

When the going gets tough, the tough do more research

A recent downgrade in Africa's predicted growth reflects many of the difficulties facing sub-Saharan Africa. Nevertheless, there are those who remain cautiously optimistic, and some companies continue to forge ahead.



Graeme Pitt

Difficult times lie ahead, by all accounts, with sub-Saharan Africa battling with an apparently endless series of challenges from drought to political turbulence and plunging commodity prices. In the face of this, however, *The Economist* has released a special report giving grounds for cautious optimism.

[‘Making Africa Work’](#) reports that Africa as a whole is both more peaceful and more democratic than a decade ago, while “inflation has largely been tamed, most central banks are islands of excellence and many ministers boast of cutting red tape”, they note.

“Five of the 10 fastest reformers in the World Bank’s latest report on the ease of doing business are African. Better government has led to better results.”

They also report that absolute poverty has fallen from 58% to 41% and primary-school enrolment has risen from 60% to 80% over the last 15 years, while the number of deaths annually from malaria are down by more than 60%.

Africa: positive prospects

So despite the downgrade in Africa’s growth prospects, there still seems to be plenty to celebrate.

Graeme Pitt of Freshly Ground Insights (FGI) argues that Africa still holds appeal for many companies looking to expand.

“For example, America is going through a higher growth phase at the moment, but if you look at their growth projections in terms of GDP, it’s not as attractive comparatively to some of the African markets,” he says.

“And among developing countries, while areas like Brazil have a lot of opportunity for growth, if we’re talking about South African companies there’s probably more opportunity in Africa than to try and go into those markets.”

According to Pitt, industries across Africa that still offer promising prospects for growth include agriculture, while an extensive consumer base offers opportunity to the fast moving consumer goods industries.

“Other companies that are spending quite a lot of time, effort and money are the financial services companies, for example insurance companies, and all the services based around this,” says Pitt. FGI has also worked extensively with pharmaceutical companies looking to grow into African markets.

Knowledge is key

Pitt says it is critical that companies gain as much understanding as possible of relevant supply chains: “how to get your product to the right place and on time; understanding what and where the demand for your product is; how to get your pricing and stocking/service levels right; and so on...”

Primedia OOH Africa have a similarly positive outlook. The Africa division of the out of home advertising group has teamed up with Primedia Outdoor to bring into focus the markets exposed to their structures in 11 African countries.

Primedia Outdoor’s marketing services manager Johan Haupt said: “As far as we’re concerned, it’s all systems go. We’re continually investing in both staff and research to create a level of understanding of these markets comparable to what we have achieved locally.”

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