

**International Marketing**  
**Canadian Penetration Prospects of Pret A Manger**

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## Executive Summary

This report provides an analysis study of the prospects, potentials and risks regarding the introduction of the UK-based quick service restaurant, Pret-A-Manger, to the Canadian market. The report provides section-by-section, up-to-date, detailed information with regards to the existing market conditions and penetration potentiality of the company. Furthermore, the report discusses the external uncontrollable market environments and constraints so as to identify risk-factors that require mitigation and consideration in entering the new Canadian market.

From the analysis, the study found that Canadians have an insatiable demand for fresh sandwiches. Demand for healthy fresh food on the go is rising, while demand for the traditional grease burgers are declining. At present Subway is the leading sandwich provider which says two things: a) They love fresh sandwiches b) Are willing to settle on Subway. In every quality arena, Pret A Manger offers superior selection of organic, non-GMO ingredients.

The recommended marketing strategies based on the four elements of marketing mix all contribute to improving public relations, community awareness of the brand. Behind the scenes an impeccable but varied distribution network ensures quality product, but also incorporates more people into the profit stream. By supporting and sourcing local Canadian ingredients, Pret A Manger creates a superior product, gains trust of Canadians and insulates itself from potential risks of rising fuel costs.

The study concludes by recommending that Pret-A-Manger *should enter* the Canadian market. Their finances show low operating costs (although slowly increasing) with respect to their profits & revenue. There is high likelihood that given proper marketing, Pret A Manger can significantly eat into Subway's market share, and take away from Tim Horton's brand loyalty. Their financial situation ensures they can remain open in Toronto & Vancouver locations long enough to attain sufficient penetration and public support through their charitable programs.

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## 1 -- Introduction

Pret-A-Manger is a leading quick service restaurant (QSR) chain. The company is noted for its high-quality, natural, preservative free products which are made in-shop --which is the essential element critical to the flavour, freshness and quality of their product. The freshness of the foods offered by Pret-A-Manger provides a high nutrition alternative to the sodium, sugar and fat-rich options traditionally available and popular in North America.

Pret was founded in 1986 by Julian Metcalfe & Sinclair Beecham when its first shop opened in Hampstead, London, UK and at present has over 300 shops based internationally in the UK, US, France and Hong Kong. Today, Metcalfe & Beecham are still significant shareholders in the company (Pret A Manger, 2014).

Early on in the UK, Pret-A-Manger established itself as being at the forefront of healthy eating. Metcalfe & Beecham revolutionized the packaged sandwich by sourcing organic, non-GMO ingredients and by producing everything onsite. By 1998, the chain had grown to 65 shops and were rapidly expanding. Pret briefly partnered in the 2000's with McDonald's in order to expand into New York City, US. This initial expansion was not a success and as the dot-com bubble burst, Pret needed to cut back on the expansion of US and Hong-Kong locations. There was also a failed expansion into Japan that was grossly mismanaged (Burns, P. 2008 ). However, by 2006 Pret's international operations were again profitable and expansion in the US, Hong Kong & Singapore persisted (Jacobs, Rose 2011). In 2006 there were some 180 stores producing profits of £8 million on a turnover of £190 million (4% return).

Since then, Pret's US operations consist of 38 outlets in New York City, 9 outlets in Chicago, 7 outlets in Washington, DC and 3 outlets in Boston. Concurrently, during the 2000s, Pret expanded internationally, into Hong Kong (PretA Manger HK, 2014) with 14 outlets.

Most recently in 2012, Pret made attempts at penetrating the market in France, with a plan to roll out 30 new-sites including the first 4 in Paris. However, in 2013, 80% of the chains profits were still derived from their UK stores.

Pret is privately financed and partially owned by the private-equity firm Bridgepoint Capital, which manages total assets around €13 billion. They acquired the company in 2008 for an amount of €499m from McDonald's – whom had a 33% non-controlling stake in the USA branch of the company since 2001. This distancing from McDonald's was imperative to returning the Pret A Manger brand as an environmentally friendly, health conscious fast-food alternative.

Key to their success on the employee and management front is their operational concept, *The Pret Recipe* which has 6 principals that ideally can be generalized to any food operation.

- i) The Right People
- ii) Amazing Service
- iii) Delicious Food and Drink

- iv) Well-Loved Shop
- v) Shop Profitability
- vi) Growing Sales

*2 -- Current market situational analysis*

*2.1 Market Size Potentials, Opportunities and Segmentations*

*Pret's initial fail:*

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