



# CONFECTIONERY INDUSTRY

## Sector Update - April 2011

**T**he formal confectionery industry in Pakistan is dominated by few large players i.e. Hilal (20%), CandyLand (15%), Mayfair (12%), JoJo (12%) and others (41%). The availability of adequate infrastructure and financial resources enables these large players to operate with a range of branded products. The type of products includes Candies, Chews, Jellies, Chocolates, Wafers, Lollypops and Snacks. While the big players comprise registered companies, small scale players are largely operating with single unit machines.

A major challenge to the formal confectionery industry is from informal cottage operators who imitate popular products under their own brand name or fraudulently use the name of well established brands in the market. Such operators are more active in rural areas where registered companies have limited presence. However, with increasing raw material prices, bulk of such operators, which lack financial muscle, are being wiped out from the market. This has benefited the formal sector with increase in market share.

The distribution set-up of registered companies incorporates Direct Sales Force (DSF) and wholesale distributors. Normally, the presence of DSF in urban centers targets retail outlets while support from wholesale distributors in cities is sought on a limited scale. However, the role of distributors in rural and remote areas is more prominent where distribution cost would be higher if DSF is applied. Companies are also actively engaged in marketing activities and promote their products through print and electronic media. A number of market players have export sales to various countries in Asia, America, Europe and Africa.

The demand in confectionery industry is seasonal in nature. Generally, industry experiences lower demand in summer season largely on account of summer vacations in schools and also due to relatively lower consumption of chocolates in hot weather. Therefore, companies' build-up adequate

stock levels prior to winter season when demand is at its peak.

The major raw material used in confectionery items is sugar. With the rise in sugar price, its proportion in the overall cost of sales has increased, though the ratio is still not significantly high. On the other hand, a number of raw material ingredients are imported having high value. These ingredients include packaging material, gum base, fats, cocoa, taste enhancers and food colors, etc. The prices of imported raw materials have increased manifolds within a year. While it is relatively difficult to increase the price of confectionery items due to coin barriers psyche of the consumer, margins are often maintained by adjusting the size of products whenever there are changes in raw material prices.

Jahangir Kothari Parade (Lady Lloyd Pier)

Inspired by Her Excellency, The Honorable Lady Lloyd, this promenade pier and pavillion was constructed at a cost of 3 Lakhs and donated to the public of Karachi by Jahangir Kothari to whose genrosity and public spirit the gift is due. Foundation stone laid on January 5, 1920. Opened by Her Excellency, The Honorable Lady Lloyd on March 21, 1921.

*Dome: A roof or vault, usually hemispherical in form. Until the 19th century, domes were constructed of masonry, of wood, or of combinations of the two, frequently reinforced with iron chains around the base to counteract the outward thrust of the structure.*

*Origins: The dome seems to have developed as roofing for circular mud-brick huts in ancient Mesopotamia about 6000 years ago. In the 14th century B.C. the Mycenaean Greeks built tombs roofed with steep corbeled domes in the shape of pointed beehives (tholos tombs).*

*Otherwise, the dome was not important in ancient Greek architecture. The Romans developed the masonry dome in its purest form, culminating in a temple built by the emperor Hadrian. Set on a massive circular drum the coffered dome forms a perfect hemisphere on the interior, with a large oculus (eye) in its center to admit light.*



Jahangir Kothari  
Parade

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The edifice of the Jahangir Kothari Parade has stood proudly through the years and is a symbol of our heritage. Its 'Dome' as the most stable of building structures, exemplifies architectural perfection. Committed to excellence, JCR-VIS continues its endeavor to remain an emblem of trust.

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