

Fulga

Market

Although annual milk consumption per capita is still low in Romania in comparison with other European countries, it has nevertheless begun to steadily increase in recent years. In 2005, dairy product sales grew by 20% against 2004, reaching a value of 908 million euros (Source: Săptămâna Financiară Magazine, July 3, 2006).

The dairy market is divided into two segments, depending on the milk processing type: the first is pasteurized milk (high temperature/short time, HTST) packed in plastic boxes and bags, which presently accounts for a quarter of the market share. The second is ultra-pasteurized milk (ultra-high temperature, UHT) sold in aseptic packaging, covering a quarter of the market share.

Several years ago, the pasteurized milk market was mostly covered by import companies. Today, more and more companies, either locally incorporated or based on foreign investments, are getting involved in this field, stimulated by the increasing demand. Consequently, the market has diversified and developed in a short period of time. TV advertisements for pasteurized milk brands dominated the promotional campaigns in 2005 and 2006. As consumption grows, so does competition.

The Romanian dairy market has significant potential, nevertheless insufficiently exploited due to a slow development pace and a modest number of sizable competitors. Presently, there are several hundred dairy producers active on the market, but most of them are small or medium sized, with relatively modest production capacities and hardly diversified product ranges. These aside, there are a few important players that have achieved outstanding results and who



share the key segments of the market.

Albalact stands out among them, creating a name for itself in a very short period of time, thanks to intelligent management techniques, smart and efficient marketing & sales strategies, modern production capacities and the permanent adoption of innovative behaviour. In terms of production, market share, turnover, product range and other economic indicators, Albalact is one of the top five dairy companies.

Permanently analysing the market, Albalact seized many opportunities and acted accordingly. The company decided not to merely remain a local player and developed a national brand identity, first launching the Fulga brand for ultra-pasteurized (UHT) milk and more recently, the Zuzu range of fresh milk based dairy products.

Achievements

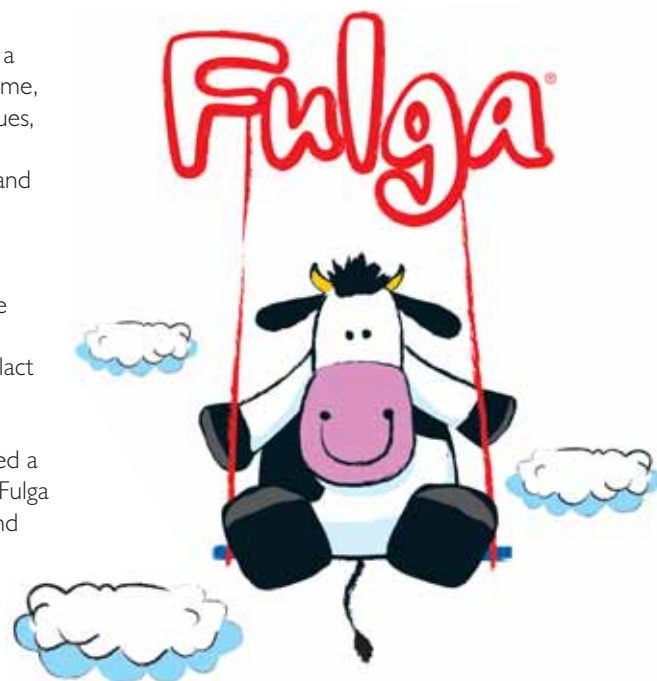
In 2004, Albalact won significant market shares within just a few months since the successful launch of the UHT milk brand, Fulga. With a well defined identity, based on an animated, young and cheerful brand, Fulga quickly won recognition, becoming much loved by the public. It witnessed spectacular development on the market, almost doubling Albalact's average monthly sales.

In 2005, the company's turnover increased almost by 50% as compared with 2004. The brand's success has placed Albalact among the top five players on the market. The year 2005 also brought acknowledgment of the company's efforts through prizes and awards received for inspiring, effective advertising and communication campaigns.

