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Group Assignment

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Declaration

Hereby We, Group 5 of the Fulltime MBA Class, declare that this group work is our own original work and that all sources have been accurately reported and acknowledged, and that this document has not previously in its entirety or in part been submitted at any university in order to obtain an academic qualification.

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Executive Summary

“Gerber Purity” has been a well-known and established brand name in the SA baby food market for more than 35 years. An agreement between Gerber and Purity included a market exclusion agreement; Purity was restricted from exporting opportunities, whilst Gerber was restricted from importing baby food into the SA market. The partnership ended in early 2001 and the two brands are now competing in the SA market. Purity is now facing international competition, not only from Gerber, but also Nutricia Infacare and Nestle.

The objectives of Purity are to defend and retain SA market share. The trust and loyalty in the brand will be enhanced through brand equity and customer relationship building, resulting in increased consumption. Control over recommended retail prices is of essence in order to counter international entries to the SA market. Opportunities in the international market will also be explored.

The overall strategy is to achieve the objectives by growing the Purity market share and presenting Purity as an alternative to home cooked meals for babies. The strategy includes defending the current market share and growing the size of the market with Purity being the first choice of the consumer.

Line stretching will be employed to include toddlers, thereby increasing the size of the market. With line filling, by adding more flavours to the existing range, competing brands will be countered. The exploration of international opportunities, with a focus on Africa, will increase the potential market size. By emulating home cooking in the range, Purity jarred baby foods will be enhanced as a viable alternative to home cooking. Making customer relationship marketing an objective will ensure brand loyalty. The consumers’ preference for Purity as first choice will be maintained and market share enhanced through maintaining high awareness of the Purity brand. New methods of packaging (e.g. tetra packs) need to be investigated to counter the competition’s use of such packaging. The use of leverage synergies in Tiger Brands will ensure Purity brand association with other top brands of the group.

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1 Introduction

1.1 Background

Purity forms part of the Tiger Brands stable. During 2001, Tiger Brands restructured the company into three clearly defined categories namely food brands, Spar and health brands. Purity was formerly within the food category and has been moved to the health category.

Purity has been a well-known brand name in the South African market for more than 30 years. Although it was associated with the Gerber brand, they severed ties early 2001. The two brands names are now competing with other brands within the infant food category in the South African market.

Purity is a high quality brand, well known for its nutritious and tasty jarred baby foods. The brand is also extended to infant cereals, juices and teething biscuits. Purity products are produced in accordance to international standards.

Purity jarred baby foods turns fresh fruits and vegetables into baby foods without any added preservatives, artificial additives or colorants. Unlike the fresh equivalent, Purity foods are not seasonal. Purity is presented in various sizes and textures specifically designed for the different stages in an infants development. Purity jars are vacuum-sealed and sterilised to ensure fresh flavour and the protection of the valuable nutrients in the food. The bottling process also ensures that no harmful bacteria enter Purity jarred baby foods, whereas home cooked meals often allow bacteria to persist.

2 Current situation analysis

2.1 Market Summary

2.1.1 Market Overview

Products with a high exposure to LSM 7-10 are showing excellent growth and it can be expected to continue. This is a concern, as food in general has a higher exposure to the lower income earners. The situation can be summarized as follows:

LSM 1-5: Focus on the purchase of affordable, filling foods such as maize meal.

LSM 6: Limited means results in the need to 'stretch' meals through the use of filling foods.

LSM 7-10: More and more emphasis are being placed on convenience which represents 66% of total household income.

There is an emerging black urban middle class that is relatively young, reasonably educated, fashion and brand conscious and pro-technology. This market sector demands quality and product choice; and they do not want products targeted at the "black market". This sector is growing and is a high potential growth market.

Although uncertainty exists on the impact of HIV/AIDS, it will certainly reduce the number of potential consumers in all LSM groups, although less so in higher LSM's. It is expected that the birth rate will continue to decline as the population ages. Predictions indicate that the AIDS pandemic is particularly devastating amongst those aged 20-29, with 59% of those who die being women of which 53% are black women. That will result in a negative impact on the Baby Market as a whole.

The current user profile consists primarily of urban mothers with babies between 4 to 18 months, predominantly in LSM 6-10 with some coverage of LSM 5. This should be extended to babies from 4 to 36 months.

