

Market Research In Helping Clients To Understand The African Middle Class

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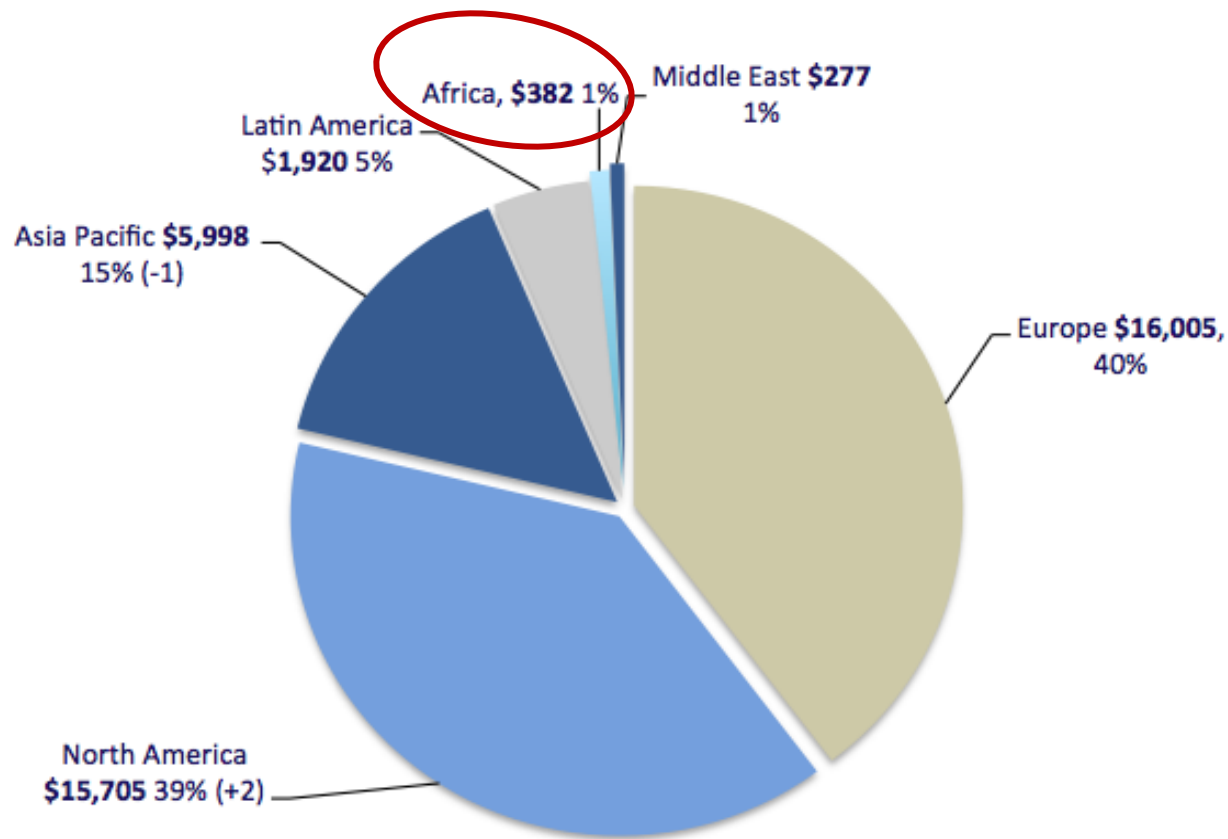


The African Research Market in Context

- **Stuttering** global economy. **Need** for growth to sustain global economy.
- **Global** versus local Consumption. Global brands with local strength.
- **Saturated** markets; stiff competition in advanced markets.
- **Looking** for new markets – Africa to the rescue!

The need for MR is widening in both matured and emerging markets.

