The Beer Market
in Cameroon

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ABSTRACT
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PROBLEM
With the highly competitive nature of the Brewery industry nowadays, brewers face a lot of challenges and in order to gain some form of advantages or edge over their rivals, brewers turn to move beyond their borders. Giving these backgrounds, breweries are free to move and locate anywhere. The notion of where to invest and what an advantage does a target market posses comes into mind.
- Therefore our research questions are,
1. Is the beer market in Cameroon in progress or in decline?
2. What potentials or characteristics are there in the Cameroon beer market that can induce brewers to invest?

PURPOSE
The purpose of this work is to examine those determinants / indicators of the business environment of Cameroon (Political, Macroeconomic, Socio-Cultural, Technological, Legal and Ethical) and to equally examine the Micro environment of the beer market, to see if it is an attractive market for beer breweries.

TARGET GROUP
This paper targets foreign brewery investors who may have the desire to expand their businesses to new target markets.
METHOD
In our work, for us to properly know and understand which factors or determinants will attract brewery investment in the Cameron market, we used both primary and secondary data for our research. In the secondary data, we searched for marketing journals and articles that deal with our research problem. Some of these materials were taken from some vital databases. That notwithstanding, we collected vital information from the internet. For the primary data, we made some few telephone interviews with some resource persons. However, the information we got did not come with ease, as we encountered some difficulties getting some of the vital information we needed as ingredient to our research. Some of the breweries we contacted found it difficult providing us with information. That, they are too busy at this time of our request, but however they did give us some useful information which we used to overcome the lapses that would have impaired our work.

CONCLUSION
Brandished as an island of peace in the central African-sub region, due to the political stability the country now enjoys. The business environment is not an attractive one for brewery investment for the time being. Despite, the government endeavours to reform the political climate; there is still government intervention in the business activities either through government agents or from the politicians. The macroeconomic environment of Cameroon is a capitalist styled one. The business environment has been liberalized. This does not mean it is attractive or conducive to invest. The economy is plagued with corruption, mismanagement, administrative and political bottlenecks which hinder the smooth functioning of the business activities. Socially, the educational standard of Cameroon has witnessed some improvement from general, grammar to vocational and technical education. These have ushered in both skilled and semi skilled labour force but the skills harnessed from education are not the skills to support investments. The technological environment is in a poor state and this cannot support any meaningful investment, despite government efforts to improve upon it. The legal environment of Cameroon has witnessed some reforms but it is still embedded in corruption. The enforcement of judicial decisions is slow and fraught with administrative and legal bottlenecks. The Macroeconomic environment of Cameroon and the Micro environment of the Beer Market are not an attractive one for brewery investment for the time being, but perhaps in the long run, these environments might be attractive if reforms will be done and implemented.
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Finally, we wholeheartedly thank Mälardalen University, especially the School of Business for offering the golden opportunities for us to pursue studies. We hope this piece of work would serve as an eye opener to the brewery investors about the macro environment of Cameroon.

Eugene Lerrice Enow-Arrey      Elvis Ngulefac Ngoasong
Glossary

BOP, Balance of Payment
BIT, Bilateral Investment Treaty
C.E.M.A.C., Central African Economic and Monetary Community
C.F.A, Coopération Financière en Afrique Centrale
G.D.P, (Gross Domestic Product) The value of total economic activity within an economy over a particular period of time
G.M, General Manager
GOV’T, Government
GOVERNMENT SPENDING, Spending by government on public goods and services
I.C.M .U, Investment Code Management Unit
I.M.F, International Monetary Fund
IT, Information Technology
MACROECONOMIC ENVIRONMENT, The Broad Economic Influences which are Part of the External Environment within which Firms Exist and Operate
M.I.G.A, Multilateral Investment Guarantee Agreement
O.H.A.D.A, Organisation to Harmonize Business Laws in Africa
PESTLE ANALYSIS, Analysis of the Business Environment which focuses on the Political, Economic, Social, Technological, Legal and Ethical Influences on the Firm
SAP, Structural Adjustment Programme
S.D.F, Social Democratic Front, (Opposition Political Party).
S.M.E, Small and Medium Size Enterprise
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Chapter 1. Introduction

Background

Beer has been brewed for thousands of years, from primitive method to modern method. Beer is a common alcohol which is made from many components, barley, yeast, hops, water, and grains. The alcoholic content usually comes from the process of fermentation. World report shows that, the world consumes over 100 billion litres of beer annually. This report indicates that there is a rise in consumption due to an increase of under-age drinkers. This has led to numerous ills, from accidents to deaths. Drinking of beer is mostly seen during different occasions such as during social gatherings, night clubs, rallies, meetings, conferences, bars, and so on. In the western world, the consumption of beer is not the same like in the developing world, particularly in black African countries. The degree of consumption differs from one community to the other. This is so because some communities have customs, norms, folklores and beliefs that limit the amount or quantity of consumption.

Volume of World Beer Consumption:

For instance the consumption of beer in the Islamic world is quit low when compared to the secular world. Giving that this research is about the beer market in Cameroon, we shall give a synopsis on the beer market in Cameroon. The beer market in Cameroon is in its infancy state. With very few breweries operating, there is competition within these breweries. It is estimated that about 4,600,000 litres of beer is consumed annually. Consumption graph for beer have not been consistent, it has witnessed an increase in the past and a decline for the time being. The consumption of beer in Cameroon is often during occasions or festivities, birth or death celebrations, rallies, conferences, meetings, and so on. However, even without these aforementioned periods, Cameroonians take much delights and pleasure in drinking as leisure or hobbit. Brewers can get into the beer market either through, joint venture, exporting and / or licensing.

The geo-strategic position of Cameroon gives her an added advantage. She is surrounded with many neighbouring countries who are members of the same economic bloc. Therefore there
purchase and consumption of beer will not be limited only to Cameroon but equally among her bloc partners.

**Problem Identification**

With the highly competitive nature of the Brewery industry nowadays, Brewers face a lot of challenges and in order to gain some form of advantages or edge over their rivals, brewers turn to move beyond their borders. Giving these backgrounds, breweries are free to move and locate any where. The notion of where to invest and what an advantage does a target market posse come in to mind.

**Research Questions**

Therefore our research questions are:

1. Is the beer market in Cameroon in progress or in decline?
2. What potentials or characteristics are there in the Cameroon beer market that can induce brewers to invest?

A critical examination of the Macroeconomic environment of Cameroon and the Micro environment of the Beer Market is to be reviewed.

**Purpose**

The purpose of this work is to examine those determinants or indicators of the business environment of Cameroon (Political, Macroeconomic, Socio-Cultural, Technological, Legal and Ethical), and to equally examine the Micro (operational) environment of the beer market, to see if the beer market can be attractive to brewers.

**Disposition**

This paper has been structured into six main parts or chapters for easy understanding.

Chapter one which is the introduction, gives an over view of the work. These include problem identification, purpose, disposition and the delimitation of the work.

Chapter two constitute the study area, collection of data, validity and reliability of data, criticism of data sources and literature review.
Chapter three deals with the theoretical background, from the viewpoint of PESTLE ANALYSIS and other theories.

Chapter four constitutes the empirical findings within the Macroeconomic environment of Cameroon market based on the above theories and the Micro environment of the beer market.

Chapter five brings out the general analysis of the Macroeconomic environment and Micro environment of the beer market in Cameroon based on the theories and empirical findings.

Chapter six ends the work with conclusion and recommendations.

**Delimitation**

Our analysis would be based on theoretical aspects and the empirical findings within the internal business environment of Cameroon and the beer market.
Chapter 2. Methodology

The Study Area

Our study area would be based on the Macroeconomic environment of Cameroon and the Micro environment of the beer market, by examining the various economic indicators if they may be attractive to brewers to enter the Cameroon beer market.

Collection of Data

In searching for reliable sources of information, the investigator quickly becomes aware of a multitude of possibilities Donald (1978, p.164). The author brought out two sources of getting information, which are the secondary and primary. Secondary sources are information that has been gathered by others. The information from this source is easy to get at a low cost. That notwithstanding the problem with secondary data is that it fails to meet the needs of a project because, these were material collected by some one to meet other needs whereby different units of measurement could be a problem, or the information at times are not current enough or this information are grouped into different classes. However, the secondary data is still very useful for providing quantitative information. On the other hand, primary data provides a qualitative information. This is propagated by Donald (1978, p.166), that marketing researchers have two methods for obtaining primary data. Observation and Questioning. Some of the methods of primary data information are done through interviews, i.e. personal interviews, telephone interview, mail interview, surveys and questionnaires.

We used both secondary and primary data. Our secondary data came from Mälardalen University library. The library opens at 8 am and closes at 8 pm. During this time intervals, we got into the library, went straight to the book shelves that deal with marketing books and journal, read over the various books and brought out the ones we needed. We later read these books and gathered the information we needed and started the writings. The reason we chose some of these book is because they deal with or through lights on the theme of our research. On the other hand we got information or materials from some vital databases and internet web sites. For instant, (ELIN), (ABI/INFORM), which provided us with some marketing theories based on branding, promotion, strategies, quality, taste etc. We wrote the material we needed
and locked onto the internet sites and the information we wanted are jotted down. We used these sites because the information we needed, were easy to get with relative ease.

We conducted some telephone interviews with some resource persons from Cameroon. We interviewed the Managing Director of Brasseries du Cameroun, Andre Siaka and also the secretary General of the Social Democratic Front, Prof T Asonganyi. We formulated two different questions for the two interviewees. The question to Andre Siaka was for him to give appraisals of the beer market and that of Prof Asonganyi was for him to comment on the political climate of Cameroon. We informed them of the reason d’etre of our project and they were willing to help us. The interviews took place during working hours. We chose these people because each of them has mastery in his own domain. These personalities opted to chip in and their information was passed to us through the telephone interviews we conducted. These people live in Cameroon and we conducted the interview while in Sweden. Therefore seeking for information for any research work, both secondary and primary sources of information are needed. The researcher has to take into considerations, the quality of the information, the cost of gathering the information and the speed at which the information could be gotten.

Therefore our empirical findings and analysis are based on the primary and secondary sources. Both approaches as sources of information brought out some factors or determinants of the internal environments of a target country market. The secondary source was the major source for our work while the primary source was a minor. However, this information did not come with ease as expected; we ran into some difficulties, for instant, some of the personalities we contacted could not give us enough information as we wanted due to their schedule.

Validity and Reliability of Data

In searching for books, academic papers and other materials that are relevant to a project, a lot of energy goes in finding out what resources and sources are available (Fisher 2004, p.5). The validity and reliability of data we used in this work are from genuine sources. There are internationally recognised authors whose works are used by scholars and non scholars. From the works of these authors, their theories gave us the guide ways on how to go about our
research. Reading their materials gave us a deep thinking of the problem of our work. All the materials found in the theories are worth satisfying and understanding.

**Criticism of Sources**

As stated by Donald R: “in searching for reliable information the investigator quickly becomes aware of a multitude of possibilities “. The usage of both primary and secondary data would have made this work superb, but the fact that we mostly used the secondary data did not put much flesh to our work. This should have been complete if we had used almost some of the methods of getting information for our research topic. This is because; primary information is real in the sense that the informant or provider gives his or her own opinion on reality. With many opinions, you can bring them together and come out with the real material. For instance we could not carry on with many personal interviews, sending out questionnaires, observational research and documentary research. However we were able to conduct only few telephone interviews with some personalities who were also busy and could not provide us with enough materials. However, our material came mostly from secondary sources which we could easily lay hands. Information from secondary data are at times out dated or distorted and this might not give the research the real materials worth of it. Therefore the actual quality provided by primary data if fully exploited, would have given this paper an extra-ordinary touch patterning to our research problem.

**Literature Review**

*Literature review involves searching for books, academic papers, and other materials that are relevant to the project.* Fisher (2004, p6&7). Therefore in order to carry on with this research, we collected relevant materials from books, academic papers, important databases, journals, internet websites and from interviews via telephone.

