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منظمة الأغذية والزراعة للأمم المتحدة

联合国粮食及农业组织

Food and Agriculture Organization of the United Nations

Organisation des Nations Unies pour l'alimentation et l'agriculture

Продовольственная и сельскохозяйственная организация Объединенных Наций

Organización de las Naciones Unidas para la Agricultura y la Alimentación

COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON TEA

Nineteenth Session

New Delhi, India, 12 – 14 May 2010

MARKET DEVELOPMENTS IN SELECTED COUNTRIES – KENYA

TEA MARKET IN KENYA

PRESENTED BY
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MANAGING DIRECTOR
TEA BOARD OF KENYA

FAO IGG ON TEA 19th SESSION- **MAY 2010**

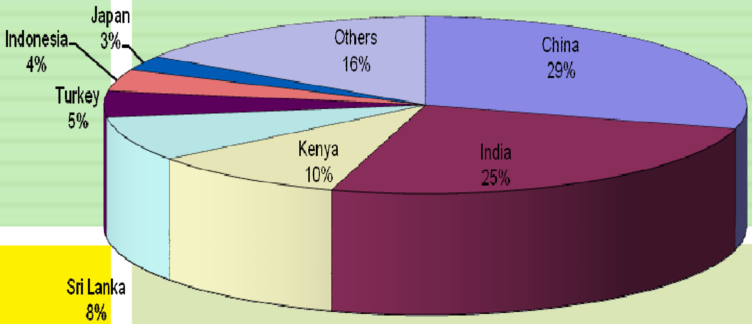
OUTLINE

1. Introduction
2. Demand vs Supply Situation
3. Distribution Channels
4. Market Share Analysis,
5. Economic factors affecting Demand
6. Non Economic factors affecting Demand
7. Future

BACKGROUND : Global Positioning

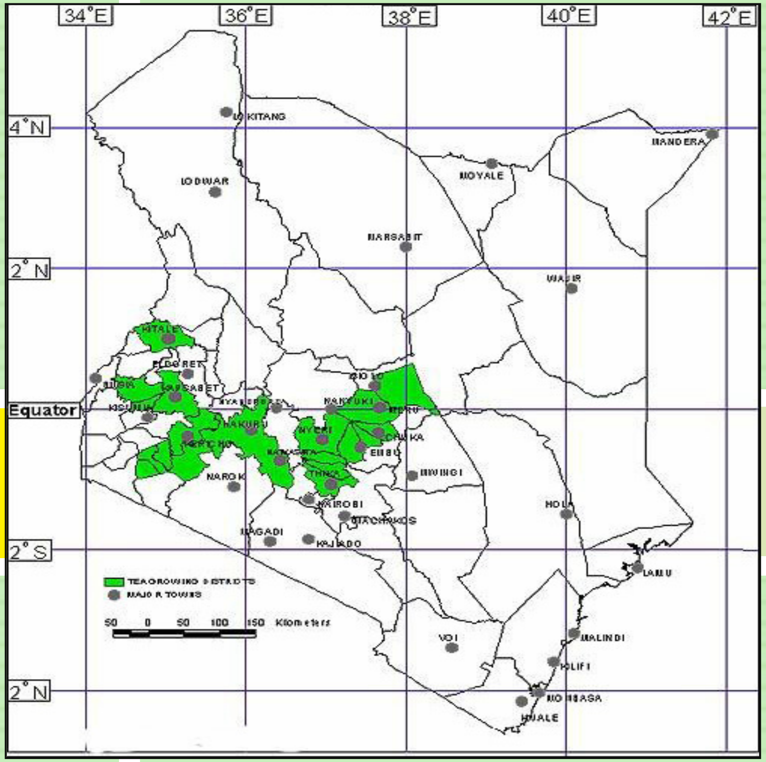
- Situated astride the Equator.
- Divide longitudinally by the Great Rift Valley
- Climate is varied: Hot and Humid, Cold and Wet in High Altitudes

INTRODUCTION : Tea Production



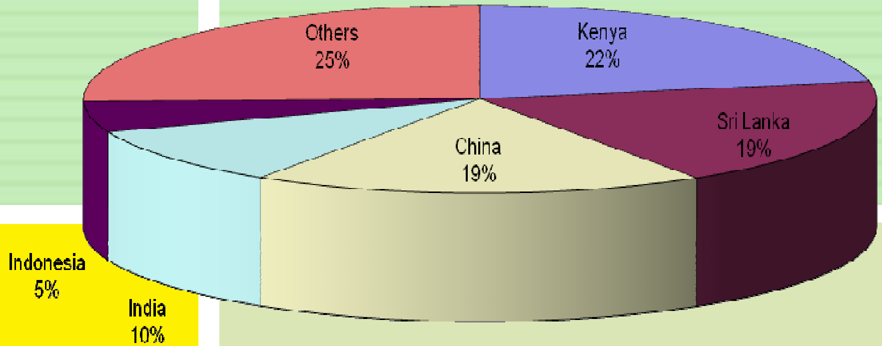
- **Total Production (2009):**
  - 314 Million Kgs
  - 3 producer in the World.
  - 10% of World production
  - 1 expo.

