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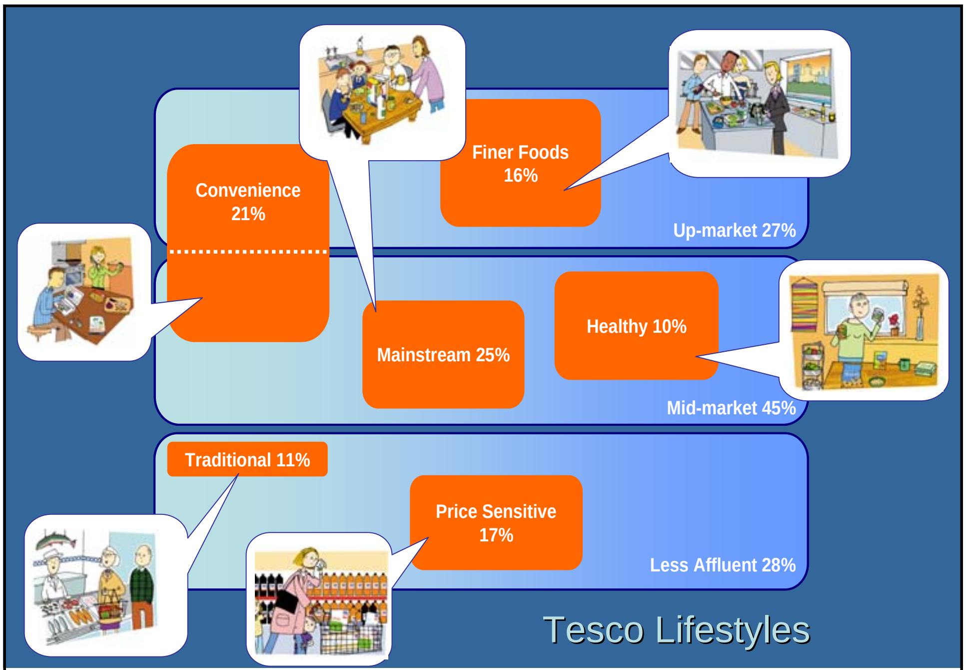
If My Business was a Pig Farm, I'd …….!

Dr. David Hughes
Emeritus Professor of Food Marketing

BPEX "Change for Success"
National Knowledge Transfer Event
The Haycock, Stamford
March 18th, 2009

18PHOTOSMEAT



Source: Tesco
** 84% shoppers buy Value lines*
64% shoppers buy both Value and Finest

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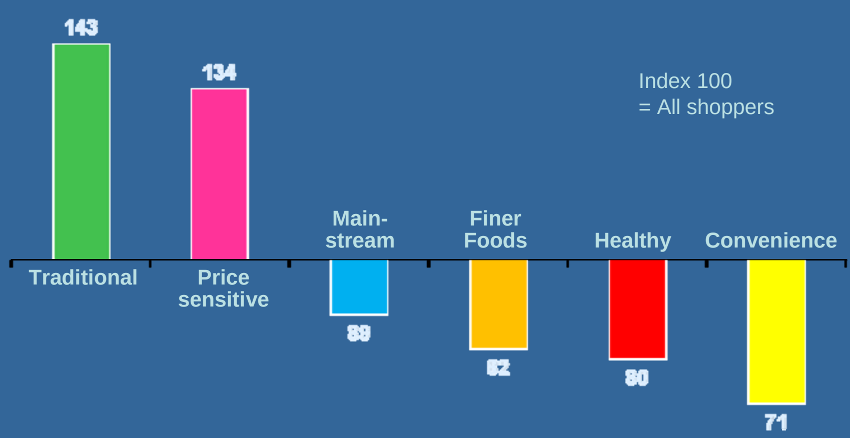
Index of Tesco Club Card Customer Purchases of Fresh Pork by Segment



Source: dunnhumby

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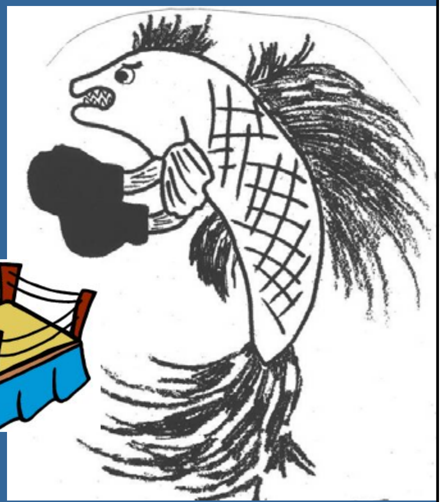

How are we doing on my pig farm?

