

“How to Face the Challenges of Today's Markets”

Stephen Hallam



My role at Dickinson & Morris is managing the direction but my passport states Baker as my profession - it always will do - for it's a profession of which I'm immensely proud. With this in mind I have today two principle messages for you to take away:

“Opportunities always exist even in adversity - you just need to seek and identify them”. Secondly and arguably the most important, “Denigrate quality only at your peril”.

Map of Melton and surrounding area

So what adversity could there possibly be in Melton Mowbray, a small historic, medieval market town in the Vale of Belvoir, north east Leicestershire?

Let me set the scene. A population of just 30,000. Four current and soon to be five national multiples (Tesco, Morrisons, Co-Op, Gateway and Marks & Spencer); 8 bakers including Greggs, Bakers oven and Coombs; 6 butchers and then within a 10 mile radius, all the butchers and every other Tom, Dick and Harry selling our biggest product category - Melton Mowbray Pork Pie. And within 30 minutes travel the big

city allure of Nottingham, Leicester and Peterborough all have an almost magnetic attraction pulling people out of Melton!

Sign of Welcome to Melton, Home of

The town and surrounding area have a rich heritage and are famous for its rural economy, foxhunting, Stilton cheese and of course the Melton Mowbray Pork Pie.

A true Market Town in every sense of the word - with a combination of Street, Cattle, Farmer's and Bric-a-Brac markets being held on four days a week and bi-monthly separate Horse and Sheep sales which are both now the largest of their kind in the country. A successful weekly Car Boot also attracts up to 5,000 people into the town.

Shot of Street Market

The third oldest market in England and the only market in Leicestershire registered in the Domesday Book. Tuesday has been our principal market day since Royal approval was given in 1324, and the town remains, to this day, a centre for the rural economy.

From the late 18th Century the town attracted many visiting foxhunters and their legacy still remains - not just from spreading the fame and reputation of the Melton Mowbray Pork Pie - but also the pubs, hotels and hunting lodges of the area and the National Hunting Museum. The relationship between the town and foxhunting is particularly remembered through the phrase 'painting the town red'....

Belvoir Brewery Logo

.... Which refers to an occasion in 1837 when the Marquis of Waterford and his companions after a night's drinking session, daubed some buildings and the local toll keeper in red paint (obviously having a good time - hence the expression!). Local brewer Colin Brown at his Belvoir Brewery now brews an excellent bottled beer aptly named "Melton Red" and in fact this is his logo.

As you can possibly detect, we, and by we I refer to both the town of Melton and Leicestershire as a whole, we are not without heritage and there are many opportunities to which this heritage can add value - the most obvious of which is perhaps tourism which in the Melton area alone employs over 1,100 people and has a value of over £55m.....

Brown and White Tourism Sign to Ye Olde Pork Pie Shoppe

Ye Olde Pork Pie Shoppe is one of the town's oldest landmarks. As a bakehouse it's been around for more than four centuries ...

Exterior Shop of Ye Olde Pork Pie Shoppe

John Dickinson rented the property in 1851 and began to make pork pies. He wasn't the first person though to make pork pies in the town, but he was indeed one of the 'founding fathers'. Joseph Morris joined the business in 1886 and fifteen years later the firm changed its name to the now familiar Dickinson & Morris.

Fire devastated the building in August '91 and in March '92 the business was acquired by John A David Samworth.

Shot of burnt out interior

As a Grade 2* listed building there was inevitable red tape and considerable liaison with English Heritage and other conservation bodies. After 7 months of extensive reconstruction and sympathetic refurbishment, the Shoppe and Bakery re-opened in October 1992.

Five years later in '97 the opportunity arose to demonstrate another core skill, sausage making - so we opened The Sausage Shop right next door to Ye Olde Pork Pie Shoppe.

Shot of Sausage Shop (exterior and interior counter)

So what then is a Melton Mowbray Pork Pie? 10 years ago we ran a 30 second commercial and interestingly - but no surprise - other than a change in Branding, the values and the message of quality still remain the same, unchanged...

Dickinson & Morris video

A pork pie is the whole product. 50:50 pastry to filling, the pie is a combination of rich crunchy pastry, succulent pork and tasty jelly.

