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Big Al's: Ten Years on

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Case Study

Big Al’s 10 Years On

This case study was developed by Gerry Mortimer of the Dublin Institute of Technology. It was developed as a basis for class discussion, rather than to illustrate effective or ineffective handling of an administrative situation. The author acknowledges the assistance of research student Tara Rooney in preparing this case and of Simon Walker and Blathnaid Ni Fhatharta of Kepak Convenience Foods and Niamh MacHale of An Bord Bia (Irish Food Board) in facilitating its development.

As 2005 drew to a close the Big Al's marketing team was preparing for a major review of the brand early in 2006 when the brand would celebrate its tenth birthday. Big Al's was a range of frozen convenience foods developed by Kepak Convenience Foods (KCF). By any standards, it was a highly successful brand and had also contributed to the success of other brands in KCF. However the team, Simon Walker, Managing Director, and Bláthnaid Nì Fhátharta, Big Al's Brand Manager, was acutely aware that there were many challenges in the marketplace. These challenges and opportunities would need to be addressed if the brand was to continue to thrive. An excellent track record by Big Al's and other KCF brands in the past ten years would not guarantee continued success in a changing market.

The Kepak Group

Kepak was originally established by the late Noel Keating in 1981. Its origins though were laid well before this when Noel established a butchers shop in inner city Dublin. From this there was a natural progression from retail sales to larger contracts with institutions and then to wholesale to other butchers. This eventually led to the development of a processing operation, Kepak, in Clonee, Co. Meath in 1981. Today the business is still owned by the Keating family.
By 2005 the Kepak Group had a turnover in excess of €750 million and was divided into three separate divisions:

- Fresh Meat
- Trading
- Kepak Convenience Foods

The Fresh Meat Division slaughters, processes and packs beef and lamb for retail, food service* and manufacturers of food products. This division accounts for 80% of group turnover and bulk supplies to customers from five processing plants in Ireland and two in the UK. Kepak is now the largest lamb processor in Europe.

***For Definitions See Appendix**

The Trading Division, known as Agra Trading, operates globally in international sourcing and supply of meat and food products. It was acquired in 1997 and currently had a turnover of €60 million.

The third division, KCF, accounted for approximately 12% of group turnover and was continuing to grow. Its principal brands are Big Al's and Rustlers and it produces frozen* and chilled* meat based products at its two plants in Glasnevin, Dublin and near Blackpool in England.

The Development of Kepak Convenience Foods and its Brands

KCF had its origins in Goldstar Meats which was established by a number of independent investors in 1978. Noel Keating was one of the five founding investors. The business was established to develop a range of burger products to meet a growing demand in both food service, with businesses such as McDonalds and Burger King developing rapidly, and retail, which was in the early stages of growth.

After a difficult start-up period, the directors appointed Mr. Patrick Nolan as Managing Director in 1980. Mr. Nolan, who also became a shareholder, continued in that position until 1990. An interesting account of Patrick Nolan's life and career was published in the Notre Dame University business magazine.
See: http://www.nd.edu/~ndbizmag/spring2005/feature_tears_web.shtml

The focus of the new company was on frozen raw burgers through private label and for the food service trade. Although the burgers were branded under the Dunnes Stores, Quinnsworth and other retailer brands, Goldstar Meats did extensive below-the-line promotion, particularly in-store tastings.

***For definitions, see appendix**

The company was also innovative in its new product development, focusing on 100% beef content and on developing burger sizes such as the quarter pounder. By the end of the eighties, Goldstar was in a dominant market position in the Irish frozen burger retail market as private label held 50% market share at retail level and Goldstar accounted for most of this. Birds Eye was the other major player in the market with 35% market share. The remaining 15% was held by Findus, Green Isle, Ross and other smaller brands. By this time the other shareholders in Goldstar had been bought out and the company became a wholly owned subsidiary of Kepak. It was renamed Kepak Convenience Foods though the Goldstar name continued to be used interchangeably, particularly in relation to the food service sector.

In 1990, Ray Moylan, previously Marketing Manager at Goldstar, succeeded Patrick Nolan as Managing Director and Simon Walker was recruited as Marketing Executive. Ray left the company in 2005 to pursue other business interests and Simon Walker was appointed Managing Director of the Irish operation. This resulted from the separation of the Irish and UK parts of KCF as outlined below.

