NATURAL AND ORGANIC PRODUCTS 2011

Succeeding in the UK - Here's How!

Cliff Moss, Healthy Sales & Marketing
Simon Wright, OF+ Consulting

Monday 4th April 0830 - 0915

WHO ARE YOU ?

RETAILER,WHOLESALER, IMPORTER, PRODUCER, MANUFACTURER, CONSULTANT, JOURNALIST, OTHER?

CONTENTS

1.1 ABOUT OF+ CONSULTING

OF+ helps develop “Sustainable Food”

Organic, Fairtrade, Local, Slow and more…

www.organicandfairplus.com

1.1 OF+ Consulting

Summary

For the last 24 years Simon has worked closely with brand-holders, retailers, certifying bodies, NGOs and government. His extensive knowledge of the sustainable food and drink sector, his wide network of contacts and his close relationship with key players adds value to the activities of his clients.

Background

Simon began his career working for major food manufacturers such as United Biscuits, Nestle and Unilever, followed by nine years as Technical Director at Whole Earth Foods where he was responsible for their extensive New Product Development programme. During this time he helped to create the Green & Black’s range of organic and Fairtrade chocolate. Simon left Whole Earth to set up his own business, specialising in the development and marketing of sustainable food and drink. Over the last 14 years Simon has worked successfully as a consultant in the UK, Europe, the USA and Australia.

1.1 OF+ Consulting

Expertise

Notable projects include:

- **Brands** Helping to develop the Enjoy Organic, Divine and Liberation (Fairtrade) and Free & Easy (free-from) product ranges
- **Retail** Running The Organic Partnership, a best-practice group of 25 organic suppliers to Sainsbury's, and helping to develop the Sainsbury's SO organic own-label range
- **Communications** Editing three books on organic and Fairtrade processing and marketing, writing for trade and consumer magazines, appearing on TV and radio and organising and chairing conferences for the FDIN (Food and Drink Innovation Network), *Natural Products Europe* and *Food Ingredients Europe*
- **Training** Writing and delivering training programmes to colleagues at Sainsbury's, Planet Organic, As Nature Intended and Greater London Enterprise on all aspects of sustainable food

1.1 OF+ Consulting

Qualifications

- Bsc (Hons) Food Science & Nutrition, Oxford Brookes University (1986)
- Food Technology HND, Manchester Polytechnic (1980)
- Member of the Guild Of Food Writers
- Member of the Institute of Food Science and Technology
- Member of Slow Food UK
- Trustee of The Food Commission
- Adviser to *Food Matters*

2. Sustainable Sectors
2.1 The UK Organic Market

- A £1.2 billion category at retail (although currently in decline by -1% year-on-year)
- 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

2.1 The UK Organic Market

- 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):
- Easier in some categories than others,

2.1. Total UK Organic Market

- UK is 3rd largest EU organic market (after Germany, Italy)
- 2007 Mintel stated in last 12 months :
  - 1 in 2 purchased produce
  - 1 in 4 purchased meat / dairy
  - 1 in 6 organic packaged grocery items
- Families with children under 15 buy wider range than those with no children

2.1 WHY DO UK CONSUMERS BUY ORGANIC FOOD?

Why choose organic ?

Health	55%
Environment	23%
Taste	22%

Source: Interviews with 1000 shoppers

Conducted by Market Tools September 2007

2.1. WHY DO UK CONSUMERS BUY ORGANIC FOOD? NEW RESEARCH ON HEALTH - OCTOBER 2007

- 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.”
- FSA has responded negatively to this research by refusing to consider it

2.1. UK Organic
- Retail Perspectives

- 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

2.1. Organic Legislation

There are 3 levels of EU law covering organic food :

European Regulations
EC 834/2007

V

Member State Organic Legislation
e.g."UK Compendium of Organic Standards" 2003

V

Organic Certification Body Standards
e.g. Soil Association

2.1. UK Organic 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

2.1. Mandatory EU Organic Logo

2.1. Further Organic Information

OF+ Consulting www.organicandfairplus.com

Soil Association www.soilassociation.org

Organic Food Federation www.orgfoodfed.com

Organic Farmers and Growers www.organicfarmers.org.uk

Defra organic pages
www.defra.gov.uk/foodfarm/growing/organic/index.htm

Market Information
www.soilassociation.org/Businesses/Marketinformation/tabid/116/Default.aspx

UK Organic Marketing Campaign
www.whyiloveorganic.co.uk

FAIRTRADE

Guarantees
a **better deal**
for Third World
Producers

2.2 The UK Fairtrade Market

- The Fairtrade Foundation estimate growth in Fairtrade Food and Drink "soared" by 40% in 2010 to an estimated retail value of £1.17bn
- Public understanding of the Fairtrade mark has climbed to 74%, in line with the % of consumers regularly purchasing Fairtrade products
- New Fairtrade companies are household names such as Sainsbury's Tate & Lyle, Cadbury's, KitKat and Ben & Jerry's
- Strong sales growth expected to continue at an increasingly rapid rate as awareness of mark grows – still room to grow eg bananas could double
- There are currently around 4,500 retail and catering products carrying the Fairtrade mark.
- In comparison organic sales are £1.2 billion at retail but sales growth is negative

