

# Experience, not price drives consumers' preferences in Africa

According to Professor Adré Schreuder, CEO of Consulta, customer experience has surpassed price as major purchasing driver in Africa. This follows discussions with CFOs of large corporations in Africa and extensive research.



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Go- to-market strategies that are differentiated, innovative and disruptive are also a key trend, despite challenges related to retail and distribution networks in African markets.

"Although market research in Africa is growing, too many investors have still not grasped the need to tailor their product and service offering locally.

"Customer needs and expectations are diverse and cannot simply be derived from European, US, Asian or Gulf markets. There are many sad cases of companies that have underestimated the segmentation of the African continent. In fact there is no stereotypical African market; rather a number of unique sectors in the African continent which do not necessarily follow clear geographic boundaries. Stereotypes are therefore very dangerous.

"African customers have high expectations in terms of value for money, or perceived value, which is a combination of a good value proposition (product and service) at a fair price. We see that extraordinary customer experiences often result in higher price tolerance - customers are willing to pay a premium for this."

The South African Customer Satisfaction Index (SACSI), an independent customer satisfaction benchmark, reinforces the insight that consumers throughout Africa have similar expectations to those of their South African counterparts.

## No more a dumping ground

"There's a realisation that true differentiation comes from legendary customer experience and the average African consumer has now, more than ever before, access to the rest of the world through mobile technology. People are more connected and no longer tolerate sub-standard products that in the past were dumped on the African continent. Some of the fastest growing economies are now in the African continent and that is underlying the spending power and increasingly higher consumer expectations here.

"Although some African markets are late adopters of some product and services categories - mobile, social media - the adoption is usually followed by rapid growth and acceptance. I advise investors to carefully identify the segments and markets through proper and thorough market research. They should evaluate the market potential, needs, expectations, preferences, channels and media habits of each segment before selecting their target market. The local conditions and access to these markets differs greatly between various regions."

## **UAE interest in Africa**

An increasing number of United Arab Emirates (UAE) investors are looking for inroads into Africa. Prof Schreuder will visit the UAE as a judge of the customer experience Service Olympian Award initiative in December.

He joins a judging panel that also includes Robert Keay, CEO of Ethos Integrated Solutions and co-founder of The International Customer Service Institute (TICSI); Philip Forrest, Chairman of the European Business Awards and TICSI President and Dr Alaa Garad, Chairman of the Advisory Board, University of Salford UAE and CEO, Investors in People, UAE.

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