

# Egyptian **FROZEN** green beans in the United Kingdom

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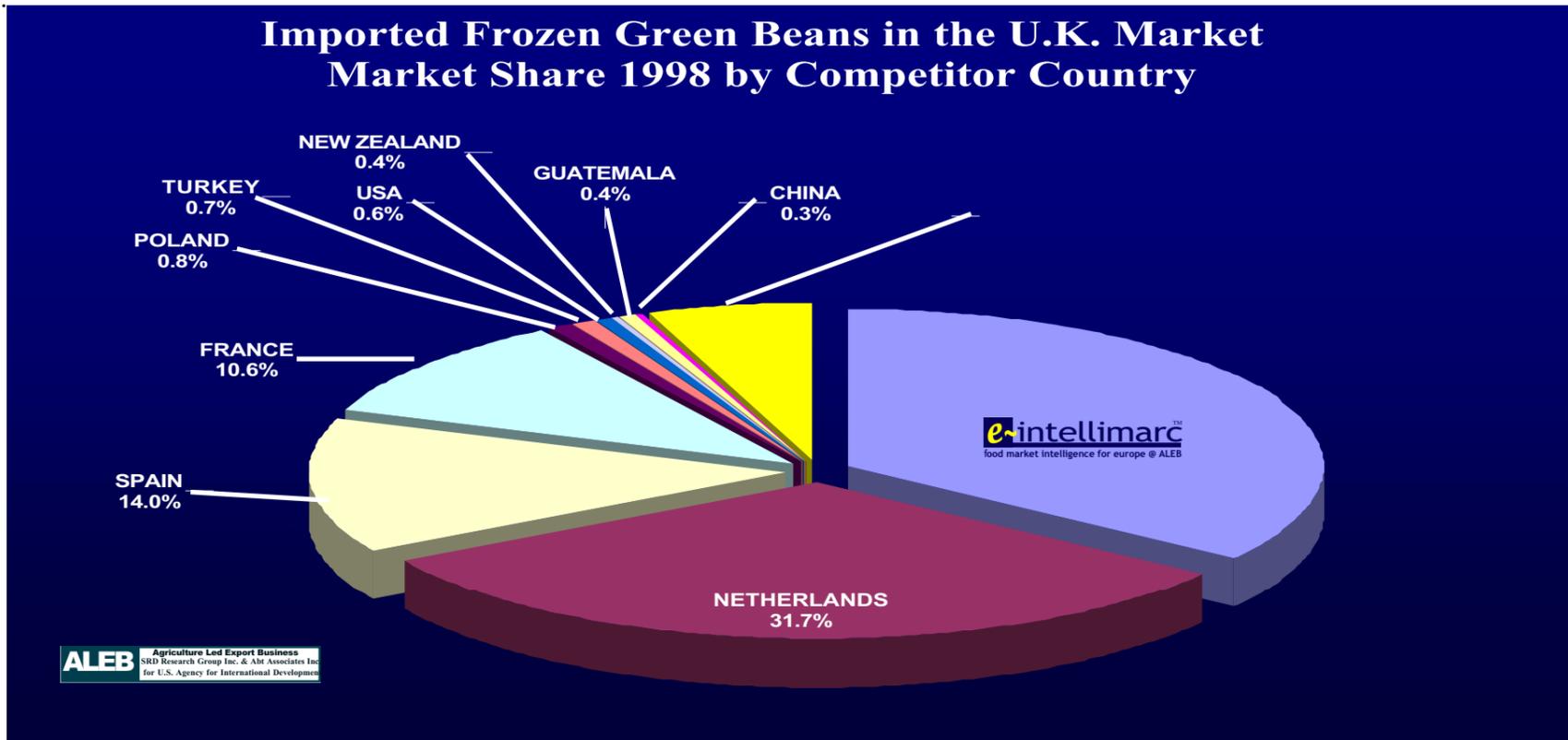


# IMPORTED FROZEN GREEN BEANS IN THE UNITED KINGDOM MARKET



## 1. U.K. Import Markets and Competing Exporters

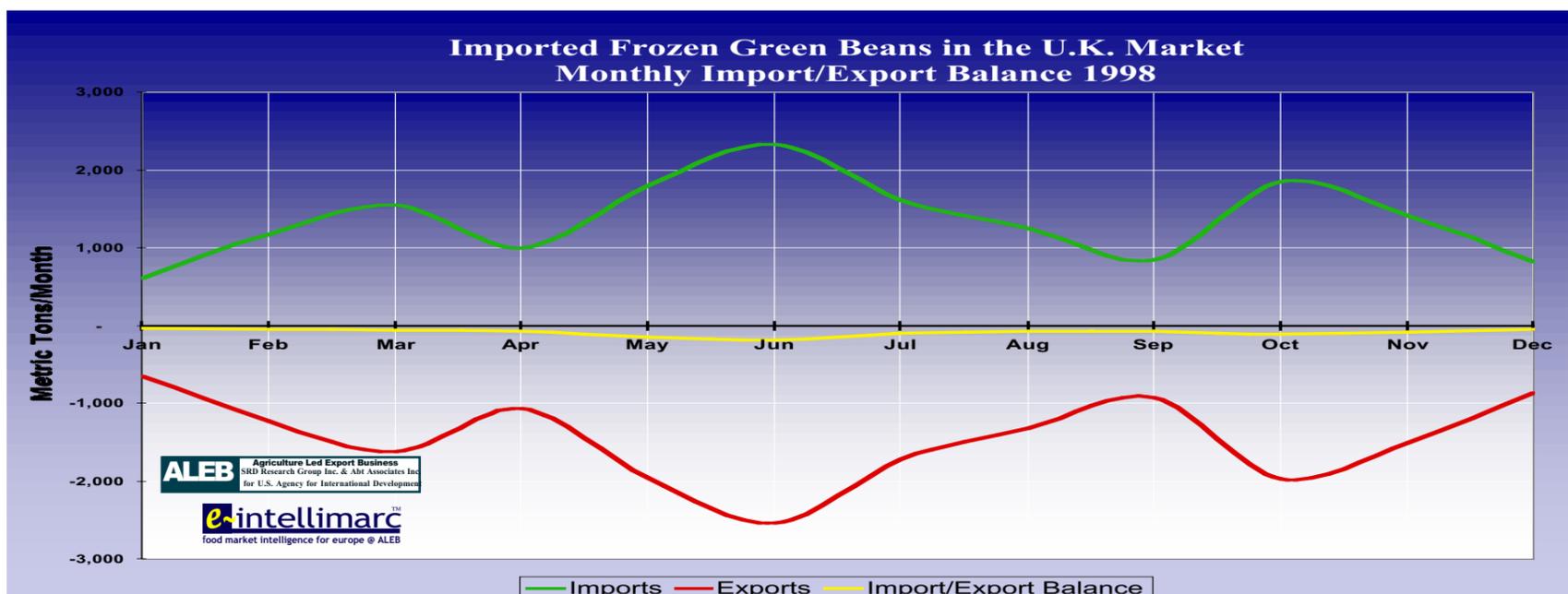
### a. Import Market Share and Size by Competitive Supplier Country



### b. Monthly Import/Export Balance

Competitors	MT Imports/Yr	% Import Market Share
BELG/LUX	5,762	35.0%
NETHERLANDS	5,210	31.7%
SPAIN	2,297	14.0%
FRANCE	1,739	10.6%
POLAND	137	0.8%
TURKEY	115	0.7%
USA	93	0.6%
NEW ZEALAND	109	0.7%
GUATEMALA	62	0.4%
CHINA	50	0.3%
OTHER EXPORTERS	931	5.7%
TOTAL IMPORT Q	16,453	100.0%

Metric	Tons/Month	Imports	Exports	Import/Export Balance
January	612	-	638	- 26
February	1,190	-	1,230	- 40
March	1,562	-	1,614	- 52
April	997	-	1,063	- 66
May	1,812	-	1,952	- 140
June	2,342	-	2,522	- 180
July	1,630	-	1,718	- 88
August	1,258	-	1,318	- 60
September	851	-	920	- 68
October	1,866	-	1,963	- 97
November	1,429	-	1,499	- 70
December	824	-	867	- 43
Total	16,373	-	17,304	- 931



## 2. Distribution Channels & Estimated Distributor Acquisition Contract Prices

### Hyper/Supermarkets

(Major Own Label)  
Sainsburys  
Tesco  
Asda  
Safeway/Argyll

### Brokers/Wholesalers

Bookers Plc.  
Spar Landmark Services Ltd.  
Nurdin & Peacock  
Albert Fisher Ltd.

### Discounters

Kwik Save  
Lidl  
Aldi  
Costcutters

### Traditional/Co-op

Spar  
Londis  
ScotMid  
Co-op CRS  
Co-op CWS

### Midsize Supermarkets

Marks & Spencers  
Waitrose  
Sommerfield  
Budgens  
Morrison's

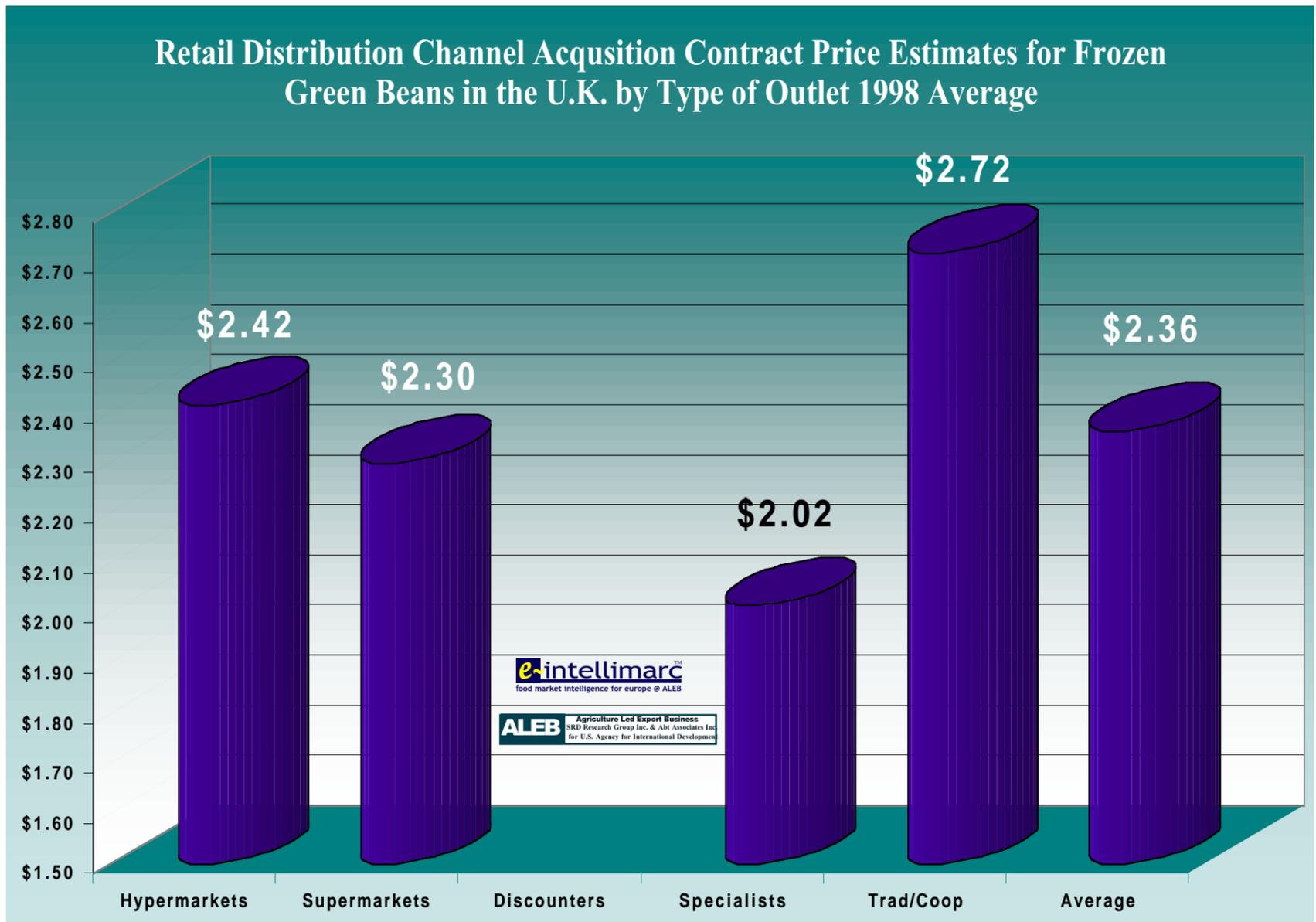
### Major Processors

Birds Eye Wall's Ltd. (Subsidiary of Unilever Plc.)  
Geest Ltd.  
Christian Salvesen  
Tendafrost