2.2 The UK Fairtrade Market

Main Reason to Buy Fairtrade

1. A fair deal for growers in developing countries

2. Great tasting products

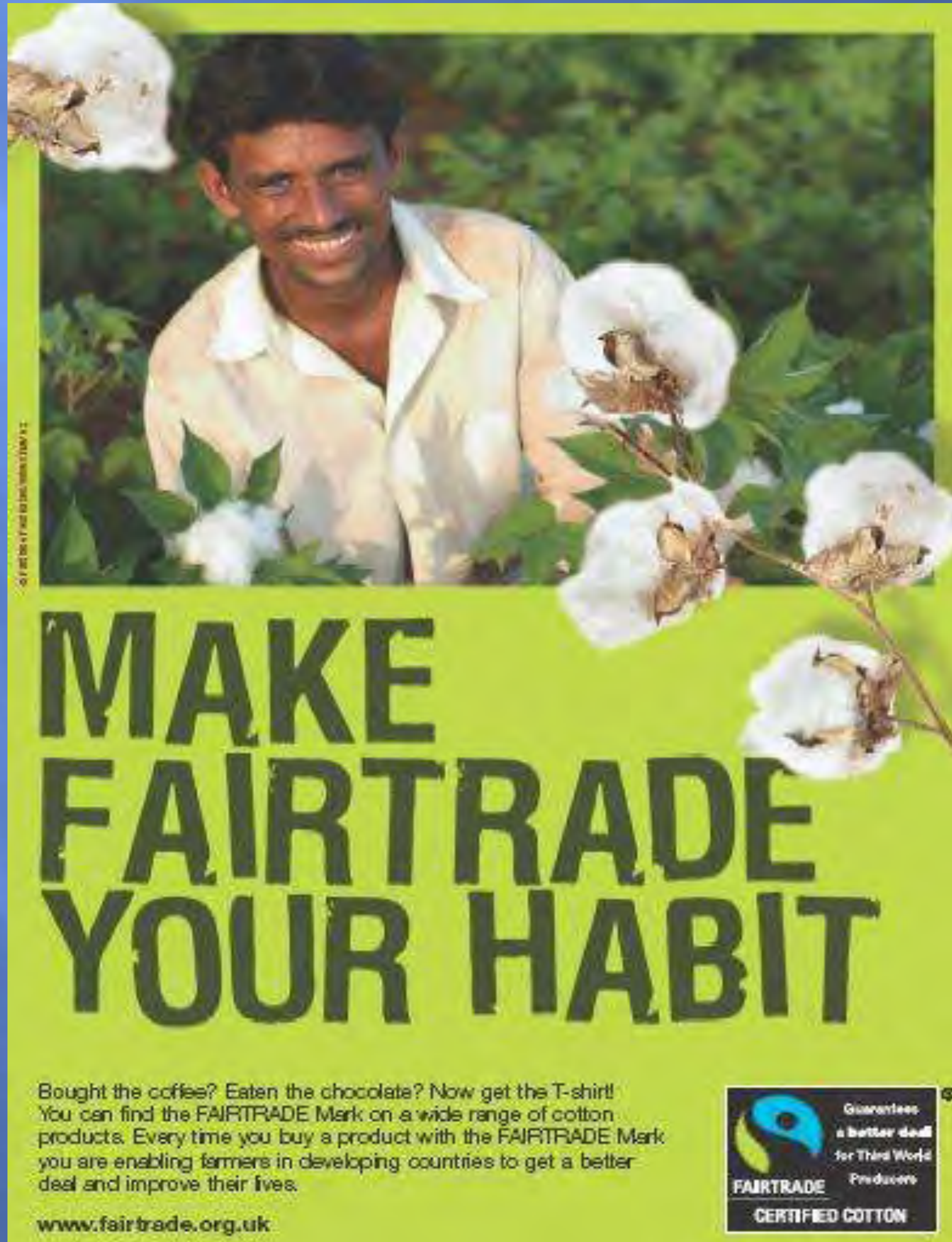
SOURCE: Fairtrade Foundation/MORI May 2005

2.2 The UK Fairtrade Market

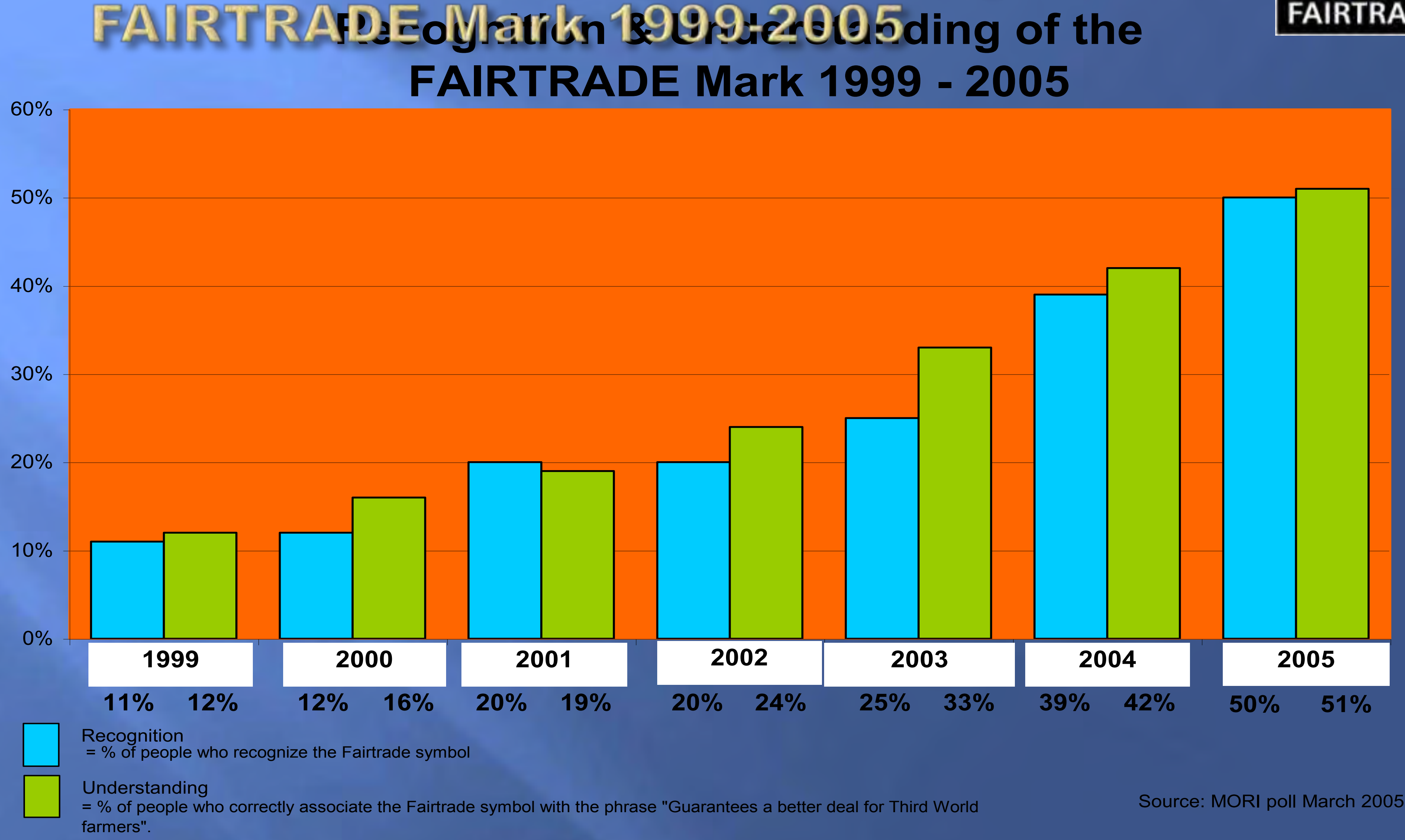
- Supermarkets account for the majority of all sales of Fairtrade food in the UK
- Other channels include independent retailers, charity shops (Oxfam etc), church groups and others

