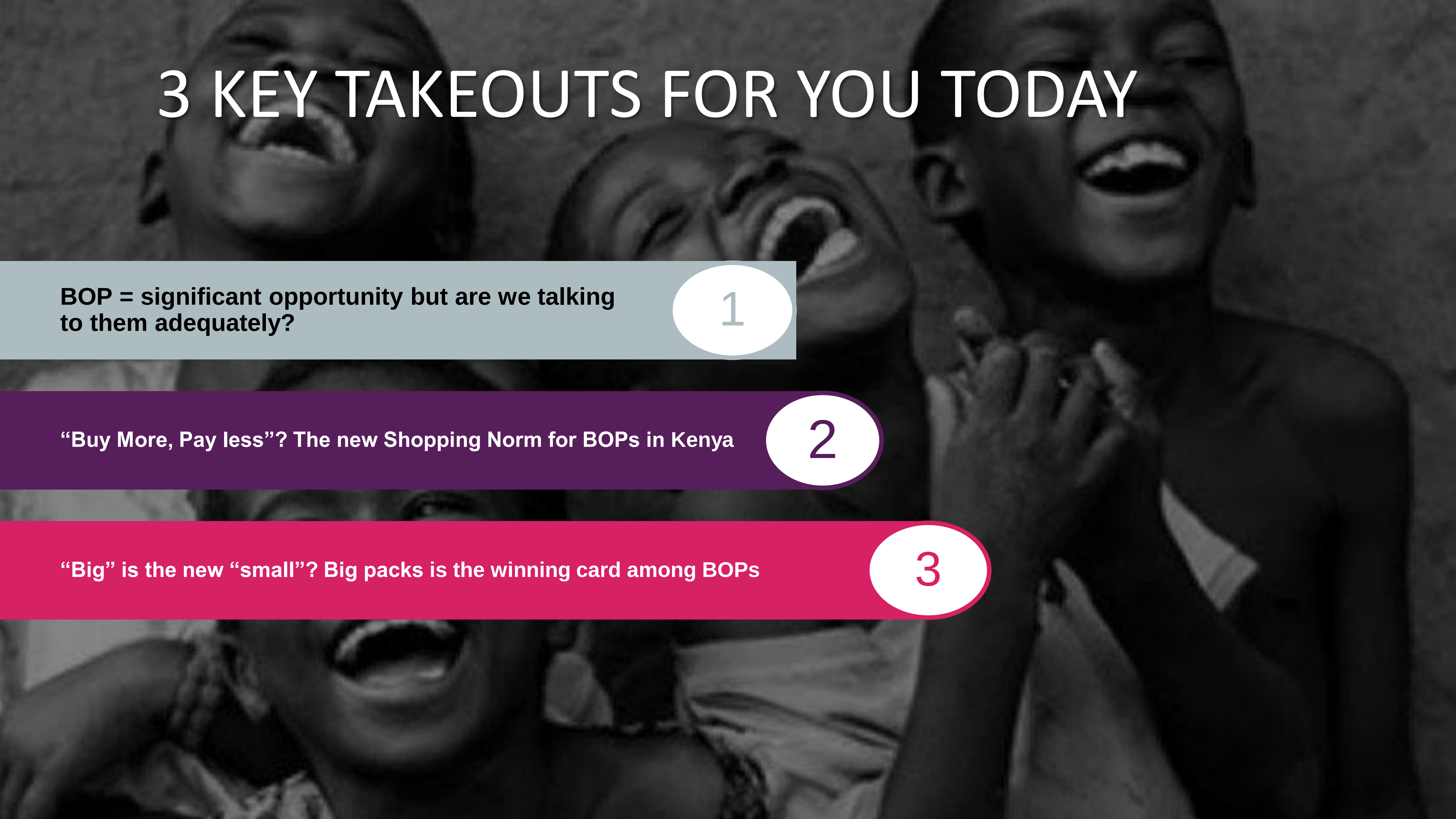
FORTUNE AT THE BASE

Why brands should Invest more in reaching Low income consumers in Kenya

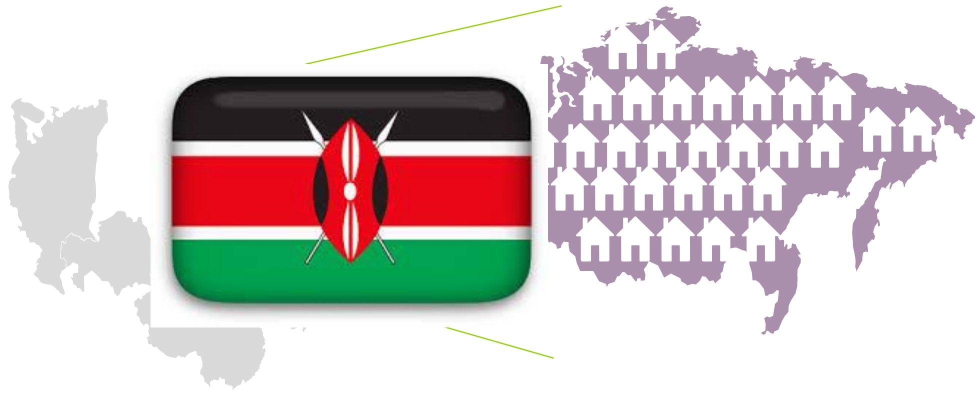
Soumya Saklani
Managing Director ,
Kantar Insights EA

Osato Igbinadolor
Country Manager, Kantar Worldpanel Kenya


3 KEY TAKEOUTS FOR YOU TODAY
BOP = significant opportunity but are we talking to them adequately?
1
“Buy More, Pay less”? The new Shopping Norm for BOPs in Kenya
2
“Big” is the new “small”? Big packs is the winning card among BOPs
3

Consumer Panels

A continuous syndicated sample of consumers' take-home purchasing behaviour



Our panellists keep records of everything they buy after every shop. This means our data is ***continuous*** and ***comparable*** over time and measurers ***actual purchases***

Quality checks done by interviewers, Capturing all INFORMATION available electronically via tablets.

What we track

Who our panellists are:

- Age, Demographics, Region, etc.

What they bought:

- How many / often?
- Which product / brand?
- What else was purchased?
- At what price?

Where they shopped:

- Which retailer was the purchase made in? What channel was it?

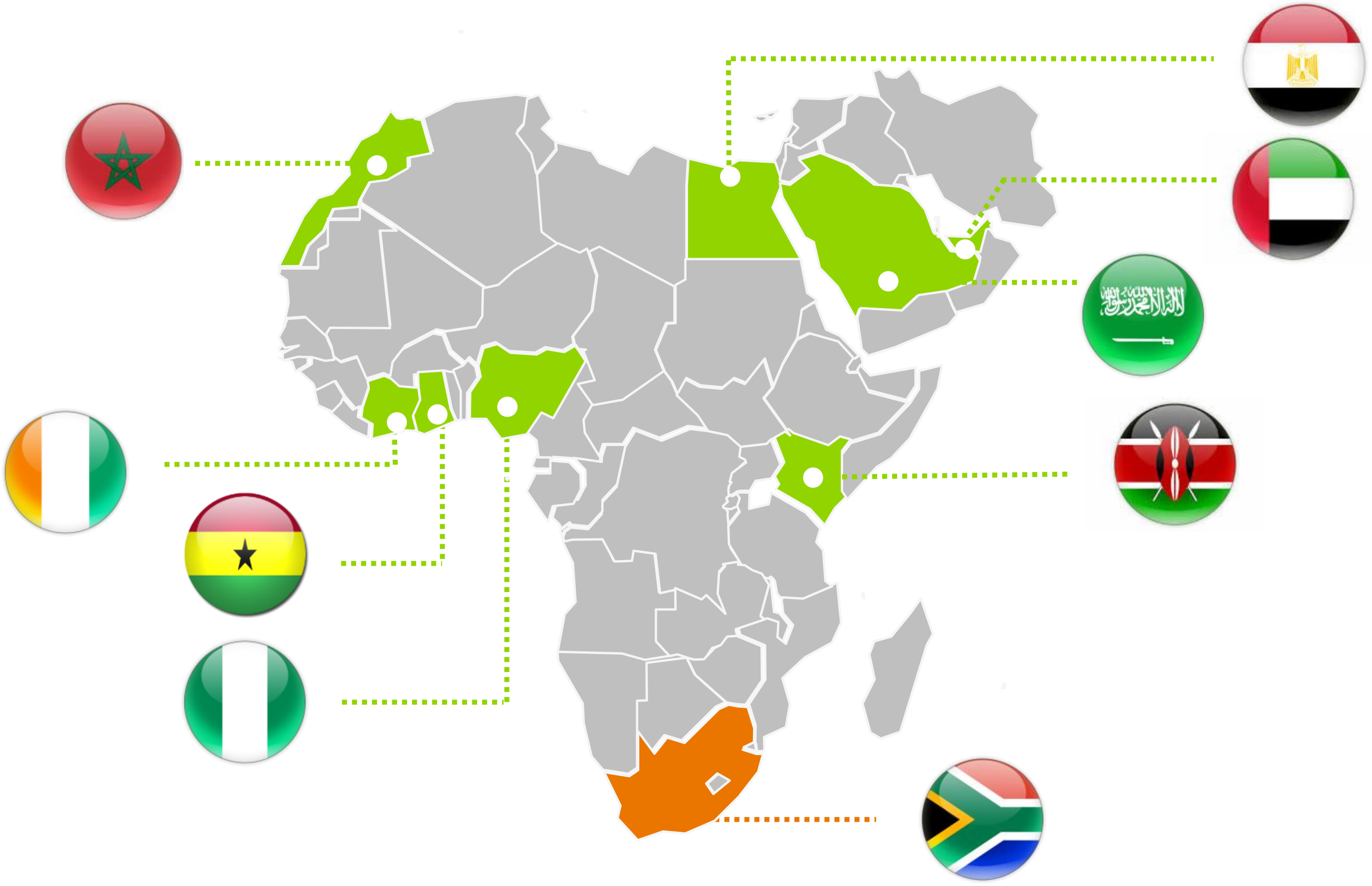
Coverage- 44% of Household Population - 67% Urban & 23% Rural

