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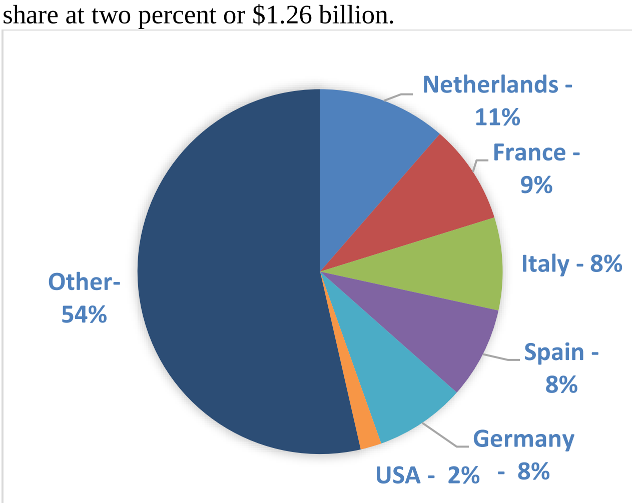
Report Highlights:

The United Kingdom's (UK) food manufacturing sector faces a challenging landscape, with cost increases projected to reach 2.9 percent in 2025. In response, manufacturers are strategically focusing on new product development to capture market share and cater to evolving consumer demands for healthier choices. Key trends anticipated for 2025 include products with reduced sugar content, bold and spicy flavor profiles, and innovative products of melon-inspired ingredients. On October 1, 2025, new regulations targeting products high in fat, sugar, and salt (HFSS) will take effect, prohibiting volume-based pricing strategies and restricting advertising on television and online before 9:00 PM. In addition, an increased sugar tax will impact the pricing of high-sugar beverages, encompassing soft drinks, sweetened coffees, and milkshakes.

Market Information Sheet: United Kingdom

Executive Summary: According to the CIA World Factbook, the United Kingdom (UK) is an upper middle-income country, with a GDP of $3.7 trillion. The country is a leading trading power and financial center with the second largest economy in Europe. Agriculture is intensive, highly mechanized, and efficient by European standards, but accounts for less than one percent of the gross domestic product (GDP). UK agriculture produces about 58 percent of the country's food needs. The UK is heavily reliant on imports to meet the varied demands of the UK consumer, who expects year-round availability of all food products.

Imports of Consumer-Oriented Products
According to Trade Data Monitor (TDM), in 2024, the UK imported consumer-oriented agricultural products totaled $67 billion, with the United States' market share at two percent or $1.26 billion.



Food Retail Industry: The food retail sector is saturated, highly consolidated, and competitive. The top four retailers (see chart) together account for 67 percent of the market. Discounter retailers, Aldi and Lidl continue to gain market share increasing from 17 to 17.4 percent in 2024. This is increasingly where consumers conduct their main shop. Independent stores face strong competition from the top grocery stores and online retailers. According to Mintel, online sales account for 13.1 percent of all grocery sales, with 59 percent of consumers conducting some grocery shopping online. UK consumers are willing to try foods from other countries but expect quality products at a competitive price.

Food Processing Industry: According to the latest Food and Drink Federation, the food and drink sector is the single largest employer in the UK manufacturing sector. In 2024, around 474,000 people across the UK were employed in jobs associated with food and drink manufacturing.
The food and drink manufacturing sector's output is valued at $47 billion with an annual turnover of $180 billion.

Food Service Industry: In 2024, total foodservice food and drink sales amounted to $104 billion. The industry has faced many challenges including the cost-of-living crisis and higher inflation rates. The industry is consumer-oriented with a significant investment in research and development. U.S. foodservice chains are popular.

