NENDO 2021 TREND REPORT

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Academy · Advisory · Agency ·

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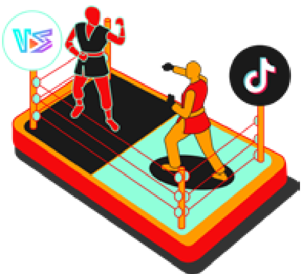
PREFACE

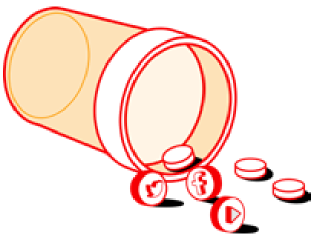
The COVID-19 pandemic has wrought untold humanitarian, economic and societal changes. When Nendo created its list of six trends and launched them one day after Kenya's first case of COVID-19, we had no idea the extent to which the year and life as we knew it would change.

Since then, each of the six trends and our predictions came to pass.



Short-video platform TikTok taking over, especially compared to its rivals - vSkit and Likee.

Reworking Influencer Marketing Strategies to optimise for trust, disclosure, and creativity.



Greater emphasis on social media and mental health (the pandemic certainly made this a global topic).

Thoughts on whether Kenyan digital agency budgets would go up or down.

A focus on in-sourcing and digital training for teams.

How chatbots adapt to more Kenyan business-cases.

In each of these distinct chapters, the market's expectations came true and accelerated by COVID-19. For 2021, Nendo has taken a different approach with our trend report. The Nendo team collaboratively wrote this report. From content marketers, art directors, data analysts, and client success managers.

The team has weighed in with their views that we have filtered past our expert panel's minds. This is an exciting way of getting more hands, hearts, and minds involved in making Nendo's vision for the year ahead.

Secondly, the trend report leans on a unique line-up of expert guest contributors sounding in agreement (or disagreement) with Nendo's position. We've found that collaboration and communication in navigating the year ahead will be crucial. Nobody has a monopoly on the customer's point of view, and the more voices chipping in, the better.

Lastly, we've included more trends and expanded them to feature more areas than we've covered before. This year's trend report is closer to what our newsletter presents itself as - a tasting menu. I'd be remiss if I didn't point out we also have a private Letter N Facebook Group of our readers. You can join for discussions and updated weekly insights directly from the team and me (that you'll find nowhere else).

This year I want to pose a challenge to you. Trends are not purely about the information you take in. They are about combing through the data to seek out the insight and find a way to apply this to your sector, product, service, and business.

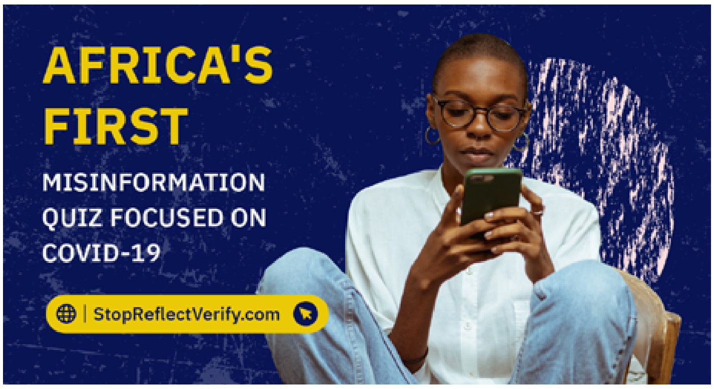
In what ways can you look at this report and adapt yourself, your team, your leadership, and your plans? You don't have to figure that out alone.

How could my team and I be of service to you to accomplish your goals in 2021? Be it strategy, marketing campaigns, or levelling up through training and workshops. You can reach out to us, and we'd be glad to put these trends to work for you.

Sincerely,
Mark Kaigwa

P.S.

If you're not familiar with the work Nendo did during the pandemic, below are the three best examples of how you can keep up with our public-facing projects for good:



StopReflectVerify.com - Africa's first online quiz aimed at tackling COVID-19 misinformation. Take the quiz and learn your score at www.stopreflectverify.com/quiz

A 10-sector review of COVID-19:
Nendo developed an infographic and report exploring how new drivers and disruptors of demand would affect Kenya's digital economy. Our work has featured in the New York Times and a full-page in Kenya's Daily Nation.
www.nendo.co.ke/covid

Nendo's 10 Tools for Remote Work: Since March 16th, Nendo has been a fully remote company. We published our guide to the paid and free tools we use to get work done, having worked across different parts of the country and continent coordinating remote marketing, research, and training projects for our clients. Remote work toolkit

ACKNOWLEDGEMENTS

My appreciation goes out to the team at Nendo, who worked to put this report together.

Njoki Wairua, the project lead, who contributed ideas and edited multiple drafts. Kevin Kyalo, the content lead, who wrote and edited multiple drafts. Paul Karanja, the creative lead, who brought the visuals of the report to life. Vanessa Mwangi who contributed ideas and edited drafts. George Waititu, Dennis Masesi and Rose Muthoni, who contributed ideas to help get the process started.

I'd like to thank the experts who gave their time and input to this project so willingly. Divine Muragijimana, Noah Miller, Saiton Tameno-Righa, Sam Chappatte, and Shaun Bukusi.

Lastly, I want to thank my wife, Dr Wanjiru Kaigwa, for her tireless support in my work and the work of Nendo. Her insights into public health research, mental health, and behaviour change in the pandemic have been invaluable, not to mention her companionship.

COVID-19'S "SLOW BURN" IMPACT ON DIGITAL TRANSFORMATION

'To sink or swim' is a common dilemma businesses face. However, this predicament cannot be more relevant with COVID-19 continuing to ravage Kenya, Africa, and the world's economies. The Kenyan economy sunk to its first recession after precisely 18 years in September 2020, with the gross domestic product (GDP) falling by 1.1 per cent in the third quarter.

The pandemic has made it essential for businesses to become more digitally savvy. Restrictions of movement, governance regarding sanitation, and other drivers and disruptors of demand will have a lasting impact on businesses.

In April of 2020, Nendo created a 10-sector analysis report mapping drivers and disruptors of demand from COVID-19. Several of these trends continue to prevail well into 2021. Many predictions have now etched in day-to-day verbs for how work gets done, particularly for knowledge workers and the service industry. But not all of them have become 'the next normal' with people craving human connection (and some having never given it up in the name of social distancing).

Challenges have stemmed from spikes in COVID-19 cases and their impact on the health system, distribution of vaccines to mitigating strains of COVID-19 and managing the misinformation that has caused it to become an 'info-demic.' The 2021 Trend Report's focus is touching on a range of crucial questions and subjects worth considering.

2020 opened a window of opportunity to do different things and do things differently for the most primal instinct - to survive. For those fortunate enough to be able to work through technology, adoption grew. Leaders and teams are exploring ways of working and continually adopting technologies to help solve physical distance and health and safety protocols wherever possible. That said, a gap continues to exist between the connected class and the under-connected. Those who continue to lack the functional literacy to participate fully in digital experiences may be left behind.

EXPERTS INSIGHTS

WILL THERE BE A SURGE IN ADOPTION OF THE LATEST TECHNOLOGIES IN 2021?

