

Africa: not as “dark” as it seems!

Ask Afrika sheds some light on research in Africa at PAMRO

Africa's 'Heart of Darkness' is showing a steady, bright light was a message shared with those present at the Pan African Media Research Organisation's (PAMRO) Madagascar conference in 2013. The world Economic Forum held recently in Cape Town highlighted that, "Substantial economic growth is expected to occur on the continent over the next five years." Predictions for Africa show six or seven of the fastest-growing economies in the world. The largest overall growth of any continent is also expected here over the next five years.

Andrea Rademeyer, CEO of Ask Afrika and TGi(SA) shared these insights with delegates in her presentation entitled, '*Perceptions around African states are often mired by platitudes and paradoxes*'. "Africa is more stable than you might think and the world is watching it with interest," said Rademeyer drawing on her experience at the helm of South Africa's largest independent research company and as African Chair for WIN/GIA International, the largest network of independent market research companies in about 80 countries.

There has been a strong perception that political instability is endemic to Africa, however, the number of successful coups is decreasing substantially. Also important is the fact that there has been a trend since 1990 all over Africa towards democracy. It seems that African governments are becoming better at governing. Big business in Africa can engage more easily, therefore, with responsive governments and take part meaningfully in policy-making processes.

Africa is not alone in facing economic, environmental, and geopolitical risks. Future warfare might centre on resources: water supply crises, food shortages, unsustainable population growth, backlash against globalisation and ineffective drug policies. However, rising greenhouse emissions, critical systems failure, and chronic fiscal imbalances are faced by all countries worldwide.

In these, as in other threats, Africa is not unique. Rademeyer stressed that Africa faces similar global challenges to other economic blocks. Sub-Saharan Africa is up there with Europe, Latin America, the Middle East, North Africa and North America in facing risks from unforeseen infrastructure neglect. We share the risks of unmanageable inflation or deflation and entrenched organised crime with North America, although our risk and the impact of that risk are perceived as higher.

She suggested that SMEs could be the turbo we need to drive Africa's economic revival. SMEs make up 91% of formalised business in South Africa and 70% of the manufacturing sector in Nigeria. Also, it is estimated that SMEs account for 70% of Ghana's gross domestic product (GDP) and 92% of its



businesses, but , while these numbers are high, their expectations for growth remain low when compared to other regions in the world.

The African Development Bank (AFDB) recently reported that only 20% of African SMEs had access to credit and that only 9% of the investments SMEs make are funded by a bank. Because of this lack of credit access, entrepreneurs are forced to raise large amounts of capital themselves and this makes it hard to grow their businesses. If SMEs are to grow into established businesses with future growth potential, it is extremely important to improve credit access. Rademeyer commented, "some economic bottle-necks could be easily unplugged."

But what about African consumers? What are their values, the size of their wallets and their brand interactions? To summarise Rademeyer's PAMRO 2013 Country Activity Reports: Africa is the world's second-largest and second-most-populous continent. There were 13 countries measured which represent 323 million consumers: South Africa, Mauritius, Namibia, Ghana, Egypt, Cote d' Ivoire, Kenya, Uganda, Tanzania, Zambia, Angola, Botswana, Zimbabwe.

Measurement of affluence/socio-economic levels across the different countries is paramount in reaching out to the African consumer. These countries represent 323 million consumers, an average of 38% being younger than 15 years. Therefore, attention needs to be closely given to this large consumer market.

Literacy levels average 79%. Ghana, Nigeria and Kenya rate among the top ten religious countries in the world. Research showed that happiness appears to be more of a cultural trait with Africa and Latin America rated as scoring the highest levels and of the two, Africa takes first prize.

The urbanisation level of the thirteen countries studied was 42% with cell phone penetration at 118 million covering 10 of the 13 countries. Radio, television and outdoor are the most popular media channels, with internet achieving higher consumption levels than magazines.

Rademeyer said, "African consumption has grown by \$275 billion since 2000: similar to Brazil and more than India. Not only is there power in the middle market (400 million) but the growth rate of High Net Worth Individuals (HNWI) in Africa showed a 14% change between 2005 and 2006. African spending power is only just waking up. By 2020, more than half of African households will have discretionary spending power."

The TGI research done by Ask Afrika shows that consumers, on the whole are not borrowing (66%), and the consumer market is diverse. Most loved and used brands were researched and showed that brand loyalty is high across Africa. Popular brands are equated with quality and people will pay a premium for them.

Consumers stated however that companies didn't know who they were or understand their life styles. Big brands and emerging smaller companies need to know how to meet these needs and to take informed decisions when providing a service and marketing their brands.

Ask Afrika affirms, "The core of these decisions is our data." How can this be done? Ask Afrika!

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About Ask Afrika:

Over a period of almost two decades, Ask Afrika has grown to be the largest independent South African market research company. The company focuses on local relevance, benchmarked against the global context. Ask Afrika is a member of WIN/Gallup International and ESOMAR. Apart from their large South African footprint, Ask Afrika also operates in a dozen African continental territories. Ask Afrika is well known for delivering strategic and large scale field projects and for creating benchmarks for industry. With regards to service excellence Ask Afrika is the preferred research partner across industries to co-craft customer service strategies through meaningful research methodologies across the value chain and customer service touch points. Their exclusive product suite includes the Ask Afrika Orange Index®, Trust Barometer™, Radio Moods™, TGI Icon Brands and TGI (the Target Group Index). Ask Afrika pride themselves on their exceptional service delivery and they have offices based in Pretoria, Stellenbosch and Austria. For more information please visit the website: www.askafrika.co.za .

Issued on behalf of Ask Afrika by Stone Soup Public Relations

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