### Specialty Freezer Centre

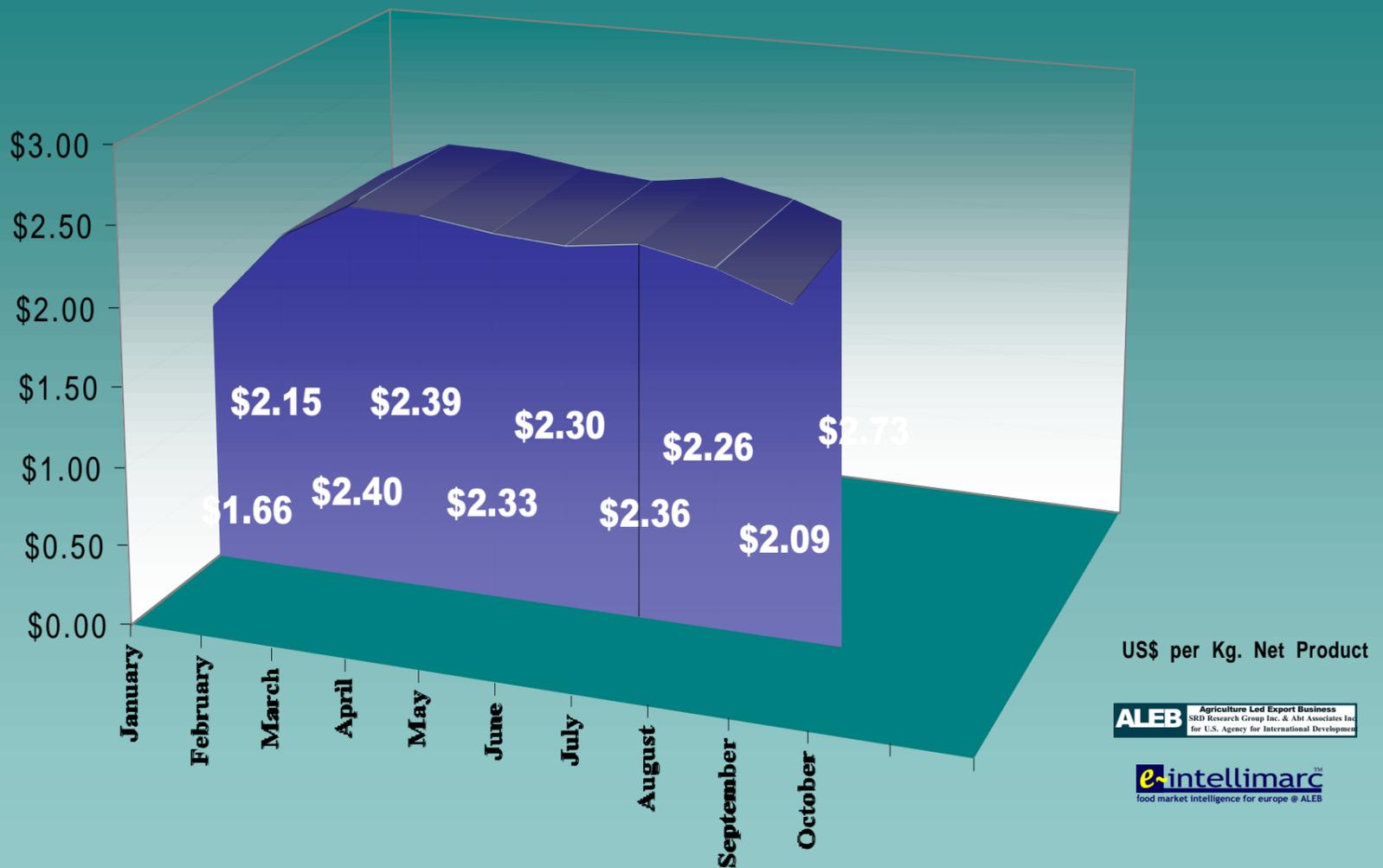
Iceland  
Heron Foods  
Farm Foods

Country	Percent Frozen Food Sales by Retail Format					Total
	Hypermarkets	Supermarkets	Trad. Grocers	Discounters	Specialists	
France	43.6%	30.8%	8.6%	3.4%	13.6%	100.0%
Germany	28.0%	29.8%	1.2%	27.9%	13.1%	100.0%
U.K.	43.0%	33.0%	7.0%	10.0%	7.0%	100.0%
Switzerland	8.0%	59.1%	11.8%	5.2%	15.9%	100.0%
Ireland	15.0%	37.0%	39.0%	0.0%	9.0%	100.0%
Italy	8.0%	24.0%	54.0%	5.0%	9.0%	100.0%
Spain	15.0%	23.0%	45.0%	11.0%	6.0%	100.0%
Sweden	10.0%	52.0%	23.0%	8.0%	7.0%	100.0%
Belgium	10.2%	35.6%	7.9%	5.1%	41.2%	100.0%
Netherlands	3.0%	41.2%	4.7%	4.0%	47.1%	100.0%
Average	18.4%	36.5%	20.2%	8.0%	16.9%	100.0%





**e-INTELLIMARC Estimate of Monthly Retail Distributor Acquisition Contract Price for Frozen Green Beans in the U.K. Market (Average for all Package Types and Product Formats for 1998)**



**ALEB** Agriculture Led Export Business  
SRD Research Group Inc. & Afti Associates Inc.  
for U.S. Agency for International Development

**e-intellimarc**  
food market intelligence for europe © ALEB

### 3. Distributor Focus Profile: TESCO plc



A Tesco "Metro" format supermarket in Northeast London. The "Metro" format has about 10,000 ft<sup>2</sup> of sales area and is designed for store-front urban locations.

SRD Staff Photo © 1999

#### a. Tesco plc Worldwide Corporate Overview

Tesco is a multinational supermarket chain, the largest in the U.K., with significant acquisition and expansion activity in Northern Europe. Most of its earlier French acquisitions (see map opposite) have been recently resold, but Tesco remains active and committed to overseas expansion. Tesco is a gigantic multinational corporate group with over 200,000 employees and with sales in fiscal year 1999 of over £18b (\$27b). By the end of FY99 Tesco had 852 stores, 664 in the U.K., 76 in the Republic of Ireland, 47 in Hungary, 33 in Poland, 17 in the Czech and Slovak republics, and a recent acquisition of 14 hypermarkets in Thailand.



Tesco Board Chairman

Continued international expansion appears to be driven by challenging competition in the U.K. market. Sales and profits have grown in the 6-8% range over the last few years, and Tesco appears positioned to continue to be the leader in food marketing in the U.K. with a growing importance in Eastern Europe and even among the "tiger" economies in Asia.



Tesco Annual Report

#### b. Tesco U.K. Market Share and Marketing Strategy.

Tesco's market share in U.K. retail food sales during the early 90's was around 10%, in the mid 90's its share began to rise significantly and by 1999 it had reached almost 16%. This makes Tesco by far the largest retail chain in the U.K., substantially ahead of J. Sainsbury's, which is still in second place. Tesco's share is more than double any of its competitors except Sainsbury's. Tesco has worked hard over the last few years to deepen its market share by broadening the range in size of its store formats to attack the center city markets.



Tesco acquisition in Thailand



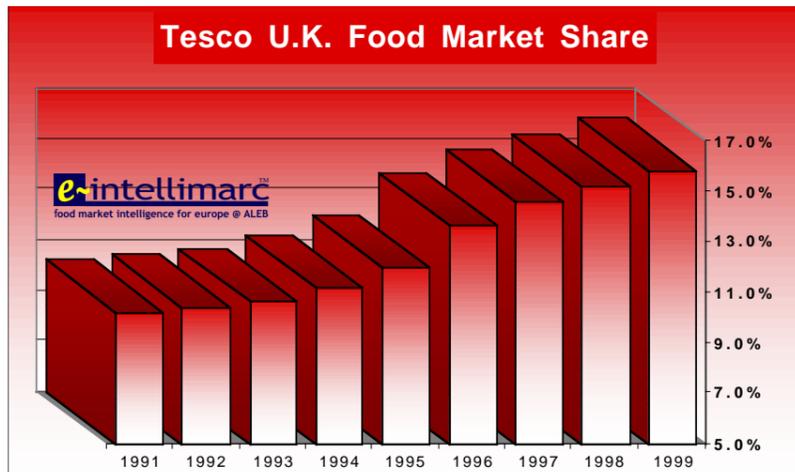
SRD Staff Photo © 1996

Tesco's smaller stores and street-front formats have penetrated into urban areas where it would be impossible to acquire sufficient land for large format supermarkets, and where local planning council permissions to construct would not be likely even if property could be obtained. In a few cases, like Tesco's new Kensington London store, persistence has paid off, and a very high cost full size superstore has been completed in the heart of London.

The traditional core of the U.K. supermarket business has been in the suburbs of large cities, and in the medium and small sized cities which are scattered all over the densely populated areas of England, Scotland and Wales. This has left the very large center city urban populations of the U.K.'s largest cities to smaller format stores. Tesco has recognized this challenge as an opportunity to expand market share and has made

every effort to direct an important part of its marketing strategy in this direction. Nineteen out of 25 1998-99 store openings have been in the "compact" and smaller store sizes.

Ten years ago it appeared that the largest threat to Tesco and other major supermarket chains was the new "costcutter" stores with bare concrete floors, warehouse like shelving and pallet sized restocking. After an impressive start, this attack on Tesco market share ran out of steam, and in fact, Tesco has regained a considerable part of the market share it lost to costcutters through the introduction of its own generic labeled "value" line of products. It appears from recent Tesco product additions that Tesco's marketing strategy has passed from the early and mid-90's rock-bottom priced generic lines aimed at "costcutter" competitors, to a balanced range of mid and high priced products aimed at mainline competition in center city markets.



### c. Tesco Strengths, Weaknesses and Strategic Opportunities

Tesco's corporate reports and internal employee training programs pitch the principal corporate strength as the 2 million customers that daily shop at their stores, and their principal strategic opportunity as "future growth from international markets." (John Gardiner, Chairman, *Tesco Annual Review 1999* p. 1). Terry Leahy, CEO, focuses on "our three key strategic assets; our customers, our people, and our stores." (*Tesco CEO Review 1999* p2). SRD's assessment is that Tesco's principal strength is the one Leahy mentions last, its massive inventory of well located and well built stores. In the U.S. supermarket premises are much easier to come by than in the U.K., and although internal and external formats vary by chain, it is not unusual for one chain to occupy a facility built for another. That is rare in the U.K., sites are hard fought for, planning council permissions even harder to obtain, and an inventory of 600 excellent facilities is an almost unassailable long term strength.

