

# Case Studies in Export Market Development – A Value Chain Perspective

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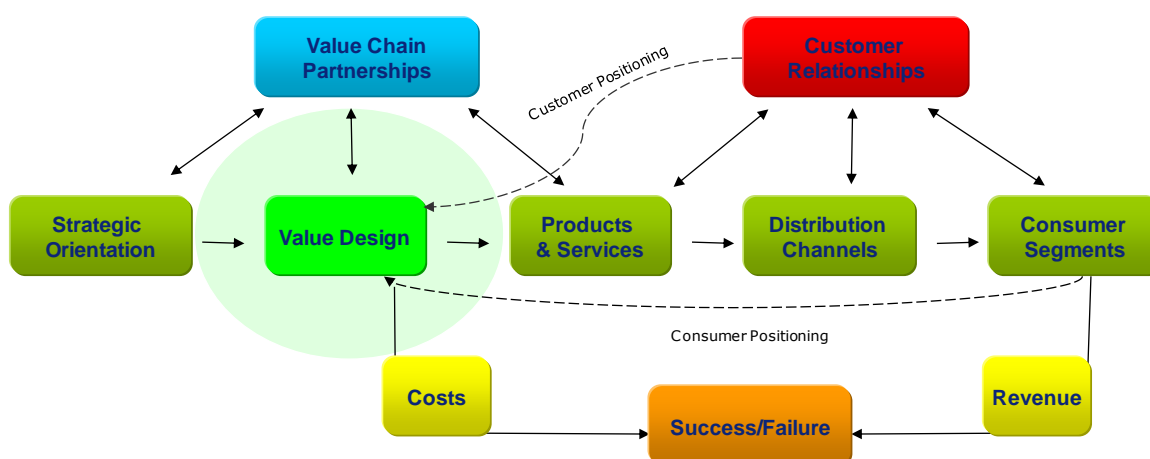
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## Introduction

Developing sustainable export markets is a major challenge for the majority of businesses, large and small, in every sector, the world over. The agri-food industry is no exception, with commodity producers and branded manufacturers struggling to differentiate themselves in global markets and make themselves relevant to consumers about whom they know very little and to whom their proposition all too often remain hidden or misunderstood. The challenge of export market development in the agri-food sector is made all the more difficult due to the fragmentation of primary production, making it seemingly impossible for farmers to target export markets by themselves, and the lack of trust that pervades the agri-food sector, making it difficult for market intelligence to proliferate supply chains and guide the allocation of resources.

These three case studies are designed to help would-be, fledgling or established exporting businesses allocate their scarce resources more effectively, by identifying the critical success factors and lessons learned from businesses of contrasting scale operating at different stages of export market development. At one extreme there is Zespri, the world's largest exporter of Kiwi fruit with a turnover in excess of NZD1blln and a structure that resembles that of a branded Fast Moving Consumer Goods (FMCG) producer. At the other extreme there is Dingley Dell, a family-owned pig farming business in Suffolk, England, with a turnover of £3mlln and an organisational structure that resembles a start-up. In the middle there is Manbulloo, a medium-sized mango business in Queensland, with structures and processes that are rapidly evolving to support their ambitions plans for growth.

The lens through which these case studies have been explored is a value chain development framework, based on the business generation model proposed by Osterwalder & Pigneur (2010).



The focus is on value design, differentiated for distinct customer and consumer segments in distinct distribution channels requiring distinct value propositions (products and services) delivered via collaborative relationships that facilitate the flow of information that is essential for efficient and effective resource allocation (Fearne, 2009). The collaborative allocation of resourced in the pursuit of sustainable (long term, profitable)

market development is not a simple process and requires a focused and deeply involved management of the interactions with a select set of key (value chain) partners. The management and utilization of relationships with these customers are core competences that have a critical impact on business performance (Bocconcelli et al., 2018).

Failure to effectively identify and categorise key customers - analysing specific needs, customizing value-adding solutions, developing competencies necessary to realize and deliver the solutions - can result in suppliers finding themselves over-stretched, seeking to satisfy their customers for little or no return on investment.

The risks associated with the development of export markets are generally far greater than those associated with domestic markets and the payback on investment - of time, effort and financial resources - is often less predictable, more variable and realised over an extended time period. Consequently, strategic orientation is a critical and over-arching success factor and two strategic orientations - market orientation and learning orientation – are particularly important in this context.

Market orientation is defined as “the organisation culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for the buyers and thus, continuous superior performance for the business.” (Narver & Slater, 1990). It has a central role in management and marketing strategies and consists of three behavioural components - customer orientation, competitor orientation, and inter-functional coordination - that emphasize the understanding of customers and markets and allow companies to create superior value for target customers. For small and medium sized enterprises (SMEs) market orientation presents a means to compete with larger firms in the search for differentiation, facilitating flexible planning and supporting innovation. Moreover, firms exhibiting a higher degree of market orientation exhibit more aggressive, externally focused, long-term strategic priorities than less market-oriented firms (Hooley et al., 2000).

