CASHEW MARKETING & CONSUMPTION IN WEST AFRICA

PART 2. COUNTRY SUMMARIES: THE GAMBIA

West Africa Trade Hub Technical Report No. 22d

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ACRONYMS AND EQUIVALENCIES

ACA	African Cashew Alliance
FCFA	*Franc Communauté Financière Africaine*– currency used in 8 of the 10 countries studied
g	gram(s)
GTZ	*Deutsche Gesellschaft für Technische Zusammenarbeit* – a German development organization
kg	kilogram(s)
MBA	Masters of Business Administration
MT	metric ton
NA	not available
NACC	Nigerian American Chamber of Commerce
NGO	non-governmental organization
PAMER	*Projet d'Appui Aux Micro Entreprises Rurales* – a project funded by the International Fund for Agricultural Development
PHCCIMA	Port Harcourt Chamber of Commerce, Industry, Mines and Agriculture
SNV	*Stichting Nederlandse Vrijwilligers* – a Dutch development organization
TIPCEE	Trade and Investment Program for a Competitive Export Economy – a USAID/Ghana-funded project
USAID	United States Agency for International Development
WA	West Africa
$	United States dollar

Equivalencies:
1 kg = 2.2 pounds
1 MT = 1,000 kg
500 CFA = $1.00 (U.S. dollar)
9,250 cedis = $1.00 (U.S. dollar)
128 naira = $1.00 (U.S. dollar)

1. STUDY OBJECTIVE AND METHODS

In addition to describing cashew kernel marketing and consumption in West Africa, this report aims to be a tool for cashew processors to increase their sales in the regional West African market. If international companies can sell their products on every street corner and realize substantial gains, African cashew processors should be able to do the same. Cashews are a healthy[1] and appreciated snack in the sub-region and can compete with other snacks such as potato chips or plantain chips.

Most cashew processors operating in West Africa target local markets. The international market is more demanding in terms of quality and shipment uniformity, and is subject to relatively larger price fluctuations.[2] Even as West African exports grow, the local market will remain an important outlet for export-oriented operations—especially for off-grade (broken) kernels—and a secure source of income.

To date, cashew consumption in local markets in West Africa has been marginal, especially compared to other cashew producing countries like India, where local markets played a critical role in the development of world-class, export-oriented sectors, even though India itself introduced cashews only 100 years ago (they are originally from Brazil). The 231.3 million West African consumers[3] can also become an important market for off-grades and secondary products, such as cashew cookies, other sweets, and cashew-based sauces.

The Trade Hub and the African Cashew Alliance (ACA) conducted this market study in 10 West African countries to assist processors in broadening cashew distribution, raising cashew awareness, and exploring regional opportunities. This study provides a snapshot of the current state of cashew processing, marketing, and consumption, highlighting best practices and opportunities for local processors in product development and market channels to increase sales.

The research resulted in the current summary document and ten individual country reports. **This individual country report should be read as an elaboration on the larger report.**

It is important to note that this study was done over a relatively short period (1-2 months) in multiple countries by different investigators, who were all trained to administer the same set of data collection instruments. We are confident that the study captured all of the formal cashew processors in each of the countries, as there are few of these and they are well-known. It did not likely capture all of the informal, small-scale cashew processors who shell and package cashew kernels for the domestic market of each country.

The period of the survey (hot season) may be one of lower cashew and nutmeat consumption, as salty snacks tend to induce thirst. Ideally, the survey would have been replicated once or twice during different periods of the year (rainy season, early dry season). The survey period was also well after the Muslim and Christian holiday periods of 2006.

