



# ORFC 2019

UPSTAIRS AT THE ST, ALDATES TAVERN  
JANUARY 3 AT 2.30

**Is it possible to add value?**



# Who are we?

- Joanna Parman
- Bob Kennard
- Sally Bagenal (chair)

# What we hope to cover with your help?

- Consumer trends
- Where is the future??
- And:
  - Adding value experiences*
    - *Online, multiple retailers*
    - *Is it possible to beat world prices?*
    - *Where are the pinch points?*
    - *Is branding the answer? How easy it is?*
    - *Do we band together or go it alone?*

Reference slide: 1

## Market share of grocery stores in UK Jan 2015-March 2017

Table 7. Market share of grocery stores in Great Britain from January 2015 to March 2017

Tesco plc.	27.6%
Sainsbury's Supermarket Company	16.1%
ASDA Stores Ltd	15.7%
Wm Morrison Supermarkets plc.	10.4%
The Cooperative Group	6.0%
Aldi	6.2%
Waitrose Ltd	5.3%
Lidl Stiftung & Co. KG	4.5%
Other multiples and Symbols and Independent stores	5%

(Figures provided by Statistic 2018)

Reference slide: 2

The six stages of branding - conceptual model devised by May Goodyear in 1996.

Not all brands progress to all phases, although all brands have the possibility to do so.

- 1. Commoditised product. Unbranded. (e.g. standard white milk)
  
- 2. Brand as reference (safety through reputation)
  
- 3. Brand as personality (to suit the target market and act as social cues and cohesion)

Reference slide: 3

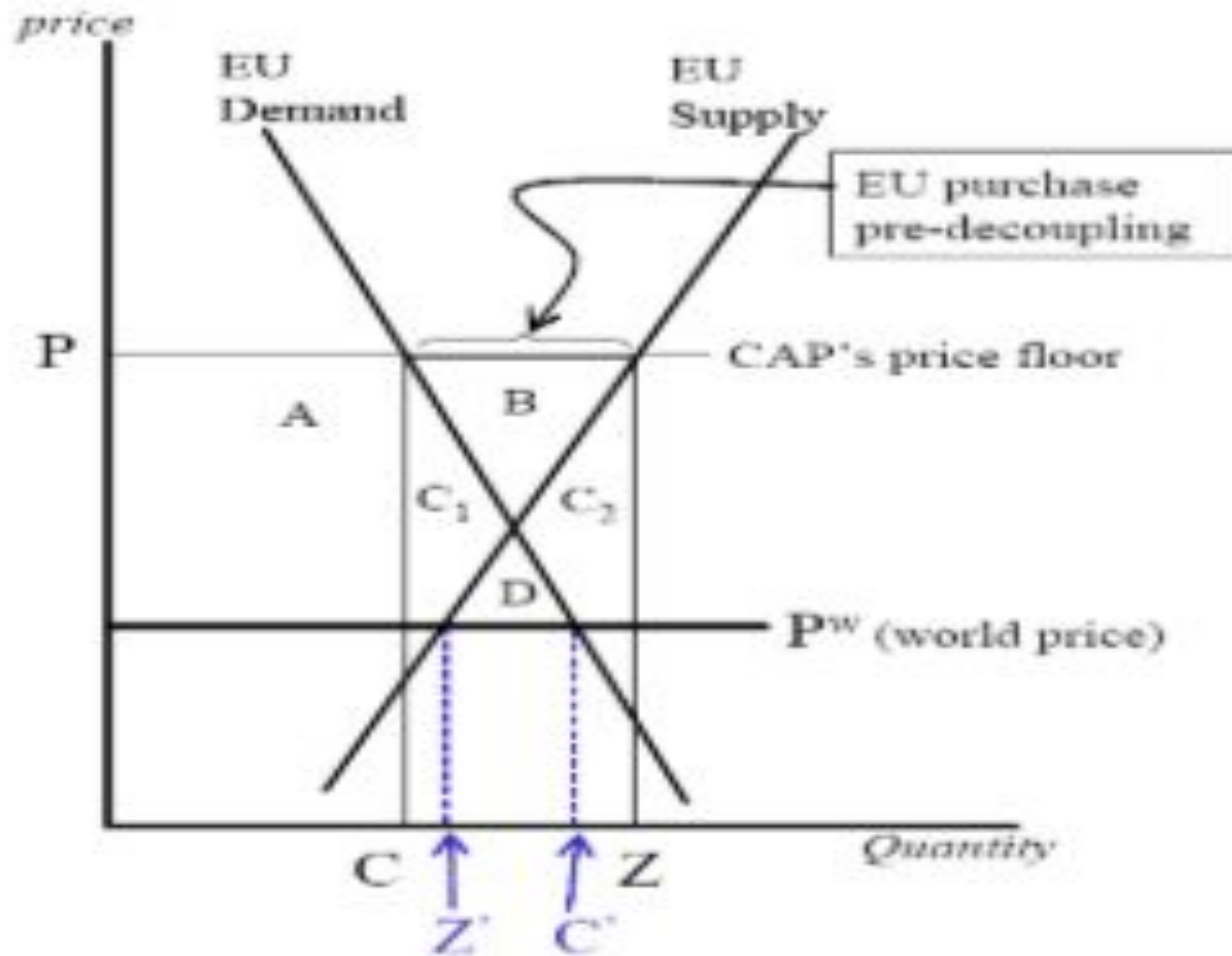
The six stages of branding - conceptual model devised by May Goodyear in 1996.