For the method of searching and writing of this paper, we were inspired by the works of Fisher, Researching and Writing a Dissertation For Business Students (2004, p.6&7) and also the work of Donald Robin, Marketing: Basic Concepts For Decision Making (1978, p163). Robin says that, there are three considerations in data collection which includes the quality of the data, the suitable of the data to the project and the accuracy of the data. Theories incorporate facts, laws and tested hypothesis (Webbens). The theories we used are based on the works of prominent scholars whose work are relevant to our project. Since our research is
on investing on the beer market, we evoked theories that focused on the business environment of Cameroon i.e. the political, macroeconomic, socio-cultural, technological, legal and ethical environment of Cameroon. This could be easily taken from the book, Business Environment by Worthington & Britton (2003, p.7) where the PESTLE Analysis theory actually screens the business environment of any target market. More theories were taken from Entry Strategies for Internal Market, Strategic Market Planning, Problems and Analytical Approaches by Dereck T. Abell & John S. Hammond. Marketing: Basic Concepts for Decision Making by Donald Robin, Marketing: The European Edition by Kotler, Gary, Saunders, and Wong.

For our empirical findings, relevant materials dealing with the political, macroeconomics, socio-cultural, technological, legal and the ethical environment of Cameroon were taken from the web page of the (US State Department of Trade), which wrote and published the business environment of Cameroon in its 2005 Index OF Economic Freedom investment report in Cameroon.
Chapter 3. Theoretical Backgrounds

In the theoretical background, we are going to look for theories that deal and contain materials about what makes a market attractive for any marketer to a new target markets. These theories ought to mirror out the political, economic, social, technological, legal and the ethical aspects of the business environment of any giving market of a country. Theories for entry strategies were sought out and that of the Micro-environment. We chose these theories because they actually deal with or fall in line with our research topic. These theories are the bases or instruments we are going to use to determine the macro and Micro environment of Cameroon. Marketing is important for a firm as a mechanism of growth. For this to happen, investors or marketers need to undertake environmental scanning. Environmental scanning as theorised by Jobber (1995, p.145), he says, the process of monitoring and analysing the marketing environment is referred to as environmental scanning. Therefore, there are some decisions international marketers or international investors need to take into consideration, i.e. what to scan, where to scan and how to organise the activity.

Analysing the determinants of a business environment of a new area based on theories, we used the PESTLE ANALYSIS because it best explain the business environment of a target market. Environmental analysis or scanning should be seen as part of the process of strategic management to the formulation and implementation or organisational strategies, it involves the monitoring and evaluation of information from the firm’s internal and external environments and the dissemination of this information to key individuals within the enterprise for whom the internal strengths and weaknesses and external opportunities and threats are of critical significance in decision making by Worthington & Britton (2003, p.466-7). In screening foreign markets for the first time, entry managers [investors] are most probably looking for a target markets in countries with regards to entry mode by (Franklin R .Root, 1994). This screening will be based on the Macro and Micro environments. That is, (geography, climate, economic, socio-cultural, political, legal, government regulations, tariff, libelling, trademark, taxes, competition i.e. price, performance, design or style, brand name etc.
What makes a market “attractive” or a business position in market “strong” by (Derek et al.1979, p.213)? These shows that, there are some important factors that make one market attractive than the other.

Figure 1: The Market Environment: source Principles and Practice of Marketing. Jobber (1995, p121)

**Political Environment**

*A number of aspects of the political environment clearly impinge on the business activities* by (Worthington & Britton2003p7). This will focus on the past political behaviour, whether the entry country has witnessed a stable political climate or not. Nowadays, giving the trends of global marketing and the existence of international trading bodies, political influence on business activities is seen in many countries. This is likely seen in the type of government in place. If the government is a democratic one, a monarchical and / or authoritarian one etc. This is because investors have to take into consideration the uncertainty about a general instability in the host country’s political acts in the future and / or future acts by the host government that might cause loss to the investors. Also the political ideology of the government in power and that of the rival political opposition parties, pressure groups and lobbyists have to be taken into considerations. Kotler et al(1996,p.152), *stipulated that, marketing decisions are strongly affected by development in the political environment, that the political environment, government agencies and pressure groups may influence and limit various organizations and individuals in a given society.* This assertion by Kotler et al hold
true even in the brewery industry. The complexity of the political environment increases significantly when the interest of the company, the host country and the home country do not coincide by (Onkvisit & Shaw1993p.159). This means that businesses would likely ferry well in that political dispensation but the other way round, if the political environment is complicated for the said business then the chances of its success might be very small.

Therefore Investors have to consider in the new market environment, previous conflicts, effects from political, ethnic, social, because this might destroy or limit investment activities. In a nutshell, investors have to properly evaluate the general political risks in a new market. The evaluation is based on

- How likely is the general political instability in the host country over the investment planning period? Say five years.
- Baring a general political collapse, how long is the present government likely to remain in power.
- How strong is the present government commitment to the current rules of the game (for example ownership rights) in light of its attitude towards foreign investors, ideology, and its power position?
- If the present government is succeeded, what changes in the current rules of game would the new government would likely to make?
- How would likely changes in the rules of the game affect the safety and profitability of the investment project? (Franklin R.Root 1994, p.133). From the above, it should be noted that after a proper evaluation of the political climate and the risks it entails, investors will be left to decide whether to enter the new market or not. The next field of evaluation for the investors would be government policies towards foreign investors.

**Government Policies toward Foreign Investors**

Knowledge of the form of governments can be useful in appraising the political climate, govt policies are thus intended to reflect the desire of the majority segment of the society by (Onkvisit & Shaw1993p.159). Investors are therefore being aware of the opinion of the consumers in country market as per government policies towards investors. Some governments may embark on certain drastic policies that might hinder investment by nationalization. Nationalization is the taken over of foreign owned property with a transfer of title to the host government. (Franklin R.Root1994, p 133). Giving these situations, investors
should evaluate policies towards investment based on the past experience of foreign investors, the restriction on foreign ownership, attitude towards foreign investments, local content requirements and restrictions on foreign staff, incentives for foreign investment and investments entry regulations and other restrictions on foreign investment. After proper evaluation of the expropriation risks mentioned above. The investors then decide on whether to move in or not.

**The Macroeconomic Environment**

The knowledge of the macroeconomic environment of any giving market is of important to the international marketers (investors). That is to say, how attractive the market is to the investors. Knowing how well the beer market prevails would be for the best interest for the investor to decide whether or not to go international.

*Business organisations operate in an economic environment which shapes and is shaped by their activities* by (Worthington & Chris 2003, p.7-465). Government exercises a significant degree of influence over the level and pattern of output both on the private and public sectors. This may also be applied when investing in the brewery industry. When Policies change the effect can be great. *Changes in the general economic environment can affect the success of marketing strategy and should be carefully analysed by the marketer*, (Donald R 1979, p.140). This is because there are some influences or factors in an environment that can affect investment or marketing. For instance changes in buyer’s income, inflation, recession, economic growth rate and the stage of economic development of a country. In all governmental policies have a major role determining the degree of investment in a target market.

This could be seen by Kotler et al (1996, p.174). They stated that company looking abroad must develop and understand the international trade system and that firm faces various trade restrictions. *The size of the potential opportunity afforded by a particular market is clearly an important consideration as the likelihood of a sustained overall growth of market sales* by (Ellis & Williams 1995, p.233). Companies that can secure this market that offers the greatest opportunity will make significant sales; therefore this market would be of strategic significance to the investors.
Therefore, for an investor hoping to move beyond borders for investment has to assess the macroeconomic environment taking into considerations the aggregate monetary demand of a target market as function of consumer spending, investment spending, government spending, export spending and import spending. That notwithstanding other variables has to be taken into consideration by investors. That is to say,

- The role of government in the economy.
- Government development plans or programme.
- Size /growth rate of gross national product.
- Size /growth rate of population.
- Size /growth rate of per-capital income.
- Distribution of personal income.
- Regional distribution of industries.
- Transportation /communication system.
- Inflation rate.
- Government fiscal / monetary policies.
- Price control.
- Management labour relations and.
- Memberships in custom unions or free trade zones.
- Balance of payment and.
- Foreign exchange rate. Franklin R.Root (1994, p156). With the above variables at hand an investors can therefore decide to go into a foreign market or not.

**Socio-cultural Environment**

Interestingly investors would be willing to know the exact socio cultural situation of a giving target mark. This is so because *both demand and supply are influence by social and cultural factors* by (Worthington & Britton 2003, p.8). If this is the case, then, there is no exception with the beer market. This means that the socio–cultural response of the target market may affect the type of products being produced and sold and the price of which they are sold. Therefore socio –cultural influences and developments have an important effect on business environment and its operations.

Jobber (1995, p.132) *states that, three key social forces that have implications for marketing, are the changes in the demographic profile of the population, cultural differences within and*
between nations, and the influence of the consumer movement. Giving this, slide changes of a giving population and if interwoven with cultural alteration, customer’s responds can be favourable or unfavourable to an investment.

Kotler et al. (1993, p.230-231) claimed that the capacity of a place to compete changes over time at one moment a place may be thriving, dynamic, well positioned for growth and further development and at the next moment losing jobs, businesses and people. Quality of workers and the level to which labour is available in a society should be screened and evaluated for any would be investment. Investors are therefore ought to be aware of the socio–cultural milieu of a target market:

- Which section of the society base on the population affects demand of a product?
- Which area would provide the necessary labour force?
- What skills can be found within a given region?
- Are the welfare and education system supportive of an investment?

These are some of the socio-cultural aspects any prospective investor should evaluate about a foreign market before going to invest.

**Technological Environment**

Technology is both an input and output of business organisations as well as being an environmental influence on them. (Worthington & Britton 2003, p.8). Therefore for any successful business, technology plays an important role giving to that particular investment a competitive edge over other competitors. So for an investor he has to evaluate and has access to technology. Jobber (1995, p.144) said that, technology can have a substantial impact on people’s lives and company’s fortunes, monitoring the technological environment may result in the spotting of opportunities and major investments into new technological areas. Technological breakthroughs have changed the products and lifestyle of the society. It has eventually changed the rules for investment. Technological advancement now posses as a threat to companies which can not compete or face the speed of competition with their rivals, therefore keeping a close glimpse in a technological environment may result to opportunities and may attracts investments.

Technological evaluation will be based on the following questions:
• What is the actual technological level of that market?
• Is there possibility to transfer technology from home country to the new target market?
• Is the present technology or infrastructure help or hinder the investment process?
• What facilities are there for training?
• The level of spending on research and development (R & D)?

Technology has provided the means by which planners can break free of the traditional constraints of relying upon external research agencies, (Malcolm1999, p.422). Kotler et al. (1996,p.151) equally stated that technological environment is perhaps the most dramatic force shaping our destiny, it has realised wonders, internet, computers, machines as well as horrors as nuclear weapon, bombs etc. Technology has not only done well to the society but has its negative impacts if misused. However with the coming of information technology into market places, it has not only replace business operations but has also complemented the business environment. Therefore information technology has completely changed the way businesses operate with the introduction of e-business, business-to-business. Investors are open to many options as per their decision whether to enter a market.

The Legal Environment

Investment will prevail in an environment based on a framework of laws that might have significant impact of the various aspect of that business within a target market by the government concern, (Franklin R.Root1994, p 133). That is, the relation between the suppliers and the consumers. Since laws influence the structure and consumer behaviour, some of these laws are enacted by the Governments and supranational governments. It will be important for understanding some relevant legal institutions and their processes. Donald (1978, p.120), equally commented that the legal environment of a country represents the values of individuals or groups within that country. The legal system supposes to represent the wills of the majority and to protect the life and property of the society. A break down or infringement upon the legal system not only dispel trust, can equally scare investment. The beer market should be one that attracts investors and enjoys the protection of the legal system. Legal forces can influence marketing decisions by determining the rules by which business can be conducted (Jobber1995, p.139).
All countries have laws regulating marketing activities, promotion, product development, and labelling, pricing, channels of distribution. In some countries the laws are weak while in some they are stringently enforced by the legal system, (Cateora & Ghauri 2000, p.76-7). Some of these laws are made by the judiciary, interpreted and implemented by the courts but while in some countries laws are inspired by some religion. For instance, the Islamic law which draws inspiration from the Koran and interpretation is done by a religious body. Therefore investors even in the brewery industry should know the laws of their target market of that country. Therefore investing in a new market, investors have to know and understand the legal environment.

- If the present legal dispensation supports or hinders a new business in question.
- The current dispensation of the labour Law.
- The fairness of the courts regarding business operations.
- Will the current law in support of the business?
- The law on the enforceability of contracts.
- The sincerity and honesty of public officials.