Perhaps the massive size of Tesco is at once its principal strength and its principal weakness. The massive Tesco "torso" makes it noticeably cumbersome, and our assessment is that Tesco's principal weakness is its lack of agility and consequent vulnerability to more agile and consumer responsive smaller chains. Illustrations of this weakness is the frequent stock shortages of items on its shelves. With more than 20,000 separate products in over 600 stores the supply and quality challenge is formidable. While Tesco's growth is evidence that their central strength has energy to propel them forward, but an important part of that growth is at the expense of the long term decline in traditional grocers, and not at the expense of their natural competitors, the smaller and more agile chains.

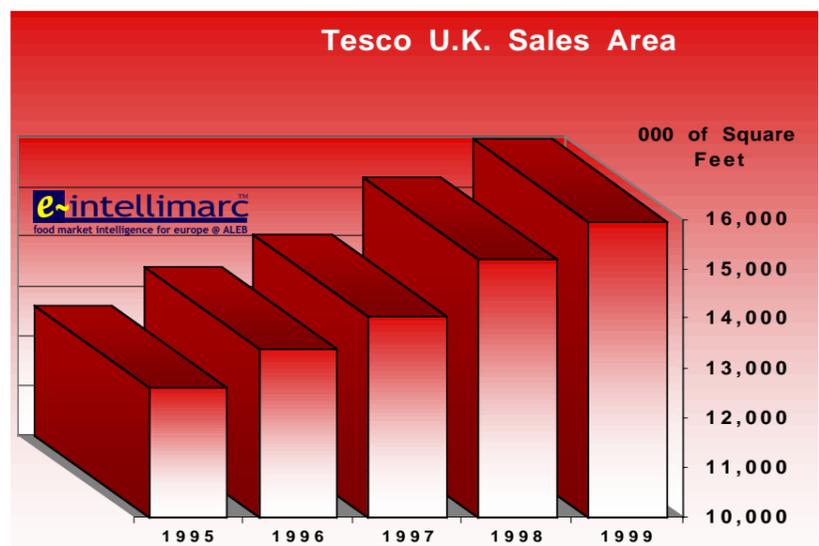


This contrast is particularly strong with two superbly managed mid-size format chains, Waitrose and Morrison. Both have regional concentrations which allow for more agile supply chains (Waitrose in the South and Morrison in the North), but their central distinction is their ability to meet a wide range of consumer product needs in a much smaller sales area and never have an out of stock item.

Perhaps it is a recognition of some of this vulnerability that has led to Tesco's perception, voiced by the Chairman, that a big opportunity exists overseas where finely tuned competitors like Morrison and Waitrose do not exist. Whether additional market share opportunities can be harvested in the central cities is yet to be seen, but earnings from Central Europe are already in the bank and have given Tesco's senior management sufficient confidence to keep pouring millions of U.K. earnings into new overseas markets.

### d. Tesco U.K. Store Formats, Sales Area

From a slowly growing base of around five hundred stores in the early 1990's Tesco has embarked on an aggressive building program which will lead it by the year 2,000 to well over 700 stores in the U.K.. From a 1995 total of 12.6m sq.ft. of sales space Tesco will have over 16m by the end of 1999. As mentioned above, one of Tesco's major strategic opportunities is to flex its supply and financial muscle into the smaller format segment of the market. In line with this strategy Tesco stores now represent a wider range of size from small 2,000 sq.ft. service station based convenience shops, called "Express" to 80,000 sq.ft. hypermarkets called "Extra". The wide range of size in Tesco store formats have been translated into the five *e-intellimarc* store format categories to facilitate comparisons between different chains and marketing channels. Although only 10% of Tesco stores are in the *e-intellimarc* "Hypermarket" category, over 20% of all Tesco sales are estimated to come from these largest stores. The heartland of the Tesco business, however, is in what *e-intellimarc* categorizes as "Mid-Sized Supermarkets" which means that Tesco's is a head to head competitor with a large number of chains which operate in this range. During the last few years chains like Waitrose, which were previously known for their smaller stores, have expanded into the mid-size supermarket arena and are now capable of attacking Tesco in its heartland. Although Tesco's corporate statements suggest an intended penetration into smaller size formats, only 10% of their business is currently in the "specialty/discounter" sized category and only 1% in the traditional/co-op size.





## Tesco U.K. Store Formats and Sales Area

	Number of Stores 1999	Average Sq.Ft./Store	Sales Area Total 1999	Percent of Stores	Percent of Sales Area
Hypermarkets	66	50,000	3,300,000	10.3%	20.6%
Mid-Size Supermarkets	390	28,000	10,920,000	61.0%	68.2%
Specialty/Discounter Sized Stores	147	11,000	1,617,000	23.0%	10.1%
Traditional/Co-op Sized Stores	36	5,000	180,000	5.6%	1.1%
<b>Total</b>	<b>639</b>	<b>23,500</b>	<b>16,017,000</b>	<b>100.0%</b>	<b>100.0%</b>

(Source: SRD/e-intellimarc estimate 1999)

The stores pictured from SRD staff photos and Tesco's Annual Reports illustrate the different types and sizes of Tesco store formats.

### E. NEGOTIATION EXPERIENCE NOTES AND MODELS FOR DEVELOPING TESCO SUPERMARKET STRATEGIC ALLIANCES.

Tesco's larger stores stock more than 20,000 different products each. Sourcing these products and distributing them on a timely basis to over 600 stores is Tesco's central logistical challenge. There should be a natural alliance between the interests of supermarkets and the suppliers who make their logistical success possible. During the early phase of supermarket development, when supermarkets are opening their vertical supply relationships, there is a natural tendency for suppliers to be in a favored bargaining position. As supermarkets consolidate their supply chain, and competition between suppliers matures, that balance of power naturally shifts to favor the supermarket. Each country situation represents a different point along the supermarket development curve, and a different point in the balance of power between product suppliers and supermarkets.

The last few years of consolidation and growth in supermarkets in the U.K. has been accompanied by a strong shift in that balance in the direction of the supermarkets, with a decrease in the bargaining position of suppliers in general. Tesco in particular, and supermarkets in general, have come to play a rather unique role in U.K. economic and social culture. During recent years they have come under considerable pressure and continuing scrutiny for alleged noncompetitive practices and excessive profits. There is a growing public sense that supermarkets, particularly the big four (Tesco, Sainsbury, Asda, Safeway), have consolidated an excessive power position, and there appears to be no lessening of the trend to a decrease in negotiating strength for suppliers.

All of these factors create an extremely competitive, but frequently irrational, marketing environment which is fraught with insider complexities and inertia favoring existing supply contracts. Past successful relationships tend to be overvalued and newcomers are substantially handicapped. On the other hand, the back-room talk at even U.K. established suppliers is always spiced with accounts of their being unfairly treated by supermarkets who refuse to receive ordered shipments without good reason, or in other high-handed ways abuse their clear position of power.

Supermarket supply contract negotiations, acquisition contract pricing strategies, and strategic alliance arrangements, vary from situation to situation, and one company's experience is likely to be very different from another. The following SRD negotiation notes and models for developing strategic alliances with U.K. supermarkets are drawn from the limited experience of SRD staff and do not represent a broad or reliable sample. The purpose of these notes is to provide some ideas and cautions for Egyptian companies who are new to U.K. supermarket contracting. Those Egyptian companies with their own experience in the U.K. may disregard this section.

largest company indicated initial interest and agreed to match SRD on a 50/50 expense sharing basis for an initial one month's travel and staff work to further develop a formal SA framework document. It was agreed that if the framework was acceptable the SA would continue for a period of one year on an expense matching basis to develop container sized market test shipments in a new jointly developed package and label. It actually took three months to develop the SA framework agreement and nine months to develop the packaging, make the planned technology improvements, and ship the market test product. As the



**"We forge strong partnerships with our suppliers"**

One strategic alliance (SA) model is for an Egyptian company to affiliate with a major U.K. processor/supplier which has strong existing supermarket contracts. The existing supplier's strength with the supermarket is used as a primary SA on which to build a tripartite SA including the Egyptian processor, the UK supplier, and the supermarket distributor. Two SRD experiences provide some useful models and negotiation notes related to this tripartite approach..

In one case SRD was invited to participate in an SA with a producer group in a country shipping product through the Mediterranean to Europe, who had not had direct experience exporting. The SA developed in three stages.. First, SRD and the producer group developed a simple letter agreement to collaborate in the development of the European SA. With this agreement in hand, SRD staff held meetings in the U.K. with the three largest supermarket suppliers. It was felt by SRD that the marginal quality reputation of this particular exporting country, and the fact that the producer group had no previous export experience required a longer run approach to penetrating the market. Both the second and third largest U.K. companies declined interest in the S.A. but the

largest supplier in the U.K., this participant already had large and ongoing contracts with Tesco. The Tesco official we dealt with is the one who's picture is featured in this year's Annual Report (reproduced opposite). It took this major U.K. supplier three weeks just to get an appointment with the Tesco buyer to discuss the SA. During this same period, SRD was negotiating another SA and visited Tesco headquarters to request an appointment. Surprisingly the SRD staff member was invited to meet on the spot. This only illustrates the unpredictability of the supermarket negotiation environment, and the fact that while existing suppliers have good contacts, it is very possible to overestimate supermarket loyalty to their existing suppliers.

The market test product in this SA did not reach the planned for quality levels, although it was above the quality level of this country's normal exports. However, the state-of-the-art packaging utilized more than compensated for the only slightly improved product inside. SRD believes that collaboration on packaging and branding are among the most important elements in successful SA's.

Tesco subsequently developed a supply arrangement with a competitor group of producers in the same country, yet the U.K. supplier who participated in the SA has continued a large business from the same regional group of producers, selling mostly to other supermarkets. This illustrates that supermarkets frequently use one marketing arrangement to access knowledge about a new supply source, and without much supplier loyalty, will contract with competitive suppliers in that same producing region.

A new SRD U.K. staff member, who joined us during the above SA, subsequently left SRD to join one of the major processor companies listed on page 4 as that supplier's Tesco account manager. Two years later he rejoined SRD's U.K. staff and was asked to work on a new SA with an overseas



company desiring to open exports to the U.K. and the Netherlands. The chosen SA model was to develop an exclusive supply arrangement directly with one of the national level "big four" supermarkets. If that did not work, the plan was to develop two separate exclusive supply SA's with regional supermarkets who do not compete because of their location. Our choice among the "big four" was Tesco, with Morrisons (North England) and Waitrose (South England) as the regional supermarket alternatives. Tesco's buyer responded quickly and agreed to undertake a market test using a shipment quantity of 400 boxes (4,800 packages). However, Tesco demanded that our SA would have to ship through their existing supplier located a short distance from Tesco's headquarters. Tesco indicated that any of our SA labelling would have to be removed from the market test product before we delivered to their "supplier" or bear the expense of re-labelling. Final pricing for future supplies was to be negotiated following the initial market test. The price the supplier agreed to pay for the 4,800 test market packages was unprofitably low, but Tesco's supplier proved that they were receiving low quality product from a competitor country at a comparably low price. That price was independently verified and the agreement was signed to move forward. Tesco's supplier was acting in a way like a second tier buyer for Tesco, with partial responsibility for quality screening, and for making up quantity quotas where sub-suppliers, such as our SA, fail to meet shipping quality or volume commitments. Tesco refused to work directly. The first test shipment was partially damaged enroute by poor handling between refrigerated facilities and reefers, and delivery was therefore refused on lack

of quality grounds by Tesco's supplier. The second shipment, larger than the first, was reviewed and initially approved for quality, but after a phone call to the warehouse, the inspector said that the product could not be received because an unusually large quantity had just been taken into the supplier's warehouse from a competitor. They would not need additional product for another six weeks or so. The SA manager insisted that the arrangement only gave Tesco's supplier the right to refuse delivery on the basis of lack of quality, and not on the basis of warehouse inventory levels. There was another call to the inspector's home office. Following the telephone call the inspector requested a more detailed inspection, opening many additional packages. After this inspection the shipment was refused based on lack of quality.

