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Research Solutions

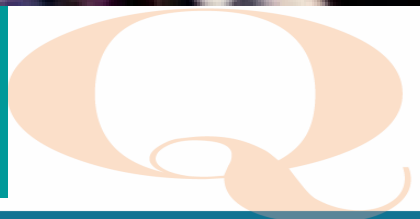
the
Quest
Information is Power

STRIDING ONWARD

A LOOK AT THE HEALTH OF THE RESEARCH INDUSTRY IN AFRICA

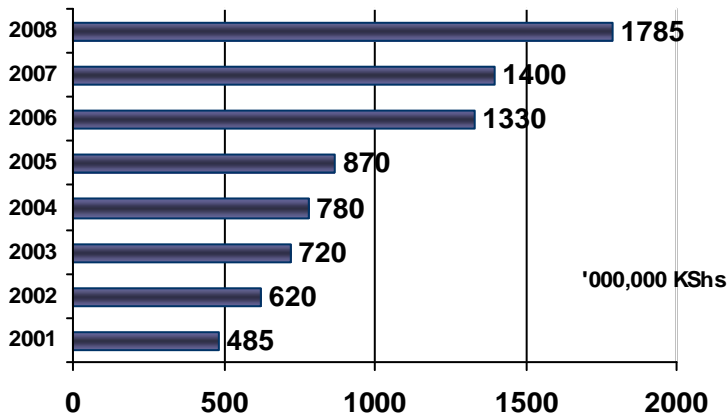


Plus:
Is Africa ready for on-line research?



Striding Onward

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 in the previous year and has been growing steadily since the start of the new millennium. Indeed Africa represents the fastest growing region in the world 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%).



So although a drop in the ocean by global standards, market research in Africa is indeed a growing industry and this is clearly evident in the 2009 MSRA survey with member revenue increasing from Kshs 1,400m for 2007 to Kshs 1,785m for 2008 revenue. This represents 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. Research Solutions is a leader amongst these Kenyan based agencies reaching out to cover the continent and indeed has the largest footprint in terms of geographic coverage with work experience in 24 African countries.

African coverage is key to the growth being experienced by researchers with only 62% of research commissioned by domestic clients within the country in which it is conducted. This means that the balance is commissioned by foreign clients (38%).

In East Africa, the main method of data collection is still face to face (pen and paper) interviews (78%) unlike in South Africa where this 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.

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.

Given this, research suppliers are optimistic about growth potential for their industry over the

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

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.

Nevertheless, the global recession has not passed East African researchers by and they have already had to absorb budget cuts imposed by clients. However the biggest challenge they struggle with, and one they have little control over, is the political and social instability of many African markets.

In the coming years, Research Solutions plans to consolidate their pan-African presence and build a strong network of researchers across the continent. The company has recently secured equity funding from TBL Mirror Fund (a private equity fund based in the Netherlands) to facilitate this and they are actively working towards making their vision of being "*the leading pan African information solutions provider*" a reality.

On an annual basis the Marketing and Social Research Association (MSRA) persuades its members to participate in its East African research industry survey. The survey has been conducted on a regular basis for the past eight years and records actual revenue of member agencies for the previous calendar year as well as asking agency heads to forecast future growth. For the past few years, this information has been forwarded to ESOMAR (the world research body) for inclusion in their world-wide report on the Market Research Industry which is due out later in the year.

IS AFRICA READY FOR ON-LINE RESEARCH ?

Market research is an important tool for any organisation seeking to understand their customers and market. From discovering a gap in the market, to ensuring customer satisfaction and planning effective marketing campaigns, research can provide the market intelligence needed to foster success, enhance product development and competitiveness.

Whilst all market research used to be conducted through face to face interviews the last couple of decades has seen the growing and widespread use of first telephone and then online market research in developed countries. However, in developing countries, both telephone and to a greater extent online market research is a rarity due to comparative poor quality communication technology and low levels of computer and internet use. This can be coupled with the fact that market research itself is still an emerging industry in developing countries.

Limited investment in technological advances in communications and the high cost of access in Africa has generally stifled the continent's participation and growth in communications driven activities and e-commerce or e-consumer business. However, the recent arrival of fibre optic cabling in East Africa will open up a number of doors for the IT and communications industries, and businesses in general. It will also no doubt lead to growth in the use of computers and the internet.

