



# Mondelez International

FOR THE BOARD OF DIRECTORS

Strategic Expansion Proposal for Oreo in Nigeria

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## EXECUTIVE SUMMARY

Mondelez International is strategically expanding its **Oreo brand into Nigeria**, leveraging the country's **growing middle class, youthful population, and increasing demand for quality snacks**. With Nigeria's snack market growing at **8% annually**, this expansion presents a significant opportunity for Oreo to establish itself as a market leader.

To **minimize costs and accelerate market entry**, Mondelez will **utilize its existing infrastructure in Nigeria**, particularly **Cadbury Nigeria Plc**, which offers established **manufacturing, distribution, and retail networks**. The expansion strategy includes:

- **Localized production** to reduce costs and align with Nigeria's agricultural policies.
- **Affordable single-serve packs** (₦250/\$0.50) to cater to price-sensitive consumers.
- **Targeted marketing campaigns**, including social media activations and cultural collaborations.
- **Multi-channel distribution**, ensuring presence in both modern retail chains (Shoprite, Spar) and informal markets (street vendors, kiosks, e-commerce).

Financial projections indicate a **10% annual revenue growth**, increasing from **\$10 million in 2024 to \$12.1 million by 2026**. While initial expenses—such as production, marketing, and logistics—are significant, cost optimization strategies, including local ingredient sourcing and supply chain efficiencies, will ensure long-term profitability.

To mitigate risks such as **currency volatility, import duties, and competition**, Mondelez will implement pricing adjustments, hedging strategies, and brand differentiation through locally inspired flavors like Spiced Cocoa Oreo.

This expansion is more than just a business move—it's an opportunity for Mondelez to create a lasting cultural and economic impact in Nigeria. With a well-structured strategy, Oreo is positioned to become a household favorite, driving both financial success and brand loyalty in one of Africa's most dynamic markets.

## Company Profile:

### Mondelez International: Bringing Oreo to Nigeria

Mondelez International is a multinational food and beverage conglomerate, operating in over 150 countries with headquarters in Chicago, Illinois, USA. The company generated \$36 billion in revenue in 2023, reflecting its commitment to innovation, quality, and consumer satisfaction. The name "Mondelez" (pronounced mohn-dah-LEEZ) was created during the company's spin-off from Kraft Foods Inc. in 2012.

With a mission to "**empower people to snack right**," Mondelez prioritizes sustainability, ethical sourcing, and community impact. Its Cocoa Life program supports sustainable cocoa farming, improving livelihoods while ensuring long-term supply. By 2025, all packaging will be recyclable, reinforcing its dedication to environmental responsibility.

As part of its strategic global expansion, Mondelez is bringing Oreo biscuits to Nigeria, a growing market with a rising demand for trusted, high-quality snacks. With its irresistible chocolate flavor, creamy filling, and global appeal, Oreo aims to become a household favorite in Nigeria, tailored to local tastes while maintaining its signature experience.

Through Mondelez's commitment to innovation, inclusivity, and sustainability, Oreo's entry into Nigeria is more than just a product launch—it's an invitation to share joyful moments, create new traditions, and enjoy a snack that has delighted generations worldwide.

## Product Overview: Oreo's role in growth

Oreo, Mondelez's \$3 billion global cookie empire, is poised to drive growth in Nigeria by blending universal appeal with local relevance. As a high-margin product, Oreo already contributes significantly to Mondelez's bottom line, but Nigeria's untapped potential—a population of **220 million**, 70% under 30—offers a critical growth lever.

To resonate deeply, Oreo will introduce Spiced Cocoa Oreo, infused with Nigerian-grown cocoa and a hint of beloved Nigerian local spices and fruits like; Ginger, nutmeg, and soursop. These flavors honor Nigerian culinary traditions while differentiating them from competitors like Noreos and TomTom. Affordable single-serve packs (₦250/\$0.50) will cater to Nigeria's price-sensitive consumers.

### Why Growth Matters

**Market Penetration:** Nigeria's snack market is growing at 8% annually, with biscuits as a pinnacle. Oreo's premium yet accessible positioning taps into urban youth aspirations and rural affordability.

