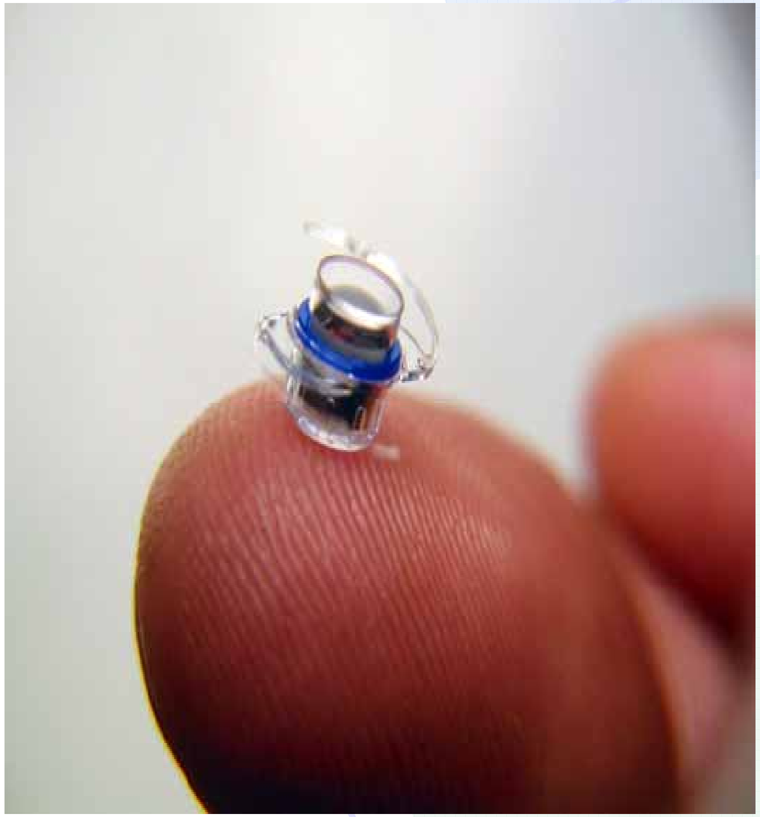
Understanding & Engaging With the Food Chain

9th July 2009

Both ends of the same telescope



What will we cover

- Some niche markets
- Role of discounters
- International developments
- Conclusions

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The UK supply chain

- 300,000 farms
- 5 banks
- 10 leading input supply companies
- 6 major retailers
- 15 fruit and vegetable wholesale markets
- 500 farmers markets
- 6 major dairy companies
- 10 major meat processors
- 8,000 SME food companies
- 4 leading foodservice distributors – 200,000 foodservice outlets
- 60 million consumers