2.1.2 Needs and Trends

In general, a number of food categories are experiencing market declines because spending has shifted away from traditional consumer sectors to services. There appears to be a similar trend in the baby food sectors with only juices showing some volume growth.

Purity had the monopoly in the jarred baby food sector in the SA market until mid 2001. The separation with Gerber, the entrance of Infacare and the eminent threat of other international brands entering the market have changed the situation considerably. Growth can be expected in the First Stage Jar sector (4 months) whilst Second Stage is not showing growth. There has been a substantial decline in Third Stage and Gourmet due to price increases which have destroyed the price-value equation in this price sensitive sector. Tough economic conditions and increased price sensitivity have forced parents to substitute Purity jars with cheaper home cooked options. While the jarred baby foods sector has declined in volume terms, it is still showing growth in value terms.

The infant cereal market is presently valued at R90M and is declining in both volume and value terms. The decline in cereals can partly be caused by the accelerated need for children to grow up and for mothers to advance their babies to adult/table food as soon as possible. Consumer "lifespan" has shortened. Other commercial cereals targeted across all ages are more economical, particularly for mothers with more than one child and are thus also taking share from the infant cereals market. Purity cereals still have a low awareness level amongst consumers. Nestle dominates the cereal market because mothers tend to stay with a particular brand if their child displays enjoyment for the product, however they would experiment with different flavours within the brand for diversity.

Infant juices have grown by 0.5%, however this growth has not been through the core Purity range, which is currently in decline. The growth has been driven through the introduction of more economical concentrates and the tea and fruit nectar blends. The Rooibos and Honeybush tea as well as the fruit nectar blends have more than doubled in sales over the last 4 years and already account for more than 20% of the total Purity juices. Throughout the world there has been a major swing towards natural remedies such as Rooibos and Honeybush. One of the major competitors, Ceres Junior Juice, is showing phenomenal growth as a result of a wider target market than Purity.

2.2 SWOT Analysis

Strength	Weaknesses
Brand equity Usage, Awareness High Trust in Market Nutritionally balanced Convenience	Transient Market Perception of high Price Not Innovative Distribution
Opportunities	Threads
Relationship Marketing Export Range + Line Extension Emerging Markets Tiger Brand Leverage	New Competitors Nestle Brand Raw Material Price HIV/AIDS

Table 2.1: Generic SWOT Analysis

Refer to a detailed SWOT Analysis per range in Appendix A on page 16.

2.3 Competition

Purity competes in the baby food category, which comprises of infant milk formula, jarred baby food, infant cereals and juices. Detailed information on the competitors in all of Purity's product ranges is in Appendix B on page 19. The major competition is home cooked meals, which is the preferred feeding alternative, for various reasons.

Research conducted in the market has stipulated that home cooked meals are perceived to be cheaper and more nutritional by white mothers. In addition the guilt factor of not feeding babies home cooked meals still plays a role, especially with English speaking mothers. Black mothers see home cooking as more convenient, there is no need to travel to shops, and it is more wholesome and filling than jarred baby food.

HIPP: HIPP Organic was launched in the SA market through pharmacies, baby specific stores and selective Spars, but Purity has effectively countered the HIPP market entry. Purity Organic was launched in opposition to HIPP Organic, and it was accepted more favourable in the market, due to Purity's strong brand equity in the market.

GERBER: Gerber is the third largest infant care brand internationally and the biggest in the USA. Purity and Gerber formed an alliance 35 years ago and marketed the brand under the name of Gerber Purity. Under the agreement Purity manufactured and marketed the brand in South Africa. It was agreed that Gerber would not enter the South African market and it prohibited Purity from exporting baby foods to other countries. These ties were severed in 2001 largely as a result of the Tiger Brands policy not to build other companies brands. Gerber has subsequently entered the South African market and is now in direct competition with Purity. Gerber does not have a local production plant and importing adds substantial costs to the products. This results in extremely low margins. However, Gerber views Southern Africa as a lucrative market to make inroads into Africa. Currently Gerber has approximately 10% retail shelf space at the top end of the market.

INFACARE: Internationally the second largest brand name in the infant care range. Infacare does not have the same brand equity as Gerber in South African market and less shelf space in retail stores. Infacare does not pose the same threat to Purity as Gerber and Nestle at this point of time.

