Dishwashing

October 2011

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DISHWASHING IN KENYA - CATEGORY ANALYSIS

HEADLINES

- Dishwashing products sees volume growth of 1% and current value growth of 11% in 2010
- Hand dishwashing remains the only significant category within dishwashing products in 2010
- A lack of competition and product development prevents other dishwashing categories from growing
- Unit prices of dishwashing products increase by 9% in 2010
- Haco Industries Kenya leads dishwashing products with a 24% value share in 2010
- Dishwashing products is expected to record a constant value CAGR of 4% in the forecast period

TRENDS

- Penetration of dishwashing products has been low amongst Kenyans, who prefer to use bar soap, and in some cases laundry detergents, for dishwashing. Traditionally defined dishwashing products are largely viewed as luxuries. This explains the relatively low volume growth of 1% in 2010.
- Unit prices increased by 9% in 2010, largely due to economic and inflationary pressures, brought about by drought conditions, and rises in the cost of production, electricity and water in the country in 2010.
- Hand dishwashing is the only significant category in dishwashing products, whilst other categories, such as automatic dishwashing, are negligible, and are only available in upper-market suburbs. Dishwashers are still a novelty in Kenya, and most people prefer to wash dishes by hand, or to employ someone to wash their dishes.
- Dishwasher penetration remained low in 2010, although it has reached 11% in urban areas compared to 4% in rural areas, mainly due to the high purchasing price and the availability of cheap labour to do housework, including dishwashing; hence eliminating the need for an expensive, water-guzzling dishwasher.

COMPETITIVE LANDSCAPE

- For another year running, Haco Industries Kenya led dishwashing products in 2010 with its Sparkle and Dazzle brands, with a 24% value share. The use of innovative packaging sizes, giving consumers a greater variety of products from which to choose, is one reason for this position, along with its nationwide distribution and marketing network.

PROSPECTS

- Dishwashing products is expected to record a constant value CAGR of 4% in the forecast five year period. It is expected that players will innovate with diverse products, and will attempt to introduce products in the hitherto underdeveloped categories such as automatic dishwashing products.

CATEGORY INDICATORS

Table 1 Household Penetration of Dishwashers 2005-2010

	2005	2006	2007	2008	2009	2010
Urban (Urban % penetration of dishwasher)						
Rural (Rural % penetration of dishwasher)						
Total (Total % penetration of dishwasher)						

Source: Euromonitor International from official statistics, trade associations, trade interviews

CATEGORY DATA

Table 2 Sales of Dishwashing by Category: Value 2005-2010

KES mn

	2005	2006	2007	2008	2009	2010
Automatic Dishwashing						

- Automatic Dishwashing Liquids	
- Automatic Dishwashing Powders	
- Automatic Dishwashing Tablets	
Dishwashing Additives	
Hand Dishwashing	
Dishwashing	

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Sales of Dishwashing by Category: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Automatic Dishwashing			
- Automatic Dishwashing Liquids			
- Automatic Dishwashing Powders			
- Automatic Dishwashing Tablets			
Dishwashing Additives			
Hand Dishwashing			
Dishwashing			

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 Dishwashing Company Shares 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 Dishwashing Brand Shares 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Total	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 Forecast Sales of Dishwashing by Category: Value 2010-2015

KES mn

	2010	2011	2012	2013	2014	2015
Automatic Dishwashing						
- Automatic Dishwashing Liquids						
- Automatic Dishwashing Powders						
- Automatic Dishwashing Tablets						
Dishwashing Additives						
Hand Dishwashing						
Dishwashing						

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 7 Forecast Sales of Dishwashing by Category: % Value Growth 2010-2015

% constant value growth

	2010-15 CAGR	2010/15 TOTAL
Automatic Dishwashing		
- Automatic Dishwashing Liquids		
- Automatic Dishwashing Powders		
- Automatic Dishwashing Tablets		
Dishwashing Additives		
Hand Dishwashing		
Dishwashing		

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

DISHWASHING IN KENYA - COMPANY PROFILES

HACO INDUSTRIES KENYA LTD IN HOME CARE (KENYA)

strategic Direction

~ Haco Industries Kenya, just like other players in the market, will continue to focus on innovation during the forecast period, as a way of increasing its share of sales. Its intemationallinkages with multinationals such as Dax Cosmetics and Alberto-Culver, as well as a recent 51% buyout by Tiger Brands of South Africa, remain a strategic priority, with these companies having large research and development budgets. In addition, the company will continue to support its range with good advertising support during the forecast period. The company has rebranded to Haco Tiger Brands.

Key Facts

Summary 1 Haco Tiger Brands: Key Facts

Full name of company:	Haco Tiger Brands Ltd
Address:	Kasarani Rd, PO Box 43903 - 00100, Nairobi, Kenya
Tel:	+254 (20) 864 2000
+254 (20) 856 0056 - 8	+254 (20) 856 1199
Fax	+254 (20) 856 0543
+254 (20) 8561367	www:
www.hacotigerbrands.co.ke	Activities:

Source: EuromonitorInternationalfrom companyreports, companyresearch,trade press,trade sources

Company Background

~ Haco Industries Kenya Ltd is a locally-owned private limited company, and was established in 1974. It employed 500 staff in 2010.

