



African Growth and the impact on the Evolution of its Consumers

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Africa – the continent

- 53 countries (61 territories)
- Over 1 billion people = 14.8% of global population
- GDP per capita of the 10 richest African countries 25.2 times of the poorest 10
- Total trade as percentage of GDP is highest in Seychelles, 283.4% and lowest in Central Africa Republic, 37.5%
- Gross National Income per capita ranges from US\$14,980 (Equatorial Guinea) to US\$140 (Burundi)
- Over 1,000 languages are spoken across Africa
- Youth Literacy Rates range from 99.1% in Seychelles to less than 35% in some countries



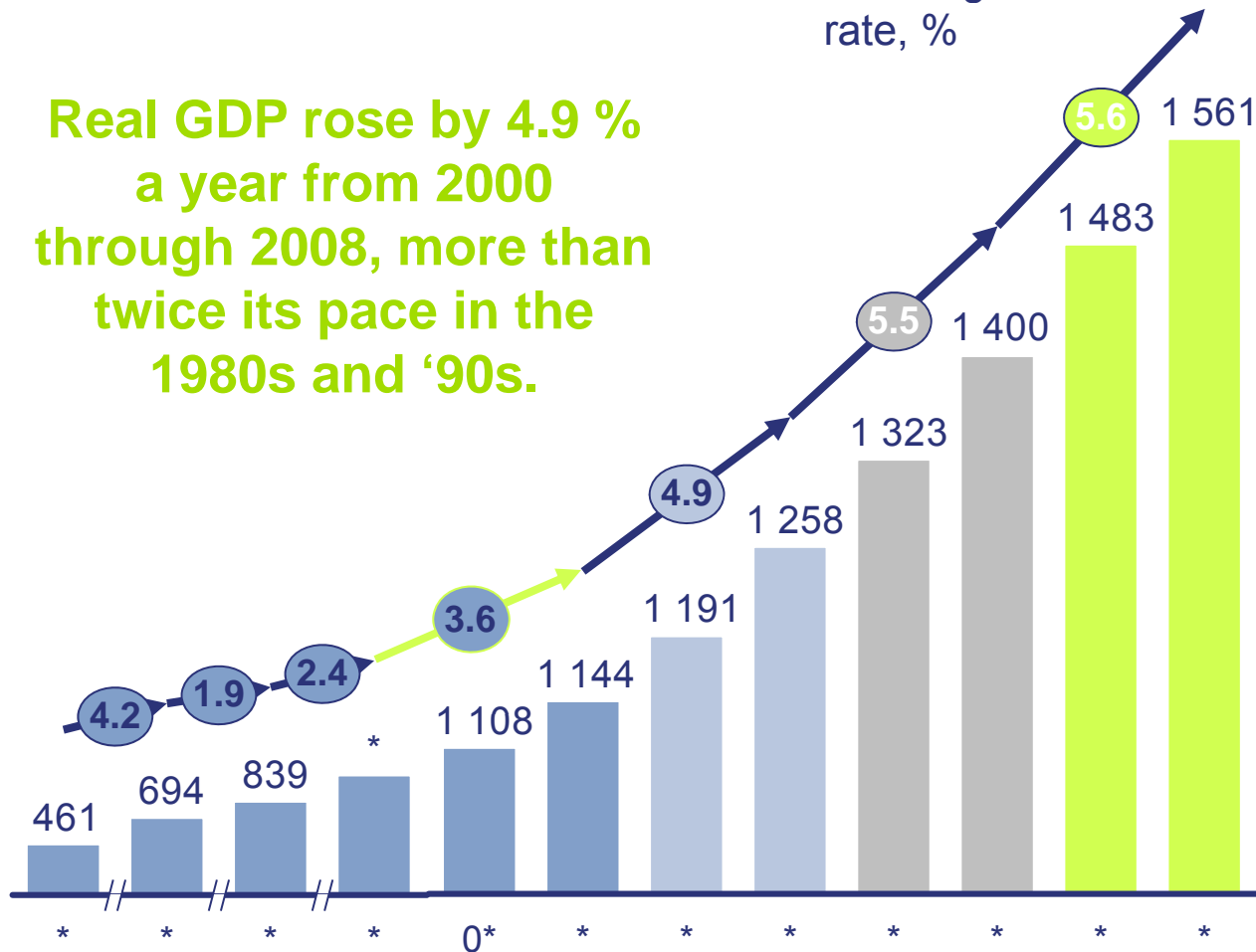
Africa: 3rd fastest growing economy



African annual real GDP, 2008
\$ billion

○ Compound annual growth rate, %

Real GDP rose by 4.9 % a year from 2000 through 2008, more than twice its pace in the 1980s and '90s.

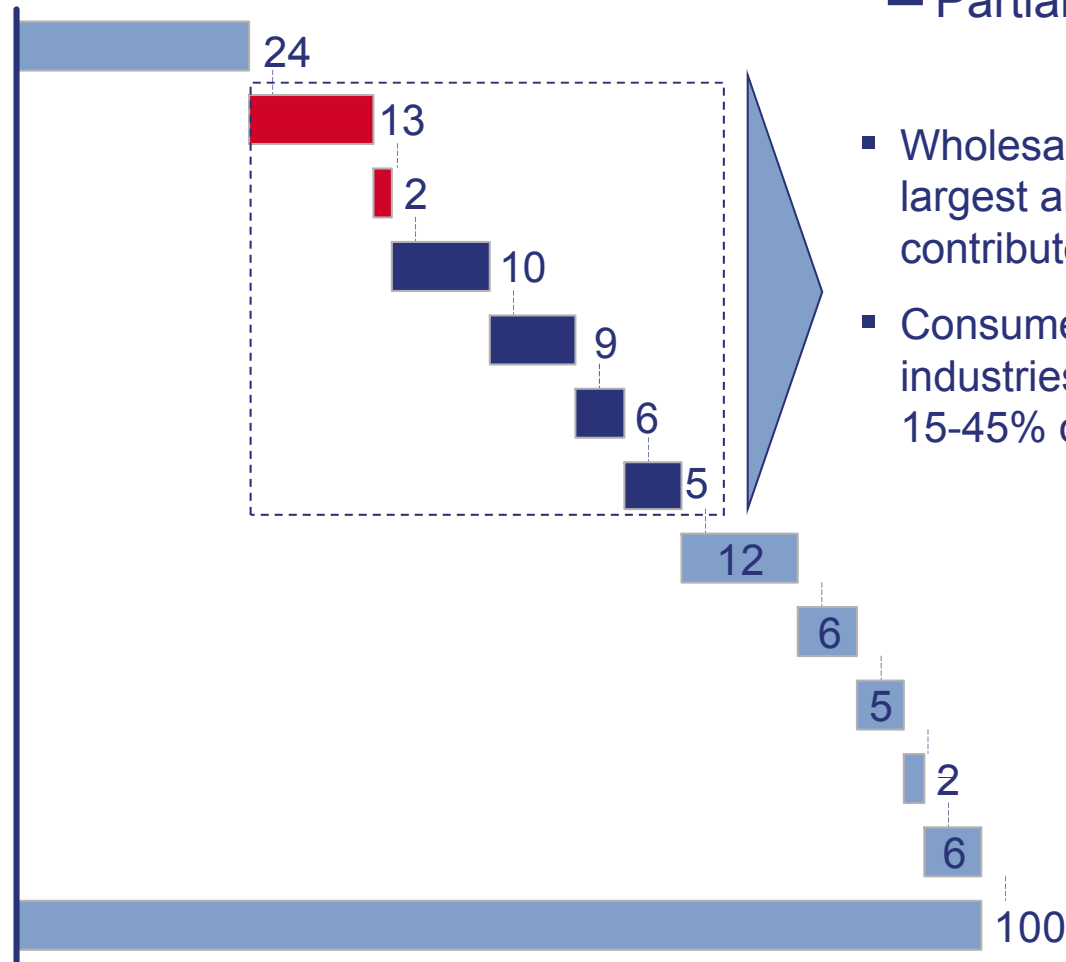


More than a resource boom



Change in real GDP 2002-07², \$bn 2005

- * Resources
- * Wholesale & Retail
- * Tourism
- * Transport, Telecoms
- * Manufacturing
- * Financial Intermediation
- * Construction
- * Agriculture
- * Public Administration
- * Real estate, B2B services
- * Utilities
- *¹ Other services



