

## MARKET WATCH

### Breaking into the U.K. Market

The U.K. grocery market is one of the most sophisticated in the world. Nearly four times the size of the Canadian industry, it offers exporters a wealth of opportunities to increase sales and build their brands. Although Canada grows some of the best crops in the world and is a diverse producer of food stuffs, exporting to a new country is a difficult step to take, especially for small businesses wary of spending money with little guarantee of success. However by following some basic tips, breaking into the U.K. market and placing Canada's products on the U.K. stage could become a reality.

The key challenge is getting to know the market. It can be very hard ascertaining what the key grocery outlets are, let alone where your product would best fit. For example, Waitrose and Marks & Spencer target high-end shoppers, whilst Asda and Tesco are larger, mass-market retailers similar to Costco and Wal-Mart. If you don't want to use a sales broker, you will have to research local trade and consumer magazines to give you an insight into customer and industry trends. As in Canada and the U.S., consumers are particularly keen on organic and wholesome foods. Products with added health benefits, functional foods, are also a growth market.

Retailers recognize consumers' desire for the "new," and as such want innovative products to drive footfall. Consumers want choice and will react and pay for relevant innovation. U.K. supermarkets are keen to support fresh ideas, however they won't be keen to buy Canadian apples, for example, when the same product is available in the U.K. with higher quality and a lower carbon footprint. As a side point, Canadian packaging doesn't work over here – sure, highlight the fact your product is Canadian, but not at the expense of the product's function and style.

I also can't emphasize enough the importance of a strong media campaign. Although half the battle is getting your product on the shelves, the other half is getting it off them. In my experience public relations is the most effective route to the consumer, and worthwhile for 18 months after the launch. You need to stimulate interest, particularly for an unknown international brand, and remember that people will take more notice of an independent media source than paid advertising.

Finally, make sure that you can move quickly. The supermarket sector is a fast-paced industry and reacts instantly to media stories or celebrity preferences. Make sure you have the right systems in place, from technology ensuring smooth operations, to a seamless supply and demand chain structure. Do your homework, ensure your product is checked with U.K. trading standards and labelled correctly. The last thing you want is to disappoint the buyers for failing to deliver your product.

The U.K. grocery market will continue to grow, and if Canadian producers can harness its potential they'll be set for exponential growth. Successful exporting relies on strong local knowledge and the flexibility to tailor your product to the market. If you can do this, the U.K. could become your next big venture.



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Interested in contributing to Market Watch?

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nielsen

	Latest 52 Weeks Year Ago				Latest 52 Weeks			
	\$ Vol	\$ Vol % Chg	Unit Vol	Units Vol % Chg	\$ Vol	\$ Vol % Chg	Unit Vol	Units Vol % Chg
<b>All Channels (National Grocery Banner+Drug+MM+GM+WC)</b>								
TL BABY FOOD	60,675,084	1%	85,070,237	-2%	60,206,189	-1%	84,884,873	0%
TL GLASS BABY FOOD	44,955,669	-14%	61,879,887	-17%	45,920,732	2%	65,247,830	5%
TL PLASTIC BABY FOOD	15,719,415	98%	23,190,350	88%	12,849,535	-18%	19,083,881	-18%
TL BABY FOOD ORGANIC	4,593,380	-6%	6,478,301	-9%	5,322,617	16%	7,920,749	22%
<b>NAT XNFLD GROCERY BANNER</b>								
TL BABY FOOD	38,663,786	-8%	53,377,077	-9%	35,106,584	-9%	50,435,230	-6%
TL GLASS BABY FOOD	29,090,237	-21%	39,948,356	-22%	28,436,932	-2%	41,383,772	4%
TL PLASTIC BABY FOOD	9,573,549	84%	13,428,721	77%	6,474,855	-32%	8,973,154	-33%
TL BABY FOOD ORGANIC	4,085,314	-13%	5,719,777	-16%	4,784,401	17%	7,136,528	25%

Source: Nielsen MarketTrack, National All Channels (Grocery Banner+Drug+MM+GM+WC) & National Grocery Banner, 52 Weeks Ending Feb. 17, 2007 & 52 Weeks Ending Feb. 18, 2006.