FieldAssist

Transforming Kenya's FMCG Industry

A Blueprint for Success

Whitepaper

Information › Insight › Impact

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Kenya: A Strategic Gateway to East Africa

With a population exceeding 50 million, Kenya has emerged as one of the fastest-growing economies in the world and a strategic gateway to the East African region.

The country's FMCG market is fueled by rapid urbanization, a growing middle class, and increasing disposable income.

As of 2024, approximately 31.3% of Kenya's population resides in urban areas, totaling around 17.6 million people. This urban growth has expanded the consumer base for FMCG products, particularly in cities like Nairobi, which boasts a population exceeding 4 million.

This presents significant opportunities for FMCG brands to tap into a market that is increasingly shifting towards premium and branded products. Furthermore, Kenya's young, tech-savvy population is driving the growth of digital solutions and e-commerce platforms, offering FMCG brands the chance to leverage technology for deeper market penetration.

This has already attracted international giants like Coca-Cola, Unilever, and Procter & Gamble, who are leveraging Kenya as a hub for their East African operations.

The USP of Kenya

Strategic Location & Market Access

Kenya's membership in major regional economic blocs, including the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), offers FMCG brands access to over **500 million consumers**. Its proximity to key economies like Tanzania, Uganda, and Ethiopia makes it ideal for cross-border expansion.

Growing Consumer Market

By 2030, Kenya's middle class will constitute a significant portion of the urban population, driving increased demand for FMCG products. This growth is complemented by rapid urbanization, digital adoption like M-pesa, and rising disposable incomes, which are reshaping consumer spending patterns.
Source: Nation Africa

Infrastructure as a Growth Enabler

Well-developed ports, extensive road networks, and Nairobi's status as a financial hub enable seamless logistics and operational scalability, further enhancing Kenya's appeal as a launchpad for regional distribution.

Business-Friendly Environment

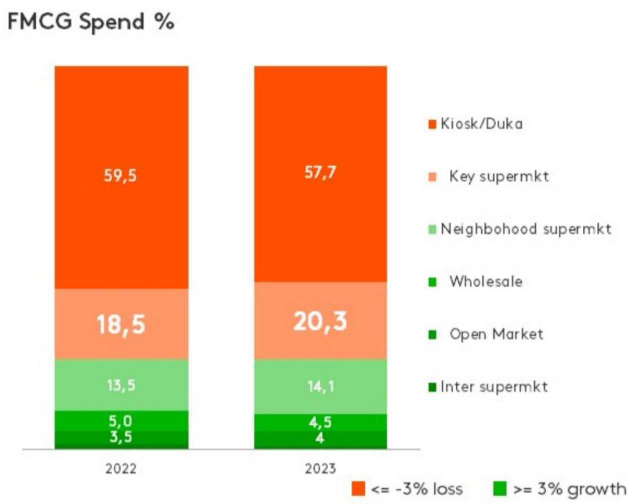
Kenya consistently ranks among the top African nations in the **World Bank's Ease of Doing Business Index**, offering favorable conditions for investment, including tax incentives and export-friendly policies.

The Shifting Retail Landscape in Kenya

Supermarkets vs Kiosks

Kenya's retail sector is undergoing significant change. Local supermarkets are gaining traction due to competitive pricing, wider product ranges, and improved shopping experiences, leading to an 11% year-over-year increase in consumer spending.

