

Kenyan consumer confidence rises

Kenyan consumers are feeling positive and they're not afraid to put their money where their mind is, as revealed in the latest Nielsen Consumer Confidence Index (CCI) results for Quarter 3, 2016.



Abhik Gupta

This shows that of the three sub-Saharan African countries - Nigeria, Kenya and Ghana - Kenya replaced Nigeria with the highest consumer confidence score - rising six points from the previous quarter to 120 - the third consecutive quarter this figure has increased. Nielsen used mobile survey methodology.

Nielsen East and West Africa MD Abhik Gupta comments; "The backdrop to this positive sentiment is the resilience of the Kenyan economy, in particular its currency the Kenyan Shilling (KES), which despite its recent depreciation, remains solid as compared to other emerging market currencies. This is due to the country's stringent monetary tightening and its low level of dependence on hydrocarbons (oil) and minerals exports."

This broader positive macro and business outlook has carried through to the Kenyan CCI, which shows that immediate spending intentions amongst Kenyans increased 13% from the second quarter, rising to 53% of respondents who said now is a good or excellent time to spend. Personal finance sentiment also increased in the second quarter, jumping 5% to 72%. Meanwhile, job prospect sentiment decreased 5% from the second quarter to 56%.

Deeper insights

In terms of whether now is a good time to buy the things consumers want and need, 53% said yes, while 37% said not so good. As per normal, a minority (37%) said they had spare cash while 63% said not.

In terms of what they would use this spare cash for, the highest number seek to bolster their financial future with 53% saying they would invest in shares of stock/mutual funds. As with previous quarters, enhancing the value of tangible assets remains a priority, with 52% set to use their spare cash on home improvements and decorating. Long-term financial security also remains a concern, with 44% putting money into savings and 43% investing in a retirement fund.

Additional proof that Kenyans' are feeling positive is that Nielsen's most recent Africa Prospects Indicator (APi) Report showed the country had remained in second place and recorded an improvement on its macro ranking, which factors in economic growth performance, in relation to the size of the economy, and its business ranking. This suggests that countries like Kenya currently provide more stable investment destinations than the larger economies of Nigeria, South Africa and Angola.

Looking to the future, Gupta adds; "As consumers increasingly express favourable sentiment for the country and their own outlook, there are opportunities for manufacturers and service providers to tap into this increased intention to spend."

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