



Assessment Submission Form

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Assessment submission form modular

Competitive Strategy in Global Food Industry- MKT42070
Individual Assignment

Manor Farm: Strategy Critique

SHAINY KHANNA

M.SC. FOOD BUSINESS STRATEGY



UCD MICHAEL SMURFIT GRADUATE BUSINESS SCHOOL

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1. Executive Summary

Manor Farm, headquartered in Clonee, County Meath, is one of the oldest family businesses in Ireland as it traces its roots back to 1775 when Peter Carton started his poultry business in the Dublin market. The company grew with the Carton family for eight generations and is highly regarded for making chicken, a commodity accessible in Ireland at all seasons of the year.

Previously known as Carton Bros, Manor Farm is the largest Irish Bord Bia approved chicken producer that employs around 800 people and contracts 174 farmers.

The brand has earned a reputation for its commitment to sustainability.

Manor Farm's key strategy includes a high degree of technological adaptation, farm to fork traceability model, circular thinking, sustainable practices, new product development, and inventive chicken recipes. The company has continuously evolved its business by investing in the latest technology, modern infrastructure, innovation, and marketing. It has created a complete industrial complex consisting of breeding farms, broilers, hatcheries, feeding mills, processing units, laboratories, plants for value-added products, and a water treatment plant.

Manor Farm is also a prominent member of several organizations that promote sustainable and local products, such as Origin Green, Love Irish Food, Plastic Alliance Action and Repak (Manor Farm, n.d.²).

Manor Farm has a vertically integrated business model, and its unique features allow it to control all the stages of rearing, feeding, production, and retail distribution.

The company strives to promote local products in Ireland and targets to displace the imports that still occupy half of the Irish chicken retail space.

There are potential risks attributed to any poultry business in Ireland, such as the threat from cheaper imports, threat from government regulations, heavy reliance on natural resources, negative ecological impact, and waste disposal. However, Manor Farm has been able to successfully withstand these barriers, thanks to its resilient and sustainable business model.

In the year 2017, the brand was acquired by a Swedish company Scandi Standard, which is a market leader in the poultry industry in the Nordic region. Yet, Manor Farm continues to lead the Irish chicken market.

2. Introduction

In 1775, while working at a stable in Dublin market, Peter Carton came up with the idea to set up a segment for poultry in the same market and began selling chicken in Manor Street (Independent, 2015). This set-in motion a business, which would later become the largest Irish chicken producer. Peter would buy live chickens from farmers, sell the chicken at the market, and pay the farmers their share of money (Manor Farm, n.d.³). Later, in 1956 the Manor Farm adopted the barn-rearing system, which transformed the whole business. Now the farmers could rear hundreds of birds at a time in the specially designed chicken houses. This made chicken available round the year, which had always been a seasonal commodity (Independent, 2015). The company established its first commercial hatchery in 1968 in Carrickmacross and its first feed mill in 1979 in Shercock (Murphy, 2017).

Today the business consists of 174 total farmers and employs over 850 people (Manor Farm, n.d.⁴). Manor Farm offers varieties of chicken, including everyday chicken, free-range chicken, and corn-fed chicken, as shown in (Manor Farm, n.d.¹). Apart from these primary varieties, Manor Farm also offers value-added chicken products, such as chicken sausages, nuggets, patties, spicy wings, and the cook-in-bag chicken. (Independent, 2015).

The company has been run by eight generations of the Carton family for more than 250 years (**Fig. 1**) (Manor Farm, n.d.³). The eighth generation were brothers, Vincent Carton and Justin Carton, who sold the company to a Sweden chicken firm Scandi Standard in 2017, valuing the firm at €94 million (Scandi Standard, 2017).

Key partner: Farmers. Farmers are located in traditional chicken farming areas of County Cavan, Monaghan, Meath, Limerick, Louth, and Waterford (**Fig. 2**) (Manor Farm, n.d.⁴). The company prides itself on the 240 years of heritage, and farmers that have strictly adhered to high standards and loyally produced only Manor Farm from generation to generation (Manor Farm, n.d.⁴).

