Birds Eye View on Expansion into Brazil

Birds Eye, should leverage its value proposition of high quality frozen foods via innovation and sustainability to acquire market share in Brazil. Strategic orientation toward the markets of emerging countries such as Brazil enables Birds Eye to capture new markets well-suited for the supply chain and mission driven competencies that make it an industry leader. It should be noted that Brazil represents a microcosmic expansion strategy; further expansion into other emerging countries would require nuanced logistics, different from those used in Brazil.

As a leader of industry, Birds Eye is committed to its core values of providing fresh, quality products in an environmentally sustainable way. To expand into new and profitable markets that align with its corporate mores, Birds Eye must employ such market-facing strategies as brand image. Studies identify Brazil as the most attractive, new market for frozen food, predicting a compounded annual growth rate of 4.7% from 2013 to 2019 (Consumer Trends 2016). More specifically, Brazil experienced 120% revenue growth in its frozen food from 2008 to 2013, and is projected to continue to grow moving forward (Bruha 2014). The main reasons for a greatly prospering frozen food market in Brazil are: “expansion of the Brazilian middle class, increase in the population’s purchasing power, and an increase in the number of people working full time,” which leaves less time to take care of the house, including preparing meals (Bruha 2014). In addition, the high availability of raw materials in Brazil allows for ease of food production, something which would be an additional advantage to Birds Eye. If Birds Eye were to consider additional expansion into emerging countries, the aforementioned reasons for a prospering frozen food market would hold as well.

The consumers of Brazil’s rapidly growing economy place great value on the means by which their food is produced, creating an opening for Birds Eye to capitalize on its principles and
competencies. As the nation with the cleanest energy matrix on the planet, Brazil is the birthplace of companies continually winning sustainability awards (Echegaray 2013). Subsequently, “Brazilians lead in concern about environmental issues,” as over 90% of consumers perceive environmental issues as “serious problems,” which is 30% points higher than the international average (Echegaray 2013). Furthermore, awareness from environmental concern drives a record level of interest, 70%, in corporate sustainability (Echegaray 2013). This heightened weight on sustainability is further relevant since “one in two adults admits being willing to pay for an ethical product.” Given Brazil’s ecological predispositions, it can be said that Brazil is an industry leader in much the same way that Bird Eye is, and would be a complementary expansion opportunity.

Birds Eye can additionally utilize operational strategies, specifically transportation, inbound and outbound logistics, warehousing, and inventory management, to propagate its value chain to the markets of Brazil. Currently, Birds Eye pioneers an environmentally sustainable supply chain, primarily seen through its partnerships with DHL and Partner Logistics. With support from DHL, Birds Eye has implemented a double-deck trailer that will reduce its annual total miles by 2% in addition to maximizing load capacity by holding “almost 50% more pallets than a conventional truck” from a warehouse to distribution centers (Partner Logistics Joins 2016). Since DHL operates in Brazil as well, this partnership can continue to adhere to Birds Eye’s core values, something which not only improves efficacy within its supply chain, but provides Birds Eye a competitive edge within the Brazilian market, which is hyper aware of environmental impacts.

Partner Logistics, an innovative warehouse logistics provider, works with Birds Eye to support storage and distribution of goods, whilst leaving an extremely low carbon footprint
To do this, Partner Logistics implements “advanced, proven technology” as an integral part of its logistics functions within its supply chains to provide Birds Eye with “receipt handling and dispatch, storage, picking and value added logistics” (Partner Logistics 2016). The commitment of both Birds Eye and Partner Logistics to environmental sustainability creates a harmonious coordination that enables Birds Eye to operate seamlessly. Though Partner Logistics does not currently operate in Brazil, it seeks further opportunities to expand and urges potential prospective partners to reach out. However, if Birds Eye were to expand into Brazil, it would be able to transfer the services Partner Logistics provides to the warehouse logistics provider, Agro Merchants Group. Like Partner Logistics, AGRO provides “integrated logistics solutions…with a particular emphasis on its cold chain capabilities” and operates under the “highest level of food-safety regulatory compliance,” both of which Partner Logistics also uniquely delivers (Agro 2016). With its recent acquisition of Stock Tech Logsitica, AGRO will also be able to match the standard of innovation and operational efficiency that Partner Logistics provides Birds Eye (Agro 2016).

Birds Eye is an industry leader in its practices of providing high quality products, and engaging in social and environmental integrity, all of which amount to an overall insusceptibility to the shifts of the frozen food sector. Though Birds Eye has remained vastly successful despite mild industry turmoil, it is not entirely impervious, witnessing a 5% decline in value year on year, and a 0.9% decrease in sales (Roderick 2015, 1). Though these numbers are not alarming, they show a small deficit that can be recompensed and an opportunity for growth. Expanding into emerging countries, such as Brazil, will provide Birds Eye an opportunity to do what it does best in markets that have an increasing demand for frozen foods, and share its core values and principles.
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