Barriers and opportunities to increasing local sourcing

Research looking at the barriers and opportunities to increasing local sourcing by convenience retailers and food manufacturers in the UK
WRAP’s vision is a world in which resources are used sustainably.

Our mission is to accelerate the move to a sustainable resource-efficient economy through re-inventing how we design, produce and sell products; re-thinking how we use and consume products; and re-defining what is possible through re-use and recycling.

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Executive summary

This project aimed to develop an evidence base to understand the barriers to and opportunities for increasing local sourcing of fresh produce, meat, bakery, and dairy products by convenience stores and manufacturers. Sourcing food from ‘local’ producers (primary producers, suppliers or manufacturers) provides convenience stores and food manufacturers with an alternative, and potentially more suitable and sustainable, supply chain solution. It may also offer opportunities for the bakery, dairy, fresh produce and meat sectors (WRAP’s priority sectors for delivery of the Courtauld Commitment 2025) to improve resource efficiency and/or reduce the food waste generated in their supply chains. Research was undertaken through a desk based review of current sourcing and supply chain practices of convenience stores and manufacturers. This was supplemented by stakeholder interviews aiming to understand how local food was procured in national retailer convenience stores, and how local suppliers viewed supplying into these outlets.

Our research found that producers sell their products locally as the provenance of the product means they can sell at a premium price and with increased sales due to a loyal customer base. However, just because producers sell to local markets, it did not mean that they think that the local retailer convenience store is the right market for their products. Several reasons were provided for this, including that the supplier would need to scale up to supply a convenience store, which they are not prepared to do at this stage; they expected the margins would be too tight; they are looking to expand in other areas instead, such as selling to restaurants and hotels; they have sufficient demand from local farm shops; they use ‘not available in supermarkets’ as a selling point; and that they felt there would not be a demand for their product in convenience stores.

From the retailer’s perspective there were a number of reasons why they source local products as a business (including in their larger stores). This included increasing the resilience of supply chains, creating benefits for local economies and reducing food miles. The retailers also have limitations on what they can do with regards to local purchasing, and face challenges around price points, logistics and labelling. This becomes more of a challenge when the local sourcing is focused on convenience outlets as the increased number of suppliers to each region creates additional administration time and having only a few large regional distribution centres can create difficulties with storage and logistics. There can also be challenges with ensuring continuity of supply from smaller producers.

The overall view from the stakeholders interviewed and from the desk analysis was that local production and consumption of food was desirable, but the retailer convenience store was not viewed by many stakeholders who were interviewed as being the right outlet for this type of activity. Farm shops, speciality shops and butchers were seen as being able to offer unique selling points and better prices for many local products.

Manufacturers generally felt that sourcing locally would give them a unique selling point, however they often felt that there would not be a market for their product at a premium
price so were unable to commit to local sourcing. There were certain products, such as pork products, where local production was deemed to be of less relevance to the suppliers interviewed, than the fact that they produce free-range meat. The logistics of abattoir location in relation to the farm also makes local more of a challenge for the meat sector as the animals travel to slaughter and then go elsewhere for processing, making defining local a challenge for some businesses.

**Recommendations**

There are four main recommendations which have come out of this research. The first three provide mechanisms to assist in increasing local sourcing within convenience stores associated with national retailers, whilst the fourth looks at supporting local producers to gain access to alternative markets. With price acting as the predominant barrier to local sourcing by those manufacturers interviewed, we do not recommend that next steps are taken to try and increase local sourcing by this sector at this stage.

1. **Ensuring that customer and retailer expectations on local sourcing are aligned**

   Our research has indicated that there seems to be a disconnect between retailers' perception of how consumers define and value local sourcing, and how consumers actually do define and value local sourcing. Before considering pilot initiatives to promote more local sourcing in England, WRAP may wish to gain a greater understanding of consumer perceptions of what is local, the importance to consumers of purchasing local, and consumer willingness to purchase locally sourced products. This could be done through a literature review of existing work, and through a survey to highlight consumer demand for locally sourced products. The work should be designed to identify regional trends that would inform retailers' local sourcing strategies.

2. **Exploring new networks to assist with logistics and transportation**

   There is potential for further exploration around the logistics, transport and administration of sourcing from local suppliers. Examples have been raised by respondents of how they are working with local food hubs or third party organisations to facilitate getting their products into convenience stores. There are also examples from the desk based study of where local sourcing is working well, and the experience of these retailers could be shared with others to overcome challenges around logistics. WRAP could set up a series of regional workshops to raise awareness among retailers of the different types of food networks available to facilitate the collection and distribution of local produce, to reduce the administrative burden. Speakers could include Fresh range, Taste of Anglia, and Enterprise Foods to explain what services they can provide in working with local suppliers to facilitate sales to retail outlets. Further speakers could include retailers such as Morrison's and the regional Co-operatives who are already increasing their local sourcing to talk about their successes and challenges and the impact this has had on their business.
3. **Overcoming challenges within the meat sector**

The logistics of abattoir location in relation to farm make local more of a challenge for the meat sector. A further area of focus could be around the location of abattoirs and finding new ways to facilitate distribution systems within meat supply chains to encourage local sourcing. The role for WRAP could be working with the Agriculture and Horticulture Development Board (AHDB) to make information about abattoir location and size available to retailers and discussing the benefits of locally sourcing meat.

4. **Supporting local producers to gain access to alternative markets**

Our research has found that retailer convenience outlets are not the preferred outlet for many local producers. Therefore, it may be of greater interest for WRAP to raise awareness of the opportunities for local producers to gain access to alternative markets which could include premium markets such as restaurants, pubs, butchers, and farm shops or catering outlets including those covered under public procurement contracts. WRAP could work with organisations such as the Sustainable Restaurant Association to understand how their members approach local sourcing to identify the challenges and opportunities for increasing local sourcing into these outlets. WRAP may also wish to explore the potential for increased local sourcing into schools and other public sector facilities.
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1.0 Introduction

WRAP’s Food Futures¹ research identified a trend toward more frequent shopping in local convenience stores in the UK, many of which are owned or franchised by national retailers. These retailers operate supply chains based on high volume and lean principles to promote cost efficiencies and reductions in food waste. This project aimed to develop an evidence base to understand the barriers to and opportunities for increasing local sourcing of bakery, dairy, fresh produce and meat products by UK convenience retailers and food manufacturers. One key aim was to understand whether ‘local’ sourcing (from primary producers, suppliers and manufacturers from the local area) could provide convenience stores and other food manufacturers with an alternative supply chain, and whether it was more sustainable in the long term.

The objectives of this work were to provide an understanding of:

- Current sourcing and supply chain practices in the UK to supply local food products within the bakery, dairy, fresh produce, and meat sectors into convenience stores owned or franchised by national retailers, and food manufacturers;
- Supply chain practices that are working well and enabling local sourcing, and the barriers to the further uptake of local sourcing; and
- The opportunities to increase local food sourcing.

The scope of this study did not include local sourcing into independent retailers, or other points of sale such as farm shops, farm markets or corner shops. However, some information was gathered on local sourcing by farm shops due to fact that some of the primary producers who were included in the stakeholder interviews had diversified their businesses so were running their own farm shops and provided insights to this activity.

While not the primary focus of this work, stakeholders were asked whether they felt that local sourcing could provide opportunities to improve resource efficiency and reduce food waste in their supply chain. The points that were explored with stakeholders included the ability of local suppliers to vary the size of orders to adapt to changing in-store demand, the ability of stores and manufacturers to accommodate unexpected seasonal surpluses, and whether there were logistical advantages of sourcing locally.

The outcome from this work will feed into a second phase which will take the priority opportunities identified in this report and develop a series of pilot trials or further research to demonstrate their efficacy.

¹www.wrap.org.uk/content/food-futures
2.0 Methodology

ADAS used a two-pronged approach to gather the evidence base needed to satisfy the objectives of this project. This included conducting a desktop review of current sourcing and supply chain practices of convenience stores and manufacturers, and carrying out a stakeholder engagement activity to draw out information from a selection of businesses within WRAP’s priority sectors.

