



RECIPROCUS RESEARCH BRIEF

Biker Apparel Market in Africa

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Reciprocus is delighted to present to you our initial views on potential growth of Biker Apparel in Africa

- Biker Apparel in the African region shows great potential, as the number of bike riders increase in the region, derived demand for Biker Apparel is forecasted to increase (Based upon historical data; 10-year CAGR of 7.17%).
- The functional Apparel industry in Africa imported USD\$222 million in 2015 alone, with South Africa, Egypt importing over USD\$40 million in that year.
- There are 3 key potential markets in the Africa – South Africa, Nigeria and Egypt.
- An expansion to Africa is a logical potential next step for Singapore firms looking to expand their network globally; a range of macro-economic factors in the region suggest highly relevant and growing opportunities.
- Some of the primary indicators that back Africa as a market of potential for penetration include:
 - Rising number of bike imports (10 year CAGR of 7.16%) suggests a growing number of Bike riders in the region.
 - Increasing GDP per capita (10 year CAGR of 4.02%) would lead to increased purchasing power, enabling more people to afford bike and hence, biking apparels.
- The key threat we've identified for Biking Apparel firms in Africa is the slow adaptation of Biking apparels in the less developed nations of the region; motorcyclists in rural areas tend not to dress in functional apparel due to a lack of awareness on the benefits they provide and lower purchasing power.
- Hence, we recommend Singaporean firms to monitor nations with more developed economies; uptake of Biking apparel is more likely in such regions.
- Coupled with strong fundamental reasons listed above, and the key consideration of the adaptability of biking apparels, we suggest firms to closely monitor South Africa, Nigeria and Egypt for opportunities for expansion.

Business Overview

➤ **Healthy growth rates in demand for Motorbikes in Africa**

Demand for motorbikes in Africa have been growing steadily over the past decade, with a 10-year CAGR rates of 7.16% and increasing purchasing power amongst consumers. The demand is forecasted to increase even further in the next few years as Key African economies start taking effect from better economic reforms and greater trade with other nations such as Singapore.

➤ **Preference for Motorcycles over Cars**

Motorcycles are much more accessible to consumers in Africa due to it's cheaper price and lower maintenance costs. Functional wear for bikers is not prominent in rural areas but urban areas in nations such as Nigeria or South Africa show potential for the growing market.

➤ **Biker Culture strong in Africa**

There is a prevalence of a "Biker Culture" in Africa. This is growing as more Africans start to be influenced by Western cultures and absorb the wants and needs associated to owning a motorcycle. The market for biker apparels is deemed to grow as more people are assimilated to the biker lifestyle.

➤ **Strong potential for the Biker Apparel Market as consumer's purchasing power increases**

As mentioned earlier, Africa's GDP growth has translated to higher purchasing power for consumers (4.02% 10 Year CAGR for GDP per capita), demand for functional apparels is forecasted to grow, especially from the middle class.

Key Revenue Drivers



GDP growth is estimated at 3.6% in 2015, and Africa maintains it's position as the 2nd fastest growing economy in East Asia - AFDB



Bikes are much more preferred over cars as they require less paperwork and are prices affordably - Honda



Increased demand for Motorbikes

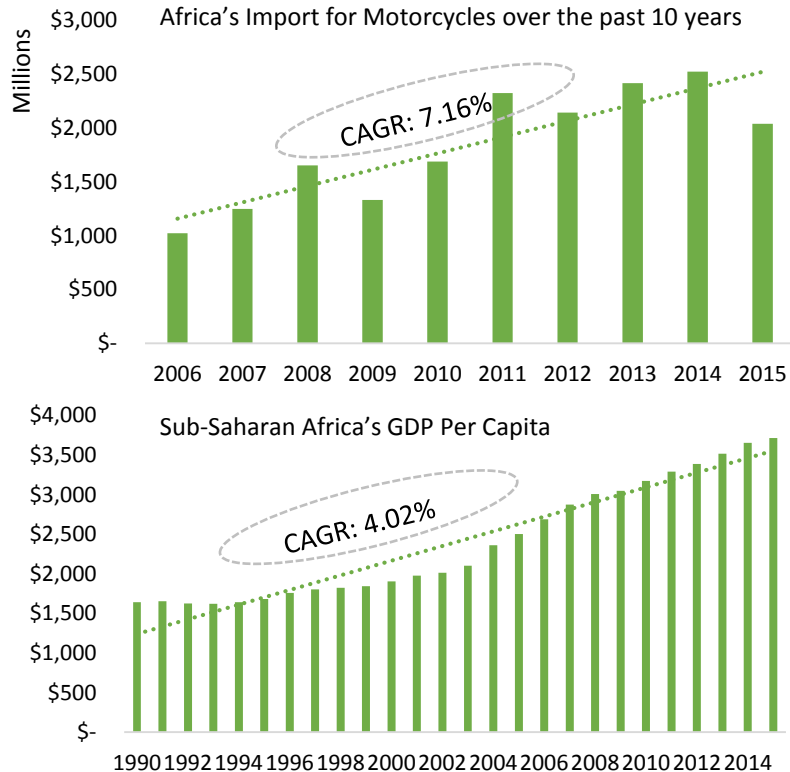
Demand for imported motorbikes in Africa grew at a CAGR of 7.16%, valued at over USD\$2 billion in 2015 alone

