May 2015
Issue 22, PLMA edition

Food from Poland

Polish Magazine for Professionals

Bogutti
SWEET WORLD

Give yourself

Export Department:
export@bogutti.com
tel.+48 783 956 466
www.bogutti.com

La Gustosa · Tweett · CHOCO ·GUTTI · American Cookies · ChocoFit

a moment of intense pleasure...

La Gustosa Tweett CHOCO GUTTI American Cookies ChocoFit

CONTENTS

MAY 2015, ISSUE 22

Report 22

Comments 6

Marek Sawicki, Minister of Agriculture and Rural Development

Maria Andrzej Faliński, General Manager of POHiD

Michał Sikora, Tesco Polska Press Officer

Press Office of Jeronimo Martins Polska S.A.

JERÓNIMO MARTINS

Editorial Office
Bagno Street 2/218
00-112 Warsaw, Poland

Phone/Fax: +48-22 847 93 67
+48-22 828 93 66
Phone: +48-22 847 93 68
e-mail: redakcja@foodfrompoland.pl
www. foodfrompoland.pl

Editor-In-Chief – Tomasz Pańczyk
e-mail: t.panczyk@foodfrompoland.pl

Editor – Monika Dawiec
e-mail: m.dawiec@foodfrompoland.pl

Editor – Monika Kociubińska
e-mail: m.kociubinska@foodfrompoland.pl

Advertisement Office
Phone/Fax: +48-22 847 93 67
Phone +48-22 828 93 66

Sales & Marketing Department Director
Beata Kurp
e-mail: b.kurp@foodfrompoland.pl

Key Account Manager – Katarzyna Paciorek
e-mail: k.paciorek@foodfrompoland.pl

Graphics studio – Paweł Pańczyk
p.panczyk@foodfrompoland.pl

Printing house:
ArtDruk
www.artdruk.com

Fischer Trading Group

Fischer Trading Group Ltd.
Bagno Street 2/218, 00-112 Warsaw
Phone/Fax: +48-22 847 93 67
Phone: +48-22 847 93 68
e-mail: redakcja@ftgroup.pl
www.hurtidetal.pl
CEO: Tomasz Pańczyk

TOMASZ PAŃCZYK
Editor In-Chief
t.panczyk@foodfrompoland.pl

The Poles are keen on buying private label products

The quantitative share of private labels in the Polish market was 33 per cent in 2014. In comparison with the countries of western Europe, this is still not much, but Poland is catching up rapidly. As it results from the data of the international private label Manufacturers Association (PLMA), the share of private labels in the Polish market increased by 3 percentage points last year. Among the European countries, only the private labels in Finland and Sweden were increasing faster than in Poland. In the former, their percentage share in the market increased by 4.1 percentage points, and in the latter - by up to 5.1 per cent. Currently, both in Finland and in Sweden, the quantitative shares of private labels in the market are similar to Poland (they are 33 and 31 per cent, respectively). To compare, in Switzerland and the Netherlands every second product is produced under a private label (53 and 51 per cent, respectively). The PLMA data include not only food products, but also other categories of the FMCG market, including chemical products. Last year the growth of private labels in the last year took place in virtually the entire Europe, virtually, and this should not be surprising since they are ca. 30% cheaper than their trade equivalents. Ad valorem, private labels currently account for ca. 20 per cent of the European markets. In Poland the value of the private label market is estimated to amount to at least PLN 90 billion. It must be noted that in certain categories, the share of private labels in our country has already exceeded 50 per cent of total sales volume. The private label market in Poland still has a great potential for development!

PLMA's WORLD OF PRIVATE LABEL

Marek Sawicki, Minister of Agriculture and Rural Development

Dear Sir or Madame!

The PLMA Fairs in Amsterdam have been bringing producers and distributors of food products together for over twenty years. It has been over a quarter of a century since the transformation in Poland began. Already prior to accession to the European Union, Poland was a net importer of agricultural and food products. Eleven years of functioning within the framework of Common Agricultural Policy mechanisms has given rise to a great number of initiatives. Agricultural farms and processing facilities have been modernised. Today, the latter, especially in the meat and milk sector, belong to the most modern facilities in the world. The combination of excellent raw materials, many centuries of tradition and modern plants have made us an important food exporter.

In 2014 the value of export of agricultural and food products was EUR 24.4 billion which accounted for a 4.5% increase, despite the Russian embargo. We are developing commercial trade with third countries. Polish agricultural and food products are gaining recognition of an increasing number of customers around the world. They are valued mostly for their high quality and exceptional flavour qualities. When referring to products from the country by the Vistula, it is often said that here ham tastes like ham, eggs like egg and bakery products, especially bread, has a unique flavour and aroma.

Maria Andrzej Faliński,
General Manager of POHiD

POHiD
POLSKA ORGANIZACJA HANDLU I DYSTRYBUCJI

Private label goods are enjoying success around the world, somehow following the steps of the concentration processes of markets and competitive battles, assuming good price and high quality. Private label, competing in terms of price, ceases to be a synonym of absolutely lower prices – these are good value products in all price positions: from economy to premium. This is the case both in Poland and around the world

Today, in Poland we can speak of ratios at the level of 20% (the market analysts indicate from 19% up to 23% in the entire market scale), but in FMCG this percentage value is estimated at the level of ca. 34%. We are admittedly far behind the Swiss – 53% or British – 47%, even Germany oscillating at the level of 40% remains a distant perspective, but the share of these products in the market are increasing each year. Their structure is also changing – only several per cent are economy class products, the rest are high value products. This determines the function of private label in export, mostly of food products, since it is often found in the packaging of export umbrella labels of commercial networks and producers. Therefore, both export and "terms of trade" are favourable for Poland in Europe and outside its borders. The tendencies of the internal market are also conducive to private label and its specific manifestations, e.g. common labels created by groups of smaller producers within the framework of projects for common distributors and producers, or cooperation of various producers and farmers working within the scope of clusters, "attacking" the domestic and export markets with "adjective" labels (regional, eco, traditional, etc.) according to distributors' orders.

