

AFRICA. TODAY'S OPPORTUNITY FOR GLOBAL BUSINESS GROWTH. EXPLORING AFRICANIZATION AS A KEY BUSINESS STRATEGY AND SUCCESS FACTOR FOR DOING BUSINESS IN AFRICA.

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ABSTRACT

Africa is clearly providing opportunities for large and significant business growth at a time where most other regions of the world are experiencing sluggish or no growth. However business success in Africa is not assured except with the knowledge of key business strategies and success factors for doing business in Africa. In this article I present Africanization as a key success factor and business strategy for doing business in Africa. Africanization, Africanize or Africanizing are different forms of the same word that simply means, "to cause something to be African". Africanization in the context of this article is what is done to a product or service entering the African market to increase its value to the African consumer. The process of Africanizing will make products stand out and be preferred by the African consumer, therefore ensuring a successful African market share.

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Introduction

The International Monetary Fund (IMF, 2012) tells us that Africa is clearly providing opportunities for large and significant business growth at a time where most other regions of the world are experiencing sluggish or no growth. However business success in Africa is not assured except with the knowledge of key business strategies and success factors for doing business in Africa. In this article I present Africanization as a key success factor and business strategy for doing business in Africa. Africanization, Africanize or Africanizing are different forms of the same word that simply means, "to cause something to be African". Africanization in the context of this article is what is done to a product or service entering the African market to increase its value to the African consumer. The process of Africanizing will make products stand out and be preferred by the African consumer, therefore ensuring a successful African market share. Africanization is the term I use in this article to describe the process of understanding the local African consumer via locally guided social and business research, and then presenting goods or services in a manner preferred by the local African consumer. I assert that if the goal for a business is to achieve the maximum sales and profit possible for its product in the African market, then the product should be Africanized. This article will expose how effective Africanizing a product is towards ensuring its success in Africa. First of all let us get acquainted with some background contextual information.

Background

According to the Mckinsey and company research findings in 2010, over sixty percent of the world's arable land for commercial and private agriculture is in Africa and the rate of return on foreign investment in Africa is higher than in any other emerging or developing market. The research also reveals that Africa's collective GDP will be \$2.6 trillion in 2020 and African households will spend over \$1.4 trillion in 2020 on consumer products

surpassing India and Russia. It goes on to state that by 2040 Africa's workforce will hit 1.1 billion surpassing that of China and India and by 2020, 50 percent of African households will have discretionary spending power. By all standards these findings are impressive and certainly exposes Africa as a big opportunity for global business growth. Africa is growing fast and presents good business opportunities. (IMF, 2012) projects that Africa will continue to experience GDP growth at a minimum of 5.5 percent into the future. (McKinsey, 2010) remark that its findings from empirical research suggest that Africa will continue to experience accelerated economic growth even as the developed world and other regions battle with sluggish or no growth. Companies select internationalization, or globalization as a growth strategy. They are essentially Market Development strategies, they are very important when the firm's home or traditional market is saturated or stagnant for various reasons, and offer little no further growth opportunities. However, as attractive Africa is for global business growth, it still remains a unique and challenging place to do business. According to a publication by Accenture in 2010, the World Bank rates the vast bulk of the continent as difficult to do business in, for many different reasons. The discerning CEOs of global businesses wishing to do business successfully in Africa should tread carefully and understand the value of Africanizing what they intend to do business with in Africa. I assert that Africanization should be understood and implemented by such companies, from research to marketing and sales, bearing in mind that the objective is to get the African consumer to prefer their product over other internationally presented products available. Africanization will achieve this aim, and to understand it better let us discuss more of what it entails.

Africanization. What It Entails

Africanizing entails getting the African consumer to know or believe that a particular product or service is of higher sentimental or physical value to him or her than the other. Therefore getting the African consumer to prefer this particular product over the other. This will naturally lead to successful sales or patronage in the African market for this product. To achieve this one has to draw on African tastes, preferences, customs, traditions and sentiments. Remembering that Africanizing means to cause

something to be African. A goal here is to get the African consumer to be consciously or sub consciously proud of the existence of the product or service. This way it is assured that he or she will choose and buy the product over others. Knowledge of what sentiments, tastes, preferences etc... to use to achieve this comes from research. Locally guided research into the life styles, customs, preferences, sentiments, influences etc...of the local African consumer. The knowledge of what needs to be done and to what extent will come from the locally guided research findings. A marketing and generic market share strategy will then be developed for the product and implemented. This Africanizing process can be undertaken by a business already in the African market to increase its market share, however in most of this article I refer to the business planning to freshly enter the African market. Africanizing what you intend to do business with in Africa should be your first and key concern, for the process will make a market share for the product. Other considerations and strategies should come after you are confident that the product will be successful in Africa. Details in Africanizing a product could involve redesigning its presentation package, repackaging in cost friendly quantities, associating the product with local celebrities etc...however it is suffice for the reader to understand that marketing and generic strategies come from the locally guided research mentioned before, Therefore let us discuss further Africanization as a business strategy.

