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2019 Market Overview - Wine and Other Alcoholic Beverages

Report Categories:
Wine
Beverages

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Report Highlights:
Ghana's wine imports dipped from $26.6 million in 2013, to $15.7 million in 2018, during several years of currency weakness and economic malaise. Exports of U.S. wine to Ghana are on a downward trend in the same period from $3.1 million to $0.2 million. Post expects sales to stabilize and ultimately increase as incomes continue to rise and some consumers shift away from other alcoholic beverages. Positive developments in Ghana's hospitality and retail sectors also account for increasing sales potential at the high end of the market. This report provides an overview and analysis across all alcoholic beverages produced, consumed, and traded in Ghana. However, wine is the report's primary focus as having the most potential for U.S. suppliers.

Production
Ghana imports all grape wines, as production is not well suited to the local climate. Domestic alcoholic beverage producers in Ghana utilize ingredients such as corn, millet, palm, and others to produce a variety of alcoholic beverages and spirits. Grape wine processing is underdeveloped and costly.

Consumption
In Ghana, the consumption of wines, spirits, and beer traditionally occur at social functions (funerals, weddings, baby naming ceremonies, etc). However, the urban consumer, as well as more numerous business and tourist travelers, largely drive consumption growth. Per capita consumption is difficult to precisely measure, given the wide fluctuation in wine exports to Ghana in recent years. However, the industry estimates Ghana's total 2017 consumption at 11.7 million liters. With a population of 28.8 million, the estimated per capita wine consumption is 0.4 liters. However, Ghanaian society has a tremendously young population, with nearly 60 percent 25 or under. Therefore, actual per capita wine consumption among drinking age Ghanaians is higher. According to Ghana's Draft Policy on Alcohol, consumption is most prevalent among Ghanaians in the 25-49 age bracket.

Table 1: Comparison of Wine Consumption in Africa (million liters), 2013-2017

Country	2013	2014	2015	2016	2017
1. South Africa	368.0	360.0	430.0	420.0	450.0
2. Tunisia	83.8	80.1	83.0	80.0	75.0
3. Angola	113.9	104.6	87.3	52.4	70.3
4. Namibia	11.1	49.8	48.3	52.5	57.5
5. Algeria	46.9	50.0	53.0	53.0	53.0
6. Côte d'Ivoire	27.6	26.0	40.2	40.9	43.5
7. Morocco	39.8	40.0	40.0	40.0	40.0
8. Nigeria	42.3	40.4	32.8	19.1	24.5
9. Cameroon	11.1	12.4	9.9	6.8	14.2
10. GHANA	**20.3**	**11.6**	**14.3**	**11.7**	**11.7**
11. Guinea-Bissau	6.6	7.7	8.0	9.3	10.7
12. Togo	9.0	9.2	9.3	8.5	9.3
13. Tanzania	3.5	4.8	5.9	7.2	9.0
14. Kenya	8.2	7.2	7.0	7.5	8.0
15. Burkina Faso	7.6	11.0	10.9	7.5	8.0

Source: The Wine Institute

In middle to low cost segments of the market, demand for wine, spirits and beer among most consumers is dependent on product prices, taste, and higher alcoholic contents and not necessarily driven by product quality. However, there is growing taste for high-end wine and spirits among urban upper and middle class consumers. Local distributors assert that consumers across the spectrum prefer dry red wines, but in recent times sweet wines have grown in popularity. Sparkling wine also remains a popular choice among high-end consumers as a sign of status or success, and local distributors aggressively market major internationally recognizable brands such as Moet & Chandon and Veuve-Clicquot in West African urban centers.

Average prices of the ten top selling wines range from $20 to $60 per carton (of 6 by 75cl bottles). Wines within the price range of $20 to $80 per carton (of 6 by 750 ml bottles) constitute over 70 percent of the total market. See Table 2 at the end of this report for summary of prices of some widely available brands of wines and their origin. Imported wine and spirits are 40 to 50 percent more expensive than beer and other available alcoholic beverages and are not as widely distributed, with consumption concentrated in urban centers. The bulk of wine in Ghana sells through supermarkets, specialty stores, convenience stores, open market and HRI (hotels, clubs, bars and restaurants) and patronized by the middle class and high-income consumers.

Despite recent volatility, Ghana’s wine market continues to show growth potential due to the growing upper and middle class, expatriate community, and influx of business and tourist travelers. These segments of the economy show much higher consumption than the average Ghanaian consumer. Additionally, wine is generally perceived to be a healthier alcoholic beverage, so consumers are gradually shifting from the consumption of beer to wine. The wine market in Ghana is valued at $15.7 million in 2018, down from $26.6 million in 2013.

