

Financially Viable Media  
in Emerging and Developing Markets  
**Kenya**







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# Foreword

Kenya has emerged on the world stage as a dynamic new democracy: technological innovation flourishes, traditional media businesses thrive, and the government operates with unprecedented openness. Print and broadcast media have developed trusted, credible voices and play important roles in the national dialogue. Journalists and technologists have collaborated on energetic, leading-edge projects that are being replicated elsewhere. In addition, Kenya is now seen as a beacon of press freedom in the region and is being celebrated for innovation.

This innovation has not been limited to newsgathering and dissemination, however. Today's leading Kenyan media have applied traditional business models to achieve profitability, and they continue to experiment with new models. Complex media ecosystems now exist in urban areas with content that is targeted at many distinct audiences, from mass market to urban elites (and in at least one case the urban poor). News companies own multiple media channels in print, broadcast, and online, and they leverage that brand strength across multiple platforms. Using Google ad tools, they monetize their online sites without relying on in-house sales teams. Once again they've proven that "local news sells": Citizen Group substantially increased revenues as well as audience by abandoning postcolonial approaches and becoming decidedly local in both voice and content.

Yet behind these developments lie troubling realities.

The newly free media, emerging from repression, are subject to crippling reprisals under legacy libel laws. Vast numbers of the population are not served by television, smartphones, or the Internet. The infrastructure to reach them is expensive and elusive. There are socioeconomic and geographic divides: urban and affluent citizens enjoy ubiquitous access to media in all forms, especially digital, while rural and poor populations do not. Outside the major cities, mobile and Internet sources of news are unavailable and too often unaffordable and are likely to remain so in the medium term.

Community radio, the primary source of news and information for non-urban populations, is constrained, starved, and neglected by a regulatory system that could be changed with minimal investment if only supported by political will. It has the lowest cost of entry of all traditional media. It can easily reach beyond the power grid (via solar and battery-powered units) and has high consumer acceptance, but outdated government policies have capped its potential.

Although Nairobi is an exciting hub for technological innovation, much of the development talent serves global markets—creating leading-edge iPhone and Android apps—rather than addressing community reporting needs.

Newspaper and broadcast organizations, with access to capital and financing, have grown rapidly and have become profitable. They are trusted and relied upon but have highly concentrated ownership (some in the hands of political actors) that controls multiple media channels.

Third-party players—ad agencies and online aggregators—control the flow of advertising and thus revenue. Examples from other regions suggest that concentrated media ownership and control of advertising marketplaces have the potential to stymie competition and ultimately interfere with reporting.

As is the case in other countries, Kenya's print and broadcast media are the source of a majority of reporting that appears in other channels, electronically following the "rip-and-read" model of yore. Thus the reporting funded by those media companies plays a significant aftermarket role in providing content for other news and social media channels.

And while the government has received accolades for making its data open, this data has yet to be fully mined, and not all is available.

This new report highlights important questions for media development professionals. It also provides fresh evidence that challenges us to consider how credible reporting will be conducted and shared even as hybrid methods for its collection and distribution

continue reshaping the media environment.

It suggests that we should take care to match our efforts to market realities as they are—not just to some hypothetical future that may or may not materialize.

At the same time we invest in developing new technologies, we should carefully review which current technologies (new and old) are reaching the majority of the population and those most in need of support.

In Kenya's fragile, young democracy, is it acceptable that 80 percent of the population—the rural poor—is significantly underserved by news providers? In a country with high rates of infant mortality, endemic poverty, incidences of terrorism, and flashpoints of violence, is it appropriate that tens of millions of people lack access to reporting that could save and improve lives? If most news content is being produced by a handful of highly centralized, urban media companies, are the news needs of local communities being served?

These are important questions. This report presents a balanced look at today's media environment in Kenya and suggests that these questions are also worthy of consideration elsewhere.

*Michelle Foster*

*International Media Management and Marketing Consultant*



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## Major Observations:

- Kenya has been the scene of sweeping technological innovations, but these have often benefited solely affluent urban and foreign markets. Poorly developed infrastructure and program design have delayed benefits for the broader Kenyan public. In addition, Kenya's innovations have proven difficult to transplant and to scale. M-Pesa, for example, has had trouble gaining traction in other African markets.
- Print and broadcast news organizations still dominate the Kenyan market and continue to grow in both audience and revenue. Most are expanding into online platforms, but these have tended to enhance and duplicate news delivery for urban elite audiences rather than reaching new, underserved audiences.
- Kenyans have made significant advances in freedom of expression, but news organizations on all platforms still struggle with major limitations in their enabling environment, especially crippling libel laws.
- The vast majority of Kenyans live in rural areas, where "last-mile" issues of electrification, infrastructure, and connectivity still constitute major challenges to their consumption of news media. Western media development programs are often slow to address these problems.

# Executive Summary

Kenya represents one of the most fascinating and dynamic media markets in the world today. Under the new democracy, the country's news organizations have emerged from a climate of pervasive censorship, violence, and state control. Leading newspapers are thriving economically and improving in quality. Broadcasting outlets serve varied socioeconomic and cultural markets. Nairobi's tech community (known as the "Silicon Savannah") has excited interest around the world through an array of innovations, such as the m-Pesa mobile money platform.<sup>1</sup> These projects had an international impact on thinking about both applied technology and development practice.

That said, problems remain. Kenya's punitive, archaic libel laws as wielded by politicians have the potential to cripple critical news outlets. Community radio, which serves large, underserved populations, is limited by an out-of-date regulatory environment. New print media face daunting start-up costs, and digital innovations are often directed at improving delivery systems for lucrative domestic and foreign markets rather than addressing the unmet needs of underserved communities.

The mobile phone market is expanding rapidly in Kenya, but technology alone will not solve the

country's problems. According to Nairobi's iHub, the two most popular uses for mobile Internet usage are games and music; news comes in last in the lineup.<sup>2</sup> To best serve communities, new communications technologies need to be accompanied by quality content as well as education to support the creation and the consumption of such content.

As Kenya moves into its next phase of political development with the 2013 elections, the legacy media and new online platforms alike will play critical roles in promoting fairness and transparency. Kenya is moving rapidly into a digital future, but it remains a divided country, with a growing affluence for the residents of the major cities and pervasive poverty for the rural majority.

Kenya has an unusual opportunity to expand on the recent gains of its news media by creating innovative hybrid media to serve a broader public. This will require new partnerships between journalists, technologists, mobile operators, and development specialists. The benefits from such projects could accrue not just to Kenya but to many other regions of the world as well.



## Country Profile



Table 1: Kenya Country Data

Data type	2011 (estimate)
Population	40.5 million
Adult literacy rate	87%
GNI Per capita	US\$ 780
Urban/rural population	22 / 78%
Official language	Kiswahili, English
Access to electricity	16%
Mobile phone penetration	63%
Internet penetration	36%

Sources: UNICEF, World Bank, KREA, CCK

Kenya is the third-largest country in East Africa, with a population of approximately 41 million and a land size of over 800,000 square kilometers (roughly the size of France and the United Kingdom combined).<sup>12</sup>

Its population includes over 40 separate tribes and local languages. The three largest tribes are the Kikuyu (22 percent), Luhya (14 percent) and Luo (13 percent) tribes.<sup>13</sup> Kiswahili, the national language, is used extensively for everyday transactions, especially in urban centers, since many people do not speak other local dialects. English, the principal language of business and the news media, is taught in schools and widely spoken in urban areas but is less commonly used by older, rural residents.<sup>14</sup> Roughly half the population is Protestant, a quarter Catholic, and ten percent Muslim.<sup>15</sup>

Kenya has been a leading economic driver in East Africa<sup>16</sup> as well as the continent. It has been ranked as the eleventh-largest economy in Africa for the past four years.<sup>17</sup> Yet despite its reputation for growth and innovation, Kenya adheres to the traditional economic models of its neighbors. Recent growth has been strong, but it has been concentrated in tourism, telecommunications, and construction in urban areas. As of 2010, agriculture still accounted for 70 percent of Kenya's gross domestic product, and 75 percent of the labor force worked in agriculture.<sup>18</sup>

At the same time, the Kenyan economy is evolving rapidly. The financial, transport, and technology sectors are attracting significant new investment, and Kenya is increasingly recognized as the business hub for Eastern Africa.

