Unmasking the African Consumer - Media Consumption Habits

A Case Study of Kenya, Uganda & Tanzania

Prepared by

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Background:

The media landscape in Africa is rapidly changing – through a rapid geographical proliferation of media (especially radio) and the number of regional media brands is expected to increase. Correspondingly, there has been an increase in advertising clutter. The African media consumer is bombarded with a lot of advertisements and to quote a reputable media researcher commenting on advertising clutter *"if adverts were bullets, we would have no consumers left!"*

To understand the impact of this dynamic media landscape, Steadman-Synovate has conducted a number of surveys on how people living in various countries in Africa consume media. A harmonized research methodology has been used in Kenya, Uganda and Tanzania.

Introduction

The data from the surveys across Kenya, Uganda and Tanzania provides interesting media consumption insights that advertisers can use to target their consumers better. At the same time the data also provides a platform for cross-country benchmarks and comparisons.

This paper will show case the similarities and differences in media consumption patterns of the consumer in these Kenya, Uganda and Tanzania. The content of the paper includes;

- Proliferation of vernacular media brands & their increased appeal to the African consumer.
- Increased dominance of radio & its impact on media consumption habits.
- Increased appeal for local content on TV with emphatic reference to local productions
- Role of mobile telephone in media & how they are to make media consumption more interactive.
- Media consumption patterns for various LSM groupings.

- Internet – how internet is gradually growing amongst the youth ,etc

Proliferation of Vernacular Media Brands and their Increased Appeal to the African Consumer

A. Kenya

Between 2007 and 2008 alone there was a 42% increase in number of radio stations from sixty six (66) to ninety five (95). According to the Communications Commission of Kenya, there are still 65 more licensed stations yet to set up operations. On further analysis, Steadman Synovate has established that 51% of the radio stations currently on air are vernacular stations and a further 21% are Swahili stations. Out of the 29 radio stations launched in the country last year, only three (3) were in English, and one (1) is Swahili while the remaining twenty five (25) were vernacular stations (Steadman Synovate Media Monitoring Division, 2009).

In the same way, Steadman Synovate recorded an increase in the number of advertising spots aired in 2008 at slightly over 1.9 million compared to 1.7 million in 2007. There has also been an increase in adverting revenue from non traditional advertisers and a proportion of that money is going to the emerging stations. (See table below.)

YEAR	RADIO	GROWTH	TV	GROWTH
1990	3		2	
1996	5	67%	3	50%
1999	10	100%	6	100%
2000	15	50%	7	17%
2001	17	13%	7	0%
2002	20	18%	7	0%
2003	26	30%	9	29%
2004	32	23%	9	0%
2005	38	19%	9	0%
2006	57	50%	12	33%
2007	66	16%	14	17%
2008	94	42%	16	14%

Source: Steadman & Associates

B. Uganda

Currently, there are one hundred and ninety two (192) radio stations on air out of the over two hundred (200) licensed.

Of note in Uganda is the fact that there is an emergence of regional television stations as well. There are two (2) stations in the Northern region, two (2) in the Eastern region and one (1) in the Western region.

With this kind of fragmentation in the market, there are over 3.2 million spots that were aired on radio in Uganda in 2008. This is a 37% increment from slightly over 2 million aired in 2007

C. Tanzania

Media proliferation in Tanzania is not as extensive as it is in Kenya and Uganda. Currently, there are only 47 radio stations on air in the country which is barely a fraction of those in the other two 'East African' countries.

Despite the inactivity in relation to growth of number of stations, the number of spots aired in 2008 (over four hundred and sixteen thousand) indicate a 22% increment from 2007 (over three hundred and twenty three thousand). This obviously shows that the listeners are being bombarded with a lot more advertising.

The increased dominance of radio & its impact on media consumption habits.

In Kenya and Uganda, Steadman-Synovate, through continuous AMPS (All Media and Product Surveys) has found that with the introduction of new vernacular stations, audiences have more choice and hence shifting to the new stations. Each of these two countries has a large number of vernacular languages which is a driver in the launch of the regional radio stations in these languages.

