STRATEGIC MARKETING for AFRICA

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AMC AFRICAN MARKETING CONFEDERATION

Journal of the African Marketing Confederation

Issue 1 2023

Rise of Chat Commerce

Harnessing tech to talk to Africa's consumers

NORTH AFRICA:

Understanding this dynamic marketplace

What influences Africa's youth?

PLUS: • MARKETING CONFERENCE 2023 • A.M.C. LAUNCHES SHORT COURSES • UPDATE ON THE AfCFTA • WHY AFRICAN SUPPLY CHAIN NEEDS A RETHINK

Conferences, short courses – and a lot more besides

GOOD DAY FELLOW MARKETERS! It's hard to believe we've already lived through a quarter of 2023; I trust that you achieved your first quarter objectives, as we hurtle into the next one.

The AMC has been very busy so far – we're excited to launch the prestigious Chartered Marketer (Africa) professional programme and look forward to hosting the first cohort of successful candidates in May.

We also believe the AMC Short Course offerings (see pg 24) will add further value to the marketers of our member associations. The courses are fully online, high quality and easily accessible – so it's never been easier to upskill and expand your knowledge!

We are also well into the planning of our 2023 AMC Conference, being held in Uganda from 6-9 September and hosted by the Uganda Marketers Society (UMS). In addition, for the first time our conference takes place in conjunction with the newly founded Ticona (Technology Information Confederation Africa) and its member associations.

We anticipate another exceptional networking event, with high-level insights from Africa's top speakers and professionals.

This latest *Strategic Marketing for Africa* issue kicks off 2023 with a bang. The Artificial Intelligence article (pg 14), together with the cover story on Chat Commerce (pg 8) shows just how far we have come in using technology to reach African consumers.

North Africa is highlighted in our Consumer Trends report on pg 16. This is of particular interest to all African marketers, especially our North African AMC members.

All in all, a thoroughly enjoyable and informative read – enjoy.

Yours in African marketing,
Helen McIntee
BA MBA (Wits) CM (SA)
President: African Marketing Confederation

Conférences, cours de courte durée – et bien d'autres choses encore

BONJOUR, CHERS SPÉCIALISTES DU MARKETING! Il est difficile de croire que ce premier trimestre 2023 est déjà révolu; j'espère que vos objectifs du premier trimestre ont été atteints, tandis que nous nous acheminons vers le second.

L'AMC a été dernièrement très occupé: nous sommes heureux de lancer le prestigieux programme professionnel Expert Marketing (Africa) et sommes impatients d'accueillir en mai la première cohorte de candidats retenus.

Nous espérons également que les cours de courte durée de l'AMC (conf. p. 24) apporteront une valeur ajoutée aux spécialistes marketing des members de nos associations. Ces cours au contenu de haut niveau se déroulent entièrement en ligne et sont facilement accessibles - il n'a donc jamais été aussi facile de se perfectionner et d'élargir ses connaissances !

L'organisation de notre conférence AMC 2023, qui aura lieu en Ouganda du 6 au 9 septembre et sera accueillie par l'association de Marketing en Ouganda (UMS), est en bonne voie. En outre et pour la première fois, notre conférence se déroulera conjointement avec la toute nouvelle Ticona (Technology Information Confederation Africa) et ses associations membres.

Nous prévoyons un autre événement exceptionnel de networking, qui inclura les interventions de haut niveau des meilleurs conférenciers et professionnels d'Afrique.

Ce dernier numéro du Marketing Stratégique pour l'Afrique démarre l'année 2023 sur les chapeaux de roues. L'article sur l'intelligence artificielle (p. 14), ainsi que l'article en une de couverture sur le commerce de chat (p. 8) montrent les progrès réalisés dans l'utilisation des technologies pour atteindre les consommateurs africains.

L'Afrique du Nord est mis en avant dans notre rapport sur les tendances de la Consommation (p. 16). Ce rapport présente un intérêt particulier pour tous les spécialistes du marketing africain, notamment pour les membres de l'AMC d'Afrique du Nord. En résumé, une lettre agréable et instructive dont j'espère vous apprécierez !

Le vôtre dans le marketing africain.
Helen McIntee
BA MBA (Wits) CM (SA)
Présidente: De la Confédération de Marqueteurs Africain

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Uganda Marketers Society
Zambia Institute of Marketing

Our African spirit of resilience and optimism

WELCOME TO THE FIRST issue of *Strategic Marketing for Africa* for 2023! This time last year I was writing in this column about a new spirit of post-Covid optimism and positivity on the continent as we returned to a (new) normal.

The first quarter of 2023 has been more muted, as the world struggles with political tensions and economic uncertainty. But Africans are by nature resilient and optimistic and, as the wise King Solomon once noted: 'This too shall pass'.

At the African Marketing Confederation, there is plenty of Afro-optimism and 'can do' spirit. President Helen McIntee points out in her column (pg 1) that it has been a busy start to the new year, with several exciting new AMC initiatives coming to the fore.

I believe many of us are also still on a high following our awesome first marketing conference at Victoria Falls in Zimbabwe in late 2022. Now, of course, it's on to the next one and planning is already underway for the second AMC marketing conference in Uganda later this year.

IN THIS MAGAZINE

Once again, we have seen fit to feature several technology focused articles – examples including Chat Commerce (pg 8) and Non-Fungible Tokens (pg 32). Our rationale is that, as a publication, we should be doing our best to keep African marketers updated on what is happening in this very busy, and often perplexing, space.

But, as I have previously alluded to, all that is 'new' and 'shiny' may not necessarily have longevity. Neither can it be a substitute for in-depth research – examples being our North Africa story on pg 16, the Consumer Influences piece on pg 22, and our report-back on the Pamro Conference on pg 28.

Neither does it replace the need for solid marketing strategy and smart long-term brand building. For examples, see Tabani Moyo's Brand Strategy article on pg 48 and our Brand Valuation piece on pg 51.

And, of course, it's useful if you have an effective Supply Chain in place (pg 46) and a business-enabling macro-environment (see our AfCFTA Update on pg 42).

All of which is a reminder that good marketing comprises many cogs in a giant wheel, all working effectively and in unison to move forward.

Enjoy your latest read, courtesy of the African Marketing Confederation. We trust that you will find it informative and food for thought.

Mike Simpson
Editor

CASE STUDY ANNUAL

This year, the AMC is planning to produce our first Case Study Annual, comprising some of the best African marketing case studies of the past few years. We are looking to cast our net as widely as possible, so if you have an interesting success story that is backed up by solid facts and figures, please let us know.

Please note that all submissions will be subject to review, and publication is at our discretion. Email the Editor: **mike@media-simpson.com**

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ISSUE 1 2023

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- Using data to transform African retail
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- Drones transforming African supply chain?
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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.

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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 managers, and chief executives.

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IMM SOUTH AFRICA

The Institute of Marketing Management South Africa (IMM) has for decades been the pre-eminent marketing institute in Southern Africa, bringing together like-minded individuals to share thoughts and experiences within the rapidly changing marketing environment. The IMM offers a wide range of value-added products and services for marketing professionals who are Associates in either an individual or corporate capacity. The IMM is a proud founding member of the AMC, providing you with the added benefit of developing a larger network across the African continent.

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UGANDA MARKETERS SOCIETY

The Uganda Marketers Society (UMS) is the leading community and voice of marketing professionals in Uganda. The society brings together diverse professionals across different backgrounds, experiences and levels of seniority to network, learn and grow together. UMS is affiliated with the Chartered Institute of Marketing CIM-UK, the world's leading professional marketing body. It is led by a diverse Board and Secretariat that serve to ensure the society meets its goals. UMS started in 2015 with a vision to be the leading body of marketing practitioners and professionals inspired towards the development, promotion of professional ethics and standards, and application of world-class marketing leadership in Uganda. Its mission is to remain the most relevant influence informing Marketing in Uganda as a virtual community for professional marketers.

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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.

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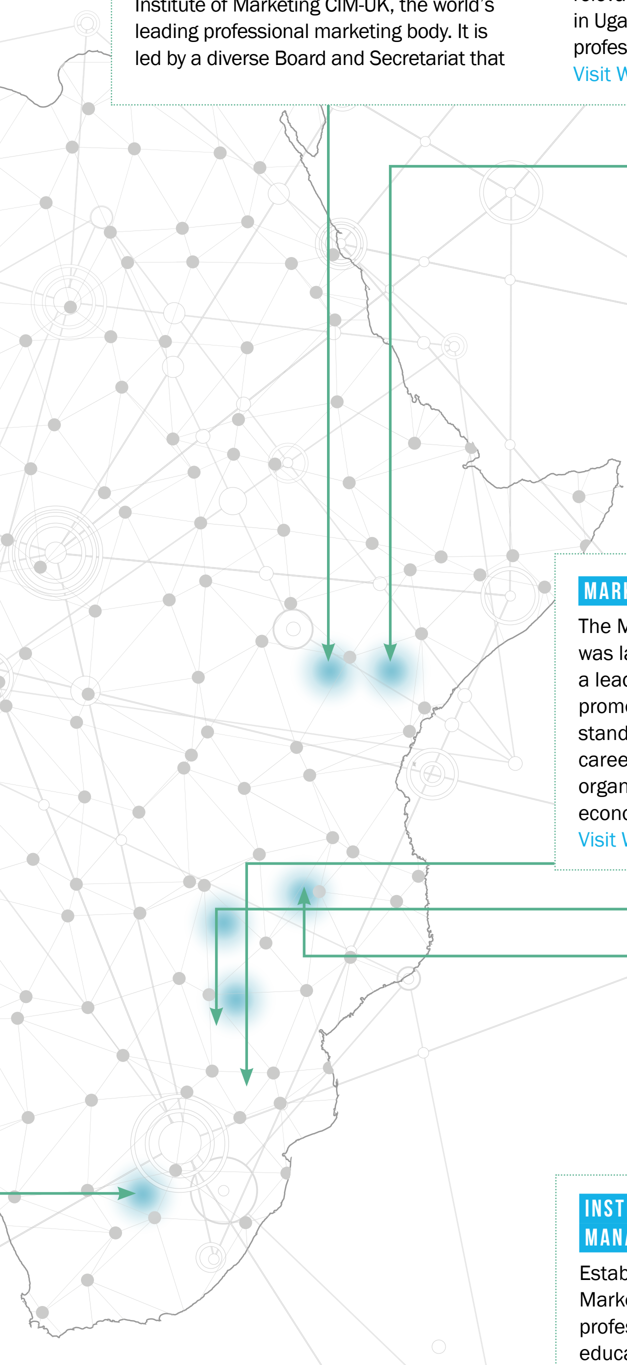

THE ZAMBIA INSTITUTE OF MARKETING

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.

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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.

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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.

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.

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African chat commerce finds its ever-louder and clearer voice

While China and the Far East lead the chat commerce revolution, Africa is – remarkably – ahead of the Western world in its development. **By Cara Bouwer.**

CHAT COMMERCE – OR conversational commerce – is finding fertile ground across Africa, South America and Asia. Messaging apps, chatbots, voice assistants and chat apps are being used by large and small companies alike to streamline and support the customer experience.

Irrespective of the digital platform used, chat commerce is being deployed by businesses operating across such diverse sectors as healthcare, banking, e-commerce, travel, insurance, logistics, retail and hospitality.

A 2022 study by Juniper Research in the UK noted that "global spend for conversational commerce over OTT [over-the-top messaging] channels, including WhatsApp or WeChat, will rise from US$13.3-billion in 2022 to US$25.1-billion in 2023. This growth of 89% will be driven by verticals such as retail and e-commerce, which provide increased online presence and product availability as retailers refine their online customer experience."

Currently, the Far East and China dominate global spend in this space, with Juniper noting that "total spend over chatbot messaging apps in China will surpass US$21-billion by 2026".

AFRICA'S GROWING POTENTIAL FOR USING CHAT COMMERCE

However, on a demographically young continent like Africa – where mobile penetration is growing rapidly in key markets such as Nigeria, South Africa, Egypt, Kenya and Ethiopia according to mobile insights researcher GSMA Intelligence – the potential for mobile customer engagement solutions is particularly exciting.

Sydney Eneremadu, a conversational designer and MD of both *'The European Chatbot & Conversational AI'* and *'African Chatbot & Conversational AI'* summits, believes Africa's mobile credentials position the continent favourably for chat commerce.

Talking to *Strategic Marketing for Africa* ahead of the *Africa Chatbot* event in Johannesburg in June 2023, Eneremadu says: "Conversational commerce presents a unique opportunity for businesses to invest in, or expand, their chat solutions in order to meet the expanding demands in Africa."

This optimistic outlook is echoed by Werner Lindemann, Senior Vice-President of Enterprise Sales: Growth Markets at Clickatell, a leading chat commerce company with offices in South Africa, Nigeria, the USA and Canada.

Lindemann stresses that Africa's mobile boom transcends the younger generations. So much so, that he talks instead of a cross-generational 'Gen C' phenomenon of connected Africans who are "used to working on mobile phones, engaging with brands on their mobile phones on a daily basis. It actually spans generational theories. It's about people who are connected".

Gen C is typically described as a psychographic group, defined not by their age but by their behaviour, values, attitudes and digital lifestyle.

Sydney Eneremadu, MD of both *'The European Chatbot'* and *'African Chatbot & Conversational AI'* summits

> *Examples of the use of chat are wide ranging*

This widespread technology adoption has, explains Lindemann, profoundly changed consumer behaviour and how brands connect. As a result, key African markets such as South Africa, Nigeria and Egypt are 'streets ahead' when it comes to mobile-first consumer engagement.

While China definitely leads the chat commerce pack, Lindemann says there are parallels between the Asian and African stories. So much so, that he determines Africa is "probably 18 months or two years ahead of what's happening in the westernised world".

AFRICA IS A PATCHWORK OF TECHNOLOGY ROLLOUT

Within Africa, however, levels of sophistication vary. Lindemann explains that different technologies hold better value in certain markets and regions across Africa. "Where smartphone penetration is high, you will use WhatsApp, for example, as an engagement channel from a brand perspective," he told *Strategic Marketing for Africa*.

"Where it's a lower penetration – or due to historical reasons – you can use the likes of USSD [a global system that enables text messaging]. WhatsApp penetration is as high in terms of smartphone users in Nigeria as in South Africa, but Nigeria has been using USSD for so long for the paying of bills, for airtime and data updates, that it is going to take longer to move them from USSD to WhatsApp. It's just a USSD-first community in Nigeria," he says.

Lindemann does note that "some of the campaigns we've seen … running on SMS, for example, might get a 3% response rate, while on WhatsApp, we've seen anything between 40% and 70% response rate on the channel".

There are also unique African requirements which must be incorporated into the structuring of chat tools, he believes. Since African consumers' default is to seek contact rather than using self-help options, it is necessary to almost bury chatbots on level two or three of a menu structure, rather than offering it immediately.

"You get the customer to do more themselves," he explains, "and if the bots really start to sound stupid, then [the client is] handed over to an agent. And this creates an empowering customer experience."

He also explains that the use of artificial intelligence (AI) within the chat commerce tool must take into account the many dialects and vernaculars in Africa. Even the best AI tools around, such as IBM Watson, battle in Africa, says Lindemann. Clickatell's approach is to use keywords to point users in the right direction.

That is not to say that AI shouldn't feature, emphasises Eneremadu, who feels artificial intelligence chatbots can be created to provide the personalised, expert-driven experience and immediacy required by African consumers. With the increased adoption of smartphone use across the continent, Eneremadu believes chatbot use will continue to grow, particularly as a means of increasing the average order value to create profit, as the cost of customer acquisition keeps going up.

