

DOS AND DON'TS WHEN EXPORTING IN SUB-SAHARAN AFRICA



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In collaboration with the Hellenic-African Chamber of Commerce and Industry

PRESENTER... JOHN KOURKOUTAS

- Materials Scientist, MBA in operations management, Secretary of the Zambian consulate in Greece (10+ years of experience in Africa in management and business development in 22 countries)
- 13+ years Africa experience, 4 in Zambia, the rest all over Africa. General Manager, Continent Manager, MD of an Exports&Business Development agency since 2016.
- Expertise in sales / marketing / management / international pan-African business development. Advisor to many Africa related organizations in Greece.

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PRESENTATION OUTLINE

- *Ανάγκες αγοράς ανά χώρα (Προϊόντα / Υπηρεσίες)*
- *Τρόπος προσέγγισης Αγοράς / Δημιουργίας επαφών / prospects*
- *Στάδια προετοιμασίας*
- *Κατοχύρωση σημάτων*
- *Πιστοποιήσεις*
- *Δειγματισμός*
- *Μελέτη Ανταγωνισμού*
- *Market awareness (Συμμετοχή σε Αποστολές / τοπικές εμπορικές εκθέσεις / διαφήμιση, κλπ)*
- *Culture Management / Διαπολιτισμική επικοινωνία*
- *Νομική κάλυψη συμφωνιών*
- *Διασφάλιση πληρωμών / Ασφάλιση πιστωτικού κινδύνου (Αναφορά)*
- *Logistics*
- *Τοπική χρηματοδότηση / εργαλεία*
- *Σημεία προσοχής*
- *Έλεγχος υγιεινής της χώρας, εμβολιασμοί που πιθανόν να χρειαστούν*



COMMON MISCONCEPTION

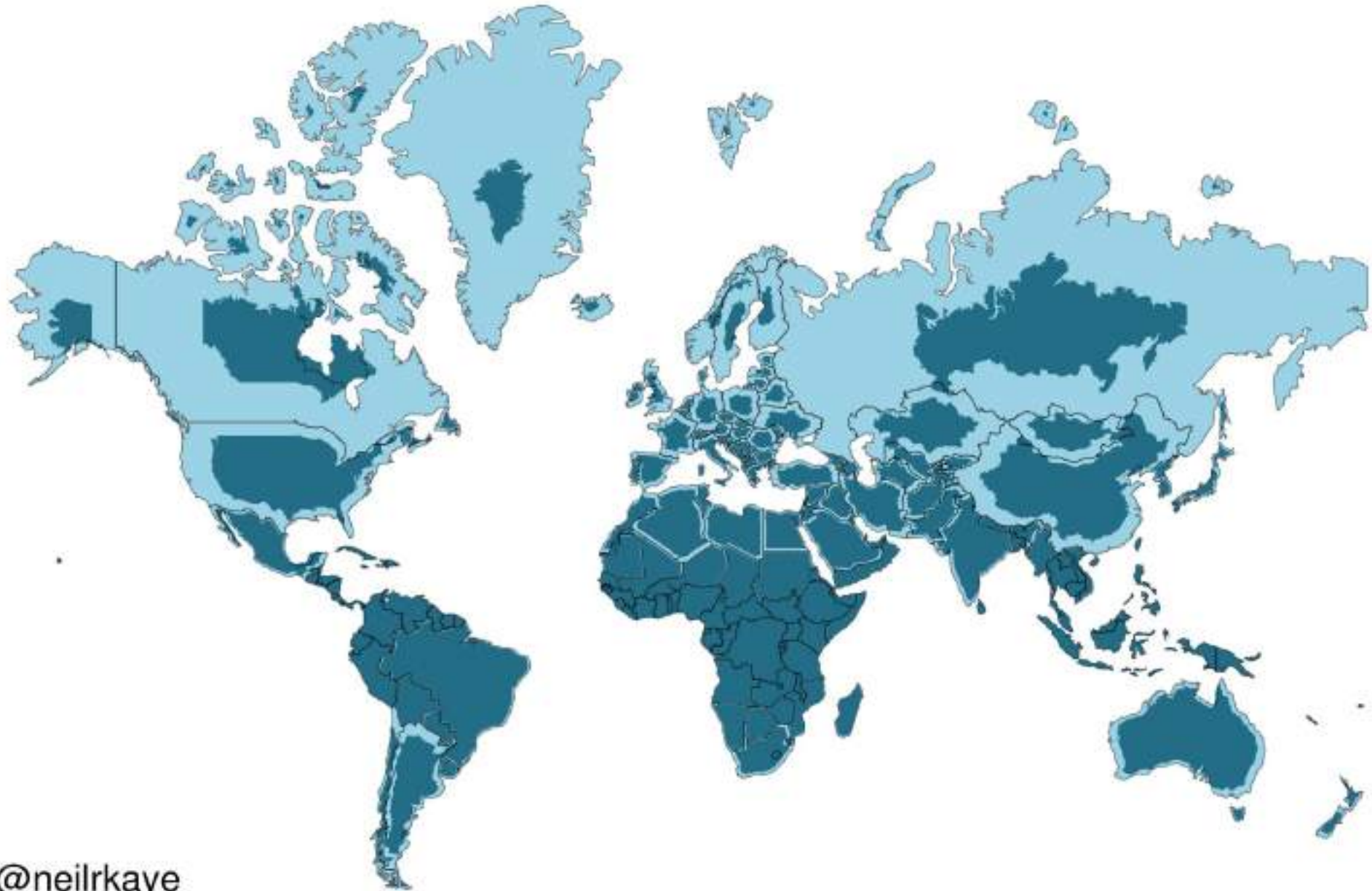


AFRICA

- Area: 30,370,000 km², 2nd
- Population: 1.2 bl, 2nd
- Countries: 54 (and 2 disputed)
- Languages: 1250-3000 native languages!!!



