The Market Opportunity: Standards and Certifications for successful imports into the UK

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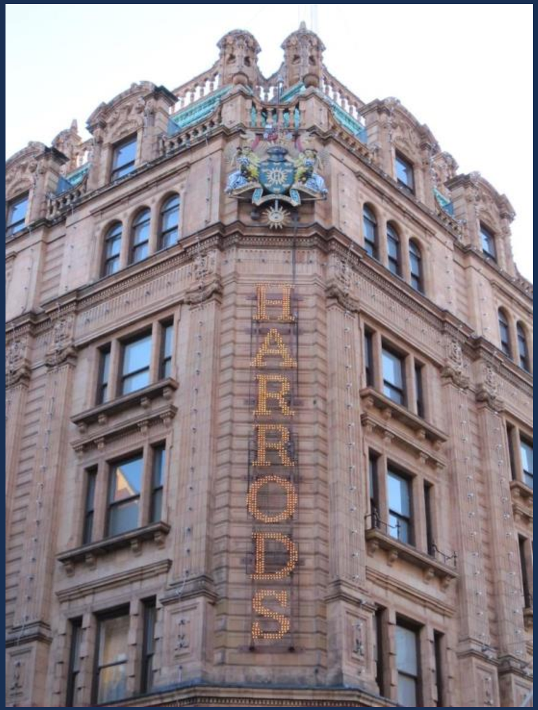
REVIEWS
Food & Drink Product Development Support



FDReviews
UK Market Discovery Webinars

February 7th 2023

Agenda/Subject matter

- UK Market Insight – FDReviews Team
  - UK Market Overview
  - Labelling & Packaging Requirements
  - Alternative Sales Opportunities
- Packaging sizes, shelf limitations, guidelines to distribution hubs & case sizes
- Terms & Conditions - pricing, marketing and typical launch costs
- Own label vs Brand positioning - UK opportunities & growth areas
- Frozen, chilled or ambient, guidelines on what to expect
- Consumer trends driving ingredient selection

Stephen Minall
Co-founder
FDReviews

Gavin McLean
Founder
Titan Brands Ltd

Peter Naylor
Founder
Facilit8 & Flourish Ltd

The UK Market Overview in 2023

- Market much more open post-Brexit
- 6th largest Economy in the world
- Very diverse customer base (6% Ethnic background)
- Consumer comfortable with international products
- Tariff Reductions
- Online/E-Commerce Opportunities

- UK supermarkets have 'dialing ' back policy on new products

Stephen Minall
FDReviews / Moving Food

The UK E-Commerce Open Door

- Advice on Pack sizes re Retail Shelf Space
- Frozen Products limited
- Bulk lines
- Clearing House critical
- Trade Shows
- Online Shops
- Ecommerce - Ankorstores, Onbuy, Yumbles, Amazon and Shelfnow

Stephen Minall
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UK Opportunities – UK Trading Model

- UK Company set up
- Storage and logistics
- DTC and UK Website with online Shop/ Amazon
- Vatable
- Import Duty %
- Import HS code by product range
- EORI – Number
- Any import restrictions
- Trade agreements
- Government support for Exporting

Gavin McLean - Founder

UK Opportunities – Product & Packaging

- Ingredient analysis: UK Compliant Ingredients list and packaging checked and verified
- Type of Packaging
- Shelf Ready Packaging
- Accreditations: BRC, Organic, Plastic Free, etc.
- Nutritional information: Allergens, gluten free, Vegan, Vegetarian, kosher, etc
- Sustainably and Environmental Credentials/ Initiatives
- Shelf-life testing
- Min Life on Manufacture
- Min Life into UK
- Barcode: GS1
- Case/SRP Size
- Palletisation/TI/HI
- No of Pallets in a Container
- Attractive packaging and labelling appropriate for a retail environment: USP's

TITAN BRANDS

Gavin McLean - Founder

UK Retail Universe

Total Grocery Market

Breakdown of retailers according to Kantar

Supermarkets
53.5%
(-1.1ppt)

Discounters
19.8%
(+0.4ppt)

Convenience
8.9%
(-0.8ppt)

