

**Brand South Africa  
Research Note**

**International Investor  
Perceptions and the  
Nation Brand  
-  
Views from Senegal**

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## 1. Introduction

Brand South Africa's mandate requires the organisation to clearly understand the reputation, competitiveness, and perceptions of South Africa in key international markets.

As part of its approach towards achieving this mandate, Brand South Africa draws insights from its international investor perceptions research. This is a key source of information that assists Brand South Africa in developing, among others, its strategy for engaging in the relevant markets.

The International Investor Perceptions study is geared towards understanding investor perceptions of South Africa as a country with which to do business. Brand South Africa appointed IPSOS, a recognised market research company, to implement the study. Research was carried out in 16 markets, including a number of African markets as well as our BRICS partners. Interviews were conducted with individuals with decision-making power or influence within their companies when it came to exploring international business opportunities.

The study presents Brand South Africa with valuable insight on key issues that impact positively and negatively on South Africa's reputation in select markets.

This Research Note will hone in on the Senegalese market and provide an overview of perceptions of local investors of South Africa as a country with which to do business.

## 2. Country Brand Health Funnel

A key component of Brand South Africa’s Investor Perceptions survey is the Country Brand Health Funnel, which measures the country’s reputation according to levels of awareness, familiarity, favourability, trust and advocacy. Figure 1 below illustrates the logic behind measuring these attributes and the way in which they contribute to overall reputation:

**Figure 1: The Country Brand Health Funnel**

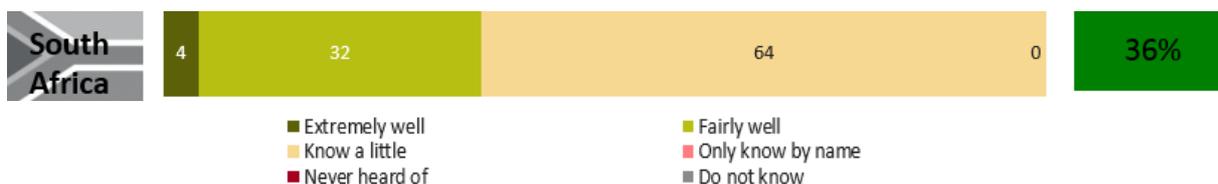


What follows now is an illustration of perceptions of Senegalese investors around each of these attributes and the extent to which they would endorse South Africa as a country, particularly as one with which to do business.

### 2.1. Familiarity

When asked how well they knew South Africa, 4% of the respondents said they knew South Africa extremely well, and almost a third (32%) said they knew the country fairly well. More than half (64%) reported knowing the country “a little”.

**Figure 2: Level of Familiarity with South Africa among Senegalese respondents**



Research from Brand South Africa’s SA Inc. project confirms the relatively low levels of familiarity with South Africa compared to other African markets surveyed.

## 2.2. Favourability

When asked to take into account all the information they had heard or come across about South Africa, almost two-thirds (60%) of respondents had a favourable perception of the country. 14% had an extremely favourable impression and 20% of respondents were ambivalent, stating that they had neither a favourable nor unfavourable perception of South Africa.

Even more striking for this market is that none of the respondents questioned had a negative perception of the country. Interestingly, the other francophone African market surveyed had a similar result, with none of the Congolese investors surveyed stating that they had an unfavourable perception of South Africa.

