

## Africa, the last frontier?

Written by David Somers

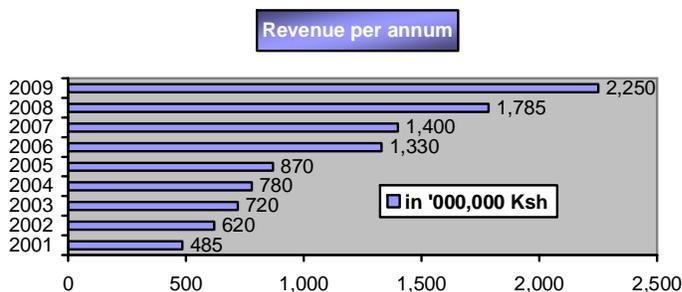
### 2010 Research Industry Survey Results

Although the official ESOMAR Global Market Research Report (2009) has not yet been released, one can be quite confident in assuming that the global market research industry as a whole, in line with the downturn of the global economy, was quite badly affected in 2009. This is already clear from the published 2009 results of the listed market research companies.

In the published ESOMAR Global Market Research Report of 2008 Africa represented only 1% of total global market research spend of which the East African market research industry represented about 10% of the African market research industry.

Despite the global economical downturn and the decline in global market research spend, the 2010 MSRA survey, once again recorded outstanding growth for the East African research industry with member revenues increasing from Kshs 1,785m in 2008 to Kshs 2,250m during 2009.

This represents a year on year growth of over 26%, indicating that a significant number of investors as well as corporates continue to believe in the growth potential of East Africa and identify that a successful growth within this market is possible through a thorough understanding of consumers' and clients' needs, enabling them to develop or adjust products and services to adequately meet those needs.



Although research spend is increasing in East 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 (based on 2008 numbers).

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 2.5bn.

When we consider the numbers in more detail, we can ascertain a faster growth in terms of overall market research spend coming from international clients. Although East African companies' research spend has grown, it has done so at a slower pace.

Understanding the East African consumers and clients in general (73% of spend) and Kenyan consumers in particular (51% of spend) is where the bulk of the market research spend is going. Industries which are investing most in terms of this consumer understanding continue to be the telecommunication and FMCG companies. It is worth noting that for the first time the telco companies have outspent (27%) the manufacturing companies (24%), indicating the heightened competitive environment that telco companies are faced with and the therefore prevailing need to have the most prominent insights in terms of consumers' interest and needs with regards to mobile and fixed internet. In East Africa, the main quantitative method of data collection by far is face to face (pen and paper) interviews (92%), followed by telephonic data collection methods (4%). Online research in East Africa is still relatively unused at only 2%.

Looking at the future, there is a strong belief amongst both research spenders as well as research providers that the African pie of global research spend will continue to grow.

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

Researcher suppliers are optimistic about growth potential for their industry over the next few years and expect to see continued revenue growth of about 10-15% for 2010.

MSRA members cite increased interest in emerging markets by international clients and increased political stability as the main drivers of growth.

**QUARTER 2 & 3 - 2010**  
JUNE/JULY/AUGUST  
**CALENDAR OF ACTIVITIES**  
TO PARTICIPATE CONTACT SECRETARIAT  
[INFO@MSRA.ORG.KE](mailto:INFO@MSRA.ORG.KE), [WWW.MSRA.ORG.KE](http://WWW.MSRA.ORG.KE)

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**EVENT** CELEBRITY TALK  
MSRA CELEBRITY TALK  
**VENUE** HOLIDAY INN WESTLANDS  
**DATE** 7<sup>TH</sup> JUNE 2010  
**TIMING** 6.30PM

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**EVENT** FIELD ACCREDITATION TRAINING  
MSRA FIELD ACCRECITATION TRAINING  
**DATE** 25<sup>TH</sup> JUNE 2010

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**EVENT** BOWLING TOURNAMENT  
MSRA BOWLING TOURNAMENT  
**VENUE** VILLAGE MARKET  
**DATE** 8<sup>TH</sup> JULY 2010  
**TIMING** 4.30PM

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**EVENT** MOUNT KENYA CLIMB  
MSRA MT. KENYA CHALLENGE  
**CONTACT** JONATHAN KARANJA, NEAL  
**DATES** 28<sup>TH</sup> JULY TO 1<sup>ST</sup> AUGUST 2010

# the digital life of Kenyans

By Melissa Baker

TNS Research International, one of Kenya's leading marketing and social insights company, conducted a survey amongst Kenyan internet users in conjunction with the ICT Board of Kenya. The report which details how Kenyans "consume" the internet set the stage for the Nethope Summit held in the country in March 2010 and created a backdrop for the ICAAN (Internet Corporation For Assigned Names & Numbers) conference (also held in March 2010). The study was conducted on-line and achieved a sample of 1,669 Kenyan adults, aged 15 and over. This was weighted to reflect the demographic profile of internet users in Kenya. Kenyan internet users who responded to the study are very heavy users of the internet; they are highly devoted to browsing, with 62% accessing the internet 5 or more times a day! Despite this there is still demand for even higher levels of access, and the main barrier is cost and slow speeds. It appears that as soon as Kenyans get access to the internet and start to use it they quickly become addicted.