3. Target customer segment: Domestic retailers and export markets abroad.

The company is Bord Bia approved and sells three-quarters of its products in Ireland (Scandi Standard, 2017). They export chicken legs to the UK and wings to Spain (Hancock, 2016). The parts of birds, like feet, which are generally not consumed locally were previously disposed and are now exported to China, leveraging the profit (Independent, 2015). Manor Farm does not sell to the end consumers directly, so its a B2B model. The target customers are major retailers, such

as SuperValu, Dunnes, Tesco, Centra, Lidl, Spar, Superquinn, and Aldi, to whom it sells either under private label or Manor Farm brand. (Hancock, 2016). Other target groups are restaurants and hotels that buy directly from the company. For example, Hotel Dalata, Ireland's largest hotel operator, signed a deal with Manor Farm for the Irish free-range chicken product in June 2019 (Manor Farm, n.d.⁵). The company is focused on the domestic market and aspires to motivate Irish consumers to buy local products.

4. Value creation for the target customer segment: New product development.

The company has developed convenience products, like the cook-in-the-bag chicken, which was a huge seller (Independent, 2015). This suggests that the company aims to create value for the end consumers, like working mothers, tracks their needs and designs customized products for them. The company has created new recipes and developed value-added products, like chicken sausages, spicy chicken nuggets, burgers, and chicken en croute (Independent, 2015). They created exquisite recipes with chicken mince and associated the dishes with weekdays, like Meatball Monday, Taco Thursday, and Fajita Friday (**Fig. 3a, 3b**) (Marketing Network, n.d.1.). Furthermore, the company sets up its tasting corners in various supermarkets, like SuperValu, Tesco during weekends, and promotes these events on its Facebook page, while also asking netizens to suggest the next tasting location (**Fig. 4**) (ManorFarm1775, 2017).

Manor Farm maintains full traceability by enabling the consumers to check the farm from which the product came, by searching the name of the farmer given on the chicken label in the map (**Fig. 5**) (Manor Farm, n.d.⁴).

5. Competitors

Manor Farm has prominent domestic competitors, like Carroll Cuisine UC, Green Farm Fine, Grove Turkey Limited, Hogan's Turkey Limited, IGWT Poultry services (Bord Bia, n.d.). However, Manor Farm has stood out well in the market, through intensive brand marketing on social media, workshops, advertising, and new product launches (Murphy, 2017). Manor Farm targets to substitute imports that majorly come from Thailand and Brazil (Poultry World, 2015). There is growing consciousness for ethically sourced and local produce in Ireland (Pwc, 2019).

6. Strategy: New product development, innovation, and operational efficiency.

Manor Farm complex is a vertically integrated business model that fully controls all the stages of chicken production, such as breeding, feeding, rearing, processing, and retail distribution (**Fig. 6**).

This model supports a short and fully traceable supply chain and allows the company to produce large volumes of the cheaper product (**Fig. 7**) (SASB, 2015).

Manor Farm continuously innovates in technological advancement. In 2003, the Vincent brought fundamental changes to his business model to revive the drowning company and invested in robotics for his processing facility in County Cavan, which eliminated manual operations and scaled-up the production from 6,000 to 12,000 chickens per hour. This strategy drastically increased the company's profit margins and turnover.

Vincent knew the importance of new product development to remain a leader in the market, so he hired a six-member team to create value-added products (Independent, 2015).

In 2016 he invested €25m in expanding further the Cavan facility (Irish Times, 2016). This increased the productivity from 900,000 to 1.5 million chicken per week and the creation of 600 new jobs (Murphy, 2017). The company employed Microsoft Dynamics 365 Enterprise Resource Planning (ERP) technology to trace each bird throughout the whole process (Sysco, n.d.).

