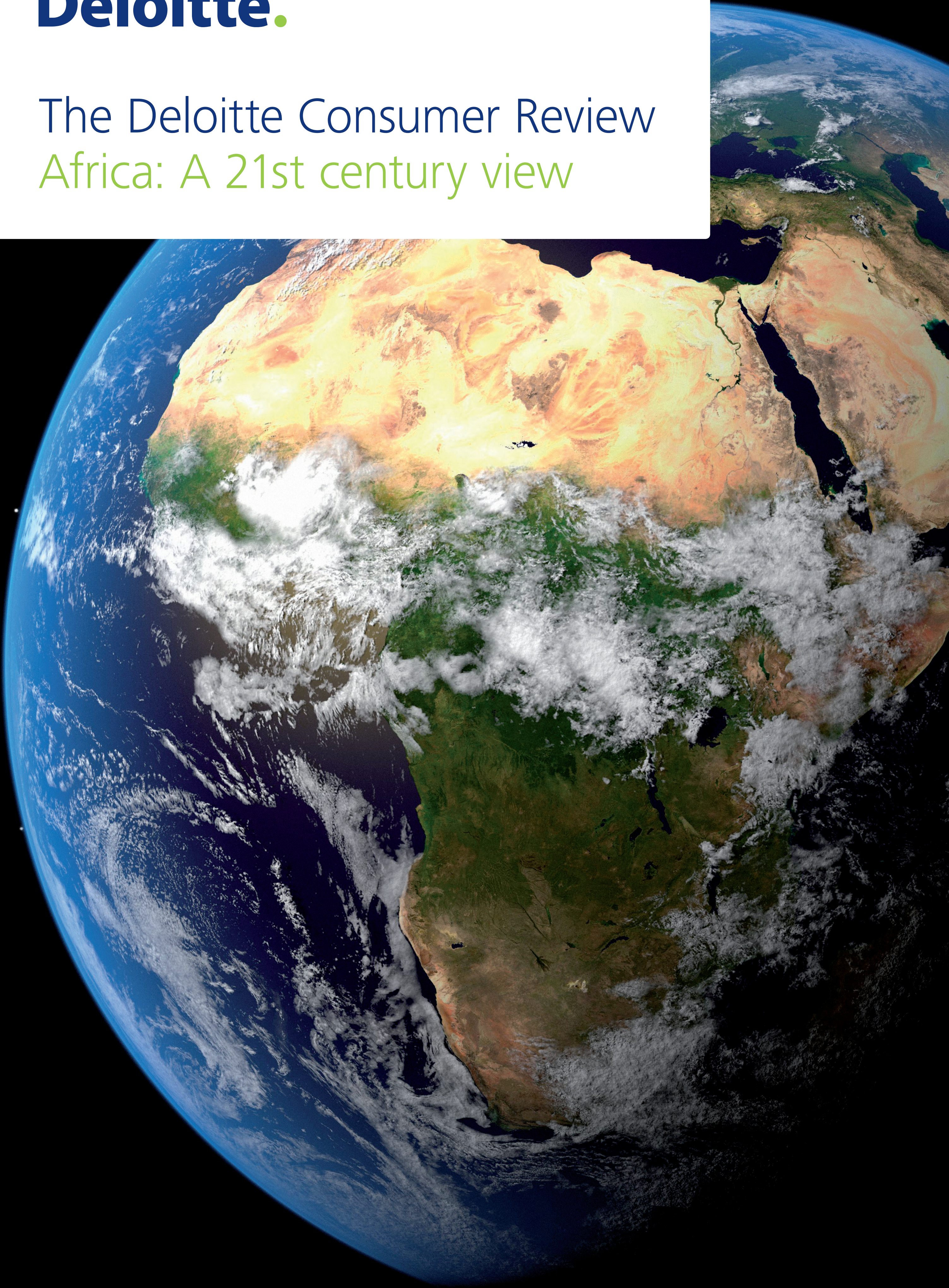
# The Deloitte Consumer Review
## Africa: A 21st century view



# Contents



**About this research**
The research is based on a consumer survey carried out by independent market research agency, On Device research. This survey was conducted on mobile devices with a randomly selected sample of a total of 2,000, or 500 by market, adults aged 16+ in Egypt, Kenya, Nigeria and South Africa between 1-7 October 2014.

Please visit http://www.deloitte.co.uk/consumerreview for additional content related to the Consumer Business industry.

# Foreword

Welcome to the ninth edition of the **Deloitte Consumer Review.**

This latest edition focuses on African opportunities for consumer businesses.

At a time when many emerging economies are slowing, Africa is now the second fastest-growing economic region behind Asia and is becoming a magnet for international capital. While Africa's economy is going through an impressive transformation, it remains fragile, as the recent Ebola outbreak reminds us. Still, in the past decade it has seen strong growth, thanks to high commodity prices, a rise in foreign investment, increased political stability and improved economic governance.

In this report, Deloitte aims to assess how the African market has developed, how perceptions of Africa have changed and how consumers are responding to a period of rapid economic growth. What it took to succeed in the past may not be what it takes to succeed in the future. We discuss the importance of developing a 21st century view of the African consumer market and make the case for seizing the opportunity.

Many African economies are now transitioning from resource exporters to consumer markets. Where wealth has historically been concentrated within the elites, prosperity is starting to find its way to the broader population.

Rising numbers of households with discretionary spending means that Africa's consumer market is growing fast. Indeed the share of consumer-facing industries in foreign direct investment has risen continuously over the past ten years, fuelled by rising demand from the emerging middle class. While it is too early to call Africa's recent growth the 'African miracle', a view held by many is that Africa, especially Sub-Saharan Africa, is where southeast Asia was 30 years ago – on the cusp of a boom.

Africa is not one but 54 countries with different growth rates, infrastructure, trade agreements, tax regulations, culture and levels of technological development. Business strategies need to be tailored to the specifics of each market or sub-regions if they are to succeed. Operational challenges mean that clustering strategies may often be optimal.

Africa remains a complex and challenging market, but it offers opportunities to those prepared to adapt their business models to the region. Income levels remain relatively low on average, but with the rise of the middle class there is evidence of change. Businesses prepared to innovate by adapting their channel, brand and portfolio strategies, such as embracing high-volume low-value transactions to win early market share, or finding a niche in high-end products and services, are most likely to reap the rewards.

We hope this report gives you the insight and data to enhance your understanding of the opportunities and challenges in Africa, and welcome your feedback.

**Nigel Wixcey**
Lead Partner, Consumer Business
Deloitte LLP

# Executive summary

## Africa is becoming a magnet for foreign investment, and not only in the dominant energy sector.

In recent years a diversifying economy has supported an emerging middle class, driving demand for consumer goods and services, as well as luxury brands.

Rising consumer demand, aligned with annual growth of around eight per cent, is likely to add around $1.1 trillion to African GDP by 2019, with Ethiopia, Uganda and Mozambique among the fastest expanding markets, and large economies such as Nigeria, South Africa and Egypt continuing to perform strongly.

However, risks remain, including a lack of infrastructure, poor governance, fragile security and unreliable logistics, but conflicts are more localised and democracy is spreading, suggesting the dominant trend is positive.

In Deloitte's view, the consumer opportunity in Africa rests on five key pillars: the rise of the middle class, exponential population growth, the dominance of youth, rapid urbanisation and fast adoption of digital technologies.

Between 2000 and 2012, Africa's aggregate household final consumption expenditure grew at an average annual rate of 10.7 per cent, rising by more than $850 billion and reaching nearly $1.3 trillion.

The emerging middle class is more optimistic, brand conscious and connected. In 2013 there were over 375 million middle class people living in Africa, or 34 per cent of the population. By 2030, over half a billion Africans are projected to be middle class. While the numbers are impressive, it should be noted that 60 per cent of those considered middle class today live on $2 to $4 a day.

More than 200 million Africans, or just over 20 per cent of the total population, are aged between 15 and 24, and that demographic is expected to grow to 321 million by 2030. Younger Africans form a large share of the rising middle class and will seek to access a wider choice of food, consumer goods and entertainment, and increased connectivity.

Africa's population is also increasingly clustered in large urban centres, and urbanisation will be a key driver of economic activity. Many urban areas will cross national boundaries, linking major populations and creating sizable markets and trade opportunities.

The growth of mobile digital technologies meanwhile has also allowed Africans to leapfrog poor landline infrastructure. Africa is already a world leader in mobile money and mobile is fast becoming the primary channel for accessing the Internet. The potential for growth is significant, with only 20 per cent of the population online, compared with nearly 75 per cent in Europe and 32 per cent in Asia.

To measure current consumer sentiment, Deloitte surveyed young Africans across four of the fastest growing consumer markets: Egypt, Kenya, Nigeria and South Africa. The research shows that young consumers in the fastest growing markets of Kenya and Nigeria are most optimistic about their personal financial situation, more than in wealthier South Africa and Egypt.

Despite low income levels, young consumers surveyed attach more importance to the quality of products than price. Across the four markets researched, quality ranks higher than value for money when it comes to deciding where to shop.

Not only are younger African consumers focused on quality, they are also brand conscious. Deloitte research shows that in some categories, such as food and drinks, local brands are preferred by the younger population. In other areas, such as fashion and cosmetics, quality is linked to international brands.

The results of the survey suggest that Africa is not suffering from a lack of demand, but sometimes from a lack of supply.

For companies seeking to invest, Africa remains complex. Companies should be prepared to engage on a long-term basis and to consider a variety of strategies while carefully weighing the risks and rewards. However, where there are challenges, there are also opportunities to innovate and given the potential for growth the continent offers, the business opportunities in Africa could outweigh the risks.

# A magnet for consumer business investment

The economy is due to grow by around

50%

in the next six years, double the rate of advanced economies

By 2017 Africa is expected to become the

second largest

market for investment by European consumer businesses

# The rise of the middle class

2010

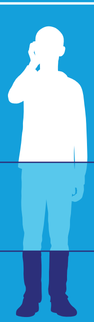
In 2010 the population of Africa was 1bn.

355m were considered middle class.

2060

By 2060, the population will more than double to 2.6bn

with 1.1bn expected to be middle class.



2030

321m Africans will be aged between 15-24

Now

205m Africans are aged between 15-24

Young Africans will form a large share of the rising middle class and will seek access to a wider choice of food, entertainment and connectivity.

# Leapfrogging technologies

97% of Africa's population will have a mobile subscription by 2017, with 30% having a smartphone connection.

Consumers are leapfrogging landline infrastructure and jumping straight into digital mobile technology.

