



## SONYSUGAR

### THE MARKET

Over the past five years SonySugar has evolved into the symbol of sweetness in sugar in the local market. In a consumer survey conducted in October/November 2009, consumers easily resonated with the brand's sweetness proposition.

Being a basic consumer product, the bigger segment of the population in the lower socio-economic strata has found SonySugar effective in providing added value per shilling spent. SonySugar is packed in both bulk format and 25/24kg shipper bales of 5kg, 2kg, 1kg, 500 gms and 250 gms.

The target group for SonySugar is broad, comprising males and females aged 20 years and above; high and low income earners, both urban and rural. The market is mainly segmented by size of consumer pack and type of sugar. The large consumer pack sizes of 5kg and 2kg are targeted at the upper and middle income group, whereas the smaller consumer packs of 1kg, 500 gms and 250 gms are targeted at the lower income group.

In terms of market segment sales, the two sectors have an equal share of market penetration. However the smallest pack size – the 6 gram sachet – is mainly a hotel, restaurant and institution pack where convenience, hygiene and individual pack integrity is demanded. It also appeals to airlines, hospitals and hotels.

SonySugar is packed for Kenya Airways in-flight use and Nairobi Hospital for in-patient use. The type of sugar - white or brown - is segmented by geographical considerations and usage. SonySugar White is generally chosen for table use, whereas SonySugar Brown has established a loyal customer base in the rural areas and in certain geographical zones in Rift Valley and Southwestern regions.

The brand has experienced tremendous growth in the branded pack variant market, growing from three percent to 11 percent in the last three years. Company turnover including sales of bulk sugar in 50kg and 25kg pack format has also grown significantly in the past two years, exceeding the Kshs four billion mark for the first time in financial year 2009/10.

### ACHIEVEMENTS

The brand has made significant

achievements in the sugar market and was the first to launch a local miller sachet pack variant in year 2004. Prior to that, sugar sachets were only packed by commodity middlemen. The successful launch of SonySugar six gram sachets was boosted by orders from Kenya Airways for in-flight use and Nairobi Hospital for in-patient use. These are respected institutions in the country who demand top quality products, thus affirming the high quality standards of SonySugar sachets.

The brand communication has so far been rated the most interesting in the local sugar industry. The first serious brand communication

was the sugar mouth mnemonic launched in year 2002, which in that year was used as a case study of a simple effective advertising by University of Nairobi undergraduate marketing students.

In 2009 once again the new campaign was picked by United States International University marketing students as a third year communication case study. The new advertising spot dubbed "My Sweety" was rated in January 2010 as the most interesting brand commercial by independent media analysts. Young consumers have often been overheard using SonySugar in place of the words "my sweety" in conversation.

On the corporate front, the company achieved ISO 9001:2008 certification in July 2009 and the Diamond Mark of Quality in April 2010, demonstrating its commitment to international and national standards in its continual improvement of products and in service delivery. In its quality policy statement, the company commits to provide quality products and services that meet and exceed customer requirements and expectations through continual improvement of the Quality Management System.

