Building Mobile Apps That Impact African Consumers

(Cameroon, Ghana & Kenya)

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Introduction

All indicators are green; Africa is a fertile ground for the #digital.

The app economy in Africa

17 bn $

App developers earning in 2014

2.7 mn

Jobs supported by mobile economy by 2020

540 m

Number of smartphones by 2020 (GSMA)

965 mn

Number of connections in Africa

4.6 mn

Number of smartphones in Kenya

2

The Challenge

All may seem blurry until you fall on the right set of data, then, everything changes.

Local app developers are struggling

to get their apps downloaded and make profit in a high potential market!

4.6 million

Smart phones in KENYA

[Proliferation of affordable brands like Nokia & Huawei is driving this growth]

Promising market, yet local app developers struggle…

Example:
One of the most popular apps in Kenya (ma3racer) has 500,000 downloads mostly coming from Asia and North America.

- Little or no empirical data and market research on mobile users' attitudes, behaviors, and preferences across Africa as a whole.
- As a developer running a small business on a small budget, resources are often limited.
- The entry barriers are low, but developers face steep competition in app stores.

That is changing! KASI insight's team surveyed 3079 mobile users in three urban centers of Kenya, Ghana, and Cameroon to find out:

- Are consumers willing to pay for apps built by Africans for Africa?
- Are there specific app categories for which local consumers believe African developers have a competitive edge against foreign developers?
- Are consumers more concerned about security, quality, and reliability when they use African-made apps?
- Are "white" labelled foreign apps distributed by African firms the victims of local disregard by consumers?
- Finally, what role does ignorance play in this whole phenomenon?

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The methodology

Luckily enough, if your app has what it takes, it will be a success in Africa.

Survey start: **November 15**
Finish: **December 10, 2015**

Total sample: **3,079** mobile users in Accra, Nairobi & Douala.

Focus: Biggest African cities (they make up a big share of the consumption.)

Survey results are based on online / desktop questionnaires conducted under the direction of our team in Canada and Africa.

More details about our survey methodology and sample designs are available on our website.

SURVEY DETAILS

ITEMS	GHANA	CAMEROON	KENYA
SAMPLE DESIGN	Area probability design.	Area probability design.	Area probability design.
MODE	Online questionnaire	Online questionnaire	Online questionnaire
LANGUAGE	English	English/French	English
SAMPLE SIZE	943	1,056	1,080
REPRESENTATIVE	Adult (18+) urban dwellers	Adult (18+) urban dwellers	Adult (18+) urban dwellers
WEIGHTING	None	None	None

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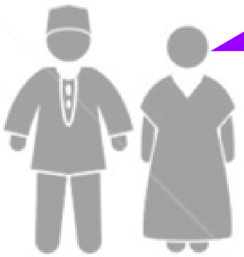
The Results

Consumers like quality – they will not just use your app because it is "African".

Local apps are ranked average & not popular

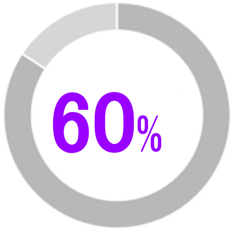
$143 bn

Global app market estimates for 2016
According to Internet Society report

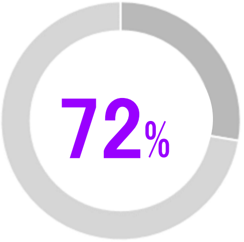


African developers are tempted to assume that their proximity to the market gives them a legitimate advantage when it comes to providing relevant content to users.

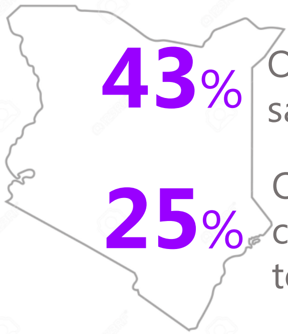
Data & voice plans adoption is rising



Mobile users in Kenya with data and voice services

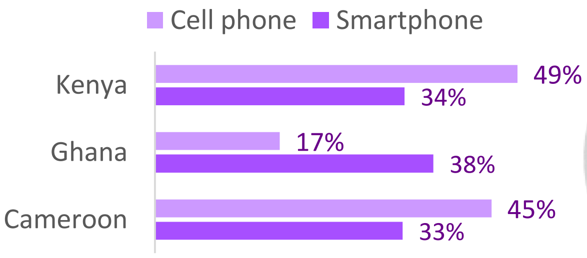


Mobile users in Kenya with prepaid setup



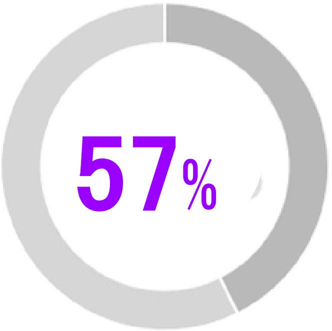
43% Of the mobile users surveyed in Kenya say they don't know locally made apps.

25% Of the surveyed respondents find the content, quality, and price of local apps to be good.



