

# COFFEE FEASIBILITY STUDY TO FASTTRACK COMMERCIALIZATION OF COFFEE PRODUCTS

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**Executive summary**

Coffee is among the key commodities prioritized by the Uganda Government's National Development Plan III for value addition for increased household incomes, exports earnings and import substitution. But, despite Uganda being one of the leading coffee producers in the world and its relative importance on the economy, domestic consumption of coffee products is very low. In response to this, several initiatives have been initiated towards sustainable production of coffee for domestic consumption and export to enhance farmers' income. Accordingly, a feasibility study has been conducted to explore the structure, conduct and performance of the coffee products, including beverages and cosmetics, to create opportunities for improving the profit margins of the different actors along the chain. The objectives of this study were to: (1) assess the status of market segments of the target coffee products in selected urban, semi-urban, rural markets in Uganda; (2) profile and analyze critical coffee value chains, value chain actors, regulatory and institutional factors with potential influence on the targeted coffee products; (3) profile and determine potential research, product development, capacity building, market and value chain development partnerships for successful commercialization of the targeted coffee products; and (4) identify financing opportunities and challenges for the commercialization of the coffee derived products. Data for this study was collected using qualitative and quantitative methods from eight commercial cities across the country including: Jinja, Kampala, Wakiso, Mbale, Mbarara, Masaka, Arua, and Gulu. 160 Coffee consumers and potential users and 80 coffee traders, 82 cosmetics traders, across Kampala, Central, Western, Eastern and Northern regions, were randomly selected for the study. Additionally, KIIs from 5 processers and 12 FGDs for both coffee and cosmetics, each comprising of at least 8 members of men and women, were also conducted. Descriptive statistics are reported.

Results show that while farmers labor a lot, they are not offered the best price for their product. In some instances, harvesting of coffee is not done properly by farmers and this affects the quality and its corresponding pricing. As expected, domestic consumption for coffee products is perceived to be low, and most consumers couldn't differentiate between the two types, that is Robusta and Arabica. Besides, several people have negative attitudes and perception towards

coffee consumption, and they tend to believe that coffee brings a lot of ailments like cancer. The most often drunk coffee on the market by both men and women in Uganda is Nescafe, which is mostly an instant form of coffee. Results also show that the likelihood of people buying a new coffee brand is high, even though there is limited awareness of coffee brands sold in Uganda. Thus, a strategy geared towards creating awareness would position NaCORI's new potential brand in a good way to hit the market.

The cosmetic business is highly profitable as ascertained by the traders. The high appetite for customers to always look out for a new product that suits their needs is quite high and the supply hasn't been able to satisfy the market. Consumers stress the importance of constant availability of a cosmetic brand they are using since many distributors seem to lack consistency in delivering to traders. This easily influences one to switch to another product. Product ingredients, brand attachment, type of the skin being treated, users' reviews, packaging used, and price are some of the factors that force the user to switch brands. It's important to note that the ideal cosmetic product should be able to have the following qualities: having no bleaching agent, affordable, ability to keep skin natural and moisturized. Also, availability of lots of counterfeits on the market forces users to switch to other brands. These results suggest that before commercialization of new brands, NaCORI would have to implement measures that safe guard against the existing counterfeits. Having a seal and a QR code on the products would be the most appropriate innovation if NaCORI's products are to be trusted.

The two NaCORI coffee brands, Elgona and Perfect blend, that were assessed by consumers scored differently. One general comment by consumers was that the two NaCORI coffee brands compares with washed coffee that is used in the processing, and they preferred instant coffee to NaCORI coffee. NaCORI coffee brands required brewing, yet instant coffee is preferred for its convenience. Between the two brands, these were mentioned: aroma is still weak and work is needed to make it better; taste is not strong; it is almost flat; color is too light; there is a need to darken it; and texture is not a strong coffee. In terms of packaging, the following were suggested: the pack color is now dull; it needs to pop out (subtle colors); include expiry dates and coffee ingredients; zip lock should be done better to make it more user friendly; inscribe the instructions for consumption on the label; include a story about the brand since some customers

buy a product because of the story it entails; and improve the graphics as currently it's not attractive enough for supermarket shelves. Elgona Coffee brand was preferred to the Perfect Blend. Drinkers advised that it is better to stick to the Elgona Coffee brand than perfect blend. NaCORI should choose between the following packaging sizes ranging from 20g, 50g, 60g, 100g, 250g to 500g, but small packs are more profitable than larger ones especially for low income earners.

Cosmetics were also assessed by the users in terms of their scent, branding and packaging. The nourishing Body Lotion (Pink Label) was applauded for its good scent and having Vitamin E as one of the ingredients, and it performed better than the Moisturizing Body Lotion (perceived to have poor scent). The moisturizing body lotion was noted to lean towards men's than women's products. Scrub was liked highly for its coffee ingredient in it. Quantity of 400ml for the lotion is big enough (and expensive) hence stays longer, while 250ml is affordable and handy.

Advertising is key to promoting and increasing visibility for NaCORI products since visual adverts are more captivating with a wider audience. TV, Social media and radio are the main avenues for advertisement. The most watched TV is NTV, with the most watched program being NTV News at 7pm, and it is closely followed by the News at 9pm. Facebook is the most used social media platform. Two private partners, Zigoti Coffee Works Limited and Classic Packaging Company, were identified as potential partners for NaCORI coffee to leverage on their already existing infrastructure. Yello Packaging Company Limited is willing to design the packaging for NaCORI cosmetics.

**Acronyms**

FGD - Focus Group Discussions

KIIs - Key Informant Interviews

NaCORI - National Coffee Research Institute

NARO - National Agricultural Research Institute

QR Code - Quick Response code

UCDA - Uganda coffee development authority

UEPB - Uganda Export Promotions Board

UNBS - Uganda National Bureau of Standards

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## 1. Background

Modern marketing emphasizes the need for organizations to understand the importance of shifting from being product-centered to becoming market and customer-oriented. The question then is to what extent is this happening especially in commodity value chains in a developing country like Uganda? There is a growing recognition of the need for market-responsive agricultural research programs to enhance returns to investment in agricultural research. However, there are weak linkages between public research and agribusinesses yet agribusiness in Uganda have limited capacity to undertake relevant research for meaningful product and value chain development. Both government and development partners have strongly supported investments in research, but adoption of research outputs by client actors and their commercialization is low leading to sub-optimal benefits of research.

To enhance adoption of research outputs, market-sensitive value chain (VC) development is paramount and requires starting with market research to inform technology and product development to unlock potential benefits of research outputs as opposed to the traditional approach. The traditional approach has been largely viewed as breeder and supply driven leading to low uptake of research outputs because it has been observed to have gaps in meeting customer needs. Demand-driven and participatory market research helps the researchers to adopt commodity value chain and marketing approaches which are customer-centered rather than the supply chain and selling approach which is producer-driven. Considering a market as a group of people with needs and money, and the willingness to spend, it implies that for any product, there must be a set of actors who need the product, buyers with money to spend it, and the willingness to pay for the products that meet their utility. Therefore, introducing any product requires an understanding of the current market situation/conditions, including profiling of existing products and their attributes in a given market segment, identifying key actors and their relationships/linkages in the chain, identifying bottlenecks preventing or opportunities promoting progress and estimating the economic impacts (potential benefits and risks) associated with the proposed products. In doing so, the existing and potential products from the target commodities is identified, the willingness to pay for these products if introduced on markets is estimated, and the distributional impacts of technology are also assessed across different consumer/customer

segments. This will help to generate robust knowledge (information) to guide decision making on products development and commercialization of various publicly generated products such as coffee in Uganda.

Uganda is one of the major producers of coffee in the world and with about half a million coffee farmers, the country has one of the highest concentrations of coffee growers in the world producing 6% and 1% respectively of the global Robusta and Arabica coffee (Verter et al, 2015; Morjaria and Sprott, 2018). More importantly, coffee plays a significant role in the economy of Uganda with the country coming fourth after Burundi, Ethiopia and Honduras in terms of contribution of coffee exports to the total export earning between 2000 and 2010 (Ahmed, 2012). Generally, for the last 15 years, the crop has been contributing about 15% of the total export earnings in Uganda and supports the incomes of over 3.5million families at the different levels of the value chain (DIMAT, 2012; Morjaria and Sprott, 2018). According to the Uganda coffee development authority (UCDA), Uganda grows Arabica and Robusta coffee in the ratios of 1:4. Robusta coffee is mainly grown in the low altitude areas (up to 1200m above sea level) of central, western, eastern and southern Uganda, while the high altitudes (1500-2300m above sea level) on the slopes of mountain Elgon, Rwenzori and Muhabura favor the growth of Arabica coffee. But, despite Uganda being one of the leading coffee producers in the world and its relative importance on the economy, domestic consumption of coffee products is very low accounting for only between 4-10% of the total production (Ahmed, 2012; Verter et al., 2015).Coffee is among the key commodities prioritized by the Uganda Government's National Development Plan III (NDPIII) for value addition for increased household incomes, exports earnings and import substitution. Recently, the government launched a Coffee Roadmap which aims to increase coffee exports from the present 4.8 to 20 million 60 kg bags by 2025. Currently, coffee yields stand at 700 kg ha-1yr-1, which is far below the potential 3.5t ha-1 yr-1 estimated by the Uganda Coffee Development Authority (UCDA) for Robusta coffee. Low productivity is attributed to several factors, including socio-economic, poor management practices, pests and diseases, declining soil fertility and climate variability.

In view of this, short- and long-term strategies have been devised by NARO and UCDA and their partners to offset the coffee productivity constraints. For instance, NARO with USAID support for

the co-design and testing of various technologies to enhance smallholder farmer climate resilience and livelihoods, while promoting private sector investment in Climate Smart Agriculture (CSA) in the longer-term. These initiatives are geared towards sustainable production of coffee for domestic consumption and export to enhance farmers' income.

In this feasibility study, we explore the structure, conduct and performance of the coffee products including beverages and cosmetics to create opportunities for improving the profit margins of the different actors along the chain especially the farmers by proposing more efficient market channels for the coffee products. This study aims to:

1. To assess the status of market segments of the target coffee products in selected urban, semi-urban, rural markets in Uganda
2. To profile and analyze critical coffee value chains, value chain actors, regulatory and institutional factors with potential influence on the targeted coffee products
3. To profile and determine potential research, product development, capacity building, market and value chain development partnerships for successful commercialization of the targeted coffee products
4. To identify financing opportunities and challenges for the commercialization of the coffee derived products

Understanding the market structure, conduct and performance of the coffee products value chains will help in assessing the competency of the marketing system since the development of an efficient marketing infrastructure for the coffee products is very important in promoting the anticipated growth of the agricultural sector. The developed marketing infrastructure can facilitate proper integration among farmers, intermediaries, processing units and the ultimate consumers- thereby enhance marketing efficiency.

## 2. Methodology

### 2.1 Research questions

To support development and commercialization of innovations in Uganda, there is a need to generate robust knowledge to guide decision making. Experience has shown that access to robust

knowledge supports better decision making to optimize the commercialization process leading to improved consequences in the country. Economic, social and environmental questions are increasingly requiring a local evidence-based answer, but there is scant national evidence and low capacity to efficiently and timely respond to multiple stakeholder questions. As stakeholders' questions are typically complex and the assessments difficult to communicate, outputs from such assessments must be by design, open, transparent and participatory. Furthermore, such assessments require using robust economic, social and environmental tools, which are guided by best practice fundamentals. If not done correctly, its likely to undermine the commercialization strategy for new products. Therefore, in this study, it we analyzed the market using five forces of competitiveness known as Porters Forces, including: close substitutes, suppliers, new entrants, industry rivalry, and buyers. In so doing we used a mixed-methods design, quantitative and qualitative approaches, to answer the following overarching research questions:

1) What are the potential products to be promoted, and what are the existing alternatives in the market?

2) What are the most common marketing attributes (packaging, ingredients, colors, flavors, shelf life, preservatives, stability or durability, etc.) of the existing products on the market? Who are the customers of the products and what are the key product and market attributes considered? Do such attributes differ across market segments, regions and genders?

3) What are the potential market segments for effective commercialization of these products?

4) What is the most feasible and economic branding and positioning strategies for these products?

5) Who are the actors involved in each node of the commodity value chain and what are the existing (formal and informal) linkages between the chain actors at different levels of the value chain?

6) What are the factors that may either facilitate or hinder the functioning of markets for each proposed product?

7) What would be the value actors' associated costs including the risk of not commercializing the technology/product?

8) What would be the adoption rates of each product across different market segments, genders, VC actors and regions?

9) What are the incremental benefits (economic benefits) as a result of adoption of the proposed products, and what are the required commercialization approaches necessary for pushing the products to scale at minimal cost and positive return?

10) What could be the impact of R&D, regulatory, certification, verification and adoption delays on commercialization of the proposed products?

**2.2 Value Chain Vs Supply Chain**

The value chain is a process in which a company adds value to its raw materials to produce products eventually sold to consumers. The supply chain represents all the steps required to get the product to the customer.

Michael Porter's Value Chain concept was popularized in 1985. The Value is what a customer is willing to pay for from a business. It's the competitive advantage over other companies. Hence a value chain is made up of activities that a company puts together to provide value for the customer. Effective value chains generate profit.

Value is an experience; it flows from the customer (the receipt of the service). Value occurs when needs are met through the provision of products, resources, or services, usually during some form of transaction or exchange. Examples of Value Chains are:

- One that takes an order from a customer
- One that fulfills a customer requirement
- One that defines a product or service

A customer has to be clearly defined and what they value; Activities carried out by the company to create value are organized around the type of customer and their value, at minimum cost.

The Supply Chain encompasses every effort involved in producing and delivering a final product or service, from the supplier's supplier to the customer's customer. As the name implies, the primary focus in supply chains is on the costs and efficiencies of supply, and the flow of materials from their various sources to their final destinations. Efficient supply chains reduce costs. The customer is the source of value, and value flows from the customer, in the form of demand, to the supplier.

Supply chains focus upstream on integrating supplier and producer processes, improving efficiency and reducing waste, while value chains focus downstream, on creating value in the eyes of the customer.

Creating a profitable value chain therefore requires alignment between what the customer wants, i.e., the demand chain, and what is produced via the supply chain. And while supply chains focus primarily on reducing costs and attaining operational excellence, value chains focus more on innovation in product development and marketing.

The next level of business performance will be achieved by companies that learn to integrate fully the concurrent flows of value and supply.

