



Chapter 7

The Rising Middle Class and Evolving Food Demand in Ghana and Nigeria

In order to get greater insight into the forces shaping urban food demand in the large coastal cities of West Africa, the AGWA team carried out focus-group interviews with consumers and retailers in Lagos and Accra. These were complemented by analysis of West African business forecasting studies that focus on the implications of West Africa's growing middle class for the food processing and retailing industries. Together, these sources of information provide a deeper understanding of how and why West Africa's rapid urbanization has profound implications for the future of Agriculture in the subregion. Unless otherwise noted, material in this section is based on AGWA field research carried out in Ghana and Nigeria in 2011 and 2012.

The chapter first provides contextual information about key features of the structural transformation in Ghana and Nigeria, focusing on urbanization, income and poverty levels and related trends. This information also includes evidence on the size and other key features of the urban middle-class, complementing the more general discussion of these topics in Chapter 2. The remaining sections of the chapter present key findings from the consumer interviews concerning evolving food demand and consumption patterns. This discussion includes analysis of consumer attitudes concerning product attributes and the determinants for eating away from home and choosing different food retail outlets. The chapter concludes by drawing implications of these findings for food system development.

7.1 Context: key features of structural transformation in Ghana and Nigeria

This chapter starts with a brief snapshot of the structural transformation in Ghana and Nigeria to provide some context for the discussion of changing food consumption. It highlights common features and differences between the two countries concerning important socio-economic parameters and then discusses some key features concerning the size and evolution of urban middle classes in both countries.

7.1.1 Trends in economic growth and employment

Growth. Both countries recorded consistently strong economic growth over a long period of time, starting during the mid-1980s in Ghana and the mid-1990s in Nigeria. In both countries, the industrial and services sectors grew faster than agriculture, leading to a gradual decline of agriculture's share in GDP. In Ghana, the services sector has overtaken agriculture in terms of its share of GDP; in 2009-10 services accounted for 49.5% of GDP, followed by agriculture (31.7%) and industry (18.9%). In Nigeria, industry has become the largest contributor to GDP, accounting for 40.7% in 2009-10, whereas agriculture and services contributed 32.7% and 26.6%, respectively (World Bank, 2011b). The industrial sector is dominated by extractive industries (mining, oil and gas) and construction, while the share of manufacturing has remained stagnant at levels of approximately 10% of GDP. Growth of the services sector has been driven by financial services, information technology and communications, and trade. The services sector is mainly inward-looking, with service exports largely restricted to tourism.

Employment. While agriculture remains the main source of employment, the importance of the services sector has grown strongly. In 2000 (the last year for which data are available), agriculture,

fisheries, and forestry accounted for 54% of total employment in Ghana, compared with 31% for the services sector and 16% for industry. For Nigeria, the equivalent figures for 2007 were 49% for agriculture, 43% for services, and 8% for industry (ILO, 2013).⁵³ The low share of the industrial sector in total employment, especially for Nigeria, is due to the importance of extractive industries, which are capital intensive. The majority of the population is self-employed, and the percentage of salaried employees remains low. Salaried employment is concentrated in urban areas in industries like banking, manufacturing and the public sector. Still, only a minority of the economically active population is employed in the formal sector. The share of the informal sector in total employment is estimated at 80% in Ghana at the national level, against 72% in Accra and 65% in Kumasi (Kolavelli *et al.*, 2012). Like other sub-Saharan African countries, employment appears to have lagged behind growth of the labour force, resulting in rising unemployment levels.

Urbanization. Both countries have seen strong growth of urban populations, with urbanization rates close to 50%. Lagos, the largest city in Nigeria, with a 2008 population of around 14 million, dwarfs other Nigerian urban centres and is the second fastest growing city in Africa (after Kinshasa) (UN Habitat, 2010). It has the highest literacy rate in Nigeria (94%), and like Accra it is home to a growing middle class. Accra has a higher per capita income and is more cosmopolitan than the rest of Ghana. With its approximately 2.6 million inhabitants in 2006, the Greater Accra Metropolitan Area (GAMA) accounts for about 20% of the total urban population of Ghana (World Bank, 2011a).

Geographical imbalances. Both countries are characterized by strong geographical imbalances in terms of incomes and living standards. Lagos is part of the South West region, which has the highest per capita annual household expenditure of the six Nigerian regions, amounting to US\$5 536 in 2010 compared to US\$1 455 in the poorest region, the North East. (Euromonitor International,

2012). According to the Ghana Living Standards Survey conducted in 2005/06, almost 75% of Accra's households fall in the highest income quintiles of the country, with 5% in the lowest quintile. GAMA households spent on average 2.5 times more per day than the national average. Nationwide, per capita expenditure in urban areas is 1.6 times higher than in rural areas. The mean household size is 3.5 in urban areas, against 4.4 in rural areas. GAMA alone accounts for 22.6% of total household expenditure in Ghana, and other urban areas account for another 32.6%. However, the share of food expenditures is lower in urban areas (43.7%) than in rural areas (62.4%) (GSS, 2008).

