



CASE STUDY

# A.G. BARR

## The beginning

In 1875 Robert Barr led the family cork-cutting business in a new direction when he started producing soft drinks. But it wasn't until a quarter of a century later that the company unveiled the product for which it is famous today. Named 'Iron Brew' for the first 50 years of its existence, the now-familiar Irn Bru brand was introduced in 1947, following a change in labelling legislation.

### Successful collaboration and new product development

During the past 25 years A.G. Barr has undergone a more significant change in the way it does business than at any time in its history. While the company continues to invest heavily in its own brands, it has also undertaken several product range development programmes. It has done this by innovating and creating new products in-house, entering into franchise agreements such as Snapple and Rockstar, and through brand acquisitions such as Strathmore Spring Water and Rubicon. Over this period, A.G. Barr has consolidated its non-water Scottish operations at Cumbernauld and built a new state-of-the-art factory in Milton Keynes. Further afield, the company has introduced Irn-Bru into several international soft drinks markets including Russia, Spain and Australia.

## KEY LESSON

Always be on the lookout for growth opportunities, either in-house organic growth or through acquisitions or joint ventures. Managed, diversified growth is critical to the success of the business.



# A.G. BARR

Knowing your skills



## In 2004, A.G. Barr recognised that the business was underperforming in terms of its distribution through wholesale.

At that time A.G. Barr outsourced its field sales to its wholesale customers. The company took the decision to engage with and provide in-house sales support to wholesalers directly. Following in-depth discussions with Booker and the Scottish Wholesalers Association (SWA), A.G. Barr changed its wholesale strategy and put in place its own field sales team. The business no longer viewed wholesalers as just 'box movers'.

This change of strategy towards a closer working relationship with wholesalers proved very beneficial for both parties. As a result of its outstanding sales performance and service levels, A.G. Barr went on to win the coveted SWA Supplier of the Year award no fewer than eight times in the past 11 years.

### KEY LESSON

Owning a brand like Irn Bru does not guarantee success. Seeking open and honest feedback from customers is vital. Have your own people represent your brands. Give your brands the focus and passion needed to support their growth.

### Working with a wholesaler

A.G. Barr now concentrates on three main routes to market: direct, wholesale/foodservice and multiples/discounters. Each distribution channel plays a vital role in overall market fulfilment. A.G. Barr has established a fast and efficient distribution service to the direct market. It complements this through wholesale and foodservice, and offers dedicated pack sizes and formats for multiples and discounters. All three distribution channels support a comprehensive market presence for A.G. Barr products at 'all levels and for all occasions'.

A.G. Barr makes every effort to create a level playing field. In the past the company spent too much time internalising its strategy rather than focusing on external competitors.

It now has one wholesale price list and one set of terms and conditions for all wholesale customers. By doing 'more for more', meaning rewards for sales and growth, the business has the flexibility and incentive for each customer to earn best possible terms.

### KEY LESSON

Each distribution channel plays a different role in the journey of your products. You need to understand who your end-users and consumers are, and how to win them over efficiently and effectively. If you want to break into the wholesale sector you may need to customise your packaging for the convenience and retail sectors. In the soft drinks category, as a minimum you need to have 'instant consumption' and 'take home' formats to meet the needs of the two main formats.

### Relationship building

For Ian Johnstone, business unit director at A.G. Barr, building effective working relationships has been the key to success in a highly competitive market.

'In no other sector are relationships more important than in wholesale – getting your products on the shelf is only the start of the job! At A.G. Barr we take this very seriously and, unlike some suppliers, we try to maintain our field sales force on a longer-term basis. We want our teams to build long-lasting partnerships through trust and dependency on each other.

'I personally have wholesale customers who I now call life-long friends. We continue to invest in a large field sales team of over 25 people to cover the UK and make sure we give the time and attention needed to form these relationships. We will have lots of challenging conversations with our customers, but having strong relationships means we always come to an amicable solution.

'Federations like the SWA play a big role in this relationship building, and this feeling of family within the wholesale sector. We make sure we stay close to the SWA and support where and when we can. This is important to our wholesale customers, so this needs to be equally important to us.'

### KEY LESSON

Keep close to federations like the SWA, as they represent your customers. What better way to understand the challenges and issues your customers are facing?

Delivered by:



On behalf of:



Supported by:



Scottish Government  
Riaghaltas na h-Alba  
gov.scot