## Country Indices: Kenya



### Political & Regulatory

Multiparty government since 1992.  
 .....  
 Between 1992 and 2002, still dominated by single party, under Moi.  
 .....  
 2007 election produced worst tribal violence since independence. Coalition government formed.  
 .....  
 New constitution imposed term limits and decentralization of power.  
 .....



### Economy & Market

Average economic growth of 1.13% between 2005 and 2011.<sup>3</sup>  
 .....  
 World Bank rates Kenya as a Low-Income Country. GDP per capita of \$780 (2011).<sup>5</sup>  
 .....  
 Monopolistic advertising market. SCAN controls over 80% of ad placement in traditional media.  
 .....  
 2011 advertising budget = 27 billion KSH. Largest advertisers are Safaricom, Unilever and the government.<sup>10</sup>  
 .....



### Social

Young population: median age is 19. 48% of population is under 15%. Over 75% of population is rural.<sup>4</sup>  
 .....  
 Primary education is 72% male, 75% female. Secondary education is 51% male, 48% female.<sup>6</sup>  
 .....  
 Literacy recorded as 87% as of 2010.<sup>8</sup> Functional literacy and education rates considerably lower.  
 .....



### Media & New Technologies

There are roughly half as many mobile subscriptions as there are Kenyans. (But some individuals have multiple lines.)  
 .....  
 33% of the population owns a TV.<sup>7</sup>  
 .....  
 1.4 million Facebook users.<sup>9</sup>  
 .....  
 2nd highest number of tweets in Africa comes from Kenya.  
 .....



Courtesy of ©AFP PHOTO / Tony KARUMBA

## Summary List Of The Report

- Kenyan news media are generally well regarded by the public, which credits them with advancing the country's democratic process.
- Many Kenyan news organizations are making striking progress in advancing their quality, independence, and business practices. Media organizations are becoming smarter and leaner as they attract new readers and break into new markets.
- Constraints for expanding the audience for news are mostly socioeconomic (language, literacy, and income) and infrastructure-related (cell towers, electrical grids, and roadways). Digital and mobile innovations tend to be designed for high-end smartphones, which are still out of reach for rural and poor populations—the vast majority.
- Cheaper smartphones are coming on the market, and prices will continue to go down. Increasing numbers of apps and programs are being developed for the cheap phones. The challenge will be to ensure they include quality content that serves the broader community.
- New platforms don't always mean new audiences. New digital strategies tend to reach the upper class and urban populations, the people who already have access to existing news platforms. More government and international support is needed for radio, the best way to reach new, underserved rural audiences. Hybrids with online production platforms show particular promise.

# Political Context

Only a few decades ago, Kenya's news media labored under a high degree of censorship and state control. Since then, Kenya's leading news organizations have advanced their skill sets and won editorial independence. According to the findings of a 2011 survey conducted by the Kenya Media Programme, "The mainstream Kenyan media has developed [a] reputation for being vibrant and assertive, and is considered to have contributed significantly to the widening of the democratic space in Kenya." The country's media have blossomed from a parched landscape of a few embattled newspapers and a state broadcaster of the past to a dynamic environment of expansion and experimentation.

Kenya's media market has been shaped by competing historical forces. The region was ruled by various British colonial administrations after 1895, and the British left a lasting impact on its news culture. Though Kenya, which formally gained independence in 1964, was ostensibly a representative, multiparty democracy, the country was dominated by single-party rule from independence through 1992. The first two presidents, Jomo Kenyatta and Daniel arap Moi, led the country through the only party that was constitutionally allowed to hold power, the Kenya African National Union. Despite measures to open elections to opposing parties, Moi won by wide margins in 1992 and 1997. The current president, Mwai Kibaki, has won two terms of office since 2002, including the 2007 election against Raila Odinga that sparked civil unrest and tribal violence.

The country instituted a new constitution in 2010, and Kenyans are waiting to see how its expansive bill of rights will be honored over time. The upcoming elections will be another important test for the

Kenyan news media. Kibaki is constitutionally barred from running for a third term, and presidential elections are slated for March 2013. Kibaki is widely acknowledged as a catalyst for reform and development, which were woefully ignored under President Moi. For example, in 2008, a constitutional amendment reduced the central powers of the presidency while increasing the powers and authority of local governments; it also granted citizens their first bill of rights.

The Kenyan news media have benefited from the liberalization, but problems still exist. Political pressure and self-censorship still occur, and the International Freedom of Expression Exchange network (IFEX) lists various Kenyan journalists who have been subject to threats and police assaults as a result of their reporting over 2012.

But the gains are also obvious. Kenya has become a new symbol of press freedom in the region. The Committee to Protect Journalists reports that Kenya ranks second only to the United States as a haven for exiled journalists, providing refuge for 66 journalists from neighboring countries. Anecdotal reports suggest that media outlets, especially state-run assets such as the Kenya Broadcasting Corporation, are no longer subjected to the routine political intimidation of the past and are able to report the news as it unfolds. Several media executives observed that, while Kenya has been ranked fairly low in journalistic freedom and editorial independence, reporters and media outlets have gained significant ground in freedom to report and also safety from reprisals. This development appears to apply across print, broadcast, and online platforms.



## Regional Situation

Kenya's political advances have not eradicated political tensions; some of these are regional. In 1999, Kenya became a founding member of the East African Community (EAC), along with Uganda and Tanzania. The EAC's goal is to "widen and deepen Economic, Political, Social and Culture integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments."<sup>19</sup>

In October 2011, Kenya entered the conflict in Somalia between the government and Al-Shabab, a Somali Islamic faction with ties to al-Qaeda.<sup>20</sup> Kenyan forces originally served as bilateral allies alongside Somalian troops, but they were placed under an African Union peacekeeping force, AMISOM, in December 2011.<sup>21</sup>

Al-Shabab responded with a series of retaliatory strikes in Kenya, including kidnappings of foreign

aid workers in the north and several grenade attacks on crowded bus stations in 2012. On May 28, 2012, a bomb that exploded in a Nairobi marketplace injured 33 people,<sup>22</sup> and a June 25 grenade explosion in a Mombasa bar killed three and injured 30.<sup>23</sup>

On June 10, 2012, Kenya's Internal Security Minister, George Saitoti, was killed when his helicopter crashed on the outskirts of Nairobi. One of the principal figures responsible for sending Kenyan troops into Somalia, Saitoti was considered a leading contender for the upcoming presidential elections.<sup>24</sup> (The cause of the crash remains undetermined.)

Ongoing political violence could have significant repercussions on many aspects of national life, including the Kenyan economy, which is heavily reliant on tourism. (In 2011, tourism accounted for 12 percent of the GDP.<sup>25</sup>)



Courtesy of ©AFP PHOTO / Simon MAINA

# Innovation: Achievements, Barriers, and Hype

In recent years, Nairobi has won international repute as an incubator for innovative ideas, organizations, and institutions in the digital sphere. This reputation was boosted in 2007, when Kenyan developers and activists crafted and launched one of the first large-scale international citizen reporting campaigns through their open-source, online, crisis-mapping platform called Ushahidi. It quickly spread across borders and now serves as a global means to track and monitor such diverse phenomena as flooding, electoral campaigns, sexual harassment, and postdisaster relief management. Ushahidi became a powerful symbol of Kenya's emerging technological capacity.<sup>26</sup>

Another citizen reporting and crowdsourcing site, launched around the same time, had an even larger impact on the local landscape regarding politics and governance. The site, [info.mzalendo.com](http://info.mzalendo.com), has actually contributed to legal reform and the prosecution of officials. The model has also been replicated elsewhere across Africa. Mzalendo was founded by some of the same individuals who created Ushahidi, including Kenyan lawyer and blogger (and current Google policy manager for Africa) Ory Okolloh.<sup>27</sup>

The experiments have reached marginal areas as well. Kibera, an impoverished zone in Nairobi, has been the scene of the Map Kibera project, which enlists local youth to create both online and physical maps of their neighborhoods for the first time. The project attempts to document the need for government services and has added journalism content through multimedia reports.<sup>28</sup>

Mobile banking has been another hallmark of Kenyan

innovation. Kenya's largest telecom, Safaricom, introduced m-Pesa, a mobile payment and banking system, in 2007. M-Pesa allows mobile phone users to transfer, deposit, and withdraw funds from their phones. Many Kenyans previously lacked access to banking services. Within five years, m-Pesa had over 17 million account holders, the equivalent of approximately 40 percent of the entire population.<sup>29</sup> Other newly developed applications support initiatives ranging from anticorruption efforts to weather and market information for farmers.