Quick Facts CY 2023 ($1=£0.79 £1 = 1.26)

Total Imports of Consumer-Oriented Products:
$67.0 billion

UK's Top Consumer-Oriented Growth Products

1) Chocolate	6) Processed Fruit
2) Fruit and Vegetable Juice	7) Chewing Gum
3) Tea	8) Coffee
4) Tree Nuts	9) Beef and Beef Products
5) Fresh Fruit	10) Dairy Products

Food Industry by Channels (USD billion) 2024

UK Retail Food Industry	274
UK Food Service - HRI	104
UK Food Processing	180
U.S. Food and Agriculture Exports	3.8

Top 10 Host Country Retailers

1) Tesco	6) Lidl
2) Sainsbury's	7) Cooperative
3) Asda	8) Waitrose
4) Aldi	9) Iceland
5) Morrisons	10) Marks & Spencer

GDP/Population
Population (2024) *(millions)*: 68.4 GDP *(trillions)*: $3.7
GDP per capita: $54,500
Sources: CIA World Factbook, TDM, Kantar Worldpanel, UK Government Statistics

Strength	Weakness
UK is one of the largest markets in Europe with one of the highest per capita incomes globally	U.S. products face competition from tariff-free products from the EU and Free Trade Agreement (FTA) partners.
Opportunity	**Challenge**
Demand for sustainable, healthy, free-from, vegetarian, and convenience products remains strong.	High cost-of-living remain an issue, consumers are spending less on non-essential items and have switched to private-label products.

SECTION I. MARKET OVERVIEW

The UK food ingredients market is a diverse and dynamic sector that serves various industries, including food manufacturing, foodservice, and retail. The market is influenced by a combination of consumer preferences, global supply chains, technological advancements, and regulatory standards.

According to the UK's Food and Drink Federation, (FDF) food and drink is the largest manufacturing sector in the UK by total sales, making it larger than automotive and aerospace combined. Latest figures available from FDF show the sector employed over 474,000 people. The UK retail grocery sector, which is the most important market for food ingredients, was valued at $345 billion (£274 billion) in 2024 and is an important market for global food and beverage companies and further processed ingredients. (Institute of Grocery Distribution)

The sector is a dynamic landscape, which constantly evolves to meet consumer demands for healthier, more sustainable, and convenient food options. While the market continues to present opportunities for growth, it's also facing challenges, particularly concerning labor shortages.

The UK food ingredient market encompasses a broad spectrum of products, ranging from basic commodities like grains and oils to specialized ingredients like flavor enhancers, preservatives, and functional additives. The sector is driven by the following factors:

- **Increased Consumer Awareness:** Growing consumer health consciousness is fueling demand for natural, organic, allergen-free, and "clean label" ingredients.
- **Growing Population:** A consistently expanding population naturally increases the overall demand for food and, consequently, food ingredients.
- **Innovation in Food Manufacturing:** The food industry is constantly innovating, leading to the development of new products, and requiring specialized ingredients.
- **Demand for Convenience Foods:** Busy lifestyles drive demand for ready-to-eat meals and processed foods, which rely heavily on various food ingredients.

This means there are opportunities for both domestic and international players. Categories like plant-based proteins, sustainable packaging materials, and innovative ingredients are experiencing particularly strong growth.

There are several challenges affecting manufacturers who are struggling with rising costs, which are expected to increase by 2.9 percent between now and September 2025. This is fueled by inflation, new border checks for EU imports, increased employer National Insurance Contributions, and new regulations. Labor shortages continue as a result of Brexit, reducing the pool of available workers, with some roles within the industry perceived as unappealing due to lower wages compared to other industries. Manufacturers are therefore prioritizing new product development, driven by the demand for healthier options and market share expansion, while others are working to adapt and simplify their supply chains. Despite efforts to control expenses, food and drink ingredients inflation remains, with certain products like olive oil and cocoa experiencing significant price hikes, highlighting the ongoing pressure on both producers and consumers. UK producers and manufacturers have also complained that the highly-concentrated retailers low negotiated prices are shrinking profits even further.

