CASHEW MARKETING & CONSUMPTION IN WEST AFRICA

PART 2. COUNTRY SUMMARIES: TOGO

West Africa Trade Hub Technical Report No. 22j

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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

[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

TOGO

Promote Cashew Consumption in the Local Market

2. COUNTRY DESCRIPTION

- Total population: 5.7 million inhabitants
- GDP per capita: $1,700
- Urban population: 35%
- Capital city: Lomé (population 800,000)
- Main cities: Sokode (population 120,000)
  Kara (population 110,000)
- Number of expatriates: unknown
- Number of tourists/year: 7,000

3. MARKET OVERVIEW

3.1 Local Processing Capacities

There is one significant cashew processor in Togo: **Cajou Espoir Tchamba** in Lomé.

Cajou Espoir Tchamba	
Number employees	40
Installed capacity (raw nuts/year)	80 MT
Production 2006 (raw nuts/year)	80 MT
Planned production 2007(raw nuts/year)	160 MT
Planned production 2012 (raw nuts/year)	500 MT
Percent capacity utilized 2006	100%
Products	Bulk plain cashew kernels (whole & broken)
Bulk or retail packaging	Bulk
Principal markets	Benin & Ghana (90%), Togo (10%)
Sales on the export market	12.6 MTof kernels
Sales on the local market	1.4 MTof kernels

3.2 Snack Market

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

Snack items commonly sold in Lomé*

	Avg. Price/kilo	Common Packs	Avg. Price in Supermarkets
Cashews	$18.92	Unlabeled recycled liquor bottle (400 g)	$6.40
Peanuts	$5.20	Unlabeled recycled liquor bottle (400 g)	$2.00
Almonds	$9.28	Aluminum sachet (75 g)	$2.00
Popped rice with peanuts	$5.25	Unlabeled recycled liquor bottle (400 g)	$1.80-2.20
Plantain chips	$4.33	Labeled plastic sachet (50 g)	$0.40
Potato chips	$11.32	Cardboard "Pringles" Tube (170 g)	$2.00

*The average exchange rate is 500 CFA = $1.00.

Cashew nuts are a luxury snack food in Togo, significantly more expensive than imported almonds or potato chips. Concrete information on comparative sales volumes was not available, as stores do not track this information.

4. DISTRIBUTION ANALYSIS

4.1 General Overview

- **There is little distribution of cashews in Togo.**
- **Average supermarket retail prices are the second highest in West Africa.**
- The most common local cashew products are recycled glass bottles of grilled and salted cashews prepared by artisan processors, sold by market stands or supermarkets.
- **Imported cashew nuts (from Benin) also have an important share of the local market.**

➔ ***Best potential: Hotels represent potential mini-bar market for sophisticated processors (especially from Benin or Ghana).***

➔ ***Cashews are not yet well-known by most of the population: Promotions to increase awareness might help, but growth is likely to be slow.***

4.2 Supermarkets

Key Facts – Supermarkets (6 interviewed)	
Percent selling cashews	**83%**
Percent selling broken cashews	0%
Most common cashew products	Roasted, buttered and salted, and roasted and salted
Most common pack sizes	400 g (mostly recycled glass bottles), 75 g, 500 g
Average retail price/item	$5.24
Average retail price per kg	$18.92
Average retail margin	20%
Average monthly cashew sales	$183.00

- **Cashews are sold** in most supermarkets in Lomé, but **volumes are low.**
- **Prices are high for comparatively low value-added products (poor packaging, in particular).**
- **Low incomes and limited** knowledge of cashews limit sales.
- **Beninese brands** (Free Cajou) and unlabeled Togolese artisan processors supply these shops.
- **Limitations to increased sales:**
  - Product prices (75%)
  - Product packaging (67%)

- **40% of supermarkets** are dissatisfied with the quality of cashew nuts they receive.
- Terms of payment:
    - Credit (80%)
    - Consignment (20%)

➔ ***Higher-quality labeling and packaging may allow cheaper Togolese cottage processors to increase their presence in local supermarkets and to reduce prices.***

➔ ***Small attractively labeled packages of sorted broken grades—produced in Togo or Benin—may permit more people to buy cashews.***

4.3 Stands and Small Shops

Key Facts – Stands and Small Shops	
Percent selling cashews	**67%**
Percent selling broken cashews	**50%**
Most common cashew products	Roasted and salted (67%) Buttered and salted (33%)
Most common pack sizes	400 g (main pack size—recycled 75 cl bottles), also 100 cl, 50 cl, 25 cl bottles
Average retail price/item	$2.66
Price/kg	**$9.50**
Estimated monthly volume/establishment	$128.00
Retail margins	15%