Nairobi's technology community has benefited from various energy centers serving software developers. AMI's Justin Arenstein observes:

"The thing that has enabled Kenya to punch above its weight from an innovation perspective is the diversified tech ecosystem—not any single hub/lab. iLAB is a research lab, iHUB is a co-work catalyst, m:Lab is a mobile incubator, 88mph is a startup accelerator, Pawa254 is a content incubator (with a strong journalism focus), etc."

However, Justin is also concerned about the Kenyan tech sector's "smoke and mirrors"; sometimes the environment favors projects that appeal to international stakeholders over local market needs. He notes that the pitfall of many of Kenya's incubators is their funding model.

"Beyond the hype, there is no real existential pressure to build real startups—because the revenue model for most of the incubators is based on direct donor funding, and not any returns on equity investment in the startups they're supposed to be nurturing. In the



four or five years that the incubators have operated, how many startups have actually gone to market? Many have won competitions, but only a tiny handful have done more than win limelight on the international conference circuit."<sup>30</sup>

Nairobi's technology community has benefited from several energy centers serving software developers. For example, Strathmore University, a private university in downtown Nairobi, is home to the iLab, which seeks out innovative ICT entrepreneurs and innovators and provides business mentorship and guidance.<sup>31</sup> The iHub in Nairobi is another organization that brings together tech entrepreneurs, hackers, and programmers. An open space equipped with hardware and high-speed Internet, the iHub offers local technologists a sandbox where they can take their ideas to the next level.<sup>32</sup> There are several other examples of these centers, whose representatives were not available for interview for this study.

The Kenyan government has recently joined the conversation. In 2011, Kenya launched sub-Saharan Africa's first government-backed open-data portal. The online repository gives the public access to over 400 government datasets that detail everything from state budgets and census/demographic information to education, health, public works, and other service delivery data. The transparency is intended to increase over time and to incorporate more details.<sup>33</sup> Kenya,

the first sub-Saharan country to put its data online, is positioned to rank as the tenth-most open country globally regarding access to information.<sup>34</sup>

Government information is now technically free and available to the public, but so far, its utility has been limited because only a small percentage of Kenyan citizens have the Internet capability to access the information or the educational level needed to absorb it.

The Code4Kenya fellows are helping newsrooms turn their editorial archives into structured data to power a range of new media and other third-party apps or services. They are also helping them tap into external data resources to improve or augment their reportage by building hyperpersonal and hyperlocal versions of national news.

It would be a mistake to assume that Kenya provides a foolproof model for media development. Arenstein notes, "The reality is that the Kenya model is hackathon- and event- driven," he maintains. He continues: "The development community is small, and there is enough prize money on offer via the almost weekly hackathons, for prize-chasing to be the business model (as opposed to building deployable startups). In fact, donors are complaining that developers routinely recycle winning apps from previous hackathons, by giving them a new skin or graphic makeover, to enter the next hackathon."<sup>35</sup>



Courtesy of ©AFP PHOTO / Simon MAINA

# Social Media Indicators

Kenya has approximately 1.4 million Facebook users, who account for 3 percent of the country's current population and about a third of its online population.<sup>36</sup> By comparison, in South Africa, Facebook penetration is 10.5 percent of the country's population and nearly 98 percent of the online population.<sup>37</sup> In the United States, Facebook has 50 percent penetration of the overall population and 65 percent penetration of the online population.<sup>38</sup>

Social marketing by traditional media organizations is expanding as a means to reach the large and growing young population. All major media outlets have Facebook pages, the most popular of which is NTV Kenya. The Daily Nation and Citizen TV rank second and third.<sup>39</sup> It's important to note that the Daily Nation and NTV are owned by the same

company, so their online strategy appears to be much more robust than their competitors'.

Twitter has experienced enormous success in Kenya. A study conducted in January 2012 recorded Kenya as the country with the second-highest number of tweets on the continent, behind only South Africa. The results were not averaged by population but based on overall tweets. This means that Kenyans issue more individual tweets than Egyptians (Egypt's population is double Kenya's population) and Nigerians (Nigeria's population is five times that of Kenya). Slightly more than half of all tweets in Kenya come from mobile devices.<sup>40</sup> One early Twitter experiment was launched by the Star, which is building an app called StarLIVE to allow ordinary citizens to ask questions via its reporters at press conferences.

Table 2: Social Media Presence (June 2012)

News Organization	Twitter	Facebook
Daily Nation	80,388	208,012
The Standard	49,839	40,508
The Star	8,342	2,396
The People	200	438
NTV	88,856	294,210
Citizen TV	88,104	204,255
KTN Kenya	92,410	176,086





# Who Hears, Sees, and Reads News?

## Three Tiers of Radio

**R**adio has long been the leading medium for news distribution in Kenya, and it will be for the foreseeable future. In 2009, 89 percent of national respondents received news and information from the radio.<sup>42</sup> Additionally, 95 percent of these listeners deemed news via radio as trustworthy.<sup>43</sup> Whereas newspapers and online news media are heavily concentrated in urban regions, radio reaches into rural areas. Battery and solar-powered receivers allow radio to extend its reach beyond the electrical grid cheaply and efficiently. This makes radio a

powerful (though often underestimated) tool for development.

To gain a broad view of the radio market, interviews for this study were conducted with managers from Kenya's largest radio station (Citizen), a leading niche station (Capital FM) and a leading community radio station (Ghetto FM). Each of these outlets provides different services for different people, but they all have a place in the market going forward.

## Mass Market

**R**oyal Media Services, the most powerful broadcaster in Kenya, owns Radio Citizen and Citizen TV. Radio Citizen dominates radio broadcasting, with 46 percent of the market in 2009. Its strategy is to serve as a mass-market outlet for the entire country. Its programming approach is similar to many other radio stations around the world; it combines music and personalities with news, business, and weather updates on the hour. It has the largest number of radio frequencies of any broadcaster in the country.

Kenya's major urban radio stations include: Nairobi—106.7FM, Nakuru—100.5FM, Kisumu—97.6FM, and Mombasa—97.3FM.<sup>44</sup>

The success of Radio Citizen's affiliate, Citizen TV (profiled below) confirms the impression that Kenyans are hungry for generic programming, including music and local personalities. Although Radio Citizen had an initial reputation as a traditionalist medium, it threw off its stodgy, "elitist" profile of the early 1980s and went on to make broadcasting history.

Citizen's competitors have imitated its format but with less success. Easy FM and Kiss FM, among others, have attempted to broaden their reach through a similar approach, but as latecomers, they have won only 11 percent and 10 percent of the 2009 market respectively.<sup>45</sup>



