1994

Problems in marketing to Central Africa : the case of the Congo

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DOI: <https://doi.org/10.31979/etd.jp42-fuds>

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Kimbouri, Jean-Claude, M.A.

San Jose State University, 1994

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Ann Arbor, MI 48106

**PROBLEMS IN MARKETING TO CENTRAL AFRICA:
THE CASE OF THE CONGO**

**A Thesis
presented to
The Faculty of the School of Business and the Department of Economics
San Jose State University**

**In Partial Fulfillment
of the Requirements for the Degree
Master of Arts**

**by
Jean-Claude Kimbouri
May, 1994**

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ABSTRACT

PROBLEMS IN MARKETING TO CENTRAL AFRICA: THE CASE OF THE CONGO

By Jean-Claude Kimbouri

This thesis focuses on the basic problems in marketing to Central Africa. It is a tool empowering American marketers with insights on how to start businesses in the area. The Congo is taken as a framework.

Obstacles of the Congolese environment are analyzed, such as the size of the population, social and political behaviors, and economic annoyances. Each problem has its follow-up solution.

Recommendations, set in "golden" rules, advise potential investors how to be efficient and well-organized in their tasks within the region. These rules range from conducting market research and setting of the usual four Ps (Product-Price-Promotion-Place), to the strategies of tapping this market.

Finally, the Congo, a former socialist country, is changing its institutional structures to become a free marketplace, despite the hardships. This transition is important as it is a prerequisite for many foreign investors.

ACKNOWLEDGMENT

This thesis is warmly and lovingly dedicated to my wife Michelle-Cyrine and our children Erudit Ted-Dechell , Claude-Chrystelda, and Joelle-Divine for their love and patience. May this be a part of the tribute paid to them for my long absence.

To my mother Julienne Bitsimi and my father Jean-Rigobert Kimbouri-Kaya from whom my inspiration comes. Their advice is a precious guidance that is still enlightening my life.

I am thankful to Dr. Lou Lewandowski, Ph.D, Associate Graduate Dean, Dr. Nancy Fimble, Ph.D, Director of MBA Programs, College of Business, and Dr. James Willis, Ph.D, Chairman of the Economics Department, at San Jose State University, California, for allowing me to accomplish the program of study I needed.

A special recognition to the professors, who have directed this thesis: Dr. James Stull, and Dr. Jeffrey A. Fadiman, Ph.D, School of Business, and Dr Thayer Watkins of the Department of Economics, at San Jose State University, California. Working with these talented professors has been a terrific learning experience for me. Their valuable academic and professional knowledge has increasingly permitted my graduate student dream to become a reality.

My thanks go to Carol Qazi, Cindy Graham (Studies in American Language, at San Jose state University), Diane Blomgren, and Dilek Kaptanoglu for the amount of time and the logistic and friendly support incorporated into this work. Especially, to Carol who spent even her leisure time in correcting the first draft, to Diane whose computer skills have been helpful in drawing maps, and to Dilek who omitted her own doings to help with the printing of this document.

To the following people for their supportive actions and encouraging friendship: Andre and Yvette Henckollas and their family, Christian Goko-Moukala and his family, Davin David Nganga, Andre Louvouezo "Mbayero," Edouard Ngaleo and his family, Jean-Rigobert Tsika, Bruno Mantsounga, Andre Mahungu and his family, Victor Miantezila, Stephane Ebanda, Ludovic Lamy, Fatou Ndickou Diaw, Jeanne Nkol, John Gwananji and his family, Gabriel Bessong and his family, Hamadi Ba and his wife Ma Traore, Fatou N'deye, and Tanguy Izampuye and his family.

To the countless friends I have made in the US. These people have taught me that being away from my home country did not mean being lonely. Their support and kindness will be indelible in my heart.

I am also thankful to the African-American Institute (AAI) in New York for sponsoring my training in the US. Particularly, to James Sabourin who, as the program officer in charge of the Congolese trainees has carried out his duty with professional skill and kindness. I hope, the AAI support to African fellows will continue. As a matter of fact, helping Africa acquire well-trained and skillful professionals in various fields is crucial at the present time.

Finally, to the American and other traders, marketers, and investors, I hope that they will find helpful hints and insights in this study.

TABLE OF CONTENTS

ACKNOWLEDGMENT.....	V
LIST OF TABLES AND FIGURES	IX
INTRODUCTION.....	1
CHAPTER 1: THE CONGOLESE MARKET: LURE OR REALITY?.....	5
BACKGROUND	5
THE STUDY IN GENERAL.....	9
THE 1960s: THE POST COLONIAL AND MARXIST ERA	10
THE 1970s: THE CONGOLESE SOCIALIST APOGEE	12
THE 1980s: THE FIVE YEAR PLAN PERIOD	14
THE 1990s: THE POST-MARXIST PERIOD.....	20
ENDNOTES	23
CHAPTER 2: MARKETING TO THE CONGO: FOUR BASIC PROBLEMS	27
PROBLEM 1: TARGET POPULATION: A TOO SMALL MARKET.....	28
POPULATION	28
HIGH CONCENTRATIONS IN MAJOR CITIES.....	30
DIVERSITY OF TRIBES AND LANGUAGES.....	31
SOLUTION 1: THE TARGET POPULATION	34
A SMALL POPULATION CAN HAVE SIGNIFICANT MARKETING POTENTIAL.....	34
A CONCENTRATED POPULATION CAN EQUAL A WELL-SEGMENTED MARKET	36
DIFFERENT TRIBES EQUAL A VARIETY OF MICRO-TARGET MARKETS.....	37
PROBLEM 2: SOCIAL ANNOYANCES	38
DECISION-MAKING AUTHORITY IS BASED ON AGE	38
EXISTENCE OF VARIOUS RELIGIOUS GROUPS.....	39
BRIBERY (MADESO YA BANA).....	41
SOLUTION 2: HOW TO COPE WITH SOCIAL ANNOYANCES.....	44

ELDER: THE BEST BUSINESS PARTNERS IN AFRICAN SOCIETY.....	44
RELIGIOUS GROUPS: ANOTHER SET OF MICRO- MARKETS	45
GIFTING INSTEAD OF BRIBING.....	46
PROBLEM 3: POLITICAL PRACTICES	47
HIGHLY POLITICIZED COUNTRY	47
SYNDICALISM	49
BUREAUCRACY.....	50
SOLUTION 3: NEW SYSTEM WITH NEW RULES AND PRACTICES.....	51
NEW SOCIAL POLICIES AND NEW CORPORATE CULTURE	51
NEW RULES FOR UNIONS: MULTI-UNIONISM.....	52
NEW TYPE OF ORGANIZATION: DECENTRALIZATION	53
PROBLEM 4: ECONOMIC DIFFICULTIES	54
LOW PERSONAL INCOME.....	54
LACK OF FUNDS IN BANKING AND FINANCIAL INSTITUTIONS.....	56
HIGH STATE TAXES	58
SOLUTION 4: HOW TO OVERCOME THE CONGOLESE.....	61
SETTING PRICES AT THE LEVEL OF LOCAL INCOME.....	61
TRADITIONAL FINANCING APPROACHES	63
PERSPECTIVES OF THE NEW CODE OF INVESTMENT IN THE CONGO	64
ENDNOTES	67
CHAPTER 3: RECOMMENDATIONS.....	71
WHAT ARE THE "GOLDEN" RULES?.....	71
RECOMMENDATION # 1: RESEARCH THE CONGOLESE MARKET	71
RECOMMENDATION # 2: SEGMENT THE MARKET.....	72
RECOMMENDATION # 3: BECOME FAMILIAR WITH LOCAL	
RECOMMENDATION # 4: AVOID POLITICAL INVOLVEMENT.....	75

RECOMMENDATION # 5: BRING PRODUCT SATISFYING BASIC NEEDS	76
RECOMMENDATION # 6: SET PRICES THAT PEOPLE CAN AFFORD	78
RECOMMENDATION # 7: PROMOTE BY EMPHASIZING IMAGE.....	80
RECOMMENDATION # 8: CHANNEL PRODUCTS THROUGH A LOCAL MIDDLEMAN	81
RECOMMENDATION # 9: HELP WOMEN DEAL WITH WOMEN	83
RECOMMENDATION # 10: GATHER STARTING FUNDS OUTSIDE THE CONGO	83
RECOMMENDATION # 11: ENTER THE MARKET WITH LARGER OBJECTIVES	84
ENDNOTES	85
CHAPTER 4: CONCLUSION.....	86
BIBLIOGRAPHY	88

LIST OF TABLES AND FIGURES

TABLES

TABLE 1: CONGO FIVE YEAR DEVELOPMENT PLAN EXPENDITURES 1982-86...	17
TABLE 2: EVOLUTION OF MAJOR ECONOMIC INDICATORS 1970-1990.....	19

FIGURES

FIGURE 1: CONGO MAP.....	6
FIGURE 2: CONGO REGIONAL MAP.....	8
FIGURE 3: CONGO TRIBAL MAP.....	32

AFRICA

Source: WordPerfect graphic

CENTRAL AFRICAN REGION

Source: WordPerfect graphic

INTRODUCTION

This section has several objectives. First, it introduces the topic by informing readers about what is intended to be accomplished through the study. Indeed, all reasons which motivate this kind of adventurous academic task are enumerated. The driving factors are mainly that marketing to third world countries seems to be unknown and neglected across America. Africa suffers from what could be called "conscious negligence," in marketing. The causes of such a deficiency remain to be elucidated.

Throughout this thesis I attempt to fill this gap. By describing eventual burdens which could be encountered in marketing to this part of the world, I aim to pierce the heart of darkness about this important subject. American world of business particularly ignore the marketing potential of the African continent.

Therefore, questions concerning why and how these problems should and could be solved find their answers in this project. Finally, the use of the findings are explained at the end of the thesis.

What is the project about?

During my academic and social experiences in the United States of America, I have been amazed by attitudes I have encountered. First, I could not believe how people perceive the African continent. For instance, even in terms of locating the continent, I was surprised to see how people become confused in trying to place it geographically.

My disappointment was intense because I have had in my early studies mandatory courses in global history and geography. When I observed these people with such great learning potential missing such an opportunity, I started questioning myself on the origin of the problem.

I must also mention how painful it was for me during my International Marketing class, for instance, to see my American colleagues struggling when it came to drawing maps of any different part of the world. As one can imagine, the outcomes were astonishing. Some countries far away from each other, were placed on the same borders. These countries were the "luckiest" ones because they were at least recognized as existing. Others were completely omitted. They were never mentioned as nations of the world. This was the case of most African countries.

Another disappointment for me was when I assisted two students seriously in trouble listing the countries composing the G7, which is the group of the seven wealthiest nations of the world. The G7 includes the United States of America. Once I helped settle the matter, I said to myself, if the most industrialized nations are not well-known, the omission of Africa is probably understandable. There is not enough international awareness among American people. The point is not to blame or look down at these people. Rather, it is necessary to help build their consciousness of the other people and organizations of the world. My personal approach would be an emphasis on Africa, which is probably best known by its usual image of poverty and underdevelopment.

Consequently, I decided to aim my effort in teaching American people where Africa is and what potential exists there. As I looked for a very simple method to achieve my objective, I thought about an easy and interesting learning approach. I opted for attracting these people on the basis of what they understand and value the most, business opportunities. My idea is that if Africa is established as a market, clearly defined, these people would certainly be attracted to it. They would pay much more attention to what is happening there.

In conclusion, this project is about examining the marketing potential of one African nation, the Congo. The study first describes the country geographically and principal historical facts that have occurred. After that, several social, political, and economic

characteristics are examined as major problems from marketing standpoints. Some solutions are provided to serve as potential tools.

Why am I doing this project?

Three motives stand as the basis of my choice of this topic. The first is clearly to help Americans learn about Africa.

Another is purely academic. I was asked to research the basic principles of African management. Once again, I was surprised. Theories on the managerial patterns of various people of the world have been written, for instance, regarding the way Asians, Europeans, Australians, South Americans, and Arabs conduct business ventures, but no one has really tried to do the same for Africans. No literature could be found that mentions African business and managerial approaches in depth could be found. So, no instrument exists to be used by foreign marketers in dealing with the African environment.

Americans particularly would learn more about how businesses are developed in the African society. They would be aware of the "do's and don'ts" in the African business environment. They would be able to set up partnerships with Africa once its business approach is known.

Africans would also benefit from these ventures when Americans would start having trade contracts or creating more businesses. Eventually, this would expand their already existing business partnership.

How am I structuring the work?

My approach to the study is first to describe several problems, appearing as basic difficulties in marketing to the Congo. In fact, the Congo is chosen as a model, which would provide the experimental framework to be extended to the entire region of Central Africa.

The African countries are related in many areas. Historically and socially, countries of Central Africa are similar. Most of the people belong to a common linguistic group, the Bantu (Congo, Gabon, Zaire, and Angola). Also, some of them were colonized by France. They use French as official language and became independent at the same time in the early 1960s. Finally, their political patterns have been quite similar (Congo, Cameroon, Gabon, Central African Republic, and Chad).

The final objective of the project would seek much more. It is to sell low tech products to the area, and if applied strategies work for the Congo, the next step would be their extension to neighboring countries. These are principally Gabon, Cameroon, Central African Republic, Zaire, Chad, Angola, and Equatorial Guinea.