**Ethical Environment**

Each country has its own folkways, norms and taboos. The cultural environment is made up of institutions and other forces that affect society’s basic values, perceptions, performance and behaviour by (Kotler et al.1996, p.173). Those notwithstanding, investors in the brewery market must examine the ways consumers in different countries think about and how they use the product before planning marketing programme. Also cultural barriers should be identified. Donald (1978, p.115-120), equally stated that societies are culturally different because of the values held by the people of the society and their reaction to the behaviour of others. Ethics greatly affect or influence buyer’s (consumer) patterns. Ethical considerations have become an increasingly important influence on business behaviour particularly among the larger more high profile companies, (Worthington & Britton 2003, p.8). This means that firms and/or businesses should compose themselves socially on how they interact with the people and the impact they might have on what they are to produce in that community and to respect the laws governing environmental safety and protection.

Cateora and Ghauri (2000, p.90) claimed that the 1990s have been called the Decade of the Environment. That nations, companies and people are reaching a consensus. Environmental
protection is not an optional extra; it is an essential part of the complex process of doing business. In this regards governments, companies, non governmental organisations, businesses, media and the people are taking measures to protect the environment. This draws attentions to any brewery investors hoping to undertake investment in a target market to be aware of the obligations that await them. Therefore certain aspects of the community have to come to notice.

- The ethical values and standards of the community are likely to impinge on the business positively or negatively.
- How the present environmental standards and regulations affect the business.
- These are some the aspects the investors should find out and know.

**Entry Strategies.**

_When a company makes the commitment to go international, it must choose an entry. This decision should reflect an analysis of the market potentials, company’s capabilities and the degree of marketing involvement and commitment management is prepared to make._ (Cateora, G & Ghauri, 1997). This means to enter the Cameroon beer market investors choose which entry mode may best suit them, either direct entry, joint venture, licensing and or exporting. Each of the entry strategy or mode has its own advantages and disadvantages.
Chapter 4. Empirical Findings

Introduction

With the existing business environment in Cameroon, the market may be opened for breweries investors. As in the past, establishing an investment in Cameroon was not all that simple. Investors have to undergo long and unbearable administrative procedures before you are permitted to operate any business. With the present economy dispensation, stringent measures have been eased out. Permitting a new breed of both domestic and foreign investments. Investors are now investing in many and various sectors in the country.

Looking into the brewery sector, with the existence of very few breweries, that were established some years ago and with the present high demand from the community, there may be a need for more breweries. This is because consumption rate these days have increased. The concentrations of these breweries are located in some major cities. The brewery industry in Cameroon has not witnessed significant investment. The market is very young and therefore there is the need for any would-be investors to take advantage of the present business environment to gain a competitive edge.

Considering the present dispensation of the beer market in Cameroon, we are going to examine some of those factors or determinants that may attract foreign investment in the beer market or better still, to examine the business environment of Cameroon, which are the macro, micro and the strategy to enter the beer market and equally to see if it is an attractive market for beer breweries. Before examining these determinants of the business environment of Cameroon and its influence on investors, we are going to give a brief synopsis of the country called Cameroon.

The Geography of Cameroon

Cameroon is a country found in Central Africa. The capital is Yaoundé and the economic capital is Douala. Cameroon is a bilingual country with two official languages. French and English are the principal languages spoken. The country is made of ten provinces. Eight of the provinces speak French while the remaining two speak English. However by virtue of the
Cameroon constitution all Cameroonians are obliged to learn and speak both French and English.

Apart from that, there are other different traditional languages spoken based on the various ethnic groups. The main religions are Christianity, Islam and local traditional beliefs. It is boarded from the north by the Republic of Chad from the south by Equatorial Guinea, Gabon and the Republic of Congo. From the west by the Federal Republic of Nigeria and from the east by Central African Republic. It geographical location makes it the gate way to sub Saharan Africa. It covers a land surface of 475, 440 sq km. With a coastline of 402 km. In the southwest of the country, you can find the coastal plains. Mountains in the west. Plains and desert in the north and plateaus in the centre. Moving from one geographical region to another within the radius of the country, there is a drastic variation of the climate, as it varies with terrain. From tropical along the coast to semi-arid and hot in the north. Due to its geographical location, the country is endowed with natural resources. Despite its endowment with waters, that is the Atlantic Ocean, it has large rivers and lakes which are essential for communication. The country equally possesses crude oil, petroleum, bauxite, iron ore, timber, hydropower, cocoa, coffee, banana, cotton, oilseed, grains, roots, starches, livestock and abundance of unexploited oil reserves. This is to show how the economy is a dynamic one.


The major commodities for export include crude oil, petroleum, timber, cocoa beans, aluminium, coffee, cotton and banana. Her major export partners include Spain 21.9%, Italy 13.5 %, France 10.9 %, Netherlands 10.6 %, USA 7.5 % and China 4.4 %. All of her export partners can not be listed. She equally imports machinery, electrical equipments, transportation equipments, fuel, and food. Her major partners include France21.9 %, Nigeria 9.5 %, Japan 6.8 %, USA 5.7 %, China 4.8 % and Germany 4.3 %. The knowledge about the geography of Cameroon is to show the geo-strategic location of the country in Africa in general and in sub-Sahara Africa in particular.

Giving this brief introduction, we are going to take each of these determinants and examine if they may be attractive for foreign investment into the brewery market in Cameroon. That is to say if the Political, Macroeconomic, Socio-Cultural, Technological, Legal and the Ethnical environments of Cameroon may influence the coming of brewers’ into the brewery industry.

**The Political Environment of Cameroon**

In this chapter we are going to examine if the political environment of Cameroon can influence or attract investment into the brewery industry and also if the political dispensation can support this investment. The Republic of Cameroon, short (form) Cameroon is a Unitary Republic, with a multiparty presidential regime. There are more than two hundred political parties but only five are represented in parliament. Theses parties have diverse political ideologies with republican, liberal, social and democratic values. The government is
composed of the executive, the judiciary and the legislature. Power is exercised by these three organs. Each of these organs is independent from each other. The Republic is headed by the president who is democratically elected by universal suffrage. The president appoints the prime minister and the prime minister is the head of government.


The government implements the policy of the nation as prescribe by the president of the republic. The government is responsible to the national assembly. The executive branch of the government is composed of the president of the republic, the prime minister and the cabinet ministers. The president presides over the council of ministers.

The legislative power is exercised by parliament which comprise of both the National Assembly and the Senate. Both parliaments legislate and control government actions. Members of parliaments are equally elected by a universal suffrage for a period of five years. The last arm of government is the judiciary with sweeping powers. Justice is administered in the entire territory of the republic in the name of the people of Cameroon. That is judiciary is independent from the executive and legislative powers. These powers are exercised by the Supreme Court which is the highest court in the land. Followed by the court of appeals and tribunals. Therefore magistrates in the discharge of their duties are governed by only the law and their consciences. These arms of the govt are there to support any investment in the country.

Africa: Cameroon Government: (http://www.nationmaster.com/country/cm/Government)

A telephone interview granted to us by the secretary general of the largest opposition party in Cameroon, the Social Democratic Front (SDF ) Prof T. Asonganyi said ” though there are many political parties in the country almost all of them have in their manifesto a political and a free economy operation that can bring in investors”.

**Government Policies towards Foreign Investments, State Intervention and Investments**

Government policies towards foreign investment have been one of openness towards investments. The government, political parties, lobbyists and pressure groups all are maintaining and protecting political stability of the country, so that investment climate should
be encouraging both for the foreign and domestic investors. Despite government policies to open up investment avenues that can attract foreign investors in every sector of the economy, the brewery sector is no exception. As there is significant government intervention in the economy, be it state owned or private. At times heavy state regulations hinder foreign investment. This can be seen for instance in the banking sectors which is a key determinant to investment. This sector has collapsed due to wide spread corruption by bank officials and the bankruptcy laws discriminate, by favouring some government officials and politicians. Some bank officials who took heavy loans and could not repay their loans. However the government has taken some measures to salvage the banking sector by privatising its banks and many more reforms have been put in place to attract investors.

2005 index of economic freedom /US state department of commerce.
(http://www.heritage.org/research/features/index/country.cfm?id=Cameroon).

Openness to foreign investment is the policy that the Cameroonian government has put in place to build a competitive and prosperous economy by boasting investment and savings. The Government Investment Code Management Unit (ICMU) of 1990 made investment to be screened whereby investment application criteria both for domestic and foreign investors were hampered by evaluation criteria and evaluation processes. According to this 1990 investment code, there was no appeal for any rejected applications for investments. The investment code was changed in 2002 with a lot of modification to match up to that of international standards. According to the 2002 investment charter, the government established three procedures for screening of both foreign and domestic investments. The government put in place three alternatives to carry on with investment. The first one is the “automatic regime”. This permits investment in the country without government approval. The second is the” returns regime“. This permits investment in the country after application and the passage of two days without government objections. The third and the last of these procedures is the “approval regime”. This also permits investment after application and the passage of fifteen days. Foreign investment ownership is now 100 %. This means that you own the business alone if there is no joint venture ship.

Foreign Investment Treaties and Agreements

Cameroon is involved in both bilateral and multilateral investment treaties and agreements. These treaties and agreements are seen with cordial relations with some countries in Europe. (France, Belgium, Germany, UK, Italy, Russia, Greece, Denmark, Switzerland, Spain, Austria, Sweden). It also has investment treaties and agreement with some Asian countries such as Japan, China and South Korea. Similar agreements are made with some African countries. Cameroon has established bilateral relationships with Latin America and the eastern European countries. To further boost her investment commitment, in 1986, Cameroon and the United States of America entered into a Bilateral Investment Treaty (BIT). The treaty was ratified by the United States, and this treaty entered into force in 1989. The time frame of this agreement was ten (10) years. The government has guaranteed many joint ventures in the country. This could be seen in the 1990 investment code. One of the provisions of the code states that an investor who is unsatisfied can refer the matter to the local court, the arbitration arm of the international court of justices and the international arbitration centres. This code was later modified in 2002. which guarantees the protection from non commercial risk but in case where a matter was not redressed under the 2002 investment charter, petitions for redress or non compliance with the provisions of the charter, is forwarded to the regulation and competition board which was created in 1994.

In 1997 Cameroon’s council of business managers and professional association (RICAN) an association of 140 enterprises and 15 professional associations representing 70% of all formal business sectors in the country, formed it own arbitration centre, to which all business cases could be referred.


That notwithstanding Cameroon is a signatory of the 1985 Seoul’s convention that was established. It is aimed at safeguarding commercial risks, i.e Multilateral Investment Guarantee Agreement (MIGA). Cameroon is a signatory to many international and domestic investment agreements. In order to further strengthen its investment commitment, Cameroon is a signatory of the Treaty for the Organisation to Harmonize Business Laws in Africa (OHADA). This treaty provides for a uniform business law and arbitration procedures in the
16 member OHADA bloc. Cameroon is a signatory to the Lome convention that was revised in Mauritius in 1995. This agreement created an arbitration mechanism to resolve dispute amongst African States, Caribbean, pacific states, contractors, suppliers and service providers financed by the European Development Fund (EDF).

A Guide to the OHADA treaty.
(http://www.internetafrica.com/Reglementation/PracticalGuide/ohada1.htm).

**Restriction on foreign investment/staff**

Cameroon is a free and democratic state and the economy is capitalist one. Both foreign and domestic investors receive legal guarantees that comply with international norms. Therefore there is no restrictions on investments or foreign staff. This means businesses can bring in some of the staff into the country.

**Incentives for foreign investment**

Government package of incentive for foreign investors depends on the size and nature of the investment. This size and nature of the investment fall in one of the following category or regimes in the 1990 investment code. Each of it has specific investment eligibility and performance requirements. For businesses operating under the “basic” regime it has to export 25 percent of their annual products and also to use 25 percent of natural resources of the value of their input and create at least one local job for every 10 million CFA francs invested (approximately $20,000). The incentive or benefit to this is 3 year reduction of 15 percent on many taxes, custom fees, as well as an exemption of purchase tax in relation to production and operational equipment. In addition to this, the investor will be exempted for the next five years from paying taxes on operational phase.

The second category of incentive goes to Small and Medium Size firm (SME). That is firm or investment operating with a capital less than 1.5 million CFA Francs ($3,000). However in this category there is no requirement for job creation. In such circumstance investment will be at least 35 percent Cameroonian equity ownership. That notwithstanding investment in this category gets the same benefits as above. The last category where government provides incentives to investment is under the “strategic” regime. For firms to get these incentives they have to export at least 50 percent of their annual products, use natural resources for at least 50 percent of their value inputs.
In addition to that, for every 20 million (CFA) francs invested, it should be able to create at least one local job.