7.1.2 Poverty levels and middle classes in Ghana and Nigeria

Ghana: sharply declining poverty levels and the growing middle-class. The strong and consistent economic growth has led to a sharp reduction in poverty rates from 51.7% (in 1991/2) to 39.5% (in 1998/9) and further to 28.5% (in 2005/6). The absolute number of poor people has also fallen. This halving of poverty rates within 15 years is the record in sub-Saharan Africa (Kolavelli, *et al.*, 2012). The ReSAKSS analysis of household surveys from 1993 and 2006 suggests that average annual household income in urban areas almost doubled during this period, from US\$1 006 to US\$1 959, measured in 2010 US\$PPP (Taondyandé and Yade, 2012b). This is equivalent to an increase of the daily per capita expenditures from approximately US\$3 to US\$6. During the AGWA field work, consumers in Accra were also asked about their own definition of the income levels constituting lower, middle and upper income classes. Averaging the answers suggests that households earning between GHC 400 and 1 250 per month (US\$200 and US\$625) considered themselves as middle-class. If the average household size is four persons, this would result in daily per capita incomes for these households of between US\$1.60 and US\$10.40. According to AfDB (2011; see also Chapter 2), 13.5% of the population (equivalent to 3.2 million persons) belongs to the lower middle-class (with daily per capita expenditures between US\$4 and US\$10) and another 6.2% of the population (equivalent to 1.5 million persons)

53 Official statistics tend to over-estimate agriculture's contribution to employment and underestimate employment generated in the services sector. This is due to the seasonality of labour requirements in agriculture and the difficulties of capturing the large informal services sector in areas such as trade and transport.

belongs to the upper middle-class (spending between US\$10 and US\$20 per day).

But strong income inequalities persist. The richest 20%, with an average household size of 2.5 persons, accounted for 46.3% of total household expenditures, whereas households in the lowest expenditure quintile with an average household size of 6.4 members only spent 7.1% of the total (GSS, 2008). Income distribution is more skewed in urban than in rural areas. In urban Ghana, the richest 10% of the population spent on average US\$6 024 per year, while the poorest 10% spent only US\$459 (measured in 2010 PPP). Moreover, per capita expenditures of the richer income strata grew faster than those of the poorest strata between 1992 and 2006. The richest 30% accounted for about 60% of the total incremental consumer expenditure in urban Ghana over this period, whereas the poorest 30% spent only 10% of this increment (Taondyandé and Yade, 2012b).

Nigeria: a more uneven and volatile trend, reflecting the country's more unstable economic performance. Nigeria had a sizeable middle-class during the 1970s, fuelled by the oil boom. The middle class then dwindled as oil prices declined and the country fell into a fiscal crisis followed by austerity measures. This decline of the middle class is reflected in the country's soaring poverty rate, which increased from 27% in 1980 to 65% in 1996.⁵⁴ Between 1997 and 2004, the poverty incidence decreased to 54%, in parallel with improved economic performance. However, more recent data from 2009 pictures a co-evolution of strong GDP growth and rising poverty levels between 2004 and 2009. According to the latest poverty profile based on the Harmonized Living Standard Measurement Survey conducted in 2009, 69% of the population was classified as poor. Further disaggregation shows that the share of the moderately poor slightly decreased while the share of the most poor increased considerably between 2004 and 2009. Using an absolute poverty line, the poverty incidence increased from 54.7% to 60.9%

between 2004 and 2010 (NBS, 2012a).⁵⁵ The Gini coefficient on incomes increased from 0.43 to 0.45.

Data on the size and income levels of the Nigerian middle-class are sketchier, and available data from different official and private sources are inconsistent.⁵⁶ According to the Nigerian Bureau of Statistics (NBS), approximately 49 million Nigerians (33%) belonged to the non-poor category in 2010, earning more than two-thirds of the mean income. The AfDB study on the African middle-class (AfDB, 2011b) reports that 6.2% of Nigeria's population (equivalent to 9.3 million persons) fall into the lower middle class (with a per capita daily expenditure of US\$ 4-10) whereas 3.8% (equivalent to 5.7 million persons) belonged into the upper middle class (US\$10-20/day per capita expenditure) in 2008 (see Chapter 2). The private sector has more optimistic views about the current size as well as the future dynamic of the Nigerian middle class. Managers of agribusiness firms interviewed during the AGWA field work in March 2012 expressed doubts about the accuracy of official survey data in capturing the size and other characteristics of the middle class. They pointed to the likely underreporting of assets and incomes in the large informal urban sector and to the growing wedge between expenditures and reported income levels in higher-income strata. The optimistic private-sector view concerning the prospects for the Nigerian market is echoed by a recent survey on the Nigerian urban middle-class conducted by Renaissance Capital (2011). The survey report notes that according to IMF estimates, Nigeria's GDP rose fivefold from US\$46 billion in 2000 to US\$247 billion in 2011, while the population increased only by a little more than one third over the same period, from 119 million to 160 million. Future growth scenarios remain positive, and per capita GDP is expected to increase from US\$1 541 in 2011 to almost US\$2 000 by 2016, according to IMF projections.

⁵⁴ This is the poverty rate as defined by Nigeria's national poverty line. The poverty line defines an individual as poor if she or he earns less than two-thirds of the average per capita expenditure, regionally deflated (NBS, 2012a). Further disaggregation is made between the extreme poor (earning less than one-third of the mean income) and the moderately poor (earning between one- and two-thirds of the mean income).

⁵⁵ The reasons for this strong increase in poverty despite consistent per capita GDP growth are not clear. Given the high share of food and transport in total household expenditures, increases in food and oil prices certainly contributed to this seemingly contradictory trend. Moreover, unemployment has been on the rise, growing from 13.4% in 2004 to 23% in 2011 (NBS, 2012a).

⁵⁶ Unfortunately, budget-consumption survey data were not available for the analysis conducted by ReSAKSS, which could have provided detailed information on the size and evolution of different income strata over time.

