

THOUGHT LEADERSHIP



Nigeria's FMCG Sector: Key Developments and Q4 Outlook

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Introduction

Nigeria's Fast-Moving Consumer Goods (FMCG) sector continues to stand at the intersection of challenge and opportunity. In recent years, economic instability, currency volatility, and supply chain disruptions have tested the resilience of industry players.¹ Yet, even amidst this uncertainty, the sector has remained remarkably adaptive, drawing strength from innovation, shifting consumer behaviors, and digital transformation.

By the end of 2024, many FMCG companies found themselves grappling with a sharply depreciated Naira, soaring interest rates, and inflation that crossed 28%. In an article published by Nairametrics², it was reported that the FMCG market faced daunting challenges with the declining purchasing power of the consumers and rising inflation, which saw the volume of transactions decline by 17.4%. These macroeconomic shocks significantly elevated the cost of doing business. Companies like PZ Cussons reported drastic profit declines, while finance costs across major FMCG firms ballooned to over ₦1 trillion, largely due to foreign exchange losses. Consumer purchasing power eroded further, as millions of Nigerians cut back on discretionary spending, prioritizing essentials over premium products.³

In response, businesses were constrained to recalibrate. Multinationals like Shoprite and Pick n Pay restructured or exited unprofitable operations, while local players pivoted to smaller pack sizes and more affordable product offerings. The rise of "sachetization" became even more pronounced, as brands sought to meet consumer needs at lower price points and in order to capture as many consumers as possible. Digital commerce also grew significantly, with platforms like Jumia and Konga witnessing a surge in traffic as Nigerians turned to e-commerce for convenience and cost savings.

This report therefore outlines the performance of the sector and the major developments that has shaped Nigeria's FMCG landscape in the first half of 2025, highlighting critical trends, and making projections for the last quarter of the year.

¹ <https://www.vanguardngr.com/2024/04/modern-retail-growing-in-nigeria-despite-tough-economic-cycle-report>

² <https://nairametrics.com/2024/08/14/inflation-fmcg-transaction-volume-in-nigeria-declines-by-17-4-in-2024-report/>

³ You may find our previous article at <https://jee.africa/an-outlook-on-the-present-and-the-future/>



Regulatory and Economic Landscape

There has been a positive trajectory in the economic outlook of the FMCG sector. This was largely due to the volume of business activities that occurred within the sector in the first half of the year. There is an optimism that the volume of business activities in the last quarter would be favourable, due to the stability of the exchange rate in the last couple of months and reduced inflation which signals potential growth in economic activities. There is generally the expectation that the Naira to Dollar exchange rate which currently sits at N1,532/\$1⁴ will continue to appreciate.

At the start of 2025, consumers and companies within this side of the continent approached 2025 with a bit of cautious optimism. Perhaps due to the fact that in the face of inflation and currency volatility, there were signs of government and regulatory support for the hardships arising from their activities within the sector. For instance, the Central Bank of Nigeria (CBN) introduced a series of monetary interventions, including targeted foreign exchange support for manufacturers and a digital rebate scheme for exporters. These measures, along with the Federal Government's broader fiscal reforms, such as the Accelerated Food Security and Commodities Stabilization Plan (AFSCSP), began to show early signs of impact.

⁴ Available at <https://www.cbn.gov.ng/rates/ExchRateByCurrency.html>



Market Trends

A lot of key players in the sector have bounced back and have returned to profitability. The improved performance and revenue growth may be due to increased consumer demand, tighter financial cost management and implementing policies to eliminate foreign exchange losses. Companies are beginning to report significant revenue growth, increased operating profit and little or no foreign exchange loss. Companies such as BUA Foods, Cadbury Nigeria, Dangote Sugar, Nigerian Breweries, UACN, Precso Plc etc reported explosive revenue growth in H1.

The sector also saw the high activities in the mergers and acquisition space in the last two years decrease in 2025, largely due to a stable foreign exchange market. UACN's acquisition of Chi Limited (a key player in the juice and dairy industry) from Coca Cola was the only significant acquisition that occurred in H1 2025. Despite the gains achieved in H1, there are still challenges plaguing the sector. High interest rates (which currently sit at 27.50%)⁵, insecurity, insufficient power supply, high inflation rate (22.22%)⁶ and poor infrastructure are factors that directly impact the operational stability and profitability of business operating within the sector.