FAIRTRADE

FAIRTRADE

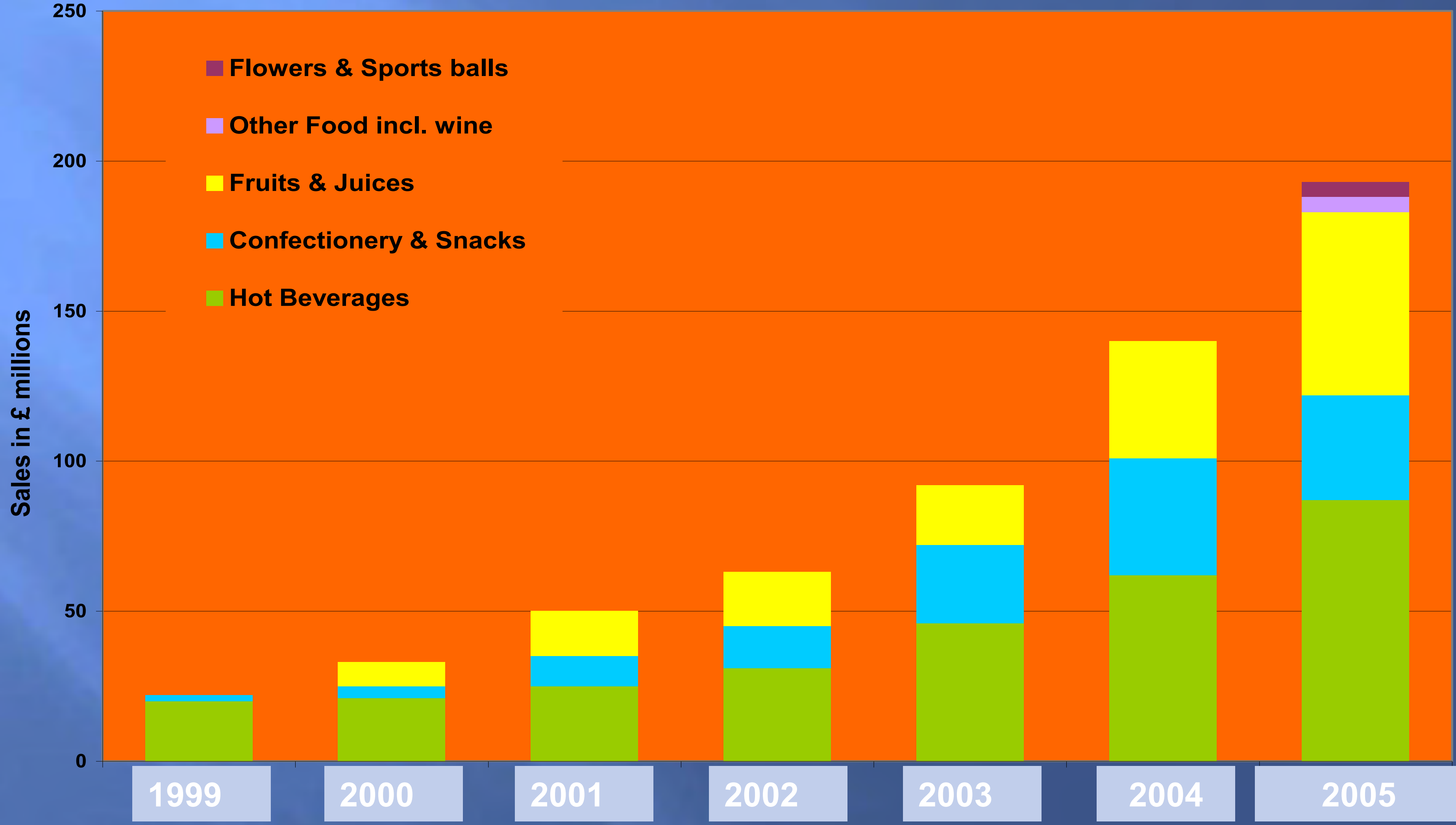

MAKE FAIRTRADE YOUR HABIT
Bought the coffee? Eaten the chocolate? Now get the T-shirt! You can find the FAIRTRADE Mark on a wide range of cotton products. Every time you buy a product with the FAIRTRADE Mark you are enabling farmers in developing countries to get a better deal and improve their lives.
www.fairtrade.org.uk
FAIRTRADE
Guarantees a better deal for Third World Producers
CERTIFIED COTTON