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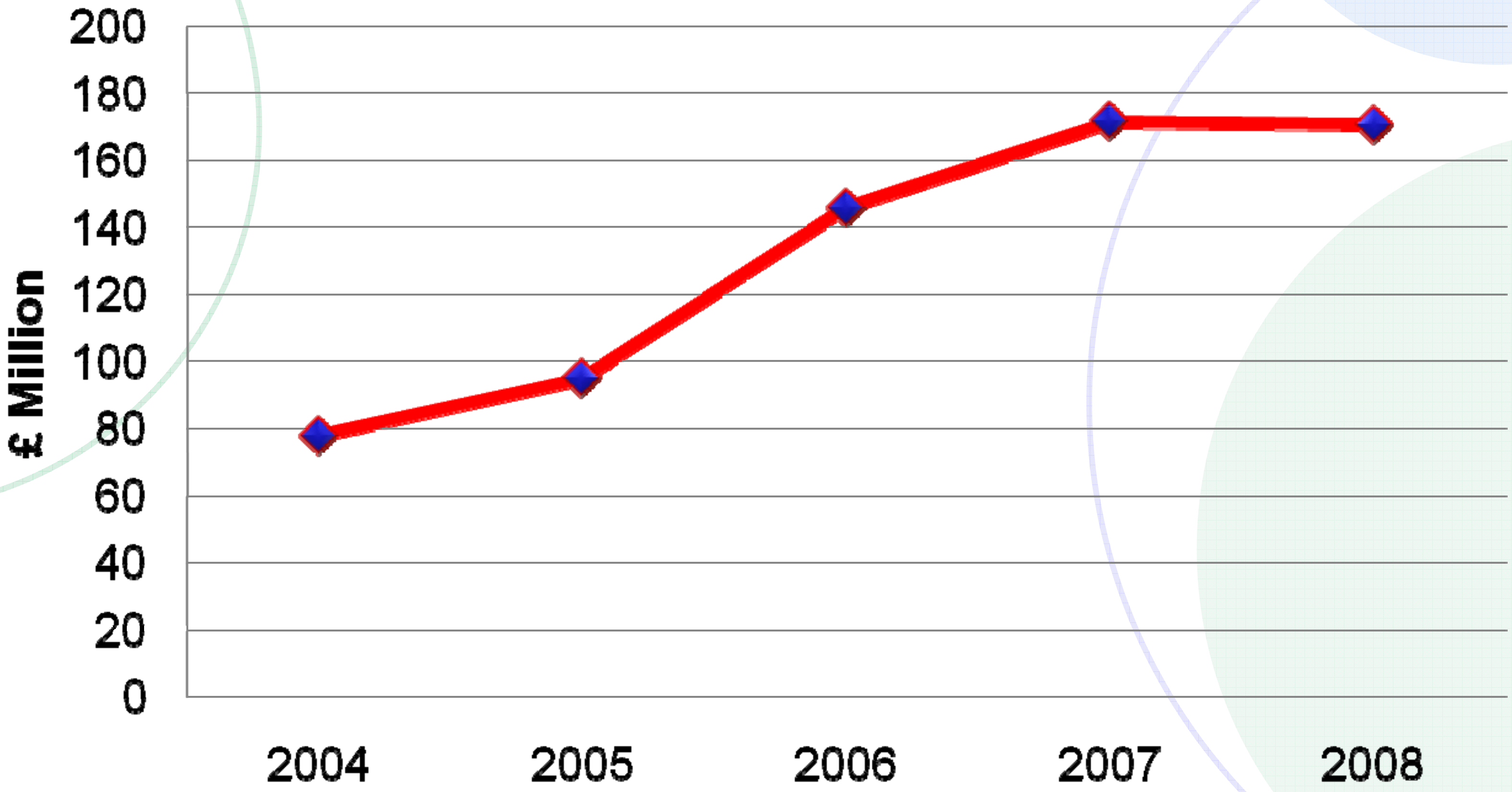