Learning Orientation is defined as “a cultural aspect that emphasises the process of improving insights, knowledge and understanding to enhance organisational performance and customer value” (Nasution et al., 2011). Firms with a strong learning orientation develop or acquire new knowledge in order to respond to internal and external stimuli that lead to changes in behaviour which enhance organisational effectiveness. They are also more likely to be endowed with resources that are valuable and rare and combine them in ways that are hard for competitors to imitate, generating synergies that enable firms to achieve competitive advantage in the long term (Assdinia et al, 2019)

A temporal perspective is also important in the context of export market development, as distinct from exporting, which takes a considerable amount of time. Long-term orientation is defined as “the tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time period” (Lumpkin et al., 2010). Research has shown that long-term orientation is associated with significant performance advantage (Hoffmann et al., 2016) and particularly in small family firms (Miller et al, 2008)

In the context of export market development, the presence of a strong market and learning orientation is important for four reasons:

- First, strategic orientation drives resource allocation, so firms with a strong market orientation are more likely to seek an understanding of consumer and customer needs, invest in consumer and market research and prioritise the sharing of the

insights gained within the organisation (across functional boundaries) and along the value chain with like-minded partners.

- Second, market orientated firms are more likely to invest in the technology, people, processes and relationships necessary to deliver the differentiation that is required in specific markets, without which sustainable (long term, profitable) growth is impossible.
- Third, strategic orientation has a significant influence on a firm's willingness and ability to build and maintain collaborative relationships with (key) stakeholders in the value chain. Firms that have a strong market orientation are more likely to prioritise long term market development and adopt a collaborative approach to relationship management than firms with a strong sales orientation, who are more likely to prioritise short term revenue growth and adopt an opportunistic approach to relationship management.
- Fourth, the added complexity of generating new business in markets that may have little in common with a firm's domestic market means that failures are inevitable and likely to outnumber (if not outweigh) the successes, at least in the early stages of market development. This means a strong learning orientation is important, to encourage innovation but accelerate the absorption of lessons learned. Passion and persistence are important features common to most successful businesses but 'blind faith' can lead to disastrous results. A desire for knowledge and ability to learn is associated with evidence-based decision-making, which is more aligned with a business seeking sustainable (long-term, profitable) market development than one seeking to maximise (short term) revenue growth and minimise investment in time, effort and financial resources.

Organisational structures, business processes and decision-making styles vary considerably between firms and it could be argued that large organisational models are not relevant to SMEs (Welsh et al, 1981). The very size of small businesses creates a condition referred to as 'resource poverty' that distinguishes them from their larger counterparts and requires different business approaches. The SME business approach tends to be much more informal, reactive and opportunistic than larger firms. This can result in a lack of formal planning processes and decision-making based on intuition and instinct rather than hard market data (Donnelly et al, 2015) and often influenced by the dominant presence of owner/managers (Reijonen, 2010). On the other hand, SMEs have the advantage of being more nimble and responsive to market demands than larger firms. Moreover, SMEs often have more direct contact with their customers which can allow them to develop more personal and informal relationships with their customers (Hernández-Linares et al. 2018).

Recognising that different businesses operate in different market environments, have different resource endowments and compete in different ways, the fact remains that even the largest businesses have insufficient resources to do all the things they would like to do, as well as they would like to do them.

Strategic management is, fundamentally, concerned with resource allocation – what firms do, how they do it and why. The purpose of these case studies is the identification of critical success factors for the successful development of export markets are not contingent upon scale. The striking similarities in the approach taken to the development of export markets will hopefully serve as important lessons from which other (would-be, fledgling or established) exporting businesses can learn.

The specific export market development journey of each company is described and the key insights and lessons learned are identified with reference to the value chain development framework, paying particular attention to strategic orientation, differentiation of products and services, distribution channels, customer and consumer segmentation and relationship management.

### Case Study No.3: Dingley Dell – Developing an export market for premium pork

Pork is the most popular meat and the cheapest source of protein in the world, yet per capita consumption in the UK is one of the lowest in the European Union (EU) and the UK is only 55% self-sufficient. Over the last decade UK pork production has increased by 25%, whilst consumption has grown by just 6%. Exports have doubled as meat processors have sought to balance the utilisation of pig carcasses, the average size of which has increased by 10%, as producers have sought to increase production efficiency.

Mark and Paul Hayward are third generation pig farmers with a deep love for agriculture and a strong affinity with the environment and the welfare of the pigs on their 350 acre farm in Suffolk, England. Originally farming a mix of outdoor and traditionally bred pigs, the farm experienced a disease outbreak in 1998 which wiped out all of the stock. Sensing the growing interest in welfare friendly food, they decided to rebuild their business based exclusively on outdoor reared pigs and a business model that would set them apart from their peers.



The Dingley Dell brand was established in 1999, at a time when UK pig farmers were struggling to cover their costs, let alone attract premiums for differentiated pork. With limited resources to raise brand awareness, it was a decade before Mark & Paul secured a listing of their premium sausages with two of the UK's largest supermarkets, only to lose them two years later. Mark & Paul learned a great deal from the experience and decided to take an alternative course, investing in genetics to improve eating quality and reaching out to discerning chefs and diners in high-end restaurants, who they believed would appreciate the Dingley Dell brand.

Over the last six years the business has doubled its turnover and is now slaughtering over 400 pigs per week, with the majority going into the restaurant sector through a processor, Direct Meats, with whom Mark & Paul have developed a strategic relationship. Exports have been a major growth driver and now account for 30% of sales, with Dingley Dell on the menus of some of the top restaurants in the world.



