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.

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.

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).

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.

Source: International Monetary Fund, 2017; UN Habitat, 2017; UN Habitat, 2014; OICA, 2017; World Bank, 2017; UN DESA, 2017
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

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age</th>
<th>Employment status</th>
<th>Vehicle ownership</th>
<th>Ownership history</th>
<th>Kind of vehicle</th>
<th>Type of vehicle</th>
<th>Vehicle use</th>
<th>Duration of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>Male</td>
<td>Under 30</td>
<td>Over 30</td>
<td>Salaried employee</td>
<td>Self employed</td>
<td>Vehicle owner</td>
<td>Non-vehicle owner</td>
<td>First-time owner</td>
</tr>
<tr>
<td>44%</td>
<td>56%</td>
<td>45%</td>
<td>55%</td>
<td>38%</td>
<td>62%</td>
<td>49%</td>
<td>51%</td>
<td>35%</td>
</tr>
</tbody>
</table>

* 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**

- Fuel efficiency: 29%
- Safety: 17%
- Value for money: 13%
**Consumer preferences***

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>Gender</th>
<th>Age</th>
<th>Ownership history</th>
<th>Kind of vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Under 30</td>
<td>Over 30</td>
</tr>
<tr>
<td>2</td>
<td>Safety</td>
<td>Safety</td>
<td>Reliability</td>
<td>Safety</td>
<td>Value for money</td>
</tr>
<tr>
<td>3</td>
<td>Price &amp; Value for money</td>
<td>Price</td>
<td>Safety &amp; Value for money</td>
<td>Reliability</td>
<td>Safety</td>
</tr>
<tr>
<td>4</td>
<td>Reliability</td>
<td>Value for money</td>
<td>Price</td>
<td>Status</td>
<td>Price</td>
</tr>
<tr>
<td>5</td>
<td>Status</td>
<td>Status</td>
<td>Space/size &amp; Status</td>
<td>Price</td>
<td>Reliability</td>
</tr>
<tr>
<td>6</td>
<td>Space/size</td>
<td>Reliability</td>
<td>Re-sale value</td>
<td>Space/size</td>
<td>Status</td>
</tr>
<tr>
<td>7</td>
<td>Re-sale value</td>
<td>Space/size &amp; Re-sale value</td>
<td>Value for money &amp; Re-sale value</td>
<td>Space/size</td>
<td>Space/size</td>
</tr>
<tr>
<td>8</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
</tr>
</tbody>
</table>

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.

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**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>Passenger vehicle</th>
<th>Motorbikes</th>
<th>Light commercial vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Family/friends</td>
<td>Country brand dominance &amp; Family/friends</td>
<td>Family/friends</td>
<td>Family/friends</td>
</tr>
<tr>
<td>2</td>
<td>Country brand dominance</td>
<td>Salespeople</td>
<td>Country brand dominance</td>
<td>Salespeople</td>
</tr>
<tr>
<td>3</td>
<td>Salespeople</td>
<td>Advertising</td>
<td>Salespeople</td>
<td>Advertising</td>
</tr>
<tr>
<td>4</td>
<td>Advertising</td>
<td>Advertising</td>
<td>Country brand dominance</td>
<td></td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>Kind of vehicle</th>
<th>Type of vehicle</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>Passenger vehicle</td>
<td>93%</td>
</tr>
<tr>
<td>Used</td>
<td>Motorbike</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>Light commercial vehicle</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Less than KSh1m</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>More than KSh1m</td>
<td>3%</td>
</tr>
</tbody>
</table>

**All sales**

- 80% Dealership/trader
- 3% Online
- 17% Family/friends

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

<table>
<thead>
<tr>
<th>Kind of vehicle</th>
<th>Employment status</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>68% Cash/savings</td>
</tr>
<tr>
<td>Used</td>
<td>56% Cash/savings</td>
</tr>
<tr>
<td>Self employed</td>
<td>68% Cash/savings</td>
</tr>
<tr>
<td>Salaried employed</td>
<td>54% Cash/savings</td>
</tr>
</tbody>
</table>

**All sales**

- 63% Cash/savings
- 29% Loan from bank
- 4% Loan from family/friends
- 4% N/A

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

N/A refers to vehicles received as gifts or are company-owned.
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