PRODUCT (Coffee Powder, Energy Drink, Cosmetics, Yoghurt)

VALUE CHAIN

CUSTOMER



Supplier Alignment & Sourcing



Product development



Innovation



Planning



Customer



Material Suppliers



Logistics



Production



Sales & Marketing



Customer

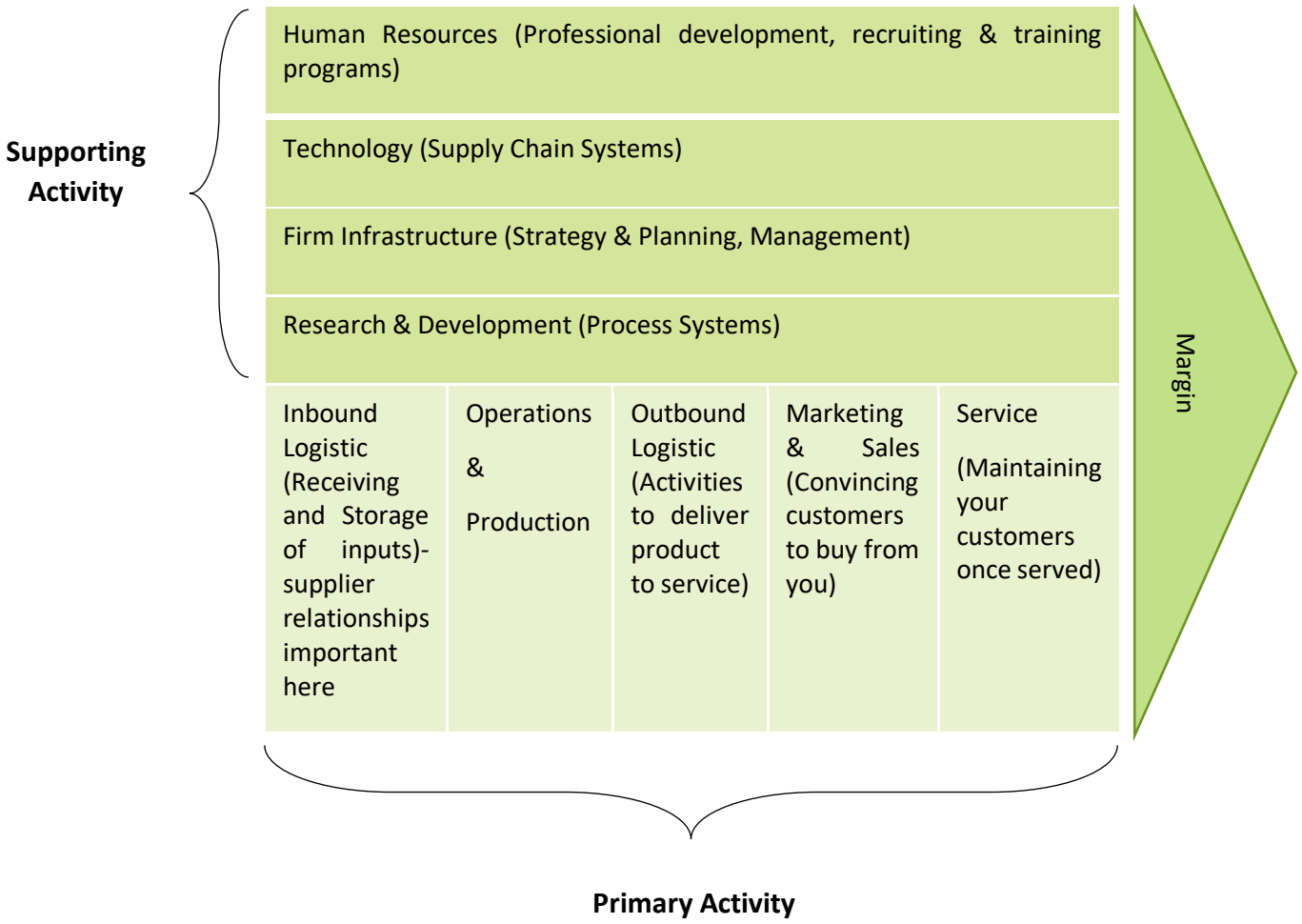
(SUPPLIER)

SUPPLY CHAIN

(CUSTOMER)

**Value Chain Vs Supply Chain Model**

### 2.2.1 Value Chain



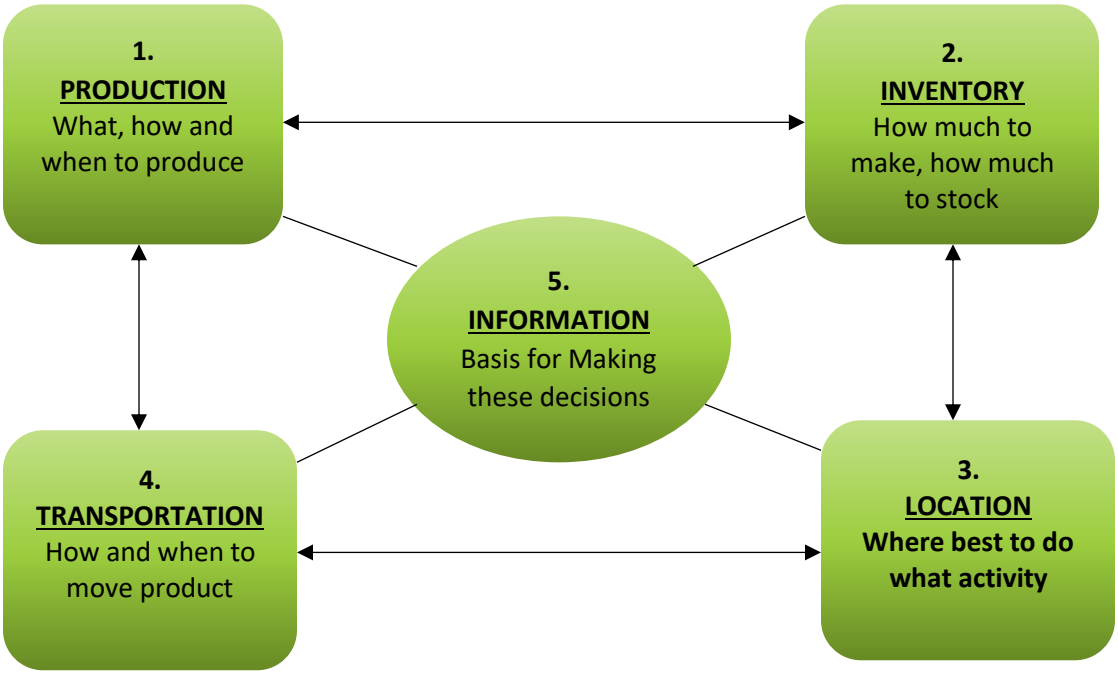

- The Value Chain represents a company's internal activities that add value to the final product and helps analyze these activities to reduce costs or increase differentiation.
- The primary activities are where costs can easily be identified for each activity and properly managed.
- They add value to the final product directly and support activities that add value indirectly.

Processes, people, product (innovation) equates value plus profits. The innovation and ability are what makes a business profitable.

### 2.2.2 Five Supply Chain Drivers

**Responsiveness Vs Efficiency**

The right combination of responsiveness and efficiency in each of these drivers allows a supply chain to "increase throughout while simultaneously reducing inventory and operating expense'' Wrong information or data disrupts the whole chain. Information helps make decisions for the other drivers in the chain.




**The Five Supply Chain Drivers**

### 2.3 Data and study sites

Data for this study was collected from eight commercial cities across the country including: Jinja, Kampala, Wakiso, Mbale, Mbarara, Masaka, Arua, and Gulu. Data was collected using qualitative and quantitative methods including focus group discussions, key informants' interviews (KII) and individual in-depth interviews. Other secondary sources were also used to fill any gaps in the primary data. Figure 1 below summarizes the main sample, the methodology used and what was achieved.




**Figure 1: Sample, methodology and achieved**

Quantitative data was collected from 160 Coffee consumers and potential users and 80 coffee traders, 82 cosmetics traders, across Kampala, Central, Western, Eastern and Northern regions. The qualitative data was collected from 5 processers and 12 FGDs for both coffee and cosmetics, each comprising of at least 8 members of men and women. FGDs were conducted in Kampala and Mbale cities targeting the informal and formal sectors with men and women interviewed separately by a professional facilitator.

### 2.4 Data Analysis

The objectives of the study were analyzed using descriptive statistics such as means, percentages and frequency distributions, among others.

## 3. Results and Discussion

3.1. Distribution of coffee consumers by district, gender, age and occupation

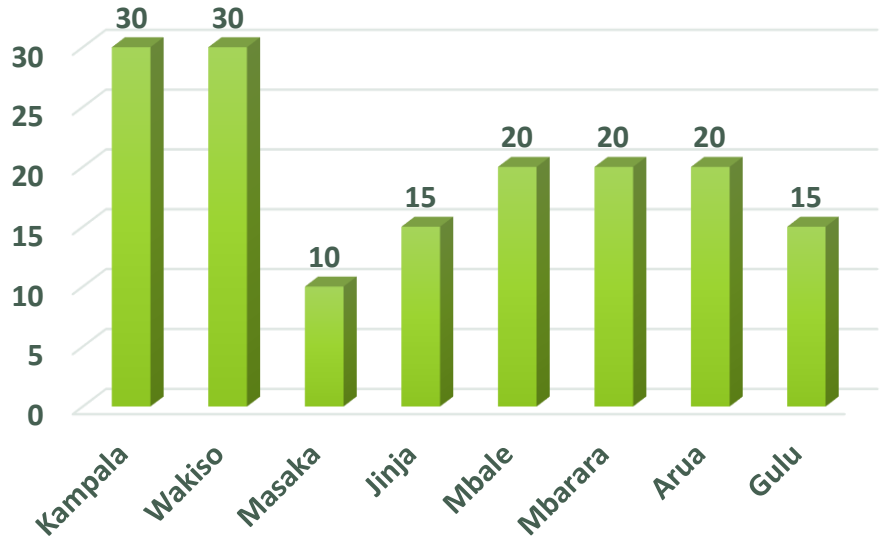



**Figure 2: The distribution of consumers by district**

Figure 2 above shows a total of 160 consumers of coffee from 8 districts were randomly selected for the study. Kampala and Wakiso had the highest number of respondents owing to their high populations.

The results in figure 3 below show that about 71% of the consumers who took part in this study were male.

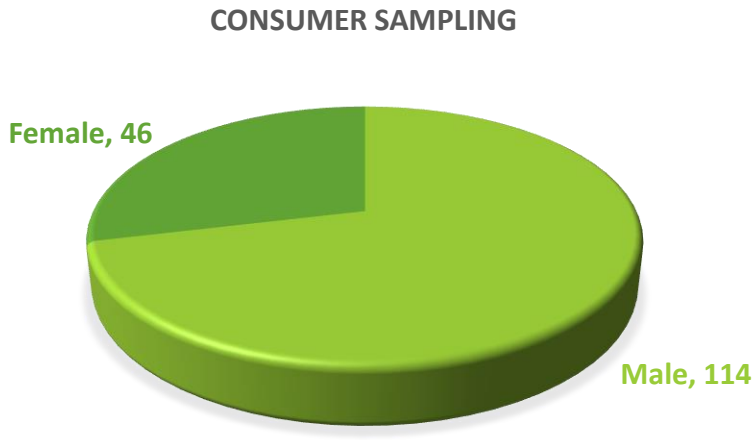



**Figure 3: Distribution of respondents by Gender**

Highest percentage of respondents were aged between 22-34 years of age. A random sampling of respondents was applied, and the second highest category of respondents was 55 years and above.

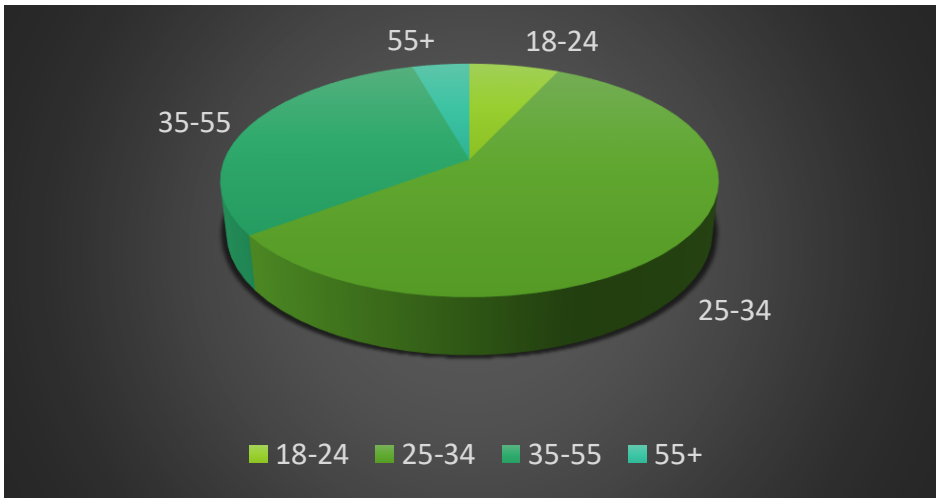



**Figure 4: Distribution of consumers by Age**

Majority of respondents interviewed were working in the formal sector. This could be attributed to consumers employed in the formal sector having more stable sources of income which makes it possible for them to afford coffee beverages or better still can possibly access the coffee beverages from their work places.

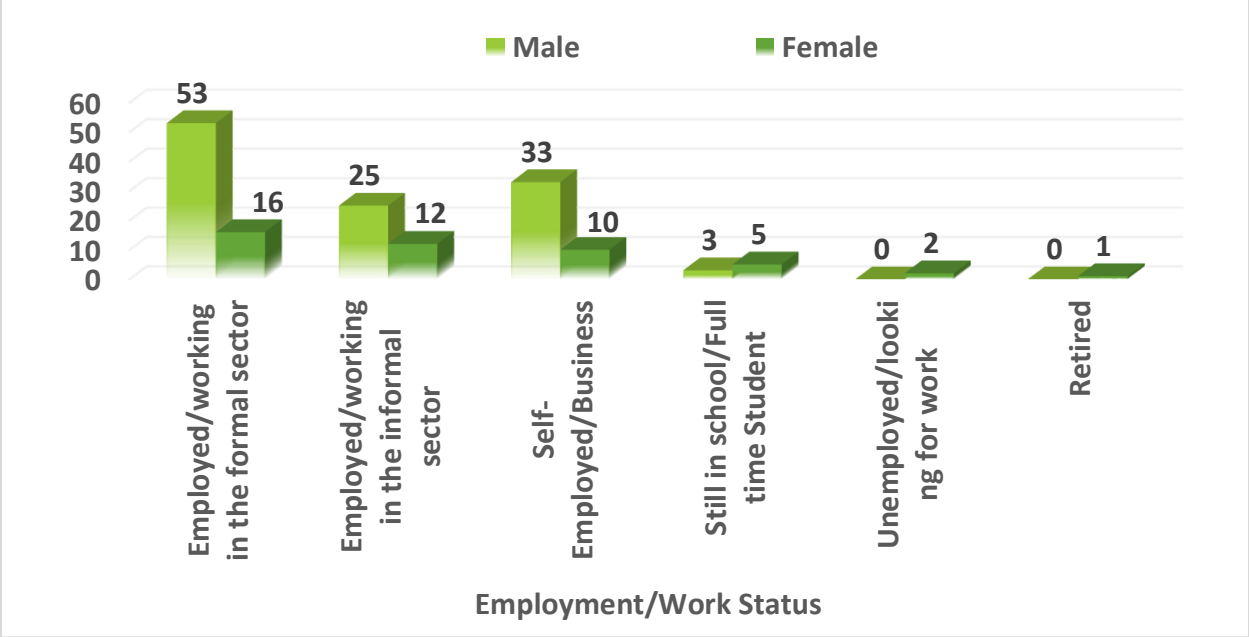



**Figure 5: Distribution of consumers by Occupation**

### 3.2 Coffee Industry Insights & Consumption patterns

#### *3.2.1. Coffee Industry Insights*

Results show interesting insights regarding the coffee industry in Uganda. In terms of production and marketing, results show that, while farmers labor a lot, they are not offered the best price for their product. For instance, in one of the adult male FGDs, one participant hinted that,

> *"I have friends in the coffee industry, and they keep telling me two things: first, the quality of coffee is poor, and this limits access to the export market; and, second, the pricing is poor too. Most people who are buying coffee cheat farmers. The farmers are not benefitting in any way for the efforts they put in growing coffee, right from planting. Traders don't look at the inputs and energy used while pricing."*

Another participant mentioned, harvesting of coffee is not done properly by farmers and this affects the quality and its corresponding pricing. He said,

> *"Coffee harvesting is not handled well. Farmers look out for quick money. When you harvest you embark on processing but since no one is monitoring, the farmer can still pick even the green beans that are not ready. But you the final consumer you are looking out for the best product, yet the farmers are crying that they lack finances. Due to those cases, the government should come up with regulatory policies to see how to improve the quality."*

The agronomical practices are still very poor (harvesting premature coffee etc.) which affects the quality of Coffee although UCDA has tried to offer support with regards to this. UCDA is doing its work-emphasis on post-harvest handling practices such as; farmers having to dry coffee on tarpaulins, farmers being able to harvest only the red cherry among others.

