

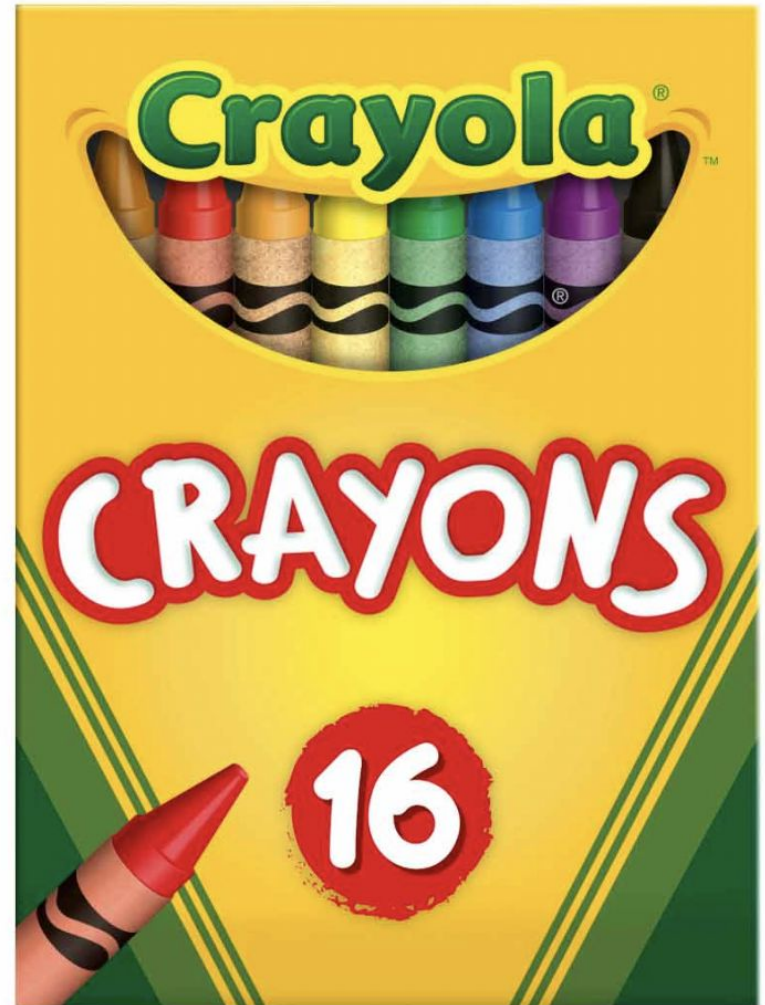
# Nigeria and Crayola

Market Makers



# Product Overview

Crayola was founded in 1885 in Pennsylvania. It is a globally known company that makes art supplies and inspires creativity in children. They make crayons, markers, colored pencils, and craft supplies. Crayola prioritizes the economy and makes eco-friendly products that are made from recycled renewable materials. It currently operates in a few countries such as North America, Europe, Asia, Australia, and parts of South America.



# Country Analysis

## 1. Demographics & Culture

- **Population:** Over 200 million, diverse with 1,150 ethnic groups and 527 languages.
- **Key Ethnic Groups:** Fulani, Hausa, Igbo, Yoruba, Ijaw.
- **Family Structure:** Larger families common; high birth rates drive demand for educational tools.
- **Cultural Importance of Education:** Strong emphasis on early childhood education and creativity.

## 2. Economic Environment

- **GDP Growth:** Nigeria is one of Africa's largest economies.
- **Income Disparity:** Significant differences between urban and rural areas, with a growing middle class in cities.
- **Urbanization:** Rapid growth of cities like Lagos, Abuja, and Kano.

## 3. Education Landscape

- **Primary Education:** Completion rate of 59% for boys, 51% for girls (2020).
- **Art Education:** Emphasis on creativity and cultural heritage through art programs.
- **Government Initiatives:** Efforts to improve educational access and quality.



# Country Analysis Continued

## 4. Political & Legal Environment

- **Political System:** Presidential system; issues with transparency and electoral integrity.
- **Legal System:** Combination of customary, statutory, and Shari'ah law.
- **Business Regulations:** Foreign businesses must obtain local registration; compliance with Nigerian safety standards (NAFDAC, SON) is crucial.

## 5. Market Considerations for Crayola

- **Cultural Sensitivity:** Tailor products and marketing to Nigeria's diverse ethnic and religious landscape.
- **Opportunities:** High demand for educational supplies, growing middle class, and cultural diversity.
- **Risks:** Price sensitivity, competition from local and Chinese alternatives, infrastructure challenges.