Finally, after the eleven golden rules advising potential marketers on how to approach the Congolese market, concluding arguments will summarize the work done.

To finish, a part entitled "How to market low tech products to the Congo," will be done as an application of the study's outcome and my research. Possibilities of broadening results of the Congo's project to the entire area of Central Africa first, and later to the whole sub-Saharan region of Africa are envisaged.

CHAPTER 1: THE CONGOLESE MARKET: LURE OR REALITY?

BACKGROUND

For many Westerners, particularly US. Americans, it is a very painful cerebral exercise when they are asked to locate the majority of African countries. If they do not consider Africa as a whole nation, they place countries composing it in other regions of the planet. Regarding the Congo, some see it either in Asia, or as an island lost somewhere in the ocean. To ease people from such an embarrassing and confusing matter, I am delighted to present geographically and historically the Congo along with this introduction.

Situated within the heart of the African continent, the Congo is a small country of 342,000 Sq. Km (equivalent to 132,046 Sq. Mi.). It extends from the Atlantic coast in the south to the border of the Central African Republic in the north. On its western side, the Congo shares boundaries respectively with Gabon, in the southwestern part, and Cameroon, in the northwestern front. The Oubangui River runs on the extreme northeastern border of the country, and on its lower part the country is joined by the famous Congo River, the world's most powerful river after the Amazon. The Congo shares the beauty and richness of the Congo River together with Zaire stretching along its eastern border (figure 1).

Almost 60 percent of the Congolese land straddling the Equator is covered by dense rain forest. This forest consists of two major parts: the Mayombe Mountains in the south and southwest, and the immense flooded jungle in the north.¹

FIGURE 1: CONGO

SOURCE: Frank E. Bair, *Marketing to Congo*, Vol. 1 of *International Marketing Handbook*, 2 Vols. (Detroit: Gale, 1988) 603.

After the Portuguese discovery of the Congo River's mouth in 1483 by Diogo Cao,² an intense trade relationship developed between the Kongo kingdom and the Portuguese merchants. The kingdom included a southern section of the modern Congo and Zaire and northern Angola. Once there, the Portuguese established important commercial settlements which permitted international trade. This resulted in the deplorable and shameful trade of slaves. The Christian religion entered the region at the same time.

Thereafter, with the arrival of exploration and later colonization, the Congo fell under the control of the French colonial empire. France acquired the country after the treaty signed between the Bateke king, Makoko, and the French explorer, Pierre Savorgnan De Brazza. This accord was a result of successive trips made by the explorer at the end of the nineteenth century.³ Thus, at the beginning of the twentieth century, the Congo was transformed into a very important settlement for France.

Brazzaville, the capital of the country named after De Brazza, was also the capital of French Equatorial Africa. Moreover, during the Nazi occupation of France, General de Gaulle, then chairing the Brazzaville Conference, declared the city the capital of free France.⁴

There are still people outside of Africa who are confused by the names "French" and "Belgian" Congo. What used to be called "Belgian Congo" is today Zaire. Zaire's capital, Kinshasa, formerly called Leopoldville, is next to Brazzaville. These two cities, separated by the Congo river, are incontestably the closest capitals of the world, culturally and geographically.

Administratively, the Congo is divided into nine major regions in addition to Brazzaville, its political hub. Among the regions forming the Congo from the south to the north are Kouilou, Niari, Lekoumou, Bouenza, Pool, Plateaux, Cuvette, Sangha, and Likouala (figure 2).⁵

FIGURE 2: REGIONAL MAP OF THE CONGO

SOURCE: PERSONAL SKETCH

Officially, Congolese speak French, a consequence of colonization. But, two principal local languages are widely used: *Lingala* in the north and *Mounoukoutouba* in the south. To these are added the various dialects spoken by the numerous tribes living in the country.

THE STUDY IN GENERAL

The purpose of this project is to study the major potential problems encountered in marketing to Central Africa with a special stress upon the Congo as the test market. The study also would envisage strategies for American businesses willing to trade in the area. It will present and implement a model which would first be applied to the Congo. Then, the findings would be extended to the entire area of the central region of Africa.

Further, the Congo's major political and economic development, since it has become an organized nation will be studied in depth. The objective is to provide a practical tool to firms interested in taking the chance of investing within this segment of the global market.

It is of paramount importance in the study of a potential market to analyze political, economic, social, and technological aspects which have affected its evolution. Therefore, the study is focusing its first two parts on the presentation of the Congolese market, not only as a provider of raw materials, but also as a place where any marketer could sell his or her products without significant impediment.

Finally, those who argue that political events warrant avoiding the Congo will be encouraged to seek the advice of people who specialize in the region before making a business decision. This study is proposed to be a strict marketing instrument, rather than a driving factor of political debates.

The work is a challenge, surely, but it is important to achieve several useful findings. These could be a dual solution: initially for American firms facing the hardship of

the highly competitive local market to find a new opportunity for their products compelled to a shorter life cycle; and secondly, to the African population with its increasing marketing needs.

THE 1960s: THE POST COLONIAL AND MARXIST ERA

In analyzing the social and economic evolution of the Congo, great emphasis must be placed on its close ties with the socialist movement. Just after its independence from the French central colonial administration, a pro French regime came to power to manage the country's destiny. It was led by the Abbey Fulbert Youlou.⁶ Some observers felt that it was too closely linked to the former colonial power.

During elections preceding the victory of the Abbey Youlou, social turmoil resulted and led to the Civil War of 1959. There were two dominant political parties in the Congolese political scene, the Union for The Defense of African Interests (UDDIA) and the African Socialist Movement (MSA).⁷

The Abbey Youlou, leader of the UDDIA, tried to consolidate a significant development base for the state through a very centralized system. But, in 1963, a group of elite unionists, military men, and unemployed youths exploited the existing social tensions and forced the Abbey to resign. These people conducted the "Three Glorious Days of 1963," a famous political movement from July 13 to 15. Social and political tensions reached dangerous peaks during those days.⁸

As a historical fact, the "Three Glorious Days" are considered the starting point of the revolution in the Congo. Movement leaders claimed the restoration of people's power. Alphonse Massamba-Debat, professionally a primary school teacher who had performed the functions of Deputies Assembly chairman and minister, became the second president of the Congo republic, after the dismissal of his predecessor.⁹

Alphonse Massamba-Debat's political mission was mainly to install the doctrine he favored most, "Bantu socialism." In reality, this political current was an adaptation of the principles of socialism as developed in Russia, China, Cuba, and other socialist countries to the African values of the Bantu. In African populations, Congolese people are classified within the Bantu subgroup that includes most of the people from central, south-eastern, and southern Africa.¹⁰

In the process of consolidating its political and economic objectives, the new regime issued a significant and sound program of development. It rejected economic liberalism, stressed the state's role in controlling the economy and relied ever more heavily on foreign aid.¹¹ All Congolese were highly oriented to the task of building a solid and prosperous nation. Also, programs were developed which were aimed at seeking economic and social progress for people of the Congo.

Politically, socialism was adopted, and a unique party called National Revolutionary Movement (MNR) was created. It had a central committee, and it gathered in its majority the Congolese elite which gradually looked like the "cadre" class of the Chinese revolution or the Russian Nomenklatura of the socialist golden age.¹²

Consequently, one union was founded, the *Confederation Syndicale Congolaise* (CSC), and it became the exclusive representative of all workers' interests regardless of which professional category they belonged to.¹³ A similar action was taken for women, students, and even young children. Women became more involved in politics and were regrouped in a single organization called the Revolutionary Union of the Congolese Women (URFC).¹⁴ Students formed their political associations with the well-known *Union Generale des Eleves et Etudiants Congolais* -General Union of Congolese Students (UGEEC).¹⁵

Economically, the country experienced major changes. New firms were built under the sponsorship of advanced socialist countries, such as, China, Russia, North Korea,

Yugoslavia, East Germany, and Cuba, with which the Congo intensified its partnership.¹⁶ As aids to development, the Congo acquired several new companies which helped a great deal in solving the unemployment problem. The following were among the many principal firms launched: *Societe des Textiles du Congo* (SOTEXCO), *Cimenterie Domaniale de Loutete* (CIDOLOU), *Office National du Commerce* (OFNACOM), and *Office National de Commercialisation des Produits Agricoles* (ONCPA). These were fruit of the socialist cooperation.

All these companies, which combined with those nationalized during the revolution process, for example, *Agence Trans-Congolaise* (ATC), *Ligne Aerienne du Congo* (Lina-Congo), the electricity company (SNE), and the water company (SNDE), were centrally managed. They had requirements from the central administration, which dictated the production level to achieve, as well as head management staff, who were often members of the ruling political party.

Usually, after financial losses, the state-owned companies were provided with subsidies from the government. During their existence, these companies were usually financed mostly by state funding because they never operated efficiently. Those which experienced positive outcomes did not sustain them for long. They fell in the vicious circle of state subsidies as other non-efficient companies.¹⁷

THE 1970s: THE CONGOLESE SOCIALIST APOGEE

Military people who had been gradually involved in political matters took control in July 1968. This happened when the commandos of the national army force threw out Alphonse Massamba-Debat. Marien Ngouabi, the chief of the commandos unit, became the third president of the Congo after this first coup.¹⁸

This coup inaugurated a series of non-democratic practices. Once installed, the young leader did change conditions at a vertiginous speed.

First, on December 31, 1969, he declared the Congo the "People's Republic of the Congo." Also, he switched the old green, yellow, and red flag to a totally red one, probably inspired by the rest of the socialist countries. A new, sole party was created, the "Congolese Labor Party" (PCT) to replace the MNR. It had at its head a central committee, reflecting the typical Russian and Chinese prototype. The PCT was the first political party to officially adopt principles of Marxism-Leninism in Africa.¹⁹

Hence, the Congo was the first African land to host "red" ideas. Marien Ngouabi became the main figure of African socialism. He impressed many around the world for his attachment to this doctrine.

At the economic level, the inherited infrastructure from the previous regime was renamed "the revolutionary acquisitions." New plants were added with the help of the foreign aid, such as *Chantier Naval du Congo* (CHACONA) with the Chinese.²⁰ The phenomenon of granting subsidies to publicly managed enterprises intensified. The poor management performed by the political elite appointed as managers in recognition of positive action in favor of the revolution could not help "revolutionary acquisitions" to operate efficiently. Slowly, these economic units turned into "big hole of funds." The more money that was put in them, the quicker they headed into bankruptcy.

During the early seventies, an important event occurred in the Congo. The "oil boom," consequent to the tremendous jump of petroleum prices on the global market, was a great blessing for the Congo. Possessing mineral potential, the country benefited from this rise of oil prices. Revenues increased, allowing the government to pursue its policies by creating more public enterprises and providing more funds to old ones. Unbalanced investments were made. Obviously, this approach did not help the country prosper at all.

Moreover, the party blocked the functioning of other state institutions and enormous problems were experienced. For example, one slogan favored by politicians was, "the Party has to manage the state." Thus, many state-owned companies failed; the

state could not meet its expectations. Social tensions rose at various levels. For a while, the president suspended the central committee of his party and started to restructure political institutions.

It was in such an advanced desperate situation that on March 18, 1977, Marien Ngouabi was assassinated under some conditions which have not been clarified and remain questionable.²¹

The end of the 1970s were marked by the coming to power of General Joachim Yhombi-Opango, whose reign lasted only several months. A schoolmate of Marien Ngouabi, he was the leader of the military committee of the party which took over the nation's command after the death of President Marien Ngouabi. Eleven highly ranked army officers composed this team. Yhombi-Opango was the fourth president of the Congo, although his mandate was only from April 3, 1977 to February 5, 1979.²²

On February 5, 1979, another military man replaced the president in an arranged coup. Thus, second-ranked and an influential member of the military committee, vice president, Denis Sassou Nguesso, colonel of the army, came to power as the fifth president of the Congo. The man was seen as the unique and most likely substitute of Marien Ngouabi, whose political views have deeply marked Congolese public opinion. As soon as appointed, this man engaged the country into a vast transformation. He was the man of the 1980s.²³

THE 1980s: THE FIVE YEAR PLAN PERIOD

When Denis Sassou Nguesso became the fifth chief of state of the Congo, the country went through noticeable political and economic changes.

Politically, the sole party, the PCT, which was almost not functioning under the military committee, was restored with a central committee regrouping principal influential

members of the old party and newcomers favorable to the political views of the new leader. The PCT regained all its power under a new leadership.²⁴

Military people became more present in the political arena. Either they were high-ranked members of the central committee or were provided with key positions in the government. Some were even appointed managers of state-owned enterprises. Additionally, within the army, political positions were created, and military people received political training in socialist countries abroad.

The process of building a socialist nation reached its peak in the 1980s. Beside what was done in the army, a great number of high school graduates were oriented to complete their college degree in the eastern European countries. The main recipients of these trainees were the USSR, East Germany, China, Romania, Cuba, Bulgaria, and Hungary.

Concomitantly, public workers benefited from the good relationship with these socialist partners. Some had a chance to receive professional training, and others were provided various types of aid which ranged from tools and vehicles to funds and expertise.

The oil boom of the late 1970s steadily increased the petroleum output. Thus, it became the driving factor which brought the regime in power to initiate one of the social and economic actions remaining indelible in Congolese minds, both positively and negatively. This was the first Congolese Five Year Plan.

