

Africa, get it while it's hot

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We know about the beady eyes of multinationals lasciviously sizing up Africa. Their markets are just about fished out and they're setting their sights on the burgeoning middle class that will take consumer spending to the often-quoted US\$1,4 trillion by 2020.

Africa has been growing almost 5% each year since 2000, making it the world's third fastest growing region, and according to McKinsey and Company it's not all about resources.

Wholesale and retail have been the second largest growth drivers, with consumer facing industries already accounting for one third of this advancement.

The boom is touted to continue, with consumer facing industries forecast to swell in excess of US\$500 billion, representing the largest business opportunity in Africa.

Those that arrived at the party too early, like Shoprite (SHP), Diageo and Unilever will be glad they did.

Speaking at the South African Council of Shopping Centres (SACSC) Congress in Johannesburg, Bill Russo, principal at McKinsey & Company SA, said Africa was "very much" on the radar screen of consumer companies.

Cadbury owner, Kraft Foods, will pour US\$150 million into Africa over the next three years.

"Make no mistake, the multinationals, particularly in the fast-moving consumer goods (FMCG) industry, are eyeing Africa," Johan van Zyl, manufacturing director of Kraft Foods Sub-Saharan Africa said.

Swiss giant Nestle meanwhile plans to spend US\$1.4 billion by 2015 to expand production capacity in Africa.

At the heart of Africa's predicted spurt is the emergence of a more prosperous consumer.

"Africa will have the world's youngest population and its working age population will exceed China and India by 2035," Russo said.

The draw card for global giants is the young, brand conscious consumers that will have discretionary power.

It is estimated that by 2020, there will be 128 million households in Africa making US\$5000 or more a year.

What this growth will create, are new consumer markets previously too small to be compelling to multinationals.

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