Tamale, a primary coffee processor insists that premium prices for coffee can only be attained when farmers organize themselves into groups because this creates a stronger collective bargaining power for the coffee. Also, this promotes improved farming practices through peer to peer net-workings and leadership structures of the groups.

The market is perceived to be distorted due to too many middlemen, and in turn, it affects pricing of coffee. Nonetheless, the price of coffee is hugely dependent on its quality. A female youth said, "If something is to be done, it should be something to do with the middlemen who monopolize the coffee market. It is said that worldwide, the prices of coffee are high. Uganda has one of the best coffees, but the issue is the middlemen."

In another FGD, youth males also had different opinions as regards to the coffee production in Uganda and its potential to the world market. For example, one participant said,

> "*When I think about coffee, my mind goes to the farmer, in that maybe farmers don't know how to process coffee so that it can be good at the international market. I think the farmers don't know the proper ways of producing coffee such that our coffee can be competitive at the world market. That is why we are earning less from the exports because everyone knows the coffee from Uganda is not good. Maybe we need to educate them how to*

*produce good coffee and improve the processing methods to have better quality. And again, before we concentrate on the exports, let us work on the local consumption of coffee so that farmers can make business and earn more from coffee. We need to teach the people the benefits of coffees since they are quite many. It has vitamins and even some proteins, potassium, magnesium and these can lower chances of getting some diseases like diabetes and liver cancer."*

A rigorous coffee consumption awareness campaign is needed with an emphasis on boosting local coffee consumption as well as lower coffee prices. Irrespective of this, the quality of coffee produced locally is still very low (has stones and soil) and can't compete on the international market.

### 3.2.2. Consumption of coffee beverages

#### 3.2.2.1. Frequency of coffee consumption

The results in table1 show that most of the respondents consumed coffee frequently. More specifically, over 60% of the respondents reported consuming coffee daily. This could be attributed to the quality of coffee the consumer is taking. Moreover, over 60% of those who drank coffee daily reported consuming on average 2-4 cups of coffee a day. This could imply that they could have adopted a coffee culture based on the benefits they obtain from the coffee.

**Table 1: Frequency of coffee consumption**

| | | Frequency of Drinking Coffee Brand in Last 4 Weeks | | | | |
|---|---|---|---|---|---|---|
| | **Number of Cups of Coffee Brand Drunk in Last 4 Weeks** | **Daily** | **Once a Week** | **Twice a Week** | **Once a Month** | **Twice a Month** |
| | 1-2 | 38 | 12 | 21 | 3 | 1 |
| | 3-4 | 30 | 4 | 5 | 0 | 1 |
| | 5-6 | 9 | 1 | 2 | 0 | 0 |
| | 7-8 | 3 | 2 | 2 | 0 | 0 |
| | 9 and more | 21 | 0 | 2 | 0 | 0 |
| Total | | 101 | 19 | 32 | 3 | 2 |

However, findings from the study revealed that there is a clear gap in the coffee knowledge amongst the consumers and this could be contributing to the low levels of local consumption. If this was addressed, a spike in consuming would be noticeable with a more robust coffee culture amongst consumers. Some participants from the FGDs noted that,

> "Most people have negative attitudes towards coffee consumption. They believe coffee brings a lot of ailments like cancer, so I feel people are not yet very much sensitized about it." (Female participant).

Additionally, participants also felt that there is mismatch between what the consumers want and what the processor brings to the market. This could be attributed to limited involvement of consumers in product development and this could explain the low levels of local consumption. One male participant pointed out that,

*"I think the coffee industry in Uganda is not fulfilling its potential because I see many coffee brands and most of them don't seem to be market driven. You find that they are just put on the market but lack the user engagement. No one has even ever asked me a question when I go to buy coffee. Most of the coffee on the market is not customer driven. For example, you can see this pack of coffee but there is no story about it, so a lot is missing."*

#### 3.2.2.2. Most known coffee brands among consumers.

From the results in figure 6, Nescafe, Star Café, Java House, Elgon Blend and Good Africa Coffee easily came to consumers' minds when thinking about coffee. This can be attributed to aspects such as strong marketing strategies that have made these brands known to the consumers. Some of these companies like Elgon Blend and Masaba Coffee have mastered the art of good coffee advertisement to lure customers to their brands. The Quality is also top notch as ascertained by some customers.

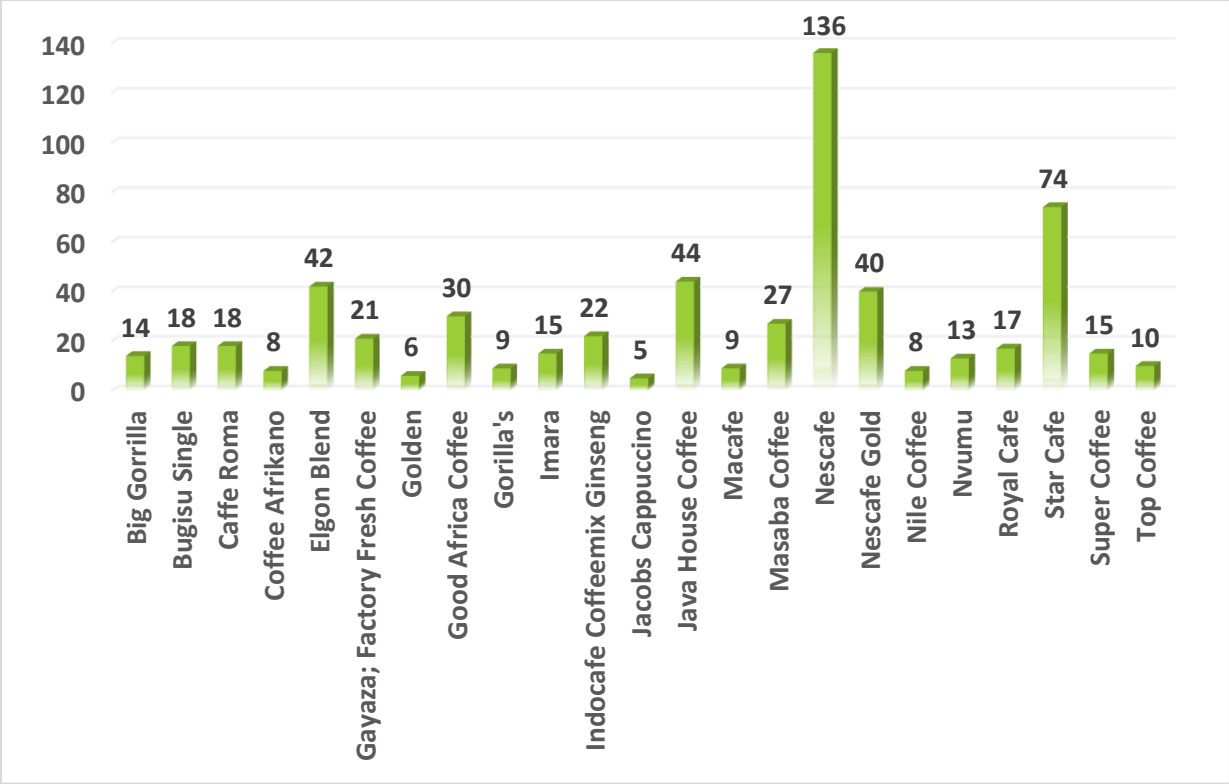



**Figure 6: Top of the mind coffee mentions**

3.2.2.3. Most consumed coffee brand in the last 3 months and four weeks.

The results show that at least 65% of the respondents in the high-end markets/outlets reported having consumed Nescafe in the previous 3 months (figure 7) or 4 weeks (figure 8), followed by Star Café Coffee (reported by a quarter of the respondents). Elgon Blend and Masaba Coffee (local brands) are starting to pick up the momentum amongst the local coffee consumers. Nescafe is highly consumed due to its good quality, strong intensity of flavor and rich aroma. The taste, availability & affordability are the other reasons for the coffee brands that are standing out. Gayaza Factory Fresh Coffee is more popular with the lower social class for its affordability (sold at 200UGX per 20g in most *Dduukas*). These same reasons are what force customers to swift between brands. Brands that don't offer good quality coffee with the above aspects struggle with the market. It should also be noted that a constant supply of the brand is vital. Certain brands are not fully stocked in most outlets; changes in availability leads to brand switching (to a more available one) among coffee drinkers.

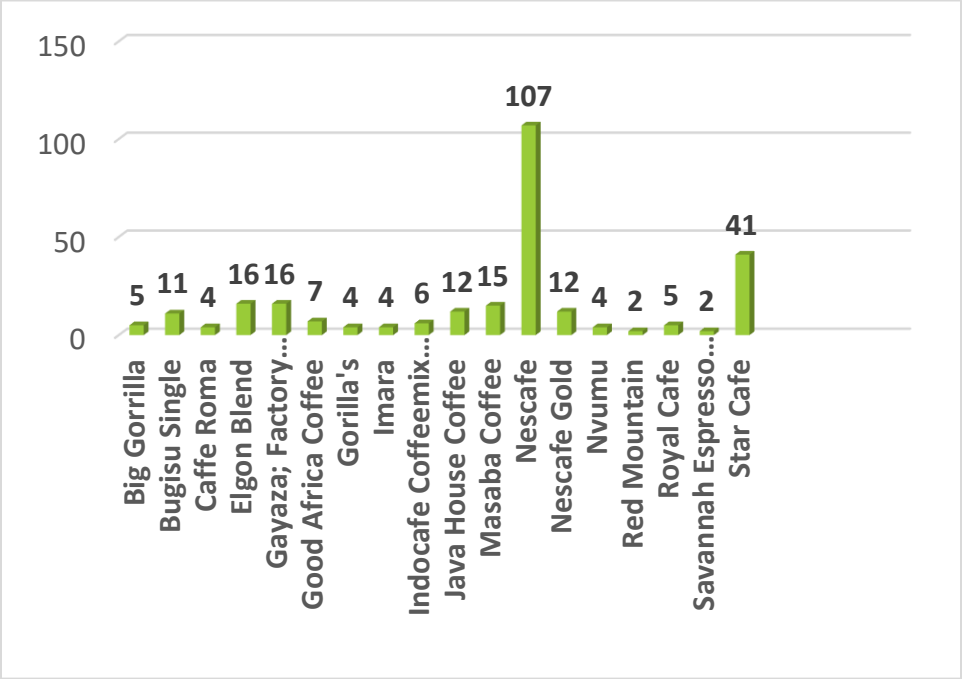



**Figure 7: Coffee Brands Drunk in Last 3 Months**

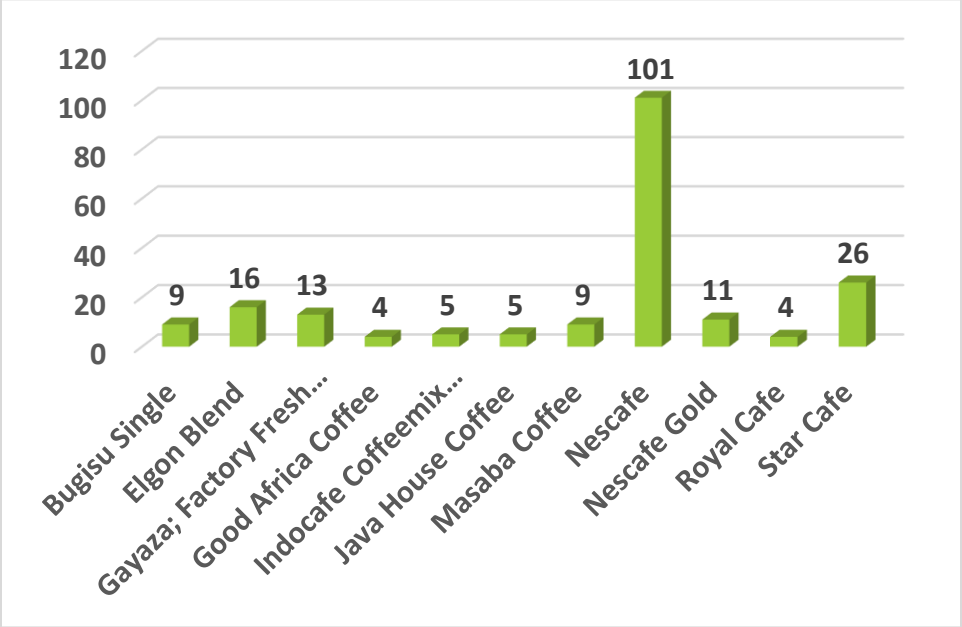


**Figure 8: Coffee Brands Drunk in Last 4 Weeks**

One setback to note is that most Uganda coffee brands are associated with poor quality, mixed small stones and other unwanted particles. Nguvu brand was singled out for its poor quality, with drinkers insisting that the coffee has lots of 'soil' or small stones. Similarly, coffee drinkers perceive that Uganda coffee brands have bad aromas, weak texture, and low intensity of flavor (not strong), which is a pure turn off for coffee drinkers. It is also perceived that coffee in Uganda is harvested prematurely and goes through poor post-harvest handling processes, negatively affecting its quality. Moreover, dealers in local coffee brands don't advertise their products to attract more customers compared to imported coffee brands. This leads to poor marketing techniques hence attracting fewer customers than would be.




**Imported Coffee**

- Highly Priced
- Lots of Caffeine and Over Flavored
- Attractive Packaging and Branding
- Instant Coffee
- Market inconsistency with brands
- Too Strong
- Good Aroma

### 3.2.2.4. Coffee Consumption Places

The results in figure 9 show that most coffee consumers/drinkers reported home as the place of consumption, followed by office. This could have an implication that the people who consume coffee from home have a personal attachment to coffee considering that those who take it from office could be doing so because it is available at the office.

