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Smallholder SustainAbility
Upscaling Programme

project results

INTRODUCING VIRGIN COCONUT OIL TO THE LOCAL MARKET IN KENYA



Beneficiary organisation

KENTASTE Products Limited (KENTASTE) is Kenya's leading manufacturer of coconut-based products. It was founded in 2008 and is fully owned by Coconut Holdings. The company has focused on producing retail branded virgin coconut oil (VCO), coconut milk, coconut cream, desiccated coconut, and coconut flour. Sourcing coconuts from close to 3,500 smallholder farmers, out of which almost 2,000 are Fair for Life and organic certified, KENTASTE is the only major producer in the country.

The challenge

Following significant investments and a coconut supply shortage in 2022 due to poor weather, KENTASTE aims to break even by focusing on higher-margin products. The company seeks to bring its all-natural VCO to the Bottom of the Pyramid (BoP) market in sub-Saharan Africa. The BoP market represents the largest socioeconomic segment, consisting of individuals typically earning less than 2 to 5 euros per day. Although these consumers have limited individual purchasing power, their vast numbers create a significant untapped market opportunity. Currently, VCO is inaccessible to this demographic due to its high cost and large packaging, but the company plans to introduce small, affordable pouches (VCO sachets) to unlock this market's potential. By building a sustainable VCO value chain with stronger local market linkages, KENTASTE could enhance farmers' economic security and create a safety net through increased coconut supplies and better pricing.

The proposed solution

KENTASTE led the pilot and marketing phases of the new coconut product (VCO sachets) to stimulate demand for coconuts and strengthen the value chain. Based on consumer research carried out beforehand, the purpose was to refine the product (packaging, price point, positioning and branding) and raise awareness of the benefits of VCO among customers through a marketing campaign. The overall objective was to mitigate the risk of the new product launch and strengthen the safety net of smallholder farmers by increasing supplies of coconuts and offering better pricing opportunities after accessing a new market.

The expected outcomes of the project were:

- 1 The sale of the newly designed and marketed VCO product in **250 retail points**.
- 2 **5 to 10% of the total revenue** of KENTASTE is made from the above sales.
- 3 The increase in the number of coconut suppliers to **5,000 farmers**.
- 4 An increase of between **25% and 50%** of the price paid to farmers.



Market access



PRIORITY TOPICS

Food security
and improved nutrition



IMPACT INVESTOR

alterfin

BENEFICIARY ORGANISATION

KENTASTE Products Limited

Kenya

NUMBER OF FARMERS REACHED

2,508

AGRICULTURAL VALUE CHAIN

Coconut

START DATE

December 2022

END DATE

October 2024

TOTAL EXPENDITURE

€ 173,121

Including € 60,006 (35%)
financed by SSNUP



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c/o ADA asbl • 39, rue Glesener • L-1631 Luxembourg • +352 45 68 68 1 • ssnup@ADAimpact.lu • www.ssnup.org

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key results

During the project

1. Piloting phase



Sachet packaging designed

2,000 sachets circulated in 30 retail points for pilot

2. Production upgrade



Larger-scale production enabled

with purchase of a VCO sachet machine

3. Mass distribution



Go-to-market plan developed for launch

186,592 sachets produced and delivered to distributors, representing 3 tons of oil supplied

4. Activation and seeding



Market activation conducted

172,274 sachets sold to individual customers and through 82 retail points

SDGs supported by the project



1. No poverty

1.5 Building the resilience of vulnerable people

2. Zero hunger

2.3 Improving agricultural productivity and increasing smallholder farmers' income

8. Decent work and economic growth

8.3 Economic development, support to decent work creation and entrepreneurship

2,508 smallholder farmers supplying coconuts to KENTASTE for VCO sachets (end of 2024)



having sold a total of



50,380 coconuts
KES 17 per coconut

Between 2022 and 2024



+70%

KENTASTE supplier sourcing base from 3,349 to 5,678 smallholder farmers



x1.6

KENTASTE annual sales



lessons learnt

✓ Supply chain variability directly affects production costs and planning

Fluctuations in the availability of raw materials can significantly increase production costs and disrupt operations. Agricultural value chains are particularly sensitive to such variability and planning for supply uncertainty – including monitoring environmental conditions and securing reliable sourcing – is essential to maintain stable production and cost control.

✓ Equipment procurement and installation require built-in buffer time and flexibility

Large-scale equipment installations frequently encounter delays due to supplier timelines, unexpected technical adjustments, or the need for additional components. These challenges can extend project timelines and affect subsequent activities if not anticipated. For agricultural, food-processing, and other industrial projects, incorporating contingency time and flexibility into equipment procurement and deployment plans is necessary.

✓ Planning for production scale can create opportunities across the value chain

Increasing production and distribution of products, especially those targeted at BoP low-income consumers, can create ripple effects throughout the value chain. Higher production requires sourcing more raw materials from smallholder farmers, boosting their income and creating additional work opportunities. Retailers and shop owners benefit from new sales opportunities, while BoP consumers gain better access to affordable products.

Outlook

By the end of 2024, 95% of the produced VCO sachets were sold in 93 retailing points. **By 2026, the sachet business is set to move from pilot success to real scale.** Through 20 wholesalers serving 5,000 retail points, average sales of 25,000 units per day are targeted, translating into over 10 tons of VCO per month and representing 20% of total VCO production. Reaching this scale would require around 180,000 coconuts per month, and 500 additional smallholder farmer suppliers, positioning sachets as a meaningful driver of growth.

