

Kenya, Tanzania decorative paints, coatings market set for high growth

The combined Kenyan and Tanzanian decorative paints and coatings market is expected to achieve a CAGR of 6.7% up by 2020, according to Frost & Sullivan's *Decorative Paints and Coatings Market for Kenya and Tanzania, Forecast to 2020*. This will be driven by urban migration, supportive government policies, and a movement towards cleaner technology.



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Water-based paints are expected to account for 64.7% of the market, and solvent-based paints for the remaining 35.3%. Manufacturing standards in both countries are already changing, driven by government legislation to reduce the levels of VOCs and lead emissions. The markets will also benefit from the high urban migration projected in the two countries, which will increase the demand for residential and commercial buildings and, subsequently, for decorative paints and coatings.

“The Kenyan market outpaced the Tanzanian market in 2015, primarily due to its more suitably established manufacturing industry and development of ports to facilitate raw material imports,” said Frost & Sullivan Visionary Science research analyst Ashley Arumero. “On the other hand, the lower maturity of the paint manufacturing industry in Tanzania has eased the entry barriers for potential participants.”

Growing market size

The recent analysis from Frost & Sullivan's Future of Chemicals & Materials in Infrastructure & Mobility Growth Partnership Subscription, finds that the total market size was 66.2-million litres in 2015, and this is expected to reach 91.5-million litres by 2020. Crown Paints, Basco Paints, and Insignia dominate the market, while Sadolin Paints and Goldstar Paints are trying to expand their shares.

Access to raw materials is a vital competitive advantage, as both countries import more than 90% of the feedstock. This also makes the markets vulnerable to price volatility in international markets. The weakening of the Kenyan and Tanzanian shillings, and limited technological innovations, have significantly reduced investments in local research and development (R&D). However, these restraints offer growth opportunities for international participants with substantial R&D resources.

“Despite the challenges of low raw material availability and price fluctuations, the markets are expected to grow positively due to rising urbanisation in both Kenya and Tanzania,” noted Arumero. “Additionally, 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 - the main end users of decorative paints and coatings.”

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