



**ASBF Webinar Series: Consumer and Retail Technology Opportunities in Africa**

**Event Summary:**

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| <p><b>Key takeaways shared by the speakers</b></p> | <p>Even though Africa was hit hard by COVID-19, there are still numerous opportunities that remain untapped. In the past 20 years, the African consumer market has seen a significant rise of the middle class, and with that, increased consumer spending. Technological progress including wider access to the internet has also enabled the e-commerce landscape to flourish with vast uptake of online shopping, though there is still much room for growth in this aspect. In more advanced countries such as Kenya, online payment is widely accepted, with payments made before delivery.</p> <ul style="list-style-type: none"> <li>• The short-term impact of COVID-19 in Africa is consistent with global trends, such as consumers shopping closer to home, a reduction in disposable income, but an increased spending in FMCG products. Interestingly, the phenomenon of the ‘lipstick effect’ (coined by Estee Lauder) is also observed, where consumers are more likely to spend on small indulgences like snacks and chocolates in a crisis.</li> <li>• Culture plays an important role when dealing with the African market. Africans have a strong sense of purpose and the younger consumers especially are supportive of companies that engage in Corporate Social Responsibility (CSR) efforts. In addition, given their community spirit, there is a tendency to support local industries. Hence, foreign brands should strongly consider the option of entering the market through partnerships with local companies.</li> <li>• Careful product selection is also key to success. Africans appreciate good quality products and are aspirational as captured by the term ‘Afro optimism’, despite being price conscious. Increased offline presence and visibility are also vital to retaining brand loyalty. Finally, constant communication with</li> </ul> |
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|  | <p>customers and spending in Above-the-Line marketing are also important.</p> <ul style="list-style-type: none"><li>• Both brands and retail tech solution providers should strive to serve the wider opportunity in the continent, primarily the middle class and the bottom of pyramid community.</li><li>• While physical brand presence is critical, e-commerce is expected to continue growing despite its logistical challenges. This is further supported by the increased use of smartphones especially with the advent of the second-hand smartphone market and the growing affordability of data.</li><li>• Singapore businesses can consider taking the following steps to venture into Africa:<ol style="list-style-type: none"><li>1. <b>Conduct a thorough research on the country of interest.</b> A common mistake is to treat Africa as a homogenous continent, given that countries often differ vastly in terms of economic performance, affluence, and culture. Each country has their own economic drivers and aspirations. It is also critical to understand the functional consumer need that the brand is trying to solve in the chosen market.</li><li>2. <b>Create an offline presence.</b> Having a physical retail store in Africa is still important. Africans are generally open to trying foreign products and have a lower brand loyalty than Western or Asian consumers. COVID-19 has amplified this propensity, with 60% saying that they were willing to try a new brand, creating a huge disruption in brand loyalty. However, their relative lack of disposable income meant that they are often cautious about spending money on untried products. It was noted that consumers only bought what they can find in stores. In that regard, a good way of penetrating the market is by offering samples and collecting feedback. Pepsi was one such company to use this methodology.</li><li>3. <b>Building the brand online.</b> Once the brand has gained some recognition in the local market from its availability in physical stores, selling the product online would be much easier. African consumers are more inclined to purchase a product that they know to be of good quality online, even if it may be slightly pricier.</li></ol></li><li>• Some of the challenges that businesses in Africa face include having difficulty in finding direct access in the retail space and lack of warehouse management and delivery solutions. Singapore companies can leverage their strengths to address these market gaps and capture opportunities in the continent.</li></ul> |
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**What next?**

Reach out to Ms Huda Rasid at [huda\\_rasid@enterprisesg.gov.sg](mailto:huda_rasid@enterprisesg.gov.sg) if you are interested to know more about the opportunities in the consumer and retail technology in Africa.

One of Enterprise Singapore's flagship events, the Africa Singapore Business Forum (ASBF) is a premier platform for business exchange and fostering trade between Africa and Asia. In the past five editions of ASBF, there have been over 2000 business leaders and government officials from more than 30 African countries that have attended the event in Singapore. ASBF 2021 will be held in August and we hope you will be able to join us and continue your journey exploring opportunities in the African continent.

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