"Owners of e-commerce businesses can benefit from conversational commerce by increasing their upsell and cross-sell opportunities," believes Eneremadu. "A higher average order value can be achieved by using AI chatbots with real-time data to offer the appropriate add-ons to customers at the appropriate stage of the purchasing process, based on their interests and past purchases."

WHERE DO YOU START?

While these opportunities can be intoxicating to a brand, Lindemann notes

❮ Werner Lindemann, Senior Vice-President of Enterprise Sales: Growth Markets at Clickatell

that success depends on how well a company is already positioned when it comes to consumer engagement efforts.

"The brands we work with which have a ... Head of Customer Experience are getting it right, because it's an integral [part of their business]," he says.

Even if a brand's chat commerce use is as simple as deploying a chatbot to immediately respond to a consumer who lands on their Facebook page, the end goal must be to enrich and enliven the client experience.

Examples of brands that are moving forward with a chat commerce strategy are as wide-ranging as multinationals like Coca-Cola, to African tele-communications companies and micro-insurers.

Recently Nigerian inventory management and mobile-store builder Bumpa integrated with Meta to incorporate WhatsApp, Messenger and Google My Business onto the Bumpa app. Bumpa's aim is to bring chat commerce to the small businesses on its platform.

South African retailer Woolworths used a chatbot from Hello Ara (a conversational AI research platform) called Kia to engage with youngsters from Kenya and South Africa.

Local low-cost airline FlySafair introduced its successful WhatsApp-enabled customer communication channel in 2021, and South Africa's Discovery Health – a large health and wellness insurer – has successfully used chat commerce to reduce the volume of call centre queries.

Logistics company Aramex, which operates extensively in Africa, rolled out a text-based chatbot in early 2022 to provide customers with real-time information about shipments and courier tracking.

THE SECRET SAUCE FOR MARKETERS

For brands looking to incorporate chat commerce into their daily customer interactions, Lindemann's advice is to have a clear picture of the problem the organisation's marketers are trying to solve.

If, for example, customer convenience is the goal, then he says the focus should be on driving convenience for mobile-first consumers, which encompasses self-help options and access to the brand at all times.

"It's about identifying the problem you're trying to solve, and then using chat as a channel to optimise that journey," he explains, noting that this might be as simple as offering the ability to click on an advert, pull it through into WhatsApp where the context of the ad is displayed, and then allowing the consumer to engage immediately.

Eneremadu adds that it is also critical to ensure that the existing brand voice consistently contributes to the conversation. "Whether you use a chatbot, human agents, or both, it's critical that all interactions with your brand have a consistent tone and message."

He also highlights the importance of:

- **Understanding your customers' locations –** "Different chat apps appeal to various demographics. It is critical to determine which channels your various customer segments use."
- **Setting attainable objectives for your conversational commerce strategy –** "Begin small and build on your successes when developing your conversational commerce strategy. You can quickly learn a lot by selecting simple tasks that a large percentage of your customers do over and over. You'll be able to see what's working and where you might want to make changes."
- **Collaborate with a proven leader –** "When you work with a company that can help you navigate the nuances of this new paradigm – and quickly start to see proof of concept with solid results – you will likely reap the most benefits from conversational commerce."

Finally, chat commerce is a conversation, which means consumers should be in the drivers' seat; free to decide on their level on engagement and to opt out quickly and easily.

Don't fall into the trap of using chat commerce to spam, warns Lindemann. Instead use this tool as a genuine opportunity to engage. ■

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

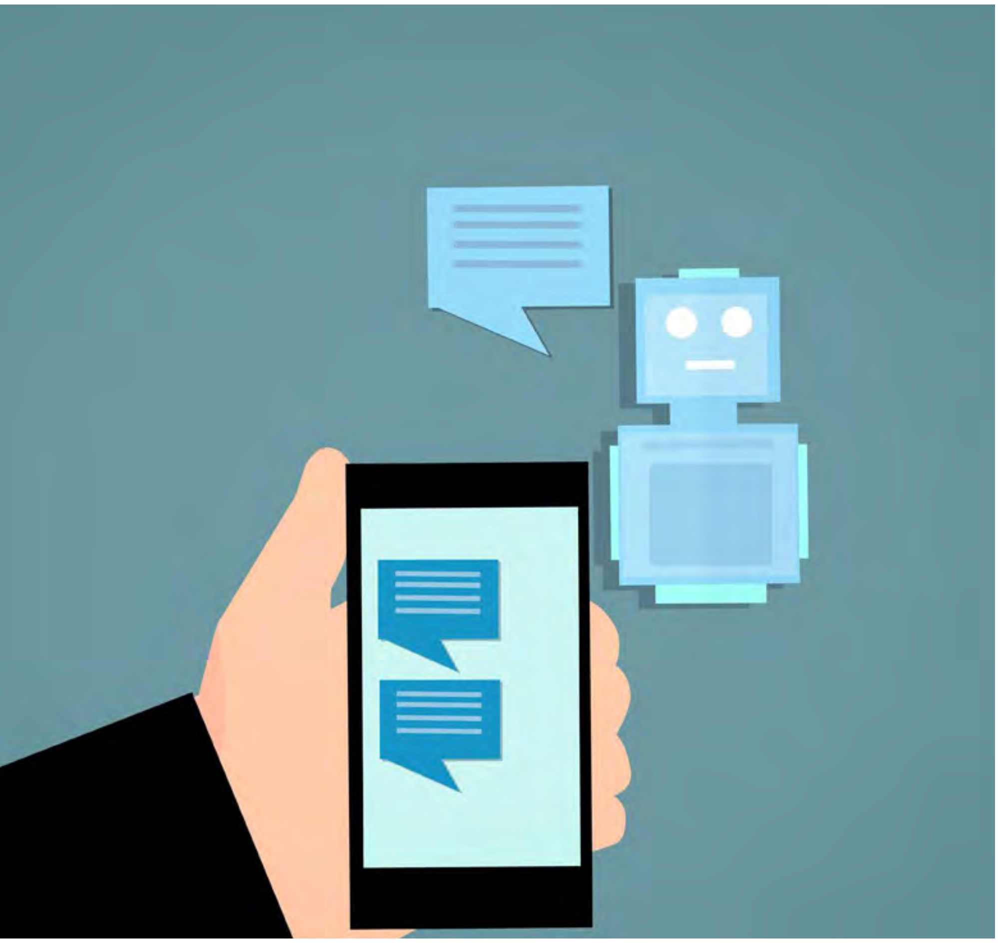
PHOTOS: SUPPLIED; MOHAMED HASSAN FROM PIXABAY; KINDEL MEDIA VIA PEXELS; KETUT SUBIYANTO VIA PEXELS

What is a voice assistant?

While perhaps not as common in Africa as in some other markets (yet), a voice assistant is a type of software that is activated by voice commands and answers users' questions. Voice assistants, such as Google Assistant, Alexa, Cortana or Siri are becoming [an increasingly] popular feature in many electronic devices. Customers love them because they are convenient, bring fun, and let them multi-task.

The **growing popularity of voice assistants** encourages brands to use them in their marketing and customer service strategies. Voice assistants can offer fast answers or direct searchers to your website, which will help you to increase your brand awareness.

Source: *Daria Zaboj via* ***www.bigcommerce.com***



What is a chatbot?

A chatbot is software that helps users by providing answers to their questions via text messages. Chatbots can chat with multiple users at the same time and provide information within seconds around the clock. What's more, you can implement them on both websites and messaging platforms. This allows for delivering a conversational experience at different stages of the customer journey via channels that are natural for particular stages.

All these functionalities have made chatbots a very popular form of conversational commerce, too. Brands use it to connect with customers with relatively low effort. Additionally, unlike traditional apps, chatbots don't require users to learn how they work. You can ask them about the status of your last order, reschedule your flight, or check the location of the nearest store in a matter of a few clicks. This has made them more popular among less tech-savvy customers.

Source: *Daria Zaboj via* ***www.bigcommerce.com***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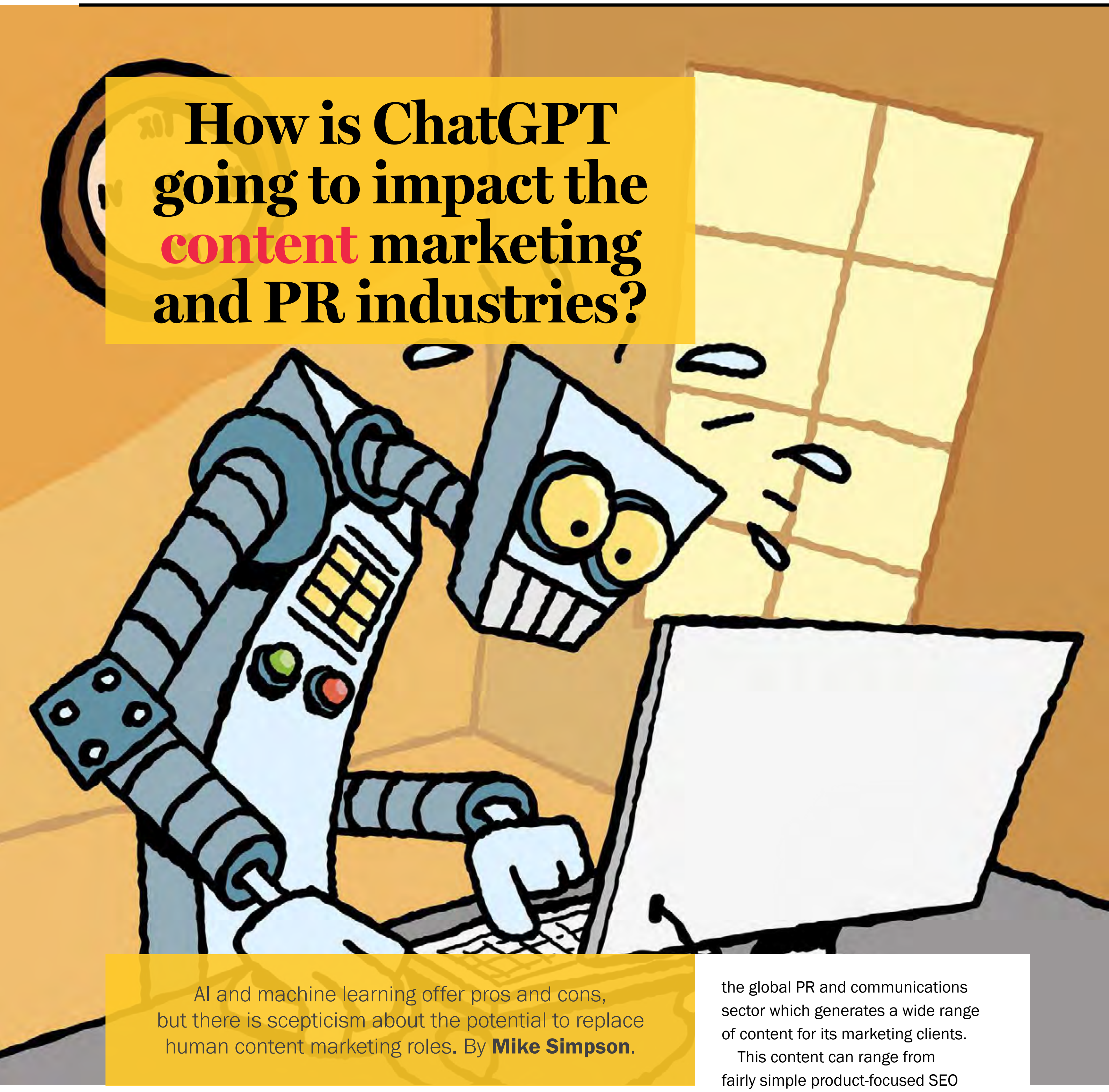


How is ChatGPT going to impact the content marketing and PR industries?

AI and machine learning offer pros and cons, but there is scepticism about the potential to replace human content marketing roles. By **Mike Simpson**.

ARTIFICIAL intelligence in its various forms – ranging from chatbots (see pg 8) through to the Metaverse and complex data analysis – has caused a significant shakeup in the marketing industry and the way it does business.

As usual, marketers tend to go through the initial 'this is new and shiny so it must be awesome' viewpoint, to 'it's terrible, it's going to take all our jobs'. Eventually, there's a middle ground of common sense which dictates how any particular form of AI is going to benefit the marketing industry – or not.

The sudden rise of ChatGPT has taken a range of industry sectors by storm, not least content marketers and the global PR and communications sector which generates a wide range of content for its marketing clients.

This content can range from fairly simple product-focused SEO posts, through to corporate blogs, opinion pieces, high-level thought-leadership articles, research studies and white papers.

So, how concerned should content writers, public relations professionals and communications practitioners be? Are CMOs and content managers going to be sacking them all within months, to be replaced by low-cost Chat GPT content that's on the same level as legendary writers like Chinua Achebe, Nadine Gordimer or William Shakespeare?

Is the writer of this article about to be replaced by AI and sent off to find a new career selling second-hand cars?

Chris Mueller, Content Group Manager and leader of a team of 15 content writers for PR agency Matter, notes in a recent blog post that there are both pros and cons, although there's still scepticism across the PR and marketing landscape about ChatGPT's potential to replace human content writing roles.

"While it can generate clean prose in an authoritative tone mirroring a human's writing, there's no guarantee the content will be truthful, accurate or unbiased. A few media publications who were early adopters of generative AI-powered content **were already forced to issue retractions** due to 'dangerous inaccuracies and falsehoods' found within the articles," he says.

"More importantly, ChatGPT is incapable of replicating the intrinsic nature of a human content writer, which means it doesn't incorporate any elements of human experience (HX) into the content-creation process."

CONTENT MARKETERS MUST CREATE DIFFERENTIATION

Much of what PR and content marketing teams need to do is "to zig while competitors zag" and uniquely position themselves or their clients as an invaluable source of truth, Mueller says.

Similarly, for executive thought leadership to rise above the noise in a saturated market, it must be crafted with an empathetic understanding for not only the client's mission and goals, but also the real-world business challenges faced by the target audience.

These, he believes, are not easily achievable through artificial intelligence and machine learning.

"Only boots on the ground can deliver impactful, brand mission-oriented content that aligns with those experiences. Not an AI chatbot relying on large language models from billions of predefined telemetry datasets," Mueller states.

However, ChatGPT and its AI competitors can potentially assist in the time-consuming research processes that are often required for certain types of content.

"ChatGPT, in theory, could be prompted to conduct extensive research on a specific technology or subject matter – reducing the elongated preliminary sourcing process down to about 30 seconds," he observes. "In turn, human writers have more time to focus on critical thinking and a higher baseline of knowledge and resources to leverage."

CHATGPT IN A SUPPORT ROLE

In a January 2023 article (not written by AI), *Stuff* magazine notes that, in its current form, ChatGPT cannot replace the human factor in marketing, but it could support content creation, enhance customer service, automate repetitive tasks and support data analysis.

"Marketers may use ChatGPT to enhance existing content by using it to edit written work, make suggestions, summarise ideas and improve overall copy readability. Additionally, ChatGPT may enhance search engine optimisation strategy by examining ideal keywords and tags," *Stuff* says.

And if content marketers do decide that ChatGPT can replace their team of writers, there's another problem to solve. Google may consider certain content generated by ChatGPT as spam, which will lower search traffic for the websites that use it.

However, Google's 2023 guidelines do say that, as long as the AI content is 'helpful' and not specifically created to manipulate search result rankings, it may avoid being classified as spam. But, at the same time, Google is also placing high importance on an author's expertise in the subject being written about. And ChatGPT, by definition, does not meet that criterion.

So, can Google detect an AI-written article? It seems that, most likely, it can.

A US-based media website called *CNet* generates a large number of news articles using AI. Search Logistics, a specialist SEO agency, decided to do an experiment and ran all of *CNet*'s AI-generated content through a public AI detection tool. Its report, ***'AI Data Study: 87% of CNet AI Content Is Detectable By A Public Tool'***, found that 87.2% of the AI-generated content was detectable with a public tool.

