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Premium and Convenience Opportunities

# UK FOOD MARKET


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JANE MILTON FOOD INDUSTRY EXPERT

# UK FOOD MARKET CONVENIENCE & PREMIUM OPPORTUNITIES

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# 1. Foreword

The food industry in the UK is an incredibly vibrant sector, open to new products but also very competitive. Swiss premium and convenience products have a long history of success, however, often face significant challenges.

As operating in the high end sector is imperative for Swiss companies in the UK food and drinks industry, this report is intended as an overview and guide to the UK convenience and premium market. Comissioned by the Swiss Business Hub UK and written by Jane Milton, a certified expert of the Switzerland Global Enterprise Expert Directory, we are delighted to be able to present you with this report.

The report is to be presented at the 2015 Food Impulse at which Jane Milton will speak and Du Rhone, our UK case study, will present. We very much hope that this will provide a useful backdrop to understanding the UK market and we look forward to supporting you with your market entry and/or market development.

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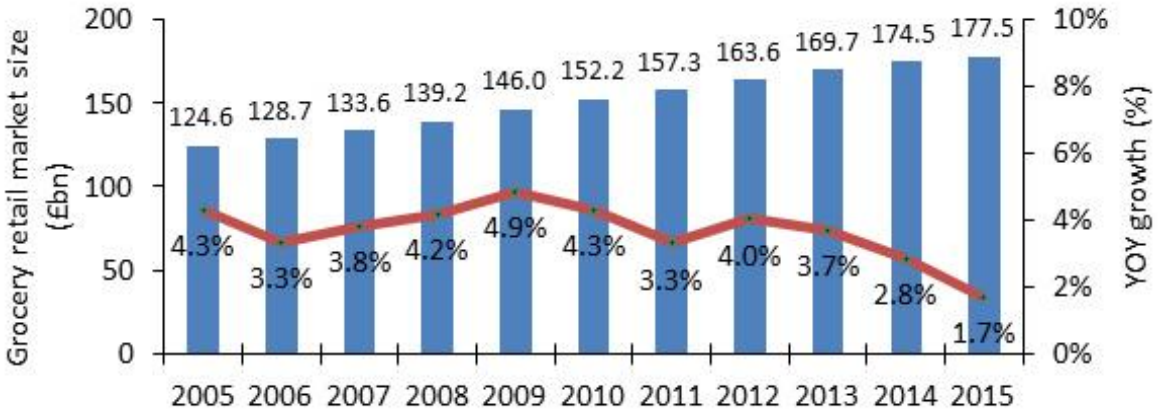
# 2. Introduction

**In 2014, the UK population was recorded as 64.6million (Office for National Statistics) and the UK grocery market was worth £177.5 billion in the year to March 31st 2015, an increase of 1.7% on 2014.**
**The Institute of Grocery Distribution (IGD) forecasts that the UK grocery market value will be worth £200.6bn in 2020, a 13.0% increase on 2015. The grocery market accounts for 51.3p in every £1 of UK retail sales, meaning many businesses see it as a worthwhile market to be in.**

## WHAT IS THE SIZE OF THE UK GROCERY MARKET?




A BBC Good Food Magazine Survey in 2014 of 10,000 UK consumers found that while 52% of the population could confidently cook 10 or more dishes, 10% cannot cook at all.

Despite the growth in global food trends, the UK is perhaps surprisingly still a nation fond of familiar favourites, as 50% selected a traditional roast dinner as a dish they regularly cooked. London (44%), Scotland (50%) and the South of England (52%) were regional exceptions, cooking a plate of spaghetti Bolognaise more frequently than the Sunday classic. 56% of consumers questioned listed their microwave as the most important piece of kitchen equipment they had, showing that speed and convenience are still key.

48% of consumers ate with others at least once a day and 77% found time to eat as a family at least once a week. Noticeably 16-24 year olds were likely to eat alone all week, with 19% saying they ate with their household less than once a week or not at all. Only 32 % of those questioned regularly made their own lunch with many opting to buy food, showing that the 'food to go' trend is not showing any sign of losing popularity.

This report focuses on 2 sectors of the food market where Swiss food businesses can often do well, the convenience sector and the premium retail sectors

We have explored each sector under the following headings
- Market development
- Main players
- Opportunities and suggestions for Swiss companies

It is hoped this information will help Swiss companies formulate a suitable entry and/or expansion strategy for the UK, and maximise their opportunities of being successful in these sectors.

