

Finding their niche

Manufacturers go high-end for market success

By Darcy Rhyno

“We do have fun,”

says Sheila Curley, the tour sales manager at Cows Creamery in Charlottetown. Curley starts my tour with a mooing noisemaker and an announcement on the store’s P.A. system. “Good afternoon, ladies and gentlemen and welcome to Cows Creamery Factory Tour. Our next tour leaves in two minutes. If you’d like to join us, moooooove on over to the tour booth.” Elvis croons Blue Christmas in the background as I sample Cows’ new award-winning clothbound cheddar.

Cows has managed to thrive on a perfect balance of pride, clean fun and aggressiveness without coming off as arrogant, obnoxious or blindly ambitious. Take their new Creamery location on the edge of Charlottetown. Apropos the company’s image, it’s a white barn with a brightly lit store for shoppers and tourists, but it also houses their T-shirt silk screening operation, ice cream plant, cheese storage cooler and second floor offices for their 13 locations across P.E.I. and Canada.

At first glance, the whole concept seems ridiculous, a business idea that should have been laughed right out of the bank manager’s office: produce a perishable, high-end commodity like hand-made ice cream on an island off the east coast and sell it on the opposite coast over 4,000 kilometres, a prairie and a mountain range away. But, with stores in Charlottetown, Halifax, Niagara-on-the-Lake, Whistler and Banff, that’s

exactly what this plucky little Prince Edward Island company has managed to do. Oh, and in case the laughter subsides too soon, add to that business plan the selling of the staffs’ uniforms right off their backs (that’s how the T-shirt operation got started), an expansion into oysters and perhaps the creation of the chocolate-enrobed potato chip. The salty-sweet snacks are flying off the shelves, even at \$5.50 a handful.

Cows is just one of the P.E.I.-based manufacturers bucking a trend. While overall manufacturing statistics for P.E.I. show a recent decline, new manufacturers like Cows have started up and expanded with unusual product lines in unexpected ways, creating an exciting time in a sector that’s diversifying quickly. P.E.I.’s economy is expanding from the traditional — still vital — farming, fishing and tourism sectors into everything from cancer drugs to airplane parts, from vodka to animal vaccines. Cows, along with two other small food and drink companies (Honibe and Prince Edward Distillery), characterize P.E.I.’s new breed of manufacturers. They take pride in the quality of their products, manufactured on-island using P.E.I.-sourced raw materials. Honibe (pronounced honey bee) makes dehydrated honey products with Island white clover





TOP: Inside the Cows cheese cooler.

BOTTOM: Sheela Curley, tour sales manager at Cows Creamery.

Photos: Darcy Rhyno

honey. Prince Edward Distillery starts with Island potatoes, apples and rye.

According to Prince Edward Island's 2010 Fall Economic Update, "Manufacturing shipments from P.E.I. have declined 7.8 per cent on a year-to-date basis through September," with international exports down 10 per cent. Frozen potato and aerospace products are down sharply to account for most of this loss while fish and pharmaceuticals are up even more dramatically, the latter rising nearly 30 per cent. Over the past 10 years, food shipments have continued to dominate P.E.I.'s economy, accounting for about 60 per cent of total exports. The commonalities among Cows, Honibe and Prince Edward Distillery offer important insights into what it takes to start a small, high end manufacturing business.

One of the keys to success is of course a good idea backed with solid research. Honibe founder John Rowe says his idea came to him on a hiking trip in British Columbia when he opened his pack to find a broken jar and his favourite tea sweetener smeared all over his gear. In his search for an alternative, he discovered that honey couldn't be found in pure, solid form. Being a native Islander and an engineer, John took his idea back home to the PEI Food Technology Centre, part of an Island scientific community in Charlottetown that includes the University of Prince Edward Island, the National Research Council, the Canadian Food Inspection Agency lab and Agriculture and Agrifood Canada. Ten years of research led to a patented dehydration process, the founding of Island Abbey Foods Inc. with his wife Susan, and the Honibe honey drop — a solid, non-sticky tablet of pure honey. Island Abbey Foods is the first company

in the world to develop the technology to solidify honey, an accomplishment that won them the 2011 Premier's Award for Innovation, the SIAL d'Or award for the world's best new food product in 2010 and a \$600,000 cash plus \$400,000 line of credit from CBC's reality investment show, *Dragon's Den*.

Julie Shore of Prince Edward Distilleries found her inspiration in Cape Breton on a tour of Glenora Distillery, the only single malt whiskey distillery in North America. "That rekindled her interest in her distilling history," explains partner Arla Johnson. Shore adds, "We have ancestral blessings." Four generations back, her family distilled corn whiskey in North Carolina in the years before prohibition. "I've always been fascinated by distilling. Really cool stories of the distillery. The old whiskey jugs. If they'd only kept it going, we could have been the Kennedys of North Carolina."

"We spent a good year doing the research, looking at the whole industry," says Johnson, a former psychotherapist who calls herself the numbers gal in the operation. After moving from the southern United States to P.E.I.'s northern coast in 1999, they built the 12-room, four star Johnson Shore Inn near Hermanville. Arla and Julie needed something to do in the off season. "We both lost sisters at a young age so we both know the brevity of life. That gave us that extra boost of courage." Since start up, Julie has added a spicy citrus gin, a caramel-flavoured rum made from Crosby molasses and an apple spirit similar to Calvados from Island apples. "A farmer up the way asked me if I had a use for seven acres of rye. If I didn't buy it, he was going to till it in. So we made some rye whiskey."

