

SOUTH AUSTRALIAN

Food Centre

Case Study Richard Gunner's Fine Meats



Focus: Strategic alignment/information flow

This case study highlights how Richard Gunner's Fine Meats has created a brand-driven value chain and developed relationships along the supply chain, from producers to end users, thus ensuring quality branded produce is consistently delivered and consumer expectations met.

Introduction

Richard Gunner's Fine Meats is an integrated meat business producing flagship brands Coorong Angus Beef and Pure Suffolk Lamb for some of South Australia's best restaurants, as well as its own butchery outlets, The Chop Shop and Feast! Fine Foods.

The business began in 2001, with a vision of bringing the best produce from the farm, directly to the consumer, delivering an exceptional eating experience every time.

It runs its own wholesale/boning room, which enables the business to custom cut the products for restaurant clients, as well as their own meat outlets.

Richard Gunner's Fine Meats has built a strong market presence in Australia, and is now looking at translating its local brand power into other markets.

Business overview

Richard Gunner's Fine Meats is one of very few companies in the Australian meat industry that is successfully implementing a 'paddock to plate' production and marketing program.

The business encompasses a diverse range of business units all working together to add value to primary production and deliver exceptional products to both wholesaler and retailer customers.

Beginning as a straightforward beef enterprise, the business now incorporates not just an 1400 head beef cow herd, as well as 10000 prime lamb ewes, but also a 7000 head beef feedlot, a boning and distribution facility, four branded retail outlets, a wholesale business supplying high-end restaurants and several respected meat brands, its flagships being Coorong Angus Beef and recent addition Pure Suffolk Lamb.

"We have worked very hard on developing our brand, and making sure that our customers associate it with quality every time they buy our meat," director Richard Gunner said.

It has grown from an efficient primary producer turning off 1000 steers and heifers per annum in the year 2000 with three staff, to a respected, vertically integrated, innovative business processing 100 head per week, with 50 staff and a progressive, dynamic approach to business.



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How to move forward?

The business has moved from purely farming to establishing its own processing and retail outlets, with a strong focus on quality and consistency.

"We produced great beef and we wanted to sell it under our own brand. Initially there was resistance to the idea of 'branded beef' so we bought our own butcher shop years ago," Richard said.

However, the business found that as it increased production and brand strength, it recognised that there were many complexities associated with growth.

The business developed a unique relationship with South Australia's largest meat processor, T&R Pastoral. This partnership enabled Richard Gunner's Fine Meats to increase its production rate, but also concentrate on its core skills of delivering quality meats, particularly during periods of growth.

"We could see we had an extremely complex and, in places, inefficient business structure, so by working with T&R Pastoral, it frees us up to focus on getting our processes right," Richard said.

Where to go for help and advice?

Using expert advice, the business has grown and developed its brand, identified ways of simplifying the business, and increased its understanding of the supply chain.

The business has representatives on key industry groups, such as the South Australian and National Angus Societies and Certified Angus Australia Beef, and Richard is a regular speaker at industry functions.

Richard said that Meat and Livestock Australia's Meat Standards Australia (MSA) system also was of great assistance to the business. MSA is the world's leading quality grading and labelling system.

"Our meat is MSA graded and I think the system has been a bit misunderstood by beef producers. But for me, it is a fantastic tool, that helps us to be very consumer focused," he said.

The business also developed strategic alliances within the industry, and found a good resource in the Red Meat Networking Club, a national group supporting retail butchers.

Primary Industries and Resources South Australia (PIRSA) – through the Food Industry Development officers and Food SA – as well as assistance through the Australian Meat Industry Council and Adelaide Hills Food, provided additional support.

Richard also incorporates consumer purchasing information obtained from the "loyalty card" program, which is based on a scheme initially developed by MLA.



Value chain specifics?

By identifying a target market and adding value to essentially generic products, Richard Gunner's Fine Meats has found significant business opportunities and a sustainable competitive advantage.

A key success factor in maintaining that edge has been the ongoing commitment to quality, reinforced with strong branding. It has added value to its products by educating customers about the history and quality of Richard Gunner's Fine Meat products.

"For a long time people just accepted the cut of meat they bought, but now there is a growing awareness of quality, where it was grown and how. That is something that is very strong with our brand, and it gives something that people will come back to and in fact look for," Richard said.

"We have added value to the value chain by showing that our customers are willing to pay a premium to buy something that they know will be of consistently high quality."

During its early years, the business was an entire "paddock to plate" operation, growing and processing its own beef, before selling through its retail outlets. At that point, a lot of energy was spent on using the secondary cuts of meat, so as to get the best value from each beast.

