



Connected Consumer Survey 2020: digital services in Africa



Inigo Barker

About this report

This report focuses on aspects of Analysys Mason's *Connected Consumer Survey* that relate to the behaviour, preferences and plans of smartphone users in Africa. In particular, it focuses on respondents' usage of digital services.

The survey was conducted in association with On Device Research (ODR) between August and September 2020. The survey groups were chosen to be representative of the mobile-internet-using population in Africa. We set quotas on age, gender and geographical spread to that effect. There were a minimum of 1000 respondents per country.

KEY QUESTIONS ANSWERED IN THIS REPORT

- What are the main payment mechanisms and devices for e-commerce in Africa and how often do consumers engage in e-commerce?
- What are the most popular mobile wallet services in Africa?
- What are the main payment mechanisms for physical purchases in Africa and how often do consumers engage in physical commerce?
- Which organisations are consumers in Africa most willing to trust with their personal data?

GEOGRAPHICAL COVERAGE

Africa:

- Egypt
- Kenya
- Nigeria
- South Africa

WHO SHOULD READ THIS REPORT

- Operator-based strategy executives and marketing managers who are interested in understanding consumer market trends and the changing role of operators as digital service providers.
- Market intelligence and research executives in service providers that are responsible for understanding end-user trends and supporting business units in identifying and addressing new opportunities in e-commerce, payments and identity management.
- Equipment/device manufacturers and software providers that want to identify end-user trends in service and device usage and help their operator customers to better address market opportunities in services related to e-commerce and payments.

E-commerce: the number of e-commerce users has grown only slightly, largely due to ongoing challenges around logistics, mobile data costs and online fraud

E-commerce penetration increased only slightly in 2020.

67% of our panel shop online, and 36% do so at least once per month.¹ Kenya has the highest percentages of online shoppers and frequent online shoppers, which reflects the higher internet penetration and popularity of m-wallets in the country.

The penetrations of e-commerce and frequent online shopping in Nigeria increased by 1 percentage point (pp) and 3pp, respectively, between 2019 and 2020, but fell in Kenya and South Africa.² By contrast, e-commerce penetration grew from 70% to 85% in emerging Asia–Pacific. The lack of strong growth in Africa reflects the limited COVID-19-related lockdowns in many African countries. Ongoing e-commerce issues such as poor logistics infrastructure, unfavourable logistics economics, relatively high mobile data costs and consumer concerns about online fraud also constrained the demand.

Our data shows evidence of these challenges. Respondents in rural areas are less likely to shop online than those in urban areas (58% versus 69%), which suggests logistics problems. 61% of respondents aged 18–24 shop online compared to 71% of those aged 25 and over, suggesting issues around e-commerce affordability and a lack of goods with youth appeal. Operators can support e-commerce by making data bundles more affordable and helping to overcome logistics challenges (for example, by using their mobile money agent networks for e-commerce delivery and assisting in creating data-driven logistics platforms).

¹ We should note that there was a bias in our panel towards high-value consumers, which means that there is a higher proportion of online shoppers than in the population as a whole. ² This may be partly due to the weaker bias towards higher-value panellists in our 2020 survey compared to that in 2019. ³ Please refer to the methodology and panel information section for the sample size and relevant survey questions.