Shot of Pork Pie 1

When you eat a pork pie it is the whole pie you should enjoy. You don't buy a pie just to eat the meat and leave the pastry - or at least you shouldn't! The pastry is half of the pie and that should be enjoyed equally as much as the filling.

The pastry is rich and crunchy. Rich because it is made with lard, crunchy because of the way it has been made. We use lard because years ago, when pork pies were first made, this was the fat available. If we replaced the lard in our pastry with a fat free substitute we quite simply would not be making a true pork pie!

The pastry eats with a rich 'digestive biscuit' texture and a rounded almost 'buttery' flavour that melts in the mouth. The crunchiness comes from the type of pastry we use. Peculiarly British, it is a pastry which is designed to be eaten cold and not reheated.

The meat is fresh, British uncured pork chopped or diced it retains its natural texture and visually is quite chunky to look at.

Shot of Pork Pie 2

I would like to think that everyone in this audience understands the difference between cured and uncured pork but its surprising how many consumers don't. By uncured we mean the pork is natural - when cooked the meat will be the same colour as a joint of roast pork. Cured pork (bacon or ham, for example) would be pink or red in colour and taste quite different.

People sampling a Dickinson & Morris pork pie for the first time are often surprised that "it's like eating a pork chop!" Quite correct - that's because the meat is not over processed or pureed. It looks, smells and tastes like pork - because that's exactly what it is (with neither preservatives, nor rush, nor breadcrumbs) - and please note - we are proud to support British agriculture - the pork is British.

Traditionally a Melton Mowbray pork pie is quite spicy and that comes from the seasoning - pepper and salt. The piquancy of the pepper tends to really bring out the flavour of the pork and leaves a distinct spiciness on the palette.

The pies are baked with no support, no tin nor hoop, thus allowing the pies to settle in the oven and taking on their characteristic bow sided shape.

Finally the jelly, which adds further succulence to the meat, is added to the pies after baking - bone stock jelly giving a flavour which compliments the meat inside the pie.

And don't forget that a pork pie should always be taken out of the fridge and allowed an hour or two before eating to allow the true flavours to develop - just as I hope you do for cheese or wine.

Shot of Pork Pie 3

The effect ... well, delicious ... perhaps the picture says it all. But if eaten straight from the fridge the flavours are suppressed by the cold.

Over previous decades the reputation of the Pork Pie has been diminished as manufacturers cut corners to meet price points. Consumers had definitely noticed; there was scepticism about purchasing pork pies and more concern was being shown to what wasn't in them as opposed to what was!

Today, the consumer interest in food, especially regional food, has never been so high. Cultures, unlike fashion, take time to change and the good news is that here in Britain our culture and attitude toward food is changing. We are now 'Eating to Live' as opposed to 'Living to Eat'. Food is now receiving more respect.

At the same time consumers are attaching genuine interest and more importance toward provenance and trust values: where has the food come from? ... is it what it says on the label?

Associated with these values is quality - a topic so very core to our business I'll return to it a little later.

Is it right that any sort of pie, made anywhere in the world, containing any type of pork that may also come from anywhere in the world, can be labelled as a Melton Mowbray Pork Pie...?

Logo of Melton Mowbray Pork Pie Association

The European Union has provided a framework (across Europe) to protect and promote regional food products, to protect consumer interest and encourage diverse agricultural production - thus protecting rural economies.

Eight years ago, together with a group of six other manufacturers of authentic Melton Mowbray Pork Pies an Association was formed with the purpose of gaining protected geographical indication status for the Melton Mowbray Pork Pie. PGI is one of the three European designations to protect regional foods and it protects regional products that have specific quality, reputation or other characteristics attributable to the area in question. It acts like an 'Appellation Controlled'.

Its all about protecting the integrity of the Melton Mowbray Pork Pie and defending its reputation. Its protecting the consumer from being misled about the provenance and quality of 'Melton Mowbray' pork pies. It also supports the wider initiative to recognise the importance of regional foods ... and I could continue at great length.