Similarly, the consumer survey is limited in scope and sample size. As a purposive rather than random sample, it was designed to capture illustrative information about the cashew purchasing and consumption patterns of the types of consumers who frequent supermarkets and other formal retail establishments. These outlets were the focus of this study, because we believe that they have the greatest potential to increase sales in the region of West African cashews. These retail outlets are higher-volume sales points (rather than small kiosks or sellers) that are concentrated in larger cities, where there are more well-off consumers with higher disposable incomes, and where people are more likely to snack and eat food away

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[1] See the article at Newstarget "Cashews boost blood-pressure-regulating reflex." (http://www.newstarget.com/020005.html)
[2] Cashew kernel prices can vary considerably from one year to another. The price of WW320s on April 1, 2005 was $2.55, compared with $1.98 on April 1, 2006. (Source: *Cashew Week*, March 24, 2007)
[3] Total population in the 10 researched countries according to the CIA World Fact Book. (https://www.cia.gov/library/publications/the-world-factbook/)

from home or on the run. As cashews are very expensive for West African consumers (at parity with cashews sold at retail in the U.S. or EU), they are a luxury good that tend to be bought by wealthier consumers or eaten in very small snack-size quantities

Given these methodological issues and caveats, we emphasize that the study results should be viewed as illustrative and representative, though not definitive or highly precise in any statistical sense. The authors believe that the results are robust-enough to draw programmatic conclusions about how to expand cashew consumption in the region. And the authors are convinced that expanding regional processing for the regional market is an important step toward improving quality and consistency that are required to compete effectively in the international marketplace. Furthermore, regionally based processors can use the domestic/regional market to build volume and scale, as well as find outlets for poorer grades and pieces of processed cashews. Building scale is critically important to becoming an exporter, where a minimum volume threshold must be attained to be viewed a credible supplier able to ship multiple containers per month.

We researched three levels of the cashew value chain, asking the following questions:

1. **Processors**: What is the processing capacity of each country? What kinds of cashews do local processors and roasters produce (which grades, which recipes)? Is the local production of processed cashews expected to increase or decrease?
   Researchers interviewed local processors by phone and e-mail.

2. **Distribution channels:** Who buys, sells, or uses processed cashew nuts in West Africa? What kinds of products and packaging do they prefer? What are the various retail prices and margins of those distributors? What can be done to increase sales of processed cashew nuts?
   In each country, field researchers used standardized questionnaires to interview 16–50 managers, shopkeepers, and food processors at supermarkets, hotels, gas stations, bakeries, and restaurants.

3. **Consumers:** Who consumes cashew nuts? What kinds of products are preferred by consumers? Where do people buy and eat cashew nuts? What can be done to increase their consumption?
   In each country, field researchers interviewed people in supermarkets or hotel lobbies with standardized questionnaires and then gathered another 8–10 people to comment on various types of packaging and taste several types of cashew nuts to identify their preferences and perceptions in a consumer panel..
   Note: The consumer study aims to give an indication of preferences, but does not necessarily give a representative view of common trends in the country due to the small number of people interviewed. Consumer preferences stated in this study should be interpreted in this context.

Request questionnaires used in this study at info@watradehub.com.

The following table summarizes the number of managers and consumers interviewed per country.

Table 2. Retail market interviews held per country.

	Benin	Burkina	Côte d'Ivoire	Gambia	Ghana	Guinea-Bissau	Mali	Nigeria	Senegal	Togo	**Total**
Managers Interviewed											
Supermarkets	14	9	7	4	8	3	9	10	8	6	**78**
Roadside shops	3	15	5	2	17	1	11	3	10	3	**70**
Airport shops	1				1	1	1	1	2		**7**
Airlines		3						2			**5**
Hotels	7	9	9	4	8	2	12	6	8	3	**68**
Restaurants	2	7	5	2	6	2	7	4	4		**39**
Service stations	1	5	3	2	10	1	4	2	4		**32**
Food processors & bakeries	5	8	11	3	2	2	7	4	5		**47**
Wholesalers				2							**2**
Pharmacies					1						**1**
Consumers Interviewed											
Surveyed*	22	30	26	44	44	25	28	50	25	20	**314**
Consumer panel	13	8	9		13	9	10	10	8		**80**
Total Number of People Interviewed											
Total Interviewed	68	94	75	63	110	46	89	92	74	32	**743**

* in supermarkets & hotels

The Trade Hub and ACA coordinated the study in Accra. Partner organizations carried out field research, focusing on main consumption centers (main urban areas and expatriates/tourist destinations). Table 3 lists the location and dates of interviews and the partner organization facilitating the research.

