

Investing in Africa: Successful Route-To-Market Through Informal Retail

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INTRODUCTION

Scope

Key findings (1)

Key findings (2)

Retailing in sub-Saharan Africa is characterised by a multitude of channels

Modern retail is expanding in line with economic development and urbanisation

Sub-Saharan Africa's rapid economic growth makes it a popular retail investment destination

Despite the growth of modern retail, traditional and informal channels remain important

Pervasive in African cities, informal trade ranges widely in size, structure and permanence

The downside to informal retail's proximity to customers is its low bargaining power

Informal sector's contribution to GDP reflects informal retailing's penetration

Authorities across the region are attempting to increase control and formalise the sector

Packaged food leads value sales of fast-moving consumer goods in the region

Large portion of consumers' monthly grocery spent through traditional and informal channels

Fresh foods are the most purchased food across all income groups

Informal retailers also offer a wider range of packaged and processed foods

Repackaging provides price competitiveness

Innovative distribution models are key to reaching African consumers

Partnering with established locals along value chain can expand market presence

Mobile money is emerging as a powerful payment tool for informal retailers

Informal retailers are playing a key role in expanding financial inclusion in the region

Sokowatch: stocking via intermediary support

Fan Milk: leveraging local partnerships to expand distribution network

Nomanini: providing inventory needs via unsecured stock loans

Copia: bridging the last mile via catalogue agents

By knowing where and how products are consumed, businesses can customize their offerings

Key takeaways and how to win

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