Recognition and Understanding of the FAIRTRADE Mark 1999-2005

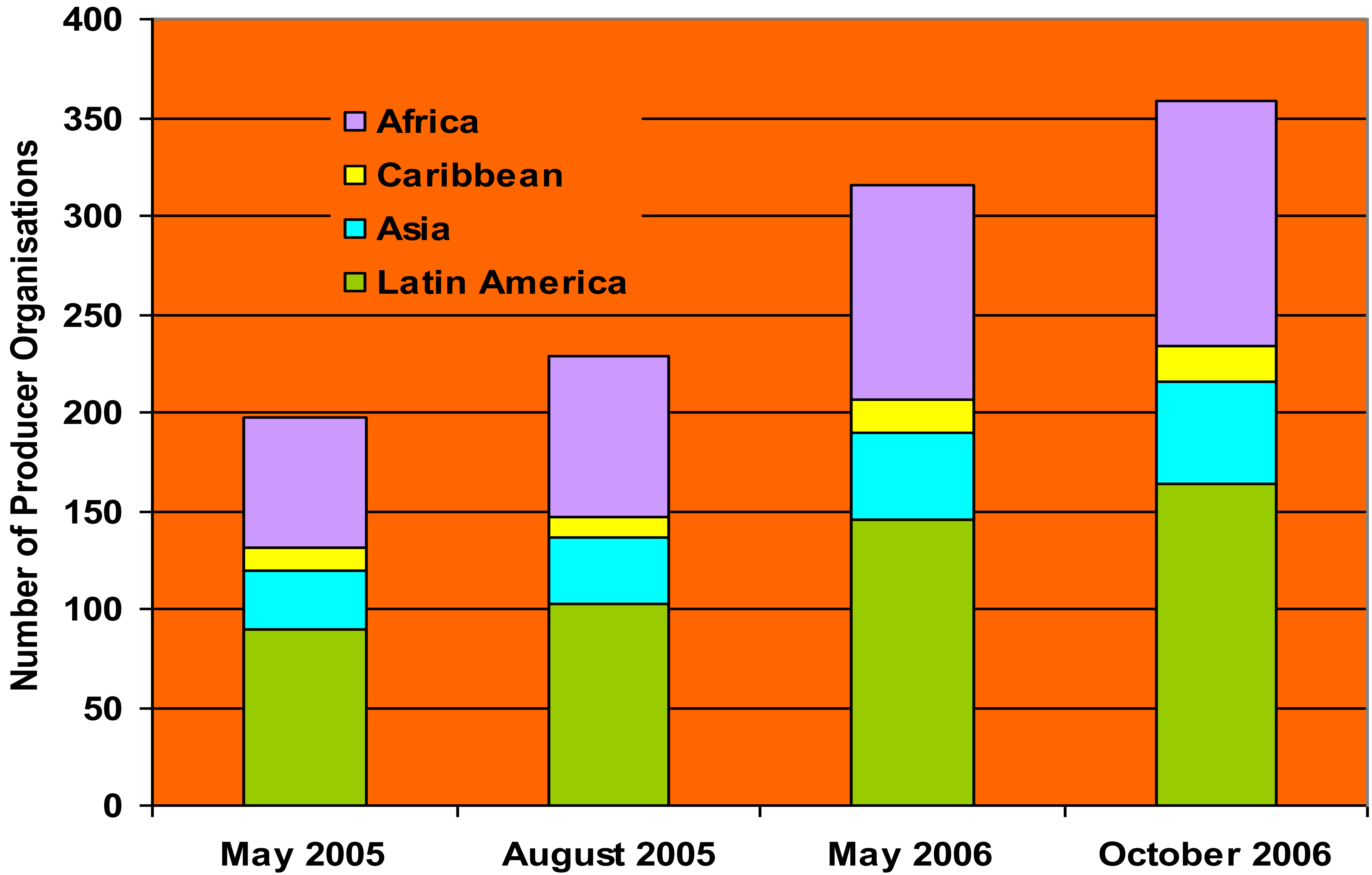


UK Sales of Fairtrade Products 1999-2005

FAIRTRADE



Producer Organisations supplying the UK market



2.2 The Strength of the Fairtrade Message

FAIRTRADE

Guarantees
a **better deal**
for Third World
Producers ®

2.2 The Strength of the Fairtrade Message

- Fairtrade Symbol has highest recognition of any „ethical' symbol
- 54% of consumers said they had seen mark „a lot' compared to 18% for Red Tractor and 13% for Soil Association
- Majority aware of FT coffee, tea, chocolate, bananas and cocoa only
- 96% had heard of the mark, 70% had bought a product at some time, 27% of people bought more than one product regularly

Source: OC&C Strategy Consultants / Fairtrade Foundation survey of 503 consumers, January 2008

2.2 The Strength of the Fairtrade Message

Reasons for Success of Fairtrade Symbol

- Simple, Single Message - Always The Same
- Good design discipline - logo is always the same place on pack and same colours
- Fairtrade Foundation Consumer Marketing is relentless and effective and supports FT symbol
- Annual Fairtrade Fortnight (every February) uses celebrities to hammer message home effectively

NB Organic does not do this stuff nearly as well!

