

# FOOD & DRINK INDUSTRY FEEDBACK

## Savour the Flavours Meeting: Tuesday 26<sup>th</sup> May

### Key Points

- At a local level, every business in the sector has been disrupted.
- For those who have seen demand spikes, the impact on overall trading position has not necessarily been positive. Businesses have experienced cost challenges like facility expansion and labour costs, and rural distribution costs; as well as system stress, digital problems and the start of decline in trade as lockdown eases and consumers return to supermarket habits.
- There is a clear opportunity to invite local consumers to continue supporting local businesses, rather than reverting to supermarkets. This is therefore the focus of our first press release. While national activity is welcome, local buying behaviour in rural areas is driven more by localised comms and social activity.
- Many standard digital sales mechanisms don't work well in rural areas. Two main reasons for this – cost of rural distribution and commission costs. Generally speaking, low profit margins are a systemic issue in D&G due to local low wage economy and higher cost of production – this is a known problem, and it is affecting business viability while established trading patterns are disrupted.
- Similarly the narrow margins for rural businesses make cross sector collaboration challenging unless resourced in a way that does not create additional workload for business owners – there is a known huge capacity challenge within small and micro businesses.
- What is working for producers is personal doorstep delivery with defined distribution runs. The key element of this approach is the personal, social (but distanced) interaction that retains an element of farmers' market experience. There are opportunities for producers to collaborate more and to create hubs, and this will be explored.
- Business viability under social distancing guidance, the impacts on staffing requirement as a result and the adaptation of 'social' business services to a post-covid world are of widespread concern.
- The emotional and mental health impact of lockdown on small and micro business owners is a major problem. The people behind the businesses need supported in navigating this trauma.

### Things that would help now

- One to one advisory business support, potentially modelled on the DG Council GAP programme. Particular topics of expert support needed are:
  - Financial modelling focussing on profitability
  - E-commerce, social and app based trading
  - Marketing and CRM
  - New trading opportunities
  - Product development and productisation of services

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This feedback has been compiled by Savour the Flavours following discussion with businesses operating in the food and drink industry in Dumfries & Galloway. Much of the content is specific to the local experience here, but participating businesses are happy for this information to be shared freely to support and inform covid-19 economic restart and recovery. For more information visit [www.savourtheflavours.co.uk](http://www.savourtheflavours.co.uk).



- Many rural properties are on unmetered water and their charges while closed have not been reduced despite no water being used. The industry would welcome the Scottish Government looking at this issue as a matter of urgency.
- Farmers' markets have become essential food infrastructure in rural communities and a lifeline trading route for micro businesses. Clearer guidance on operating processes for markets, and a small amount of funding to support markets, which are often voluntary orgs, to purchase additional handwashing stations, signage and other physical social distancing infrastructure would be warmly welcomed.
- Helpline for businesses to access experts to quickly check that they have applied guidance correctly.

#### **Things that would help in the medium term**

- Advisory support on digitising business processes, particularly integration of systems.
- Clarity in industry guidance issued – suggestion that a 'Highway Code' style approach to guidance for businesses - would be welcomed.

#### **Barriers to restart & recovery**

- The 2m distancing, rather than 1m distancing introduced in some other countries, is likely to make the hospitality industry close to unviable in rural areas like D&G.
- A need to provide service around obstructive PPE would result in many food service businesses simply not re-opening due to impact on dining experience.

#### **Collaborative opportunities**

- Collaborative supply chain development – this is a known issue with known barriers in D&G.
- Investment in infrastructure that would allow value to be added and premiumisation.
- Local consumer facing marketing to encourage localisation of purchasing habits.
- Cross selling of other businesses by producers already operating in the direct to consumer space. This has already started happening, there are opportunities to encourage this further.