However, kiosks remain the dominant retail channel, capturing **57.7%** of FMCG spending. This highlights the **importance of a multi-channel strategy** that addresses both **urban supermarkets** and **community-based kiosks.**



Source: Kantar World Panel

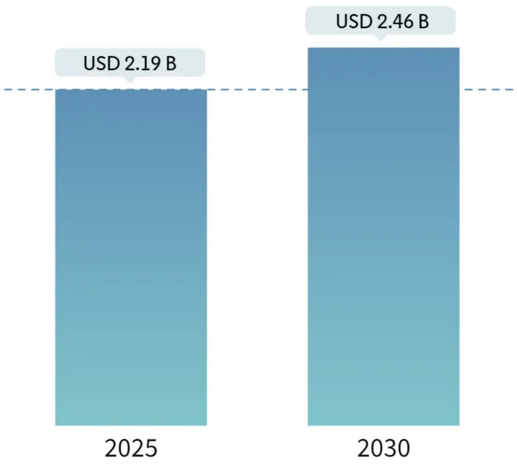
Consumer Behaviors

As inflationary pressures persist, Kenyan consumers are increasingly exploring **omnichannel** and **wholesale shopping alternatives** that offer better value and convenience. This diversification in purchasing behavior is reshaping the competitive landscape, with FMCG brands needing to adapt their RTM strategies to cater to changing demands.

Dominance of Flexible product packaging

As per the report by Mordo Intelligence, The Flexible Packaging Market size in Kenya is estimated at USD 2.14 billion by the end of 2024. With a CAGR of 2.38% during the forecast period (2024-2029), the market is expected to reach USD 2.41 billion by 2029.

Kenya Flexible Packaging Market
Market Size in USD Billion
CAGR 2.38%



Source : Mordor Intelligence

Study Period	2019 - 2030
Base Year For Estimation	2024
Forecast Data Period	2025 - 2030
Market Size (2025)	USD 2.19 Billion
Market Size (2030)	USD 2.46 Billion
CAGR (2025 - 2030)	2.38 %
Market Concentration	High
Major Players	Huhtamaki, Polyflex, Silafrica, Ramco Plexus, Flexipac

*Disclaimer: Major Players sorted in no particular order

This clearly indicates the importance of flexible packaging (such as bags, pouches, and wraps) for the food and beverage industry in Kenya and is attributed to consumers taste and spending habits.

According to **NIQ Data Measurement for 2023**, the categories that experienced the highest value margin increases were diapers, toilet soap, non-bulk water, energy drinks, and nectars. Despite the growth in these categories, the consumer basket in Kenya remains dominated by essential commodities. The ***top categories contributing to consumer spending include Flour, Energy Drinks, Cooking Oil, Liquid Milk-UHT, Fermented Milk, Diapers, Liquid Fresh Milk, Toilet Soap, Fem-Care, Breakfast Cereals, and Skin Care.***

Rising disposable income

In Kenya, disposable income has been growing steadily, with national disposable income projected to reach approximately **KES 13,078 billion by the end of 2024**. The rise of disposable income is helping the Consumer Packaged Goods (CPG) market grow, especially for products like food, drinks, and beauty items. For example, the beauty and personal care market, which includes things like skincare and makeup, is expected to grow by about 6.22% each year from 2024 to 2029.

Kenyan shoppers are also becoming more interested in healthy, sustainable products, which is boosting modern retail stores. As consumers now look for high-quality, branded products, there's a lot of growth potential in the Kenyan CPG market.

Large youth population

Kenya's population is significantly comprised of individuals under 35, positioning young consumers, particularly Millennials and Gen Z, as a powerful influence in the country's rapidly expanding consumer markets.

This demographic is driving notable growth, especially in the cosmetics and skincare verticles. Their purchasing behaviours are strongly shaped by social media, exposure to international trends, and the convenience of eCommerce. As they encounter new ideas and beauty trends online, they are eager to experiment with different routines and are redefining traditional notions of beauty in Kenya.

Key Highlight

Businesses transitioning to a distributor-led model must navigate challenges in supply chain visibility and operational efficiency to succeed in both traditional and modern trade. Strategic partnerships and digitization adoption will be key to maximizing reach and driving growth in Kenya's evolving FMCG market.

The Market Reality...

FMCG brands must adapt to the shifting landscape, where route-to-market (RTM) strategies are evolving from traditional van sales to more efficient, distributor-led models.

Kiosk channel dominance

With kiosks capturing the majority share of FMCG spending, brands must ensure product availability, tailored marketing, and focused distribution in these essential channels.