1990 also saw Kepak Convenience Foods begin to develop business in the UK, again as private label, with retail customers such as Iceland, Safeway and Aldi. Around the same time the company lost the Dunnes Stores contract when that retailer established its own burger processing operation. At this time Dunnes Stores would have been the largest supermarket group in Ireland holding in excess of 20% share of the grocery market.

However, KCF continued to grow and, by 1993, 60% of its sales of frozen burgers were to the UK. However two major events in the UK caused significant problems for the company. The first of these was a crisis caused by the sudden fall in the value of sterling when it was forced out of the European Exchange Rate Mechanism (ERM) by speculators. Sterling fell in value from an average of stg£0.90p against the Irish pound to stg£1.10. This immediately made KCF products uneconomic in the sterling currency zone. Sterling recovered only slowly to its former levels. To protect its position in this key developing market, Kepak Group acquired a burger and fresh meat plant in Scotland which became Kepak Buchan.

The second crisis was the identification of BSE (Bovine Spongiform Encephalopathy) or ‘mad cow disease’. This was a chronic, degenerative disorder affecting the central nervous system of cattle. The disease was first detected in 1986 and peaked in the early nineties. There was a major public concern in the UK and elsewhere that the disease could be transmitted to humans through meat consumption. Burgers were seen as a particular problem as cheaper cuts of meat were often used and older animals, which were more susceptible to BSE, were also used in some burger processing. The sight of the then UK minister for agriculture virtually force feeding a burger to his daughter live on television to demonstrate his confidence in British beef was not regarded as helpful to the cause! However, the concerns of BSE were subsequently seen to be over exaggerated and the eventual impact was small. Confidence returned to the industry through measures such as testing, culling older animals and removing possible sources of infection from the food chain.

A third possible difficulty for its private label business in Ireland was also identified by Ray Moylan at this time. It was common knowledge that the major UK food retailers such as Tesco and Sainsbury were examining entry to the Irish market either by acquisition or the establishment of a green field operation. This could threaten KCF’s market share as UK retailers were likely to bring their existing suppliers of private label products with them*.For all these reasons decisions were taken to develop a branded range of products widening the range to encompass new products and processes.

KCF had always been at the forefront in process development, continually upgrading its facilities, with significant support from Enterprise Ireland, the organisation responsible for the development of indigenous Irish industry. This support enabled it to consider new areas of growth. Developing a branded range of products was the way the company saw to ensure a successful future.

*** Tesco did subsequently enter the Irish market through the acquisition of Quinnsworth in 1997. KCF retained contracts with Tesco, including contracts to supply meat products under the Tesco premium label, Tesco Finest. KCF continues to develop this relationship.**

The Big Al’s Brand Comes to Market

Once the decision was made in mid 1994 to develop a new brand, Ray and Simon, assisted by Grey Helme as marketing partners worked on several fronts to bring the new brand to market. Issues tackled included the name, range, packaging and promotion methods. At an early stage it was decided to stay in the frozen food sector though there were signs that growth in the sector as a whole was slowing. There were also major variations in growth in sub-categories of the frozen food market.

The positioning selected for the new brand was described as follows:

‘Better eating the American way from the freezer cabinet and better value too’

This *American Style* was perceived in Ireland as representing the home of quality convenience food. Accordingly it was decided that the brand should have the following attributes:

- American in style
- Descriptive of a ‘type’ of eating experience
- Generous
- Relevant to a busy lifestyle, making life easier
- Good value for money

The brand name Big Al’s was selected as it was considered to have all of these attributes. In particular it reflected the ‘New York diner’ eating experience. In designing the brand as it would appear on packaging and through promotion, the team also ensured that all of the brand’s images reflected these attributes.

The initial range consisted of six products, two burger products and four chicken grill products shaped from chopped chicken pieces. At the time the company did not have crumb and batter technology to coat the chicken pieces so the products were dusted with various spices producing Chinese, Spicy and Barbeque flavours. The range was successfully launched selling IR£1 million (€1.25 million) in its first year and then building from that initial figure. The launch coincided with a significant shift from beef to poultry in the frozen convenience meat (FCM) sector as a result of the fallout from BSE. The target market for this new brand was the island of Ireland.

