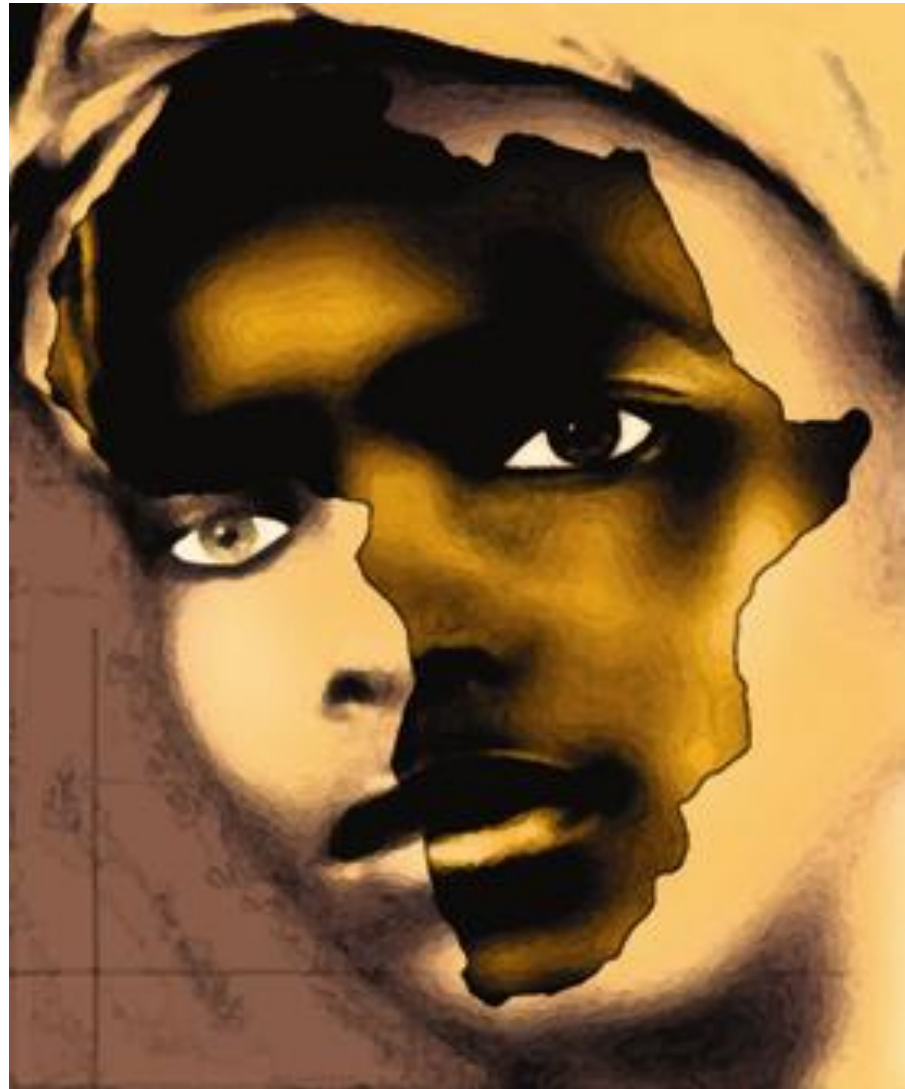


MSRA Industrial Survey 2012



PARTICIPANT COMPANIES

1. CONSUMER INSIGHT
2. CONSUMER OPTIONS LTD
3. GFK E.A
4. INFINITE INSIGHT LIMITED
5. INFOTRAK RESEARCH & CONSULTING
6. IPSOS SYNOVATE
7. MILLWARD BROWN EA LTD
8. NIELSEN KENYA
9. QUADZ CONSULTING LIMITED
10. RSA
11. SBO RESEARCH
12. STRATEGIC PR & RESEARCH LTD
13. TNS EAST AFRICA



From the Horses' mouth

Key challenges in East Africa from the Horses' mouth

- **HR RELATED**

- Limited number of experienced /qualified resource/staff
- Limited trained & skilled staff leading to poor quality data collection
- Availability of human resource
- Limited pool of talents: it is difficult to find the right people with some experience in the industry - especially in Operations
- Finding the right staff who are already trained.
- Finding qualified middle and top level management
- Qualified and experienced staff
- Limited human capital.

- **COST RELATED**

- Rising cost of operations
- Reduced Margins / Profits
- Low budgets by clients
- Economic recession and slumps force market research costs down as clients not willing to pay well for services rendered
- Increasing client demands against reducing budgets. They want more for less
- Access to technology: research has moved from manual to computerized data collection and accessing affordable software is not easy.

Key challenges in East Africa from the Horses' mouth

contd'

- **CLIENT RELATED**

- increasingly price conscious clients
- Slow uptake of MR
- Unethical business practices from clients who expect something in return for business
- Ignorance: Most firms ignore the aspect of market research due to the cost associated with it and thus end up rolling out products without getting consumers perception.
- These products end up performing poorly since they don't satisfy most of the consumers needs
- Still poor research plans by clients

- **COMPETITION**

- Companies forced to train from scratch and when personnel good enough, often poached by bigger multinational companies
- Training staff and then competitor poaching them
- Threat of competing services, especially from management consulting.
- Unfair competition and undercutting from brief case agents

Key challenges in East Africa from the Horses' mouth

contd'

- **POLITICAL / ADMIN RELATED**

- Corruption - esp. in public sector
- Political climate affected business and investment inflation
- Poor infrastructure (road)
- Political volatility in larger East Africa- DRC, Somalia
- Legislators / legal policies - credibility esp. after election polling period -
- Hostility from host country authorities

- **ADDING VALUE / QUALITY CONTROL**

- Quality control to build trust with our clients.
- Added value services at affordable rates.

- **MISCELLANEOUS**

- Availability of credible supplier in Small countries (Rwanda / Burundi)
- Lack of a harmonized social classification for region
- Market research is perceived as the data collection arm of management consulting and reduces its relevance as a standalone business
- Globalization which results in bids and projects being determined overseas. Local research firms have no way to compete fairly.
- Perception that the field auditors work with the revenue authority
- Manual audits in smaller shops that do not have an electronic system

Key challenges in Sub Saharan Africa from the Horses' mouth

- **COST RELATED**
 - High cost of operation
 - Margins getting lower and lower
- **ENVIRONMENT RELATED**
 - Difficult working environment in some West African markets (bureaucracy securing permits, visas etc)
 - Political volatility in larger in Africa
 - Lack of security in the wider SSA region
- **SUPPLIER RELATED**
 - Poor quality of work from sub-contracts
 - Availability of credible supplier
 - lack of quality control systems among supplier
 - Quality of field in many countries.
 - Reliable and professional data collection sub-contractors

Key challenges in Sub Saharan Africa from the Horses' mouth

contd'

- **METHODOLOGY RELATED**
 - Limited use of technology - ie. Online research/telephone research
 - Speed of data collection
 - CAPI facing challenges in rural Africa
 - Manual data collection
- **LACK OF INFORMATION**
 - Lack of a harmonized social classification for region
 - Lack of population information for drawing sample
- **MISCELLANEOUS**
 - Clients expecting one 'suit' that fits all markets
 - Availability of human resource
 - Poor Courier services e.g. DHL coverage in Africa -
 - Lack of proper education on the benefits of MR
 - Language barrier

Sector / Industry specific challenges from the Horses' mouth

- **ICT**
 - Budget cuts due to increased competition and cost rationalization programs
- **MEDIA STUDIES**
 - Growth of the advertising spend in key markets of Nigeria, Kenya and Ghana
- **AGRICULTURAL & OTHER SPECIALISED SECTORS**
 - Varied use of terms, measures and interpretations from one country to the next, making research in specialized fields challenging, without seeking expert advice
- **FMCG**
 - Political climate affected business and investment inflation
- **RETAIL STUDIES**
 - Availability of national maps and updated population information
 - lack of adherence to international bar codes
- **TRADE**
 - Quality control
- **POLITICAL OPINION POLLING**
 - Interference and bullying from incumbent governments and politicians

