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AMC AFRICAN MARKETING CONFEDERATION

Journal of the African Marketing Confederation

Issue 1 2021

The new voice of African Marketing

LAUNCH ISSUE

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The revitalisation of our shared African marketing journey

I AM THRILLED TO WELCOME you to the Launch Issue of *Strategic Marketing for Africa*, the official publication of the reinvigorated African Marketing Confederation and the new voice of African marketing!

I am equally excited and honoured to have been re-elected as President of the AMC and to be able to play a part in re-energising and re-launching this pan-African body of marketing professionals. Through its role as an umbrella body for the various national marketing associations and bodies across Africa, the AMC is spearheading the ongoing development of the highest possible standards of marketing on the continent.

We are doing this through a range of strategies – including education initiatives, networking forums, research projects, professional publications (such as this print and digital magazine), and mechanisms to recognise and reward achievements at both the corporate and individual level.

HOME-GROWN AFRICAN MARKETING SOLUTIONS

Paramount in this process is recognition that Africa requires local and home-grown marketing approaches and strategies that are designed and nurtured by Africans themselves. Of course, we respect and embrace global marketing knowledge, expertise and experience. But, at the same time, we acknowledge our continent's unique and varying cultures, national histories, languages, education levels, standards of infrastructure, and differing stages of economic development.

Networking is, of course, more important than ever in the radically changed business environment that African marketers find themselves in as a result of the pandemic. Sharing learnings with your peers as to what works best – and what doesn't – in this new and uncharted environment simply makes good business sense. There's no need to go it alone; fellow African marketers have your back!

Pandemic or not, the need to upskill existing competencies, enhance formal qualifications and learn new skills has never been greater for African marketers. Digital technologies, big data, the ongoing social media revolution, evolving consumer attitudes and changing customer expectations mean that marketing professionals cannot rest on their laurels.

VITAL ROLE OF EDUCATION AND REGULAR UPSKILLING

Here, the AMC has a key role to play. We will provide our member associations with mechanisms – and a forum – with which to share education initiatives and assist in achieving parity across the continent for their their individual and corporate members. Digital technology and the internet has democratised access to education and skills development. For African marketers with a thirst for learning, the tyranny of distance and access has been erased – and the AMC will be at the forefront of this pan-African education and upskilling process.

We are Africans; proudly so. Africa's marketers and the 1.2-billion consumers they serve deserve best-practice African solutions. Through the African Marketing Confederation, we will play our part!

To find out more about the nine national associations that comprise the AMC (with more countries to follow soon), turn to our Introducing the African Marketing Confederation feature on page page four of this issue.

Yours in African Marketing,

Helen McIntee
President, African Marketing Confederation

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PRODUCTION
Reproduction: Tamlin Lockhart Design
Digital magazine: Smart Procurement World
Print magazine: Business Print

IN ASSOCIATION WITH
Chartered Institute of Marketing, Ghana
Marketing Society of Kenya
Moroccan Association of Marketing and Communication
National Institute of Marketing of Nigeria
Institute of Marketing in Malawi
Institute of Marketing & Management, Mauritius
Institute of Marketing Management, South Africa
Zambia Institute of Marketing
Marketers Association of Zimbabwe

FROM THE EDITOR

A new magazine and a credible new voice for African marketing

EDITING A NEW MAGAZINE IS always an honour, even more so when the revitalised African Marketing Confederation is making its rightful return to prominence on the African marketing stage. This at a time when there are both huge challenges – and enormous opportunities – for the profession on the continent.

There was, of course, a previous magazine which existed during the formative years of the AMC. But, after being dormant for several years, we are back as a publication with a slightly new name, a new philosophy, and a new direction that embraces greater levels of publishing digitisation and interactivity for readers.

We continue to publish a print edition that will circulate in limited numbers to marketing professionals in Africa via their national marketing bodies (which are members of the AMC). There are many people – myself included – who still love the look, feel and even smell of the printed word and a glossy hard-copy magazine.

But the reality is that digital publications have become common and offer many practical benefits such as being cheaper to produce, easier to get into the hands of readers, and giving advertisers and readers more interactivity. This publication is available digitally on the excellent new African Marketing Confederation website: www.africanmarketingconfederation.org

The website also houses a Marketing News section which is updated daily by the same team of journalists that brings you *Strategic Marketing for Africa*. This comprises short, sharp news snippets covering the latest marketing-industry happenings from around the continent and the world.

FOSTER A CULTURE OF THOUGHT LEADERSHIP

The ethos of this magazine is actually quite simple: To be a useful resource for African marketers and to foster a culture of thought leadership among professionals. In striving to be the new voice of African marketing, our bywords will be 'Coherent', 'Credible' and 'Courageous'.

We want to drill down into topics and provide depth, perspective and insight. To be an antidote to the superficial. To encourage debate and rational argument – while always maintaining the highest standards. As we forge ahead with this quarterly publication, we anticipate that the editorial mix and approach to covering relevant issues will change in response to input from the AMC member countries and the African marketing fraternity in general. We will, of course, also be responding to ongoing change in the global marketing environment. While African challenges frequently require African solutions, we are not an island and this publication must endeavour to keep its finger on the pulse of the best marketing thinking – whatever its origins.

Happy reading!

Mike Simpson
Editor

ISSUE 1 2021

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- Sports Marketing
- Sponsorship Strategy
- Retail Strategy
- Digital Marketing

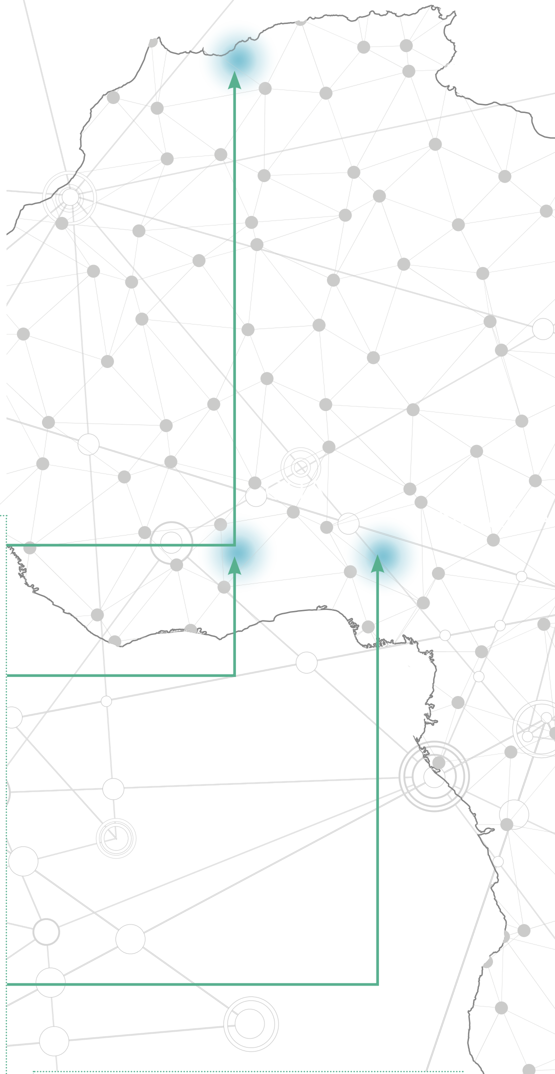
Introducing the African Marketing Confederation

THE AFRICAN MARKETING Confederation is the ground-breaking pan-African body of marketing professionals spearheading the ongoing development of the highest possible standards of marketing across Africa.

Founded in 2011, the AMC is a collaboration between the various national marketing bodies and associations to exchange expertise and information, as well as to promote the marketing profession as a whole.

By unifying the bodies in the various countries, the AMC is positioned to exchange expertise and information, provide intellectual capital and to ensure that the continent has a platform for like-minded marketing professionals at the highest level. The AMC aims to grow and support Leaders in Marketing in Africa, through this platform.

The AMC founding members are also fully committed to observing each country's unique and varying cultures, languages, standards of education and levels of development which require home-grown marketing approaches designed and nurtured by Africans themselves.



THE MOROCCAN ASSOCIATION OF MARKETING AND COMMUNICATIONS

The Moroccan Association of Marketing and Communications (AMMC) was created in late 2013 as a dedicated platform to the country's marketing and communication communities – including managers, directors and officers from large, medium and small companies operating in the private and public sectors. AMMC members contribute to strategic thinking related to topics and themes of common interest and organise networking and experience-sharing events. AMMC's vision is to become the Moroccan reference for marketing and communication. Its defined mission is to promote the marketing and communication professions, to develop the skills and knowledge of professionals and to participate actively in the economic welfare of Morocco. https://www.facebook.com/AMMC.Maroc/

CHARTERED INSTITUTE OF MARKETING, GHANA

The Chartered Institute of Marketing, Ghana (CIMG) was founded in July 1981 with the vision to be the voice of marketing practice in Ghana under the Professional Bodies Registration Act 1973 (NRCD143). The Institute aims at seeing organizations (both private and public) embrace the marketing concept, and be marketing oriented in their operations. In 2020, the CIMG received a Presidential Charter by the passage of the CIMG Act 2020 (Act 1021) with the main objects to set standards for the practice of marketing and to regulate the practice of the marketing profession in the country. Visit Website

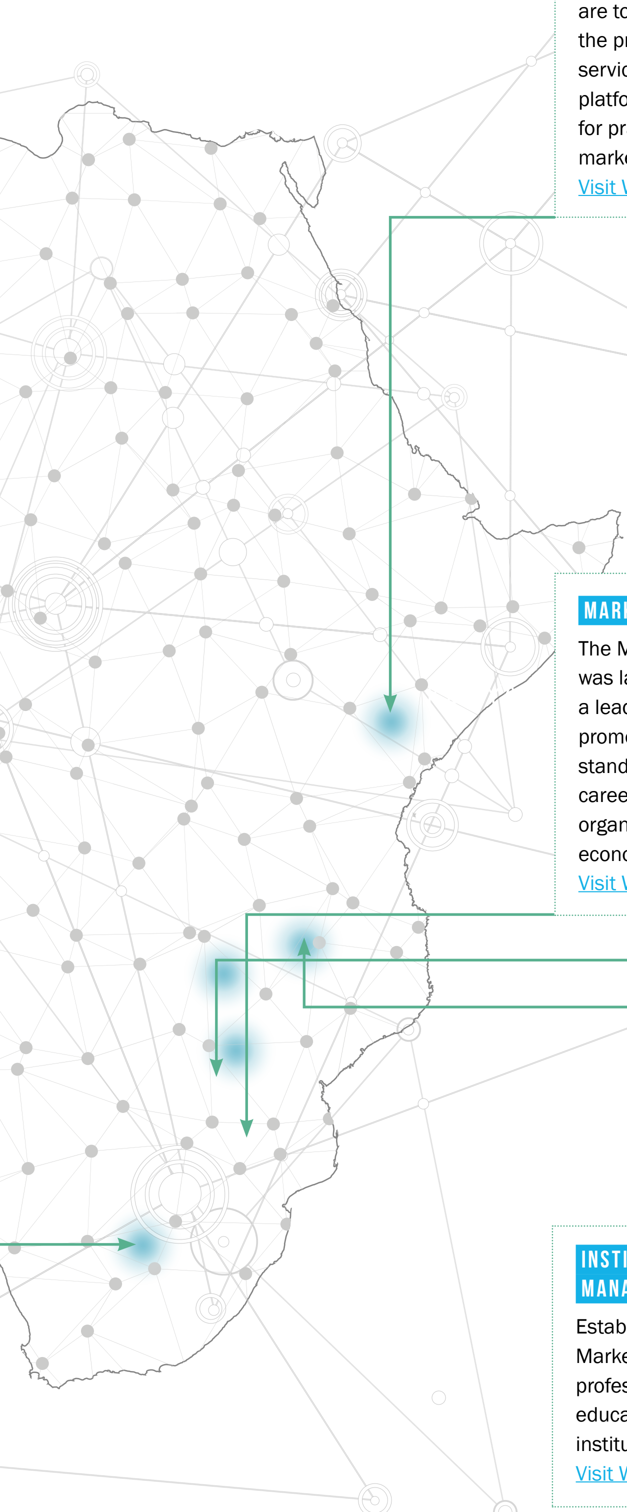
NATIONAL INSTITUTE OF MARKETING OF NIGERIA

The National Institute of Marketing of Nigeria is the body of professionals engaged in marketing and related fields as marketing practitioners: sales and marketing directors, commercial directors, customers' managers, media planners, channel developers, creative directors, value builders, brand directors, corporate and institutional governors, transformers, communication experts, general manage and chief executives.

Visit Website

IMM INSTITUTE

The IMM Institute has for decades been the pre-eminent marketing institution in Southern Africa. It is reinvigorating the brand through the launch of a wide range of value-added products and services for marketing professionals that are members of the IMM Institute in either an INDIVIDUAL or CORPORATE capacity. Together with its partners in the African Marketing Confederation (AMC), the IMM intends to build the largest network of marketing professionals in Africa.



MARKETING SOCIETY OF KENYA

The Marketing Society of Kenya started as the Advertising Society of Kenya in 1962. It became the Marketing Society of Kenya in 1968. The first chairperson was Nigel Crouch, the then MD of Cadbury Schweppes. The Society's main objectives are to develop, acknowledge and practice the profession of marketing, to provide services to members, and to offer a platform for self-regulation for practicing marketers.

[Visit Website]

MARKETERS ASSOCIATION OF ZIMBABWE

The Marketers Association of Zimbabwe was launched in 2007 with a vision to be a leading body of marketing professionals promoting professionalism of the highest standards and establishing channels of career development for the benefit of organisations and the economy at large.

[Visit Website]

INSTITUTE OF MARKETING AND MANAGEMENT, MAURITIUS

Established in 1991, the Institute of Marketing & Management is the leading professional marketing education and training institution of Mauritius.