2.1 Methodology used in desk top study

ADAS developed a baseline of current sourcing practices by reviewing publically available reports and information on local sourcing initiatives in the UK, EU and US within the past five years. The evidence that was publically available on initiatives outside of the UK was limited in detail so this section focusses on the UK only. Information was drawn from a selection of sources including businesses own assessment of their local sourcing practices and industry bodies that support the different sectors.

Specific points addressed in the desk top study of current practices included:

- Whether convenience stores and manufacturers use local sourcing at all
- Identifying case studies highlighting best practice and enabling activities that could be shared with others
- Understanding reasons businesses are / are not seeking local supplies
- Explaining how distribution systems currently work for managing supplies into these outlets
- Information to help local suppliers to access these outlets

The information found via the publically available channels tended to present positive examples of what is working well, and did not identify areas where local sourcing was not occurring, and therefore did not provide insight on why businesses may not be seeking local supplies. Information on what prevented local producers from seeking to supply convenience stores and manufacturers was also not readily available from these sources. The lack of information on the challenges faced by both sellers (primary producers, suppliers, manufacturers) and buyers (manufacturers and retailers) needed to be drawn out through the line of questioning used in the stakeholder engagement exercise. The output from this work has been included in section 3.

2.2 Methodology used for stakeholder engagement

ADAS used stakeholder interviews with a standardised data collection template to be able to efficiently discuss the issues around local sourcing practices with a wide range of businesses representing WRAP’s priority sectors. First hand perspectives were sought from sellers (primary producers, suppliers, manufacturers) and buyers (retailers and manufacturers) by asking them to respond to a series of questions. ADAS worked with WRAP account managers to develop a list of business contacts to approach to ensure a wide range of stakeholders were included to cover the different stages within the supply chains for bakery, dairy, fresh produce and meat products. Data was captured from 28 interviews divided into categories as shown in Table 1.
The interview was divided into two main sections, questions relevant for sellers and questions relevant for buyers. A semi-structured interview template was developed to include a mix of questions some with prescribed responses, and others allowing for more open discussion to allow stakeholders to elaborate. All interviews were done by telephone and lasted between 30 minutes and one hour. Primary producers typically responded to questions for sellers only, and retailers responded to questions for buyers. Manufacturers and some suppliers were asked to respond to all questions if they were carrying out both functions, buying raw or processed materials and selling on to retailers.

The survey was organised into the following sections:

- Background information
- Selling activity
  - Reasons for selling locally
  - Sourcing policies and practices – challenges, experiences, solutions
  - Local sourcing and food waste – implications of local sourcing on food waste
- Buying activity
  - Business’s sourcing policies
  - Challenges with local sourcing – experiences, solutions
  - Local sourcing and food waste – implications of local sourcing on food waste

Our questions included prompts to elicit the most complete responses, e.g. *If you have tried and been unsuccessful in selling to retailers/manufacturers why do you think that is? Price, volume required, vendor quality assurance? What do you think are possible solutions to this challenge?*

ADAS analysed the output from the stakeholder interviews and together with the information gathered in the desktop review developed priority areas of focus for future WRAP initiatives to encourage local sourcing. This is presented in Sections 4 and 5 of this report.
3.0 Current situation – desk top review

3.1 Overview
The following section provides a review of publically available information to describe current sourcing and supply chain practices of retailers’ convenience stores and manufacturers. Information sources reviewed included freely available material that is accessible online such as website pages describing business’s own local sourcing practices and industry bodies that support the different sectors.

The aims of this review were to identify whether convenience stores and manufacturers are using local sourcing; to highlight enabling practices that may be shared with others; and to gain insight into the reasons businesses may not be seeking local supplies. Basic information describing distribution methods for managing supplies into retail markets was drawn from a report by the Food Ethics Council\(^2\).

Supermarket supply-chains in the UK generally involve goods being shipped from producers – generally via packers or manufacturers/processors – to national or regional distribution centres and then shipped from there to individual stores as mixed loads, specific to each store. Most retailers take responsibility for the shipment of goods from distribution centres, giving them full control over this part of the supply-chain, although the extent to which this is the case, differs between retailers. Due to increasingly tight profit margins on the sale of fresh food and pressure from discount retailers, supermarket supply chains continue to develop and evolve, using ever more sophisticated logistics and stock management technology to maximise all possible efficiencies and minimise waste. A depiction of the range of distribution methods is shown in Figure 1. Any of these distribution routes may be used for products moving through the system to convenience stores.

![Different distribution routes from suppliers to store](https://www.foodethicscouncil.org/uploads/publications/Snapshot%28web%29_0.pdf)

**Figure 1: Different distribution routes from suppliers to store**

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\(^2\) [https://www.foodethicscouncil.org/uploads/publications/Snapshot%28web%29_0.pdf](https://www.foodethicscouncil.org/uploads/publications/Snapshot%28web%29_0.pdf)
Modern supermarket distribution systems focus on ‘Just in time’ or Quick Response Delivery, which aims to minimise the amount of stock held on site at stores. This is especially relevant for convenience stores, which have minimal storage space. This approach sees smaller, more frequent deliveries at all stages in the supply chain and can be used to limit waste, as fewer unwanted goods are ordered.

In the convenience sector, stores owned by national retailers make use of the same distribution network as their larger stores. This allows them to use the scale of their operations to offer a wide range of goods at prices that may be lower than those offered through independently owned convenience stores. This practice does not always prioritise local suppliers. Nevertheless, in recent years, interest in local produce has led some supermarkets to develop ‘local distribution hubs’ to consolidate produce from regional suppliers, to enable it to be sold into larger stores in a cost-effective manner.

3.2 UK Retailer examples
Information that is publically available describing retailers’ local sourcing practices is limited to positive examples, and is lacking in detail with regard to logistical arrangements and barriers faced.

Most of the major retailers in the UK report having stepped up their initiatives to increase local sourcing in response to meet consumer preferences. Here we have identified a selection of retailers that have focussed on and put structures in place to source from local producers.

A recent report, published in May 2018, provides an overview of the convenience market in Wales. 20% of convenience stores in Wales are owned by major multiples, with the multiple retailers due to have much greater influence on the convenience sector in coming years due to consolidation of the industry e.g. Tesco and Booker, Co-op and Nisa, and the Morrisons and McColl's partnership. Tesco merging with Booker could result in Tesco/Booker supplying Premier Stores, Budgens and Londis. The report predicts that this could mean that small producers may have less access to convenience stores and agreements may become more restrictive as the number of distribution points will decrease. However, those who are already listed with multiple retailers may see their markets increase. The report found that store managers in independent convenience stores had greater discretion over what lines to sell as compared with managers in national convenience retail outlets.

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3.2.1 Morrisons
In 2017 Morrisons launched its ‘Nation’s Local Foodmaker’s Scheme’ to seek out more than 200 new local suppliers in the first year. To achieve this, Morrisons set up 12 regional pitching events across the UK for businesses to express their interest. Successful applicants were then invited to meet buyers, store colleagues and customers. Information on Morrisons local sourcing initiatives was drawn from a presentation made by Morrisons’ Local Solutions Manager. Morrisons has made local sourcing an important part of their overall sourcing strategy. These are some of the key areas they are addressing to achieve their local sourcing aims:

- **Range** – ensuring that regional ranges are added, as they are currently underrepresented across stores.
- **Merchandising of local lines** – ensuring that local displays are relevant to each store.
- **Food to go and cafe areas** – ensuring that these are locally relevant.
- **Direct customers to local ranges** – improving point of sale and merchandising activities.
- **Local community activities** – supporting local initiatives, charities and regional agricultural societies.
- **Events** – hosting more events, including
  - **Non Food** – there are opportunities throughout the year to host events in tourist areas.
  - **Market Street** – showcasing Morrisons regional product offer across all product areas (both in-store and on-line focus).
  - **Own Brand** – developing regional products within own brand ranges.