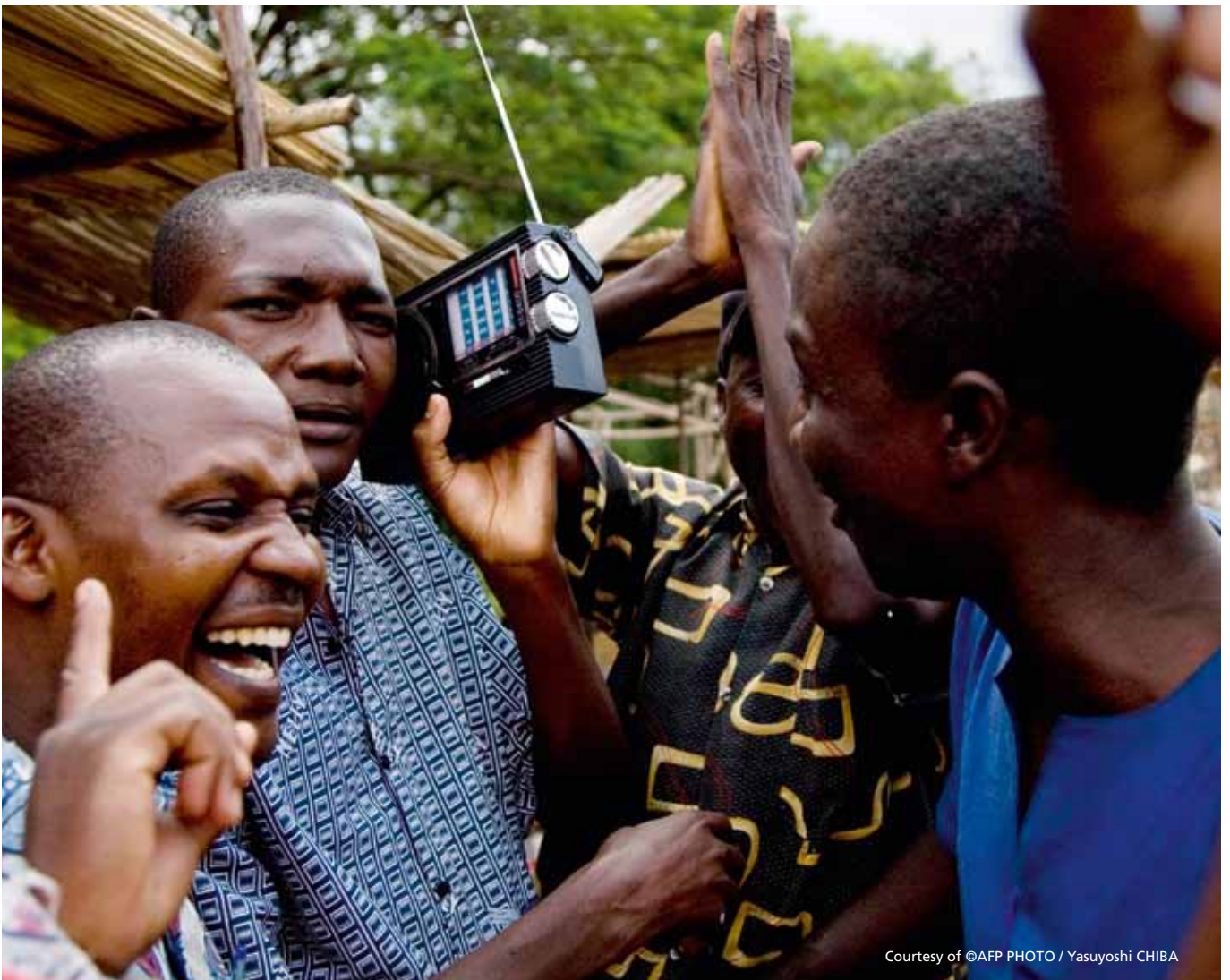
## Niche Appeal

Capital FM caters to Kenya's upper income brackets through its single frequency and reaches a second influential audience online made up largely of the Kenyan diaspora. Advertising is oriented toward a prosperous domestic market; it airs commercials for golf courses, mortgage companies, and vacation packages. The programming and advertising are designed to attract and maintain an audience among the Kenyan elite. This strategy leads to low ratings but a favorable business plan.

Capital FM provides an example of a successful niche model. It defined itself early on and has not deviated from its target market. DJs decline to market certain products that they consider to be "beneath their image."<sup>46</sup> According to Capital FM's David Muba, "The DJ's friends would know he would never use that product and they would make fun of him." This is also the reason Capital FM has declined to use Google Ads or similar placement services on its Web site; it needs to ensure that the products or services displayed and the exact placement is in line with what its "refined" audience expects.<sup>47</sup>

Capital FM launched its digital platform in early 2008 and required two years of financial backing from the formal radio side. As of 2010, its digital platform was profitable. The division repaid its loans from other divisions in 2011 and became fully self-sustaining in 2012. The majority of its revenue comes from online classifieds. With an average of 2.7 million unique monthly visits in 2012, the company is expected to raise its advertising rates in the future.<sup>48</sup>

The company is continuing to pursue an aggressive digital growth strategy, streaming radio as well as video. The video streams focus mostly on news and politics, including live streams of the Nairobi Stock Exchange and the parliament (picture a combination of CNBC and C-SPAN). However, this strategy is successful only because the target market consists of affluent individuals and families likely to own computers and already online.



Courtesy of ©AFP PHOTO / Yasuyoshi CHIBA

## Community Radio

Community radio is a unique institution in Kenya, produced by nonprofits that exist to reach underserved populations. Ghetto FM, one of Kenya's best-known community radio stations, signals its very specific mission with the slogan "Amplifying the voice of the voiceless." It was founded in 1997 by SIDAREC, a youth development program in Nairobi, which is still its principal backer. Ghetto FM receives additional funding from specific events outside its normal broadcasting scope. These events are supported through sponsorship agreements, usually with other nonprofit organizations.<sup>49</sup>

Thanks to its commitment to covering local communities, Ghetto FM enjoys high listenership, with 60 percent of its market tuning in every week. However, despite this success, the station has few possibilities to expand. All Kenyan community radio stations are restricted to one frequency within the country, and this strictly limits their audiences. Ghetto FM broadcasts can reach an audience of only 700,000 people. Additionally, colonial-era broadcasting rules that require the government to finance community radios are ignored. At the same time, the Kenyan government does not allow the stations to adopt traditional advertising models, as they are required to be nonprofit.<sup>50</sup>

Changing one or both of these laws would allow community radio stations to have a national reach. "We could quickly become profitable with advertising as our listeners trust us," said Abraham Maarita, Ghetto's station manager.

How has the mobile revolution affected the Kenyan

radio news audience? So far, recent surveys paint an inconclusive picture for mobile and Internet radio. As of 2009, 16 percent of the respondents reported listening to radio on their mobile phones, and only 2 percent listened online.<sup>51</sup> These numbers are no doubt increasing, but they still fall far short of suggesting that traditional FM and AM frequencies are obsolete.



Courtesy of ©AFP PHOTO / Simon MAINA



## Television News

**TV** is the second-largest news medium in Kenya. A 2009 national survey showed that 58 percent of respondents having watched TV in the prior week.<sup>52</sup> This same survey showed that 96 percent of viewers deem news on TV as trustworthy.<sup>53</sup>

Royal Media Services' Citizen TV, the country's largest network, accounts for 40 percent of the market. Tied for second place are two other private networks, NTV and KBC TV, each with 20 percent. KTN TV, owned by KBC, comes next with approximately 12 percent.<sup>54</sup> The Nation Group owns NTV, and the Standard Media Group owns KTN. KBC is the national broadcasting service.

In an interview, Wachira Waruru, Citizen's group managing director, described the rapid growth of the television market over the last five years that has allowed the private broadcaster to take over the market lead from the government's KBC. Into the early 2000s, Citizen TV's programming strategy was to seem as Western as possible. This included requirements for newscasters to use British accents, as well as commissions of Western storylines and plots. Citizen TV changed direction in 2005, when it began to use locally trained actors and to commission locally oriented plots. The strategy was a success. "We moved from fifth to first in the country in four years,"<sup>55</sup> Waruru said.



Courtesy of ©AFP PHOTO / Simon MAINA



## Newspaper Publishing

At first glance, the newspaper market in Kenya may seem fairly small. With estimated daily circulations ranging from 30,000 to 200,000, a very small fraction of the population purchases newspapers. However, the newspapers enjoy an extremely high degree of readership in addition to the initial purchaser. Both the Star and the Daily Nation estimate that 10 people read each newspaper purchased.<sup>56</sup> This high pass-along readership transforms the Daily Nation, with a paid circulation of 200,000, into a direct source of news for some 5 percent of the national population. (Newspaper reports are recirculated over broadcast and online media as well, which further amplifies their audience.)

While Kenya's numerous daily newspapers appear to exist in a competitive environment, this impression is misleading. The Kenyan market is extremely oligopolistic, since the majority of newspapers are spinoffs or niche titles owned by the two largest papers, the Daily Nation and the Standard. A 2011 study released by the Kenya Media Programme showed market shares of the top ten newspapers ranging from 42.5 percent to 1.3 percent.<sup>58</sup> However, as shown in the table below, the top two companies own the majority of the listed publications. The adjusted market shares for the Nation and the Standard groups are 61.8 percent and 24.4 percent respectively.

Table 3: Primary Ownership Of Major Kenyan Periodicals

Periodical	Ownership
The Daily Nation	Publicly traded company. The Aga Khan Foundation is majority shareholder.
The Standard	Owned by individuals. Former president Moi and one of his sons are the largest shareholders.
The Star	Radio Africa Group, a private company, (not majority owned) headed by Patrick Quarcoo, a Ghanaian media mogul.
The People	Media Max, owned by the Kenyatta family.