Implications for food demand. Whatever the current size of the middle class in Ghana and Nigeria, it can be expected to grow, at least in absolute terms, in tandem with the strong economic growth and population growth projected for both countries. What are the implications of this growth of the middle class for food demand? Given the large share of food in total household expenditures, ranging from 50% in Ghana⁵⁷ to over 60% in Nigeria, and high income elasticities for most food products, income growth will translate into strong increases of food demand.⁵⁸ Due to the skewed income distribution, the non-poor population will account for a disproportionate share of this growing demand. As shown in table 6.2 in Chapter 6, the richest quintile of the population in Ghana still devotes 48% of its total expenditures to food and beverages (Taondyandé and Yade, 2012b). In Nigeria, the top income quintile accounted for 40% of total expenditures for food and non-alcoholic beverages, and the upper half of the population for about three-quarters. At the same time, income distribution in Nigeria is even more skewed: According to Euromonitor (2011), the richest 10% of Nigerian households spent on average US\$14 783 per year in 2010, 44.8 times more than the poorest 10% (US\$319).

The growing importance of middle and upper-income strata in urban markets has important implications for food system development. Better understanding this market and the factors determining the food choices of urban middle- and higher-income consumers is paramount for informing a food systems development strategy aimed at increasing the market share of domestic products. At the same time, given the increasingly skewed income distributions, cities like Lagos and Accra are also home to large, low-income populations. Thus, food systems need to cater to both a large population seeking inexpensive calories and proteins as well as a growing middle class seeking a more diverse and higher-quality diet. A third important implication

results from an important demographic trend: Due to strong population growth, both countries boast a massive, young consumer market. Hence, understanding the food preferences of urban youth is key for domestic food producers to capture this market increasingly served by imports.

7.2 Main results from the consumer interviews

As part of the AGWA study, interviews were conducted with urban consumers in Accra and Lagos between October 2011 and March 2012. In Ghana, consumer data were gathered via focus groups and an in-market survey targeting both modern and traditional food retailers. For the in-market survey, consumers were interviewed at two types of grocery retailers: a traditional open market and a modern grocery market.⁵⁹ Consumer data in Lagos were gathered via focus groups only.

The focus groups captured different demographics of the urban middle class in terms of income levels, age, gender and occupation (Table 7.1). Groups included polytechnic students, civil service workers, and full-time workers in different fields. Most consumers had at least a secondary education; many had some polytechnic or university training. Only few owned vehicles; most relied on public transportation. The number of household members ranged between 4 and 6, except for the students living on campus. Self-reported monthly income is ranged from US\$75 to \$250 in Accra and between US\$239 and US\$1 646 in Lagos. Adjusted by household size, daily per capita incomes ranged from US\$0.80 to US\$3.30 in Accra, and US\$1.66 and US\$10.00 in Lagos. Using the AfDB classification and assuming some downward bias in the self-reported income, the interviewed households belong mainly to the floating class and lower-middle class.

Consumers were asked about how their eating habits are changing and why; which foods

57 This includes food purchases (40%) and the imputed value of home consumption (10%) in Ghana (GSS, 2008)

58 The higher share of food expenditures in Nigeria may be due higher food prices caused by the combined effects of protectionist measures to reduce imports and high costs of domestic food production, processing and handling due to infrastructure-related constraints. High food prices reduce the purchasing power of net food buyers, especially urban populations, and dampen the growth of food demand, especially in the lowest income strata.

59 The term "traditional food retailers" refers to grocery retailers in an open or "wet" market, characterized by many individual vendors selling commodities, both indoors and outdoors. If a building exists, it is often owned by the municipality. "Modern grocery retailing" refers in this chapter to supermarket-based retailers where the retail outlet is owned by one person/company and all vending occurs inside this outlet. Prices are generally negotiable in a traditional grocery environment, but usually not negotiable in a supermarket.

Table 7.1 Focus group sample characteristics, Accra and Lagos, 2011–12

Consumer demographics	N	Age (mean)	Gender mix (Female/Male)	Education attained (mean years)	HH size (mean)	Average Reported monthly HH income	Average reported monthly HH income	Monthly income per person	Daily income per person
Accra Ghana in-market survey						(GHC)	(US\$)	(US\$)	(US\$)
Traditional market	81	34	68/13	10.8	4.8	230	115.0	24.0	0.80
Modern grocery	57	40	32/25	12.4	4.0	330	165.0	41.3	1.38
Accra Ghana Consumer Focus Groups						(GHC)	(US\$)	(US\$)	(US\$)
Group 1: Polytechnic students (female)	11	22	11/0	9.0	1.0	200	100.0	100.0	3.33
Group 2: Polytechnic students (male)	20	23	0/20	9.0	1.0	150	75.0	75.0	2.50
Group 3: Civil service workers	12	42	6/6	13.4	4.3	435	217.5	51.2	1.71
Group 4: Full-time workers	13	32	6/7	9.8	4.4	500	250.0	56.8	1.89
Lagos Nigeria Consumer Focus Groups						(NGN)	(US\$)	(US\$)	(US\$)
Group 1: Single men working FT/PT	7	32.5	0/7	14.8	4.8	38 500	239.1	49.8	1.66
Group 2: Married men working FT	8	34	0/8	15.0	3.6	141 500	878.9	244.1	8.14
Group 3: Ladies working FT and making HH food purchasing decisions	9	54	9/0	15.3	5.5	265 000	1646.0	299.3	9.98
Group 4: University students	9	21	5/4	14.0	5.2	116 000	720.5	138.6	4.62
Group 5: Day labourers/trades people	6	40	0/6	12.0	4.3	45 000	279.5	65.0	2.17

Source: AGWA field surveys

they prefer to eat and their current availability in the market; how they make decisions about which foods to purchase and where; their level of confidence in food quality; and how they defined healthy food. Retailers were also interviewed regarding their approaches to serving the urban consumer in their respective countries.

