

TREND: Land of opportunity

"With over one billion consumers - a number growing faster than that of any other continent - Africa boasts a wealth of potential."

Africa has unique stories to tell, its own problems, it needs its own solutions. Brands need to understand this and collaborate to create homegrown brands in partnership with the African consumer to harness the opportunity presented by the fastest growing middle class in the world and the continent with the youngest population.

Since 2000, the middle classes of Africa's 11 largest economies have grown from 4.6 million households to 15 million today (Standard Bank, August 2014). Africa's consumer-facing industries are expected to grow by \$400bn by 2020, representing the continent's largest business opportunity, as the much referenced McKinsey Africa ['Rise of the African Consumer'](#) research study revealed in 2012.



Matthias Ziegler via [123RF](#)

McKinsey urged companies to: focus where it matters in urban centres, including the development of mid-tier cities; develop locally relevant, quality products for local markets based on an understanding of the preferences of their African customers in the various regions; and hit the right price point - re-engineering products to ensure they provide the African consumer with affordable products.

These are the key curated African consumer and industry trends:

1. **Growth potential:** With over one billion consumers - a number growing faster than that of any other continent - Africa boasts a wealth of potential. The young and quickly growing population, paired with a rising gross domestic

product (GDP) that has grown faster than the rest of the world every year since 2001, make Africa a vital market brimming with opportunity. Traditionally viewed as an impoverished continent with little discretionary spending, Africa's middle class is growing at an astounding rate and the GDP per capita (PPP) has grown 26% in the past 10 years. With its steadily rising incomes, Africa offers vast potential and rewarding growth opportunities. (Nielsen, June 2014)

2. **The rise of the African consumer:** Africa's consumer-facing industries are expected to grow by more than \$400bn by 2020. That would account for more than half the total revenue increase that all businesses are expected to generate by the end of the present decade. The world has caught onto the potential of this burgeoning consumer market. Africans are more optimistic, connected, discerning and brand conscious. (McKinsey, FCB, Jan 2015)

3. **Digital usage is growing fast:** In a 2012 study, 50% of Africans said they had accessed the internet in the past four weeks; a percentage on par with rural China and Brazil. This number is likely to have increased to well over 60% now. (FCB, Jan 2015)

4. **Buying power:** On average, half of all household spending in Sub-Sahara Africa goes to consumer packaged goods. (Nielsen, Feb 2014)

5. **Homegrown solutions:** A Nielsen analysis found that products developed or tailored specifically for Africa's consumers achieve a success rate of 40%, well above the standard 10%. (Nielsen, Feb 2014)

6. **Made in Africa:** African consumers want tangible, visible and wearable manifestations of cultural heritage embedded in African brands to celebrate their cultural heritage and favour products 'Made in Africa'. (Trendwatching.com, Dec 2014)

7. **Price point:** Quality and brand matter to the African consumer but they must be delivered at the right price point. Price and promotion sensitivity are high given lower income levels. Private consumption in Africa is higher than in India or Russia. (FCB, Jan 2015)

8. **Optimism:** Africans are exceptionally optimistic about their economic future; 84% say they will be better off in two years. (Source: FCB, Jan 2015)

9. **Purpose-led brands:** Brands need to ensure they also benefit the society they are selling to, to earn the trust and gratitude of the next generation of middle class consumers. (Trendwatching.com, Dec 2014)

[Wayne Naidoo](#), founder and managing director of agency, Duke, predicts unique Africa solutions born of new African networks: "Original, potent African solutions to African problems. Already we are doing things with mobile that are precipitating tectonic change. Much more will follow. Africa is rising.

"Hot new thinking is delivering hard business results. We now have the chance to combine inventiveness and understanding with technology and measurement. We can learn what works, what's useful. We can innovate upon it. For the first time, engagement with the market will yield platforms and assets and true goodwill. It's no longer sitting in the cost column," Naidoo says.

It is not enough to "tweak" international campaigns and product launches for the African consumer. Marketers looking to learn about Africa need to engage at source, 'listen' to the "sound" of Africa, a continent entrenched in oral storytelling, movement and vocal expression, advises [Sampa Diseko](#), strategy director, Y&R SA Advertising.

For [Henk Swanepoel](#), CEO, MeMe Mobile, mobile will become the leading mass media channel in Africa as the continent moves to full adoption of mobile marketing.

"More people across Africa have access to a cellphone network (93%) than they do to electricity (64%), piped water (59%), or a police station (38%). Africa's gross domestic product will grow by 50% to US\$3.7tn over the next five years as the continent's rapidly expanding middle class helps drive faster rates of urbanisation and increased consumer demand for

goods and services. It is also predicted that the expansion of Africa's economy will see mobile subscription penetration grow from its current 72% to 97% by 2017, as the continent adds 334 million new smartphone subscribers over the next three years.

"The scope of a mobile media and marketing channel will offer enormous benefits, opportunities and value to African consumers. For some, these benefits are not available in any other way - or are certainly not as accessible, present and inexpensive. 2015 will be the year full advantage is taken of the mobile opportunity," says Swanepoel.

FCB's strategy team has this advice for brands in 2015 expanding into Africa on the strategies that need to be considered:

- **Focus where it matters:** 53 Countries, 2000 dialects and over a billion people... Brands that view the continent as a single market are exceptionally foolish. Most marketers focus their efforts in the megacities of Johannesburg, Cairo and Lagos, but the "middleweight" cities of Abidjan, Khartoum and Rabat allow for faster growth with less competition.
- **Get the timing right:** Brands should focus on "hot zones" where disposable income is on the rise and demand accelerates between three to five times. Avoid the "chill zones" where incomes have peaked and market saturation has occurred.
- **Build locally relevant, quality products:** This does not imply launching entirely new brands but rather understanding local nuances. For example, LG removed the "frost free" functioning from its refrigerators in Nigeria as frosting is seen as an indication of proper functioning.
- **Create strong value propositions at the right price points:** Affordability remains critical. Brands should strive to reach optimal price points within their respective categories through a combination of price engineering, smaller pack sizes and lower cost operating models.

**Trends curated by [Louise Marsland](#), specialist editor of Biz Trends 2015.*

Sources:

['The Road Ahead - Macro Trends Shaping 2015 & Beyond'](#) (FCB, Jan 2015)

['10 African Consumer Trends'](#) (Trendwatching.com, Dec 2014)

['The diverse people of Africa'](#) (Nielsen, June 2014)

['Why marketing to consumers, not the masses, is the key to brand success in Africa'](#), Nielsen, Feb 2014.

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