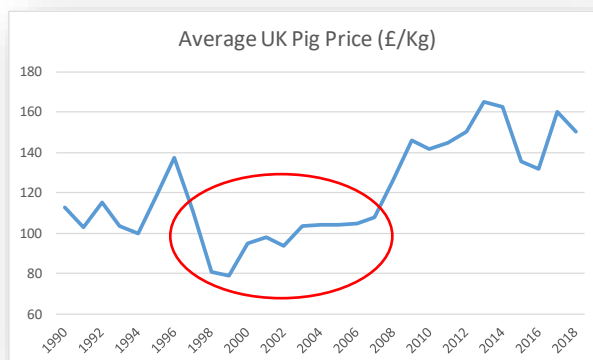
*“We started Dingley Dell during a period of horrendously low pig prices and we failed to convince supermarket shoppers to pay the premium we needed to make the business profitable. However, we learned from our mistakes and adapted the business as well as the brand. First it was about welfare, then we made it about taste, in a scientific way, now we have added the environment*

*and we think we have a model that works, not only for us but also our supply chain partners and consumers who share our passion for sustainable food without compromise” Mark Hayward, Dingley Dell*

## One step back and three forward – building a brand fit for export

Like many entrepreneurs developing a new business, the Hayward brothers had to choose between focusing on a few products and a small number of customers, to get the offer right, and developing multiple products and multiple routes to market, to grow revenue. At the outset, they chose the latter, working with a local abattoir and a small number of catering butchers and wholesale distributors, supplying food service and retail outlets across the country.

Dingley Dell was launched during a period of record low pig prices and got off to a flying start when they were approached by the East of England Co-operative (EEC), a regional chain of convenience retail stores who had their own cutting and packing plant, so Mark and Paul just had to get their pigs killed and the primal cuts delivered. EEC was keen to secure a local source of supply and Dingley Dell was soon supplying 100 pigs per week, which was a third of their production at the time, at a price that was 30% above the average.



A year later they won two important contracts in the food service sector – one with the Orchid group, supplying 400 public houses across the country and another with John Lewis, supplying hams into all of the restaurants in their department stores. However, it was their experience with the major multiples that delivered the first major turning point in the development of the Dingley Dell brand.

The loss of the contract with EEC, who closed their regional cutting plant in 2008, was more than offset by the major multiples' entry into the sourcing of local food and drink, to compete for what was perceived as a significant market segment, as evidenced by the growth of farmer's markets throughout the country.

The first of the UK multiples to launch their range of local foods was Tesco, the UK's largest supermarket, whose team of local buyers were charged with establishing a regional supply base to support the development of the Tesco Local range.



*'We sat down with Tesco when they were looking for local products and we offered them our full range of products – fresh pork, sausages, bacon. In the end, they opted for the sausages and listed us in a small number of stores. Initially we were excited, thought we'd cracked it, but we started to get concerned when sales didn't take off the way we had expected'* Mark Hayward, Dingley Dell

In the process of losing their contract with Tesco Mark received a shopper insight report from a team of researchers at the University of Kent who were mining Tesco Clubcard data on behalf of small food producers. The report did not save their business with Tesco but it did reveal that the people who were buying Dingley Dell sausages were not remotely price sensitive. The problem was there was not enough of them, at least not in Tesco!

Mark and Paul would have had to invest substantial resources to drive penetration and build consumer loyalty in Tesco. They were not confident in their ability to do this and the realisation that Tesco was not the most suitable place for Dingley Dell to sell their products caused a major rethink of their business model.

*“The insight we received confirmed what we feared but also restored our faith in targeting the top end of the market – it was a ‘wake-up’ call that left a lasting impression on us and underpinned the need to align our USP with the right people in the right places” Mark Hayward, Dingley Dell*

The loss of their business with the second supermarket soon after suggested the problem was not the retailer per se but the supermarket sector as a whole. The niche segment was too small to interest the buyers, the majority of whom had little knowledge of the product and saw the premium price as the problem and cutting it as the solution, regardless of the implications for the profitability of the producer. Mark and Paul realised that by working with the multiples they became very small fish in a big pond with too few resources to get noticed. This was a setback but provided the stimulus to find an alternative route to market

They decided to turn their attention to the restaurant sector and began working closely with three regionally dispersed catering butchers – one in East Anglia, one in the North of England and one in London – which they hoped would facilitate meaningful conversations and create opportunities with chefs, the gatekeepers to discerning consumers who would value the Dingley Dell brand. The decision to focus on a small number of supply chain partners was designed to provide a degree of exclusivity and encourage them to invest in the brand.

*“I made the decision to have just one person in each area to keep the supply chain tight. In the early years that limited our growth but made sure we had real control over the process and gave us some leverage, to get existing distributors to work a bit harder. It cuts your throat in the short term but will pay in the long term. You are always looking for that 50:50 partnership. We need partners with enlightened self-interest, who recognise the benefit to them of investing in us.” Mark Hayward, Dingley Dell.*

The process of finding the right partners is one of the most difficult challenges in the development of any businesses and particularly for one that is seeking to work against the grain – building a brand in a commodity sector. Thus, the importance of the three catering butchers that Mark and Paul started diminished as they have developed a strategic relationship with Direct Meats, who now account for over 80% of their pigs and all of their export business.