NESTLE: Internationally the largest brand name in the infant care, range. Nestle dominates infant formula range and infant cereals in SA. The bottom end of the market strongly supports the Nestle brand, where they have an extensive distribution network. There is an imminent threat that Nestle will enter the SA market with jarred baby food and leverage of the their strength in the cereal market.

2.4 Macroenvironment

In modern society convenience becomes more important, because women increasingly seeks to maximize their personal time. As a result of increased cost of living, many mothers continue to work in order to supplement the family income. Women in informal squatter settlements and rural areas are forced to become breadwinners as a result of retrenchments, abandonment of males and high divorce rate.

Awareness and concerns about germs, viruses, infections, diseases and AIDS are making people more conscious about their level of contact with others. There has been a move towards food that is organically grown and prepared without chemicals or preservatives.

3 Marketing Strategy

3.1 Vision

To be the first choice of mothers in infant nutrition and become the only brand that understands mothers needs.

3.2 Objectives

With the strong presence of Purity in the South African market the main focus should be on brand building and retaining market share. Further focus on loyalty and increased consumption and the enhancement of trust in the brand is also important. Control over the recommended sales price will assist in combating new brands entering the market. Ongoing research to achieve new customer insights must be conducted. Improving the existing customer relationship-marketing program and further marketing opportunities in international markets should be explored.

3.3 Target Market

The baby food market is a fluid market and is characterised by constant entry and exit of consumers. Trust and confidence in the brand is of key importance. A strong overall brand image and market presence is essential. In order to understand the mother's needs, Purity must develop consumer understanding through the usage of qualitative focus groups, expert panels and innovation teams.

The market can be divided into the following segments:

Primary: Mothers with children up to two years that falls within LSM 5-10. Lower LSM groups have an extremely low household income and are therefore not part of the target market. Predominantly focus on urban mothers.

Secondary: The extended family

Psychographics: Parents that want the best for their children in terms of optimal nutrition as well as constant reassurance on all aspects of feeding.

Endorsement Market: Medical and health professionals.

More demographic information can be viewed in appendix C on page 20.

3.4 Positioning

Since Purity has a strong competitive position in a highly attractive market, their target should be to grow at maximum sustainable rate and to concentrate on maintaining their strength. The market's attractiveness results from the need for convenience products and the absence of low cost competition. In more than 35 years of existence, Purity succeeded in gaining 95 % of market share in the South African baby food market. Build on the positioning statement "The Baby Feeding Experts".

3.5 Strategies

The Purity position in the South African market can be described as a typical defender. Although Purity currently dominates the jarred baby food sector, it needs to be prepared to defend against further market entries of imported jars and strive to maintain the dominant market share. The main barriers against entering competitors are brand loyalty, relationship building and constant innovation.

3.6 Market Research

The results of a retail research, regarding shelf space, can be viewed in Appendix D on page 21. All other facts regarding the target market can be viewed in section 2.1 on page 2.

4 Marketing Mix

4.1 Product

4.1.1 Cereals

The initial launch of Purity Cereals was unsuccessful as a result of wrong packaging and product mixes. This has been rectified and currently Purity intends to grow market share within the South African environment.

Purity has a new range of infant cereals, specially formulated with the baby's needs, stage of development and taste preferences in mind. Cereals are used from 4 to 24 months, with Nestle as the main competitor in this arena.

First food (1): From 4 months, ideal for introducing solids to sensitive tummies.

Second Food (2): From 5 months, a range of delicious choices to encourage babies an array of new tastes.

Third Food (3): From 6 months, exciting flavour combinations, ideal for babies who need to develop chewing skills.

Purity Cereals are available in 13 varieties, including Hypoallergenic Cereals, specially formulated to reduce the risk of allergic reaction. They are divided in "Just add Water" and "Just add Milk" variances. All cereals come in 100 and 200 g paper packs.

The following opportunities have been identified:

- Introduce sweeter variances, since Purity's choice of flavour has been very conservative.
- Retain only one size (200 g) in order to lower packaging cost and reduce production complexity.

4.1.2 Jarred Baby Food

Jarred baby food is the core product in the Purity range. The Purity feeding plan has been developed to include four feeding stages. Within these feeding stages the customers have to choose between Fruits and Vegetables, Desserts and Yoghurts and Meals. Purity only provides glass jars in order to keep up with their promise of 'sealed goodness'. The following opportunities can be seen in the market:

- Introduce a toddler range to the current range.
- Introduction of new variances is critical to brand growth.
- Since 70% of the costs derive from the glass jar, Purity should investigate within Tiger Brands for alternative packaging methods to bring down prices substantially. Market reaction should be tested prior to launch.

