

Redhouse eats into industry giants' pie

Group advertising bookings grow considerably

By VICTOR JUMA

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IN SUMMARY

- Media Edge, which was recently acquired by start-up Redhouse Group, saw its ad billings rise to Sh339.4 million from Sh9.6 million raising its market share to three per cent from 0.2 per cent.
- Other small agencies that raised their ad billings and market share include Shekele Communications, Young & Rubicam and Brainwave Kenya.
- Ogilvy East Africa, in which Scangroup holds a 50 per cent stake, saw its market share drop to four per cent from five per cent despite its billings increasing to Sh533.3 million from Sh329.6 million.

CORPORATE NEWS

Small ad firms eat into Scangroup's stake

GAINS Advertising booked through small agencies grew by more than double from Sh1.4 billion to Sh3.6 billion in third quarter

BY VICTOR JUMA

Marketing services firm Scangroup saw its market share shrink by ten percentage points in the third quarter as small advertising firms benefited from increased spend by their clients.

Data from research firm Ipsos Synovate Kenya shows that Scangroup's market share dropped to 67 per cent in the three months to September, compared to 77 per cent in the quarter ended March.

This came as the ad spend of Scangroup's clients grew at a slower rate compared to that of its rivals who still take a much smaller share of the industry's revenues despite their market share gains.

Advertising booked through small agencies like Saracen Media, Mindshare Kenya and Media Edge more than doubled to Sh3.6 billion in

the third quarter from Sh1.4 billion in the first quarter. "Some smaller agencies are doing good business and the industry is becoming more dynamic and competitive," said Joe Otin, the media monitoring director at Ipsos.

The industry is becoming more dynamic and competitive.

JOE OTIN, IPSOS MEDIA MONITORING DIRECTOR

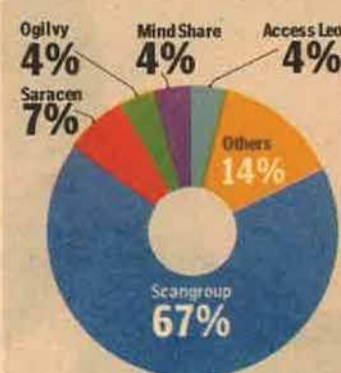
Scangroup saw its advertising billings rise 82.6 per cent to Sh8.4 billion from Sh4.6 billion, driven by its high-spending multinational clients like Safaricom and Coca-Cola.

This raised its revenues to Sh2 billion in the six months to June from Sh1.5 billion a year earlier. Its net profit rose 8.5 per cent to Sh406.6 million in the same period. Its share price has gained 27.1 per cent in the past six months to trade at Sh65.5 on Friday.

Saracen Media had the biggest gain among the smaller agencies, with its market share rising to 938.1 million from Sh948,715 in a move

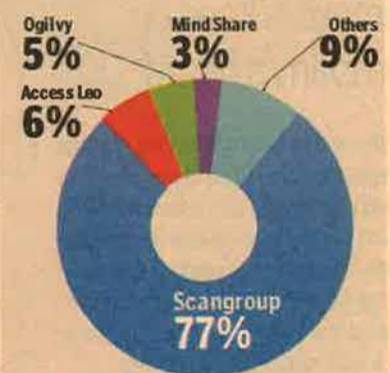
Q3 agency market share

Scangroup's share dropped from 77 pc to 67 pc as its rivals benefited from increased spending by their clients.



Q1 agency market share

Ogilvy East Africa's market share in Q3 dropped despite increased billings.



that raised its market to seven per cent from 0.02 per cent.

This made Saracen the second biggest agency after Scangroup, topping Access Leo, whose market share dropped to four per cent from six per cent. Media Edge, which was recently acquired by start-up Redhouse Group, saw its ad billings rise to Sh339.4 million from Sh9.6 million raising its market share to three per cent from 0.2 per cent.

Other small agencies that raised their ad billings and market share

include Shekele Communications, Young & Rubicam and Brainwave Kenya.

Ogilvy East Africa, in which Scangroup holds a 50 per cent stake, saw its market share drop to four per cent from five per cent despite its billings increasing to Sh533.3 million from Sh329.6 million.

This saw the combined market share of Scangroup and Ogilvy drop to 71 per cent from 82 per cent.

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