Table 4: Cross-Ownership Of Major Media

Radio	TV	Newspaper
Royal Media (Radio Citizen)	Royal Media (Citizen TV)	
Nation (Easy FM)	Nation (NTV)	Nation (the Daily Nation)
Radio Africa (Kiss 100)	Radio Africa (Kiss TV)	Radio Africa (the Star)
Standard (Radio Maisha)	Standard (KTN)	Standard (the Standard)

## The Nation

Founded in 1959 by the Aga Khan, the Daily Nation is currently owned by the Daily Nation Group, which also owns the Nation Media Group radio network and the NTV TV network. It is a publicly traded company, with the Aga Khan as the largest individual shareholder. The Daily Nation's management reports that the Aga Khan does not interfere with any day-to-day issues related to content or editorial directions.

The Daily Nation is Kenya's most popular newspaper, with a daily circulation (as stated during the interview) of over 200,000 copies; yet as noted above, the actual readership is much higher. Most of its readers access content through its online site, with a reach of nearly 2 million monthly visitors (as of mid-2012). This is an extraordinary audience, since the Kenyan Communications Commission estimates that the country's entire population of Internet users amounts to fewer than 9 million.<sup>59</sup> But the traffic is also the product of a larger global audience with more-reliable access to the Internet; almost half of the site's traffic comes from outside the country, with a fifth from the United States (at 20.4 percent) and a smaller percentage from the United Kingdom (at 3.8 percent).<sup>60</sup> International audiences are unlikely markets for most local

products; international visitors to the site see a mix of local and international advertising, much of it oriented toward travel and technology.

Over the past few years, the newspaper has continued to thrive with significant growth in both revenues and profits. These primarily reflect increases in circulation as well as advertising revenues on the print side. In 2011, advertising and circulation revenues increased by 10 percent and 19 percent respectively.<sup>61</sup>

Table 5: 2011 National Market Share

Publication Title	Market Share
The Daily Nation (weekday)	42.50%
The Standard (weekday)	19.30%
The Daily Nation (weekend)	11.50%
The Star	7.70%
Taifa Leo (The Nation)	5.20%
The Standard (weekend)	5.10%
The People	3.80%
Weekly Citizen	2.30%
Business Daily (The Nation)	1.30%
The East African (The Nation)	1.30%

## The Standard

Founded in 1902, the Standard is the second largest newspaper in Kenya. It is majority-owned by former President Daniel arap Moi and his son Gideon.<sup>62</sup> Both father and son retain considerable influence within the KANU political party. Despite several requests, the Standard declined to take part in this research. The paper's top executives' explanation was that they were developing new strategies for release within the year, and any exposure could jeopardize the launch. However, this report does not cover

product launches or specific strategies; it is possible that political considerations were involved given that the Standard is the country's only leading national newspaper owned primarily by a political family.

The Standard's recent financial performance resembles that of the Daily Nation. The paper's 2011 pretax profits were up 9 percent over 2010, at 446 million KSH, or \$5.2 million USD.<sup>63</sup>



## The Star

Founded in July 2007, the Star is the third most-read newspaper in Kenya. It began with a tabloid format, similar to that of the New York Post. As of early 2008, it switched to a broader news focus, billing itself as the paper for the “thinking reader.”<sup>64</sup> It is wholly owned by the Radio Africa Group, a privately held company headed by Patrick Quarcoo, a well-known Ghanaian media mogul.<sup>65</sup> In addition to the Star, Radio Africa Group owns several radio stations, such as Kiss 100 and CLASSIC FM as well as Kiss Television.<sup>66</sup>

The Star is a particularly interesting case study as it is the newest newspaper to enter the saturated and somewhat monopolistic Kenyan market. It began small and grew intelligently and boldly, taking a swift series of steps to establish itself within a saturated market. It was launched with a mix of commercial loans and private investors, leasing time on the

printing press of one of its competitors, the Daily Nation. That arrangement was bound to become tense; when this occurred, the new paper called on investors to support the purchase of its own printing press, which is now also used by over 20 smaller newspapers.

The Star’s revenues have risen over its first five years, and the newspaper broke even in a little over three years (in the 2010/2011 fiscal year). It is now independent of other revenue streams within the Radio Africa Group and fully self-sustaining. William Pike, the CEO, is confident this positive growth will continue. “After breaking even in 2011, we are poised to record a profit in 2012 of over \$310,000 USD.” The paper’s management hopes to overtake the Standard as the number-two newspaper in the country.<sup>67</sup>

## Barriers to Entry

The Star offers an example of a successful new publication, but it cannot be described as typical. As noted above, when the Star was first launched, it contracted space on the Daily Nation’s printing press for its papers. Conflicts of interest quickly arose and obliged The Star to buy its own press, as the Daily Nation expressed limited interest in supporting a new competitor.<sup>92</sup> The Star received backing from Radio Africa Group until it became financially sustainable, acquiring three years of start-up costs from other areas of Radio Africa Group as well as funding from outside investors and commercial loans. Two years later it began to turn a profit.<sup>93</sup>

Few organizations have the ability to attract this much financing or logistical support. The Daily Nation’s management estimates that a printing press capable of 250,000+ daily copies would run over \$12 million USD.<sup>94</sup>

Starting a radio station is the cheapest way to launch a news organization. The initial license fee is 6 million KSH (approx. \$70,000 USD), and annual fees are 100,000 KSH (approx. \$1,176 USD).<sup>95</sup> Additionally, a 2012 study by Deloitte found that 30 percent of available frequencies are currently not on air.<sup>96</sup>

## Room for Growth

“Digital services will continue to grow, but Kenyan news organizations have not abandoned traditional models in favor of untested digital strategies—especially when they cannot expect to significantly expand their markets in the near future, so new entrants to the market should pay heed.”

All three major newspapers are reporting ongoing and growing profits by following traditional models. This is the case in various regions in the world, including the Andean countries, North Africa, and India. This contrasts with the United States, where online news has been encroaching on print for years, and the majority of Americans accessed their news through a mobile device or the Internet for the first time in 2011.<sup>68</sup>

Why is this the case in Kenya? The main reason for the ongoing prosperity of Kenya’s newspapers is that Kenyan consumers lag over a decade behind their Western counterparts when it comes to digital media usage. Even though the country has been investing in 3G and 3.5G technologies, there is a sharp divide between the populations that can actually access this technology. Additionally, emerging evidence suggests that different cultures may favor very different uses of digital technology. Some countries favor apps, images, and uses that assume high bandwidth, while others (including rural Kenyans) appear to emphasize mobile phones as a means to make telephone calls.

In many Western markets, mobile and tablet devices are displacing and complementing newspapers as vehicles for news and information.<sup>69</sup> This is less the case in Kenya. Kenyans with mobile devices are unlikely to stress access to news. According to a 2011 study published by the iHub, Kenyans are most likely to use their mobile Internet connections for gaming and music. (International news ranked last in a field of eleven).<sup>70</sup>

Digital services will continue to grow, but Kenyan news organizations have not abandoned traditional models in favor of untested digital strategies—especially when they cannot expect to significantly

expand their markets in the near future, so new entrants to the market should pay heed. The Star has shown that a newspaper can be launched and grow quickly using traditional circulation and advertising models combined with youth-oriented content. With a literacy rate of nearly 90 percent and a “readership” of all major newspapers of approximately 5 million, there are still many additional potential readers who could be reached.

There is additional promise for Kiswahili newspapers. The primary national Kiswahili periodical, Taifa Leo, and its Sunday edition, Taifa Jumapili, reaches only 5 percent of the potential readership. Digital services will continue to grow, but Kenyan news organizations have not abandoned traditional models in favor of untested digital strategies—especially when they cannot expect to significantly expand their markets in the near future, so new entrants to the market should pay heed.

Despite room for growth, the keys to profitability will not be limited to increased advertising and circulation. Managers will be under considerable pressure to make smart decisions to keep costs under control. The Star, for example, is keeping costs down by not launching a Sunday edition despite many competitors who are doing so. According to Pike, “We are staying lean in anticipation of the need to cut costs in the future. Our competitors will need to downsize, and this will affect the quality of their product.”

At the same time, all three of the major media companies are actively pursuing internet and mobile ventures, and they are part of the National Open Data Journalism Task Force (spearheaded by AMI and the Media owners Association of Kenya) as a means to explore new, non advertising revenue models.



