Cement manufacturers seek additives that help differentiate in market

According to Frost & Sullivan, a rapid increase in cement production and low penetration rates are driving high growth in the South African and Nigerian cement additives markets. As competitive, regulatory and pricing pressures intensify, the demand for low-volume, high-performance additives, especially quality enhancers, will rise. Additive manufacturers must anticipate clients' evolving needs and innovate to succeed in a consolidated ecosystem.

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“The weak rand and naira are making it expensive for cement additives manufacturers to continue importing products,” noted Frost & Sullivan visionary science industry analyst Constance Nyambayo. “As cement companies look to novel, cost-effective additives to differentiate themselves, additive manufacturers can drive consumption through technology-led, high-margin products that are locally manufactured.”

As discussed in Analysis of the Cement Additives Market in Nigeria and South Africa, from Frost & Sullivan’s Visionary Science Growth Partnership Service program, the market is hindered by:

- Delays in roll out of infrastructure projects
- Price sensitivity
- Import of cement additives and cement from low-cost production regions such as the Middle East and Far East

Long standing supply agreements

GCP Applied Technologies, Mapei International (includes Mapei South Africa), Chryso Southern Africa, BASF, Sika South Africa, and Unisol continue to control the majority of the market through long standing supply agreements with key cement manufacturers. Apart from BASF Africa, these players’ rely largely on imported products to supply African markets. With growing research and development requirements making the market inaccessible to smaller participants, the dominance of these companies can grow with expanded local manufacturing, which diminishes the risk from exchange rate fluctuations and enables stronger technical support to clients.

“The cement additives market in Nigeria and South Africa is expected to increase at a strong compound annual growth rate of 7.1%. South Africa contributed 55.4% to total revenues in 2015 and remains the larger market,” said Nyambayo. “However, demand in Nigeria will grow at a faster pace.”