

SOUTH AUSTRALIAN

Food Centre

Case Study Maggie Beer Products



Focus: Relationships/collaboration

This case study summarises how Maggie Beer Products has expanded sales through understanding its core customers, managing risk and adding value to the business.

Introduction

Maggie is a well-known foodie from South Australia's Barossa Valley. Her range of products including meat and vegetarian pates, olive oil, verjuice, preserves, condiments and desserts have become a household name for many. Originally from Sydney, Maggie and her husband Colin moved to the Barossa Valley in 1973 and began farming and selling pheasants on their property near Nuriootpa.

This humble shop soon grew into the famed Pheasant Farm Restaurant marking the start of a career that now spans from farming to export food production to food writing.

Maggie Beer has taken the region's food to the world and won acclaim everywhere. Maggie's cooking celebrates local and seasonal produce, and she revels in this food.

In what was considered a natural extension, Maggie moved from writing and talking about food with her customers, to now talking to millions of people each week through ABC television's award winning The Cook and the Chef series. Maggie introduces Hilton Adelaide Executive Chef Simon Bryant to her home region and to the people who supply her with the produce she has used to create her culinary reputation.

Business overview

Maggie's food philosophy is simple, "It's all about the flavour" achieved by sourcing seasonal produce from growers who share her passion for excellence.

After 15 years, the Pheasant Farm Restaurant closed in 1993 to focus on the production of quality gourmet foods. The next venture was the Maggie Beer's Export Kitchen in Tanunda. This state of the art kitchen was opened in 1996 with the view to establishing export markets for the pate range.

In 1999 the business also returned to the original site and re-opened as the Farm Shop. As well as being a retail outlet, the Farm Shop offers daily demonstrations and foodie-friendly all day "picnic fare". It is also a valuable mechanism to trial new offerings and get quick feedback on marketability given the broad range of visitors it attracts.

The next big step occurred in 2001 when the Maggie Beer brand hit the supermarkets. Prior to this, the business needed to prove that it could make a tonne of pate a day, in no more than 10 kilogram batches to ensure the quality remained. Supermarket volumes were necessary to justify the expense of the export kitchen. The business recognised that for many people supermarkets were a one-stop shop and they needed to distribute through them in order to grow.

Today, the Maggie Beer range includes nine refrigerated and 21 dry goods products including Fruits and Preserves, Nuts and Spices, Chocolates, Oils, Sauces, Icecream, Verjuice, and Vinegar. Books, DVDs and wine are also sold. The range is distributed via the Farm Shop, supermarkets, gourmet outlets and online in Australia and specialty food stores around the globe.



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How to move forward?

Since the beginning, Maggie Beer has focused on and been committed to a quality product. Experimentation, evolution and expanding market reach have been key to growth.

There has been a clear transformation from a grower with restricted local distribution, to a national brand.

While Maggie says there always has been a focus on quality, formal business planning did not occur until the last few years.

“Initially, we didn’t have a business plan but over the last five years we have had business plans as a guide to growing and being more aware of our markets,” she said.

“We always wanted to produce something totally different. That was, and still is, a key driver.”

Other substantial relationships, such as that developed with Qantas and ABC television, further promotes the brand, and offers additional reach and volume to the product lines.



Where to go for help and advice?

The business has sought external assistance and advice from independent industry experts, as well as through State Government agencies. The SA Food Centre has supplied Maggie Beer Products with external consultants, who have helped with business planning, export tips and marketing advice.

Maggie Beer also has links to many local and national industry organisations, where valuable information – such as value chain data, product development, transport options, packaging and marketing – is shared. One such organisation is Food Adelaide, a group of leading national and international food and beverage companies, backed by government funding and infrastructure, with offices in key markets.

“Over the years, it has helped working with a network of food-related companies with similar growth philosophies, ideas and experiences,” Maggie said.

Value chain specifics?

The inputs to this business (ie particularly quality produce) equate to its solid foundations. Thus relationships with suppliers are paramount, with fruit suppliers being the most important (i.e. quince, fig, plum, Seville oranges and grape growers). There are regular visits to growers and a “partnership” approach to the growing. This is supplemented with formal contracts for the protection of both parties with strict specifications related to issues such as sprays and ripeness.

“While fruit is key, we also rely on packaging, printing, and pots, so maintaining these relationships is critical. These relationships are founded on honesty and communication, which has been vital in times of hardship,” Maggie said.

“I think I know my customers but it is always important to listen to their feedback.”

A vital part of this feedback is daily interactions with customers at the Farm Shop. At 2pm each day, guests – including tourists, foodies and those just looking for lunch – are treated to new product lines. These regularly involve 60-70 people, who talk about and taste the food and then complete a formal questionnaire.

“This one-on-one time gives us a gauge as to how many people will buy potential new items and general insight into what customers want and like.”

Contract processors also have an important role in the success of the business. The business has high standards for anyone who manufactures for them. For example, a recent new line of Maggie Beer ice cream took five years to get to retail level at the quality the business was happy with.

Maggie Beer also maintains some growing capacity at the property, as well as direct contact to customers through the shop and website. This ownership and control helps the business maintain quality and stay in touch with its product and customers. It is also central to dealing with small batch items, which help the brand maintain exclusivity, and to enable trial of possible future offerings.