Table 3. Countries studied and field research information.

Country	Places Visited	Study Facilitator	Dates of 2007 field research
Benin	Cotonou, Natitingou, Bohicon	Peace Corps Benin	March 8-20
Burkina Faso	Ouagadougou, Bobo Dioulasso	PAMER Project	March 25-April 12
Côte d'Ivoire	Abidjan	Olam with financing from GTZ and ACA	March 13-25
The Gambia	Banjul, Serrekunda	Comafrique	April 5-15
Ghana	Accra, Kumasi, Cape Coast	TIPCEE	March 1-25
Guinea-Bissau	Bissau	SNV	March 14-25
Mali	Bamako, Segou, Mopti	Projet Cadre Integré	March 5-30
Nigeria	Port Harcourt, Lagos	PHCCIMA and NACC	Port Harcourt: Mar 12-30 Lagos: April 4-15
Senegal	Dakar, Saint Louis, Ziguinchor	West Africa Trade Hub/Dakar	March 3-25
Togo	Lomé	Peace Corps Benin	March 21-25

THE GAMBIA

Replace Imported Cashews

2. COUNTRY DESCRIPTION

- Total population: 1.6 million inhabitants
- GDP per capita: $2,000
- Urban population: 35%
- Capital city: Banjul (population 34,000, Greater Banjul: 100,000)
- Main city: Serrekunda (population 330,000)
- Number of expatriates: 20,000
- Number of tourists/year: 80,000 to 100,000
- Main tourist destinations: Various beaches (including Cape Skiring), James Island, Juffureh, Banjul, Serrekunda

3. MARKET OVERVIEW

3.1 Local Processing Capacities

The cashew processing sector is very underdeveloped in The Gambia: There is only one semi-industrial processor, Gam Cashew Enterprise. Other processors in The Gambia are small-scale cottage processors.

Gam Cashew Enterprise	
Processing capacity	5 tons of raw nuts per year
Products	Roasted & salted, buttered and salted (oil roasted), nuts mixed with spices, cashew butter
Main market	Retail market in The Gambia
Sourcing areas	Gambia, Casamance (Senegal, Guinea-Bissau)

3.2 Snack Market

The table below compares the main snacks available in supermarkets and small shops in The Gambia.

Snack items commonly sold in The Gambia's supermarkets

Snacks	Average Price/kilo	Common Packs	Average Supermarket Retail Price/Item
Cashews	$20.00	Color-printed sachets (150 g), Tins (100 g)	$3.00 $2.00
Almonds	$32.00	Plastic Sachet 500 g	$16.00
Peanuts	$11.00	Plastic sachets (150 g), Imported tins (200 g)	$0.50 $2.00
Potato Chips	$19.00	Aluminum sachets (25 g) Tins (200 g)	$0.20-0.50 $3.00-4.00

Snack consumption. Most snacks consumed by people interviewed during the consumer survey are peanuts (89%), potato chips (34%), mixed nuts (14%), plantain chips, chocolate, and pumpkin seeds.

4. DISTRIBUTION ANALYSIS

4.1 General Overview

- Cashew nuts are widely distributed in The Gambia.
- However, local and regional processors are under-represented in the highest value markets, supermarkets and hotels.
- The tourist market offers considerable possibility for increased sales of local and regional products, if labeling and packaging can be improved.
- A large difference in price exists between the local market—shops and market stands—and the supermarkets, where prices can be five times as high. Supermarkets target high-end consumers and 50% sell only imported cashews from Europe or Senegal, whereas market stands sell low-quality, cheaply-packaged cashews of local origin.