7.2.1 Demand for convenience

Convenience is probably the number one factor influencing consumer food choices in Accra and Lagos today. Men and women are increasingly working away from home, driven by the overriding need for an increase in income to pay for food, shelter, clothing and other household expenses. Working days are long, often 10 hours, with an additional 2 to 4 hours of commuting time. Because of urban congestion and changing lifestyles in both cities, even the middle-class is “time-poor”; hence convenience is a major factor shaping demand for food for all groups in these cities. With growing numbers of family members entering the workforce, there is less time available to buy and prepare food. In order to cope with

this new reality, a growing share of urban dwellers tends to look for ready-made food as much and as nearby as possible. According to the latest budget consumption survey conducted in 2006 (GSS, 2008), households in Ghana spent on average 127 Cedis per annum on prepared meals, accounting for 9.7% of total food expenditures. Urban households spent 39% more, 177 Cedis on average, for prepared meals.

Eating away from home. An important consequence of urban congestion is that most workers cannot return home for noonday meals, thereby increasing the demand for prepared foods. This has led to a burgeoning of away-from-home eating (especially at lunch time) and consumption of snacks. In the words of one Accra consumer, “We eat at least four meals outside the home a week. We need foods to be fast and convenient.” The traditional model of one family member taking responsibility for meal planning and food preparation for the household has fractured in most urban environments. Meals taken together are becoming less frequent, and eating is increasingly individualized. Consumer interviews further revealed

that traditional mealtimes are being replaced by spontaneous food purchases on street corners or in small kiosks. The survey results in Accra indicate that low-income workers eat outside the home more frequently than middle-income workers. Earlier surveys revealed that lack of access to cooking facilities among the poor, particularly recent migrants, is a further driver for eating out (Maxwell *et al.*, 2000).

These factors have fuelled demand and led to a massive market expansion of convenience and fast-food options in urban centres. Increasingly it is street-food vendors, cafeterias at work or at school, small restaurants and fast-food outlets that provide family members with one or even several meals per day. Street foods play an important role as both a cheap and quick meal option and as an income-generating strategy. The meals and snacks served on the street cater to a wide variety of customer tastes and range from traditional recipes of rice or maize with vegetables and beans to more modern items including various types of fried or grilled meats, potatoes and bread.

Interviews suggest some differences according to gender and other demographic variables concerning the frequency of eating out. According to the market survey in Accra, men are eating more meals away from home than are women (4.5 versus 3 per week), whereas working women are more willing to bring in food for lunch. Lagos focus group discussions revealed clear differences between the “eating out” habits of single and married consumers. All single males reported eating five to seven meals away from home or nearby to work. Single females (primarily students) also reported eating out, but tended to have more access to kitchen facilities during the day. In strong contrast, few women with families reported ever eating out. They rather carry their lunch to work and eat dinner at home every day, while eating out is confined to special occasions. These differences highlight the role of evolving and more diverse urban lifestyles depending on gender and family situations.

Convenience food. In terms of product choice, increasing time pressure is the key driver behind the burgeoning demand for quick and easy-to-

prepare food products and dishes. The desire for convenience is reflected in the very rapid growth in consumption of rice and packaged foods, especially low-cost wheat-based products such as noodles, pasta and bakery products like bread, biscuits and meat pies. “Grab and go” small snacks are also gaining popularity. “Everyone loves plantain chips,” but wheat products are most prominent in the snack category. The youth and men, in general, see pastries and biscuits as snacking options more so than do older women.

Rice has overwhelmingly become the number one convenience food in both Accra and Lagos. While rice consumption has a longer tradition in Nigeria, it has not been a major food staple in Ghana until recently. According to focus group discussions, 10 to 15 years ago in Accra, rice was an “occasional” food, sometimes eaten annually during festivals such as Christmas or Easter or at important funerals, such as that of a paramount chief. Today, rice is eaten on a daily basis in Accra. Its main advantage over traditional dishes based on roots, tubers and maize is the ease and speed of preparation. Rice consumption has intensified with the introduction of the rice cooker and milled rice. Urban dwellers particularly demand rice that cooks and swells faster, leading to a preference of imported rice (which has lower moisture content and hence swells more) over local rice. Moreover, quality becomes increasingly important for time-constrained household members who are no longer willing to spend time hand-picking out stones and chaff. Among higher-income consumers, packaged high-quality rice is an emerging packaged product category. Among all income groups, fast-food dishes based on rice (with beans, chicken, or fish) are increasingly popular.

In addition to more recent convenience foods, many of which are linked to imports of products, raw materials or eating habits (noodles, chicken parts, rice), a number of traditional food staples have been adapted to meet the growing needs for speed and convenience. Gari and attiéké stand out as typical West African convenience foods based on cassava. Moreover, the growth of the small restaurant sector offering precooked traditional menus is another example.

Packaged foods markets in Nigeria. The growing demand for packaged food, especially rice, pasta and bakery products, is also reflected in market information provided by Euromonitor Interna-

tional. Table 7.2 depicts the size of the packaged food market in Nigeria in 2011 and the shares of the main products groups. Dried processed food is the largest category, which includes packaged rice,

Table 7.2 Market size and share of packaged food products in Nigeria, 2011

Packaged Food Categories	Value in NGN (billion)	Value in US\$ (million)	Share
Dried processed food	248.7	1 611.0	31.6%
Noodles	64.5	418.2	8.2%
Bakery	232.1	1 503.6	29.5%
Dairy	165.6	1 072.9	21.0%
Sauces, dressings and condiments	72.9	472.0	9.3%
Oils and fats	41.5	268.7	5.3%
Baby food	9.5	61.4	1.2%
Canned processed food	6.4	41.4	0.8%
Frozen processed food	4.8	31.0	0.6%
Ice cream	2.4	15.2	0.3%
Sweet and savoury snacks	2.3	14.9	0.3%
Soup	1.4	9.0	0.2%
Total packaged food	787.6	5 101.1	100.0%