Figure 2: Percentage of respondents that make online purchases, Africa, 2020³

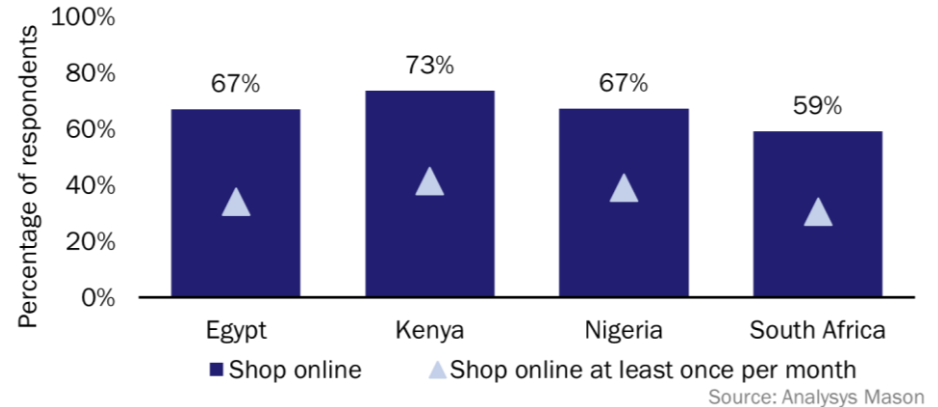
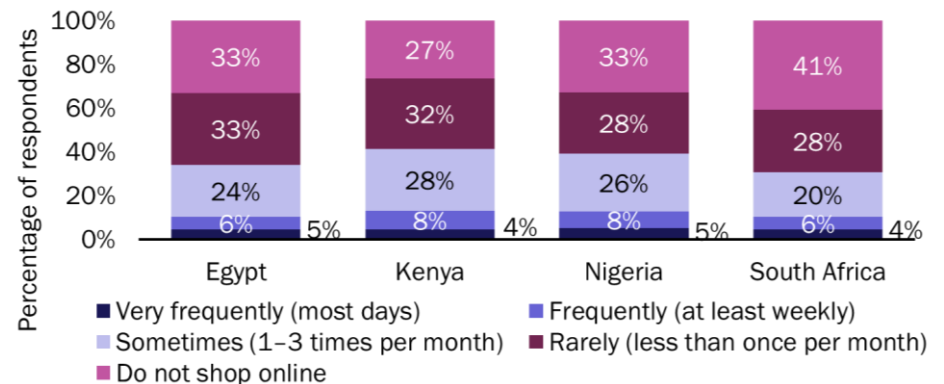


Figure 3: Frequency of online purchases, Africa, 2020³



Mobile payments: the competitive dynamics of the digital payments market did not change much between 2019 and 2020, despite a significant increase in activity

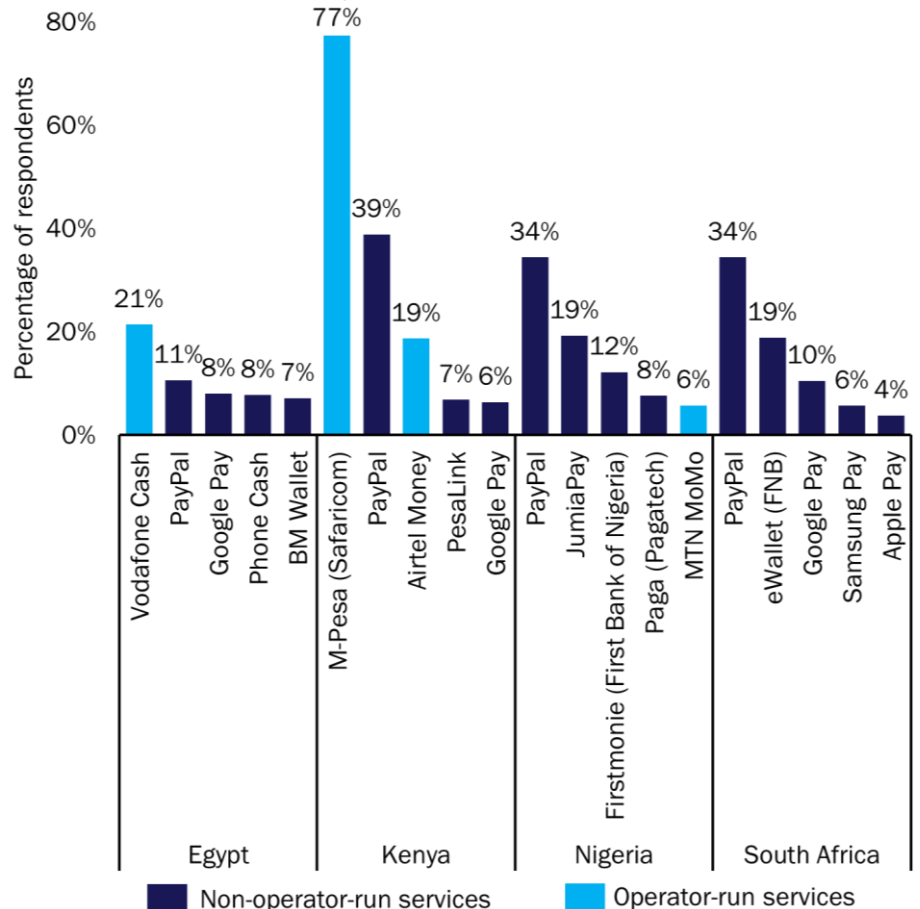
Mobile money services have become more popular due to the acceleration of digital wallet adoption during the COVID-19 pandemic, but the in-country market dynamics are unchanged.