Current trends in this market sector include:

- **Health and Wellness:** Growing consumer focus on clean label products, reduced sugar, fat, and salt, as well as fortification with vitamins, minerals, and plant-based alternatives.
- **Plant-based and Vegan:** The rise of plant-based eating has spurred innovation in dairy and meat alternatives (e.g., plant-based milk, meat substitutes, and vegan snacks).
- **Sustainability:** More sustainable sourcing, eco-friendly packaging, and minimizing food waste are key priorities for both consumers and brands.
- **Convenience:** Ready-to-eat meals, meal kits, and processed food products are in high demand due to busy lifestyles.
- **Clean Labels:** Ingredients that are recognizable, natural, and minimally processed are popular.
- **Innovation:** A vital part of the processed food sector as processors want to cut costs in the face of rising ingredient costs.
- **Functional Food:** Demand for functional foods (foods that claim to improve health) is growing. The UK is an innovator in this sector.

In 2025, according to Food Manufacture Magazine, the food and drink products expected to grow in popularity include:

- Products featuring beans, legumes, and vegetables.
- Health benefits – consumers are more likely to buy a product if it highlights a health benefit.
- Low and no-alcohol product demand will intensify. In addition to moving away from alcohol, consumers are looking for drinks that are naturally functional.
- Sugar reduction in products. Consumers want healthier versions of their favorite foods.
- Nostalgic themes have seen a resurgence in new product development items. UK retro flavor combinations such as rhubarb and custard, Eton mess, and crème brulee are making a comeback.
- Salted caramel flavoring has become so popular, it is now considered mainstream with adaptations of caramelized apple, dulce de leche, smoky caramel, being further developed.
- Bold and spicy flavors – swicy is a new buzz word meaning a product that is sweet and spicy. This includes flavor combinations such as chili, or sriracha combined with honey and caramel.
- Melon as a flavor is perceived as fresh, light, and healthy – honeydew, watermelon etc.
- According to Foodservice company Bidfood's 2025 trends survey, several global cuisines are gaining momentum including Southern States, Turkish, Greek, Argentinian, and Portuguese.
- Flexible cooking options – several ways to cook a product, oven, microwave, air fryer etc.

In 2025, several new regulations will come into force that will affect the food manufacturing sector. These include:

- **Restrictions on Advertising and Promotions of Less Healthy Foods:** A ban on products that are high in fat, sugar, and salt (HFSS) promotions by volume price will come into force on October 1, 2025. This means that promotions such as three for the price of two, buy one, get one free, or 50 percent extra free will be restricted.
- The ban on advertising HFSS foods online and on TV before 9:00pm will also come into effect on October 1, 2025. 25. The regulations will affect products sold in England. The devolved nations of Scotland and Wales are considering their own regulations for HFSS products which

will likely come into force in 2025. More information can be found here. As a result, food businesses in different parts of the UK may need to apply different rules in relation to the marketing, advertising, and sale of HFSS products.

- **Increase of Sugar Tax on High-Sugar Beverages:** On April 1,2025, the UK Treasury will increase the amount of tax on sugary soft drinks containing over 10g of sugar per 100 ml, the lower rate of will increase from 18 pence per liter to $2.44 (£1.94) per 10 liters, while the higher rate will increase from 24 pence per liter to $3.26 (£2.59) per 10 liters. As well as fizzy drinks, this will also be extended to milkshakes, Frappuccino's, and sugary coffees. This measure aims to combat childhood obesity and reduce sugar consumption.

According to Statista, in 2024, the largest number of food manufacturing facilities in the UK are in London, with 1,870 enterprises. This is followed by the Southeast, with 1,330 enterprises. Northern Ireland has the fewest enterprises involved in the manufacturing of food, amounting to 555.

Dominant food trends include a focus on health, sustainability, ethics, and transparency of ingredient sourcing. Companies are also growing the use of "clean labels" (no artificial ingredients or synthetic chemicals). Other trends include vegan and plant-based diets, products free-from (allergens), as well as alcohol-free beverages.

