



# Assessing the francophone West Africa market

Francophone  
West Africa

## An ETOP analysis

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**Abstract** *Very little is known about the business environment in the countries of l'Afrique Occidentale Française (or francophone), the French-speaking countries of West Africa, here referred to as francophone West Africa (FWA). Yet chief executive officers and corporate managers are under increasing pressures to assess the business environment before entering any such overseas markets. Therefore, the aim of paper is to scan the macro-environmental forces operating in the FWA market. An audit of these external factors produces an "ETOP" framework, describing the current external threats and opportunities for would-be entrants, and identifying practical implications for international marketing planners. The FWA countries are classic case of an emerging market, about which more deserves to be known, especially by non-francophone decision makers in multinational corporations.*

### Introduction

Africa continues to register progress in many areas of development (World Bank, 2003). The emerging nature of the business environment there offers evident business opportunities. While many multinational corporations (MNCs) consider this market as an aggregation of poverty, political chaos and absent infrastructure, others are taking full advantage of the market and maximising profits from their African business (e.g. Unilever, Coca-Cola, Colgate, Johnson & Johnson).

The francophone West Africa (FWA) market, in particular, offers potential for international marketing, which has been less well documented than in Anglophone Africa and South Africa. Significant benefits accrue to MNCs from conducting their business in FWA, which is a united market of 80 million consumers, with a common currency in the CFA Franc, a common business language and legal framework, and intra-regional trade free from barriers. It has until now been under-researched by business academics, in terms of PEST auditing (politico-legal, economic, socio-cultural and technological operating environments) and ETOP profiling (external threats opportunities). Therefore, this paper scans each macro-environmental dimension of the FWA market, and draws overall conclusions for marketing strategists.

West Africa comprises 16 countries, of which eight are French speaking (see Table I).



**Table I.**  
Francophone  
West African countries

Country	Abbreviation <sup>a</sup>	Capital
Benin	BJ	Porto-Novo (official capital) <sup>b</sup>
Burkina Faso	BF	Ouagadougou
Guinea	GN	Conakry
Ivory Coast	CI	Yamoussoukro (official capital) <sup>c</sup>
Mali	ML	Bamako
Niger	NE	Niamey
Senegal	SN	Dakar
Togo	TG	Lome

**Notes:** <sup>a</sup> Country code ([www.homebased2.com/abbrbyc.htm](http://www.homebased2.com/abbrbyc.htm)); <sup>b</sup> Cotonou is the seat of government; <sup>c</sup> Abidjan is the administrative centre

### Literature review

The business environment comprises non-controllable factors which can directly or indirectly affect the business operations (Jauch and Glueck, 1988; Kotabe and Helsen, 2001). A number of authors define the business environment as forces that influence a firm's capability to achieve its objectives (Hambrick, 1982; Russell and Prince, 1992; Weilhrich, 1999). These external environmental forces have been conceptualised in various ways (Emery and Trist, 1965; Ducan, 1972; Lenz, 1980; Smart and Vertinsky, 1984; Kim and Lim, 1988; Russell and Prince, 1992). Steers (1977) noted that a business environment is one in which firms deal with macro-environmental forces. From the standpoint of marketing planning, these are the threats to be countered and opportunities to be exploited.

Khandwalla (1977) reported that managers who perceive their business environment as complex and dynamic tend to employ comprehensive corporate strategies. Babüroglu (1988) supports this view of increased complexity, dynamic and unpredictable change, and relevant uncertainty. Similarly, Keegan and Schlegelmilch (1999) emphasise rapid shifts in the operating environment. Miles and Snow (1978) suggested that managers in more uncertain environments tend to assume greater risks and make use of more innovative corporate strategies than managers in less turbulent environments. In addition, Tait *et al.* (2001) argue that, to be successful, managers cannot neglect the external factors of the business environment. Therefore, environmental assessment can provide a better understanding of influential external impacts and enable firms to be better prepared to identify and evaluate key threats and opportunities for future operations.

Environmental scanning helps managers to predict favourable and adverse effects related to a particular country or regional market (Porter, 1990; Okoroafo and Kotabe, 1993; Nwankwo, 2000). Most global firms and business academics seem to treat Africa as an elapsed market, particularly the FWA market. It is capable of regeneration, but strategic forward planning is hampered by the general shortage of country-specific information in the Western business world. Quelch and Austin (1993) asked: "Should global firms invest in Africa?" The answer depends on their readiness to diagnose their FWA market environments, and adapt to them.

