

SUCCESS STORIES

Loblaws Takes Big Bite at Israel Food Market

Loblaws, Canada's largest food chain, has taken Israel by storm — through a local supermarket chain — with the launch of its President's Choice product line.

For Loblaws, completing the deal went rather smoothly. The Israeli chain, Greenberg, initiated the contact, followed by a trip to Canada about a year ago looking for new product lines.

It didn't take long for the two chains to come to an agreement. Last May an initial 100 President's Choice products were shipped to Greenberg's 18 chain stores in Israel.

"Consumers have accepted our brand very well," confides Loblaws Export Manager Ell Wilson, "and our line has already increased to 130 products."

Some of the hottest President's Choice items in the Greenberg chain include PC The Decadent Chocolate Chip Cookies, PC Ketchup, PC Lemonade, and PC Mayonnaise.

That doesn't mean that it is all clear sailing from here on, he warns.

Golden rule: be flexible

"Any company wanting to do business in Israel must follow some key rules," he advises.

Being flexible is first and foremost on his list.

"In addition," he says, "companies must be price-competitive, adapt to the local culture and market demands, which means doing all the homework before entering the market."

Much of that can be done at home, he urges, by consulting

Trade Commissioners — they are located in the International Trade Centres (ITCs) in every province and at DFAIT in Ottawa — and great advice is also available at the Commercial Section of the Canadian Embassy in Israel.

"The Israeli market has to be treated as any other market," he adds, "by being well-prepared, and avoiding at all costs doing anything that would offend the local culture."

Although Loblaws plans to increase its President's Choice product line at Greenberg's to 200-300 by the end of next year — and to some 1,000 products by 1998-99 — Wilson knows perfectly well that his line, too, will undergo a period of adaptation.

"Some of our products will do well while others will have to be replaced," he admits, "but that's what adaptation and flexibility are all about."

Wilson knows that there are some products that can not be kosher, and that Loblaws might develop more products suitable for the Israeli market.

Canadian advantage

Wilson is anxiously awaiting the implementation of the *Canada-Israel Free Trade Agreement (FTA)* — hopefully on January 1st — when Canadian products will be able to compete better not only with local products, but also with those from the U.S.A.

"Some of our exports are still

facing 20-50 per cent duties," he says, "while the American goods enter duty-free. But after January 1st," he confides, "we will be on an equal footing, and in some cases even at an advantage because of the superior quality of many of our Canadian line of products."

The opening up of the Israeli market to Canadians was highlighted during the official launch of Loblaws President's Choice products in Jerusalem last June, attended by Canada's Ambassador.

"The mere presence of the Ambassador and his speech that coincided with the conclusion of the Canada-Israel FTA meant a lot," Wilson admits, "giving a great boost to our effort in that country."

Future prospects

According to Canadian trade officials in Israel, the successful partnership between Greenberg and Loblaws could pave the way for many other Canadian suppliers.

This is true not only in the food business, but also other products, as Greenberg's holding company has recently acquired retail toy and sports stores, as well as a Danish home furnishing franchise akin to Ikea.

Loblaws has also joined with Greenberg and Air Canada in a marketing effort to promote Canadian products and Canada as a tourist destination.