2.2 Fairtrade Regulation

- Control products not companies
- All Fairtrade controlled by voluntary agreement, not by government legislation
- In the UK use of the term "Fairtrade" is controlled (via trademarking) but "fair trade" is not
- Standards are set by FLO (Fairtrade Labelling Organisation) in Bonn
- National Initiatives such as The Fairtrade Foundation in the UK license the FLO logo and standards

2.2 Fairtrade Regulation

- Fairtrade started around 40 years ago as a partnership between alternative trade organisations (ATOs) in the North and disadvantaged producers in the South
- FLO created the Fairtrade label in 1994
- Today there are 17 National Initiatives (NIs) all round the world who each use the FLO logo on the products they certify
- For every Fairtrade product that FLO certifies special regulations must be written, specifying floor prices etc for each commodity and each growing region
- In composite products the Fairtrade component can be as little as 20% if it is a “characterising” ingredient

2.2 Alternative Schemes - The Rainforest Alliance

Rainforest Alliance ™

"What is the Rainforest Alliance?

The Rainforest Alliance is an international, nonprofit environmental and sustainable development organisation.
Our mission is to protect ecosystems and the people and wildlife that depend on them by transforming ..."

Land use practices

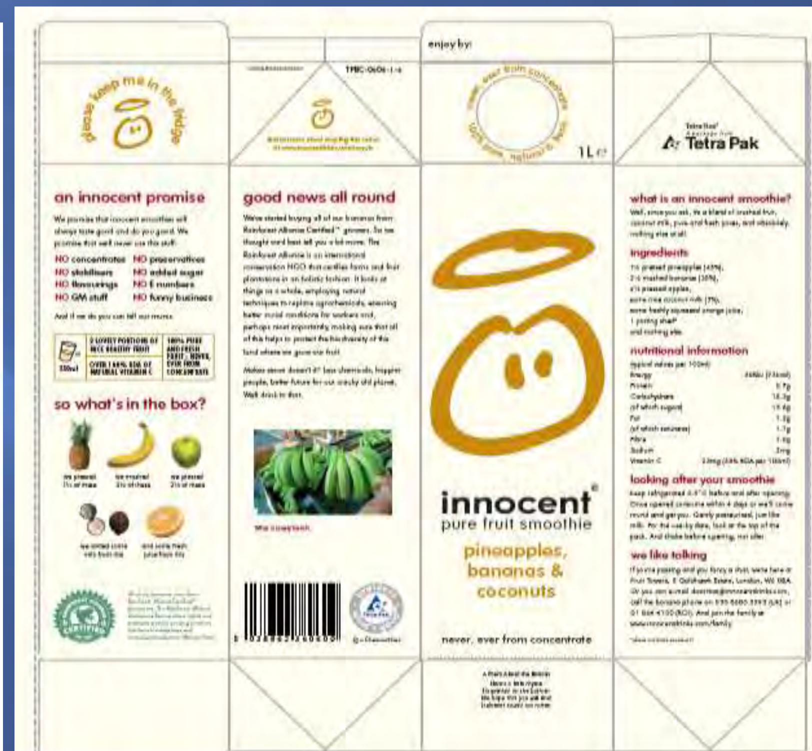
Consumer behaviour

Business practices

Reaching Consumers

Caribou Coffee Company coffee package artwork

Banana seal



Innocent Drinks banana smoothie

2.2 Rainforest Alliance Commercial Activities in the UK currently include

- Innocent strawberry and banana smoothies
- McDonalds - all their coffee is Certified.
- Pret a Manger - sell triple Certified coffee ie Rainforest Alliance Certified, Fair Trade and Organic.
- Sainsbury in store cafes also serve triple certified coffee.
- Kenco Sustainable Development coffee is Certified.
- Liptons - all their tea sold across Europe
- PG tips - all their teas
- Good Natured fruit juice made from Certified fruit

SOIL ASSOCIATION
ORGANIC STANDARD
ETHICAL
TRADE

2.2 Alternative Schemes - The Soil Association Ethical Trade Scheme

- Originally a joint Pilot Project between Soil Association and Fairtrade Foundation
- Launched in January 2003 as an attempt to get a better deal for organic farmers from the North (since FT only applies to the South)
- Provides a single inspection to cover both Organic and fair trade issues (cheaper for producers)
- Follows in footsteps of other combined joint organic + fair trade schemes such as Bio-Equitable (Ecocert, France), Bio & Fair (Naturland / Gepa, Germany) and IMO (Switzerland)

2.2 Summary of how Fairtrade, Rainforest Alliance and Soil Association Organic Ethical Trade differ

Rainforest Alliance

Focuses on sustainable agriculture in the South - no minimum price set for producers

Soil Association Ethical Trade

Requires everyone in the supply chain to agree that they have received a fair price - can apply to producers in North and South

Fairtrade

Sets minimum price for producers in the South as part of a range of other measures

2.2 Organic vs Fairtrade - Similarities

- Both are fast-moving, dynamic, rapidly changing market sectors - regulation must reflect this
- Both sectors require clear labelling on-pack by means of descriptor and logo
- Labelling is backed up by standards in both cases
- Both sectors ask consumers to pay a premium for a “better” product - thus the risk of consumer disappointment exists if standards do not meet consumer expectation
- Both sectors rely on the support of major supermarkets, who require reassurance that products are what they claim to be
- This has lead to the rise of third-party verified organic and Fairtrade products
- Both sectors require a great deal of international trade and cross-border marketing: regulation reflects this in both cases