Sector / Industry specific challenges from the Horses' mouth

contd'

- **FINANCIAL /INSURANCE SECTOR**
 - Low levels of financial literacy and product knowledge, obtaining disclosure of personal info
- **FINANCIAL SERVICES**
 - Due to insecurity respondents hesitant to divulge financial information
- **MANUFACTURING**
 - Political climate affected business and investment inflation, reduced margins on profit
- **SOCIAL HEALTH RESEARCH**
 - Respondent fatigue as topics are discussed and assessed repeatedly
- **NGO's**
 - Political climate affected business and investment inflation, reduced margins on profit
- **CUSTOMER LOYALTY**
 - Use of technology limits ability to gauge nuances
- **MARKET FEASIBILITY**
 - Lack of industry information that facilitates forecasting

Sector / Industry specific challenges from the Horses' mouth

contd'

- **CUSTOMIZED RESEARCH ON CATI**
 - Availability of comprehensive telephone data bases
- **DESK RESEARCH**
 - Poor and not up dated records in many African countries
- **DATA BASE**
 - A general challenge is lack of database in different areas of research. you are not able to freely get information that can assist in conducting research especially in specific and high end markets

Impact of Global Economic Crisis

- **Delayed payments** from contracting agencies in Europe/Americas
- Reworking/re-negotiating budgets to avoid **exchange losses**
- Reduction of frequency of reports purchased
- Increasing pressure on margins. **Reduced margins on profit**
- Even more **financial controls** from Group head office.
- Only that it was difficult to **get approvals** like resource head counts on some capacities and yet we were growing very fast
- Deficit of lost income was **covered by local companies** who have in the past seen the use of results,
- Companies undertaking research from South Africa and government contracts.
- The traditional industries that support us were challenged by the global economic crisis and with it on market research budgets.
- Our Global partner had to **review its global partnership** arrangement and provide less support if at all.

Drivers of Growth : 2013

from the Horses' mouth

- Analytics - processing our data further
- Competition among Clients
- Continued growing interest in markets within sub saharan africa
- County system/devolved government in Kenya
- Demand for quality products in the market
- Global drive to emerging markets
- Economic Growth with new goverment
- Elections outcome / Settling of the new government
- Increased focus on Africa by multinationals
- Infrastructure reliability - communication & travel
- Investments in Africa
- Marketing initiatives with increased number of players
- Political stability & economic growth in africa
- Recovery from global economic downturn and focus on Africa
- Scramble for Africa and Kenya being a hub for East Africa
- Technology
- Urge for KPIs

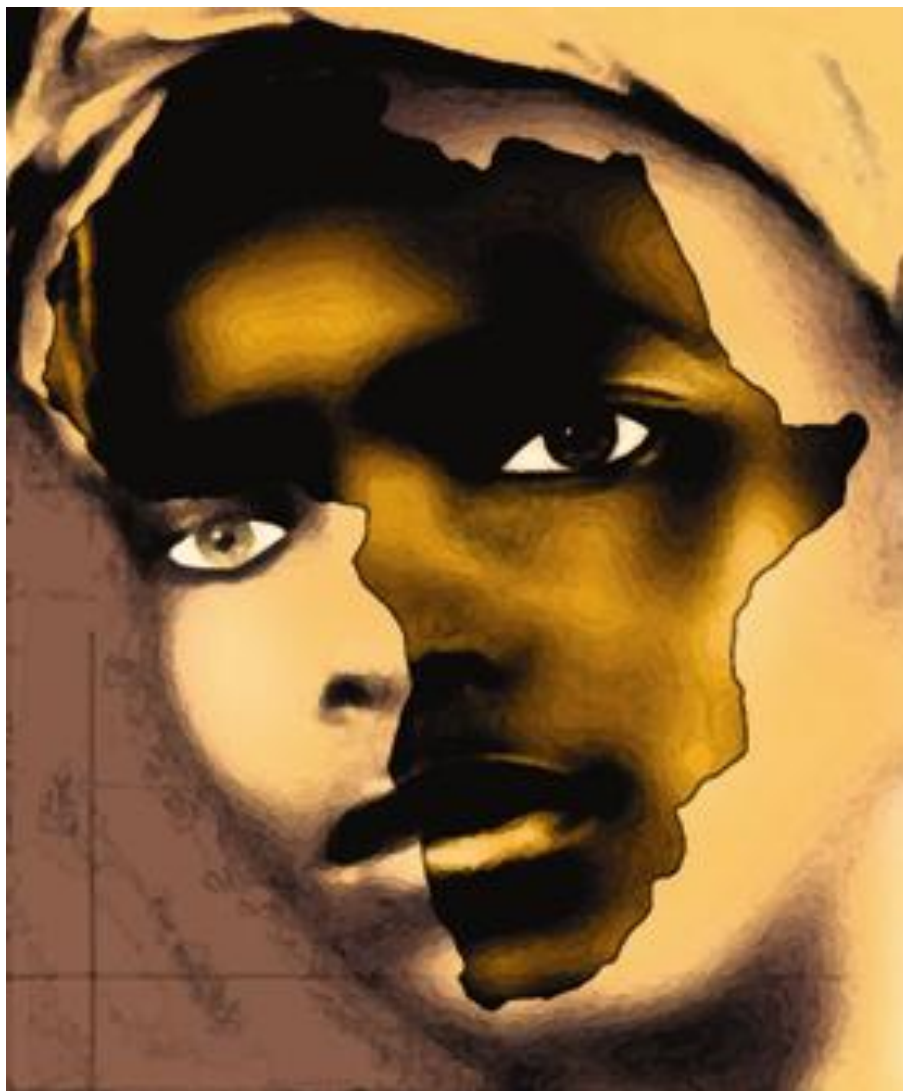
Market Research is expected to grow by 21.4% according to players in Kenya

