

CONSUMERLAB



TV AND MEDIA IN KENYA

Changing consumer needs are
creating a new media landscape

An Ericsson Consumer Insight Summary Report
October 2015

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METHODOLOGY

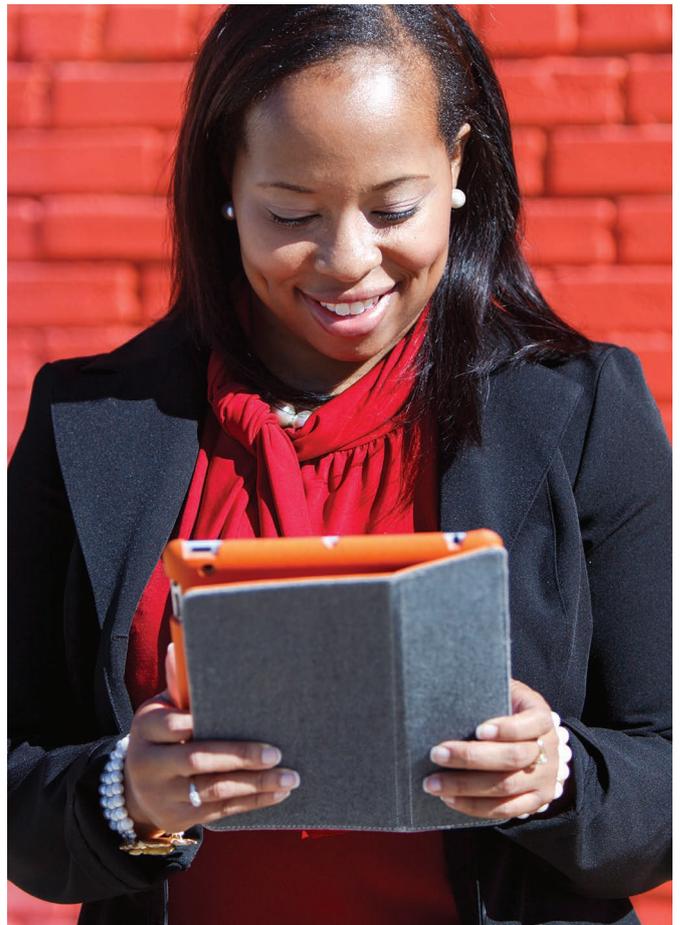
Qualitative

Four focus group discussions were conducted, each comprising 8 to 9 individuals, with a mix of male and female respondents aged 18–38. The groups included a mix of light, regular and heavy viewers of TV and video.

Quantitative

Face-to-face interviews with 1,500 respondents were conducted across 8 cities in Kenya – Eldoret, Kakamega, Kilifi, Kisumu, Machakos, Mombasa, Nairobi and Nyeri. The interviews were conducted with respondents aged 18–69 who watch TV and video content over the internet at least weekly. Overall, the data represents the views of over 13 million people in Kenya.

To offer insights from a global perspective, key proof points from the Ericsson ConsumerLab Analytical Platform 2013–2014 have also been included. These comprise data from respondents aged 16–65 who watch TV and video content on the internet at least weekly.



THE VOICE OF THE CONSUMER

Ericsson ConsumerLab has 20 years' experience of studying people's behaviors and values, including the way they act and think about ICT products and services. Ericsson ConsumerLab provides unique insights on market and consumer trends.

Ericsson ConsumerLab gains its knowledge through a global consumer research program based on interviews with 100,000 individuals each year, in more than 40 countries and 15 megacities – statistically representing the views of

1.1 billion people. Both quantitative and qualitative methods are used, and hundreds of hours are spent with consumers from different cultures. To be close to the market and consumers, Ericsson ConsumerLab has analysts in all of the regions where Ericsson is present, which gives a thorough global understanding of the ICT market and business models.

All reports can be found at:
www.ericsson.com/consumerlab

MOVING WITH THE TIMES

The proliferation of mobile devices has ushered in a world of possibilities for TV and media consumption in Kenya. Viewing habits have evolved beyond just watching TV in the living room. The mobility offered by these devices means that Kenyans are not restricted by time or place when it comes to entertainment.

They watch TV and video throughout the day in different locations, creating a demand among Kenyans for better internet connectivity.

KEY FINDINGS

Rising importance of individualized and family viewing and the need for control



63 percent of students and 59 percent of young white-collar professionals in Kenya would like to watch content of their choice on a personal device. Family viewing is more important for the older age groups

Time and space does not restrict TV and video consumption



80 percent of consumers own smartphones and 60 percent of their viewing time is spent on mobile devices other than TVs



Shorter video content is extremely popular, with about 53 percent watching at least daily and 77 percent preferring to watch on smartphones

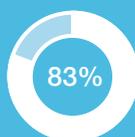
Seeking new experiences



Overall, 46 percent are interested in mobile video on-demand with young, white-collar professionals showing the strongest interest at 53 percent. The key barrier to their adoption is lack of speed and reliability of the internet connection



49 percent are interested in home video on-demand. The key driver for adoption is the download speed and the main barrier is data cost



83 percent are interested in having a single provider for TV and broadband services

Speed and reliability are needed for faster streaming and downloading



The smartphone is the most widely used device to connect to the internet and 84 percent use mobile broadband on their smartphones or tablets. Speed and reliability of streaming and downloading are the top drivers of satisfaction with watching content



Almost 50 percent are willing to pay for both a faster internet connection to download content, and to get reliable mobile internet connectivity for streaming

GEARING UP FOR CHANGE

Jonathan, a young father in Kenya, comes home in the evening and settles down to watch TV when he finds that his 7 year old son is already watching his favorite cartoon. He watches the cartoon with his son for the next half hour. Soon enough, his wife Emma requests to watch her favorite half-hour soap opera with him. He watches both the soap opera and cartoon with his family. However, by the end of the day, he feels dissatisfied because he wanted to watch his favorite sports program and had to compromise to spend time with his family.