4.1.3 Juices

Purity juice introduces babies to new flavours in a familiar liquid form and is useful in hot weather to reduce thirst and prevent dehydration. They are specially designed for babies and are good sources of vitamins, in particular Vitamin C.

Juices are offered in different flavours, including fruit juices as well as fruit blends with Rooibos, Honeybush and Chamomile tea. Opportunities in this market:

- Since a major threat are normal juices, Purity has to state the value added by their price premium product.
- Consider altering the packaging, since the baby cannot drink directly out of it at present.

4.1.4 Teething Biscuits

Purity teething biscuits are nutritious and help to ease sore gums. The biscuits mainly serve as a line extension to confirm the position of being "The Baby Feeding Experts".

4.2 Price

4.2.1 Cereals

Currently the Cereals have a margin of 55 %. The relative pricing strategy is to keep the prices low on the “Just add Milk” range and get the highest prices for the most convenient “Just add Water”. Hypoallergenic also charges a price premium.

The prices are comparably lower than Nestle Cereals (5%). The biggest challenge is to ensure that the recommended sales prices are displayed on the shelves.

4.2.2 Jarred Baby food

Although customers in the jarred food segment are brand conscious, they are also price sensitive. Any decline in sales can be traced directly to a price push. Purity has historically taken small price increases due to the price sensitivity of the jarred range and the ease of substitution by home-cooked foods.

The international monitor for baby foods pricing is the price of fresh produce. Therefore Purity’s pricing strategy should be linked to cost of fresh produce.

4.2.3 Juices

Purity is forced to keep prices down due to competition with commercial tetra pack juices as well as new entrants in the infant juice market.

In order to achieve margins of 56% (currently 54%) Purity is forced to increase prices, but will face a decline in sales. Price increases should thus be delayed.

4.2.4 Teething Biscuits

Purity teething biscuits are currently selling at a R1 premium to the imported Farley Rusks. Nevertheless, Purity has to achieve a margin of 45%, since the biscuits are contract packed. Price increases will therefore not take place.

4.3 Communication

Historically Purity focussed on educating mothers on how to feed the babies. Therefore they were mainly doing a category job. Since Purity was the only brand within the jarred baby food

sector, this did not pose a threat. The communication was also diverse in terms of message and target market. The problem with this approach was that it lost sight of Purity as a brand, however a good job was done in the endorsement market.

Since the opening of the South African market to competition, especially within the jarred baby food range, strong emphasis should be placed on building awareness of Purity as a brand in order to strengthen brand equity and reduce the potential for consumer confusion in terms of the former Gerber/Purity heritage.

In the communication message, emphasis needs to be placed on the benefits of Purity versus home-cooked food. A perception exists that Purity jars contain preservatives as well as additives and that fresh is better. Purity should continue relationships with mothers based on complete trust with the focus on superior nutrition.

Communication Channels should be:

Radio: Advertising on community and regional radio stations because of a strong commitment of consumers towards their own communities.

TV: Continuous presence, focussing on a tightly targeted approach. Consider focussing on a new mother's viewing habits therefore excluding time channels between 17:00 to 19:00.

Magazines: Continue DPS executions in Your Baby, Ons Baba, Baby and Me, Living and Loving and True Love as well as relevant medical publications for the endorsement market.

Consumers need to be treated as individuals and be able to have their own specific needs catered for. Further development of the customer relationship marketing will ensure more personal communications focussing on trust and reliability and can be utilised for further research opportunities. The current customer relationship marketing approach should also be strengthened in the endorsement market.

4.4 Merchandising and Distribution

- Improve in-store visibility by constantly reinforcing merchandising principles.
- Maintain in-store stock pressure to prevent lost sales.