Restrictors of Growth : 2013

from the Horses' mouth

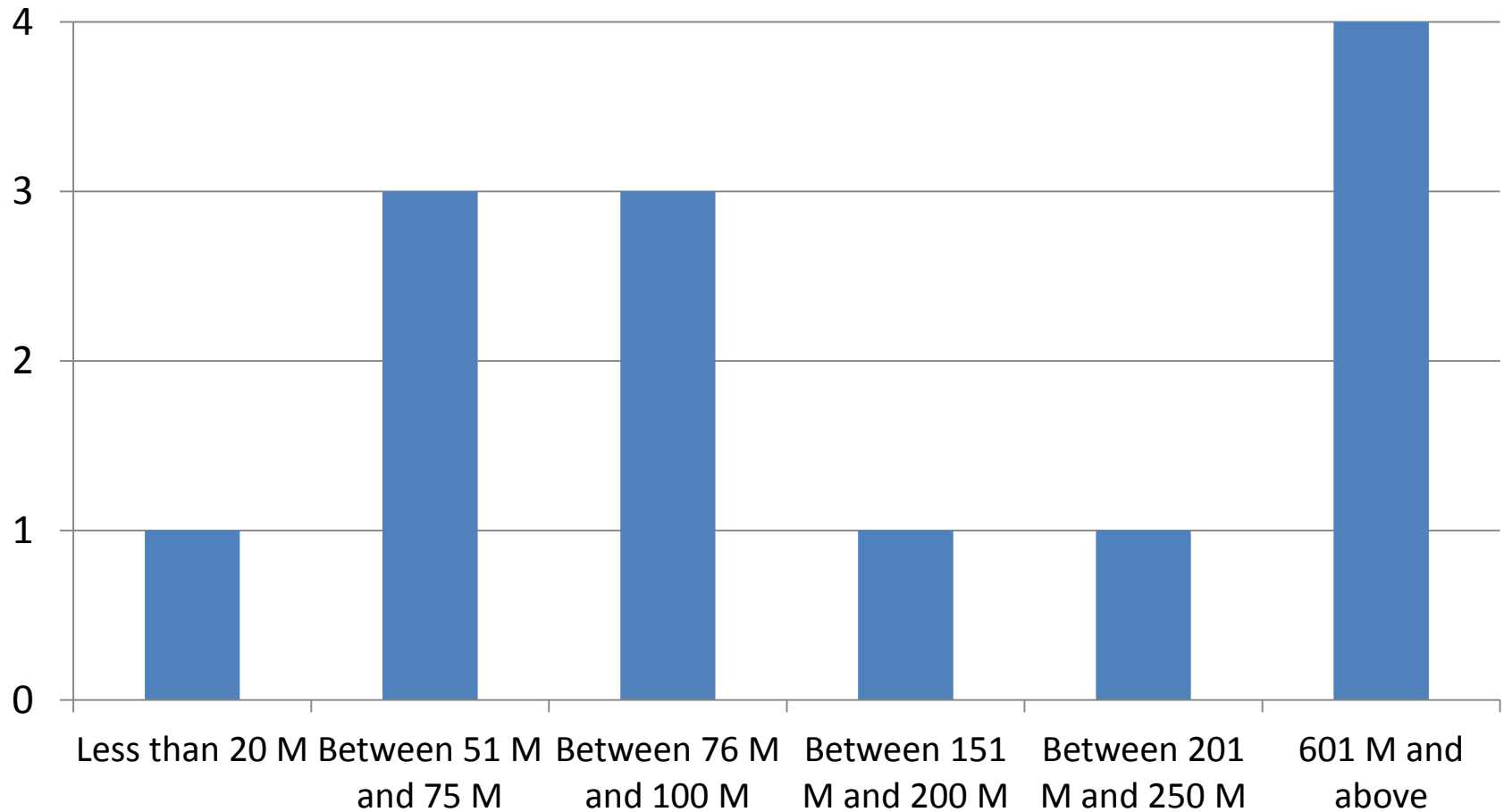
- Availability of qualified resource
- Economic growth levels, inflation etc could lead to budget cuts
- Elections outcome
- Global Economic Crisis
- High cost of living
- Lack of funds to finance MR by various sectors
- Political Stability
- Poor Client planning
- Price undercutting
- Quality of people
- Shrinking budgets
- Settling of the new government
- Vendor availability
- Lack of stability
- Lack of transparency and accountability of data

Appendix



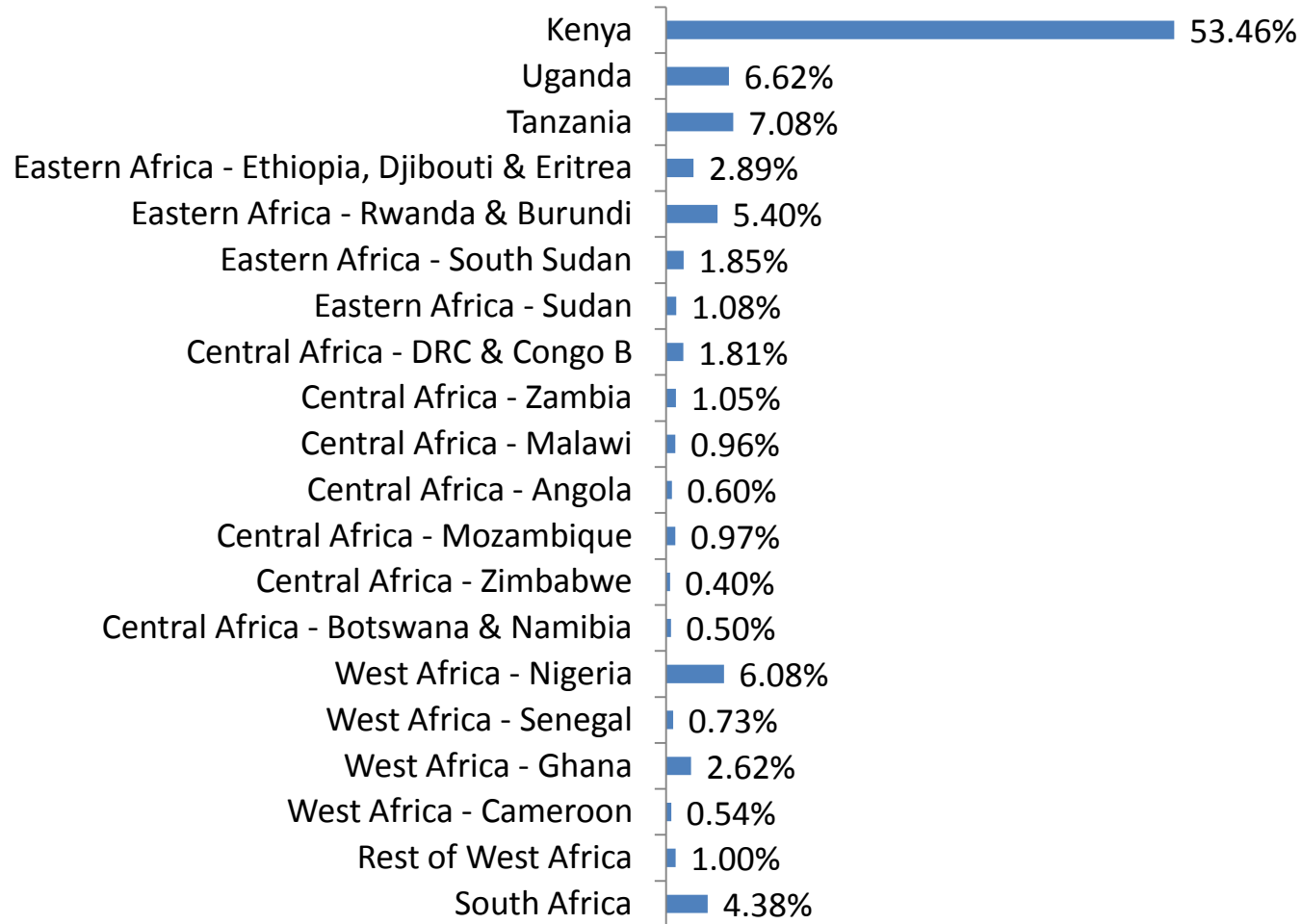
Gross annual turnover (2012)

