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The Global Expansion of Glory Foods - Destination: United Kingdom

Ryan Cato Robertson

University of Tennessee - Knoxville

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SENIOR PROJECT - APPROVAL

Name: Ryan Robertson

College: Business Administration
Department: Marketing

Faculty Mentor: Dr. David Barnaby

PROJECT TITLE: The Global Expansion of Glory Foods - Destination: United Kingdom

I have reviewed this completed senior honors thesis with this student and certify that it is a project commensurate with honors level undergraduate research in this field.

Signed: ___________________________, Faculty Mentor

Date: 4/26/04

Comments (Optional):
The Global Expansion of Glory Foods
Destination: The United Kingdom

Submitted By:
Ryan Robertson

Additional Contributors:
Deedra Clark
Angela Gibbs
Executive Summary

Glory Foods, Inc. was founded in 1992 in Columbus, Ohio. As stated on the company's website, "Glory's slogan, Just About The Best, points to the company's success in developing canned and frozen products that duplicate the fresh, natural taste of foods prepared with the flair of "down-home" Southern cooking. The products' blend of spices, coupled with the company's universal understanding of Southern-style food preparation has made Glory Foods family of Southern products household favorites in homes throughout the United States." Currently, the company's products may be found in more than 14,000 retail food outlets.

We, the marketing department, would like to make several recommendations to the executive management team, namely G. Barry Huff (President), Daniel A. Charma (VP, Operations), and Julie Eikenberry (VP, finance), in an effort to promote globalization via expansion into the United Kingdom. By extending the current partnership with General Mills, Glory Foods will be able to efficiently and effectively enter into the proposed British market. As an addition to the niche segment of ethnic foods, we suggest Glory Foods position the products as gourmet.

Regulatory issues regarding the labeling of products remains an important factor for any company in the packaged food industry. The laws in the United Kingdom are similar to those in the United States; therefore, there are not significant changes that must be made in this area to venture into the British market. In addition, the top three competitors for Glory Foods in the United Kingdom would be Del Monte Foods Company, Nestle', and Unilever. The packaged food industry is highly fragmented, with the average company manufacturing only a few products for specialized markets.

Economically, the British market has an open-door policy towards foreign investment. There is a great consumer demand for imports and GDP per capita is growing at an extremely rapid pace.

We recommend that Glory Foods products be sold at the four largest grocery retailers in the United Kingdom, which are Tesco, Sainsbury, Argyll, and Asda. Research shows that British shoppers are either loyal to mainstream supermarkets, or to discount stores, but not to both. Thus, we feel the products should be made available exclusively to these primary retailers. Because of the positioning of the products in the United Kingdom, it will be beneficial not to target the discount grocery outlets. Glory Foods products should be targeted to upper middle class British families and non-British individuals residing in the United Kingdom.
Introduction

As a result of Glory Foods’ growing popularity in the United States, we have conducted extensive research on the industry, competitors, and overall environment of the United Kingdom. Our findings presented below support global expansion of Glory Foods into the British market.

Macroenvironment Analysis

Social Factors

Historically, the British and those surrounding areas that comprise the United Kingdom have not been renowned for their region’s culinary skills. In fact, if one were to ask for opinions regarding British foods, the majority of the comments would be centered on the region’s signature dish: fish and chips. Although the country has similar staples such as beans, collard greens, and potatoes like the southern region of the United States, the presentation of these foods is vastly different.

Regarding family size, articles and statistics display a decrease in the average number of members in a British family. In 2002, the Office for National Statistics released numbers stating that fertility rate was 1.64 children per woman, a stark contrast to the country’s peak number of 2.93, which occurred in 1964. However, in order for the British population to continue steady growth as its citizens age, the average family size of 2.1 children per woman is needed (Carvel). Some factors leading to this dilemma include women starting to have families later in life and, more often than not, only having one child. Modern British women are concentrating on their careers and the pursuit of higher education. In addition, there is a trend towards “specialization” among women with some choosing to have no children and others choosing to have bigger families (Carvel).
The ONS report found that there were a reported 594,643 live births in England and Wales in 2001. That number was a 1.6% decrease and the proportion of children born outside of marriage was 40% compared to 30% in 1991. Thus, it is safe to assume that there is a significant rise in single parent homes. The number of children in England and Wales is estimated to fall from 12.1 million in 2000 to 11 million by 2011 (Carvel).

General Population Statistics in the United Kingdom
- English 81.5%
- Scottish 9.6%
- Irish 2.4%
- Welsh 1.9%
- Ulster 1.8%
- West Indian, Indian, Pakistani, and other 2.8%
  - Foreign Population 4%

Source: http://www.nationmaster.com/country/uk/People

Economic Factors

As stated from research from the World Markets Research Centre, the United Kingdom has an economic risk rating of 1.50. The UK economy is approximately the 4th largest in the world and is known as one of the most open economy structures. The currency is the British pound. Unemployment is at a low of 5%. Inflation fell below 2% in 2002, proving that the UK is consistently among the lowest inflation states of the European Union. This inflation improvement was a result of the economizing of union power, the reduction of public deficits, and the targeting of monetary aggregates.

