



**MARKET**

Potato chips are one of the top categories in Egypt's macro-snack market, as proved by a recent retail audit. Macro-snacks include salty snacks such as potato chips and extruded corn products, as well as biscuits, chocolates, candy, chewing gum and cakes. The potato chip category also has the highest penetration of the salty snack segment, at over 80%.

Chipsy enjoys 99% brand awareness and has the highest frequency of consumption among any macro-snack brand. The brand itself has gone from strength to strength and the Chipsy name has become synonymous with success in the market sector. An industry pioneer, Chipsy for Food Industries was formed in the 1980s and has been steadily growing ever since. The brand rapidly became the market leader and still maintains its leading position, and in 2003 reached a new milestone in sales with the highest number of cases ever sold in Egypt in a single year.

The value of the potato chip market has escalated rapidly since the beginning of the millennium and continues to grow, driven by Chipsy for Food Industries' continuous development and constant dedication to consumer satisfaction.

**ACHIEVEMENTS**

Chipsy for Food Industries is the clear leader in the potato chips category and drives the majority of the growth in the market. To meet escalating demand for Chipsy products, production lines have witnessed significant growth. In addition to the original factory, two factories which have been built in Sixth of October City and Assiut apply the most modern technology in the industry. Chipsy for Food Industries employs approximately 2,000 employees in three active plants and 30 branches.

In a step toward vertical integration, and to ensure the highest quality of its raw materials, Chipsy started growing its own potatoes in 1992 on dedicated farms in El-Salhyia, Noubaria and Assiut. Today Chipsy is the only salty snacks company in Egypt, and one of the few in the world, that grows its own potatoes.

**HISTORY**

Chipsy is a prime example of an Egyptian success story. The first potato chip brand in Egypt, it began in 1982 with one small factory in Abu



Sier, west of Cairo, and has grown to become the biggest brand in the macro-snack market.

The Chipsy brand originated when four former military officers and two businessmen formed the first local company to produce potato chips, Egypt Trade. As the first industrial potato chip company, Egypt Trade ensured that its product was distributed nationwide, with the crispy snacks, now branded as Chipsy, becoming so popular that "Chipsy" became the nation's generic term for potato chips.

In the 1990s Egypt Trade added the Crunchy brand to its product lineup. Crunchy was a crinkle cut potato chip which was also produced in its Abu Sier facility. A second company, Misr for Food Industries, was formed at that time to concentrate on producing the Chipsy brand.

In October 1998 extraordinary general assemblies of the two companies merged them into one umbrella company - Chipsy for Food Industries. Three years later, in 2001, Chipsy for Food Industries merged with Tasty Foods Egypt, a leading private sector snack food company. Today, Chipsy for Food Industries is fully owned and operating under the management of PepsiCo, a \$28 billion multinational firm with subsidiaries such as Frito-Lay, Pepsi-Cola, Gatorade, Tropicana, Quaker Foods, and Aqua Fina.

Under PepsiCo's management the company has experienced major upgrades in all areas of its business and major product quality

improvements across the portfolio through the implementation of international best practices and a continual striving to keep the brand on the top of its market segment. In addition, the distribution network has been expanded through the addition of a large fleet of trucks and consumer-based innovations have been implemented in all three categories of local PepsiCo operations: potato chips, extruded products and wafer biscuits.

**PRODUCT**

Chipsy's single-serve and family-serve products are available in an array of flavours catering to a wide variety of consumer tastes. Those tastes are identified based on extensive marketing research showing consumer preferences and trends. Currently, seven flavors, including salt, tomato, and chicken, kebab, cheese, chili and lemon and oregano, are enjoyed by consumers of all ages.

From the type of potatoes used in production right through to packaging materials and design, all aspects of the production cycle are carefully studied to ensure high quality and continuous development. Local and international experts supervise production and ensure that the highest international quality measures are applied. As a result of this expertise, Chipsy for Food Industries holds the ISO 9001/2000 certificate for quality and management efficiency.

Chipsy for Food Industries has not limited itself to the single brand, Chipsy, in the potato chips market but has a line of other local and international brands that are greatly valued by Egyptian consumers. These brands include Lays, the classic leading international brand, and Crunchy, the ridged potato chip brand especially favoured by children.