Morrisons buyers, in reviewing whether or not to take on a new local supplier, have a check list of points to consider. This includes whether the product would replace another product, whether it is high quality and good value for money, timing for when the new product would be launched, which stores it would be offered in and what would be the preferred distribution method, e.g. direct or via one of Morrison’s collection depots. Morrisons expects that products will pass the SALSA standard (Small and Local Supplier Accreditation Scheme) which assures product safety and legal compliance.

Morrisons local sourcing drive has been successful in recruiting more than 200 farmers and local food producers. In July 2018 they reported that sales of local suppliers’ foods had risen by 30%. Morrisons believe that their efforts to tailor stores to reflect regional tastes has contributed to this increase. Through 2018 Morrisons have been continuing to tour the UK in search of additional local suppliers.

3.2.2 East of England Co-operative
The East of England Co-operative started its Sourced Locally initiative in 2007 and are currently working with over 100 supplier partners from Norfolk, Suffolk, Essex and Cambridgeshire who supply over 3,500 different products ranging from fruit and vegetables, jams, chutneys, meats, fish, pies, juices, wines and locally produced cleaning products and charcoal. Many producers deliver directly to store ensuring freshness, and

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5 https://my.morrisons.com/local-foodmakers/
6 https://www.eastofengland.coop/sourcedlocally
some local fruit and vegetables are picked to order and sometimes made available on the same day.

The East of England Co-operative sponsors a selection of activities to encourage buyers to buy local. This includes the Sourced Locally Fortnight, which is run each June. During this event local suppliers are showcased with a “Feast from the East”7 with products featured within in-store displays. In 2018, to celebrate 150 years in business, the East of England Co-op teamed up with a local food historian to speak to groups of school children on the importance of shopping locally. Further promotions in 2018 included a Cooked Breakfast Meal Deal featuring local tomatoes, bacon, mushrooms, eggs and sausages with suppliers offering free samples in store. The Co-op works closely to get to know local suppliers of varying sizes, and each year chooses the producer of the year. This year the winner was a sausage supplier who in celebration ran a competition for consumers to create a new flavour sausage exclusively for the East of England Co-operative's stores8. This example shows the positive impact of local sourcing in that the sausage manufacturer uses their own wheat and barley to feed their pigs, uses their own and other locally sourced meat products in their own butchery and smokehouse. These activities provide jobs and boost the economy within the local community. The businesses supplying the East of England Co-op range in size from small condiment producers to large beer manufacturers and include many medium sized businesses9.

Sean McLaughlin, East of England Co-operative's Head of Commercial Retail provides some insights on how retailers can build strong relationships with local producers. Here is a selection taken from his published comments10:

- Open and honest dialogue – ensure that producers are not anxious about their relationship and that they are clear on the parameters of the relationship
- Finding quick and suitable resolutions – for example, if a product is not selling as well as hoped, work with supplier before delisting product
- Communication – The Co-op endeavours to have one point of contact for the supplier
- Pay producers on time – The Coop recognise that it is imperative to pay suppliers on time and in a manner that suits their business
- Correct product – Ensuring that products sold are suitable for customers is important to ensure the longevity of the Sourced Locally campaign.
- Reward success – The Co-op hosts award ceremonies such as Producer of the Year, this gives incentives to suppliers to strive for the best
- Provide support – The Co-op provides support to suppliers in many areas of their businesses

3.2.3 Midcounties Co-operative

“The Best of Our Counties” range11, which has been introduced by the Midcounties Co-operative (centred around the Cotswolds), aims to source the highest quality food and drink from the counties the Co-op trades in, including through tenant farms, local suppliers or small food producers. The overall aim is to keep their supply chain as local

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7 https://www.eastofengland.coop/food/sourced-locally/sourced-locally-fortnight-2017
9 https://www.eastofengland.coop/food/sourced-locally/our-producers
11 https://www.bestofourcounties.coop/our-story/
as possible. This includes more than 800 products from suppliers in Gloucestershire and neighbouring counties, including local rare-breed meat and a variety of fresh produce.

In-store cooking demonstrations also celebrate seasonal, local ingredients and an in-store TV screen profiles local suppliers. Where stores have butchers, they only sell meat sourced direct from a local farm. Likewise, the stores' delicatessens stock a wide range of products, made by local suppliers.

**Partnership with Mudwalls**

At the start of 2018, the Midcounties Co-operative approached premium produce supplier Mudwalls, to develop the ‘Mudwalls Food To Go’ line\(^\text{12}\). This comprises salad bowls and sandwiches made with British produce, predominantly grown or sourced locally to where the Midcounties Co-operative operates. Mudwalls supplies the Tenderstem broccoli and kale featured in the vegetarian salad bowls, while the tomatoes, lettuce and mixed leaves are from the Vale of Evesham. Other local ingredients include: cooked meats, cheddar cheese, chutney and chipotle mayonnaise.

Mudwalls works with a sandwich assembler – The Soho Sandwich Company – which is based in London. Whilst this is not directly local sourcing, their deliveries are set up to improve transport efficiency by dropping off the prepared salads and sandwiches to customers outside of London, and then taking the regionally sourced ingredients back with them on their return journey. This set up could provide a model to others.

**3.2.4 Waitrose**

Waitrose has introduced the 'Waitrose Small Producers' Charter' to assist in sourcing products from areas near to branches in order to meet customer preferences. Waitrose's objectives in this area are to\(^\text{13}\):

- Celebrate real food, great recipes and traditional methods
- Recognise the 'variety and glory' of regional differences
- Provide easy access to food from local region's which customers can be proud of, and which supports the region's economy
- Encourage the production of good quality food, regardless of scale, and regardless of whether the producer ends up supplying Waitrose
- Work with producers to help them reach their objectives
- Help producers reach more consumers

The Waitrose website\(^\text{13}\) states that they want to talk to more small scale producers and are keen to make products from these businesses available in branches within a 30-mile radius of production (30 miles is the distance Waitrose have determined that most people consider to be local). They comment that producers do not need to supply all branches, and are not obligated to grow their business any larger than they desire.

A Waitrose Small Producers Award has also been given in the past, although little information is available about whether this award scheme is still running and the criteria


\(^{13}\)[https://www.waitrose.com/content/waitrose/en/home/inspiration/about_waitrose/the_waitrose_way/small_producers_charter.html.html](https://www.waitrose.com/content/waitrose/en/home/inspiration/about_waitrose/the_waitrose_way/small_producers_charter.html.html)
behind this. References have also been made to a ‘Waitrose Locally Produced’ range\(^\text{13}\), however it is unclear as to whether this is still stocked.

### 3.2.5 BigBarn & Crop for the Shop, UK
Cambridgeshire farmer Anthony Davison launched ‘BigBarn’\(^\text{14}\), a local food sourcing website which aims to connect consumers with their local producers to encourage local trade. Big Barn provides consumers across the UK with a website where they can identify food suppliers local to them. Big Barn promotes direct sales from producer to consumer, rather than via local convenience stores. To date over 7,000 producers have signed up to this service selling over 14,000 products.

Davison has also set up the ‘Crop for the Shop’ initiative\(^\text{15}\), initially in two villages in Cambridgeshire and now countrywide. The initiative encourages local farmers, allotment holders, householders and village schools to sell surplus produce within the village, with the aim to be as self-sufficient as possible. Over 500 retailers have signed up to Crop for the Shop to receive local produce. Little information is publically available on how the relationships between suppliers and retailers work in this scheme.

### 3.2.6 Fresh-range
Fresh-range\(^\text{16}\), started in 2013, is a technology and logistics platform for consumers and food producers to transact, with facilitated delivery provided from end to end. Deliveries are made directly to consumers without the need for bricks and mortar stores. Based in the west of England, they operate in the South West covering Bristol, Bath, Gloucestershire, Somerset and Wiltshire. A key aim for Fresh-range is to deliver products to consumers with maximum freshness; as such, customers will often be ordering products which are yet to be harvested.

