ResULTS project: case study G, interview 48

Face to face interview with food sector actor, conducted 7th December 2018

Interviewers: I

Respondent: R

R: I have worked for [organisation 1] for eight years. My background is very much in marketing, advertising, and within that looking at consumer insight, customer insight, so very much focused on retail, some kind of food service experience as well. But it’s really all about who’s buying what, who wants to buy what, who’s controlling what, what brands are out there, what products are out there, what the new product development is. That’s looking on a UK basis but also on a global basis as well. So, it’s very much looking at the global trends, what the company you should be looking at. So, my role within [organisation 1], [organisation 1] being an industry leadership organisation as well as being a membership organisation. So, we have 450 members, which can range from very large companies and very large organisations down to very small companies with just one person in, so it covers the whole industry.

We bring the whole industry together, so all the different parts of it, whether it’s [orgaisation 2] or [organisation 3] or [orgaisation 4] or the [organisation 5], bring them all together so that the sum of their parts is greater than the whole, and the collaboration is very important within the industry. And as a membership organisation we obviously try and give our members a bit of a competitive edge.

So, the market intelligence team I head up, there are three of us in that. We kind of split it in different ways. My colleague, [person 1], looks after companies on a one-to-one basis, and she’ll be looking at shopping data, retail data day in, day out for each individual business. My colleague [person 2] she looks after some individual businesses and also some of the projects we work on. I look at the bigger picture, so the industry stuff where are all the major trends going, and also work companies as well.

I: Good choice. I chose you because I wanted someone with a good overview. My question, you mentioned over an exchange of emails that probably you know a lot about upland areas, but from your general experience, are there special features particular to upland areas that should be maintained in your view?

R: Not from a consumer point of view, no. I think the consumer and shopper especially in this country would be pretty much unaware. They wouldn’t even really realise what the term upland means. So, from that point of view of actually continuing to sell Scotch beef or Scotch lamb or lamb throughout the UK the difference in upland versus lowland is probably very small. There would be a very small proportion of shoppers that would understand that.

I: Well, for this project the upland is pretty much captured in two ways. One is obviously more than 300 height, so it’s more kind of extensive rather than intensive livestock systems we’re talking there. And the other thing is that in some cases it might be really remote. So, Orkney, although is not high it’s considered very remote so still it’s considered a kind of upland area.

R: Yeah.

I: Although you described right now the consumers don’t really make that distinction in their mind, from another point of view what do you think are the features that in 20, 30 years if you visited those areas, you still would like to see in those areas?

R: That’s a good question because I would actually question the whole area of why should we be supporting those areas in particular. And again, taking it back to the consumer point of view, if 20, 30 years’ time there were no sheep on the hills, as long as the lamb was still appearing in the shops and it wasn’t intensively farmed, or if it came from more lowland areas or came from even another part of the world, I think consumers would say, well that’s just the way the world is. And it wouldn’t be a big if we have to save this land for animals. If the upland areas were then being forested or being managed in some other way, I don’t think there’s anything in terms of people actually buying food because there’s so little equation of where the food comes from that people don’t make that connection necessarily where the food comes from.

So, there’s a lot of confusion when retailers have packs of beef that say Aberdeen Angus on them, and people immediately assume that must be Scotch beef, even though it’s a breed of cattle; so they don’t realise it’s a breed and could come from Argentina or Central Africa. But if it says Aberdeen Angus on it and it has a picture of some hills, they’ll then assume it’s come from Scotland and it’s probably come from highland area; which of course is not the case at all. So, there’s not an awful lot of knowledge really in the UK about the connection between the land and food production.

I: Okay. And do you see there’s going to be in the future more connection or less connection? I’m asking because there are other examples from other countries, ones that come in my mind may be France or Italy that place a lot of emphasis on provenance, and they market the products around that, and they add value through that route.

R: Yes.

I: Do you see something similar happening here? It happened for some while but then for any reason stopped happening and then will come back? I don’t know.

R: It’s certainly a case for beef. Scotch beef is sold on its provenance. But again, it is sold on that and people buy it but they’re not quite sure what that necessarily means. There’s the big assumption that that means that those cattle have been raised, slaughtered and processed in Scotland, which is not the case. Our organisation is very much about selling the credentials of provenance. But it’s in certain areas that I think there is more emphasis. I think lamb has always been traditionally a problem in Scotland because of the amount of lamb from the rest of the UK. So, if you ask anyone in the UK to talk about lamb, they’ll always talk about Welsh lamb, then they’ll talk about English lamb, and then they may talk about Scottish lamb. People from Scotland will talk a bit about Scottish lamb.

But people across the UK will talk about New Zealand lamb because in seasonality we’ve had a lot of New Zealand lamb in the months that we don’t have lamb in this country. And the assumption there would be again that New Zealand is all from the uplands of New Zealand and they’re all on clear fields et cetera. So, again, people don’t know. It’s just an assumption that it’s not intensively farmed in New Zealand. That somehow, because it’s New Zealand, it must be…

I: Extensive.

R: Yeah. So, I think lamb and pork is a problem as well, because pork is very much bought on price so any imported pork, and most pork will be imported for things like bacon. Again, it has the word Danish it gives a certain idea that it must be produced in a certain way and it’s not intensively farmed. What they don’t understand or don’t have an appreciation of certainly how things go, in the Netherlands as well, and how intensive the farming is there. Certainly the pork that goes into sandwiches or meals or ready meals or whatever, that’s not really a big issue for people about where that comes from.

If you’re buying an expensive piece of meat, so an expensive steak or perhaps an expensive rack of lamb or something like that people are more interested in where it comes from and how it’s been treated et cetera. But that’s not really the day-to-day part of it I guess.

I: Okay. As I say this project it speaks a lot about the upland food system. And I was thinking that this type of system it might be confusing what that term means. I sent you the graph.

R: Yes.

I: I draw this to bring all the interviews on the same page. The blue arrow is the supply chain, input providers, upland, lowland, farm, primary processor, secondary processor, wholesaler, dealer, consumer. And then the orange circles are all the organisations around the supply chain that help the supply chain to add value. You see banks, colleges, extension services. Probably your organisation is here, like a developmental type of agency. And then there are all the standards, certification bodies, inspecting agents like SEPA, insurance companies, research centres, consultancy services, vets, land agents, business type of consultants. And then industry associations like NSA or NFU(S) or any other type of lobby.

