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Africa Automotive Insights

An East African consumer perspective
2018

Foreword

Traffic jams have become a familiar feature of most African cities, yet many emerging consumers in Africa aspire to own and drive their own car.

Due to lesser purchasing power, the absence of suitable vehicle finance options and fierce competition from lesser cost imported second-hand vehicles, the potential African automotive consumer market is yet to be realised. In addition to these well-known market challenges, the lack of dedicated research into consumer trends and insights also restrict the understanding of Africa's emerging automotive market.

In order to remedy this lack of market information and insight, Deloitte has undertaken in-market research that seeks to gather consumer insights in the East Africa's emerging automotive consumer market.

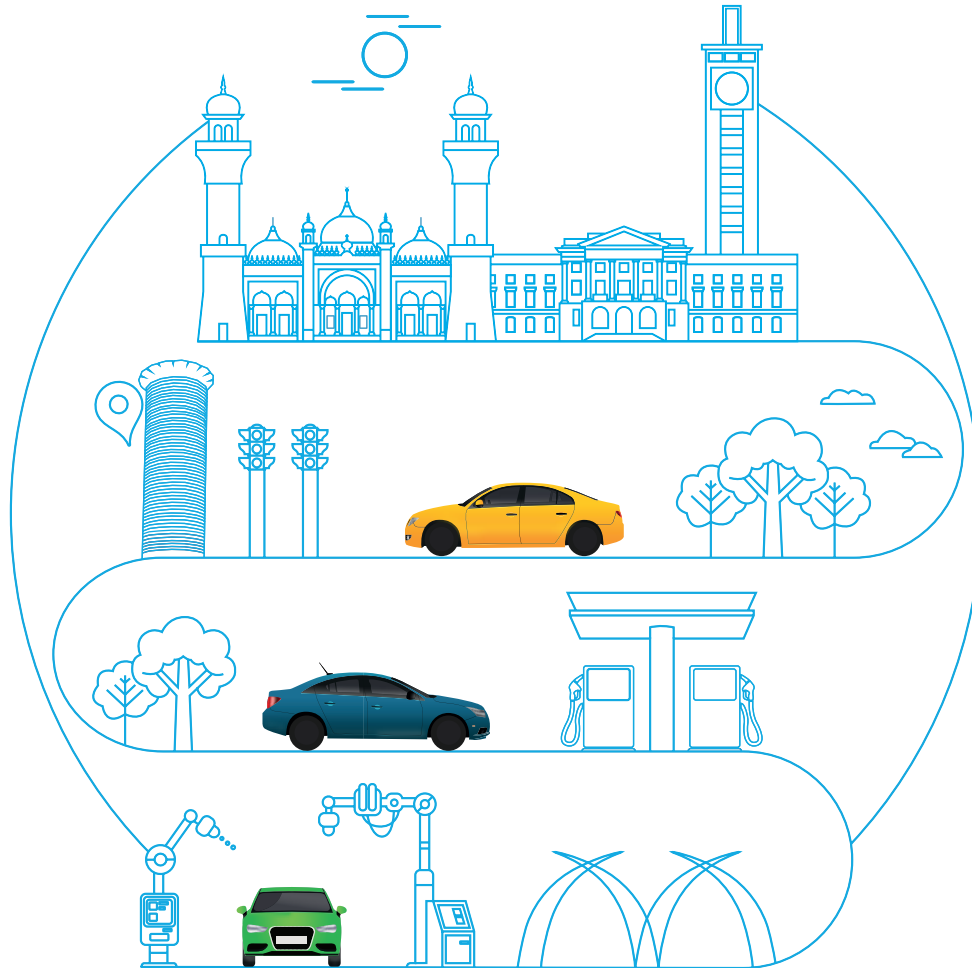
On-the-ground research was carried out in Kenya, Tanzania and Uganda, based on which the Deloitte team has produced a dedicated Africa Automotive Insights report, a part of a broader series of global automotive consumer reports.

The report draws insights from surveys conducted among middle-income consumers in leading cities in Kenya, Tanzania and Uganda. These countries were chosen to provide a representative regional overview of East Africa. Our insights shed light on various aspects of the overall customer journey that includes marketing, financing, purchasing and owning of vehicles in these countries.

The insights provide a starting block for industry players to understand better what factors influence consumers, what their preferences are and what their attitudes are towards the concept of mobility. Ultimately, our Automotive Insights report aims to inform our clients as to the opportunities arising in the realm of mobility in the East African region where roughly 2.3 million vehicles are currently in use.



Dr Martyn Davies
Africa Automotive Leader
Deloitte Africa



Kenya

A consumer perspective

Kenya: Country overview

Key economic data

With a GDP of US\$86bn in 2018, Kenya is the fifth largest economy in sub-Saharan Africa (SSA) and the second largest in East Africa (after Ethiopia). Kenya has had an average GDP growth rate of 5.8% since 2010, with economic growth expected to reach 5.5% in 2018, up from 5% in 2017 and higher than the SSA average of 3.4%. Kenya is the highest income economy in East Africa with GDP per capita of US\$1,790 in 2018 (\$3,657 in PPP).



GDP: US\$86bn



Average GDP growth rate of 5.8% since 2010



GDP per capita: US\$1,790



Population: 48 million

Key demographic data

Kenya has a total population of approximately 48 million people. In terms of gender, the population is relatively equally split, with 50.3% female and 49.7% male. Almost 70% of Kenyans are under the age of 30. Approximately 5 million people (10.4% of population) are between the ages of 15 and 19, representing a sizable group of potential future vehicle owners.

Key urbanisation data

Approximately a quarter of Kenyans live in urban areas. This is lower than the SSA

urban population average of 38.8%. Nairobi is East Africa's second largest city and is home to a third of Kenya's total urban population. The city is expected to attract an average of 170,000 new urban dwellers each year between 2010 and 2020. By 2050, approximately 46% of Kenyans will be living in urban areas.

Motorisation data

Kenya's motorisation rate of 30 vehicles per 1,000 inhabitants is lower than the SSA average of 42 but is the highest in East Africa. Approximately 10,600 new vehicles were registered in 2016, also the highest in East Africa.



Demographics
50.3% female
49.7% male



Youth: 70% of population under the age of 30



Urban population: 26% of total population



Urban population in 2050: 46% of total population



Motorisation rate: 30 vehicles per 1,000 inhabitants

Kenya survey sample overview

In the survey, consumers were asked questions to gain insights into the customer journey that includes purchasing and owning a vehicle, marketing, finance & sales, and aftersales & service. Future vehicle ownership was also discussed.

Sample size: 404 respondents

Date of data collection: 28 September – 14 October 2017

Place of data collection: Nairobi & Mombasa (middle-income neighbourhoods)

Data collected by: Infomineo

Overall sample (n=404)

Vehicle owners (n=198)

Gender		Age		Employment status		Vehicle ownership		Ownership history		Kind of vehicle		Type of vehicle				Vehicle use		Duration of ownership				
Female	Male	Under 30	Over 30	Salaried employee	Self employed	Vehicle owner	Non-vehicle owner	First-time owner	Non-first-time owner	New*	Used	Passenger vehicle	Motorbike	Light commercial vehicle	Multiple vehicles	Personal	Business	Less than 1 year	2-3 years	4-5 years	6-8 years	More than 8 years
44%	56%	45%	55%	38%	62%	49%	51%	35%	65%	59%	41%	41%	14%	44%	1%	63%	37%	23%	63%	12%	2%	1%

* The higher-than-expected weighting of new vehicles as a share of overall vehicles is the result of the concentration of middle-class respondents in the sample

Marketing

Vehicle owners in Kenya regard **fuel efficiency** as the most important purchasing criterion, and vehicle purchasing decisions are most influenced **by family and friends...**



What is important to you when deciding which vehicle to buy?

Fuel efficiency is the most important criterion for Kenyan vehicle owners irrespective of gender, age, ownership history and kind of vehicle...

Fuel efficiency followed by safety are key factors influencing the purchasing decision of vehicles in Kenya. In addition, Kenyan consumers are cost-sensitive, as factors such as value for money and vehicle price feature among the top priorities.

The importance of price is reflected in the concentration of vehicles bought at the lower end of the price spectrum (below KSh1m – approx. US\$10,000).

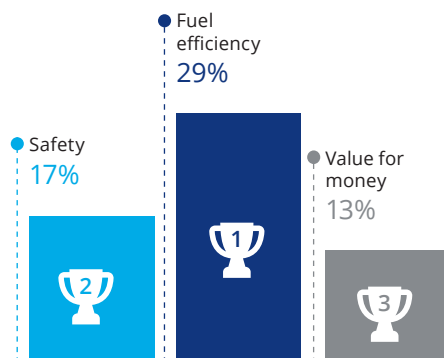
In general, non-first time owners are more price-sensitive than first-time owners.

Women, new vehicle owners and owners of vehicles in higher price brackets (above KSh1m – above approx. US\$10,000) are the ones most concerned about the safety of their vehicle.

Re-sale value is the least important factor driving the purchasing decision, indicating

that vehicles are not purchased with the intention of selling them again at a later date. This is most pronounced among women and owners who do not use their vehicles primarily for business.

Consumer preferences



Consumer preferences*

Rank	Overall	Gender		Age		Ownership history		Kind of vehicle	
		Female	Male	Under 30	Over 30	First-time owner	Non-first-time owner	New	Used
1	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency
2	Safety	Safety	Reliability	Safety	Value for money	Safety	Price	Safety	Status
3	Price & Value for money	Price	Safety & Value for money	Reliability	Safety	Value for money & Price & Status	Value for money & Status	Value for money	Price
4	Reliability	Value for money	Price	Status	Price	Reliability	Reliability	Price	Value for money & Reliability
5	Status	Status	Space/size & Status	Price	Reliability	Space/size	Safety	Reliability	Space/size
6	Space/size	Reliability	Re-sale value	Space/size	Status	Re-sale value	Re-sale value & Space/size	Status	Re-sale value
7	Re-sale value	Space/size & Re-sale value		Value for money & Re-sale value	Space/size			Space/size	Safety
8					Re-sale value			Re-sale value	

Degree of importance: High Moderate Low

* Respondents were asked to rank criteria based on importance when making the purchasing decision.

What influences you when deciding which vehicle to buy?

Family and friends have the greatest influence on vehicle buyers...

In Kenya, family and friends have the greatest influence on the purchasing decision.

More than half of Kenyan vehicle owners have turned to family and friends for advice on which vehicle to purchase.

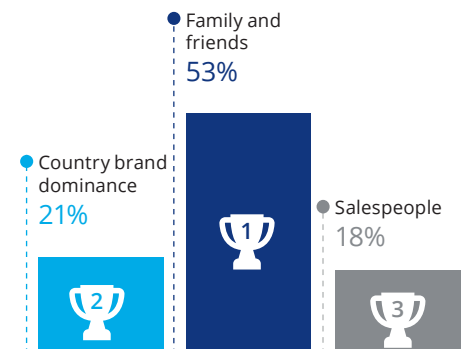
Country brand dominance plays the second most important role for this decision.

Together family and friends, and brand dominance influence about three-quarters of vehicle owners' purchasing decision.

Kenyan vehicle owners are little swayed by any form of advertising. This holds true irrespective of age, gender, vehicle price and history of ownership or whether a vehicle is purchased new or used.

Influencers by type of vehicle

Rank	Overall	Passenger vehicle	Motorbikes	Light commercial vehicles
1	Family/friends	Country brand dominance & Family/friends	Family/friends	Family/friends
2	Country brand dominance	Salespeople	Country brand dominance	Salespeople
3	Salespeople	Advertising	Salespeople	Advertising
4	Advertising		Advertising	Country brand dominance



Finance & sales

The majority of Kenyan consumers paid **less than KSh1m** in **cash** for their vehicles and bought them at a **dealership** or **trader...**

Where did you buy your vehicle?

Dealerships or traders are the most important sales channel irrespective of consumer characteristics...

The vast majority of vehicles were bought from dealerships or traders - grouped together for this analysis as Kenyan consumers do not always distinguish between certified dealerships and non-certified traders.

New vehicles accounted for close to 60% of overall vehicle sales.

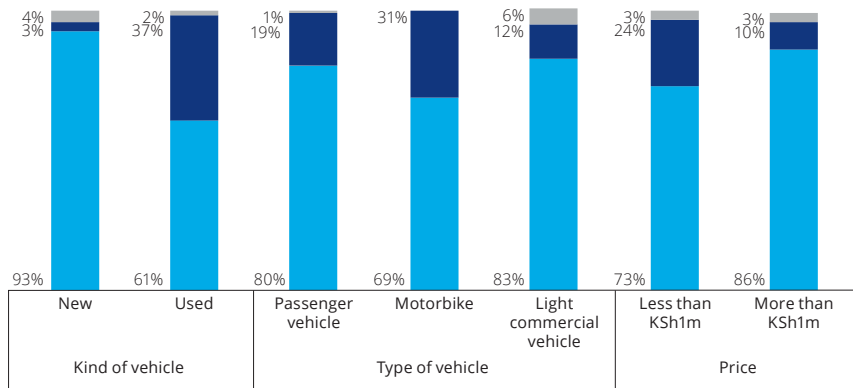
Despite Keyans being regarded as leaders in e-commerce and mobile technology adoption in Africa, only a small sample bought their vehicles online. Light commercial vehicles account for the majority of vehicles bought online.

As expected, almost all new vehicles, which account for 60% of purchases, were bought at a dealership or trader while family and friends are an important channel for purchases of used vehicles.

Dealerships or traders were also the preferred sales channel for more expensive vehicles (more than KSh1m – above approx. US\$10,000).

Compared to passenger and light commercial vehicles, a greater share of motorbikes are purchased from family and friends.

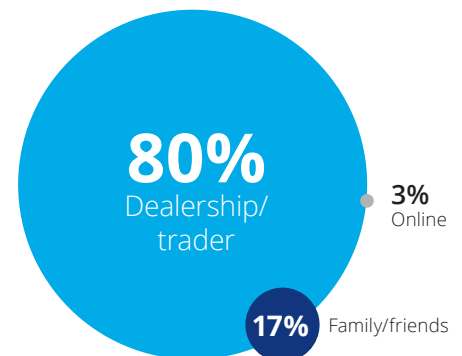
Sales channel by category



● Dealership/Trader
 ● Family/Friends
 ● Online

Note: May not sum to 100% due to rounding.

All sales





How did you pay for your vehicle?

*Due to a lack of suitable financial products, the majority of vehicle owners used **cash** or **savings** to purchase their vehicles...*

Cash and savings were the major source of vehicle finance, accounting for close to two-thirds of all purchases. The second most important source at just below one-third were loans from banks. This reflects the lack of financial products for vehicles in the market.

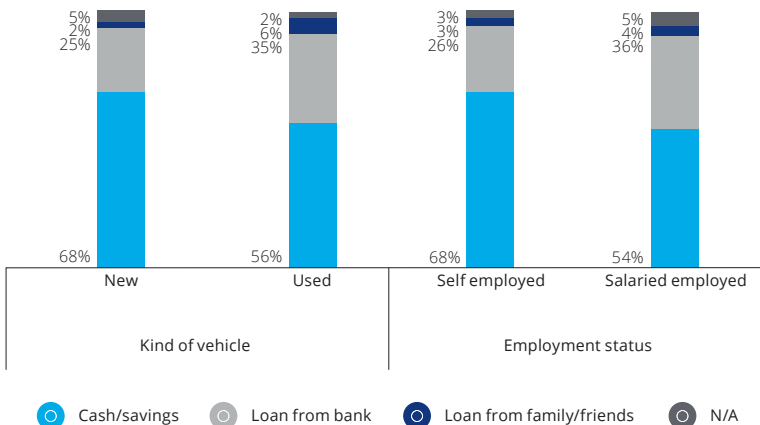
This pattern was evident irrespective of price, sales channel or whether the owners were first-time or non-first-time buyers.

Interestingly, buyers of used vehicles were more likely to access vehicle finance from banks compared to buyers of new vehicles.

Only one-quarter of new vehicles were financed through bank loans.