![Vehicles by price range chart]

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

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in income</td>
<td>63%</td>
</tr>
<tr>
<td>Lower cost of maintenance</td>
<td>42%</td>
</tr>
<tr>
<td>Greater availability/affordability of finance</td>
<td>27%</td>
</tr>
<tr>
<td>Fuel efficiency of competing brands</td>
<td>27%</td>
</tr>
<tr>
<td>Lower cost of competing vehicle</td>
<td>23%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
</tbody>
</table>

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**

- **83%**
  - As per recommended service intervals
- **1%**
  - Every two years
- **1%**
  - I have never serviced my vehicle
- **6%**
  - Once a year
- **9%**
  - When vehicle breaks down

**Place of service**

- **47%**
  - Jua kali mechanic
- **26%**
  - Authorised dealerships
- **23%**
  - Petrol station
- **1%**
  - N/A
- **1%**
  - Family/friends
- **2%**
  - Service vehicle myself

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**

<table>
<thead>
<tr>
<th>Time horizon</th>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the next year</td>
<td>21%</td>
<td>15%</td>
<td>27%</td>
</tr>
<tr>
<td>In the next 2 years</td>
<td>25%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>3-5 years</td>
<td>16%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>31%</td>
<td>35%</td>
<td>28%</td>
</tr>
</tbody>
</table>

**Sales channel**

- **Dealership/trader**: 68%
- **Family/friends**: 11%
- **Online**: 7%
- **Import directly**: 14%
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.

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*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fuel efficiency</td>
<td>Fuel efficiency</td>
<td>Reliability</td>
</tr>
<tr>
<td>2</td>
<td>Status</td>
<td>Status</td>
<td>Fuel efficiency &amp; Status</td>
</tr>
<tr>
<td>3</td>
<td>Reliability</td>
<td>Reliability</td>
<td>Safety</td>
</tr>
<tr>
<td>4</td>
<td>Safety</td>
<td>Safety</td>
<td>Value for money</td>
</tr>
<tr>
<td>5</td>
<td>Space/size</td>
<td>Re-sale value</td>
<td>Space/size</td>
</tr>
<tr>
<td>6</td>
<td>Re-sale value</td>
<td>Space/size</td>
<td>Re-sale value</td>
</tr>
<tr>
<td>7</td>
<td>Value for money</td>
<td>Value for money</td>
<td></td>
</tr>
</tbody>
</table>

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 sale people 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

<table>
<thead>
<tr>
<th>Influencer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family/friends</td>
<td>68%</td>
</tr>
<tr>
<td>Salespeople</td>
<td>22%</td>
</tr>
<tr>
<td>Advertising/online</td>
<td>11%</td>
</tr>
</tbody>
</table>
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.
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

- **70%** Plan to purchase a vehicle
- **15%** I don't think I will need a vehicle
- **15%** I will not be able to afford a vehicle

### Ownership characteristics of those not planning to purchase a vehicle

- **Overall “future non-buyers”**:
  - I will not be able to afford a vehicle: 51%
  - I don't think I will need a vehicle: 49%

- **Current vehicle owners**:
  - I will not be able to afford a vehicle: 42%
  - I don't think I will need a vehicle: 58%

- **Non-vehicle owners**:
  - I will not be able to afford a vehicle: 61%
  - I don't think I will need a vehicle: 39%

- **Under 30**
  - I will not be able to afford a vehicle: 57%
  - I don't think I will need a vehicle: 43%

- **Over 30**
  - I will not be able to afford a vehicle: 45%
  - I don't think I will need a vehicle: 55%
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.

Almost of 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.

