

PROJECT ICECREAM
 CREATIVE AGENCY PITCH
 18 TH MARCH 2008
 TO: INTERFLOW
 FROM: ENGRO FOODS LTD.

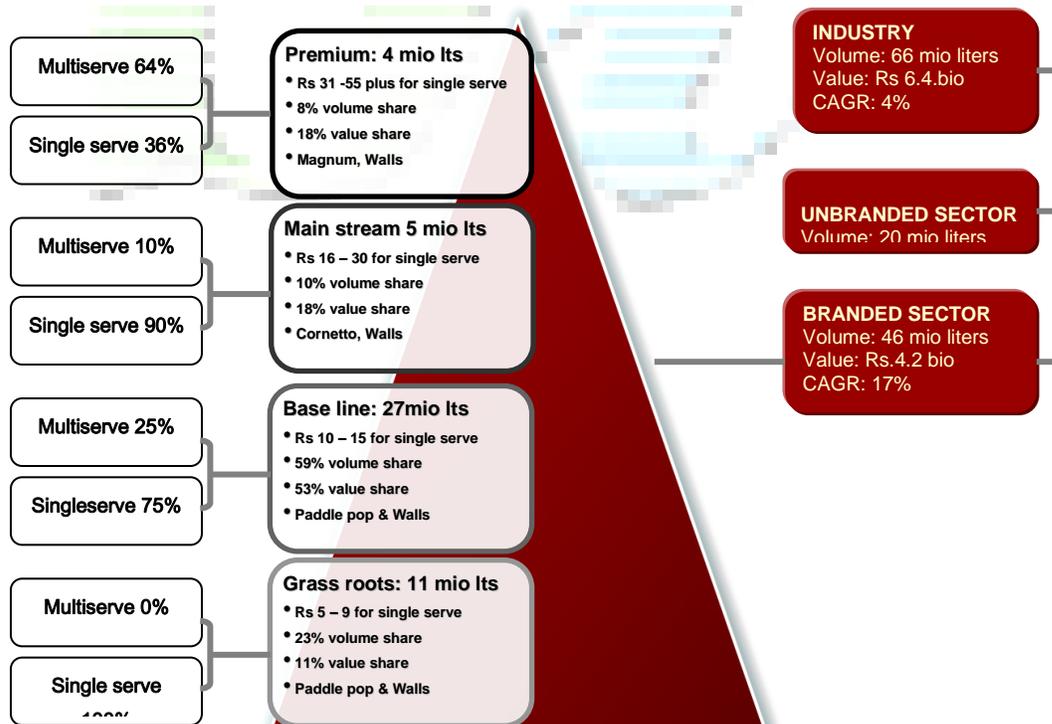
BACKGROUND

Engro Foods Ltd. is a wholly owned subsidiary of the Engro Group. It came into being in 2005 as part of the diversification strategy of the parent company. Since then it has successfully launched four brands in its dairy SBU namely Olper's Milk Olper's Cream, Olwell and Tarang. Engro Foods now plans to expand its business and venture into ice cream. This market is attractive because of its potential growth, absence of a second major player, growing younger population and increasing demand for impulse products.

OVERVIEW

In 2007 the ice cream market stood at 67 million liters, worth Rs.7 billion and growing at a CAGR of 4%. Of this approximately 46 million liters was sold as branded ice cream, with a faster CAGR of 17%. In Pakistan frozen desserts (vegetable oil based) ice cream is most common, with pockets of dairy based ice cream. Primarily being an impulse product the ice cream consumer is wide spread, although the current relatively low per capita consumption can be subjected to constraints like affordability and product availability (inadequate cold chain), it has immense potential for growth.

THE INDUSTRY



New segment definitions

	Grass roots	Base line	Main stream	Premium
Single serve	Rs 5 - 9	Rs 10 - 15	Rs 16 - 30	Rs 31 - 55
MS half		Rs 51 - 60	Rs 61 - 80	Rs 81 - 125
MS full		Rs 90 - 119	Rs 120 - 139	Rs 140 - 250
MS 2		Rs 150 - 199	Rs 200 - 299	Rs 300 - 399
Bulk		Rs 600 - 700	Rs 701 - 900	Rs 901 - 1100

THE MAJOR PLAYERS

Till 1994 the ice cream landscape in Pakistan was dotted with small regional players like Polka, Igloo, Hico, Yummy and Rocco. The absence of a national player resulted in the unsurprising invasion of a bigger foreign brand. Walls entered the ice cream market in 1995, and rapidly took over Polka in 1996. Walls continued with Polka brands in the mainstream and baseline segments, while driving image in the premium segment with its own brands until 2001. There onwards Walls consolidated to focus production in Lahore and became the largest brand with the widest coverage.

