

Unprecedented Times

Amanda Brown, Project Director at The Knowledge Bank

As we head into the summer months, the ongoing supply chain challenges originating from the impact of the war in Ukraine remain at the forefront for all involved in the food and drink industry. Rising costs of inputs and availability of ingredients are causing alarm for those at the production end whilst consumers are feeling the pinch as the cost of living continues to increase.

To keep our industry informed about the challenges, The Knowledge Bank have produced a report 'Inputs, Inflation, Costs and Commodities' which is now being updated on a fortnightly basis to report on the market pressures including record high input costs, labour shortages, spiraling breaking inflation as well as ongoing logistics challenges. The war in Ukraine has put a magnifying glass over the pressures on food and drink supply chains, with consumers now more aware than ever before of product shortages and discussions around the cost of production.

Sales in the grocery channel have declined for the first time since the start of the pandemic and the first lockdown according to Kantar (-0.6%) and pressure on consumer's discretionary income will also be having an effect. We are already seeing some retailers putting more emphasis on their value lines and cutting prices on every day essentials in a bid to attract shoppers. We know that online is now an established channel however, with no requirement to stay at home and only shop once a week less shoppers are engaging which is impacting on sales.

The pressure on consumer spending will also have an impact on when and where consumers eat out and understanding consumer behaviour in the out of home market will be critical for both operators and those supplying into the sector. At our recent 'Focus on Foodservice' event we shared some great insight on the eating out market, on what motivates chefs, and we unveiled some consumer segmentation work that we undertook with Lumina to understand how different consumers behave when eating out of home. Head over to our [LinkedIn page](#) to watch the short animation describing these groups and visit The Knowledge Bank web pages to have a read and watch of the presentations.



Yesterday we heard from IGD at a Knowledge Bank webinar about quick commerce and the impact it has had on the market in a relatively short period of time, albeit propelled by Covid. It is important to be aware of and understand the consumer dynamics driving its success as we see expansion into cities across the UK, different operator models at play as well as the aspiration to deliver goods, not just in less than an hour but in less than 15 minutes in some instances. We also took a look at the convenience channel which is bursting with innovation in terms of formats, partnerships and food to go offerings and with growth of c£5bn expected over the next 5 years. Definitely another to keep an eye on both here in Scotland, where we have well-established and innovative operators, but also across the rest of the UK and Ireland.

The Knowledge Bank will celebrate its 1st birthday in June and we are currently building our plans for the next 12 months to be able to share more market led insight. Please do get in contact if there's anything specific we can help with.

THE KNOWLEDGE BANK

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**Scotland Food & Drink
Partnership**

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