Spending time with family is important for Kenyans and watching TV becomes an enabler for that. However, an interesting societal paradox is emerging in Kenya, where even though families get together to watch on a single screen, they do not enjoy the content since it doesn't suit their personal preferences.

Today, with access to the internet and the availability of multiple screens, Kenyan consumers who watch TV and video content over the internet at least weekly, feel that they do not have to compromise on the content they watch.

Personal viewing and family togetherness

Among Kenyans who watch TV and video content over the internet at least weekly, the study found that 1 in 2 perceives personal viewing to be as important as family viewing (Figure 1). Using information from the Ericsson ConsumerLab Analytical Platform 2014, we observed a similar trend globally where 55 percent prefer personal viewing.

Though family viewing is more important in older age groups, personal viewing is all the more important among consumer groups such as students (63 percent) and young white-collar professionals (59 percent). The results also showed that white-collar employees seek personal space more than the others.

INDIVIDUALIZED VIEWING IS INCREASING WITH THE AVAILABILITY OF MULTIPLE SCREENS AND CONSUMERS' DIMINISHING WILLINGNESS TO COMPROMISE ON TV CONTENT

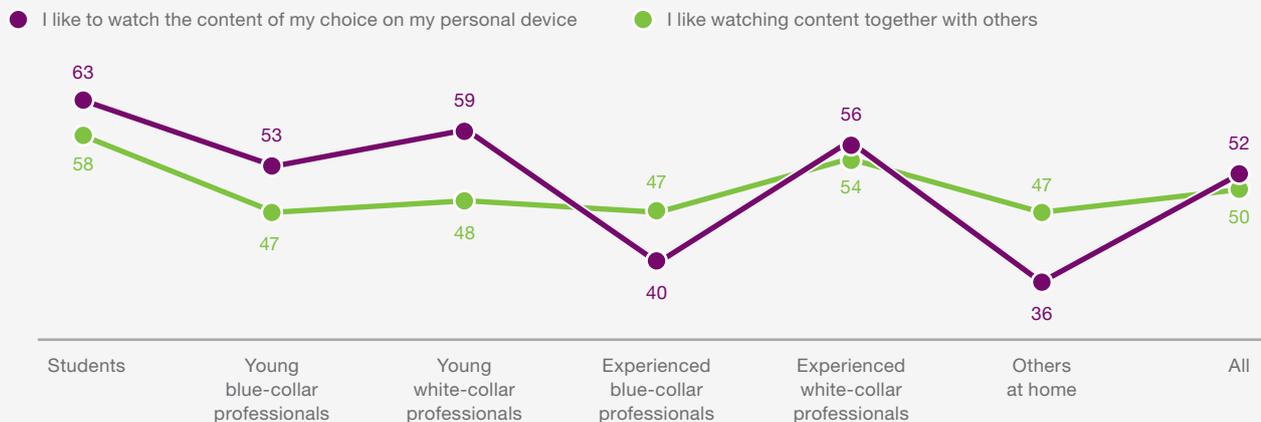
ONE SCREEN – FAMILY VIEWING

My son watches his cartoon first for 20 to 30 minutes. After that my wife's favorite program comes on. I will be there, but not enjoying the content.”
TV and media user, male

PERSONAL SCREENS – INDIVIDUAL VIEWING

If I want to watch the news and my friend or sister is not interested in that, they will take the laptop and watch on YouTube or something.”
TV and media user, male

Figure 1: Online TV/video viewers who watch/download videos online (percentage)



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
Base: Users watching TV/media on the internet at least weekly, aged 18–69

SHIFTING TIME AND PLACE

Users' viewing habits are moving away from fixed TV schedules to choosing their own schedule on a device suitable for the content.

Around 53 percent of consumers watch short videos on a daily basis, which is the most popular format of watching TV/video, next to news content/videos. The popularity of shorter videos is making viewing and downloading content a continuous activity throughout the day.

Among Kenyans who watch TV and video online, about 60 percent multitask while watching TV. For example, they read emails while watching TV and browse the web to find more information on the TV/video content they are watching.