Al-Abtal is another Chipsy for Food Industries brand that has quickly captured the imagination of consumers. Al-Abtal has rapidly attained the leading market position in the extruded



corn snack category that accounts for 50% of salty snacks market. It comes in four flavors: pepper and lemon, pizza, cheese, and tomato. The brand's popularity has been built on a successful cartoon episode featuring action heroes such as Batman, Superman and Lets & Go. It targets children aged ten to twelve, who are fascinated by adventures and heroic characters.

In addition to being the major player in the salty snack market, Chipsy for Food Industries also has a strong presence in the sweet snacks market with Samba, a wafer biscuit. Samba is among the top three national brands in the wafer biscuits category, and includes a wide variety of high quality products including chocolate and vanilla cream filled wafers and chocolate-coated wafers.

## RECENT DEVELOPMENTS

The continuous development and progress taking place in all departments of Chipsy for Food Industries is based on well-designed plans. These plans are a result of coordination and combined teamwork across all parts of the business.

In 2003 Chipsy for Food Industries completely revitalized its portfolio, offering new propositions to consumers to meet growing demand and introducing new flavours along with a new and innovative packaging.

In 2004 Chipsy for Food Industries took the snack market by storm with Chipsy Action, a new line catering to teenagers and young adults. Chipsy Action is a ridged chip with thick cut potatoes which satisfies consumer demand for a stronger crunch and more pronounced potato taste. Chipsy Action comes in three modern and innovative flavors -- fajita, margarita and twist -- and in an ideal size for its target audience. Chipsy Action packs are 75% larger than Chipsy to cater the needs of teens and young adults moving lifestyles. Chipsy Action also taps into this market segment's habits and fast-paced lifestyle with contemporary packaging design that has bolstered its image.

In line with its celebrity endorsement strategy to bring consumers closer to their favorite stars, in 2004 Chipsy signed Egypt's top footballers to be spokespersons for the flagship brand. Football is the nation's most popular sport, drawing the



attention and admiration of millions of Egyptians of all ages. Representing the next generation in Egyptian sports, Chipsy stars for 2004 include Ahmed Bilal, Hossam Ghaly, Ahmed Hassan, Tarek El-Saeid, Hany Saeid and Tarek El-Said. Also in 2004, Chipsy has signed Egypt's leading movie star Ahmad El Sakka as a brand representative and spokesperson. Ahmed El Sakka is the number one action movie star in Egypt whose latest movie was a hit in the Egyptian Box office.

## PROMOTION

In the rapid pace of today's world more and more brands are vying for consumers' attention, and not just via traditional media channels. This means that it is vital to ensure that a consumer's attention is captured rapidly and exclusively so that the consumer is focused on your brand and its qualities, engaging all the elements of the marketing mix working synergistically in order to maximise the impact of the message.

Chipsy for Food Industries has always been keen to design promotional campaigns which both stimulate and motivate its target audiences. Consumers of all ages enjoy Chipsy's instant win promotion, where Egyptian pounds of varied amounts are randomly distributed inside potato chip bags. Setting an example of fair play, Chipsy has always evenly distributed such monetary prizes and has registered the exact values and amounts of money distributed with the Ministry of Social Affairs.

When targeting children, Chipsy tries to build in educational components to its promotions. Instant win opportunities with computers as grand prizes are designed to increase children's knowledge and familiarity with technology. As well, in pack premium promotions provide children with a game where individually bagged pieces combine to form shapes, encouraging

creativity and at the same time building sales. As always, free trading cards featuring popular international cartoon characters are a firm favourite promotional item.

## BRAND VALUES

A national icon, Chipsy has reigned as the leading macro-snack food champion for more than twenty years. Whether munched alone from the bag or served as an accompaniment to meals, Chipsy potato chips and corn snacks are universally popular. The diversity of flavours and affordability has made Chipsy products the preferred brand for Egyptians of all ages.

[www.fritolay.com](http://www.fritolay.com)



## Things you didn't know about Chipsy

The first celebrity to star in a Chipsy advertisement was actor Hesham Selim in 1998.

Chili and Lemon is the most flavour favoured by Egyptian consumers.