- Consumer facing
- Partial consumer

- Wholesale/ retail 2nd largest absolute contributor to growth
- Consumer facing industries account for 15-45% of the growth

1 Education, health, household services and social services
 2 Based on 15 countries representing 80% of African GDP and 85% of growth



Is this growth sustainable?

“Analysis suggests that Africa has strong, long-term growth prospects, propelled by external trends in global economy and internal changes in the continents societies and economies.”

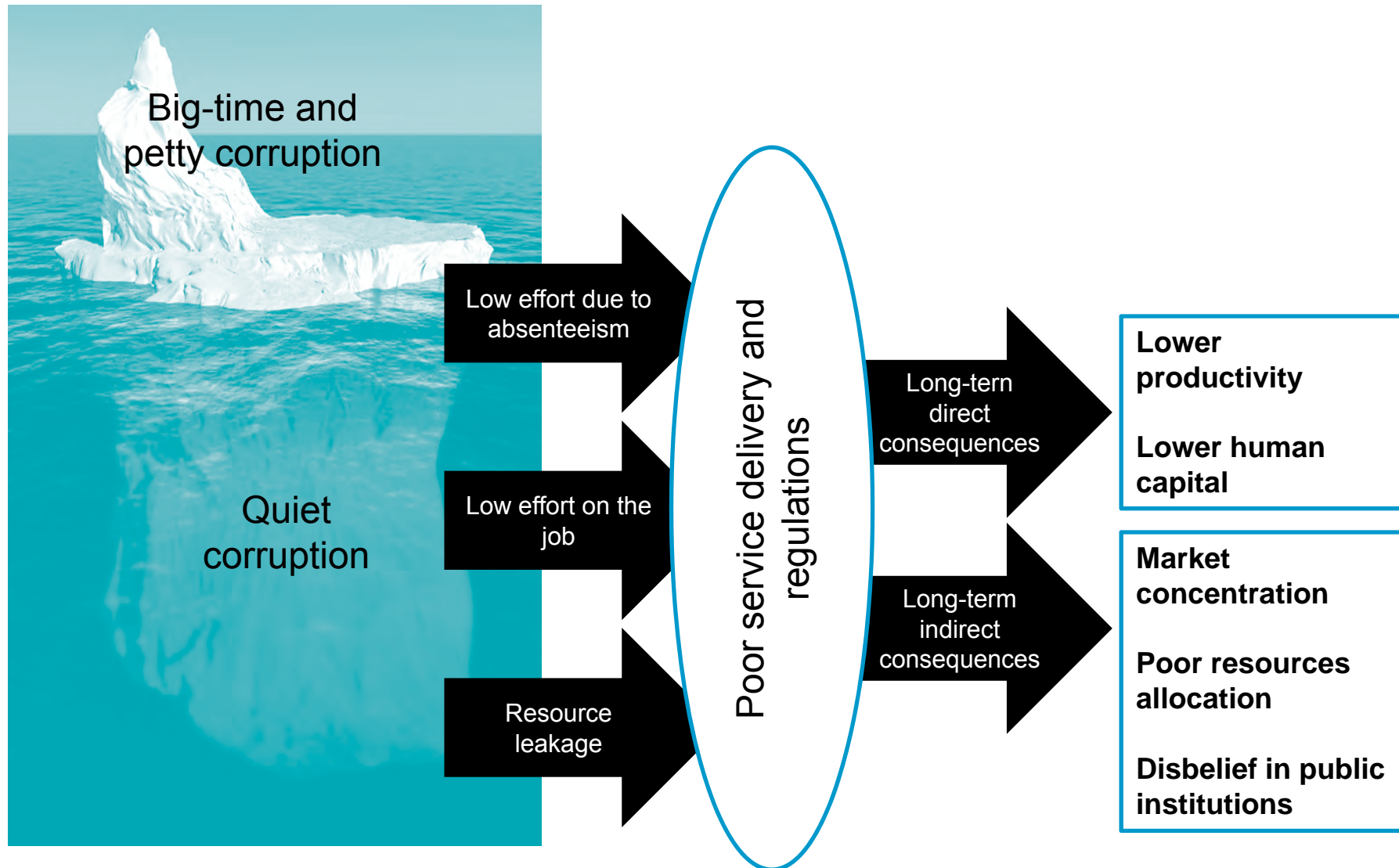
What's driving Africa's growth, McKinsey Quarterly, June 2010

