



Market Research on the Cheese, Beer, Bakery and Tourism Industries in Kenya

1. ZUSAMMENFASSUNG	1
2. COUNTRY PROFILE - KENYA	4
2.1 Political and Socio-Economic Context.....	4
2.2 Landscape and Climate.....	5
2.3 Economy	6
2.4 SWOT Analysis	8
3. AGRICULTURAL SECTOR IN KENYA	9
4. DAIRY INDUSTRY	12
4.1 State of the Industry	13
4.2 Industry Regulation.....	15



alp Bayern

Agentur für Lebensmittel
Produkte aus Bayern



AHK Services Eastern Africa Ltd

5. CHEESE INDUSTRY IN KENYA	15
5.1 Major Import and Export Markets	16
5.2 Cheese Producers and Specialty Shops in Kenya	17
5.3 Standards and Import Regulations	19
Duty	19
Import declaration form	20
Pre-export Verification of Conformity (PVoC)	20
Import permit for milk and dairy products	20
Import health certificate	21
5.4 Analysis	21
6. BEER INDUSTRY	22
6.1 State of the Industry	23
6.2 Industry Regulation	24
6.3 Major Import and Export Markets	25
6.4 Consumption Patterns	26
6.5 Standards and Import Regulations for Importing Beer to Kenya	26
Import health certificate	27
6.6 Analysis	28
7. BAKING INDUSTRY	28
7.1 Major Import Markets	31
7.2 Standards and Import Regulations for Importing Pastries to Kenya	32
Import health certificate	34
7.3 Analysis	34
8. TOURISM SECTOR	34
8.1 The Supply Chain	36
8.2 Suppliers Hotels and Resorts	36
8.3 Major tourist resorts in Kenya	38
9. Conclusion	42

Imprint

Publisher

AHK Services Eastern Africa Ltd, (a service entity of the
Delegation of German Industry and Commerce for East
ern Africa

West Park Suites, 6th floor

Ojijo Road, Parklands (opp. Parklands Police Station)

P.O BOX 19016 - 00100 Nairobi, Kenya

www.kenia.ahk.de

Text and Editing

Michael Mugo

George Pflomm

Chris Wegner

Design and production

AHK Services Eastern Africa Ltd.

Date

06.19.2020

Picture credits

Pixabay.com.

The study was prepared as part of a market exploration
for the potential of Bavarian Agricultural products in the
Kenyan market.

The work, including all its parts, is protected by
copyright. The target market analysis is available on
German Trade & Invest GmbH and suitable for free
exploitation by third parties.

All contents have been prepared with the greatest
possible care and to the best of our knowledge. This
document does not meet any requirements for a
scientific work. The publisher accepts no responsibility
for the topicality, correctness, completeness or quality
of the information provided. The publisher is not liable
for material or immaterial damage caused directly or
indirectly by the use or non-use of the information
provided, unless it can be proven that the publisher
acted with intent or gross negligence.

Table of Contents

1. ZUSAMMENFASSUNG	1
2. COUNTRY PROFILE - KENYA	4
2.1 Political and Socio-Economic Context.....	4
2.2 Landscape and Climate	5
2.3 Economy.....	6
2.4 SWOT Analysis.....	8
3. AGRICULTURAL SECTOR IN KENYA	9
4. DAIRY INDUSTRY	12
4.1 State of the Industry	13
4.2 Industry Regulation.....	15
5. CHEESE INDUSTRY IN KENYA	15
5.1 Major Import and Export Markets.....	16
5.2 Cheese Producers and Specialty Shops in Kenya.....	17
5.3 Standards and Import Regulations	19
5.4 Analysis	21
6. BEER INDUSTRY	22
6.1 State of the Industry	23
6.2 Industry Regulation.....	24
6.3 Major Import and Export Markets.....	25
6.4 Consumption Patterns	26
6.5 Standards and Import Regulations for Importing Beer to Kenya	26
6.6 Analysis	28
7. BAKING INDUSTRY.....	28
7.1 Major Import Markets	31
7.2 Standards and Import Regulations for Importing Pastries to Kenya	32
7.3 Analysis	34
8. TOURISM SECTOR.....	34
8.1 The Supply Chain.....	36
8.2 Suppliers Hotels and Resorts	36
8.3 Major tourist resorts in Kenya	38
9. Conclusion	42

List of Tables

Table 1. Key economic data for Kenya.....	7
Table 2: SWOT – Analysis Kenya	8
Table 3: Comparative Indices.....	8
Table 4: Important Details	9
Table 5: Dairy Production (2010 to 2018).....	14
Table 6: Top Supplying Markets for Cheese and Curd Products Imported by Kenya 2017/2018	16
Table 7: Top Importing Markets for Cheese and Curd Products from Kenya.....	17
Table 8: Cheese makers in Kenya.....	18
Table 9: International cheese brands in Kenya.....	18
Table 10: Standards for Cheese Products in Kenya	19
Table 11: Top Supplying Markets for Beer Products Imported by Kenya 2014/2018	25
Table 12: Top Importing Markets for Beer Products from Kenya 2014/2018.....	25
Table 13: Dominant players in the Kenya baking industry.....	30
Table 14: International Pastry brands in Kenya	32
Table 15: Suppliers of Dairy Products	37
Table 16: International Beer Products	37
Table 17: Nairobi hotels.....	38
Table 18: Central Kenya/Mount Kenya hotels.....	39
Table 19: Mombasa hotels.....	39
Table 20: Kilifi, Watamu and Malindi hotels.....	40
Table 21: Diani hotels.....	40
Table 22: Rift Valley (Maasai Mara, Nakuru, Samburu, Amboseli) hotels.....	41
Table 23: Nyanza and Western hotels	41

1. ZUSAMMENFASSUNG

Die Landwirtschaft ist das Rückgrat der kenianischen Wirtschaft, schafft viele Arbeitsplätze und spielt eine zentrale Rolle für Ernährungssicherheit, Deviseneinnahmen, Umweltschutz und nachhaltige Entwicklung. Sie trägt zu 51% des kenianischen BIP bei (26% direkt und 25% indirekt durch Verbindungen mit anderen Sektoren) und macht 57% der Beschäftigung und 65% der Exporte aus. **Die Nachfrage nach landwirtschaftlichen Konsumgütern wie Käse, Bier und Backwaren wächst** aufgrund einer wachsenden Mittelschicht mit höheren verfügbaren Einkommen, einer zunehmenden Urbanisierung und einem Wachstum bei der Gastronomie. Der Großteil (72%) dieser Konsumgüter wird aus Uganda, Italien, Südafrika, Frankreich, Ägypten, Belgien und den Niederlanden importiert. Die Gastronomie zieht ausländische Investitionen an und viele internationale Franchise-Unternehmen eröffnen Filialen in Kenia.

Import/ Export zwischen Bayern und Kenia

Der Freistaat Bayern importierte im Jahr 2019 Agrarprodukte im Wert von 3,7 Mio. Euro aus Kenia und exportierte Produkte im Wert von 2,3 Mio. Euro. Die Einfuhr von Käse, Bier und Backwaren aus der ganzen Welt nach Kenia beliefen sich im Jahr 2018 auf 764.517 €, 7.545.299 € und 5.769.674 €, was einen Anstieg von 7,5 %, 18 % bzw. 11 % bedeutet. Davon entfielen 10 %, 1,4 % und 0,8 % auf Importe aus Deutschland. Das deutet darauf hin, dass der Export dieser bayrischen Agrarprodukte nach Kenia gesteigert werden kann.

Fokus: Käse, Bier, Backwaren

Der **Käsemarkt** ist ein kleines Nischensegment, das allerdings schnell wächst. Dies wird durch die wachsende Mittelschicht und die hohe Zahl von Expatriates im Land begünstigt. Die Wertschätzung von Käse wurde auch durch einen Investitionsschub internationaler Fast-Food-Ketten vorangetrieben. Dies führt zu einer höheren Menge an verkauftem Käse. Diese Branche stützt sich auch auf einen boomenden Tourismussektor. Deshalb ist der Umsatz in der Nebensaison, wenn weniger Touristen nach Kenia kommen, geringer.

Es wird erwartet, dass sich der **Bierkonsum** zwischen 2017 und 2021 um mindestens 10 % erhöht. Viele multinationale Konzerne versuchen, von diesem Wachstum zu profitieren. Heineken hat ein regionales Büro und Marken wie Bavaria Beer, United Dutch Breweries (UDB), Warsteiner und Oettinger haben exklusive Vertriebsverträge in Kenia abgeschlossen. Danish Brewing Company East Africa Limited, wird

40 Millionen Euro in eine Bierfabrik investieren. Auch das Entstehen handwerklicher Brauereien im ganzen Land unterstreicht die enormen Chancen, die die kenianische Bierkultur für Brauereien bietet.

Die **Bäckerei- und Konditoreiindustrie** ist eine der am schnellsten wachsenden Branchen in Kenia. Die Verbreitung moderner Gewohnheiten durch geschäftige, gesundheitsbewusste und gut informierte Verbraucher erhöht den Konsum von Backwaren in Kenia. Insbesondere in der mittleren und oberen Einkommensgruppe legen die Verbraucher einen zunehmend hohen Stellenwert auf hochwertige Zutaten und sind bereit, höhere Preise für Backwaren zu zahlen, die einen niedrigen glykämischen Index und einen hohen Ballaststoff- und Vitamingehalt aufweisen. Im Jahr 2018 wurden für diesen Sektor Einnahmen in Höhe von 1,94 Mrd. € verzeichnet, was einem Wachstum von 12% gegenüber 2017 entspricht. Insgesamt hatte dieser Markt eine durchschnittliche jährliche Wachstumsrate von 12,75% zwischen 2014 und 2018.

Marktchancen für bayerische Unternehmen

Für bayerische Käse-, Bier- und Konditoreiprodukte besteht die Chance, eine Markenpräsenz in Kenia aufzubauen. Dazu muss die derzeitige Marktdynamik berücksichtigt werden: ein sich verbesserndes sozioökonomisches Umfeld, Verstädterung und eine wachsende Zahl wohlhabender junger Erwachsener, die gerne auf höherpreisige und gesunde Importprodukte zurückgreifen. Diese Marktdynamik führt zu einer steigenden Nachfrage nach internationalen Käse-, Bier- und Konditoreiprodukten in führenden Einzelhandelsgeschäften und einer wachsenden Anzahl an internationalen Marken, die sich auf dem Markt etablieren wollen. Der Markt für landwirtschaftliche Konsumgüter in Kenia bietet also enormes Potential. Internationale Produkte stehen allerdings im Wettbewerb mit lokalen, gut etablierten Marken. Außerdem gibt es teilweise strenge Regulierungen, um den lokalen Markt zu schützen.

