

# 119 Million Reasons for Optimism: How Young Consumers Are Reshaping Africa's Retail Future

November 2025

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# Key Takeaways

Amid economic pressures and low consumer confidence, Africa's next retail growth story is already taking shape, driven by a young, digital, and relentlessly optimistic generation.



- 1 African consumer sentiment remains subdued** due to macroeconomic strains, but optimism is highest among young Africans who believe that their future will be better than today.



- 2 The 18–27 segment will define the next decade of growth**, representing the largest consumer base with 119 million young adults across six African countries surveyed. This group is financially challenged yet highly aspirational.



- 3 The rise of a digital-native youth majority in Africa** could drive a potential transformation of Africa's traditional retail towards a hyper-local, mobile-enabled ecosystem that blends online discovery and social commerce with trusted, local fulfilment.







# 1. Africa's Consumers: Hope Under Strain

Across Africa, consumers are navigating one of the most challenging macroeconomic environments in recent years. Persistent inflation, slow real GDP growth, and currency volatility continue to erode purchasing power across most markets. Real income growth has also stagnated - the World Bank projects that in 2025, income per capita in Africa will remain about 2% below its level a decade ago and grow at an annual average rate of 1.8% between 2025 and 2027, contributing to a modest decline in the poverty rate.

These pressures have left households financially stretched and consumer confidence shaken. BCG's Africa Consumer Sentiment Survey, conducted in July 2025 among more than 24939 urban consumers across six

key African economies and 18 other global economies to assess confidence, financial sentiment, and spending expectations, outlines this. Results show that Africa's net sentiment stands at -23%, making it the world's most pessimistic region, just behind developed markets (-22%) and far below other emerging markets (+13%) [\(See Exhibit 1.\)](#).

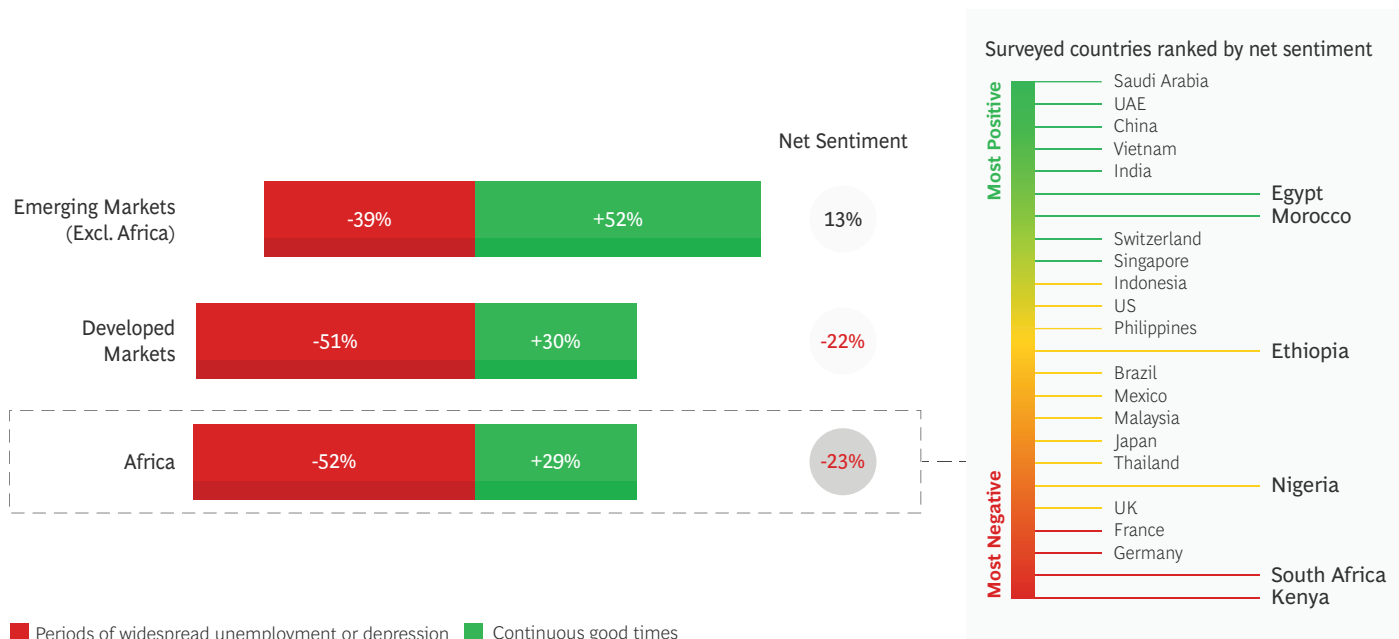
It is also the lowest since 2018, when BCG first began tracking this sentiment. Optimism about personal finances varies notably by income segment: ~68% of surveyed African high-income earners expect their financial situation to improve over the next 12 months, compared to ~64% of middle-income and ~58% of low-income respondents.