*“We have always had good quality butchery and a high level of customer service but in today’s competitive environment that is not enough. We needed a point of difference and found Dingley Dell right on our doorstep. I decided to stop buying pigs from anywhere else and get behind the Dingley Dell brand. We switched from buying cuts to whole*

*pigs, which meant we needed to sell more of the carcass and I needed to add value to the pork. So, I invested in ham and bacon processing facilities, which enabled us to sell more pork and extract more value from the pig.” Martin Blackwell, Managing Director, Direct Meats*

The role of Direct Meats in the Dingley Dell story is an important one, for three reasons: first, they generated momentum and much-needed cash-flow at a time when the UK pigmeat industry was only just emerging from a significant trough and the Dingley Dell brand was struggling to make significant headway; second, they invested in processing capacity and the development of new products, and in the process established themselves as the 'go to' distributor for innovate meat brands looking to enter the London restaurant market; third, they paved the way for what was to become an important ingredient for the development of the Dingley Dell brand, introducing Mark to key stakeholders in the restaurant sector and building on the connections that they had made with chefs, who had been visiting the farm for over a decade, to witness the Dingley Dell story for themselves.

Most of the chefs who have visited the farm loved the Dingley Dell story and shared the passion that Mark and Paul have for animal welfare. However, they also highlighted an ingredient that was missing which was taste. Nowhere in the communication of the Dingley Dell brand, in printed media or their website, was any reference made to taste. The welfare story was sufficient to generate interest and opened doors into many new markets but the repeated emphasis that chefs placed on the taste of the pork - which was very good but not by design - led Mark and Paul to reflect on the positioning of the brand and the potential for elevating the status of taste, a key component for the market segment upon which they were now firmly focussed. This was the second step in the re-positioning of the brand.

Dingley Dell wanted a robust product that could survive the vaguaries of the supply chain, different temperature environments and still have a wow factor. Mark and Paul were aware of the Wagyu beef and Kubito pork in Japan and were trying to do something similar themselves, which was impossible without the support of a genetics company.

Their search for inspiration and guidance took them to the bi-annual UK pig and poultry faire in 2012, where they visited JSR, a pig genetics company who were demonstrating a new technology for predicting the eating quality of live animals through the measurement of intra-muscular fat (IMF). Excited by what they learned, Mark and Paul moved quickly to engage Caroline Kealy, JSR's meat scientist, who was equally excited about the prospect of working with pig farmers who had a completely different view of pig genetics.

*"They are unique in that they completely understand that the only reason that farmers exist is to meet consumer demand. Processors and retailers are always talking about consumers but they don't think of them as the customer. The farmer is geared to think of the processor as the customer, who is geared to think of the retailer as the customer and the retailer is selling a lean and cheap source of protein."* Caroline Kealey, Meat Scientist, JSR

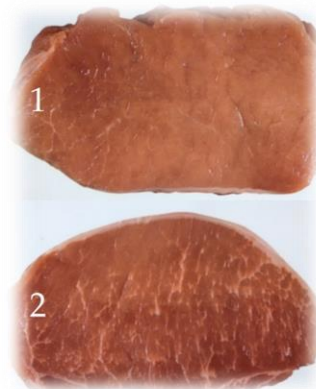


JSR had conducted trials on eating quality with different breed lines. There were a few breeds to choose from but the Red Duroc was identified as the best candidate for higher marbling, tenderness and flavour. Dingley Dell purchased all of JSR's highly marbled Red Duroc boars and set up a breeding programme of their own, on the farm. This was a significant investment but enabled them to push the genetics for eating quality as quickly as possible and retain the benefits for themselves. The AI stud would also give them the opportunity to expand production through partnerships with other producers.



The process was difficult to protect but Mark and Paul saw a genuine first-mover advantage. Others wishing to follow Dingley Dell's lead would need the technology that they had invested in, a genetics partner to host the breeding programme and the knowledge that comes with doing this on a working farm. JSR saw little commercial benefit from taking the process in-house given the commodity focus of the industry they served.

The breeding programme has been a huge success and a 'game-changer' for the Dingley Dell brand. Commodity pork has very little marbling (1) and within two years Mark & Paul could see the improvement (2) which will only improve as they retain the most marbled sows for the breeding herd and the most marbled boars for the AI stud. Dingley Dell face competition from meat processors, who brand the most marbled carcasses they 'discover' by chance and sell for a premium, but through their breeding programme Dingley Dell is able to guarantee higher marbling in all of their carcasses, with 15% improvement in marbling year on year.



*“When chefs visit the farm they never ask about welfare as they assume the pigs are happy. They want to know what it tastes like. They understand what we are doing because of the Wagyu beef story and we are getting real traction in the top end of the dining world”* Mark Hayward, Dingley Dell

The third step in the re-positioning of the Dingley Dell brand was also the result of the growing number of chefs visiting the farm. Paul manages the farm tour, designed to showcase the connection that he and Mark have with the pigs and their environment. Conservation has always been an important part of their farming ethos, which has resulted in them sowing wild flower mixes around the headlands of their fields. In the summer of 2016 Paul was leading the tour with a small group of chefs and led them through a field of wheat, to illustrate what conventional farming looked (and sounded) like – a silent desert – before walking to a field where they had planted a bee mixture. You could see and hear the difference and the chefs got really excited.



Paul got excited too and started to think about the potential for adding a conservation component to the Dingley Dell brand, which led him to reflect on land use, the flexibility of which was limited because the outdoor pig production units were static and only moved every three years. To create more space for

flowers would incur costs, but Paul reflected on the fact that whenever they moved the units they saw a significant yield increase. He was not sure if it was due to the clean land or the fact they grazed the grass but saw an opportunity to offset the cost of increasing the land sown to wild flowers. Some minor modifications were required to make the production units easier to move and an additional 10ha was required to accommodate the flowers but the impact was immediate and exceeded all expectations.