World Mercator projection with true country size added



@neilrkaye

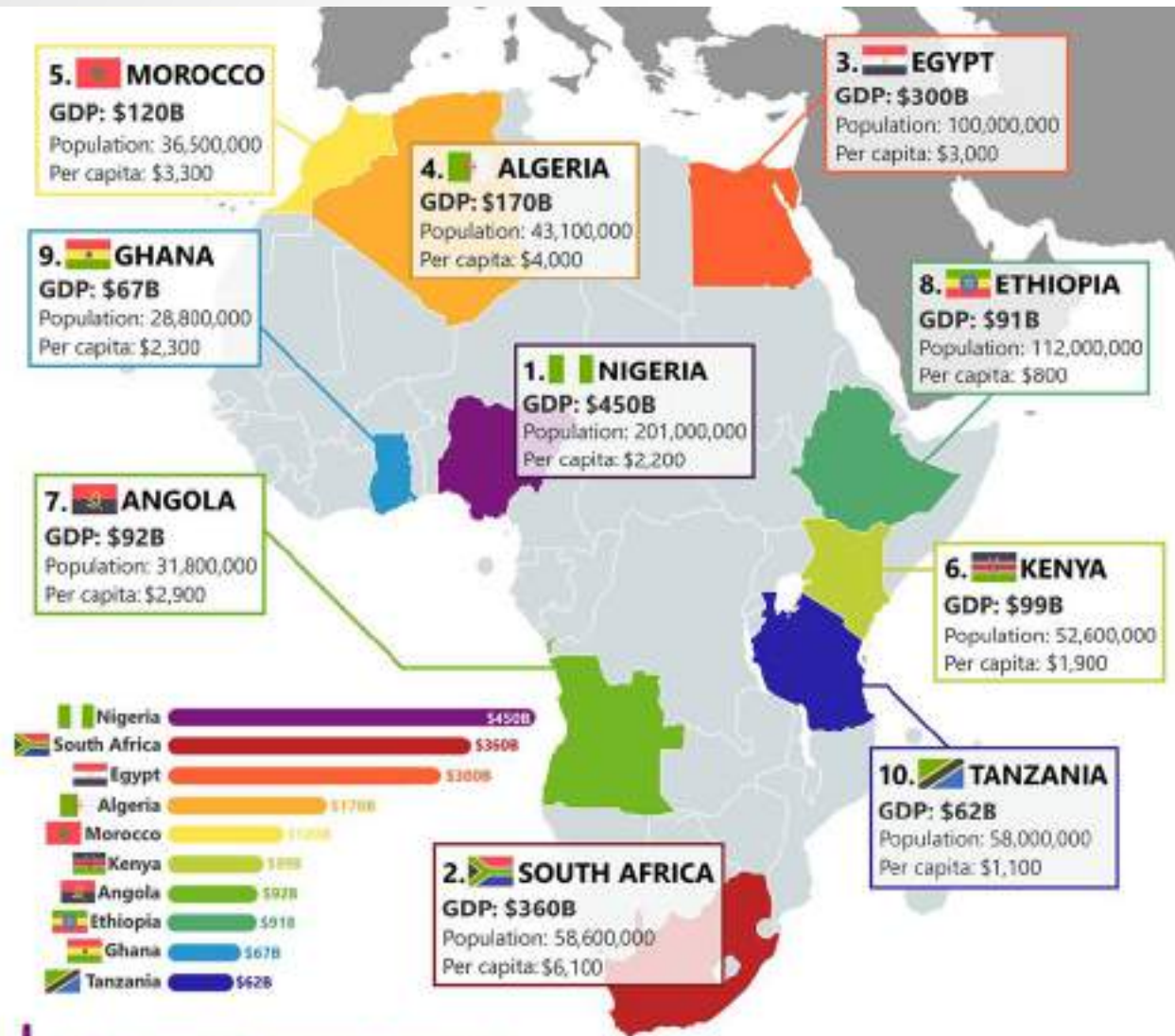
WHY AFRICA?



- Time Machine
- Demographics-50% under 25 years old
- Fastest growing mobile network in the world
- Western world products are very welcomed
- Rapid Growth
- Easier Competition
- Room to develop

WHY AFRICA?

- GDP rises by more than 5% a year from 2000 and on, more than twice its pace in the 1980s and '90s.
- Telecommunications, banking, and retailing are flourishing. Construction is booming. Private-investment inflows are surging.
- There is still room for development.
- Close to Greece.
- Closer to Greeks mindset vs. the rest of the western world.



10 largest economies in Africa

Source: International Monetary Fund, 2019
United Nations, 2019 population

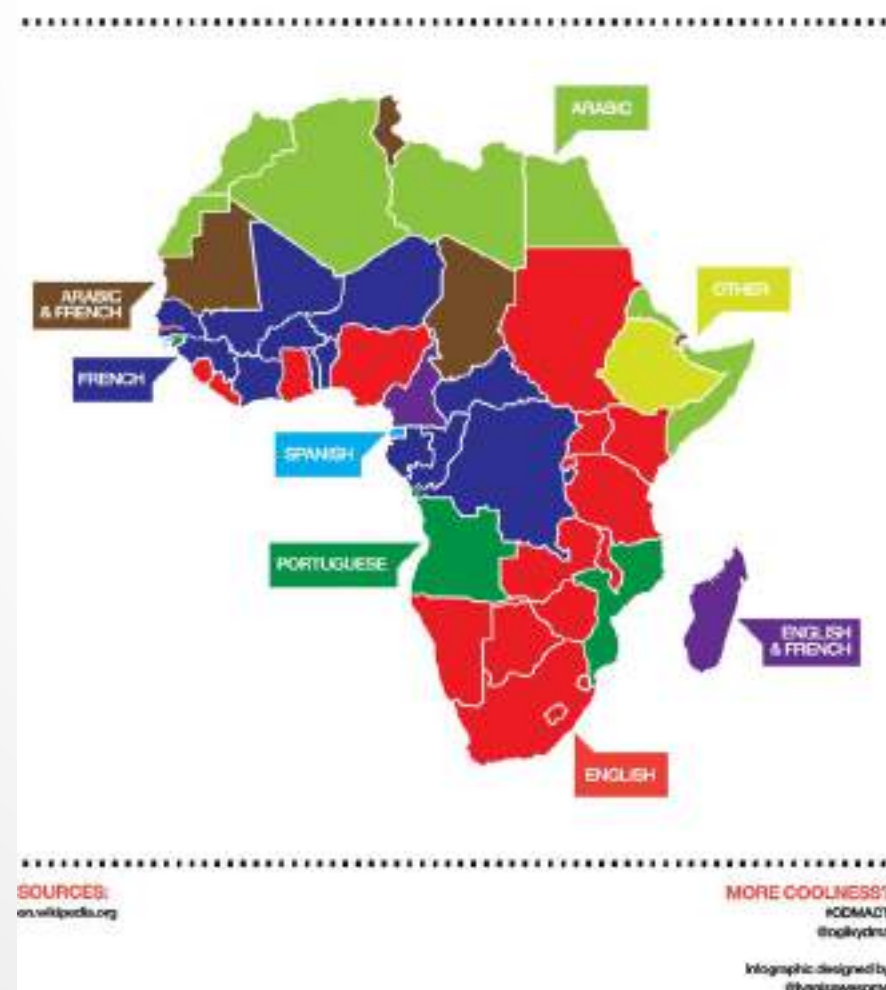


LINGUISTIC DIVERSITY



To communicate effectively with African consumers, companies need to deliver their marketing messages in a plethora of languages.

