

Unpacking Betting in Kenya

A joint survey by Ipsos and GeoPoll

18th July 2019



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Overview

The burgeoning Betting and Gaming sector has been riddled with controversy and success stories over the past few years

2019 10th July 2019

The Betting Control and License Board issues a letter to telecommunications firms to suspend paybill numbers and short codes for 27 betting firms. The BCLB indicated that these firms do not meet the license renewal requirements, hence non-renewal of licenses.

11th July 2019

Gamblers given up to the night of 12th July 2019 to withdraw money deposited in sports betting companies' wallets or lose them.

12th July 2019

Digital lenders refute claims that their borrowers are using loans for gambling.

16th July 2019

Government set to deport 17 foreign directors of gambling companies, illegally engaged in the business.



Impact of the Betting Suspension amongst Kenyans

Research Design

Analysis	Quantitative
Method	SMS (self filling survey)
Instrument	Semi-structured Questionnaire
Source / Database	GeoPoll Database
Sample Size	N=683
Sample Details	18-35+ years // Male & Female
Sampling Criteria	<ul style="list-style-type: none">• Random sampling from GeoPoll Database• Respondents only qualified for the survey if they were aware of the Government's suspension on betting firms operations
Language:	English
Question count	17
Location	Kenya Nationwide
Fieldwork Dates	12 th – 14 th July 2019

Summary of Findings

- With the suspension of betting firms the media industry stands to lose 10% of 2019 advertising expenditure. Equivalent to KES 14 billion projected loss!
- 73% of Kenyans that are aware of the suspension are bettors.
- The majority of bettors are unhappy and close to 1 out of 5 will not watch major football tournaments as a result of the suspension
- 6 out of 10 of bettors are looking to spend their money on other items or other betting channels
- 28% of bettors are unemployed, they are more likely to seek alternative betting channels than all other bettors

*But what does
this mean for
the Bettor ?*

A woman with dark curly hair is smiling and looking down at her smartphone. The background is a soft-focus indoor setting.

73%

Of Kenyans aware of the suspension have engaged in betting

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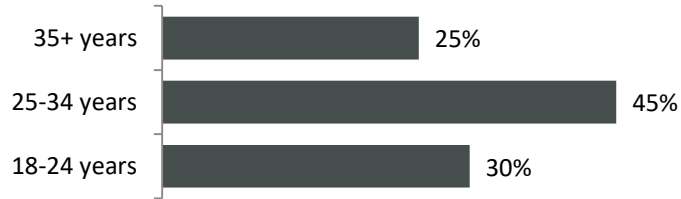
The profile of the bettor who is aware of the suspension is largely male, 25 to 34 years, with household earnings of up to KES 77,000 and self-employed or unemployed.



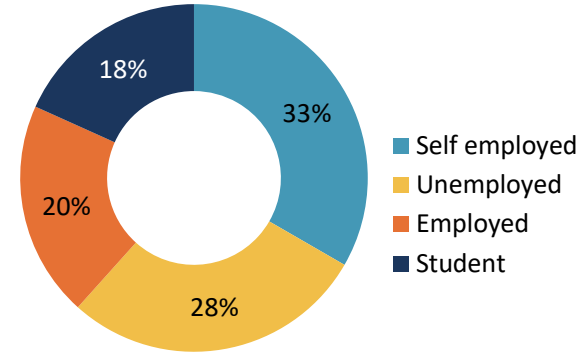
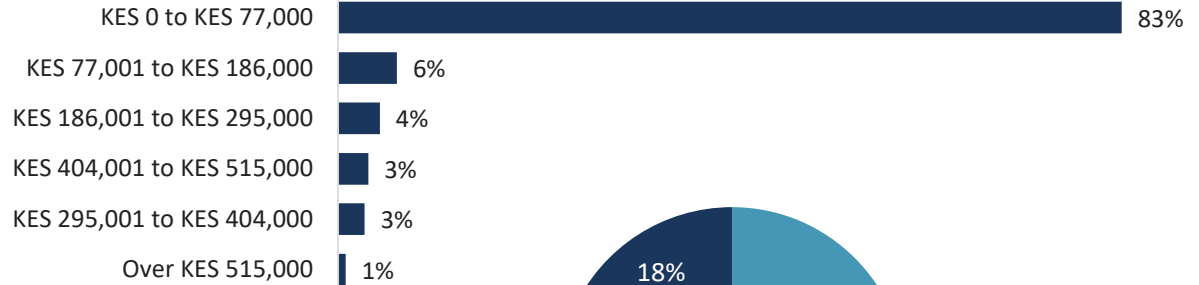
55%



45%



Average monthly household income



KES 1,550

**Average spend on betting by Kenyans
aged 18 to 29 years, in a given month**

Source: Ipsos' Youth Survey

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Whilst 40% of bettors intend to save this money, 60% intend to spend it, either on other items (35%) or other betting channels (25%)