INTRODUCTION : Tea Production



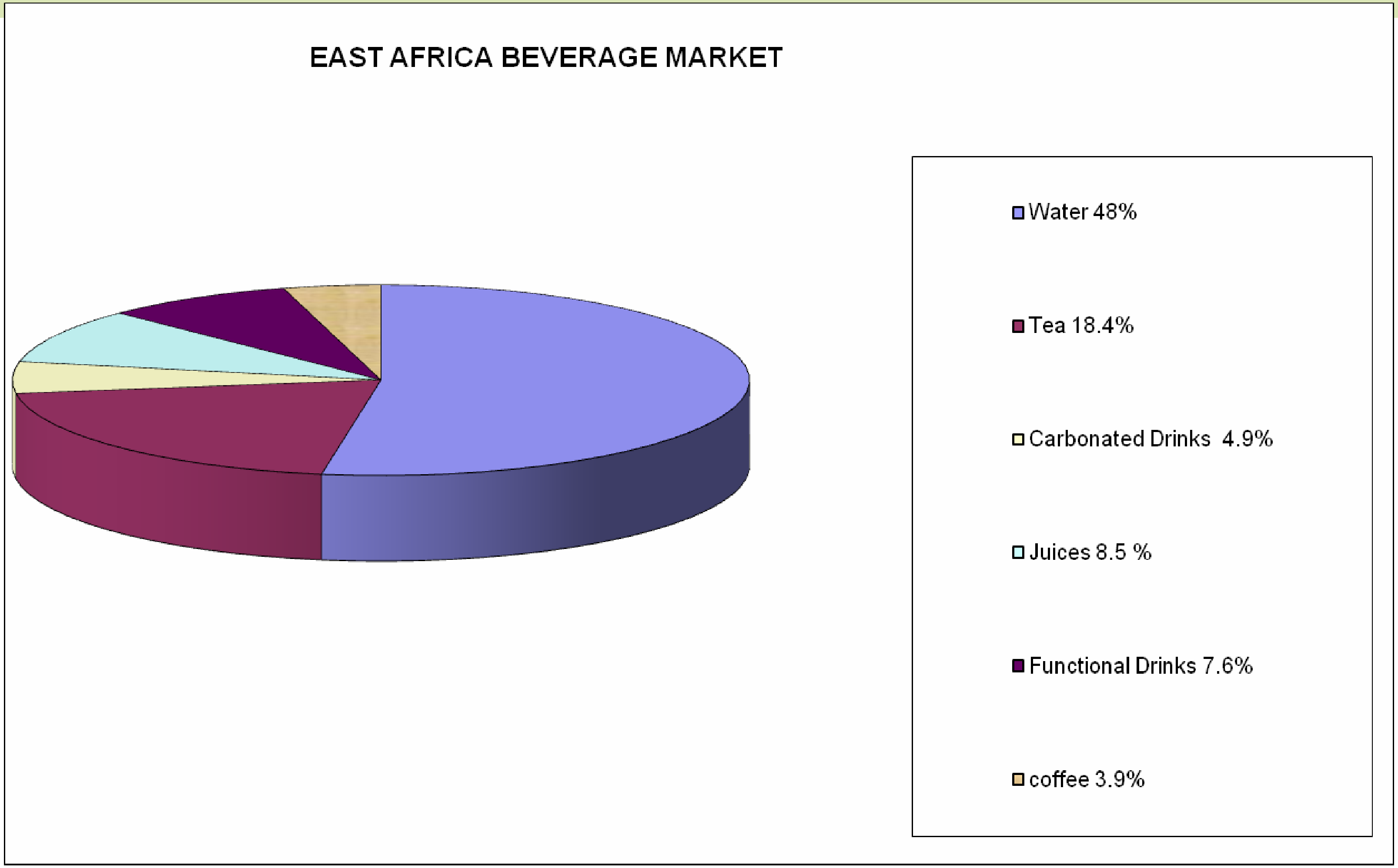
- ❑Nyambene Hills.
- ❑Mount Kenya
- ❑Aberdare Ranges
- ❑ Mau Escarpment
- ❑ Kisii Highlands
- ❑ Nandi Hills
- ❑ Western Region

INTRODUCTION : TEA EXPORTS



- **Total Exports(2009):**
  - 342 Million Kgs.
  - Position one in the World.
  - 22% of World Exports.

