

Panel Discussion: The New African Consumer

Moderator: Alexander Bernard, CEO Schulze Global

Panellists

1. Charles Brewer, Chief Executive Officer, DHL eCommerce
2. Pardon Makumbe, Co-Founder and Chief Investment Officer, CRE Venture Capital
3. Saw Ken Wye, Chief Executive Officer, CrimsonLogic
4. Sunil Kaushal, Regional Chief Executive Officer, Africa & Middle East, Standard Chartered Bank
5. Vikram Chand, Chief Executive Officer, Vega Foods

Main Themes from the Panel Discussion:

- Who is the consumer?
- Where is the consumer?
- What is the best way to access the consumer?
- What are the opportunities and challenges?
- How can Singapore build partnerships with Africa?

Introduction and Context

By 2050, the population of Africa will grow from 1.2 billion to 2.4 billion people. To put this staggering number in perspective, it's the equivalent of adding 3 million people per month – this is nearly adding a Singapore every month. Meanwhile, per capita income is rising at one of the fastest paces globally.

Who is the Consumer?

- Across the board in Africa, consumers can be broadly characterized as connected, young and aware.
- Consumers are discerning and increasingly care about brand, however price point remains very important and should be a key consideration among consumer facing companies entering Africa.
- Nevertheless, consumers are sophisticated and want quality products. Propositions which are affordable and value for money can compete well.

Where is the Consumer?

- There are huge opportunities when catering to the bottom of the ladder in Africa. Companies need to be mindful that Africa's middle class contains various segments which need to be classified and separately evaluated and targeted by companies.
- The truly middle class represents still a very small percentage of Africa's total population.
- However, Africa's lower middle class continues growing strongly and this offers substantial long-term gains.
- Meanwhile, there is also a rapid shift from emerging affluent to the affluent segment.

Best way to Access?

- Because of Africa's diversity, what product you go to customers with is as important as how you go to customers. For example, in the case of food products, the palate varies widely country by country and products need to be adapted accordingly.
- Companies should focus on scale and, as such, should consider focusing on and prioritizing the largest or most attractive cities, rather than comparing opportunities on a per country basis.
- Africa is becoming digitized and this represents an important consideration when developing strategies for customer engagement. Text messages, Facebook and other social media channels are influencers.
- A key to success can be investing in technological capabilities that enable you to acquire customers, transact, create a cost effective back-end, etc.
- This overlaps with another key to success which is being mindful of costs associated to acquisition of customer and delivery and seek out ways to minimize as there is a high degree of price sensitivity.
- Companies are effectively using technology to drop the cost of delivering products and this opening up the possibility for companies to push into new frontiers.
- Many companies are devoting big budgets to brand and marketing.
- Accessing the hinterlands often requires reliance on structures incorporating third parties.
- A horizontal strategy based on managing a portfolio of products across geographies can help companies overcome uncertainty and volatility in any single particular territory. In parallel, decide on which products make sense for a deep vertical strategy.

Challenges/Opportunities:

- While managing a horizontal portfolio of products is a worthwhile strategy to pursue, it can create challenging pressures on management.
- The last mile delivery continues to present a major challenge. However, innovative solutions are springing-up. African Courier Express, for example, is a Lagos start-up that relies on motorcycle couriers to deliver products anywhere within the city within a 3-hour time-frame.
- E-Commerce remains very embryonic in Africa (nevertheless, it is a massive long-term opportunity). Eventually, e-commerce will enable leap-frogging development.
- The use of brick and mortar outlets in Africa is very extensive and organized retail (e.g. shopping malls) is very new. For transacting, mobile payment methods are the norm in many territories especially in the hinterlands.

How Can Singapore Build Partnerships with Africa:

- Singapore sits in the heart of emerging Southeast Asia and is no stranger to navigating challenging geographies, however Africa is often perceived among Singaporeans as more challenging because of a lack of familiarity. In reality, the complexity faced in Africa is comparable to that faced in many Southeast Asian territories.
- Finding the right local partner is key to unlocking and maximizing opportunities in Africa, so spend time scouting out options. Do not immediately settle on the first or second party you're introduced to, instead be thorough in evaluating all options and choose carefully.
- In Africa, always frame cooperation as partnerships and Singapore should emphasize its strength in having access to deep pools of capital.
- The Singapore brand provides an advantage in Africa with countries admiring what Singapore represents and with a genuine interest to adopt Singaporean best practices.
- Singapore has a big role to play in the urbanization of Africa and can also be a big help in developing export free zones. Also, the health, education and retail/recreation sectors are big opportunities and ones where the Singapore brand has value and can command a premium.
- The reputation of Singapore in Africa is a non-judgmental, practical and down-to-earth Asian partner for business.

Example of a Singapore SME in Africa: Vega Foods

The company is a Singaporean headquartered distributor of food products and has been in Africa for the past 20 years. Throughout the journey, management has come

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to better understand that Africa requires a long-term strategy to be successful. They began distributing in Ghana originally, where they started overcoming initial learning curves and eventually expanded beyond with a presence in 30 African countries presently and have made Vega an established brand on the continent.