Business Languages in Africa



CORRUPTION

Shade of corruption

Perceived levels of corruption in 180 countries



10 - 19 20 - 99 30 - 39 40 - 49 50 - 69 70 - 88



Source: Transparency International

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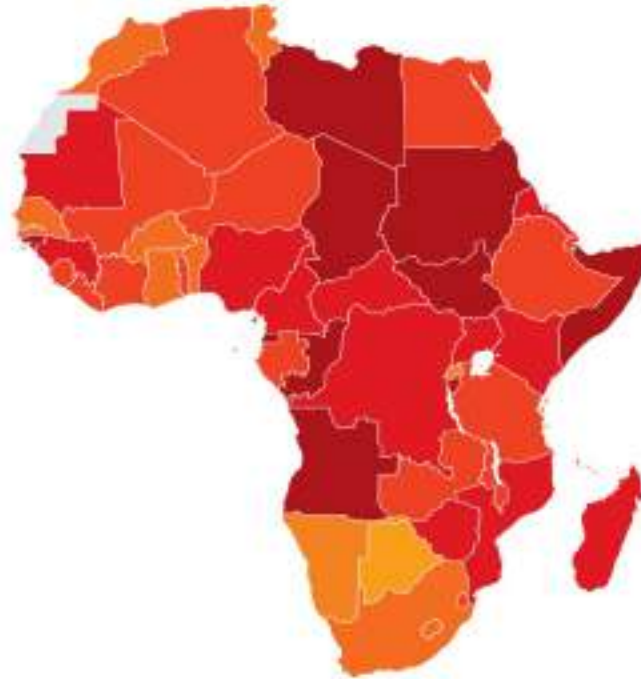
CORRUPTION

CORRUPTION PERCEPTIONS INDEX 2018

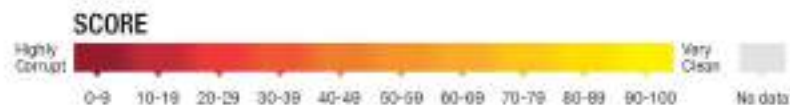
AFRICAN UNION

32/100

AVERAGE SCORE



SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK
90	Seychelles	28	35	Algeria	105	26	Uganda	149
81	Botswana	34	35	Côte d'Ivoire	105	25	Cameroon	152
57	Cabo Verde	45	35	Egypt	105	25	Madagascar	152
56	Rwanda	48	35	Zambia	105	24	Eritrea	157
53	Namibia	52	34	Ethiopia	114	23	Mozambique	158
51	Mauritius	56	34	Niger	114	22	Zimbabwe	160
46	Sao Tome and Principe	64	32	Liberia	120	20	Democratic Republic of the Congo	161
45	Senegal	67	32	Malawi	120	19	Angola	165
43	Morocco	73	31	Djibouti	124	19	Chad	165
43	South Africa	73	31	Gabon	124	19	Congo	165
43	Tunisia	73	30	Sierra Leone	129	17	Burundi	170
41	Burkina Faso	78	30	Togo	129	17	Libya	170
41	Ghana	78	28	Guinea	138	16	Equatorial Guinea	172
41	Lesotho	78	27	Comoros	144	16	Guinea Bissau	172
40	Benin	85	27	Kenya	144	16	Sudan	172
38	Swaziland	89	27	Mauritania	144	13	South Sudan	178
37	Gambia	93	27	Nigeria	144	10	Somalia	180
36	Tanzania	99	26	Central African Republic	140			



#cpi2018

www.transparency.org/cpi

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INDEPENDENCY



RELIGION

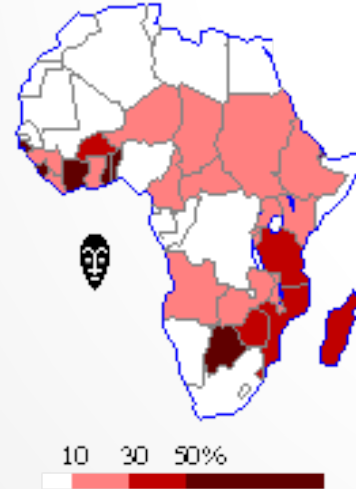
- Several Christian denominations: Generally liberal, close to western standards with lots of African elements.
- Muslims: Halal eaters, no alcohol
- Hindus: Special diet, flour, spices, dress code
- Locals: Mix



RELIGION



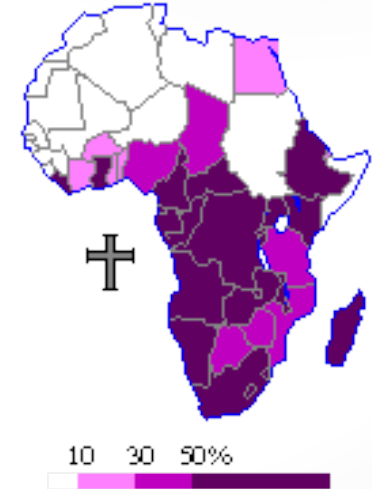
Traditional



Moslem



Christian



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UNDERSTANDING THE AFRICAN CONSUMER CASES OF COUNTRIES



WHY AFRICA?

KINDS OF ECONOMIES

- Developed economies: Egypt, Morocco, South Africa, and Tunisia
- Oil exporters: Algeria, Angola, Chad, Congo, Equatorial Guinea, Gabon, Libya, and Nigeria
- Transition economies: Cameroon, Ghana, Kenya, Mozambique, Senegal, Tanzania, Uganda, and Zambia
- Pre-transition economies: the Democratic Republic of the Congo, Ethiopia, Mali, and Sierra Leone



CASES OF COUNTRIES – NIGERIA

- Population of approximately 200 million people. In March 2016, PwC published a report, “Nigeria: Looking beyond Oil,” that raises the Nigerian economy to the top 10 in the world in 2050 with a projected GDP of \$6.4 trillion.
- Nigeria plays an important leadership role in both West Africa and on the African continent. The headquarters of the Economic Community of West African States (ECOWAS) is in Abuja. Nigeria, which represents roughly 70% of the 15-country ECOWAS GDP and over half of the ECOWAS region’s population, plays an outsized role in ECOWAS.
- Nigeria can be a lucrative market for companies that can learn to navigate a complex and evolving business environment. Established multinationals that have mastered operating in this chaotic regulatory environment make substantial profits despite the country’s low-income levels and logistical difficulties.