The investments will enjoy the same benefits as mentioned above for the first five years. For any heavy industry, it has the advantage to apply at any location and they are granted broad exemptions from taxation and regulation in so far about 80 percent of their production is exported. Therefore any investor will have the advantage to choose its location of the brewery company in any part of the market in the country. One of the incentives the government has made possible for investors to easily get in the country is the easy way of obtaining a visa; resident permit and work permit whereby administrative bottleneck is downplayed. As a member of the Communauté Économique et Monétaire de L'Afrique (CEMAC) the Central African Economic and Monetary Community which Cameroon is a signatory, quantitative restriction on import, non tariff protection and many import licensing requirements were lifted by 1994 Tariff Code, to conform to (CEMAC) regional customs.


**The Macroeconomic Environment of Cameroon**

The Macroeconomic environment of any giving country is seen in two phases. Here we are going to examine the economic environment of Cameroon and to find out if this environment is strong, supportive and if it can attract foreign investors in the brewery market. Cameroon’s economy is in a bad state but the government wants to build a competitive and prosperous economy by boosting investment and savings. In the past years the economy was classified as one of the most prosperous in sub Sahara region of Africa in terms of her economic growth and development, as was portrayed in the global statistics of developing countries.


However these growth and development witnessed a negative gap in the 80s due to the economic depression as a result of her export price drop on her main primary products, Cocoa, coffee, banana, cotton, rubber and crude oil in the world market. In addition to this
economic impact, there was the issue of economic mismanagement and the devaluation of the currency in the early 90s during which Cameroon witnessed a drop of 60 % of her GDP from 1986-1994. But today due to the availability of crude oil deposit or reserves in the territory and the rich soil for cash crops production, Cameroon is considered today as possessing one of the best primary commodities in sub Saharan Africa.

Economy: Overview.

(http://www.exxun.com/Cameroon/e_ec.html)

In view of this, the government took measures to improve the economy. For instance 1993 the government decided to slash down the salaries of civil servant up to 65 % in order to meet up with her economic reforms that were instructed by the World Bank and the International Monetary Fund in the 80s. To further boost up investments the government took up a series of macroeconomic Structural Adjustment Programmes (SAP) in 1997. The economy was liberalised giving way for the privatisation of about 100 state own enterprises. In this regard government monopolies over these enterprises were now in the hands of private individuals. The labour code of 1992 was revised in 1994.In a nut shell, the economy has witnessed a GDP of 5 % growth rates as from 1995-2005.


**Size and Real Growth Rate of National Product (GDP)**

The size and growth rate of the national product of Cameroon has undergone fluctuation from one period the other. Cameroon has a wonderful primary commodity, rich in agriculture and with the availability of crude oil. This let to a rapid economic growth from1970-1985. This enviable growth could not be sustained for long due to mismanagement, corruption, embezzlements and also there was the economic recession that was precipitated by a decline in the prices of her major exports, petroleum, coffee and cocoa from 1986-1994. However in order to restore the economic growth, all Cameroonians were engaged in the development of the economy. This was supported by the reforms carried out by the government as instructed by the International Monetary Fund, the World Bank, Britton Wood and other financial donors. These reforms were designed to support business investment in Cameroon with a current favourable growth rate of 5 %.

Figure 3: GDP Per Capita in Cameroon and Africa. (Cameroon Economy-Key Figures and Sources)

Figure 4: Real GDP Growth. (Cameroon Economy-Key Figures and Sources)

Recent Economic Developments  
by two-thirds in the first nine months of 2003 and

Cameroon Economy-Key Figures and Sources.  
(http://www.oecd.org/dataoecd/45/11/32412420.pdf)
Inflationary rate
Inflation has witnessed considerable fluctuation during the past years. This was mostly seen in 1988, when the economy was worst hit by recession due to the devaluation of its legal tender in 1993 and a fall of its primary exports commodities. Inflation stood at 8.6 %. The salaries of civil service servants were slashed by 65 %. Statistics show that in 1995 inflation was 4.8 %. The inflation rate on consumer prices stood at 2. % in 2002 and by 2004, inflation rate stood at 1 % on consumer prices. Measures were taken to curb inflation and this led to a growth rate. With the current growth rate and the control of inflation, the business climate has seen some improvement.

Cameroon Economy. Key Figures and Sources of Income
(http:www.worldfact.us/Cameroon.htm)

Price Control
The government has put in place a mechanism to control the prices of commodities in the country. This mechanism protects consumer pricing and also controls price inflation or price hike. The department of taxation under the ministry of the Economy and Finance have deployed state agents who go to the field monthly to asses the pricing condition of the current market trends. Cameroon: http://www.wto.org/english/tratop_e/tpr_e/tpr2_e.htm

Balance of Payment
Cameroon’s endowment with natural resouces have made the economy to be some worth favourable, This is followd by the numerous cancellations of its foreign debts, mostly from the IMF, WB and other donors. Cameroon’s balance of payment is still facing some obstacles. This is due to more imports than exports and unfavourable business climate.

Cameroonian Economy.
(http://www.travelblog.org/World/cm-econ.html)

Exchange of Payment
Her currency is CFA (Coopération financière en Afrique Centrale). From January 1991 the currency was pegged to the Euro. One Euro equates 655.957 CFA francs. For the Dollar, a Dollar equates 528.28 CFA. The pegging of the CFA to Euro has given it stability which now attracts may attract investors. It shows the strength of the economy.

Cameroonian Economy.
(http://www.travelblog.org/World/cm-econ.html)
Figure 5: Stock of Total External Debt and Debt Service. (Cameroon Economy-Key Figures and Sources)

Cameroon. (www.oecd.org/dataoecd/45/11/32412420.pdf). External debts have been paid)

**Trade Policies and Investment**
In order to boost up investment in the economic sector, the government has taken some measures that may boost the investment climate.

**Government Fiscal/Monetary Policies**
The government has made a clear demarcation between the private and public sector. With regards to public sector, there are general rules governing public and Para public enterprises. These enterprises are established with the aim of public interest. In light of this, the government has put in place an audit and accounting system at the central government and local administrative sectors to produce their operating account each fiscal year. Inflation, budget balance, debt levels are the things the government is fighting against. This has greatly encouraged both domestic and foreign investors. Despite these government fiscal and monetary policies, there is government over spending which puts her at risk. The fiscal period runs from 1 July the current year to -30 June the following year. Cameroon. (http://www.oecd.org/dataoecd/45/11/32412420.pdf)

**Liberalisation policy**
In order to boost and attract investment, the government in 1994 liberalised the economy which was a monopoly of the state. In this regard almost all of the state owned companies were privatised to both private and foreign investor. Though the privatisation process is slow
but it is going on steadily. Some of the major enterprises that have been privatised are the telecommunication sector, banking, transport, railways, shipping and the agro industrial sector. Despite this transfer of ownership from the state to private, some of the enterprises are not doing well due to the numerous problems they inherited from the state. This privatisation policy has attracted foreign investors in all the economic sectors though with little investment in the brewery sector. This was confirmed by a telephone interview granted to us by the General Manager (GM) of one the leading breweries of Cameroon André Siaka. The GM says”despite government efforts to make investment to be seen in all the economic sectors, the brewery sector is lacking behind”.

Top Interviews.  
(http://www.winne.com/topinterviews/CAMEROON-PrimeMin-interv.htm)

The banking sector
The banking sector which stands as the centre for any meaningful investment has been in deep crises for some decades. Mismanagement, Corruption and government interventions in banking activities have scared both domestic and foreign investors, as they seem to have lost trust with the banks due to the total absence of financial security. However to restore the confidence of investors and to boost investment, the government has taken sweeping measures to redress the banking sector. Most of the state banks have been privatised and also the banking sector has been liberalised as a means to encourage investment. The government has put in place a financial law that prohibits Cameroonian citizens from saving money in foreign banks. On the contrary money laundry is still prevalence in Cameroon.

(http://www.heritage.org/research/features/index/country.cfm?id=cameroon.Index)

Memberships in Custom Unions/Free Trade Zones
Cameroon is a member of the Central African economic and monetary community. French acronyms (CEMAC) This union include Gabon, The Central African Republic, Chad, The Republic of Congo and Equatorial Guinea. CEMAC countries have a common currency managed by a common central bank. Members share a common financial regulatory and legal structure. Tariffs have been eliminated but only value added tax is applied to goods traded among CEMAC members.
Cameroon is also a member of world trade organisation (WTO). Being a member to this prestigious organisation; she is bound to the laws of the organisation. In light of this, Cameroon is bound by the trade policies of these organizations to implement the trade laws. Investir en zone Franc (Invest in Franc Zone) (http://www.izf.net/izf/FicheIdentite/CEMAC.htm)

**Socio-Cultural Environment of Cameroon**

Here, we are going to examine the socio –cultural aspects of Cameroon and if it can induce foreign investors in the beer market. This is because both demand and supply are influenced by the socio –cultural aspects of any given target market. We are going to see which structure of the population will impact the demand of beer in Cameroon. Moreso what skills can be found within the popualtion and the other social aspects that can support investment in the brewery industry?

**Population**

The population of Cameroon has witnessed a tremendous increase as from independent till date. It is estimated that the actual population figures stand at 16,380,005-17,340 million people. The last population census was carried out in the 80s, but current government estimate puts the figure to be between 16,380,005-17,340 million in habitants. (July 2005 (EST.)

The age structure of the population is:

- **0-14 years:** 41.7 % (male, 3, 457,180), (female, 3, 375, 668)
- **15-64 years:** 55 % (male, 4, 537, 281), (female, 4, 477,163)
- **65 years and over:** 3.3 % (male 239, 634) (female 293, 079). (July 2005 EST.)

The age medium stands at (Male 18-45 years) and (Female18-76 years). The population growth rate is 2.73. Birth rate is 34-67 births /1000 population while death rate is 15.4 deaths /1000 population. Life expectancy for male is 59.9 years while for female at birth is 62.5 years.

Labour Force in Cameroon

The age to work in Cameroon is 18 and retirement age varies from 60-65. Cameroon labour Code sets minimum working or employment age, at least 14. The law forbids youth between the ages 14-18 for certain work considers heavy weights, dangerous, work in confined areas, unhealthy tasks, etc. The law equally spells out that children should not do any work that exceeds their physical capacity. Children between the ages 14-18 are supposed to be trained by their employers and the work contract should contain training provisions for minors. The labour code requires medical check ups for children and adults to ensure the work does not exceed their physical capacity. This to be done by medical professionals and supervised by the labour Inspectorate under the ministry of Labour and Social Insurance. Any labour considered forced or imposed is punishable by 5-10 years imprisonment or a fine. The vibrancy of the population mostly from the working age provides skilled, semi-skilled and unskilled manpower. The labour force stands at 6.68 million manpower. The labour force per sector, for agricultural sector is 70 %, industry and commerce 13 % and the rest 17 %. However the country is witnessing reasonable degree of unemployment which stands at 30 % unemployment rate.

Government Policies and Programs to Eliminate the Worst Forms of Child Labour
(http://www.dol.gov/ilab/media/reports/iclp/tda2003/cameroon.htm)

Educational system in Cameroon

In the 80s, parents preferred to send their male children to school more than the females but this has changed speedily. With the huge population of females more than the males, the enrolment of females to schools out weights the male. With government policy of education for all, many schools have been constructed not only in the cities and towns but right in the interiors. The government has opened up to technical, vocational, commercial and general educational institutions nation wide, from the primary to the university level. There are private individuals and groups of people operating private schools. The government has made it possible for the academic curriculum to match up with international standards but the educational curriculum is not up to what the government envisaged. Literacy rate has improved, the age 15 and above can read and write. Male literacy rate is 84.7 % and female 73.4 %. The total literacy rate stands at 79 % as of 2003 statistics. With this there is
the possibility to harness skilled labour. The educational system may supports investment even in the brewery industry.

Achieving Quality Education in Cameroon.
(http://www.thecommonwealth.org/Templates/Internal.asp?NodeID=39526)

Technological Environment of Cameroon

We are going to look the actual technological level of Cameroon. Is it possible to transfer technology from home country to the Cameroon, can the existing technology or infrastructure help to boost investment in the brewery market and how is Cameroon responding to research and development as per investment?

Infrastructures

Government stance on science and technology has repeatedly occurring in her policies, that a good and developed technological environment may be attractive and promotes investment. The government has put it as priority in its budget. In this regards, she has embarked on the construction and tarring of roads, seaports and airports. She has equally put some infrastructure for privatisation. These includes roads, rails, seaports and airways. We noticed that though the government has good intention concerning the development of a favourable technological environment, the roads, rails, seaports and airways are not well developed. Most of these infrastructures are in dilapidated condition, the roads, most of which are earth, the ports not developed and some abandoned. Those in charge of these projects often mismanaged the project.