An interesting process has taken place in terms of the perception of private label – ca. 45% of customers accept them and emphasises their qualities; this, however, is an averaged value, derived from analysis of several product categories (food and household non-food). What is interesting, their quality correlated with good price is emphasised. The medium sized shop network policy (until recently – discount shops, but this name is less and less adequate for their offer and strategy), based on private labels and structured by the umbrella labels, relies on promoting their commercial labels, favouring the message of "shop X with good products" and a flexible market offer. The customer notices and appreciates this, as can be seen, for example, in the convergence of the ranking positions of networks and the share of their private labels. Paradoxically – the measure of success can be a gradual introduction of the so-called brands in these areas which, "in the shadow" of good private labels, sell better, with no harm to the labels - such a synergy was not expected until recently, and today it is a fact. Therefore – in order to satisfy some of the market players – private label is strictly correlated with the market success of commercial companies and their communication with the customer

Private label has ended up in smaller commercial areas, because of the policy of the network wholesale companies, integrating traditional shops in the form of franchise. Such horizontal agreements of merchants (purchase groups, partners) have become an important private label distribution channel, working with producers of a highly diversified profile and size. This way, private label becomes a significant factor determining the processes of non-capital forms of market concentration of the commercial and production segments. Especially, work on the local market (strong in Poland and very specifically competitive, functioning efficiently within the framework of integration networks) assumes the creation of good private labels which facilitates the search for own export and import opportunities in the regions of other EU states – one can enumerate a number of interesting cooperation initiatives of regional companies from various countries, mutually enriching their offer of very specialised and specific products. Their distribution is often conducted under a common label, agreed with the distributors ordering products according to special criteria. The political and financial support for such initiatives from the EU improves the already good prognoses. It must be remembered that Poland is, among other things, a country of ca. 45 thousand merchant shops, operating within the framework of integration networks (franchise), which are very successful in competing with large-area shop networks by utilising the network effect and scale effect introduced in the local markets

Michał Sikora, Tesco Polska Press Officer

Today, as many as 97% of customers in Poland willingly buy private label products. As many as 83% of them appreciate the low price of the products, while 64% of customers mentioned the good price / quality relationship. Therefore, there is no wonder that private label products constitute such an important category for all retail chains.

The retailer always needs to keep up with customer needs, while product quality is the main criterion they use for choosing the store for their daily shopping. At Tesco, we can see a strong correlation between the product's image and the brand's image. The collaboration with Robert Makłowicz, a culinary expert, gives our customers certainty of the quality of the products offered under the Tesco brand. This proved to be a milestone on the road to building a strong private label in Poland. Furthermore, we introduced a "Satisfaction Guarantee" mechanism in 2014, which gives customers 30 days to decide and possibly return the private label products they are not satisfied with. This is the first initiative of its kind on the Polish retail market, which shows how confident we are in the quality of our products.

Our idea for private label also includes an appropriate product range and segmentation, which requires having more than one brand. Therefore, our range contains exceptional tastes from all over the world under the Finest brand name; we have Tesco products guaranteeing the quality of the market leaders, as well as Value, which, for consumers, is always synonymous with the best price in a category.

One of our business priorities is currently the constant development of our own brand. The end of 2014 brought an extension of the range within the Finest brand, namely exclusive, high-quality products from selected ingredients. These products are successful with customers, which is why we shall expand the range of products available within Tesco's Finest brand to include more categories, also in cooperation with Polish suppliers. The Tesco brand can boast numerous industry and consumer awards won in 2014. In turn, we offered customers more than 300 new products from 136 suppliers, in new, attractive packaging in the Value line in the autumn of last year, which were tested by 12,000 customers.

According to Tesco, the private label should offer something more today than just an alternative to popular products. We believe that innovative products are evidence of an innovative company, that private label can set new directions and new market trends. A good example of such innovation is the wide range of Tesco laundry capsules, created at Tesco's Central European Innovation Centre, which was opened in December and which is responsible for the development of new private label products to be available on our European markets.

The private label of Tesco Polska currently accounts for approximately 1/4 of total sales – this segment still has strong growth potential. The guarantor of its growth is our chain's close collaboration with suppliers, assuming a modern model of work. The key to success is bilateral development, the search for synergies, the exchange of experience and innovativeness in terms of ingredients or packaging. The benefits to suppliers include a transfer of knowledge and skills, access to new technologies and the discovery of new niches on the market. Private label to a supplier is also an increase in sales volumes and new export opportunities, of which Polish companies know how to take advantage. Working with Tesco has meant that Polish suppliers currently export their products to the United Kingdom, the Czech Republic, Slovakia, Hungary and, recently, even to... China and Hong Kong!

JERÓNIMO MARTINS

Press Office of Jeronimo Martins Polska S.A.

Initially, private labels were treated as "cheap alternatives" for brands. For many years this stereotype has not been reflected in the offer of Biedronka. Collective effort made with the producers in the development of private labels, their quality, packaging and positioning, resulted in customers often treating private labels as brands.

Private labels are currently present in all categories offered to customers visiting our shops. Examples of such private labels for diary products are: FruVita, Mleczna Dolina, Tola; meat and cold meat: Nasze Smaki, Kraina Wędlin, Kraina Mięsa; fish: Marinero; sweets: Magnetic; products for children: Dada; cosmetic products: BeBeauty. A special place in our offer is held by private label premium products, available under the name La Speciale. The label available for holidays was created for customers who seek unique culinary experiences as well as those who, celebrating special occasions, reach for top quality products. The La Speciale offer includes sweets, desserts, coffee, tea, pasta, cheese, olive oil, mustard, ready dishes, cold meat and fish. All La Speciale line products are characterised by their original flavours and forms and unique recipes. In addition, the articles under this label have particularly elegant packaging, making them perfect gifts.