Users are buying more smartphones

What type of mobile device do you own?



of mobile users in Kenya know locally made apps

51% *of mobile users in Kenya rate local apps pricing as average*

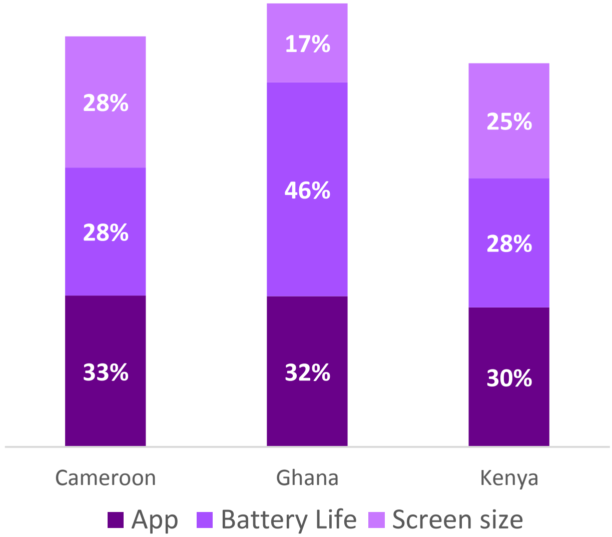
51% *of mobile users in Kenya rate local apps quality as average*

48% *of mobile users in Kenya rate local apps content as average*

Source of graphs: October 2015 Mobile App survey by KASI Insight

#1 Develop power & data efficient apps

The infrastructure requires setup and maintaining a mobile network and a mobile phone is often underestimated when analysts use the mobile penetration as a driver for mobile apps adoption. As the number of features and apps increase on a mobile phone too does the power consumption. To succeed, mobile app developers must build power and data efficient apps. With open access to foreign apps, the local developer faces another challenge in the form of competition as most customers seek to rationalize storage space in phones.



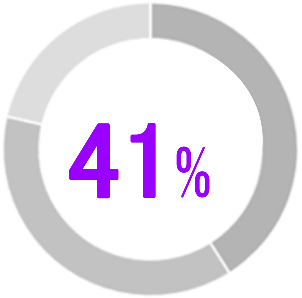
Battery life is an important feature across markets

What feature of your phone is very important?

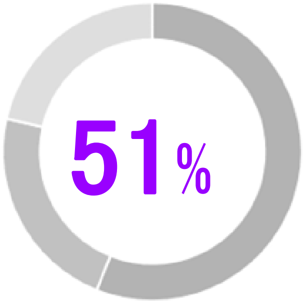
#2 Build Android First

Some challenges local app developers face:

- Difficulty to gather consumer insights to create relevant and valuable apps,
- Dependence on app stores which come with many restrictions,
- Lack of payment methods,
- The cost to register as a merchant and poor access to funds.



of mobile users in Cameroon
***never** install apps*



of mobile users in Kenya
download apps on Google Play

Source of charts: October 2015 Mobile App survey by KASI Insight

#3 Build fast transaction and interaction apps

- Data is not cheap and infrastructures are not available all the time. For mobile agencies, understanding the mobile phone user journey in the African context is key.
- Demand for phones doesn't necessarily translate into demand for apps, unless these apps are very efficient and provide quick transaction and interaction capabilities to reduce data usage.

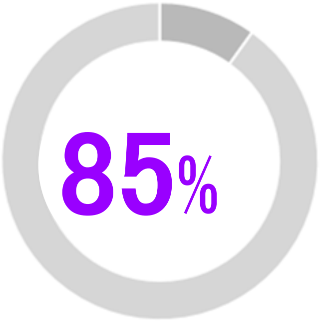
30%

surveyed respondents who spend over 3 hours per day on their phones.

What most people do on their phones

Top 3 activities are: surfing, chatting and calling

"socializing and getting information are top activities online."



Mobile users in Kenya having more than 5 apps on their phones

While data is not cheap, users already have a lot of apps on their phone

Source of graphs: October 2015 Mobile App survey by KASI Insight

#4 Build for value

Most developers build games or entertainment apps!

- The African market is different. Companies should resist the temptation to copy and paste.
- Our research finds that users are not willing to pay for every app.

17 % *have gaming apps on their mobile phones,*

Only **11 %** *are willing to pay for gaming apps.*

–6%

"Negative" gap

10 % *of surveyed respondents have health related apps while* **17 %** *of respondents are willing to pay for health related apps.*