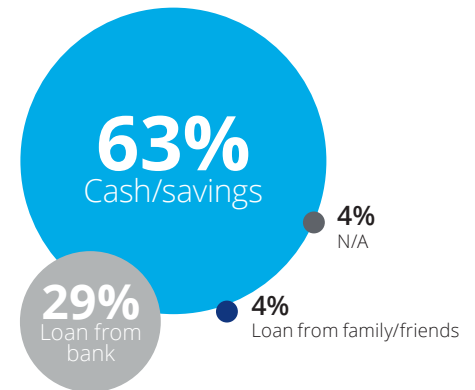
Unsurprisingly, people in salaried employment were more likely to access vehicle finance options from banks.

Finance channel by category



Note: May not sum to 100% due to rounding.
N/A refers to vehicles received as gifts or are company-owned.

All sales





How much did you pay for your vehicle?

Most Kenyan vehicle owners paid **less than KSh1m** for their vehicle...

About half of all vehicles purchased fell into the lowest price bracket (less than KSh1m – below approx. US\$10,000).

Unsurprisingly, the concentration in the lowest price bracket is more pronounced for used vehicles than for new vehicles. In the two highest price brackets (KSh2m-KSh2.5m and over Ksh2.5m) the share of new and used vehicles was equal. First-time buyers were more likely to buy cheaper vehicles compared to consumers that had bought vehicles in the past.

The majority of passenger vehicles were bought for less than KSh1m (approx. US\$10,000). This is in particular skewed towards used passenger vehicles, as close to 90% of these fell into this bracket. New passenger vehicles were more likely to fall into higher price brackets.

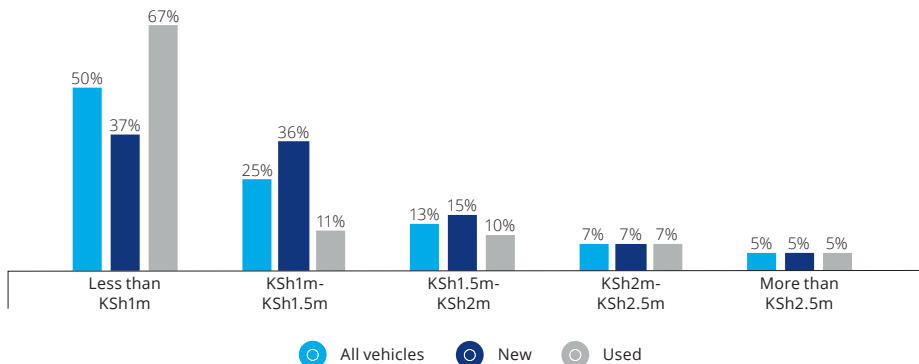
Light commercial vehicles were more evenly distributed between price brackets. The greatest share of light commercial vehicles were found in the KSh1m-KSh1.5m (approx. US\$10,000-US\$15,000) bracket of

which the greatest share were new vehicles.

In contrast to passenger vehicles, where higher price brackets were likely to include more new vehicles, used light commercial vehicles are more prevalent at the higher end of the price spectrum.

Vehicles by price range

All vehicles

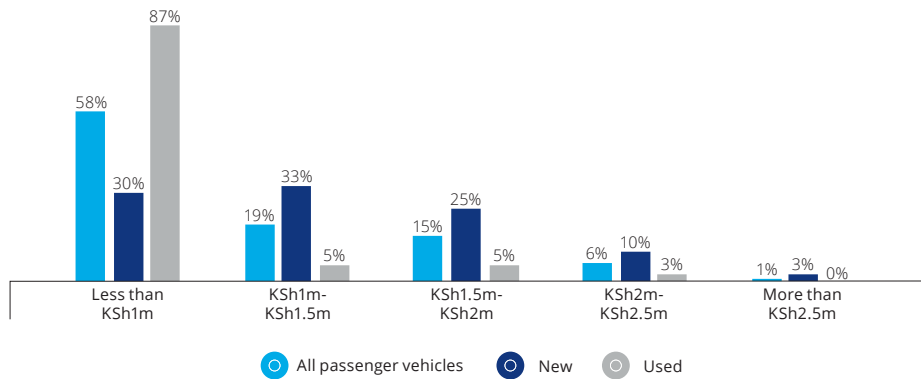


Note: Three-quarters of Kenyan consumers have owned their vehicles for more than two years. Taking the sharp depreciation of the Kenyan shilling during the last two years into account the dollar value of vehicles has fallen by more than 10%.

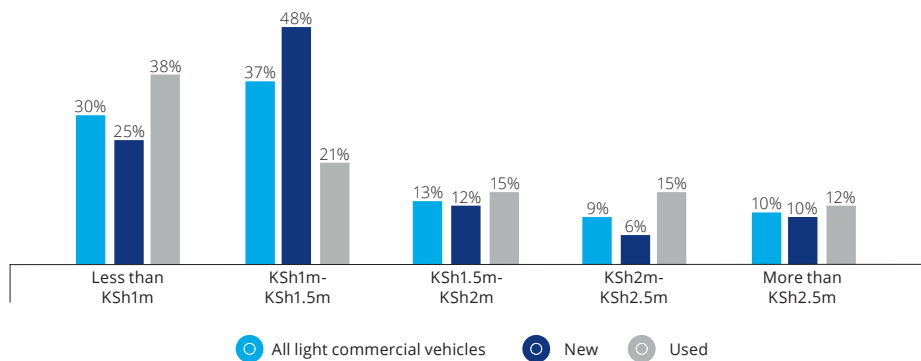
Note: May not sum to 100% due to rounding.



Passenger vehicles



Light commercial vehicles



A **change in income** is likely to trigger a **switch in brand...**



What would convince you to change your current vehicle brand?

A change in income would be the key reason to switch brands...

A change in income is the key reason to switch vehicle brands irrespective of age, gender, history of ownership, type or kind of vehicle or price. However, vehicle owners tend to be brand loyal within their current affordability range.

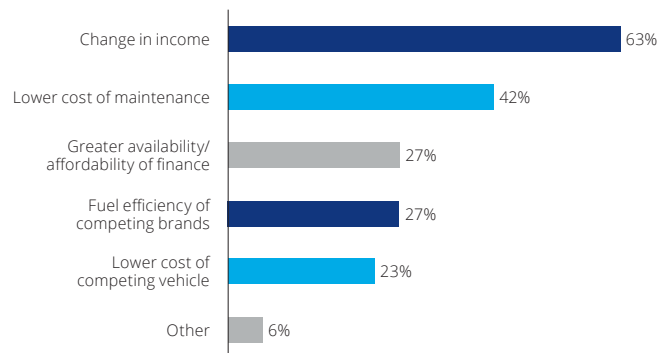
A lower cost of maintenance is the second most influential factor which would trigger a change in brand by vehicle owners.

While fuel efficiency was one of the most important factors when choosing which vehicle to buy, only a quarter of current owners would change to a different brand because it offers better fuel efficiency.

For owners of passenger vehicles or first-time owners, a change in income is not as decisive a factor for changing brands as it

is for light commercial vehicle owners or consumers under the age of 30.

Reasons for changing brand



Note Responses do not add up to 100% as multiple answers were allowed

Aftersales & service

Kenyans **regularly service**
their vehicles using **jua kali**
mechanics...



When and where do you service your vehicle?

Most vehicles are serviced regularly, but often by jua kali mechanics...

The majority of vehicle owners service their vehicles regularly. The most preferred service providers are jua kali (informal/ open-air) mechanics. Only about one-quarter of vehicle owners take their vehicles to authorised dealerships, which might be the reason why there is an assumption that there is a poor servicing culture in Kenya.

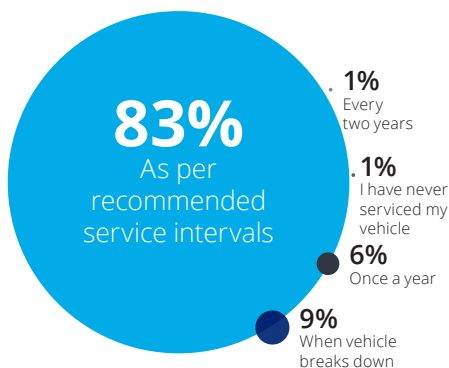
Compared to their male counterparts, women are less likely to opt for jua kali mechanics but rather service their vehicles in the formal sector (authorised dealerships or petrol stations).

First-time as well as used vehicle owners are more likely to have their vehicles serviced by jua kali mechanics. This

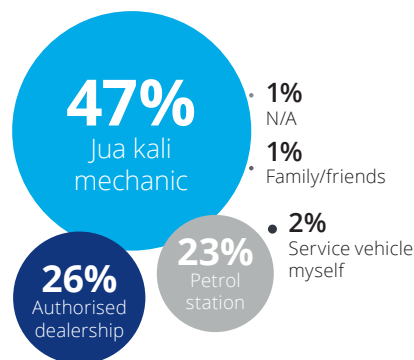
preference is most pronounced among vehicle owners that purchased their vehicles from family or friends or own motorbikes.

Unsurprisingly, owners of more expensive vehicles (more than KSh1m, or above US\$10,000) are least likely to have their vehicles serviced in the informal sector.

Frequency of service



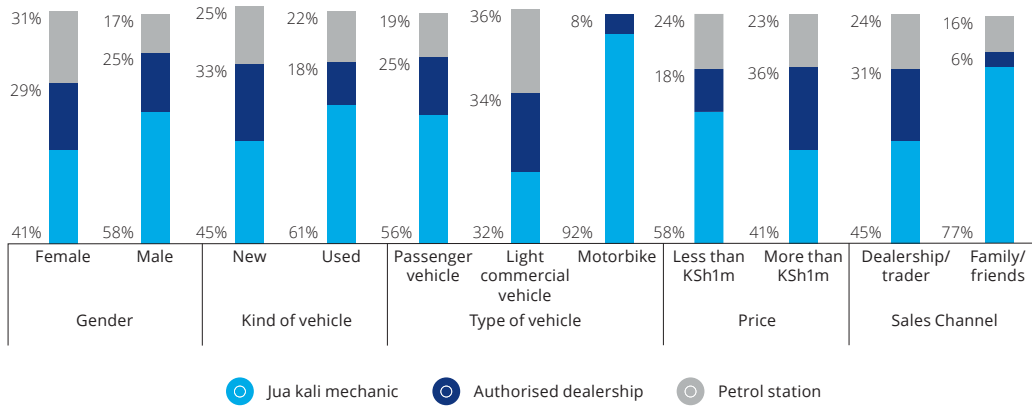
Place of service



N/A refers to owners that have not reached their service interval yet



Service channels



Future customer view

Looking ahead, the majority of Kenyans will likely purchase a **passenger vehicle**, in **cash**; and become more **status-oriented...**



When and where will you buy your next vehicle in the future?

Almost two-thirds of consumers plan to buy a vehicle within the next five years and will likely make the purchase at a dealership or trader...

Nearly half of Kenyan consumers plan to buy a vehicle in the next two years.

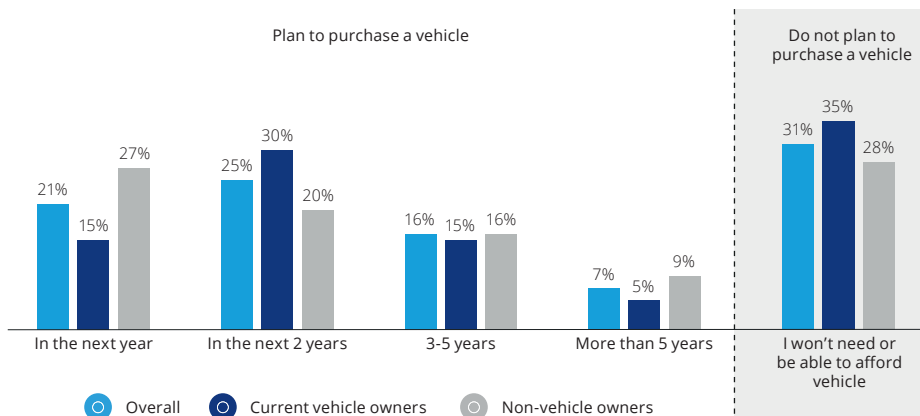
Those who do not currently own a vehicle are more confident than current vehicle owners that they will buy a vehicle within the next five years. More than a quarter of non-vehicle owners are planning to purchase a vehicle within the next year.

Close to one-third of consumers do not plan to purchase a vehicle in the future, either as they will likely not be able to afford a vehicle or do not think that they will need a vehicle in the future.

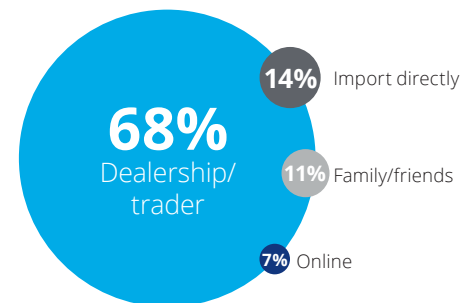
The largest share of consumers will purchase a vehicle from a dealership or trader. This channel will likely account for

more than two-thirds of future purchases and will remain the dominant sales channel going forward.

Time horizon



Sales channel





What will be important to you when deciding which vehicle to buy in the future?

Fuel efficiency is likely to remain the most important criterion for future vehicle purchases...

For future purchases fuel efficiency will likely remain the most important factor when deciding which vehicle to buy.

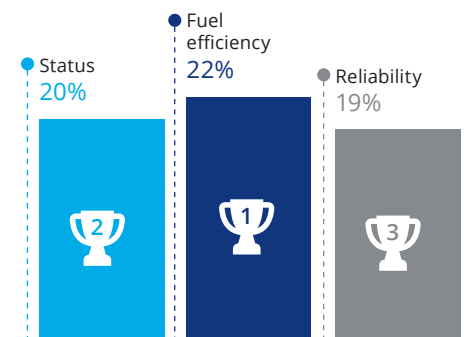
Status and reliability, which were not regarded as important preferences in the past, will likely rank among the most important factors for vehicles purchases in the future.

Factors are related to affordability will likely decrease in importance. This is especially evident for value for money which dropped from being a criteria of high importance to a criteria of low importance.

Prospective vehicle owners will likely be more concerned about reliability than current owners.

Future consumer preferences*

Rank	Overall	Current vehicle owners	Non-vehicle owners
1	Fuel efficiency	Fuel efficiency	Reliability
2	Status	Status	Fuel efficiency & Status
3	Reliability	Reliability	Safety
4	Safety	Safety	Value for money
5	Space/size	Re-sale value	Space/size
6	Re-sale value	Space/size	Re-sale value
7	Value for money	Value for money	



Degree of importance: High Moderate Low

* Respondents were asked to rank criteria based on importance when making the purchasing decision.



What will influence you when deciding which vehicle to buy in the future?

*While **family and friends** are likely to remain the main source of advice, trust in the advice from salespeople is likely to increase...*

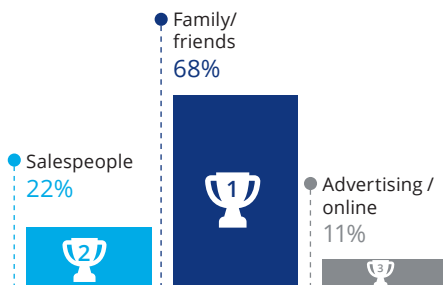
Future purchases are likely to be most strongly influenced by family and friends. This indicates that Kenyan consumers are more likely to trust the advice of those with whom they have a close personal relationship.

Family and friends are likely to play an even more important influencing role for people that currently do not own a vehicle.

Current owners will probably trust the advice from salespeople more for their future vehicle purchases. Hence the trust in the advice from salespeople will likely guide a larger share of future vehicle purchases.

Advertising and online platforms are likely to remain limited influencers going forward. This suggests that these media are underleveraged.

Influencers





What vehicle will you buy and how will you finance it in the future?

*Kenya's vehicle market is likely to remain **cash-dominated** and skewed towards **passenger vehicles** in the near term...*

Cash and savings will likely remain the most important means to pay for vehicles, and current vehicle owners will be less likely to finance vehicles through banks.

In contrast, non-vehicle owners will be more likely to access finance through either banks or family and friends.

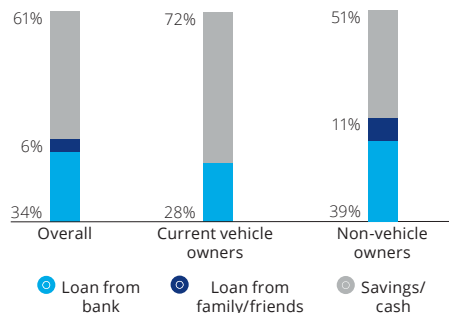
New vehicles will likely remain the preferred choice of Kenyan consumers, especially among current vehicle owners.