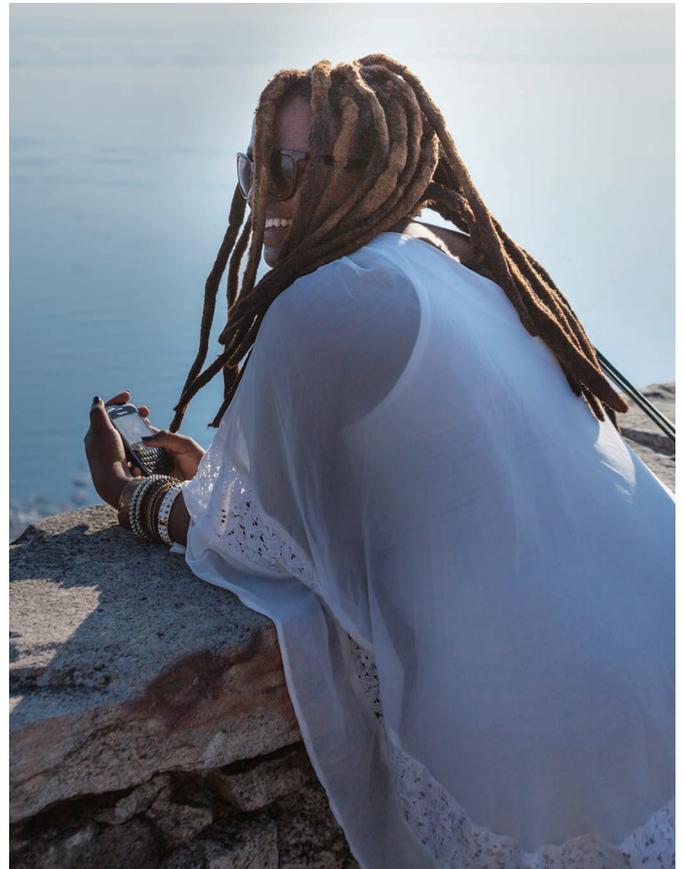
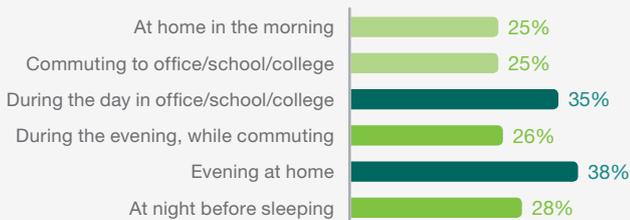


Figure 2: Online TV/video viewers who watch/download videos online



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
Base: Users watching TV/media on the internet, aged 18-69

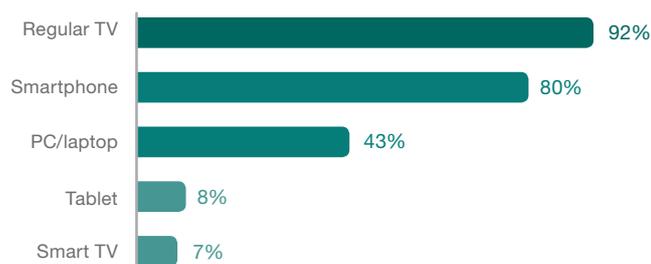
Going mobile

The availability of multiple mobile screens, especially smartphones, is blurring the time and space boundaries. TV ownership is high at 92 percent, as is ownership of smartphones at 80 percent (Figure 3a).

Among Kenyans who watch TV and video online, only 40 percent of the total time spent watching video content is on TV screens, with the remaining

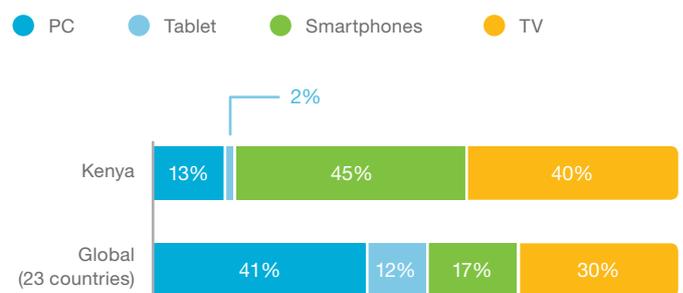
60 percent of the time spent on mobile devices like laptops, smartphones and tablets. Information from the Ericsson ConsumerLab Analytical Platform 2014 shows that, globally, about 70 percent (Figure 3b) of the time spent on watching TV and video content is on mobile devices like laptops, smartphones and tablets.

Figure 3a: Device ownership among TV/video viewers on internet



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
Base: Users watching TV/media on the internet, aged 18-69

Figure 3b: Time spent on watching TV/video in a day across devices



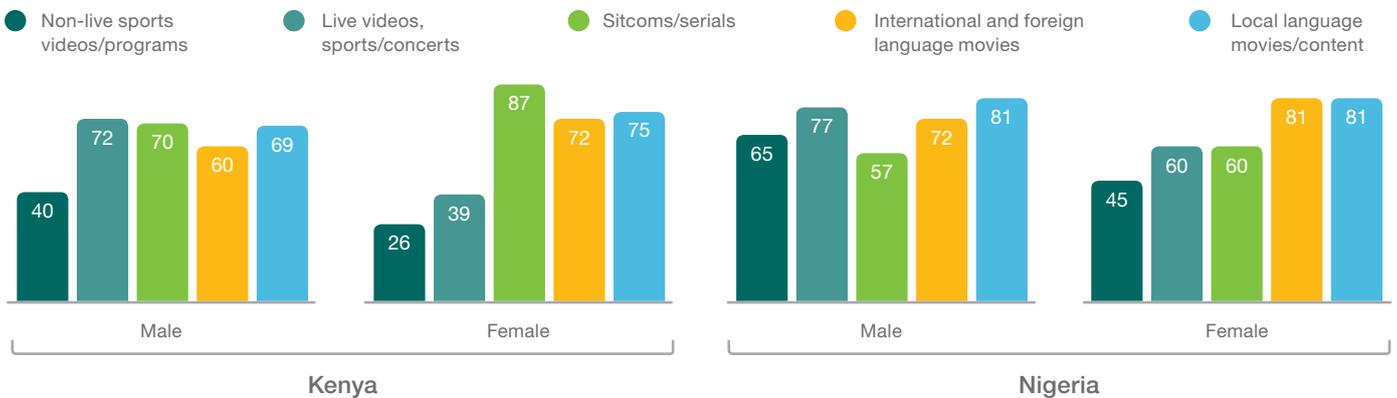
Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015, global figures from Ericsson ConsumerLab Analytical Platform, TV and Media study, 2014, 23 countries
Base: Users watching TV/video users on the internet at least weekly, aged 18-59

SPOILT FOR CHOICE

Kenyan consumers who watch TV and video content over the internet at least weekly prefer news, music videos and movies, encompassing both internet and linear TV. However, content preferences vary significantly based on gender. Based on Figure 4, over 70 percent of men prefer to watch live videos, such as live sports and concerts.

