

# How to market to Africa's resilient, ambitious middle class

By  Louise Marsland

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Africa's middle class is more than 100 million strong (excluding South Africa), with a combined monthly spending power of R1.3 trillion. How do you market to this extremely aspirational segment?



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This was the question asked and answered at the UCT Unilever Institute of Strategic Marketing *African Lions* workshop, in association with Ipsos, in Cape Town on Friday, 21 May 2017, where ground breaking research on the *African Lions* - Africa's middle class, was presented as part of the game changers series.

The study, which took over 18 months to complete, examined demographics, living conditions, work, aspirations, media consumption, buying patterns and brand relationships, across the middle class on the continent. The researchers were careful to explain that Africa's middle class differs from what we know as South Africa's middle class.

Ogilvy and Mather South Africa group strategy director, Neo Makhele, presented the portion of the workshop on the attitudes and behaviours of the sub-Saharan middle class, and what they do to sustain their livelihoods, taking a closer look at their livelihood strategies, aspirations, shopping behaviour and relationship with brands, as well as what they did for entertainment and to relax.

The feedback included highly insightful video clips of interviews that the research team, did with respondents across the continent.

It's all about the "hustle", explained Makhele. Many work two, three, even four jobs to stay above the poverty line. And it is this diverse economic model which is how the middle class in Africa – these proud and resilient African Lions – continue to grow and build an entrepreneurship model that is necessary in the stark reality of a lack of formal employment opportunities.

It is all about whom you know and having more than one business opportunity. Makhele set out in detail what sets this market apart and how they sustain themselves on a daily basis:

1. **Manage their finances well.** People are enterprising and entrepreneurial. Having their own business is the ultimate goal to secure their financial future as jobs in formal employment are limited and not always seen as sustainable. Only 37% of people across the continent are in formal employment.
2. **Ensure a diverse stream of income.** The informal sector accounts for 93% of new jobs across Africa and 61% of urban employment. Many have a side business.
3. **Are able to stretch themselves.** A key characteristic of the African middle class is that they have a plan and are disciplined and prudent in their expenditure due to the fact that they have limited financial flexibility – only 37% have money left over month end. They use cash mainly, 11% have credit cards, and thirdly, Mpesa. They will borrow from trusted sources, such as family (56%) and friends (52%), rather than the banks (only 34%), and 19% belong to savings groups. They operate in an unstable economic environment and are able to sustain a living, but have to "hustle" to do it, as they describe it. There are also added pressures, such as inadequate healthcare, family obligations, and others, such as in the rental market in Nigeria, where it is customary to pay one's rent one to two years in advance.
4. **Cement what they have.** Savings are critical to this market in order to be prepared for emergencies. Poverty is all around them and there is a fear of "slipping back". So 74% have a savings account and 64% have another source of income.
5. **Expect the unexpected.** Research showed that they also need to budget for unexpected illness, death, car or home repairs and family responsibilities.
6. **Connected.** Their mobile phones are an extension of themselves. They speak about them as critical to their business lives, personal lives and cannot live without them. Descriptions of their phones ranged from: "My phone is my heartbeat", "a clever wife", "it is my life", "it is my everything", "it is my hustling", "it gives me jobs"... Overall, 77% have smartphones, 33% have a tablet and 49% of African Lions have a computer.
7. **Networked.** This is a very networked market and networking is seen as crucial to landing jobs, earning an income and communicating with everyone necessary. If you are not networked, you cannot earn a living. It is all about who you know and your connections to finding work or creating a new business. 83% access the internet via a smartphone, 45% use Facebook regularly, 28% are on WhatsApp, and 18% use Twitter.
8. **Look the part.** A view that resonated across geographical boundaries was the fact that if you want to be successful, you have to dress like a success. This one quote summed it up the best: "Dress in a way that you want to be addressed". Image is everything and this market will go all out to create a good first impression. They are well dressed and want to be seen as well-educated and as business leaders. They also don't want to be regarded as poor, but as successful. Their online presence is also carefully curated.
9. **Don't get sick.** In South Africa, access to medical care is taken for granted. This is not the case across the rest of Africa, where good healthcare facilities are sporadic. 62% say they have never visited a dentist and 29% have never visited a doctor. Only 44% said health insurance was necessary and only 11% actually have health insurance. The cost of medication is also high. Therefore prevention is key and a good diet and exercise are valued.
10. **Eat right.** Traditional food is viewed as more healthy and nutritious than store bought food in many instances, and is also tied to culture as a source of nation pride and cultural celebration. When store bought products are consumed, the African Lions will scrutinise product label information in order to control their intake of salt and sugar.
11. **Don't go it alone.** This market shares their income with family, they are helped by family, and they send money home. This is another key reason for financial prudence and savings. They are very clear that they are working for a purpose.