DEMOGRAPHIC BEAKDOWNS

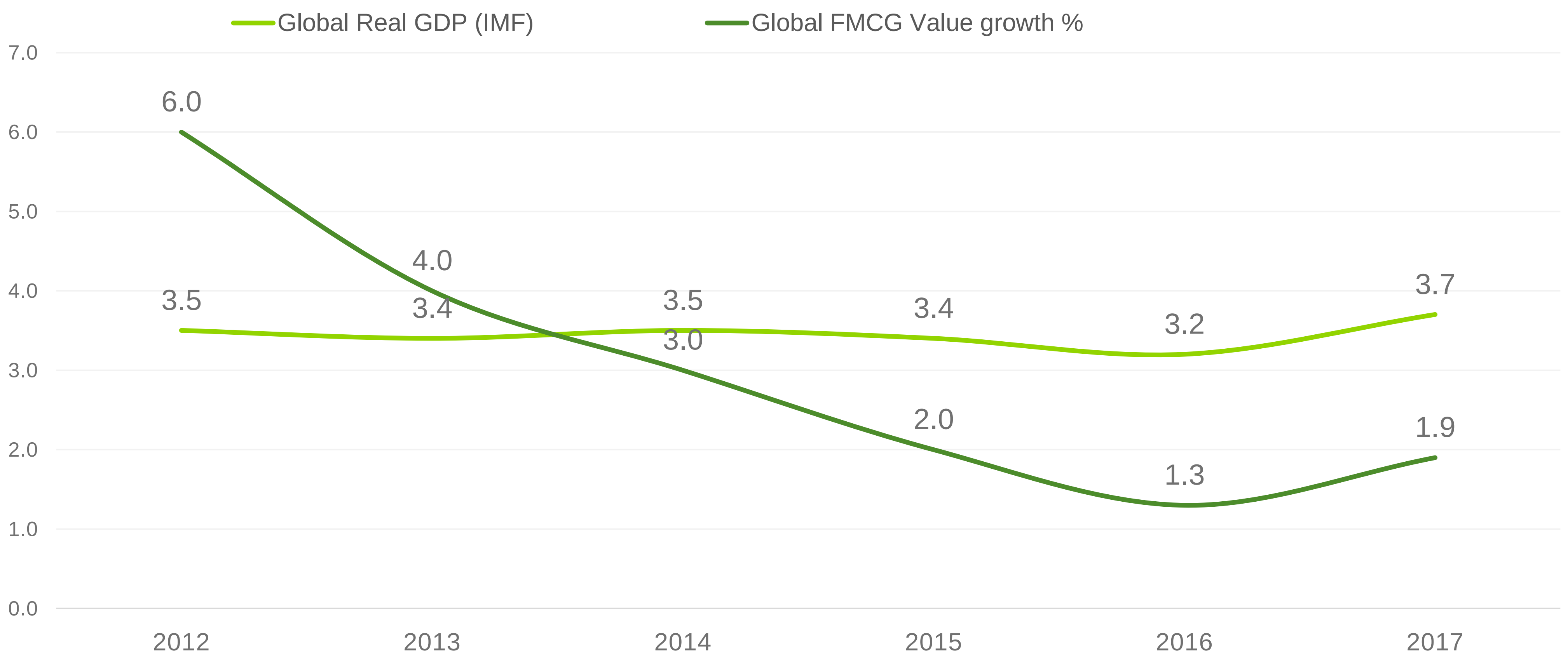
- Socio-Economic Class- (AB, C1, C2, DE)
- Household Size- (1-4, 5-9, 10+)
- Age of Principal Shopper (0-24, 25-34, 35-44, 45+)

To help you learn all about *consumer purchasing behaviour*

Kantar Worldpanel in Africa & Middle East



Tough ride in recent times if you are an FMCG player…

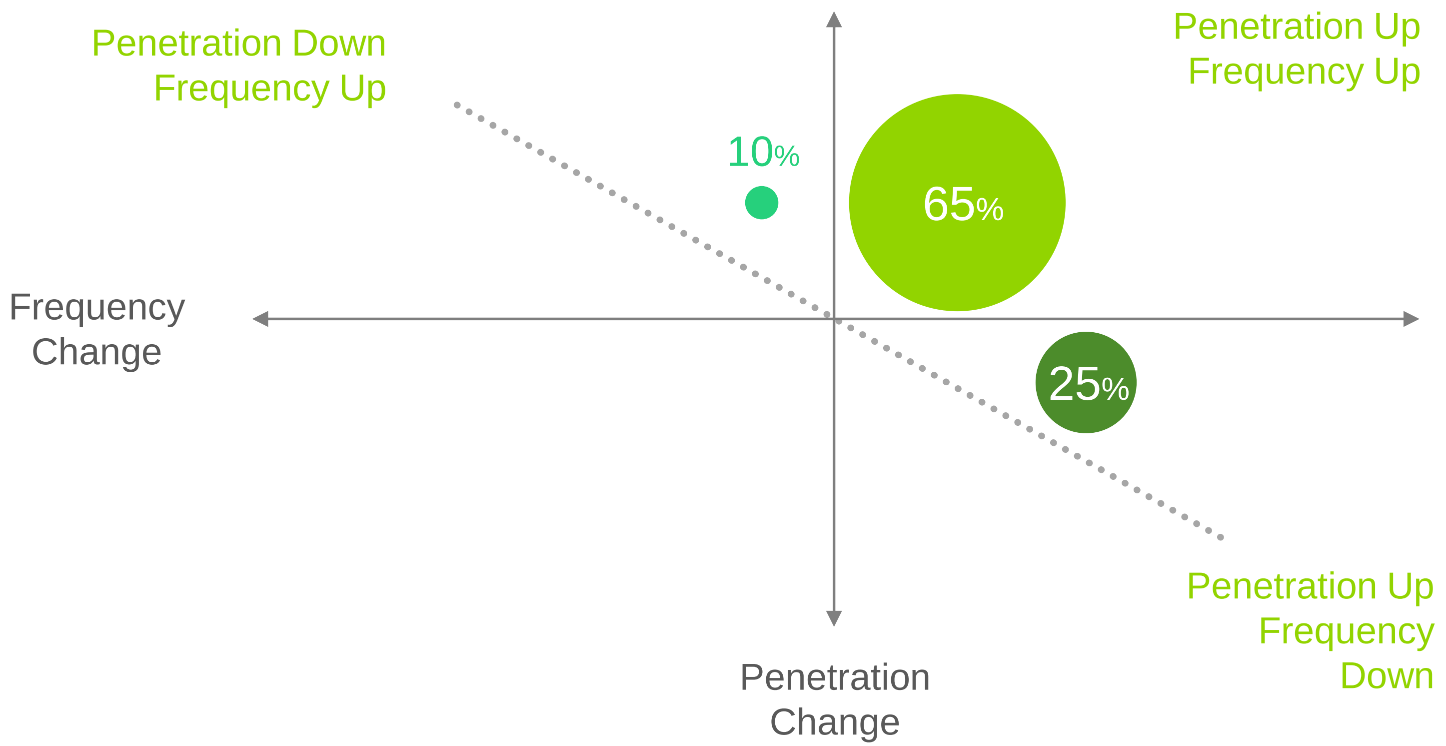


Source: Kantar Worldpanel

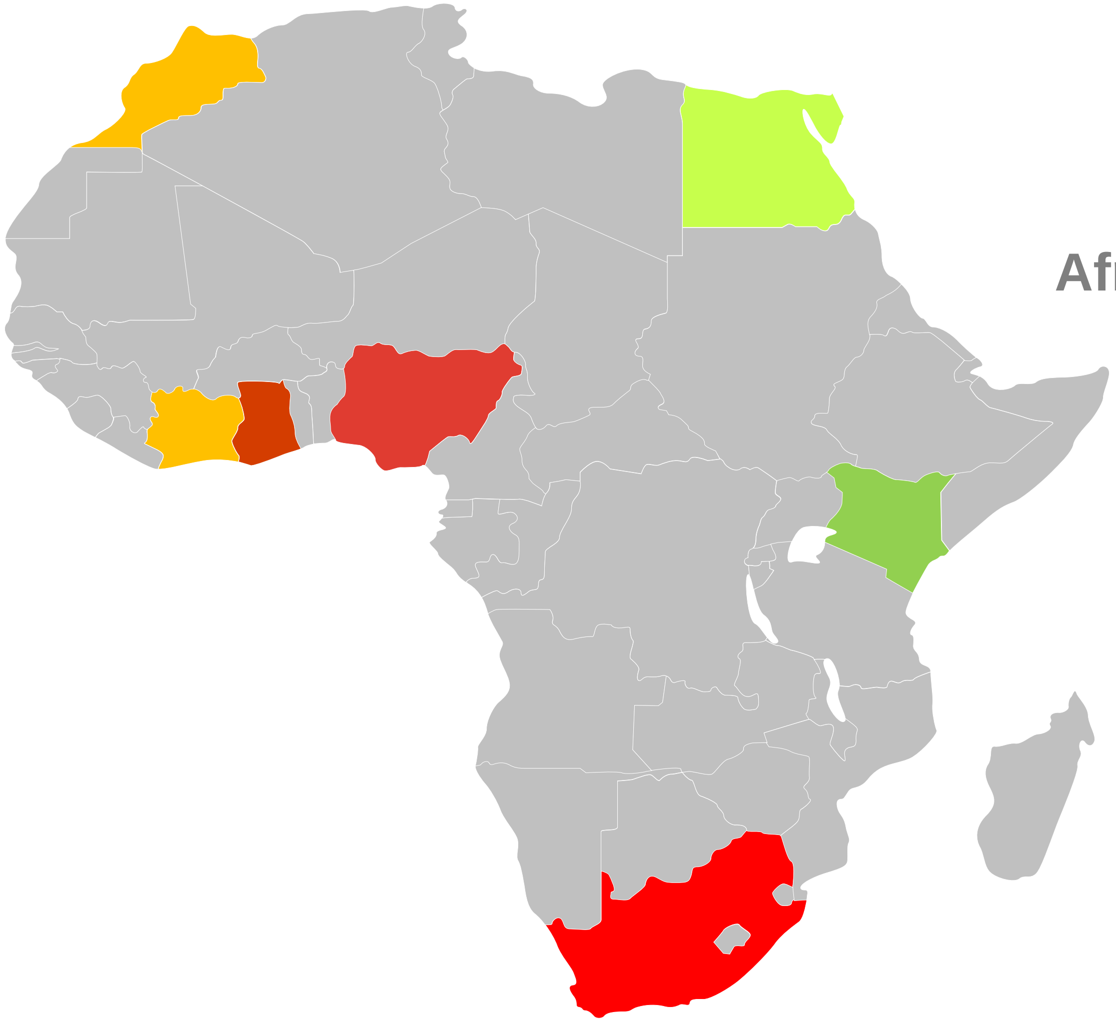
Penetration has increased in 9/10 growing brands: The IMPORTANCE of BOP

