



*Jean Gattuso,  
president and general manager,  
A. Lassonde Inc.*



# KEEPING THEIR HEADS UP

Lassonde plays to win in the Canadian juice market • By Mark Cardwell

**R**OUGEMONT, Que. – There’s an inside joke among the jocular core of youthful executives who run A. Lassonde Inc., Canada’s second-largest maker of fruit juices and drinks, that they play in the NJL – the National Juice League. “The competition is really tough,” says company president Jean Gattuso. “We like to say that if we don’t want to lose – and that’s what we fear – we have to jump on the ice and play hard every day, 365 days a year.”

As metaphors go, Don Cherry would call that a beauty, eh? Like small-market Canadian teams in the locked-out National Hockey League, rural Quebec-based Lassonde is competing against the biggest and best companies the North American juice industry has to offer. Still, it manages to hold its own – and then some. One measure is the fact that, with more than \$250 million in annual sales and some 750 employees working at a half-dozen processing and packaging facilities in Quebec, Ontario and Nova Scotia, Lassonde is the number-one producer and distributor of pure fruit juices and drinks in Eastern Canada.

Nationally, in terms of market share, the company trails only multinational giant Tropicana, which is owned by Pepsico, and leads Coca-Cola (Minute Maid), Cadbury’s (Ocean Spray) and an assortment of national and regional rivals, including McCain’s. “We respect our competitors,” says Gattuso during a recent interview in the cramped offices of Lassonde’s plant in Rougemont, Que., a small town 50 km southeast of Montreal. “But we work hard – and we play to win.”

A big reason for the company’s success is the popularity of its star-studded line-up of pure fruit juices and drinks.

Photo: Jean Héguy

The 29 brands Lassonde either owns or leases include Allen's, Graves, Fruité, Oasis, Tetley, Sun-Maid, Sunkist and Rougemont – all of them household names across all or parts of Canada. Of that number, nearly a third have been added to the company's trademark portfolio over the past year alone, five were developed and launched in-house and five more were acquired via the free market.

The latter were picked up in October, when Lassonde spent \$16.3 million to buy "certain assets" of Alfresh Beverages Canada Corp., a private Toronto firm created in 2000 following the merger of two fruit-juice makers – Sunlike Juice and Fairlee Fruit Juice – with a combined experience of 35 years in the business. In addition to \$66 million in annual sales, 100 employees, production equipment and the creation of a new division (Lassonde Beverages Canada), the deal added Everfresh, Sunlike, Fairlee, Tropical Grove and Rich n'Ready – popular brandnames in central Canada – to Lassonde's already-impressive roster. "This acquisition," says Gattuso, "will enable [us] to strengthen [our] presence in the Canadian fruit juice and drink sector, especially in the institutional network of Ontario foodservice."

Brand performance on the grocery shelf, however, isn't the only stick by which Lassonde's success can be measured. The vision, philosophy and strategies of the company's management team have also played crucial roles. Gattuso, in particular, is the company's chief architect and team leader – a general manager and player-coach rolled into one. Born into a family of Italian immigrants in Montreal in 1956, Gattuso's father, Mateo, and two uncles founded a family food store that soon morphed into Gattuso, one of Quebec's best-known food makers.

Although he grew up working in the family business, learning the food business from the ground floor, Gattuso dreamed of being an NHL goalie. His father convinced him, however, to go to McGill University to



**From left to right: Richard Couture: vice-president, research and development and manager, development of new products; Jean-Pierre Le Blanc: vice-president, financial management; and Benoît Boucher: vice-president, marketing**

Photo: Jean Héguy

study business. "A good thing, too," Gattuso quips, who graduated from McGill in 1978. "It made me realize that I was an entrepreneur, that I had business in my blood."

After brief stints as a marketing executive with Standard Brands (now Nabisco) and David Cookies, Gattuso joined Catelli. Disillusioned by the bureaucracy of the national firm, he says he jumped at an offer to become marketing director of Lassonde in 1987. "I was missing a sense of being an entrepreneur," he recalls. "Lassonde offered me both."

Founded in 1918 as a family-owned canning factory in the heart of

Quebec's Montérégie region, the company diversified into the apple juice business in 1959 under the name Rougemont. With production facilities, steady markets and ready access to some of the best fruit growing regions in Eastern Canada, the company had the capacity and the revenues it needed to go after new markets when it became a public entity with a listing on the Montreal Stock Exchange in 1987.

Working with Pierre-Paul Lassonde, the current president and the third generation of the company's founders, the hawk-nosed Gattuso quickly demonstrated that he had an eagle's eye for spotting the partners and opportu-

nities needed to move the company forward.