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.
**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.**

### Multi-modal transport

- 1 mode: 33%
- 2 modes: 21%
- 3 modes: 27%
- More than 3 modes: 20%

### Most common mode of transport*

- Matatu: 71%
- Boda boda: 39%
- Walking: 37%
- Private vehicle: 33%
- Taxi: 31%
- Bus: 25%
- Bicycle: 7%

### All motorised transport**

- 67% Ride-sharing
- 19% Both individual transport and ride-sharing
- 14% Individual transport

### Motorised transport**

**Most satisfactory:**
- Private vehicle

**Least satisfactory:**
- Boda boda
Criticisms of ride-sharing*

- Overcrowding: 49%
- Lack of safety: 39%
- Lack of cleanliness: 36%
- Fares are too expensive: 32%
- Commute takes too long: 32%
- Unreliable: 28%
- Too many transfers: 27%
- Poor access to transport: 24%
- Lack of information on routes: 20%

Commuter spend per day

- Less than KSh300: 66% Overall, 69% Vehicle owners, 63% Non-vehicle owners
- KSh300-KSh500: 28% Overall, 23% Vehicle owners, 33% Non-vehicle owners
- More than KSh500: 6% Overall, 8% Vehicle owners, 4% Non-vehicle owners
Key insights for Kenya
The customer journey in Kenya

**Insights**

- 1 in 3 buyers regard fuel efficiency as the top priority.
- 1 in 2 buyers turn to family or friends for advice.
- 4 in 5 vehicles are bought from dealerships or traders.
- 1 in 3 buyers access bank loans to pay for their vehicles.
- 1 in 2 vehicles are serviced by jua kali mechanics.
- 2 in 3 owners would switch brand if their income changed.
- 1 in 2 consumers plan to buy a vehicle in the next 2 years.
- Fuel efficiency may remain the top priority for future purchases.
- 2 in 3 buyers will likely turn to family and friends for advice.
- 2 in 3 vehicles will likely be bought from dealerships or traders.
- 1 in 2 future sales will likely be passenger vehicles.
- 1 in 3 consumers will likely not purchase a vehicle in the future.
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).

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.

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

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age</th>
<th>Employment status</th>
<th>Vehicle ownership</th>
<th>Ownership history</th>
<th>Kind of vehicle</th>
<th>Type of vehicle</th>
<th>Vehicle use</th>
<th>Duration of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>41%</td>
<td>Male</td>
<td>59%</td>
<td>Under 30</td>
<td>55%</td>
<td>45%</td>
<td>35%</td>
<td>60%</td>
</tr>
</tbody>
</table>

* 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.

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

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.

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**

- Price: 24%
- Fuel efficiency: 31%
- Value for money: 16%
## Consumer preferences*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>Gender</th>
<th>Age</th>
<th>Ownership history</th>
<th>Kind of vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Under 30</td>
<td>Over 30</td>
</tr>
<tr>
<td>2</td>
<td>Price</td>
<td>Value for money</td>
<td>Price</td>
<td>Price</td>
<td>Price</td>
</tr>
<tr>
<td>3</td>
<td>Value for money</td>
<td>Price</td>
<td>Value for money</td>
<td>Value for money</td>
<td>Value for money</td>
</tr>
<tr>
<td>4</td>
<td>Status</td>
<td>Safety</td>
<td>Status</td>
<td>Status</td>
<td>Status</td>
</tr>
<tr>
<td>6</td>
<td>Space/size</td>
<td>Space/size</td>
<td>Space/size</td>
<td>Space/size</td>
<td>Reliability</td>
</tr>
<tr>
<td>7</td>
<td>Reliability</td>
<td>Reliability</td>
<td>Reliability</td>
<td>Reliability</td>
<td>Space/size</td>
</tr>
<tr>
<td>8</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>Passenger vehicles</th>
<th>Motorbikes</th>
<th>Light commercial vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Family/friends</td>
<td>Family/friends</td>
<td>Family/friends</td>
<td>Family/friends</td>
</tr>
<tr>
<td>2</td>
<td>Country brand dominance</td>
<td>Country brand dominance</td>
<td>Country brand dominance</td>
<td>Country brand dominance</td>
</tr>
<tr>
<td>3</td>
<td>Advertising</td>
<td>Salespeople &amp; Advertising</td>
<td>Advertising</td>
<td>Salespeople</td>
</tr>
<tr>
<td>4</td>
<td>Salespeople</td>
<td>Salespeople</td>
<td>Advertising</td>
<td></td>
</tr>
</tbody>
</table>
Finance & sales

The majority of Tanzanian consumers paid \textit{less than TSh11m in cash} for their vehicles and bought them at a \textit{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.

