

EXPLORING ZAMBIAN FMCG MARKET; OPPORTUNITIES AND CHALLENGES: AN EXPLORATORY STUDY

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Abstract

The consumer market pertains to buyers who purchase goods and services for consumption rather than resale. However, not all consumers are alike in their tastes, preferences and buying habits due to different characteristics that can distinguish certain consumers from others. These particular consumer characteristics include various demographic, psychographic, behavioralistic and geographic traits. Economic liberalization entails an economic system that allocates resources in the economy through market forces and not through central planning or any other control system. Supply and demand determine market prices. The globalization of business is a genie that cannot be put back in the bottle. The future of business is global. Like never before, companies are able to enter markets overseas nearly barrier-free. Every culture has its own high-volume shopping seasons that businesses outside that region might not understand. One of the most important cross-border differences to recognize is consumer behaviour. This, too, will vary by region. What advertising, for example, will be successful in other countries? What messaging and social media platforms are important? The present study is an attempt to explore the Zambian Consumers Market, opportunities and challenges. The study is exploratory in nature.

Keywords: Consumer market, Zambia, FMCG market, Opportunities and Challenges

INTRODUCTION

Zambia is one of Sub-Saharan Africa's most very urbanized nations. Around one-portion of the nation's 16 million individuals are moved in a couple of urban zones led on the real transportation passageways, while country regions are under-populated. Joblessness and underemployment are not kidding issues. National GDP has really multiplied since freedom, however due in extensive part to high birth rates and AIDS per capita yearly salaries are right

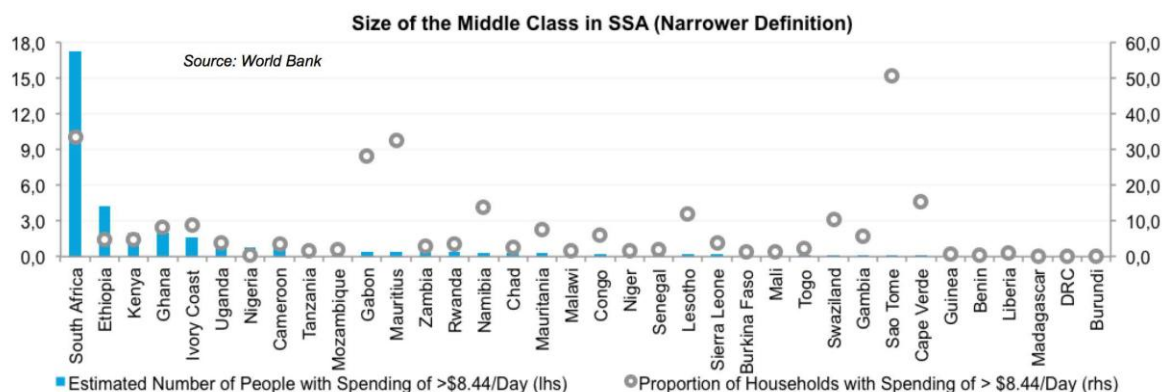
now at around 66% of their dimensions at autonomy. Starting at 2015 the GDP for every capita remains at \$4,300.[8] Zambia is one of the quickest developing economies in Africa and its capital, Lusaka is the quickest developing city in the Southern African Development Community (SADC).[9]

In the previous decade, the Zambian government made a basic move towards privatized and open market economy. This decreased Zambia's substantial reliance on copper, prompting a developing pattern towards non-customary fares including agro-handling, essential items and materials.

In the course of recent years, financial specialists and CEO's of organizations have utilized Africa's immense potential in the FMCG division. Africa's landmass is home to more than 1.1 billion individuals and will represent one-fifth of the total populace by 2025. As indicated by a KPMG report, Fast Moving Consumer Goods in Africa, the FMCG area on the landmass stands to profit colossally. As the division gives either necessities or open extravagance merchandise, the span of the market isn't constrained by salary elements similarly the same number of different enterprises.

The interest for better quality and progressively complex items and brands is expanding as populaces develop and expectations for everyday comforts move forward. With nourishment continually being a need, there's an expansion from fundamental staple sustenances to a wide scope of items. Items in the refreshments, individual and home consideration run have an immense development potential in the moderately undiscovered African markets.

The working-age populace in Africa is developing at 2.7% every year. By 2025, almost 66% of the evaluated 303 million African family units will have optional pay. African buyers are youthful and willing to spend. As indicated by KPMG's report, the accompanying African nations will offer the best prospects for development in the FMCG part taking statistic profiles, pay levels and monetary development potential into record in the following five to ten years: Angola, Ethiopia, Ghana, Kenya, Morocco, Mozambique, Nigeria, Rwanda, Tanzania, Uganda, and Zambia.



CHALLENGES IN ZAMBIAN FMCG MARKET

The buyer and mechanical items and administration division faces difficulties, for example, poor foundation and a by and large low dimension of extra cash of the populace. There is small assembling for fare, however noteworthy exercises exist in the produce of quick moving buyer merchandise went for the local market.

Lately, global partnerships have expanded their interest in physical plants and data innovation with a view to enhancing their operational execution. There has additionally been interest in broadcast communications, bond fabricate and the blending divisions.