Foreign investment is fully encouraged and welcomed in the UK. There are an estimated 22,000 foreign-owned companies operating in the UK. Companies from the United States are the highest percentage with almost 6,000 firms in operation on British soil. London, the capital city, is one of world’s largest concentrations of foreign banks. It is in a prime position in terms of international financial markets. London houses a
number of service industries and provides a plethora of capital for high-profile manufacturers. The UK is an ideal base of operations for US companies because once in operation, foreign-owned companies are treated equally with domestically-owned companies. There are language and cultural similarities and attractive regulations. Foreign firms are provided a vast arrangement of incentives if they locate in disenfranchised communities as long as the company provides its residents employment.

UK companies are more exposed to downturns in the US in the areas of trade and foreign investment. Currently, there is a high consumer demand for imports. Retail competition is fierce. Price competition has been rough and some types of products prices have suffered. However, the exchange rate of sterling has helped to keep the prices of imported goods low.

GDP growth is on the rise with estimates for the following years:
- 2003: 2.02
- 2004: 2.80
- 2005: 2.62
- 2006: 2.50
- 2007: 2.46

GDP Per Capita $ Estimates:
- 2003: 29,834
- 2004: 32,237
- 2005: 34,309
- 2006: 36,368
- 2007: 38,368

Economic Alliances

The UK has a nationwide investment agency called the UK Trade & Investment (www.invest.uk.com). The agency provides access to a wide variety of advice and assistance. New investors have the opportunity to buy research packages regarding details on locations, financial incentives, product sectors, availability of labor, employee costs, employee skill, and taxation. For its existing investors, a countrywide network
support program called the International Investor Development is available. The network provides:

**National Support:**

- Voice in government for policy issues which are affecting or may affect one's business
- Assistance with key issues (immigration, etc.)
- Assistance in winning internationally mobile projects
  - Utilizing any existing contacts an overseas operation will have established with global or European headquarters
- Contacts:
  - National Government Officials
  - Local Government

**Regional Support:**

- Finding suppliers and customers
  - Local
  - National
- Training programs
- Staff recruitment and retention
- Advice on financial incentives
- Advice on site issues
- Advice on regulatory issues
- Links with centers of excellence
  - Universities

Other investment networking agencies include Cumbria Investment (www.cumbria-investment.co.uk) and The British Midlands (www.the-british-midlands.co.uk).

Another form of economic alliance is the Confederation of British Industry [CBI], which is the main employers' organization and is a powerful government lobbyist (www.cbi.org.uk). In addition, there is a lobbying group called the Institute of Directors (www.iot.co.uk) and, within metropolitan areas, Chamber of Commerce provides powerful support networks to its local firms (www.chamberonline.co.uk).
Regulatory Issues

For the food industry in the United Kingdom, there are a number of regulatory issues and laws affecting the labeling of all products that are sold. It is considered an illegal offense to falsely describe, advertise, or present foods. The following laws were implemented to protect consumers from dishonest labeling and misleading claims on food items:

- Food Safety Act 1990- States that food cannot render any harm or injury to one’s health, must be fit for human consumption, and may not be contaminated so much that it is unreasonable to be eaten. Also, food must not be falsely described or presented.
- Trade Descriptions Act 1968- Makes it an offense if a trader gives a false trade description to any product, offers to supply any goods to which a false trade description is applied, or makes false claims regarding the specifications of any service or product.
- Weights and Measures Act 1987- Protects the system of metric weights and measures, and prescribes their use in the marketplace. It attempts to ensure that goods sold by weight, measure or number are traded fairly and in accordance with internationally recognized principles.

In addition to these acts, such laws as the Food Labeling Regulations 1996 mandates that products be labeled with:

- The name of the food
- List of ingredients
- Amount of an ingredient associated with the food
Labels indicate to the consumer exactly what he or she is buying and therefore, must indicate specific nutritional information, such as the amount of energy, protein, starch, sugars, saturated fat, monounsaturated and polyunsaturated fat, dietary fiber, and sodium. Although law strictly governs it, companies must be aware that food-labeling statements may be misleading because there are no legal definitions for quantities for some claims. For example, products that declare to be "low in fat", "reduced sodium" or "high fiber" may be inaccurate or deceptive since laws do not specifically spell out the mandates for including these statements on products. Pictures on the packaging of products may not mislead consumers by portraying false images. All ingredients, including additives and flavorings, must be listed on the labels in descending order of weight at the time that the food was processed.

Industry Analysis

Recent research shows that there is grocery store saturation in various areas and that companies are participating more in overseas ventures as opposed to developing new stores. This is in part due to changes in government policy that restrict the choice of locations for new store development. There are four major grocery retailers in the United Kingdom, known as the "big four", that provide for a competitive industry environment. These grocery retailers are Tesco, Sainsbury, Argyll, and Asda. Because of the fact that new stores decrease volume and take away sales from existing ones, the development of new stores diluted profits for these companies. As a result, three of the four are not committed to providing long-term targets for new store development.
The rise and popularity of the discount grocery store retailers has become a great issue for companies to consider when attempting to sale and market new products. Discount retailers have made significant progress in the United Kingdom. For example, Kwik-Save opened 136 new stores between 1993 and 1995, and remains the leader in the discount sector. While the discount retailers form a separate and distinct sector in the market, they are still threats to the large middle-market and family-oriented major chains. The “big four” have recently responded to such discount stores by cutting prices, especially on basic merchandise in the stores. Research indicates that British shoppers are loyal either to mainstream supermarkets and superstores, or to discount stores, but not both. Nevertheless, shopping patterns seem to be changing towards the use of major stores for the bulk of grocery shopping, and discounters for the purchase of basic groceries at reduced prices.