## EXHIBIT 1

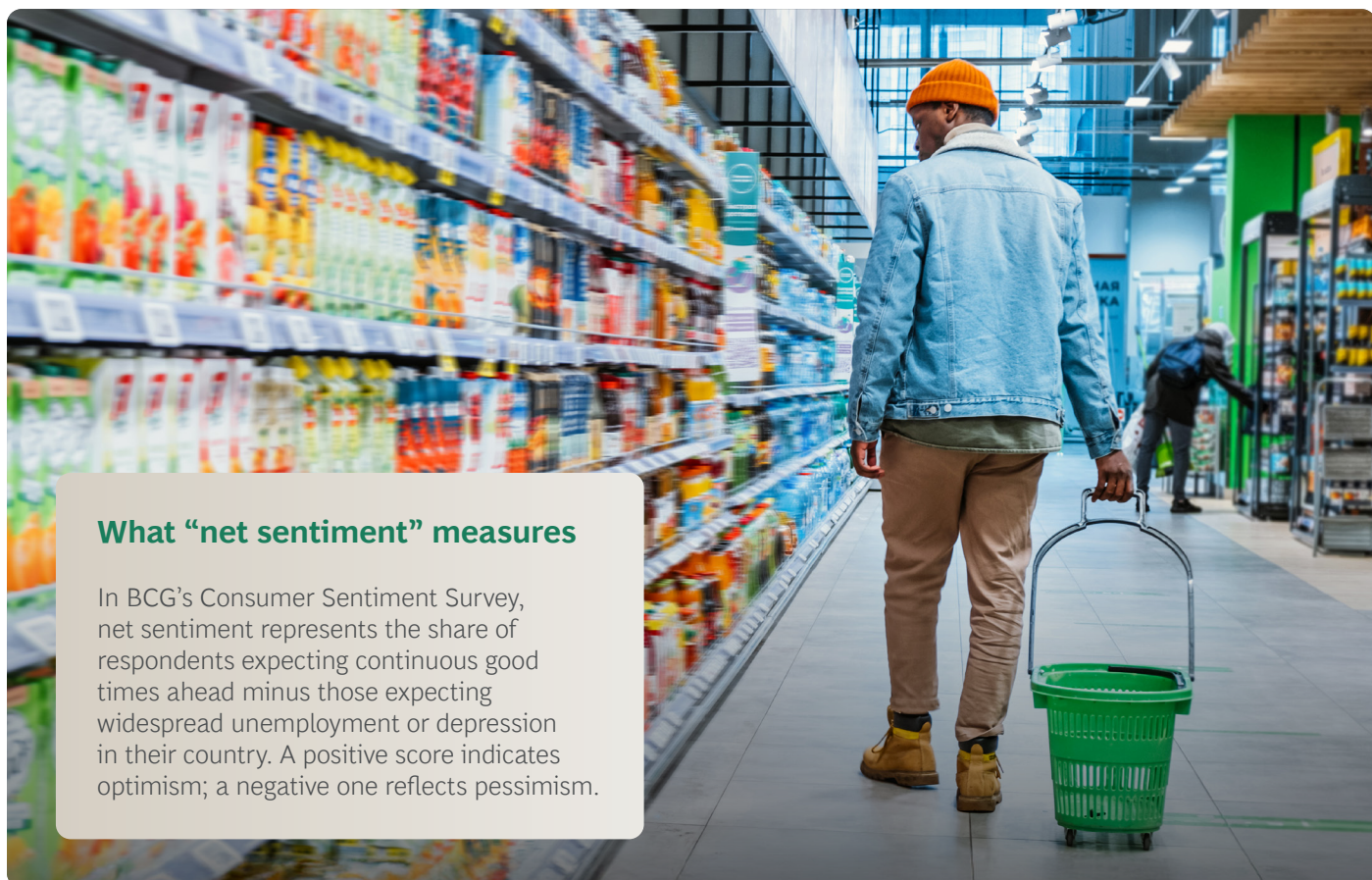
# Africans feel the most negative about their countries' future

% respondents expecting continuous good times vs. periods of unemployment or depression



**Sources:** BCG's Consumer Sentiment Survey July 2025, N= 24939; Q: "Looking ahead, which would you say is more likely? That in the market, as a whole, we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression, or what?"

**Notes:** Developed markets: US, UK, Germany, Japan, France, Switzerland, Singapore; emerging markets (excl. Africa): India, Brazil, China, Mexico, Indonesia, Philippines, UAE, Saudi Arabia, Thailand, Vietnam, Malaysia; Africa: Egypt, Morocco, Ethiopia, Nigeria, South Africa, Kenya



### What "net sentiment" measures

In BCG's Consumer Sentiment Survey, net sentiment represents the share of respondents expecting continuous good times ahead minus those expecting widespread unemployment or depression in their country. A positive score indicates optimism; a negative one reflects pessimism.

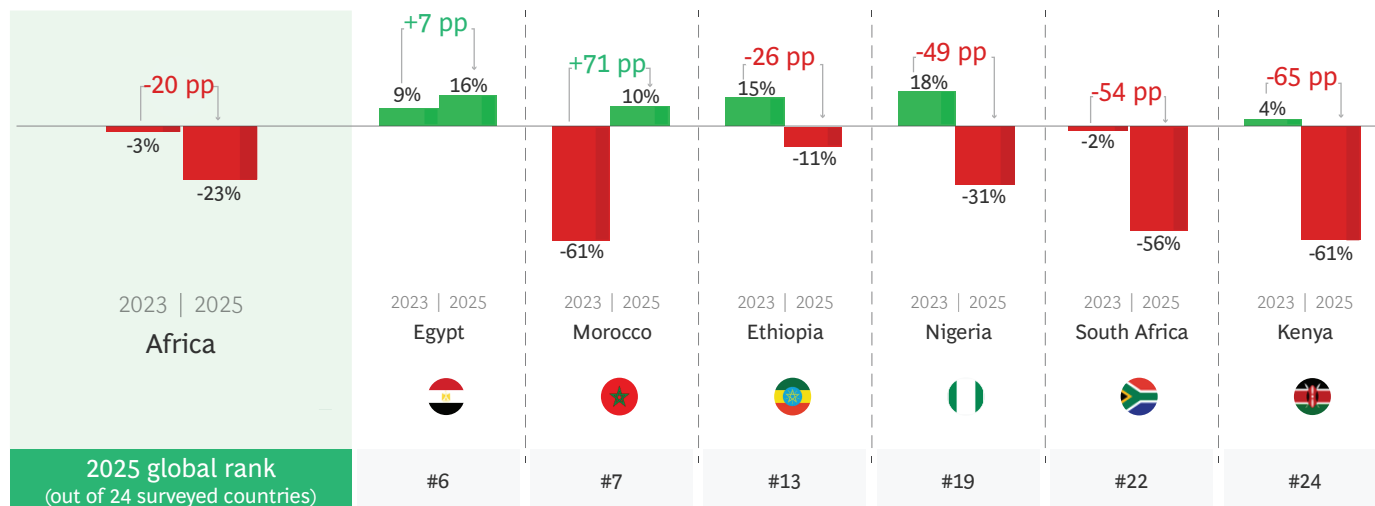


While the regional average paints a gloomy picture, consumer sentiment diverges sharply by country and remains highly volatile (See Exhibit 2).

## EXHIBIT 2

# Consumer confidence fluctuates sharply over time in African markets

2023 vs 2025 / % respondents expecting continuous good times vs. periods of unemployment or depression



**Sources:** BCG Africa Consumer Sentiment Survey July 2025, N= 6275; Q: "Looking ahead, which would you say is more likely? That in the market, as a whole, we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression?"