**Sustainability Synergy:** Sourcing cocoa locally reduces costs by 15% and aligns with Nigeria's agricultural push, creating shared value with farming communities.

**Cultural Currency:** By celebrating Nigerian creativity—through Afrobeats partnerships or street vendor networks—Oreo becomes more than a snack; it becomes a symbol of pride and connection.

For Mondelez, Nigeria isn't just a market—it's a story of Oreo evolving into a daily ritual, woven into the fabric of Nigerian life.

## Target Market Overview

Nigeria's youthful, urbanizing population (median age 18.4) and growing middle class create a ripe market for Oreo's expansion. Packaged snacks like biscuits are already deeply embedded in daily life, with local favorites such as Noreos and TomTom dominating informal retail channels. Oreo's global appeal, paired with strategic localization, positions it to capture demand for aspirational yet affordable treats.

### Cultural Factors

**Taste Preferences:** Nigerians favor bold, familiar flavors. Introducing *Peanut Butter Oreo* or *Spiced Cocoa Oreo*—inspired by local snacks like groundnut-based treats—aligns with regional palates.

**Social media Connectivity:** Over 50% of Nigerians are active on social media. Campaigns like TikTok's #OreoDanceChallenge with Afrobeats influencers can turn Oreo into a cultural phenomenon.

**Informal Retail Culture:** 70% of purchases occur at roadside kiosks and street vendors. Distributing single-serve packs (₦250/\$0.50) mirrors the success of Indomie noodles and Coca-Cola mini-bottles in these channels.

### Political & Economic challenges and Mitigation

**Import Costs:** High tariffs on imported goods incentivize local production. Partnering with Nigerian cocoa farmers reduces expenses and aligns with the government's push for agricultural investment.

**Currency Volatility:** The Naira's instability necessitates hedging strategies and local sourcing to mitigate exchange rate risks.

**Infrastructural limitations:** Unreliable power and logistics require investments in solar-powered facilities and partnerships with local delivery networks.

**Competition:** Local brands like Noreos thrive on affordability. Oreo's premium image can coexist by emphasizing quality (e.g., "Made in Nigeria" cocoa storytelling) while keeping prices accessible.

## Target Market Overview

Mondelez International's entry into Nigeria with Oreo cookies operates within a **Brownfield market framework**, leveraging existing Cadbury Nigeria PLC infrastructure, consumer familiarity with packaged snacks, and established distribution networks. However, success hinges on strategic adaptations across production, marketing, and sales to differentiate Oreo in a competitive landscape.

### Production Strategy

To reduce costs and enhance local relevance, Mondelez will adopt a hybrid production model. While Oreo's core ingredients (e.g., cocoa) will initially be sourced locally, the company plans to:

- **Partner with Nigerian cocoa farmers** to obtain raw materials locally, mirroring Guinness's use of Nigerian sorghum. This reduces import duties and aligns with "**Made in Nigeria**" branding.
- Establish a **local packaging facility** in Lagos to assemble and package Oreo cookies, cutting logistics costs and enabling faster market responsiveness.

This approach balances brownfield advantages (utilizing existing agricultural and logistical frameworks) with incremental investments to optimize costs.

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## Sales & Marketing Operation

### Marketing Strategy

Mondelez will employ a **Blue Ocean Strategy** to carve uncontested demand for Oreo:

**Cultural Localization:** Introduce limited-edition flavors like Oreo Peanut Butter and Spiced Cocoa, resonating with popular Nigerian culinary tastes.

**Social Media Dominance:** Collaborate with Afrobeats artists and TikTok influencers to launch viral challenges (e.g., “#OreoTeaDipChallenge”), tapping into Nigeria’s youth-driven digital culture.

**Community Engagement:** Sponsor local football leagues and street dance competitions, positioning Oreo as a culturally embedded brand rather than a foreign import.