Sixty percent of food and grocery sales in Great The United Kingdom are sold in the eight largest grocery companies, according to recent estimates. The remaining 40% of the market is shared by thousands of retail stores and organizations, including many grocers, major off-license chains, independent grocers, and specialist food and drink shops. In dense, urban areas, companies such as Marks and Spencer, Aldi and Netto are strong competitors; whereas, independent grocers tend to dominate and serve low-density markets where new, larger stores would not be practical. The ten large stores serve about 30,000-35,000 people on average.

Industry/Overall Market

Close to 25 firms produce approximately one-third of food sold by retailers in the United States; however, the U.S. packaged food industry is still very highly fragmented. The average company in this industry manufactures only a few products for specialized or local markets. In addition, local or regional businesses may function as contract
manufacturers, producing private-label products for grocery stores. On the contrary, large national businesses possess great brand-name recognition and tend to concentrate on lucrative products that are sold nationally in an effort to create economies of scale. With the exception of international markets, these large companies usually do not cater to or adapt products to fit regional tastes and preferences (Joy). Some of the largest companies include Kraft Foods Inc. ($29.7 billion in sales), ConAgra ($24.1 billion), PepsiCo ($25 billion), H. J. Heinz ($9.4 billion), and General Mills Inc. ($7.9 billion) [Table 1].

In the United States, food and beverage companies have seen a decline in sales growth since 2002. Grocery retailers have been forced to struggle due to such factors as competition from giants like Wal-Mart, the recent downturn in the economy, and increased costs in various aspects of the retail industry. Customer decisions have been solely based on price and perceived value of products recently. “In the face of increasing competitive pressures, grocery stores are pushing for better promotional deals from private-label and branded food manufacturers. However, in recent months, high commodity costs have forced suppliers to raise their prices, which retailers have passed on to their customers, further stifling growth in sales volume.” (Joy) According to Standard & Poor’s, food manufacturers’ earnings will be increased with higher product prices, improvements in productivity, and slow economic gains. Some food companies such as Kellogg Company, Kraft Foods Inc., General Mills Inc., and Hershey Foods Corporation have implemented a strategy of using selective price increases to compensate for commodity cost inflation.

The food industry is changing drastically as a result of the shifting demographics of the population. Individuals are getting older, there is an increase in ethnic diversity, and people’s lifestyles are evolving. “As food marketers well know, the Baby Boomer
generation, now between the ages of 39 and 57, is at a stage of life in which people usually focus more on nutrition and weight maintenance. Yet in many instances, baby boomers’ increased work and family responsibilities reduce their time available for exercise just as their metabolisms are slowing. This paradox creates significant new consumer needs.” (Joy)

Currently, in the United States, Glory Foods products are in the growth stage of the product life cycle. High product quality standards are set for the foods and the awareness of the company and product offerings has greatly increased from when the product was first introduced. Taking the product to the United Kingdom would mean that Glory Foods products would be in the introductory stage in that country because promotions and advertisements must be formed to create awareness. Initially, there will only be few channels of distribution utilized in Great The United Kingdom for the products. However, once the product reaches the growth stage in this country, mass production may then be used to meet the growing demand for Glory Foods products.

**Competitor Analysis**

- **Del Monte Foods**
  Del Monte Foods was founded in San Francisco, CA in 1916. Since that time, it has become well known as one of the largest manufacturers and distributors of branded canned fruit and vegetables in the US. As a publicly traded company, Del Monte Foods is known for its flagship products of corn, green beans, peas, peaches, pears and pineapples, both branded and private label. The company operates under various brands throughout the US and South America. Known as a manufacturer and distributor, Del Monte operates 16 production facilities, and 15 distribution centers in 14 states and in South America. Recently, in 2002, the company acquired several brands from HJ Heinz,
including their Starkist tuna fish. Del Monte has also chosen to diversify into other arenas such as pet products and soup and infant feeding products. However, they are most known for their consumer products.

- **Nestle**
  Nestle has become known as the world's #1 food company. Founded in 1866, it currently produces breakfast cereals, chilled dairy, chilled meats, coffee and other drinks, confectionery, milks and creams, nutrition, and pasta. Nestle is actively present in over 50 countries, including the US and UK. As a Swiss based company, it is most well recognized for its candy, but over the years has gained considerable recognition for expanding its product lines to include water, baby formula, coffee, pet food, and now even make-up and prescription drugs.

- **Unilever**
  Established in 1930 as a United Kingdom based company, Unilever is one of the largest producers of packaged goods. Similar to Nestle, Unilever has various product lines within Foods and Home and Personal Care (HPC). These divisions' operations are organized into businesses on a regional basis. Now, the company operates in nearly all countries within Asia, Africa, North America, the Middle East, Western Europe and Latin America. Unilever now holds the title of #1 producer of frozen foods in Europe and also had sales of $59,618,000 in 2003.