[Visit Website]

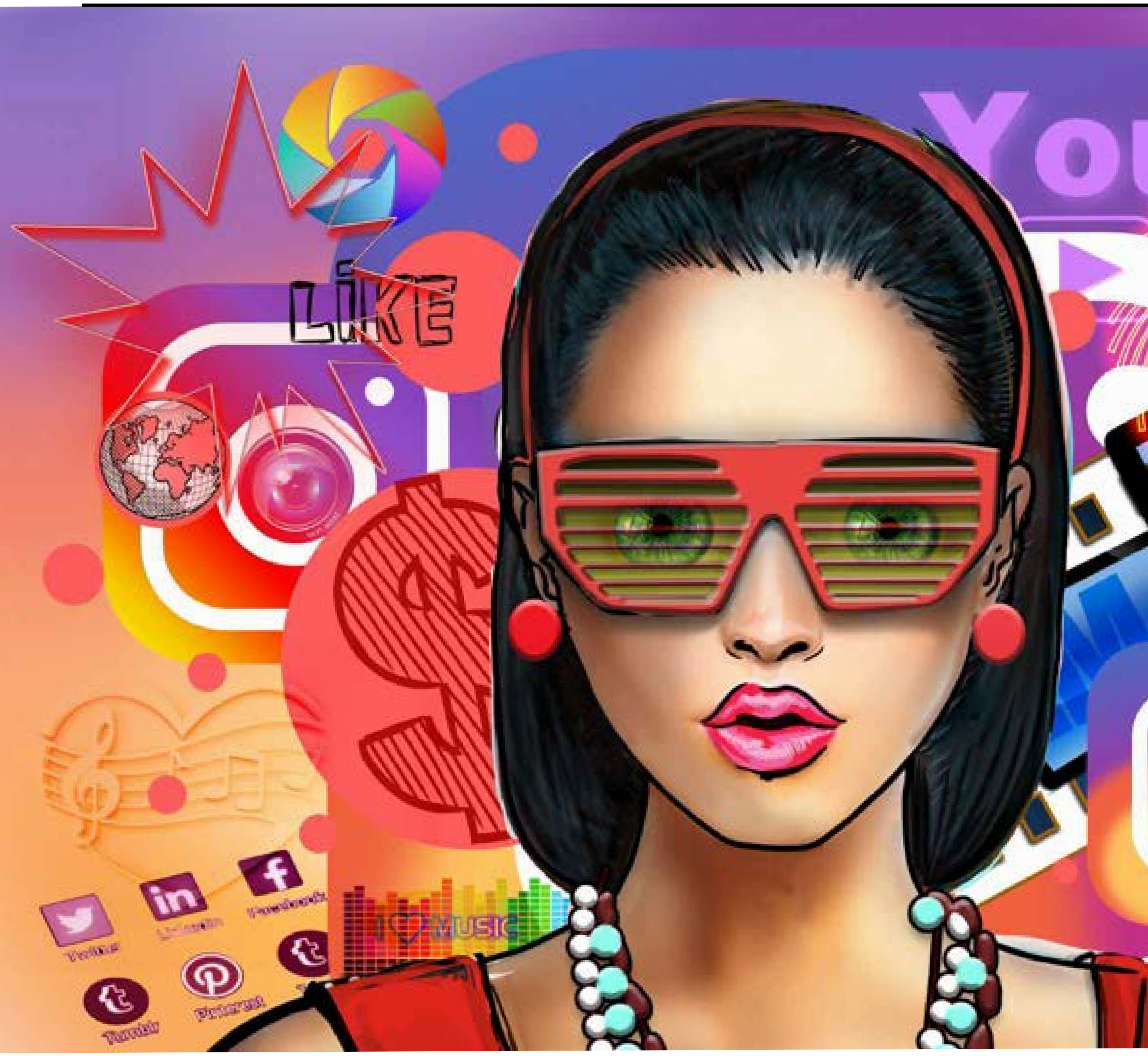
THE ZAMBIA INSTITUTE OF MARKETING

The Zambia Institute of Marketing is a membership organisation regulating the practice of marketing in Zambia as provided for in the Zambia Institute of Marketing Act No. 14 of 2003.The Institute is affiliated to the Ministry of Commerce, Trade and Industry. The broad operating moralities of the Institute include: apolitical stance; impartiality and common good; capacity building; networking; and effective communication.

[Visit Website]

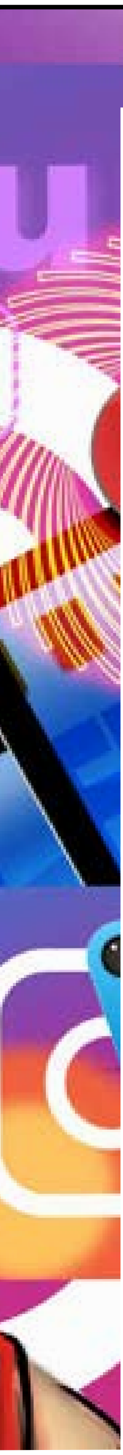
INSTITUTE OF MARKETING IN MALAWI

Institute of Marketing in Malawi (IMM) was formed in 2020 after transitioning from what was CIM Malawi Members Group which was formed in 2010. IMM is committed to ensuring that interests and needs of its members and stakeholders are understood and catered for throughout the organisation and the wider industry. Currently, IMM is the largest community of professional marketers in Malawi involved in several marketing activities such as networking of marketers in Malawi, organizing marketing events and training courses, setting best marketing practice standards in Malawi, promoting professional development of Marketers, study and education guidance to marketing students among others. IMM has become the face of Marketing in Malawi with the organization now referred to as the benchmark of marketing standards in the country.



The continued rise of influencer marketing in Africa

Influencer-based marketing has become increasingly prominent on the continent. But don't confuse quantity with quality – and beware of controversy. **Fiona Zerbst** reports.



MORE THAN HALF OF GEN Z and Millennials (54%) surveyed by international market research company Morning Consult in 2019 said they wanted to become influencers. Not doctors, lawyers, data scientists or civil engineers – but influencers.

That this is now considered a viable career path is perhaps unsurprising. These days, one doesn't need to be a celebrity to have marketing clout – in fact, there's an influencer for every market and a catchy moniker to go with it, from 'momfluencer' and 'granfluencer' to 'fitfluencer' or 'sleepfluencer'.

Influencer marketing is using the power of word-of-mouth to get your target market to engage with, talk about and ultimately purchase your brand, your service, or embrace your ideology.

Embrace strategy, not just numbers

But this should be more about strategy than sheer numbers, which is evident from the fact that not every campaign strives for mass reach and endorsement – especially as it can come with a hefty price tag, according to Dustin Chick, Managing Partner at Razor Public Relations.

"The number of followers – a vanity metric – is not the 'magic sauce'," he explains. "Rather, it is in the relationship you craft, the ability to connect with audiences, and the 'stickiness' of the content you produce together."

AFRICAN INFLUENCERS MAKE THEIR MARK

Globally, businesses spend around 10-20% of their marketing budget on influencer marketing, an industry that is expected to be worth US$13.8-billion by the end of the year, according to MarketingHub and Upfluence's *Influencer Marketing Benchmark Report 2021.*

Just 5% of the research respondents come from Africa, which sheds little light on continental spend. But personal brand coach and influencer, Liezel van der Westhuizen, says influencer marketing is booming in media-rich parts of Africa – such as South Africa, Kenya, Nigeria and Ghana.

West Africa, where 36% of the population has access to the internet, outpaces Central Africa, where only 22% of the population is connected, according to UNESCO.

Influencer relations manager, Lulo Rubushe, says many African influencers are more celebrities and musicians than content creators, which may be due to brand collaboration KPIs that focus on reach and mass audiences.

"Our defined niche in entertainment and pop culture is dancing, comedy, music and fashion," declares Van der Westhuizen, adding that one of the best-known content creators is 20-year-old Kenyan journalism student Elsa Majimbo, whose lo-fi lockdown comedy videos went viral during the pandemic.

She caught the attention of singer Rihanna, who sent her clothing and sunglasses from her Fenty Beauty brand. People found Majimbo's content relatable, which is where the appeal lay – in fact, many brands prefer to work with individuals that consumers feel a personal connection to.

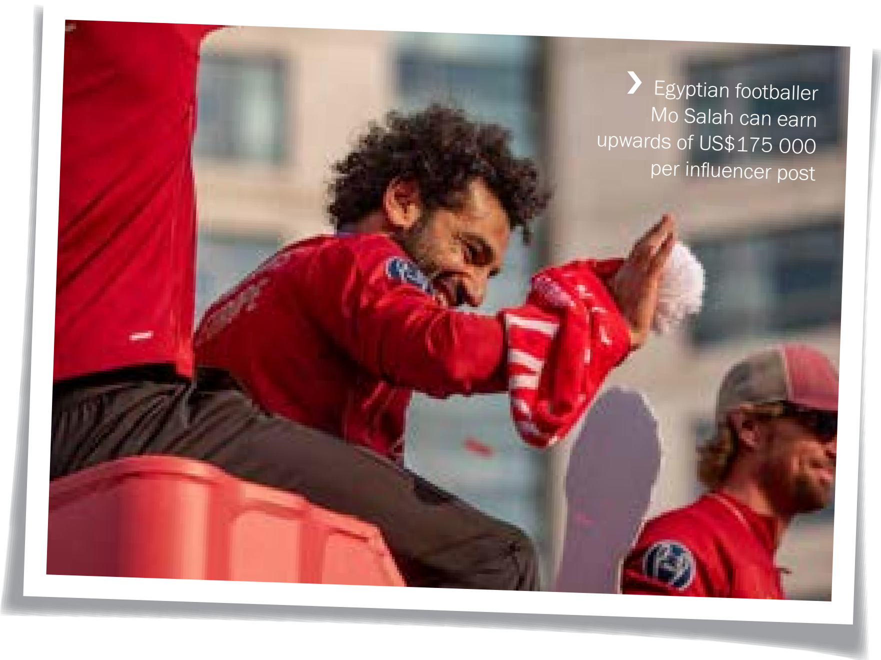
Both Chick and Pieter Groenewald, CEO of influencer marketing group Nfinity, feel that nano-influencers (with around 1 000 social media followers) are likely to dominate as key brand partners, particularly as they appeal to increasingly niched audiences.

A good example of a South African nano-influencer earning passive income from brands as diverse as the Property24 website, Three Ships Whisky and Standard Bank, is spoken-word artist Puno Selesho.

Although she has performed her poetry for President Cyril Ramaphosa, Selesho is "a real person who can speak to the consumer on the ground" and hesitates to call herself an influencer. She chooses to work with brands that are a natural fit, like optometry business Heath & Wentzel's glasses. "I have worn glasses since I was in Grade 2 – they are an authentic part of who I am," she says.

INFLUENCER MARKETING AS A MEDIA CHANNEL

Groenewald says influencer marketing is now widely seen as a media channel rather than a tactic – and because influencer content routinely



Egyptian footballer Mo Salah can earn upwards of US$175 000 per influencer post

Facebook remains a popular channel for influencer campaigns because of its in-built influencer performance tools

outperforms brand-led content, there is an almost insatiable appetite for it on the continent.

He adds that Nfinity is increasingly working with influencers from Kenya, Nigeria, Tanzania, Ghana and Botswana. "Although the market is not yet as sophisticated as South Africa's, they are catching up quickly," Groenewald observes.

That said, it can be difficult to stand out in an oversaturated market, according to social media expert and influencer Lindo Myeni. He says that to be successful influencers should be early adopters, identify a niche, and "go the extra mile with a smile" in every campaign, since brands shy away from influencers who fail to meet expectations.

Farah Fortune, MD of African Star Communication, says that platforms to watch include rising star TikTok, Twitter Spaces (which competes with social audio app Clubhouse), Instagram Reels, social video platform Triller, and social live-streaming start-up Caffeine, in which 21st Century Fox invested US$100-million in 2018.

Combine content and performance marketing

According to Groenewald, Facebook and Instagram remain popular channels for campaigns because of their in-built influencer performance tools. "Combining influencer content with performance marketing was a game changer and a huge contributor towards the growth of influencer marketing," he says.

Anne Dolinschek, founder of specialist agency Nflu#ntial, predicts that Twitch will become a big contender in the future. She also believes that influencers will increasingly become 'shopfronts' for e-commerce brands and generate direct sales through live steams.

"This is working well in other parts of the world, like China, and influencers are incredibly powerful when selling their favourite brand items to their audiences," she states. "This may be some way off for the local industry, but it's definitely on the horizon."

A range of influencer marketing tools makes it easier to put together cost-effective campaigns that are quick to execute and easy to measure. "The industry has moved on from reach and engagement," Groenewald says. "Today, we measure campaigns on real business metrics like the cost of website traffic created, accounts opened, apps downloaded and e-commerce sales value, depending on campaign objectives."

Chick notes that influencer remuneration generally follows one of three methods: a trade exchange, a combination of merchandise and money, or a paid-for campaign. With influencer marketing tools making it possible to 'grade' influencers, many now have rate cards based on their perceived PR value, which can vary enormously.

"In South Africa, nano, micro- or macro-influencers on an influencer marketing platform can earn between R500 (US$35) and R60 000 (US$4 200) per post, depending in the campaign," says Myeni, who adds that celebrity influencers elsewhere in Africa can earn millions. A good example is Egyptian footballer Mohamed Salah, who may earn upwards of US$175 000 per post.

In South Africa, celebrity influencers like Bonang Matheba, Minnie Dlamini and Boity Thulo can charge up to six figures for a sponsored post. Myeni says Social BlueBook is a useful resource when it comes to determining what an influencer might charge.

BEWARE THE DOWNSIDES OF INFLUENCER MARKETING

Influencer marketing is not without its detractors, however. From campaigns gone wrong (like the ill-conceived Pepsi ad featuring reality TV star Kendall Jenner, which trivialised the Black Lives Matter protests) to outright fraud (the non-existent 2017 Fyre Festival promoted by influencers and celebrities), there are hundreds of examples of 'marketing fails' that undeniably hurt brands and influencers alike, *Fortune* magazine says.

The 2020 *Face Value Report*, based on research conducted by multinational consultancy Duff & Phelps, shows that almost a quarter of fast-moving consumer goods brands in Europe, the UK and the United Arab Emirates have suffered a US$100 000 -US$250 000 loss from negative influencer experience.

Then there are companies that come under fire for paying influencers to sway public opinion on political or social matters. For example, South African Breweries paid influencers like Khanyi Mbau to criticise a recent lockdown-related alcohol ban without mentioning the Twitter posts were sponsored. In addition, 'finfluencers' have come under fire for promoting cryptocurrency scams and offering unlicensed financial advice.

> *Influencers are not heavily regulated*

The industry is not heavily regulated. The Advertising Regulatory Board (ARB) in South Africa has a Social Media Code and will reprimand agencies and large companies for misdemeanours, but Van der Westhuizen says that micro-influencers who miss tagging a post with *#Ad* or *#Sponsored* are unlikely to be censured.

Globally, Webfluential's e-book *The Rules and Regulations of Sponsored Content* can be downloaded by anyone – but self-regulation is notoriously problematic, and only two African countries are members of the International Council for Ad Self-Regulation: South Africa and the Democratic Republic of Congo (DRC).

"There are still marketers and influencers who don't follow regulations," says Dolinschek. "This has proved to be a big reputational risk during the past two years."

Critics of influencer marketing contend that a lack of transparency, accountability and due diligence will expose brands and influencers alike to reputational and financial risk. "There is always some level of risk associated with 'human' channels," says Groenewald.

"The question should be how to mitigate that risk to acceptable levels, and what plans should be put in place in case something does go wrong. It is always better to engage with industry experts whose core offering is influencer marketing. They have the know-how to assist brands and help them find their feet in the space," he believes. ■

Fiona Zerbst has worked as a journalist and editor for more than 20 years. She writes primarily about business and finance and has worked for publications and clients in South Africa, Botswana, Zambia, Nigeria, Canada, Finland and the UK.

Influencer platforms to watch include rising star TikTok

PHOTOS: PIXABAY AND WIKIPEDIA

Promising outlook for Africa's advertising industry post-lockdowns

While the challenges faced by the continent's ad sector due to Covid are considerable, **Aurelia Mbokazi** finds there are upsides too.

THE GLOBAL ADVERTISING industry was severely impacted when industries such as entertainment, tourism and travel, and FMCG were hit hard by rolling lockdowns during 2020 and the first part of 2021.