By offering a mixed trolley from a range of producers within a regional setting, Fresh-range are building short, fast and ‘environmentally light’ supply chains (Figure 2). Consolidating a large range of small producers and regional suppliers into one delivery, and fully utilising their delivery network, results in a significant reduction in carbon emissions. A study by Bristol University\(^\text{17}\) found that using Fresh-range to provision school food for 7,000 meals in Bath & North East Somerset, would result in savings of 6.01 tonnes of CO\(_2\) emissions per year through a reduction in total distance travelled of 17,000 miles/year.

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\(^{14}\) [https://www.bigbarn.co.uk/](https://www.bigbarn.co.uk/)

\(^{15}\) [https://www.bigbarn.co.uk/crop-for-the-shop/](https://www.bigbarn.co.uk/crop-for-the-shop/)

\(^{16}\) [https://www.fresh-range.com/](https://www.fresh-range.com/)

Fresh-range’s aim is to have a transparent market place that is driven by supply and demand. The producers determine the price they want to sell at, with a set mark-up for each sector taken by Fresh-range. The technology that Fresh-range have developed then allows the producer to amend this price on a live dashboard if they find they have additional volumes they want to sell quickly, which can assist with crop flushes. This method of having a fixed mark-up also means that the producers do not feel that they are in a negotiation, which can aid in building the relationship with Fresh-range.

The technology within the Fresh-range system allows for the wide range of fulfilment parameters that local producers often require. Their technology allows for over 450,000 different combinations of supplier parameters which provides flexibility with fulfilment days and time of delivery. This means that producers can supply as their production allows, which is not possible when supplying into the larger retailers.

In October 2018, Fresh-range were recognised as the Revolutionary Tech Winners within the Crumbs Awards, which celebrate the best of Bath and Bristol. It was quoted that “Fresh-range is a crucial disruptor in our industry right now. Its offering is unique, appealing, and most importantly delivers quality and value to customers”. Fresh-range CEO Rich Osborn was also named a BBC Local Food Hero Finalist in 2016.

Going forwards, Fresh-range are looking to scale their technology nationally via software licencing partnerships with national retailers, as well as public and private sector
caterers, who want to source more of their food from local producers via short, transparent, local supply chains.

3.3 Manufacturer

3.3.1 Weetabix

Weetabix has established a close relationship with 160 farmers who provide locally produced wheat for breakfast cereal produced at its factory in Burton Latimer, Northamptonshire. Since 2010 the company has committed to only using wheat produced within a 50 mile radius of this facility. Weetabix works directly with growers by setting up a grower group and has established a Wheat Protocol that sets requirements for farmers’ environmental practices, fertiliser usage and food miles. Locally produced wheat is sold by farmers through two local wheat merchants, Gleadell and Fengrain who have established contracts to sell the wheat to Weetabix. In comparison with wheat sold on the open market, Weetabix's Wheat Protocol sets more stringent requirements for quality, consistency, traceability and environmental sustainability.

The arrangements between Weetabix, the merchants, and the farmers provide benefits to all. Weetabix exclusively purchases its wheat through two local merchants, Gleadell and Fengrain. Each merchant sources grain from farms committed to the Weetabix Growers Group protocol which governs quality, consistency, traceability and environmental sustainability. Following each wheat shipment to the plant in Burton Latimer, farmers receive a text with key information about the quality of their grain. Weetabix receives a dedicated supply of high quality wheat that is grown to meet their standards. This means that even in seasons with challenging growing conditions such as the 2018 summer with record-breaking hot dry conditions, the contractual arrangements in place with growers via the merchants means Weetabix is more likely to be able to uphold its commitment to source wheat from local farms.

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18 https://www.weetabixfoodcompany.co.uk/press/news-archive/weetabix-re-commits-to-source-wheat-from-local-farmers
4.0 Stakeholder engagement

The following section provides an analysis of stakeholder responses gathered during telephone interviews conducted by the ADAS project team from late October – late November 2018. ADAS worked closely with WRAP to select stakeholders to represent the key sectors and different stages within the supply chains. Where possible stakeholders who were likely to have an interest or opinion on local sourcing were chosen to be interviewed.

4.1 Business and local sourcing

The interpretation of local sourcing by the different businesses interviewed ranged significantly. The largest difference in the meaning of ‘local’ was amongst the retailers, where 50% of respondents classified local as British or at the country level, and 50% considered this to be in the same or neighbouring county, or distinct region.

This is in sharp contrast to the responses from food producers (including primary producers, suppliers and manufacturers) where only around 10% of respondents classified local as being country specific. The majority of producers considered local to be at the regional or county level, with some able to quote a specified radius from their business. Stated distances ranged from between 30 and 100 miles, with no key differences found between product categories.

There was some ambiguity around the meaning of local within both the meat and fresh produce sectors. For meat this is due to the added parameters of where the animal is born, reared, finished and slaughtered. Within fresh produce the structure of the supply chain and where different functions are carried out was also raised. For example potatoes are transported from one site to another to be packed, then to the retailer’s depot, before being transported again before being sold in stores. They commented that the influence of distribution networks, whereby products may move within and outside the region for different packing/processing functions makes it much more difficult to define regional products.

There are also further complexities with the definition of local within the meat sector because of the feed that the animals could be raised on; for example whether a local animal fed on imported soya would be considered a local product. One primary producer from the meat sector commented that the word ‘local’ has been overused and abused in the meat sector, which has resulted in the word carrying limited meaning. This respondent commented that they are focussing on free-range rather than local, as many parts of the UK cannot produce free-range pork products. They consider that it is commercially better to have a free-range product which could have come from further away rather than local indoor produced products as many parts of the UK cannot produce free-range pork.

Selling products locally

In terms of selling products locally, producers commented that they are proud to be supplying their products to local consumers, and that it is important to sell locally in order to keep a loyal customer base and not alienate those near to the business. The value that the consumer places on local was introduced within this question, with one
business indicating that they have more influence locally, which drives increased sales. However, this was not unanimous, with one meat producer raising the point that using ‘local’ can cause confusion where their market is the whole of the UK. This could either be because of a customer in their local market raising the point that their product is available nationally and therefore devaluing the ‘local’ element of their product, or a national customer highlighting that the product is not local to their area, and hence making the local element false. As a result they rarely promote their product as local as they are concerned that if it were questioned, it could jeopardize their whole business. The breakdown of suppliers selling products to local markets is shown in Figure 3.

**Figure 3:** The number of respondents producing different products against the number of respondents selling these to local markets

Few respondents were able to provide an accurate breakdown of the outlets their products are currently being sold into. Instead, respondents spoke in more general terms about their selling activity. The typical primary and additional markets are captured in Table 2.
Table 2: Typical primary and additional markets for producers and manufacturers of meat, dairy, fresh produce, and bakery products

<table>
<thead>
<tr>
<th>Producer / Supplier type</th>
<th>Typical primary markets</th>
<th>Additional markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livestock farmers</td>
<td>• Wholesalers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Export market</td>
<td></td>
</tr>
<tr>
<td>Meat Processors</td>
<td>• National retail</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Caterers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pubs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Farm shops/ butchers</td>
<td></td>
</tr>
<tr>
<td>Bakers</td>
<td>• National retail</td>
<td>• Independent convenience stores</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Wholesalers</td>
</tr>
<tr>
<td>Dairy farmers</td>
<td>• Manufacturers (dairies)</td>
<td></td>
</tr>
<tr>
<td>Dairy processors / manufacturers</td>
<td>• National retailers</td>
<td>• Wholesalers</td>
</tr>
<tr>
<td></td>
<td>• Independent stores</td>
<td>• Hotels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Export</td>
</tr>
<tr>
<td>Fresh produce suppliers</td>
<td>• National retailers</td>
<td>• Wholesalers</td>
</tr>
<tr>
<td></td>
<td>• Own farm shops</td>
<td>• Independent retailers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Independent retailers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(via local food hub)</td>
</tr>
</tbody>
</table>

When supplying into national retailers, suppliers were often unsure as to whether their product was going to a convenience store, or larger store. This was a trend seen across all sectors: one bakery supplier was quoted as saying “it’s hard to tell proportions, we just sell to supermarkets”. A meat supplier seconded this by saying “we get an order for say x many boxes and once it’s gone, we don’t really know where it goes”, and a dairy supplier added “it’s impossible to answer, we supply all the retailers... we wouldn’t know whether it goes national or local – it depends on stock keeping units, distribution etc.”. There was also limited knowledge of the onward outlet of their product where producers were selling into manufacturers.