# The young African consumer: mobile ready

Young Africans surveyed use their mobile phones as the main source of access to the Internet

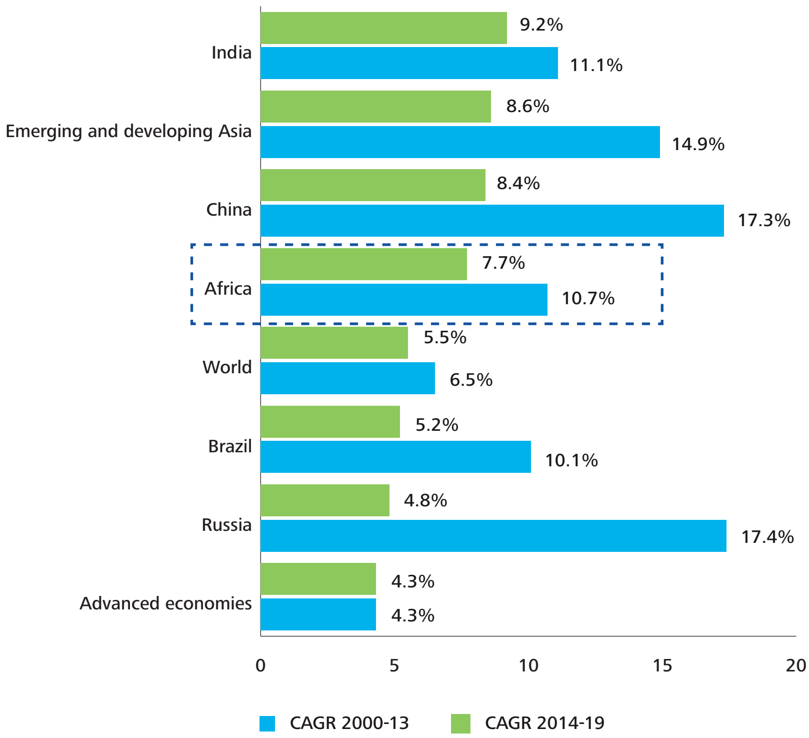
Around one in five young Africans surveyed have bought a product or service with their mobile phone

Seven in 10 young Africans surveyed use social media sites on their mobile phones

# Africa takes centre stage

## The African economy is expected to grow by 7.7 per cent annually between 2014 and 2019, about double the rate of advanced economies.

**Figure 1. World regions actual and forecasted GDP compound annual growth**




Source: World Economic Outlook Database, Deloitte analysis

### Transition underway

Since the beginning of the 21st century the African continent has seen a period of robust economic growth, supported by high commodity prices, increased foreign investment, and improved economic and political governance. While Africa remains fragile, it is making progress as it undergoes a complex process of transition. Conflicts are now more localised and democracy has spread through the continent.

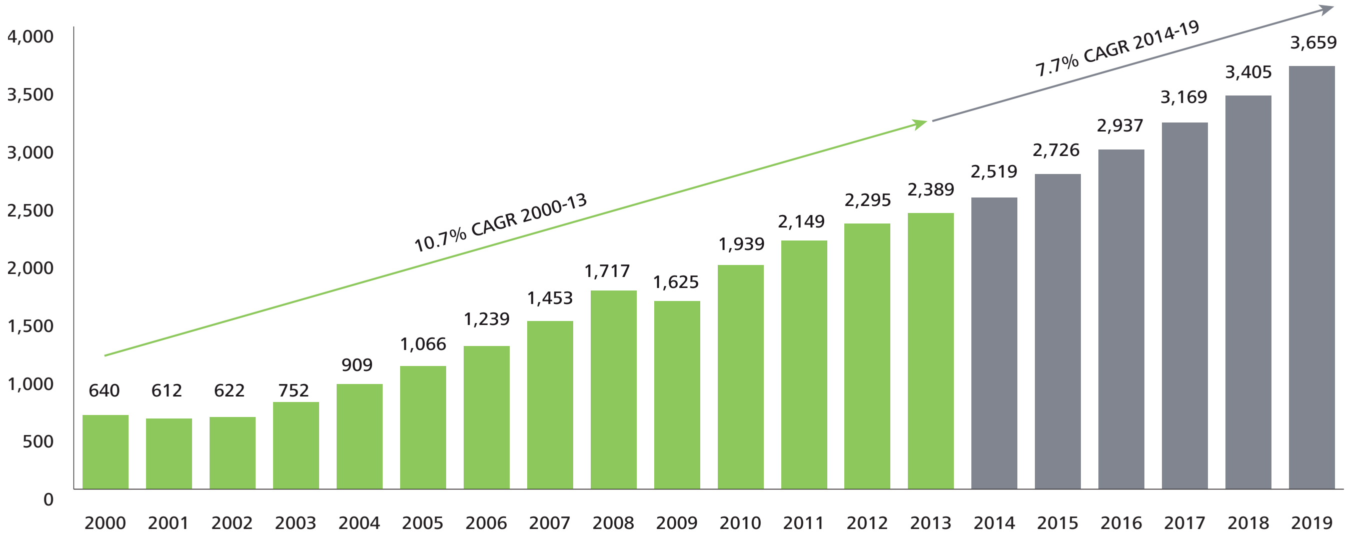
Leadership and reforms centred on improved governance and transparency have helped support strong growth in the past ten years. As foreign investment has increased, stronger international trade and economic ties have been established between African entities and international investors. African leaders have been made more accountable for providing improved basic services, investment in infrastructure, more efficient financial systems and the promotion of fairer and more inclusive patterns of growth.

The African economy is expected to grow by 7.7 per cent annually between 2014 and 2019, about double the rate of advanced economies. The relative importance of Africa in delivering global growth is likely to increase with the slowdown in the growth of China, Russia and Brazil. The gap between growth in emerging Asia and Africa is expected to narrow in the next five years as Africa rises up the agenda (Figure 1).[1]

## While Africa remains fragile, it is making progress as it undergoes a complex process of transition.

The African GDP is due to grow by around $1.1 trillion to $3.7 trillion in the next six years (Figure 2).

**Figure 2. African annual GDP, current prices, $ billion**




Source: World Economic Outlook Database, Deloitte analysis

## A magnet for investment

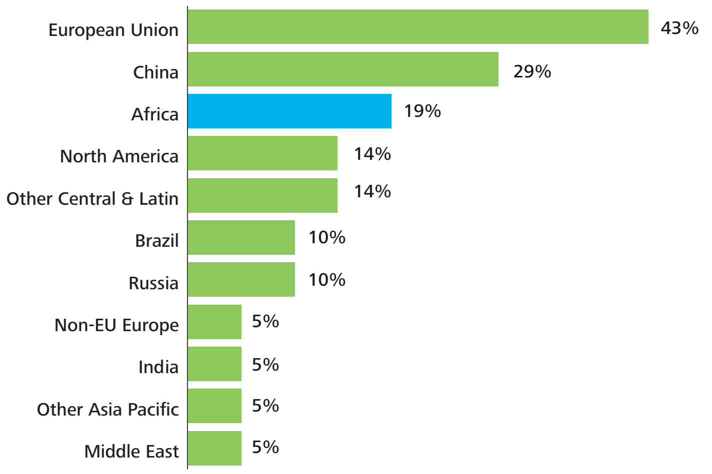
Africa's economic growth is increasingly diversified. Eight of the continent's twelve fastest growing economies were not dependent on oil or mining in 2013. This change is structural and growth is becoming more endogenous.

In 2013 the top three investment sectors were technology, media and telecoms (TMT), retail and consumer products, and financial services, accounting for over 50 per cent of foreign direct investment projects that year. Retail and consumer products also overtook financial services to become the second most active sector. Foreign investment in projects in real estate, hospitality and construction increased, while the mining and metal industries dropped out of the top ten sectors.

In terms of future trends, investors have highlighted the agricultural sector as having the greatest potential for growth in the next two years. Infrastructure, consumer-facing services, consumer products and telecommunications sectors are also favoured.[2]

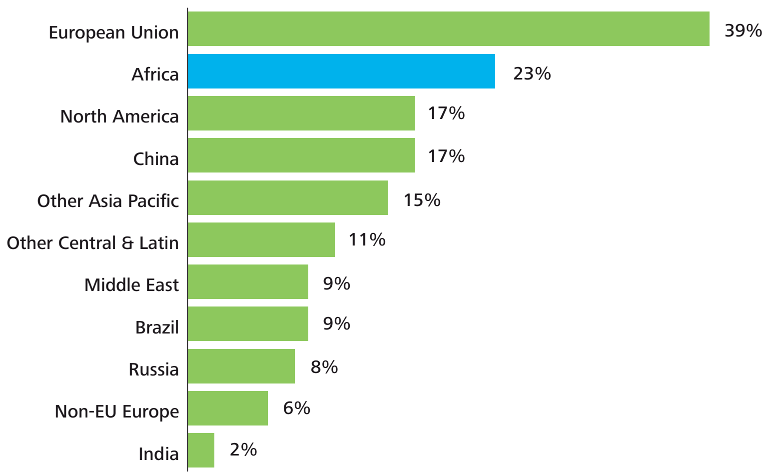
A middle class is emerging and supermarkets and shopping malls are beginning to replace informal shops and market places. With rising incomes and urbanisation supporting growth in domestic demand, exposure to external economic shocks is decreasing.

**Figure 3. Deloitte EMEA research: Consumer businesses priority markets for 2014-2015**




Source: Cash to growth: Pivot point, Deloitte DTTL, September 2014

**Figure 4. Deloitte EMEA research: Consumer businesses priority markets for 2017**

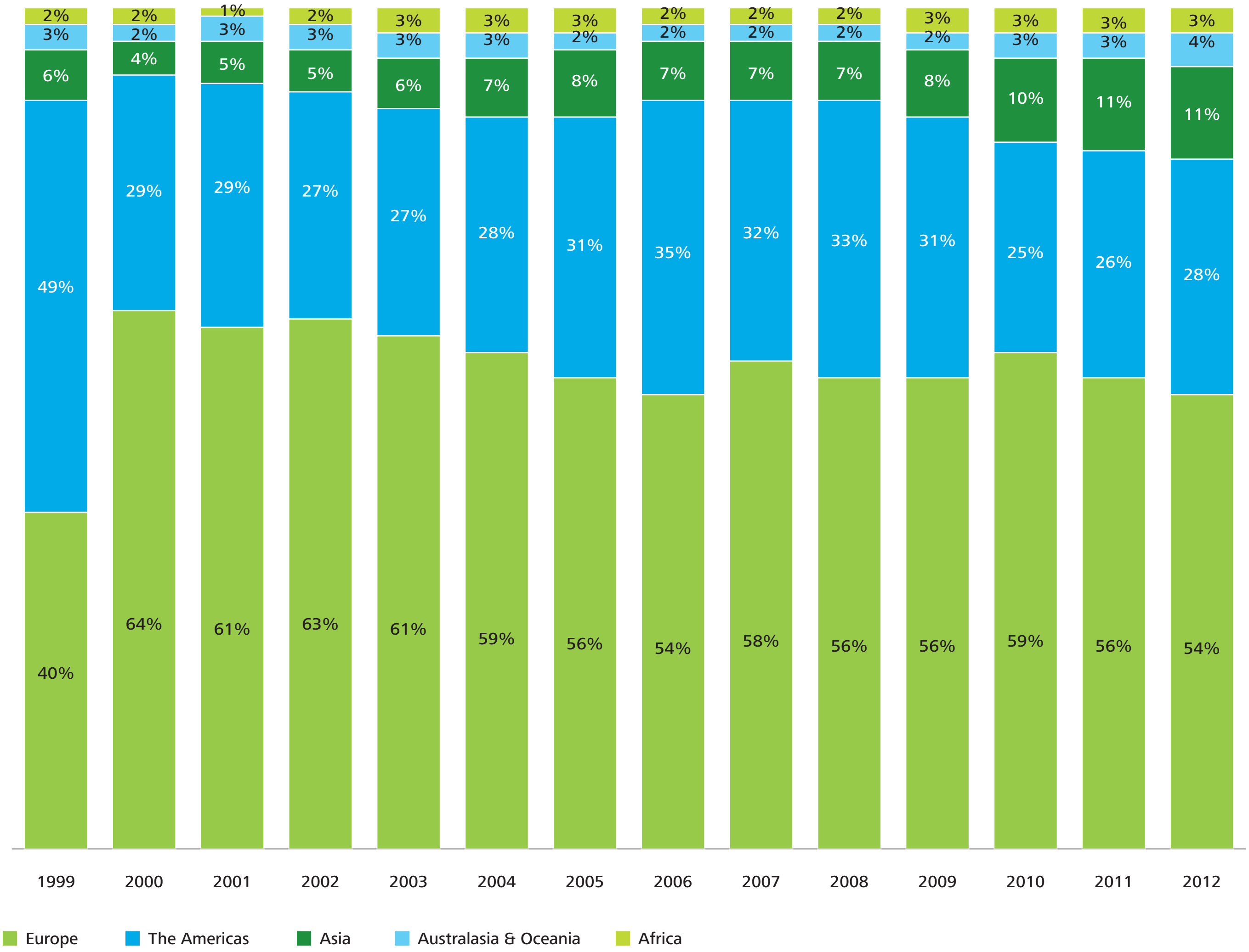



Source: Cash to growth: Pivot point, Deloitte DTTL, September 2014

In a recent Deloitte survey, European consumer businesses identified expansion into new markets as their number one priority for investment, behind staff training and development. Africa is third, behind the European Union and China, as a priority market for investment in the next 12 months, and is expected to become the second biggest market for investment by 2017, behind the EU. European consumer businesses rank Africa higher as a destination market than any other sector (Figures 3 and 4).[3]

UK investment in Africa has historically been low, and as a proportion of total foreign direct investment it was three per cent in 2012. As opportunities in Africa proliferate, competition is likely to intensify, suggesting that potential investors should consider moving sooner rather than later (Figure 5).