M-Pesa’s high penetration in Kenya meant that there was limited potential for further growth, despite its central role in the country’s COVID-19 response. The Kenyan central bank waived fees on transactions below USD10 throughout 2020. This resulted in a 14.5% year-on-year decline in M-Pesa revenue in 1H FY2020/2021. Kenyan consumers remain very reliant on M-Pesa, so rival services such as Airtel Money and PesaLink have struggled to grow their user bases.

PayPal has a strong presence in all countries surveyed, particularly Nigeria and South Africa. It has many partnerships with local banks and other m-money players, which enables it to operate a large international network. The penetration of operator-run m-wallets is limited in South Africa and Nigeria, largely because they were late to market and banks tend to dominate the sector. This may change in Nigeria; Globacom and 9mobile acquired payment service bank (PSB) licences in August 2020, which enables them to offer high-volume, low-value transactions (such as in micro-savings) independently of banks.

Vodafone Cash is the most popular mobile money service in Egypt. It benefits from a broad service range (such as bill payments, charity donations and online payments), its early market entry and interoperability with other m-wallet services.

Figure 6: Penetration of the five most-popular mobile money services in each country, Africa, 2020¹



Source: Analysys Mason

¹ Please refer to the methodology and panel information section for the sample size and relevant survey questions.



Contents



Executive summary

Results and analysis

Methodology and panel information

About the author and Analysys Mason

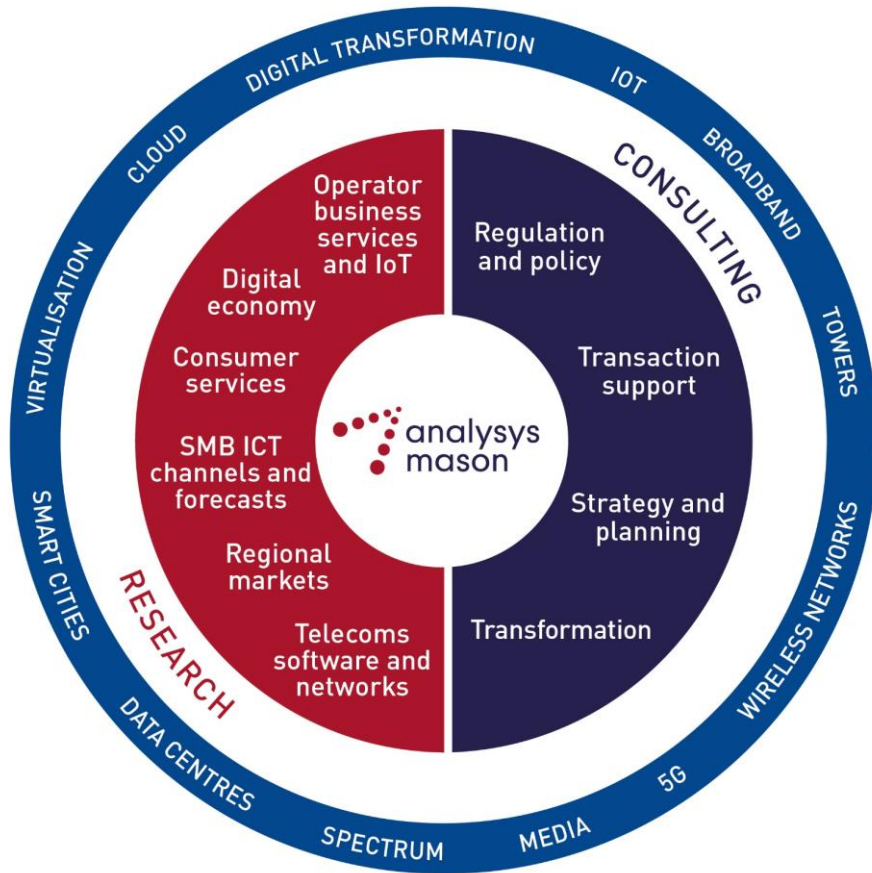
About the author



Inigo Barker (Analyst) is a member of the *Consumer Services* research team in London, contributing primarily to the *Digital Services* research programme. His main interests are in adtech, mobile financial services and digital healthcare. He has also contributed to various other programmes in the *Consumer Services* portfolio and he manages the multi-play and mobile handset pricing trackers. He has a BA in Classics from the University of Cambridge.