And this is the life value chain. And then you have other stakeholders that are affective for what the value chain is doing but also affected to some extent. You have government funded bodies, pharmaceutical market, energy market, either renewable or conventional, and then environmental or social NGOs. The local communities in upland areas and the tourists, they are going there, and the general public. And if you wish this is the human side, but also we can see there are actors or agents, the biological organisms themselves, so bacteria, plants, animals.

This type of picture makes sense to you? Would you like to change it in any possible way? When you hear food system is that what it brings to your mind? Is it something else?

R: Yeah. I mean, I suppose we would always just call that supply chain really, I guess. I suppose in our organisation we deal more with the supply chain and more at this end of the supply chain.

I: Yes, the downstream.

R: Yes, than that end.

I: The upstream, yeah.

R: And don’t really deal with any of these as such.

I: Okay.

R: Yeah, that makes sense.

I: If something comes to your mind, as I said these are a very indicative regions, anything you don’t agree or you would like to see differently feel free. Let’s put it aside for now. We may use it later on. Resilience is a term; what does resilience mean for you?

R: For me I would sort of equate it with sustainability as in being able to maintain your farm or maintain your business in all these kinds of ways, so financially and environmentally, being able to understand the market and being able to deal with the market when there are upturns and downturns. There are lots of different variables to anybody’s business, so it’s being able to understand all of those and to thrive in amongst different challenges. So, there are different elements to it. But there are the physical elements and financial elements and social elements as well, skills, labour, and the kind of human element as well. So, there are three parts to it.

I: Okay. From the literature I was trying to find the definition for resilience that might be operational for this project. What I found here is, resilience is the capacity of a business or system as a whole to either absorb or buffer against internal or external circumstances. So, pretty much this means you do nothing and you absorb the loss.

This one is learn and adapt through incremental changes. For a farming business may be increasing or decreasing their stocking rates for example, but in the same way for a food manufacturer it’s increasing, decreasing output. And that one is even transform through radical changes. Radical changes be for example starting using renewable energy, starting making links with agritourism, starting converting to organic farming; big types of changes. Does that type of definition make sense?

R: Yeah, I think so. I think we always talk about, not in terms of resilience I guess, but I suppose we’re always very focused on opportunities as well as facing challenges. I suppose because we tend to talk about businesses, we talk about sustainability but not in the environmental sense, but financially sustainable, which means I guess with resilience is reactive to what the market is doing. Whereas I think we tend to look at businesses in a sort of opportunistic kind of way, which is where are the opportunities, how do I grow the business. I suppose it’s where you put the emphasis really.

But I think it’s quite an important point, because as soon as I see the word resilience it sort of begs the question why, which is a big question, why is it important that this is resilient. If there are big problems and big challenges that they’re finding really difficult to do, why don’t they just give in and go and do something else.

Whereas if you’re looking at sustainability or opportunities I think if you look at it that way, which is well there are opportunities to grow, so I can grow my business, I can stay where I am, I can grow my business, I can employ more people, I can grow the community, or whatever it is, and so that’s more about opportunity. So, I think there’s a definition. To me as soon as you use the word resilience it’s almost as if you’re fighting against something.

I: The change?

R: Yes, fighting against the changes rather than embracing the changes.

I: Well, that’s why we were using this definition, which is not only fighting the change but also sometimes even being proactive and adapt or even transform the whole business model of yours in order to survive as a business.

R: Yeah.

I: It’s pretty much we aim there to keep the people in certain upland areas having businesses there, to some extent relate it with food production, but that pretty much opened a lot of opportunities. Thinking in the past they can do very traditional type of sheep or beef cattle finding, and in the future they can do a kind of diversified type of business, whereas some of that is agritourism, some of that is something else, they try to add value to the product, they don’t produce just a commodity.

It’s more like the second definition you gave close to the system and a very creative way of thinking, rather than very reactively no change, keep it exactly how it is. Because obviously they are facing so many challenges and they have to respond to some extent to those challenges otherwise they don’t survive.

R: Yeah.

I: So, that’s the kind of definition. Over time what means the same is same people or more people in the area, in that particular area they have some thriving type of business in one or the other ways related with farming, that all remains the same. All the other, what exactly they’re doing, it might be different a lot.

R: Yeah.

I: Let’s talk about the meat supply chain, lamb and beef. What do you think about resilience, in the way we described resilience, what do you think they are doing, these supply chains Scotland in terms of resilience? Are they struggling? Surviving? Making a reasonable living or booming right now?

R: It’s difficult for beef because, well I think it’s been difficult for a number of years, because the market has changed; there are less people buying beef on the whole. It’s not an everyday meal as it might have been, certainly in Scotland, years ago, so that means there’s less demand. But it’s probably not the key thing. I think it’s because the supply chain is very concentrated. So, it’s concentrated in the hands of not that many processors. And I think for lamb it’s even worse. And for pork it’s virtually non-existent; I think there’s only one abattoir now in the north of Scotland.

I: For pork?

R: For pork, yeah.

I: And for beef?

R: Yes, there are a few more. The problem is, going back to the thing about provenance, is that if you are a smaller farmer and you’re not putting a lot of cattle through, but you want to sell perhaps locally and sell based on that provenance your cattle might have to travel quite a distance to the abattoir, and these are giant abattoirs, and you may not get back the cattle that you put in there in the first place, so traceability very important. And so if that’s not happening, then that’s making it more difficult to sell on local provenance. You can sell on Scottish provenance but you can’t sell on local provenance because you can’t absolutely be guaranteed.

And also if you’re a smaller supplier, you don’t get a priority in your cattle going in and coming back out again. So, there are some suppliers that would have to look at doing things like mobile abattoirs around the country so they can do that a bit more.

I: So, is someone doing that already?

R: I don’t think there is yet, but there are quite a lot of different people looking at it; all sorts of different people are looking at it. There have been projects been done about it, especially for islands as well, so mobile abattoirs around the islands. So, it’s difficult because there are some big primary meat processing businesses, most of which aren’t indigenous to Scotland; so there have been the big Irish beef companies.

