

Strategic Marketing Africa unpacks insurance industry opportunities

The second 2016 issue of the *Strategic Marketing Africa* unpacks the opportunities in the insurance industry, a warts-and-all report on the Nigerian PR industry, innovation by Zimbabwean brands, as they seek to overcome local challenges, and an analysis of the marketing opportunities in Tunisia.



According to the quarterly journal of the African Marketing Confederation (AMC), the continent's insurance landscape is one of extreme contrasts in terms of the size and sophistication of individual markets.

Africa is one of the world's great untapped markets for insurance products and services. However, the challenge for the industry's marketers is overcoming mistrust and a lack of consumer understanding.

South Africa dominates with an insurance penetration of 14% of GDP. Only five other African countries achieved penetration of over 1%: Namibia (7.2%), Mauritius (6%), Morocco (3.2%), Kenya (2.9%) and Tunisia (1.8%). Reflecting the scale of the challenge is the reality that the region's biggest economy, Nigeria, has an insurance penetration of a mere 0.3%.

South Africa's major insurance groups are leading the charge into various parts of Africa, but other big players include Saham Finances of Morocco and Allianz of Germany. The key ingredients for achieving success, according to industry experts, are consumer education, product selection, distribution and marketing, but applying them is easier said than done.

"All African countries are tough nuts to crack," says Nick Rudston of insurer MMI International. "[Companies] must look at a

long development cycle. It could be seven years or more and even then there is no guarantee of success.”

Achieving brand recognition is the first step. “In every market you must invest in order to get people to have trust in your brand before you start selling,” says Delphine Maïdou, Africa CEO for Allianz. “The peace-of-mind mentality that comes with insurance is often not there yet. Only when people suffer a loss do they realise how valuable insurance is.”

Product selection for specific markets is also crucial, as a product that works in one country may be a disaster in another. Funeral insurance, which is hugely popular in some markets, is an example. When Standard Bank launched a funeral policy in Mozambique, it clashed with the local culture and was viewed as a bad omen. The bank had to relaunch it as an education benefit for children in the event of the insured dying.

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