It is interesting to note that businesses supplying into independent convenience stores, local shops such as butchers, and direct to customers had a much clearer view of where their products were going.

Sourcing local products
Retailers, processors and manufacturers sourcing products commented on the percentage of products that they source from local or regional suppliers. A high percentage of respondents sourced a portion of their products from local or regional suppliers. For bakery, 73% of respondents sourced some products from local or regional suppliers, for dairy this was 83%, for meat this was 78%, and for fresh produce this was 90%. This is presented in Figure 4. For the retail sector, 100% of respondents stated that they regularly source products from local or regional suppliers. However, this may be affected by the retail
definition of ‘local’ which often meant ‘national’ or even ‘British’ as opposed to imported from outside the UK.

Figure 4: The number of respondents who sourced products in each category, alongside the number who sourced some products from local or regional suppliers

Although a high percentage stated that they source some products from local and regional suppliers, the percentage of products that individual businesses sourced locally varied and in most cases respondents were not able to give exact percentages. The data provided by those who did try to give percentages indicated that across all product categories local sourcing ranged from less than 5% to more than 80%. Half of the respondents sourcing dairy products stated that 100% of products were sourced from local and regional suppliers. This was predominantly those sourcing milk to use in the production of cheeses and fresh milk-based drinks.

In summary, sourcing products locally was spoken of desirably, with more than 50% of retailers saying that they aim to source some products within a specific distance from their store, and manufacturers believe that using local ingredients in their products gives them a unique selling point. Retailers stated that they source food locally because “customers value local provenance and because our policy is to support local economies” and that “buying local is about increased resilience and supporting local economy”.

One meat processor commented on the safety aspect of local sourcing, stating that “local sourcing does help in terms of securing supply in instances of swine flu etc. and having full sight of the production, and it’s always nice to help people in the area and so on, but practicalities [such as price and availability] outweigh the ability to buy locally”. As alluded to in this quote, the reality of local sourcing varied, with many finding it difficult to find enough volume, in the right price bracket, to fulfil their requirements. In these instances, there was an emphasis on sourcing British products as the priority.
4.2 Practicalities of / barriers to supplying to local convenience stores

Supplying into convenience stores and manufacturer

There was a mixed appetite for supplying to local convenience stores. Some primary producers interviewed had products which would require further processing, before being stocked in store, so this would not be an appropriate outlet for them. This was particularly relevant for meat and grain producers. Others were already supplying into the multiple national retailers and were satisfied with their current contracts. There were also several occasions where primary producers and suppliers had positively decided not to supply national retailer’s convenience or larger stores (approximately 50% of respondents). Reasons given for this included:

- Supplying retailers would require a level of scaling up which they are not prepared to do at this stage.
- They expect the margin would be too tight; retailers’ convenience stores would not pay the prices required by the supplier.
- They are looking to expand within other markets instead of retail such as selling to restaurants and hotels.
- The current demand from local farm shops and restaurants is enough at the moment and they want to keep their current customer base.
- Concerns around having to supply their current products at a lower price in to retailers, meaning that outlets such as farm shops could not compete
- A perception that their ‘quality/ niche’ product would not be in demand in convenience stores.
- Using the fact that the product is not available in supermarkets as a selling point.

Two respondents either had a bad experience or had heard ‘horror stories’; resulting in them not being interested in supplying into the retail market in the future.

Those respondents selling products into retail highlighted the main challenges as being the volumes required and logistics. In many cases, suppliers into the retail sector did not know whether their product was going into convenience or larger format stores. The experiences and evaluation of the challenges are set out in Table 3.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Practices experienced when selling into convenience stores</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual terms and conditions</td>
<td>Mixture of written contracts and informal agreements depending on the size of order.</td>
<td>Not identified as a barrier</td>
</tr>
<tr>
<td>Speed of payment</td>
<td>Two respondents commented that speed of payment was good, one noted that it could be quicker. Experiences included cash on delivery/collection and 14 day payment terms.</td>
<td>Not identified as a barrier</td>
</tr>
<tr>
<td>Specification requirements</td>
<td>No problems experienced. One raised that barcodes may add a complexity, but that this could be easily overcome.</td>
<td>Not identified as a barrier</td>
</tr>
</tbody>
</table>
Volumes required
Some supplier respondents stated that they have no minimum order requirements from a store, and others stated that the order from the store is sometimes too low to make it viable to supply these stores. Experiences included a degree of flexibility from the stores in accommodating different volumes.

Shipping and logistics
This wasn't perceived as a problem for those who had their own vans or delivery networks. Respondents without their own distribution systems identified this as a challenge. Five participants explicitly stated whether they did or did not have their own vans/delivery networks; within this 3 did and 2 did not.

Consistent orders from buyers
No problems experienced.

Potential barrier

Potential barrier

Potential barrier

Not identified as a barrier

Two specific concerns were described by respondents. One fresh produce supplier explained that they want to sell locally, but that they are concerned about their brand being devalued because of “poor standards of quality and traceability within smaller convenience stores”. They explained that some smaller convenience stores do not want to use shelf life or best before information on produce, which they are not comfortable with. This is less of a concern in larger format stores due to the high turnover of product. The other concern was from a bakery supplier who explained that they had previously been listed by a retailer, however were delisted after a short period of time. They felt that the store did not support them enough through promoting the product to drive sufficient sales. These two direct experiences with convenience retailers discouraged the suppliers leading them to choose alternative markets for their products.

When looking at why suppliers may have been unsuccessful in selling to local convenience stores, one of the main barriers highlighted was price. Respondents commented that providing a set price for retail would result in the margins being too tight; and hence would affect the economic sustainability of their business. It was also believed that convenience stores often place higher value on having a cheaper product, rather than focussing on provenance, and that buyers will change to another supplier if they can get the product cheaper elsewhere. It was considered easier to get products into local stores where the individual or local group of stores have purchasing power, compared to when the decision to stock the product has to be made at a head office in a different location.

The majority of respondents were not, or had not tried, supplying into local manufacturers. There was a perception that manufacturing is too competitive on price to be able to source locally. One fresh produce respondent had previously supplied into a local manufacturer, but the manufacturer found that they could buy the product cheaper from elsewhere in the UK so stopped sourcing from them. There was also a belief that the consumer is more concerned about the safety of manufactured food rather than local sourcing, with one respondent stating: “Customers are more interested in safe and healthy [ready meals], rather than where it's come from; unless it's coming from
somewhere where they think it’s unsafe”. Manufacturers may also need products that are pre-prepared, which may not be within the capabilities of the producer/supplier.

**Sourcing**

Retailers and manufacturers who sourced products shared their experience of the challenges they have come across when sourcing from local suppliers; this is captured in Table 4.

