



THE MONIESON CENTRE

TRANSFORMING BUSINESS IN THE KNOWLEDGE ECONOMY

Community Success Stories

La Gantoise

www.lagantoise.com

Lefavre, ON

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INTRODUCTION

This community success story case study is part of the Monieson Centre's Knowledge Impact in Society (KIS) Project, a three-year endeavour to connect academic knowledge with economic development needs in Eastern Ontario. This case study highlights best practices from a real business in Eastern Ontario. The KIS Project is funded by the Social Sciences and Humanities Research Council of Canada. For more information, visit www.easternontarioknowledge.ca.

La Gantoise began operations in 1980 as a family-owned dairy farm in the Francophone community of Lefavre, ON. Named after the Belgian hometown of owner Marie Goubau's grandmother, the business has experienced year-to-year sales growth through strategic diversification, ultimately establishing itself as a local leader in high-quality beef production. Despite numerous challenges in the beef industry, La Gantoise has successfully navigated market changes to emerge as a true rural success story. This study examines La Gantoise's key success factors, offering rural businesses and economic developers ideas and strategies to develop similar accomplishments.

COMPANY OVERVIEW

Although still primarily a dairy farm, over the past thirty years La Gantoise has diversified into several complementary businesses. To complement its 200 dairy cows, La Gantoise began raising a small herd of full-blood Belgian Blue cows in 1983. This endeavour led La Gantoise to supply Belgium Blue embryos and bull semen to various breeders in North and South America. In addition to these businesses, La Gantoise sells used farm equipment through its website.

La Gantoise's reputation as a leading beef producer stems from its core product, Belgium Blue beef (BBB). Belgium Blue is an exceptionally lean, tender, and flavourful meat, containing less cholesterol per pound than skinless chicken. In order to guarantee its beef is 100% natural, Marie takes great care to ensure that La Gantoise cattle are fed no animal by-products or artificial hormones. The unique characteristics of La Gantoise's BBB make it a highly desirable product in the marketplace and a promising growth engine for the future.

La Gantoise is a unique company that has grown consistently over the years by translating its numerous operational strengths into solid financial performance. Recently, the company has accomplished this by leveraging its expertise in cattle farming and the beef industry to successfully introduce its highly

differentiated Belgian Blue Beef, renowned for its quality and numerous health benefits. By progressively rolling out a line of beef-based products, La Gantoise established an increasingly larger and loyal local customer base, currently responsible for 50% to 60% of its sales. Such initiatives have enabled La Gantoise to achieve the strong operating performance that has characterized its last five years, resulting in annual revenue growth between 15% and 20% and a healthy financial position conducive to pursuing new growth opportunities.

INDUSTRY CHALLENGES

The Canadian beef industry has faced several challenges over the past decade which have forced La Gantoise to adapt accordingly. First, the occurrence of Mad Cow disease on an Alberta farm in 2003 led to increased restrictions on Canada's beef exports. As La Gantoise's breeding programs grew in the U.S., Brazil and Mexico, they had also begun exporting beef products to these markets as well. By 2005, however, consumer scepticism in the wake of the Mad Cow scare forced Marie to consider alternatives to exporting her high-end BBB.

With several Mad Cow scares – not only in Canada, but also in the U.S. and the U.K. – receiving plentiful media coverage, the international beef industry has suffered from a negative public image. Further, high-profile consumer advocacy programs, including the recent film documentary *Food, Inc.*, have resulted in heightened consumer awareness of commercialized food production. Accordingly, there is a growing market for high quality beef produced outside of the industrial food supply chain.

KEY SUCCESS FACTORS

Over the past five years, La Gantoise has experienced 15-20% revenue growth each year. This growth is the result of several driving factors:

1) *High Quality, Niche Product*

La Gantoise's success is built on a product – Belgian Blue beef – which gives them a unique offering in the market. Belgian Blue appeals to the growing numbers of health-conscious consumers because of its low cholesterol proposition. Further, La Gantoise addresses customer fears regarding product safety by ensuring all product is traceable from the field to plate. While industrial beef processing combines beef from numerous animals and farms, La Gantoise names and labels each cow, and then traces it to the end product, meaning customers know the exact source of their meat. These factors create increased value for the product in the consumer's mind, allowing La Gantoise to charge prices which reflect the increased production costs associated with their all-natural production methods.