2.2 Organic vs Fairtrade - Differences

- Organic is controlled by law, Fairtrade is not
- Organic regulation covers all products, Fairtrade standards are done on a product-by-product basis
- Organic regulations address how a product was produced, Fairtrade regulation is more concerned with the economic and social aspects of trade
- Organic standards cover products from all over the world, Fairtrade standards only cover products from the South
- There is enormous disparity of onpack labelling - the 17 countries who work to FLO standards all have a common logo, whilst there are 11 organic logos in the UK alone, over 40 in Germany (hence the EU logo)
- As a result 50% of the UK population recognise the Fairtrade mark (much higher than for the leading organic logo - Soil Association)
- Unregulated organic products are illegal, fair trade (as opposed to Fairtrade) are proliferating eg Rainforest Alliance

2.2 Organic vs Fairtrade - Differences

- A multi-ingredient organic product by law contains 95% organic ingredients - a Fairtrade product can be as little as 20% Fairtrade ingredients
- Organic legislation requires that every process in the chain be registered, inspected and certified: Fairtrade regulations require that only producers (farmers) are inspected

2.3 Free From Foods

What is Free From Food ?

Free From is a catch-all term used to denote food and drink that has been designed to exclude one or more ingredients to which at least some consumers can have either an allergic or an intolerance.

2.3 Free From Foods

What are the most popular types of Free From food and drink ?

A survey of supermarkets and natural food retailers would indicate that the most commercially significant sectors of the Free From market are:

- Wheat Free / Gluten Free (flours, cakes, biscuits, pasta, bread)
- Cow Dairy Free (Milk, yoghurt, butter, desserts, cheese)
- Nut Free (cakes, biscuits, chocolates, sweets, sauces)
- Egg Free (cakes, mayonnaise)

Products made without sugar (sucrose) such as jam and chocolate appear less popular than in the past.

2.3 Free From Foods

What is the size of the market for Free From food and drink ?

For the calendar year 2007 Mintel estimated the size of the UK Free From market as around £180 million per year at retail. Mintel forecasts that the UK market for Free From will reach £350m by 2012 with growth coming from “restricters” rather than allergic or intolerant consumers.

For more information read Foods Matter, the most important magazine that covers all aspects of Free From foods (www.foodsmatter.com)

2.4 Local / Slow Foods

What is local food ?

- Local means different things to different people!
- It can mean from same country / region / county / town or village
- Local (eg Norfolk) vs Regional (eg East Anglia)
- No legal definition although Waitrose regard as local food as any food produced within 30 miles of where it is sold

2.4 Local / Slow Foods

How big is the market for local food?

- According to consultant Henry Brown local food currently makes up about 1.5% of the total UK food market with sales of £2.3bn
- With the right approach from retailers and producers the market could be worth around £15.6bn by 2018
- Key to this would be a system of accreditation for retailers, the development of local food hubs to aid distribution and joint marketing initiatives between small producers

2.4 Local / Slow Foods

For more information visit London Farmer Markets " We grow it, we sell it" (www.lfm.org.uk)

What are they ?

- **Farmers only** – all the produce on sale is grown or produced by the seller – there is no middleman
- **Specified origin** For London Farmers Markets all farms must be within 100 miles of the M25, many are much closer and some farms are within the M25
- **Frequency** Most farmers markets take place once a week, usually on a Saturday morning
- **Venues** Frequently held at a school or car park

2.4 Local / Slow Foods

Are farmers markets organic?

No. Some producers are certified organic, some are pesticide-free, some are neither.

Why are farmers markets popular with customers?

- The food is fresh, local and seasonal
- Customers love to meet the people who grow their food
- If customers have concerns about pesticides or animal welfare they can ask the producer direct

What's on sale?

- Typically fresh fruit and vegetables, salads, cheeses, meats, juice, bread and eggs
- Frequently honey, jams, cakes, fish and herbs
- Not every stall comes every week

2.4 Local / Slow Foods

What is Slow Food?

- Slow Food began in 1986 when an Italian journalist Carlo Petrini visited Rome and saw a new branch of McDonalds at the foot of the Spanish Steps
- Carlo decided it was necessary to set up „slow food' to combat „fast food"
- The Slow Food movement is now active in over 100 countries through local branches or „convivia' which organise tastings, themed dinners, visits and educational initiatives
- There are around 40 convivia in the UK (including London) with around 2,000 members
- The logo is a golden snail
- The aim is to help people to enjoy good food

2.4 Local / Slow Foods

The Slow Food Manifesto - "Good, Clean, Fair"

Food should taste **Good** – modern obsession with shelf-life,standardisation and uniformity result in bland food that doesn't taste as good as food that has been produced locally with care, pride and passion

Food should be **Clean**: it should be produced in a sustainable way without any negative impact on our environment and a minimum of artificial intervention

Food should be produced in a **Fair** way: its producers should not be exploited but should be paid a fair amount for their skill and labour

Examples of UK Slow producers

- Artisan Cheddar made in Somerset from unpasteurised milk
- Three Counties Perry
- Old Gloucester Beef

2.4 Local / Slow Foods

For more information on Slow Food

Full details of the various UK Slow Food initiatives and convivial are listed on their website www.slowfood.org.uk

ROLLING THE DICE!