# 3. Food & Drink Market Key Trends

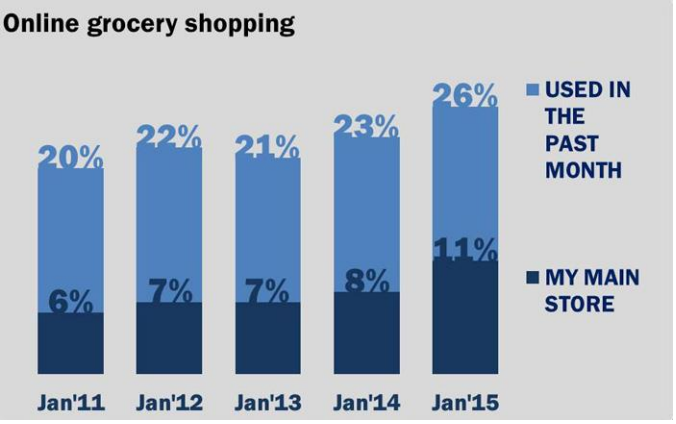
**In 2015 there are a few key trends that are prevalent across all areas of food retailing and are likely to have major influence on the food market for the next few years.**

## 3.1. CLEAN EATING

A move towards ingredient declarations on products that closely mirror what a consumer would find in their kitchen, so no preservatives, stabilisers, thickeners etc. This trend has also expanded to include people avoiding a number of ingredients or food groups for instance avoiding dairy, gluten, meat or cow's milk and wheat. These people are not allergy sufferers, this is more of a lifestyle choice. A number of food bloggers have become very popular and written recipe books supporting this more extreme form of clean eating. These include Hemsley and Hemsley, Ella Woodward, The Detox Kitchen and Madeleine Shaw. As a result of this phenomenon a number of ingredients have entered the mainstream supermarkets from more traditional health food stores for instance, coconut sugar, chia seeds, agave syrup, coconut oil and coconut flour.

## 3.2. RISE IN ONLINE FOOD SHOPPING

According to the IGD Over a quarter (26%) of all British grocery shoppers say they shopped online for their groceries in January 2015, which is a rise from just a fifth of shoppers four years ago.




Source: ShopperVista

11% of consumers now claim they buy the majority of their food shopping online, against just 6% in 2011.

The IGD predict that online will be the fastest growing part of the UK grocery market, more than doubling in value to £17bn by 2019. It will be worth 8% of the market over the same period, boosted by a surge in usage of not only home delivery, but also click and collect services where consumers can collect items in store having already selected and paid for them, or where they can collect them at other locations eg local rail station or at special lockers outside local convenience stores.
Amazon are set to come into fresh food in the UK during this quarter and then are set to introduce frozen food too. This greatly increases the opportunity for producers to sell to other channels outside of the 4 major supermarkets and with Amazon Prime customers being able to access free delivery on many eligible purchases, this will further boost the chances of people using Amazon for a few items they are unable to source elsewhere.


Some examples of Click and Collect grocery shopping in action

Additionally the increasing use of smartphones for mobile web access will further boost the use of online shopping as people can place their orders while they are on the move.

### 3.3. SUGAR BACKLASH

There has been a considerable negative press around the high level of refined sugar in the UK diet and the rise of the prevalence of diseases such as obesity and Type 2 diabetes. Jamie Oliver, the well known celebrity chef and food campaigner, has been calling on the government to tax sugary foods, to discourage people from eating so many.

The sugar industry saw sales drop by 14% in 2014 to £298m as nearly 50% of consumers reported trying to cut down on sugar. There is still a great deal of confusion in the market place with many consumers believing that non refined sugars such as maple syrup, brown rice syrup and honey are healthy.

In recent months people have questioned whether juicing is healthy as there can be a lot of fruit sugar in it and there has been a move to encourage people to juice more veg and eat fruit whole or as a small part of a juice. This has translated into the market with retailers offering a variety of sugar free products (refined sugar) including ice creams and cakes, as well as a growing range of natural alternatives to refined sugar including coconut sugar, and in food to go fruit packs coming onto the market where they are half vegetable, half fruit.

Retail buyers are very keen to track down sugar free products to satisfy their customer demand. There are also a number of books about how to remove refined sugar and then all sugar from your diet, including one by television personality Davina McCall, and she has joined froces with the housewares company, Lakeland to help consumers create more sugar free meals.

There are real opportunites for producers to win the trust of consumers by reducing sugar levels in foods, removing sugars and using natural sugar alternatives such as stevia and evidence appears to suggest that if they are seen to be doing this, they can quickly reverse the fortunes of products.

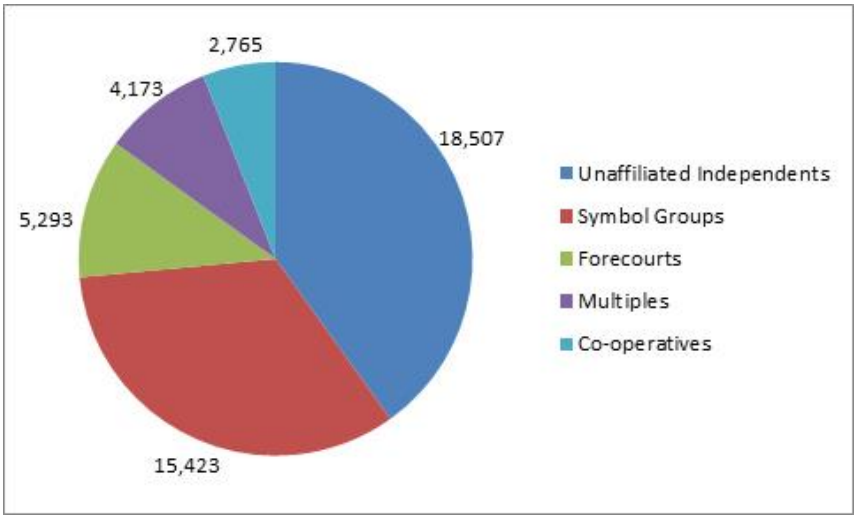
**Food to go continues to thrive, and for the convenience sector that is particularly important. Whether it is breakfast or lunch they are both great opportunities for convenience and if your store has already championed solving your ‚What's for dinner tonight ?' question, they are then maximising customer spend.**