And for those that have grown both – penetration is still the key driver

%ALL BRANDS GROWING CRP



Brands growing CRP by >1M

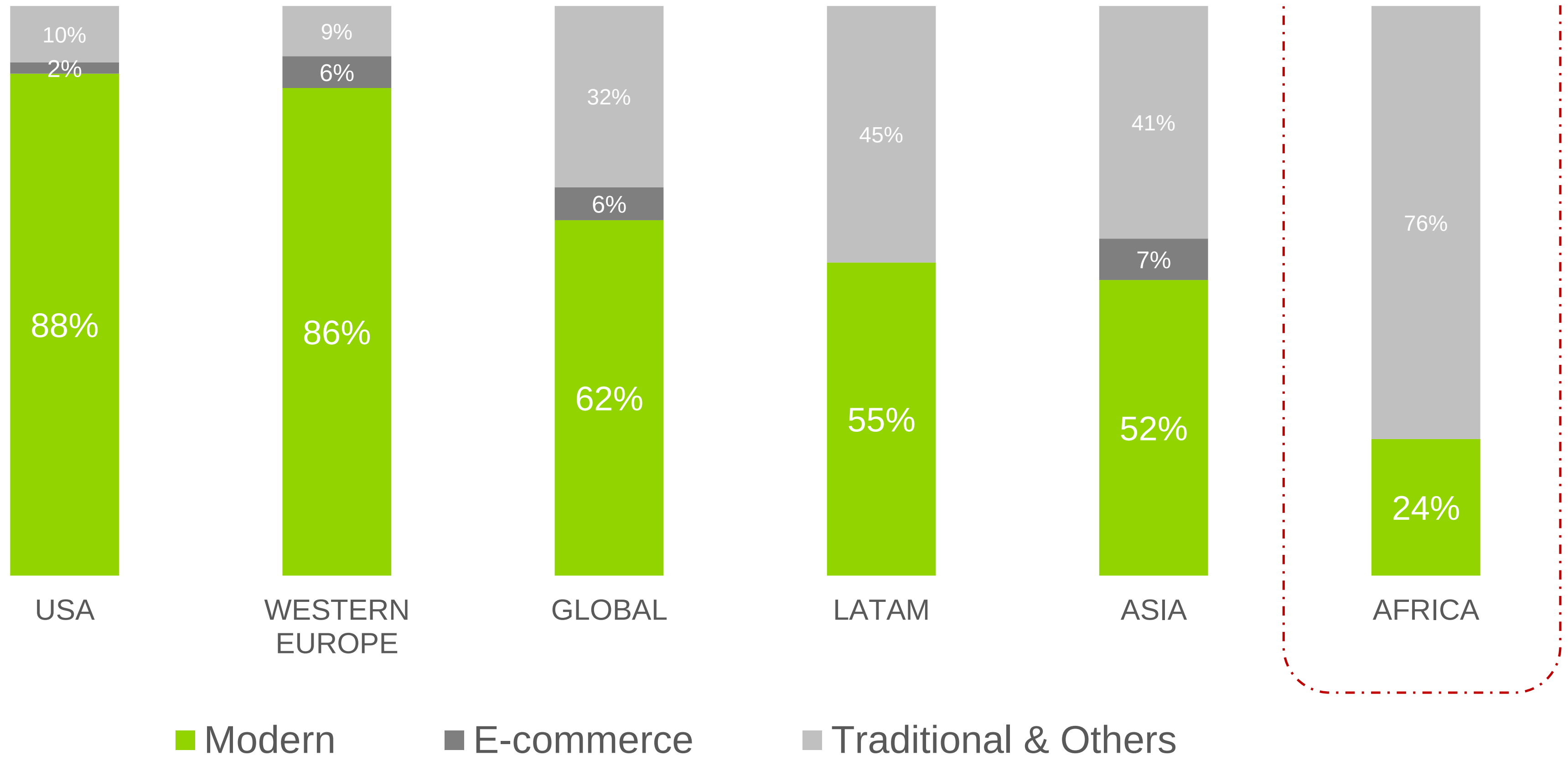


Africa is special but also following the laws of growth

Traditional trade is still very high in Africa..

More bargaining power at consumer disposal

% value share 2017

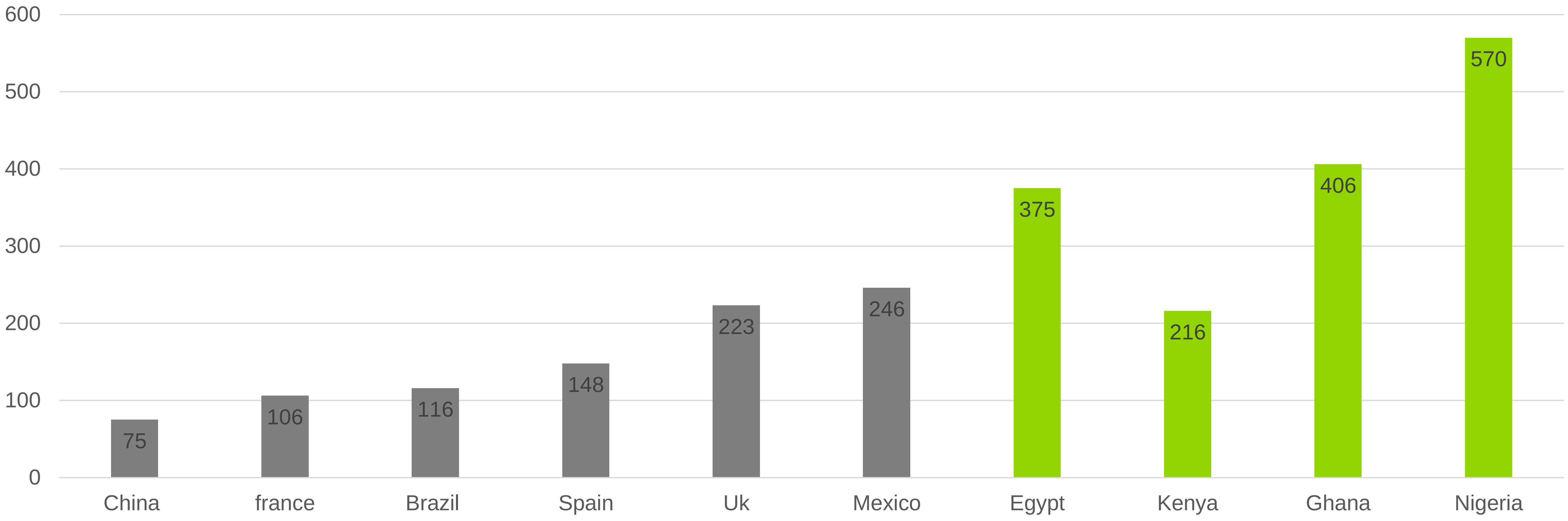


Source: Europanel Country Scope: Africa

KANTAR WORLDPANEL

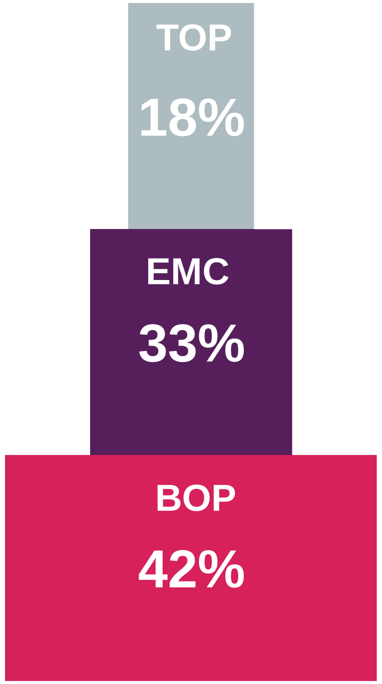
..with different Shopping habits

Annual purchases frequency – FMCG – 2017

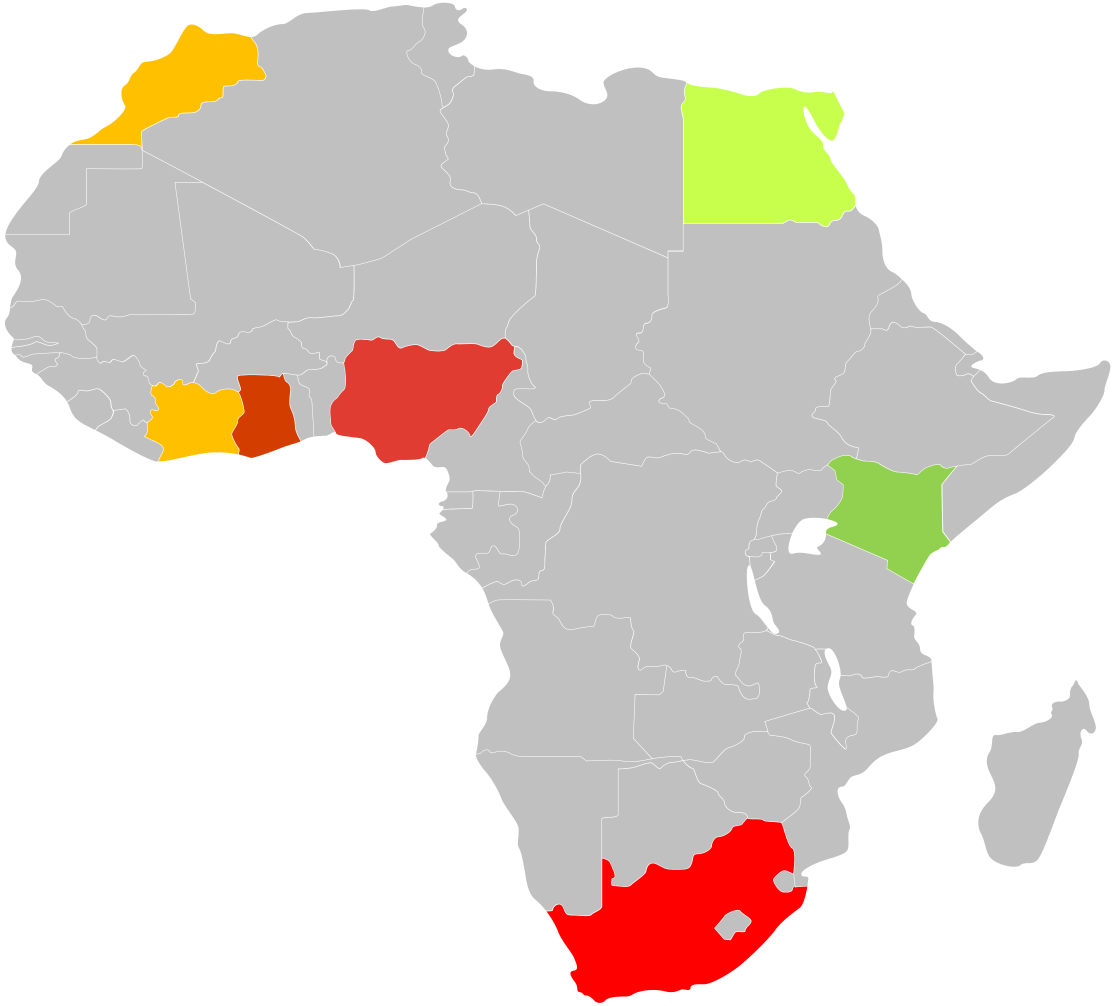


KANTAR WORLDPANEL

African Population has a Pyramid shape – Most of the People are at the bottom, fewer belong to EMC and even Less so are at the Top