- Small market stands and shops in Lomé—often fruit and vegetable stands—also sell cashews in small amounts.
- Prices are **50% cheaper** than in supermarkets.
- Shopkeepers buy cashews from Togolese artisan processors and Beninese traders.
- Limitations to increased sales:
    - Product prices (100%)
    - Poor packaging (100%)
    - Mixed quality (33%)

4.4 Hotels

Key Facts – Hotels	
Percent using cashews	33%
Percent using broken cashews	0%
Estimated monthly volume/establishment	1-2 kg
Common packs	400 g sachets
Preferred cashew products (whole kernel)	Grilled cashews (100%)
Price per kilo	N/A

- There are several large (150+ room) hotels in Lomé, but none use significant quantities of cashews.
- The small amount used is for **cooking.**
- **One hotel uses locally produced grated coconut in their mini-bars** and could use cashews also.
- Terms of payment: Cash (100%)
- **Limitations to greater use of cashews**:
    - High price

- o Poor packaging (important for direct sales)
- o Product quality

➔ ***Attractively packaged, durable sachets of cashews could be introduced into the mini-bars of many hotels in Lomé.***

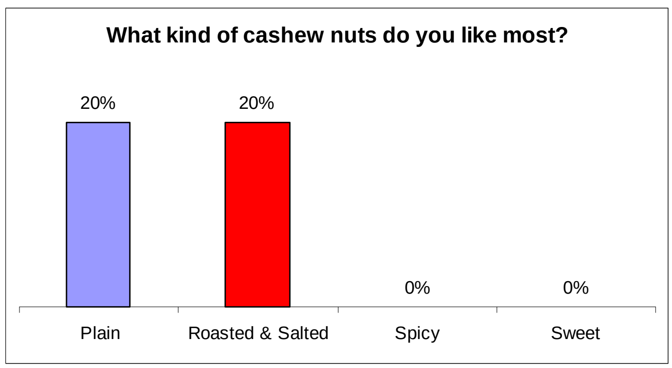
➔ ***The mini-bar channel would require sophisticated packaging that is currently beyond the means of local processors.***


A luxury hotel in Lomé

4.5 Other Distribution Channels

Service stations are another potential distribution channel in Togo, especially as most of them are owned by one of a few large corporations. However, no service stations were interviewed during this study in Togo.

5. CONSUMER PREFERENCES & HABITS



5.1 Consumption Habits

Almost all **(98%)** interviewees knew what cashew nuts are, and **88%** of them had eaten cashews. However, most people interviewed eat cashews only a few times a year.

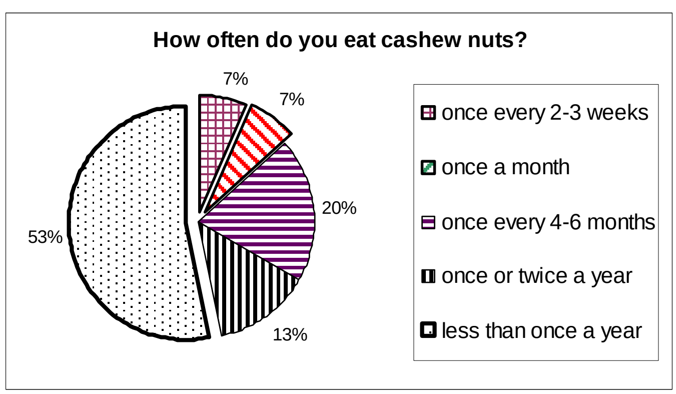
➔ ***Cashew nuts are well-known in Togo, but consumption is low.***

Type of cashews most commonly consumed:

- **Plain and roasted & salted nuts** are the most commonly reported flavors of cashews consumed.
- **Secondary products**: Only one interviewee had eaten cashew cookies. He reported liking them.

Consumption frequency:

- **53% of interviewees eat cashews less than once a year.**
- Only 14% eat cashews several times per month.



Location of consumption:

- Consumers interviewed reported having eaten cashews only at home as a snack.

Seasonal consumption:

- Among the interviewees, very few eat more cashew nuts for special occasions. However, 13% reported consuming cashews for birthday celebrations.

Perception of cashews:

- Only 13% of interviewees said they would eat more cashews if they could find African cashews.