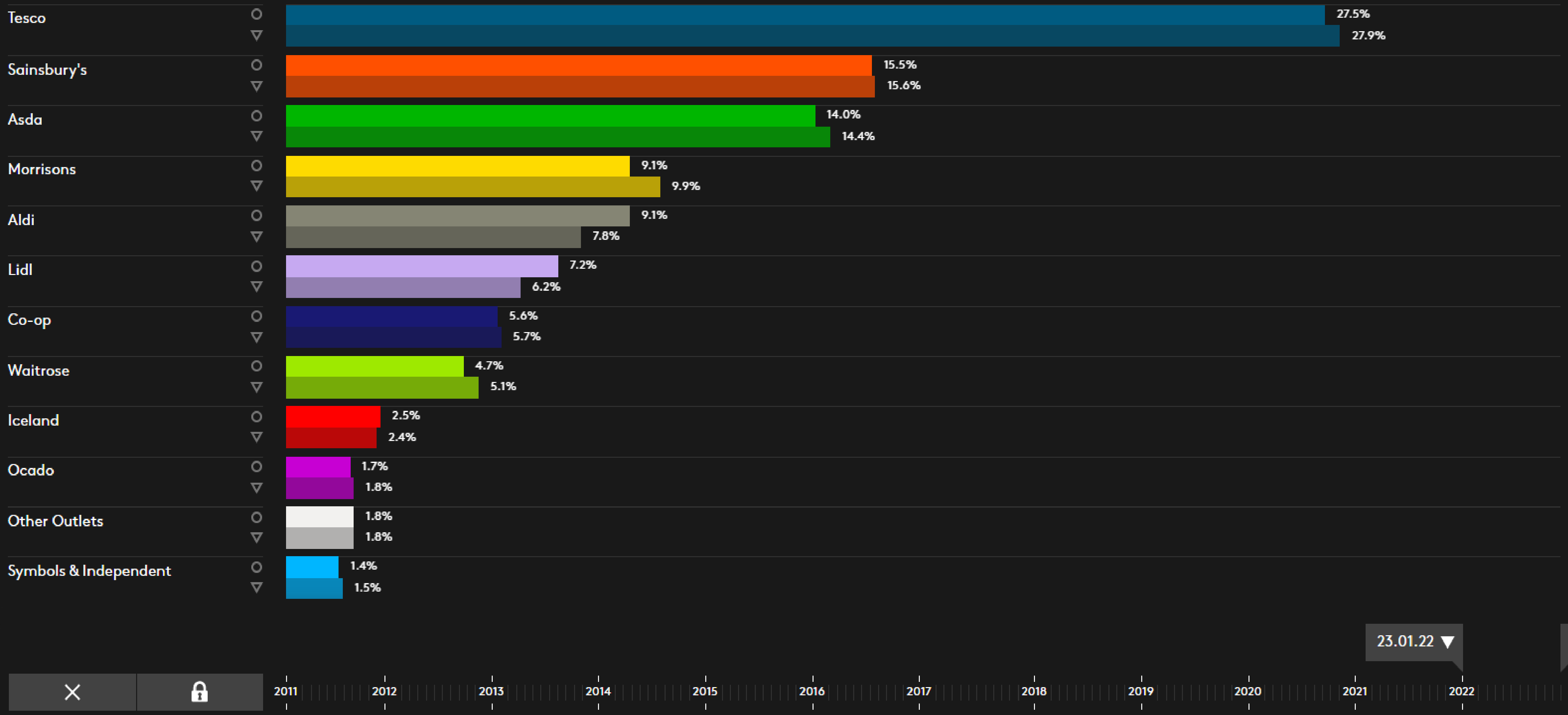
Online
13.0%
(+1.8ppt)

High Street
5.0%
(-0.2ppt)

Source : Kantar WP Online Total Grocery Service 52 w/e 26th December 2021

Great Britain

Grocery Market Share (12 weeks ending)



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KANTAR

Top Tips for Supplying UK Retail

- Understanding Target Shoppers
- Creating a Retail Activation Plan
- Pick a Good Distributor
- Understand the Category & Competitive Set
- Sustainability Credentials
- Appropriate Accreditations

UK (& Global) Ingredient Trends

- **Natural / Clean Label**
  Remains a key driver despite the cost of living crisis
  Consumers still want shorter ingredient panels and fewer ultra processed ingredients
  Organic & Fairtrade – growing again. Consumers want to know what is in their product and how the supplier is treated

- **Enhanced Health & Wellness**
  "You are what you eat" – Covid-19 demonstrated immunity support can come through diet
  Focus on health remains high, as raised awareness of the sugar, salt and fat in our diets through easier to understand labelling drives greater consumer awareness

