

Divergent consumer confidence in Ghana and Nigeria

LAGOS, Nigeria - The latest Nielsen Consumer Confidence Index (CCI) results for Nigeria and Ghana reveal a tale of two very different countries. While Nigeria's CCI of 113 represents a decline of nine points from the second quarter, Ghana's score rose five points to 109 after three previous quarters at 104.



Abhik Gupta

In fact, all three of its confidence indicators increased in the third quarter. Ghana's positive outlook for jobs rose 13% from the second quarter, followed by personal-finance sentiment (77%), which increased 8%, and immediate-spending intentions (42%), which jumped 6%.

Nielsen East and West Africa MD Abhik Gupta comments; "In Ghana, there are signs of general mood improvement as power supply, exchange rates and inflation stabilises. This is due to retailers perceived view on improvements in the ease of doing business in Ghana, an increase in consumer spend in stores, and growing consumer willingness to try new products.

"Ghanaian consumers also display more positive sentiment about job prospects but remain price conscious in today's high-inflation environment, in which 60% of consumers base their product choice on price and affordability. Combined with this are a stable GDP growth outlook and business views at their most favourable levels since the second quarter of 2014."

In addition, half of Ghanaian respondents said they had spare cash - an increase of 16% from the second quarter.

In terms of what they would use this spare cash for, Ghanaians remain financially conservative in their outlook, with the highest number (75%) saying they would put it into savings and the second highest number (66%) saying they would invest in shares/mutual funds. In addition, 55% see home improvements as a worthwhile investment.

Multiple setbacks

In stark contrast, Nigeria is currently facing a series of fiscal and climatic setbacks and it's therefore no surprise that its three consumer confidence indicators have declined from the second quarter. Immediate-spending intentions declined the most, dropping 13% to 35% of consumers who say the current time is a good/excellent time to buy what they need. The outlook for jobs declined 6% to 58%, and personal-finance sentiment declined 6% to 75%.

Gupta says because of the above factors the current confidence levels in the country remain a concern. "Nigerian market conditions remain extremely constrained, following the slump in commodity prices - in particular oil. Fuel and power supply issues have also plagued the economy, as have the foreign-exchange crisis and the devaluation of Nigeria's currency, the Naira.

However, Nigerians retain a spark of their inherent optimism and even though just over one-third of Nigeria respondents (36%) said they had spare cash, down from nearly half (49%) in the second quarter they still have a clear idea of their purchase priorities. In terms of what they would use this spare cash for, the highest number of Nigerians are seeking to batten down the hatches on their current financial future, with 81% saying they would put it into savings.

The second highest number want to enhance the value of their tangible assets, with 73% set to use their spare cash on home improvements and decorating. Unsurprisingly 56% would spend it on out of home entertainment as they seek some respite from their current daily stresses and strains.

So, despite the current deluge, as Nielsen's latest Africa Prospects Indicator (APi) Report states; "Nigerians continue to be some of the more optimistic consumers on the continent, with positive sentiment for their job prospects and personal finances, even though immediate spending intentions and levels of spare cash are more strained. Business success in Nigeria has shifted to a longer-term goal for those willing to ride out the current economic storm."