Inhibitors to continued growth:

- Political and social unrest
 - Tunisia, Egypt, Algeria, Morocco, Libya
- Corruption
 - Big Time and Petty Corruption (monetary / power gain)
 - More dangerous, “quiet” corruption



Quiet corruption and its consequences



The Rise of the Consumer



- Long-term growth will bring about social and demographic changes
 - Urbanisation
 - Expanded labour forces
 - Rise of the middle-class consumer



BLT Experiences & Insights

Heading into the unknown...



Begin with an 'Honesty Review'...



- How successful is your business in your local market?
- Can cash/resources from your local operation help sustain growth in your targeted foreign market?
- Do you understand your competitive advantage and how it should apply in the new market?
- Have you sufficient & appropriate skills that are prepared to travel and re-locate? (Married; Children; Local commitments etc)
- Can your business plan support 'slippage' from unforeseen circumstances?
- Should we invest directly or offer licensing?
- Do we have strong local partners who we can trust?
- Can we mitigate risk through partnered investments e.g. Vodacom
- How willing are you to adapt your existing business & technology models?

Preprinted A4 Paper



Standard Issue HP LaserJet Printer

Bundled Packaging

“BULK PRINTING” - NIGERIA STYLE

BLT Experience of operating in Africa



- Carefully assess the political & social landscape
 - Stability is key
 - Free market principles
 - Access to market insight/information
- Establishing a commercial entity can be tough
 - Land Ownership
 - Local financing
 - SARB regulations
 - Repatriation of profits/returns
- Avoid bribes at ALL costs
 - Once you start it will never end
 - You will be asked
 - Always deal with on commercial terms