12. **Think about the future.** Middle class Africans are very optimistic about the future and most believe that their circumstances will improve in the future. Everyone seems to have a five year plan, from the interviews broadcast at the workshop, and they are constantly developing ideas for new businesses or making plans to study further, attending night classes, reading up on a new skill.
13. **Keep the faith.** Faith is a strong thread throughout their lives and 77% attend religious gatherings at least a few times a month. Only 7% said they had never attended a religious gathering. Religion and festivals have a strong cultural influence and are also considered key points of contact and networking.
14. **Enjoy the journey.** “Africa is like a hard iron so you need to work hard”, is a quote that comes up, but most are optimistic and happy about their prospects. 83% spend time with family, 80% with friends, 67% at the hairdresser and on other hobbies, including traditional ceremonies, bars and clubs. Music and dance are integral to relaxation and entertainment, reported Makhele.

## No ‘one size fits all’

After the lunch break on Friday, independent consultant Martin Neethling, an experienced marketer and retailer, unpacked how the research impacts on the ability of the marketer to market to Africa’s middle class.

His “ground rules” in marketing to the African Lions, included:

- **Remember Africa is not a country.** Africa is made up of 54 countries with very different cultures and uneven growth rates. But there is a strong sense of national identity and nation pride, which is a uniting factor.
- **Keep it real.** Most of the African middle class are under financial pressure and are asset poor. Easy storage is needed for small kitchens and bathrooms, therefore smaller pack sizes are a must; versatility of packaging and product means that resealable containers that can be reused at home are prized. Only 36% have a fridge, 52% have an electric kettle, 49% a computer, and 31% a car. This is also where opportunity lies, in big ticket items and assets, and there will be growth ahead for brands in this market, as this market expands.
- **Help me become...** This is a very ambitious market. They want to be helped to become their own boss, to own their own homes and businesses, provide for their families. So communication and activation activities that benefit micro businesses will do well in this market. Brand activations and competitions in this market could include startup capital; business tools such as technology; cellphone hardware; airtime; training; transport; personal care products; clothing. Being associated with cool brands is also important from an aspirational point of view.
- **Be available.** You can’t be out of stock. As a brand, you need to be reliable and present. Brands can’t build brand equity if they don’t care where their product ends up, said Neethling. There are major distribution challenges as formal retail penetration is still low – in fact South Africa has seven times more shopping centre space than the whole of sub-Saharan Africa combined. Many still shop at local markets and smaller shops for convenience and authenticity – they like to know source. The middle class in the urban areas visit supermarkets at least once a week (43%), while 68% say they visit supermarkets at least a few times a month. Online shopping is still very small (13%) and 71% have never shopped online.
- **Embrace ‘brandhood’.** The branded story is also about connecting to the world and brands are playing an increasingly strong role in the lives of the African Lions. They want brands that deliver on quality, more so than affordability, and smaller units, as well as bulk packs priced right.
- **Make your brand stand out.** Packaging has to work very hard to make a brand stand out in the crowded space of the traditional retail environment. Anything that can demonstrate authenticity, quality, with clear product labelling and health claims, will be a winner.
- **Deliver new experiences.** This market segment wants to connect to the rest of the world. Word of mouth is important. Experiential marketing is important.
- **Respect tradition.** Culture still impacts buying behaviour. Tradition is still a central focus, despite a future focus as well – as family responsibilities, culture and Church will take precedence.
- **Keep healthy.** Since fewer than 50% of African Lions have access to modern healthcare facilities in Africa, doing anything that relates to basic oral health care and other ways to keep healthy, is critical, said Neethling.
- **Be media savvy.** Newspapers are still as important as television in this market in sub-Saharan Africa, with radio being king (51% listen to radio). Word of mouth and peer recommendations from their network come in at 41%. What

is very interesting is that 36% are watching international TV and 37% local TV. And social media is becoming second nature.

## ABOUT LOUISE MARSLAND

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