internet penetration is becoming higher in most of the countries, which contributes to higher education/awareness level of the developing world and lower ignorance among population.

All these factors make African continent one of the most desirable region for internation businesses to operate into. Nestle is definately one of those, who would like to penetrate into African market and become a leader in food and beverage industry.

I think, the most important KPI, that Nestle should consider is Average GDP annual growth rate, which indicates the economic groth of the country, as well as , GDP per capita, which shows what economic situation is like in the country at this moment. Another very important factor would be population, because more population is translated into more consumers, as well as median age, which can determine the target audience of the business. Percentage of urban population is also very important.
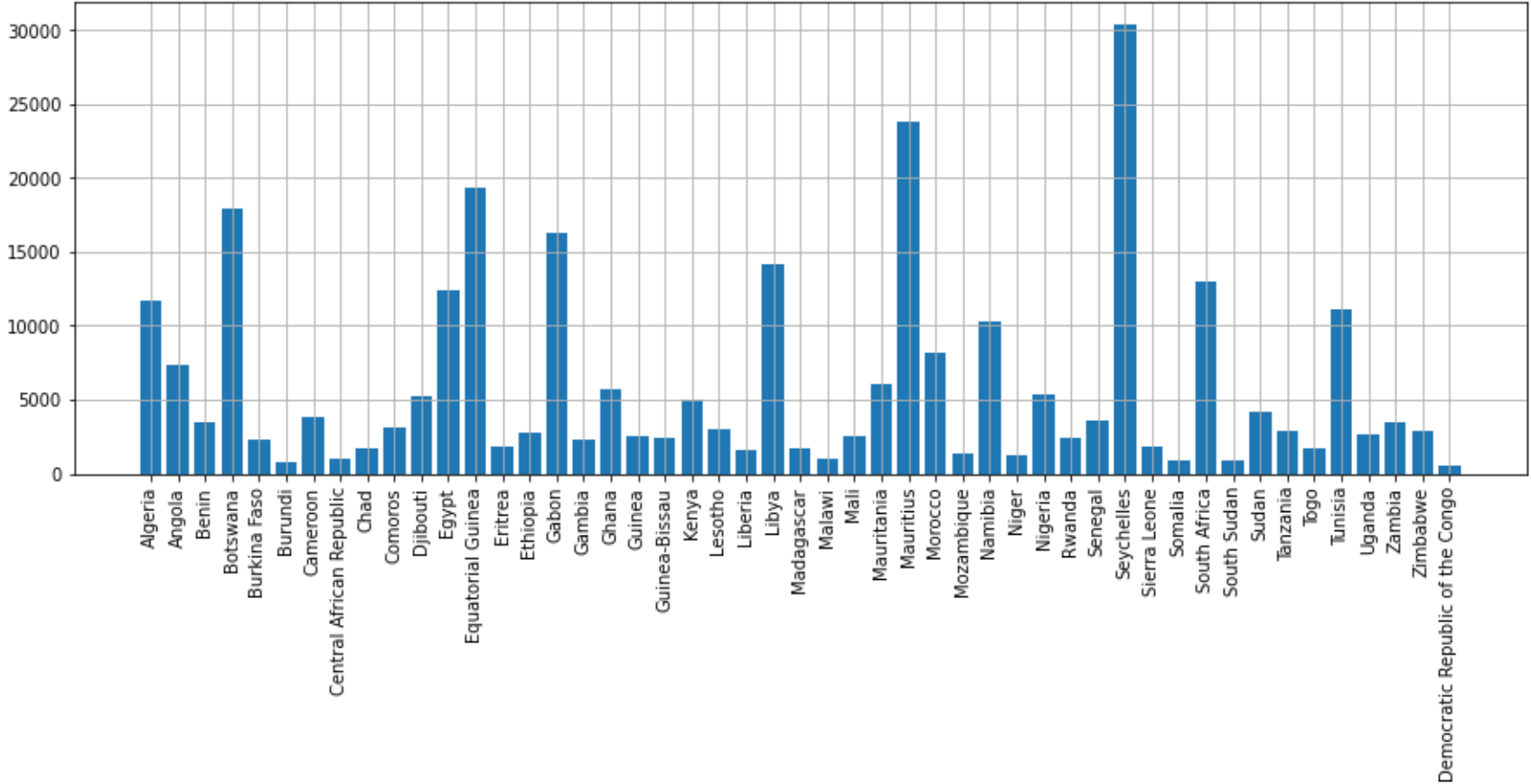
DEMOGRAPHIC AND ECONOMICAL DATA FOR AFRICAN COUNTRIES