- Bottom line performance?
- Versus other British pig farms?
- My relative strengths and weaknesses (e.g. cost control, livestock management, marketing)?
- Versus European pig farm competitors?
- Global low cost producers?
- Competing "centre-of-plate" products and other protein ingredients?

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Indices of Pig Production Costs Selected Countries 2007

Brazil=100	
Brazil	100
Canada	109
Netherlands	150
Denmark	153
U.K.	180
Australia	186

Source: UK RMIF "Global Compete" Benchmarking Study 2007

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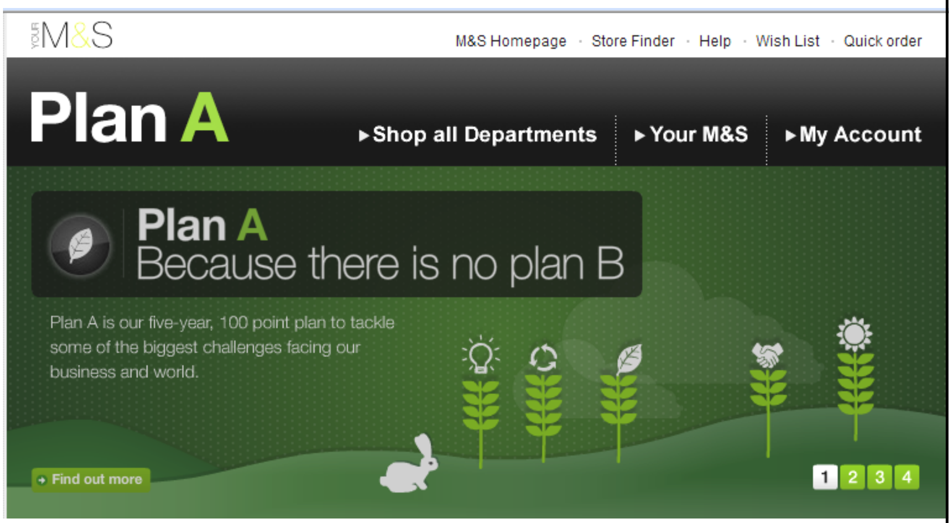


What Sort of Value Chain?

Ideal:

Short
Fast
Transparent
Seamless
Collaborative

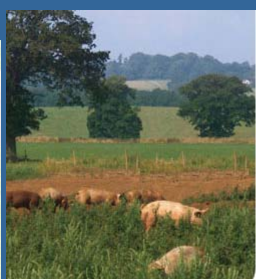
Too Often:

Complex
Price-driven
Confrontational
Disjointed
Opaque

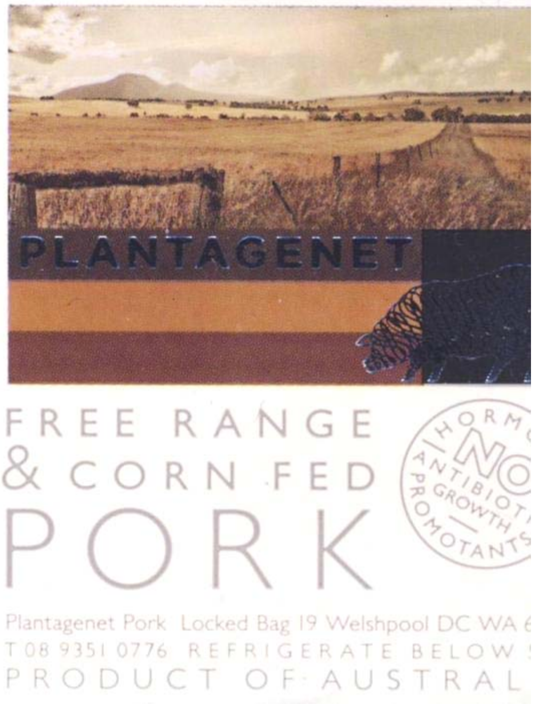
PLANTATION PIGS

Superior Meat
from pigs with
Superior Lifestyles

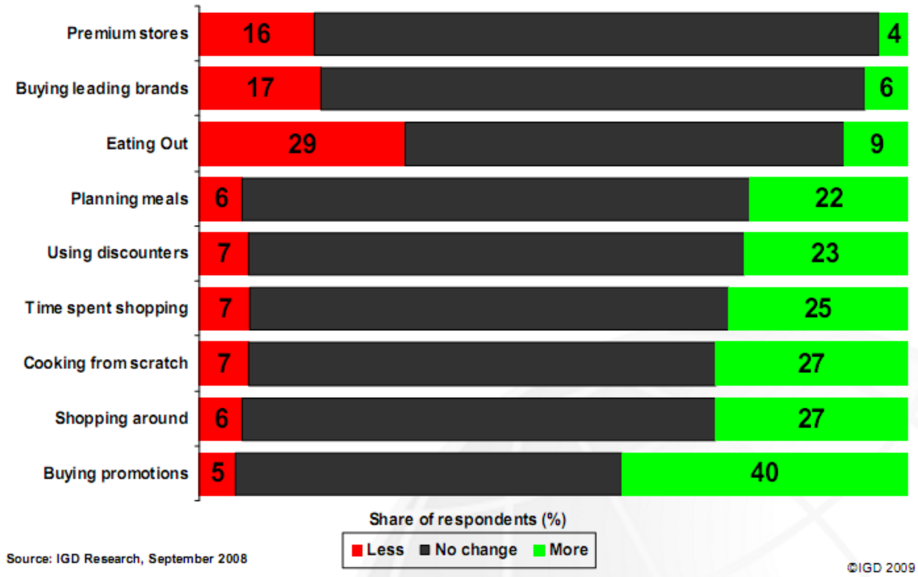
Happy Pigs
Traditional Breeds
Free Range
GM Free Diets
Quality Standards



Stockists include specialist independent butchers, farm shops, food halls and mail order/home delivery, web-based.



Shopper Strategies For Coping With Change



Source: IGD Research, September 2008

6 The Grocer 7 February 2009 www.thegrocer.co.uk

Thrifty shoppers grow budget line sales 33%

Chloe Smith

Sales of budget own-label products were up 33% for the 12 weeks to 27 December, as shoppers tried to slash their food bills with cheap groceries, new research from analyst Nielsen reveals.

The dramatic increase in budget own-label lines is in contrast to growth of just 5% for standard own-label lines, although budget sales still make up only 2.4% of total sales.

The increase in budget own-label sales outstrips standard

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The Value-Adding Challenge

What does my customer value, is willing to pay for, and provides an opportunity for me to make a better than average margin?

There are at least six ways of Adding Value:

- on-farm, optimise scale, technology and management
- commodity markets are fragmenting - focus on value-driven products that earn higher margins for all chain members
- look for horizontal partners to gain scale/critical mass
- move along the value chain - from ingredient producer to final customer contact
- identify the highest value supply chains - routes to the consumer

  - and work out what it takes to penetrate them
- think **value chain** – build in customer value and remove non-value adding costs

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What Does BerryGardens Deliver for its Owners?

Collective strength in the market place

- farmer-owned and committed to the commercial well-being of its members
- countervailing power in the market place
- sufficient resources to invest in:
  - best professional staff in the business
  - customer and consumer understanding
  - R&D with world class partners (renovation and innovation)
  - grower development to improve on-farm performance (e.g. benchmarking, best practice training)
  - best European Market supply partners

To secure our collective future

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Coping Strategies in Tough Times for BG

Better Communication on "Why to Buy"

- British
- The very best quality (our varieties)
- Low food miles
- 5-a-day/anti-oxidant "superfruits"
- Children love
- Family treat and togetherness
- Great snack
- Affordable comfort in stressful times
- Local/regional

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Principal Characteristics of the 21st Century Livestock and Meat Firm

- five year vision and strategy for getting there
- staff who share the vision
- food company not a meat trading company
- volume and value growth to spread overhead, underpin investment, and staff professional development
- operational excellence with effective performance measurement systems
- outstanding supplier and customer relationship management
- innovation in everything – products, services, business systems
- continuous investment, despite increasingly tight margins

"Confront the brutal facts...yet never lose faith" (Jim Collins)

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We Want a Better World!

Products which are:

- better for me
  - more convenient
  - better tasting
  - better price
- better for my well-being and body
  - feel good
  - look good
- better for the world and my locale
  - environment
  - Third World
  - my countryside
- better for Bambi/Flipper/Bo Peep/Babe the Pig

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