

Data, tech to transform retail market in Nigeria

The convergence of AI, tech, and data on Nigeria's multi-billion dollar plus retail market - will be a strategic focus to local and international developers, investors and retailers at the 4th Annual West Africa Property Investment Summit taking place on 15 and 16 November 2018 in Lagos.



Ali Djire, the country head of Fraym

Considered one of the world's most significant and accessible investment opportunities, the opportunity in the country has long whet the appetites of the world's capital movers; however, for many, the opportunity has been missed or misjudged to a lack of relevant, actionable and useful data.

A robust retail sector

One of the emerging thought leaders in the field is Ali Djire, the country head of Fraym, who believes that embracing a data-driven approach to retail will prevent further Nakumatt styled retail implosions. In a market under pressure with retailers struggling with underperforming new locations due to steep competition and a lack of critical consumer mix, access to data is increasingly transforming the fortunes of companies in the sector.

Says Djire, “The need for a data-driven approach is becoming an imperative for retailers to not only inform what products to carry on the shelf, but also to get unprecedented insights into where to locate their stores, how to price based on ability to pay, and how to respond to competition.”

Retails' growing value to the Nigerian GDP

According to Djire, retail currently accounts for 16% of the Nigerian GDP and is viewed by many as a new frontier of growth for local and international investors.

A view which is shared by Jan Van Zyl, head of property development for leading pan-Africa real estate development fund, Novare Equity Partners.

“Nigeria is the largest economy in Africa. Therefore, you cannot brand yourself as a Sub-Saharan Fund and not have a presence in Nigeria.” Adding that the fund is also looking at options in Ghana and Cote D'Ivoire.

While the scale of the opportunity in Nigeria has attracted many entrants over the past decade, experienced investors and developers understand that the formal retail market is limited and dynamic that can grow exponentially.

Millions invested

As Van Zyl explains, “We believe that we are at the right place, at the right time, and we have invested in four shopping centres in Nigeria since 2010 with a book value in excess of \$300 million.”

As one of Africa's bullish international funds in real estate on the continent, the pan-Africa fund is in the country for the long-term. However, while the recovery over the last 12 months has been slow, Van Zyl argues that this is not a Nigerian, but an emerging market phenomenon.

Recovery and elections

“Combined with elections in February 2019, we find that many potential new entrants are waiting on the sidelines until the uncertainty surrounding an election period has settled. It is important to note that, such a cycle is not Nigeria specific, but is experienced in most emerging markets throughout Africa and other continents.” However, he does note that there has been a trend of decreasing the size of future shopping centre developments in the current market, which is one way in which the market has recalibrated to cope with market relating to the recession.

For Kfir Rusin, the managing director of the WAPI Summit, the advent of data and new technologies are critical to quickening the somewhat slow pace of recovery in the retail sector post-recession.

The future

“As a pioneer in their field, Fraym's use of Geospatial data, AI and Machine Learning technologies can provide actionable intelligence on communities down to 1km² across the country. This unique and relevant data has the potential to be transformative catalyst of growth for the retail sector.”

With such useful smart data increasingly, many large market layers are actively recalibrating their approach. As Djire reveals, “We are actively working with global investment players, development organisations, as well as local companies, to get actionable market insights. Through our data, we are seeing early signs of companies leveraging Fraym's geospatial

data platform to streamline their operations and retail strategy. We see a growing need for actionable data for companies to be able to make effective decisions.”

As Rusin says, “This year’s West Africa Property Investments (WAPI) Summit will provide a platform for the traditional retail sector to network and realise the real-world benefits of how relevant data and tech is essential to growing the formal retail sector.”

For Djire, WAPI is a platform for engagement. As he says, “WAPI is the platform where the message of a data approach in retail could gain grounds. There is a unique opportunity to engage directly with decision-makers, demystify the concept of [geospatial] data, walk them through the idea of a data approach and how it could affect their business and bottom line. More importantly, it’s an opportunity to hear from them about the ways they think about the market, their business, and their consumers, to ensure that we’re all on the same wavelength.”

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