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Brewing Success

C&C Group is leading global market categories with its strong local brands and sustainable strategies for the future.

Images by Chris Wallace

As a leading manufacturer, marketer, and distributor of branded cider and beer, C&C Group has a range of household names under its wing. With headquarters in Dublin and manufacturing operations in Tipperary, Ireland; Glasgow, Scotland; Somerset, England; and Vermont, USA, C&C Group is perfectly positioned to continue to grow its substantial presence in key markets around the world.

Cider and beer lovers will instantly recognise the brands that call the C&C Group home. The group manufactures Bulmers—the leading Irish cider brand, Magners—the premium international cider brand, Woodchuck—the leading cider brand in the United States, Blackthorn—the English cider brand, and Tennent’s—the iconic Scottish beer brand. As the group has evolved its business model in its core markets, it has also acquired Gleeson Group, Ireland’s leading distributor of beverages and the producer of Finches soft drinks and Tipperary water; and Wallaces Express, a leading distributor of beverages in Scotland.

Stephen Glancey, CEO of C&C Group, has been with the group since 2008 and brings his wealth of experience to the table as the group looks to continue to build on its success in developing a brand-led, customer-centric business with strong multi-

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beverage positions in Ireland and Scotland and strong cider brands in England, the US and many international markets. Following undergraduate and postgraduate degrees, and a qualification in accountancy, Stephen worked with Ernst & Young and Whitbread. Following a period in Luxembourg as a consultant for Ernst & Young, Stephen joined Scottish & Newcastle [S&N] in 1992. S&N was the UK’s leading long-alcohol drinks company and a former member of the FTSE 100 prior to its acquisition by Heineken and Carlsberg.

“S&N was a great company in terms of the growth that we achieved and the opportunities that were available,” says Stephen. “In 2008, I was Operations Director and a board member at S&N and it had grown into a truly international business with operations in 15 countries and joint ventures around the world. In November 2008, I took the position of Chief Operating Officer at C&C Group. In May 2009, I became Group Finance Director and then in January 2012 I was appointed Group CEO.”

While the industry and C&C Group have evolved in recent years, Stephen states that there are still some fundamental factors that set the group apart from its competitors. “We operate on a different model to the big international companies because we have to. We’re a small, local company. We’ve got a business in

Ireland called Bulmers and we’re number one in Ireland for cider and we’re number one in Scotland [Tennent’s is Scotland leading beer brand]. We operate with a decentralised structure in those markets with people that are close to the consumer and customer in a culture of shared ownership.

“The big players are getting bigger and focusing on international brands. However, we tend to think more small and local and we try to be close to the customer. There’s definitely a space there where we can play in. The heart of our point of difference is our strong, local brands. In Ireland it’s Bulmers, in the US it’s Woodchuck, in Scotland it’s Tennent’s; we have very strong brands.

“We also have what we call strong brand-market combinations, so we operate in markets which are quite small so the combination of the strong brand and the market position gives us the ability to develop business outside our core area like in ale or soft drinks.”

According to C&C Group’s 2014 annual report, the past financial year has been one of consolidation and integration. In addition to its inward domestic focus, the group introduced new businesses into its family and achieved an operating profit of €126.7 million. Despite this success, Stephen says that they had their fair share of challenges.

“When you integrate, it always takes longer than you expect. >



When you do transactions or you acquire businesses, things seem much easier on paper. There are challenges because you've got to handle the people properly. I think we've been fortunate in that we've acquired businesses that were already pretty entrepreneurial with people who understand that attitude and approach.

"We're very clear on the fact that we like maintaining the culture of the businesses that we acquire. We allocate the capital and take a guiding hand but then we try to get the right people to run the business properly from the inside and we incentivise them. What we do fairly well is grow those synergies between the different companies within our group and allow them to overlap and utilise each other. Fundamentally, we like to own businesses locally and be present in their marketplace."

This aim aligns with the group's long-term strategy, which is to build a substantial international

cider-led, long-alcohol drinks business through a combination of organic growth and selective acquisitions.

In the near future, the group's strategic goals focus on consolidating the recovery in its core markets and beginning to rebuild growth by investing in, and innovating with, its premium brands; transforming the export business through investment in brands and infrastructure, and the development of strategic alliances where appropriate; and enhancing future earnings growth in the business.

Stephen states, "In our domestic markets—Ireland and Scotland—we've got two big businesses and healthy export businesses. In Ireland, we have 90 per cent of the cider market and we can still build and grow on that position. Both Ireland and Scotland are gently emerging from the economic recession of the past few years so GDP and fundamentals are heading in the right direction. We

want to grow gently in these markets through a multi-beverage model, which focuses on beer, cider, and soft drinks. It won't be phenomenal growth but it'll be decent growth with good cash conversion.