Northern Foods High Court and Appeal Court case against the Association has been well documented. Although comment has been made that the flood gates are about to open with silly applications (Yorkshire Puddings, for example), in reality this won't happen as each application is judged on its own merit. I do though hope the Association's stand against Northern Foods will make it easier for good manufacturers to charge the right price for their products. And I would like to thank DEFRA for all their support and the help and advice they have given to the Association.

I have spoken at some length about our rich heritage - but a business doesn't need heritage to be successful. We've got it, so we make it work for us - we sell it - we tell the story.

Shot of SPH Raising Pie (red jacket, in shop, in front of counter)

Ye Olde Pork Pie Shoppe is a tourist destination and has become a shrine for pork pie lovers. Of the 4.5K footfall per week, 30% are visitors - which means that 70% are not and they have the opportunity to shop elsewhere in a very crowded marketplace. Both groups want a good experience. They wish to discover more. Excellent customer service enhances the quality of the experience - which in turn increases the spend.

Heritage may enrich our offering but at Dickinson & Morris it is quality that drives our way of life. But it's not just the quality of our products which we seek to continually improve. Our buildings, our facilities, our vehicles and our staff - in fact we look for all aspects of our business to be better with every new year. This culture, and yes, it is a culture - not a fashion or a fad or a policy - this culture does not come without a price and therefore needs to be paid for through margin.

The late Frank Samworth Senior, father of John and David Samworth said: "It is better for the housewife to get a shock at the time of purchase than for her husband to get a shock at the time of eating".

Quality demands that we receive an appropriate price for our products but sadly there are many businesses that under price their wares.

I have an example which may sound familiar:-

18 months ago Greggs (already having a presence in the town with Bakers Oven) opened right next door to us. Our very healthy sausage roll trade fell 20%. We considered our strengths, our core offering and introduced a totally hand raised pork pie. We also introduced a real Cornish pasty (made in Cornwall but baked by us in Melton) - both products at a premium price. OK, so we no longer run sausage roll promotions, but sales in these categories are now stronger than ever and, I emphasise, at premium prices.

Whilst I have nothing against Greggs' products, which meet the needs of a particular market very well, I do think ours deserve the premium that our customers pay ... and they seem to agree.

You do though need good quality people to make good quality products and you need to be profitable to reinvest those profits in your people and your products.

Picture of Staff outside Pie Shoppe with Award

How can we expect our staff to perform at their best if we don't supply them with the best facilities and train them to the best of our ability? Being a culture, training is integral, routine - always seeking to improve. Out of this comes pride. It is a very strong attribute for staff to have pride in the products they make and those that they sell ... and ... to have pride for the business of which they are a part.

Exterior Shot of Ye Olde Pork Pie Shoppe and Sausage Shop

Ye Olde Pork Pie Shoppe achieves sales of £320 /m²/ week and annual pork pie sales of over £400K. For years we agonised over price parity for our pork pie with the supermarkets. We've now crossed that bridge. Within half a mile ... Tesco,

Morrisons and the Co-Op are selling exactly the same Dickinson & Morris pork pie, cheaper, with no parking charge nor inconvenience of carrying their purchase around the town. Consumers will pay for that point of difference.

Independent shops like ours (i.e. not part of a chain) could certainly not survive without a passion for product quality and for not selling sub-standard products. We can try to compete on price with e.g. Greggs, but their product will be better for the same price because of their economies of scale. Or we can sell to the market that is prepared to pay more for a premium product but who will never return and buy from us again if we let them down on the quality or the service.

There is no halfway house that will survive for very long.

I would like to leave you with a quote from David Samworth who retired from Chairmanship of Samworth Brothers last year:

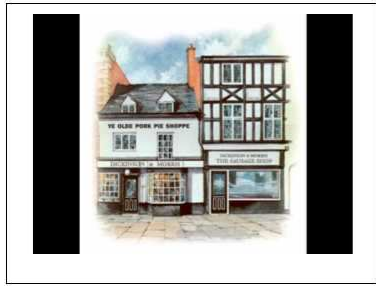
“You can always save money in the short term by reducing your quality, but if you do, in the long run you won’t have a business”.

