

Unilever calls Africa next growth market

Unilever Global has identified Africa as its next growth market and has rolled out its Sustainable Living Plan to the continent.



The plan will focus on improving the health and well-being of Africans, reducing the effect upon the environment and enhancing people's livelihoods.

Subsidiary Unilever SA is one of the largest fast-moving consumer goods companies in SA. Its product range includes foods, beverages, cleaning agents and personal care products. Among the company's brands are Vaseline, Sunlight, Rama, Omo, Handy Andy, Shield, Dawn, Dove and Lux. Unilever SA has more than 3,000 staff members across two offices and five manufacturing locations in the country.

Cater for everyone

Speaking at a lecture on "Africa as the next growth market" at the World Trade Centre in Johannesburg on Tuesday, Unilever Global human resources officer Doug Baillie said the group plans to increase its growth opportunities across the continent by creating affordable products targeting 650-million poor consumers.

"Unilever in Africa will cater for the poorest consumers. You need to cater for everything if you want to win in Africa," said Baillie.

He added global trends showed a shift from the East towards the South, with 56% of new consumption in Africa by 2050.

The continent currently has the fastest-growing population and was on the brink of an economic take-off with the emerging middle class due to grow from 22% to 29% by 2020.

Absa Investments analyst Christopher Gilmour said there was good reason for fast-moving consumer goods companies to move into the continent, since "there is a huge rise in consumerism among the African population".

Gilmour said that companies would need to have an integrated product portfolio to achieve success, since the continent was highly segmented.

Half of Africa would be urbanised by 2020 and new megacities would become markets in their own right.

Unilever Africa cluster human resources vice-president Antoinette Irvine said the Africa Sustainable Living Plan will focus on getting into previously untapped markets, especially in the low living standards measure group.

Challenges

However, Gilmour said it could be difficult for Unilever and other fast-moving consumer goods companies to successfully penetrate the African market because of poor infrastructure and logistical issues.

Unilever Global has two controlling companies - one English and the other Dutch.

The former has a primary listing on the London Stock Exchange. It had a market capitalisation of £27.3bn as of 23 December 2011, the 18th-largest of any company with a primary listing on the London Stock Exchange.

The latter has a primary listing on Euronext Amsterdam.

Both Unilever controlling companies have secondary listings on the New York Stock Exchange.

Although Unilever also has small historical listings based in Nigeria and Ghana, the company does not trade on the JSE.

Source: Business Day

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