Jumia Food Index Report
2019
Summary: Trends in the Kenyan food sector

Highlights

- In Kenya growth in Food and Accommodation Services (10.6%) is outpacing the real GDP growth (5.6%) and the growth in the services sector (6.6%) (World Bank Economic Update).
- Estimated market size for the total Food and Beverage at 830-880 Billion Kenyan Shilling ($8.1Bn - $8.6Bn)*
- World-wide the demand for food delivery and other on-demand products has grown significantly. The food delivery market on itself is set to grow with 3.5% per year until 2021 (McKinsey)
- In 2019 Kenyans preferred Chicken as the most popular cuisine for delivery. Closely followed by Pizza and Burgers on place 2 and 3. While Burgers have strongly grown in popularity (5th in 2017).
- Affordability, convenience and availability of these categories have been the main driver of these trends.
- Restaurants are increasingly offering meals in lower price categories (below 300 KSH). As a result breakfast and lunch are gaining popularity as delivery meals. Dinner is still the most popular meal representing over 50% of all orders
- Virtual kitchens is increasingly a popular operating model for restaurants to take advantage of a growing demand for convenience and manage their costs
- In 2020 Jumia Food expects the growth in on-demand deliveries to accelerate by over 50%. This on the back of a continuation of the trend of more affordable menu items, enhanced availability of popular vendors, increased mobile penetration and a growing awareness of the convenience. As a result we expect availability of lower priced menu items to increase. 2020 is poised for a strong growth in on-demand deliveries of non-restaurant items like Groceries, Pharmacare products, Alcohols and other on demand categories such as Cosmetics, Gifting and Flowers.

*estimates based on internal calculations
One company, one brand, one IT platform

Single brand identity strategy

“One Company” approach results into increased efficiency

- Centralized functions
- Single global technology platform

Best practices applied across countries

Simultaneous roll-out of initiatives

Unified brand campaigns

Jumia is backed by industry leaders
On Demand Demystified

1. search
2. order
3. eat/pack
4. deliver
5. cook
6. receive order

CUSTOMER

JUMIA FOOD

VENDOR PARTNERS
HOW
Strong on-demand footprint in Africa and Kenya

Food and groceries delivery expected to grow rapidly in the next few years

- Increasing desire for convenience
- Decreasing cost of delivery (Unlimited free delivery for prime customers)
- Availability of cheaper food alternatives like Bei Poa

10 African countries

- North Africa
  - Morocco, Tunisia, Algeria
- West Africa
  - Senegal, Nigeria, Ghana, Ivory Coast
- East Africa
  - Uganda, Rwanda and Kenya

5 Kenyan Cities

- Eldoret
- Kisumu
- Nakuru
- Nairobi
- Mombasa
Food service and accommodation industry growth is double the GDP growth

Total population

$52.6M^3$
avg age: 18 years

Indicators growth rate

- Real GDP growth
  $5.6\%^1$

- Accommodation and Food Service growth
  $10.6\%^1$

Food and beverage market size

- Mobile penetration
  $47M^1$
  90% penetration rate
  Q3 to Q4: +2.2%

- Internet penetration
  $26.2M^1$
  49.9% penetration rate
  Q3 to Q4: +6.6%

- Social media usage
  $8.4M^4$
  16% penetration rate

Source:
1. World Bank Group
2. Jumia Research
3. Oxford Economics
4. Data Portal
Jumia Food journey for the last 7 years

2012
Market Place
Vendors listed and fulfilled their orders

2013
Logistics
Fulfilled customer orders with in house logistics team

2016
Food + Alcohol: Jumia Party
Customers order alcohol and we deliver

2017
Call centre
Host call centre for our vendors

2019
Everything you need delivered Now!
Customers can order food, alcohol, groceries, pharmacare and other items and we will deliver
We work with major brands across Kenya

QSR’s and local gems

Non-Restaurant Partners
Most popular cuisines Kenya

1st: Chicken
2nd: Pizza
3rd: Burger

Most popular cuisines in Kenya 2019

- Chicken is the most popular for the past 3 years.
- Pizza ranks consistently second in terms of popularity.
- Burgers have moved from 5th most popular cuisine in 2017 to 3rd in 2019.
- Indian food lost popularity but is still 5th in the ranking.

Jumia insights * 2019
Groceries, Ice-cream and Italian are the fastest growing food categories.

Top 3 cuisines with potential growth for deliveries:

- Indian
- Ethiopian
- Thai

Drivers of growth will be:
- Affordability (meals < 300ksh)
- Awareness
- Geographic Availability

Jumia insights * 2019
Breakfast and Lunch are becoming more popular delivery meals

Jumia insights * 2019

**Breakfast**
- 2017: 3.8%
- 2018: 4.0%
- 2019: 4.6%

**Lunch**
- 2017: 36.2%
- 2018: 39.4%
- 2019: 41.1%

**Dinner**
- 2017: 60.0%
- 2018: 56.6%
- 2019: 54.2%

Trends per category*

Popular vendors serving categories

Data based on estimates
Hot delivery areas per city

Differences between Cities

- Taste profiles are different between the main cities in Kenya
- In Nairobi, Chicken, Pizza and Burger are the most popular items.
- In Mombassa, customers prefer Continental followed by chicken and pizza.
- Nakuru is special because relative popularity of Chinese Food

Jumia insights * 2019
What's your view on the Kenyan Food scene and how has it evolved over the last year?