**Buyer Power**

The buyer power for the retail grocery industry has two distinct elements. The buyer can be either the grocery stores that buy directly from the manufacturer, or the end customer. Both elements of the buyer play an important role. The grocery store as a buyer always purchases large quantities. Depending upon the type of store, the grocery store may have high buying power. Within the US, Kroger has several suppliers to choose
from, which increases their buying power. For example, in choosing which type of
canned goods to offer, Kroger has options from Unilever, Nestle, Glory, Del Monte,
private labels, and various others. Therefore, the buying power for groceries amongst
manufacturers is high. Next, the buying power shifts from the grocers to the end
customer. The end customer has various options to choose from with large grocers like
Aldi and Adsa as well as other local grocers. For consumers, switching costs are
extremely low, so this is a threat to those within the industry.

Supplier Power

Within the canned food and frozen food industry, there are many substitutes,
which is a plus for the buyers. Because there are so many substitutes, including branded
and private labels, suppliers have very little flexibility with price on commodity items.
Also, the switching costs for manufacturers, though feasible, are very high. Therefore,
suppliers do have an advantage when it comes to switching costs. Another positive aspect
for suppliers is that there are extremely high entry barriers into the supplying and
manufacturing industry. The learning curve along with the capital to establish a
manufacturing process creates a large entry barrier. Though there are positive aspects for
suppliers, ultimately their bargaining power is low.

Rivalry

In looking at the grocery retail industry, there is rivalry from two perspectives.
There is rivalry from a price and a customer loyalty perspective. Because grocers have
little room to compete on price, especially for commodity items, they compete more
fiercely with customer loyalty programs. For example, Kroger offers its KrogerPlus®
card, which gives discounts to loyal customers. So, although price rivalry is not fierce,
the rivalry extends and overlaps to customer loyalty.
Entry Barriers

There are many important barriers to entry into the retail grocery industry. First, there is a great deal of capital involved in this industry. It is extremely costly to establish a reputable name, brand, chain, and distribution channel. This great deal of capital is a high entry barrier. Next, it is extremely difficult to compete with such large retailers, though there is room for small local grocers. There is also an entry barrier in establishing manufacturing processes. Lastly, there are very little profit margins within the retail grocery industry. Most of the profit is made through private label branding and manufacturing. Therefore, the entry barriers are an opportunity for already established grocery retail stores.

Substitutes

Within the retail grocery industry, there are substitutes as far as manufacturers and substitutes available to end customers. The switching costs for manufacturers are extremely high and rarely occur. Also, end customers have little opportunity to obtain substitutes outside the retail grocery industry. For these commodity items, the only viable substitute would be fresh grown vegetables. The cost of switching to another industry is extremely high, so there is definitely an opportunity for those in this industry to hold their ground.

Key Implications

Though Del Monte Foods, Nestle’, and Unilever are all large publicly traded companies, they are still in competition with Glory Foods. Glory’s competition is much greater, more diverse, and better distributed. Both Nestle’ and Unilever are UK based companies, which could possibly serve as a threat to Glory Foods, a new entrant in the market. However, they do not have the unique taste of Glory, which is a competitive advantage. Another implication within the competitor analysis is that all 3 competitors
are diverse in their product offerings. This allows the companies to put more money into research and development than does Glory Foods. Therefore, the competitors can enter new markets at a faster rate than Glory.

**Strengths**

The strongest aspect of all 3 major competitors is their distribution network. Del Monte, Nestle, and Unilever all have strong distribution chains within the US, but are just as strong or even stronger in foreign markets. With such great distribution and manufacturing capabilities, Glory’s competition has a much larger customer base. All 3 companies are publicly traded, meaning they all have a great deal of capital to dedicate to research and development of new products. This serves as a possible threat to Glory because they have the ability to enter new markets and new product lines with greater distribution. Ultimately, Glory’s competitors hold strong positions in the retail grocery industry and are continuing to grow.

**Weaknesses**

Though Glory has some strong competitors, they also possess some weaknesses that would allow Glory to have an advantage. The most noticeable weakness is that, though world-renowned for its food and distribution capabilities, Glory’s competitors have no unique taste. Their foods are traditionally American and at times are adaptable to local tastes. However, the competitors have no unique taste to distinguish them from other competitors. Also, another weakness of Glory’s competitors is their diversification. In most instances, diversification is a strength. However, Glory’s competitors are so diverse, often in unrelated product categories, that they are not focused on having a competitive advantage in certain areas. These weaknesses could help Glory gain market share in the UK if a plan is strategically implemented.
Market Analysis

There are many market segments to which this product may be targeted. The potential segments on which we would like to focus are upper-middle class British families, and Non-British individuals residing in The United Kingdom. Since the product will be positioned as a gourmet item and will be priced at a premium, upper-middle class families will be more easily able to purchase the products on a regular basis. Also, families will benefit from the convenience of the product because working parents will appreciate the minimal amount of time and energy that it takes to make a nice meal using Glory Foods products [Figure 2]. We also decided to target families in an effort to build brand loyalty early. We believe that if parents buy Glory Foods brand products for their families to use and consume regularly, this loyalty will carry over to the children who will continue to use the brand throughout their lifetime. Thus, establishing brand loyalty at young ages. In addition, more women are working, therefore having less time to prepare meals. The traditional family life in the UK is slowly drifting away, along with their eating habits. In the past, women were the main shoppers in UK households. But with more women entering the workforce, women have considerably less time and less inclination to prepare an entire meal. Women entering the workforce add additional income to the family, giving them more flexibility when it comes to eating convenience food, such as ready meals or meals out [Figure 1]. Another phenomenon about the UK family life is that single parenting is more common now than ever in the past. Therefore, it is our intention to target the ever-changing family in the UK.