AHK bietet Unterstützung bei Geschäftspartnersuche

Die Delegation der Deutschen Wirtschaft für Ostafrika ist der Meinung, dass der Erfolg von bayrischen landwirtschaftlichen Konsumgütern in Kenia von der Stärke des lokalen Vertriebspartners abhängt. Dieser muss bei der Erstellung einer Strategie zur Erschließung des kenianischen Marktes und beim Erfüllen der Importregulierungen helfen. Wichtig sind außerdem gute Kontakte in das Hotel- und Gastgewerbe und zu Einzelhändlern, um eine hohe Markenpräsenz bei der Mittel- und Oberschicht zu erreichen. Für bayerische Käse-, Bier- und Backwarenhersteller, die mit ihren Produkten sowohl in Kenia,

als auch in der gesamten ostafrikanischen Region aktiv werden wollen, gibt es einen großen Pool potenzieller Geschäftspartner.

2. COUNTRY PROFILE - KENYA

2.1 Political and Socio-Economic Context

Kenya has made significant political reforms in the last decade that have largely driven sustained economic growth, social development and political gains. The passage of a new constitution in August 2010 introduced a bicameral legislative house, devolved county governments, as well as a constitutionally tenured Judiciary and electoral body. The devolution of centralized powers from the national government, including 30% of government revenues, to the 47 new county's ushered in a political and economic governance system that has promoted greater investments at the grassroots, strengthened accountability and public service delivery at local levels. However, development challenges still include poverty, inequality, climate change, weak private sector investment and the economic vulnerability of to internal and external shocks.

The first election under the new constitution were in 2013 with President Uhuru Kenyatta victor over former Prime Minister Raila Odinga. The second were held in August 2017 with the presidential results nullified by the Supreme Court due to irregularities in September 2017. The rerun held in October 2017 was boycotted by the opposition, leading to Uhuru Kenyatta's swearing in for a second and final 5-year term as president in November 2017. Raila Odinga and the National Super Alliance (NASA) rejected the legitimacy of the victory launching a campaign of noncooperation, creating a heated political environment that threatened the economic stability of the country.

However, in March 2018 the outlook for political stability improved drastically with the surprise rapprochement between the president and the opposition leader bringing an end to the post-election tensions of 2017. Their agreement on a "building bridges" agenda has seen a return to normalcy in the country, ending hostility and shifting the focus to the next election in 2022.

Reconciliation has heralded bipartisan policy initiatives, including on contentious areas such as electoral laws, with positive implications for government effectiveness and stability. However, fresh tensions have arisen with the oppositions call for major constitutional reforms and a new referendum, but a complete overhaul would be highly disruptive. Despite potential disputes over the constitution, progress in other areas may keep the dialogue running¹.

1. Economist Intelligence Unit, August 2018

2.2 Landscape and Climate

Kenya lies astride the Equator on the East coast of Africa covering an area of about 586,600 km². Inland water bodies cover some 10,700 km², the bulk of which are in Lakes Victoria and Turkana. To the East lies the Indian Ocean and the Republic of Somalia, to the North lie Ethiopia and South Sudan, to the West lies Uganda and to the South lies the Republic of Tanzania. Climate varies from tropical along the coast to arid in the interior. The weather in Kenya is generally sunny year-round, with the main rainy seasons being from March to May and from November to December².

The vegetation and animal life of Kenya reflect the variety of its topography and climate. In the coastal region coconut trees flourish, with occasional mangrove swamps and rain forest. The vast plains of the hinterland and the northern regions are covered with grass, low bush, and scrub, giving way in the high-lying plains to typical savanna country of open grass dotted with thorn trees, and in the more arid regions to bare earth and stunted scrub. The highland areas are in parts densely forested with bamboo and valuable timber, the predominant trees being African camphor, African olive, podo, and pencil cedar. The Great Rift Valley runs the length of the country from north to south. Mount Kenya, Africa's second highest mountain is also found here, 150 km north-east of the capital, Nairobi.

Wildlife of great variety is found in Kenya, both in the sparsely populated areas and in the national parks and reserves created for its protection. Elephant, rhinoceros, lion, zebra, giraffe, buffalo, hippopotamus, wildebeest, and many kinds of buck are among the large mammals that abound on the plains and along the rivers. Diverse bird species include cranes, flamingos, ostriches, and vultures³. Kenya's coastal waters, harbor significant marine biodiversity including black corals, mangroves and seagrass. The southern stretch of the coastline features small islands that provide crucial overwintering and feeding grounds for birds, as well as important nurseries and feeding habitat for dolphins and five species of sea turtles⁴.

2. [International Coffee Organization Country Profile Kenya, 2019](#)

3. <https://www.nationsencyclopedia.com/Africa/Kenya-FLORA-AND-FAUNA.html#ixzz6Bx3AXKru>

4. <https://www.fauna-flora.org/countries/kenya>

2.3 Economy

Kenya's economic outlook is generally considered to be positive propelled by favorable weather conditions and big-ticket investments around the Government's "Big Four" agenda on affordable health care, affordable housing, manufacturing and agricultural food security. The African Development Bank (AfDB) Group forecasts GDP growth rates of 6% and 6.2% for the years 2020 and 2021⁵ with the Economist Intelligence Unit (EIU) giving modest rates of 5.6% and 5.8% over the same period⁶. Growth at this level does not sound bad from a Kenyan perspective but given an annual population growth of more than 2%, it is by no means sufficient to significantly improve the per capita income of the population.

Public debt has risen sharply in recent years, standing at 58% in 2019 up from 41% in 2013⁷. This has led to liquidity challenges in the market with entrepreneurs reporting a predominantly sluggish business environment. Decreased optimism in the economic environment is as a result of the declining demand for products and services, shortage of skilled labor and lack of access to financing⁸. The international donors, often financiers of infrastructure projects, have recently stopped granting additional loans to the Kenyan government.

Companies involved in government projects have recently seen a decline in orders and are weary of participating in such projects to avoid default in payment. The Government is seeking to adjust its self-imposed debt ceiling significantly upwards which if successful could avail new capital inflows for government projects⁹. The private sector has also suffered from the lack of capital in the market with investments in the construction industry stagnating as local banks propensity for large capital financing curtailed. The reason for this was the recently repealed interest rate cap on bank loans imposed by the state in 2016. The limit set at 13.5% was seen by banks as too low to hedge against risks, resulting in increased lending to the Government than the private sector. The repealing of the Interest Cap on 7th November, 2019, is expected to boost and also stimulate private investment¹⁰. In view of its high level of debt, the state has cut back investment activities considerably with new infrastructure projects revolving around the "Big Four" agenda postponed¹¹.

5. [African Development Bank Group, Kenya Economic Outlook](#)

6. [GTAI, Economic Outlook - Kenya, 2019](#)

7. [AHK Kenya, World Business Outlook Survey Results for Kenya, Autumn 2019](#)

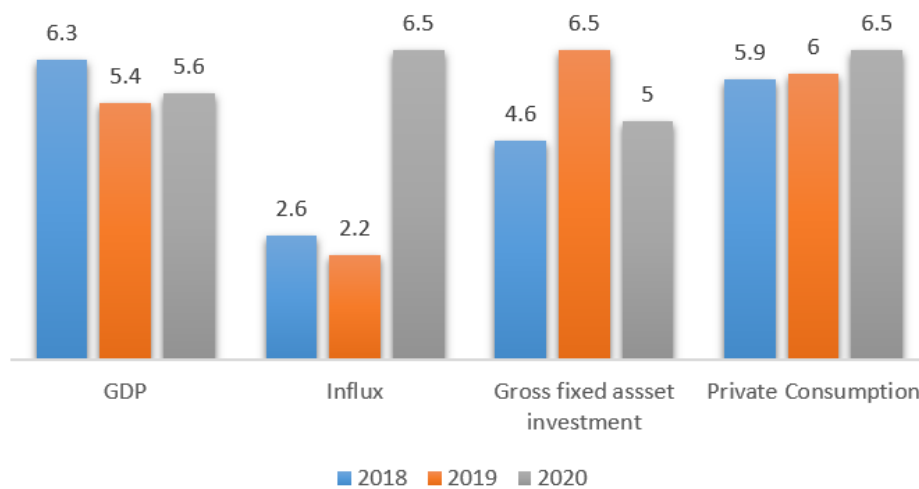
8. [AHK Kenya, World Business Outlook Survey Results for Kenya, Autumn 2019](#)

9. [GTAI, Economic Outlook - Kenya, 2019](#)

10. <https://cytonn.com/topicals/market-post-interest>

11. [GTAI SWOT Analysis Kenya, November 2019](#)

Figure 1: Economic developments in Kenya, 2018 to 2020 (% change per year)



Source: GTAI, Economic Outlook Kenya, 2019 ¹²

Table 1. Key economic data for Kenya

Indicator	2018	2019 *)	Comparative data Germany 2018
GDP (nominal, billion US\$)	87.9	96.3	4,001.5
GDP per capita (US\$)	1,857.2 *)	2,010.5 *)	48,269
Population (million)	51.4	52.6	82.9
Ex. rate (annual av., 1 US\$ = KSh)	101,2	102,5	-

*) Estimate

Source: GTAI, Economic Outlook Kenya, 2019 ¹³

12. GTAI, Economic Outlook - Kenya, 2019

13. GTAI, Economic Outlook - Kenya, 2019

2.4 SWOT Analysis

Kenya is a critical customer market in East Africa for Germany and the third largest in Sub-Saharan Africa. With its port in Mombasa, the country is also a dominant trading hub in the region ably serving the markets in South Sudan, Uganda and Rwanda¹⁴. Kenya ranked third behind South Africa and Nigeria in terms of German exports in 2018. Goods estimated worth €370.7 million were delivered to Kenya in 2018, an increase of about 21% from the previous year. A similar level of trade volume was anticipated for 2019¹⁵.

Table 2: SWOT – Analysis Kenya

Strengths	Weaknesses
<ul style="list-style-type: none">• Large domestic market with about 52 Million people• Nairobi and Mombasa can serve as regional hubs• The national airline 'Kenya Airways' heads for numerous destinations across Africa• Diversified private sector	<ul style="list-style-type: none">• Difficult business climate• Financing problems: The government and the private sector lack capital• High degree of corruption and government interference
Opportunities	Threats
<ul style="list-style-type: none">• Participation in infrastructure projects with donor funding• Supply for diversified consumer goods industry• Supplying the local market with consumer goods	<ul style="list-style-type: none">• Risk of payment default for businesses conducted with the state• Political unrest, terrorism and criminal activities

Source: [GTAI SWOT Analysis Kenya, November 2019](#)

Table 3: Comparative Indices

14. [GTAI SWOT Analysis Kenya, November 2019](#)

15. [GTAI SWOT Analysis Kenya, November 2019](#)

Global Indicator	Kenya (Rank/Score)		Germany (Rank/Score)	
	2018	2019	2018	2019
Ease of Doing Business	80/65.15	61/70.31	20/79	24/78.90
Global Competitiveness Index	93/53.7	95/54.1	3/82.8	7/81.8
Corruption Perception Index	144/27	137/28	11/80	9/80
Open Markets Index	66/2.7	-	22/3.9	-

Sources: [Ease of Doing Business Ranking 2019](#)¹⁶; [The Global Competitiveness Report 2019](#)¹⁷; [Corruption Perception Index](#)¹⁸; [ICC Open Markets Index-2017](#)¹⁹

Table 4: Important Details

Official Language:	English, Swahili
Capital City:	Nairobi
Area:	586,600 km ²
Population:	47.6 Million ²⁰
Religion:	Christian 85%, Muslim 11%, Others 4%
Currency:	Kenyan shilling (KES)
Time zone:	UTC+3
Population growth:	2%
Population density:	94 inhabitants/km ²
Lending Category:	Lower Middle Income
Trade Blocs:	COMESA, EAC, WTO, AU, AfCFTA

3. AGRICULTURAL SECTOR IN KENYA

The Agricultural sector is the anchor of economic growth and poverty reduction in Kenya, playing a pivotal role in employment, food security, foreign exchange earnings, environmental protection and

16. [Ease of Doing Business Ranking 2019](#)

17. [The Global Competitiveness Report 2019](#)

18. [Corruption Perception Index](#)

19. [ICC Open Markets Index-2017](#)

20. <https://www.knbs.or.ke/?p=5621>

sustainable development²¹. The importance of the sector has been emphasized through Kenya's Vision 2030, the Medium-Term Plan III and most recently the President's Big Four priority agenda for 2017-2022, which emphasizes the importance of 100% food security for the Nation of Kenya²².