It is important to clarify why this plan had been perceived both as good and bad. Primarily, those who see it as a beneficial operation for the country stress the concrete work done in comparison to what existed before. They illustrate their arguments by enumerating roads, bridges, buildings, hospitals, schools, and other infrastructures installed in the country. In fact, the fundamental ideal lying behind this plan was to make the interior of the country accessible and improve the living conditions of the Congolese.

Therefore, the plan adopted in 1981 for 1982-1986 sought productive investments for a total of CFA F 1,970 billion, at 1981 prices. The "CFA franc" is the monetary unit of the African Financial Community, used by the Congo as the national currency.²⁵ The public sector had to spend CFA F 1,110 billion, and 70 percent had to be investments of the private oil sector. An annual Gross Domestic Product (GDP) real growth rate of 10 percent was forecast. The debt service rate was projected at 27 percent for 1983.²⁶

US Dollar 2,777.78 million total expenditures were planned to be assessed to sectors such as: road construction, transport, agriculture, energy, administration and defense, industry, education, health, urban infrastructure, and the remaining sectors (Table 1).

TABLE 1: CONGO FIVE YEAR DEVELOPMENT PLAN
EXPENDITURES 1982-86 *(In Millions of US \$)*

INFRASTRUCTURES	EXPENDITURE	PERCENTAGE TOTAL PLAN
Road Construction	512.78	18.46
Transportation	299.17	10.78
Telecommunication	85.56	3.08
Commerce/Warehousing	76.95	2.77
Urban Infrastructure	72.50	2.61
Housing	42.78	1.54
Hydrocarbon Processing	21.39	0.77
Tourist Facilities	8.33	0.30
Subtotal	1,119.46	40.29
Production		
Agriculture	299.17	10.78
Energy	299.17	10.78
Industry	213.60	7.69
Forestry	149.44	5.38
Water Resources	85.56	3.08
Fisheries	30.00	1.08
Mining	25.56	0.92
Subtotal	1,102.50	39.71
Education	85.56	3.08
Health	85.56	3.08
Research	12.78	0.46
Youth/Sports	12.78	0.46
Social Services	8.60	0.31
Culture/Arts	4.17	0.15
Subtotal	209.45	7.54
Administration and Defense		
Administrative Costs	134.45	4.84
National Defense	106.95	3.85
Construction of Offices	36.38	1.31
Subtotal	277.78	10.00
Miscellaneous	68.61	2.46
TOTAL	2,777.78	100.00

SOURCE: Frank E. Blair, International Marketing Handbook
3rd Ed. Vol. 1: Algeria-India, p. 606.

These operations brought big changes, but alert analysts do not focus their plan opinions only on these schemes, they extend them. Hence, this extended reasoning is the point of view of those opposed or at least critical, to the Congolese plan. Consequently, these people reveal arguments of value that are acceptable in a certain way. One of their main arguments is that all values estimated at the beginning of the plan significantly increased. Therefore, to continue this program of investment, the borrowing process became necessary, which left the country with a considerable external debt. Also, many projects were wrongly evaluated and mismanaged.

Some observers go further by designating this plan as a simple split of major projects among regions of influential political and economic decision-makers in power.

The plan ended in 1986, as scheduled, but the country already had severe economic turbulence which let it engage in negotiations with the International Monetary Fund (IMF) to revise its heavy external debt and initiate an adjustment program.²⁷ This structural adjustment program started in 1987, so instead of launching its second five year plan as recommended in planning, the Congo went through a restructuring of its badly performing economy.

Simultaneously, advanced negotiations were held with various fund providers, such as the London Club and the Paris Club, for a rescheduling of the country private and public debt (Table 2).

TABLE 2: EVOLUTION OF MAJOR ECONOMIC INDICATORS

	<u>1975</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
CURRENT GNP PER CAPITA <i>(US \$)</i>	530.00	850.00	1,040.00	1,010.00
POPULATION <i>(Thousands)</i>	1,380.00	1,630.00	1,938.00	2,276.00
GROSS NATIONAL PRODUCT <i>(Billion of CFA Francs)</i>	157.90	325.70	867.60	684.40
BALANCE OF PAYMENT <i>(Million of US \$)</i>				
Exports of Goods & Serv.	276.90	1,029.30	1,228.60	1,451.90
Imports of Goods & Serv.	529.20	1,194.90	1,392.80	1,606.30
EXTERNAL DEBT (TOTAL) <i>(Million of US \$)</i> <i>Outstanding at end year</i>	364.60	1,510.70	3,030.90	5,118.30
Long-Term Debt	359.30	1,264.60	2,351.00	4,391.10
Short-Term Debt	5.30	246.10	679.10	727.20

SOURCE: World Tables 1992
World bank, p. 196-199.

As a consequence, the regime was having a difficult time with political and economic problems. Politicians against the PCT were asking for a democratic opening which would lead to a national debate on the country's crucial management issues.²⁸ Also, as their number increased, new young graduates were pressuring the government for employment. Therefore, the end of the 1980s was a very difficult period for the declining ruling power as well as Congolese socialism which was racing towards complete extinction.

THE 1990s: THE POST-MARXIST PERIOD

The Marxist era ended with the acceptance of democracy by the central committee of the sole party, the PCT. By mid 1989, political tensions reached critical points when, for instance, the sole union, the CSC, during its congress, asked publicly for democracy after inciting workers to one of the most memorable strikes ever experienced in the Congo.²⁹

Gradually, leaders of the PCT understood that with what were called the "Wind from East" and the Russian "*Perestroika*," the time had come to broaden the political process. To this, it is important to add that social pressure from the majority of politicians unfavored by the unique party signed a series of petitions demanding the ruling power to call for a national conference as was done in some neighboring countries. Among these countries were Gabon which was registering significant social turbulence and Benin, which already held its national debate.

After some administrative arrangements, a multiparty system was allowed, and different parties were formed to challenge the PCT democratically.

By the beginning of 1991, the national conference started enabling the Congolese political class to debate the pressing matters impeding the country from progressing taking. Many political parties and associations participated in this national meeting.³⁰

Although the forum lasted a long time, its participants came up with a new approach for ruling the country. The leading role of the unique party was banned, and its president saw his power divided and shared among three new institutions. These were the president, the government, and the *Conseil Supérieur de la République* (CSR).

As decided by the national conference, the transitional period ended one year later, and a democratic presidential election was held. By mid 1992, the campaign for a new president began. The process was difficult because of various political parties, which at one point were over 100.³¹ Though candidates were numerous after the first round, two leaders qualified for the second round as stipulated in the new constitution of the nation.

The successful primary candidate was Pascal Lissouba, Professor of genetics and leader of the *Union Pan-Africaine pour le Développement Social* (UPADS). He was prime minister under Massamba-Debat's regime in the 1960s.³²

Former president Sassou Nguesso, and the prime minister of the transitional period Andre Milongo came respectively in the third and fourth position, and were unable to go for the second round.

The last balloting revealed Professor Lissouba clearly winner of these democratic elections within the Congo. He defeated Bernard Kolelas of the *Mouvement Congolais pour la Démocratie et le Développement Integral* (MCDDI). Through this recognition, Lissouba received a new chance to manage the country.

Basically, the new regime intends to engage the Congo into a new phase of development. But, the fact that the economic situation incurred by this nation is so precarious, the task is really titanic nowadays. Several reasons lead to such a conclusion.

First of all, the country's external debt in 1992 was estimated at US. \$ 5,118.3 million. Compared to its level in 1980, 1,510.7, and in 1970, 118.8 respectively, the new figures are excessive.³³ Also, major fund providers of the Congo revised their positions by slowing down their actions. For instance, the World Bank ceased its

relationship with the Congo. France went against its promise to inject money into the new regime's ambitious social projects. Public workers had not been paid for almost six months. Unemployment is reaching a drastic level. Inflation also jumped to some amazing levels.³⁴ Social tensions have been rising several times from fractions belonging to the losing parties of past elections.

All the above factors might lead to conclusions that the country is going through chaos. But, fortunately, it is not. Major points drawn from these political and economic behaviors could be key elements in changing the perception of chaos into a perception of opportunity. In fact, the Congo right now is facing consequences of a long reign of non-democratic institutions and the intolerance resulting from this type of structure. The system worked under passive rules for so long. Hence, no one was responsible for anything. For instance, no political or economic decision-makers were sued for making wrong decisions or engaging the country in non-profitable and costly actions during past regimes. These facts have generated a sort of cancer which is hurting the country.

People of the Congo have never experienced the virtue of democracy, so for the first time this is happening, some of them do not know how to approach it. Others are not even able to identify their rights and duties in this nation. For this reason, a learning curve should help the Congolese get accustomed to the new culture, democracy. Hence, they would probably comprehend nationalism and patriotism, two concepts vaguely understood and used nowadays in this country.

The people of the Congo who have been waiting for so long would not give away their chance. They will get along and allow the institutions for which they voted to achieve the country's take-off.

To conclude, the government is fighting to restore the country's accountability to fund providers, so that money needed would be found for new productive investments. Thus, new jobs will be created to solve unemployment and switch public workers into new

private activities. This is the main ideal of Congolese authorities who want to break down old structures and behaviors of the past socialist management. With Marxist practices left behind, the Congo has incontestably to become a free market place ready to welcome new businesses as long as they will not interfere with laws and rules of the nation. All these actions are being implemented today to transform the Congo into a real market.

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CHAPTER 2: MARKETING TO THE CONGO: FOUR BASIC PROBLEMS

It is of vital importance to enumerate the major difficulties encountered within the target market while examining its potential. Knowing these difficulties will help in solving them and they are very critical in segmenting the market and coping with the risk it bears. Principally, this is what motivates the description of the four important possible hurdles characterizing the Congolese market.

These problems are sets of sub-problems grouped in main categories. They are listed under a generic name to show that they are related under that title.

For organizational reasons, this part of the study will not focus on exclusively detailing every single existing impediment. Rather, the most urgent problems will be considered.

Therefore, this part exposes primary difficulties related to the Congolese population. Its size, its spread, and its structure are key elements.

The study will then address the way the society is organized, the religious associations forming it, the problem of bribery, and a specific aspect of labor.

It will then analyze the Congolese political characteristics and their implications, such as the strong political interest of the Congolese, their excessive unionist spirit, and heavy and inefficient bureaucratic behavior. These aspects are judged important to the marketing framework.

Economically, personal income, existing financial structures, state tax collection are elements reviewed as those constituting problems from a marketing standpoint.

Finally, some feasible and possible solutions have been worked out and attached to all of the presented problems. This approach is to show how possible marketers could cope with what could initially be seen as tough hurdles, but are, in fact, easy matters to overcome.

PROBLEM 1: TARGET POPULATION: A TOO SMALL MARKET

The Congolese population has three major problems which could cause substantial difficulties in a marketing approach: its size, concentration, and diversity.

POPULATION

How small? Too small

Approximately 2.5 million Congolese live on the 342,000 Square Kilometers forming the country's land. Indeed, size could be a very unfavorable factor to attract marketers.

If a big population equates with a great deal of opportunity, certainly few business people would be willing to enter this market. This way of thinking might be wrong because the size itself does not provide much information on actual potential of the market. Therefore, a broader view of the market is necessary.

Why is this population considered small?

The Congolese population has been growing at a slow pace since 1970:

	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
Population (in thousands)	1,208	1,380	1,630	1,938	2,276

Source: World tables, 1992. World Bank Book, p. 196

Estimates for the 1990s place this population at almost 2,500,000 people, which is small compared to some other neighboring, larger, black nations such as

Nigeria (104,960,000); Zaire (33,460,000); Kenya (23,880,000); Sudan (23,800,000); and Tanzania (23,200,000).¹

How can marketers cope with this small population?

Nonetheless, an optimistic picture could be projected on the evolution of the Congolese population while taking into account its annual growth rate. Though remarkably low in comparison with the other fast-growing countries of the continent, the population growth could be an important factor in estimating its larger figures for the future.

With a growth rate of 2.8 percent during 1983-88, the period of the plan, this population could hit the 3,000,000 level by the end of this century.² The more the population increases, the greater would be the needs in the country.

Why is the population growing? Better services

The factor sustaining the population's growth is noticeable progress made in the country in terms of health care, sanitation, personal income, and other social conditions.

Some vital population indicators have been steadily improved. For instance, statistics from *The Economist Book of Vital World Statistics*³ show the crude death rate was 20.5 per thousand during 1965-70, but it was reduced to 17.2 for the 1985-90 period.

The fertility rate, which was 5.93 per thousand in 1965-70, increased to 6.00 in the period of 1985-90.

An interesting aspect for the Congolese population is its composition. Although more males are born than females, women live longer than men. This tendency is true in all countries of Africa. The Congolese life expectancy at birth today is 53 years for men and 56 for women.⁴

In addition, the Congolese population can also be viewed as a young population, with 44 percent under the age of 15, 52 percent between 15 and 64, and only 3.4 percent over 65 in 1990.⁵

Why is it growing? Steady immigration

It is also important to mention here that these ratios are largely distorted by immigration movements.