The private label products are developed together with commercial partners, with particular focus on such parameters as: high quality and low prices. Before we make the choice, we conduct multiple studies, tests and audits with the support of recognised institutions.

natural source of vitality

JAKOŚĆ + ZAUFANIE + RENOMA
SUPER MARKA
2014

BiFIX Wojciech Piasecki Sp. j.
Górki Małe, Dworska Street 33
95-080 Tuszyn, Poland
phone +48 42 614 40 58, fax +48 42 614 41 20
e-mail: bifix@bifix.pl

www.bifix.pl

An interview with Rafał Załubka, Sales Executive at Hoop Polska about the bootled water market, export value and trends of modern trade.

RAFAŁ ZAŁUBKA

Sales Executive,
Hoop Polska

hoop
satysfying your thirst

Water and functional beverages is a category with good growth prospects. Please tell us about innovation and new products (relaunch of Arctic brand).The bottled water market has good prospects too.

We have conducted consumer research that indicated Arctic is one of the most recognizable brands in the prompted awareness on the market. For us it was a clear signal of the potential still lurking in Arctic and therefore in 2014, we started to watch possibilities to refresh the image of the brand and potential new target groups. Water is the second largest category of non-alcoholic beverages on the market in Poland worth over 2.8 billion zl, just behind the carbonated beverages. In our opinion, there are still great opportunities for development, because the Poles are still below the average water consumption per capita in comparison with other European countries. We started the sale of ARCTIC mineral water with the new labels by the end of February 2015. The portfolio includes still, carbonated and flavored options, which we had so far in our offer. In the middle of 2005, also functional variants of Arctic water will join the mineral waters.

What percentage of the production is exported to foreign markets and what products are available for foreign consumers?

The share of exports in the sales structure is not large, but we operate actively to consistently increase this percentage. We see our strength in the flexibility of production options we can offer our consumer, both in soft drinks and syrups. It is syrups that have the largest share in both quantity and value of export of Hoop Polska, both those produced under the brand Paola and under customer private label. Besides, Hoop Polska has been exporting products from each beverage category, in which it is a manufacturer: Arctic mineral water, soft drinks Hoop Cola, orangeade, drinks for children Jupik and Jupik Aqua and Paola syrups, for many years. The product of a private label – Syrop Domowy (Homemade syrup) with a capacity of 0,43l and 0,97l we can consider export hit to North America.

We are always up to date with market trends, analyze the latest trends and are eager to share our knowledge with customers.

Important markets and major customers are...

The quality of our products is appreciated by customers in the United States and Canada, who are provided mainly with syrups, and in Europe, where Romania and Lithuania are the biggest consumers of our syrups and soft drinks. From the circle our partners, a Canadian company is the largest distributor buying our products.

Sale of products under the brands of networks is one of the most important trends of modern trade. As this trend fit Hoop brand?

Hoop Polska has been diversifying its activities for many years by producing beverages under own well-known brands like: Hoop Cola, Jupik, Paola syrups, as well as working with retail chains in the production of beverages under their private labels. This long-term collaboration allows us to create more cooperation planes to introduce to discount shops our own brands in in/out actions and regular listings.

What is the share of private label in the export?

Today, the share of private labels in total export of Hoop Polska varies to 15-20%, with growing trend.

What are the forecasts for the development of export of the products and own brands?

As a company, we always want to actively respond to the needs of customers and to adapt to their needs as much as possible. Today, the growing interest in our products that we see among our foreign contractors, allows us to predict further increases in export of private brands. Today, it is estimated at 10% in about two years range.

Are you going to expand the range of our export activity in the near future?

We are constantly looking for new export markets and partners for cooperation. We are in talks with companies from China, Latvia, Sweden. We are always open to each direction of export. We only have to develop favorable conditions for cooperation for both parties.

Is the entry to private label market difficult (price wars between networks, pricing policy)?

Entry into private label segment is a conscious choice associated with the strategy of each manufacturer. Compared to Western Europe, where private labels are up to 60 percent of the market, there is still some place for their development in Poland. The chains are very highly demanding towards their suppliers in terms of quality, so the manufacturers are improving their processes, and thus become more competitive. The issue of pricing policy always results from relations between the two sides. Hoop, when working with large networks, always tries to offer something more out of the regular products of the offer. That includes, among others, innovative products and recipes, in line with European trends, which we can offer our contractors.

What barriers can be encountered in the development of export activity (also within the private label)?

I would not call them barriers, but rather opportunities to demonstrate flexibility and negotiating skills that will be a good opening for future cooperation. Production minimums held by any company can be a difficulty for ordering by the beverage production services. Nonetheless, out of respect for the potential client, we always try to find a solution for such situations as well.

Another problem may be the time needed to develop labels for new products. This applies both for branded products and private labels. This process usually takes from 1 to 2 months, extending the time needed for the execution of the order.

Private label – facts and myths – knowledge/education of consumers on Polish and foreign markets.

Today, private labels are no longer cheap, low-quality products, but strong brands, marketing-supported by networks, resulting in their division slowly blurring in the mind of consumer. This process leads to a situation where only a brand remains, regardless of whether it belongs to manufacturer or to network.

What quality systems do you have in production plants?

Hoop Polska attaches the utmost importance to the maintenance of high quality of its products. Our plants meet the highest standards, as evidenced by quality systems owned e.g.: IFS and ISO9001.