NIGERIA

GDP/CAPITA
(MARKET PRICES)

US\$2,049

(20 out of 54)

RMB INVESTMENT
ATTRACTIVENESS SCORE

5.6

(8 out of 54)

GDP (PURCHASING
POWER)

US\$1,168.5bn

(2 out of 54)

GDP (AVERAGE ANNUAL
GROWTH 2019-2024)

2.5%

(43 out of 54)

OPERATING
ENVIRONMENT SCORE

3.9

(26 out of 54)

CAPITAL

Abuja

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

193.9 (1 out of 54)

PRIMARY EXPORT

Crude petroleum

PRIMARY EXPORT DESTINATION

US

PRIMARY IMPORT

Manufactured goods

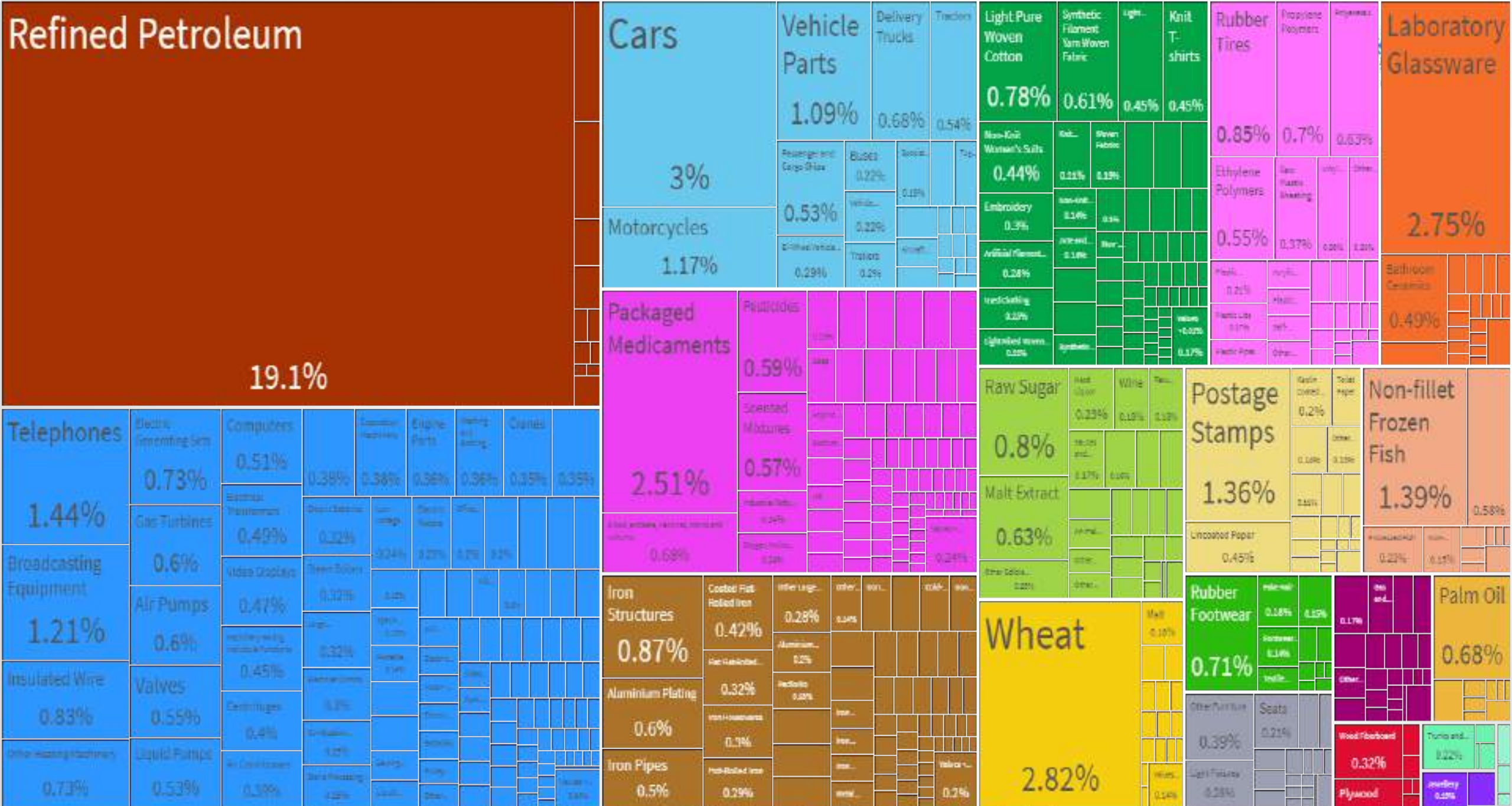
PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Inadequate supply of infrastructure





CASES OF COUNTRIES – SOUTH AFRICA

- Over the past decade, has experienced rapid change and is ranked by the World Bank as an “upper middle-income country”. Of the more than 400 companies on the continent earning more than \$1bn annually, about half are in South Africa.
- Have well-developed infrastructure and world-class financial sector to support business activities and is one of the highest-ranking African countries on the ease of doing business index.
- South Africa is considered the gateway into Africa thanks to its comparatively superior infrastructure, transport, telecommunications and highly developed financial and banking system.
- The telecommunication sector has shown excellent growth in the country and continues to grow
- Part of the Southern Africa Development Community (SADC).
- Appointments are necessary in South African business life. Regardless of their cultural background, most South Africans prefer a face-to-face encounter to a telephone call or email contact.



SOUTH AFRICA

GDP/CAPITA
(MARKET PRICES)

US\$6,377

(7 out of 54)

RMB INVESTMENT
ATTRACTIVENESS SCORE

6.2

(3 out of 54)

GDP (PURCHASING
POWER)

US\$789.4bn

(3 out of 54)

GDP (AVERAGE ANNUAL
GROWTH 2019-2024)

1.7%

(48 out of 54)

OPERATING
ENVIRONMENT SCORE

5.5

(6 out of 54)

CAPITAL

Pretoria

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

57.7 (5 out of 54)

PRIMARY EXPORT

Mineral products

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption



CASES OF COUNTRIES – KENYA

A country with a strong and resilient services sector and economy.

The country's major exports are tea, coffee, horticulture and tourism. Agriculture is the biggest contributor to its GDP growth. Within East Africa, Kenya has the most sophisticated manufacturing and financial industry. Despite the difficulties of 2020, the World Bank believes Kenya still has promise. It is a country that is full of potential. The reasons for this include a growing and youthful population and a highly skilled workforce. Not to mention how dynamic the private sector is.

- Plenty of business opportunities available
- English is spoken widely. The local language is Kiswahili.
- Personal relationships are easy to develop if you follow local culture and etiquette.
- It is easy to do business because there are no restrictions when it comes to how much equity percentage a foreigner can own in incorporated companies.



KENYA

GDP/CAPITA
(MARKET PRICES)

US\$1,857

(21 out of 54)

RMB INVESTMENT
ATTRACTIVENESS SCORE

5.9

(4 out of 54)

GDP (PURCHASING
POWER)

US\$177.3bn

(10 out of 54)

GDP (AVERAGE ANNUAL
GROWTH 2019-2024)

6.0%

(12 out of 54)

OPERATING
ENVIRONMENT SCORE

5.1

(9 out of 54)

CAPITAL

Nairobi

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

48.0 (7 out of 54)

PRIMARY EXPORT

Tea

PRIMARY EXPORT DESTINATION

Uganda

PRIMARY IMPORT

Industrial supplies

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption



CASES OF COUNTRIES - ZAMBIA

Zambia's macroeconomic environment is stable and considered to be the most favorable in the region resulting in reduction in the cost of doing business.

Key strengths that make Zambia an attractive investment destination include:

- Natural resources and manpower.
- Political stability since attaining its independence in 1964.
- The abolition of controls on: prices, interest rates, foreign exchange rates and free repatriation of debt repayments.
- 100% repatriation of net profits.
- International standard as well as a well-developed Stock Exchange.
- Double Taxation Agreements with several European countries.
- The establishment of Multi Facility Economic Zones (MFEZs).
- The acquisition of land by foreign entities facilitated by the Zambia Development Agency.