The dilemma that international business managers face is likely to persist for the indefinite future, given the change and uncertainty characterising the FWA market. Therefore, assessing the environment becomes a crucial step in determining threats or

opportunities facing firms willing, in principle, to enter the FWA market. Environmental changes are among the most significant determinants of market selection, entry method, firm survival and prosperity in this market (Okoroafo and Kotabe, 1993; Nwankwo, 2000).

### Research methodology

To achieve the aims of the study, and given the nature of the problem, the basic research procedure was the collection and re-organisation of secondary data. These include the latest available figures from reliable sources such as the World Bank, the African Bank for Development and the Central Intelligence Agency. Cross-analysis of data from different sources found no significant disparity, so the validity and reliability issues do not pose any methodological problems. The study scrutinises each macro-environmental factor in turn, focusing on the features of the business environment that are important issues for international marketing managers considering entry into the FWA market.

Table II lists the key macro-environmental measures employed within the PEST framework.

These factors and measures are next discussed in the context of FWA as a whole, with country-specific information and examples.

Measure	Description
<i>Political/ legal factors</i>	
Political rights	Extent to which citizens can participate in the political process of their country, as measured by The Freedom House Annual Survey <sup>a</sup>
Political risk	Risk of the political environment changing in such a way to effect the business operation adversely
<i>Economic factors</i>	
Economic freedom	Index of economic freedom, as measured by the Heritage Foundation, which considers elements of trade policy and fiscal burden.
GDP and GDP growth	Sum of gross value added by all resident producers in the economy <sup>b</sup>
Foreign direct investment	Net inflows of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor <sup>b</sup>
<i>Socio-cultural factors</i>	
Poverty	Percentage of the population living below the national poverty line
Literacy	Percentage of citizens aged 15 and above who can read and write
<i>Technological factors</i>	
Internet connectivity	Number of Internet users
Telecommunications standard	Number of telephone lines per 1,000 inhabitants.
Transportation standard	Size of the transportation infrastructure including paved highways railways, waterways, docks and airports.

**Table II.**  
Key measures of  
macro-environmental  
forces

**Notes:** <sup>a</sup> Definition from [www.worldaudit.org](http://www.worldaudit.org) <sup>b</sup> definition from World Bank Development Indicators

**Political**

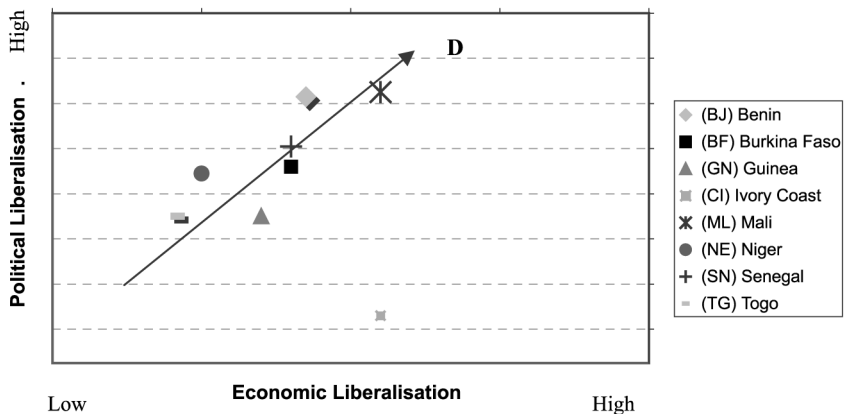
At the core of the business environment, political and economic forces drive environmental change (Nwankwo, 2000). Reforms in the political systems of the francophone countries have provided the impetus for a move towards democracy and multi-party politics, which in turn has increased stability and reduced political risk in the form of conflict and increased freedom and security. The move towards political liberalisation has prompted a move towards economic liberalisation. Table III shows the international position of the FWA countries, by these measures.

Figure 1, developed from Table III, presents an analysis of political and economic liberalisation, in which D indicates the ideal path to sustainable development and the achievement of the desirable “diamond” economy. It shows that Benin and Mali have made the greatest progress, and other FWA countries have been less committed. In particular, Benin’s transition to a genuinely democratic system of government has been described as a shining example to the whole of Africa (Boucher, 2002). The move towards political liberalisation and democracy is a predominant factor in the reduction of political risk, which tends to be more prevalent in totalitarian regimes (Daniels and Radebaugh, 2001). Burkina Faso and Senegal achieve political and economic risk ratings of B, defined as “high”, while the rest are rated C, “very high” (Cleil and Greisman, 2001).