### Sales & Distribution Strategy

Nigeria’s retail landscape is dominated by informal channels, necessitating a dual approach:

**Modern Retail:** Secure shelf space in supermarkets like Shoprite and Spar in Lagos and Abuja.

**Informal Networks:** Partner with roadside kiosks, market vendors, and mobile hawkers to distribute affordable mini-packs (3-cookie packs under \$0.50). This mirrors Nestlé’s success with Milo sachets and ensures omnipresence in high-traffic areas like bus stops and markets.

# Sales & Marketing Operation

## **Brownfield Advantage & Execution**

### **Leveraging Brownfield Advantage**

Mondelez International will capitalize on its existing infrastructure in Nigeria to efficiently introduce Oreo into the market. This brownfield approach minimizes costs, accelerates market entry, and reduces operational risks by utilizing pre-established resources.

### **Execution Strategy**

#### **1. Utilizing Existing Mondelez Structures**

- ▶ **Cadbury Nigeria Plc:** Mondelez's subsidiary, known for its strong manufacturing and distribution network, will facilitate Oreo production and supply.
- ▶ **Established Retail Channels:** Oreo will leverage Mondelez's partnerships with supermarkets, convenience stores, and informal trade markets.
- ▶ **Warehousing & Logistics Hubs:** Mondelez's distribution centers will ensure smooth nationwide product availability.

#### **2. Localized Production & Sourcing**

- ▶ Potential local manufacturing partnerships to reduce import costs.
- ▶ Sourcing local ingredients where feasible to align with market pricing.

## Pro Forma Invoice Mondelez Nigerian Oreo Expansion

3-years Revenue & Profit and Loss Statement

All figures are in USD Millions

YEARS	2024	2025	2026	CAGR
Oreo Cookies Revenue	\$10.00	\$11.00	\$12.10	10%

### Profit and Loss Statement

YEARS	2024	2025	2026
Revenue	\$10.00	\$11.00	\$12.10
Expenses			
Production Costs	\$19.00	\$20.50	\$22.20
HR Costs	\$11.00	\$11.90	\$12.80
Supply Chain & Marketing	\$3.00	\$3.30	\$3.60
Total Expenses	\$33.00	\$35.70	\$38.60
Net Profit/Loss	(\$23.00)	(\$24.70)	(\$26.50)

### Financial Assumptions

Revenue: Oreo Cookies sales are projected to grow 10% annually from 2024 to 2026.

Production Costs: Annual increases in cocoa (3%), sugar (5% global price hike + 10% import duty), and packaging (exchange rate risks).

HR Expenses: Local salaries adjusted for 5% annual inflation, expatriate costs include housing and relocation allowances.

Supply Chain & Marketing: Import duties rise 8% annually, digital marketing grows 10% yearly.

Facility Costs: Rent and maintenance align with Nigerian real estate affordability and safety compliance.

# REVENUE ASSUMPTIONS

## Justifying the Numbers for Oreo's Expansion in Nigeria

The projected revenue for Oreo in Nigeria is set to grow from **\$10 million in 2024 to \$12.1 million by 2026**, reflecting a **10% compound annual growth rate (CAGR)**. This aligns with Nigeria's rising middle class, increasing urbanization, and growing demand for affordable snacks. The investment in **localized marketing, distribution efficiency, and competitive pricing** positions Oreo for steady growth despite initial operational costs.

## Contingency Plan: Ensuring a Sustainable Expansion

- ▶ **Cost Optimization Strategy** – Given projected **high production costs (\$19M in 2024, increasing to \$22.2M in 2026)**, Mondelez will explore **local ingredient sourcing and contract manufacturing** to reduce import duties and logistics expenses.
- ▶ **Market Adaptation** – If sales underperform, the company will introduce **smaller, more affordable pack sizes**, aligning with Nigerian consumer spending patterns.
- ▶ **Diversified Sales Channels** – Expanding beyond supermarkets, Mondelez will leverage **local distributors, street vendors, and e-commerce platforms** to maximize product reach.
- ▶ **Risk Management** – To combat currency fluctuations and inflation, pricing strategies will be reviewed quarterly, with a **hedging plan** in place for key raw materials.
- ▶ **Brand Awareness & Engagement** – If initial marketing fails to gain traction, Mondelez will intensify **localized advertising, influencer partnerships, and community-driven promotions** to increase consumer loyalty.