DIVINE MURAGIJIMANA,
GROUP HEAD, GLOBAL MARKETING AND COMMUNICATION.

Absolutely. It was inevitable that as time went by, the world will generally adopt digital technology as the norm - however, as it has become a common joke among industry leaders, Covid-19 has made it impossible not to think about digital tech adoption as an organisation.

NOAH W. MILER,
MANAGING DIRECTOR.

Digital Marketing Technologies have matured and are widely adopted already. There won't be major innovations in this area in 2021. Instead, organizations need to learn how to better integrate technologies to learn more about their customers and serve them better.

SAM CHAPPATTE,
CEO JUMIA KENYA.

There will be continued growing interest in them. But we expect digital marketing spend to remain low in the year ahead. Brands are tight on spend, cash & profitability still top of mind for many.

SHAUN BUKUSI,
STRATEGY DIRECTOR.

Yes there will be. The protocols required to keep safe from covid 19 and the disruption caused to business models last year will continuously drive the necessity for adoption of digital marketing technology.

SAITON TAMENO-RIGHA,
DIGITAL STRATEGIST & MARKETER.

There will be a surge in adoption of technology as the scene is quickly changing with new apps like Clubhouse, seeing Gen Z's digital nativism and their activism online, podcasting and advertising on the best podcasts.

SUSTAINING URGENCY TO ACCELERATE DIGITAL TRANSFORMATION

COVID-19 manifested an urgency for businesses to adapt and clarify their approach to digitalisation. Non-profit, For-profit and Government institutions are still required to think about the longer-term meaning of 2020's adjustments.

Some of the urgency died down in 2021, and the 'old guard' is stretching traditional business practices as long as possible. The opportunity to transform the experience for employees, customers, suppliers, and the public remains.

The pandemic has demonstrated the value of digital-enabled solutions spanning several sectors:

- **E-commerce and online shopping: pushing hundreds of thousands of Kenyans to overcome the friction of trust and trial barriers that held more significant percentages of the population back.**
- **Last-mile delivery services, be they up-country and rural areas when travel was restricted or within the cities. Logistics is where many promises live or die for digital solutions.**
- **Supply chain virtualisation and process automation sought to maintain controls, checks, and balances while minimising paperwork and replacing archaic business processes. Educating staff, suppliers, and stakeholders remains critical in ensuring uptake and driving adoption and behaviour change.**

WHERE TO FOR WORKPLACE WHATSAPP GROUPS?

2020 saw many businesses embrace virtual collaboration on a day-to-day basis. As governments worldwide began enforcing lockdowns that forced people to stay at home, there was a significant uptake in the use of chat apps. There's often little to predict each year except that WhatsApp remains among the top 3 most-downloaded apps in Kenya.

WhatsApp Groups became key touchpoints for information exchange, communication, and collaboration. Offices continue to have official work-based groups and unofficial 'water cooler' groups. Even though platforms like Slack and Microsoft Teams seek to solve office chatter, nothing looks likely to displace WhatsApp in its importance.

Even as the adoption of Zoom, Google Meet, Skype, Webex, and Microsoft Teams continues for businesses, it's WhatsApp lurking and delivering vital day-to-day information for companies across Kenya and the continent. Its place is unlikely to be displaced soon (despite hiccups and hitches with communicating their privacy policies - the switching costs for millions remain too great to cause them to leave their phone-based social networks behind).

WhatsApp Groups restrict the conversation to phone-based contacts with encrypted messaging. On the other hand, Facebook Groups open up a world of interest-based connections for deeper conversations to take place in the social network. Both platforms boast over 10 million monthly active users with more WhatsApp users than Facebook users in Kenya.

EXPERTS INSIGHTS

WHAT ARE SOME OF THE TOP TOOLS FOR DIGITAL MARKETING IN 2021?

SAM CHAPPATTE,
CEO JUMIA KENYA.

Evernote for your personal organisation! Must have for senior Jumia people.

SHAUN BUKUSI,
STRATEGY DIRECTOR.

Personalize online communication, CRM, Ad tech, automation, and social listening tools.

SAITON TAMENO-RIGHA,
DIGITAL STRATEGIST & MARKETER.

Descript.com, Canva and so much more.

NOAH W. MILER,
MANAGING DIRECTOR.

Digital marketers need to observe and analyse a plethora of platforms these days. Look for social intelligence tools that integrate data from social media channels, search engines, YouTube and online sites to crate more refined insights about brands and customer preferences or behaviours.

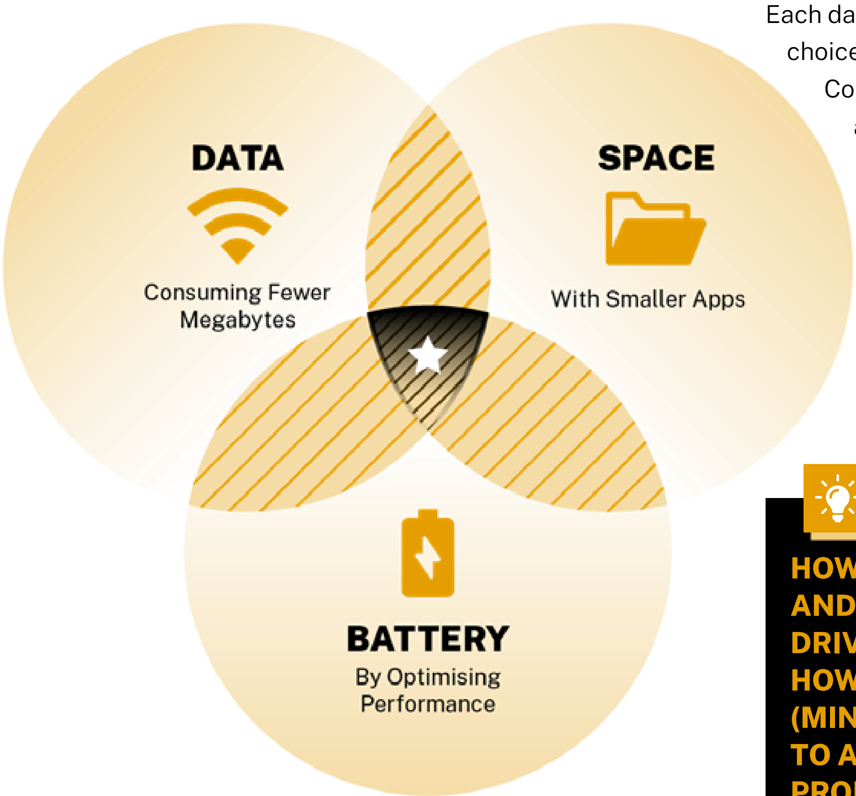
DIVINE MURAGIJIMANA,
GROUP HEAD, GLOBAL MARKETING AND COMMUNICATION.

This depends on industry, and sector. The beautiful think about digital marketing tools is that digital tech makes it easier to adopt tools for a specific need. let me share my favorite;- Top tools for digital marketing have not changed really- Google tools will always be king- trends, analytics Ads- Even google my Business has seen a surge in usage in the last year. But businesses looking to centralise their data- Google Analytics 360 is the platform of choice. B2b Businesses will always benefit from a tool like Hubspot. Moz is another tool that I have found to be great for SEO. Kissmetrics is another tool that each digital marketer needs especially if they are dealing with mass data.