➔ ***Processors should improve packaging, and especially labeling, to improve penetration of high-value tourist markets.***

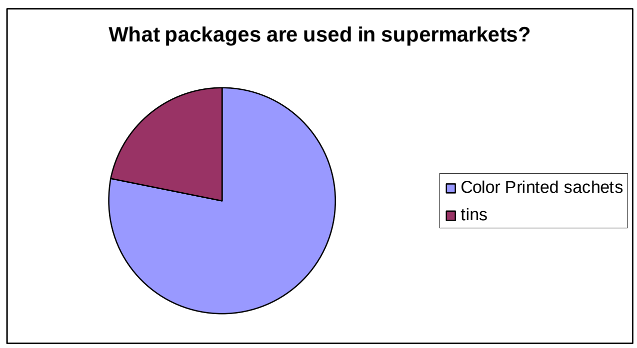
➔ ***Supermarkets and hotels need to be convinced of the quality and reliability of local and regional processors if they are to replace imported products with local ones.***

➔ ***The local market has potential as well—since The Gambia has the second highest GDP/person of the 10 countries in this study, consumers have relatively high purchasing power—but packages must be small, attractive, and a better value than the current selection.***

4.2 Supermarkets

Key Facts – Supermarkets (4 interviewed)	
Percent selling cashews	**100%**
Percent selling broken cashews	0%
Most common cashew products	Plain white (56%),roasted (33%), salted (11%)
Most common pack sizes	100 g (most common), 50 g, 150 g, 250 g
Average retail price/item	$3.00
Average retail price per kg	$26.00
Estimated monthly volume/establishment	$268.00
Average retail margin	NA

- **Cashew nuts are widely available** in The Gambia and appear to sell well.
- **There are large amounts of imported cashews**:
  - 75% of Gambian supermarkets import cashews.
  - 50% sell only expensive cashews imported from European distributors.
  - Only 50% of supermarkets have a local supplier.
- Terms of sale:
  - On delivery (50%)
  - Credit (50%): 60 days average
- Suppliers:
  - Gam Cashew (Gambia)
  - Natco (UK)
  - Alina International (UAE)
  - Delicaju (Senegal)
- **Several limitations to increasing sales of African cashews were identified:**
  - Packaging (50%)
  - Lack of media promotion of health benefits of eating cashews (50%)
  - Prices (25%)
  - Lack of processor and distributor promotions (25%)



International quality packaging is necessary to increase local market share. Local processors such as Gam Processing must produce a high-quality package to sell well in Gambia's demanding retail market.

➔ ***Gambian and regional (Guinea-Bissau, Senegal) processors should increase their presence in Gambian supermarkets by proposing low-price alternatives to products imported from Europe.***

➔ ***High-quality packaging will be key to succeeding in this market.***

4.3 Stands and Small Shops

Key Facts – Stands and Small Shops	
Percent selling cashews	100%
Percent selling broken cashews	**50%**
Most common cashew products	Roasted (50%), plain (50%)
Most common pack sizes	$0.25
Average retail price	$0.25
Price per kg	**$5.00**
Estimated monthly volume/establishment	NA
Retail margins	NA

- Cashews are widely distributed by market stands in The Gambia.
- **Prices are relatively cheap**: less than 20% of the average supermarket price.
- **However, quality varies widely and few products are sold under a recognized brand**, reducing consumer perceptions of quality.
- Packaging is extremely simple: most are small plastic bags tied shut.
- Volumes are small.
- Stands are supplied by informal cottage processors using locally available cashew nuts.