**Table 4: The challenges experienced by retailers and manufacturers/suppliers when sourcing from local suppliers/producers**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Challenges experienced when sourcing from local suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>Sourcing from local suppliers needs to make financial sense. Five respondents commented that they cannot really buy locally if it’s more expensive and that the product either needs to be high value or high volume in order to make financial sense.</td>
</tr>
<tr>
<td>Transport</td>
<td>Comments from five respondents were that sourcing locally requires dealing with multiple producers who are spread out in hard to reach rural areas, and it is not practical, as they do not have systems set up to manage many local suppliers in different regions.</td>
</tr>
<tr>
<td>Storage facilities</td>
<td>When asked about storage arrangements, two retail respondents identified challenges around distribution centres, as supplying stores from a few large regional depots or distribution centres does not fit with the local sourcing model.</td>
</tr>
<tr>
<td>Administrative burden</td>
<td>It was believed by two retailers that local sourcing creates additional administrative time requirements for both the supplier and retailer. These additional time requirements increase the overheads of the business. One commented that they are looking to reduce the number of suppliers rather than grow this area.</td>
</tr>
<tr>
<td>Product specifications</td>
<td>Seven respondents stressed that products need to meet the specifications stated, whether around quality, production system (e.g. organic), or the information that is required on the product label (such as ingredients, nutritional information and allergens). If the products do not meet the correct specification, they may be returned and the supplier charged for this.</td>
</tr>
<tr>
<td>Certification/assurance requirements</td>
<td>Although stated that this could be a problem by one respondent, it was recognised by three respondents that there are certification schemes such as Red Tractor, SALSA and LEAF, amongst others which can provide a level of assurance when sourcing products.</td>
</tr>
<tr>
<td>Vendor’s QA processes</td>
<td>This was not specifically identified as a problem by respondents. One retailer mentioned that there can be challenges if shelf life of a product is not long enough for stores.</td>
</tr>
<tr>
<td>Volumes required</td>
<td>This area had the most responses with ten respondents raising this as a challenge. Continuity of supply was stated as being very important, with risk highlighted around using local suppliers; if the local supplier suddenly goes out of business, the range has to be</td>
</tr>
</tbody>
</table>
changed within store, which causes disruption and increases administration needs. Suppliers also may not be able to supply all stores; whilst some recognise this and are able to adapt, this can be a challenge where retailers do not have a system in place for suppliers to feed into only a few stores.

Price was raised as a particular barrier for the bakery sector in Wales: one respondent said “we are purchasing large volumes of high quality raw materials but we are not selling luxury products therefore we are not able to charge a luxury premium price. If we bought Welsh Butter/ flour etc. the product would be too expensive to sell”. This was also echoed by a second respondent within the bakery sector. A meat processor also spoke of price; because of the high percentage of specific meat cuts used within their product, they are not able to source locally due to cost. Their priorities are British first, price second, and then locality. They commented that if the customer were willing to pay more for them to source locally then they would, but “if you’re paying more and not getting more, the business won’t last very long”.

For the meat sector in particular, it was noted that there are few local abattoirs, which is a barrier for sourcing locally. One particular example is from a ham producer; they would like to make their ham from local pigs, but are unable due to small size of local pig production units: “no local supplier can supply 20 hind legs of uniform consistent quality per week”. They added that even if they were able to buy pigs locally, they would still have to travel further afield to reach a good slaughterhouse.

4.3 Overcoming challenges
In order to overcome the challenges listed in Table 4, respondents suggested some potential solutions around transport, storage, admin and volumes. These are captured in Table 5.

<table>
<thead>
<tr>
<th>Table 5: Potential solutions to support sourcing from local suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parameter</strong></td>
</tr>
<tr>
<td>Transport</td>
</tr>
<tr>
<td>Storage facilities and distribution</td>
</tr>
<tr>
<td>Administrative burden</td>
</tr>
<tr>
<td>Volumes required</td>
</tr>
</tbody>
</table>
One particular example of new ways to manage volumes and storage of locally sourced supplies was given by a retailer using ‘Enterprise Foods’. Enterprise Foods are able to store produce on behalf of the suppliers, organise deliveries of mixed pallets to stores, and manage the majority of the admin process for both producers and buyers.

Retailers also stated a willingness to work with suppliers on challenges around complying with certification/assurance requirements, specifications and quality assurance processes. Support from retailers to ensure that suppliers are meeting requirements first time would reduce the challenges for both parties.

**Facilitating local sourcing – retailers and manufacturers**

The most commonly stated suggestion for how convenience stores could best support local producers was around price, with approximately one third of the producers and suppliers interviewed suggesting that the retailers would need to pay a fair price for the product in order to support their business. Other suggestions from individual respondents for ways that convenience stores could best support local producers were:

- Matching the prices that suppliers are able to get through selling in farm shops and other markets
- Providing a long term commitment and a fair price for growers
- Segregating local produce on the shelf so that it doesn’t get mixed with national product or product from different country of origin

In terms of manufacturers supporting local producers, it was recommended by 20% of supplier respondents that manufacturers:

- Aim to buy local as much as possible; and
- Provide a long term commitment and a fair price

One supplier also stressed the importance of keeping a close working relationship with producers.

**Facilitating local sourcing – suppliers**

To facilitate the sourcing of local products, it was suggested by retailers that local suppliers could:

- Work on their labelling to ensure that it meets specifications provided
- Participate in in-store events to meet customers and promote the product
- Undertake training courses, such as in marketing, offered by one retailer
- Ensure they comply with SALSA standards
- Consider using a local food hub to assist with distribution

### 4.4 Local sourcing and food waste

**Food waste in producer’s own operations**

Producer respondents struggled to articulate how local sourcing could reduce food waste within their own operations. More general comments were given around food waste, with two respondents explaining how they donate to food banks and other charities when they have surplus. Another example was provided by a fresh produce primary producer where the in house chef was able to make recipes out of product that would have otherwise gone to waste, and instead use this in their farm shop and café.
**Food waste in-store**

The majority of the national retailers interviewed (80%) were not sure, or did not think that local sourcing would reduce food waste. They explained that the supply chains for larger food businesses are very efficient and that forecasting and distribution systems keep waste to a minimum. They also commented that they cannot risk having empty shelves, as this means they could have sold more. One produce supplier supported this argument by stating that “*If a supply chain is short, there is the opportunity to react quicker - can move quicker, distribute quicker; which results in everything fresher and less food waste*”. However, they explained that management of an ‘integrated live supply chain’ is needed. With their larger retailer customers, because of electronic ordering and technology improvements, their product can be harvested and be in the back of store within the same day. They explained that this increased speed gives fresher products and reduces food waste.

One retail respondent felt that local sourcing could have an impact on reducing in-store food waste. They thought that local suppliers who were passionate about their products may pay a huge amount of attention to their products on shelf, which might drive down food waste in store. They also acknowledged, along with another respondent, that local sourcing may be able to get products into store more quickly, due to the shorter distance travelled, which could result in less waste of perishable foods.

There was perceived to be a much clearer link between local sourcing and provenance, resilience, and benefits to local economies rather than a potential link with reducing food waste. The reasons provided for sourcing locally were because “*customers value local provenance and because our policy is to support local economies*” and that “*buying local is more about increased resilience and supporting local economy*”.

One meat supplier explained that local independent stores have more flexibility in what they order which could have an impact on in-store waste. These outlets have the ability to provide live updates on stock levels and the amount that needs re-stocking, rather than relying on automated systems, which may result in less wastage.

A dairy supplier made the point that having direct communication and feedback from the store helps match supply and demand. Another dairy supplier also thought that there could be scope to reduce in-store waste if retailers agreed to purchase smaller quantities for local/regional shops. It was believed that in regions where local branding has strong influence, such as Wales, increased sales through stocking local products would result in more through-put of products and therefore fresher food and a reduction in food waste.

One supplier presented the argument that in-store food waste is down to how much is ordered by the store rather than being influenced by local sourcing; “*if you order too much and it's not been sold it's waste, regardless of how far it has travelled*”. It was also thought that there were other benefits of local sourcing which have a clearer link than local sourcing and reducing food waste: “*Local sourcing may also reduce food miles which is probably a closer link worth exploring*”. 
Supporting producers with unexpected surpluses

There were mixed thoughts on whether convenience stores would be able to support local producers by taking additional deliveries to accommodate unexpected surpluses. Two respondents thought that local stores would be more flexible with a glut of products, however, another was of the opinion that there would not be any more flexibility with a convenience store than a national store.

All the national retailers interviewed explained that they had systems in place to accommodate fluctuations in local supplies to help support local sourcing. They are regularly able to take bigger supplies, particularly of fresh produce, and will sell these using larger pack sizes and through promotions. It was acknowledged that this was at the national level and though not specifically designed for local producers, they may be included within this. From the respondents selling products into retail; whilst some said it would be possible to have a discussion around fluctuations in supply, no respondents were able to provide examples of buyers having a mechanism in place to deal with this.