HEALTHY SALES AND MARKETING

HSM Credentials

- **Area of Expertise -** Works specifically in with Natural Products both Food and Non Food for over 15 years and has been responsible for many successful product launches
- **Cliff Moss –** Worked in the Natural food area for over 25 years and has held a number of key industry positions, being a Consultant to some major Brand Owners, and previously Managing Director of Green & Black's
- **Turnover Responsibility** - brands now represent a turnover of over £35m retail sales

natural care Tom's of Maine™

GREEN & BLACK'S ORGANIC

URTEKRAM

CLIPPER®
NATURAL, FAIR & DELICIOUS™

lifestream®
nature's richest superfoods

ORGRAN

Rowse Honey

Cauldron

aloe99

tints of nature™

BIO SPECTRA
ATTITUDE®
CERTIFIED ECO-FRIENDLY

pai

The Really !nteresting Food Co

Elizabeth Hurley

Quorn™

FREE & EASY

ENVIRONMENT FRIENDLY PRODUCTS
IF YOU CARE

FREE Natural

CRAZY JACK™ Organic

PLj
NATURALLY SHARP

Rayner's est 1851

USN®
ULTIMATE SPORTS NUTRITION

Market Overview


The United Kingdom – The Most Congested Market in the World?
The Natural Export Target!

Unpleasant Facts!

- 90% of all products launched in the UK fail within 6 months
- AVERAGE Health Store – 2-3000 lines maximum
- Not all stores are the size of Whole Foods Market (50,000 sq ft = 4600 sq metres)
- Average Health store size 1000 sq feet = 92 sq metres
- How many companies/products at the show are trying to get this space??

Major Trade Channels

- Health Channel
- Major Multiple Retailers
- Pharmacy
- Health Practitioners

Health Food Trade

Market Size

- Holland & Barrett Group
  - £400 million (retail approximately)
- Independents
  - £250 million (retail approximately)

- 40% Food - 60% Non Food (Value)

Sector Summary

- **H & B Group is the major player in channel with**
  - 621 H & B stores
  - 47 GNC Stores
  - 95 De Tuinen
  - 19 Natures Way (Irish Stores)
  - 250 Julian Graves
  - The UK Most Profitable retailer £400m sales £78m Net Profit!
- **1100 independent stores but few other chains**
  - 5 Whole Foods Market
  - 4 Planet Organic
- Independent market served by 15 main UK wholesalers (2 Irish wholesalers)

ROUTES TO MARKET

Wholesalers or Direct?

- **Wholesaler Benefits**
  - Instant access to shops though price books
  - One delivery point per wholesaler
  - One invoice point
  - More financially sound than some stores
- **Wholesaler Disadvantages**
  - Loss of Margin – although most wholesalers discount
  - No direct contact with stores
  - Sale or return trial period

Wholesaler Cost of Entry

- **Listing Fees –** most now charge a listing fee for inclusion in price books – approx £3500 for all wholesalers per product range (max 6 products?) - £1600 for THS and TOL alone
- **Promotional Activity** – all wholesalers actively run promotional activity for which they charge – is it effective?
- **Magazines** – some have own magazines to support products – at extra cost
- **Goody Bags/Sampling** – some will arrange sampling

Direct Supply

- Not appropriate for all products - high cost to deliver?
- Difficult for Food products
- Marketing - direct to store – how?
- Retailers now expect 45-50% margin due to wholesaler additional discounting
- Payments – only when they next order?

Holland & Barrett

1000 stores [+]

- **Multiple of the Health Sector**
- **High Margin Expectation compared to multiples** **-** due to distribution costs to stores
- **High Focus on Own Label Supplements** – but foods and body care growing?
- **Stock Trial –** currently H & B look to the supplier for free of charge stock (one case per store) plus magazine support instead of listing fees

1000^{+} stores

- Committed to listing 500 new products per year
- H & B business split into 5 zones for ranging
  - varies by category
- Buyers only recommend products
  - Trading Meetings decide on Listings

Why Consider the Health Sector?

Health Sector Benefits

- **Great place to start !** – many brands have started here – Green & Black's, Clipper Tea, Toms of Maine 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**

Grocery Multiples

TESCO

Sainsbury's
making life taste better™

ASDA

MORRISONS

Budgens

Positives

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

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

Pharmacy

Boots

VANTAGE pharmacy

Lloydspharmacy

Outline

- **11,000 Pharmacies in total**
  - 2,500 Boots stores
  - 1, 650 Lloyds
- 3 Main Wholesalers
  - AAH
  - Alliance Unichem
  - Phoenix

Positives

- Possibility of large volumes
- Likely to increase business of non-prescription items as supermarkets move into dispensing
- Potential growth market?

Negatives

- Difficult to stand out without high spend in channel
- Most Pharmacies still only prescription outlets - £790m spent on this alone
- Not as developed ‘stores’ as other countries – no cross selling
- Spend by drug companies dwarfs likely spend by small entrants
- Easy to get lost – due to ‘noise’ from drug companies

Complementary Practitioners

Overview

- Approximately 40-50,000 Practitioners
- 10,000 (approx) qualified
- New Government Guidelines – all practitioners will need to be regulated and qualified
- Key Magazine – CAM – Magazine for complementary and alternative medicine professionals
- Key Wholesaler – CLF, Nutricentre
- Key Trade Show – Cam Expo – Earls Court, London (Oct 2011)

Brand Building

Brand Building in the UK

- **Allow Time to Grow** – not instant sales like the multiples – it can take 12/18 months for volumes to grow
- **Be Innovative** – new products not 'me too'
- **Public Relations –** be active to drive customers to your products – specific PR targeted towards target sectors
- **Talk to the shop owners** – direct sales force calls activity can help – stores mainly owner managed
- **Keep Promoting in Wholesalers** – many independent stores buy products on deal, but it will not increase volumes as most will not promote in store!

Brand Building in the Sector

- **Treat the Sector seriously**
  - Understand that it is mainly a 'ethics' based sector
  - Convince your factory manager that the channel is important!
  - Understand the margin loss due to distribution costs
  - Understand that stores are normally small
- **Keep ahead of the market**
  - Wholefood – Organic – Fairtrade – Free From - where next?
- **Stick with it!**

The Health Sector Products

Know your Consumer!