In Kenya, the KARF (Kenya Audience Research Foundation) funded establishment survey in October of 2007, showed that 68% of the total media population listened to a vernacular station with the proportions being higher in the rural areas (73%) compared to the urban areas (68%). The survey also established that 84% of the radio listeners tune into at least three (3) stations a day with a higher proportion (40%) claiming to listen to (two) 2 stations on a daily basis.

This has affected the audience levels for the other stations. What we are finding now is lower audience levels across the board as the audiences are split across the various stations. We have also seen trends indicating lower loyalty levels to stations due to the increase in number of stations leading to a lot of 'surfing' of frequencies/stations

The continued proliferation of radio stations has necessitated a revision in the analysis of audience data. In the two markets (Kenya and Uganda), the introduction of media topographies that are homogenous in them but heterogeneous to each other has provided a ready solution. Each media topography groups together areas that have access to the same media but different from other areas around it. This allows the various data users (advertising agencies, advertisers and media owners) to compare like with like.

This definition of media topographies has also put the various stations on a level playing field with each other since audiences are now being evaluated based on access to the same media.

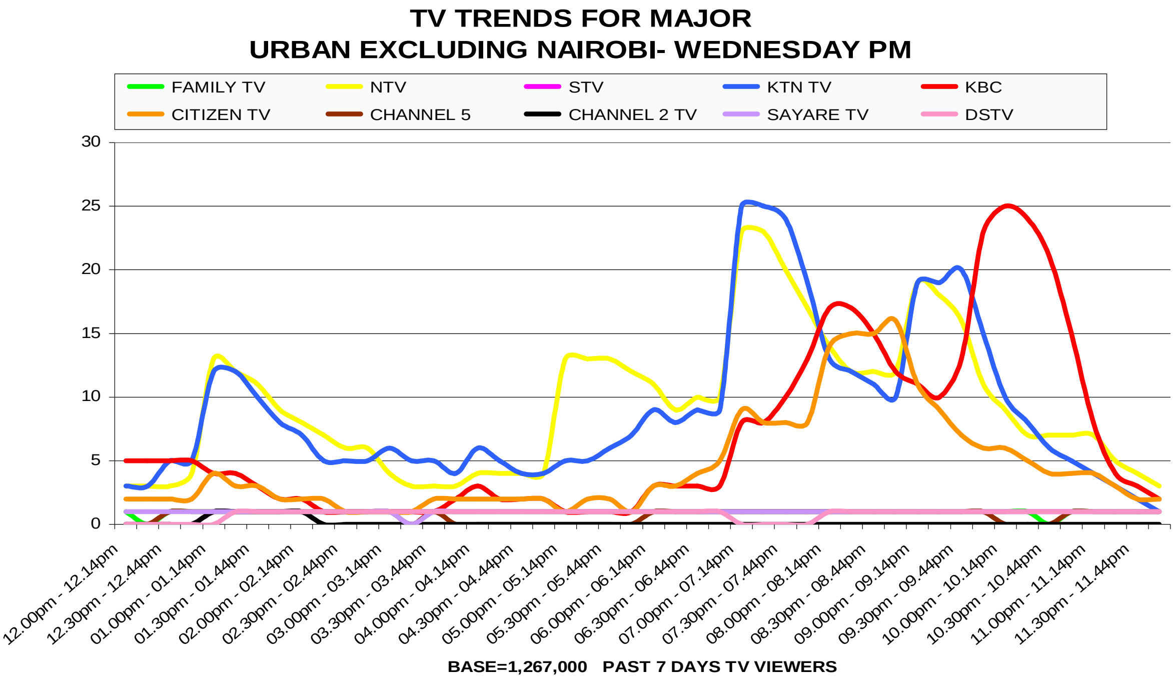
Steadman-Synovate is quick to point out that the media topographies are not based on political or administrative boundaries but on access to media. And more specifically radio stations. In this regard, there are sixteen (16) established topographies in Kenya and eleven (11) in Uganda.