Africanization As Business Strategy And Key Success Factor.

As I mentioned before, Africanization in the context of this article is increasing the value of your product to the African to ensure or increase your African market share. In this article I present Africanization as a key business strategy for doing business successfully in Africa. Africanization involves research and analysis of the African market with regards to the product or service a company does business in. investigating the African consumer needs, preferences and tastes in order to come up with a marketing plan and a product that meets the needs, preferences and tastes of the local African market. Africanization essentially is the aggressive or attack business strategy to assure the companies

place in the African market. Similar to a marketing or generic strategy a company would carry out to improve its market share in a given market. This is pretty much the essence of what a company would do to grow market share in a market it already competes in, the difference here is that I call it Africanization because it involves manipulating to meet the needs and preferences of the African consumer in the African market and I strongly recommend should be done before launching into the African market in order to avoid disappointing initial sales. In the same way that increased market share will translate to increased profits, so will making sure that there is an assured market place waiting for you in Africa will translate to success in Africa. Companies should be prepared for the possibility that their research into Africanizing could show the need for a combination of generic strategies to be adopted together with the marketing strategy. In this case not only to gain a competitive advantage but to ensure a profitable place in the African market. The Research process involved in Africanization should reveal a Market penetration growth strategy as explained by (Ansoff, 1957) in the Product-Market Growth Matrix. The point to remember here is that the aim of the Africanizing strategy is to get Africans to like it and buy it in very profitable quantities. In other words to achieve a high "Penetration" level for the product in the African market. There are notably other success factors or strategies for business success in Africa, however I assert that it is key that the product be designed, positioned and presented in a way it can sell well in Africa. Only then will it be meaningful for other success factors to be pursued and put in place. To help understand better Africanizations key place as a success factor for doing business in Africa, in is important for us explore other critical success factors through a brief literature review.

A Review Of Literature For Critical Success Factors

Not very much has been published on the factors or practices that lead to business success in Africa. This is more reason why this article is important, considering the ever-increasing interest and need for businesses worldwide to invest in Africa. Ernst & Young global limited recommend from their 2012 research findings five critical factors for success in doing business in Africa, 1.get a positive perspective on Africa 2. Invest in different places in Africa

at the same time Build up a portfolio. 3. Mix your existing human resource with locally obtained ones to ensure the best quality human resources. 4. Start from known economic hubs and expand. 5. Strive to make a socioeconomic impact and make it your Africa growth strategy. These should represent valid considerations for companies seeking to invest in Africa, however my criticism is that there is no mention of what should be done to the product or service entering Africa to ensure its success in Africa. The Africa Business pages (ABP, 2012) also offer other critical success factors such as: 1. Get a reliable business partners in Africa. 2. Go to the location you intend to establish a company. Have constant communication making sure that terms are fully understood and are executed. 4. A lot of patience and an open mind. 5. Use a consultant, especially those that have a real understanding of Africa. These are factors that should help while investing in Africa, however again there is no mention of what must be done to the product or service being brought in, to make sure sales and patronage are high and successful. In my words, how does the product or service become Africanized? (Chinedu, 2011) explains one of her critical factors for business success in Africa, is solving problems in the choice of product packaging or marketing. She goes on to say innovative ideas must be Generated to meet the need of the African people. She notes that research must constantly be carried out to make the brand popular with the people. Finally she explains that different choices must be made for the people along the social strata lines and even recommends creating earning opportunities for the people as marketers of the product. What (Chinedu, 2011) describes here supports what I have called Africanization. In 2010 Accenture carried out empirical research into why certain companies were succeeding in Africa. They tell us in their findings that successful foreign originated companies and products in Africa have been transformed and are now local companies with products or services meeting the local needs, tastes and wants of Africans. It is clear that findings and conclusions from both (Chinedu, 2011) and (Accenture, 2010) support the essence of what Africanization is and its importance in ensuring business investment success in Africa. Having discussed Africanization as a necessary business strategy for Africa and highlighted its key place through a brief literature review, let us discuss some examples.