"I believe that the biggest change has been the increased need for convenience with consumers. Consumers are starting to value convenience more and more. They are willing to spend a little bit extra to save time and effort.

Another very positive change in the Food scene for me, is that people are becoming more and more aware of food safety. Restaurants and supermarkets are forced step up and start adhering to the global best practices with regards to food safety or risk losing customers. Competition is high and with numerous international brands that have entered the markets hence the overall customer experience is becoming more and more important to consumers. We have also seen substantial investments from local companies in the manufacturing sector in Kenya, putting up world class facilities.

This is critical for the whole Kenyan market going forward as the cost to import goods continue to rise and the gap between what restaurants need to charge the consumer and what the consumer can actually afford continues to grow. Continued investment in local manufacturing is critical to close this gap."

In your view what is the role that deliveries with Jumia Food play in growing your business

"I believe convenience is growing in the African markets, especially the East African markets. Food deliveries are becoming part of the consumers daily lives as they have many different options to choose from and get a meal delivered with 30 minutes most of the time.

Deliveries in our business is one of the main growth drivers in our strategy going forward. The partnership with Jumia has been an amazing journey as the success we have achieved thus far, was made possible by true partnership, collaboration and openness the adapt where either party requires to do so. I think one of the main strengths of the KFC/Jumia partnership in East Africa is the ability to be agile and execute quickly."
“The biggest change has been the increased need for convenience from customers” - Jacques Theunissen – Chief Operating Officer at Kuku Foods East Africa (KFC)

Which innovations do you think will impact the Kenyan Food scene in the next 3-5 years?

“I am sure that International brands will continue to enter the Kenyan market, but I truly believe the biggest innovations will come from local Kenyan brands.

I am sure that dark kitchens will be established within the next 5 years, especially with the high rentals paid for the traditional brick and mortar model. Innovation through strategic partnerships with different retailers will continue to evolve and evolve quickly. We are already almost at the point where you do not have leave the comfort of your own home for daily or weekly shopping, and can sit on the couch and almost order anything you need at the click of a button.

Ordering platforms will evolve from the normal app/website/telephone ordering to multiple platform ordering through chatbots, Whatsapp with a big focus on not needing data to place orders or waste limited space on smartphones to install additional apps. Who knows, delivery might not even happen on motorbikes or cars 5 years from now. One of the main reasons we decided to partner with Jumia is their innovative mindset and we believe that together we will continue to lead the markets with innovation around delivery."

In a competitive food market like Kenya, what measures are you taking to stay top of mind for the customer?

“In my personal opinion, to stay top of mind with consumers, you have to consistently provide an amazing customer experience, continuously invest in your current assets and in new assets.

In this day and age it is critical to keep your promises to your customers in respect of food quality and safety, whilst being innovative around your menu offerings and convenience must remain a key focus area. The ability to be agile in matching your consumer proposition to the everchanging consumer needs is becoming more and more important.”
The biggest change has been the increased need for convenience from customers

Jacques Theunissen – Chief Operating Officer at Kuku Foods East Africa (KFC)

What are major differences you observe operating your brands within East Africa? Kenya vs. Uganda?

“In terms of operating the two businesses on a day to day basis, not really much. From a consumer perspective there is quite a difference. Where access pricing in Kenya is probably most important, value and abundance in Uganda is extremely important to the consumer. Delivery in Uganda has surprised all of us as almost everyone in Uganda has a “Boda Guy” that they can send to any retail store to make their purchases. I think this is where customer experience and professionalism (i.e. delivering food hot & fresh in a branded thermal bag) is of the utmost importance as consumers are starting to value this. In short, creating an experience rather than just providing a service.”
How has your partnership with Jumia Food support the growth of your business?

“Jumia has been an integral part of our ability to expand through the exposure and marketing that it brings. We have used them to gain a lot of insights into what the Kenya Market is interested in and what the industry demands. We have been working alongside them to help support the business. The platform does not discriminate so it allows the food to speak for itself.”

In this competitive market how do you stay top of mind for your customers?

“The best way to stay ahead of the evolving market, is to have a continuously evolving menu that is always feeling interesting and fresh. By always having new and exciting things, people can always come to us to find the things that they love, or discover new types of foods. Other restaurants will keep the same menu for several years, meaning the market can get board of it and move on to the next place.”

What’s your view on the Kenyan Food scene and how has it evolved over the last year?

I think the food scene in the country is evolving up market. The gap between what low-cost food is and high-cost food is widening. We are working to try and have low-cost, high quality fresh food. We are out to prove that you do not need to spend 600-1000 Kes just to get a good, filling lunch. We also see that more and more customers want access to the products through an online platform.
Expert views

Jacques Theunissen (JT) – COO at Kuku Foods East Africa (KFC) & Graham Benton (GB) - Ki.chen

Key insights from interviews with industry experts

Insight 1: Convenience is a key trend

Insight 2: Managing affordability is very important

Insight 3: Serving food of consistent quality and being innovative around your food menu is needed to stay relevant

Insight 4: Food deliveries have become a pillar of the business strategy

Insight 5: The biggest innovations will come from local Kenyan brands. Dark Kitchens, Innovative strategic partnerships and Multi-platform ordering will be the future
Why On-demand is growing so rapidly

Jumia insights * 2019

Awareness grows of buying everyday items from food, groceries to pharmacare in minutes

People spent 12.5 days yearly on shopping

Why?

With Jumia on-demand people save time to do what they actually love

* Kantar data
THANK YOU

Questions?