Aside from well-researched ideas, these small manufacturers share a strong desire to succeed and a loyalty to the Island that each believes is more an advantage than a disadvantage. "When you're from a small place, you can really build some great relationships," claims Cows CEO Jackie MacIntyre. "The dairy ADL makes the mix for the ice cream we make downstairs. It is also a partner in making our cheese recipe for us. They've been terrific to deal with. When you're from a smaller place, it's a little easier to get to talk to people and get your products in the door."

Graham Watts, the marketing co-ordinator at Honibe, goes further, claiming it's easier in a small place to gain access to the right government officials at start-up and upon expansion. The company

received assistance from the Innovation PEI Pilot Fund, the Innovation PEI Discovery and Development Fund and the Atlantic Canada Opportunities Agency's (ACOA) Atlantic Innovation Fund. Similarly, Cows built their new Creamery with help from ACOA, while Prince Edward Distillery received assistance from the Business Development Bank of Canada and later the P.E.I. Lending Agency after several private banks turned down their requests for a loan.

Geography seems an obvious disadvantage for P.E.I. manufacturers. Not so, claims Jackie MacIntyre at Cows. "Some of the freight costs us a little, but the majority of our product is staying on Island." What they do ship to their four off-Island locations is stored in large freezers at their Niagara, Banff and Whistler stores. "Our price off-Island is a little higher and that helps offset the freight cost. In the stores, everybody is looking at the products and laughing. It's a fun place to be. It's based on tourism, and when you're on vacation, to buy an ice cream that's a little more expensive is not a real stretch."

Graham Watts says Honibe has taken a different approach to solving the geography problem. "You're not close to your biggest markets, but you can sidestep that through partnerships." Honibe is in the process of developing a co-branded label with American honey giant Dutch Gold. Honibe will continue to manufacture all products on the Island while Dutch Gold will take over sales and distribution of the co-produced brands. He sees more advantages than disadvantages when it comes to developing new products on the Island. "Everything is close together," he says, referring to what he and others are calling a bio-cluster of businesses, scientists and government and academic agencies in Charlottetown. From experience, he also claims, "P.E.I. is a great place to test products. It's a very isolated market to get direct feedback. You develop close relationships with retailers."

Prince Edward Distillery might be located along the lonely Route 16 an hour north of Charlottetown, but bureaucratic roadblocks off-Island at provincial alcohol boards are far more significant impediments than shipping costs will ever be. "It's a beast of a system," says Arla. "There's a lot of hoops," adds Julie, referring to recent attempts to move their potato vodka into the Ontario market. The Nova Scotia Liquor Commission has discontinued their products without warning or explanation, making

it very difficult for the retailers Arla and Julie worked so hard to secure to stock their products. Luckily, the distillery can still sell all it makes right on the Island. They're licensed to operate in two locations, so this summer they'll be opening a retail shop in Charlottetown.

Pride in a premium product is opening doors and driving sales for each of these manufacturers. And grow is just what Honibe is doing. They appeared on the January 12, 2011, edition of CBC Television's *Dragon's Den*. Watt's says panel member Kevin O'Leary called it the best pitch in the history of the show. In a 2008 Reader's Digest poll, Cows was voted "Canada's Best Ice Cream." It also placed first in a Tauck World Discovery survey of the "World's Top Ten Places for Ice Cream." Meanwhile, their new Avonlea Clothbound Cheddar got off to a roaring start in 2008 with a silver at the American Cheese Society Judging and Competition. A year later, it won gold.

Of their potato vodka, Julie says, "We call it the whiskey man's vodka, it's got so much character and structure. You can taste the earth in there. You can taste the sea." It took the gold medal at the 2009 San Francisco World Spirits Competition. Their blueberry vodka won silver in the same year from the International Spirits Challenges in London. Honibe has won many awards, the most impressive being the SIAL d'Or in Paris late last year. The SIAL d'Or recognizes Honibe for nothing less than the World's Best New Food Product for 2010.

At the distillery in the woods on Route 16, I remove Whiskey, the distillery cat, from my lap to nose and sip the potato vodka...earthy with hints of a salty breeze. Over at Honibe, I pop a Honey Drop...Island sunshine in a tablet. At the end of my tour at Cows, Jackie MacIntyre reads a note taped to her computer monitor. "The most wasted of all days is one without laughter." On my way out, I pat a life-size plastic cow parked in her office. Downstairs, Sheela Curley dips me a Wowie Cowie, their bestselling vanilla with huge swirls of toffee and chocolate...the sweetness of a green Island meadows punctuated with hunks of decadence. If you've got a high-quality product, making it here on an island off Canada's East Coast might well prove a shrewd business decision. IABM



ABOVE: Julie Shore and Arla Johnson, co-owners of Prince Edward Distilleries.

BELOW: Susan Rowe, co-founder of Island Abbey Foods and marketing co-ordinator Graham Watts with their company's SIAL d'OR awards. They won world's best new food product in 2010.

BOTTOM: Honibe product display.

Photos: Darcy Rhyno

