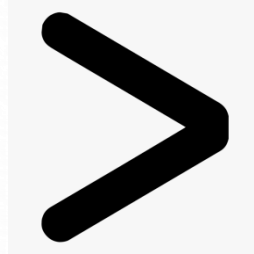




The Big Rip-Off
(Sura traders take customers to the
cleaners)

Sura



Oyingbo



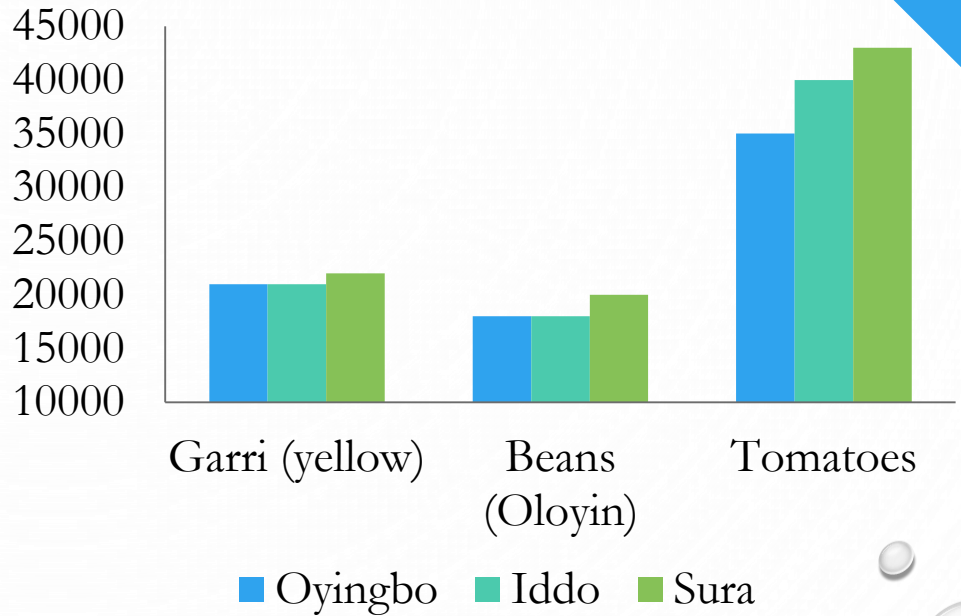
*20% more
expensive*

SURA IS 20% MORE EXPENSIVE THAN OYINGBO



- Garri 5%
- Beans 11%
- Tomatoes 23%

Food Prices (N)



Price difference in tomatoes wider due to seasonality

REASONS FOR DISPARITY

	Sura	Oyingbo
Geographical location	Closer to Ikoyi, VI, Lekki	Yaba, Ebute Metta
Disparity in income	<ul style="list-style-type: none">• Rents are more expensive• Flat (avg) = N5mn	<ul style="list-style-type: none">• Rents are cheaper• Flat (avg) = N1mn
Elasticity of Demand	Less price sensitive	More price sensitive
Logistics & transport costs	Additional cost of moving items to Sura	Landing point of agric commodities

IS PRICE DISCRIMINATION SPECIFIC TO NIGERIA?

- Price discrimination is not Nigeria specific but a universal phenomenon
- It is a characteristic of imperfect markets
- Reasons include:
 - Different demand elasticity
 - Market segmentation





3rd Mainland Bridge Closure

6 months from July 24th

IMPACT OF 3RD MAINLAND BRIDGE CLOSURE

- Disruptions in food supply
 - Traffic congestion as motorists use alternative routes
- Spike in food prices (15.18%)
 - In spite of the harvest season
- Reduction in average food consumption per person
 - As consumers rationalize their

- Average food requirements/person/day: 1.814kg (www.precisionnutrition.com)
- Population of Lagos: 22.5m (Lagos State Bureau of Statistics 2014)
- Total Food/day: 40,500,000kg



1,600 of 25MT Trucks



5,060 of 8MT Trucks



13,500 of 3MT Trucks

OUTLOOK

- Price discrimination is here to stay
- It is a natural function of higher logistics costs and location
- Fuel costs will have direct impact on commodity prices
- Using diesel trucks is more efficient than petrol trucks
- In the end, price equilibrium is the ultimate goal

PANDEMIC IMPACT ON FOOD PRICES

Food Items	Jan'20	Jul'20	% change
Tomatoes (Big Basket)	8,000	35,000	337.5 ↑
Garri (Bag) Yellow	7,200	21,000	191.7 ↑
Yam 1 Tuber (Large)	800	2,000	150.0 ↑
Pepper (Big Basket)	6,000	15,000	150.0 ↑
Onion bulb (Big Bag)	15,000	30,000	100.0 ↑

Thank you!