As in the United States, the UK requires highly technical specifications for food ingredient products, traceability, and compliance with certification schemes. In the UK, these are set by the Food Standards Agency (FSA). This ensures the safety and quality of ingredients used in the production of food and beverages and promotes transparency and consumer trust. Further information on import requirements for the UK is available from the UK Food and Agricultural Import Regulations (FAIRS) Report.

Advantages and Challenges for U.S. Companies

Advantages	Challenges
The UK is a highly developed economy where consumers have one of the highest income levels worldwide.	UK consumers demand high quality and low prices. Many U.S. products are more expensive than local alternatives, due to import tariffs and higher shipping costs.
UK climate limits growing seasons and types of products that can be grown. According to government statistics, the UK needs to import 42 percent of food products to meet consumer demand.	Private certifications requiring third party independent audits are often required, e.g., British Retail Consortium (BRC), GlobalGAP, and Marine Stewardship Council (MSC).
The UK historically is a trading nation with sophisticated food supply chains.	One of the primary obstacles for U.S. food and farm exports in the UK is the negative perception of U.S. agriculture.
The UK has a large, well-developed food processing industry, requiring a wide range of ingredients, from low-value, highly processed food to high-value, lightly	Exported products must meet the UK's extensive sanitary (animal health) and phytosanitary (plant health) regulations, which makes exporting certain animal, plant and dairy products challenging.

processed ingredients.	
There is considerably more interest in exporting to the UK as a potential trading partner since Brexit.	The UK demands high technical specifications, sustainability, ethics, and transparency in the supply chain.
The UK is English speaking and is therefore easier for U.S. exporters to trade with when they start to export.	Strong trade barriers exist for animal-origin products, including poultry and beef.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Market research is vital for success. Desk research, travel to the UK, and/or paid consultant reports are recommended for businesses considering entry to the UK market. This will ensure you understand the demand for your product, current trends, and consumer preferences. It is also important to research the competition and identify any gaps in the market that your product can fill. This will help you to determine the potential success of your product in the UK market and make any necessary adjustments to your product or marketing strategy. Following this you need to establish a strong network through partnerships with local distributors, importers, retailers, or online marketplaces.

Import Procedure

You will also need to have a good understanding and comply with UK regulations and standards. The UK has strict food safety and labeling regulations, and it is important to ensure that your product meets all the necessary requirements before entering the market. UK importers/buyers are responsible for compliance with import and labeling conditions before placing products in the market. To do this, UK companies will request information from U.S. suppliers on ingredients, processing methods, and relevant certifications. Further information on import requirements for the UK is available from the UK Food and Agricultural Import Regulations (FAIRS) Report.

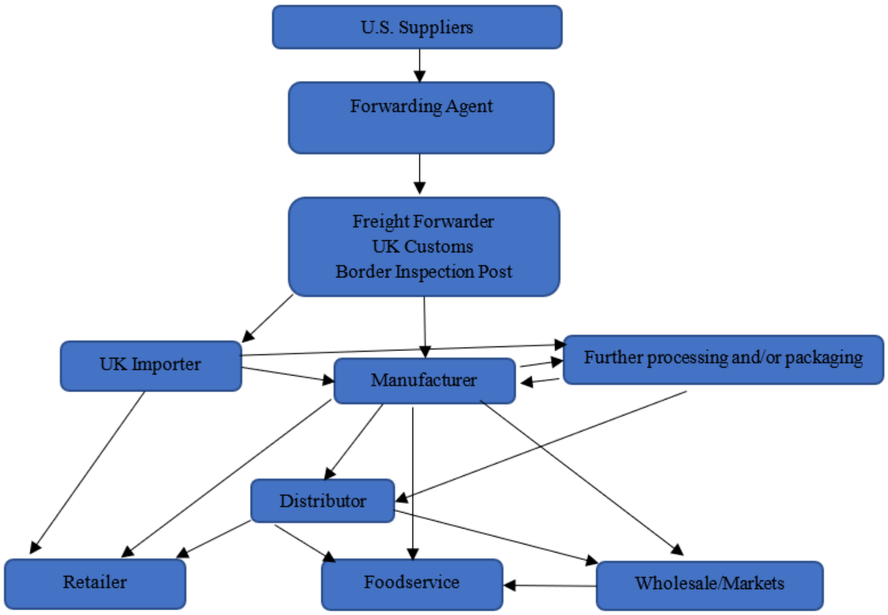
In addition to regulations, it is also important to consider cultural differences when developing an entry strategy. The UK has a diverse population, and it is important to understand the cultural nuances and preferences of different demographics. This can greatly impact your marketing strategy and help you tailor your product to better suit the local market. FAS GAIN reports are a useful source for country specific information. Information can be found here.