Fortunately parallel negotiations with the regional supermarkets had been pursued during the two months the Tesco sample shipments were in process. Waitrose was prompt to schedule meetings, careful and accurate in sample review, fair in sample payment, and straightforward in explaining in clear terms why the SA did not fit their current corporate strategy. Morrison was prompt to set up meetings, but scheduled them for two months in the future. When the meetings were finally held, SA plans were immediately developed, and followed through with characteristic Morrison agility. The sample product planned for Tesco was swiftly re-labeled and successfully marketed through a series of Morrison test stores. This experience suggests that there are a number of alternative SA models and advises flexibility and continuing agility in mixing and changing between the models as the SA matures. Supermarkets in the U.K. should not be visualized as fixed positions on a stable horizon, but rather as moving targets with only limited trustability and supplier loyalty. In some cases a newcomer can harness these weaknesses in its own interest since these instabilities imply that the system is not so arthritic that current suppliers have it all locked up.

In SRD's view, the principal asset or "chip" the producer brings to the table to negotiate an SA is a "commercial quantity" of a pallet or more of decent quality product in a "state-of-the-art" package, already landed or able to be shortly landed, in the U.K. for inspection and/or test marketing. A future promise of such a pallet sized sample may be of sufficient value to get a fishing license for an SA in the form of a letter of intent (LOI) or memorandum of understanding, (MOU), from a U.K. supermarket or supermarket supplier. Such an LOI or MOU may be used to finance the development of a state-of-the-art packaged multiple pallet prototype sample and an SA is underway on solid footing.

## f. Tesco Frozen Green Bean Product Line, Pricing and Brand Strategy

### i. Frozen Green Bean Product Line

Tesco's frozen green bean product line is made up of four sliced bean packages of different sizes and brands, one cut green bean package and one very fine whole green bean package. The concentration of two thirds of the Tesco line in sliced product is very different from its major competitor, Sainsbury, from the frozen specialist chain, Iceland, and from the finely tuned product line sold by Waitrose. Sainsbury's and Waitrose frozen green bean product lines are concentrated in whole beans, Sainsbury's 80% and Waitrose 66%. Iceland's line is concentrated in whole and cut 60%. It is unlikely that such a large difference is explainable by differences in the preferences of the clientele of these different chains, either Tesco or the other chains are apparently mis-designing their frozen green bean product lines.

Tesco's frozen green bean product line is also unique in what it lacks, compared to competitors. What it lacks is an organic product, in spite of its publicized emphasis on organic offerings. The *e-intellimarc* team sampled three large format Tesco stores and failed to find any with an organic frozen green bean product on offer. On the very first page of Tesco's 1999 Annual Review one fourth of the subject matter is on Tesco's organic product focus.

*"More and more customers are now seeking out organic foods. We aim to offer organic alternatives at the lower possible price, allowing customers to choose between organic and conventionally grown produce on our most popular lines. This all helped sales to double last year. Our new organic research facility at Aberdeen University, opened by the Prince of Wales in October 1998, is dedicated to researching ways to grow organic produce cost-effectively, so that we can offer our customers even better value."* (Tesco PLC Annual Review 1999 p. 1)

All of the other four sampled medium and large format chains had an organic offering. Waitrose offered one organic out of three packages, Iceland one out of five, Sainsbury's one out of five. This may be another example of Tesco's lack of agility in getting its monstrous system to react quickly.

The six packages in the Tesco product line are split into three sizes, three in 750 gram packages, 2 in 1 kg. pack, and one in the smallest pack we have seen in any store, a 227 gram package. Again, Tesco seems to be on its own. None of the other stores sampled even had a 750 gram package, Sainsbury's markets four one pound and one 1 kg. packages. Iceland's niche are households with larger than average freezers, so it markets four of its five product line in 1 kg. packages and has only one 1 pound package. Other chains are split between one pound (either 500 gram or 454 gram versions) and 1 kg. packages.

**ii. Tesco Frozen Green Bean Brand Strategy**

Of Tesco's standard six package line, four are own-label and two are processor label. Tesco's overall strategy involves processor branding of about 87% of its 20,000 products, with 13% or 2,500 products in its own label. Tesco has three own-label pricing categories:

- a category of higher-than-processor priced products called "Tesco's Finest", 100 gourmet quality products changed on a seasonal basis
- a comparable-to-processor label called "Tesco" brand
- a lower-than-processor price label in a plain generic package called "Tesco Value" brand.

It is indicative of Tesco's pricing and marketing strategy for frozen green beans that none of the six frozen green bean packages it markets are in either the "Finest" or the "Value" range. In contrast, a substantial part of Tesco's shelf space for frozen peas is in a large generic package in the low priced "Tesco Value" label.

Tesco markets only a single processor brand for frozen green beans, Birds Eye, a major U.K. frozen food producer which provides one third of the Tesco product line. This level of processor product is also a significant difference between Tesco and its principal competitors. Four out of five Sainsbury's line are in their own label, only their organic offering, imported from Denmark in a very "politically correct" recyclable paper package, is in a processor label. Waitrose and Iceland are 100% own label.

**iii. Tesco Frozen Green Bean Pricing.**

Tesco's retail pricing of its 750 gram package is very close to its major competitors in the range between \$3.12 and \$3.56 per net kilo of product. Its

special offer of \$2.51/kg. on a 1kg. package at the 750 price is indeed a bargain compared to Sainsbury's 1kg. pack at \$3.14/kg. However, compared to the mid-sized supermarket chains and the specialty freezer center chain (Iceland), Tesco's pricing is substantially higher. Waitrose in particular is very aggressively pricing frozen green beans with whole green beans in the range of \$1.88-2.67/kg.. Tesco's very high \$8.98/kg. for the unusually small 227 gram Birds Eye pack might be expected to cause slow movement, but our estimate of the number of packages moving per day per store is not unlike the other formats. Acquisition contract pricing is estimated at a low of \$1.18/kg for the cut piece format and a high of \$5.66 for the premium sliced fine beans in the smallest half pound pack from Birds Eye. Most of the volume moved is estimated to be in the sliced format in 750-1,000 gram packages.

**g. Tesco Frozen Green Bean Shelf Space Allocation and Product Movement Analysis**

SRD/e-intellimarc estimate that the average large format Tesco supermarket/hypermarket allocates approximately 11.1 sq.ft. of frozen "sales area" (net sales floor space) to their frozen green bean product line. The illustration below gives a rough reconstruction of how the frozen green bean section in the refrigerated shelf looks for the average of the three Tesco large format stores sampled. The "33%" extra promotional package was not displayed in the same store at the same time as the regular priced 750 gram package, so the picture below shows one additional package than would normally be displayed.

Based on SRD/e-intellimarc estimates of package movement, it appears that the average Tesco store would move approximately 22 packages a day for a total of six tons per year. Adding all Tesco stores together would give a total Tesco volume in frozen beans of approximately three thousand tons per year. A rough estimate of the value of the total of their acquisition contracts would be on the order of \$5m-\$6m. Of this total only 16% would go to Birds Eye, the rest would be for Tesco own label suppliers. The power of consumer price response is indicated by the fact that over one third of all sales, by SRD's estimate, would come to Tesco from the special price offer on the 1kg. "extra" package if it were offered throughout the year. As indicated on page three, the U.K. is a net exporter of frozen green beans and Tesco acquires all of its current product line from U.K. suppliers. In contrast, Sainsbury's acquires two out of five of its frozen green bean line from French suppliers and one from Denmark.



SRD & e-intellimarc Estimates of Tesco Product Movement and Acquisition

	Format 1	Format 2	Format 3	Format 4	Format 5	Format 6	
	Cut Pieces of Green Beans	Sliced Green Beans	Sliced Garden Beans	Very Fine Whole Green Beans	Young Tender Garden Sliced Beans	Sliced Green Beans (33% Extra)	
Product Type	Tesco	Tesco	Birds Eye	Tesco	Bird's Eye	Tesco	
Brand	Tesco	Tesco	Birds Eye	Tesco	Bird's Eye	Tesco	
Package Type	Plastic	Plastic	Plastic	-	-	-	
Height cm	23.50	29.50	35.50	26.00	21.50	35.00	
Width cm	27.50	22.00	25.50	31.00	17.50	25.50	
Depth cm	4.00	4.00	4.00	4.00	4.00	4.00	
SHELF SPACE in Cubic Centimeters	20,680	83,072	43,452	51,584	36,120	85,680	
Price Local Currency	0.89	1.59	1.79	1.69	1.29	1.59	
Price in USD	1.41	2.51	2.83	2.67	2.04	2.51	
USD/Kilo Include Package	1.87	3.35	3.12	3.56	8.98	2.51	
USD/Kilo (Net Product)	1.87	3.35	3.12	3.56	8.98	2.51	
Gross Weight (Including Package)	750	750	907	750	227	1,000	
Net Weight (Product Only)	750	750	907	750	227	1,000	
Est. Aug 99 Retailer's Contract Prices							
US\$/Package	0.89	1.58	1.78	1.68	1.28	1.58	
US\$/Kg. Net Product	1.18	2.11	1.96	2.24	5.66	1.58	
Shelf Space in Square Feet	0.68	2.75	1.92	1.71	1.20	2.84	
US\$000/Yr Acq. Contract Price All Stores	373	1,382	702	781	658	1,816	5,71
In Packages Per Day	2.40	4.98	2.25	2.65	2.92	6.55	21.
In Kg./Year	657	1,364	744	725	242	2,390	6,12
In US\$ Acq. Contract Value/Yr/Store	776	2,878	1,461	1,627	1,370	3,783	11,89
In MT/Year for All Tesco Stores	316	655	357	348	116	1,147	2,93
							Total or Average

### h. TESCO Frozen Green Bean Packaging



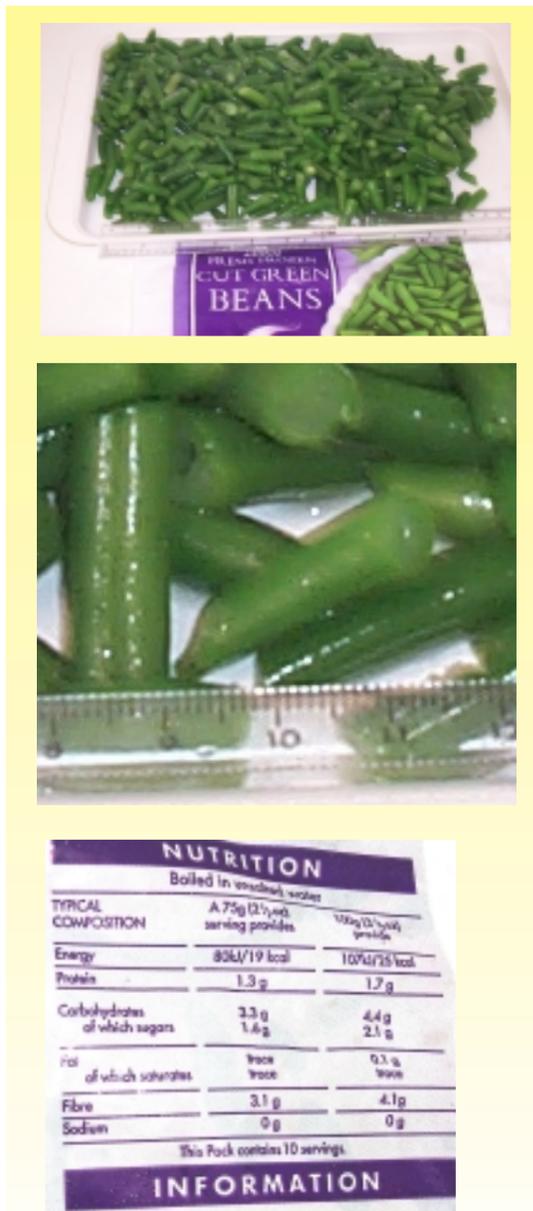
### i. TESCO Frozen Green Bean Product Specifications



