P&G pushing its Africa operations

By Zeenat Moorad

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Having weathered a financial crisis better than some developed economies, Africa, and more particularly SA, is the focus for Procter & Gamble (P&G) says Standa Vecera, vice-president of South Africa and expansion markets.

The US consumer goods group, which in the past decade has grown its African businesses tenfold, plans to build a R1.6bn multi-category manufacturing plant in SA, in line with its aim of making the country P&G's manufacturing hub. The new plant, the location of which has yet to be decided, is expected to create about 500 jobs.

"Emerging markets offer higher returns than developed markets because their gross domestic product (GDP) is still growing and their overall economies are improving. Sub-Saharan Africa is one of the fastest growing regions in the world, so we are very positive about SA and Africa overall," Vecera said.

A swelling middle-class and untapped consumer-spending potential are making sub-Saharan Africa a key investment opportunity, according to a report from Euromonitor.

"Kenya, Ethiopia, Ghana, Tanzania and Cameroon stand out for their population sizes, the relative maturity of their economies and growth prospects. Despite risks, these frontier markets will offer attractive long-term investment potential," the research firm said.

New brands

In 2009, P&G invested R500m in a manufacturing plant for Pampers nappies in Kempton Park. It has two facilities in Ibadan, Nigeria, and is building a manufacturing plant in Lagos.

In May, P&G whose brands include Gillette, Pantene, Duracell and Oral-B, launched its flagship laundry brand, Ariel in SA. The products which include hand and automatic washing powder, washing liquid and power capsules go head to head with Unilever's Omo in SA.

"The response so far has been very positive. What we're seeing is that the total category is actually growing which is good for the market as a whole. Competition is good for the consumers. We've seen a number of promotions in the market that weren't there before. For Ariel, we're taking a long term view. We aim to be a strong number two, on the way to being number one, over the next 10-15 years in SA," Vecera said.

The Ariel brand has done well in Kenya, where according to a March survey carried out by Consumer Insight Africa it holds 25% of the market, while Unilever's two detergents, Omo and Sunlight hold 18% and 17% respectively.

"The African population is growing and African consumers are increasingly demanding high quality brands that were not previously available. Increasing our investments on the continent means more contribution to local economies," Vecera said.

Source: BD Live via I-Net Bridge