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## **KENYA**

Mobile Report 2019

#JumiaMobileWeek2019

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## Kenyan Facts

Kenya is Africa's Silicon Savannah

enya has experienced rapid growth over the last decade, with the ICT sector expanding from 10% to 22% in 2017, contributing to 1.6% of total GDP. As at 2018, Kenya's GDP growth stood at 5.7% versus Africa's GDP growth of 3.5%. Kenya's growth unleashed almost a decade ago, is supported by strong government, private sector and foreign investment. Other engines identified as driving development include; mobile adoption with 91% (46.94M) penetration of mobile subscriptions, compared to 80% mobile penetration in Africa and internet connectivity, at a penetration rate of 84% with 43.3M of the total population having access to the Internet in Kenya. Curiously Google only identifies 13M active internet users in the country.

With a population of about **51.58M** (of which **26.6%** are in urban areas or cities), Kenya has a young population with an average age of 18 years with almost **three quarters of the population under the age of 30**. This youthful population has an increasing disposable income & resulting higher purchasing power.

Higher mobile and internet penetration has led to the growth of social media users, currently at **8.20M**. Kenyan users on social media will spend close to **3 hours a day on social media**, with the most used social media platforms identified as Whatsapp (74%), Facebook (70%) & Twitter (50%), based on users own claimed activity.

Other factors that have driven growth in mobile subscriptions include **more affordable smartphones &** declining mobile data plans

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## **Internet Connectivity**

Driving growth & innovation

enya's National Broadband strategy released in 2013, identified that access to the internet would be critical in the development of the country and a key driver for innovation. With this in mind, Kenya's broadband penetration has been driven by improved infrastructure, with an infrastructure score of 54.8 as defined by the World Economic Forum and mobile operators covering almost 90% of the population. However, some sections of the country continue to be disconnected from the Internet. This has provided opportunities for innovation such as the initiative by Loon, a sister company of Google to deliver connectivity to rural areas of the country using balloons.

**3G network coverage** across the country has also increased from 67% in 2014 to **85% in 2017**, with a bigger proliferation of **4G**, **now reaching more than a third of the population**. Growth in network coverage has also been driven by **accessibility**, through mobile providers and new internet service providers such as **Express Wifi by Facebook**, providing **more affordable internet solutions** than is currently offered by Kenyan telco's.

The overall affordability of mobile data baskets has also improved, with 500MB allowance in 2017 costing 1.3% of monthly GDP per capita, as compared to 3.7% in 2014.

Better internet coverage across the country has also led to the growth of mobile content in Swahili, with the number of mobile apps in the language increasing from **5,000 in 2014 to almost 30,000 in 2017** .

### **Mobile Market Trends**

Battle of the Brands

Ithough affordability of the smartphone has historically been quoted as a major challenge,
Jumia, Kenya's leading ecommerce platform, has reported a continuous decrease in average
price of smartphone over the last three years. The average amount spent to purchase a
smartphone on the platform in 2014 stood at 186 USD, which reduced to 97 USD in 2016 and 86 USD
in 2018 respectively. The rise of affordable entry-level devices from brands continues to remain a key
driver of smartphone adoption.

The smartphone industry has remained a truly competitive landscape throughout the years, with Chinese brands dominating both Kenyan and African markets. Among the top mobile brands on Jumia 2018, **Infinix dominated** the sales (for the past three years). Xiaomi and Huawei were seen as strong new entrants, **gaining 5% and 9% market share** on Jumia respectively, within 2018

Despite the price of smartphones falling, **smartphone users**, continue to focus on **specifications** along with brand perception and quality. This has resulted in brands offering **higher specifications at lower pricing** by investing in higher storage, larger screen size, better camera resolution and 4G network connectivity on their devices. Thus, **creating value** for Kenyan consumers.

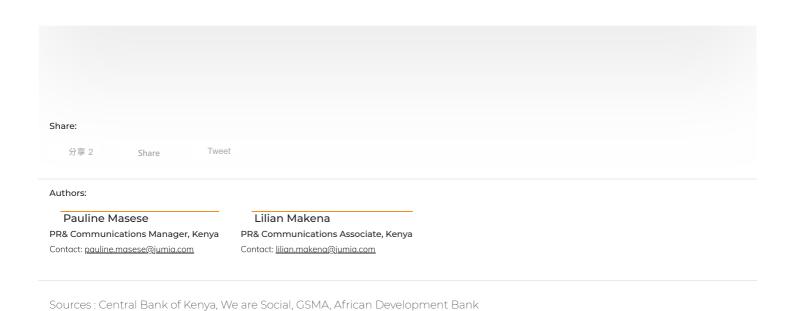
# **Mobile Money**

Driving Financial Inclusion

here are currently 47.6M active mobile money accounts, which accounted for a transaction value of \$3.6Bn dollars in 2018 alone; accessed through more than 200,000 agents. This highlights the impact of the 11 year old innovation pioneered by M-pesa in driving financial inclusion and the race to turn mobile phones into banks for the "unbanked".

Continued growth of mobile money is supported by increasing adoption of mobile payments by major sectors of the economy, such as financial services, retail & wholesale trade. Unlike when mobile money platforms were largely used for person to person cash transfers, they are now increasingly being used to initiate and cut business deals such as the purchase of goods and services as well as processing of instant short term loans, driven by more than 300 loan apps in Kenya alone.

In 2018, 70% of all transactions made on Jumia were done through mobile money and rest 30% through other payment methods including cash on delivery and card payments.



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#### TOP BRANDS

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