Once U.S. companies have acquired this information, they may consider attending or visiting one of Europe's USDA-endorsed trade shows. They serve as a springboard into the market, helping companies establish new trade contacts and gauge product interests. The International Food Exhibition is an USDA-endorsed tradeshow that takes place in London during March each year. It is the UK's largest food trade show and includes six shows in one. If you would like information about this show, please send an email to aglondon@usda.gov.

Distribution Channels

U.S. ingredients can reach the market through retail, foodservice, wholesale, or consumer markets. In most cases, ingredient products are imported directly by a manufacturer or by an importer who sells them to one or more manufacturers.

Routes to Market Flow Chart



Market Structure

The UK has a dynamic food scene where every type of food product is available through traditional and online grocery stores, wholesalers, markets, and foodservice outlets. UK manufacturers that incorporate U.S. ingredients into their products can use any of these options, depending on the final product characteristics and price point. Themes that unite all routes to market are provenance, traceability, clean labels, and sustainability. For more information on the UK market structure, please view our retail and exporter guide reports.

Share of Major Segments in the Food Processing Industry

According to government data, 58 percent of food and drink consumed in the UK is produced domestically. Twenty-four percent is sourced from the EU due to proximity. Four percent each from Africa and South America, and three percent each from the United States and Canada combined and Asia, and finally one percent from Australia.

Latest data shows that the manufacture of food products remains the largest sector within UK manufacturing, representing 20 percent of total manufacturers sales. The manufacture of food products value increased by $5.98 billion (£4.75 billion) from the previous year sales, with total sales in 2023 at $119.3 billion (£94.7 billion). This figure does not include beverages, which are grouped with tobacco in the statistical overview by Office for National Statistics. Products showing notable increases were soft drinks with sales increasing by 12.4 percent and fresh or chilled cuts of beef and veal with sales increasing by 9.8 percent.

Relative Size of UK Manufacturing Sectors

The largest food manufacturing sectors in order of importance are meat processing, dairy products, bakery products, animal feeds, and grains. The largest drink manufacturing sectors are soft drinks, spirits, beer, and cider.

The UK runs trade deficits in every food category, but particularly in fruit and vegetables. Conversely, the UK has consistently demonstrated a modest trade surplus in drink products largely due to exports of Scotch whisky.

Company Profiles & Company Products

Key players include:

2 Sisters Food Group	Coca-Cola	General Mills	PepsiCo
AF Blakemore and Son	Danone	Mars	Unilever
Associated British Foods (ABF)	Diageo	Mondelez	United Biscuits
Bakkavor	Dunbia	Nestle	Whitbread
Brakes Group	Findus Group	Nomad Foods	

Sector Trends

- Health and wellbeing/wellness
- Vegan/ plant-based, flexitarian, meat-reduction
- Clean-eating, raw or barely processed ingredients
- Feel good, indulgence, treats

SECTION III. COMPETITION

If the UK or other countries in Europe produce a raw ingredient, there is greater competition for other countries such as the United States due to the free trade agreement between the UK and the EU, limiting the need to source these ingredients from outside of the EU. There is a considerable level of production and complex domestic regulations on meat, poultry, and dairy industries in the EU. For this reason, U.S. food ingredients from these categories may be more challenging. However, during seasonal periods or if supplies fall short, exports from the United States could benefit by supplying products in demand. These are short-term trades and difficult to predict. Although the other way round, an example of this, is the current shortage of chicken eggs available in the United States, and how the U.S. is sourcing from other countries to meet the shortfall.

