

## **CASE STUDY**

### **SHOULD NTF DELIST OR MAINTAIN IN A GROWING CATEGORY?**

NFT is a Ghanaian owned nutrition -based technology- driven plant-based food company established in 2017. The company founded by five friends seeks to leverage locally-sourced ingredients formulate healthy and nutritious plant-based products like ginger, moringa, tiger nuts, baobab, cashew, coconut and many others for the Ghanaian and export markets.

The snack business is estimated to be \$200 million; the category is made up of biscuits and other light snacks. Biscuits make up 70% of the category with other light snacks being 30% of the market, however other light foods segment is growing at 40% making it the fastest growing segment within the category.

#### **Background**

NTF plant-based snack is a well-loved light snack made from Ghanaian plant-based foods; ginger, coconut and baobab making it uniquely healthy and well loved by Ghanaian consumers. The brand is targeting middle class Ghanaians seeking healthy but delicious snacks. The best seller has proven to be coconut closely followed by baobab with ginger being the least preferred. The three variants are packaged in 180g packs sizeable enough for a consumer.

#### **Equity of NTF brand**

##### **NTF doesn't subscribe to buying data from any of the recognized research company**

NTF was launched with little marketing investment. Awareness of the brand is low, but the brand boasts of a good number of loyalists. Consumers love the brand after trying it but are skeptical to trying it initially due to its high perceived cost.

#### **Costs of running NTF**

NTF has a world class factory with state-of-the-art production lines, the business case for capital investment projected a yearly tonnage of 100T with distribution to neighboring West African countries in its 3<sup>rd</sup> year of business, however current volumes are just 25% of

the projected business case volumes and supply chain costs are still high. Raw material costs are also very high, and the factory is saddled with high production cost due to the low volumes.

### **Distribution of NTF**

To help expand distribution, Maty Distributors, a foods distribution company was appointed to help distribute to all groceries within the Golden triangle. Maty had successfully distributed its own assortment of bread and pastries in Accra, Kumasi and Takoradi but had been unsuccessful with NTF. The distribution manager had even extended credit facilities to most of these stores, but distribution has remained a challenge. Only 1 in 10 stores covered by Maty has listed NTF in Accra, while distribution in Kumasi and other cities is nonexistent.

Distribution of the brand is still limited to supermarkets in Accra only. The brand is still not available in general trade with effective coverage at 30%.

Recently, the brand has had to delist 1 variant due to low off takes because of high inventory levels even though consumers who had tried the baobab variant loved it.

### **Management Decision**

The management of the company is contemplating delisting the brand due to its poor performance, current gross margins are -20% and diluting the profitability of the business and profitability is the number KPI of the company.

## **SECTION A**

### **QUESTION ONE - COMPULSORY**

As a newly appointed marketing manager of NTF, you have the task of presenting a memo that answers the questions below so management can take a final decision

- a. Considering the current state of play with NTF's distribution, what is your evaluation of its distribution strategy and what will be your recommendation?  
**(20 marks)**

- b. Evaluate the equity of the NTF brand? Should NTF be delisted or not? **(20 marks)**

## **SECTION B – ANSWER THREE QUESTIONS ONLY FROM THIS SECTION**

### **QUESTION ONE**

- a. Explain the various types of innovation? **(10 marks)**
- b. Discuss what could potentially be considered barriers to innovation? **(10 marks)**

### **QUESTION TWO**

- a. What steps should a company like NTF consider before going international? **(8 marks)**
- b. What are the pros and cons of using e commerce as a distribution channel?  
**(12 marks)**

### **QUESTION THREE**

- a. Identify 3 issues that the NTF brand has encountered and outline 3 recommendations to fix these identified issues. **(10 marks)**
- b. Identify and explain 5 critical success factors of an innovation? **(10 marks)**

### **QUESTION FOUR**

- a. Explain 3 main advantages of implementing a Just in time strategy in inventory management **(10 marks)**
- b. What is the Bullwhip effect in supply chain management? **(10 marks)**

### **QUESTION FIVE**

You are the brand manager in an automobile company, your general manager has asked you to prepare memo outlining the following.

- a. Explain how the automobile industry can be segmented? **(10 marks)**
- b. Recommend how your brand should be positioned in the market? **(10marks)**