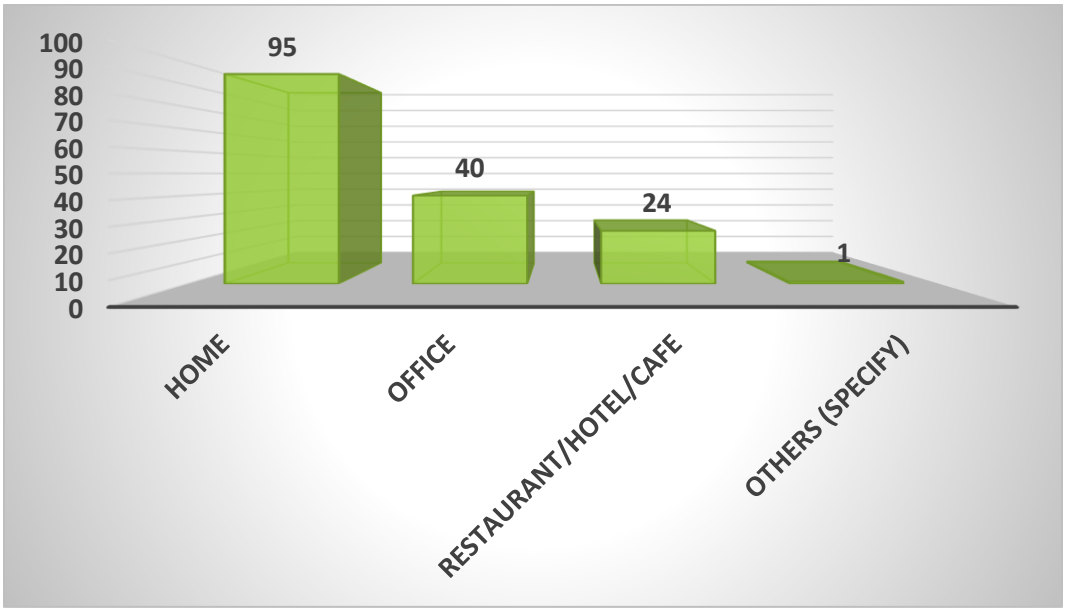



**Figure 9: Coffee consumption places**

### 3.2.2.5. Market Consumer Profiling

Besides Nescafe which constitutes the longest period for a coffee brand being drunk, the most common length of time lies between 1-2 years for most consumed coffee brands as seen in table 2. Other local brands like Elgon blend and Star Café coffee were also appealing to many consumers and this could imply that with good quality and concerted advertising efforts, local brands can compete favorably with imported brands on the market.

**Table 2: Market Consumer Profiling**

| | | Length of Time One has Drunk their Most Often Brand of Coffee | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Coffee brands | 2-3 Months | 4-6 Months | 7-12 Months | More than 1-2 years | 3-5 years | More than 5 years | Total |
| Most Often Coffee Brand Consumed | Big Gorilla | | | | | | 1 | 1 |
| | Bugisu Single | 1 | | | 3 | 1 | 1 | 6 |
| | Caffe Roma | | | | 1 | | | 1 |
| | Delish Organic | | | 1 | | | | 1 |
| | Elgon Blend | | | 5 | 3 | 4 | | 12 |
| | Gayaza; Factory Fresh Coffee | | | 3 | 4 | 1 | 1 | 9 |
| | Good Africa Coffee | | | | | 2 | 1 | 3 |
| | Gorilla's | | | | | | 2 | 2 |
| | Indocafe Coffeemix Ginseng | | | | 1 | 1 | 1 | 3 |
| | Jacobs Cappuccino | | | | | | 1 | 1 |
| | Java House Coffee | | | | | 1 | | 1 |
| | Masaba Coffee | | 1 | | 1 | | 2 | 4 |
| | Nescafe | | 2 | 4 | 1 | 15 | 35 | 66 |
| | Nescafe Gold | | | | | 1 | 1 | 2 |
| | Royal café | | | | 1 | 1 | | 2 |
| | Savannah Espresso Gold | | | 1 | | | | 1 |
| | Star Café | | | | 5 | 2 | 3 | 1 |
| | Super Coffee | | | 1 | 1 | | | 2 |
| | Whole Bean Uganda Espresso Roast | | | | | 1 | | 1 |
| | Other (Specify) | 1 | | 4 | 4 | 9 | 13 | 31 |
| Total | | 2 | 3 | 19 | 34 | 39 | 62 | 159 |

### 3.2.2.6. Consumer Motivations towards consuming coffee

The results show that men and women had almost the same preference regarding the coffee brands, with Nescafe the preferred choice as shown in figure 10.

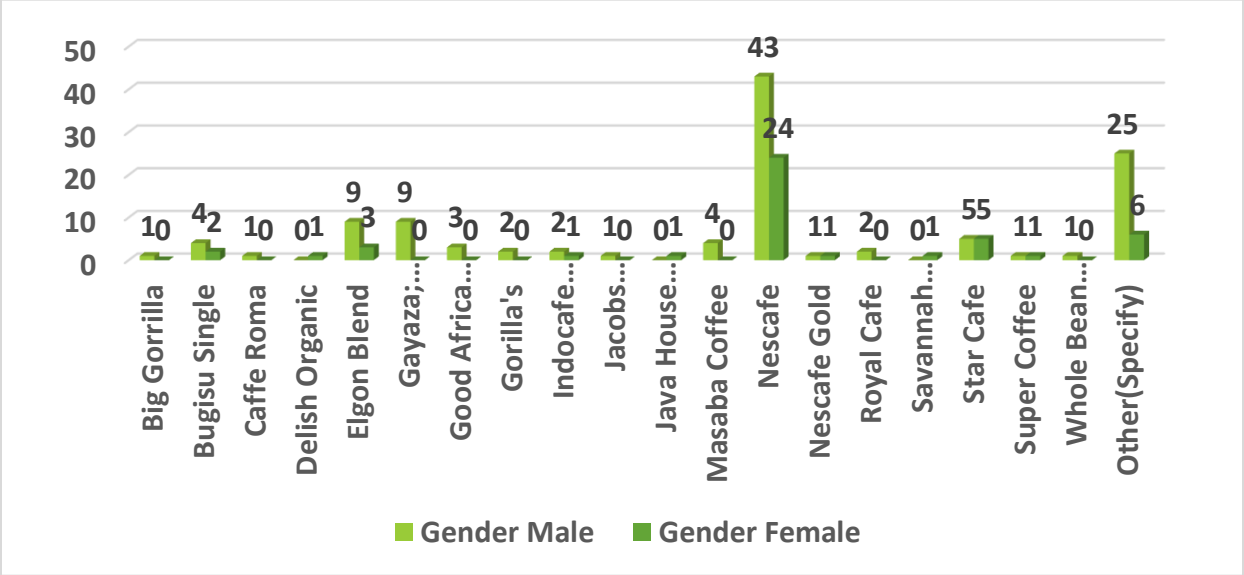



**Figure 10: Most often drunk coffee between men and women**

Consumers are motivated to drink coffee in order to: release stress, feel refreshed, getting good value for money, stay alert, spend time with friends and socialize better.



Instant Coffee is the preferred choice of Coffee as seen in figure 11. Instant Coffee is a favorite because of its ease when preparing it, and this convenience has enticed many drinkers to stick on it. It dissolves without leaving particles in someone's mouth, which is another huge attraction towards it. With the continued knowledge gap about coffee, there's not much information to drive someone to choose a coffee brand based on other attributes like caffeinated or decaffeinated coffee.

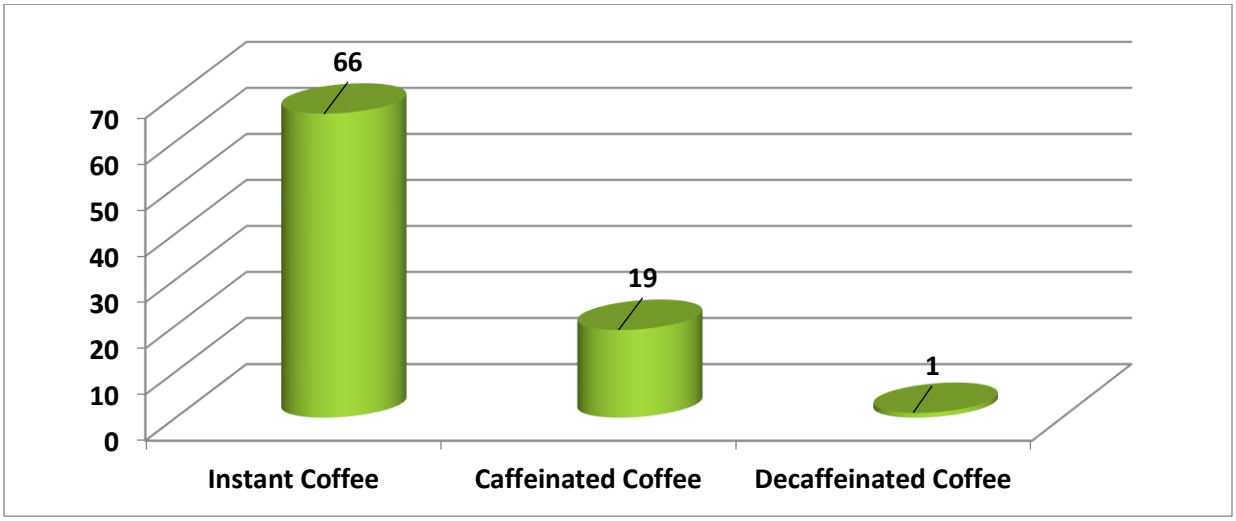



**Figure 11: Favorable form of Coffee**

**Most Ideal Coffee Brand Qualities**



- The ideal Brand of Coffee for most consumers would be one without additives whose taste is of pure natural coffee, the bitterness should be mild, the aroma is a rich coffee scent and the texture should be smooth.

### 3.2.3. Consumers' knowledge between robusta and arabica coffee

Most consumers couldn't differentiate between the two types, as indicated in figure 12. There's a huge knowledge gap noticeable amongst the coffee consumers. This contributes to less consumers than would be expected from consumption trends. The biggest percentage doesn't know the difference between Robusta and Arabica; those who know the difference prefer Arabica mainly for its aroma and taste.

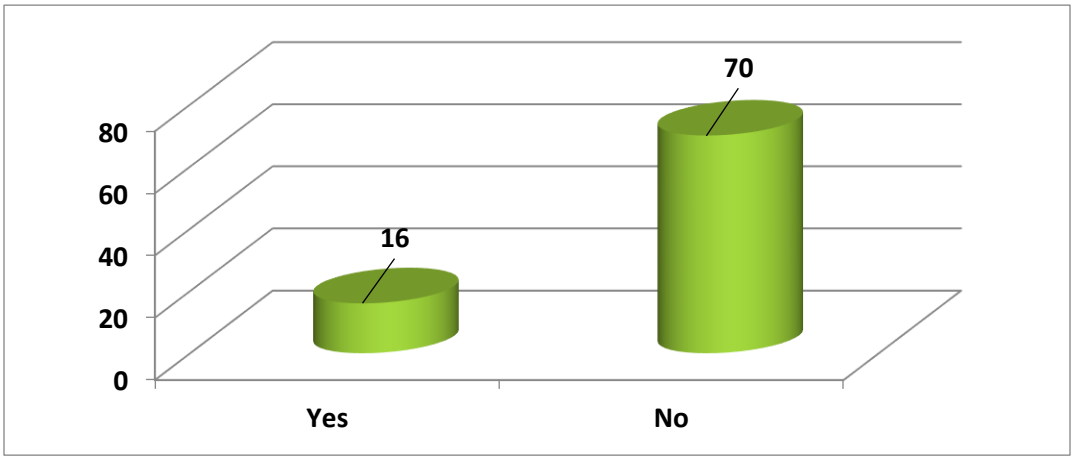



**Figure 12: Knowing the Difference between Robusta and Arabica Coffee**

A barrister had this to say,

*"when someone tells you, they are starters in taking coffee, advise them to take Arabica since it is not very bitter like robusta and it also gives mild heart palpitations."*

### 3.2.4. Factors that influence the choice of a given coffee brand.

The results in figure 13 revealed that the biggest drivers towards selection of a given coffee brand are taste, name (brand), price and aroma. This is supported by customers who alluded to the fact that the aroma and branding of coffee was a huge purchase decision maker.

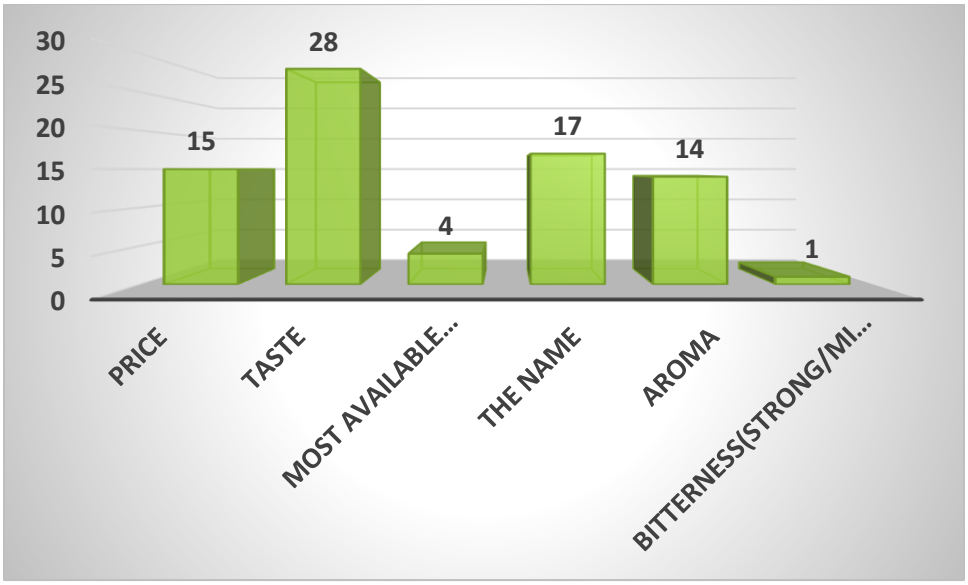



**Figure 13: Reasons for most selling brand**

### 3.2.5. Consumer's perception on the packaging of Coffee

The results revealed that most consumers preferred that the coffee should be packed in tins, followed by the sachets. Sachets are good packaging for the smaller quantities of coffee that mainly appeal to the lower class for their convenience and affordability. The tins are favorites, and preferably the glass tins. Glass tins are preferred because they preserve the coffee aroma for long, look good, stylish and convenient.