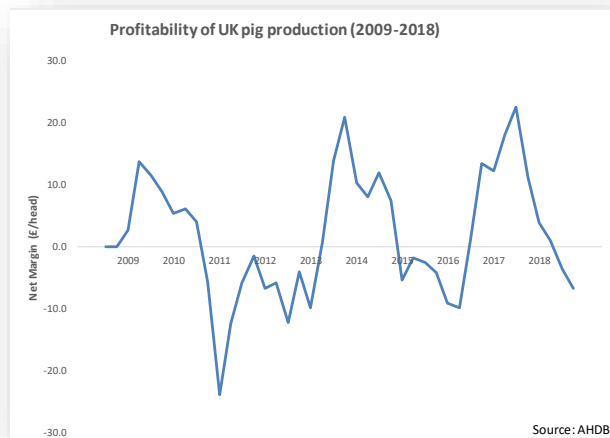
*“We use half a field and move the pigs every 6 months. We like to farm this way. It looks fantastic, it benefits the pigs and we can quantify the sustainability of what we do. We started experimenting with different nectar mixes and found that the Bumblebees go mad for it, which got us thinking and we started counting! We hit a million bees in 2018, which attracted interest from everybody, everywhere” Paul Hayward, Dingley Dell*



Conservation was the icing on the Dingley Dell cake and helped Mark together with Direct Meats, to win significant business in London, with Michelin star restaurants (e.g. Galvins, Hakkasan) some of the world’s top chefs (e.g. Gordon Ramsey, Michel Roux, Jason Atherton), iconic hotels (e.g. The Savoy and The Dorchester) and department stores (e.g. Harrods, Fortnum & Mason).

### Dingley Dell’s journey of export market development - from Michelin Star to Singapore Chefs

The primary motivation for UK pork exports is carcass balance. UK consumers have a strong preference for pork products derived from the loin (bacon, chops, roasting joints) and the leg (gammon and ham), so the remaining cuts have to find an export market or end up in pet food. Either option requires the meat to be priced competitively, reducing the total value of the carcass. The result is a roller-coaster of a market with highly volatile and unpredictable returns which has inhibited innovation in anything other than production, processing and distribution methods designed to increase efficiency. Dingley Dell’s approach could not be further removed from the rest of the UK pork industry.



*“When it comes to exports, we can all sell commodities if the exchange rate is in our favour but we want to develop a sustainable export market and we believe in order to do that the offer has to be spectacular in every way. It has taken a lot longer than we originally thought but we firmly believe we that is exactly what we have” Mark Hayward, Dingley Dell*

It was only when Dingley Dell had become an established brand in the UK restaurant sector that Mark and Paul had the confidence to even consider exports. However, they knew that the domestic niche market they had successfully penetrated was unlikely to support the long term growth of the business. Their ambition for growth and their interest in export markets was shared by Direct Meats but neither business had any experience of exporting.

In 2013 the Agriculture and Horticulture Development Board (AHDB) were organising a trip to the ‘Restaurant & Bar Hong Kong’ trade exhibition, to showcase the best of British food and drink. Mark decided to go and Direct Meats invested in a stand, to test the water and get a feel for what was involved and the scale of the task.

Mark was approached by one of Hong Kong's largest food and drink importers who showed considerable interest in the Dingley Dell story. However, Mark had learned a great deal from a decade of pitching to catering butchers, restaurant managers and executive chefs in the UK and trusted his instincts. He was also scarred by his experience with the UK's multiple retailers and was reluctant to fall into the same trap – small fish in a big pond – so he declined the invitation.

Instead, he chose a smaller distributor, Elite-Fresh, who dealt with a large number of branded niche products and were the biggest seller of Japanese Wagu beef in Hong Kong. They were intrigued by a pork product boasting similar characteristics and Mark was pleased to have found a distributor who was aligned with his businesses. The deal was done on a handshake and Mark returned with the expectation that orders would follow but nothing happened. The first lesson Mark learned was that a market had to be created.

*"It's a premium product that does not sell on price, so you really have to create the market. You can't rely on distributors to do it for you"* Martin Blackwell, Managing Director, Direct Meats

The network of UK chefs with whom Mark had engaged for over a decade in the UK served him well and one of his closest connections introduced Mark to several key players in Hong Kong, one of which was Cathay Pacific Catering Services (CPCS), for whom Elite-Fresh was a supplier. Mark made contact with the Jorg Kubisz, executive chef and head of food production at CPCS and arranged to meet him at the same trade exhibition in 2014. Mark was subsequently invited to present to the senior management team and their senior chefs in Hong Kong visited the farm. Six months later they were asked to develop a bacon and a sausage for Cathay Pacific's first class, business class and premium economy class, which Direct Meats were happy to do and which made their maiden flight in 2015.



