



ナガラヤ™ NAGARAYA® BRAND

THE MARKET

For office workers at break time or even at their desks while working, school children at recess or during after-school activities, the man and woman on the street and household members during merienda time, snacking activity occurs on a mass scale and is an integral – in fact, indispensable – part of daily life in the Philippines.

This phenomenon is responsible for the proliferation and availability of an extremely wide selection of snack foods. From confectioneries, to chips, to biscuits and cookies, and on to peanuts – the dazzling array of snack foods available in the country is virtually unlimited.

The robust yet extremely competitive state of the snack food market in the Philippines today is evident whenever anyone enters supermarkets, hypermarkets, convenience store outlets, mom-and-pop grocery stores, gasoline stations, movie houses, school canteens and *sari-sari* stores. The shelves of these retail outlets can hardly accommodate the seemingly countless varieties of snack food choices vying for consumers' attention and preferences simply because Filipinos have an acute fondness and affinity for them.

Given the aforementioned experience, it can be observed that a significant segment of the snack

food market clearly belongs to the popular peanut variety and the range of tasty snacks it presents. Whether made salted with garlic, or combined with different food bases such as flour, corn, potato and other ingredients, peanuts are available in virtually limitless flavors and portioned sizes. Peanuts as a snack or for parties can be classified into – first, the traditionally prepared types such as *adobong mani* (peanuts roasted in oil & garlic) and *nilagang mani* (boiled peanuts) – second, the less greasy types (also uncoated) – and third, the coated/cracker types, covered with a cracker coating whose outer textures range from crispy to a crunchy bite.

Coated/cracker peanuts are primarily branded and are prominently displayed in most retail outlets with food sections. It is to this category that Nagaraya Cracker Nuts – proudly made in the Philippines

by Food Industries, Inc. (FII) – dominates. Nagaraya Cracker Nuts breaks rank with rival brands in terms of the quality of its select peanuts, crunchy coating and irresistible flavors. Not to mention, Nagaraya was the pioneer cracker nut brand in the country.

Another significant segment in the snack food market is comprised of biscuits, crackers and cookies. All made from common base ingredients like wheat flour and leavening, there are a wide variety of types to choose from and in infinite shapes, sizes and tastes. Nagaraya is also present in this segment and breaks the mold by offering a unique type of biscuit snack – the stick-type pretzel. Nagaraya's Sweet-Mini Pretzels address a market segment

where two qualities merge to meet existing Filipino snacking preferences as well – biscuit-type snacks and sweet-tasting flavors. Nagaraya Sweet-Mini Pretzels enjoy parallel success with its cracker nut counterpart, giving FII enhanced breadth in the variety of products it has to offer to Filipino snack food consumers.

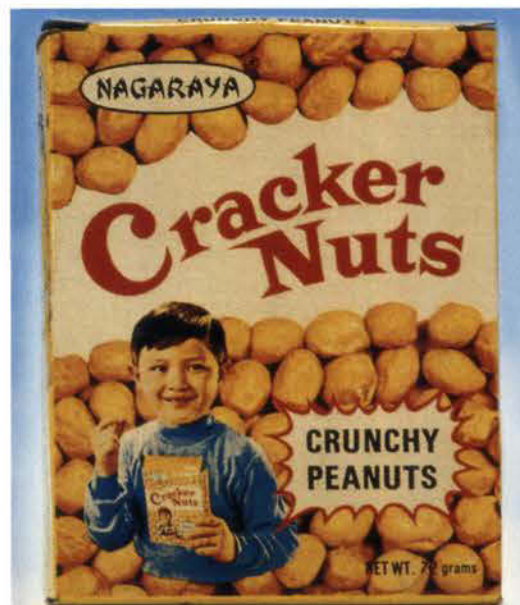
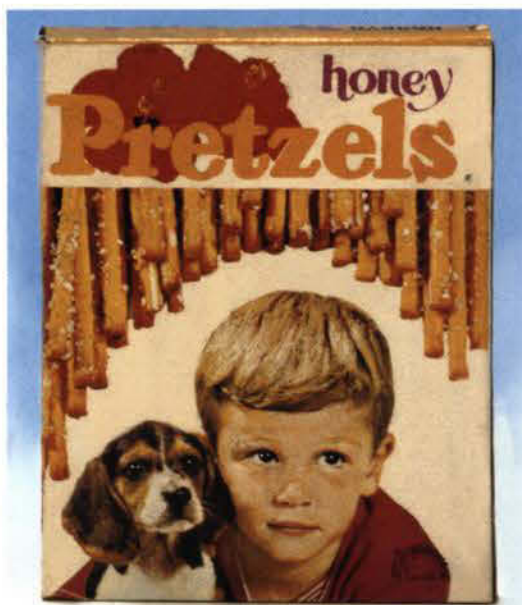


HISTORY

Back in 1968, Nagaraya Cracker Nuts and Kabaya Pretzels were introduced in the Philippines by a small, enterprising company named Instant Superfoods Manufacturing Corporation (ISMC). At the time, both products were considered pioneers in an emerging Philippine snack food market. The Nagaraya name was adopted from the Japanese technology partner of ISMC for the cracker nut line. Kabaya Pretzels, on the other hand, were produced under license from Kabaya Foods Corporation, a leading Japanese confectioner. Nagaraya Cracker Nuts originally came and were sold in one flavor, Butter – while Kabaya Pretzels were offered in two flavors, Butter and Sugar-coated.

