

Marketplace Africa explores Pioneer Foods' growth strategy

On last week's episode of *CNN Marketplace Africa*, Pioneer Foods CEO Tertius Carstens outlined the company's journey from its beginning in 1997 and describe some of the challenges the company has had to overcome.



Speaking to CNN's Eleni Giokos, Carstens explained how the company began: “The official starting point for Pioneer Foods was in 1997 through the merger of two ex-cooperatives while establishing South African history being called Bokomo and Sasko. Many of our brand names were associated with those two great businesses at that point in time. After the merger in '97, we grew quite aggressively through acquisitions, so many of the brands associated with us now, for example, Ceres [and] Marmite, were acquired during that period.”

Pioneer Foods is known for brands such as Liqui Fruit and Weet-Bix; Carstens outlined the history of one of their biggest brands: “Weet-Bix is one of our 'power brands'. Interesting history. We acquired the business from an operator locally in 1936 and grew it from there. Interesting version – [we] added protein, [which] speaks to the health trend in food in South Africa and worldwide.”

Discussing the importance of global operations for Pioneer Foods, Carstens told Giokos: “It’s probably about 15% of our total turnover. But it’s specifically key in the UK. Where we manufacture breakfast cereals.”

In addition to staying ahead of health and food trends, Carstens outlined some of the ways in which Pioneer Foods tries to tackle the competition. “It’s tough. So the product offering must be compelling. It must be a trustworthy offering and obviously the value proposition must be 200% in place. On top of that, is the availability. You must make sure that you’re on shelf, that you are well represented, to make sure that the consumer opens their wallet and takes that product off the shelf.”



Global expansion

Carstens believes that the turning point in Pioneer Food's journey to success was acquiring global name brands like Marmite and Heinz. He said the company is looking to expand on a more global scale.

"Our ambition is to grow above growth that we can achieve here in South Africa or in the countries that we operate. Our first important strategy is to make sure our core operating activities here in South Africa fire on all cylinders. That we grow organically as best we can within the context here and that we grow incrementally outside of those borders."

Looking to the future, Carstens said that the business isn't without its challenges. "The competitive angle and how you position [all of these brands] and how you can grow them, that keeps me awake at night. It's where we put our capital. Where do we invest for growth which will in ten years' time, we will look back and say, 'Okay that was a good decision to have made.'"

However, Carstens said that in his 25 years' experience at the company, he's learnt to deal with various different obstacles. "The big issue is to be patient because you want to rectify everything immediately and I don't think life works like that, business doesn't work like that. You must remain disciplined and make sure that you plan accordingly but be practical. You can't engineer these issues away so you must be practical about your solutions and these challenges."