

Top 100 Brands: Global brands entrench their positions in Africa



- [African Business Magazine](#)
- 3 March 2017
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Africa has seen impressive double-digit economic growth in the past 20 years, but this slowed to 3% in 2015, due mainly to sluggish growth and/or challenging economic conditions in the region's largest economies and commodity exporters – Angola, Nigeria, and South Africa.

During the economic downturn, African brands have regressed against non-African brands, with their share declining from 24%, 25% and 23% in 2013, 2014 and 2015 respectively to only 16% this year. Non-African brands now represent an all-time high of 84% of the Top 100 most Admired Brands and account for 99.25% of the value of the Top 100 most Valuable Brands in Africa.

Despite the challenges that the leading non-African brands have had globally – most notably Samsung's Galaxy Note 7 recall challenge and Apple's declining or stagnant franchise – non-

African brands have entrenched their market position in Africa. While it has retained the number one spots as the most admired and most valuable African brand, MTN has lost significant ground overall, falling from top of the list as the most admired brand in Africa to ninth position.

The brand is reeling from a \$5.2bn fine by the Nigerian regulator. At the time of the announcement of the fine, equivalent to about a fifth of its market capitalisation, the news knocked 12% off its value. No sooner had MTN settled a reduced fine of \$1.7bn, than the Nigerian authorities accused it of illegally repatriating about \$14bn over 10 years starting in 2006.

While unproven as yet, these charges have severely damaged its brand franchise in its most profitable market, Nigeria, and overall. The brand's value has declined 36% from \$4,672m in 2015 to \$2,975m in 2017 and it has fallen off the Brand Finance Global 500, where it was the only African brand.

In contrast, Samsung's Galaxy Note 7 crisis had no impact on its reputation (although it wiped out almost all of the company's mobile unit profits), probably due to Samsung's proactive, efficient and expedient recall and customer service resolutions. The South Korean giant has now replaced MTN as the most admired brand in Africa and grown its brand value by 13%, entrenching the non-African brands' dominance in Africa.

Google, at \$109,490m the most valuable brand in the world, is the strongest brand overall in Africa with a AAA+ rating. MTN is the strongest African brand amongst those admired by consumers with a AA+ rating. As both non-African and African brands continue to broaden their African footprints, new brands enter or exit the tables due to consumers being exposed to a variety of brand options and either entrenching their franchise or substituting with new options.

However, despite vibrant political and social movements, largely driven by Africa's youthful population, and the lauded entrepreneurial energy behind Africa's rising prominence in the arts, fashion and technology, Africans are not creating and building brands fast enough to challenge the global brands.

Europe has 42 brands in our Top 100, America 25 and Asia 17, with Africa trailing last with only 16 brands in the Top 100.

Winners and losers

While Lacoste (+52), Mirinda (+47), Honda and Tiger Brands (+44) and Safaricom (+37) made the biggest gains across diverse categories. Levi's (-68), AllStar/Converse (-45), Reebok (-49) Nissan (-45) and Sasko (-35) lost their cool along among African consumers in a table that has remained largely similar.

In 2015 new entrants in the Top 100 comprised 34% of the table. This year is similar: 31% of the table comprises new brands, with notable pan-African brands such as South Africa's Shoprite and Pick n Pay and regional African brands such as Morocco's Marwa, Ethiopia's Anbessa, Madagascar's Three Horse Beer and Nigeria's Ladycare making the Top 100.

Non-African brands dominate local markets

Across the 19 markets surveyed – except for Nigeria (with Glo at number 3), Kenya (with Safaricom/Mpesa at number 2 and Tusker at number 3) and Tanzania (with Zama at number 2), non-African brands dominate the Top 3 brands in each market. Samsung (top in 8/19), Adidas (3/19), Nike (4/19), Coca Cola (3/19) and Airtel (1/19) are the number one brands in the various markets.

Africa's best brands

Despite its challenges, MTN remains the most dominant African brand ahead of its category competitors Nigeria's Glo and Kenya's Safaricom/Mpesa. Unsurprisingly, South Africa, the continent's leading economy, leads with six of the 16 African brands that make the Top 100. Madagascar is represented with Three Horse Beer.

Kenya has two brands, Uganda one, Tanzania one, Ethiopia one, while West Africa's three brands are all Nigerian and North Africa has one brand in our Top 100, Morocco's Marwa. Consistent with past surveys and valuations, Africa is not represented in any category that requires high set-up investment and research such as auto manufacturing and electronics. In a category that should be easy to enter such as apparel, the dominant brands continue to lead a continent still mesmerised by global brands and the local and international celebrities who endorse them.

A category of their own

Similarly to 2015/6, the Brand Africa survey questions were extended to focus on financial services and media brands in Africa, due to their catalytic impact as categories that enable development and communication respectively. Despite the stringent and improved regulatory environment, African brands remain competitive in the financial services category, in fact leading the category with 15 out of 25, with Nigeria (six), South Africa (three) and Kenya (three) leading the continent.

The Top 3 most admired financial services brands were Nigeria's GTB, Standard Bank of South Africa and pan-African group Ecobank. The global brands are led by Barclays, which is exiting Africa. In the media category, the BBC propelled by its World Service radio channel, which is accessible across the continent, and CNN lead the only African media brand, DSTV.

The latter, although not technically a media channel, is recognised as a sub-Saharan enabler for broadcasting the many channels that make up the Top 10 in Africa – and reaching consumers across Africa. Underscoring their important role as African economic catalysts, Safaricom/Mpesa (\$691m), the world's most admired mobile money transfer brand (a 82% y/y growth) and DSTV (\$623m) (albeit a 23% decline y/y) at numbers 72 and 73 respectively are the only African financial services and media brands among the Top 100 Most Valuable Brands.

Both the media and financial services categories are expectedly dominated by local brands because they require local regulatory sanction and because media in particular, are dominated by local personalities and programming that does not easily travel beyond borders.

Conclusion

Brand Africa 100 provides an important metric on the progress Africa is making in creating Made in Africa brands and challenging the dominant non-African brands in Africa.

With its decline in the rankings, it has been a disappointing year for Africa. While it is indisputable that non-African brands dominate Africa because of their history and global resources, it is no excuse for African entrepreneurs and policymakers in a rising continent which is estimated will reach a population of 2bn by 2050 and achieve consumer expenditure of \$1 trillion by 2020.

African governments are not creating enabling policies or investments nor incentives, neither adequately nor fast enough, for entrepreneurs to thrive. Africa, which accounts for only 0.75% of the value of the Top 100 Most Valuable Brands, has a mere estimated 0.6% share of the trademarks filed

globally (World Intellectual Property Organisation) and invests less than 1% of GDP in research compared with 2–5% for developed markets.

Without investment in research and owning trademarks, global brands will still set the standard for brand leadership and dictate the trends and fortunes. While Africa is not an island and will not necessarily thrive with a protectionist economic agenda, the status quo cannot remain the same.

The success of non-African brands is a benchmark for African brands who in theory ought to know and serve their consumers better. It is an open opportunity both for African and non-African brand builders, entrepreneurs and industrialists who do right by the African consumer. The time has never been more urgent for Made in Africa and for Africans to rise to the challenge.

1

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