MEAN → 252 m



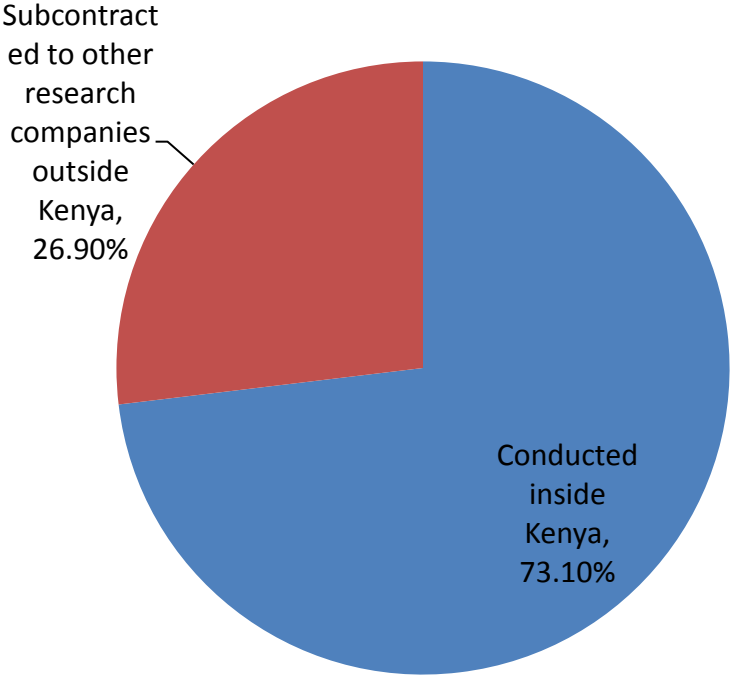
Source: MSRA Industrial Survey

Revenue source by geography

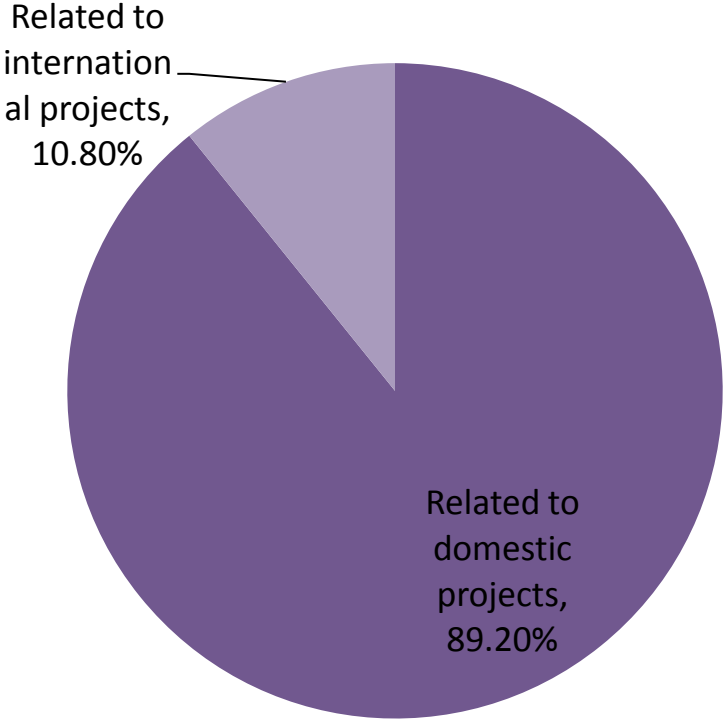


Revenue from :

Research conducted in

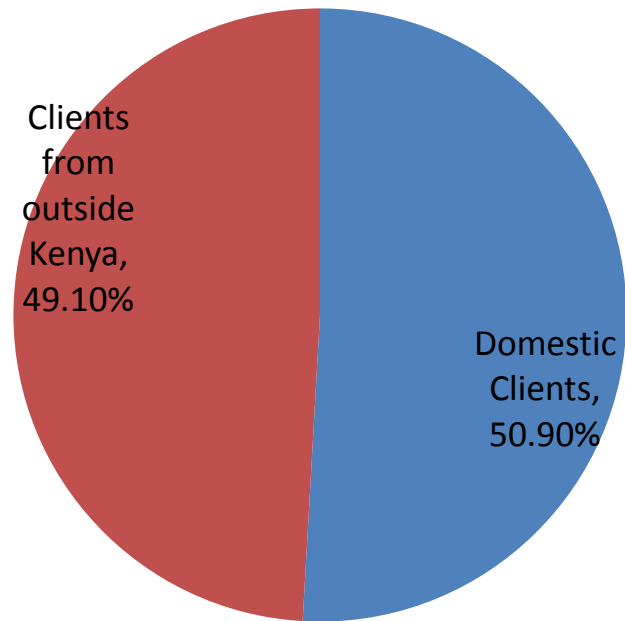


Type of Project within Kenya

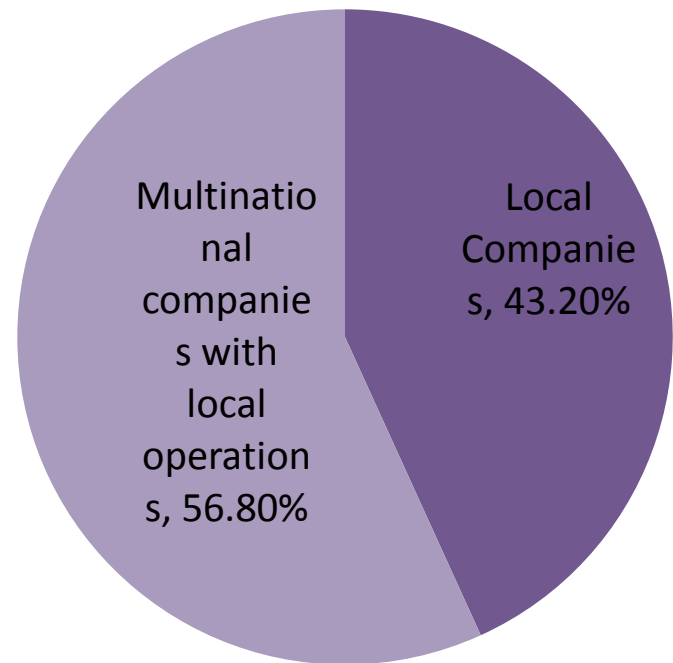


Revenue from :

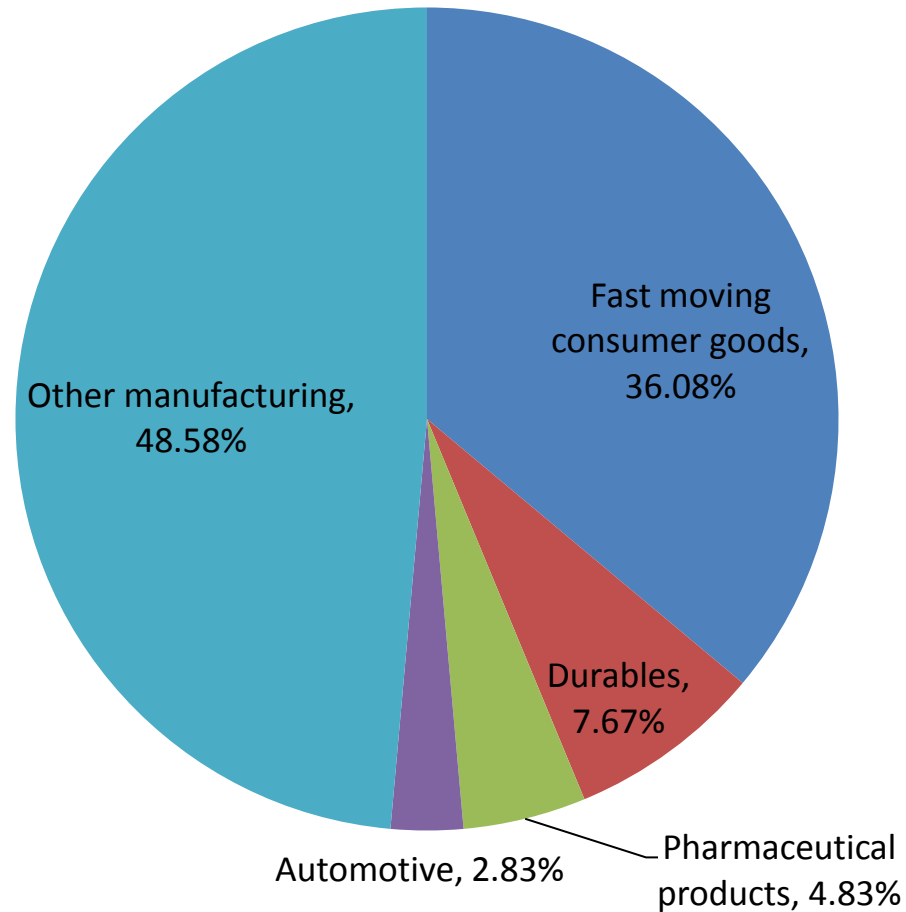
Project commissioned by :



