

'Beyond Retail' for Africa

By  [Danette Breitenbach](#)

17 Dec 2013

Professional services firm, Deloitte was a title sponsor of the inaugural World Retail Congress Africa, held last month in Sandton. I spoke to Ilse du Toit, a manager within the Strategy & Innovation practice at Deloitte Consulting.



(Image: NASA, via Wikimedia Commons)

Q: What is Africa being called: a 'holy grail' for many multinational retailers?

A: The macro-economic indicators for Africa are favourable for retailers and the consumer as a whole. There are some critical drivers, such as a young population and organisation levels increasing. The projection is that 50% of the continent's population will be urbanised by 2030 and 60% by 2050. The continent has the fastest growing middle class and declining poverty level which means populations have more disposable income. Technology is also an enabler for the continent. The GDP of the continent is growing making Africa a lucrative market for investors, including retailers.

Q: How should retailers approach Africa?

A: Africa is a very diverse continent and within each country there also exists diversity. Therefore you cannot approach Africa holistically.

Certain trends are more advanced than others in certain areas. These include:

- Awareness, that is how the retailer makes the consumer aware of product/services
- How people evaluate [these]
- The shopping experience
- Point of Sale (POS)

- After sales and the advocacy

These truths show that Africa is developing differently to the rest of the world.

- **Awareness**

In Africa traditional methods such as television, radio and print are still the main platforms to create awareness. What is also emerging as a strong player is the use of electronic billboards. But generally compared to the rest of the world and its use of digital marketing; Africa still uses physical platforms. While mobile advertising is making inroads, it is through SMS and bulk advertising on feature phones; not internet advertising as in developed countries.

- **How people evaluate**

More and more the young population is brand aware. Social media and television makes them brand aware and influences them to aspire to these brands. There is a growing internet awareness. For example, in South Africa and Kenya there are websites to compare prices, see what your peers say about a brands etc.

- **Shopping experience**

The shopping experience is still large format bricks and mortar. The biggest trend is the movement from informal spazas to large format malls. The shopping experience will be the differentiator in Africa. It will offer the growing middle class convenience and ambience. The luxury items market is driving a niche in Africa, despite being for only a select few.

- **POS**

We are seeing the elimination of cash. Kenya is ahead of the world in terms of mobile payments. This technology is serving Africa well. Between October 2012 and March 2013 US\$46.2bn was exchanged in using this technology. In Kenya there are 10.5 million users.

- **After sales and advocacy**

Mxit and SMS are used to spread news and Africa is second only to Asia in the number of mobile users. Word of mouth is still very strong and travels very fast on the continent.

Q: The future of retail requires companies to adapt and re-think in order to remain relevant. The retail sector internationally is in the centre of a consumer revolution where digitally empowered consumers are driving the change to a world that we call 'Retail Beyond'. Is this also true of Africa?

A: The trick is to combine the sensory experience of a bricks-and-mortar store with online integration through the use of technology to create a differentiated and personal customer experience and so gain the upper hand in this intensely competitive environment.

You have to know your target market; it is not enough to send a mass message out anymore. This is the same in Africa as it is in the rest of the world. Companies also cannot just dump products onto the African continent anymore. The retail potential of the continent is huge.

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a

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