

Exploring opportunities in African markets

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African markets defy easy generalisation, and understanding the precise size and shape of opportunities is essential for companies weighing up the decision to pursue them. When a genuine opportunity is identified, the scale of African markets means that the potential of that opportunity is likely to be vast.

Africa's economic emergence has been well-documented in recent years, with GDP growth expected to reach 5.7% in 2013, with over a third of the population in many countries now falling within the 'middle class'. At the same time, Africa's rapid urbanisation and expanding base of mobile phone owners invites brands to compete in those markets through increasingly familiar channels.

Africa today includes 52 cities with populations of one million or more. However, city life does not equate to developed market opportunities and standards of living, nor to consumers adopting the behaviour patterns and attitudes of developed market urban consumers. African cities continue to encompass great inequality. They also represent increasingly competitive environments, where western multinationals compete both with local rivals.

This makes an understanding of cultural and religious traditions and established consumer habits essential for brands looking to exploit new market opportunities. South Africa's Tiger Brands has had considerable success expanding across markets by acquiring local companies and making considered judgments about whether growth is best served by retaining local brands or leveraging the acquired companies' infrastructures to launch brands already established in other markets.

There are risks if brands pull back from rural communities, which often have a disproportionate influence on growth potential, in order to focus too rapidly on fast-expanding cities. Rural communities may be more challenging, but they are often where brand loyalty is first built amongst Base of Pyramid (BoP) consumers. Mobile banking services, for example, have seen their growth accelerate significantly following take-up in rural areas.

Mobile banking is just one example of the mobile phone creating opportunity across African markets. However, brands must beware the temptation to import developed market mobile strategies to a region where the majority of handsets are still 'dumb' phones, and the most effective mobile marketing often makes innovative uses of SMS and USSD technologies and Please Call Me messages.

In mobile, as in so many other forms of marketing, the challenges and opportunities of African markets are unique - and are best met through re-engineering propositions and strategies from the ground up. TNS operates teams in 17 separate African markets.

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