

□ Trends

■ Challenges

■ Opportunities

FOOD AND DRINK REPORT

The food and drink industry in 2017 and beyond

AIM OF THE REPORT

To highlight current trends, challenges and opportunities for businesses in the food and drink industry as we move into 2017 and looking all the way ahead to 2020.

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WHO WE SURVEYED

A full breakdown of the companies surveyed for this report.

02

THE STATE OF THE FOOD AND DRINK INDUSTRY IN 2017

Reports on the current health of the industry at large and the performance of companies that operate within it.

03

BIGGEST CHALLENGES TO BUSINESS GROWTH

What do companies consider to be the most significant barriers to growth?

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BIGGEST OPPORTUNITIES FOR BUSINESS GROWTH

What do companies consider to be the most significant growth opportunities?

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USING TECH TO DRIVE SALES AND CUSTOMER RELATIONSHIPS

How are companies using technology to drive sales and customer relationships? What are the benefits? What are the difficulties?

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LOOKING AHEAD TO 2020

Will there be more challenges or opportunities by 2020?

07

CONCLUSION

Overcoming challenges and taking opportunities.

INTRODUCTION

Food and drink is the single largest manufacturing sector in Europe and is an economically important market across the entire world. In the UK, it's a multi-million pound industry: in 2016, it was worth over £95bn.

The industry is so competitive, productive and diverse because people value choice: the shock of the new, the need for convenience or simply to buy the most cost-effective item are all deciding factors in why people decide whether or not to buy.

Ensuring the continued health and prosperity of the industry requires an understanding of the trends, challenges and opportunities that present themselves in 2017 and which will crop up in the future.

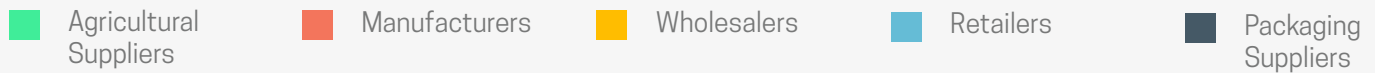
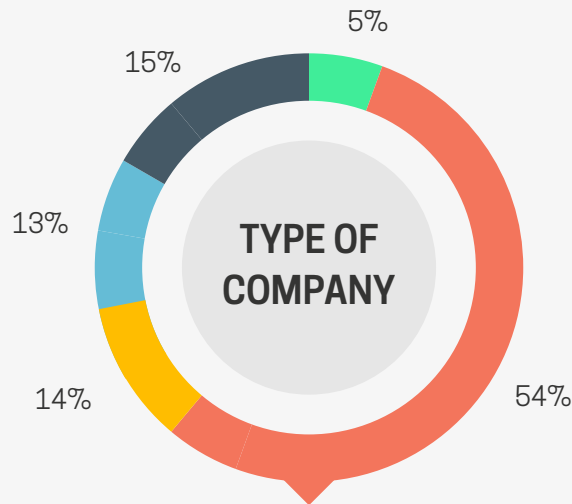
This report is designed to provide visibility into these patterns, alongside insights into current and future market conditions. To compile it, we surveyed 168 UK and US-based companies of all shapes, sizes and turnovers.

Our objective: to discover the true state of the food and drink industry and to understand the mind-sets, anxieties and hopes of the companies that populate it.