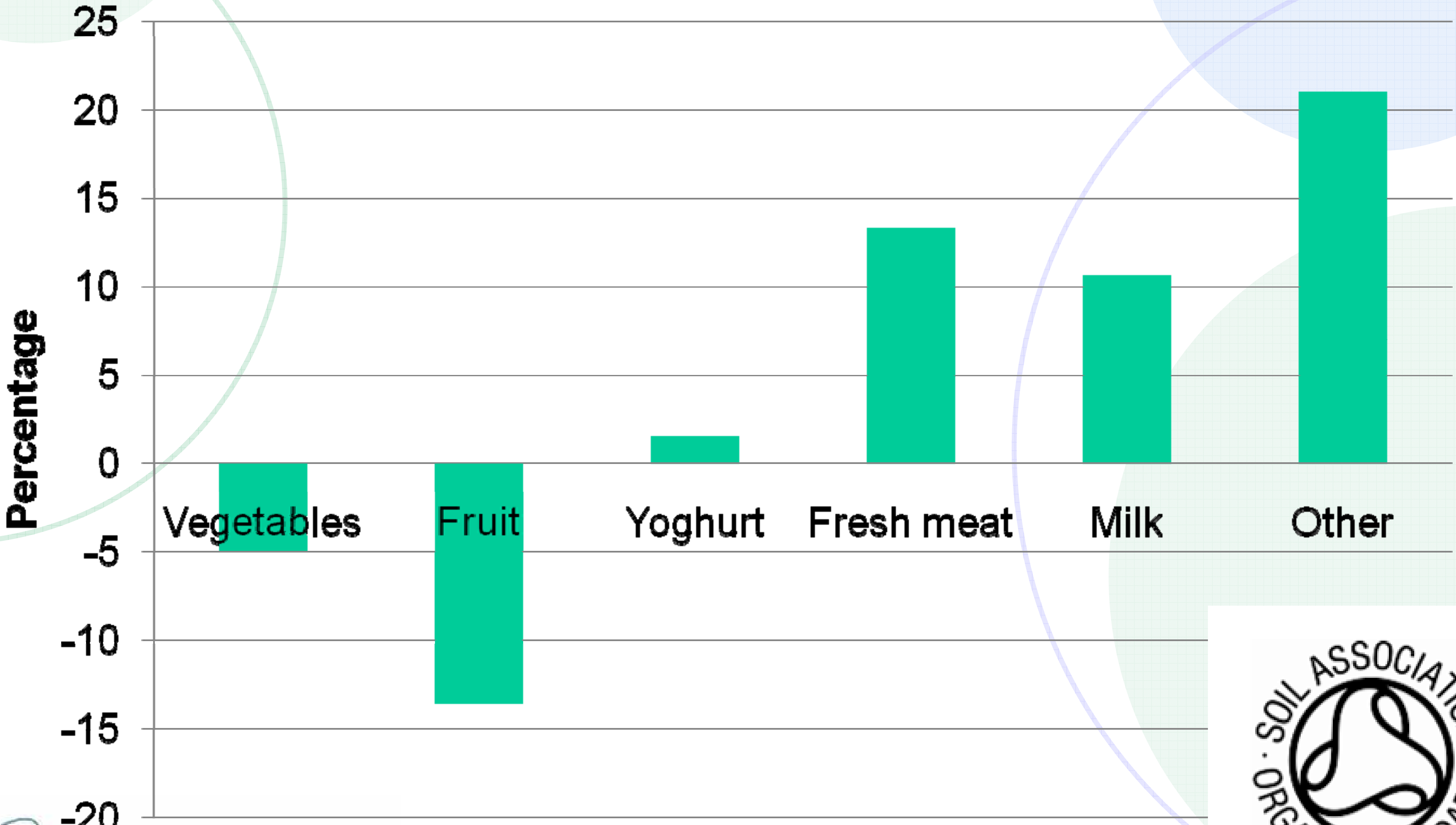
Organic products through box and mail order schemes, 2004-2008



