Smartphones are the primary gateway to the internet for 270 million people in sub-Saharan Africa today. These devices are pivotal platforms for digital and financial inclusion, in particular for millions of people in underserved communities, complementing efforts of governments and private sector partners.

In our 4th White Paper, we share insights into trends of Mobile & Connectivity in sub-Saharan Africa, with a focus on Kenya. This year’s report examines how the smartphone industry plays an important role in the social and economic development of Kenya.

**Mobile generated 7.7% of GDP in Sub-Saharan Africa**

At the beginning of 2017, there were 420 million unique mobile subscribers in Sub-Saharan Africa. It is forecasted by 2020 that the region will have more than 500 million unique mobile subscribers. In 2016, mobile technologies and services generated $110 billion of economic value in Sub-Saharan Africa, equivalent to 7.7% of GDP. Mobile’s contribution to GDP is expected to rise to $142 billion, equivalent to 8.6% of GDP, by 2020 as countries benefit from improvements in productivity and efficiency brought about by increased take-up of mobile services.

Smartphone connections have rapidly grown in recent years, and are expected to double over the next 2 years to nearly 200 million, thus accounting for a 25% of all mobile connections in 2016.

The key factors supporting smartphone adoption within Sub-Saharan Africa is largely driven by the improving affordability of the smartphone. This trend, along with the uptake of internet services, is driving demand for digital content and results in an increase in mobile data traffic. It is expected that smartphone internet traffic is forecast to grow 12x across Africa over the next 5 years\(^1\).

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\(^1\) GSMA - The mobile economy sub saharan Africa 2017
Mobile adoption in Kenya maintains momentum

Kenya recently surpassed the 40 million mobile subscriptions in 2017 and stands at 41 million (+3%), with mobile penetration at 90.4% of the adult population.

High mobile penetration in Kenya has been driven by the arrival of aggressive entrants, such as Hong Kong based Transsion Holdings. Transsion offers quality devices at affordable prices through it's brands Tecno, Itel and Infinix. Transsion continue to hold the top spot during the Q4 2017 in a report released by International Data Corporation (IDC) as the biggest smartphone and feature phone vendor in Kenya with a staggering 58% and 63% market share respectively\(^2\) (by volume). Whilst Tecno and infinix dominate the smartphone segment. Tecno and Itel dominate the feature phone segment. Samsung has a 17% market share (by volume) driven by it's economically priced J-series.

The smartphone industry continues to see new entrants into the market such as Oppo, Vivo and Xiaomi expected to officially expand into Kenya early this year. We expect this will drive moderate reductions in mobile device prices in the coming years (though not as significant as we seen in recent years).

More than 250,000 smartphones sold on Jumia

Over 250,000 smartphones were sold on Jumia Kenya in 2017, a 25% increase versus 2016 (gaining market share in the process). Despite major reduction in prices over the last few years, prices have stabilised on Jumia over 2017 (vs 2016) at an average of $90. Smartphones accounted for 97% of all phones sold (3% feature phones), with 68% of sales taking place in Nairobi.

Whilst brands like Tecno and Infinix continue to dominate on Jumia, their relative share (by volume) has fallen significantly in 2017. Over the last 12 months, Jumia has seen significant growth in the entry level range (having released the most affordable smartphone last year for only $20) and at the higher price points (eg. Xiaomi Redmi 5 plus, a 64GB phone for $200).

Growing sales from higher end devices is attributed to the growing demand for 4G connections in Kenya coupled with an increase in the number of 4G networks. Current 4G penetration in Kenya stands at 25% of the population coverage.

Internet connectivity continues to grow, driven by smartphone adoption

Globally, the world's internet users passed the 4 billion mark, with 250 million new users in 2017, demonstrating a 20% year on year growth. Kenya continues to be a leader in Internet penetration driven by a robust internet infrastructure and affordable smartphones. Communications Authority of Kenya in it's most recent report suggests that 86% of the country’s population has access to the internet. In absolute terms, 43 million Kenyans are classified as internet users, though this does not take into account multiple handsets owned by a single user.

