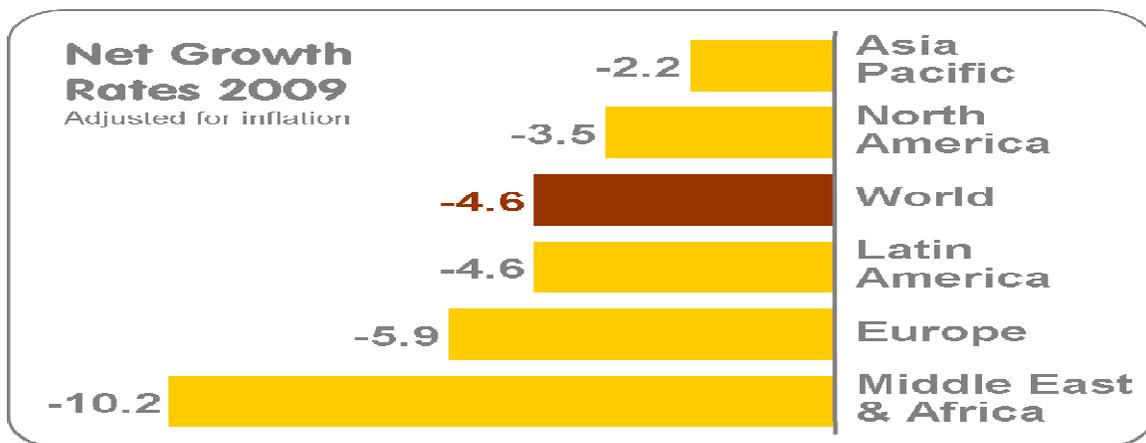


OVERVIEW OF AFRICAN RESEARCH INDUSTRY

ESOMAR Global Market Research Study 2010

Since it began publishing annual industry reports, the year 2009 was the first time that ESOMAR recorded a global industry decline. Compared to the previous year, the market research industry shrank by 4.6%. The least affected region was Asia Pacific, with a moderate decline of 2.2%; while Europe recorded a massive 5.9% loss.



At first glance, the Middle East and Africa region appears to have been the worst affected with a decline of 10.2% against the previous year. Actually, however, there are many positive developments in the Africa region to qualify that negative first impression.

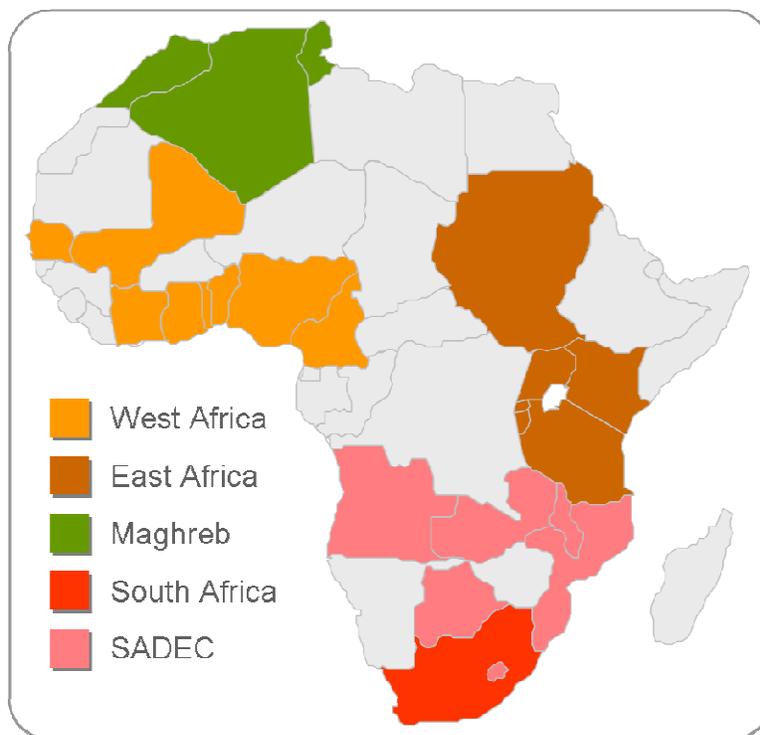
On the global scale, Africa remains a minor player in the market research industry, with a market size of 265 million in 2009, which accounts for less than 1% of the global industry (28.9 billion).