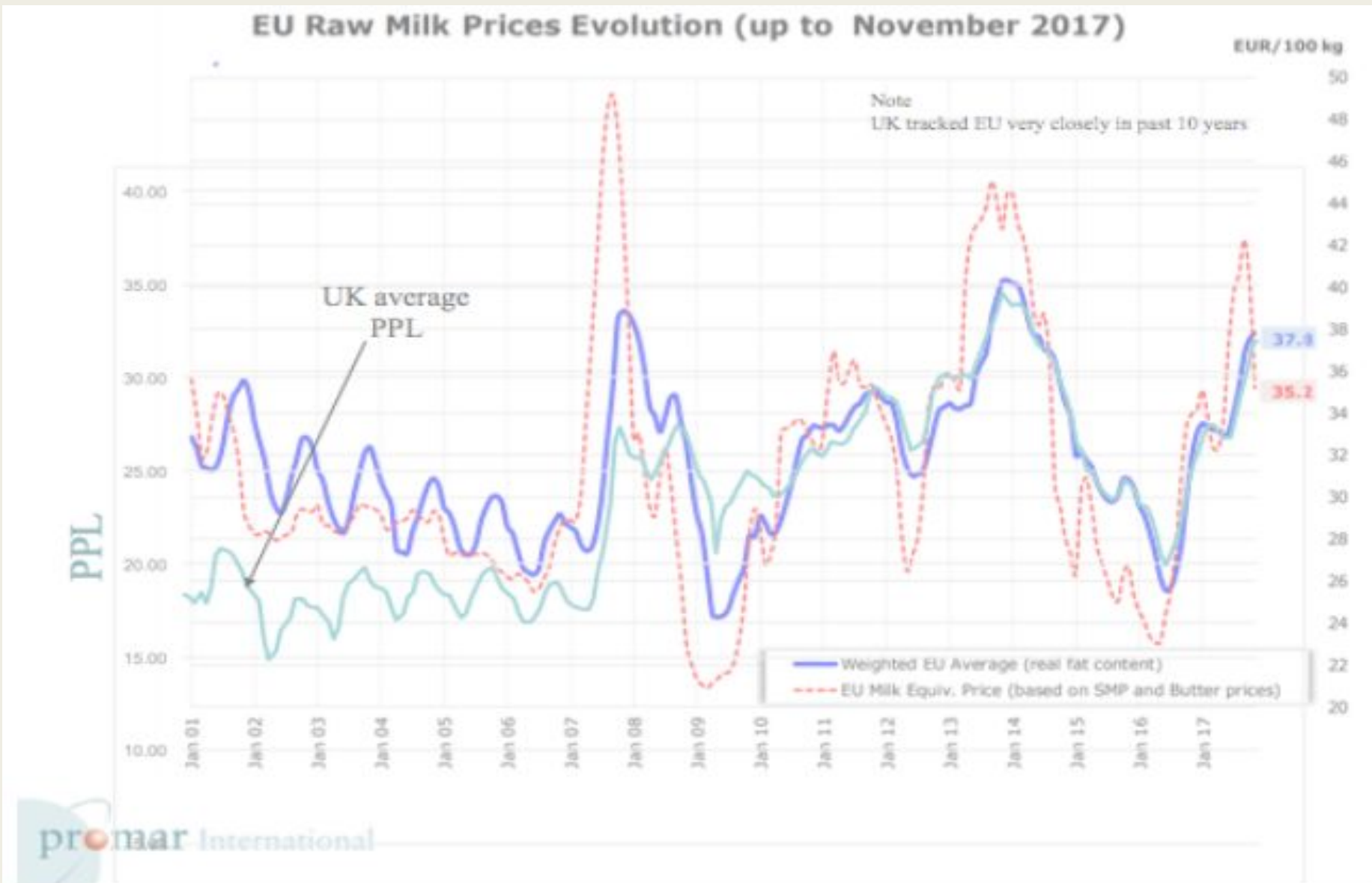
- 4. Brand as icon (developing brand as personality with consumers formulating their own meaning)
  