# 4. Convenience Market

## 4.1. MARKET DEVELOPMENT

The grocery market has changed in the last 15 years with the growth in market share of the discounter food stores, predominantly Lidl (up 13.6 % Jan-Mar 2015 against 2014) and Aldi (up 19.3 % Jan-Mar 2015 against 2014 ), and the reduction in popularity of the largest format out of town supermarket, although these are still a significant part of the way in which UK consumers shop. Discounters accounted for 5% of the last year's new store openings in the supermarket sector.
In 2015 the IGD estimates there are just over 46,000 convenience stores in the UK made up as follows

Convenience Stores in UK




William Reid Business Media/IGD 2015

Additionally, convenience stores have seen a boost to the average basket size as many people shop in supermarkets less often and do a 'top up shop' in a convenience store. According to shopper research consultancy Him! the average basket size in a convenience store is now 3 products, with 40% of shoppers questioned listing a 'top up shop' as what drove them instore, accounting for 44p in every £1 they spend.

There are a number of smaller format supermarkets now including Tesco Express, Sainsburys Local, Little Waitrose and M Local for Morrisons. In the late 1950's small format high street grocers were the mainstay of UK food retailing, and then the large format, out of town supermarkets closed these. But in 2014 Sainsburys had more of these new small format stores than it did large out of town sites. These stores are typically under 3,000 sq ft (280 sq m) and not affected by Sunday Trading Act which limits larger stores to trade for only 6 hours on a Sunday, and seem to be having a resurgence, albeit driven by the same big chains that previously flourished with out-of-town hypermarkets.

More traditional convenience stores, family owned stores, which are often part of symbol groups such as Spar, Londis, Budgens ( soon to be Booker) and Nisa have traded up and many have revamped their offer to capitalise on the 'food to go' market from breakfast, through, lunch to dinner as many British people eat all their meals on the go. Several have installed coffee machines that are selling high street brands such as Costa or Starbucks either across the counter or from self service machines. They have also realigned themselves with the trend in 'top up shopping' where consumers will often do a big weekly or monthly shop and then top up on items such as milk, bread, unplanned meals for instance if they suddenly find they will have friends or family eating with them.

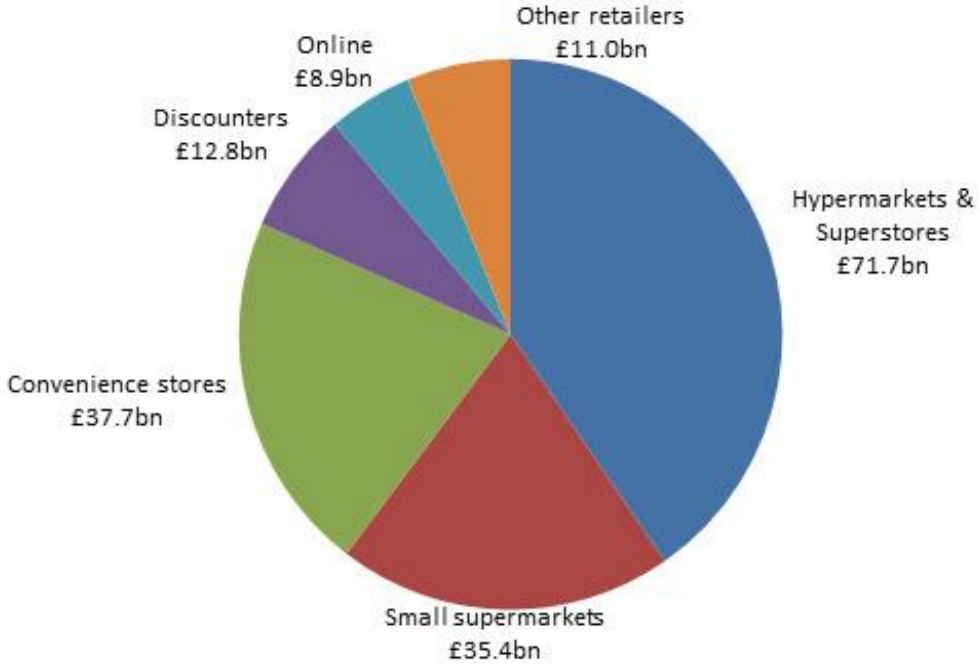
Many petrol station forecourts have been taken over by the small format supermarkets or convenience stores, as many consumers leave the high street and so retailers look for other placesto reach the footfall, for instance at petrol stations and also train stations.