In 1978, FII acquired these products and brands from ISMC. Shortly thereafter, FII discontinued the use of the Kabaya brand and marketed the pretzels using its own Sweet-Mini brand.

Over the years, efforts have been attempted by companies – big and small – to replicate these original products from FII. However, Nagaraya's loyal consumer base and consistent unmatched quality always distinguishes it from would-be imitators.



THE PRODUCT

Both products are Japanese in origin and offer a unique and wholesome eating experience – what can be called the “Nagaraya” experience. Nagaraya Cracker Nuts are coated cracker peanuts with that unique crunch. Nagaraya Sweet-Mini Pretzels are biscuit sticks that have an equally unique snappy bite.

Careful efforts have been made by FII to adapt the products to suit Filipino taste preferences. Nagaraya Cracker Nuts are currently available in five savory flavors – Original (Butter), Adobo, Barbecue, Garlic and Hot & Spicy – while Nagaraya Sweet-Mini Pretzels attract sweet-toothed consumers with its Sugar-coated and Chocolate-coated variants.

Over the years, the packaging also evolved – from handy carton packs of the early years to the modern shelf-stable and flexible-type packaging – to continually ensure product freshness and affordability. The products are made available in various sizes: 10-grams, 20-grams, 25-grams, 40-grams, 80-grams and 160-grams to suit various eating occasions and continued affordability and value to a wide market spectrum.

Nagaraya products are hugely popular and widely distributed throughout the country. They are found in supermarkets, hypermarts, convenience store outlets, mom-and-pop grocery stores, gasoline stations, movie houses, school canteens and *sari-sari* stores, among others.

The products have also made their way overseas and are usually found in Filipino or Asian grocery outlets in numerous foreign countries. This is a true indication that – here or abroad – Nagaraya products are an inextricable part of the Filipino’s snack basket.

RECENT DEVELOPMENTS

The advent of the new millennium spawned operational and strategic marketing changes by FII, proven to be astutely in line with the new times. In the year 2001, both products were consolidated under the Nagaraya brand franchise. A new Nagaraya brand logo and a more contemporary, updated packaging for both

products were introduced to reflect the change.

PROMOTION

Advertising is utilized by the company to continuously remind loyal patrons – as well as entice new consumers – of the unique qualities, product characteristics, and outstanding value-for-money of Nagaraya products.



The year 1991 marked a milestone for the brand with its first major TV advertising campaign for the cracker nut line. The theme “Go Nuts With The Crunch” was so successful that it ran all the way to the year 2000, contributing to healthy growth for FII during the period.

After both products were consolidated under the Nagaraya brand franchise in 2001, a new and equally catchy slogan was adopted – “*Sarap Pagtripan*” – which in English translates to “Great Taste to Trip On”. The new slogan expresses the common goodness of both products, their wide-ranging suitability to various occasions, and the brand’s youth appeal. Along with this, Nagaraya also established its presence on the Internet by putting up its website (<http://www.nagaraya.net>).

BRAND VALUES

The growth and success of the Nagaraya brand from its humble origins nearly 40 years ago speak volumes about the manner in which consumers

have and continue to be enamored with the wholesome goodness, superior quality and tastiness of all its products. Though youthful in its appeal, Nagaraya products reach across a broad market spectrum. It is in this precise regard that the Nagaraya products are indelibly impressed in loyal consumers’ hearts.

Moreover, the Nagaraya name was able to firmly establish itself with its core product (cracker nuts) and the move by FII to branch out – that is, consolidating the pretzel line into Nagaraya’s product range – can be considered bold and gutsy. However, the company was confident that such a move was complementary and would not compromise Nagaraya’s brand values and consumer equity. Rather, it would ensure a solid path for the brand’s continued progress. In fact, it can be confidently said that apart from the intrinsic quality of Nagaraya Sweet-Mini Pretzels – which from the onset endeared itself to the Filipino consumer – an inherent boost towards the success of Nagaraya’s pretzel line was buttressed, if not significantly accelerated, by carrying the Nagaraya badge.

In conclusion, the relevance of the brand promise based on its existing track record and the respective product strengths of the individual products have been, are, and will continue to be key ingredients in the success of Nagaraya products – irrefutable marks of a true Superbrand.

THINGS YOU DIDN'T KNOW ABOUT NAGARAYA

- Nagaraya means “house of eternal goodness” in Japanese and for a brief period, Sweet-Mini Pretzels were marketed by FII under the House Of Goodies brand umbrella.
- Both products are healthy snacks – Nagaraya Cracker Nuts are dry roasted, while Nagaraya Sweet-Mini Pretzels are baked.