Country	Political rights (world rank out of 149 countries)	Economic freedom (score on a scale of 1 to 5, best to worst)
Benin	38	3.15
Burkina Faso	69	3.2
Guinea	91	3.3
Ivory Coast	135	2.9
Mali	36	2.9
Niger	72	3.5
Senegal	60	3.2
Togo	91	3.6

**Table III.**  
Political and economic environment

**Source:** Adapted from World Audit of Political Rights (2003) and Index of Economic Freedom (2002)



**Figure 1.**  
Politico-economic barometer

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Increasing moves towards political liberalisation and stability continue to be welcomed by the international community and supported by donors. However, the situation remains fragile in some FWA countries. For example, political stability and development remain under threat in the Ivory Coast, following a military coup in 1999-2000, resulting in general civil unrest and the withdrawal of investors and official lenders. Similarly, the political climate in Guinea has been adversely affected by confrontations with and turbulence within neighbouring Sierra Leone. These local uncertainties and potential risk should not mask the progress made by the region as a whole, but demand careful consideration of marketing objectives and strategy, to address potential threats prior to market entry. Political transparency and stability can be expected to attract support from donors and the international community, thereby facilitating further development and growth of national economies and driving economic liberalisation.

### **Legal**

The legal framework in FWA derives from the French civil legal system and is common throughout the region, which promotes an opportunity by reducing the complexity of trading across regional borders. Such elements of the legal environment as trade policy, requirements for FDI, ownership and intellectual property rights, will influence where and how international firms operate in FWA, and should therefore be very carefully evaluated.

With particular regard to foreign investment and trade, participation of all FWA countries except Guinea in the West African Economic and Monetary Union (WAEMU) promotes a common tariff-free internal investment code, a common three-level external tariff system, uniform rights and 100 per cent ownership for international business. Furthermore, their membership of the Economic Community of West African States (ECOWAS) and the World Trade Organisation (WTO) encourages economic liberalisation and international trade. However, elements of corruption and bureaucracy still exist to varying degrees across FWA, which adds risk and complexity to international operations. In practice, red tape may make benefits from investment codes harder to achieve, while corruption has the potential to add non-tariff barriers.

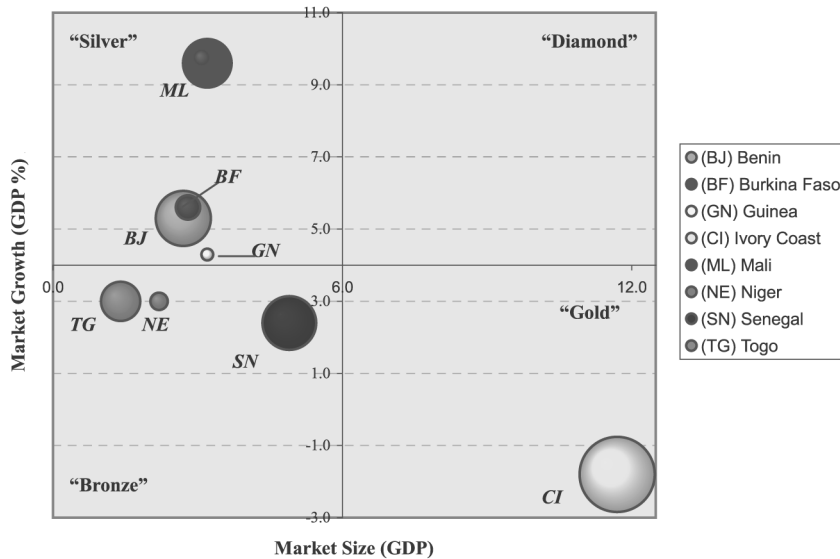
### **Economic**

Economic liberalisation presages a move towards free-market economies, providing the basis for sustainable development throughout the region. Economically liberalising countries are taking steps to develop private investments and savings, coupled with privatisation, trade liberalisation and fiscal economic performance, to develop their economies (Cleï and Greisman, 2001). The strength of the FWA economies will present international marketing strategists with opportunities or threats in terms of buying power and the demand for goods and services. Table IV summarises the economic environment. Figure 2 is a representation of economic strength in FWA, in which the size of the symbols represents the net inflow of foreign direct investment (FDI) during 2002. The Ivory Coast offers the strongest economy by GDP standards and remains the largest recipient of FDI. However, the troubled political climate is impeding the potential for growth and the achievement of a "diamond" economy. Growth in GDP became negative during the first military coup of 1999, and continuing conflict has