Despite Ghana’s exposure to currency fluctuations and economic shocks, the country continues to register impressive growth, topping global projections in terms of GDP growth with figures exceeding 8 percent per year. In 2019, the International Monetary Fund (IMF) expects Ghana’s GDP to grow 8.8 percent. As a result, Post expects growing disposable income among both value conscious and high-end consumers to drive consumption upwards in the coming years. A thriving tourism sector in addition to an influx of business travelers will further bolster the demand for imported wine.

A limited selection of American wines are available from most Ghanaian retailers and supermarkets, but largely outnumbered by European and South African choices. The low price at which European (particularly Spanish) and South African wines are imported and sold in Ghana creates a difficult market for comparable American wines; particularly considering higher transportation costs from North America. However, common U.S. varieties such as zinfandel, pinot noir, and cabernet are currently underrepresented on the market. So long as the product is approachable and price competitive, the retail and hospitality sectors are amenable to carrying a wider range of U.S. wines.

Consumption – Other Alcoholic Beverages

The Ghana Draft Policy Report on Alcohol recorded a high average per capita annual consumption of total alcohol between 2.5 to 4.9 liters in 2014-2017, when removing the population under 15 years of age. The report also states that the consumption of alcoholic beverages in Ghana is dispersed as follows: beer - 30%; wine – 10%; spirits – 3%; other (locally brewed) – 57%.

Locally produced beverages such as *akpeteshie* (distilled sugar or palm spirit) and palm wine are widely sold in the informal markets, and they remain the staple alcoholic beverage for many Ghanaians. Their low prices make them highly accessible, but a lack of oversight and regulation means quality and safety can vary widely. As modern agro-processing proliferates and a more quality conscious urban consumer emerges, there is increased availability of branded local spirits touting both their local origin and quality standards.

The beer market in Ghana, worth an estimated $450 million in 2017, accounts for about 75 percent of the total alcohol market value. The local industry estimates the quantity of beer consumed will increase from 226 million liters in 2012 to a forecasted 327 million liters in 2020. Multi-national companies, such as Guinness and South African Breweries (SAB), brew multiple international brands onsite in Ghana. The two national brands brewed in Ghana, Star and Club, are managed and distributed by Guinness and SAB, respectively. They use primarily imported barley, malt and hops, although Guinness also uses locally available sorghum in its stout production. Imported European and Lebanese beers are commonly available at most urban supermarkets, but sell at a premium due to high customs duties. According to available trade data, beer exports to Ghana totaled only $7.1 million in 2018.

The craft beer trend also reached Ghana in 2018, as the country's first commercial microbrewery opened in the port city of Tema, distributing primarily to Accra bars, restaurants, and hotels. While volumes are low, the nascent industry frequently sources U.S. hops in order to produce American-style pale ales. U.S. produced beers are currently absent from the local market, although in nearby Côte d'Ivoire some high-end retailers stock small quantities of U.S. origin craft beer.

In terms of imported spirits ($28.4 million in 2018), Ghana is primarily a market for European whiskies, cognacs, and gins. Discount whiskies from India also captured a major share of the market in recent years. Much like sparkling wines, local distributors heavily promote high-end cognacs in elite establishments. U.S. whiskies such as Jack Daniels and Jim Beam are widely available. However, these products rarely register as U.S. exports, possibly transshipped through European distributors in small volumes.

