

New horizons

Amanda Brown

It's maybe a bit late to say Happy New Year, but I'll say it anyway. The days are thankfully getting longer which is a good sign as is the sense that the new normal, however you define it, is becoming clearer. Restrictions are beginning to ease and we look set to be settling into the next phase of living our lives with Covid.

2022 brings with it new horizons and for the team at The Knowledge Bank a further opportunity to share market insight and intelligence with the Scottish food and drink industry. We've been really encouraged with the interest in what we're doing and over the course of 2022 we look forward to developing our work which will uncover more opportunities for growth. We're currently planning two face-to-face conferences for March and over the course of the year hope that more can be done in person as we settle into an evolving way of working.

We continue to look backwards to look forwards with the important Christmas 2021 review. It was a good Christmas for retailers and with Christmas falling on a Saturday, shoppers were able to shop little and often in the run up to the big day – according to insight from Nielsen, sales in the final week up to 25 December were a massive 51% more than a typical week. As many of us were unable to celebrate as planned in 2020, we took the opportunity to trade up our purchases for our celebrations and M&S was one of the star performers alongside Ocado and the discounters who have continued their recovery. But the strong uplift in sales in the run up to Christmas did have an impact on new year sales and with events being cancelled and consumers being a bit more cautious, some shoppers made do with existing supplies and delayed their weekly shop until after the new year, topping up only on essentials and party food.

It wasn't so good for the foodservice sector as the out of home market was badly impacted by the Omicron restrictions put in place meaning large events were cancelled along with consumer and employers taking many last minute decisions to cancel Christmas gatherings and festivities.

As restrictions lessen we begin to see the sector pick up again and rebound from yet another knock caused by the pandemic. On Wednesday 23 March, The Knowledge Bank is running a conference in Edinburgh taking a deep dive look at the UK foodservice sector where we'll take a state of the nation view on performance, consumers, operators and the opportunities for Scottish suppliers.

With the arrival of 2022 we're witnessing the highest inflation rates since 1992 and the forecasts are all suggesting that this will have an impact on consumer spending both in the grocery sector and out of home, as consumers evaluate how and where they spend their cash. This will once again mean that food and drink operators in both sectors will need to continually review their marketing and range strategies to ensure their offering continues to attract shoppers as the squeeze on income will mean less to spend on food and drink.

Longer term growth is still forecast for sales in the UK out to 2026 (IGD) but there will be other trends that we think will have an impact in the shorter term including technology, digital, e-commerce, how we shop, labour shortages, rising cost of goods and sustainability.

Another interesting year beckons – The Knowledge Bank will continue to provide up to date views on the market, trends and opportunities and explore the issues that matter. Keep in touch and here's hoping 2022 is the year we all hope it will be.

THE
KNOWLEDGE
BAK

Delivered by
**Scotland Food & Drink
Partnership**

Amanda Brown

Amanda.Brown@saos.coop

Delivered by

**SCOTLAND
FOOD & DRINK
PARTNERSHIP**

And supported by



Scottish Government
Riaghaltas na h-Alba
gov.scot