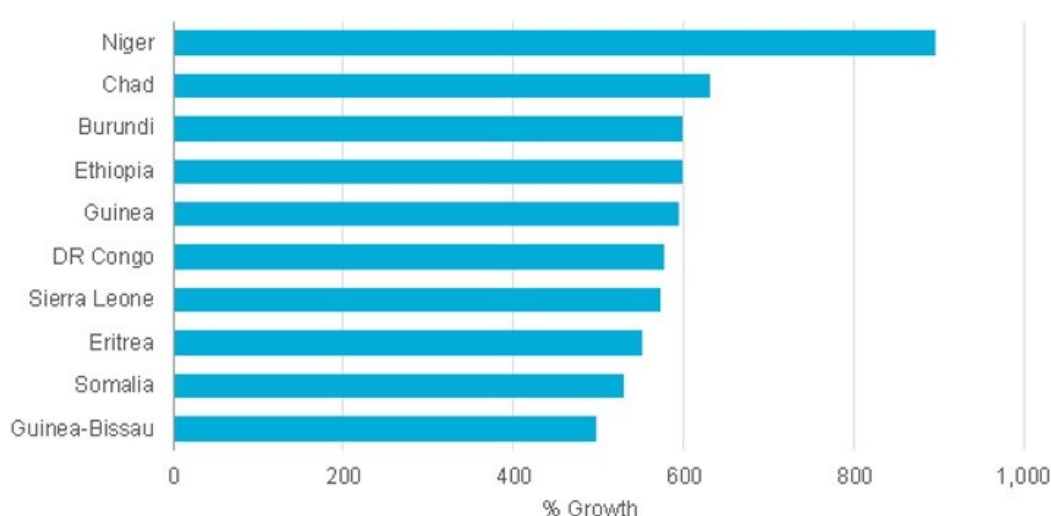


Africa's sleeping tech giants

Although sub-Saharan Africa has long been the weakest region globally in terms of digital connectivity, the area is on the edge of a major technological surge. Its young demographic and improved access to both education and credit is unleashing new internet-hungry consumer markets, providing a new arena for goods and services that have already thrived in better-connected economies.

Economically fragile but hugely populated markets such as Ethiopia and DR Congo provide an untapped pool of new internet users. Digital companies should be readying for market entry into Africa's sleeping giants while competition remains weak.

TOP 10 INTERNET USER GROWTH MARKETS IN SUB-SAHARAN AFRICA: 2015-2030



Source: Euromonitor International from International Telecommunications Union/OECD/national statistics

Note: Figures are forecast

Huge wave of African late-adopters coming online

Africa is home to some of the largest offline populations in the world. Historical barriers to connectivity have included widespread poverty, which provides few commercial incentives for operators, little to none pre-existing fixed infrastructure, and volatile economic and political landscapes that make organised state digital initiatives extremely difficult.

However, sub-Saharan Africa's internet markets are opening up due to the convergence of several factors, such as expanding middle classes, increasingly productive urban centres, improved IT literacy and better all-round academic options. Economic growth and maturing financial markets are enabling greater access to credit, which is in turn allowing local consumers to purchase web-enabled devices such as smartphones and tablets. This is driving rapidly changing demands and expectations from the millions of Africans eager to participate in new digital opportunities.

Sub-Saharan Africa is the world's digital growth hotspot

Sub-Saharan Africa is especially notable for its rapid digital growth rates, due to a much lower internet readiness rate and standard of living compared to North African economies or South Africa. In 2016 alone, sub-Saharan Africa will welcome over 15.0 million new internet users. The figures for the region's sleeping giants are truly impressive as well.

For example, Ethiopia has over 96.0 million people but less than 3.0% of its population is online – by 2030 this penetration

rate will rise to over 16.0%, meaning around 20.0 million new web consumers. Another large population market, DR Congo, will add around 13.0 million internet users over 2015-2030. These leaps in users are much larger than anything seen in developed economies or even emerging markets in Latin America and Asia. Furthermore, by 2030 most sub-Saharan African economies would only be scratching the surface of their digital potential, with the majority of local consumers still offline.



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Understanding the African digital consumer is key

For companies eager to take advantage of Africa's increasing attractiveness, some basic fundamentals must be understood:

- The vast majority of African digital consumers are on mobile, often with slow and pricey data plans. This translates into increased demand for apps and mobile services, but in a workable format. For example, social media giant Facebook and Chinese e-commerce brand AliExpress have both launched 'light' versions of their apps to appeal to emerging consumers with limited speeds and devices.
- While African consumers are numerous, their per capita spend on digital products is low due to extremely low incomes. Companies may thus have to re-engineer services to hit a specific price point, as well as offering lower-cost versions of their products or alternative payment models.
- The vast majority of new African web users will be asking "What can the internet do for me?" A relatively low number will be willing buyers of digital services such as music, games or tailored subscription services in other niche areas. Their investment in a fixed or mobile connection is already a sizable contribution and many will be targeting free goods and

services. Building loyalty through free offerings is therefore a vital context for brand development.

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