Following the campaign named "Ce vacă sunt" ("What a cow I am"), aired during the first year following the launch, Fulga won the Gold EFFIE award in the 2005 edition of the contest. This prize is of particular importance, since it was obtained at a festival that honours effectiveness in advertising. In the next year, Fulga received the Bronze EFFIE award at the same festival for the "Scufița Roșie" ("Little Red Riding Hood") promotional campaign.

In 2006, Fulga's promotional efforts were again acknowledged through another trophy granted for a communication campaign: the award entitled The Most Credible PR/ Media Campaign run to the benefit of a product's increased competitiveness. The prize was awarded by Eurolink - Europe House at the CEFTAC Platform Gala.

Albalact laid important focus on innovation and invested several million euros in expanding Fulga's production facilities, bringing out a new range of flavoured milk products packed in



special Tetra Pak packages, the first of its kind on the Romanian market. At the beginning of 2006, Albalact launched the Zuzu range of fresh dairy products, presented in a completely new and innovative kind of packaging.

History

The Albalact dairy manufacturing plant was first incorporated in 1971 as a state-owned company located in the city of Alba Iulia, Transylvania. In 1999, the company was privatised with 100% Romanian ownership. Soon after privatisation, the management team initiated ambitious restructuring plans, aiming to pay off the company's debts, to modernise the firm and increase profitability. Shortly afterwards, Albalact achieved significant performance parameters: 70,000L of milk production per day against 6,000L in 1999; a larger and better trained team of 250 employees against 140 workers in 1999. The company invested to consolidate and improve the raw material base: a new superior breed of cows was acquired, larger, rich pasture lands were bought; and modern manufacturing techniques and capacities expanded.

Since the beginning, Albalact has been present on the market with several types of dairy products: fresh milk, yogurt, cream-milk and so on, all gathered under the general brand "De Albalact". Seizing the opportunities of the UHT milk market, Albalact decided to become actively involved. In 2004, the company launched its Fulga brand UHT milk. A few months later, Fulga managed to attract consumers' interest and registered solid preference due to strong, effective advertising campaigns. As a result, Albalact found itself among the top five dairy companies, while company's sales volume almost doubled in only one year.

Fulga owes its success to important changes in the production capacities and sales strategies. In 2005, UHT milk production increased almost three times. Manufacturing capacities developed, with the Fulga milk manufacturing process using the most modern Tetra Pak equipment imported from Sweden. The company invested almost 5 million euros for expanding the Fulga brand, with a new range of flavoured UHT milk products. The portfolio of distributors expanded to 35 companies, covering 35 counties within the country. The distribution companies covered approximately 9,000 points of sale (food stores, cafes, restaurants and hotels).

In 2006, Albalact decided to further consolidate its position on the fresh dairy market (milk and yogurt) and launched a new brand: Zuzu. The product again illustrates the importance of innovation to Albalact. The brand name, the range of Zuzu dairy products and the innovative package, all create an unconventional and memorable product, recognisable as such even at first sight. Planning to further develop, the company decided to expand its production capacities, again laying solid foundations for future growth.

Product

The Fulga brand, positioned on the market under the slogan: "Bunătațe de lapte" ("The Goodness of Milk"), consists of three types of UHT milk packed in one litre boxes: Fulga skimmed milk (0.1% fat), Fulga semi-skimmed milk (1.5% fat) and Fulga milk (3.5% fat).

The brand is also present on the dairy products market through a flavoured UHT milk range packed in 250mL boxes, positioned under the slogan "Bunătați cu lapte" ("Goodness with Milk"). It is the widest range of flavoured UHT milk available on the market. The Fulga flavoured milk range comprises original milk, milk with cocoa and chocolate taste, milk with pineapple and orange juice and milk with multi-fruit juice. Moreover, in 2006, the 250mL flavoured Fulga milk packs benefited from special improvements to the packaging. UHT milk, considered "a new industrial technology", gives the product a special taste and superior characteristics, as it removes the need for preservatives, gives the product a longer validity term, does not require refrigeration and provides advantages in terms of transportation and storage. Under this process, the milk is treated for few seconds at high temperature, between 135 - 150 degrees Celsius, and then cooled to its ambient temperature.

