

Cultivated Seafood Supply

Is sale to UK retail worth the effort – for
mussels and oysters?

Patrick Blow - October 2015

Setting the scene

- UK consumers spent £6.3bn on seafood 2014.
- c. 50% was from retail, 50% spent out of the home.
- Fish supply in the UK was £4bn, of which £1.2bn from a UK source and £590m (50%) from aquaculture.
- Leading species share of UK retail volume (335,000 t in retail 2014) were Tuna, Salmon (16% = 54,000t), Cod, Pollock, Prawns, Haddock, Mackerel.

Setting the scene (cont'd)

- Mussels in UK retail (>5,000t = 1.5% of UK retail volume). 25% mussels sold live at counter; 75% in pre-pack. 2,500t in foodservice. Total UK farmed production now approaching 10,000t. UK retail mussels are mainly Scottish. In Italy about 50% of total farmed produce is mussels.
- Oysters in UK retail (2m shells = 140t). At least 4m in food service. Oysters are a mixture of UK and Irish.
- European production of 600,000t of mussels. Chile 300,000t.

UK Retailers by share of fish sales:

- Tesco 24%
- Sainsbury's 17%
- Morrisons 12%
- Asda 11%
- M&S 8% (overtrades in fish!)
- Waitrose 7%
- Aldi 6%
- Lidl 4%

How is UK retail structured?

- Retail buys from direct suppliers.
- The retail stool has four legs at M&S. It's usually three.
- These are: buyers, product developers, technical and sourcing.
- Each retailer has its own way of doing business and different demands.
- Retailers send out briefs to their direct suppliers once or twice a year.
- Direct suppliers have to be able to interpret the brief and 'mark' each of the four legs
- IT'S COMPLEX AND EXPENSIVE AND HIGHLY COMPETITIVE to be a direct supplier.

Pros of supplying UK retail

- Market opportunity - £3bn, c. 50% of UK fish sales
- Farmers don't make particularly good salesmen.
- Small scale farmers can't afford the time, footwork or money for sales and marketing.
- Continuous standards improvement is often driven by retail.
- Helps to keep farmer up to date with legal requirements.
- Helps to drive innovation.
- Benefit from cross-fertilisation with other sectors.

Pros cont'd

- Regular income – in my experience this was week in week out with UK retail.
- Can combine volumes through a direct supplier to achieve what retail need in terms of consistent supply.
- Trading mentality diminishes as relationships strengthen.
- Scottish shellfish has a great opportunity with provenance and perceived safety / quality.
- Some retail do artisanal ranges.
- UK retail is increasingly excited about shellfish because it's a superfood.
- Shellfish provide 'excitement'. It's sexy. This is a key ingredient with some retailers.
- 'Horsegate' has changed retail for the foreseeable future. Trading mentality is less. Sourcing, provenance and traceability are key. So they are sticking more to reliable and transparent supply chains.

Cons of supplying UK retail

- A farm's provenance / competitive advantage can be lost.
- Retailers are constantly driving down price and demanding higher quality.
- UK retail is highly risk averse. They have brands to protect.
- Some retailers are not nice to do business.
- Sometimes it feels like flogging a dead horse with UK retail.
- UK retail is increasingly dependent on internal and third party auditing.

Cons cont'd

- Mussels and oysters are pretty much the only live animals that UK retail sells
- UK retail cannot cope with variation or ugly / scary.
- The idea of bad press can cause retail to pull the plug at any time.
- Food safety is paramount.
- Retail teams are constantly.
- You have got to mean serious business to supply UK retail.
- What does the changing scene of UK retail (and the rise of discounters) mean to us?
- Not that many UK retailers have wet fish counters.
- A lot of UK retail sales are made through promotions
- High wastage can cause retail to stop.

With my retail hat on

- There is a great opportunity for increased UK retail sales of farmed shellfish.
- Food safety is the biggest stumbling block.
- We need to make it safe, more convenient, more sexy, less ugly, more consistent, higher quality, better eating experience.
- Lochmuirisation.
- Certification against an own industry standard?
- To be more successful in retail we need to spend more time on the four legs and at the higher levels.
- We need to extend the hand of friendship to UK retail teams and get them to do more farm visits.
- Make your farm as neat as possible. First impressions last.

With my farmer's hat on

- Sell where there is pull.
- When times were tough, some UK retail stood behind my business through thick and thin.
- Bread and butter week-in week-in week-out orders and sales.
- Time consuming and expensive to deal with direct supplier, retail and audit teams.
- Promotions are demanding and need to be geared for these.
- Helped me as a manager to drive and maintain standards.
- Get as close as you can to the retailer.