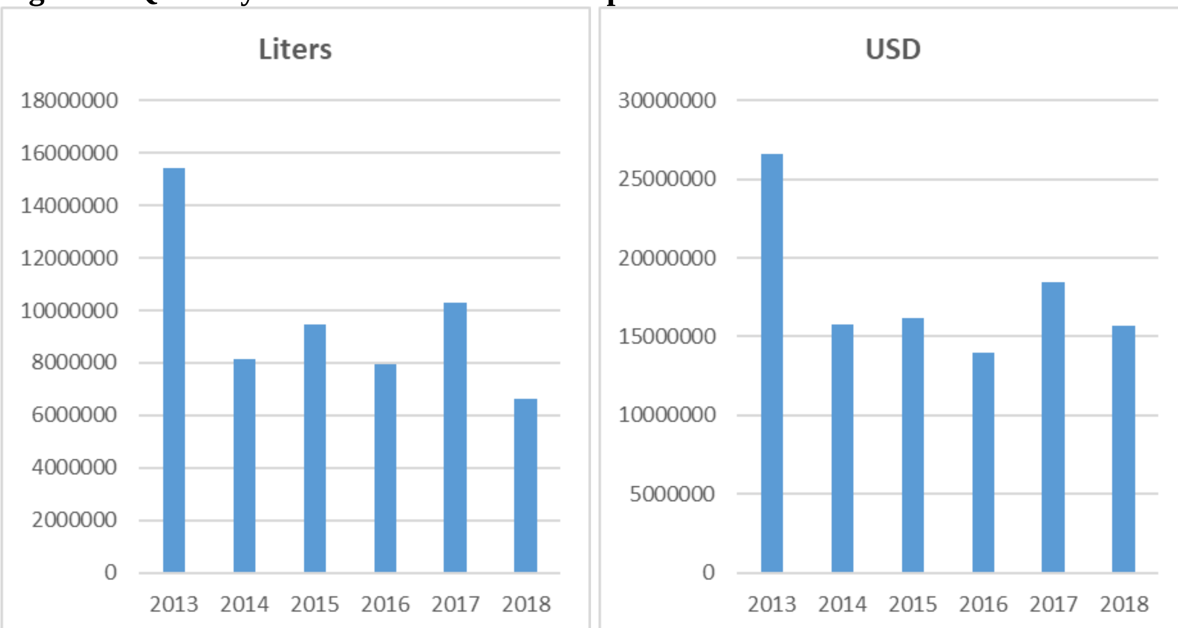
In terms of high-end consumers, champagne and cognac dominate the market, and the brand appears to be as important as the actual substance of the product. U.S. bourbon is also marketed by distributors as a luxury item. Volumes are small and selection is currently limited, but U.S. bourbon's popularity continues on an upward trend.

Trade

Unlike beer, to which Ghana applies higher tariffs to protect the commercial brewing industry, wine is a wholly imported luxury item to which few barriers apply beyond the standard Common External Tariff (CET) rates and local levies on alcoholic beverages. Wine exports to Ghana increased in 2014 from 8 million liters valued at $15.8 million, to 10.2 million liters in 2017 valued at $18.5 million. In 2018, wine exports to Ghana dipped to 6.6 million liters valued at $15.7 million. Export of U.S. wine and beer to Ghana has been on a downward trend since an all-time high of $3 million in 2013, down to $0.3 million in 2017, due to competition from other origins but also the overall temporary contraction in Ghanaian wine imports. Red wine offers the largest alcoholic beverage sales in Ghana over the five-year forecast period to 2020. Red wine sales increased by 7.5 percent followed by white wine at 6 percent, according to industry sources.

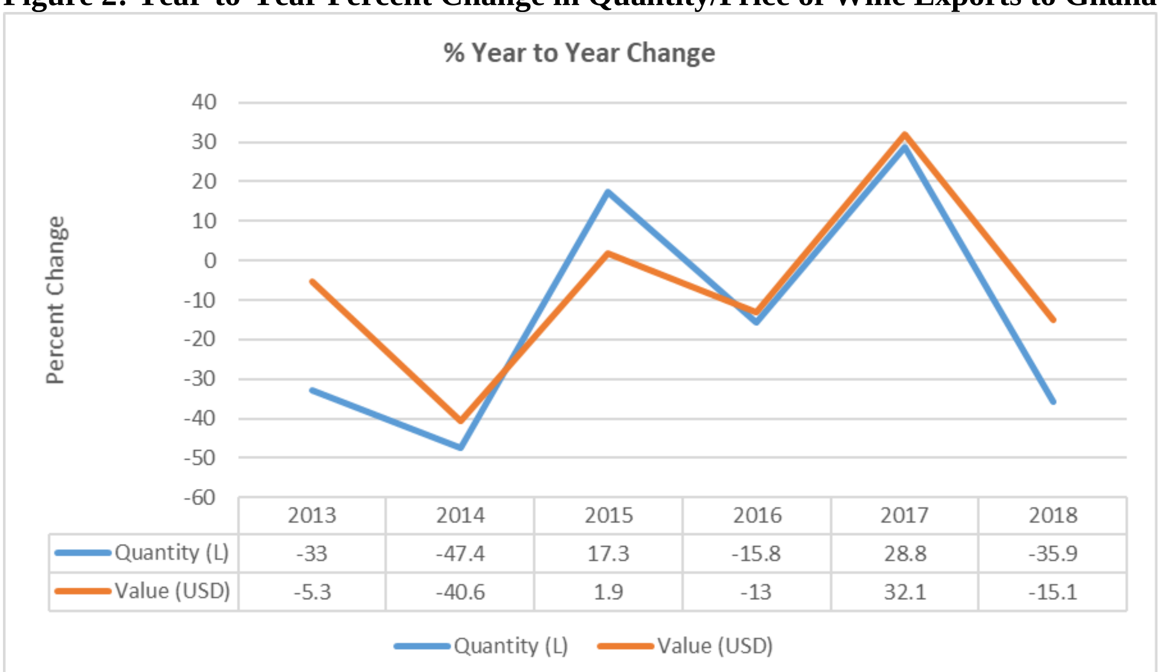
Comparisons of trade data in value and quantity terms show that in times of major fluctuations, Ghana's quantity of imports will vary more sharply than the value of imports, particularly in declines. Coupled with industry observations, this suggests that recent economic fluctuations affect more acutely the buying habits of the average consumer more likely to purchase value brands. In this situation, a consumer may be more inclined to shift to more affordable and locally available options, and importers in turn would adjust their purchases. Meanwhile, the purchasing habits of upper class Ghanaians and international visitors appear more resilient, and local retailers and distributors target those market segments accordingly. The figures below illustrate these trends in more detail.

