

Adding Value New Markets



Improving Scotland's
food and drink businesses
through collaboration

SCOTLAND
OF FOOD & DRINK

This may be either taking your products to a new geographic market, moving from retail into foodservice, or selling to a different type of customer. In finding a new route to market, you may be moving from, for example, selling directly to the consumer, to selling via a wholesaler.

The **Argyll Food Producers'** story is clear proof that collaboration can help businesses get into new markets, increase profits, share costs and marketing.

The organisers of the 2007 Connect Festival, held in Argyll, were looking for quality food and drink from the local area for the event. The Argyll and Bute Agricultural Forum took on the challenge.

Strategy Development Manager, Fergus Younger, approached a number of local producers who were already selling through farmers' markets, farm shops and by mail order. Seven businesses expressed an interest in taking part – **Bumble Puddings, Inverloch Cheese, Inverlussa Mussels, Kingcross Herbs, Ifferdale Lamb, Barbreck Farms and Loch Fyne Oysters** – but few had experience of 'ready to eat' food service on this scale.

Highlands and Islands Enterprise became involved and helped the group to bring in a food technologist - she worked with each company to develop suitable products and give them training in public food service catering – health and safety, food preparation, cooking, portion control and service management.

This type of food service market is characterised by loyalty between long-standing suppliers and event organisers. If individual companies do succeed in getting through, then it is more than likely they will be restricted in what they can offer, often operating from a single outlet, such as a van.



The most effective approach is the one taken by the **Argyll Producers** – they created a 'pavilion', which became a visitor attraction at the event, rather than just a place to pick up something to eat. The marquee offered them the opportunity to create the foundations of a brand which highlights the quality and origins of the products on offer.

And, working together to break into the market has reaped other rewards for the businesses, as well as new products and new skills. They have invested in new machinery and equipment which will help them in their other activities.

Some have begun cross-selling – **Bumble Puddings** are now on sale in the **Loch Fyne Oyster shop**, for example; and they have created new employment in the area.

Key points from this case study:

- **A third party can help facilitate a group of companies which wants to collaborate to enter a new market**
- **The group had to develop new products and skills to enter a new market**
- **They had to take risks and share to make it viable**

For **Mackie's**, the ice cream manufacturer, and **Taypack**, one of the UK's largest potato growers and processors, a joint venture to develop a Scottish premium crisp brand has taken both in new directions.

One of **Mackie's** goals is to maximise the value of its brand and to diversify into other markets. All of the company's research pointed to premium crisps - a market in which no other Scottish company was operating. It is also a growth sector, with sales increasing by about 30% each year. Mackie's tested out its idea on focus groups and received very positive feedback on the potential for **Mackie's** branded crisps.



Meanwhile, Russell and George Taylor of **Taypack** had also identified the same gap in the market and had been undertaking their own research on the market.

But, following a couple of meetings, they realised that both companies would benefit if they worked together, so they agreed to create a new joint venture company - **Mackie's at Taypack**.

The overall objective is to grow **Mackie's at Taypack** sales to £3 million within two years and to increase the number of employees to 15. They aim to secure listings with the major multiples, independent retailers, delicatessens and wholesalers – and to investigate export opportunities. The company will also continue work on new product development within the snacking sector.

Key points from this case study:

- **A joint venture can increase the scale and volume of a new product at an early stage**
- **Both parties must be able to see a clear opportunity for growth**

Three Scottish transport companies - **Highland Thermo Logistics (HTL)**, **Waltons of Oban** and **Long Lane Deliveries (LLD)** – have developed collaborative relationships which have improved their customer offering and helped to build their businesses. The three companies collaborate where it makes most commercial sense, but remain competitive on other routes.

The companies have informal agreements - **Waltons** collect from Glasgow, sometimes from LLD's Bellshill depot, and deliver around Argyll, the West Coast and the islands. They then pass goods to **HTL**, who collect from **Waltons'** Oban base, for onward delivery to the rest of the Highlands.

HTL reciprocates by delivering to **Waltons** from the rest of the Highlands, for onward delivery to Argyll and the islands. **HTL** also operates a similar relationship with **LLD**, which offers UK-wide deliveries for **HTL**, and which uses **HTL** for deliveries on many Highland routes.

For **HTL**, partnering with **LLD** gives the company access to the whole of the UK market, which means it offers a better service to its customers. It also means that it is able to successfully bid for contracts from companies like Highland Fine Cheeses, which have customers in England.

LLD now also works with **Waltons of Oban**, through **HTL**, to cover some smaller scale deliveries to the West Coast.

Key points from this case study:

- **Collaboration can make sense in some circumstances without compromising competitiveness**
- **Improved customer service can be a real business benefit**

Further information is available from:

Argyll Food Producers

www.argyllagriculturalforum.com

Mackie's at Taypack

www.mackiescrisps.co.uk

Highland Thermo Logistics Ltd

Email: Freeze.htl@virgin.net

Long Lane Deliveries

www.longlanedeliveries.co.uk

Waltons of Oban

www.waltonsofoban.co.uk

For further information about the Cultivating Collaboration project please go to www.ctwo.org.uk