

# **Expanding Your Sales: Are Exports Right For You?**

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## 1. Introduction

OF+ helps develop “Sustainable Food”  
Organic, Fairtrade, Local, Slow and more...

[www.organicandfairplus.com](http://www.organicandfairplus.com)

## 2. The UK Organic Sector

- ▣ A £1.2 billion category at retail (although currently in decline by -1% year-on-year: the only organic market in the world to be doing so!)
- ▣ Rate of decline is slowing
- ▣ Yeo Valley TV campaign has added £10m in sales
- ▣ £2m marketing campaign promoting the word “organic” launched in January 2011
- ▣ Signs of an upturn in food sales elsewhere eg Taste The Difference rather than Basics
- ▣ Expect organic sales to return to growth in 2011

## 2. The UK Organic Sector

- ▣ Only equivalent to 2-3% of total UK food sales (Denmark is 6%).
- ▣ In 2002 70% of all organic food in the UK was imported: in 2005 this was 56%
- ▣ Government target is that imports should fall to 30% (indigenous products)
- ▣ UK is 3<sup>rd</sup> largest EU organic market (after Germany, Italy)

## 2. The UK Organic Sector - QLIF Project

- Professor Carlo Leifert, Newcastle University,
- Co-ordinator of Quality Low Input Foods project for EU (£12m, 4 years)
- Main findings 40% more beneficial nutritional compounds in crops (eg vitamin C, iron, copper, zinc, antioxidants)
- Up to 90% in milk
- Scientifically rigorous
- “We have a general trend in the data that says there are more good things in organic food.”
- Full page in Daily Mail in June 2011 - very welcome positive news for UK organic sector - covers higher levels of secondary metabolite and vitamins in organic crops

## 2. The UK Organic Sector - Retail Perspective

- ▣ Supermarkets account for 76% of all sales of organic food in the UK
- ▣ All other channels - remaining 24% includes - independent retailers, farm shops, box schemes, internet delivery companies and farmers markets
- ▣ But growth in direct sales – 38% increase in sales via box schemes, farmers markets and farm shops

## 2. The UK Organic Sector - Legislation

There are 3 levels of EU law covering organic food :

**European Regulations**  
**EC 834/2007**

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**Member State Organic Legislation**  
**e.g. “UK Compendium of Organic Standards” 2003**

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**Organic Certification Body Standards**  
**e.g. Soil Association**



## 2. The UK Organic Sector - Certifying Bodies

UK 2 Organic Farmers & Growers

UK 3 SOPA (Scotland)

UK4 Organic Food Federation

UK 5 Soil Association Certification Ltd

UK 6 Bio Dynamic Agricultural Association

UK 7 Irish Organic Farmers & Growers Association

UK 9 Organic Trust

UK 13 Quality Welsh Food Certification





## 2. Mandatory EU Organic Logo

## 2. The UK Organic Sector - More information

OF+ Consulting [www.organicandfairplus.com](http://www.organicandfairplus.com)

Soil Association [www.soilassociation.org](http://www.soilassociation.org)

Organic Food Federation [www.orgfoodfed.com](http://www.orgfoodfed.com)

Organic Farmers and Growers [www.organicfarmers.org.uk](http://www.organicfarmers.org.uk)

Defra organic pages

[www.defra.gov.uk/foodfarm/growing/organic/index.htm](http://www.defra.gov.uk/foodfarm/growing/organic/index.htm)

Market Information

[www.soilassociation.org/Businesses/Marketinformation/tabid/116/Default.aspx](http://www.soilassociation.org/Businesses/Marketinformation/tabid/116/Default.aspx)

UK Organic Marketing Campaign

[www.whyiloveorganic.co.uk](http://www.whyiloveorganic.co.uk)

### 3. UK Market Structure - Multiples



### 3. Accessing The UK - Multiples: The Positives

- ▣ Instant distribution
- ▣ Good Volumes
- ▣ Pay on time – subject to initial negotiation!
- ▣ Better credit rating than independents
- ▣ Single customer – better margin?

### 3. Accessing The UK : Multiples - The Negatives

- ▣ Difficult for a 'multiple' brand to get distribution in other channels
- ▣ Can 'lose' business very quickly
- ▣ Successful products normally 'own branded' by multiple retailer very quickly
- ▣ Can be very demanding – changing goalposts!
- ▣ Not suitable for all products – health products less developed on fixture



### 3. UK Market Structure - Health Channel



### 3. UK Market Structure - Health Channel

- Holland & Barrett Group
  - £400 million (retail approximately)
- Independents
  - £250 million (retail approximately)
- 40% Food - 60% Non Food (Value)



### 3. Accessing the UK - Health Channel Benefits

- **Great place to start !** – many brands have started here  
– Green & Black's, Clipper Tea, Crazy Jack etc
- **Gives a brand Heritage and Substance** –  
selling in the Health Sector helps to maintain or build brand heritage
- **First for New Trends** – many trends start here
  - Organic
  - Fairtrade
  - Free From
- **But.....**
  - **Difficult Transition for Multiple Based Brands**

### 3. Accessing The UK - Top Tips!

- ▣ Find an importer/distributor you can really work and be a meaningful partner with
- ▣ Support your products – do not just rely on the importer to do this
- ▣ Exchange Rates – can make products too expensive and change all the time – how will you deal with this?
- ▣ Do not forget any potential import tariffs
- ▣ Understand the UK market – where will you position your products in store?
- ▣ It will always take longer and cost more than you expect

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Good Luck and Thank You!