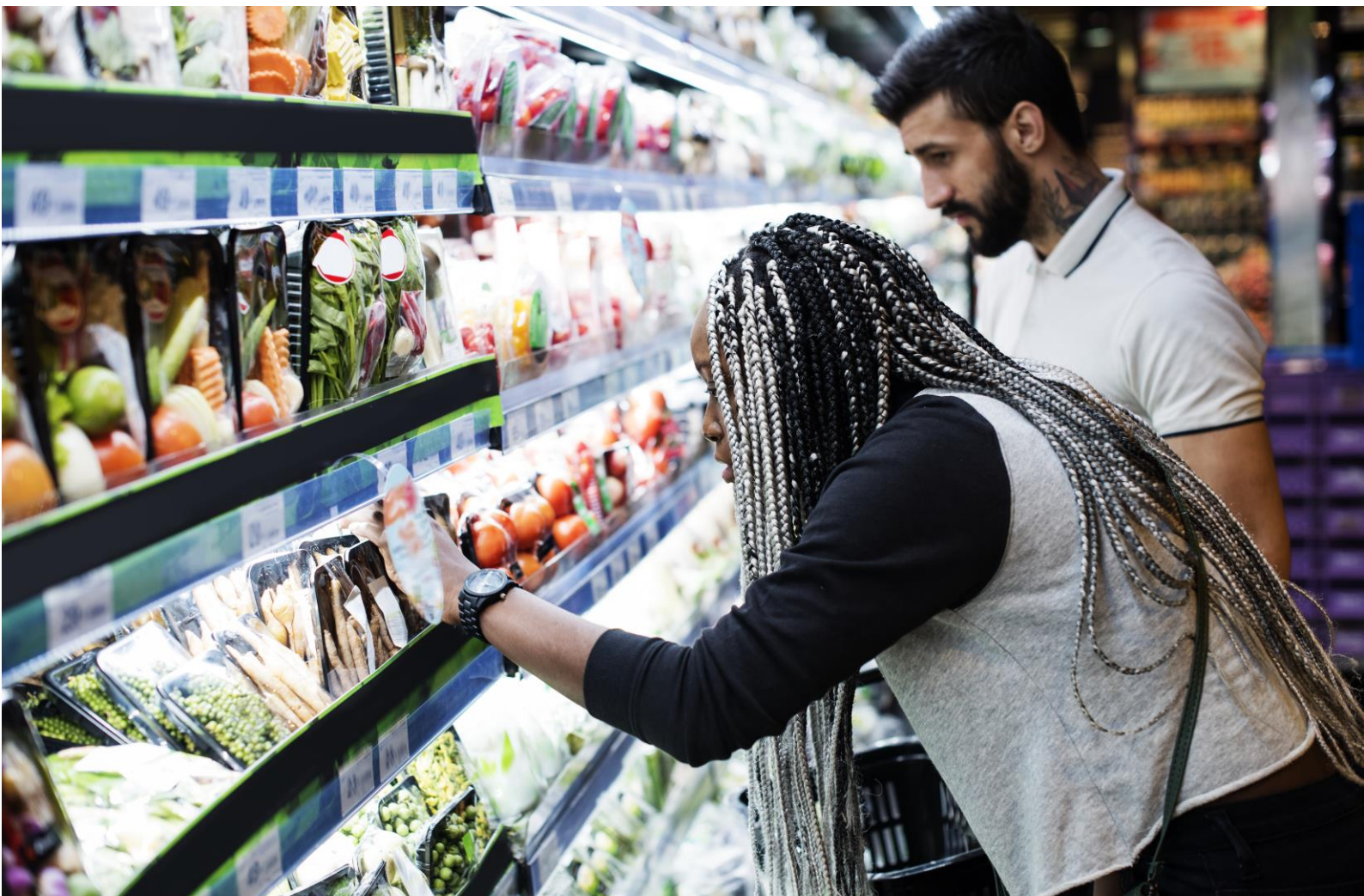




Department  
for Environment  
Food & Rural Affairs

# Routes to Retail

A How-To Guide for SMEs



We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

What we eat and drink, and how and where it is made, is part of our nation's story. Our food and drink is recognised across the world for its quality, tradition, and innovation. This growing reputation for high-quality food and drink produced to high standards of food safety, animal welfare and sustainability is driving increased consumer demand both at home and abroad. It provides a real opportunity for growth across all regions of the UK. We want to support food and drink businesses across England to tap into that growing demand and ensure that they can access the support, training and information they need to grow their business.