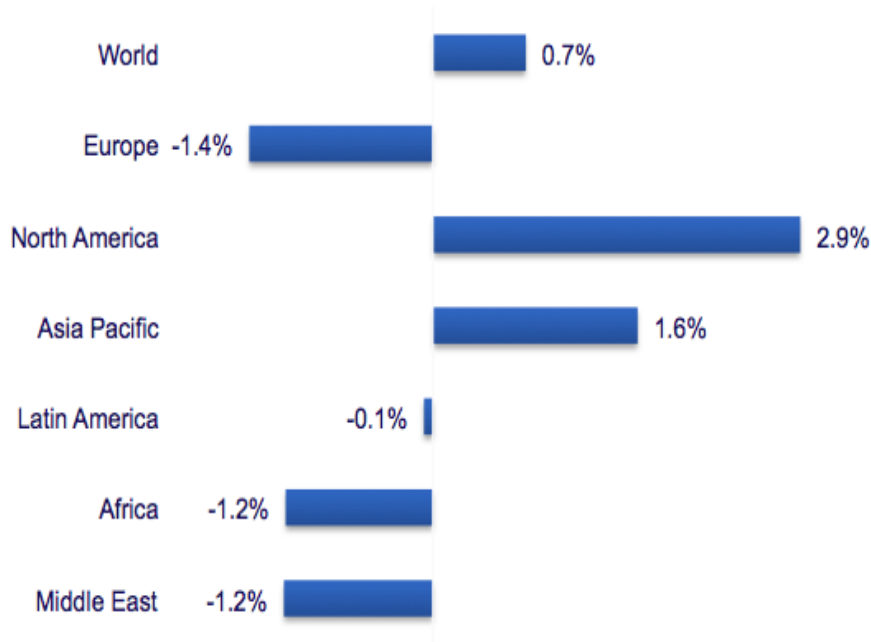
Global research turnover 2013: US\$ 40,287 million



ESOMAR figures presented.

Global market research industry grew 0.7% in 2013

ESOMAR estimates presented.



Exchange rate fluctuations eliminated. IMF inflation rates used to determine growth.

Overall, the global size of our profession continues to grow.

North America - fastest growing region for the first time since 2000

Asia Pacific second of two regions that recorded positive growth for the year 2013

Europe still struggles - market decline for a 3rd consecutive year.

Latin America, **Africa** and the Middle East recorded positive growth on a year-on-year basis but net decline after inflation.

MR Footprints in Africa

- **Consolidation** of Big Players
- **Previously** around 10 major players –now reduced to 5
WPP has swallowed TNS,NFO,RI, AV, MB.
Ipsos acquired SYNOVATE and many more
Nielsen has recently taken over its rival IRI
- These key player are fully global with cover in 100 countries in most cases.

Non Globals and Specialist Players

Growth of Speciality players . But the 5 big players are only holding market share because the industry is expanding into totally new areas; Local players are still very much in demand as they understand the terrain.

New technologies – New technologies are coming not only from the big players but also from **the local companies** offering local insights-especially through qualitative research.

Neuroscience , facial coding are new technologies that no longer require interviewer interaction



Spend by client type (%)

COUNTRY	Manufacturing	Business to business	Wholesale and retail	Financial services	Utilities	Telecommunications	Public sector	Media	Advertising agencies	Research institutes	Other
Malaysia	54	6	2	5	6	5	9	9	2	1	1
New Zealand	20	13	18	12	2	7	20	7	1	0	0
Nicaragua	32	4	9	10	7	21	11	3	3	0	0
Nigeria	40	12	2	2	3	10	15	4	7	4	1
Pakistan	35	5	5	5	5	10	20	10	5	0	0
Kenya	45	5	9	6	4	7	5	7	4	8	0
South Africa	63	1	3	9	1	6	4	3	2	3	5
South Korea	36	5	4	4	2	3	28	3	5	5	5
Spain	45	1	5	3	3	6	7	8	4	11	7
Sri Lanka	47	6	5	12	0	14	5	3	3	0	5
Switzerland	28	8	6	9	4	4	18	9	8	4	2
Taiwan	50	5	5	8	5	5	10	9	2	1	0
Turkey	54	4	6	6	0	11	5	5	2	2	5
United Kingdom	43	6	5	7	2	14	14	8	0	0	1
Ukraine	70	1	2	5	1	4	4	10	2	1	0
Uruguay	44	0	3	3	2	6	10	1	10	11	10
USA	42	6	3	7	0	2	8	22	2	0	8