**Figure 5. UK outwards foreign direct investment by regions**

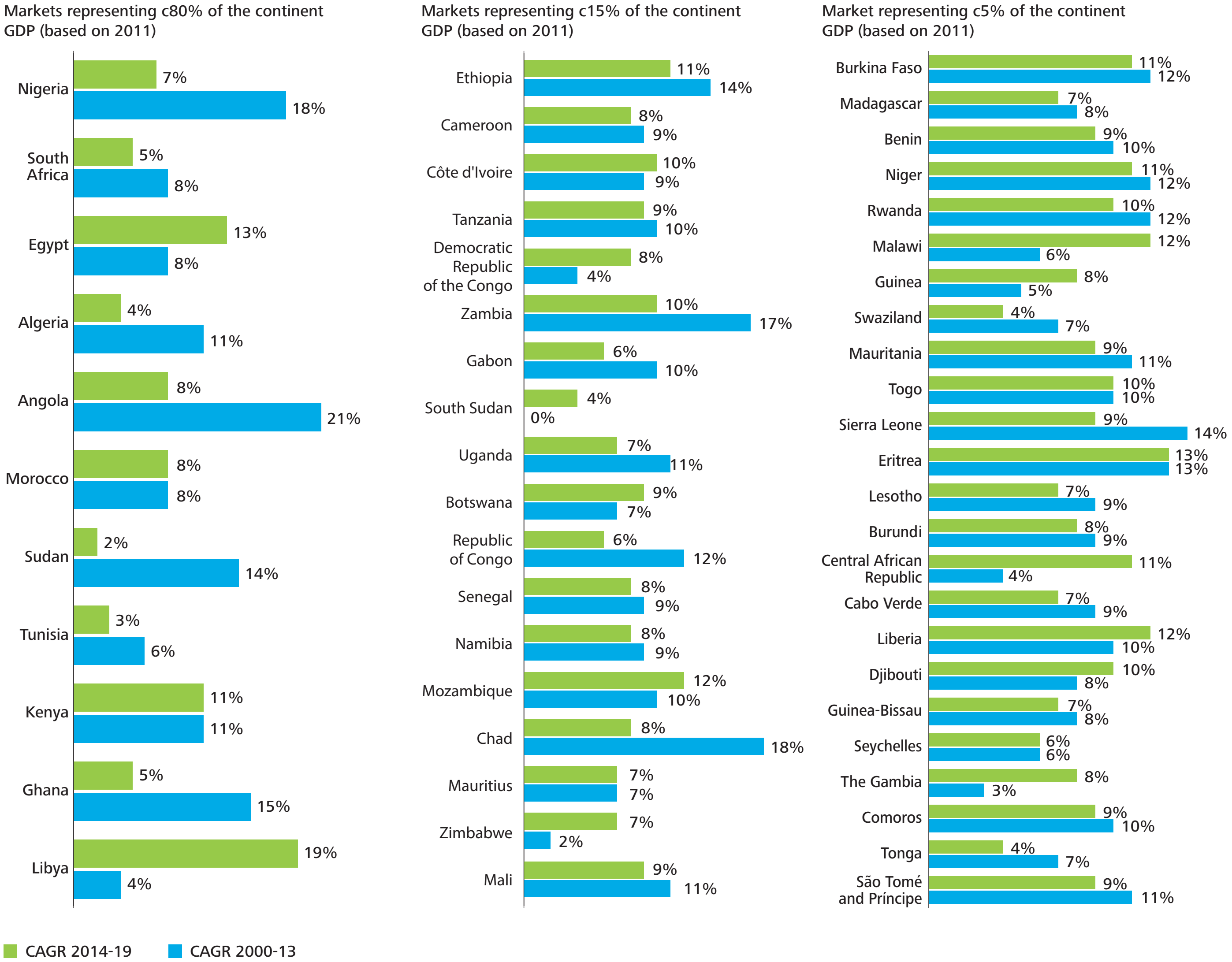



Source: Office for National Statistics (ONS)

## Identifying the most attractive markets

Although there are 54 countries in Africa, 80 per cent of Africa's GDP is concentrated in just 11 markets. Among those 11 are some of the fastest growing, including Nigeria, Egypt and Kenya. When deciding where to focus investment and resources businesses will not only want to focus on those top 11 but also consider which markets from the next tier are growing the fastest. Those are likely to include Ethiopia, Uganda and Mozambique (Figure 6).

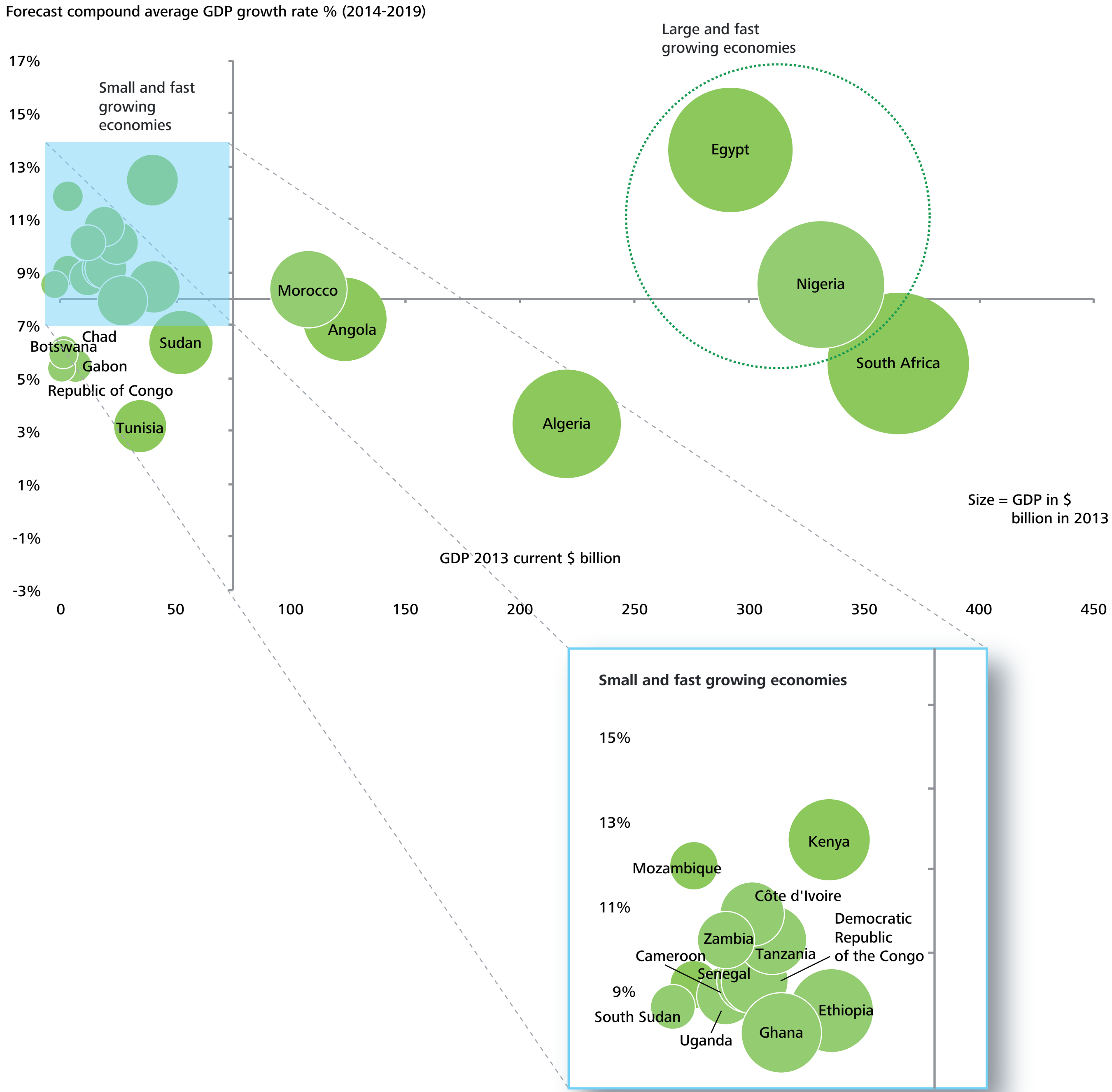
**Figure 6. Average annual GDP growth (%)**




Source: World Economic Outlook Database, Deloitte analysis

Countries in east and west Africa are forecast to be the fastest growing markets on the continent, with projected annual growth rates higher than eight per cent in the next five years (Figure 7).

**Figure 7. Forecast GDP growth of major African economies**




Source: International Monetary Fund (IMF), Deloitte analysis

**Figure 8. Ease of doing business – Overall ranking of selected African countries**

| Group one | | Group two | |
|---|---|---|---|
| Country | Overall ranking | Country | Overall ranking |
| Mauritius | 20 | Cape Verde | 121 |
| Rwanda | 32 | Swaziland | 123 |
| South Africa | 41 | Ethiopia | 125 |
| Tunisia | 51 | Egypt, Arab Rep. | 128 |
| Botswana | 56 | Kenya | 129 |
| Ghana | 67 | Uganda | 132 |
| Seychelles | 80 | Lesotho | 136 |
| Zambia | 83 | Mozambique | 139 |
| Morocco | 87 | Burundi | 140 |
| Namibia | 98 | Sierra Leone | 142 |
| | | Liberia | 144 |
| | | Tanzania | 145 |
| | | Nigeria | 147 |
| | | Madagascar | 148 |
| | | Sudan | 149 |
| | | Gambia, The | 150 |

Source: World Bank Group, Deloitte analysis

Potential investors may wish to note that many of the markets that may be attractive due to their growth profile become less so when taking into account the difficulty of doing business. Under its 'Doing business' series, the World Bank measures and tracks changes in business regulations, and benchmarks world economies according to factors impacting the ability to set up a business.

For the African continent, Deloitte has split the global ranking of 189 economies into three, classifying countries depending on whether they are in the first 100, between 101 and 150 or above 150. The most promising markets are in groups one and two, and these have real growth potential as they continue to tackle issues limiting the development of their private sectors (Figure 8).