Strategic supermarket partnerships

Partnering with local supermarkets and expanding presence in key and neighborhood supermarkets can provide new growth avenues for brands.

Shopper penetration and activation

With brands losing 40-50% of shoppers quarterly, regular activations and recruitment strategies are crucial to mitigate churn and drive growth.

Innovation in product offerings

Brands should focus on creating value-driven products that cater to different use cases, backed by the right packaging, pricing, and range to meet diverse consumer needs.

Technology-driven distribution

Leveraging tools such as DMS (Distributor Management Systems) and SFA (Sales Force Automation) systems that provide better data visibility, optimized distribution, and improved decision-making capabilities.

Future Trends

Kenya's Market Dynamics are being shaped by several macro-economies and consumer-driven trends, which present brands with both opportunities and operational challenges.

1. Growing Middle-Class and Urbanization

As urbanization accelerates, Kenya's growing middle class is driving demand for branded goods and premium products, offering FMCG companies a new avenue for market growth.

2. Adoption of Digital Payments and E-commerce

The increasing adoption of mobile payment systems like M-Pesa and the rise of e-commerce platforms have created new channels for FMCG brands to reach consumers, particularly in urban areas. This also opens room for omni-channel RTM strategies, enhancing overall customer experience.

3. Health-Conscious Customer Preference

Kenyan consumers are becoming more aware of health and wellness, resulting in a shift towards healthier product offerings. Brands that adapt to these customer preferences will likely gain a competitive advantage in the Kenyan FMCG market.

4. Flexible Packaging

According to **Zippy Ondisa Shiyoya, Director of the Institute of Packaging Professionals in Kenya**, flexible packaging for Fast-Moving Consumer Goods (FMCG) is becoming increasingly important. The demand for smaller, single-use packaging is a key driver of growth in Kenya's market.

5. Building strong local partnership

Shiyoya also highlights the importance of forming strovng local partnerships with distributors, retailers, and suppliers to expand market presence and gain deeper insights. These relationships help build better distribution networks and strengthen customer connections.

Expert Insights

Himanshu Joshi *(Ex-Perfetti, Ex-Mars Wrigley) - "Tech is a big deal for Kenyan stores. To keep up, businesses need to work closely with partners and use tech to manage their products well. Kenya's market is tough, but tech helps companies stay strong."*

The way to FMCG Success ? Rural, Urban, Connected

Kenya isn't just another market; it's the gateway to East Africa. And that means you need to **rethink how you distribute, how you engage with retailers,** and **how you leverage technology.**

That's why brands are adopting connected distribution models to address the diverse needs of both rural and urban consumers.

This transition is not just a response to the logistical challenges of Kenya's geographic landscape but also a strategic move to harness the power of technology and data to enhance market responsiveness.
Here's how you make it happen.

The shift from Van Sales to Distributor-Led Models

Historically, FMCG brands in Kenya relied on **van sales,** a direct distribution model that allowed for greater control over the supply chain.

As consumer demand has grown and logistics have become more complex, brands are increasingly moving towards a more scalable **Distributor-Led** model for deeper market penetration.

However, the Route-to-Market (RTM) strategies differ significantly between self-manufacturing brands and international brands, each navigating unique challenges and opportunities in the Kenyan market.

Self-manufacturing brands in Kenya benefit from local production, allowing faster response to market demand. Using a Distributor-Led Model, they partner with regional distributors to reach both urban and rural areas efficiently. However, they face challenges with maintaining visibility in traditional trade (kiosks) and rely on distributors for last-mile delivery & in-store execution.

To overcome this, self-manufacturing brands can integrate **Sales Force Automation (SFA)** and **Distributor Management Systems (DMS)** to ensure consistent stock availability and improve real-time data tracking across the supply chain.