In Tanzania, the situation is different owing to the influence of language in media. Unlike the other two countries in the region, the main language in Tanzania is Kiswahili. This has meant that the stations coming up are not split along language lines but more on geographical coverage. Since this is based on administrative boundaries, the AMPS surveys have maintained the analysis of data based on regions. The majority of the stations in this market are in Kiswahili and a few in English.

Increased appeal for local content on TV with emphatic reference to local productions

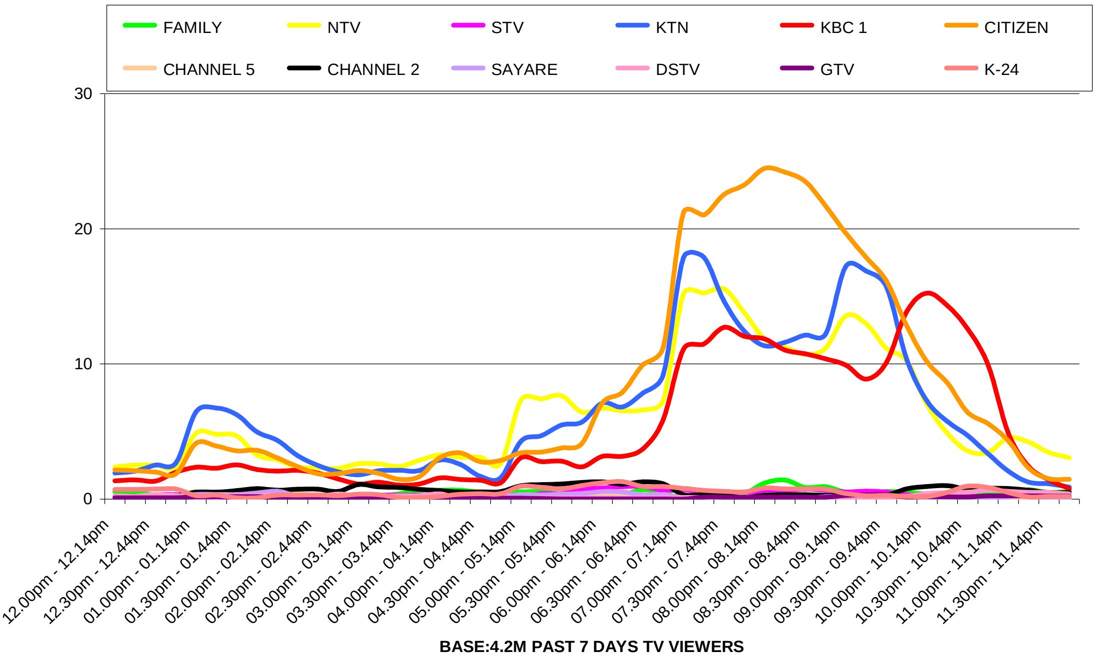
In all three East African countries under consideration, news has been the major driver of television viewership for the past number of years. However, in markets such as Kenya, there has been an unprecedented increase in local productions and this has begun to affect the audience viewership trends.

In previous years, approximately 85% of the content on television was foreign acquired content. For a while this was the main programming idea and what was evidenced were huge peaks during the news bulletins (at 1pm, 7pm and 9pm) and significantly lower numbers across the other day parts as indicated below. **Source: Steadman Media Diaries Wave 3 2007**



However, in the past two years we have seen a station introducing local programs (dramas, comedies, reality) after the 7 pm news and just before the 9 pm news and this has changed audience viewership trends as reflected in the chart below.

