

*iHub Research

The insider's guide to mobile Web/marketing in Kenya

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Q1

How mobile is the Kenyan population? What proportion of the population has a mobile phone? How does this compare to fixed line telephony? What are the forecasts?

- There are approximately 28.08 mobile subscriptions in Kenya, representing a mobile penetration rate of 71.3%. It is assumed that this number represents that of active SIM cards, those that have been used in the past three months or so. The mobile subscription rates in Kenya have been rising exponentially since the introduction of the second mobile phone operator, early in the last decade. In the past year, mobile penetration in Kenya has increased by more than 12% (CCK, April 2012).
- On the other hand there are 283,546 fixed lines in use in the country, a number that has been drastically reducing as the mobile penetration increases. This represents a fixed line tele-density of 0.72%.
- It is expected by some analysts that total mobile subscriptions in the country will reach 39.5 million by 2016, a penetration rate of 83.1%. (Business Monitor International, May 2012).

Q2

What are the characteristics of the Kenyan mobile market? What types of devices are most commonly used? From which OEMs? Do people tend to be on pre-paid or post-paid?

- Majority of usage of mobile phones in Kenya is via feature and basic phones (those with EDGE capabilities and below). Based on various sources, the most commonly used phone in Kenya for online use is the Nokia phone (the S40 series).
- Data from [Admob](#) (now [AdSense](#)) showed that Nokia was the leading handset manufacturer in Kenya in February 2011 with 57% of mobile web users using it to access internet. This was followed by Samsung with 13% of the market, MAUI (a smart-phone operating system used on MediaTek based devices [Chinese Handsets]) with 6% while Android based devices with 4% share. Sony Ericsson also had 4% market share while Alcatel and Huawei each had a 3% share. Apple's market share then was at 2% similar to Motorola's while LG 1%. In this Survey, RIM and ZTE did not make it to the top 10.
- A similar dataset obtained from StatCounter shows that in May 2012, the Symbian OS was the most commonly used mobile OS to browse the web followed by Nokia S40 series. It is to be noted that many Nokia phones have a Symbian OS.
- Most Kenyans subscribe to the pre-paid option. In fact, 99% of the 28 million subscribers (27.8 million) are on pre-paid. Less than 300,000 subscribers are on the post-paid subscription. (CCK, April 2012).

Symbian OS	Series 40	Android	Unknown	Samsung	iOS	Sony Ericsson	BlackBerry OS	Other
34.31%	26.84%	16.64%	10.66%	6.16%	1.89%	1.7%	0.71%	1.1%

Q3

What distinguishes mobile in Kenya from a) the rest of Africa? b) other leading mobile markets worldwide? What makes Kenya a must-watch, must-participate-in market today and in the future? What can the rest of the world learn from what's happening today in Kenya? What else makes mobile Web and mobile marketing different or exciting in Kenya compared to abroad?

- The largest distinguishing factor of mobile in Kenya as compared to the rest of Africa and the world is the massive adoption and use of mobile money. Of the 28 million mobile subscribers, more than 70% (18.98 million users) are subscribed to mobile money, transferring more than Kshs. 176 Billion (2 Billion USD) between October and December 2011. The success of Mobile Money in Kenya has been attributed to the fact that it has provided the much needed financial facilities to a large number of the country's unbanked population.
- There are increased investments in the mobile sector to finance growth of technology infrastructure and improved provision of mobile services. Further, revenues from the mobile sector feature largely in the 20% contribution of the ICT sector to the Kenyan Economy. This is further supported by a favourable regulatory framework in existence that promotes healthy competition based on demand and a favourable mobile market.
- An important take-away from the current mobile market conditions lies in the uptake of mobile - it has leap-frogged the usual steps i.e. gradual movement from PCs to mobile units. Further, the local mobile market is characterized by an increased development and adoption of local content for the local market. Satisfying the needs of the base users, the Kenyan citizen, has been one of the largest contributing factors to the fast growth and adoption of mobile and related services.

Q4

How many a) access the mobile Web? b) text c) engage with companies via mobile e.g. mobile advertising d) download mobile apps, e) do m-commerce, e) m-banking, f) m-ticketing etc? Please include sources for any stats.