Thank you for an interview.

hoop

satysfying your thirst

hoop cola

kofola original

Paola

jupi

hoop satysfying your thirst Member of kofola Group

www.hoop.pl • www.kofola.cz

SŁAWOMIR PAWŁOWSKI

President of Board at Słowianka

An interview with Sławomir Pawłowski, President of Board at Słowianka about company's development and private label.

How did the sweets market behave this year? How did the products of CSI Słowianka do in Poland and abroad?

We eat more and more sweets. I am glad that we eat more and more sweets from Poland. We have products that are given great credit in terms of quality and flavour by customers from all continents. There was another 25% increase in export of products from the sweets and chocolate trade from Poland. We also have our share in this since we have greatly increased the portfolio of our customers. Some orders are repeated which means that the products are accepted on new markets and our business partners earn money from them. In Poland, we continue working on building distribution and making our products available to the largest group of customers possible.

The company's development perspectives in the nearest future are...

There is a tremendous number of tasks before us... CSI "Słowianka" is developing, not only building the sales markets, but also investing – with the use of Union funds – on a new plant with new production lines. We are improving our research and development department, together with marketing for the purpose of searching for new products that would meet the expectations of the customers, we are investing in integrated corporate management systems... Our plans are distributed over the nearest 5-6 years. They are not easy to implement, but we want to become an enterprise meeting the expectations of customers and following the market development in our trade.

The foreign sales markets are... Is there a planned increase of the number of export countries?

The foreign sales markets provide an opportunity for the further development of CSI "Słowianka", and are one of the strategic goals we have set ourselves for the coming years. This allows to develop the enterprise safely, conduct further investments, but also gain knowledge regarding the customers' needs in relation to the products themselves as well as the packaging forms. Last year we obtained 11 new customers on new markets, mostly outside the EU. We want to develop the markets on which we have already begun our sales, but we also wish to continue obtaining new recipients in new countries. Our products are international in terms of flavour and high quality, which allows us not to be concerned about their sale on any continent and in any culture.

What is the company's situation on the private label market. Will you enhance the development in this category?

Each year we increase the private label portfolio in our production. The development strategy of CSI "Słowianka" treats private labels as a separate distribution channel, developed by cooperating with the existing customers, but also actively, through fair events, such as PLMA in Amsterdam, where we look for new customers.

Are the private label products a significant category in export?

The private label products can constitute a large share in the export of products. As a company, we produce "private label" products mostly for the Polish market, but we have also entered into cooperation with companies that expect production under private labels for the export market.

How are the private label products perceived?

The perception of the "private label" group products by the producers is very diversified. There is a group of producers who are decisively against cooperating with "private labels" and their main argument is the competitiveness of these products for the producer labels produced by them. The opposing group are producers who accept private labels and even use them for the purposes of business development or, in extreme cases, oriented only on production under the "private label". One must remember that the existence of this form of sale is decided by the customer. Sales growth is noticeable in many "private label" groups which means that the customers expect such products. We have been working with "private label" products for several years. The "private label" products are treated as a separate distribution channel resulting, similarly to other channels, in great care of high quality products, meeting the customers' expectations.

Thank you.

25 LAT MAXPOL

In 2014/15:

- We participated in **20** foreign fair events,
- on **5** continents,
- in **20** countries around the world.
- We performed installations of **155** exhibition stands
- with a total area of **2.800** m².

This is the reason why Maxpol is the leader of Trade Fair Services recommended by the Polish Chamber of Exhibition Industry

This year celebrate 25th anniversary of our activity. We would like to thank our exhibitors and wish them many successful fairs with Maxpol

ISO 9001 ZETOM-CERT PCA AC 075 QMS

Maxpol Sp. z o.o., 479 Puławska Street, 02-844 Warsaw, phone: +48 22 628 06 21, 625 14 08, 629 96 21, fax: +48 22 621 03 73
maxpol@maxpol-targi.com.pl, **www.maxpol-targi.com.pl**

MAXPOL

Delicious filled caramels covered in chocolate
assorted flavours: blackcurrant, orange and strawberry

3 in 1

= Milk Chocolate + Soft Caramel + Fruit Filling

Słowianka since 1954

slowianka.com.pl

PLMA 2015 Amsterdam
EUROPAHALL, STALL NO: **5760**

Delicious Breakfast

Cookies with bran, grains and cornflakes

Słowianka since 1954

slowianka.com.pl

PLMA 2015 Amsterdam

EUROPAHALL, STALL NO: **5760**

BARTOSZ GŁODOWSKI,
President of Board at Beer Fingers

About the company, export destinations and private label in Poland tells us Bartosz Głodowski, the inventor of Double Fingers.

Please tell us about the beginning of Beer Fingers. Where did the idea for such a product come from?

We are a young company, the idea came in 2005, so it has already been evolving for several years. Our products were created to give something more than just a tasty snack. Our motto is: Double for Luck!

Where – outside the borders of our country – can we get Double Fingers?

We are currently at the stage of the development of domestic as well as international distribution. Our products can be easily purchased by contacting our company via e-mail or telephone, and we will soon launch an application for mobile phones, we will execute orders with delivery to the place specified by the customer.

We are looking for distributors from various countries, regular single fingers are known around the world, so it is highly probable that customers from these markets will also want to get happiness packed in the packaging of Double Fingers under the Double Fingers brand.

What is the basis for success of the Polish private label?

The success of the Polish private label results from high quality food products produced in the Republic of Poland. Our country is an ideal territory for the production of food products that have a chance to conquer markets around the world. We can produce unique products that can satisfy the tastes of various people.

Private labels – does the fact of a private label being Polish have any meaning on the foreign markets? How is it perceived?

There is a lot of food produced in Poland that is available around the world. Some of these products are not sold in Polish packaging and it is difficult to find information indicating their Polish origin. Customers aware know that when they buy Polish food products they reach for products that are always of high quality.