"In England and Wales we're much more focused on niche and speciality cider brands that either play in their own space or connect with the niche market. For example, we have Californian Cider, which is made in the United States, and we're selling that in the United Kingdom.

"Equally, in Scotland and Ireland we're seeing growth coming from the craft category. We built a craft brewery in Glasgow, and in Dublin we have a small craft brewery and we're launching a craft Irish lager. We see growth coming from those areas."

Beyond the UK, Stephen and his team have strategic plans for their export businesses as well. "We've

been very focused on exporting to international markets. In recent years, we've achieved double-digit export growth from our domestic businesses in Scotland and Ireland. Our Irish cider Magners has done extremely well in Asia, Canada, and Europe.

"We're exporting Tennent's and we're trying to focus very much on a premium high-strength product—with the Scottish beer at 9 per cent [alcohol by volume]—which is in demand in many European markets. We've also launched a whiskey beer, which is a beer that has been blended with smoked whiskey chips to offer a distinctive taste. The final part of our growth plan is in the US where we acquired The Vermont Hard Cider Company in November of 2012. The American cider market is growing at 80 per cent annually so it's a huge market."

These plans will be supported by strong supply relationships and partnerships that C&C Group has

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developed and nurtured over the past few decades. "We are long-term buyers," explains Stephen. "For example, we have contracts with apple farmers in Ireland and the UK and the average length of our contracts is 17 years.

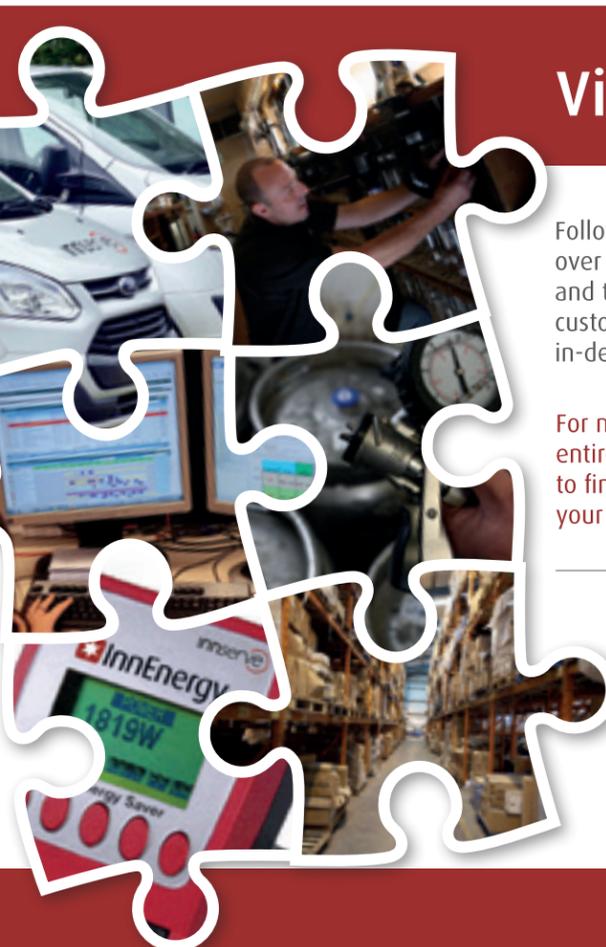
"We buy Irish and English apples. In Scotland, we buy all our malt and barley locally for our beers. You have to have a business that resonates with the local market, in terms of consumers and suppliers, and develop relationships with people for the long term. If you want a sustainable business then you have to take a long-term view."

Sustainability is something that is a huge priority for Stephen and his team. C&C Group has initiated a corporate responsibility and sustainability policy and introduced energy-reduction teams in each of the company's manufacturing facilities. These teams seek to reduce the group's impact on the environment by looking at ways to reduce the

consumption of energy and raw materials, waste going to landfill, and emissions. Each of these teams reports on a monthly basis to the group manufacturing director, who then reports to Stephen.

It's this dedication to meeting its goals that has seen C&C Group dominate its chosen markets. Stephen says that they have to remain competitive and at the forefront of the industry if they want to nurture their raft of brands. "We're a small company in a global environment so you have to behave in an entrepreneurial way. From a customer perspective, at the heart of our strategy is the customer as well as the consumer. If you focus on that and you produce genuinely authentic brands, like Bulmers and Magners, and invest in the long term, then the rest takes care of itself."

Strong brands and customer-focused strategies will serve C&C Group well as the company continues to evolve. •



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