Demand vs Supply Situation



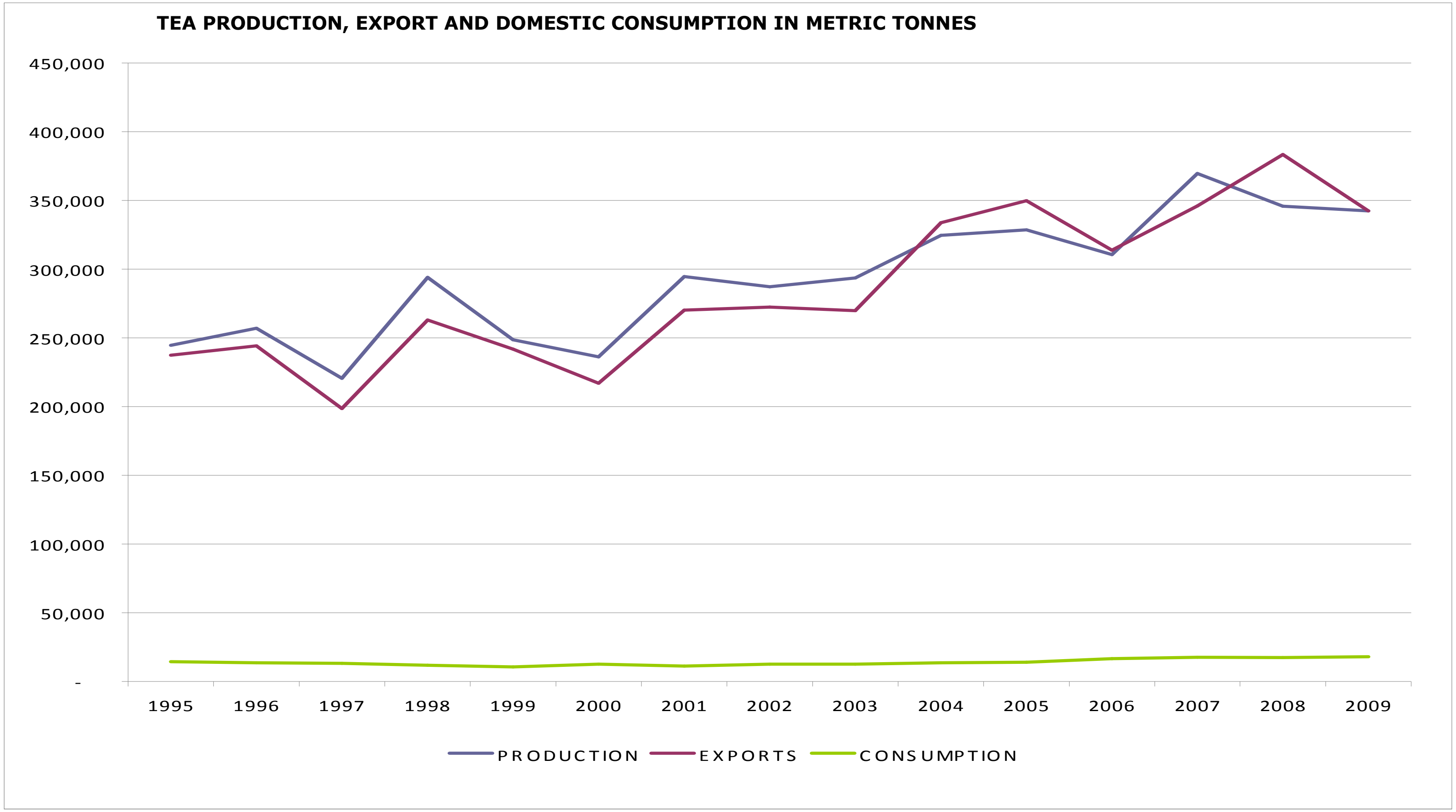
Demand vs Supply Situation

- Tea in East Africa has an export orientation.

- 95% of the tea is exported.

Demand vs Supply Situation

Tea Production, Export and Domestic Consumption (Kenya)



Demand vs Supply Situation

- Tea is the most popular beverage in East Africa (after water).

- Per capita Consumption of Tea in is about 0.5 kg.

- There has been a notable increase over time.