Export of private labels – what support can Polish producers count on?

When exporting food, Polish producers can count on the Union's support, e.g. Passport to Export programme. Our company is currently implementing this project, which allowed us to participate in the IFE fair in London in March 2015 as one of the exhibitors. We will also participate in the ANUGA fair in Cologne in October 2015.

What factors inhibit the export of private labels? How can they be dealt with?

The factor inhibiting the development of private label export for commercial chains is usually the low rate of return of such activities. Most commercial chains want to purchase as cheap as possible and each producer wants to sell his product at the highest price possible to increase the margins. When producing private labels, if the producer does not secure his product well, e.g. restricted recipe, registered industrial design, there is a high risk that cooperation with a commercial network will end and another producer will continue cooperation at a lower sales price, reaching a higher sales volume. I recommend registering industrial designs, because they give us certainty that only our company can supply the specified product to the commercial networks.

Thank you

DOUBLE FINGERS

This story is unique!

A students' idea while drinking beer.

designed by: ulotki

You won't be able to resist the Double Fingers, too.
Take the Double Fingers, they bring good luck!

2011 POLSKA JAKOŚĆ

RYNKOWY LIDER INNOWACJI 2012

Doceń polskie

ODKRYCIE 2011

link:
BeerFingers.pl
Company website

link:
Beer Fingers on YT
Company profile

link:
Facebook
profile

link:
Dragons' Den
negotiations

In 2011 - winning the Dragons' Den show
(Polish edition)

Order: Bartosz Głodowski, tel. + 48 661 925 315, bartosz@beerfingers.pl, www.beerfingers.pl

INNOWACYJNA GOSPODARKA
NARODOWA STRATEGIA SPÓJNOŚCI

Fundusze Europejskie – dla rozwoju innowacyjnej gospodarki.
Inwestujemy w Waszą Przyszłość.
Projekt współfinansowany ze środków Europejskiego Funduszu Rozwoju Regionalnego
w ramach Programu Operacyjnego Innowacyjna Gospodarka lata 2007-2013.

UNIA EUROPEJSKA
EUROPEJSKI FUNDUSZ
ROZWOJU REGIONALNEGO

DOROTA KAŁOWSKA

Expert at the Polish Chamber of Commerce, Strategist in Cobalt Spark, Brand Consulting

An interview about the development of private labels in Poland; the high shopping IQ of customers and success of the Polish products from this segment with Dorota Kałowska, Polish Chamber of Commerce expert.

The subject of private labels still gives rise to various emotions, both among producers and commercial networks. In your opinion, will private labels continue to develop this dynamically in Poland?

The private label market in Poland continues to develop at a great pace and, in my opinion, this trend will be maintained. Obviously, in a long-term perspective, this dynamics will decrease because of several factors. Firstly, we are already dealing with a change in the discount networks' strategies which, are trying to reach an increasingly demanding customer with their offer, bringing in more brand products to their units. Therefore, the sale of private labels per shop decreases, the discount shops are a format which play a significant role in the structure of Polish commerce.

On the other hand, however, most commercial networks, regardless of their original positioning (discount, super-, hypermarket or delicatessen), are beginning to develop their Premium product offer. This is a natural consequence of maturity in our market and here I would foresee another reason for the continued growth of the private label segment in our country.

A very interesting phenomenon is also the intensive development of the "convenience" channel, offering full customer service in a single place, near the customer's home. Will this trend have any effect on the development of the private label? Definately yes. The fact that the Polish customer has turned towards "convenient stores, near their home" is a phenomenon that the networks will attempt to use as effectively as possible, for example by introducing private labels of high quality to their offer.

What is the basis for success of the private label?

Polish people assess the offer of private labels more and more positively. Already, almost 40% of customers declare that the quality of private labels is improving. What is interesting, the percentage of persons indicating that private labels are cheaper from brand products (44% in 2014 vs 56% in 2013)* is decreasing, we perceive the private label offer as products of full value – a really good alternative for the national brands. This is a result of at least two factors. Firstly, the commercial networks have made a lot of effort in the recent years to improve the quality of their private labels, both at the level of products themselves as well as their packaging and exposition. All standards and continuous monitoring of the quality of private labels have given the customers a reason to trust and be loyal to the network offer.

The Polish customer is more demanding, aware of his needs and purchasing power. We have the highest shopping IQ in Europe. This, however, does not mean that we are looking for the cheapest offers, no matter the cost. The "smart customer" is interested in the best quality to price ratio, where the well-conducted private labels are a perfect alternative to the brand products. Interestingly, the commercial networks are beginning the process of building strong brands (both at the level of the entire network as well as own private labels), engaging into brand-typical marketing activities – image campaigns, social media, brand dedicated expositions or high quality packaging. Therefore, the private labels in Poland cease to be only a cheaper equivalent of brand products, they take their own spot in the customers' minds. The development of the Premium offer among private labels will surely only strengthen this trend.

In your opinion, what are the development perspectives for small and medium companies connected with private label production?

There are multiple advantages connected with the production of private labels as well as risks resulting from it. It is impossible to fully discuss this subject in such a short form of expression. I would like to, however, bring attention to one thing. Cooperating for many years both with suppliers as well as commercial networks, I observed that both parties cooperate with each other on an increasingly closer basis. In the atmosphere of dialogue and a common search for solutions (which used to be a very rare thing until recently), there are really interesting products created under private labels. The networks expect innovation from the suppliers, they are ready to respond quickly and provide suppliers with the distribution to which smaller players would have much more difficult access. Iwould indicate this cooperation in the atmosphere of dialogue as the greatest challenge, but also an opportunity, both for the suppliers as well as owners of private labels – both parties should be interested. If, both producers and networks, really make all effort to look for the most interesting (for the customer) offer together, private labels have a chance to continue their dynamic development in Poland and surprise us more than once.