However, silver linings for the sector have emerged – not least from the increased online migration by consumers – with platforms such as Google, Facebook, Snapchat and TikTok posting record advertising revenues during the first half of 2021, as reported by *e-consultancy.com*.

While not spared the dire effects of the pandemic, the pan-African advertising industry has innovated and moved in new directions that promise revenue growth and fresh, smarter, ways of working.

Sylvester Chauke of DNA Brand Architects.

ETHIOPIA AVOIDS THE BRUNT

Serving a population of just under 120-million with an economy that grew at 6,1% in 2020 despite the Covid-19 pandemic and emerging conflict in the Tigray region, Ethiopia opted against strict lockdowns in favour of keeping the economy active.

According to Yasser Bagersh, group CEO of Cactus Communications – Ethiopia's largest communication network comprising six companies with a staff complement of almost 600 spread across 11 offices – the group only closed its offices for three weeks in April 2020.

To mitigate the impact of Covid-19 and safeguard jobs, management established two daily shifts to allow for adequate social distancing while creative teams continued to collaborate and co-create in shared office spaces.

"The creative process requires that people sit together and scribble on walls. When we worked remotely for three weeks our creative teams opted to return to the office for in-person meetings and collaborations," he explained.

While the group worked seamlessly on a hybrid model, management had to factor in safety protocols that were imposed by their global clients and had to align their working schedules to those of their clients.

Ultimately, the government's decision to keep the Ethiopian economy open worked in their favour.

"We were not drastically affected by Covid-19 because most of our clients maintained their contracts, [but] with slight adjustments. We also dipped into our savings and retained all our employees and did not reach the stage of questioning if we should keep our offices [operating] – unlike many companies in other parts of the world," said Bagersh.

He also noted potential cross-border agency collaborations, outsourcing of services and access to international talent as being previously out-of-reach benefits that have arisen from the pandemic.

"We've been contacted by highly qualified talent from around the world who lost jobs. These are individuals we typically would not be able to afford, yet the pandemic opened up opportunities to have them on board as freelancers," he revealed.

LOST REVENUE IN NIGERIA

Emmanuel Nwafor, MD of Alternative Adverts Network Services Ltd, a digital advertising agency based in the Nigerian city of Lagos, told *Strategic Marketing for Africa* that, like Ethiopia, Nigeria's lockdowns were relatively mild and therefore favourable to most economic activities.

Despite this, Nwafor said the country's marketing sector lost over 50% of its revenue when clients shelved campaigns that had been budgeted in 2020, and resumed briefing their agencies only at the beginning of 2021.

> *Transitioning to online platforms wasn't easy*

"Transitioning to online platforms for meetings was not easy for staff and our clients who were used to having us around a table," he recalls. "Strategy meetings that used to require two meetings stretched to three to four meetings on Zoom due to challenges associated with online connectivity.

"However, we all adjusted to the situation and were grateful to avoid Lagos' traffic jams [and the] delays of up to four hours spent travelling to and from just one meeting,"

"We lost revenue from clients that operate in the alcohol, travel and hospitality sectors. Some clients cut back on traditional consumer advertising budgets and channelled funds to other areas of their businesses, especially internal marketing," he stated. "Late payments, [smaller] budgets and timelines that were moved due to lockdowns also impacted our business."

To weather the storm, the agency has tightly managed its cash flow and adjusted to conducting business online. The online transition was eased somewhat by international clients already being accustomed to being serviced digitally prior to the pandemic.

Chauke said some of the agency's gains from the 'new normal' included slashing its travel and entertainment budgets, as well as saving the time previously spent travelling back and forth to meetings.

He added that carrying operational expenses such as office space and services that are not used to their full capacity due to work-from-home requirements were among the challenges that DNA Brand Architects continued to experience. However, he was hopeful the agency would be welcoming its SA-based clients back to their offices as soon as businesses adjusted and lockdowns were a thing of the past.

Meanwhile, in common with its counterparts around the world, Africa's advertising industry must continue to adapt to a new norm that, in most instances, is quite different to the way it conducted business less than two years ago. The challenges are considerable, but there's a significant upside to be embraced too. ■

Nwafor added that the agency had been delighted to find that it is cheaper and more productive to do business online.

He noted that the growth of digital marketing in Nigeria, influenced by increased uptake by Nigerians of e-commerce businesses, resulted in improved internet connectivity and other opportunities for the industry.

As an example, Alternative Adverts Network Services created its own digital platform that enabled clients to pay for services on global platforms such as Google, Instagram and Facebook with the local naira currency, rather than the US dollar which is restricted in that market.

Nwafor said the pandemic also opened up easier opportunities for cross-regional agency collaborations and, in the second quarter of 2021, he received three to four proposals from agencies based in South Africa and Kenya wanting to explore partnerships – without having to hop from one country to another for discussions.

SA INDUSTRY'S BIG SETBACK

Karabo Songo, CEO of Brave group – a mid-sized South African agency – said the country's stringent lockdown regulations had set the advertising industry back 10 years. Many agencies were fighting for survival and new market entrants were among the hardest hit as they struggled to build sustainable businesses.

Despite the setbacks, Songo pointed to lockdowns contributing to the emergence of new ways of doing business that have the potential to transform the local industry.

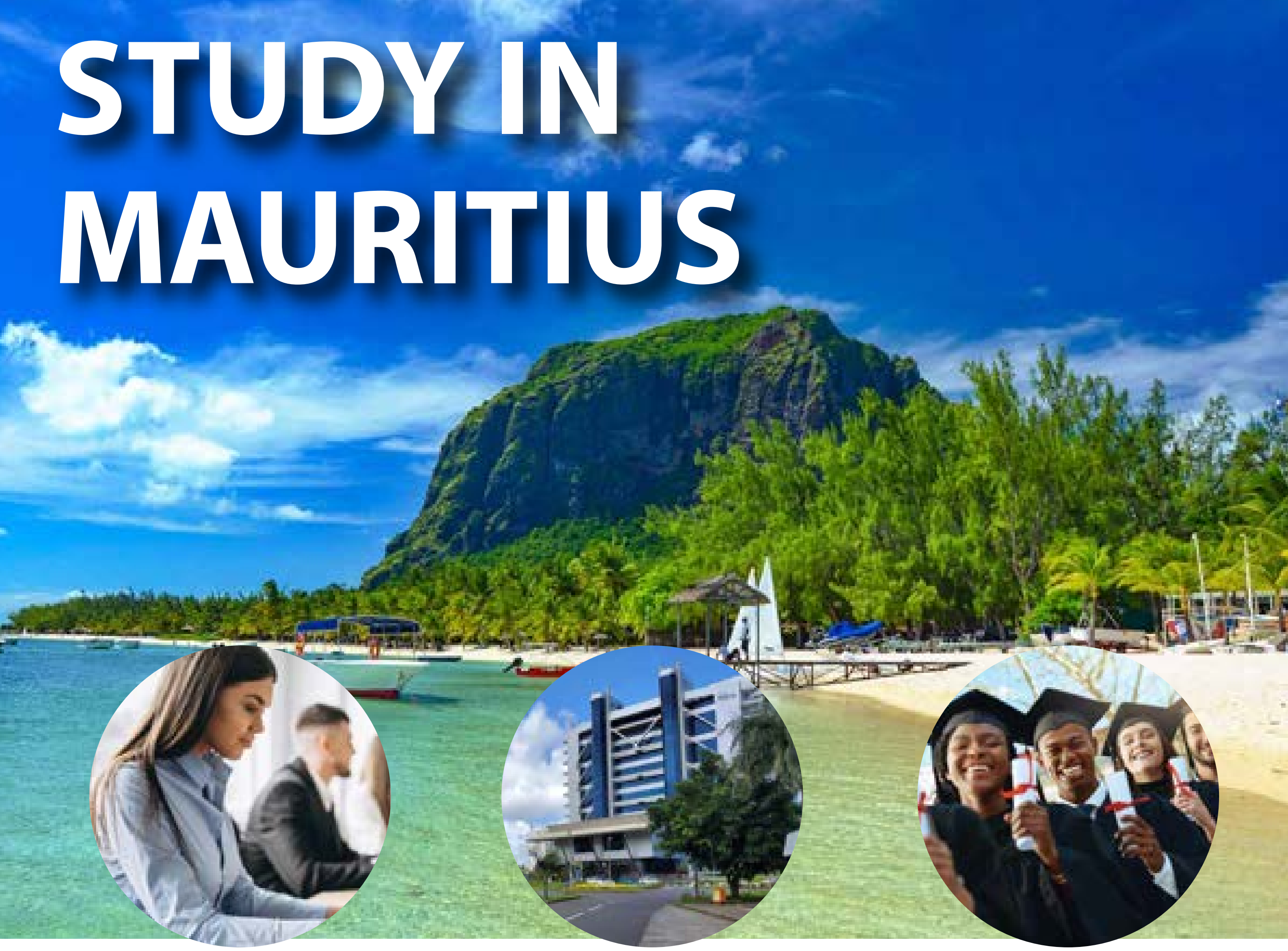
"We have fast-tracked the mind of the customer to work on digital platforms in order to deliver projects. We can also play around with talent based in different locations while working on one project," explained Songo. "This [has] opened the marketplace to new resources and teams outside South Africa – allowing clients to consult with anyone they believe can deliver value. These are just some of the positives of Covid-19."

LATE PAYMENTS, SMALLER BUDGETS

Founder and chief architect of Johannesburg-based DNA Brand Architects, Sylvester Chauke, said the agency had expectations of doubling its annual revenue in 2020, but the entire business value chain was adversely impacted when the pandemic hit South Africa in March last year.

Aurelia Mbokazi is a freelance journalist, editor and development communications specialist with 23 years' experience in telling impactful stories across Africa on various platforms, including print and the digital space. She has occupied leading roles in national newspapers, magazines and digital platforms.

PHOTOS: SUPPLIED, RAWPIXEL.COM



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The challenges of servicing low-volume mom-and-pop shops

Tielman Nieuwoudt explains why supply chain experts and pan-African marketers can't afford to ignore traditional mom-and-pop retail outlets.

SERVICING MOM-AND-POP shops with low volume and limited space is difficult and often expensive.

But these traditional retail outlets also have a unique understanding of local consumer preferences and, for neighbourhood consumers, they can provide value not always matched by large retailers. Their demise will take some time, even with the growth of modern trade in emerging markets.

Mom-and-pops, or micro-retailers, are known by many names in different parts of the world: 'kirana' in India; 'baqala' in the Gulf; 'sari-sari' in the Philippines; 'duka' in East Africa; 'spaza' in South Africa; 'souk' in Ethiopia; and 'tiendita' in Mexico.

The World Bank estimates that there are close to 400-million micro, small and medium enterprises (MSME) in emerging economies, both in Africa and elsewhere. For example, there are 12-million in India alone and they account for almost half of all grocery sales.

What are micro-retailers? Definitions can vary, but they are often classified as enterprises employing fewer than four people, with a monthly turnover of less than US$2 000 a month. They are generally independent and stock a small selection of products or stock-keeping units. They may trade out of fixed locations such as shops, or from mobile locations such as roaming street hawkers. Shops are generally small, ranging from 25 to 50 square metres.

› *Shops are usually small, ranging from 25-50 sq m*

Working with small retailers in emerging markets presents certain difficulties. The following are some factors for marketers and supply chain teams to consider when dealing with micro-retailers.

LIMITED PURCHASING POWER

They have limited cash flow and purchasing power. For cash flow, they often tap into personal savings or reach out to family members. To manage their cash, they prefer to buy smaller quantities and often don't qualify for minimum drop sizes set by delivery companies.

The World Bank estimates that there are close to 400-million micro, small and medium enterprises (MSME) in emerging economies, both in Africa and elsewhere. They will typically employ fewer than four people and have a monthly turnover of less than US$2 000

POOR PRODUCT VISIBILITY AND LIMITED SPACE

Shops tend to be poorly lit and have limited shelf space to stock and display products. Placing equipment such as coolers or promotional and point-of-sale material can be challenging.

HARD TO INTRODUCE ADDITIONAL BRANDS

Micro-retailers stock limited brands per product category – often two to three. With constrained purchasing power, they are hesitant to tie up their limited cash with slow-moving products. Convincing shopkeepers to purchase additional brands is therefore difficult – especially new and untested products in the market.

NEED FREQUENT DELIVERY

Many small groceries run out of stock regularly. They often need high-frequency delivery – in some cases daily. Low-volume drop sizes increase the cost per delivery, resulting in them being unprofitable outlets to service.

OUTLETS MAY BE HARD TO REACH

Many micro-retailers are in hard-to-reach areas and congested urban centres. In some cases, vehicles can't enter small narrow streets – delaying sales teams, which sometimes need to travel on foot to reach outlets.

UNREGISTERED AND UNDERSERVED

Many owners don't register their shops to avoid paying taxes. Furthermore, the lack of street signage in some emerging market locations makes it difficult for companies to assign them to formal delivery routes. As a result, micro-retailers often remain underserved, leaving this important retail base to informal distributors and wholesalers.

RELIANCE ON WHOLESALERS

Micro-retailers frequently make use of wholesalers or distributors to break bulk into smaller and more affordable quantities. These wholesalers and distributors will also provide credit when required. Smaller quantities are more economical in some respects, but the shopkeepers often end up paying higher prices because of their low volumes. Consequently, mom-and-pop stores may become stuck in a credit-trap with one or two wholesalers, which makes shopping around for the best deals difficult.

LACK OF MARKET INSIGHTS

Not all mom-and-pop stores are created equal. New shop owners often don't have the market knowledge to purchase the right product categories and varieties. Poor purchase decisions frequently lead to a low return on investment – tying up limited cash in slow-moving items.

SURVIVALIST BUSINESS MODEL

Circumstances and economic conditions sometimes push people into entrepreneurship. They frequently operate in weak social networks and have limited collaboration with other retailers. Mom-and-pop shops therefore struggle to compete against more organised groups, which can purchase in large quantities and qualify for volume discounts. Many of these 'survivalist' businesses consequently fail, making companies reluctant to work with outlets of this kind.

RISK OF COUNTERFEIT PRODUCTS

Traditional traders are susceptible to purchasing counterfeit and substandard products, as they often don't deal with manufacturers directly. They sometimes lack the knowledge to identify counterfeit and expired products – creating a health risk for consumers at the bottom of the income ladder.

CRIMINAL GROUPS AND OFFICIAL HARASSMENT

Micro-retailers also face harassment by criminal groups such as the 'Area Boys' in Nigeria. These groups control certain areas and extort money from micro-retailers. Furthermore, hawkers often complain about police harassment and the confiscation of goods. In some cases, police officers might consume their products without payment.

THE MANY ADVANTAGES OF MICRO-RETAILERS

Even considering all the challenges and cost implications, companies are looking at the traditional trade with renewed interest.

Modern trade has been growing steadily, but mom-and-pop shops still have a lot to offer and they continue to have the largest share of grocery sales. This is because micro-retailers provide a unique value proposition for their customers. They mostly can't compete against modern retailers on price, but there are many areas in which they are very competitive. Among these are the following:

Micro-retailers offer clients a unique selling proposition

CLOSE RELATIONSHIP WITH THEIR CLIENTS

Shoppers often complain about the 'cold' service they receive from supermarkets. In contrast, mom-and-pop shops have typically known their customers for years and have a good understanding of their needs and preferred products. Their customer knowledge also makes it easier to extend short-term credit without risking bad debt.