Impact on Share of Wallet

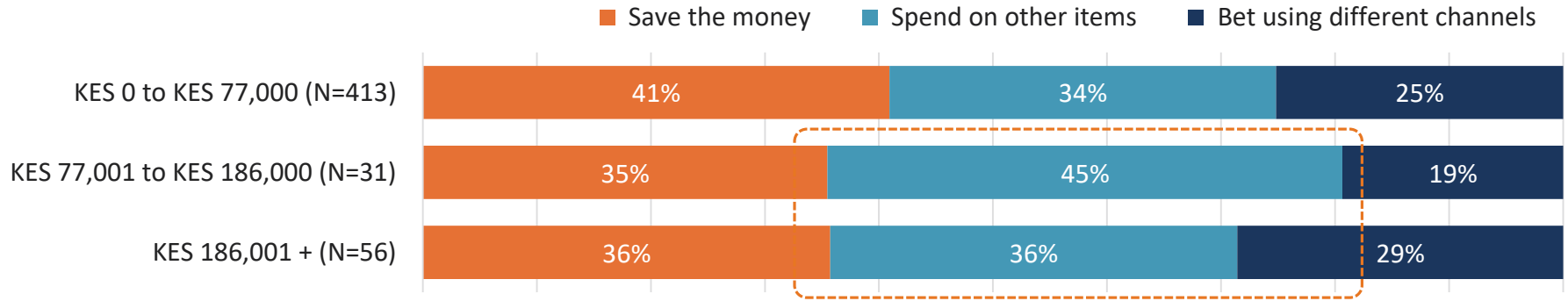


With the government suspension on betting, what do you intend to do with the money you use to bet?

Base: 500 Kenyans aged 18 years+ who are aware of the suspension and have engaged in betting in the past

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Bettors with a monthly household income of more than KES 77,000 are most likely to use the money they would use to bet, to spend on other items.



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*What will bettors be
more inclined to spend
their betting money on?*

// Impact on the Advertiser

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The Betting and Gaming sector has been growing since the launch of Sportpesa. There was a slight decline in media value exposure in 2018 due to the tax levy. We expect the same trend in 2019.

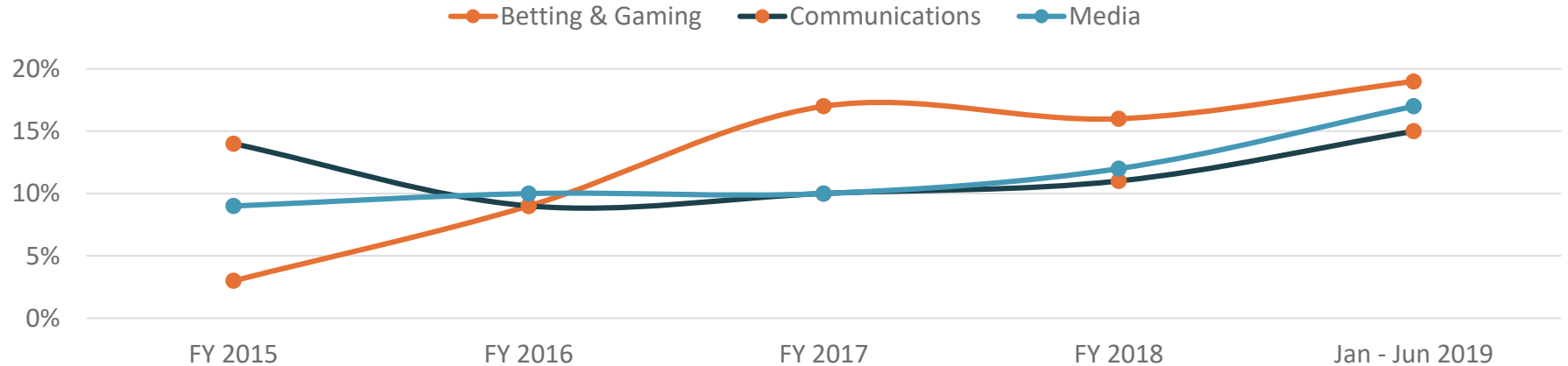
Spends in KES millions

SECTORS	FY 2016	FY 2017	FY 2018	JAN-JUNE 2019
Betting & Gaming	10,846	22,128	21,853	14,306
Media	11,271	13,127	16,990	12,870
Communications	10,563	13,435	15,295	10,968
Corporate & Multi-brand	12,623	15,059	9,922	6,272
Financial Services	11,288	9,504	12,157	5,703
Personal Care	6,587	5,509	6,654	4,445
Beverage	12,061	13,660	10,605	4,193
Publishing & Education	4,875	5,454	5,684	2,698
Household	7,766	7,751	7,309	2,587
Property & Building & Acc.	4,456	6,750	6,305	2,155
Pharmaceuticals	3,808	4,317	5,571	2,102
Foods	5,459	5,039	5,794	1,712
Veterinary & Agriculture	3,045	2,795	3,653	1,550
Transport	3,193	2,837	2,592	1,323
Tourism & Entertainment	4,220	2,561	3,026	856
Retail	1,862	1,471	2,198	573
Office Equipment & Services	432	527	399	138
Clothing, Fabrics & Footwear	393	348	342	74
Grand Total	114,749	132,272	136,349	74,528