**Notes:** African Gen Z refers to 18–27-year-old segment in 2025, and refers to 18-24 year-old segment in 2023

It varies not only across countries but also within them, depending on when the surveys are conducted. In Morocco, for instance, the 2023 survey took place amid high inflation that reached a 20-year high (~6%) weighing heavily on sentiment. By contrast, the 2025 survey captured a period of optimism fueled by lower inflation, FIFA World Cup

anticipation and increased tourism, resulting in a more positive net sentiment. Overall, financial stress is weighing heavily on Africans today, leading to shrinking purchasing power and forcing tough choices. Three in four consumers are cutting back on discretionary spending, compared with roughly half in other emerging markets.



**74%**

are worried about their personal finances, the highest share globally



**56%**

say they are saving less or not saving at all, the highest share globally



**30%**

report lower household income than six months ago, the highest share globally

## About the data:

Insights are drawn from six key African markets: Egypt, Morocco, Ethiopia, Nigeria, South Africa, and Kenya, which together represent the bulk of the continent's GDP and consumer spend, offering a balanced view of Africa's major regional economies. Sentiment was captured in July 2025, and conditions may have shifted since, given Africa's volatility.

Sub-Saharan countries such as Nigeria, Kenya, and South Africa have seen the steepest pullbacks, with 74–83% of households limiting non-essential purchases. Spending is heavily skewed toward essentials (e.g. food, rent, utilities, and transport), which make up more than three-quarters of

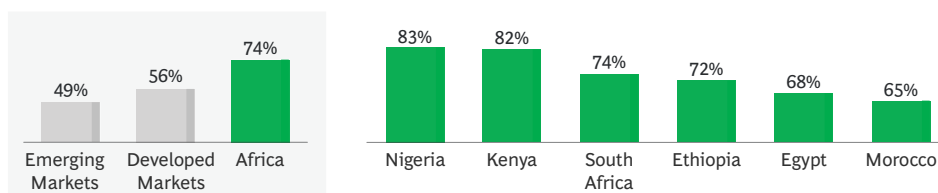
monthly budgets across Africa, the highest share globally. In contrast, Northern Africa is somewhat more insulated. Egypt and Morocco maintain higher discretionary shares (above 30%), helped by easing inflation ([See Exhibit 3](#)).

### EXHIBIT 3

## Shrinking purchasing power is pushing cutbacks

### Majority of consumers are cutting back on discretionary purchases due to financial strain

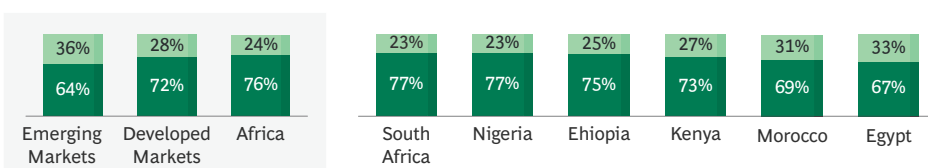
% respondents limiting their discretionary spending due to financial constraints



### Spending is increasingly skewed towards essentials, especially outside North Africa

% monthly spending on discretionary vs essential items

Discretionary spending (light green) Essential items (dark green)



**Sources:** BCG's Consumer Sentiment Survey July 2025, N= 24939; Q1: Agreement with "I'm regularly not able to do things that I would like to because of financial constraints"; Q2: "How much do you typically spend per month on essential vs non-essential items/discretionary outgoings?"

**Notes:** Discretionary spend refers to non-essential items such as dining out, apparel, and entertainment, as opposed to essential categories like food, housing, and utilities

Despite cutbacks, Africans surveyed expect higher spending in the next six months versus 2023, driven mainly by inflation and currency effects. Only a small

minority cite positive reasons such as investment gains or higher savings. In other words, spending growth in Africa today is inflationary, not discretionary ([See Exhibit 4](#)).

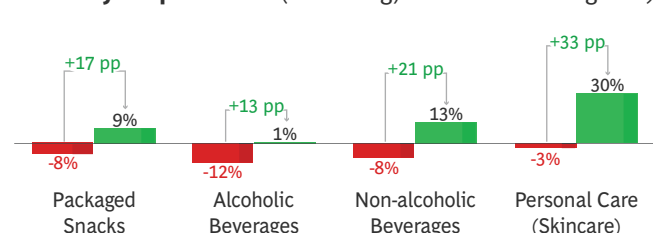
### EXHIBIT 4

## Consumers expect higher spending across all surveyed categories

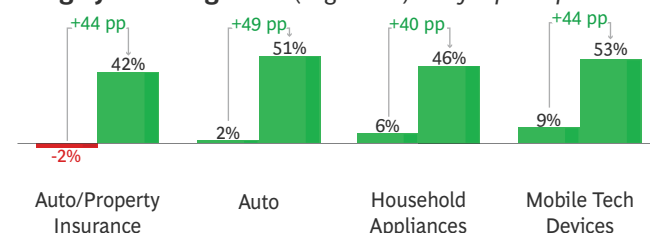
### Spend outlook is higher across all comparable categories than in 2023

2023 vs 2025 / Net expected change in spend 'in next 6 months'

#### Short-cycle products (Recurring, consumable categories)



#### Long-cycle categories (Big-ticket, less frequent purchases)



**Sources:** BCG Africa Consumer Sentiment Survey July 2025, N= 6275; Q: "Thinking about the future, how much do you expect your total spend on [assigned category] to change in the next 6 months compared to today?"

**Notes:** Net change = % increase - % decrease

### Short- vs. long-cycle categories:

Short-cycle categories are everyday essentials bought frequently (e.g., food, beverages, personal care), while long-cycle categories are larger, less frequent purchases (e.g., electronics, travel, insurance). The categories highlighted in this report are representative rather than exhaustive, and illustrate how spending patterns differ between day-to-day needs and future-oriented purchases.