### Sales channel by category

<table>
<thead>
<tr>
<th>Kind of vehicle</th>
<th>Dealership/trader</th>
<th>Family/friends</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>12%</td>
<td>36%</td>
<td>33%</td>
</tr>
<tr>
<td>Used</td>
<td>6%</td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>First-time owner</td>
<td>16%</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>Non-first-time owner</td>
<td>36%</td>
<td>54%</td>
<td>56%</td>
</tr>
<tr>
<td>History of ownership</td>
<td>35%</td>
<td>36%</td>
<td>29%</td>
</tr>
<tr>
<td>Less than TSh11m</td>
<td>17%</td>
<td>17%</td>
<td>5%</td>
</tr>
<tr>
<td>More than TSh11m</td>
<td>36%</td>
<td>29%</td>
<td>44%</td>
</tr>
<tr>
<td>Passenger vehicle</td>
<td>38%</td>
<td>44%</td>
<td>47%</td>
</tr>
<tr>
<td>Motorbike</td>
<td>12%</td>
<td>44%</td>
<td>35%</td>
</tr>
<tr>
<td>Light Commercial vehicle</td>
<td>20%</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>Private</td>
<td>7%</td>
<td>35%</td>
<td>57%</td>
</tr>
<tr>
<td>Business</td>
<td>21%</td>
<td>24%</td>
<td>55%</td>
</tr>
<tr>
<td>Female</td>
<td>11%</td>
<td>39%</td>
<td>50%</td>
</tr>
<tr>
<td>Male</td>
<td>26%</td>
<td>63%</td>
<td>6%</td>
</tr>
</tbody>
</table>

### All sales

- **Dealership/trader**: 52%
- **Family/friends**: 34%
- **Online**: 14%
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).

**Finance channel by category**

<table>
<thead>
<tr>
<th>Kind of vehicle</th>
<th>Employment status</th>
<th>Price</th>
<th>History of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>Salaried</td>
<td>Less than TSh11m</td>
<td>First-time owner</td>
</tr>
<tr>
<td>Used</td>
<td>Self-employed</td>
<td>More than TSh11m</td>
<td>Non-first-time owner</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

66% Cash/savings
16% Loan from bank
11% N/A
7% Loan from family/friends

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?

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.

Vehicles by price range

All vehicles

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

- Less than TSh11m
  - All passenger vehicles: 59%
  - New: 57%
  - Used: 60%

- TSh11m-TSh22m
  - All passenger vehicles: 11%
  - New: 11%
  - Used: 11%

- TSh22m-TSh33m
  - All passenger vehicles: 7%
  - New: 5%
  - Used: 9%

- TSh33m-TSh44m
  - All passenger vehicles: 4%
  - New: 5%
  - Used: 4%

- More than TSh44m
  - All passenger vehicles: 19%
  - New: 22%
  - Used: 15%

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

Light commercial vehicles

- Less than TSh11m
  - All light commercial vehicles: 54%
  - New: 51%

- TSh11m-TSh22m
  - All light commercial vehicles: 17%
  - New: 20%

- TSh22m-TSh33m
  - All light commercial vehicles: 8%
  - New: 8%

- TSh33m-TSh44m
  - All light commercial vehicles: 8%
  - New: 8%
  - Used: 9%

- More than TSh44m
  - All light commercial vehicles: 19%
  - New: 15%
  - Used: 20%

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

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in income</td>
<td>60%</td>
</tr>
<tr>
<td>Lower cost of competing vehicle</td>
<td>34%</td>
</tr>
<tr>
<td>Fuel efficiency of competing brands</td>
<td>29%</td>
</tr>
<tr>
<td>Greater availability/affordability of vehicle finance</td>
<td>27%</td>
</tr>
<tr>
<td>Lower cost of maintenance</td>
<td>23%</td>
</tr>
</tbody>
</table>

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**

- 69% As per recommended service intervals
- 5% Every two years
- 19% Once a year
- 7% When vehicle breaks down

**Place of service**

- 70% Jua kali mechanic
- 8% Authorised dealership
- 7% Service vehicle myself
- 2% Family/friends
- 13% Petrol station
## Service channels