- The local sector regulator CCK, as well as a number of independent research organizations, has studied how Kenyans use their phones. These studies are not conclusive in themselves but give a general insight into the use of mobile phones.
- According to the latest statistics from CCK, 99% of internet access is from a mobile device (phone, modem, tablets etc.) This represents about 17 million internet users in Kenya. Further, CCK carried out a National ICT survey in 2011 and the findings report are illustrated in the table below:

MOBILE INTERNET ACCESS	Percent %
Communicating (Email/social media)	88.10
Getting information about good and services	19.00
Getting information from government organisations, public authorities via websites or email	18.20
Reading/Downloading electronic books, newspaper or magazine	19.70
Playing/Downloading games	18.30
Watching movies/TV	14.20
Getting information related to health or health services	8.30
Purchasing or ordering goods or services	6.90
Internet banking	3.20
Research	33.20
Other	3.30

- InMobi, a mobile advertising agency, in a recent report found out that 25% of people using mobile media engage themselves in social media sites such as Facebook and twitter. Other media usage was classified as follows: 19% general entertainment; 17% General information and search; 13% Games; 12% E-mail; 8% local searches; and 7% shopping.

- Looking at actual phone usage, TNS studies show that sending text messages still accounts for the largest amount of mobile phone usage, followed by calls and then general internet usage.

Q5

How does mobile Web usage compare to fixed Internet usage and when is mobile access to the Web projected to overtake PC access? Please include sources for any stats.

- As stated earlier, majority (99%) of access to internet services is via mobile web, a trend that has been in place for the past couple of years. It should be noted here that it is a common assumption that mobile access to web does not only encompass the mobile phones but also the portable dongles that use mobile phone SIM cards and access to internet from SIM card enabled tablets and other devices.
- There are, therefore, about 17 million mobile web users in Kenya.

Q6

What are the key mobile marketing activities for companies - mobile Web; mobile advertising; text campaigns; opt-in lists; applications etc.? Are there stats that show how big each is today or will be in the future?

- Companies in Kenya have diversified their marketing campaigns by making use of all available platforms to advertise and market their products and services. There is increased adoption of mobile marketing campaigns with companies taking advantage of USSD, text, apps and mobile web to advertise.
- All the Mobile Network Operators have been using SMS campaigns to promote new and existing services. Further whenever a user queries via USSD for airtime balance, the reply may come with a text promoting a service. Similarly, independent companies have collaborated with these network providers to advertise their products via text. Moreover, application developers, particularly those who create free or freemium apps, approach companies to advertise within the applications for a fee.
- Majority of text campaigns are not opt-in lists and there have been numerous of complaints on unsolicited marketing text messages by subscribers.

Q7

What is driving growth? What's holding it up? (What has promoted the growth of ICT sector, limitations for it to achieve potential)?

The growth of ICT sector in Kenya has seen tremendous growth backed by a number of individual as well as related factors, namely:

- Strong advocacy for investment by the Government via the Ministry of Information and Communication as well as the Kenya ICT Board. ICT has been seen to play an important role in Kenya's economic growth. With this in mind, the Government has enshrined infrastructure and development strategies of the ICT sector in the country's goal of Vision 2030, forecasting it to become one of the largest contributors to the entire economy of the country. Various campaigns to promote more investments in this sector are underway conducted by the Government and the ICT Board.
- ICT Hubs and their ecosystems. There are various private sector initiatives that have spurred growth in the ICT Sector. Particularly, there are a number of ICT Hubs in Kenya that have been established to promote the developments and use of ICT technologies through co-working, collaboration and incubation services. The [iHub](#), one of the best known hubs, brings together technologists, investors, tech companies and hackers in the area creating an ecosystem of creators and users of ICT and mobile technologies in Kenya.
- Access to Broadband services. The newly laid [fibre optic](#) network has been a great driver to the continued growth in this sector.

