

Cairo Poultry wants to stay ahead of the competition

Being part of a bigger organisation can be an advantage in designing a development plan. Cairo Poultry Co. belongs to a group that also holds the licences of major fast food chains. This makes them a preferential supplier where investments can be made to remain competitive not only in price, but in the quality of value added products.

By Wiebe van der Sluis

First there were a feed mill and a hatchery. Now 25 years later Cairo Poultry Co. is one of the leading poultry companies in the Near East. The initial idea was to only produce one day old broilers for the live bird market. This initiative proved to be successful. In 1983 the idea came about to start their own GP operation, Misr Grandparents Co, to supply the market with quality parent stock. It took another five years before the first breeder hens were introduced. Until today the company is still the sole supplier of Arbor Acres PS-stock to the domestic market.

The success of this business formed the basis for further expansions. In 1992 New Cairo Poultry Co. was created to become a hatching egg trading company with sales of 46 million eggs per year. A hatchery was built using the most up-to-date technology available and chicks were mainly sent to the free market, in addition to CPC's own farms.

Meanwhile the Egyptian consumer market slowly started to change. Demands for processed chicken grew, especially from fast-food chains, restaurants and shops. The management of Cairo Poultry decided to establish a separate company for the production, processing and marketing of broilers under the brand name "Koki". In 1994 a processing plant was build outside

Compound feed

About 80% of the Egyptian poultry feed is produced by on-farm milling and mixing. Only 20% is compound feed, an amount of 600,000 tonnes per year. 50-60% of this total is produced by Cairo Feed Co. After completion of a new feedmill, CFC will be able to produce 600,000 tonnes per year. The growth will have to come mainly at the cost of on-farm mixing.



Koki is a strong brand recognised by an impressive share of the consumers



Although most production is further processing, large volumes of whole birds still need to be packed

Cairo in 10th Ramadan City, on the road from Cairo to Ismailia. Those first years a processing capacity of 3,000 birds per hour was sufficient to process all the birds bred by the company. Following the take over of United Poultry integration in Noberia, near Alexandria, the processing capacity has been increased with a 5,000 b/h line, bringing the capacity to 8,000 b/h.

Three breeds

In 1996 one more branch was added to the tree, the Cairo Grandparents Co. This breeder company obtained the right to develop the market for Hubbard broiler parents. Following a period of construction

and building up the breeder operation the business took off in 1997/98. This first step to a closer relationship with the Hubbard/ISA group resulted in the establishment of a third grandparent operation, the Cairo Misr Grandparents Co. in 2001. This operation developed the market for the ISA30 broiler parent.

The three breeding companies provide approx. two-thirds of the five million PS-hens needed for the Egyptian market. Cairo Poultry Co. takes some 500,000 breeding hens per year for their own use and the rest is sold to the free market. Egypt's GP and PS production and import is based on a quota system, closely monitored by the Minister



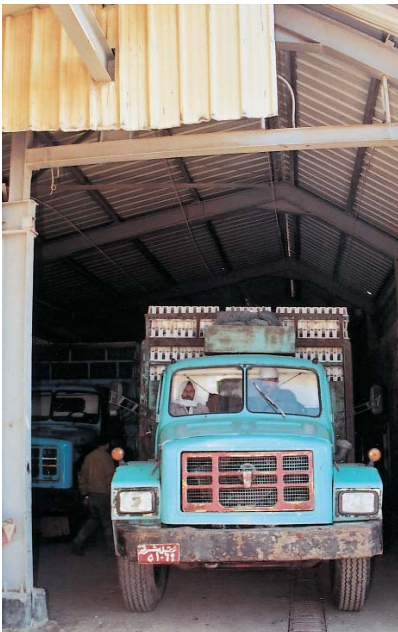
Koki general manager Dr. Mohamed F. Galal (l) and marketing manager Amr Darwish strongly believe in the added value strategy



Quality inspection plays an important role in meeting high quality requirements



Consumers can rely on birds having been killed halal



Following a long trip, birds rest in the climate controlled waiting hall

These steps will lead to a structure whereby the various branches of the original company have received their own product specific identity with a focus on logistics. A full line vertical integration is in the making.

Fast food

The success of Cairo Poultry Co (CPC) in the Near East broiler breeder as well as broiler meat market is the result of sound thinking and anticipation of market developments. The major shareholder is the Kuwait based Americana group, owned by the Kharafi family. This food company is a leader in nine different Arab countries and holds the Middle East licences of various fast food chains like KFC, Pizza Hut, Hardees, Tikka, etc. This allows CPC to supply these outlets in Egypt as well as in other Arab countries with specific further processed products.

Further processing is the way to go for the company. Like in most Middle East countries, the market in Egypt is dominated (80%) by small outlets where broilers are sold live or as fresh whole birds. "This market segment is highly competitive. It is also difficult for the local industry to compete on price with exporting companies like Sadia or Tyson in the whole bird and cut-up market segment," said Mr. Magdi G. El-Sebaie, chief financial officer of the Cairo Poultry Group. "Therefore we have to strengthen our competitive advantages by producing high quality value added products. We know our home market and serve the market according to its specific demands. Our brand name is strong and people trust that our birds are slaughtered halal. The future for our business is therefore in further processing. We are close to the market and can make use of relatively low cost labour. Being part of a group that holds

the licences for several fast food chains we are in a prime position to be the main supplier of their outlets. Apart from the fast food chains the demand for further processed chicken meat is rapidly increasing due to demands from hotels, restaurants and young executives who don't want to spend long hours cooking."