Deloitte analysis highlights that there is great variation between individual markets in Africa. However, while the speed of development varies from one market to the next, there are signs that the leading economies of Africa are encouraging more competitiveness across the entire region as they create more dynamic markets and open new trade routes.

The World Economic Forum's Global Competitiveness Index assesses levels of competitiveness for most of the world economies. The different aspects of competitiveness are captured in 12 pillars (Figure 9). Based on this classification, the most competitive African countries in the index are Mauritius, South African and Rwanda, while the least competitive are Guinea, Chad and Mauritania.[4]

**Figure 9. African countries selected competitiveness scores**

| | Global Competitiveness Index | GDP ($ billions) | GDP (PPP$ billions) | GDP per capita ($) | Macroeconomic environment | Population (millions) | Institutions | Infrastructure | Technological readiness | Labour market efficiency | Higher education and training | Market size | Business sophistication | Goods market efficiency | Financial market development | Innovation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Advanced economies** | 5.0 | 1237.4 | 1201.3 | 40932.3 | 5.1 | 28.7 | 4.9 | 5.5 | 5.6 | 4.6 | 5.4 | 4.5 | 4.9 | 4.9 | 4.7 | 4.5 |
| **Mauritius** | 4.5 | 11.5 | 20.9 | 8850.2 | 4.7 | 1.3 | 4.6 | 4.7 | 4.0 | 4.3 | 4.7 | 2.8 | 4.5 | 4.9 | 4.7 | 3.2 |
| **South Africa** | 4.4 | 384.3 | 596.5 | 7506.6 | 4.5 | 50.6 | 4.5 | 4.3 | 3.9 | 3.8 | 4.0 | 4.9 | 4.5 | 4.7 | 5.4 | 3.6 |
| **Rwanda** | 4.3 | 7.2 | 16.4 | 693.0 | 4.6 | 10.9 | 5.2 | 3.1 | 3.1 | 5.1 | 3.0 | 2.5 | 3.8 | 4.6 | 4.3 | 3.5 |
| **Morocco** | 4.2 | 97.5 | 179.2 | 2998.9 | 4.7 | 32.3 | 4.2 | 4.4 | 3.6 | 3.8 | 3.6 | 4.2 | 3.9 | 4.4 | 4.0 | 3.1 |
| **Botswana** | 4.2 | 17.6 | 34.1 | 9398.1 | 6.3 | 2.0 | 4.5 | 3.2 | 3.6 | 4.6 | 3.6 | 3.1 | 3.5 | 4.1 | 4.2 | 3.0 |
| **Algeria** | 4.1 | 207.8 | 285.5 | 5694.0 | 6.4 | 36.0 | 3.4 | 3.1 | 2.6 | 3.1 | 3.7 | 4.4 | 3.2 | 3.5 | 2.7 | 2.6 |
| **Tunisia** | 4.0 | 45.6 | 108.4 | 4232.1 | 4.0 | 10.7 | 3.7 | 3.8 | 3.4 | 3.5 | 4.3 | 3.9 | 3.8 | 4.0 | 3.4 | 3.0 |
| **Namibia** | 4.0 | 12.3 | 17.8 | 5705.1 | 4.6 | 2.3 | 4.2 | 4.2 | 3.4 | 4.3 | 3.2 | 2.7 | 3.7 | 4.1 | 4.4 | 3.1 |
| **Kenya** | 3.9 | 41.1 | 80.4 | 976.5 | 3.7 | 41.6 | 3.7 | 3.3 | 3.5 | 4.7 | 3.8 | 3.6 | 4.4 | 4.4 | 4.8 | 3.7 |
| **Seychelles** | 3.9 | 1.0 | 2.5 | 11226.2 | 4.9 | 0.1 | 4.0 | 4.5 | 3.7 | 4.4 | 4.0 | 1.5 | 4.0 | 4.2 | 3.6 | 3.3 |
| **Zambia** | 3.9 | 20.5 | 25.5 | 1473.8 | 4.2 | 13.5 | 4.1 | 2.7 | 3.0 | 4.1 | 4.2 | 2.9 | 4.1 | 4.6 | 4.4 | 3.4 |
| **Gabon** | 3.7 | 18.4 | 30.4 | 11928.7 | 6.0 | 1.5 | 3.7 | 2.9 | 3.0 | 4.2 | 2.8 | 2.9 | 3.2 | 3.8 | 3.6 | 2.7 |
| **Lesotho** | 3.7 | 2.4 | 4.3 | 1282.7 | 5.7 | 2.2 | 3.9 | 2.8 | 2.4 | 4.2 | 3.2 | 2.0 | 3.4 | 4.2 | 3.3 | 2.9 |
| **Ghana** | 3.7 | 38.9 | 88.5 | 1562.2 | 3.4 | 25.0 | 3.9 | 3.0 | 3.1 | 3.9 | 3.5 | 3.7 | 3.9 | 4.3 | 4.1 | 3.3 |
| **Senegal** | 3.7 | 13.9 | 27.7 | 1057.3 | 4.3 | 12.8 | 3.8 | 2.9 | 3.2 | 4.2 | 3.2 | 3.0 | 3.9 | 4.3 | 3.8 | 3.4 |
| **Cape Verde** | 3.7 | 1.9 | 2.2 | 3603.9 | 4.1 | 0.5 | 3.9 | 3.1 | 3.5 | 3.6 | 3.9 | 1.3 | 3.5 | 4.0 | 3.4 | 3.0 |
| **Côte d'Ivoire** | 3.7 | 24.6 | 43.8 | 1053.9 | 4.7 | 20.2 | 3.6 | 3.4 | 2.8 | 4.2 | 3.1 | 3.2 | 3.7 | 4.2 | 3.9 | 3.3 |
| **Cameroon** | 3.7 | 25.0 | 53.3 | 1165.3 | 4.4 | 20.0 | 3.5 | 2.5 | 2.8 | 4.1 | 3.2 | 3.3 | 3.7 | 4.0 | 3.5 | 3.3 |
| **Ethiopia** | 3.6 | 41.9 | 121.4 | 483.0 | 4.4 | 84.7 | 3.5 | 2.5 | 2.5 | 4.1 | 2.6 | 3.8 | 3.3 | 3.8 | 3.3 | 2.9 |
| **Egypt** | 3.6 | 256.7 | 553.6 | 3111.9 | 3.0 | 82.5 | 3.4 | 3.2 | 3.2 | 3.1 | 3.3 | 4.8 | 3.7 | 4.0 | 3.2 | 2.7 |
| **Tanzania** | 3.6 | 28.2 | 79.4 | 599.2 | 4.1 | 46.2 | 3.5 | 2.3 | 2.5 | 4.4 | 2.4 | 3.6 | 3.5 | 3.9 | 3.7 | 3.0 |
| **Uganda** | 3.6 | 21.0 | 54.6 | 589.2 | 4.4 | 34.5 | 3.3 | 2.3 | 2.8 | 4.7 | 2.7 | 3.3 | 3.5 | 3.9 | 3.8 | 3.1 |
| **Swaziland** | 3.6 | 3.8 | 6.8 | 3474.9 | 4.8 | 1.1 | 3.9 | 3.3 | 2.7 | 3.9 | 3.2 | 2.1 | 3.6 | 4.1 | 4.0 | 2.9 |
| **Zimbabwe** | 3.5 | 9.8 | 10.3 | 755.6 | 4.5 | 12.8 | 3.3 | 2.5 | 2.9 | 3.2 | 3.2 | 2.3 | 3.3 | 3.6 | 3.4 | 2.6 |
| **Gambia, The** | 3.5 | 0.9 | 3.7 | 503.0 | 3.0 | 1.8 | 4.3 | 3.3 | 3.0 | 4.5 | 3.5 | 1.6 | 3.9 | 4.0 | 3.7 | 3.1 |
| **Libya** | 3.5 | 81.9 | 70.4 | 12777.8 | 5.4 | 6.4 | 2.6 | 2.9 | 2.6 | 3.4 | 3.6 | 3.3 | 3.0 | 3.3 | 1.9 | 2.0 |
| **Nigeria** | 3.4 | 268.7 | 479.3 | 1631.0 | 4.6 | 162.5 | 3.0 | 2.1 | 3.0 | 4.5 | 2.9 | 4.7 | 3.8 | 4.2 | 4.1 | 2.8 |
| **Mali** | 3.4 | 10.3 | 18.6 | 631.3 | 4.5 | 15.8 | 3.2 | 3.2 | 2.9 | 3.9 | 2.7 | 2.7 | 3.6 | 4.1 | 3.3 | 3.1 |
| **Madagascar** | 3.4 | 10.1 | 22.3 | 451.5 | 4.6 | 21.3 | 3.1 | 2.1 | 2.6 | 4.5 | 2.6 | 2.8 | 3.5 | 4.1 | 2.9 | 3.1 |
| **Malawi** | 3.2 | 4.2 | 15.0 | 253.3 | 2.4 | 15.4 | 3.7 | 2.2 | 2.4 | 4.6 | 2.6 | 2.6 | 3.5 | 4.0 | 3.8 | 2.8 |
| **Mozambique** | 3.2 | 14.6 | 28.2 | 650.1 | 4.1 | 23.9 | 3.2 | 2.4 | 2.7 | 3.9 | 2.4 | 3.1 | 3.3 | 4.0 | 3.1 | 2.8 |
| **Burkina Faso** | 3.2 | 10.5 | 26.6 | 602.8 | 4.5 | 17.0 | 3.3 | 2.0 | 2.5 | 4.2 | 2.4 | 2.9 | 3.0 | 3.8 | 3.1 | 2.9 |
| **Sierra Leone** | 3.1 | 3.8 | 9.4 | 613.5 | 3.9 | 6.0 | 3.4 | 2.1 | 2.4 | 4.0 | 2.4 | 2.3 | 3.3 | 4.0 | 3.4 | 2.6 |
| **Burundi** | 3.1 | 2.5 | 5.8 | 282.1 | 4.0 | 8.6 | 2.9 | 2.0 | 2.1 | 3.9 | 2.1 | 1.7 | 2.9 | 3.5 | 2.4 | 2.5 |
| **Angola** | 3.0 | 118.7 | 130.1 | 5873.3 | 4.7 | 19.6 | 2.6 | 2.0 | 2.3 | 3.5 | 1.9 | 3.8 | 2.6 | 2.9 | 2.5 | 2.1 |
| **Mauritania** | 3.0 | 4.2 | 8.2 | 1157.4 | 4.0 | 3.5 | 2.8 | 2.6 | 2.7 | 3.1 | 2.2 | 2.3 | 2.9 | 3.4 | 2.5 | 2.4 |
| **Chad** | 2.8 | 10.8 | 28.0 | 1006.1 | 4.7 | 11.5 | 2.7 | 1.7 | 2.1 | 3.7 | 2.0 | 2.9 | 2.8 | 2.9 | 2.7 | 2.3 |
| **Guinea** | 2.8 | 5.6 | 12.5 | 518.9 | 3.2 | 10.2 | 2.8 | 1.8 | 2.4 | 4.0 | 2.2 | 2.4 | 2.9 | 3.4 | 2.8 | 2.2 |

Least — Most

Source: The Global Competitiveness Index Historical Dataset, 2014/2015, World Economic Forum, Deloitte analysis

**Figure 10. Overview of the opportunities and risks in Africa today**

Opportunities

| | |
|---|---|
| Economy | • Transition underway in many African economies to move from resource export markets to consumption markets<br>• Specific regions (e.g. Sub-Saharan Africa) have higher 'ease of doing business' and competitiveness scores than Brazil |
| Consumers | • Increasing consumer base in majority of African countries, led by the middle class<br>• Higher share of younger age groups in the region's population, compared to Latin America and Asia |
| Technology | • Increasing mobile phone penetration levels, supported by investments in telecommunication in Africa<br>• Being early adopter on mobile payment systems, more low-cost payment models being tested for the region. |

Risks

| | |
|---|---|
| Fiscal and monetary issues | • Local currency volatility<br>• Controls on foreign exchange and capital flows<br>• Selective tariff barriers<br>• Coupling or over-dependency risks – China, the US, and Europe |
| Transparency and compliance | • Corruption and political volatility<br>• Legislative and regulatory issues<br>• Counterfeiting and fraud issues<br>• Need for periodic due diligence while using local partners |
| Resources and infrastructure | • Power and transportation infrastructure gaps<br>• Critical skill or workforce gap<br>• Market intelligence/data gap<br>• Warehousing or inventory stocking issues. |

Source: Deloitte research

## Not 'one' Africa

Africa remains complex and varied, stemming from the very basic fact that there is not one Africa. Africa is a continent of considerable diversity and should not be straight-jacketed by one-size-fits-all solutions. Africa offers different levels of opportunities across markets and requires appropriate and specific market entry strategies.