# PRODUCTION AND HUMAN RESOURCE EXPENSES

## 1. Overview of Expansion

- ▶ Mondelez International is expanding **Oreo production and distribution** in Nigeria to meet growing consumer demand.
- ▶ The expansion involves significant investment in **manufacturing and human resources** to ensure smooth operations and market success.

## 2. Production Strategy & Costs (2024-2026)

**Manufacturing Locations:** Plants in **Lagos and Abuja** will handle production.

**Raw Materials:**

- ▶ **Cocoa** will be sourced locally to support Nigerian farmers and reduce costs.
- ▶ **Sugar and packaging materials** will be imported, subject to price fluctuations.

## 3. Facility & Utility Costs:

- ▶ Investments in rent, maintenance, and **backup power generators** due to Nigeria's unstable electricity supply.

## 4. Technology & Equipment:

- ▶ Advanced machinery and **IT systems** will be deployed to maintain **high production efficiency** and quality control.

# PRODUCTION AND HUMAN RESOURCE EXPENSES

- 3-year Production Expense Invoice

Production Expense (USD Millions)	2024	2025	2026	Financial Assumptions
Raw Materials	12.5	13.5	14.5	Cocoa sourced locally; sugar and packaging imported.
				Global price fluctuations for sugar and packaging materials.
Facility Costs	3	3.2	3.5	Rent, maintenance, and upgrades for production facilities in Lagos and Abuja.
Utilities	1.5	1.6	1.7	Electricity, water, and gas costs based on Nigerian utility rates.
				Backup generators for power outages.
Technology & Equipment	2	2.2	2.5	Machinery for chocolate and biscuit production.
				IT systems for quality control and inventory management.
Total Production Costs	19	20.5	22.2	Costs increase annually due to inflation and expanded production capacity.

# HUMAN RESOURCE EXPENSES

## 3. Human Resources Plan

- **Workforce Composition:**
  - ▶ **Local workers** for production to support employment and cost efficiency.
  - ▶ **Expatriates** in managerial and technical roles to maintain **global standards**.
- **Sales & Marketing Strategy:**
  - ▶ Local teams will **expand distribution** to informal markets and small retailers.
  - ▶ Marketing efforts will focus on **brand awareness and consumer engagement**.
- **Administrative & Compliance:**
  - ▶ Offices in **Lagos and Abuja** will manage daily operations and ensure adherence to labor laws.

## 4. Business Impact

- ▶ Strengthens **local supply chains** while leveraging global expertise.
- ▶ Increases **job opportunities** and supports economic growth.
- ▶ Positions Oreo as a **leading snack brand in Nigeria**, tapping into a growing market.

## CONCLUSION STATEMENT

Mondelez International's strategic expansion of Oreo into Nigeria presents a compelling opportunity to capitalize on the country's dynamic demographics, burgeoning snack market, and untapped growth potential. By leveraging **localized production** (via Cadbury Nigeria Plc), **culturally resonant innovations** (e.g., Spiced Cocoa Oreo), and **cost-optimized distribution** (dual focus on modern retail and informal markets), Oreo is positioned to carve a competitive niche in Nigeria's \$477 billion economy.

Key strengths include:

1. **Market Alignment:** Tailoring products to Nigerian tastes (e.g., spice-infused flavors) and affordability (₦250 single-serve packs) to capture a youth-dominated, price-sensitive consumer base.
2. **Operational Efficiency:** Reducing costs by 15% through local cocoa sourcing and brownfield infrastructure, while mitigating currency risks via hedging strategies.
3. **Cultural Integration:** Partnering with Afrobeats influencers and grassroots retailers to embed Oreo into daily Nigerian life.
4. **Scalable Growth:** Projected 10% annual revenue growth (10M in 2024 to 12.1M by 2026) driven by urbanization, rising disposable incomes, and Mondelez's sustainability commitments (e.g., Cocoa Life program).