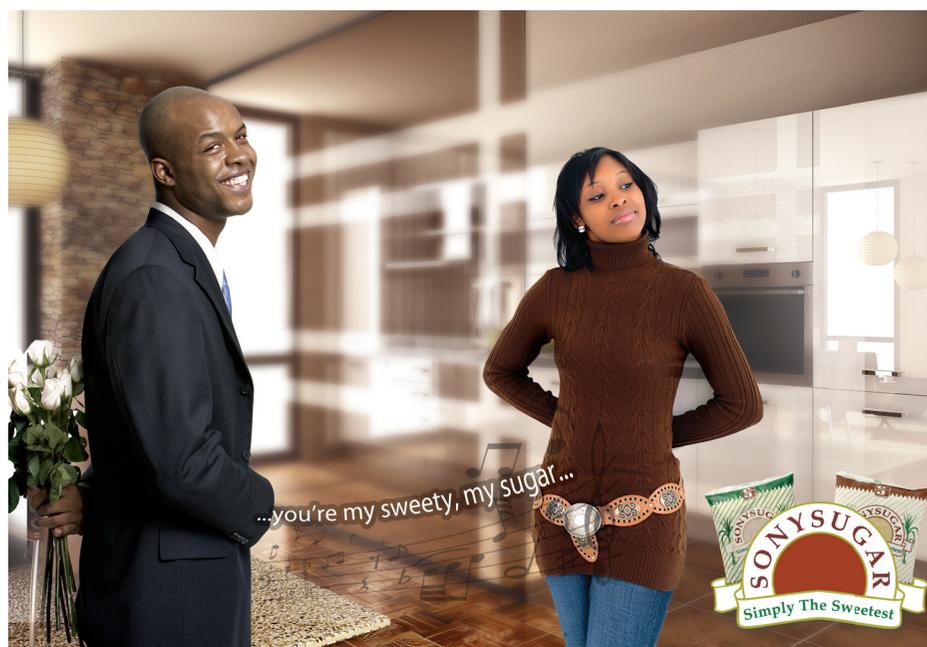
### HISTORY

SonySugar brand is owned by South Nyanza Sugar Company Limited, a Kenyan company established in 1976 under the State Corporations Act as a key government strategy to increase national sugar production, reduce dependence on sugar imports, create employment opportunities and enhance regional development in the Southwestern part of Kenya.

The company is a key player in the sugar sub-sector and serves more than 25,000 farmers in an

expansive area covering eight districts. The Southwestern part of Kenya is endowed with ideal soils and climate for sugarcane growing, contributing to the distinctive sweetness of SonySugar. The Company owns close to 14 percent of the area under cane while out-grower farmers contribute 86 percent, making South Nyanza Sugar Company a major source of economic empowerment in the region.

The company was established at a time when marketing and distribution of all sugar produced in Kenya was done through a Government institution,



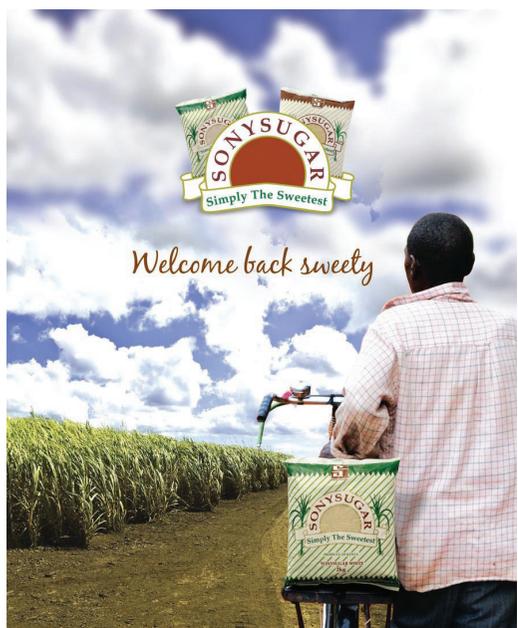


Kenya National Trading Corporation (KNTC). In 1995 when KNTC was dismantled and sugar factories had to develop markets for their produce, SonySugar was the first miller brand to hit the market through direct sales to wholesalers.

From inception of the company to the year 2001, sugar was basically a commodity sold in bulk format in 100kg and 50kg bags. At the retail level, sugar was re-packed in non-branded brown paper or polythene packets of various sizes by the shop owner. Consumers were consequently excluded from making a brand choice.

Branded SonySugar was first introduced in July 2001 at a trade fair in Kisumu City, and in October 2002 a more extensive brand launch complemented by pack re-design and a print and radio campaign followed. In July 2004, the six gram sachet was launched, targeting the hospitality, airline and health industries. The brown sugar variant was launched in December 2008 accompanied by a new advertising campaign referred to as “My Sweety”, which uses the nostalgic seventies track by Bunny Mac.

The brand has grown considerably since its first launch of a few packets sold within the immediate environs of the factory, to become a major seller. The company has continually



