

**A BUSINESS PLAN OF PAINT MANUFACTURING
COMPANY LOCATED AT ZEGERENI KIBAHA
PLOT NO 174 BLOCK “A”**



Executive Summary

This report outlines the establishment of a paint manufacturing company located in Kibaha, Coastal Region, Tanzania, with an anticipated investment of USD 100,000. The project aims to produce high-quality decorative and industrial paints, targeting local and regional markets while contributing to economic growth through job creation. This initiative seeks to manufacture 1 million liters of paint per month, leveraging strategic partnerships, effective branding, and compliance with local regulatory standards.

Company Overview

The Paint Manufacturing has been registered with Tanzania Revenue Authority with TIN no. **126226144**. EAC Group Co. LTD is a total locally owned company which undertake its operation for more than ten years in business. The company office headquarters is at Karakata Mogo street Dar es salaam. This project will be established at Plot No. 174, Block A, Zegereni, Kibaha. The location for this project provides a strategic advantage due to its proximity to the Dar es Salaam port, significantly reducing operational costs related to raw materials and distribution. The firm expects to create 50 direct and 50 indirect jobs, supporting local community development and fostering economic resilience.

General Business Objectives

- To establish a fully operational paint manufacturing plant in Kibaha within the first year of operation.
- To achieve operational efficiency and cost competitiveness through modern production technology.
- To build a strong and reputable brand in the Tanzanian construction and industrial sectors.
- To attain profitability within the first 2–3 years of operation.

Production & Operational Objectives

- To manufacture a range of paints including:
 1. Decorative paints (interior and exterior)
 2. Industrial paints
 3. Protective and anti-corrosive coatings
- To maintain consistent product quality in compliance with Tanzania Bureau of Standards (TBS) requirements.
- To source raw materials locally where possible to reduce production costs and support local suppliers.
- To implement efficient inventory and quality control systems to minimize waste and downtime.

Marketing & Sales Objectives

- To penetrate the Tanzanian paint market by targeting:
 1. Construction companies
 2. Hardware shops and distributors
 3. Government and institutional projects

4. Individual residential customers

- To establish a reliable distribution network across major regions such as Dar es Salaam, Pwani, Morogoro, Dodoma, and Arusha.
- To achieve a defined market share within the first three years of operation.
- To promote the brand through competitive pricing, product differentiation, and strong after-sales support.

- #### 5. Financial Objectives
- To secure adequate startup capital for plant setup, machinery, raw materials, and working capital.
 - To maintain healthy cash flow through efficient cost management and sales growth.
 - To achieve sustainable profit margins while offering competitive pricing.
 - To reinvest profits into expansion, technology upgrades, and product innovation.

Environmental & Social Objectives

- To adopt environmentally responsible manufacturing practices, including low-VOC and eco-friendly paint formulations.
- To comply with environmental regulations set by NEMC (National Environment Management Council).
- To create employment opportunities for residents of Kibaha and surrounding communities.
- To promote workplace health and safety standards.

Legal & Regulatory Objectives (Tanzania-Specific)

- To register the company in compliance with BRELA regulations.
- To obtain all required licenses and permits, including:
 1. TBS certification
 2. Business license
 3. Environmental Impact Assessment (EIA) approval
- To operate in full compliance with Tanzanian labor laws, tax laws, and industrial regulations.

Long-Term Strategic Objectives

- To expand production capacity as market demand grows.
- To diversify product lines (e.g., waterproofing solutions, industrial coatings).
- To expand exports to East African Community (EAC) countries.
- To position the company as a leading Tanzanian-owned paint manufacturer.

Investment Breakdown and Financial Allocation

The total projected investment amounts to USD 100,000. The allocation of funds is as follows:

Category	Estimated Allocation in USD	Purpose
Machinery filling machine	50,000	Acquisition of high speed dispersers and filling machines.
Rw materials	30,000	Initial stock of pigments, resins and solvents
Licensing and set up permit	10,000	TIC registration, TBS certification and NEMC
Working capital	10,000	Initial payroll and marketing expenses.
Total	100,000	

This financial structuring ensures that the company acquires necessary assets while maintaining sufficient liquidity for operational costs.