- 5. Brand as company (consumers integrate perceived brand values with the company)
  
- 6. Brand as policy (consumers actively support the cause of the brand. The brand exemplifies their long term desires and values)

Reference slide: 4

# Decoupling

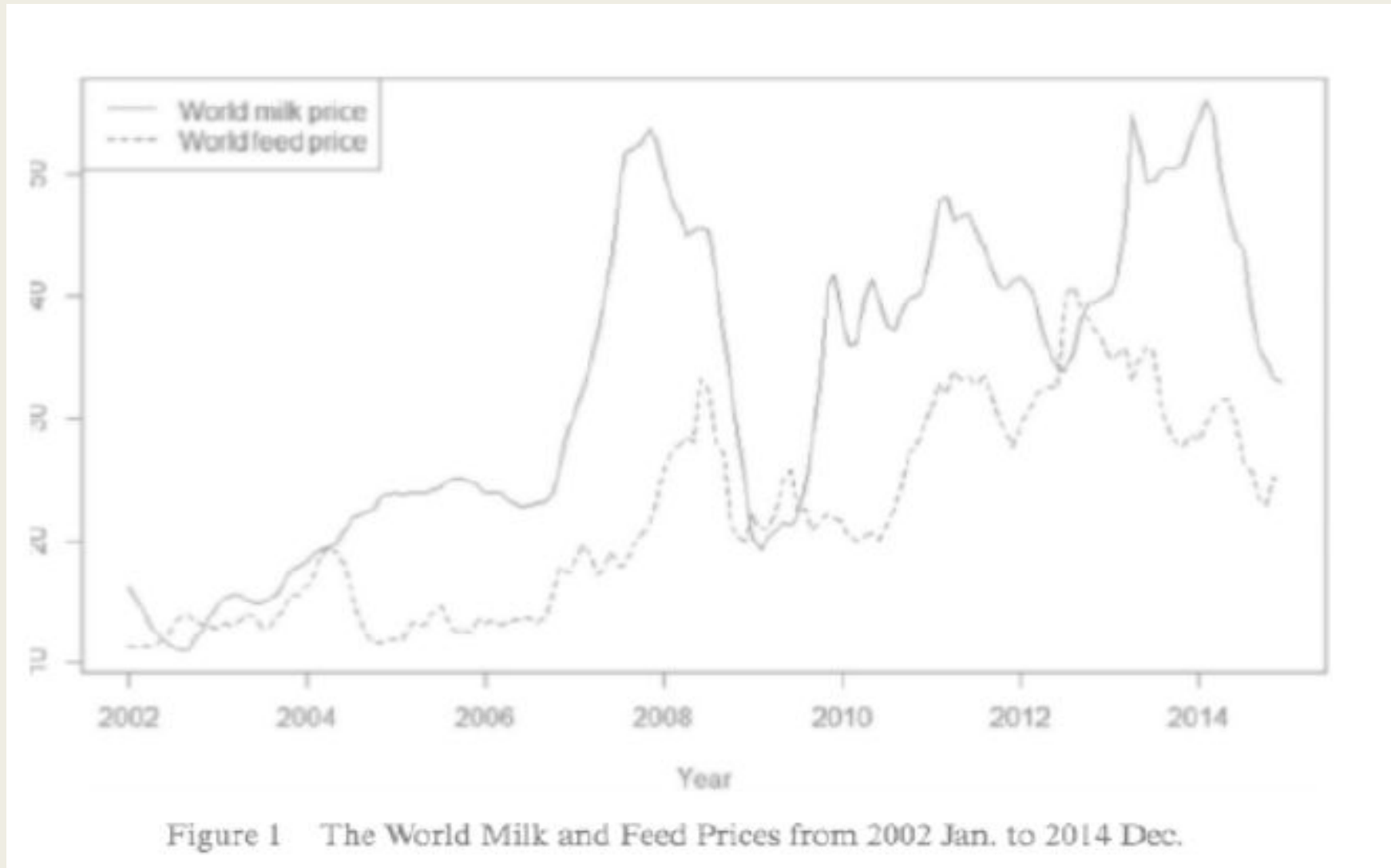
$$DD_i = 1 - \frac{\Delta Q_i(\text{Package})}{\Delta Q_i(\Delta P)}$$