Figure 1: Quantity/Value of Global Wine Exports to Ghana



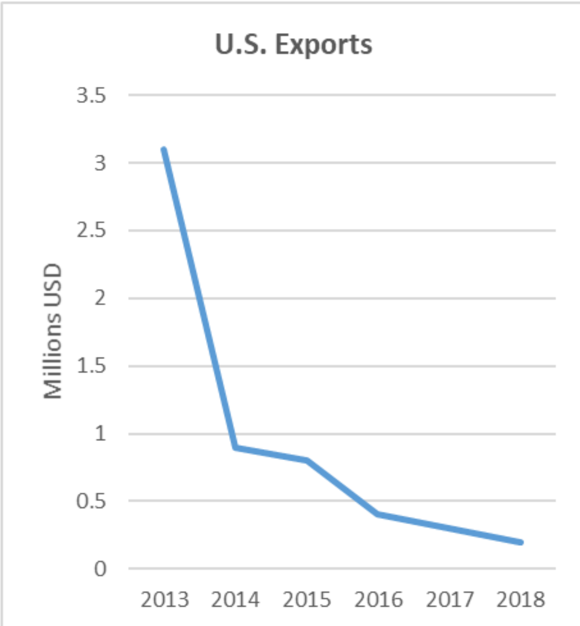
Source: Global Trade Atlas (GTA), HS 2204

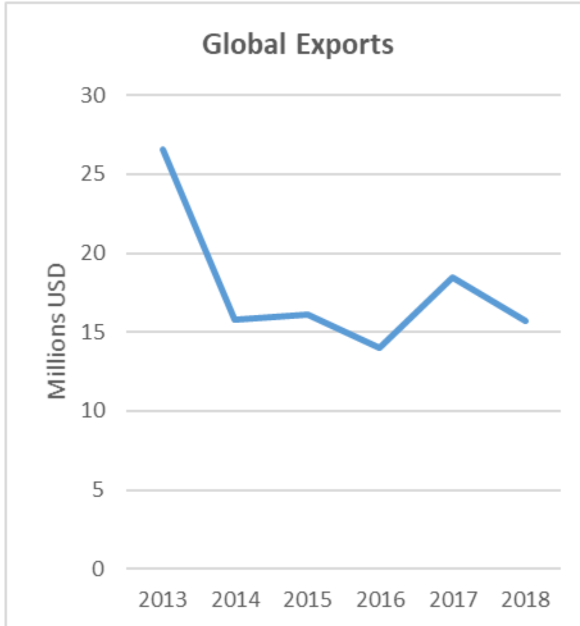
Figure 2: Year-to-Year Percent Change in Quantity/Price of Wine Exports to Ghana