## 2. The Gen Z Paradox

Amid this widespread economic strain, young Africans (Age 18-27) stand out as a beacon of optimism - more hopeful about the future than consumers anywhere else in the world. Over half of Gen Z (51%) describe their current financial stability as poor, the highest among all age groups. Yet an astounding 70% believe

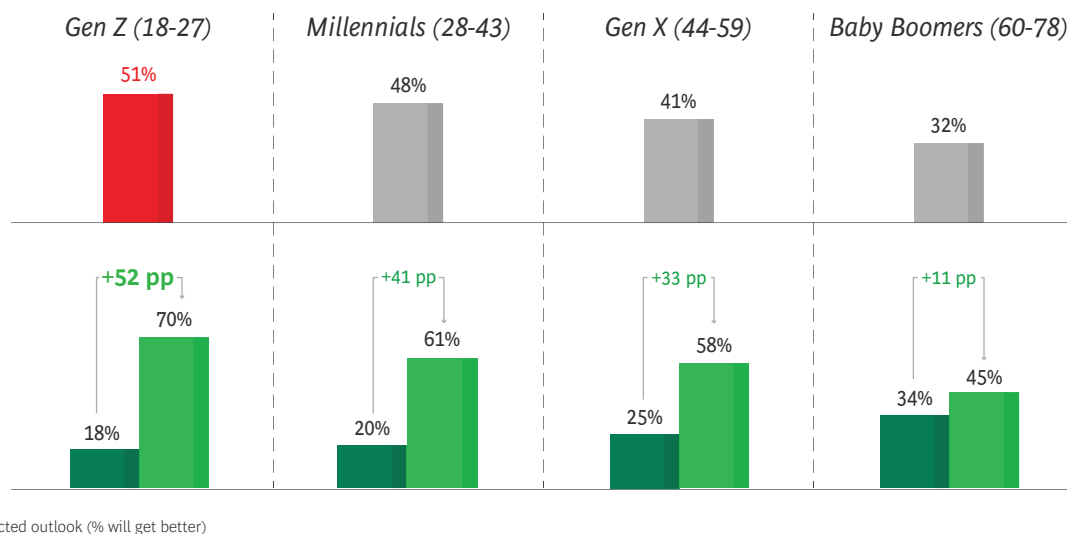
their situation will improve within a year; a striking +52-point gap between present hardship and future expectation. This confidence, however, contrasts with the continent's sobering macroeconomic reality. This is a defining paradox of this generation. No other generation shows such a wide optimism gap. (See Exhibit 5.)

### EXHIBIT 5

Despite higher strain, Gen Z's optimism about their personal situations stands out

**Gen Z are the most financially unstable**  
% reporting bad personal financial stability

**Yet, are most hopeful about their future personal finances**  
% respondents sentiment on personal financial stability



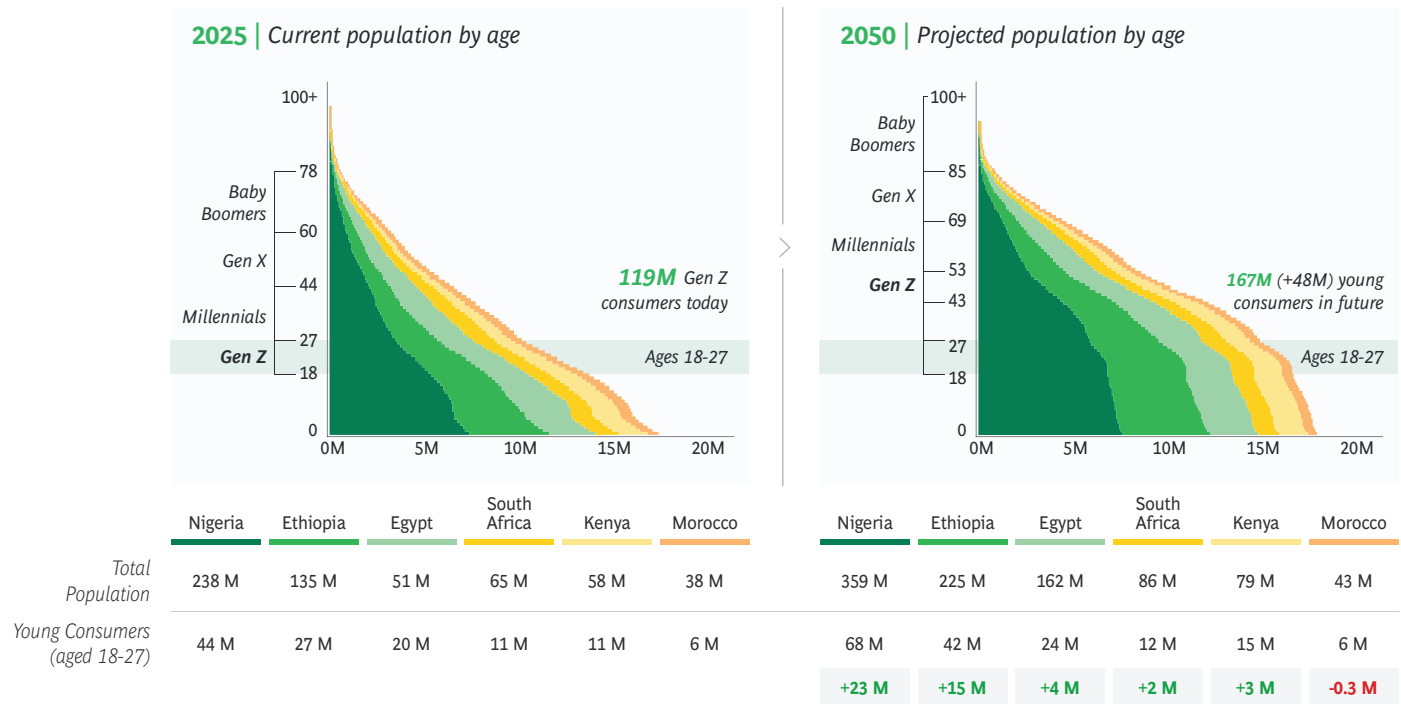
**Sources:** BCG Africa Consumer Sentiment Survey July 2025, N= 6275;  
Q1: "How do you currently feel about your personal financial stability?"; Q2: "How do you think your personal financial stability will change in the next 12 months?"

This hopeful youth will make up the majority of African consumers in the coming years and will have significant influence on the continent’s purchasing behaviours. The current 18–27-year-olds (Gen Z) in countries surveyed make up 119 million of people, roughly 18% of total population, compared with 15% in other emerging

markets and just 12% in developed ones. By 2050, the six countries surveyed are projected to have 48 million more people aged 18–27, reinforcing their role as a long-term growth engine for the region (See Exhibit 6.).