Spend by project type (%)

COUNTRY	Market Measurement	Market Modeling	New Product/ Service Development	Advertising Pre-Testing (Copy)	Advertising/ Brand Tracking	Media Audience/ Research	Other Qualitative Studies	Stakeholder Measurement, incl. CRM	Other Omnibus/ Shared Cost Surveys	Usage & Attitude Studies	Opinion Research/ Polling	Other Business-to- Business Studies	Other
Lebanon	25	0	1	2	5	31	13	2	3	5	8	3	2
Malaysia	35	2	7	3	7	5	10	2	2	8	10	5	4
New Zealand	20	1	3	5	18	18	8	5	2	10	2	8	0
Nicaragua	6	1	14	8	20	3	13	2	2	14	9	8	0
Nigeria	18	12	14	2	6	3	15	3	1	12	5	8	1
Kenya	16	3	13	3	13	5	8	4	2	18	8	7	0
South Africa	20	2	10	3	22	11	5	16	1	4	2	0	4
South Korea	12	7	9	6	9	1	9	12	3	9	18	5	0
Sri Lanka	26	2	11	10	11	4	4	13	0	8	2	3	6
Turkey	37	2	10	5	10	3	7	11	1	6	5	2	1
Ukraine	25	5	5	15	10	10	5	3	2	10	0	10	0
Uruguay	45	0	1	0	1	16	0	5	0	14	2	0	16
USA	25	8	8	1	4	18	15	3	1	4	1	7	5

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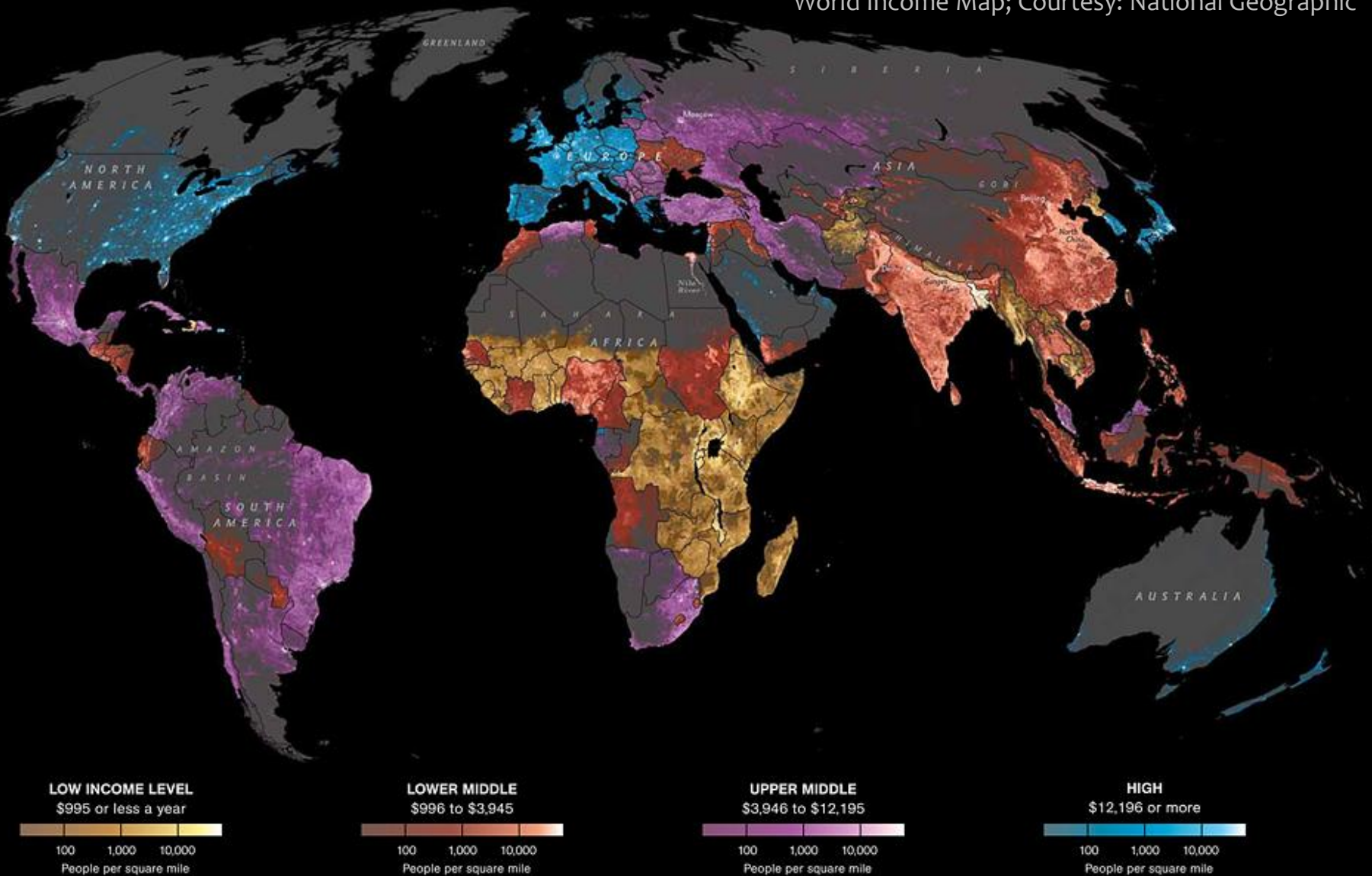
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Infrastructural Development