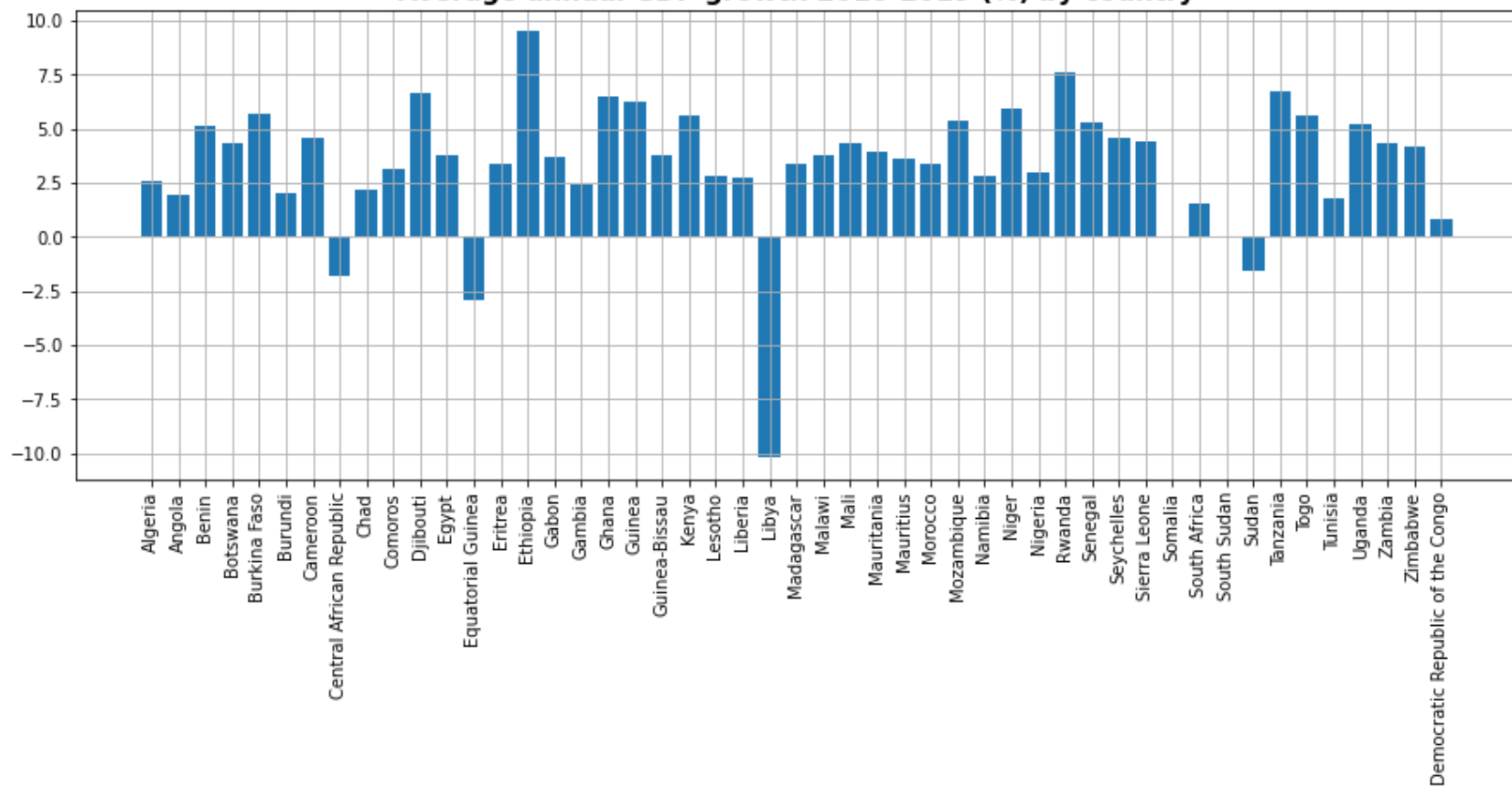|	Country	TotalNominalGDP2019(billion $USD)	GDP per capita 2019 ($USD)	Average annual GDP growth 2010-2019 (%)	Population	Population annual growth (%)	Median Age	Urban Population (%)	ISO3Code
0	Algeria	169.30	11729.00	2.6	45753509	1.70	29	73	DZA
1	Angola	89.40	7384.00	1.9	35405823	3.52	17	67	AGO
2	Benin	14.40	3423.00	5.1	12902012	2.71	19	48	BEN
3	Botswana	18.50	17949.00	4.3	2466321	1.55	24	73	BWA
4	Burkina Faso	15.70	2282.00	5.7	22313534	3.00	18	31	BFA
5	Burundi	3.10	821.00	2.0	12767455	3.25	17	14	BDI
6	Cameroon	38.90	3856.00	4.6	28161144	2.56	19	56	CMR
7	Central African Republic	2.30	985.00	-1.8	5031186	2.12	18	43	CAF
8	Chad	10.90	1654.00	2.2	17589364	1.86	17	23	TCD
9	Comoros	1.20	3108.00	3.1	914472	1.64	20	29	COM
10	Djibouti	3.30	5195.00	6.6	1022219	2.16	27	79	DJI
11	Egypt	302.30	12391.00	3.8	106981048	2.45	25	43	EGY
12	Equatorial Guinea	11.80	19291.00	-2.9	1518007	2.44	22	73	GNQ
13	Eritrea	2.00	1836.00	3.4	3663117	0.85	19	63	ERI
14	Ethiopia	92.80	2724.00	9.5	121922416	2.85	19	21	ETH
15	Gabon	16.90	16273.00	3.7	2353692	1.92	23	87	GAB
16	Gambia	1.80	2316.00	2.4	2584004	2.05	18	59	GMB
17	Ghana	67.00	5688.00	6.5	32642373	2.17	22	57	GHA
18	Guinea	13.80	2506.00	6.2	14008576	2.61	18	39	GIN
19	Guinea-Bissau	1.40	2429.00	3.8	2081340	1.86	19	45	GNB
20	Kenya	95.40	4985.00	5.6	56645588	1.69	20	28	KEN
21	Lesotho	2.40	3010.00	2.8	2182040	0.28	24	31	LSO
22	Liberia	3.20	1601.00	2.7	5347243	2.50	19	53	LBR
23	Libya	39.80	14174.00	-10.2	7093307	1.58	29	78	LBY