Also, non-British individuals living in the United Kingdom, including Jamaicans and US citizens, are another major target market for Glory Foods products. Currently, the UK has a foreign population of approximately 4.0%, and growing. While this foreign
population is very diverse, it is beneficial that we provide a product that can be enjoyed by the native as well as the foreign population. Traditionally, food in the UK has been considered “bland” after World War II, due to food being rationed. We feel it is important to provide culture along with an experience, through our tasty, flavor-filled food. This would give US citizens a “taste of home away from home.” In places like England, Americans find themselves hard-pressed to find food that is appetizing and satisfying to their tastes. Glory Foods products would allow them to conveniently have a truly American meal, which would be well-worth the premium price that they must pay to purchase the items from a store. Recognizing the increasing Jamaican population in the UK and the influence of American culture on Jamaicans, it is easily understood how Jamaicans are a market segment that should be targeted in the United Kingdom.

Jamaican food and American soul food are similarly seasoned and prepared, very much unlike the bland, plain food found in The United Kingdom. In summary, while Glory Foods products are sure to be purchased and enjoyed by a plethora of individuals in the United Kingdom, the target markets that are most viable, lucrative, and beneficial to pursue are upper middle class British families and non-British people residing in the country.
Part II:
Marketing Strategy

GLORY
Gourmet Foods

18
Executive Summary

The formal definition of the phrase soul food is "Food, such as ham hocks and collard greens, traditionally eaten by southern African Americans" (dictionary.com). While this statement is currently true, Glory Foods seeks to change the meaning of this phrase through the expansion of its product offerings into the United Kingdom. There are several strategy considerations that we recommend in an effort to allow the company to achieve a successful and profitable overseas venture.

We have devised several goals and objectives that Glory Foods must maintain in order to become a trusted and well-recognized brand. The goals that we have set for the company in the United Kingdom are to position the products as Southern-style gourmet cuisine items, to introduce the products in the British market and achieve a 10% share of the ethnic gourmet foods market within the first two years. The final objective is to extend the strategic partnership with General Mills into the United Kingdom within the next year.

As any product is introduced into a new market, product strategy considerations are extremely important and significant in how the consumers will receive and view the item. We feel that the best positioning strategy for Glory Foods products in the United Kingdom is foreign consumer culture positioning. The products should be marketed in such a way as to allow British citizens and individuals of other nationalities residing there, a sense of southern American cuisine. There will be limited products offered in the United Kingdom, when compared to the offerings of Glory Foods products in the United States. The addition of the word "gourmet" to the label will allow individuals in the new market to explicitly see and understand the product's positioning. Also, pricing is an important element of positioning products, and Glory Foods must be careful not to replicate its current US pricing strategy in the United Kingdom. A premium pricing strategy is recommended, consisting of a minimum 50% markup, to attract upper middle class British families and non-British individuals residing in the country.

The channel distribution should be done indirectly and consist of intermediaries performing a wide variety of channel functions. The three intermediaries will include the agents, wholesalers, and retailers.

Promotional activities are critical for Glory Foods to become a thriving empire. We recommend advertising in a plethora of media such as specialty magazines, popular celebrities, television advertisements, cooking shows, and the British Broadcasting Corporation. Also, there are a few special promotions that we propose for the company to implement during certain times of the year. Through marketing control contingency plans, success will be measured by sales and copycat entrants into the market.

Through focus and concentration on these goals, Glory Foods will be on the right path to becoming a leading brand in this new market.
Introduction

With expansion of any product or service into new markets, especially overseas, there is a need for tactical plans. The following is a suggested marketing plan regarding objectives, product strategy considerations, channels of distribution, promotion strategy, pricing considerations, and contingency plans.

Company Profile

Soul food in a can? There’s no such thing! Glory Foods begs to differ. Founded in 1992, Glory Food Inc. cans and freezes the staples of Southern-Style cooking and traditional soul food, along with African-American dishes, such as seasoned okra, collard greens, and pinto beans. Glory Foods sells canned and frozen vegetables, frozen entrees, side dishes and fresh produce in 41 states in more than 14,000 retail food outlets. The company has partnered with General Mills to produce its frozen food selections in North Minneapolis. The Glory Foods Mound Bayou Sweet Potato is grown through a partnership with the farmers of one of the US’s oldest black townships, Mound Bayou, Mississippi. Glory Foods Inc is a privately owned company and has grown to annual sales of $14 million.

Address: 901 Oak St.
Columbus, OH 43205-1204

Phone: 614-252-2042
Fax: 614-252-2043
Website: http://www.gloryfoods.com

Key People: President: G. Barry Huff
VP, Operations: Daniel A. Chama
VP, Finance: Julie Eikenberry

Industry Information
Sector: Consumer Non-Cyclical
Industry: Food Processing

Top Competitors: Del Monte Foods Company  
Nestle S.A.  
Unilever  

Marketing Goals & Objectives

As with any marketing objective, the plan should equate to sales. Marketing objectives must be clear, measurable, and have a stated time frame for achievement. The marketing goals for Glory Foods in the United Kingdom are:

- Position Glory Foods canned and frozen food products as Southern-style gourmet cuisine using a well devised high society media blitz during the initial 6 months within the region.

