

Key Market Learnings from the Mobile Telephony Pan African Multi-Country Retail tracker

Author: Wesley Ongaga, Account Manager

¹Research International East Africa,
Client Service Department
Retail Audit Division

Abstract. Retail Censuses and Trackers have shown that the Mobile Telephony Trade Environment across African countries has many similarities than differences.

1 Introduction

Before I proceed further, it is imperative for us to have a clear understanding of what retail tracking is and what the tool is capable of measuring in terms of understanding markets.

The term ‘Retail Tracker’ describes a set of research tools related to collection of data on sales in retail stores or what one can describe as at the “shop” level.

Monitoring the distribution of consumer goods across different shop types and regions represents a fundamental type of study in retail audit research – this is based on in-store observation during which the presence of certain products is being checked.

The presence of these products can be ascertained both by manufacturer/owner, by brand, by different variants, by different categories and SKUs. Therefore, performance of one manufacturer/owner can be measured versus another. The trend is followed over time to monitor healthy competition and capture customer preferences

A retail Census is the process of enumerating retail outlets within a given landmass, using the sub location /lowest administrative units as the enumeration area.

Retail Audit is powerful tool in measuring the following aspects of the trade:

- Measure on-shelf availability of products by company, by Brand, by SKU,
- Identify distribution opportunities,
- Measure Consumer off-take,
- Measure Competitor Activity,
- Measure the penetration of different Promotional Activities,
- Visibility of Promotional Marketing Activities – Whether interior or Exterior to the shop,
- Identify Key Sales Drivers by evaluating the impact of Marketing Activities,
- Measure Market shares by Company, By Brand, By SKU, By Channel, by Region,
- Measure Selling Price to Consumer,
- Measurement of Sales lost opportunities due to being out of Stock,
- Measure Rate of Sales per shop

The audit data yield a wealth of information providing the Client with the basis for tactical decisions to strengthen their market position.

2 Key Components of a Retail Tracker

Before embarking on a scheme to setup a Multi-Country retail tracker one needs to have a clear understanding of the following key aspects of the study:

(a) The process

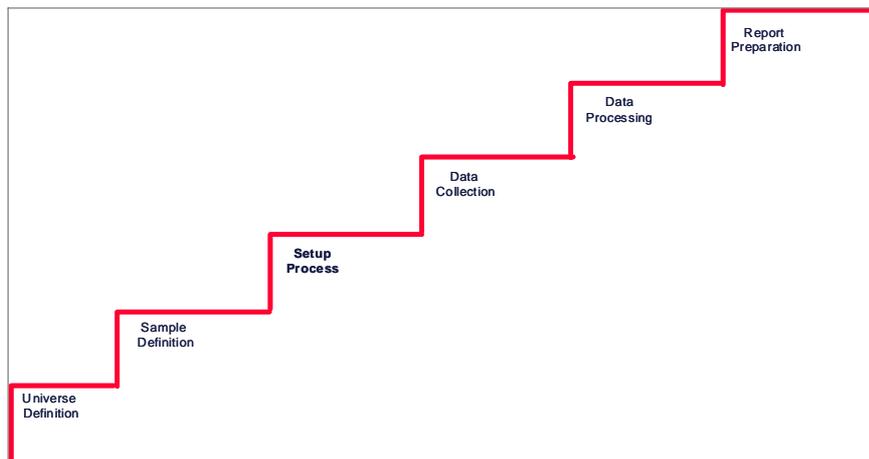


Figure 1

3 Key Learnings from Pan Africa Multi-Country Retail Tracker Based on the Airtime category

Based on the experience of running a pan Africa multi-country retail tracker for the past 3 years, key learnings from this continuous survey include:

Same outlets structure and classification – From retail census conducted in most of the African countries, it is clear that the structural differences of common outlets is not that big and therefore, the outlets are classified in a similar way, with slight difference in the way different countries call their Kiosks and Dukas

Increased investments - In the Mobile telephony business for example, the past 1 year alone has seen a number of new entrants into the market...with most countries increasing from one mobile service company to an average of 3 companies with Niger now having 6 operators. The existing ones are also progressively expanding their coverage

Increase in Airtime consumption - Airtime usage has been on the increase for the past one year in most countries. ...While the preference by the consumers has been mainly on the scratch cards, the use of mobile top ups is gradually increasing for the past 6 months.

Channel Importance - General Trade channel group is the most important channel in terms of driving airtime sales, followed by the Informal channel across most of the African countries.

Expansion Challenges – Distribution is still a challenge especially in the rural segment not just for the airtime category but also for other categories as well. The big challenge is in recruiting new outlets/non handlers into the handling segment. Stock outs is also another big challenge

Price Sensitivity – In most of the markets, it is low priced products that drive sales across most of the outlets compared to high priced products. This generally indicates that most of the African consumers are price sensitive due to low levels of disposable incomes

Trade Marketing Activities - Apart from placing products in the outlets, market players, through their respective marketing departments do support these products using trade marketing activities at the point of sale to try and influence the consumer

Running of Promotions - Due to increased competition, running of promotions is one of the strategies that market players are using to influence sales of their products to consumers and in most cases, they try to out do one another. Free SIM Packs, a free handset, buy airtime and win cash are just examples of promotions

Stocking Levels & Margins – It is clear from the feedback we get from the shop owners that due to their low disposable incomes (mainly for General Trade and Informal channels) the stocking level of product will depend on the profit margins...

4 The Future of African Mobile Telephony Business

The future of the African Mobile Telephony business is still promising partly due to the following reasons:

- *Lack of strong infrastructure (landlines, roads etc) is an enabling factor for mobile phones*
- *The mobile phone fits into the African culture – everyone feels there is the need to talk to one another and share experiences and news and find out how each other is doing*
- *Even when per capita income is low, products that meet specific needs can do well in Africa.*
- *The culture of trading is in line with mobile phone use*
- *Penetration is almost everywhere, even in war torn areas*
- *Everyone feels that the mobile phone is a business enabler, shows one is modern, belongs to a community family and helps to boost the social image*

5 Conclusions

In conclusion, based on experience it will be right to say that from a retail trade point of view, African markets have many aspects to share in common both in terms of the structure of common like for like outlets as well as in terms of the way they conduct their business to the African consumer.

6 Acknowledgements and References

1. Lena Lambropoulou, *Director, Retail Audit Pan Africa RIEAL*
2. Retail Audit Colleagues, RIEAL
3. David Somers, CEO, RIEAL,
4. World Wide Web: www.pbsdga.pl/Retail Audit