ZAMBIA

GDP/CAPITA
(MARKET PRICES)

US\$1,417

(26 out of 54)

RMB INVESTMENT
ATTRACTIVENESS SCORE

4.7

(17 out of 54)

GDP (PURCHASING
POWER)

US\$72.9bn

(17 out of 54)

GDP (AVERAGE ANNUAL
GROWTH 2019-2024)

2.8%

(40 out of 54)

OPERATING
ENVIRONMENT SCORE

4.7

(13 out of 54)

CAPITAL

Lusaka

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

17.8 (22 out of 54)

PRIMARY EXPORT

Copper

PRIMARY EXPORT DESTINATION

Switzerland

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing



CASES OF COUNTRIES - TANZANIA

- Large and growing population, strategically located with natural resources and is politically stable.
- Population of around 45 million and is the largest in East Africa.
- It is the main trade gateway for the five surrounding landlocked countries DRC, Rwanda, Burundi, Uganda and Zambia.
- Has beautiful natural resources, minerals in the form of gold, diamonds, copper, coal and recently discovered large deposits of natural gas along its coastline.
- Has been a democracy since its birth in 1961 and has never suffered through a civil war and its governments have been elected democratically
- Has had a growth rate of around 7% for five years and has been forecasted to achieve 7% or more real GDP growth over the next decade.
- Sectors like agriculture and livestock development, economic and financial infrastructure, transportation, manufacturing, petroleum mining, energy and ICT present a host of investment opportunities.



TANZANIA

GDP/CAPITA
(MARKET PRICES)

US\$1,134

(29 out of 54)

RMB INVESTMENT
ATTRACTIVENESS SCORE

5.2

(15 out of 54)

GDP (PURCHASING
POWER)

US\$175.8bn

(11 out of 54)

GDP (AVERAGE ANNUAL
GROWTH 2019-2024)

4.5%

(30 out of 54)

OPERATING
ENVIRONMENT SCORE

4.2

(19 out of 54)

CAPITAL

Dodoma

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

51.0 (6 out of 54)

PRIMARY EXPORT

Minerals

PRIMARY EXPORT DESTINATION

South Africa

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing



CASES OF COUNTRIES – NAMIBIA

-INFRASTRUCTURE AND LOGISTICS

Water infrastructure, power generation and transmission infrastructure, as well as the transport and logistics infrastructure, notably road, rail and port .

-SERVICED LAND AND HOUSING

Namibia has a deficit of affordable serviced land and housing.

-MANUFACTURING AND MARKET ACCESS

Incentives to manufacturing enterprises, particularly those that add value to local commodities. It facilitates access to the other 14 SADC member states.

-AGRICULTURE

To prepare for climate variability and mitigate drought, climate change adaptive technologies are required for crop production

-SOCIAL ENTERPRISE

Namibia values private social engagement, particularly specialists in health and education, to augment public provision of social services.

-TOURISM

Namibia is a popular travel and investment destination.



NAMIBIA

GDP/CAPITA
(MARKET PRICES)

US\$5,727

(8 out of 54)

RMB INVESTMENT
ATTRACTIVENESS SCORE

4.2

(24 out of 54)

GDP (PURCHASING
POWER)

US\$27.1bn

(34 out of 54)

GDP (AVERAGE ANNUAL
GROWTH 2019-2024)

2.7%

(41 out of 54)

OPERATING
ENVIRONMENT SCORE

5.2

(8 out of 54)

CAPITAL

Windhoek

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

2.4 (40 out of 54)

PRIMARY EXPORT

Cultured pearls, precious or semi-precious stones

PRIMARY EXPORT DESTINATION

South Africa

PRIMARY IMPORT

Consumer goods

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing



MANAGEMENT'S APPROACH QUESTIONS TO BE ANSWERED

- Marketing - which countries, which segments, how to manage and implement marketing effort, how to enter - with intermediaries or directly, with what information?
- Sourcing - whether to obtain products, make or buy?
- Investment and control - joint venture, global partner, acquisition?



MANAGEMENT'S APPROACH THINGS TO HAVE IN MIND

- Always take more time in Africa
- Absence of specialized intermediaries, regulatory systems, and contract-enforcing mechanisms
- Can't find skilled market research firms to inform them
- Few end-to-end logistics providers



MANAGEMENT'S APPROACH THINGS NOT TO DO

- Target the wrong countries or deploy inappropriate globalization strategies. Many corporations enter new lands because of senior managers' personal experiences, family ties, gut feelings, or anecdotal evidence
- Follow key customers or rivals into emerging markets

NOT TO DO LiST

- 1.
- 2.
- 3.



MANAGEMENT'S APPROACH THINGS TO DO

Research:

- Political and Social Systems
- Openness to business
- Product Markets: How easily can we do market research?
- Labor Markets
- Capital Markets



METHODS OF MARKET ENTRY

EXPORTING



- Manufacturing home based it is less risky than overseas based.
- Gives an opportunity to "learn" overseas markets before investing in bricks and mortar.
- Reduces the potential risks of operating overseas.



METHODS OF MARKET ENTRY

PASSIVE VS. AGGRESSIVE



- A **passive** exporter awaits orders or comes across them by chance
- An **aggressive** exporter develops marketing strategies which provide a broad and clear picture of what the firm intends to do in the foreign market

We were very aggressive, and when we're aggressive, it's hard to stop us.

Kerri Walsh

METHODS OF MARKET ENTRY

AGGRESSIVE

- Clearly defined
 - plans and strategy
 - product
 - price
 - promotion
 - distribution
 - research elements
- Seekers of export opportunities



HOW TO SUCCEED IN THE AFRICAN MARKET

FIND PARTNERS

- A good starting point is via an organization that specializes in marketing and business promotion in the African markets. Such organizations have not only the necessary experience and expertise, but also the right contacts to help you in your marketing efforts.
- Search for business associates in African countries.



HOW TO SUCCEED IN THE AFRICAN MARKET

MARKET RESEARCH

- Understand the areas of need and high profit
- Educate yourself about Africa
- Develop a sound business and marketing strategy
- Identify reliable business partners
- Visit the location if you intend to establish business
- Follow up on every arrangement
- Arm yourself with a lot of patience and keep an open mind because communication and correspondence from Africa may not flow as smoothly or as fast as you may expect

HOW TO SUCCEED IN THE AFRICAN MARKET

MARKET RESEARCH

- Understand the cultural environment of the African country in which you intend to do business.
- Use a consultant, especially those that have a real understanding of Africa.
- Be mindful of the three Ps of African business: Pensiveness, patience, and perseverance. Pensiveness demands the use of common sense.
- Lucrative as it may be the African market is not without pitfalls. Keep your guard up concerning transactions as far as possible.
- Establish direct contacts with your business counterparts in Africa by participating in trade fairs and exhibitions.