- **Localisation**
  Sourcing foods & ingredients closer to home – knowing where your food comes from
  Farm gate purchasing – farmers diversifying selling D2C (e.g. www.produceandprovide.co.uk/)
  Concerns around ESG and food miles becoming a priority as a purchasing consideration

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Peter Naylor - Founder

UK (& Global) Ingredient Trends

- **Cost reduction**
  Cost of living challenge curbing innovation and affecting consumer trends
  Improvement in efficiency - adding less for more effect, point of addition in the process
  Switching high cost in use goods to lower cost in use e.g. natural flavour replacing juices
  Ask – where are my core brand values – what is open to reformulation

- **Great Taste**
  The ultimate reason to purchase is great taste
  If it doesn’t taste great, the repeat purchase will fail

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Peter Naylor - Founder

UK (& Global) Ingredient Trends

- **Salt Reduction**
  HFSS regs – partially implemented Oct 2022. Full implementation to follow, Oct 2023
  Reformulation takes time, do it now!
  Retail location, promotional activity and volume restrictions on products defined as HFSS
  Ingredients to replace salt more expensive, so tightening regulatory approach forces brands to act

- **Sugar Reduction – Government Intervention**
  HFSS regs as before – closely linked.
  Sugar tax on beverages (Apr 2018) accelerated sugar removal reformulation – see next slide
  Significant calories have been removed from beverage consumption, so it worked, to a point
  35% reduction in sugar consumed 2015-2019 / Raised >£300m in 2020 (this was lower than anticipated)
  Sugar was removed between 2016-2018 as brands relaunched before the tax was implemented

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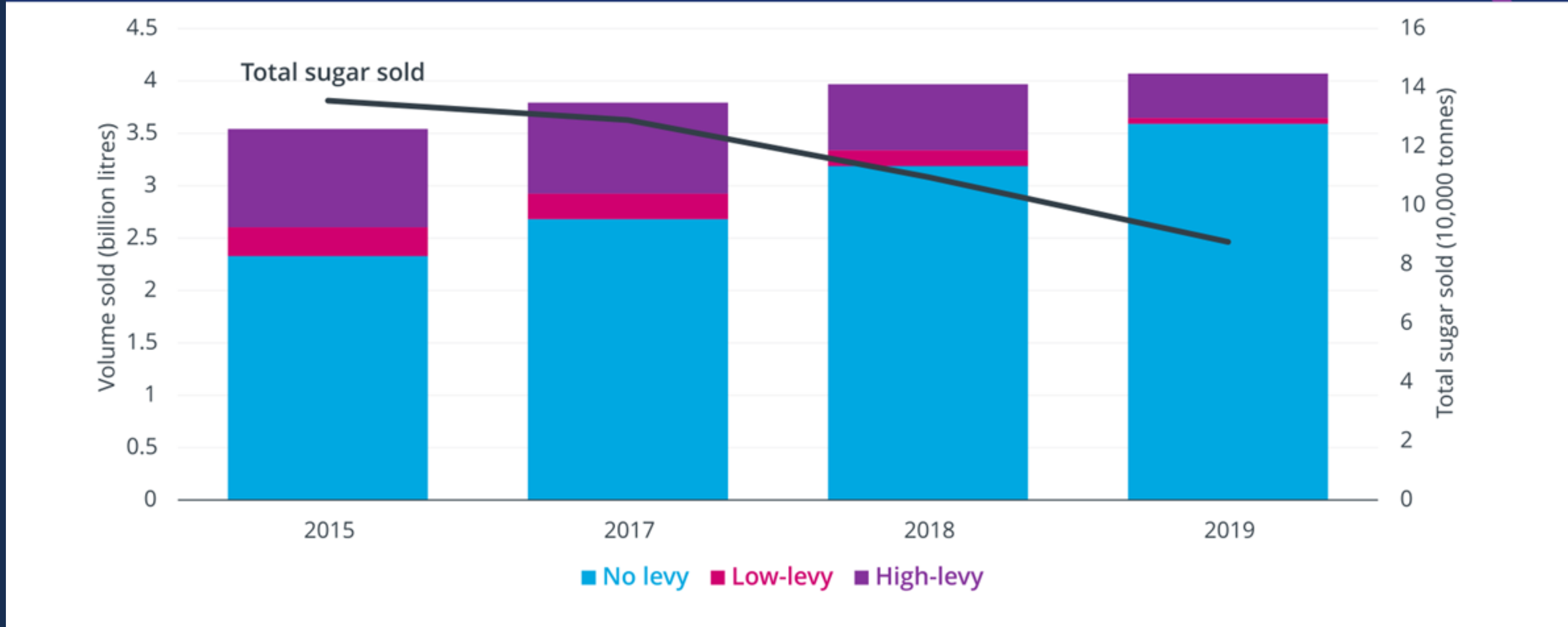
UK SDIL (Sugar Tax)