Commercial vehicles will likely gain popularity among current vehicle owners. This might indicate that future purchases will be additional vehicles and not

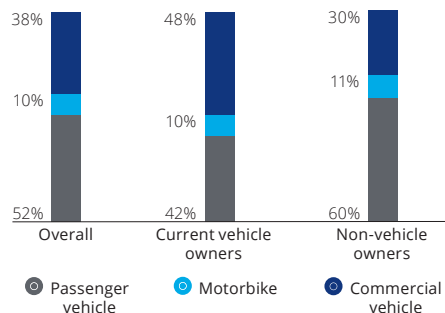
necessarily replacement vehicles and are likely to be used for business purposes.

Non-vehicle owners will be more likely to purchase passenger vehicles for personal use. This indicates that the vehicles are likely to be used to meet personal mobility needs.

Financing outlook



Vehicle type outlook





Why do you think you will not buy a vehicle in the future?

Close to **one-third** of consumers may **not need** or may **not be able to afford** a vehicle in the future...

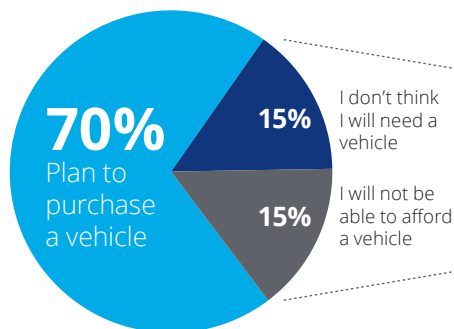
While about 70% of Kenyans intend to purchase a vehicle, 15% say they will not be able to afford a vehicle, while the remaining 15% do not believe that they will need one in the future.

Within this group of “future non-buyers”, 58% of current owners do not think that they will need a vehicle, while 60% of non-

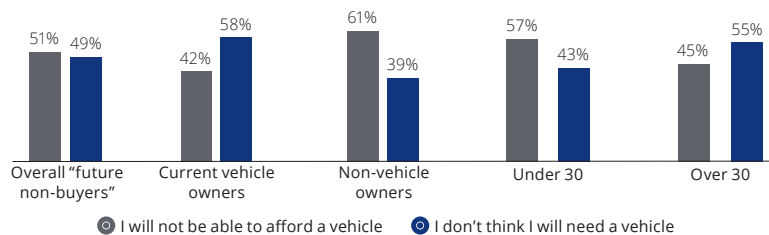
vehicle owners see affordability as the key obstacle to buying a vehicle in the future.

While global trends suggest that younger consumers will be less likely to see the need for owning a vehicle in the future, in Kenya, consumers over 30 are less likely to see the need for owning a vehicle going forward.

All consumers



Ownership characteristics of those not planning to purchase a vehicle



Mobility

Most Kenyans use **multiple modes** of transport which are often **overcrowded**. Kenyans have a **love-hate relationship** with **matatus**...



What modes of transport do you use daily and what do you think about them?

Multi-modal transport is very common in Kenya with matatus being the most common mode of motorised transport...

Kenyans make use of a variety of transport options for their daily commute.

Multi-modal transport is very common in Kenya. Two-thirds of commuters use more than one form of transport on a daily basis.

For multi-modal commuters, it is most common to use three forms of transport.

While two-thirds of commuters use only ride-sharing services for their motorised trips, just under 15% use only motorised individual forms of transport.

Just over 70% of all commuters use matatus (mini-bus taxis) as part of their daily commute.

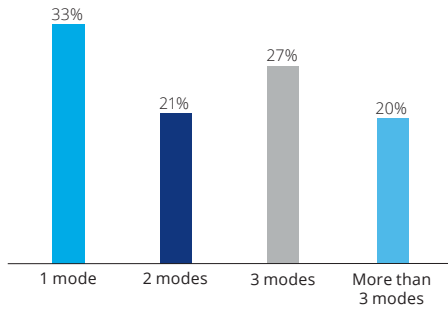
The attitude towards matatus is very polarised. A large share of commuters see them as highly unsatisfactory while an almost equal share sees them as one of the most satisfactory modes of transport. Although regarded as the most satisfactory mode of transport, only one-third of commuters use private vehicles daily. Nearly half of vehicle owners do not make use of their own vehicles when commuting.

The majority of Kenyan commuters spend less than KSh300 per day (approx. less than US\$3) on their commute. Non-vehicle owners are more likely to spend between KSh300-KSh500 per day (approx. US\$3-US\$5) compared to vehicle owners.

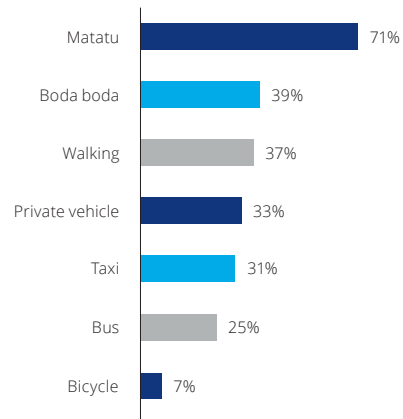
Almost half of commuters complain about overcrowding of ride-sharing. Lack of safety and cleanliness also ranked high on commuters' lists of concerns. Commuters are less concerned about access to transport and the lack of route information.



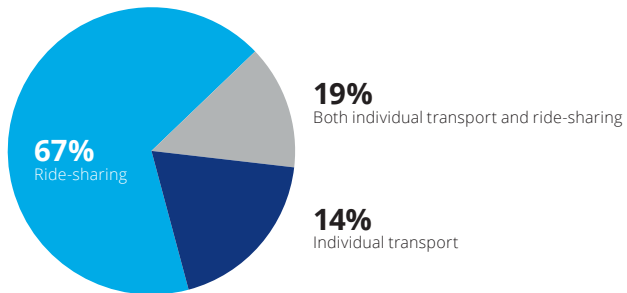
Multi-modal transport



Most common mode of transport*



All motorised transport**



Motorised transport**

Most satisfactory:



Private vehicle

Least satisfactory:

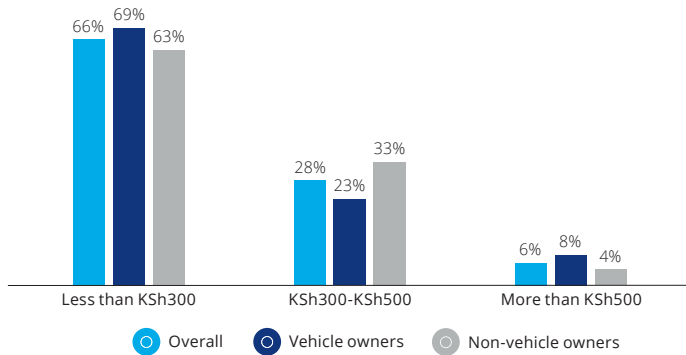


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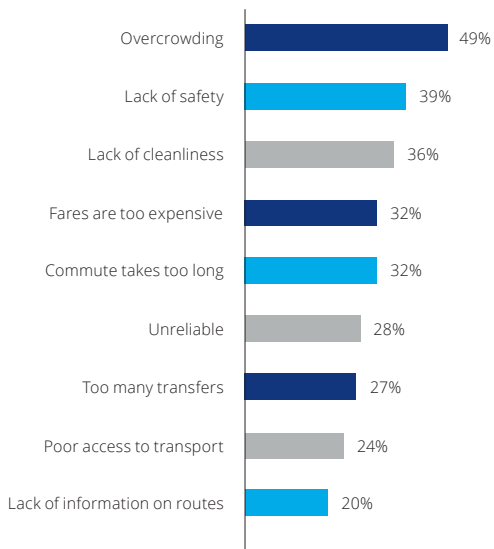
*Responses do not add up to 100% as multiple answers were allowed

**Ride-sharing is defined as vehicle-sharing services, through which consumers hail a vehicle via phone/app/side of the road.

Commuter spend per day



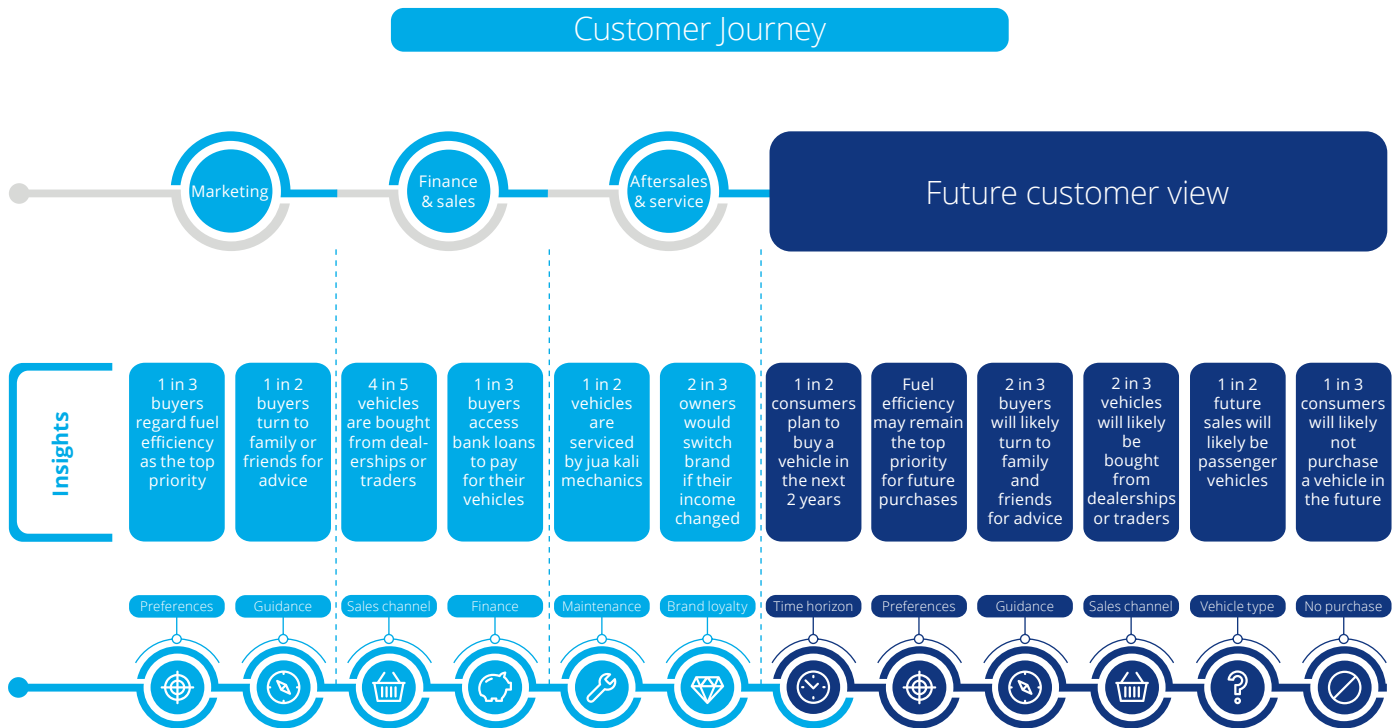
Criticisms of ride-sharing*

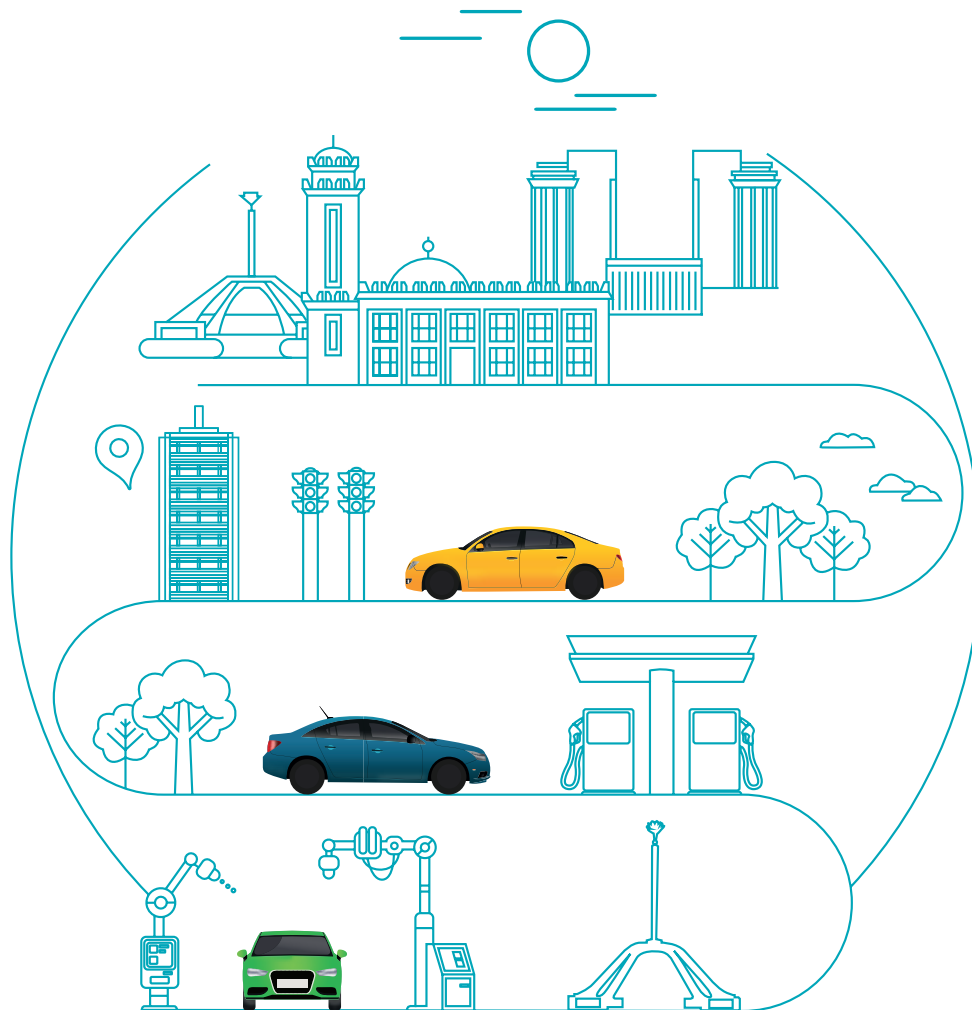


Key insights for Kenya



The customer journey in Kenya





Tanzania

A consumer perspective



Tanzania: Country overview

Key economic data

With a GDP of US\$57 bn in 2018, Tanzania is the sixth largest economy in SSA and the third largest in East Africa (after Ethiopia and Kenya). Tanzania has seen impressive GDP growth rates of over 5% since 2010, with economic growth expected to reach 6.8% in 2018, up from 6.5% in 2017; and DOUBLE than the SSA average of 3.4%. Tanzania is the second highest income economy in East Africa with GDP per capita of US\$1,118 in 2018 (\$3,504 in PPP).



GDP: US\$57bn



GDP growth rates of over 5% since 2010



GDP per capita: US\$1,118



Population: 51 million

Key demographic data

Tanzania has a total population of approximately 51 million people, the second largest population in East Africa after Ethiopia. In terms of gender, the population is relatively equally split, with 50.6% female and 49.4% male. Almost 72% of Tanzanians are under the age of 30. Approximately 6 million people (10.4% of the population) are between the ages of 15 and 19, representing a sizable group of potential future vehicle owners.



Demographics
50.6% female
49.4% male



Youth: 72% of population under the age of 30



Urban population: 33% of total population

Urban population in 2050: 50% of total population



Motorisation rate: 7 vehicles per 1,000 inhabitants

Key urbanisation data

A third of Tanzanians live in urban areas. This is lower than the SSA urban population average of 38.8%. Dar es Salaam is East Africa's largest city and is expected to grow by an average of 226,000 people each year between 2010 and 2020. The city is home to 30% of Tanzania's urban population. By 2050, approximately half of all Tanzanians will be living in urban areas.

Motorisation data

Tanzania's motorisation rate of 7 vehicles per 1,000 inhabitants is one of the lowest in the world. Approximately 4,500 new vehicles were registered in 2016.



Tanzania survey sample overview

In the survey, consumers were asked questions to gain insights into the customer journey that includes purchasing and owning a vehicle, marketing, finance & sales, and aftersales & service. Future vehicle ownership was also discussed.