Recent Developments

The packaging of the Fulga flavoured milk range, available in 250mL milk packs, has been



improved: each pack has now a special, telescopic straw, which is more resistant and makes "on the spot" consumption easier.

Promotion

There are no noticeable differences between UHT brands in terms of product or price. Yet Fulga has succeeded to differentiate itself from other products ever since its launch. The product aimed to develop an original identity, provided by a special character printed on the package, designed to turn Fulga into an attractive, preferred brand. This is how Fulga was introduced to its target audience. Fulga is a funny, amusing cow who is everybody's friend - a character who creates a strong emotional link with the final consumer. The communication campaign undertaken to promote the brand aimed to give life to this entertaining character; to make it friendly and amusing, and, most importantly, to become loved by everybody. At the same time, the advertising campaign had to transform Fulga into a warranty that only the best milk could be found inside the pack, as natural as on the day it was collected. An animated movie proved to be the best way to realise this concept.

The 2004 sales results proved that the advertising and communication promotional efforts had created a significant public preference for the brand. Fulga became a well-known personage, a source of amusement for both adults and children.

In 2005, the communication campaign continued to strengthen the brand's image and further developed the personality of Fulga the cow. The campaign delivered information while, at the same time, building up a close relationship with the brand. Fulga the cow took on the main role in the well known fairy story "Little Red Riding Hood", slightly adapted for the local market. The result was that children enjoyed

Fulga's naughty behaviour and related to the character's personality, whereas mothers were provided with information about the product: Fulga milk is of the highest quality since it comes from a natural source - Fulga herself!

The media strategy aimed to increase the target audience reached by every advertising cycle, so as to maximize the public awareness and to sustain the brand preference that was created in 2004.

The campaign was solely broadcasted on TV, taking into consideration arguments such as target audience coverage and the fact that TV, through sound and image, provides the best media channel for creating the personality of a brand, especially when this has to be done through the personality of an animated, cheerful little cow.

Starting with the summer of 2006, the Fulga brand was promoted through several BTL events. Fulga the cow began playing with children, cheering them up, giving out balloons, T-shirts, milk and other small gifts. Fulga the cow became actively involved in supporting several events dedicated to children. Fulga celebrated Palm Sunday in Cișmigiu Park, together with Itsy Bitsy radio station for children. She cheered up the children participating in the swimming contest organised by Bucharest Sport Club, to mark June 1st, the International Children's Day; Fulga took a walk downtown to meet children, along with the characters from Romanian and international fairy tales (Snow White, Cinderella, Păcală, Little Red Riding Hood), in order to support them in a contest organised in the Bucharest Botanical Garden; within the "Our Big Day Out" program, Fulga the cow had a lot of fun together with orphaned children on Children's Island in Herăstrău Park.

Brand Values

The Fulga brand is based on both rational and emotional values. Apart from the healthy, high quality product it offers (its own milk), Fulga is a funny, cheerful, naughty little cow which brings a smile to people's faces and easily wins a place in their hearts. As it is bold, frank, intelligent and innocent, Fulga is the friend of all children. She is always entertaining them with new jokes and pranks and is also a reliable partner for mothers, helping them to feed their children in a healthy manner.

www.albalact.ro

THINGS YOU DIDN'T KNOW ABOUT

Fulga

- ▶ Fulga the cow and the related ads are very well known, especially by children
- ▶ After two years on the market, Fulga the cow had a birthday party to celebrate, just as any other child
- ▶ In 2007, Albalact is to complete the construction of a new dairy factory, the most modern of its kind in Romania. The estimated value of investments undertaken for this purpose totals approximately 7 million euros