

# Food for thaw

Michael Herson, MD of market consultancy the Strategy Works, examines how food suppliers have prepared for the smoking ban

**W**hile licensees may hold mixed views about the impact on wet sales of the introduction of the smoking ban in England, many believe it will affect food sales positively. Pubs will need to re-evaluate menu options to attract a more family-oriented customer base and create food-revenue streams. Marketed correctly, this represents an opportunity, rather than a threat, to pub groups - so how prepared are suppliers from the frozen food industry to meet this challenge?

As leading UK branded and own-label frozen-food companies, major distributors and customers face one of the most significant external market forces to impact the foodservice market in years, key issues affecting the notoriously under-researched frozen-food industry bear investigation in relation to foodservice.

## Market structure

Leading UK frozen-food branded manufacturers have virtually abandoned the [direct sales] field to major wholesale groups, such as Brakes and 3663, who virtually dominate the route to market.

Horizons market analyst Peter Backman, an observer of the foodservice frozen-food market for more than 20 years, estimates it to be worth £1.25bn at distributor selling-prices. Peter says food manufacturers "lost the plot" in the 1980s, when they reduced sales forces significantly and handed responsibility for customer interface to wholesalers.

Both 3663, with £1.45bn turnover, and Brakes with a turnover of £1.3bn (excluding France),

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have significant sales resources. Brakes has more than 400 field sales people interfacing with end-customers, plus regionally-located telesales teams throughout the UK, while 3663 has 1,000 field and telesales personnel operating out of 42 depots.

No branded manufacturer or own-label supplier within frozen foodservice has a direct sales force of more than 10 staff, and most have less than five.

McCain, with a strong frozen-food heritage, has 50% of its total company turnover within foodservice.

But other leading retail brands have a minor foodservice presence in relation to their retail turnover.

Young's Seafood, a significant retail brand with £500m turnover as a group, has only recorded £25m (5%) of total turnover within foodservice.

Bernard Matthews' foodservice turnover is similar to that of Young's Seafood: £25m to £30m out of total UK turnover of just less than £340m - less than 10%.

## Ease of preparation

McCain associate director of food services marketing Adrian Greaves recognises that pubs will

require food that is simple to prepare as those entering the sector will not be able to employ skilled chefs.

Young's Seafood foodservice director Peter Milstead says demand for part-prepared food will increase. "There has been a move back to natural pieces of fish, which chefs can work with," he says.

## Healthy eating

As healthy eating becomes a key foodservice driver, Loxton Foods managing director Paul Durbin sees the trend as irreversible. "Healthy eating will continue to drive forward - it's a total change in the way we look at food," he says.

Des Bell, marketing director at 3663, reports that its Positive Steps campaign, launched in September 2005, aimed to raise industry awareness of healthier-eating opportunities.

The company has sourced its own Smart Choice range to meet market demand for healthier eating. Brakes now has more than 70 products within its Healthier Choices range.

Bernard Matthews marketing director Matt Pullen says: "Our products have had all artificial colours and flavours removed."

Millifoods managing director Stephen Drew reports a number of customers requesting healthy children's menus with no added salt, while Durbin emphasises the importance of food miles - the distance food has to travel before it reaches the plate.

Brakes PR manager Simon Henrick says his company has been working with Bourne Leisure to develop healthier children's meals and sales have increased. "We developed and worked on mini-meals for Bourne Leisure, which helped

