



Listening to our stakeholders...

Researching the future demands of the UK food supply chain



**2020
CAMPAIGN**



Championing
the Future of the
UK Food Supply



NFT commissioned independent market research specialists, England Marketing to ask the questions that really matter to the UK food supply chain. Their brief report summarises the key findings, however, if you would like to know more, please get in touch with us on +44 (0)1773 523523.



Research reveals what matters most...

With an inability to produce enough food to feed an existing population, the UK will have to continue to look beyond its shores to source sufficient supply. With a rapidly rising population, it is clear that we must increase the level of food we import.

And with a longstanding trend for importing a broad range of foods and a population that is not simply growing in size, but also in its desire for more diversity of choice – the need for a radical rethink of how we manage our food supply chain is upon us.

Imports already account for almost half the food we eat and with costs continuing to grow, alongside an increasing population, there is an appetite for change in how we manage our food supply chain. Current operations represent a legacy that is no longer fit for purpose, barely able to meet today's demands, certainly ill equipped to cope with the challenges of tomorrow.

In 2016 the new NFT temperature controlled logistics facility at The Port of Tilbury will redefine the supply chain, in readiness to cope with the demands of a growing and vibrant UK population.

Costing £25 million, the unique port-centric logistics centre will offer chilled storage, distribution and pre-retail services, handling over 25,000 pallets every week. Providing significant cost and speed efficiencies, reducing food miles, increasing shelf

life and sourcing options, the new facility is being described as 'revolutionary'. Determined to secure a highly efficient future, NFT has undertaken an original piece of research to fully understand the challenges facing chilled food storage and distribution.

Knowing that a shorter and more efficient supply chain is critical if the UK is to meet demand, the research was designed to specifically gather opinion from a wide range of stakeholders, operating within today's food supply chain. The research included insight from industry experts, as well as customers and potential clients from food manufacturing, enabling NFT to develop a completely customer centric proposition, focused on optimal end-to-end supply chain solutions.

Food retailers work in a fiercely competitive arena – jostling for pole position on a range of levels. Understanding what matters most to the retailer, is key for food manufacturers and producers alike, so they can deliver on the retailer's specific requirements, consistently.



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“Understanding what matters most to the retailer, is key for food manufacturers and producers alike”



60%

End-to-end supply as the answer to their current and future logistical problems



25%
High transport
and fuel costs



25%
Low prices and
profitability



12%
Retailers demanding
expectations



13%
Threat posed by
competitors

What is the biggest challenge facing food supply in the UK?

Respondents see the biggest challenges facing the UK's food supply as high transport and fuel costs (25%).

But equally they raise concerns around low prices and profitability (25%).

Other challenges the research uncovered were centred on the threat posed by competitors (13%) and concerns over the level of power held by the retailers and their demanding expectations (12%).

Three-fifths of respondents believe that there are savings to be found within the supply chain, and welcome the adoption of an end-to-end supply approach – 60% of participants in our research see end-to-end supply as an answer to their current and future logistical problems.





How will NFT meet these challenges?

NFT already handles over 120,000 pallets every week. Through significant investment, gathering opinion and understanding from industry players NFT has developed an approach that will positively impact the industry challenges of today, with capacity to cope with forecast growth in the future.

Research has revealed that the majority of British food retailers see a need for change in the UK food supply and regard the new NFT Tilbury development as a positive step in relieving some of the pressures in meeting a growing demand.

Sustainability and improved efficiencies are regarded, not surprisingly, as major benefits for the whole food supply chain. Respondents were largely in agreement that there is a growing need to be able to store and handle more produce in the UK – NFT's Tilbury facility has taken this into account.

"By identifying and fully understanding the challenges our customers and the industry, as a whole, face – we have been able to channel our investments into resourcing developments that will offer the greatest efficiencies in both time and money", says Dale Fiddy, NFT Sales and Marketing Director.

The Tilbury facility will deliver new levels of efficiency

- Reduced food miles
- Reduced lead time – fresher food
- Higher capacity – lowering costs
- Optimally located

All of which offer retailers a better deal, which in turn enables manufacturers and suppliers to hold greater leverage.

"It's a win-win", continues Fiddy. "We have invested heavily to provide a facility that will meet the needs of our customers in a flexible and sustainable manner. NFT Tilbury represents a chilled logistics facility that's unique in the UK".



NFT Tilbury represents a chilled logistics facility that's unique in the UK

53%

Price volatility will account for the biggest impact over the next 5 years...



80%

Have taken action to meet the challenges they face...

Price volatility – threat or opportunity?

53% of our respondents said that price volatility will account for the biggest impact over the next 5 years...

With currency fluctuations and increased affluence in emerging markets driving competition for food, as well as UK population growth and significant changes in demographics, there is also a structural change taking place in the UK grocery retail market. Much of this is of great concern to our stakeholder groups, but is recognised as beyond our control.