- Introduce the products to the British market, inform the target audience about the broad range of products to be offered, remove potential customer resistance to buying our products leading to a 10% market share of ethnic gourmet foods within 2 years.

- Extend strategic partnership with General Mills into the United Kingdom within the next year, forming an efficient network of marketing channels that provide superior customer service within all intermediaries and the end-user (consumer).

Product Strategy Considerations

For Glory Foods products to sell extremely well in The United Kingdom, it is imperative that the product have a high perceived value in the minds of consumers. For this reason, the positioning strategy that will be utilized to market the products is foreign consumer culture positioning. Through this strategy, the company will be able to create a "brand mystique" (Kotabe, 240) around the southern region of the United States, which
has very positive connotations for food products to people in foreign countries such as The United Kingdom. Glory Foods products will be marketed in such a way as to allow British citizens and individuals of other nationalities residing there, a bona fide taste of soul food and southern American life. For those American citizens in The United Kingdom, it will give them a piece of home.

Our product offerings in the United Kingdom will be limited when compared to the Glory Foods products offered in America. Although both canned goods and frozen foods will be made available in the British market, below are the specific products that we will sell in the United Kingdom:

**Canned Goods**
- Crock-pot Beans
- Okra
- Sweet potatoes
- Hot Sauce
- Honey Carrots
- Black-eyed Peas
- Collard Greens
- Lima Beans
- Pinto Beans
- Red Beans
- Spinach
- String Beans and potatoes
- Skillet Corn
- Succotash
Frozen Foods

- Chicken and Dumplings
- Chicken, Smoked Sausage, and Rice Casserole
- Mardi Gras Chicken and Rice
- Cornbread Dressing
- Macaroni and Cheese
- Summer Squash Casserole

These are only the products that we are planning to offer with the launch of Glory Foods in The United Kingdom. Once customers start buying the products and brand awareness is built, we will then begin looking into opportunities for product expansion in the United Kingdom. Some new product ideas are to offer sweet tea and various kinds of desserts. Both of these foods would be localized to fit the taste preferences and specifications of the British citizens. However, before any new products are brought to market, we will conduct extensive research to make sure that they are viable in the new market.

Another aspect of the product strategy will be to position the product differently in the United Kingdom than it is positioned in the United States. We plan to make Glory Foods more upscale, expensive, and fancy in the United Kingdom, which is exhibited by the addition of the word gourmet to the name. The packaging will be made more formal and the name displayed on the labels will be “Glory Gourmet Foods” [Figure 6]. This will not only force consumers to perceive the brand as a more sophisticated one, but it will also justify the premium pricing strategy that we will utilize in this new market for our products.
Marketing Channel/Distribution Strategy Considerations

A marketing channel is defined as a group of individuals and firms involved in the process of making a product or service available for use or consumption by consumers or industrial users. In the case of launching Glory Foods in the United Kingdom, we are concerned solely about making the product available to the end-user, the consumer.

Marketing channels perform three primary functions:

- Transactional: Buying, Selling, Risk Taking
- Logistical: Assorting, Storing, Sorting, Transporting
- Facilitating: Financing, Grading, Marketing information and research

Glory Foods channel distribution should be accomplished indirectly, consisting of intermediaries that perform various channel functions. Currently, the company has a partnership with General Mills; therefore, we feel that this relationship can easily be extended throughout the United Kingdom and ultimately the European continent. In regards to finite details of the distribution channels, the target market coverage should be selective distribution, buyer requirements call for information about the product, variety, and convenience, and profitability should be depended on total costs.

The following is a suggested channel distribution plan for Glory Foods. This channel design is commonly used throughout Europe.

![Diagram of Marketing Channel/Distribution]

European marketing channels usually have three intermediaries. The agent or broker has legal authority to act on behalf of the manufacturer. The wholesaler then sells to other intermediaries. Lastly, the retailer will sell Glory Foods products to the consumer.
Promotion Strategy Considerations

There are several ways that we have decided to promote our products in the United Kingdom. To build brand awareness initially, we will utilize magazines, popular celebrities, television advertisements, cooking shows, and the British Broadcasting Corporation (BBC). Many citizens of the United Kingdom are subscribers to specialized magazines. Therefore, we feel that advertising in certain publications that are very popular throughout the country will certainly get the products and Glory brand name out to potential customers. Also, we plan to have celebrity endorsements in an effort to have a high product image at the onset. We will conduct research to determine which celebrities are more influential to potential customers. For our endorsement, we will choose a celebrity that will make British citizens more likely to buy our products.

Creating and running television advertisements is another avenue that we will take to build brand awareness in this new market. Not only will television be used for advertisements, but also we will seek to have Glory Foods products featured on various cooking shows that are aired on such stations as The Food Network. The British Broadcasting Corporation is a local organization that has a division which is devoted solely to food and food-related products. This includes many current British food series shows like Saturday Kitchen, Food Heroes and Ready Steady Cook. In an attempt to make customers more familiar with our products, we will sponsor complimentary recipes and daily food tips, entitled “Glory Foods Tip of the Day,” on these shows.

