

PAZO DE VILANE PAZO DE VILANE IN RESPONSE TO THE NEW CONSUMER MINDSET¹

In 2020, Pazo de Vilane was a family-owned company that produced and marketed free-range eggs from hens that lived freely and roamed outdoors, as well as organic jams and juices. The company was born in the rural environment of northwest Spain, in the province of Lugo (Ulloa region), within the Autonomous Community of Galicia. Pazo de Vilane started in 1996 with 50 free-range hens. By 2020, it had 145,000 hens (spread across small henhouses), producing 41 million eggs per year and was present throughout Spain through more than 1,100 points of sale. In 2019, it generated a revenue of 7,252,650 EUR and obtained a pre-tax profit of 770,888 EUR.

Nuria Varela-Portas, managing director of Pazo de Vilane, whose brand pioneered the free-range eggs section, explained the company's adaptation throughout the COVID-19 crisis. She described the main characteristics of the new mindset that, in her opinion, had already been consolidated in consumers: *"Consumers have rediscovered the taste of real food and will not give it up."*

THE PAZO DE VILANE

Pazo de Vilane was a pioneering initiative in the production of free-range eggs from hens in Galicia that had revitalized the rural economy, promoted women's advancement, and fostered culture in the Ulloa region. *"We always wanted a thriving Pazo de Vilane that could create wealth for the community,"* Nuria said.

This family project stemmed from the desire to reclaim a heritage that had belonged to the same family from the beginning. "It was our father, Juan Varela-Portas Pardo, who embarked on his final life adventure at the age of 66," explained Nuria. The 18th-century "pazo" (a traditional Galician manor house) and its surrounding

¹ This is a case of the Research Division of San Telmo Business School, Spain. It has been written by Professor Miguel Ángel Llano Irusta and is intended as a basis for class discussion only and not to illustrate any judgment on the effective or ineffective management of a specific situation.

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estates were restored to their original purpose as creators of wealth and income for the rural community of the area. A "pazo" is a type of traditional Galician manor house characterized by its noble architecture typically located in the countryside, and often accompanied by adjoining farmland.

Exhibit 1 outlines the company's principles, and in the following video, Nuria and her sister Piedad explain the philosophy of Pazo de Vilane.



The family

Juan Varela-Portas y Pardo (1930-2010)

He was the creator and advocate of the project. He always had a vision ahead of his time and went against the grain. The death of his father when he was 28 undoubtedly changed the course of his life. He would have become a State lawyer, but family circumstances led him to the business world in the 1960s; he created over 500 jobs in various companies.

Nuria Varela-Portas de Orduña

Nuria Varela-Portas has been the general manager of Pazo de Vilane since its foundation. After a long stay in England, she returned to the manor at the age of 25 to lead and drive the project forward, alongside her parents, from its inception. Armed with a degree in Economics and Business Administration and an Executive MBA, she tackled any task necessary.

Piedad Varela-Portas de Orduña

Director of Marketing and Communication. After fifteen years of practicing law as a corporate lawyer and having always participated in the family board of Pazo de Vilane as a legal advisor, she joined the company's creative department — Marketing and Communication— in 2012. In 2020, simultaneously, she trained as an "art therapist" in various disciplines related to art and creativity.

The beginnings

In 1996, Nuria (who had emigrated from Galicia to Madrid with her parents and siblings at the age of six) wrote a heartfelt letter to her mother from London, where she had gone to learn English after completing her degree in Economics. *"Cities are not for me. I imagine our whole family in a common project, in the countryside, sharing space,"* she expressed with undisguised homesickness.

Twenty-four years had passed since Nuria returned from England, and she still kept the letter on her dressing table. She left the hustle and bustle of the city and Big Ben to take a course in organic agriculture and to research alongside her father, Juan Varela-Portas Pardo, how to shape their dream.

"We would use the pazo to revitalize the area. We hit the bullseye with the eggs, just as we could have with vegetables... We placed our bets on a basic need turned gourmet product, something people consumed every week. Because we realized that people were asking for free-range eggs and couldn't find them. They were available at farmers' markets; those traditional home eggs, from the area, from grandparents, bought on the same day they were laid, at the local monthly farmers' market."

"My father, who passed away in 2010, was the great visionary behind what is happening now. He left me with the essence of that vision. We lived together on this project for 14 years, and I feel very comforted and proud because now we see color, but when I returned from London, the house was falling apart. Today, I can say that we have done well without boasting; with sound judgment, step by step," elaborated Nuria.

Their beginnings were tough: *"At the end of the nineties, no one was willing to invest any effort and money in the countryside because it was a depressed sector,"* she commented. In this regard, it was crucial for growth to sell not only in Galicia but also in other areas of Spain, such as Madrid.

"Starting a business in the 90s was very challenging, especially in rural areas. This business activity was dominated by large companies because, at that time, there were no free-range eggs on the market in Spain. You could only buy eggs from caged hens. Production was industrialized: eggs from millions of caged hens. We entered the market with a very innovative proposal. A year later, we were already in the retail sector in La Coruña, and shortly after, one of the measures we took was to enhance our product by enhancing its image, starting to innovate with the packaging," Nuria recalled.

Today, their 145,000 hens would fill the stands of Camp Nou. Only two decades ago, they would have fit in the cargo area of the red Citroën van that Nuria used to visit customers.