<table>
<thead>
<tr>
<th>Gender</th>
<th>First-time owner</th>
<th>Non-first-time owner</th>
<th>Dealership/trader</th>
<th>Family/friends</th>
<th>Online</th>
<th>Passenger vehicle</th>
<th>Motorbike</th>
<th>Light commercial vehicle</th>
<th>Less than TSh11m</th>
<th>More than TSh11m</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>2%</td>
<td>1%</td>
<td>6%</td>
<td>1%</td>
<td>2%</td>
<td>6%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Male</td>
<td>75%</td>
<td>10%</td>
<td>7%</td>
<td>10%</td>
<td>8%</td>
<td>10%</td>
<td>11%</td>
<td>4%</td>
<td>8%</td>
<td>14%</td>
<td>75%</td>
</tr>
</tbody>
</table>

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

[Graph showing time horizon]

<table>
<thead>
<tr>
<th>Plan to purchase a vehicle</th>
<th>Do not plan to purchase a vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>I won't need or be able to afford vehicle</td>
</tr>
<tr>
<td>In the next year</td>
<td>49%</td>
</tr>
<tr>
<td>In the next 2 years</td>
<td>48%</td>
</tr>
<tr>
<td>3-5 years</td>
<td>50%</td>
</tr>
<tr>
<td>More than 5 years</td>
<td></td>
</tr>
</tbody>
</table>

### Sales channel

- **65%** Dealership/trader
- **16%** Online
- **9%** Family/friends
- **10%** Import directly

[Diagram showing 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***

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fuel efficiency</td>
<td>Fuel efficiency</td>
<td>Fuel efficiency</td>
</tr>
<tr>
<td>2</td>
<td>Value for money</td>
<td>Value for money</td>
<td>Value for money</td>
</tr>
<tr>
<td>3</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
<td>Re-sale value</td>
</tr>
<tr>
<td>4</td>
<td>Status</td>
<td>Status</td>
<td>Safety</td>
</tr>
<tr>
<td>5</td>
<td>Space/size</td>
<td>Space/size</td>
<td>Status</td>
</tr>
<tr>
<td>6</td>
<td>Reliability</td>
<td>Reliability</td>
<td>Reliability</td>
</tr>
<tr>
<td>7</td>
<td>Safety</td>
<td>Safety</td>
<td>Space/size</td>
</tr>
</tbody>
</table>

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

- Family/friends: 49%
- Advertising/Online: 26%
- Salespeople: 25%
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

<table>
<thead>
<tr>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>78%</td>
<td>80%</td>
<td>74%</td>
</tr>
<tr>
<td>4%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>18%</td>
<td>17%</td>
<td>20%</td>
</tr>
</tbody>
</table>

- Loan from bank
- Loan from family/friends
- Savings/cash

### Vehicle type outlook

<table>
<thead>
<tr>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>34%</td>
<td>15%</td>
</tr>
<tr>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>59%</td>
<td>52%</td>
<td>71%</td>
</tr>
</tbody>
</table>

- Passenger vehicle
- Motorbike
- Commercial vehicle

### Kind of vehicle outlook

<table>
<thead>
<tr>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>43%</td>
<td>36%</td>
</tr>
<tr>
<td>60%</td>
<td>57%</td>
<td>64%</td>
</tr>
</tbody>
</table>

- New
- Used

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

- I will not be able to afford a vehicle
- I don’t think I will need a vehicle

<table>
<thead>
<tr>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
<th>Under 30</th>
<th>Over 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>61%</td>
<td>51%</td>
<td>78%</td>
<td>66%</td>
<td>55%</td>
</tr>
<tr>
<td>39%</td>
<td>49%</td>
<td>22%</td>
<td>34%</td>
<td>45%</td>
</tr>
</tbody>
</table>

○ I will not be able to afford a vehicle   ○ I don’t think I will need 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 of 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

- 1 mode: 52%
- 2 modes: 19%
- 3 modes: 21%
- More than 3 modes: 8%

Most common mode of transport*

- Boda boda: 42%
- Walking: 34%
- Matatu: 31%
- Private vehicle: 30%
- Bus: 22%
- Taxi: 13%
- Bicycle: 4%
- Train: 2%

