

The story of the African consumer

 By [Laine Barnard](#)

3 Jun 2014

Trying to define the average African consumer is near impossible. Tastes and shopping habits are unique to each country, with differences found between regions and even cities within a country.

What this means to business is that extensive market research should be conducted before entering a country with a new product or service. It is indeed *vital* in order to determine the best strategy.

The differences between North and South

In 2012, McKinsey & Company published a report titled [The Rise of the African Consumer](#). The report explored the African market and its consumers, as well as how to serve this segment best.

Major differences were found between the countries in Africa's northern parts and its Sub-Saharan region. The one similarity was the significant importance attached to both quality and brand when making purchasing decisions, albeit in varying degrees.

For starters, North Africans are loyal to a selection of brands, while Sub-Saharanans tend to be loyal to a specific brand.

Accordingly, 43% of people in North Africa are willing to try new products or services, while the same is true for only 35% of Sub-Saharan Africans.

When it comes to brand type, North Africans are hungry for international brands, while those in Sub-Saharan Africa have no problem with supporting local brands.

But the right brand means nothing to African consumers if it's not delivered at the right price. In Nigeria, for example, more than 70% of consumers revealed that they regularly check prices of rice. In Ethiopia, more than half of respondents indicated that they spend a lot of time searching for the lowest-priced item when shopping.

Across the continent, however, African consumers are developing modern tastes and sophistication. This is especially true for higher earners who prefer to do most of their shopping in major shopping centres. Open air stalls and markets are visited infrequently and primarily for inexpensive items, like bread. Those who are especially affluent make regular trips to parts of Europe, as well as to Cape Town and Johannesburg to quench their thirst for luxury goods and apparel.

Top countries for 2014

Breaking down the continent further, it would serve us well to take a closer look at the top 5 ranked countries in AT Kearney's [2014 African Retail Development Index](#). This index is an exploration of Africa's retail landscape and the opportunities it presents.

Below is a basic analysis of each of AT Kearney's top rated countries, with some statements gathered from a [similar study done by Nielsen in 2012](#):

1. *Rwanda*

Most Rwandan consumers base their shopping decisions on price and affordability, and they're reluctant to change brands. Fresh food purchases are typically made at informal markets, while dry and packaged foods are bought from kiosks.

2. *Tanzania*

Tanzanians make the majority of their household purchases from family-owned shops known as dukas. Supermarkets are popular, however, with expatriates and higher-income Tanzanians. About one-fifth of Tanzanians' income is spent on consumer-packaged good, especially beverages, and personal care essentials like toothpaste.

3. *Ethiopia*

Price-sensitive Ethiopians do their grocery shopping at open markets and kiosks several times a week. On their shopping list are basic commodities like wheat, cereals and local ingredients. As income increases, consumers start doing their shopping at supermarkets and include packaged foods, like pasta, on their shopping list.

4. *Nigeria*

Nigerian retail is predominantly informal. Consumers in this West African country shop for anything from food to clothing and cell phones on street corners. Thanks to a burgeoning economy, however, this traditional picture of Nigeria is starting to change and supermarkets are becoming more popular.

5. *Gabon*

Retail sales in Gabon have grown steadily in recent years, but formal retail still makes up a very small percentage of grocery retail. International brands have started to enter the country, which will bolster the formal retail sector.

The rising middle class

One cannot study the African consumer without touching on its rapidly growing middle-class. Deloitte compiled a [report](#) on this group in 2013 in which they stated that Africa's middle-class had tripled over the previous 30 years. One in three people were considered to be living above the poverty line. Deloitte estimated that the African middle class will grow to 1.1 billion (42% of the total population) in 2060.

It's important to note that 'above the poverty line' does not indicate wealth. Many reports, articles and studies have indicated that 'middle class' in Africa is, in fact, a very relative term compared to other parts of the world.

That said, Africa's rising middle class is exactly those people discussed earlier who are developing modern tastes and sophistication. They own refrigerators, telephones, flat screen TVs and automobiles. They're aspirational, integrate technology into their lives and enjoy more recreational time than those in lower income brackets. This is the group that deserves, and will certainly receive, more attention in coming years.

ABOUT LAINE BARNARD

Laine Barnard is the CEO and Marketing Director of 8brand. Laine has been instrumental in the repositioning and re-branding of some of the top telecommunication players in Africa, developing many successful brand launch strategies, go-to-market strategies and repositioning strategies.

- You've clearly underestimated online reviews - 3 Jul 2014
- The future of sustainable retail design in Africa - 6 Jun 2014
- The story of the African consumer - 3 Jun 2014

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>