Growth of the national economy is highly correlated to growth and development in agriculture (including crops, livestock, and fish), with the sector contributing 51% of Kenya's GDP (26% directly and 25% indirectly through linkages with other sectors) and accounts for 57% of employment and 65% of exports. The sector is dominated by smallholder production on farms of between 0.2 and 3 hectares, which account for 78% of total agricultural production and 70% of commercial production²³.

Agricultural GDP is driven by cash crops and horticulture with Kenya famed as a leading producer of high quality tea and coffee globally. Tea is the leading industrial cash crop in terms of its 1.5% contribution to the GDP in the year ending 2018. It also accounted for 40% of Kenya's marketed agricultural production and contributed 20% of total export earnings in the same year. In addition, tea provides livelihoods to over 600,000 smallholders who contribute about 60% of tea production²⁴. Coffee ranks fourth after tea, horticulture and tourism in terms of foreign exchange earnings contributing about 20% of total export earnings. It is also a source of livelihood, particularly for small-scale producers, most of whom live in the heavily populated agro-ecological zones. Kenya produces Arabica coffee, grown on the rich volcanic soils of the highlands at an altitude of between 1,500 and 2,100 meters²⁵.

The country also has a strong reputation for its horticulture key of which include vegetables, fruits, sisal, pyrethrum and cut flowers. The average annual growth rate of 20% in the sub-sector underscores the demand of Kenya's high-quality produce in the world markets. The sub-sector is mainly large-scale and private sector-dominated, with a small percentage of small-scale farmers. It employs about 2 million people, and accounts for up to 21% of all agricultural exports²⁶. Crops grown for subsistence farming are mainly corn, wheat, barley, rice, potatoes, sugar cane, bananas, Beans, peas and cotton. The use of modern agricultural machinery is still comparatively low because the financing hurdles are quite high. Modern technology and mechanization have so far only been used in high commercial operations above

21. World Bank. 2018. Kenya-Agricultural Productivity Program (KAPP I AND II). Independent Evaluation Group, Project Performance Assessment Report 133838. Washington, DC: World Bank

22. Ministry of Agriculture, Livestock and Fisheries, Agricultural sector transformation and growth strategy, (2019-2029)

23. Department for International Development, Agricultural productivity in Kenya: barriers and opportunities, Izzy Birch, 2018

24. Ministry of Agriculture, Livestock and Fisheries, Kenya's Agricultural produce

25. Kenya News Agency, Kenya Tea Earning from Tea 2018

26. Ministry of Agriculture, Livestock and Fisheries, Kenya's Agricultural produce

a certain size, of which there are relatively few. Kenya has efficient food processing Farms with partly ultra-modern machinery, key of which includes German technology²⁷.

With land structure that lends itself well to productive commercial farming and more developed market systems in comparison to other countries in the region; value added relative to agricultural production is still low in Kenya with numerous opportunities existing, including ICT adoption, that could help unlock productivity and increase regional and global competitiveness of the most promising agribusiness value chains. According to the Ministry of Agriculture, Livestock and Fisheries, Growth in the agricultural sector has strong linkages to the broader economy: 1% of growth in agriculture is estimated to drive 1.6% overall GDP growth²⁸. Therefore, achieving 100% food and nutrition security will require a transformation of the whole agricultural sector²⁹.

In recent years, Kenya has made significant structural and economic reforms in the agricultural sector that have contributed to its sustained economic growth and social development³⁰. In 2004, the Government launched the Economic Recovery Strategy for Wealth and Employment Creation (ERS). The strategy identified agriculture as the leading productive sector for economic recovery and recognized revival of agricultural institutions and investment in agricultural research and extension as critical and essential for sustainable economic growth. In addition to the ERS in 2004, the Government launched the Strategy for Revitalizing Agriculture (SRA)³¹.

The SRA's growth target of 3.1% was surpassed reaching a high of 6.1% in 2007. In 2008, the Government launched Kenya Vision 2030 as the overall national long-term development blueprint aiming to transform the country into a newly industrialized middle-income country by the year 2030. In this long-term plan, agriculture is identified as a key sector in achieving the envisaged annual economic growth rate of 10%. In response to entrenching the aspirations of Vision 2030, the Agricultural Sector Development Strategy (ASDS) was developed and has been the overall national policy document since³².

In 2016, the ASDS reviewed giving rise to Agriculture Sector Transformation and Growth Strategy 2019-2029 (ASTGS) that is compliant with the Constitution of Kenya 2010 and the CAADP Malabo Declaration. The ASTGS is thus aligned with the medium-term national agriculture sector priorities and Medium-

27. GTAI, *New markets-new opportunities-Kenya 2017*

28. Ministry of Agriculture, Livestock and Fisheries, *Agricultural sector transformation and growth strategy, (2019-2029)*

29. International Finance Corporation, *Creating Markets in Kenya Report*, 2019

30. World Bank, *Kenya Economic Update, 2018, (EditionNo.17)*

31. Ministry of Agriculture, Livestock and Fisheries, *Agricultural sector transformation and growth strategy, (2019-2029)*

32. Ministry of Agriculture, Livestock and Fisheries, *Agricultural sector transformation and growth strategy, (2019-2029)*

Term Investment Plan III, the 100% food and nutrition security aspiration in the Big Four presidential agenda, as well as the longer-term commitments to the CAADP/ Malabo Declaration, the UN SDGs and the AU Agenda 2063.

The sector however needs more financial support especially in the cultivation for the local market as the agricultural production cannot keep up with the increasing demand supplemented through imports. The heavily indebted state is trying to stimulate the sector, often with the support of donors such as the GIZ, presenting opportunities for German agricultural technology and agrochemicals³³.

4. DAIRY INDUSTRY

Kenya is one of the largest producers of dairy products in Sub Saharan Africa with the annual milk production estimated at 5.7 billion litres. The country has an estimated herd of about 3.5 million improved dairy cattle, 14.1 million indigenous cattle, 270,400 dairy goats, and 2.97 million dairy camels.

33. [GTAI, Industry Check-Kenya \(November 2019\)](#)

Cattle account for 88% of the total milk production with camels and goats contributing the rest³⁴. The dairy industry is the single largest component within the agricultural sector accounting for 4% of the National GDP and 14% of the agricultural GDP. Dairy production is dominated by smallholder farmers who produce over 80% of the milk with the sector supporting over 1.8 million rural households and creating over 1,200,000 jobs along the dairy value chain³⁵.

The country is experiencing a growing demand for milk and value-added dairy products driven by expanding urbanization, a rising middle class, export opportunities in the region and a strong tradition of including milk in diets. The economic vibrancy of the sector is shown in the growth of domestic milk production, processing capacity, per capita milk consumption and exports³⁶. Total milk production for all species together is projected to increase by 5% annually in the next ten years through to year 2030, with annual production envisaged to reach 12 billion litres³⁷.

4.1 State of the Industry

The expanding sector attracts both domestic and international investors seeking to seize opportunities in both the domestic and export market and is characterized by an increasingly sophisticated supply chain consisting of small, medium and large dairy farmers. They are served by diverse private and public agro-input suppliers, service providers and aggregators such as milk bulking and chilling facility operators.

The dairy value chain is broadly divided into informal and formal market channels, based on compliance with regulatory frameworks for quality and safety standards and payment of statutory revenues. There are an estimated 92 dairy processors in the country with 35 categorized as large, 30 as medium and 27 as small scale³⁸. The four largest processors control 85% of the milk intake averaging a daily intake over 100,000 litres with capacity for over 400,000 litres/day during the peak season³⁹. These dairies include Brookside, New KCC, Sameer Agriculture & Livestock and Gitghunguri Dairy Co-operative Society.

34. Ministry of Industry, Trade and Cooperatives State Department for Trade, Integrated National Export Development and Promotion Strategy Plus Implementation Plan, 2018

35. MoALF. 2010b. Kenya National Dairy Master Plan. Action plan and implementation strategy. Volume II. Nairobi: Ministry of Agriculture, Livestock and Fisheries (MoALF), Republic of Kenya.

36. Kenya Dairy Board Annual Report and Financial Statements for the year ended 30 June 2015.

37. Wageningen University & Research Sustainable growth of the Kenyan dairy sector – A quick scan of robustness, reliability and resilience, 2016

38. USAID-KAVES Dairy Value Chain Analysis, 2015

39. Wageningen University & Research Sustainable growth of the Kenyan dairy sector – A quick scan of robustness, reliability and resilience, 2016

As of 2017, the market further consolidated and the top two processors, Brookside and New KCC, collectively controlled about 75% of the raw milk market. Majority of these processors produce a wide range of products which include both pasteurized and long life milk, flavored liquid milk, fermented milk (yoghurt and cheese), milk powder, cheese, butter, ghee, and cream⁴⁰.

Table 5: Dairy Production (2010 to 2018)

Year	Recorded Milk Production (Mn litres)	Whole-milk and cream (Mn litres)	Butter and ghee (Tonnes)	Cheese (Tonnes)
2010	516	358	1967	263
2011	549	374	1995	290
2012	495	332	1801	255
2013	523	407	1231	267
2014	540	420	1445	266
2015	616	438	1646	303
2016	648	449	1445	311
2017	536	411	1127	338
2018	634	454	1249	391

Source: Kenya National Bureau of Statistics, Statistical Abstract, 2019⁴¹

Retail operations are characterized by a diverse set of players including milk bars and dispensers, supermarkets, retail shops, and kiosks. Milk traders and retailers are divided into several categories. Fixed retail is composed of supermarkets, kiosks and chain stores, and tend to source from the formal markets. Milk bars source from both formal and informal markets, and sell fresh milk, yoghurt, milk shakes, fermented milk and other milk-based products. Milk dispensers are located in supermarkets but can also be stand-alone in cities. They provide larger dairy cooperatives with an opportunity to compete with processors in the fresh milk market. Finally, informal venders collect milk from producers and sell directly to consumers via bikes or on foot, often in urban areas⁴². These channels are characterized by non-compliance with the regulated safety and quality standards and collection of statutory revenues (taxes, cess, levies, VAT)⁴³. Milk quality and safety issues in formal dairy markets have, however, led to a

40. Feed the Future, Policy Brief Enhancing Investment Attractiveness in Kenya's Dairy Sector, 2018

41. C:\Users\Michael\Downloads\Statistical Abstract 2019.pdf

42. Kamundi, K., 2014. Corporate leadership in dairy industry (case of Kenya Dairy Board). European Journal of Business and Management.