Product Failures

- **Body Care Products**
- High import costs - you will not sell many shampoos at £12.99 retail when average UK price is £2.49
- Ingredients - know the market here (parabens/sls)
- UK market likes pretty packaging!
- **Foods**
- Not UK Taste
- Too niche/seasonal
- **Supplements**
- Too High Cost
- Very Competitive
- Already similar products in the Market

Remember

- Find an importer/distributer you can really work and be a meaningful partner with
- Support your products – do not just rely on the importer to do this
- The Health Sector does not start and stop in London!
- 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
- UK Market – Arguably most competitive in the world
- Understand the UK market – where will you position your products in store

Remember

- It took you 10 years to grow your brand in your country – why less in the UK?
- Do not forget UK Labelling rules are different to host country
- Just because it works in other Countries doesn't mean it will work in the UK!
- New EU Legislation will affect the claims you can make – now <u>none</u> allowed on pack, in advertising or on point of sale

Success will always take longer than you think so be realistic about your expectations!

You

May

Just

Get

There!

Healthy Sales & Marketing
Ridges Court Industrial Park
Okehurst Lane
Billingshurst
West Sussex
England
UK: (0)1403 786460
Contact: Cliff Moss

5. CASE STUDY - GO*DO CHOCOLATE

go*DO™

piacere italiano

5. CASE STUDY - GO*DO CHOCOLATE

What Is It?

UK launch of a new brand of organic chocolate manufactured in Italy and already on sale there and in Japan. Range is 5 x 35g bars (handbag size).

"Proudly made in Italy to give you a moment of pleasure."

5. CASE STUDY - GO*DO CHOCOLATE

5.1 Who Needs It ?

Independent Retailers, who are looking for smaller brands

- not owned by multi-nationals
- that provide a point of difference to those stocked by supermarkets

(How do we know? We asked them…)

5. CASE STUDY - GO*DO CHOCOLATE

5.2 What is our USP?

- Provenance - made in Italy from high class Italian ingredients
- Taste - recipes selected and developed by experts
- Range - combines the expected (60% dark, 34% milk) with the less usual (espresso coffee, dark with whole almonds, milk with hazelnuts, vanilla)
- Format - 35g bar small enough to be “guilt free”
- Quality - product is made in a state-of-the art “bean to bar factory” that is family-owned and obsessive about product quality
- Ethical - Fairtrade before Fairtrade existed, cocoa beans bought directly from farmers
- Sustainability - “naturally, its organic”

5. CASE STUDY GO*DO CHOCOLATE

5.3 What is our route to market?

Direct sales / Website too resource intensive (need to constantly keep front of mind via email / direct mail and develop fulfillment capability).

So:

- Specialist independent retailers for knowledge and credibility
- One national retailer to support production volumes and reassure journalists

5. CASE STUDY - GO*DO CHOCOLATE

5.3 Who knows about it?

Launch date was September 1st 2010 but ahead of this we :

- Met with The Grocer
- Met with retailers to get their feedback AND ACTED ON IT (wrappers completely redesigned for the UK market, type of outer case altered, rsp reduced)
- Generated online reviews from the bloggerati
- Twitter and Facebook pages for GO*DO which direct to our website www.godochoc.com

GO*DO WEBSITE

GO*DO REVIEWS

“I enjoyed the almond bar very much, good chocolatey notes and fresh almond worked well - I also liked the mini bar shape”
Chantal Coady – owner of Rococo fine chocolate shops

"The chocolate was delicious."

Hannah Newcomb, International Development Adviser, The Co-op

“We ate the chocolate within a couple of days of it arriving, which should tell you that we liked it. We liked the texture of the coffee in the expresso chocolate and the coffee taste was very good, the dark chocolate had an initital fruitiness, no bitterness and a decent aftertaste with a good overall flavour. The milk was a more "Belgian" style than ours; nice and smooth-tasting, the white with vanilla was markedly less sweet than most (a good thing - most are inedible for me) and had a good hit of vanilla. Good luck with taking them to market!”

Duffy Sheardown, UK bean-to-bar chocolatier

GO*DO REVIEWS

“There’s nothing intensive with these bars – apart from the taste. With the Espresso bar I did love the flavour. It is intense but perfectly balanced against the inherent chocolate notes

Lee McCoy, ChocolateReviews.co.uk

“When vanilla is used in chocolate it’s often simply to cover the flavour of poor quality beans, so I’ve never been overly fond of it. This little bar has lots of flecks of black vanilla scattered throughout, and the distinctive flavour comes right to the front. It’s a respectable 30% cocoa solids. All that vanilla gives it the flavour of a good ice cream. I surprised myself by enjoying this one.”

Dom Ramsey, Chocablog.com

5. CASE STUDY - GO*DO CHOCOLATE

How much do you do yourself?

- Recipe development - outsourced to factory
- Manufacturing - outsourced to factory
- Packaging Design - inhouse
- Distribution - outsourced to Honeycomb (www.honeycombpm.com)
- Sales - outsourced to Honeycomb
- Marketing - outsourced to OF+
- PR - outsourced to OF+

5. CASE STUDY - GO*DO CHOCOLATE

Q. Will it work ?

A. Only 10% of new food products are still on shelf one year after launch…

Try for yourself at Stand 9067

SUMMARY

1. Introductions - Who We Are and What We Do
2. Sustainable Sectors - Organic, Fairtrade, Free From, Slow , Local
3. UK Market Structure
4. Accessing the UK Market
5. Case History: GO*DO Chocolate
6. Questions and Answers

NATURAL AND ORGANIC PRODUCTS 2011

Succeeding in the UK - Here's How!

Cliff Moss, Healthy Sales & Matketing

Simon Wright, OF+ Consulting

Thank You!