* as per Nielsen, Retail Summit 2015

INDYKPOL

SMAK I ZDROWIE NA CO DZIEŃ

Taste and health every day

Indykpol S.A is the Polish turkey and chicken meat and poultry processed goods producer including: Frankfurters, Hams, Sausages, Convenience Products – 100% Poultry Products (made of turkey and chicken) or Poultry Products with Addition of Pork, both Fresh & Frozen.

We are the major turkey products supplier in Central Europe. We're supplier of the biggest commercial chains in Poland and other European countries. We supply products under our own brand Indykpol which is very popular brand in Poland as well as under Private Label. We are one of the biggest producers of poultry frankfurters, we produce around 2000 tons per month and we're planning some investments in order to increase our capacities.

The Indykpol Group includes:

- 3 production sites: 2 slaughterhouses situated in Olsztyn and Lublin and 1 production site in Swiebodzin. All our slaughterhouses have implemented procedures of the HACCP system, ISO 9001:2001 and specialist quality systems IFS, BRC, QAFP.
- Turkey Breeding Centre in Frednowy.
- 3 poultry hatcheries, producing turkey, chicken and goose chicks.
- 13 farms producing turkey and chicken livestock of the total area of 120 thousand square metres.
- 10 owned regional distribution centers all over Poland.

www.indykpol.pl • exportoffice@indykpol.pl

The new era of private labels – time for communication!

The report entitled "How we perceive private labels – private label development perspectives in Poland"*, prepared by the On Board Group with participation of experts from the National Chamber of Commerce, Polish Chamber of Commerce and research company SW Research, answers the question of what private labels mean today. We analyse their social perception. The results of the report indicate also the communication needs of the private labels.

One of the simplest definitions states that private labels are labels belonging to commercial networks, retailers, covering products offered only by these enterprises and under their control. They can be offered both under the same name as the commercial network's name (e.g. Tesco, Carrefour, Auchan), or under an independent "private" name (e.g. Mleczna Dolina, Pilos, Isana).

APPRECIATED...

Private labels have a significant position in Polish households. Up to 97% of customers declare that they have private label products at home. Concurrently, up

***About the report**

The report entitled "How we perceive private labels – private label development perspectives in Poland", published in 2014, was prepared by On Board PR Ecco Network based on public opinion research conducted by SW Research on the randomly selected representative samples of adult residents of Poland. The research was conducted by means of Internet standardised questionnaire interviews (CAWI). The research sample was purposive. The persons invited for the research were 18 to 68 years old. There were 1009 completed questionnaires collected in total. The maximal standard error did not exceed 3.2 percentage point for the entire examined sample. The research was conducted in proprietary software "3S", integrated with the Internet panel – SW Panel (swpanel.pl).

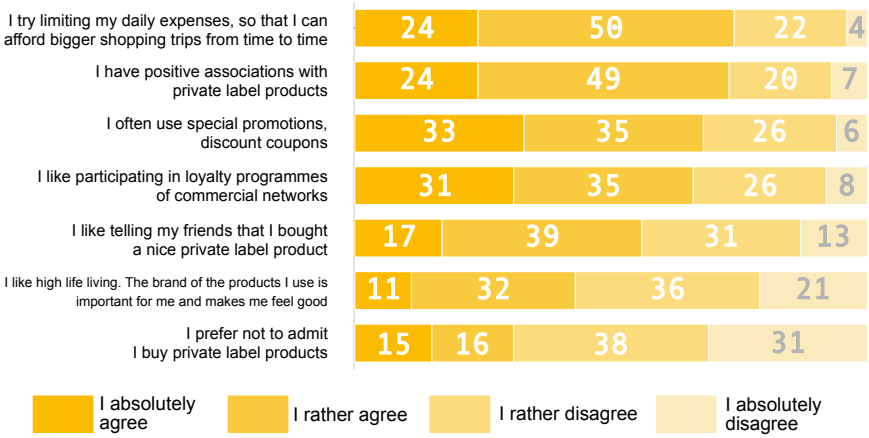
The report is available on: www.onboard.pl

to 71% of Polish people have a positive association with them. An essential quality of private label products is their lower price – than in the case of the so called producer labels – and the fact that promotional offers of retail networks are often connected to them. In times where a decisive majority (85%) of Polish people look for solutions to save money, without losing the quality of everyday life, these are very significant aspects. The customer who chooses private label products is a smart customer who relatively often (56%) likes to show his nice purchase off to his friends. The private label is simply "for such people like me" – 54% of customers agree with this statement (in the case of producer labels, this number is only slightly higher and is 57%).

How do Polish people perceive private labels?

	Suits private labels	Suits other brands	Does not suit both
Attractive price	83	25	13
In promotion	76	46	12
Good quality to price relation	64	39	26
For persons like me	54	57	32
Recommended by friends	43	62	36
Reliable	37	64	37
Attractive advertisements	28	68	28
Nice appearance, design	26	82	14

Are the changing customer preferences a reason for the dynamic development of private labels? Mark at what level you agree with the statements.



... OR UNAPPRECIATED?

However, there is also the other side of this coin. Private labels, to a significantly lower extent than producer labels, are associated by the customers with good quality, (45% as compared to 70%) or reliability (37% vs. 64%). According to Poles , they take care of their image much less and have significantly less attractive advertisements. This explains the fact that up to 30% of purchasers of private label products prefer not to admit it.

PRIVATE LABELS TODAY

To summarise: for a Polish customer, private labels in 2014 were generally interesting products, adjusted to his needs and at an attractive price, but not the best in terms of quality and without the best image. This sets a challenge before the retail networks - how to speak (and whether to speak at all) about the quality of private labels in order to enhance their image.