INTERNATIONAL AND LOCAL BRANDS 'ONE SIZE FITS ALL' MARKETING BY GLOBAL COMPANIES FAILS IN AFRICA



HOW TO GROW YOUR MARKET SHARE IN AFRICA

MARKET/COMPETITORS' RESEARCH



- Travel
- Socialize
- Spend time on the ground
- No one will tell you what you will find out
- Work closely with your partners
- Don't be afraid
- Do your own market research



HOW TO GROW YOUR MARKET SHARE APPROACH CUSTOMERS BUSINESS DEVELOPMENT



- Organize your email campaign effectively
- Follow up and evaluate
- Arrange meetings
- Use phone calls after emails, don't cold call
- Adapt to your potential customers' needs and mentality
- Continuous internal improvement of your company based on feedback

SAMPLING

- Choose your logistics carrier wisely
- Plan ahead. Long transit times
- Be careful of the packaging
- Mind the extreme and wide range of conditions
- Research the import procedure if you will do it
- Don't send the same samples to all. One size doesn't fit all.
- Africans like gifts and gizmos

PRICING

- Be prepared to lower your prices and margins in order to penetrate the market.
- Investigate thoroughly your competitor's prices by searching and travelling or with the help of experts or locals. Try to understand their pricing policies.
- Adapt to the country you are selling.
- Create your unique pricing strategy.



HOW TO GROW YOUR MARKET SHARE METHODOLOGY



- We need to decide exactly what we are looking for (B2C, B2B, exact target profile)
- Use the internet effectively
- Communicate with chambers of commerce and industry, embassies and other similar institutes both Greek & non-Greek
- Scan your competitor's web pages for useful resources such as dealers and distributors
- Continuous search of exhibitors and visitors of trade fairs
- Visit and exhibit in trade fairs
- Don't Buy leads

UNDERSTANDING THE AFRICAN CONSUMER

Consumer saving behavior differs across countries and cities

- Television and esp. **radio** are ranked as the most important and trusted channels for consumers to make purchasing decisions
- People listen to their friends and family, but they generally ignore them
- Africans have proven to be brand loyal, especially in West Africa

TRADEMARK IN AFRICA? NOT AS SIMPLE AS IT SEEMS

- There are two regional IP organisations in Africa: The African Regional Intellectual Property Organization (**ARIPO**) and the Organisation Africaine de la Propriété Intellectuelle (**OAPI**, in English referred to as African Intellectual Property Organization).
- The OAPI is a group of 17 predominantly Francophone member states: Benin, Burkina Faso, Cameroun, Central African Republic, Comoros, Republic of Congo (Brazzaville), Ivory Coast, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Mali, Mauritania, Niger, Senegal, Chad and Togo.
- ARIPO regroups mostly English-speaking African economies: Botswana, eSwatini (formerly Swaziland), The Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Rwanda, São Tomé & Príncipe, Sierra Leone, Somalia, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe.

EXPORT COMPLIANCE

- Many governments within the African continent have now implemented Pre-Shipment Inspection, Destination Inspection, Conformity Assessment or Pre-Export Verification of Conformity (PVoC) to Standards programmes to ensure their consumers are protected from sub-standard products and goods. Exports to these countries require a certificate of conformity or inspection to clear customs.
- Whilst the premise of each countries programme is similar (nearly all shipments must be inspected and certified based upon existing product conformity documentation, such as safety test reports & technical datasheets), there are slight variations in their requirements. Understanding these differences, and the compliance requirements related to your shipment is therefore vital. As a one size fits all approach will result in shipment delays and hinder your supply chain.
- Each country has its own list of what it considers to be 'regulated' products. The products are determined based upon product type and identified using HS/Commodity Codes. These products will be subject to the programme.
- Each country also has its own list of exempted products. This means certain categories of goods may not need certification to enter the country.
- Some countries also have a list of prohibited goods which are not allowed to enter the country under any circumstances.

PROMOTE & ADVERTISE



- **Internet:** email campaigns, social media, web site is viewable correctly from the target countries and **does not offend** the audience in anyway.
- Work with your **partners:** online or live seminars, guides, promotion activities.
- **Advertise:** Social media adverts, Google adverts, Radio, TV, Magazines, Newspapers, Flyers, Posters.
- **Trade Fairs:** Wide selection. Mind the value for money.
- **Business Delegations**

PROMOTE & ADVERTISE ADVERTISEMENTS



PROMOTE & ADVERTISE ADVERTISEMENTS



HOW CULTURE AFFECTS CUSTOMERS

In Sub-Saharan Africa, one finds that some factors that influence consumers' purchase decisions are unique to this region.

- Nigeria is a country that is not multi-racial. The other extreme is South Africa has much more opportunities for retailers to diversify as the country has multiple races.
- In Nigeria, women are mostly considered to be housewives. They make most of the purchase decisions. Nigerians have a generic dress code which is similar across most ethnic groups. This therefore impacts on the types of apparel products purchased by most people in the country. The same can be said about the masses in Kenya who mainly eat the staple food, ugali. It therefore makes it challenging for other food products to compete with this type of food thereby impacting on the consumer food service market.

HOW CULTURE AFFECTS CUSTOMERS

- Societal Values and Perceptions are also key influencers in consumers' purchase decisions, like social status and homosexuality.
- Very few consumers are well informed about the products they purchase.
- Health & diet products are not very popular amongst consumers but increasing rapidly.
- Household income size is another factor that plays a big role in consumer behavior.
- Religion

BODY LANGUAGE

- Raising the right hand in a fist is regarded as a symbol for black power.
- Holding both hands out in a cupped position is a gesture meaning what "the gift you may give me, will mean so much that I must hold it in two hands."
- Nodding up means yes. Also sides(Indian)
- Extending your hand with your palm facing outward and closing it so that your fingertips touch repeatedly so it looks like a "flapping" is used to tell someone that their car blinker is on.
- The "friendly" handshake
- Avoiding eye contact with superiors



BODY LANGUAGE



In contrast, here are some gestures that should be avoided:

- Pointing a finger at someone
- Standing close when speaking with someone
- Speaking to someone while your hands are in your pockets.

AGREEMENTS & PAYMENTS

- Always agree upfront payment for new customers.
- Seek for agencies who provide insurance on sales-54 countries mean a lot of different cases.
- Use the banking system as much as possible and request payments from reputable banks.
- Accept cash only on rare cases and only if you are fully aware of the situation.
- Examine each case before agreeing, having in mind all the details such as banking fees etc.
- Agreements don't mean much in most cases. Be careful what your strategy is.
- If you have local representation, then agreements matter.
- Better safe than sorry



BASIC ISSUE IN AFRICA

POOR INFRASTRUCTURE

- Only about one-third of Africans live within two kilometers of a paved road,
- Travel within the continent is prohibitively expensive and difficult, with transportation costs five to eight times than in markets such as Brazil or Vietnam,
- About 70 percent of the population has no access to electricity,



BASIC ISSUE IN AFRICA

POOR INFRASTRUCTURE



TYPICAL ROAD



WHAT VACCINATIONS DO I NEED FOR AFRICA IN 2021?