And also at the other end, the downstream end, the retailers are obviously demanding everything at a very, very competitive price. So, if you’re a secondary processor you have to decide whether you’re going to put Scotch beef into your pies or whether you’re going to put Irish beef or Argentinian beef into your pies. And that’s a kind of key consideration there. it’s the same with some of the big food service operators, so if you’re a big chain of pubs you’ve got to have the meals at certain prices, they’re not necessarily going to be UK based beef or lamb that they’re using for that if they can get it cheaper somewhere else.

I: I understand.

R: There are a lot of challenges with that. And I think lamb as well it’s the consistency of the product and the seasonality of the product as well. Consumers are not as well versed in cooking lamb as perhaps they are with pork and beef and so they’re not used to working with it or they’ve forgotten how to cook it, or they don’t want to cook it; which means there’s a problem as well because the demand then is really from other areas rather than necessarily consumer areas. So, as generations move on in the way that they cook things or don’t cook things then that gets lost I think, which is going to cause a problem.

But also, I think with lamb as well, the price can be quite volatile because it’s just a different type of market that lamb is playing into, and that can make quite a difference.

I: What type of market is it?

R: Well, as I say it’s not something that’s eaten every day and so it’s something that’s perhaps a more considered purchase. And because of that I think price makes a big difference to that. I wouldn’t know what the elasticity of the price is really, but it just depends how it fares amongst other meat proteins as to how much demand there is for it I guess.

And also, it tends to be on the supply side as well, I’m not quite sure what the reasons are for this, that some years there will be a lot less supply so the price will go up. And as the price goes up, I think the farmers then say, well great, the price of lamb has now gone up to a reasonable price, that means it’s worth my while having more lamb next year. And of course, they all do it at the same time and so the price drops dramatically. And then they say, well I’m not doing it next year because I’ve lost money this year. And then it goes up again the next year.

And there’s a continual cycle of people looking at the price, rather than looking at the supply first and saying, well if we supply a certain amount then we can stabilise the price; but if all of us are following one way and then going the other way the price is always going to go up and down, so the shopper is never quite sure what the price is going to be. And if they can get imported lamb or lamb from somewhere else in the UK at a cheaper price then they’ll do that. Because a lot of onus is put on the retailer as to quality, not on the farmer, so as far as the shopper is concerned it’s up to the retailer to make sure that the quality is as high as it can be.

I: Okay. And this type of price volatility you’ve seen more on lamb rather than beef?

R: Yes, just because there’s less of it, less people eating lamb so it’s a smaller market, so therefore it’s going to be more affected. It’s going to have a proportionally bigger effect when even a small proportion of people decide not to buy; because it’s a much smaller market, people are eating it less, it’s going to have a bigger effect at the other end. So, the more the price goes up, and the cycles can be quite high, it does seem to have an immediate effect on how many people are buying it.

I: Okay. The next question is, I’m going to skip it, how the industry has changed during the next five years, next few years and the next 15, because we will have some chance to discuss later on about that.

Now I’m going to this one. This is again from the literature and you can see functions, roles and goals, whatever you like to call that, it’s pretty much the same. For yourself I would like to have in mind the downstream actors. So, let’s start from slaughterhouses, secondary processor or retailer, supermarkets primarily, or it can be small retailers, local retailers, but those actors. So, I would like to ask you right now what are the functions, roles they recognise as important from that list? The first category is related pretty much with private interests. Then there is related with the multiplier effect, all the money they recycle in the local community buying services or goods. And then the last one is related with public goods and services. Please read the whole list. Let me know if there is any function which is important but you don’t see that here. And then please rank the five most important functions or roles for the downstream actors.

If for any reason behaviours behave different from slaughterhouses just let me know. One other thing is that some of those there are interrelated, but feel free to group them together if it makes more sense. For example, you may say, just an example, five and 20 go together – not those particular five and 20 – and for me it’s the most important function the downstream actors fulfil right now.

R: I would say seven is probably one of the top ones, so food security, certainly at this.

I: Downstream?

R: Yes downstream, this is probably number one. Nine adding value and increasing customer satisfaction. Number one as well, but that would relate to so for retailers, wholesalers et cetera the profit margins are absolutely key, so I wouldn’t say that was necessarily a return on investment. I suppose it is a return on investment in terms of investment into that.

I: So, you separate them, that’s fine.

R: Yeah. I would say profit margin, so food security, profit margins, increase in customer satisfaction. I’m not painting a very good picture of some of these people by saying they’re not interested in social cohesion of community. I’m sure they are in general but that’s not their priorities.

I: And for the wholesaler, retail what about slaughter, is there any difference there or pretty much the same?

R: Pretty much the same, I would think.

I: That’s fine. The question is quite open, is the full potential of adding value to lamb and beef products coming from upland areas currently at risk? If not, please elaborate on what more can be achieved?

R: They could do an awful lot more than they do. I was actually speaking to somebody this morning and we were actually talking about organic milk. He used to work in the kind of marketing arena as well. When I first started in this job and I was talking about added value products, so I was talking about ready meals, the way it’s packaged, how you do convenience and health together and what they can do with different flavourings, how they do different cuisines. But when I spoke to people and they said, well we do do added value. I said what do you do. They said, well when they arrive at the retailer, they’re not alive anymore. I thought right, well we’re coming at this from different places, because their idea of added value was, we kill the animal and we chop it up. Whereas from my background that’s not what added value is and the shopper is. That’s the minimum we expect. We don’t expect to have to take a sheep with us out of the shop and kill it ourselves. That’s a very, very basic minimum.

So, I think this idea of added value the problem is there’s a kind of mentality of our meat is so good and it’s produced so well that that’s really all you need, and people should be buying into the fact that it’s produced that well, tastes great, it’s fantastic, it’s had a great upbringing, great animal welfare, what more could we possibly do. And then people are buying into whether it’s lamb with a herb crust on it, whether it’s been prepared in a certain way with a certain sauce or it comes with a certain sauce or you use it in a certain recipe, or that they’re telling a story about where it comes from and going down the provenance angle and having very much a story about it and why beef or lamb from their area is unique. So, whether it’s bought up on seaweed or whatever it is, and what’s the value of that and why is that different.