Dickinson & Morris
Melton Mowbray Pork Pies



Opportunities
■ What makes ...
Quality





'You can always save money in the short term by reducing your quality, but if you do, in the long run you won't have a business'



Sessional Chairman

Thank you very much Stephen, and if that doesn't make you want to rush out and buy a Melton Mowbray pork pie I don't know what would. So again could we take some questions.

Question: Paul Morrow, Bicester

What is the one thing that you think will continue to make a difference to your business going forward?

Answer: I've already alluded to it and those illustrious speakers before me said exactly the same thing. Mine's an acronym really, it's three in one, it's a trilogy so I can get away with saying its one, its PQP – people, quality and profit. You need good quality people, to make good quality products and you have to be profitable to invest that in people and the products.

Question: Ann Bruce, Crawley

I was wondering how many pies you sell through wholesale channels every week?

Answer: The actual figure I don't know to be quite honest and I can get it to you. The shop itself sells 4500 pies per week. Six trading days before Christmas that increases to 30,000. Yes it's not fitting a quart in a pint pot, its more like a gallon, or five litres should I say and its core to the business, but its core to the heritage. Everybody comes and buys a pork pie at Christmas, it really is a pilgrimage.

Question: Ann Bruce, Crawley

Is the wholesale channel larger than the shops?

Answer: Yes it is. The bakery behind the shop is probably a quarter of the size of this room, so we have a sister company on the outskirts of Leicester where the wholesale pies if you like, the branded pies find their way on to whichever multiple shelves they may be.

Question: Ann Bruce, Crawley

Just on the PGI application, I was wondering when you're hopeful that it will be resolved and also what the cost has been to the Melton Mowbray Pork Pie Association?

Answer: When you are passionate about something, yes, cost is important, but we are going to see this through to the end. The message is no different. It was always going to end up in the European Court; we'd expected that to happen. With the ruling from the Appeals Court last week we'll know within 18 months. Had that not been forced then it probably would have been two and a half years. Same message, same story, and that's what we've got to do, if we've got to go to the European Court to do so then bring it on. Because this is much much bigger than Melton Mowbray pork pies. At last producers here in Britain are waking up to the fact that they're the people who can best talk about their products. For years, for some reason, here in Britain the food products, if there's something successful there's been this sort of wish to keep it a secret, don't tell anybody. Go to Europe, go to Italy, go to France and they are so proud of their regional foods and we've got as many regional foods as the French have got but we're just not very good about shouting about it, and there's this huge groundswell of interest. Sorry I've digressed a little bit. There's never been a more exciting time for people making quality food.

Question: Ann Bruce, Crawley

Has the Defra application to Europe been put on hold whilst the Appeal court?

Answer: No, not at all. While all this is happening the clock is still ticking in Brussels with the application.

Question: Ann Bruce, Crawley

There was an original prediction that that might be resolved by May, so if it is resolved by May, will it then be put on hold for the appeal process?

Answer: I don't know. We have people called lawyers, solicitors, barristers. I am a baker at heart, I can talk passionate and wax lyrical about the pork pie and that's what it should be about, not fighting court cases. But if that's what we've got to do, bring it on.

Question: Ann Bruce, Crawley

And do you have any indications of what the costs are of this court case.

Answer: I don't know.

Question: Thomas Adams, Northampton

Have you got any concerns about the Food Standards Agency, I mean they are having a go at Stilton cheese about salt at the moment, the health issue, pork pies and animal fats and all this type of thing, or are you pretty confident your product won't be attacked by the health lobby?

Answer: Get a life, you know. I think if the resource that was being put into that, was put more into educating people about the balance of what you eat, do you have to eat it. Do you remember Mary Whitehouse and her campaign on the TV, do you have to watch it, you can switch it off. And this is what comes down to food, isn't it. If we started messing around with a pork pie it's not a pork pie any more and the same goes for Stilton. The salt is in there for specific reasons and you're not sitting down and eating a kilo of Stilton at a time, you're not eating pork pie 24/7, I wish people were, but of course you're not. And it's a question of balance and the public needs educating, they really do. That's what 95% of my time is about, education. But it is a concern with the damage that could be done because it just makes our job harder on the educational front.