Examples of Africanization

An assumption that Africans will buy in profitable quantities products or services designed and presented to appeal to other regions of the world is increasingly proving to be a wrong assumption and a costly mistake. The examples below all show companies, products or services succeeding in Africa that are intentionally and innovatively designed to satisfy preferences, needs, wants and tastes of the African consumer. SPAR retail stores in Nigeria all have a full-fledged restaurant section offering local foods and delicacies. This stems from the fact that Nigerian Africans are accustomed to sitting down for a quick local snack in between walking around and shopping. The Nigerian ministry of commerce and industry report 2012 (NMCI, 2012) reveals that Spars market share increased from 9.8% in 2011 to 19% in 2012. They attribute this significant increase in market share to the availability of locally cherished goods presented in a developed world environment. McDonalds McArabia burger is sold in Egypt, to Egyptian Africans in place of the traditional burger. It uses grilled lamb meatballs locally called "kafta" in Arabic bread, instead of the usual beef patties burgers. Indomie an instant noodle is the best selling instant noodles brand in West Africa. It sells only "jollof" "pep chicken" and "Cray fish soup" flavors in West Africa, which are flavors of traditional foods across West Africa. According to an editorial of the West Africa business review (WABR, 2011) Multichoice Africa the owners and operators of Direct Satellite Television Africa (DSTV Africa) faced strong competition in 2007 and lost market share from 67% of cable/satellite TV viewers to 40% in 2007 alone. It was losing market share fast to newly arrived competitors that had much more 100% local content entertainment channels. Multichoice Africa responded to this by reinventing itself and launching a bouquet service of all new local movie and entertainment channels. (WABR, 2011) reports that by 2009 they had returned to 68% market share, and by doubling the number of local movie channels, by 2011 they commanded 71% of the market. In 2010 Accra Ghana, the Africa business magazine (ABM, 2011) reports that architectural designs were solicited from all over the world for the local train station hub building. FIGH Architects from the United States won the contract. (ABM, 2011) tells us the judges and evaluators decided on them because their design theme and proposal was from Ghanaian history an edifice monument

heralding African Ghanaian culture. (Connectnigeria.com, 2013) supports my observation that Toyota cars sell the most in Nigeria, which is Africa's most populated country. Recently (bestsellingcarsblog, 2013) reports that 35% of every new car sale in Nigeria is a Toyota. Amongst local commercial bus and taxi drivers Toyota's sale slogan in Nigeria is "built for the Nigerians" apparently this has helped Toyota to connect with the Nigeria African market. In a 2011 survey carried out by (Chinedu, 2011) 65% of commercial transport drivers said that they preferred buying a Toyota because it was more durable than the competition and they used the phrase "Toyotas are built for Nigerians". The slogan represents an Africanization of the Toyota product. The survey by (Chinedu, 2011) mentioned above shows that it has helped Toyota succeed in Nigeria Africa. The slogan has certainly caught on with the commercial transport drivers in Nigeria. This is yet another instance of success via Africanization. Similarly (BBC News, 2013) reports Huawei has just launched a Windows-run Smartphone exclusively made for Africa. The customized or Africanized Smartphone is launched in partnership with Microsoft and comes complete with an African applications store.

All the above instances show companies, products or services intentionally and innovatively designed to satisfy needs, wants and tastes of Africans. They have undergone the word I use in this article "Africanization". I assert that the only logical reason for these companies to have taken the pains, time and money to have their products Africanized, is because at the least it ensures the market share and profitability of these products by making them preferred products to the African consumer. These companies are increasingly Africanizing their products taking advantage of the unique African preferences and tastes and turning it into profits and market share. They know that products designed to appeal to consumers in other regions of the world will not sell nearly as well in Africa as products designed for African consumers. So does every company wishing to do business in Africa have to Africanize its services or products?

Africanization A Must For Every Business Or Product-Services To Succeed In Africa?

The answer to this question is yes. If the business wants to get the maximum profit possible for its products or services sold in Africa. To back this assertion let us look at a recent survey carried out in Lagos Nigeria. Nairobi, Kenya and Maputo, Mozambique according to the Africa business Monitor (ABM, 2011) reports that survey participants indicated that they always chose products that had a local relation to Africa over another products that were just international when ever they had the choice. This was true for 73% of the 1000 participants. The products African relationship could range from the common knowledge that a product was designed for Africans to the association of that product with a local African celebrity via a TV commercial. The significance of this survey to this article is that it again supports the fact that Africans are looking for African related products to buy and if a business will provide that, it will succeed in Africa. Even the financial services sector such, as banks Africanize their services to ensure continued success. Banks in Nigeria, Ghana and Kenya for example, offer small loans to customers just before local traditional holidays. This is obviously a way for these banks to endear themselves to their consumers by identifying and integrating themselves with the local customs and traditions of the African. Many of these banks are FDI foreign direct investing companies in Africa, and much has been written about political instability, insecurity, and corruption lack of infrastructure etc... being some of the major challenges against FDI success in Africa, however I assert that Africanizing the business and its products ensures success in Africa in spite of these known risks and challenges. Let me elaborate a little more on this.