I: So, it’s a type of PDO?

R: Yes, it’s that kind of idea and focusing on that. But also, just having this idea of what else could we do it with ourselves, rather than then having a retailer or a wholesaler as a customer and just leaving it at that and going, that’s their job, they can add herbs to it or do whatever they want. But that’s actually where the money is is adding 10p worth of ingredients and charging £1.50 more in a retailer because you’ve put a few herbs around it. And I think there’s not really an understanding of the mechanics of actually...

I: Of what it means adding value?

R: Yeah, of adding value. So, we had an estate in one of the west coast Highlands in the Outer Hebrides and they said they had wild venison, and they were wondering how to get more money for it. Because I think they sold it for something like £4 a kilogram, maybe even less than that, £3 a kilogram, and they said they sold it to a wholesaler and the wholesaler gave it to a butcher, and they noticed that the butcher in Glasgow was selling it for £22 a kilogram and they’d sold if for £3. And they said, there must be some way that we could make some more money out of this, this doesn’t seem quite right. They said the problem they have is the consistency of supply because they’re wild, it’s wild venison, not farmed venison, so they don’t have that consistency of supply.

But our advice really was you need to turn it into something else. So, if you have wild venison charcuterie if you tell the story about it saying this is actually very rare because the deer on these islands are quite short supply so they’re very highly prized, and then you can sell that charcuterie at £15, £25, £30, £40 a kilogram just by turning it into charcuterie and then telling a marketing story about it. And I think it’s that kind of mentality maybe that’s lacking. Because if you’re producing animals and then you're kind of at the mercy of the wholesaler and the retailer saying, we don’t want those now, we want this. Whereas if you jump ahead, and this is what we try and do with quite a few of the businesses we work with, we say jump ahead, and what do these people want here…

I: Consumers.

R: …rather than what these people want here.

I: Wholesalers, yeah.

R: You can then take it back to the retailer and say, this is what your customers want because we’ve asked them, and this is how we’re going to produce it, and if you don’t want it somebody else will because these people here this is what they want.

I: How do you ask the consumers for that example?

R: You get us to do it for them. That’s what we do. And there’s an awful lot of data out there on consumers if people are prepared to invest in it.

I think that’s another problem is that a lot of the investment either goes into this end, which is input providers and into things like feed and equipment. And also, I think the financial institutions don’t understand, or they do understand but they don’t want to take a chance, by they will provide loans and funds for buying things that they can see; but when these people say…

I: Farmers.

R: …what I want to do is I want to spend money on consumer research they go, we might not get that money back again, because I’m not buying a tractor. If you were buying a tractor and the whole thing fails, we’ll take the tractor back and we’ll sell it and get the money back. If you do this and it fails, we don’t get the money back.

I: So, we have an issue, a gap in the provision of funding or grants or access to finance?

R: There’s the business planning really, I think. I think a lot of the farmers, I don’t know too much about that end, but the impression I get is they’re very good farmers, people are very good at farming, and there are some people who are good at business as well and have a good business plan and think about all this here. But it’s quite rare to get good farmers who are also very, very good at business as well and understand all this end.

I: Wholesalers’ end.

R: They just say, I don’t deal with them because I deal with these guys here, so why should I be thinking about this bit; somebody else should be doing that.

I: Let me ask you something. I do interviews with all of these people at all research levels as well. I have done some with supermarkets, but obviously I will do a lot of those after Christmas because I didn’t want to request during the Christmas period, so that’s why. But I have done already some with some supermarkets. And some of the comments I’m getting are supermarkets demand a lot, some type of commodity type of product, because they try to target the consumer that is looking for price. So, pretty much they want a certain type of beef or lamb, pieces fitting nicely in a tray. And it’s usually European types of breeds that give the characteristics they want.

While the native breeds in upland areas they have some extra potential, which in some cases retailers they start seeing that. So, there is a premium from the Angus breed for example, but there are also other native breeds. Probably they don’t give those big animals the type of flavour or other qualities to the meat, they’re quite different. So, these breeds are pretty much going through other market channels rather than supermarkets; they go through the local butcher or very specialised. So, there is that logic that supermarkets push a lot the very commodity type of food.

R: Yes.

I: While there are native breeds, they have a potential for adding value, but for some reason there are not a lot of players, either marketing groups or business people from all the stages, farmers or slaughterhouses or wholesalers, they look at that potential and they build on that potential. So, these types of comments what do you have to say here? I have a couple of other comments but let’s discuss first this.

R: I suppose the question is supermarkets always say, well we’re just responding to what the consumer wants. But I think a lot of the time the retailer is presenting the consumer and the consumer is going, well that’s what’s out there. So, we’re not being presented with anything else. The retailer isn’t saying, why don’t you try this, we’ve got Aberdeen Angus but we’ve got this as well, we’ve got Belted Galloways or whatever it is, try this as well. And so, it’s a bit of a circular argument because the consumer is going, well this is what’s out there.

It’s the same with fish as well. I don’t know how many species there are that we could have, probably about 300, and we get sold cod or haddock or salmon and that’s it. That’s what the retailers sell. And some of the branded businesses are trying to introduce other species of fish just because there isn’t enough or the price is too high certain times for cod and haddock so they’ve had to introduce other species. But it’s the same problem.

I: I’m talking because the comments I was getting, one comment was like the logic of retailers in the UK they don’t really appreciate those breeds or those products of upland areas that could give that extra added value, so they don’t create the demand and they don’t give that feedback back to the supply chain, continue doing that direction. That’s one thing. While for example the person was giving me examples if you go to France to the supermarkets and you see a whole range of butchery products all based on provenance, and they charge a lot based on that; while in the UK you don’t see these things. And it’s not only the breeds or the provenance, it’s also the way of production, the extensive way, grass fed or extensive fed. It’s kind of a unique selling point which for some reason hasn’t been captured enough, at least at the supermarket area. That’s one comment.