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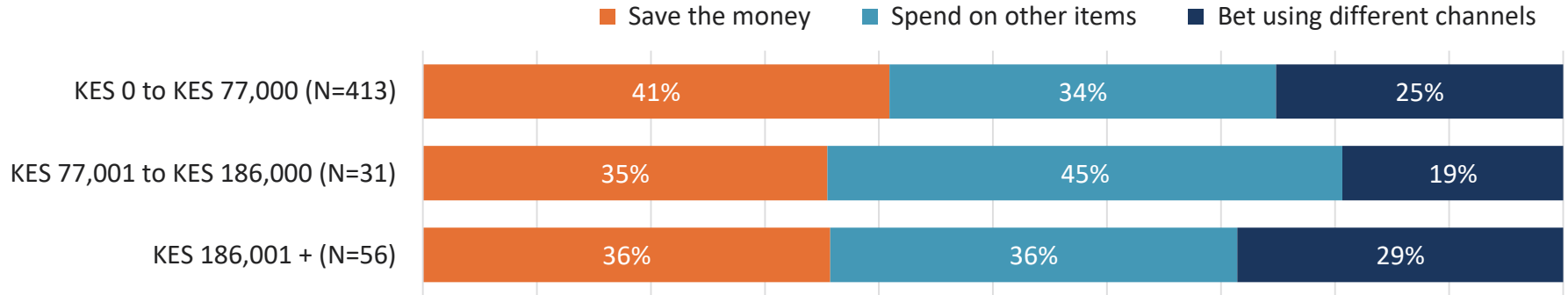
Since the upsurge of Betting and Gaming advertising spends, there has been a correlation between this sector, the Communications (driven by telecommunications companies) and Media sectors. Betting firms are major revenue drivers for communications and media companies, how will their advertising spends be impacted by the suspension of betting firms' operations?

Advertising spends across Radio, Television and Print



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Advertisers have a ready consumer base that has disposable income. This means there are opportunities for financial service providers to facilitate saving of this money; FMCG companies and service providers to gain more customers or other betting channels to allow them to transfer their betting habit.



With the government suspension on betting, what do you intend to do with the money you use to bet?

Base: 500 Kenyans aged 18 years+ who are aware of the suspension and have engaged in betting in the past



10%

**Decline in advertising expenditure
forecasted for 2019!**

Opportunities Abound!



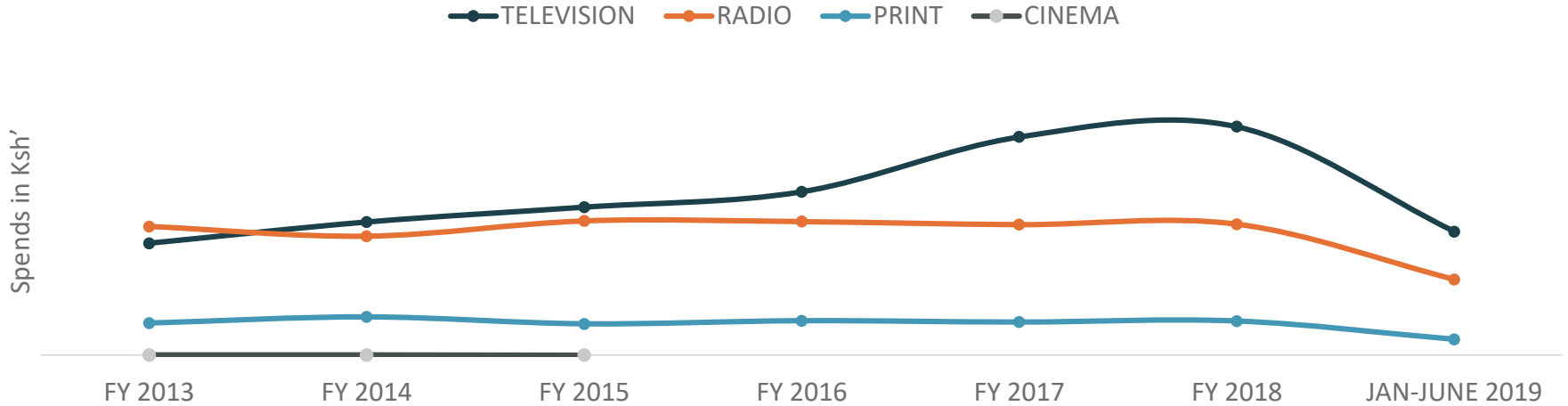
The anticipated decline in clutter across media as a result of the anticipated decline in betting firms' advertising expenditure, yields the following opportunities for advertisers