**The IGD defines a convenience store as :**
The store must be under 3,000 sq ft
It must not be subject to restricted opening hours under the Sunday Trading Act.
It should stock at least seven of the following core categories:

| | |
|---|---|
| Alcohol | Household |
| Bakery | National Lottery |
| Canned and packaged grocery | Milk |
| Chilled food | Newspapers / magazines |
| Confectionery | Non-food items |
| Frozen food | Sandwiches |
| Fruit and vegetables | Savoury snacks |
| Health & beauty | Soft drinks |
| Hot food-to-go | Tobacco |

The Industry body, IGD says the value of the convenience sector will grow from £35.6bn in 2013 to £46.2bn by 2018.

How the Value of Food Retailing is Divided Between the Different Classifications of Food Retailer




Data is for years to March 31st. Source: IGD UK Grocery: Market and channel forecasts 2015-2020
Market data includes VAT and excludes fuel sales

## 4.2. MAIN PLAYERS

In the 12 months to April 2015 the convenience market generated £37.7bn in sales,a year-on-year increase of 5.1%. The convenience sector is dynamic, it relies on the correct store formats, in the right sites, with the right mix of products. Getting pricing right is key,as increasingly are promotions. It is also still helped by social and economic changes such as smaller household sizes, longer working hours, and reducing food waste which all play to the strengths of convenience stores asconsumers look to shop 'for tonight' or for the next couple of days.

### 4.2.1. Co-operatives

Co-operative groups, historically set up as societies and run by their customers and employees. Co-operatives have seen a small increase in store numbers in store numbers and in sales over the last 12 months. Co-operative Food began promoting their fresh produce by having a rolling promotion of 3 for 2 on 100 key fresh produce lines. A trial in Wales earlier this year caused an overall uplift across the business.

### 4.2.2. Convenience forecourts

These are businesses that operate withing petrol stations or alongside businsses selling fuel The number of convenience forecourts has stabilised, however been some interesting changes beneath the surface, with the oil companies progressively off-loading their sites, giving rise to an increase in the number of sites who can be owned by dealers who are running several units. Sales at convenience forecourts are flat (+0.1%) for the year ending April 2015.

### 4.2.3. Convenience multiples

Convenience specialists and some supermarket based chains, eg Tesco Express, Sainsbury's Local and McColls). The multiples continue to grow store numbers with an increase of 401 (+16.6%) year on year. It is however important to remember they still represent less than 10% of stores (8.6%) and approximately one in every five pounds spent in convenience channel (21.8% £ market share). In addition, this increase in store numbers represents a slowdown vs. the previous year when 451 stores were added. Franchising as an ownership model has been the driver of much of the growth in the convenience multiples sector in the last 12 months, most notably from One Stop and M&S Simply Food.

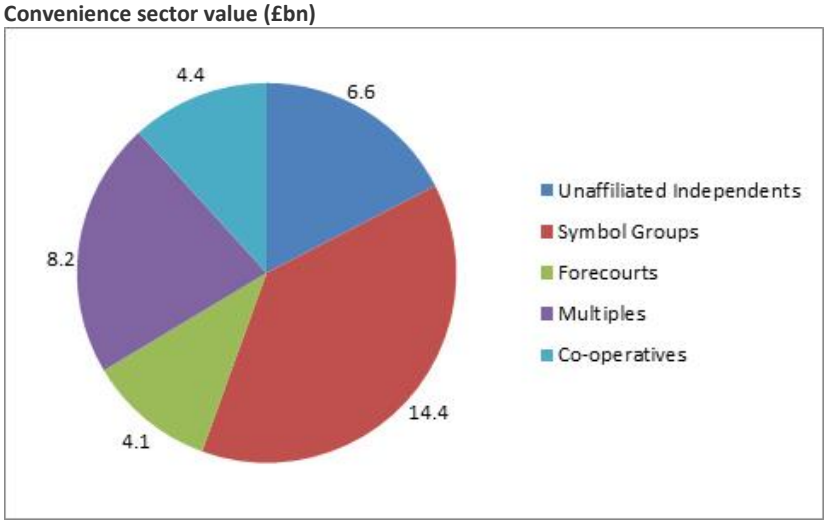
### 4.2.4. Symbol groups

The symbol groups added an additional 250 stores to their portfolios over the last 12 months, a modest increase of +1.6%. However, symbol groups still represent nearly one third of stores (31.8% share). There were mixed fortunes in the sector and we can expect further change following the announcement that Booker will acquire Musgrave UK, thereby adding the Londis and Budgens brands to their portfolio and making themselves the group with the largest number of stores.

### 4.2.5. Unaffiliated independents

The decline of unaffiliated independents has continued to slow, with store numbers down -0.7% for the 12 months to the end of April 2015. However they remain the largest segment of convenience in terms of store numbers, accounting for 38.1% of all stores and still proving resilient, despite the intensifying competition across the other types of convenience store.