DAILY TV TRENDS - URBAN -WEDNESDAY PM



Source: KARF Qtr 4 2008

Another television station has adopted a similar programming schedule and all indications are that the local productions are having a positive impact on their audience levels. The majority of these local productions are in Kiswahili (street Swahili as opposed to text book Swahili). This is obviously resonating positively in the market and is reinforcing some of the findings of the initial KARF (Kenya Audience Research Foundation) funded establishment survey in October of 2007, which found that 81% of the media households speak a vernacular language at home, 18% speak Swahili and only 1% speak English. The indications are that a lot of the foreign acquired content on television, which is primarily in English, is slowly losing relevance with the audiences. This coupled with the ready availability of the same programs in the video stores means that local productions are king in regards to content in this market.

The changing face of television audience trends has also influenced where the advertisers are putting their money. The money has started following the audiences. Some of the broadcasters are now investing a substantial amount of money into local productions to ensure that they take advantage of this desire for local content.

The role of mobile telephone in media and how they are making media consumption more interactive.

In the various surveys Steadman-Synovate has continued to conduct in the region, we have noticed the emergence of the mobile phone as a major player in media consumption. The number of people who are listening to radio on their mobile phones is on the rise and with the entrant of new players in the market, the costs of mobile phones and mobile phone services is on the uptake.

What is interesting to note is that in the three markets, past 7 days use of mobile phones is higher than television viewership. A lot of the broadcasters are now using mobile phones to increase the levels of interactivity on their channels on both radio and television. A large number of competitions on radio require the listeners to use their mobile phones to send in text messages to participate in the competitions. Listeners are also using their phones to enter these same competitions and these are brining in revenues as well as audiences to the stations.

In television, a lot of the stations have interactive segments during their news bulletins (which in most cases is their highest rated program). This consists mainly of audience members sending messages with their opinions on certain issues and at the end of the bulletins some of these messages are read out by the anchors.

In another cases, there are shows (skewed towards music programs) that allow audience members to send in requests for a particular song or video. These are obviously targeted towards a younger demographic profile.

In other instances, television stations have reality shows that require the audience to send messages to keep their favorite contestants on the show for example Idols East Africa, Tusker Project Fame, The presenter (Kenya) and so on. This genre of programming engages the audience from the beginning to the end and the interactivity allows for more interaction with brand.

Media consumption patterns for various LSM groupings.

Living Standards Measures (LSMs) are a way of segmenting or classifying the adult population (or population of domestic household units) of a country based on access to and use of a wide range of goods and services, not just one or two. An LSM is a composite index derived from a range of variables that sum up the consumption and affordability status (and hence the living standard) of an individual. LSMs are sometimes referred to as a measure of affluence. This mode of classification has a long history and was most widely developed by the World Bank and most popularly developed and used as an industry standard in South Africa over the past 17 years.

They provide a segmentation tool to measure socio-economic development and living standards. They also identify people within the segments for marketing, communication and research purposes

LSMs are in use across Africa and the East African market has only started applying them in the past year and a half. There are Pan African LSMs as well as country specific LSMs. The Pan African measures were established especially for the brands and organizations that are multi national. These allow for data to be comparable across different markets in the continent. Country specific LSMs allow for more versatility and more target specific planning and analysis of the data.

In Kenya and Uganda there are 17 LSMs whereas in Tanzania there are only 11 country specific living standard measures. Affluence measures differ across each of the markets.

The higher living standard measures are evidenced in the urban areas whereas the lower measures have higher proportions in the rural areas.

An example of the definition of the LSMs is as below. Highlighted are LSM 1 and LSM 17 to show the disparity in products and services as well as living arrangements and ownership of household durables. **Source: Tendai Mhizha, University of Derby, 2005 Revised Pan African Living Standard Measures**

LSM 1 (10%): Who are they?

Members of the LSM1 group live mostly in traditional or plain structures that are owned or constructed by the household, with an average of three rooms per household, usually separate. Not far from the house, you will typically find a pit latrine toilet as well as a protected well that serves as a water source for the household. LSM 1 households contain about four adults, each one assisting with the household chores. Formal education is rare among this group. The respective vernacular languages are the main language of communication.