Search Logistics then summarised its findings: "AI can't replace real writers; we have the data to prove it!"

SEPARATING FACT FROM FICTION

There are also concerns around ChatGPT's content being factually correct, which is a problem if you're a content marketer wanting to generate factual, useful and credible content (a not unimportant aim).

Back to the *CNet* example. ***The Washington Post*** newspaper published a report on the huge number of errors that were occurring in the *CNet* AI-generated articles. It called the process "a journalistic disaster", adding: "*CNet*'s robot-written copy is generally indistinguishable from the human-produced kind, although it's not exactly snappy or scintillating. It's, well, robotic: serviceable but plodding, pocked by cliches, lacking humour or sass or anything resembling emotions or idiosyncrasies."

This is, of course, merely the start of ChatGPT and other AI-generated writing tools. Expect them to get better with time. But at the moment there are many barriers, including a lack of human common sense and judgement, humour, creativity and credibility. ■

Mike Simpson is the Editor of 'Strategic Marketing for Africa' and has 30-plus years of experience in the media and marketing industry. When ChatGPT was launched he considered a new career in second-hand car sales, but now feels better.

ILLUSTRATION: RICHARD DUIJNSTEE FROM PIXABAY

Proud and Passionate. Meet the consumers of North Africa

While culture and history still permeate the North African consumer experience, it is also a region undergoing a dramatic evolution. By **Cara Bouwer**.

TWO OUT OF EVERY 10 Africans hail from North Africa. Yet, African marketing research and commentary often focuses on sub-Saharan Africa, while classifying North Africans among their Middle Eastern neighbours. This leaves a notable knowledge gap when it comes to African marketers targeting this unique and vibrant market.

In 2021, when insights and consulting company Kantar released its *Africa Life* consumer trends report, it focused on four key economies: Nigeria, South Africa, Kenya and Senegal. During the webinar presenting that report, a call went out to broaden the countries surveyed, particularly significant North African markets.

Kantar listened and, in late 2022, released a trends report called *North Africa Life*. The study offers insights for marketers wanting to tap into consumer trends taking shape in Algeria, Egypt and Morocco.

There is good reason for this growing interest in the North African consumer. In early 2022, the likes of Euromonitor International began highlighting how consumers in the Middle East and North Africa (MENA) region were expected to increase their spending by 40% over the year, "making it crucial to be sensitive to consumers' needs and wants to place their brands top of mind".

Euromonitor consultant Amna Abbas wrote that dynamic changes were taking place across MENA.

"Consumers want to invest in products and services that benefit their life goals and are open to connecting through the internet, especially with government encouragement. Business adaptability, and the ability to meet this demand in [the] 'new normal' and beyond will continue to prove crucial for company growth," she noted in an article which grouped the likes of Morocco and Egypt alongside Middle Eastern giants Saudi Arabia and the United Arab Emirates.

› *There is great scope to build new networks*

As the new *North Africa Life* research shows, however, there is significant scope for building greater connections with the rest of Africa. This is because, as Dina El Sehrawy, Kantar's Head: Qualitative Middle East Insight Division, explains: "It's the place where the north meets the south. North Africa has always been strategically important and a crossroads."

A NORTH-SOUTH BRIDGE

While North Africa is geographically part of the African continent, the region is naturally separated from sub-Saharan Africa by the Sahara Desert, a barrier which has seen North Africans culturally align to the north of the continent and beyond.

As such, North Africans today still "identify as Arabs and Muslims first and foremost", explains Mohamed Hayek, Kantar's Associate Director: Qualitative Insights. "This unites and differentiates them and makes them a unique people in this region."

In exploring these cultural affiliations, the researchers approached consumers in Algeria, Morocco and Egypt to gauge their connection to the rest of Africa. Only 45% of Algerians and 59% of Egyptians felt strongly rooted to their African culture, with Morocco proving the outlier at 76%.

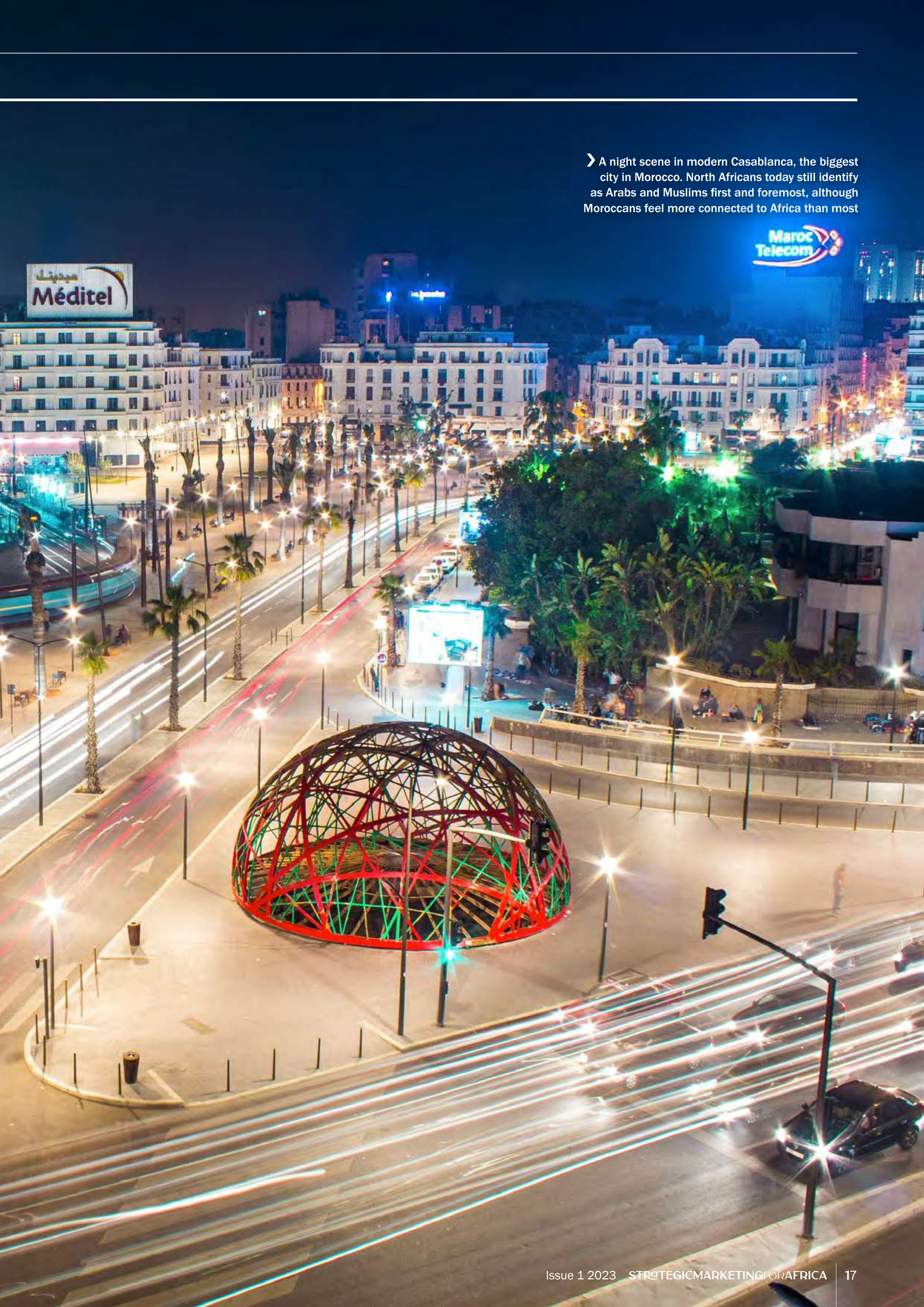
"This is partly thanks to stronger ties with the other countries of West Africa, thanks to sharing the Atlantic Ocean coast," notes Hayek.

THE YOUTH: SHAKING THINGS UP

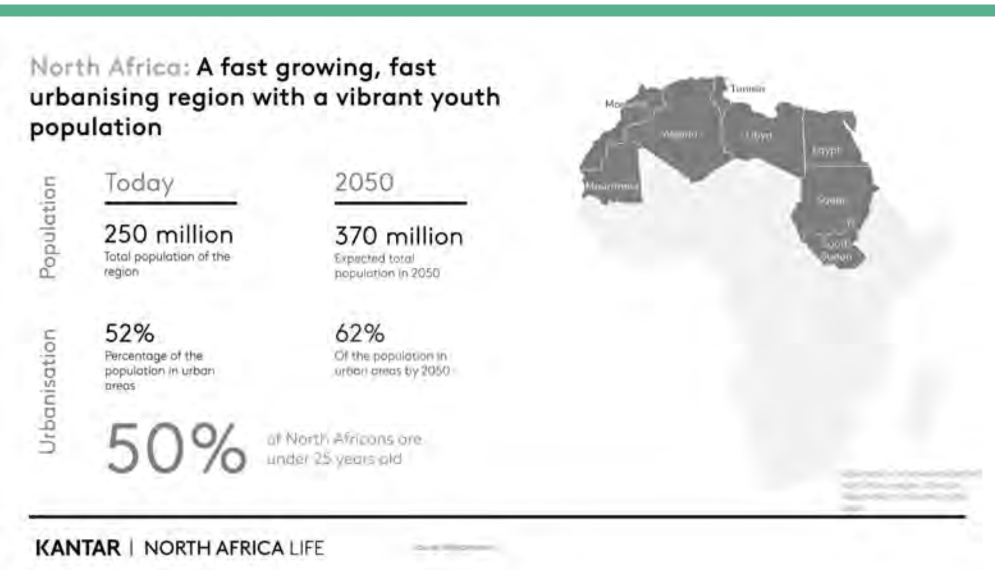
While culture and history still permeate the North African consumer experience, it is also a region undergoing a dramatic evolution; the primary drivers of which are women and youth.

"Half of North Africans are young, ambitious and dynamic," says El Sehrawy, pointing to the fact that 50% of North Africans are under 25 years of age, a figure which is expected to rise to 62% of the total population by 2050.

Siham Malek, MD of Morocco-based Integrate, a Kantar affiliate, adds that with these numbers the youth in North Africa have the "power to make or break the society". This digitally-empowered generation is certainly aligned to the global youth experience,



A night scene in modern Casablanca, the biggest city in Morocco. North Africans today still identify as Arabs and Muslims first and foremost, although Moroccans feel more connected to Africa than most



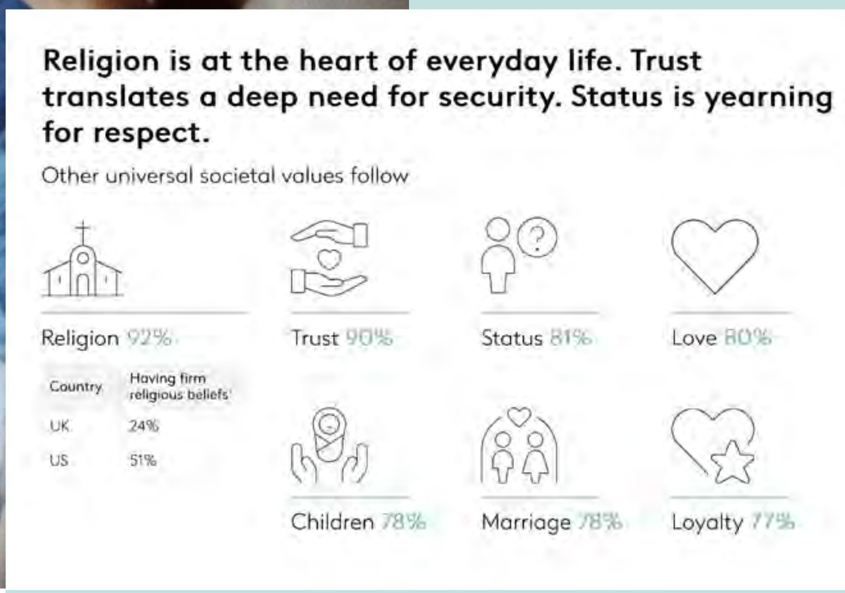
A 'me-first' attitude is on the rise

but also has notable particularities due to their environmental, social and cultural backgrounds.

"This youth – empowered by digital – are becoming more individualistic, where individualism is an emancipation process where they become free from the societal rules and collective consciousness," explains Malek, noting that this 'me first' attitude is impacting how young North Africans perceive their lifestyles and needs.

This is a profound shift in a region where a 'collective culture' has long defined the individual experience, says El Sehrawy. "The institutions are being redefined, so that means people are stepping away from the prescribed narrative they have always known... and with that we are going to see a rise in expression."

Right now, that personal expression is reflecting in a more progressive, entrepreneurial and ambitious North



African youth, who are informed and trendy. Yet, despite this new openness their "attachment to their religion" remains undiminished, notes Malek.

SHIFTING MINDSETS AND THE REGION'S 'SHE-EVOLUTION'

Understanding this connection to tradition and faith remains core to appreciating the North African consumer. However, there are other emerging values which are contributing to the notable shifts taking place in the region.

Meena Edrees, Head: Client Engagement and Qualitative at Kantar Egypt, explains that universal societal values such as faith (92%), trust (90%), status (81%) and love (80%) continue to rank highly among North Africans. Increasingly traits such as individualism, an appreciation for experiences, creativity and personal ambition are finding greater expression.

This merging of ingrained social values with new, progressive thinking is perfectly encapsulated in the role of women in North Africa.

As Malek explains: "Despite universal agreement that family comes first, and without necessarily challenging men as primary breadwinners… we can all agree that a great 'she-evolution' is happening in the region. The intention to drive more change and more freedom is there."

NEW POSSIBILITIES: THE RISE OF ENTREPRENEURSHIP

Another notable shift is the strong sense of entrepreneurship that is "sweeping across North Africa", says Edrees, pointing to 81% of Algerians and Moroccans who are starting their own businesses, compared with 72% in Egypt.

Many of these business are tapping into digital possibilities, such as the FreshSource app from Egypt, which streamlines how farm produce makes it to market. This meeting of east and west, underlined by modernity and worldwide influences, is currently converging in North Africa and giving scope for the youth to build "new norms", states Edrees.

Covid-19 and its impact on the region has certainly contributed to fuelling multiple transformations across the region, adds El Sehrawy. She singles out macro-economic concerns worth noting - such as the ongoing war in Ukraine and geopolitical tensions in Morocco over the recognition of Western Sahara – as well as the future impact of closer trading ties to Africa via the African Continental Free Trade Area.

Egypt's hosting of the United Nations' COP27 summit in November 2022 was also significant, as is the rise of the first technology unicorn (a start-up that reaches a valuation of US$1-billion without being listed on the stock market) in Francophone Africa – mobile money provider Wave from Senegal. At the same time, pressure is building on governments due to rising unemployment, energy challenges and the impact of global information.

Within these tensions, says El Sehrawy, are also opportunities – many allied to the uptake of technology. While the growing focus on individualism is having a polarising effect in some quarters, the rise in authentic voices is rewriting the North African playbook. This, believes El Sehrawy, is unlocking new possibilities and putting the region on a positive, upwards trajectory.

Mohamed Hayek, Associate Director Qualitative Insights, Kantar

Dina El Sehrawy, Head of Qualitative Middle East Insights, Kantar

Siham Malek, Managing Director of Morocco Integrate, a Kantar affiliate

Menna Edrees, Head of Client Engagement & Qualitative, Egypt Insights, Kantar

Advice on how best to connect with consumers in North Africa

The *North Africa Life* report unlocks some specific advice for marketers looking to connect to this unique consumer base. Notable takeaways include:

MOHAMED HAYEK ON CULTURE AND IDENTITY:

"When you are shaping your strategy in these countries you really need to be cognisant that there are Arab and Islamic identities and heritage which is shared across the region. [But] we need to also understand that they have very individual sources of national pride and identities within themselves.