**With thanks to the following organisations for their support:**

**SALSA**

Safe and Local Supplier Approval

**ocado**

This guide was developed in collaboration with SALSA (Safe and Local Supplier Approval).

Launched in 2007, SALSA is a food safety certification scheme for the UK's small food and drink producers. The SALSA Standard supports producers in implementing practices and controls to produce consistently safe food by providing an audit that is appropriate and proportionate to their activities.

The SALSA Standard is written by experienced food safety experts to reflect the legal requirements of UK food producers and suppliers and the enhanced expectations of 'best practice' of professional food buyers.

Self-funding, SALSA is a not-for-profit organisation intended to be affordable for smaller businesses. SALSA is a joint venture between three of the major trade associations representing the UK food chain:

- The Food and Drink Federation (FDF)
- The National Farmers Union (NFU)
- UK Hospitality (UKH)

The Institute of Food Science & Technology (IFST) moderates the Scheme on behalf of the joint venture owners.

For more information visit [The SALSA Standard](#).

The Buyer's Tips throughout this guide were provided courtesy of [Ocado](#).

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# Introduction

Retailers are increasingly seeing the value in smaller, local brands who can provide regionally sourced products. Consumers are increasingly seeking out locally produced, identifiable products with a smaller carbon footprint. This means there is scope for artisans to supply with unique products that can fill a niche in their range.

For many small businesses, getting products onto retailers' shelves is an important step for reaching more customers, increasing sales and growing as a brand. But this journey can be difficult. Knowing your product and understanding where it sits in the market is key to finding the right retailer.

Many small businesses seek to be stocked by major supermarkets, but this might not be the right route for everyone. Smaller, specialised retailers, like luxury stores, farm shops, and shops that exclusively stock locally manufactured products, can offer an alternative, providing customers that are looking for high quality products from small businesses.

This guide is aimed at small and micro food businesses who are looking for routes into retail. It provides information to support you on your journey to supplying a variety of retailers, including practical advice and real-life SME case studies.

When working with any retailer, you will need to demonstrate that your product is manufactured to a high standard and meets UK legal requirements. A food safety certification audit will confirm that the expected standards are in place. Retailers look favourably on a supplier with an independent audit certificate and for some retailers, this may be an essential step. For small and micro businesses, the SALSA food safety certification scheme is widely recognised by UK retailers. Approval certification is only granted to suppliers who are able to demonstrate that they are able to produce and supply safe and legal food and are committed to continually meeting the requirements of the SALSA standard.

## Buyer's Tips

Throughout this guide, you'll find Buyer's Tips, provided by Ocado, and tailored to food and drink SMEs. These will give extra insights into the kinds of questions buyers may ask about your products, and the types of answer you should prepare.

# Getting Ready for Retail

## Understanding your market potential

Understanding where your product sits in the market will allow you to tailor your brand to your target consumers. Try out your product on friends, family and neighbours from your target consumer base. Ask for feedback on the appeal, suitability of the pack sizes, ease of use and potential uses for the product such as recipe ideas, and be prepared to take this on board when designing your product.

Visit a store to do market research. It might be helpful to think about:

- Whether your target consumer would typically visit the store.
- Your product's unique selling point.
- The typical price point for similar products, and how your price compares - if your product is more expensive, there needs to be a clear reason why.

*“Be persistent with your customers, and understand what they want. Look at your competitors – how do your product's quality and presentation compare? Make changes where you need to. Shout about your story, be proud to be local!”*

**Stewart Cawte, Managing Director of Keltek Brewery**

### Buyer's Tips

#### **Who are your competitors?**

Be able to name and describe your competitors. It shows that you have done your homework and that you understand the market. Get to know them well.

#### **What sets your product apart from the crowd?**

A retailer needs to know exactly what makes your product different from others in the category. Ensure you can clearly define the customer needs your product caters for.

#### **Who is your target market?**

Do research to understand who your customer is and why they will buy your product. It may seem obvious to you; help make it obvious to the buyer.

## Building a strong brand

A strong brand is essential for making sure consumers pick your product on the shelves. To generate interest from retail buyers, your product must stand out, have a clear target market and be supported by a robust business plan.