Source: Euromonitor International, March 2012

(Data were extracted from the Euromonitor International, 2012Passport database in March 2012)

Table 7.3 Past and projected growth in sales of packaged food products in Nigeria^a

By volume, 1998-2016

Categories	Sales Volume Growth				1998-11 CAGR (%)	2011-16 CAGR (%)
	1998	2005	2011	2016		
Noodles	37.7	54.4	143.3	214.8	10.8	8.4
Bakery	599.8	913.2	1 007.1	1 146.4	4.1	2.6
Baby food	3.6	4.7	5.6	6.2	3.3	2.1
Dried processed food	927.9	1 062.8	1 348.7	1 623.7	0.9	3.8
Sauces, dressings and condiments	77.0	92.1	103.8	112.7	2.3	1.7
Soup	1.7	1.7	2.0	2.3	1.3	3.4
Dairy	208.3	184.8	232.2	285.9	0.8	4.3
Frozen processed	6.6	6.0	7.4	8.7	0.8	3.3
Sweet and savoury	5.2	4.6	5.4	6.4	0.3	3.2
Canned or preserved	12.2	10.8	12.2	13.9	0.0	2.7
Ice cream	5.5	3.4	3.8	4.6	-2.7	3.7
Oils and fats	163.0	113.2	108.7	112.2	-3.1	0.6

Source: Euromonitor International, March 2012

^a These market data represent food purchases occurring in the food retail market via different food retail sites, including food service, store-based retail. The latter includes supermarkets and hypermarkets, small shops such as convenience stores and kiosks, and open markets. Non store-based retailing such as by ambulant vendors or street hawkers and self-produced consumption are not captured. Data are assembled from various industry sources, market surveys and official sources.

instant noodles and dried pasta. Bakery products are the second largest category, which is dominated by biscuits and bread, followed by cakes and pastries. Dairy products and sauces, and dressings and condiments rank third and fourth place. Canned/preserved food and frozen processed food still play a minor role.

Table 7.3 shows the growth rates of the main packaged food product categories in volume terms between 1998 and 2011, along with the forecasted compound annual growth rates until 2016. Asian-style noodles showed the strongest growth rate between 1998 and 2011 and are projected to remain the most dynamic packaged food product. Packaged rice already accounts for two-thirds of the value of dried processed food and is projected to grow at 3.3% in volume and 2.7% in value terms per annum between 2011 and 2016, against 8.4% and 8.9% for instant noodles (Euromonitor International 2012). Sauces, dressings and condiments that complement rice and pasta-based dishes have also grown strongly.

7.2.2 Protein choices: fish is king, but chicken, eggs, and beans are cheaper

In the case of protein choices, consumer interviews revealed trade-offs between price, convenience and health attributes. As noted in the food-balance-sheet analysis in Chapter 5, fish is still by far the predominant source of animal protein in Nigeria and Ghana. However, especially in Accra, there has been a noticeable shift in recent years from fish towards chicken, according to consumers.

Low-cost imported frozen chicken has transformed chicken from an occasional food treat to a frequent menu item, both in home-cooked food and in meals taken outside the home. Chicken meat has become much more affordable to poor urban consumers, who are buying different chicken parts rather than whole birds. Moreover, supermarkets offer various qualities at different prices, including cut up pieces and whole birds either frozen, chilled, dressed, or live, for specific uses. Consumers can stop by a cold store or supermarket and pick up a few affordable pieces of imported, frozen chicken for dinner that night. Even more recently, consumers have begun

to be able to purchase “chilled, dressed” and ready-to-cook chicken at more modern supermarkets. In the past, a live broiler or layer was the only option. Between 10% and 15% of Ghanaian consumers interviewed in traditional and modern markets report that they never buy live chicken.

Chapter 5 showed that per capita meat consumption in Nigeria is lower than in Ghana, but that Nigerians consume larger quantities of pulses as an important source of protein. In the case of chicken, the lower per capita consumption is likely due to chicken’s higher price than in Ghana as a result of the import ban on poultry and higher domestic production and logistics costs. Hence, while chicken is still an important item in the Nigerian protein market, its degree of substitution for fish has been less than in Ghana. In both countries, the spread of fast-food chains such as KFC, Chicken Republic and Mr Biggs has also encouraged chicken consumption among the middle class, where dining out is becoming an increasing form of family entertainment.

No clear picture emerged from the focus-group discussions regarding preferences between chicken and fish. In general, fish was considered more healthy than chicken but also more expensive. The discussions indicated that cost considerations are leading urban consumers increasingly to seek out other protein sources. Among the lower-income groups, especially in Lagos and Abuja, beans and cowpeas are an important alternative. Students interviewed in both Accra and Lagos eat eggs more frequently than other consumers, in part because eggs are a cheaper protein source than either chicken or fish, and in spite of the students’ concerns about the safety of those eggs.⁶⁰ There is also growing consumption of dairy products. Flavoured yogurt and blends of yogurt and fruit juices are increasingly popular in both cities.

