

## MSRA 2011 INDUSTRY SURVEY RESULTS

Each year the Marketing & Social Research Association (MSRA), Kenya's professional association for individuals involved in compiling or using marketing and social research, takes a close look at the health of the East African research industry. The survey records actual revenue of member agencies for the previous calendar year and asks agency heads to forecast future growth. Findings from the survey are complemented with the ESOMAR Global MR findings:

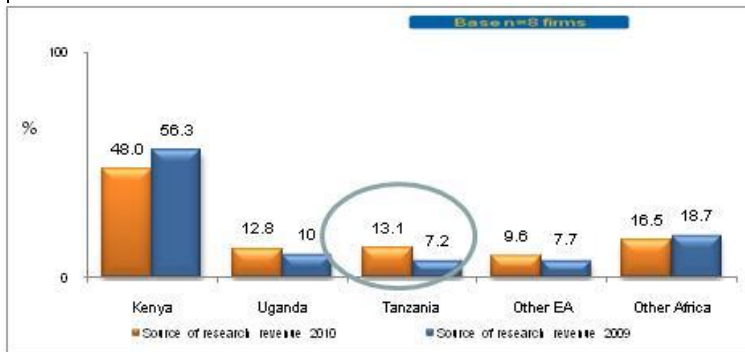
### FINDINGS

**Global Research Market Industry:** According to the ESOMAR Global Market Research Report of 2009, the global research turnover is US\$ 32 billion, and Africa contributes 1% of this turnover while the global average growth rate is 5% compared to **Africa's 15%**

**Gross Annual Turnover:** from the 2011 MSRA industry survey (whose findings were derived from 8 Nairobi based research firms who are members of MSRA namely; Consumer Insight Ltd, Consumer Options Ltd, Millward Brown EA Ltd, Nielsen EA Ltd, Research Solutions Ltd, SBO Research Ltd, Synovate Kenya and TNSrms), the Gross Annual turnover from market research in 2010 had:

- A total turnover of about Kshs2.4 Billion (\$30m) compared to Kshs2.1 Billion (\$26.25m) in 2009.
- A 15% Growth
- Global Industry Trend +/- 5%

**Countries contribution to research revenue:** Compared to 2008 & 2009, more of research revenue is coming from regional expansion



\*Other Eastern Africa include Rwanda, Burundi, Somalia, Djibouti, Eritrea, Ethiopia, Sudan

**Markets where research was conducted in 2010 other than East Africa:** The survey also revealed that market research firms are now moving into non-English speaking countries in Africa



**Commissioning projects:** A lot of business growth is also coming from regional integration and from international clients who are interested in working in Africa:



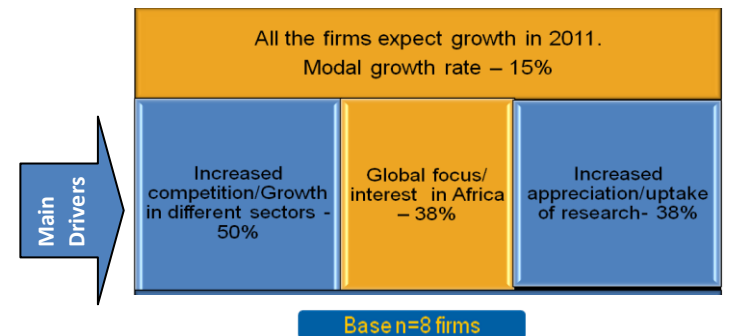
**Research Types:** Compared to 2008, qualitative research has immensely grown from 16% to 32.4% in 2010

**Data collection methodologies:** Focus groups discussions remain the primary data collection methodology in qualitative research (63.8%) while face-to face (pen and paper) interviews dominate quantitative data collection methodologies (79.1%)

**Agency Infrastructure/Facilities owned:** All participating firms confirmed being able to process their own data while majority have invested in CAPI and CATI facilities.