## Non-Media Actors



Courtesy of ©AFP PHOTO / TONY KARUMBA

Google is a key advertising aggregator for all online content. Its Google Ads currently account for 100 percent of the online advertising systems used by The Star and the Daily Nation.<sup>71</sup> Other niche organizations do not use Google Ads because their markets are extremely targeted, and they are not able to rely on Google's algorithms to ensure appropriate product placement.<sup>72</sup>

While none of the interviewees expressed the belief that Google interferes with news content, there have been charges in the past that Google uses its monopolistic online presence to siphon customers away from smaller businesses. One example is Mocality, the Nairobi branch of an African firm that creates online business directories. The firm accused Google of improperly accessing its directories and cold-calling its clients.<sup>73</sup> A Google executive later apologized for the incident and issued a press release stating that he was "mortified" that the incident had taken place.<sup>74</sup> As news organizations in developing countries build out their online presence, issues with

powerful global search engines can be expected to arise more frequently.

Kenya's domestic advertising market is dominated by communications, with Safaricom, the country's leading telecom provider, holding a huge lead over all competitors. Safaricom was founded in 1997 as a subsidiary of the Kenyan government's Telkom Kenya; a major share was later acquired by the U.K.'s Vodafone. Safaricom made an initial public offering on the Kenya Stock Exchange in 2008, the largest in the history of sub-Saharan Africa.<sup>75</sup>

Safaricom is powerful but not invulnerable. Price wars have caused Safaricom's market share to drop drastically over the last year, from 81 percent to 69 percent. Most of the difference was claimed by Airtel, which holds a 15 percent market share.<sup>76</sup> Tellingly, Safaricom and Airtel were also Kenya's largest advertisers in 2008,<sup>77</sup> and Safaricom remained the largest advertiser in 2011 as well.<sup>78</sup> Its advertising was divided among all major media platforms.

# Enabling Environment for Independent Media

“Kenya’s punitive libel laws put a damper on the country’s recent advances in freedom of expression.”

Every news organization in Kenya must labor under a complex system of laws and regulations, and Kenya’s punitive libel laws put a damper on the country’s recent advances in freedom of expression. High-level media personnel describe them as a particularly painful and antagonistic tool used by the courts against the news media. Every citizen has the right to protest against salacious gossip and falsehoods, so libel law is indeed important. However, according to William Pike of the Star, awards granted by the courts are far too large and out of proportion with the country’s income levels.<sup>79</sup> Some low-level officials have received damages of over 4.5 million KSH (\$53,000 USD). The Star, an organization slated to make its first year-over-year profit of approximately \$310,000 USD, has budgeted \$12,000 USD per month for libel penalties. In other words, if it spent the

total amount it budgeted for libel penalties on such penalties, it could amount to almost half the paper’s anticipated profits. Kenya’s punitive libel laws put a damper on the country’s recent advances in freedom of expression.

Most news organizations see this phenomenon as the consequence of an overreaching and underregulated judiciary. Notably, the majority of cases are brought to court by high-ranking ministry or political figures. For example, Kenya’s chief justice received a 4.5 million KSH (\$53,000 USD) award against a small, independent periodical.<sup>80</sup> The Daily Nation’s most recent payout was 6 million KSH (\$70,000 USD) in damages to Deputy Prime Minister Uhuru Kenyatta.<sup>81</sup> The libel law problems extend across all media platforms.

## Quest for Credibility

The Kenya Media Programme conducted a survey of over 2,000 individuals across all eight districts in Kenya in 2011. They found that only 20 percent of the population fully agrees that the media reports news accurately.

Media stakeholders express related fears. The entrance of newer, more politically vocal newspapers such as The People and the Weekly Citizen pushes newspapers to break news faster. According to one

interviewee, this often leads to inaccuracies and exacerbates the problems with libel laws described above.<sup>82</sup>

Some organizations have distinguished themselves as being particularly careful about what they report. For example, Capital FM employs ten full-time reporters. The company is adamant that news will not be released until it is verified, leading to an informal saying that “It is not true until I hear it on Capital.”<sup>83</sup>

# Advertising Monopolies: Print and Digital

**M**ost Kenyan news organizations, like their international counterparts, are experimenting with digital media as their next destination on the path to profitability. The Kenyan news media, like their international counterparts, have so far failed to identify ways to charge for online news; attempts to charge for content have in the past prompted their audiences to quickly find competing sites to read for free. Therefore, models for paid content continue to elude the market, and advertising remains the principal source of online revenue for news organizations. Kenyan news managers who pursue online advertising must either manage it themselves—which is costly and cumbersome—or outsource it—in most cases, to Google Ads. (InMobi, founded in 2007, is attempting to challenge Google on the mobile ad front.<sup>84</sup>)

Two Kenyan organizations that use Google Ads—the Star and the Daily Nation—have similar views of its use. Both agree that although Google dominates the online space, it has not and probably will not interfere with content. However, Daily Nation executives would like more information on the workings of the advertising giant's revenue-sharing system. Its Web site receives an average of 1.9 million unique visitors and over 28 million unique visits every month. Nonetheless, according to managing director Tom Mshindi, the Kenyan outlet is still considered too small to be of much interest to Google and receives little individual attention.<sup>85</sup> So the organization regards Google's dealings as characterized by opaqueness and possible neglect.

While 28 million is an impressive online audience, the market may not be prosperous and concentrated enough to support major local advertising or large enough for global brands.<sup>86</sup>

Regardless of how Google interacts with local clients, it is not a system that is overly burdensome. All the executives interviewed confirmed that less than 10 percent of their revenue currently comes from digital advertising.<sup>87</sup> Until this number increases, there will likely be little push to revise current contracts.

A high-ranking media executive says, "The only thing we are worried about with Google is that they are not giving us fair share of the advertising agreement. We get a check every month and that is all." This problem is not confined to Kenya and other developing countries; Google declines to share its specific revenue agreements with any of its partners.<sup>88</sup> This policy complicates the management of news organizations everywhere, but in new democracies such as Kenya, the problem is particularly acute, as difficulties in planning and budgeting are compounded by the struggle for stability and editorial independence.

Kenyan newspapers also struggle with local advertising agencies. Print advertising remains their principle revenue stream, and they are heavily dependent on advertising agencies. SCAN and Ogilvy are the two dominant players in Kenya, as illustrated in the table below.<sup>89</sup> The existence of two agencies suggests that they might compete with each other in services and pricing and thus prevent monopolistic practices. This would be a reasonable assumption—except for the fact that SCAN owns Ogilvy.<sup>90</sup> This means that a single agency is responsible for finding and placing ads within 80 to 99 percent of the media in the country. This raises enormous questions of undue influence and noncompetitive pricing.

There are no suggestions that SCAN pressures news organizations on content, but the agency can raise the barrier to entry for new players through its ability to charge high fees. This poses special difficulties to new entrants to the market. Some interviewees confirmed that SCAN's fees are as much as 30 percent higher than other advertising organizations.<sup>91</sup>

Table 6: Advertising Agencies In Kenya and Percentage of Advertising Placement

Agency	Standard Group	Royal Media	Nation Group	KBC	The Star
SCAN	76%	69%	78%	77%	72%
Ogilvy	11%	11%	7%	12%	27%
Young	4%	11%	8%	8%	1%
Other	9%	9%	7%	4%	0%

# China Stratagem and Other Foreign Rivals

China has been actively expanding its reach into African media in recent years, and Kenya has become a prime destination. In July 2012, Kenya's Capital FM reported that the Chinese government was extending a \$72 million USD loan to Kenya for the National Optic Fibre Backbone Infrastructure Project and E-Government, "which will provide optic fibre, linking all urban areas of Kenya." According to Kenyan Prime Minister Raila Odinga, "The project is intended to make the Internet available to most Kenyans as the country moves toward E-Government."<sup>97</sup>

China's forays into African media extend into content as well. In 2005, China established a Nairobi branch of China Radio FM, which was soon broadcasting in English, Swahili, and Chinese.<sup>98</sup> In January 2012,

China launched CCTV Africa (Central Television) in Nairobi. CCTV began to raid the newsrooms of the major Kenyan media, hiring away leading reporters at double their previous salaries. So far, CCTV offers only an hour of African programming a day, and reports suggest that the content is not as tightly controlled as it is in China.<sup>99</sup>

CCTV Africa will face one important rival in Al Jazeera Kiswahili, which has been recruiting reporters for its own new 24-hour Swahili channel. Kenya's largest news group, The Nation, responded in April 2012 with the launch of its own Swahili station, QTV.<sup>100</sup> It's still unclear whether CCTV Africa will be able to attract local audiences, but there is likely to be increased competition for talent, audiences, and influence as the field expands.