In addition to buying smaller companies, such as Great Valley Juices in the Annapolis Valley in 1991, and shoring up Lassonde's regional apple juice market, Gattuso has hammered out several partnership and licensing agreements that have helped the company to grow in size and scope.

Thanks to a decade-old deal with Florida orange juice producers, for example, Lassonde welcomes a daily convoy of tanker trucks carrying freshly-squeezed orange juice to its second plant in Rougemont, allowing it to compete in Eastern Canada's lucrative not-from-concentrate orange juice market. More recently, the company signed a deal with Sun-Maid Growers of California in 2003 that allows it to produce and sell a new line of specialty fruit juices across Canada.

At the same time, Gattuso has managed to find the right people for the right positions within the company. Among them is Richard Couture, a PhD in food sciences who left a government research position in nearby Saint-Hyacinthe 15 years ago to join Lassonde. As vice-president of research and development, Couture and the 15 people at the company's lab in Rougemont have developed products that have helped the company capitalize on new and existing markets and food trends.

Lassonde became the first juice manufacturer in Canada, for example, to introduce orange juice with calcium in 1998.

*Gattuso believes the popularity of the company's existing brands, together with the fact that many are bolstered with natural ingredients like potassium, folic acid, omega-3 fatty acids and calcium, make them perfectly suited to take advantage of growing consumer interest in healthier foods. "This is a good time to be in juices," he says. "We're selling health"*

Most recently, the company launched new products aimed at capitalizing on healthy-living trends, including a line of fortified juice-cocktails marketed under the Oasis Health Break name.

Couture's most notable scientific achievement, however, was bringing the biggest technological innovation in Lassonde's history to fruition: a cold-fill environment for both glass and light plastic bottles. "Hot fill is easy: you raise the pasteurization level and the bacteria and everything else is destroyed. There's zero chance of failure. Cold-fill, on the other hand, is a long and very complicated learning process," says Couture of the aseptic procedure he helped to modify 15 years ago, making Lassonde the first and, still today, the only fruit-juice maker in North America to use the technology. "But it's worth it because it preserves vitamins and taste, too."

For company shareholders, Lassonde's rise from a regional to a national – even international – player in the juice industry has paid off in spades. On top of double-digit increases in sales, profits, and stock price, the company has earned a slew of industry awards, including eight Canadian Grand Prix awards for new products in the past decade.

There have, of course, been bumps along the way. In the mid-'90s, for example, Lassonde and a Chinese partner built a processing plant near Beijing to produce pulpy fruit nectars for the Asian market. After enjoying a few years of strong growth, the company, Beijing Seanoble, was overwhelmed by local competition. In 2002, Lassonde abruptly sold its share of the company, taking a \$4-million loss in the process. "It was a calculated risk that didn't work out," says Gattuso of the disastrous road trip. "More importantly, it didn't hurt our company's operations or our expansion plans. If anything, it made us smarter."

Marketing has also proven to be a big challenge for a company that sells both national and regional brands in packages of various shapes and sizes that are made with everything from steel and aluminum to plastic, glass and carton. "We've got lots of kids to feed at the table at the same time," says Benoit Boucher, who has taken over for Gattuso as Lassonde's new vice-president of marketing. "It makes for some very interesting meetings."

Like other Canadian food processors, Lassonde is also fighting both multinational rivals and private-label brands



for grocery-store shelf space. That has led to a recent cooling-off in stock price, as well as speculation that the acquisition-hungry company will itself be snapped up by a larger competitor. "We're not for sale," says Gattuso coldly when asked about that possibility.

### Future Draft Picks

Gattuso says he and his team are gearing up for further growth and expansion. One of the biggest opportunities, he says, is the fact that Canadians drink approximately 30 litres of fruit juice per capita each year. That's far below the 60 litres each German consumes every year and the 48 litres Americans guzzle. Even Quebecers drink an average of seven litres more than other Canadians – a fact Gattuso credits, at least in part, to his company's intensive marketing efforts in la Belle province.

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It's for those same reasons that Gattuso also believes Lassonde can successfully elbow its way into new international markets that are traditionally dominated by the multinationals. The company has already begun selling some of its juices and drinks (not to mention fondue broths, which are made through a small specialty-foods division, Produits Ronald Inc.) in the northeastern U.S. Lassonde products are also now found in some grocery stores and restaurants in as many as 30 countries around the globe. "We're in a very competitive business, but there are opportunities for companies that know how to innovate and differentiate themselves from the pack," says Gattuso. "We're one of those companies."

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