PRSP, HIPC & Milennium Development Goals.

Information technology (IT)

Information communication allows information to be transmitted in almost the entire world more quickly and easily. With these in place investment climate will be attractive. Information technology in Cameroon is not yet developed, more than half the country is without this technology. The government is trying to make IT reach the rural areas.
The government is getting help from the International Telecommunication Union. This union is assisting the government in facilitating the efficiency of internet usage in most Cameroonian services through the citizens. The union provided internet based services and e-application to facilitate the exchange of information for intergovernmental agencies. The private business sector is equally connected with internet based services and e-application.

Enhancing Government Services through the use of secure and Trusted Internet Infrastructures and Applications, Cameroon.

(http://www.itu.int/ITU-D/e-strategy/e-applications/E-government/Cameroon/)

In Cameroon there are many media houses where business information could be diffused. The government is spending heavily on its own radio houses by constructing and innovating. There is one state owned television house. The government has passed a bill for the operation of private TV channels. The process of operation is censored by the state where by some are even closed down for political reasons. Internet has come to improve the business climate. Cameroonian are studying internet in schools. The internet is found mostly in the urban areas. Most people follow marketing trends on the internet more than ever before. Telephone fixed and cellular phones are now common in Cameroon as they have boosted investment in almost all part of the country. More than half the population do not have access to phones. Foreign investors are allowed to bring in their own technology into the country for their business transactions.

Public and Private Press in Cameroon.

(http://www.lightningfield.com/cameroon/isp4.html)

**Research and Development (R& D)**

The government through its ministry of Scientific and Technical Research has embarked on measures to the highest level of excellence to encourage all Cameroonian to put the scientific and technological knowledge needed to bring in investment. Some of the areas that government is carrying huge expenditure on research include the rehabilitation and strengthening of research equipments and infrastructures, formulating new status for researchers, curbing the brain drain, that is internal and external and also to resume the recruitment of researchers, the launching and implementations of national research programmes, the development and outreach of research and finally sustains research funding.
These are areas that the government is carrying with R&D policies so as to boost up a competitive investment climate.

Enhancing Government Services through the use of secure and Trusted Internet Infrastructures and Applications, Cameroon
(http://www.itu.int/ITU-D/e-strategy/e-applications/E-government/Cameroon/)

Legal Environment in Cameroon

Here, we are looking at the legal environment of Cameroon, what it entails to do business. It is interesting for investors to know the degree of fairness of the courts, regarding business or investment in Cameroon and also about the law on the enforceability of contracts and the sincerity and honesty of both court and public officials. The Cameroon constitution of January 1996 clearly spelt out the three organs. The judiciary, legislative and the executive to have powers separately independent from each other. Cameroon is a member to some international legal organisation for the promotion of business law (OHADA).

The Constitution of the Republic of Cameroon:
http://www.camnet.cm/celcom/institut/constitu/consti-1.htm

The judicial system

The judiciary is the arm of government which administers justice in the entire territory in the name of the people of Cameroon. It is totally independent from the both the legislative and the executive arm of the government. The Supreme Court is the highest court in the land. Other legal institutions are the appeal court, high court, magistrate court and customary court. Judgements from these courts are rendered by judges and magistrates whose verdicts are based only on the law and their consciences. As far as business and the laws are concerned, the enforcement of judicial decisions at times is very slow and cumbersome. This is due to corruption from the judges, administrative intervention to alter judgement and influences from some political heavyweights. Business matters are resolved in the courts and in principles the laws greatly encourage and protect investments.

Property Rights

Cameroon has taken upon herself the commitment to increasing transparency in the legal system which has opened up to the business environment. The legal system encourages investors to have full legal right in their businesses, which is 100 % ownership. Total
ownership is clear on papers but on the contrary is not so, at times properties are confiscated by the state. Some times marketers find it difficult to enforce their legal rights including contracts and property claims.

2005 Index of Economic Freedom.
(http://www.heritage.org/research/features/index/country.cfm?id=Cameroon)

**Private Law Firms**

There are private law firms in Cameroon that operate as intermediaries between investors and the government. These firms act as advisers and consultants. Some of the activities they carry on behalf of investors include

- They provide investors with legal and fiscal advice and assistance that would enable them to meet the various requirements in starting their businesses. Investors seek advice when they intend to expand or close down their businesses.

- These firms assist investors to choose the most appropriate structures with regard to their businesses, taking into consideration the restraints and opportunities of the legal environment.

The private law firms as a way to ease the legal complications of investors,

- Ensure the incorporation of investors and companies by drafting various contractual documents; modify Investors Convention with their partners, employees and suppliers. These firms are located in almost the towns and cities within the country.

**Mandessi Bell Law Firm**
(http://www.google.se/search?hl=sv&q=legal+environment+of+cameroon&meta=)

**The Ethical Environment of Cameroon**

Here, we are going to examine the ethical values of the community, if they are likely to impinge on the brewery industry positively or negatively. We are equally looking on how would the present environmental standards and regulations affect the business environment. Cameroon is divided ethnically by two main regions, which are the northern part and the southern part. In the north are Fulaies, Hausas and Bororos. These people are Muslims and are followers of Islam. Due to their religion, they have a different perspective regarding the market. They are ethically binding to their folklores, traditions, myths and beliefs. In the South are Christians with circular values. However, ethical values are not respected or
enforced. For instance the age 18 and above are legal to consume alcohol but one would realise that despite age limit, people from ages 15 to 17 turn to consume actively.

Cameroon: Religious Demography.
(http://www.state.gov/g/drl/rls/irf/2001/5587.htm)

Environmental laws of Cameroon are different from those of her neighbouring countries. In this regards governments, companies, non governmental organisations, businesses, media, and the people are taking measures to protect the environment. The country is very friendly with nature per environmental. This can be seen as the Eco-Ethics-International Union is one of those international organisations in the country educating citizens and companies to conduct themselves properly by protecting and developing the environment in which they carry on their businesses. Environmental laws in Cameroon do not hinder business activities, in so far the laws are respected.

Cameroon Biodiversity Conservation Society (CBCS)
(http://www.birdlife.net/worldwide/national/cameroon/)

**Entry Modes (Strategies) into the Beer Market.**

We are going to examine the various entry modes (entry strategies) into the Cameroon market and which of these modes can be the best for brewers. The decision as which entry mode to take will depend on the market potentials, company’s capabilities, the degree of marketing involvements and the type of government in place. Entries into the Cameroonian market are either direct, exporting, joint ventures and/or licensing. Any of these entries, requires one to apply with the Ministry of Investment and Territorial Development. Further, documentations are done with the Ministry of Justice. For foreign investors, they need to get a valid Passport and visa from the Cameroon Embassy or Consulate in their home country before entering into Cameroon. With a valid Passport and Visa entry is easy and fast. Cameroon is member of both Bilateral and Multilateral organizations. The agreements, rules and/or requirements of these organisations make entry into the market easy. Joint venture and licensing are very common entry strategies in doing business in Cameroon. In joint venture, Cameroonians who are partners to it do not respect their commitments in the joint venture. This is characterised by, corruption, double – standard, complicity with the both the administration and political magnets to dupe fellow partners.
Licensing is another mode to get hold of the market. Cameroonian, who have licence permit, lease them to investors, based on the terms of the leasers. This too, is characterised by frauds, complicity to dupe the leasees. Experience showed that leasees often complain of complicity to oust them from the business.

Direct entry is usually embarked by mostly well to do companies and this is the one the government prefers most. This brings in much profit to the government.

Cameroon’s investment campaign suffers setback.

(http://allfrica.com/stories/200509160412.html)

Foreign Direct Investment for Development, Policy challenges for Sub-Saharan African Co (http://scholar.google.com/scholar?hl=en&q=CAMEROON+multilateral+investment+treaties&spell=1untries.)

The Micro Environment of the Beer Market in Cameroon.

We are examining the immediate or operational environment of the beer Market in Cameroon, to see if it can be an attractive market for beer breweries and also if the market is in progress or facing a decline.

Breweries

There were formerly five, one has shut down (NOBRA). There now are four breweries in the country. There are large breweries (producing more than one (1) million barrels or hectolitre of beer annually) while some are micro. The large breweries include Guinness Cameroon, Registered office Douala, stakeholder, Guinness Overseas Ltd 100 % ownership. The Managing Director is Freer. Guinness Cameroon has one production plant and it is in Douala and it has depots all over the country. Its production capacity annually stands at 650,000 hl. It produces both soft drinks and beer. Its major brands include, Gold Harp, Guinness, Malta, Malta Guinness, Satzenbrau etc. S.A. des Brasseries du Cameroun, formerly International Breweries, the largest in the country with registered office in Douala. Its a joint venture. Its stakeholders are BGI 75.0 % and Heineken 8.0 %. The Director General is Andre Siaka. Brasseries du Cameroun has four main production plants, in Douala, Yaoundé, Gaoura and Bafoussam. Its major brand products include 33 Export, Beaufort, Castel, Tuborg, Doppel Munich etc. The company equally produces soft drinks e.g. Coca Cola and Djino, etc. Beer production stands at 75 %. In 1990, production of beer stands at 4,212,000 hl. In 1994,
production stood at 2,075,000hl for beer while soft drinks stood at 560,000hl. Union Camerouniase de Brasseries (UCB) with registered office in Douala. This company is a joint venture. Its Director General is Djuimo. It has one plant based in Douala. The company’s major product is King Beer. The last of this brewery company is SIAC Societe Industrielle d'Afrigue Centrale. SIAC head office is in Douala with just one plant located still in Douala. This company is a joint venture, (Cameroonian and the Germans). Its director General is Sommer. The companies main products are Isenbeck and Baobab. This company was established in March 1999 under a German licence.

The production capacity of beer annually in the breweries differs from year to year. In 1999 production stood at (3,630,000hl) 2000 (3,675,000hl) 2001, (4,110,000hl) 2002, (4,392,000hl) 2003, and (4,600,000hl)- (Hectolitres).

Breweries list:
(http://www.skolinternational.com/commun/php/brasseries.php?langue=en&pays_id=8per country.)

The Diagram below shows the production statistic of beer in Central Africa in 2003.

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<td>Angola</td>
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<td>Burundi</td>
<td>875 000</td>
<td>7,21</td>
<td>669</td>
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<td>Cameroon</td>
<td>4 600 000</td>
<td>16,09</td>
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<td>Congo</td>
<td>660 000</td>
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<td>Democratic Republic of Congo</td>
<td>1 496 000</td>
<td>53,15</td>
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<td>Gabon</td>
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<td>Kenya</td>
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<td>Uganda</td>
<td>1 098 000</td>
<td>25,28</td>
<td>6 198</td>
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<tr>
<td>Tanzania</td>
<td>2 015 000</td>
<td>35,89</td>
<td>9 872</td>
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<tr>
<td>Total</td>
<td>15 748 000</td>
<td>200,29</td>
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Figure 6: Production Statistics of Beer in Central Africa.
Competitors in the Beer Market

The competition in the market among the brewery companies is based on how to get the largest or biggest portion of the market. These companies, as a way of promoting their products, prizes are made beneath bottle top which at times include bottles of free beer, cellular phones, luxury cars, tee-shirts, caps, watches, televisions, key holders, towels, books, pens and so on. Other ways of advertising is door to door sales of their products. Some of the major breweries companies have subsidiary companies producing bottles for packaging. Each company tries to distinguish its product from the other by giving striking brand names. Branding of product is problematic at times, with some breweries. Some management could not agree on what brand some of products could be given and thereby the community could not easily differentiate one product from the other. Some companies closed down because of either management cost, infrastructures, insolvency and or heavy taxation on them by the government.


The prices for the different products differ. A bottle of beer cost $ 1. The taste of the various beer products differs. The strength of alcoholic content is 5.2 minimum and bottle sizes are large. (http://www.cameroun-plus.com/news/n0065/index.htm)

Customers / Consumers of Beer

Beer consumption in Cameroon grew steadily through 1986, but declined substantially thereafter. The consumption pattern is from the age 18 and above. That not withstanding, from age 15 to 17 are equally active consumers. From our findings it is revealed that despite the drop in per capital income, a 1990 study of drinking in both the rural and urban areas stood at 60 % of the people are regular drinkers while 70 % drink mostly on feast days. It is equally revealed that illiterate people are most likely to drink heavily and often. We found out that most people drink for leisure, or to feel good. Drinking takes place during festivities, period like football match, rallies, conferences, and Sunday meetings, celebrations (birth or death), during Christmas and during cocoa harvesting peak period October-December.
Many off-licences, bars are built almost daily in the entire country to distribute and sell beer. In places where off-licences are not people build, local huts with palm fronds and tarpaulins are equally used as shelters for customers. These off-licences and other drinking houses are spiced with background music coming from either the radio or television. In the urban areas most drinking spots have foreign cables, where customers get various kinds of entertainment. Fighting and stealing ensure during drinking among customers when customers are drunk. Numerous death tolls are coming from drinkers by excess drinking or by ambush from thieves when going back home, road accident is common during drinking.