Value of sales of organic products, 2007-2008 (%)



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SOIL ASSOCIATION · ORGANIC STANDARD ·

Farmers markets and box schemes

- 10 years ago – 1 Farmers Market
- Now – 500
- Turnover = £2 billion
- Future – 800
- For consumers - between 25 – 50% cheaper than leading retailers
- 30 mile radius – normally
- Suit small scale and even part time
- Hard work – need to plan ahead

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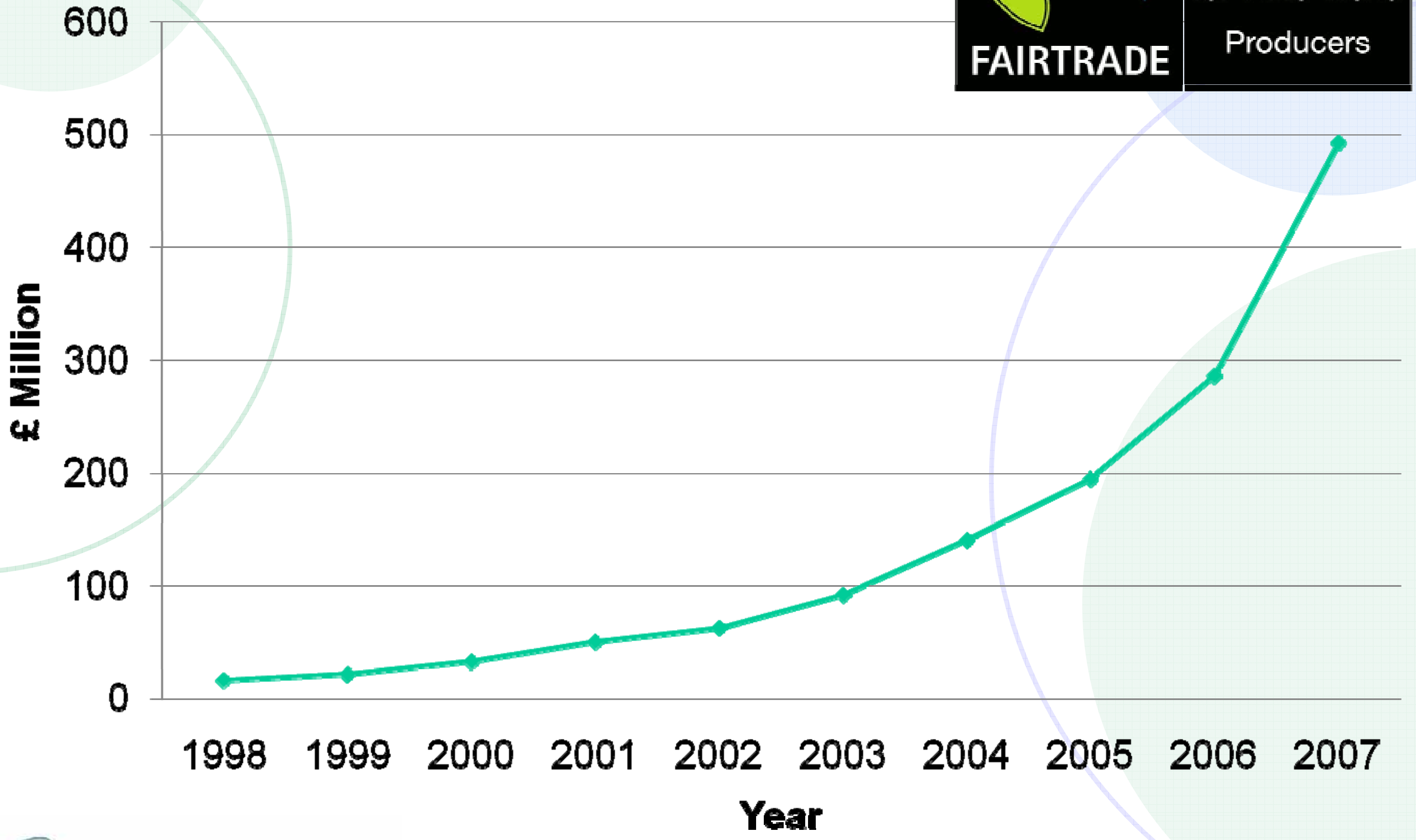
Not all the same

CERTIFIED FARMERS' MARKET
FARMA

UK Fairtrade sales,1998-2007

FAIRTRADE

Guarantees
a **better deal**
for Third World
Producers



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Retail

ALDI SÜD

LIDL

NETTO

Discount influence

- 400 stores now
- 1,500 stores in the future
- Simple business models
- Limited range
- Quality
- Value for money
- No compromise on QA etc
- Still a relatively small market share - but knock-on influence is large

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Britain's other "new" discounters

Waitrose

TESCO

YOUR M&S

Where are we strong ?

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India - food processing sector

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Mexican farm house

Wimm Bill Dann - Russia

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BRIC producers & processors

- Scale of activity – big is big
- Best of class are very good
- International outlook and awareness
- Commodity focused – now
- Investment
- Ambitious
- Will put pressure on established sources – including the UK
- Mixed attitudes to the UK – CAP, BRC, supermarkets
- Part of the global reality

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Chain competition - not country competition

Sainsbury's
Try something new today

ICA

TESCO

WAL★MART

Albert Heijn

ALDI

Waitrose

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What retailers expect – and get

- Quality & availability
- Innovation
- AYR supply
- GAP & provenance
- Training and staff development
- Exclusivity
- Environmental benefits
- Market & consumer research
- Advice
- Safety
  - **invariably all at lowest cost**

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The challenge for UK agriculture & food

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Engaging with the supply chain – its easy

- Time
- Effort
- Resource
- Best of class
- Aware
- Customer focused
- Positive
- Understanding