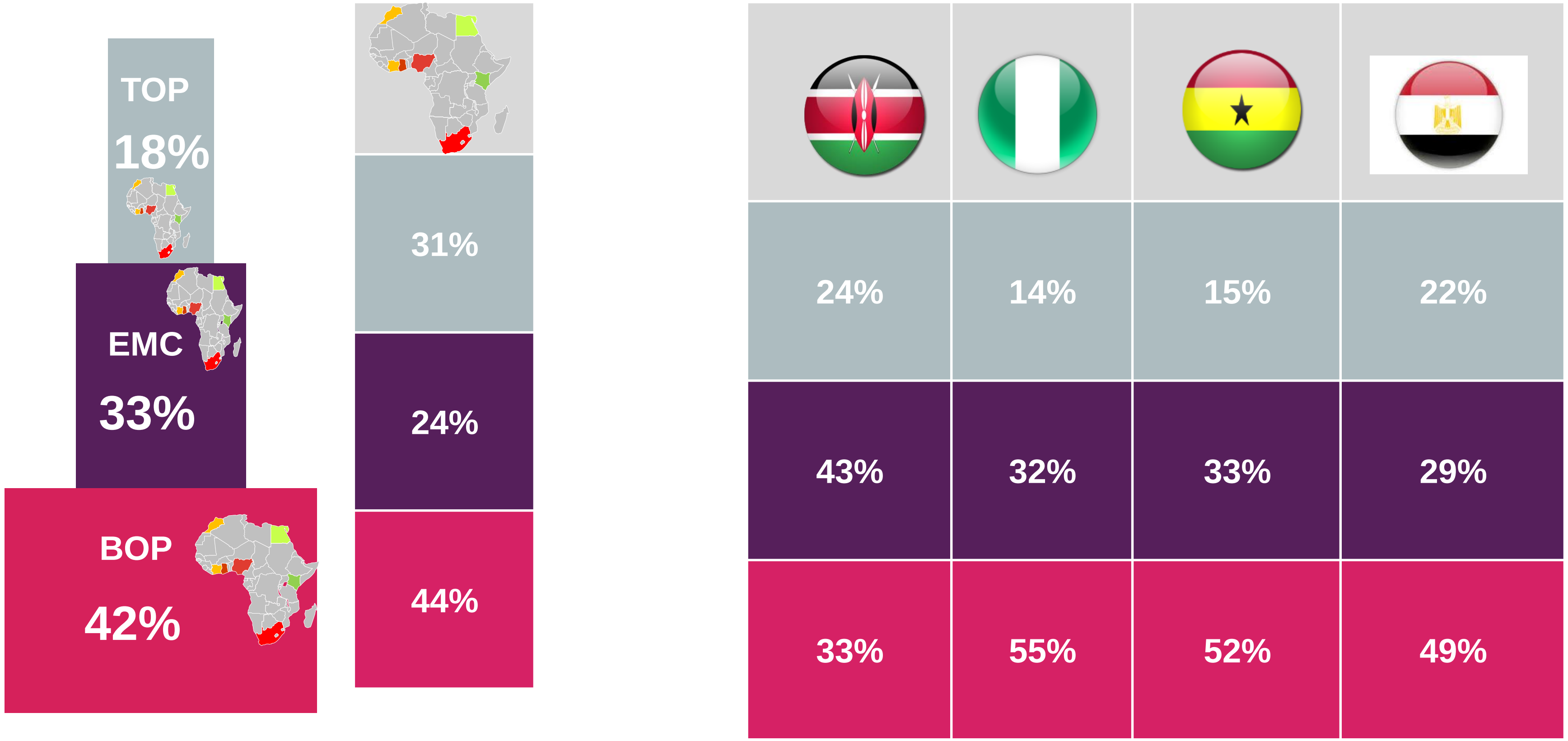
% FMCG Spend	Spend per HH
31%	$348
24%	$585
44%	$253



Source: Country Scope: Kenya, Nigeria, Egypt, Morocco

Though Kenya Household Population Is highest at the bottom,are we tapping adequately among these consumers as compared to other African markets?

Share of Spend by Social Class - FMCG



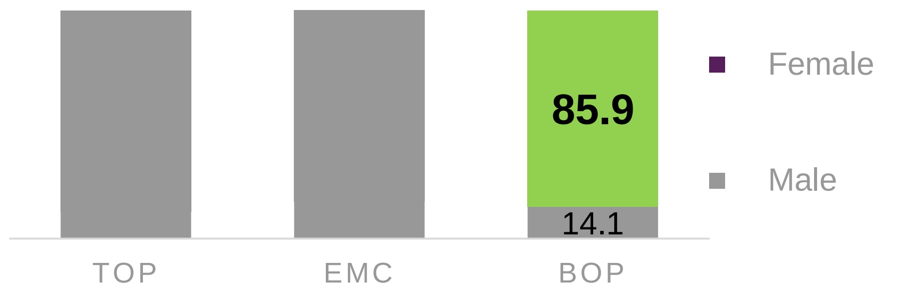
Source: Kantar Worldpanel Country Scope: Nigeria, Kenya , Egypt , Ghana

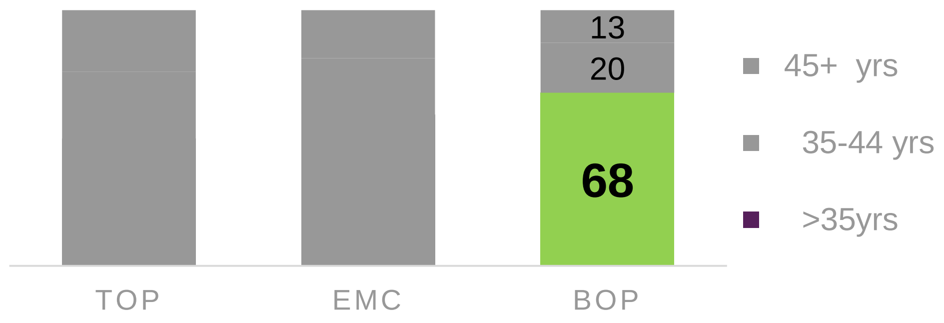
Who are these BOP Shoppers in Kenya ?

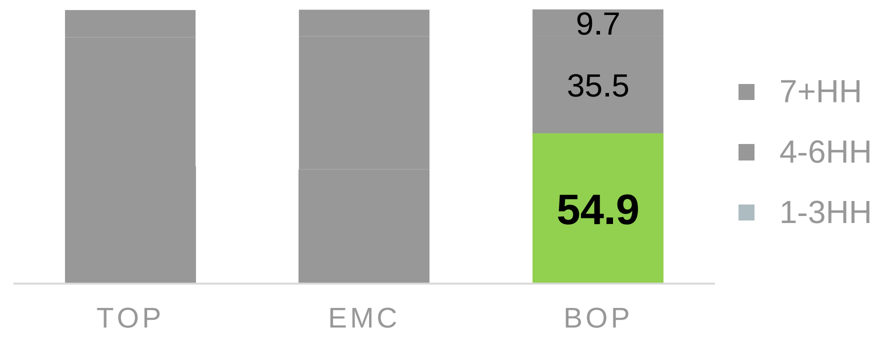
Principal BOP shoppers in Kenya mainly

Female millennials from smaller families.

They account for the biggest spend among BOP consumers



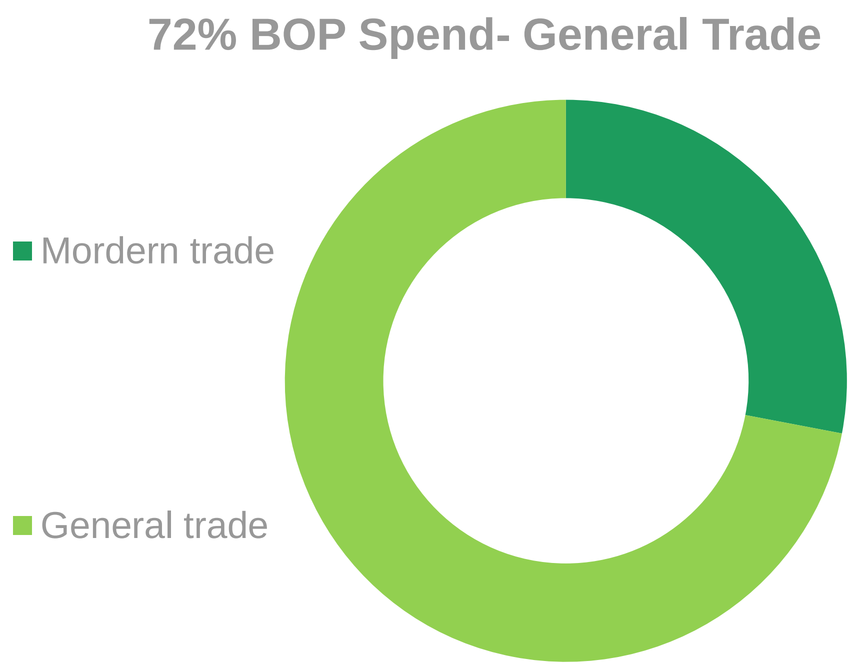




Source: Kantar Worldpanel Country Scope: Kenya ,

Where do they shop?