One fresh produce supplier sourcing from primary producers described their ability to store product to help combat peaks and troughs in supply and demand throughout the year. Another explained that they are able to take higher volumes and freeze them; effectively pressing a ‘pause button’ on shelf life. Similarly, a dairy manufacturer explained that they are able to convert milk that has a short shelf life into cheese and butter which can help overcome seasonal fluctuations, with another diversifying into milkshakes which have a longer shelf life than fresh milk. However, there were other respondents within the fresh produce and dairy sector who would be limited in this regard as they have no additional storage available, or are working on a ‘just in time’ basis.

The potential of local sourcing increasing food waste

There were also thoughts that local sourcing could result in increased food waste. One meat supplier commented that “consumers expect cheap food and therefore local produce is often sold in premium ranges which are more expensive and more likely to be wasted”. This implies that the product could end up as waste in-store as consumers are looking for a cheaper product. Another supplier thought that a link between convenience stores and reducing food waste was ‘misguided’. They explained that although convenience can react with smaller orders, and is great for consumers, it creates more waste as it creates additional challenges for the supply chain.

4.5 Looking forward

Retailers were asked whether they will look to increase, decrease or maintain current levels of local sourcing of fresh produce, meat, dairy and bakery products in the future. The majority of retailers expressed that they will be looking to maintain or increase sourcing of British products, but that these may not be local to particular stores. No retailers stated that they would look to decrease local sourcing of bakery, dairy, meat or fresh produce in the future, however, responses specific to ‘local’ products were predominantly about keeping the same level of local sourcing rather than looking to increase them.
There were only two instances where retailers expressed that they may be interested in increasing local sourcing of certain products. One retailer said that they would like to increase local sourcing of bakery products, however, they explained that bakery suppliers often cannot keep up with demand, and so this may not be possible. Another said that they may look to increase sourcing of regional cheese.

Approximately 60% of respondents producing food were keen to see an increase in local sourcing by convenience stores and manufacturers. Within this, there were no noteworthy differences between the bakery, dairy, meat or fresh produce sectors. Positive statements expressed that an increase in local sourcing may bring increased opportunities for them as a producer. One fresh produce supplier stated: “We would be able to sell more, and maybe at a premium because its local, and it's got to be better for the planet and so on with food miles”. This idea of wanting local sourcing to increase because of a reduction in food miles was raised in two further producer responses from the bakery and dairy sector.

Some suppliers qualified their interest for an increase in local sourcing. One explained that whilst they would like to see an increase in local sourcing, they are struggling to keep up with current demand. Another stated that they would like to see increased local sourcing, but the impact this would have on them personally would be limited due to there being few retail opportunities locally. One fresh produce supplier said that they would like to see increased local sourcing, but they would need commitment for the whole year and that they would receive an ongoing sustainable price in order to make the arrangement work. For the meat sector, the point was raised that convenience stores and manufacturers will remain limited in local sourcing because of a lack of local abattoirs who handle local animals. This problem has been raised in both Wales and Scotland.

Approximately 40% of producers were either not interested in whether local sourcing increased, or expressed that they would not like to see an increase in local sourcing by convenience stores. Producers who operated, or supplied, farm shops felt that this would negatively impact on their business as this is what really differentiates their product and outlet from the retailers. Others were more impartial about the growth of local sourcing by convenience stores, with this not being a priority area for their business. These producers spoke more about growing their market in farm shops and highend restaurants. One bakery supplier thought that local sourcing would be more popular in areas frequented by tourists; with local people wanting cheap food and placing less value on purchasing local products.

One meat producer explained that in their view, balancing the animal carcass was much more important than increasing local sourcing. The high demand for pork bellies and loins, but low demand for pork legs and shoulders means that parts of the animal may be shipped to another part of the country, or even further afield, making the regional story ‘irrelevant’: “A retailer wants x many sausages, and isn’t thinking about the fact that we have x many pigs, so we also need to sell x many shoulders... this makes being local hard because the retailers will buy in what the consumer wants and ignore the local part. If a retailer always drove to sell the whole carcass, that would be amazing”.
5.0 Conclusions and Recommendations

5.1 The appetite for local sourcing
Local sourcing means different things to different individuals and businesses. There was general support across the producers interviewed for an increase in local sourcing of meat, fresh produce, bakery and dairy, however they did not always think that retail convenience stores were the right outlet for this growth to occur. Reasons for producers not wanting to expand local sourcing in convenience stores included:

- Local producers are exploring other markets, such as farm shops and restaurants
- Selling products in farm shops or smaller outlets provides a unique selling point for their product
- Smaller producers are unable to keep up with current demand for local products
- Producers are focussing on other priorities such as carcass utilisation and free-range rather than local in the meat sector
- Local producers don't feel that they would get enough margin from supplying into convenience stores

From a retailer perspective local sourcing is not always as efficient as national sourcing, in terms of both logistics and cost. Retailers are in many cases trying to reduce the number of suppliers that they have, rather than increase, as would be required to bring on small local suppliers. Retailers also need a competitive price – either selling large volumes cheaply, or small volumes of premium product. This may not align with the business models of small local producers.

5.2 Summary of key barriers and how these can be overcome
The stakeholder interviews did not strongly support the view that increasing local supply into the convenience store market would be beneficial to either suppliers or retailers. However, despite a number of barriers being identified there are some potential approaches that could be taken to overcome them. A summary of the key barriers and what can be done to overcome these is set out in Table 6.

One of the most commonly stated barriers was price, with producers explaining that buyers are not able to provide a high enough price for their product, which can make economic sustainability a challenge for their business. Buyers confirmed this by saying that the price point of local products is often too high for them to stock.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Key barrier identified</th>
<th>Potential solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producers Volumes</td>
<td>Small orders can mean that supplying convenience stores is not worthwhile to producers.</td>
<td>Combining orders for multiple local convenience stores could help overcome minimum volumes. It was also suggested that stores could collaborate to overcome minimum orders and distribution problems.</td>
</tr>
<tr>
<td>Logistics / transport</td>
<td>Producers without their own distribution</td>
<td>Suppliers make use of joint haulage agreements with other companies. Utilise</td>
</tr>
<tr>
<td>Administrative burden</td>
<td>Food hubs and collaboration networks to facilitate delivery of mixed pallets to stores.</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Addtional suppliers can create challenges for retailers, and suppliers.</td>
<td>Retailers and manufacturers utilise an agent to handle the interaction with local suppliers to reduce the number of individual suppliers on retail books.</td>
<td></td>
</tr>
<tr>
<td>Volumes</td>
<td>Ensure producers have sufficient margin to maintain profitability and ensure longevity of their business.</td>
<td></td>
</tr>
<tr>
<td>Retailers need continuity of supply.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage and distribution</td>
<td>Additional distribution centres across the country would be required to facilitate local sourcing. Making use of localised distribution centres could be a solution.</td>
<td></td>
</tr>
<tr>
<td>Retailers only have a few regional distribution centres which can cause challenges for local producers in transporting their products to them.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assurance and specifications</td>
<td>Retailers work with producers to ensure that quality and labelling specification is right first time. Make use of SALSA, LEAF and Red Tractor where appropriate.</td>
<td></td>
</tr>
<tr>
<td>Lack of quality assurance or incorrect specification can increase burden for retailers.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.3 Food waste and local sourcing

It was not felt that food waste reduction would be a key driver for increasing the level of local produce in convenience stores.

Retailers confirmed that they are able to take a glut where suppliers may find themselves with additional product, but were unable to clearly identify how local sourcing would reduce food waste within their stores. One retailer did speculate as to whether passionate local suppliers would pay increased attention to their product on the shelf, which may in turn reduce food waste in store. It was also acknowledged by two respondents that local sourcing may be able to get products into store more quickly, due to the shorter distance travelled, which could result in less waste of perishable foods. However, the increased speed provided by advanced technology of larger retailer customers was seen to result in fresher products and reduced food waste.