EXHIBIT 6

Africa’s youth bulge makes the 18–27 segment a perpetual growth engine



Sources: UN World Population Prospects





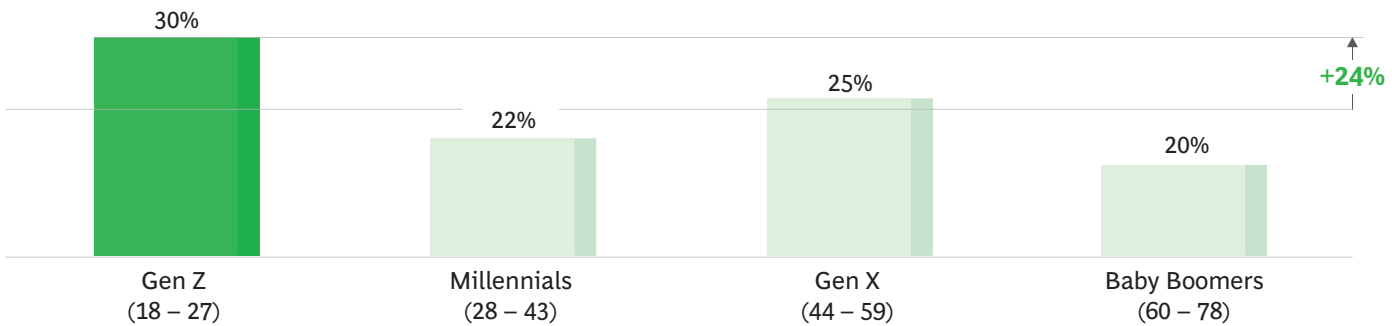
Young Africans are redefining value and shaping the continent’s spending habits. Despite financial strain, they are less likely to spend on lower-quality or low-cost products versus other generations, reflecting bigger aspirations and higher expectations for quality and experience. For example, only 8% of Gen Z would buy lower-quality prepared food to save money, compared with

15% of Gen X and 20% of Baby Boomers. Similarly, just 10% would choose cheaper beverage brands, versus 12–39% of older cohorts. This mindset extends to larger purchases: fewer than one in three would opt for low-cost leisure options, and only 19% would buy a used car instead of a new one, far below the 43% of Baby Boomers (See Exhibit 7).

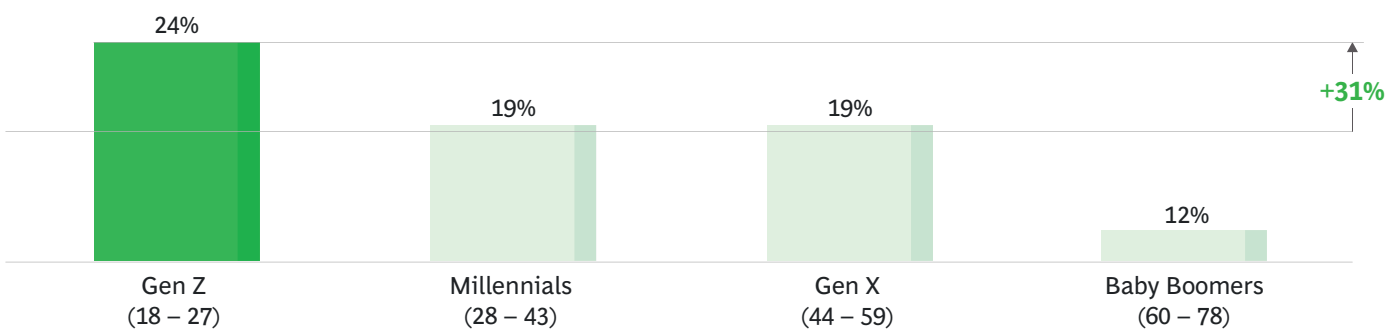
EXHIBIT 7

African GenZ spend more on non-essentials and prefer global brands versus others

% monthly spending on discretionary items



% who prefer ‘global brands’ versus local brands or indifference



Sources: BCG Africa Consumer Sentiment Survey July 2025, N= 6275; Q: " How much do you typically spend per month on essential vs non-essential items/discretionary outgoings?", Q: "When you purchase products, what brands do you usually prefer? – ‘Local Brands’, ‘Global Brands’ or ‘I don’t have a preference’"

Gen Z’s aspirational mindset is evident in their discretionary spend. They say they dedicate ~30% of their monthly budgets to non-essentials (such as dining out, entertainment, and personal care) compared to 22% among older age groups. Their aspirations are also more globally connected. Nearly one in four (24%) prefer global brands, compared to 19% of Millennials and 12% of Baby Boomers. Being digital natives, they follow global trends and increasingly demand comparable design, quality, and experiences from brands in Africa.

To fuel this aspiration, African Gen Z are increasingly using credit and Buy-Now-Pay-Later services. According to our survey, credit card ownership stands at 42%, nearly matching Millennials’ 43%, unlike the 9 percentage-point gap seen globally, highlighting their stronger inclusion in

formal financial systems. This trend is further supported by TransUnion’s 2024 report, which found that South African credit card originations rose 9.3% year-on-year, driven largely by a 22.7% surge among Gen Z consumers, compared with 7.5% growth among Millennials.

Together, these patterns tend to reinforce the picture of a financially strained generation, spending selectively but purposefully to sustain aspiration and signal progress. Capturing this opportunity requires companies to act now, while Gen Z are still forming the habits and brand loyalties that will define their lifetime value. Companies that can align with their values, digital fluency, and provide responsible credit for purchases without overburdening consumers with debt, will be best positioned as this generation climbs the income ladder.



