

# ARDI finds promising new markets for global retailers

AT Kearney's 2015 African Retail Development Index (ARDI) reconfirms the potential of many nations throughout Africa - not just oft-discussed markets like Nigeria and Ghana, but also small, dynamic markets such as Gabon, the ARDI's top-ranked market and home to sub-Saharan Africa's highest GDP per capita, and mid-sized but fast-growing countries like third-ranked Angola...



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The 2015 ARDI ranks the top-15 Africa countries according to market attractiveness for retail expansion. The ARDI is a useful framework for retailers, because it not only identifies the markets in Africa most attractive for retail expansion today, but those that offer the most potential in the future.

Bart van Dijk, AT Kearney partner and leader of the firm's consumer industries and retail practice in Africa, noted: "It might be most instructive to think of Africa as a set of opportunities that can be augmented and added onto one another, rather than just one singular opportunity. How you pick among the opportunities depends on your offering. Retailers with a basic offering should target the large cities and countries because scale will be important, while retailers with a wider offering should target emerging markets."

The ARDI is based on four dimensions: market size, market saturation, country risk, and time pressure, and ranks the potential and urgency of moving into each country accordingly.

Mirko Warschun, AT Kearney partner and leader of the firm's consumer industries and retail practice for Europe, Middle East, and Africa, commented: "If scale is not your biggest worry, Africa's mature markets - in the ARDI, they include Botswana, Namibia, and South Africa - remain solid points of entry, with established shopping cultures, relatively high wealth levels, and well-established infrastructure. In these markets it is important to bring a differentiated retail concept."

## 2015 ARDI results

The ARDI's top-15 highlight some interesting developments. Two small countries - Gabon and Botswana - are ranked first and second, while Ethiopia, with Africa's second-largest population, barely cracks the Top 15. South Africa, the most saturated market, takes a strong position even among less-developed markets with much less competition. The ARDI report includes a summary of all 15 countries in the Index, recommendations for the cash-and-carry retail model, and commentary on the opportunity presented by the East African Community: Kenya, Tanzania, Uganda and Rwanda.

The countries ranked in the Index fall into three main stages: basic, developing, and mature. The report also provides entry strategy recommendations for each stage.

Mike Moriarty, AT Kearney partner and leader of the firm's Global Consumer Institute, concluded: "Success in Africa requires analysis, understanding, and the flexibility to customise, but for those willing to take the risk, the rewards are plentiful."

## The 2015 African Retail Development Index Ranking and Segmentation

Index Rank	Country	Change versus 2014	Stage
1	Gabon	+4	Developing
2	Botswana	+6	Mature
3	Angola	+9	Basic
4	Nigeria	-2	Developing
5	Tanzania	-1	Basic
6	South Africa	+1	Mature
7	Rwanda	-6	Basic
8	Namibia	-5	Mature
9	Ghana	-3	Developing
10	Senegal	+4	Basic
11	Gambia	NR	Basic
12	Zambia	+1	Basic
13	Cote d'Ivoire	NR	Basic
14	Ethiopia	-4	Basic
15	Mozambique	-6	Developing

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