A strong brand identity will help define your company and promote your products. For example, is your business local, family run, or sustainable? Once you've developed your identity, make sure it is reflected in your product's packaging. Packaging is the most important element for getting your product seen.

There are many things you can do to develop your brand, from having a simple 'About Us' section on your website, to using your story to generate interest from the local press. When approaching retailers, you will need to demonstrate that your product has momentum – you could do this using evidence of sales or social media engagement. Consider your future marketing plan, and any promotional support you can provide to the retailer – can you offer trial sizes or samples for tastings? Have an 'activation plan' – a strategy for increasing awareness and generating consumer interest in your brand.

*“Provide data! Your customers’ anecdotal experience is valuable in demonstrating the opportunity to retailers. Buyers will look at your social media and website. Ensure these tell your story, and your product’s popularity and demand for it.”*

**Raphael Ogunrinde, founder of Calyx Drinks**

## Buyer's Tips

### How will you shout about your product?

Think about how you see your brand growing with the retailer. Research which marketing and merchandising tools you will leverage to promote your product to their customers? It's worth looking at types of offers and media that can be utilised with each specific retailer.

### Now that everyone wants your product, how will you scale?

Be transparent about your capacity now and have a plan for how you will scale as your brand develops with the retailer. For example, will you need to supply more locations as you grow with the retailer?

## Developing your product's financial profile

When manufacturing a product with retail in mind, it's important to fully understand the finances. Make sure you know your numbers, including:

- Your expected profit margins
- The cost of the labour to produce your items
- How you will store and distribute your products, and what this will cost
- The volume you can deliver
- Any discounts you can offer for high volume orders
- Food safety costs, such as third-party audits, which may be needed to supply.

Fully cost out both the raw materials and packaging. Printed labels, caps, bar codes and QR codes all have additional costs. If your product uses seasonal ingredients or difficult to get raw materials, there may be significant investment in purchasing and storing enough quantities to ensure supply if your product is successful. If you have a successful product, a retailer may require you to scale up the volumes you produce. Think about how you could fund this.

Also bear in mind that if a retailer purchases your products, they do not have to pay your invoice immediately. You will need enough cashflow to cover the costs of running your business in the period before you are paid. This is particularly important in the current climate, where many businesses are seeing their costs increase.

*“It is important to understand how much your delivery is costing you in fuel and in time. Ask yourself, ‘is it worth it?’. You need to understand the cost of your sales. The more cost you can take out, the more you make!”*

**Stewart Cawte, Managing Director of Keltek Brewery**

## Buyer's Tips

### **What are your key financials?**

Be crystal clear on your numbers for your pitch. For example, what are your cost prices and RRP, have you accounted for transport and other costs?

Different retailers have different inbound requirements, ensure you have considered the end-to-end cost of supplying your product to a specific retailer.

## Collecting technical and food safety data

Research the legislation around food safety and ensure you comply with all the relevant legal requirements. You will need to monitor and update your HACCP (Hazard Analysis & Critical Control Point) plan with the food safety and hygiene risks to ensure that you can manufacture, store and deliver the product safely. For more information about HACCP, see the Further Resources section of this guide.

Implementing a recognised food safety standard such as SALSA is a powerful tool to improve your business, manage consistency and stand out from the competition. An audit by an independent food safety expert early in the development cycle of your product can help ensure you're doing everything you need to and demonstrate to retailers that your company has a robust food safety culture. A food safety certification audit will also confirm that the expected standards are in place to support that you have the required production standard. Supermarkets will look favourably on a producer with an independent audit certificate. This may be an essential step for some retailers, or they may specify their own audit scheme.

In addition to food safety, there are specific legal requirements for the labelling of food and drink – and buyers will need to see this, too. Have nutritional information ready on:

- Ingredients
- Nutritional information
- Allergens
- Best before/use by dates
- Shelf life
- Any additional claims you make for your product such as ‘vegan’ or ‘gluten free’.

Online tools can be useful for calculating nutritional information and recipe costings.

Understand how you will store and deliver products and ingredients. The product may need temperature-controlled distribution (refrigeration or freezing) operated to the legal requirements and retailer guidelines. Any samples you want to send will have to be stored and transported at the correct temperature, too. For some, frozen products can be simpler to manage than fresh, because you can do longer production runs with a longer shelf life.

When determining the expected shelf life of your product, bear in mind that retailers will probably need the product to be delivered with 80-90% of the shelf life. Make sure that you have a long shelf life to limit the risk of having product that cannot be shipped.