Another comment was that there are a few examples, and the example I have in my mind is from Yorkshire, from a kind of wholesaling kind of business marketing group who pretty much are trying to get either pork or beef or lamb and then working only about either grass fed or native, and then targeting either affluent areas in north England or catering, not catering, but a brand. So, they look at all of those and they build around those. And their comment was – not for that comment because I haven’t interviewed them yet – but from other people saying we have a lack of skills or people with those skills to have a strong interest and building all of those alternative channels. And pretty much we tracked in commodity or nothing.

R: Yes, I think that is the key to the problem is we don’t have those. Because, again this goes right across the whole food and drink industry and beyond the food and drink industry, we don’t value people with sales skills or marketing skills at all, especially in Scotland, probably Ireland as well, although Ireland do it better, I think. And if the industry is coming from a primary background, then I suppose the heroes, if you like, are the farmers, the ones producing all this great produce. And somebody who is further down who’s a sales person well they’re almost getting in on the good work that the farmer has done and they are making good money from what someone else has produced. And I think there’s probably not an understanding, and this goes right across industry, of just how important sales and marketing people are. And I think that’s where part of it has fallen down. Because these guys here then say…

I: Farmers.

R: …I want these guys selling.

I: Wholesalers.

R: They sell it.

I: I’m only saying it so I can remember later on what you’re looking at.

R: Sorry yes. So, the farmers rely on someone else to sell it, and it just goes through so that even the primary processors are very much about well, we’re supplying secondary processing. And really the only time that sales comes into it, is at secondary processes. And even then, I think these days there are not an awful lot of good sales and marketing people around who will then say, well there’s an opportunity for this, whether it’s Orkney beef or whether it’s Cairngorm lamb. Which was something I was talking to some people about at the Cairngorm national park, and they said we would like to make more of the beef and the lamb that we have here. I said, well if you can get the royal family to agree to it, because Balmoral Castle is technically in the Cairngorms national park, you can have, I don’t know what you could have, you could market it as royal Victorian beef or whatever it is, because I still believe that Queen Victoria was the best marketing person Scotland has ever had. And there’s a story around that, it comes from the mountains of the Cairngorms where the royal family have been coming for 200 years or whatever it is.

And it’s all that, and collecting it together and then selling it as that. You’ve got consistency of supply; you know that it’s going to be there every year. And then there’s a story there and it’s charging a premium and having a royal crest and all these kinds of things on it. And then it’s just making use of what they already have. Because they don’t have to change anything; they just have to sell it better.

I: But differently, yeah. And also make all these types of links with tourism in the area.

R: Yes.

I: I hear all the time that now the Scottish government are thinking more about the tourism industry and the food industry and the links between. But I wonder how they practically think about that if they look at branch only at Scotland level; which okay Scottish beef and Scottish lamb is great, but at Scottish level.

R: Yes.

I: If you’re going in the Highlands somewhere it would be much better if you could in some way eat the local produce and it’s part of the experience is going to that local area.

R: Yes, there are quite a few programmes in place at the moment. So, we help to run a programme called Connect Local, which is about getting more local food into local restaurants, hotel groups, shops et cetera. So, we have just started at the beginning of this year it’s called regional showcasing. We have every two years Showcasing Scotland where we get all the buyers from supermarkets, and the supermarkets around the world, we take them to Gleneagles Hotel and we lock them in there for about three days until they’ve signed some forms to say we’re going to buy everything you have. It works quite well. That’s the answer.

But we decided to do this on a Scotland wide basis as well because the people were a lot smaller and they’d say, well I can’t supply Tesco and I can’t supply Carrefour or whoever it is, or Kroger in the United States, I’m just not big enough. So, it’s to give them the opportunity to do the same thing, which is we get as many buyers as we can, local buyers together, and then we match them up with companies. They say, we’re looking for a dairy product or we’re looking for some sort of red meat which has got more provenance for our they might have two or three restaurants in an area, and say we’ve never found a supply or been approached by them. So, we can put them together, one day of making all the meetings happen together.

I: This is part of the new programme you have started?

R: Yes, since it started this year, so it’s a new programme.

I: What have been the practical challenges in making it work?

R: Well, the practical challenges are getting buyers to where they said they would come to on a certain day at a certain time and meeting the actual companies. Because everybody is busy so it’s not necessarily part of their day-to-day job. So, to say we need you to be in Aberdeen on a certain date, so 23rd January you need to come to Aberdeen, you need to see the companies that are there, that are going to come from northeast of Scotland and to get them there. And they say fine, that’s great. But they might not be based in Aberdeen; they might be based in Glasgow, they might be based in Manchester or they might be based in London. And when the day comes they go, no I can’t make it, I’ve got something else on.

So, it’s actually practically getting people, trying to get the people who are actually buying, so the procurement people who can say yes to actually buying it is a difficult thing. Because unless you come through somebody like us, they’re not going to take any phone calls if they don’t know you, because they get enough phone calls from people saying, I’d like you to see my new whatever it is, and so they just say no. But if they know it’s something that’s officially organised, that we’re only going to put them together with people that it’s going to be useful for them as buyers to see, and they say well genuinely I’d like to see these five people because there’s something there.

The other practical thing is then getting the people who are doing the selling of the primary product to actually sell it, rather than going well, that’s great, why don’t you buy some. And they go, because we get our lamb from here and we get our beef from here so we don’t actually need your product; what is it about your product that makes you think I should be buying it; why is it better than the product that I already have.

And they’ll say, I don’t know because I never go into your pub or restaurant. And they go, well don’t you think you should have done that before coming here because then at least you could have said, well I tried one of your steaks, I thought they were absolutely terrible, and it wasn’t just the cooking of it, it was too fatty, I don’t know where you get them from but I can’t believe you’re serving that to visitors or anybody that comes into one of your pubs because the beef is absolutely terrible, and if you had beef from round here it would be absolutely top quality and probably wouldn’t cost you that much more. So, even that basic sales argument we find difficult for the people who are doing the selling.

I: Did you also do in this as part of that blind tasting for the buyers? I wonder if that pretty much sold a bit of…if, I don’t know, a particular product is a really unique taste or unique type of texture or whatever.