LSM 1 members live on basic and staple foods and tend to stick to more natural, traditional products rather than ready-made and processed foods. They are more prone to using multi-purpose products thus eliminating unnecessary purchases. Its members do not have much land or livestock to help sustain them.

Radio is the main media consumed in this group.

Given that the LSM 1 group has the lowest household income and prefers to keep their modest savings at home, they tend not to open bank accounts. Their irregular or small incomes are often supplemented by family members in better financial positions. Many a time they live from hand to mouth.

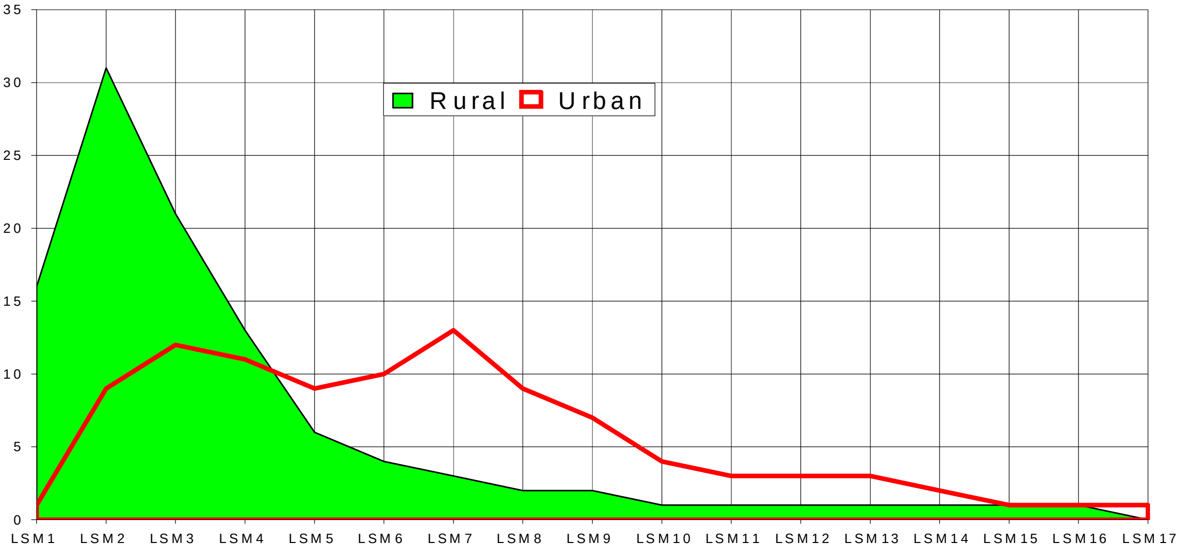
LSM 17 (1%): Who are they?

LSM 17 is the highest level on the African Living Standards scale. The LSM 17 household lives in a full brick house and enjoys the benefits of electricity, piped hot and cold water and an inside flush toilet. There is an average of 5 people per household. The house, which has approximately ten rooms, is equipped with the latest household items including a washing machine, home theatre system, video camera, camcorder, personal computer, microwave, generator and multiple color television sets. Most LSM 17 households live in high security homes and employ private security guards. They have car and house insurance policies. The majority of households employ domestic help. There are both employees and businessmen in LSM 17.

Employees have white collar jobs, the most common being bankers, lawyers, managers, engineers and IT specialists operators. They are proficient in the official business languages of their countries. They are well educated with at least half having attained a post graduate degree.

Television, including satellite, and radio are fully penetrated. Almost all LSM 17s have access to the internet or e-mail. 96% have cellular phones.