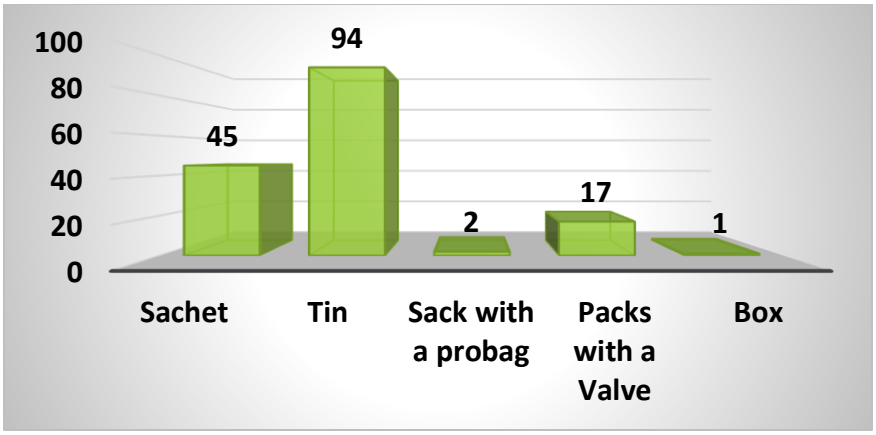



**Figure 14: Preferred packaging material for coffee**

The packs with a valve are more popular with restaurants and hotels.




**Sachet**



**Tin**



**Pack with a Valve**

### 3.2.6. Consumers perception towards the NaCORI coffee brands

To assess consumers' perceptions towards NaCORI coffee brands, two NaCORI brands (Elgona and Perfect blend) were tasted by consumers during FGDs sessions. Consumers mentioned that the NaCORI coffee compares with washed coffee that is used in the processing. They prefer instant coffee to NaCORI coffee because NaCORI coffee brands required brewing. Instant coffee is preferred for its convenience, among others. Between the two brands, Elgona Coffee brand was preferred to the Perfect Blend. Drinkers advised that it is better to stick to the Elgona Coffee brand than perfect blend.




Generally, the following were mentioned in relation to NaCORI brands:

- Aroma is still weak; just a little work is needed to make it better;
- Taste is not strong; it is almost flat;
- Color is too light; there is a need to darken it; and
- Texture is not a strong coffee.

### 3.2.6.1 Branding and Packaging of NACORI coffee

Consumers mentioned several issues regarding branding and packaging used on NaCORI coffee brands. Some of the responses about the packaging and branding from the FGDs conducted included:

> *"I don't like the black color; I think you should package according to what is inside. This one gives me an idea of a dark roast that is normally very dark, yet the coffee inside is not very dark."*
>
> *"Include some drawings like that of Nescafe for example a small cup with something inside to show that it is coffee."*
>
> *''Packaging should be done dependent on intended market (Tins good consumption for the home; packs with valves good for eatery places which also mostly purchase the beans)''*

Therefore, they suggested the following:

- Improve on pack colors, it is now dull; it needs to pop out (subtle colors)
- Include expiry dates inserted and coffee ingredients
- Zip lock should be done better (put it at the top between packaging), hence pack is more user friendly

- Inscribe the instructions for consumption on the label
- Include a story about the brand; branding could tell a story, that is some customers buy a product because of the story
- Include better graphics; currently, it's not attractive enough for supermarket shelf

### 3.2.6.2 Perceptions about Energy Drinks




- ❖ Red Bull favorite (Good Taste)
- ❖ Rock Boom for low end; too strong but sweet
- ❖ Advertising good for Rock boom hence being a hit with the market
- ❖ When warm, energy drink is too concentrated hence adding water especially with Red bull
- ❖ Energy drinks having lots of caffeine; reduce caffeine
- ❖ Energy drinks for different sexes should be manufactured and preferably priced at 2,000UGX
- ❖ Energy drinks are a hit out of Kampala with more consumers in local transportation e.g., Boda-boda riders, taxi and truck drivers etc.

### 3.2.7. Coffee Market analytics

Figure 15 shows the traders distribution that were randomly selected across the different spectrum as indicated in the bar graph. Supermarkets and restaurants dominated the selected markets.

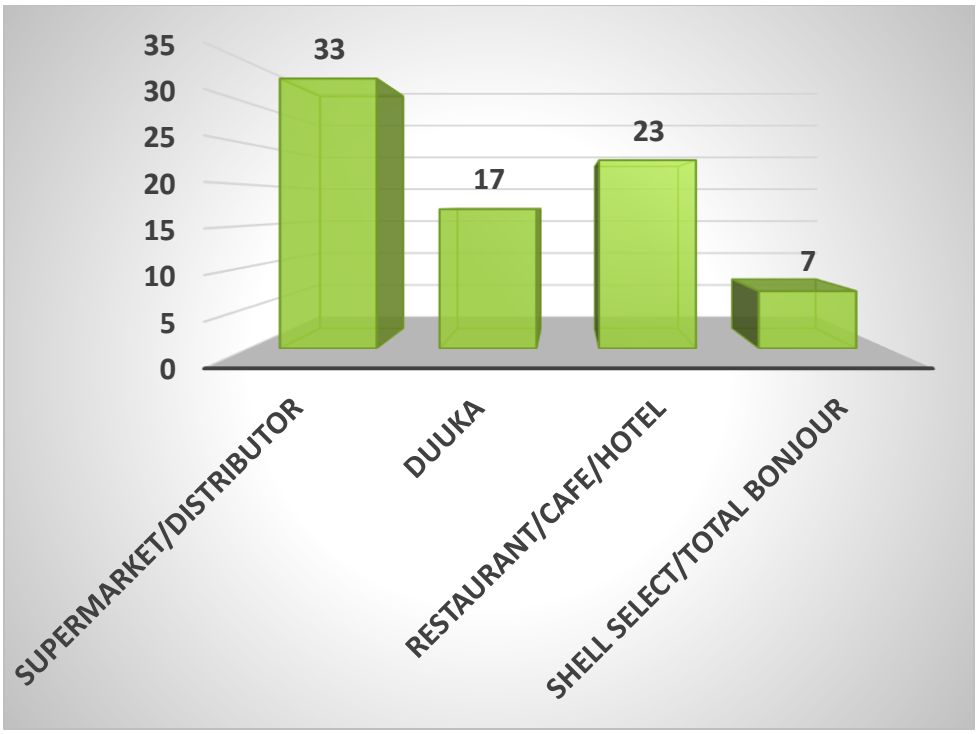



**Figure 15: Coffee Traders Distribution**

Consumers were asked about switching to another brand from what they are currently consuming. Results in figure 16 show that, with increased coffee awareness, the likelihood of people buying a new brand is high. If this trend continues, it would position NaCORI's new potential brand in a good way to hit the market. The limited Coffee awareness makes it hard to sell some of the coffee products on the market.

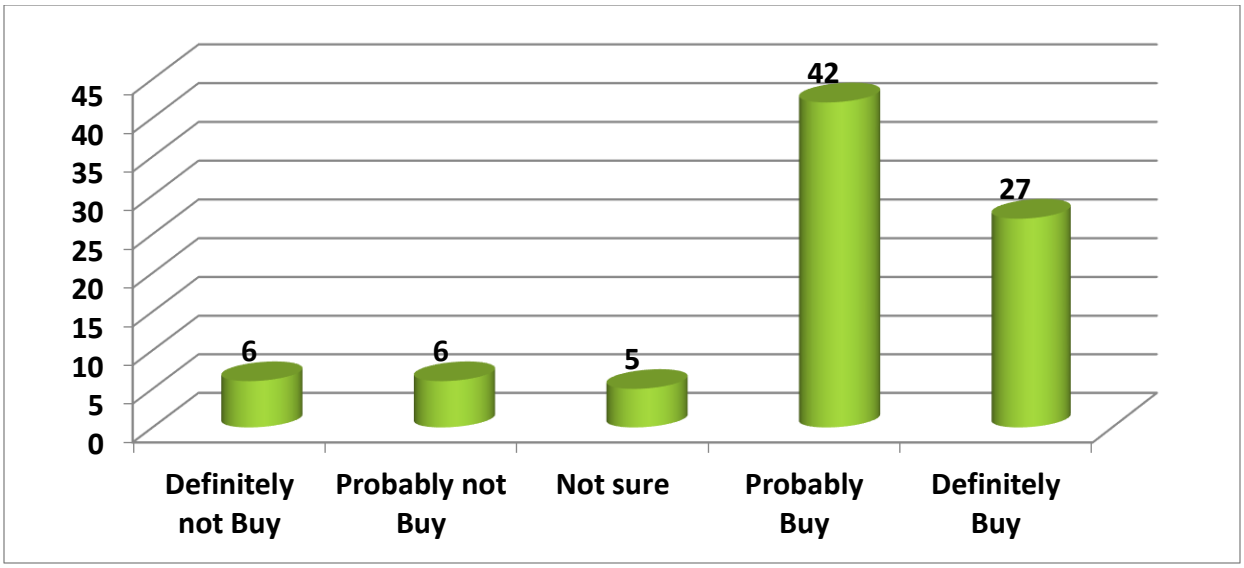



**Figure 16: likelihood of buying a different coffee brand**

3.2.7.1 Coffee Traders Hierarchy

Nescafe and Star Café make up the highest percentage of the coffee brands stocked up by traders in supermarkets. It should be noted that there are coffee brands that came up as would be desired brands to stock, but traders complained of inconsistencies in market supplies because of unreliable distributors. The brands mentioned include: Masaba Coffee, Star café, Elgon Blend, Imara & Bugisu Single. On the other hand, inadequate advertising of coffee brands has greatly hampered its marketing efforts.

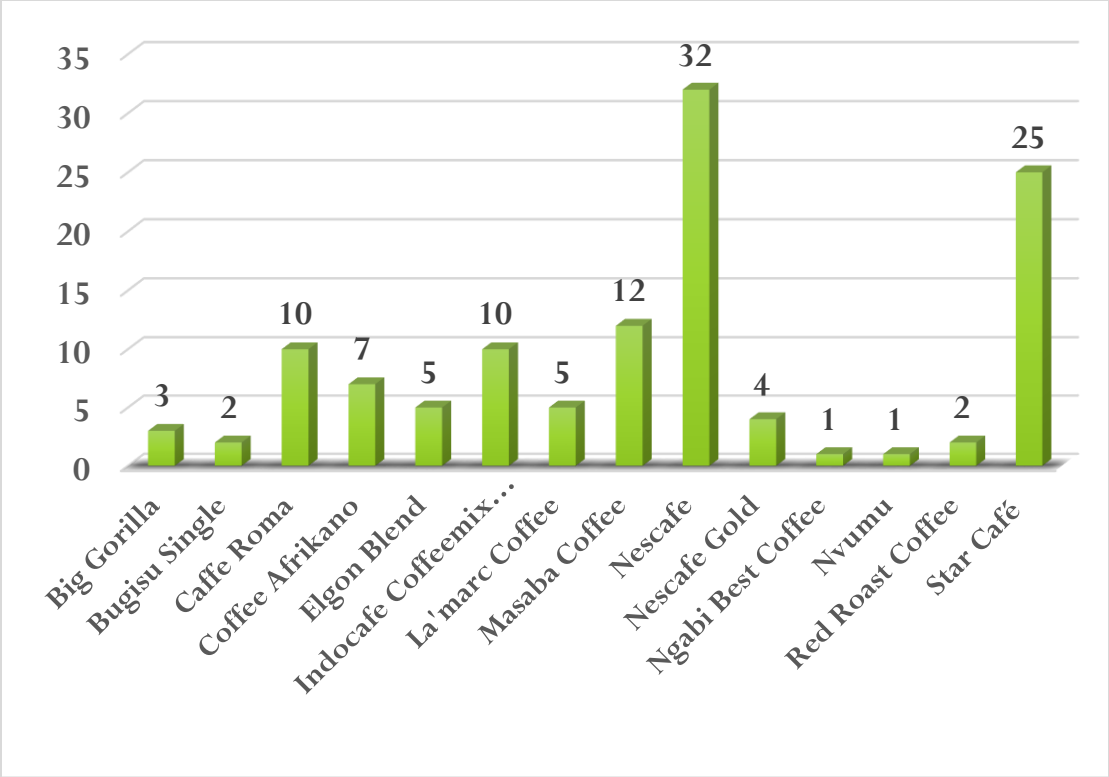



**Figure 17: Supermarket Hierarchy**

For instance, a branch manager of one of the Kampala high end supermarkets noted that,

> *"… coffee products have very low sales compared to other products. I think it's because of the low advertisement levels; coffee consumers are the same throughout the year. Massive awareness needs to be done to attract more consumers". He continued to say, "the fact that Nescafe might be the most selling brand in my supermarket, however, I wouldn't look at Nescafe consumers as serious coffee drinkers; most people consume it because it's a brand. If I am to put a new coffee product on the market, Masaba and Elgon Coffee would be my serious competitors; the quality is just perfect and serious coffee drinkers wouldn't look out for Nescafe and leave out Masaba and Elgon Coffee".*

Similarly, Nescafe stands out as the biggest brand in the Dduukas (small retail shops) for its variety in the packaging sizes, as indicated in figure 18.

**Figure 18: Dduuka Hierarchy**

At Shell Select or Total Bonjour Shops, Nescafe is still outstanding as well as shown in figure 19. A one supervisor at Shell select shop mentioned:

> "we *have one type of Coffee (Nescafe) because it's the only brand known in my area and also the kind of surrounding where I operate from (Bwaise), the coffee suppliers tend to think it's not an ideal market for their brands which is a wrong perception*".

**Figure 19: Shell Select Shops/Total Bonjour Shops Hierarchy**

#### 3.2.7.2 Packaging

Over 50 brands of coffee were reviewed to give a good understanding with regards to the packaging options of coffee brands. Figure 20 indicates the sizes of packed coffee used in the market for the different brands.

