



## **Research Simplified: Elevating the Impact of Market and Social Research in Africa**

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**Research: The next genetic component of businesses operating in Africa.**

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## **Abstract**

Africa is seeing tremendous growth evidenced by the growing African middle class which has risen to 34% of the population, expanding to 313 million. In 2008 Africa Spent \$860 billion on goods and services, 35% more than Indians or Russians and is projected to grow to \$1.4 in 2020 (*Harvard Business Review, May 2011*). This has lead to a growing client base interested in the market with insatiable research needs evidenced by the growing market research industry.

This paper aims to uncover the possible routes for researchers **to elevate the impact of Market and Social research in Africa.**

## **Hypothesis**

**“It’s not business as usual in Africa”.**

We would like to explore the notion market and Social research in Africa will need home grown solutions and/or research tools for our markets.

Research methodologies and tools though universal, do not have the ‘African’ addition / seasoning to it.

If we were to equate Research tools and methodologies to food, then it would all be foreign food.... E.g. Pizzas and Hamburgers that we love to eat but at the end of the day, deep down, we would still prefer our own local delicacies.

We need to inject ‘African’ seasoning to this meal that is called Market Research and research tools to have a better impact to businesses operating in Africa.

## **Background Information**

### **Why is Africa becoming a hotcake for clients?**

#### **1. Africa's impressive economic growth**

##### **Africa is now one of the world's fastest-growing regions**

Much has been written about the rise of the Brics and Asia's impressive economic performance but an analysis by *The Economist* finds that over the ten years to 2010, six of the world's ten fastest-growing economies were in **sub-Saharan Africa**. On IMF forecasts, Africa will grab seven of the top ten places over the next five years (this ranking excludes countries with a population of less than 10million as well as Iraq and Afghanistan). Over the past decade, the simple unweighted average of countries' growth rates was virtually identical in Africa and Asia. Over the next five years Africa is likely to take the lead. In other words, the average African economy will outpace its Asian counterpart.

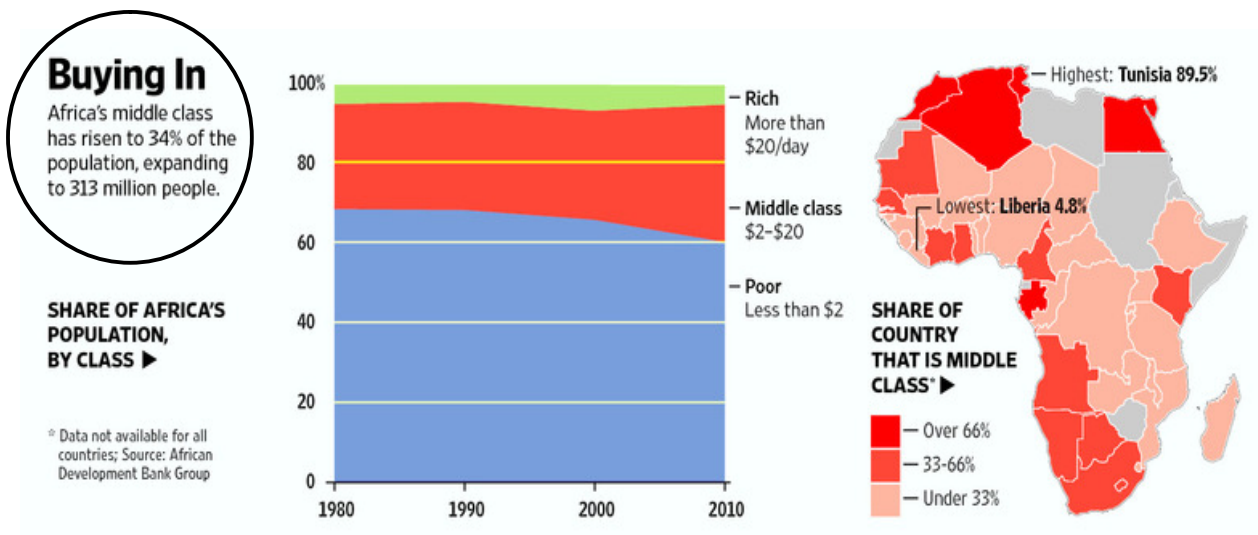
*(Jan 6th 2011, by The Economist online)*



## 2. Growth of middle class: Key current & future driver.

The growing market presents marketers with a bigger market to sell their goods and more competition for marketers because of the entry of other global players.

