

Awesome ideas puff up snacks producer

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Just when some might have believed the savory snacks category was mired in zero growth, a new company, Awesome Snacks, has produced new ideas which indicate otherwise.

Awesome Snacks launched its first brand, Ghostbusters (property of Sony Pictures Consumer Products), in October 2003. In January 2004 it launched its second brand, Laduma, in cooperation with the SABC TV1 soccer programme of that name.

The company's production is from a small, new, state-of-the-art single-line factory in Germiston, Gauteng.

So far its products have taken less than 1% of the SA snacks market, but it has achieved fast penetration of the retail sector. Anthony Craemer, Awesome Snacks' sales and marketing director, estimates that its brands are available in 70-80% of all retail and wholesale outlets which are measured by ACNielsen nationally.

Besides the two major savory snacks companies in SA - Simba (Frito Lay) and Willards (National Brands Ltd) - there are a number of smaller snacks companies, a few of which comprise up to 5% of the SA market each. But these smaller players, though larger than Awesome Snacks, are all regional.

Only Awesome Snacks has joined Simba and Willards (which account for about 65% and 25% of the total measured market respectively) in distributing and marketing nationally. Awesome Snacks is therefore not following the conventional route of the small snacks company.

This is because Awesome Snacks' strategy to use internationally-licensed brands is designed to gain penetration of the national market rapidly.

Snack expertise

Awesome Snacks' new ideas are a reflection of the fact that it is directed by some former leaders in the snack industry.

They are:

- Anthony Craemer, previously in marketing positions with Simba and Enterprise Foods, and with advertising agency Bozell Wilsenach Africa.
- Theo Bakkum, former CEO of Willards and before that sales and financial director of Simba. He heads Awesome Snacks' financial portfolio and does coastal sales.
- Francois Labuschagne, formerly an research and development technical brand manager with Simba

and later research and development manager for Tiger Brands snacks and treats. He heads Awesome Snacks' operations and manufacturing.

"We have surrounded ourselves with creativity," says Craemer.

What's new

What then is new about this awesome upstart?

- Awesome Snacks only produces soft, extruded maize products (puffed maize) - making for a simple, focused business. Says Craemer. "We believed that the soft extruded maize snacks market was ready for revitalization, and we are doing it in flavours, shapes, promotions, etc." The SA soft extruded maize products category is worth about R500m, or 25% of the total savory snacks market of around R2bn/year.

- It only uses licensed brands. The directors know from bitter experience the large amount of effort required to create and support new brands. On both its current brands - Ghostbusters and Laduma - Awesome Snacks pays royalties. In this, Awesome Snacks is following the international trend towards extension of brands in, for instance, apparel, snacks and confectionery.

Of course, extending existing brands is not new, even among snack companies in SA.

Simba used Mutant Ninja Turtle and Pokemon to market its brands. But these icons were not Simba's main brands - rather, they were used to support its main brands.

By contrast, Awesome Snacks is using Ghostbusters or Laduma as its main brands (although the Awesome Snacks logo is on the front of every pack).

Larger snack companies cannot do this because they have to promote and protect their major brands.

Awesome Snacks' use of big licensed brands is one of the major reasons why hard-bitten

retail/wholesale trade buyers in SA have been prepared to grant the new company listings quickly.

Says Craemer: "They have heard everything and seen so many products come and go. But they were captivated by our concept. In consumer research, consumers always recall the big brands. The smaller brands simply don't get a showing. Using a licensed brand means we can immediately get recognition and therefore exposure."

More brands

For Awesome Snacks, the world is full of great brands, and movies are an obvious source, both new and old. For instance, the Ghostbusters movie and franchise was launched in 1984.

But Awesome Snacks is not overawed by overseas brands - it is seeing excellent growth in Laduma, for instance.

It looks for promotions which will not cost large amounts of money, particularly in trade exchanges. For instance, its TV advertising associated with Laduma in 2004 will be worth many thousands of rands.

Again this is not new, but it takes advantage of the SABC's current drive to gain new income streams. Craemer believes that because of this promotion, in the long term Laduma will have more "legs" on the local market than Ghostbusters.

"Laduma is not a black brand," he says. "Like Cell C, it is cool and hip."

Growth

"The overall snacks category is currently static. Therefore any new entrant like ourselves has to create its own growth. It must do this by shapes, flavours, concepts, but most of all by brands."

"We could, of course, have gone into the commodity market and competed with the many small players and weak brands there. We did not opt for that - our products are not the cheapest, they are sold at price parity to Simba and Willards."

So far, however, in line with the company's two current snack products, it has only used two dies - the ghost shape for Ghostbusters and the round shape for Laduma.

Although the company goes for faddish brands, it has so far gone for mainstream flavours - original and cheese for Ghostbusters and BBQ chilli and cheddar cheese for Laduma.

In line with market trends, it will soon be taking all MSG out of its products.

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