# Segmentation

## Segment 1

Segment name: Young New Mothers

Segment size: 50 Million people

Age: 20-34

Sex: Female

Income: Low-Middle Income

Education level: Varies from secondary education to tertiary education

Occupation: Primarily homemakers, small business owners, teachers, etc.

Beliefs & Values: Value family, children's education, and creative development.

## Segment 2

Segment name: Educational Institutions

Segment size: 22 Million people

Age: All ages

Sex: Both male and female educators

Income: Varies depending on if it is a private or public institution

Education level: Primary, secondary, and tertiary institutions

## Segment 3

Segment name: Artist or Creatives

Segment size: 15-20 Million people

Age: 18-45

Sex: Male and Female

Income: Low-Middle Income

Education level: Self-taught to formal art and design education



# Targeting

- **Families with Young Children:** Parents looking for safe, fun, and creative products for their children.
- **Schools, Art Centers, and Community Programs:** Institutions that need reliable and innovative art supplies to support learning and creativity.

## **Multi-Segment Approach:**

- Consumer market is diverse
- Rise in the middle class
- Growing focus on education
- Increasing investment in creative learning
- Targeting families and educational institutions will maximize market penetration
- Overall helps enhance brand reach and impact in the market.

# Positioning

## Function:

- creative expression
- Learning
- Development
- Support artistic exploration in children
- Make classroom learning better by providing vibrant, high-quality, and safe art supplies.

## Problem Solved:

- fill the gap for reliable, high-quality art materials
- Meet safety standards
- Inspire creativity
- Support educational outcomes

## Market Need Not Met by Current Offerings:

- Products that are consistently high quality and safe
- Designed to spark creativity with a wide variety of vibrant colors
- Backed by a trusted global brand reputation, which reassures parents and educators about the product's value and reliability.

## Positioning Statement

*For Nigerian families and educational institutions, Crayola is the leading creative art supply brand among art products because its crayons deliver unmatched quality, safety, and innovation, which empowers children to explore their creativity and learn through play.*

# National Policies Governing Import and Export

## Import Tariffs or Duties

- Varies depending on the specific product category and its classification under Nigeria's tariff schedule
- Nigeria imposes tariffs as part of its effort to protect local industries and generate revenue
- Nigeria's strict regulatory environment mandates compliance with agencies like NAFDAC and SON
- This can add to the overall cost structure through testing, certification, and labeling requirements
- Crayola must factor in both the direct tariff costs and the additional regulatory expenses when planning its market entry in Nigeria.

## Regional or Global Trade Agreements

- Nigeria is an active member of several regional and global trade agreements that influence its import and export environment
- For example, Nigeria is part of ECOWAS (Economic Community of West African States) and is involved in initiatives like the ACFTA (African Continental Free Trade Area), in addition to being a member of the WTO (World Trade Organization)
- These are designed to reduce trade barriers, harmonize standards, and facilitate the movement of goods across borders within the region
- Crayola should leverage these agreements and potentially reduce their import costs, improve market access, and streamline distribution channels
- However, while these trade agreements benefit market entry by lowering some barriers, they can also come with challenges such as bureaucratic complexities and fluctuating regional policies that may limit the full realization of cost benefits.

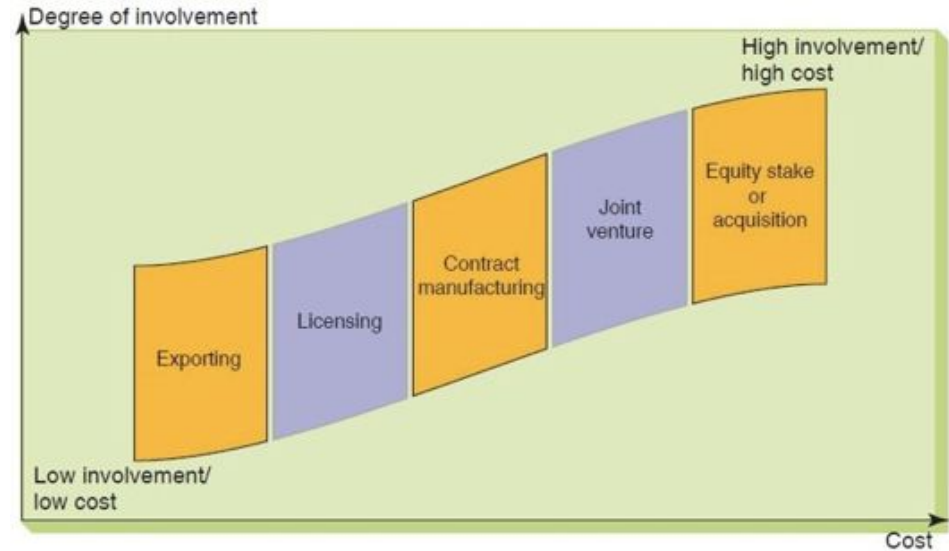
## Exchange Rate Policy and Risk Management

