Implications of Changing Routes to Market

Name: John Giles
Date: June 7th 2018
• 26 years experience with Promar International

• 60 countries around the world

• Wide range of fresh produce marketing projects

• Chair, Food, Drink & Agricultural Group of the CIM

• City Food Lecture
First message of the day......

KEEP
CALM
I HAVE
GOOD
NEWS
Second message: more ways of getting fresh produce to consumers than ever before.....
A Plan for Public Procurement

Enabling a healthy future for our people, farmers and food producers

Dr Peter Bonfield, OBE, FREng - Chairman
Individuals who ordered or purchased goods or services on the Internet

% of population > 0

OECD average

UK
Denmark
Norway
Korea
Netherlands
Australia
Sweden
Japan
Germany
Luxembourg
France
Canada
Finland
United States*
Switzerland*
Austria
New Zealand*
Iceland
Ireland
Belgium
Israel
Poland
Slovak Republic
Spain
Slovenia
Czech Republic
Estonia
Hungary
Portugal
Italy
Greece
Chile
Turkey
Mexico

*2007 figures used as latest figures were not available

Source: OECD

UK is Double
OECD average
“Never before in the field of human agriculture has so much been owed, by so few, to so many”
The common themes

• There are no *easy* routes to market
• The basic principles apply – local or global:
  • what’s the rationale
  • who is the customer & route to market
  • who is the competition & where are they weak/strong
  • what are the key trends and drivers
  • who will supply & buy - what will they pay
• Research markets and suppliers properly
• Talk to customers & suppliers about what they want – and don’t
Third message: there are some major challenges ahead......
Price volatility is here to stay

FAO Food Price Index in nominal and real terms

* The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUV)
A problem with labour regardless of Brexit
Global drying

Impact of global temperature rise of 4°C (7°F)

- Crops yields fall
- Water resources affected
- Sea level rises
- Ice sheet decline
- Marine ecosystems altered

1° Celsius Change in temperature from pre-industrial climate

Source: Met Office
More CSR.......
Fourth message: implications........
We are part of a global (produce) village...........
(source: Rabobank)
## What the supply chain really needs

<table>
<thead>
<tr>
<th>Provide Long-term Security of Supply</th>
<th>Protect and Enhance Brand Values</th>
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<tbody>
<tr>
<td>Reduced <strong>Risk</strong> to the brand and increases opportunities for supply chain growth</td>
<td>Increased <strong>Resilience</strong> to changes in consumer, economic, political, climatic or animal health environments</td>
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<td>Demonstrable <strong>Responsible Sourcing</strong> – best environmental, welfare and people management standards</td>
<td>Unlocked <strong>Revenue</strong> – increased on-farm efficiency; reduced supply chain costs; reduced waste; increased market opportunities</td>
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Partnerships
What does it all mean....

• The UK is still a highly attractive market
• More choice on RTM than ever before
• We need more resilient supply chains
• Supply is not automatically guaranteed from the UK or overseas
  – new market options
  – some big constraints
• Price - yes – but a more holistic approach in the future
• Sense of direction on both sides
• Clear expectations, long term view and assurances
• Opportunity
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