



Polishes

October 2011

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POLISHES IN KENYA - CATEGORY ANALYSIS

HEADLINES

- Polishes records 11% current value growth in 2010
- An increase in counterfeit goods continues to affect volume growth
- Metal polish sees the highest current value growth of 16% in 2010
- Unit prices record 10% growth in 2010, driven by the high cost of production and inflation
- Sara Lee Household & Body Care South Africa accounts for a 60% value share in 2010
- Polishes is expected to increase by a constant value CAGR of 2% in the forecast five years

TRENDS

- Shoe polish is particularly susceptible to counterfeits, since several low quality, low priced products enter the market every year, and people prefer to use these to save money.
- With the growth of cheap flooring options such as carpets, vinyl flooring and mats, many people no longer need to polish their floors. Furthermore, traditional flooring materials such as wood and marble tend to be extremely expensive, and hence unpopular. Also, with modern tiles being easily to clean, those without carpets often opt to just clean them regularly, without needing to polish them.
- Where furniture needs polishing, particularly wood or leather, this furniture is being replaced by plain fabric coverings, due to the cost of polishing and maintaining polished surfaces. Most people now prefer fabrics, since they are lower maintenance, particularly with regard to polishing.

COMPETITIVE LANDSCAPE

- Sara Lee Household & Body Care South Africa led polishes in 2010 with its popular Kiwi brand. The brand is marketed with an aggressive campaign covering print, radio and television. The campaign's tagline is "When your shoes shine, you shine too", and incorporates celebrity endorsement from the world 800m champion and record holder, David Rudisha, a Kenyan athlete. The campaigns are also targeted towards schoolchildren, and are often run at the beginning of the school term.



PROSPECTS

- Polishes is expected to record a constant value CAGR of 2% in the forecast period. The continued influx of counterfeit products will be a major factor affecting this performance. With regard to furniture polish, the continued preference for fabric-covered furniture means that wood and furniture polish are not expected to grow particularly rapidly.

CATEGORY DATA

Table 1 Sales of Polishes by Category: Value 2005-2010

KES mn	2005	2006	2007	2008	2009	2010
Floor Polish						
Furniture Polish						
Metal Polish						
Shoe Polish						
Polishes						

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

Table 2 Sales of Polishes by Category: % Value Growth 2005-2010

% current value growth	2009/10	2005-10 CAGR	2005/10 TOTAL
Floor Polish			
Furniture Polish			
Metal Polish			
Shoe Polish			
Polishes			

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

Table 3 Polishes 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 4 Polishes Brand Shares 2007-2010

% retail value rsp
Brand Company 2007 2008 2009 2010



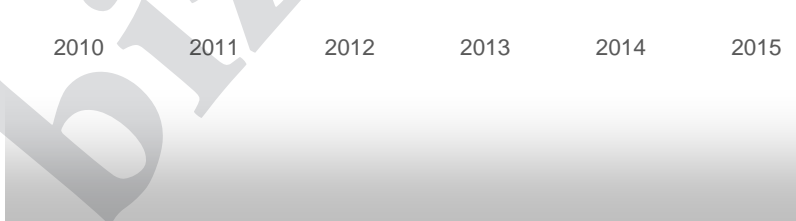
Total 100.0 100.0 100.0 100.0

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

Table 5 Forecast Sales of Polishes by Category: Value 2010-2015

KES billion 2010 2011 2012 2013 2014 2015

Floor Polish
Furniture Polish
Metal Polish
Shoe Polish
Polishes



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

Table 6 Forecast Sales of Polishes by Category: % Value Growth 2010-2015

% constant value growth 2010-15 CAGR 2010/15 TOTAL

Floor Polish
Furniture Polish
Metal Polish
Shoe Polish
Polishes



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

POLISHES IN KENYA - COMPANY PROFILES

INTERCONSUMER PRODUCTS KENYA LTD IN HOME CARE (KENYA)

Strategic Direction

- ~ Interconsumer Products Kenya is expected to focus on adding value to its range during the forecast period. The company will strive for innovation, and could well introduce products at different price levels, such as premium skin and hair care products. However, its primary focus will continue to be on affordable mass beauty and personal care products.
- ~ The company will differentiate itself from competing premium brands by diversifying and expanding the lower end of the market, and making forays into mid-level products. The company will also seek partnerships in the higher-end of the market to solidify its market presence and reach.

Key Facts

Summary 1 Interconsumer Products Kenya Ltd: Key Facts

Full name of company:	Interconsumer Products Kenya Limited
Address:	Nice & Lovely House, Mombasa Road Opp JKIA/Msa Rd Flyover, PO Box 19558, 00202, Nairobi, Kenya
Tel:	+254 (20) 219 4415 - 8
Fax:	+254 (20) 219 4414
www:	www.nicenlovely.com
Activities:	Manufacturer of skin care and hair care products, deodorants and depilatories, and baby care, leather care and polishes
Source:	EuromonitorInternationalfrom companyreports, companyresearch,trade press, trade sources

Company Background

- ~ Interconsumer Products Kenya is a privately-owned local company.
- ~ The company was founded in 1995 as a back-street company producing shampoos and conditioners, and selling these directly to hair salons. The company became a limited company in 1996.
- ~ Between 1998 and 2001, the company laid emphasis on quality and professionalism, gaining an upper-hand over other local competitors, and also enabling it to compete with international brands.
- ~ In 2006 the company engaged in an expansion programme in response to increased demand for good-quality products; thus embarking on the construction of a new factory in 2007 to host

all its operations. The company moved to its new premises along Mombasa Road in 2008, where it continued to invest in modern technology to produce high-quality products.

- ~ The company is primarily focused on beauty and personal care, but also operates in the tannery business, and offers leather care products and polishes. The company also has a presence in tissue and hygiene, in which it offers nappies/diapers and sanitary protection products.
- ~ The company has nationwide distribution coverage in Kenya.

Production

- ~ Interconsumer Products Kenya produces its products locally, in Nairobi.
- ~ The company began to export its range in 2002, in response to growing competition in Kenya from lower-priced and unregulated imports from South Asia. The company thus began to export its range to Uganda, Tanzania and Rwanda, where it subsequently established distributors.
- ~ The company expanded its production in 2006, and in 2007 it started to construct a new production facility to house its operations, with this opening in 2008.

Competitive Positioning

- ~ Interconsumer Products Kenya participates mainly in polishes in the home care market. It held a 4% value share in this category in 2010.
- ~ The company's value share rose towards the end of the review period. The company benefited from offering affordable prices, along with strong customer loyalty and a reputation for quality. Consequently, it attracted many consumers who were seeking more affordable alternatives to multinational brands towards the end of the review period.
- ~ The company focuses on the lower-end of the price range, seeking high volume sales with lower margins.

Summary 2 Interconsumer Products Kenya Ltd: Competitive Position 2010

Product type	Value share	Rank
Polishes	4%	3

Source: EuromonitorInternational from company reports, company research, 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
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Total	100.0	100.0	100.0	100.0	100.0
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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
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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



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

Other Sources

bizzcommunity

Source: Euromonitor International

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