- Monitor the recommended sales pricing on shelves.
- Maintain good relationship with supermarkets in terms of space management in order to heighten awareness.
- Ensure that the individual labels highlighting the variances are correctly merchandised to educate the mothers at the point of purchase.
- Retain focus on top end retail based on the fact that they contribute 75% to Purity's business and are aligned to Purity's primary target market.
- Improve distribution in supermarkets as they account for 57% of Purity's business.
- Achieve distribution in the bottom end by focussing on key wholesalers to ensure a full pull through to the retailer. Build trader loyalty through always being available.
- Consider exporting to surrounding African countries like Zimbabwe, Mozambique, Zambia and Namibia as well as the Indian Ocean islands.

5 Action Plans

Action plan for the 2002/2003 fiscal broken down per quarter in Appendix F on page 23. The Key issues are as follows:

- Improve and strengthen the current customer relationship marketing programme in the primary as well as in the endorsement market
- Line stretching to include toddlers.
- Line filling with new taste and affordability.
- Explore opportunities in Africa and abroad.
- Emulate home cooking rather than go against it.
- Make customer-relationship marketing a main objective.
- Maintain high awareness of the brand in the market.
- Investigate new packaging methods.
- Leverage synergies in the Tiger group.

6 Projected profit and loss statement

Purity, as the dominant role player in the South African Baby Food Market, has shown a current market share 97% in the Jarred Baby Food, 9% in Infant Cereals and 96% in Infant Juices. The projections for the year 2002 indicate no growth in the Jarred Baby Food and Infant Juices, as fierce competition from local and international competitors have entered the market. Purity's main aim is therefore to defend its position by careful price and promotional strategies.

The penetration into the Infant Cereal market projects an increase of 3% from 9% to 12% in the year 2002. The Infant Cereal market has been dominated by Nestle and therefore projections into this market has been set conservatively.

The revenues forecasted for 2002 are R129 227 000 for Jarred Baby Food as main income source, R 8 102 000 in the Infant Cereal market, R13 825 000 income from Infant Juices and R738 000 from Teething Biscuit line. The decreased projected gross margin of 48.28% reflects the difficult competitive position Purity is experiencing in terms of competition in the market.

The price increases during the period 1998-2000, resulted in a high margin of 59,8%. Purity relied on their strong brand name to justify their previous price increase. The price sensitivity of the consumer market was underestimated during the process and as a result Purity has lost 3% in market share during year 1999-2001 to a level of 97%. Strategic marketing and pricing decisions are therefore necessary to maintain their current dominance in a price sensitive South African Baby Food Consumer Market.

To achieve the objectives, an increase of R 1M in promotional advertising expenditure will be required. This increase in marketing expenditure from 5.5 % to 6 % of total revenues will result in a growth of 3 % in the cereal market with an effect of R 1.2M extra gross margin. A predicted drop of 1 % in market share of jarred baby food will result in a R 600,000 decline in gross margin.

7 Controls

7.1 Contingency planning

In the current situation, where Purity is defending its market share of 95%, it would be advised that no immediate changes should be made in terms of pricing or packaging strategies. The position of Purity as cost-effective, quality baby food provider, ensures the cutting edge over the entrance of international competition and other role players in the market.

The main emphasis of Purity management should be enhancing brand equity, creating brand awareness and loyalty with a quality product at cost-effective pricing. Extensive marketing research should be done to thoroughly understand the consumers', emotional and rational wants and needs.

Purity must utilize the information obtained from their toll free line, established in 2001.

A new product development process is necessary, as new products constitute the lifeblood of long term success, providing a central mechanism for Purity's adaptation to rapidly changing markets.

A SWOT

A.1 Juices

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong brand name • Reputation of good quality • Trusted by mothers • No preservatives or artificial additives/ colorants 	<ul style="list-style-type: none"> • Low awareness in the black market • High price perception in a price sensitive market • Lack of flexibility of manufacturing plant • Weak distribution at bottom end of the market • Lack of excitement & sub-categorization
Opportunities	Threats
<ul style="list-style-type: none"> • Leverage Purity Brand name • NPD • Exports • Extend usage of older babies • Synergies with Tiger procurement 	<ul style="list-style-type: none"> • New entrants reducing shelf space - Ceres Junior juice • New entrants Spring/Mineral waters - reduce shelf space • Price competitive - commercial fruit juices