DELIVERY TO YOUR DOOR

In many countries, shoppers can order from mom-and-pop outlets by phone and there is no minimum value for phone-in orders. They will usually deliver the smallest item swiftly to the customers' door at no extra charge.

LOCATION, LOCATION, LOCATION

Micro-retailers are physically well positioned for shoppers to do small top-ups – in some cases daily. They are situated on commuter routes and close to shoppers' homes. Even with higher prices than formal supermarkets, they provide value as customers can save on transport costs.

WELL STOCKED AND FLEXIBLE

The most successful stores are often well-stocked and have a high percentage of first-tier brands available. Shopkeepers are flexible when it comes to meeting customer needs and will happily stock products upon request. As they trade seven days a week, including evenings, they are ideal for customers topping up on essential goods.

IN TUNE WITH CUSTOMER NEEDS AND PREFERENCES

Modern retail practices, such as artificial colouring of vegetables or in-store ripening of fruits, are often at odds with the preferences of more traditional customers. Small grocery stores are sensitive to customers' needs and will avoiding retail practices that clients are uneasy with.

AFFORDABLE SMALL-PACK SIZES FOR STRUGGLING CUSTOMERS

They frequently offer more affordable small-pack sizes to cash-strapped shoppers – such as small plastic bags of rice or sugar – rather than the standard manufacturer pack sizes.

In emerging markets, companies such as Coca-Cola and Unilever have built their distribution systems around micro-retailers, and an increasing number of other major companies are developing distribution models to service traditional traders.

Corporates have realised that it can be a competitive advantage to develop a successful business model to service mom-and-pop shops – and a major contributor to their organisational growth.

FURTHER INSIGHTS ON TRADITIONAL TRADE:

Retail trade is often divided into two categories: 'modern trade' such as convenience stores, supermarkets

and hypermarkets; and 'traditional trade' such as micro-retailers or mom-and-pop stores. At the Supply Chain Lab we group emerging market countries into four categories:

'TRADITIONAL THEMBA'

Predominantly traditional-trade markets with less than 10% sales contribution from modern trade retailers. Countries in this category include lower-income nations in Asia – such as India and Cambodia – and a large percentage of African countries, among them Nigeria and the Democratic Republic of Congo.

'AWAKENING ALICE'

In this category modern trade is starting to increase its market share, with local and international chains gaining a foothold in the country. Modern trade's share of the market may range from 10%-30%. Countries include Angola, Kenya and Indonesia.

'GROWING GILMA'

These are markets where retail is in transition, with modern trade's share of the market ranging between 30%-50%. Countries include Argentina, Brazil, Venezuela and Thailand.

'PREDOMINANT PING'

These are markets where modern trade is well established and has a larger than 50% share of retail sales. Countries include South Africa, Mexico and China. ■

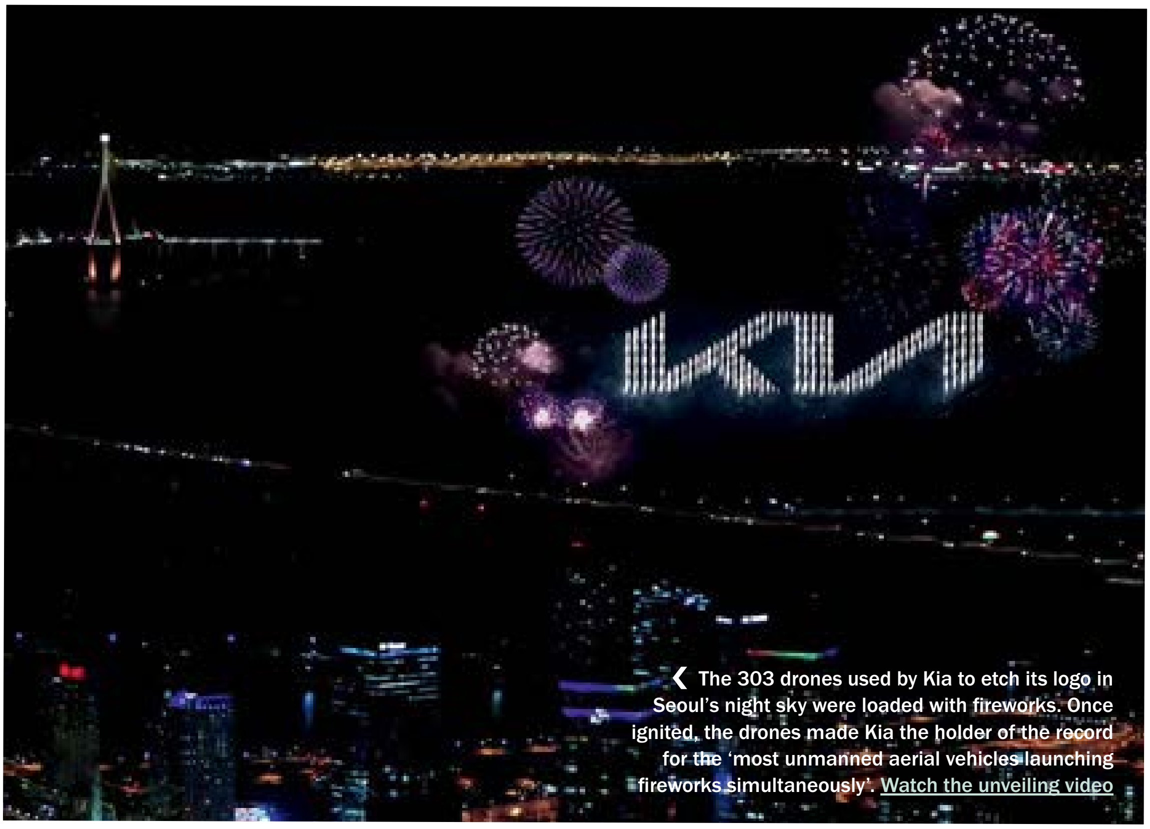
Tielman Nieuwoudt is a consultant focused on supply chain, last-mile logistics, and informal retail service models in emerging markets. He has more than two decades of personal and professional experience – working, living and travelling across more than a hundred countries in Africa, the Middle East and elsewhere.

Many micro-retailers are in hard-to-reach areas and congested urban centres. In some cases, vehicles can't enter small narrow streets, meaning deliveries must be done on foot or by bicycle

PHOTOS: SHUTTERSTOCK VIA THE SUPPLY CHAIN LAB, WIKIMEDIA COMMONS, DISCOTT VIA WIKIMEDIA COMMONS

Understanding the science of the strategic rebrand

Global automaker Kia's recent high-profile rebrand was more than just cosmetic. It was a strategic realignment of the 47-year-old brand. **Cara Bouwer** reports.



The 303 drones used by Kia to etch its logo in Seoul's night sky were loaded with fireworks. Once ignited, the drones made Kia the holder of the record for the 'most unmanned aerial vehicles launching fireworks simultaneously'. Watch the unveiling video

IN JANUARY THIS YEAR, WHEN Kia unveiled its new brand strategy, President and CEO Ho Sung Song termed the move: "Kia's dramatic transformation for the future."

As such, it came with a commitment to launch seven battery electric vehicles (EVs) by 2027. This, he said, was in line with creating "sustainable mobility solutions for consumers, communities and societies globally".

Which means what, exactly – and why should the world's consumers care?

Rebranding requires clear strategic intent

This strategic intent, explains Christo Valentyn, Kia South Africa's GM of Marketing, is what is intended to differentiate Kia's rebranding from the pack.

"I'm a big fan of strategy because without it you are just making pretty pictures," he told *Strategic Marketing for Africa*. "What Kia has done is wrapped their future ambitions into a very detailed strategy document that we refer to as 'Plan S'.

"What it boils down to is moving the business from a pure manufacturing and retail business to future-proofing it. The future-proofing does not exclude the manufacturing and the retail element; in fact, it actually builds on that."

One of the core pillars of the company's Plan S is a strategic transition to the electrification of its model line-up. This is a profound change to the way the world's auto companies operate and is being driven by increasing environmental concerns worldwide, pressure from consumers for more eco-friendly mobility options and, of course, stringent environmental legislation in key countries where automakers do most of their business.

While the traditional internal-combustion engine isn't dead yet, it is in decline and will eventually become marginalised. So too will the common motor industry marketing strategies that promote gas-guzzling speed, performance and 'bigger is better'.

Kia CEO Ho Sung Song outlines the reasons for rebranding and transformation to a meeting of investors

Researching when (and when not) to do a rebrand

According to African-based KLM Marketing Research, there are four main reasons why a company might rebrand:

1. The company's name is changing.
2. A merger is in the offing, which will necessitate a new brand.
3. It's time to refresh the brand to improve messaging consistency.
4. A strategic repositioning makes a rebrand necessary.

Christine Nyatsambo, Account Manager at the company, notes: "Rebranding must be needed and necessary if it is to be successful. Choosing to rebrand is not a decision to be taken lightly and knowing why a brand wants to rebrand helps define the type of rebrand that is required."

Being crystal-clear about the 'why' is essential, which is the reason extensive market research is so important.

BASED ON MARKET RESEARCH

"Undertaking a rebranding exercise comes with significant risk because one can never fully predict how the market will receive and react to the rebrand," Nyatsambo told *Strategic Marketing for Africa.*

"Consumer response to a rebrand cannot be assumed or taken for granted, so market research plays an important role in mitigating this risk. In conducting research, it is important get a 360-degree view by gathering information from the full market, including internal and external stakeholders such as employees and current, lapsed and potential customers.

"This allows brands to ensure that the rebranding direction aligns with the needs and expectations of all stakeholders."

In the case of Kia's research focus, CEO Ho Sung Song explained: "In order for us to plan the direction of the new Kia brand we first needed to understand where we are today. So we did some introspection; we did interviews with industry experts, employees, Kia owners and even those who have never considered buying Kia, to hear what people objectively [felt] about us."

The responses included slap-down comments such as: "just a standard car", "no specific brand image comes to mind" and "I don't remember having seen anything that's really wowed me".

However, when it came to expectations, both from clients and employees, the bar was set quite high. "Engages with the new generation", was one comment, alongside: "you have to look into your customers more closely and detect what they want" and "change into more of a service provider".

Ho and his team paid careful attention to this feedback. So much so that the CEO commented: "These voices are the reason for our transformation … and the reason we are relaunching the Kia brand."

THE STRATEGY DRIVING KIA'S GLOBAL REBRAND

Thus, Kia is by no means alone in its move towards future mobility and a brave new world of cars and mobility. According to the International Energy Agency (IEA), in 2020 the number of electric cars on the road worldwide hit 10-million, up a significant 43% from 2019. While this accounted for just 1% of the global vehicle total, the technology is catching up with growing demand for more sustainable options.

A relatively young automaker, Kia has been caught out before in the face of industry-defining shifts and is clearly intent of staying in touch with global trends. In 1997, when Kia Motors filed for bankruptcy due to the Asian financial crisis, it was snapped up by fellow South Korean automaker Hyundai.

Today, Hyundai (which also includes luxury brand Genesis) is the 12th most valuable car manufacturer in the world, according to Visual Capitalist, with a market cap of about US$46.8 billion as at mid-2020. Richer rivals such as Toyota, VW and General Motors are also investing heavily in electrification and alternative mobility solutions.

> *Global strategy must be executed locally*

GLOBAL VISION AND LOCAL EXECUTION

But many of these developed-world shifts are harder to translate into an emerging-market context, where price and value-for-money are frequently more important to consumers than sustainability. This is something of which Valentyn says he is keenly aware in his efforts to strike the right balance between global messaging and localised marketing and PR efforts.

"It is a huge challenge to take a very future-focused, very tech-oriented, global brand positioning and translate that into something that has meaning for a South African audience," he admits. "Because we are South Africans working for a South African company (Kia's exclusive distributor in SA is Motus) selling cars and services to South Africans, it is our responsibility to take the brand and make it relevant to our customers here."

THE PRACTICALITIES OF AN EFFECTIVE REBRAND

Certainly, Kia is not the first global automaker to shake up its look, feel and brand strategy in line with radical shifts in the sector.

However, Valentyn believes the company's marketers have put in "a lot of effort and energy and, I think, quite a lot of money behind it as well.

Kia's CEO emphasises some of the key reasons to rebrand

Word on the street

While it's still too soon to see the bottom-line impact of Kia's rebranding efforts – particularly with new-look dealerships still being rolled out globally – eavesdropping on Twitter threw up the following comments:

Woow Looks more perfect.. zigzag and shows your next goal EV.... coming years. – **@sborricha (India)**

I never thought I would see the day when Kia would rebrand itself a luxury car maker. – **@jb0ne83 (United States)**

Marketing Twitter: The GM rebrand was terrible. Kia: Hold my beer. – **@AvishSood (Canada)**

Kia's rebrand is something that should be studied, if you look at what their lineup was 10 years ago compared to now its [sic] crazy, they're thriving in a demographic Toyota has failed to sustain traction in lately. – **@mikenora_ (United States)**

"I suppose it's also not every day that you announce a global repositioning and a global rebrand. So when you do it, you should do it properly."

The new look and feel, according to the company's global marketing head Kyungmi Lee, is designed to reflect "the confidence we have in the future" and the brand's "rise in inspiration and creativity".

For Valentyn, as a marketer, it's an exciting time and a rare opportunity.

"A complete redesign project is one of the most exciting things that can happen in your life. It isn't every day that you get the opportunity ... to delete everything that exists and start from scratch," he enthuses. ■

Additional reporting by Mike Simpson

Cara Bouwer is a Johannesburg-based writer, journalist and editor. Her words appear in media articles around the world, in business case studies, insight reports and corporate copywriting. She is also an experienced ghost writer. @carabouwer

What do African marketers think about the rebranding strategy?

Various African marketing experts have weighed in with their views on the rebrand. In Nigeria, *Marketing Edge* caught up with local experts such as Olawale Jimoh, Marketing Manager of Dana Group, the country's sole Kia distributor. Jimoh stressed the evolution of the brand, saying: "It's more customer-orientated."

Deputy Creative Director at Lagos-based marketing agency SO&U, Tolu Bamgbose, felt the rebrand reflected a new future for the company. "The removal of [the word] 'Motors' is an attempt to prepare for a diversified future for the brand... Perhaps Kia plans on diversifying beyond 'motors'. So I will say it's deliberate and a good thing," Bamgbos observed.

But not everyone was convinced. Abraham Cole, Senior Deputy Creative Director at the same agency, decried the unrecognisable new logo, saying: "The new logo was unnecessary as it doesn't seem to resonate with the brand's consumers. The old logo was simple and elegant."

His views were echoed by GMD Republicom Group's Tunji Adeyinka, who commented: "I think the designer prioritised design principles like symmetry and balance over brand recognition."

Despite these comments, Christo Valentyn of Kia South Africa believes it's still too early to gauge reactions to the rebrand.