## Buyer's Tips

### **Do you have the correct certification?**

Most retailers will only accept accredited suppliers. Make sure you have the relevant certification before you approach the retailer. For ingestible products, these will be SALSA, the BRCGS (British Retail Consortium Global Standards) Food Safety Standard, or BRCGS Start!, depending on the size of your site.

### **Making a claim?**

If you are looking to make a claim on your product or brand marketing such as 'free-from', or a claim about your environmental impact, make sure you have the relevant information to be able to back it up.

Understand your ingredients and risks of cross contamination, as just not adding an ingredient doesn't always make it 'free-from'.



# Approaching Retailers

## Getting started

Focus on a small number of retailers that align with your products. A retailer will likely be a good fit if their typical customer is similar to your target consumer. Research each retailer thoroughly and make sure you can clearly explain why they should be interested in your brand. Find out if the retailer has any agendas that your product could contribute to – perhaps they're trying to improve sustainability, or stock more British drinks.

Many retailers, especially major supermarkets, want to stock the same products in all their stores. Not all small businesses can produce at this scale, so it's useful to look for opportunities to supply smaller volumes. This might mean supplying a smaller number of local stores, contributing to a seasonal event, or working with standalone premium shops.

Once you've identified the retailers you want to contact, see if there is any information for suppliers on their websites. Retailers may ask you to contact them in different ways, such as through an online portal, or by emailing their buying team. Utilise your networks during this process. Other businesses may be able to direct you towards a buyer, or offer insight into what different retailers value when considering a new product. Business representative organisations, such as regional food groups or trade associations, may be also able to provide guidance. These organisations may also hold 'Meet the Buyer' events, where you can speak to buyers directly.

Working with wholesale distributors can be a good alternative to approaching retailers directly. Distributors often have industry expertise, such as their knowledge of market trends, consumer preferences, and industry regulations, and will have established relationships with retailers. Distributors are also equipped to handle the logistics of delivering products to retailers, which can save small businesses time and money. Working with distributors can also allow businesses to maintain more control over their products' prices and marketing.

*"Persistence and resilience are so important. There is a high turnover of buyers across food retailers, with individuals moving departments frequently. Understand the retailer's objectives and align your product to provide a solution for your buyer."*

**Raphael Ogunrinde, founder of Calyx Drinks**

### Buyer's Tips

#### **Get to know the retailer**

Become an expert in the retailer and how they work. Read everything and anything you can on the company website about supplying them and spend time looking at their assortment.

### Is the retailer set up right for you?

Retailers work differently and some offer different opportunities to others. For example, you can supply local branches of some and for others you have to supply every warehouse. Work out what suits you best at this stage in your journey.

## Preparing your pitch

You may only have one opportunity to pitch to a particular retailer, so make sure you are well prepared. Using your market research, you will need to prepare a clear and concise pitch that explains why retailer should stock your product.

It is extremely important to have a robust understanding of your product's financial profile. When going into a pitch, have a minimum price that you expect for your products, and be prepared to negotiate to ensure you can make a profit. A price that works for you at the time of the pitch may not be sustainable in the future. Many businesses are seeing their costs increase faster than retailers are reviewing prices. Make sure you can absorb any increases that might occur in the short term.

Retailers may want exclusivity for a period of time, meaning that the product can only be sold through their outlets. Think about whether this is something you are prepared to do, and remember that retailers can change their mind about what they stock - supplying your products to one large customer can leave you vulnerable.

Many supermarkets run incubation schemes, providing mentoring and advice for selected small businesses. This can offer a useful way into retail, with more support than traditional routes, where competition from large companies is strong. Each programme is different, so check on retailers' websites for details on eligibility, and how to apply.

*"When working with larger retailers, understand completely how you can fulfil their expectations. Don't over-commit on stock levels or make changes with your product that you don't believe will benefit your business."*

**Stewart Cawte, Managing Director of Keltek Brewery**

## Buyer's Tips

### Is your pitch effective, concise and prepared?

A deep understanding of all these tips will mean you are well prepared. **Keep background knowledge up your sleeve** and hit the buyers with the **key information**:

- Commercials
- Brand identity

- Customer profile
- Logistics plan
- Accreditation
- Are you ready to supply?
- Understand how the retailer works: what sort of promotion mechanics do you think would suit your products?
- What is your activation plan?
- Understand your competitors in their assortment

### **Do you have an activation plan?**

Getting a listing doesn't mean your product will immediately fly off the shelf. You need an activation plan.