Long ago, the Congo was a peaceful and prosperous country. This attracted large numbers of immigrants from all over Africa. From the Zairians, who just have to cross the Congo river to get into the country, to the western Africans who came down to seek a better standard of life, the Congo population is, in fact, a mosaic of people.

Among people living in the Congo, there are also Europeans, Lebanese, Indians, and others. These communities are there for business reasons. They are complementing this population in number and needs.

These patterns show many more opportunities than threats. Because all these people need food, medications, clothes, schools, housing, and various services, there is a great deal of market opportunity. Marketers who could develop a marketing mix capable of meeting these people's demands, would inevitably get interesting returns on the money invested.

HIGH CONCENTRATIONS IN MAJOR CITIES

What is the situation in major cities?

From the figures of 1988 from *The Economist Book of Vital World Statistics*,⁶ it is obvious that the Congolese population is unequally spread throughout the country. With a population density per square kilometer of 5.5, the majority of Congolese live mainly in the

two major cities of Brazzaville and Pointe-Noire on the coastal area, and along the Congo Ocean railway track.

Why?

The urban population as a percentage of total population was of 37.3 percent in 1980 and 39.5 percent in 1985. This number is increasing steadily for several reasons. The percentage for 1990 was estimated at 40.5 percent. In fact, urban settings have been seen for a long time as the solution to unemployment, better education, health care, and other social issues.

According to the US Embassy in the Congo in its document Congo- Foreign Economic Trends, and their implications for the United States (July 1992), today almost 85 percent of the Congolese have established their permanent residency in the capital, Brazzaville, or the economic capital, Pointe-Noire, or the 535 kilometer strip along the railway linking these two cities. The census of 1984 counted already 596,200 Congolese people living in Brazzaville, and 298,014 were in Pointe-Noire.

Finally, the massive movements registered these two last decades from the rural to urban areas, combined with immigrations figures, show that major cities of the country are highly populated. Also, they represent agglomerations with many business opportunities. These cities demonstrate high demand in housing, food, hospitals, pharmacies, schools, protection, waste management, and other various services.

DIVERSITY OF TRIBES AND LANGUAGES

What are tribes of the Congo?

Linguistically, the Congo is a multitribal society divided into four principal groups: Bakongo, Mbochi, Bateke, and Vili.⁷ Basically, the Bakongo and the Vili groups are

located in the southern part of the country. The Bateke are situated in the center, and the Mbochi group and other tribes occupy the northern Congo.

Each tribe speaks its own dialect which has a name derived from the tribal name. For instance, the Bateke people speak *Kiteke*, the Babembe's dialect is *Kibembe*, and the Mbochi have *Mbochi*. As many as there are tribes, there are also dialects. It makes the Congo a country with a diversity of tribes using various languages (Figure 3).

Finally, it must be added that to these dialects, the *Mounoukoutouba* and the *Lingala* are spoken, as official Congolese languages. Thus, this variety of tribes and languages has to be taken into account for business purposes.

SOLUTION 1: THE TARGET POPULATION

The problems identified as crucial in the marketing process to the Congo have some proposed solutions, helpful to interested marketers.

A SMALL POPULATION CAN HAVE SIGNIFICANT MARKETING POTENTIAL

Expanding elite

This would not probably look like a solution, but at least what it seeks is the consideration of driving factors leading to the acceptance of the Congolese market. So, despite the small size of the population, the Congo could be considered as a possible market bearing several potential opportunities.

The Congolese population has the highest rate of literacy in Black Africa. At 93 percent, it has great potential.⁸ This is due to massive enrollment in schools. In the Congo, the first 10 years of school are mandatory.

This means that it is a population which likes to learn, and such a quality implies increasing needs and wants. These needs are in terms of schooling structures, furniture, teaching expertise, books, and much more. These already represent an important market.

Besides that, this population is growing and will reach higher peaks in a few years. Because of its youth, its needs will be persistent. The Congo will offer opportunity to marketers ready to fulfill its increasing wants.

Expanding foreign population

In addition, the immigrant population is becoming more important within the Congo. The proportion of foreigners living in the country is now impressive. These communities from elsewhere are bringing additional needs. They could be very helpful in the second phase of the project when the strategy of extending the market would be considered. They would already serve as models for neighboring countries.

Expanding "western" institutions

The attraction to the Congo is not a recent matter for foreigners. Historically, the country has been an important hub in Central Africa. At the beginning of the century, for instance, the Congo ocean railway track was built to help colonizers in exploiting the area and neighboring countries. Those not having access to the ocean were mainly targeted. The track construction developed a variety of activities which brought more foreign workers to the country.

Also, the country's capital, having been the capital of the French Equatorial Africa, gained several advantages which played an important role in the urbanization of the country. As an illustration, Brazzaville was the first black African city to acquire a television station in the 1960s. This has kept the country on the leading edge.

So far, several regional institutions are based in the country. Among the most famous is the World Health Organization (WHO) representation for the African zone. The Congo has served as a host country on many occasions, such as the first pan-African games in 1965 and the first Congress of African Scientists at the end of the 1980s.

All these facts could be important in marketing actions in this part of Africa. Beyond its tiny size, the Congolese population could be a crucial factor in an overall approach of marketing to the entire continent.

A CONCENTRATED POPULATION CAN EQUAL A WELL-SEGMENTED MARKET

What does this mean?

In marketing principles, a market should be well-segmented geographically and demographically, so that its needs would be well-defined and well-satisfied.⁹ For the case of the Congo, the high concentration in the big cities already constitutes a well-defined segmentation. So, two principal segments could be considered here.

Why does it represent a segmentation?

The Congo has two well-defined populations: the rural and the urban. Basically, cities such as Brazzaville, Pointe-Noire, and Dolisie would represent the urban segments. The reasons for this choice are first that these are the three biggest agglomerations of people in the country. Second, most of the working class of the Congolese population live there. They have needs based on their daily life in "big" cities and which certainly are different from those of rural people.

The rural segment includes peasants and working people involved in administrative jobs and other activities developed in the non-urban areas.

Obviously, there are two well-divided sets of needs from this population spread.

The urban segment would need a greater variety of services such as food stores, hospitals, drugstores, kindergartens, schools (primary and high), colleges, houses, sanitation control, garbage collection, banking and credit services, cleaning services, and so forth.

The needs of the rural segment are relevant to their daily activities. Seeds and hand tools would be their primary wants. To these could be added products such as fertilizers, herbicides, fungicides, rodenticides, and small machinery for farms. Health problems are

mostly solved traditionally. Rural education needs are not as many as those of urban locations where there exists a concentrated population.

DIFFERENT TRIBES EQUAL A VARIETY OF MICRO-TARGET MARKETS

What does this means?

The various tribes in the Congo can also be useful to US marketers for several reasons. Tribal divisions could be a wonderful opportunity in a business approach. This is because these various tribes could represent a diversity of micro segments of the target market.

Why is this possible?

For each of the tribes in the Congo, there are micro customs related to tribal backgrounds. For instance, most of the people belonging to the northern regions are good fishermen and consume a lot of fishery products. So do people from the coastal region of the Kouilou. In their consumption habits, they demonstrate certain types of needs different from those of other tribes. Among these needs are products such as nets and lures.

It is the same for tribes of regions such as Niari, Lekoumou, and Bouenza, who are well-known for their agricultural activities. They also consume forestry products. Thus, they might need seeds, hand tools, small machinery for farming, hunting guns and bullets, adequate clothes and shoes, and other items.

These facts explain differences in consumption behavior. They could constitute important motives in product marketing within these regions. Attempting to use these tribes as micro-targets would be a better way to serve people from different backgrounds with what they really want.

So, what has been seen as a possible disadvantage could actually be used as a very productive tool. Many tribes could facilitate business operations.

PROBLEM 2: SOCIAL ANNOYANCES

The Congolese society has some particular characteristics quite similar to those of the rest of African countries. Among the ones chosen for marketing emphasis are the following: the Congo's decision-making process, its various religious groups, bribery, and labor problems.

DECISION-MAKING AUTHORITY IS BASED ON AGE

What does this mean?

The sociology of most of the black African people could be characterized by its pyramidal constitution. An invisible chain of respect links elders and youngsters. This is not a factor of exclusion or discrimination. Indeed, it is a way to show the respect and consideration for people of age.¹⁰

From the importance given to people of an advanced age, Africans have a distinguished respect for their elders.

Why do Africans respect their elders?

Elders are treated with respect for several reasons. First, they are seen as the holders and defenders of the traditions, which are the essence of the African society. Also, it is said that the older they get, the wiser the African people become. To illustrate that, a famous African thinker stated that "an old African person who dies is like a library which burns up." This refers to the quantity of knowledge which is lost.

How could this be a problem for Foreigners?

The great consideration given to elders could be seen as a blocking factor by foreigners setting business contacts with Africans. In fact, Africans favor consulting when they face a problem or are going through a decision-making process. Americans who want speed and cannot wait would face a problem if they are not aware of Africans need to consult.

An American, for example, wishing to close a quick deal would be astonished to see the African waiting for a period of time before rendering the final decision. In reality, this period is used for consulting elders to reach a wiser decision. This is true all around Africa.

In the Congo, life operates quite the same way. Elder consultation is also sought by people for almost all matters. From a marriage problem to a business decision, an elder would be consulted.

This is mainly done so as to make final decisions in a good way. Also, it is useful in easing difficulties appearing in case of conflict. Individuals facing litigation would review the consultative circle to find a better solution.

Therefore, a foreign marketer seeking the Congolese market or elsewhere in the continent has to be aware of this widespread practice. If foreigners fail to be aware of this aspect, it could be a very disturbing and boring matter when experiencing it.

EXISTENCE OF VARIOUS RELIGIOUS GROUPS

What are the religions in the Congo?

With the arrival of colonization, or probably long before that, religion had been strongly implanted in the majority of African communities. Almost all principal types of religious currents are found there. Today, Islam, Catholicism, and Protestantism are

practiced. To these should be added the original African religions based on the ancestral beliefs.

The Islamic religion is widespread in the western and eastern part of Africa; Christianity is well-implanted in the central and southern side of the continent.

According to *The Economist Book of Vital Statistics*:¹¹

Estimates of religious affiliation often overstate religious activity, since not all those professing a religion practice it actively. However, the religion of past generations plays a major part in shaping cultures and social characteristics...Religion tends to have a greater influence on life in the developing countries where there is less material security, and is often a major factor in civil strife.

This is true for countries of the African continent, where the absence of a sustained economic growth has left people hopeless. They believe spiritual miracles will bring an eventual improvement in their living conditions.

This means that most people today affiliated with a religion have done it due to their social background. Therefore, shifting these behaviors would be very difficult because of the African stronghold on their inherited traditions.

What are the statistical figures?

The above quotations reinforce the author's observation of the importance of religious activities in Africa, especially today with the economic turbulence.

Statistics collected from *The Economist Book of Vital World Statistics, 1990*,¹² show that in 1982, Congo had 93.0 percent Christians, 0.4 percent Muslims, and 4.8 percent tribal religions. At the same time, neighbors such as Zaire had 94.5 percent Christians, 1.4 percent Muslims, and 3.4 percent tribal religions. Cameroon had 55.5 percent Christians, 22.0 percent Muslims, and 21.6 percent tribal religion. And finally, Central African Republic registered during the same period 84 percent Christians, 3.2 percent Muslims, and 12 percent tribal religions.

Compared to numbers from west Africa, tendencies are totally reversed, but the portions of people affiliated with religion are impressive. For instance, in Senegal, 5.7 percent were Christians, 91.0 percent Muslims, and 3.2 percent followed tribal religions. In Mali, 1.9 percent were Christians, 80.0 Muslims, and 18.1 percent tribal religions. In Liberia, there were 35.0 percent Christians, 21.2 percent Muslims, and 43.5 percent tribal religions.

The lesson to keep from these statistics is that diverse religious groups are all over Africa. And, particularly in the Congo, the diversity is well represented. This aspect should be in the mind of marketers when analyzing the marketing mix for this target market.

BRIBERY (*MADESO YA BANA*)

What does this mean?

The problem of bribery is very important in international marketing. Marketers who want to "go international" must be fully aware of this practice.¹³

"Bribery" as Europeans define it, did appear with the introduction of a materialistic society in Africa. Traditionally, Africans did not face such a social condition which has become so dangerous nowadays. Africans have always exchanged services for gifts.

Mainly, there is bribery when people seeking favors offer in return money or other things of value. But in considering this behavior, it is important to mention that a difference should be drawn between what is considered bribery and what is not.

How does it work?

In the African way, people are used to a lot of types of gifts which are donated on several occasions. For instance, after making a good business deal with someone, one would not mind offering a drink to a new partner or giving money to a state agent who has

been taking care of one's administrative papers in one of the local administrations. It is a way to compensate the effort made by the counterpart.

For an American, this can appear illegal because of US laws. One could say that the salary received is sufficient enough to be the compensation. But, an African or a Congolese would say that it is not enough, and the petty cash handed does not represent a bribe. It could be replaced by something else. This is done because individuals do not have time to get together, for a glass of drink or a dinner.

In the case of the Congo, these amounts of money given to occasional business partners are called *madeso ya bana*, an expression from local languages, meaning "money to buy beans (food) for children." It is viewed as an incentive, or a symbolic donation, to keep the relationship alive.

Under what circumstances are these bribes?