KCF continuously looked to develop the range. In the early stages they stayed relatively close to the original concept by developing, in 1997, larger burgers branded as Big Al's Big Eat. These were a relatively new concept on the market as the focus had previously been on smaller individual servings.

The new product development team, led by Ray Moylan, was constantly examining new and emerging trends. The team, together with production management, began to explore cooking technology with a view to developing cooked frozen meat products, particularly burgers. The team considered that cooked frozen products represented a viable way forward for two reasons. Firstly, consumer demand for convenience was enhanced by the wide availability of microwave ovens. By 1998 over 70% of Irish households had a microwave and the rate of penetration was continuing to rise (source CSO). Secondly there was a growing awareness among the public of problems caused by ecoli, an infection most commonly caused by eating undercooked ground beef. There had been a number of outbreaks in the UK which had received considerable publicity.

The search for suitable technology led Kepak Convenience Foods to the USA where such products were already on the market. The team found that there was a trade off between production efficiency and taste. The team focused on the technology which gave the most succulent product through retention of moisture and best replicated the home cooked product. The product was initially launched into the food service sector through Pierre's, part of Cuisine de France. Then, in 1998, a range branded as Big Al's Microwavers was launched into the Irish market featuring beef burgers, barbeque style pork ribs and chicken breast grills. This cooking technology led the team to actively investigate the possibility of launching the Big Al's brand in the UK.

The Microwavers products, illustrated above, were suitable for microwaving to reheat in five minutes or less.

In 1999 Mandy Mullins joined the KCF commercial team as product/brand manager. Mandy brought with her a wealth of experience of marketing FMCG products. Mandy initiated a major review of the brand in 2001. This process reexamined positioning, the purchase decision making process, packaging and new product development. Extensive research was carried out, both qualitative and quantitative. The Big Al’s brand came out well in the research with its positioning being seen as:

- Big
- American
- High Quality
- Innovative
- “New Kid on the Block”

However, customers expressed less satisfaction with the frozen chicken products available in the market describing them variously as “bland”, “plastic”, “rubbery” and “all minced chicken”. As a result of the research and the brand audit, the team decided to launch a new range of products containing 100% chicken breast pieces coated in a crispy batter. The products were as follows:

- Chicken Fillets at a weight of 110g (largest on the market), two per box
- Chicken Bites at a weight of 220g, 12 bites per box, average weight 18g (larger than any other nugget type product)
- Chicken Tenders at a weight of 220g, average 8 Tenders per box

This strategy again brought the Big Al’s brand into direct competition with Birds Eye who were undisputed leaders in this category. Meanwhile another major brand development was bubbling under the surface in Kepak Convenience Foods which would, at least temporarily, take much of the focus away from the Big Al’s brand.

The Rustlers Brand Comes to Market

Leitrim Foods, a member of the Kepak Group, was involved in the manufacture and supply of chilled pasta to the retail trade in Ireland under the Cucina brand. The company had been experimenting with a chilled product of cooked burger and bun in a plastic container. The product was eventually branded as Rustlers. In 1999 the Leitrim Foods operation was closed but the Rustlers product was retained and the production of it moved to KCF’s Glasnevin site. The brand was, at that stage, turning over less that €3 million at Retail Selling Price (RSP). Rustlers then came under the marketing control of the Kepak Convenience Foods team. They viewed it as having major potential for several reasons:

- Chilled cooked food was a strong growth sector.
- In research, the taste of the product exceeded expectations.
- Snacking was a growing market, particularly among 18-30 year old males.
- Trials in the UK with Sainsbury and Somerfield, two major retail chains, had been successful.
- Other products were in the pipeline which could broaden the appeal.

The company decided to undertake a full launch of the Rustlers brand into the UK, but that the company could only support one such brand. So the planned launch of Big Al’s into the UK was cancelled. This proved to be a wise decision as production on the Glasnevin site quickly reached capacity as a result of Rustlers success in the UK. The Rustlers range eventually consisted of the following five products:

Flame Grilled Quarter Pounder with Cheese
A premium flame grilled Quarter Pounder with cheese and tomato ketchup in a sesame seed bun. Available in single and twin packs.