R: Yeah. I think the other problem is most of it, I mean it depends where the buyers are from. Because sometimes the buyers, even for the major supermarkets, if they’re buying in Scotland, they may have a buying team in Scotland but the buying team might cover red meat and fresh produce and seafood, so there’s no way they are experts in all those areas. But because Scotland is only 10 per cent of the UK retail market the supermarkets aren’t going to put big buying teams in Scotland. Most of them don’t really have one now.

So, it’s quite difficult to do that convincing because price is always the major issue. There will be a certain level of quality and then it’s all about the price after that as far as most buyers are concerned. So, you can, if you’ve got top restaurants, so if you’ve got somebody like Tom Kitchin, he’ll go out and he’ll know a supplier that he’ll get his beef from. But that’s through your restaurants at most and that’s not going to make you any more resilient. It would be great to say I supply Tom Kitchin or I supply Gleneagles Hotel, but you’re not necessarily going to make much money out of that. And that’s really for you to tell the story of that and say, because I’m supplying this, I can also supply you, and it’s maybe not going to cost you as much to say that you have the same beef supplier as Tom Kitchin or Gleneagles Hotel.

Again, it’s quite difficult. There’s another scheme called Taste our Best which I think Visit Scotland run, which is accrediting hotels and restaurants and cafés with supplying good quality local food as well.

I: So, the procurement route is pretty much quite a big boost let’s say?

R: Yes. I guess they would be the main issues there, I think.

I: I will stop discussing this here because I’m a bit conscious of covering the next thing. The next thing is about resilience disturbances, long-term pressures, short-term drivers, whatever you would like to call it. Please read the whole list. Let me know if there is something quite significant. And think about the downstream actors. You can think of the whole supply chain, but based on your experience it is better if you talk about the downstream actors. And then let me know if there are any important drivers which are missing here. And then later on we’re going to discuss a few other things.

R: Yeah, I think things like increasing urbanisation, so number 17, is important because the more people lose connection with the land, the less important they see it as a whole, as a place for food production. We literally have people who I’ve come across who have said they’ve never seen a brown cow before; they’d assumed they were all black and white, they were all dairy cows. They assumed that those kinds of cows were for beef as well, hadn’t really thought about it. They said, I’ve been past the field but I’ve never really thought that’s what went into beef. And these are people who are well educated but live in the city. And so that disconnection from it then really ties in with number 20, changes in consumer lifestyle, consumption patterns as well. So, less and less people are cooking from scratch, more food deliveries, Uber and Deliveroo and people like that. People just order food in so they’re not even preparing ready meals; they’re getting somebody else to do that for them. So, there are big changes happening there as well.

And then there’s number 19 that’s tied in with as well. There seems to be very bad press about meat production as a whole damaging UK systems and causing changed weather patterns, climate change et cetera, linked to number one.

There’s also again the, I guess for red meat production in particular, very unfavourable press and PR on links to health as well. And that’s a key issue as well. Again, if you put red meat into Google as your search term then it brings up the boxes, I think red meat and cancer is the second one that comes up. That is probably more damaging than anything else.

I: Is any important driver missing?

R: I would say health.

I: Health concerns?

R: Yes, societal concerns about red meat and health as well.

I: I think there was something. It’s number 20, I was trying to capture there, but obviously you would like health to be more prominent?

R: Yes, I think so, because it’s one of the things that I think really annoys some farmers and some of the farming unions, when people talk about we need more of a plant-based diet. And associating health either with non-red meat diets and saying you can’t be healthy if you have a red meat diet, which is just not true. And yet it’s something that gets perpetuated by the media and social media more and more. So, this kind of misinformation being perpetuated, so that’s a real problem for people. Because the more this idea of plant-based diet takes hold that is going to have a major impact on resilience because people say, well if sheep or cattle disappear from these areas that’s fine because we can replace it with different types of crops or plants and we can eat those instead and it will be better for the environment. But it’s a very superficial assessment of the situation.

But again, going back to the consumer and shoppers, the complexities of it are not considered really. Which is well, if that land changes and the look of that land changes and the way it’s managed changes and it’s plants as well as sheep I don’t see what the problem is, surely that’s a good thing, it would be better for the environment and it will be better for our diet so why shouldn’t we do that. And so, if there are those concerns out there then that’s something we really need to be aware of.

I: There are a lot. It’s quite interesting, whatever was going to be the stakeholder we’re interviewing, farmer or organisations or retailers or whatever, always those come up with those types of concerns, the connections about health and the environment and these types of connections. So, you don’t see anything that’s missing. If it comes to your mind just let me know.

R: Yeah.

I: Now I’m asking, because when you go through these most of them sound like threats, I wonder if there is anything there that could sound like an opportunity.

R: I think there are probably a lot of opportunities but not necessarily for red meat in its current format. So, certainly climate change is going to allow different crops to be grown, I think. Certainly in Scotland we’re probably not going to have so much of a problem with a lack of water. We might even in fact have too much of it. So, again that’s an opportunity because somebody’s lack of something somewhere and your surplus of it is obviously an opportunity.

Again, who knows with Brexit, that might be a great opportunity to sell more of what we produce here within the UK. Again, although it looks like a threat, so something like production standards, there’s a lot of talk about we’ll have to lower our production standards to keep anything that comes in from America, but again that might be an opportunity to stand us apart and say, we’re not reducing our production standards, we’re actually going to increase our production standards and therefore mark us out from anything that comes in from anywhere other than our own country. Which should lead to premiumisation of everything that we produce. So, that could be an opportunity as well.

I: I was surprised because all of the farmers I interviewed always they come up with that solution, when I asked them about what about the scenario that lower standards are allowed. And they say, no there is no way we go that route because we cannot really compete, either in domestic or we don’t have access to other exporting markets, because if we lose the competitive advantage of better standards.

R: Yeah. We can’t compete on volume because we’re not big enough so we have to go higher.

I: Or in costs.

R: On in costs, so we can’t do that. But again, we need to sell the story as well of why. And also, I think because there is more and more food fraud around as well, it’s becoming an absolutely huge issue worldwide and food security.

I: So, food fraud could be?

R: Yes, food fraud could be in there. I suppose it’s part of regulatory. I think that’s going to be one of the biggest areas.