Convenience sector value (£bn)




Source: IGD Research, 2015

For this report, we are looking at the convenience symbol groups and also at the Convenience Multiple M&S Simply Food as the M&S brand is not traditionally considered as one of the big 4 supermarkets in information quoted and I believe that Swiss companies may have products that would sit well with their customers. Multiple retailer small supermarket formats operate buying teams in the same way as their larger counterparts do.

These convenience groups have their own buying teams and also often their own new product development team (which can sometimes be an external business such as FBDC who work with Spar among others) creating products and developing ranges of products to help differentiate these retailers from their competitors. As with most retailers they will have two major range reviews/ product changes annually spring and Autumn and will also have a range of products that will come in store from November each year for Christmas.

## 4.3. BOOKER

(INCLUDING BUDGENS AND LONDIS WHICH IT BOUGHT IN MAY 2015 AND ARE CURRENTLY PREPARING TO CHANGE OVER TO BOOKER BRANDED STORES) OVENTRY STORE

The new group will have 4907 stores, 9.4% market share and £5.6bn sales and according to Booker CEO, Charles Wilson they will also benefit from the 4 Budgens distribution centres giving them a better supply chain and fresh offer too. Booker plans to supply fresh items through the existing Budgens/Londis distribution centres and ambient goods and promotional items through their own Cash and Carry system.

## 4.4. NISA

In 1977 Nisa launched as the Northern Independents Supermarket Association to protect the interests of independents against the insurgence of the national supermarket chains.

The group grew dramatically over the next 20 years, attracting thousands of independent retailers to its membership, replacing 'Northern' with 'National' as it expanded and pioneered central distribution to independent stores to provide them the same benefits as multiples.

One flagship store within the group would be Pinda and Paul Cheema's Coventry store. They have added an extra chiller right at front of the store just for meal for tonight solutions. They also display meal solutions together so eggs, tomato, mushrooms, sausages and bacon, or chicken and fajita kits.

Today Nisa is a £1.43 billion turnover company, operating almost 2,500 retail stores, and provides every service that an independent needs to survive and grow in the grocery marketplace. Nisa has developed exponentially in the 36 years since it was established in this dynamic market place will continue to evolve in line with the changing market.

## 4.5. COSTCUTTER

With 1,700 stores across the UK, Costcutter aims to tailor its offer to the local needs, providing value to customers along with the mix of products that the community wants. Costcutter is part of Costcutter Supermarkets Group a business with £5 billion buying power, added to in 2013 through the addition of Palmer and Harvey's (P&H's) 800 Mace convenience stores. The business is predominantly afranchise business with over 2,500 convenience stores, trading under Costcutter, Mace, kwiksave and Supershop in the UK and Republic of Ireland.

## 4.6. SPAR

The business was originally founded in Holland in 1932 and now the world's largest international food retail chain, with 12,322 stores in 34 countries.
SPAR was set up in the UK in 1957 with five founding wholesale members, today they have more than 2400 stores and employ over 50,000 people in the UK. The UK business has a turnover in excess of £3billion. Their ethos is that SPAR members retain their independence but enjoy the advantages of belonging to a global brand. Spar has some very successful stores including their Eat 17 stores in Walthamstow and Hackney in London where they make a lot of food fresh in store and have won some great comments from food journalists for it.

## 4.7. M&S SIMPLY FOOD

M&S launched a convenience format, branded Simply Food in 2001, with the first stores opening in Twickenham and Surbiton near London, The stores predominantly sell food but also carry a small selection of general merchandise and trade mainly in own label products but also have a selection of premium, branded ambient goods such as spice mixes, salsas, cooking sauces and savoury and sweet biscuits.A number of these are run under franchise agreements: SSP Group runs the stores at mainline railway stations and airports.Moto has stores at 37 of its motorway service stations and BP has over 120 petrol stations with Simply Food offerings.

In their annual full year results to March 2014, M&S say of their food business (they don't split out Simply Food results):

- Our Food business had a very strong year, with sales up 4.2%, up 1.7% on a like-for-like basis. We consistently outperformed the market, delivering 18 consecutive quarters of like-for-like growth.
- Our strategy is to be more specialist and focus on quality and innovation. Our products are made exclusively for M&S and this unique position means they are not comparable with the rest of the market. Rather than joining the race to the bottom on price, we are focused on developing top-quality ranges that are competitively priced, whilst ensuring our farmers get a fair deal too.
- With a 38% market share, we are the established market leader in party food and sold 5.5 million packs during the festive season.
- We continue to highlight the great value we offer on everyday essentials with sales of our Simply M&S range continuing to grow – accounting for 11% of total sales.
- Our innovation is unrivalled, with 20% of our products new this year.
- This year we expanded our healthy food offer with Delicious & Nutritious, a range of salads and flatbreads inspired by Middle Eastern and Asian flavours
- In a nod to the American trend, our Grill range included Posh Dogs barbecue hotdogs, which were a summer hit, selling 926,000 units.
- We continued to enhance the shopping experience for our customers, introducing new ways of displaying products and improving choice by bringing the full range to c.110 stores. As a result, we are seeing more customers shop with us more often.

