Economic Environment

A New Map for Business in Africa

On the world’s most diverse continent, companies need a deep understanding of local context.

Only a few years ago, Africa was being dubbed “the next Asia,” and multinationals watched with mounting interest as local economies boomed across the continent. Although a decline in global commodity demand has since ushered in a slowdown, Africa remains a promising long-term growth market. Its GDP grew about 3.4 percent in 2015, a full percentage point above the global growth rate, and is expected to increase to 4.2 percent in 2016.

These figures paint an optimistic picture of the continent as a whole. But Africa is made up of 54 fully recognized sovereign states that cover a vast range of natural ecosystems and an even vaster range of cultures, with some 2,000 languages spoken. Unfortunately, we’ve seen too many multinational corporations take their businesses into Africa without a deep understanding of local market dynamics, skills, and conditions. They assume that success is a sure thing, and, as a result, their strategies turn out to be too broad. They revolve around growth projections rather than what individual markets actually need.

Understanding distinctions is critical. But it is equally important to know where your own strengths lie and to match these capabilities to the circumstances of each local market, or to know what capabilities you need to succeed and find partners that possess them. Either way, you’ll also need to develop a network of local experts to execute your strategy on the ground.

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