"At this point, it's anecdotal and on-the-ground feedback. We've decided, in collaboration with our principals in Korea, that marketing is the first point that that needs to align. So it has been a six-month [at the time of writing] journey of updating and changing all our marketing and advertising collateral, training our dealer network and our partners on this... and ensuring that what this new Kia brand stands for is consistently displayed."

Once the uniformity between marketing strategy and the vehicles that consumers see and experience on the roads has been achieved, then the full impact of the rebrand will become evident, Valentyn says.

PHOTOS: KIA, MATTHIAS WEWERING FROM PIXABAY

The rebrand that made a toy company stronger than Ferrari

Although marketers will argue long and hard as to whether there is a particular global rebrand that outdoes all others, what is certain is that the toy company Lego enjoyed a spectacularly successful rebrand in 2003.

At the time, the famous Danish-based business was in deep trouble. Sales were down 30% year-on-year and debt was huge. By its own admission, Lego hadn't added anything of value to its product portfolio in 10 years.

Children, its core customer base, didn't like the brand much anymore.

After extensive soul-searching, management embarked on a major rebranding strategy. They added digital channels to engage kids and their parents and succeeded in re-establishing Lego as vibey and relevant once again.

The company added Lego-themed Hollywood blockbuster movies and Lego-themed entertainment venues. The approaches that had worked well before – such as linking products to popular big-name movies – were retained. The rest got the boot.

Suddenly, Lego was hip and fun. From 2008 to 2010 its profits quadrupled, outstripping that of Apple's.

By 2015 it had ousted Ferrari to become the world's most powerful brand. Yes, you heard right ... a more significant brand than Ferrari! That year, Lego was the number one toy company in Europe and Asia, and number three in North America.

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Lego became vibey and relevant again

In an article entitled How Lego clicked: the super brand that reinvented itself, the London -based *Guardian* newspaper called it "the greatest turnaround in corporate history".

"Lego has this incredible ability to engage with people and that has single-handedly enabled it to weather very, very difficult seas," Simon Cotterrell, from brand analytics firm Interbrand, told the *Guardian*. "What's made them successful over the past 10 years is their ability to create new entities, movies, TV shows, by partnering with brilliant people."

As part of its ongoing rebirth, Lego has also placed great emphasis on market research involving its primary audience – children. According to the article, Lego is said to conduct the largest ethnographic study of children in the world.

"We call it 'camping with consumers'," said Anne Flemmert Jensen, Senior Director of the brand's Global Insights group. "My team spends all our time travelling around the world, talking to kids and their families and participating in their daily lives."

This includes watching how kids play on their own and with friends, how siblings interact, and why some toys remain perennial favourites while others are relegated to the toy box.

According to the *Guardian*, Lego people – the 4cm-tall yellow mini-figures with dotty eyes, permanent grins, hooks for hands and pegs for legs – now outnumber humans on the planet.

Given that there are around 7.9-billion people in the world, that equates to some rebrand!

African marketers can benefit from boom in app uptake

A study in three key African markets shows that app installs have increased 41% in a year, emphasising their relevance to marketers.

AFRICA'S MOBILE APP MARKET is booming, fuelled by the Covid-19 pandemic, a rise of so-called 'super-apps, and the growing need for apps as online banking increases in popularity. This is according to a recent study released by Google in conjunction with AppsFlyer, an international mobile marketing analytics firm.

This is important news for the continent's marketers, who are increasingly incorporating apps into their strategy. Doing so can help drive e-commerce, enhance brand loyalty and customer convenience, and promote in-store and other offline activity – through, for example, exclusive special offers to regular clients.

The study analysed more than 6 000 apps and two-billion app installs across South Africa, Nigeria and Kenya, and found that overall installs increased by 41%. The research took place over a year: between Q1 2020 and Q1 2021.

Nigeria showed the highest growth, with a 43% overall increase in installs. This was followed by South Africa with 37% and Kenya with 29%.

IN-APP PURCHASING REVENUE INCREASED

Perhaps driven by the pandemic and its associated lockdowns, in-app purchasing revenue increased significantly between July and September 2020, with an average 136% increase compared to the previous three months. This emphasised how much African consumers were spending within apps, from retail purchases to buying gaming upgrades.

In South Africa, in-app purchasing revenue surged by 213%. Nigeria showed a rise of 141% and Kenya's in-app purchasing revenue was up by 74% over the same period.

As lockdowns took hold during the second quarter of 2020, installs of mobile apps increased by an overall 20% compared to the first quarter of the year. Most of this activity was in SA, where stay-at-home restrictions were the toughest. But Kenya also showed a significant uptick and there was a smaller rise in Nigeria.

Other key findings from the study included:

- South Africa and Nigeria saw year-on-year growth in finance app installs by 116% and 60% respectively, as the need to reduce social contact has led to even more users adopting digital solutions for their financial needs.
- Android's larger market share within sub-Saharan Africa has seen advertisers spend more budget on the platform. Non-organic installs increased by 54%, compared to 19% for iOS. The cost per install on iOS also increased by 21% between Q2 and Q3 2020, which meant iOS app

PHOTO: JAMES YAREMA, UNSPLASH

developers were getting fewer installs for the same budget. Towards the end of the year and into 2021, there was no uplift in non-organic installs on iOS compared to 40% on Android.

- The report found similar levels of overall growth across verticals during the year, with gaming installs increasing by 44% and non-gaming increasing by 40%.

APPS ARE INCREASINGLY DRIVING BUSINESS REVENUE

"The mobile app space in Africa is thriving, despite the turmoil of the last year. Installs are growing and consumers are spending more money than ever before, highlighting just how important mobile can be for businesses when it comes to driving revenue," said Daniel Junowicz, regional VP for Europe, Middle East and Africa at AppsFlyer.

"As a result, mobile marketing is becoming increasingly important for businesses across the continent. Being able to make data-driven informed decisions, and understand the ROI on marketing campaigns will be key to any app marketer's success."

Rama Afullo, Apps Lead for Africa at Google, added: "While it's clear that mobile adoption is increasing, there's still room for growth when it comes to app marketing, with many marketers in the nascent stage of their app maturity journey."

African consumers' uptake of mobile-based apps is in line with the growing penetration of smartphones on the continent and reflects global trends in apps.

CONSUMERS ARE USING MULTIPLE APPS

According to ABAMobile, a Spanish-based app developer that operates in various countries, the ease of download of mobile apps, and the presence they have in our lives, means that sometimes consumers are not aware of how many they use. A study in Europe found people use an average of 31 apps, but believe they only use 11.

"More and more companies are developing their own app because they realise that it's a great opportunity. [Organisations] have to adapt to the social and technological changes, and one of the best solutions for this is by developing a mobile app that allows your business to grow," ABAMobile says.

"In addition, if you think that mobile apps are only for big companies, you are wrong because these tools are being created by more and more small and medium-sized firms."

ABAMobile lists five reasons for marketers to include apps in their strategy:

- It makes the business available 24/7.
- They enhance customer loyalty.
- They can provide practical value to customers.
- Apps can be a brand-builder.
- Marketers can provide exclusive content and features not available to offline customers.

In the Covid-19 era there is also another key consumer benefit to always consider: perceived safety. By using an app to shop or otherwise transact with a business, people reduce their risk of exposure to the virus. ■

How smart number-crunching can give campaign-winning insights

Data-driven marketing is an industry buzz-phrase. Yet relatively few businesses use it. **Mike Simpson** examines how it can give a critical edge.

TODAY AROUND 4.7-BILLION people use the Internet and 4.2-billion are on social media. An incredible 2.5 quintillion bytes of data is being created every day in 2021 (a quintillion is a million times a trillion, or a 1 with 18 zeros behind it) and that volume of data is expected to double every two years.

It equates to a lot of potential marketing data and customer insights for marketers. Providing, of course, data science can sort the wheat from the chaff and an analytics expert can determine what's useful for particular marketing strategies.

Big data vs useful data. There's a difference and top-quality data science can make big data very 'useful' indeed for marketing purposes.

Enter data-driven marketing as the way of the future. When marketing joins with data science to leverage big data effectively, marketers will likely achieve great campaign results.

But do all businesses use it and what are the consequences if they don't embrace data science as a way to drive successful strategies?

LACK OF DATA SCIENTISTS IS HAMPERING UPTAKE

Possibly because of a lack of data scientists, plus the daunting nature and cost of analysing and effectively using massive volumes of marketing data, there is still a perhaps surprising lack of uptake.

According to Forbes business magazine, nearly 36% of companies don't use all the big data they possess and 47% are only planning to implement a data analysis tool in the future. The same article quotes the '*Meaningful Brands 2019*' report by the Havas Group, which projects that 81% of European brands could go extinct because they don't create relevant content and can't offer personalised discounts.

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Relatively few brands use big data insights

Only [19% of companies] conduct customer behaviour analysis, segment their audiences correctly and personalise their campaign offers, Havas found. Taking note of this, *Forbes* points out that using data science to produce such insights would enable those organisations to "know what customers want and when they want it" and that the cost of marketing teams ignoring this information might be a "fast exit" from business.

So the effective uptake of data-driven marketing to drive campaigns still seems somewhat patchy. Therefore, it is safe to assume that organisations which can implement a successful data-focused marketing strategy should have a notable competitive advantage.

As marketers go about developing their data-focused campaign strategy, the following are some key data-driven trends to be aware of.

PERSONALISED MARKETING

Arguably, personalisation is the most crucial of the trends to successful campaigns. As even the most basic online course in marketing will teach you, a one-to-one relationship with the potential customer is the Holy Grail for all marketers.

The only reason that one-size-fits-all 'spray-and-pray' marketing activities existed in the past is because there wasn't a viable way to narrowcast the message to a target audience of one, except in highly specific circumstances.

B2B marketers have generally been able to do this more easily, simply because of their highly defined audience.

But now modern technology and big data are, indeed, making hyper-personalised messaging viable – whether it be via targeted website interactions, email campaigns, social media touchpoints, serving great content to highly specific audiences, or through other targeted mechanisms.

CROSS-CHANNEL MARKETING

Cross-channel marketing is another that's vital, simply because the number of channels – and therefore touchpoints – where consumers expect to be engaged during campaigns continues to proliferate.

TikTok, for example, was a largely unknown social media platform only a few years ago, but has now become extremely important in many social media-based campaigns.

So, a successful modern business needs to be everywhere and communicating in many different ways to maximise its potential opportunities.

As a marketing team, you can use data to be constantly aware of which channels are 'hot', which ones are not – and which marketing channels you simply can't do without under any circumstances, even if they may seem 'old' and 'bland' to some.

A DIVERSIFIED CONTENT STRATEGY

"You should also be diversifying your content strategy with a wide array of types in order to reach the highest potential audience on more channels," advises [Social Media Week] "This will also help your project build authority, which is critical in retention, churn reduction and overall brand loyalty.

"Yes, have a blog. It is a great SEO tool and you should already know how to be targeting keywords by now. But in addition to this, make videos, create infographics, launch a podcast, guest on other podcasts and YouTube channels, embrace networks like TikTok and Instagram, and contribute to other blogs. You should be producing diverse content constantly to be able to market to different channels."

PHOTOS: ISTOCK PHOTO

EXAMPLE OF A SUCCESSFUL DATA-DRIVEN CAMPAIGN

An example of how marketing data can inform marketing campaigns is *The Lion King* movie. Meltwater, a software as a service (SaaS) solution business and the world's first online media monitoring company, provided a solution to movie execs and their marketers looking to ensure that the 2019 remake of the 1994 classic would not follow the downward spiral of public ambivalence and apathy that bedevils so many remakes.

The insights gained by Meltwater from social media enabled the film's marketers to fine-tune their strategy.

For example, by analysing over 5,000 mentions on news platforms around the world and more than 2-million social mentions just in November 2018, the importance of promoting the return of James Earl Jones to the remake (he also starred as a key character in the original) was clearly understood.

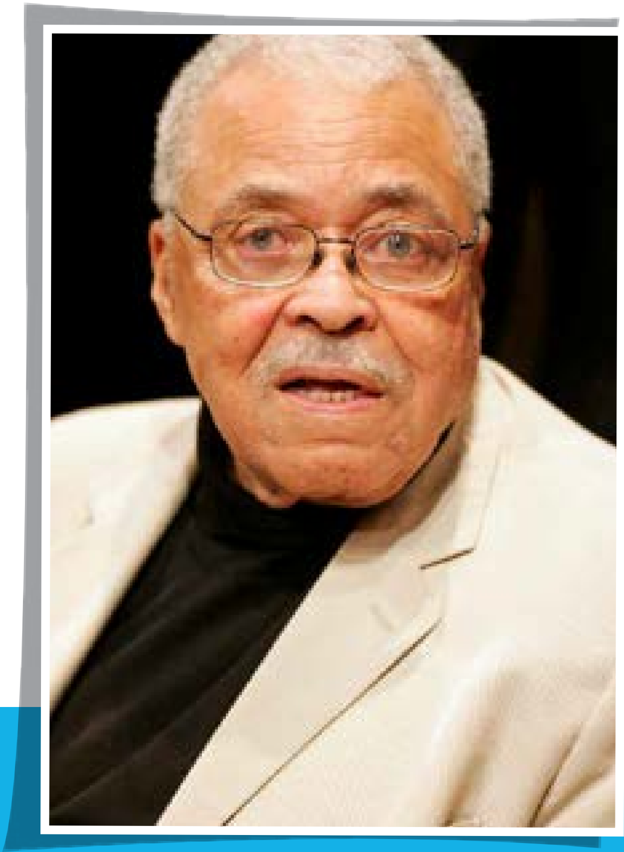
Fans were ecstatic when they heard the booming ubiquitous baritone voice of Jones (who played the character Mufasa) narrate the trailer for the remake and they soaked in the nostalgia of the reanimated classic.

In comparison, global megastar Beyonce's involvement in the project had only a relatively small number of social mentions in the same timeframe. This interesting insight revealed that even the presence of an undoubtedly talented superstar such as Beyonce could not match the level of nostalgia that needed to be emphasised and harnessed when promoting the new version of the movie.

OTHER EFFECTIVE USES OF DATA IN MARKETING

Other examples of effective use of marketing data analysis include:

- YouTube, Netflix and other video-streaming platforms use constant analysis of past customer preference data to suggest other videos, movies and music that are likely to appeal to that customer.



By analysing more than 2-million news and social media mentions in a single month, the importance of promoting the return of James Earl Jones to the remake of the *Lion King* movie became obvious

PHOTOS: EVA RINALDI VIA WIKIPEDIA, RAWPIXEL

- The Weather Channel in the US analyses the geographic location of the millions of visitors to its website to sell highly targeted advertising opportunities to advertisers. For example, anti-fizz hair products to site visitors from humid climates, or skin moisturisers to people living in arid parts of the country.

- Automakers analyse the data that high-tech modern cars send back constantly via the cloud, to tailor personalised new product offers to those customers. For example: accessories, specialist driver training, or even new vehicle models that are better suited to their lifestyle.

DATA-DRIVEN MARKETING, IN SUMMARY

To quote Vlad Flaks, *Forbes* columnist and CEO of OWOX BI, an all-in-one marketing analytics platform, effective use of data analysis gives you a competitive edge when you plan campaigns.

"Experience and even tested hypotheses aren't a sufficient basis for decision-making," he says.