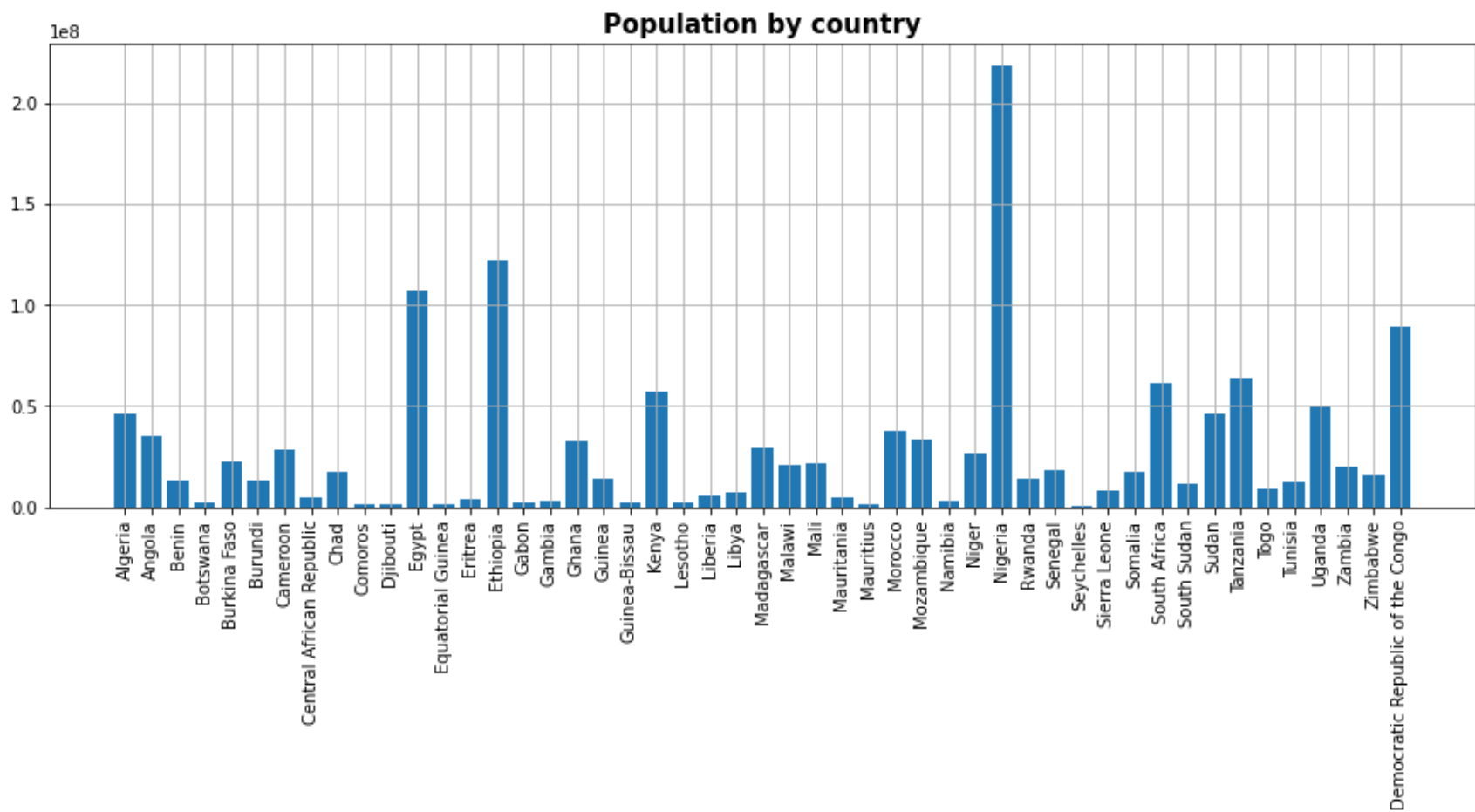|	Country	TotalNominalGDP2019(billion $USD)	GDP per capita 2019 ($USD)	Average annual GDP growth 2010-2019 (%)	Population	Population annual growth (%)	Median Age	Urban Population (%)	ISO3Code
24	Madagascar	14.10	1720.00	3.4	29434823	2.50	20	39	MDG
25	Malawi	7.70	1004.00	3.8	20341255	3.31	18	18	MWI
26	Mali	17.30	2508.00	4.3	21691072	3.02	16	44	MLI
27	Mauritania	7.60	6036.00	3.9	4949486	2.17	20	57	MRT
28	Mauritius	14.00	23819.00	3.6	1276638	0.59	37	41	MUS
29	Morocco	118.60	8148.00	3.4	37945593	0.97	30	64	MAR
30	Mozambique	15.20	1302.00	5.4	33413232	2.46	18	38	MOZ
31	Namibia	12.50	10279.00	2.8	2651478	1.95	22	55	NAM
32	Niger	12.90	1276.00	5.9	26412604	3.19	15	17	NER
33	Nigeria	448.10	5353.00	3.0	218625385	2.43	18	52	NGA
34	Rwanda	10.10	2363.00	7.6	13736863	2.45	20	18	RWA
35	Senegal	23.60	3536.00	5.3	17826571	2.39	19	49	SEN
36	Seychelles	1.70	30430.00	4.6	99768	0.77	34	56	SYC
37	Sierra Leone	4.20	1778.00	4.4	8368970	2.38	19	43	SLE
38	Somalia	5.20	888.00	NaN	16985528	2.00	17	47	SOM
39	South Africa	351.40	12962.00	1.5	61081076	0.99	28	67	ZAF
40	South Sudan	4.90	862.00	NaN	11504110	3.83	19	25	SSD
41	Sudan	33.40	4140.00	-1.6	46342103	1.64	20	35	SDN
42	Tanzania	60.80	2841.00	6.7	63931876	2.75	18	37	TZA
43	Togo	5.50	1657.00	5.6	8751274	2.64	19	43	TGO
44	Tunisia	38.80	11125.00	1.8	12110192	1.01	33	70	TUN
45	Uganda	36.50	2646.00	5.2	49333704	3.20	17	26	UGA
46	Zambia	24.20	3526.00	4.3	19652620	2.93	18	45	ZMB
47	Zimbabwe	18.70	2896.00	4.2	15378243	1.56	19	38	ZWE
48	Democratic Republic of the Congo	49.87	556.81	0.8	89561403	3.10	19	47	COD