	2009 Turnover (\$ million)	% of Global Turnover
Europe	13,299	46
North America	9,188	32
Asia Pacific	4,480	15

Latin America	1,486	5
Middle East & Africa	492	2
Africa	265	0.9
Middle East	226	0.8
World	28,945	100

Developments in Africa

The ESOMAR Industry report covers only a handful of African markets; country data are available for only South Africa and Nigeria. So, it is important to bear in mind that ESOMAR coverage of Africa remains fragmentary at best.



Looking at the performance of the various regions in Africa, the massive decline is explained by the collapse of a single market – South Africa. Although it remains the largest research market on the continent, accounting for 59% of the total African research market, compared to 2008. South Africa recorded an absolute loss of 13.3% and, adjusted for inflation, a net loss of almost a fifth (19.1%).

Considering West Africa registered a moderate net loss of 2%, the market in the region still grew by 7.5% in absolute terms. East Africa, on the other hand, going against the global trend, recorded massive gains in both absolute terms and net growth. The Maghreb and SADEC regions also were on a growth path, albeit at more modest levels.

	Turnover (\$ million)					Absolute Growth %	Net Growth %
	2005	2006	2007	2008	2009	2008/09	2008/09
South Africa	159	170	208	198	156	-13.3	-19.1
West Africa	26	31	35	43	46	+7.5	-2.0
East Africa	16	18	21	26	34	+27.6	+14.0
Maghreb	11	15	17	19	20	+8.1	+4.1
SADEC	5	6	7	8	9	+12.4	+0.7
Africa Total	217	239	287	293	265	-4.0	-11.0

On the whole, the research industry in Africa, with the exception of South Africa, has withstood the global economic crisis unscathed and remains remarkably robust.

Focus on Nigeria

For the first time, the Industry Report contains a market size estimate for Nigeria. The research market in Nigeria generated business worth \$19 million internally in 2009; a further \$5 million was added through international subcontracting. Thus, the total research turnover stands at \$24 million (i.e. 80% internal; 20% external).

50% of clientele were domestic; 50% international. Quite possibly, the Nigerian research industry now gains more international clients directly than in the past, when subcontracting was arguably more important. Unfortunately, there are no comparative data in previous ESOMAR Industry Reports to substantiate this.

Focus on East Africa

Despite the global economical downturn and the decline in global market research spend reported by ESOMAR, the 2010 MSRA survey, conducted amongst Kenyan research agencies, once again recorded outstanding growth for the East African research industry with member revenues increasing by 26%, indicating that a significant number of investors as well as corporates continue to believe in the growth potential of



East Africa and identify that a successful growth within this market is possible through a thorough understanding of consumers' and clients' needs, enabling them to develop or adjust products and services to adequately meet those needs.

When we consider the numbers in more detail, we can ascertain a faster growth in terms of overall market research spend coming from international clients. Although East African companies' research spend has grown, it has done so at a slower pace.

Understanding the East African consumers and clients in general (73% of spend) and Kenyan consumers in particular (51% of spend) is where the bulk of the market research spend is going. Industries which are investing most in terms of this consumer understanding continue to be the telecommunication and FMCG companies. It is worthwhile noting that for the first time the telco companies have outspent (27%) the manufacturing companies (24%), indicating the heightened competitive environment that telco companies are faced with and the therefore prevailing need to have the most prominent insights in terms of consumers' interest and needs with regards to mobile and fixed internet.

In East Africa, the main quantitative method of data collection by far is face to face (pen and paper) interviews (92%), followed by telephonic data collection methods (4%). Online research in East Africa it is still relatively unused at only 2%.

Looking at the future, there is a strong belief amongst both research spenders as well as research providers that the African pie of global research spend will continue to grow.

Extracted and Written by:
MARGIT CLEVELAND | Research Consultant and
JANE DELORIE | Principal Consultant
www.evolutionafrica.com