HOW DO YOU GOVERN WORK-FOCUSED WHATSAPP GROUPS? EXCHANGES OF PRIVATE AND PERSONAL INFORMATION?

CAN SAVING DATA, BATTERY LIFE, AND STORAGE SPACE DRIVE A MOBILE WORK-FROM-ANYWHERE CULTURE?

Stay-at-home orders during COVID-19 challenged parents, children, and the public to turn the home into a classroom, a religious centre, and an office. This has been an enormous task to handle the world over. For some, the home environment was manageable; for some who travelled upcountry or relocated, it showed the reliance on mobile connectivity (and prepaid data bundles) to keep work going. Nendo's 2019 set of three constraints continues to govern how much smartphone users can expect in 2021.

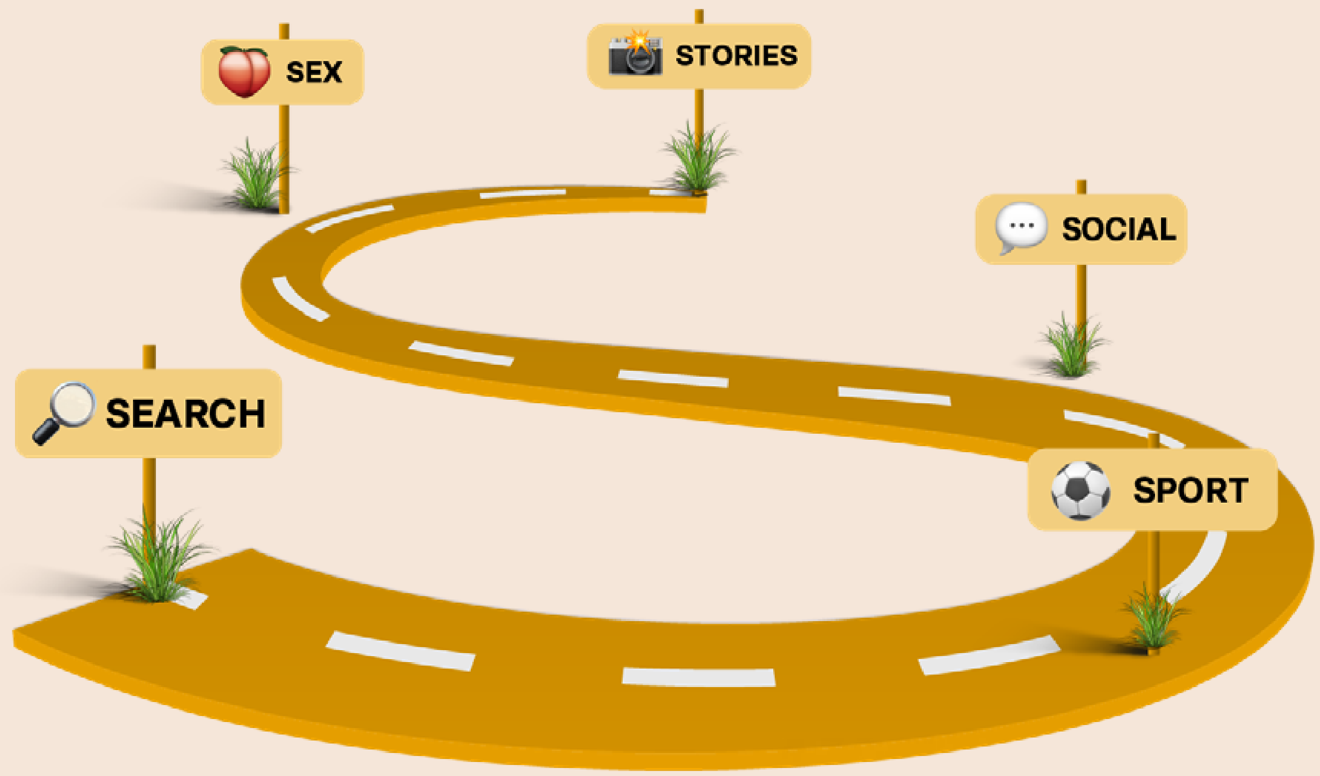


Kenyan and African smartphone users expect (and require) any work-related solution or app to be built atop an existing platform or to provide enough utility not to be uninstalled. To do this, organisations can seek to save end-users three things.

- **Mobile phone data by consuming fewer megabytes**
- **Battery life through optimising performance**
- **Space on the phone by shipping 'lite' versions or mobile websites that need no app at all.**

Not all mobile phone users are internet users. And not all Kenyan (or African) internet users are social media users. And not all social media users are active users (or power users). Each day millions of mobile phone owners make conscious choices about how they'll 'spend' their megabytes. Companies mustn't take this for granted when building and deploying digital solutions to stakeholders. As the economy improves, so does the number of people who end up with more megabytes than time. Fixed-line connectivity through free, public, and private home or office WiFi is shifting from conservation of connectivity to consumption. This behaviour change depends on individuals' money to drive a new layer of growth in Africa's internet society.

HOW ARE YOU PROVIDING TECHNOLOGY AND GUIDES/INFORMATION/EDUCATION TO DRIVE BEHAVIOUR CHANGE AND ADOPTION? HOW CAN YOU LOWER THE 'FLOOR' (MINIMUM TECHNOLOGY REQUIREMENTS) TO ALLOW MORE TO CONNECT WITH YOUR PRODUCT, SERVICE, OR EXPERIENCE?



THE FIVE S's OF THE AFRICAN INTERNET - FROM TREND TO TIME-TESTED TRUTH

In 2019, the team and I at Nendo published The State of Mobile Data. In that report, one of the creations from that was the 5 S's. A mental model to explain how Kenyans used the internet. The framework posited that if you gave a Kenyan 100 MB of data or 10 GB of data, they'd engage in some, if not all, of the five S's.

The motivation for understanding how Kenyans economise their mobile data is because it is taken for granted that the three finite currencies in the internet world are time, attention spans, and our data bundles. Not enough has been said about how limited mobile data continues to be one of the significant hurdles to greater internet adoption.

In 2021, following the pandemic, this hasn't changed. And this makes it less of a trend and more of a way of seeing the Kenyan internet ecosystem. Revisiting the S's opens up a chance to evaluate how Kenyans use their limited mobile data bundles.

🔎 SEARCH

Google's Android is the preeminent mobile operating system in Kenya, with well over 90% market share. Google is Kenya's most visited website, making the search engine a key gateway to the rest of the internet.

🍑 SEX

Adult websites have historically ranked high (as many as three in the top ten most visited websites in the country according to Similarweb) but are seldom spoken. This pastime -whether for entertainment or sex education -is one that a high enough number of Kenyans frequent that it ranks highly and is present on this list.

💬 SOCIAL

Social media broadly and specifically, the juggernaut of apps owned by Facebook Inc -Facebook, Messenger, Instagram, and WhatsApp are among the top platforms used by Kenyans with internet access. Twitter continues to grow and maintain a higher-than-usual level of influence. Despite fewer users than Facebook, its propensity for breaking news and audience of influential political, media, and societal figures means it holds sway. And more recently, to the social mix is TikTok, a breakaway winner among the fastest-growing apps of 2020 in Kenya and the continent.