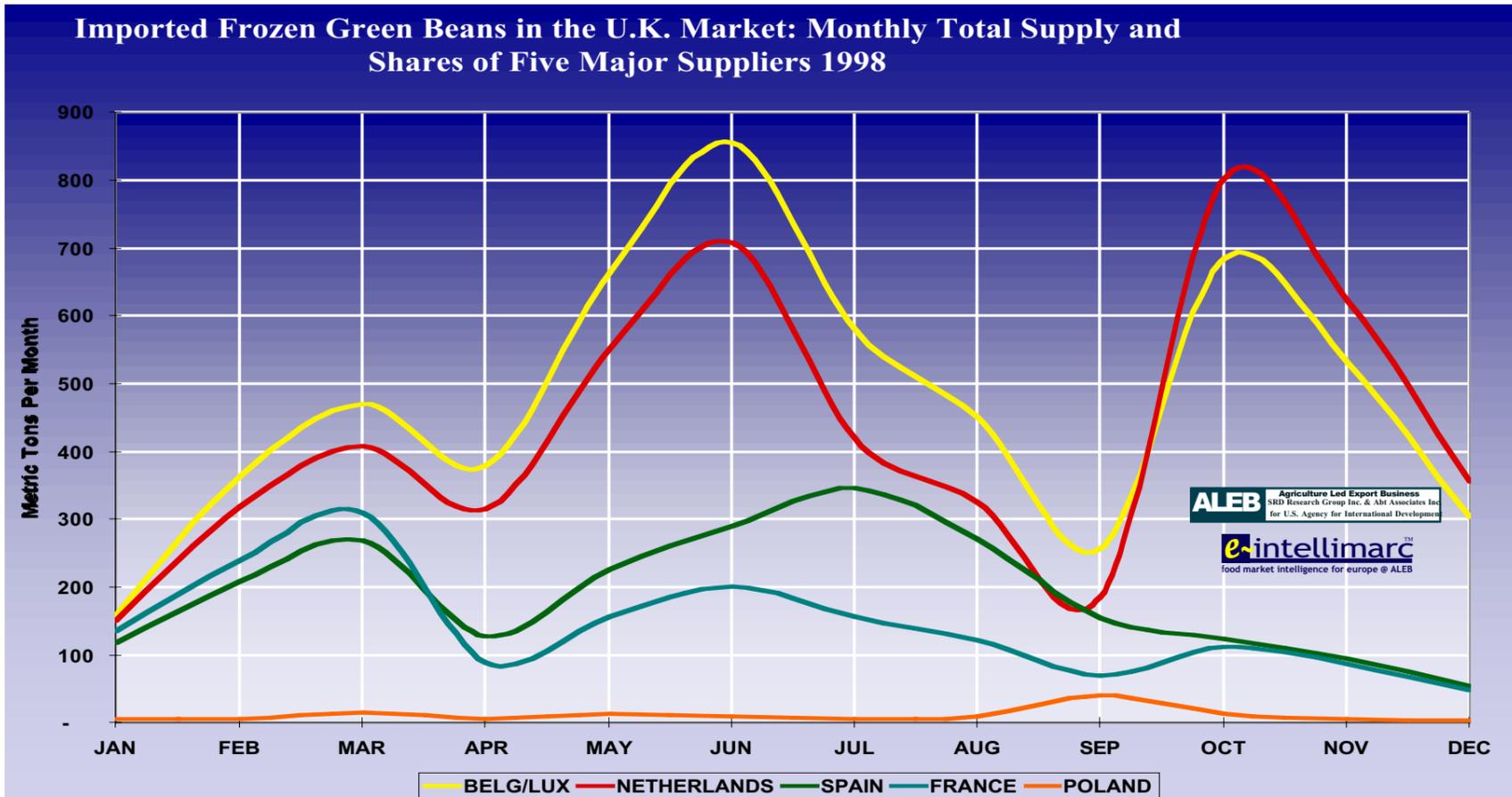
### h. TESCO Frozen Green Bean Packaging



### i. TESCO Frozen Green Bean Product Specifications



## 4. Monthly Import Quantities by Supplier Country

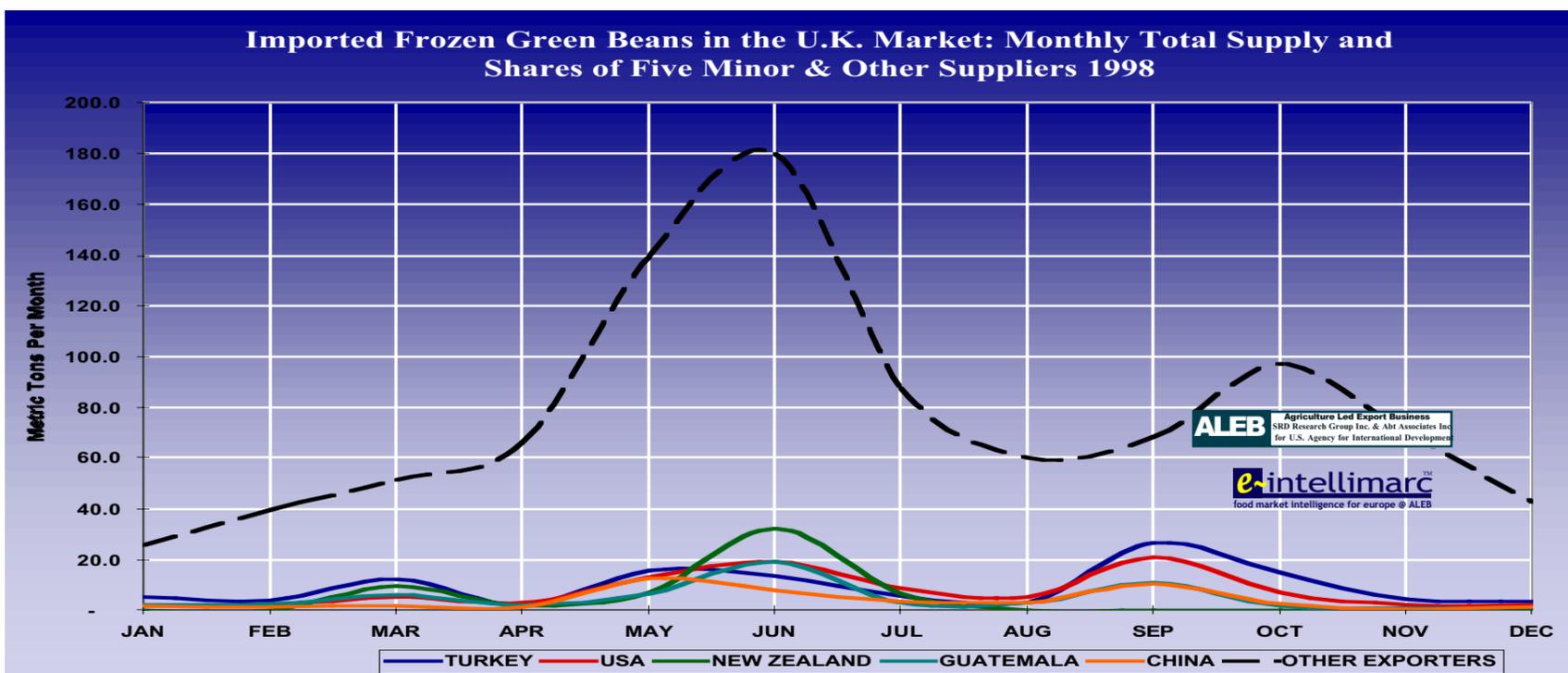


Monthly Imports From Top Five Competitor Suppliers for Frozen Mixed Vegetables into the U.K. Market 1998

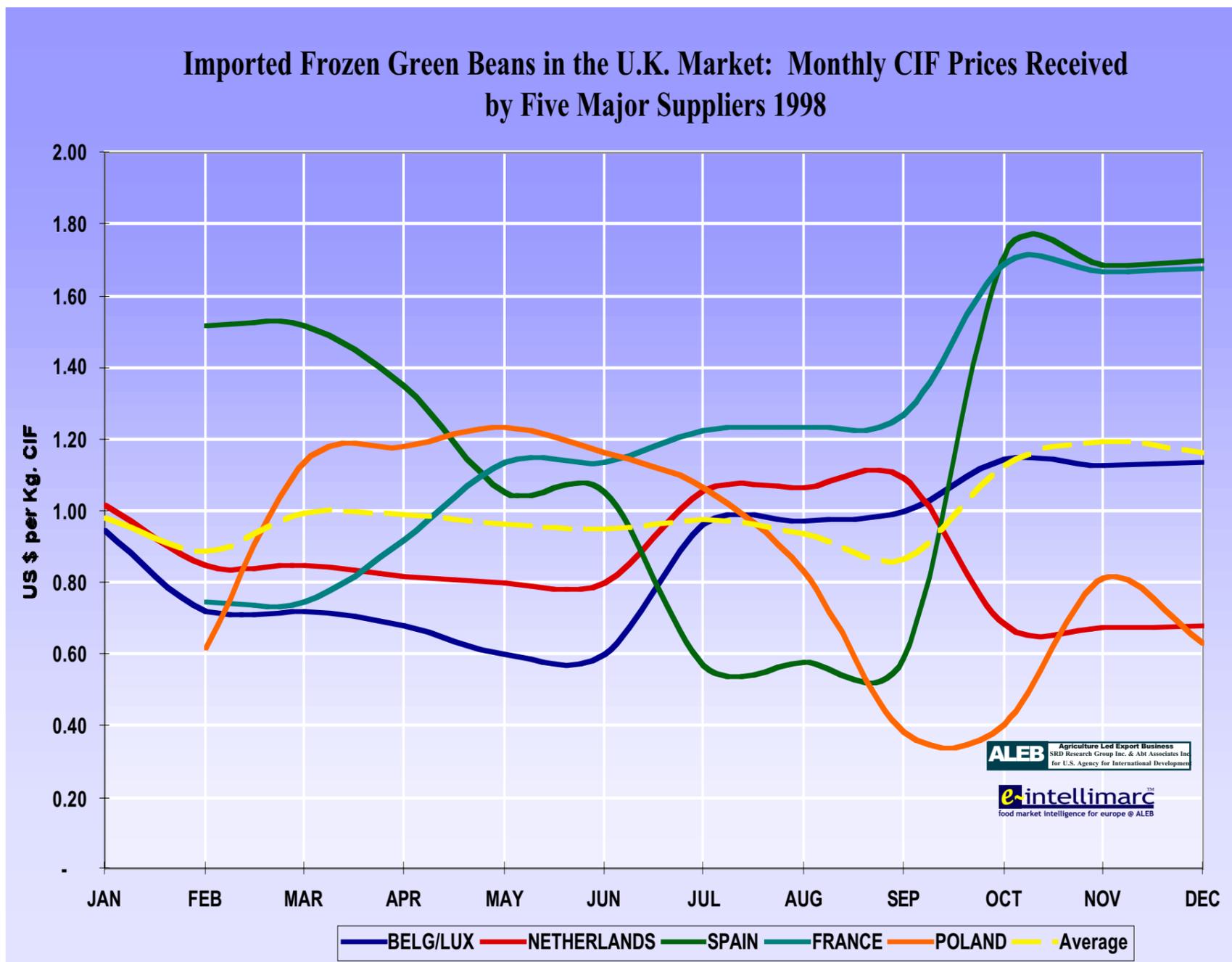
Metric Tons/Month	BELG/LUX	NETHERLANDS	SPAIN	FRANCE	POLAND
January	159	152	120	137	7
February	366	319	210	240	5
March	471	410	270	309	15
April	380	315	129	90	5
May	666	552	226	157	14
June	856	709	291	202	9
July	581	421	349	158	5
August	452	328	271	123	9
September	258	187	155	70	42
October	686	805	124	113	14
November	533	626	97	88	6
December	305	358	55	50	4
TOTAL	5,762	5,210	2,297	1,739	137

