There is an old saying that Africa is the only economy which consumes what it does not produce and produces what it does not need. Consequently, the continent has to import almost everything. But this is not always the case. As highlighted in this article (referred to Burundi-made products that are not consumed in the country), although in many African countries there is a local production of goods that are most demanded by African consumers, Africans still tend to prefer imported goods to local products, a behavior that stifles the growth of these economies and discourages industrialization and innovation.

This old blog post , still relevant, discussed the phenomenon in Nigeria, summarizing in three factors the reasons why this happens.

Number one: Prestige. Foreign-produced goods are generally perceived as having a higher value by Africans because of the strength of their brands and highly recognisability among consumers. They satisfy a psychological need, more than a physical one: they are a symbol of distinctiveness and status. Indeed, the increasing globalization of markets enhances the need to develop strong brands to compete with foreign products and in international markets. And strong brands require heavy investments, especially in marketing, advertising and communication activities, that usually give results on the long term. Investments that for most African companies are out of reach. Result: African products suffer from poor brands awareness perception. And poor brand awareness simply means: if nobody has heard of you, you will struggle to make sales.

Number Two: Quality. In the perception of Africans, African products are synonymous with inferior quality and reliability. In this post we discuss how governments or regional or continental bodies can develop collective trademarks ("made in" certifications) and systems of voluntary certification to increase the perception of reliability and quality of products by consumers.

Number Three: Price. Local-made products are generally more expensive than imported products. Not only because of the infrastructure gap, that makes expensive the transport of these products from the places of manufacturing to the ones where they are consumed, but also because production inputs such as water and electricity are generally more expensive in Africa. Other reasons are the low capacity utilization of factories and low automatization of production, as well as labour costs than in African countries are usually higher than in industrialised economies. We explored this last aspect in our blog .