

Handy Hints for European food manufacturers/suppliers wanting to get their products into the UK major retailers.

Background

The BRC (British Retail Consortium) quality standard is the commonly accepted accreditation for UK retailers. It is unlikely that suppliers will be considered until they have obtained this (the International Food Standard IFS is not sufficient in many cases). For more information, please see <http://www.brc.org.uk/standards/default.asp>

The UK has a wide range of supermarkets aimed at different market segments. Suppliers need to do their research to understand the market and select the supermarket best suited for your product. For example, Waitrose and Marks & Spencer target premium customers, Asda and Aldi are discount stores.

Understand the key growth areas in the UK food market. These include: chilled food and ready meals; chilled desserts; cheese – particularly speciality cheeses; on-line purchasing; “healthy” products (including low calorie, low fat); organically grown products; ethically produced and local products (the “Red Tractor” label is a widely-used independent quality mark to indicate producers have met food safety, hygiene and animal welfare); environmentally friendly products; supermarket own brand products; ethnic foods; labelling of contents to show, for example, fat, sugar and salt contents (“Traffic Light” and “GDA” – guideline daily amount). (Source: Anuga 2007).

In particular, German exports to the UK are booming and has been growing approximately 10% year on year. Supermarkets of German origin, and Aldi in particular, are enjoying huge and growing popularity in the UK. The biggest growth area is chilled products, particularly cheese and meat. The UK is also the biggest export market for German wine – particularly new style Rieslings and Pinot Noir. (Source: Anuga, 2007).

Supermarket buyers are often difficult to approach and developing a relationship with them can be time-consuming. Capitalise on any existing links you may have with German supermarkets that have a presence in the UK (such as Aldi, Lidl) to facilitate introductions; contact organisations such as CMA and Wines of Germany for advice and support; attend trade shows such as International Food & Drink in London; or approach importer/distributors that supply your target supermarkets.

Providing generalised product and company information is unlikely to be sufficient. A buyer will want to know which of your products you wish to supply, how, where and at what price. Be prepared for the question “which of your competitors’ products should we de-list in order to stock yours – and why?”

Do’s

- Do understand that the UK supermarkets can be very demanding customers. It can take many months to secure sales; deliveries that are not on time may be refused; and products may be discontinued if they do not perform well in the first three months.

- Do obtain BRC accreditation.
- Do research the market extensively and consider which retailer is best suited for your product. For example, Waitrose and Marks & Spencer for premium, Aldi and Asda for discount - and target accordingly.
- Do use a platform/warehousing partner in the UK to service retail clients. This is particularly important if working with short shelf life/chilled product or ambient products as supermarket lead times can be very short.
- Do allow for some stock write off in the supply chain, typically 0.2% of stock could be subject to non deliveries or damages.
- Do consider hedging as a form of currency protection (secure exchange rate in advance) price increase changes are difficult to obtain.
- Be capable of expanding quickly if the product is successful.
- Do consider low volume start ups. Retailers normally give a limited listing for market testing.
- Consider the green credentials of your product and supply chain method. This is becoming increasingly important to UK supermarkets.
- Do consider the advantages of using a UK sales/marketing and invoicing partner, though this is not essential.
- Be prepared for cost of withdrawals of product – product recalls (this can cost up to £40,000).
- Do communicate in English - most UK supermarkets do not have German-speaking buyers. It is particularly important that product labelling is in English.

Don'ts

- Don't assume you can service the UK retailer market directly from Germany.
- Don't forget that each retailer requires daily deliveries to ALL distribution centres (RDC's). Orders are placed between 6.00am and 4.00pm on day one for delivery the following morning.
- Don't think your stock will be accepted if your lorries are late arriving. Depots are very rigid with timed deliveries in the UK.
- Don't assume that volume estimates given by the retailer will be accurate
- Don't ignore the effect of good merchandising – check that your product is on display and that the right point of sale material is available.
- Don't ignore the sales information that most retailers offer for you to monitor your rate of sale.
- Don't ignore the importance of availability and accurate forecasting. Being out of stock is a huge disadvantage.
- Don't think that it will be cheaper to distribute in the UK. It is a complex distribution network.

Oakland specialises in case and pallet chilled consolidation. We can give you fixed case rates or competitive pallet rates for large orders and can manage all of the IT links for orders and distribution to all major UK retailers on a next day delivery basis.

You use us as an extension of your warehouse activity. Our BRC (British Retail Consortium) accredited solution is backed by a state of the art warehouse management system, which gives you visibility and traceability.

You get the sale, you deliver (or we collect) to us in bulk and we take care of the storage, picking and onward distribution.

Our core values are and always have been: Service, Reactivity, Flexibility.

For further information please check out our website www.oakland-international.com

T: +44 (0) 1527 596222

E: sales@oakland-international.com