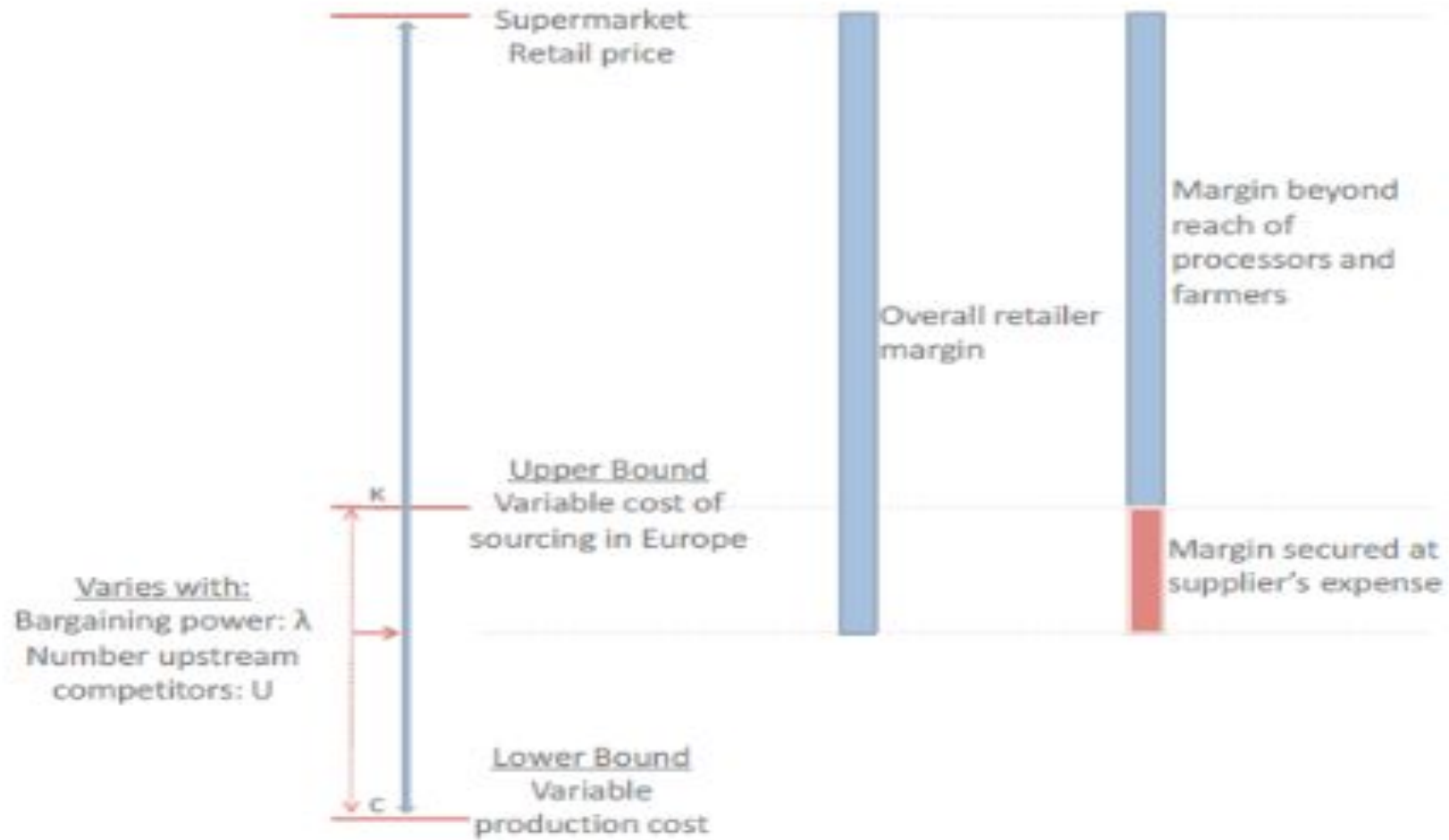


Source: Promar International





Reference slide: 7



Source: Smith and Thanassoulis (2008) The milk supply chain project – Oxford University

## Reference slide: 8

The calculation of letter **B** in figure 7 is based on the knowledge of the processor in being able to source direct from farmers, bypassing the cooperatives. Therefore, Smith and Thanassoulis (2008) calculated that farmers are able to capture 27% of the 36% secured from the MRs, in addition to the cost of production. However, cost of