Monthly Imports From Smaller and Other Competitor Suppliers for Frozen Mixed Vegetables into the U.K. Market 1998

Metric Tons /Month	TURKEY	USA	NEW ZEALAND	GUATEMALA	CHINA	OTHER EXPORTERS
January	5	2	-	2	2	26
February	4	2	-	3	1	40
March	13	6	10	7	2	52
April	2	3	2	2	1	66
May	16	13	7	7	13	140
June	14	19	33	19	8	180
July	6	9	7	3	4	88
August	3	6	-	3	3	60
September	27	21	-	11	11	68
October	15	7	-	2	2	97
November	5	2	-	1	1	70
December	4	2	-	1	1	43
Total	115	93	59	62	50	931



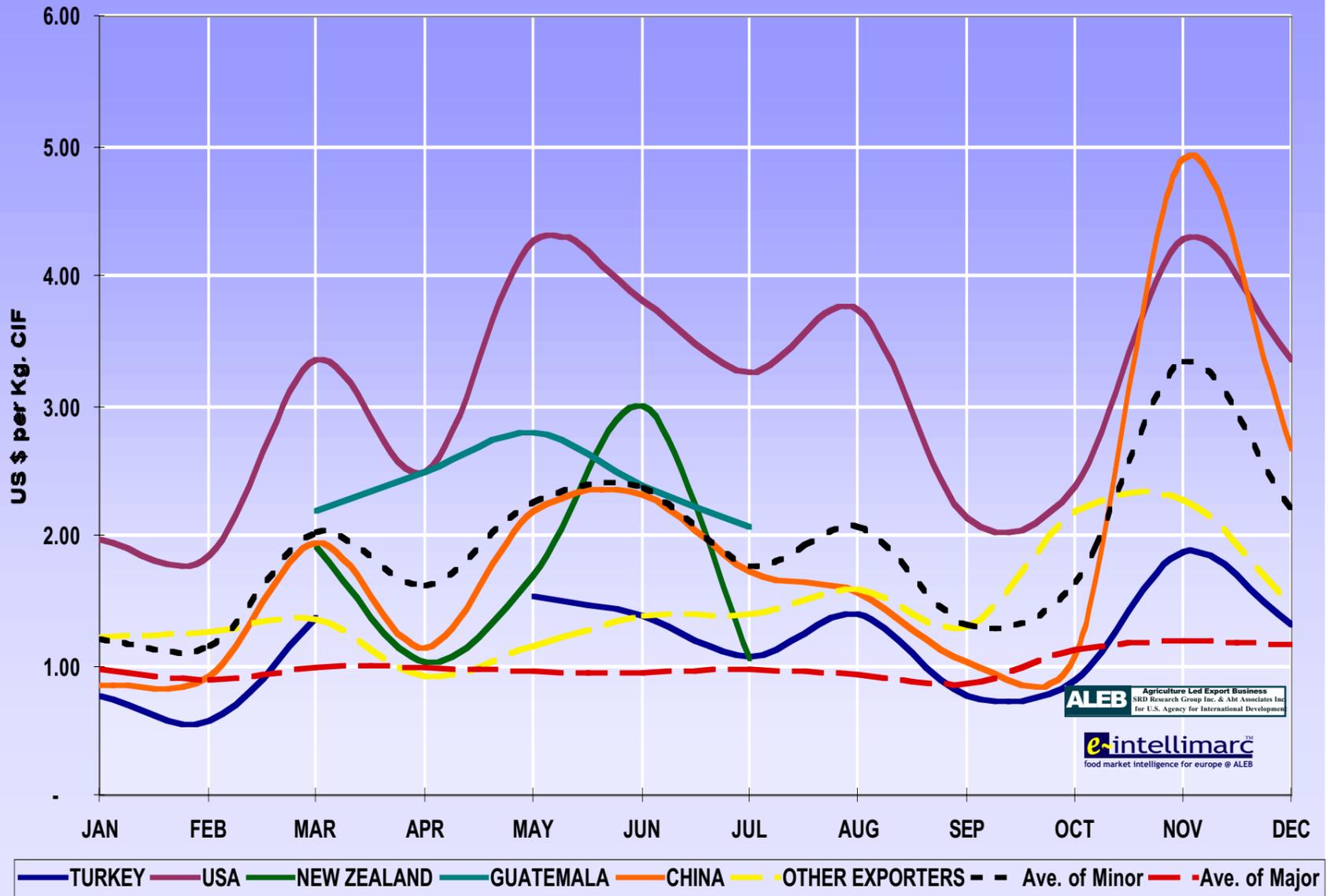
## 5. CIF Import Prices by Month and Competitor.



Monthly CIF Import Prices Received by Top Five Competitor Suppliers for Frozen Mixed Vegetables into the U.K. Market 1998

US\$/Kg. CIF	BELG/LUX	NETHERLANDS	SPAIN	FRANCE	POLAND	Average
January	\$0.95	\$1.02	\$0.00	\$0.00	\$0.00	\$1.37
February	\$0.72	\$0.85	\$1.52	\$0.75	\$0.62	\$1.78
March	\$0.72	\$0.85	\$1.52	\$0.75	\$1.13	\$1.99
April	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
May	\$0.60	\$0.80	\$1.05	\$1.14	\$1.23	\$1.93
June	\$0.60	\$0.80	\$1.05	\$1.14	\$1.16	\$1.90
July	\$0.97	\$1.06	\$0.57	\$1.22	\$1.06	\$1.95
August	\$0.98	\$1.07	\$0.58	\$1.24	\$0.83	\$1.87
September	\$1.00	\$1.09	\$0.59	\$1.27	\$0.38	\$1.73
October	\$1.15	\$0.68	\$1.71	\$1.69	\$0.41	\$2.26
November	\$1.13	\$0.67	\$1.69	\$1.67	\$0.82	\$2.39
December	\$1.14	\$0.68	\$1.70	\$1.68	\$0.63	\$2.33
Average	\$0.83	\$0.80	\$1.00	\$1.04	\$0.69	\$1.79

### Imported Frozen Green Beans in the U.K. Market: Monthly CIF Prices Received by Minor and Smaller Suppliers 1998



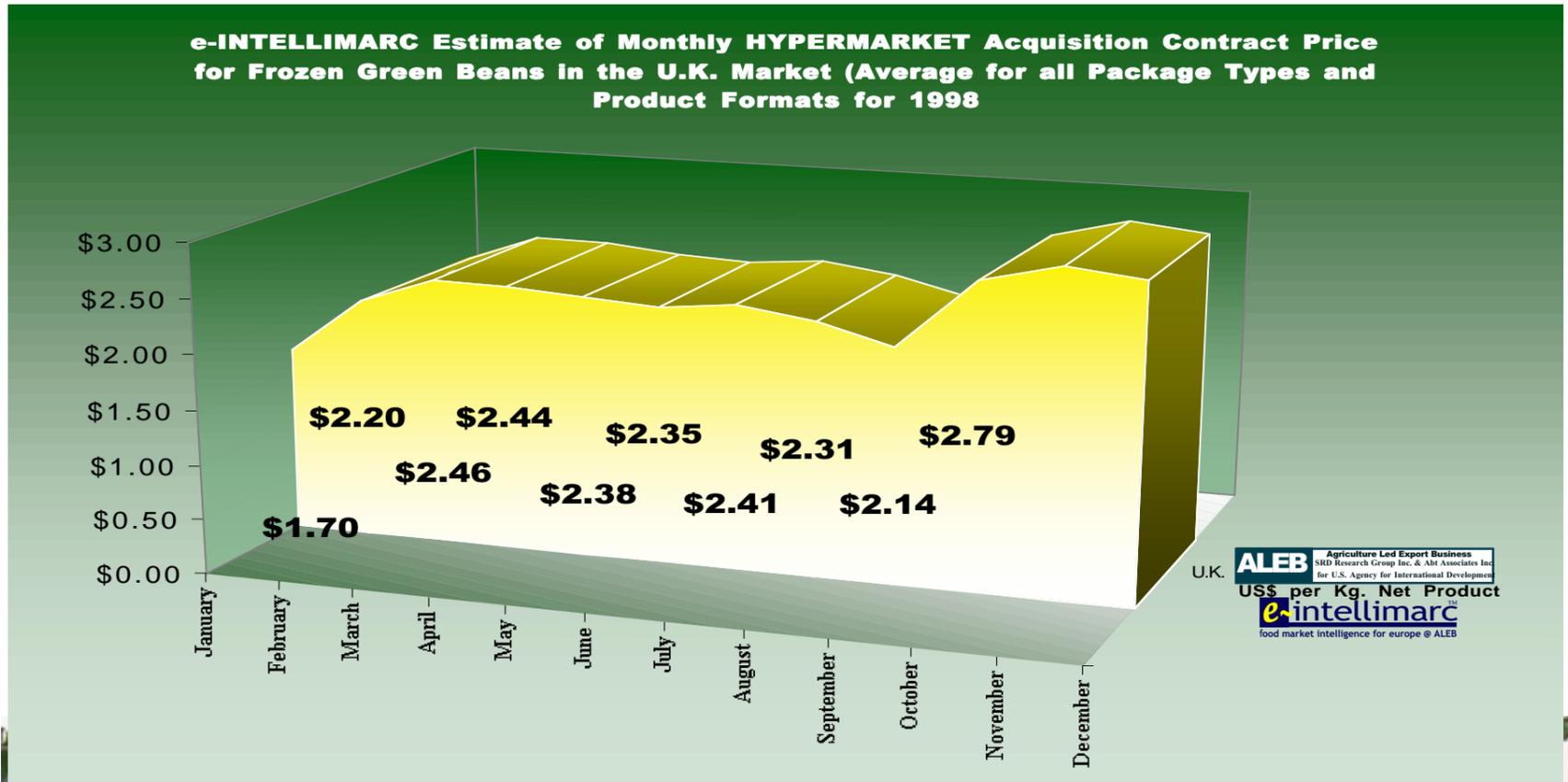
Monthly CIF Import Prices Received by Smaller and Other Competitor Suppliers for Frozen Green Beans into the U.K. Market 1998

US\$/Kg. CIF							OTHER EXPORTERS		Average
	TURKEY	USA	NEW ZEALAND	GUATEMALA	CHINA	CHINA	EXPORTERS		
January	\$ 1.22	\$ 1.97	\$ -	\$ -	\$ 0.85	\$ 1.22	\$ 0.88		
February	\$ 0.59	\$ 1.86	\$ -	\$ -	\$ 0.92	\$ 1.27	\$ 0.77		
March	\$ 1.38	\$ 3.36	\$ 1.91	\$ 2.19	\$ 1.95	\$ 1.36	\$ 2.03		
April	\$ -	\$ 2.50	\$ 1.04	\$ -	\$ 1.15	\$ 0.93	\$ 0.94		
May	\$ 1.53	\$ 4.27	\$ 1.70	\$ 2.80	\$ 2.20	\$ 1.15	\$ 2.27		
June	\$ 1.38	\$ 3.81	\$ 3.01	\$ -	\$ 2.33	\$ 1.38	\$ 1.99		
July	\$ 1.07	\$ 3.27	\$ 1.06	\$ 2.07	\$ 1.73	\$ 1.40	\$ 1.77		
August	\$ 1.40	\$ 3.74	\$ -	\$ -	\$ 1.57	\$ 1.59	\$ 1.38		
September	\$ 0.78	\$ 2.14	\$ -	\$ -	\$ 1.03	\$ 1.31	\$ 0.88		
October	\$ 0.90	\$ 2.40	\$ -	\$ -	\$ 1.09	\$ 2.20	\$ 1.10		
November	\$ 1.88	\$ 4.28	\$ -	\$ -	\$ 4.92	\$ 2.29	\$ 2.23		
December	\$ 1.32	\$ 3.36	\$ -	\$ -	\$ 2.68	\$ 1.46	\$ 1.47		
Average	\$ 1.12	\$ 3.08	\$ 0.73	\$ 0.59	\$ 1.87	\$ 1.46	\$ 1.47		