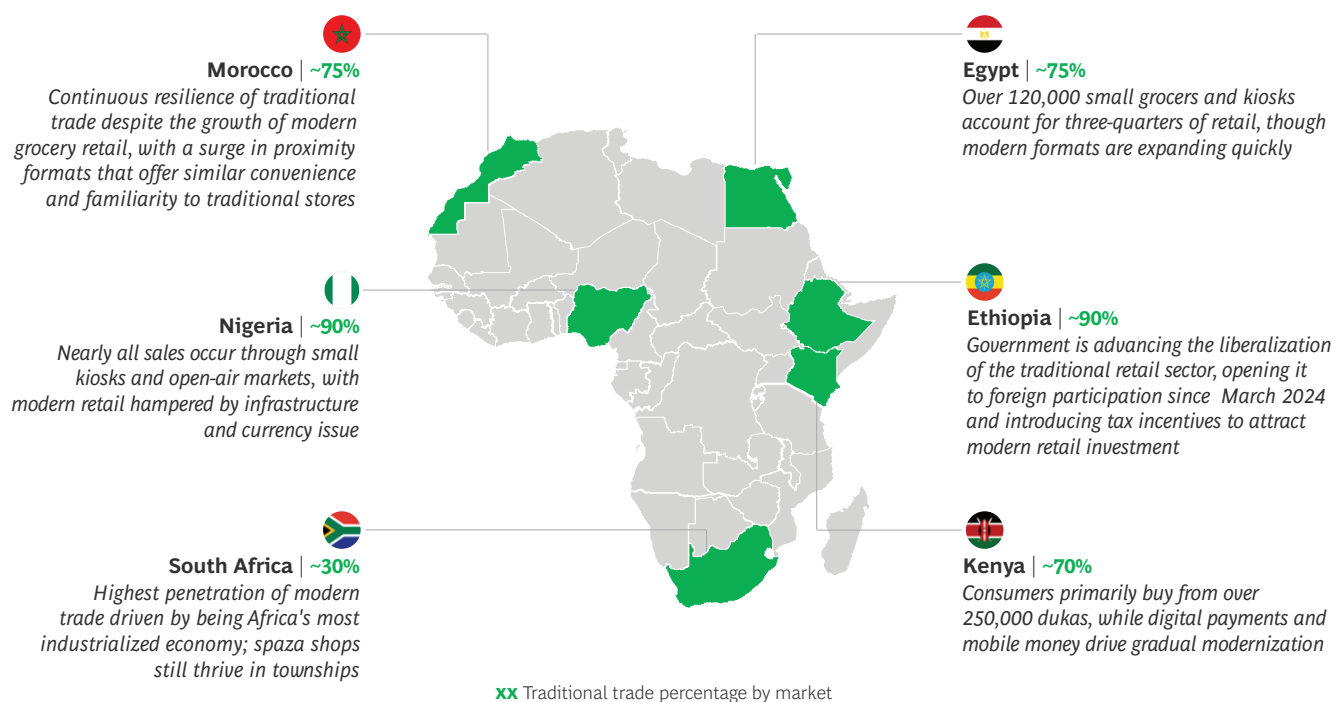
## 3. The Potential Rise of Hybrid Retail

Africa's retail ecosystem is unlike any other, with up to 90% of trade occurring through traditional retail channels such as open markets and spaza shops, a structure that will remain central in most countries outside South Africa (See Exhibit 8).

### EXHIBIT 8

Traditional shopping channels still dominate in terms of number of store visits

SA has the most modernised trade market in Africa



Source: Desk Research, BCG analysis



Rather than being replaced, traditional retail is becoming Africa’s competitive strength. As digital adoption accelerates, the continent is not shifting away from traditional retail but blending it with online and mobile channels. The result could be a hyper-local, mobile-enabled retail system; one where discovery and purchase increasingly happen online through web and social commerce, while fulfilment and trust remain rooted in local community networks.

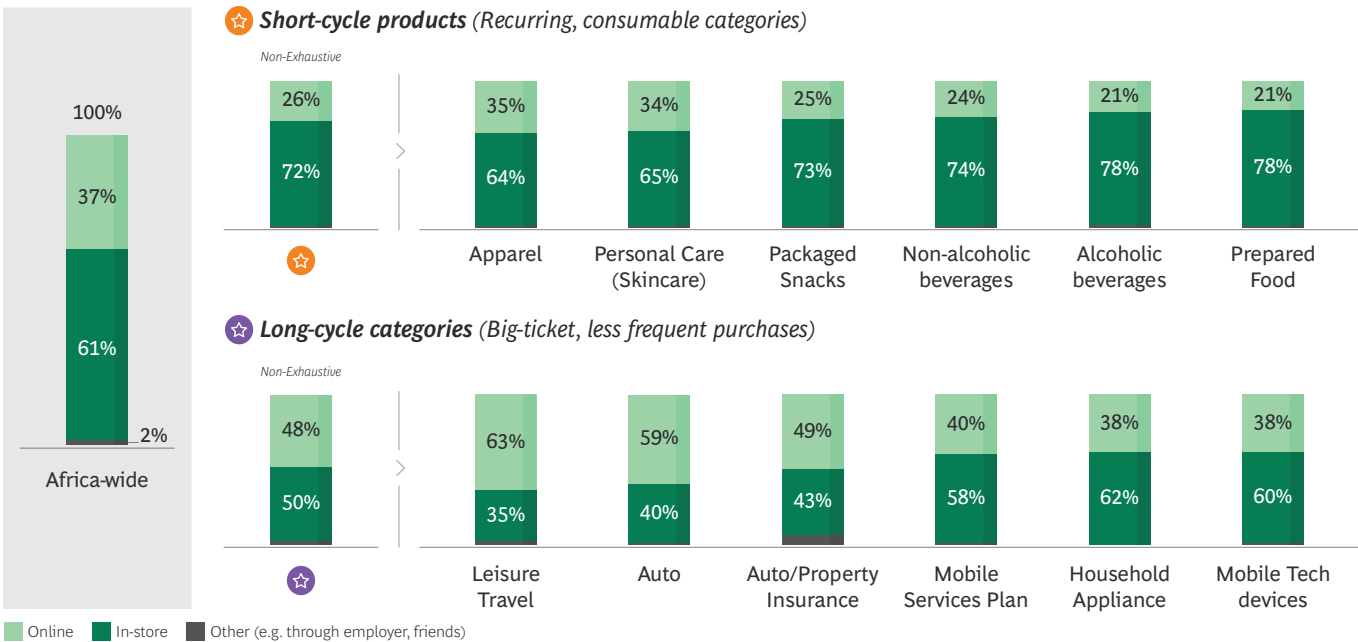
Gen Z is at the forefront of this change, but this phenomenon goes beyond the youth. Today, 63% of African consumers browse for products online through search engines, retailer websites, or social platforms. Online influence on purchasing decisions is set to deepen, particularly in high-value, long-cycle categories such as travel, insurance, and electronics (See Exhibit 9).