"While controlling the retail end of the value chain first came about through a desire to guarantee the integrity of our products and brands, it also presented us with the opportunity to add value to often overlooked 'secondary' cuts," Richard said.

The business has since moved to outsourcing its processing to T&R Pastoral and so has increased its production rate, while at the same time retaining a focus on delivering the same high quality produce to end users.

What have they learned?

The business has learned that by being innovative, in both its approach to value-adding as well as developing relationships with suppliers and customers, strong growth is possible.

It has demonstrated that a strong brand can help drive shopper behaviour and consumer preferences.

Richard Gunner's Fine Meats also acknowledges the importance of capturing, analysing and interpreting shopper data.

"By being able to track what our customers are buying, we can assess what product lines are working, and even develop new products and marketing initiatives that are in line with the needs of our consumers," Richard said.

"We know that branding is very important, and the integrity of our brand and product is critical. We have focused on getting our brand into key market places, such as having it listed on top-end restaurant menus so that diners are aware of where the meat has come from, or having chefs talk about our meat. That's very important and helps promote what we do."

The business has a unique way of assessing itself and continually learning - entering food awards which involved rigorous application processes.

"It means we have to sit back, revisit our business plan and reassess how we are going. It helps benchmark ourselves and, while it can take a while to do the paperwork, it can really help you focus on what the business is doing and why," he said.

Critical success factors?

A desire to enjoy consistently high quality beef was a key driver for the growth of Richard Gunner's Fine Meats. The business recognised that a lack of customer focus within the meat industry meant that discerning consumers could rarely buy with confidence.

"We wanted to talk to our customers at a different level. By educating and talking to them, about what we do and how we do it, we are now at the point where our brand stands for something," Richard said.

The business has now grown a large and supportive customer base, as well as many strong food service industry alliances.

"The true success of our business is that we are one of the few delivering a brand that is restaurant quality, time after time," he said.

Customer feedback is also sought at every opportunity, particularly through the Savour Club, a loyalty program with over 3000 members.

Challenges?

Relying on strong brand recognition, intimate customer knowledge and strategic planning, the business has grown to be one of South Australia's leading innovators.

However Richard said a major challenge of growth was having to cope with the complexities of an expanding business.

"It was quite complex. We were doing everything, and we needed to stand back and recognise that it was too complicated," he said.

"We needed to simplify the business, but not compromise on quality. We went to three key points - make it simpler, establish better relationships and build the brand - and that's what we have a strong focus on now.

"There are always challenges when you experience rapid growth. You can miss things, so that is a challenge to try to stay on top of things."

Staffing issues - and developing the Richard Gunner's Fine Meat's "culture" among employees - was also a testing phase for managers.

"We have a culture that is different to any other butcher shop, so a challenge has been to bring our staff up to a level of understanding about how we do things and why," he said.



What does this case study show?

Richard Gunner's Fine Meats is a strong example of sharing information along the chain, as well as building a reputation for brand quality.

"You have to be connected to your customers through the brand. And the advantage of owning our own shops is that we can ascertain the appeal of new products with actual consumers easily and quickly. That direct information flow is very important," Richard said.

"This personal interaction helps build consumer trust and improve both their shopping and eating experience. After all, even if we get every tiny nuance perfectly right along the value chain, the consumer can still pick the wrong cut for a particular purpose and have a less than satisfactory experience."

It shows the value of data collection to small to medium businesses. Four of the five retail outlets Richard Gunner's Fine Meats operates have installed an internet-based point-of-sale system which was developed in conjunction with MLA. This allows excellent tracking of store and sales performance in a real time environment.

It also shows the importance of good food industry relationships, as well as word of mouth and product endorsement by leading chefs, in publications such as Gourmet Traveller and Sumptuous.

The next step?

Richard Gunner's Fine Meats will continue to respond to consumer demands, and focus on its communication along the value chain, from producers to retailers to consumers.

While the business has plans to build its interstate markets, if demand is there, it will assess opportunities for exports too.

"It really depends on what our customers want. We are at the point where we have grown a strong brand that people associate with a particular flavour and taste. They are willing to pay a premium because they know what they are getting, so if we hadn't taken the whole business from a strong branding direction, we wouldn't be where we are today," he said.

It is also working on simplifying its operations to better reflect its core business.

"We need to concentrate on what we do best, work better with our downstream providers and most importantly, continue to meet the needs of our customers," Richard said.



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.

Agri-food 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.