"Your opinion or what you've done for years can completely differ from what your customers want today and are ready to pay for. Personalisation and smart interaction design are the two main features of market leaders. Your task is to know everything about your customers and forecast their next wishes and purchases."

As marketing software company DemandJump observes: "As tools that leverage AI to combine and analyse various sources of data become more widely adopted, you can expect data-driven marketing to become the norm across all industries. There's no better time than today to start using data-driven marketing principles for your business." ■

Mike Simpson is the Editor of Strategic Marketing for Africa. He has 30-plus years' experience in journalism, TV, media, marketing and PR. He founded his content-creation business, Simpson Media, in 2008.

The importance of CX and how to measure its ROI

While marketers know the value of an outstanding customer experience, the challenge is sometimes proving its bottom-line value to senior management. **Nathalie Schooling** outlines how to measure its ROI.

› *A CX focus increases the company's profit*

TODAY'S CUSTOMERS ARE more likely than in previous decades to switch brands if their expectations are not being met, not least because they have so many more easily accessible options available to them than in the past.

This makes the job of marketers extremely tough. Not only are they responsible for the correct positioning of a brand and its bottom-line growth; now they are also accountable for the end-to-end customer experience. This at a time when consumers are prone to ditch a brand at the proverbial drop of a hat – and tarnish its reputation on social media for good measure!

Research tells us that companies which focus on their customers are up to 60% more profitable. The challenge for marketers, however, is proving how much of that growth is directly linked to executing effective customer experience (CX) strategies. This lack of proof can jeopardise future investment in CX and, ultimately, overall long-term business growth.

SHORTCOMINGS OF TRADITIONAL CUSTOMER EXPERIENCE METRICS

Traditionally, companies that measure CX efforts have done so with two of the better-known metrics, NPS (net promoter score) and CSAT (customer satisfaction). While these metrics have their place, there is clearly a gap in their ability to truly position CX as an organisational priority.

A recent international report using input from 122 customer experience experts and published on the *CX Network* website revealed that, while NPS and CSAT were the most used CX metrics, 57% of the experts said there were many CX benefits that go unmeasured in their company. The reason for this could have a lot to do with the limitations of the metrics being used.

The real ROI of customer experience comes down to how well a marketer can analyse and use the data at their disposal

PHOTOS: LUKAS BLAZEK, NATHAN DUMLAO UNSPLASH.COM

For example, the reliability of NPS has recently been called into question as it has been found to produce misleading results by overstating the number of customers who are unhappy with a business.

For example, a survey conducted by independent research company ForeSee of 20 000 people categorised as 'detractors' by the NPS (who are taken to be genuinely unhappy with the brand) found that just 1% of that total said they would communicate their 'bad' experience to others. So how bad could the experience have really been?

Further questioning revealed that 60% of so-called 'detractors' were loyal customers who had been using the brand for more than two years and intended to continue doing so.

The main issue with NPS and similar customer satisfaction metrics is that the feedback is usually based on an isolated experience.

While this too can be the case with another popular CX metric – the CES (customer effort score) – this metric has proven slightly more effective in measuring customer experience. It works by identifying how much effort it takes to do business with a company, usually on a scale of 1-10, and can help organisations gauge their probability of customer retention.

This is important, because a Gartner study found that if a customer has an easy or low-effort experience with a brand, they are 94% more likely to repurchase.

The appeal of CES is that it enables a business to measure a specific customer service touchpoint, e.g., return of goods. Once an issue has been identified with a touchpoint, the CX manager can then measure future CES scores against previous scores and track progress.

THE IMPORTANCE OF DATA-DRIVEN CX

Achieving fast results and progress in the customer experience journey is more likely if one can pinpoint key focus areas to work on.

Often, ambitious marketers try and tackle too many problems at once. Instead, they need to take on projects that they know will give them reliable results. This will help drive trust and 'buy-in' from the higher-ups in the organisation.

The best way to obtain reliable results is to build the CX strategy with the end goal of proving ROI. For example, if an e-commerce company wants to increase the speed and reliability of its deliveries to make for a better customer experience, the marketer or customer experience manager can assess the impact of this by measuring repeat purchases, new customer purchases, and cross-sales since the faster delivery was put in place.

These are tangible numbers that can prove how one change in the customer experience resulted in sales growth. How satisfied the customer was with the purchase (which is what a NPS or CSAT score would reveal) does not necessarily mean a transaction in the future.

The more specific the marketer or CX manager is with CX deliverables, the easier it is to carve out actionable areas for improvement. Instead of relying only on generic 'one-size-fits-all' metrics and qualitative feedback, businesses need to home in on components that are specific to their industry, product, or service. This will allow for a deeper understanding of what's working and what's not.

If a company has recently started offering mobile transaction services, for example, looking at how much time customers are spending on the mobile site and identifying where they are dropping off can provide insight into the user experience. Analysing the data can sometimes give you insight in a way that a customer can't articulate via a survey.

Therefore, the real ROI of customer experience will come down to how well a marketer can analyse and use the data that is at their disposal, which isn't always an easy task.

Research has shown that business leaders today still frequently lack the knowledge to use data effectively. This means there is a gap in reporting on meaningful results that could perhaps be a direct outcome of the marketing and customer experience team implementing good CX strategies.

If a marketer can use customer insights in a way that ties back to their individual KPIs, as well as the company's overall financial objectives, they will be better equipped to make the case with top management for allocating more spend to CX projects.

Mining data to reveal the persona, behavioural elements, and purchasing habits of a customer can tell a marketer which customer segments to nurture and where to focus CX resources. By creating solid CX strategies around the identified customer segments, the success or failure of these strategies will then be very clear.

Without a strategy there is nothing to measure

Without a strategy, there is nothing to measure. Customer experience managers need to be focused, specific and deliberate in their efforts to measure CX. Considering challenges upfront – such as survey fatigue, access to metric tools and the time it takes to measure feedback accurately, will assist the marketer to manage the expectations of the higher-ups.

Good CX does not happen overnight, but measuring its return on investment is possible with a robust plan. ■

Nathalie Schooling is the Founder and CEO of nlighten, a leading customer experience company. In 2020, she was recognised as a top 150 global thought leader by Survey Sensum, a customer experience management platform. In 2021, she featured in the CX Hall of Fame, which identifies the most inspiring CX thinkers worldwide. This year she was also selected as a top 50 global CX influencer to follow by Awards Magazine.

Why FMCG in Africa really should be straightforward

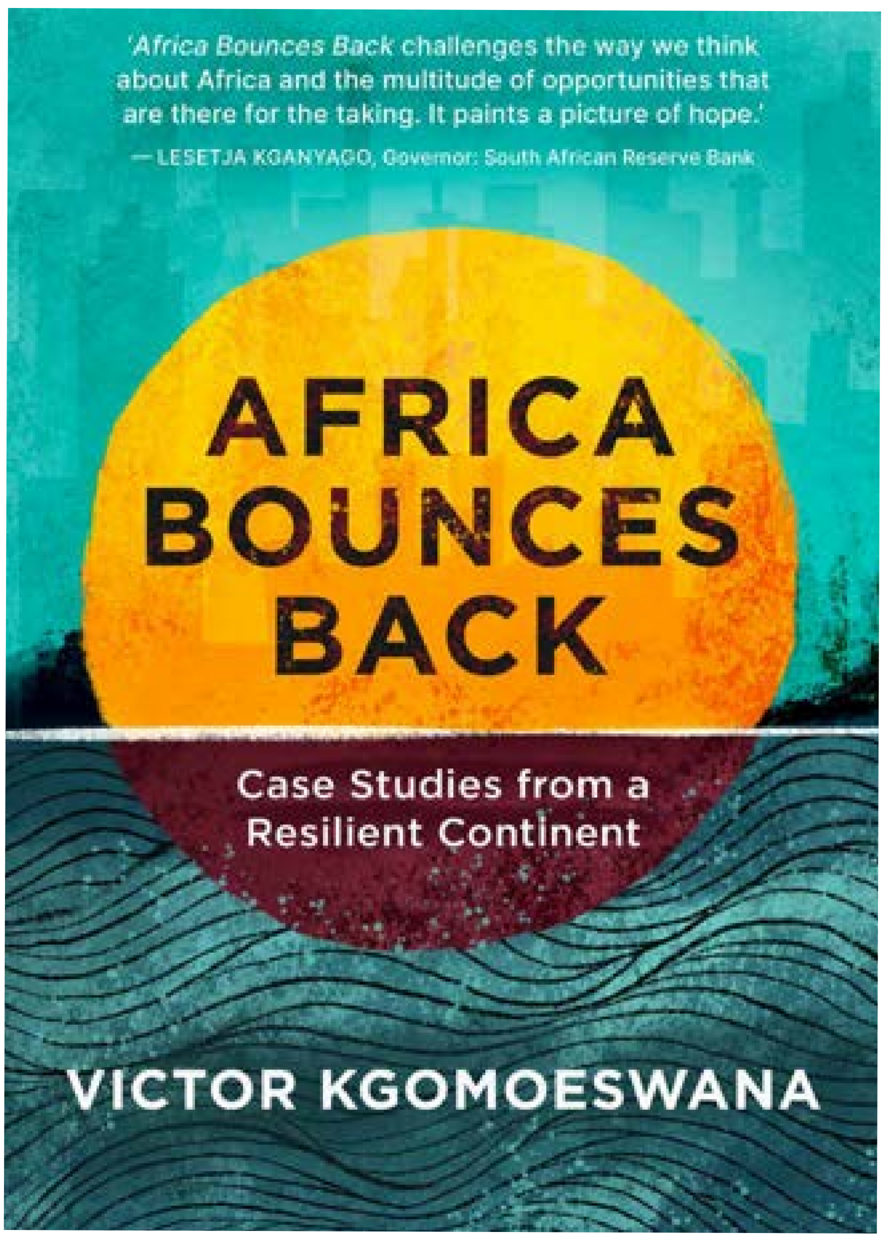
Popular Africa-focused business author, **Victor Kgomoeswana**, has just published his new book, *Africa Bounces Back*. In this excerpt, he suggests success in the competitive FMCG sector is down to simplicity – and innovation.

The height of sophistication is simplicity.
– Clare Booth Luce

It takes more skill and technique to complicate retail and fast-moving consumer goods (FMCG) in Africa than to simplify it. Having started my professional life as a biology and science school teacher, my early realisation was that the failure of learners to comprehend concepts like meiosis and DNA replication was not a reflection of their capacity to learn – but of my capacity to teach them. My latter work as a consultant taught me that in the bid to sound knowledgeable, justify high fees and keep clients dependent on our services, professionals tend to complicate what should be straightforward.

The following are some drivers of FMCG in Africa:

- A game of numbers – Africa has a billion-plus people, the youngest forming the bulk of the population, which is becoming urbanised at the fastest pace among all major regions of the world. Based on the information from the *2017 Drivers of Migration and Urbanization in Africa* report by the United Nations (UN), more than 50% of the global population lives in urban areas, projected to increase to 75% by 2050. That means an additional 65 million urban dwellers annually. Sub-Saharan Africa is



PHOTOS: PAN MACMILLAN; RODGER SHIJA FROM PIXABAY regarded as the world's fastest-urbanising region, with Africa's share of urban residents expected to rise from 11.3% in 2010 to 20.2% by 2050. Already sub-Saharan Africa's 143 cities generate a combined $0.5 trillion, totalling 50% of the region's GDP. If they are growing at the projected rates, this number will be immeasurable in 2050.

- **Selling what the majority of Africans need, want and can access** – in his book, *The Fortune at the Bottom of the Pyramid*, C.K. Prahalad urges businesses to understand that the poor at the bottom of the pyramid (BOP) must be treated as consumers so that they 'can reap the benefits of respect, choice, and self-esteem and have an opportunity to climb out of the poverty trap'. This way, they 'get more than access to products and services ... they acquire the dignity of attention and choices from the private sector that were previously reserved for the middleclass and rich'. BOP strategies and thinking apply best to Africa because of the region's lower per capita GDP. FMCG cannot take off in Africa without this mentality. There is always a place for luxury goods, but the billion or so Africans are mainly poor. Access speaks to the ability of the supplier of the goods to transport them to the point of sale most convenient to the BOP consumer, which calls into question the logistical and distribution aspect of the FMCG enterprise.

- **Affordability in an organic fusion with quality and utility** – this point is linked to the one before but is meant to stress that poor people (BOP markets) value quality and utility more than they get credit for. They are, as they say, 'too poor to buy cheap'. They value what will do the job and last long so that they do not have to spend the money they do not have to replace it. *Investopedia* defines FMCG as products that sell quickly at relatively low cost. Also called consumer packaged goods, FMCGs have a short shelf life because of high consumer demand (for example, soft drinks and confections) or because they are perishable (for example, meat, dairy products and baked goods). Affordability is a no-brainer in Africa's FMCG then.

How do some retail companies get it so wrong in the same region that others consistently get it right? Before looking at some of the failures and success stories, let us present the same points from a different perspective, as summarised by GeoPoll's 2019 report on FMCG in Africa. It lists four requirements for any brand to fulfil in order to thrive in Africa:

- A dense population.
- The spending power to purchase cheap goods.
- An understanding of their brand competition.
- Supporting infrastructure to facilitate sales.

DENSE POPULATION

Depending on who is counting and when they do that – as well as the parameters of their counting – there are many different combinations of cities that are considered fastest growing:

- Lilongwe, Malawi (2020 population of 1,122,000 projected to grow 97% to 2,210,000 in 2035).
- Ouagadougou, Burkina Faso (2,780,000 to grow 97% to 5,481,000).
- Uige, Angola (511,000 projected to grow 98% to 1,013,000).
- Bobo-Dioulasso, Burkina Faso (972,000 projected to grow 100% to 1,940,000).
- Dar es Salaam, Tanzania (6,702,000 projected to grow 100% to 13,383,000).
- Tete, Mozambique (371,000 projected to grow 101% to 744,000)
- Niamey, Niger (1,292,000 projected to grow 101% to 2,600,000)
- Bunia, Congo (679,000 projected to grow 101% to 1,368,000)
- Gwagwalada (an area council in Abuja), Nigeria (410,000 projected grow by 102% to 827,000)
- Mwanza, Tanzania (1,120,000 projected grow by 102% to 2,267,000)
- Songea, Tanzania (353,000 projected grow by 110% to 740,000)
- Kabinda (or Cabinda), Congo (466,000 projected grow by 110% to 979,000)
- Kampala, Uganda (3,928,000 projected grow by 112% to 7,004,000)
- Zinder (or Sinder), Niger (489,000 projected to grow 118% to 1,065,000)
- Bujumbura, Burundi (1,013,000 projected to grow 123% to 2,263,000)

This list was compiled by examining 'the cities that are projected to most rapidly grow in size over the next 15 years among urban areas that had at least 300,000 residents as of 2018 based on the UN's projections of 2020 and 2035 city populations'.

> *Big-city volume makes up for low margins*

This means that once cities like Abidjan in Côte d'Ivoire, Kinshasa in the Democratic Republic of Congo, Tangiers and Casablanca in Morocco, Cairo and Alexandria in Egypt, Luanda in Angola or Lagos in Nigeria are out of the picture, there will be more fast-growing African cities to target with the right FMCG solutions as opposed to products.