Producer respondents struggled to articulate how local sourcing could reduce food waste within their own operations. Looking at in store food waste, the link was made between supply and demand; with one supplier making the point that having direct communication and feedback around supply and demand as a result of local sourcing could reduce food waste in store. However, another commented that if the ordering is incorrect, food will be wasted, whether it has been sourced locally or not. There was no firm opinion as to whether convenience stores would be any better placed to assist suppliers with a surplus of product than national stores.
5.4 Recommendations and next steps

Table 7 sets out the potential opportunities for increasing local sourcing by sector. There were limited specific opportunities identified.

Table 7: Potential opportunities for increasing local sourcing by sector

<table>
<thead>
<tr>
<th>Bakery</th>
<th>Dairy</th>
<th>Fresh Produce</th>
<th>Meat</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is potential for increasing local</td>
<td>One retailer expressed that they may be interested in increasing</td>
<td>Potential for increased local sourcing by</td>
<td>Increasing local sourcing can be difficult at present as the</td>
</tr>
<tr>
<td>sourcing, however, one retailer expressed</td>
<td>their range of regional cheese.</td>
<td>providing suppliers with at least a one year</td>
<td>definition of local is unclear due to the movement of supply</td>
</tr>
<tr>
<td>that local bakery producers struggle with</td>
<td></td>
<td>contract and a fair price.</td>
<td>between stages in the supply chain e.g. location where the</td>
</tr>
<tr>
<td>current demand.</td>
<td></td>
<td></td>
<td>animal is reared, fattened or finished, slaughtered, and where</td>
</tr>
<tr>
<td>Price can be a limitation to local sourcing</td>
<td></td>
<td></td>
<td>meat is then further processed and stored.</td>
</tr>
<tr>
<td>where manufacturers are not selling their</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>product at a premium price.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the evidence gathered from our review of the current situation with regard to local sourcing, the stakeholder engagement exercise, and recent discussions with the WRAP project team, we propose three recommended next steps for WRAP to facilitate increasing local sourcing within convenience stores associated with national retailers. Our fourth action focuses on WRAP's support to local producers in gaining access to alternative markets other than convenience stores. Price was raised as the predominant barrier to local sourcing by manufacturers; as such we do not recommend that WRAP focus on increasing local sourcing by this sector at this stage.

1. **Ensuring that customer and retailer expectations on local sourcing are aligned**

Our research has indicated that there seems to be a disconnect between retailers’ perception of how consumers define and value local sourcing, and how consumers actually do define and value local sourcing. This point was raised by a meat producer included in our survey who suggested that questions on the definitions and value of locally sourced products be put to consumers. The idea was supported by a recent Welsh Government report, published in May 2018\(^20\), which highlighted this disconnect between the perception of demand for local sourcing between consumer and retailer.

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This report indicated that there is a strong demand for local produce in Wales, with 78% of shoppers preferring to buy Welsh rather than British on like for like products, 62% stating that British is important, and 69% of shoppers believing that provenance is important. There was some variation between products, with 88% of Welsh shoppers stating that they would prefer to buy Welsh milk, 86% would prefer to buy Welsh lamb, 77% would prefer to buy Welsh cheese, and more than 50% would prefer to buy Welsh cauliflower. However, the perception from the retailers is often that shoppers do not value Welsh brands. Availability gaps were also identified, for example, chicken was noted as a commodity where there was little or no Welsh production available. The report suggests that there could be a role for the Welsh government to work with key retailers in developing an increased local offer.

Before considering pilot initiatives to promote more local sourcing in England, WRAP may wish to gain a greater understanding of consumer perceptions of what is local, the importance to consumers of purchasing local, and consumer willingness to purchase locally sourced products. This information may be found by carrying out a literature review of existing work on this topic, and if there are gaps here, then by commissioning a survey to highlight consumer demand for locally sourced products. The results of this work could help increase awareness of the importance of this topic to consumers, and could encourage more retailers including convenience stores to purchase more locally sourced products. This work should be designed to identify regional trends that would inform retailers' local sourcing strategies.

2. Exploring new networks to assist with logistics and transportation

There is potential for further exploration around the logistics, transport and administration of sourcing from local suppliers. Examples have been raised by respondents of how they are working with local food hubs or third party organisations to facilitate getting their products into convenience stores. Some of these organisations have been identified and these arrangements are described in section 1 of this report.

WRAP could set up a series of regional workshops to raise awareness among retailers of the different types of food networks available to facilitate the collection and distribution of local produce, to reduce the administrative burden. Our research has indicated that some of the organisations managing these networks, namely Fresh-range, would be interested in engaging more closely with retailers so WRAP could facilitate this engagement. Workshops could be set up regionally to feature speakers from a selection of food networks such Fresh range, Taste of Anglia, and Enterprise Foods, to explain what services they can provide in working with local suppliers to bundle their products together to facilitate sales to retail outlets. Further speakers could include retailers such as Morrison's and the regional Co-operatives who are already increasing their local sourcing to talk about their successes and challenges and the impact this has had on their business. The target audience for these workshops would be other retailers who have not focussed on local sourcing, and suppliers who are interested in supplying into retail markets.

A separate but related topic for WRAP is how to make retail convenience outlets more popular for local producers. Some producers commented that retailers need
to pay increased attention to how they manage local products in store to ensure freshness and quality. Producers of some local products are seeking higher prices which they would expect retailers to pass on to consumers for their premium products. Producers have called for increased support from retailers around quality, certification, and labelling.

The message from some stakeholders is that they are looking to retailers to provide a unique selling point or experience that would make the consumer want to purchase their products at higher price points. These topics could be included in the above workshop or this feedback could be raised separately within WRAP’s relevant sector working groups.

3. **Overcoming challenges within the meat sector**

The logistics of abattoir location in relation to farm make local more of a challenge for the meat sector. The animals travel to slaughter and then go elsewhere for processing, making defining local a challenge for some businesses, and potentially preventing the growth of local supplies. This was highlighted as a challenge in both Scotland and Wales. A further area of focus could be around the location of abattoirs and finding new ways to facilitate distribution systems within meat supply chains to encourage local sourcing. For example, both Food Standards Agency and the Agriculture and Horticulture Development Board (AHDB) keep lists of abattoirs which can be filtered by size. This information could be shared with retailers who may be interested in sourcing locally in particular parts of the country. The role for WRAP could be making this information available to retailers and discussing the benefits of locally sourcing meat.

4. **Supporting local producers to gain access to alternative markets**

Our research has found that retailer convenience outlets are not the preferred outlet for many local producers. Therefore, it may be of greater interest for WRAP to raise awareness of the opportunities for local producers to gain access to alternative markets which could include premium markets such as restaurants, pubs, butchers, and farm shops, or catering outlets including those covered under public procurement contracts.

WRAP could work with organisations such as the Sustainable Restaurant Association (a signatory to the Courtauld Commitment 2025) to understand how their members approach local sourcing to identify the challenges and opportunities for increasing local sourcing into these outlets. Investigating how sourcing decisions are made by these outlets will test the premise raised by some stakeholders interviewed that local provenance commands a higher price in restaurants, pubs, farm shops etc., than in retail markets, and has a greater relevance for the consumer.

A second type of alternative market that may offer opportunities to increase local sourcing is through public procurement. In the Fresh-range example presented in section 3.2.6, arrangements put in place to provide locally sourced food to schools in Bath and North East Somerset highlighted many positive outcomes including

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environmental benefits (reduction in GHG emissions through reducing distance food is travelling) and social benefits (gains made by local businesses as a result of contract to supply schools, and potential school visits to suppliers)\textsuperscript{22}. The report describing this initiative indicates that this model could be replicated in other parts of the country. WRAP may wish to explore the potential for increased local sourcing into schools and other public sector facilities.

\textsuperscript{22} http://www.sppregions.eu/fileadmin/user_upload/Tenders/SPP_Regions_Tender_model_food_contract_final.pdf