

KENYA



Paint sector fights off COVID-19 and scans growing market for opportunities

By Wachira Kigotho in Nairobi

Demand for paints and coatings in Kenya is set to recover this year from the impact of the COVID-19 epidemic, being driven by the rebound of building construction and other civil engineering works that require use of paints, the Kenya National Bureau of Statistics has predicted.

While east Africa's economic powerhouse has certainly been disrupted by the coronavirus, according to official health records, it has suffered less than some countries, with only 5116 deaths (as of September 2021) from a total population of 53M. The World Bank has projected Kenya's GDP will increase 4.5% this year (2021), growth that it characterises as "a partial recovery from... COVID-19".

■ DECORATIVE PAINT CONSUMPTION INCREASE IS FORECAST

Moreover, the consumption of decorative architectural paints is forecast to increase because of shifting consumer tastes in housing design. According to George Obudho, the Director-General of the Kenya National Bureau of Statistics and the principal co-ordinator of the *Kenya Economic Survey 2021*, that was released on September 9, the country's housing construction industry registered a yr-on-yr growth of about 12% last year (2020), compared to about 7% in 2019, despite COVID-19 lockdowns.

"Construction expectations are higher this year and next year, as the industry and the government gears-up to complete major housing projects in the country," Obudho told *PPCJ*.

Paint manufacturing companies in Kenya are also optimistic that this projected growth in the construction industry will boost Kenyan markets for decorative paints, coatings, pigments and varnishes. Indeed, the *Kenya Economic Survey 2021* said that the production of decorative architectural paints and vanishes rose by 11% in 2020 yr-on-yr and growth is expected this year too, with decorative DIY work during lockdowns being one reason for this.

■ NEW HOUSING DEMAND

According to Rakesh Rao, Chief Executive of Crown Paints PLC, east Africa's leading paint manufacturing company, demand from new housing builds would be combined with demand for paints for more residential improvement projects (including DIY) and an expansion in the commercial building repair market to build sales.

"We lost ground last year due to the COVID-19 pandemic, but we think we are going to do better this year and next year, as more homeowners undertake more home improvement projects," Rao told *PPCJ*.

He said Kenya's hotel and tourism industry had been recovering and undertaking repairs and renovations that had been abandoned because of closures and layoffs brought by the pandemic. This had hit this important industry hard, with the Kenya Association of Travel Agents (KATA) saying in August (2021), business was then still 40% down from 2019 levels, but was on the rise.

In this regard, Rao said his company has plans to increase production of eco-friendly

paints that have become popular with homeowners and renovators for hotels and tourist lodges.

■ DEMAND REFLECTED ACROSS EAST AFRICA

Richard Weissenberg, a Business Unit Leader at Frost & Sullivan, the global business research and consulting firm, said this encouraging demand and production in Kenya was reflected across east Africa, with sales of paints and coatings in neighbouring countries, notably, Ethiopia and Tanzania, Rwanda and Uganda.

For instance, Kenya's annual growth is steady in the range of 5.5% to 6% and Tanzania sustains growth in the range of 6% to 7%, said Weissenberg in a Frost & Sullivan market survey, '*Decorative Paints and Coatings Market for Kenya and Tanzania, Forecast to 2020*'. Frost & Sullivan said that the challenges of low raw material availability and price fluctuations have been overcome in the Kenya and Tanzania paint and coatings markets due to rising urbanisation.

"The rising purchasing power of the citizens is expanding the middle-class demographic, which, in turn, is creating a need for more residential and commercial buildings, which are the main end users of decorative paints and coatings," concluded the report.

Weissenberg thinks the combined volume paint market in Kenya and Tanzania will hit 20M lit in 2021, although the impact of COVID-19 may hit those projections. That said, the Kenyan government could increase sales further by promoting major

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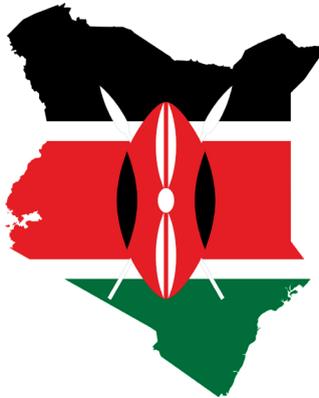
public works projects, such as the ongoing construction of the Lamu Port, on the Indian Ocean and 500,000 low-cost housing units that are being built in Nairobi, Mombasa, Kisumu, Nakuru and Nyeri.

■ NEW STANDARDS RELEASED

Looking ahead, the Kenyan paint industry is likely to improve its ability to export by compliance with a new standards list released in January (2021) by the Kenya Bureau of Standards (KEBS). These have especially been focused in reducing incidents of paint and varnish poisoning, said Peter Namutala Wanyonyi, a KEBS Principal Standards Officer.

One key goal was enforcing compliance with East African Community (EAC) standards on paints and allied products imposing a 90 parts per million (ppm) cap on lead content.

Other standards on the list are the Kenya standard KS ISO 4628-10:2016 on assessing the degradation of paints, coatings and varnishes; and KS ISO 3856-6:1984 on determining soluble metal content in paints and varnishes¹. "By introducing those new standards, Kenya has continued the good practice of enforcing quality standards for the painting of domestic and public buildings where decoration is a significant factor," Wanyonyi told *PPCJ*.



■ MARKET LEADERS' PERFORMANCE

Looking at market performance by company, Crown Paints has retained its lead as the most profitable paints and coatings company in Kenya, being a key producer of all categories of paints, coatings and pigments sold in the country. That said, it has suffered disruption during the pandemic, being forced to close factories and sales outlets in Rwanda and Uganda because of COVID-19.

Nairobi-based Basco Products (K) Ltd is in second position within Kenya and across east Africa, also producing a wide range of architectural paints, coatings and varnishes. Another important player is Galaxy Paints & Coatings Ltd, which

last year (2020) partnered with Marmoram (Pty) Ltd of South Africa, in developing and manufacturing customised wall coating systems. Marmoram's Kenya sister company Molecular Kenya Ltd sells the SA company's paints and coatings across Kenya.

Meanwhile, Japan-controlled Kansai Plascon, a multinational paints company that has many branches across sub-Saharan Africa, has continued to develop its Kenya sales of high-quality decorative paints since acquiring Sadolin Paints East Africa Ltd in 2017. Other major companies that deal with paints and allied products in Kenya include Royal Paints Kenya Ltd and Solai Kenya Paints Ltd. All these companies face the same challenge – how to tap a growing market in Kenya that has been disrupted by COVID-19, shifting purchasing patterns, but which is expected to continue expanding for years to come.

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References

1. https://www.kebs.org/index.php?option=com_phocadownload&view=category&download=124:approved-list-of-stds-sac-jan-2021&id=69:year-2021&Itemid=253

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