## 4.8. OPPORTUNITIES AND SUGGESTIONS FOR SWISS COMPANIES

There are opportunities for Swiss businesses in the UK convenience sector with products which have clean ingredient declarations and can be either branded or packed for the convenience group's own label brand.

Switzerland has a reputation for good quality healthy foods and these are things which UK consumers are looking for. Charcuterie and cheeses, particularly in ready to use formats, pre-sliced and ideal for entertaining, sharing with friends or snacking with.

Any products which can be added to ranges for Food on the Go will do well in this sector from breakfast items to individually packed biscuits and cakes.

Confectionery and chocolate as well as qualty patisserie and items suitable for Christmas cake and confectionery ranges would all be of interest to these suppliers.

Christmas purchasing is all completed by June for December as it is revealed to journalists in July
Pack formats are for 1-2 people in most instances

Cooking sauces can do well but they need to be distinctive as this is a very crowded and competitive market place, but unique and exceptional products can still do well.

Biscuits both sweet and savoury biscuits for cheese would also be a category to watch.

# 5. Premium Food Products

## 5.1. MARKET DEVELOPMENT

In the UK retail food market at present there are two key growth areas- the discount end supplied by Asda and LIDL, and the premium market serviced by Waitrose, Booths (in Cheshire and the Lake District), Ocado the online retailer, the food halls such as Harrods, Harvey Nichols, Selfridges and Fortnum and Mason and stores such as Daylesford, Wholefoods and independent delis and farm shops.

Organic fruit, vegetables and dairy products which had suffered during the recession are now selling again at pre-recession levels.

People may still be cautious about eating out but they will treat themselves to premium patisserie, confectionery, quality prepared meals, scratch cooking kits that may help them to cook at a levely above what they usually do.

Amazon are tipped to enter chilled food retailing in the UK imminently, having taken over a Tesco distribution centre in Surrey, to send out packages from. This could give a number of food producers a whole new route to market and with Prime meaning people do not pay for their post and packing on each item, it makes food shopping online for a few items very cost effective.

## 5.2. MAIN PLAYERS

### 5.2.1. Waitrose

Waitrose is a chain of British supermarkets, which forms the food retail division of Britain's largest employee-owned retailer, the John Lewis Partnership. As of February 2015, Waitrose has 322 branches across the United Kingdom, including 30 "little Waitrose" convenience stores, and a 5% share of the market, making it the sixth-largest grocery retailer in the UK.

### 5.2.2. Booths

Booths are based in the Northern regions of England, in Cheshire, Lancashire and the Lake District. They pride themselves in their quality, the way they treat their employees and the quality of their priducts they try to be very transparent about their procurement process so nobody misses out just because the system is complex http://supply.booths.co.uk/how-to-supply-booths. They currently have 28 stores so are ideal for some suppliers who only have a limited volume of products they can make.

### 5.2.3. Ocado

Ocado is a British online supermarket. In contrast to its main competitors, the company has no chain of stores and does all home deliveries from its two warehouses and its' systems were all designed for them to trade online, where other supermarkets have had to add this on.. Ocado has been voted the best online supermarket in the UK by Which? readers every year since 2010. They have a programme for developing and helping small producers. As nobody walks passed the products at Ocado you need to be prepared to advertise /promote your product to drive sales and to be visible at festivals etc in their area to get people tasting your product.

### 5.2.4. Harrods

Their food hall is renowned for both the range of rare and exotic foods they have as for its listed architecture. 85% of all they sell is Harrods own brand, so it is often better to supply Harrods branded goods rather than your own. They sell a lot of food to tourists as well as to local people and they deliver locally or by mail order on certain products. The store has a number of concession shops inside their food hall across every area from confectionery to bakery. They pride themselves in selling some very premium products eg olive oil with gold leaf and also to producing a lot internally. They have a number of patnerships each year with renowned chefs and sell food to allow consumers to try their recipes at home. They also have a large group of customers who are looking for halal food and so confectionery which is halal certified, is always popular.

### 5.2.5. Harvey Nichols

This company has a food hall in Knightsbridge London and another in Leeds and Edinburgh though these have smaller food sections. They have a contemporary look to the store and often sell newly launched products from small producers as well as some established brands and American food items.

### 5.2.6. Selfridges
Selfridges stock a wide range of American foods and ingredients as well as Arabic food, and they operate a fish counter, butchery, bakery, large confectionery department and other areas. Again the store is more contemporary and so sits well with products with modern packaging. They have a second store in Birmingham which also has a food offering.

### 5.2.7. Fortnum and Mason
Fortnum and Mason have their main store in London Piccadilly, another at St Pancras Station and one at Heathrow and another in Dubai. The stores outside the main store sell mainly packaged food like tea, biscuits and jam s and preserves. They began as a grocer's in the Victorian era and continue to stock a good and wide range of fresh foods, teas, and a wide range of jams and marmalades often made in small batches and using scarce ingredients.

### 5.2.8. Wholefoods Market
Wholefoods Market this is an American store concept that sells largely Organic food and some other wholefood products and health associates supplements. They have a very tight list of additives etc that they will allow to be used in products they stock. They have a flagship store in London and 9 smaller stores in the UK. If you have an organic product or a wholefood product or perhaps a free from product this is a good place to have it stocked.