The Government is advancing the foundation of multi-office monetary zones through the arrangement of financial impetuses, quality framework and a favorable administrative condition

OPPORTUNITIES IN FMCG SECTOR

No consumer market on the planet is excluded from the interest for quick moving buyer merchandise i.e Fast Moving Consumer Goods (FMCG). In Africa, the interest for better quality and progressively advanced items and brands is expanding as populaces develop and expectations for everyday comforts move forward. Sustenance will dependably be a need, and the patterns demonstrate that there is an expanding move from essential staple nourishments to a wide scope of items. Refreshments, individual consideration items and

home consideration items all have tremendous development potential in the moderately undiscovered African markets.

As indicated by a KPMG report entitled 'Quick Moving Consumer Goods in Africa', "Given Africa's expansive market and the potential for rising family unit salary, the FMCG part on the landmass stands to profit hugely. Given that the area gives either necessities or open extravagance products, the span of the market isn't obliged by pay elements similarly the same number of different parts."

The report distinguished the accompanying topographies to have the most grounded prospects for development in the FMCG part throughout the following five to 10 years, considering the FMCG area's qualities, and thinking about African nations' statistic profiles, salary levels, and monetary development potential: Angola, Ethiopia, Ghana, Kenya, Morocco, Mozambique, Nigeria, Rwanda, Tanzania, Uganda, and Zambia.

The report expresses, "The FMCG segment in Africa has noteworthy degree to extend. Neediness levels in particularly Sub-Saharan Africa (SSA) are still very high, with nourishment and different necessities overwhelming shopper spending plans. Thus, the sustenance sub-part of FMCG has a substantial market to cook for, while entrance rates in alternate classifications still have critical space to extend. FMCG retailers by and large work in a low-edge condition. Subsequently, the presence of a substantial market is vital to the achievement of these organizations. In spite of Africa having a populace of around one billion, the mainland remains moderately under-served by FMCG organizations."

There is immense potential for brand proprietors to put resources into the FMCG division in Africa, be that as it may, populace development is only one factor in measuring the potential market status in different districts. Another factor to consider is populace thickness. As indicated by the KPMG report, "The UN figures that Sub-Saharan Africa's (SSA) urbanization rate will achieve 45.9% by 2030 and 56.7% by 2050 from only 36.3% in 2010. In the interim, North Africa's urbanization rate was at that point 51.2% in 2010 and is anticipated to achieve 65.3% by 2050. The urbanization rate of East Africa is much lower than whatever is left of SSA. In 2010, East Africa's urbanization rate was very nearly 17 rate

focuses lower than the second slightest urbanized area on the landmass, in particular the Franc Zone."

There are various different elements to think about when entering another market. Free market activity chain elements, which depend on accessible foundation and frequently incorporate navigating the formal and casual markets in the FMCG part in Africa should be appropriately explored and comprehended. Respectable statistical surveying organizations can precisely get to every potential locale and give business exhortation dependent on their discoveries.

The KPMG report proceeds to express that, "With the quick pace of urbanization, it is significant that the nature of foundation in urban territories enhances so as to cook for the deluge of individuals. It is likewise critical that there is adequate employment creation, generally per capita spending force will endure. Key issues to consider as to foundation include: the limit and ability of the legislature to put resources into framework; the readiness of the administration to permit private division interest in the arrangement of framework; and receptiveness to outside speculation, and whether there are motivators for remote firms to enhance the nation's foundation".

The report clarifies that understanding basic issues, for example, the nature of transport foundation, the degree and degree of levies on imported great and the quality of different ventures, for example, the rural and assembling parts is vital to understanding a nation's FMCG division. A test looked by numerous retailers and brand proprietors hoping to enter new African markets is the absence of unsurprising and dependable conveyance channels.

House-hold salary and psycho-social customer inclinations are other essential components to tolerate at the top of the priority list. The KPMG report expresses that, "Since FMCG retailers for the most part move items that can be delegated necessities, pay per individual is a less vital thought than for retailers of extravagance or sturdy items. The pattern in pay levels is anyway still vital so as to build up what kinds of FMCG items can be offered to an explicit market. Likewise, after some time, retailers would need to profit by movements in purchaser

spending designs as they climb the salary chain, so a high development showcase is as yet ideal."

When the customer hunger, framework and free market activity chain elements are comprehended, there is as yet the test of acquainting another brand with the market. Thorough statistical surveying shapes the premise of an all around arranged showcasing technique. The report says that, "Organizations that can persuade buyers to buy their image name as opposed to that of a contender can keep up piece of the overall industry without fundamentally offering lower costs. Enter methodologies in such manner are dependability programs, upgrading the shopping knowledge, publicizing, advancements, offering items in littler bundles to make them increasingly reasonable, and adjusting to neighbourhood needs. Persuading a shopper that your item is by one way or another better than that of a contender offering a comparative item is significant in guaranteeing long haul achievement in a given market."

Prior to entering any African market, it is fundamental to build up what will work inside that specific area and nation. The advantages should be cautiously weighed up in contrast with hindrances of section.