What is considered bribery in public and private sectors around Africa depends on the size of the amounts offered or the quality of the gifts donated. For example, when an individual is provided with excessive amounts of *madeso ya bana*, such as \$500, \$1,000, or \$5,000, this is suspicious and could be considered bribery. Also, you need not buy a car or build a house for someone as a gift. This would undoubtedly mean corruption or bribery.

The above behaviors are what exist today in most official structures of African countries. Many people are now corrupted in such a way. In the Congo, these practices exist, too. An American business person landing in Brazzaville for an important contract could be in trouble with people seeking bribes. This would be done until the willingness to offer something would take place.

However, this is a trap. Once you satisfy one, it would become a habit for the other partners. The best way to cope with it is to know how to bribe.

LABOR PROBLEM

What is the problem of Congolese workers?

The Congolese labor class has a particular attitude about work. Usually, most Congolese prefer to engage in public work because it is perceived as a lifetime guarantee. Several points sustain their perception.

First, the Congolese state has been viewed as a safe employer. No big layoffs have been observed in public work places. Also, after the death of a worker, the administration used to continue paying a certain amount of money to declared beneficiaries. Additionally, some advantages were kept by the members of the deceased worker's children, and wife. In certain cases, one of children of the deceased could be hired by the company. This practice was valid in some state-owned companies. So, people were willing to work for the state rather than going to private companies, which are seen as unfair employers.

This can be backed up by examining the proportions of the labor force. When the number of Congolese enrolled in the public function is compared to the number in private firms, percentages speak for themselves. While the great majority is employed by the state, a low number of workers is in non-state-owned companies.

It has been a practice before the 1990s. Today, with new state policies and objectives, these mentalities are tending to change. The Congolese state is no longer the big employer it used to be.

Why is this important?

The Congolese workers' behaviors can be critical in business considerations. For instance, foreign firms willing to produce locally could face difficulties finding the desired number of workers. The quality of those found could also be affected by such prejudice. Firms need workers devoted to the corporate culture.

SOLUTION 2: HOW TO COPE WITH SOCIAL ANNOYANCES

These four social problems have the following potential solutions.

ELDERS: THE BEST BUSINESS PARTNERS IN AFRICAN SOCIETY

Elders used as influencers

The high veneration given to people of advanced age in African communities could be well exploited in a marketing approach. By locating elders belonging to a business partner's influence circle, a foreign business person might more easily solve eventual problems encountered.

Why use elders?

Visitors who approach African society are, in general, welcomed. When they have difficulties coping with local practices, usually they are taught how to get along with their new environment. This is done once they have shown their willingness to learn about these new environment.

Teaching strangers local habits and manners is well done by elders. Because of their duty to teach traditions to the next generations, elders always offer their expertise to younger people. Therefore, seeking out elders is a very strategic and worthwhile action for a foreigner.

In addition, due to the wisdom they have acquired consequent to their daily experience, African elders are the best partners to contact. Thus, one starting point for foreigners going for business to the Congo would be to have at least one or two elders as counselors. This could be a great deal of help.

RELIGIOUS GROUPS: ANOTHER SET OF MICRO-MARKETS

Religious associations equate a set of micro-markets

The various groups constituted by religious associations could be utilized strategically for business purposes. Indeed, each religious group would represent a different segment with its particular and proper needs and wants. Marketers could take the advantage of such a situation and could come up with a marketing mix matching these differences.

Why are they another segment?

Because of religious beliefs, some individuals are bound to certain lifestyles. They live strictly according to the rules of their micro-religious environment.

For example, in the Congolese Christian community, a marketer should avoid promoting alcoholic beverages and other items contrary to the faith and beliefs of these people.

Among Muslim people, one would never try to sell any product made with pork products. This animal is perceived as bearing sins or just dirty.

Also, for the animistic people, products offending traditional beliefs such as those related to other religions would not be sold in their communities. Doing so should be offensive.

How could this work?

To find a way of satisfying these religious groups, marketers would need to perform some actions. For instance, they would research local religious taboos to be informed about undesirable products. Also, they could design products intended to intensify these religious activities.

To face these different communities, marketers should treat each micro-market separately. These segments would then be served without interfering with their beliefs.

GIFTING INSTEAD OF BRIBING

Gifts are better than bribes

In describing the bribery system existing today in Africa, there is an insistence on what should be considered as bribes and what should not. The aspect of "gifting" currently used was emphasized. So, Africans do not hesitate to offer a present to someone who solved one of their difficulties; neither they would mind to receive a symbolic gift from an individual they helped.

How does this work?

For example, to a friend finding a job for his or her son, an African parent would not feel badly about presenting an entire lamb or goat as a present. This is feasible because it is a traditional practice. Also, a worker who has seen positive and fair qualities in his or her supervisor would find a way to give him or her a present. This would not be a way of looking for privileges.

This might be very difficult for an American to accept. It sounds like buying favors. In addition, it interferes with American customs and laws. Thus, it would be an annoying habit to cope with. But, Americans have to remember that, in the African tradition, it is normal to provide present to people as a way of being thankful. Also, this gesture accentuates and conserves the relationship.

Additionally, providing people with presents is a way to encourage them. It means that the person's performance was well executed and that it should stay so.

These gifts are incentives received by meritorious people. Not anyone can have such gifts at anytime. There are marks of honor, provided at very specific and symbolic moments.

In conclusion, to American marketers, giving a gift would be better than bribing. However, the problem would be what to give, how to give gift, and when to do so. Avoiding money gifts would be better. A present of necessary items of daily life is preferable. Also, the gift can be given in a private or crowded environment. It does not matter, as long as this would be a gesture to a deserved fellow. By getting to know potential partners, one can find what could help them beside money.

In his *Harvard Business Review* article, Jeffrey A Fadiman stated, "What may initially appear as begging, bribery, or blackmail may be revealed as local tradition, cross-cultural courtesy, or attempts to make friends."¹⁴

Finally, marketers using the gift approach would get many more opportunities for feedback, unlike those who bribe. Those bribing would have shorter relationships, built on shame and cheating.

PROBLEM 3: POLITICAL PRACTICES

Three political practices of the Congolese people are enumerated as causing possible problems: high political awareness, syndicalism, and bureaucracy.

HIGHLY POLITICIZED COUNTRY

What does this mean?

The review of the political evolution of the Congo reveals several remarks about its people's behaviors. Primarily, it is observed that the people of the Congo are very much tied to political events. This aspect could constitute serious problems to business companies established in the country.

The Congo has been the theater of many political matters, making its people strongly aware of political issues and very related to them.

How could this affect the business environment?

Any political clash today between actual political parties will have a very large impact on the Congolese population. If this is not well-managed, very dangerous social tensions could result. This is a very unfavorable situation for business because any strike or social disorder paralyzes the country's economic activities, and, this means potential losses for companies.

So, the activism posted by Congolese surely shows that they want to "do politics instead of having politics do them," as stated by the famous proverb. But, if it is excessive, it could be a blocking factor to several parts of the national economy. Mainly, economic activities would be the most affected. Also, no investor would be willing to inject funds into an unstable country, if he or she had expectations of political troubles.

As a matter of fact, it was a really big disappointment in the summer of 1993, for instance, when the Congolese international airport of Brazzaville was declared unsafe. The country was classified an inappropriate place to go for American citizens. This was publicized by the American Foreign Office and reported by most of the international press agencies. It was due to political tensions, once again provoked by political contradictions.

Thus, marketers could face this problem in the Congo during this phase of structural change. New economic and political structures are being built to eradicate the former socialist ones. This will take several years, but it does not mean that it is impossible to overcome this situation. Hopefully, over time, the Congolese will slow down their high level of activism for the needs of a true market economy, which is imperative right now.

SYNDICALISM

What does the Congolese syndicalism mean?

The American Heritage dictionary defines syndicalism as: "a radical political movement that advocates bringing industry and government under the control of labor unions by the use of direct actions such as general strike and sabotage."¹⁵ Here, this concept depicts a behavioral aspect characterizing the attractiveness and actions of Congolese workers in politics.

In reality, the Congolese single union of workers, the *Confederation Syndicale Congolaise (CSC)* has been very close to political evolution of the country. Also, at certain times, workers have decided on political changes by using the main weapons possessed: strikes and social uprising.

For instance, during the famous "Three Glorious Days of 1963," and the so-called "movement of 5 February 1979," workers were involved in dictating political changes. Much more worker involvement in political actions has been observed, which leads to the conclusion that Congolese workers are active in the country's politics.

How could this be a business hurdle?

This type of action can impact heavily on business activities. Syndicalism impedes if workers, instead of caring about productivity within their companies, invade streets to militate in favor of political changes. The process of production in the firms is disturbed.

This is what Congolese unions have a tendency to do. They stand up most of the time for political claims, rather than for the defense of their main ideals. Inevitably, this behavior damages the country's economic activities.

In addition, marketers would never accept seeing their employees become more interested in political matters or claims. Since investments are accomplished with the

objective of getting returns, no investor would cope with such actions. So, these behaviors need to be reshaped to fit the market standards.

BUREAUCRACY

What is the Congolese bureaucracy?

One of the major impediments blocking the Congolese system is its bureaucratic structure, inherited from the French colonial administration and accentuated by the socialist reign. The widely spread and harassing administrative and economic procedures existing in the Congo paralyze the administrative and economic system.¹⁶

Administratively, nothing could be done without an agreement from the upper authority or a long and exhaustive line of hierarchical signatures and approvals. Missing one of these could mean either the stopping of the process or the delay in the expected end of the process.

How does this operate?

For instance, starting up a business in the Congo during the socialist period was a very difficult process. Business seekers had a very unusual battle to overcome. This consisted of having paperwork passed through at least five main state institutions for the final agreement. Among these were the commerce, finance, and economic planning ministries, the state security force, and economic police departments. Besides the sub structures of these main institutions to deal with, heavy requirements were imposed.

Actually, to get the official agreement, a business starter could spend more than one year when luck was on his or her side; otherwise, the duration was much longer.

In any part of the world, any type of bureaucratic harassment is a killer of good investment projects when these are based on return over time. Time is really money for investors. So, this mechanism is very undesirable for business people.

To conclude, American business persons targeting the Congo should also be aware of this unpleasant and shocking behavior. It could stop very promising investment actions in the end.

SOLUTION 3: NEW SYSTEM WITH NEW RULES AND PRACTICES

To solve potential impediments provoked by political practices, several possibilities are proposed. These are useful and feasible.

NEW SOCIAL POLICIES AND NEW CORPORATE CULTURE

What does this mean?

The Congolese behaviors towards politics need to be reshaped as an adequate solution necessary for a free market economy. New social policies and corporate culture should be implemented to attain this.

By new social policies, it is intended that new orders be based on new laws regulating the political environment. These would restrict, first, the anarchic expansion of entities such as political parties, unions associations, and certain freedoms.

New rules should diminish the spread of political associations and parties, possibly causing a great deal of difficulties. Too many parties for a small country like the Congo are senseless. By just observing the biggest democratic nations of the world, one draws a simple and clear conclusion: having many political parties does not mean either being the best democrats or possessing the best democracy.

As an illustration, the US, France, or Canada, do not have as many political parties as the Congo does today. For a population approximately one hundred times bigger than the Congo, for instance, the US does not have over twenty political parties as the Congo does. Only, two major political parties are in the United States of America. The higher

number of political parties in the Congo could signify anarchy and lack of seriousness in the desire to build a new democratic nation.

Once, the number of the political parties is reduced, people's attention should be switched from politics to economics. This would occur by introducing a business culture within the country. Newly created and old firms should promote a business philosophy devoid of politics. And, job security and workers' well-being would be stressed.

As a component of the new culture, there should be new performance appraisals, new job designs, adequate systems of rewards and incentives, and opportunity programs for workers to progress within firms. Mainly, all stimulus should be activated to fit a new corporate culture in which workers would have a higher level of job satisfaction.

With their interest shifted, Congolese workers would seek higher productivity in their companies and would be more efficient. Consequently, the overall national economy would benefit from such actions.

NEW RULES FOR UNIONS: MULTI-UNIONISM

What would these new rules be?

As a part of the new policies, laws regulating unions of workers should be strict and straight. Clearly, these should state that leaders of unions should choose between pure political actions and active defense of workers' interest. This would seek a low involvement of workers with national politics.

How would these work?

Creating and improving rules developing a plurality of unions leads to a challenge. In such an environment, each union would care much more about its basic activities. These unions would restrict themselves to tasks reflecting the essence of their existence. The conditions of workers in workplaces would be the unions' major concern.

Eventually, with the created competition and newly functioning rules, political movements led by workers would no longer exist and would stop being an impediment paralyzing workplaces.

However, the problem would still be the ability of workers to cope with changes. Because the phenomenon has been going on for so long, some resistance could appear. In the long run, the conditions would radically change.

Therefore, at the implementation's phase of new policies, a strong cooperation and understanding should exist between policy makers and managers of firms. This would help the process be implemented gradually. Informative and educational campaigns should be held to explain the necessity of these changes.

Definitely, the diversity of workers' unions and the generated competition would be highly important in shaping new behaviors of unions. Subsequently, the impact would be reflected on workers attitudes.

The contribution of business owners should be committed and direct. It would facilitate changes. New unions would replace former associations, politically oriented, in which workers were taught the socialist ideology.

