SELLING INTO THE UK

A Distributor’s Perspective
CONTENTS

• Who am I? and what is Taste Distribution?
• A Brief perspective on the UK Market
• The choices of how to sell to the UK
• How distributor margins work
• A few misconceptions that I frequently encounter
A BIT ABOUT ME

• My Name is Alec – I’m Managing Director of Taste Distribution

• My journey started as a Great Taste award-winning gelato producer

• I’ve been a Great Taste Judge since 2012

• I’ve been a producer, a retailer and a wholesaler, so have empathy with the challenges across the different roles in the fine food industry
TASTE DISTRIBUTION

• Set up in 2016 for Great Taste award-winning businesses that needed help accessing top fine food retailers
• Partnered with Great Taste
• Sell award-winning food to top London food halls, and the wider independent retail community
• Exports to Japan
• Soon to open a Great Taste focused shop in central London
• In addition to Great Taste, key differentiator is that we limit of competition between brands we work with
THE UK MARKET – THE GOOD

- Relatively large market – UK Population 66m – GDP per Capita $44k
- Sophisticated consumers having undergone a ‘foodie revolution’
- Open and knowledgeable about international cuisine – and increasingly so
- 2.5 million British people go on holiday to Greece every year

The 1957 “Spaghetti Harvest”
THE UK MARKET – THE BAD

• The UK does not (yet) have a good understanding of high quality Greek produce.

They look Italian?
THE UK MARKET – THE BAD

• The UK does not (yet) have a good understanding of high quality Greek produce e.g olive oil
• The UK consumer is price sensitive in the grocery sector

The Greek Kitchen Wild Thyme & Multifloral Raw Honey 250g

☆☆☆☆☆ (40) 37 out of 40 customers would recommend this product to a friend.

Read all 39 reviews  Review this product

£4.99

07 October 2018

“Very nice honey”

This was a review item. I am not a lover of honey and was expecting this to be an overpowering taste of wild thyme and flower but it was a nice hint and not too sweet. The only downside is it’s quite expensive for the size.
THE UK MARKET – THE BAD

Super

ΔΗΜΗΤΡΙΟΣ ΘΑΝΟΠΟΥΛΟΣ

ocado

great taste
distribution
THE UK MARKET - TRENDS

• Bulk Buy – less packaging especially plastic
• Organic – still a growing market (10% growth in the independent grocery market 2017)
• Fermentation – (non alcoholic – gut friendly foods)
• High Protein, low Carbohydrate
• Reduced meat consumption
OPTIONS FOR DISTRIBUTION

• Using a distributor is one option, but not the only one
  • Do It Yourself
  • Work With a Partner Producer
  • Use a Distributor
DIY (DO IT YOURSELF)

• Work with a warehouse and fulfillment centre in the UK
• Hire a sales executive in the UK
• Test the market
• Remember the size of the UK market - Split the country into bite size chunks
• Try London first (or second)
WORK WITH A PARTNER PRODUCER

- A complimentary business that already has successful UK independent distribution

- What’s in it for them?
  - Efficiency and potential scale
  - Potential entry into the Greek market in a symbiotic relationship

- What’s in it for you?
  - Cost effective distribution
  - Advantage of being teamed up with an incumbent complimentary business.
USE A DISTRIBUTOR

- Use a distributor/wholesaler
  - Most stores rely on distributors to supply the majority of their products – so barriers to sale through a distributor tend to be lower.
  - A distributor (or several distributors) will give you access to a huge number of shops
  - A distributor offers you cash flow security

- But!
  - They are not your marketing and sales department
  - They may also distribute competing products in your category
  - It can be more expensive than you expect
USE A DISTRIBUTOR – THE MARGINS

- A typical distributor scenario selling to a small independent shop

<table>
<thead>
<tr>
<th>Distributor Price</th>
<th>Wholesale Price</th>
<th>RRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>£2.42</td>
<td>£3.33</td>
<td>£5.00</td>
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(25% margin) (33% margin)

N.B The distributor price includes the cost of shipping the products to the UK

- A typical distributor scenario selling to a London food hall.

<table>
<thead>
<tr>
<th>Distributor Price</th>
<th>Wholesale Price</th>
<th>RRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1.87</td>
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<td>£5.00</td>
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</tbody>
</table>

(25% margin) (50% margin)
QUESTIONS TO ASK A DISTRIBUTOR

- What’s the margin they will take on your product?
- How do they buy your product (e.g. EXW / DDP)
- Are there any additional costs / marketing expenses
- Do they sell actively, how do you best work with their sales team?
- How do they assist in the marketing of your product?
- What other products do they sell in your sector?
- What are their payment terms (e.g. 30 days)
- Will the price be agreed in € or £
A FEW COMMON MISCONCEPTIONS

• Your initial order will be for at least a pallet of goods
• UK distributors / retailers will pay cash in advance
• Products will sell without support
• UK consumers are happy to pay a premium
A FEW FINAL THOUGHTS

• There is an opportunity in the UK - but not necessarily an easy one
• The UK market needs to learn more about wonderful Greek produce
• Have a plan of what you want to achieve and how to get there
• Be realistic about the price point you can achieve
• Make sure your margins work before you start
• Be prepared to invest in sales and support
• Be proactive!