Project commissioned by domestic clients

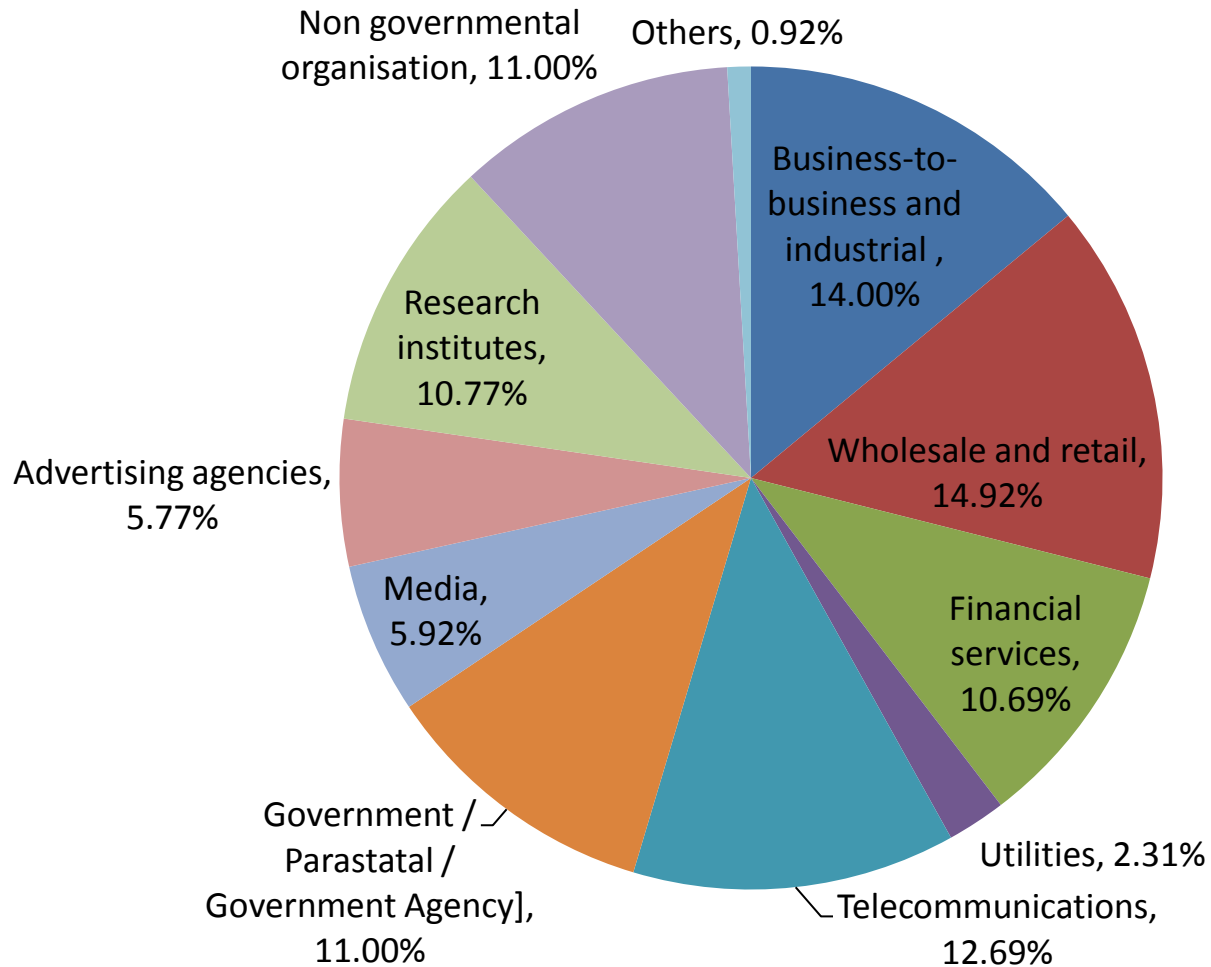


Spend by Client Type :



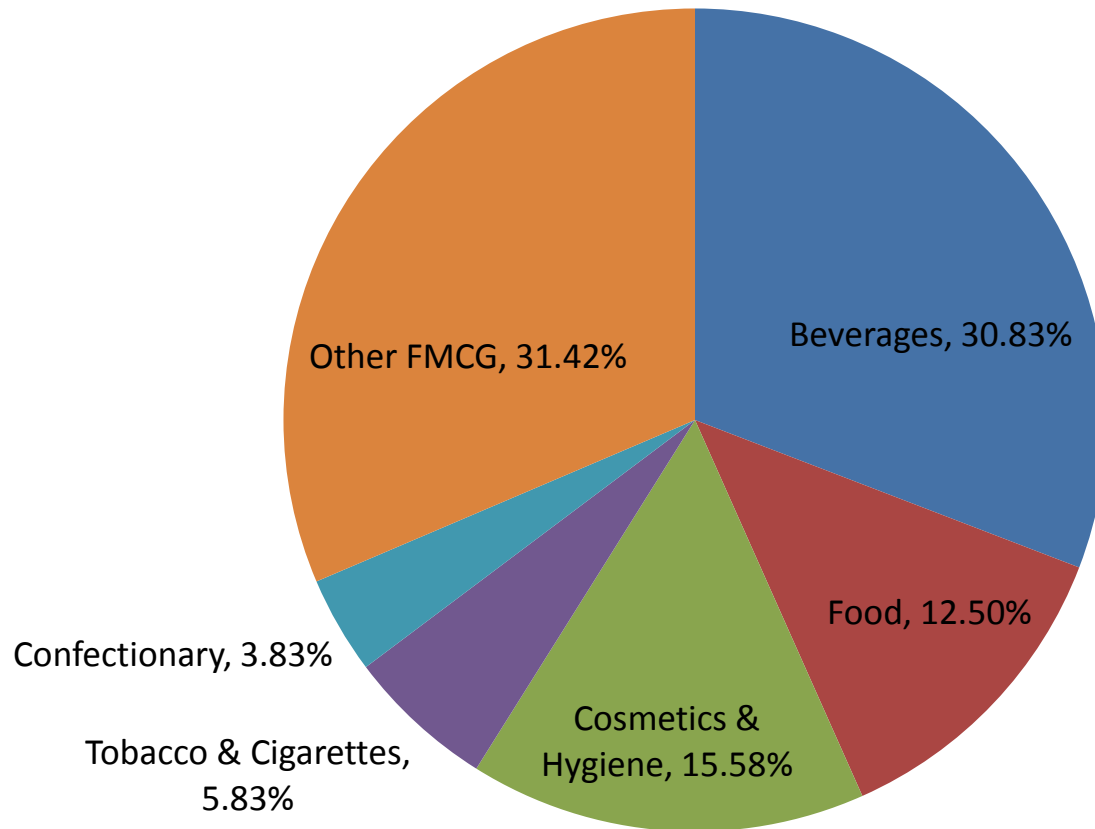
Spend by Client Type :

contd'