End of Year Tit-Bits:

We were able to trace some excerpts for our findings, about what some people said about their drinking habits. “Cameroonians carry on drinking” is captioned on one paper. “Am so used to drinking that to relax, i must drink. That from one man who was interviewed by a journalist. Another woman had this to say.” I drink at least two bottles of beer a day just to manage the stress in my marriage”. Interestingly, another man said, he drinks at least five small bottles of Guinness a day. From one bottle of beer to many.

Cameroon’s beer bottle “currency”.

The Diagram below shows the consumption of beer from 1970-1996. From 1976-1986, consumption was high but from 1990-1996, consumption declined drastically due to the 1990 economic crises.

Alcohol consumption and prevalence

![Graph showing alcohol consumption and prevalence](http://www.who.int/entity/substance_abuse/publications/en/GlobalAlcohol零距离.pdf).

Figure 7: Alcohol Consumption and Prevalence.
2003 statistics, showed that the annual production of beer in Cameroon breweries stood at 4,600,000 hectolitres and was consumed. The same statistic showed that consumption per inhabitant stood at 24,13 (lit. / Inhab).

Consumption per inhabitant:

**Suppliers of Brewery Materials**

The suppliers of beer materials in the beer market are both local and foreign. These suppliers, supply local materials (ingredients) that are used to produce beer products. Other suppliers supply machines that are used for production which are imported. Some of the materials used by breweries come locally from farm holders (private suppliers). They supply, corn, millets, sorghum and cereals to the breweries. These products come mostly from the Northern part of Cameroon. Agriculture:
(http://en.wikipedia.org/wiki/Adamawa_Province%2C_Cameroon#Agriculture)

Suppliers of brewery materials also come from overseas. They supply yeast, fruit flavours, wheat malt, crystal, hops, cardamom, ginger roots, bitter orange peel, etc. These materials come mostly from Nigeria, South Africa, France, and etc. The brewery companies get machineries from their suppliers from South Africa. Some of the machines are for bottling, such as bottle fillers, drying racks and cappers. Other items supply by these suppliers include, gallon plastic fermenter, air locks, gallon bottling bucket, racking care, spring loaded bottle filler, bottle cap, carboy brush, fire alarm apparatus, etc. Suppliers equally supply chemicals to these brewery companies, which include ethyl alcohol, polymers, or ethylene, polyvinyl chloride, calcium for filtering or purifying water, vitamins, nicotinamide, etc. Bottles, flasks, jars, pots, ampoules, phials, tubes etc are also imported by the brewery company from South Africa. Supplies of these materials are not consistent or regular. Companies often faced problem of shortages.


**Beer Distributors**

The distribution of beer from the main production house to the towns and villages in Cameroon is done by, either the roads, waters, railways and / or air. The distribution is either done by the companies themselves and by leasing distribution to private contractors. Most of
these breweries have beer depots in almost the entire country. Some of these depots are either owned by the companies or they are hired. Most often, distribution is done by roads and railways, distribution by waters and air seem very expensive and costly for the companies. Distribution by the companies is done by their agents. Crates of beer are loaded on large Lorries from the production house and taking to the wholesalers who have depots in towns, they in turn load these beers on small pick-up trucks who deliver them to the retailers in the villages. The retailers in turn move the beer to the village distributors who finally sell the beer to the communities. At times distribution becomes difficult as crates of beer are transported to other destinations either on head or by hand –push carts and canoes. Private companies that have distributing facilities are given contracts to distribute beer to some parts of the market. The distribution of beer in the market faces lots of difficulties. This is attributed to the following,

- Bad roads, most of the roads are earth roads; these roads are bad in the rainy season, and they do not link major towns and villages.
- These roads are full of grassy verges and when the grass covers the road, it becomes slippery and difficult to move.
- Beer trucks find it hard to go their way smoothly because of the presence of the Police and Gendarmes who check and keep the trucks for longer hours or even days when the drivers fail to chip in.
- The beer trucks are stuck for days on the roads when they encounter collapsed bridges. Just in time delivery is impossible.

The diagram below show how a truck loaded with crates of beer finds it difficult to distribute beer in the market due to the hilly nature of the terrain and the distances the truck has to cover from one location to the other.

![Diagram of beer distribution in Cameroon](http://www.economist.com/displaystory.cfm?story_id=1487583)
Chapter 5. Analysis

We are going to analyse the Macroeconomic environment of Cameroon and the Micro-environment of the beer market. Each of these indicators will be analysed separately. Once data have been collected, the final steps are the analysis and interpretation of findings in light of the stated marketing problem. (Cateora & Ghauri, 2000 p. 159).

Analysing the political environment of Cameroon

As mentioned by (Worthington & Britton, 2003 p. 25) a number of aspects of the political environment clearly impinge on the business activities. Onkvisit equally stated that the complexity of the political environment increases significantly when the interest of the company, the host country and the home country do not coincide. (Onkvisit & Shaw 1993, p. 159). The political environment of Cameroon is one that is very complicated. The political system is a unitary but decentralised State. The political parties and the government have given the political environment some stability. Though enshrined in the constitution of the Republic that the three arms of the government the (executive, legislature and the judiciary) are independent from each other, but we saw that it is the contrary. The executive infringes in the activities of the other two arms, either politically and/or administratively.

State intervention and investments

With all the assurances the government has pledged to make the business environment hedge free, but there is still government intervention in the smooth function of businesses. Worthington and Britton (2003, p.25) stated that a number of aspects of the political environment clearly impinge on the business activities. The effects of this government action could perhaps scare and, or delay any would-be investors in the beer market. However, the positive aspect of this government interventions on businesses are yielding fruits, the banking sector which has been in a mess for quite some times, has sprung back and investors in the beer market may now have trust with the banks by undertaking their financial transactions.

Foreign investment and treaties

To further buttress it openness to investors, the government has entered into bilateral and multilateral international investment treaties and agreements. An investor whose country is a member of the same treaty will easily like to invest in Cameroon, because both are members
of the same international organisation. These bilateral and multilateral treaties and agreements have encouraged a rush to invest in the country, as many joint ventures now operate. However this means that the ideas of investment obstacles have been eliminated but investors are to follow the by laws on how to invest in the country. It is worth knowing that not all the clauses of these treaties and agreements are implemented by the government. Nonetheless, potential investors at times find it difficult obtaining government approvals as it becomes a lengthy process involving series of governmental ministries. Investors still need to maintain patience as to overcome this lengthy process. Kotler et al (1996, p.152), Stipulate that marketing decisions are strongly affected by development in the political environment. The political environment, government agencies and pressure groups may influence and limit various organizations and individuals in a given society. Therefore government decisions towards foreign investor and staffs are partially flexible.

The state has made it clear that for any unsatisfied investor, he or she can refer the matter to the international court or to the regulations and competition board which is the Cameroon’s council of business managers and professional association. These are all government gestures to attract investors. Brewers are therefore rest assure that in case of any unsatisfactory handling of their business transaction, there is an arena where they can refer their cases and their matters are looked upon.

**Restriction on foreign investor / staff**

With a capitalist economic system in place, the market is opened to both domestic and foreign investors. Both are equally exposed to international business norms and have legal backings. Therefore there are no restrictions for foreign investors and their staff. This policy of the state encourages would-be investors not only in the brewery sector but also in all the sectors of the economy. Knowledge of the form of governments can be useful in appraising the political climate. Government policies are thus intended to reflect the desire of the majority segment of the society (Onkvisit & Shaw 1993 p.159). Brewers are therefore left with the decision as to whether bring along their own staff or search for them in the country. Though in theory there are no restrictions on staff, in practice the government does not allow all the staff coming from home country, whether they are qualified or not. You are forced to get some staff within the country.
Incentives for foreign investment

One of the measures the government has put in place to attract investments into the country was to give incentives to any interested investor. *Changes in the general economic environment can affect the success of marketing strategy and should be carefully analysed by the marketer* (Donald R 1979, p.140). Not all government policies are considered bad on investment. In the past there were no government incentives but realising the importance of a vibrant economy, incentives are now given to any investor as a way to make the market attractive. Brewers would equally gain this government largess. Investors are exempted from paying certain taxes which has never been the case in the past by the state. These measures or tactics have paid in well as many investors are now rushing in to take advantage of the good will gesture rendered by the state. These incentives are theoretical. To get these incentives, companies need to undertake lengthy processes and in the end they hardly get them to their satisfaction or expectation.

Analysing the Macroeconomic environment of Cameroon

Analysing the macroeconomic environment of Cameroon, we are going to examine the economic variables, how supportive they may be to favour brewery investment. *The economic environment can have a critical impact on the success of companies through its effect on supply and demand. Companies must choose those influences which are relevant to their business and monitor them* (Jobber1995, p.120). Similarly, *the size of the potential opportunity afforded by a particular market is clearly an important consideration as is the likelihood of a sustained overall growth of market sales* (Ellis & Williams 1995, p.233).

Size and Real Growth Rate of National Product

The size and growth rate of national product for close to a decade has been very poor and this did not encourage investments for a very long time due to the economic recession, mismanagement and the devaluation of the currency. Ellis and Williams (1995, p. 233) mentioned that, the size of the potential opportunity afforded by a particular market is clearly an important consideration as the likelihood of a sustained overall growth of market sales. The government and people of Cameroon worked hard to bring back the economy that has been in derailed for long now on a good footing. There were reforms carried out by the government and the international monetary fund and World Bank. These financial bodies have been very supportive and instrumental to the Cameroonian economy. Investments took a
great leapforward. These reforms carried, have witnessed a significant increase in investment; therefore growth rate stands at 5%.

**Inflationary rate**

The Economic Environment has witnessed a fluctuated inflationary period. This greatly hinders and scared both domestic and foreign investors in Cameroon. Jobber (1995, p. 120) claimed that *the economic environment can have a critical impact on the success of companies through its effect on supply and demand. Companies must choose those influences which are relevant to their business and monitor them.* The government having seen the devastating effects inflation has on the economy, embarked on certain measures to curb inflation. Marketers were scared, but after seeing government efforts to control it, changed from being pessimistic. The mechanism put in place to control price inflation by the department of taxation has been effective, though one can not say it has not witnessed some set backs. This has therefore stabilized inflation, but the impacts of inflation are still there.

**Balance of Payment (B O P)**

The economy for some times has been witnessing balance of payment deficit due to government wanton spending. Jobber *says that* "the general state of a nation's economy can have a profound effect on a company's prosperity, economies tends to fluctuate according to the business cycle. No business could prevail in such an environment. The government realising this deficiency, immediately scaled down importation and increased its exports and with the cancellation of some her foreign debts the economy was to recover speedily. Her balance of payment is very favourable and may be supportive for investments in all the sectors of the economy.

**Exchange of Payment**

With the pegging of her currency (F CFA) to the Euro, there is financial stability and security, and this has instilled an attractive investment fever to foreign investors into the country. There are six other countries who are members of the currency, therefore investing in Cameroon you are investing indirectly to the other six member countries. *Changes in the general economic environment can affect the success of marketing strategy and should be carefully analysed by the marketer* (Donald R 1979, p140). Similarly, Jobber *says that the general state of a*
nation’s economy can have a profound effect on a company’s prosperity and the economy tends to fluctuate according to the business cycle. There have been changes in the economic policies. This could be seen in government fiscal policy, liberalisation policy and banking policy.

**Government Fiscal Policy**

In order to make the economic environment attractive to investors, the government showed a clear cut of government policy between the private and the public sector, the government has instituted rules governing each of the sectors by putting in place an auditing and accounting system. This helps to bring in transparency, checks and balances in both sectors. This has encouraged both domestic and foreign investors to be sure of accountability.

**Liberalisation Policy**

The economy for the past has been in poor shape. Everything was state monopoly. In this regard, the government took upon reforms aimed at redressing the economy. Liberalisation was the outcome of one of the reforms taken which was followed by privatisation. There has been state disengagement from its enterprises to private ownership, which seem to attract investors, despite privatisation and liberalisation of the economy, investment is going on slowly.