FDI And Business Success In Africa In Spite Of The Known Risks And Challenges

A lot has been written about the risks and challenges and even the “dangers” of doing business in Africa. Yet it is known that quite a number of international, global and multinational businesses have been succeeding in Africa for decades. An interesting question in the mind of the CEO or Investor wishing to enter the African

market should be how do these companies succeed in Africa? . However a key point I communicate in this article is that If the population cherishes a product or a service offered by a company then the company and its product will transcend conflict, because both sides of the conflict want and use it. It transcends political instability because the incoming and the outgoing political powers are all part of the population that uses it. Aligning your product or service with the needs and traditions of the local African population (Africanization) is the key to success for your business in Africa in spite of local conditions that would have made success difficult. It must be noted at this point that over time Africa has changed for the better. (Mckinsey, 2010) and (Chinedu, 2011) wrote that Africa's economic growth rate quickened between 2000 and 2008 the continent continues to experience unprecedented economic and commercial vibrancy and growth. Between 2000 and 2008 real GDP grew 5.0 per year this was more than double the rate between 1980 and 1999. (McKinsey, 2010), (Accenture, 2010) and (Chinedu, 2011) all tell us that the major reasons for Africa's economic and commercial growth surge are improved political and economic stability together with macro economic reforms. The point here is that Africa is not as difficult to do business in as it was a decade and a half ago, but it still remains a challenging place to succeed in business, with the World Bank rating the vast bulk of the continent as difficult to do business in, for different reasons However Africanization is not just for foreign companies investing in Africa.

Africanization Beneficial To Both Foreign And Local Companies

Africanization as a business practice should bring success to any company's endeavors in Africa, regardless of the company's origins. The foreign direct company in Africa certainly has plenty to gain from the practice of Africanization, but so does the local African company. This is true for the big multinational foreign originating company as well as for the indigenous big or small African company. This is because Africanization essentially is the aggressive or attack business strategy to assure the companies place in the African market. Similar to a marketing or generic strategy a company would carry out to improve its market share in a given market. Therefore it follows that an indigenous African

company seeking to strengthen or increase its African market share should “Africanize”. This means that the company should research and find a new marketing strategy and the appropriate generic or combination of generic business strategies to get its products to fulfill to a greater extent the wants, tastes and needs of the consumers in the existing African market place it operates. In other words increasing the value of your product to the African to ensure or increase your African market share.

Re-cap & Conclusions. Now that we’ve heard of Africanizing, lets use it.

The ever-increasing numbers of foreign direct investment into Africa show that global players recognize Africa as a big opportunity for growth and profits. Assuming that Africans will buy in profitable quantities products or services designed and presented to appeal to other regions of the world is the wrong assumption and a costly mistake. Africans want products that are designed to meet their needs and tastes, when a company provides this, it will succeed in Africa. In Africanizing a product it becomes a preferred product of choice to the African consumer, and that in turn ensures a market share and place in Africa for the product and its company. In recent times there has been what many have called an African “renaissance “ this is in step with Africa’s economic and commercial growth surge, which in turn is as a result of improved political and economic stability together with macro economic reforms. As the people hold their governments more accountable, and seek ways of improving Africa. This has led to Africans appreciating with their purchasing power what is African or for Africa whenever a choice can be made. Local and foreign companies that can take advantage of this are assured success when it comes to the African consumer, and this stresses the importance of Africanization as a key business strategy for doing business successfully in Africa. Companies should adopt Africanization as part of their growth into Africa strategy in order to ensure a market for themselves there. I have already asserted here that if the business wants to get the maximum profit possible for its products or services sold in Africa then it should Africanize its product or services. . A point to remember here is that the aim of Africanization is to get Africans to like it and buy it in very profitable quantities. Another key point I communicate in this article is that if the population cherishes a product or a service

offered by a company then the company and its product will transcend conflict, because both sides of the conflict want and use it. It transcends political instability because the incoming and the outgoing political powers are all part of the population that uses it. Aligning your product or service with the needs and traditions of the local African population (Africanization) is the key to success for your business in Africa in spite of local conditions that would have made success difficult. "Now we know Africanization lets use it".

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