In conclusion, these new and reformed firms, emphasizing a corporate culture, would definitely capture and reshape workers' behaviors.

NEW TYPE OF ORGANIZATION: DECENTRALIZATION

What would the new organization be?

The Congo could look like a confusing market yet, in the Americans' eyes because of its present conditions. The multiple political and economic events and the socialist heritage could be viewed as still impairing free market conditions.

To bring about the conditions of a free market, Congolese officials should persist in breaking the old socialist mentalities and practices. It could be a very tough process to

accomplish, but over the years, it would bear positive outcomes. To succeed in that way, the country needs a new type of social and economic organization.

Generally, as crucial factors, the state should have laws on the following:

- Property rights, ensuring the right to own private property.
- Individual rights, characterized by human and legal rights.
- Decentralization of power, consisting of the division of power into the smallest components of state.

Mainly, decentralization would play an important role in remodeling the old Congolese structures into new ones. Political, administrative, and economic systems should be decentralized. By giving power to lower levels of state institutions, the problem of bureaucracy, for example, would be solved.

To conclude, without any doubt, such a system would attract many more private investors. Foreigners or local business persons would easily develop their activities. This is the environment expected by most American business people. Apparently, Congolese officials are presently working in this way to fulfill these conditions.

PROBLEM 4: ECONOMIC DIFFICULTIES

Three main problems characterize the Congolese economic environment: low personal income for the majority of people, lack of banking and credit funds, and high state taxes. These problems can present significant difficulties for foreign marketers who intend to enter the Congolese market without taking these factors into account.

LOW PERSONAL INCOME

What is the pattern of the Congolese personal income?

People of the Congo demonstrate a weakness in terms of buying power. It is related to their low personal income, which has been low since the country's

independence.¹⁷ Today, this is hard to understand when the observation is based upon official statistics.

Indeed, the publicized statistics rank the Congo among the middle income countries that export oil.¹⁸ It means that the country is benefiting from its main resource, oil, and is doing much better than some of its African neighbors.

As an illustration, the evolution of the Congo's Gross National Product per capita, enhanced by oil revenues, can be pointed out. For instance, *World Tables of 1992*, publicized the following figures:¹⁹ The Congolese GNP per capita was US \$ 240 in 1970, and it increased to US \$ 530 in 1975. In 1980, this indicator was US \$ 850. The level of US \$ 1,040 was reached in 1985, before it slightly decreased to US \$ 1,010 in 1990. In addition, the Congo's GNP per inhabitant has boomed considerably because of its slowly growing population.

But, even if these figures show the country's high level of GNP per capita, compared to other countries, the Congolese, in general, have a serious lack of personal income. A number of reasons explain the pattern. First, in most African countries, including the Congo, there is a problem in redistributing the national income.²⁰ Usually, investment choices are wrongly made and unbalanced. The decision-makers do not stress social aspects of improving the population's well-being.

In the case of the Congo, another important aspect is that a great part of its working population is employed in the public sector. State employers do not offer high salaries. The minimal wage in this sector is still low, compared to wages offered in the private companies within the country, mainly enterprises in the oil or mining sector.²¹ Also, if the market prices of products, influenced by inflation rate, are taken into account, people have a very low buying power.

To these must also be added the difficulties faced by the Congolese workers. These days, the Congolese state is unable to meet the monthly payroll of its employees. With

public workers unpaid for almost nine months, this has steadily reduced their buying power.

On the other hand, private workers, typically receiving better salaries, are not a significant proportion of the country's working population. Their small number does not help reverse or change the mentioned pattern.

Why is this a problem?

Foreign marketers should be fully aware of the Congolese level of personal income. They need to study how the country's wealth is redistributed and how its consumers' personal income is structured. If these aspects are not stressed, marketers can fall into an inefficient or wrong pricing strategy while presenting their marketing mix in the country. In marketing, the source of income is very important. Its study allows a good pricing strategy.²²

LACK OF FUNDS IN BANKING AND FINANCIAL INSTITUTIONS

What is the problem?

In Africa, the official banking and financial institutions are experiencing a number of problems. The lack of funds to support the financing of the continent's economic growth is one of these difficulties. This can easily be observed through the inflow of foreign capital invested within the African economies. It is even emphasized by increasing amounts of debt, gradually accumulated by these countries.

Modern African banks are unable to provide funds to local entrepreneurs because of their harsh business practices. In his article, "Africa's underground economy," Howard Schissel has pointed out this situation.²³ According to Schissel, African banks are inefficient and their business practices remain questionable.

The Congo's economy is displaying the same pattern. Its external debt has been steadily rising. In 1970, the country's debt was US \$ 118.80 million. It went to US \$ 364.60 million in 1975. Its level for 1980 was US \$ 1,560.70. The numbers of 1985 and 1990 have been respectively US \$ 3,030.90 and US \$ 5,118.30, which represent very high levels. Today, the Congo is part of the most indebted nations of the world (debt per capita).²⁴

This situation can be one of the causes of the small number of private local businesses within the country. Undoubtedly, it is the result of the absence of real and effective banking policies encouraging the development of private entrepreneurship.

Therefore, confronted with such difficulties, local business people are turning to other sources to get initial capital, sources that are typical and original African ways of gathering funds to finance activities requiring money. The most widely used is a mutual saving fund.

Why should marketers care about this?

Foreigners who intend to invest in Africa have to know about these very annoying problems of funds. This could help them in deciding on their financing sources. Also, it allows them to know the financing sources of their eventual competitors.

Moreover, If they want to take advantage of local financing sources, it is important for them to know what are they and how they are acquired.

HIGH STATE TAXES

What is the taxation policy of the Congo?

Marketers wishing to invest in the Congo must be informed about the country's drastic taxation system. Conceived similarly as the French, the Congolese taxation system is composed of the following measures.²⁵

Corporates incur the following taxes:

Companies Tax ("*Impot sur les benefices des societes*"). This is an annual tax on the accrued income of companies, i.e., joint-stock companies, limited liability companies, cooperatives, associations, and public enterprises. Non resident companies are taxed on their income from services within the Congo. A rate of 49 percent applies to industrial, commercial, and forestry companies. Agricultural companies, public enterprises, and non profit organizations pay 36.4 percent.

Minimum Tax on Companies ("*Taxe speciale sur les societes*"). A rate of 1 percent based on sales turnover of the previous year applies with minimum payment of CFA Franc 1 million.

Tax on Income from Securities and Capital ("*Impot sur le revenu des valeurs immobilieres*"). This is levied on gross income (e.g., dividends and interests) from stocks, shares, bonds, attendance fees, and premiums. Interest income from loans not represented by negotiable instruments is exempted. The tax is withheld at the source. A rate of 20 percent applies to income derived from dividends, interest and attendance fees of shareholders. Directors fees and premiums are subject to a 22 percent levy. Prize income and premiums for bonds are charged 30 percent.

Special Coupon Tax ("*Impot special sur les bons de caisse*"). This is levied on interest from "bons de caisse," a special type of debenture. The tax is withheld at the source. A rate of 15 percent applies on interest from registered "bons de caisse," 30 percent on the nominal value of bearer's "bons de caisse."

Contribution to National Investment Fund ("*Fonds national d'investissement*"). This is levied as a surcharge on business and professional licenses and on the internal sales turnover tax. The rate is 20 percent on the amount due of licenses. In the case of the internal sales turnover tax, the rate is 1 percent of the annual volume.

Avoidance of Duplicate Taxes. The United States and the Congo have not concluded a tax treaty with one another. Under US law, however, American companies operating in the Congo may claim a credit against US taxes for such taxes paid to the Congo.

Individual Taxes are:

Individual Income Tax ("*Impot sur le revenu des personnes physiques*"). The tax is payable by all individuals domiciled in the Congo on their income derived within the country. Non-resident persons are liable to tax on income obtained from sources located in the Congo. Types of income covered include the following: (1) real property income; (2) industrial, commercial, and agricultural income; (3) directors' fees of limited liability company; (4) income from non commercial professions; (5) income from

securities; and (6) capital gain on business assets at cessation of a business. The tax is withheld on wages, salaries, pensions, and annuities. A 20 percent withholding is applied to payments for copyrights and royalties paid to nonresidents. A 20 percent deduction is allowed for agricultural income. A 30 percent lump-sum deduction is allowed for real property income and wages, salaries, pensions, and annuities. A family situation is taken into account by granting one income split for the wife and half a split for each dependent child or one split for each disabled child. A tax credit is further granted for wages, salaries, pensions, and annuities at 2 percent of such income.

Additional Tax on Individual Income ("*Impot complementaire*"). This is levied on the following: (1) real property income; (2) industrial, commercial, and agricultural incomes; (3) directors' fees of limited liability companies; and (4) income from non commercial professions. The rates are 4 percent for all income up to CFA F 600,000 and 8 percent for any income above that sum.

Payroll Taxes are:

Lump-Sum Payroll Tax ("*Taxe forfaitaire*"). This is levied on gross amounts of wages, salaries, pensions, and emoluments, including benefits in kind provided to employees. The rate is 5 percent, raised to 9 percent for that part of individual remuneration in excess of CFA F 1.5 million.

Apprenticeship Tax ("*Taxe d'apprentissage*"). A rate of 1 percent is levied on salaries, wages, and other benefits in cash and in kind.

Taxes on Goods and Services are the following:

Internal Turnover Tax ("*Impot sur le chiffre d'affaires interieur*"). This is levied on gross receipts from sale of goods and professional services. Goods subject to the tax unique (see below) are exempt. Transactions of insurance companies are subject to a special levy. The general exclusive rate is 9.89 percent; the reduced exclusive rate is 7.52 percent. Reduced rates apply to factories for garments and paints, beverage processing, car rentals, restaurants, movie theaters, and highway transportation.

Internal Transaction Tax ("*Taxe sur les credits a la consommation*"). This is levied on loans for consumption purposes granted by banks and other financial institutions. Loans to the government and public entities are exempt. The rate is 1 percent exempt for signature loans where a rate of 1.5 percent is applied.

Tax Unique (UDEAC:²⁶ "*Tarif des douanes*"). "Taxe unique" is a production tax established under a special regime and levied on the factory value of selected products (manufactured by some 25 enterprises) exportable to UDEAC countries. The tax replaces import duties and other taxes on all materials used in the manufacturing of the product as well as on the final product itself. It is levied only on such products consumed in the Congo. Goods exported to other UDEAC member countries are exempt. Rates are determined by UDEAC and vary according to each commodity.

Taxes on Property are set as follows:

Tax on Unimproved Land ("*Taxe sur les terrains*"). Rates vary from CFA F 5 to CFA F 40 per square meter in urban areas to CFA F 250 per hectare of unexploited rural land.

Tax on Television Sets ("*Taxe sur les recepteurs de television*"). Owners pay CFA F 6,000 per annum.

Tax on Company Cars ("*Taxe sur les vehicules de tourisme des societes*"). The annual rate is CFA F 70,000 on cars above 11 horsepower.

Tax on Rent ("*Taxe immobiliere sur les loyers*"). The rate is one-twelfth of annual rental income.

Motor Vehicle Tax ("*Taxe sur les vehicules a moteur*"). This is an annual local tax on vehicles based on their horsepower. In Brazzaville, rates range from CFA F 5,000 to CFA F 15,000.

Local Business Property Tax ("*Taxe sur la valeur locative des locaux professionnels*"). This tax is based on rental value. Communes are allowed to fix a rate at up to 15 percent.

Local Land Taxes ("*Contributions foncieres*"). Improved and unimproved plots are levied. Deductions and exemptions are allowed. Rates, generally 20 to 40 percent of appraised value, vary according to commune.

Registration Fees ("*Droits d'enregistrement*"). Registration fees are assessed on the value declared and applied mainly to transfers, leases, sales, and divisions of real estate; formation of corporations, their mergers, prolongation of their legal existence, or increase of their equity; transformation of their accumulated profits into increased capital; inheritance rights; court decisions, and insurance transactions. Rates range from 0.5 to 15 percent.

Other taxes are:

Business Licenses ("*Contribution des patentes*"). Levied on enterprises in industrial, commercial, and professional activities. Newly established enterprises may be exempted for 5 years of operation. Fees range from CFA F 1,000 to CFA F 22,000, except for importers where the range is CFA F 11,000 to CFA F 660,000.

Why should foreign marketers be aware of this?

Foreign investors entering the Congolese market need to be aware of the taxation system in the country. In global marketing strategies, marketers have the duty to research the target country's taxes. Because taxes are an area to which states fiercely retain their national rights, knowing the local approach is wise.²⁷

Marketers failing to consider such an aspect could encounter many problems. Among these can be over taxing, tax evasion, or much more.

Particularly in the Congo, business people have been complaining about the drastic taxation system. This costs them so much money that it discourages private investment significantly.

SOLUTION 4: HOW TO OVERCOME THE CONGOLESE ECONOMIC PROBLEMS

Marketers can utilize the following suggested solutions to cope with the possible economic obstacles of the Congolese economic environment. Setting prices at the local income level, using local financing approaches, and taking advantage of the new code of investment of the Congo are three expedients in overcoming the named economic annoyances.

SETTING PRICES AT THE LEVEL OF LOCAL INCOME

What does this mean?