Flame Grilled Chicken Breast Steak Sandwich
A flame grilled chicken breast steak in a sesame seed bun with mayonnaise.

Flame Grilled BBQ Ribsteak
Prime, flame grilled pork with BBQ seasoning in a sesame seed bun and BBQ sauce.

Hot Dog
A hot dog with relish and crispy onion in a maize topped bun.

The Big One
Big 6oz beef burger with relish and cheese in a floury bap, the XXL burger of the range.

Market research undertaken in 2002 indicated that the product reached two audiences, males aged 18-30 and budget conscious providers with younger children. This latter group typically had the add-on products such as cheese and ketchup in the home already and therefore the Rustlers offering might not be seen by them as adding value. As a result a further range branded as Speedy Snacks was also developed. Portion size was smaller and recommended selling price was lower. Promotion for this range was exclusively below the line and included price discounting, couponing and special offers such as buy one get one free (BOGOF). Speedy Snack has grown to be a €20 million brand in the UK. Unlike Rustlers it is not sold in Ireland. The Speedy Snack range is shown below.

Flame Grilled Beef Burger
3oz beef burger in a sesame seed bun.

Southern Fried Chicken Burger
Chicken burger in a southern fried coating in a sesame seed bun.

Sausage Sandwich
Traditional sausage in a soft bread roll.

All products in both ranges are cooked, microwavable and chilled.

The production of these ranges together with Big Al’s quickly outgrew the capacity of the factory in Glasnevin and it became clear that new production capacity was required. Given the limitations of the landlocked Glasnevin site, it was agreed that this new facility should be situated in the main market. A new factory was opened in 2004, located close to Blackpool. At the same time, a new marketing team was also put in place in the UK to manage the Rustlers and Speedy Snacks brands. Together, these brands now accounted for €70 million in sales at RSP.

Big Al’s from 2002 to 2005

Following the brand audit in 2001 and subsequent launch of the new chicken range, the Big Al’s brand was relaunched in 2002 with the emphasis on the new 100% chicken products. The brand and product range were given a face lift with new packaging. Positioning was adjusted to the following proposition:
Big Al’s provides top quality New York Diner food from your freezer

The objective was to reinforce the “New York Diner” positioning in all communication. Big Al’s Microwaver range was relaunched as Big Al’s Express with the aim of defining the frozen microwave snack category and developing a clear positioning for Big Al’s Express. Another objective was to demonstrate to retailers that the company was serious about becoming a major long term player in the frozen foods market. A much expanded marketing spend budget of over €600,000 was made available at this time.

Research undertaken in 2003 indicated that the positioning was resonating with consumers and that the brand was now seen as a strong challenger to the category leader, Birds Eye. In order to build on this, it was decided to develop a cohesive marketing programme both above and below the line. Advertising was deemed by the team to be necessary for the following reasons:

- To build awareness for the Big Al's brand
- To create a distinct positioning within the frozen food category
- To recruit new users to the brand (from other brands and into the category)
- To build on the brand positioning as outlined above
- With the basics of product, packaging and positioning right, "we need to tell people about the brand"

TV was the selected medium. A series of three commercials were developed on the theme of *Big Al's – New York Diner food in your own home without the drama.* Filmic cues were used dramatising New York dining experiences as well as showing how Big Al's provided consumers with the ease of enjoying the real New York taste at home. Stills from one of the commercials are shown in the appendix. The commercials themselves can be viewed and played at www.dit.ie/big-als. One of the commercials was adapted for cinema. The commercials were aired in early March and again in short bursts in May/June and in September. They were aired on RTE1, TV3 and UTV and on Irish services of C4, E4 and Sky. The television advertising was supported by an outdoor campaign, in-store tastings, a door drop campaign targeting 450,000 households, a roadshow, on-pack offers and a public relations campaign.