Similarly, more women (87 percent) prefer to watch soaps or sitcoms, international movies (72 percent) and local movies (75 percent), compared to men. These viewing trends are similar to those in Nigeria (Figure 4).

Figure 4: Percentage of Kenyan consumers who watch different types of content

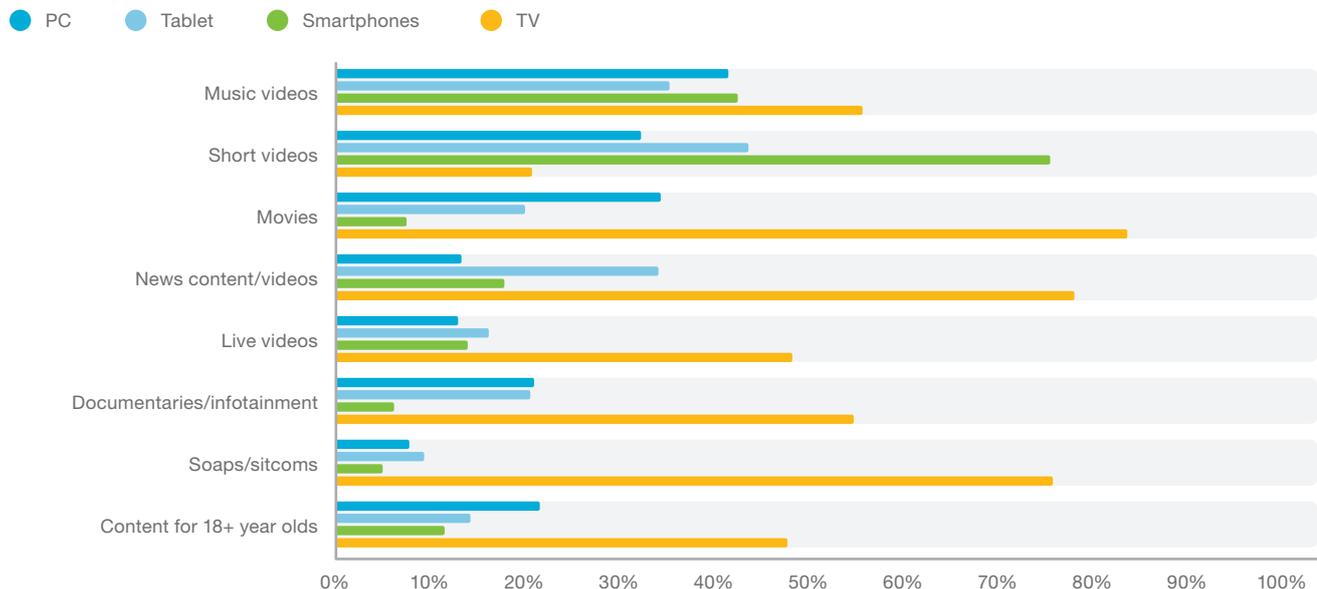


Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015 and TV and Media in Nigeria, 2015
 Base: Users watching TV/media on the internet, aged 18–69

Kenyan consumers who watch TV and video content over the internet at least weekly have multiple device choices for watching content, such as smartphones, laptops and tablets. Having access to multiple personal devices has resulted in consumers having specific preferences for watching certain types of content on particular devices.

The analysis in Figure 5 shows that mobile devices such as smartphones (77 percent) and tablets (45 percent) are preferred for short videos. 42 percent prefer to watch music videos on PCs and TV continues to be the preferred device for all other types of content.

Figure 5: Device preferences for accessing different types of content



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
 Base: Users watching TV/media on the internet, aged 18–69

THE NEED FOR SPEED

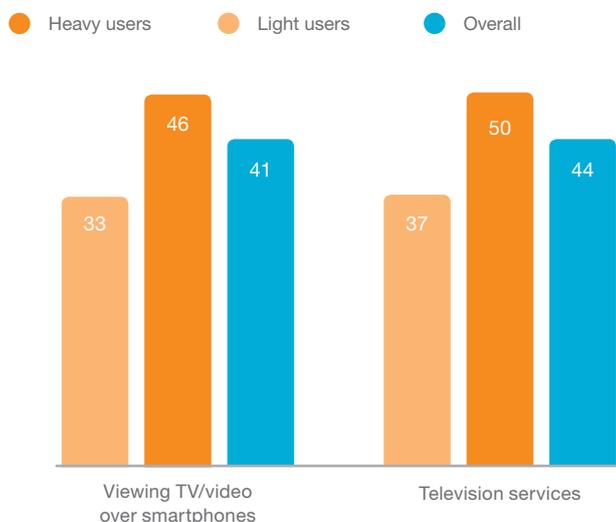
The smartphone is the most widely used device to access the internet and 84 percent use mobile broadband on their smartphone or tablets. Access to high speed connectivity at home is low, as only 13 percent of Kenyan households have fixed broadband services and 20 percent have access to Wi-Fi (Figure 6). As a result, satisfaction levels are also affected across services used and activities performed on various devices.

