

Consumer Trends driving logistics in East Africa

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Exhibition Booth #35



Kenya as an example

By: Silvester M. Kututa

Shipping, Port & logistics consultant

Who is Silvester Kututa?

- ❑ Silvester M. Kututa, MSc, FICS
 - ❑ 1966 Born of a port clerk father, started life in rural Kwale
 - ❑ 1991: BA Economics: Kenyatta University
 - ❑ 1991-1992 Jubilee Insurance, Maritime Freight Company Ltd, Kenya National Shipping Line Ltd
 - ❑ 1992: Winner-Cory Brothers Shipping Award (UK)-Liner Trades
 - ❑ 1992: London School of Foreign Trade (UK)
 - ❑ 2000: MSc Shipping Management from World Maritime University (Malmo, Sweden)
 - ❑ 2001: Established the Express Shipping & Logistics EA Ltd group, expanded to Tanzania (Tanga, Dar es Salaam, Mtwara) in 2012
 - ❑ 2007-2014: Director, Kenya Maritime Authority
 - ❑ 2008-2013: Board Member, Institute of Chartered Shipbrokers, London
 - ❑ 2010-2014: Chairman, Institute of Chartered Shipbrokers EA
 - ❑ 2015-todate: Consultant, Guidepoint NY
 - ❑ Columnist: Business Daily, Kenya

- ❑ ESL currently (Mombasa, Tanga, Zanzibar, Dar es Salaam, Mtwara)
- ❑ Future: Uganda, South Sudan, Rwanda, Burundi, DRC, Cameroon, Mozambique, Madagascar, Djibouti, Somalia, South Africa, West Africa

Summary

- What is logistics?
- Why is it important for logisticians to monitor changes in consumer trends?
- PWC's 8 main changes in consumer trends in Africa that influence logistics

"It is not the strongest of the species that survives, nor the most intelligent. It is the one that is most adaptable to change"- Charles Darwin

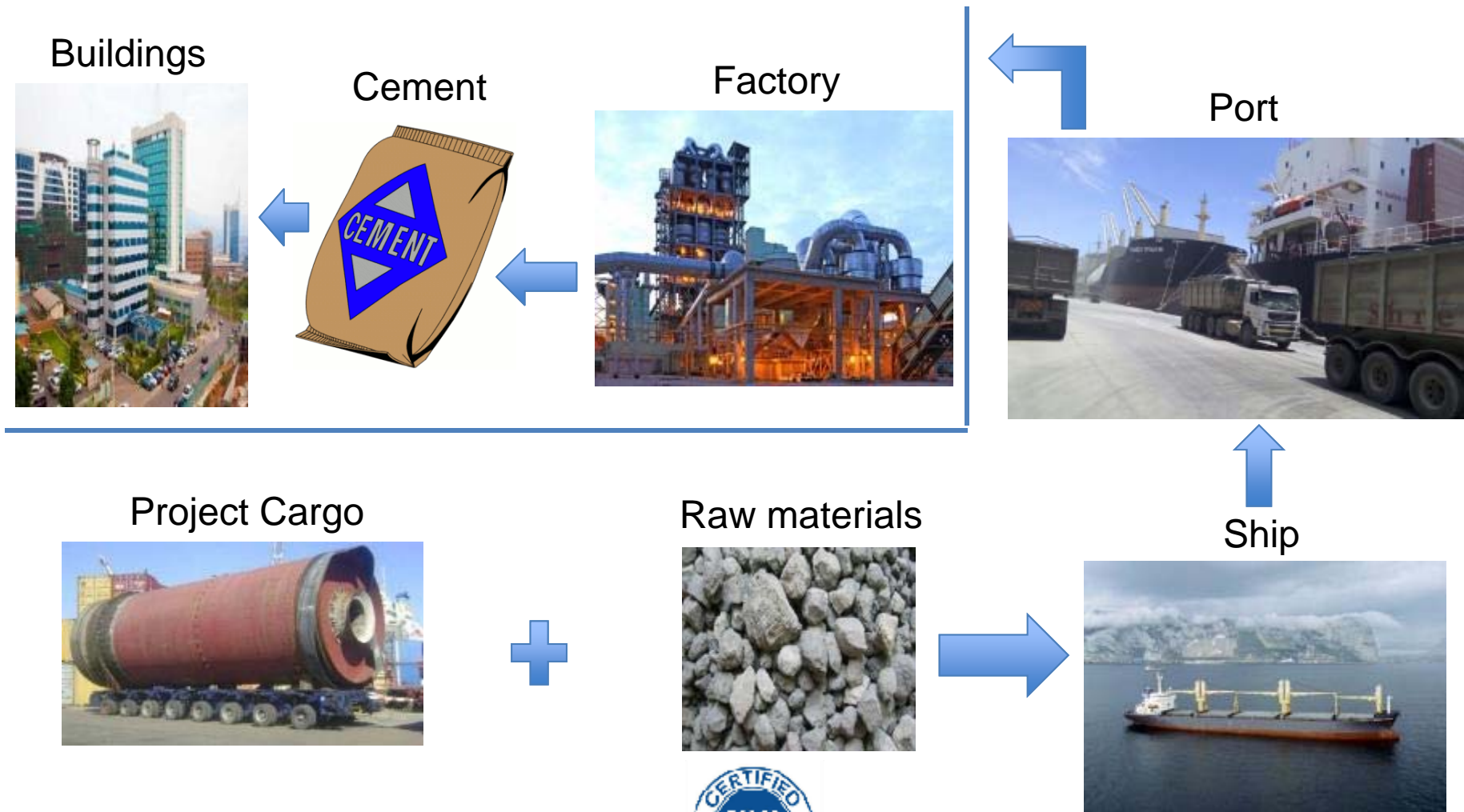
What is “Logistics”?