Demand vs Supply Situation

Reasons for Low Per capita consumption:

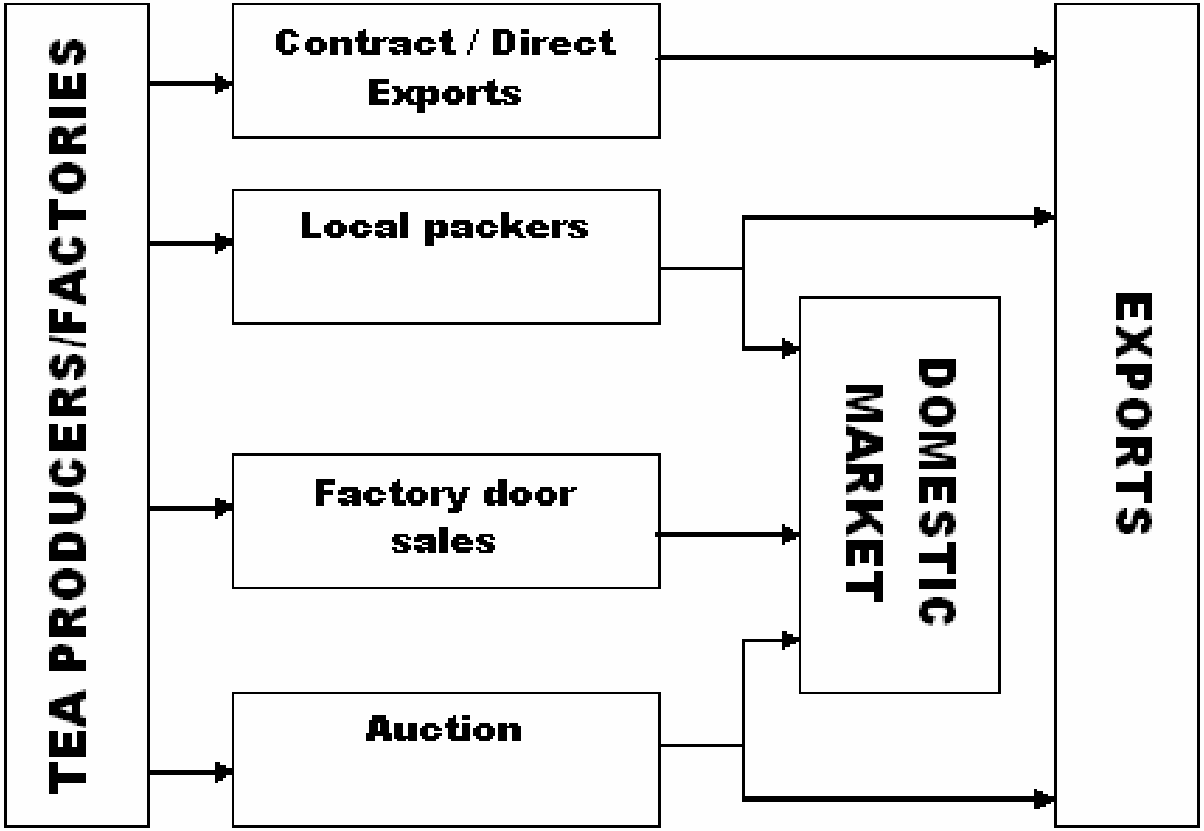
- to increased competition from soft drinks,
- increasing costs of additives such as milk and sugar;
- changing demographic profiles of the East African population
- polarization of Tea as a drink for work or home.
- How tea is made.

Demand vs Supply Situation

Trends of Domestic Consumption (1999 to 2009)

CONSUMPTION STATISTICS IN KENYA (KGS)		
YEAR	LOCALLY SOURCED	PERCENTAGE INCREASE
2009	18,101,937	4.11%
2008	17,387,120	(1.44%)
2007	17,642,737	6.606%
2006	16,549,414	17.99%
2005	14,025,000	2.928%
2004	13,626,020	7.70%
2003	12,651,134	0.18%
2002	12,628,238	11.85%
2001	11,289,414	(10.78%)
2000	12,653,577	20.6%
1999	10,488,307	-

DISTRIBUTION CHANNELS



Economic factors affecting Demand

- **Income vis a vis Price**
- **Complementary products** (Milk, sugar, spices)

Economic factors affecting Demand

- **Investment in Promotion/Marketing**
- **Substitutes** (Coffee, Cocoa, Soya)
- **Competitors** (Juices Soda, alcohol)
- **Availability**