The growth of the middle class is as demonstrated below:-



(*Harvard Business Review*, May 2011)

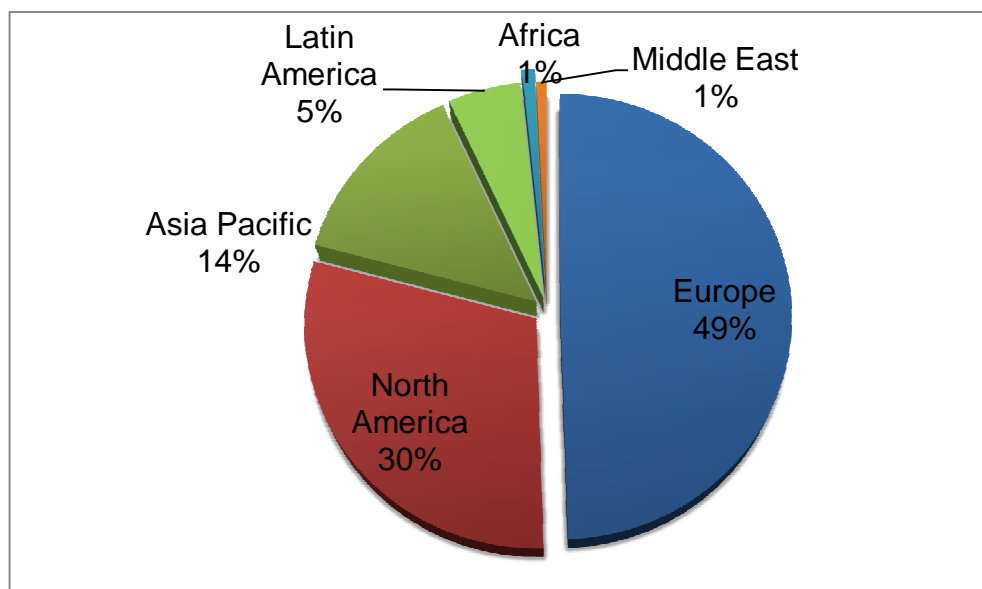
In 2008, African spent \$860 billion on goods and services ... 35% more than Indians or Russians spent and is projected to grow to \$1.4 trillion worth of good & services in 2020.

Though an immense opportunity for businesses in Africa, this also comes with its bag of challenges whereby the key to maximizing the opportunity lies in understanding the consumers. This brings us to our next point which is the role of research in this new dispensation:-

## Market and Social Research in Africa.

Market and social research is a growing field in Africa. This has been more **need** driven due to the good economic and socio-political conditions Africa is experiencing at the moment. Major research players have now set base in Africa and they are on course to growing their respective footprints in the continent.

Global research turnover is US\$ 32 Billion, of this, Africa contributes only 1% of global research turnover however Global average growth rate is 5% while Africa's growth rate is 15%.



*(ESOMAR Global Market Research 2010 - Africa insights)*

The incremental growth of the African market research industry is further indicated in the table below:-

	Turnover (\$ million)					Absolute Growth %	Net Growth %
	2005	2006	2007	2008	2009	2008/09	2008/09
South Africa	159	170	208	198	156	-13.3	-19.1
West Africa	26	31	35	43	46	+7.5	-2.0
East Africa	16	18	21	26	34	+27.6	+14.0
Maghreb	11	15	17	19	20	+8.1	+4.1
SADEC	5	6	7	8	9	+12.4	+0.7
Africa Total	217	239	287	293	265	-4.0	-11.0

*(ESOMAR Global Market Research 2010 - Africa insights)*

The 'elite' African consumer who is almost spoilt for choice (for products and services) now looks for value at the most competitive costs. Ever changing consumer attitudes and a very competitive landscape has kept marketers on their toes and hence creating a need for impactful market research. These are the reasons why the market research industry is growing leaps and bounds.

The changing consumer attitudes, market landscapes, socio-political landscape, brand communication metrics has led to increasingly changing client research needs meaning that it will not be business as usual to conduct research in Africa.

This paper explores possible routes for us researchers and for research bodies to take to make market and social research more impactful.