I: There were other issues like exchange rate people add there. There were some that were related with farming, land reform and taxation. But also, there was one that was related with downstream marketers saying that the increased number of regulations and the constantly changing regulations is a quite difficult driver to deal with.

R: Yeah, I think it is. But then that’s linked back to the opportunity as well. If the regulations are perhaps streamlined a bit, but in certain areas are actually tougher than they were, it could still be an advantage, I think. So, it’s not necessarily a bad thing.

I: Again, you are free to group them. Would you like to say which are the most important drivers, I’m not saying threat or opportunities, the five most important drivers which numbers would you select?

R: From these ones?

I: And the ones you added.

R: I think 17, demographic pressures; 19, concerns about meat production for damaging ecosystems; 20, changes in consumer lifestyle; and then I would say food security and food fraud.

I: Twenty-three, I think.

R: Yeah, 23. And more of an emphasis on number 20, 24 I would say very much, health, red meat production anywhere and the implications or the kind of negative press, negative media coverage of linking red meat with some of the worst health issues that we have.

I: Another one that I remember especially that came from slaughterhouses was like too many breeds in the UK that create a kind of variability in the input. So, it’s very difficult for them to deal with so many different breeds. Which it depends because other people think that having so many different breeds you keep a lot of potential of adding value.

R: Yes.

I: But as long as there is infrastructure or a kind of marketing challenge skills around that to deal with that.

R: Yes.

I: Some comments I got from slaughterhouses were interesting about crofters. In Scotland we have a lot, especially in the northwest, and they were saying because of their scale they can deliver a lot of environmental benefits. And keeping your mind also on the other thing, but now in terms of subsidies, and these upland areas rely a lot on subsidies, something like 60, 70 per cent of their income is because of the subsidies. And now there is a kind of clear movement with Brexit there is going to be more payment for environmental goods rather than for producing food. In England food security is not considered a public good. In Scotland it is considered a public good. So, it’s quite clear how much it’s disconnected from food production.

R: Yes.

I: But obviously when they are being disconnected then there are going to be a lot of chain effects because of that, probably people give up some, the numbers of sheep or beef are going to be lower because they don’t need so many in order to deliver the same type of environmental goals. So, keep that in mind that there is all this talk about environmental and public goods.

For crofters it seems what they’re doing, because of the small scale, the more native breeds and things like that, they are in a position to deliver more environmental benefits. But when you go and talk to a slaughterhouse they say, I don’t really want to deal with the crofters, because they’re so small and it’s extra cost for them to go through the Scotbeef or Scotch lamb certification. And pretty much that means there is no value for me to get them through my process. That’s one thing.

The other thing, again from slaughterhouses, it was a kind of criticism about the Scotbeef. They were talking that it was a very good tool, but more and more it becomes another type of selling point. It has lost a bit of its uniqueness. So, we might need a kind of premium Scotbeef or lamb in order to capture something which is extra, either grass fed or native breeds or taste or whatever, something special. Because originally it was a very strong tool, but more it becomes and advert so it loses that kind of selling power.

R: Yes.

I: I thought it would be nice to feedback those types of comments because my role also is to create a kind of visual dialogue of the concerns or thoughts or inspirations. And also, I would like to hear the reactions to those types of comments. How much do you think they are valid comments?

R: I think it is valid. It goes back to how you market again and how you do that. Certainly Quality Meat Scotland have put a lot into Scotch beef, the marketing of Scotch beef over the years. And I think that until you understand just how much investment that takes – it’s great to talk about we could have a premium Scotch beef or native breed Scotch beef, that literally will take tens of millions of pounds to do that. And so there is lots of talk about these things, but the actual practicality in them is somebody has to invest in that. And our experience of farmers and fishermen and whatever is it’s not going to be them. Somebody else should put the money into that, but it’s never this group, or a little bit over time.

So yeah, it’s great and we can do all these things, but again it tends to be probably not an understanding of just how much investment that takes. And it’s difficult even in a new environment, post-Brexit environment is still going to be different, WTO rules or whatever is not going to allow the Scottish government to put £20 million into a marketing campaign for Scottish beef. It’s just not going to happen.

I: Because obviously we don’t have the time, I should stop here and just ask a final question. About the feedback that each supply chain actor is getting from its customer, how can we make it more effective that pretty much is going to lead to decision making that actually makes the whole supply chain much more resilient and more well work? Because I get the feeling more and more that there are a lot of broken links in the red meat supply chain. And I think there is an issue about the quality of the people’s feedback that either slaughterhouses are getting from retailers or farmers are getting from auction markets or from dead weight sales or whatever. It’s not the type of feedback that really makes a difference in the way they produce. So, how can we change that a bit? What type of feedback will we need to introduce?

R: It’s a difficult one because this is one that keeps coming back and back. And if you think red meat is bad you should try the fish industry.

I: It’s the only industry I haven’t touched.

R: If you’re in a room, and I’ve been in a room with processors and fisherman who literally were about to fight each other. They say never trust the people sitting over there, and they say that’s rich coming from you, you’re worse than anyone. So, that just doesn’t work at all. But that’s a tradition going back hundreds of years.

But I think it’s the same in the supply chain here really, is that they’ve each got their own area. I think where it does work quite well is where things are more integrated. If you’re a retailer, so if you’re a Morrisons or a Waitrose and you have your own farms and your own farmers you can then speak to them about, this is what our customers are looking for, they would like this. You can see the results of focus groups; you can sit in on the focus groups if you want. It doesn’t happen in other areas. So, you will never find a farmer being introduced to a focus group for Tesco or even one of the brands or somebody who’s got ready meals saying, this is why we need it like this, because we have to produce something like this, which has got to be this, got to have this texture, got to have that type of flavour, it’s got to be able to work with it, we’ve got a food technologist who says no, we can’t have it like that, it’s got to be like that. But they never get that information because it’s too far away.

But I think maybe thinking about it differently rather than saying well, these guys have to speak to these guys, these guys then have to feed back to these guys, is why can’t we just take from across the piece rather than one by one, because it doesn’t really work like that I don’t think. It’s much better when…

I: But unfortunately most of the markets, they work on the model of spot consumptions. Whilst what you’re describing is more like a bilateral type of long-term relationships.