In contrast, international brands rely on importing their products, which adds complexity to the supply chain. They partner with local distributors to handle customs, warehousing, and distribution to retailers across both modern trade (supermarkets, e-commerce) and traditional trade (kiosks, dukas). The main challenge for international brands is longer lead times due to import regulations and customs clearance, which can slow down their ability to meet demand quickly. In this case, SFA and DMS can help international brands to improve their control over the supply chain, offering better visibility and operational efficiency.

Below is a comparative analysis of **Van Sales and Distributor-Led Models:**

Criteria	Van Sales	Distributor-Led Models
Control Over Distribution	Full control over distribution and last-mile delivery. Brands manage the fleet and logistics on their own.	Distributors manage logistics, inventory, and last-mile delivery, reducing the brand's operational burden.
Cost Efficiency	High operational cost due to the maintenance of fleet of vans, drivers and warehousing facilities.	Low operational cost as distributor uses their own infrastructure and resources, optimizing routes and deliveries.
Market Reach	Limited to certain geographical areas, primarily urban and semi-urban.	Distributors-led model can provide enhanced market reach, including rural and hard-to-reach areas.
Scalability	Difficult to scale, especially in diverse and fragmented rural market.	Easy to scale with the help of distributors across various region, from rural kiosks to urban supermarkets.
Flexibility	Less flexibility to adapt to local market conditions, often requiring a one-size-fits-all approach.	High flexibility to adapt to local markets and consumer behaviours, allowing tailored strategies per region or channel.
In-store execution	Managed by the business' sales team, allowing direct oversight but with limited bandwidth for widespread execution across large geographies.	Distributor-led distribution ensure consistent in-store execution across modern trade (MT) and general trade (GT)
Technology Integrations	Limited integration with technologies as van sales primarily rely on manual processes.	Highly integrated with DMS and SFA solutions, offering real-time insights into sales performance, stock levels and market conditions.

Technology is Essential for Optimizing Distribution

The transition to distributor-led models is greatly enhanced by the integration of technology, which addresses several critical pain points in the supply chain and distribution process.

> *As per Cornie Stols, Business Relationship Manager at Vivo Energy -"While technology is undoubtedly a tool, It's the canvas upon which we paint our distribution business. To truly drive growth, technologies must deeply understand the intricacies of distributions."*