Analysys Mason’s consulting and research are uniquely positioned

Analysys Mason’s consulting services and research portfolio



Consulting

We deliver tangible benefits to clients across the telecoms industry:

- communications and digital service providers, vendors, financial and strategic investors, private equity and infrastructure funds, governments, regulators, broadcasters and service and content providers

Our sector specialists understand the distinct local challenges facing clients, in addition to the wider effects of global forces.

We are future-focused and help clients understand the challenges and opportunities new technology brings.





Research

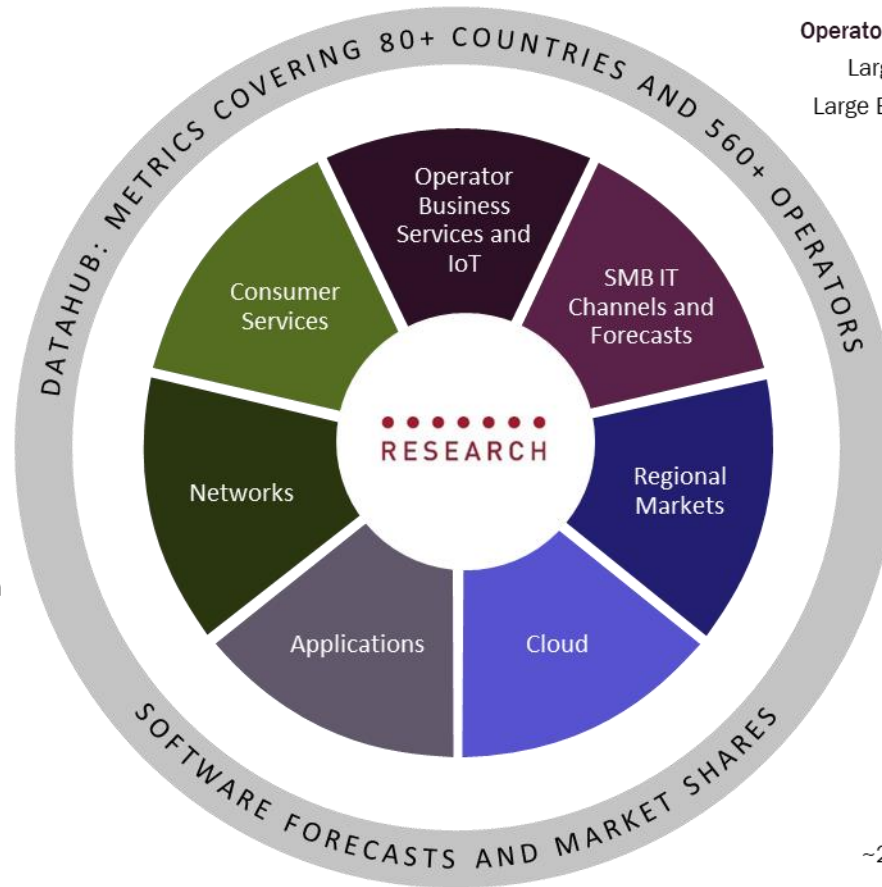
Our dedicated team of analysts track and forecast the different services accessed by consumers and enterprises.

We offer detailed insight into the software, infrastructure and technology delivering those services.


Clients benefit from regular and timely intelligence, and direct access to analysts.


Research from Analysys Mason


- 
Consumer Services programmes
 - Fixed Broadband Services
 - Mobile Services
 - Fixed-Mobile Convergence
 - Smart Devices
 - Future Comms
 - Video, Gaming and Entertainment
 - Digital Services
- 
Networks programmes
 - Next-Generation Wireless Networks
 - Wireless Infrastructure
 - Fibre Infrastructure
 - Operator Investment Strategies
- 
Applications programmes
 - Network Automation and Orchestration
 - Customer Engagement
 - Monetisation Platforms
 - Digital Experience
 - Automated Assurance
 - Service Design and Orchestration
- 
Cloud programmes
 - Cloud Infrastructure Strategies
 - Data, AI and Development Platforms
 - Media Platforms



- 
Operator Business Services and IoT programmes
 - Large Enterprise Voice and Data Connectivity
 - Large Enterprise Emerging Service Opportunities
 - SME Strategies
 - IoT and M2M Services
 - IoT Platforms and Technology

- 
SMB IT Channels and Forecasts programmes
 - Cyber Security

- 
Regional Markets programmes
 - Global Telecoms Data
 - Americas
 - Asia-Pacific
 - Middle East and Africa
 - European Core Forecasts
 - European Telecoms Market Matrix
 - European Country Reports

