



As featured in
The CEO Magazine
For more info visit
theceomagazine.com

BEVERAGE Business

While a long tradition can be a business's particular strength, it can also present some challenges when attempting to stay relevant in a volatile retail environment.

Images courtesy of Berentzen-Gruppe AG

The German beverage company Berentzen-Gruppe was established in Haselünne (Lower Saxony) in 1758 by Johann Bernhard Berentzen as I.B. Berentzen, with more than 20 rivalling distilleries in that same village. For about 200 years it was a mid-sized beauty, but in the 1970s, Berentzen managed a major boost through the invention of 'Apfelkorn'. In the 1990s, several brands were acquired and in 1993 it converted to a public limited liability company to support and finance long-term growth. In 2008, Munich investor AURELIUS became the majority shareholder, with plans to restructure and develop Berentzen-Gruppe AG's position within the consumer market.

CEO Frank Schübel was hired in November 2012 to create growth, in both value and return from the marketplace. Prior to this, he was managing director for dairy

company Molkerei Weihenstephan, and held management posts in marketing and sales at logistics and transport company Deutsche Bahn and Nestlé, the world leader in food.

"The longest time of my career I spent at Nestlé in Germany, where I first saw strategies for the long term being developed. I saw their implications on the market side as well as on the consumer side, and that the big changes need time to establish," Frank says. "I also realised that you always have to be superior to the competition and find your own profile."

Frank is currently responsible for marketing, sales, research and development, technology, purchase, and corporate communications at Berentzen-Gruppe AG. When he was appointed as CEO he had two alternatives to improve the business and aid its growth: develop the company's own core competencies, its key brands and

find a niche within the market, or follow the major trends and take a common lifestyle approach.

"The second alternative would have meant to forget where we were based and to compete with the global rules of the spirits market: compete with big international companies, follow the trends of whisky and rum, go international, go lifestyle, go urban, go into the hip places, and play with the rules of the market. Also, our portfolio was not competitive to the global spirits market, both from our size and maybe also from the trend segments because we had liqueurs and schnapps. We had a lot of German traditional brands, but we didn't have access to the international trend segments and trend brands.

"However, the first alternative was based on differentiation. Either we consider ourselves trendy or we don't. We decided to develop our own core competencies, develop our key brands, and successfully >

"You always have to be superior to the competition and find your own profile."

- Frank Schübel





develop our niche within the market. Why did I follow this way? Being a mid-sized company, we needed to avoid playing with the big ones, which would have killed us. The beauty about the spirits market is that it's very volatile and very fragmented, and nobody took the chance before I entered to leverage the history of the key brands of Berentzen.

“So I took those two core competencies, where we had a big distribution base and a good reputation in the market, and I said: ‘This is what I am going to focus on. I’m going to be where my consumer is.’ It’s the more rural areas where private socialising, meeting friends, having a drink together is key, which is completely different compared to a premium-class club, which is only relevant for top-notch consumers and often the personal perspective of marketing advisers. It’s neither a very sexy target nor a very sexy approach but it’s a big volume



and it’s an honest market strategy. I went into the core of our brands with a more popular and more down-to-earth approach. We understood what the company Berentzen was about and where we came from—the more basic segments—and therefore we concentrated on that. There

“If we integrate our suppliers within the team we’ll always get the full knowledge of world leaders in their category and in their expertise.”

- Frank Schübel

are very few who do that and this was very well-perceived by our customers.

Berentzen-Gruppe AG is also split into three main business models—the branded spirits, the private-label business, and the soft drink and water business—which Frank says needed to work together more synergistically—especially on developing innovations—for the company to move forward. After recognising the most appropriate target market for the brand, Frank says he got to work relaying this vision and purpose to his staff to keep them aligned with this focus.

“There was a vision in the company before to expand broadly international, because countries like China or Turkey are the growing markets and the German market was not promising anyway. Of course, this was a well-perceived vision, but if the company had gone this way, it would have run into a major risk to fail, both from a financial and a competence perspective. So I defined the flight level of expertise and what we are capable of doing.

“When we got rid of the oversized vision and started to focus on our core competencies, the whole staff here felt more comfortable and started to rediscover their identity. The tonality in the market approach was closer to the consumer and with that new strategy I was

getting closer to my team. So far the results prove us right: in Germany, Berentzen fruit liqueurs as the brand core of our company are driving the growth of their segment and our second umbrella brand Puschkin is growing faster than the vodka segment.”

When Berentzen-Gruppe AG went through its restructuring phase after the global financial crisis in 2008, the training and development of employees was not an immediate priority. Frank says one of the first things he did was to announce that the restructuring was over and that the company would be investing in the people who were already there. He gave them a sense of safety and provided extensive training for the sales team and began a development program for the young entrepreneurs and high potentials already within the business.

As well as looking after staff, Frank also recognised the

importance of collaborating with key suppliers to ensure success. “When talking about engineering, product development or recipe development, we always see our suppliers as an outsourced lab,” Frank says. “If we need a new machine or if we have a problem, our machinery suppliers are always part of our decision-making process. They are present to discuss the demand and the need and the briefing for new equipment at a very early stage. It’s the same for our internal innovation lab if we want to improve an existing product or if we create a new product. Our suppliers are always reliable sparring partners.

“This is what a mid-sized company cannot deliver completely on its own payroll. We know that if we have one specialist here we only get the internal perspective. If we integrate our suppliers within the team, we’ll always get the full knowledge of world leaders in their category and in their

expertise. This gives us a broader and more outside-minded view, which is very important for us to develop further.”

Looking forward, Berentzen-Gruppe AG will strive to develop its core brands to lead in its niche markets and to create sustainable growth. Frank says he wants to see the company develop at a viable rate that it can afford, rather than reaching huge milestones in sales.

“Before we came into the restructuring phase there were major financial problems, which was the reason why private equity entered. If I regain, let’s say, a sustainable growth of four to five points per year, this company will have a very healthy business. It will have a very healthy growth rate and a much more differentiated portfolio within the segments of core competence. I have the strong vision that if we have a healthy home base in Germany, the export initiative will be more sustainable.” ●



NOSTA Group – Logistics to the point.

The NOSTA Group is an internationally active, family-owned company. For years we’ve inspired customers from both industrial and sales fields with our ideas and concepts related to logistics. We’ve been in touch with our customers for over 35 years and have offered logistical services throughout the total value chain.



www.nosta.de



symrise
always inspiring more...

100-PROOF PLEASURE, 100-PROOF SUCCESS

Whether it is flavored vodka or cider, liqueur, beer mixes or beer flavor: Symrise opens up new opportunities for your brands with innovative drink ideas, trendy flavors and cutting-edge technology.

Symrise – always inspiring more...