43. Kenya Dairy Board Annual Report and Financial Statements for the year ended 30 June 2016.

growing informal sector which is gradually advancing into urban areas that are usually dominated by formal sector players.

4.2 Industry Regulation

The industry is regulated by the Kenya Dairy Board (KDB), mandated to regulate, develop and promote the dairy industry in Kenya. The regulatory roles are in licensing, inspections and surveillance and certification of locally marketed, exported and imported milk to assure consumer safety from physical, biological, chemical or adulteration hazards. KDB's promotional role is to enhance consumption of milk and dairy products among Kenyans. The Ministry of Agriculture, Livestock and Fisheries (MoALF)⁴⁴ also plays a role in regulation and policy direction of the sector, while the Kenya Bureau of Standards (KEBS) has the mandate of assuring quality standards for milk and dairy products traded in the domestic market⁴⁵. Detailed information on the import conditions, code of hygienic practice for milk and milk products, Dairy standards and Regulations can be accessed through the links below:

- [Procedure for importing a consignment of milk and milk products into Kenya](#)
- [Code of Hygienic Practice for Milk and Milk Products, Public Review Draft](#)
- [The Import conditions for Milk and Milk Products](#)
- [Dairy Industry Import and Export Regulations 2020](#)
- [Kenya dairy policies-laws-regulations_Dairy Development Board](#)
- [Kenya Dairy Standards_Dairy Development Board](#)

5. CHEESE INDUSTRY IN KENYA

Cheese consumption in Kenya, which has primarily been a niche product, is growing aggressively, boosted in part by a growing middle class and the high number of expatriates in the country⁴⁶. Appreciation of cheese in the country has also been driven by the surge in investments by fast food

44. <http://www.kilimo.go.ke/media-center/ministry-policies/>

45. [Wageningen University & Research Sustainable growth of the Kenyan dairy sector – A quick scan of robustness, reliability and resilience, 2016](#)

46. <https://www.foodbusinessafrica.com/2013/11/17/the-dairy-industry-in-kenya/>

restaurants such as KFC, Subway, McDonalds Domino's Pizza, Galitos and many more which have continued to support robust growth in sales volumes⁴⁷.

However, the cheese market remains small despite the fact that the country has been producing cheese for decades. The demand for cheese is largely confined to expatriates and high-income earners who consume the dairy product regularly, mainly because of the perception that it is a rich man's product⁴⁸. The industry also relies on a booming tourism sector and a drop in tourist arrivals or low seasons such as March and April affect sales volumes⁴⁹.

Retail consumers prefer younger milder cheese not exceeding six weeks as opposed to those that take more than 18 months to mature. To counter this, brand manufacturers are trying to attract consumers from all income brackets through a diversified cheese offering in a range of different sizes and formats. They are also increasingly engaging with consumers on social media platforms, seeking to differentiate themselves and influence uptake through creative and innovative themes that appeal to their target audience.

Unprocessed cheese continues to dominate the category accounting for more than an 80% share of overall cheese value sales. Within unprocessed cheese, unpackaged hard cheese is the best performer. Modern grocery retailers remained the dominant distribution channel for cheese accounting for all the category's value sales. Within the channel, supermarkets continued to account for most sales⁵⁰.

5.1 Major Import and Export Markets

Table 6: Top Supplying Markets for Cheese and Curd Products Imported by Kenya 2017/2018

Exporting Country	Import Quantity (Tons)		Unit Value (USD/Unit)		Imported Values (000) USD	
	2017	2018	2017	2018	2017	2018
Egypt	43	65	3,769	3,769	162	245
France	30	31	4,161	4,161	126	129
United Kingdom	36	38	3,316	3,316	119	126

47. <https://www.foodbusinessafrica.com/2020/03/09/the-dairy-industry-in-kenya-production-capabilities-investments-innovations-and-trends/>

48. <https://businesstoday.co.ke/moving-the-cheese-in-a-tough-market/>

49. <https://www.businessdailyafrica.com/corporate/Brisk-business-for-cheese-makers-in-Kenya/539550-3186406-12y8q7i/index.html>

50. <https://www.euromonitor.com/cheese-in-kenya/report>

Germany	13	14	6,357	6,357	81	89
South Africa	2	13	5,154	5,154	12	67
Ireland	39	10	5,400	5,400	209	54
Italy	4.4	8	5,000	5,000	22	40
Denmark	4	6	6,667	6,667	24	40
Netherlands	0.2	4	5,250	5,250	1	21
Poland	3	4	5,000	5,000	14	20

Source: International Trade Centre, Trade Statistics for International Business Development⁵¹

Table 7: Top Importing Markets for Cheese and Curd Products from Kenya

Country	Exported Value (USD) 2014	Exported Value (USD) 2015	Exported Value (USD) 2016	Exported Value (USD) 2017	Exported Value (USD) 2018
Tanzania	136	57	6	95	218
Rwanda	27	36	33	34	46
South Sudan	87	43	37	10	29
Ship stores & Bunkers	7	6	6	12	10
Ethiopia	37	38	32	18	9
Somalia	35	58	44	31	7
Sudan	0	1	2	2	2

Source: International Trade Centre, Trade Statistics for International Business Development⁵²

5.2 Cheese Producers and Specialty Shops in Kenya

Cheese in Kenya is majorly retailed through supermarkets and groceries whereby cheese is not sold exclusively but together with other dairy products. Of the few shops that deal solely with cheese, most are factory shops that only sell cheese from their respective factories. In addition to the factory shops, these cheese producers majorly sell their products to supermarkets and grocery stores across the country.

51. <http://www.intracen.org/>

52. <http://www.intracen.org/>

Table 8: Cheese makers in Kenya

COMPANY	PROFILE
<u>Browns Cheese Factory Shop</u>	Brown's Cheese leads the category, accounting for 25% of overall value sales. They produce 17 different varieties of cheese using milk from over 3,000 local small hold farmers as well as milk from their own herd. They have earned worldwide recognition, recently winning seven awards at the South Africa Dairy Championships as well as an award at the 2002 Nantwich Cheese show in the U.K.
<u>Zucchini Greengrocers</u>	Zucchini is a mixed greengrocer with several stores in Nairobi. There is however a dedicated cheese shop/stand in their store at ABC Westlands in Nairobi where a large selection of cheese from different producers are sold.
<u>Kavitha Investments Kenya Ltd.</u>	Kavitha Investments Kenya Ltd. is a specialty cheese shop in the coastal city of Mombasa. The shop sells different types of cheese in different sizes from various producers.
<u>Baraka farmhouse cheese shop.</u>	The farm processes its own milk into the best, renowned Dutch GOUDA cheese, in the Kenyan market. The cheese can be bought directly next door in the Baraka farm shop which sells various types of cheeses.
<u>Sirimon Cheese Factory</u>	Based in the Laikipia, Mount Kenya Region, the artisanal cheese studio embraces innovation and technology alongside the tradition of cheese craft. Produce of Cheddar, Feta, Gouda, Halloumi, Paneer and Mozzarella.
<u>Raka Cheese</u>	Based in Nyeri, the central highlands, Raka Cheese has been making cheese for 18 years and are one of the market leaders in Kenya's cheese market. Produce of Cheddar, Feta, Gouda, Halloumi, Paneer and Mozzarella.
<u>Happy Cow Kenya</u>	A fully fledged dairy manufacturer focused on producing a diverse portfolio of value added cheese products. Portfolio consists mainly of cheese and fermented milk products; distributed to leading retail and food service institutions nationwide and across East Africa
<u>Eldoville Dairies</u>	Their Cheese range is modestly priced to offer best of quality and value. Another market leader in the Kenyan Cheese industry.
<u>New KCC</u>	The largest business entity in the dairy industry in East Africa. Producers of cheddar, rindless cheddar, processed herbal cheddar and Gouda cheese.
<u>Doinyo Lessos Creameries</u>	Proudly artisan, all cheese is produced by hand & in small batches. Use little mechanization in the production of their cheese. Cream Cheese, Cottage Cheese, Low Fat Cheese, Ricotta, Highland Cheddar, Blue cheese, Gouda, Gruyere, Tilsiter, Paneer, Jeera, Mozzarella, Derbyshire, Safari Cheese & Feta

Table 9: International cheese brands in Kenya

COUNTRY	BRAND
Italy	<u>Formaggi Zanetti</u> , <u>Philadelphia Formaggio</u> , <u>Emborg</u> , <u>Asiago</u> , <u>Gorgonzola</u> , <u>New ItalyCor</u>
France	<u>Fromages France</u> , <u>Formage a tartiner</u> , <u>Teama Cheese</u> , <u>Coulommiers de Caractere</u>
United Kingdom	<u>Calveley Mill Cheese</u> , <u>Yorkshire Cranberry Wensleydale</u>
Denmark	<u>Arla</u> , <u>Castello Cheese</u>
Irish	<u>Glenstal Foods Cheese</u>

Switzerland	<u>Gruyere</u>
German	Edamer

Source: In-store research from Carrefour and Naivas^{53 54}

5.3 Standards and Import Regulations

Information on the import conditions, code of hygienic practice for cheese is the same as of milk and milk products discussed in the chapter on dairy above. The table below lists some of the standards applicable to cheese both local and imported. Further information on other standards specifying the methods of sampling and testing for various types of cheese intended for direct consumption and/ or for further processing in Kenya can be found on the Kenya Bureau of Standards Online Catalogue.

Table 10: Standards for Cheese Products in Kenya

SPECIFICATION	CODE
Specification for cheese, Part 1: General standard for cheese	KS 28-1:2019
Specification for cheese, Part 2: Specification for cheddar cheese	KS 28-2:2019
Specification for cheese, Part 3: Specification for Gouda cheese	KS 28-3:2019
Specification for cheese, Part 4: Specification for Tilster cheese	KS 28-4:2019
Specification for cheese, Part 5: Specification for Cottage cheese	KS 28-5:2019
Specification for cheese, Part 6: Specification for Cream cheese	KS 28-6:2019
Cheeses in Brine specifications	KS 2850:2019
Danbo cheese-specification	KS 2853:2019
Edam cheese-specification	KS 2681: 2017

Source: <http://onlinecatalogue.kebs.org/webquery.dll>⁵⁵

Duty^{56 57}

- General duty: 25%
- Sales tax (GST)/VAT: 14%
- Import declaration fee: 2% of the CIF value, but at least KSHs 5000 per import
 - CIF value: sum of the value of the imported goods and the cost of shipping and insurance.