Source: Based on GTA Export Data, HS 2204

Figure 3: Comparison of U.S. and Global Wine Exports to Ghana

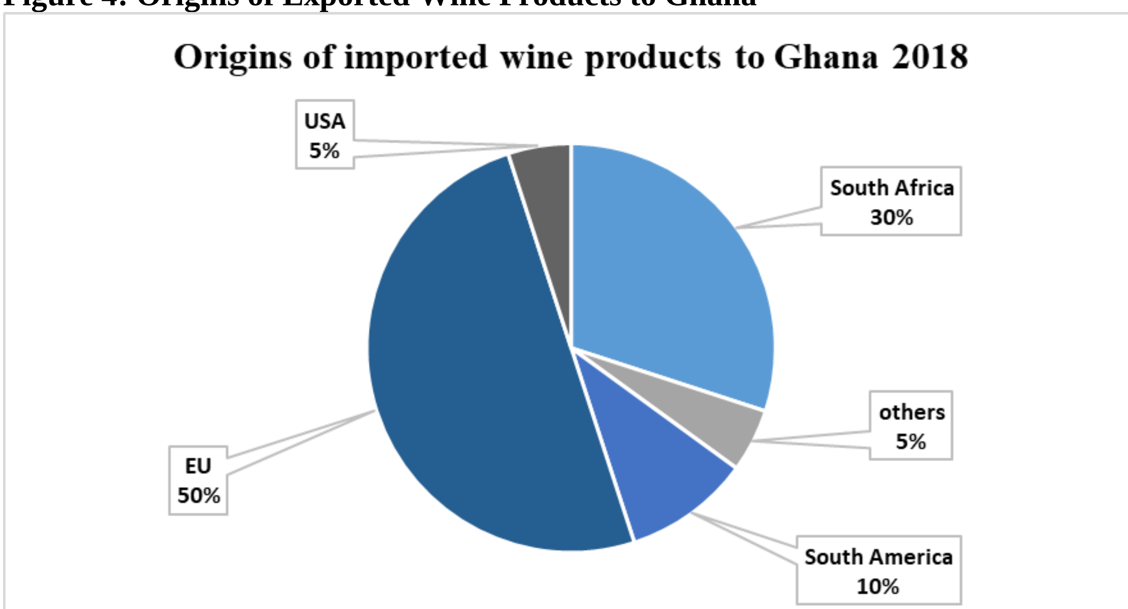




Source: Global Trade Atlas, HS 2204

The leading supplier of wine to Ghana is the European Union (EU), primarily France, Italy, and Spain. South America (Chile, Argentina) and South Africa are also major suppliers because they offer a steady combination of quality and competitive price point. As indicated in the chart below, the EU holds 50 percent market share of Ghana's wine imports, followed by South Africa (30 percent), South America (10 percent) and the USA (5 percent). There is also a small market for Lebanese, Moroccan, and Turkish wines. Australian and New Zealand wines are also sporadically available on the market, but typically transshipped via the United Kingdom.

Figure 4: Origins of Exported Wine Products to Ghana

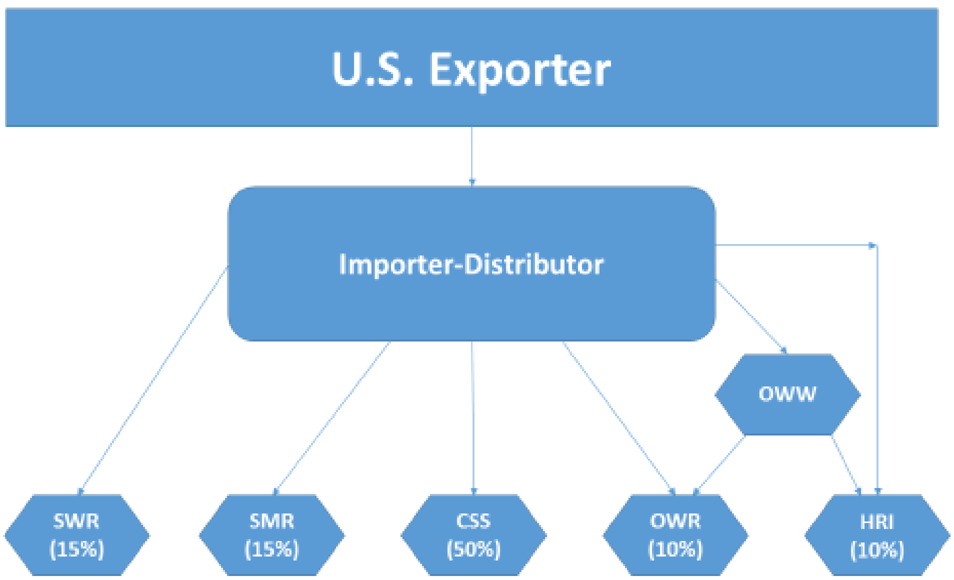


Source: Local Distributing Industry

Although the shift from beer to wine consumption is increasing in recent times, this has not affected distribution channels. The importer-distributors supply over 90 percent of imported wine and spirits to the market. Some wine and spirits are sold to consumers and retailers through wholesalers located in the traditional open wet markets (mostly patronized by lower income consumers).

