

Emerging trends within the technology sector

Competition within the technology sector is becoming more intense and Asia's importance as both a manufacturing location and a consumer market is growing. However, although Asia is still key to the sector, Africa has also witnessed an explosion in technology adoption recently and is set to develop as a region.

This is according to Sumesh Rahavendra, head of Marketing for DHL Express sub-Saharan, who says that the recent DHL global technology conference revealed these trends around the changing dynamics of the technology market.

He says that due to the increased competition within the sector, suppliers need to adapt and improve products and services in order to retain and grow market share. "This presents an opportunity for suppliers to be innovative and provide consumers with the best possible products, services and prices.

"Both of these trends also promise to amplify the role of logistics as a competitive differentiator in the technology industry."

Rise in demand

Rahavendra says that within Africa, although there has been a significant rise in demand for electronic consumer products, the continent is still in need of increased investment from international technology companies, in order to become more than just an end-user for technology products."

He says that more than any other industry, the technology sector is driven by constant innovation, short product cycles and new sales channels. "From a logistics perspective this is a great challenge, but it also provides forward-thinking brands with an opportunity."

Rahavendra says that by setting up shop in Africa, these brands are able to service this growing market and spend significantly less on logistics costs as they are based in much closer proximity to their customers.

According to a recent report by Deloitte titled 'The Rise and Rise of the African Middle Class', the continent has a disproportionately young population with 62% of the population in Africa under 25 years. "This is positive from an outside investment perspective, as it effectively means that there is a guaranteed customer base for years to come when compared to a territory such as Europe, which has a shrinking population."

The Deloitte report also forecasts that if the African middle class continues on its current growth trajectory Africa's middle class will grow to 1.1 billion (42% of the continent's population) by 2060.

The trend of mobile devices

Highlighted at the conference was that mobile devices are preferred over PCs as the access tool for the internet. Rahavendra says DHL estimates that 60% of all IT hardware growth will come from tablets and smartphones this year. "Both devices also elevate a trend towards high innovation cycles, which demands logistics providers to improve time to market while supporting competitive price positioning.

"This trend is also clear in Africa, and according to the GSMA, Africa is now the world's second largest mobile market by connections after Asia and the fastest growing mobile market in the world."

He says that an overall trend towards simplified and lighter products, combined with price pressure, is challenging manufacturers, their suppliers, and sometimes even their competitors to develop collaborative solutions that improve the cost efficiency of the technology supply chain.

"Due to the expected economic growth, technology suppliers have the ideal opportunity to penetrate the African market, but should have experienced partners who are able to provide insight and have experience operating on the continent," concludes Rahavendra.

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