53. <https://www.carrefourkenya.com/>

54. <https://www.naivas.co.ke/>

55. <http://onlinecatalogue.kebs.org/webquery.dll>

56. <https://www.kra.go.ke/en/business/companies-partnerships/companies-partnerships-pin-taxes/company-partnership-imports-exemptions>

57. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=KE&hscode=2203>

- Railways development levy: 1,5%
- Cost, Insurance & Freight (CIF) Import Levy: 10%

Import declaration form

- Before import: apply for and obtain an import declaration form from the Kenya Revenue authority for all commercial imports
- Possibility to consult a clearing agent for ease of process
- Should contain the following information
 - Quantity
 - Value of the cargo
 - Classification of the cargo
 - Quality
- Once the document is there, one may be processed to prepare the cargo for inspection (PVoC)
- Once everything is completed, cargo can be shipped

Pre-export Verification of Conformity (PVoC)⁵⁸

- Before exporting products to Kenya
- Necessary to ensure that the products and goods meet the regulations and quality requirements of Kenya
- Obtained by carrying out tests based on relevant Kenya Standards or approved specifications from the appointed PVoC Agents
- Once successful: issuance of Certificate of Conformity (CoC), no clearance without CoC
- **Cheese is subject to the PVoC program**⁵⁹ and thus, needs to be checked by appointed PVoC agents
- PVoC agents in Germany: Bureau Veritas and SGS
- Costs for PVoC are between 265 and 2700US\$, depending on value of goods

Import permit for milk and dairy products^{60 61}

- Import of milk and milk products is regulated by **Kenya Dairy Board (KDB)** who issue an import permit per consignment
- The import permit is processed through the **Kenya National TradeNet System (KESWS)**
- Documents required for import permit:
 - Unique consignment reference (UCR) by World Custom Organization

58. https://www.kebs.org/images/PvOC/2019/November/PVOC_MANUAL_v9_2019_11_19.pdf

59. <http://www.onelink.co.ke/data/Guidelines.pdf>

60. <https://infotradekenya.go.ke/procedure/830?l=en&embed=true&includeSearch=true>

61. <http://www.kilimo.go.ke/wp-content/uploads/2020/02/7.-DAIRY-INDUSTRY-IMPORT-AND-EXPORTREGULATIONS-2020-FINAL.pdf>

- Invoice
- International veterinary health certificate (From the country of origin)
- Certificate of analysis (From the country of origin)
- Certificate of conformity (COC) (copy) (Issued by the National Standards Bureau or an accredited international laboratory in the country of origin)
- Certificate of no objection for milk and milk products (VS 12) (Issued by the Directorate of Veterinary Services (DVS))
- Costs of import permit:
 - Application fee: KSH 1.000 (for each import)
 - Import permit fee: KSH 5.000 (for each import)
 - Cost, Insurance & Freight (CIF) Import Levy: 10% (already mentioned under duty) (for each import)
 - Regulatory permit fee: KSH 50.000 (once)
- Process of issuance:
 - Apply for import permit and generate e-slip (via Kenya Electronic Single Window System, requires access to the Kenya TradeNet System)
 - Pay for and Obtain import permit

Import health certificate⁶²

- Necessary for all commodities for human consumption
- Issued by Port Health Services
- Documents required:
 - Unique consignment reference (UCR) by World Custom Organization
 - Invoice and Certificate of analysis (from country of origin) and Certificate of quality (from country of origin)
 - Permit and Fee: € 10
- Goods get inspected before they get cleared at the airport

5.4 Analysis

Import data coupled with international cheese products stocked at leading retail stores points to the markets potential for the uptake foreign cheese products especially in the urban areas and this is no different to cheese and other dairy products from Bavaria. However, these international brands have to contend with stiff competition from local, well established cheese manufacturers as well as the stringent import regulations put in place to protect the local market. To address the issue of cheaper dairy

62. <https://infotradekenya.go.ke/procedure/324?l=en&embed=true&includeSearch=true>

imports from other countries, The Ministry of Agriculture, Livestock and Fisheries recently issued new regulations imposing a 10% levy on imported dairy products⁶³.

The success of Bavarian Cheese products is highly dependent on the strength of the local import distributor that they partner with. Distributors have better understanding of the market as well as closer contacts with retailers and those in the HORECA industry. The distributors also offer a strong base to push the cheese brands through experiential market and other activations locally. This is critical for a fragmented niche market like Kenya, which despite demonstrating potential for growth, is still small. **A contact list of import distributors in the HORECA industry can be provided upon request.**

6. BEER INDUSTRY

Consumption of formal (recorded) alcohol that includes beer, spirits and wines accounts for 63% of the drinking population while informal sources (unrecorded alcohol) such as traditional brews and a host of other illicit drinks account for 37%. Of the recorded alcohol per capita beer accounted for 40%, spirits 21% and wine 2%⁶⁴.

63. <https://www.dairyreporter.com/Article/2020/04/20/Kenya-hits-dairy-imports-with-10-levy>

64. [World Health Organization, Global status report on alcohol and health 2018](#)

An improving socioeconomic environment, urbanization and the growing number of affluent young adults has enabled alcoholic drinks to see total volume and current value growth in Kenya with projections of Beer consumption set to rise by at-least 10% between 2017 through to 2021⁶⁵ with more modest projections from Deutsche Bank, Plato Logic, company reports set at 6%⁶⁶. Premiumisation in the beer category has been witnessed with more middle-income consumers shifting to higher-priced imported products to demonstrate their identity and high socioeconomic status⁶⁷.

Growth in sales of alcoholic drinks is expected to remain strong on the back of increased hypermarkets and shopping centers opening across the country offering a wider variety of both foreign and local drinks. Furthermore, the increasing number of on-trade outlets in urban residential areas across the country and the ease of access to such outlets and retail stores through digital channels is anticipated to increase sales especially in urban areas. Continued economic growth is also likely to have a positive effect on sales, as the disposable income of the middleclass grows.

6.1 State of the Industry

The brewing sector in Kenya is very competitive with dominant multinational corporations fighting for market share. Companies like Heineken, SAB Miller and Diageo have had their presence in Kenya. The two main manufacturers of Beer are the Diageo owned East African Breweries Limited and Keroche Breweries. The East African Breweries Limited dominates the industry with 90% market share, followed by Keroche Breweries Limited at 2% and the remaining 8% coming from imports, micro and macro-brewers.

The Kenyan brewing sector is facing stiff competition from multinationals attempting to take advantage of the naturally expanding markets as a result of the growing sophisticated middle-income earners. Heineken have a regional office in Kenya, Bavaria beer, United Dutch Breweries (UDB)⁶⁸, German beer Warsteiner⁶⁹ and Oettinger have all signed exclusive distributorship deals in Kenya⁷⁰. Danish Brewing Company East Africa Limited, a subsidiary of U.S. based Bounty Global Management Company is set to

65. [Kenyan Youths Push Beer Consumption by 10%](#)

66. [Deutsche Bank Markets Research, Beer Industry, 2015](#)

67. [Euromonitor Beer in Kenya, 2019](#)

68. [UDB launch Atlas Beer in Kenya](#)

69. [Business Daily Africa, German Beer Warsteiner Launched in Kenya](#)

70. <http://www.ioshansen-kenya.com/beverages-beer-21.html>

invest \$45 million in a factory to produce its beer line in Kenya⁷¹. The emergence of craft breweries such as The Big Five Breweries, Ozzbeco (K) Ltd and Sirville Brewery underscore the huge opportunity that Kenya's beer culture presents for brewers and a sign of how competitive the industry has become.

The challenge these international brands face in the Kenyan market is gaining brand equity in a market firmly controlled by the EABL. EABL's beer brands reign supreme with Tusker controlling 20% of the market by volume, followed by Guinness at 11%, Senator Keg 9%, Senator Lager 9%, and Allsopps 8%. The company's other beer range includes brands such as: Pilsner, White Cap, Bell, Guinness, Windhoek, Senator and Serengeti. The dominance by EABL's beer brands means that international beer brands must be very persuasive in their marketing and market entry pricing strategies. It makes sense for foreign brands to partner with local distributors rather than drive their own market penetration independently. Distributors have better understanding of the market as well as closer contacts with retailers. This is critical for a market like Kenya, where market leader EABL already has intricate and well-developed distribution networks.

6.2 Industry Regulation

In 2010 the Kenyan Government enacted the Alcoholic Drinks Control Act, which provides for the control of production, sale, and use of alcoholic drinks. The Act makes provisions on drinking hours in bars on weekdays and weekends, permissible promotional activities and shopper-marketing in retail stores⁷². The act, while sensible, has had little impact on industry sales of beer with the greater risk coming from the imposition of excise duty. Most years the Government increases excise duty on luxury goods. In 2012, for example, excise on beer was increased to KES 70/litre, up from KES 55 in 2011⁷³.

Today, excise comprises around 45% of the average beer's retail price, with the Finance Bill 2018 imposing a tax of KES100 per litre of beer, subject to annual inflation adjustments. The increased levy on alcohol led to higher retail prices as manufacturers adjusted prices upwards. It is anticipated that consumers will respond to higher prices by reducing their consumption; sentiments echoed by the EABL, stating that increase in excise in both beer and spirits (5.2% and 15% respectively) is the first time the

71. <https://www.inside.beer/news/detail/kenya-carlsberg-to-start-local-production.html>;

<https://www.standardmedia.co.ke/business/article/2001352942/danish-brewer-to-set-up-in-naivasha>

72. http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/Alcoholic_Drinks_Control_Act_No4of2010.pdf

73. <http://www.africayield.com/stock-research/kenya-stocks-table/east-africa-breweries-ltd-eabl/>

Government is increasing excise duty in Kenya 2 years in a row. Acknowledging it would impact consumers' ability to buy their products, drawing them to consumption of illicit alcohol⁷⁴.

The alcohol industry, through Alcoholic Beverages Association of Kenya (ABAK), prescribes to a strict code of conduct that supports self-regulation in the processes of manufacture, distribution, sale and marketing of alcohol in Kenya⁷⁵. Established by parliament in 2012, The National Authority for Campaign against Alcohol and Drug Abuse (NACADA) is a powerful watchdog whose core function is to coordinate a multi-sectoral public education and awareness campaign against alcohol and drug abuse in Kenya. They also coordinate and facilitate in collaboration with other agencies and non-state actors the formulation of national policies, laws and plans of action on control of alcohol and drug abuse; and facilitate their implementation and enforcement⁷⁶.