➔ ***Simple but colorful labels with basic information on the product will allow processors to develop consumer loyalty and build perceptions of quality.***

4.4 Hotels

Key Facts – Hotels	
Percent using cashews	75%
Percent using broken cashews	0%
Estimated monthly volume/establishment	3 kg
Common packs	400 g bottles and sachets
Preferred cashew products (whole kernel unless noted)	Buttered and salted (67%), plain white (22%), cashew butter (11%)
Source	**Cashew retailers—no direct contact with processors**

➔ ***Mini-bars and gift shops are a potential market, but hotel managers must be convinced, as they are not used to distributing food products in this format.***

➔ ***However, the many tourists occupying hotels in The Gambia are an excellent market for small, Africa-themed cashew packs with high-quality labeling.***

4.5 Other Distribution Channels

As The Gambian study was conducted quite briefly, not all markets were explored. Potential markets warranting exploration are:

- **Service stations**
- **Tourist shops**
- **Airport stores**
- **Bars frequented by tourists**

5. CONSUMER PREFERENCES & HABITS

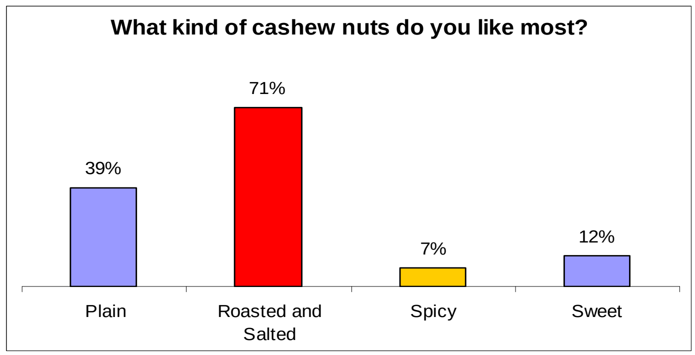
5.1 Consumption Habits

Nearly all (98%) interviewees knew what a cashew nut was, and 93% of them had eaten cashews.

➔ ***Cashew nuts are a well-established product in The Gambia.***

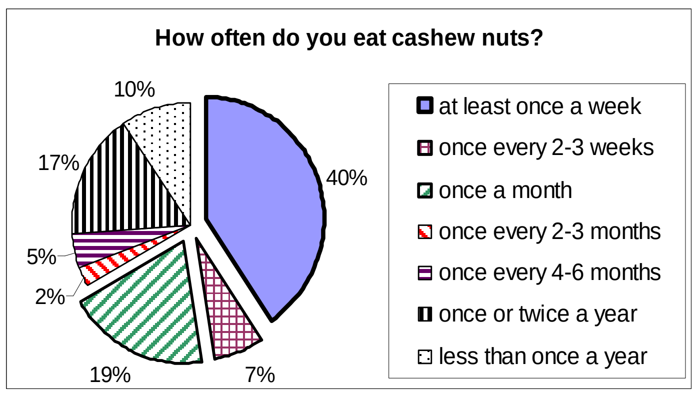
Type of cashews most often consumed:

- **Roasted & salted, and plain nuts** are the preferred cashews by the people interviewed.
- **Secondary products**: 39% of interviewees had eaten cashew cookies and 10% had tried caramelized cashew nuts. **Almost all interviewees liked those cashew products**.



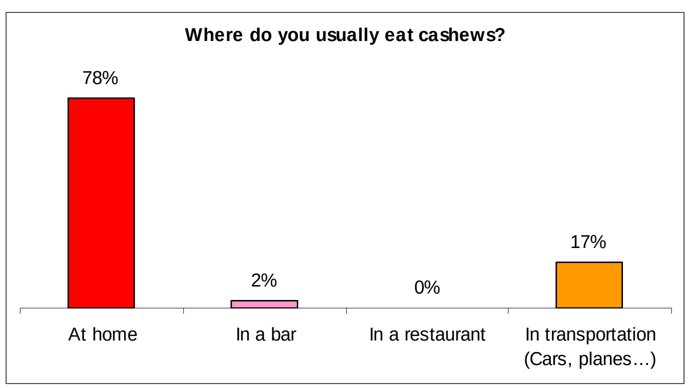
Consumption frequency:

- **40% of the consumers interviewed eat cashew nuts at least once a week.**
- 66% eat cashews at least once a month.