Kenya Living Standard Measures by Rural/Urban Split

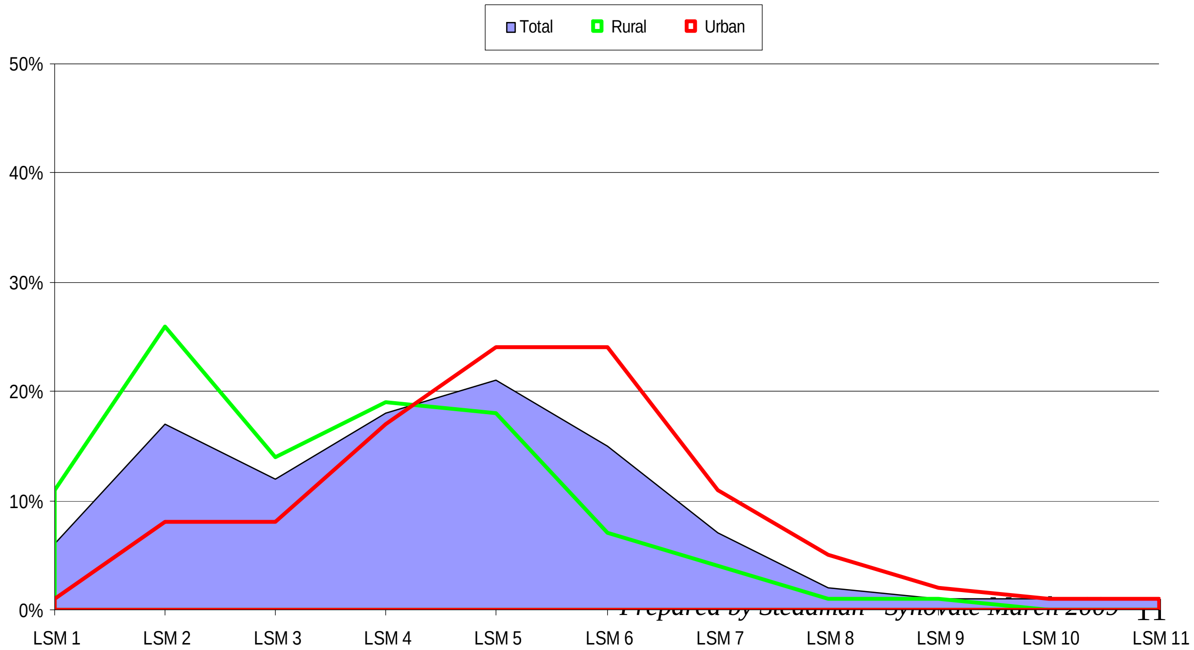


Source: KARF Establishment Survey 2007

The distribution of living standard measures in Kenya indicates a growing middle class and the higher measures are more prevalent in the urban areas though there is a high proportion of the lower class within the urban areas as well.

The distribution in Tanzania varies from that in Kenya. As earlier mentioned, there are only 11 country specific living standard measures.

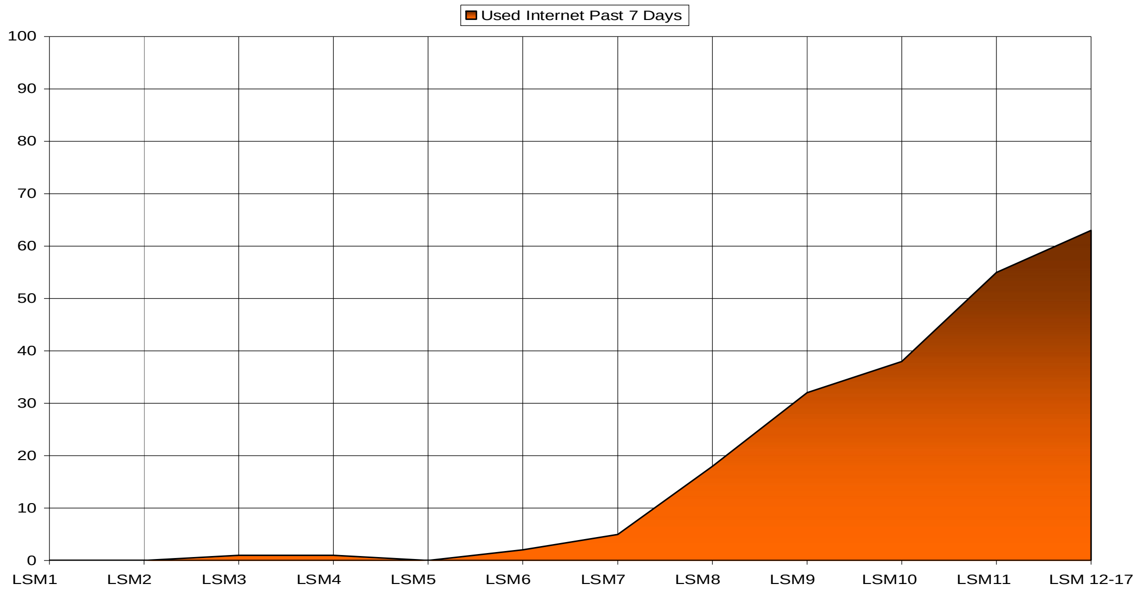
Tanzania Living Standard Measures by Total/Rural/Urban Split