⚽ SPORT

Sports betting in Kenya is a dominant pastime. Punters occupy several of the top trending search queries on any given day of the year (with football games topping the list). Among Kenya's most-searched-for words of the year over the past seven years, there has always been a sports betting company in the top 3 (including a run of several years as the most Googled word of the year) according to Google Trends. Sports betting and sports-related content online holds the attention of millions of Kenyans. Mobile money platforms mean that anyone among the over 27 million mobile money subscribers can participate in almost a frictionless way whether they have persistent internet access or not.

📸 STORIES

Local content be it music, film, comedy, dance, news, politics, celebrity gossip, or current affairs, all inform Kenyans of the status quo. Kenyan news publishers, bloggers and digital newsmakers are recreating international formats and concepts for the local market. From YouTubers growing in their influence and ranking in the top trending videos to large media houses engaging in newsletters to their readers and paywalls. Stories are how Kenyans stay current, and they have no shortage of options of platforms to engage with.

i **The 5 S's are less of a trend and more of a fundamental way to understand the internet in Kenya and our experience across Africa.**

EVOLUTION OF THE MOBILE APP'S LANDSCAPE

The mobile app landscape has had its share of challenges, the 'iron triangle' notwithstanding. Following the pandemic, there has been a greater emphasis on digital experiences -be these for financial institutions. The app landscape in Kenya has historically shaped itself, along with several key themes:

TOP 15 APPS

01. Facebook
02. TikTok
03. WhatsApp Messenger
04. Kashway
05. Likee
06. ZOOM Cloud Meetings
07. iPesa
08. Opera News
09. Jumia
10. Xender
11. Credit Hela
12. Opera Mini
13. MySafaricom
14. Telegram
15. Phoenix Browser

A Facebook Nation

Facebook takes the crown as the country's most downloaded app. This signifies Facebook continues to deliver new users in Kenya and maintain its status as one of the most visited websites and the leading social network in the country.

TikTok Trends, Likee Lingers

While TikTok is the clear winner of the pandemic as Kenya's second-most downloaded app, it is far from a runaway lead. Likee stood in a respectable fifth place. All this proves is that short-form video is a genre here to stay in Kenya's digital ecosystem thanks to the two apps with TikTok firmly in the lead.

Don't Shoot the Messenger

For WhatsApp to slip from first place to third place after TikTok, one can hypothesise that the chat and messaging app is hitting maturity in the country. As an app that already has most smartphone users on it, WhatsApp has maintained its place as a 2014 Nendo trend put it as the "default social network for Kenya." Telegram's rise from languishing in the top 40 or 50 to sit in 14th place in downloads speaks in part to increased awareness around privacy following WhatsApp's privacy policy debacle.

Going Long on Lending Apps

In 2020, none of the market leaders of the previous five years appeared in the top 15. A hypothesis for this is that the best audience -financially stable enough to borrow, repay, and grow their credit, have already been reached and peaked for the apps. Meaning there's less room to grow their users unless the economy grows. That said, Kashway in fourth place, iPesa in seventh place, and CreditHela in 11th place had so many downloads that, if added together, would be twice the downloads of TikTok in 2020. Users are eager to trade their private and personal data for AI-driven unsecured loans and access to credit. Still, regulation aimed at digital lenders in 2021 may forever alter the landscape and their lending, disclosure, and recovery tactics.

A Brand *News* Feed

Opera has curiously created an ad network that monetises its traffic and user data. It remains to be seen how Opera will manage this since it conflicts with part of the app's core premise. Opera News is the app to take special note of. The AI-driven news app seeks to build an intermediary between news publishers and their audience -serving up suggested stories from different publishers on its platform. The content spans politics, current affairs, celebrity gossip and news.

Opera News has opened up the opportunity for disruption ahead of Kenya's 2022 general election, with upstart publishers finding traction and more influential audiences by partnering up with Opera News rather than slowly and steadily building their audiences. Opera itself offers a pay-per article and bonus performance based on metrics for freelancers seeking to publish through its Opera News Hub. The insight here is the next year will open up questions on the media ecosystem. One of the silent influencers of this will be the artificial intelligence algorithm behind Opera News which will determine what online news and information possibly millions of Kenyans will be exposed to.

Browsers of a Feather Flock Together?

Opera has been a company synonymous in Africa for the past decade with respecting the 'iron triangle' of mobile data. Opera Mini, their mobile web browser, has persistently been a top app for many for its simple promise -saving mobile data for the end-user, an in-built ad-blocker and battery-saving features including dark/ night mode. They remain firmly in the lead at eighth place and launched Hype, a chat app experience built-in to Opera Mini piloted in Kenya. Competing in the chat and messaging space is notoriously tricky, but if successful, it could spell even greater 'stickiness' in the app and increase users' retention.

Phoenix Browser, however, seems to be a dark horse in the mobile browser race emerging in 2020. Boasting similar features such as Opera Mini with data savings and ad-blocking, it is seeking 'super-app status by including a rich media player that allows for downloads and streaming of movies within the app and artificial intelligence-driven news feed within it. At fifteenth place, it is among the fastest-growing apps of 2020, but can it maintain its growth rate and user base?

An Ad*App*ting Landscape

As far as the rest of the landscape is concerned, several measures and moments are worth keeping tabs on. From e-commerce app, Jumia maintaining its growth and place as the ninth most downloaded app of 2020 to Zoom being a breakaway leader in videoconferencing and seeing millions of installs and a +4,000% growth rate. Data Saving app Xender keeps its place in the top ten in tenth place, demonstrating the need to stay sensitive to limited mobile data bundles among consumers. While mySafaricom sits in thirteenth place as the only corporate/telecoms company holding a position among the top fifteen most downloaded apps.

Note: Google's suite of apps (particularly pre-installed apps) don't appear here). Transsions's pre-installed apps will not appear in this list either. For example, if vSkit comes pre-installed and gains users who purchase phones from Infinix, Tecno, Spice, and itel, they won't register as new users.

WORKPLACE TRENDS FOR THE SERVICE INDUSTRY & KNOWLEDGE WORKERS

COVID-19's shockwaves affected business-as-usual and continue to be felt upending priorities and plans. Organisational leaders scrambled to navigate through keeping the business running, mitigating the spread of COVID-19 and sustaining the health, safety, and wellbeing of staff and stakeholders.

For some, it was as easy as beginning to "work remotely". For others, it meant retrenching staff, cutting wages, terminating leases, and cutting expenses across the board. This is predominantly with businesses suited for the service sector and knowledge workers.

Nine additional forces will shape businesses in 2021:

A NEW AGE FOR COMPANY "SPYWARE" BLURRING THE LINES BETWEEN PRIVACY AND PRODUCTIVITY

Trust is earned. And during the pandemic, companies of all sizes are seeking to maximise productivity for employees working remotely.

Not just in the workplace but also at schools with teachers and learners coming to grips with the pitfalls and potential of online learning. During the pandemic, more than 1 out of 4 companies have purchased new technology, for the first time, to track and monitor their employees passively.

However, many of these same companies haven't determined how to balance employee privacy with technology causing concern among employees. Gartner discovered that less than 50% of employees trust their organisation with their data, and 44% don't receive any information regarding the data collected about them.