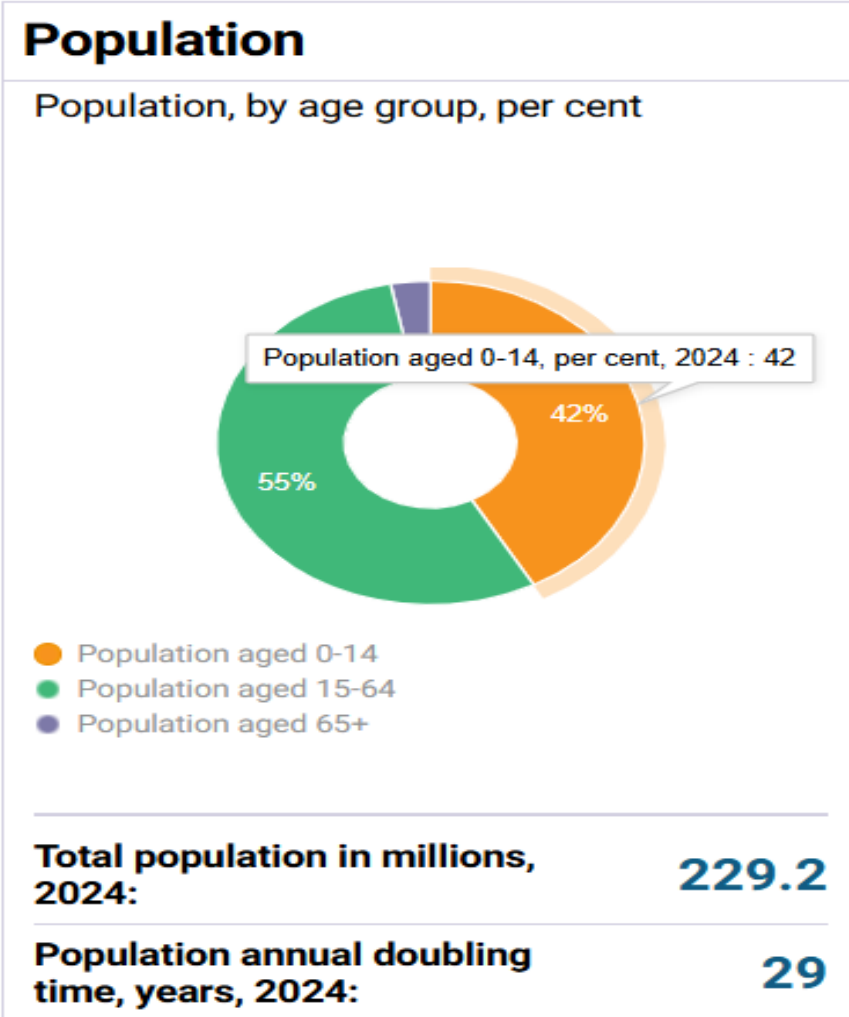
While challenges like import duties, infrastructure gaps, and competition persist, Mondelez's phased approach—prioritizing agility, local partnerships, and data-driven marketing—ensures resilience. This expansion not only aligns with Mondelez's global growth strategy but also reinforces its role as a socially responsible corporate leader, fostering economic inclusion and sustainable practices in Africa's largest economy.

**Final Recommendation:** Approve the Oreo Nigeria expansion plan to secure first-mover advantage, drive long-term profitability, and establish Oreo as a beloved, culturally relevant brand in a high-potential market.