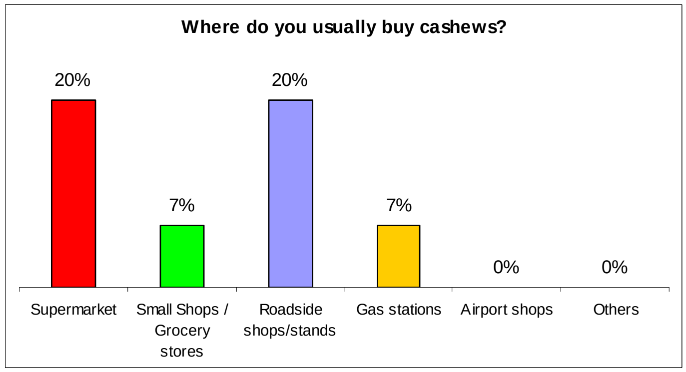
➔ ***Raise awareness about cashews: special displays in shops, attractive packs and labels.***

➔ ***Increase cashew distribution in main channels, including supermarkets and service stations.***

5.2 Purchase Habits

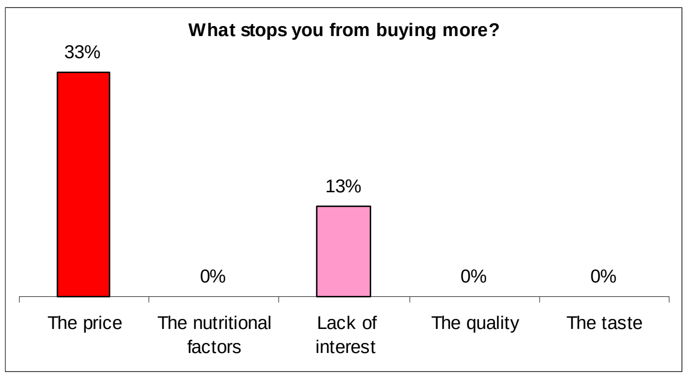
Where do people buy cashews?

- **Supermarkets and small shops** are the most common distribution channels for cashews in Togo.
- **New distribution channels could be explored**: bars, service stations, and hotels.



5.3 What Prevents People from Buying More?

- **Price** is the main constraint to consumption.
- **Most people in Togo do not eat cashews regularly.**
- **The market for cashew nuts is quite underdeveloped.**



6. CROSS-REGIONAL OPPORTUNITIES

- Togo's only semi-industrial processor already exports 90% of its production in bulk to Benin and Ghana.
- Regional markets will continue to be interesting to formal Togolese processors, due to their ability to absorb larger amounts of cashews.
- However, Togolese processors should also focus more on developing well-labeled brands for the home market. The high-end market is now dominated by expensive Beninese imports.

Cashew nuts in a shop in Lomé

➔ ***The export market offers opportunities that are now being explored by Togolese processors.***

➔ ***Cashew sales on the local market can be increased by improving awareness and marketing of the product.***

7. CONTACTS

TOGO - Liste d'entreprises achetant des noix de cajou transformées

Nom	Activité	produits recherchés	Contact	Fonction	Adresse	Ville	Pays	Téléphone	E-mail	Fax
Leaderprice	Supermarché	noix de cajou beurre salees, grille salees--actuellement pas de fournisseur	Matieu DELTA	employée	BP 12898	Lome	Togo	220 94 46		
Supermarche Concorde	Supermarché	noix de cajou beurre salees, grille salees dans les jolies emballages		gérant	BP 20220	Lome	Togo	222 9222		
Ets Shopping List	Petits magasins, stands en bord de route	noix de cajou beurre salees, grille salees (ne vend pas actuelement)	Lenoce	gérant	BP 7374	Lome	Togo	913 9904		
Ramco Tokpoen	Supermarché	noix de cajou beurre salees, grille salees dans les jolies emballages	Gangahar	gérant	Boulevard 24 Janvier Tokpoen	Lome	Togo	222 2730		
ATCP	Supermarché	ne vendent pas--pas de fournissuers fiables		gérant	BP 7538	Lome	Togo	220 9554		
Champinion	Supermarché	noix de cajou beurre salees, grille salees dans les jolies emballages	GHOSN Daniel	gérant	BP 462	Lome	Togo	223 15 50		
Hotel Ibis Lome	Hôtel - Luxe	petits sachets tres jolies et bonne duree de vie--posibilite dans les mini bars		Chef Restauration			Togo	221 24 85		
Hotel Relais Ahodikpe	Hôtel - moyenne/bas de gamme	possibilite de depot vente	Roget Awate	Chef Cuisine	BP 13380	Lome	Togo	222 1399		
Hotel Mercure Sarakawa	Hôtel - Luxe	petits sachets tres jolies et bonne duree de vie--posibilite dans les mini bars		Directeur de la Cusine		Lome	Togo	227 65 90 / 943 10 10		
Ets Ebeneezer	Petits magasins, stands en bord de route	beurre salees, grilles, casees, meilleurs prix	MAGI Anyienfa	Directrice		Lome	Togo	990 1205		
Les Soeurs de la Synagoge	Petits magasins, stands en bord de route	beurre salees, grilles, meilleurs prix	Marie Reine	Directrice	Atikumen	Lome	Togo	220 3997 / 912 2005		
Supermarche Kora	Supermarché	noix de cajou beurre salees, grille salees dans les jolies emballages	AMATON Louis	gérant	BP 7920	Lome	Togo	220 24 08		