To respond to the low level of the Congolese income, marketers must use a price strategy. In this, goods and services sold to the people of the Congo should be priced, taking into account their disposable income.

Why should this strategy be applied?

In international markets today, the single-most valuable and important indicator of potential is income. Indeed, most global marketing strategies widely advise making a close study of the income of the target market. It helps locate the sources of income.²⁸

With the income pattern elucidated, it would be used in the pricing policies. For the Congo, for instance, knowing where incomes stem from and what their levels are would greatly guide marketers in the pricing decision.

Based on various alternatives of existing theories of pricing decisions, among which are price floor, price ceiling, and optimum price, marketers should price at the local income levels.²⁹

The strategy should undoubtedly seek the existing three most frequently encountered objectives in pricing decisions. These are penetration pricing, market skimming, or market holding.³⁰

In addition, foreign marketers should include in their strategy other factors, required by international marketing management such as:

- Price escalation, which is frequently a marked increase in the price of a foreign-sourced product such as transportation, duty, and distributor margins. These are added to the former factory price of the product.³¹

- International Dumping Regulations. Each country has its own policies and procedures for protecting national companies from dumping.³² Dumping, as defined by the General Agreement on Tariffs and Trade (GATT), is the difference between the normal domestic price and the price at which a product leaves the exporting country.³³

- Devaluation and revaluation. Devaluation is the reduction and revaluation an increase in the value of one currency vis-a-vis other currencies.³⁴ These influence prices evolution. Prices decrease with devaluation and increase with revaluation.

- Inflation, a persistent upward change in price levels, is a world-wide phenomenon. It requires periodic price adjustments.³⁵

- Government controls. These require the local governments to intervene on prices in the market.³⁶ In the case of the Congo, this is very effective. Because of the precarious situation of the economy, the country's decision-makers rely on a price control policy to sustain the government's budget.

Marketers should be aware of the above aspects in making price decisions. Failing to consider these could lead to international marketers not maximizing their performance within the target market.

TRADITIONAL FINANCING APPROACHES

What do these mean?

Very traditional financing means are used by Africans to counter the described deficiency of funds encountered in local modern banks and credit institutions. A typical example of the traditional funding approach is illustrated by Howard Schissel's two statements.³⁷

It is perhaps in Cameroon where this vast parallel banking and credit systems unofficial system has reached its most extensive development. The "tontines," as they are known, provide credit, both for consumption and investment, to the vast majority of Cameroonians who are unbankable by official standards.

Statistics are unreliable, but it is thought that the tontines handle more money than the official banking system. Banks often suffer default, but it is rare for people who borrow money from the "tontines" not to pay back, despite prohibitive interest rates. Small businessmen use this system to finance the purchase of goods or pay for productive equipment-machines, trucks, and taxis.

These African ways of financing activities have been mentioned as the indigenous financial institutions by Maxwell J. Fry in *Money, Interest, and Banking in Economic Development*.³⁸

What are the indigenous financial institutions?

In Africa, the predominant form of indigenous financial institution is the rotating savings and credit association. These systems have various names around the continent. They are called "ekub" in Ethiopia, "djanggi" in Cameroon, "tontine" in Benin, "chilemba" in Malawi, Uganda, Zambia, and Zimbabwe, and "esusu" in Liberia.³⁹ In Mali and other west African countries, speaking the Bambara language, it is called "pari." In the Congo, Zaire, and Central African Republic, the rotating savings are denominated "likelemba."

Why should marketers know this?

Two principal reasons are behind the importance for marketers to know these indigenous practices. The first reason is cultural. Foreign marketers should research in target market culture to be aware of various important cultural differences. It could help them in studying the income pattern discussed earlier. Knowing financing sources of local competitors could help in setting business strategies regarding products, pricing, promotion, or place.

Second, in the case of foreign marketers intending to finance their business locally, they could probably be inspired by these local approaches. Although chances are that few or no foreign business people would get involved in such a process, this could demonstrate how hard it is to generate starting capital for African entrepreneurs, their eventual local competitors.

PERSPECTIVES OF THE NEW CODE OF INVESTMENT IN THE CONGO

Foreigners who want to invest in the Congo can take advantage of its new code of investment.⁴⁰

What was the motivation for reforming the old code?

Congolese officials rewrote old investment laws which had for years been rife with internal contradictions. The Congo, in embracing capitalism, hopes that the new investment code will set a positive and encouraging tone to attract foreign business investors. As incentives, the new law provides customs reductions and exemptions, and tax breaks, and minimized regulatory hassles. Motives for reform are the following:

To encourage maximization of government revenues without discouraging business investment, to make the language of Congolese investment laws easier to understand and interpret, and to distribute advantages equitably and uniformly.

Problems and inequities in the old law were numerous, but two examples stood out. First, was the need to encourage the creation of an industrial base. Second, the previous law also created inequities by discriminating between Congolese and foreign investment, allowing only fully Congolese-owned firms to take the advantage of preferred customs

regimes. This had the negative result of discouraging partnerships through which foreign business interests could provide much needed expertise and capital to Congolese enterprises.

What are the principal changes?.

The new code no longer distinguishes the nationality of firm owners to determine who can take part in privileged customs duty rates. The law applies generally to all investors not excluded by specific language, the converse of the former code.

The new investment code specifies three criteria which businesses must fulfill before they can benefit from the legal advantages it creates. First, beneficiary firms must keep at least 25 percent of the value-added which they create within the Congo. Second, at least 30 percent of raw materials which feed into beneficiary firms must originate from within the Congo. And third, beneficiary firms must themselves put up at least 25 percent of their initial capital investment before seeking larger investments from the state or getting other outside assistance.

The new code seeks specifically to encourage increased business activity, profit reinvestment, exports, technological innovations, and investment in less-developed areas.

Changes to customs duties

New exemptions and reductions in customs duties for business are numerous. The overall customs rate has been reduced by 10 percent. Business can benefit from exemption from certain duties for the importation of equipment. Firms are exempted from indirect taxes on the procurement of equipment and industrial inputs for local manufacturing. The duty on imported raw materials and packaging has been reduced by 15 percent. Investors will also be able to receive a permanent exemption from the national turnover tax.

Tax shelters

The new law creates several important tax breaks meant to motivate investment. First, since the code foresees that many businesses will have high set-up costs causing losses in initial years, the new law will allow firms to spread out their initial results over seven years to moderate taxes on profits. Second, during this initial seven-year period, investors can also benefit from reductions in special business taxes as well as a total exemptions from property taxes. Third, for businesses with Congolese participation, the law allows exemptions from the credits obtained to begin an investment project. And fourth, in special cases, some companies can obtain exemptions from business registration fees, but here, firms with large Congolese participation are the primary beneficiaries.

Investor obligation

Firms doing business in the Congo will still be obliged to fulfill the following conditions:

- Keep accurate accounting records.
- Declare profits to tax authorities.
- Furnish business plan information for certifying investment commissions.
- Execute their planned investment.
- Show proof of good fiscal "health."

By narrowing blanket requirements down to these few, the new investment code seeks to minimize government-imposed regulatory burdens and bureaucratic hassles that business have objected strongly to in the past.

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CHAPTER 3: RECOMMENDATIONS

What follows are a number of parameters which must be taken into account by marketers targeting the African market in general. For the Congolese market particularly, the following recommendations can be specifically helpful as guidelines in trading within the country.

WHAT ARE THE "GOLDEN" RULES?

RECOMMENDATION # 1: RESEARCH THE CONGOLESE MARKET

What is the first rule?

It is required that foreign marketers, as a first step, take a close look at the Congolese market by doing on-site research. They need to be informed about important points, such as, the characteristics of the population, measurement of market potentials, market-share analysis, sales analysis, studies of business trends, short-range forecasting, competitive-product studies, long-range forecasting, pricing studies, and testing of existing products.¹

Why should foreign marketers perform market research?

Marketing research is undertaken to understand a marketing problem better.² By gathering all data about the Congolese market, for instance, foreign marketers would have enough information to process the adequate mix corresponding to the needs of Congolese people.

Where can foreign investors find data on the Congo?

Foreign investors have the opportunity of using the already existing sources of information collected by several public and private institutions. These are the main state institutions and the various private consulting offices.

Regarding secondary data, the cheapest way would be to contact public offices, such as, the Planning and Economic Ministry, especially its two principal departments, "*Centre National de la Statistique et des Etudes Economiques*" (CNSEE), for national statistics, and "*Direction de la Prevision et de la Conjoncture*," for economic trends of various national economic sectors.

There also exist some important state-owned agencies able to provide essential data. They are "*Centre National de Gestion*" (CENAGES), "*Direction Centrale du Controle des Marches d'Etat*" (DCCME), "*Centre d'Etude des Projets Industriels*" (CEPI), and many more.

This is not an exhaustive list of these institutions. These are public offices where capital secondary data could be found at a very low cost.

The other alternative offered to foreign investors will be contacting private consulting bureaus established in the country. These are numerous but are costly. They operate privately and could be easily contacted.

RECOMMENDATION # 2: SEGMENT THE MARKET

What is the second rule?

Marketers have to segment their market because of the uniqueness in buyers' needs and wants.³ This will lead marketers to carefully select which part of the population whose wants they are hoping to fulfill.

How could marketers segment the Congolese market?

Two basic approaches of segmentation exist, based on consumer characteristics and consumer responses.⁴ Thus, marketers could utilize five major factors to segment the Congolese market. First, geographically, there would be two main segments, represented by the urban and rural populations.

On the other hand, foreign sellers could use income as the basis of segmentation. It would group Congolese people into two main categories of buyers: citizens with higher buying power and poor people with low disposable income.

In addition, age could be also a driving factor, allowing marketers to separate Congolese customers. Hence, they would have younger and older buyers.

Another element of segmentation could be the religious beliefs of the Congolese people. This approach would group these people in segments such as, Catholics, Protestants, Muslims, and indigenous religion subgroups.

Finally, the tribal basis could be useful in splitting the Congolese population into mini segments. Each tribe would constitute a specific sub-entity of the entire market.

RECOMMENDATION # 3: BECOME FAMILIAR WITH LOCAL CULTURE

What is the third rule?

Foreign traders should become familiar with the local culture. As all peoples, the Congolese have a set of habits characterizing their way of behaving and living. These should be learned by foreigners who would like to establish businesses within the country.

Why should they learn the local culture?

Failing to understand and cope with local culture could get foreign marketers into major difficulties. P. Kotler states that:

Foreign business-people, if they are to be effective, must drop their ethnocentrism and try to understand the culture and business practices of their hosts, who often act on different concepts of time, space, and etiquette.⁵

How should foreigners become familiar with this culture?

St. Ambrose (A.D 340-397), advising St. Augustine, said that "when you are at Rome live in the Roman style; when you are elsewhere live like as they live elsewhere."⁶ Hence, in attempting to get used to the Congolese culture, foreign marketers have first to learn to communicate. To begin with, they should be fluent in French, which is the official language of the Congo.

Even better, these foreigners should learn the rudiments of local languages. For marketers targeting the urban area, the main local languages are *Lingala* (in the north) and *Mounoukoutouba* (in the south). One Lebanese trader who lived in the city of Brazzaville would be an example of the advantages to be had by learning a local language. This man created songs in Lingala portraying the Congolese history and daily life. He really knew how to mark his presence, attract people, and cope with his new environment. The Congolese admired his courage and accomplishment. The question coming to the mind of some could be, "yes, but did he make money?" Of course, yes, he was successful because people knew him and shopped in his store.

In the same way, in the rural areas where most of peasants are uneducated and do not speak French well or at all, marketers should master local languages, such as tribal dialects. If marketers think that they could get by with just knowing French (as they can do in cities), they would risk being humiliated and frustrated by their failure to communicate with local people. Pretty soon, such merchants would find their clientele dwindling to nothing.

RECOMMENDATION # 4: AVOID POLITICAL INVOLVEMENT

What is the fourth rule?

Foreign investors must be aware of the political matters occurring within the target country. Governments are understood by the citizens of many countries, and social unrest and even armed conflicts must sometimes be reckoned with.⁷ But, business people have to avoid getting involved in the country's political matters.

Why should foreign business people be aware of this?

Politics is a hobby to the Congolese people, especially those in the city. Staying uninvolved in the country's political intrigues would prevent marketers from major troubles, which could alienate customers with opposing political views or be seen as condescending or dangerous. This is especially true nowadays as the Congolese are going through major political changes. Thus, they are very passionate and linked to the political events which are having a great impact on their daily lives. As in most cultures, the Congolese do not appreciate foreigners who express their feelings of superiority in Congolese political matters.

A case in point would be the experience of a French citizen who came to the Congo in the early 1980s. The French businessman was full of hope to establish a plant for a new type of bricks. It was actually a very well-planned idea. But this foreigner had his dreams stopped by a pending arrest. He was jailed because of collaborating with a group of Congolese suspected as responsible for terrorist attacks in the country. Saved by conventions existing between France and the Congo, he flew back to his country without reaching his objective.

RECOMMENDATION # 5: BRING PRODUCT SATISFYING BASIC NEEDS

What is the fifth rule?

Before a firm can market a product, there must be something to sell-a product or a service.⁸ Concerning selling products in a foreign market, three adaptive strategies are obvious.⁹ They are the following:

- Straight extension, in which marketers introduce the product in the foreign market without any change.
- Product adaptation, which involves altering the product to meet local conditions or preferences.
- Product invention, which consists of creating something new.