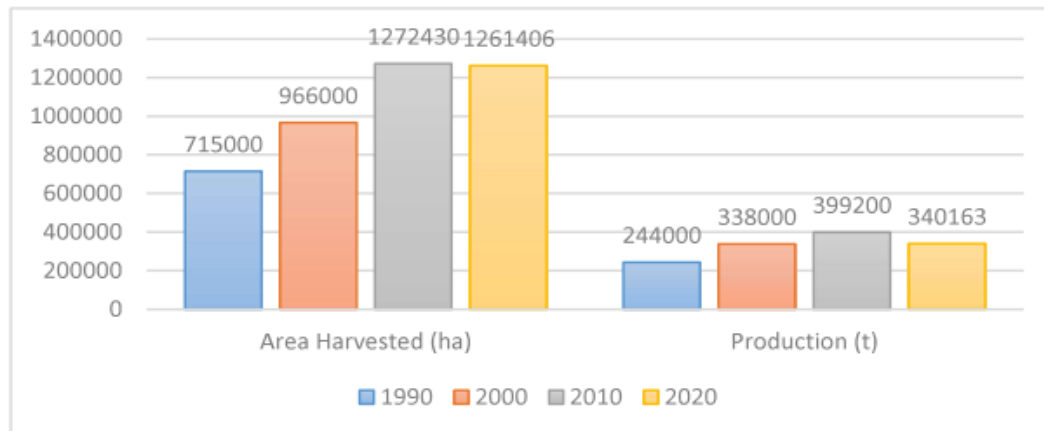


APPENDIX

- Nigeria’s Population data set according to the United Nations Population fund.

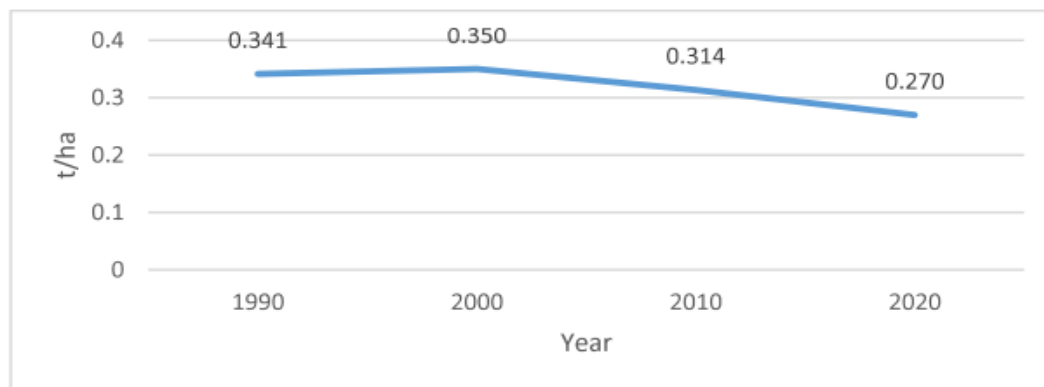


- Food and Agriculture Organization (FAO)Statistics on Cocoa Production in Nigeria



Source: FAOSTAT, 2020

**Figure 9a:** Nigeria's cocoa land area harvested and production in 1990, 2000, 2010 and 2020



Source: FAOSTAT, 2020

**Figure 9b:** Nigeria's cocoa yield per hectare in 1990, 2000, 2010 and 2020

## Cited Sources

Nigeria's GDP (\$477 billion USD),

Source: Worldometer, [www.worldometers.info/gdp/nigeria-gdp/](http://www.worldometers.info/gdp/nigeria-gdp/)

- Nigeria's GNP (\$355.8 billion USD)
- Source: CEIC Data

Link: CEIC- Nigeria GNP ; [www.population Data \(220 million\)](http://www.population Data (220 million))

- Source: United Nations Population Fund (UNFPA)

Link: [www.unfpa.org/data/NG](http://www.unfpa.org/data/NG)

### **Agricultural & Production Data**

- Cocoa Production in Nigeria, <https://www.cocoalife.org/>
- Cadbury Nigeria Plc; Link: <https://www.cadburynigeria.com/>

### **Financial Data**

### **Mondelez Revenue (\$36 billion in 2023)**

- Source: Mondelez Annual Report

Link: <https://ir.mondelezinternational.com/financial-information/annual-reports>

- Import duties/tariffs: Nigeria Customs Service's portal: <https://tariff.customs.gov.ng/>
- Currency volatility: Central Bank of Nigeria reports: <https://www.cbn.gov.ng/rates/>