~ The company's core business areas include stationery, shavers, beauty and personal care and home care. The company diversified into beauty and personal care and home care in the mid-1990s.

~ The company has nationwide distribution across Kenya, and is particularly strong in supermarketsl hypermarkets and parapharmacies/drugstores.

~ In 2011 the company rebranded to Haco Tiger Brands from Haco Industries, after a 51% buyout by Tiger Brands of South Africa in 2008.

Production

~ Haco Industries Kenya primarily relies on its own domestic production facilities.

~ The company is a manufacturing and distribution partner for several international producers, including Alberto-Culver, Imperial Dax and E T Browne Co of the US, Societe BIC of France and Jeyes Pic of the UK.

~ The company has a distribution reach of over 180 million people in the greater Eastern Africa area, with its export sales including Uganda, Tanzania, Ethiopia, Rwanda, Burundi, 0J bouti and Eritrea.

~ The company's production facilities adhere to Good Manufacturing Practices guidelines, and meet the Kenya Standards set by KEBS (Kenya Bureau of Standards).

~ With the new joint venture with Tiger Brands, the company will benefit from international best practice and growth, and will also see many international brands join its stable.

Competitive Positioning

~ The company benefits from offering a wide range of prices. It offers high-margin products targeting middle- and high-income consumers, as well as high-volume lower-priced products targeting low- and middle-income consumers. Consequently, the company's growth is expected to be sustainable in the long term, and should not be strongly impacted by economic fluctuations.

~ The company offers a wide product range, and is typically a leader in terms of innovation. This is partly due to it representing multinationals and their brands, with these companies generally investing heavily in research and development. The company's representation of international brands such as ET Browne Drug Co's Palmer's brand and Dax Cosmetics's Dax brand offers it a strong advantage.

~ Further international brands from Tiger Brands, such as All Gold, Col mans, Beacon and others will boost the company's ratings and profile.

Summary 2 Haco Industries Kenya Ltd: Competitive Position 2010

Product type	Value share	Rank
Dishwashing products	24%	
Bleach	33%	
Surface care	14%	3
Toilet care	16%	2
Air care	6%	6

Source: EuromonitorInternationalfrom companyreports, companyresearch,trade press, trade sources, trade interviews

HOME CARE IN KENYA - INDUSTRY OVERVIEW

EXECUTIVE SUMMARY

Growing Middle-class Will Be the Driver of Future Growth

As the country's economy slowly recovered from recession and political turmoil, the middle-class regained some strength, and is set to be the engine of growth and indicator of economic prosperity in the coming years. Coming from a time when there was huge income disparity – the gap between the rich and the poor in Kenya has traditionally been amongst the highest in the world – the rise of the middle-classes is likely to bode well for the economy. This is a country where more than 50% of the population lives below the UN threshold of poverty (less than USD1 a day, and more than 75% lives on less than USD2 a day. At the same time it has some of the wealthiest men and women on the continent – Nairobi is rumoured to be the city which has the third largest population of Mercedes Benz cars in the world. The growth of the middle-classes will definitely boost business and the overall economy in the near future.

Rebounding Kenyan Economy

The Kenyan economy is on the rebound from the major shocks in 2008 and 2009. The effects of the post-election violence were far-reaching, with tourism, the country's leading source of foreign exchange, taking a direct hit due to adverse travel advice. This situation changed in 2010, and it is predicted that 2011 will be the best year yet for tourism in Kenya. Also, with the global economy largely on the rebound, and the country by and large shielded from the European debt crisis in most ways, except for tourism (the UK is Kenya's leading source of tourists – 16% in 2010); the economy is in better shape than it was 2-3 years ago.

Soaring Cost of Living Due To Economic Factors

The cost of living is rising, driven by the weakening shilling. The shilling has, since Q12011, lost over 20% of its value against the world majors. This loss affected the country, which is a net importer and depends largely on foreign currency. The currency shock impacted the price of fuel locally, which was at a record KES117 per litre in September, the highest it has ever been, and this has a far-reaching impact on the cost of production, transport, manufacturing and everyday life. Recent drought conditions also led to an increase in the cost of electricity, since over 85% of the country's electricity is hydro-produced; in some cases prices rose to three times the normal cost. This made the cost of living very expensive in Kenya, and many products (especially food) saw prices increase, in some cases by margins as high as 30%.

the 2012 Election Will Shape the Economy in the Coming Years

2012 is an election year, and is particularly significant because it is the first under the new constitution, promulgated in August 2010. The new constitution has completely changed the political landscape, with new positions created and the governance structure shaken up considerably. Also, the current president, Mwai Kibaki, is constitutionally required to step down, having served two terms. The transition of power in the new dispensation is unprecedented, and it is yet to be seen how it will play out. Memories of 2008 are still fresh in people's minds, and the world will be watching keenly to see how 2012-2013 unfolds.

