EUROMONITOR INTERNATIONAL

BTC TRADE FOR DEVELOPMENT

HOT DRINKS IN KENYA AND EAST AFRICA

REGIONAL PRODUCTION AND TRADE

551,911
Regional tea production (tonnes) 2015

10%
Regional share in global tea supplies 2015

40%
Fairtrade share of tea production 2015

418,588
Regional coffee production (tonnes) 2015

4%
Regional share in global coffee supplies 2015

10%
Fairtrade share of coffee production 2015

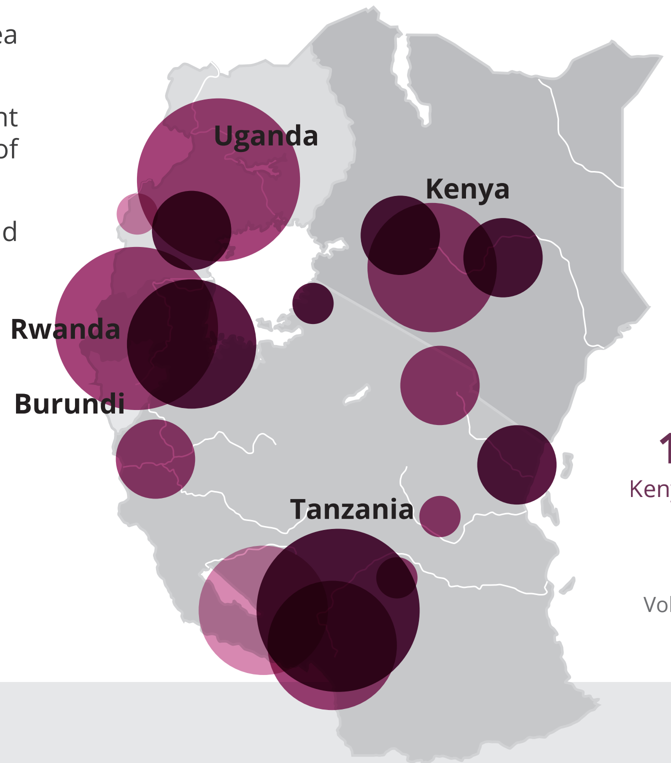
Kenya is the third largest producer of **tea** worldwide, after China and India. The tea sector is a prominent pillar of **Kenya**'s Vision 2030.

Smallholder farming dominates tea and coffee in the region, but with significant differences between countries. Half a million smallholders produce two thirds of **Kenya**'s **tea** and **coffee**, whereas most tea in Uganda is grown on large estates.

Cocoa production in **East Africa** remains minor coming mostly from **Uganda** and **Tanzania**.

Kenya plays a pivotal role in the East African tea industry and it also hosts the world's biggest tea auction at Mombasa, selling produce from nine African nations. Conversely, Uganda leads both coffee and cocoa regional production, and it is positioned as Africa's largest Robusta exporter, a cheaper bean used in instant coffee.

TEA, COFFEE AND COCOA PRODUCTION AREAS



REGIONAL MARKET DYNAMICS

29,700
Regional tea consumption (tonnes) 2015

2.8%
Volume CAGR 2011-2015

US$0.76
Regional per capita expenditure on tea 2015

16,650
Regional coffee consumption (tonnes) 2015

7.2%
Volume CAGR 2011-2015

US$2.60
Regional per capita expenditure on coffee 2015

7,625
Regional cocoa consumption (tonnes) 2015

5.8%
Volume CAGR 2011-2015

US$1.68
Regional per capita expenditure on cocoa 2015

As the most populous countries in **East Africa**, **Kenya**, **Uganda** and **Tanzania** also have the largest hot drinks markets in the region. **Kenya** leads with highest per capita consumption volumes, a reflection of higher incomes than in the rest of the region.

Tea is a staple beverage in Kenyan households drunk throughout the day at home and at work. However, coffee and powdered hot drinks are gaining momentum in East Africa.

15,279 mn
Kenya's tea consumption in cups 2015

2.5%
Volume CAGR 2011-2015

196 mn
Kenya's coffee consumption in cups 2015

3.0%
Volume CAGR 2011-2015

253 mn
Kenya's cocoa consumption in cups 2015

4.2%
Volume CAGR 2011-2015

Kenya

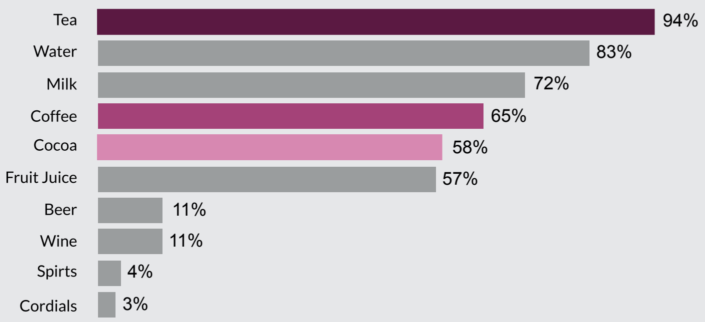
Market Drivers

- Innovation and new product development
- Income growth and urbanisation
- Increasing penetration of private label
- Growing tourism and expansion of international hotel chains
- Expansion of foodservice chains
- Coffee shop revolution

65% of all hot drinks are sold in supermarkets and hypermarkets, which offer wide variety in brands, formats and flavours. 95% of urban consumers bought their hot drinks there.

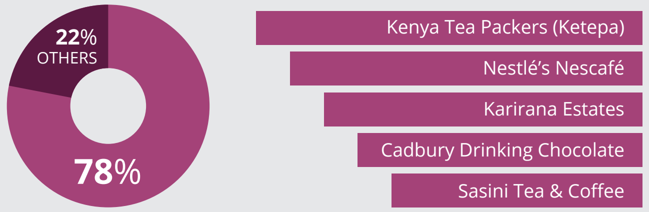
35% of sales come from small grocers, open air markets, kiosks and corner shops, with 55% of urban consumers regularly buying from local convenience stores.

Proportion of households drinking a beverage daily*



*Based on 501 responses from a consumer survey conducted by Euromonitor International in December 2016

In the concentrated Kenyan hot drinks market, competitive intensity is high



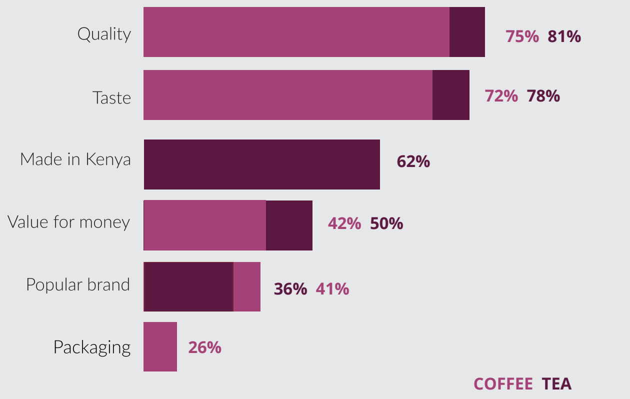
Only two products on Kenyan retail shelves are Fairtrade certified

166 Volume sales of Fairtrade certified hot drinks (tonnes) 2015

Dormans

Kericho Gold

Quality and good taste are most common drivers of consumer choice



Awareness of Fairtrade is low across consumers, foodservice and institutions. Only 36% of tea drinkers, 43% of coffee drinkers and 13% of the sample for foodservice and institutional have heard of Fairtrade.