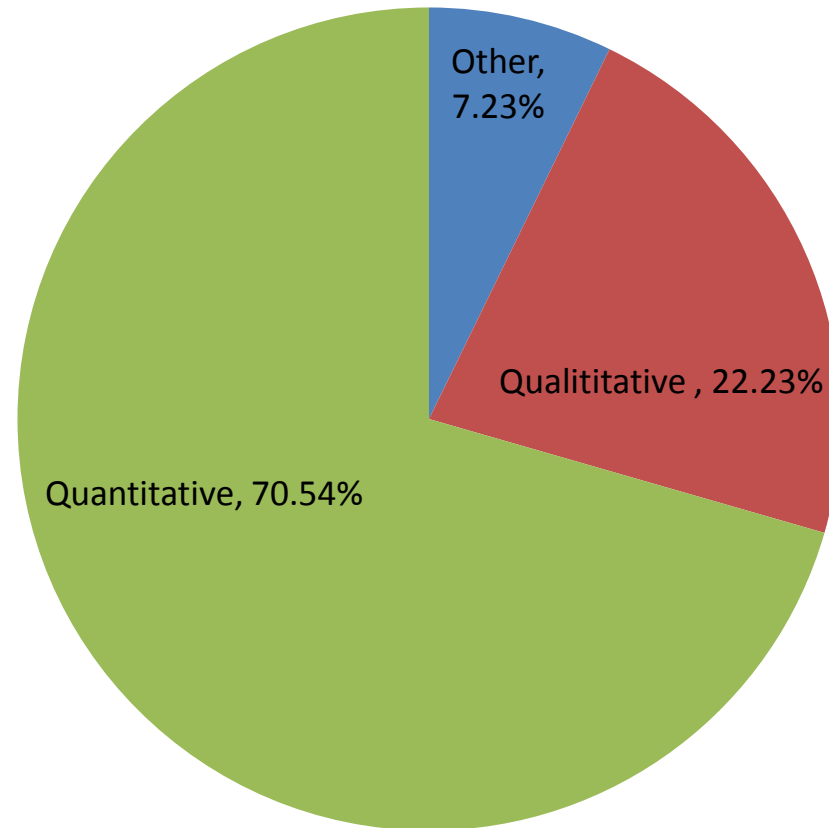


Spend by Client Type :

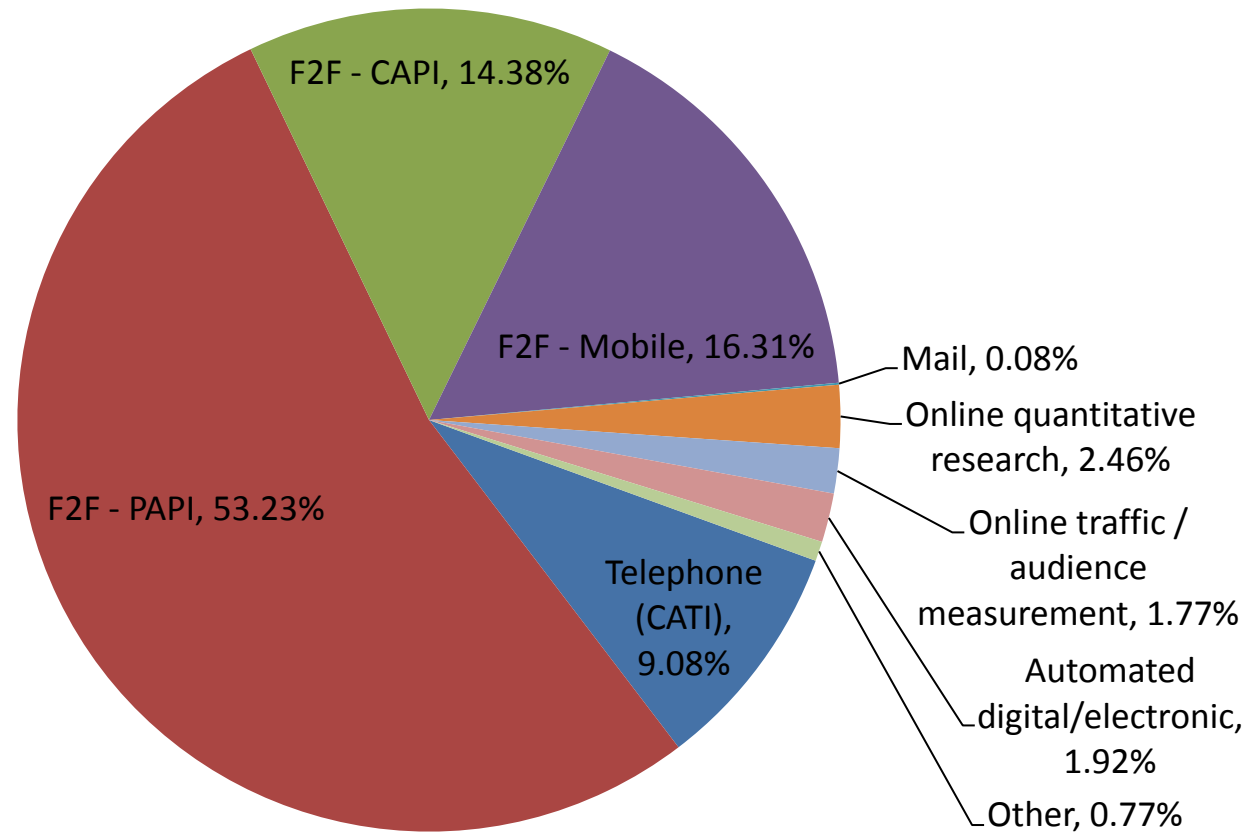
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Spend by Research Method :

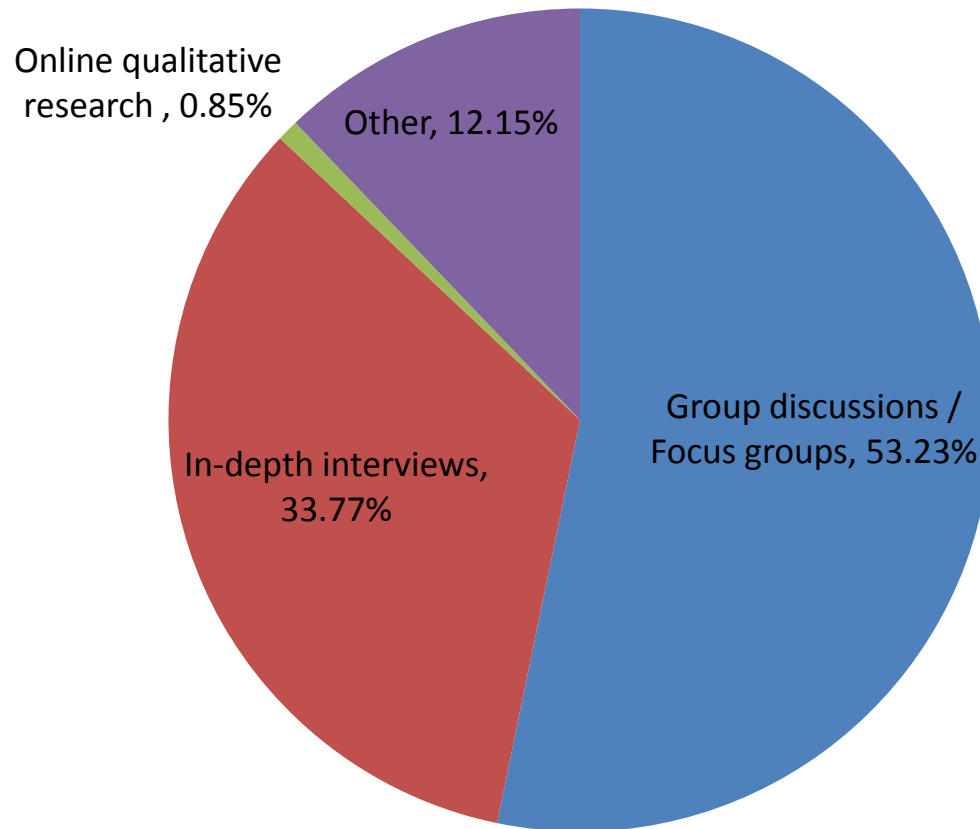


Share of Quantitative Research Methods:



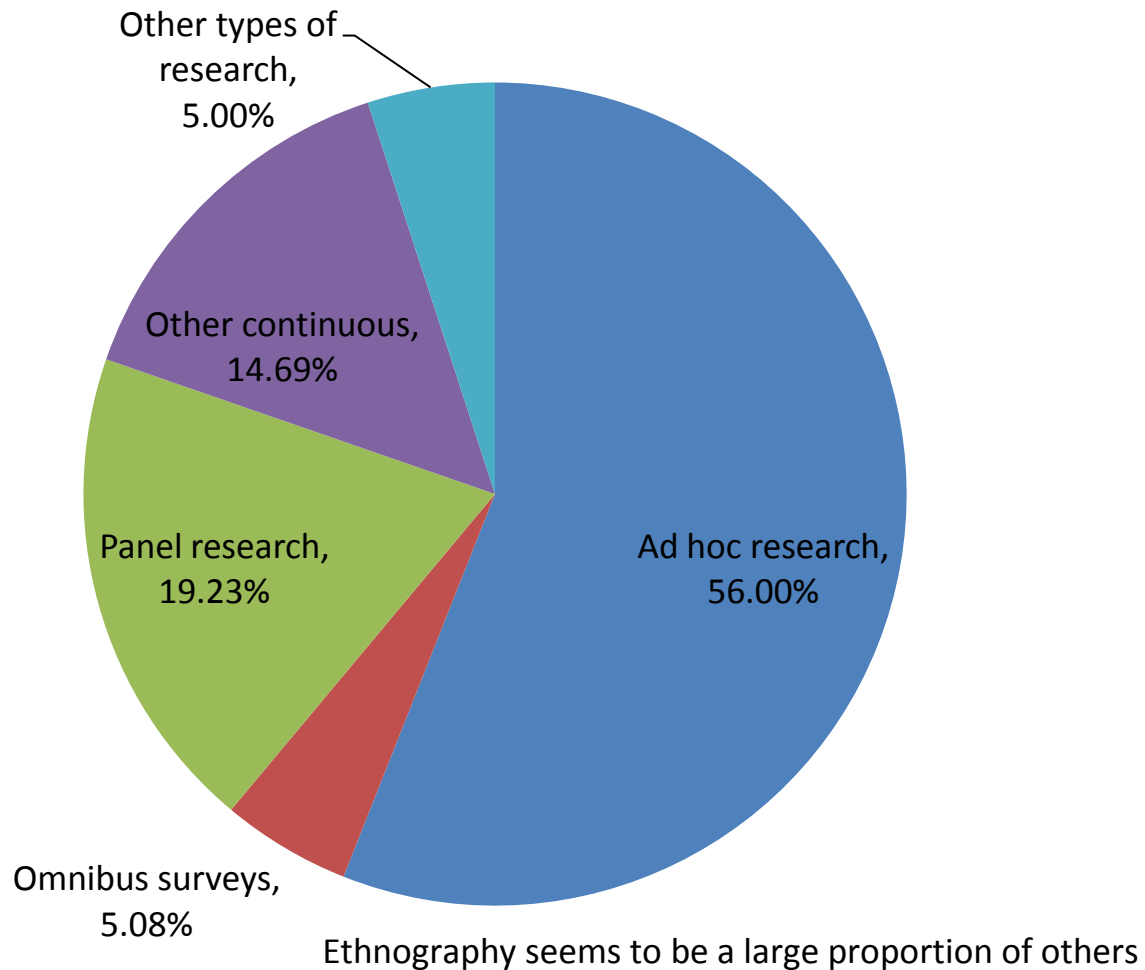
Source: MSRA Industrial Survey

Share of Qualitative Research Methods:

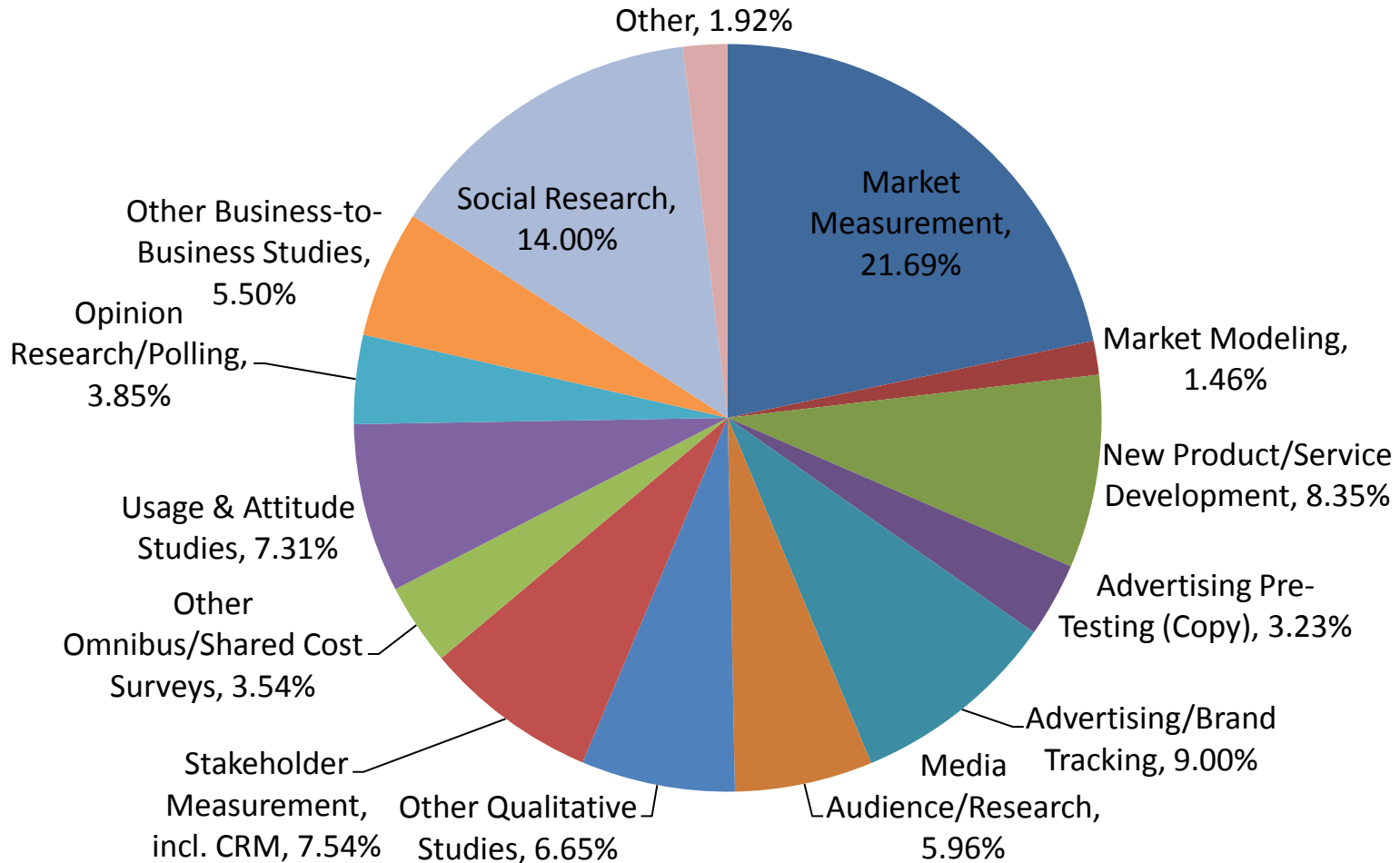


Ethnography seems to be a large proportion of others

Spend by Research design:

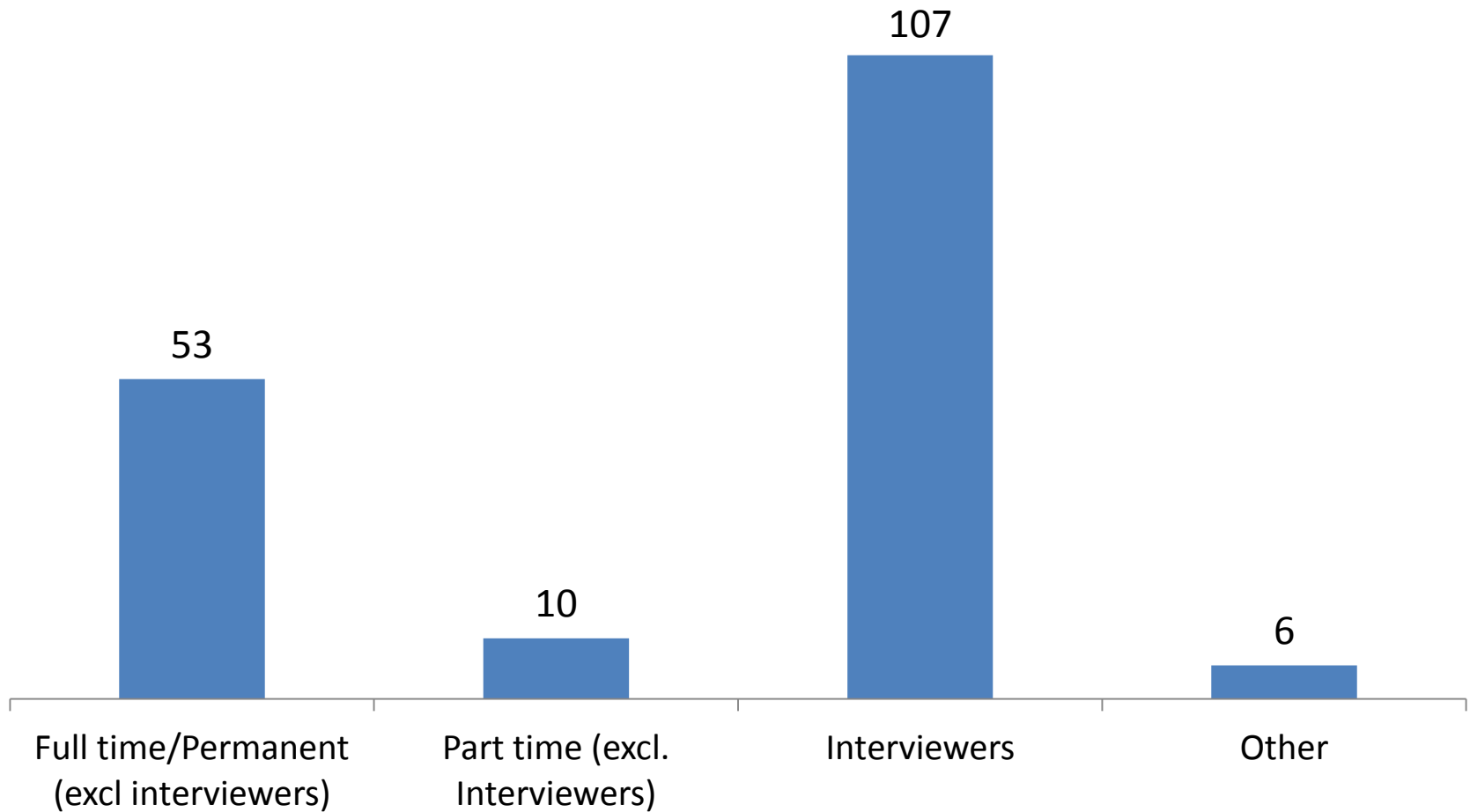


Spend by Research Project Type:



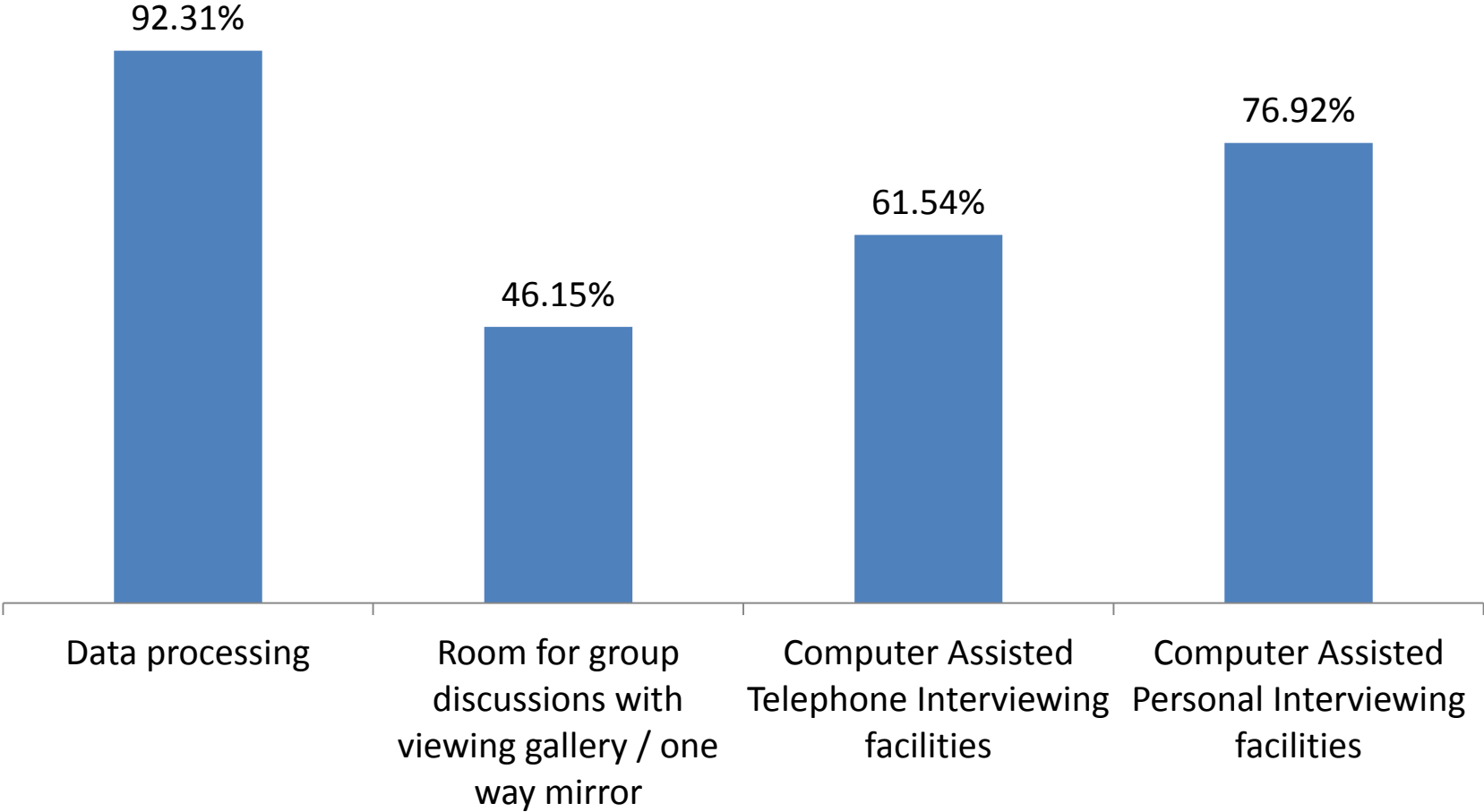
Source: MSRA Industrial Survey

Average Number of Employees (2012)



Source: MSRA Industrial Survey

In-house research facilities available (2012)



Source: MSRA Industrial Survey