In spite of the fact that smartphones have a wider choice of content, the satisfaction levels for watching TV and video on smartphones are lower compared to satisfaction levels with watching on traditional TV. On the other hand, information from the Ericsson ConsumerLab Analytical Platform 2014, shows respondents across 23 countries have rated their overall on-demand video experience significantly higher than the traditional TV viewing experience.

84% Mobile broadband is used by 84 percent of consumers and 61 percent rely on it solely to access the internet

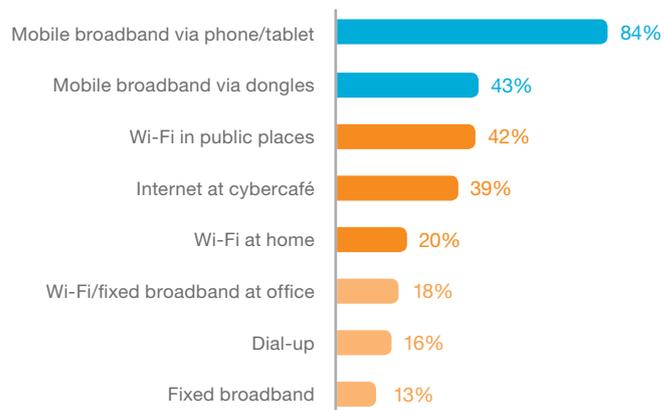
Based on the number of hours spent per day watching TV and video, respondents were categorized into heavy, medium and light users. Heavy users spend over six hours watching TV and video content a day, and light users spend under three hours.

Figure 7: Satisfaction with watching TV/video content over smartphone



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
Base: Users watching TV/media on smartphones aged 18-69

Figure 6: Access to the internet



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
Base: Users watching TV/media on the internet, aged 18-69

Only 33 percent of light users are satisfied with watching TV/video over smartphones, while 46 percent of heavy users are satisfied (Figure 7). The difference in satisfaction levels could be due to 50 percent of heavy users having access to Wi-Fi, compared to only 25 percent of light users. Heavy users spend 2.5 times more money on mobile broadband than light users in order to access higher speeds and better connectivity.

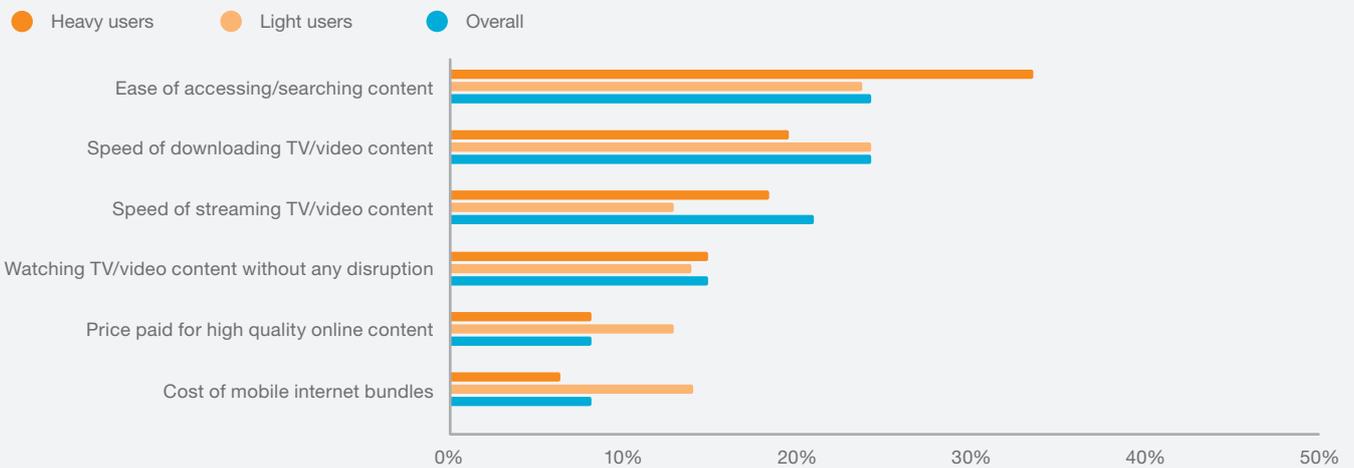


STRIVING FOR MORE

From an analysis of the user groups and their perception about drivers of satisfaction of TV and video viewing, it is clear that the ability to download and stream content (Figure 8) seem to be important drivers for overall satisfaction. Among light users, downloading content is the most important factor for overall satisfaction. Based on our qualitative research, we found that, Kenyans who watch TV and video content online rely on downloading TV and video content for a seamless experience.

Heavy users are most concerned with the ease of content discovery compared to speed of downloading or streaming TV and video content. This is most likely because they have access to better connectivity (Figure 8). Even though ease of accessing content is important for overall satisfaction for light users, the struggle with low speeds for downloading content continues.