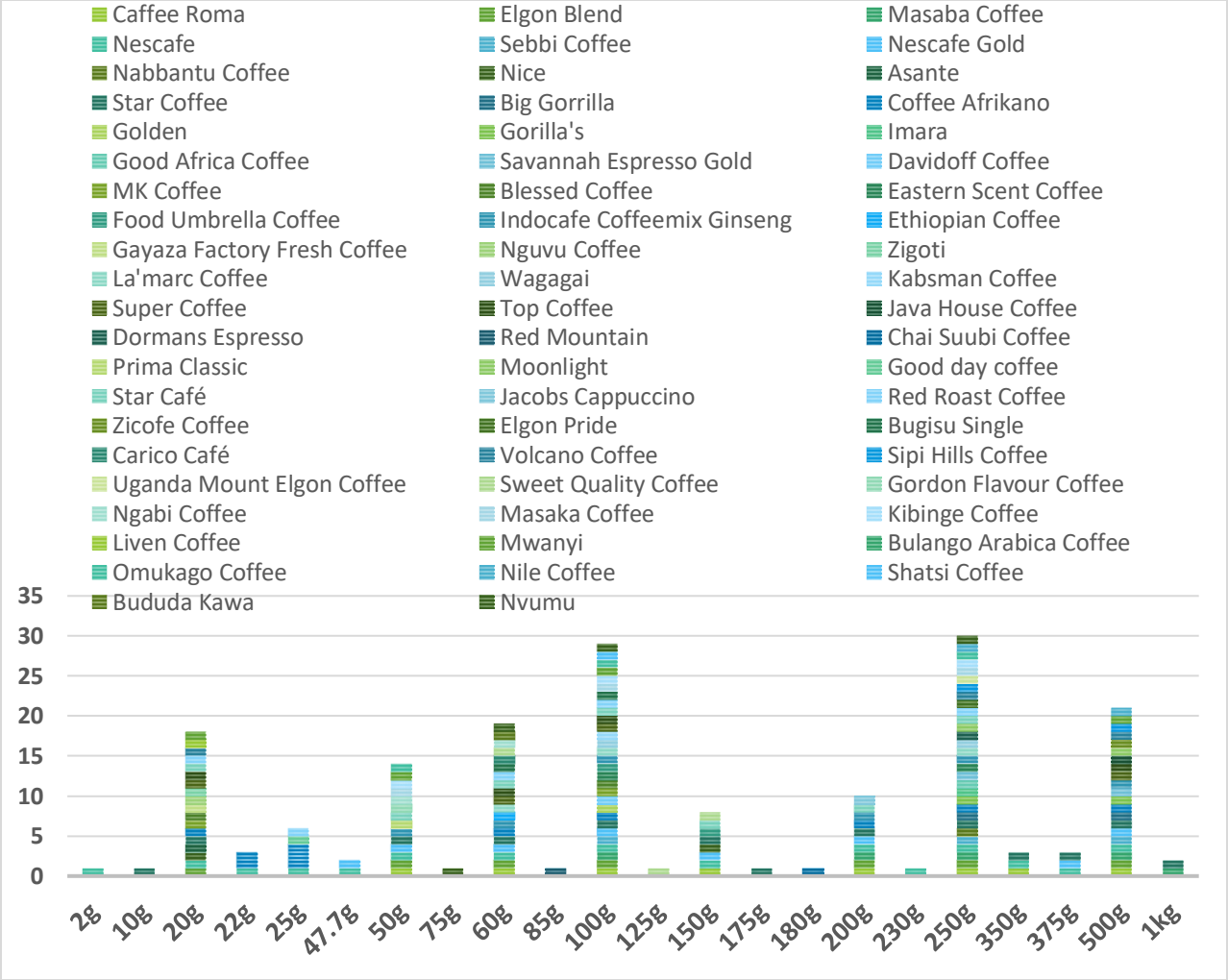



**Figure 20: Coffee Packaging's for different brands**

Sizes 250g and 100g are the most common among the different brands. This is followed by 500g, 60g, 20g and 50g. Based on this analysis, NaCORI could be advised to use at least one of the following packaging sizes: 20g, 50g, 60g, 100g, 250g and 500g. A wider selection of packaging sizes, however, makes better business sense and the research recommended packages are the most bought as the graph shows.

### 3.2.7.3 Average pricing of coffee brands at wholesale and retail outlets

The average prices for the different sizes as shown in table 3. These prices can be a point of reference for NaCORI if acted as a wholesaler/distributor or a retailer.

**Table 3: Wholesaler and retail prices**

| Sizes (g) | 20 | 50 | 60 | 100 | 250 | 500 |
|---|---|---|---|---|---|---|
| Wholesale price (UGX) | 350 | 2500 | 3500 | 5000 | 7000 | 12000 |
| Retail price (UGX) | 500 | 4000 | 5000 | 8000 | 12000 | 17000 |

### 3.2.7.4 Coffee Business Aspects

The results in figure 21 show that most traders restock coffee once every week or after a much longer period. This could be attributed to limited awareness about the available coffee brands which limits the number of customers purchasing these brands. The perceived poor quality of the local coffee brands, poor branding and packaging negatively affects the marketability of Ugandan coffee brands. High prices of coffee brands on the market are also a setback to what would otherwise be a healthy business environment for traders. It should also be noted that the biggest percentage of traders buy their stock from a distributor as this is an easier and cheaper way of handling business.

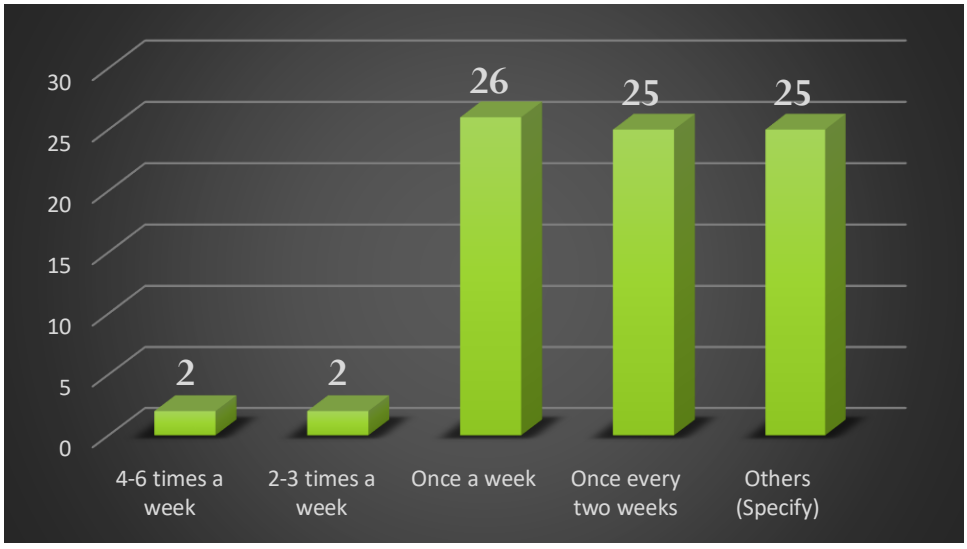



**Figure 21: Frequency of restocking**

As NaCORI prepares to go into the Coffee business, there are certain aspects of the market it should be aware of. The traders were asked to mention the likes and challenges in the coffee business. Below are some of the excerpts from their views.

**Likes About Coffee Business**

- It is a profitable business; it has committed customers and cup of coffee sells more than a tea cup (UGX 3000 vs. 1000 per cup)
- Coffee has a long shelf-life
- Local processors are trying to avail brands for low income earners
- Various packaging sizes, but small sachets are more profitable
- Increased coffee demand

**Business Coffee Challenges**

- Poor quality coffee brands especially for local brands (i.e., tend to have soil, stones and poor aroma)
- Lack of coffee awareness which affects the clientele they have (i.e., same clientele and less customers than should be)
- Poor packaging and branding of local brands
- Delayed deliveries hence stock outs
- High coffee prices
- Market inconsistency with brands

### 3.2.7.5 Coffee demand

Traders were asked whether the demand for coffee has been exploited. As shown in figure 22 below, 92% of the traders concurred that the coffee demand hasn't been exploited, and there is an upward trend in the future. The reason for this trend in the future is mainly due to the following factors;

a) Masses are slowly adapting the coffee culture
b) Increase in sales compared to previous years
c) More brands are coming up; hence a price reduction anticipated which will in turn increase demand. Affordable coffee brands are being produced for all classes of people.

It should also be noted that traders mind about the UNBS certification as this assures a customer of the quality and authenticity of the coffee brand being purchased.

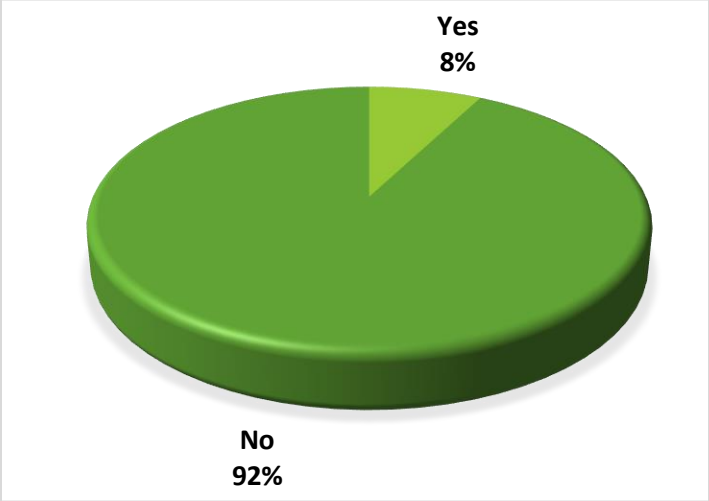
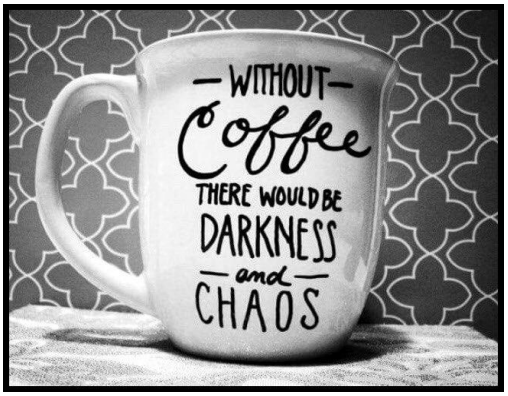



**Figure 21: Demand for Coffee Being Exploited**

### 3.2.7.6 Media Advertisement




Coffee consumers were asked about the most ideal communication platform that the NaCORI new brand would use. Table 4 shows that TV would be the most ideal with consumers stating that visual adverts are more captivating with a wider audience. Social media and radio are the second and third most used, respectively. The most watched TV is NTV, with the most watched program being NTV News at 7pm, and it is closely followed by the News at 9pm. Facebook is the most used social media platform.

**Table 4: The most ideal communication platform**

| Media type used | | | Television Watched | | | Social media used | | |
|---|---|---|---|---|---|---|---|---|
| | # | % | | # | % | | # | % |
| Radio | 47 | 29 | Bukedde | 2 | 6 | WhatsApp | 24 | 28 |
| TV | 61 | 38 | NBS | 11 | 29 | Facebook | 44 | 51 |
| Newspapers | 3 | 2 | NTV | 19 | 50 | Twitter | 16 | 19 |
| Billboards | 1 | 1 | BBS | 1 | 4 | Instagram | 2 | 2 |
| Social Media | 48 | 300 | Others | 4 | 11 | | | |
| **Total** | 160 | 100 | | 38 | 100 | | 86 | 100 |

### 3.2.8 Public Private Partnerships (PPPs)

Private stakeholders were identified that NaCORI could partner with in the Coffee processing. Two private partners were identified as potential partners for NaCORI to leverage on already existing infrastructure:

1) Zigoti Coffee Works Limited was identified as the ideal partner in the processing value chain. Zigoti upholds high values of transparency and reliability that would foster a good working relationship. The company has been in operation since 1984, with good infrastructure and raw materials in place that would enable processing of coffee. The capacity of half a ton a day for roasting at UGX 2,200 per kg; grinding at UGX 500 per kg or UGX 1000 per kg for fine grinding; and packing fee is UGX 500per kg.



2) Classic Packaging Company, a bio-degradable food packaging Chinese company was identified to provide packaging and redesign the label at US$120. In addition to this, 1000 pieces of 250g would cost US$500, including delivery cost, printing and valves. The photo below shows some of the Chinese company's work



## 3.3 Cosmetics Market Insights

The skin plays an important role in one's life. If one isn't looking good or with a poor skin, this can dampen their mood. The skin gives lots of confidence hence uplifting self-esteem when looked after very well. *Cosmetics* consumers attributed their good skin to being consistent with product usage, taking lots of water, steaming the face as well as using facial scrubs.

Some of the most common brands used by both men and women include but not limited to; Nivea for Men, Amara especially men and Movit Herbal Jelly which cuts across all sexes. Others include: Vaseline, Dove, Shea Moisture, Johnson, Shea Butter, Cleanser, Scrub with salt element and Olive Oil.

***The Ideal skin condition***

The most ideal skin condition wanted by both men and women that were involved in the market study includes the following:

- Smooth (baby skin), clear skin with no pimples
- Not dry a skin
- Soft
- Glowing
- Moisturized
- Natural skin

The ideal cosmetic product should be able to achieve the following attributes as revealed by the customers in the focus group discussions:

- Smooth & clear skin attainable
- Moisturize
- Clear acne
- Affordable

- Glow the skin
- Keep natural beauty of skin, including its color; not bleaching
- Include instructions on usage
- Tone skin

Herbal Products are also a pulling factor especially to the women customers. They are liked because of the following attributes:

- Natural skin attainment
- Affordable
- Don't bleach

One setback mentioned about Ugandan cosmetic companies is that they tend to label products as herbal, yet they aren't. It was also noted that one of the local manufacturers, Movit Products, has established itself as a strong local brand, offering quality cosmetic products. One of the participants during the FGDs was quoted saying,

*''Movit products are everywhere hence easily available-FGD Respondent.''*

***Barriers and Fears when using Cosmetics***

- Hard to get lotions in Dduukas
- Price inconsistencies and product unavailability
- Counterfeits resulting into bad skin conditions on usage of the product
- Product inconsistencies. For instance, Vaseline in Dduukas is different from that in Supermarkets and trinkles down to franchising of some products, yet shop attendants having a lack of knowledge about this.
- Bleaching agents
- Expired cosmetics
- Quality inconsistency
- Sensitive skin makes one stick to one product



Figure 22 shows the traders distribution that were randomly selected across the different spectrum as indicated in the bar graph.

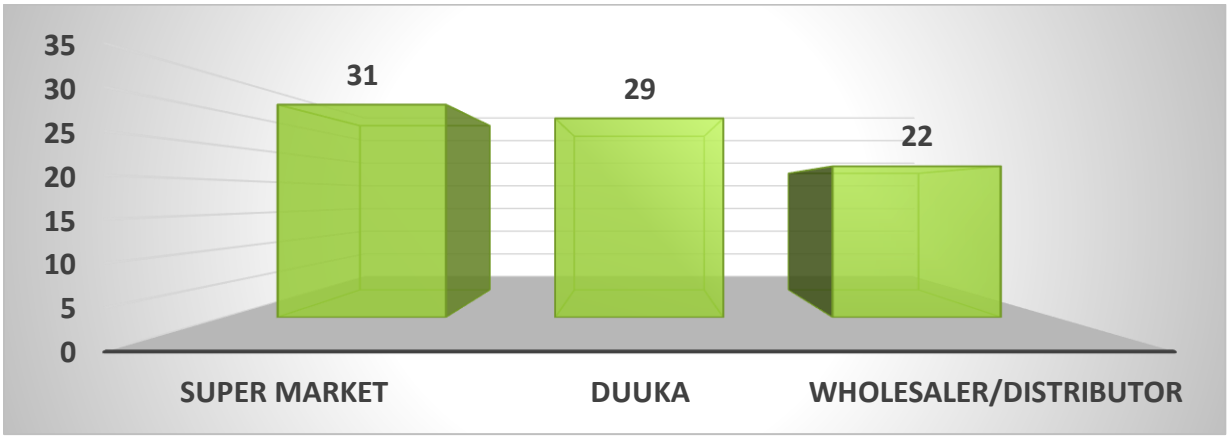



**Figure 22: Cosmetics Traders Distribution**

Supermarkets and pharmacies were noted as having the most genuine products. Pharmacies sell the most anti-aging products which are expensive as well. The beauty shops/cosmetic shops have their stock taking long to sell as well as the dduukas; hence customers would rather buy from supermarkets and pharmacies.