Sub-Saharan Africa showing largest proportion of low income

What The World Has Known



- Poverty | Hunger | Help the Children
- Corruption
- Unemployment
- Insecurity
- Poor education
- Lack of professional skills
- Poor infrastructure

..The Development We See

- Infrastructural development
- More stable governments
- Improved networks: Roads and Other connections
- Increasing Use of Internet and Mobiles
- New Exposures, thanks to Cable TV, Travel, Online education, etc.



Great Opportunities... Nigeria



This is the largest consumer market in Africa with a population of over 170 million people

72% of those are under the age of 30 years.
This number is set to double by 2050 to 326 million

Eight “anchor” cities in Nigeria with populations above 1 million each. This development shows the huge potential for future investment and consumption activity

The largest economy in Africa - \$510 billion (GDP estimate, 2014)

Over the past years there has been a growing interest from international companies to invest in the Nigerian market across the different sectors

At the helm – a growing middle class!

- Nigeria's middle class jumped six-fold in 14 years (2000-2014) - ADB
- In Nigeria, the middle class is about **4.1 million households**. This is equivalent to about **23 million middle class** people [ref. National Bureau of Statistics (NBS) estimates of 5.7 individuals per household].
- These 4.1 million households **consume \$23 to \$115 a day**. (Renaissance Report).
- Most (92%) have at least secondary school education.
- 68% live in rented accommodation
- Expansion in consumer spending: new gadgets, new equipments, home purchase, etc.
- Creative Entrepreneurs. New outlook for careers (vs. just Work); new wealth
- Cashless environment – big help in encouraging [Mobile] transactions

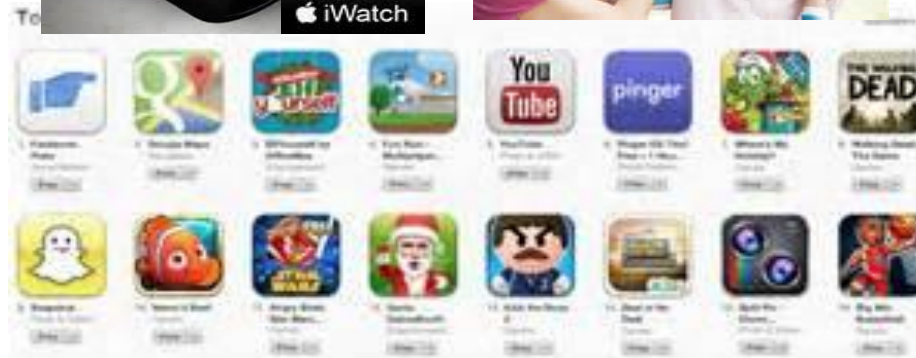
Why we should care

- Consumers themselves are changing
- The market is opening up; investors' haven.
- Africa's consumer market is heterogeneous and highly segmented there is need therefore, for direction: great opportunities for MR
- Cultural, geographical, and language differences, the behavior and spending power of African consumers vary widely. So MR should guide clients in tailoring products to customers' needs and decreasing costs in order to succeed.