Figure 8: Relative importance of drivers of satisfaction of TV/video viewing over smartphone



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
Base: Users watching TV/media on smartphones aged 18-69



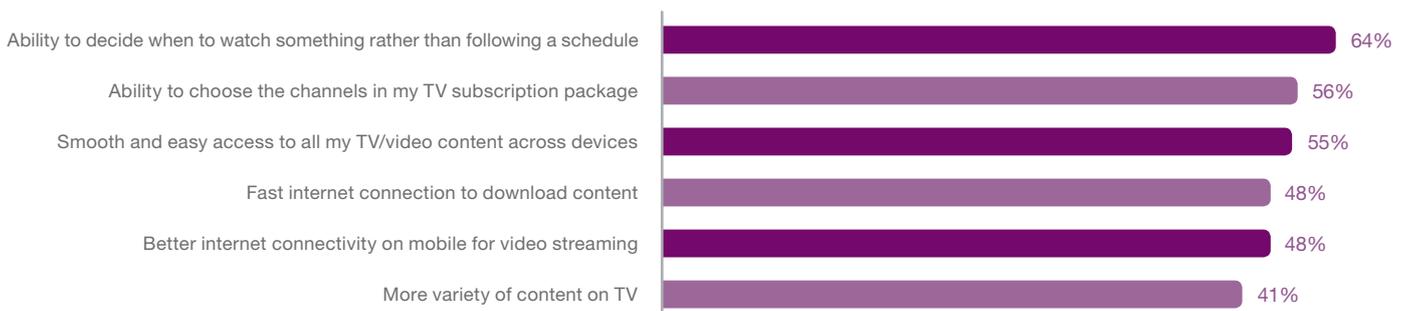
READY FOR A NEW EXPERIENCE

Growing expectations for higher speeds and personal viewing indicates that consumers are ready to seek new experiences. Consumers are ready to pay for higher flexibility, a better user experience and ease of access. For instance, 64 percent are willing to pay for a TV service option that gives them the ability to decide when to watch something rather than following fixed schedules (Figure 10).

About 50 percent are willing to pay for a faster internet connection to download content, and about the same proportion of respondents would pay to get reliable mobile internet connectivity for streaming. This corroborates the fact that downloading content is as important as streaming content.



Figure 10: Willingness to pay for TV/video services



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
 Base: Users watching TV/video on the internet at least weekly, aged 18–69

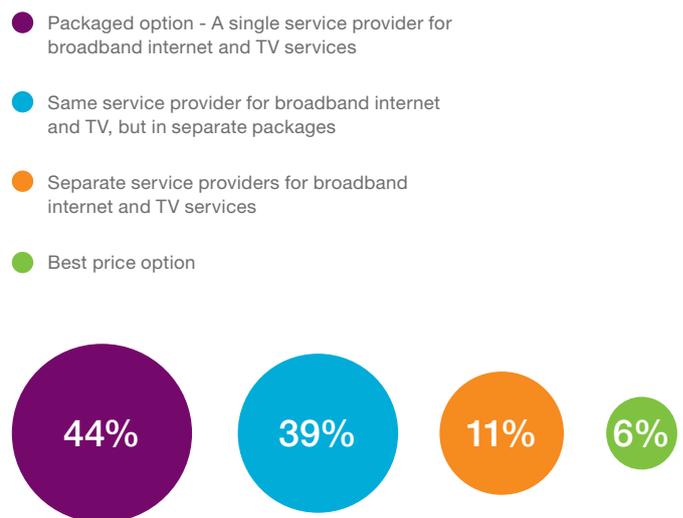
Also, greater willingness to pay to choose channels in a TV subscription indicates that the current packaging structure is not able to meet the increasing need for flexibility.

Bundling internet and TV services

There is a lot of interest in bundling internet and TV services. As illustrated in Figure 9, 83 percent are interested in dealing with a single service provider for TV and broadband.

44 percent are interested in having TV and internet services from the same provider and also bundled into a single package. This indicates a strong need for easy and hassle-free access to services.

Figure 9: Bundling internet and TV solutions



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2014
 Base: Users watching TV/video on the internet at least weekly, aged 18–69

EVALUATING NEW SERVICES

The openness towards newer service experiences has led to the exploration of users' perception towards two services: Mobile Video on-Demand (M-VoD) and Home Video on-Demand (H-VoD). These concepts were introduced to respondents to understand the attractiveness, drivers, barriers and likelihood to subscribe if made available on the market in the near future.

M-VoD would give viewers the ability to watch high-definition videos on any 3G-enabled mobile device, with an easy-to-use mobile app that has search and recommendation features. It offers streaming capabilities as well as download with an option to watch later along with a catalog of high quality local and international content.

60 percent of the Kenyan consumers who watch TV and video content over the internet at least weekly find the concept attractive and 46 percent of consumers are likely to subscribe to this service. Young white-collar professionals (under 30 years old) are the most interested in subscribing to M-VoD (53 percent).

We found that speed of download (79 percent), followed by quality and clarity of the videos (70 percent) are the key drivers influencing the decision to subscribe (Figure 11). On the other hand, 58 percent of consumers feel that cost is a major barrier to subscribing (Figure 12).