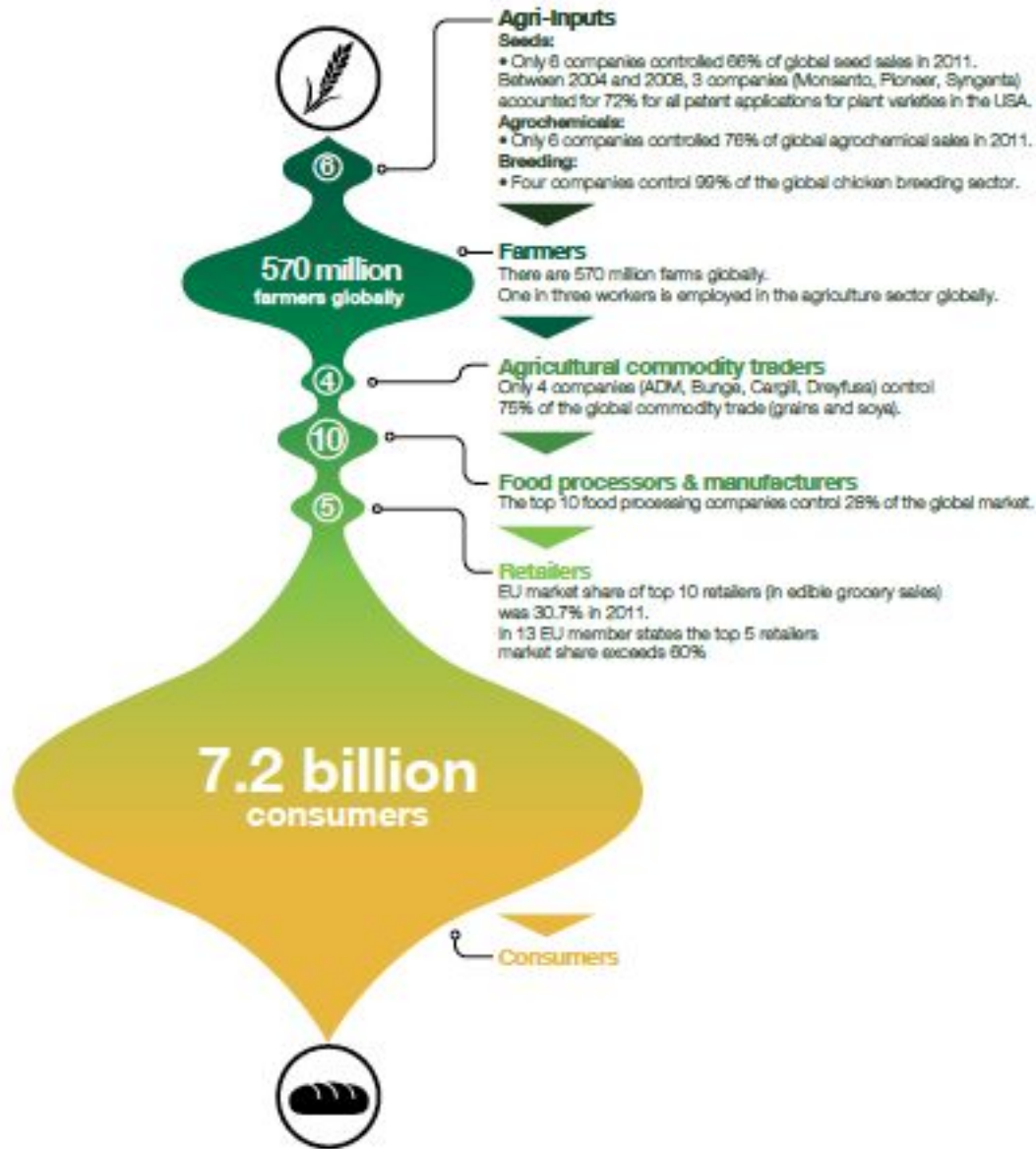
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production on farm has a number of factors and is likely to be based on larger scale farms with modern equipment, disadvantaging smaller units without economies of scale. Whereas the processor cost of production is less varied. However neither calculation take into account return on capital, as these costs are assumed to be sunk costs.

Reference slide: 9

Figure 1: The Global Food System

A double bottleneck of corporate control between farmers and consumers



Top 10 processors | 1 Nestlé | 2 PepsiCo | 3 Kraft | 4 ABInBev | 5 ADM | 6 Coca-Cola | 7 Mars Inc. | 8 Unilever | 9 Tyson Foods | 10 Cargill  
Top 10 retailers in EU | 1 Schwarz Group (Lidl) | 2 Carrefour | 3 Tesco | 4 Edeka | 5 Aldi | 6 Rewe Group | 7 Auchan | 8 ITM (Intermarché) | 9 Lidlco | 10 Aldi  
And | Note that the top 5 retailers in the respective EU countries can be different from this list and it is, of course, not always the same top 5 in each country.  
Top 6 Seeds | 1 Monsanto | 2 DuPont | 3 Syngenta | 4 Vilmorin | 5 WinField | 6 KWS | Top 6 Agrochemicals | 1 Syngenta | 2 Bayer | 3 BASF | 4 Dow | 5 Monsanto | 6 DuPont | Top 4 Breeding | 1 Aviagen International Group (part of EW Group) | 2 Cobb-Venites (part of Tyson) | 3 Groupe Grimaud | 4 Herich Genetics B.V.