In 1997 the production of further processed poultry meat by CPC was 2,000 tonnes while last year it already surpassed the 6,000 tonnes, which is approx. 80% of the total Egyptian market. "Developments have only just started in Egypt, so the time ahead is going to be very dynamic", Mr El-Sebaie remarks. "It is our goal to maintain leadership and a competitive advantage in the market by delivering high quality products."

Total management

CPC's poultry processing plant "Koki" in 10th Ramadan City slaughters an average of 70,000-75,000 birds per day. These birds usually weigh between 1.6 and 1.8 kg alive, although for the whole bird market the weights may go down to below 1.25 kilos. The majority of the birds (70-75%) are produced at the company's own farms, while the remaining come from contract growers or growers who take chicks and feed from CPC. To ensure the quality of the raw materials, all segments of the production process are carefully monitored. A total management programme, ISO certified, assures that the products received and dispatched by the company are of the required quality. Their own laboratory monitors the products regularly.

Some 400 people work in the processing plant in one long shift from 06:30 in the morning until 17:00 to 20:00 in the evening, six days a week. The majority of these employees work in the slaughterhouse, and some 150 handle further processing, rendering and cold store. The length of the working day largely depends on the number of chickens that need to be processed. That may differ from day to day, and more specifically from season to season. During the summer the processing plant is closed during the day and birds are processed in the cooler hours of the night.



Aside from pre-cooked and fried chicken parts, the product range also includes frozen parts and whole broilers

Further processing

The processing plant is equipped with the most modern technology to allow efficient production of high quality end products. One third of the production is sold as whole bird, 10-15% as cut-ups and 55-60% as further processed products. All products are sold in chilled or frozen form, since fresh products are unfit for the Egyptian climate. Additionally the home situation and logistics do not allow the marketing of fresh poultry meat.

The country has only two supermarket chains. Some of the outlets have their own poultry brand and are supplied by small lo-

cal butchers. Most of the poultry meat is sold through groceries and small outlets. The absence of good freezer facilities in the shops as well as at home mean that products must be distributed daily.

When it comes to selling poultry meat products, Koki has spent a lot of time and energy changing the market, especially in the big cities. "Here you find the people who can appreciate quality and convenience", said Dr. Moghamed F. Galal, general manager of the Koki processing plant. "In the beginning it was not that easy since there was mistrust among buyers regarding the halalness of the products. In the past they have

The Egyptian poultry market

Year	1999	2000	2001
Hen Eggs Production (Mt)	159,270	176,665	199,631
Imports (Mt)	218	28	13
Exports (Mt)	145	28	0
Poultry Meat Production (Mt)	591,069	620,422	646,623
Chicken	484,704	513,312	538,978
Duck	41,860	41,860	41,860
Goose	41,580	42,000	42,210
Turkey	10,250	10,500	10,750
Pigeon + other birds	12,675	12,750	12,825
Imports (Mt)	64	62	96
Exports (Mt)	322	210	523

(Source FAO statistics)

often been cheated with imported poultry meat which proved not to be halal". Nevertheless the promotion for poultry meat has brought Koki a leading position in the Egyptian market, with a 60% market share for frozen whole birds, 40% for parts and 86% for further processed products. The brand name awareness at 90% is extremely high, while 70-80% of the consumers are very familiar with Koki. "These positive scores makes us believe", according to marketing manager Amr Darwish, "that we can remain competitive in a free market". □

Yutav moves to new location

The 15th International Exhibition for intensive poultry production and processing, VIV Poultry Yutav, will take place from June 6-8, 2002 at the World Trade Center, Yesilköy, in Istanbul, Turkey. The event moved to the prestigious WTC venue, because of its proximity to the city centre and good service.

Following the success of last year's event with a total stand area of 7,000 sqm, 258 exhibitors and 5,109 visitors, VIV Yutav will also feature an expanded animal feed related trade show. This section will be organised in association with Victam.

With the expansion of the poultry and feed industry in Turkey, and many of its neighbours, this event is well positioned to attract influential visitors from throughout the region - the Middle East, Central Asia, Eastern Europe and North Africa, as well as, of course Turkey. Worldwide production of chicken, with its low fat and high protein characteristics as well as its price advantage over red meat, is increasing significant. Producers are becoming aware of the advantages of compound feeds and advanced production methods. They are beginning to search for the right breeds, equipment, feedstuffs and additives as well as companies with whom they can form internation-

al links. VIV Poultry Yutav has proved to be an excellent place to contact the market.

More information about the show can be obtained from: FGS Fuarcilik A.S, İnönü Cad. Yıldırım İshani No: 11/3 80650, Çeliktepe 4. Levent, Istanbul, Turkey. Tel: 0212 282 88 08 Fax: 0212 281 27 13 Email: fgsfair@fgsfair.com.tr Web: www.fgsfair.com.tr/english/yutav1.htm or Victam International, P.O. Box 197, 3860 AD Nijkerk, The Netherlands. Tel. +31 33 246 4404 Fax. +31 33 246 4706 Email: expo@victam.com Web: www.victam.com/turkey.html □