This similarly, provides greater scope for research companies in Africa to use the alternative methodologies available. For any business needing to gain a general view from a cross-section of the population, and in as short a time as possible, both telephone and online market research may soon become a viable solution.

Online Market Research

- Easier administering of interviews with the absence of the traditional overheads of research. The use of technology potentially makes it a less expensive approach to research.
- Less time needed to reach and interview large numbers of respondents.
- Boundaryless as global research can be conducted at the click of a button.
- Initial feedback can be immediately provided to the client, as data is processed as soon as they are completed.
- Reliable and accurate information as the analysis is directly taken from the interviewees input.
- Client feedback on progress is more interactive as responses can be intermittingly communicated before the final analysis and reports.
- Allows for greater time flexibility of the participant, as at times they can save and return to complete the questionnaire later.
- Allows time for the moderator to confer without there being a visible gap to the participant.
- More open participation than both face to face and telephone interviewing as they can neither be heard nor seen
- Less planning and setup in terms of facilities etc.

The two data collection methodologies have a range of advantages for both research companies and their clients. These include:

Telephone Market Research

- Easy accessibility to remote and disbursed groups.
- Helps inhibited respondents who are often more open due to anonymity. Studies show that individual telephone interviews are more likely to respond truthfully to questions than in face to face interviews. In particular this applies to more sensitive subjects where participants are reluctant to talk about issues in groups.
- Both in-depth qualitative and quantitative interviews can be successfully conducted .

Telephone and online market research both allow the participants to be interviewed in the comfort of their homes or other familiar surroundings and at a time convenient to the respondent. As methods they are generally robust enough to be used as stand-alone data collection channels but may also be used in conjunction with face to face or mail interviewing. As with face to face interviewing, both technologies can be used for qualitative and quantitative research and to conduct pilot surveys and/or full baseline surveys. Surveys such as customer/employee satisfaction, product recognition, brand awareness etc can be conducted. But like in all research, they require expert construction of questionnaires and pre-selection of sample respondents and size. Analysis and reporting thus remains a core service of the research company.

There are however a few weaknesses which apply to all non face to face market research. Without visual contact with the participants, surveys may be more exposed to impersonators or repeat participants. For qualitative, vital facial expressions and emotions are lost. Although voice tones, pauses and verbal expressions can be captured by telephone in-depth interviews are more difficult to conduct online and participants can lose interest. On-line respondents need to be computer literate and able to follow instructions. Both methodologies rely on the participant's awareness and comfort with the technologies. And while it is less likely that a respondent will not respond to a telephone call or terminate mid way, non response and incomplete questionnaires are frequent with online market research. Sample selection is another challenge with online research more suited to younger respondents.

Nevertheless both of these electronic data collection methods have a valid role to play and offer organisations alternative approaches to accessing their clients. Both produce high quality data from which sound and comprehensive analysis can be extracted. And whilst face to face interviewing remains the most common methodology in Africa, the alternatives are likely to grow with the development and access to advanced communication channels and growth in the use of IT on this continent.

In time the greater use of video conferencing both online and telephone, is also likely to see face to face qualitative research and focus groups who are geographically dispersed. Moderators may also be able to conduct in depth interviews online without having to actually meet the respondents.

NEW APPOINTMENTS



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Patricia holds an Advanced Diploma in Business Management from ABE UK. She is also a holder of a certificate in French and computer applications. She has a wealth of experience in management and administration.

At Research Solutions, Patricia is the Administration Manager

Christine holds a Degree in Business and management from Brunel University in the UK. She also holds a diploma in software management and communication and production. She has experience in market research.

She joins Research Solutions Ltd as a Research Trainee

Rosemary holds a Degree in Information Technology from Jomo Kenyatta University of agriculture and technology. She also holds a diploma in Human Resource Management from the Kenya Institute of management.

She joins Research Solutions Ltd as the Operations Officer

WISDOM & WIT

"To know that we know what we know, and that we do not know what we do not know, that is true knowledge."

Henry David Thoreau

"Knowledge is of two kinds. We know a subject ourselves, or we know where we can find information on it."

Samuel Johnson

"He who knows others is learned; he who knows himself is wise."

Lao-Tsze

"Education's purpose is to replace an empty mind with an open one."

Malcolm S. Forbes

The aim of education is the knowledge not of fact, but of values.

Dean William R. Inge.