6.3 Major Import and Export Markets

Table 11: Top Supplying Markets for Beer Products Imported by Kenya 2014/2018

Exporters	Imported value 2014 (USD 000')	Imported value 2015 (USD 000')	Imported value 2016 (USD 000')	Imported value 2017 (USD 000')	Imported value 2018 (USD 000')
World	5,405	4,902	6,457	7,229	8,537
Netherlands	2,899	2,662	3,158	4,526	4,407
Denmark	724	1,098	1,324	828	1,571
Russian Federation	0	0	10	378	1,414
Tanzania	438	155	1,238	790	383
Belgium	60	135	66	278	250
Namibia	68	97	28	47	148
Germany	106	6	62	152	123
Mexico	49	0	42	0	74

Source: International Trade Centre, Trade Statistics for International Business Development⁷⁷

Table 12: Top Importing Markets for Beer Products from Kenya 2014/2018

Importers	Exported value 2014 (USD 000')	Exported value 2015 (USD 000')	Exported value 2016 (USD 000')	Exported value 2017 (USD 000')	Exported value 2018 (USD 000')
World	39,930	37,837	24,210	26,051	27,927
South Sudan	21,903	16,748	10,338	17,266	16,149
Uganda	14,728	17,865	10,362	5620	7,999

74. <http://www.intracen.org/>

75. <http://abak.co.ke/about/>

76. <https://nacada.go.ke/>

77. <http://www.intracen.org/>

Burundi	129	16	629	876	2,004
United Kingdom	441	372	288	334	408
Somalia	306	493	412	431	381
Congo	733	957	753	620	310
Rwanda	901	832	750	363	281
U.S.A	248	177	222	263	141
Ship stores & bunkers	213	87	107	120	90
Djibouti	78	110	61	45	45

Source: International Trade Centre, Trade Statistics for International Business Development⁷⁸

6.4 Consumption Patterns

Recent reports indicate that Kenyans consume the least amounts of both recorded and unrecorded alcohol in Sub-Saharan Africa. Alcohol consumption in East Africa is at its highest in Uganda at 9.5 litres/capita followed by Tanzania at 9.4 litres/capita then Rwanda at 9 litres/capita with Kenya the lowest at 3.4 litres/capita. This can be attributed to the fact that Uganda and Tanzania have regulated traditional drinks increasing their affordability to citizens. Among the varied mix of traditional liquor in Uganda are bushera and waragi while in Tanzania it is mbege and komoni, among others. Some of the local brewers in both countries have been licensed to produce these traditional drinks, unlike Kenya where the Government continues to clamp down on the production of 'traditional killer brews' that have led to deaths and blindness, denying the nation of the much-needed labour force⁷⁹.

6.5 Standards and Import Regulations for Importing Beer to Kenya

Duty^{80 81}

- General duty: 25%
- Sales tax (GST)/VAT: 14%
- Excise duty for beer (below 10% alcohol): 70 KSHs per litre or 50% of EFSP⁸²

78. <http://www.intracen.org/>

79. [Institute of Economic Affairs, Unintended Effect of Kenya's Alcohol Regulation Policies, 2019](#)

80. <https://www.kra.go.ke/en/business/companies-partnerships/companies-partnerships-pin-taxes/company-partnership-imports-exemptions>

81. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=KE&hscode=2203>

- Other sources say 100 KSHs per litre or 105.2 KSHs per litre, but the website of the EAC says 70 KSHs
- Import declaration fee: 2% of the CIF value, but at least KSHs 5000 per import
 - CIF value: sum of the value of the imported goods and the cost of shipping and insurance.
- Railways development levy: 1,5%

Import declaration form

- Before import: apply for and obtain an import declaration form from the Kenya Revenue authority for all commercial imports. Consult a clearing agent for ease of process
- Should contain the following information
 - Quantity and Value of the cargo
 - Classification of the cargo and the Quality there-in
- Once the document is there, one may be cleared to prepare the cargo for inspection (PVoC) and shipping

Pre-export Verification of Conformity (PVoC)⁸³

- Before exporting products to Kenya, it's necessary to ensure the goods meet the regulations and quality requirements of Kenya
Obtained by carrying out tests based on relevant Kenya Standards/approved specifications from appointed PVoC Agents. PVoC agents in Germany: Bureau Veritas and SGS
- Once successful: Issuance of Certificate of Conformity (CoC), no clearance without CoC
- Beer is subject to the PVoC program⁸⁴ and thus, needs to be checked by appointed PVoC agents
- Costs for PVoC are between 265 and 2700US\$, depending on value of goods

Import health certificate⁸⁵

- Necessary for all commodities for human consumption
- Issued by Port Health Services
- Documents required:
 - Unique consignment reference (UCR) by World Custom Organization
 - Invoice

82. https://www.eac.int/~eacint/index.php?option=com_content&view=article&id=394:heads-of-prisonscorrectional-services-hold-inaugural-meeting&catid=146:press-releases&Itemid=194

83. https://www.kebs.org/images/PvOC/2019/November/PVOC_MANUAL_v9_2019_11_19.pdf

84. <http://www.onelink.co.ke/data/Guidelines.pdf>

85. <https://infotradekenya.go.ke/procedure/324?l=en&embed=true&includeSearch=true>

- Certificate of analysis (from country of origin)
- Certificate of quality (from country of origin)
- Permit
- Fee: KSH 1.000
- Goods get inspected before they get cleared at the airport

6.6 Analysis

There is an opportunity for Bavarian beer products in Kenya, considering the present market dynamics. An improving socioeconomic environment, urbanization and the growing number of affluent young adults shifting to higher-priced imported products for status affiliation⁸⁶; beer consumption projections of 10% through to 2021⁸⁷; beer import data showing growth in demand for international beer; and international brands looking to setup breweries in the market are strong indicators of how ripe the beer market in Kenya is.

However, these international brands must contend with stiff competition from local, well established beer brands as well as the ever-increasing attraction of international beer to the Kenyan market. It makes sense for Bavarian beer brands to partner with local distributors rather than drive their own market penetration independently. Distributors have better understanding of the market as well as closer contacts with retailers. This is critical for a market like Kenya, where market leader EABL already has intricate and well-developed distribution networks and relies on underhand tactics to edge out competition. **A contact list of import distributors in the HORECA industry can be provided upon request.**

7. BAKING INDUSTRY

The bakery and confectionery industry is one of the fastest growing industries in Kenya. The rising middle-class, urbanization, improving economic prospects and the expansion of modern habits by busy, health conscious and well-informed consumers are raising the consumption of pastry products in Kenya. The increasing need for convenient, ready food products has boosted the demand for these products, even in the peri-urban and rural areas with bakery products becoming a prime food that nourishes these hectic lifestyles. To cater to this ever-growing demand, innumerable production units are springing

86. Euromonitor Beer in Kenya, 2019

87. Kenyan Youths Push Beer Consumption by 10%

across the country. Both small and big bakeries are scaling up their businesses and exhibit a rising demand for technology in upgrading their processes.

Consumers particularly those belonging to middle and upper-income groups are willing to pay higher prices for baked products that have a low GI (Glycemic Index), high fiber content or fortification with added vitamins. Domestic biscuit brands are witnessing higher retail sales due to the affordability of their brands. Price competitiveness is thus expected to be a deciding factor for the sale of biscuits and cookies in Kenya. 'Health and Wellness' is expected to drive the sales of morning goods in the Kenyan market. Consumers are increasingly cautious about ingredient formulations and the demand for the clean label is gaining traction among health-conscious consumers.

The Kenyan bakery and pastry market is fragmented, owing to the presence of both large and medium and small domestic players in the country. The major industries are managed by very strong family groups. Emphasis has been on mergers, expansion, acquisition, and partnerships along with new product development as strategic approaches adopted by the leading companies to boost their brand presence among consumers. There are several companies interested in merging with local bakery groups, but these have not materialized yet.

Numerous bakeries are putting up new plants with heavy reliance on technology and mechanization of their processes with Bakewave Ltd, a partnership between Kenyan and Turkish company, Porlanmaz, equipping over 80 bakeries in 20 counties across the country⁸⁸.

Specialty stores have recorded the fastest growth in the Kenyan market, especially in the major towns. There are hundreds of small and medium size bakeries run by local investors in Kenya and the size of their operations is continually growing. These mainly include artisanal bakers/small bakeries/home-based bakers, which supply the products to café chains, kiosks, offices, and general consumers. Constant product innovation is a major challenge for specialist retailers given that many of the product types offered at artisanal bakeries are best enjoyed fresh. Efficient production and inventory management is a must-tackle challenge for these specialty stores.

88. <https://www.bakewave.co.ke/about-us/>

Foreign based supermarkets such as Carrefour, Zucchini, Game stores, Shoprite, Choppies as well as the major locally based supermarkets such as Naivas, Chandarana, Tuskys and Uchumi, have integrated in-house bakeries under different trade names into their operations. They have wide portfolios of bakery products that include bread, rolls, cookies, pies, pastries, and other baked confectionary prepared from flour meal sourced from local mills. These bakeries have deeper rivalry grounded on product quality, price, service quality, and customer service. Driven by “one-stop-shopping”, in addition to offering consumer convenience and speed, grocery retailers used floor space to accommodate a variety of baked products aimed at growing sales revenues and maintaining customer loyalty.

The bakery industry in Kenya has seen a lot of growth in the last 5-7 years. The revenue of the bread and bakery market in Kenya amounted to \$ 2.2 Billion in 2018, growing by 12% in 2017. In general, the total market has indicated a steady growth from 2014 to 2018: its value increased at an average annual rate of 12.75% over the four-year period⁸⁹. The most prominent rate of growth was recorded in 2015 with an increase of 15% against the previous year.

In 2018, the imports of bread and bakery into Kenya amounted to 3,258 tons, growing by 3.5% from 2017. In general, bread and bakery imports continue to indicate steady growth. The pace of growth was most pronounced in 2014 when imports increased by 25% from 2,933 tons to 3,664 tons in 2014. In that year, bread and bakery imports reached their peak of 3,664 tons. From 2013 to 2018, the growth of bread and bakery imports remained at a somewhat lower figure. In value terms, bread and bakery imports amounted to € 6 million in 2018 an increase of 11% from 2017. The most prominent rate of growth was recorded in 2011 with an increase of 67% from € 4.3 million in 2010 to € 7.2 million. However, from 2013 to 2018, imports stood at a somewhat lower figure⁹⁰.