# Elevating the Impact of Market and Social Research in Africa

## 1. Human resource development

Market research is virtually unknown in Africa. Companies, learning institutions, development cooperation organizations as well as political institutions lack reliable data or struggle to get sufficient and accurate data for their work. There is also a lack of the necessary know-how and further training opportunities for marketing professionals required for sound market research. Very few higher learning institutions in Africa offer undergraduate and postgraduate degrees in market research, it is mostly offered as a unit(s) in other business degree courses. There is an urgent need to set up market research academies in Africa with strong curriculum on this subject to further enhance the profession. Strengthening cooperation between the various institutions offering training in market research will also be a key step in this journey. This is unlike social research where we have professionals graduating with degrees in their specific fields e.g. Anthropology and Population Studies.

To have a better and stronger impact, it is time for specialization in Market Research, Marketing and Social Research bodies e.g. MSRA, MRS, ESOMAR etc should be at the forefront in the curriculum development of the same. This is a long term approach to developing the human resource base and ensuring better personnel who work in the research field.

This will also enable clients to appoint well qualified people to their respective businesses to take over the portfolios of market research and hence create a better understanding and working relationship between the research agencies and the client businesses.

## 2. Training Homegrown Businesses & the Government on the Importance of Market Research

The bulk of revenue for market research agencies in Africa comes from multinational companies either operating in African markets or from their bases abroad. The uptake of research by local companies as well as the Government should be accelerated by training the businesses and the stakeholders in Government on the importance of marketing research. Although research spend is increasing gradually in Africa, there is still a long way to bring us up to speed with other markets globally. On average, we in Africa spend on average 0.2% of Gross National Product on research in Science and Technology, while the developed countries spend nearly 4% of their GDP on research and development. USA with a GDP of about 11 trillion spends on average 4 billion, excluding contributions of the private sector. This explains largely the advancement of the western economies when compared to African economies. The targeted spending for research and experimental development for African countries is 1% of GDP, as endorsed and decided by the African Union's Executive Council in 2006. Only Malawi, Uganda and South Africa spent above 1% of their GDP on R&D, whereas the remaining 16 countries in a 19 country survey spent only between .2%-.48%. (*African Innovation Outlook 2010 Executive Summary*). The summary of this survey recommended that science, technology and innovation (including R&D) become a greater focus of national developments across the continent in order to reach the goals to enhance Africa's growth and participation in the global economy. We cannot ignore the fact that research is critical to any economy and by informing the various businesses on the importance of research then we can improve the performance of these businesses and the economy at large.

