

Launching your brand into Africa

Living in South Africa and enjoying all the benefits of our very modernised and advanced shopping amenities, doesn't remotely prepare brands for entering the vastly different shopping arenas in other African countries... That's where Nomfundo Dlamini, of Tank Research, believes thorough prior investigation of potential markets is invaluable in preventing massive mistakes.



Nomfundo Dlamini

Dlamini, who has travelled Africa extensively in search of retail solutions for clients, says: "We're not used to haggling in South Africa. Even among our small-scale traders there is little negotiation, but in most of the rest of Africa there are no fixed prices and it requires skill to purchase daily goods at the best price.

"This appears to create anxiety among SA brands entering some countries, when they should view it as a great opportunity instead: manufacturers need to be more adept in terms of how they negotiate with local traders by offering more promotions, discounts, rebates or other fluid models. They need to create win-win situations for all, offering added value for the customer as well as the trader, while still moving product profitably."

The importance of pack sizing and pricing for African markets is critical as most people are daily to weekly earners, with salaried people in the minority. People plan and purchase meals on a daily basis: "If I have N500 (Nairas) or K20 (Kwacha) (about R20) today, whatever I buy has to be within that amount, so I need smaller packs and pricing," explains Dlamini.

"These are grudge purchases; people know they are being cheated; that they could buy a bigger can or packet for better

value, but simply cannot afford to do so. To create better brand connections, manufacturers need to find new messaging and ways of delivering value and to understand that ideally, these shoppers would prefer the bigger pack.”

Opportunity for growth

Despite this, there are massive volumes sold daily, meeting the immediate needs of the everyday earner. Those who are not playing in this area are losing a substantial opportunity for growth.

Alongside this is the fact that most purchases are made on the daily commute to work by taxi or from kiosks within walking distance of the home.

Supermarkets may not want to stock the smaller packs but this depends on their location. It’s an intense process of understanding who the customers are in that vicinity.

There is huge innovation and ingenuity on the streets. Tea bags are sold singly and a mother on her way to the clinic can buy one or two disposable diapers for the day: “The traders are smart and well-supported by consumers because they enable them to get what they need. They’re providing a real service to the community; there is pride and satisfaction in their daily activities.”

Overlay this with the critical need to understand the importance of sport, culture, pride, politics and religion in each country in order to avoid the pitfalls, and brands quickly realise they need expert advice before entering a new region.

“But these are massive markets, many unexplored, just waiting for the right product with the right messaging for the right audience. It’s a wonderful challenge and offers vast potential profits,” Dlamini added.

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