GDP per capita 2019 ($USD) by country

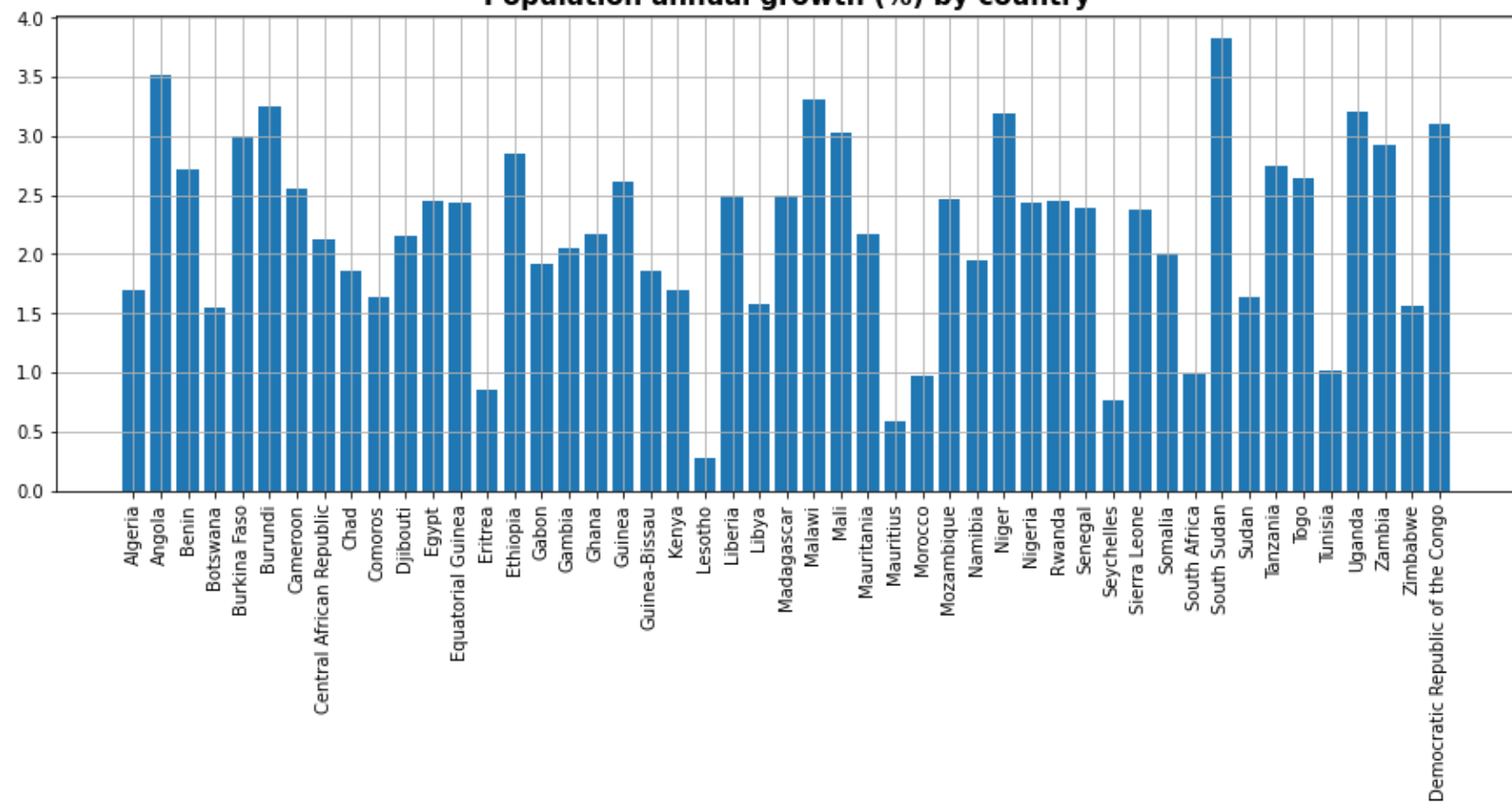# Average annual