2) *Direct-to-Consumer Supply Chain*

Following their withdrawal from exporting, La Gantoise has relied on sales through their on-farm retail store for their revenues. This sales method has resulted in a loyal customer base which drives repeat sales. Marie has found that 50-60% of her customers would return "unconditionally." Their supply chain further enhances the traceability proposition as well. All of the products are frozen immediately for maximum freshness and then labelled so that the meat source can be traced back to the individual cow.

3) *Cooperative Marketing*

Marie has strategically partnered with several marketing programs which enhance the local, natural aesthetic of the La Gantoise brand. These include Savour Ottawa, a branding for the local food industry in the National Capital Region, which reaches over 1 million people. They also participate in an annual agri-tour where customers can visit a series of local farms and food producers. This helps them showcase their top-quality production methods. They were also a winner of a Laurier small business award, giving them increased visibility within the local Francophone community.

4) *Francophone Identity*

La Gantoise is located in Prescott-Russell, a community which is approximately 2/3 Francophone. Research has indicated La Gantoise's customer base is about 70% Francophone, a figure in line with local demographics. La Gantoise has thus succeeded by offering their Francophone community a product which reflects the local culture and values. Their Francophone roots, however, offer them an untapped opportunity with nearby Anglophone communities in Ottawa and beyond; as Marie has noted, it gives her a branding advantage as, "gastronomy and French culture are always a good mix." Rather than being a cultural barrier, La Gantoise could use their Francophone identity to associate quality with their brand in Anglophone markets.

STRATEGIC OPPORTUNITIES

Given its strengths, La Gantoise has significant potential to build brand awareness and sales beyond its local community. Because they have reached market saturation for its current business, they need to consider targeting a broader geographical region. Currently, La Gantoise sells its Belgian Blue Beef frozen and vacuum-packed to maximize safety and freshness. This packaging method would also conform to health legislation for retailing through framers' markets. For a small investment, La Gantoise could purchase a trailer outfitted with freezers for the meat, a counter and a service window, which could be towed behind their existing truck to nearby markets.

Given their location and product offering, Ottawa's ByWard Market offers an ideal location to enter this method of distribution. Established in 1826 by Lt-Col. John By, it is considered one of the largest and oldest public markets in the country, and brings in considerable consumer traffic to peruse its approximately 200 food vendors. It is located on a four-block stretch intersecting the main streets of George, York, ByWard, and William in downtown Ottawa, and is surrounded by museums, cafes, restaurants, and pubs, which contribute to the market's appeal. This could be the most advantageous market for La Gantoise, as it would offer the most exposure to the Ottawa consumer segment due to its large size and optimal location. Further, it is the only market in Ottawa open year-round and seven days a week, which would give La Gantoise the most flexibility and opportunity in retailing its product.

This development addresses La Gantoise's limitation of its isolated location which requires substantial travel by its customers in order to generate sales. Further, it extends their reach into Anglophone markets. This alternative will also help reduce the seasonality of its business. By selling its product at the ByWard Market year-round, La Gantoise will be able to attract consumers during the winter months, when people are less motivated to make the extensive trip to their farm. Further, this gives La Gantoise

the opportunity to “push” particular meat products at certain points of the year to cater to consumer preferences. For example, the farm may want to promote larger cuts of meat for stew during the winter months, while offering more meat patties during the summer months for hamburgers. The farmers’ market option reinforces the company’s identity as local, independent and nonindustrial. Farmers’ markets attract local farmers, and often draw consumers who value local products, the very customers who will appreciate La Gantoise’s value proposition. Most importantly, the farmers’ market strategy also provides room for growth. Once established, La Gantoise can be present more days of the week, or expand to other local markets.

CONCLUSION

La Gantoise offers a unique and appealing product in its Belgian Blue beef. Over 30 years, the business has built a solid reputation by providing high-quality, healthy, natural, local food. They have also responded to changing markets through diversification and building a self-sustaining distribution channel. While many options for growth are now available to them, including online retail or distributing through specialty grocers, farmers’ markets offer a low-risk growth opportunity which fits their local, independent branding. By selling its Belgian Blue beef at farmers’ markets in Eastern Ontario, initially in Ottawa, La Gantoise will be able to drive strong revenue growth, while maintaining its margins and brand image. The farm should also see reduced seasonality and customer concentration in its revenues. Given their past success, La Gantoise is well-positioned for continued growth.