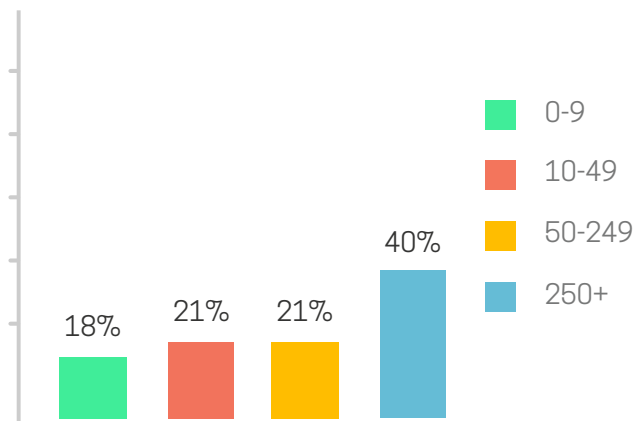
01

WHO WE SURVEYED

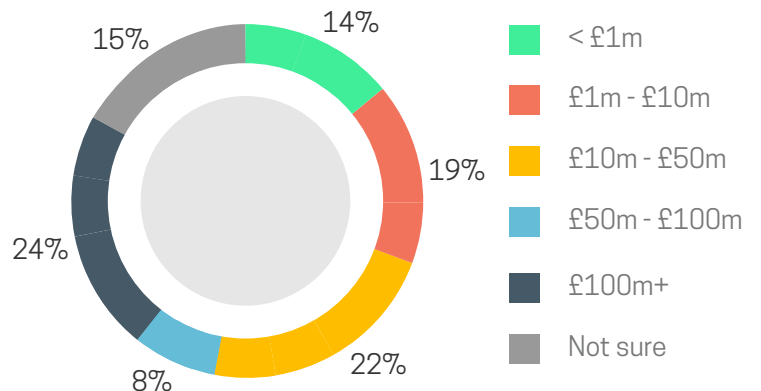
This report encompasses large corporations and SMEs, suppliers and wholesalers, organisations with sub-million revenues and organisations with profits exceeding £100m.



NUMBER OF EMPLOYEES



TURNOVER



02

THE STATE OF THE FOOD AND DRINK INDUSTRY IN 2017

Before delving into the challenges and opportunities of the industry, it's essential to take its temperature and establish how companies feel about the food and drink industry today, as well as how they feel they've performed over the last few months.

Though they acknowledge several operational, logistical and technological problems, the companies we surveyed were largely optimistic about the state of the market. In fact, they're downright buoyant: 58% rate the industry's current health as "good", 33% think it's "average", only 8% hold that it's "poor" and only 1% are "not sure". Food and drink companies believe in their industry and that can only be a good thing.

And, why wouldn't they? Most of the companies are doing quite well for themselves: 62% of those surveyed claimed they had increased their year-on-year turnover, while only 19% said their turnover had declined and 19% were unsure. Overall, food and drink companies are turning larger profits than before.

They're cheerful about the state of the industry, particularly because the improvement is part of a larger, longer-lasting trend. Of our respondents, 59% believe the industry has improved over the past five years, while a mere 27% believe it to have declined and 14% remain unsure.

Not every company will have felt the benefits, but we can say with some confidence that the industry's current levels of success are a by-product of half a decade's worth of progress.

**58% RATE THE
INDUSTRY'S CURRENT
HEALTH AS 'GOOD'.**

03

BIGGEST CHALLENGES TO BUSINESS GROWTH

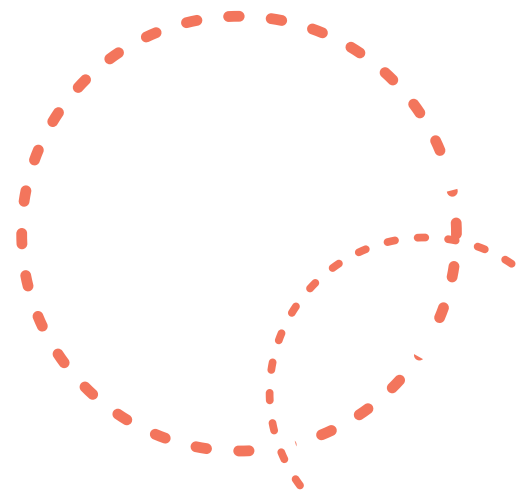
The overall optimism of our survey respondents suggests that the food and drink industry is in good health and yet there are always problems to overcome and improvements to be made for these companies. To sustain a competitive offering and stimulate growth, you must look for ways to enhance your products and services to drive your business forward.

So, what might prevent you from doing this? We asked companies about the biggest obstacles standing in the way of their growth and the replies were illuminating.