A.2 Jarred Baby Foods

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong brand name • High usage, awareness and attraction • Purity is generic in SA • Reputation of good quality • Trusted by mothers • Medically and developmentally based feeding plan • Medical & Consumer advice • Convenient • Nutritionally balanced • No preservatives or artificial additives/ colorants • Procurement Power (Tiger muscle) • NPD capabilities • Comprehensive Range 	<ul style="list-style-type: none"> • Emotional pressure of home-cooked alternatives • Low per capita usage in Black market • Perception of high prices in a price sensitive market • Lack of flexibility of manufacturing plant • Weak distribution at bottom end of the market • Added salt/sugar/starch - thus not totally natural • Reliance on imported materials • Consumer life shortening - accelerated need for children to grow up quickly • As babies gets older they move out of the market • Limited packaging format opportunities due to production process
Opportunities	Threats
<ul style="list-style-type: none"> • Relationship Marketing/ Consumer Loyalty Programmes • Continue Medical Marketing to strengthen medical endorsement (and trade awareness) • Leverage the Purity Brand into new food sub-categories • Leverage information acquired on the toll free number. • New varieties to substitute older slower moving lines • The increase of awareness and usage among black mothers. 	<ul style="list-style-type: none"> • Introduction of local and overseas competition • Possibility that Nestle will enter the Sa market with jarred baby food • Increases in prices of fruit and fruit concentrates • Increase in packaging costs (substantial contribution to cost of the product) • More stringent SA Breastfeeding Codes

A.3 Cereals

Strengths	Weaknesses
<ul style="list-style-type: none"> • Medically and developmentally based feeding plan. 	<ul style="list-style-type: none"> • Nestle is generic (most consumers do not know that Purity makes cereal) • Profitability due to low volume through-put • Poor distribution in bottom end • Limited flexibility in formulation • Cost of raw materials due to scale of economies • Lead times on imported raw materials
Opportunities	Threats
<ul style="list-style-type: none"> • Leverage Purity Brand name • NPD • Exports to increase through-put in the factory. • Brand positioning - the Baby Feeding Experts • Leverage Baby Feeding experts with Hypoallergenic range • Extend usage of older babies • Improve price competitiveness by reducing formulation costs • Cost efficiencies in utilizing a base flake • Synergies with Tiger procurement • Synergies with Tiger - mass market affordable infant cereal 	<ul style="list-style-type: none"> • Nestle brand loyalty • Nestle margin/volume relationship (Nestle controls the price in the infant cereals market) • Nestle's number of variants which ensure that they dominate in terms of shelf space • Nestle are category captains on cereals • Nestle's international links • Wheatbix and Jungle Oats

B Competition

Product	Brand Name	Manufacturer
Jarred Baby Food	Purity Gerber Infacare	Tiger Food Brands Gerber Infacare
Infant Cereal	Purity	Tiger food Brands
Other cereals:	Nestum, Cerelac, Nestle Junior Pronutro Toddler Pronutro Weetabix Jungle Oats Taystee Wheat Oatso easy Kelloggs Nutri K	Nestle SA Bokomo Bokomo Bokomo Tiger Foods Brands Tiger Foods Brands Tiger Foods Brands Tiger Foods Brands Kelloggs
Infant Juices	Purity	Tiger Brands Culinary
Other commercial juice:	Ceres Junior Juice Juices ie Liquifruit, Ceres, Purejoy, Minute Maid, Fruitree and Housebrands Other commercial mineral waters ie Caledon, Valpre, Valvita	Ceres
Infant Formulae	Nan, Lactogen, Pelargon	Nestle SA
(and follow on milks)	Similac, Isomil S26, SMA, Infasoy, Infagro Progress Alpi G Milk Powder	Abbott Laboratories Infacare Wyeth SA Chevita SA

Table B.1: The South African Baby Care Market

C Demographics

Demographic	LSM 5-6	LSM 7-10
Age 20-24	24%	20%
Age 25-34	0%	59%
Western Cape	18%	21%
KZN	14%	16%
Gauteng	22%	39%
Eastern Cape	9%	6%
OFS	11%	4%
Urban areas	57%	75%
Country	10%	10%
Rural	33%	15%
Household income R1400-R4000	47%	14%
Household income R4000-R7000	16%	32%
Household income R7000-R12000+	6%	51%
Single parents	37%	21%
Regularly purchase infant food	42%	40%