GOOD QUALITY OR (ONLY) QUALITY AT A GOOD PRICE?

The fact that private label products are often a cheaper alternative for "luxurious products" does not mean that their quality is low. Suppliers cooperating with retail

The Manufacturer's Voice

Private labels should start communicating with the customers. Unfortunately, most of them do not do this, limiting themselves to presence in shop brochures. The lack of active communication with the customers and investments in building their own identity is, in my opinion, a mistake. One should start from a small step, the attempt to build an identity in the network. Social media or, speaking more generally, the internet is a medium where only few private labels do anything. Most private labels are not even represented on the Internet, they appear out of nowhere, attached to the owner's communication label. The owners of the labels have a lot to do. And a lot to win.

NORBERT KILEN

Director of Strategy, social media agency Think Kong

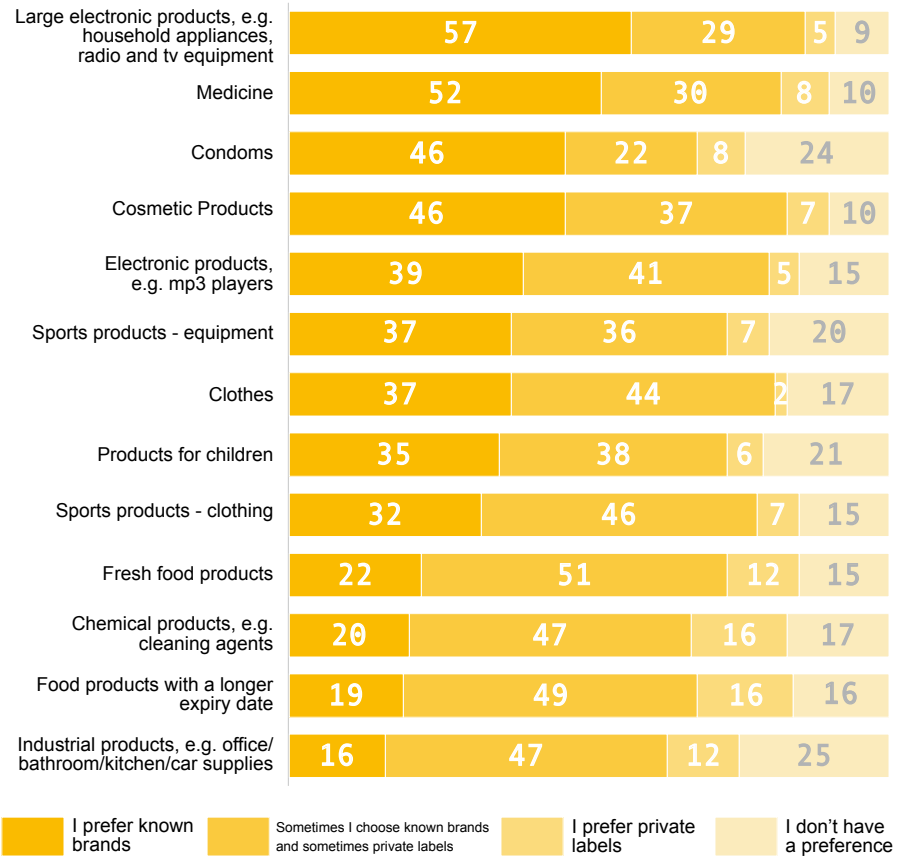
The Manufacturer's Voice

PIOTR ZIMOZLAK

Chief Analyst,
SW Research

The popularity of private labels can be reflected by the fact that only 5% of the respondents declared that they did not purchase any product from the 28 presented private labels in the last year. The private label products are becoming more and more available, they can be purchased not only in large-area shops, but also in discount shops and housing estate shop networks. The most frequently indicated reasons for purchasing private label products were the will to save money and interesting promotions. The respondents, when asked why they bought the private label product for the first time, usually indicated its attractive price, and a large part of the respondents were tempted by the will to compare the product with a known brand product.

Mark which private label products you prefer in the case of different product categories



networks must meet strict standards. The products undergo tests before being introduced to trade – not only tests dictated by the Polish legal standards, but also additional tests, developed by the retailer networks. This, however, is not a well-known fact. Therefore, is it worth communicating this in a broader scope that the private label is objectively "good" and not only "good at the price it is offered at"?

Here we encounter a considerable issue – safety. A high quality product is a safe product. Therefore, if the customers indicate that saving at the cost of safety is unacceptable for the purchase of products from a given category, then the quality of private labels must be spoken of loudly. This is especially important in the case of products for children or fresh food products as well as, among other things, for care cosmetic products. Development of an effective and not necessarily expensive communication programme based on the proof of quality is worth considering. One can show "how it is done" (the route from obtaining the raw material, through the production process, to the shop shelves), present the opinions of independent experts, perform and publicise customer opinion research regarding products. Obviously, there is no single ideal way, each programme must be tailored to the label it regards and based on data we can use.