If I am BOP, Convenience is beating the traffic and high quality at my door step



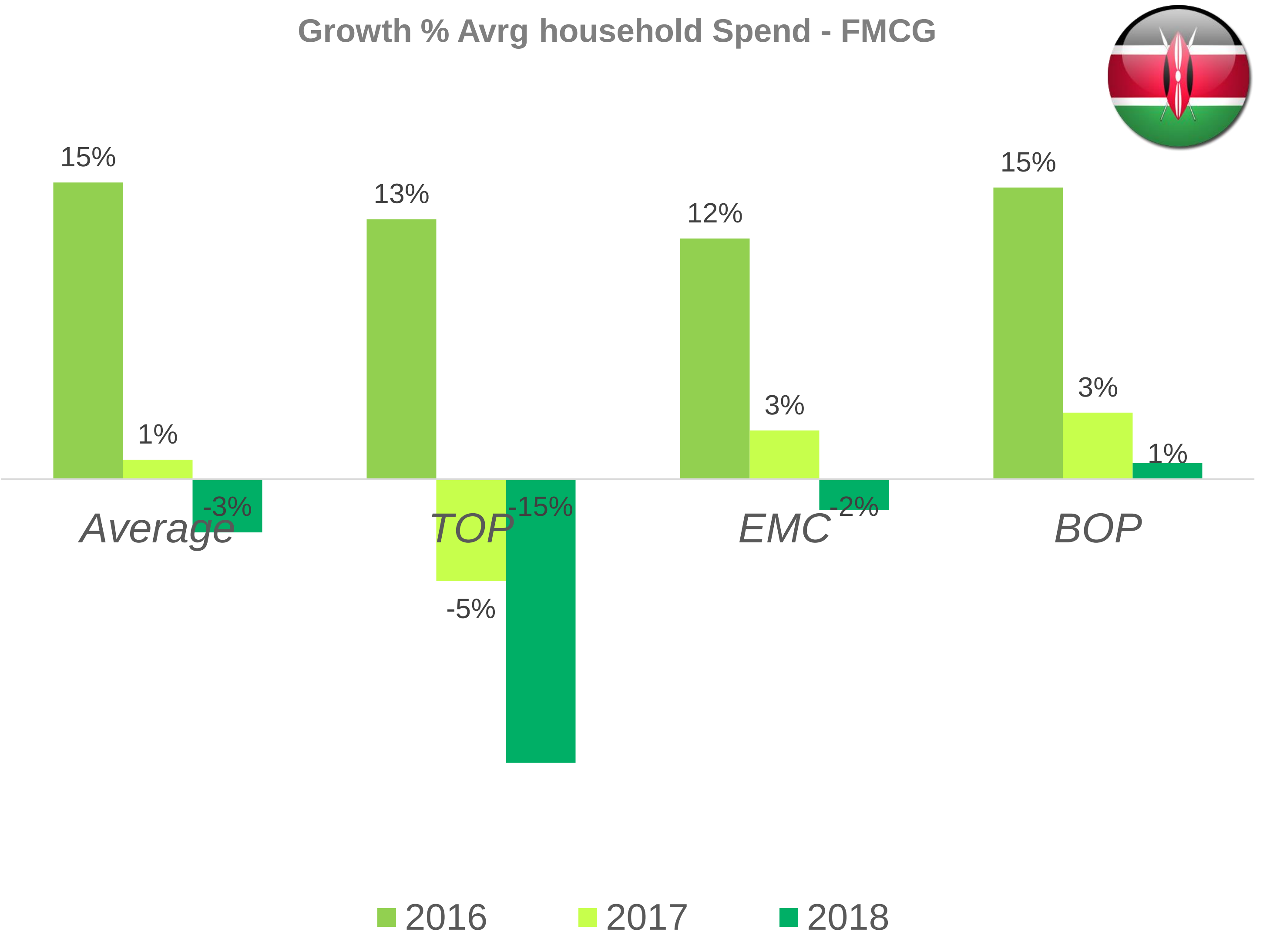
How BOP Consumers in Kenya are Increasing in Importance

Average consumer spend is shrinking, even more among TOP and EMC

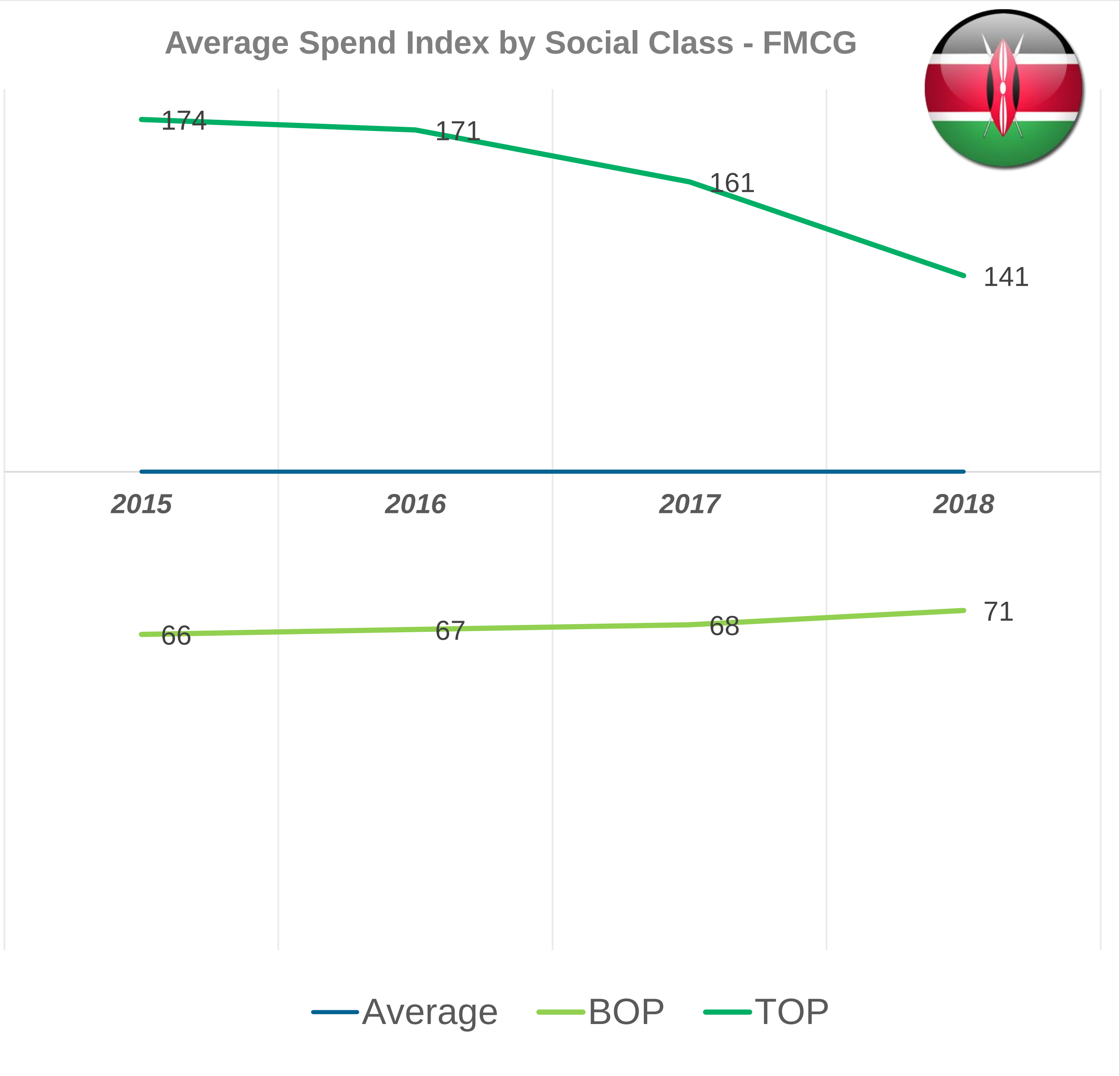
Affluent Consumers:

- Prioritization to maintain lifestyle
- Prudence

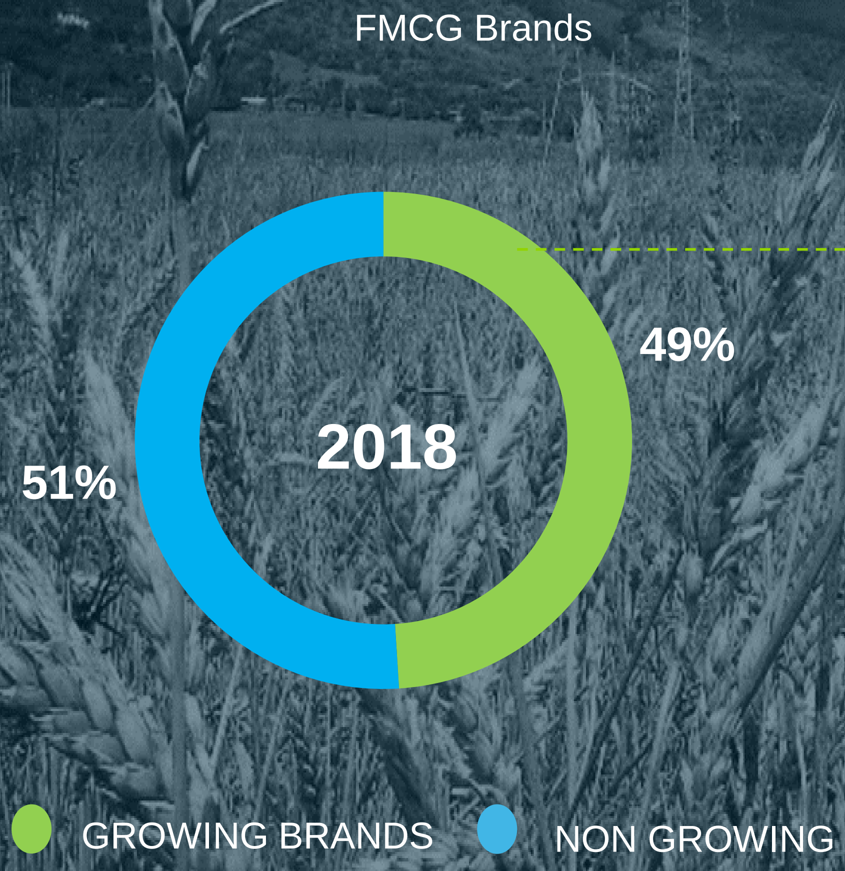
The "TOPs" appear to be the new "BOPs" in their spend on FMCGs during tough times