Feeding operations account for 72% of production cost (SASB, 2015). Manor Farm has its feed mill, which drastically cuts down on feeding costs and maximizes profitability (Murphy, 2017). Manor Farm also has an on-site water treatment plant, where they treat the water before discharging it back into Lough Sillan (Manor Farm, n.d.²).

The company employed a robust digital marketing approach to redesign the brand and hired an external marketing agency to develop content for social media and radio channels that featured Chef Adrian Martin showing recipes for chicken mince, such as 'the Coronation Chicken' recipe (**Fig. 8**) (Marketing Network, n.d.1.). The company has been quite successful in creating a buzz among netizens with 21,234 followers on the Facebook page. (Manor Farm 1775, 2020).

7. Limitations and factors that impact Manor Farm's value creation process.

Potential risks associated are negative environmental and social impacts. The industry is highly dependent on natural resources, which cause ecological implications, mainly in the form of GHG emission, water pollution, chemical, and biological waste disposal. Manor Farm operations heavily rely on energy as a primary input for value creation, which is an environmental concern and impacts operational costs (SASB, 2015). Such threats make the company vulnerable to stringent and continuously evolving EU regulations over the production.

The company is highly reliant on road infrastructure, which are often not adequately maintained in small counties, which creates commuting issues (Engineers Ireland Budget Commission, 2017).

8. Factors that have the potential to improve Manor Farm's strategy.

Energy management is an area of competitive advantage, as energy consumption accounts for major proportion of production cost. The company should focus on energy efficiency to leverage profitability. They should install anaerobic digester plants to generate energy for its units, cut down on energy costs, and lower greenhouse gases emission.

Manor Farm dominates the whole of its supply chain, except for the downstream side of the chain. The company should consider opening its retail outlets. That would help Manor Farm to build an image of "the Irish chicken mart" and help the company to promote its product line and create forceful brand recognition in the market. This would broaden their business strategy incorporating a B2C model, while also retaining the already established shelf space with retailers.

9. Porter's five forces of competitive framework.

- 1- Threat of new entrants.** There is a vast potential to grow for new entrants; however, Manor Farm enjoys over two centuries old brand recognition, expertise. Brand loyalty remains a threat to new entrants.
- 2- Supplier power.** Manor Farm has an integrated business model with a complete broiler chicken complex, where they hatch and grow their chicken, hence do not depend on any back-end partners for their supplies. The company has a unique network of farmers, some of them having worked with Manor Farm for two or three generations (Manor Farm, n.d.⁵).
- 3- Buyer power.** Domestic retail stores are primary customers, which indicates a B2B model. The strength of the buyers is greater if there is no product differentiation. However, Manor Farm has managed to create innovative offerings for the end consumers and remain in high demand. This lowers the bargaining power of retailers (Hancock, 2016).
- 4- Industry rivalry.** The company faces competition from abroad as 50% of Irish chicken market is occupied by imports, which saw an increase of 4%, mainly from Brazil and Thailand (Poultry World, 2015). All competitors have attained a similar pricing strategy and quality levels.
- 5- Threats of substitutes.** The possibility of threat from substitutes is quite narrow for the commodity chicken in the Irish market, given that chicken remains a big part of the Irish diet, consuming approximately 29kg of chicken per year (Bord Bia, 2007).

10. SWOT Analysis

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • An Integrated business model complex (Fig. 6). • High demand in the domestic market. • Modern infrastructure and technology adaptation. • New Product development and innovation. • Short supply chain model. • Farm to fork traceability and sustainable model. 	<ul style="list-style-type: none"> • Over-reliance on the regional road network. • Restricted access to energy. • Next generation did not take over, putting an end to the historical inheritance of the business and risk to lose brand loyalty. • Ecological impacts.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Preference for local products. • Healthy, protein-rich diet and easy to cook. • Manor Farm could open its own retail outlets • Government support to indigenous agri-food businesses. • Employability. • Asian export market for the dark meat to leverage profit. • Irish chicken retail is growing at 1% to 2% annually. 	<ul style="list-style-type: none"> • Rising preference for veganism and vegetarianism. • High imports in the Irish market. • Disease outbreaks, such as Salmonella. • Environmental challenges. • Brexit, as the UK is a big market for Irish chicken, and other Irish foods and drinks. • Government regulations.