**The Banking Sector**

The banking sector in Cameroon, which should have been one of the areas to attract investors, has been in a mess due to highly placed corrupt officials within the banking sector, who embezzled and mismanaged the banks. This scared investors. In order to make it more attract for investments, sanity measures were put in place to check and arrest any misdeeds. This brought in a leap phase to the banks as investors now saw some financial security and could undertake their business transaction with relative ease. That not withstanding, the banking sector is yet to fully gain its stability and credibility.

**Memberships in Custom Union/ Free Trade Zones**

Cameroon is a member of many custom unions and trade zones. She has therefore benefited from these economic blocs. There is now the free movement of goods and persons. Tariffs
restrictions have been eliminated. This has greatly boosted investments, as doing business in Cameroon; one is indirectly doing business with the other members of the economic blocs.

**Analysing the socio-cultural environment of Cameroon**

In this part of the work, we are analysing the socio-cultural environment of Cameroon if the various socio-cultural variables could be attractive to brewery investors and also if they can lend support to investments. Jobber (1995,p.132), stated that, *three key social forces that have implications for marketing, are the changes in the demographic profile of the population, cultural differences within and between nations, and the influence of the consumer movement*. This assertion ties up with the labour force of any target market of a country.

**The labour Force**

The Cameroon labour force is not only depending on its population but also on those willing to work. The work force is the number of people who are eligible and available to work and offer themselves up (Worthington & Britton 2003, p.126). Though it is actually difficult to give the total number of the population, the labour force stands at 6.68 million. These people provide both skilled and semi skilled labour. Despite this 6.68 million manpower, unemployment stands at 30 %. This rate is too high for a country that seeks for investment. However investors are rest assure that with 30 % unemployed, who are mostly university graduates, when investing in Cameroon, this 30 % unemployed people could be easily turned into available labour force.

Kotler et al. (1993, p.230-231) *claimed that the capacity of a place to compete changes over time and at one moment a place may be thriving, dynamic, well positioned for growth and further development and at the next moment losing jobs, businesses and people*. A well laid down educational infrastructure would not only enhance business development, would also attract both foreign and domestic investments.

**Educational System**

In Cameroon, human capital has contributed to boost up real growth rate. From the period 1960-1975, when the government was organising its productive structures of the economy, education was at its ebbs and this could not match up with development. Kotler et al. (1993,
p.230-231) claimed that *the capacity of a place to compete changes over time at one moment, a place may be thriving, dynamic, well positioned for growth and further development and at the next moment losing jobs, businesses and people.* The enrolment to schools in 1985 was very low (23 %). At that period, there was just one state university whereby the academic syllabus was not well structured, where skills could be harnessed. Due to government determination to boost up its economy, the government sped up the enrolment to schools and there was 4 % increase in 1995. In addition, the opening of many state universities, vocational, and technical institutions nation wide have provided a milieu where all walks of skills could be gotten and this has contributed much to the economic growth. Male literacy rate has now improved by 84.7 % and female 73.4 % given an over all percent of 79 %.

**Analysing the Technological Environment of Cameroon**

Investors would like to rush into Cameroon to invest based on the infrastructure, information technology and research and development of her market. In respect to these, we are going to examine the level of the technological environment of Cameroon and if there is the possibility that technology could be possibly be transferred from home country to Cameroon. Equally to know if this technology can support investment and to know the level of research and development. (Malcolm1999, p.422) related technology to investment” *Technology has provided the means by which planners can break free of the traditional constraints of relying upon external research agencies.*

Technological environment of any country plays a vital role for the attraction of investments, be it foreign or domestic. The absent of this may hinders development. Kotler et al. (1996, p.151) equally stated that technological environment is perhaps the most dramatic force shaping our destiny. *It has realised wonders, internet, computers, machines as well as horrors as nuclear weapon and bombs.* As aforementioned by Malcolm, Kotler equally talked of the impact of modern day technology in the enhancement of business as infrastructure, information technology and research and development constitute the pillars of any meaningful development in any giving market.
Infrastructures

Cameroon from the time of independence has a slow but progressive development in her technologies. Her infrastructures are not too modern. The total land surfaces is 469,440 sq km and only 34,300 km is passable, that is paved roads, stands at 4,288 km and unpaved roads are 30,012 km. Majority of the roads are not easily accessible. Whereas, instead of proper construction for these roads to be done, maintenance work are being carried out yearly. This is also seen with the railways where just 1,008 km have been constructed and the rails connect very few urban areas, leaving the greater part of the country.

The waterways is facing similar problem, though the government is doing every thing possible to develop her infrastructures, the speed at which they are being done is slow. The water ways is not fully developed, during the dry season; some of the harbours require dredging, which is quite costly making import- export difficult. This has made many large vessels finding it hard to anchor.

The airways are not well developed. There are just three main international airports in the country but during the early 80s, there were many small air strips but most of the strips have been abandoned, destroyed and dilapidated. With the absence of these, the movement of goods and services are now being diverted to other means of communication, mostly to the roads. (Malcolm 1999, p.422) related technology to investment” Technology has provided the means by which planners can break free of the traditional constraints of relying upon external research agencies. That notwithstanding we saw government policies are now tilted in developing her infrastructures. Though the process is slow, but is moving on well and this has brought some in investment and the current infrastructures are there to support investment.

Information Technology

As for information technology, though the government is doing every effort to catch up with the trend of global development, information technology is inadequate to properly foster development. Despite her intention to make telephone subscription available to the entire community, subscription is done mostly to some businesses and government institutions. For a population of about 17 million people, telephone users are just 110 900. Kotler et al. (1996, p.151) stated, that, technological environment is perhaps the most dramatic force shaping our
destination. It has realised wonders, internet, computers, machines as well as horrors as nuclear weapon and bombs. Government policies are now directed towards information technologies. The government is forced to open up to information technology due to global communication trends. The communication department has been liberalised and this has ushered in many private mobile phone companies and though users are not many, about 1,077 million people are connected, but hopefully, in the future, more than half of the population would be connected.

There is also the emergence of privately owned television and radio stations. There are by their composition and activities open up to news and advertisement but their operation is limited for the time being, only to some major towns. Though the telecommunication sector has been liberalised but there is constant intervention in the radio and television broadcasting and this hinders the smooth functioning of these private channels.

The government has equally open up for internet utilisation but from our findings very few people use the internet and this is mostly in the urban areas, while the rural areas which has the bulk of the population are ignorant about it. But if properly developed and extended to the rural areas, then they will be awareness of current market trends for the forces of demand and supply. Hopefully in the future these media will have total freedom to carry out their activities with little or no government intervention.

**Research and Development (R& D)**

The government of Cameroon has realised the important of R & D as a factor of development. This has usher in investment. In the past, government spending on R & D was minimal, but today, the government has taken some policies to boost up R& D. Heavy expenditure is now put on equipments, researching and infrastructures. There has been lot of brain drain of researchers and this affected the country. Skilled researchers looked for greener pasture, abroad, but with the new policies in place to contain brain drain, the government is now able to retain it researchers.
Analysing the Legal environment of Cameroon

Analysing the legal environment of Cameroon would be based on various instruments in place that supports investment (brewery). How is the law carried out, the equity of the law and the degree of protection it has for investments. Cameroon’s membership with OHADA has helped to foster improvement in the enforcement of the business law. Jobber (1995, p139) stated that *legal forces can influence marketing decisions by determining the rules by which business can be conducted.* The role of the law in the business environment of Cameroon has been in dilemma as not only the interpretation of the law is contradictory but its implementation to business is problematic.

The Judicial system

The judiciary as stipulated in the 1996 Constitution is independent from the other arms of the government. Therefore, the judgements and rulings are based on the law and the consciences of the presiding magistrate. By the nature of the law, businesses can operate freely without intervention from the executive, parliament or political figures. This greatly encourages and protects both foreign and domestic investors. However, despite this attractiveness of the law on paper, the business environment is not free from legal hurdles. From our findings, we realised that the legal system is too interwoven with government or administrative policies in the business activities of investor and this has gone a long way, at times to scare off potential investors. The Judges whose consciences and the law would have made the legal environment suitable for investments, have instead created doubts, fears and suspicions to investors. These Judges are very corrupt and their actions may hinder any would -be investors .There is also influences from politicians in favour of this and or that person or corporations.

Donald (1978, p.120) *Commented that, the legal environment of a country, represents the values of individuals or groups within that country.* The right to ownership and what to do with your property in case of closure will determine the degree of investing in Cameroon by foreign investors in the beer sector. Therefore property right is a determinant for investments.

Property Rights

The property rights as seen on papers, in Cameroon, have made business to be very transparent. Investors have no fears when doing business in Cameroon. An investor is entitled
to one hundred per cent ownership for his property. This equally has attracted investors in all the economic domains. But this does not go with ease; there is often state intervention by her administrative agents. Obtaining a contract at times becomes very impossible and might take considerable longer period. In all property rights have greatly ushered in transparency and confidence to investors.

*Investment will prevail in an environment based on a framework of laws that might have significant impact of the various aspect of that business within a target market by the government concern.* (Franklin R. Root 1994, p 133) Some other legal framework that enhances the development and promotion of the business environment in a target market is the private law firm. This could be seen how the private law firms in Cameroon operate hand in hand, not only with domestic investors but most importantly with foreign investors.

**Private Law Firms**

This is one of the most successful legal frameworks that has shaped the business environment and is attracting and bringing in investors into the country. Worthington and Britton (2003 p.8) stated that *Businesses operate within a framework of laws which has significant impact on various aspects of their existence.* In Cameroon private law firms have come to promote and protect businesses. Investors in the brewery industry are sure to have these firms as advisers and consultants on various aspects, which range from meeting up with various requirements when setting up a business. These firms have equally facilitated investors the ease to undertake contracts vis a vis with employees, government and financial institutions. In a nutshell the positions of these private law firms have significantly aired the business environment attractive to investors.

**Analysing the Ethical Environment of Cameroon**

We are analysing in this respect, the ethical values of the community and the present environmental standards of Cameroon. *Each country has its own folkways, norms and taboos. The cultural environment is made up of institutions and other forces that affect society’s basic values, perceptions, performance and behaviour by* (Kotler et al. 1996, p.173). The performances of businesses in a country will depend on how the various groups of people perceive the products and the activities of the firms. If the social responsibilities of the firms tally with the norms of the environment.
Cameroon is composed of two main ethnic groups. In the north are the Muslims and some Christians. The Muslims are majority and few Christians, and in the south are Christians. Giving this background, the consumption, purchase, needs and desires of each of these groups of people is influenced by their folklores and beliefs. Therefore Muslims are not good at drinking alcohol, but in the south, who are Christians, are more opened to western values and their lifestyle is more advanced than their Muslim brothers. Therefore, establishing a brewery company in the south would be more profitable. Despite the legal drinking age, which is from 18 and above, we discovered that youths from the ages 15-17 are equally active drinkers. Ethically, this is not proper and the government is doing nothing to arrest this juvenile delinquency. The consequences are enormous. On the other hand laws governing the environment of Cameroon are very flexible. This permits both domestic and foreign investors to establish in the country. Investors are free to invest any where, and at any time, in so far, they respect the environment, protect and manage it.

**Analysing the Entry Modes (Strategies) into the Cameroonian Beer Market**

*When a company makes the commitment to go international, it must choose an entry. This decision should reflect an analysis of the market potentials, company’s capabilities and the degree of marketing involvement and commitment management is prepared to make.* (Cateora, G & Ghauri, 1997). This means to enter the Cameroon beer market, investors have to choose, which entry mode may best suit them, direct entry, joint venture, licensing and or exporting?

Entry into the Beer market whether, direct, exporting, joint venture or licensing, may not be easy. Despite government pledge to make entry easy, there are hurdles one needs to overcome. Companies or investors face problems emanating from either administrative hook ups or legal bottlenecks. One of the best ways to get into the market may be through Joint Venture. Since this will involve some Cameroonians, who might be politically or administratively strong and influential, some of the problems to be faced by a sole foreign investor might be under looked.
Analysing the Micro Environment of the Beer Market in Cameroon.

The establishment of a brewery company will depend on the availability of customers or consumers and their purchasing power. Add to that, the success of the company will equally depend on the level of competition within the brewery industry. As stated by Worthington and Britton (2003, p. 9) that, customers are vital to all organisations and the ability both to identify and to meet consumer needs is seen as one of the keys to organisational survival and prosperity. The availability of the consumers for any products enhances the promotion and the profit to that company.