While overall market conditions seem to favour a growth trajectory for African markets, international investors should also be prepared to engage with African countries on a long-term basis. Not only should businesses look to support the required capacity building to help Africa fulfil its economic potential, they must also manage some of the risks associated with doing business in Africa. These include fiscal and monetary issues such as foreign exchange restrictions, transparency and compliance, political instability and corruption, and resource and infrastructure challenges such as a talent gap and weak distribution structures (Figure 10).

# The consumer opportunity

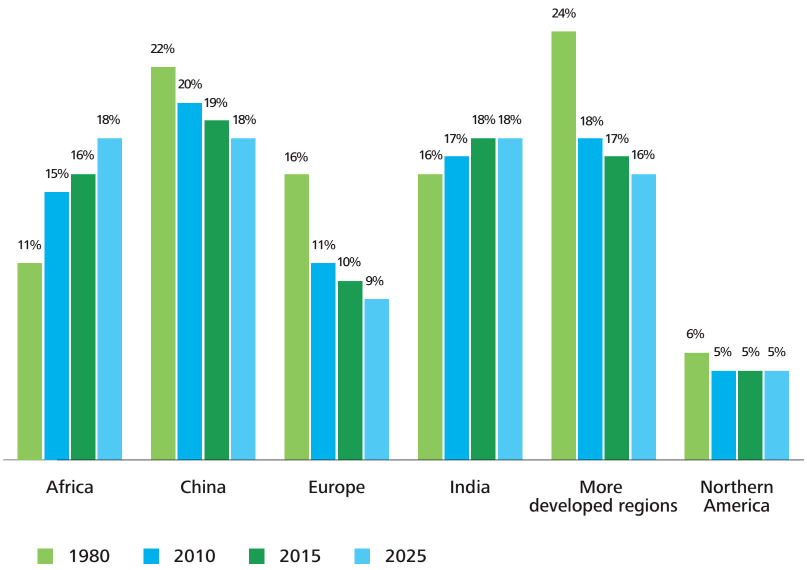
A number of forces are converging to make Africa more prominent in the global consumer economy, as an urbanising and rising middle class drives demand for consumer products and improved services.

The consumer opportunity rests on five pillars: exponential population growth, the rise of the middle class, Africa's youth, the rapid urbanisation of the population and fast adoption of digital technologies.

**Pillar I – Unprecedented population growth**
Africa is experiencing unprecedented population growth and the African population is projected to expand from around one billion in 2014 to almost two billion by 2040, according to the United Nations Population Division. Projections indicate that by 2025, one in five people in the world will come from Africa, and Africa's population will exceed that of Europe, South and North America combined (Figures 11 and 12).[5]

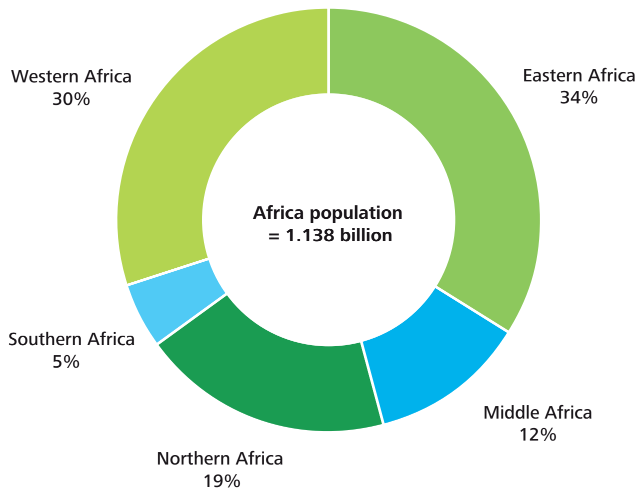
This population increase, combined with GDP growth, and rising household income and purchasing power, makes Africa a very attractive market for investors.

**Figure 11. Population as a share of total world population by regions**



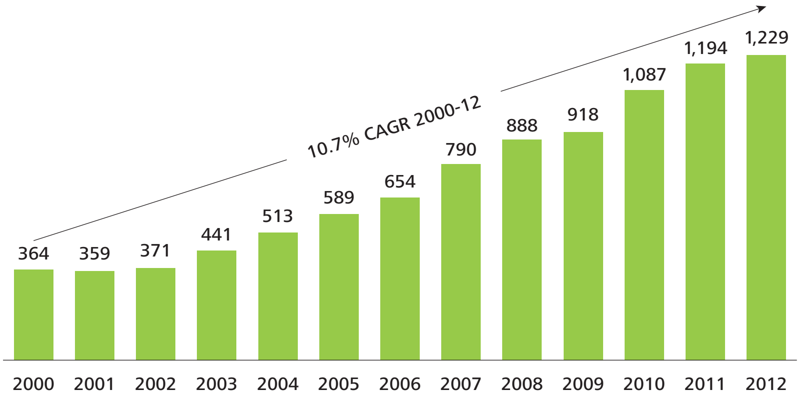

Source: UN data, Deloitte analysis

**Figure 12. African total population in 2014**



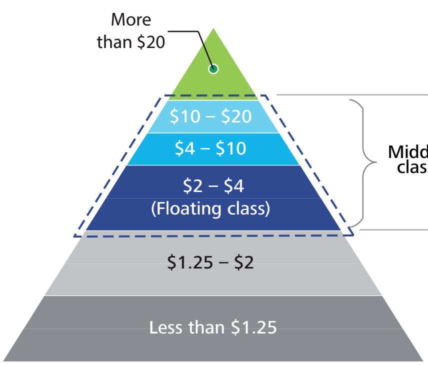

Source: UN data, 2014 revision, Deloitte analysis

**Figure 13. Africa household final consumption expenditure (current $, billions)**




Source: World Bank, Deloitte analysis

**Figure 14. The African population income distribution**




| | 2013 (% total Population) | 2013 Population (millions) | 2030 Population (millions) |
|---|---|---|---|
| More than $20 | 6 | 63 | 116(F) |
| $10 – $20 (Middle class) | 5 | 52 | |
| $4 – $10 (Middle class) | 9 | 96 | 582(F) |
| $2 – $4 (Floating class) (Middle class) | 21 | 228 | |
| $1.25 – $2 | 17 | 191 | 283(F) |
| Less than $1.25 | 43 | 479 | 654(F) |

Source: UN data, African Development Bank, Deloitte analysis

## Pillar II – The promise of the growing middle class

Africa is growing rapidly and emerging middle classes are creating sizable consumer markets. Between 2000 and 2012, Africa's aggregate household final consumption expenditure grew at an average annual rate of 10.7 per cent, rising by more than $850 billion and reaching nearly $1.3 trillion (Figure 13).

The African middle class has been broadly defined as those living on between $2 and $20 per day. Yet the definition of lower and upper middle classes is those with income of $4 to $10 and $10 to $20 per day respectively. Over the three decades preceding 2010, the emerging middle class grew by 3.1 per cent, compared with overall population growth of 2.6 per cent (Figure 14).[6]

In 2010 there were 355 million people, or 34 per cent of the population, considered middle class. By 2030, over half a billion Africans are projected to be middle class. Projections over the longer term include the middle class growing to 1.1 billion or 42 per cent of the total population by 2060, exceeding the middle class of China today.[7]

Some 40 per cent of Africans today remain at incomes below $1.25 per day, while only just over 10 per cent receive more than $10 per day. Those living on a daily per capita consumption of $2-$4 are referred to as the "floating class". Their vulnerability to falling back into poverty due to slight changes in living costs is very high. On that basis the figure of 355 million middle class Africans might have been overestimated.

Still, it is clear that the trend is likely to be faster growth in the middle classes over the next decade. Markets with the highest GDP growth, such as Kenya, Egypt and Ethiopia, are expected to outperform middle class growth in other countries.

Middle class distribution across the continent tends to correlate with the size of economies, a country's wealth in terms of resources and the rate of urbanisation.

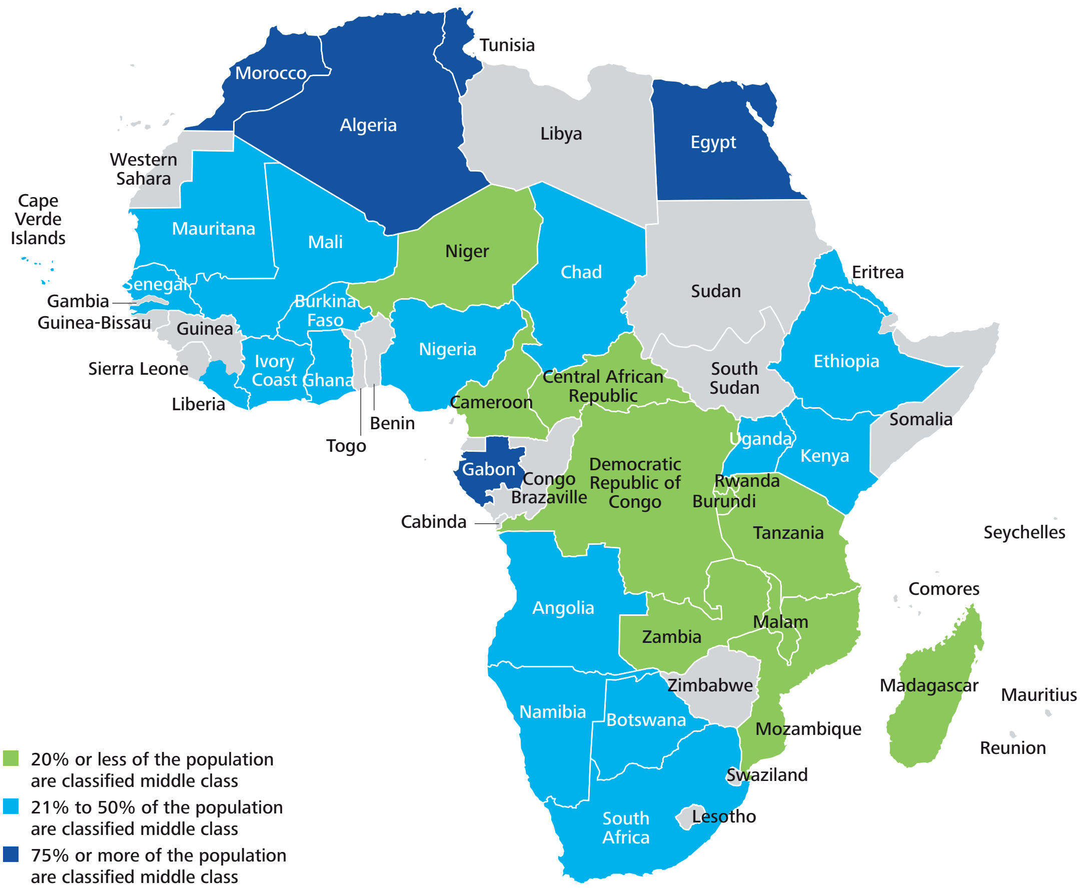
The distribution of the African middle class can be divided into three categories. The first includes countries with at least 75 per cent of the population classified as middle class, albeit with a significant number in the floating category. Gabon is at the lower limit of this category with 75 per cent of its population classified as middle class, followed by Algeria (77 per cent), Egypt (80 per cent), Morocco (85 per cent), and Tunisia (90 per cent).