The United States has historically performed better in food ingredient sectors where it is able to provide high-quality products not readily available in northern Europe, such as fruits and nuts.

The United States is the largest non-EU supplier of agricultural, food and fish products to the UK. Depending on the product category, competition is high from Norway, Iceland, and China (fish), Canada (dry beans, wheat, corn), South Africa (citrus, apples, grapes), Chile (apples, grapes), Argentina (soybean meal, corn, red meat products), Brazil (soybeans, sugar cane, red meat products) and Turkey (dried fruit).

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Opportunities for U.S. products can be found in high-quality, innovative, health-conscious, planet-conscious, and plant-based food ingredient products.

Products in the market that have good sales potential

- Wheat products and rice
- Dry beans and legumes
- Dried fruit and nuts including walnuts, pistachios, almonds, raisins, prunes etc.
- Specialty seeds (e.g., flaxseed, linseed, poppy)
- Natural colors, flavors, additives for processed food and drink manufacturing
- Gums and resins
- Fresh fruit and vegetables not grown in UK, organic, or available outside of UK season – e.g., sweet potatoes, Florida grapefruit, apples etc.
- Preserved fruit and vegetables, juices, and fruit concentrates
- Soybeans, distillers dried grains (animal feed)

U.S. Products not present in the market in significant quantities, which have good sales potential

- Ingredients for ethical, natural, organic and health food industries
- Fresh, organic herbs and specialty horticultural products with GlobalGAP or similar certification
- High-quality frozen products with no or minimal animal product content
- Products to substitute or help with re-formulation to low sugar, low fat, or other health claims
- Dairy products

Products not present because they face significant barriers

- Red meat and products that contain hormones
- Poultry, eggs, and their products
- Products with food additives or pesticide/herbicide residues not approved by the UK
- Products of genetic engineering not approved by the UK

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Foreign Agricultural Service (FAS)/United States Department of Agriculture (USDA)
Embassy of the United States of America 33 Nine Elms Lane, London SW11 7US
Tel: +44 (0)20 7891 3313 Email: AgLondon@usda.gov www.fas.usda.gov

Please review and follow FAS London's social media sites:
Twitter: @USagricultureUK, Instagram: @SavortheStates, Website: www.savorthestates.org and LinkedIn account.

Department for Environment, Food & Rural Affairs – Government Agency for Agriculture.
Tel: +44 20 7238 6951 E-mail: helpline@defra.gsi.gov.uk Website: www.defra.gov.uk
Food Standards Agency - Government Association on UK food safety standards and policies
Tel: +44 330 332 7149 Email: helpline@food.gov.uk Website: www.food.gov.uk

UK Trade Associations
Institute of Grocery Distribution - Food and grocery chain trade association.
Tel: +44 1923 857141 E-mail: askigd@igd.com Web: www.igd.com
Food and Drink Federation - Trade association for UK food and drink manufacturing industry.
Tel: +44 20 7836 2460 E-mail: generalenquiries@fdf.org.uk Website: www.fdf.org.uk

Fresh Produce Consortium - UK trade association for the fresh produce industry
Tel: +44 1733 237117 E-mail: info@freshproduce.org.uk Website: www.freshproduce.org.uk
Health Food Manufacturer's Association - Association for health products industry.
Tel: +44 20 8481 7100 E-mail: hfma@hfma.co.uk Website: www.hfma.co.uk
British Frozen Food Federation - Trade association for all aspects of the frozen food industry.
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Attachments:

No Attachments