**Challenges facing Market Research in the EA & larger SSA region:** Participating firms listed these as being briefcase suppliers, fatigued respondents, skills shortage/ talent of executives in the market place, slow growth in appreciation of market research by the SMEs, cost (withholding taxes and high wages due to labour intensive fieldwork), limited technologically driven methodology, shifting budgets to West Africa and training staff and competitors pouching them.

**Africa MR growth in 2011 from 2010:** All participating firms confirmed that they expected growth to continue in 2011



## QUARTER 2 - 2011

APRIL/MAY/JUNE

## CALENDAR OF ACTIVITIES

TO PARTICIPATE CONTACT SECRETARIAT

### EVENT CELEBRITY TALK

#### MSRA EVENING CELEBRITY TALK

DATE 28<sup>TH</sup> APRIL 2011  
VENUE JACARANDA HOTEL, WESTLANDS  
SPEAKER CHRIS HARRISON  
THEME KENYA MARKETING. STUCK IN A RUT?  
TIMING 5.30P.M

### EVENT BASIC INTRODUCTION TO MR

#### MSRA BASIC INTRODUCTION TO MR

DATE 13<sup>TH</sup> AND 14<sup>TH</sup> MAY 2011  
VENUE SYNOVATE TRAINING ROOM  
TIMING 7.45AM TO 7PM

### EVENT MT. KENYA CLIMB

#### MSRA MT. KENYA CLIMB

DATE 28<sup>TH</sup> TO 31<sup>ST</sup> MAY 2011  
VENUE MT. KENYA

# Mobile Number Portability – an April fool?

by Bob Burgoyne, TNSrms

With mobile number portability having been launched on the 1<sup>st</sup> April, a qualitative study by TNS and a review of international experience suggests that the impact may not be as great as regulators would like

From first April, Kenyans have had the privilege of switching mobile phone operators while keeping the same number. Assuming the porting service works smoothly. At a cost of 200 shillings in some networks. In a process which can take up to 48 hours. The CCK identified mobile number portability as an intervention which would improve competition in the Kenyan market – but how much impact is it likely to have? TNS-rms, the largest market research agency in Africa have looked at the question from two angles. We conducted a short qualitative study to investigate what ordinary Kenyans think about the move, and have reviewed some experience from other markets. Neither suggests that portability will have a major positive impact on consumers.

## The local perspective

Mobile number portability in Kenya was originally raised way back in 2004 and plans for implementation have been rumbling on since then with the launch finally realized recently. Our qualitative investigation amongst Kenyan consumers indicated that while press speculation and advertising by the likes of Airtel has meant that awareness of the plans were quite high, consumer comprehension remains generally low, and the benefits are not considered clear or compelling. Some thought that portability simply meant swapping provider, others thought you could use the same number for multiple providers. Around charges, consumers were not clear on whether they would be charged to swap back to their original provider. When the costs and details were explained, most participants did not think portability offered them sufficient benefits. In Kenya, multi-SIM holding is a common practice – XX% of the population hold more than one SIM, according to the recently released TNS Mobile Life study ([www.discovermobilelife.com](http://www.discovermobilelife.com)). So why pay 200 shillings to switch when you can just buy another SIM? Of course, there is the convenience of only having to remember one number – but who 'remembers' a number these days anyway. Consumers just have multiple entries in their phone books. Another concern was that when someone ports their number, callers might not be aware which network they are calling – and therefore what the costs are.

Although of course costs are now a lot lower anyway due to the recent price wars. Which is sort of the point: portability is being introduced to improve competition and therefore reduce prices and improve services for consumers. The industry seems to be doing OK at that already! However, one major drawback to switching identified by consumers was the loss of a certain mobile banking service should a switch be made. If regulators are wanting to improve competitiveness, perhaps they should direct their attentions elsewhere in the sector.