Developments / Important Changes about the Consumer (the Population)

Society is changing

- New communities ... *social networking*
- Citizens' groups *shifting balance of power*
- Huge young populations .. *alternative lifestyles*
- Changing households ... *less traditional*
- New communities ... *different approaches*
- Niche markets *new consumer segments*
- Exposures through Tech .. *New confidence*



Niche markets e.g.
the organic foods



Being Afro-centric in a
Westernizing world

Other Changes about the Consumer

- Consumers want Control and to Create
- People are getting smarter
- Everything is faster, slicker, more fragmented
- We now have a 'mash-up' of cultures

Research needs to be more engaging, using jazzier techniques



Some examples of changes in the retail /service market that may affect business:

- Consumers want “more”:
 - **Consumer is king:** the designer, the director, the killer
 - Moving from Stores to **Online shopping**;
 - Organizations are taking their businesses to the Internet, setting up **e-shops** and communicating with markets through different social sites.
 - **Exclusivity** of shops
 - Opportunities for Testing/Sampling: **new shopping experiences.**
 - Product & Service **ratings** now available for consumers



Other relevant changes:

- Changes in **media landscape**. Many surfaces create opportunities for communicating with consumers
- Huge **information** available
- Privacy Issues and Growing consumer distrust in the motives of businesses around usage of personal data.
- Because of Exposure to **other worlds** via “www”; “cable TV”; etc. expect look-alike competitors.
- Several lifestyle changes; a more confident pop. ready to spend
 - More people are engaging in online financial transactions with the use of ATM cards etc.
 - Use of cars with modern day gadgets, e.g. GPS, camera for reverse, picking of phone calls by pressing a button in the car, ...
 - Purchase of ostentatious/ luxury goods is on the rise
 - More people are fashion conscious; wearing trendy clothes



Organized services



Syncs.

New media



Changes in daily living patterns (new needs)



Home deliveries



Anyone Can Have Swag...

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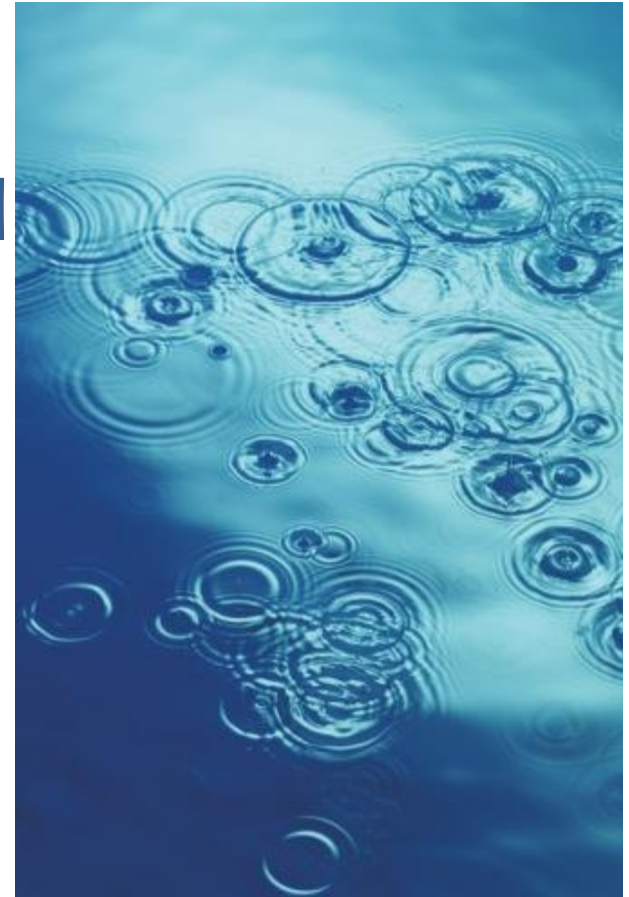
MR Developments

