

Malbros DAAWAT Rice

MARKET

Daawat has risen as a quality rice brand during a decade in which Kenyan society has seen the rise of a rapidly expanding and more demanding middle class, with greater consumer purchasing power.

Eating patterns have also been shifting. With the constant shadow of poor food security, and the cost of basic foods having risen by 37 percent in the last year alone, rice has been highlighted by the Food and Agriculture Organisation (FAO) for its relatively stable prices. It is critical where rice is the staple food for three billion people in Africa and Asia, the most vulnerable regions in the food equation.

In Kenya, rice consumption is growing sharply. Kenyans now consume some 300,000 tons of rice a year, with annual per capita consumption estimated at ten to 18 kg. The country's rice consumption is increasing at a rate of some 12 per cent a year compared with four percent for wheat and one percent for maize, with rice now expected to surpass wheat as the country's second most important grain food behind maize.

Kenya remains a net importer of rice, growing only 20 percent of its demand. This is in spite of its potential to produce enough rice for the region through irrigation. The deficit is imported from countries such as Pakistan, India, Thailand, Uganda and Tanzania. This import dependency has triggered sometimes high duties, of normally 75 percent. These however have now been cut to 35 percent in view of the current surge in basic food prices in a move that is likely to stimulate further

demand for rice in the coming year.

Against this market growth, Daawat's performance has been exceptional. In just a single decade, the brand has captured 19 percent of the formal market. In this, Daawat has competed against more established brands and also against the informal rice sector, which dominates the country. The informal sector accounts for 85 percent of total rice consumption in the country, while the formal sector, defined as branded, packaged rice, makes up 15 percent.

Daawat's sales volumes are now projected to double in the next five years, as the formal sector gains ground due to modern trade and enhanced consumer earnings. This is set to be further fuelled by the introduction of line extensions to the Daawat brand to cater for different consumer segments.

The Daawat brand, owned by Mjengo Ltd, currently has the highest brand equity in the organised rice category and has the highest brand recall among consumers. It comprises a differentiated product portfolio, which gives a wider choice to consumers. It is a registered and recognised trademark within East Africa.

ACHIEVEMENTS

Daawat rice has distinguished itself as a quality product, consistently selling Grade 1 rice, the best quality of rice. In the 2009-10 financial year, sales of the Daawat portfolio grew by 32 percent, which was the highest climb in the company's history.

Instrumental in Daawat's emerging market dominance has been in its packaging. Daawat was the first rice brand to be presented in coloured and

well-designed packaging, which has positioned the brand uniquely besides the low budget and often bland packaging of competitor brands, and given it a competitive advantage on display shelves. Mr Raj Malde, the Managing Director, spearheaded the move to offer high quality packaged rice at affordable prices by setting up a state-of-the-art packaging unit at Thika.

In Kenya, the brand has chalked up significant marketing achievements, such as the doubling of the sales volume of Daawat long grain in October 2009 through a consumer promotion offering the rice together with tomato ketchup, the first promotion of its kind in the East African market.

HISTORY

Daawat's brand was launched in the East African market in 2001 by Mjengo Ltd, which holds the sole rights to the Daawat brand in East Africa. Primarily the Kenyan market is fragmented, with the informal sector dominating the market.

The opening of Mjengo's Thika packaging plant for Daawat rice laid the foundation for a sustained and deliberate effort by the company to set new standards in the packaged rice sub-sector. Though the brand awareness was low at the time, a growth strategy to raise the visibility of the product was adopted and within a relatively short time, Daawat was a force to reckon with in all major retail outlets.

Continuous investment in the distribution infrastructure, advertising and market activation, coupled with the consistent quality of the product has been the secret behind the success of the





Daawat brand in Kenya.

In addition, better servicing of retailers through efficient supply chain management and strong category development yielded higher off-take, as did investment in consumer promotions, media & advertising, which together fuelled brand growth as well as higher top-of-mind recall.

THE PRODUCT

Daawat is marketed under the family brand “Malbros”, which represents a seal of quality. The transparent packaging allows consumer to see the quality grains, giving new customers the confidence to try the brand.