Courtesy of ©AFP PHOTO / Simon MAINA



# Media Management: the View from Nairobi

The most successful news organizations in Kenya offer some guidelines for media management, each presenting its own opportunities and challenges:

1. Be a Generalist: Royal Media Services, through Radio Citizen and Citizen TV, became the largest TV and radio company because it grasped what the average Kenyan was seeking. They provided the required entertainment, news, and political stories in formats that Kenyans wanted, and it thrived.

Downside: This mass-market approach has been heavily copied by other Kenyan organizations, saturating the market. Finding a way to appeal to everyone while being different enough to claim market share will prove to be difficult.

2. Be a Niche Player: Capital FM focused on a specific market segment that had money, and advertisers followed. The strict approach to branding has served the company well. To follow this example, an organization would need to exhaustively research its proposed audience prior to launch.

Downside: Not all niches have resources. Ghetto FM could be considered a niche player, but its market segment is low-income, and the majority of its sponsors are other nonprofits. This approach cannot offer a sustainable, long-term model unless it can draw on increased advertising from the private sector.

3. Hybrid: Every major news organization in Kenya has heavily invested in at least two and usually three of the major media platforms (print, broadcast, and online). Cross-promotion is a necessity. Those riding in a matatu (a minibus) can frequently get news headlines with a prompt to pick up that daily newspaper for more information.

Downside: It would be extremely difficult for a new entrant to break into this market using a hybrid model due to the power and influence of existing players.

4. Focus on low-cost technology: The Daily Nation sends out SMS news and other information to registered users. With the proper content and marketing, these systems could help expand markets

into remote and rural areas that lack electric grids for TVs or distribution channels for newspapers.

Downside: People are reluctant to spend SMS fees on news they are accustomed to get for free from the radio or from sharing a newspaper. Ten people read the average newspaper every day, which means that an average reader can get an entire day's news for 5 KSH, less than .06 USD.<sup>117</sup> One SMS costs 3 KSH and contains the précis of only one story. The Star's SMS system was discontinued last year due to lack of audience interest.

5. Partner with local technologists: All of Nairobi's incubation labs have extremely talented local developers who have created world-class smartphone applications. Additionally, the cost is much lower for local programming. Android programmers in Kenya charge an average of \$12 USD an hour, compared to rates in developed countries that run upward of \$72 USD an hour.<sup>118</sup>

Downside: Many of the IT labs in Kenya focus on work for the higher paid, technologically advanced international marketplace, which generally means creating apps for iPhones and Androids. These phones, however, have a limited place in the domestic market. In some cases, the Kenyan developers are even running ahead of the U.S. marketplace. One interviewee from the Kenya ICT Board said that many apps are being developed for the sake of research and reputation rather than practical use. "I've seen local developers making applications for the iOS6 operating system."<sup>119</sup> iOS 6 hasn't even been released in the United States yet,<sup>120</sup> let alone in Kenya. There are relatively few incentives for most local programmers to connect their work with local audiences.

6. Hyperlocality: Eventually, infrastructure and electric grids will allow for a broader reach into districts and areas outside the highly concentrated urban areas. When these markets open up, local relevance will be key.

Downside: This may take a long time to happen.



## New Directions?

Sales for smart devices will grow as income levels rise and prices drop. But critical elements of the development agenda concern the here and now. It is important to reach audiences in their current settings as well as to plan for where they may be in a decade.

**K**enyan news media have succeeded in creating a distinctive national voice. The country's media culture is the product of generations of British colonial publications followed by cutting-edge contemporary journalism and citizen reporting. Now the Kenyan news media are facing the global challenge of the digital transformation.

But Kenya's trajectory will be unique in this regard as well. In many European markets, news content and audiences are moving onto digital platforms at a rapid pace, creating a crisis for traditional business models. At the other extreme, in some African countries, such as Liberia, less than .10 percent of the population has Internet access.<sup>101</sup> In these cases it would be bad practice to depend on digital delivery systems without first creating the necessary infrastructure and social capacity. Kenya falls between these two poles.

Kenya holds special interest because of its digital divide. The statistics show impressive growth: Internet usage doubled between January 2010 and January 2011, from 3 million to 7.5 million users.<sup>102</sup> Usage further increased by another 65 percent between October 2010 and October 2011, rising to 14.3 million users.<sup>103</sup> That figure corresponds to over 36 percent of the population having access to the Internet. Kenya is clearly a rising star in the digital firmament.

**Urban/Rural Divide:** But these figures tell only part of the story. The majority of growth has occurred in urban environments. Moreover, the term "Internet access" exaggerates the extent of progress. "Access," as defined by the International Telecommunications Union, signifies "having accessed the Internet at least once within the last 12 months," a meaningless measure when it comes to news distribution.<sup>104</sup> According to a 2011 study commissioned by the Communication Commission of Kenya, only 5 percent of rural Kenyans (who make up nearly 80 percent of the population) have access to the Internet.<sup>105</sup> Intermedia's extensive Audiencescapes research found that as of 2009, only 1 percent of rural Kenyans had a working computer in their homes.<sup>106</sup>

Rural Kenyans also enjoy less access to telephones than do their urban counterparts due to a dearth of mobile towers in remote environments. Mobile phone subscriptions are growing with impressive speed, and as of June 2011, over half of the country's population had mobile phone subscriptions. But the 2011 Communications Commission study found that 15 percent of the country's population lacks access to even basic telephone coverage, stating,

The main obstacles for increasing coverage in un-served areas include the high operation and maintenance costs occasioned mainly by lack of electricity, access to roads and cable vandalism. The Study identified low population, and high licence and spectrum fees as additional obstacles to universal access to voice and data services.<sup>107</sup>

Are Kenya's mobile phones going to provide an active platform for news distribution? The answer is unclear. Kenya's mobile phones are currently overwhelmingly "second-generation" phones, or non-smartphones, with little capacity for services beyond voice and basic 140-character text. This is fine for updating sports scores but cannot do justice to reporting on complex political and economic issues.

Another often-overlooked factor is user habits. Many cell phone users in developing countries do not or cannot utilize common features on their phones, such as address books. A recent study revealed that Kenyan farmers who used cell phones preferred to receive information by voice rather than SMS due to their lack of familiarity and comfort with texting.<sup>108</sup> An informal survey in Kakamega, a medium-sized town in Kenya's Western Province, revealed that out of a sample of 62 salaried Kenyans, most of whom own their farms, not a single one owned a phone that was able to display even pictures.<sup>109</sup>

In other words, the versatile functions of mobile platforms are displacing traditional news delivery systems in many parts of the world. But anyone who expects this to happen in rural Kenya anytime soon must look again—carefully.



Courtesy of ©AFP PHOTO / Simon MAINA

The available data suggests that most of Kenya's Internet and phone usage takes place in urban centers, which makes intuitive sense: population density supports investments in infrastructure that promote more growth and create more connectivity between content creators and consumers. Only 22 percent of Kenya's population lived in urban environments in 2010.<sup>110</sup> Projected growth rates push that up to approximately 24 percent in 2012.<sup>111</sup>

While limited access is a common theme across many sub-Saharan African countries, it is of particular importance in Kenya, despite its reputation as the leading technology center in the region. This is not a characteristic of the countryside.

**Socioeconomic Divide:** In the Kenyan media market, the commercial story and the development story diverge. From a marketing perspective, elite, educated, urban Kenyans have become desirable players in the global economy. An affluent urban Kenyan is likely to receive news on multiple platforms—print, broadcast, and digital—now, or soon to be, joined by mobile. But development projects should logically address the underserved majority from the standpoints of both infrastructure and program design.

There is, and will remain, a digital divide in Kenya not only between urban and rural environments but also between the small urban upper class and the larger lower economic strata. This divide complicates the ability of news organizations to capitalize on falling technology costs. The new technologies are reaching the population the news organizations are already reaching by other means. For example,

there is a surging demand for smarter and more-capable mobile devices, but this demand is heavily localized in three well-defined urban areas—Nairobi, Mombasa, and Kisumu—and within a limited socioeconomic range.