All motorised transport**

- 58% Ride-sharing
- 28% Individual transport
- 14% Both individual transport and ride-sharing

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

- Less than TSh7,000: 45% (Overall), 27% (Vehicle owners), 77% (Non-vehicle owners)
- TSh7,000-KSh11,000: 28% (Overall), 32% (Vehicle owners), 17% (Non-vehicle owners)
- More than TSh11,000: 26% (Overall), 41% (Vehicle owners), 6% (Non-vehicle owners)

Criticisms of ride-sharing*

- Overcrowding: 60%
- Commute takes too long: 44%
- Lack of cleanliness: 32%
- Too many transfers: 30%
- Poor access to transport: 18%
- Unreliable: 17%
- Lack of information on routes: 15%
- Fares are too expensive: 14%
- Lack of safety: 8%

Note: May not sum to 100% due to rounding.
Key insights for Tanzania
The customer journey in Tanzania

Customer Journey

Insights

- 1 in 3 buyers regard fuel efficiency as the top priority
- 1 in 2 buyers turn to family or friends for advice
- 1 in 6 vehicles are bought from dealerships or traders
- 1 in 6 buyers access bank loans to pay for their vehicles
- 2 in 3 vehicles are serviced by jua kali mechanics
- 2 in 3 owners would switch brand if their income changed
- 1 in 4 consumers plan to buy a vehicle in the next 2 years
- Fuel efficiency will likely remain the top priority for future purchases
- 1 in 2 buyers will likely turn to family and friends for advice
- 2 in 3 vehicles will likely be bought from dealerships or traders
- 3 in 5 future sales will likely be passenger vehicles
- 1 in 2 consumers will likely not purchase a vehicle in the future
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).

**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.

**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.

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Source: International Monetary Fund, 2017; UN Habitat, 2017; UN Habitat, 2014; OICA, 2017; World Bank, 2017; UN DESA, 2017.
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

<table>
<thead>
<tr>
<th>Overall sample (n=359)</th>
<th>Vehicle owners (n=97)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td><strong>Age</strong></td>
</tr>
<tr>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>44%</td>
<td>56%</td>
</tr>
</tbody>
</table>

* 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.
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 USh17.5m – 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**

- **Price** 20%
- **Reliability & Safety** 16%
- **Status** 15%
## Consumer preferences*

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

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

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>First-time owner</th>
<th>Non-first-time owner</th>
<th>Passenger vehicle</th>
<th>Motorbikes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Family/friends</td>
<td>Family/friends</td>
<td>Country brand dominance</td>
<td>Country brand dominance</td>
<td>Family/friends</td>
</tr>
<tr>
<td>2</td>
<td>Country brand dominance</td>
<td>Country brand dominance</td>
<td>Family/friends</td>
<td>Family/friends</td>
<td>Country brand dominance</td>
</tr>
<tr>
<td>3</td>
<td>Salespeople</td>
<td>Salespeople</td>
<td>Salespeople</td>
<td>Salespeople</td>
<td>Salespeople and Advertising</td>
</tr>
<tr>
<td>4</td>
<td>Advertising</td>
<td>Advertising</td>
<td>Advertising</td>
<td>Advertising</td>
<td></td>
</tr>
</tbody>
</table>

Country brand dominance 32%

Family and Friends 40%

Salespeople 20%
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

<table>
<thead>
<tr>
<th>Kind of vehicle</th>
<th>New</th>
<th>Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger vehicle</td>
<td>92%</td>
<td>74%</td>
</tr>
<tr>
<td>Motorbike</td>
<td>80%</td>
<td>75%</td>
</tr>
<tr>
<td>Light commercial vehicle</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>History of ownership</th>
<th>Private</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family/friends</td>
<td>92%</td>
<td>79%</td>
</tr>
<tr>
<td>Dealership/trader</td>
<td>8%</td>
<td>81%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vehicle use</th>
<th>Dealership/trader</th>
<th>Family/friends</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>78%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

_All sales_

78% Dealership/trader

18% Family/friends

3% Online
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 USh17.5m – 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**