In Kenya and Africa at large, questions on the fidelity of employee data and where boundaries are crossed remain. Sales-driven organisations in Kenya are deploying tools that track physical location to ensure that individuals tell the truth about where they are (at a client's premises, for example) and determining how long they spent there during the workday. Surveillance, sometimes referred to as corporate spyware to track mouse movements, idle time on screens, and websites visited (to assess for when work was being done compared to leisure time), are growing in adoption.

If 2021 continues to see distributed teams growing in Kenya (which is uncertain due to the commercial real estate lease agreements, fewer businesses can go fully remote). The overwhelming majority of companies will have to balance hybrid ways of working

COVID-19 AND MENTAL HEALTH: A GROWING CRISIS?

There have been growing concerns in Kenya and the world over the general wellbeing of friends, family, and society contracting COVID-19. Furthermore, evolving limitations (such as lockdowns and movement restrictions) are restricting social collaboration, causing varying degrees of exposure to mental illnesses.

There has been an increase in mental disorders, especially those associated with emotions such as depression, anxiety, obsessive-compulsive disorder and post-traumatic stress disorders, to name a few. Of course, pre-existing conditions exacerbate the problem, and, in some cases, previously well-established treatments are proving inadequate.

Social media and persistent connections to the internet had previously caused questions over whether they helped or harmed. Social networks and chat apps help keep workplaces, family, friends, and social circles connected, but the algorithms have exposed some towards radical, extreme, and harm inducing content.

MANAGING OFFICE MENTAL HEALTH IN 2021

Mental health support is part of the "new normal." In the last few years, employers have offered new benefits to support their employees, for instance, expanding paternal and maternal leave. Even before the pandemic, research revealed that 45% of wellbeing budget increases were allocated to mental and emotional wellbeing programs.

For Kenya, with some working from home, a future question is whether mental health days will get the same standing (in human resource manuals) as physical healthy sick leave days. This would be a bold step, and only a few tech startups have adopted such an approach overseas.

What may be more common, building on Nendo's 2020 trend, is for people to quiet, pause, and fast from social media and even chat apps. As part of routines focused on building resilience, those who can afford to take time off social media (and pay the price business-wise or socially) will explore this. There are actual costs to be considered. Some workplaces expect all employees to be part of the company WhatsApp group, for instance. At least on their work phones, and in some cases, on their home lines. The social costs will come in communicating the absence with friends, family, acquaintances, and business partners. To be 'unreachable' over on a social network or delete one's account entirely for the sake of mental health could become something to silence the noise and clutter behind the infinite scroll and dozens of messages between groups in chat apps.

EXPERTS INSIGHTS

HOW CAN ORGANISATIONS SUPPORT THE MENTAL WELLBEING OF THE EMPLOYEES DURING THIS TIME OF INTENSE DISRUPTION?

SAM CHAPPATTE,
CEO JUMIA KENYA.

Find ways to safely get together, and get some face to face time (COVID rules applying).

SHAUN BUKUSI,
STRATEGY DIRECTOR.

Organizations can achieve this by conducting feedback sessions to understand genuine concerns, assessing work environment/processes to identify gaps, preparing a plan do address the challenges/opportunities and consistently checking in on progress towards a stable empowering workplace.

NOAH W. MILER,
MANAGING DIRECTOR.

Companies just need to keep a pulse on the market and see which new payment options are gaining momentum. If the market is big enough, then companies need to keep pace and offer new modes of payment.

DIVINE MURAGIJIMANA,
GROUP HEAD, GLOBAL MARKETING AND COMMUNICATION.

The current pandemic has caused leaders around the world to rethink about staff care. I think that the most foundation support is to provide connectivity to each other. With social distancing and prolonged shutdowns, employees have lost the sense of connection that they used to get when they were in the office or go about what we used to call "normal".

SAITON TAMENO-RIGHA,
DIGITAL STRATEGIST & MARKETER.

Paying their employees well and maintaining better work life balance. Its a pandemic and we can't expect people to be at the level of production they were in 2019. We've been indoors almost a full year, had to switch to zoom, lost colleagues, friends and family members. We've had to homeschool kids so there was a lot going on. I believe there needs to be a move towards free or subsidized therapy but ultimately people earning a dignified wage and living a life where they can access Mental Health Care when needed is the best way to support their employees.

DIGITAL TAX - GIVE TO CAESAR WHAT BITS & BYTES BELONG TO HIM

BACKGROUND

India was among the first countries to introduce a digital tax referred to as the 'Equalization Levy' in 2016 at 6% on the gross fee paid. The Equalisation Levy scope was expanded on April 1st 2020, to include a 2% levy on all online sale of goods or services into India by non-resident e-commerce operators. Countries in the European Union, such as France, with its broad advertising base that includes seeking revenue from services such as the provision of a digital interface and transmission of data for advertising purposes.

Other countries such as Austria and Hungary tax revenues specifically from online advertising.

In the region, Uganda passed its Social Media Tax in July of 2018, targeting over-the-top (OTT) social media and instant messaging services such as Facebook, WhatsApp, Twitter, Instagram, Skype, Google Hangouts/Meet, Tinder, and Viber. Also, Uganda implemented a 1% tariff on all mobile money transactions. The impact of this was two-fold, first with tech-savvy end-users flocking to virtual private network (VPN) apps to hide their internet addresses and evade paying the tax. Uganda already had familiarity with installing VPNs as the nation has undergone internet shutdowns often timed around its elections. The other impact was with decreased usage of social media platforms, mobile internet, and fewer peer-to-peer mobile money transactions recorded at the time, according to a report by Policy, a Ugandan service design consultancy.

Following Kenya's parliament enacting the Finance Act 2020, the introduction and adoption of a 1.5% Digital Services Tax (DST) would come into effect from January 1st 2021. The DST describes its scope as capturing taxes payable by persons whose income from the provision of services is derived from or accrues in Kenya through a digital marketplace. The figure paid is 1.5% of the gross transaction value.

These are broad terms open up a larger discussion about the lines within which the tax starts and stops. The tax measures highlighted that income from transactions across a digital marketplace shall be subject to income tax and value-added tax (VAT). A "digital marketplace" is defined as a platform enabling direct interaction between buyers and sellers of goods and services via electronic means.

With Kenya building out its claim of being Africa's 'Silicon Savannah', the question remains whether the Digital Service Tax will enhance this claim or stifle it. What Nendo is observing most keenly in 2021 is how the government will enforce the Digital Service Tax. Specifically, will the DST seek 1.5% of the online advertising on platforms like Facebook and Google? Or will it seek to enforce the tax on smaller businesses and entrepreneurs to expand the tax base?

