

2009 Research Industry Survey Results

Written by Jane Delorie, MD, Research Solutions Ltd

According to the latest ESOMAR Global Market Research Report (2008), Africa represents only 1% of total global research spend with revenue of US\$ 266m. However this is up from \$222m the previous year and has been growing steadily since the millennium. Indeed Africa represents the fastest growing region with absolute year on year growth in 2008 of 25.9%. This compares with global growth for the industry of 6.5% and is ahead of all BRIC countries (Brazil 3.4%, Russia 21%, India 20% and China 15%).

The 2009 MSRA survey once again recorded outstanding growth for East Africa's research industry with member revenue increasing from Kshs 1,400m in 2007 to Kshs 1,785m during 2008. This represented growth of over 27%.

Whilst MSRA members represent the majority of researchers in East Africa, an estimate for non-member revenue can be added to give an overall research spend for East Africa of around Kshs 2bn.

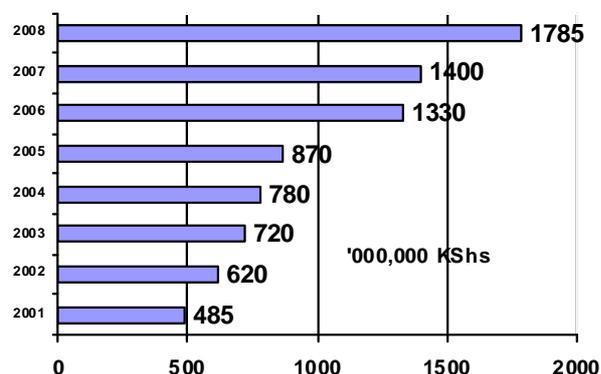
Kenyan based research players continue to dominate the region with only 58% of that revenue earned in Kenya. These companies have extended their reach with most having offices in Tanzania and Uganda while a few also have offices in countries further afield such as Nigeria and Mozambique. Overall, 62% of research commissioned is for domestic clients within the country in which it is commissioned which means the balance is for foreign clients (38%).

In East Africa, by far the main method of data collection is face to face (pen and paper) interviews (78%) unlike in South Africa where this method represents only 54% of research. Telephone interviewing is popular in SA (28%) whereas this method is not used very often in East Africa (7%). Online research has become increasingly important in countries such as USA (21%), Netherlands (25%), with the highest incidence in Canada and Australia (33%). In Africa it is still relatively unused at only 1% for both East and South Africa. Obviously internet access is still not a given in this part of the world.

Although research spend is increasing in Africa, there is still a long way to go to bring us up to speed with other markets as is demonstrated in the table below:

	Research spend per capita	MR as % spend of advertising spend
Kenya	0.31	5.7%
South Africa	4.34	7%
UK	45.54	9.3%
France	42.87	18.1%
Germany	32.35	10.9%

Nevertheless, the global recession has not passed East African researchers by and they have already had to absorb budget cuts imposed by clients. This may depress their optimism during the coming year however the biggest challenge they struggle with, and one they have little control over, is the political and social instability of many African markets.



Given this, research suppliers are optimistic about growth potential for their industry over the next few years and expect to see continued revenue growth of about 25% for 2009. MSRA members cite increased interest in emerging markets by international clients as the main driver of growth followed by a deeper understanding of the importance of research by local clients.

Research & Economic Downturn: by Synovate

Life goes on....Its difficult not to be aware of the global economic recession. Most media seems to have nothing else to report. In a recent Synovate global survey, 75% felt the economy is going downhill and the biggest fear was not being able to pay their mortgage. However, the shops seemed pretty full and you still have to queue to get a beer in the pub!

Consumers more cautious and selective.....They are holding off on major purchases and looking for bargains everywhere. In another Synovate Global survey, 60% of people claimed they have made cuts in their spending in the past six months - either deferring major expenses or cutting back on luxury or discretionary spending. Basically, the world is a more cautious place.

Marketers focused on short term promotions aimed at quick sales.....New product entries are based on value propositions and line extensions are designed to milk existing offers rather than offering anything new. Consumers have consciously traded down across many product categories e.g. trading down to a smaller package of a premium

brand. Focus on price and promotion can be dangerous. Branding, marketing and communication remain critical to short and long term success.

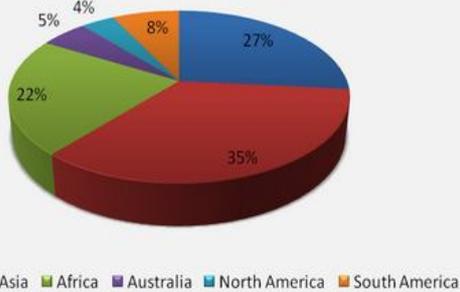
We need to keep reinventing research... how can researchers provide the kind of insights that will help in a situation where price more important, but where long term brand health remains critical; where promotions and discounts can rapidly change brand shares, but often at the cost of sustainable margins; and where budgets are under constant pressure, greatly increasing the need to justify all marketing and advertising expenditure?

The demands and priorities of research clients are changing. The focus on value is extremely high. Procurement is now a regular feature of the research purchasing process. Clients expect to get their data faster. They want more data and more insight. And they want to pay less. In conclusion, its time for researchers to offer research Faster: Better: Bigger: Cheaper!

Impact of the financial crisis on the Market Research Industry

In May 2009, **MarketResearchAgencies.eu**, an online directory of market research agencies worldwide conducted an online survey to determine the impact of the current financial crisis on the market research industry. Approximately 370 members received an invitation by e-mail to participate in the survey and 132 of them responded with completed questionnaires. The response was global with 60 different countries represented in total.