46% As many as 46 percent of consumers are likely to subscribe to M-VoD

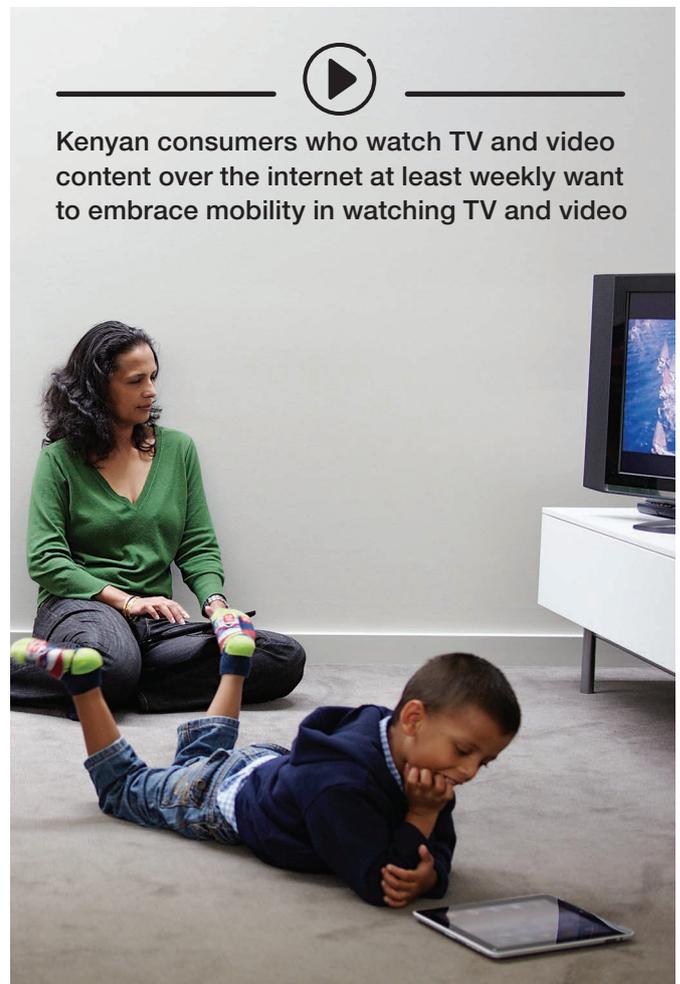
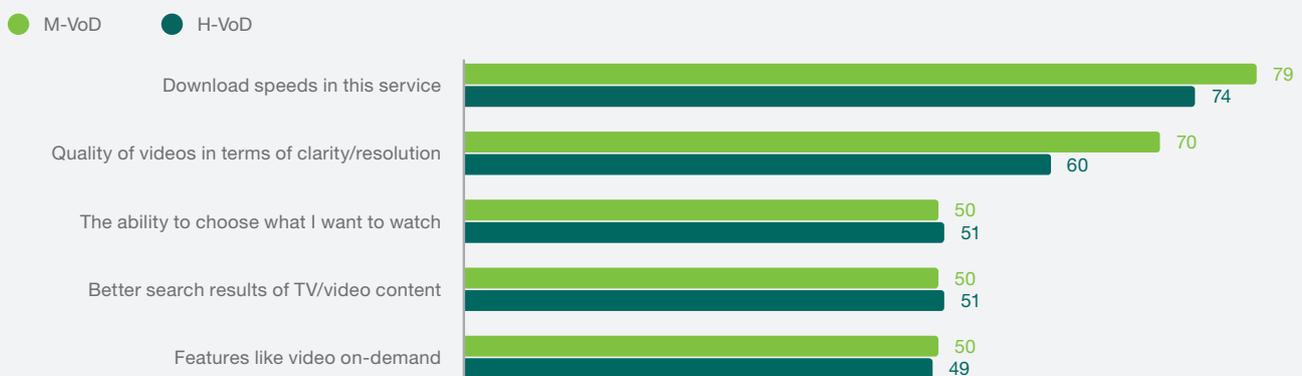
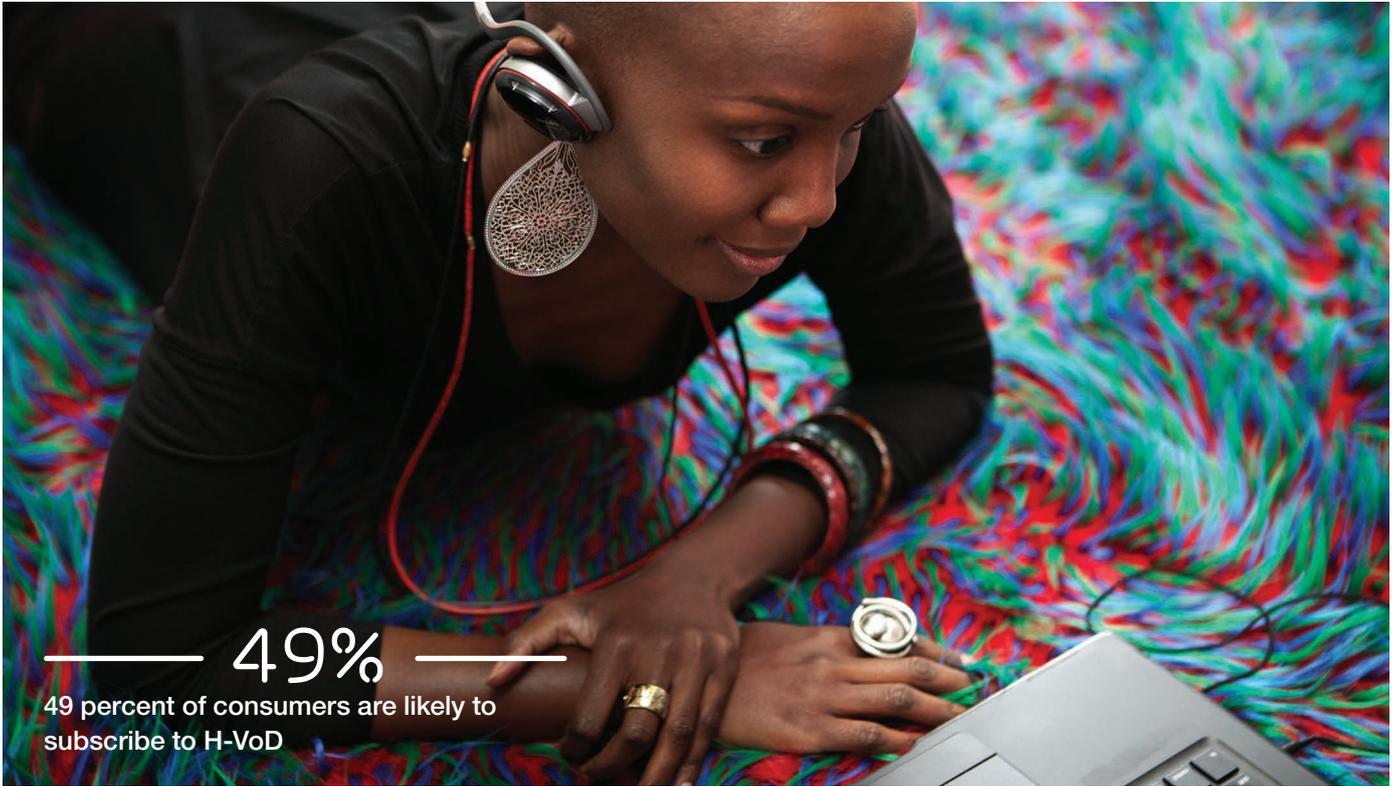


