



Focus: Consumer insight

This case study summarises how Barossa Fine Foods has focused on delivering quality product to its consumers, through developing close links along the value chain.

Introduction

Barossa Fine Foods is a 17 year old family owned and operated meat and smallgoods business that exports products Australia wide. With more than 85 staff, it has recorded consistently strong growth over the past decade.

With six retail outlets in South Australia - Adelaide Central Market, Burnside Village, Castle Plaza, Golden Grove Village Shopping Centre, Elizabeth West and Angaston Murray Street (Schulz Butchers) – it has built a reputation on producing high quality smallgoods through gourmet stores, rather than through supermarkets.

It has an extensive range, including traditional German products as well as many innovative and custom made goods. From its early beginnings, the company has undergone a process of continuous review, ensuring both growth, skills and product integrity are maintained.

It is now in the process of expanding from being a purely South Australian business to becoming a national food company.

Business overview

Barossa Fine Foods is an Adelaide based wholesale and retail smallgoods butcher which supplies one of the widest variety of products weekly into every state.

The Knoll family has been making smallgoods for at least four generations, but it was only in 1991 that Franz and Barbara decided to open their own retail outlet.

The business philosophy is to provide customers with consistently high quality fresh and preserved meats that are both organic and free from preservatives.

This is achieved by obtaining meats from certified organic producers who consistently maintain the highest standards. By using very high quality production techniques for the manufacture of preserved meats and sausages, the business has received wide acclaim, as well as several awards from within the meat, food and environmental sectors.

“We source most of our raw material from some of the best local farmers in South Australia and have an extensive variety of certified organic meat. We are Australia’s most awarded smallgoods manufacturer specialising in independent food retailers with unique differentiated products directly in store to maximise cost competitiveness,” according to director Franz Knoll.



How to move forward?

The business is now undertaking considerable growth, with the aim of transitioning from the local operation to a truly national food business.

Over the past three years, it has changed from being “task orientated to people orientated”, according to Franz.

“We knew we wanted to keep the quality of our products, but we also knew if we were to keep our customers and grow our opportunities, then we needed to improve our processes and engage with our staff,” he said.

“We’ve done a lot of research, because we need to know everything about the value chain – the volumes, prices, expectations of our customers – it is all critical for us moving forward.”

The company used business planning and goal setting to plan its move from local to national operations. Regular reassessing of the progress and refining of the business plan also reflect new circumstances as they present themselves.

Where to go for help and advice?

The business has many strong industry alliances, and is actively involved in promoting South Australia to a broader market.

The directors have close links to Flavour SA, the Australian Meat Industry Council and Premier’s Food Council, but also rely on direct feedback from their suppliers, retailers and customers.

By being involved in such organisations, the business is aware of issues facing similar South Australian companies, and can also access market information and advances.

Another source of advice was through the SA Centre for Innovation, which offered a series of seminars and specialist consultants to pin-point practical areas for improvement.



Value chain specifics?

The business has a strong focus on understanding the costs and processes along its value chain. Issues such as food safety, product integrity, farming methods and staffing are all considered during the business’ forward planning.

Other key areas of interest include ongoing niche market development and the potential growth of the regional food sector.

“In the food sector, you have to have a regular clientele, and we can only do that if we are pleasing their tastebuds,” Franz said.

“You just can’t afford to disappoint the chain – from the shopkeeper to the customer to the grower. We have to have a very keen eye on the detail, and pay attention all the way along the chain.”

Franz also believes that Barossa Fine Foods has continued to grow by knowing the buying habits of their customers, as well as delivering consistently high quality goods. The business therefore only sells through its gourmet stores, rather than “high volume” outlets such as supermarket chains.

“It is easy to get lots of large orders from large customers but it is also easy to lose them as well. We wanted to stay true to our core business, maintain our retail outlets, and trust that our customers would understand the discernible difference in our products and choose to come to our stores.”



What have they learned?

Strong communication with staff, suppliers and consumers has been critical to the growth of Barossa Fine Foods.

“We wanted to take the best South Australian products and make them available on a national scale with knowledge and great customer services as well.”

To do this, it was important the business understood everything about the paddock to plate process.

“In a business like this, you need to be a part of everything, and understand the cost and supply factors all the way through,” Franz said.

Regular information sessions with retailers, tasting tables and structured customer feedback as well as meetings with growers and suppliers ensures the business can rapidly respond if required.

“We have changed a product based on feedback. It is important to listen to people, and be very attuned to your customers”

Critical success factors?

Barossa Fine Foods has evolved over the years based on having a “point of difference” with their products.

“We are always looking at doing things that are a little bit different. The whole marketplace was pretty full with smallgoods from all over the world, so we knew we needed to make ours different, the best it could be, and then that would bring people to trust our products,” Franz said.

“We also know we have to stay true to our business plan and goals, and make sure our customers are always going to be happy.”

Understanding the complexities of the meat and smallgoods sector was also important. Extensive in-house training and ongoing education of staff, as well as regular advice from meat industry experts, ensures that Barossa Fine Foods remain at the cutting edge of advances in the field.

“The meat industry is something that you need to know intimately – it is not something that you can have a hands-off approach to. It can get complicated because it is very immediate, so we are always keeping an eye on what is happening in the industry, and how that relates to our business,” he said



Challenges?

The business says that – during periods of growth – consistency of supply has always been a challenge. While business and marketing plans outline targets, without the raw produce, it can be difficult to maintain total product range.

“It is very important for us to maintain quality, but sometimes we are buying in small quantities so we have to watch the prices very carefully,” Franz said.

“Consistency of supply can sometimes be a bit of an issue, but we have learnt that, as a business, we need to be flexible.”

“Raw materials can vary up to 35% in price and we have very limited ability to adjust our prices, so we work through whatever savings or changes we can make.”

Other key areas include training core staff up to the next level so that the business can be managed efficiently as the family personal control diminishes.

What does this case study show?

This case study shows that focusing on delivering a quality product, and not changing a winning formula, can breed success.

While the business marketing is progressive, this case study also shows that by relying on traditional processes and structured planning, Barossa Fine Foods has been able to grow substantially over the past 10 years.

“We had a straightforward product that we wanted to improve. So we looked at what everyone else was doing, and tried to do something that no-one else was, and that has become our point of difference,” Franz said.

He also said it was important that ongoing education of staff, retailers and customers was also vital to forward planning. Being aware of market trends and advances in training opportunities for both management and staff was also critical to having the right structures in place for growth.

“The larger you become, the more professional you need to be, so you need to manage very well, and have quality people around you,” he said.

The next step?

The business continues to focus on building interstate markets and creating a strong retail structure, supply chain and infrastructure to properly serve its growing markets.

“Growth is about investment in everything – people, infrastructure, product, education – it is about keeping everything at best practice,” Franz said.

“We are always creating products to feel out the market and raise our competencies to be able to open new segments of the food industry.”



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.