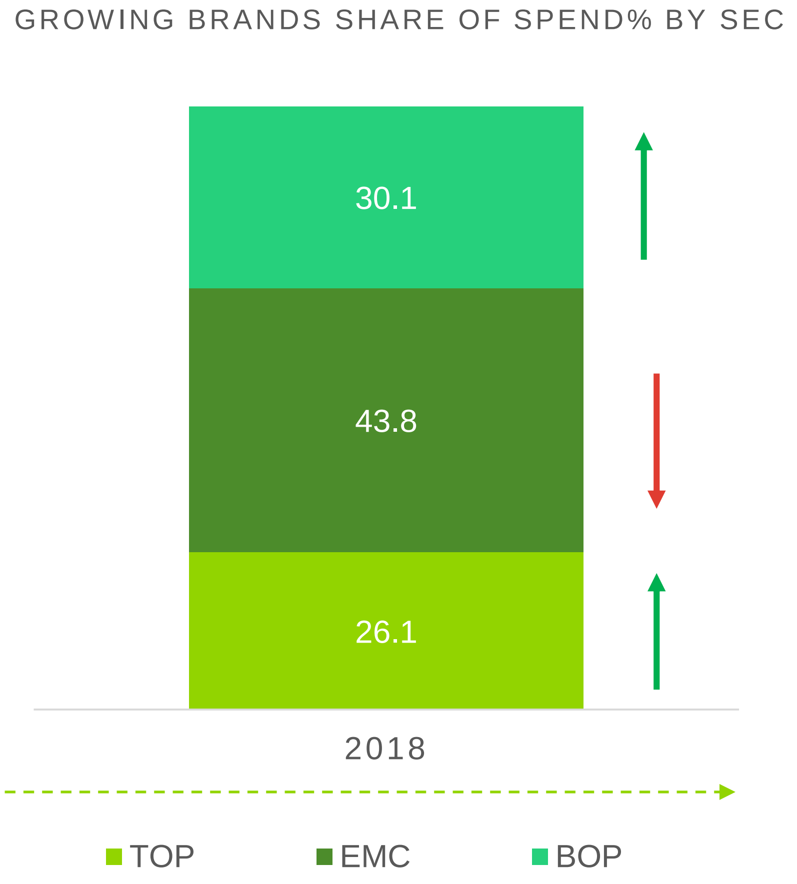


BOPs still spend more on FMCGs despite tough times



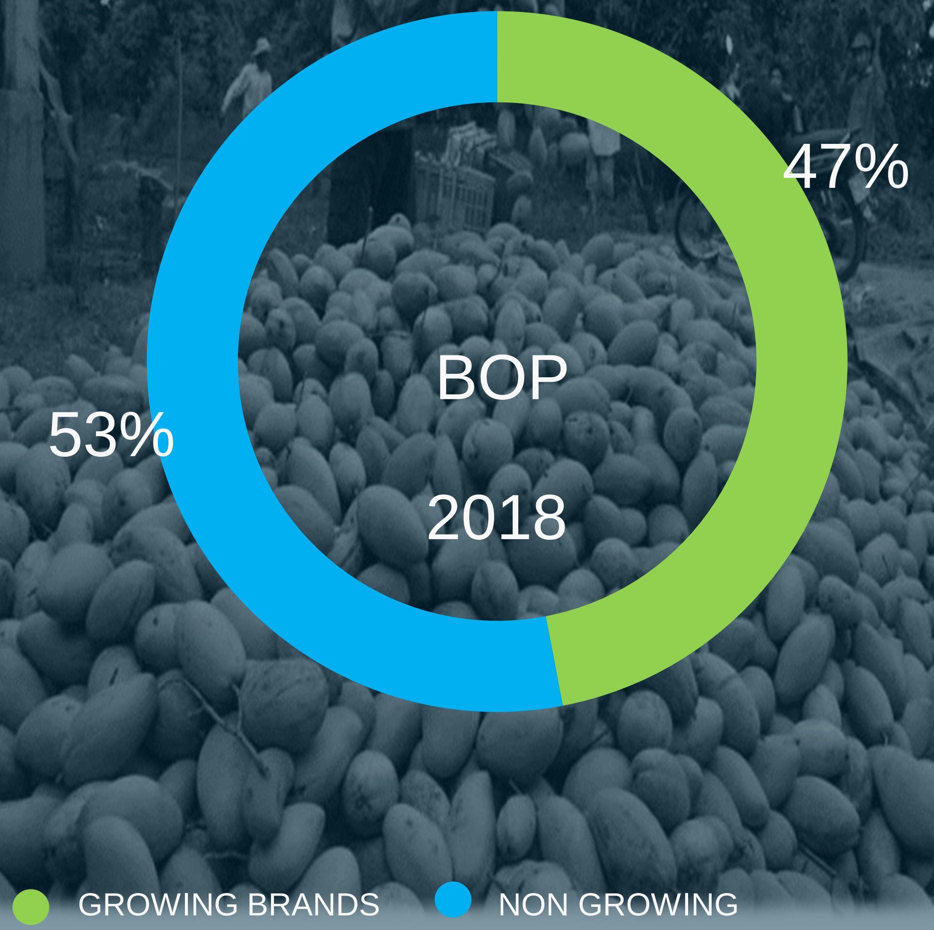
5 out of 10 FMCG brands are growing in Kenya with BOP as a key driver of this growth