Sample size: 405 respondents

Date of data collection: 02 October – 14 October 2017

Place of data collection: Dar es Salaam & Mwanza (middle-income neighbourhoods)

Data collected by: Infomineo

Overall sample (n=405)

Vehicle owners (n=259)

Gender		Age		Employment status			Vehicle ownership		Ownership history		Kind of vehicle		Type of vehicle				Vehicle use		Duration of ownership				
Female	Male	Under 30	Over 30	Salaried employee	Self employed	Other (student, unemployed, housewife, retired)	Vehicle owner	Non-vehicle owner	First-time owner	Non-first-time owner	New*	Used	Passenger vehicle	Motorbike	Light commercial vehicle	Multiple vehicles	Personal	Business	Less than 1 year	2-3 years	4-5 years	6-8 years	More than 8 years
41%	59%	55%	45%	35%	60%	5%	64%	36%	36%	64%	51%	49%	56%	22%	20%	2%	56%	44%	28%	49%	18%	3%	2%

* The higher-than-expected weighting of new vehicles as a share of overall vehicles is the result of the concentration of middle-class respondents in the sample

Marketing

Vehicle owners in Tanzania regard **fuel efficiency** as the most important purchasing criterion, and vehicle purchasing decisions are most influenced **by family and friends...**



What is important to you when deciding which vehicle to buy?

Fuel efficiency is the most important criterion for Tanzanian vehicle owners irrespective of gender, age and kind of vehicle...

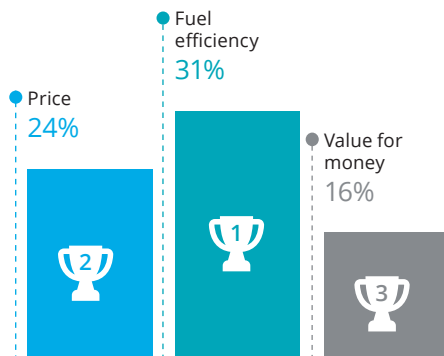
Fuel efficiency and price are key factors influencing the purchasing decision of vehicles in Tanzania.

The cost-sensitive nature of Tanzanian consumers is further reflected by the concentration of vehicles bought at the lower end of the price spectrum (below TSh11m - below approx. US\$5,000). Owners of vehicles priced at more than TSh11m are only moderately concerned about price.

In general, non-first-time owners are less price-sensitive compared to first-time owners.

Re-sale value is the least important factor driving the purchasing decision. This might indicate that vehicles are not bought with the intention of selling them later.

Consumer preferences





Consumer preferences*

Rank	Overall	Gender		Age		Ownership history		Kind of vehicle	
		Female	Male	Under 30	Over 30	First-time owner	Non-first-time owner	New	Used
1	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency	Fuel efficiency	Price	Fuel efficiency	Fuel efficiency	Fuel efficiency
2	Price	Value for money	Price	Price	Price	Fuel efficiency	Value for money	Value for money	Price
3	Value for money	Price	Value for money	Value for money	Value for money	Value for money	Price	Price	Value for money
4	Status	Safety	Status	Status	Status	Status	Status	Safety	Status
5	Safety	Status	Safety	Safety	Safety	Space/size	Safety	Status	Safety
6	Space/size	Space/size	Space/size	Space/size	Reliability	Safety	Reliability	Space/size	Space/size
7	Reliability	Reliability	Reliability	Reliability	Space/size	Re-sale value	Space/size	Reliability	Reliability
8	Re-sale value	Re-sale value	Re-sale value	Re-sale value	Re-sale value	Reliability	Re-sale value	Re-sale value	Re-sale value

Degree of importance: High Moderate Low

* Respondents were asked to rank criteria based on importance when making the purchasing decision.



What influences you when deciding which vehicle to buy?

Family and friends have the greatest influence on vehicle buyers...

In Tanzania, family and friends have the greatest influence on the purchasing decision.

Half of Tanzanian vehicle owners turned to family and friends for advice on which vehicle to purchase. Used vehicle owners are far more influenced by people they have a personal relationship with compared to owners of new vehicles.

Country brand dominance plays the second most important role in this decision.

Together family and friends, and brand dominance influenced close to 80% of vehicle owners.

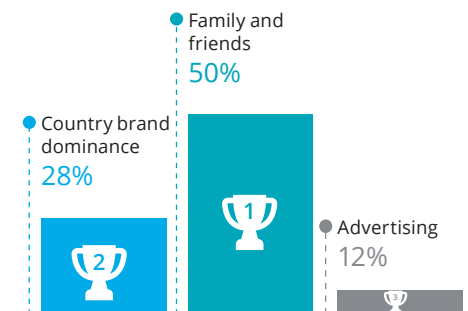
Tanzanian vehicles owners are little swayed by any form of advertising.

Women and non-first-time owners are the least influenced by advertising.

Despite the fact that dealerships or traders are the most important sales channels, salespeople have the least influence over vehicle buyers.

Influencers by type of vehicle

Rank	Overall	Passenger vehicles	Motorbikes	Light commercial vehicles
1	Family/friends	Family/friends	Family/friends	Family/friends
2	Country brand dominance	Country brand dominance	Country brand dominance	Country brand dominance
3	Advertising	Salespeople & Advertising	Advertising	Salespeople
4	Salespeople		Salespeople	Advertising



Finance & sales

The majority of Tanzanian consumers paid **less than TSh11m** in **cash** for their vehicles and bought them at a **dealership** or **trader...**



Where did you buy your vehicle?

Dealerships or traders are the most important sales channel...

The majority of vehicles were bought from a dealership or trader. However, more than one-third of vehicles were purchased from family and friends.

New vehicles accounted for just over half of overall vehicle sales.

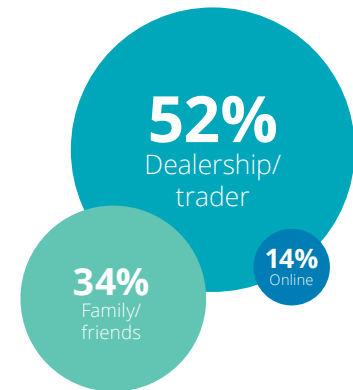
As expected, most new vehicles were bought at a dealership or trader, whereas, family and friends were the most important channel for purchases of used vehicles.

Despite having a relatively low internet penetration rate compared to regional peers, a sizeable share of Tanzanians bought their vehicles online.

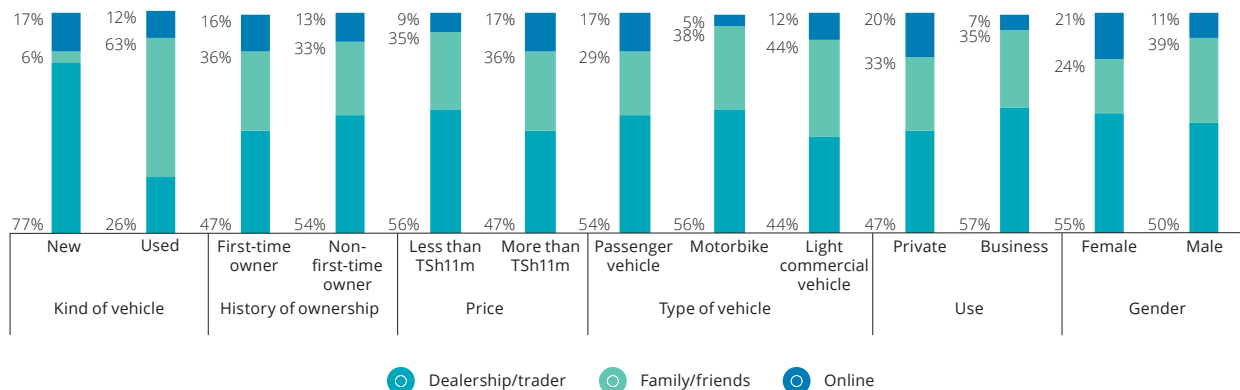
The online sales channel was popular among women, new vehicle owners and owners of passenger or privately-used vehicles.

The preference of the respective sales channels was largely independent of age.

All sales



Sales channel by category





How did you pay for your vehicle?

Due to a lack of suitable financial products, the majority of vehicle owners used **cash** or **savings** to purchase their vehicle...

Cash and savings were the major source of vehicle finance, accounting for two-thirds of all purchases. The second most important source at about 16% was a bank loan, reflecting the lack of financial products for vehicles in the market.

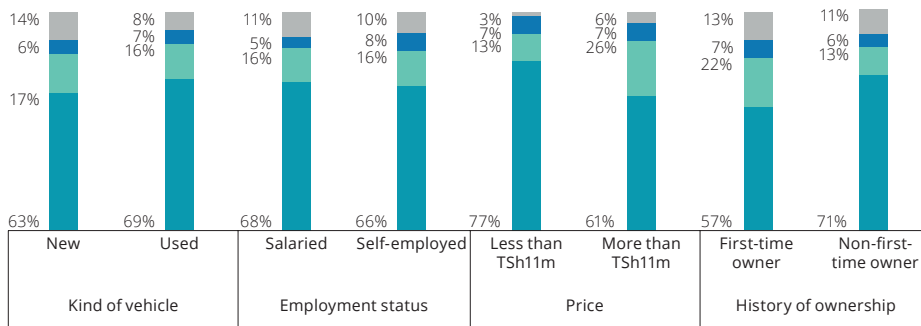
The dominance of cash as a financing channel was evident irrespective of price,

sales channel, employment status, kind of vehicle or whether the owners were first-time or non-first-time buyers.

Unsurprisingly, more expensive vehicles were financed through a bank loan compared to vehicles of less than TSh11m (less than approx. US\$5,000).

Compared to consumers who had owned vehicles before, first-time owners were almost twice as likely to use a bank loan to finance their vehicle.

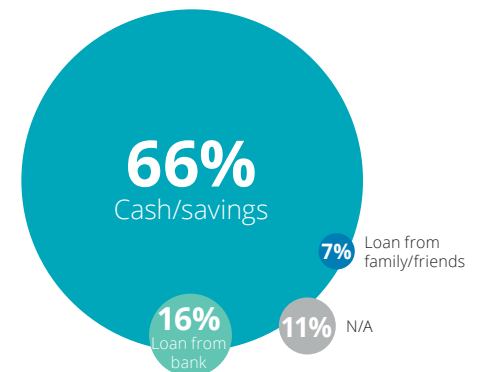
Finance channel by category



○ Savings/cash
 ○ Loan from bank
 ○ Loan from family/friends
 ○ N/A

N/A refers to vehicles received as gifts or are company-owned
Note: May not sum to 100% due to rounding.

All sales





How much did you pay for your vehicle?

Most Tanzanian vehicle owners paid less than TSh11m for their vehicle...

More than half of all vehicles purchased fell into the lowest price bracket (less than TSh11m - less than approx. US\$5,000).

Surprisingly, the concentration in the lowest price bracket was more pronounced for new vehicles. In the highest price bracket the split between new and used vehicles was the same.

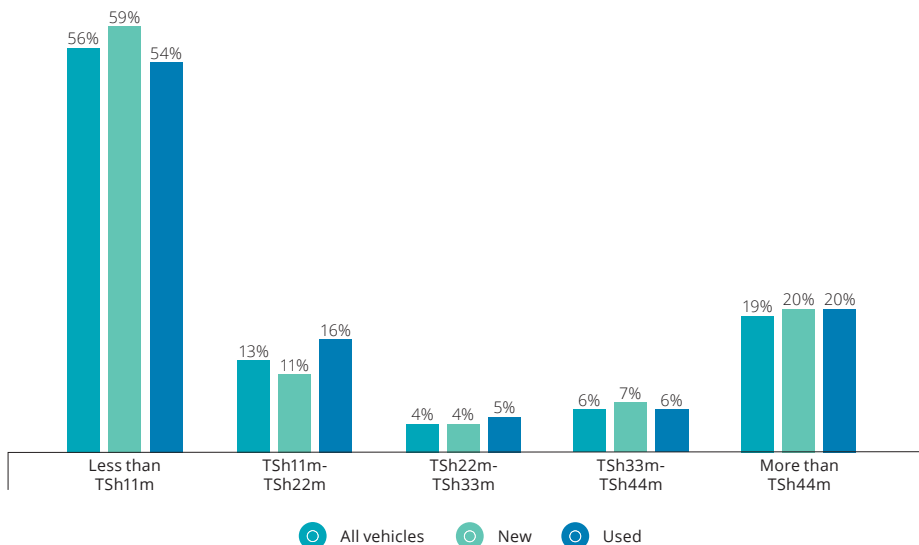
The majority of passenger vehicles were bought for less than TSh11m. There is no major difference between new and used vehicles in this bracket. In the highest price bracket one is more likely to find new passenger vehicles.

Light commercial vehicles were most likely to be found within the lowest price

bracket. This was followed by the highest price bracket (more than TSh44m - more than US\$20,000). The medium price ranges (TSh11m-TSh44m - approx. US\$5,000-US\$20,000) accounted for roughly one-quarter of light commercial vehicle purchases.

Vehicles by price range

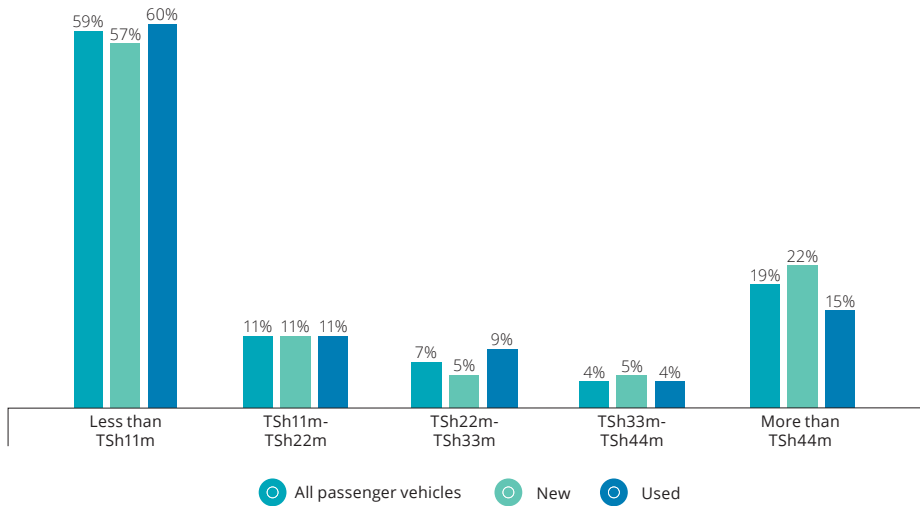
All vehicles



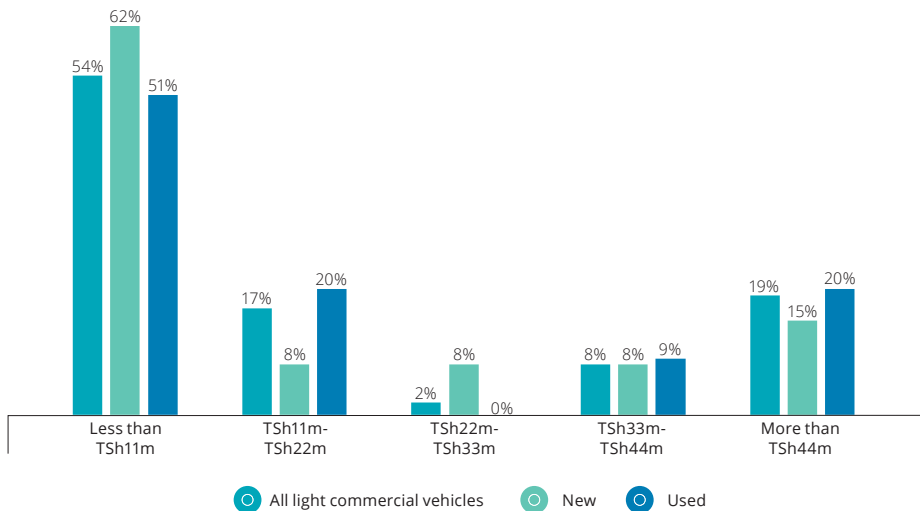
Note: May not sum to 100% due to rounding.



Passenger vehicles



Light commercial vehicles



Note: May not sum to 100% due to rounding.

A **change in income** is likely to trigger a **switch in brand...**



What would convince you to change your current vehicle brand?

A change in income would be the key reason to switch brands. New and light commercial vehicle owners seem to be the least brand loyal consumers...