"Positive" gap

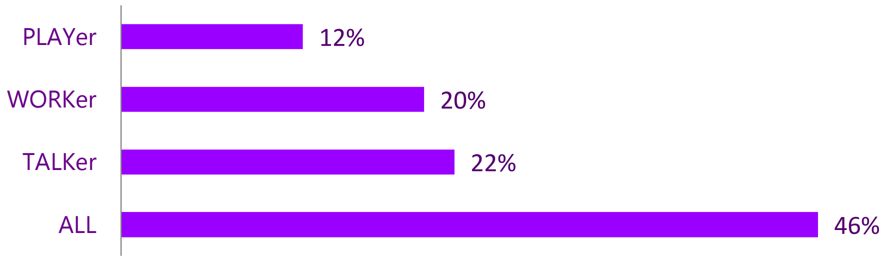
+7%

Source of charts: October 2015 Mobile App survey by KASI Insight

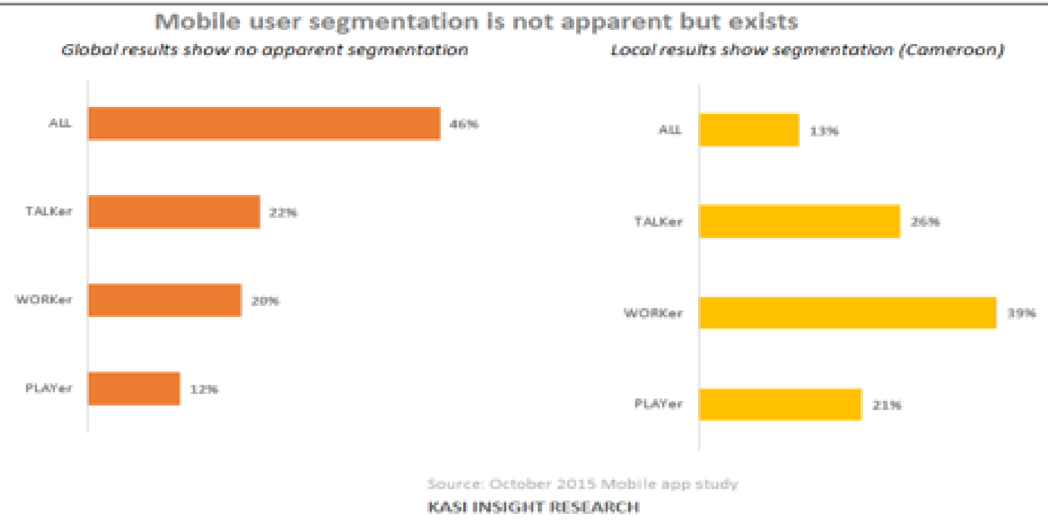
#5 Focus where it matters

Africa has 53 countries with more than 2000 languages. In addition, urban Africa is very different compared to rural Africa. Building apps to meet the needs of all Africans is not likely to work and we all probably know that.

Our research shows there are distinct mobile users segments, each with different attitudes and behaviors. We have divided the segments into three based on how people view/use their phones:



Source of graphs: October 2015 Mobile App survey by KASI Insight



These segments place varying degrees of importance on quality, price, content, usage, apps, voice and data. For example, the PLAYers view their phone as an entertainment tool first and foremost while WORKers view their mobile phones as a productivity tool first.

The relative size of each segment differs significantly by country or urban centers. In Cameroon, “WORK” users account for **39** % of the surveyed group, compared to **16** % in Kenya. “PLAY” users made up **21** % of those surveyed in Cameroon, but just **11** % in Kenya.

We also note that these segments have slightly different behaviors and perceptions when it comes to locally made apps.

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Case studies

Lessons have a better taste when they come from people who have succeeded.

Case study: Why M-Pesa failed in South Africa?

Launched in SA: 2010
Goal: 10 M users in three years.
Six years later: Only 80,000 active users.
Main reason for failure:
Lack of understanding of the consumer and how they use banking services. As a result, Vodacom partnered with a bank Nedbank with a middle and upper class client base who already had a variety of banking services and were not looking for a way to access banking services. It is value that drives user adoption, not fame when it comes to mobile apps.

Tips: Building the Ideal App

	M3racer	Whatsapp	M-Ledger	IdealApp
Country	Kenya	Kenya	Kenya	Kenya
Category	Game	Communication	Finance	Communication
Segment	PLAYer	TALKer	WORKer	TALKer
Efficiency	40M	Depends	2.2M	Below 2.2M
Android	Good	Good	Good	Android
Transaction	Long	Quick	Medium	Quick
Value	Fun	Communicate	Budgeting	Day to day
Focus	Young	Everyone	Worker	Urban
Download	500k	1B	500k	1M

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Conclusions

Six key messages

- It's not mobile first and only. Africans, especially in urban dwellings, have many means to connect and have access to a variety of connecting devices. So the bottom line is smart phone ownership is increasing, but ownership goes beyond mobile.

- What is an important feature on a mobile phone varies by location and will change over time as the technology, data cost, or infrastructure changes. Staying abreast of these trends is critical.

- For mobile app agencies, understanding how users pay for mobile services and the importance of data is critical to the success of their app.

- Given that data is not cheap and networks are not available all the time, understanding the mobile consumer journey in the African context is very important.
- Overall, we can identify a distinct mobile user's segmentation (**PLAYer, WORKer, TALKer**) across all surveyed markets, but segment allocation/proportion differs from one country to another. The insight is in the details.
- Challenges faced by local apps developers include: dependence on app store rules and restrictions, lack of payment methods, and the cost to register as a merchant.

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