<table>
<thead>
<tr>
<th>Employment status</th>
<th>Less than USh17.5m</th>
<th>More than USh17.5m</th>
<th>First-time owner</th>
<th>Non-first-time owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaried</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>16%</td>
<td>20%</td>
<td>2%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment status</th>
<th>77%</th>
<th>81%</th>
<th>74%</th>
<th>87%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Price</th>
<th>6%</th>
<th>3%</th>
<th>11%</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than USh17.5m</td>
<td>81%</td>
<td>86%</td>
<td>81%</td>
<td>86%</td>
</tr>
<tr>
<td>More than USh17.5m</td>
<td>2%</td>
<td>4%</td>
<td>2%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>History of ownership</th>
<th>3%</th>
<th>2%</th>
<th>3%</th>
<th>4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-time owner</td>
<td>80%</td>
<td>77%</td>
<td>74%</td>
<td>87%</td>
</tr>
<tr>
<td>Non-first-time owner</td>
<td>4%</td>
<td>4%</td>
<td>6%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**All sales**

- **Cash/savings**: 80%
- **Loan from bank**: 13%
- **Loan from family/friends**: 3%
- **N/A**: 3%

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 USh17.5m for their vehicle..._

Over 60% of all vehicles fell into the lowest price bracket (less than USh17.5m – 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 USh17.5m-USh35m (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 USh35m.

Just over half of passenger vehicles were bought for less than USh17.5m. However, two-thirds of new passenger vehicles fell into the USh17.5m-USh35m (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*

<table>
<thead>
<tr>
<th>Reason</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in income</td>
<td>62%</td>
</tr>
<tr>
<td>Greater availability/ affordability of vehicle finance</td>
<td>34%</td>
</tr>
<tr>
<td>Lower price of competing vehicle</td>
<td>26%</td>
</tr>
<tr>
<td>Lower cost of maintenance</td>
<td>26%</td>
</tr>
<tr>
<td>Fuel efficiency of competing vehicle brands</td>
<td>21%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

*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

- 65% As per recommended service intervals
  - 1% I have never serviced my vehicle
  - 1% Every two years
  - 5% Once a year

- 28% When my vehicle breaks down

### Place of service

- 35% Jua kali mechanic
- 35% Petrol station
- 14% Authorised dealership
- 3% Family/friends
- 13% Service vehicle myself
Service channels

<table>
<thead>
<tr>
<th>Gender</th>
<th>Kind of vehicle</th>
<th>History of ownership</th>
<th>Price of vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>New</td>
<td>First-time owner</td>
<td>Less than USh17.5m</td>
</tr>
<tr>
<td>40%</td>
<td>22%</td>
<td>41%</td>
<td>36%</td>
</tr>
<tr>
<td>Male</td>
<td>Used</td>
<td>Non-first-time owner</td>
<td>More than USh17.5m</td>
</tr>
<tr>
<td>33%</td>
<td>41%</td>
<td>30%</td>
<td>29%</td>
</tr>
</tbody>
</table>

- Jua kali mechanic
- Petrol station
- Authorised dealership
- Service it myself
- Family/friends
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. Affordibility 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

<table>
<thead>
<tr>
<th>Sales channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dealership/trader</td>
</tr>
<tr>
<td>Family/friends</td>
</tr>
<tr>
<td>Online</td>
</tr>
<tr>
<td>Importing directly</td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Safety &amp; Status</td>
<td>Status</td>
<td>Safety</td>
</tr>
<tr>
<td>2</td>
<td>Fuel efficiency</td>
<td>Safety</td>
<td>Status</td>
</tr>
<tr>
<td>3</td>
<td>Reliability</td>
<td>Fuel efficiency &amp; Reliability &amp; Space/size</td>
<td>Fuel efficiency</td>
</tr>
<tr>
<td>4</td>
<td>Space/size</td>
<td>Value for money</td>
<td>Reliability</td>
</tr>
<tr>
<td>5</td>
<td>Value for money</td>
<td>Re-sale value</td>
<td>Space/size</td>
</tr>
<tr>
<td>6</td>
<td>Re-sale value</td>
<td></td>
<td>Value for money</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>Re-sale value</td>
</tr>
</tbody>
</table>

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

- **Family/friends**: 65%
- **Sales People**: 19%
- **Advertising online**: 15%
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**