**Table IV.**  
Economic summary of  
FWA

	Benin		Burkina Faso		Guinea		Ivory Coast		Mali		Niger		Senegal		Togo		2000	
	2000	2002	2000	2002	2000	2002	2000	2002	2000	2002	2000	2002	2000	2002	2000	2002	Av	2002
<i>Economic figures (2002)</i>																		
GDP (US\$ billions)	2.3	2.7	2.2	2.8	3.1	3.2	9.4	11.7	2.5	3.2	1.8	2.2	4.4	4.9	1.3	1.4	3.4	4.0
GDP growth %	5	5.3	2.2	5.6	1.8	4.3	-2.3	-1.8	4.5	9.6	0.1	3.0	5.5	2.4	-0.7	3.0	2.0	3.9
GDP growth % 2002-2006		-		-		-		2.4		-		4.1		4.8		-		-
Inflation	3	3.3	1.5	2.0	6.0	6.0	2.5	3.1	0.8	3.0	2.8	2.7	1.5	2.4	2.5	3.0	2.6	3.2
<i>Foreign direct investment</i>																		
FDInet inflows 2000/ 2001 (current US\$ millions)	64.3	131.2	23.2	25.5	9.9	1.6	234.7	245.7	106.4	102.8	19.3	13.3	88	125.5	41.9	66.9	73.5	89.1
<i>Economic ratios (2002)</i>																		
Gross domestic investment/GDP	19	19.2	27.9	26.0	22.1	25.6	12.3	10.5	22.2	21.3	10.4	12.8	19.8	20.8	20.5	21.7	19.3	19.7
Gross domestic savings/GDP	6.3	6.8	8.9	10.8	18.6	21.3	18.6	28.8	9.1	-	2.9	4.2	12.1	13.0	6.2	4.7	10.3	12.8
Gross national savings/ GDP	11.6	10.7	21.6	13.6	15.7	20.2	6.9	19.8	11.3	-	1.3	4.3	11.2	15.6	10.2	5.9	11.2	12.9
Total debt/GDP	70.7	68.6	68.8	-	108.5	-	-149.7	139.8	117.3	87.6	82.8	76.8	79.3	111.7	114.3	98.9	95.6	
<i>Structure of the economy % GDP (2002)</i>																		
Agriculture	37.1	35.5	-	37.6	23.7	-	29.2	25.7	44.8	19.5	38.8	39.9	18.2	18.2	37.8	40.1	32.8	30.9
Industry	13.8	14.4	18.1	20.4	36.6	-	22.4	20.8	16.8	-	17.6	16.9	26.9	28.1	22.2	21.6	21.8	20.4
Manufacturing	8.3	9.1	-	14.5	4.1	-	18.7	17.6	4.0	-	6.8	6.6	17.8	18.2	9.7	9.3	9.9	12.6
Services	49.1	50.1	41.4	41.9	39.7	-	48.4	53.6	38.5	-	43.6	43.2	54.9	53.7	40.0	38.3	44.5	46.8
Private consumption	82.3	80.5	76.2	74.5	3.6	73.4	71.4	60.9	79.9	-	84.4	83.6	77.4	77.0	83.0	85.3	69.8	76.5
General government consumption	11.3	12.7	14.9	14.7	3.6	5.3	9.9	10.8	13.0	-	12.7	12.2	10.4	10.1	10.8	10.0	10.8	10.8
Imports of goods and services	28.2	7.0	29.7	25.4	9.0	31.6	40.9	30.5	39.6	5.0	23.1	24.8	42.7	37.1	49.9	50.1	32.9	26.4
<i>Resource flows US\$ millions (2002)</i>																		
Official grants	-	-	158	-	112	-	118	-	137	-	80	-	188	-	6	0	114	-
Official creditors	17	41	-109	-	2	-	-202	-300	83	95	56	110	-3	117	14	12	-18	12.5
Private creditors	0	0	0	-	0	-	-4	324	0	0	-23	-8	-2	1	0	0	-4	52.8

**Source:** Adapted from World Bank



- Bronze Economy – Economies are underdeveloped; less commitment to political/economic reform hinders growth,
- Silver Economy – On the path to sustainable development these economies are emerging, looking set to provide strong international business opportunities in the short/medium term,
- Gold Economy – These economies are strong by GDP standards, further efforts to stabilise and promote the political and economical scene are needed to encourage growth,
- Diamond Economy – Economies with strong GDP and GDP growth are achieving sustainable development after transparently pursuing political/economic reform.