The second category includes countries with 21 to 50 per cent of the population classified as middle class. Again this includes the floating class. It is worth noting that there is a significant gap between countries in this category compared to those in the category above. In this category, Botswana is at the upper limit with 48 per cent of its population classified as middle class.

Finally, the third category includes countries with 20 per cent or less of the population classified as middle class, including the floating class (Figure 15).

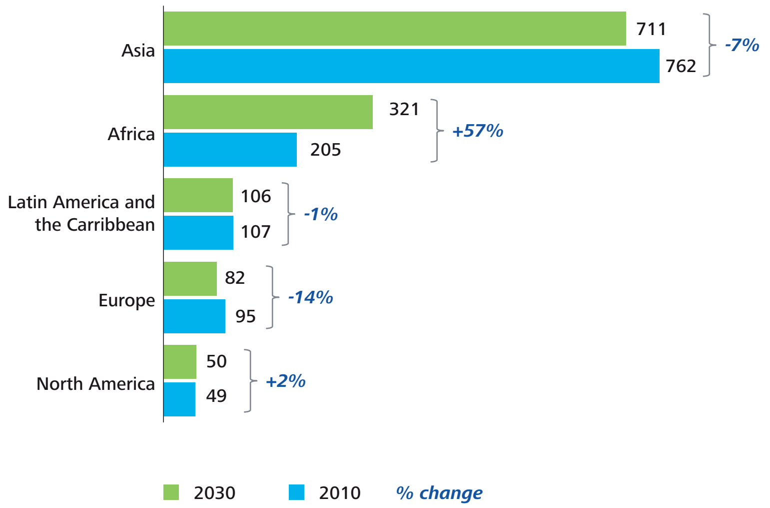
The distribution of the middle class population across the continent shows that there are still large pockets of Africa with significant potential for growth.

**Figure 15. Distribution of middle classes in total populations in African countries (2010)**




Source: African Development Bank, Deloitte analysis

**Figure 16. Population of 15-24 year olds (millions) 2010-30**




Source: UNDESA 2012, Deloitte analysis

**Figure 17. African urban population (% of total population)**

| | 1980 | 2000 | 2010 | 2014 | 2020 | 2030 |
|---|---|---|---|---|---|---|
| Africa | 27% | 34% | 38% | 40% | 43% | 47% |
| Eastern Africa | 15% | 21% | 24% | 25% | 28% | 33% |
| Middle Africa | 28% | 37% | 42% | 44% | 47% | 51% |
| Northern Africa | 41% | 48% | 50% | 51% | 53% | 56% |
| Southern Africa | 45% | 54% | 59% | 61% | 64% | 68% |

Least — Most

Source: UN, World Urbanization Prospects: The 2014 Revision, Deloitte analysis

## Pillar III – Africa's youth

More than 200 million, or just over 20 per cent, of Africans are aged between 15 and 24 years and that demographic is expected to grow to 321 million by 2030 (Figure 16). These younger Africans will play a critical role in economic development because they form a large share of the rising middle class and will seek to access a wider choice of food, consumer goods, entertainment and increased connectivity. Demand from the 15 to 24 age group is already driving growth of the modern retail trade and sales of branded goods.

It should also be noted that young consumers not only represent the potential for stronger demand for consumer goods, but also a positive entrepreneurial mindset that is likely to stimulate economic activity and innovation.

## Pillar IV – The rapid urbanisation

Africa's population is increasingly clustered in large urban centres, and urbanisation will be a key driver of economic activity. Many urban areas will cross national boundaries, linking up major populations and creating sizable markets and trade routes. The urban population in Africa is expected to grow from 38 per cent in 2010 to 47 per cent in 2030 (Figure 17).

The accelerating urbanisation is perhaps the most significant phenomenon since independence in most African nations. That is especially the case for the tropical middle belt, where most of Africa's urban growth is taking place. Lagos (Nigeria), with a population of 12.6 million, is Africa's second largest city after Cairo (18.4 million), and has recently joined the ranks of the world's megacities, while Kinshasa (Democratic Republic of the Congo) is also rapidly approaching megacity status with a population of 11.1 million.[8]

Given the disparity between urban and rural areas, new megacities could be considered 'national' markets in their own right, requiring specific strategies to meet local demand. However, facilities developed to serve consumers in urban areas may eventually be scaled up to facilitate wider distribution.

## Pillar V – Leapfrogging technologies

Connectivity remains an issue across most of Africa but the situation is dynamic and developing fast. Traditionally, connectivity has been poor to non-existent in most countries in Africa.

With 21 per cent of the population across the continent accessing the Internet, penetration is still low relative to the global average of nearly 40 per cent but still represents a market of 240 million. The countries with the highest Internet penetration are Morocco, Egypt and South Africa (Figure 18).

Telecoms growth in Africa over the past five years has been the fastest globally. Around a tenth of Africa's land mass is covered by mobile Internet services, a higher proportion than in India. On average, mobile subscription penetration has reached 72 per cent and by 2017 it will grow to 97 per cent. Moreover, it is projected that there will be 334 million African smartphone connections in 2017, representing around 30 per cent of the continent's population.[9]

The growth of mobile has allowed Africans to leapfrog poor landline infrastructure, which had been a brake on progress. Africa continues to experience rapid growth in adoption of digital technology, including mobile payment systems, e-commerce and digital content. The continent is already a world leader in mobile money; for example more than 17 million Kenyans, or two-thirds of the adult population, use their mobiles as a bank account to deposit or transfer money, accounting for the movement of a quarter of GDP in value.

**Figure 18. Top 10 markets for Internet and Facebook penetration**

| AFRICA | Internet penetration (% of total population) | Facebook users (% of total population) |
|---|---|---|
| WORLD TOTAL | 39.0% | 13.6% |
| TOTAL AFRICA | 21.3% | 4.6% |
| Morocco | 56.0% | 15.4% |
| Egypt | 49.6% | 14.0% |
| South Africa | 48.9% | 13.0% |
| Kenya | 47.3% | 4.5% |
| Tunisia | 43.8% | 30.4% |
| Mauritius | 39.0% | 27.6% |
| Nigeria | 38.0% | 3.7% |
| Cabo Verde | 37.5% | 19.9% |
| Swaziland | 24.7% | 6.3% |
| Sao Tome & Principe | 23.0% | 3.6% |

Source: Internet World Stats, Deloitte analysis

### Case study – M-PESA

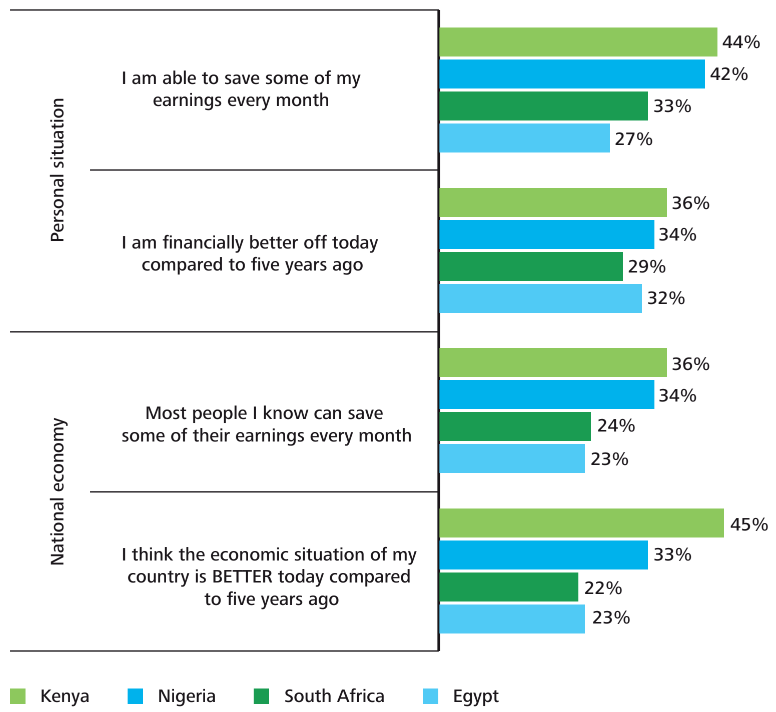
Paying for small transactions such as a taxi ride using a mobile phone is easier in Nairobi than in London, thanks to Kenya's world-leading mobile money system, M-PESA. Launched in 2007 by Safaricom, the country's largest mobile-network operator, it is now used by over 17 million Kenyans, and around 25 per cent of the country's gross national product flows through it. M-PESA lets people transfer cash using their phones, and is by far the most successful scheme of its type.

M-PESA was originally designed as a system to allow microfinance loan repayments to be made by phone, reducing the cost associated with handling cash and therefore cutting interest rates. But after pilot testing it was broadened to become a general money-transfer scheme. Once signed up, users pay money into the system by handing cash to one of Safaricom's 40,000 agents (typically in a corner shop selling airtime), who credit the money to the M-PESA account. Users withdraw money by visiting another agent, who checks that they have sufficient funds before debiting the account and handing over the cash. Users can also transfer money using a menu on their phone. Cash can thus be sent more quickly, safely and easily. This is particularly useful in a country where many workers in cities send money back home to their families in rural villages.