With online retail, you'll need a promotion and media plan to get your products in front of customers and standing out. You'll need to coordinate this with a push on your social channels. With bricks and mortar, you may consider a promotion plan.

## **Finalising the details**

If a retailer likes a product, they can choose to support small businesses through the supplying process. Retailers might be able to modify their technical requirements, offer preferential payment terms, or advise on changes to packaging. If a barrier is preventing you from supplying, it is worth exploring if any support is available.

Make sure you can get the right IT infrastructure in place to align your supply chain with retailers' needs. For example, is your order processing software compatible with their buying systems? You will also need to ensure that you have the correct delivery infrastructure in place. Few supermarkets will allow delivery directly into the store but require delivery into a regional hub on specific pallet formats. Pallets will need to be purchased or rented and returned.

*"Keep your buyer updated by sending a brief summary of how your product is performing. Include sales figures, media, PR and market trends that support your product. Don't forget to add articles and photos!"*

**Rachel Lindsay, National Account Manager for Farrington Oils**

### **Buyer's Tips**

#### **Have you planned your route to market?**

This shouldn't come last; it should be baked into your financials, so you aren't losing your margin at the last mile. Have a plan for distribution.

## Case Studies

### Farrington Oils

Launched by Duncan Farrington in 2005, Farrington Oils produces 'Mellow Yellow' cold pressed rapeseed oil from his farm in Northamptonshire. By 2006 Duncan had secured listings in national retailers Sainsbury's and Waitrose.



According to Rachel Lindsay, National Account Manager for Farrington Oils, "Duncan was focused on the value of his product from the outset. It was not about selling one bottle but changing consumer behaviour to ensure repeat purchases."

With this focus, Farrington Oils booked a slot at the International Food & Drink Event to pitch his product to buyers. Instead of using presentation slides, Duncan gave the story of Mellow Yellow in a passionate manner to bring the brand to life, and offered product tastings.

"Duncan's presentation at IFE was informal. He focused on sharing his background, the process of creating the product and his ambition to provide an alternative to traditional cooking oils. Duncan's enthusiasm and passion generated many questions from the audience, which he answered with interest and a desire to understand the motivations behind the questions."

Eighteen years later, Farrington's Mellow Yellow products are available in Sainsbury's, Waitrose, Booths, and Co-op. They can be found on popular online supermarkets, including Ocado, and are sold in independent retailers throughout the UK.

### Calyx Drinks

Inspired by his mother's recipes, Raphael Ogunrinde identified a gap in the market for craft soft drinks made from flowers, and founded Calyx Drinks. The brand is stocked in retailers such as Waitrose and Morrisons.



Calyx Drinks puts quality and food safety at the heart of his business. Having worked with large food companies, Raphael recognised that the SALSA Standard would suit Calyx Drinks' production scale. Calyx Drinks gained its first SALSA Approval Certificate in February 2019. At this time, they were already supplying to food halls, markets and festivals, as well as over 65 hotels and bars in the Northwest.

In May 2019, Calyx Drinks became a Waitrose and John Lewis Approved Supplier. Raphael worked closely with his buyer at Waitrose to communicate Calyx Drinks' story, values and aspirations, but his engagement with customers was the key to his success. Raphael used food festivals, farmers' markets, and tastings to gather feedback, tweak his

products, and understand his customers' demographic and buying. Waitrose was looking to develop their craft soft drinks line, and Raphael knew he could provide a high-quality product that would fit the bill; his knowledge of his consumers allowed him to prove it.

Calyx Drinks continued to hold tastings, talking to customers and collecting feedback in Waitrose and John Lewis stores. Working with his buyer, Calyx Drinks underwent a rebrand and shelf repositioning to improve sales.

When Calyx Drinks approached other supermarkets, buyers all wanted to know how the product performed in Waitrose. The retail data and evidence from customer engagement became invaluable, and he was subsequently listed in Morrisons, Booths and Ades.

## Keltek Brewery

Inspired by Cornwall's Celtic heritage, Keltek is a traditional, family-owned brewery based in Redruth. They supply a wide range of businesses in the Southwest, including Morrisons, Wetherspoons, Bookers and many hospitality establishments.