**Figure 2.**  
Strategic portfolio  
analysis of economic  
strength in FWA

made recovery difficult. Senegal, the second largest economy in FWA, attracted \$126 million in net inflows of FDI during 2002, but GDP growth of 2.4 per cent during 2002 was disappointing and a significant drop from the 4.9 per cent recorded in 2000. However, the economy is projected to grow at 4.8 per cent between 2002-2006, and the country looks set to regain its position as “silver” economy.

The existing “silver” economies of Benin, Burkina Faso and Mali are experiencing significant GDP growth, higher than the regional average of 3.9 per cent, providing a buoyant and inviting environment for international investors. Throughout FWA, economic reform based on trade liberalisation, privatisation, fiscal rectitude and the pursuit of antipoverty plans will all help to increase the standard of living and the demand for goods and services. Mali’s GDP growth of 9.6 per cent in 2002 should be of particular interest to those considering entry and long-term engagement in the FWA market. Although many factors influence GDP and GDP growth, investors can view Mali’s commitment towards political and economic development on the path to a “diamond” economy as an opportunity for sustainable involvement.

The economies of Niger and Togo remain weak by GDP standards and are achieving lower growth than the regional average, providing less opportunity for international business. Togo’s poor economic performance is partly attributable to the unfavourable political scene, but its fiscal policy did attract net inflows of \$80 million

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in foreign direct investment during 2002, mainly targeting the Freeport or “Zone Franche”.

A major opportunity for international business in FWA is the CFA Franc, a common currency throughout FWA except Guinea. Tied to the Euro at €1-655CFA, with its convertibility guaranteed, it has the strength of the world’s largest market bloc behind it (African Business, 2002). This is an incentive for increasing investments from all over Europe and further diversification from traditional French investors. Members of the CFA zone enjoy fiscal and monetary policies that are more prudent than Sub-Saharan Africa as a whole, and a great deal of financial and technical assistance. The GDP of the CFA zone grew at an average of 3.9 per cent in 2002, higher than the regional average of 3.2 per cent, while inflation was held low at 2.8 per cent. Guinea is the only FWA country not to have joined, diminishing its attractiveness as an international business destination. Real economic reform across the region will continue to drive economic growth and provide an environment increasingly more attractive to international marketing strategists.

### **Socio-cultural**

Socio-cultural environment factors exert a major influences on customer needs and hence on global marketing planning. Table V summarises the situation in FWA. The size of a population defines the total potential market to be tapped, while education, religion and language will influence how value is created from marketing, and how a campaign is to be designed and communicated. Finally, the level of poverty is of particular importance in developing counties, where it influences the nature of demand and the sophistication of buyers.

In FWA, the economic environment exerts a major influence on customer needs, buying patterns and behaviour. Although it still contains some of the poorest countries in the world and widespread poverty, wherever countries have made key economic reforms, growth and personal incomes have risen and poverty has declined, fuelling the emerging markets of the region. Encouraging GDP growth rates across FWA continue to offer increasing, international marketing opportunities, from a socio-cultural perspective.

Marketing strategies aiming for branding, added values and product diversification must be carefully targeted. For instance, throughout the commercial centres of the Ivory Coast, business is flourishing and a vibrant society is developing as a result. The demand for goods and services is high, and supermarkets and shops are well stocked with a variety of national and international goods. The wealth of marketing opportunities is clearly evident in Abidjan, which is home to more than ten major advertising agencies. In similar commercial centres around the region, a social class is emerging that is sophisticated, well educated and wealthy, proving attractive to investors.

The socio-cultural environment of FWA is complicated by the diversity of religions, beliefs and languages, which divide the mass market into social sub-groups. Even within country confines, more than three languages are common and various religious beliefs are found. Marketing strategies must be designed to promote the appropriate values within a given target market, and the communication of those values is of critical importance. Socio-cultural diversity will influence the options available for



Country	Population (millions)	Population growth (%)	Poverty (%)	Literacy (%)	Religion	Other languages (French official)
Benin	7.0	3.0	37	40.9	IB-50%, C-30%, M-20%	Wolof, Pulaar, Jola, Mandinka
Burkina Faso	13.2	2.6	45	26.6	M-50%, IB-40%, C-10%	60 native dialects
Guinea	9.0	2.4	—	—	M-85%, C-8%, IB-7%	Fon, Yoruba, native languages
Ivory Coast	17.0	2.2	—	50.9	C-34%, M-27%, A-15%	Native languages
Mali	11.6	2.8	64	46.4	M-90%, IB-9%, C-1%	Native Languages
Niger	11.0	2.7	—	17.6	M-80%, IB+C-20%	Bambara, native languages
Senegal	10.6	2.6	54	40.2	M-92%, IB-6%, C-2%	Hausa, Djerma
Togo	5.4	2.4	—	60.9	IB-59%, C-29%, M-12%	Ewe, Mina, Kabye, Dagomba
Average	10.6	2.6	50.0	40.5		