## The International Perspective

Looking at other markets suggests that the impact of portability varies considerably depending on the market context and execution. Hong Kong, for example, introduced portability in 1999. Consumers switching actually *dropped* significantly in the lead up to the introduction as service providers tied in customers with attractive contracts. Immediately after though, it increased as again service providers introduced aggressive acquisition offers (lowest price guarantees etc). So there were short term consumer gains, but after about 3 months, switching returned to normal levels. In the US (where portability arrived in 2004) also, despite a virtually seamless porting service (2.5 hours implementation time – compared with Kenya's of up to 2 days), only about 5% of subscribers use the service and overall switching levels didn't increase. Still, service levels may have improved as operators concentrated on retaining customers. In Finland by contrast, regulators took a firm hand and banned long contracts and handset subsidies and made porting free. A price war ensued and the market share of the top 3 operators reduced from 99% to 88% after a year.

## Conclusions

Generally, portability will have more of an impact where the cost is low or nil, the switching is seamless, where most of the population own a mobile phone (and therefore changes in market share are due to switching more than new entrants) and where multi-simming is low. None of these conditions hold in Kenya. But as already suggested, the market seems pretty competitive as is, and regulatory intervention to ease switching may not be needed. Mobile money though? Perhaps a different story...

## Kenyans prefer self employment says new survey... by Synovate

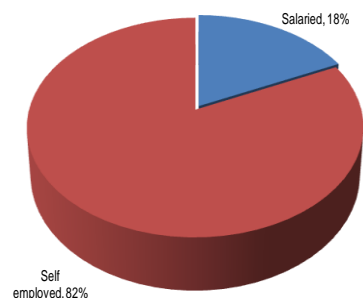
Kenyans' long term love affair with salaried employment is hardly news. Every year when KCSE results are announced, the best and brightest students all express a desire to become doctors, pilots, lawyers and other white collar jobs. For many young people, starting a business is Plan D after the quest to find a job with a blue chip company fails, and then turning their sights on smaller companies also fails after which many go back to school to improve their chances of getting that elusive job. It's usually after months, sometimes years of pounding the pavements that the thought of becoming an entrepreneur even crosses their minds.

But this may be changing going by the latest survey from Synovate which found that given a choice, four out of every five Kenyans (82 per cent to be exact) would rather be self employed than employees. These results were consistent across all the country's eight provinces, gender, and for both rural and urban dwellers. The findings were part of an opinion poll conducted across the country between 7th and 9th February 2011 in which 1015 adult Kenyans were interviewed.

For policy makers and economists who have been warning that the large numbers of unemployed – especially the youth is a political risk, this change in perception comes as welcome news. Kenya's rate of creating formal sector jobs has continued to trail the number of young people entering the labour market and analysts say that trend will continue even if economy grew at the rate of more than 10 per cent annually.

Official statistics show that the economy generated only 445,000 jobs in 2009 less than the 2008 figure of 475,000 and 486,000 in 2007. The only way to increase employment is if more Kenyans started businesses and became employers instead of looking for employment. The self employment route also offers greater satisfaction in an economy where jobs for life have ceased to exist and words like retrenchments, staff rationalisation and restructuring have entered the everyday street lingo. Perhaps it's time the concept of entrepreneurship was introduced into primary and secondary schools so that young people no longer look at starting a business as Plan D but make it their first choice.

If you had a choice, would you rather be employed (salaried) or self employed?



## Africa, the New Frontier?

**March 25<sup>th</sup> 2011  
Annual Conference  
Winners.  
Congratulations!**



Hilda Kiritu & Richard Wahiu:  
Best Paper Award



Barry Nyaundi: 1<sup>st</sup> Runner  
Up (paper) Award



Anna Ndungu  
Best Presentation Award



Samuel Muthoka  
People's Choice Award

If you would like to comment on the contents of this newsletter or contribute an article, please contact:  
Anne Wanyingi: MSRA Tel: 4452524/4445082, Email: [anne@msra.or.ke](mailto:anne@msra.or.ke) / [info@msra.or.ke](mailto:info@msra.or.ke)