Macroeconomic Outlook of the African Biker Apparel Market



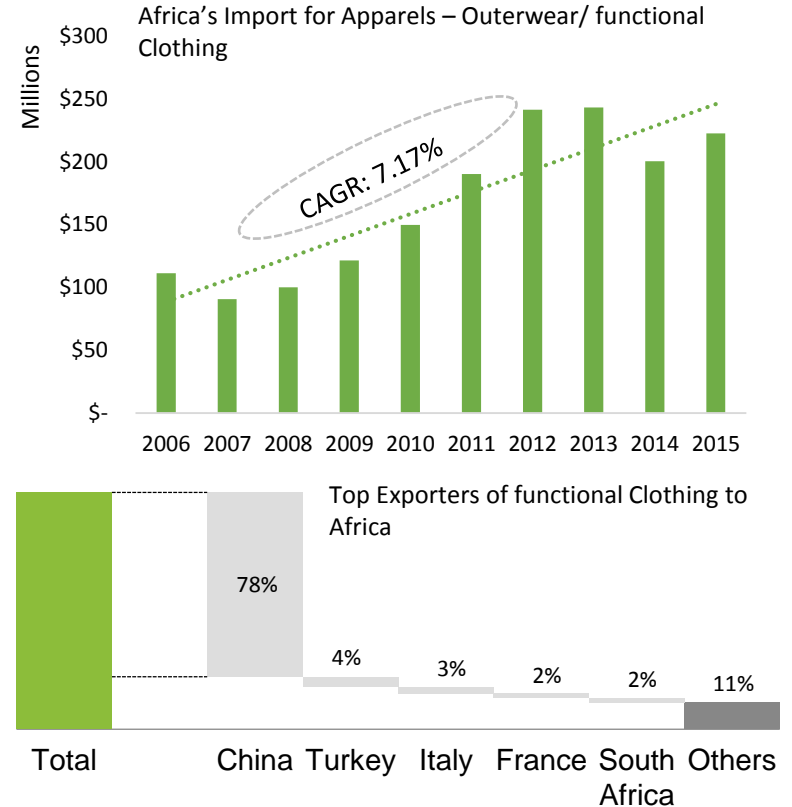
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Growth in Demand for Motorcycles



- Demand for Motorbikes in Africa is has been growing steadily with a CAGR of 7.16% over the past decade.
- This is heavily backed by the increasing purchasing powers of the consumers in Africa with GDP per capita increasing at a 10-year CAGR of 4.02%.
- More consumers can now afford motorcycles as means of transportations.

Derived demand for Apparels



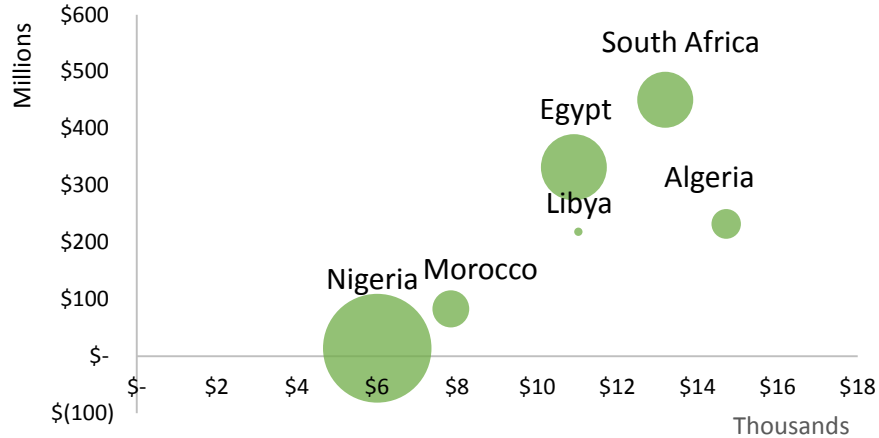
- Africa's Importation of Functional clothing has been growing along the rising demands of Motorcycles with a CAGR of 7.17% over the past decade.
- The largest player in Africa's Functional clothing market is China, holding 77.82% of the import market.
- However, demand for higher quality functional clothing from other nations is showing strong growth

Regional Landscape and Analysis - Africa



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Bubble Chart Analysis: Function Apparel Import by GDP Per Capita; Motorcycle Import