# 6. Estimates of Distributor Acquisition Contract Prices, Packaging and Product Specifications

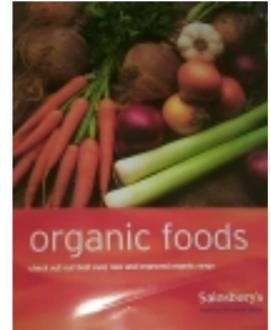
## a. Hypermarket & Large Format Supermarket Distributors

### i. Estimated Acquisition Contract Prices by Month for All Distributors and Package Types



**ii. SAINSBURYS: Estimated Acquisition Contract Prices and Shelf Space Allocation by Package Type**

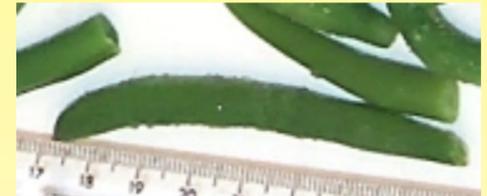
	Format 1	Format 2	Format 3	Format 4	Format 5
Product Type	Extra Fine Whole French Green Beans	Whole Green Beans	Organically Grown Green Beans	Sliced Green Beans	Whole Green Beans
Brand	Sainsbury's	Sainsbury's	Nutana	Sainsbury's	Sainsbury's
Package Type	Plastic	Plastic	PP Recyclable	-	-
Height cm	26.00	29.50	30.00	26.50	26.50
Width cm	26.00	29.00	20.50	24.50	26.50
Depth cm	4.00	4.00	4.00	4.00	4.00
SHELF SPACE	81,120	164,256	39,360	54,537	58,989
Price Local Currency	1.29	1.99	1.29	1.39	0.99
Price in USD	2.04	3.14	2.04	2.20	1.56
USD/Kilo Include Package	4.08	3.14	4.08	4.39	3.13
USD/Kilo (Net Product)	4.08	3.14	4.08	4.39	3.13
Gross Weight (Including Package)	500	1,000	500	500	500
Net Weight (Product Only)	500	1,000	500	500	500
<i>Est. Aug 99 Retailer's Contract Prices</i>					
US\$/Package	1.28	1.98	1.28	1.38	0.99
US\$/Kg. Net Product	2.57	1.98	2.57	2.77	1.97



**iii. SAINSBURYS: Packaging**



**iv. SAINSBURY's: Product Specifications**



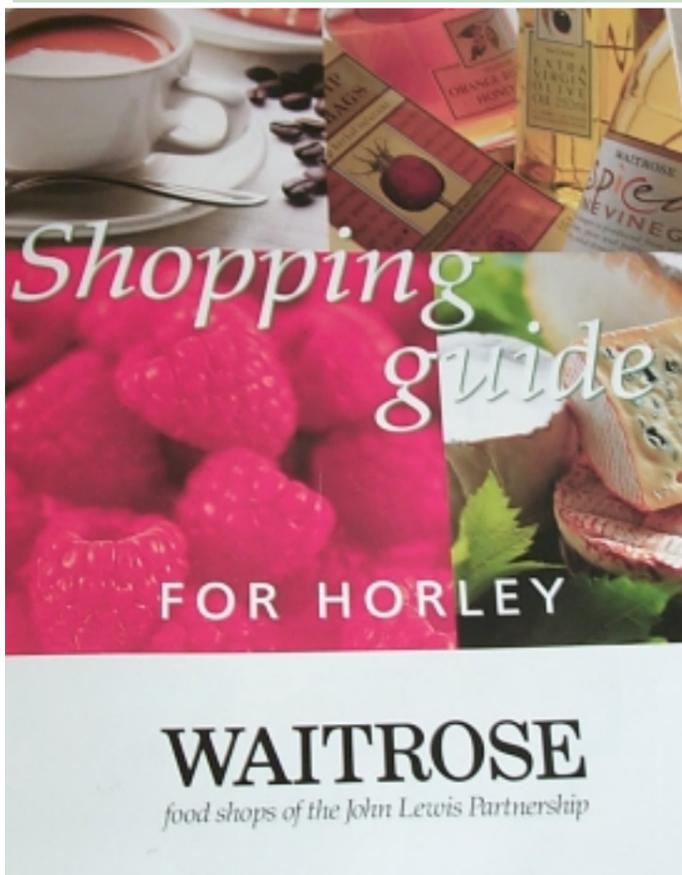
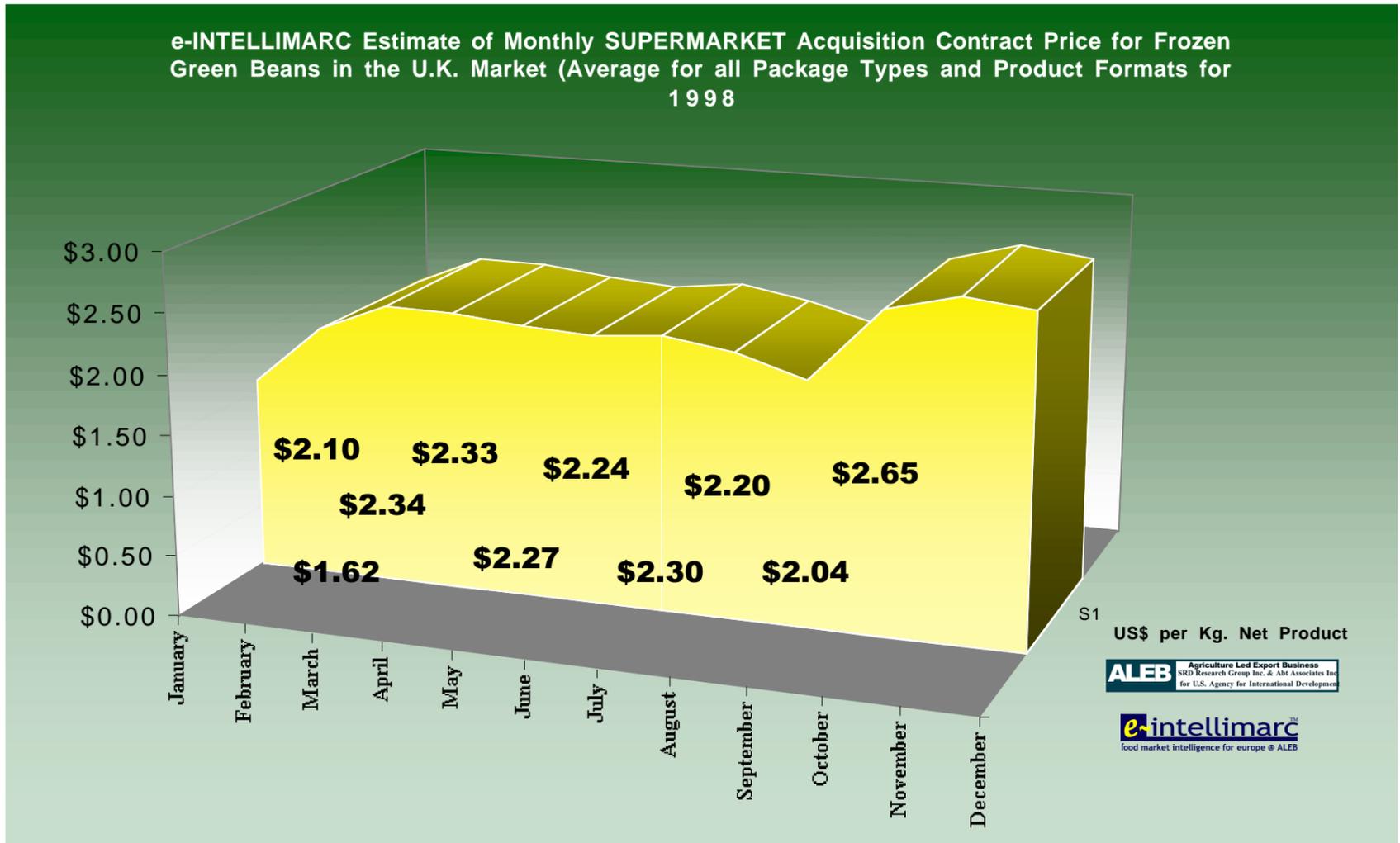
NUTRITION INFORMATION	
PER 100g (3.5oz) OF PRODUCT	
ENERGY	106 kJ
PROTEIN	2.5g
CARBOHYDRATE	4.2g
of which SUGAR	1.9g
FIBRE	2.7g
of which SOLUBLE	1.9g
FAT	0.2g
of which SATURATED	0.1g
SODIUM	3.2mg
of which SOLUBLE	3.2mg
WATER	89.5g

STORAGE INSTRUCTIONS	
Keep in cooler	Best before date (see label)
Use within 3 days	Best before date (see label)
Keep refrigerated	Best before date (see label)
For maximum freshness	Best before date (see label)
For best results	Best before date (see label)



**b. Medium Format Supermarket Distributors**

**i. Estimated Acquisition Contract Prices by Month for All Distributors and Package Types**



**ii. WAITROSE and Budgens: Estimated Acquisition Contract Prices and Shelf Space Allocation by Package Type**

Product Type	Extra Fine Whole Green Beans	Organic Whole Green Beans	Fine Whole Beans	Whole Green Beans	Four Seasons
Brand	Waitrose	Waitrose	Waitrose	Budgens	Four Seasons
Package Type	-	-	-	-	-
Height cm	25.50	22.50	31.00	26.00	24.50
Width cm	26.50	22.50	26.00	31.00	23.50
Depth cm	4.00	4.00	4.00	4.00	4.00
SHELF SPACE	97,308	12,150	77,376	77,376	36,848
Price Local Currency	1.19	1.19	1.69	1.69	1.09
Price in USD	1.88	1.88	2.67	2.67	1.72
USD/Kilo Include Package	3.76	3.76	2.67	2.94	3.79
USD/Kilo (Net Product)	3.76	3.76	2.67	2.94	3.79
Gross Weight (Including Package)	500	500	1,000	907	454
Net Weight (Product Only)	500	500	1,000	907	454
Est. Aug 99 Retailer's Contract Prices					
US\$/Package	1.28	1.28	1.82	1.82	1.17
US\$/Kg. Net Product	2.56	2.56	1.82	2.00	2.58