"So, when designing communication across North Africa we need to carefully weave those elements that unite ... but, for the specific region, we need to capture the national pride and individual sources of pride and identity."

SIHAM MALEK ON YOUTH EXPECTATIONS:

"Youth today need to be amazed. They are expectational and bold. In order to be connected to them, [brands] need to answer their needs and expectations in terms of looking for innovation and good quality products.

> *For the youth, the experience must be emotional*

"They need to propose co-creation, they need to offer personalisation, they need to value their opinion as consumers. For youth, the experience must be rich in emotions, and engaging."

MEENA EDREES ON STATUS:

"As brand custodians we should tap into the strong need for status. It is, therefore, crucial for us to understand what it means and how it manifests across different social and economic classes, how this can be expressed through the right clothing, technology gadgets, or in a profession[al] or social context."

SIHAM MALEK ON THE 'SHE-EVOLUTION':

"Brands can support this empowerment movement by supporting women to reach their ambitions and by aligning themselves with women and supporting their achievements.... Brands can support women by changing their mentalities via their communications and that should start with what we communicate to our generation; both males and females." ■

PHOTOS: BY KANTAR AND ACHALHIKARIM VIA WIKIMEDIA COMMONS

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North Africans are the most influenced by religious beliefs

New study examines the key influences on Africa's young people

Religion, pop culture and community culture are the biggest influences. Family and friends, as well as social media, are also influential.

HOW ARE AFRICA'S young people – that huge consumer audience aged between 18 and 35 – being influenced? This is what a recent study conducted by donor collaborative Africa No Filter set out to determine through a survey of 4,500 people in nine countries on the continent.

The result is the *'Who is Influencing Who: Unpacking Youth and Influence in Africa'* report published in January. The researchers connected with mostly urban-based young people in Egypt, Morocco, Zimbabwe, South Africa, Kenya, Uganda, Ghana, Ivory Coast and Nigeria to get their insights.

According to the research team, the main influences on respondents are religion (74%), pop culture (57%), their communities' cultural practices (54%), family and friends (44%) and social media (27%). Mainstream media is not a major influencer.

While 45% of respondents believe that other African youth are strongly influenced by the United States and Europe, they stated that, for them, family and friends have the biggest influence. However, most Kenyan and South African respondents indicated that social media has more influence (39% each) than family and friends.

And across the board, respondents' religions play a large role in their decision-making. North Africans in particular (78%), indicated that religion has a strong influence, followed closely by South African respondents (77%). West Africans (73%) and East Africans (70%) said religion has marginally less influence on them.

CULTURAL PRACTICES ARE SLIGHTLY LESS INFLUENTIAL

Community cultural practices have less influence on the young people interviewed than religion, with variances from region to region. Cultural influence is highest in North Africa (68%). But South African respondents (55%) and Ghanaian respondents (52%) are slightly less likely to be influenced by cultural practices.

Although more than half of interviewees (58%) said that politicians are the most influential people in their country, only 11% of these young people admitted that they, personally, are influenced by politicians. The only time respondents said they are influenced by politicians is when making voting decisions (51%).

"Even in this instance, a worrying 24% said they were not influenced by anyone when they made voting decisions, which might indicate a disinterest in election politics," the research team observed.

Other professions likely to influence young people strongly include business leaders (33% on average) and musicians (32% on average). But, once again, there are stark differences in regional attitudes.

In West Africa, for example, 76% of respondents said politicians are influential. But in North Africa only 23% believe political leaders are influential. West Africans also think musicians are influential (42%), but this figure drops to only 15% among North Africans.

Among the other key findings to emerge from the report:

THE POWER OF SOCIAL MEDIA

A total of 71% of respondents believe they can challenge negative stereotypes about the continent on social media. While the report does not dig into the origins of this belief, previous research has turned up several examples of how young Africans have – and continue to – shift negative stereotypes at a global level, especially in sharing and using humour to get a message across.

But the researchers caution: "Given that this study focused on young Africans with access to a [mobile] phone – and, therefore, likely access to social media – the strong influence of social media is not surprising and, importantly, this might not reflect the views of many young Africans without access to a [mobile] phone or to social media."

LOVE FOR THEIR COUNTRY AND FOR THE CONTINENT

Even though 45% of respondents believe their perceptions have been shaped by negative narratives about the continent, 60% still love their country and the African continent: Only 18% of respondents indicated that they would rather live in the United States or Europe, only 20% believe that there are fewer opportunities on the African continent than elsewhere, and only 17% think that they experience a lower quality of life on the continent than they would elsewhere.

At a country level, Moroccan respondents (29%), followed by Ghanaian and Nigerian respondents (27% each) are most likely to say they would rather live in the US or Europe.

MOVIES DRIVE STEREOTYPES ABOUT THE CONTINENT

For 54% of respondents, the most common narratives about Africa in movies are about crime and corruption, and 41% said there are stories about underdeveloped cities. Seventy-five percent of respondents believe these stories created a negative perception about the continent, with Kenyans (83%), Ghanaians and Zimbabweans (82% each) most convinced of the negative impact.

The researchers conclude: "While arguing that Africa has global influence – especially South Africa, Nigeria and Egypt – respondents in this study acknowledged that negative stereotypes of Africa in mainstream media are prevalent and damaging to the continent, their countries, and sometimes even themselves. However, these stories and narratives were not the main influences on them; instead, they turned to popular culture, social media, their communities, their friends and families, religion and, to some extent, cultural practices to help them make decisions.

"In general, the only time they looked to politicians in their decision-making was when they are deciding who to vote for and, even then, North African respondents indicated that they were not influenced by anyone with respect to voting decisions.

"Further, the respondents felt they were able to challenge stereotypes on social media. Although this belief could be rooted in blind techno-optimism, examples discussed in previous research point to good reasons for optimism. As such, the research on influences on youth in this report points to the relevance of using popular culture and social media to shift narratives, while also being aware of other influences on young Africans today."

According to Moky Makura, Executive Director at Africa No Filter, African youth haven't escaped the impact of negative stereotypes, but the good news is that it hasn't defined their perceptions – and that has a lot to do with social media, and the [power] it gives them.

Readers of our Digital Edition can access the full report **here**. ■

Sign up for our online Marketing Short Courses!

ONE OF THE KEY mandates of the African Marketing Confederation (AMC) is to provide opportunities for education and further learning to our membership base.

Following on from the recent launch of the AMC's Chartered Marketer (Africa) qualification – the continent's highest professional marketing qualification – the Confederation has now unveiled its approved range of Short Courses. These are designed to complement the study and career growth initiatives already being offered by our member countries to their respective members.

In all, there are nearly 50 courses on offer, ranging from fast-paced Express Courses that can be completed in less than a week, through to longer and more in-depth fields of study that may take between six weeks and 10 months – depending on the student and their individual time constraints.

All of the AMC's short courses are online-only, giving students the flexibility to work around their busy lives and study at the time that suits them, whether it be 5am for early risers, or in the evening once kids are tucked up in bed, for those with families.

However, 'online-only' does not mean 'on your own', and AMC-approved and qualified tutors are available to help students with their studies.

"These short courses, developed by industry experts, are practical and relevant, providing hands-on tools to help deal with real-world scenarios," explains AMC President, Helen McIntee.

"I believe our digital courses, in particular, will be of great interest to African students. While digital marketing has yet to gain the traction it has achieved elsewhere in the world, that will change – and bring with it great opportunities for our marketers!"

No previous qualification or work experience is required for these courses, but the AMC recommends that candidates should have finished high schooling to cope with the content. Fifteen percent of all course fees paid by a student go back to the respective AMC member country.

For more information about the AMC's Short Courses, visit the AMC **website.**

PHOTOS: RF STUDIO FROM PEXELS; IMPERIAL RESORT BEACH HOTEL

MARKETING CONFERENCE 2023

Planning is now well underway for our next conference in Uganda

The AMC's Inaugural Marketing Conference 2022, held at Victoria Falls in Zimbabwe, proved a resounding success, with an excellent turnout from the continent's marketers and top-notch presentations by high-level speakers.

For 2023, the Confederation is again going all-out and will hold its 2nd Africa Marketing Conference in Kampala, Uganda under the auspices of the Uganda Marketers Society (UMS). It takes place from 6-9 September at the Imperial Resort Beach Hotel, situated on the shores of beautiful Lake Victoria.

The theme for this year's event is *'Unifying Talent to Power the Continent'* and delegates can once again expect to learn much from seasoned speakers and top industry experts, while enjoying the sights and sounds of Uganda and networking with marketers from across the continent.

To find out more about the AMC's 2nd Africa Marketing Conference, see our interview with David Balikuddembe, President of the Uganda Marketers Society, on pg 26 of this issue, and the UMS advertisement on pg 27. You can also email UMS on **admin@ums.co.ug**

Africa's marketers must align marketing visions and competencies across borders

African Marketing Confederation can play a role in bridging that gap by sharing resources and knowledge, says UMS President.

FOR AFRICA'S MARKETERS, one of the challenges is to move away from operating in silos; to change a mindset that often sees industry professionals in one country working independently from those in another.

"As marketers in Uganda we may do our thing, while our peers in Kenya or South Africa, for example, do theirs," explains David Balikuddembe, President of the Uganda Marketers Society (UMS). "We must create a situation where marketing competencies, visions and knowledge can be aligned."

But, adds Balikuddembe, within that challenge there is also opportunity. "This is where organisations such as the AMC can play a role in bridging that gap. We get to know each other, share resources and knowledge, and discuss things openly."

Once Africa's marketers are on the same page, the profession can move forward. A task facing Ugandan marketers, for example, is to better promote themselves and the marketing function to other disciplines within the organisation, as well as to the C-Suite, Balikuddembe believes.

"We must not be confined to a corner and viewed as a mere cost centre; we must be able to translate our efforts into a language that everyone in the organisation understands and supports. So, the core competence required is actually internal marketing."

He emphasises that this process requires becoming an all-embracing marketer who understands IT, finance, general management, technology and all of the fast-evolving sub-disciplines of modern marketing.

Balikuddembe's role as President of the UMS is a voluntary, elected, position which he occupies for two years – his term expiring in March 2024.

He is a career market researcher and co-founded a business called CEBS (an abbreviation of Cutting Edge Business Support) in 2019. It provides tech solutions in the marketing space, with market research being a component of that offering.

Balikuddembe has seen research evolve rapidly – partly due to Covid, which made the likes of Zoom and Google Meet acceptable as a way of conducting consumer interviews – and technology which makes it quicker and easier to do research and crunch the numbers.

"It used to be a minimum of three months from time of client brief to time of report presentation to the client. Now turnaround on the same thing can be 3-4 days, thanks to tech. And data is more accurate," he says enthusiastically.

Balikuddembe is equally enthusiastic about UMS hosting the AMC's 2nd annual conference in Kampala from 6-9 September 2023.

"It's taking shape; it's going to be massive ... not only within the marketing sector, but outside that. We want to bring government, the private sector and the public sector into our fold.

❯ David Balikuddembe, President of the Uganda Marketers Society

We are hoping to use the conference to be heard and to be seen."

Nation branding is one of the topics that UMS intends bringing to the event. For example, how does Uganda position itself as a tourism destination for Kenyans – ahead of the likes of the Maldives or Miami?

"We'll be spending time discussing how to brand specific destinations and markets, but also on marketing Africa as a whole, as a destination for investment and tourism," Balikuddembe says. ■

PHOTO: SUPPLIED

AFRICAN MARKETING CONFEDERATION

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Conference delegates deliberate media measurement and evaluation trends

Oscar Tshifure highlights some of the key trends and discussion points from the recent Pan-African Media Research Organisation conference held in Cape Town.

Oscar Tshifure, Vice-President and Treasurer of Pamro

THE PAN AFRICAN MEDIA Research Organisation (Pamro) held its 23rd annual conference in Cape Town at the end of 2022, which brought forth many ideas and much discussion around the relevance of media measurement and evaluation in Africa.

This event has historically taken place in many countries across the continent, from Senegal in the west to Madagascar in the east. The reason for this is to bring leading subject-matter experts and the latest information to the various countries.

The conference attracts a good mix of African and international speakers, with attendees including media owners, marketers, brand managers and advertising executives. The theme of the Cape Town gathering was *'Elevating Media Measurement and Evaluation in a Resilient Africa'*.

KEY POINTS ARISING FROM THE PAMRO 2022 CONFERENCE

The conference sessions encompassed a variety of formats – including panel discussions, case studies, presentation of papers, and outcomes from media audience research activities.

Joe Otin, CEO of the The Collective digital ad agency in Kenya and a past President of Pamro, hosted a panel with Nosipho Mabuza, HOD: Business Enablement at DStv Media Sales, and Lilian Ndirangu, Media & Digital Manager at Diageo.

This panel explored the divergent ideas from traditional and new media that will push research agencies into new and unexplored territories, as well as what is needed to build a formidable understanding of evolving content consumption.

Oresti Patricios, CEO of South African-based Ornico and a former Pamro board member and Achiever of the Year Award recipient, presented a paper entitled *The Metaverse: Is it a David and Goliath Play?* This paper was a resounding success and won the Best Paper Gold Award.

Patricios posed the challenge: 'How can we Africans tell our stories on social media?' He emphasised that social media offers the opportunity to market effectively to consumers looking for content and new products, especially the youth.

Changes in marketing perception

PHOTO: GERD ALTMANN FROM PIXABAY

mean that Instagram and TikTok are now more relevant than Facebook. Marketers therefore need to look at harnessing the power of TikTok, in particular, and creating partnerships with influencers to elevate their brands.

As the world gradually expands into Web 3.0 and the Metaverse, marketers will need to understand who the next power players will be, explained Patricios. Will it be the independent 'Davids' or the tech giant 'Goliaths', as this will affect the presentation of their products to, and their interaction with, consumers.

He emphasised that one of the most powerful elements of TikTok is its search engine, an important tool available to brand marketers using the platform. Critically, TikTok is a consumer-centric platform which is already aligned with Web 3.0 and the Metaverse.

Citizens of the African continent need a social media platform to tell their stories and, with their inherent sense of community and storytelling talent, they should become strong content providers on the TikTok platform, said Patricios.

INFLUENCER MARKETING PAPER TAKES THE SILVER AWARD

Cathy Heeley, International Media Analytics Lead at Nielsen in the UK, focused her presentation on Influencer Marketing. This paper won the Best Paper Silver Award at the conference.

Defining 'influencers' as anybody with at least 1,000 followers, she explained that mega-influencers like soccer star Ronaldo appear on Instagram promoting products through their aspirational lifestyles. Nano-influencers have a much smaller follower-base, often on TikTok, but can be very successful in engaging with younger Gen Z consumers, 80% of whom use TikTok as their social media platform.

Pointing out that marketers only have 3.5 seconds to make an impression with their ad, Heeley said good content is the cornerstone of a great influencer campaign. Authentic content drives purchase intent and partnership authenticity breeds loyalty, which is why influencer marketing has become so successful.

Consumers are looking for authenticity from brands and brand trust is paramount. Marketers are discovering that influencers can boost brand connection with consumers by personalising products in a relatable way, she noted. And with a 2.4 return on advertising spend, according to the Nielsen compass, influencer marketing is an increasingly profitable option.

Ipsos Kenya's Barnabus Muya focused on why countries practice Media Research Democracy. This paper won the Bronze Best Paper Award.

> *Use of TV screens and smartphones is now on the rise*

Noah Makholwa, Digital Manager at Nielsen South Africa, discussed its *Digital Consumer Survey*, which looked at how media habits have changed in SA since 2019. He said that out of SA's total population of 60.6-million, 29.6-million were internet users, divided equally by gender. Gen Z and Millennials, in equal parts, were the main users.

