

# Largo than life

**Pat O'Keeffe** spent a day with the larger than life Ray Coyle, the Meath potato farmer who has built a snack food business around Tayto, Hunky Dory, King and Perri crisps



**PAT O'KEEFFE**  
NEWS EDITOR

**R**esearch by Largo Foods revealed that the iconic Tayto brand was tired, and needed an injection of fun. Having recently spent 24 hours with the brand's owner, Ray Coyle, I can say that his own personality leaves him perfectly placed for such a task.

Ray Coyle's Ashbourne based Largo Foods produces 6.75 million bags of Tayto, Hunky Dory and King crisps every week, as well as a wide range of other snack brands.

Like most entrepreneurs, Coyle has had his share of ups and downs along the way. Today, he is well placed, with Largo Foods holding 52% of the Irish crisp market, while also having a strong presence

in Britain. As well as his factories in Ashbourne and Gweedore, Co Donegal, Raymond Coyle is in the middle of spending €6-€7m developing a visitor centre at his Co Meath base.

If that wasn't enough, he is also personally investing in a 50:50 joint venture that will take the Tayto brand to Libya. He was there last Tuesday to see the first trial production runs. The project is a 50:50 joint venture with a local businessman, Dr Salagh Eghraim, who spent 17 years in Ireland, where he traded Halal meat.

The factory will have capacity for 120 staff, and initially launch nine products. There is a local market for crisps,

“Research by Largo Foods revealed that the iconic Tayto brand was tired and needed an injection of fun

but it is currently filled by imports.

At his farming peak, Coyle owned close to 900 acres. Scale is wonderful in good times, but a combination of poor potato prices and high interest rates made him a forced seller of land. It is now legendary that, rather than taking £270,000 for the 365 acres, he ran a raffle for the farm and raised £1.2m.

Coyle commenced crisp manufacturing in 1980, after he lost a contract to supply potatoes to Tayto. He bought the Perri brand in 1984.

Since then, the growth pattern has been upwards. In 2006, Coyle and Largo moved into the big league, when they paid €62m to purchase the Tayto Ireland business from C & C plc. Given that he was making the product on contract, Coyle knew the business inside out.

He is investing heavily in a much-needed modernisation of Mr Tayto, including an election campaign and Mr Tayto's high profile (if ultimately fruitless), search for love ([www.mrtayto.ie](http://www.mrtayto.ie)).

Altogether, Largo Foods now employs over 620 people in Ireland and processes 38,000 tonnes of potatoes supplied by 17 Dublin, Meath and Wexford growers each year.

Ever the optimist, he hopes that Largo's sales should come through the recession reasonably intact. “Most people don't know how much a packet of crisps costs,” he said.

However, given that he exports mainly to Britain, the recent strengthening of the euro against sterling presents a huge challenge to his business. When I visited in early November, the rate had moved to 84p, and Coyle revealed that every penny depreciation in the value of sterling against the euro costs Largo Foods €350,000.

Mr Tayto (pictured left) has appeared a lot in recent months in an election campaign and Mr Tayto's high profile (if ultimately fruitless), search for love.



“We had an exchange rate of 78p in our budget for 2008, and 80p in our budget for 2009,” he said.

This week, the euro is worth 95p. When I spoke to Ray Coyle on Monday, he was, as always, philosophical about it. “It is one of the those things you have to deal with. We have hedging in place for about nine months, but the only other real hedge is to buy as much inputs in sterling as possible.”

In Britain, own label is taking an increasing share of the market, but in Ireland, consumers are loyal to the brands. The company spends €8m to €9m per year on marketing, but Coyle always tries to spend his money a little smarter.

This Christmas, for example, he commissioned a high quality Mr Tayto Christmas card which he sent to retailers at their home address. He has also had his share of controversy, with mischievous adverts for Hunky Dory, occasionally earning rebukes from the Advertising Standards Authority of Ireland.

Given his nature, he is probably the creative force behind the adverts most likely to land them in trouble.

Last year, German food group, Intersnack, spent €15m on a 15% stake in Largo Foods. They are interested in acquiring more shares, but Coyle has yet to decide whether to reduce his holding.

Largo's 2007 results showed that the company's trading profit rose by 43.6% to €7.4

## Ashbourne plans to be Hunky Dory

**R**ay Coyle is currently landscaping 57 acres of his land in Ashbourne for a new theme park and visitor centre, that he hopes will attract at least 150,000 visitors per year.

He plans to invest €6m to €7m developing the facility, which will employ 70 staff at peak. All going well, he expects to be open for visitors in May 2010.

“Tayto lost market share due to being perceived as a tired old brand. We are changing it back to being fun.

“This visitor centre will be a cornerstone of the brand's

marketing for the years ahead,” he explained. “A family will pay €35 in and come out with €10 worth of crisps and hopefully three and a half hours of entertainment,” he said.

### ON VIEW

He plans to put 18 species on view, alongside shops, restaurants and children's play areas. A glass walled viewing platform to overlook the crisp factory is also planned as part of the family day out.

Coyle has had a herd of buffalo for a number of years, and plans to add bears, snow leopards, pumas, birds of prey and other wild animals to the mix, along with a pet's corner and 3.6km of walkway.

“We might call it the Hunky Dory Way or the Tayto Experience,” he said.

### WIND TURBINES

Visitors might also be able to admire a real life wind turbine, as Largo are currently well advanced in examining the feasibility of erecting a wind turbine to generate electricity for the Ashbourne plant.