**Figure 3: Overall Impression of South Africa among Senegalese respondents**

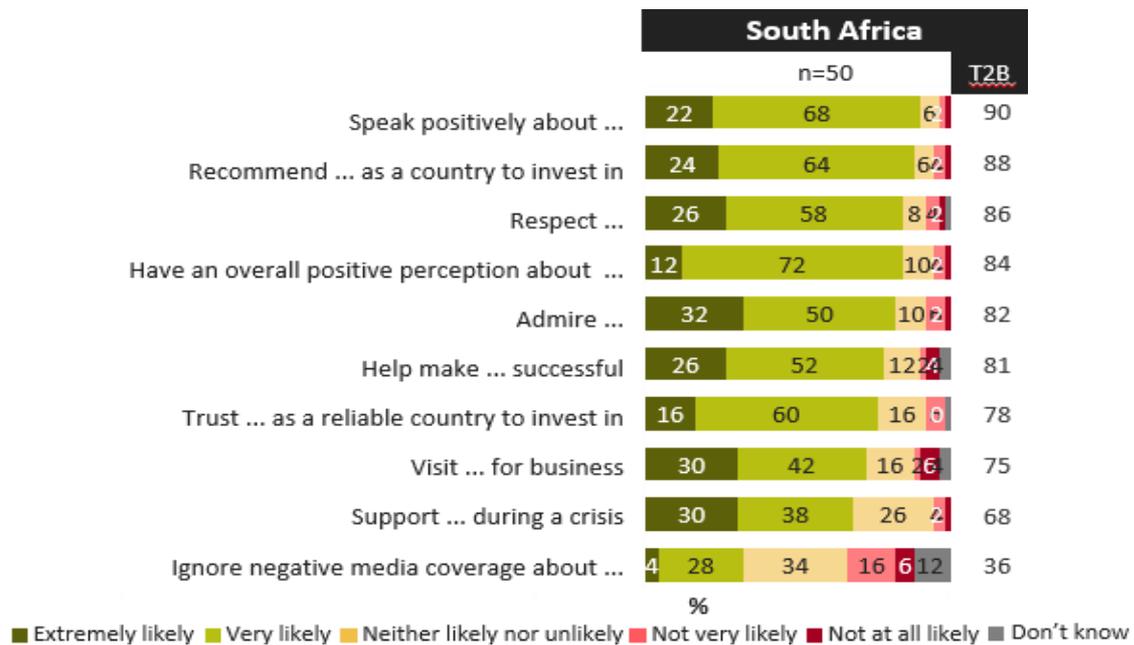


Of those questioned, 28% are currently conducting business in South Africa, while just over half (52%) were considering doing business in the country. This indicates a high level of further interest in the South African market. More work will need to be done to lobby and network with those Senegalese investors who are currently operating in, and who evidently have a positive impression of, the country. For it is they who can influence the large portion of those who are undecided (i.e. those who opted for “neither favourable nor unfavourable”) and advocate for South Africa as an attractive business destination.

## 2.3. Trust and Advocacy

The survey also gauged levels of trust and advocacy, asking respondents to state how likely they are to express certain sentiments about South Africa. Questions asked included how likely they were to visit the country for business, how likely they were to admire South Africa, or how likely they were to recommend South Africa as a country to invest in. Figure 4 below illustrates the extent to which Senegalese investors would advocate for South Africa according to the select criteria:

**Figure 4: Trust and Advocacy levels**



The figure above shows that South Africa scores very high for “speak positively about South Africa” (top two box score of 90%) and also performs well for “recommended South Africa as a country to invest in” (top two box score of 88%).

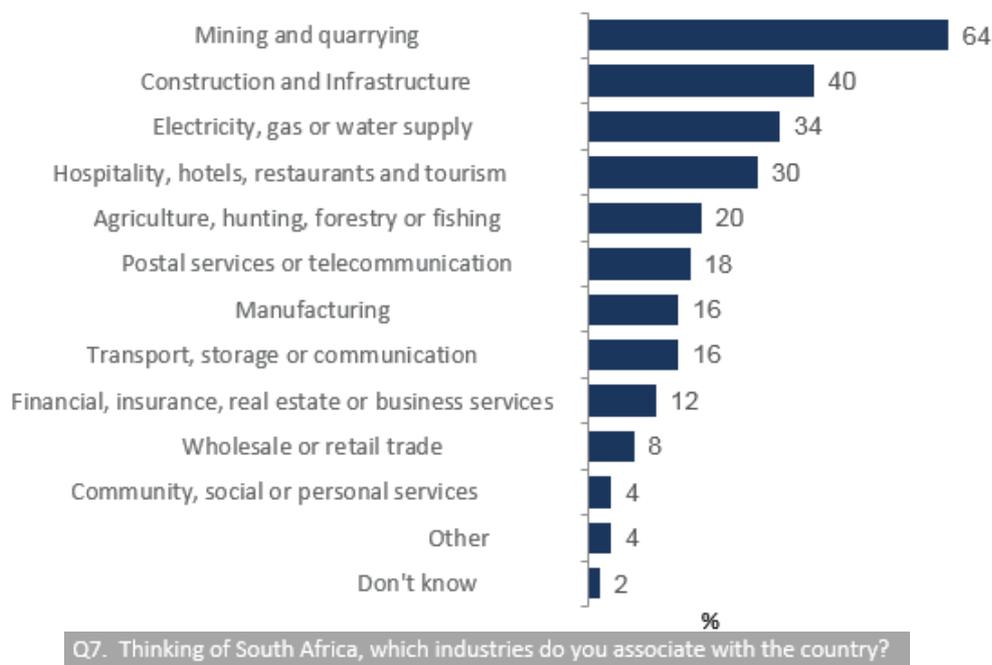
This despite the relatively low level of familiarity with the country. By and large, South Africa enjoys the highest levels of trust and advocacy in the African markets surveyed, indicating opportunities to leverage on its good reputation to promote the Nation Brand and to promote the country as an attractive investment destination.