Sales through these traditional markets account for about 10 percent. Wine consumption at hotels, bars and other food service outlets (HRI) is small at less than 10 percent of the total, but offers high potential as the sector grows rapidly. Sales of wine and spirits through supermarkets, convenience stores and side shops account for about 65 percent of the total. Specialized retail sales outlets of imported wine and spirits are increasing with sales accounting for about 15 percent. Some of these specialty stores stock mostly selections of the more expensive premium brands and others sell brands from specific origins.

Figure 5: Distribution Flow Chart for Wine Products in Ghana



Keys:
OWW (Open Wet Market Wholesalers)
SWR (Specialty Wine Retailer)
SMR (Supermarket Retailer)
CSS (Convenience & Street Stores)
OWR (Open Wet Market Retailer)
HRI (Hotel, Restaurant, Bars, Clubs & Catering Industries)

Policy
Ghana is an increasingly important U.S. agricultural export market and offers expanding market opportunities due to its liberal import policies across most commodities and products. The country is also a logical entry point when establishing a presence in the West African market. The relatively free market environment, stable political climate and remarkable record of economic growth will underpin a more steady growth in wines sales in the future.

Alcoholic wines and spirits attract a 20 percent import tariff rate in line with the ECOWAS Common External Tariff (CET). However, imported beer attracts a higher tariff rate of 50 percent. Other tariffs include VAT 12.5 percent, ECOWAS levy 0.5 percent, EDIF levy 0.5 percent, Inspection fee 1.0 percent, GCNET 0.4 percent, and National Health Insurance Levy (NHIL) of 2.5 percent. Ghana calculates all tariffs based on the CIF value of the goods.

Alcoholic beverages, like all food products, must be registered with the Food and Drugs Authority (FDA) in order to be legally exported, sold and consumed in Ghana. For details, please see the 2019 Food and Agricultural Import Regulations and Standards (FAIRS) Report for Ghana, available here.

Table 2: Wholesale Prices of Commonly Available Brands of Wines (USD)

Brands	Pack x Size	Total Price ($)	Unit Price ($)	Origin
Andre	12 x75cl	90.00	7.50	USA
Apothic Red	12 x75cl	163.00	13.58	USA
Barefoot	12x75cl	90.00	7.50	USA
Carlo Rossi	12x75cl	81.30	6.78	USA
Night Train (Fortified)	12 x75cl	62.80	5.23	USA
Condor Peak-Red Sweet	6x75cl	20.00	3.33	Argentina
Condor Peak Rose	6x75cl	30.00	5.00	Argentina
La Bamba Red	6x75cl	24.00	4.00	Argentina
Belaire Rare Gold Fantome	6x75cl	336.00	56.00	France
Belaire Rose Fantome	6x75cl	380.00	63.33	France
Moet & Chandon Brut Imperial	6x75cl	420.00	70.00	France
Moet & Chandon Imperial Ice	6x75cl	507.00	84.50	France
Veuve Clicquot Yellow Label Brut	6x75cl	420.00	70.00	France
Mateus Espumante Rose	6x75cl	53.00	8.83	Portugal
Mateus Original Rose	6x75cl	54.00	9.00	Portugal
Mateus Tempranillo Rose	6x75cl	40.00	6.67	Portugal
Boekenhoutskloof-The Chocolate Block Red Blend	6x75cl	198.00	33.00	South Africa
Boekenhoutskloof-The Wolf Trap Red	6x75cl	78.00	13.00	South Africa
Four Cousins	12 x75cl	75.00	6.25	South Africa
Long Mountain Sauvignon Blanc	6x75cl	34	5.67	South Africa
Robertson Winery Natural Sweet Rose	6x75cl	54.00	9.00	South Africa
Rust en Vrede Stellenbosch Estate Red Blend	6x75cl	300.00	50.00	South Africa
Rust en Vrede Cabernet Sauvignon	6x75cl	198.00	33.00	South Africa
Warwick Estate First Lady Cabernet Sauvignon	6x75cl	96.00	16.00	South Africa

Castillo San Simon	6x75cl	17.00	2.83	Spain
Hacienda Casorejo Red	6x75cl	20.00	3.33	Spain
Hacienda Casorejo Sweet White	6x75cl	34.00	5.67	Spain
Torre Oria Brut Rosado	6x75cl	47.00	7.83	Spain

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