Source: Tanzania All Media and Products Survey 2008

Media consumption varies significantly when analyzed by living standard measures. Newspaper and magazine readership, cinema attendance, access to internet, incidence of video watching and listening to music from CDs are all more common among the higher LSMs

Access to Internet in Kenya



Source: KARF Establishment Survey 2007

As mentioned LSMs are a measure of affluence and development. Thus, areas with electricity (primarily urban areas) are likely to have a higher proportion of upper LSMs. Further to this, media hardware that requires a higher capital investment will be prevalent among the upper LSMs as well. Luxuries such as going to the cinema and watching videos (which require membership to a certain library) are more common place for the higher LSMs.

Similarly, when it comes to viewership even of terrestrial television stations, the upper LSMs are more drawn to brands that have more English (acquired) content. This is not to say that local productions do not resonate with the higher demographics because we have seen in our data that even those in upper LSMs appreciate local content.

In Kenya, we have found upwards of 50% of the upper LSMs listen to vernacular radio stations.

When we analyze the daily listenership trends we find the audiences in the higher living standard measures enjoy stations with more contemporary content. The English stations are stronger than the Swahili within this demographic.

When we consider the lower living standard measures, we find that across all three countries, radio penetration is very high at over 75% in all markets.

Television penetration differs when we analyze the data based on living standard measures. Penetration is higher in the upper LSMs as is expected.

Conclusion

Based on current market indications, we anticipate continued proliferation in radio for Kenya and Uganda. This is primarily because a number of the stations that have already been licensed have not yet gone on air (sixty five (65) in Kenya and fifteen (15) in Uganda). In Tanzania, the frequency spectrum is full therefore it is unlikely that we will see too much activity in that market. However, as the region prepares for digitization, this means that frequencies will be available and growth in the electronic media is to be expected.

Television on the other hand may not explode as fast as radio due to higher entry barriers and requirements for capital investments, though we foresee audience levels growing. This is because in across these East African markets, radio penetration is quickly getting to 100% of the market (96% in Uganda 91% in Kenya, and 88% in Tanzania), whereas television is still very low just barely over 28% in Uganda, 30% in Tanzania and 56% in Kenya. With the cost of media hardware coming down and a concerted effort in most markets for rural electrification, television is definitely a growth area in this region.

Coupled with this is the increase in demand and subsequent supply of local productions that make content on television relevant to the audiences.

The market is moving more towards defining the consumers based on living standard measures which allow for more specific targeting across the board for the advertisers, the advertising agencies and even the media owners. The advertisers and advertising agencies are able to define their target consumer in more detail and hence spend their money more efficiently and the media houses are able to also define the profiles for the stations much better and create content that will resonate more and is more palatable to their audiences.

All in all we see that there are no significant differences between the audiences across the three markets as each of them have a proclivity towards content that is local and in going further in radio for Kenya and Uganda, stations and content that is vernacular.