

Strategic Marketing Africa discusses African middleclass myth

In the first 2016 issue of 'Strategic Marketing Africa', the quarterly journal of the African Marketing Confederation, covers 'Seeking the great African middleclass'.



The much-vaunted growth of the African middleclass has been a catalyst for attracting significant investment to the continent, particularly in consumer-based industries. However, in the light of recent concerns raised by a number of experts, is the size of the continent's middleclass turning out to be a case of miscalculation and over-optimism?

Africa's story of a middleclass rising has caught the world's imagination in recent years. Summing up a sea change in international attitudes towards Africa, the respected international business magazine *'The Economist'* proclaimed in 2011: 'After decades of slow growth, Africa has a real chance to follow in the footsteps of Asia'.

At that time, the idea of a rapidly expanding continental middleclass was grabbing the attention of international consumer goods producers and retailers. However, four years later, signs of growing disillusion are now coming to the fore, notes the journal.

"I am having serious doubts about the African middleclass growth miracle," the magazine quotes Graham O'Connor, CEO of Spar Group, as saying. The supermarket chain is active in 11 sub-Saharan African countries.

Nestlé also has serious qualms. The Swiss-based FMCG giant made tangible its concerns in June 2015 when it announced a 15% reduction in workforce and a 50% reduction in its product line in its so-called Equatorial Africa region.

In a frank media interview, Nestlé's CEO for the region, Cornel Krummenacher, conceded that growth had not lived up to

the group's estimates made in 2008. "We thought this would be the next Asia, but we have realised the middleclass here in the region is extremely small and it is not really growing," he said.

The comments are in strong contrast to the optimistic conclusion reached by the African Development Bank in a research study published in April 2011 and entitled 'The Middle of the Pyramid: Dynamics of the Middleclass in Africa'. The study came to a sensational and what has been a very influential conclusion: Africa's middleclass is far bigger and growing faster than originally thought.

Other topics under the spotlight in this issue of the magazine include a breakthrough for market researchers, who have finally developed an acceptable pan-African measure of socio-economic status, and an analysis of the challenges and opportunities facing tourism marketers on the continent.

Strategic Marketing Africa is published four times a year in print and digital editions and is distributed via marketing bodies in the African Marketing Confederation member countries of Ghana, Kenya, Morocco, Nigeria, South Africa, Zambia, Zimbabwe and Indian Ocean Islands. It is also available in selected airline lounges and embassies, and is mailed to a selected list of marketing industry professionals.

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