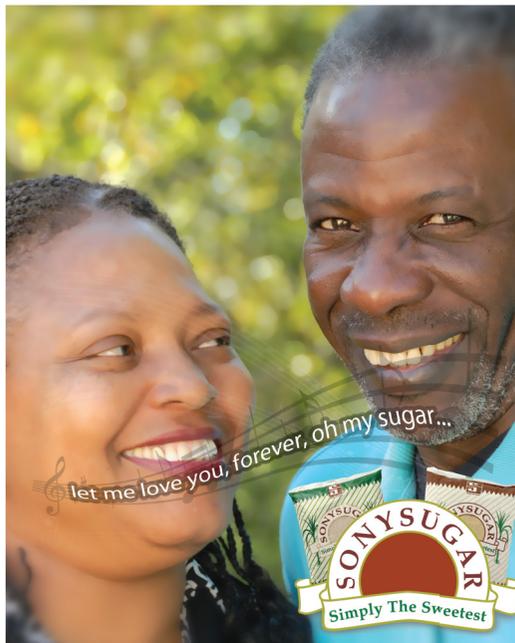
invested in packing technology to meet the high consumer demand and 40 percent of sugar packed is branded.

### THE PRODUCT

SonySugar is a unique granular sugar made from clean, fresh, mature cane, cut from the lush cane growing belt in Southwestern region of Kenya. The rich soils in this pleasantly green, scenic region contain nutrients that contribute to the distinctive sweetness of SonySugar.

SonySugar offers two choices to the consumer. The irresistible SonySugar White with an appetising aroma is tastefully packed and stands out on the shelf. SonySugar Brown has added nutritional value as a result of minerals derived from residual molasses content. The presence of trace molasses gives SonySugar Brown its distinctive colour and sweetness.

SonySugar is packed in consumer packs ranging from 5kg, 2kg, 1kg, 500 gms, 250 gms, to 6gm sachets.



### RECENT DEVELOPMENTS

Recent retail trends have seen the growth in consumer traffic into supermarkets and hypermarkets, and the key strategy for SonySugar is to grow its share of shelf in these major retail points.

This has been the underlying reason for the consistent marketing spend behind the brand which, coupled with a factory optimisation strategy, should see the SonySugar share of market in the branded consumer pack segment increase to 15 percent.

In its endeavor to develop partnership with its customers, the company opened a regional sales office in Kisumu City in November 2009. The office plays a significant role in closing gaps in distribution and ensuring that the brand is consistently available on retail shelves.

The company has launched its strategic plan 2009-2014 with a major focus of growth and diversification through a diversified product base to build new revenue streams. The new products are envisaged in power co-generation and value addition through use of by-products molasses and bagasse.

### PROMOTION

SonySugar has stood out in the sugar market as the brand with unique advertising campaign. The current advertising campaign developed in 2008 is on its second development phase. The popular soul track “You are my sweetie, my sugar, my baby, my lover...” has struck a nostalgic note with the older target group yet remained exciting for younger consumers who continue to enjoy soul music of the 1970s. The brand slogan “Simply The Sweetest” is true to the brand, as SonySugar is known in the market for its distinctive sweetness and delivers on the brand promise of sweetness.

The brand is advertised across all media - television, radio, daily newspapers, billboards, vehicle fleets and shop wall branding and in-store on electronic sets. SonySugar has sponsored segments on time check and up-coming soaps and movies on TV. On radio the jingle has been interspersed with lingala re-mix to increase its impact.

In June 2010, the brand sponsored the popular “The Cake Festival 2010” at the Splash Waterworld in Nairobi. This was a charity event hosted by Edumed Trust to raise funds for education and health initiatives for students from underprivileged families.

### BRAND VALUES

SonySugar brand values are quality, aspiration, value and integrity. It is perceived as a brand that delivers on its sweetness promise. A survey conducted in October/November 2009 indicates that it is the brand that is most associated with distinctive sweetness. SonySugar’s personality is:

- Confident
- Loveable
- Charming
- Authentically Kenyan

The brand logo - two stalks of healthy sugarcane joined by a gold ribbon - conveys its rich distinctive quality, a key commitment of the brand. The brand colours of gold, chocolate and green are appetising and make SonySugar an easy pick from the shelf.

The company has implemented a stringent system of quality checks right from receiving of cane, through the entire milling process and packing to ensure that each pack of sugar reaching the final consumer is consistent in all aspects of quality – sugar colour, size of sugar crystals, moisture content and pack integrity.

### THINGS YOU DIDN'T KNOW ABOUT SONY SUGAR

- SonySugar is 100% Kenyan and has no relation to Sony Electronics
- SonySugar was the first locally made sugar to be launched in sachets
- SonySugar is served on Kenya Airways international flights
- “SonySugar Simply The Sweetest™” is a registered trademark