### 3.3.1 Cosmetics Traders Hierarchy

Supermarkets, Dduukas and Wholesalers have their top 3 most selling cosmetics as Petroleum Jellies, Body Lotions and Body Creams. This is represented below in the figures 23, 24 and 25, respectively. If NaCORI is to hit the market, the first range of products to consider for the market consists of petroleum jelly, body lotions and creams.

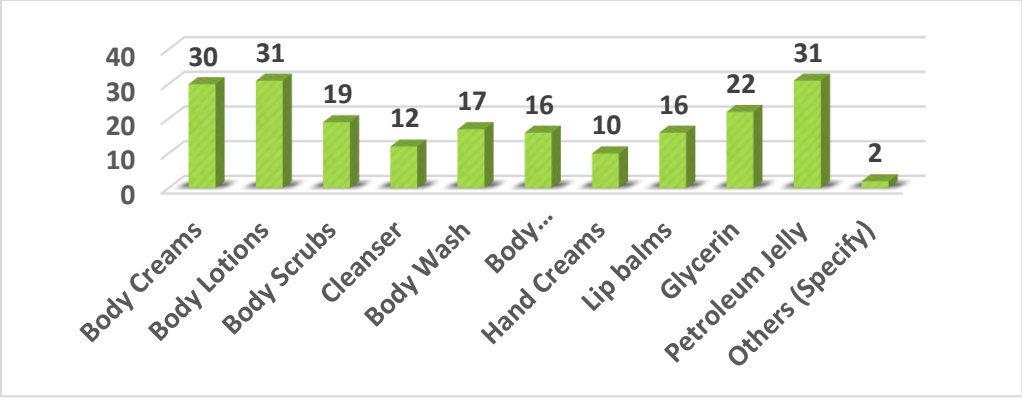



**Figure 23: Supermarket Hierarchy**

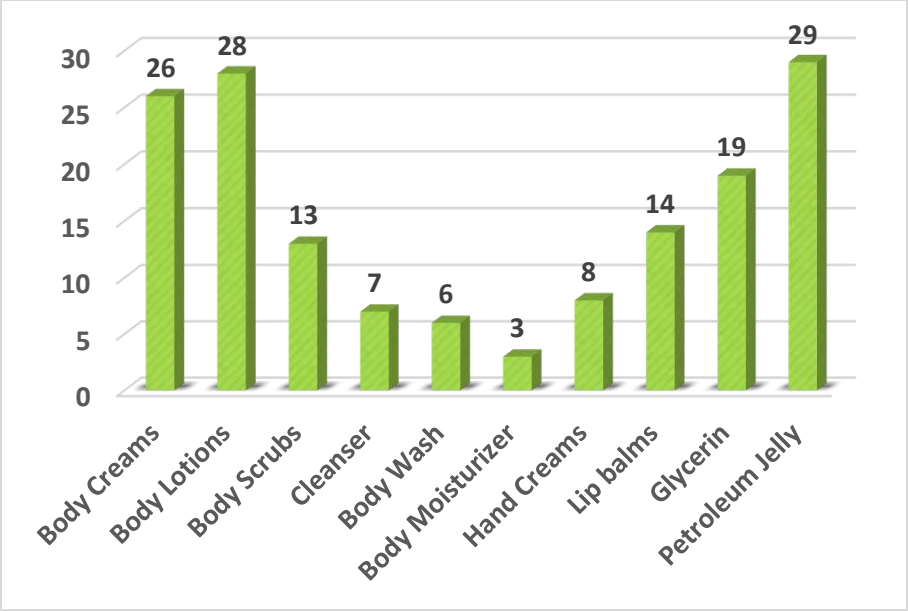



**Figure 24: Dduuka Hierarchy**

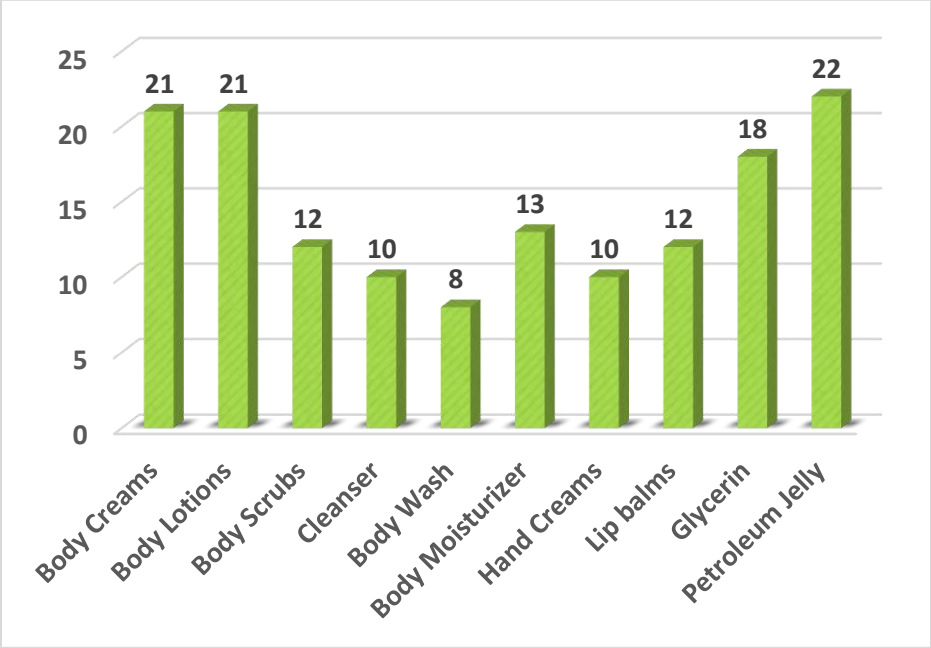



**Figure 25: Wholesaler Hierarchy**

### 3.3.2 Cosmetics Demand

Traders assume the trend of cosmetics is moving upwards, yet its demand has not been meant as shown in figure 26. Skin and body care are deemed as a necessity; hence having everyone use one brand of cosmetics or the other. This creates a market that's insatiable, resulting into having more

and new cosmetics manufacturers and new products on the market. It should also be noted that there are few high-end products on the market that are locally produced. This leaves a gap to be filled with locally produced cosmetic products.

It should also be noted that all skin types are being treated by cosmetics in equal measure. Despite this, there is a new wave of demand for more natural organic products by customers. The belief is that these organic products keep the skin looking more natural than other cosmetic products.

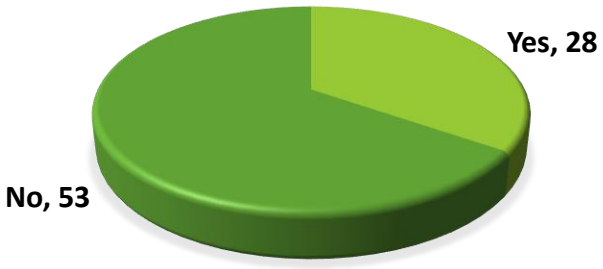



**Figure 26: Has demand for cosmetics been exploited?**

### 3.3.2.1 Drivers of Choice for Cosmetics Products

Customers stressed the importance of constant availability of a cosmetic brand they are using since many distributors seem to lack consistency in delivering to traders. This easily influences one to switch to another product. The factors highly considered when choosing a product are shown in figure 27. The most important attribute considered is the ingredients. Some ingredients are more sought after than others, including aloe vera and glycerin. It was noted that a high percentage of customers don't like products that have a bleaching agent such as hydroquinone. Other factors that influence one's choice when purchasing a product include:

- Reviews (Website)
- Type of Skin being Treated
- User Friendly (Packaging) mostly for the men
- Not moisturizing for men Vs moisturizing products for women

- Packaging and Branding
- Product usage (Skin Type Being Treated)
- Texture
- Expiry Date
- Origin (Country/Manufacturer)
- Seal to avoid counterfeit

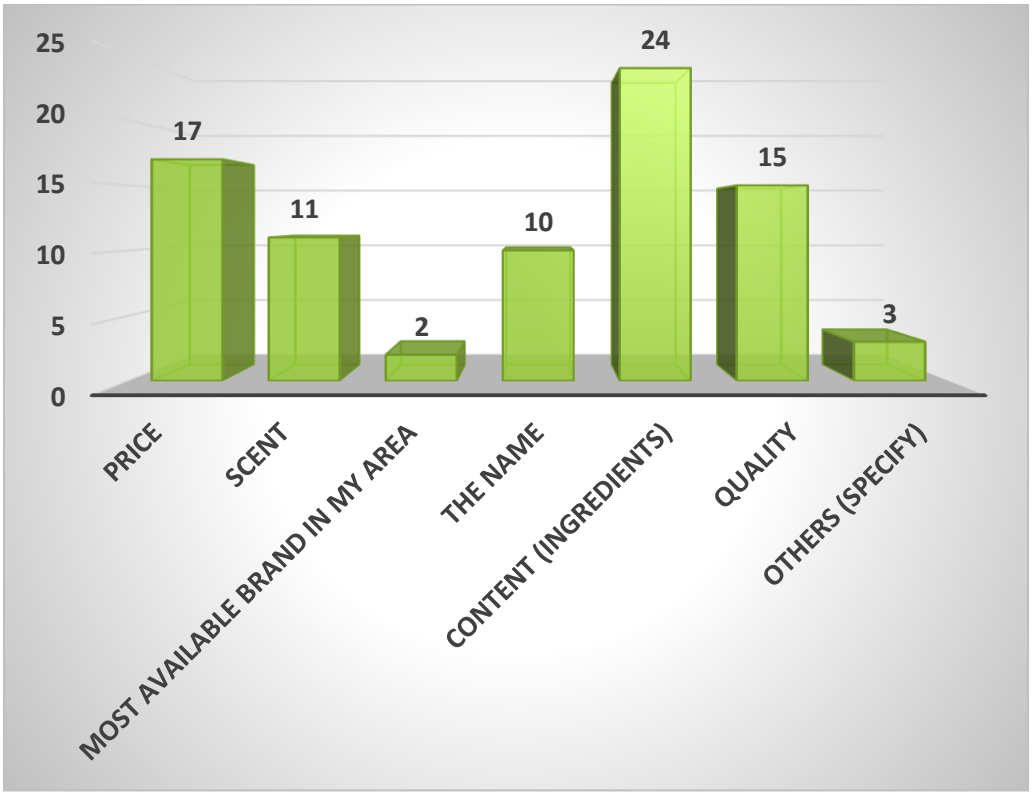



**Figure 27: Drivers of choice for cosmetic products**

Counterfeits are a huge problem to the cosmetics business in Uganda. Traders wished that if manufacturers worked hand in hand with UNBS, counterfeits could be curbed down. Local products are also of poor quality and don't compete favorably with the international brands. NaCORI would therefore have to implement measures to safe guard against counterfeits. A seal

and a QR code were highly recommended to have on the products if they are to be trusted by the market.

### 3.3.2.2 Marketing of cosmetic products

The results in figure 28 show that most of the traders restock cosmetics either once a week or after a more prolonged period. This could be attributed to the poor quality of local products compared to the international brands. Similarly, there are lots of products on the market but with limited advertisements and promotions, which makes it difficult to sell these products. Lowering of prices than the international brands was also advised by traders.

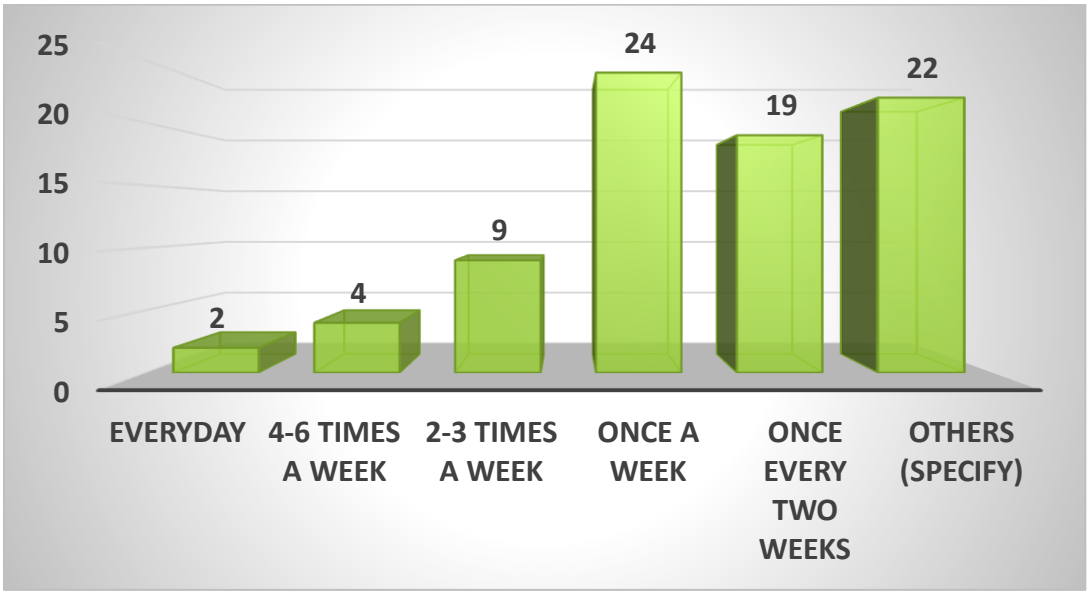



**Figure 28: Frequency of Restocking by Traders**

### 3.3.3 Cosmetics Business Aspects

Customers were asked to mention the likes and challenges for the cosmetics business as indicated below:

**Likes about cosmetics business**

- It is profitable; since it has committed customers
- Readily available market; since all classes of people in society are catered for

**Cosmetics Business Challenges**

- Short Shelf-life of the products
- Poor quality products, with some expiring and melting before indicated expiry date.
- Counterfeits are cheaper than genuine products
- High competition
- Price fluctuations of products, with some products being highly priced
- Poor packaging, especially for local brands

Despite the above challenges, traders testified that the cosmetics business is highly lucrative and profitable. Approximately 70% of traders interviewed accepted to be contacted in the future, with the new NaCORI cosmetic product line.

The results in figure 29 show that 74% of traders get their stock from distributors/dealers. The distributors have a wider reach to the traders than the manufacturing companies. The most preferred distributor is Dembe because of their work ethics; quick response to traders' issues and good service delivery. Despite this, African Queen, another distributor, is mostly used by traders in far reach areas like Arua city. Dembe would be the recommended distributor for the value chain.