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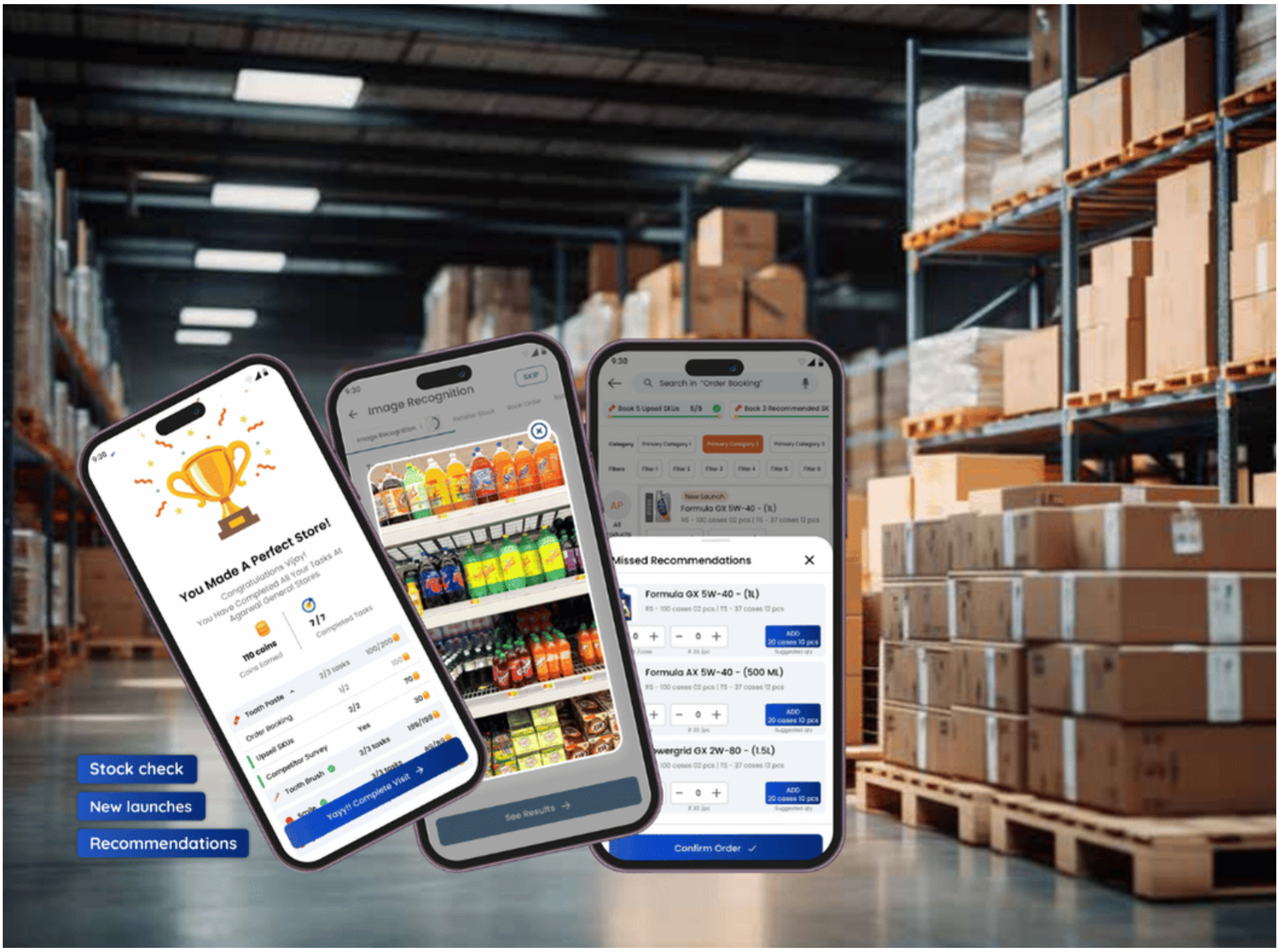


Here are the **key pain points** addressed by DMS and SFA:

Pain Points	Impact on Distribution	Solution via DMS	Solution via SFA
Lack of Real-Time Visibility	Inability to track inventory, orders, and deliveries in real time, leading to stockouts or overstocking.	DMS provides real-time visibility into inventory and order status, ensuring optimal stock levels and timely replenishment.	SFA tracks delivery schedules and provides accurate updates on salespeople's performance.
Inefficient Route Planning and Delivery	Increased transportation costs and delayed deliveries due to poor route optimization.	N/A	SFA optimizes delivery routes, reducing transportation costs and improving delivery timeliness.
Poor Inventory Management	Manual tracking leads to inaccurate stock data, delayed replenishments, and inconsistent product availability.	DMS automates inventory tracking, ensuring timely replenishment and consistent product availability.	SFA can help monitor stock levels in the field, providing additional visibility into stock availability.
Limited Data on Sales Performance	Lack of data on product performance hinders effective promotions and resource allocation.	DMS tracks product movement across distributors, helping brands understand product performance.	SFA collects real-time sales data, providing insights into which products are performing well in specific regions.
Communication Gaps between Brands, Sales teams and Dustributors	Limited coordination between sales and distribution teams creates execution inefficiencies, reducing market responsiveness and complicating promotional strategies.	DMS helps brands to share schemes/promotions in real time, fostering proactive feedback from distributors and making them part of the brand's strategy.	SFA facilitates real-time communication by providing sales team and distributors with up-to-date visibility on stock availability and active schemes/promotions, streamlining in-market executions.

The combination of **distributor-led models** and **technology integration** allows FMCG brands to develop a unified distribution strategy that caters to both rural and urban markets.