Users in SA spend more than 44 hours per week on digital media, primarily on their smartphones, engaging in messaging, social networking and streaming – with the latter becoming increasingly popular.

While the use of smartphones and TV screens is up, the use of computers and laptops is down, Makholwa said. YouTube usage is also down, but Netflix and Showmax are up. The new telenova channel, *Viu*, is doing well.

Other papers and speakers included Geo Terralmage's Elsie Zwennis, who discussed industry-tested data to unlock opportunities on the African continent, while Nielsen's Prithvi Raj discussed Nielsen Confluence, a combination of cutting-edge passive measurement solutions and a privacy-compliant opt-in high-quality measurement panel.

Pamela Gwanzura, CEO of the Zimbabwe Advertising Research Foundation, discussed how Zimbabwe has opened its air waves to the media industry.

This information, shared by world-class researchers, contributed to a successful 23rd Pamro annual conference. New Pamro board members were also elected. They are:

NEW BOARD AND CONFERENCE

Jonadab Egbowon – President (Colezk Media Limited, Nigeria)
Oscar Tshifure – Vice-President (Razor PR, South Africa)
Jennifer Daniel – Executive Director (Telmar, South Africa)
Major Tikiwa (Multimedia PVT Limited, Zimbabwe)
Filipa Oliveira (MIRA Market Research, Angola)
Joe Otin (The Collective Digital Ad Agency, Kenya)
Josiah Kimanzi (Onesandzeros, Kenya)
Celia Collins (Publicis Groupe Africa, South Africa)

The 2023 Pamro Conference is scheduled to take place in in Casablanca, Morocco from 27-30 August 2023. ■

Oscar Tshifure is Vice-President and Treasurer of Pamro. He is an MBA candidate at Henley Business School (South Africa) and holds directorships at Sovereign Africa Ratings, Public Relations Institute of Southern Africa, Sifiso Falala Foundation, and Hosi PR and Government Relations Consultancy.

Study analyses how continent's marketers are using social media

Researchers find that African marketers often rely more on social media as a marketing tool than their global counterparts.

GLOBAL SOCIAL MEDIA analytics company Meltwater recently published its *State of Social Media for Africa 2023* study analysing local versus global trends. According to the firm, it reveals that the importance of social media is increasing among African businesses due to international economic uncertainty.

With brand awareness a priority, more than half of the survey respondents (52%) stated that economic uncertainty has made social media a more important channel for their organisation.

Of particular relevance to African marketers is the finding that, out of more than 170 countries surveyed globally by Meltwater, African nations rely significantly more on social media as a marketing tool (74%), than their counterparts in other regions (only 52%).

Most notably, WhatsApp usage in this region is 35% higher than the global average, emphasising how much this platform is now being used by businesses and marketers on the continent, versus their international colleagues.

FACEBOOK REMAINS AFRICA'S DOMINANT SOCIAL PLATFORM

Looking at social media in general, the channels that dominate the social landscape in Africa are Facebook (88%), Instagram (76%) and LinkedIn (74%). Twitter (67%) is close behind. In terms of growth, the use of TikTok is rapidly increasing.

Importantly, 47% of respondents said they planned to use TikTok in the year ahead, which would put it on track to be the fastest-growing social media platform in Africa. YouTube use is expected to rise by 25% – indicating a strong interest by the continent's marketers in video content.

Telegram, Pinterest and Twitch remain highly niched social media channels in Africa. But the report's authors suggest that they should not be completely ignored.

"There are certainly pros and cons. While the audience [on these platforms] might be limited, the competition is as well, with [less than] 5% of respondents using these apps – so if your target group matches the user group, it might be worth exploring," they point out.

The importance of each social media channel varies depending on the industry, as the channels take on different roles for each target audience.

As Linkedin is the biggest B2B network, it's no surprise that within the B2B environment, marketing and communications professionals ranked it highest – 40% of respondents indicated that Linkedin was the most important channel, followed by Facebook with 28%.

Interestingly, short-form content platforms played a bigger role in B2C and NGO segments, with notable importance for Facebook in B2C (54%), followed by Instagram (20%). For NGOs, Facebook is also the most important (37%), followed by Twitter (26%).

IN-HOUSE OR OUTSOURCE?

Within Africa, how many businesses choose to keep their social media activities in-house rather than outsource them? Most, it seems, do this.

The study says 63% of work is done in-house – slightly more than the global average of 62%. Under 7% of businesses outsource all social media work, while 19% do some outsourcing. Video production is most commonly outsourced, followed by content creation and influencer marketing.

Indeed, influencer marketing is on the rise in Africa, with 76% of B2C businesses either using, or intending to use, influencers as part of their marketing strategies during 2023. Perhaps surprisingly, this figure is 5% higher than the global figure.

While social media marketing has different purposes, the survey results show that increasing brand awareness (81%) and brand engagement (60%) are top of the agenda across all sectors (B2B, B2C and NGOs). However, although the top two social media goals appear to be brand-related, only 23% of organisations use brand reputation as a key metric.

> *Social media is an exceptional tool for meeting a brand's needs*

"While brand perception and brand awareness has always been integral, this trend seems to be increasing in 2023," says Katherine McInnes, Head of Marketing for Africa at Meltwater.

"We still believe that marketing professionals will face similar challenges – such as lack of time or resources. However, social media is an exceptional tool for combating these challenges, which shows in the report. Investing in social media channels, particularly TikTok, is an effective method of creating a strong brand."

Subsequent to McInnes' comments about Chinese-owned TikTok, news broke of the 'spy balloon' scandal that saw high-altitude balloons, allegedly operated by China for espionage purposes, being shot down over the US and Canada.

Various government bodies in North America and Europe have banned TikTok from official mobile phones over security concerns, and there has been talk of a complete ban in the US, where one member of Congress called the social video app "a spy balloon in your pocket".

How this could impact the steady growth of TikTok, and particularly its influence in Africa, remains to be seen. An online debate on the topic hosted by the Institute of Marketing in Malawi, for example, mostly brought forth opinions that the impact in the country would be limited.

"For global brands that have been active on the app it's a big blow. For Malawian marketers who are slow to adopt digital marketing, especially with apps etc, the impact will be very minimal," observed one marketer.

Concludes the *State of Social Media for Africa 2023* report: "In 2023, the social media landscape in Africa will continue to evolve, taking on new roles, creating new trends and shaping the world both outside and inside the channels.

Among the trends predicted, influencer marketing will continue its rapid growth, and organisations will invest further in encouraging their employees to take part in social selling, driving employee advocacy." ■

Many Africans are still offline

African marketers should be aware that many people still have no access to social media platforms.

Another Meltwater study, the *Digital 2023 Global Overview Report*, indicates that in Nigeria, for example, nearly 45% of the population remains offline. In Kenya, the figure is 67% of people offline, and in Tanzania it is 68%. Mozambique has 79% of the population offline, and Ethiopia has 83%. In Somalia and South Sudan, the figure is 90% and above.

PHOTO: OLADIMEJI AJEGBILE FROM PEXELS

Targeting young tech-heads? Perhaps NFTs are the way to go?

Non-fungible tokens (NFTs) are usually associated with celebrities and market volatility. But there is untapped potential for marketers. By **Fiona Zerbst.**

MARKETING CAN BE fun and challenging. It can also make practitioners dizzy as they try to get to grips with our brave new world. What is the Metaverse – and is it going to be a boon or turn Mark Zuckerberg into a pauper? How can marketers harness the Blockchain? What are NFTs and should African marketers care?

Okay, one step at a time. Today let's deal with NFTs and why there's a sense that marketers can perhaps – maybe – turn them to advantage.

Non-fungible tokens (NFTs) have gained popularity over the past few years as an alternative asset class – although, just to add to the uncertainty around them – there are those who say they're not an asset class at all, but rather a technological way to indicate ownership. The speculative value of NFTs is also undermining their true potential.

While investors are beginning to realise they're not exactly bankable assets – a **Chainalysis 2021 NFT Market Report** says only around 44% of trades are profitable – this doesn't mean NFTs don't hold value for marketers, who have found they can reach those sought-after younger generations by including NFTs in the marketing mix.

MORE DETAIL ON NFTs

NFTs are records of assets that exist on a blockchain – which is a system of recording information in a way that makes it difficult or impossible to change, hack, or cheat the system. NFTs can also be both digital and physical; or phygital, which is a combination of both. The 'physical' aspect is linked to 'hard' assets such as merchandise, property deeds, works of art and more. The 'digital' element points to the NFT being a digital token that can't be transferred because it represents ownership of something unique and authentic.

So far so good? It's no wonder that NFTs are still confusing to many in the marketing profession!

Professor Gert-Jan van Rooyen, co-founder and CEO of South Africa-based start-up Fanfire, which provides Web3 solutions to companies, NPOs, sportspeople and artists, says NFTs are so much more than 'tradeable pictures'.

"They are digital tokens with 'smart contracts' that can be programmed to create highly innovative ways of interacting with each other and their owners," he asserts.

The cybercurrency tokens have featured most prominently in the art world, but they can be used in many other retail contexts, which is where marketers tend to sit up and take notice.

Footwear manufacturer Nike, for example, partnered with blockchain platform Rarible to launch the first native Web3 sneaker. The customisable product lives on the blockchain but also in the real world, where wearers can programme which colours and animations will light up when they walk, thanks to rechargeable batteries. Kirsty Bisset, Managing Director of marketing agency HaveYouHeard, says creating unique, limited-edition versions of products is just one way to reward customers for loyalty or engagement – and create new revenue streams in the process.

"NFTs can take the form of collectibles, such as trading cards and sports memorabilia, or exclusive concert experiences and limited-edition videos in the music industry," she says.

The techno-social market in which we live places a premium on celebrity, and brands that can give their loyal customers a taste of what it means to be an insider can tap into the new 'clout economy', which is all about status and bragging rights. For example, NFTs can provide exclusive access to celebrity influencers and content creators on social media, Bisset says.

Of course, NFTs can't quite escape market movements, and the cost of mining them is not inconsiderable. Last year's cryptocurrency rout saw the market shedding around US$2-trillion in value, and some companies were caught out.

Luxury brand Tiffany & Co. raised over $12.5-million on its NFTiff collection (a sold-out collection of 250 custom NFTs designed to become a digital and physical pendant) in 2022, but the floor price (the lowest value of an individual NFT in the collection) has since dropped below the mint price,

After releasing an NFT collection together in April 2022, Nike and RTFKT launched a physical 'Web3 sneaker'. RTFKT (pronounced "artifact") is a digital fashion company creating virtual sneakers and collectible NFTs

diminishing the value of the collection.

That said, a good marketing campaign has the potential to greatly increase awareness and engagement, and it's expected that Web3 technology – that is, tech leveraging the blockchain, cryptocurrency tokens and more – will do for brands in the near future what social media has done for them over the past decade.

POTENTIAL VALUE OF NFTs FOR AFRICAN MARKETERS

Less than 25% of the African population currently has internet access, which presents a challenge for digital marketers.

An additional challenge is the fact that six African countries – Cameroon, Ethiopia, Lesotho, Sierra Leone, Tanzania and the Republic of Congo – have banned cryptocurrencies. In February 2021, commercial banks in Nigeria were banned from dealing in cryptocurrencies, although that has not deterred Nigerians from using them.

According to the *2021 Global Crypto Adoption Index*, Nigeria ranks sixth in the world in cryptocurrency usage, with Kenya in 5th place, Togo in 9th place, and South Africa in 16th place.

Eche Emole, co-founder of the start-up Afropolitan, believes that NFTs form part of a broader digital infrastructure that can promote economic development in Africa. Intent on building the world's first internet country, Emole says Web3 tech can create as yet unimaginable opportunities for Africans.

"By using NFTs, Africans can securely store and transfer value across borders without the need for a centralised authority. They can also provide Africans with access to new markets, as well as the ability to create and trade digital assets," says Emole.

"Marketers can tap into the growing trend towards digital transformation by using NFTs to reward customers for engagement and tokenise physical assets like real estate, or transfer digital assets like stocks and bonds."

Fortunately, all one needs to participate in the NFT market is a smartphone and a reliable internet connection – not entirely beyond the grasp of many citizens, although the continent has a long way to go toward enabling full integration in the digital economy.

TENTATIVE UPTAKE BY BRANDS

Van Rooyen says NFT uptake by South African brands has been tentative, despite a few high-profile token launches. However, he believes there is substantial interest from brands and marketers in the development of Web3 strategies and marketing initiatives.

Fanfire first explored token-based innovation when it collaborated with the Durban-based Sharks rugby franchise to develop new ways of creating fan engagement using both fungible and non-fungible tokens.

"Existing loyalty programmes such as fan clubs, loyalty points and loyalty cards are quite one-dimensional. However, NFTs and fungible tokens allow us to create games, competitions, and special privileges that are associated with token ownership," Van Rooyen explains.

NFTs can create meaningful, playful ways for brands to engage with communities.

"Although Fanfire was initially established with fan engagement in mind, it quickly became apparent that the core tech has applications in art, investment, the trading of physical collectibles, retail loyalty programmes, and many other areas," Van Rooyen notes.

In 2022, Fanfire partnered with Strauss & Co. Auctioneers to promote the use of NFTs in wine auctions, which helped to build the auctioneer's brand among a new generation of wine collectors. "We are currently involved in digital memorabilia and club memberships for the tourism industry, projects that allow individual athletes to own and commercialise their professional brands, and digital versions of gamified retail loyalty programmes," he says.

Margaret Ngigi, a fine art photographer from Kenya, oversees the Kenyan NFT Club. "The core of the NFT space is about maintaining a strong community presence," she notes.

"African marketers should look at this technology as a way to create strong communities for their brands. The best strategies would be having a sustainable roadmap and ensuring that the trust and integrity of these communities are never compromised."

She says one of the biggest challenges faced by African marketers is to educate populations that do not know much about NFTs, or what potential they may hold.

"Localise this information as much as possible," she advises. "When we speak about NFTs in the same languages Africans speak, we will have solved the biggest puzzle."

At the moment, though, there is still much clarity needed. Both by African marketers and the wider public. ■

Additional reporting by Mike Simpson.

PHOTOS: TUMISU FROM PIXABAY; RTFKT; SUPPLIED

❯ **Eche Emole**, co-founder of the start-up Afropolitan

Study identifies major shifts in email user behaviour post-Covid

Analysis of more than 10-billion bulk emails sent over three years finds a 'landscape fundamentally reshaped' by events of the past few years.

THERE HAVE BEEN "seismic shifts" in email user behaviour and engagement as the world returned to a post-Covid normal, according to a study published by South African-based email specialist Everlytic.

The *Email Marketing Benchmark Report 2022* analysed data from more than 10-billion bulk emails from 2020 to 2022, with the research "discovering a landscape fundamentally reshaped by the events of the past three years", the company said.

For example, the hospitality, tourism and travel sectors were hard hit by the pandemic, with below-average email open rates in 2020. Now, thanks to trends like revenge travel (travelling as a way of making up for time lost during the pandemic) and digital-nomad working, the sector has since seen a 49% increase in open rates in 2022.

Indeed, email open rates across all sectors surveyed by Everlytic have increased to an all-time high of 29.28%, which is a 17% increase on 2020.

After the travel and hospitality sector, technology had the most significant increase of 43%, followed by property and real estate (26%), and business and consulting services (25%).

"These upticks in user open rates are aligned with the trends of online shopping, entrepreneurialism, home delivery optimisation and hybrid working," Everlytic says.

Business consulting had a 128% increase in click-to-open rates in 2022. This reflects a growing trend towards outsourcing admin and services to streamline costs and improve time management, and is very much in line with the hybrid working trend and the need to outsource expertise, rather than keep everyone in-house and in the office.