GDP growth 2010-2019 (%) by country
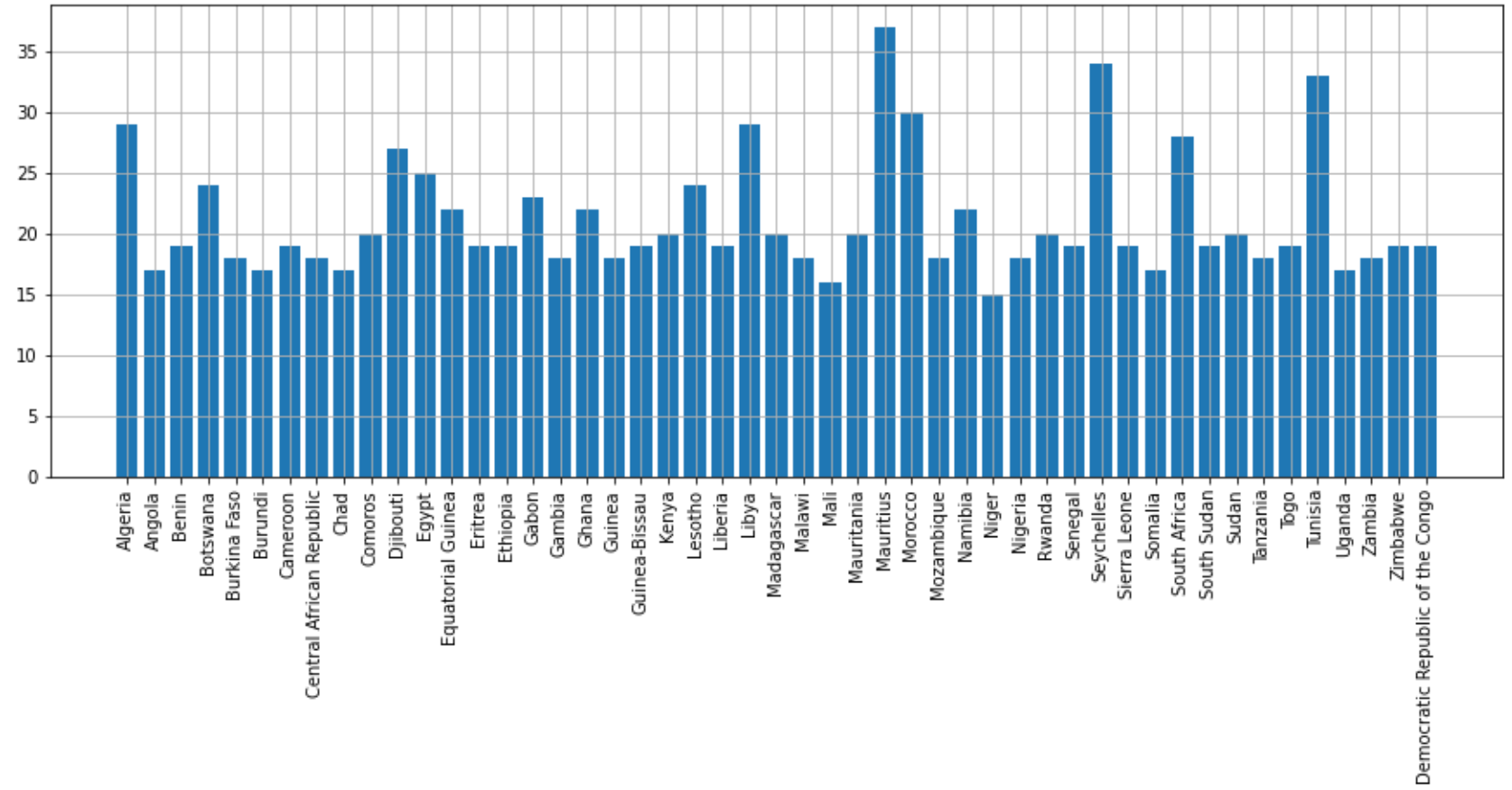
Population by country