This strategy not only improves operational efficiency but also enhances market responsiveness, ensuring that brands can meet the unique needs of Kenya's diverse consumer base - whether in rural kiosks or urban hypermarkets.

Retailer Access and In-Store Execution

In Kenya's diverse retail landscape, ensuring retailer access and optimizing in-store execution is critical to driving brand visibility and customer engagement.

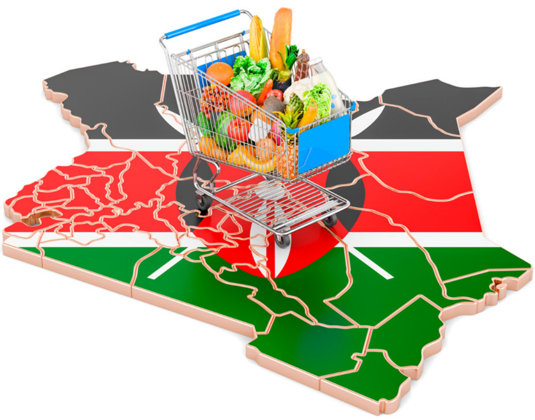
A technology-enabled approach, using Sales Force Automation (SFA), can help brands navigate this complex environment effectively.

The **Strategic Focus** of brands should be:

- Utilizing SFA tools to optimize route planning, and ensuring sales teams can efficiently cover a wide range of retail outlets - from kiosks in rural areas to large urban supermarkets.
- Developing tailored in-store execution strategies that ensure product visibility, shelf presence, and consumer engagement, particularly across General Trade (GT), Small Modern Trade (SMT), and Modern Trade (MT) channels.
- Implement customized pricing and promotional strategies that cater to regional market differences and varying store sizes to maximize consumer reach and satisfaction.

Why this matters:

In-store execution remains a critical touchpoint for FMCG brands to connect with consumers. Using SFA to streamline field operations and ensure consistent product availability enhances brand engagement and reinforces customer loyalty.



Leveraging Data-Driven Decision Making

The integration of advanced technologies is key to maintaining operational efficiency and agility.

Combining ERP with DMS and leveraging AI & ML capabilities empowers brands with seamless inventory management through automatic detection of low stocks, real-time stock visibility, and automatic stock replenishment. Predictive alerts further prevent stockout situations, while batch-level visibility offers insights into product aging.

AI-powered Automatic Replenishment Systems (ARS) enable proactive, data-driven decision-making, allowing brands to adapt swiftly to market changes and maintain optimized stock levels.

The **Strategic Focus** of brands should be:

- Integrating ERP and DMS systems enables seamless data flow between inventory management, production, and distribution. This integration supports real-time monitoring of stock levels and enhances supply chain visibility.
- Leveraging AI and ML technologies to predict demand, optimize inventory levels, and improve supply chain resilience. These tools allow for proactive decision-making, ensuring products are always available where and when they are needed.
- Partnering with the right technology providers to implement integrated solutions that align with your operational goals, driving efficiency and enabling faster, more informed decision-making.

Why this matters:

An integrated ERP-DMS solution, supported by AI ML-driven insights, enables FMCG brands to operate with greater precision. This ensures smoother operations, faster response to market trends and the ability to scale effectively in a highly competitive environment.

Navigating Challenges, Driving Growth

We've been there for...

Beiersdorf

Pearl Dairy Farmers' Community

Blume Nigeria Limited

44%

Boost in Productivity

Streamlined workflows by automating manual processes.

16000

Outlets Scaled

Achieved 2X revenue growth with seamless DMS implementation.

80%

Sales Growth

Achieved with zero pilferage through enhanced distribution tracking.

44%

Reduction in Billing Processing Time

Enabled by adopting technology-driven billing solutions.

100%

Tertiary Sales Capture

Attained through real-time data integration and visibility.

90%

GTM Accuracy in Rapid Rural Expansion

Enhanced market penetration with strategic distribution models.

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