

## Freezing out the competition

by Roger Field on Thursday, 01 June 2006

With four food production plants across Saudi Arabia, Kuwait and Egypt, and a turnover of some US \$100 million, Americana Meat holds a special position in the Middle East's frozen foods sector.

Indeed, the company's formidable size and reputation in the region puts it out of reach of any one rival. Arif Ahmed, regional country manager for the UAE, Qatar, Bahrain and Oman, Americana Meats, tells RNME about the company's success.

RNME: How and when was Americana Meat established?

Ahmed: Americana Meat's parent company, which is the Kuwait Food Company, started in 1964 and we commonly refer to as the Americana Group. It's a Kuwait-based, joint stock company listed on the Kuwait stock exchange. It's perhaps the first food company to have listed on the stock exchange in Kuwait.

The first factory was in Kuwait. Subsequently we moved to Saudi Arabia in a very big way. Last year we opened another new factory in Saudi Arabia, mainly to answer the demands of the market.

We now have two plants in Saudi Arabia, one in Kuwait and one in Egypt. We also have plans to open plants in other parts of the world, including Dubai.

RNME: How do you explain Americana Meat's rise to dominance, and when did things really start to take off?

Americana was the first brand to introduce processed meat, such as burgers and nuggets to this part of the world. The last three years in particular have been extremely good for us. Business has been growing by anything between 25% and 45% year-on-year, during the past three years.

This year, we are growing at a rate of almost 45% in Qatar, while in the UAE growth is at about 30% or more. Bahrain is growing at about 25% to 30% and we also had similar growth last year.

Americana started with traditional products such as hamburgers but not so many added-value products such as mince. We found that this market was starved of value-added products, which led to a lot of innovations at Americana Meat. We added products such as nuggets and we saw tremendous success from that.

The market started to become more and more Westernised in its product preferences, partly due to the lifestyle of the people. We answered this call at the right time and this has led to big successes for the company.

The success of Americana Meat is down to two things; one is the quality and consistency and the other is the product innovations. We have ISO9000 / 2000 which is for comprehensive quality, and ISO14001 for environmental protection, and HACCP for security of food production. HACCP is more of a must now. It all depends on the kind of norms that you have set yourself. What kind of a target you have set yourselves. Quality is a part of our logo.

RNME: How big is the company's product portfolio?

We have the widest range of products, with about 250 products in the market. This includes beef and mutton, chicken and fish, vegetables and pastries such as samosas and spring roles. Our core product category is the meat products. In 2005 we launched a seafood range that includes shrimps, breaded shrimps, breaded fish products and pastries.

The core red meat and white meat side of the business accounts for about 80% of the business. The other 20% comes from the frozen vegetables, seafood products and pastries. The burger range includes different flavours, such as Arabic spice and different sizes.

In chicken we have products including the breaded, unbreaded, hot and crispy. We have adapted the packaging and the flavour and that is why you find us everywhere on the shelves, answering all of our customers needs.

Apart from the frozen products, we also have the chilled products in the Mortadellas range. These are available in the deli counters of retail outlets and include products such as turkey breast, beef and salami.

RNME: How extensive is Americana Meat's presence in the region?

We have distributors located all over the Middle East and we operate through them, and our marketing officers and brand managers co-ordinate with the distributors and take care of the sales and the marketing. We export as far as Yemen in the South, and as far as Jordan in the North.

Americana Meat has a turnover of about US \$100 million. Saudi Arabia is the largest market for the meat, and we have a market share of about 45% there. We are the biggest player across the GCC. Unfortunately there is no second player in the market. The gap is so huge and the domination is so great that sometimes we feel it is no fun to work.

If you take the markets where we dominate completely, we have categories including beef burgers, chicken burgers, nuggets, popcorn and the chicken speciality items. Each category has its own competition.

In chicken, Sadia might come close to us. For other products it is Al Kabeer. We don't have a classic competition as such. Even in the UAE, which is supposedly very fragmented, on the value added products we are the market leaders in every segment, from popcorn to nuggets.

RNME: Popcorn seems to stand out in Americana Meat's portfolio. Tell me a bit more about it.

We launched it two years back, and it immediately sold well. It has gathered pace ever since and in January 2006 we launched different flavours of popcorn, including pizza popcorn, which has a filling of Mozzarella cheese and salami, giving it a distinctive pizza flavour. We want to offer customers something different. We also have shrimp flavour popcorn. We sell almost 10,000 cases of the popcorn a month now.

This was perhaps the most successful product launch in the history of Americana. We waited for some time, did some consumer research and we decided to give the consumer something different. That's how we came up with popcorn flavours such as pizza, potato with cheese, chicken with cheese, and shrimp. Today this segment is a category within itself. The new flavours are selling very well. We have a television campaign and sampling campaign going on and the feedback is excellent.

RNME: Although you don't have any one major rival, is overall competition still tough?

Adaptability by the competition is so great that they immediately imitate our products as we launch them. All of these [popcorn] products have been imitated by our competition, and it's just a matter of time before the new flavours are copied. I have already heard that our competition is coming with new flavours of popcorn. I know some of the brands that are going to do it. Launching a product first before your rivals does gives you an advantage and we have been first in almost all our products.

RNME: Many smaller brands complain about supermarket listing fees. What do you think of them?

They're fair to an extent. A lot of small brands are coming into the market and some of them disturb the market by doing ridiculous promotions. The listing fees are perhaps one such tool to stop these kind of mickey mouse brands coming in and disobeying the market. Some of these small brands sometimes offer discounts of almost 50%. They drop the quality and they don't have standards. Even some of the bigger companies are doing it by launching a second, cheaper brand.

Some companies compromise on quality. For example, soya is supposed to be a binder for a burger, but in some brands it becomes the main constituent. The manufacturers misuse that and it becomes a dominant raw material instead of the meat itself, and that's how it goes into the market. There's absolutely no brand value for that. They are in for a few months and then they are out.

RNME: Do you only supply products to the retail sector?

We have been known for our quality and this is perhaps the reason why we are one of the few companies to have a license to supply most of the international fast-food chains, KFC, TGI's and so on.

It is extremely difficult to get a license to supply them. They give spot checks and every single time we have been found to be following all of the standards.

RNME: The region has a mix of different cultures. How has Americana Meat responded to this?

Understanding the consumers and doing consumer research and market research is important. There are people from various nationalities and we have to cater to all the tastes, that's why we have these 250 products. One more reason for the success of Americana is that we've been broad basing our offerings, be it a product or communication.

Arabs were the traditional consumers here about 10 to 15 years ago but with many Asians and Europeans coming in we decided we needed to broaden the base of our offerings. It could be in terms of flavours, or in terms of product extensions. Once we had done this, we decided we needed to broad base our communication also.

We have to talk to the various ethnic groups. This communication doesn't mean just reaching people through TV, radio and print media. Even the very packaging can bring you closer to a consumer; the colour, the way it is presented. We have some products that talk to Asians. We have other products that are children-centric, like the popcorn and nuggets.

RNME: What plans do you have for marketing Americana Meat products in the future?

We are planning a new communications strategy. The communication mix will constitute TV, radio, outdoor and print. We have identified radio as an effective communication mode. But we won't just go through the traditional route of just playing a commercial. We will take a complete package that includes competitions, road shows and all those things. We're going to have a new campaign on the radio in July.

RNME: What type of research do you do before launching new products?

Market research is done to create a comprehensive picture of consumer opinion. We do that partly through in store communications, and through questionnaires. We utilise that feedback in launching new products and also for developing existing products, or to create the product flavour or pack size. This is because some people might require a pack size of four pieces or 20 pieces, so we constantly try to understand consumer requirements.

The emotional bond is always what brings the consumer loyalty. Without this, there is nothing. Brands can lose their consumers very quickly, so we have been rewarding our loyal customers by offering more value. But with our promotions, you don't see a compromise on the personality of a product.

If you see our products on the supermarket shelves, they are shrink wrapped with a clear message about what we are offering. This is how the respectability of the has built – with the trade and as well as consumers. ||\*\*||

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