EXHIBIT 9

Digital channels lead discovery, while purchases are predominantly made offline

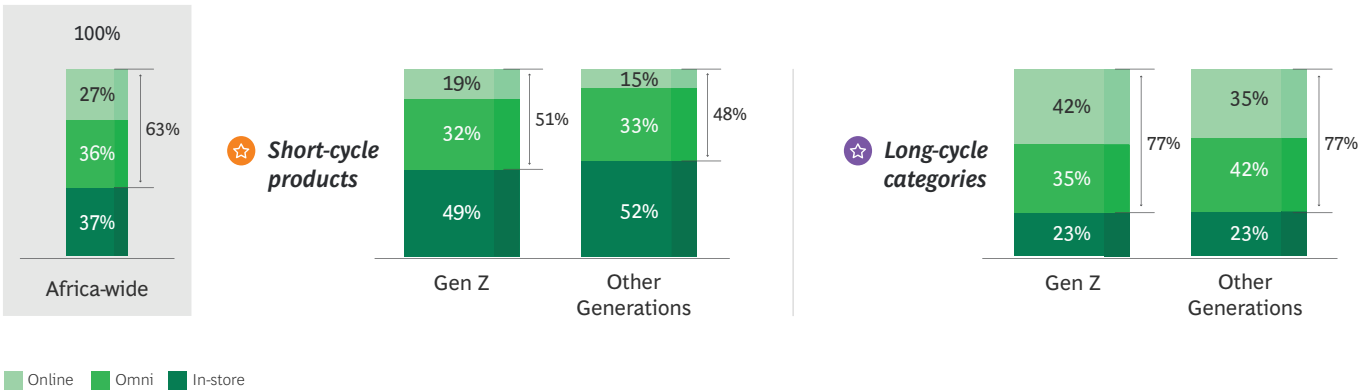
Physical remains the primary point of purchase, especially for day-to-day 'short-cycle' products

% respondents, "Which of the following types of retailers or sellers would you typically purchase category from?" (grouped into online vs in-store)



Among GenZ, 51% of short-cycle and 77% of long-cycle category discovery happens through digital channels (online + omni), led by online browsing

% respondents, "how do you typically browse, research or look for inspiration/information on products?"



Sources: BCG Africa Consumer Sentiment Survey July 2025, N= 6275; Q1: "Which of the following types of retailers or sellers would you typically purchase from?"; Q2: "How would you typically browse, research or look for inspiration/information for [products/services]?"



Social media has become the new storefront.

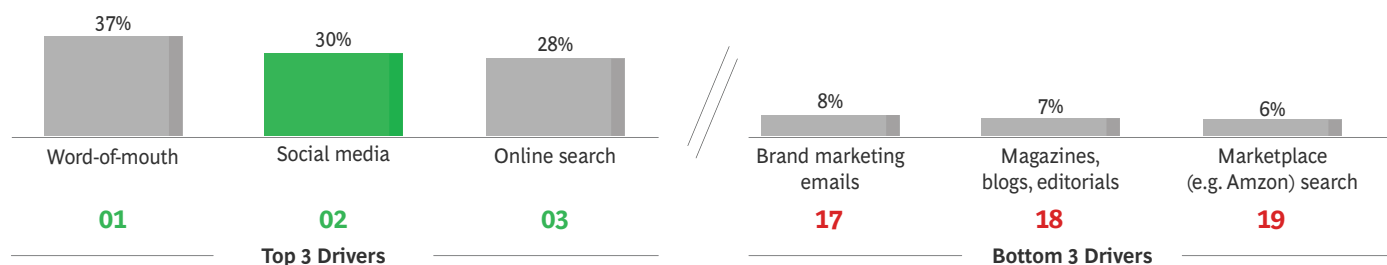
The rise of hybrid retail is redefining distribution itself. Physical stores are increasingly being used for peer-to-peer delivery, while lockers are enabling e-commerce in markets such as South Africa. These developments indicate that low-cost, alternative distribution models could play an important role in shaping the next phase of Africa's retail evolution.

Across Africa, social media now rivals traditional word-of-mouth as a top purchase driver. Roughly 30% of consumers say it shapes what they buy, almost on par with word-of-mouth (37%) and ahead of online search (28%). In Sub-Saharan African markets such as Kenya, Nigeria, Ethiopia, and South Africa, it consistently ranks among the top two influence channels (See Exhibit 10).

## EXHIBIT 10

# Social media now rivals word-of-mouth as a critical purchase driver across Africa

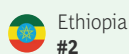
% respondents reporting which channels typically influence their purchase decisions (19 channels to select)



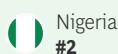
...especially in Sub-Saharan Africa, where social media consistently ranks as a top 3 purchase driver



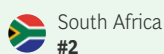
Kenya  
#2



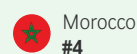
Ethiopia  
#2



Nigeria  
#2



South Africa  
#2



Morocco  
#4



Egypt  
#4

Sources: BCG Africa Consumer Sentiment Survey July 2025, N= 6275; Q: " Which of the following typically influence your decision on what type of category to buy?"