<table>
<thead>
<tr>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
<td>96%</td>
<td>87%</td>
</tr>
<tr>
<td>3%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>7%</td>
<td>2%</td>
<td>9%</td>
</tr>
</tbody>
</table>

- Loan from bank
- Loan from family/friends
- Savings/cash

**Vehicle type outlook**

<table>
<thead>
<tr>
<th>Overall</th>
<th>Current vehicle owners</th>
<th>Non-vehicle owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>73%</td>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>13%</td>
<td>6%</td>
<td>17%</td>
</tr>
</tbody>
</table>

- Passenger vehicle
- Motorbike
- Commercial vehicle

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
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 USh11,000 (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

<table>
<thead>
<tr>
<th>Mode</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 mode</td>
<td>64%</td>
</tr>
<tr>
<td>2 modes</td>
<td>18%</td>
</tr>
<tr>
<td>3 modes</td>
<td>16%</td>
</tr>
<tr>
<td>More than 3</td>
<td>2%</td>
</tr>
</tbody>
</table>

Most common mode of transport*

<table>
<thead>
<tr>
<th>Mode</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boda boda</td>
<td>57%</td>
</tr>
<tr>
<td>Taxi</td>
<td>49%</td>
</tr>
<tr>
<td>Walking</td>
<td>25%</td>
</tr>
<tr>
<td>Private vehicle</td>
<td>16%</td>
</tr>
<tr>
<td>Bicycle</td>
<td>6%</td>
</tr>
<tr>
<td>Bus</td>
<td>2%</td>
</tr>
</tbody>
</table>

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.

All motorised transport**

- 83% Ride-sharing
- 9% Individual transport
- 8% Both individual transport and ride-sharing

Motorised transport**

Most satisfactory:
- Private vehicle

Least satisfactory:
- Boda boda
Commuter spend per day

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Less than USh11,000</th>
<th>USh11,000-USh18,000</th>
<th>More than USh18,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>78%</td>
<td>52%</td>
<td>2%</td>
</tr>
<tr>
<td>Vehicle owners</td>
<td>13%</td>
<td>27%</td>
<td>9%</td>
</tr>
<tr>
<td>Non-vehicle owners</td>
<td>9%</td>
<td>2%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Criticisms of ride-sharing*

- Lack of safety: 45%
- Fares are too expensive: 43%
- Overcrowding: 42%
- Lack of cleanliness: 39%
- Commute takes too long: 23%
- Unreliable: 23%
- Poor access to transport: 21%
- Too many transfers: 13%
- Lack of information on routes: 9%
Key insights for Uganda
The customer journey in Uganda

Customer Journey

Insights

1 in 5 buyers regard price as the top priority
2 in 5 buyers turn to family or friends for advice
3 in 4 vehicles are bought from dealerships or traders
1 in 3 buyers access bank loans to pay for their vehicles
1 in 3 vehicles are serviced by jua kali mechanics
2 in 3 owners would switch brand if their income changed
1 in 5 consumers plan to buy a vehicle in the next 2 years
Status & safety will likely be top priorities for future purchases
1 in 5 buyers will likely turn to salespeople for advice
3 in 4 vehicles will likely be bought from dealerships or traders
3 in 4 future sales will likely be passenger vehicles
2 in 3 consumers will likely not purchase a vehicle in the future
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.
Contacts

Dr Martyn Davies  
Africa Automotive Leader  
Deloitte Africa  
mdavies@deloitte.com

Jan-Hendri Tromp  
Snr. Chief of Staff: Automotive  
Deloitte Africa  
jhtromp@deloitte.co.za

Mike Vincent  
Consulting Leader: Automotive  
Deloitte Africa  
mivincent@deloitte.co.za

Adheesh Ori  
Risk Advisory Leader: Automotive  
Deloitte Africa  
aori@deloitte.co.za

Authors

Hannah Edinger  
Associate Director  
Deloitte Africa  
hedinger@deloitte.co.za

Simon Schaefer  
Manager  
Deloitte Africa  
sischaefer@deloitte.co.za

Kira McDonald  
Consultant  
Deloitte Africa  
kirmcdonald@deloitte.co.za