With involvement in more than 24 nations in Africa for more than eight years, Freshly Ground Insights (FGI) has led more than 450 000 meetings utilizing electronic gadgets and scripted more than 500 polls that fluctuate from five minutes to two hours in length. It has an immense system of master field groups over the landmass with nearby knowledge into each market. FGI conducts thorough field preparing with help administrations and its groups are prepared to execute top quality information accumulation ventures. Innovation empowered arrangements take into account a quick turnaround of value information and thorough information quality affirmation and back-check methodology guarantee heartiness.

FGI has worked over the range from private to open ventures and in the NGO part. It has involvement in general wellbeing, instruction, financial advancement, rural improvement and social effect overviews. FGI is master in test plans for broadly agent tests and in acquiring ethic endorsements, and clerical, territorial and nearby authorizations. FGI can lead inquire

about autonomously or join forces with other research associations to expertly direct their information gathering prerequisites.

KEY SUCCESS STRATEGIES

While breaking down the execution of the best worldwide FMCG retailers with a nearness in SSA, OC&C distinguished certain procedures that set the victors apart from the less effective organizations. These techniques prevalently relate to how the more effective firms entered the SSA showcase, advertised the item to the buyer to set up brand reliability and setup the inventory network to guarantee the item is sufficiently evaluated while as yet producing a financially suitable benefit. These key achievement procedures are quickly laid out underneath.

Concentrate on "nation groups" – Seeing as monetary improvement and per capita pay levels vary essentially between SSA nations, FMCG retailers are encouraged to concentrate on bunches instead of on individual nations. Here, a group alludes to an area that contains more than one reasonable market. Different attributes that could make certain areas particularly engaging relate to social similitudes over the district, great quality street foundation crosswise over nation outskirts and political steadiness. The primary bunches recognized by best FMCG firms are West Africa (Nigeria, Ghana and Ivory Coast), Southern Africa (South Africa, Namibia, Botswana and Angola) and East Africa (Kenya, Ethiopia, Uganda and Tanzania). In any case, OC&C features that getting in early is crucially imperative, as anchoring piece of the pie quick will "demonstrate solid and gainful as some FMCG firms are as of now illustrating."

Confine the item offering – It is basically essential for FMCG retailers to guarantee they are appropriately educated about the necessities and ways of life of customers in African nations. This will at last illuminate choices around items, valuing and showcasing. African customers are unquestionably brand and quality cognizant, yet reasonableness remains the key thought when acquiring choices are made. A genuine case of this is Unilever, which looked to bring down costs and enhance moderateness by diminishing pack sizes, which thus enabled the firm to target low salary family units. Besides, FMCG retailers should try to focus on

numerous value focuses. Frequently retailers center around the simple successes, normally the more princely client where the item and bundling don't should be re-built fundamentally. Be that as it may, bring down pay family units still speak to an expansive potential market. As indicated by OC&C, "brands need to build up a chain of command covering diverse dimensions of cost and eliteness so as to win new clients of lower luxuriousness and keep them as their riches rises."

Promoting that is a neighborhood fit – Brand mindfulness is low by and large crosswise over SSA. To assemble mark mindfulness, it is exhorted that global retailers use the impact of western brands and nations. Besides, OC&C question the showcasing adequacy of conventional "over the-line communicate media" and proposes firms center more around physical and advanced advertising. A genuine case of direct showcasing identifies with Coca-Cola providing its ice chests to neighborhood retail outlets. In the interim, Nestlé utilized neighborhood performers to advertise the organization's items while Heineken provided outlets with marked lager matts, refrigerators and draft taps.

Get inventive with the inventory network – International FMCG retailers wishing to enter the African market need to painstakingly assess all conceivable store network models. While essentially bringing in the item is surely the choice requiring the littlest starting capital speculation, conceivable downsides incorporate import duties notwithstanding the way that items are regularly postponed at ports. Various African nations have presented remote speculation motivating forces as of late. In spite of the fact that these controls contrast crosswise over nations, they as a rule include some sort of duty occasion and good terms on imports.

Instances of global FMCG retailers which selected to set up an assembling base in Africa incorporate Trade King, Diageo, Heineken, Nestlé and Unilever. Heineken and Diageo have gained neighbourhood bottling works to reinforce piece of the overall industry and in addition for building up nearby assembling bases. OC&C further notes that Unilever and Nestlé have "both sent noteworthy capital ventures to assemble their very own assembling limit in Africa, strikingly Unilever in South Africa."

CONCLUSION

Zambia has appeared financial development, however salary inconsistencies exist. Moderateness and a trust of commonplace brands are key buy drivers. To prevail in Zambia, organizations must take into account buyer's enthusiastic needs first. Items must talk about "family prosperity" and equalization it with components of present day, individualistic conduct. Making a 'recognition' factor and guaranteeing great informal exchange will be gainful. From a practical point of view, reasonableness is fundamental. To open Zambia's potential; organizations must concentrate on connecting with customers and tending to their salary challenges. The correct value focuses alongside a "trust" factor will help draw in and hold potential customers.

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