Marketing Strategy

To achieve the ambitious target of 1 million litres per month, the company will implement the following marketing strategies:

1. **B2B Partnerships:** Forge contracts with prominent construction firms in the Coastal and Dar es Salaam areas to secure consistent demand.
2. **Hardware Hub Strategy:** Develop a comprehensive distribution network across key hardware markets, including Kariakoo and Gerezani, to ensure product availability.
3. **Government Tendering:** Register with the Government Procurement Services Agency (GPSA) to supply paint for critical public infrastructure projects (schools and hospitals).
4. **Brand Positioning:** Launch the brand "Coastal Strength," optimized to combat the unique environmental challenges of the Tanzanian coast, such as humidity and salt exposure.

Market Analysis and Competitor Landscape

The Tanzanian paint and coating market is expanding, driven by increased construction activity, rising disposable incomes, and a growing demand for environmentally friendly products. The market is shifting towards sustainable options, including low VOC and eco-friendly coatings. However, challenges such as counterfeit products and fluctuating raw material prices remain significant concerns for local manufacturers.

Despite these challenges, the company's competitive advantage lies in its geographic location, which allows for lower operational costs and enhances supply chain efficiency.

Key Industry Players in Tanzania

The Tanzanian paint market consists of local manufacturers, regional players, multinational brands, and numerous importers/distributors:

Major Paint Manufacturers / Brands

These companies produce or sell a wide range of paints (decorative, industrial, automotive, protective coatings):

- Plascon Tanzania – Formerly Sadolin Paints; now part of Kansai Plascon (Japan) with a growing presence in East Africa.
- Crown Paints Tanzania Limited – Regional East African paint manufacturer (Kenyan Crown Paints Group) with production capacity and distribution in Tanzania.
- Jotun (via Hardware Africa Limited) – Norwegian paint & coatings brand distributed in Tanzania, strong in decorative and protective segments.
- Local / smaller local brands – Historically include Coral, Robbialac/Berger, Goldstar, Kiboko, AZTEC among other locally made or imported brands available in Tanzanian markets.
- Importers and distributors – Various global brands (e.g., Master, Dura Coat, Basco, Haraka) are sold through local distributors.

Market Structure & Competitive Dynamics

Moderate Competition

- The industry's structure is moderately competitive, with local manufacturers facing rivalry from regional and global brands entering Tanzania.
- Competition is shaped by price sensitivity, product quality, brand reputation, and distribution networks. Imported brands often compete with locally-made products on cost and availability.

Segments of Competition

Competition occurs across multiple segments:

- Decorative (house paints): high demand due to construction and home building activity.
- Industrial & protective coatings: used in infrastructure, manufacturing, and marine sectors.
- Automotive paint: smaller niche but competitive.
- Colour and finishing services: supported by paint-mixing services, retailers, and hardware stores.

Regional and Global Influence

Multinationals and Regional Integration

- Regional players like Crown and Plascon are expanding their footprint, leveraging East African demand.
- Global brands also influence Tanzanian competition indirectly via imports and distribution agreements.

Distribution & Retail Competition

- Paint brands compete not just on manufacturing but distribution reach: wholesalers, hardware stores, paint specialty retailers, and building material outlets.
- Many retailers also provide colour-mixing services, consultations, and accessories (brushes, rollers, tapes), adding competitive differentiation.

Factors Driving Competition

Construction Sector Growth

- Tanzania's construction boom (residential, commercial, infrastructure) increases paint demand and intensifies competition among suppliers.

Price vs. Quality

- Price sensitivity among consumers drives competition with cheaper local/imported paint options.
- Higher-end brands compete on durability, finish quality, colour technology, and aftersales support.

Regulatory Environment

- Standards and compliance (e.g., Tanzania Bureau of Standards training and regulations on paint quality/varnish) influence competitive positioning.

Summary of market competition.

Aspect	Competitive Situation
Market Players	Mix of local, regional & global brands
Key Competitors	Plascon, Crown Paints, Jotun, locally distributed brands
Primary Battlegrounds	Price, quality, distribution, brand awareness
Demand Drivers	Construction, renovation, industrial growth
Regulatory Influence	Standards and trademark issues shaping market conduct

The paint colour industry in Tanzania is moderately competitive with a blend of well-established global/regional players and local brands. Market competition is influenced by evolving consumer demand, regional integration, pricing pressures, and infrastructure growth. Leading companies differentiate through quality products, extensive distribution networks, and brand strength.