BLT Experience of operating in Africa

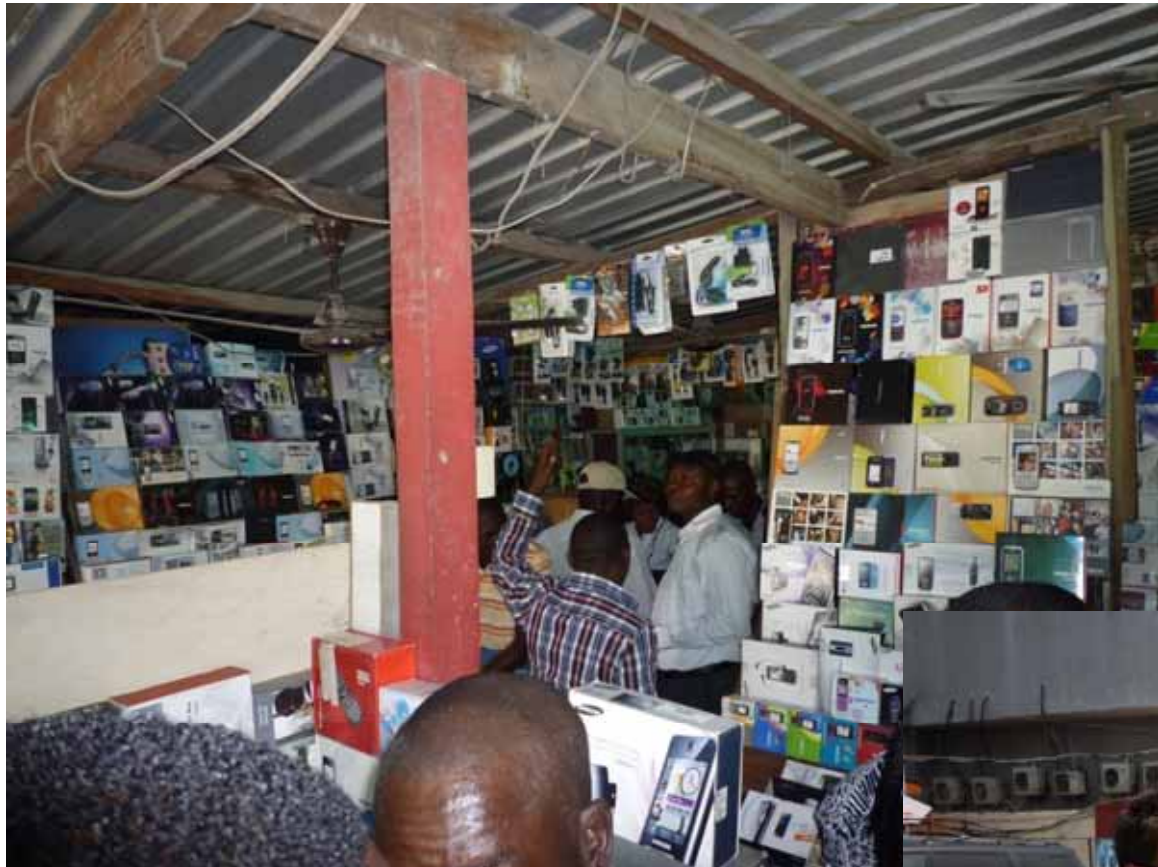


- Stay out of Politics
 - Respect the protocol
 - Engage the Offices of the Civil Service
 - Do not ask for favours – just laws and regulations
- Be Patient
 - It takes time to build trust and relationships
 - Respect the process
 - If you can't build a solid business case – don't go
- Lies, Damn Lies & Statistics...
 - Normal economic measures are sometime misleading
 - Information is not as readily available or reliable as South Africa
- Respect the Culture
 - Be aware of the impact of our South African culture
 - We are African – but still foreigners

BLT Experience of operating in Africa



- Treat each country as an entirely new exercise
- Only move when both you and that country are ready
- Act commercially at all times
- Make reasonable returns...you're in for the long run
- Be Local!
 - Local partners
 - Local knowledge
 - Local relationships
 - Local staff (No need for too many expats)
 - Local procurement of goods and services
 - Local laws and regulations
 - Local unions
 - Use reputable local companies
 - Have a positive local impact on business & communities



SALES CHANNELS



moneytalk...

The best thing about Rap is that it is not only easy to set up, it is also not expensive to set up, so your outlay is small, your running costs are minimal and because of the built-in metering system, there are no disputes over call times. You dial in the amount for the call and that's it - and it has a unique cashback display at the end of the transaction. So everything is cut and dried!



Claim a stake now in the business that's got everybody talking. A truly mobile business that you can take to where the action is, and reap the rewards of talk!

talking is money



how talking makes money





BUS CAMPAIGN



The leader in Abuja regarding branded outlets as well as distribution channels.

The Rising African Consumer...



- Brand conscious
- Price sensitive...extremely
- Not loyal – switches quickly
- Loves promotions and giveaways
- Increasingly connected...Cellular & Internet
- Increasingly urban
- More educated and aware – some with Int'l qualifications
- Very entrepreneurial
- Has more discretionary spending power – but selective
- Spends on communications before Coca Cola
- Most are young...below the age of 35
- Adopts rapidly for sufficient benefit
- Increasingly speaks & reads English – financial services

Don't underestimate your local consumers





Thank you