ENGAGEMENT AND INDUSTRY TRENDS SHOW PARALLELS

"The data found some interesting parallels between how users engaged with email marketing and specific trends in the industry," says Louise Krog, Executive Head of Sales and Marketing at Everlytic.

"There are distinct correlations between what was going on with the economy, consumer trends and other determinative events, and how people connected with companies and their email content."

The report also unpacked the trends around unsubscribes and complaints, and found that the automotive industry experienced the biggest shift in terms of both. This suggests that recipients may not be receiving messaging that speaks to their needs – or they're perceiving it as spam.

According to a separate blog post published on the Everlytic website, which provides additional analysis of the benchmark report, one of the striking changes revealed is that email privacy adjustments made by email providers have had a substantial impact on platform rates.

"This is because platform rates are measured using the same tracking technology used to measure email open rates; a metric that, due to the email privacy changes mentioned above, is becoming increasingly difficult for email marketing platforms to measure accurately," the post says.

"So, while email opens on mobile and desktop appear to be plummeting and web app opens increasing, the report reveals that email marketers are moving into territory where they simply won't know which platforms their recipients are using to open their emails anymore."

Readers of our Digital Edition can download the full *Everlytic Email Marketing Benchmark Report 2022* report (registration required) **here**. ■

PHOTO: TORSTEN DETTLAFF FROM PEXELS

Short-term reactionary approach hinders Africa's retail sector

Many retail-facing companies in Africa are either cutting promotional budgets or not increasing them. The results are dismal.

By Uchenna Uzo, Ephraim Nwokporo and Jubril Salaudeen.

IT'S A TURBULENT TIME for African customers and an even more challenging environment for owners and managers of retail-facing businesses. As consumer purchasing power drops, retail-facing companies in Africa **continue to cut or use the same budget to promote various products and services in the same campaign**. Unfortunately, the results are dismal.

Consider the case of one of Nigeria's growing pharmaceutical companies. The firm invested 6% of its annual revenue in retail sales promotions, but failed to achieve the expected results as of the third quarter of 2022.

Similarly, a restaurant business in South Africa invested 2% of its annual revenue on geo-targeted online ads and 6% on personal selling and support services – without substantial lead conversion.

In another example, a key player in Kenya's oil and energy industry with a network of 115 service stations, invested about US$1.6-million (KSh200-million) in national, cooperative and local advertising – yet recorded a 9%, 14%, and 18% drop in sales in the first three quarters of 2022, respectively.

Why do retail marketing investments attract, but fail to retain, customers in Africa? Insights from in-depth interviews, mystery shopping and focus group discussions involving retail experts representing telecommunications, non-alcoholic beverage, hospitality, oil and gas, marketing communication, and social development sectors suggest that retail-facing businesses make failed investments because of their short-term and reactionary approach to marketing activities.

We believe three common mistakes hinder wise retail marketing investments on the continent.

USING THE INCORRECT DATA

Reliable data is expensive to find in Africa. Yet not all data collected is helpful for marketing decisions. Some retail professionals collect the correct

PHOTOS: NAPPY FROM PEXELS, DBM PICTURES VIA WIKIMEDIA COMMONS, GRAND BAZAAR VIA FACEBOOK

Competition within outlets is particularly fierce among businesses operating in Africa's traditional retail sector

Price promotions are important, but transformational service experiences keep customers longer

data but don't know how to draw meaningful insights from them. Other times, the data is not granular enough to identify target customers' needs. Other retail businesses purchase data from global market research companies operating on the continent, but later discover that the data lacks integrity.

These data challenges lead retail-facing companies to make the wrong investment decisions targeted at the wrong audience.

TARGET BUYING ECOSYSTEM INSTEAD OF INDIVIDUALS

The buyer does not operate in a vacuum. Every buyer is part of an ecosystem involving consumers, influencers, deciders and purchase gatekeepers. Retail-facing businesses often fixate on spending to attract customers without realising that it is the buying ecosystem that retains existing customers.

By ignoring the buying ecosystem, enterprises design promotional campaigns with the wrong messages.

Successful consumer-centric marketing investments serve the entire buyer ecosystem rather than the customer alone. A McKinsey study shows that making consumer-centric marketing investments delivers 5-8 times the ROI on retail marketing spend and lifts sales to 10% and above.

> *Avoid campaigns which may attract brand-switchers*

Another problem dimension is that retail marketers tend to launch promotional activities to augment sales during off-peak seasons rather than adopting a systematic approach. These campaigns target and attract brand-switchers looking for short-term wins, rather than loyal customers.

COMPETING WITH YOUR OUTLET

Retail outlets (whether virtual or physical) unintentionally encourage competition within the outlet when they run sales promotions of similar brands simultaneously. A common occurrence in Nigeria, for example, is finding multiple manufacturers of competing stock-keeping units (SKUs) running in-store campaigns in the same outlet simultaneously.

These simultaneous campaigns confuse customers and erode loyalty to the outlet or platform. Competition within outlets is even more fierce among businesses operating in Africa's traditional retail sector, which is the backbone of the continent's commercial activity.

These insights suggest that maximising retail marketing investments involves shifting from sporadic spending to strategic planning with the customer's lifetime value in mind. Here are three steps retail stakeholders in Africa can take to build customer retention through retail marketing.

1. Map your retail ecosystem: Africa's retail landscape is changing continuously and it is necessary to keep up with the trends. Experts from our focus group discussion point out that traditional and digital retail converge, but e-commerce does not display the standard retail formats. Traditional retail remains the recruiting ground for employees in modern retail, entry barriers remain low, and tax and regulatory regimes remain fragmented. Understanding the entire retail ecosystem encompassing your business can prevent a lot of wasteful spending and highlight areas that demand resource commitment.

2. Invest in in-service experiences, not just price promotions: Insights from mystery shopping in Nigeria suggest that retail businesses invest more in sales promotions than in-store creativity to improve service experiences. Setting up in-store promotions for short-term gains is easy, but customers look for transformative experiences. The ambience of your outlet can have a transformational impact if you empower your sales

Some retail professionals collect the correct data but don't know how to draw meaningful insights from them

Customers will stay with companies that understand the retail ecosystem and deliver a service experience

employees and improve the look and feel of the outlet. For example, GB supermarket (also known as Grand Bazaar) grew its market share in Nigeria by focusing more on in-store experiences than sales promotions. Transformational service experiences keep customers longer than price promotions do.

3. Invest in insightful data generation:

Capturing your consumers' data is not enough. It will help if you draw meaningful insights from the data. This may involve setting up or sourcing a cross-functional research team. Remember that data is only as good as the problems it helps you to solve in business.

4. Leverage user-generated content:

User-generated content (UGC) is fast becoming an effective way to retain customers in retail businesses. User-generated content refers to first-hand brand-specific content created by customers and shared on social media and other communication channels. You can request it from your customers, or allow them to share content organically about your retail chain using a known hashtag. For instance, Wayfair, an online furniture store using the *#WayfairAtHome* hashtag, has seen customers post and share their experiences through pictures and videos of how and where they use their Wayfair products. You can also have your customers capture, post and share their shopping moments in your store in an online challenge while tagging your chain's social media handle. UGC drives customer retention because it builds trust, demonstrates empathy and triggers purchase intentions and brand visibility.

Clearly, it is time for retail-facing businesses in Africa to rethink their marketing investments. Customers will stay with companies that understand the retail ecosystem and deliver transformational service experiences, rather than short-term gains. ■

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African retail milieu still a mixed bag for big SA chains

Pick n Pay and Spar expand their operations in Nigeria and Angola. But Builders Warehouse exits the Kenyan market.

AFRICA'S COMPLEX formal retail sector continues to represent a mixed bag of opportunities for South African-based retail giants.

Hardware retail group Builders Warehouse, for example, announced in February it was closing its single-store operation in Kenya less than three years after opening. The store at Waterfront Karen in Nairobi opened its doors for physical and online trading in August 2020 with almost 10 000 square metres of trading and dispatch space, along with a garden centre.

Other SA groups that have left East Africa in recent times include supermarket chain Shoprite, and Massmart, which owns retail brands such as Makro and Game. Botswana-based supermarket group Choppies also left the region in 2021.

The Waterfront Karen shopping mall was Builders Warehouse's first venture into East Africa, a strategy which it **said at the time** would "give it a formidable presence in the region's largest commercial hub". It announced it would be employing around 140 local Kenyan staff.

Builders Warehouse specialises in home improvement and building material products and services. It is also part of Massmart which, in turn, is owned by US retail giant Walmart.

According to a report in the ***East African*** newspaper, the exit announcement "has left policy makers, investment analysts and the investing fraternity pondering the future of investments by South African firms in Kenya and the entire East African region". "The Kenya Private Sector Alliance (Kepsa), an umbrella body for private businesses in the country, acknowledges that the exit of South African firms from the country is an issue of concern and efforts are being put together to establish the specific issues impacting South African firms," the newspaper said.

WHY DO SA RETAILERS STRUGGLE IN KENYA?

It quoted Carol Kariuki, the Chief Executive of Kepsa, as saying she was "not sure why South African [companies] have found it hard to invest in Kenya, unlike others. We are trying to find out their unique issues as we deal with other business environment issues affecting business, as we always do".

Referencing comments from local analysts, the *East African* speculated that South African retailers have failed to localise and connect with local consumers, contrary to other South African firms which have opted for mergers and acquisition to conquer the local market.

"While many South African companies understand the promising macroeconomic landscape of Kenya, they don't spend enough time appreciating the equally important microeconomic elements of consumer behaviour [and] price sensitivity, all of which are aspects of behavioural economics. In the end they fail to connect with the customer," said Ken Gichinga, Chief Economist at Mentoria Economics, a consulting firm based in Nairobi.

> *Ongoing supply chain disruption has been an important factor*

According to Trendtype, an emerging market intelligence and trading consultancy, Massmart was hit by the ongoing supply chain disruption of the pandemic, the sharp rise in the cost of building materials, the soaring cost of container freight through 2021 and much of 2022, the depreciation of the Kenyan shilling and the squeeze on consumer incomes, and moves by the Kenyan government to squeeze more revenues from importers of goods.

Like Shoprite (which exited Kenya almost exactly as Builders Warehouse opened) and Game, Builders Warehouse's dependency on South African supply chains and private label has put huge pressure on its import model. Ultimately, with South African retailers increasingly moving back from expansion markets (Pick n Pay opening its second supermarket in Nigeria in October 2022 is a notable exception), Builders Warehouse was always at risk, Trendtype said.

A CAUTIOUS APPROACH TO ENTERING NIGERIAN MARKET

Meanwhile, supermarket giant Pick n Pay opened its second outlet in Lagos, on Glover Road in Ikoyi, in late 2022.

It remains cautious about Nigeria, according to reports, and the pilot store had a challenging start as a result of

Covid-19 trading restrictions. However, the store's performance has improved as restrictions ease and brand awareness improves.

"While it is still a bit too early to tell, Pick n Pay's move to open a second store could be an indicator of the changing fortunes in Nigeria's formal retail market that has previously been plagued by retailers exiting rather than entering the market," observed Lagos-based Estate Intel, a real estate data and investment platform.

NINE SPAR STORES IN ANGOLA

And in Angola, supermarket chain Spar recently released details of the progress of its market entry into the country. It has opened nine Spar Express stores in the past year in partnership with local retailer, United Investimentos.

The latter was founded in 1999. It also operates Angolan supermarket chain Casa dos Frescos, which has 12 stores in Luanda, pharmaceutical distributor Unipan and the Tel-Pizza restaurant.

"Adapting international best practices from the Spar network to suit local market needs has led to these convenience stores offering an assortment that is tailored to suit customers' needs," Spar said in a press release. The first store opened in February 2022.

Eight of the new Spar Express stores have also partnered with fuel retailer Pumangol at service stations around Luanda, which is the capital city with a population of around 2.6-million people. These stores have an average of 100 square metres of retail selling area.

The ninth outlet, opened in November 2022, is a 'compact' store situated at Luanda International Airport.

Spar's Own Brand products, produced in Africa or further afield, comprise 25% of the product range, with the number of SKUs available varying from 1,000 to 4,500 depending on the store's size. Stores have extended opening hours or operate on a 24/7 basis.

Entry into Angola marks Spar's 11th African market, with more than 95% of its stores in the Southern Africa region.

According to Trendtype, the Spar group also recently entered Ghana, taking over Citydia's network of stores in 2020 – although it has since closed several stores, with steep price increases and issues with product quality and freshness being among its problems in that market. ■

The Builders Warehouse outlet in Nairobi has closed after less than three years

PHOTOS: BUILDERS WAREHOUSE, SPAR VIA FACEBOOK; PICK N PAY VIA TWITTER

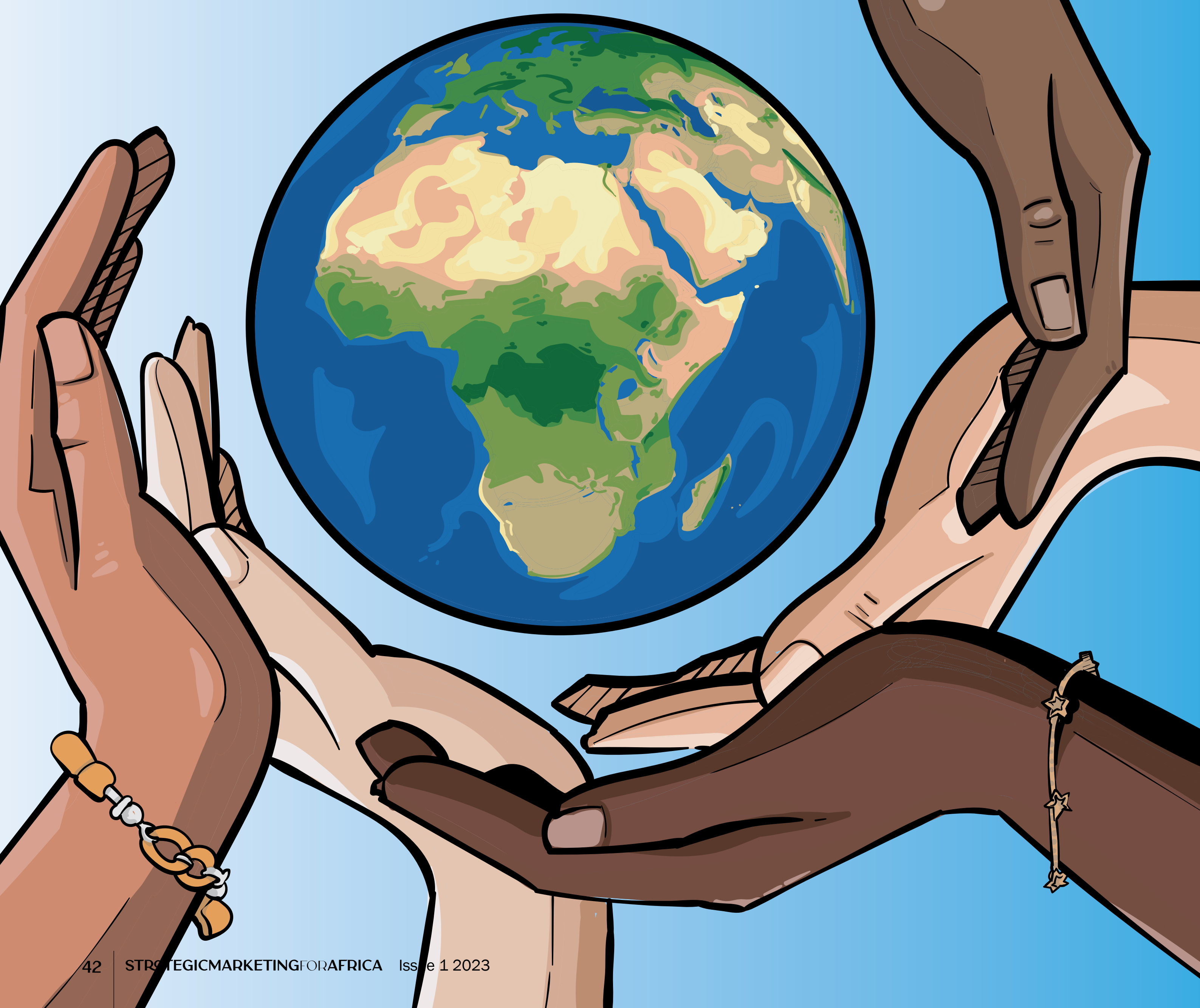
Spar shop assistants at one of the nine Angolan outlets

A social media advertisement for Pick n Pay in Nigeria

Are we finally kick-starting the intra-Africa trade rush?