Limitations still affecting the ICT sector include:

- Access to infrastructure: Especially with regards to Telco infrastructure such as network coverage in Northern parts of Kenya. Therefore, there still remain some untapped markets despite the 67% mobile penetration rate. You may find that this does not necessarily interpret into that percentage of the total population due to many subscribers with multiple SIM card ownership.
- In this view, we can also look at limited access to good broadband. While 3 major Telcos now have 3G services, it is lying idle while the lower 2G networks are saturated. This has been attributed to high cost of smart devices that could potentially open up the online market further due to great mobile internet speeds. (Translates to new apps to serve this would-be 3G accessing market.)
- High operations costs and regulatory costs/challenges. Not only to network operators but to developers of mobile applications e.g. USSD costs are very high for developers of simple phone applications; percentages of payments received for provision of value additions services are most often than not unenticing.

Q8

What role do mobile operators play in the mobile ecosystem? Do companies tend to work with them e.g. with operator portals, using the operators opt-in lists, or independently? Which operators are facilitating with affordable pricing, innovative services, data sharing, mobile Web, SMS marketing etc?

- There are four mobile network operators in Kenya : Safaricom, Airtel, Orange, Essar Yu.
- Mobile network operators in Kenya have provided an enabling environment for development of mobile applications through the friendly call, text and data rates (all below 5cts US per unit) as well as the availability of mobile money services (this has been explained above) . This is promoting greater use of these mobile products as they are more affordable than ever to the general population.
- Further, Safaricom is launching a sandbox for developers to create even more useful applications on the mobile sphere, the [Safaricom Service Delivery Platform](#) (SDP). This is with the hope that the developers will create more applications for mass usage that will ride on the mobile network operator. Moreover, Safaricom also has plans to release a local apps store so as to increase levels of access to locally developed applications while at the same time giving the developers great traction of their products.

Q9

What role does the Kenyan government play in the mobile ecosystem? What is the regulatory environment like? Are there sites that tell us more? Do government organizations use mobile themselves to deliver services?

- The Kenyan government is the key policy maker and regulator in the mobile ecosystem primarily through the incorporated bodies: [Communications Commission of Kenya](#) (CCK), and the [Kenya ICT board](#) as well as other departments which all fall under the [Ministry of Information and communication](#)
- There is a favourable regulatory framework in existence that does not stifle mobile innovation rather promotes healthy competition based on demand and favourable mobile market. [The Central Bank of Kenya](#) has been independently supporting the mobile sector by issuing favourable policies and this has also been instrumental in contributing to the success of mobile money in the country.
- While there lies a great potential for government bodies to provide services via a mobile phone, the uptake is relatively slow. However, Ministries like the Ministry of Agriculture use mobile phones to receive

and relay daily market prices of agricultural produce. The [KEMSA](#) (health agency) has also developed an SMS application with the aim to push for better customer service. The applications by government agencies and ministries are being developed in silos i.e. every agency/ministry going at it on its own, and are therefore not standardized.

- Most ministries have embraced e-governance but there is a long way to go before they begin to fully implement m-governance.

Q10

What associations/industry initiatives are helping to push forward mobile best practice, standards etc or industry-specific initiatives such as m-health, m-banking, m-learning etc? (innovation ecosystems, hubs, ict board)

- The ICT hubs have played a pivotal role in creating and promoting mobile ecosystems. In these hubs, we have seen various mobile applications created and pushed to the market, not only commercial or enterprise applications but also those that are addressing fundamental social needs such as health and education. The [Pivot East](#) is a regional mobile apps developer competition which culminates with a conference and encourages developers to create commercially viable applications which can be scaled. Many initiatives by private sector under the umbrella of the ICT hubs include applications such as [m-farm](#) (m-agriculture), [med Africa](#) (m-health), [eLimu](#) (m-learning).
- M-banking and other mobile money initiatives are driven by large industry players such as [hello money](#) (m-banking by Barclays), [M-pesa](#) (Safaricom), [Airtel money](#), [Orange Money](#), [Yu Cash](#), [M-kesho](#)(Equity bank and Safaricom). However, there are third party players also tapping into this gap by creating enterprise applications such as m-payments by [Kopo Kopo](#) and [M-payer](#) (zege technologies)
- The iHub lists many of these initiatives on its website's [rolodex](#).
- The [initiatives](#) by associations such as [mobile marketing association East Africa](#) are helping to push best practices of this young industry. They achieve this through holding of forums where practitioners in the sector network and share ideas.