- Nigeria's exchange rate policy is centered around the Nigerian Naira which is known for its volatility, which can significantly affect the cost of importing products like Crayola Crayons
- Fluctuations in the Naira can increase the cost of goods if the currency depreciates, which would lead to higher import expenses and reduced profit margins
- To mitigate the exchange rate risks, Crayola should adopt strategies such as hedging through forward contracts or currency futures, which lock in exchange rates for future transactions
- They should also try negotiating contracts in a more stable foreign currency or pass some of the risk onto local distributors through pricing strategies that could help manage uncertainties
- This is essential in order to maintain cost predictability and ensure competitive pricing in the Nigerian market.



# Global Market-Entry Strategy

A joint venture with local distributors, schools, and retailers would be the most effective market-entry strategy for Crayola in Nigeria. This approach balances risk, investment, control, and aligns with Crayola's global vision. Over time, Crayola can assess market performance and decide whether to expand with direct investment or maintain a partner-driven approach.



# Pricing Decision

Current Exchange rate: 1~~N~~ = \$.00062

- Our primary pricing objective is market share expansion.. We aim to offer competitive pricing that attracts schools, parents, and retailers while ensuring sustainable profitability. By focusing on affordability and accessibility, we can build brand loyalty and position.
- Price Floor: The minimum price will be set based on the cost of production, import duties, logistics, and distribution expenses. This ensures we do not sell at a loss. Based on preliminary cost analysis, the price floor is estimated to be ₦500 per 12-pack of crayons.
- Price Ceiling: The maximum price will be determined by consumer willingness to pay and competitor pricing. Given our premium brand position, the price ceiling will be around ₦1,500 per 12-pack, ensuring we remain competitive while emphasizing Crayola's superior quality.
- We will adopt a penetration pricing strategy to introduce Crayola into the Nigerian market. By setting an initial price slightly lower or on par with competitors like Faber-Castell and BIC, we can attract cost-conscious consumers while showcasing Crayola's premium quality. Our strategy includes bulk pricing for schools, promotional discounts for first-time buyers, and partnerships with retailers to maximize distribution.

# Global Product Planning-Strategic Alternative

## **Strategic Alternative: Product Adaptation**

- **Reason:**
  - Aligns with local preferences, needs, and regulations.
  - Maintains Crayola's brand identity while appealing to the Nigerian market.

## **Product Adaptation Strategy:**

- Adapt the product to meet local market requirements while retaining its core identity.

# Global Product Planning-Product Aspects to Adapt

## 1. Packaging:

- Local languages (English & Yoruba)
- Durable for humid climate

## 2. Pricing:

- Smaller packs (6 or 12-count)
- Lower price for budget-conscious consumers

## 3. Color Selection:

- Culturally relevant colors (e.g., traditional fabrics, landscapes)

## 4. Material Composition:

- Compliance with local safety/environmental regulations

## 5. Marketing & Branding:

- Focus on educational benefits
- Culturally relevant messaging targeting parents and schools

# Global Channels and Physical Distribution

- **Partner with major retailers like Shoprite and Jumia:**

Shoprite offers widespread visibility in high-traffic locations across Nigeria, making it ideal for in-store displays and promotions. Jumia provides a strong e-commerce presence, allowing Crayola to reach tech-savvy consumers and offer online deals, bundles, and home delivery.

- **Target schools, bookstores, and supermarkets:**

Building relationships with schools and educational suppliers creates consistent bulk orders and long-term brand loyalty. Bookstores and supermarkets like Spar can feature Crayola during back-to-school promotions and holiday seasons, encouraging impulse buys and gift set purchases.

- **Leverage informal markets through local vendors:**

Informal markets and roadside stalls are key to reaching a broader customer base, especially in low-income and rural areas. Crayola can create smaller, affordable SKUs tailored for daily sales, working with local distributors and market vendors for deeper community penetration.

# Integrated Communication Systems

- **Social Media and Digital Campaigns**

Use platforms like Instagram, Facebook, and TikTok to promote Crayola's creative tools with fun challenges, reels, and parent-focused content. Collaborate with Nigerian influencers, artists, and mommy bloggers to build trust and drive engagement across digital audiences.

- **Educational and Community Outreach**

Partner with schools and NGOs to run art contests, creativity workshops, and back-to-school campaigns. These initiatives build brand credibility while promoting Crayola's role in child development and education.

- **Traditional Media and In-Store Promotions**

Advertise on TV and radio during kid-focused programming and family shows to reach a wider audience. Use eye-catching in-store displays, posters, and promotional events in supermarkets and bookstores to encourage immediate purchases.