For years, Nendo has been keeping close tabs on several types of online entrepreneurs and the platforms they trade-in. The personas that appear most frequently (even though there's often overlap specifically with WhatsApp being the 'last mile' of contact between buyer and seller).

e-Commerce Vendors

- **Businesspeople are trading their wares as suppliers of e-commerce websites such as Jumia, Kilimall, Sky Garden, Goby, or Avechi (to name a few)**

Gig Economy Contractors such as:

- **Drivers for Uber, Bolt, or Little Cabs**
- **Motorcycle or Bicycle riders for Glovo, Uber Eats, Jumia Food, or Sendy**
- **Various other 'do-for-me' apps in spaces such as laundry, shopping, domestic work and places with short-term gigs.**

Social Media Entrepreneurs

One of the most exciting categories is business people and traders using digital platforms such as:

- **f-Commerce - Facebook "Marketplace" Groups to find buyers and sell their wares.**
- **t-Commerce - Twitter "Trendjackers" hawking their virtual wares.**
- **i-Commerce - Instagram Shops using the visual-driven social network to showcase their products (but not using Instagram's Shop features as this is yet to be available in Kenya).**
- **w-Commerce - using WhatsApp for Business and WhatsApp Status, Groups, Broadcast Lists or private messages to engage prospective buyers.**

Marketplace entrepreneurs:

- **Trading in established peer-to-peer marketplaces such as online classifieds websites Jiji or PigiaMe**
- **Trading in business-to-business and business-to-consumer marketplaces such as car marketplace Cheki.co.ke**

While influencers haven't been mentioned above, its expected that the Kenya Revenue Authority will scrutinise them as they form part of online advertising using their social media accounts for promotion.

What's interesting to note about the Digital Service Tax is that it will, for the first time, put a figure to the size of Kenya's online marketplace landscape. What remains to be seen is just which part the KRA chooses to begin with.

SCOPE OF TAXABLE SERVICES

Digital services tax will apply to the following:

- Streaming and downloadable digital content services such as movies, videos, music, applications, online games and e-books.
- Transmission of data collected about users generated from such users' activities in a digital marketplace.
- Provision of a digital marketplace, website or other online applications that link buyers and sellers.
- Subscription-based media, including news, magazines and journals.
- Electronic data management, including website hosting, online data warehousing, file-sharing and cloud storage services.
- Supply of search-engine and automated helpdesk services, including the collection of customised search engine services.
- Tickets bought for live events, and theatres, restaurants etc., purchased through the internet, and online distance teaching via pre-recorded medium or eLearning, including online courses.
- Any other service provided or delivered through an online digital or electronic platform but excluding services subject to withholding tax as prescribed by the Income Tax Act.

i

The transaction value of the service shall not include Value Added Tax charged for the service. The digital services tax will be charged at a rate of 1.5% of the gross transaction value.

EXPERTS INSIGHTS

HOW DOES THE DIGITAL TAX ON ONLINE BUSINESSES DIFFER FROM THE TAX THAT BUSINESSES ALREADY REMIT TO THE KRA? IS THERE A DANGER OF DOUBLE TAXATION?

SAM CHAPPATTE,
CEO JUMIA KENYA.

The new digital taxes are additional taxes. Businesses locally registered in Kenya already pay significantly more tax than their international peers. These new digital taxes are designed, in other parts of the world, to start to tax cross border players. In Kenya they apply to both - and will disproportionately impact young local companies (SMEs) - so critical to job creation.

SHAUN BUKUSI,
STRATEGY DIRECTOR.

This is a tax that is additional to their current obligations and applies to any income that is generated from digital services or services provided from a digital platform.

SAITON TAMENO-RIGHA,
DIGITAL STRATEGIST & MARKETER.

I feel it is an additional punitive tax on what they are already paying.

NOAH W. MILER,
MANAGING DIRECTOR.

The KRA has finally realized how big the digital market place is and they want a piece of the pie now. This is similar to what can be observed around the globe. The Digital Service Tax is similar to e.g. VAT in that it applies to the gross transaction value. This compares to income tax where all kinds of deductions can reduce the taxable amount of income.

CYBERSECURITY AND PRIVACY - A CASE OF IF, NOT WHEN

PRIVACY THROUGH DIGITAL LENDING APPS: WHO CAN AFFORD PRIVACY?

Privacy and cybersecurity are curious concepts in Kenya. Cerebrally people are familiar with the idea of personal and private information. However, in practice, there's reason to consider that this is, as Nendo's State of Mobile Data presented in 2019, a case of 'those who have privacy are those who can afford it.'

Among the top apps of the last seven years have been digital lending apps. Primarily on Google's Android ecosystem, these apps have made global headlines for the innovation present to deliver a credit rating on an individual based purely on the data available on their smartphone.

With over 10,000 data points as described by one digital lender, these apps upload location data, SMS messages, call logs, and numerous other explicit and implicit data points. This data is used to rate the individual seeking the loan and appraise their loan worthiness. The app presents the applicant with an offer with a loan offer or a rejection. The rejection of their application is sometimes based purely on time.

Meaning they need to give the app more time to surveil their smartphone usage to evaluate their creditworthiness. New apps are ready to lose money in the early stages to train their artificial intelligence credit scoring models. This means they are prepared to lose, say, KSh. 500-2,000 ($18) to get the data on whether the individual will repay their loan.

The millions of downloads that mobile lending companies have seen of their various apps prompt an interesting question on the concept of privacy. Are Kenyans aware that mobile lending companies are exchanging their personal and private data in exchange for consideration of a loan? What happens to Kenyans who want the 'right to have their data forgotten' by loan apps, especially if they have paid their outstanding loans). These remain unanswered questions.

While it can be assumed that the data uploaded to the servers of the digital lending apps are encrypted, anonymised, and aggregated, it can't be determined for sure. The digital lending landscape is rife with frauds, rip-offs, and copy-cat apps in the app stores that prey on unsuspecting users who may have been rejected and are still willing to try other apps on the promise of a successful application. Therefore, the users give their data time and time again to more and more apps without recourse.

Privacy can be the difference between an individual and the type of smartphone they have. Apple, for instance, has marketed itself on the basis of security and privacy. However, the preeminent mobile phone operating system in Kenya (and other parts of Africa) is Google's Android OS. Android does, within the parameters, Google sets out, provide app developers with 'more data' and has attracted the overwhelming majority of digital lending apps. For years, there was actually no digital lending app on the iOS App Store until 2018.

Is privacy a case of the 'rich and the 'poor'? Those that can afford privacy choose it and opt not to download apps or trade their data for (potential) access to credit. In contrast, those that can't afford to go without access to credit will sell their personal and private mobile phone information and data in return.

THE DATA COMMISSIONER'S FIRST MATCH? BIG FISH OR SMALL FISH?

On November 16th, Ms Immaculate Kassait swore an oath of office as Kenya's first Data Commissioner. The Office of the Data Protection Commissioner was part of the Data Protection Act of 2019 and presented one question for the technology and consumer internet in Kenya.

