

CAPITALISING ON BRAND AFRICA

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African brands are growing beyond the continent by simultaneously catering to local needs and doing business on a global scale.



Africa's most admired brands include Tusker, MTN, Woolworths and Globcom. PHOTO: Getty Images

“Local brands are still the dominant brands that Africans support. In the Brand Africa 100 survey, about two thirds of the most valuable brands in Africa are global brands, the rest are African brands. Within those brands, 72 per cent of those brands come generally from South Africa, 26 per cent from Nigeria and two per cent from Kenya,” Thebe Ikalafeng, CEO of Brand Africa, told CNBCafrica.com.

With the world being more open, African brands such as MTN, Dangote, Safaricom and Tastic Rice are not only carving a continental niche for them, and fruits of their growth are allowing them international exposure.

The remnants of Afro-Pessimism, according to Ikalafeng, however make it difficult for African brands to grow as quickly as others, as Africans themselves prefer to buy products and services not made in the continent.

(READ MORE: [Branding Africa for Africans](#))

“The purpose of bodies such as Brand Ghana, Brand Kenya, Brand South Africa, is really to drive the central messaging or positioning of the country. Secondly, to really push competitiveness of the country. IF we have a clear, consistent, coherent and desirable value proposition as an African country or Africa holistically, people will begin to support products of those countries,” Ikalafeng explained.

“The purposes of those institutions are really to drive that value proposition, that unified value proposition as well as to ensure that the countries themselves are very competitive. Having a unified national and Pan-African identity is quite important.”

AFRICAN BRANDS BY AFRICA

According to a Brand Africa 100’s Most Admired and Valuable African and Global Brands in Africa 2013 report, the top 10 African brands included telecommunications company South Africa’s MTN, Woolworths, and Shoprite, Kenya’s Tusker beer and Globcom in Nigeria. 90 per cent of MTN’s revenue comes from the continent, and 100 per cent for the rest of the brands.

Other South African companies in the list include Pick n Pay and Tiger Brands. South

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Africa, according to Ikalafeng, is a strong example of strong brand diversity which was born out of self-reliance. An enabling infrastructure and sturdy institutions also make its local conditions favourable enough to expand its products and services beyond its borders.

“South Africa was excluded from the rest of the continent and world for a long time, so it had to become self-sufficient, inward looking [and] self-resourceful. As a result, it created an internal capacity and capability to supply their needs,” said Ikalafeng.

Nigeria leads African banking category in Brand Africa’s 2013 report with Guaranty Trust Bank, Zenith Bank and Intercontinental Bank.

In retail, South Africa emerges at the top spot with Woolworths and Shoprite. Brands from both countries are responsible for gaining 100 per cent of their revenue from the continent.

IN THE LAP OF LUXURY

As international luxury brands begin the exodus into Africa, ready to cater to a middle class whose appetite for exquisite goods and services grow, it could mean that Africa’s local luxury brands could face significant competition.

Ikalafeng explains that the largeness of a global brand however will not necessarily overshadow an African brand.

“If you look at the high net worth individual rates in the world, Africa is number two after America, so the high net worth individuals are growing at 11 per cent in America, and in Africa at just over 9.2 per cent,” he said.

“Those high net worth individuals are constantly seeking luxury elements to spend their money [on]. There’s an attraction to Africa [but] will not make it necessarily difficult for us but what it will do is create an incentive for Africans to create luxury brands as well.”

(READ MORE: [Africa a potential luxury brand frontier market](#))

Companies such as luxury brand holding company Richemont, which manage international luxury brands under the leadership of South African business magnate Johann Rupert, could lead the continent to a point where African luxury brands will also be managed on a large scale.

“If you don’t have to go to London, you can get the same solution in Nairobi, Lagos or Johannesburg, you create an enabling environment to create intra-African products,” said Ikalafeng.

“Africans are now creating ‘made in Africa’ solutions. For African brands to thrive, it’s really about ensuring that those products and services made in Africa deliver on the needs of Africans, but they also deliver on international standards.”

Tags: retail, banking, Shoprite, MTN, Woolworths, Dangote, Richemont, Johann Rupert, African brands, Tusker, Thebe Ikalafeng, Brand Africa

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