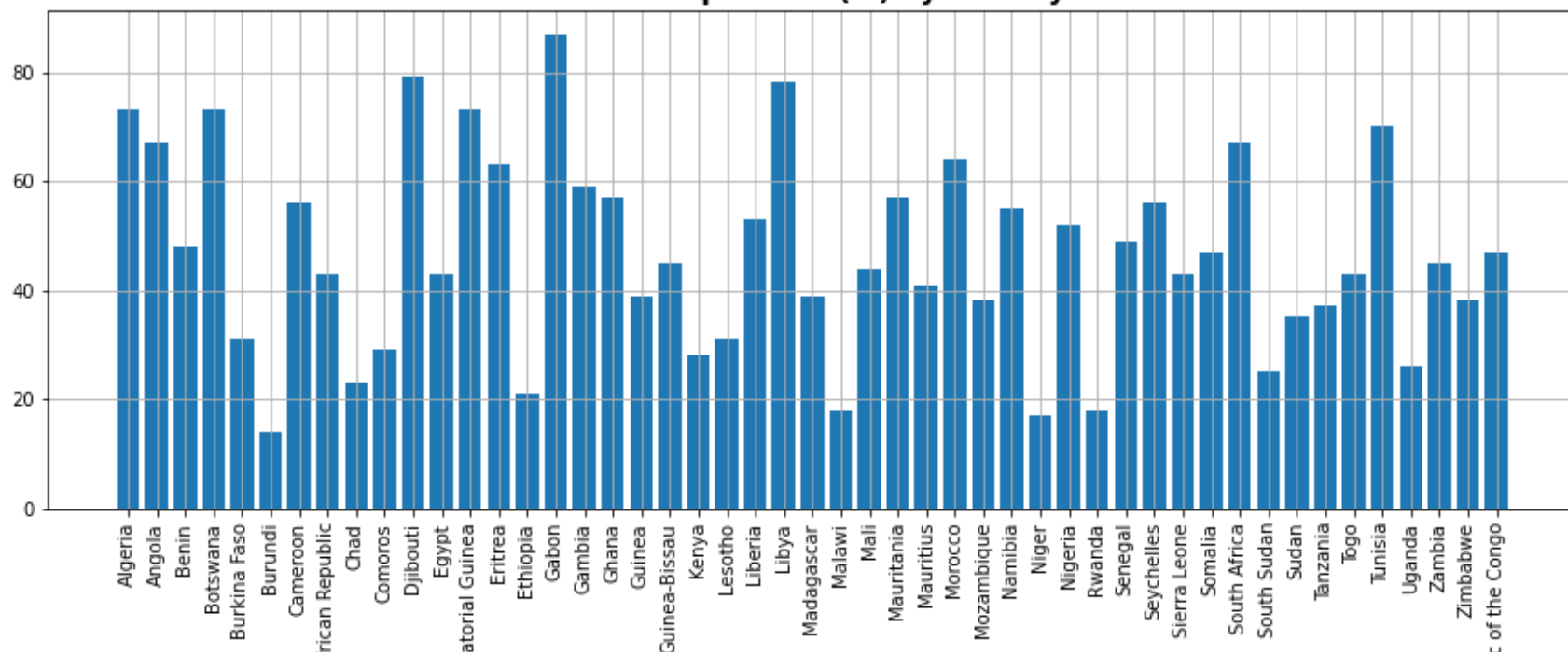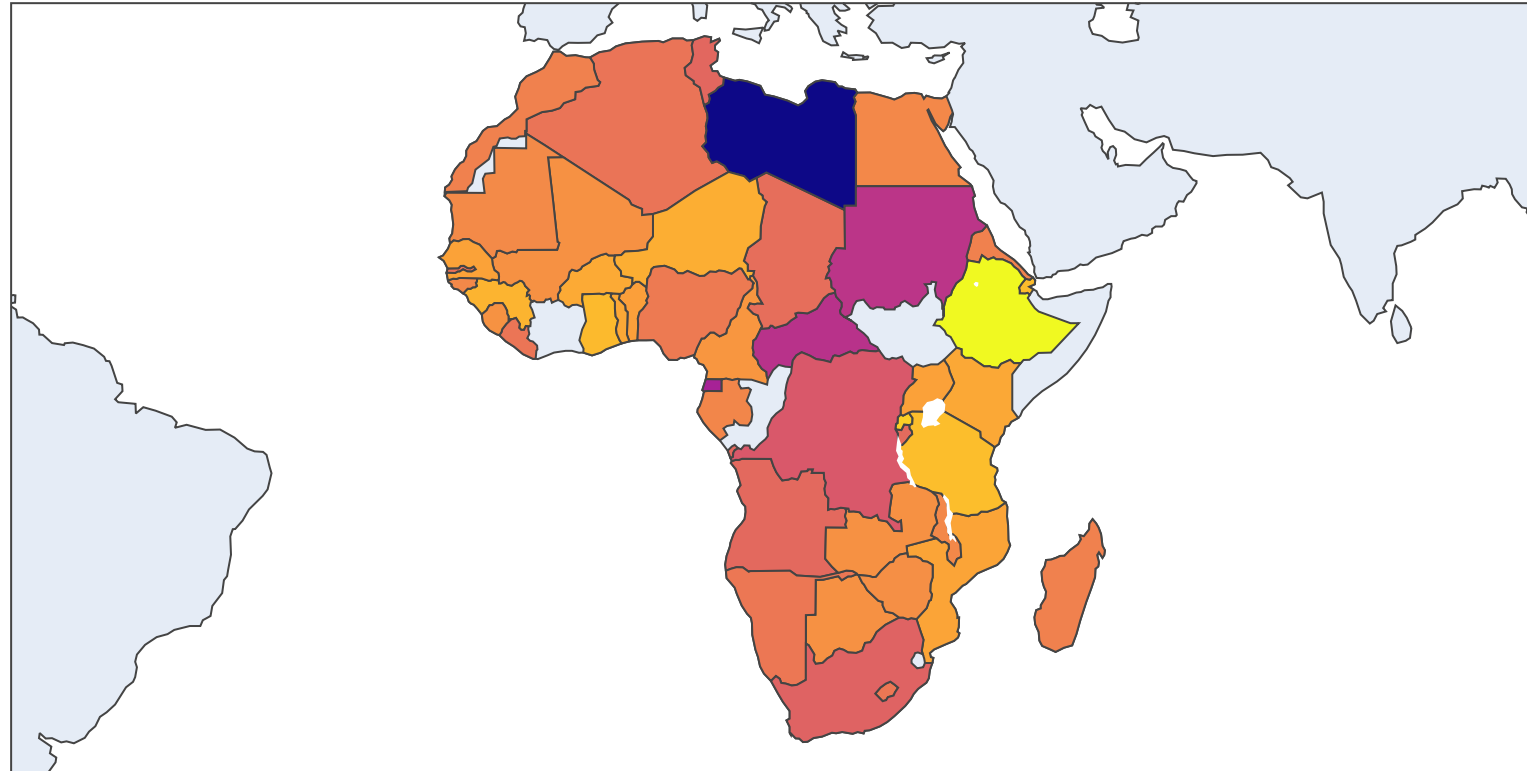# Population annual growth (%) by country