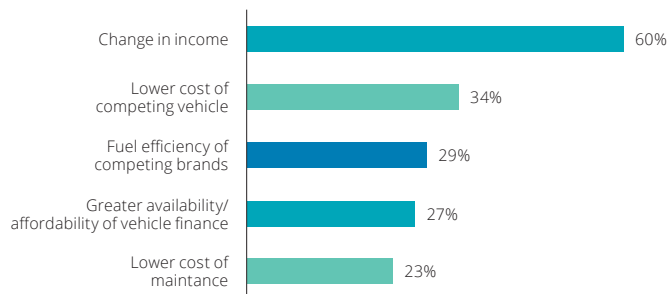
A change in income is the key reason to switch vehicle brands. This holds true for all owners regardless of age, gender, history of ownership etc.

While fuel efficiency was one of the most important factors when choosing which vehicle to buy, fuel efficiency of a competing brand is only the third most

influential factor which would trigger a change in brand.

Owners of vehicles in the price bracket of more than TSh11m (above US\$5,000) and consumers over the age of 30 are less likely to change brand due to a change in income.

Reasons for changing brand



Note: Responses do not add up to 100% as multiple answers were allowed

Aftersales & service

Tanzanians **regularly service** their vehicles by **jua kali mechanics...**



When and where do you service your vehicle?

Most vehicles are **serviced regularly**, but often by **jua kali mechanics...**

The majority of vehicle owners service their vehicles regularly. The most preferred service providers are jua kali (informal/open-air) mechanics.

Less than 10% of owners take their vehicles to authorised dealerships. An almost equal share of owners service their vehicles themselves or have them serviced by family or friends.

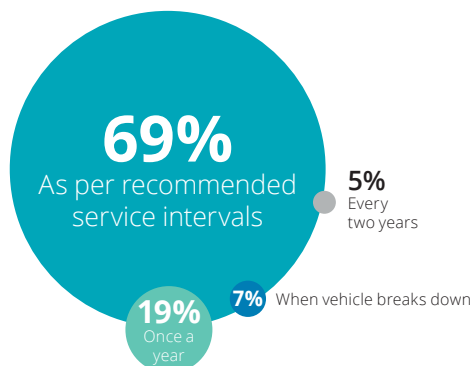
Compared to their male counterparts, women are less likely to opt for jua kali mechanics but rather service their vehicles in the formal sector (authorised dealerships or petrol stations).

First-time vehicle owners are more likely to have their vehicles serviced by jua kali mechanics. There is little difference in the

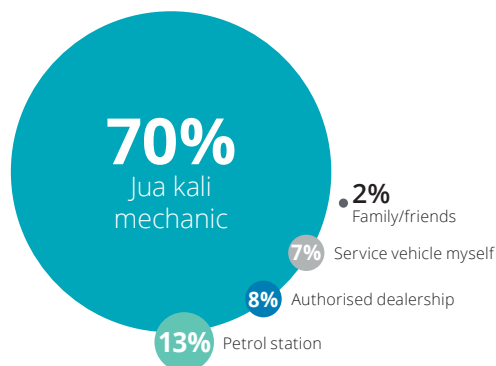
preferred service channels among new and used vehicle owners.

Unsurprisingly, the more expensive a vehicle, the more likely it is to be serviced at an authorised dealership. Motorbikes are the least likely type of vehicle to be serviced in the formal sector.

Frequency of service

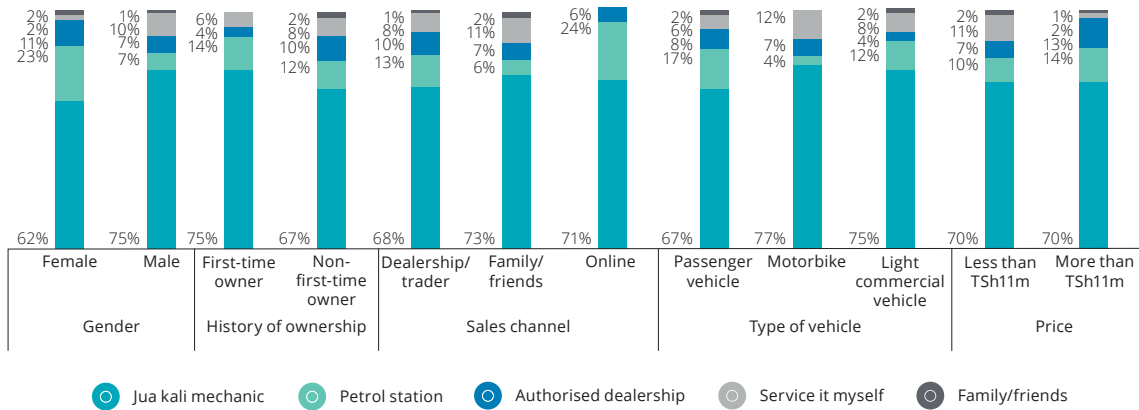


Place of service





Service channels



Note: May not sum to 100% due to rounding.

Future customer view

Looking ahead, the majority of Tanzanians will likely purchase a **passenger vehicle**, in **cash**; with a better **re-sale value**...



When and where will you buy your next vehicle in the future?

Less than 40% of consumers plan to buy a vehicle in the next five years, but will likely continue to purchase vehicles from a dealership or trader...

Nearly half of Tanzanian consumers do not plan to buy a vehicle at all going forward, irrespective of whether they currently own a vehicle or not. Affordability is the greatest constraint to future purchases.

Only a quarter of consumers plan to purchase a vehicle within the next two

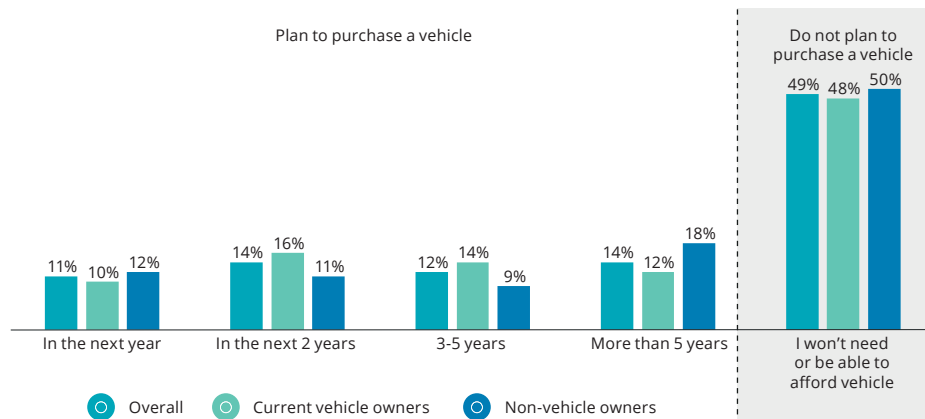
years. Current owners are more likely to buy a vehicle in the next five years than non-vehicle owners.

The largest share of consumers will likely purchase a vehicle from a dealership or trader. This channel will likely account for close to two-thirds of future

purchases and may increase its dominance as the most important sales channel going forward.

The online sales channel is expected to increase in popularity, while purchases from family and friends may become less attractive.

Time horizon



Sales channel





What will be important to you when deciding which vehicle to buy in the future?

Fuel efficiency is likely to remain the most important criterion for future vehicle purchases...

For future purchases fuel efficiency will likely remain the most important factor when deciding what vehicle to buy.

Re-sale value, which is currently not regarded as an important preference, will likely rank among the most important

factors for vehicles purchases in the future.

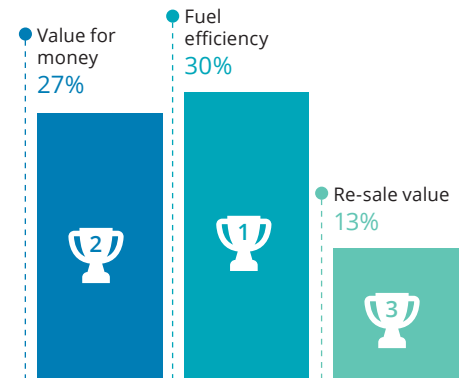
Overall, factors that are related to affordability will likely remain the key criteria for vehicle buyers.

Consumers who do not currently own a vehicle will likely be more concerned about safety than current owners, but less about space or size of the vehicle.

Future consumer preferences*

Rank	Overall	Current vehicle owners	Non-vehicle owners
1	Fuel efficiency	Fuel efficiency	Fuel efficiency
2	Value for money	Value for money	Value for money
3	Re-sale value	Re-sale value	Re-sale value
4	Status	Status	Safety
5	Space/size	Space/size	Status
6	Reliability	Reliability	Reliability
7	Safety	Safety	Space/size

Degree of importance: High Moderate Low



* Respondents were asked to rank criteria based on importance when making the purchasing decision.



What will influence you when deciding which vehicle to buy in the future?

*While **family and friends** are likely to remain the main source of advice, trust in the advice from salespeople and advertising may increase...*

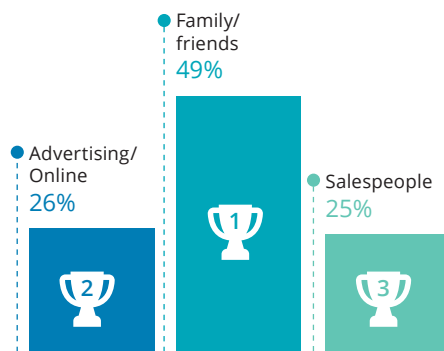
Future purchases are likely to be strongly influenced by family and friends. Family and friends will likely play a more important influencing role especially for first-time vehicle buyers.

Women, those older than 30 years and motorbike owners are among the group of

people that will be likely to trust the advice of salespeople the most.

Advertising and online platforms may become more significant influencers going forward.

Influencers





What vehicle will you buy and how will you finance it in the future?

Tanzania's vehicle market is likely to remain cash-dominated and skewed towards passenger vehicles in the near term...

Cash and savings will likely gain even more in importance for vehicle payments going forward.

In the future, current owners will be less likely to finance vehicles with loans from family and friends.

Non-vehicle owners will be more likely to access finance for their first vehicle

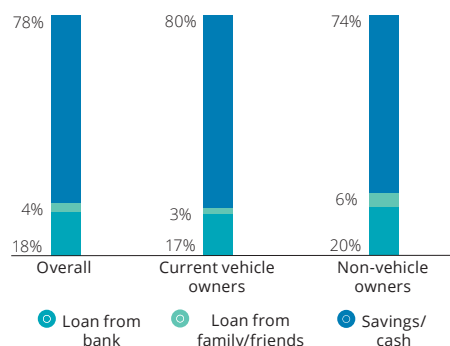
purchases through either banks or family and friends.

Commercial vehicles will likely gain popularity among current vehicle owners. This may indicate that future purchases will probably be additional vehicles and not necessarily replacement vehicles and are likely to be used for business purposes.

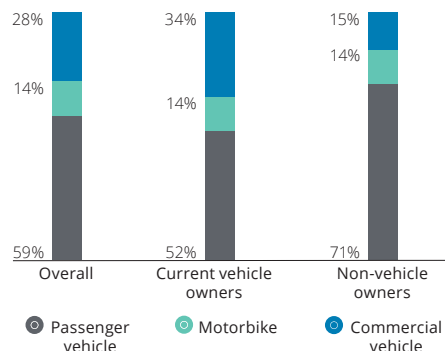
Non-vehicle owners will be more likely to purchase passenger vehicles for personal use. This indicates that the vehicles are likely to be used to meet personal mobility needs.

Going forward the preference for new vehicles will likely remain the preferred choice of Tanzanian consumers, especially among non-vehicle owners.

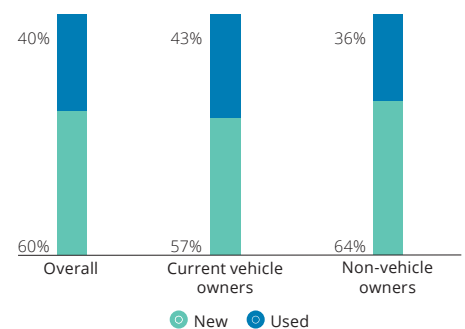
Financing outlook



Vehicle type outlook



Kind of vehicle outlook



Note: May not sum to 100% due to rounding.



Why do you think you will not buy a vehicle in the future?

Close to **half of consumers may not need or be able to afford a vehicle in the future...**

Close to half of consumers in Tanzania do not think they will buy a vehicle in the future.

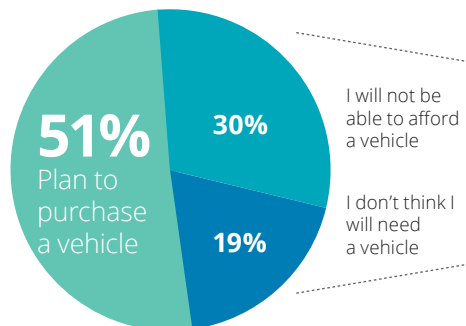
Within the group that will not buy a vehicle in the future about 60% think they will not be able to afford a vehicle compared to 40% who do not see the need for a vehicle.

The affordability concern is very strong within the group of consumers that currently do not own a vehicle. In contrast, current owners are among those that largely do not see the need to buy a vehicle in the future.

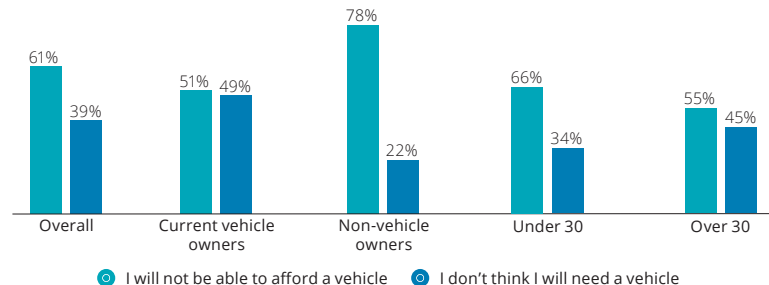
Compared to older consumers, Tanzanians under the age of 30 think that they are less likely to be able to afford a vehicle in the future.

Why won't you buy a vehicle...

All consumers



Ownership characteristics of those not planning to purchase a vehicle



Mobility

Most Tanzanian commuters use **overcrowded motorised ride-sharing services** while commuting...



What modes of transport do you use daily and what do you think about them?

Multi-modal transport is common in Tanzania with boda bodas being the most common but also least satisfactory mode of transport...

Tanzanians make use of a variety of transport options for their daily commute.

Multi-modal transport is relatively common in Tanzania. Almost half of commuters use more than one form of transport on a daily basis.

For multi-modal commuters, it is most common to use three forms of transport.

While close to 60% of commuters use only ride-sharing services for their motorised trips, just under 30% use only motorised individual forms of transport. Close to 6% of Tanzanian commuters do not use any form of motorised transport.

Just over 40% of all commuters use boda bodas (motorbike taxis) as part of their daily commute. While the most commonly used modes of motorised transport, boda bodas and matatus are regarded as the least satisfactory means of transport.

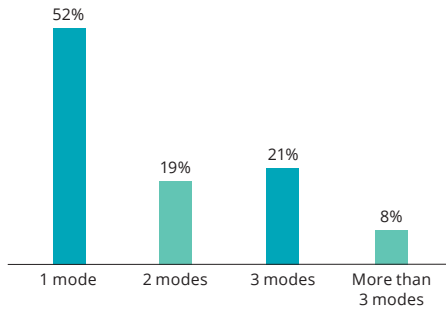
In contrast to ride sharing, individual motorised transport (private cars) is regarded as the most satisfactory mode of transport.

45% of commuters spend less than TSh7,000 (approx. US\$3) per day on commuting. Vehicle owners are more likely to spend more on commuting compared to commuters that do not own a vehicle.

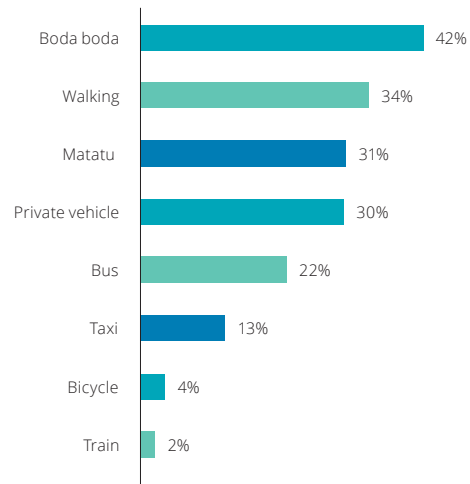
More than half of commuters complain about overcrowding when using ride-sharing services. Long commute times and the lack of cleanliness also ranked high on commuters' lists of concerns. Commuters are less concerned about the cost of transport and safety.