In 2003 Big Al's Chicken Fillets and Bites were made available in larger 440grm foil bags and four new products were introduced to the market. They were:

- Poppin' Chicken
- Hot n' Spicy Wings
- Hot n'Spicy fillet
- XXL – The 8oz Burger

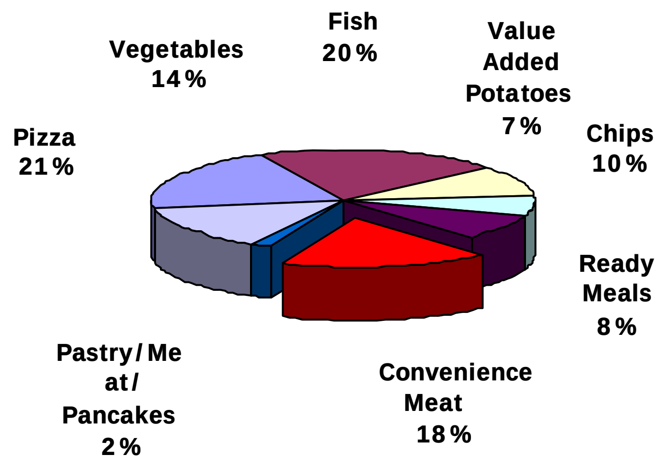
Objectives were to build on the growth in the chicken category, with a particular focus on premium products, to expand the Big Al's range and to create a new burger category targeted at males with substantial appetites.

In 2004 the TV commercials were aired again in six bursts showing on RTE1&2, TV3, TG4, Sky one, Sky News, Sky Sports and E4. The objectives were to raise awareness and trial. Several themed promotions also took place throughout the year at Summer, Halloween and Christmas together with more in-store tastings, online couponing as well as utilising retailer clubcards.

By 2005, Big Al's brand annual sales exceeded €15 million at RSP. The range was listed in all major multiples and C-sector (convenience) stores on the island of Ireland. By late 2005 the range consists of 20 products. As indicated, many of these have evolved over time. For example the range originally introduced as Microwavers in 1998 was now branded as Flame Grilled. A new range of fully cooked chicken products packaged in a foil bag as distinct from the traditional cardboard box was also introduced in 2005. This new form of packaging was introduced to all cooked products to distinguish them from raw products and is illustrated below. The full Big Al's range still consisted of only frozen products.

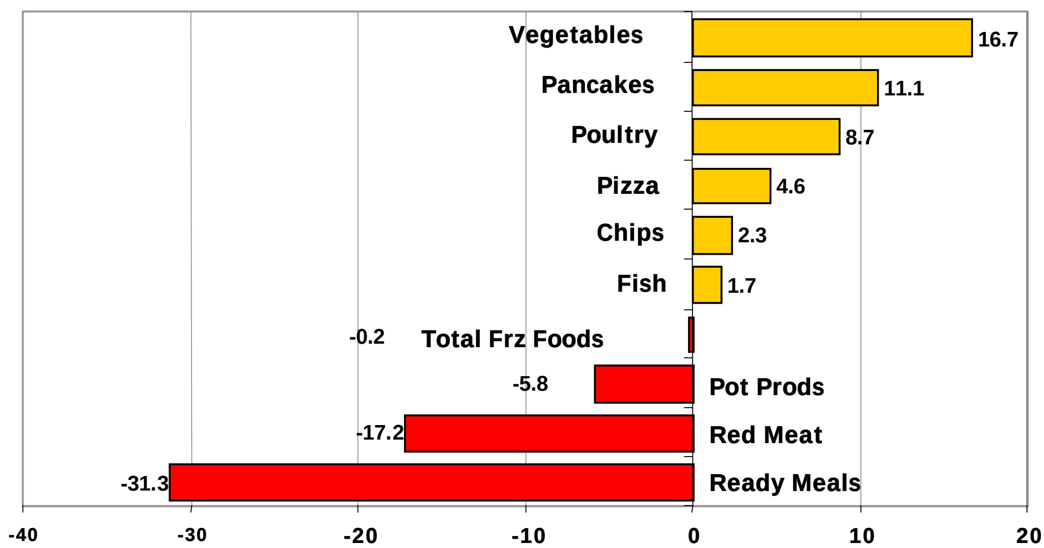
The frozen food category in the Republic of Ireland was valued in 2004 at €303 million at RSP. This represents a small decline of 0.2% on the previous year. Within the sector there are various sub-markets with different shares of the overall category as the following chart indicates:

Figure 1: Sales by Category in Frozen Food Market in 2004



These sectors are also experiencing different growth rates as the following chart indicates:

Figure 2: Percentage Change in Sales between 2003 and 2004 by Category

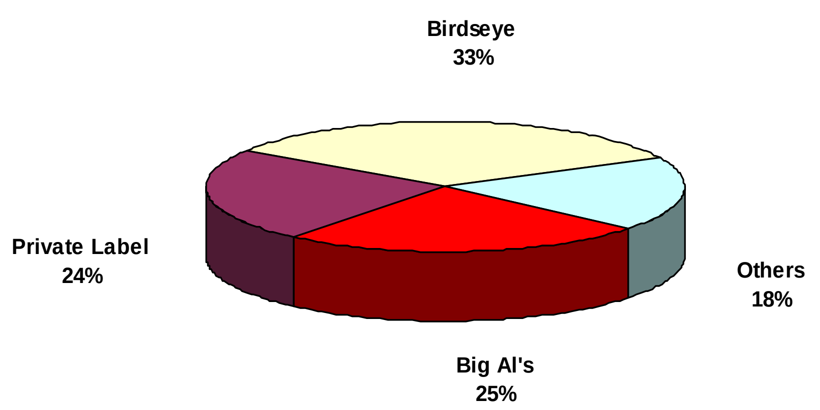


Taking frozen convenience meat as the composite sub-category in which Big Al's competes (red meat and poultry), as can be seen it accounts for 18% of total frozen food sales. This had moved very slightly upward on 2003 but masked a decline in frozen red meat of 17% to €12.9 million and a rise of almost 9% in poultry to €38.2 million. A key issue for the KCF marketing team was whether these changes were cyclical or whether there were other forces at work. There was also an indication of a drop in market penetration in both categories though this was partly offset by a higher spend per visit to the store. This higher spend did not appear to be as a result of volume or price increases, rather it was caused by lower levels of in store/on pack price promotions.

While the market for frozen convenience meats was flat overall, Big Al's sales at retail level had grown by 9% in the same period as a result of its market penetration holding up well against the trend together with some price increases.

As a result of this growth, Big Al's share had grown in 2004 and then stood at 25% as the following chart indicates:

Figure 3: Market Share of Frozen Convenience Meat in 2004



In passing it should be noted that at least eleven brands accounted for the ‘others’ category. Further good news for the Big Al’s brand came from tracking studies covering the quarter to May 2005 which showed that Big Al’s had, for the first time, with a share of 29.1 %, just surpassed Birds Eye in the frozen convenience meats category. The Birds Eye brand was owned by Unilever. Its products were sold in the UK and Ireland and Birds Eye was also well represented in other categories of the frozen food sector. It also had strong brands in other markets. It had recently invested considerable resources in developing and supporting a range of frozen prepared meals with the tag line that there were no additives contained in the products. This was probably the frozen food category’s major advantage that products such as meats and vegetables could be prepared in that way. Longer shelf life over the chilled category was also an advantage though the chilled category would have claimed fresher taste and greater convenience as its major advantages. There were regular rumours in the trade that Unilever might consider selling off some or all of its frozen food division to enable it to concentrate on higher growth markets (source:www.telegraph.co.uk/money and bfff.co.uk).

In addition to tracking sales, the KCF marketing team also were cognisant of the importance of brand awareness. At 74%, Big Al’s was second in terms of awareness among frozen food consumers behind Birds Eye but well ahead of all other brands which had much lower awareness levels.

Promoting the Big Al’s Brand

The Big Al’s brand was strongly supported throughout Ireland with both above and below the line promotional activity. While the total budget varied from year to year, usually depending on advertising production costs, an average of €750,000 was being spent annually by 2005. This budget was divided roughly equally between above and below the line, excluding production costs. Above the line focused mostly on TV advertising. Here the budget, excluding production costs, was about €300,000.

Typically €40,000 was spent on outdoor advertising mostly on 6-sheet shopperlites at locations close to point of purchase. Two examples are shown below.