There are also special promotions that we are planning to implement during certain times of the year, which relate to popular American holidays. By bringing American traditions to the United Kingdom, the citizens will feel as if they are more in touch with and a part of American, especially southern culture and society. As a result,
they will begin to view Glory Foods products as authentic American symbols and appreciate the efforts of our company to provide them with a piece of American life. The first promotion that we will run is one publicizing our Glory Foods Black-eyed Peas. In the southern community throughout the United States, it is believed to bring good luck for the entire year if one consumes black-eyed peas on New Year’s Day. Keeping in-sync with this tradition, we will run sales and promotions on our Glory Black-eyed Peas around the New Year’s holiday. Through advertisements, we will educate British citizens on this American custom in an effort to get them to accept and adopt this tradition. A second promotion that we will run is centered on the ever-popular annual Mardi Gras festival. Through our Mardi Gras Chicken and Rice product promotion, we will offer an all-expense paid trip for contest winners to the United States to experience the fun and excitement of Mardi Gras in New Orleans, LA. Purchases of the Glory Mardi Gras Chicken and Rice frozen food product will be necessary to compete for this prize.

Involvement in the community is yet another path that our company will take in an effort to promote and build awareness and goodwill for our products. Because soccer is an extremely popular sport in the United Kingdom, Glory Foods will sponsor a soccer team. The team will wear uniforms with the company logo and name on them so that the spectators, either consciously or unconsciously, may become familiar with the brand. Also, at sporting events, we will purchase advertisements to be shown on the scoreboard, projection screen, or any other medium that is available for announcements. This sponsorship of the soccer team will not only allow British citizens to see Glory Foods’ dedication to the community, but it will also allow them to recognize and appreciate the fact that the company is genuinely intrigued by their interests and hobbies.
Pricing Strategy Considerations

Price is a key issue when entering a new market. Companies must be careful not to push their ideas about price from the host country onto the new market. Therefore, we have chosen to do research on various large retail grocery stores in the United Kingdom to compare prices. First, we researched Aldi’s one of the largest retail grocers throughout Europe. We found that within the canned goods department, the average price for Aldi’s is between $.33 and $.45. This price, both in the US and UK translates into canned goods being a commodity. Next, we looked at the pricing of frozen foods at Asda, another large retail grocer throughout Europe. The average price in frozen food items, such as; corn, peas, carrots, etc was $1.00. This price also translates to a commodity in both the US and the UK culture.

After researching prices for canned goods and frozen foods, we decided what price position would be both feasible and profitable. Because Glory Foods offers a unique product, “soul food in a can,” we have chosen to take a premium pricing position. As previously mentioned, canned and frozen foods are considered a commodity. This is due in part to the fact that seasonings must still be added to finish preparation. However, with Glory Foods, seasonings are already added and the food is part of a rare and unique culture. Therefore, a premium pricing strategy is necessary. In addition to being a unique product, we have also taken into account our target market. Dual income families, along with the foreign population in the UK tend to have a higher disposable income [Figure 1]. Therefore, it is appropriate to have a premium pricing strategy.

As far as prices, for canned goods, the manufacturing selling price will be between $.25 and $.34 while the Cost of Goods Sold (COGS) will be between $.17 and $.23. We will increase the selling price by 50% to achieve our premium pricing strategy.
For the frozen goods, we will take the same approach. The manufacturing price is about $0.75 and COGS is $0.50. By increasing the selling price by 50%, the new price will be $2.00. With a higher disposable income of our target market, along with increasing confidence in the economy, this pricing strategy is both feasible and profitable for Glory Foods.

**Marketing Controls & Possible Contingency Plans**

There are some major marketing control considerations for Glory Foods' entry into UK. The first major consideration is the size of the company. Glory is small company, mainly focused in the southeastern part of the US. Though the company is small, it has made a large impact on the southeastern part of the country. However, at this point, Glory is not fit to compete directly against Del Monte, Nestle, Unilever or others when it comes to size. Another consideration is Glory’s lack of a distribution network when it comes to the competition. Although Glory has formed an alliance with General Mills for production purposes, they still have no strong distribution network. Therefore, if Glory intends to be a force within the retail grocer industry, we must form larger alliances with companies in other markets, such as General Mills in the UK. By being such a small company, Glory also must consider the in-depth marketing that it must do in order to advertise such a unique product. A possible contingency plan to marketing and advertising would be to do an informational campaign. Though many Europeans may have heard of traditional African-American soul food, it is important to let consumers know that it has a distinct, unique taste, and that it is part of a unique culture. Therefore, a possible contingency plan is to embark on two advertising campaigns. Ultimately, we will measure success in two different ways based upon the advertising campaigns. We will measure success by sales of our specific brand within the large and small grocery
stores. We understand that beginning sales will be slow due to being in a new market and a new product. However, we will measure success by positive growth on the bottom line. We will also measure success by new entrants into the market. If new and established companies begin to flock into the market, then we will know that this endeavor has been a success.
Appendices