Table 13: Dominant players in the Kenya baking industry

MANUFACTURER	WEBSITE
MiniBakeries	Owners of Super Loaf, Mibisko and Akiyda superbrands.SUPA Loaf.pdf
Kenblest	https://www.kenblestgroup.com/
Broadway	https://broadway.co.ke/ http://www.bakex.co.ke/about-us/About-Us/
The German Bake House	http://www.thegermanbakehouse.com/who.html
DPL Festive bread	Bread, Buns, rolls and Cream rolls https://festivebrands.com/products/
Kenafric Bakery Limited	https://www.kenafriicind.com/
Ennsvalley	https://www.ennsvalleybakery.com/

89. Kenya National Bureau of Statistics, Statistical Abstract, 2019

90. <http://www.intracen.org/>

Le Grenier à Pain	http://www.legrenierapain.co.ke/#
BBROOD	https://www.bbrood.co.ke/
ArtCaffe	file:///C:/Users/Michael/Downloads/East-Africa-Volume-4-Artcaffe%CC%81.pdf
Dalet Foods	http://www.daletfoods.com/about.php

7.1 Major Import Markets

Table 12: Top Supplying Markets for Pastry Products Imported by Kenya 2014/2018 (Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa)

Exporters	Imported value in 2014 (USD 000')	Imported value in 2015 (USD 000')	Imported value in 2016 (USD 000')	Imported value in 2017 (USD 000')	Imported value in 2018 (USD 000')
World	5,786	5,882	5,776	5,879	6,528
Egypt	1,403	826	724	1,051	1,565
United Kingdom	613	918	796	1,127	1,240
India	1,737	1,719	1,628	1,108	895
United Arab Emirates	374	336	492	429	393
Uganda	0	0	0	12	355
France	47	24	167	148	341
Turkey	564	568	374	455	244
Italy	81	62	104	133	163
South Africa	244	226	141	103	161
Rwanda	0	0	144	230	113
Brazil	37	50	58	96	105
China	8	48	40	45	83
Saudi Arabia	28	181	196	145	76
Bahrain	0	0	0	0	74
Belgium	34	36	23	91	64
Spain	0	10	14	32	62
Netherlands	38	170	111	47	58
Malaysia	27	28	33	73	55
Germany	85	60	108	83	52
Viet Nam	0	0	13	25	51
USA	59	76	67	29	50
Switzerland	0	0	0	0	42

Source: International Trade Centre, Trade Statistics for International Business Development⁹¹

91. <http://www.intracen.org/>

Table 14: International Pastry brands in Kenya

COUNTRY	BRAND
U.S.A	<u>Betty Crocker, Oreo</u>
Italy	<u>Matilde Vicenzi, Maina Panettoni Speciality Cake, Loacker, Forno Bonomi, Ferraro rocher</u>
Sweden	Nyakers ginger snaps
UK	Beech's fine chocolate, Thornton's Chocolate, Walkers chocolate
India	Nutro Biscuits, Rio4, Cremica biscuits
Pakistan	Riconi
South Africa	<u>Bakers Cookies, Wedgewood, Clovers Classic</u>
France	Puratos, Les tartlettes rondes, les sables napped chocolate,
UAE/Dubai	<u>Mellys Chocolate, Tiffany delights, Luna, Virginia Green Garden Italian Straw Syrup</u>
Canada	<u>Voortman</u>
Belgium	Forum Biscuits, Guylian
Egypt	<u>Angel Dry yeast</u>
Turkey	<u>Kent Boringer</u>
Switzerland	Toblerone, Lindt
New Zealand	Whittakers
Belgium	Zeelandia, Cachet choc, Excelcium Pralines Chocolate
Germany	Merci Choc,
Poland	<u>Bergen Cookies E.wedel</u>

Source: In-store research from Carrefour and Naivas^{92 93}

7.2 Standards and Import Regulations for Importing Pastries to Kenya

Duty^{94 95}

- General duty: 25%
- Sales tax (GST)/VAT: 14%
- Excise duty for sweets, sugar confectionaries and chocolates: 20%⁹⁶

92. <https://www.carrefourkenya.com/>

93. <https://www.naivas.co.ke/>

94. <https://www.kra.go.ke/en/business/companies-partnerships/companies-partnerships-pin-taxes/company-partnership-imports-exemptions>

95. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=KE&hscode=2203>

- Import declaration fee: 2% of the CIF value, but at least KSHs 5000 per import
 - CIF value: sum of the value of the imported goods and the cost of shipping and insurance.
- Railways development levy: 1,5%

Import declaration form

- Before import: apply for and obtain an import declaration form from the Kenya Revenue authority for all commercial imports
- Possibility to consult a clearing agent for ease of process
- Should contain the following information
 - Quantity
 - Value of the cargo
 - Classification of the cargo
 - Quality
- Once the document is there, one may be processed to prepare the cargo for inspection (PVoC)
- Once everything is completed, cargo can be shipped

Pre-export Verification of Conformity (PVoC)⁹⁷

- Before exporting products to Kenya
- Necessary to ensure that the products and goods meet the regulations and quality requirements of Kenya
- Obtained by carrying out tests based on relevant Kenya Standards or approved specifications from the appointed PVoC Agents
- Once successful: issuance of Certificate of Conformity (CoC), no clearance without CoC
- Pastries are subject to the PVoC program⁹⁸ and thus, needs to be checked by appointed PVoC agents
- PVoC agents in Germany: Bureau Veritas and SGS
- Costs for PVoC are between 265 and 2700US\$, depending on value of goods

96. <https://www.standardmedia.co.ke/business/article/2001297955/20-percent-excise-tax-on-sweets-chocolates-will-result-to-job-cuts-kma-warns>

97. https://www.kebs.org/images/PvOC/2019/November/PVOC_MANUAL_v9_2019_11_19.pdf

98. <http://www.onelink.co.ke/data/Guidelines.pdf>

Import health certificate⁹⁹

- Necessary for all commodities for human consumption. Issued by Port Health Services
- Documents required:
 - Unique consignment reference (UCR) by World Custom Organization
 - Invoice
 - Certificate of analysis (from country of origin)
 - Certificate of quality (from country of origin)
 - Permit
- Fee: KSH 1.000
- Goods get inspected before they get cleared at the (air-)port

7.3 Analysis

There is an opportunity for Bavarian pastry products in Kenya, considering the present market dynamics. An improving socioeconomic environment, urbanization and the growing number of affluent young adults shifting to health-conscious products are raising the consumption of pastry products in Kenya. Data indicating growth in international pastry products point to a growing demand for these products, with leading retail stores stocking these brands.

The level of success of Bavarian pastry products in Kenya will be dependent on the strength of the local import distributor that they partner with to drive their market penetration strategy. Distributors with strong connections in the HORECA industry and supermarket chains will be integral as one cannot really build a brand in Kenya without the supermarkets as it is where the middle-class and affluent of the Kenya shop. **Contact list of import distributors in the HORECA industry can be provided upon request.**

8. TOURISM SECTOR

Kenya is currently the third largest tourism economy in Sub-Saharan Africa after South Africa and Nigeria, according to the Ministry of Tourism and Wildlife. The sector is one of Kenya's most important industries, contributing 8.8% of the Country's GDP and more importantly, contributes significantly to job creation. International arrival receipts from travel and tourism grew by 3.9% in 2019 contributing € 1.4 billion and 1.1 million jobs to the Kenyan economy. It is therefore a powerful driver of economic growth

99. <https://infotradekenya.go.ke/procedure/324?l=en&embed=true&includeSearch=true>

with multiple backward and forward economic linkages with transport, food production, retail and entertainment¹⁰⁰.

Current performance by the industry is encouraging. The country's tourism industry continues to show resilience amid past challenges such as the 2019 terror attack on the Dusit2 hotel in Nairobi¹⁰¹.

International arrivals numbered 2,048,334 in 2019 a 1.2% growth from the previous year. The largest inbound international markets came from the USA, UK, India, China and Germany at 11%, 9%, 6%, 4% and 4% respectively. Domestic tourism showed improvement with a total of 4,955,800 bed-nights, a growth of 10.4% from 2018¹⁰².

Kenya is a popular business and leisure tourism destination and has attracted investment into the industry in the form of resort cities, branding of premium parks, development of high value niche products and MICE tourism facilities and the construction of new internationally branded hotels. About 27 global hotel brands have announced plans to open new or additional hospitality facilities in Kenya over the next five years, cementing the country's position as East Africa's business hub. The new hotels will bring to the market more than 4,230 new hotel rooms by 2023 with 67% of its pipeline rooms under construction. These international hotel chains include well-known brands such as the Sheraton, Ramada, Hilton, Best Western, Radisson, Marriott, Mövenpick, Sankara, Kempinski, Pullman, Hyatt, City Lodge Group and CityBlue hotels¹⁰³.

The Tourism Regulatory Authority, under the Ministry of Tourism and Wildlife is the regulatory body. The industry is subdivided across the 9 Kenyan regions namely Nairobi, Western, Eastern, Coast, Central, Northern, North rift, South rift and North Eastern. There are over 190 registered hotels with the Kenya Association of Hotel Keepers and Caterers out of which 53 are in Nairobi¹⁰⁴. 178 hotels are classified between 2 and 5star with Nairobi having the highest number of classified hotels at 59¹⁰⁵. The Tourism

100. [Hotel Chain Development Pipeline in Africa 2019](#)

101. [National Tourism BluePrint 2030](#)

102. [Kenya Tourism Sector Performance Report, 2019](#)

103. [Kenya Tourism Sector Performance Report, 2019](#)

104. <https://www.kahc.co.ke/kahc-members-directory.php>

105. [Tourism Regulatory Authority Classified Establishments-Register](#)

Regulatory Authority is charged with the responsibility of hotel classification. In classifying the hotels, factors such as location, building design, capacity, information services, cooling systems, waste collection, security, human resource policy are among some of the features that the regulator considers in determining the classification¹⁰⁶.

8.1 The Supply Chain

The industry is marked with stiff competition, with hotels being extremely frugal in their spending while trying to ensure they deliver high-quality offerings to match their guests' demands. Businesses seeking to supply and partner with these hotels are met with a plethora of terms and conditions often spelled out through tender documents in an open bid system.

The suppliers must meet all governmental regulations, such as tax compliance, related statutory requirements (VAT registration, certificate of incorporation) as well as reference letters from at least three current customers. The hotels also look at the supplier's business model, health and safety record, cost and consistency of whatever they intend to supply as well as human rights guidelines and environmental protection laws in the country of production.

Most hotels also have a list of restricted substances and chemicals that should be used in food production insisting on the use chemicals with low toxicity and high biodegradability. Quality checks often involve site visits to suppliers to map out the farm to fork journey, ensuring that the stipulated food safety standards are met.

Quality of supplies is a key priority with good suppliers rated on their ability to balance good business practices within the confines of the region that the hotel operates in, as well as the needs of both local and international clientele. Supplier must be ready to comply with these standards failure of which results in disqualification during the tendering stage.

8.2 Suppliers Hotels and Resorts

Potential suppliers are drawn from a pool comprising of manufacturers, SME's as well as established import distributors within the HORECA industry. These suppliers tend to be prequalified by the hotels through open bid tenders done annually or biannually. Tenders are based on the hotels need assessments and are usually advertised in the newspapers and on their respective websites. Appointed suppliers, are those who meet the hotels stipulated guidelines/requirements, with focus placed on

106. The Tourism Act No. 28, 2011

quality and consistency of supply, competitive pricing, as well as established distribution networks within the counties that guarantee freshness produce sought. The hotels tend to have at least three prequalified suppliers, on one year contracts, per category, for their various product needs to hedge against supply chain disruptions.

Dairy

Calls to the major hotels in the city indicate a preference for the large and established local dairy companies. Perishability and low shelf life of dairy products and international supply chain disruptions that may affect consistency and reliability of supplies are the major reasons for purchasing local dairy products. Furthermore, they are also incentivized to buy Kenya Build Kenya, a drive that seeks to enhance competitiveness and consumption of locally produced goods and services¹⁰⁷.

