

African consumers are very optimistic about the future, report finds

If projections hold, Africa will have over 1.1bn consumers by 2020 - more than the populations of Europe and North America combined. Incomes are increasing: in 2020, Africa will have twice as many affluent consumers as the UK, according to a new report by The Boston Consulting Group (BCG) and BCG's Center for Customer Insight. The report, entitled African Consumer Sentiment 2016: The Promise of New Markets, was released yesterday.



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BCG polled 11,127 consumers across 11 African countries: Algeria, Angola, Côte d'Ivoire, the Democratic Republic of the Congo (DRC), Egypt, Ethiopia, Ghana, Kenya, Morocco, Nigeria, and South Africa. The consumers surveyed represent a broad range of ages, incomes, education levels, and household types. Besides exploring the attitudes, budgeting, and spending behaviours of Africans, BCG tracked the effect of income levels on the purchase of specific products.

For multinationals hoping to capitalise on the continent's growing consumer market, the report offers insights on where to invest marketing resources for the greatest impact. "Africa's countries, markets, and consumers have varying tastes, preferences, and behaviours," explained Stefano Niavas, a BCG partner and one of the report's authors. "Understanding these differences is critical when trying to make inroads."

Optimistic consumers

Our survey showed that 88% of African consumers are very optimistic about the future. This bodes well for the continent because optimistic consumers are more inclined to buy, which helps drive an economy forward.

In the major consumer markets of Egypt, Kenya, and Nigeria, optimism is above 90%. The overall optimism of African consumers is reflected in their eagerness to buy new things and the high levels of happiness they derive from their purchases. Although Africans continue to highly value brands, especially global ones, today's shoppers are more open to new brands - a development that bodes well for new products targeting the African market.

Internet access is growing rapidly - up 8% since 2013 among survey respondents. At the time of the survey, 63% of consumers across the continent had online access, but connectivity reached 83% in some countries. Fully 75% of consumers with internet access were online every day.

This growth of online access and the mobile internet is creating new business opportunities in areas such as e-commerce, online advertising, and especially mobile financial services. But power outages and slower connection speeds overall will present obstacles. To succeed, companies will have to innovate and adapt to these conditions, as well as to the specific needs of African consumers.

Market Attractiveness index

The report introduces BCG's Market Attractiveness index, which aggregates its research to reveal the consumer markets and products showing the strongest growth - and growth potential. The research pointed to the emergence of two potentially important markets. The first is Ethiopia, the economic strength and growth of which indicate a bright future. The second is Africa's rural consumers, who are often overlooked by companies focusing on the continent's urban populations. As rural consumers are harder to reach than urban consumers, the cost to serve them is higher.

"To capitalise on the opportunity, companies will need to rethink how they market and distribute their products," said Jacqueline Foster, a BCG consultant and one of the report's authors. "Old-fashioned word of mouth and trust building are still the most effective marketing tools." MNCs that succeed are creating innovative, tailored solutions.

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