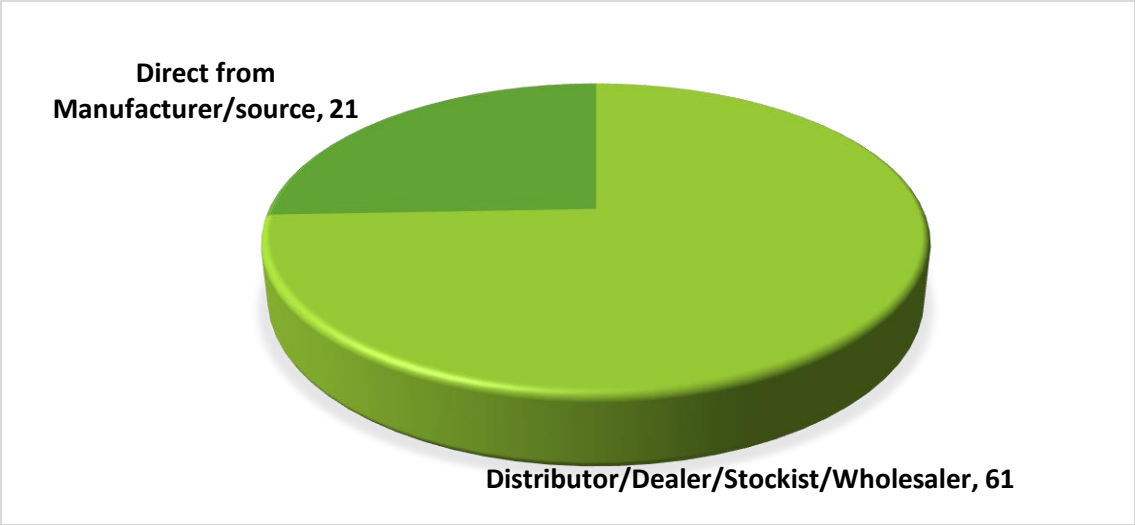



**Figure 29: Source of Stock for Cosmetic Traders**

Consumers agree that the following aspects on the cosmetics market must change to have an improved level ground in terms of cosmetics with good quality local products:

- Remove scents in soaps
- Fight counterfeits
- Less scented products (strong scent associated with cheap poor-quality products)
- Have expiry date on products
- Indicate skin type being treated
- Consistency in product quality
- Instructions on product usage

### 3.3.4 Consumer perception towards the NaCORI cosmetics product range

The nourishing Body Lotion (Pink Label) was applauded for its good scent and having Vitamin E which is good. It stood out more than the Moisturizing Body Lotion (Has no/poor scent), the moisturizing body lotion was noted to lean towards men's products. Scrub was liked highly for its coffee ingredient in it




**Perceptions about Packaging**

- Not user friendly for men
- Poor packaging and branding
- Scrub is attractive of all cosmetics
- Sticker on bottles can easily be duplicated
- No expiry date, which is a red flag for usage

**Spontaneously thoughts on NaCORI Cosmetics**

- Packaging looks like conditioner for hair/drug
- Could easily be mistaken for Shampoo
- Cosmetics have drying agents (Alcohol)
- Kentaro products look alike

**Fears with NaCORI products**

- ❖ Availability of the product once it hits the market
- ❖ Products quality consistency
- ❖ Whether effect remains on skin whole day after first use

### 3.3.5 Proposed prices for the NaCORI cosmetics products

The proposed distributor and retailer buying prices are shown in table 5. Quantity of 400ml is big enough (and expensive) hence stays longer, while 250ml is affordable and easy to carry around.

**Table 5: Buying and selling prices**

| | Lotions | | Body Scrub | Petroleum Jelly | |
|---|---|---|---|---|---|
| Size | 400ml | 250ml | 250g | 100g | 250g |
| Wholesaler/Distributor buying price | 7000 | 3000 | 7500 | 2500 | 3500 |
| Retail selling price (UGX) | 10000 | 5000 | 10000 | 3500 | 4500 |

3.3.6 Perception towards local cosmetic Vs. imported brands




**Imported Brands**

- Quality assured with imported brands
- Highly priced
- Good packaging and branding
- Bleaching agents common

**Local Brands**

- Lack of quality consistency with Ugandan Products
- Market Inconsistencies hence not readily available at times
- Counterfeits
- Ugandan Branding, conservative for only local market
- Quantity over Quality
- Ugandan Brands lie about product

### 3.3.7 Media Advertisement

Products especially international brands have websites where customers get to know more about the products, and orders can also be placed directly via the websites. This also means social media accounts that have reviews and recommendations about the products are a great source of product information for customers. Posters, billboards, TV and radio are also a great source of information for the customer to help them make a choice before purchasing a cosmetic product. It is therefore paramount to advertise cosmetic products as well. This will help customers to get more information about the new and old cosmetics brands in the country.




**Customers had this to say about advertisement information on NaCORI cosmetic products**

- Story line in the advert; avoid including coffee growing in the Advert
- Consider using babies in the Ad
- Be consistent like Coca-Cola Ads
- Adverts should show progression
- Avoid poor Adverts; most adverts in Uganda are poorly done
- Visual best for Cosmetic Ad

### 3.3.8 Public Private Partnerships (PPPs)

Yello Packaging Company Limited was approached to design the packaging for NaCORI cosmetics. A catalogue was shared, and it was agreed if a specific packaging model is needed, it can be done based customer needs. The unit cost is cheaper if one is ordering many pieces, i.e., 10,000 pieces and above.



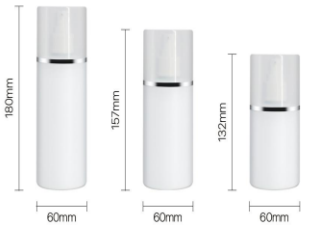



YELLO-B046

Material : GLASS

Capacity : 40ml, 30ml, 100ml, 120ml

Color : Custom




YELLO-116

Material : HDPE

Capacity : 150ml, 200ml, 250ml

Color : Custom

YELLO-115

Material : HDPE

Capacity : 80ml, 100ml, 120ml
150ml, 180ml

Color : Custom

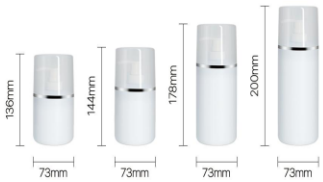



YELLO-119

Material : HDPE

Capacity : 250ml, 300ml,
400ml, 500ml

Color : Custom



## 4.0 Industry Regulators

### 4.1 Uganda Coffee Development Authority (UCDA)

UCDA is an established government agency with a mandate to promote and oversee the coffee industry in Uganda through research, promotion of production, quality control and improving the marketing of coffee in order to optimize foreign exchange earnings for the country and payments to the farmers. Established coffee farmers or groups as well as cooperatives have access to UCDA services easier than a farmer who doesn't fall under that category. Different value chain actors have different opinions about the services rendered by UCDA; for instance, a coffee trader and farmer from Masindi district said,

> *"I don't believe in the support UCDA offers to farmers because it's never timely. "The farmer groups I work with applied for seedlings, but it took them over 7 months to access the seedlings, which shows the inefficiency of UCDA's operations". There is a lot of untapped coffee market outside Uganda, but the poor systems within UCDA have not accelerated the would-be market linkages across borders".*

A coffee roaster also said,

> *"… UCDA needs to prioritize farmers' needs in the coffee Industry, which will help push quality coffee to the market".*

The farmer and roaster noted that the quality control department at UCDA is quite effective. The roaster said,

> *''with a registered company, quality sample to be tested at the laboratory and right sources of quality coffee, one gets assessed then certified. I believe the process is fair enough".*

### 4.2 Uganda National Bureau of Standards (UNBS)

The Uganda National Bureau of Standards (UNBS) is an authority under the Ministry of Trade, Industry and Co-operatives whose mandate is to formulate and promote the use of standards in order to protect masses against sub-standard products and strengthen Uganda's economy by enhancing the competitiveness of exports in regional and international markets.

UNBS certification is needed to build consumer confidence in a brand and thus increase market share for products. The Certification Scheme provides technical audit of product quality and

process control procedures. This means that the manufacturer gets technical advisory services and information at little or no cost that would otherwise be obtained at a very high cost.

**UNBS certification Requirements**

- Registered business with Uganda Registration and Services Body (URSB)
- A Taxpayer Identification Number (TIN)
- Product label
- Draw a detailed production process on paper chart from raw materials to a finished product

Tables 6-8 show the testing costs for the proposed NaCORI coffee and cosmetics products as required listed by UNBS.

**Table 6: Testing Costs for Instant Coffee**

| No. | Parameter | Costs | Laboratory |
|---|---|---|---|
| 1 | Caffeine content (on dry basis) | 85,000 | Chemistry Lab |
| 2 | Moisture | 40,000 | Chemistry Lab |
| 3 | Staphylococcus aureus | 60,000 | Micro-Biology Lab |
| 4 | Total ash (on dry basis) | 70,000 | Chemistry Lab |
| 5 | Total coliforms | 27,500 | Micro-Biology Lab |
| 6 | Yeast and molds | 50,000 | Micro-Biology Lab |
| 7 | Laboratory Fees | 10,000 | |

**Table 7: Testing Costs for Roasted Ground Coffee**

| No. | Parameter | Cost (UGX) | Laboratory |
|---|---|---|---|
| 1 | Acid insoluble ash (on dry basis) | 40,000 | Chemistry Lab |
| 2 | Alkalinity of soluble ash in ml of 0,1 moles/ hydrochloric acid, (on dry basis) | 40,000 | Chemistry Lab |
| 3 | Caffeine (on dry basis) | 65,000 | Chemistry Lab |
| 4 | Particle size | 60,000 | Chemistry Lab |
| 5 | Pesticides Residues (Organochlorine, OCPs and Organophosphorus, OPPs) | 190,000 | Chemistry Lab |
| 6 | Petroleum ether extract (on dry basis) | 40,000 | Chemistry Lab |
| 7 | Total ash (on dry basis) | 70,000 | Chemistry Lab |
| 8 | Water soluble ash (on dry basis) of total ash | 40,000 | Chemistry Lab |
| 9 | Water soluble matter (on dry basis) | 40,000 | Chemistry Lab |
| 10 | Laboratory fees | 10,000 | |

**Table 8: Testing Costs for Body Creams, Scrubs and Lotions**

| No. | Parameter | Cost (UGX) | Laboratory |
|---|---|---|---|
| 1 | Hydroquinone | 65,000 | Chemistry Lab |
| 2 | Pseudomonas aeruginosa | 60,000 | Micro-Biology Lab |
| 3 | Staphylococcus aureus | 60,000 | Micro-Biology Lab |
| 4 | Mercury | 60,000 | Chemistry Lab |
| 5 | Lead | 50,000 | Chemistry Lab |
| 6 | Candida Albicans | 60,000 | Micro-Biology Lab |
| 7 | PH range | 30,000 | Chemistry Lab |
| 8 | Arsenic | 50,000 | Chemistry Lab |
| 9 | Total fatty substance content | 100,000 | Chemistry Lab |
| 10 | Total viable count | 45,000 | Micro-Biology Lab |
| 11 | Laboratory testing fees | 10,000 | |

### 4.3 Uganda Export Promotions Board (UEPB)

The Uganda Export Promotions Board's (UEPB) main mandate is to promote exports in the country. The Board doesn't have lots of influence on the local market apart from advocating for quality products suitable for export hence working hand in hand with manufacturers/companies to attain the quality standards needed for export. UEPB works closely with UNBS to ascertain and certify quality products before they are exported. The main standard is QUALITY. UEPB offers export and market product development to help polish up product quality before exporting.

UEPB receives requests from Embassies and other agencies when a supplier is needed for a specific category. UEPB then recommends a supplier who fits the qualities needed from its database. A company needs to fill the Export Readiness Checker (from the UEPB website) to be added to the export board's database. The Trade and Information Department decides which supplier suits a specific need when an opportunity arises. UEPB determines quality differently depending on the product of interest. Different standards for different products.

## 5. Conclusion

A market research study was conducted across several cities in Uganda to explore the structure, conduct and performance of the coffee products. Findings show that domestic consumption for coffee products is still low and most consumers couldn't differentiate between Robusta and Arabica types. This could be attributed to some negative attitudes and perceptions towards coffee consumption such as the perceived cancer risks. The most often drunk coffee on the market by both men and women is Nescafe, an instant and imported form of coffee. However, the likelihood of people buying a new coffee brand is high, even though there is limited awareness of coffee brands sold in Uganda. Thus, a strategy geared towards creating awareness would position NaCORI's new potential brand in a good way to hit the market.

Likewise, the cosmetic business is perceived to be highly profitable and there is a high appetite for customers to always look out for a new product that suits their needs. Consumers stress the importance of constant availability of a cosmetic brand they are using since many distributors

seem to lack consistency in delivering to traders. This easily influences one to switch to another product. Product ingredients, brand attachment, type of the skin being treated, users' reviews, packaging used, and price are some of the factors that force the user to switch brands. It's important to note that the ideal cosmetic product should be able to have the following qualities: having no bleaching agent, affordable, ability to keep skin natural and moisturized. Also, availability of lots of counterfeits on the market forces users to switch to other brands. These results suggest that before commercialization of new brands, NaCORI would have to implement measures that safe guard against the existing counterfeits. Having a seal and a QR code on the products would be the most appropriate innovation if NaCORI's products are to be trusted.

The two NaCORI coffee brands, Elgona and Perfect blend, that were assessed by consumers scored differently. One general comment by consumers was that the two NaCORI coffee brands compares with washed coffee that is used in the processing, and they preferred instant coffee to NaCORI coffee. NaCORI coffee brands required brewing, yet instant coffee is preferred for its convenience. Between the two brands, these were mentioned: aroma is still weak and work is needed to make it better; taste is not strong; it is almost flat; color is too light; there is a need to darken it; and texture is not a strong coffee. In terms of packaging, the following were suggested: the pack color is now dull; it needs to pop out (subtle colors); include expiry dates and coffee ingredients; zip lock should be done better to make it more user friendly; inscribe the instructions for consumption on the label; include a story about the brand since some customers buy a product because of the story it entails; and improve the graphics as currently it's not attractive enough for supermarket shelves. Elgona Coffee brand was preferred to the Perfect Blend. Drinkers advised that it is better to stick to the Elgona Coffee brand than perfect blend. NaCORI should choose between the following packaging sizes ranging from 20g, 50g, 60g, 100g, 250g to 500g, but small packs are more profitable than larger ones especially for low income earners.

Cosmetics were also assessed by the users in terms of their scent, branding and packaging. The nourishing Body Lotion (Pink Label) was applauded for its good scent and having Vitamin E as one of the ingredients and it performed better than the Moisturizing Body Lotion (perceived to have poor scent). The moisturizing body lotion was noted to lean towards men's than women's

products. Scrub was liked highly for its coffee ingredient in it. Quantity of 400ml for the lotion is big enough (and expensive) hence stays longer, while 250ml is affordable and handy.

Advertising is key to promoting and increasing visibility for NaCORI products since visual adverts are more captivating with a wider audience. TV, Social media and radio are the main avenues for advertisement. The most watched TV is NTV, with the most watched program being NTV News at 7pm, and it is closely followed by the News at 9pm. Facebook is the most used social media platform. Two private partners, Zigoti Coffee Works Limited and Classic Packaging Company, were identified as potential partners for NaCORI coffee to leverage on their already existing infrastructure. Yello Packaging Company Limited is willing to design the packaging for NaCORI cosmetics. The products of coffee and cosmetics are governed by various bodies including UCDA, UNBS and UEPB, which play different roles in certification, quality assurance and export promotion.

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