

OPPORTUNITIES FOR SRI LANKAN TRAVEL GOODS IN NIGERIA



Prepared by:

High Commission of Sri Lanka,
Nigeria

February 2017

CONTENTS

1. SUMMARY	3
2. MARKET DESCRIPTION.....	3
2.1 Demand and Supply	3
2.2 Consumer behavior	3
2.3 Standards certificates and registration	4
2.4 Business practices relating to product	4
2.5 Buyer preferences	4
2.6 Price Situation	4
2.7 Import Tariffs FTA/PTA concessions/regulations/ and NTBs	4
3. STATUS OF SRI LANKAN GOODS	5
4. COMPETITION.....	5
3.1 Major suppliers.....	5
3.2 Competitive advantages.....	6
5. CONCLUSION AND RECOMMENDATIONS	6
6. REFERENCES.....	7

1. SUMMARY

Travel goods until a few years ago were imported mainly from China and Dubai. They still are. However, there are a growing number of local manufacturers too. Considering the actual market size, Nigeria could be described as having market potential to accommodate more travel goods. Once again as the spending capacity of the middle class rises, so will be the demand.

2. MARKET DESCRIPTION

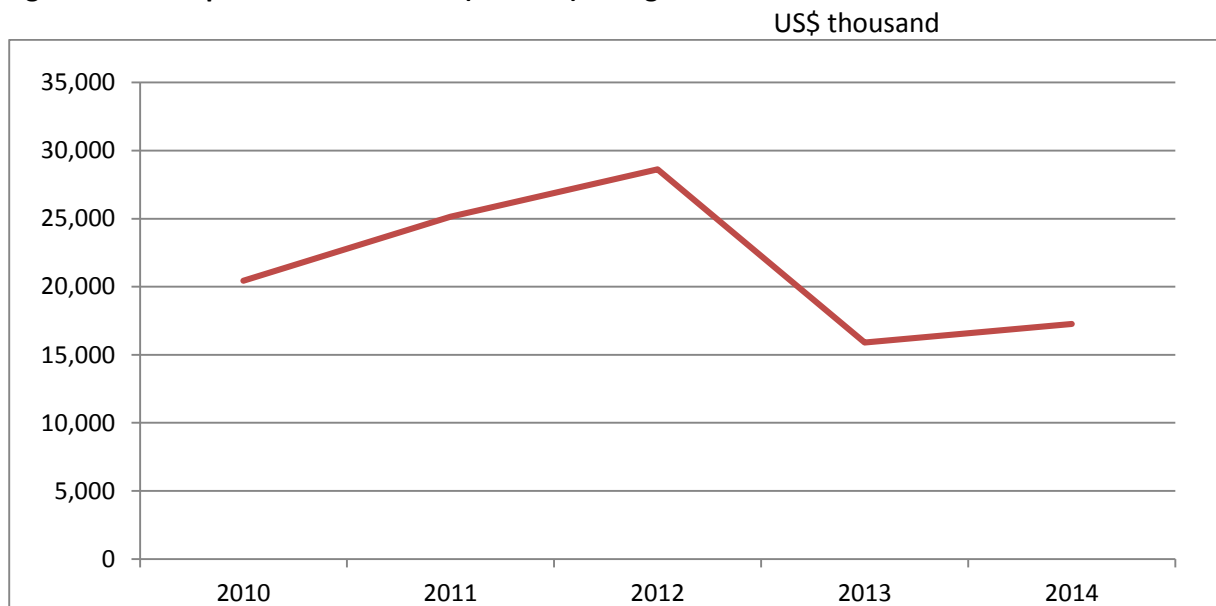
2.1 Demand and Supply

Travel goods in the Nigerian context are not what consumers would want to use over several years. Being quite fashion conscious the average consumer would wish to change the product. They are used to keeping up with current trends. As is the case for garments, the Nigerians have a big appetite for consumer goods.

Durability would be considered a major factor. Many Chinese travel goods faced challenges in the Nigerian market due to the inability to meet up with quality and durability and has therefore created a niche for other's to step into the market. There has been a significant rise in the quality of products seen in the market recently.

The supply chain is dominated by Igbo traders who are merchants from the East of the country. However, a huge market exists across the country for travel goods.

Figure: World Export of Travel Goods (HS 4202) to Nigeria



Source: Trade map

2.2 Consumer behavior

Consumers in the recent past have become more conscious of quality and demand quality products. The rising spending power of the middle class has also contributed towards the consumer seeking better value for money.

But today, consumer-facing industries have quietly grown into a significant economic force and are poised to continue growing. McKinsey expects that the next chapter of emerging middle class growth will be in the retail sector, fuelled by a new generation of Nigerian consumers.

Nigeria's consumer spending in 2015 was second only to that of 2014, despite an almost 100% drop of the value of the dollar to the Naira.

Travel goods with a fashion appeal and marketed as a branded product would sell significantly if the price is competitive.