€11,000 was spent on print advertising mostly on a small number of full page advertisements in The RTE Guide, a TV listings and general interest weekly publication which was seen as matching the profile of the typical Big Al's customer. €15,000 was also spent on radio and smaller amounts on trade press advertising. Below the line, the focus was on online couponing, in-store sampling, door drops, extra fill packs, on pack promotions and other retailer specific activities as detailed earlier. An example of an on-pack promotion is shown in appendix 2. The brand also sponsored national BBQ week.

The marketing team regularly commissioned market research. Typically it undertook quantitative research once a year. Normally this was done through inserting questions in an omnibus survey of approximately 1400 consumers. Usually 6 or 7 questions were posed depending on current issues in the marketplace. Average costs of an omnibus survey in Ireland were approximately €1000 per question. Normally every two years a qualitative research project was undertaken. Usually this was in the form of focus groups of targeted customers.

KCF strongly encouraged its marketing partners to communicate which each other. It employed an advertising agency, a sales promotion company and a packaging consultancy. The KCF marketing team meet together with all three each year for a brand planning day

Looking to the Future

The Big Al's brand was no longer confined by production capability. This had been resolved by partnering with specialist producers that provided scale and expertise. The relatively high labour and raw material costs of locally sourced poultry had led Kepak Convenience Foods, in common with other brands, to outsource to more specialised producers and/or lower cost producers in Ireland and overseas. This meant that the brand was no longer constrained by what could be produced in Glasnevin.

The marketing team was very clear in its positioning of the brand. It saw itself as positioned in the frozen convenience food market in Ireland with the following proposition articulated:

Big Al's is the friend in the freezer that guides mum to provide exciting New York diner food in the home.

The target market was mothers in the 25-45 age group and C1C2DE social class purchasing for the family. In addition to the emotional point of difference outlined in the above proposition statement, a key rational point of difference sought was to be best in the sector as defined by quality and taste. Brand personality was described as friendly, warm, fun, reliable, out-going, understanding, helpful, confident, contemporary, with a can-do attitude.

Big Al's was regarded as highly important in both Kepak Convenience Foods and the wider Kepak company. It was the first brand developed from scratch and had shown that if the team could do it once they could do it again. Big Al's success had been built on the following key factors:

- **Good trade relations**
- **Strong in-store activity**
- **Focus on sales and marketing**
- **Investment in new product development**
- **Superiority in product and technology**
- **Consumer and market knowledge**

These attributes had sustained the brand through its first decade. Would they be enough to see it develop in the future?

Appendix 1: Definitions

Chilled Foods: Retail prepared products which can be ready to eat, ready to heat, or which require cooking and are stored at all stages of the chilled chain at between 0C and 5C i.e. Refrigeration standard. Typical shelf life is one to two weeks.

Food Service: The food service industry consists of restaurants, fast food outlets, hotels, catering and other suppliers of prepared foods to consumers.

Frozen Foods: Frozen food is food, either raw or cooked, which is quick frozen to preserve the food and retain the taste and texture. It remains in a frozen state in temperatures of –20C to –40C until thawed for use or further processing. Its invention is credited to Clarence Birdseye.

Appendix 2

On-Pack Promotions


BIG AL'S
4
LARGE 6OZ
BEEF BURGERS
BIG EAT
YOUR FAMILY
DESERVES
100%
FROZEN
BEST BEFORE END
See Storage Instructions
680g e
SEE INSIDE
PACK FOR
GREAT
OFFERS!!
RECIPES • WIN A
FANTASTIC FAMILY
HOLIDAY • MONEY
OFF COUPONS

Appendix 3: Advertisements

(New York City Diner)
(Lunch Time)

"Look Ruben I want someone new for this part,
Someone fresh, a discovery"

"Hi I'm Cathy, today's special will
Be – Southern Fried Chicken Ye All"

"It's hotter than a kitten on a hot tin
roof sugar"

(Oh my God – What is she doin!)

(Who is this Girl?)

“So, what do ya think?”

“Just a Burger Thanks”

“Big Al’s Big Eat Burgers are 100% Premium Irish Beef, so it’s real New York diner taste without all the drama!”

“Is this a burger I see before me?”