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The issues with transnational fast moving consumer goods supply chains originating India and South Africa

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4. BACKGROUND TO CASES

4.1 Surya Foods (Pty) Limited

Surya Foods (Pty) Limited (Surya) was incorporated in 1992 and commenced its commercial operations of the manufacturing and selling of biscuits under the brand name Priyagold in 1993. Over time, Surya established further manufacturing capabilities and invested in developing consumer preferences for its products. Its trademarks/brands Haq Se Maango and Priyagold were among the most powerful brands in the FMCG sector. The firm's website was http://www.priyagold.co.in.

Surya had three plants geographically spread across the country in the cities of Greater Noida, Lucknow and Surat. Surya also outsourced some of its requirements to another plant located in Hyderabad. In 2009, its production capacity reached 150,000 metric tons per annum, which, along with strong brand building and distribution capabilities, enabled the organisation to command a sizable market share in the biscuit market, despite competition from the well-established players in the industry.

After establishing its foothold in the biscuit industry, Surya diversified into the manufacturing of fruit juices through its wholly owned subsidiary, Surya Fresh Foods Ltd, in 2006. The manufacturing facility was located at Greater Noida in the state of Uttar Pradesh. Surya consciously invested in creating markets for fruit juices and established brands such as Fresh Gold and Treat.

Both these brands became well established and penetrated the fruit juice market aggressively by commanding considerable market share. Surya also branched out into the aerated fruit drink segment with the launch of the Fresh Fizzy brand.

Surya also aggressively marketed its products to other organisations. In 2009, its products such as biscuits and fruit juices were supplied to airlines, hotels, railways, canteens stores departments and organised retail outlets.

Surya also diversified into the manufacturing of chocolates, toffees and sweets through its wholly owned subsidiary Surya Processed Food Pvt. Ltd. at Haridwar in the state of Uttarakhand, where various financial benefits were available.

Surya's strategy of strengthening its brands, especially the umbrella brand Priyagold, resulted in the creation of immense brand recall value and the growth of its customer base and price premium.

The major competitors to Surya were Britannia and Parle Products.

4.2 Dabur India (Pty) Limited

Dabur India (Pty) Limited (Dabur) was the fourth largest FMCG firm in India with interests in health care, personal care and food products. Building on a legacy of quality and experience of over 100 years, in 2009, Dabur reached a turnover of 23 billion Indian rupees (INR) with powerful brands like Dabur Amla, Dabur Chyawanprash, Vatika, Hajmola and Real. Its website was http://www.dabur.co.in.

Dabur set up subsidiary group firms across the world that could manage its businesses more efficiently. Given the vast range of products, sourcing, production and marketing were divested to five leading group firms that conducted their operations independently.



Figure 4-1: Group firms of Dabur
Source: Dabur website (www.dabur.co.in)

Dabur presented its range of herbal personal care products, created to make its customers look and "feel good deep down" by "bringing together the gentle touch of nature and Ayurveda's wisdom, backed by the unfailing quality of Dabur Products" (some of which are shown in figure 4-2).

Dabur's main competitors were Hamdard, Vaidyanath, Marico, Unilever, Procter & Gamble and Colgate Palmolive.



Figure 4-2: Personal care product range of Dabur
Source: Dabur website (www.dabur.co.in)

Dabur was a leader in manufacturing and marketing herbal, nature-based products, "marked with quality and trust gained through more than 100 years of experience". In 2009, Dabur's products were available in more than 50 countries across the world and were marketed in the Middle East, South-East Asia (SEA), Africa, the EU and the US. Figure 4-3 depicts Dabur's historical growth.

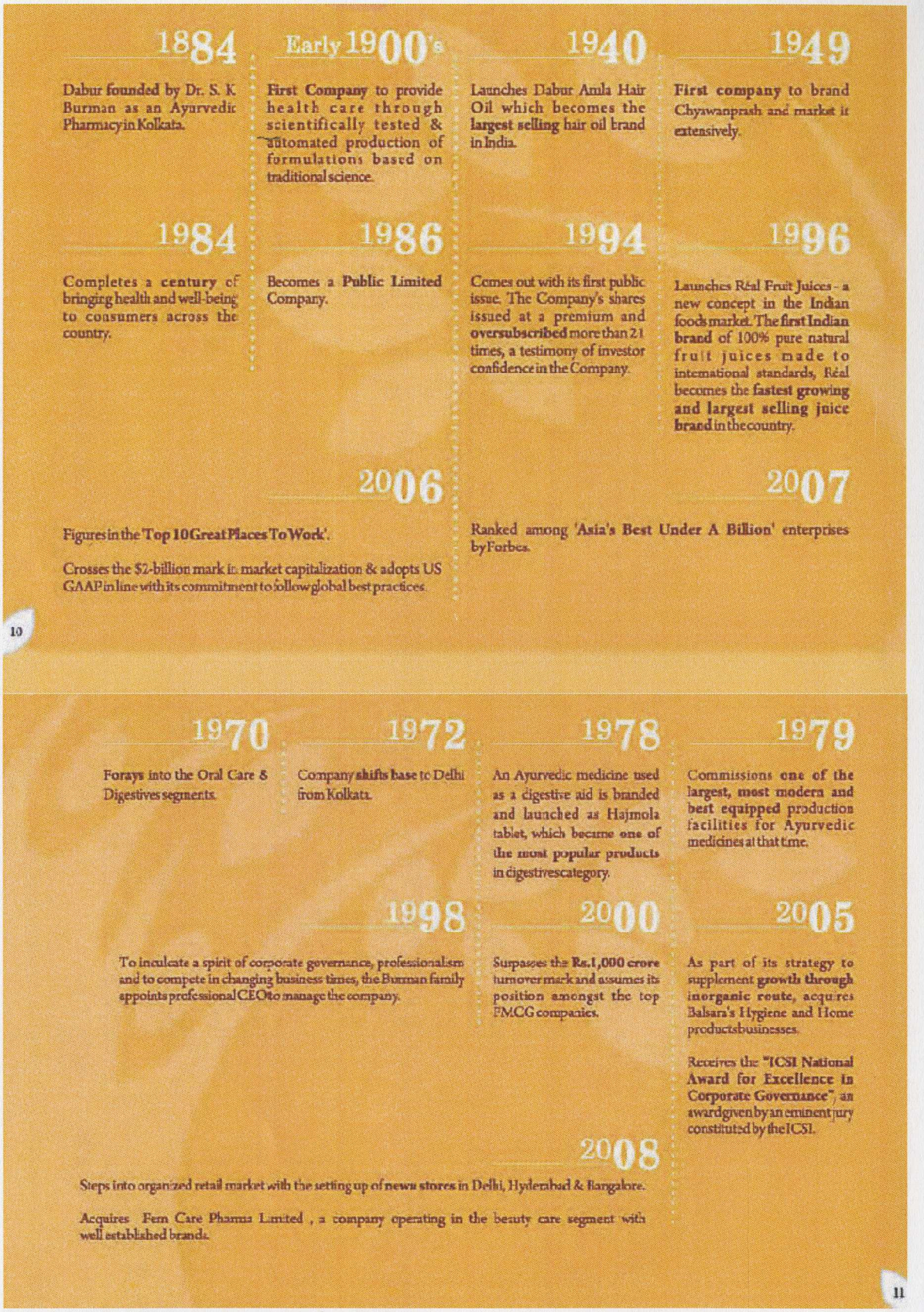

Figure 4-3: Historical growth for Dabur
Source: Dabur website (www.dabur.co.in)

4.3 Amka Products (Pty) Limited

Amka Products (Pty) Limited (Amka) was established by the Kalla family as a small trading operation near Pretoria, South Africa in the 1950s, focusing on unique needs and opportunities inherent to emerging markets in Africa. Its website was http://www.amka.co.za.

In 2009, Amka was a major manufacturing and marketing enterprise with specialised expertise in Africa. It had 1,000 employees, four manufacturing plants, 400 products and 20 leading brands sold in 35 African countries and in the EU and US. It had overseas manufacturing and sales organisations in the US, the United Kingdom (UK) and the Middle East.

Amka was consistently rated as one of the top ten empowerment firms in South Africa. Its main competitors were Unilever, Procter & Gamble, Reckitt Benckiser and Colgate.

Some of Amka's leading brands are shown in figure 4-4.



Figure 4-4: Leading brands of Amka
Source: Amka website (www.amka.co.za)

4.4 Anglo Vaal Industries Limited

Anglo Vaal Industries Limited (AVI) was a group consisting of trading firms that manufactured, processed, marketed and distributed leading brands of consumer products in the food, beverage and fashion segments. In 2007, AVI's revenue was ZAR 6.3 billion and its operating profit ZAR 735 million. Its website was http://www.avi.co.za.

In 2009, AVI was responsible for many of South African's favourite brands, as shown in figure 4-5.



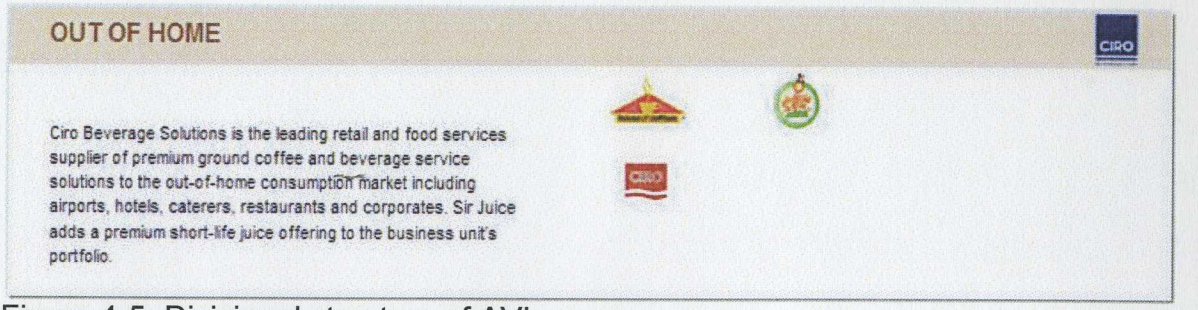

Figure 4-5: Divisional structure of AVI
Source: Compiled from AVI website (www.avi.co.za)

This thesis was focused only on AVI's Entyce Beverages and Snackworx product sections. The historical growth of AVI is represented in table 4-1.

1944	The subsidiary, Anglo-Transvaal Industries Limited is formed to serve as a holding company for Anglo-Transvaal Consolidated Investments Corporation Limited, the mining company's varied industrial holdings. Anglo-Transvaal Industries later becomes Anglovaal Industries Limited.
1944	Anglovaal Industries Limited gains control of Irvin & Johnson (I&J) Limited, a frozen foods manufacturer.
1952	As a leader in innovation I&J sells the first frozen food products, hake fillets, under the I&J name.
1954	Consolidated Glass Works merges with Union Glass. By this time, this subsidiary had entered into niche plastic products, paper and a specialised publication business.
1969	Anglovaal Industries Limited buys a controlling interest in T.W. Beckett and Co. Ltd., with full ownership realised in 1972. Founded in 1875, the beverage company owned well-known brands including Five Roses, Ellis Brown and Koffiehuis.
1980	Consolidated Glass Works is renamed Consol Limited to reflect its diversified nature.
1981	The Group acquires Bakers Limited, a sweet biscuit producer, which holds both the Bakers and Baumann's brands.
1989	Anglovaal Industries Limited acquires Goodyear South Africa, a division of the American rubber manufacturer. This is accompanied by the acquisition of local tyre distribution networks.
1991	Yardley of London (Africa) is purchased by National Brands Limited, a wholly-owned subsidiary of Anglovaal Industries Limited. The company trades under the name Yardley of London until July 1997, when it becomes known as the NBL Cosmetics and Toiletries Division.
1993	Premier Milling Company sells Pyotts (Pty) Limited, a savoury biscuit producer, to the Group.
1994	Bakers Limited, Pyotts Limited and Baumann's are regrouped into a separate business, under the collective title of 'Associated Biscuits'.
1995	National Brands Limited buys Willards. Willards houses a number of well-known South African snacks brands including Crinkles, Big Korn Bites and Cheasnaks.
1996	Associated Biscuits, T.W. Beckett and Co., and Pakco (AVI's spice business) are consolidated into National Brands Limited.
1997	The Anglovaal Limited Group is rationalised in order to streamline its business. The paper

	business is disposed of and Goodyear International regains control of Anglovaal's rubber business.
1998	This marks the start of the restructuring of the business that is AVI today. In 1998, Anglovaal Limited is split into two separate listed holding companies, Avmin Limited, representing the mining interest, and Anglovaal Industrial Holdings Limited is formed to house the industrial interest.
1999	Anglovaal Industrial Holdings Limited is further split into two listed entities, Aveng Limited and Anglovaal Industries Limited.
2000	Willards acquires Baker Street Snacks, a major player in the niche South African snacks market.
2001	I&J becomes the sole shareholder of Alpesca, an Argentine fishing operation with interest in hake and shrimp.
2001	Vector Logistics, formerly the customer division of I&J, becomes a separately managed subsidiary of Anglovaal Industries Limited.
2002	Anglovaal Industries Limited enters the short-life juice arena with the acquisition of The Real Juice Company. The move into this area of the market is further enhanced with the acquisition of QualiJuice in October 2003 and Sir Juice in July 2004.
2003	Indigo Cosmetics, previously a division of National Brands Limited, commences trading as a separate subsidiary of AVI.
2003	Anglovaal Industries Limited changes its name to AVI Limited.
2003	In July of 2003, National Brands Limited acquires The House of Coffees (Pty) Limited, thereby increasing its presence in the premium coffee market.
2004	Indigo Cosmetics acquires the global rights for the Lenthric trademark, and enters the Australian market.
2004	AVI acquires Denny Mushrooms, together with its subsidiary Dining-In. This marks the entry of AVI into the 'fresh-to-market' segment.
2004	AVI announces the final step in the restructuring of its business towards a branded consumer goods group with the sale of Vector Logistics to a division of Rainbow Chickens Limited.
2005	Consol Limited is unbundled from the Group and begins trading on the Johannesburg Stock Exchange on 28 February.
2005	AVI acquires 60% of A&D Spitz, a branded footwear retailer.
2006	AVI acquires the remaining 40% of A&D Spitz.

Table 4-1: Historical growth for AVI
Source: AVI website (www.avi.co.za