Non Economic factors affecting Demand

- Tradition
- Tastes and preferences
- Convenience
- Perception

Promotions Type And Impact

- Generic Platform
- Health Platform
- Savvy Platform
- Education (Recipes)
- CSR Platform

Promotions Type And Impact

ABOVE THE LINE & BELOW THE LINE

Promotions Type And Impact

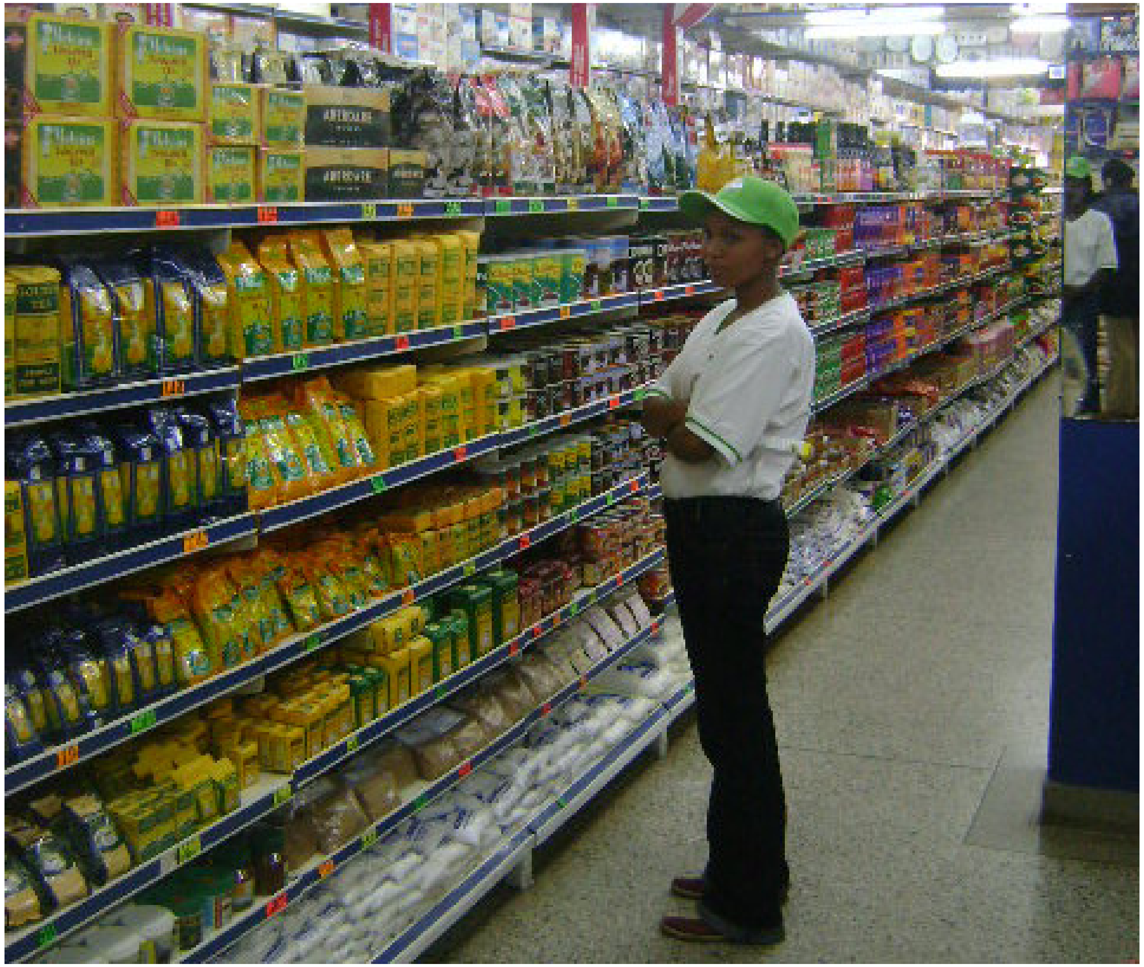
Road Activation

Promotions Type And Impact

Road Shows

Promotions Type And Impact

Instore Promotion



Promotions Type And Impact

Local Celebrity
Endo

Promotions Type And Impact

SPORTS SPONSORSHIP

Promotions Type And Impact

Door to Door promotions

LGP PROMOTION

Future

- The East Africa Community.

Future

Appeal of tea to key demographic segments which include:

- More brands and product stretch
- Appealing presentation
- Sustained promotion focusing on targeted platforms
- Investment in chosen places for tea consumption e.g. tea rooms ,events, transport points
- Increasing the profile of tea as part of the national psyche
- Cross marketing e.g Tea tourism circuit

END

THANK YOU!

CONTACT FOR MORE INFORMATION

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