Fun Fact: Almost 10% of Kenya’s Internet Users visit Jumia Kenya every month

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3 Safaricom_2017_Annual_Report
4 We are Social report - Digital in 2018
5 As calculated with Unique Visitors from Q1 2018 and latest internet population data
Internet connectivity is driven by Mobile Web traffic

Global mobile internet traffic as of the fourth quarter of 2017 is up 11.65% year on year and currently stands at 51.12% of global web traffic originating from smartphones. Kenya is the global leader in share of internet traffic coming from Mobile (overtaking Nigeria in 2017), at 83%.

Reflecting the same trend, Jumia Kenya for the first time ever in 2018, has seen more orders coming from mobile devices (mobile web and app) than desktop. The majority of traffic to the website continues to come from mobile devices (mobile web + app), but historically conversion rates were lower than on desktops. This reflects the growing importance of the smartphone, and trust in the Jumia brand (as customers less often feel the need to have a bigger screen to make their purchase decision).

In 2017, Jumia also experienced major changes in the browsers customers are using to access the website. There has been >1000% growth in visits from Android Webview, 40%+ growth from Chrome, whist Opera Mini traffic has stagnated at +2%. This is driven largely by telecom providers offering affordable priced data bundles.

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6 [www.statista.com](http://www.statista.com), share-of-website-traffic-coming-from-mobile-devices
Connectivity is key to inclusion and a better life

Smartphones in Kenya are largely used to access games, music, news and social media sites today. However, they are an increasingly essential tool to access financial inclusion and a huge variety of useful services. The smartphone is more than a device - it is a gateway to the world’s information and life enhancing services.

Kenya is a pioneer of financial inclusion through mobile, driven by MPESA and through digital credit offerings by new entrants Branch, Tala and Okash.

Through a study authored by MIT’s Tavneet Suri and Georgetown University’s William Jack conducted with nonprofit Innovations for Poverty Action, they have extraordinary findings about how M-PESA has improved the lives of many Kenyans. It is estimated that 194,000 households, or 2 percent of the country’s households, were lifted out of poverty, by 2014 when they actively transacted via M-pesa. They also found women benefited from greater access to M-PESA prompting occupational shifts, climbing up the socioeconomic ladder.

Mobile Money penetration is set to increase in Kenya, with increasing competition from Airtel Money and Telkom’s T-Kash.

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7 Ihubresearch - Mobile Technology in Kenya
8 http://techcabal.com/2016/10/20/kenya-is-the-king-of-mobile-money-says-twinpine/
Kenya has more than **25 digital credit providers**, with new services being launched continually. Offerings such as Branch, Tala and Okash, provide households with opportunities to access to liquidity by eliminating the challenges of getting a loan by using the data on your phone to create a credit score. Consumers appreciate the speed and convenience provided through these offerings and provide a safer option than informal money lenders. **Branch currently loans out $4million monthly and is one of the top 5 most downloaded apps in Kenya**

In 2017, Jumia also launched a vendor lending program, to help SME’s finance their working capital & grow. In 2018, Jumia will launch financing options for customers.

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9 Source: Play Store for Kenya, data accessed 13th March 2018
Outside the above mobile applications, African technology developers continue to develop award winning solutions to the continents specific challenges. These solutions to challenges in the farming, social and health sectors (amongst others), have life changing implications for their customers.

**Case study:** M-farm, one of the most downloaded apps within the agricultural sector, offers real-time market prices for crops and matches Kenyan farmers with buyers, **thus providing transparent information at the click of a button.**

**Case study:** A well known health care app, MedAfrica is a free mobile phone application, which boasts more than a 1000 downloads a day, months after its launch. It provides consumers with access to medical information and allows them to locate reputable doctors and hospitals. This is particularly useful to customers in rural areas, who traditionally face the biggest challenge with access to information.

Through such apps Kenya continues to lead the way in creating innovative solutions to address unique challenges, thus improving the quality of life of its citizens. To access these life enhancing solutions, customers need access - and the smartphone is the gateway.