Q11

Which industries/sectors have shown the most interest in mobile Web/services/marketing in Kenya? Please include examples and links. Does interest from local or international companies?

Microfinance and the banking sector have been the biggest adopters of mobile outside of the ICT sector, of course. In fact, the banking sector is one of the earliest adopters of mobile phone. This is perceived to be as a result of the rising need to innovate to remain in competition in this era of mobile money.

Q12

Which brands/publishers are the most innovative with mobile? What are they doing that's so impressive? Which companies are investing the most in mobile Web/services/marketing? What are the big success stories and what has made them successful?

- As mentioned earlier, local banks have begun to innovate around the mobile space to keep in competition with mobile money transfers. These either have their own mobile access products or have partnered with the mobile network providers to allow for transactions between mobile money accounts and bank accounts. Some good examples that stand out include: Barclays bank's [hello money](#) and KCB's [Mobi Bank](#).
- The national electricity supplier ([KPLC](#)) has also introduced easy mobile access methods to query for electricity outstanding bills as well as pay for the electricity using mobile money.
- Nairobi Water and Sewerage Company allows companies to query their accounts and meter readings via [SMS](#) while a large retail supermarket, [Uchumi](#), and Safaricom have partnered to allow in-store payment of goods via mobile money.

Q13

What mobile campaigns stand out particularly? Are these long or short-term campaigns; is there cross-media integration?

- One of the most popular and impactful mobile campaigns is the [Kenyans for Kenya](#) campaign that raised more than Kshs. 167,000,000 (1.9 million USD) in funds in a few weeks from the M-Pesa platform alone to alleviate starvation levels in the country in 2011. A large number of contributions were also collected from other mobile money platform to contribute to the same cause raising in total more than half a billion shillings (5.9 million USD). Advertising for such campaigns is usually carried out on all media, print and broadcast, and now mobile advertising too.

Q14

What are the most popular mobile sites in Kenya? Please provide links and visitor numbers if possible. What are the most successful mobile commerce sites? What sort of revenue are companies making via mobile?

- According to a research done by Opera Mini ([April 2011](#)) on their users and the most popular sites used in Kenya, it was observed that Facebook is the most popular mobile site in Kenya with 67% of users logging onto this site at that time. The complete ranking according to the report is as follows:

1. facebook.com
2. google.com
3. wikipedia.org
4. youtube.com
5. yahoo.com
6. waptrick.com
7. nation.co.ke
8. bbc.co.uk
9. dictionary.com
10. goal.com

- Some notable mobile commerce sites in Kenya are [MyOrder](#) and [bid or buy](#). While there are many e-commerce sites, many are yet to transition to focus on m-commerce as well.
- Many mobile sites make revenue through third party advertisement campaigns that run alongside the content of the sites. Further, some sites require one to purchase items, most of which is paid for via one of the many mobile money and mobile payment platforms available.

Q15

Which mobile sites stand out as good examples of best practice? (Please provide links or case studies where possible) What makes them stand out?

- Few mobile sites in Kenya have been fully optimized for mobile viewing. However, many bloggers have realized that majority of their views come from mobile access and have taken steps towards creating mobile sites. Good examples include: [Eatout Kenya](#) and popular blogs and sites such as [Afrinnovator](#), [Diasporadical](#), [Media Madness](#) and [Pesatalk](#); these sites are responsive to the kind of browser accessed from, mobile or desktop.