R: Yes.

I: And we don’t have many examples in the UK. So, what is the real obstacle why we don’t have this type? I don’t know.

R: Part of it comes down to price again because retailers don’t want to be locked into a long-term relationship with somebody who then says, my supply isn’t so great this year, I’m going to have put prices up by 10 per cent, but we’re locked into a contract and it’s ten years, we’ll make it up to you in two years’ time, we’ll get more supply. So, it’s very short-term thinking because the retailers are under pressure. The retailers say they’re under pressure from their shareholders.

And shareholders also being their shoppers as well. So, they’ll say we’ve got big pension funds that our shareholders of our business we have to get maximum out of our business so we can return money to the shareholders, and the shareholders are the pension fund, so we’re doing a good thing because we’re boosting people’s pensions et cetera. But the people’s pensions they’re trying to boost are probably the farmers who they’re taking money off in the first place. It kind of goes round in circles. So, everybody passes it on to somebody else and says, it’s not our fault, we’re not doing it, it’s all about price, that’s because we have to maximise money, so it’s all about our shareholders.

So, retailers will say we’re doing things for our shoppers and our shareholders and that’s it, and yes, we’ll try and work with our suppliers, but if it means we’ll make less money for our shareholders then we’re not going to do it. So, it’s maybe breaking that way of thinking as well.

I: But practically what can lead there?

R: I don’t know because we’ve tried all kinds. I think to me the big, big thing that can be done, which is not really specifically talking about feedback and communication, the big, big thing is to raise the value of food on a wider basis. And if that value increases more people understand it and understand why we should be paying for it and why we should be paying more for it. And as soon as you understand the value then the cost argument to a certain extent comes out of it. As soon as the cost argument comes out of it people are more likely to be speaking to each other.

I: Which is actually the products of upland areas give extreme potential for that, grouping everything together. Because the grass, pasture type of meat it has a better potential for health, it has high omega-3 or whatever research shows. These types of native breeds or whatever they deliver, or an extensive type of farming delivers more environmental benefits. So, you can create a really good story linking all these together, and people they are concerned about their health, about the environment, about welfare or producers or whatever, it can group them together so that there is a lot of potential there.

R: Yes.

I: But, as you said, we need to fill some gaps. Is it skill gaps? Is it infrastructure gaps? It is attitudinal type?

R: Yes, I think there are a lot of gaps to be filled with a lot of different people. You’ve sat and I’ve sat in beef marketing groups and it tends to be filled with farmers. But the very fact it’s a marketing group it should be filled with marketing people, not with farmers. And you can certainly have representatives there, but farmers are not the people to be doing the marketing, and yet they have the loudest voices in the marketing groups.

If you look at perhaps an American way of doing things when somebody comes up with a new brand, so if you look at something like Popchips, Popchips came up as an idea and then someone said, let’s hire five marketing people and see if we can get this. They didn’t even have a product; they just had an idea and hired five people to do the marketing before they’d even made the product. And they got a successful product et cetera. So, rather than saying let’s hire somebody who knows how to make crisps or chips or whatever it is and then really get into the detail of that and we really need somebody, and then let’s get a potato farmer who knows about potatoes to make these chips and then we’ll all discuss how we’re going to sell them, we say leave all those people out because what we need to do is try and sell this before we’ve even made the product. And I think it was Glacéau Vitaminwater as well did exactly the same thing, they had about 25 marketing people before they even had a distribution in place.

I: They built the demand before.

R: Yes. So, getting farmers onto a marketing group is just a no-no because that’s not what they do well. It’s getting the best marketing people onto a marketing group.

I: I don’t want to say more because obviously I’ve had a lot of your time. Anything you would like to add and you didn’t have the chance?

R: No, I don’t think so.

I: Please give me any links to or a report, not data but reports around these topics, what is challenging, what doesn’t work, what are the best practices, what are good examples for other countries. Because I’m doing the primary data collection but at the same time I’m trying to build on existing evidence from other reports. I don’t want to reinvent the wheel, that’s the important thing.

The last thing, we chatted a lot about that, but have you heard about innovation systems, that framework? I thought it would be a good framework that summarises a lot. I can send you those cards, the informative cards. This is in academic literature about how you boost the uptake of an innovation. And when we talk about innovation we don’t talk about only product or technological innovation; it can be a social interaction type of innovation. So, that kind of framework it uses five main different lenses:

The first is about interactions, either formal or informal type of grass roots networks whatever, and then other distant networks which are a really formal type. So, it’s about networking and whether there are holes in the network. In that diagram I showed you about all the cycles and things, how many of those are related? We were saying before there are some relations one by one, but there is no way that all of them are related; we need a little bit more. That’s a kind of hole.

Or there might be an example that two of the actors they work very, very closely together and they exclude all the others, which creates a lot of issues about innovations.

And then there is about the institutions, which is either informal which is soft, norms, ethics, customs or whatever, so it’s more like attitudes and beliefs. And then there are formal institutions which are all written down rules, like policies, contracts, standards, property rights, laws or whatever. And then you have infrastructure, it can be from rules, communication, whatever, it can be financial infrastructure and also research infrastructure, whether they are labs, research centres and things like that.

And then any issues about capabilities, whether they have production, marketing, or a type of management skill, either to manage your own business but also collectively manage a group of stakeholders.

And then the last one is about market structures, whether it’s in a local monopoly or whatever. I think this type of framework from the literature might be very helpful to the type of work you are doing. And if you want any more information about that I can send it to you.

R: A lot of these things we cover in all the different groups, without going into everything we do here. But we have three main areas that we concentrate on, so we have three industry groups which are supply chain, skills and innovation, are the three big areas that we look at. We take all the different people from the different parts of the industry and there are a lot of obviously interconnections between that.

I: The idea is like getting for example infrastructure and saying, does it create bias or does it help.

R: Yeah.

I: So, you assess in this way. I think it would be quite a useful tool.

R: Yes.

I: That’s it from me. I think I’ve had enough time. Did you find it easy to go through the interview?

R: It was fine.

I: Did it meet your expectations?

R: It did, yes.

I: And I would be grateful if you could send me any links to those initiatives you were saying.

**End of transcript**