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Raymond Coyle pictured in front of his Gweedore factory, which produces snack foods for the Irish and British markets.

## Gweedore plant competing on UK shelves

Raymond Coyle is very proud of his snack food plant in Gweedore, Co Donegal. He bought the old Sam Spudz factory from the Receiver in 1996, with the intention of closing down a competitor.

At the time, it employed just 24 people. Now, 12 years later, he is probably the biggest employer in Gweedore, with 260 staff and a thriving plant.

After touring the factory in the Udaras na Gaeltachta industrial estate, I was intrigued as to how a Gweedore based factory could successfully sell branded and own label product to the likes of

Tesco and Morrisons in Britain. Coyle explained that a container of 'ordinary' crisps leaving Donegal is worth about €8,000, while a container of a high value snacks such as 'Velvet Crunch' is worth in the region of €24,000.

### NICHE PRODUCTS

"The future here is more value added niche products, so we will try rice and whole-grain version of Velvet Crunch," he said.

"We need more of the high value containers, and less of the low value ones in order to ensure the viability of the plant," he said.

Velvet Crunch is one of

Coyle's biggest success stories. From a standing start in May 2007, it now has an 8% share of the Irish snack food market.

Labour costs in Donegal are about 4% lower than in Co Meath, but transport costs make it increasingly challenging to be competitive. "We need more automation for competitiveness," he said.

Gweedore is a business that Raymond Coyle is immensely proud of — and rightly so. He said that Donegal people were initially sceptical of a 'blow in', but now, 12 years later, he is a well-known and respected member of the community.



Velvet Crunch, made in Donegal, is one of Coyle's biggest success stories. From a standing start in May 2007, it now has an 8% share of the Irish snack food market.

# COMMENT

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PADDY O'KEEFFE



## Saving winter costs

CAN we cut the cost of wintering dry cows? Silage alone for a 60 day to 65 day dry period will cost €60 to €65.

There is the added cost of slurry storage and handling costs plus labour costs. In recent years, Kevin Twomey, of Renny Ballyhooley has tested grazed fodder beet.

Cows have done well on it. Yields are good. There is a

winter saving of about €40 per cow in feed and associated costs — €4000 in a 100 cow herd. The fodder beet yields 20 tonnes dm utilised per ha at a cost of €1000 — 50c per kg dm. This is more than 60% cheaper than good silage. Cows get an average of 3kg dm of baled silage daily. They are harvesting about 8kg dm of grazed fodder beet. Flex-

ibility is needed. In wet weather, about five hours are spent on the beet. The rest of the time is on a pad. In current good weather, the herd is full-time on beet. Cows are gaining good condition. To obtain good yield, beet husbandry must be good. This includes adequate time and early sowing. It is a system for free draining land.

## A sad end to 2008

IN my last column of 2008, I find seasonal optimism difficult. Compounding the world decline, we have seen near disaster on the home front. The Irish economy continues to slip badly. No rescue mechanism is in sight. The Taoiseach, so far, has not given creative leadership — soothing words are no substitute for real action. His assistant, the Tánaiste, is an economic calamity. Our banks are in disarray.

The Civil Service, at one time worthy of trust, has grievously failed in its watchdog role.

A culture of responsibility no longer prevails in our Irish senior Civil Service. Where is the accountability? Where is the sense of urgency? Speeches written for Ministers and other politicians are devoid of real action. Waffle reads as if senior civil servants want to sit out the recession, awaiting their retirement on handsome pensions.

Our national problems are not single spies — they are in battalions, and they include:

- State spending will exceed Revenue by over 10% of GNP in the coming year. This figure is more than three times the EU limit, and by any standard, it is not sustainable. Borrowing is not possible.
- Higher taxes will drive

recession deeper. We must cut state spending.

- Unemployment is increasing rapidly. First came the building collapse. Now we have reduced industrial competitiveness. Sterling decline has materialised. World demand has fallen. Irish costs have been too high.

- Turmoil in the banking world creates borrowing problems for any business, with the capability of growth. Credit will be essential for rapid recovery. Capital must become available to those banks with honesty of purpose and capacity to recognise effective enterprise.

In banking, the State should cease in capitalising lame dogs. Banks damaged by internal mismanagement should be left exposed to the market without public funding. Here, I include Anglo-Irish Bank, EBS and Nationwide. They are not fundamental to Irish banking.

Cost is the big factor in damaging the Exchequer and handicapping survival. We must plan for wage cuts in the civil service, and in private business. A 10% reduction may be necessary for survival.

Certainly, the proposed all-round wage increase should be suspended. The ESRI, not noted for civil servant antipathy, has suggested wage cuts

in the interest of survival.

First, the culture of waste in State run services must be eliminated. We have identified FÁS as a squanderer of state money in the towns and villages of Ireland. The public who have benefited from State munificence must be prepared to help.

Last week, we had the opposite. A Dublin Gael Scoil intimidating the wife and home of Batt O'Keefe, Education Minister. The Gael Scoils have benefited from State patrimony through smaller class sizes and ancillary support. Gratitude should not be expressed in noisy offensiveness.

Again, let us look at resource waste. Sufficient primary teachers are employed to provide an average class size of 17 national school pupils.

Where are the missing teachers? That same waste element permeates the 'Smart Economy' document launched by the Government last week.

'Smart Economy' is no answer for a country shrinking fast. The same feeble state quangoes have been called to help. I have no faith in the IDA and its ilk. I favour research. I can also say that long term State research and certainly 'green' research will not generate recovery.