- Greater visibility of their communication in media
- Potential reduction of media budget needed to cut through media clutter
- With the reduction in media budgets, marketing budgets can focus on consumer conversion marketing activities, making use of their disposable income

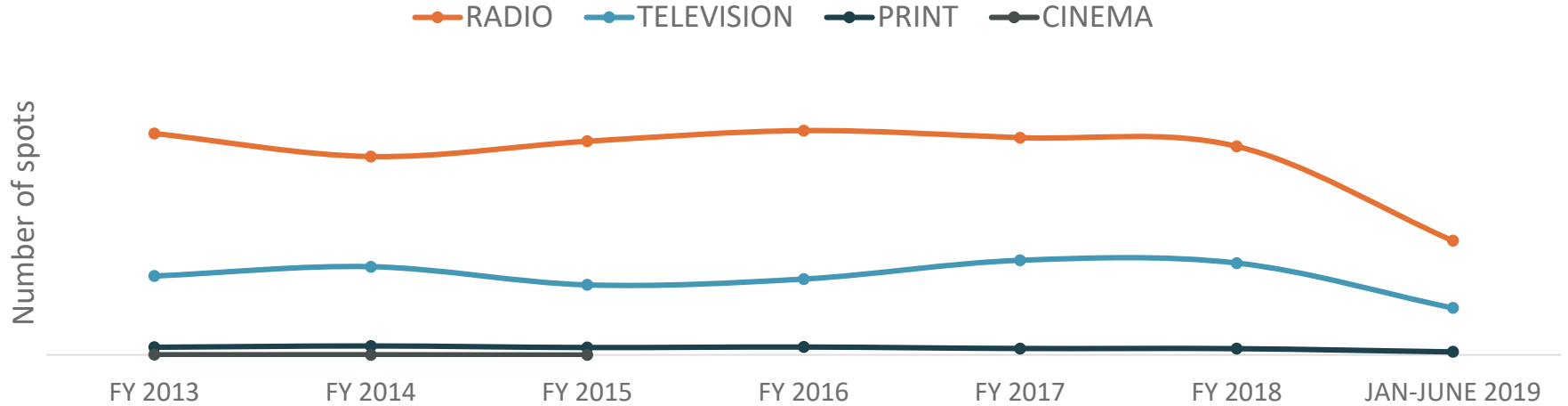


*But what does
this mean for
media?*

Media expenditure value across all media has been on the upward trend, where the value of expenditure on television surpassed radio in 2014.



Radio continues to dominate with the most clutter across the key media platforms.



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The Betting and Gaming sector has been a key revenue sector for media houses.

Spends in KES millions

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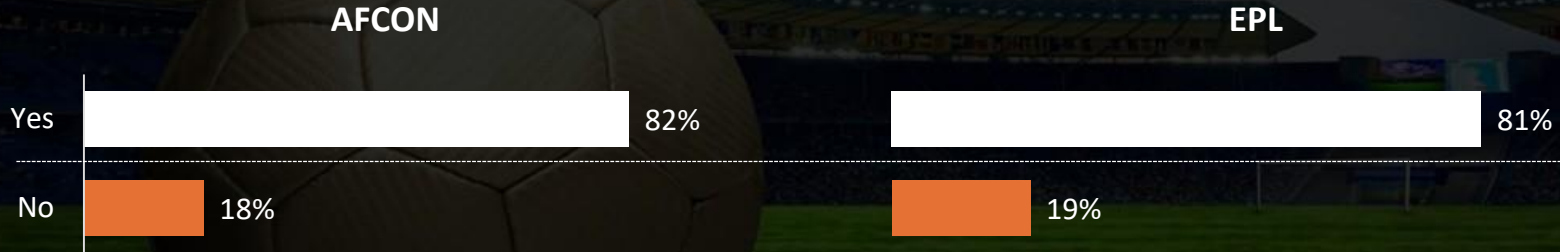
As a result of the suspension, media stations airing major football tournaments could expect to reach close to 20% fewer audiences, than originally planned. Which other sports media properties may be impacted?



Do you plan to continue watching AFCON after the suspension?



Do you plan to watch the EPL after the suspension?



Base: Kenyans aged 18 years+ who are aware of the suspension



For more
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