**Notes:** M = Muslim, IB = indigenous beliefs, C = Christian, A = animist  
**Sources:** Adapted from (CIA, 2003) and World Bank (2003)

**Table V.**  
Socio-cultural summary  
of FWA

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marketing communication and may promote a greater need for adaptive rather than standardised interaction with customers.

A further consideration for marketing communications is the level of education in a market, particularly the literacy of consumers, which will limit the effectiveness of vehicles such as advertising and labelling. In FWA, Togo has the highest literacy rate, at 61 per cent of the population over 15 years of age, while Niger ranks last with only 18 per cent. The generally low levels of literacy in the region will limit the options available for marketing communications, demanding a greater need for face-to-face interaction with customers, which is of course more resource-intensive.

A selective approach to marketing activities will present businesses with many opportunities across the region. Further economic reform and a real dedication to fighting poverty are expected to create even more widespread opportunities.

### **Technological**

The emerging trend in the technological environment of FWA is the commitment and dedication to improving infrastructure across the region, which at present remains underdeveloped. Table VI summarises the existing technological environment. Economical liberalisation and deregulation encouraging private investments have helped progress, as public funds for the development infrastructure remain limited. Privatisation in this sector is a situation of significance to international investors with an interest in information and communication technologies, the emergence and development of which is set to present major further opportunities to support business within FWA. Following the development of national information policies, governments and private investors are taking steps to embrace new technologies and revolutionise the ways in which information is stored and communicated. The African Information Society Initiative (AISI) (see [www.bellanet.org/partners/aisi](http://www.bellanet.org/partners/aisi)), to set up and develop an African information infrastructure, is both a necessity and an opportunity to accelerate development in all spheres of economic and social activity. For instance, the Internet is rapidly spreading through the region, the number of users having increased 11-fold between 1998 and 2001, and Internet cafes are commonplace in some cities. Togo, Senegal and the Ivory Coast stand clear of the rest of FWA in this respect, with 150, 100 and 70,000 users respectively.

At present, the telecommunication infrastructure in the region isolates many countries from the rest of the world. In 1996 the density of telephone lines in Sub-Saharan Africa stood at only 0.9 per cent, compared to 54 per cent for developed countries and 5 per cent for developing countries (Afullo, 2002). The standard of telecommunications affects the efficiency and cost of communication through the supply chain. The Ivory Coast and Senegal lead the FWA countries in telecommunications development, while Niger and Guinea remain underdeveloped and expensive. For instance, telephone calls from Togo to the UK are more than ten times more costly than from Senegal (Trade Partners UK, 2002).

A further barrier to companies operating in FWA is the standard of transportation, which can pose cost and efficiency threats for international businesses in receiving supplies and reaching target markets. The transport infrastructure across the region is largely underdeveloped, particularly in rural areas where it is seriously restricting the growth of local economies. The road network of the entire FWA region totals only 147,000 kilometres, roughly 40 per cent of the size of the UK network. However, where

	Benin	Burkina Faso	Guinea	Ivory Coast	Mali	Niger	Senegal	Togo	Average
<i>Transportation</i>									
Highways (km)	6,787	12,506	30,500	50,400	15,100	10,100	14,576	7,520	18,436
Paved highways (km)	1,357	2,001	5,033	4,889	1,827	798	4,271	2,376	2,819
Railways (Km)	578	622	1,115	660	729	0	906	525	642
Navigable waterways (km)	0	0	0	980	1,815	300	897	50	505
Paved airports	1	2	5	7	7	9	9	2	5
Sea ports/ harbours	0	0	3	4	0	0	7	2	2
<i>Energy</i>									
Electricity production (million KWh)	274.3	279.2	790.6	4,605.0	480.2	242.0	1,518.0	101.6	1,036
Electricity consumption (million KWh)	631.1	259.6	735.2	2,983.0	446.6	325.1	1,412.0	614.5	926
Electricity imports (million KWh)	376.0	0.0	0.0	0.0	0.0	100.0	0.0	520.0	125
<i>Information and communication technologies</i>									
Telephone mainlines (per 1,000 people)	9	5	3	18	4	2	25	10	10
Mobiles (per 1,000 people)	19	6	7	45	4	0	31	20	17
Cost of local landline call (\$3 mins)	0.09	0.10	0.09	0.05	0.07	0.11	0.11	0.10	0.1
Televisions (per 1,000 people)	44	103	44	60	17	37	79	37	53
Radio's (per 1,000 people)	441	433	52	183	180	121	126	265	225
Television broadcast stations	1	1	6	14	1	3	1	3	4
Radio broadcast stations	15	23	8	14	30	15	29	15	19
Personal computers (per 1,000 people)	2	2	4	7	1	1	19	22	7
Internet users (1,000s)	25	19	15	70	30	12	100	150	53
Internet service providers	4	1	4	5	13	1	1	3	4