- 
DataHub
 - ~2800 forecast and 280+ historical metrics
 - Regional results and worldwide totals
 - Operator historical data

analysismason.com/services/research

Consulting from Analysys Mason



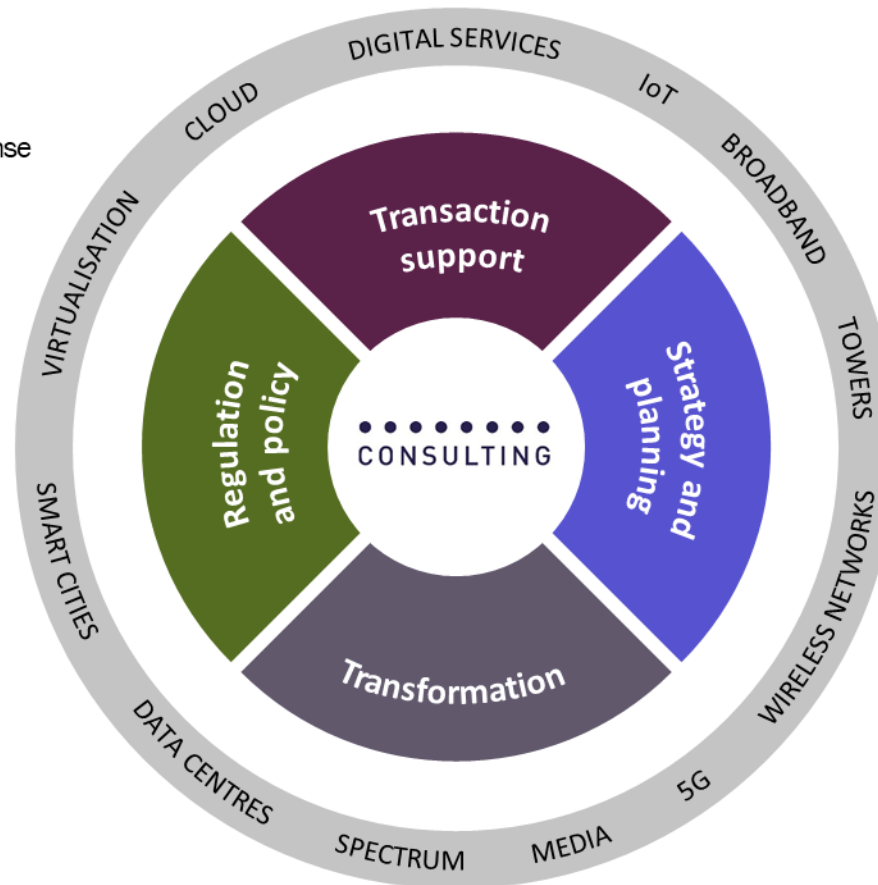
Regulation and policy

- Policy development and response
- Ex-ante market reviews, remedies, costing...
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering...
- Ex-post / abuse of dominance
- Postal sector



Transformation

- Transformation programmes
- Assurance
- Implementation
- Delivery



Transaction support



- Commercial and technical due diligence, buy-side and sell-side
- Initial public offerings (IPOs)
- Financial valuation
- Debt financing
- Lending technical advisory
- Opportunity scouting
- Business plan review

Strategy and planning



- Commercial expertise
- Technology optimisation
- New digital frontiers

analysismason.com/services/consulting



PUBLISHED BY ANALYSYS MASON LIMITED IN **APRIL 2021**

Analysys Mason Limited. Registered in England and Wales with company number 05177472. Registered office: North West Wing Bush House, Aldwych, London, England, WC2B 4PJ.

We have used reasonable care and skill to prepare this publication and are not responsible for any errors or omissions, or for the results obtained from the use of this publication. The opinions expressed are those of the authors only. All information is provided “as is”, with no guarantee of completeness or accuracy, and without warranty of any kind, express or implied, including, but not limited to warranties of performance, merchantability and fitness for a particular purpose. In no event will we be liable to you or any third party for any decision made or action taken in reliance on the information, including but not limited to investment decisions, or for any loss (including consequential, special or similar losses), even if advised of the possibility of such losses.

We reserve the rights to all intellectual property in this publication. This publication, or any part of it, may not be reproduced, redistributed or republished without our prior written consent, nor may any reference be made to Analysys Mason in a regulatory statement or prospectus on the basis of this publication without our prior written consent.

© Analysys Mason Limited and/or its group companies 2021.