- Flu
- MMR – measles, mumps and rubella (German measles)
- Polio
- Hepatitis A & B
- DPT – diphtheria, pertussis (whooping cough) and tetanus
- Yellow Fever
- Malaria
- Travel health insurance



SUPPLY CHAIN IN AFRICA ISSUES

- **Demand Planning:** Difficulty in forecasting demand, dealing with fluctuating costs and often depreciating currencies, results in a fragile domestic supply chain.
- **Counterfeit and Parallel Imports & Corruption:** Counterfeit and parallel imports remain a major concern in many markets, while several countries struggle with high levels of bribery and corruption.
- **Supply Chain Risks:** Ever evolving risks ranging from conflicts to terrorism lead to major disruptions in the supply chain where risk in one area can easily affect the whole supply chain.

SUPPLY CHAIN IN AFRICA ISSUES

- **Territory & Road Infrastructure:** Lack of infrastructure results in poorly connected markets.
- **Lead Times:** Landlocked countries are particularly impacted where the lead times are significantly longer.

**THE KEY IS ONCE MORE TO UNDERSTAND THE MARKET
CONDITIONS AT HAND**



FREE TRADE ZONES

AFRICAN CONTINENTAL FREE TRADE AREA



- The African Continental Free Trade Area (AfCFTA)[8] is a free trade area which, as of 2018, includes 28 countries
- It was created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations.
- The free-trade area is the largest in the world in terms of the number of participating countries since the formation of the World Trade Organization.

FREE TRADE ZONES

VARIOUS FREE TRADE AREAS

African Economic Community

Pillars regional blocs (REC) ¹	Area (km ²)	Population	GDP (PPP) (\$US)		Member states
			in millions	per capita	
AEC	29,910,442	853,520,010	2,053,706	2,406	54
ECOWAS	5,112,903	349,154,000	1,322,452	3,888	15
ECCAS	6,667,421	121,245,958	175,928	1,451	11
SADC	9,882,959	233,944,179	737,335	3,152	15
EAC	2,440,409	169,519,847	411,813	2,429	6
COMESA	12,873,957	406,102,471	735,599	1,811	20
IGAD	5,233,604	187,969,775	225,049	1,197	7
Other African blocs	Area (km ²)	Population	GDP (PPP) (\$US)		Member states
			in millions	per capita	
CEMAC ²	3,020,142	34,970,529	85,136	2,435	6
SACU	2,693,418	51,055,878	541,433	10,605	5
UEMOA ¹	3,505,375	80,865,222	101,640	1,257	8
UMA ²	5,782,140	84,185,073	491,276	5,836	5
GAFTA ³	5,876,960	166,259,603	635,450	3,822	5

A common market spanning half of Africa

A step towards a continental free trade area

Tripartite Free Trade Area

Links 3 regional blocs

- COMESA** Common Market of East and Southern Africa
- SADC** South African Development Community
- EAC** East African Community

- countries 26
- population 625 million
- total GDP \$1 trillion
- aim boost trade between African countries



Source: UNCTAD

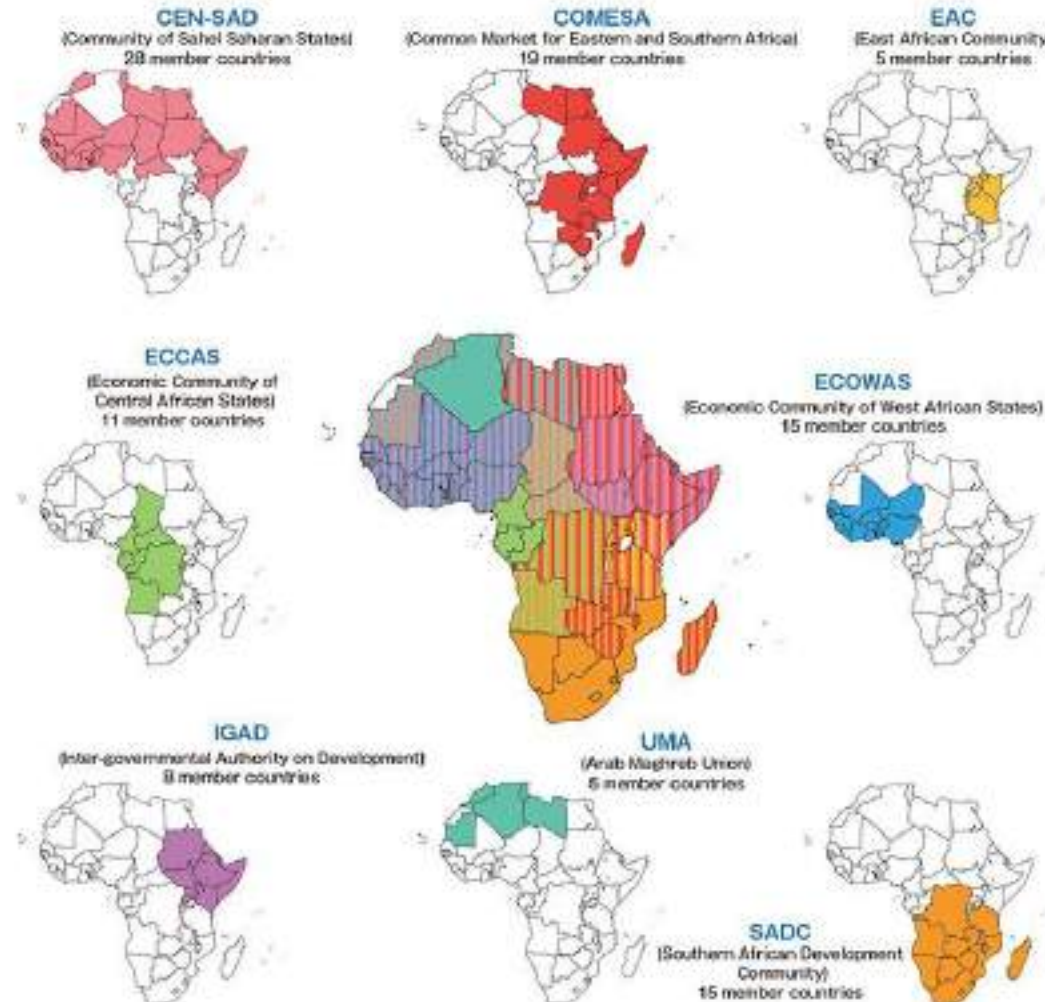
AFP

FREE TRADE ZONES

VARIOUS FREE TRADE AREAS

Regional Economic Communities (RECs)

Africa is moving toward regional integration. There are eight Regional Economic Communities approved by the African Union (AU).