Customers / Consumers

The consumption of beer in Cameroon is very immeasurable. There are certain periods that consumption turn to be high or low. However, despite the drop of per capita income, many Cameroonians still consume beer. Establishing a brewery company therefore would be of no mistakes as there is an active and ready market. Though the legal age for consumption is from 18 and above, we can find a new breed of youths from ages 15-17 who are active drinkers, but this is very discouraging. One beer distributor gave an analysis that, there is big market for beer in the country, and that people will keep on drinking no matter the increase in price, no amount of price increase will affect consumption. This habitual drinking has made some people consider drinking in Cameroon to be like a second religion, while others analysed it to be like, having the desire for a football match.

Competitors within the Brewery Market

Jobber (1995, p.519) says that, the intensity of rivalry between competitors in an industry will depend on:
- Structure of competition. i.e. where there is competition among companies at the same scale.
- Structure of cost. i.e. high fix cost encourage price cutting.
- Degree of differentiation, switching cost, strategic objectives and exit barriers.

From our findings, there is competition within the brewery market and this has taken a dramatic twist. Each of these breweries has developed strategies to promote its products. This
has won the minds of many drinkers, to the point them some can not seize from drinking. Most of these breweries are located only in main cities of the country. Therefore establishing breweries in other main cities would be an added advantage to an investor. In a nutshell the beer market in Cameroon is seemingly a vibrant one. Despite the acute poverty, a drop of per capital income and price increase, people still consume from one bottle to more, and this has a negative impact upon the community. The health implications are numerous but the government has no say to this.

**Suppliers of Brewery Materials**

*With quality becoming the cornerstone of global competition, companies are requiring assurances of standard conformance from suppliers just as their customers are requiring the same from them* (Cateora, G & Ghauri, 1997 p.318). Brewery companies operate fully and successfully when they are in possession of their materials. In the absence of these, they find it difficult and hard to carry on with production. Most of the primary materials these companies used came from local farm holders and these materials are not in enough quantity. This means that production can be altered or halted in case of shortage from local suppliers. Machineries and chemicals that are used come from abroad. Suppliers of the materials do not meet promised delivery dates and this has negative impacts on production and this goes along way to the dissatisfaction from the customers who often do not get just in time delivery.

**Beer Distributors**

The distribution of beer in Cameroon involves the physical movement of the products, the locations of the plants and warehouses, transportation mode and inventory. Cateora, G and Ghauri (1997 p.334) stated that, *in every country and in every market, urban or rural, rich or poor, all consumer and industrial products eventually go through a distribution process. The process includes the physical handling of goods, the passage of ownership and most importantly the buying and selling negotiations between producers and middle men and between middlemen and the customers.* The distribution of beer in Cameroon is not only cumbersome but very costly. This is due to the costs involved in transportation, caused by bad road and the distances that have to be covered for the beer to reach the market. The facilities and infrastructures to facilitate transportation are inadequate. This makes transportation to take considerable longer time to reach its destination. Equally very few private firms are engaged in transportation. This is so because, some of these firms do not have the necessary
facilities for transportation, therefore the idea of middleman is lacking. Distribution on the other hand would have been better, giving the fact that Cameroonian Police Officers and Gendarmes, by their activities, reduced the speed of transportation. In order to get some chips from beer truck drivers, wilfully, keeping these trucks loaded with beers for hours or perhaps days on the highway.
Chapter 6. Conclusion / Recommendations

Conclusion

Our conclusion will be seen on two phases. Firstly on the Macroeconomic perspectives and secondly on the Micro environment of the Beer Market.

From the political stand point, the political environment of Cameroon is stable and peaceful. The government has secured or maintained a healthy political climate which can be conducive for breweries to operate smoothly. Like in any economies, there are at times government interventions, but this usually aimed at regulating the business environment. Government constant interventions and regulations by its administrative agents and political heavy weights, impose a substantial burden on businesses and business regulations are applied unevenly. With this political climate still in place, the political environment is not favourable enough to attract brewers into the beer market.

The Macroeconomic environment of Cameroon has been in crisis for some decades. Significant state intervention, high corruption, wide spread state ownership of major companies, heavy business regulations and high taxes, render the economic environment unhealthy for investment. In order to attract marketers, the government has embarked on various measures. There are reforms that have been initiated. The economy has been liberalised and very few state owned enterprises have been privatized. Some of these enterprises are trying to pick up. Incentives are now available to investors to boost their businesses and state intervention in the business activities mostly that of foreign investors have witnessed some state interventions.

Despite government efforts to redress the business climate, the business environment is yet to be attractive for the time being. With the present economic dispensations, this has been scarring off investors.

The Socio-Cultural environment of Cameroon is very attractive for any would-be brewery investors and with a huge population; this means that for any brewery investors coming into the Cameroon market, there is the availability of labour force. There is the availability of
skilled, semi skilled and unskilled labour force. These skills have been made possible or harnessed thanks to the educational curriculum that has seen some transformation for the past decades. Despite the few educational reforms that have taken place, the standard of education is still very low and backward. Investments go with sound education, therefore the absence of this, renders the business environment unattractive. Investments whether in what ever form, goes along way with the technological environment. The technological environment has undergone various changes to best support the business environment. The government is spending on innovation and the constructions of it infrastructures and information technology in the country. Research and development has equally witnessed a leap forward. However, most of the infrastructures are in total poor conditions and this cannot support any meaningful business environment or investments. Therefore the technological environment of Cameroon is not attractive for the time being.

The Legal environment of Cameroon has undergone significant changes as to best attract investors in to the market. On the other hand, corruption, and the uncertain legal malpractices at times result to the confiscation of private property. In addition to that, investors find it difficult or cumbersome to enforce their legal rights, including contracts and property claims through the judicial system .More to that, the enforcement of courts decisions is usually slow and fraught with administrative and legal bottlenecks. With this unhealthy legal environment, it is not attractive for brewers. There is the presence of private legal firms which are trying to facilitate business undertakings in many ways. Since these firms operate freely, there are found in all the corners of the country.

The Ethical environment of Cameroon seems to be attractive for investment. Firstly, the laws governing environmental protections do not hinder the establishment of any businesses in Cameroon and investors can invest, in so far they take into consideration the protection and development of the environment. Customs or beliefs do not equally forbid investments. Nevertheless, consumption ethics, have completely been ignored by the state. Children below drinking ages are engaged in drinking and the government takes no action to control or arrest this situation or phenomenon which is damaging to the youths. Despite the numerous ills attached to drinking, some find it hard to seize drinking, though some have managed to reduce their beer in take. With the present ethical derogation, Cameroon’s beer market seems to be ethically unattractive and scarring.
Concluding on the Micro environment of the beer market, the consumers or customers of beer can not accurately be known. This is equally true for the measurement or level of consumption. For some times now, consumption has been in the decline, though some die-heart drinkers manage to drink. The purchasing of beer drops because of low income and the economic hardship faced by the community. Therefore, in this regard, there is no need for more breweries into the Cameroonian market at this time in point.

Competitions within any giving markets, strengthens that market. This is because, with intense competition in sight, companies render the community with the best quality of their products. Competition with the beer market in Cameroon is not very intense. Therefore the outcome of competition, which is quality is lacking. Since competition is minimal, the market is therefore not attractive for more new breweries.

The supplies of beer materials, come mostly from abroad. This is not only costly but just in time delivery is lacking. Though some of the materials are produced locally, this means that failure for breweries to get the material from abroad or from the few local suppliers’ means production will come to a halt. Therefore, supplies are not consistent, consequently this makes the beer market very scaring and unattractive for brewers.

Despite the various actions taking by beer companies to distribute their products to both the urban and the rural areas, they face a lot of problems. This is mostly from the inadequate and poor infrastructures in place. This has greatly hindered beer distribution. With the total lack of quality distribution, brewery business, seems very discouraging or unattractive.

In a nutshell, therefore, both the Macroeconomic indicators of the business environment of Cameroon and the Micro environment of the beer market are not attractive enough to bring in new breweries into the market. Despite the reforms being carried out by the government, the government’s Macro and Micro policies need more reforms, and when these are done, then perhaps in the future, the environment could be attractive, but for the time being, the beer market in Cameroon is not an attractive one for brewers.
Recommendations

The recommendations of this research are directed to the Cameroon government about the business environment of Cameroon. That is, some of the aspects or measures they have to undertake in order to attract foreign brewery investors into the beer market. We equally made some recommendations to the brewers.

Politically the environment is stable but there are still some degrees of government interventions in business undertakings in the country either by government officials or politicians. No one would like to invest in such a political climate or condition. In this regard, the government and her politicians should desist in their interventionist tendencies. There should be a free political environment for businesses to operate.

As for the macroeconomic environment, the government needs to intensify its economic reforms policies, intensifies its fight against corruption and implement the 2002 investment code which will bring in more investors and makes the market more attractive. In the past investors have been scared to invest or operate in Cameroon because of the ills and obstacles they encountered.

The lack of modern and adequate infrastructures scared investors. The government needs to innovate, construct and develop its infrastructure as to attract foreign investors. Information technology is also a major obstacle to investments and these equally need improvement.

We equally recommend that the government of Cameroon should revise the legal status of the judiciary. The Cameroon judiciary is not free from being corrupt; lack of transparency and inefficiency hinders business activities and might scare off prospective investors. We realised that Cameroon business laws are clear on papers but their implementation is problematic. The government should implement the new laws adopted by Parliament and promulgated by the Head of State.

Both foreign and domestic investors find it hard to carry on smoothly. The government needs to guarantee the independence and transparency of the judiciary. Judges should be given high pay package as to prevent them from receiving bribes and obstructing justice.
We wish the government of Cameroon to take some of these recommendations we suggested seriously. Investors have been scared in the past to invest in the Cameroonian market because of the aforementioned reasons or factors.

This research is a contribution to knowledge. We therefore recommend researchers, readers and critiques to read, criticize and contribute to this research work.

We are equally recommending to any would be brewery investors some of the things they have to take in considerations when establishing in the Cameroonian market in the future.

The impacts or implications of political activities of any country on businesses can be positive or negative depending on which side the business in question leans.

For any investors, who intends investing in Cameroon, should not in any way indulge into the political set of the country, either by supporting the ruling party or the opposition. For instance supporting the ruling party you would be force to contribute financially during campaigns in the pretext of borrowing and this might hinder your business in case you can not recover the money. Investors should declare and pay their taxes to the government at each stage or chain of production. They should in no way try to evade taxes as this may have negative impacts on their businesses.

The existing breweries are mainly established only in the some cities, whereas, there are many cities and towns that have no breweries. Any would be investors should use this opportunity to exploit other towns by establishing there. The advantages here, is that transportation cost and other costs will be minimised. Brewery products need a lot of publicity and one way investors have to succeed is by promotion and for the community to know the products that would be new to them; there should be extensive promotion both from the urban to the rural areas and door to door promotion would be the best.

With the availability of cheap labour, investors should avoid coming into the country with all the foreign expertise, in Cameroon they would have qualified manpower in every chain of production. In doing this they are going to minimize costs.
Equally there are many universities with equipped laboratories where brewery products can be sampled; therefore establishing contacts with some of the universities would greatly benefit investors in brewery.

Technologically, brewery investors are advised to bring in their own technology if there is any, as to complement it with that of their new target market. They equally need to invest in infrastructures bringing along with them big trucks for the transportation of the products to the rural areas. Most of the roads are still earth roads. They should be ready to construct and rent warehouses for storage as they might find it difficult without those facilities in place.

Establishing a new business in any new country requires a lot of tact, for any would-be investor into Cameroon, he or she, should follow the right legal procedure, not to fall into the hands of some unscrupulous state agents. They need to respect the laws of the land; respect the legal commitment with their employees, government and other associates in their business operations and transactions. Investors should always seek for advice from private law firms on how to go about their businesses and when caught in difficulties. Ethically, investors should respect the norms, cultural values of the community for the type of beer they would produce, because producing what the community finds it unfit for consumption, would be bad for the firm.

Brewery firms have to respect, contribute for the development of the environment in which they carry on productions and be ready to take social responsibilities caused by pollution from their plants and also their industrial discharge. Failure to handle these problems, they might run into problems with the local community, non governmental organisations and the perhaps the government.

For the time being the both macro and micro indicators of the beer market in Cameroon are not very much attractive, brewers need to wait when these indicators would be improved, then could they move in.
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