Consumption location:

- While **most people interviewed usually eat cashews at home**, mostly as a snack, **17% consume cashews while taking transportation**.
- Only 2% of the interviewed consumers eat cashew nuts as an ingredient for cooked meals.



Seasonal consumption:

- Among the interviewees, people eat more cashews for Ramadan (22%, especially males) and during the cooler months (12%), or for anniversaries (12%).

Perception of cashews:

- 73% of people interviewed said that they would buy more cashews if they could find "African Cashews" more easily.
- Consumers below 35 years old seem to be especially sensitive to the African origin of the product.

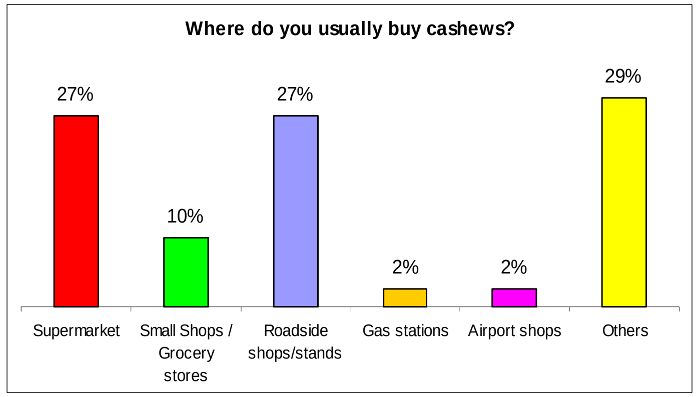
➔ ***Raise awareness about cashew secondary products and increase their distribution (cookies, caramelized cashews), as people seem to appreciate them.***

➔ ***Greater attention should be paid to selling cashew nuts in service stations, bus stands, and airport shops.***

5.2 Purchase Habits

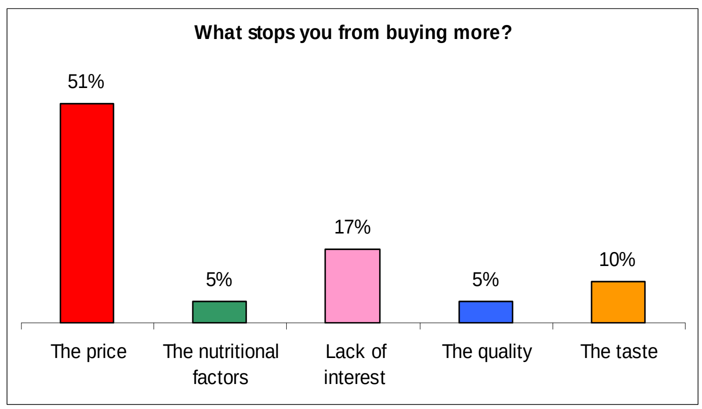
Where do people buy cashews?

- **Supermarkets and roadside stands** are the most common distribution channels for cashews in The Gambia.
- Local markets are also common distribution channels for local consumption.
- **Distribution could be increased in some channels such as gas stations and airport shops.**



5.3 What Prevents People from Buying More?

- **Price** remains the principal constraint to increased consumption.



6. CROSS-REGIONAL OPPORTUNITIES

- The Gambia currently has no formal processors and only a few cottage processors (mostly families living on the border with Senegal in the Casamance region, where processing is more developed).

- Due to high prices and good potential for growth, the local market is more promising for Gambian processors than the regional market.

- The Gambia represents a good potential market for Senegal (high-quality attractive retail packages) and Guinea-Bissau (probably cheap bulk kernels, to be roasted and packed in The Gambia, due to the low level of packing capacity in Guinea-Bissau).