Proportion of agencies by continent, n=132



According to the responses more than 70% of the agencies believe that the market research industry is suffering greatly in the economic crisis. However, 50% of respondents think that their own agency is less affected than the industry generally. 60% of the agencies reported a slight or substantial decrease in their turnover for the last six months. Despite this, the agencies are optimistic; more than two thirds of those whose turnover has fallen in the past six months expect a slight or substantial increase in the next 6 months.

Client loss

Most of the agencies are concerned about losing clients. In fact, only 18% of them claim that they are not worried. 40% reported that they have already lost clients and 37% claim that they have not lost any yet but expect to lose some in the near future.

Volume of domestic and international projects

53% of the agencies reported fewer domestic projects in the past six months, while 44% of the agencies reported fewer international projects in the same period.

Layoffs

In the past six months 31% of the agencies had layoffs due to the financial crisis. There was no change in the headcount at 54% of agencies, while 15% actually hired new people.

Most of the agencies hiring over the past six months were those who had experienced slight or significant increases in turnover. However, the expectations regarding future layoffs does not differ significantly between the agencies whose turnover increased and those whose turnover decreased in the last 6 months.

Strategies

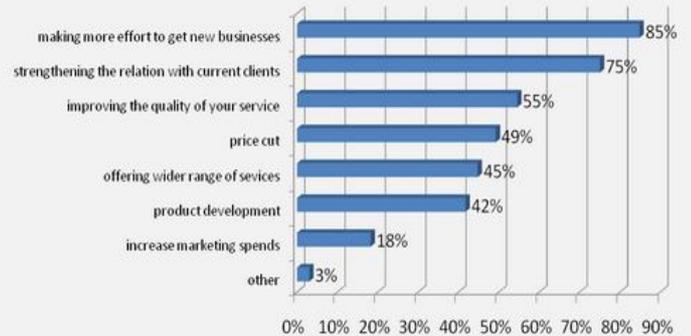
Market research agencies have several options for cost cutting in a weak economy. Their strategies often include avoiding participation in conferences and other marketing events. Another option is to lay off employees (45% of the agencies use this method).

In order to reduce the impact of the crisis, agencies are making more effort to get new business and they are trying to strengthen the relationship with their current clients. Different strategies are chosen by the agencies depending on whether their turnover has decreased or increased in the past 6 months; generally we can say that the former put greater emphasis on the client relationship (they try to get new business, offer their services at reduced prices, and try to retain their existing clients), while the latter make more effort to enhance the quality of the service provided and product development.

Length of the crisis

Nearly two thirds of the agencies expect the crisis to be over within one year and one in ten believes that the crisis in the market research industry will last less than six months.

Strategies followed to decrease the impact of the crisis



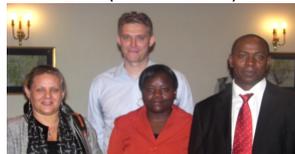
QUARTER 3 JULY/AUG/SEP CALENDAR OF ACTIVITIES TO PARTICIPATE CONTACT THE SECRETARIAT

EVENT - **2009 BOWLING TOURNAMENT**
TIMING - 4.30PM, 9TH JULY
VENUE - VILLAGE MARKET (SUPERBOWL)

EVENT - **CELEBRITY TALK**
TIMING - AUGUST 6TH 2009
VENUE - HOLIDAY INN WESTLANDS

EVENT - **KEVIN OWENS GAME**
TIMING - SEPTEMBER 2009

Hon.Muriithi poses for a photo with Elizabeth (Best Student), David Somers (MSRA Chair) and Jane Delorie (Council member)



Elizabeth Omondi (TNS-RI), 2009 Best Student



MSRA Graduation

The 2009 Basic Training Course was successfully held on the 6th and 7th of February 2009 and attracted participants from all member agencies. The graduation took place on 21st May 2009 where the Guest Speaker, Hon Ndiritu Muriithi, Assistant Minister; Ministry of Industrialization, presented certificates to the graduating students.



Faith, Muigua, Reuben, Muigua and Jonathan at the Peak of Mt. Kenya

On Climbing Mt. Kenya

By Faith Oneya

Friends and foes alike could not understand why one would choose to suffer the consequences of mountain climbing, but there are few feelings in this world that match that of conquering a mountain summit, specifically, the third highest summit - Point Lenana, (4985m) on Mount Kenya. **Day one** starts with a lot of excitement from all five of us. I meet the exuberant and affable team leader Jonathan Karanja from AC Nielsen (who we later discover, can go up the mountain with the sure-footedness of a mountain goat!) and the rest of the team. After a four-hour 10Km, invigorating but strangely satisfying walk, we settle down to a hearty meal at the Old Moses Camp. **Day Two.** We wake up to the sound of howling wind and chilly temperatures of about 12 °C. The team is still very spirited. We laugh and chat during the seven-hour walk to Shipton's Cmap. The scenery as we walk is breathtaking, from the vegetation to the streams and rivers. **Day Three.** We wake up at 2am on this day for the final climb. Our bodies are aching, the temperatures have dropped considerably and the playful banter that marked the beginning of the climb has significantly subsided. This is by far the most challenging bit of the climb. After a final, dangerously steep, ice-covered rocky climb, we are there! We stand in witness of the last remaining glacier in Kenya, the Louise Glacier. We have walked for 29Kms in 3 days over a period of 15hrs. Every single step was worth it! Of course what goes up must come down! The descent begins....