

Malbros DAAWAT Rice

MARKET

The Kenyan rice market gets its boost by the rapidly expanding and more demanding middle class. With more disposable income, the middle class are more discerning than ever before. Daawat Rice offers the middle class quality rice products and variety that they yearn.

Eating patterns have also been shifting. 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 eighteen kg. The country's rice consumption is increasing at a rate of some 12% a year compared with 4% for wheat and 1% 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% 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 up to 75%. These however have now been cut to 35% 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.

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.

Daawat's performance has been exceptional. In just a single decade the brand has captured 23% of the formal market with an annual turnover of some

2.4 Billion KSH. 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% of total rice consumption in the country, while the formal sector, defined as branded, packaged rice, makes up 15%.

Daawat's sales volumes are 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 main products under the umbrella of the Daawat brand are Daawat Basmati, Long grain, Aromatic, Biryani, Brown and Parboiled. The main customers are female, aged between 24 years and 40 years, living in both urban and peri-urban areas of Kenya. They have very strong family values and they pride themselves with cooking good food for their families and friends.

ACHIEVEMENTS

Daawat Rice has carved itself the image of a quality, respected and trusted product. The brand is only available in grade 1 rice, the best quality of rice. It is this consistency that has seen it maintain its premium image in the consumers' minds. In the last financial year sales of the Daawat portfolio grew by 32%, which was the highest climb in the company's history.

Instrumental in Daawat's emerging market dominance has been its packaging. Daawat was the first rice

brand to be presented in coloured and well-designed packaging, which has positioned the brand above the often dull competitor brands, making it stand out on the 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.

Daawat is the first, and only, brand in its category to achieve Superbrand status.

Daawat was also the first to create awareness on Basmati Rice in the market and taking the category to its heights.

HISTORY

Daawat has grown from modest beginnings to become East Africa's most recognisable rice brand. It 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 rice 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 subsector.

To fully understand the story behind this resilient brand, one must first appreciate the unlikely origins of its parent company. Mjengo Limited. Tucked away in the industrial town of Thika, Mjengo Limited was established in 1991 as a wholesaler of building materials. Soon after its Managing Director, Mr Raj Malde, a second generation entrepreneur with a keen eye for profitable ventures, saw the need to expand the business. In 2001 the company restructured its business plan. Focus was now to develop and distribute its own products.

Daawat rice became Mjengo's flagship brand.



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 and advertising, which together fuelled brand growth as well as afforded it a higher top-of-mind recall.

PRODUCT

Daawat is marketed under the family brand "Malbros", which represents a seal of quality. The transparent packaging allows consumers 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 three main segments, namely Basmati, Long grain and Brown rice.

In the Basmati segment, Daawat Basmati is the market leader having 80% share of segment and the highest brand recall among consumers. Daawat Aromatic and Daawat Biryani have 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 in 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

The introduction of new products is at the heart of the Daawat brand and recently they launched a new product Parboiled rice which has already created a significant stir of excitement amongst consumers.

PROMOTION

Daawat uses a variety of media to reach its end users. Amongst these are - Print Media and Broadcast Media. Daawat's advertising has made its slogan - Transforms every meal into a feast – into a household saying.



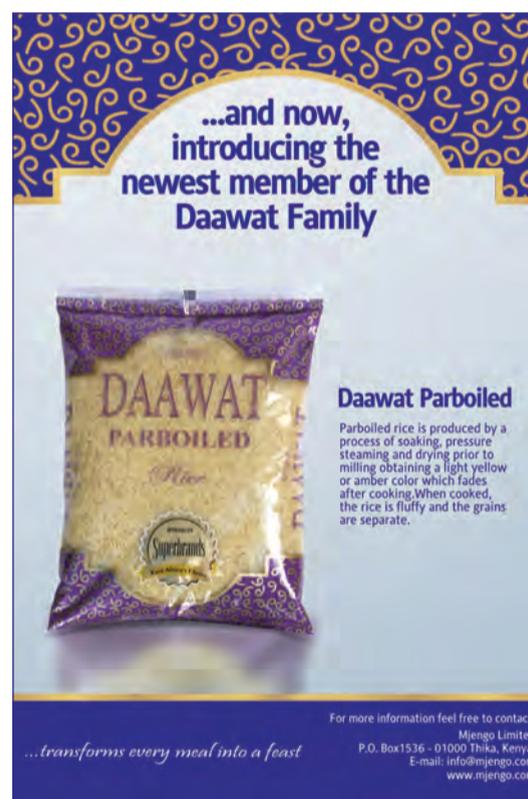
Daawat also uses Social Media platforms and there is a Facebook page that promotes the brand by an interactive approach with the audience. They also have a website and microsite which promotes the brand as well.

BRAND VALUES

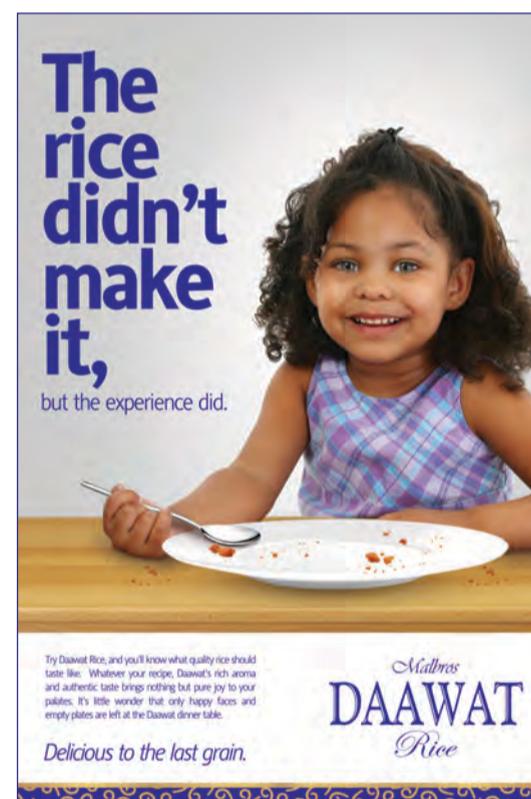
Daawat has endeavoured to build the brand

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.

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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 for quality, consistency, reliability, trustworthiness and affordability. It is also gaining a 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. The raw materials are chosen from the finest paddy fields after rigorous quality checks. Fumigation, sifting, and other production procedural methods



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% category share against a 1% category share in 2001.

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Superbrands