7.2.3 Traditional foods

Urban consumers seem to be at a crossroads with respect to convenience and traditional foods. Consumer interviews revealed that urban consum-

⁶⁰ Students in Lagos refer to the egg sandwiches they buy on campus as “risky burgers.”

ers still prefer their traditional foods based on starchy roots, maize, beans and plantains, but are increasingly forced to turn to more convenient foods that are faster to prepare and more readily available in restaurants and street food outlets. Traditional dishes are often based on fermented products such as doughs, gari, pounded yam, and bean flour. Many focus-group participants stated that although they would prefer to eat traditional foods, they are increasingly unable to do so because of the trends described in the previous section. The demand for speed and convenience is resulting in a gradual departure from traditional cooking and eating habits. This applies to home cooking as well as to fast-food vendors. Women participating in the focus groups in Ghana said that they “cook mostly on the weekends and heat it up during the day. There is no time to cook every day.” However, the ability to store food depends on access to and reliability of refrigerators and electricity.

During the rapid market survey in Accra, consumers were asked about their main food choices when eating out. While 45% of all interviewed persons eat mainly “modern” fast food (42.8% rice and chicken, 2.2% pizza), roughly the same percentage eats mainly traditional foods such as kenkey (18.8%), fufu and soup (11.6%), banku (9.4%), fried yam and plantain (2.9%), and beans and plantain (0.7%).⁶¹ Another 7.2% are eating snacks, and 4.3% stated that they do not eat out at all. These food choices are offered by myriads of small restaurants, food stalls and “bush canteens” (see Chapter 8). However, there appears to be a tendency towards “Western” food and a reduction of variability in food choices for the population forced to eat out. Some focus groups in Ghana complained about the limited food choices outside home: “Chicken is everywhere. We used to eat chicken a few times a year – it was a treat. Now it is very common and boring.” This suggests that there is a latent demand for convenience foods based on traditional dishes.

Some modern quick-service restaurants have responded to this demand by offering both traditional and “Western” dishes, especially in Nigeria. These outlets targeting middle-market segments

serve popular traditional cuisine such as *ebba*, pounded yam and *moimoi* along with mainstream dishes built around fried chicken, fish and rice. In Ghana, the modern fast-food and quick-service sector mainly offers fried chicken and rice, whereas local cuisine such as fufu, gari and stews are more restricted to canteens and small restaurants. However, even these outlets increasingly offer modern convenience dishes. Hence, the dominant trend seems to be towards dishes perceived as “modern” and “Western.” This shift is also reinforced by lifestyle changes and the desire to “be modern”, especially among young urban dwellers. Western quick-service restaurants such as KFC are regarded as trendy and up-market and are populated by middle and higher-income persons. For a premium, the franchised new entrants bring a foodservice ambience that is perceived as up-market and accessible to most consumers, even if they can only afford an ice cream.

7.2.4 Value addition based on traditional foods

As mentioned above, there are a number of West African answers to the need for speed and convenience based on traditional food staples: Gari and attiéké but also bean flour are easy to prepare and readily available in traditional market outlets. Several efforts have been made to add value by enhancing product quality, hygiene, presentation and packaging in order to offer these products in modern food marketing channels such as supermarkets. For example, research in Ghana indicated a potential market for hygienically prepared and packaged cassava products among young Ghanaian professionals (Collinson *et al.*, 2003), and several domestic processors have responded by offering such products, e.g., Garipack. Attempts have further been made to engineer instant products for traditional dishes such as Pounded yam, fufu flour, banku flour and banku dough. During the focus-group interviews, consumers were asked about their opinions of currently available processed traditional products.

Surprisingly, consumers interviewed did not show clear preferences for the current market offerings in “convenient” traditional foods. Various

⁶¹ Kenkey is fermented maize dough, fufu is pounded yam or cassava, and banku is a fermented maize or cassava dough, often cooked in banana leaves.

reasons for not purchasing processed traditional products were given. Most were related to quality, presentation and packaging, whereas price was not a prime concern. In the focus-group discussions in Ghana, the consumers of all ages questioned the freshness and taste of products such as Garipack. Buyers in the open market try different garis and often have their preferred supplier. Not being able to try and taste Garipack acts as an entry barrier for some consumers. Those consumers who do buy products such as Garipack say that the packaged variety is “not polluted [with foreign materials] like at the market.” In general, packaging and labelling need improvement. Some consumers in Accra commented that no clear instructions about the preparation of instant fufu were given on the package (e.g. concerning the amounts of water and powder to be mixed), resulting in trial and error with unsatisfactory results. Others were also concerned with the thin packaging being able to “be torn by a fingernail.” It thus appears that if processed forms of these roots and tubers are to compete effectively with rice, further technical work is needed to make them more acceptable to consumers.

In Lagos, discussions revolved about Pounded Yam as an alternative to hand-pounded yam, whose preparation is time-consuming and cumbersome. Men voiced a strong preference for traditionally pounded yam. They said that “it is African to use our hands and pound.” Since it is mainly female hands pounding the yam, women had different and more diverse views. Especially female students and working women said that they would consider using Pounded Yam since they didn’t mind the taste and expected to be time-constrained. Most women who were making choices for their families said they generally did not buy Pounded Yam. The feedback was relatively negative and centred around texture and labelling. The Pounded Yam “turned to water overnight...this turned me off and made me think it was made of non-natural ingredients.” Many women want ingredients to be written on the label as well as nutritional information.

These results show that developing a market for value-added foods based on traditional dishes

and food staples is not straightforward. In addition to overcoming technical constraints concerning product quality, food processing companies targeting upper market segments need a better understanding of consumer tastes and preferences and of the determinants of purchasing decisions. In the case of some traditional dishes, offering convenience and instant food products may face stronger resistance from consumers, especially when competing with the traditionally-prepared dishes as a reference for taste and quality. On the other hand, the increased need for convenience, especially in the wake of growing female employment, is likely over time to reduce this resistance. In any case, continuous product innovations and attractive packaging, labelling and advertising are critical for success.