There are also a number of small independent stores in the UK, delis, farm shops and fine food stores specialising in eg cheese or chocolate. Many are members of the Guild of Fine Food https://gff.co.uk/

The best way to supply them is to ask them which distributors they use and which they like dealing with most, then check out the distributor and the ranges they stock and then make an informed choice when you approach them.

## 5.3. DISTRIBUTION CHANNELS
These stores all have their own buying teams and new product development too but also buy through fine food distributors such as Baytree, Cotswold Fayre, Bespoke Foods and The Fine Confectionery Company. In the case of the London Food Halls they often want exclusivity on your product certainly for at least 6 months so you would not normally get listings in more than one of the stores with a new launch, so you should approach the store you think is best fit for your product first.

## 5.4. OPPORTUNITIES FOR SWISS BUSINESSES IN THE PREMIUM SECTOR
Premium alcoholic drinks could work well in this market but may require first to go into the on- trade, so people get to know them and ask for them in retailers.

Entering competitions and awards are a great way to get your product known and attracting retailers to them.The Guild of Fine Food Awards https://gff.co.uk/awards/great-taste-awards and the Free From Awards www.freefromfoodawards.co.uk if you have products that are gluten or dairy free are two you may want to explore more.

Confectionery will always be wel received by the market as would patisserie and biscuits as you have a reputation for these.

Premium snacks, thick cut crisps, nuts and other adult style ranges all with clean ingredient declarations

Charcuterie, perhaps a specific range for slicing in stores or sliced, premium products.

Anything gluten or dairy free and premium in attractive packaging,

Savoury sauces for cooking with, spreading on toasts or crackers, dips, salsa type products. Vinegars, oils, flavoured with herbs or anything similar to this.

Hot beverages- spiced hot chocolates, herbal teas, spiced teas.

Generally premium products, well packaged with clean ingredient declarations are all worth considering on an individual basis.

# 6. Key Trade Shows and Events for the Sector

### 6.1. SPECIALITY AND FINE FOOD FAIR, LONDON

www.specialityandfinefoodfairs.co.uk
Annual show for artisan and fine food producers. Targeting buyers from the independent sector, food halls eg Harrods, Selfridges, delis, farm shops and small coffee shops. Supermarket buyers do attend but the focus is predominantly on independent retailers. In 2014 they had 12,135 visitors ( ABC audited figure)

### 6.2. LUNCH, LONDON

www.lunchshow.co.uk
Annual Show targeting the lunch time market, food to go shops, sandwich bars, convenience stores. Over 6000 trade buyers in 2014

### 6.3. FARM SHOP AND DELI, BIRMINGHAM

www.farmshopanddelishow.co.uk
Annual Show, only a few years old, 2014 Visitor numbers up 40 % on 2013 and over 400 exhibitors.

### 6.4. IFE, LONDON

www.ife.co.uk
Bi-annual.Visited by retail, manufacturing, wholesale and foodservice buyers. The last IFE in 2013 ( 2015 figures not published yet) attracted 26,976 attendees from over 100 countries, with over 1,100 exhibiting companies.

### 6.5. NATIONAL CONVENIENCE SHOW, BIRMINGHAM

www.nationalconvenienceshow.co.uk
Annual Show, no visitor statistics but 67% of visitors are from independent retail groups.

### 6.6. FOOD MATTERS LIVE, LONDON :

www.foodmatterslive.com
New show in 2014, returning again in 2015. Food Matters Live is the UK's first cross-sector event bringing together professionals from across the food and drink industry, nutrition and health to address one of the most important challenges of our time: the relationship between food, health, nutrition and their connections with the environment, population health and wellbeing. There are more than 400 companies who will take part in the exhibition, 450 speakers participating in the conference and seminar programme and over 100 free to attend conference and seminar sessions. While this is only in its second year, it is undoubtedly a useful event at which to understand the UK food market and to meet many of its influencers.

### 6.7. LONDON FOOD WEEK FROM 2016

www.londonfoodweek.co.uk
May 15-21 2016 London Food Week aims to grow awareness of the quality food produced and sold in London and to encourage the industry to look to London for suppliers and inspiration for their plates. There will be a series of both business to business events and some consumer events to showcase the wonderful food and to inspire talent into the food industry.
Whilst this event is very much aiming to fly the flag for British food businesses there will be a whole series of events around manufacturing, retailing, event catering and immersive dining, restaurants and food markets, which will allow those from outside the UK to better understand UK markets and opportunities and will undoubtedly mean that during that week many of the UK food sector’s key people will be in London and available to meet.

# 7. Regulatory Overview

## 7.1. THE FOOD STANDARDS AGENCY

www.food.gov.uk

The Agency (FSA) is an independent Government department whose remit is job tto use their expertise and influence so that people can trust that the food they buy and eat is safe and honest. Their work affects everyone in the UK as they underpin the industry. Teir are some regulatory differences between Scotland, Wales, Northern Ireland and England and links to each regional FSA can be found on this one page. The FSA Strategy recognises that there are growing challenges around food safety, affordability, security and sustainability – and makes clear the purpose and responsibilities, and the roles and responsibilities of others across the industry, in meeting these.

