

Innovative Sector Exchange Project

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INNOVATING FOR INTERNATIONAL MARKETS



Food & Drink Products

For food and drink producers, exporting offers great opportunities to develop new markets and products. However, other countries may have different regulations and standards to your domestic market; and customers' tastes and preferences will be different, too. Through research, customer enquiries and innovation, you can adapt your products, processes and operations to meet these challenges.



The EU Single Market streamlines, simplifies or removes many export issues, so if you're based in and exporting to other EU member states, the process should be relatively simple. For British-based companies, and EU businesses looking to build exports into the UK, there may be additional costs and regulatory barriers to overcome. The trading arrangements between the UK and EU are still evolving; the relevant organisations in your country will be able to advise you on the possible impact on food product standards in the future.

Your Product

The first thing to focus on when considering exporting is the product itself. Even if it has great and obvious export potential, you may need to adjust aspects of it to make it suitable for international markets. Simply creating a single, separate 'export version' is not always feasible, either: you should treat each country you wish to export to as a separate market in its own right.

Some things to consider include:

1 Flavours, colours and textures

You need to ensure your product appeals to local tastes and preferences. Do some research and, if possible, test your product with consumers to see how they respond. Adjusting your recipe, or creating specific flavours, colours and textures for individual markets, can make all the difference.

2 Shelf Life

By definition, an export product has to travel! A product that stays fresh for a few days or weeks is therefore unsuitable for export. Your product needs to remain at its best for at least nine months, so you may need to adapt your recipe or processing to achieve this.

3 Ingredients

Your ingredients will need to comply with local regulations. For example, some countries may have their own rules about salt and sugar content, or using certain colourings, flavourings or animal products. This could involve changing your recipe, so do some testing to make sure it still works!



4 Packaging

Again, make sure your packaging is suitable for the local market. Visit retail outlets and see how your type of product is usually presented: are customers used to buying it in cartons, jars, tins, bags, and in what sizes or quantities? You also need to ensure your packaging conforms to the country's regulations for disposal, re-use or recycling. In some markets, using sustainable or recycled packaging could make your products more appealing.

5 Labelling

The information you're required to display on your labels may vary between countries, so always check the local regulations. This may include translating information about allergens, customer support and other details into the relevant language(s).

6 Product Positioning

You need to be clear about who your customers are and find appropriate outlets to reach them. Supplying restaurants and food service requires a very different approach to selling through

supermarkets or delis, for example; and bear in mind the different storage, handling and display requirements of ambient, fresh, chilled and frozen products.

7 Transport and shipping

Think about how you will physically get your product to market, particularly if it is chilled, frozen or perishable. You need to balance time, distance, cost and value, based on the nature of your product and your customers' requirements.

8 Promotion

Your product will be competing against food and drink that local customers know, recognise, understand and take great pride in. You need to give them a good reason to choose your product over the familiar domestic alternatives. As the case studies show, you may need to explain what your product is and how and when to use it. The history and the person behind the product is extremely important in the artisan food and drink world, so tell your story clearly and proudly at every opportunity.



CASE STUDY

Fudge Kitchen (UK)

Fudge is a traditional British confection produced from sugar and cream and, like chocolate, has many varieties & qualities. Fudge Kitchen set out to challenge the world of high-end chocolate with their range of fudges; all hand made in small batches with natural ingredients to ensure a deliciously smooth product of the highest quality.



Fudge Kitchen founder Sian Holt wanted to find new markets for her products to ensure year-round demand and grow her business, so began investigating export opportunities.

Her first challenge was the product itself. Fudge made with cream has to be consumed within five to seven days, making it unsuitable for export. The company spent a year researching and developing a new recipe using butter, which extended the product's shelf life to 12 months. As a bonus, some of the experiments produced surprising and unexpected results that led to new products in their own right.

With the basic recipe perfected, Sian then had to ensure the flavours were suited to international markets. This meant creating a number of new flavours, such as a liquorice fudge specifically for the Dutch market.

Her next hurdle was the name. The word 'fudge', while familiar to British and North American consumers, is almost unknown in mainland Europe. The company solved the problem by calling its product 'Premium British Confectionery' instead: combined with high-end packaging and branding, this created a new niche position alongside fine chocolate in the marketplace.

CASE STUDY

Sticky Toffee Pudding Company (USA)

In 2003, Tracy Claros moved from her native England to Austin, Texas, where she started selling chilled homemade British desserts, including sticky toffee pudding, at a farmers' market. Like Fudge Kitchen, she had to overcome a language barrier, since 'pudding' has a different meaning in America to the UK. As the business grew through word-of-mouth recommendations, Tracy approached retailers, where she encountered a second problem: most stocked only frozen desserts, not chilled. She eventually negotiated chilled space with premium chain Whole Foods Market, where her product came to the attention of O Magazine, run by Oprah Winfrey. The resulting publicity, followed by several national awards, boosted sales both in-store and online. The company now produces over a million desserts per year through a contract bakery in Chicago, and has annual revenues of \$4m (£3m). As well as major retailers including Costco and Wal-Mart, the company also supplies British Airways and Virgin Atlantic.

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Your Business

As well as having a suitable product, you need to ensure your business is ready to operate internationally, too. Do your research: be realistic about your strengths and the opportunities, and honest about the challenges and barriers.

Moving into exporting involves many of the same decisions and thought processes as any other business activity. You need to balance costs and benefits, ensure you have the right resources in place, and be prepared to invest time in developing relationships and trust with your new customers.

Initial research

The first and most obvious consideration is the size of the potential market and the state of the competition. You can do a lot of this basic research online, but there is no real substitute for visiting your target market. International trade fairs are also excellent sources of intelligence and contacts.

In most cases, you will start by targeting a small number of countries, based on the opportunities they present. As well as current buying habits, look at

trends: demand for your type of product in a particular market may be small now, but forecast to grow rapidly; equally, what appears to be a large market today may actually be in long-term decline. You also need to consider demographics: the age and spending power of a country's population will have a big effect on your product and pricing decisions.

Commercial factors

Intellectual Property (IP) is one of your most important assets, so you

need to ensure you can protect it in different markets. EU law applies within member states: how it will affect companies trading from and to the UK is uncertain. The same applies to cross-border payments, insurance, taxation and other commercial issues.

You also need to consider your routes to market: you may choose to sell directly, through agents, distributors or third parties, online, or a combination of these, depending on your product and the market. In all cases, make sure you clearly define and communicate your unique selling proposition (USP) as part of a wider marketing strategy.

Export practicalities

As noted above, the Single Market removes many of the regulations, and much of the paperwork, involved in exporting between EU Member States. Without the free movement of goods, exporting to and from the UK may become more complex, depending on the future trading arrangements: please consult the relevant organisations in your country for the latest advice.



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Wherever you are exporting from and to (and particularly outside of the EU) you need to know which documents are required and how quickly you can obtain them: this is important because it may affect your delivery schedules.

Managing and building your export business

Good business practice is the same wherever you are operating. You need to treat your overseas customers with the same care and attention as your domestic customers. That means maintaining regular telephone and email contact, and visiting them as often as you can. You also need to ensure goods are delivered on time, and problems are resolved quickly and effectively.

Agreeing a joint development plan with a specialist importer or distributor can help you reach further and deeper into the market. As you gain experience and knowledge, you can apply this to develop new opportunities elsewhere.





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