Median Age by country

Urban Population (%) by country

AFRICAN COUNTRIES COLORMAP ACCORDING TO GDP ANNUAL GROWTH

OVERVIEW OF THE CHARTS

As we can see on the first graph, Ethiopia, Rwanda, Tanzania are the countries with the highest GDP growth rate

Nigeria,Ethipia,Congo, Tanzania are the countries with the biggest population. The problem with Ethipia is that urban population percentage is only 21%

Median age is ranging between 18 and 25 in most of the countries

WHICH COUNTRIES TO ENTER?

Considering all the information, I would recommend Nestle to enter the following 8 countries:

Ethiopia, Tanzania, Ghana, Guinea,Senegal, Benin, Cameroon, Zambia.

All these countries have high annual GDP growth rate and highest population and the median age is ranging between 18 and 22

Out[40]:

	Country	TotalNominalGDP2019(billion $USD)	GDP per capita 2019 ($USD)	Average annual GDP growth 2010-2019 (%)	Population	Population annual growth (%)	Median Age	Urban Population (%)	ISO3Code
2	Benin	14.4	3423.0	5.1	12902012	2.71	19	48	BEN
6	Cameroon	38.9	3856.0	4.6	28161144	2.56	19	56	CMR
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18	Guinea	13.8	2506.0	6.2	14008576	2.61	18	39	GIN
35	Senegal	23.6	3536.0	5.3	17826571	2.39	19	49	SEN
42	Tanzania	60.8	2841.0	6.7	63931876	2.75	18	37	TZA
46	Zambia	24.2	3526.0	4.3	19652620	2.93	18	45	ZMB

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Total Population for these countries : 311.0  million
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The 3 cities to operate would be :

Dakar (capital of Senegal) with population of 3.94 million including metropolitan area

Accra (capital of Ghana) with population of 2.51 million including metropolitan area

Dar es Salaam (capital of Tanzania) with population of 7.4 million including metropolitan area

EXISTING FOOD, BEVERAGE AND CONSUMER GOODS COMPANIES IN AFRICA

There are several food and beverage international companies that operate in African region.

These are: **Unilever, Kraft, Tiger Brands, Coca-Cola, Pepsico.**

Unilever plans to double its growth in Africa within the next five years from €3bn per year to €6bn

Kraft is increasing its revenue in Africa by 10 percent annually since 2009

As for Tiger Brandes, "Overall turnover increased by 12.1% between 2011 and 2012, from $1.4bn to 1.4bn$. the company has recorded excellent performances in Cameroon, Kenya, Mozambique, Zambia, Zimbabwe and Ethiopia"

I think, the best strategy plan for Nestle would be to penetrate the market with low-cost products. Products that Nestle can sell in Europe or in North-America, can't be sold in Africa. Prices should be competite and low. Apart from that, Nestle should differenciate itself as a socially responsible company. Nestle should invest into charity and and increase the popularity and brand awareness into these 8 countries, which can be translated into brand loyalty and increased sales in the future.

links:

https://en.wikipedia.org/wiki/List_of_African_countries_by_GDP_(nominal) (https://en.wikipedia.org/wiki/List_of_African_countries_by_GDP_(nominal))

https://www.worldometers.info/population/countries-in-africa-by-population/ (https://www.worldometers.info/population/countries-in-africa-by-population/)

https://african.business/2012/09/economy/major-brands-in-africa/ (https://african.business/2012/09/economy/major-brands-in-africa/)

In [ ]: