



Salone Rice



Parboiled Rice

CASE STUDY: LION MOUNTAINS

INCREASING DEMAND FOR LOCALLY-PRODUCED RICE
THROUGH INNOVATIVE PACKAGING AND MARKETING



SOBA
SIERRA LEONE OPPORTUNITIES
FOR BUSINESS ACTION

2017

SUMMARY

Case Study: Increasing demand for locally-produced rice through innovative packaging and marketing.

The following case study showcases how a leading rice processing company in Sierra Leone successfully unlocked a new market for local rice through innovative and effective packaging and targeted marketing.



Sierra Leone Opportunities for Business Action (SOBA) is a UK aid funded private sector development programme that uses a market systems approach to facilitate pro-poor economic growth in Sierra Leone.

The programme collaborates with private sector businesses in three primary areas:

(1) sustainable energy, (2) agriculture, (3) professional services and entrepreneurship markets, to trial and to scale innovative and inclusive business practices that reduce poverty and improve economic opportunities for poor women and men. Under the agricultural portfolio, SOBA is working to strengthen the local rice market, bolstering rice production, processing and sales to outcompete imported options that are not necessarily cheaper and can be poorer in quality.

To do this, SOBA partnered with Lion Mountains, a rice processing company, to trial innovative packaging and marketing tactics. The result has been increased access and demand for quality, affordable, locally-produced rice and a new, growing market for Sierra Leone rice farmers and traders.



LION MOUNTAINS



Headquartered in Bo, **Lion Mountains** is one of the leading rice processing companies in Sierra Leone and the leading rice processing company in the southeast region of the country. Since starting operations in 2014, Lion Mountains has offered a secure market to approximately 2,000 rice farmers in Bo District. Lion Mountains believes in the quality and higher nutritive value of its locally produced rice over imported alternatives. The company purchases paddy rice from farmers across south-eastern Sierra Leone, providing reliable market access to thousands of small farmers. In 2017, the company expanded its reach to the northern region, purchasing rice from Mile 91, Kambia and Kabala.

SOBA worked collaboratively with Lion Mountains to achieve the following sales and marketing objectives:

- Help Lion Mountains grow its business by increasing sales and streamlining operations.
- Build a business case for innovative consumer packaging and induce crowding-in for similar packaging strategy for locally-processed rice.
- Establish a kiosk distribution network to increase access to Lion Mountains rice for rural and urban households.

CREDITS : Partner : LION MOUNTAIN | Agency : SOBA | Case Analyst and Photography: Angela Betancourt



THE CHALLENGE WITH CURRENT RICE PURCHASING BEHAVIOUR

In Bo, and across Sierra Leone, locally produced rice is sold unpackaged in local markets. Most rice consumers visit these markets weekly and buy rice based on a cup measurement system; customers tell the buyer how many cups of rice they want and the seller scoops out the amount and pours it into a plastic bag.

This method presents three challenges. Firstly, inconsistent and, at times, deliberately inaccurate measurements such as adding false bottoms and shaving parts off the top of cup measurements are well known problems that erode trust. How could consumers know if they are indeed receiving the equivalent of a full cup of rice?

Secondly, the way in which the full 50 kg rice bags are displayed (see image) creates another opportunity to deceive the customer. It's difficult to know where the rice is from and how old it is; freshness and sanitation in handling and storage are unknowns.

Lastly, this method does little to foster an environment by which a brand can promote itself; hindering the opportunities for local rice processors like Lion Mountains to establish a brand identity and to attract increased sales and market share.

At the onset of operations, Lion Mountains only sold its rice in 25kg and 50kg bags. These bags cost upwards of Le200,000; most Sierra Leoneans cannot afford to purchase a bag of this size. Consequently, the rice was sold unbranded by the cup in local markets and alongside numerous other bags of different origins.

Accordingly, Lion Mountains was struggling to gain a foothold in the market and grow sales to match production.

THE REPACKING SOLUTION



In August 2016, SOBA worked closely with Lion Mountains to develop a new packaging concept and marketing campaign to improve the accessibility of Lion Mountains branded rice for local consumers and to attract purchase among low income groups, boosting company sales.

To achieve this, the Lion Mountains-SOBA team designed and piloted two smaller sized bags—a 1.5kg bag (5 cups) and a 3kg bag (10 cups) – designed based on prevailing local market purchasing behaviour. By packaging their rice in smaller packages and communicating volumes in terms of “cups”, Lion Mountains and SOBA believed they would be able to:

THE REPACKING SOLUTION

- Ensure that Lion Mountains' rice is more affordable for low-income and rural Sierra Leoneans.
- Increase Lion Mountains' local rice market share and expand distribution by using the company's packaging as its unique selling proposition.
- Better compete with imported rice.

The Lion Mountains-SOBA team conducted market research to map distributors for the pilot, to obtain customer feedback to inform the pilot design, and to identify high potential resale points for distribution.



CONSUMER FEEDBACK

- Over 80% of consumers who participated in the pilot preferred 5 and 10 cups packaging as opposed to buying in single cups from large bags traded in the market.
- They also considered the small packaging more convenient to the single cups alternative and more affordable compared to the 50kg bag option.
- Additionally, the 5 and 10 cups package options were more comfortable to carry and solved the problem of poor quality plastic bags breaking.

Within several months, SOBA and Lion Mountains discovered that the 1.5kg bag generated the highest demand of the two options because it was the most affordable for low-income households, and most representative of daily rice consumption.



With their new packaging in place, Lion Mountains distributed the bagged rice to traders in and around Bo, targeting open markets and retail shops where low and average income households, families, and individuals buy from

To further boost sales and to promote the brand, Lion Mountains (in partnership with SOBA) built five fully branded kiosks around the city to improve the accessibility of their packaged rice and to gain more brand visibility.

In February 2017, Lion Mountains and SOBA officially launched the kiosk distribution network with an event that attracted over 125 women and men. The captive audience included rice farmers and consumers that wanted to learn more about Lion Mountains, their products and their sales agent opportunities. Following the launch, the Lion Mountains team led a radio pitch specifically targeting low-income households with messaging that reflected their experiences and addressed their common concerns around rice affordability and quality.



Lion Mountains repackaging solution was a success. Lion Mountains experienced overwhelming demand. The five kiosks started off with average sales of about 300 packs per week last year. As consumer awareness grew, the demand for Lion Mountains 1.5kg rice also increased. To date, Lion Mountains' kiosk rice sales have risen by 150%.

With combined sales of more than 3,000 1.5kg packets of rice sold weekly, **thousands of households now have access to Lion Mountains' smaller packs of rice. In March, Lion Mountain sold Le. 32,000,000 rice through their kiosk network.**

Strong and growing demand for Lion Mountains rice fostered new opportunities. Lion Mountains has expanded its product line and sells a wide variety of locally-produced rice all targeted to this market, including three varieties of red rice, parboiled rice, and white rice.

Moreover, Lion Mountains plans to introduce 20 more (total of 30) kiosks by the middle of 2017, increasing access to Lion Mountains' locally produced rice to consumers in Makeni and even in Freetown. This growth is expected to generate 30 direct-employment sales positions, most of which are women. Moreover, Lion Mountains and SOBA mapped 100 active foodstuffs (rice) traders in Bo, of which 90% were willing to stock and to sell this new packaged rice.

Sales growth has put pressure on the company to buy more rice paddy from farmers. The CEO encouraged rice farmers in Bo to increase their local rice production because Lion Mountains is ready to buy all the rice they can produce.

To meet growth expected from increased points of sale, Lion Mountains is expected to buy from twice as many farmers. This includes further expanding its permanent presence in other rice sourcing districts.

The kiosks are also quickly becoming a sales channel with the potential to push a wider breadth of products that will benefit low-income people. SOBA and Lion Mountains saw evidence of this when the company partnered with Bennimix and solar companies to expand sales through this channel.

DRIVING INNOVATION TO SCALE

Lion Mountains' packaging pilot was an effective innovation in Sierra Leone's food processing sector, demonstrating the power of local commodities to outcompete imported options by utilising smart, targeted sales and distribution tactics. Within several months of implementation, a competing local rice processor in the country approached SOBA about integrating a similar packaging and distribution strategy, validating Lion Mountains' success.

SOBA continues to work with Lion Mountains and other partners to develop new solutions to tackle market gaps while continuously scaling up improved practices that others can replicate and adapt for wider impact.

KIOSK BENEFICIARY

In addition to boosting sales and increasing accessibility, Lion Mountains' kiosks have become a source of income for some residents of Bo. The company has proactively recruited women to work as sales agents. For some women like Mrs Beaindu Massaquia, this is their first paid job.

"I'm very excited that now I have a regular source of income to support my family," said Mrs Fatu, 30, recently recruited as a Lion Mountains sales agent. Before this opportunity, Mrs Fatu was unemployed.



The Importance of Rice in Sierra Leone

Rice is Sierra Leone's staple food, with 104kg consumed per capita per year³. A 2013 report showed that Sierra Leoneans consume 530,000 tonnes of rice annually³.

Despite an ideal climate and vast land, the country only produces about three-quarters of its rice requirement³. To meet the demand, Sierra Leone spends over \$100 million a year on rice importation², per the Minister of State in the Ministry of Finance².

Depending on other countries for such an important staple food as rice, makes the country vulnerable to food insecurity³, with women and the elderly most likely to be affected. Thus, JICA's National Rice Development Strategy stated that the "promotion of domestic rice is, therefore, a key element in the strategies for improving food security, stimulating economic growth and increasing rural income."

Lion Mountains' Mike Gericke hopes to produce enough rice to feed the entire population of Sierra Leone year-round and to decrease the amount of imported rice

To learn more about SOBA's work visit sobasl.org

SOURCE:

1. National Rice Development Strategy 2009 https://www.jica.go.jp/english/our_work/thematic_issues/agricultural/pdf/sierraleone_en.pdf
2. Sierra Leone News: Salone spends over \$100m to import rice- October 18, 2016 <http://awoko.org/2016/10/18/sierra-leone-news-salome-spends-over-100m-to-import-rice/>
3. Pioneering High-Yield Rice Production in Sierra Leone: Recommendations for an Outgrower Model-May 17, 2013 <https://new.sipa.columbia.edu/sites/default/files/WARC%20Final%20Report.pdf>