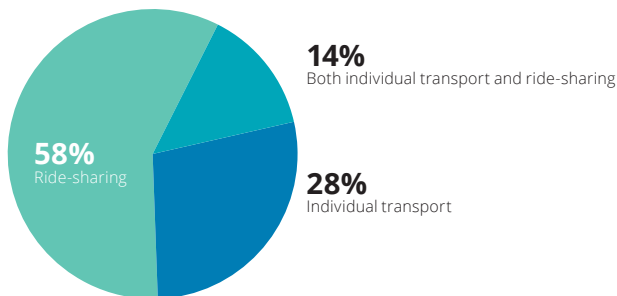
Multi-modal transport



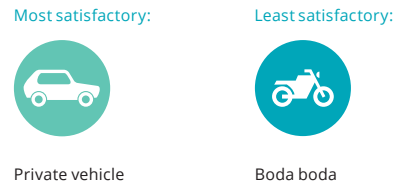
Most common mode of transport*



All motorised transport**



Motorised transport**

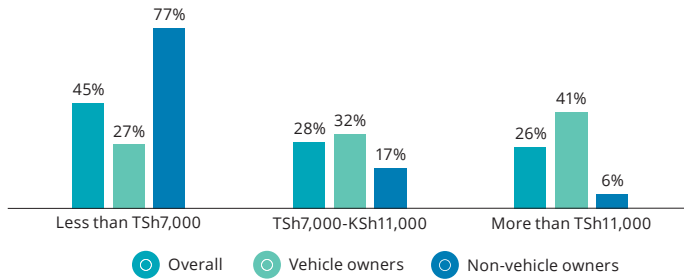


Note: May not sum to 100% due to rounding.

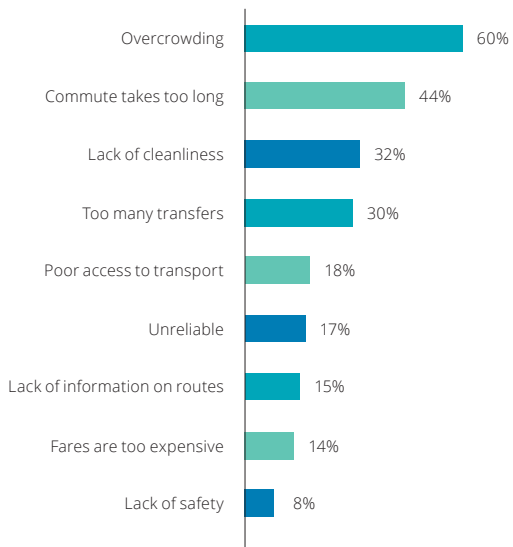
*Responses do not add up to 100% as multiple answers were allowed

**Ride-sharing is defined as vehicle-sharing services, through which consumers hail a vehicle via phone/app/side of the road.

Commuter spend per day



Criticisms of ride-sharing*

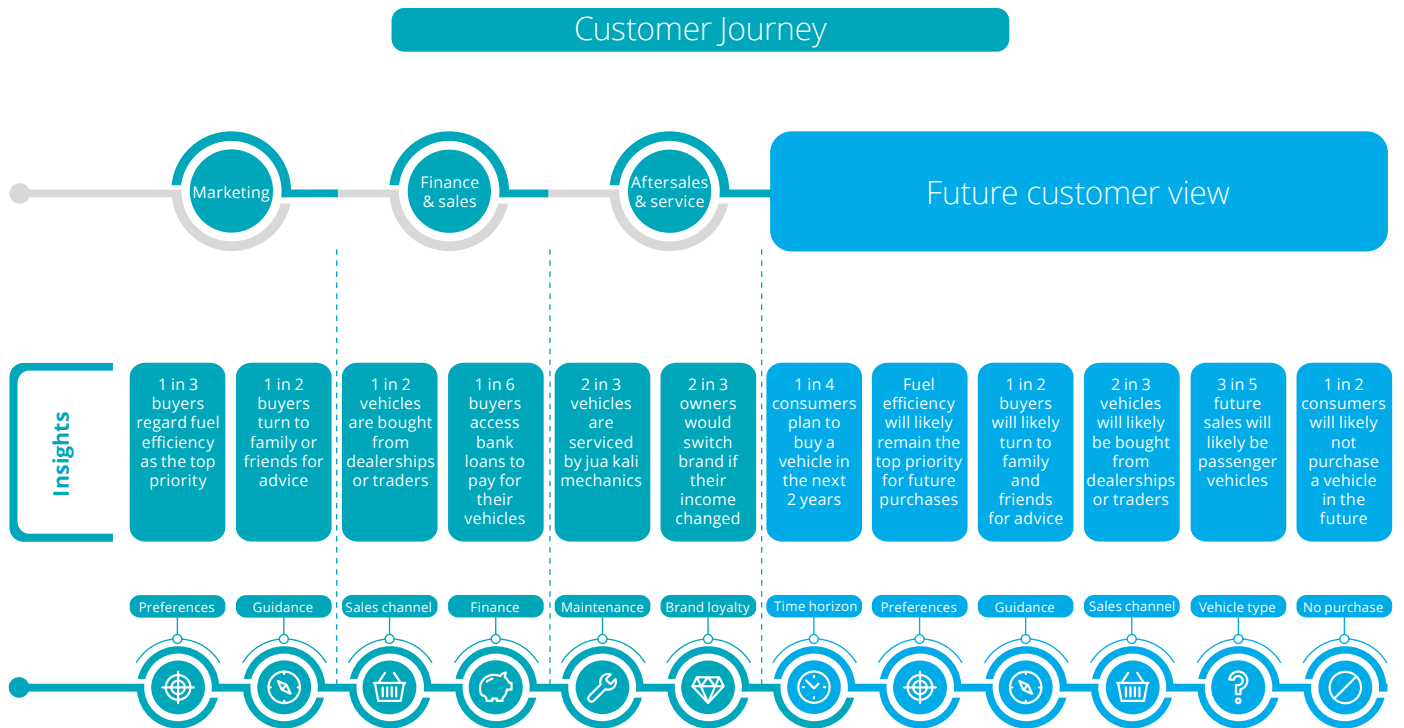


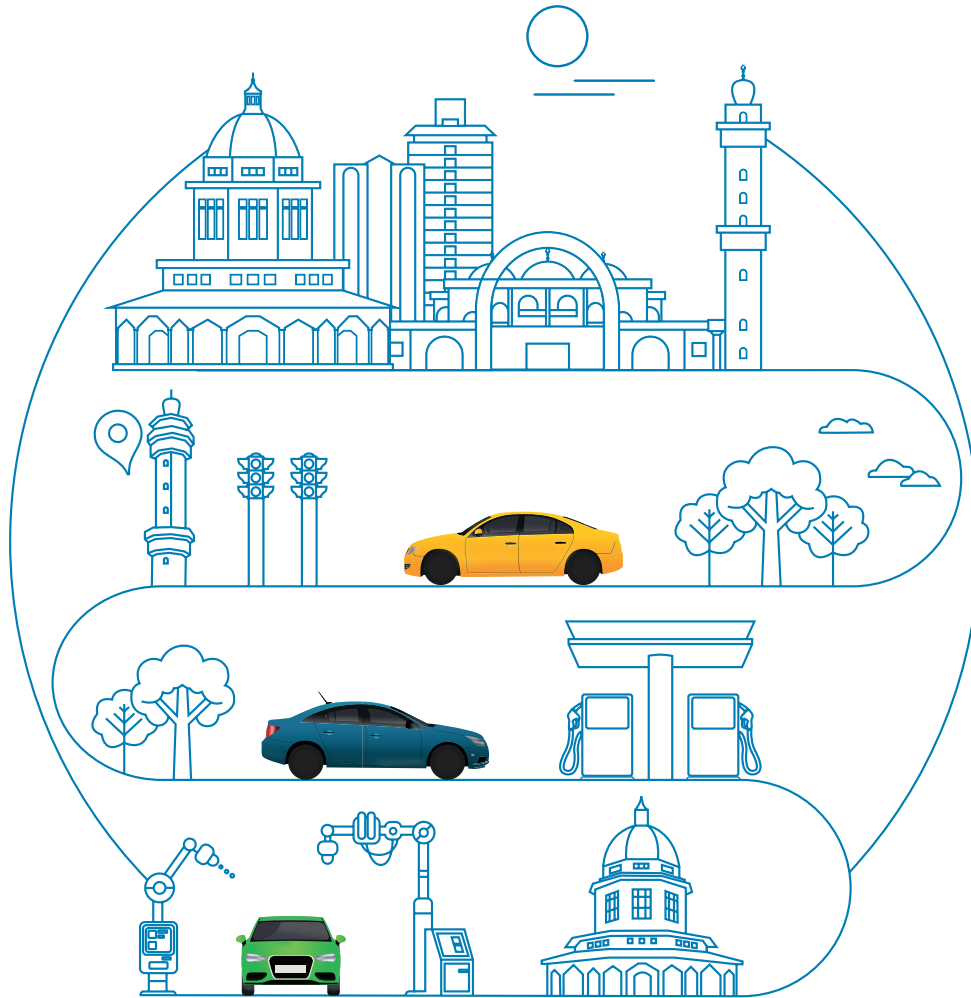
Note: May not sum to 100% due to rounding.

Key insights for Tanzania



The customer journey in Tanzania





Uganda

A consumer perspective



Uganda: Country overview

Key economic data

With a GDP of US\$28 bn in 2018, Uganda is the 11th largest economy in SSA and the fourth largest in East Africa. Uganda has experienced an average GDP growth rate of 5% since 2010, with economic growth expected to reach 5.2% in 2018, up from 4.4% in 2017; and above the SSA average of 3.4%. Uganda had a GDP per capita of US\$731 in 2018 (\$2,449 in PPP).



GDP: US\$28bn



Average GDP growth rate of 5% since 2010



GDP per capita: US\$731



Population: 39 million

Key demographic data

Uganda has a total population of approximately 39 million people. In terms of gender, the population is relatively equally split, with 50.3% female and 49.7% male. Almost three quarters of Ugandans are under the age of 30. Approximately 4.6 million people (11.2% of the total population) are between the ages of 15 and 19, representing a sizable group of potential future vehicle owners.



Demographics
50.3% female
49.7% male



Youth: 74% of population under the age of 30



Urban population: 16% of total population
Urban population in 2050: 37% of total population



Motorisation rate: 13 vehicles per 1,000 inhabitants

Key urbanisation data

Fewer than one in six Ugandans live in urban areas. This is below the SSA urban population average of 38.8%. Kampala is home to 30% of Uganda's urban population and has East Africa's second highest urban population growth rate (after Mogadishu), with 6.8%. This means that the city will likely attract about 107,000 new inhabitants each year between 2010 and 2020. By 2050, approximately 37% of all Ugandans will be living in urban areas.

Motorisation data

Uganda's motorisation rate of 13 vehicles per 1,000 inhabitants is the second highest in East Africa but lower than the SSA average of 42. Approximately 4,000 new vehicles were registered in 2016.



Uganda survey sample overview

In the survey, consumers were asked questions to gain insights into the customer journey that includes purchasing and owning a vehicle, marketing, finance & sales, and aftersales & service. Future vehicle ownership was also discussed.

Sample size: 359 respondents

Date of data collection: 30 September – 03 October 2017

Place of data collection: Kampala & Jinja (middle-income neighbourhoods)

Data collected by: Infomineo

Overall sample (n=359)

Vehicle owners (n=97)

Gender		Age		Employment status			Vehicle ownership		Ownership history		Kind of vehicle		Type of vehicle			Vehicle use			Duration of ownership					
Female	Male	Under 30	Over 30	Salaried employee	Self employed	Other (student, unemployed, housewife, retired)	Vehicle owner	Non-vehicle owner	First-time owner	Non-first-time owner	New*	Used	Passenger vehicle	Motorbike	Light commercial vehicle	Multiple vehicles	Personal	Business	Both	Less than 1 year	2-3 years	4-5 years	6-8 years	More than 8 years
44%	56%	45%	55%	28%	65%	7%	27%	73%	52%	48%	28%	72%	59%	26%	12%	3%	62%	34%	4%	22%	45%	18%	8%	7%

* The higher-than-expected weighting of new vehicles as a share of overall vehicles is the result of the concentration of middle-class respondents in the sample

Marketing

Vehicle owners in Uganda regard **price** as the most important purchasing criterion, and vehicle purchasing decisions are most influenced by **family and friends...**



What is important to you when deciding which vehicle to buy?

*Overall, Ugandan vehicle owners value **price** but consumer preferences vary by gender, history of ownership, type and kind of vehicle...*

Overall, price is the key factor influencing the purchasing decision of vehicles in Uganda. This is in line with the fact that most vehicles fall into the lowest price bracket (less than US\$17.5m – below approx. US\$5,000).

There are significant differences among various groups in terms of preferences.

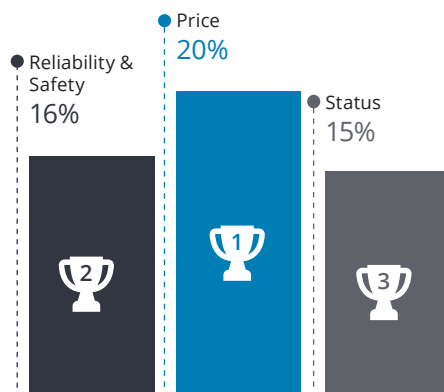
For men, status is the most important criterion, whereas women care little about this when buying a vehicle. Similarly, buyers of new vehicles are much more concerned about status compared to buyers of used vehicles.

First-time owners seem to be far more price-sensitive compared to owners that have owned vehicles before.

Passenger vehicle owners regard safety as the most important criterion when buying a vehicle; however, motorbike owners are far less concerned about safety.

Overall, re-sale value is the least important factor driving the purchasing decision. This might indicate that vehicles are not bought with the intention of selling them later.

Consumer preferences





Consumer preferences*

Rank	Overall	Gender		Ownership history		Kind of vehicle		Type of vehicle	
		Female	Male	First-time owner	Non-first-time owner	New	Used	Passenger vehicle	Motorbike
1	Price	Price	Status	Price	Safety	Status	Price	Safety	Price
2	Reliability & Safety	Reliability	Safety	Status	Reliability	Reliability & Safety	Reliability	Status	Reliability
3	Status	Fuel efficiency	Price	Reliability	Value for money	Fuel efficiency	Safety	Price	Status
4	Fuel efficiency	Safety	Value for money	Safety	Fuel efficiency	Price	Value for money	Value for money	Fuel efficiency
5	Value for money	Space/size	Reliability	Fuel efficiency	Price	Value for money	Status	Fuel efficiency	Safety
6	Space/size	Value for money	Fuel efficiency	Space/size	Status	Space/size	Fuel efficiency	Reliability	Value for money
7	Re-sale value	Re-sale value	Space/size	Value for money	Space/size	Re-sale value	Space/size	Space/size	Space/size
8		Status	Re-sale value	Re-sale value	Re-sale value		Re-sale value	Re-sale value	Re-sale value

Degree of importance: High Moderate Low

* Respondents were asked to rank criteria based on importance when making the purchasing decision.



What influences you when deciding which vehicle to buy?

Family and friends have the greatest influence on vehicle buyers...

In Uganda, family and friends have the greatest influence on the purchasing decision. About 40% of Ugandan vehicle owners turn to family and friends for advice on which vehicle to purchase.

Motorbike owners are more influenced by people they have a personal relationship with compared to buyers of other vehicle types.

Country brand dominance plays the second most important role in this decision. For owners of passenger vehicles and non-first-time owners country brand dominance is the most important influencer.

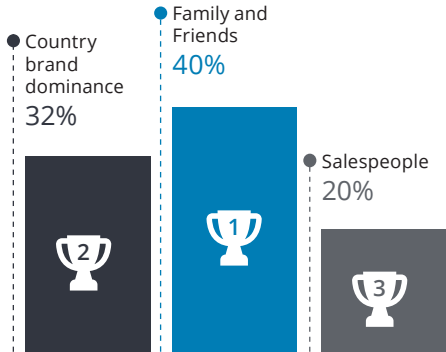
Together family and friends, and brand dominance influence more than 70% of vehicle owners' purchasing decisions.

