

PREDICTIONS 2024

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All eyes on Africa: Growth potential with some challenges

Economic observers are paying close attention to Africa, and the label industry takes note, Heather Roth reports

According to an Africa 2024 outlook report by Stears, a Nigeria-based economic analysis and data-driven insights company, overall growth for the continent is forecasted at 4 percent, a notable increase from 3.3 percent in 2023. It also predicts East Africa is set to outshine other regions in 2024 growth with Rwanda, Kenya, Tanzania and Uganda leading the way.

“Vendors, distributors and retailers are showing remarkable adaptability”

The Economist Intelligence Unit (EIU), the research and advisory unit of the Economist Group, predicts that Africa will be the second fastest-growing major economy in the world in 2024 behind Asia. It advised foreign investors and economic observers to pay close attention to East African nations, echoing Stears' prediction, particularly Kenya, Ethiopia, Uganda, Rwanda and Tanzania.

The World Bank also projects more marked growth pickups in North Africa and Sub-Saharan Africa, also predicting several economies in Sub-Saharan Africa anticipate further recoveries in tourism, which has yet to return to pre-pandemic activity levels.

Also according to the World Bank, growth in Sub-Saharan Africa is projected to rebound to 3.8 percent in 2024. However, elevated costs of living continue to limit consumption growth, and political instability has increased in parts of the region.

Growth in Sub-Saharan Africa decelerated to an estimated 2.9 percent in 2023. Various country specific challenges contributed to this slowdown, including higher input prices for businesses in Nigeria and an energy crisis in South Africa. Growth in the region's three largest economies—Nigeria, South Africa, and Angola—slowed to an average of 1.8 percent in 2023.

In Nigeria, the region's largest economy, growth softened to an estimated 2.9 percent in 2023 while in South Africa, growth weakened further in 2023, to an estimated 0.7 percent reflecting the energy crisis and transport bottlenecks, and weaker demand in a context of weak job creation, soaring prices and monetary policy tightening.

Utility woes

Power outages in South Africa hit record highs in 2023, holding back manufacturing which was also felt by printers.

Chris de Beer, regional manager at Infosource forecasts growth for many segments and territories across Africa, but the performance of the South African market casts a shadow across the continent's printing markets due to the ongoing electricity utility woes, with no end in sight for load shedding.

‘Since South Africa is one of the largest markets in Africa, this has a significant impact on continent-wide growth,’ says de Beer. ‘However, vendors, distributors and resellers are showing remarkable adaptability in the face of the challenges they face.

Many, for example, are diversifying their portfolios with services and solutions that enable customers to continue to print with no to little interruption during power outages such as implementing backup generators.’

Professor Raymond Parsons, an economist at the North-West University shares that South Africa's economic outlook in 2024 will be influenced by global economic trends, geopolitical developments, domestic infrastructural challenges, effective government's implementation of reform commitments, and the pending elections in the country. He thinks that South Africa's economic performance in 2024 will be driven by trends in exports, consumer spending and investment.

Light on South Africa's horizon

However, it is not all darkness for South Africa. Travel to South Africa continues to increase after a sharp drop in 2020 to 0.81 percent of GDP due to lack of travel caused by the Covid-19 pandemic (previously at 2.34 percent).

Lulu Krugel, PwC South Africa Chief Economist, made this comment about South Africa: ‘These country-specific challenges are expected to dissipate somewhat over the medium to long term. In the meantime, there is scope for South African organizations to turn these crises into opportunities during 2024 to create value for their stakeholders and society in general. Periods of predicament can create a window of opportunity for impactful change and leaders — both in the public and private sector — should not miss the chance to seize it.’

The landscape for printers

Tradeshow participation for African printers was positive in 2023 with highly attended events throughout the country including Propak East Africa, Propak Ghana, and Propak Cape. Labelexpo Europe welcomed visitors from 27 countries in Africa.

Sustainability is a continued focus for African printers going into 2024 with preference for eco-friendly materials, recyclable solutions, and sustainable packaging.

For South Africa, as the country's leading exporter of wine, adherence to the European Union's new regulation that took effect December 2023 requiring all wine labels show detailed information on ingredients, nutritional values, additives, allergens and more will require integrating print technologies that can adapt and inspect QR codes. This implementation could open new market opportunities for label printers.

All things considered, 2024 signals growth and opportunity for Africa as a whole, with some countries predicted to lead the way while others navigate more challenging waters. As Krugel said, periods of dilemma can create a window of opportunity for impactful change.



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