Today Walls is the market leader with 72% share, whilst regional brand like Hico, Yummy, Rocco and Igloo continue to fight regional battles. Influx of imported brands like Haagen Dazs, Movenpick and Mars can also be seen in the metros.

Walls: with the lion's share almost defines the industry norms. Its ubiquitous presence, comprehensive portfolio of 127 SKUs, wide spread distribution, healthy brand scores (99% awareness, 81% TOM) makes it difficult for competition to challenge it. Hence the void at the number 2 position in the industry. However the giant is not without flaws; its weakest links can be identified in the take-home category, and relatively expensive products. As far as consumer's are concerned, it is most popular amongst 15-24 year olds, up and mid-markets, Punjab and females.

Yummy: gives Walls competition in North and Central Punjab, with 9% market share. Yummy is an old brand, and mostly popular amongst the kids. Its strengths are great product taste (dairy ice cream) cheaper price and a positive nostalgic association. However the brand has grown to be boring. It needs to revive its consumer connect, packaging and communication.

Igloo: gives Walls competition in the South, especially in the multiserve segment. Igloo has an awareness of 78% TOM of 22% in the south, and a volume share of 8%. Igloo's ice-cream is a strong product and high on affordability but Igloo is an 'old' brand, which

needs to revamp its image and communicate consistently in order to connect more with the consumer.

Hico: gives Walls competition North and Central Punjab. It is also distributed in Sindh but inconsistently. Hico's strength lies in its product taste, specially its star flavor 'Praline' It also enjoys a strong but small loyal consumer base in its home region Punjab. Hico is low on the pocket but unfortunately also low on quality, communication and awareness. It has 7% market share.

THE BRANDS

WALLS BRANDS

CORNETTO: Is synonymous to Walls, and has become the flagship brand globally. Cornetto is positioned as a mainstream brand, available in multiple flavors, Vanilla chocolate, strawberry, double chocolate etc. and multiple SKUs ranging from Rs.10-30. It is positioned on 'boy girl love' for teenagers and young adults. Although it is a well-communicated brand, it remains to be weak on the 'preferred' brand scale, most probably because it is expensive.

FEAST: Another uniquely Walls brand, is positioned as a mainstream on a more rugged image, for youngsters. It is a purely chocolate product, priced at Rs.25. Like Cornetto, Feast too is considered to be expensive, and hence loses out on relevance.

PADDLE POP: Is the umbrella brand for the 'kids' range in the baseline. The most dynamic in terms of product innovation, flavors and SKUs, it is purely a single serve brand. This brand includes variants like Spin and Dip sticks. Serving the bottom pyramid of the portfolio, its sustainability relies more on low price point and product dynamism rather than brand image.

MAGNUM: is the premium vanilla chocolate brand. This globally powered brand is a recent addition to the Walls portfolio. Primarily available in a pricey Rs.35 single serves, this brand also offers half multi serve paper tubs at Rs.175. Although its volume contribution is almost negligible, it is a potentially strong image brand. It can also be used a flanker for imported offerings in the market like Mars and Movenpick.

EXPERT CHOICE: introduced in 2007, is a dairy based multi-serve range, available for Rs,230 per liter. Addition to the premium range this brand has not received its due share of communication and therefore remains almost unknown, with minimal sales.

WALLS CLASSIC: 1 liter transparent plastic tub is the mainstream multi-serve range, available in multiple flavors. Low on communication and hence weak in brand equity

Other brands like, Jet Sport Chocbar, Walls cups are also significant contributors to the Walls portfolio. Walls prime strength lies in single serve. However with introduction of

brands like Expert choice it can be predicted that future focus will be on the premium multiserve category.

IGLOO BRANDS: Igloo's famous brand is "King Cone" which is basically a filled cone, and Royal Cone which is a mee-too Cornetto; both in single serve. Igloo's ball top cones are a differentiated variant in the portfolio. Igloo has revamped its multiserve category in 2006 with the introduction of 'Igloo Supreme' in mainstream segment, in multiple flavors, positioned on product taste. In multiserve Igloo has also struck an alliance with 'Oreo' and launched 'Cookies n Cream' in half liter. It has also introduced Vanilla diet ice cream in single serve cups. However most of its single serve portfolio is a me-too Walls. Igloo brands are rarely advertised, and therefore remain almost generically known as 'Igloo' Currently Igloo brands are considered to be cheaper, 'old' and unexciting.

