

Research African opportunities before expansion

Business owners wanting to take their companies to the next level must identify new markets and Africa offers that. Now is a good time to look north: local retailers are eyeing new markets, the Rand exchange favours export and research partners with feelers on the ground can provide all the intelligence necessary to make informed decisions to maximising Africa's potential.

By [Shawn Henning](#) 17 Oct 2014



Africa does not only offer growth opportunities for big business, but for South Africa's smaller enterprises too. Authentic research insights into these new markets can inform sound growth strategies, helping enterprises alleviate some of the risk involved in African expansion.

South African retailers are looking to Africa with its rapidly growing consumer base that is eager for access to new products and services for expansion opportunities. This is not new but smaller businesses hopping on and going along for the ride is

While partnering with local retailers for growth helps eliminate some of the risks associated with venturing into new African markets, it is on-the-ground research that helps illuminate the potential pitfalls.

Risks are a natural part of tackling new territory, but they do not have to be blind risks. Understanding all the nuances of the local market allows businesses to make informed decisions. Our research, for example, informs growth strategies by providing insights around the performance of specific markets within the African context, the size and nature of these markets, and the best channels for product distribution.

These insights are underpinned by our experiences on the ground. We travel to these countries to see first-hand - how consumers shop, how they use products and services and how they connect with local and imported brands. Our South African clients are encouraged to join us on visits to these countries to interact directly with potential markets and look at growth prospects for their brands.

Needs an African approach

It is important for businesses considering African growth to know as much as possible about the local landscape, because the South African approach is not necessarily the African approach, and what works here often does not work in other countries. The days of hit and hope are gone; in this competitive environment, a targeted approach based on sound local knowledge is needed.

For the past 20 years, South African retailers such as Shoprite, Spar, Pick n Pay and Woolworths have worked their way across Africa, opening new stores. This has been coupled with steady growth from African retailers that too have been aggressively cultivating their continental footprints.

This retail expansion has begun to change the way African consumers shop and engage brands. Although fresh foods such as vegetables and meat are largely still bought at traditional open markets and dry goods and toiletries at stores, we have

seen a distinct change in purchase behaviour as consumers gradually move away from these markets where they have historically shopped to supermarkets where they can now buy everything they need. We expect this trend to continue into the future, particularly as retailers expand their footprint across Africa.

This is where we are seeing new opportunities opening up for South African businesses beyond just the major retailers. To local manufacturers, they are increasingly working with South African retailers to establish a foothold in Africa. As South African retailers are growing their presence on the continent, so manufacturers and suppliers are jumping on the bus with them and growing their brands too.

It makes good business sense: manufacturers and suppliers have an existing relationship with retailers; these retailers have walked this path already and know the opportunities and pitfalls; and these retailers understand the market and its unique consumer behaviour.

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