



Unmasking the African Consumer

Our thanks go to everyone who made the first ever MSRA conference such a success. Held on 27th March 2009 at the Holiday Inn, the event was attended by 59 researchers and feedback was that all participants had an excellent day.



QUARTER 2
APRIL/MAY/JUNE
CALENDAR OF ACTIVITIES
TO PARTICIPATE CONTACT
THE SECRETARIAT

EVENT - **2009 GRADUATION**
MSRA BASIC TRAINING

TIMING 6.30 PM, 21ST MAY 2009

VENUE HOLIDAY INN

GUEST SPEAKER - HON NDIRITU MURIITHI

EVENT - **MT KENYA CLIMB**

TIMING 29TH MAY - 1ST JUNE 2009

CONTACT JONATHAN.KARANJA@NIELSEN.COM

EVENT - **CELEBRITY TALK**

TIMING JUNE 2009

CONGRATULATIONS TO OUR WINNERS

The award for the best presentation went to a delighted **Boniface Ngahu** for his interesting and thought provoking presentation "Bottom of the Pyramid". As reward he will be able to attend the 2009 ESOMAR Congress in Switzerland.

Unfortunately we were unable to present an award for the best written paper since we received only one paper from the presenters within the deadline set. In the circumstance we were unable to judge the papers but we felt it appropriate to award this person who did submit for their compliance and effort and therefore a token reward was presented to **Wavinya Mwanzia**. Since she was unable to stay for the dinner, it was received on her behalf by Roger Steadman.

The Economy of Free

from: **Boniface Ngahu**
winner of best presentation at MSRA Conference

Some marketing experts have argued that the word free is the most powerful word in the world. At a time of financial crisis this cannot be more true. While a **lunch is never free**, thankfully everything else can be. Many years ago this statement would have been laughable, but in today's environment there is a strong argument to do business for free. Top businesses are realizing value of 'free' and it's fast becoming a central strategy behind many success stories. This challenges the traditional way of thinking as even in the Law of contract there is no provision for a contract without consideration or does a quote of KShs 0/= amount to consideration? Last year, this situation came to the limelight in Kenya after an investment bank won the tender for providing some financial services in a major IPO while quoting zero for the service.

The global business climate has fundamentally changed and this is discussed in detail in the recent paper entitled "The Authentic Enterprise Report Summary" by the Arthur W. Page Society. The report highlights include the fact that geographic location is no longer a limiting factor and the cost of 'new age' business resources (bandwidth, storage and processing power) are decreasing dramatically - and with it the volume of potential consumers is growing at an unprecedented rate. The ability to be **truly global** is now a realistic (and simple) option. As such, successful companies are realising that they no longer need to make large profits from a few clients and are exchanging this for smaller margins across higher volumes of clients.

Chris Anderson the Editor of Wired Magazine has presented a fascinating idea of offering services for free and has explored mechanisms for making money off this seemingly pointless business strategy. Consider the following three simple models (as described by Chris):

Model 1: Provide something for free once and then charge for the next supply. This functions on the same model as the popular drug dealer's "the first hit's free" philosophy. Any company which allows for a free trial etc. is employing this strategy. Mobile phone companies have offered free calls at night.

Model 2: The user's attention is sold to a 3rd party in the form of advertising and other ways. Many magazines employ this model.

Model 3: The few subsidise the many. The best example of this is Wikipedia where donations from 'the few' are enough to keep the content free for the many.

A hybrid between these three concepts has been shown to be a very successful business model and many of the top companies apply it as their central strategy - Google is a prime example. Other examples include:

Wordpress.org (World Favorite Blog Management System) Users can host their sites for free - including free access to the WordPress software and bandwidth - and those who want additional services can pay a relatively small fee to receive them. See Wordpress statistics below:

- 6.7 billion blogs in operation
- 200 000 new blogs a week
- Cost to user: \$0.00
- Year on year growth of 230%

Alternatively look at the top 5 websites (according to Alexa):

1. **Yahoo!**
2. **Google**
3. **YouTube**
4. **Windows Live**
5. **Facebook**

Spotted the trend?
(Hint: they're all free)

The successful businesses based on the free concept are re-writing the business rules. For example instead of premium they would talk of freemium i.e. providing superior quality for free. Everyday successful businesses are being born and nurtured based on the models and even successful businesses are borrowing heavily from this concept. Bill Gates has been talking of creative capitalism and I don't think capitalism can go more creative than free. Enough said! It's time to bite the bullet, take the chance and enjoy the **economy of free**.

Mobile telephony surpass the 70 percent mark in urban Africa

Growth in mobile phone ownership in African key commercial cities has opened new grounds at the close of 2008 by surpassing the 70 percent mark.

This is according to findings of a study conducted by Consumer Insight in the main commercial cities in Eastern, Central, Southern, and West Africa, and the Indian Ocean islands. In total, 3331 respondents were studied across 11 African countries

In Nairobi, Kenya, 91 percent of the population owns at least one mobile phone. Ownership in Lusaka, Zambia is at 80 percent while in Addis Ababa, Ethiopia it stands at 79 percent. Bujumbura, Burundi's capital is the worst fairing country in mobile phone ownership, with a 54 percent ownership rating.

Kigali - Rwanda scored 74, Dar-es-Salaam -Tanzania 73, Lagos - Nigeria 71, Luanda - Angola 70, Kampala - Uganda, 69, Hargeisa - Somaliland 69 and Antananarivo - Madagascar 55 in percentage points.

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MEMBER UPDATES

Research International is happy to announce their merger with TNS Custom Division, which was purchased by WPP. This makes RI the largest custom agency in the world.

Research International has launched a new simulated test market product named MicroTest Nouveau. This tool predicts in advance sales for new products launched into the market. The new model integrates state of the art modeling that reflects the ever-changing market conditions with a vast global database of over 40,000 records in order to put results into context.