



Consumer collaboration agency

# **AFRICA RISING**

A report by Instant Grass Consumer Collaboration Agency

Instant Grass creates relationships between businesses and people. We have an ongoing dialogue with our grass communities across Africa, using a range of communication tools. With these ongoing conversations with opinionated, informed and connected consumers, we generate insights, word-of-mouth, and product co-creation for brands.

[www.instantgrass.com](http://www.instantgrass.com)

The following report is a compilation of opinions from those grasses on the ground.

*\*\*Where applicable data and sources have been included.*

## **AFRICA RISING**

Africa is the fastest growing continent in the world. It also has both the fastest growing working class and youth demographic. Instant Grass has been active within the continent since 2006 and is now represented in over a dozen African countries. We've collated some of our work and identified 10 of the biggest myths that we feel need to be busted.

### **Conventional Wisdom**

The current general perceptions are that:

- Africa is one market
- Africa is stagnant
- Africa is "cheap"
- Africa is traditional
- Africa is unsophisticated
- Africa is not connected
- Africa has no pop culture
- Africa has no need for innovation
- Africa needs help
- Africa is resilient to new media

These are all myths.

### **MYTH 1: AFRICA IS ONE MARKET:**

*Africa is one continent & therefore one homogenised market.*



It is tempting to segment Africa into chunks (trade zones, geographic regions et al) and as a result countries with completely different, and often conflicting values and societal norms are lumped together as a collective.

This fundamentally negates the vast chasm between bordering nations and demonstrates a lack of understanding and empathy.

### **TRUTH#**

The continent is made up of 56 countries (more than 2000 dialects) and each country's consumer market is maturing at a different rate.

80% of Africa's private consumption comes from 10 countries - Algeria, Angola, Egypt, Ghana, Kenya, Morocco, Nigeria, Sudan and Tunisia.

Nations that can manage the growth phase will prosper, but this needs to be analysed on a country-by-country basis.

*"There's nothing I hate more than when you see local adverts and billboards here, representing people from another country. As if we wouldn't be able to notice! We want the same courtesy and attention to detail that your international audience wants, not a watered down broken version that you can sell to all Africans."* - **Angolan Grass**

### **MYTH 2: AFRICA IS STAGNANT**

*There is no real money to be made in Africa.*

Historically African countries have had some of the shortest life expectancies and highest unemployment rates and as a result Africa has been regarded as one of the poorest continents with no real consumer market and no attraction for multinationals.



**TRUTH#**

Africa has the worlds youngest population, with 50% under the age of 20 years old\*. Thanks to a declining fertility rate it is the youth that will experience the highest population growth 16-34 year olds account for 53% of income.

For the first time there is a vast generational difference in consumption habits. Today's young Africans are more connected, more image-conscious and more brand aware than previous generations.

But most importantly it is the youth's optimism and future focused attitude that is becoming the societal norm.

*"Nigeria has the richest black woman in the world and some of the most expensive private jets. Tanzania has just entered a few billionaires onto the world Forbes list. South Africa is historically one of the biggest markets in Africa and Kenya boasts some of the most technology start ups in the world. Don't believe what some people say; we're winning!" - Tanzanian Grass*

\*UN, Dept. of Economic and Social Affairs

**MYTH 3: AFRICA IS CHEAP**



*The market always buys on price with little regard for quality.*

Due to lack of availability and reliable distribution, Africa was content with grey product obtained and distributed through the informal market. This was compounded by an increase in black market wares, imitations and "Fong Kong" products.

Africa was seen as the dumping ground for cheap and inferior-quality entry-level products.

**TRUTH#**

The market equates brands to quality. Any international brand is seen as being superior. For this

reason the African consumer indexes higher on brand loyalty.

Private consumption is higher than India or Russia and constitutes 45% growth. Consumer spending is up with a third of the market saying that they are spending more frequently and buying new and more expensive products.

*“The reason why I love Christian Louboutin is because of his stories and his quality. I mean the man owns a 13th century castle that’s so stylish; he once custom-made a pair of shoes with real ruby soles...I mean who does that? Also how he first made red soles with a bottle of nail polish. It’s all amazing.” - Kenyan Grass*

#### **MYTH 4: AFRICA IS TOO TRADITIONAL**

*Tradition is holding consumers back from engaging on a global platform.*



Marketers have been overtly sensitive to Africa’s cultural and traditional norms. Brands often dilute messaging to the lowest and safest denominator and as result the African market is expected to buy into generic and homogenized brand offerings.

#### **TRUTH#**

Africa is more urbanised than India and by 2016 will have as many urban centres as Europe\*. Urban spending and incomes are exponentially higher and densely populated areas mean the adoption of new modernised culture is prolific.

Most African culture pays homage to their culture and traditions but this is not at the expense of living modernised lives. Traditions are used as wings as opposed to anchors.

*“One of the most important things our generation has to do is prove that we have arrived, that we are not poor like previous generations; and THAT breeds competition. For most people, perception is key. We give a lot of time to Western trends and people will buy into things. It’s not that it’s against tradition, it’s just that we know we can.” - Côte d’Ivoire Grass*

\*McKinsey Africa Report 2013

#### **MYTH 5: AFRICA IS UNSOPHISTICATED**

*The informal retail sector has made consumers unsophisticated and undemanding.*



It is a perception that consumers shop purely by price point – a behaviour created by the prolific informal retail market, and that consumers have no need for added value.

Essentially every product was regarded as a commodity and market share was created by a highly competitive pricing strategy.