The AfCFTA is hopefully poised to deliver a trade rush on the continent. But what needs to be done to gain momentum?

By Fiona Zerbst.



IN OUR FIRST MAGAZINE issue of last year (Issue 1 2022) we explained what the African Continental Free Trade Area (AfCFTA) is, how it aims to drive economic development on the continent, and how marketing professionals can take advantage of the opportunities it provides.

A year on, in which some commentators lament that not much seems to have happened, we explore progress made to date and what marketers can do to help fulfil the promise of unrestricted trade and a new era of economic prosperity on the continent.

PUTTING AFRICA ON THE INTERNATIONAL AGENDA

AfCFTA's aim is to bring about a single market for made-in-Africa goods and services, do away with complex tariffs, and eliminate a range of non-tariff-related barriers to trade.

In theory, this regional trade and cooperation will drive strong economic growth and deliver on its laudable ideals. But AfCFTA has still to overcome several stumbling blocks before gaining momentum.

It's not as though nothing is happening, however. South African financial services group Old Mutual, for example, has partnered with Swiss-based think-tank, Africa Services, and the Secretariat of the AfCFTA to launch the ***Africa Collective***, a platform on which both pan-African and global stakeholders can drive awareness of business and investment on the continent.

This marketing initiative aims to put Africa on the global agenda and raise the continent's profile just as AfCFTA is poised to perhaps change the nature of business on the continent.

Speaking shortly after attending the World Economic Forum event in Davos in January 2023, Old Mutual's CEO, Iain Williamson, said the *Africa Collective* will help to resolve some of the barriers to trade and market growth.

"Already, 45 of the 54 African countries have deposited their ratification instruments, which means the AfCFTA is well on its way to creating a single market for trade," he noted.

However, interim measures have had to be put in place to kick-start the free flow of trade on the continent, especially where uptake has been particularly slow.

NOTABLE INTERIM MEASURES

The first of the interim measures implemented to initiate commercially meaningful trade under the AfCFTA is its Guided Trade Initiative. This has seen the organisation's Secretariat assisting eight countries, whose tariff offers on goods have already been fully approved and officially published, to provisionally start trading under the agreement on a preliminary basis.

The Secretariat has undertaken to help Rwanda, Cameroon, Egypt, Ghana, Kenya, Mauritius, Tanzania and Tunisia to test AfCFTA trading documentation and procedures on pre-selected shipments of goods moving between these countries, so each shipment is optimally guided through customs clearance. These shipments will also benefit from a reduced tariff when they arrive in receiving countries.

Kenya's inaugural shipment under the agreement took place in October last year. It saw a US$77 000 consignment of Exide batteries shipped to Ghana. The companies involved – Kenya's Associated Battery Manufactures and Ghana's Yesudam Company Limited – hope to kick-start a viable regional natural gas trade network, under which reserves can be monetised and regional economic growth boosted.

Kenya's movement of goods to Ghana came a year after Equatorial Guinea made an initial shipment of 2,000 tonnes of methanol to Gabon under the AfCFTA agreement.

According to AfCFTA Secretary General, Wamkele Mene, at least 96 different products from the initial eight countries in the trial can be freely traded under the rules of the trade pact. The approved products that will enjoy duty-free and quota-free trading include horticultural products, pharmaceuticals, rubber, aluminium kitchenware, sugar, steel and wooden products.

"Next year (2023) we will have a chance to double or perhaps triple that number, but never underestimate the determination that we have to make sure that the founding mothers' and fathers' sacrifice was not in vain," he said at the launch of the AfCFTA Guided Trade Initiative in Accra in 2022.

More countries are expected to join the initiative this year. AfCFTA has also unveiled the Private Sector Engagement Plan, including plans to establish a dedicated business platform and host the first AfCFTA Business Forum in April 2023.

It is being promoted as "the biggest business event on the continent" and takes place in Cape Town from 16-19 April under the auspices of the AfCFTA Secretariat and the SA Government.

In addition, March 2023 saw the AfCFTA Adjustment Fund operationalised with the signing of the Host Country Agreement with Rwanda.

This initiative is a collaboration between Afreximbank, a specialist African trade finance institution, and the AfCFTA Secretariat. It will support African countries and their respective private sectors to effectively participate in the new trading environment established by the AfCFTA Agreement.

IDENTIFYING NEXT STEPS

While the trial phase of the AfCFTA has seen several countries joining forces to pilot best practice initiatives for how the agreement should operate, the question asked by many nations and marketing individuals is: "What comes next?"

Dr Francis Mangeni, AfCFTA Secretariat at Africa House, and Andrew Mold, Chief, Regional Integration and AfCFTA Cluster, Office for Eastern Africa at the UN Economic Commission for Africa, suggest there are key ways to help the agreement to function at its peak.

PHOTOS: AFRICAN MARKETING CONFEDERATION, PAVEL ŠPINDLER VIA WIKIMEDIA COMMONS, MARKETERS ASSOCIATION OF ZIMBABWE

❯ Trucks waiting to clear customs at a border post

One of these involves the top 1% of trading firms, which account for over 75% of the total value of exports, to form representational groups that help address any challenges they face in their initial cross-border trade. This will ease the way for others to follow, according to the UN Industrial Development Organization.

Public awareness campaigns are another critical cog in the wheel, with the UN Economic Commission for Africa revealing that it has assisted the majority of AfCFTA signatories to develop national and regional awareness strategies.

PR AND MARKETING EFFORT

Over and above the practical steps of eliminating barriers to trade and easing operational issues, publicising AfCFTA can go a long way towards positioning Africa as among the largest free trade areas in the world – and helping all stakeholders to understand its benefits.

Ideas include using AfCFTA documents for any trading operations and ensuring companies register for exportation under the AfCFTA Rules of Origin initiative. Adding the AfCFTA logo to the customs documents of regional economic communities will also raise awareness.

Gillian Rusike, Zimbabwe-based Secretary General of the African Marketing Confederation (AMC), says his greatest worry from a marketing perspective is that there seems to be a ‘theirs’ and ‘ours’ attitude to the approach and implementation of the agreement.

“Honestly speaking, the organisation’s initiatives are not cascading down to those who are intended to benefit from the agreement,” he points out. “If the work being done by the AfCFTA is to benefit the African continent as a whole, its team members should endeavour to close the communication gap so that any progress is known by everyone across the continent.”

Rusike adds: “In the current instance, as a marketing professional and business leader, I am not even aware of the work being done by the organisation to benefit us. I would like to challenge the organisation to do more to be on the ground and speak to various national and multinational organisations, as these entities are important stakeholders in creating and realising the benefits of making Africa a free-trading area for African businesses.”

A MARKETING OPPORTUNITY

Taking a more regional approach, Sidney Ogodo, Registrar of the National Institute of Marketing of Nigeria (NIMN), says that the AfCFTA presents enormous benefits to businesses in Nigeria in terms of access to larger markets with little or no tariff barriers and other unfriendly trade practices.

“From a marketing perspective, it presents an opportunity for Nigerian marketing professionals to exercise their entrepreneurial skills and creativity in terms of launching innovative products and services into the common market,” Ogodo states.

“Be that as it may, the umbrella body of manufacturers in Nigeria, the

Manufacturers Association of Nigeria (MAN), has identified the challenges of inadequate infrastructure, high energy costs and multiple taxes as some factors that will militate against the competitiveness of goods and services manufactured in Nigeria."

The pilot stage of the AfCFTA is a vitally important one and, although African countries would like to move rapidly to create a single market, taking carefully considered steps may be what is needed for AfCFTA to transform Africa into the powerhouse that it can become. ■

Additional reporting by Mike Simpson.

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.

Dangote speaks on free trade imperative

In a 2019 interview for the Mo Ibrahim Foundation on the topic '*Borders and visa policies kill trade and development in Africa*', Nigerian business magnate Aliko Dangote emphasised that implementation was the key part of the AfCFTA agreement.

In reality, free movement was not taking place within Africa, he said. For example, for Dangote to move product from Nigeria to a location in neighbouring Togo – a distance of less than 300km – could take a week. This was not because of road conditions, but because of customs delays.

The company would not pay bribes to border officials, which was likely one of the reasons for the long customs delays.

"I think the AfCFTA will help us. But before we jump to AfCFTA, we must make sure that the regional markets are working very well," Dangote said.

In West Africa, he believed the smaller nations – like Benin and Togo – would benefit more from the agreement than the bigger countries such as Nigeria, as businesses in the small countries could suddenly access much larger markets for their goods.

Gillian Rusike, Zimbabwe-based Secretary General of the African Marketing Confederation (AMC)

Why supply chain management in Africa needs a rethink.

The pandemic changed everything by highlighting the vulnerability of the existing African supply chain model. Or did it? **By Professor Lilac Nachum.**

A cargo ship leaves the Port of Dar es Salaam in Tanzania

PHOTO: SAJJAD F VIA WIKIMEDIA COMMONS

COVID-19 HAS LAID bare the vulnerability of the supply chain model that has dominated the way African firms have organised their production. In this model firms rely on multiple suppliers, many of whom are located far away (mostly in China).

With goods stuck at factories and ports around the world and shortages emerging, the pandemic disrupted the supply of most essentials. It also exposed the weakness of global interdependencies. Foremost among these were of course the essential medical devices needed to save people's lives. Shortages were apparent also in many food items, consumer electronics and other necessities.

As we leave behind the worst of the pandemic and African managers across industries prepare for the post-Covid era, there is a need to reconsider the underlying logic of supply chains. That means rethinking the trade-offs between the benefits of globally dispersed production and the need for secure supply and quick delivery.

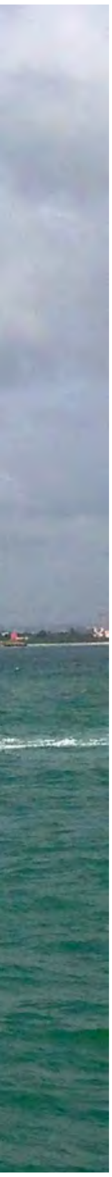
Three things should guide managers in this:

- Short-term versus long-term effects of Covid-19 on the organisation of production and delivery.
- Changes imposed by the African Continental Free Trade Area.
- Green industrialisation (sustainable growth).

As an international business professor with several decades of experience in researching supply chains in an interconnected world, I have come to realise that these are the issues that should shape supply chains in the post-Covid era:

1. SHORT-TERM VERSUS LONG-TERM EFFECTS OF COVID

Before Covid-19, the patterns of production and supply of most products were largely based on the benefits that could be derived from cross-country variations in costs and resources. The gains of low-cost trade enabled companies to move products across countries at low cost. The pandemic outbreak challenged this logic.



The need to secure supply and ensure speedy delivery – especially, for example, of medical supplies – replaced the cost, skills and resource availability considerations that guided supply chain arrangements in different times.

As managers reconfigure their supply chains for the post-Covid era, they ought to distinguish between short-term changes imposed by the pandemic and lasting ones that cause structural changes to the way supply chains operate.

Shortages of supply and bottlenecks in production are likely to end. In fact, some of them are already disappearing, so there may not be a need to introduce major changes in response.

In parallel, many of the traditional benefits of supply chains have remained in place. There are still economic reasons to follow many pre-Covid practices and resume some production routines that prevailed in this era. Country differences in costs, skills and resource availability continue to offer compelling reasons for supply chain operations.

In contrast, the growing digitisation of some supply chain transactions and the greater virtualisation of economic activity that took place during Covid-19 appear to have left a lasting effect. For example, digitisation created new opportunities to coordinate activities and communicate with consumers in more efficient ways than was previously conceived and to reduce costs.

These developments are likely to shape the supply chains of the future and should be reflected in the reconfiguration of supply chains.

2. THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

The free trade agreement among all African countries has immense economic significance. If successfully implemented, it is likely to change the rationale for local and regional organisation of production and supply across the continent.

High trade costs in Africa – [by some measures] five times higher than those elsewhere – have undermined the benefits of separating production activities across countries and supplying distant markets.

In July 2022, the African Continental Free Trade Area Council of Ministers announced an [initiative on guided trade], a pilot phase that allows seven African countries to begin trading under the new regime.

By reducing the cost of cross-border activities, the agreement removes many barriers and increases potential gains from the separation of production activities across African countries. Low-cost trade makes it economically viable to connect separately located production facilities. This increases the potential advantages of specialisation and scale. It changes the economic rationale for the organisation of production.

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Lower trade costs between nations is transformative

Low trade costs among African countries can also transform a continent of 55 mostly small countries into a single market of 1.4-billion potential consumers. This market size is only slightly below those of India and China. It enables firms to reach out to remote consumers and reap the advantages of scale.

3. ENVIRONMENTALLY SUSTAINABLE SUPPLY CHAINS

The need to rethink supply chains opens opportunities for green industrialisation.

African firms are well positioned to join 'green global supply chains' as suppliers of key natural resources. These include, for example, scarce minerals like cobalt and lithium that are abundant in many African countries and are in high demand in many green industries. They can leverage their favourable access to these key natural resources, creating their own supply chains or supplying those controlled by others.

There's another advantage for African firms in these kinds of supply chains: being at early phases of industrialisation, they do not carry the burden of the past, as do many of their counterparts in other parts of the world. They do not have to cope with sunk costs of changing old infrastructure and equipment that is expensive and difficult to replace.

MANAGEMENT CHOICES

As I have laid out, these contemporary developments call for rethinking fundamental decisions related to the configuration and management of supply chains in Africa.

The choices managers make in relation to these developments will have a material impact on their competitiveness and financial performance. African managers should embrace them heartily!

Lilac Nachum is Professor of International Business at City University New York; Fulbright scholar to Africa, and Visiting Professor at Strathmore Business School, City University of New York.

EDITOR'S NOTE

The article was originally published in September 2022 by The Conversation. Prior to preparation of this article (March 2023), we contacted Professor Nachum to check that no facts or viewpoints had altered during that time.

Exceptional brands may survive for a century or more, but few do

The 'magic sauce' that will define tomorrow's top brands

Top brands of the future will not be focused on the products they sell, but rather on serving an ecosystem of stakeholder needs. **By Dr Tabani Moyo.**

Worried customers wait to withdraw their money from a troubled financial institution in the UK during the global financial crisis of 2007-08

THE GLOBALLY competitive brands that are top of mind among global consumers, touching and changing lives on a daily basis, are those that are continuously focused on better understanding our ever-evolving and increasingly complex customer needs.

These brands have a towering functionality and presence which means even our first contact with them creates a lasting impression that causes people to quickly rely on them – to the point where they become an extension of our daily existence. Simply put, they have created a reality that we 'cannot survive' without them in our lives.

Corporate brands which have become our inseparable day-to-day allies range from social media platforms such as Facebook, Twitter, TikTok, Instagram and Whats App – through to the runaway tech success stories like Apple, Amazon and Alibaba (to name but a few) which emerged in the century of internet growth.

