

## Green Grove Organics

### Company Background

Green Grove Organics Pty Ltd ('Green Grove') is a family owned and operated Australian company. In 1962, the owner Neil Druce bought the historic Junee flour mill to process the organic flour his father was growing in the local area. After nearly 20 years of processing organic flour, Green Grove decided to value-add to their flour and diversified into organic licorice. Their organic wheat earns \$250 a tonne, and organic flour \$500 a tonne, but organic licorice earns \$9,000 a tonne! Entry into this niche market was a purely business decision by Green Grove based on very impressive margins and minimal competition. Following the growing success of its organic licorice offerings, Green Grove expanded its product line to include chocolate-coated organic confectionary. Since 2003 the company has been trialing chocolate coated products, including roasted coffee beans, fruit and macadamia nuts to gauge the market's appetite for these lines.

Green Grove's organic licorice has opened up international trade opportunities for the company. It has confidence in the export potential its organic licorice offers, particularly throughout the Asian markets. All the signals are positive for Green Grove, which has increased production to meet export demand.

### First Move into exporting

The decision to export was prompted by a desire to explore business opportunities and markets overseas. The company believed that there was a growing consumer market for good quality organic confectionary.

Green Grove was unsure how to market its products in international markets. It sought advice from Austrade, which assisted Green Grove to identify target markets in overseas countries – largely through research and statistics. Austrade first supported Green Grove in the US market by inviting them to participate in the annual Australia Day Harvest Festival. While travelling to several cities in the US the Green Grove proprietors made many useful contacts, as Austrade introduced them to a range of businesses and wholesalers. It was from this trip that Green Grove first introduced its products to the New York market. Today Green Grove exports to the US, South Africa, and New Zealand.

### Marketing strategy in other countries

The US has very competitive markets, particularly New York, but the Green Grove product attracted a lot of initial demand. New York also has quite a large kosher market and the feedback from this group was positive. Such was the demand for Green grove's organic licorice that New York suppliers were unable to keep up with demand. As a result, one consumer, frustrated that he could not buy the licorice at his regular outlet, contacted Green Grove to ask when the next shipping order would arrive.

Marketing into South Africa was mostly undertaken via email. It took nearly a year before shipping began but Green Grove was able to negotiate a deal to sell its product exclusively to a chain of up-market retailers. As the South Africans already had a taste for good quality licorice, it was simply a case of Green Grove being in a position where they had a niche product entering a receptive market place.

The marketing strategies used to enter the New Zealand market were fairly straightforward and similar to doing business with Australian firms. The product was first exported to a local baker who then supplied Green Grove products to a variety of supermarkets across New Zealand.

#### Intellectual Property

Green Grove's intellectual property is embedded in the recipes' ingredients.

#### Key performance drivers

Green Grove's export success to date has largely resulted from:

##### **Management commitment:**

A strong management commitment to exporting has been vital in driving Green Grove's performance. The whole management team is expected to provide leadership and role models for staff, reflecting the principles of hard work, honesty and excellent communication.

##### **Strategic Marketing:**

Green Grove management was confident that, from its market research, it would be able to adapt its marketing to meet the needs of a number of overseas markets. It used focus groups to test the packaging and branding of its products. The company has an enormous belief in their appealing, tasty and healthy product.

##### **Targeted Market Research:**

Many of the ideas for sample-trialing different products came from customer feedback and comments. The company prides itself on developing innovative products that have been adapted to meet client requests. Over the years client requests have included successful trials of "Rocky Road" and "Freckles". Being alerted to the dark chocolate health trend, reinforced to Green Grove how important it is to produce products, which people want to buy. More recently the company has been experimenting with freeze-dried strawberries and mango coated in white and dark chocolate.

##### **Patience and Planning:**

Green Grove understood that it took time and a well-developed business strategy to export products into new markets, plus it was willing to invest time, money and patience to understand and build business relationships. The company considered exporting was a function of improving its production techniques and accessing increased consumer demand for its products. However, Green Grove is mindful of how the costs of expansion, particularly the purchasing of specialised equipment, will affect the small family-style operation of the business. The company prefers to keep

the work force small and move casual workers to full time staff. In the long term they would prefer to keep the plant at around fourteen staff and invest in improved technology to manage the mechanical labour operations of the business. The cost of expansion also needs to be tempered with sustaining and working within a budget. While the company is often tempted to outlay now for the future they are aware that they need to exercise caution and patience so that they do not over capitalise on outlays before they can afford to do so.

Major challenges ahead
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**Identifying and understanding the differences in culture:**

The company has learned a great deal about doing business with different cultures. Understanding inherent differences and preferences is important when doing business, for example, the Asian superstition to eating black foods. They also found that in Asia the label must be straight and very neat. In South Africa Green Grove knew that the custom for eating licorice was well established, so in order to compete, the licorice would need to be of very good quality and be packaged attractively. In the US Green Grove found customers prefer colourful labels with Australian imagery.

**Continued overseas expansion:**

The company plans to further extend their product reputation and experience to secure future overseas markets. While the goal is to increase production and maintain quality confectionary, they also hope to keep learning from the domestic market, particularly through listening to and building customer relationships. The company has the capacity, drive and potential to export two tonnes of chocolate and licorice products daily. It is also committed to maintaining the family nature of the business and building quality relationship with customers.

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