In #Somalia, mobile phone numbers painted on #goats for proper identification - it works!
scl.io/ufIG9Z1c



Today's logistics require innovative ideas

The Logistics Value

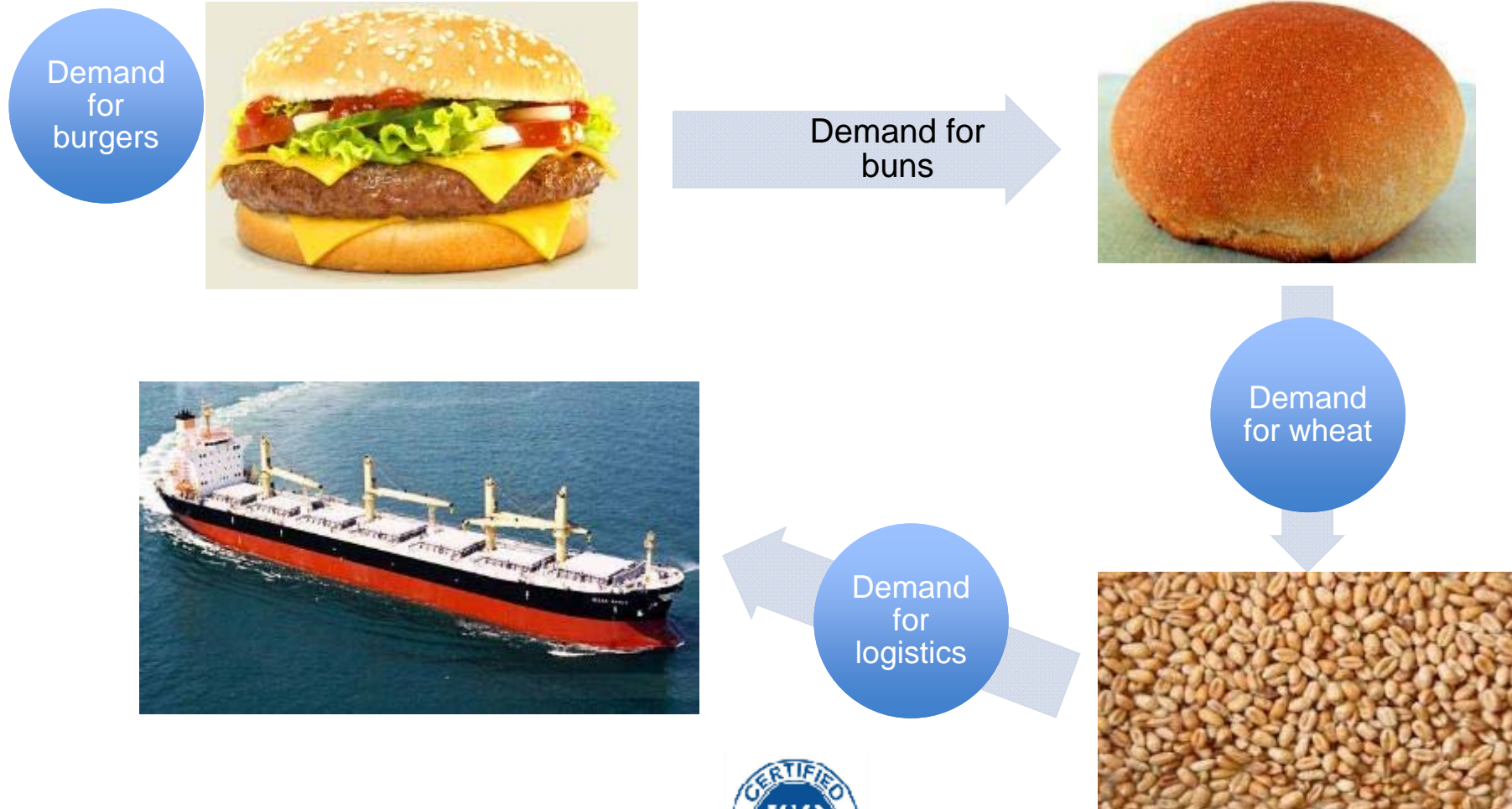


Consumer demand vs. demand for logistics services

- The economic concept of “derived demand” or “secondary demand”
- Demand for logistics services is derived from the demand for consumer (and production) goods
- Government policy and spending



Example of derived demand



Change, change...and change!

The only thing that is constant is
change.

— Heraclitus

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Change can be....good

Oil & Gas



Construction (Hass Towers)



Wind



.....and change can be “drastic”



“Trumped”!

PWC's Top 8 consumer trends 2016

1. Growth in income
2. Busier, healthier and more informed consumers
3. The rise of African Entrepreneurship
4. Modernization
5. "mobile wallet" and increase in online retailing
6. Sophisticated retail sector
7. Urbanization
8. Import substitution



ADB: \$2-\$20/day

Growth in income (middle class)



Government infrastructure expenditure