Increased Company Activity Expected

There has been some significant activity in the home care market, with a few notable mergers. In particular, manufacturing giant Haco Industries Kenya was bought out by Tiger Brands of South Africa to create the mammoth company Haco Tiger Brands. This is likely to be a significant player in the market, with several international brands in its stable. It is yet to be seen how this will play out. Also, there have been forays by new products in the market, such as Bolt Insecticide, Ariel laundry detergent and a new variant of Sunlight, launched in 2011. All this activity points to growing investor confidence in the home care market, and increased scope for growth.

MARKET INDICATORS

Table 1 Households 2005-2010

	2005	2006	2007	2008	2009	2010
Households ('000)						
Average number of occupants per household (number)						

Source: Euromonitor International from official statistics

MARKET DATA

Table 2 Sales of Home Care by Category: Value 2005-2010

KES mn

	2005	2006	2007	2008	2009	2010
Air Care						
Bleach						
Dishwashing						
Insecticides						
Laundry Care						
Polishes						
Surface Care						
Toilet Care						
Home Care						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Sales of Home Care by Category: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Air Care			
Bleach			
Dishwashing			
Insecticides			
Laundry Care			

Polishes	
Surface Care	
Toilet Care	
Home Care	

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 Home Care Company Shares 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 Home Care Brand Shares 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Total			100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 Sales of Home Care by Distribution Format: % Analysis 2005-2010

% retail value rsp

	2005	2006	2007	2008	2009	2010
Store-Based Retailing						
- Grocery Retailers						
- - Supermarkets/ Hypermarkets						
- - Discounters						
- - Small Grocery Retailers						
- - - Convenience Stores						
- - - Forecourt Retailers						
- - - Independent Small Grocers						
- - Other Grocery Retailers						
- Non-Grocery Retailers						
- - Mixed Retailers						
- - - Department Stores						
- - - Variety Stores						
- - - Mass Merchandisers						
- - - Warehouse Clubs						
- - Health and Beauty Retailers						
- - Other Non-Grocery Retailers						
Non-Store Retailing						
- Vending						
- Homeshopping						

- Internet Retailing						
- Direct Selling						
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 7 Sales of Home Care by Category and Distribution Format: % Analysis 2010

% retail value rsp

	AC	B	DW	IN	LC	PO
Store-Based Retailing						
Grocery Retailers						
Supermarkets/Hypermarkets						
Discounters						
Small Grocery Retailers						
Convenience Stores						
Forecourt Retailers						
Independent Small Grocers						
Other Grocery Retailers						
Non-Grocery Retailers						
Mixed Retailers						
Department Stores						
Variety Stores						
Mass Merchandisers						
Warehouse Clubs						
Health and Beauty Retailers						
Other Non-Grocery Retailers						
Non-Store Retailing						
Vending						
Homeshopping						
Internet Retailing						
Direct Selling						
Total	100.0	100.0	100.0	100.0	100.0	100.0

	SC	TC
Store-Based Retailing		
Grocery Retailers		
Supermarkets/Hypermarkets		
Discounters		
Small Grocery Retailers		
Convenience Stores		
Forecourt Retailers		
Independent Small Grocers		
Other Grocery Retailers		
Non-Grocery Retailers		
Mixed Retailers		
Department Stores		
Variety Stores		
Mass Merchandisers		
Warehouse Clubs		
Health and Beauty Retailers		
Other Non-Grocery Retailers		
Non-Store Retailing		

Vending		
Homeshopping		
Internet Retailing		
Direct Selling		
Total	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources
Key: AC = air care; B = bleach; DW = dishwashing; IN = insecticides; LC = laundry care; PO = polishes; SC = surface care; TC = toilet care

Table 8 Forecast Sales of Home Care by Category: Value 2010-2015

KES mn

	2010	2011	2012	2013	2014	2015
Air Care						
Bleach						
Dishwashing						
Insecticides						
Laundry Care						
Polishes						
Surface Care						
Toilet Care						
Home Care						

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 9 Forecast Sales of Home Care by Category: % Value Growth 2010-2015

% constant value growth

	2010-15 CAGR	2010/15 TOTAL
Air Care		
Bleach		
Dishwashing		
Insecticides		
Laundry Care		
Polishes		
Surface Care		
Toilet Care		
Home Care		

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

DEFINITIONS

This report analyses the market for home care in Kenya. For the purposes of the study the market has been defined as follows:

- Laundry care
- Dishwashing products
- Surface care
- Bleach
- Toilet care products

~ Polishes
~ Aircare
~ Insecticides

Sources used during research include the following:

Summary 1 Research Sources

Official Sources	Central Bank of Kenya
	Kenya National Bureau of Statistics
	Kenya National Chamber of Commerce & Industry
Trade Associations	Federation of Kenya Employers
	Kenya Association of Manufacturers
Trade Press	Daily Nation
	Nation Media Group

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