

Out of The Strong Came Forth Sweetness: Local Champions in India and Mexico



One of Britain's oldest brand logos was retired this week after over 150 years (bought by American Sugar Refining in 2010).

Lyle's Golden Syrup had stood the test of time and sweetened the tooth of tens of millions of kids on steadfast Christian principles. Those of you who remember your bible classes will recall the origin of the strapline that "Out of the strong came forth sweetness" *.

The story set us thinking on a trend that has recently returned to the headlines. Namely that the way to play the EM consumer is to buy DM companies that sell to the EM consumer. Fair enough but we believe you can get a better, more concentrated bang for your buck by investing in "Local Champions" to get that exposure. Strong recognition of well-established local brands aided and abetted by efficient and entrenched domestic distribution networks often lead to dominant market positions. A few examples.

Britannia started business in India in 1892 making biscuits and now has 30% market share of that market. The company's 'Beyond Biscuits' programme has enabled it to use the brand to widen its product range using the same distribution channels. Not satisfied with the biscuits alone, Britannia wants the gravy too.

Trent, predominantly the clothing retail arm of Tata Group, benefits from the strength of its parent company and management to run an efficient business producing in-house brands in various segments. Like Britannia they will benefit from increasing disposable incomes in India. A young demographic (50% of population under 25 and 65% under 35) means a growing customer base. They also have joint venture arrangements for Zara and Massimo Dutti with plans to launch Pull&Bear and Bershka in India in 2024.

Mission Foods, founded as a subsidiary of the Mexican tortilla manufacturer, Gruma, now has 80% market share in the US corn flour market and our US readers will have consumed many of their products.



Another firm favourite in the US after its explosive entry into the market in the summer of 2022 is Topo Chico hard seltzer 'Ranch Water' which was born out of Topo Chico mineral water, bottled in Monterrey, Mexico by FEMSA, a beverage and retail company that operates the Coca Cola franchise in Mexico and Central America.

Of course, there is no doubting the power of the branding of LVMH et al. but we believe that our Local Champions as well as having great brands are also more focused on the EM consumer than their multi-national brethren.

***The origin of the quote was from the story of Samson killing a lion and later finding a beehive in its corpse.**



- Logo courtesy of Lyle's Golden Syrup: [Visit their website](#)
- Logo courtesy of Britannia Industries Limited: [Visit their website](#)
- Logo courtesy of Trent Ltd (Tata Group): [Visit their website](#)
- Logo courtesy of Mission Foods (Gruma): [Visit their website](#)
- Logo courtesy of Topo Chico Hard Seltzer (FEMSA): [Visit their website](#)

Biography

Mark Martyrossian | Director, Head of Distribution



Mark joined Aubrey in 2017, having known Andrew Dalrymple for several years whilst working in Hong Kong together.

Since 1987, Mark has been involved with Asian equities in a number of capacities. This began in equity sales before he established and managed a trading book for Crosby Securities in Hong Kong. He was also responsible for initiating a corporate finance business focused primarily on China. After the sale of Crosby Securities, he joined Warburgs with his China team. On his return to London, Mark founded a FCA registered fund management business with a number of Asian equity strategies. He managed that business until 2016 when he sold his interest.

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