QUALITY BEFORE DESIGN

There is also one more important conclusion. The factor inhibiting the active communication of private labels may be the fact that, quite often, they are not as good looking as the designer producer labels. One must, however, remember that it is not appearance and packaging that is decisive in terms of final purchase. Depending on the category, for the customer the significance of the broadly understood aesthetics of the product is lower by several up to several dozen percentage points than the significance of quality. Since private labels are backed by quality and this quality is communicated, they have nothing to be ashamed of.

on board
PR.CONTENT.SOCIAL

author:
Małgorzata Majewska, Director of Customer Service, On Board PR Ecco Network, mmajewska@onboard.pl

POLISH PRODUCTS

La Gustosa 150g

Inside every cookies you'll discover a sweet surprise of liquid velvety cream! We promise you nice taste experience and no messy fingers. We offer you Cookies with chocolate, hazelnut, lemon, coconut and macchiato cream.
www.BOGUTTI.com

Choco GuTTi 160g

Crunchy cookies, delicate and chocolate at the same time, it promises maximum satisfaction and long leave of original chocolate, hazelnut, toffee or orange taste!
www.BOGUTTI.com

Double Fingers Chocolate-coated

The only Double Fingers in chocolate – an unconventional combination of the traditional taste of beer fingers and chocolate. The chocolate Fingers are ideal for a chit-chat with girlfriends and a party with mates.
www.BEERFINGERS.pl

Double Fingers Salted

The only Double Fingers come also as salty beer fingers adorned with transparent salt crystals. Their taste is unbeatable. The Double Fingers are perfect for boys, girls, and whole families!
www.BEERFINGERS.pl

DrWitt

Fruit juice with a unique taste, combined with important nutrients. Helps to maintain the proper functioning of the body.
www.AGROSNOVA.com

Łowicz Syrup

Raspberry syrup prepared from the best raspberries with no artificial colors or flavors enriched in Vitamin C. Can be used to prepare drinks, as an addition to tea and dishes.
www.AGROSNOVA.pl

POLISH PRODUCTS

Paola

Highly sweetened, pasteurised syrup. Extract minimum 62,5%. Without preservatives. Each drop holds a sweet memory of the taste of granny's syrup.
www.HOOP.com.pl

Kofola 2

- Strong and favorit brand of traditional Czechslovakian cola drink.
- Has a characteristic aroma, distinctive, delicate and refreshing taste.
- Brand has strong marketing support on the Czech and Slovakia market.

www.HOOP.com.pl

Choco Trio

Delicious filled caramels covered in chocolate assorted flavours: black currant, orange and strawberry. Packaging: bag 80g or carton 2,5kg.
www.SLOWIANKA.com.pl

Fit&Vit

Biscuits with bran, grains and cornflakes.
Available in drawpiece packaging 90g and pocket packaging 18g.
www.SLOWIANKA.com.pl

Special

Delicious turkey breast, strongly smoked, product of low fat content. Whole – muscle product of large cross – section.
www.INDYKPOL.pl

Classic sausages

Poultry Frankfurters prepared especially to make hot-dogs, excellent served hot. 10 sausages without cellulose casing. Very popular product among our clients produced also under Private Label.
www.INDYKPOL.pl

FISCHER TRADING GROUP LTD.
TRADE PRESS PUBLISHING HOUSE

Fischer
Trading Group

hurt&detal

Food from Poland

WWW.HURTIDETAL.PL

WWW.FOODFROMPOLAND.PL

BAGNO STREET 2/218
00-112 WARSAW POLAND
E-MAIL REDAKCJA@FTGROUP.PL

THE BIGGEST FRUIT AND VEGETABLE MANUFACTURER IN POLAND

We are on the podium in the sales on the Polish food market:

- **1st place**: jams, sauces, soups concentrates
- **2nd place**: soups, tomato concentrates, ketchups
- **3rd place**: ready meals, juices, drinks, nectars, syrups

We have three factories and huge distribution centre in the middle of Poland. For our production we use the best worldwide technologies, as well as unique recipes. We employ about 2000 people. We export our products to 25 countries on five continents. We achieve the largest turnovers with Great Britain and the USA.

For our customers, **we offer over 250 products** such as: juices, nectars and still drinks, carrot-fruit and vegetable juices, jams, fruit preserves and syrups, ready-made sauces and soups, tomato concentrates, ketchups, ready-made meat and vegetable dishes, pickled vegetables, mayonnaise.
Our products are sold under ten well recognized brands: **Fortuna, Łowicz, Krakus, Tarczyn, Garden, Pysio, DrWitt, Karotka, Kotlin and Włocławek**.
They have a strong position on the market and they are popular among our customers.

We guarantee production process corresponding to the highest quality standards required by the EU; our products are produced according to the requirements of the HACCP security system and quality management system PE-EN ISO 9001:2001. We also have the European BRC Global Standard for Food Safety. **Long term contracts with our farmers assure us the quality of contracted fruit and vegetables.** Agros-Nova takes care of the development of its products. **We benefit from the experience and technology of our suppliers with whom we cooperate for many years,** such as: Citrovita, Louis Dreyfus Citrus, Cargill, Chiquita, Owens – Illinois; Ardagh Glass; Tetra Pack; Silgan White Cap, Otor Silesia.

Agros-Nova CO. LTD, 61A, Stanow Zjednoczonych Ave., 04-028 Warsaw, Poland e-mail: export@agrosnova.pl
EXPORT DEPARTMENT,
tel.: +48 22 717 17 00, fax.: +48 22 717 17 52,
www.agrosnova.com

We are a pioneer in manufacturing carrot-fruit juices and ready-made soups in cartons in Poland. We have great experience in the creation and effective market implementation of new products and brands. Our market strategy is to offer the most innovative products. We have, at our disposal, a highly developed technology base – a unique recipe and the most modern processing process. Every year we launch a number of new products on the market.

Our products were rewarded with several prestigious awards, for example: Meet the Good Food, Pearl of the FMCG Market, Hit of the FMCG Market, Good Product – Choice of the Experts, Good Product – Choice of the Consumers, Product of the Year, Premium Brand, CoolBrand, Superbrand, WorldStar, Effie, Pillar of the Polish Economy, Leader of the Polish Food Market.

Agros-Nova has long-term relations with international trade chains, such as: Makro Cash & Carry, Tesco, Carrrefour, Auchan. Jeronimo Martins Poland, SELGROS Cash & Carry, Lidl, Intermarche.