*"I met Mark at the HOFEX Exhibition and I was impressed with what I heard. We started discussions on how we could use Dingley Dell in our menu development process and I visited the farm as part of a business trip. I was totally impressed by their philosophy, quality and production process. I have visited many farms and meat processors as part of my role at CPCS and Dingley Dell is one of the most outstanding meat products I have seen in*

*recent years."* Jorg Kubisz, Executive Chef & Head of Food Production, Cathay Pacific Catering Services (HK)

CPCS is now the largest single export customer for Dingley Dell and Elite-Fresh is the largest export distributor, accounting over two thirds of export sales. However, the significance of the Cathay Pacific account extends way beyond the revenue it currently generates, for three reasons: First, the endorsement value of a customer like Cathay Pacific is of critical importance when a novel brand like Dingley Dell is seeking to establish itself in any market. Hong Kong is particularly challenging as there are very few barriers to entry and the market is flooded with brands, competing for the attention of distributors, customers and consumers. Dingley have a strong USP but raising brand awareness is a challenge and customers like Cathay Pacific give other (potential) customers good reason to take notice.

*“You can get more product variety in Hong Kong than anywhere else in the world. Their way of handling product at the airport is the best in the world, their handling of chilled product is the best in the world, so you can buy anything in Hong Kong, which makes it a very difficult market to succeed in.” Martin Blackwell, Managing Director, Direct Meats*

Second, CPCS supplies 100,000 meals a day to another 100 airlines, from which Dingley Dell and their trading partners have the potential to benefit. Direct Meats have already benefited from the initial entry made by Dingley Dell, supplying CPCS with a meatball product developed for Cathay Pacific’s economy class, which was a significant addition to their beef export sales, and added further value to their business with Elite-Fresh.

*“Our brand is unique and has the potential to open doors for our distributors as well as for us.” Mark Hayward, Dingley Dell*

Third, it confirmed to Mark and Martin the power of the message that only Mark could convey. The quality of Dingley Dell’s marketing literature did not match the quality of the story and Mark had come a long way since his early days of pitching to UK catering butchers.

*“I remember having the confidence knocked out of me by the first catering butcher I spoke to, who asked why on earth he should buy Dingley Dell when he could get his pork much cheaper from elsewhere. 10yrs later I was walking out of Cathay Pacific feeling 10ft tall. You have to nurture that confidence - how easy it would have been to give up after stumbling at the first hurdle. In my early days I would go into meetings and price would be one of the first things on the agenda. Nowadays its always the last thing that gets talked about in every meeting I have, because the people I am talking to have already accepted they are going to pay more”. Mark Hayward, Dingley Dell*

The branded business model that Mark & Paul designed for the UK market was starting to deliver encouraging results for Dingley Dell overseas and, in the process, strengthened their relationships with Direct Meats. Martin understood the importance of Mark’s role as a brand ambassador, opening doors for Dingley Dell and the portfolio of branded meats that Martin was building with Direct Meats, in light of his experience with Dingley Dell. Thus, in addition to the 30% price premium that Direct Meats was paying Dingley Dell for their pigs, Martin offered a 1% share of all their pork sales (domestic and export), as an incentive for Mark to focus on export market development.

Mark repeated the process in Singapore, where he first attended a trade exhibition with the AHDB in 2014. There he met Paul Dojo, managing director of ADirect, a Singapore based distributor, processor and manufacturer that started out as a Japanese Wagu beef company and has a diversified portfolio of 5star hotels, mid to upper range restaurants and an on-line food retailer. He liked the story and the taste and when he visited the farm he could see the unique attributes of Dingley Dell and was keen to develop a relationship.

*“Dingley Dell is a very good example of building a brand and going global with the right partners in the right places. We were small when we started and we needed an alternative to Japanese Wagu beef. A good product with a good story that I could focus on. Mark did not want to choose a giant distributor for whom his product was just one of 10,000 items on the catalogue. He wanted an ambassador for Dingley Dell who can talk about them in their sleep. I invested time in learning about the business and we have become good friends. I only have a handful of suppliers who do anything like Mark and they are all in Japan.” Paul Dojo, managing director, ADirect Singapore*

Reciprocity is a key component in Dingley Dell's market development strategy – they don't just focus on short term sales but try to open doors for their export distributors to incentive them to co-invest in the brand. In Singapore, this was exemplified by the introduction that Mark made for ADirect with Bread Street Market – Gordon Ramseys restaurant chain to which Dingley Dell was an established supplier – which gave a significant boost to the business ADirect already had in the Marina Bay Sands casino complex in which Bread Street Market is located.



*“Our biggest clients are Japanese Wagu users and our biggest client is Marina Bay Sands, which was the first client we introduced, two years before Gordon Ramsey opened up his Bread Street Kitchen restaurant. Sales have grown steadily and we have had some help from Mark. Bread Street Market is the monster account, which takes the greatest volume but others have been keen to try and we are building the fan base.”* Paul Dojo, managing director, ADirect Singapore

The Bread Street Kitchen account in Singapore plays a similar role to the Cathay Pacific account in Hong Kong – raising the profile and providing endorsement for the brand whilst generating a strong cash flow that is essential to sustain the effort and commitment of everyone involved. This extends to the community of chefs who speak glowingly about the Dingley Dell brand, like Sabrina Stillhart, executive chef at the Bread Street Kitchen restaurant at Marina Bay Sands in Singapore.



*“I love what Mark and Paul are doing with Dingley Dell – they really care and it shows in the quality of the product and their commitment to doing things the right way. I have visited the farm and seen with my own eyes how much attention they pay to sustainability and the level of marbling in their meat is something you rarely see in pork. I am very happy to be associated with Dingley Dell and everything they stand for.”* Sabrina Stillhart, executive chef, Bread Street Kitchen, Singapore.