### 3. Key Industries associated with South Africa

Respondents were also asked which industries they associated with South Africa, and in the case of Senegalese investors, the **mining and quarrying industry** was the one the country was most closely associated with.

This insight is useful insofar as it provides the country with information about the industries it is considered to be strong in, with a view to potentially leveraging on that strength to build its reputation. It also identifies industries the country is less well known for, and points to where South Africa would need to intensify efforts should it wish to enhance its reputation in one of these less prominent sectors.

**Figure 5: Industries Senegalese investors associate with South Africa**



Much like most of the Asian, European and American markets surveyed, Senegalese investors associated South Africa primarily with the **mining & quarrying sector**. That said, other sectors also featured relatively prominently, indicating an awareness of South Africa’s diversified economy. The **construction and infrastructure sector**, for example, was also top-of-mind.

#### 4. Key (Un)Attractiveness Features of South Africa among Senegalese Investors

In order to manage country reputation, it is essential that one understands what makes a country appealing to potential investors, as well as what concerns them. Such perceptions matter - be they based on experience or hearsay - as they influence decisions on whether or not to conduct business in any given setting.

##### 4.1. Investor Concerns

For this reason, the survey asked respondents what would prevent them from doing business in South Africa in particular.

In the case of Senegalese respondents, the “lack of security/high crime rate” was the single biggest issue deterring investors from doing business in South Africa, while

perceptions of “unfriendly people/xenophobia/racism and discrimination” were also of concern.

**Box 1: Top 3 concerns deterring Senegalese investors from conducting business in South Africa**

- Lack of security/safety/high crime rate -38%
- Unfriendly people/xenophobia & discrimination- 34%
- Political unrest/instability - 24%

\* Note: This was an open-ended question, designed to encourage respondents to list their concerns without being influenced or guided towards any particular answer.

Safety and security concerns are a recurring theme in the majority of the countries surveyed, and much needs to be done on the ground in order to allay (to some extent justified) fears for personal safety. This insight also points to the interrelatedness of various aspects of a polity - i.e. a country is not only an attractive investment destination because of its diversified economy, but also because it can reassure incoming foreign investors that their personal and private assets will be ‘secured’.

## 4.2. Investor Appeal

In addition to needing to understand investor concerns, knowing what makes a country an attractive investment destination allows the leveraging of strengths that can be banked on to enhance country reputation and promote investment.

When asked what made South Africa an attractive country to invest in, Senegalese investors had the following to say:

**Box 2: Top 3 characteristics that make South Africa attractive to invest in**

- Stability: political/government/country- 22%
- Friendly people/non-discriminative/non-racist culture/respect other nationalities/multi-cultural (diversity) - 20%
- Strong/stable/growing economy/sound economy- 20%

\* Note: This was an open-ended question, designed to encourage respondents to list all features that came to mind without being influenced or guided towards any particular answer.

Interestingly, and in contrast to several “developed” markets surveyed (e.g. Japan, China, US, UK), “political/government/country stability” was considered a key attractiveness feature, highlighting the importance of context and perspective.

Moreover, while “unfriendliness” of its people was highlighted as a deterrent in the previous question, here the “friendly people” and “non-racist culture” were highlighted as key features that made investment in this country appealing to Senegalese investors.

## 5. Investor Communication

As the country's official marketing agency, one of Brand South Africa's primary responsibilities is to develop and implement proactive and coordinated marketing, communication and reputation management strategies for South Africa. An understanding of the sources stakeholders rely on when seeking information about a country as an investment destination or trade partner is key to developing an effective communications strategy, as is knowing the formats stakeholders prefer to receive information in.

This assists Brand South Africa in tailoring its messaging and packaging information about the Nation Brand in formats most appropriate for the targeted market.

Furthermore, these insights can also serve other entities, such as the Department of Trade and Industry (DTI) or the Department of International Relations and Cooperation (DIRCO), by providing recommendations on the most appropriate channels to use when communicating with their stakeholders.

### 5.1. Sources of information

Figure 6 below shows that Senegalese respondents rely most on **trade shows & exhibitions** when seeking information about the country as an investment destination or trade partner. **Business associates with experience in South Africa** are the second most common source of information.

This implies that when seeking to attract future investors to South Africa from Senegal, Brand South Africa and other government entities would do well to ensure that the country's presence at trade shows are prioritised where these investors are expected to attend.

Moreover, Senegalese businesses already operating in the country should be lobbied as potential advocates for the country as an attractive investment destination.