Source: Institute for Government analysis of Public Health England, Sugar reduction: progress reports, 2015-19. Note: 2017 Total Sugar sold data was missing and therefore approximated by multiplying sales weighted average total sugar level (g/100ml) by total volume sales and converting to tonnes.

UK HFSS Regulations – Affected Products

- Soft drinks with added sugar / Juice drinks with added sugar
- Milk drinks with added sugar / Crisps and savoury snacks
- Breakfast cereal / Chocolate confectionery / Sugar confectionery
- Ice cream / Cakes / Sweet biscuits / Morning goods / Pudding and dairy desserts
- Yoghurts / Pizza / Chips and potato products / Family meal centres
- Ready meals / Breaded and battered products / Main meals (out-of-home)
- Starters, sides and small plates (out of home)
- Children’s meal bundles (out of home) / Sandwiches (out of home)

Source - thegoodfoodgroup.co.uk/

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Peter Naylor - Founder

What is an FDReview?

- **We want to improve the quality and success rate of Food & Drink products available in the UK Market**
- FDReviews are video-based feedback reviews of Food & Drink Products by teams of industry experts
- We have 50+ experts with in-depth experience in UK market success and failure across a broad range of categories
- Creates the opportunity for food producers to get direct product feedback during development phase or new market entry

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Top Takeaways

- Market is open and willing but slowing in traditional routes via supermarkets
- Labelling Compliance is fairly easy – but make sure its right
- Get your price point right
- Understand the category
- 6 Seconds to grab a consumers attention
- Understand what is on trend

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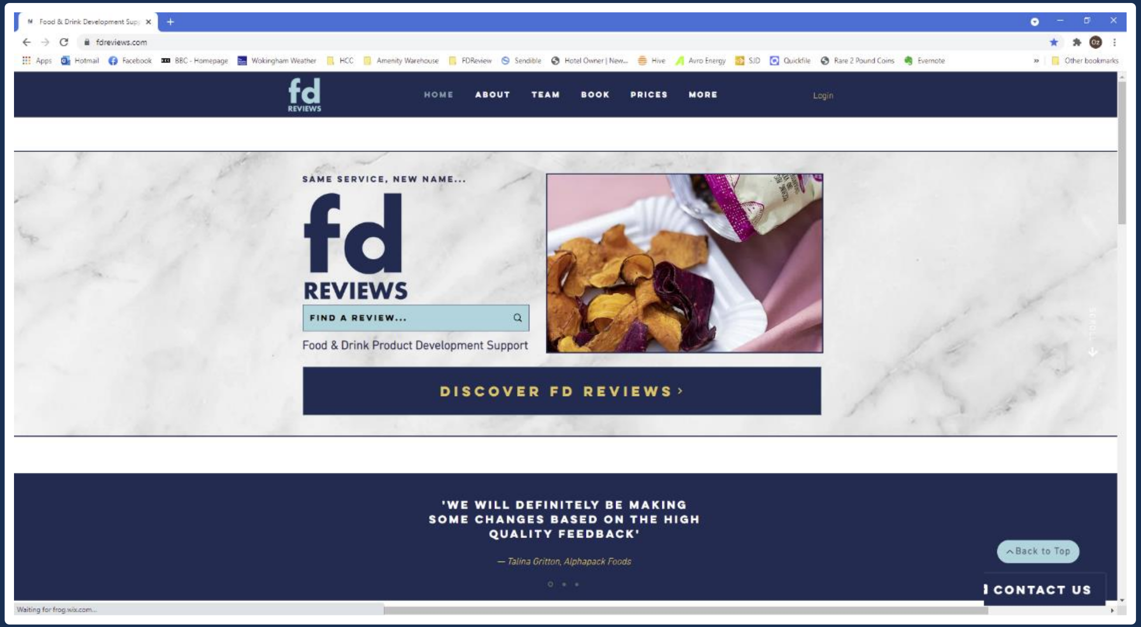
Q&A



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