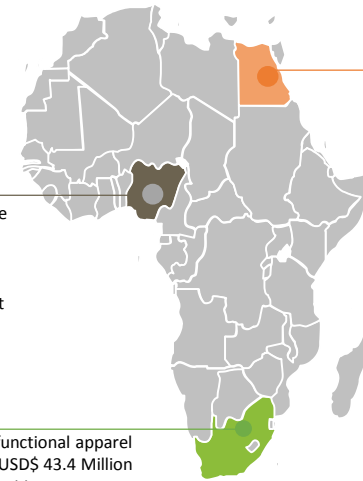
- **Nigeria imports the largest amounts of motorcycles;** With over USD\$446 million worth of motorcycles imported in 2015 alone. Nigeria's market for Motorcycle is one of the largest in Africa, coupled with a strong biker culture (Source: BBC), Nigeria is an attractive market with strong potential for Singaporean players to penetrate
- **South Africa is a key market of interest;** having regained the title of the largest economy in Africa from Nigeria, the South African economy is also one of the easiest to do business in (4th Easiest in Africa) (Source: World Bank). Their large market size and strong growth in demand for imported functional apparel make South Africa the key market of interest

Nigeria

West Africa is home to some of Africa's largest biker clubs. The strong bike culture in Nigeria (Home to the largest bike club in West Africa) make it an attractive market

South Africa

Has the largest market for imported functional apparel with an estimated imported value of USD\$ 43.4 Million on 2015 alone. Strong growth and a stable economy make South Africa a key market of interest



Egypt

Egypt's market for functional clothing showed the largest organic growth in the African Region with a 10-year CAGR of 11.86%

- **Emerging Opportunities in North Africa,** countries like Egypt, Libya, and Algeria are emerging opportunities. They showed some of the highest growth in demand for Functional clothes with a CAGR of 11.86 for Egypt. We recommend monitoring these high potential economies for opportunities.
- **West Africa has the strongest bike culture;** our research upon case studies revealed that West Africa's bike culture is strongest in the region. Nigeria is leading the pack with the largest importation of motorbikes and the strong bike culture is deemed to push demand for biker related apparels.

Opportunities Spotlight and Analysis



Why South Africa?

- **Big Market Size presents a promising opportunity**

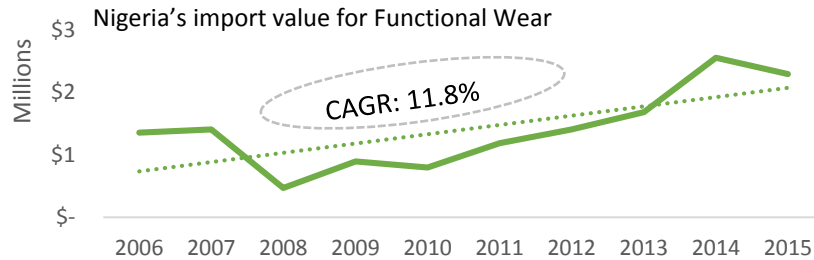
Being the largest economy in Africa, South Africa presents a promising opportunity for entrance for foreign players, it's growing demand for functional apparel (10 year CAGR of 48.63%) and comfortable GDP per capita of USD\$ 13,195 make it an attractive market

- **Ease of penetration by Singaporean Firms**

Being the 4th easiest economy to do business at Africa, South Africa's market is one that is easier for firms from Singapore to penetrate.



Why Nigeria?



- **Largest Importer of Bikes in Africa**

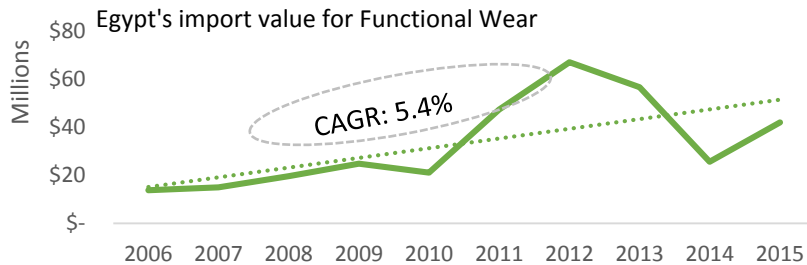
Nigeria imports the highest amounts of motorcycles in Africa, which will lead to a derived demand in biking apparels

- **Steady GDP growth**

Nigeria's economy is the 2nd largest in Africa, with a GDP of USD\$ 481.07 billion



Why Egypt?



- **2nd Largest importer of functional Apparel**

Demand for Functional Apparel is high in Egypt with estimated import value of USD\$41.9 million in 2015, 2nd only to South Africa

- **High growth in Demand**

Egypt demand for functional apparel has the highest growth rate at 11.8% CAGR

Evaluation:

Given the strong growth potential and import demands for Biker Apparel in Africa, we recommend Singaporean firms to explore markets in the region, with a focus on South Africa, Nigeria and Egypt.



About Reciprocus

We specialize in assisting small and medium-sized businesses with expansion into overseas markets:

- Selecting and Structuring Route to Entry;
- Mergers, Acquisitions, Joint Ventures;
- Distributorships, Franchising and Licensing;
- Capital Raising.

For more information about our practice, visit our website at: www.reciprocus.com.



IE Singapore Assistance

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Market Readiness Assistance Grant: Market assessment, market entry and business matching activities.

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More information available at:
<http://www.iesingapore.gov.sg/Assistance>.

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