Specifically, who will the Data Commissioner go for first? How will the case, evidence, and judgement process be carried out? There are several places, people and contexts available for consideration, as shown below:

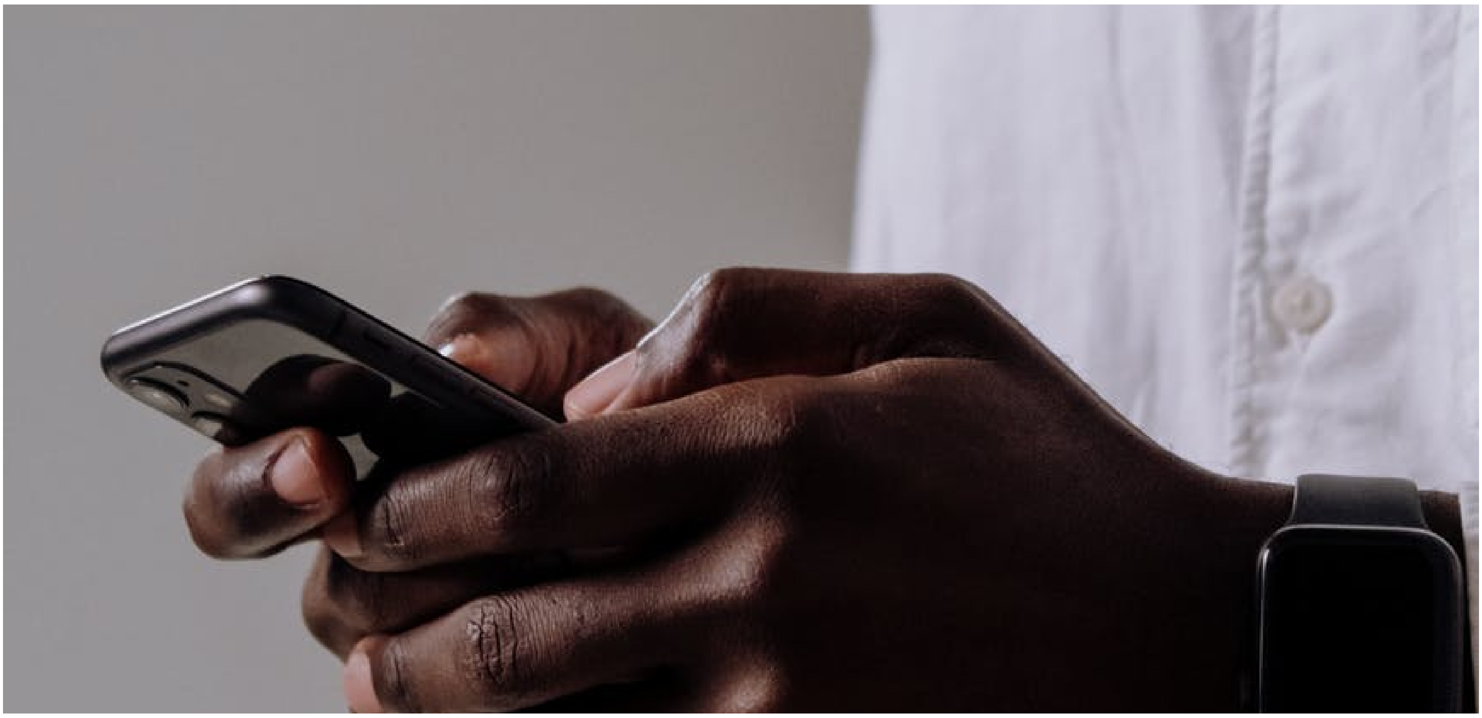
- **International internet companies, namely Facebook, Google, Apple, Amazon or China's Alibaba**
- **Telephone Original Equipment Manufacturers such as Samsung, Transsion, or Huawei**
- **E-Commerce companies such as Jumia, Kilimall, Sky Garden, Goby, or Avechi**

The spotlight is likely to shine on the most frequent source of questions to do with privacy in Kenya -telecoms companies and their premium rate service providers (PRSPs). Within mobile money, if you take M-Pesa, the marked-leading mobile money platform has been the source of questions on consent when it comes to opting in for data sharing and marketing.

The use-case is typical that an end-user will make a payment for an item via M-Pesa. Then, the business that receives the customer's contact will take this as an invitation to send the marketing messages. As such, SMS messages have, for some, because a less ideal channel for marketing owing to the clutter found there. Telecoms companies do enjoy revenue-share agreements that may be the reason why the process of unsubscribing from third-party messages is laborious.

Kenyans also face challenges of data leakage with several databases available for sale and access on the black or grey market containing their details. There has long been speculation that when Kenyans enter buildings since they write their phone numbers, names, and identification numbers that this information isn't held with the fidelity and privacy it should. Most facilities use physical notebooks (which fill up quickly), and the more mobile an individual is, the more of these books they'll fill up in a day.The Data Commissioner may choose to take the telecoms company to the task even though they're regulated by the Communication Authority of Kenya. They may also set their sights on a PRSP to pass a message all who govern data of telecom customers need to be cautious. Lastly, the Data Commissioner may choose to take on the digital lenders. The lenders have come under fire for their aggressive loan recovery tactics, which have included calling frequently dialled contacts from the loanee and asking them to remind the loanee to pay their balance. The use of private and confidential loan data being sent to third-parties in a bid to use social capital to pressure the loanee to repay may be a practice that stops following the first case.

Kenyans at large will be expected to be made aware of their rights, as captured in the Data Protection Act, and the means of redress through the Office of the Data Commissioner.



THE FUTURE OF 'TRENDJACKING' - MEANINGFUL OR MENACE?

A curious phenomenon takes place if you visit any of the trending topics on Twitter in Kenya. Whatever the trending topic is, once you click on it, you'll be exposed to a set of social media marketers and publishers; I can only call 'trend jackers.' Trend jackers are essentially spammers who take advantage of trending topics to promote themselves and their products or services. Initially, trend jacking was a snazzy marketing ploy to ride onto a trending topic to gain fame or notoriety, and digital curry favour frequently referred to as clout. The phrase, however, has been taken over with trend jackers being a category that Nendo's social listening team identify.

They create a post with an item for sale, including their phone number, a photograph, and details on the product. The product can be anything from a laptop or electronic device to fashion items. Before they publish their tweet, they'll include every trending keyword in the country's top conversation. Sometimes they do this incessantly for hours and hours,

creating hundreds of tweets a day all different hawking products but seeding the items through hashtags and keywords that have nothing to do with the product itself.

Trendjackers are equal opportunity offenders, meaning that the trending topics could include a celebrity, political event, top story, individual, headline, or English Premier League football club; the trendjacker will consist of as many keywords as possible with no regard for relevance.This makes Twitter in Kenya strange to navigate. There are serious issues, some of national importance, being discussed, but often it takes several extra scrolls to find the relevant and actual content. The trend jackers aren't violating any rules. They're taking advantage of the digital nation's captive attention and interrupting that to serve up their message.

Trendjackers will push a wide variety of topics from beauty, skincare, fashion, accessories, electronics, small businesses, and anything under the sun. This seemingly innocent practice has steadily gained popularity and has become a pastime that's harder to avoid. Many well-meaning social media users come online thinking that 'this must be how it works when it comes to doing online marketing, and so they endure or join in -oblivious to the pros or cons of the approach.

What is a surprise is that the algorithm seldom detects or deters this behaviour. Not that it would. These are active users posting frequently, sometimes hundreds of times a day, alternating keywords depending on what is trending. A trend jackers aim is often simple and has nothing to do with gaining engagement, such as likes or retweets. The game is to raise the awareness of as many people as possible. Some have created informal networks that cross-promote each other's trend jacking posts to give them the illusion that they have actual people and audiences retweeting and liking them.

Kenya's most prominent brands will often pay to secure a trending topic for a day (usually a 24-hour commercial spot that lists the sponsored topic as 'promoted'). This can be for an event, product launch, or simply to capture a core message and deliver day-long awareness. However, in Nendo's experience, trend jackers inflate many brands' mentions and, most of all, those that have a trending topic for a day. This creates a mirage of engagement and awareness that can have the agency or brand reporting misleading figures for the number of people who mention a hashtag or a brand name.

