

Advertising in Africa

After more than two decades of operating through independent affiliates, advertising group [TBWA](#) is preparing to buy equity stakes in East and West Africa.

The TBWA SA group has established relationships with advertising and marketing agencies across sub-Saharan Africa. African operations director Rick de Kock says the group is only now ready to buy into some of these agencies.

"Our first big equity investment will be in East Africa," he says. "We are finalising the transaction at the moment. There's a bit of embryonic stuff under way and we are progressing quite well on further equity discussions in West Africa."

The Africa network outside South Africa is made up of 15 affiliate agencies in 13 countries. Kenya and Nigeria each have two. All these bear the TBWA name though they are all 100% locally held.

In all, the network employs 400 people, including an SA office which plays a co-ordinating role.

"When we started the network in the late 1990s, we were looking for likeminded companies that matched our brand DNA," De Kock says. "They needed entrepreneurial, highly creative and dynamic companies similar to ours."

Though TBWA hasn't held any equity, the agencies share common tools, training and intellectual property.

TBWA SA originally established its affiliates network to help the African expansion plans of major local clients like Standard Bank, Visa and Ericsson, then for global TBWA clients exploring the African market.

While there is a renewed interest in Africa from global brands, De Kock says the next phase of development will be driven by inter-regional trade as African indigenous corporations seek to expand into neighbouring countries.

"I think that's the biggest opportunity for the African agency networks," he says. "For example [Nakumatt](#), the biggest retailer in East Africa, is starting to expand across the continent, and the Nigerian cellular network provider, Glo Mobile, is preparing to launch in Ghana and Benin."

Though Africa is one of the world's fastest-growing regional economies, there are major issues to consider. A recent report forecast that 50% of all Africans will be living in cities by 2030. De Kock says: "We can't look at that number in isolation. I am more interested in what that means to us as marketers. If those countries don't fix their governance and infrastructural problems, that urbanisation could lead to a boilingover of social unrest."

TBWA is preparing to host its annual Africa Leadership Conference and TBWA Africa Awards in September, when affiliate MDs will meet in Johannesburg to discuss opportunities and challenges on the continent.

"This year the working title is 'Digital in Africa'," he says. "Few people know that East Africa has a better broadband network than SA. All of a sudden there is a significant middle class in Africa with disposable income."

He adds: "Africa is a bigger market than India and we are seeing infrastructure improvement and corporate governance improving all the time."