## 7.2. BRC ( BRITISH RETAIL CONSORTIUM) GLOBAL STANDARDS

www.brcglobalstandards.com

BRC Global Standards is a leading safety and quality certification programme, used by over 22,000 certificated suppliers in 123 countries, with certification issued through a worldwide network of accredited certification bodies.The Standards guarantee the standardisation of quality, safety and operational criteria and ensure that manufacturers fulfil their legal obligations and provide protection for the end consumer. BRC Global Standards are now often a fundamental requirement of leading food retailers and major companies withing the UK food industry and are often used as an entry level criteria, which they expect all businesses they deal with to operate to before they can work with them. Often these companies insurers would consider people operating outside of these Standards to be too high risk to deal with. The main standards that affect the food industry are the BRC Standards for Food Safety, Packaging and Packaging Materials and Storage and Distribution. As these are Global Standards companies outside the UK can obtain them and many other countries have adopted these for within their own industry.

## 7.3. SALSA

www.salsafood.co.uk

Safe and Local Supplier Approval (SALSA) is a food-safety standard written by experienced food safety experts to reflect both the legal requirements of producers and the enhanced expectations of 'best practice' of professional food buyers.
SALSA certification is only granted to suppliers who are able to demonstrate to an auditor that they are able to produce safe and legal food and are committed to continually meeting the requirements of the SALSA standard.
The Standard is not available to businesses outside the UK but you may find yourself against businesses that have this standard if you are bidding against small businesses and so it is useful to understand what it means and the standards to which they are measured so you can explain how your business would perform against them or if you hold BRC standards that may supercede these.

# 8. Case study

## 8.1. DU RHONE CHOCOLATES - SELLING TO HARRODS, LONDON

Du Rhone is a name synonymous with quality, tradition, reputation, they have been making chocolates in Geneva since 1875. To this day the ingredients are selected meticulously, as shown by their refusal to incorporate chemical additives and preservatives in any chocolates. By the 1960's they were established in the world of chocolate and renowned the world over and feature in some of the most exclusive guides like the Californian Goldbook.

When they wanted to come to London, they approached Switzerland Global Enterprise and asked to work with a market expert. Jane Milton Ltd was appointed and initially was concerned that they were so determined to only be stocked in one store and had no back up plan. We prepared the market information for Du Rhoneto send to Harrods as, we have a good work relationship with Harrods and knew the information they would need and how they would like it presented. Du Rhone sent us chocolates and we delivered the chocolates and the documentation together to be certain they reached the buyer. The buying team loved the chocolates, and the commercial agreement was put in place and earlier this year Du Rhone began to be sold in Harrods store and also online, six lines are offered for sale on the website including Marron Glace.

Harrods and Du Rhone are pleased with their new relationship and their customers are loving the chocolates. Bruce Langlands, Director of Food and Restaurants , Harrods London talking about the successful introduction of Du Rhone to the Harrods Confectionery Department

"The brand is currently exclusive to Harrods, we are very pleased with sales.
The best seller is the Marron Glace in retail value.
Our Chinese customers really love this brand. They are popular as they offer a point of difference from other brands being slightly more masculine. The quality is excellent."

Here is a link to the website for online orders: http://luxury.harrods.com/search?w=Du+Rhone&view=p

# 9. Appendix

## 9.1. REFERENCES

Office For National Statistics, UK
Institute of Grocery Distribution
Convenience Tracking Report, Him!
BBC Good Food 25th Anniversary Survey of Consumers,2014 ( YouGov )
Kantar Worldpanel 2015
Shopper Vista
William Reed Business Media

# 10. Appendix 2

## 10.1. DEFINITIONS OF DIFFERENT CLASSIFICATIONS OF STORES

Used in the pie chart on P. 7

- Hypermarkets and superstores: Large format stores that sell a full range of grocery items and typically a substantial non-food range. Hypermarkets have a sales area of 60,000 sq ft +, superstores are 25-60,000 sq ft. These include Tesco, Tesco Extra, Sainsburys, Waitrose, Morrisons
- Small supermarkets: Defined as food-focused stores with sales areas of 3-25,000 sq ft. This includes Little Waitrose, M&S Simply Food, Tesco Express, Sainsburys Local
- Convenience stores: Stores with a sales area of less than 3,000 sq ft, which are open for long hours and sell products from at least eight seven grocery categories. Examples include SPAR, the Co-operative Group and Londis.
- Discounters: Includes all sales through food discounters Aldi, Lidl and Netto and the grocery sales of the main high street discounters such as Poundland and 99p Stores which carry a number of food lines.
- Other retailers: Includes stores with a sales area of less than 3,000 sq ft, typically newsagents, off-licences, some forecourts and food specialists, such as butchers and bakeries. This channel also includes the grocery sales of predominantly non-food retailers such as department stores.
- Online: Internet orders placed at grocers and online food specialists for home delivery and customer collection.

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