Direct Meats have played their part, supporting innovation in the development of new products, which the distributors need to create and maintain interest in the brand, and supporting ADirect's sales team in pitching for new business.

*“Martin is very knowledgeable and his team have visited us 5 or 6 times to educate our sales people and go out with them on appointments. It's like a grassroots sale, one by one with each account. Just because you have 250 accounts does not mean every one is going to buy it!”* Paul Dojo, managing director, ADirect Singapore

Singapore and Hong Kong together account for almost three quarters of export sales (Table 1) and the success Dingley Dell has had to date has been almost entirely based on an extension of the model that served them so well in London – establishing brand recognition through a small number of high profile accounts and building a community of interest to

generate demand that makes the distributor’s task much easier and encourages co-investment.

*“We realise that in order to grow our export business we have to build the brand – we need consumers pulling our product through the chain instead of us pushing our product on to markets prematurely and running the risk of commoditisation”* Mark Hayward, Co-Founder, Dingley Dell

**Table 1 - Dingley Dell Exports -2018**

<b>Country</b>	<b>Share of Exports (%)</b>	<b>£/Kg</b>
Hong Kong	61.6	£4.08
Singapore	12.5	£4.32
Jersey	7.4	£3.72
Seychelles	5.3	£10.49
Sweden	4.1	£7.22
Dubai	4.1	£6.44
Finland	2.1	£7.69
France	1.5	£6.99
Dubai	0.8	£7.17
Austria	0.4	£4.72
Guernsey	0.3	£6.02
Netherlands	0.3	£4.00
Greece	0.3	£5.62
Spain	0.2	£7.27
<b>Total</b>	<b>100.0</b>	<b>£4.79</b>

Direct Meats do an excellent job in balancing the export carcass, with different markets taking different cuts, which is reflected in the significant variation in the average price per Kg.

*“The only part of the pig that does not end up in any export market is the leg because we don’t export any ham. More bellies are sold in Singapore and hardly any in Hong Kong, who buy more loin, which balances out. We have a good spread of export customers. The challenge now is to grow the volume”.* Martin Blackwell, Managing Director, Direct Meats

The key question is from where will that growth come?

Much of the export businesses generated to date has come from people (mainly chefs) who are familiar with the product from other territories, mainly London. Hence, Singapore and Hong Kong were good places to start. However, the distributors they chose, in both cases, were traditional family firms with profound knowledge and experience of their domestic consumers but little knowledge of the European segments that Dingley Dell sought to target. For them, Dingley Dell offered a route into a new segment, which made market entry simple for Dingley Dell. However, to sustain the growth in export sales they will need to target new segments in existing markets (Singapore and Hong Kong) as well as those which offer prospects of higher returns, such as Sweden and Finland, where the price per Kg is significantly higher.

*“I think we could have been further down the line had we listened more to our distributors in Singapore and Hong Kong. We won’t be able to continue growing unless we adapt our offer to what the Chinese and Japanese consumer is interested in and willing to pay for. Both our Singapore distributor (Japan) and our Hong Kong distributor (China) have told us that*

*if we want to penetrate those markets we need to offer different cuts” Mark Hayward, Dingley Dell*

The process of listening and adapting to what the market wants is well under way. The Dingley Dell brand has been refreshed and the USP of welfare, conservation and taste is now plain for all to see in their marketing communications. Product leaflets are being translated into Japanese and Chinese, with input from their respective distributors in Hong Kong and Singapore, and Direct Meats are driving a series of innovation projects and service initiatives in response to customer feedback.

*“Our Swedish distributor told me they were going to sell our product by the box. However, they are large distribution company and did not want to split their boxes to accommodate our small order quantities. So, I offered to send them portions in 5kg boxes and whole cuts in 15kg boxes. Nobody else is doing that and they were delighted. I learned from that and put that out to every export market and everyone is very happy with it. The chefs in the Seychelles were delighted to be able to buy in small quantities.” Martin Blackwell, Direct Meats*

The challenge that Dingley Dell faces is one that all new businesses face in the transition from a micro business to a small business – how best to target their scarce resources to exploit the myriad of opportunities which undoubtedly exist for a brand that is ahead of its time and in a class of its own. Inward investment is an option but one that the Hayward brothers have resisted to date, such is their fear that external investors would undermine the social and environmental ethos that underpins the business. They could be forgiven for thinking the next breakthrough is just around the corner, such as is the growth of interest in the Dingley Dell brand, but the good news is they understand the perils of being less opportunistic and reactive and the benefits of being more strategic and targeted in their allocation of resources.

*“From day one we have run the business by being responsive – if there is an opportunity there we will go and get it, chasing this target and that target. I think we need to be much smarter about where we use our time and hopefully end up with a robust business”. Paul Hayward, Dingley Dell*

### Key Insights and Lessons Learned

Dingley Dell has achieved a great deal in the 5 years that they have been focused on building their export business, given their limited resources and lack of experience in export market development. The considerable investment in, and lessons learned from, the development of the brand in the UK has paid dividends – the story is compelling for the receptive audience and distribution channel they are targeting and in Mark Hayward they have an outstanding brand ambassador. The strategy of working with sole distributors in each country appears to be paying dividends, as does the preference for smaller distributors with shared values and strategic alignment over larger players who have far less to gain from co-investing in the Dingley Dell brand.

Their story of export market development has all the elements of the value chain development framework, from their foundational (domestic market) relationship with

Direct Meats to their fledgling relationship with Elite-Fresh and Cathay Pacific in Hong Kong and ADirect in Singapore.