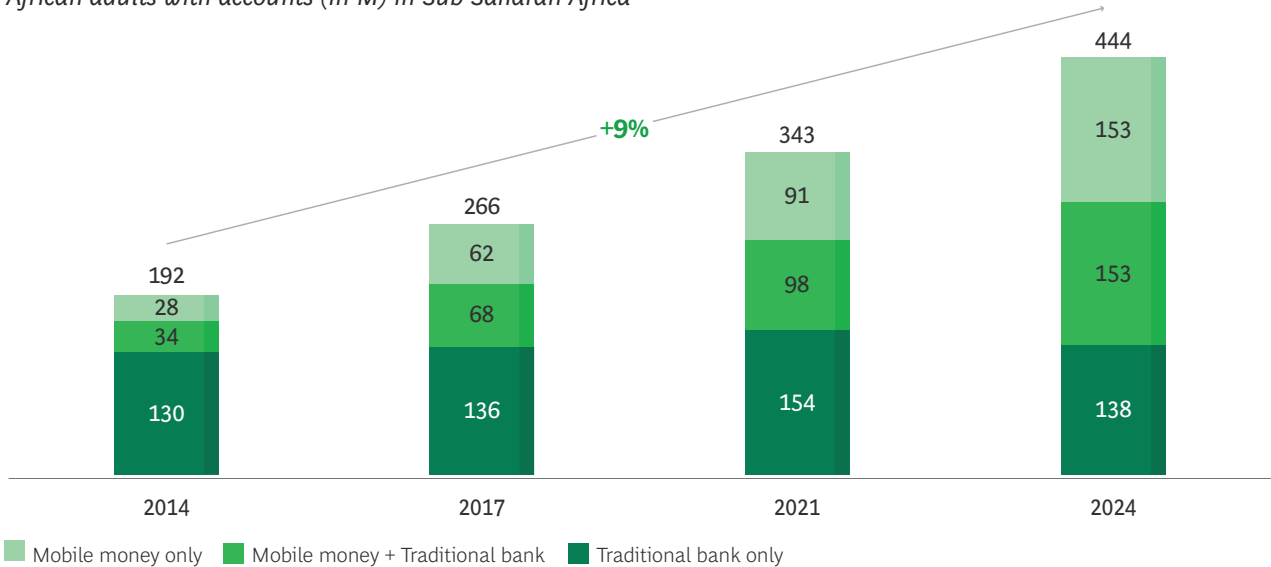
Increasing smartphone penetration in Sub-Saharan Africa (projected to reach 87% by 2030) has also fuelled a remarkable rise in financial inclusion: today, about 60% of adults in the region hold a financial account, up from roughly 192 million people in 2014 to around 444 million

in 2024. The driving force is the rapid adoption of mobile money. Mobile money has become a cornerstone of financial access, with 40% of Sub-Saharan African adults now owning a mobile money account (See Exhibit 11.).


EXHIBIT 11

Mobile money is driving financial inclusion for Africa's large unbanked population

African adults with accounts (in M) in Sub-Saharan Africa



Sources: Findex Reports



**What makes mobile money different?**

Unlike traditional banks, mobile money doesn't require a formal account, branch access, or credit history. It operates through SIM-based wallets linked to a phone number, allowing users to send, receive, and store money via basic mobile networks. This model has been transformative in Africa, where limited banking infrastructure and high informality made access to conventional financial services difficult.

Africa's retail transformation could hinge on its ability to fuse informal trade networks with growing digital adoption, suggesting that the continent could evolve toward a hybrid model where online discovery, social influence, and localised distribution create a uniquely scalable path for its markets.





## 4. Five Imperatives for Africa's Consumer Brands & Retailers

Africa's consumer story remains paradoxical, where the tensions lie between optimism and constraint, belief and reality. Overall sentiment is still low, spending power is stretched, and the path to broad-based prosperity will be gradual. Africa's retail future will not transform overnight.

Yet within this context, a digitally connected, young consumer base is already shaping new patterns of demand.

To capture opportunity amid volatility, businesses must ground ambition in realism, investing where momentum is real, not assumed.

The real opportunity for businesses is not to bet on a sudden boom, but to build relevance and trust now, as this generation gradually earns, aspires, and spends its way into economic influence.



## BUSINESSES SHOULD RETHINK HOW THEY ENGAGE CONSUMERS IN AFRICA IN 5 KEY WAYS:



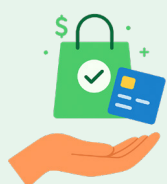
### 1 Balance affordability with aspiration.

Amid tight household budgets, consumers still aspire to progress. Winning brands will deliver affordable aspiration, i.e. products that combine everyday accessibility with signals of quality and modernity.



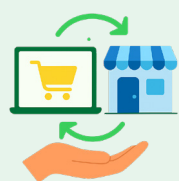
### 2 Engage Gen Z, Africa's growth engine, early.

The 18–27 age group will remain the continent's most powerful consumer base. Brands don't need to redesign products for them, but must embed themselves in Gen Z's world, through the platforms, formats, and messages that shape their daily lives, to build loyalty early and grow with them over time.



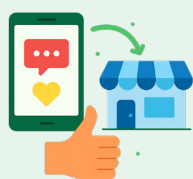
### 3 Embed finance into the experience.

Fintech is increasingly becoming part of the retail fabric. Integrating digital payments, wallets, or responsible micro-credit options directly into the consumer journey will unlock spending potential and reduce friction.



### 4 Reimagine value through hybrid retail.

Africa's consumers move fluidly between online discovery and offline purchase. Success will depend on integrating both, connecting digital influence with trusted, local fulfilment.



### 5 Make social the new storefront.

Social media now rivals word-of-mouth as a purchase driver. Retailers and consumer brands should treat platforms like WhatsApp, TikTok, and Instagram as direct commerce channels, where storytelling, persuasion, and purchase happen simultaneously.



### About BCG's Consumer Sentiment Survey ?

Insights in this article draw on BCG's Africa Consumer Sentiment Survey 2025, conducted in July 2025 as part of BCG's global Consumer Sentiment program covering 24 markets worldwide.

The Africa survey captures responses from 6,275 urban consumers across six key economies (Egypt, Morocco, Ethiopia, Nigeria, South Africa, and Kenya), which together account for the majority of the continent's GDP and consumer spending.

The survey measures consumer confidence, financial sentiment, and spending expectations across short-cycle (everyday essentials) and long-cycle (larger, discretionary) categories. It also explores how digital behaviour, generational differences, and financial inclusion are reshaping the African consumer landscape.

Results are weighted to reflect national urban populations by age, gender, and income group, ensuring a balanced and comparable view across markets.



# About the Authors



**Thomas Jensen** is a Managing Director and Senior Partner in BCG's Nairobi office. He is a core member of the Consumer and Retail Practice and the Global Head of Specialty Retail. Thomas leads strategic transformations for consumer-facing companies, working across the entire value chain: from corporate strategy and commercial excellence to digital and data innovation, helping them navigate evolving consumer markets.



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## Acknowledgments

The authors would like to specially thank their BCG colleagues for their valuable contributions to this report. In particular, they thank Patrick Laske, Soliman Erik Bentaibi, and the editorial, PR, marketing, and design teams.

If you would like to discuss this report, please contact the authors.





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