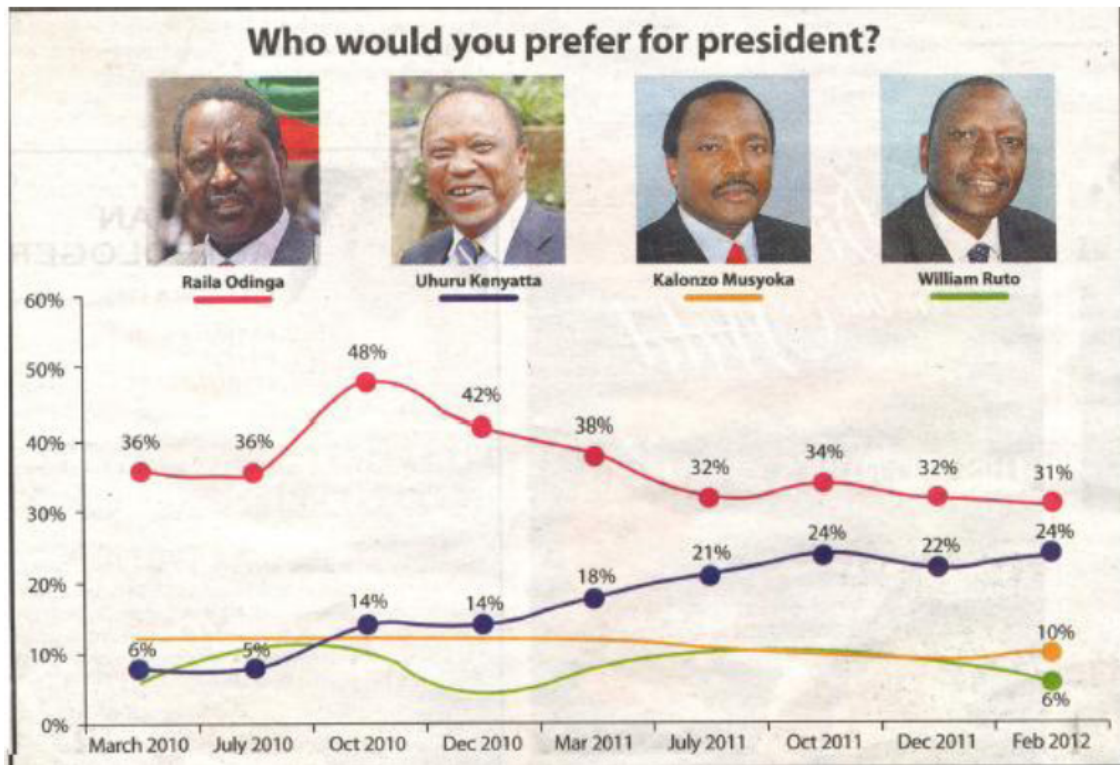


### 3. Grow/ Encourage issue oriented politics in africa using opinion polling

2012 is a busy election calendar in Africa. 20 countries are conducting various crucial elections which are good instruments for democracy in the continent.

Country	Election
<b>Algeria</b>	People's National Assembly & local
<b>Angola</b>	Presidential & National Assembly
<b>Burkina Faso</b>	National Assembly
<b>Cameroon</b>	National Assembly & communes
<b>Cape Verde</b>	Local
<b>Comoros</b>	Island Assemblies
<b>Democratic Republic of Congo</b>	President 2nd Round
<b>Egypt</b>	Local
<b>The Gambia</b>	National Assembly & local
<b>Ghana</b>	Presidential & National Assembly
<b>Guinea-Bissau</b>	People's National Assembly
<b>Kenya</b>	Presidential, National Assembly & local
<b>Lesotho</b>	National Assembly
<b>Mali</b>	Presidential, National Assembly & local
<b>Morocco</b>	Assembly of Representatives
<b>Republic of the Congo</b>	National Assembly
<b>Senegal</b>	Presidential & National Assembly
<b>Sierra Leone</b>	Presidential, Parliament & local
<b>Seychelles</b>	National Assembly
<b>Togo</b>	National Assembly

Opinion polling has in the past been used purely to rate candidate's popularity. It has focused on personalities and this has not gone well considering the ethnic nature of African politics.



*(Extract from a local daily in Kenya)*

Market research agencies conducting these polls have come under heavy attack from politicians and their supporters, some who perceive the agencies as working for the interests of their political competitors. Lack of regulation and support has made the situation for the agencies worsen since there seems to be lack of clear leadership / industry cohesion / regulation of the industry.

Africa has suffered a lot of coups, ethnic tensions, xenophobic attacks and wars because of the ethnic politics. Research can therefore be used as a starting point to gauge people's opinions about candidate's agenda on key issues like education, economic policies, health policies, infrastructural development etc. where opinion about the personalities will be issue based. This will also make the candidates to start thinking about the key issues and not just about their ethnic support.

#### **4. Review / Africanize research tools**

The current research tools are largely adopted from the western markets. Global tracking studies are a good example of this. The tools are the same globally, only the methodology differs i.e. PAPI for African markets and CAPI for Western markets. This duplication of questionnaires from the western world to Africa would be right for studies that may seek to understand the very basics like usage and awareness but the disconnect comes in when we are required to use the same tools to gauge attitudes and emotions as well as the other softer intangibles that clients would like analyzed. This would evidently not work because we are culturalized differently.

Basic segmentation for African markets is increasingly becoming a challenge since most agencies use the Pan African Living Standard Measure (LSM) to segment the respondents. The LSM uses the same set of questions across the different African markets. Our point of view is that the different African markets having different economic strengths should have customized questions to determine the LSM of the respondents in their respective markets.

#### **Summary and Conclusions**

As discussed above, in order to elevate the impact of market and social research in Africa we need to focus on the following issues:

- Human resource development – Adequate training for Marketing Research professionals

- Training Homegrown Businesses & the Government on the Importance of Market Research – Roping in these key stakeholders will propel us as marketers to greater heights
- Encouraging issue oriented politics in Africa using opinion polling – Will alleviate the current political quagmire in most African states
- Reviewing the research tools – Having localized research tools will make the research process more impactful