Ugandan vehicles owners are little swayed by any form of advertising. Women and non-first-time owners are the least influenced by advertising.

Despite the fact that dealerships or traders are by far the most important sales channels, salespeople do not have a strong influence over vehicle buyers.

Influencers by ownership history and type of vehicle

Rank	Overall	First-time owner	Non-first-time owner	Passenger vehicle	Motorbikes
1	Family/friends	Family/friends	Country brand dominance	Country brand dominance	Family/friends
2	Country brand dominance	Country brand dominance	Family/friends	Family/friends	Country brand dominance
3	Salespeople	Salespeople	Salespeople	Salespeople	Salespeople and Advertising
4	Advertising	Advertising	Advertising	Advertising	



Finance & sales

The majority of Ugandan consumers paid **less than USh17.5m** for their vehicles, bought them **cash** and at a **dealership** or **trader...**



Where did you buy your vehicle?

Dealerships or traders are by far the most important sales channel...

More than three-quarters of all vehicles were bought from a dealership or trader.

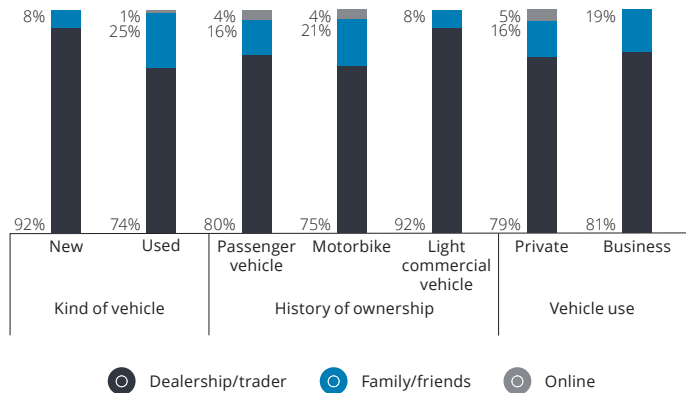
As expected, most new vehicles were bought at a dealership or trader. However, new vehicles accounted for only 30% of overall sales.

It is not very common to buy a vehicle from family and friends. Only one-quarter of used vehicles were purchased through this informal channel.

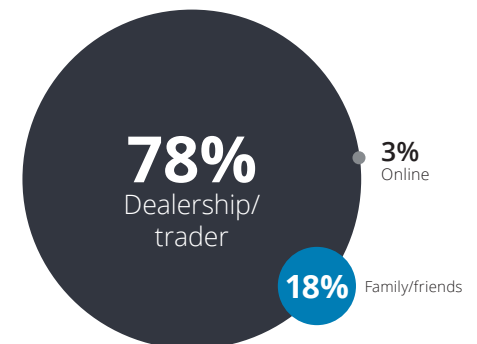
The online sales channel played an insignificant role for vehicle purchases in Uganda.

The preference of the respective sales channels was largely independent of age or whether it was the owner's first vehicle or not.

Sales channel by category



All sales





How did you pay for your vehicle?

*Due to a lack of suitable financial products, the majority of vehicle owners used **cash or savings** to purchase their vehicles...*

Cash and savings were the major source of vehicle finance accounting for 80% of all purchases. The second most important source at about 13% was a bank loan, reflecting the lack of financial products for vehicles in the market.

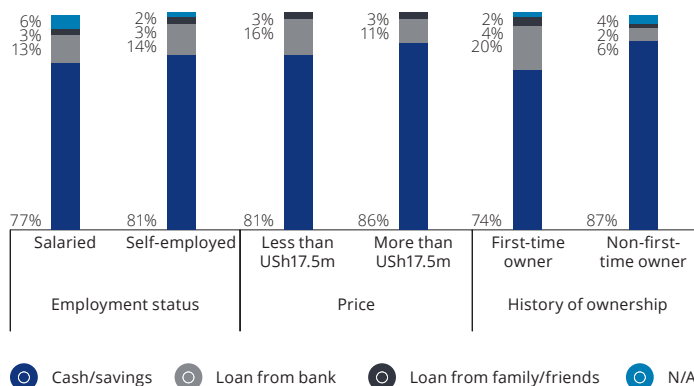
The dominance of cash as a financing channel was evident irrespective of price,

sales channel, employment status, age, kind of vehicle or whether the owners were first-time or non-first-time buyers.

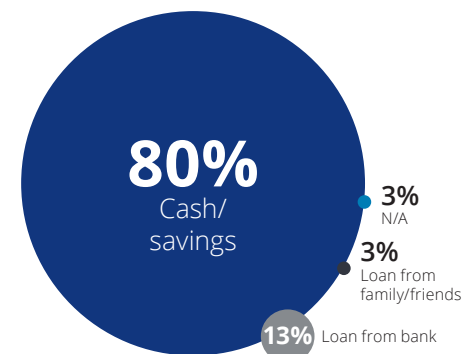
Surprisingly, a larger share of vehicles in the lower price bracket (less than US\$17.5m – below approx. US\$5,000) were financed through bank loans compared to more expensive vehicles.

First-time buyers were three times more likely to finance their vehicles through the bank compared to consumers who had owned vehicles before.

Finance channel by category



All sales



N/A refers to vehicles received as gifts or are company-owned
Note: May not sum to 100% due to rounding.



How much did you pay for your vehicle?

*The majority of Ugandan vehicle owners paid **less than US\$17.5m** for their vehicle...*

Over 60% of all vehicles fell into the lowest price bracket (less than US\$17.5m – below approx. US\$5,000).

As Uganda's income level is significantly lower than that of most of its regional peers, it is to be expected that the majority of Ugandans will have a preference for cheaper vehicles.

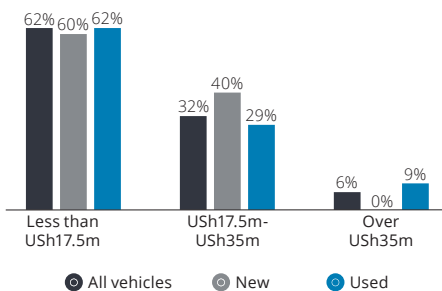
In the US\$17.5m-US\$35m (approx. US\$5,000-US\$10,000) price bracket, the share of new vehicles outweighed the share of used vehicles. No new vehicles in Uganda were bought for more than US\$35m.

Just over half of passenger vehicles were bought for less than US\$17.5m. However,

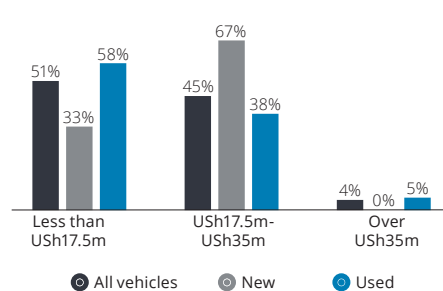
two-thirds of new passenger vehicles fell into the US\$17.5m-US\$35m (approx. US\$5,000 - US\$10,000) price bracket.

Vehicles by price range

All vehicles



Passenger vehicles



A **change in income** is likely to trigger a **switch in brand...**



What would convince you to change your current vehicle brand?

A change in income would be the key reason to switch brand. First-time owners and consumers under 30 seem to be the most brand loyal consumers...

Given the price-sensitivity of Ugandan consumers, a change in income is the most influential factor which would result in a change of brand.

The importance of a change in income is independent of age, gender, type, kind or price of vehicle and whether the owner is a first-time buyer or not.

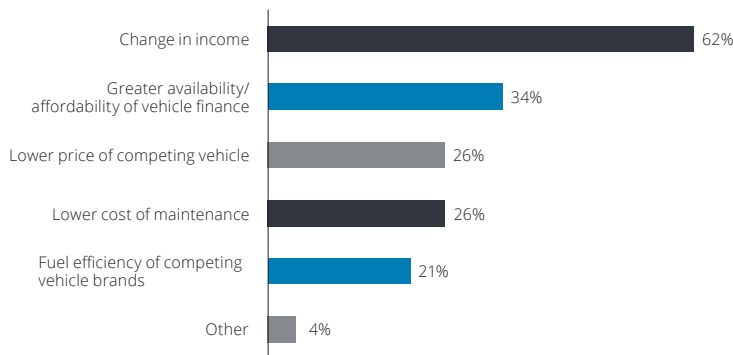
Current owners would not change to a different brand because it offers better fuel efficiency. This indicates that consumers tend to be more concerned about upfront-costs than running-costs.

First-time vehicle owners and owners under the age of 30 are the most brand loyal and

are the least likely to change their preferred vehicle brand for any reason.

In contrast, non-first time vehicle owners, owners of passenger vehicles and consumers who paid more than USh17.5m (above approx. US\$5,000) for their vehicle are the most likely to switch brand.

Reasons for changing brand*



*Responses do not add up to 100% as multiple answers were allowed.

Aftersales & service

Ugandans regularly service their vehicles, mostly by **jua kali mechanics** and at **petrol stations...**



When and where do you service your vehicle?

Most vehicles are serviced regularly, either by jua kali mechanics or petrol stations...

Nearly two-thirds of vehicle owners service their vehicles regularly. The most preferred service providers are jua kali (informal/open-air) mechanics and petrol stations.

Only half of consumers have their vehicles serviced in the formal sector (authorised dealerships or petrol stations). Petrol stations dominate the formal servicing sector with less than 15% of consumers taking their vehicles to authorised dealerships. An almost equal share of owners service their vehicles themselves.

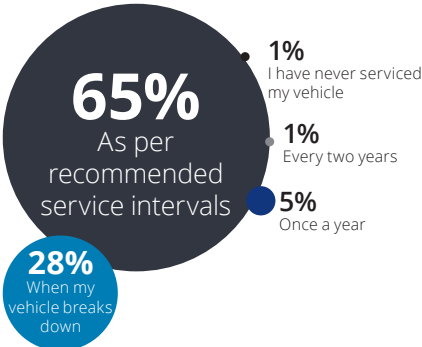
Compared to their counterparts, women and new vehicle owners are twice as likely to take their vehicles to authorised dealerships.

New vehicle owners are the most likely to service their vehicles in the formal sector, followed by owners of vehicles valued at over USh17.5m (above approx. US\$5,000).

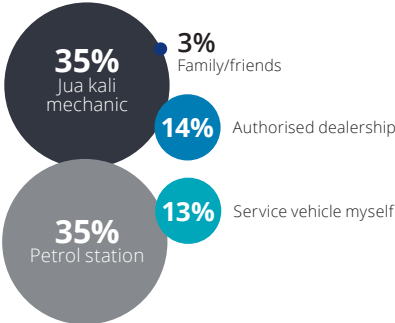
First-time owners are more likely to use jua kali mechanics to service their vehicles, even though they are more likely to have

bought their vehicles at dealerships or traders. This indicates that dealerships miss the opportunity to create customer loyalty among first-time buyers for aftersales services.

Frequency of service

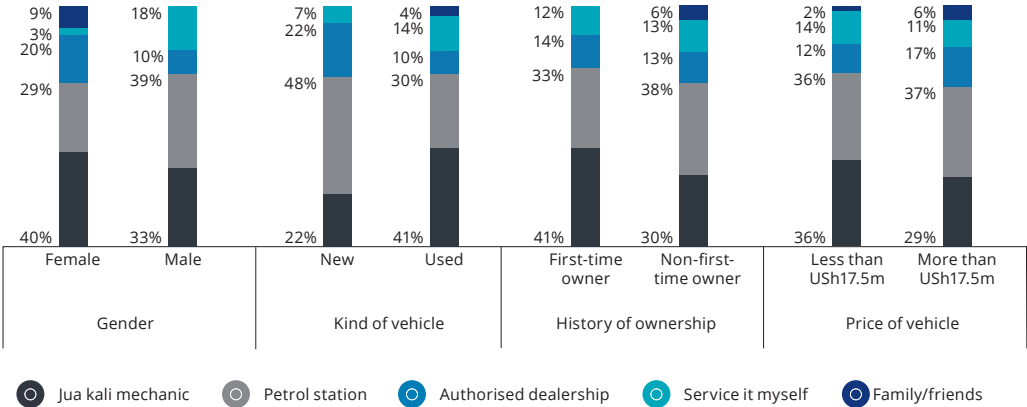


Place of service





Service channels



Future customer view

Only a **third** of Ugandan consumers **plan to purchase a vehicle** in the next five years. **Cash purchases of passenger vehicles** are likely to **dominate** the market...



When and where will you buy your next vehicle in the future?

Only a third of consumers plan to buy a vehicle within the next five years, but those who will buy a vehicle are likely to continue to purchase them from a dealership or trader...

More than half of Ugandan consumers do not plan to buy a vehicle going forward irrespective of whether they currently own a vehicle or not. Affordability is the greatest constraint to future purchases.

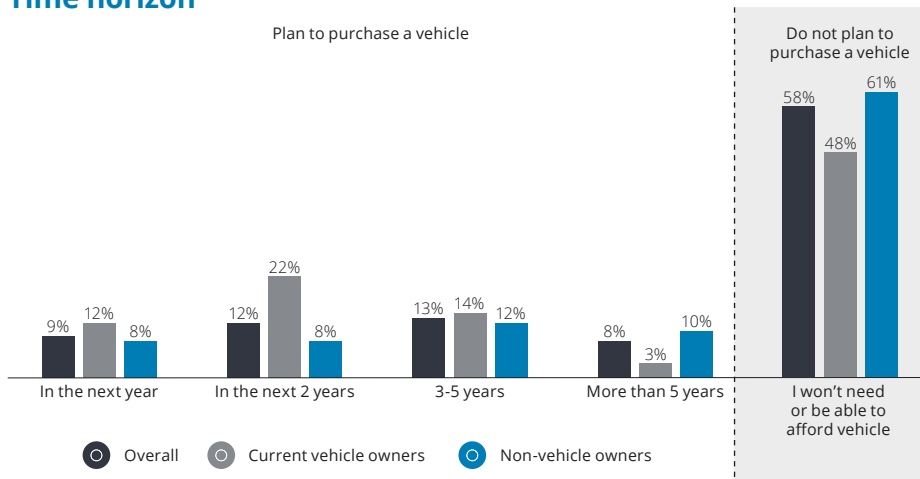
Close to half of future purchases will likely be new vehicles. This a sizeable increase from current purchases of which only 30% were new vehicles.

Current owners are more confident than non-vehicle owners about purchasing a vehicle in the next five years. About half of this group plan to buy a vehicle within this period.

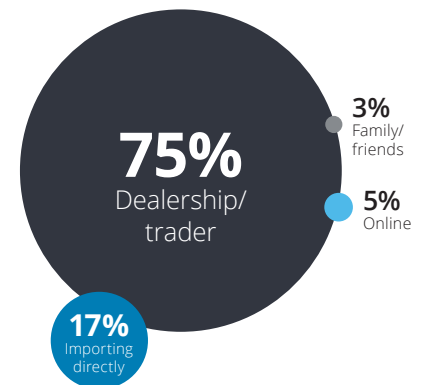
Ugandans who do not currently own a vehicle are less confident about future purchase.

The largest share of consumers that plan to purchase a vehicle, are likely to do so from a dealership or trader. This channel will likely account for three-quarters of future purchases and will continue to dominate the market going forward.

Time horizon



Sales channel





What will be important to you when deciding which vehicle to buy in the future?

Safety and status are likely to be the most important criteria for future vehicle purchases...

Overall consumer preferences are expected to remain relatively consistent going forward. Safety and status will likely continue to be important purchasing criteria, and even increase from moderate to high importance for all consumers.

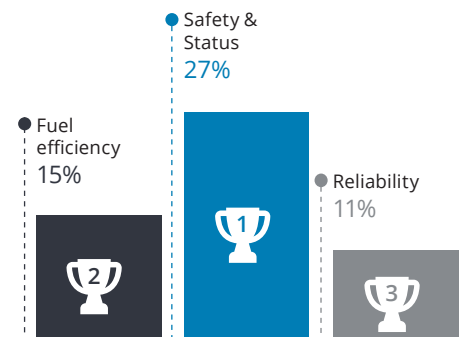
For current owners status will likely overtake safety as a key criterion for future purchases.

Prospective owners are more likely to be concerned about safety compared to current owners.

Re-sale value will probably remain a low priority for all future purchases regardless of current ownership status.