The fastest-growing cities are interesting, but as KPMG puts it, 'FMCG retailers generally operate in a low-margin environment' because, as already mentioned, affordability is a huge factor. As a result, the study by KPMG stresses that 'the existence of a large market is crucial to the success of these companies'. Among the largest urban agglomerations in Africa, Lagos, Cairo and Kinshasa feature prominently, followed by Luanda, Khartoum, Abidjan and Alexandria, Johannesburg, Nairobi and Kano, according to estimates from the UN Population Division. These are the areas for businesses to direct their short-term focus because of their high population; as the volumes sold here will make up for the lower margins and fulfil the BOP strategy criteria.

However, for those interested in high-end consumers (for luxury consumer goods), the top African cities in 2017 in terms of concentration of wealth included Johannesburg, Cape Town, Cairo and Lagos. Wealthy cities hardly ever exist without peri-urban areas around them making up the majority of the population. The cities mentioned also happen to have some of the largest low-income populations, as most cities of today are unequal in the distribution of income.

SPENDING POWER TO PURCHASE CHEAP GOODS

Different companies have the strategic choice about whether to focus on the BOP markets or high end or both. Most successful companies target both by acquiring brands that complement their targeting by being suitable to that market segment they do not already cater for. However, because the overarching success equation of FMCG in Africa is affordability, FMCG companies need to be able to adapt their product development to create solutions to address the needs of the majority of Africa's population, which is predominantly in the bottom rungs of the income ladder. Remember, cheap does not mean poor quality when dealing with BOP markets; it actually should mean better quality or utility to bolster brand loyalty.

SUPPORTING INFRASTRUCTURE TO FACILITATE SALES

Getting one's product to the consumer can be limited by distance, poor road, rail or port infrastructure, high costs of importing and exporting, red tape at

Dar es Salaam in Tanzania is one of many African cities expected to show huge population growth, providing a large pool of potential consumers for FMCG marketers ports of entry, or temperatures that can compromise the quality of (perishable) products. The recent cold-storage specifications of the COVID-19 vaccines are a reprise of what most FMCG companies have been dealing with for years in Africa. Some really successful FMCG companies have contributed to the creation of infrastructure by working with the governments or by collaborating with those who might be regarded as competition in other parts of the world.

In other instances, companies have shared their infrastructure with totally unrelated companies purely because it would not make sense for everybody to build their own parallel infrastructure. For example, Project Last Mile in Tanzania has utilised the efficient distribution machinery of Coca-Cola to deliver pharmaceuticals to people in remote areas. This unlikely collaboration is said to have increased the availability of life-saving medicines by up to 30% in some regions since 2010. This out-of-the-box thinking can enhance brand equity in ways they do not teach at Ivy League business schools; but then again Africa is no regular business environment and can reward those who are willing to think of solutions instead of only spotting problems.

Let us look at some of the companies that have mastered the African business environment to build successful brands.

Africa Bounces Back author, Victor Kgomoeswana.

WHICH ARE THE LARGEST FMCG COMPANIES, PRESENTLY?

As compiled in *BusinessTech* in 2017, this list provides guidance on the companies and categories of FMCG that are selling more than others.

1. Tiger Brands Ltd (South Africa – food)
2. RCL Foods Ltd (South Africa – food)
3. Flour Mills of Nigeria (Nigeria – food)
4. Distell Group Ltd (South Africa – beverages)
5. Pioneer Foods Group Ltd (South Africa – food)
6. Nigerian Breweries (Nigeria – beverages)

The biggest companies are in four countries

7. Tongaat Hulett Ltd (South Africa – food)
8. AVI Ltd (South Africa – food)
9. Astral Foods Ltd (South Africa – food)
10. Illovo Sugar Ltd (South Africa – food)

These companies were listed according to data sourced from Deloitte on Africa's top 50 consumer products companies, which collectively generated revenues of $30 billion in the 2015 financial year. The *BusinessTech* article quotes the '*African powers of consumer products*' report, which analysed these companies on the basis of publicly available data from fifteen African stock exchanges. A total of 64% of these top companies are found in South Africa, Egypt, Nigeria and Morocco; and the food sub-sector accounted for 64% of the top 50, followed by beverages at 28%.

This information is helpful in the short-term, but does not tell one much about what will happen in the fastest-growing markets, not necessarily the largest. According to the same *BusinessTech* report, the fastest-growing companies contain almost completely different company names and different markets.

They are:
1. South Cairo & Giza Mills & Bakery (Egypt – food)
2. East Delta Flour Mills (Egypt – food)
3. RCL Foods Ltd (South Africa – food)
4. UNIMER Group (Morocco – food)
5. Middle & West Delta Flour Mills (Egypt – food)
6. Illovo Sugar Malawi Ltd (Malawi – food)
7. Rhodes Food Group Holdings Ltd (South Africa – food)
8. Société d'Articles Hygiéniques (Tunisia – personal care)
9. Edita Food Industries SAE (Egypt – food)
10. Juhayna Food Industries (Egypt – food)

It is, however, important to note that FMCG cannot override the basic needs of humans. This is probably why food and beverages dominate both lists. This does not paint the full picture, or even the top 50 in its entirety, because there are many companies that are not listed in these markets but sell products worth billions every year.

The success of these companies is due to a combination of many factors. These include the ability of these companies to master the supply-chain game better than their competitors – clinching distribution deals with critical retail chains, while there are those that are successful because they provide strong brands.

In summarising this section, it is critical to return to the three key ingredients of success for any FMCG company: relevance and utility, access, affordability and quality. Let us examine the comparative successes and failures of some of the retail groups – some of which were the superstars of the 2010s.

WHAT MAKES A RETAILER SUCCESSFUL IN AFRICA?

Successful retailers have juggled some of the considerations contained in a BearingPoint Institute document, which raises a number of pertinent points that have conspired to bring down what were at first successful retail chains, such as Uchumi and Nakumatt (and even create problems for Choppies). All these were riding high around 2012 and 2013, but have since floundered or folded. Others like Shoprite, still successful overall across Africa, had to pull out of certain markets, like Nigeria. These three points are illustrative:

Mastering the supply chain is important

- Sub-Saharan countries are promising from a retail perspective. With a fragile but growing middle class, infrastructure backlogs, and a low density of physical stores, creativity by 'leapfrogging' from traditional commerce to m-commerce and social commerce is key. M-commerce, according to *Investopedia*, is mobile commerce – implying the use of wireless handheld devices like cellphones and tablets to transact online; while social commerce is the utilisation of networking websites like Facebook, Instagram and Twitter as vehicles to promote and sell products and services.

- Infrastructure challenges, such as lack of transport, banking infrastructure and inadequate logistics services, have inspired sub-Saharan retailers to develop alternative approaches to leverage the platform economy, which *Wikipedia* defines as economic and social activity facilitated by platforms – typically online sales or technology frameworks. They are leveraging communities of consumers to conduct some retail functions.

- Sub-Saharan Africa has many simple innovations and innovative services that can help in creating more agility to address the rapidly changing expectations of customers and take a new role in developing social and ecological responsibility, with the resultant stronger customer loyalty through a sense of belonging.

These points are valid, but it is important to also emphasise the centrality of governance in everything one does in Africa. As already stated, retail and FMCG operate on low margins, with sensitive processes that must not be compromised, or one risks collapsing an empire that could have taken long to build. The following examples pertain:

- **Uchumi Supermarkets** – this company was a star retailer in Kenya and East Africa. It might have been a victim of its own success, combined with the neglect of fundamentals. It had grown to 37 stores in the East African region in 2015, but these were whittled down to six only in Kenya by 2020 due to the lack of attention to fundamentals. The retailer has in the recent past been struggling financially– weighed down by debt and under pressure to restructure, counting on creditors to write off some of its debt.

- **Nakumatt** – also in Kenya, this was another monumental failure in the retail space. The supermarket chain was liquidated, with much infighting among the board, the managing director, Atul Shah, and several creditors. At its peak in 2015, Nakumatt had about 60 stores in East Africa, with revenue around half a billion dollars. It has been scaling down until liquidation in 2020, followed by ongoing court battles. By folding, both Nakumatt and Uchumi left a lot of money on the table for other retailers, including

South African Shoprite and French chain Carrefour.

- Shoprite – this South African chain has maintained its position as a premier retailer in Africa, but it made headlines when it announced its exit from Nigeria in August 2020. Who walks away from 25 stores in Africa's largest economy with over 200 million people? Someone whose business keeps on running into logistical nightmares while moving merchandise into the country or whose pricing is exorbitant for the locals or both. Shoprite is very expensive outside South Africa; in its home country it is a bargain-hunter's dream. My visit into one of its Kampala branches one day in 2007 shocked me as the prices looked like those one would expect at Woolworths, which also exited Nigeria. Problems arise when South African exports incur high costs and suffer immense inconvenience at ports of entry, where some officials demand bribes. This is a missed opportunity to indigenise their supply chain in whatever country they operate in by procuring from local suppliers or training them to meet their standards, if that is the problem. The sense of belonging through shared benefits as proposed by the BearingPoint document is missing due to this over-South Africanisation of retailers outside their home country.

- Woolworths – when this high-end retailer left Nigeria in 2014, the same question was asked: what does its move say about Nigeria? The move says something about Woolworths, not Nigeria. The problems cited, including high rentals, were indicative of a more fundamental problem. FMCG in Africa is a price-sensitive play. Why would Nigerians with cash, who can shop in London, pay top dollar for Woolworths' goods? This is not to say Woolworths' goods are not worth their price, but, in the context of what a rich Nigerian would rather do, entering Nigeria was a miscalculation by Woolworths in the first place, unless the retailer had a strategy to price its merchandise differently to make the rent, at least.

The BearingPoint document mentions a few anecdotes of how retailers can make it in African countries, including the following:

❯ *Stronger customer loyalty and a sense of belonging*

- Jumia is a pan-African e-commerce player that has found a way around the challenges facing brick-and-mortar stores in Africa; creating its 'own logistics marketplace to leverage third party companies and self-entrepreneurs for city-to-city and last-mile deliveries', offering its services to 'other retailers as a white label'. White labelling involves the selling of goods by a retailer (using its own branding and corporate identity) with the help of a third-party manufacturer. Pick n Pay has been known to market its 'No Name' brands, hotels use detergents under the same arrangements, and many restaurants sell ketchup and relish carrying their own labels to sell goods made or supplied by a third party. One wonders if Shoprite and Woolworths would have considered partnering the likes of Jumia in Nigeria?

- When a large retail chain enters an African market, it is up against social media-based solutions such as **TradeDepot**, which is a platform for very small companies to enable them to put their products on the web. Competing in a country like Nigeria, against very small traders with knowledge of the back alleys of the city offering affordable alternatives using a social media platform, could be suicidal for a foreign retailer – unless such a retailer can find ways to integrate the very small traders into their value chain or use the same social media to reach and serve its customers.

- At the end of 2015, sixteen countries in the world (fifteen of which were in sub-Saharan Africa) had opened more mobile bank accounts (M-Pesa, Wizzit, Jumia or Konga) than traditional bank accounts. With over 30 million customers by 2017, M-Pesa and its peers would force retailers to find better ways to process payments, including transactions such as buying an airline ticket. Without this form of adaptation or partnership, retail in Africa will remain mission impossible.

These are but few examples of how every retailer is operating in a continuously evolving market on the continent and has to keep on adapting to grow or effectively die. The fact that star performers like Uchumi and Nakumatt are all but history in a space of less than five years of flourishing proves that no one is guaranteed survival unless they innovate and continuously improve, including digitalisation.

IN CONCLUSION, A WORD FOR THE INFORMAL SECTOR

The various FMCG companies and retail chains form part of the FMCG fabric of the African economy. Just as in some cases more than 80% of food production in African countries is the responsibility of small-scale farmers, the informal sector plays a crucial role in Africa's FMCG and retail sector. Most economies in Africa and other emerging markets are dominated by the informal sector. For example, a 2018 study of the Ghanaian economy states that there has been an upward trend in the size of the informal

It's not unusual for companies to share infrastructure. For example, the efficient distribution machinery of Coca-Cola is used to deliver pharmaceuticals in some remote areas.

economy as a proportion of the officially recorded GDP; from 14% in 1960 to 18% in 1977. Although this fell for a while, it picked up again from around 1983 to reach 30% in the 2003/2004 period.

Some of Africa's most innovative solutions like M-Pesa did not grow as a result of agents operating out of glitzy shopping malls, but rather as informal businesses in the back alleys of areas underserved by the formal financial system. This was a result of their responsiveness to the needs of the marginalised markets. In order to optimise the retail and FMCG sector in Africa, it will be important to fully understand the nature of the informal sector, the role it can play and how to improve the business environment to promote its meaningful participation. Partnerships between the formal and informal sectors are likely to strengthen, not weaken, the sector.

Every retailer is operating in an evolving market

Most multinationals have the incentives and imperatives to make their communities part of their bigger inclusive ecosystem. For example, Massmart and Woolworths in South Africa deliberately made local producers an integral part of their supply chain. The same applies elsewhere on the continent and in many other multinationals, such as the use of street vendors to sell beverages manufactured and marketed by the likes of Coca-Cola and Pepsi. The strategy will therefore already have best practice against which to benchmark, but then needs to be scaled up and take full advantage of the rising intra-Africa trade under the African Continental Free Trade Area agreement. ■

Editor's note: Due to space constraints, the author's reference list has been removed, but is available on request from the Editor.

Victor Kgomoeswana is an afro-optimist, media commentator, speaker and author. His first book, published almost 10 years ago, was 'Africa is Open for Business'. His latest book is entitled 'Africa Bounces Back'. It is published by Picador Africa, an imprint of Pan Macmillan.

Can uniquely African brands capitalise on Geographic Indications?

The continent has many premium products to offer the world. But protecting their uniqueness from competitors may require a little help. **Eamonn Ryan** reports.

Rooibos tea is the first African name on the European Union's GI register.

F**OR AFRICAN BRANDS – AND,** indeed, brands in any emerging market – one of their challenges is often to gain international recognition while at the same time fending off bigger and financially stronger global competitors.

Challengers who, it must be said, may also not be averse to the occasional strong-arm business tactic to gain the upper hand. And who may also enjoy political and deep-pocketed support from governments in their home countries.

This can leave African marketers and their organisation's executive teams in a quandary. Do you spend big money (by

> *Rivals may usurp your advantage*

your company's standards anyway) in an effort to expand your business and achieve footholds in foreign markets - only to find your strategy and perhaps even the product itself usurped by a rival with infinitely greater resources?

If you have something geographically unique to offer, one of the ways to achieve a measure of protection is through the European Union's register of

Workers harvesting the Rooibos plant in the Cederberg Mountains of South Africa.

The production of Argan Oil by traditional methods in Morocco.

protected designations of origin and protected Geographical Indications, commonly known as GI.

Well-known products that have achieved GI protection include Champagne (from the region of the same name in France), Irish Whiskey (whiskey from Ireland as opposed to whisky from Scotland and the many other nations that produce the amber spirit), and Port wine (the Portuguese fortified fine that originates from the region around the city of Porto).

