

# THE PEOPLE BEHIND THE NUMBERS

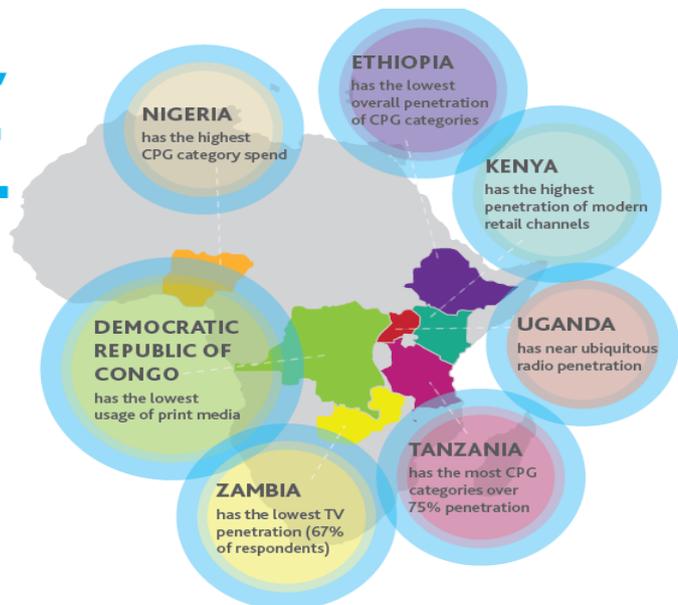
With over one billion consumers—a number growing faster than that of any other continent—Africa boasts a wealth of potential. The young and quickly growing population, paired with a rising gross domestic product (GDP) that has grown faster than the rest of the world every year since 2001<sup>1</sup>, make Africa a vital market brimming with opportunity. Traditionally viewed as an impoverished continent with little discretionary spending, Africa's middle class is growing at an astounding rate and the GDP per capita (PPP) has grown 26 percent in the past 10 years<sup>2</sup>. With its steadily rising incomes, Africa offers vast potential and rewarding growth opportunities.

### Similarities Among the Differences

While diversity defines the African consumer, traditional attitudes and beliefs centered on family, affordability, loyalty, colonial history and planning for the future are core themes that permeate the lifeblood of the African consumer and strongly influence buy and watch behaviors. Low incomes in Africa dominate and dictate rational purchase considerations that focus on daily essentials such as tea, basic oral care, cooking oil and detergents. Affordability and brand loyalty are key purchase drivers. In fact, three out of 10 consumers say they always buy the same brand. To succeed in Africa, it is important to not only ensure distribution in an unorganized market, but it is just as critical to confront the challenge of delivering an affordable product that gains consumer trust through offering quality and value. On the media front, while TV and radio dominate the airwaves in the countries studied with penetration levels of 90 percent and 87 percent, respectively, mobile technology is rapidly growing and keeping pace.

### Uncommon Diversity – One African Family

While certain traditional preferences define one Africa, in a land with thousands of distinct ethnicities there is no “single African consumer”. Appreciating the diversity of the African market, Nielsen identified seven consumer segments based on demographic and attitudinal differences to help bring a unified understanding of how to reach consumers in this vast continent. Comparing the seven distinct segments based on monthly income and average spend on consumer packaged goods (CPG) categories, three tiers emerged:

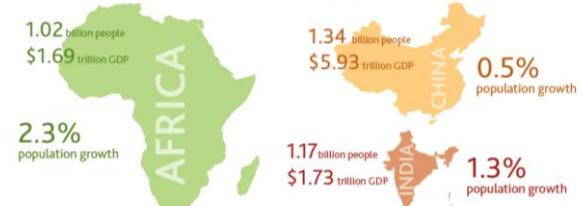


### Get to Know Tier 1: Trendy Aspirants and Progressive Affluents

Trendy Aspirants (21%) and Progressive Affluents (7%) represent higher-class African consumers, spending and earning more than other segments. Representing just 28 percent of the population, they control 47 percent of the income and 40 percent of CPG category spend. They are well-educated and predominately urban. Tier 1 consumers are willing to pay more for better service and they have higher penetration across most categories, especially discretionary categories like air-fresheners or deodorants. They are more likely to shop at modern trade stores and have high media usage, especially across the Internet and social media. They have the highest usage of Internet-based activities on the mobile phone with over half having more than one mobile line. Trendy Aspirants are young, ‘up-and-coming’ high-end consumers, while Progressive Affluents are older and tend to have families. Progressive Affluents are also better educated, belong to a higher socio economic class and are more likely to be online.

Africa by the Numbers: Africa outpacing India and China in population growth

AFRICA HAS 8 COUNTRIES WITH A HIGHER GDP PER CAPITA (PPP) THAN CHINA AND 15 HIGHER THAN INDIA



Source: The World Bank: World Bank Development Indicators; World Bank national accounts data, and OECD National Accounts data files, (1) United Nations Population Division, 2009: World Population Prospects: The 2008 Revision, New York, United Nations, Department of Economic and Social Affairs (advanced Excel tables). Available at <http://esa.un.org/unpd/wpp2008/index.htm>. (2) Census reports and other statistical publications from national statistical offices, (3) Eurostat: Demographic Statistics, (4) Secretariat of the Pacific Community: Statistics and Demography Programme, (5) U.S. Census Bureau: International Database, and (6) World Bank estimates based on the data from the sources above, household surveys conducted by national agencies, Macro International, the U.S. Centers for Disease Control and Prevention, and refugee statistics from the United Nations High Commissioner for Refugees.