M-PESA has been extended to offer loans and savings products, and can also be used to disburse salaries or pay bills, which saves users further time and money (because they do not need to waste hours queuing up at the bank). One study found that in rural Kenyan households that adopted M-PESA incomes increased by 5-30 per cent. In addition, the availability of a reliable mobile-payments platform has spawned a host of start-ups in Nairobi, whose business models build on M-PESA's foundations.[10]

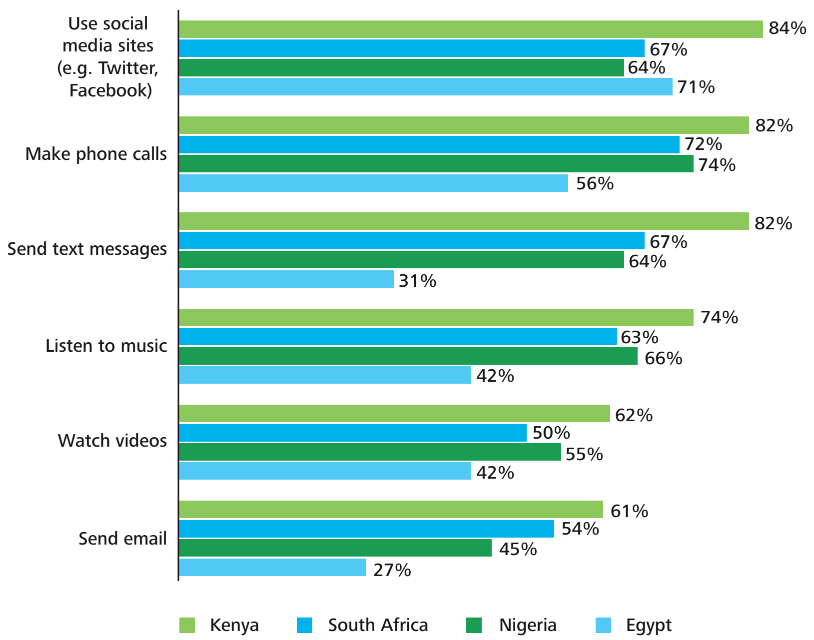
# Consumer attitudes in Africa

**Figure 19. Consumer sentiment on personal circumstances and local economy**




Source: Deloitte research, mobile phone users, aged 16+ in Egypt (n=500), Kenya (n=500), Nigeria (n=500), South Africa (n=500)

**Figure 20. Basic mobile usage**




Source: Deloitte research, mobile phone users, aged 16+ in Egypt (n=500), Kenya (n=500), Nigeria (n=500), South Africa (n=500)

To assess attitudes among young African consumers, Deloitte surveyed 2,000 young Africans across four of the fastest growing consumer markets – Egypt, Kenya, Nigeria and South Africa.

Consumers were surveyed using mobile phone devices and asked about their mobile usage, level of confidence in their personal financial situation and their country's economy, their preference for branded products in different product categories and what is important to them when choosing where to shop for food or clothing.

### Young consumers in Kenya and Nigeria are relatively confident about their personal situation and the economy

In a sign of the positive impact that rapid economic growth has on the level of disposable income, the research shows that young consumers in the fastest growing markets of Kenya and Nigeria are more optimistic about their personal financial situation than those in the more developed African economies of South Africa and Egypt.

In addition, more than one in three young consumers in Kenya and Nigeria think that the economic situation of their country is better today than it was five years ago. However, only one in five share that view in Egypt and South Africa (Figure 19).

These results suggest there is demand among the young consumer base in the markets surveyed because their higher level of confidence in their ability to spend will help sustain growing levels of consumption for consumer goods and services.

### Mobile phones are the main source of access to the Internet for young consumers in Africa

The majority of young consumers in Africa use mobile phones for Internet-based activities such as sending email, watching videos and listening to music. More than two-thirds of the young consumers interviewed use their mobile phones to access social media. This high level of mobile Internet use is good news for companies looking to market to African consumers as it provides a new convenient channel to engage with consumers across large markets (Figure 20).

As a result of its strong mobile phone penetration, Kenya is ahead of the other markets in terms of more advanced mobile activities such as paying for products or services in store. In a sign of the new route to market in Africa, more than half of young consumers in Kenya and nearly half in South Africa and Nigeria search for information on products and services on their mobile phones. Moreover, nearly one in five young consumers interviewed have used their mobile phones to buy a product or service online (Figure 21).

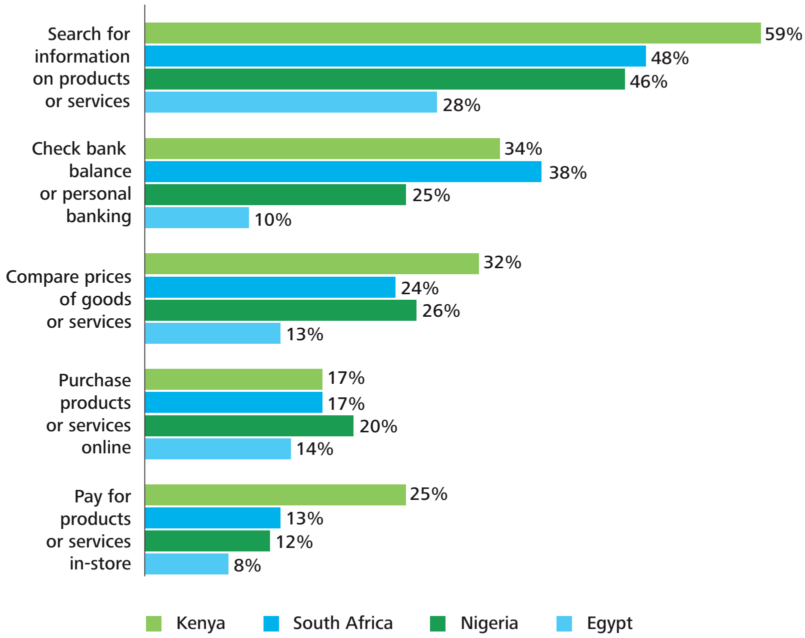
Mobile is fast becoming the main device used to access the Internet, a sign of the importance of developing consumer propositions that work in a mobile environment. The potential for growth is huge, with 20 per cent of the population already online, compared with nearly 75 per cent in Europe and 32 per cent in Asia. A surge in mobile Internet access means that this figure is expected to rise sharply, helping African e-commerce sales reach $75 billion by 2025.[11]

### Young consumers in Africa aspire to well-known brands and latest technology

Nearly one in four young consumers in the markets surveyed claim that buying well-known brands make them feel good. One in four say that they can afford to buy the latest technology gadgets, pointing to growing awareness of, and appetite for, branded goods and high-end products among wealthier consumers (Figures 19 and 22).

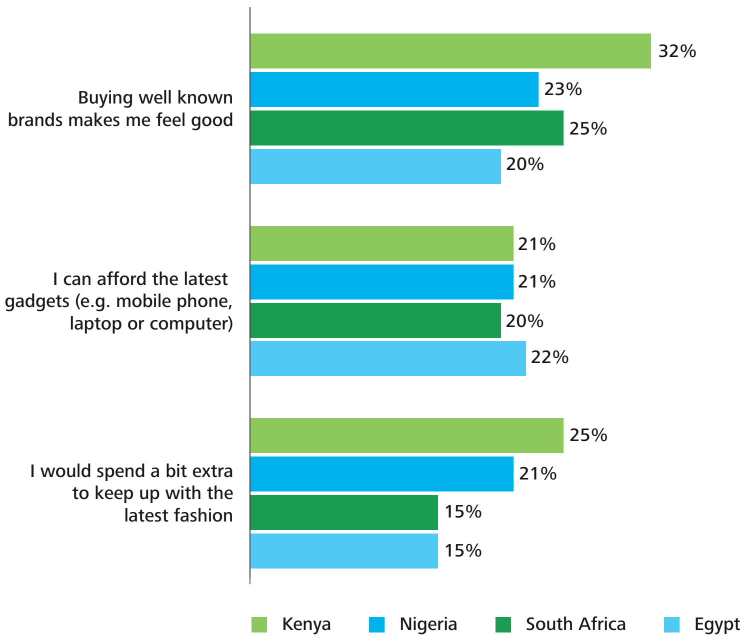
While affordability remains an issue for many consumers in Africa, these emerging aspirational attitudes are a sign of the growth of consumerism, particularly among the younger, urban and more affluent population.

**Figure 21. Advanced mobile usage**



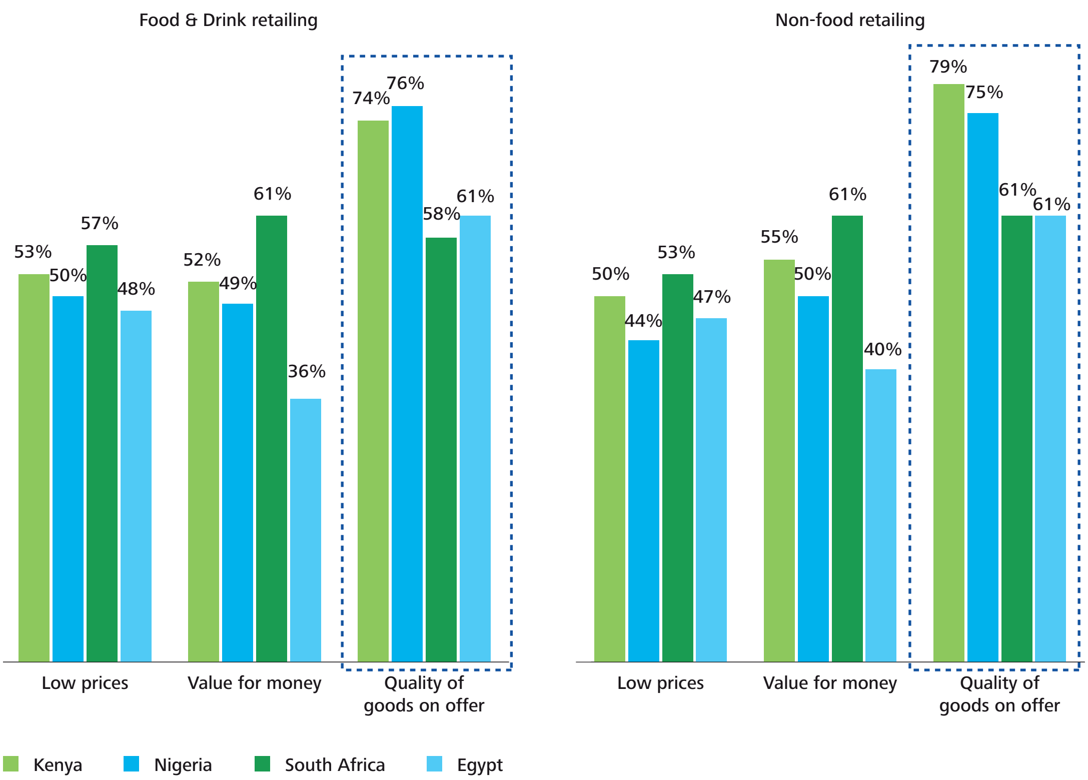

Source: Deloitte research, mobile phone users, aged 16+ in Egypt (n=500), Kenya (n=500), Nigeria (n=500), South Africa (n=500)

**Figure 22. Attitude to well-known brands, technology and fashion**




Source: Deloitte research, mobile phone users, aged 16+ in Egypt (n=500), Kenya (n=500), Nigeria (n=500), South Africa (n=500)

