A glass half full

Amanda Brown

We've made it… March has sprung and with it's arrival comes blue skies and the end of one season as we approach another. The usual optimistic promise of spring is somewhat dampened as we watch events unfold in Ukraine and begin to understand the impact of what is happening there, including the knock-on effects for food and drink supply chains across the world. Rising costs are already apparent and exports from the region are being affected as commercial shipping has been halted. We expect volatility will continue as news progresses.

Life at home continues to evolve with Covid restrictions gradually lifted from our daily lives; impacting on consumer and shopper behaviour. What we now consider freedom was normality just over 2 years ago with the varying cycles of restrictions creating dramatic, and potentially lasting, changes in how we shop. Online sales of food and drink now sit at around 13% of grocery sales, down from a peak of 15.5% according to Kantar. At 13% this figure is still nearly double pre-pandemic levels demonstrating how omni-channel shopping has become much more prevalent. At The Knowledge Bank we believe that omni-channel retailing will continue to expand in every market and at different paces and is something that we'll be investigating further during 2022.

As we readjust our spending habits are also adjusting and some of the categories that gained substantially during covid, such as take home alcohol and frozen, are now seeing declines. What is being lost in the grocery alcohol sector is being topped up in foodservice as this sector continues on the road to recovery. This is something we will explore at the 'Focus on Foodservice event that The Knowledge Bank is running on the 23rd March (in person at the EICC and online). Grocery like for like sales against the same period last year continue to be down but are up 8.4% when compared against the same period in 2020 with Aldi and Lidl the fastest growing retailers.

How, what and where we spend our money on food and drink will continue to change this year as consumers feel the effects of the increased costs of living and inflation. Consumers are thinking hard about how they spend their discretionary pounds with own label sales starting to outperform brands for the first time in a while.

We are seeing footfall in the out of home market falling a bit while the re-opening of international travel may also pull on limited disposable incomes. It will be a challenging year ahead.

The Knowledge Bank was delighted to host our first in person event this week 'Thirst for Knowledge – fresh insight into UK and Global market opportunities'. It was great to welcome speakers and delegates in person and online to understand more about the opportunities out there for Scotland's distillers and brewers as well as looking in some detail at the UK on and off trades. I like to think I'm a glass half full kind of person, so here's hoping that the coming days, weeks and months bring stability to our world and give our wonderful Scottish food and drink industry the springboard to open new doors and opportunities.

THE KNOWLEDGE BANK

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