Table 15: Suppliers of Dairy Products

REGION	MAJOR SUPPLIERS
Nairobi	Brookside; Browns Cheese; Raka Cheese; Happy Cow; Eldoville Dairies; Doinyo Lessos Creameries; Sirimon Cheese Factory and New KCC
Mombasa	Brookside; New Kenya Co-operatives Creameries; Molo Milk; Kavitha Investments Kenya Ltd; New KCC
Central Kenya	Brookside; Browns Cheese; Raka Cheese; Happy Cow; Eldoville Dairies; Sirimon Cheese Factory; New KCC
Rift Valley	Browns Cheese; Doinyo Lessos Creameries; Sirimon Cheese Factory; Baraka farmhouse cheese shop; New KCC
Nyanza & Western	Brookside; Browns Cheese; Raka Cheese; Happy Cow; Eldoville Dairies; Doinyo Lessos Creameries and New KCC

Beer Products

The major hotels in the city stock international brands, but these international brands face major competition from local conglomerate EABL who over and above giving them good retail prices offer other incentives such as marketing support and publicity during major events such as Octoberfest. These international brands rely on local import distributors for the marketing and distribution of their beer.

Table 16: International Beer Products

107. <https://www.tralac.org/documents/resources/by-country/kenya/576-buy-kenya-build-kenya-strategy-june-2017/file.html>

REGION	INTERNATIONAL BRANDS STOCKED
Nairobi	Guinness; Heineken; Carlsberg; Bavaria beer; Warsteiner; Ozzbeco; Sirville; Tuborg; Holsten; Kronenbourg; Oettinger; Peroni; Amstel; Budweiser
Mombasa	Guinness; Heineken; Carlsberg; Bavaria beer; Warsteiner; Ozzbeco; Sirville; Tuborg; Holsten; Kronenbourg; Oettinger; Peroni; Amstel; Budweiser
Central Kenya	Guinness; Heineken; Carlsberg; Bavaria beer; Warsteiner; Ozzbeco; Sirville; Tuborg; Holsten; Kronenbourg; Oettinger; Peroni; Amstel; Budweiser
Rift Valley	Guinness; Heineken; Carlsberg; Bavaria beer; Warsteiner; Ozzbeco; Sirville; Tuborg; Holsten; Kronenbourg; Oettinger; Peroni; Amstel; Budweiser
Nyanza & Western	Guinness; Heineken; Carlsberg; Bavaria beer; Warsteiner; Ozzbeco; Sirville; Tuborg; Holsten; Kronenbourg; Oettinger; Peroni; Amstel; Budweiser

Pastries

The major hotels in the city interviewed rely on their in-house professional chefs to produce their pastries. Opportunities here would primarily revolve around raw materials used by bakers and confectioners in the production of the pastries and confectionery. These include items such as Emulsifiers, Bakery mixes, Bread improvers, Glazes, Sourdough, Fillings, Margarine and specialty fats.

8.3 Major tourist resorts in Kenya

Kenya is endowed with unique combination of tourist attractions such as beautiful coastal beaches, coral reefs, caves and river deltas, abundant wildlife including the 'big five' in their natural habitats, national parks and game reserves, good climate, beautiful geographical landscapes, Savannah grasslands, forests, salt and fresh water lakes.

Table 17: Nairobi hotels

HOTEL	WEBSITE
-------	---------

Radisson Blu Nairobi	radissonhotels.com
Sarova Stanley	https://www.sarovahotels.com/stanley-nairobi/
Villa Rosa Kempinski	Kempinski, hotel-villa-rosa/nairobi
Ole Sereni	https://www.ole-sereni.com/
Hilton Nairobi	Hilton-nairobi
Safari Park	https://www.safaripark-hotel.com/
Trademark Hotel	https://www.trademark-hotel.com/
Hotel Intercontinental Nairobi	https://intercontinental.hotels-of-nairobi.com/
Crowne Plaza Nairobi	Crowne Plaza hotels
The Boma Nairobi	http://www.theboma.co.ke/
Ibis Styles Nairobi	https://www.ibisstylesnairobi.com/
Palacina	https://www.palacina.com/
Elysian resort	http://elysian-resort.com/
PrideInn Hotel	https://www.prideinn.co.ke/hotels-in-nairobi/

Table 18: Central Kenya/Mount Kenya hotels

HOTEL	WEBSITE
Fairmont Mount Kenya Safari Club	https://www.fairmont.com/mount-kenya-safari/
Serena Mountain Lodge	Serenahotels.com
Bantu Mountain Lodge	Bantulodge/index.html
Castle Forest Lodge	https://www.castleforestlodge.com/
Old Moses Mountain Camp	Old-moses-mountain-camp
Mount Kenya Leisure Lodge	https://www.mountkenyaleisurelodge.co.ke/
Stanley's Haven	http://stanleys-haven.com/
The White Rhino Hotel	https://www.whiterhinohotel.com/

Table 19: Mombasa hotels

HOTEL	WEBSITE
Serena Beach Resort	Serenahotels.com/serenabeachhotel
City Blue Creekside	citybluehotels.com/cityblue-creekside-hotel-suites-mombasa/
Sarova Whitesands	https://www.sarovahotels.com/whitesands-mombasa/
PrideInn Nyali	https://www.prideinn.co.ke/hotels-in-mombasa/prideinn-nyali/
Bamburi Beach	https://bamburibeachkenya.com/
Reef Hotel	https://reefhotelkenya.com/

Voyager Beach Resort	http://www.voyagerbeachresortmombasa.com/
Kenya Bay	http://www.kenyabay.com/
Severin Sea Lodge	https://www.severinsealodge.com/

Table 20: Kilifi, Watamu and Malindi hotels

HOTEL	WEBSITE
Kilifi Bay Beach Resort	https://www.madahotels.com/kilifi-bay-beach-resort-kilifi
Mnarani Beach Resort	https://www.mnarani.net/
Ocean Beach Resort	https://www.oceanbeachkenya.com/
Diamond Dreams of Africa	https://dreamofafrica.diamondsresorts.com/
Silver Palm	https://www.silverpalmkilifi.co.ke/
Gecko Resort	https://garodagecko.com/
Leopard Point	https://www.lpbresort.com/en/
Kola Beach Resort	https://www.kolabeach.com/
Driftwood Beach Club	https://www.driftwoodclub.com/
Club Blue Bay	http://www.hotelbluebay.it/en/
Hemingways Watamu	https://www.hemingways-collection.com/watamu/
Medina Palms	http://medinapalms.com/
Turtle Bay Beach Resort	https://www.turtlebaykenya.com/
The One Watamu	http://www.theonewatamu.co.ke/

Table 21: Diani hotels

HOTEL	WEBSITE
Elewana Afro Chic	https://www.elewanacollection.com/afrochic-diani-beach/at-a-glance
Southern Palms	https://www.southernpalmskenya.com/
Leopard Beach Resort	https://www.leopardbeachresort.com/
Baobab Beach Resort	https://www.baobab-beach-resort.com/
Swahili Beach Resort	https://www.swahilibeach.com/

The Sands at Chale Island	https://thesandsatchaleisland.com/en/
Jacaranda Indian Ocean Beach Resort	https://jacarandahotels.com/jacaranda-indian-ocean-beach-resort/
Diani Reef	https://www.dianireef.com/
Diani Sea Resort	https://www.dianisearesort.de/

Table 22: Rift Valley (Maasai Mara, Nakuru, Samburu, Amboseli) hotels

Hotel	WEBSITE
Olarro	https://olarrokenya.com/
Sarova Woodlands	https://www.sarovahotels.com/woodlands-nakuru/
Amboseli Serena Safari Lodge	Serenahotels.com/serenaamboseli/
Olare Mara Kempinski	Kempinski.com/en/masai-mara/
Enashipai	https://www.enashipai.com/
Samburu Intrepids	Heritage-eastafrika.com/samburuintrepids/
Entumoto Safari Camp	https://www.entumoto.com/
Ashnil Samburu Camp	https://www.ashnilhotels.com/samburu/
Great Rift Valley Lodge	Heritage-eastafrika.com/greatriftvalleylodgeandgolfresort
Elewana Serengeti Migration Camp	Elewanacollection.com/serengeti-migration-camp
Lake Nakuru Lodge	https://lakenakurulodge.com/
Sarova Lion Hill	https://www.sarovahotels.com/lionhill-nakuru/
Naivasha Kongoni Lodge	https://naivashakongonilodge.com/
Mahali Mzuri	Virginlimitededition.com
Sweetwaters Serena Camp	serenahotels.com/serenasweetwaters
Kibo Safari Camp Amboseli	https://kibosafaricamp.com/
Keekorok Lodge	http://keekorok-lodge.com/en/
Lake Elementaita Serena Camp	Serenahotels.com/serenaelementaita

Table 23: Nyanza and Western hotels

HOTEL	WEBSITE
Imporia Hotel Kisumu	https://imperialhotelkisumu.com/
MillsView Hotel	https://www.millsviewhotel.com/
Kamel Park Kisumu	https://www.kamelpark.com/
Acacia Premier Hotel	https://www.acaciapremier.com/
Rondo Retreat	https://www.rondoretreat.com/

Golf Hotel Kakamega	https://www.golfhotelkakamega.com/
Sovereign Hotel	https://sovereignhotel.co.ke/
Ruma River Lodge	https://rumariverlodge.com/
Mount Elgon Hotel	https://www.mountelgonhotelmale.com/en-gb
Wash and Wills Hotel	http://www.washandwillshotel.com/
The Boma Inn Eldoret	http://www.theboma.co.ke/en/bie.html
Sirikwa Hotel	https://www.sirikwahotel.com/
Western Star Hotel	http://www.westernstarhotel.co.ke/
Aturukan Hotel	http://aturukanhotel.co.ke/
Mbale Resort	https://www.mbaleresorthotel.com/

9. Conclusion

There is an opportunity for Bavarian cheese, beer and pastry products to build a brand presence in Kenya, considering the present market dynamics which include an improving socioeconomic environment, urbanization and the growing number of affluent young adults shifting to higher-priced, health-conscious imported products for status affiliation. Import data showing growth in demand for international cheese, beer and pastry products stocked at leading retail stores as well as international brands looking to set up manufacturing operations in the market are strong indicators of how ripe the market is for consumer-oriented agricultural products in Kenya. These international brands must however contend with stiff competition from local, well established brands as well as the ever-

increasing attraction of international brands to the Kenyan market coupled with stringent regulations put in place to protect the local market.

It is the opinion of the Delegation of German Industry and Commerce for Eastern Africa that the level of success of these Bavarian consumer-oriented agricultural products in Kenya will be dependent on the strength of the local import distributor that they partner with to navigate the import regulatory environment and drive their market penetration strategy. Distributors with experience in handling international brands and with strong connections in both the HORECA industry and with retailers will be integral as this is where brand exposure to the middle and upper-class of Kenya is at its highest. There is a wide pool of prospective business partners for Bavarian cheese, beer and pastry manufacturers looking to reach consumers with their products both in Kenya and the wider East African region.