

In Africa, local companies outplay multinationals: report

Local African companies have gained a competitive edge on the continent over their multinational counterparts and are making inroads where overseas players once dominated, said a report released on Tuesday.



Image via [123RF](#)

The study by the US-based Boston Consulting Group said African firms had a better understanding of local markets, and had seized opportunities to increase their market share.

"In emerging markets, there is no substitute for on-the-ground experience," said a report titled "*Dueling w Lions*".

"To win new ground, multinationals need to understand how Africa's business has shifted."

The report cited improved economic and political conditions and the adaptability of African businesses, with companies allocating resources to grow domestic operations and develop market-specific products.

"African Lions" -- such as South Africa's mobile telecommunications firm MTN -- were seen to have captured some valuable emerging African sectors.

The report said MTN made a bold move to Nigeria, Africa's biggest economy, "when western carriers were holding back". The company has ten of millions of subscribers in Nigeria, but its recent experience in the country has also highlighted the challenges of doing business in Africa.

It has been hit with a \$5.2bn fine imposed by the government over unregistered SIM cards it had failed to deactivate.

Nigeria's Dangote Cement, owned by Africa's richest man, has also upped its market share, and has ambitious plans to expand across the continent including in Zambia and Zimbabwe.

"In Africa, some markets have had very strong growth this decade. Local actors have seized opportunities which the big multinational companies didn't even notice," said Patrick Dupoux, one of the report authors.

"One of their key factors of success is their local positioning, their knowledge of the field, of distribution networks, consumers and the supply network," he told AFP.

"The multinationals have to adopt a real African strategy and can't afford to consider the African continent : a marginal place."

Between 2009 and 2013, multinational companies saw an increase in sales, but their market share droppe

In Kenya's cement industry, multinational firms increased revenue from \$287m in 2009, to \$397m in 2013 however, their market share declined from 55 percent to 40 percent.

Bottled water industries run by international companies in Egypt and Morocco also saw a dip in market sha African companies have benefitted from a more educated workforce as "highly skilled Africans have been returning to their homelands", the report said.

"Students in countries such as Nigeria, Kenya and Morocco still emigrate, but nowadays they're more likely to come back after they've gotten their education."

According to the report, African economies in 2014 and 2015 recorded growth above the world average, despite falling oil and commodity prices, the outbreak of Ebola and some regions hit by militant unrest.

"Even now, as low oil prices threaten the continent's energy exports, Africa's long-term positives are too b to overlook," it said.

Two weeks ago, the International Monetary Fund forecast growth in sub-Saharan Africa to dampen from 5. percent in 2014 to 3.75 percent this year.

Countries such as Ivory Coast, Ethiopia and Mozambique are still expected to post growth rates of at least 7.0 percent this year and next.

Source: AFP