TOP 20 PUBLICLY HELD U.S. FOOD & BEVERAGE COMPANIES — 2002
(Ranked by sales, in millions of dollars)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>PACKAGED FOOD &amp; BEVERAGE SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>Kraft Foods Inc.</td>
<td>29,234</td>
</tr>
<tr>
<td>PepsiCo Inc.</td>
<td>24,074</td>
</tr>
<tr>
<td>ConAgra Foods</td>
<td>23,465</td>
</tr>
<tr>
<td>Tyson Foods Inc.</td>
<td>10,563</td>
</tr>
<tr>
<td>The Coca-Cola Co.</td>
<td>17,545</td>
</tr>
<tr>
<td>Coca-Cola Enterprises</td>
<td>15,605</td>
</tr>
<tr>
<td>H.J. Heinz Co.</td>
<td>8,821</td>
</tr>
<tr>
<td>Sara Lee Corp.</td>
<td>7,340</td>
</tr>
<tr>
<td>Pepsi Bottling Group Inc.</td>
<td>8,443</td>
</tr>
<tr>
<td>Dean Foods Co.</td>
<td>5,975</td>
</tr>
<tr>
<td>Kellogg Co.</td>
<td>7,548</td>
</tr>
<tr>
<td>General Mills</td>
<td>5,450</td>
</tr>
<tr>
<td>Smithfield Foods Inc.</td>
<td>5,900</td>
</tr>
<tr>
<td>Campbell Soup Co.</td>
<td>5,771</td>
</tr>
<tr>
<td>Hershey Foods Co.</td>
<td>4,137</td>
</tr>
<tr>
<td>Hormel Foods Corp.</td>
<td>3,885</td>
</tr>
<tr>
<td>Procter &amp; Gamble Co.</td>
<td>4,139</td>
</tr>
<tr>
<td>Interstate Bakeries</td>
<td>3,475</td>
</tr>
<tr>
<td>PepsiAmericas</td>
<td>3,144</td>
</tr>
<tr>
<td>Wrigley (Wm) Co.</td>
<td>2,401</td>
</tr>
</tbody>
</table>

1Fiscal year ended May. 2Fiscal year ended June. 3Fiscal year ended September. 4Fiscal year ended July. 5Fiscal year ended April.
Source: Company reports.

Table 1
Attractiveness to Entrants

<table>
<thead>
<tr>
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<th>High Attractiveness</th>
<th>Low Attractiveness</th>
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</thead>
<tbody>
<tr>
<td><strong>Market Factors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size</td>
<td>Large</td>
<td>Small</td>
</tr>
<tr>
<td>Growth</td>
<td>High</td>
<td>Slow</td>
</tr>
<tr>
<td>Stage in life cycle</td>
<td>Early</td>
<td>Late</td>
</tr>
<tr>
<td>Cyclicity</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Seasonality</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Market spending</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Profit</td>
<td>High</td>
<td>Low</td>
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<tr>
<td>Financial ratios</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Competitive Factors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentration</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Power of Buyers</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Power of Suppliers</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Rivalry</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Pressure from substitutes</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Capacity utilization</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Threat of entry</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Table 2

![Consumer Spending](image)

**Figure 1**

- **France**
- **Germany**
- **Italy**
- **Spain**
- **UK**
Figure 2

Consumer Non-Cyclical Spread Sheet (Yahoo Finance)

<table>
<thead>
<tr>
<th>Industry</th>
<th>1-Day Price Chg %</th>
<th>Market Cap</th>
<th>P/E</th>
<th>ROE %</th>
<th>Div. Yield %</th>
<th>Debt to Equity</th>
<th>Price to Book</th>
<th>Rev Qtr vs. Yr Ago</th>
<th>EPS Qtr vs. Yr Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverages (Alcoholic)</td>
<td>-0.481</td>
<td>147.84B</td>
<td>20.55</td>
<td>61.025</td>
<td>1.712</td>
<td>2.222</td>
<td>12.374</td>
<td>6.591</td>
<td>17.171</td>
</tr>
<tr>
<td>Beverages (Non-Alcoholic)</td>
<td>-0.216</td>
<td>277.72B</td>
<td>26.995</td>
<td>31.375</td>
<td>1.546</td>
<td>0.538</td>
<td>7.997</td>
<td>8.514</td>
<td>23.103</td>
</tr>
<tr>
<td>Fish/Livestock</td>
<td>-2.31</td>
<td>2.57B</td>
<td>16.17</td>
<td>29.412</td>
<td>0.531</td>
<td>0.788</td>
<td>2.033</td>
<td>27.337</td>
<td>-99.138</td>
</tr>
<tr>
<td>Food Processing</td>
<td>-0.848</td>
<td>333.87B</td>
<td>19.211</td>
<td>24.194</td>
<td>2.26</td>
<td>1.305</td>
<td>4.658</td>
<td>8.994</td>
<td>10.296</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>-0.955</td>
<td>6.98B</td>
<td>16.735</td>
<td>11.677</td>
<td>3.236</td>
<td>0.335</td>
<td>2.466</td>
<td>1.96</td>
<td>-2.892</td>
</tr>
<tr>
<td>Personal &amp; Household</td>
<td>-0.824</td>
<td>304.02B</td>
<td>25.496</td>
<td>38.302</td>
<td>1.746</td>
<td>1.387</td>
<td>15.535</td>
<td>14.176</td>
<td>17.832</td>
</tr>
<tr>
<td>Products</td>
<td>-0.956</td>
<td>187.63B</td>
<td>12.381</td>
<td>36.519</td>
<td>5.055</td>
<td>0.977</td>
<td>4.365</td>
<td>8.688</td>
<td>18.89</td>
</tr>
</tbody>
</table>

Table 3
Figure 3

Money and Time Spent on Food
(By Country 2001)

Figure 4

Attitudes Towards Take-out Meals
(By Gender, By Country 2001)
Attitudes Towards Cooking
(By Country 2001)

Figure 5

% Who love Cooking

% Who don't have time to cook

Figure 6

GLORY
Gourmet Foods

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