**iii. WAITROSE: Packaging**

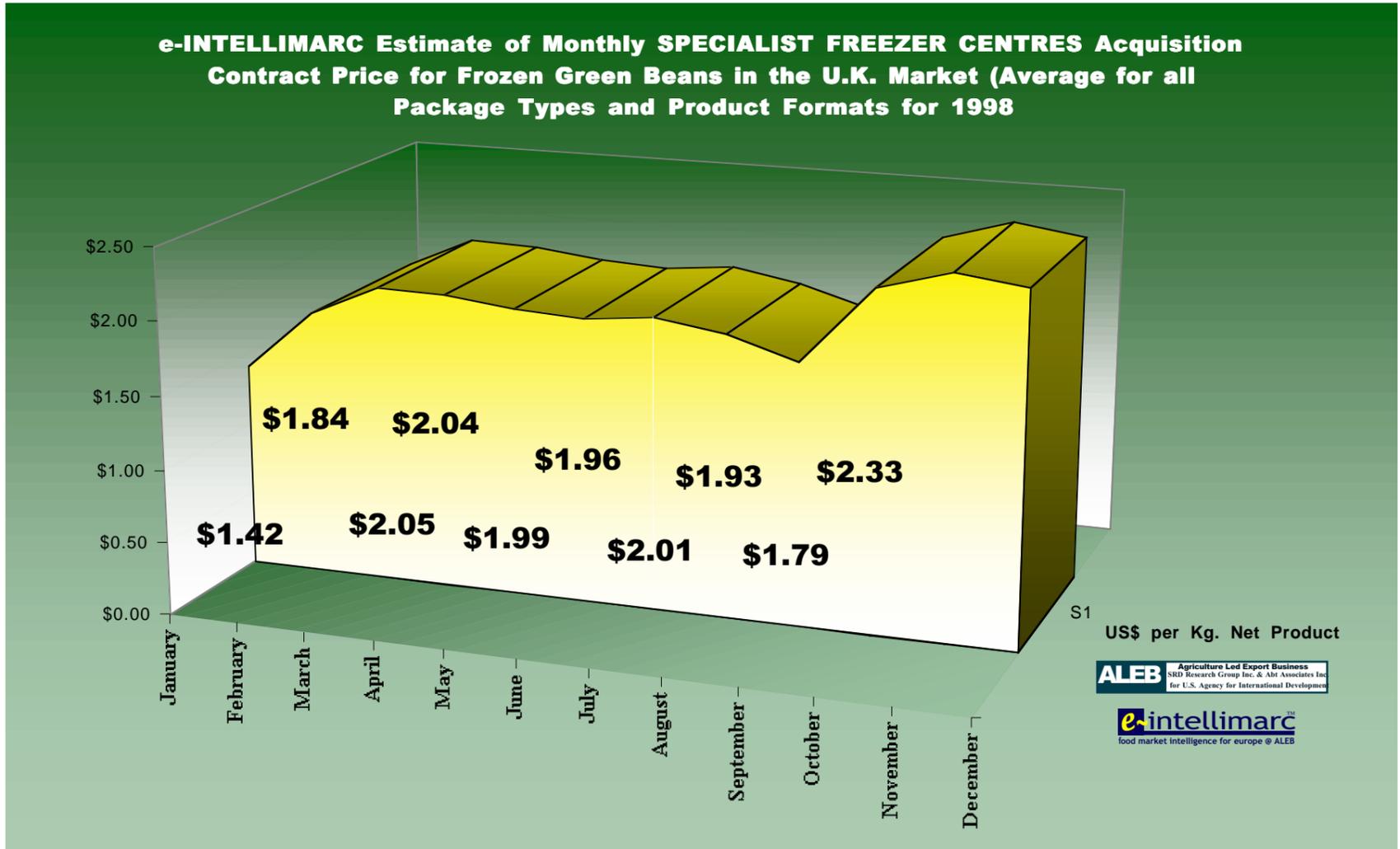


**iv. WAITROSE: Product Specifications**



c. Specialist Frozen Food Distributors

i. Estimated Acquisition Contract Prices by Month for All Distributors and Package Types



Iceland

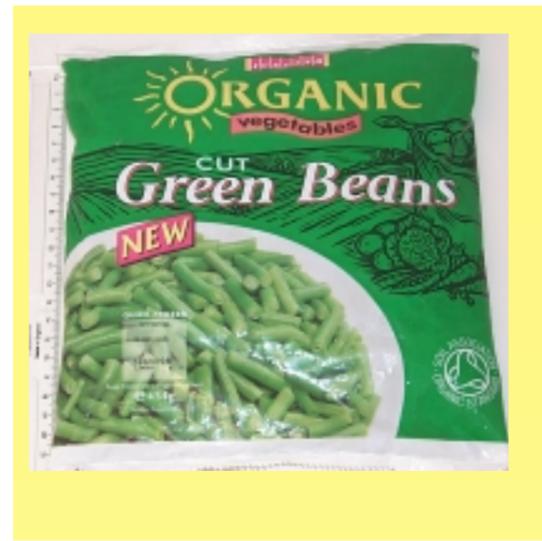


Discounters: Aldi, Lidl and Costcutters are major U.K. discounter chains. Aldi was selected for the initial store sample for the U.K. but did not have any frozen green bean stock. (Aldi Germany also did not stock frozen green beans.)

**ii. ICELAND: Estimated Acquisition Contract Prices and Shelf Space Allocation by Package Type**

	Grown Cut Pieces of Green Beans	Whole Green Beans	Sliced Green beans	Cut Green Beans	Very Fine Whole Beans
Product Type					
Brand	Iceland	Iceland	Iceland	Iceland	Iceland
Package Type	Plastic	Plastic	Plastic	-	-
Height cm	25.50	33.50	32.50	26.00	31.50
Width cm	22.50	24.00	25.50	21.50	25.50
Depth cm	2.50	4.00	4.00	4.00	4.00
SHELF SPACE	17,213	25,728	53,040	35,776	51,408
Price Local Currency	0.79	1.49	1.39	1.39	1.39
Price in USD	1.25	2.35	2.20	2.20	2.20
USD/Kilo Include Package	2.75	2.60	2.42	2.42	2.42
USD/Kilo (Net Product)	2.75	2.60	2.42	2.42	2.42
Gross Weight (Including Package)	454	907	907	907	907
Net Weight (Product Only)	454	907	907	907	907
Est. Aug 99 Retailer's Contract Prices					
US\$/Package	1.00	1.88	1.76	1.76	1.76
US\$/Kg. Net Product	2.20	2.08	1.94	1.94	1.94

**iii. ICELAND: Packaging**

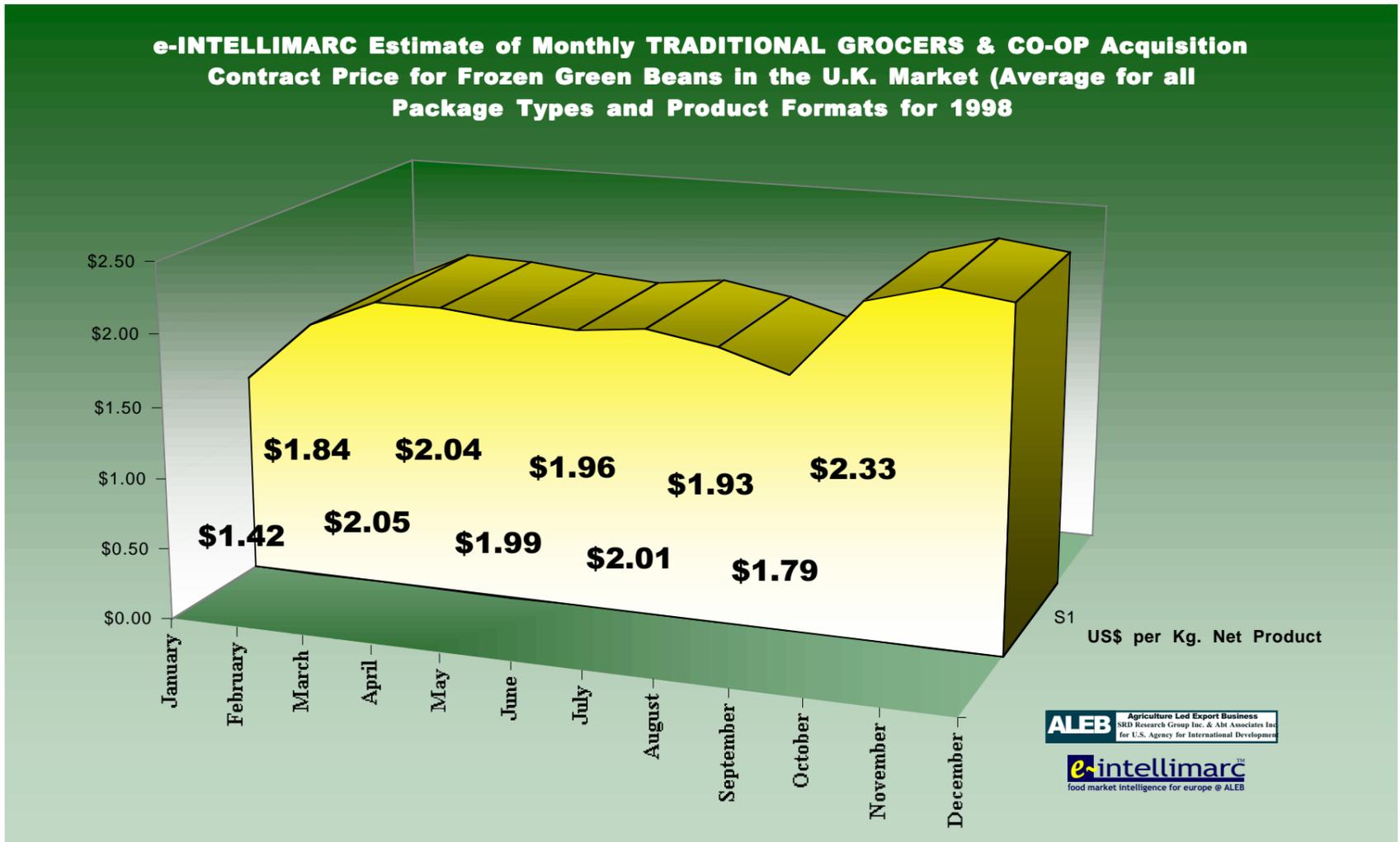


**iv. ICELAND: Product Specifications**



d. Traditional and Co-op Distributors

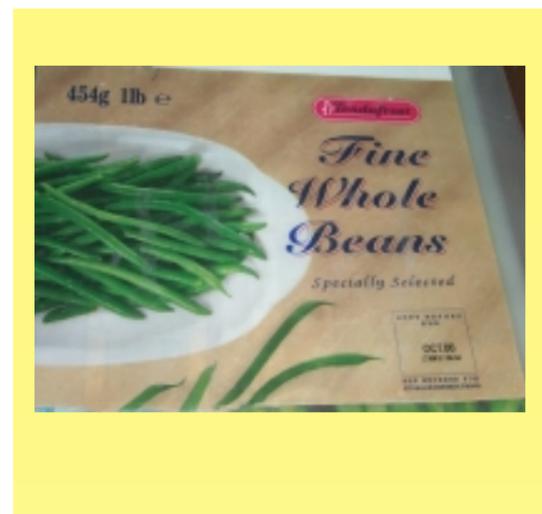
i. Estimated Acquisition Contract Prices by Month for All Distributors and Package Types



**ii. SPAR/COOP: Estimated Acquisition Contract Prices and Shelf Space Allocation by Package Type**

Product Type	Sliced Green Beans	Fine Whole Beans	Sliced Green Beans	Birds Eye
Brand	Spar	Tendafrost	Co-op	Birds Eye
Package Type	Plastic	-	Plastic	-
Height cm	25.00	22.00	26.00	26.00
Width cm	22.50	24.00	22.50	19.00
Depth cm	4.00	4.00	4.00	4.00
SHELF SPACE	18,000.00	33,792.00	18,720.00	15,808.00
Price Local Currency	0.69	0.95	0.89	1.19
Price in USD	1.09	1.50	1.41	1.88
USD/Kilo Include Package	2.40	3.31	3.10	4.14
USD/Kilo (Net Product)	2.40	3.31	3.10	4.14
Gross Weight (Including Package)	454.00	454.00	454.00	454.00
Net Weight (Product Only)	454.00	454.00	454.00	454.00
Est. Aug 99 Retailer's Contract Prices				
US\$/Package	0.92	1.26	1.18	1.58
US\$/Kg. Net Product	2.02	2.78	2.60	3.48

**iii. SPAR/COOP: Packaging**



**iv. SPAR/COOP: Product Specifications**





an ALEB/SRD *expomarc* profile

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