2.3 Standards certificates and registration

Several Certifications and Registrations need to be conducted in the following institutions in stages-

CAC	-	Corporate Affairs Commission (www.new.cac.gov.ng)
FIRS	-	Federal Inland Revenue Service (www.firs.gov.ng)
PENCOM	-	Pensions Commission (www.pencom.gov.ng)
ITF	-	Industrial Training Fund (www.itf.gov.ng)
BPP	-	Bureau of Public Procurement (www.bpp.gov.ng)
SON	-	Standards Organization of Nigeria (www.son.gov.ng)
MAN	-	Manufacturers Association of Nigeria (www.manufacturersnigeria.org)

(This may not be an exhaustive list)

2.4 Business practices relating to product

The supply chain is dominated by Easterners of the Igbo tribe who are largely merchants.

The terms of payment are negotiable. It is expected that once a channel is established, goods can be bought at a ceiling credit facility.

Being able to meet delivery expectations would go a long way in breaking the monopoly of existing players in the market.

2.5 Buyer preferences

Information on the above mentioned can be accessed through the following;

Standards Organization of Nigeria (SON)
Manufacturers Association of Nigeria (MAN)
Federal Ministry of Environment (www.environment.gov.ng)
Federal Ministry of Industry, Trade and Investment (www.fmiti.gov.ng)

2.6 Price Situation

Independent market surveys can be carried out.

2.7 Import Tariffs FTA/PTA concessions/regulations/ and NTBs

Contact

NCS- Nigerian Customs Service- (www.customs.gov.ng)

3. STATUS OF SRI LANKAN GOODS

Sri Lanka Travel goods exports to Nigeria in 2015 and 2016

HS Code	Product Label	2015	2016
		Quantity	Quantity
H.420299	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, handbags pouches, tool bags, sports bags, bottle cases, of vulcanized fibre or of paperboard, or wholly or mainly covered with such materials or with paper	300 Kg	120 Kg
	Total :	300	120

Source: Sri Lanka Export Development Board

4. COMPETITION

3.1 Major suppliers

Thousands of suppliers operate in this market.

Notable players,

- Samsonite (<http://shop.samsonite.com/>)
 - Emel group (http://lagos.all.biz/luggage-g1127#.WF5mMMm5_IE)
 - Mendel store (<http://www.konga.com/mendelstore>)
 - MCM- (<https://www.mcmworldwide.com>)
- Here are some useful links showing the other importers and manufacturers
- https://companylist.org/Nigeria/Luggage_Bags_Cases/Luggage_Travel_Bags/
 - <https://www.gmdu.net/join-25-join-72-p1.html>

Table: Top 10 Exporters of Travel goods to Nigeria

Exporters	US \$ thousand				
	2010	2011	2012	2013	2014
China	19,025	24,536	15,776	14,724	16,714
Turkey	0	0	0	0	101
United Kingdom	28	137	3,240	20	94
United Arab Emirates	7	4	1	271	68
Netherlands	0	0	4	10	58
Korea, Republic of	0	0	0	0	49
Italy	66	0	3	0	46
United States of America	668	18	133	246	34
India	451	25	173	3	31
South Africa	0	0	67	450	23

- **Source: Trade map**

3.2 Competitive advantages

- Competitive pricing
- Fashionable products
- Consistency in quality
- Credit facility and prompt delivery to buyer

Special market tools applied by the competitors

- Online marketing,
- Featuring in trade fairs
- Use of existing retailer network

Incentives if factories are to be set up Nigeria

Inquiries to be made at the;

- Ministry of Trade and Investment,
- Manufacturers Association of Nigeria (MAN)
- State Government Liaison offices in Abuja

Advantages and disadvantages of setting up factories in Nigeria

Advantages

- The thrust of the Government to encourage local production by setting up factories
- Several importers bring in these goods but are concerned about the increasing duties. This has encouraged local investors to seek technical partners outside the country to set up manufacturing in Nigeria.
- Labor and land costs are relatively cheap depending on the location.

Disadvantages

- The falling rate of the naira to the dollar
- Epileptic power supply (most industries depend on dedicated transformers or generators)
- Government bureaucracy and in certain cases security (depending on the area concerned)

5. CONCLUSIONS AND RECOMMENDATIONS

- A thorough market survey is always the key to an economy such as Nigeria.
- A good knowledge of the government/civil service and contacts within and outside the system are crucial. Patronage is almost a cultural norm. Hence knowing whom to approach rather than following set protocols can make a big difference
- It is also advisable to cover all legal considerations from the onset.
- Aggressive marketing is a key as opportunities abound with more and more competition building.

6. REFERENCES

<http://www.euromonitor.com/nigeria/country-factfile>

<http://luxurysociety.com/en/articles/2014/04/is-nigeria-the-luxury-industrys-next-big-opportunity/>

Prepared by:

Name : High Commission of Sri Lanka, Nigeria

Disclaimer:

High Commission of Sri Lanka, Nigeria, has taken every care in the preparation of the content of this report, but the High Commission of Sri Lanka, Nigeria cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The High Commission of Sri Lanka, Nigeria accepts no liability whatsoever.