The cheapest of these smartphones, the IDEOS, was released last year at a cost of \$80 USD. It initially appeared to be an instant game-changer for the mobile industry. The company publicized the fact that it had sold over 350,000 units within eight months in 2011.<sup>112</sup> Sales were rapid because the model was so inexpensive for a no-contract Android-system smartphone.

But this does not mean that the IDEOS is accessible to the majority of Kenyans. Recent research suggests that Africans are willing to spend a large percentage of their incomes on cell phones, but it should be noted that even the IDEOS costs the equivalent of 1.23 months of the average Kenyan salary. This would be comparable to an American buying the cheapest smartphone in the U.S. market for approximately \$4,830 USD.<sup>113</sup> And usage fees and data plans, of course, increase the initial cost of the phone.

Like every other phenomenon in digital media, this situation will change quickly. Sales for smart devices will grow as income levels rise and prices drop. But critical elements of the development agenda concern the here and now, such as conflict prevention, maternal-infant health, and environmental protection. It is important to reach audiences in their current settings as well as to plan for where they may be in a decade.

# Mobile Disconnect

The Western model of media consumption is based on individual or household use within a commercial context, but it would be a mistake to assume that other societies always conform to the same practices. In Africa and India, for example, various models have emerged for sharing cell phones in village or community settings.

Some of the most exciting potential for mobile technology in developing countries lies in its ability to reach previously unreachable audiences. Examples abound. Human rights advocates can track refugee camps and internal displacement. Monitoring groups can examine voting conditions in every district of a country no matter how remote. Some of the most successful uses of mobile platforms for development have placed the tools in the hands of local health workers and educators specifically trained through their ministries to use them for social goals.<sup>114</sup>

If mobile technology is the one means for these organizations to go remote and rural, why can't news organizations function in the same manner?

There are several major obstacles. The first is that many Kenyans, especially the rural population, simply lack phones.<sup>115</sup> Over half the audience that mobile services are trying to reach remains unreachable. Additionally, it is important to note that "access" does not necessarily mean ownership. Many citizens in rural areas must depend on small entrepreneurs who sell data time or call time on phones. They allow people to make and receive calls on a limited basis, but this is a far cry from offering full access to mobile opportunities.

SMS, or text messaging, offers one possibility for sharing news updates, but the audience may not be interested in receiving news in this form. The Star found this out in a recent experiment. "We had an

SMS service that we shut down last year," reported Managing Director William Pike. The Star learned that "people aren't going to pay 5 or 10 bob [KSH] for a short line about a story when they can hear it on the radio for free." This lack of interest could be related to income levels. SMS fees, while only 3 to 4 KSH (\$0.02 to \$0.03 USD) still add up for families living on \$1 to \$2 USD a day. Or it could simply be related to a disconnect between an offered service and consumer preferences.

Some evidence points toward income as a key driver. The same population is reluctant to pay SMS fees, even for services that directly benefit their lives. John Mbithi, a software developer at Strathmore University, recently made a similar discovery about a program to deliver maternal health tips to women throughout their pregnancies. "They don't want to pay for these, it's too expensive."

Trends over the last few years have predicted a growing consumer market for information on mobile platforms. The most popular mobile service currently available is m-Pesa. But m-Pesa has the advantages of being free, simple to use, and a practical means to address a critical, previously unfulfilled need. News and development communications, whether related to maternal health or the political process, often represent information that people feel they don't need, already know, or can get through more-traditional, comfortable means such as friends and family.<sup>116</sup>

The technological innovations from Nairobi and the mobile revolution will undoubtedly generate excitement for the foreseeable future. At the same time, traditional news media will continue to play a central role in informing the Kenyan public through its critical transitions. With luck, both approaches will prosper and generate new hybrids for the benefit of a broader global community.







# Conclusion and Recommendations

Nairobi will undoubtedly remain an energy center for technological innovation, and the emerging partnerships are sure to offer great benefits to the developed and developing worlds alike. But donors should maintain a clear sense of reality regarding the media markets of the here and now as well as building out to the future. This particularly holds true for media projects designed to benefit the rural poor, historically the population most underserved by the media.

Technology and applications will continue to play a growing role in media development. Mobile platforms are currently the most dynamic realm for innovation. But so far, mobile has shown only limited utility as a platform for news distribution in Kenya, especially in the rural areas. Traditional print and broadcast media continue to generate most significant news content. Radio remains the most powerful mechanism for distributing news to rural populations. There is considerable room for growth in both print and broadcast media.

In the meantime, some of the greatest obstacles to media development reside in the realm of “last-mile” infrastructure in the form of rural electrification, cell phone towers, and Internet connectivity. These fundamentals should be addressed if the promise of the mobile revolution is going to come to fruition. Furthermore, it is important to build out this

infrastructure with a commitment to freedom of expression and a democratic role for the news media.

Some of the most exciting developments—with the greatest potential for enhancing democracy—can be expected in the area of hybrid technologies. As digital technologies continue to revolutionize newsgathering and production functions, they can be wedded to traditional platforms in new ways.

Kenya is an obvious candidate for such trials. These projects offer the potential to reach remote rural areas and communicate with illiterate and semiliterate listeners in tribal languages. The programming can be low-cost with region-specific content. The stories could benefit from the advancing reporting skills in Kenya’s robust newsrooms, while the technological demands could be well served by Nairobi’s culture of innovation.

As Kenya continues to shape its democratic future, its news media should also be supported in its quest to improve reporting, win public confidence, and maintain editorial independence. This will be particularly important going into the 2013 elections, in which journalistic excellence, integrity, and fairness will be essential. News media that are building out their digital futures need a solid enabling environment and a wise regulatory system to allow them to represent the Kenyan public without fear or favor.

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1. Kenyan news organizations are making striking progress in advancing their quality, independence, and business practices. They are becoming smarter and leaner as they attract new readers and break into new markets. Kenya's news managers should continue to pursue business practices that are serving them well while remaining open to the opportunities offered by new technologies and rapidly evolving business models.

2. Constraints for expanding the audience for news are mostly socioeconomic (language, literacy, and income) and infrastructure-related (cell towers, electrical grids, and roadways). Western donors, technology companies, and investors should take the initiative to assess and support "last-mile" technology for underserved populations. Technology must go beyond the hype and ensure production and delivery of quality content on all platforms.

3. New platforms don't always mean new audiences. The future of media development in Kenya may well lie in the word "hybrid," such as digitally produced radio for local broadcast or newspapers' use of Twitter. Media should be alert to the potential for reaching new audiences with still-unimagined combinations of technologies to serve distinctive populations in unique ways.

4. Kenya's newsrooms should expand their roles as partners in the technology community. Internships

and in-house training could contribute to the national talent pool and foster dynamic new programs and collaborations. It is equally important to maintain support for nurturing talent to produce quality content—regardless of the platform—as well as the business skills to ensure strong, independent, journalistic voices in the national discourse.

5. Kenyan news organizations should join forces with local partners to take advantage of emerging opportunities in news innovation. Kenyan media houses should realize the potential offered by open data following the GoK's Open Data Initiative and take the initiative to help the public (especially marginalized communities) interpret and utilize the data made available through the new open-government initiative.

6. The international development community should continue its support for new technological developments while remaining attentive to the baseline needs and capacities of local communities and the importance of quality content—regardless of the platform.

7. There should be sweeping legal reforms to address the punitive libel laws that are having a chilling effect on freedom of expression.

# Footnotes

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World Association of Newspapers  
and News Publishers, WAN-IFRA  
96 bis, Rue Beaubourg  
75003 Paris, France  
info@wan-ifra.org

African Media Initiative, AMI  
6th Floor Fedha Plaza  
Mpaka Road, Westlands  
P.O. Box 51366,  
Nairobi, 00100, Kenya  
info@africanmediainitiative.org

## WAN-IFRA CEO

Vincent Peyregne

## AMI CEO

Amadou Mahtar Ba

## RESEARCH COORDINATION

Snezana Green  
Roukaya Kasenally  
Mirjana Milosevic

## RESEARCH EDITOR

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## RESEARCH AUTHORS

Matthew Cruse  
Anne Nelson

## EXPERT READERS

*(in alphabetical order)*

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## PAGE AND GRAPHICS DESIGN

Coba & Associates, coba.rs

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