In the specific case of the Congo, as the major concern is to meet basic needs, the best product strategies to use would most likely be a straight extension or product adaptation.

Thus, considering the above aspect foreign marketers have to bring products satisfying basic needs.

Why are these strategies suitable?

First of all, a product invention can be discarded because of cost considerations. The Congolese, having a low income, could probably not afford products newly invented. Moreover, they would respond greatly to an already existing line of product. This could help solve the basic needs of the Congolese.

In addition, if foreign marketers can adapt their products without allowing the Congolese to incur the cost of such an operation, the product adaptation strategy can also work.

What are the best products to sell in the Congo?

Marketers must sell products and services meeting the basic needs of the Congolese people. To the urban population, for instance, the most wanted and needed products would be the following:

- Foodstuffs such as, red and white meat (frozen and canned), vegetables (fresh and canned), fruits (fresh and canned), rice, wheat flour, and dairy products (milk, cheese, and butter).
- Pharmaceutical products, antibiotics, analgesics, malaria medication, anti-diarrheal products, and vaccines.
- Hospital supplies, x-ray apparel, dentists' chairs, syringes, and thermometers.
- School products, notebooks, practice books, pens, pencils, compasses, rulers, and so forth.
- Cleaning products, soaps, detergents, dry cleaning products, and other cleaning chemicals.

The ideal services to market in the Congo would be:

- Waste management, trash collection, and recycling procedures.
- Banking services, new banks, and help managing inefficient existing banks.
- Credit services, loans and credit facilities (credit cards).
- Financial expertise, analysis of project risks and the financing of them.
- Consulting, advisors for business starters and inefficient older firms.
- Maintenance of new modern buildings acquired with the oil boom's revenues, mostly state-owned properties.
- Household maintenance products, furniture cleaning, clothes cleaners (particularly dry cleaning), and electronic repairs (TV, VCR, radio, and stereo).

On the other hand, rural inhabitants would favor the following:

- Products such as, improved seeds, fertilizers, insecticides, and herbicides.
- Farming implements, hatchets, hoes, knives, shovels, sprinklers, hoses, and so forth.
- Small farm machinery, compactors, compressors, small electrical generators, small tractors, and small harvesters.
- Hunting weapons and equipment, guns, bullets, and clothes.
- Fishing items, nets, lures, small boats, and clothes.
- Services such as, sowing, harvesting, irrigation techniques, and soil management.

RECOMMENDATION # 6: SET PRICES THAT PEOPLE CAN AFFORD

What is the sixth rule?

International traders must strategically set their prices in the affordability of the target market. Enormous problems are encountered by foreign firms in setting their international prices. In global pricing policy, companies have three choices:¹⁰

1. Setting a uniform price everywhere, a fixed price for all markets.
2. Setting a market-based price. The firm charges what the target market would bear.
3. Setting a cost-based price, using a standard markup of its costs of everywhere.

In the case of the Congo, setting uniform prices throughout the country would definitely be inadequate because of the differences in income level of the Congolese. Marketers would better play with the two last choices, which are market-based and cost-based prices.

Why should marketers do this?

Pricing at the level of people's income would be highly recommended. Although the dream of any investor is to receive a quick return on the money invested, in the case of Africa, any such expectation should quickly be laid to rest. Some merchants in an effort to make a quick profit set prices for their products or services that are unrealistically high. For example, a Portuguese merchant tried selling electronics and household goods in his store in a small town. The household items were reasonably priced, but there was no market for VCRs that cost the equivalent of US \$ 1,000. Due to a wrong pricing approach, such merchants have failed to recuperate the initial capital.

Instead of using a realistic mark-up method that would set product prices at the level of people's disposable incomes, the above-mentioned traders have been ill-inspired. Their short-term goal of making greater and quicker profits blinded them to the long-term reality: prices set too high could not be financed by buyers. As a result, no great sales were generated. Undoubtedly, losses resulting from such a policy have been drastic.

Another aspect involving the process of pricing should be considered by foreign traders to Africa, in general. It consists of the fact that Africans have a very ingrained habit of bargaining for prices. They enjoy debating the price of products they purchase and are very skilled in reducing the amount they pay for goods and services. Marketers should not expect that the first price they ask will be the one the African buyer will pay. Under any circumstance, African buyers would try to drag the marked or proposed price down. It is an art for them. Therefore, foreign traders need to be aware of this bargaining mentality and be ready to make careful allowances for it in their strategies of pricing.

Failing to consider the above aspect could result in losses of sales. Buyers would recognize that such traders do not offer fair prices. They would not only fail to come back, but would also tell others around the community. The inflexible merchants would be widely identified. Evidently, fewer buyers could be expected in the merchant's stores.

On the other hand, bargaining can be used as a powerful marketing tool. Marketers who are perceived as granting good prices through the bargaining process would see their reputations spread throughout the entire community. They would be sought out by all the buyers so informed. Thus, the number of customers visiting the merchant's shops would consequently increase.

RECOMMENDATION # 7: PROMOTE BY EMPHASIZING IMAGE

What is the seventh rule?

Foreign firms should promote their products using the existing tools. Promotion strategy can be either the one used in their home market or it could be changed for each local market.¹¹

The message, for instance, could be changed at three levels. These variations could appear at the language, name, and color level.

How should promotion be done?

For the Congo, foreign marketers should make some adaptations according to the target segments and the availability of the media. Marketers have the opportunity to use local television, radio, newspapers, and magazines to reach the urban population. In the major cities, messages would be in French, *Lingala*, and *Mounoukoutouba*.

On the other hand, rural inhabitants would ideally be reached through radio advertising campaigns. In the countryside of the Congo, *Lingala* or *Mounoukoutouba* could be used in the north and the south respectively. However, a message in the local dialect would have a much more powerful impact.

While promoting their products around the Congo, foreign sellers should work on their personal image. They have to be perceived as very caring people in their customers' minds. Several possibilities can be seized to improve buyers' perceptions.

Traders should develop a strong social relationship with their African customers. Concern must be shown for their customers' feelings. Traders have to be sympathetic to social events occurring within their customers' families. Marketers should not limit their relationships to commercial transactions. An extension beyond the commercial contact should be sought. It would be the basis of good social contacts.

To illustrate the cited aspect, the example of a Hausa trader from west Africa who established a shop in a Congolese village could be pointed out. Each time customers entered his store, he would ask about their family. Basically, he asked about the condition of their health as is the custom in his Muslim culture. When he was informed about a birth in a family, he sent a present. If it was a death, he demonstrated his pity through some comforting words or in other ways. Sometimes, he even gave special prices to the affected persons. All these actions made him a fixture within the community. Eventually it was hard to tell that he was not from the Congo.

RECOMMENDATION # 8: CHANNEL PRODUCTS THROUGH A LOCAL MIDDLEMAN

What is the eighth rule?

For foreign marketers, a local middleman is a necessity. This person would play the role of a go-between between foreign marketers and consumers. The use of a middleman would be required during the market's entering phase.

Why is the middleman required?

Principally, the appointed agent would help avoid the harrowing bureaucratic procedures in the Congo. This person would be useful in settling conflicts. Also, this agent would channel products to buyers and would find out and relay their major basic wants to marketers. If this approach seems costly, new business starters could use the

piggy-back approach of using the already existing channel of distribution built by experienced local business people.

Are there other entry strategies?

The basic well-known strategies of entering international markets are widely applicable to the Congo. These consist of the following:

- Exporting, which is the most traditional and well-established form of operating internationally.¹²
- Licensing, technology and know-how can help a licensee through an agreement with no investment (no cost) and very limited expenses.¹³
- Joint ventures, which is a more expensive form of participation in foreign markets than the above mentioned alternatives. There is a sharing of risk and ability to combine strengths. Local firms with good knowledge of the market might get along with a foreign partner who lacks market knowledge but has considerable know-how.¹⁴
- Ownership is the most extensive form of participation in international marketing. It requires the greatest commitment of capital and managerial effort.¹⁵

As advice to foreigners seeking the Congo's market, it would be better to start by using a middleman during the first step. Then, when some solid mechanisms of the market are mastered, an alternative would be envisaged. The possibilities of launching an export-based business or selling a license to a local partner would be reviewed. The last step would be either to constitute a joint venture with a Congolese business or to acquire ownership within the country.

RECOMMENDATION # 9: HELP WOMEN DEAL WITH WOMEN

What is the ninth rule?

In the selling process, it would be advisable to appoint women salespersons to take care of African women. African women feel much more comfortable dealing with other females.

Why is this important?

There are two important reasons for this requirement. First, African women feel much more comfortable expressing themselves to women. A sort of shyness is observed in front of men. It is probably due to the traditional respect dedicated to African men.

Second, although African men would not openly display their suspicious feelings towards relationships between their women and foreigners, internally they do not feel comfortable about such situation. Certainly, African men see foreigners, particularly whites, through the perspective of colonization and still think that white men are there to acquire all the finest resources belonging to the Africans. To avoid eventual conflicts stemming from such a matter, the approach of having women deal with women would be wiser.

RECOMMENDATION # 10: GATHER STARTING FUNDS OUTSIDE THE CONGO

What is the tenth rule?

Investors going after the Congolese market would have to gather their initial capital out of the country. The local banking and financing institutions are deeply suffering from a lack of funds. Banks are not able to offer money and risk expertise to either foreign entrepreneurs or local private business starters. Investors facing this type of problem would have to look for another alternative.

However, foreign investors might like to try the local ways of financing procedures such as mutual rotating funds (*Likelemba* in *Lingala*, or *Tontines* in French).

RECOMMENDATION # 11: ENTER THE MARKET WITH LARGER OBJECTIVES

What is the eleventh rule?

Foreign managers need to set up organizations with a design fitting the Congolese environment, which includes a socialist past and present-day capitalism. They have high expectations for the country's actual economic and political situation, and a foreign firm would be seen as bearing many opportunities for a better future. Thus, the firms to be set up should be aware of workers' and customers' wants, and try to meet them.

It should be in terms of job satisfaction, motivation, rewards and incentives and new corporate culture for workers that these new firms should focus their actions. They must keep in mind that the Congolese workers are used to socialist behaviors and have to face the challenge leading to a market-oriented system.

Simultaneously, customers need to become accustomed to the organizational structure of this "new" capitalism. With a better understanding of the Congo's demographics, companies should propose an adequate mix catering to their wants. Products, prices, promotion, and places would be tailored to these people's real capabilities.

New firms would have to play a dual role within the Congolese society. First, they would have to initiate workers to the new approach mentioned earlier. Then they would deal with their customers. These combined efforts would help in shaping the market-oriented economy desired by the entire Congolese society.

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CHAPTER 4: CONCLUSION

In attempting to teach American people about doing business in Africa, using the business environment, the study has focused on several precise questions. It first diagnosed potential problems impeding marketing activities to Central African countries, basing the analysis upon the specific case of the Congo. The issues examined in answering the questions have historical, geographical, political, and social. The Congo offers an ideal model because it possesses a number of similarities with most countries of the Central African region.

The analysis has also consisted of the principal factors to consider in the marketing research of global market. The prominent characteristics scrutinized have been the following:

First, the Congo's long and rich history, from the period of the Kongo kingdom to its independence, are examined.

Then, a description of the main political and economic events that have occurred in the Congo is given. The synopsis starts with the Congo's independence on July 31, 1960, and it ended with the early 1990s period. The Congo has undergone many political events and its decision-makers have opted for a variety of economic models. Socialist at its debut, the country, after experiencing the Marxist ideology, is today led under democratic principles. The transition to a capitalist system is usually complex. Yet, the core objective of the country's new leaders is to install a free market economy as soon as possible.

The cornerstone of the thesis was the four possible problems encountered in marketing to the Congo. These were defined at the different levels.

The population, as the principal target, poses problems in several ways. It is in terms of its small size, its unequal distribution, and its various tribes.

To the North Americans, a number of social annoyances are counted as eventual impediments in marketing to the Congo. These are the traditional customs of respect to elders, the variety of religious beliefs, the use of bribery, and labor problems.

In addition, three political practices have been enumerated as significant possible problems. They are the high political awareness of the people of the Congo, the syndicalistic attitude of workers, and the heavy bureaucratic structure.

In terms of economic difficulties, three characteristics have been pointed out. These are the low income level of the Congolese, the lack of funds in the banking and financial system, and the drastic taxation policies of the Congolese state.

Consequently the study has proposed possible solutions to the described problems. They have been applied to each problem. Thus, marketers could use these practical tools to overcome the mentioned marketing obstacles.

To conclude, the project has recommended a number of "golden" rules which should be observed by foreign investors in the Congolese market. Entry strategies are numerous, but the best way for marketers targeting the Congo would be to start by being represented through a middleman. Later they would prepare for the conditions of installing a fully owned local business.

Finally, using the African saying, "the Congo is like a person who has been walking around the mountain, and in the end, the path has been found." It means that various economic take-off strategies have been tried, but they have been unsuccessful. Nowadays, the free market economy is being implemented. Therefore, it is the best time for foreign investors, particularly Americans whose relationship with the Congo has been shaky during past periods, to enter this market. Possibilities exist and need to be developed. Missing the opportunity might be quite regretful later.

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