**Figure 23. Consumer preferences when shopping**



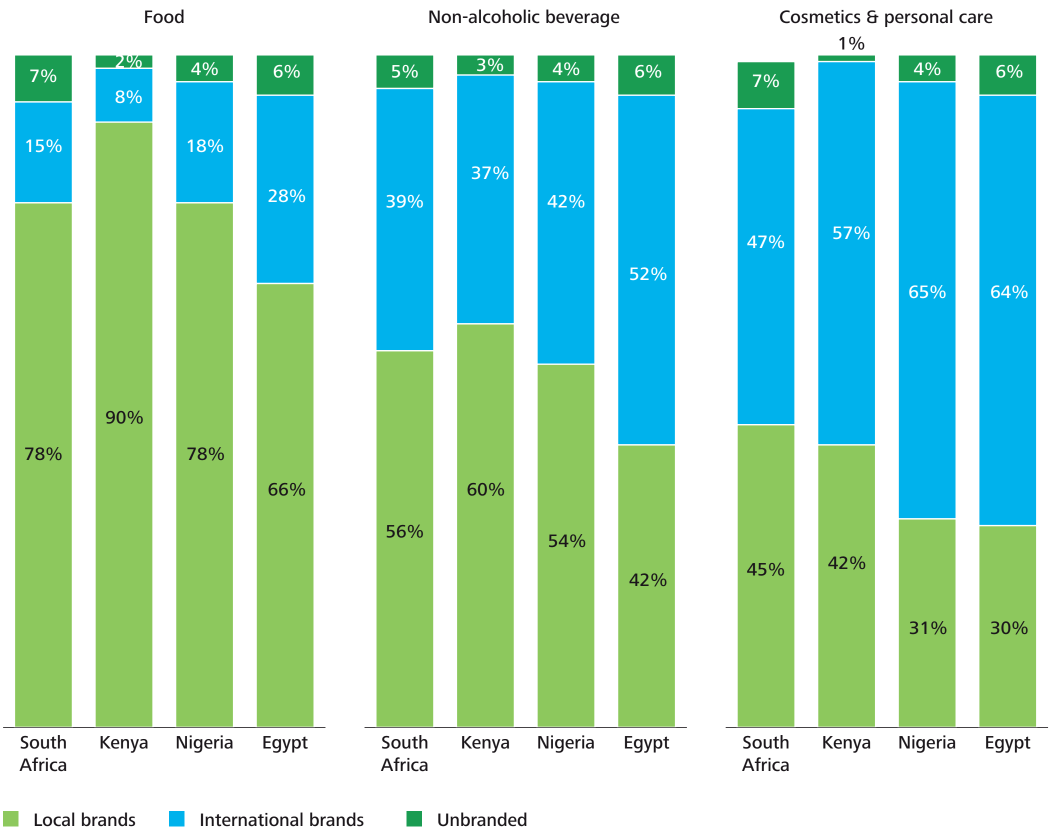

Source: Deloitte research, mobile phone users, aged 16+ in Egypt (n=500), Kenya (n=500), Nigeria (n=500), South Africa (n=500)

## Quality matters more than price

Despite low income levels, young consumers attach more importance to the quality of products than price. Across the four markets researched, quality of goods ranks higher than low price or value for money when it comes to deciding where to shop (Figure 23).

Businesses need to adapt their proposition in terms of packaging and price to cater for consumers with lower levels of disposable income. For example, businesses should consider patterns of earnings. African employees may more often be paid by the day or hour, rather than monthly, suggesting they may estimate the value of goods according to the equivalent number of hours worked. Some companies have started to respond to these market characteristics, by selling branded goods in smaller sizes, making the product more affordable and broadening the base of potential vendors.

**Figure 24. Consumer preference by category**




Source: Deloitte research, mobile phone users, aged 16+ in Egypt (n=500), Kenya (n=500), Nigeria (n=500), South Africa (n=500)

## Africans are brand conscious

Younger African consumers are quality-focused and brand conscious, suggesting businesses serving the market should develop a better understanding of the importance of branded goods for their category. Deloitte research shows that in some categories such as food and drinks, local brands are preferred by the younger population. In other categories, such as fashion and cosmetics, quality is linked with international brands (Figure 24).

Despite consumer aspirations in respect of branded products, companies wishing to sell across Africa should seek to adapt their offerings by category and markets to meet local tastes.

# Operating in Africa's 21st century

Despite Africa's strong growth prospects, it carries risk. Poor governance, corruption, tenuous legislative frameworks, fragile security of tenure and unclear royalty and tax regimes are significant challenges to strategic planning.

Further, issues such as civil unrest, insurgency and a history of ethnic conflict pose operational risks in some countries. The lack of appropriate infrastructure is another challenge.

Yet since the beginning of the 21st century, Africa has been going through a period of structural transition, with more stability creating an environment where risks are perceived as more manageable. The transformation coincides with the growth of the African middle class: a more connected, brand conscious and optimistic population.

Africa is not suffering from a lack of demand, but from a lack of supply. In some areas, such as online, the potential offered by the continent is higher than in other markets. E-commerce and m-commerce create an opportunity because they offer solutions where traditional alternatives, such as retail real estate, are not readily available.

Asking the right questions will allow companies to focus successfully on strategies that may form the basis for long-term planning and short-term prioritisation.

### Planning for growth

Companies need to consider whether to grow through acquisition or capital expenditure.

Businesses also need to consider developing new channels, adapting existing brands and developing new brands, and partnering with local businesses and entrepreneurs. Where there are challenges, there are also opportunities for innovation.

Building strong relationships with consumers, distributors and governments also demands a good understanding of local market conditions. Businesses must evaluate profit opportunities, determine the nature and extent of demand, identify the full cost of participation and understand local competitive alternatives, including counterfeiting and informal competition.

Businesses also need to assess whether they are prepared to manage a high volume of low-value transactions and potentially wait longer before generating returns. With that in mind, it is important that they protect operations from legacy and overhead costs associated with more affluent markets. This may entail setting up separate units operating with different models and time frames.

Africa demands a long-term focus on sustainable growth rather than short-term profit.

### Managing political and economic risks

Some of the main fiscal and monetary issues to manage include local currency volatility, controls on foreign exchange and capital flows, and selective tariff barriers.

There are also transparency and compliance-related issues. Corruption and political volatility is widespread and legislative and regulatory issues are complex. Many markets have difficulties with counterfeiting and fraud which require constant due diligence.

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Since the beginning of the 21st century, Africa has been going through a period of structural transition, with more stability creating an environment where risks are perceived as more manageable.

### Adopting innovative business models

One of the major challenges for large consumer businesses in Africa is to decide whether to develop wholly new business models or how to adapt existing ones to serve a different type of consumer.

This might require changing the price point of products to reflect local purchasing power or, given the continent's diversity, developing local brands in categories that are more about local taste. This may require having the manufacturing facilities near or even in the target market.

There are also high costs attached to educating trade customers, training and equipping suppliers and managing supplier networks, and there may be difficulties due to mismatched objectives and divergent standards for timeliness, quality and operations.

The experience of the world's largest businesses suggests that adapting the business model may be the key to success.

#### Case study – Guinness Nigeria: Orijin

Launched by Guinness Nigeria in Lagos in April 2014, Orijin is a premium alcoholic beverage. Orijin is made from the typically bittersweet local herbs and fruits traditionally used in West African herbal alcoholic remedies. The beverage is bottled in contemporary and premium style packaging, and is significantly more expensive than other local herbal drinks.

#### Case study – The micro-factory

**The Cube: Diageo's innovative portable manufacturing solution in Africa**
Diageo's innovative manufacturing solution 'the Cube' can be found at its Guinness brewery in Accra, Ghana's capital. It is a gleaming mini-factory that may point the way forward for global consumer goods companies in Africa.

The tiny blending and bottling plant for Gilbey's gin, housed inside five connected shipping containers, gives Diageo a way to test demand for new drinks while minimising capital deployment.[12]

**Nestlé's modular factory**
Nestlé has announced the creation of a blueprint for a factory that can be built in half the time for 50 to 60 per cent of the cost of a traditional facility.

The so-called modular factory comprises multiple, easy-to-assemble component sections designed to offer a highly flexible and cost-effective solution for creating production sites in developing markets.

The model is seen as a way to manage risk linked to lack of infrastructure, energy resources and building expertise. The modular factory concept will enable Nestlé to rapidly establish a footprint, creating local jobs and operating closer to its customers and raw materials.

According to Nestlé, the average factory takes between 18 and 24 months to build and costs between CHF30m and CHF50m. The new modular factory could be completed, and up and running, in less than 12 months, at a cost of between CHF15m and CHF25m.[13]

### Case study – Jumia, the African 'Amazon'

E-commerce is growing in Africa, but retailers face challenges in respect of payments and logistics, suggesting businesses must innovate to succeed.

Jumia, an online retail business based in Nigeria, was launched two years ago in Morocco, Egypt and Nigeria, and then expanded into Kenya and the Ivory Coast and will launch in Uganda soon. Every month it reports double-digit growth.

Originally the company wanted to push the Amazon concept into Africa, but the logistics chain was poorly developed, there was little or no financing available and electronic payments were all but impossible. The company realised it would need to rework the model and moved to cash on delivery.

The business owners believe that the potential share of online retail can be significantly higher in Africa than in developed markets, potentially exceeding bricks and mortar.

The business is fully integrated through the value chain. It owns the motorbikes and trucks that deliver to customers (the delivery fleet is larger than the combined UPS, Fedex and DHL fleets in Nigeria), as well as the call centre and IT servicing.

There is also an issue in terms of access to devices to do the ordering: there are more smartphones than laptops and PCs in the market. As a result, Jumia is selling entry-level smartphones with its own app pre-loaded.

### Case study – Developing Africa's modern retail talent

Kero, a grocery retailer in Angola, currently has 11 stores and expects to open three more by the end of 2014. Kero's success can be attributed to focusing on three key areas.

First is the wide product assortment including non-food products. It stocks approximately 40,000 different products including 200 private-label products.

Second, Kero is committed to domestic production, which already accounts for 30 per cent of sales. While most of the food products purchased in Angola are imported, there have been major local investments, primarily in the beverages and fresh foodstuffs categories.

The third is talent management. Kero started with 500 employees and has grown to 5,000, of which only three per cent are expatriates. Kero's recruitment success is attributed to a number of factors including its integrated human resources management system, training staff with no experience into modern retail specialists, and offering a full benefits package and salaries above the market average.

### Developing new channels

The fast adoption of mobile is offering innovative businesses the opportunity to leapfrog fixed-line Internet infrastructure to engage with consumers. Developing mobile commerce propositions or mobile payment solutions to compensate for the lack of retail banking facilities have already proven successful in a number of markets.

### Ensuring supply meets demand

Given the heterogeneous nature of the African population, continent-specific strategies are unlikely to get the right results. However, a country-specific approach for each market may be expensive. Our research suggests cluster-specific strategies are a cost-effective option, with countries classified on the basis of certain common attributes.

Manufacturers should also consider trade blocs such as the Common Market for Eastern and Southern Africa, the Southern African Development Community and the Economic Community of West African States, which are all setting out trade standards and enforcement rules. However, there is still a high level of exceptions and regional trading blocs could work more closely. Greater cooperation is required in areas such as tax regimes, tariffs, infrastructure, bureaucratic barriers and the free-flow of goods across borders, and could pay economic dividends if implemented.

It is also important to manage risks and capital by adopting a flexible approach to distribution, including for example going direct to consumers in some markets and in others using distribution partners.

### Managing the capability and talent gap

Africa is a continent undergoing such rapid growth that it is creating a gap between demand and supply for management and other specialist skills. Human capital is essential to consolidate and accelerate growth and companies need to manage the lack of effective substitutes for in-house training. There are few appropriate secondary education programmes for the consumer sector, especially in retail.

Companies should also seek to outsource some of their functions where the capabilities are not yet developed.

To move forward, companies in Africa must source more talent and encourage more mobility. There is, for example, a wealth of talent among the diaspora, and strategies should be put in place to approach individuals in this group and incentivise them to return to the continent.

# Endnotes


1. As per the country classification of the International Monetary Fund, World Economic Outlook Database, October 2014: Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Fiji, India, Indonesia, Kiribati, Lao P.D.R., Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nepal, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu, Vietnam

2. fDi intelligence. See also: http://www.fdiintelligence.com

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4. The World Economic Forum's annual Global Competitiveness Report studies and benchmarks the many factors underpinning national competitiveness. It defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be reached by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates. In other words, a more competitive economy is one that is likely to grow faster over time.

5. World Population Prospects: The 2012 Revision United Nations Department for Economic and Social Affairs, UNDESA, 2013.

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# Notes

# Notes

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