11. Acquisition

In 2017, a Swedish chicken company Scandi Standard acquired Manor Farm for €94m (Scandi Standard, 2017). Vincent expressed that the next generation did not wish to continue the chicken business (Irish Times, 2017). However, Irish Times published that while finalizing the deal with Scandi Standard, the final purchase price included settlement for Manor Farm's debt, which was not disclosed (Irish Times, 2017). This raises questions over the performance of the company and why the family sold the company that had been an integral part for eight generations.

12. Conclusion

Manor Farm is the largest producer of Bod Bia approved fresh Irish chicken and a prominent member of Bord Bia's Origin Greens program since 2013.

The business model is unique in its structure, as it controls all aspects of its supply chain and processing, making it truly an end-to-end business. Manor farm's key strategy lies in its continuous technological renewal and innovation at all levels of production. They have earned a reputation for commitment towards sustainability (Manor Farm, n.d.²). Sustainability and farm to fork traceability are at the core of the company's ethos and value-creation process. The brand managed to retain its position as the market leader so far under the Carton family, and it will be interesting to monitor Manor farm's performance in future under its new parent company Scandi Standard.

13. Appendix

1. William Carton	1723 – 1790	Carpenter/Livery stable
2. George Carton	1755 – 1804	Livery stable
3. Peter Carton	1787 – 1830	Poulterer
4. Denis Carton	1813 – 1865	Fowl & Game Factor
5. Thomas Carton Joseph Carton Peter Joseph Carton	1844 – 1927 1842 – 1921 1851 – 1938	Partners, Carton Bros.
6. Vincent Denis Carton Fonso Carton Ado Carton *	1888 – 1963 1885 – 1981 1894 – 1990	Directors, Carton Bros
Thomas Martin Carton Leo Anthony Carton Peter John Carton	1897 – 1967 1887 – 1913 1898 – 1936	Worked in Carton Bros
7. Thomas P. Carton Brian Carton Myles Carton * Hugh Carton *	1922 – 2012 1924 – 1985 1928 – 1920 – 2003	Directors, Carton Bros
8. Vincent Carton Justin Carton	1958 – 1959 –	

(source: Carton, 2015)

Fig. 1. Generations of Carton family than ran Manor Farm.

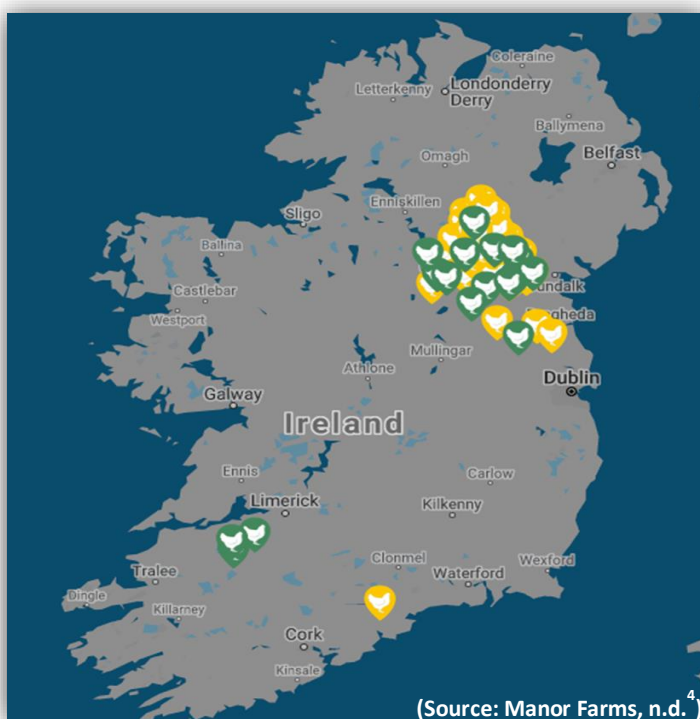


Figure. 2. Location of all Manor Farm farmers.