7.2.5 Concerns about quality and food safety, healthfulness and cost

The transformation of diets in Accra, Lagos, and Abuja, combined with more sedentary urban lifestyles, have raised concerns among consumers about the nutritional quality, safety and costs of their foods. Focus group discussions and interviews with food processing companies conducted as part of the field work revealed that middle-class Nigerians have become increasingly concerned about the amount of fat in their diet and the adverse health effects resulting from high cholesterol levels. The importance of reducing the fat content of meals has been widely accepted. According to the focus group discussions, in many urban social circles, it is no longer culturally acceptable to maintain a high-fat diet. Participants stated that “an individual’s family doctor will disapprove it, employers who provide health schemes disapprove it and ‘good mothers’ don’t allow their children to consume high-fat foods in more than modest amounts”. This growing awareness about health implications of food has created a marketing opportunity for producers of low-fat meats or vegetable oils with higher content of unsaturated fatty acids. There is also growing concern about excessive sugar intake, as consumers are increasingly aware of the related health risks such as diabetes. Overall, the middle-class consumers participating in the focus group discussions were

well-informed about the health implications and nutritional values of different foods. However, issues of availability and affordability of nutritious foods were flagged strongly.

According to the Lagos consumers interviewed, the preferred healthy diet generally would consist of “fruits, more vegetables, less red meat, more fish, guinea fowl and fewer carbohydrates (pounded yam is a preferred carbohydrate).” Older women said that they “would like to eat healthy salads, but there are no healthy salad dressings available [e.g. there is only ‘creme’], so salad is not a great option. Olive oil may be available, but it is expensive and likely adulterated.” Palm oil is a mainstay in food preparation and is increasingly considered unhealthy as lifestyles change. Holding income constant, there was a strong feeling across respondents in the Lagos focus groups that diets should evolve with age, which provides insight into how preferences may change with changing age distributions. “At a certain age...around 40, we should eat less red meat and more fish and chicken. We still buy beef for children. Children want beef meat – they don’t want too much fish.”

Accra consumers interviewed in the surveys said that a healthy diet would be “tilapia...steamed vegetables with a little salt, whole cereals and legumes ...and boiled yams and cocoyam.” Yet, these diet trends do not seem common in the urban population, particularly with the youth. According to the young people interviewed, street food “must be cheap and fast.” Students said that “time is the main factor in deciding what to eat, price is next.” They also say there are few affordable, healthy options. These trends of this demographic, such as their desires for convenience and health, are particularly important to follow as they represent the future educated consumer demographic in Lagos and Accra.

Nutritious food is too expensive. A common complaint among the consumers interviewed is that the only convenient foods in urban areas are high in oils (including palm oil, which is increasingly considered by consumers as unhealthful) and carbohydrates – for example, fried chicken and rice. Although demand for many fresh foods has been

growing robustly in both Nigeria and Ghana as a whole and are projected to continue to do so, many consumers felt that in congested Accra and Lagos, healthier options such as fish, fresh fruits and vegetables, and juices were increasingly expensive relative to the fast-food alternatives. Many respondents indicated that they would like to shift to a more healthy diet if their incomes would allow it, but given their current incomes and relative prices, they feel such a diet is out of their reach. This suggests that if costs of supplying more healthful items such as fresh fruits and vegetables could be reduced, there is potentially a strong market for such goods.

Across the various groups interviewed, consumers were interested in seeing more “natural” juice in the market. Consumers referred to no additives, no extra sugar and 100% fruit – “pure juice would be healthier to take. It is unprocessed.” The youth said that they would “take more juice if there were more natural [budget-friendly].” Carbonated soda (e.g. Coca-Cola or Fanta) or malt, frequently taken as a lunch-time drink in Nigeria, sells for 75-150 Nairas per bottle. Some consumers said that they would pay up to 300 Naira (two times the price of soda) if they “were sure the juice was not processed.” Other consumers are limited to the cheapest options. Accra consumers said that “a small bottle of pineapple juice would be 3 GHC (US\$1.50) and difficult to find at a quick-food place, whereas Fanta is easy and around 50 pesewas (US\$0.25)”. If the juice is indeed six times more expensive than Fanta and more difficult to find, the chances of expanding its consumption are slim.

If domestic agro-industry is to be effective in offering healthy options, price competition is a must. However, from the in-market survey, the majority of Accra consumers stated they believe quality is more important than price, which is an important finding for both agro-industry and nutrition strategies that should be further investigated. The experience with the rapid spread of mobile phones across Africa, even among lower-income segments of the population, shows the potential to introduce products with strong utility even to consumers with low purchasing power.

Quality and food safety. As consumers shift to more processed and prepared foods, they are increasingly relying on others—often unknown to them—to prepare their food, including workers in food manufacturing plants, street vendors, and restaurant employees. This shift from home food preparation to reliance on others has led to questions about how consumers can be assured that their food products are of high quality and safe. Ghanaian and Nigerian consumers do not see “healthy foods” and “safe-to-eat foods” as separate categories, but as closely interrelated. Although consumers interviewed in these studies expressed a strong desire for more local “African” foods, there is scepticism about whether consumers can rely on the quality of such products.

Consumers expressed a high desire for reliable diet and food safety information but little confidence in the information and labelling currently available. For example, only 1% of respondents interviewed in traditional markets and 5% of those interviewed in modern food markets in Accra indicated satisfaction with the information available on food quality and standards for poultry. Many consumers doubt the integrity of packaged foods, fearing adulteration, and are sceptical of official quality certification systems. In the face of such concerns, consumers try to develop personal relationships with their food vendors to help ensure quality.

