

Old Fashioned Foods

Good oil brings export success

TechNZ supports the food and beverage sector to develop new products, processes and services and improve technical knowledge and R&D ability. Up to \$50 million is invested each year in New Zealand businesses to grow world-class companies through innovative technology.



The Company

Old Fashioned Foods began by making individually packaged steamed puddings and desserts based on a family fruit pudding recipe belonging to the founder's sister, known as Aunt Betty. The company has grown from a cottage industry with three staff to a significant export operation, with subsidiaries in Australia and the United Kingdom, producing up to 200,000 puddings a day. Research and development of new products marketed under the Alfa One brand, including oils, spreads and dressings made from rice bran oil, is fuelling growth. It has also acquired other New Zealand brands, such as Hansells, Baker Halls and King.

The Research and Development

Product development is behind the rapid growth of Old Fashioned Foods. In 1996, the company began producing puddings for the New Zealand market and, two years later, successfully launched into the United Kingdom. Products are now also sold in South Africa, Australia, the Pacific Islands, North America and Asia.

A chance meeting between CEO Ross MacKenzie and a Thai businessman, selling rice bran oil at a food show in Australia, provided a fresh opportunity. The company secured exclusive rights to a source of the oil, which is naturally high in antioxidants and other nutritional components, launching it commercially under the Alfa One brand in 2006.

With \$190,000 from TechNZ – the Foundation for Research, Science and Technology's business investment programme – the company established a partnership with crown research institute Crop & Food Research, which helped develop a margarine product from the oil.

“ Product development is behind the growth of Old Fashioned Foods, giving it potential to become a major New Zealand exporter and significant player in the global food industry. The company's growth results from a combination of great products, efficient production, skilled staff, effective marketing and a 'can do' attitude. ”



Fact File

Location: Auckland

Staff: 300

Exporting: \$55 million per year

First major TechNZ investment: 2006

Value of TechNZ investment: \$190,000

Projected revenue from latest R&D: \$48 million by 2013

Above: Old Fashioned Foods CEO Ross MacKenzie.

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New Zealand Government

“ CEO Ross MacKenzie says development costs of the company’s Alfa One range of rice bran oil products were substantial and investment from TechNZ ‘possibly made the difference between going ahead with the project or not, and it certainly made the decision at a board level easier’. ”

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The spread tastes, looks and melts like butter but has high heat tolerance. It is considered a world first because it contains a low saturated fat level and no hydrogenated fats, and therefore no trans fats, which are linked to low density lipoprotein (LDL) or so-called ‘bad’ cholesterol that causes narrowing and hardening of arteries.

Crop & Food Research and the Otago Medical School have undertaken research to support claimed health benefits. Trials show that the new spread reduces cholesterol levels in healthy New Zealanders when substituted for standard margarine.

Old Fashioned Foods has also tapped into New Zealand food technology expertise to overcome food safety issues, and New Zealand Trade and Enterprise has assisted with brand marketing and US market investigations.

Mr MacKenzie says the TechNZ investment into a research project that cost more than NZ\$500,000 made a difference.

“The development costs were substantial. Receiving that investment possibly made the difference between going ahead with the project or not, and it certainly made the decision at a board level easier.”

Mr MacKenzie says the company’s growth results from a combination of great products, efficient production, skilled staff, effective marketing and a ‘can do’ attitude.

“Each of these factors on its own would not have been enough. It’s been a question of combining them to get the recipe right.”

“With TechNZ support, Old Fashioned Foods is building its own R&D team and is leveraging success off a really strong offshore network of customers. It has formed a strong partnership with Crop & Food Research and absorbed the knowledge from working with a research organisation into the company,” says Stephen Flint, TechNZ Business Manager.

The Achievements

Old Fashioned Foods has achieved exceptional growth through innovative R&D and acquisitions. In 2006, Old Fashioned Foods acquired Hansells (which has a 70 year history in New Zealand) and brands such as Vitafresh, Vita Quench, Jungle Juice, Baker Halls, King, Sucaryl, Yog-it and Weight Watchers.

Ongoing R&D has given Old Fashioned Foods a new platform from which to launch other new products, possibly in the functional beverage sector, capitalising on the success of the Alfa One rice bran oil spread. The platform is set for further developing the Alfa One brand internationally.

The company already supplies product on a large global scale, including to Tesco and other major UK supermarkets, achieving millions in turnover at entry into a crowded segment of the market where shelf space is dominated by major international companies.

Old Fashioned Foods expects sales of approximately \$48 million from the spread within five years. First year sales in New Zealand and Australia were \$3 million.

www.olfashionedfoods.com



Old Fashioned Foods is a world class speciality foods company.

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