Shareholders of the Company.

No.	Name	Share in %	Nationality
1.	Paschal Lubinga Luswaga	50	Tanzanian
2.	Yonah Peter David	50	Tanzania

Market Share & Competitive Positioning

Estimated Market Structure

There aren't widely published official market-share figures specifically for Tanzania alone, but regional and sector analyses offer useful insights:

- A regional paints & coatings report for Kenya and Tanzania indicated that historically the top 3 participants (Crown Paints, Basco Paints, and Insignia Ltd) accounted for a combined large share of the decorative paint market, with water-based paints dominating ~70% of the segment. This suggests intense concentration among a few major brands in East Africa.
- A broader regional estimate (including East Africa) from research suggests Crown Paints, Basco, and Kansai Plascon have significant shares, while smaller and imported brands collectively make up the rest of the market.
- In Tanzania specifically, local data from 2015 showed a mix of major local and imported brands present in the market, including Coral, Robbialac/Berger, Sadolin, Goldstar, Kiboko, Crown, and AZTEC (local) as well as imported Master, Dura Coat, Basco Value, and Haraka.

KEY TAKEAWAYS:

- Competitive concentration exists around a few dominant brands, especially in decorative paints.
- Smaller local or imported brands fill niche price-sensitive segments, creating competitive pressure on pricing and distribution.

Pricing & Product Strategy Competition

Price Differences Among Brands

- Reports from Uganda and East Africa show price differences between brands like Plascon and Sadolin, with Plascon typically priced higher for similar products (e.g., a 20-litre bucket of Plascon at ~TZS 258,000 vs. Sadolin at ~TZS 240,000). This reflects brand positioning and perceived quality differences within the market.

Price Sensitivity

- The paint market in Tanzania is price-sensitive, especially given that most raw materials are imported (over 90% in some categories) and global supply chain fluctuations can affect local source pricing.
- Price competition is stronger in mid- to lower-end segments, where consumers often choose more affordable or value-oriented brands.

Product Differentiation

- Major competitors differentiate their offerings through product lines (decorative, industrial, automotive), colour selection, durability, eco-friendly formulations, and after-sales services.
- Brand loyalty is noted as a factor, particularly for established brands, which affects how easily new entrants can gain share.

Emerging Competitive Dynamics

New Entrants & Regional Expansion

- International brands like Nippon Paint are reported to be expanding into East Africa, including Tanzania, aiming to introduce higher-quality, technology-driven products that boost competition.
- Global manufacturers' presence can increase competitive pressure on local and regional players by introducing broader portfolios and advanced coatings technologies.

Impact of Market Growth

- The Tanzanian paint demand is rising with infrastructure development, housing demand, and commercial construction, attracting new suppliers and intensifying competition for shelf space and distributor contracts.
- Increased imports (e.g., up to 15% growth) demonstrate higher supply from external markets, which raises competitive dynamics and puts pricing pressure on local producers.

Competitive Challenges & Opportunities

Challenges for Competitors

- Import dependency makes pricing unpredictable due to currency and shipping cost volatility.
- Smaller manufacturers face distribution challenges, needing strong dealer networks to rival major brands with established reach.

Opportunities to Compete

- Investing in brand marketing and colour innovations can help challengers grow share.
- Offering eco-friendly paints and customer service value adds (e.g., customised colour matching) can attract premium segments.
- Expanding into industrial and protective coatings can diversify revenue beyond decorative paints.

Summary: Competitive Landscape in Tanzania's Paint Industry

Competitive Factor	Current Situation in Tanzania
Market Leaders	Strong regional players like Crown Paints, Kansai Plascon, Basco, etc.
Price competition	Significant, especially for local/imported budget brands
Market Growth Drivers	Construction demand, urbanisation, imports increase

Conclusion

The Paint Manufacturing project promises to not only meet the rising demand for high-quality paint products in Tanzania and the regional market but also contributes to local economic growth through direct and indirect job creation. The strategic marketing approach and robust financial planning position the company for sustainable growth amidst an evolving market landscape.

This business report serves to inform stakeholders about the viability and strategic direction of the project, ensuring alignment with best practices and market needs for future success.