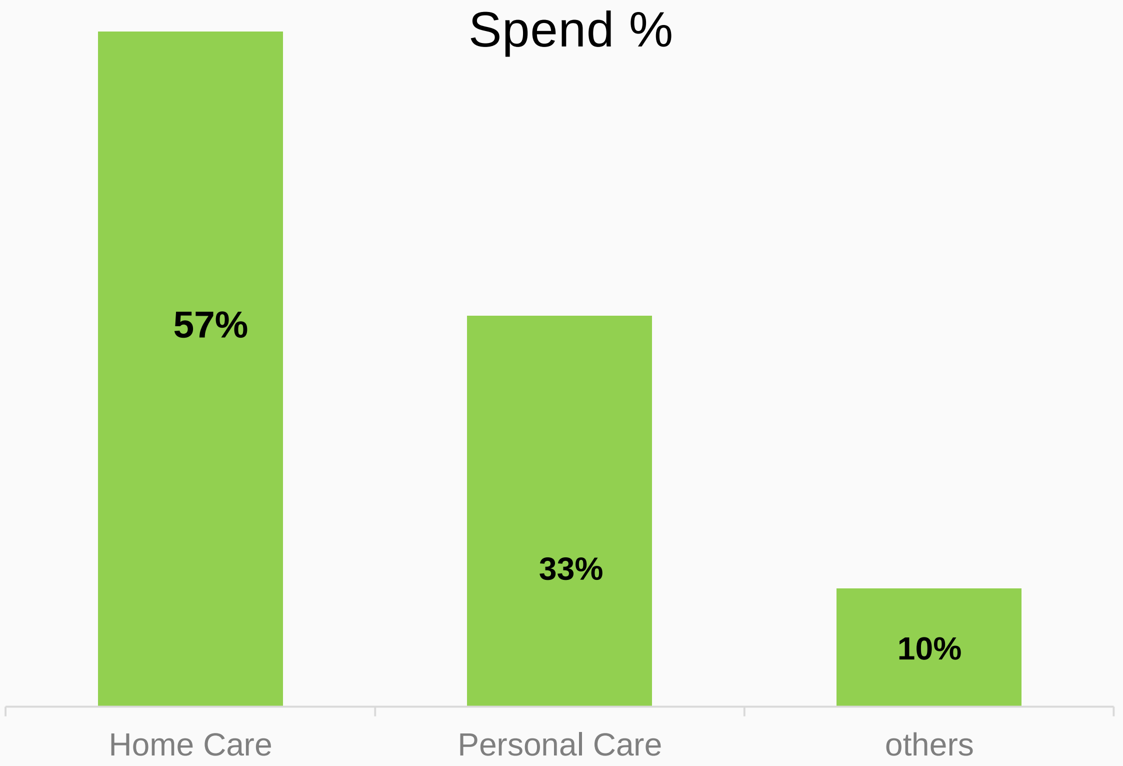


Source: Kantar Worldpanel FMCG >150 BRANDS BOP VALUE CHANGE – KENYA– 2018

About 5 out of 10 brands are growing among BOPs, 68% of these are Local Brands

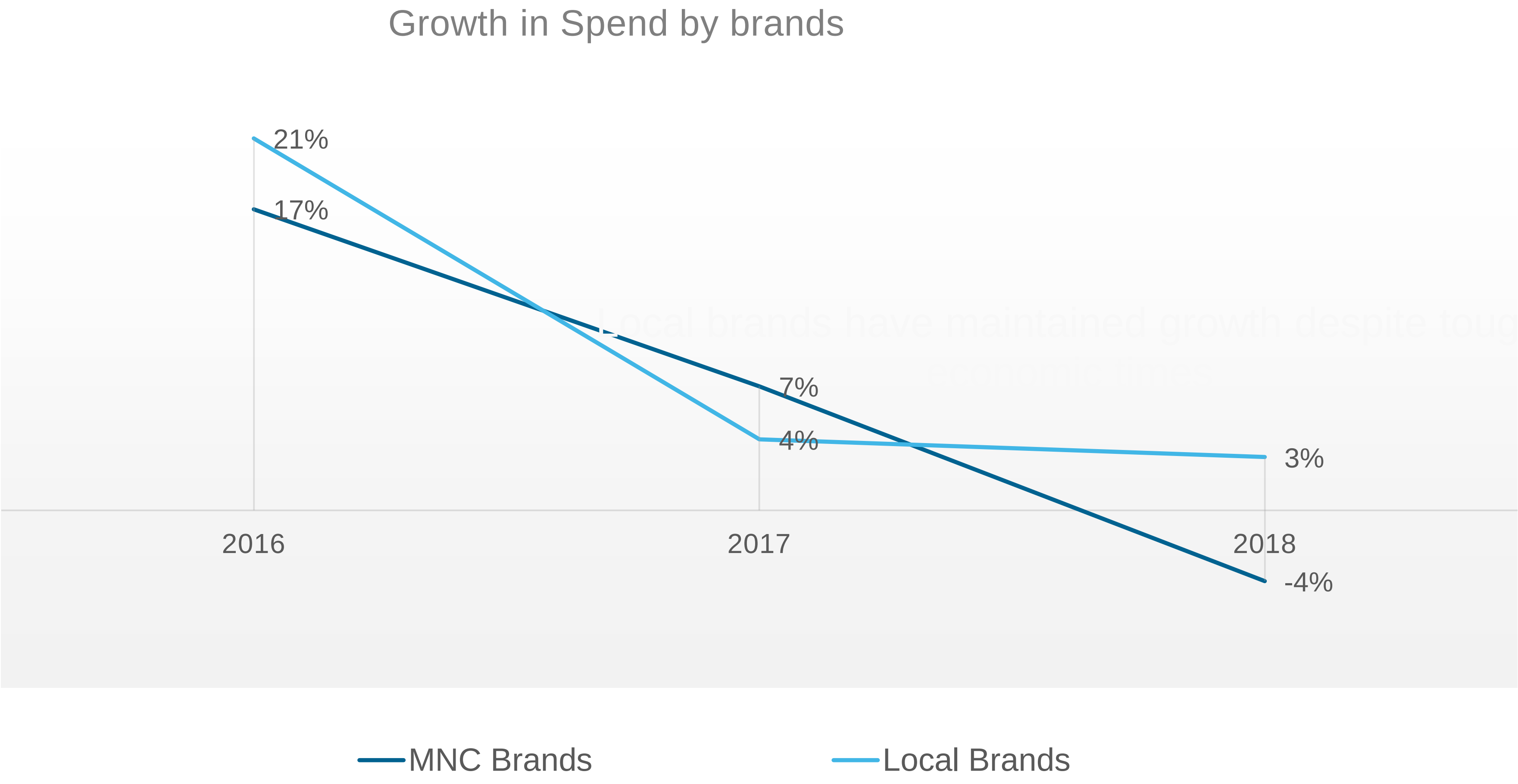


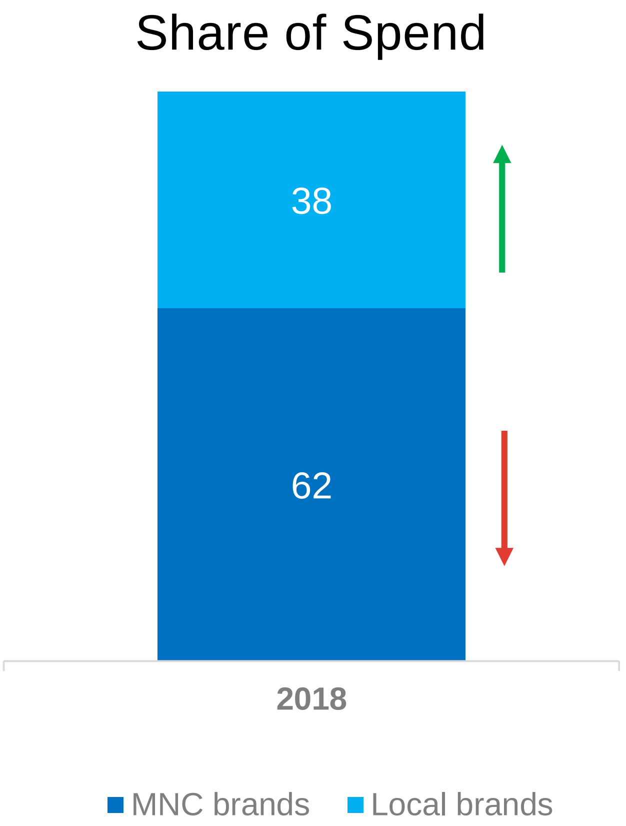
Source: Kantar Worldpanel FMCG >150 BRANDS BOP VALUE CHANGE – KENYA– 2018



BRAND FOOTPRINT

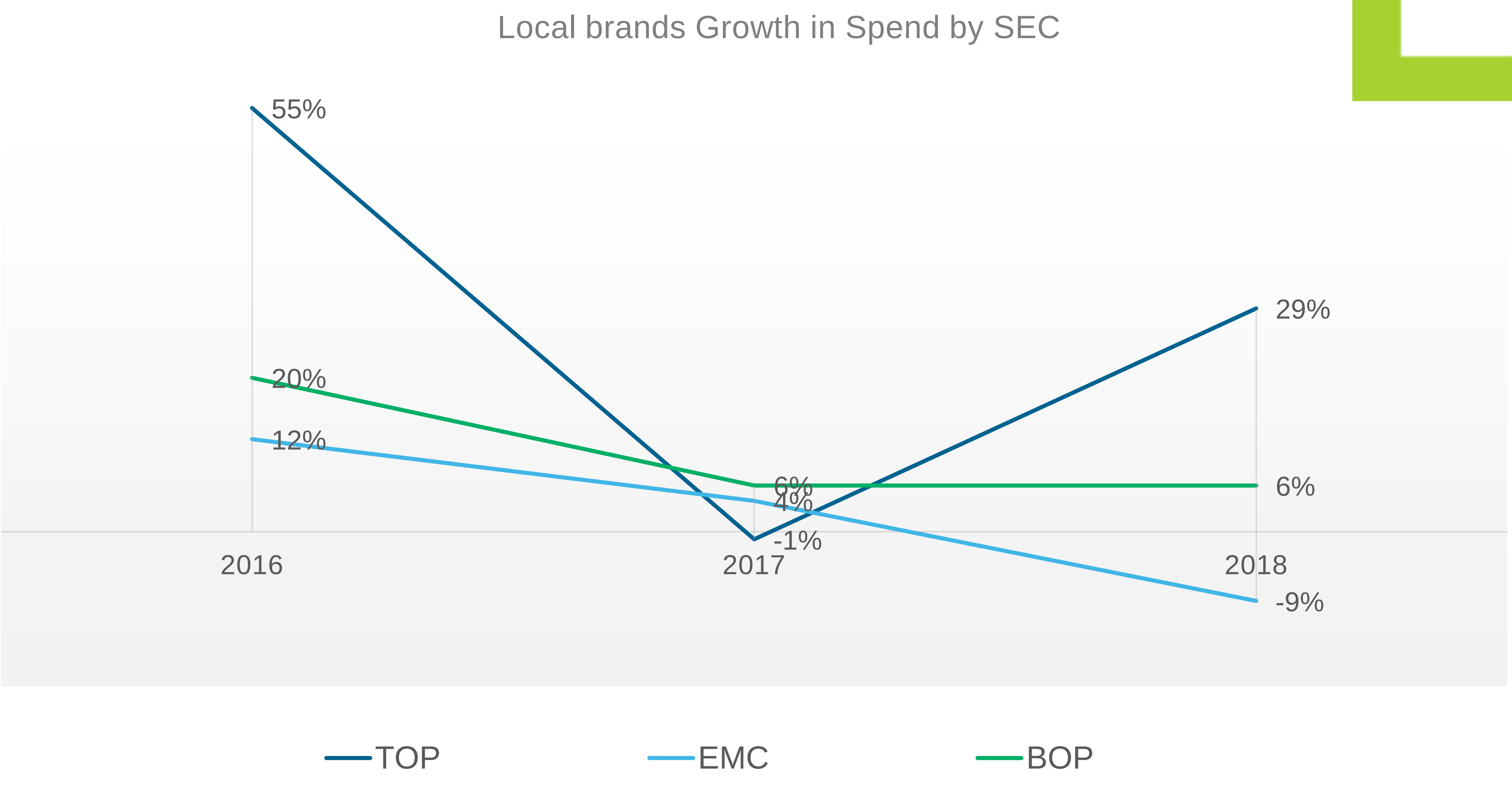
Local brands have maintained growth despite tough economic times

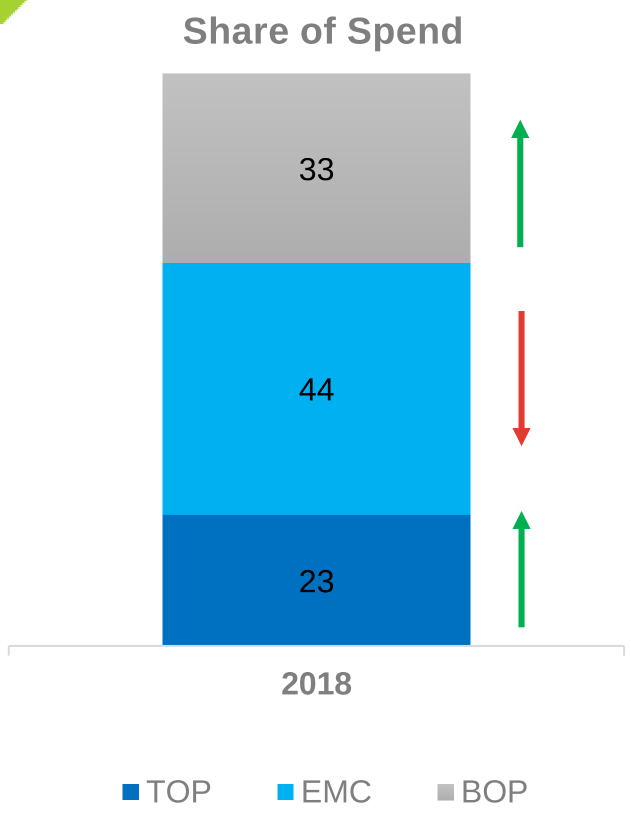




…..with growth driven by BOP consumers…even more from TOP

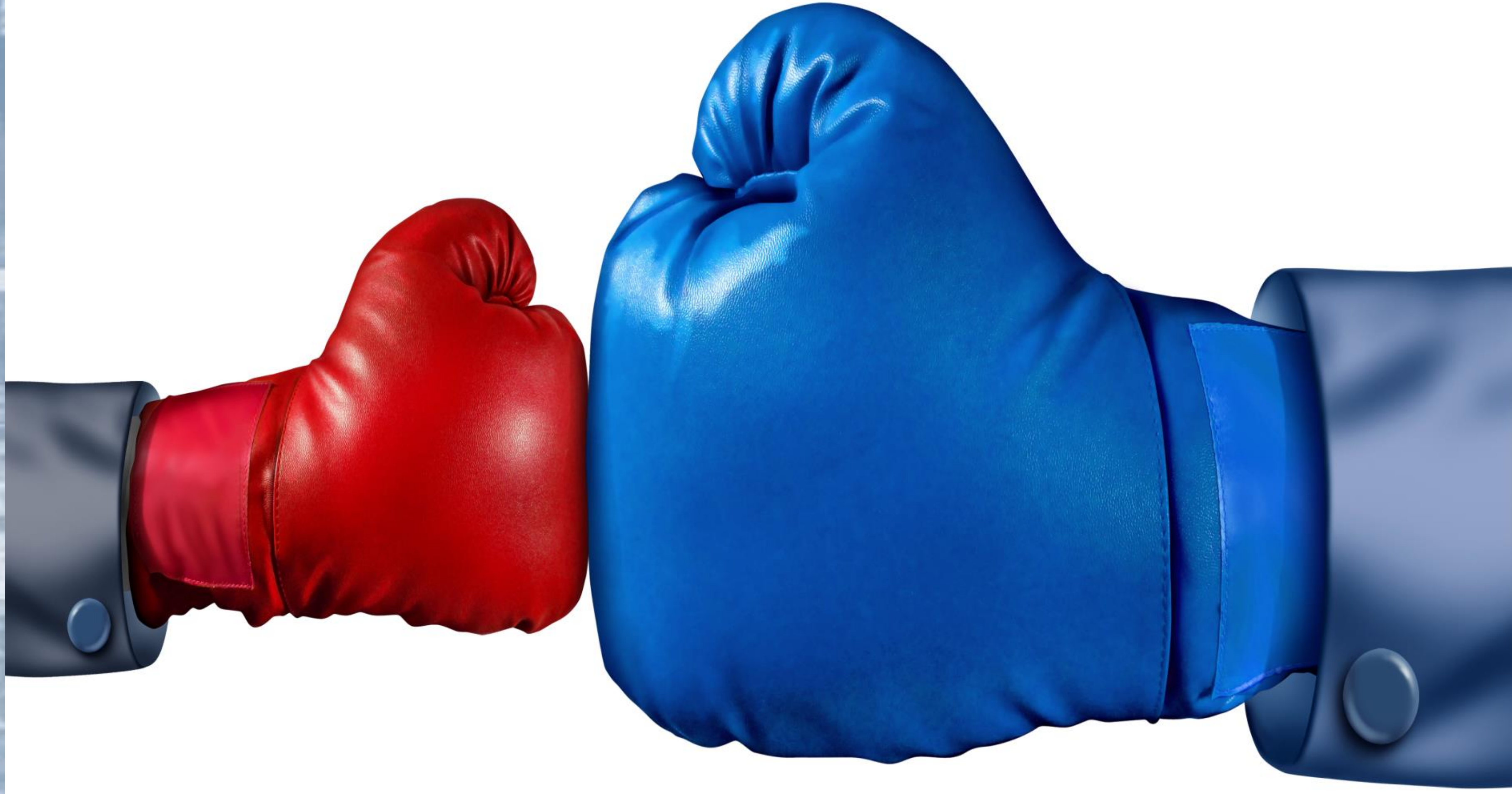
Post 2017 reality seem to have triggered a change in shopping preference among TOP to seek value for Money





How Local brands are winning among BOPs through pack size offering.