HICO BRANDS: Again strong in multiserve, Hico is a dairy based ice cream, with a great taste. Its famous "Praline" and Kulfa flavors have made an impression with the consumers. However it rarely advertises and remains weak on brand image.

THE CONSUMER

The ice cream incidence surpasses carbonated soft drinks incidence in the younger age segments (10-24 year olds)

North and Central Punjab consumes 66% of ice cream.

Chocolate, chocolate variant is the most popular flavor across age, gender, class and geography, followed by vanilla and kulfa.

Flavor is claimed to be the key selection driver in ice cream purchase followed by quality & price.

Most of the times the brand is pre-decided however, occasionally changes based on availability, price, consideration & the urge to try something new.

3 key aspects are kept in mind while considering an ice-cream – Creaminess, Crispiness (if applicable), Crunchiness (if applicable)

An ice-cream has to each of the elements in the **RIGHT** proportion - Overdose/ Under-dose leads to dislike/ dissatisfaction.

The key motivators to consume ice-cream are

Enjoyment, refreshing feel, fun, relaxation, craving, socializing, romance

Barriers like fattening, causing cold etc are more of rationalized reasons given to stay away from ice-cream.

With reference to flavors, chocolate emerges as the favorite across TG & centers followed by Vanilla, mango, strawberry & blueberry etc.

In local flavors, Kulfa emerges as the most liked flavor (mainly by adults)

Females mostly eat ice cream on impulse, mood uplift and as a filler

Males eat ice cream to change taste, taste indulgence and fun

Overall 40% purchase from general stores.

Amongst adults SEC AB, females and older age groups mostly purchase ice cream.

Amongst children, 67% purchase ice cream themselves, and mostly eat on-the-go

For kids ice cream is usually not a group consumption.

Children have ice cream atleast 3-4 time a week during peak season (summer), on way back from school, when out shopping with parents, on weekends and holidays.

AGENCY REQUIREMENTS

Engro Foods envisions a long-term relationship with the agency that will be able to deliver the objectives of Project J-Lo with passion, integrity and efficiency. It will be assessed on the following criteria:

STRATEGIC POWER:

Demonstrate the ability to accurately interpret and use facts and objectives into usable advertising plans.

Link communication objectives with overall business objective.

Display relevant knowledge base of industry challenges, product dynamics and consumer insights

Have awareness of creative tools to recommend relevant creative vehicles.

CREATIVE POWER

Display ability to clearly comprehend briefs to produce original and fresh concepts, aligned with the brand proposition and communication objectives.

Concepts should be based on real consumer insights, facts and findings and executable across multiple creative vehicles.

The strength of the art department must also be reflected.

CONSUMER UNDERSTANDING

Develop a deep knowledge base of core and reference group, and utilize this knowledge to develop usable advertising campaigns.

RESPONSIVENESS AND SPEED

Ability to deliver on time

Perform well under-pressure.

Quality of work and adherence to standards and procedures must not be compromised.

REGIONAL GLOBAL PROWESS

Access to regional and global centers, and the applicability of ideas to local market.

ACCOUNT MANAGEMENT

Demonstrate commitment to the business,

Display the ability to clearly understand the clients needs.

Efficiently communicate and mediate between the two parties.

Show consistency in staff.

PROCESSES & SYSTEMS

Transparency, cost control, discipline, infrastructure, organograms.

ETHICS

Integrity, honesty, adherence to rules.

DELIVERABLES

A power point presentation to pitch for Project J-LO. The presentation should cover all aspects stated in the above criteria list. All ideas should be supported with sound examples, facts and insights.

The presentation should also include proposed brand(s) for EFL ice cream, complete with strategic rationale and relevant creative prototypes as support material. We particularly want to know

- i) what entry strategy should be adopted
- ii) what 'ice cream occasion' the agency identifies to market ice cream,
- iii) what is the proposed brand architecture
- iv) How is the brand architecture going to grow in three years time,

A chapter of the presentation should be dedicated to case studies. We are interested in AMUL INDIA ICE CREAM & APPLE IPOD We particularly want to know, what they do, how they do it, and what are the key learning's that will help in marketing the proposed ice cream brand(s). All creative material on AMUL INDIA ICE CREAM & APPLE IPOD that you may want to share with us, to support this case study is welcome.

TIMELINE:

Confirmation of participation: 19th March 2008

Pitch Presentation: 4th April 2008

Time: 10 a.m.

Venue: EFL Board Room, Carlton Hotel

Good Luck!