The story begins with strategic orientation and the degree to which Dingley Dell's significant investment of time, effort and capital in product and service quality has been driven by a strong marketing, learning and long-term orientation.

*"Exporting was never about selling loads more it was about strategically positioning the brand in other countries from which opportunities might emerge. Things have happened purely because we have a presence overseas."* Mark Hayward, Dingley Dell

Their willingness and ability to innovate creates a strong sense of resilience which is essential in volatile sectors such as pigmeat.

*"At the start we were selling a perception, with the taste we brought in science and with the conservation you are adding emotion and politics. We want to make people feel good when they are cooking with or eating Dingley Dell pork."* Mark Hayward, Dingley Dell

Their strong learning orientation leaves them open to new ideas but hungry for insight and evidence before committing resources.

*"The insight we received was both damning and enlightening and came at a critical time for our business. We were struggling but could not understand why. What we learned was that simply having a fantastic product is not enough to guarantee success. It became evident to us that the supermarket sector was not the right channel for us and our switch into food service has been a revelation. We now have an audience who want to listen to our story, understand what we have to offer and are willing to pay a premium for the exclusive quality we remain faithful to."* Mark Hayward, Dingley Dell

Dingley Dell is in transition from a start-up business to a small business and has inevitably suffered growing pains. The challenge of developing export markets at the same time as satisfying the core business at home has stretched the business to its limits. The decision to focus on one distributor makes good sense strategically and operationally but the reliance on Mark as the brand ambassador is not sustainable.

*"We only work with one distributor in each market, which makes it more manageable and enables us to target our limited resources."* Martin Blackwell, Direct Meats

A key to reducing the dependency on face-to-face pitches and the development of personal relationships, which are important but resource intensive, is the promotion of the brand (to create more consumer 'pull' and reduce the need to 'push') and a more structured approach to market segmentation and customer relationship management.

For any business the ability to segment their customers and consumers is important, but for a small business with limited resources it is a critical success factor. The lack of a structured process for evaluating market opportunities and the performance of key customers is a weaknesses in the capabilities of Dingley Dell and Direct Meats that fuels (and is fuelled by) the opportunistic approach to export market



development adopted thus far. A degree of opportunism is essential for small businesses embarking in export markets for the first time – you have to try and fail in order to succeed. However, Dingley Dell have reached a critical point in the development of their export business, where they need to focus and allocate resources to meet the needs of new markets and new segments therein. This may well be as much a question of product development (cuts and pack sizes) as it is about brand development (values and promotion) but evidence based decision-making is the entry point for more structured processes and more efficient and effective resource allocation.

*“We made lots of mistakes in the beginning. We didn’t do our research. Mark spent 3-4 yrs telling people about Dingley Dell but the bees, the welfare the story means nothing to them. Everyone has heard of Dingley Dell in London but the brand is invisible in Hong Kong.”*  
Martin Blackwell, Direct Meats

The development of collaborative relationships is one of the fundamental enablers for sustainable business development and Dingley Dell are no exception. Mark and Paul recognise the importance of supply chain collaboration but have not found it easy to find the right partners.

*“Most meat processors don’t get the idea of having a farmer as a partner, offering a supply chain they would otherwise never have. Martin understood this from the outset and has invested significantly in the development of our brand and our business, for mutual benefit”* Mark Hayward, Dingley Dell

The key point here is that at no stage have they departed from their principles and belief in supply chain collaboration and the imperative of ensuring that every partner is adequately rewarded for their commitment to building the brand and growing sales. The absence of commitment, or evidence thereof, then becomes a lead indicator that a partner is not worthy of continued investment, in pursuit of a long term, collaborative relationship.

*“We often argue who has the balance of power in our relationship (Dingley Dell and Direct Meats). The reality is that one does not work without the other. If you took Dingley Dell out of my business it would devalue my business, without a shadow of a doubt and vice versa”.*  
Martin Blackwell, Direct Meats

Many (if not most) businesses give up on collaboration prematurely, having invested some time, some effort and even some cash without what they perceive is just reward. The success that Dingley Dell had with Direct Meats in the penetration of the London restaurant market gave them the confidence to target export markets in exactly the same way – stimulating demand as much as possible to incentivise the importer to co-invest and help to build brand awareness and encourage trial. This is a strategy that works for small business, with limited resources, targeting the catering sector as the market structure is very different from food retailing. Dingley Dell’s failure in Tesco and Asda was the result of poor penetration, to which the only response from the retail buyer is to reduce the price on route to de-listing. In the restaurant sector the ability exists to get others to contribute to raising awareness and encouraging trial and this is a strategy that has served Dingley Dell well in Hong Kong and Singapore.

Serendipity, plays a part in most (if not all) successful businesses but, more often than not, rewards those most willing to challenge the status quo, most open to new ideas, most willing to take risks and most determined to succeed. Dingley Dell have all of these attributes in abundance

The benefit of being the first – to adopt new thinking and invest in new technology or capability – is open to debate. Others might benefit more, faster and at lower cost from the lessons learned by Dingley Dell, but there is good reason to believe that what they have done and the way they have done it is no simple task. Mark and Paul Hayward are pioneers within an inherently conservative, insular and risk averse industry and their story should inspire others to embrace innovation and resist the temptation to follow their peers, into the commodity trap.

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