

# Winning in Africa's consumer market

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Africa holds much promise, but also many pitfalls. To succeed on the continent, brands must learn from the failures and successes of others. The Africa continent is now home to more than 1.1 billion people and will account for one fifth of the world's population in 2025, by which time nearly two thirds of the estimated 303 million African households will have discretionary income.

Media penetration in Africa is growing and radio is the leader with 82% penetration followed by mobile 81%, television 78%, out of home (OOH) 65%, newspapers 34%, magazines 30%, internet 29%, and cinema 5%. There is, however, a lot of fragmentation among the traditional media channels like radio and television in contrast with OOH and especially mobile. Brands and marketers that aim to stay clear from the fragmentation puzzle will notice that mobile and OOH provide the highest reach with the least fragmentation. (Source: PAMRO country reports 2015)

There is convergence between traditional and new media - news consumption in the digital and mobile platform. Kenya's mobile-payment platforms handled more than \$2bn per month in transactions for 2013 (McKinsey July 2015). MultiChoice Africa view mobile and self-service platforms as crucial to DStv subscriptions, tracking customer service excellence across these platforms.



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There is much potential for marketers and brand owners who utilise media and ad spend wisely. With an increase in African market share also comes millions of US \$ in advertising, across four of the African markets measured, big spenders are in the communication, financial services, and food industries. (Source: PAMRO country reports 2015)

The current GDP growth for the African continent is 4.9%, and it will be around 6% in the next decade, far outpacing the global GDP growth rate of 3.7%. African consumers are young and are willing to spend, 53% of income earners in Africa are between 16-34 and they will contribute to over \$400bn in total consumption growth in the next decade. More and more African consumers are entering the consumer class, with millions emerging from poverty in recent years. (Source: McKinsey Report, July 2015, Yaw Agyenim-Boateng, Ricahrd Benson-Armer, Bill Russo)

The challenges are many and include, differences in consumer behaviour - Africans make buying decisions differently. Opinions about brands differ by country and region and there is a fragmented media and retail market. Multiple media platforms cater for local needs and languages. There is poor infrastructure and groceries are bought from spazas, kiosks and informal markets. One-third of Africans live within 2km of a paved road that is usable all year round and 70% of the continent's population don't have access to electricity.

Other challenges include political instability and conflict, world freedom indexes indicate only 10 of the 54 nations are considered 'free'. There is linguistic diversity, to communicate effectively with African consumers companies need to deliver marketing messages in a plethora of languages. There is low data availability and quality, economic and research data are fragmented and expensive. The existing data on big cities is used to represent national and regional audiences. (Source: McKinsey Report, July 2015, Agyenim-Boateng, Benson-Armer, Russo)

Despite these challenges, pioneering companies have been able to make Africa a part of their success story. Some examples are Coca-Cola, Nestlé, and Unilever, each enjoying significant market share in their categories. Procter & Gamble has increased its African business over ten-fold in the past ten years. DStv are currently operating in 48 of the 54 African markets.

Success in the African market implies a granular view of growth, being selective about market entry. Instead of building a presence across the entire continent, successful brands target the fastest-growing cities. They tailor the offering to local needs and preferences and understand the local consumer psyche, buying behaviour and product preferences. They realise that it's beneficial to partner with local, home-grown businesses that have tailored product offerings for African consumers.

In order to win in Africa's consumer markets it is necessary to create a bespoke route-to-market model by geography and media channel. To be sure to include effective distribution strategies, and choose relevant attractive media channels. To understand the importance of above- and below the line marketing, and the informal retail space that overshadows the formal retail space. It is important to have a long term view of market growth and for brands to be prepared to invest in African consumers over the long term. African consumers reward brands they trust, and a brand that wins them over can thrive in the market for decades to come. (Source: McKinsey Report, July 2015, Yaw Agyenim-Boateng, Ricahrd B)

The question arises for marketers, 'What do we need to do, in order to become the credible voice on Africa?' A good start is to invest in first-class research, which is at the core of any business expansion. This aid to savvy strategising is recognised by consulting groups and global companies. At the core of intelligent business decisions is a bridge between consumers and brands - PAMRO research data.

The 2015 PAMRO country reports offer 18 Country reports freely available on the PAMRO website with statistics available on: population figures, literacy, GDP figures, urbanisation, wealth indicators and financials, access to local research service providers, media penetration across media channels, media ad spend trends (for selected countries), comparative views from 2011 - 2014 (for selected countries), and consumption trends of top media channels in each country.

The 18 countries researched are: Tanzania, Mauritius, South Africa, Nigeria, Zimbabwe, Ivory Coast, Uganda, DRC, Senegal, Gabon, Zambia, Mali, Kenya, Cameroon, Rwanda, Namibia, Ghana, and Angola.

"If you close your eyes to facts, you will learn through accidents." - African proverb.

*as presented at the recent 'Media research for one continent' - 16th meeting of PAMRO and All Africa Media Research Conference held in Tanzania. Over a period of two decades, the Ask Afrika Group has grown to be the largest independent South African market research company. The company focuses on local relevance, benchmarked against the global context. Ask Afrika is a member of ESOMAR. Apart from its large South African footprint, the Ask Afrika Group also operates in a dozen African continental territories.*

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