If the products don't come from those designated areas, they can't be called that. Simple ... and potentially of great value when it comes to setting your brand and product apart from the rest of the not-so-authentic pack.

AFRICAN FIRST FOR ROOIBOS TEA

Recently, Rooibos tea from South Africa became the first African name on the GI register and, depending on how successfully it can now be leveraged as a unique global brand, it could become a forerunner for other African products to be listed – ranging from tea to coffee, honey and vanilla.

Some experts believe the listing will only have practical benefit if Rooibos can be clearly branded as a distinctive, quality South African product. Given that rooibos has developed a huge international market as a generic product like kiwi fruit, for example, this may be challenging.

> *The 'generic' trap may be irreversible*

And unless African countries can move quickly to protect their similarly distinctive agricultural products, they may find themselves in the same 'generic' trap that is enormously difficult to reverse at a later stage.

Even if a GI listing is achieved, competitors from outside the Geographic Indications area won't necessarily take the situation lying down.

Jeremy Sampson, Managing Director of Brand Finance Africa, part of the international brand valuation consultancy, relates how in 2015 the Spanish smuggled the equivalent of 10-million bottles of their wine into France to be bottled. This 'Frenchification' enabled them to earn a premium of double to triple the value due to the 'Bottled in France' labelling. That's essentially what getting GI protection aims to prevent.

GEOGRAPHICAL INDICATIONS: THE AFRICAN OPPORTUNITY

According to a 2020 European Commission study, Europe's economy gained about €75-billion in 2017 from GI products, with the sales value of GI products doubling on average, when compared with similar products without GI certification.

Clearly then, GI certification holds considerable opportunity for a predominantly agrarian Africa, should the continent protect its rights and adopt this strategy. The second phase of the African Continental Free Trade Agreement (AfCFTA) focuses on intellectual property rights and trade – already one step towards recognising the economic value of GI.

Any number of African countries have distinctive products – known for unique characteristics like aroma, flavour, and the traditional knowledge systems used to make them (known as 'terroir') – and they would do well to closely monitor Rooibos as a case study.

Ethiopia produces some of the finest coffees in the world, for example, having unique flavours and aromas from the country's Yirgacheffe, Sidamo and Harrar regions, as does Cameroon with its Oku white honey. The Ijebu people of western Nigeria call their processed cassava Ijebu garri.

Yet these premium products sell internationally at only a small premium to less distinctive products, and only a tiny percentage of the retail price goes back to the home country.

According to a World Intellectual Property Organisation (WIPO) report a number of countries or producers have embarked on a process of protecting and managing GIs, including:

- Ethiopian fine coffees
- Moroccan Argan oil (which grows in no other county in the world)
- Kenyan tea and coffee
- Ugandan vanilla, and
- Oku honey of Cameroon.

"Moreover, there are ongoing programs that show the growing awareness of the significance of protecting and managing Geographical Indications. These include WIPO-supported Zanzibar Clove, Tanzanian Arabica coffee and Ugandan Cotton projects," the WIPO report states.

Otherwise, African countries presently do little to protect GI and capture intangible assets. So far, only Zimbabwe and South Africa have Geographical Indication Acts, with the latter having set up a GI registry and guidelines to protect GI agricultural products. Areas in Africa with terroir of worldwide renown, such as the Sahara and Kilimanjaro, are having those labels appropriated anywhere in the world for blends or their products, similarly to rooibos.

A ROOIBOS CASE STUDY

South Africa's rooibos tea (before it became Rooibos with a capital 'R') has gained a vast international market as a health drink, but until now there has been no control over its origins or quality.

In June, Rooibos was notified that the European Commission had approved the registration of the designation 'Rooibos'/'Red Bush' in its register of protected designations of origin and protected GIs. Rooibos is the first African food to be approved by the EU for listing on the register.

Dawie de Villiers, SA Rooibos Council director and managing director of a Rooibos-processing and marketing company, explains that while the award is extremely welcome, the GI must still practically be exploited to realise value for the product via education and marketing efforts.

Rooibos is today directly sold in volume in over 50 countries and makes its way into many more, riding the wave of healthy drinking. The biggest markets by volume are Germany and Japan, followed by the Netherlands, UK and US.

De Villiers points out that GI is but a first step – after all, it is not protection for the entire world, only the EU (albeit the biggest market for Rooibos outside South Africa). The EU GI protection is the culmination of a decade's effort, a process which is now being replicated in the rest of the world and means South Africa owns the name 'Rooibos' and the product associated with the name.

› *Products sell at a price premium*

Sampson describes the importance of the GI registration as being the potential to earn a premium, as people attribute quality to the geographic location.

"There may be many people using the rooibos name because they have been allowed to do so quite legitimately – and this has to be unwound. Once you have the name secure, you have to enforce the integrity of it. Then it has to be built into a recognisable and guaranteed premium brand, before it can be taken further," he explains.

Sampson is of the view that all, or many, similar iconic African brands should be following the Rooibos example – in the case of South Africa, particularly the renowned Western Cape wine producers. He gives the example that a food category as broad as Welsh lamb has been registered – and Karoo lamb (also from South Africa) is in the process of applying for GI certification.

"If in doubt, register it," is the mantra. Even if a brand is only trademarked in the national country, it means you have the first call to enforce it globally, explains Sampson.

WHICH WAY WILL ROOIBOS GO?

There are two ways the GI registration of Rooibos could go. One is the example of the Champagne brand, where nobody in the world would dare call their sparkling wine Champagne, because it is so well established that the product comes from the defined French geographic location.

The other is Neapolitan sauce, where the Italian region eventually succeeded

A farmer grinding coffee near Kilimanjaro in Tanzania. The country's coffee could potentially benefit from a GI listing.

PHOTOS: PIXABAY, CHRUMPS VIA WIKIPEDIA, PEQUOD76 VIA WIKIPEDIA, GERHARD G & SUPPLIED

in getting GI registration for the product, but it made no difference as the flavour is so internationally accepted and generic that it could not be policed.

There are also several unique South African products such as biltong (a form of dried, cured meat) and boerewors (a seasoned traditional sausage) where the opportunity for GI certification is clearly lost or unviable because they have become ubiquitous.

Dr Thomas Oosthuizen, a former African-based marketing expert now resident in the UK, says the success, or otherwise, of the 'new' Rooibos all depends upon how it is uniquely branded and packaged – and how its marketers take ownership of 'rooibos' to turn it into 'Rooibos'.

He notes that Rooibos seems widely loved globally. But the degree to which specific brand recognition will drive sales, rather than the generic description, is unknown. It may still be the generic description that drives sales outside of the South Africa shops that sell SA-branded Rooibos widely.

The GI process is expensive to enforce

"It's extremely difficult and expensive to try and police a GI. There's also the analogy of kiwi fruit and proteas, both of which started as export products from New Zealand and South Africa respectively, but which began being grown all over the world as they grew in popularity," says Oosthuizen.

Time will tell as to how significantly Geographical Indication certification has benefitted Rooibos as a brand. For other uniquely African products with less international penetration (for now), the GI opportunity may be substantial – providing they act soon and they act decisively. ■

Additional reporting by Mike Simpson.

Since becoming a freelance financial writer 20 years ago, Cape Town-born and LL.B graduate Eamonn Ryan has focused on the business and financial sectors, having at one time or another written for virtually every English-language daily and weekly in the country, and been editor of four trade magazines. https://www.linkedin.com/in/eamonn-ryan-9614901a/

'Keep it simple stupid' is the way to keep customers happy, study finds

Researchers say businesses are confusing their customers by making product offerings and the customer journey too complicated.

KEEP IT SIMPLE STUPID! New research from the University of Western Australia shows consumers actually crave less choice and simpler experiences – despite companies offering more options, promotions and price variations than ever.

The results of the study, published recently in the *International Journal of Management*, found that bringing down customers' mental load during shopping creates value for shoppers, as well as the companies selling the items.

Dr Richard Gruner and Professor Geoff Soutar from the university's Business School explored the concept of cognitive simplicity (basically how well people perceive things) to evaluate how it affects the value customers get from their interactions with businesses.

According to Dr Gruner, consumers have become mentally fatigued from the increasing number of choices they have to make every day, and to be successful companies should try to avoid adding to this complexity.

CUSTOMERS WILL PAY MORE FOR SIMPLICITY

"We found consumers are willing to pay more for, and are more likely to cherish, brands they perceive as simple," he explained.

"What matters more than an in-your-face presence is simplifying customers' lives and solving their problems."

The researchers found that most buyers who did not follow through on an intended purchase backed out because they were overwhelmed by information and choice.

"Consumers tend to reward companies that drive down their mental load and many brands – including Aldi (an international supermarket chain), Netflix and Google – owe some of their success to their ability to simplify consumers' experiences," Dr Gruner stated.

For example, one survey, conducted by leading brand consultancy Siegel+Gale with over 15,000 consumers across nine countries, found that brands perceived as providing the simplest, most seamless experiences boasted both the strongest stock performance and the most loyal customers.

At the core, smart brands make things easy and convenient for the end user through clever decisions about their product, promotion, price and distribution tactics.

STRONG PERFORMANCE AND LOYAL CLIENTS

"These brands consider the entire customer journey throughout their organisation and are, in turn, often rewarded with strong performance and loyal customers," he said.

Dr Gruner has published an additional article in the prestigious US-based *Harvard Business Review* on strategies to simplify the customer journey.

PHOTO: MEHRAD VOSOUGHI UNSPLASH

Among these are providing fewer products, features, or capabilities without compromising the effectiveness of the product or service.

❯

Simplicity is not limited to products and pricing

Companies should also limit the tendency to vary prices based on loyalty, season, purchase location, channel, or demographics. While this approach can increase profits, it also increases complexity for the customer.

But simplicity needn't be limited to products and pricing. Rather, it should also be about building a simple and holistic customer journey that embraces all aspects of the client experience.

PROVIDE A HOLISTIC CUSTOMER EXPERIENCE

"Focusing on the product is important, but it's equally important not to lose sight of the entire customer experience. That means designing your sales and marketing efforts to make it as easy as possible to find, purchase, and start using your product," the researchers noted.

To make sure they are prioritising simplicity throughout the customer journey, marketers start by asking themselves the following questions:

- How can we make it easier for customers to understand and evaluate our offerings? Could we provide fewer products, features, or capabilities without compromising the effectiveness of our solution?
- How can we create targeted marketing campaigns that speak to customers in their language, at the time and place that is most useful to them?
- How can we make our pricing more transparent and consistent? Varying prices based on loyalty, season, purchase location, channel, or demographics can increase profits, but they also increase complexity for the customer.
- How can we optimise in-store layout and leverage point-of-sale technologies (tools such as automated recommendations for related products, mobile payments, etc.) to create a frictionless purchasing experience?

"These are just a few examples, but there are countless opportunities to simplify the customer journey," the researchers emphasise.

"Whether you're consolidating similar products into a single offering, investing in a convenient digital payment method, or even just instituting round-number prices, anything you can do to reduce your customers' mental load will improve their experience and their perception of your brand." ■

Children bombarded with junk food marketing on social media

The ethics of marketing junk food to children has long been debated. New academic research pinpoints the extent of the problem on social media.

CHILDREN ARE BEING exposed to more than 100 unhealthy food promotions on their mobile phones each week, according to a recent research study done in Australia.

For every hour that a child spends online on their phone, they viewed more than 17 food and drink promotions, a figure that is almost nine times higher than their exposure to marketing via television advertising, say academics from the University of Wollongong.

They found that, over a week, children were exposed to an average of 168 online food and drink promotions, contrasted with an average of 19 a week when watching television.

Associate Professor Bridget Kelly, the lead researcher on the study and a published author on the topic of food marketing, said the results emphasised how frequently adolescents are being exposed to extensive marketing for unhealthy foods while using social media platforms.

She noted that food and drink marketers tap into young audiences through online social networks because the brands are seemingly endorsed by peers or online communities.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"When food and drinks are marketed on social media, via social media communities or online influencers, it comes with the assumption that the products are endorsed by peers and online communities. Brands tap into these pages' networks of online followers and social cache, heightening the marketing effects," she said.

"This marketing normalises unhealthy foods, creates positive brand images, and encourages overconsumption."

SURVEY OF KIDS AGED 13-17

The study surveyed children aged between 13-17 over a three-day period on their exposure to food and beverage marketing while using their mobile devices. The participants had accounts on social media platforms such as Instagram, Facebook, Snapchat and YouTube.

Professor Kelly, who is based at the university's School of Health and Society, said food and drinks marketed online are almost exclusively high in salt, fat and sugar. In other words, they're unhealthy.

> *Safeguards not keeping pace with digital world*

"The rate of promotions for unhealthy foods and beverages was 50 times higher than the rate of promotions for healthier products," she emphasised.

Professor Kelly said government policies and safeguards had typically failed to keep pace with the rapid developments in the digital world. The immense use of data analytics

The Australian study finds children are exposed to an average of 168 online food and drink promotions a week.

ABOUT THE AUSTRALIAN RESEARCH PROJECT

'*Social online marketing engagement (SoMe) study of food and drink brands: Real time measurement of Australian children*' by Bridget Kelly, Rebecca Bosward and Becky Freeman was published 13 July 2021 in the *Journal of Medical Internet Research*. Read the research here: (doi:10.2196/28144).

The research was funded by an Australian Research Council and the Australian National Preventive Health Agency.

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meant that advertisers were now able to target children using personal data, which is much more insidious than traditional advertising.

The study found that Instagram, Facebook and Snapchat had the highest rates of food marketing, which the researchers said presented an opportunity for those platforms to self-regulate to protect children from unhealthy promotions.

> *Policies must protect kids from junk food marketing*

"The digital world is outstripping current legislation and policy to protect young people from inappropriate marketing," Professor Kelly cautioned.

"Policies need to protect children from unhealthy food marketing via paid advertising and paid content in posts generated through online communities, influencers and celebrities." (*Editor's note: for more about Online Influencers, see our article on pg 6*)

WHY BRANDS MARKET FOOD TO CHILDREN

In an article published a few years ago that examined the need to protect children's eating habits from the impact of 'robust marketing', Susan Goldstein, an Associate Professor in the School of Public Health at Wits University in Johannesburg, outlined three main reasons that companies and brands direct their marketing at children.

The first, she said, is the 'pester power' that children have. They are encouraged to buy various brands of food – usually processed and high in sugar – by nagging their parents. Numerous marketing ploys are built around this, especially the free toys and collectable items that accompany branded products.

The second is that children themselves often have some income and can easily purchase these foods for themselves as they are cheaper and seem more appetising and tasty than healthier alternatives.

The third is the long-term loyalty children will have to a brand that they come to know and love. They are bound to buy it in the future for themselves and their children and this affects their lifelong eating patterns.

According to the Campaign for a Commercial-free Childhood, a US-based non-profit that rebranded in June this year to 'Fairplay/childhood beyond brands', marketing exploits children's developmental vulnerabilities.

Their research indicates that very young children can't distinguish between commercials and programme content. Even older children sometimes fail to recognise product placement as advertising. Until the age of eight, children do not understand advertising's persuasive intent, Fairplay warned. ■

Associate Professor Bridget Kelly, the lead researcher on the Australian study.

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