Table C.1: Target Market Demographics

D Market Research

Shop	Product	Purity	Nestle	Bokomo	Infacare	Gerber
Woolworth (Tigervalley)	Jars	100%				
	Cereals		100%			
Superspar	Jars	82%			9%	9%
(Riebeckshof)	Cereals	19%	69%		12%	
Pick 'n Pay	Jars	55%			17%	28%
(Tigervalley)	Cereals	24%	42%	10%	24%	
Checkersh	Jars	92%			8%	
(Oakdale)	Cereals	23%	69%		8%	
Star Mart	Jars	100%				
(Durban Road)	Cereals		100%			
BP Express	Jars	100%				
(Durban Road)	Cereals		100%			
7.11	Jars	100%				
(Kenridge)	Cereals		100%			
Pick 'n Pay	Jars	60%			10%	30%
(Nordhoek)	Cereals	40%	40%		20%	

Table D.1: Retail Research Shelf Space

E Financial

		1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Budget
Market share	<i>Jars</i>	100%	100%	99%	98%	97%	98%
	<i>Cereal*</i>	5,00%	7,00%	7,00%	5,00%	9,00%	12,00%
	<i>Juices</i>	100%	100%	100%	95%	96%	96%
Volume (000 Doz.)	<i>Jars</i>	3942	3957	3588	3497	3600	3700
	<i>Cereal</i>	158	183	152	118	125	160
	<i>Juices</i>	255	262	209	210	200	200
	<i>Biscuits</i>	0	0	0	6	8	9
	<i>Tiny Tots</i>	-	-	51	7	0	0
	TOTAL		4355	4402	3999	3838	3933
Revenue (R 000)	<i>Jars</i>	83436	96633	93015	98214	106275	109227
	<i>Cereal</i>	5930	7217	6 709	5555	6330	8102
	<i>Juices</i>	9104	10255	7729	8342	13825	13825
	<i>Biscuits</i>	0	0	0	528	656	738
	<i>Tiny Tots</i>	0	0	2735	159	0	0
	TOTAL		98470	114105	103479	112798	127086
Gross Margin (R 000)*	<i>Jars</i>	43523	56711	53446	57496	54493	55900
	<i>Cereal</i>	2303	3003	3255	2914	2916	3600
	<i>Juices</i>	4287	5253	3793	4446	3886	3860
	<i>Biscuits</i>	0	0	0	242	308	320
	<i>Tiny Tots</i>	-	-	1384	-280	0	0
	TOTAL		47487	62055	61878	64818	59603
		48,22%	54,38%	59,80%	57,46%	46,90%	48,28%
Av. Margin (R 000)**	Purity	23361 24,30%	35285 31,70%	31875 28,90%	34644 30,70%	33570 26,42%	

* Only the Budget figure is fully absorbed, i.e. includes overheads.

** No available margin budget figure available as yet.

Table E.1: Financial Figures

F Action Plan 2002

F.1 Quarter One (October - December)

Consumer Marketing

- Project Thabo (cream of maize cereal) promotion ATL and BTL October & November
- High awareness TV campaign beginning October for 3 weeks approximate reach of 60%, frequency of 3
- Support TV with radio - Umhlobo, Ukhozi and Sesotho
- Purity Baby Club mailer
- Research extensions to include a Toddler range

Medical Marketing

- Sponsorship of the Pediatric refresher courses
- Consultants workshop

F.2 Quarter Two (January - March)

Consumer Marketing

- Promote juices focus ATL & BTL - January and February
- Concentrate ATL on print media
- Cereals - new product development focus - March
- Line extension - Organics focus on in store promotions
- Research - mass market concentrating on affordability and taste

Medical Marketing

- Consultants: Focus on entire Juices range
- Medical media: SA Journal Clinical Nutrition; Front Shop

F.3 Quarter Three (April - June)

Consumer Marketing

- Programme launch/ Purity Baby Club mailing (May - July), Focus: Cereals, Organics
- Implement annual price increases (May)
- Medically endorsed advertorials Your Baby, Ons Baba, Baby and Me, Living and Loving and True Love - monthly (ongoing)
- Continuation of PR: Cereals, Organics

Medical Marketing

- Medical media: Health & Hygiene; SA Jnl Clinical Nutrition

F.4 Quarter Four (July - September)

Consumer Marketing

- Large scale Loyalty programme increase Purity Baby Club mailing (Aug - Oct), Focus: Stage 4
- Increased presence on electronic media

Medical Marketing

- Sponsorship of the Pediatric refresher Courses

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