Half of respondents would prefer to browse on their mobile phone, although work place computer is the main place the internet is accessed currently. It is likely that more and more people will browse on their phones as connectivity and screen size is improved along with internet content designed for the small screen.

Internet used is motivated mainly by work related activities (as opposed to leisure), and users currently fulfil a desire for knowledge primarily, presumably because the internet provides a huge resource in this area not available from other sources in Kenya. Accessing news on-line is very common among this user group. This is followed by communication via email and social networks. Social networks are very popular, with over 80% of the on-line sample being signed up, and most being signed up to more than one. Face-book is the most popular site and large 50% have more than 100 contacts already in their network. Many Kenyan social-networkers use them to keep in touch with friends and family abroad. A quarter had met someone new on-line that they eventually met face-to-face, thus on-line networks are expanding Kenyan's social networks as a whole.

Entertainment and media, leisure and commerce are not widely used and are opportunity areas for those considering providing services in this arena. On-line banking is also relatively under-developed compared with other countries, and there is high demand for it. Interestingly, many Kenyans search for information on health and diseases on the internet and in this sense it may be complementing existing health care services.

The marketing community needs to sit up and take care of the internet as a medium, since 78% of our on-line respondents research products or services on-line before purchasing, most of these starting off with a search engine, particularly Google. Unfortunately at the moment, most of this research results in people then going and buying direct from shops, due to a lack of on-line payment methods. 88% of respondents liked the idea of being able to make payments via mobile money like M-Pesa direct to sites. Local delivery is also a problem. Goods can be ordered on-line using credit cards, but this is from foreign-based sites and goods cannot be delivered locally. There is great interest in subscribing to on-line banking, on-line education and payment of bills in particular. It should be remembered that this on-line Kenyan community, accesses the internet more frequently than other conventional media.

92% claim to have seen an advertisement recently on-line, and 45% of these claim to have been influenced to some extent by it to make a purchase. However, in terms of trusted information, advertising ranks low, with customers' reviews of products being most influential, followed by the manufacturers' website. Manufacturers need to monitor what people are saying about their brands on-line. Clearly having a great website is very important, with plenty of details of products and also pricing information. Nokia is the most preferred website, obviously a function both of awareness and usage of this popular brand. Overall there is a feeling that there is a lack of Kenyan sites. 89% wished for more Kenyan content on the internet, while 71% of on-line time is currently spent on foreign sites.

In conclusion, Kenyan internet users are grabbing and utilizing the opportunities the web offers. While at the moment this is mainly in the arenas of information and communication, we can expect fast up-take of other on-line services, offering critical business opportunities for Kenyans wishing to invest in the on-line world.

## Facing the African Consumer

Written by **Boniface Ngahu**



Following the success of 2009 MSRA convention on "Unmasking the African Consumer", the 2010 convention was held in March at Jacaranda Hotel. The theme of the conference was, "Facing the African Consumer". The convention opened with introductory remarks from the Chair who introduced research industry figures and pointed at the analysts' opinion that the Africa Lights have been switched on. This was followed by the key note speech by the former Minister of Information and Communication and current Chairman of TNS Research International East Africa Hon Mutahi Kagwe. He highlighted the research opportunity that the complexity of the African culture and consumers represents. He impressed the researchers by highlighting some opportunities he had lost by failure to carry out research.

Several presentations by the researchers followed. The topics were broad and deep ranging from: Inflation in West Africa, African Lifestyles, gender-based marketing, the Kadogo economy, coping with inflation and Kenyan digital life 2010.

The second keynote speech was delivered by Dr Tom Wolf from Synovate relating to opinion polling. He delighted the delegates by reciting the interesting questions he has been asked by people from all walks of life in relation to opinion polls preceding the previous Kenyan national elections. He also acknowledged the role of interviewers in the research process.

The final keynote address was delivered by Jill Barnes the head of insights for Cadburys in Africa. Her keynote speech was titled, Right Here! Right Now! She highlighted the changing research market landscape while calling for more innovative approaches to research pointing at a likely end of research as we know it. The Cadbury's Gorilla adverts really tickled the delegates.

Jane Delorie led a panel discussion on the Road to Recovery that looked at the economic crunch and whether Africa was insulated from its effects or the worst is yet to come. Various researchers and panelists shared their opinions during this very participatory discussion. Jane also took the opportunity to give a summary of the day's proceedings, closed the convention and thanked all for participation.

### **Congratulations to our winners!**

During the Gala dinner later in the evening it was time to not only have some fun but also award the winners. A highly delighted Kahiga Wachira of TNS RI won The MSRA Best Presentation Award for his presentation on the Kenya Digital Life; which also entitled him to a free ticket to any ESOMAR event of his choice in the next one year, a recognition plate and a monetary award from MSRA. The winner for the Best MSRA Written Paper was Jaime Laia of Research Solutions for his paper on African Lifestyles. He was awarded a recognition plate and a monetary award from MSRA. Jaime, Kahiga, congratulations!

All eyes are set on the 2011 Convention to be unveiled later in the year.

**If you would like to comment on the contents of this newsletter or contribute an article, please contact:**

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