(roads, rail, bridges, ports)



Oil imports
17% increase 2014:2015



Project Cargo

Cars → Shipping → Ports

142,196 units 2014
143,833 units 2015



Project Cargo



Growth in income (middle class)



Electronics



House



Steel Cargoes
9% increase 2014/2015



Plant & equipment



Cement material
(40% increase: 2014:2015:



Growth in income (middle class)



Supermarkets



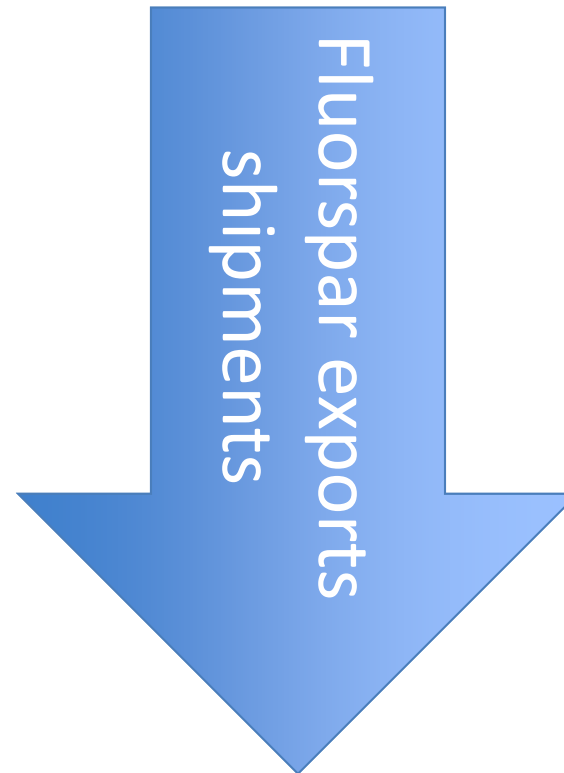
House



Clean energy
(wind, Solar, Geo)



Consumer trends abroad



Suppressed global prices for fluorspar & copper



Governments Policy / Expenditure

- Imports substitution → coal imports ban in Tanzania → reduced bulk cargo imports
- Imports substitution → coal new NPK fertilizer blending factories in Kenya, Uganda, Tanzania → reduced fertilizer imports?
- Trading blocks → increase in regional trade
 - import reduction in seaboarne trade
 - increase in cabotage (coastal traffic), land transportation (road and rail)

Summary

- Ports and logistics service providers pay greater attention to the consumer trends

- Consumer demand is the biggest influence to logistics

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