But there are also many historical brands that have emerged from the traditional business models of the 19th and 20th century, and sometimes even earlier, that are also set to be part of the brand lexicon of the future.

Cases in point are some of Unilever's long-established brands that have been in existence for more than a century. One such being the 121-year-old Lifebouy brand, which has grown stronger at the turn of every decade through careful nurturing and facelifting.

The brand has cleverly modernised its initial offering by maintaining the brand promise through evolving its texture and target markets. The initial target audience was the rural consumer at the lower end of the economic ladder, where the brand emphasis was on product 'durability' and 'deep-clean'.

The facelifted brand is now equally targeting young, professional and upwardly mobile consumers. But, at the same time, it has remained true to the loyal customer base by riding on Lifebouy's traditional ethos and the lasting memories of the original brand experience.

Another historic soap brand, Geisha, is maintaining its competitive gravitas through reinvention. It has done so through re-packaging and coming up with a modern formulation of rich fragrances. The Geisha of the early '80s through to the early 2000s was targeted at low-income earners and communicated size and durability. The re-invented brand speaks to the quality of life that people using the product yearn for – creating strong brand associations of family unity, sharing and caring.

Readers of our digital edition can watch a Geisha television advertisement **here**.

PROFOUND PRINCIPLES

Tomorrow's brands are made up of clear and profound principles which set them apart in order to achieve long-term strategic goals, irrespective of the temptation for short-term rewards.

The following key traits tend to be common to the successful brands that we have mentioned previously in this article:

1. They consistently deliver on the brand promise.
2. They create new categories through disruptive innovations, changing lives in the process.
3. They define high goals and hold clearly set values.

Apple Inc. is an example of this. Throughout its existence, it has been at the pinnacle of success through its innovative exploits that created sub-categories in which the company's products became the benchmarks.

It transformed personal computing through the Mac; music consumption through the iPod; mobile communications through iPhone and iPad; the music industry through iTunes; retailing through the Apple Stores – revolutionary and stylish all-glass outlets. Through all of these, Apple Inc became the epitome of disruptive innovation.

Yet, it must be emphasised that all of the above do not guarantee Apple's success in the future.

Sadly, the bulk of the brands that have emerged in the internet age are at the centre of surveillance capitalism, which is preying on users through private information gathered through artificial intelligence and algorithms – all in the name of profit. This, in my opinion, is wanton recklessness!

A STRONG VALUE PROPOSITION

The future is now. The young consumers of today are the best indicators of the trends and aspirations of the next generation. This entails that the brands of tomorrow should symbolise a strong and unique value proposition that will satisfy the needs of an ever-changing society. Such a value proposition can only be meaningful when it is rooted in long-term values which inspire generations and change people's lives.

Those who are the internal drivers of a brand – employees and management – must be inspired to believe that the brand is more than a product or service. They must be ignited to make the brand the default-customer purchasing choice – the footprint of the territory that it has created and dominated.

BANKING SECTOR LESSONS

There are a few branding lessons to be learned from the bubble of the Zimbabwean banking sector which emerged at the turn of the millennium. These banking brands typically had short lives and soon collapsed.

The indigenous banks that sprung to the fore as the government attempted to liberalise the somewhat reclusive banking sector in the post-independence era created brands of the 'now' rather than tomorrow. They were 'status brands' that seemed to

PHOTOS: MUSEUM OF BRANDS, LONDON, VIA WIKIMEDIA COMMONS; LIFEBOUY VIA FACEBOOK; DOMINIC ALVES VIA WIKIMEDIA COMMONS

A Zimbabwe brand campaign by Lifebouy

be positioned to flaunt the newly acquired status of the previously disadvantaged groups.

These brands, which were modelled around the founding figures, are still fresh in the minds of many Zimbabweans.

There was Roger Boka's United Merchant Bank, David Chapfika's Universal Merchant Bank, Nicholas Vingirai's Intermarket, Nigel Chanakira's Kingdom, William Nyemba's Trust, Jeffrey Mzwimbi's Royal, Mthuli Ncube's Barbican Asset Management and Patterson Timba's ReNaissance Merchant Bank (RMB).

Most of these brands did not last a decade and fell from dizzy heights. They were short-sighted brands that sought short-term gains and sacrificed the long-term strategic thrust of building brands through consistently delivering on the brand promise, creating new categories through disruptive innovations, defining high goals and holding dearly set values – and thereby changing lives in the process.

On the contrary, it can be argued that many of these fallen brands failed to prudently handle the depositors' funds by engaging in highly speculative and risky business.

Similar practices on an international scale led to the global financial crisis of 2007-08, caused by the recklessness on Wall Street.

CALL TO AFRICAN MARKETERS

It is therefore vital that we call upon the African marketing community to invest in building strong brands of tomorrow. Brands that are confident of creating lasting impressions among the people of the continent – and the world.

This requires building brands that are highly invested in listening to a multiplicity of stakeholders, as consumers' needs and tastes are constantly changing, and the customers themselves are fickle once they realise that their views, expressed through a multiplicity of platforms, are not taken seriously.

Brands can only leap into the future by being highly collaborative. They must be agile and look for strategic alliances in unusual spaces, putting their customers at the centre of collaborations that meet their needs and keep the organisation ahead of the competitive curve.

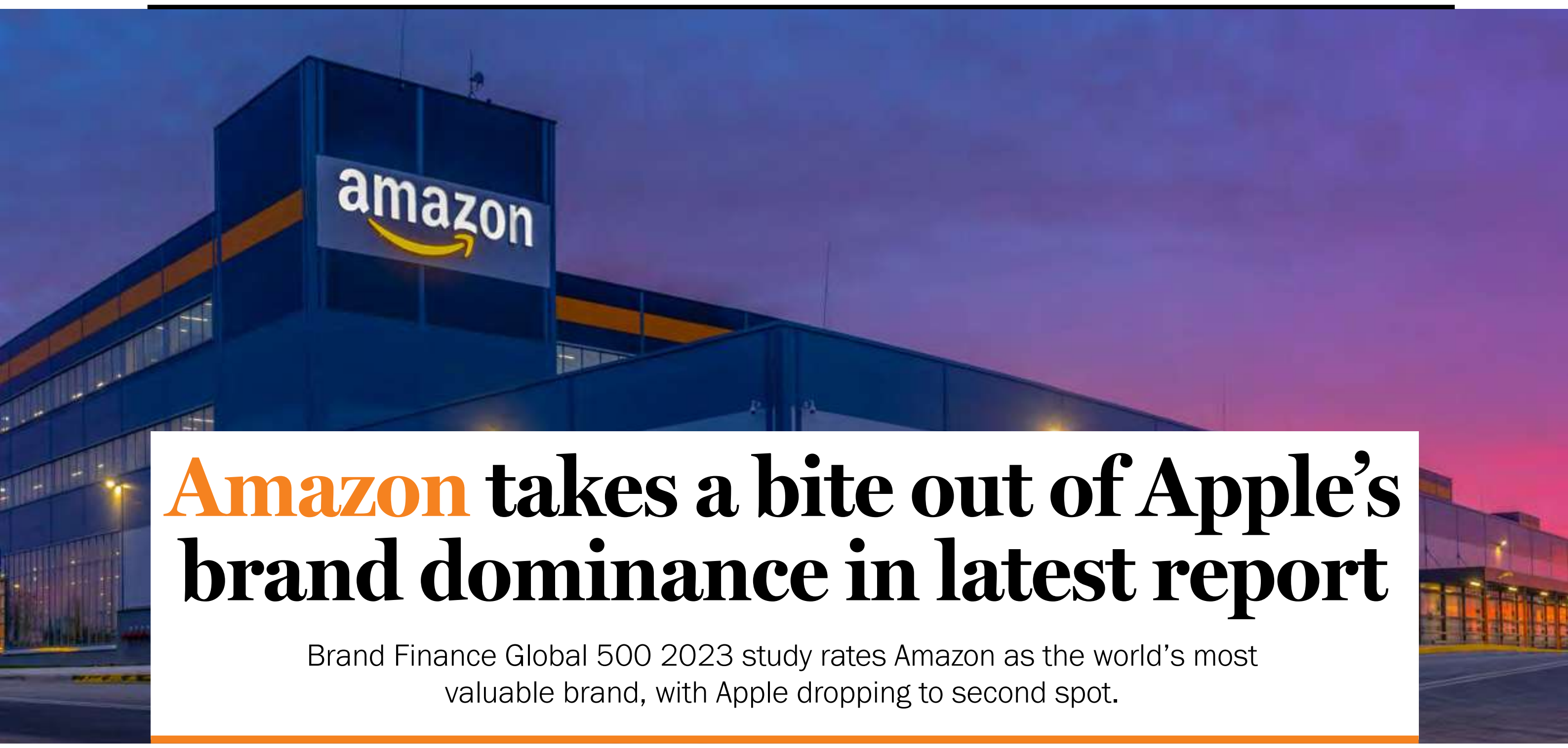
While the examples of the historic Unilever brands and those more recently founded on the backbone of the internet mainly excelled due to their product quality and/or technological competitive advantages, the future is around putting humanity at the centre of innovations and mainstreaming the human experience in a highly computerised existence.

Only outward-looking organisations willing to invest heavily in the co-creation of brands and services are going to be sustainable in the future. An inward focus must be a thing of the past.

Above all, keep in mind that Africa is the continent with the next one-billion people to be connected to the internet. How our businesses harness indigenous awareness, and combine it with artificial intelligence strategies that best understand and serve African consumers' needs, will determine the successful brands of the future.

In conclusion, the brands of the future are not going to be focused on the products they sell, but rather on serving an ecosystem of stakeholder needs. They are highly co-creative (outward-looking) rather than merely creative, which is inward-focused. As such, humanity will define our future brands, with technology as its midwife!. ■

Dr Tabani Moyo is a Doctor in Business Administration (research focus on new media and corporate reputation management) from the University of KwaZulu-Natal (UKZN) in South Africa. He is a Chartered Marketer, Fellow of the CIM, a communications and reputation management expert, academic and business leader. He is based in Harare, Zimbabwe and can be contacted at moyojz@gmail.com or on Twitter: @TabaniMoyo.



Amazon takes a bite out of Apple's brand dominance in latest report

Brand Finance Global 500 2023 study rates Amazon as the world's most valuable brand, with Apple dropping to second spot.

MULTINATIONAL technology and e-commerce company Amazon has retaken top spot as the world's most valuable brand, according to the latest report from leading brand valuation consultancy, Brand Finance.

This is despite Amazon's brand value falling 15% – going from US$350.3-billion to $299.3-billion. This is a drop in value of $51-billion. Overall, tech companies in the latest survey saw their brand values diminish significantly as post-pandemic market forces changed.

But technology companies are still the most valuable global brands. Apple is in second position; Google is third and Microsoft is fourth.

"Technology brands across the world have lost significant value in response to shifting demand patterns," explains David Haigh, Chairman and CEO of Brand Finance.

"Inflation has affected brands across many sectors, but as consumer habits partially revert to pre-pandemic patterns, demand for the services of tech brands has been hit particularly hard. Additionally, disrupted supply chains, labour shortages and greater obstacles to financing have left their mark."

Among the reasons for the drop in brand value of Amazon (which is scheduled to enter the South African market in late 2023 and Nigeria sometime after that) is that consumers' perception of customer service at Amazon has fallen – at the same time as delivery times have lengthened. In tandem with this, consumers have become less likely to recommend Amazon to others and more people are returning to in-person shopping as pandemic restrictions lift.

Apple, which was the top brand in the previous Brand Finance Global 500 2022 report, moves into second spot in the latest report after its brand value fell by 16%.

DISRUPTED SUPPLY CHAIN

"This year's fall in brand value relates to a fall in forecast revenue as a disrupted goods supply chain and a constrained labour market are expected to limit supply of its marquee hardware products," says Brand Finance.

But despite these challenges, Apple continues to innovate, invest in long-term growth plans, and expand its offering into a broader range of services.

"This extension of its brand further diversifies its suite of products beyond its most successful product, the iPhone. Powerful customer loyalty and a continued strong customer response to products and services such as the Apple Watch, AirTags and Apple Pay saw the installed base of active Apple devices hit an all-time high in 2022," the report states.

Other tech-focused brands to lose value include Samsung Group (brand value down 7%), Alibaba.com (brand value down 56%), Facebook (brand value down 42%) and WeChat (brand value down 19%).

On the upside, tech brands that increased in brand value were Instagram (brand value up 42%) and LinkedIn (brand value up 49%). Both grew "due to well-executed strategy to commercialise their services", the report says. **The Brand Finance Global 500 2023 top 10 brands are:**

1. Amazon
2. Apple
3. Google
4. Microsoft
5. Walmart (retailing – USA)
6. Samsung
7. ICBC (banking – China)
8. Verizon (telecommunications – USA)
9. Tesla (automotive – USA)
10. TikTok (tech – China)

You can find out more about the report **here:** ■

PHOTO: SHUTTERSTOCK

Chooze yor brand name wisely to avoid alienating consumers

Study finds that using unusual spellings for a brand name to make it seem cool and trendy could backfire – and make it appear less sincere to potential customers.

CHOOSING A BRAND name for a new product or service is one of the most important marketing decisions a company makes.

In recent years, brand strategists have recommended companies use unusual spellings of otherwise familiar words – for example 'Krispy Kreme' (doughnuts) rather than 'Crispy Crème' or 'Lyft' (ride-hailing) instead of 'Lift'.

There are some advantages that come from using an unconventionally spelled brand name, which explains why companies often select them. However, little is known about how this strategy impacts consumers' beliefs about the brand and, ultimately, their willingness to support it.

New research from the University of Notre Dame in the US finds that, in general, consumers are less likely to support uniquely spelled unfamiliar brands, compared with those that use the conventional spelling.

The study, entitled *'Choozing' the Best Spelling: Consumer Response to Unconventionally Spelled Brand Names'* is published in the peer-reviewed *Journal of Marketing* from lead author John Costello, Assistant Professor of Marketing at Notre Dame, along with Jesse Walker and Rebecca Walker Reczek from Ohio State University.

"Consumers perceive unconventionally spelled names as a persuasion tactic or a marketing gimmick, leading them to view the brand as less sincere," said Costello. "Our studies suggest that while marketers may choose unconventional spellings for new brands with the goal of positively influencing consumers' perceptions, doing so may backfire."

However, the study finds there is no backfire effect when a company's motive for selecting a uniquely spelled name is perceived as sincere.

MOTIVE MUST BE SINCERE

"When a brand name is crowdsourced by consumers rather than chosen by the company, the backfire effect is eliminated," Costello explained. "We also find unconventionally spelled brand names may even be preferable when consumers want an especially memorable experience – for example, visiting a bar made entirely of ice at a vacation destination like Las Vegas."

Readers of our Digital Edition can watch a video interview with Professor Costello **here.**

So why do so many companies choose intentionally misspelled brand names?

Prior research has shown they are more memorable and make it easier to trademark and find related domain names. They may also help convey the brand is trendy, cool or young.

"A pilot study we conducted with 100 marketing managers found support for all three of these beliefs," Costello said. "So, it's a bit surprising to find that the use of an unconventional spelling often backfires, reducing consumers' likelihood to support the brand."

The study shows there are both positives and negatives to using unique spellings, including a risk of alienating consumers. It offers important insights for firms launching new brands and marketing agencies that specialise in the naming of brands.

"If companies choose to use unconventional spellings for new brands, they should clearly communicate a sincere naming origin story during introductory marketing campaigns to avoid the backfire effect," Costello suggested. "They could also communicate this sincerity when designing different brand elements – such as logos, packaging or slogans."

Readers of our Digital Edition can find out more about the research **here**. ■

PHOTO: SUZY HAZELWOOD FROM PEXELS

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