Q16

Who are the key players in mobile Web/marketing in Kenya, in terms of:

- Mobile agencies or creative agencies: [Inmobi](#), [squad digital](#), [Sprint Interactive](#), [Deal Fish](#), [Mocality](#), [Rupu](#)
- Mobile content providers: Telcos such as [Safaricom](#), Application Developers, Blogs

- Mobile advertising networks: [Inmobi](#), [Deal Fish](#), [Zetu Deals](#),
- Mobile search engines: [Google Kenya](#), [Mocality](#), [Deal Fish](#)
- Mobile network operators: [Safaricom](#), [Airtel](#) , [Orange](#), [Essar Yu](#)
- Other providers of essential mobile services: [Cellulant](#),
- Associations: [Mobile Monday](#), [Akira Chix](#), [Bloggers Association of Kenya](#), [mobile marketing association East Africa](#)
- Mobile Web/marketing evangelists/gurus: [Moses Kemibaro](#),
- Must attend mobile events: [Mobile Monday Kenya](#), [Wireless Wednesday](#), [Mobile Web East Africa](#), [Pivoteast](#).

Q17

Where should people go for more information - please include useful online resources, books etc?

- The CCK statistics and resources website page, [Investing in ICT in Kenya](#), [Safaricom](#), [Airtel](#), [Yu](#), [Orange](#), [iHub](#), [iHub Research](#), [ICT Board Website](#), [Opera mini](#) and [ITU](#).

A snapshot of M-PESA:

More than 75% of Kenya's mobile money subscriptions are on Safaricom's mobile money phenomenon, M-Pesa. M-Pesa clocked 5 years, early this year on March 6, 2012. These five years have seen M-Pesa grow from humble beginnings as a small unit, when it was started in Kenya by a Safaricom -Vodafone partnership, to a fully-fledged department.

- The number of M-Pesa users has risen from 19,671 in 2007 to an astounding 15 million users to date transacting between them over Kshs.1.4 TRILLION Kshs. (16 billion USD). It has been written widely that this accounts for about 25% of the Kenya's GDP.
- The number of M-Pesa agents has also risen from 355 in 2008 to over 37,000 agents countrywide.
- Safaricom reduced the minimum value of M-Pesa transaction from Kshs. 50 (50 cts. US) to Kshs. 10 (10 cts. US) in this first five years of operation to cater for all segments of the population while the maximum value of an M-Pesa transaction has also risen from Kshs. 35,000 (410 USD) initially to Kshs. 140,000 (1600 USD)
- There are 25 banks in the M-PESA network with coverage of 700+ ATMs where you can withdraw your money from. Further, through Western Union, we can now receive money on M-Pesa from over 70 countries worldwide.
- Safaricom has been recognized by GSMA as the Best Mobile Transfer Service, by Africom for Innovative Technology and Life Changing Solutions, among many other international acclaims.

M-Pesa's success has been attributed severally to the fact that it provides options to many of the country's unbanked to move and receive money in a relatively easy and affordable manner. Further M-Pesa provides many popular value added services to users that include the following innovative products:

- Deposit, withdraw and transfer of money to a fellow mobile money user or even a bank account
- M-PESA Prepay Safari Card: An international PrePay VISA card that can be used to withdraw cash in any currency from over 1.6 million Visa ATMs worldwide as well as to make purchases at over 28 million VISA branded shops and other merchant outlets worldwide.
- Buying Safaricom airtime.
- Paying bills.
- Nunua na M-PESA' : This is a service that allows a registered M-Pesa user to directly purchase goods from supermarkets and other retail stores
- M-TICKETING: M-ticketing is the process whereby customers can order, pay for, obtain and validate tickets (bus, airplane etc.) from any location

and at any time using mobile phones or other mobile handsets.

- Lipa Karo na M-PESA: It is an M- PESA Pay Bill service for school fees collection. Upon signing up, a school is issued with a business number to which students' fees is paid.
- MKESHO: This is a bank account introduced by both Equity Bank and Safaricom where customers can earn interest from as little as Ksh1. Customers can withdraw cash from their Equity Bank Account to their M-PESA accounts and customers can also deposit through their M-PESA accounts to their M-KESHO Bank account. Other features of the account include Micro credit facilities and Micro insurance facilities
- Bulk Payments: This service enables organizations to send money by M-PESA to many people who may be widely dispersed. The service targets organizations that would like to do promotional payments, field staff disbursements, salary disbursements, dividend payments among others.
- Other links on M-Pesa: [Celebrating 5 Years of M-Pesa](#) and [M-Pesa's Timeline](#)

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