

Brand and consumer insight Nigeria

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Oresti Patricios, CEO of Ornico believes that Africa should feature foremost as a source of South African marketers' inspiration, research and advertising insights. It has been two years since the brand and reputation research company opened office in Nigeria.

Instead of following overseas trends, South African marketers should be drawing inspiration from sub-Saharan Africa in our dynamic marketplace, says Ornico CEO, Oresti Patricios, who adds: "We have more in common with Nigeria in terms of spending trends than we do with the USA or UK."

Ornico set up office in Nigeria two years ago in collaboration with a local business in the country, and the lessons from West African country had been profound, he said. "Like South Africans, cellphones are one of the most important possessions a Nigerian can own."

"In fact, SA marketers will be amazed to find out how much Nigerians spend on airtime. Some sectors of the market in Nigeria spend more money on airtime than they do on food. On average one person will have about four phones to cover all the networks and will only call you with the phone that matches your network - that way the call is cheaper," Patricios says.

Sharing marketing insights from West Africa, Patricios says the biggest difference between emerging markets and developed markets were in consumer demographics, spending patterns and attitudes. "Developed markets like those in the Europe and the US tend to have older demographics, while consumer markets in Africa - generally speaking - are very young."

Patricios said: "Older markets generally spend less, and view the world with a more cynical, glass half empty perspective. We are finding a greater optimism in younger African markets where people are spending more because they're creating businesses, sending kids to school and setting up home."

"From what I have observed in Nigeria, average citizens normally use informal shops and street vendors for food and drinks, purchasing more frequently, rather than stocking up. Supermarkets are perceived as an 'upper class' convenience, although even more affluent people also buy food from street vendors for convenience."

"Chinese and Korean brands feature strongly in the Nigerian market. South Africans or Americans might turn their noses up at these brands, but in Lagos they're commonplace and well entrenched," he said.

In Nigeria there is a palpable divide between the wealthy and the poor. A recent government report showed more than 100 million people in Nigeria live in poverty, subsisting on less than \$2 a day. Yet gratuitous displays of wealth are the norm amongst the affluent classes, who take out full-page newspaper ads to celebrate birthdays, and jet off to Dubai, Paris or London to purchase top branded goods.

Entrepreneurs have seen the gap, and speciality boutiques are starting to pop up in Lagos and other main centres. "I feel that with some real infrastructure development and opportunity to create luxury environments for luxury brands to come in, this market has enormous potential to become a key luxury capital of Africa," said Ozwald Boateng, a top British fashion designer born to Ghanaian parents, during Lagos Fashion Week.

Brands like LVMH Moët Hennessy Louis Vuitton SA, and Porsche AG have also been launching in Nigeria - and wisely they have contracted with established local partners, who understand the seemingly chaotic environment: there is no dedicated luxury shopping area in Lagos.

"There are also no clothing chains like Edgars or Truworths, although we've heard that there's a big push by Foschini to move into the market," notes Patricios. "Nigerians go to different markets and boutiques to get different things. They are quite big on markets. The perception is that you get a better price because you can negotiate as they are all competing for the sale."

But it's not all champagne and fancy cars. South African food and consumer goods producer Tiger Brands has bought into Nigerian food companies, UAC and Deli Foods Nigeria. This will give Tiger a strong presence in sub-Saharan Africa's second biggest economy.

"Africa is a long way from being developed but fast-moving consumer goods such as food will continue to be a staple consumption and Tiger Brands wants to be part of the action," said Zaheer Joosub, an analyst at Citigroup in Johannesburg.

Africa's population stands at about one billion people, and that figure is expected to double by 2050. Many of these economies boast growth rates of 7 percent or more, far outstripping the projected two to three percent in South Africa, the largest economy on the continent.

The Ornico CEO said even the way people bought fridges in emerging and developed markets is different. "In West Africa when people buy a fridge, often they're doing so for the first time, which means there's a lot of excitement about the purchase. However in the US buying a fridge is commonplace, and a routine purchase. It's crucial to show these differences in attitude when doing advertising or else you'll miss connecting with your target market completely," he said.

Despite the negatives - the rampant corruption, the crumbling infrastructure - Nigeria right now seems to have all the right ingredients for explosive growth: raw materials, entrepreneurial attitudes and hungry consumers with an emerging middle class.

"There is a sense of opportunity here. People believe 'my turn will come,'" said Folarin Gbadebo-Smith, the director of the Centre for Public Policy Alternatives in Lagos. "Whereas in many other places there's that sense that where you find yourself in society could be permanent, here everybody is rich in waiting."

Patricios said mobile or food brands would be dead in the water if they wanted to establish themselves in Nigeria without marketing research. "The biggest lesson we're learning from the Nigerian market is how critical it is to have real, relevant and authentic consumer context when marketing in Africa."

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