Is small really the new big for BOPs?



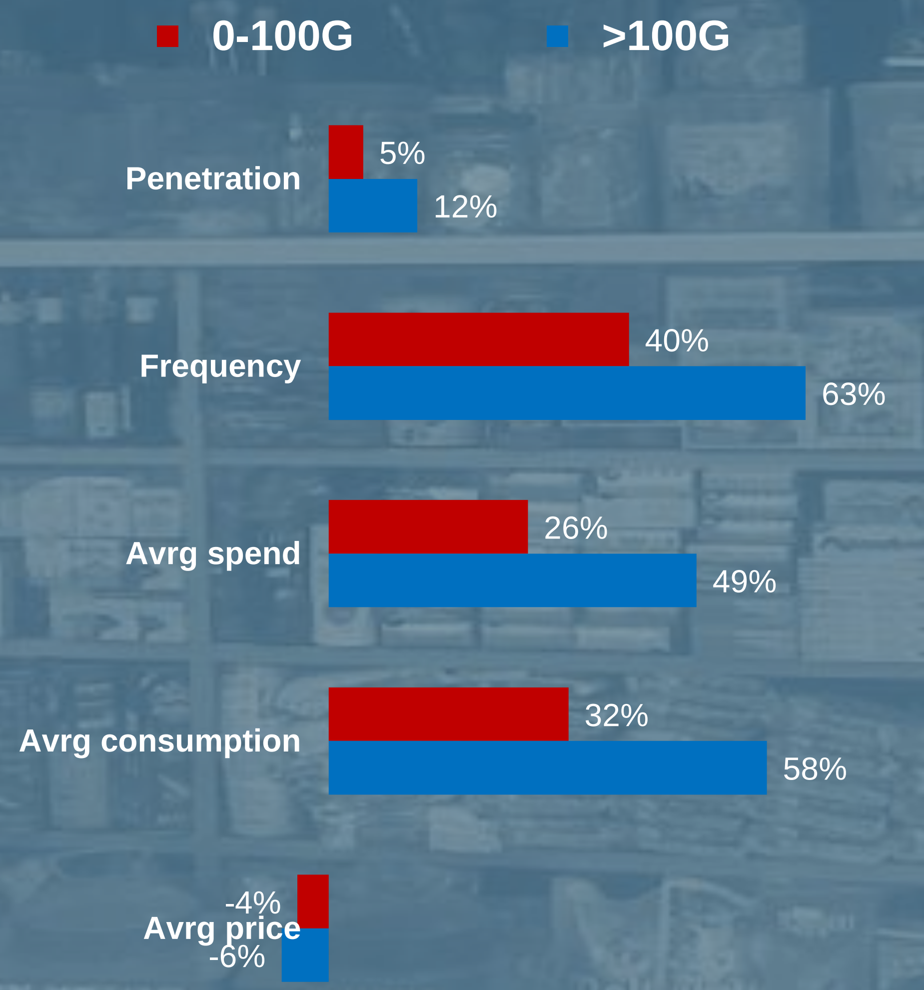
The Upsizing Challenge….

Small is not the Punch for BOPs in Kenya but Big.

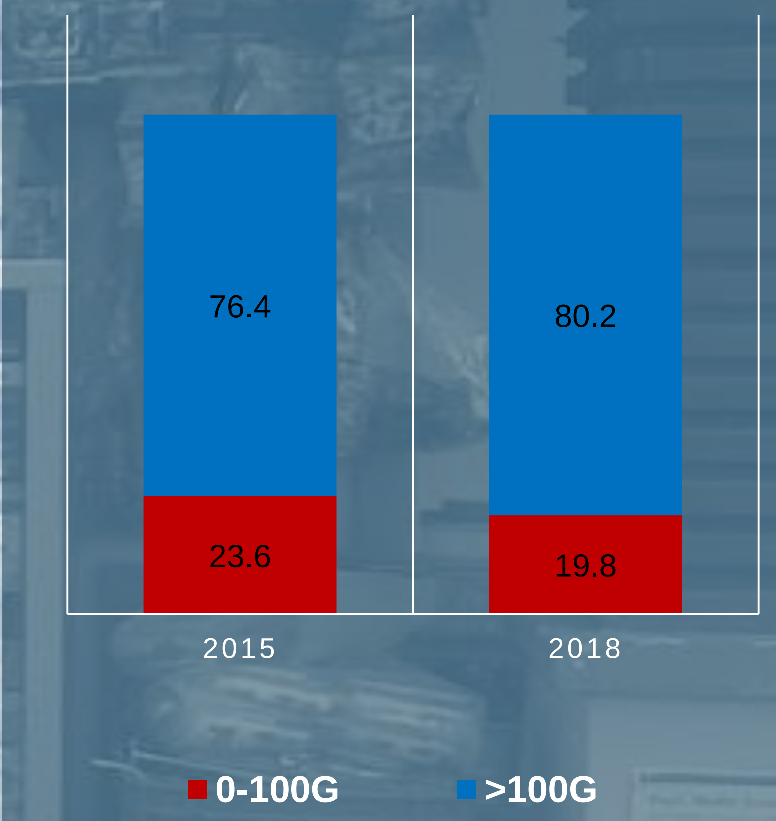
BOP Consumers:

- Quantity but Affordable
- Value for Money

LOCAL BRANDS PACK SIZE |BOP 2015/18 Growth %

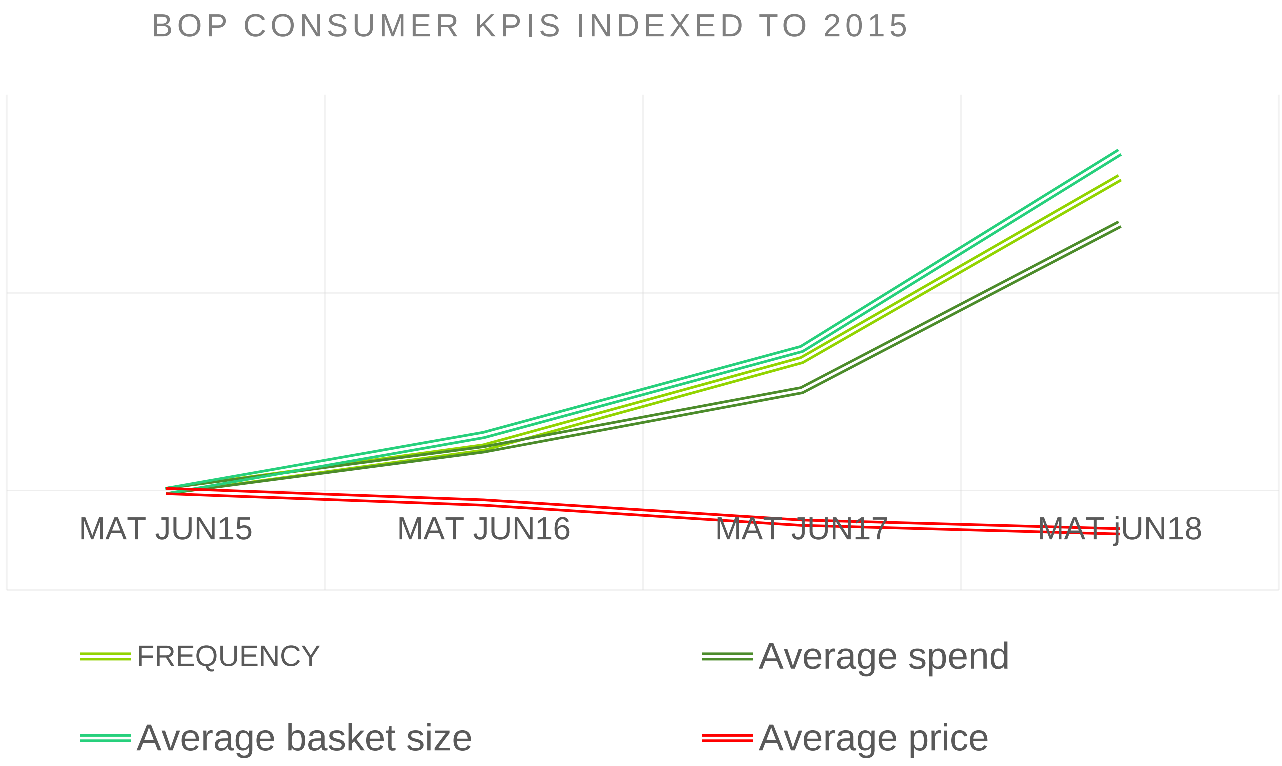


Value Share% – Local Brands Pack size



Adapted shopping behavior of BOP shoppers of Local brands over time

Buy More, Pay Less- the new norm for BOPs



Conclusion

IMPLICATION ON BRAND DEVELOPERS AND MANAGERS

- The Role of brands in the life of BOP consumers will increase as shopping trips is becoming more purpose driven.
- Ability to adapt quickly to the local needs of Shoppers is critical, specially Pack Size and Price Point at the moment
- Focus your actions on recruitment and Penetration development- Easiest lever for most growing brands.
- Proximity and convenience to shopper is key to winning- Strategic investment on retail and distribution value chain is critical.

Size of Opportunity among BOP by 2021 in Kenya

- Population growth rate - 3%pa
- Average household spend growth - 16%pa

(Based on 4 years historical account on the panel representing 41% of the household population)

usd272m

KANTAR WORLDPANEL

Thank you