The range of distributors also is important for ensuring broad reach. Each state has one distributor, but with Maggie Beer’s own people regularly on the ground to support the distributors.

What have they learned?

Maggie Beer Products continues to evolve, and the company's willingness to embrace innovation has been vital, not just for improving business structure and processes but also in terms of developing the brand and the range. The culture of the business is that they are always on the look-out for better ways. Related to this there has been a willingness to listen to external expertise (ie consultants) throughout the history of the business.

"Innovation is ongoing, and it's always got to be about the food and our customers," Maggie said.

With this approach the supermarkets are typically only allocated pates, verjuice, pastes and oil. Gourmet shops in comparison are offered up to 15 lines, including the more exclusive expensive items. For example, with the spring range there are four new gourmet pates. Two will go to the supermarkets, whereas all four go to the gourmet shops including the more expensive items. Such an approach enables the business to have the volumes it needs to make the kitchens cost effective (ie via supermarket volumes) but simultaneously enables them to protect their core distribution base (ie gourmet shops maintain some exclusivity and a point of difference against the supermarkets).

Similarly, there is now a range of products in selected Coles supermarkets, under a new super premium range, which has been negotiated to further position the brand as the gourmet of choice without compromising price or quality.



Critical success factors?

Knowing and understanding their market, their suppliers and the true importance of quality, remain the cornerstones of the success of Maggie Beer and her team.

"Core to our brand is a desire for excellence."

A critical success factor is that the value chain is tightly monitored, to ensure quality throughout the line. For example, the company will not just let anyone distribute their product globally. They seek the right distributors to ensure quality.

"These distributors must have access to key markets, be easy to deal with and understand the product as much as the market they operating in. Buyers can be easy to find, but getting products to different markets consistently is more challenging," she said.

"Over the years, we have been strong enough to say no to key contracts, because the other parties have not been good to deal with or high risk. We have also determined that for the moment the core focus has to be mainly local, and to ensure any growth is sustainable."

The web site has been an important part of the growth strategy.

Challenges?

While the business knows its core competencies – such as in-depth food knowledge, the ability to manufacture consistent quality gourmet food, and being open to innovation – has helped establish a national brand.

However, along the way the company has crossed many bridges – from fruit shortages through to logistical problems – but it continues to grow. As with many small-to-medium enterprises, costs are closely monitored. Maggie Beer has always had a focus on value-for-money and will not compromise on quality.

The business has considered building alliances with other local producers, for example to share transport in containers rather than shipping in pallets, as they currently do. However, no other local business currently has the necessary volumes, and as no preservatives are used in Maggie Beer Products they can not afford to take risks, and are still researching a perfect solution to transporting larger orders.

Other issues faced included being able to finance growth plans and finding the right skills to support Maggie's ideas and suggestions.

The business has made many efficiencies, including the use of a supermarket central warehouse, and producing a line for their biggest competitor to increase volumes to get efficiencies in the kitchen.

What does this case study show?

The case study highlights the importance of building strong relationships across the entire value chain. Maggie Beer knows the marketplace having worked with growers and suppliers, packagers and processors, retailers and wholesalers for many years.

Maggie Beer is a great example of matching a business capability and interests with the marketplace in order to make a profit.

This occurs at a number of different levels in this business, specifically with distributors and end users. For example, Woolworths are shown what products are in the planning and development phase, to gauge the chain's level of interest. Maggie Beer Products listens to the feedback and is open to the suggestions, within their own boundaries, however will not discount to protect brand and margins.

There is also regular benchmarking within the Maggie Beer team, to determine how the range compares to other products on the market. This particular assessment is focused on flavour via a blind taste test. The benchmarks for comparison are the top global brands for many of the products, however supermarket offerings are also compared for products like the pasta sauces and oil. The team is always looking for the "new" and checking to ensure their product is top quality.

The next step?

Clearly this is a business that has been very successful in moving from a production enterprise to a branded business further up the value chain. There have been challenges and concerns along the way, but the business has been committed to what it does, has used the support of others (ie suppliers, experts), had a strong focus and work ethic to get to where it is today.

There are still things they would like to do (ie put their own people on the ground to support and educate each distributor), and lessons they would have liked to learn earlier (ie not being able to have distributors that cross regions). But Maggie and her team continue to love what they do, learn as they go and the business continues to evolve.

Moving forward, building is under way on a convention centre at the Farm Shop and the development of the future range continues, including the "Top Class Stocks" such as organic chicken. Maggie Beer Products is a business with many ideas and systems in place to ensure it remains and exciting and innovative brand.



Food in SA – A snapshot

Food is vital to South Australia's economy.

The agrifood industry currently contributes \$11.5 billion to the state's economy each year – and accounts for 145 000 South Australians jobs.

The majority of South Australian food industry businesses are small to medium operators.

Agrifood products contribute approximately 25% of exports from South Australia. Wine exports add a further 25%.

South Australia's major export markets are Japan, USA and Hong Kong - with products such as Meat, Seafood, Fruit and Cheese on tables and kitchens worldwide.

Under the South Australian Food Plan – which underpins the future development and growth of the State's food sector – a key target is to increase the value of finished foods by 8% per year.