Consumer behavior continued to evolve in 2025, shaped by economic pressures and rising health awareness. Nigerians increasingly favored locally made products, both for their relative affordability and availability. Brands that demonstrated empathy, offered value-driven pricing, and engaged authentically with communities gained market traction. In urban areas, demand rose for functional foods and wellness products, while digital-native "Gen Z" consumers began driving new trends through social media and influencer marketing.

⁵ Central Bank of Nigeria (CBN) Monetary Policy Communique No.158

⁶ See 5 above

The industry, however, still contends with persistent challenges. Counterfeit goods remain widespread, undermining brand trust and endangering consumer health.

Despite these headwinds, investment opportunities still abound. In early 2025, Coca-Cola reaffirmed its \$1 billion expansion plans in Nigeria, focusing on local manufacturing and distribution in the northern corridor. Venture capital interest in tech-enabled FMCG startups has also grown, particularly those leveraging mobile platforms, last-mile delivery, and localized content. Pick n Pay, which exited Nigeria in 2021, has announced plans to re-enter the market through a franchise model tailored for underserved communities.

Technology is playing an increasingly central role in reshaping the sector. Artificial intelligence and blockchain solutions are being integrated into supply chains to improve transparency, reduce waste, and drive cost efficiencies. FMCG firms are also investing in green packaging solutions, with sustainability now a competitive differentiator. The rise of mobile payments and fintech platforms has enabled smoother transactions and expanded reach, particularly in semi-urban and rural areas.



Outlook for Q4, 2025

It is expected that the sector will maintain the momentum gained in It is expected that Nigeria will continue to experience a stabilized foreign exchange rate.

One of the constraints identified in H1 was high taxes. However, in June 2025, President Bola Ahmed Tinubu signed four tax reform bills⁷ into law with the aim of driving economic growth and improving business environment. It is expected that these new tax Acts will have significant impact on the business operations of companies operating within the sector.

⁷ Nigeria Tax Act (NTA), The Nigeria Tax Administration Act (NTAA), The Nigeria Revenue Service Act (NRSA) and the Joint Revenue Board Act (JRBA)

Historically, Nigeria has suffered a long-standing infrastructural deficit which has always had an effect on the cost of production, rural penetration, localized innovation. There has been a commitment by the present administration to address these challenges. It is expected that the ongoing rehabilitation of critical transport corridors such as Lagos-Ibadan and Abuja-Kaduna and the construction of the Lagos-Calabar Coastal highway, Sokoto-Badagry highway etc., will be vital in reducing distribution cost and unlocking market access in the FMCG sector.

To thrive in this evolving landscape, FMCG companies must continue to adapt. Prioritizing local sourcing, expanding micro-packaged offerings, and embracing digital tools will be essential. Firms should invest in data-driven marketing, forge strategic partnerships, and maintain operational agility. Regulatory engagement will also be critical, especially in shaping frameworks that address counterfeiting, standardization, and fair competition.

In conclusion, while the Nigerian FMCG sector remains vulnerable to economic shocks, it is also one of the most promising frontiers for long-term growth in Africa. The companies that will lead in 2026 will be those that balance resilience with innovation, specifically those that understand the Nigerian consumer not only as a market, but as a partner in shaping the future of commerce and the economy of the Federal Republic of Nigeria.

AUTHORS



Irene Momoh
Senior Associate



John Nsorom
Associate

KEY CONTACTS

For further information, kindly reach the contact below:



Chinwe Ogban

Partner
chinweizu.ogban@jee.africa



Nkem Isiozor

Senior Asspciate
nkem.isiozor@jee.africa



Irene Momoh

Senior Asspciate
irene.momoh@jee.africa

Telephone

+234 (02) 014626841/3,
+234-(02) 012806989

Email

jee@jee.africa

Victoria Island

RCO Court,
3-5 Sinari Daranijo Street,
Victoria Island, Lagos, Nigeria.

Abuja

42, Moses Majekodunmi
Crescent.
Utako, FCT, Abuja

Ikeja

1st floor, ereke house, Plot 15,
CIPM Avenue
CBD Alausa Ikeja
Lagos Nigeria

Accra

Yaoundé

Harare