**Figure 6: Top 5 Sources of Information about South Africa**



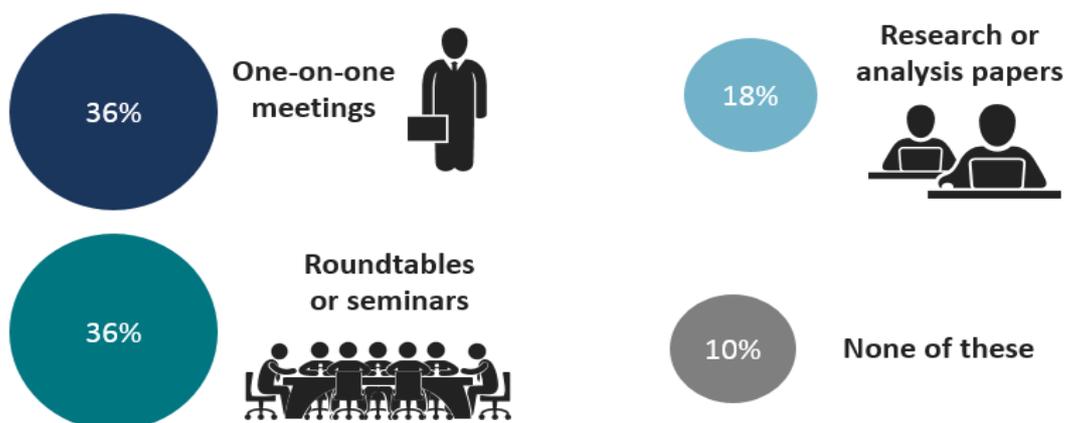
## 5.2. Preferred method of receiving information

As mentioned above, another important objective of the research was to understand how best to communicate with stakeholders in a targeted market.

Here Brand South Africa sought to understand which of the three key platforms it currently uses to communicate with its stakeholders are the most appropriate when relaying information to potential investors about South Africa as an investment destination or trade partner.

In the case of Senegalese investors, 36% preferred to receive information via one-on-one meetings, 36% preferred to attend roundtables or seminars and 18% preferred to read research papers. 10% chose none of the above, indicating a need for further research into other possible means of communicating with this set of stakeholders.

**Figure 7: Preferred method of receiving information**



The preference for verbal communication channels is likely also related to the language barrier. It is presumably easier for Senegalese investors to attend meetings and roundtables with a language interpreter than it would be for them to pick up a written report (e.g. in English) to inform themselves about investment opportunities in this particular setting.

## **6. Enhancing Country Reputation: Key lessons from and for Investors**

This Research Note has provided a snapshot of Senegalese perceptions of the Nation Brand. In addition to providing a sense of the level of familiarity and favourability of Senegalese investors with South Africa as a business destination, among others, it has also highlighted the industries with which South Africa is most readily associated.

Despite the relatively small footprint of Senegalese investors in the market, the research points to a high level of interest in South Africa. In fact, Senegalese investors regarded the country as the top destination to do business in, beating former colonial power France by a solid margin.

That said, questions need to be asked and answered with regard to the deterrents to investment that have not been covered in this survey. Put bluntly: what is keeping these investors from investing in the country if it is indeed such an attractive destination?

For one, South Africa will need to address concerns around incidents of xenophobia, racism and discrimination. Here, concerted efforts will need to be made by relevant (government) entities to reassure potential foreign investors that their business interests would be protected. A key partner in this regard could be the NEPAD Business Foundation, which at the time of the most recent spate of violence targeting foreign residents, hosted a Forum entitled “Business Action Against Xenophobia”. The Forum brought together stakeholders from the public and private sector to develop a multi-stakeholder action plan to repair the social and economic damage caused by the attacks.

There could also be other deterrents. For example, are the regulations for market entry too difficult or cumbersome for them to overcome? Is it perhaps a question for the Department of Home Affairs, i.e. providing permits to work and live in the country? Or is it simply a matter of a lack financial capacity on the part of the businesses themselves to follow through with investments? A big challenge in this instance is certainly also the concern over security and crime.

The development of a promising strategy to manage country reputation requires deeper knowledge, not only about the perceptions of potential foreign investors,

traders and visitors, but also about the broad set of factors that contribute towards reputational capital. This unique empirical research contributes to that body of knowledge, and hopefully provides not only food for thought, but cause for action.

Brand South Africa's Research Notes and Research Reports communicate findings from Brand South Africa research and related panel discussions. The Research Notes and Reports are intended to elicit comments, contribute to debate, and inform stakeholders about trends and issues that impact on South Africa's reputation and overall competitiveness.

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