Figure 11: Key reasons to subscribe to M-VoD and H-VoD



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
 Base: TV/media users on the internet, aged 18–69, who are likely to subscribe to the respective services



H-VoD services would offer viewers the ability to watch high-definition videos of their choice on their TV using a set top box. It comes with features such as on-demand viewing on multiple screens and download and watch, as well as Wi-Fi connectivity. Subscribers could continue watching on mobile devices even when they are not at home, at discounted mobile data charges. The subscription gives consumers access to a catalog of high quality local and international content.

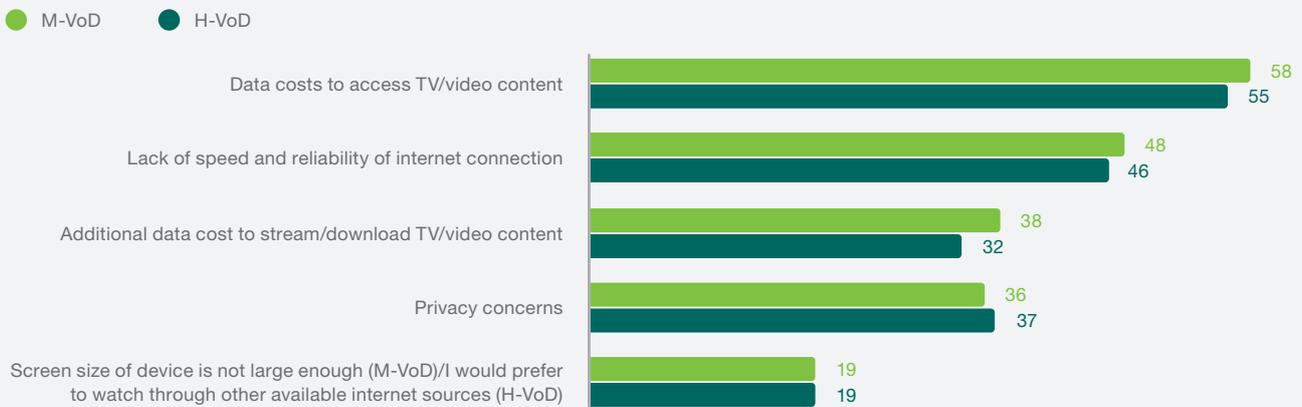
49 percent of consumers who watch TV and video content over the internet at least weekly are likely to subscribe to H-VoD. Young and experienced professionals are much more likely to subscribe than the others. H-VoD finds a lot of relevance among consumers as it gives them continuity and greater freedom of time and place.

Download speed (74 percent), followed by the quality and clarity of the videos (60 percent) are the key drivers for subscription among those likely to subscribe (Figure 11). On the other hand, 55 percent of those not likely to subscribe feel that cost is a major barrier to subscription.

Greater freedom and opportunities

It is evident that Kenyan consumers who watch TV and video content over the internet at least weekly want to embrace mobility while watching TV and video. Personalized viewing, the availability of high speed connections and high resolution video content would create the demand for adopting new services. They consider having transparency in pricing, bundled offers and availability of a one-stop service would enhance their experience and satisfaction levels.

Figure 12: Key barriers to adopting M-VoD and H-VoD



Source: Ericsson ConsumerLab, TV and Media in Kenya, 2015
 Base: TV/media users on the internet aged 18–69 years, who are not likely to subscribe

Leading transformation through mobility

We are a world leader in the rapidly changing environment of communications technology – providing equipment, software and services to enable transformation through mobility.

Some 40 percent of global mobile traffic runs through networks we have supplied. More than 1 billion subscribers around the world rely every day on networks that we manage. With more than 37,000 granted patents, we have one of the industry's strongest intellectual property rights portfolios.

Our leadership in technology and services has been a driving force behind the expansion and improvement of connectivity worldwide. We believe that through mobility, our society can be transformed for the better. New innovations and forms of expression are finding a greater audience, industries and hierarchies are being revolutionized, and we are seeing a fundamental change in the way we communicate, socialize and make decisions together.

These exciting changes represent the realization of our vision: a Networked Society, where every person and every industry is empowered to reach their full potential.

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