



COVID-19



IMPACT OF COVID-19 ON CONSUMERS & CORPORATES IN KENYA

HOW NEEDS, EXPECTATIONS AND BEHAVIOURS ADAPT IN THE PRESENT AND FUTURE FOR SILICON SAVANNAH

by **NENDO**

Insights that drive income and impact



Introduction

With millions ill, hundreds of thousands of lives lost and markets reeling in the wake of the COVID-19 pandemic, the globe continues to come to grips with the impact of the Novel Coronavirus.

People's health and wellbeing, as well as their behaviour and routines have been affected. Nendo, in response to this, has done a review of ten sectors in a bid to explain the impact and the consequences on the individual consumer and the institutions - be they public or private - that are part of that sector.

Nendo uses the word "demand" to capture the ongoing changes. Nations and states across the world are taking measures to mitigate the impact of COVID-19. As a result, consumer and corporate demand is changing.

Within this are new patterns of behaviour, needs, and expectations.

The impact of COVID-19 in a number of cases has been fatal. Businesses have shut down, institutions have laid off employees, cut wages, and individuals' livelihoods have been upended. In some cases, COVID-19 is accelerating digital transformation. Necessity is the mother of invention and the world is defining means of communication, collaboration, and cooperation while combating the virus.

This report seeks to cover the impact of this on Kenyan society with illustrations and implications for each of the following sectors:



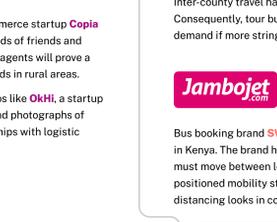
RISING DEMAND

Trusted marketplaces for boda boda riders such as **SafeBoda** can expect to gain in prominence. Their brand proposition of safety standards and above-average customer experience positions them as the preferred option for movement of cargo or customers.

Inter-county logistics companies such as **Sendy**, which connects an ecosystem of motorbikes, pickups, vans and lorries through a mobile app, have become uniquely positioned. Such services are likely to see an increase in demand as Kenyans seek logistical solutions.

With limited inter-county movement, rural e-commerce startup **Copia** can expect additional demand to cater to the needs of friends and family up-country. Their peer-to-peer network of agents will prove a valuable resource in sourcing and delivery of goods in rural areas.

The increase in home deliveries could see startups like **OkHi**, a startup focused on solving for addresses through GPS and photographs of gates, doors, and buildings, advance its partnerships with logistic companies.



Transport

Inter-county travel has been limited in respective counties for a 21-day period. Consequently, tour bus, shuttle, and fleet operators may experience lower demand if more stringent 'lockdown' measures are put in place.



Bus booking brand **SWVL** has fallen out of the top 100 most downloaded apps in Kenya. The brand has adapted by incorporating trips to cater to riders who must move between locations. The Egyptian-bus app is among the best positioned mobility startups to create the 'new normal' of how social distancing looks in commuter buses going forward.



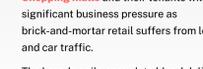
DISRUPTED DEMAND

Ride-hailing companies such as Uber, Little and Bolt will experience the impact of the social distancing and stay-in-place orders. A sizable drop in total rides per day will continue as long as the curfew and limited mobility is in place.

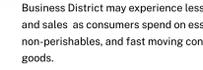


Travel websites such as low-cost airline Jambilet.com have seen a complete drop in website search queries and share of voice during this period.

Travel agencies such as **Travelstart** and **Ticketsaga** will see a decline in bookings as well as identity theft are likely to emerge as individuals may aim to take advantage of the less technologically literate in society.



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RISING DEMAND

e-Commerce players such as Jumia, Kilimall, and SkyGarden are experiencing greater demand during COVID-19. However, their supply chains may suffer to satisfy demand depending on how soon China and Asia rebound after COVID-19.



So far, major brick-and-mortar **supermarkets** are striking partnerships to accelerate their digital transformation and serve customers: For example:

01. Tusksys partnered with Sendy
02. Carrefour partnered with Jumia
03. Naivas partnered with Glovo

Kiosks and local stores will benefit from being closer to customers and from their small size. The 'kadogo' economy will be put to the test and stretched to its limits. Building stock-keeping units (SKUs) for this period will be key.

Solutions built with a **pay-as-you-go** model will thrive during COVID-19. **M-Kopa**, for example, lets its customers to pay for solar power one day at a time. **PayGo**, **Envirofit**, and **M-Gas** offer liquefied petroleum gas (LPG) cylinders that release pay-as-you-go gas using a smart-meter. This means that a customer can pay a few shillings to fry one egg or cook one meal at a time, based on their disposable income.

GoBeba has been experiencing increased demand of liquefied petroleum gas (LPG) cylinders. With the uncertainty on freedom of movement, a spike in orders of two or more cylinders took place in March and April.



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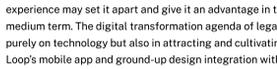
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There will be increased demand for **online banking**. Banks have been encouraged to open up their mobile and online banking platforms in a bid to move away from cash. This includes suspending fees for customers checking balances and performing Bank-to-Mobile Money wallet transfers.

Besides mobile money, **VISA** and **MasterCard** will see greater demand for their cards and a rise in payments by plastic. While it may not come close to mobile money, the percentage of cashless transactions will lead to a rise in card payments over time.

NCBA Loop may experience demand as a first of what will be an increasing digital-only banking proposition. While rival banks, Equity Bank and KCB boast large digital portfolios, Loop's customer and user experience may set it apart and give it an advantage in the short and medium term. The digital transformation agenda of legacy banks isn't purely on technology but also in attracting and cultivating an audience. Loop's mobile app and ground-up design integration with mobile money will be one to watch.

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Financial Services & Payments

DISRUPTED DEMAND

Shopping malls and their tenants will face significant business pressure as brick-and-mortar retail suffers from less foot and car traffic.

The brands agile enough to blend delivery into their business models stand a better chance of weathering the storm.

Stalls and microenterprises in the busy Central Business District may experience less footfall and sales as consumers spend on essentials, non-perishables, and fast moving consumer goods.

Mama Mbogas may benefit in the short term provided they can keep up with the supply of fruit and vegetables in and out of Nairobi, Kilifi, Mombasa and Kwale Counties respectively but may have their industry disrupted in light of issues with mobility.

Supermarkets face tougher times screening and implementing measures to deal with the threat of COVID-19 and providing a safe shopping experience.

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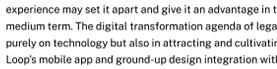
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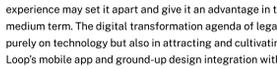
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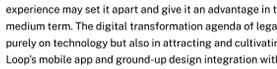
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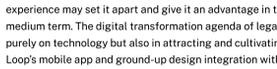
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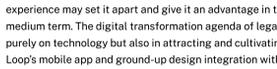
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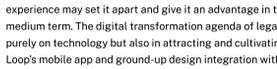
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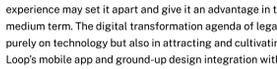
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