SUPPLY CHAIN IN AFRICA

EVALUATE YOUR PARTNERS



- Is he legitimate?
- Do we share a common vision?
- Is it easy to communicate?
- Is he big/small enough?
- Is he experienced
- Does he have a network/resources?
- Don't always rely on contracts: Be careful what you agree but don't count on it.



SUPPLY CHAIN IN AFRICA

INVENTORY CONTROL PROBLEMS

- Lack of coordination
- Inventory management
- Absent demand information
- Human resource dependency
- Order management
- Shortage avoidance
- Expiration
- Warehouse management
- Temperature control
- Shipment visibility



SUPPLY CHAIN IN AFRICA

ORDER MANAGEMENT

- Start preparing immediately after receiving the order because it is going to take more time to deliver than you believe.
- Have established relationships with clearing agents, couriers etc.
- Do your homework on each specific case: 54 countries- many different legislations.
- Be clear and follow what you have agreed.
- Follow up closely until the delivery.



SUPPLY CHAIN IN AFRICA

ORDER SHIPPING



- Around 90% of Africa's trade happens by sea, making its ports crucial locations in logistics networks.
- The cost of moving goods in Africa is, on average, estimated to be **two or three times higher than in developed countries** and transport costs can represent as much as **50-75% of the retail price of goods**.
- The poor quality of road and rail networks forces logistics companies such as DHL Express to transport the majority of its cargo by air.



SUPPLY CHAIN IN AFRICA

ORDER SHIPPING-THINKS TO HAVE IN MIND

Landlocked Countries

- In East Africa, transport and freight costs are among the highest in the world with freight logistics expenditure more than 50% higher per km than in Europe
- In landlocked countries, this gap can reach as high as 75% of the value of exports.



SUPPLY CHAIN IN AFRICA

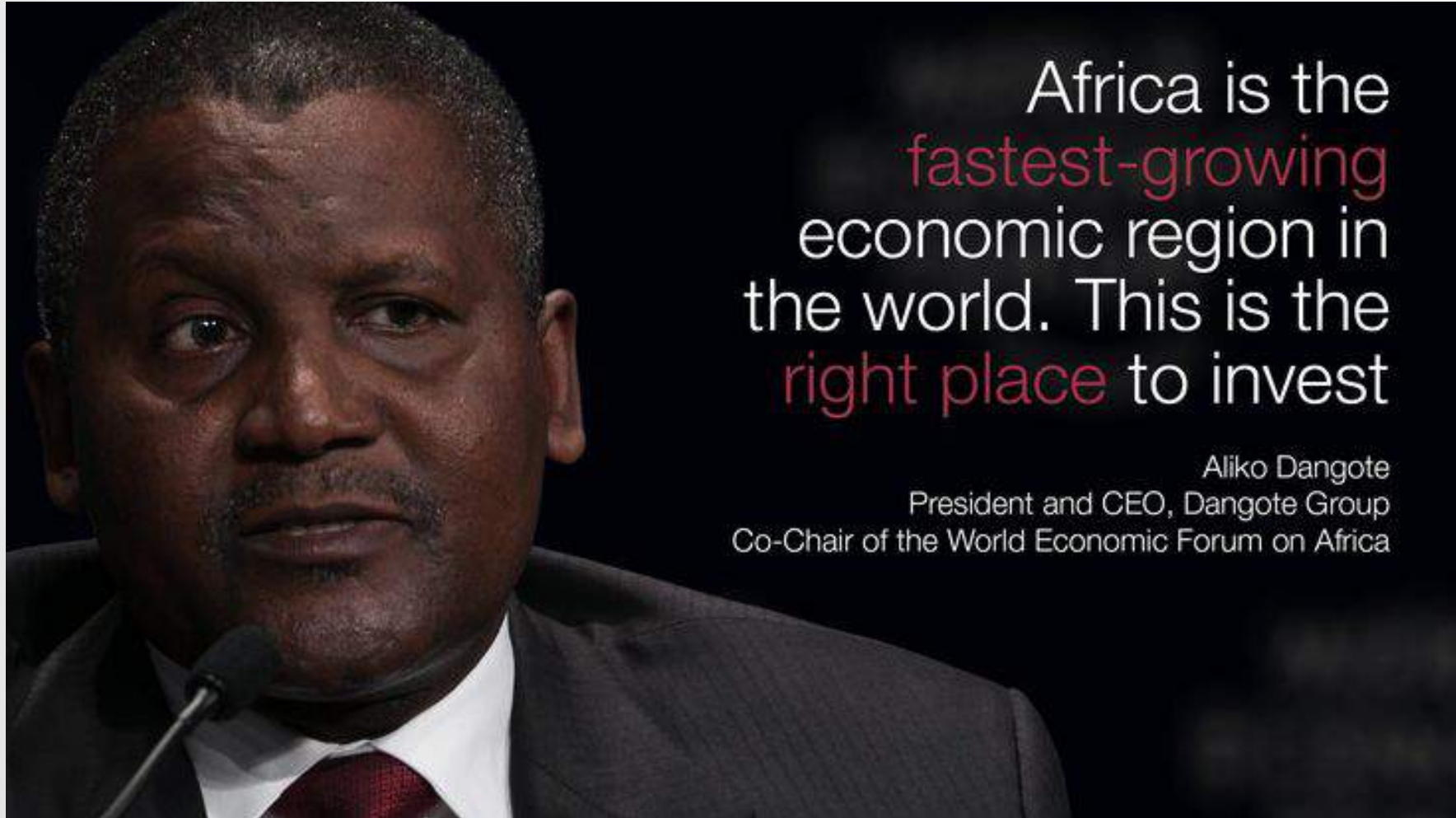
ORDER SHIPPING-THINGS TO HAVE IN MIND

Transit times

- Borders, roadblocks, damaging goods being transited, corruption
- Air freight is fast but costly and for low volumes
- Be informed for the customs and extra costs depending on each case.
- Better to sell ex-Greece



AFRICA'S RICHEST BUSINESSMAN



Africa is the
fastest-growing
economic region in
the world. This is the
right place to invest

Aliko Dangote
President and CEO, Dangote Group
Co-Chair of the World Economic Forum on Africa

SALES FORCE

- One common mistake companies make is to underestimate the **size of the sales force** they will need in Africa.
- The most successful companies emphasize both capability building and performance management for their sales force.
- Invest in technology



ZAMBIA'S FOUNDING FATHER



Let the West have its Technology and Asia its
Mysticism! Africa's gift to world culture must be in
the realm of Human Relationships.

(Kenneth Kaunda)

izquotes.com

AFRICA IS IN YOUR HANDS



Companies seeking a foothold in Africa must be prepared to invest for the long haul. It will, no doubt, be a challenging and sometimes frustrating journey. But the payoff will be well worth it: African consumers reward brands they trust, and a brand that wins them over can thrive in the market for decades to come.



OUR SERVICES



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We provide a wide range of consulting and execution services, customized to your needs, top to bottom, starting from the basics up to full outsourcing of your exports department.

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