Growth of **Speciality players**. ComScore [digital analytics], Brandtology [online brand intelligence and monitoring service] Macromill, Vision Critical [cloud-based customer intelligence platform that allows companies to build engaged, secure communities of customers]

New technologies – internet, mobile, virtual reality,

Big data also means a major change in MR industry direction. Big data lies with the client not the research agency. That's a challenge!

New Data—Trip Advisor



Beyond Boundaries

New businesses, big and small, are competing for a share of what's come to be known as the “business intelligence” wallet.

ESOMAR gauging how much bigger this bigger sector is for two reasons:

- It gives weight to industry discussions with governments and regulators.
- Helps ensure that standards of quality we have established are relevant to the new world of research as they have been to more established businesses and approaches.



But with technology comes diversification...

With increased access to information, a whole new set of competitors are now in the data consultancy business



...not to mention...



In Africa we should start to consider..

- Consumer engagement in multichannel environments
- Use of technology to deliver faster, less costly data
- Social media and user generated content
- Data collection and analysis in the cloud
- Moving forward with mobile and online research design

What is happening with clients?

Globalization of Clients through consolidation

- **Auto** ---BMW and Mini Cooper, Rolls Royce,
- **FMCG**—P&G/Gillette, Kraft/Gillette
- **Pharma**--- Sanofi and Aventis, Wyeth/ Pfizer,
- **Tech**—Microsoft and Nokia
- **Finance**—HSBC and Midland Bank UK,

Reducing who we interact with and reducing budgets for our industry.

Client Globalization effect on our Industry

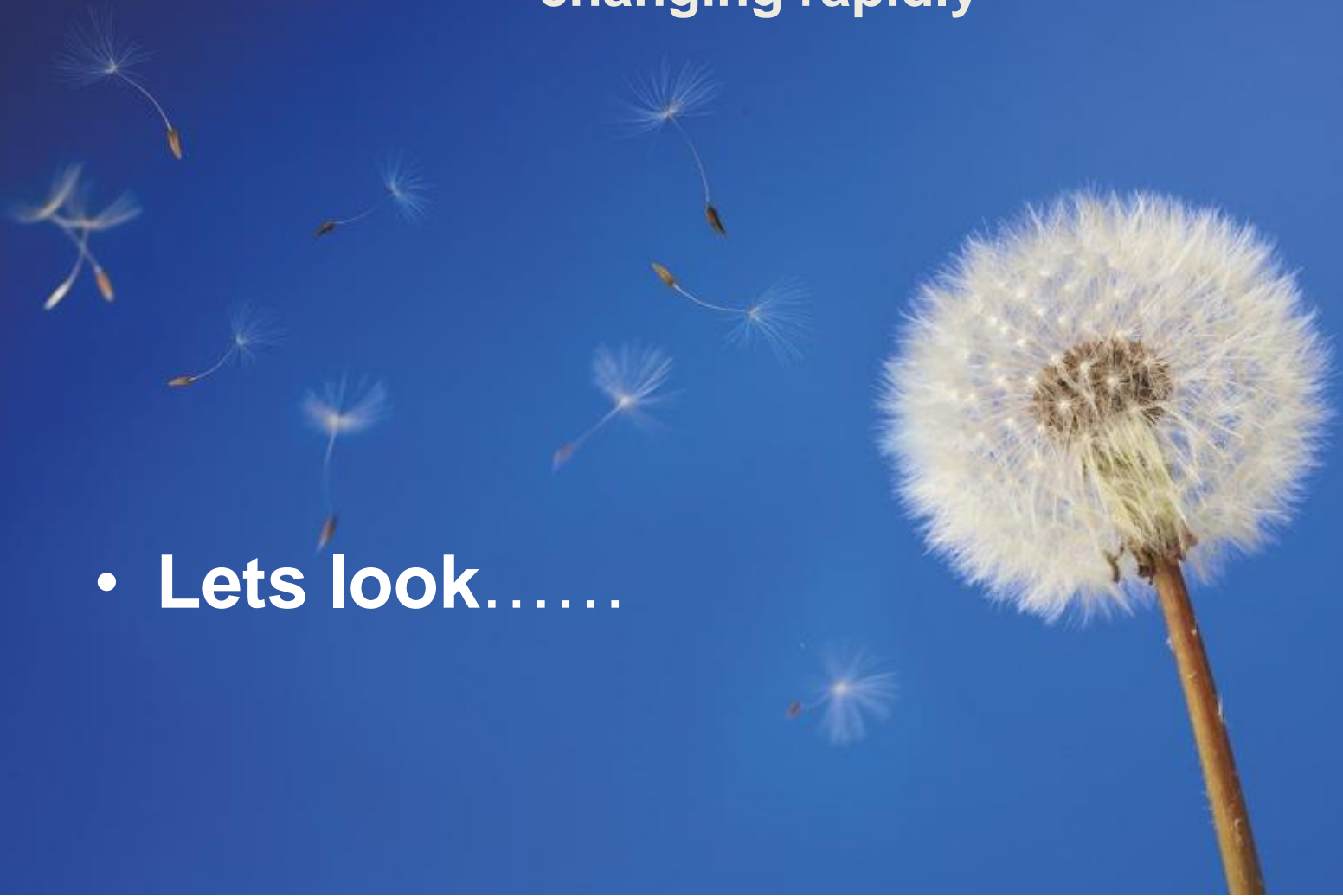
- More **globalisation of accounts**. Eg Unilever –due to need for more strategic cross country analysis Global account management for developing countries in Singapore rather than in London.
- Bringing **standardisation of methodology** eg Millward Brown, Nielsen retail audit used in over 100 countries
- **But** clients are demanding new ways and new technologies to satisfy their needs BUT clients also under severe cost pressures.