**TRUTH#**

The urban African consumer is a completely unique market with modern and sophisticated needs that are no different to those of other global urbanites.

African consumers are demanding a modern shopping experience especially when it comes to in-store brand experience. In-store environment and layout followed by convenience ranks higher than price and quality.

*“The known stereotype of a typical ‘cool’ Nigerian male would be to see him in a car with tinted glasses...Most likely a Range Rover...They would have a couple of celebrity friends and wear Louis Vuitton belts, fresh cut loafers and when he steps out you would see them in Nigerian dress or the Naija colours.” - Nigerian Grass*

**MYTH 6: AFRICA IS NOT CONNECTED**



*Without adequate internet penetration Africa will always be in the dark.*

As it becomes normal for global citizens to be “always-on”, countries with inferior access to the internet will find themselves being left behind.

Modern e-commerce marketing tactics will never work in Africa.

**TRUTH#**

Most citizens have exactly the same relationship with connectivity as their contemporaries in first world markets. Online, consumers are doing the same as users anywhere in the world; Social Media, email, Youtube, Music, News, Search

The internet in Africa could add \$300bn a year to the continent's GDP by 2025\*

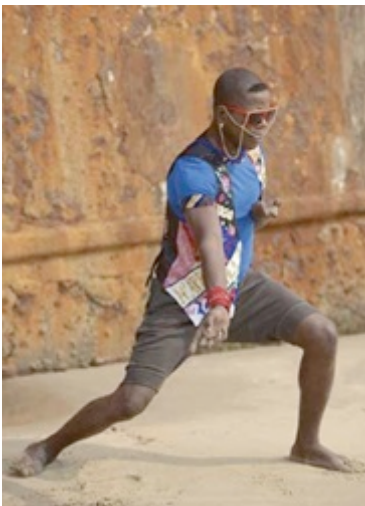
*"To some of my friends a phone is a lover and a bed mate...lol. People cling to their mobile phones, not only for the basic uses of the phone, but are now just browsing the net when they are bored. It is like they are best friends because their phone keeps them busy throughout the day and vice versa."*

- **South African Grass**

\*McKinsey Global Institute 2013

## **MYTH 7: AFRICA HAS NO UNIQUE POP CULTURE**

*Africa is at the end of the popular culture trend curve.*



Africans have always been regarded as laggards when it comes to trends. Supposedly, trends originate in the West and move anti-clockwise around the globe until they find a dumping ground in Africa.

This has led marketers to believe that they could re-hash last years trends and Africanise them for the continent.

### **TRUTH#**

Africa has an ability to take a global trend and adapt it to become more African and relevant.

Africa has the ability to re-mash historic trends and bring them to the fore in a manner that seems completely unique. Often these trends are exported back to the West.

*"Like Kuduro, kids just needed an outlet for the pain that came from growing up during the war. Rock and Metal serves that purpose even though no one really knows how it all started. That's Africa for you. Who would expect rock to be a trend in the middle of Africa."* - **Angolan Grass**



## **MYTH 8: AFRICA HAS NO NEED FOR INNOVATION**

*Innovation is unnecessary for the African market as they are still impressed with the status quo.*

The African consumer is regarded as complacent and

comfortable with normalcy.

It is believed that consumers have no appetite for the disruption that comes with innovation. As a result brands have been reluctant to introduce the latest and more innovative offerings into the continent.

### TRUTH#

Innovation in Africa is prolific and focused on real everyday challenges. Whilst it may not be design or technology-driven it is a very real and an important part of a brand's arsenal.

Because innovation needs to be both immediate and pragmatic there is a strong trend in reverse-innovation.

*"My phone and tablet is very important to me. I just got a new Samsung S4 and a Galaxy tab. It's a pretty swag combination so I get a lot of props for it."* - **Nigerian Grass**

### MYTH 9: AFRICA NEEDS HELP

*Africa is sitting around waiting for business to elevate them out of poverty.*



When brands develop a strategy for African markets the go-to strategy normally reverts to one that uplifts the citizens of Africa.

Brands believe that the only impact they can make in Africa is if they improve the citizens' quality of life.

### TRUTH#

Empathy is only one tool in a brands arsenal. Consumers expect brands to address all of their needs including higher order needs.

Luxury and connoisseurship are as relevant in Abuja as in Barcelona.

*"The problem is quite simple actually. Sponsorships in TZ are still in their baby phase. It's just corporates looking to tag their brands on to established people and events. People aren't sitting around waiting for this...I mean come on. We're moving on and doing our thing."* - **Tanzanian Grass**

### MYTH 10: AFRICA IS RESILIENT TO NEW MEDIA PRACTICES



*Advertising is limited to ATL channels.*



It is believed that the only way to reach the African market is through broadcast media and that new media is ineffective. This has resulted in a prolific amount of noise and clutter as brands compete for the same limited channels.

**TRUTH#**

Television and print are and always will be the most powerful channels, however both word-of-mouth and digital channels are new and exciting trends that are emerging.

Whilst the influence of positive product recommendation varies by country (between 50% and 81%) in certain markets, word-of-mouth is 3 times more important than in the UK and USA.

Google makes over R1 billion (\$90.9 million) from online ads alone.

Another unique trend is that most purchase decisions are made at point of purchase.

*“Above all, we are ahead of many African countries because we have our own Facebook called Wazaap and it is made by Nigerians for Nigerians. It is just a way to keep in touch with all kinds of Nigerians around the world on our own terms.” - Nigerian Grass*

*\*Venture Africa Feb 2014 Report 2014*

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*Instant Grass is a consumer collaboration agency that d*