However, at the heart of Daawat’s growth has been product diversification, which has given room to Daawat capturing different segments of the market. The Daawat brand has five main types of rice spread across the four main segment namely Basmati, Non Pishori, Long grain and Brown rice.

In Basmati segment, Daawat Basmati is the market leader having 80 percent share of segment & highest brand recall among the consumers

Under Non Pishori segment which is 40 percent of the total organised market, Daawat Aromatic and Daawat Biryani has a reasonable share. These brands are targeted at the mid-tier customer in terms of pricing.

They also contribute a significant percentage of revenue to the business, with Daawat Basmati being a major contributor.

The long grain is considered to be at the bottom of the price pyramid. Daawat long grain captures significant share in its market segment and has the highest brand recall due to the value for money proposition.

The high-in-nutrition brown rice is targeted at health conscious individuals. Though Brown Rice being a niche segment, Daawat Brown Rice is growing at a steady pace and gives high health satisfaction. It is rich in manganese, vitamins and iron and high on fibre compared to white rice. The oil in whole brown rice reduces cholesterol and Daawat is now positioned as one of the few brands offering whole brown rice.

In larger format retailers, the Daawat brand now has the highest brand recall of all rice brands. The brand’s range also gives a better choice to shoppers in balancing price versus quality.

RECENT DEVELOPMENTS

Through its multiple brand strategy, Daawat has moved into rapid take-off. In addition, Mjengo Ltd has set up a state-of-the-art manufacturing plant for biscuits. Its biscuit brand, “NuVita”, today

boasts approximately 19 percent market share in Kenya and is set to expand its distribution to the whole region. At present NuVita caters for the Shortcake, Milk, Glucose and Ginger segments through sub-brands Sunbix, Vitamilk, Bravo-G and Ginger respectively.

PROMOTION

The Daawat Brand has run more than 1,000 spots on television and radio stations. It has a significant presence in outdoor media, as well as in Africa Woman Magazine and the retail in-store magazine Modern Trade.

The Daawat brand is also now associated strongly with the Mother’s Day celebration, a week-long event in the month of May each year. The event includes interaction with shoppers, sampling, and special offers for mothers at retail store level. The event is supported by a musical show and the company ensures there is adequate visibility through advertising on TV and radio to highlight the essence of Mother’s Day.

Daawat also features prominently at the ASK show, a prestigious 7-day event and at the 7-day Oshwal Trade Exhibition. These events have given us extra mileage on brand visibility through branded tents, stands, banners, header cards, shelf cards, wobblers and leaflets. The Event conveyed an effective brand communication on the benefits, assortment and pricing platform to consumers.

The Brand’s USP – “Transforms every meal into a feast” - has the highest top of mind recall among consumers as it manifests its meaning.

BRAND VALUES

Daawat has endeavoured to build the brand as a wide choice product and sell the notion of a complete food package by encouraging complementary foods that accompany rice. This has had a positive impact on brand satisfaction on both the benefit and affordability scores.

The brand has carved out a reputation of quality, consistency, reliability, trustworthiness and affordability. It is also gaining reputation for satisfying the cooking needs at every occasion across diverse social strata. Satisfaction, in terms of value for money and culinary quality, continues to be a constant goal for Daawat.

Malbros Daawat represents the seal of “Quality”. The raw materials are chosen from the finest paddy fields after rigorous quality checks.

Fumigation, Sifting, and other production procedural methods are adopted to keep the product fresh. There is compliance of hygiene and maintenance of safety tools at the highest level on the production floor.

THINGS YOU DIDN'T KNOW ABOUT DAAWAT

- Daawat is an Urdu word which means “Invitation to a Feast”
- Daawat Basmati Rice has been instrumental in shaping and boosting the Basmati segment, which now has a 19 per cent category share against a one percent category share in 2001
- Daawat is marketed under the family brand “Malbros”, which represents a seal of quality. The transparent packaging allows consumer to see the quality grains, giving new customers the confidence to try the brand
- The Daawat brand, owned by Mjengo Ltd, currently has the highest brand equity in the organised rice category and has the highest brand recall among consumers