For packaged foods, consumers reported that they frequently choose internationally branded products over local alternatives, trusting more the quality of the international brands (especially those from the EU and North America). An extreme example of this preference concerns weaning foods for infants. A 2007 study in Accra found that consumers routinely paid three times more for an imported weaning food produced by Nestlé than for a locally manufactured alternative (“weanimix”) that had been jointly developed by the Ghanaian Ministry of Health and UNICEF to meet the nutritional needs of young children (Nagai *et al.*, 2009). Clearly, developing more reliable and credible food labelling, food safety and quality assurance programmes will be critical if West African food processors are to compete

successfully with imports, particularly in the more upscale segments of the market.

Food safety is also a concern in view of the trend towards eating out and the importance of street food and informal restaurants. Meats such as chicken, fish or sausage are typically fried due to preparation and eating ease and served hot to ensure food safety. Lower-income consumers tend to choose rice dishes and eggs, as these foods are cheaper and often viewed as relatively safe to eat. Fish is a relatively expensive food to buy at a canteen. In all cases, consumers are careful about which vendors they patronize.

7.3 Synthesis: main findings and policy implications

Ghana and Nigeria have had strong economic growth over prolonged periods of time leading to growing incomes and urban middle classes. However, the quality of growth in terms of its impact on broad-based poverty reduction differed between both countries. While Ghana’s broad-based growth led to halving of poverty rates within 15 years, Nigeria presents a more mixed picture. Despite the country’s higher per capita income, poverty levels remained higher than in Ghana and have increased recently. Still, its middle-class population, defined as those who spend between US\$4 and US\$20 per person per day, is estimated at approximately 12 million, against 4.8 million in Ghana. In addition, the floating class, which spends between US\$2 and \$4 per person per day, is estimated at 19.5 million in Nigeria and 6.3 million in Ghana. These higher-income households account for a disproportionate share of the food market. In Nigeria, the top income quintile is estimated to account for 40% of total expenditures for food and non-alcoholic beverages, and the upper half of the population for about three quarters.

The case studies confirm that diets and food markets in Accra and Lagos are rapidly transforming, driven by increasing incomes, urbanization and globalization. The market remains segmented among a large number of low-income

people seeking low-cost calories (starchy staples) and proteins (pulses and cheap types of meat and fish) and a growing and increasingly diverse middle class aspiring to upgrade its diet with higher-value animal products, fresh fruits, vegetables, and juices. Yet both groups face time and transport pressures created by urban congestion and significant lifestyle changes associated with urbanization; these pressures are driving an increasing demand for processed and more convenient foods such as rice. Particularly important shifts have been from traditional staples (especially roots and tubers) towards rice and wheat-based products and towards packaged products (noodles, pasta, bread, and chicken pieces), as well as increased demand for predominantly fried prepared foods and snacks.

Consumer interviews revealed that consumer food choices are a complex function of demand for convenience, affordability, healthfulness, and the tension between food traditions and modern/Western lifestyle features. Often, consumers face trade-offs, e.g. between convenience and health, or between affordability and safety. Overall, food consumption patterns are becoming increasingly diverse, combining traditional cuisine on week-ends, fast food and snacks during weekdays and rice or wheat-based convenience food for dinner at home. There are also differences between food preferences and availability of respective food options.

Demand for convenience emerged as the most important crosscutting factor determining what to buy, where to buy and where to eat. Across income segments, time constraints drive the demand for outside eating and for quick and easy to prepare food such as rice, pasta, noodles, bakery products, and snacks. The supply of fried chicken, French fries and rice has grown strongly in response. Some consumers complained about increasingly limited choices, especially concerning more healthy dishes. While most consumers expressed their preference for traditional foods, the need for convenience forces them to change their diets. This suggests market potential for convenience food products based on traditional food staples and dishes. Experiences with such product offerings

such as packaged gari and instant pounded yam reveal that consumer acceptance is a challenge. High standards in packaging, product presentation, labelling and advertising are key to overcoming these challenges.

The urban middle-class consumers interviewed of different age groups in Accra and Lagos were well aware about health implications of various food products and dishes. Consumers expressed strong desire to eat more fruits and vegetables, juices based on natural fruits, and vegetable oils with unsaturated fatty acids. Limited availability and high prices were ubiquitously cited as main constraints.

The demand for healthy and nutritious food and for more traditional dishes is often trumped by the need for convenience and the attraction to modern or Western lifestyles. This is evidenced by the preference, especially among young urban middle class and aspiring consumers, for branded packaged food products and by Western-style quick-service restaurants offering fried chicken, French fries, burgers, etc. The large advertising budgets of large food manufacturers and fast food chains reinforce these trends. Food safety is another important concern of urban consumers, especially those with higher income and education levels. The latent mistrust in the safety of the domestic processed and packaged food products drives consumers towards international brands of food products and fast-food outlets due to the perceived higher quality of imported items, placing domestic producers at a systematic disadvantage, particularly for higher-value market segments.

In this context, there are important roles for the public sector to manage this transformation in a more beneficial way for consumers and the domestic food system. These include:

- » Enhancing the awareness of nutritional values and of health and safety concerns across the entire population.
- » Strengthening the national food safety system to enhance consumers' trust in the system.

- » Supporting domestic producers along the food value chain in adopting better production standards. This requires balancing the equally valid policy objectives of ensuring healthy food to consumers with the socio-economic importance of the large informal sector engaged in food production and value chains.
- » Improving the marketing system for fresh produce, especially fruits and vegetables and meat and fish, in order to enhance the availability and quality of these products in urban areas, thereby contributing to a more balanced diet.
- » Encouraging the development and modernization of the food wholesaling industry, which in Asia has played a major role in upgrading product quality for food processors and quick-service food operations (Reardon *et al.*, 2012).