Figure. 3a. Marketing of Manor Farm's recipe.



Figure. 3b. Marketing of Manor Farm's recipe



(Source: Manor Farm 1775, 2017)

Figure. 4. Manor Farm's Tasting corner in Swords.

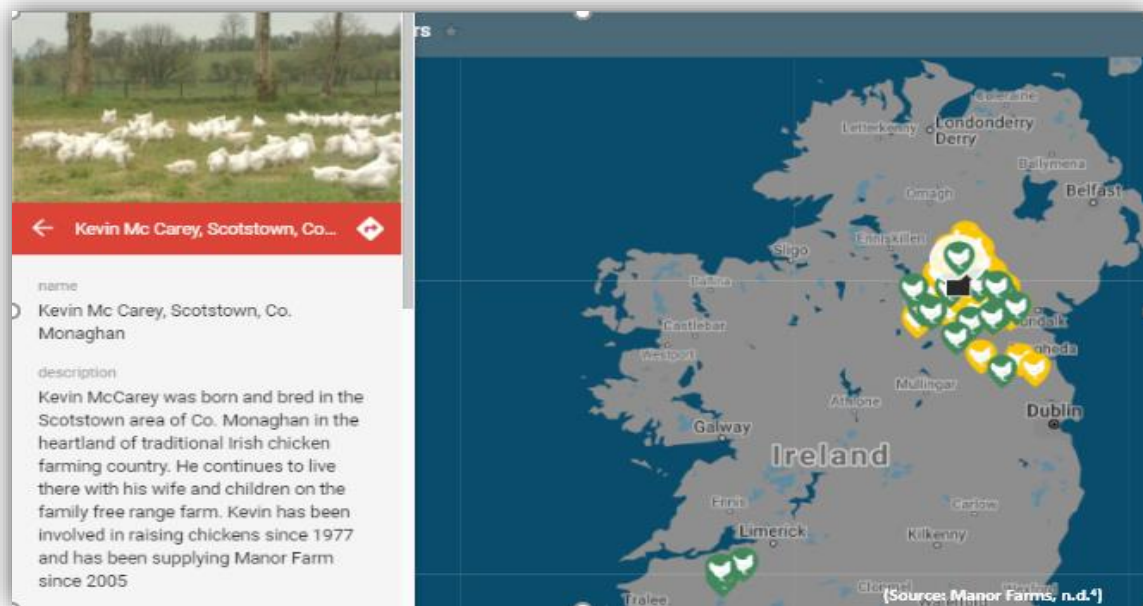
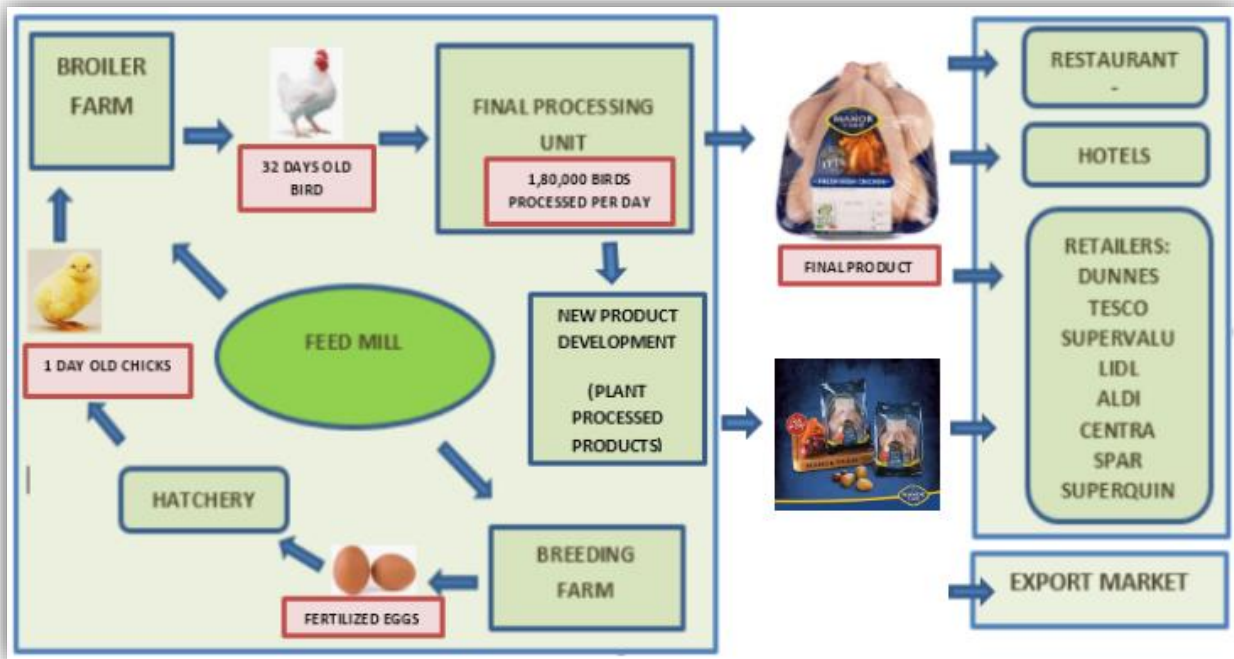
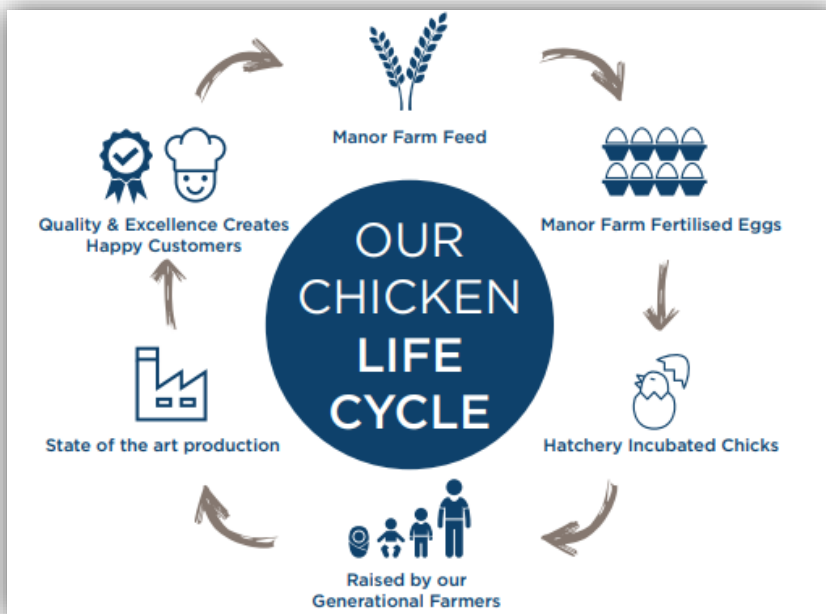


Figure. 5. Location and details of farmers on manor Farm's website on searching with name given on the package.



(Source: Adapted from *chicken.ie*)

Figure. 6. Schematic representation of Manor farm complex and Retail system.



(Source: Manor Farm, n.d.⁵)

Figure. 7. Production life cycle.



(Source: Manor Farm 1775, 2020)

Figure. 8. Digital marketing of Manor Farm's 'Coronation Chicken' recipe.

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