What we can expect to become Key Drivers for Clients

- **Quicker** turnaround – time pressures
 - **Cost**
 - **Quality**
 - **Impact of digital and mobile**
 - **[Clients using own customer panels]**
-
- **Totally** new relationships
 - **More prediction** and more insights
 - **Big data** – growth of digital analysis and associated digital marketing – can measure ROI

**And this means the Market Research industry is
changing rapidly**

- **Lets look.....**



How can technology change our business?

- Many Ways
- Meets the needs of the young/tech generation
- Less reliance on interviewers. Will MR be paperless and interviewerless?
- Improves quality-CAPI
- Lower costs-online
- Speeds delivery-online/mobile
- Assists insight -eye tracking/neuroscience

Will Technology kill our Business?

- It may kill us if we don't adapt and work with the tech industry
- **Google** , **Facebook** and **Twitter** may become the data collectors
- We become the interpreters and Insight providers ??
- **Big Data tells us the what but** may soon provide the why, predictions and even insights.
- AirAsia say they will forecast when you need a holiday
- **Respondents** if not treated with respect, will become a diminishing resource- Apply the code!

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Who is ESOMAR ?

- The World association of market research professionals, whose aim it is to encourage, advance & elevate the cause of MR globally
 - 5000+ members, in over 130 countries
 - **Professional standards:** ICC/ESOMAR code; developing and safeguarding the standards of research throughout the world
 - **Public Affairs:** Promoting & developing the interests of the market and opinion research industry with legislators worldwide
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graph TD; A[Who is ESOMAR ?] --> B[Conferences]; A --> C[Academic/Professional Development];
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- Global, regional and local conferences
- Workshops, Summer Academies
- Annual Congress
- “Best Of” ESOMAR
- Webinars
- Local meetings / debates
- Co-operation with local associations

- Young Researcher of the Year
- “Fringe” conferences
- Graduate membership scheme
- Formal Link to UGA and the MRII; more links being established
- Guest lectures in Universities
- “Developing Talent” days in 3rd level colleges
- Academic institution membership available

Thank you for your attention!