Keltek began the SALSA Approval process in 2018, as they secured a contract to supply Co-Op, but needed the 'SALSA plus Beer' Standard to proceed. Since 2018, Keltek has expanded its customer base and has consistently achieved annual SALSA audits.

Keltek implemented a proactive and targeted sales strategy by directly contacting potential customers. They developed relationships with store managers through product tastings, and then used these partnerships to create special promotions and events to drive sales. This strategy has enabled Keltek to directly reach its target market and create personalised experiences to increase sales and brand awareness.

Local marketing is essential for Keltek Brewery's sales strategy. Supporting local events and charitable causes has helped them to build a positive reputation and a strong connection with the community. This has created a loyal customer base and generated positive word-of-mouth promotion.

To improve efficiency, Keltek adapted its business model to work with wholesale distributors. This had enabled them to take advantage of their distributors' existing sales channels and established relationships with retailers, making their products more widely available. This strategy has reduced the costs associated with delivery, as distributors are better equipped to handle the logistics of getting the products to retailers, whilst still allowing Keltek to maintain control over their prices.

Keltek's relationship with local wholesale managers has proved to be mutually beneficial. Centre managers understand local buying behaviours and have provided invaluable industry advice on packaging and marketing. Working with wholesale distributors has also given Keltek access to large trade shows where they can promote their brand. This, alongside online marketing featuring their products, has helped Keltek to build its reputation, whilst increasing sales and developing customer loyalty.

# Retailer Engagement Checklist

- Create a strong brand identity to make sure your product stands out
- Collect evidence to show that your product has momentum
- Define your target consumer, and make sure your product aligns with their priorities (and their budget!)
- Think about which retailers are the best fit for your products, and research them thoroughly
- Develop a strong financial profile for your product – you need to understand every single cost associated with your product to ensure you get a fair price when selling to retailers
- Make sure you have a good, long-term cashflow to ensure you can afford production, absorb increases in manufacturing costs, and fund any business expansion that may be necessary while you're waiting for invoices to be paid
- Make sure you have finalised information on:
  - ingredients
  - nutrition
  - allergens
  - shelf life
  - best before/use by dates
  - extra claims such as 'vegan'
- Consider seeking food safety certification from a third party, such as SALSA, in order to demonstrate to retailers that your company has a robust food safety culture
- Focus on approaching a small number of retailers that are a good fit for your products
- Look for opportunities to supply at a scale that suits your business
- Look for information on how to contact a retailer on the website, or talk to other businesses in your networks about their experiences
- Consider applying for an incubation scheme
- Prepare a clear and concise pitch that explains the value of your product to a retailer
- Make sure you know what price you need to receive in order to make a profit, and be prepared to negotiate in order to get this price
- Once a retailer has decided to stock your products, finalise the technical details, like ensuring you have the right IT infrastructure to accept their orders

## Further Guidance and Resources

The Food Standards Agency (FSA) has many training resources that are useful for businesses, including information on the Hazard and Critical Control Point (HACCP) principles.

<https://www.food.gov.uk/business-guidance/online-food-safety-training>

<https://www.food.gov.uk/business-guidance/hazard-analysis-and-critical-control-point-haccp>

The Government has issued a Groceries Supply Code of Practice to ensure fair dealing between suppliers and retailers. The Groceries Code Adjudicator is responsible for enforcing this.

<https://www.gov.uk/government/publications/groceries-supply-code-of-practice/groceries-supply-code-of-practice>

<https://www.gov.uk/government/organisations/groceries-code-adjudicator>

The Competition and Markets Authority (CMA) has guidance on making environmental claims on your products.

<https://www.gov.uk/government/publications/green-claims-code-making-environmental-claims/environmental-claims-on-goods-and-services>

You may find the following blog on the factors affecting shelf life useful.

<https://www.campdenbri.co.uk/blogs/setting-shelf-life.php>

The Institute of Food Science and Technology has a knowledge hub and food safety fact sheets for small and medium enterprises.

<https://www.ifst.org/knowledge-hubs/food-safety-knowledge-hub>

<https://www.ifst.org/resources-policy/science-and-technology-resources/food-science-facts/food-science-fact-sheets>

SALSA (Safe and Local Supplier Approval) is more than simply an audit standard. The scheme offers a range of membership options, information resources and guidance as well as a strong support structure

<https://www.salsafood.co.uk/>

The BRCGS website contains information about its safety certification and training schemes.

<https://www.brcgs.com/>