Source: Adapted from CIA (2003)

Table VI.  
Technological summary  
of FWA

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commitment and investment have been made, particularly around commercial-industrial zones and major trading routes, the situation is remarkably better. Approximately 18 per cent of FWA's roads are paved, which is higher than the Sub-Saharan African average of 14 per cent, according to World Bank Development Indicators.

The Ivory Coast and Senegal provide the largest transportation networks, each having more than the regional average for paved highways, railways and waterways. For example, Senegal's main airport services more than 24 international airlines, with frequent direct flights to Europe, North America and Africa, while its rail network carries more than three million tonnes of cargo a year and the port at Dakar is one of the largest deep water ports on the West African coast (Senegal Country Commercial Guide, 1999). Continued investments, particularly from the private sector, are required to fund the development of infrastructure across FWA. Commitment in this area will increase efficiency and help growth of the local economies, making the region more attractive to international marketing planners.

#### *ETOP analysis framework*

The success of marketing activities in FWA depends on a core understanding of macro-environmental factors, achieved by means of systematic analysis, to influence strategy formulation, development and implementation (see Table VII). Addressing the complexity and dynamism of the business environment, as well as seeking to maximise opportunities in FWA, planners must seek to minimise risk and prepare for variances in the environment, which could prove to be unfavourable to marketing activities. Therefore the ETOP analysis which follows reviews and summarises the detailed macro-environmental analysis based on qualitative and quantitative data, in terms of the extent, major or minor, of external opportunities and threats. It provides a practical framework for the management of international marketing strategy in the FWA market.

#### **Conclusion**

The business environment of FWA is undergoing a period of rapid change, from which many opportunities for local and international business are emerging. The politico-economic barometer demonstrates that commitment to political liberalisation has accelerated progress towards liberalised, free-market economies. This in turn is driving the growth of local economies, influencing the demand for goods and services and the sophistication of buyers. Furthermore, economic liberalisation is encouraging private investment in the development of infrastructure, increasing the efficiency of the sector. The changing nature of the business environment is such that "businesses willing to make serious long-term commitments are likely to reap attractive rewards" (Hartland-Peel 1996, cited in Nwankwo, 2000).

A firm's ability to realise commensurate rewards will depend on its understanding of environmental dynamics and their practical implications. It is important for business to address issues which could impede the pursuit of that objective. Although the FWA market is developing, it nevertheless presents significant threats to potential investors. Politico-economic instability will influence decisions concerning the level of risk, and hence control, in international operations and activities such as financing and

Macro-environmental factor Issues	Influential impact				Conclusion Implication
	Opportunities		Threats		
	Major	Minor	Major	Minor	
<i>Political issues</i>					
Political climate					
A trend of political reform in pursuit of democracy	×				Greater freedoms, security and a reduction of political risk
Legal system based on French civil and customary legal systems		×			Standard practice throughout the region
Support to international business					
Investment codes in the region guarantee uniform rights for national and foreign businesses and the freedom to transfer capital, resources and salaries	×				Secure environment for international investors
To enjoy investment codes and privileges, companies must keep accounting in the country, give employment to nationals and respect the environment				×	Limits options available
Red tape makes investment code difficult to obtain				×	In practice the opportunities may not be realised
Intellectual property rights are protected		×			Reduces the danger of counterfeit products, however measures taken are limited
Risk					
The regions political climate is classed as high risk to very high risk			×		The political climate can change in a way that is unfavourable to business
Evidence of corruption within some governments and public services				×	Business operations could be the subject of unfair practices
Conflict in some trouble hotspots including Sierra Leone and the North of the Ivory Coast			×		Dangerous and damaging to business operations
<i>Economic issues</i>					
Economic climate					
Governments have initiated a series of economic reforms based on trade liberalisation, privatisation and fiscal economic performance		×			Accommodates a good business and trade environment by stimulating economic growth and investment
The Economic Community of West African States (ECOWAS) advises and supports economical issues		×			ECOWAS encourages economical development
Economic position					