Price volatility and commodity prices present the most major impacts on our businesses and the lack of control we have over them makes for an uneasy topic. However, making way for the shortest and most streamlined supply chain on every level will proactively address the balance of power to some extent.

With opportunities for more export, as well as faster and more efficient imports, the Tilbury proposition becomes even more attractive.

With 80% of our respondents saying that they have taken action to meet the challenges they face...

They cited taking such actions as competitive sourcing, more collaborative working and improved efficiencies across the board.

NFT have invested in the Tilbury facility for all the same reasons: improved efficiencies for our customers; creation of more viable and sustainable solutions; an optimally designed provision that will challenge the existing supply chain, with major cost and time savings.

“The major retailers are being influenced by the discounters, such as Aldi and Lidl, to be more competitive, and all suppliers are looking more closely at their end-to-end supply chain – looking right back to their growers and at every port they use. They are looking to see if there are better ways of working in order to be more competitive” says NFT’s Dale Fiddy.

87% of respondents said that it is the high levels of customer service that sets us apart and position us as market leaders – with 27% trusting NFT to be their sole logistics company.

Two-thirds of our customers feel there are specific benefits from being a NFT customer, and cite exceptional service levels, delivery and locational advantages as important.





A sustainable future...

Sustainability is seen as vital in the modern business. The relevance of reducing levels of carbon and energy, although helpful to the planet, is also recognised as delivering long-term cost reductions to any business. Efficient

transport, which is cheaper to run and energy conscious, is seen as a major sustainability issue amongst respondents, with **80% of respondents to our research seeing it as a 'key driver' for their business.**

Consumer shopping habits are changing...

Research reveals that 55% of our stakeholders perceive changes in consumer shopping habits will have a major impact on their business...

With trends around consumer shopping habits rapidly changing, those operating in the food supply chain must deliver solutions that are as flexible, as they are traceable, fast and efficient. Industry experts are reporting an increase in convenience store and discount shopping as well as undertaking more online purchases. The consumer demand for fresh quality foods in smaller quantities, more frequently will further increase the pressure to justify every single mile.

As online shopping goes from strength to strength, and discount retailers continue to increase market share, consumers' purchasing power continues to grow. The increased desire for consumer control around purchase, delivery and indeed more choice, is adding to the pressure on retailers. Cost implications are unlikely to be tolerated by the increasingly savvy shopper or the fiercely competitive retailer: the reality is that these are most likely to cascade back down the supply chain. Price comparison amongst consumers is not yet quite matched by a desire to purchase quality and freshness, but consumer loyalty is certainly compromised as retailers go head to head in offering the most attractive deals.

Cost efficiency equalled by time efficiency, represents the recurring theme emerging from our research. Confirming both a need and a willingness to improve the UK food supply chain is perceived as critical if operators are to remain competitive.

Respondents cited flexibility and collaboration as key, along with a need for improvements in cost and time efficiency to meet the changing demand.

The need for a chilled food storage facility that can cope with market change is vital. Of all those interviewed there seemed little doubt over an increased need for more chilled storage,



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55%

Perceived changes in consumer shopping habits will have a major impact on their business

respondents were quick to point out that the future is likely to bring an increase in the number of transport hubs. An increase in the number of end-to-end solutions for distribution will be very welcome, researchers were told.

63% of respondents, who are not currently using NFT said they would be inclined to consider alternative logistics based on cost reduction.

NFT Tilbury will have capacity to provide food suppliers with much needed extra storage facilities to meet the demands for extra stock and extra choice. It will also offer a new way of working, with maximum supply chain efficiency at its core.

Current supply chain solutions are largely based in impractical geographic locations – counterproductive in delivering optimal logistics solutions.

“What we have is a logistics framework in the UK that has over time become no longer fit for purpose”, commented Alex Fisher, Supply Chain Director.

Location is critical, and our research has shown us, one of the biggest challenges facing businesses today is transport cost. Adding food miles creates unnecessary cost, as well as time delays. In contrast, NFT Tilbury is in the perfect location for optimal ‘end-to-end’ supply chain solutions and with the capacity to help food suppliers and importers meet challenges identified.

“By releasing latent value in the supply chain, we can enable our clients to re-invest in sales growth, benefiting their business by driving stronger supply relations with retail customers, in terms of both reputation and loyalty,” added Fisher.



63%

Would be inclined to consider alternative logistics based on cost reduction. (Non NFT customers)

By releasing latent value in the supply chain, we can enable our clients to re-invest in sales growth...





Creating outstanding supply chains, powering competitive advantage.

Combining the best people, communications and technology to create industry-leading expertise.

We streamline food and drink supply chains to release value, power growth and help our customers build market winning propositions.

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Independent market
research undertaken by
England Marketing



thinking ahead