

# Africa embracing online liquidation stock as middle class grows

By [Paul Greenberg](#)

9 Sep 2013

There is a sharp increase in demand for cheap surplus consumer goods, particularly items from Europe, the US, China and South Africa in African cities.



Today, more than one-third of Africans are middle class, according to the financial consulting firm Deloitte that also projects that the continent's middle class will encompass 1.1 billion people by 2060, nearly the size of Africa's current population. These middle class families tend to live in cities that are highly aspirational and show eagerness to acquire product that is not necessarily in high demand in developed economies.

African traders and small businesses who are buying surplus inventory appear to be the perfect consumers and currently the market is not saturated. Big retailers in developed countries must deal with a glut of competition, especially as online shopping gains more and more traction. Africa, on the other hand, presents a vast new frontier. A shiny new mall or superstore can count on immediate brand recognition in a town dominated by small markets, which have the benefit of familiarity but tend not to be consistent in terms of pricing, inventory and quality control.

Bright Simons, a tech entrepreneur and consumerism expert in Ghana, argues that much of Africa's middle class consists of goods dealers and distributors. According to Simons, many African countries lack the necessary physical and legal infrastructure for Western retailers. Faulty power grids, hazy land ownership laws and a widespread lack of consumer data present unique challenges to companies used to operating on Western soil. It is common for start-up costs to exceed expectations and for long delays to put a damper on grand retail openings.

That is why e-commerce platforms are proving to be the perfect model for businesses to obtain cheap stock to resell into local markets. Businesses can simply order online and have these goods shipped directly to them. This kind of business

focuses on surplus goods, counter seasonal stock, refurbished product and returns. It sells at heavily discounted prices, which allow resellers to make a profit, while offering the end consumer bargain basement prices, especially while consumers are still feeling the economic pinch. Currently East Africa and West Africa are offering opportunities for this type of trade, but this will spread in time to come.

## ABOUT THE AUTHOR

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