Future consumer preferences*

Rank	Overall	Current vehicle owners	Non-vehicle owners
1	Safety & Status	Status	Safety
2	Fuel efficiency	Safety	Status
3	Reliability	Fuel efficiency & Reliability & Space/size	Fuel efficiency
4	Space/size	Value for money	Reliability
5	Value for money	Re-sale value	Space/size
6	Re-sale value		Value for money
7			Re-sale value



Degree of importance: High Moderate Low

* Respondents were asked to rank criteria based on importance when making the purchasing decision



What will influence you when deciding which vehicle to buy in the future?

*While **family and friends** are likely to remain the main source of advice, the influence of advertising will increase...*

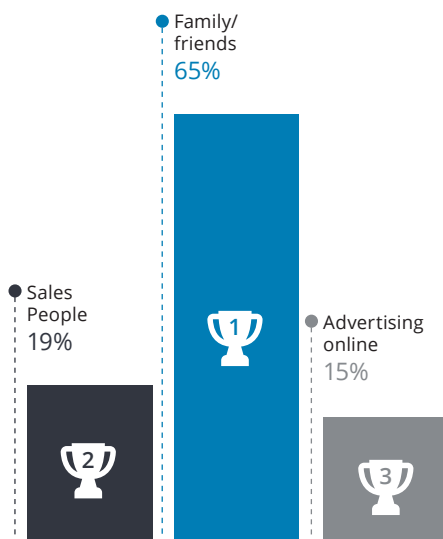
Future purchases will likely be strongly influenced by family and friends. This indicates that Ugandan consumers will be more likely to trust the advice of people with whom they have a close personal relationship.

The advice from family and friends will likely be most influential for consumers who do not currently own a car.

Current owners will likely increasingly trust the advice of salespeople for their future vehicle purchases.

Advertising and online platforms will probably remain insignificant influencers going forward. This suggests that these media are underleveraged.

Influencers





What vehicle will you buy and how will you finance it in the future?

Uganda's vehicle market is likely to remain cash-dominated and skewed towards passenger vehicles going forward...

Cash and savings will likely remain the most important way to pay for vehicles.

Compared to non-vehicle owners, current vehicle owners will be less likely to access finance either through banks or family and friends.

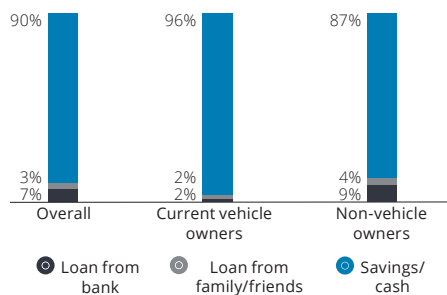
Going forward used vehicles will probably remain the preferred choice

of Ugandan consumers. However, current owners are more likely to buy a new vehicle, rather than a used vehicle, in the future.

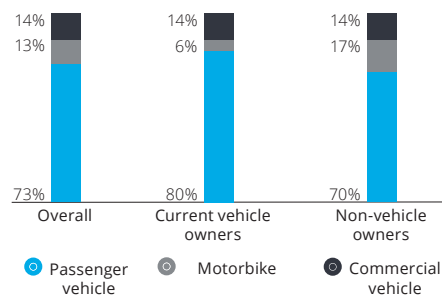
Passenger vehicles are expected to gain in popularity, especially amongst current owners and are the most likely choice for future vehicle purchases.

Compared to current vehicle owners, non-vehicle owners are more likely to purchase a motorbike in the future.

Financing outlook



Vehicle type outlook



Note: May not sum to 100% due to rounding.



Why do you think you will not buy a vehicle in the future?

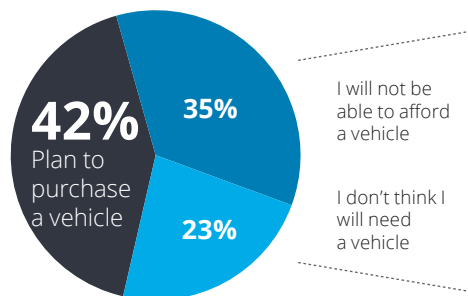
Close to **60%** of consumers may **not need or be able to afford** a vehicle in the future...

While 42% of Ugandans intend to purchase a vehicle going forward, 35% say they will not be able to afford a vehicle and 23% do not believe that they will need one in the future.

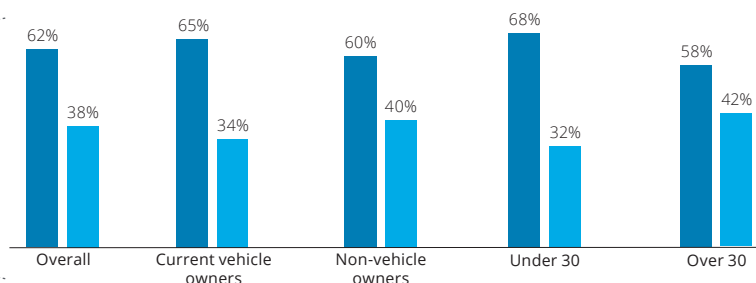
Two-thirds of current vehicle owners do not think that they will be able to afford another vehicle. This is greater than the share of non-vehicle owners.

While global trends suggest that younger consumers will be less likely to see the need for owning a vehicle in the future, in Uganda, older consumers do not see the need for owning a vehicle in the future.

All consumers



Ownership characteristics of those not planning to purchase a vehicle



● I will not be able to afford a vehicle ● I don't think I will need a vehicle

Mobility

Most Ugandans use **expensive** and **unsafe ride-sharing services** as part of their daily commute. **Boda bodas** are the most common form of transport...



What modes of transport do you use daily and what do you think about them?

Boda bodas are the most common mode of motorised transport in Uganda and one of the most satisfactory...

Ugandans make use of a variety of transport options for their daily commute.

Compared to Kenya and Tanzania multi-modal transport is less common in Uganda. Only a third of commuters use more than one form of transport on a daily basis. For multi-modal commuters, it is most common to use two forms of transport.

While over 80% of commuters use only ride-sharing services for their motorised trips, less than a tenth use only motorised individual forms of transport. About 7% of Ugandan commuters do not use any form of motorised transport.

More than half of all commuters use boda bodas (motorbike taxis) as part of their

daily commute. Boda bodas are viewed as the most satisfactory mode of transport after private vehicles.

Although regarded as the most satisfactory mode of transport, less than a sixth of commuters use a private vehicle each day.

The vast majority of Ugandan commuters spend less than US\$11,000 (US\$3) per day on commuting. Despite this, nearly half of commuters complain that fares are too expensive.

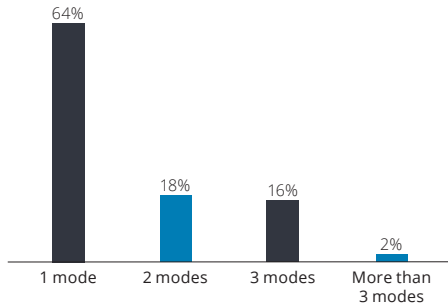
The lack of safety concerns the largest share of all commuters using ride-sharing services. This is not surprising considering that about 40% of trauma cases in Ugandan hospitals are the result of boda

boda accidents. Most Ugandans do not wear helmets, irrespective of whether they are drivers or passengers.

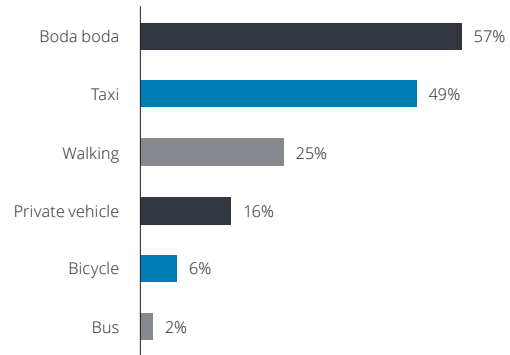
Overcrowding and a lack of cleanliness on ride-sharing platforms are also a cause for concern. Few commuters complain about the number of transfers or the lack of clear information on routes.



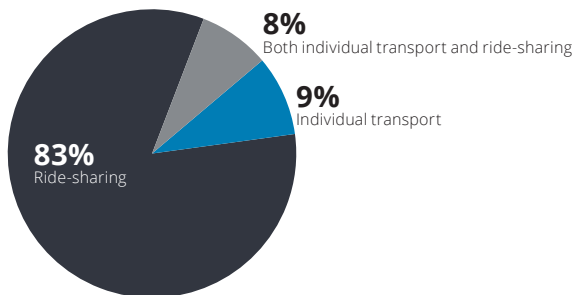
Multi-modal transport



Most common mode of transport*



All motorised transport**



Motorised transport**

Most satisfactory:



Private vehicle

Least satisfactory:



Boda boda

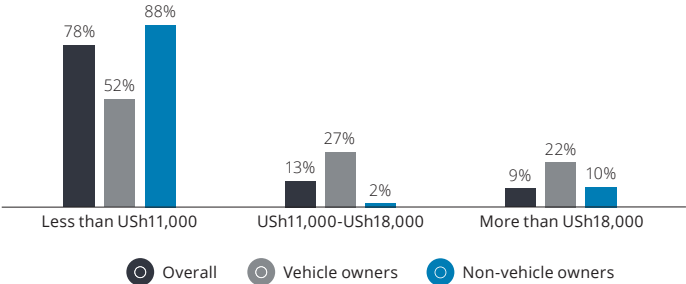
Note: May not sum to 100% due to rounding.

*Responses do not add up to 100% as multiple answers were allowed

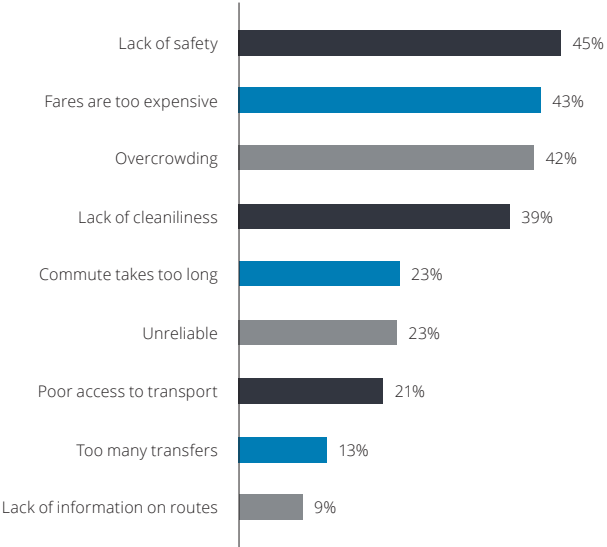
**Ride-sharing is defined as vehicle-sharing services, through which consumers hail a vehicle via phone/app/side of the road.



Commuter spend per day



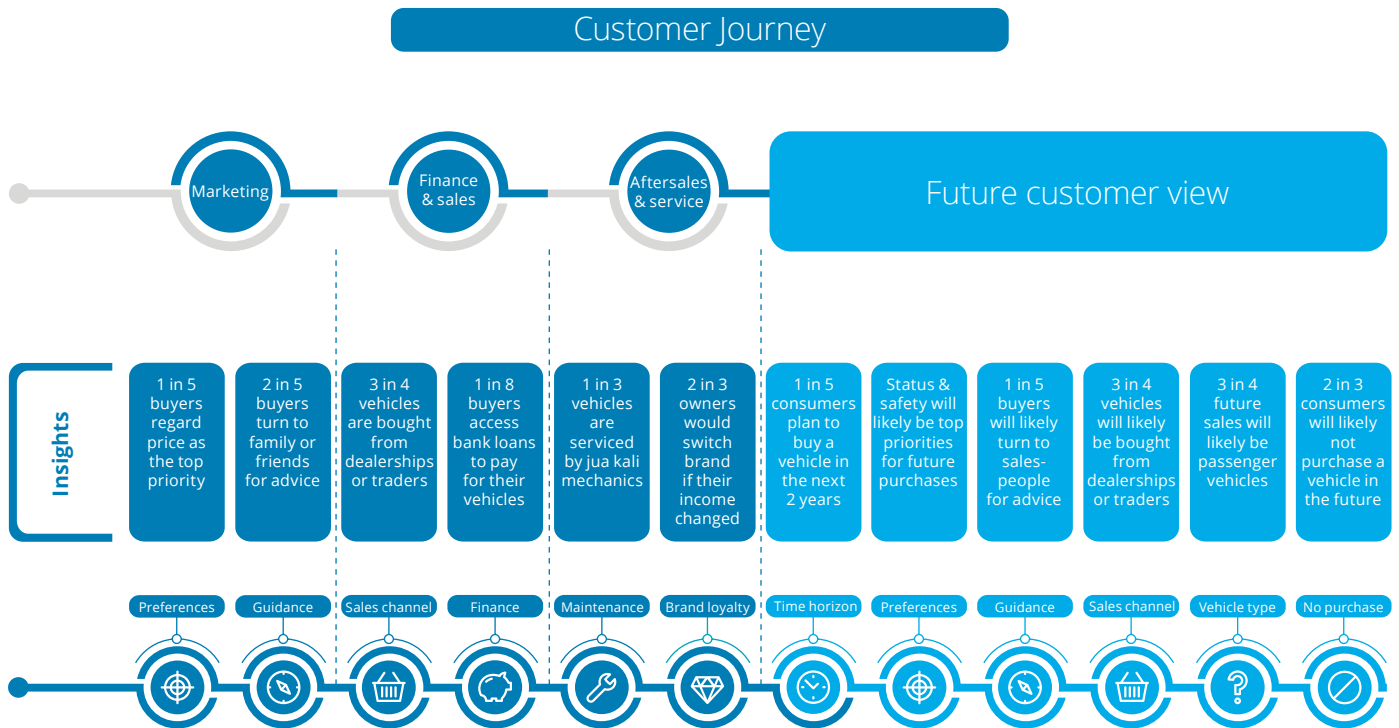
Criticisms of ride-sharing*



Key insights for Uganda

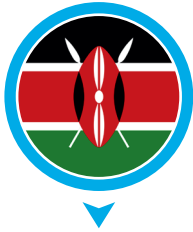


The customer journey in Uganda



Country comparison

Comparison between Kenya, Tanzania and Uganda



Kenyan consumers

- Highest spending power
- Highest motorisation rate
- Most likely to drive a new vehicle
- Most likely to access bank finance
- Most likely to purchase their vehicle from a dealership or trader
- Have the most developed servicing culture
- Most likely to buy a vehicle in the next five years



Tanzanian consumers

- Most cost-sensitive
- Lowest motorisation rate
- Most likely to purchase their vehicle from family and friends
- Least likely to purchase their vehicle from a dealership or trader
- Most likely to purchase their vehicle online
- Have the least developed servicing culture
- Most likely to service their vehicle in the informal sector
- Most likely to purchase their future vehicle online



Ugandan consumers

- Lowest spending power
- Most likely to drive a used vehicle
- Least likely to access a bank loan to finance their vehicle
- Most likely to only service their vehicle when it breaks down
- Most likely to service their vehicles at a petrol station
- Most likely to service their vehicles themselves
- Least likely to purchase a vehicle in the next five years



Key commonalities between Kenyan, Tanzanian and Ugandan consumers

- Family and friends have the greatest influence on purchasing decisions
- The majority of consumers purchase their vehicles from a dealership or trader
- Most vehicles are purchased in cash
- Most vehicles are regularly serviced
- Most vehicles are serviced by jua kali mechanics
- A change in income is likely to trigger a switch in brand

Unlocking East Africa's nascent automotive market

Deep customer insights are your key to unlocking Africa's automotive markets.

The lack of sufficient purchasing power combined with a massive mobility need and many aspiring consumers means that industry players need to re-examine where and how they position themselves within the customer journey. This will enable them to take full advantage of the nascent East Africa automotive market.

Industry players have to reconsider their value and brand propositioning as well as service offering in these markets, ensuring that what is on offer truly appeals to consumers and supports market development strategies. In this regard, one cannot overemphasise the importance of deep customer insights that can be leveraged to shape customer behaviour and attitudes towards formal and certified sales and service channels.

In East Africa, in common with other Africa regions, public policy is all important in shaping the automotive mobility environment. Public-private sector coordination is crucial to fully realising these opportunities.

As in other markets, the success of the industry will depend on how well automotive companies will be aligned to the mobility needs of their customers in future. This might not necessarily mean selling more vehicles, but will depend on partnerships and new business models that also consider offerings such as ride sharing and innovative ownership models. Any market development efforts must be supported by providing access to vehicle finance products that are tailored to the specific local market conditions.

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