The Big Rip-Off
(Sura traders take customers to the cleaners)
20% more expensive

Sura

Oyingbo
SURA IS 20% MORE EXPENSIVE THAN OYINGBO

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

Price difference in tomatoes wider due to seasonality
## REASONS FOR DISPARITY

<table>
<thead>
<tr>
<th></th>
<th>Sura</th>
<th>Oyingbo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographical location</td>
<td>Closer to Ikoyi, VI, Lekki</td>
<td>Yaba, Ebute Metta</td>
</tr>
<tr>
<td>Disparity in income</td>
<td>• Rents are more expensive&lt;br&gt;• Flat (avg) = N5mn</td>
<td>• Rents are cheaper&lt;br&gt;• Flat (avg) = N1mn</td>
</tr>
<tr>
<td>Elasticity of Demand</td>
<td>Less price sensitive</td>
<td>More price sensitive</td>
</tr>
<tr>
<td>Logistics &amp; transport costs</td>
<td>Additional cost of moving items to Sura</td>
<td>Landing point of agric commodities</td>
</tr>
</tbody>
</table>
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 motorist 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 spending

- 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
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
<table>
<thead>
<tr>
<th>Food Items</th>
<th>Jan’20</th>
<th>Jul’20</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tomatoes (Big Basket)</td>
<td>8,000</td>
<td>35,000</td>
<td>337.5</td>
</tr>
<tr>
<td>Garri (Bag) Yellow</td>
<td>7,200</td>
<td>21,000</td>
<td>191.7</td>
</tr>
<tr>
<td>Yam 1 Tuber (Large)</td>
<td>800</td>
<td>2,000</td>
<td>150.0</td>
</tr>
<tr>
<td>Pepper (Big Basket)</td>
<td>6,000</td>
<td>15,000</td>
<td>150.0</td>
</tr>
<tr>
<td>Onion bulb (Big Bag)</td>
<td>15,000</td>
<td>30,000</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Thank you!