For social listening to be effective and accurate, it is essential to keep lists that can frequently filter out some individual accounts that use trend jacking. While it will diminish the numbers, it gives a more accurate read and allows the actual audience participation to be measured more accurately. In 2021, brands won't settle for the first number in the report but choose to scrutinise their data.

Trendjackers, on the other hand, will increase in number, increase in intensity, and grow in their ability to interrupt and distract readers. This will cause and accelerate a version of 'banner blindness.' in 2021, ' Banner blindness is a form of selective attention used to describe how internet users' eyes and minds choose to ignore online ads selectively -whether correctly or incorrectly. In much the same way, eye-tracking studies have shown banner blindness in popular search engines, social networks and news sites.

EXPERTS INSIGHTS

HOW WILL DATA, IN ITS ROLE IN ADVERTISING AND MARKETING, AND THE RELATIONSHIP THAT BUSINESSES HAVE WITH IT EVOLVE IN 2021?

NOAH W. MILER,
MANAGING DIRECTOR.

If you are talking about Kenyan companies, then they will be to familiarize themselves with the Data Protection Act from 2019. This means companies need to ensure they compile, handle and properly store data in line with the provisions of the new legal framework. Only then should businesses think about using customer data for better client relation management or advertising campaigns.

SHAUN BUKUSI,
STRATEGY DIRECTOR.

The role of data in marketing continues to grow significantly as it impacts all disciplines as they evolve to meet the needs of consumers and brands by leveraging technology. This year will see more focus on security, privacy and regulation as consumers wake up to the risks associated with poorly designed protocols while businesses look to continuously collect and mine relevant data to drive growth.

SAM CHAPPATTE,
CEO JUMIA KENYA.

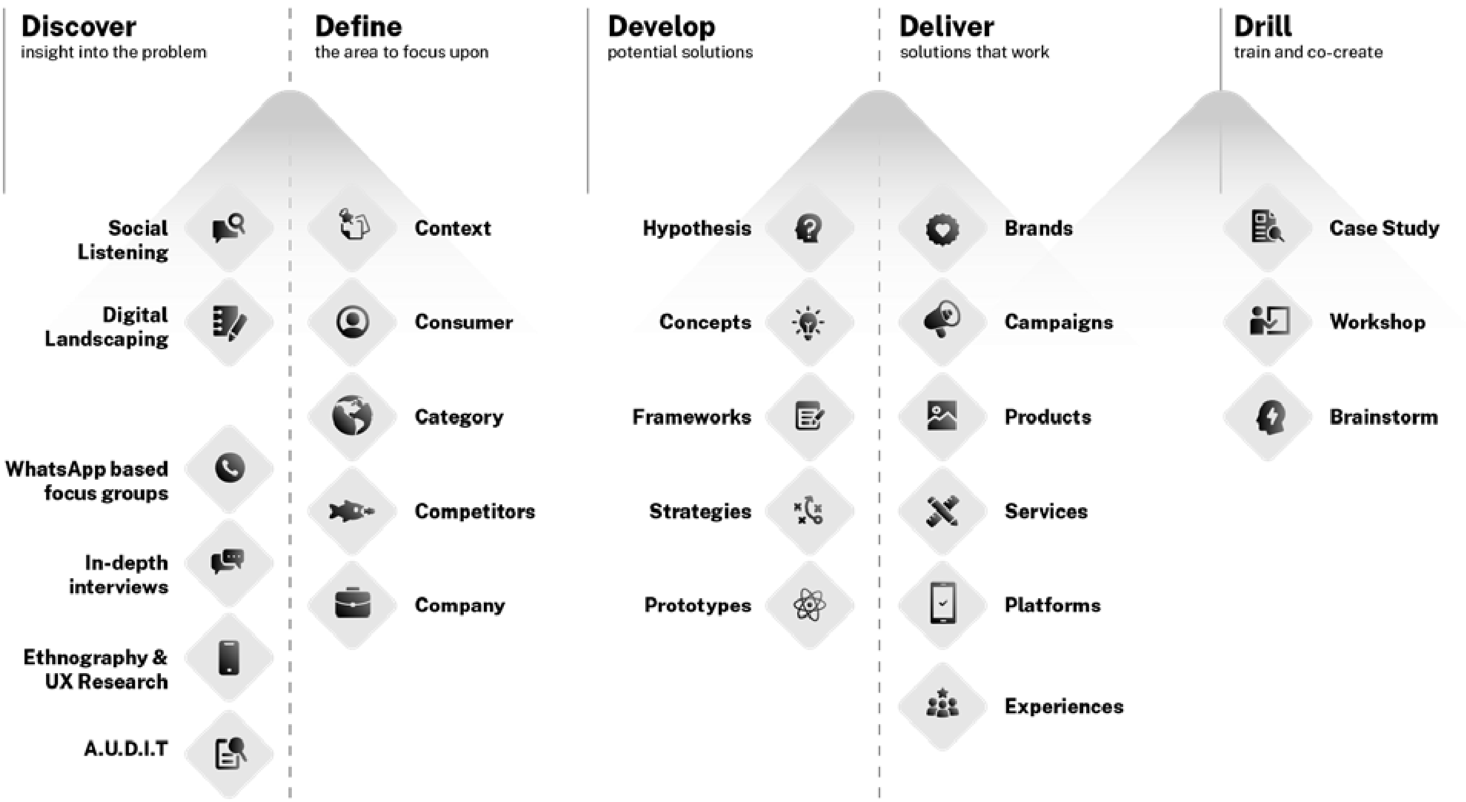
A lot of education is needed around how to use the data that is available. And what to ask your agency for to see how effective they are. This is why more & more clients are shifting their budgets to digitally native platforms (eg Pulse, Jumia)

DIVINE MURAGIJIMANA,
GROUP HEAD, GLOBAL MARKETING AND COMMUNICATION.

Not sure that the data will evolve- but rather how we get, analyse and use data to drive marketing execution to drive business growth. Data is king- but it's only good if we learn how to leverage the data to power growth.

PUTTING THE TRENDS TO WORK IN YOUR BUSINESS

At Nendo, we've been asked about how we work, and I wanted to take a moment in this trend report to showcase our model, as seen below. In 2020, Nendo crossed a significant milestone, having worked in 20 African countries with clients in the continent and those based in the United States and Europe.



Nendo's approach with trends spans delivering value centres on discovering ideas and insights, the definition of the brief and problem to solve, development of concepts and solutions, and delivery of the final experience followed by drilling the learning in through training and workshops.

Nendo delivers insights that drive income and impact for our clients and partners.

Nendo delivers insights that drive income and impact for our clients. So why talk to us?

- Talk to us to discover digital habits and insights about your customers and audience.
- Talk to us to plan your digital roadmap (vision, strategy, and activities) for 2021 and 2022.
- Talk to us to audit your digital budgets, spends, and performance (internally and externally with agencies).
- Talk to us to create and market your next digital product, service, or experience.
- Talk to us to train you and our teams to raise the digital IQ of your board, management and staff.

If you read our report this far, you've already listened to what we have to say. Maybe it is time you talk to us to see if we can work together.

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NENDO 2021 TREND REPORT

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