## Get to Know Tier 2: Balanced Seniors and Struggling Traditionals

Balanced Seniors (17%) and Struggling Traditionals (10%) spend an average amount on CPG categories. Accounting for 27 percent of the population, they are responsible for 28 percent of CPG category spend, but only 22 percent of total income. They tend to be in their mid-thirties, are married, act as the head of the household, and mostly live in peri-urban areas. Common beliefs and attitudes are centered on strong family and religious orientations, respect for elders, and a keen focus on affordability. Balanced Seniors and Struggling Traditionals shop at traditional trade stores and are average consumers of mass media like TV and radio. Balanced Seniors are focused both on affordability and trust. While they spend the same amount as Struggling Traditionals, they earn considerably more. Build a relationship of trust to move them up the product chain to more expensive and discretionary goods.

## Get to Know Tier 3: Wannabe Bachelors, Evolving Juniors and Female Conservatives

Wannabe Bachelors (11%), Evolving Juniors (24%) and Female Conservatives (10%) are comprised of low-income consumer segments. Collectively, they make up 45 percent of the population, yet contribute only 32 percent of the total CPG

# Here Comes the Market Research Robots

By Boniface Ngahu

In advancing the research methodologies without respondents some researchers have experimented with an army of robo-respondents. They did this by creating research robots that constantly search the web for people like them picking their thoughts, blogs and photos and adopting them as the robot's own producing a human like person with a profile similar to thousands of people. Also termed as Digi-Viduals they observe thousands of people on the internet and tailor their own personality to be similar to that of the people, they filter the World Wide Web to produce insights, ideas and understanding.

They do this through the use of Twitter characters constructed from key words and emotions similar to a particular kind of a person. The researchers regularly send the Digi-Viduals to the net to seek the key words and tweets representing what should be the current 'feeling' they should adopt and then seek similar online contents in tweets, photos, blogs and videos and retweet them which helps in bring the target audience to life. The robots are efficient in making sense of the all the data on the internet and narrow it down to a certain profile of an individual or demography like continuous a virtual insight tracker.

They make sense of all the unprompted dialogue online and churn out insights in form of relevant tweets. All the researcher or the brand manager needs is to follow the Digi-Viduals representing the market segments of interest for top of the hour insights without having talked to even a single respondent. The technology developed by Brain Juicers has already earned them some reasonable revenue as indicated in their annual report.



*The Association is delighted to welcome GfK Retail & Technology E.A on board, our newest member in the corporate membership category.*

category spending. They are peri-urban, undereducated, shop at traditional retail outlets, and are least likely to buy expensive products. They demonstrate routine purchase behavior with affordability, availability and trust driving purchase decisions. Tier 3 consumers are receptive to audio visual media like TV and radio, but score low on print and Internet penetration. However, in spite of their low income and concern for affordability they are likely to own a mobile phone, which they use primarily for text messaging. Female Conservatives are deeply rooted in family and traditions. In order to meet their family requirements, they often buy items on discount and prefer to buy products that come in a variety of pack sizes. Tier 3 segments are likely to be married and value tradition and family as important aspects of their lives. In a stark contrast to Female Conservatives, Evolving Juniors and Wannabe Bachelors prefer to spend time with friends rather than be at home. While only three out of four Evolving Juniors own a mobile phone, those that are connected strongly outpace other Tier 3 consumers in terms of Internet penetration and usage of advanced mobile phone features.

**A Different Approach** In Africa, income disparities and diverse attitudes lead to very different buy and watch habits across both consumer segments and geographical regions. Pricing, promotion and distribution strategies will have to be modulated depending on the intended consumer segment or country. Getting into the mind of the African consumer to understand the beliefs and attitudes that drive buy and watch behaviors will be the key to unlocking Africa's potential.

The future of research is likely to be more hi-tech than you had ever imagined, still the role of the researchers will not be taken up by the robots, they will be required to be more intellectual in extracting actionable knowledge from the insights. Some researchers have also observed that this could be the beginning of the death of the respondents as we know them. We need to continuously improve our methodologies to suit the upcoming technologies while giving more value to our clients.

## MSRA CELEBRITY TALK



*Jonathan Karanja MSRA chairman, members during proceeding and Julius Mumo of Consumer Insight asking a question during the celebrity talk held in February 2012 at Southern Sun, Westlands*



*From left: Jonathan Karanja (MSRA chairman) Andrew Toboso (Director of Strategy Kenya vision 2030) Jane Nzomo (MD Consumer Options Ltd) and Boniface Ngahu (Marketing Director SBO Research)*