(continued)

Table VII.  
ETOP analysis FWA

Macro-environmental factor Issues	Influential impact				Conclusion Implication
	Opportunities		Threats		
	Major	Minor	Major	Minor	
Average GDP of \$4.0 billion in 2002				×	Economies remain weak however they are on the road to development
Average GDP growth of 3.9 per cent 2002	×				Good economical growth promoting the emerging markets of the region
The donor community is a major contributor to economies				×	Governments and economies are subject to demand and control by donors
Economic dependence on raw materials and agriculture			×		Economies are vulnerable to external shocks, commodity prices and vagaries of the climate
Manufacturing sector remains underdeveloped, accounting for only a small proportion of GDP				×	Less resources, expertise and support available for companies with manufacturing interests
Average inflation of 3.2 per cent during 2002		×			Consumer prices are under control
Investment and trade Common currency – CFA Franc, tied to the Euro (Guinea not included)	×				A common market of 70 million consumers benefiting from fiscal and monetary policies and a large amount of financial and technical support
All nations are members of WTO	×				Benefit from trading agreements
Poor credit rating in the region. Senegal, one of only four countries to have been assigned a country credit rating score in Sub-Saharan Africa (S&P Country Credit Rating), has a speculative grade of B+, meaning the debt is risky				×	Investments are made with high risk
High import duties, particularly on manufactured goods: 20 per cent is common				×	Increases the costs of imports
A VAT rate of 18 per cent+on imports is common				×	Increases the costs of imports
International banks are represented in the region	×				Secure, efficient banking for international companies
<i>Socio-cultural issues</i>					
Market Developing middle and upper social classes	×				Population becoming more affluent

Table VII.

(continued)

Macro-environmental factor Issues	Influential impact				Conclusion Implication
	Opportunities		Threats		
	Major	Minor	Major	Minor	
High levels of poverty			×		Reduces the demand for goods and services & value adding activities
The pursuit of anti-poverty plans	×				Plans aim to increase the standards of living and demand for goods and services
Uneven population distribution, i.e. 25 per cent of Senegal's population live in the capital Dakar				×	A selective approach to promotion and distribution is needed
A variety of religions and languages				×	Adds difficulty to marketing communication
Poor standards of education and literacy				×	Adds difficulty to marketing communication, there is a need for verbal interaction with customers
Widespread Aids epidemic			×		Increases public spending and decreases the quality of life and life expectancy
Labour force					
Low per capita income		×			Cheap labour
Semi skilled labour is abundant in the region		×			Easy to obtain semi skilled labour
Relatively few highly trained workers in the fields of information systems and management				×	International companies need to supply these resources
<i>Technological issues</i>					
Technological climate					
Economic liberalisation efforts are promoting the privatisation of public interests in infrastructure	×				Privatisation in this sector is improving efficiency and generating investment for development
The adoption of nation information policies			×		Will open the door to further development of information and communication technologies
Infrastructure standard					
The landline telephone network remains underdeveloped				×	Increases the cost and decreases the efficiency of communication
Mobiles phones are increasing in popularity	×				Reliable and cheap method of communication
Internet access is becoming more widespread			×		Another option for marketing communication and operational activities
The poor standard of infrastructure in rural areas is restricting the growth of local economies				×	Difficulty targeting rural areas with marketing activities
The transportation infrastructure around commercial/industrial centres and trading routes is improving	×				Improves the access to potential target market locations

payment. Widespread poverty and poor standards of infrastructure will influence the targeting and execution of any marketing campaign.

Thus, ETOP analysis enables international marketing strategists to anticipate, consider, and design the most appropriate strategies for the FWA region, in terms of market segmentation, market entry and long-term business prospects. It provides a reliable guide for scanning macro-environmental factors, and enhances the strategic ability to understand and act upon macro-environmental intelligence.

Consultants and planners may find it helpful to adopt this model for a variety of analytical tasks. Therefore, it would improve the quality of environmental intelligence if explicit attention were given to the assumptions and limitations of this approach. There is no integrative conceptual model for analysing the full range of these external forces, which are known to affect the strategic direction of organisations. Furthermore, this study has a limited empirical base, in the descriptive analysis of archival databases, which lacks the statistical power to shed maximum light on environmental forces influencing sustainable growth in the market. However, it does provide a first insight, and a research framework to build on.

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