Economic conditions were naturally important. The past decade has seen disaster in the form of the Great Recession and uncertainty in the form of elections and referendums; it's entirely unsurprising that **33% of those surveyed identified "general economic downturn"** as the biggest challenge to their businesses.

Some concerns, however, are less timely and more ever-present. Customer acquisition and retention are the eternal priorities of any business and it should come as no surprise that it remains a major challenge for almost half of those surveyed: a full **48% believe finding and retaining new business to be their most significant barrier to success.**

But the challenge most keenly felt by food and drink companies is one that's more specific to these fast-paced, ever-changing times. Of those surveyed, **56% believe that adopting new technology is the biggest obstacle to growth.** It's easy to see why: it doesn't always easily integrate well with existing systems and teams comprised of more traditional salespeople tend to instinctively resist it.



04

BIGGEST OPPORTUNITIES FOR BUSINESS GROWTH

Despite these challenges, food and drink companies are bullish about the future opportunities for the industry.

In fact, though 33% see economic downturn as a serious cause for concern, 37% are optimistic that increased access to global markets will lead to greater success and growth. Having identified an economic problem, they can also see the clear economic potential in selling to customers on a global scale.

The same applied to the issues of retention and acquisition. Though attracting new business and ensuring customer loyalty remain pressing concerns, 28% of those surveyed see clear opportunities in advertising, marketing and sales campaigns to help them improve in these areas.

Finally, companies also saw clear potential in technology: a total of 61% of those surveyed said that new product innovation presents a real opportunity for greater business success.

**37% ARE OPTIMISTIC
ABOUT INCREASED
ACCESS TO GLOBAL
MARKETS.**

05

USING TECH TO DRIVE SALES AND CUSTOMER RELATIONSHIPS

If technology presents an opportunity for food and drink companies, then it certainly helps that many are already taking advantage of it. In an age of Big Data, cloud-based apps and social media, no company is truly IT-free, but the extent to which the food and drink industry has embraced it is very encouraging.

They're going far beyond desktop computers and internet connections: technology designed for sales, marketing, and customer service teams, including CRM and business intelligence software, is used by 65% of food and drink companies to drive performance. What's more, 59% of those surveyed said it had a positive impact, 28% described it as neutral, and only 2% said it had an actively negative influence on their business.

So, what makes this technology so valuable to these companies?

When asked, 56% said that it helps to translate Big Data into valuable insight for sales, marketing, and business development teams. As the old adage goes, knowing is half the battle – and modern technology can help you know even more about your customers.

65%

use CRM and BI software to drive performance

56%

say that technology helps translate Big Data

47%

think that technology enhances relationships

40%

believe their technology supports agile working

49%

think their systems don't integrate well

34%

claim technology quickly becomes out of date

31%

claim technology is becoming to difficult to use

This simple principle is also reflected in the second most popular response: 47% – nearly half of all interviewees – hold that technology enhances their understanding of key customer relationships. Food and drink companies don't want technology to be an instant fix or a magic bullet, they want it to make them smarter and more efficient in the long term.

This idea is also present in the third most popular answer: 40% of businesses believe that their technology supports agile and mobile working. They want to be faster and more flexible – able to work from anywhere, without restrictions.

However, for all this positivity, businesses still have trouble with technology from time to time. When asked to explain their biggest frustrations, the companies we surveyed were clear about several problem areas. Though the three biggest challenges identified varied in specifics, a common thread was identified: compatibility.

The most significant challenge spoke to this most directly. According to 49% of

food and drink companies, the biggest problem is that new technology “does not integrate well with existing processes and systems”. It makes sense: if an application or tool promises to revolutionise your business, but does not complement its existing setup, its utility will be limited at best.

The second most pressing issue? Some 34% claim that the technology “becomes outdated too quickly”. An age of constant invention and iteration can make it easy for businesses to feel like they can't keep up and may actively restrict their willingness to spend money on technology: why invest in new tools when a better version of those tools may be just around the corner?

The third issue is of compatibility with the user: 31% report that technology is becoming “too complicated or difficult to use”. It doesn't matter how sophisticated the tool is if the organisation doesn't know how to use it.

06

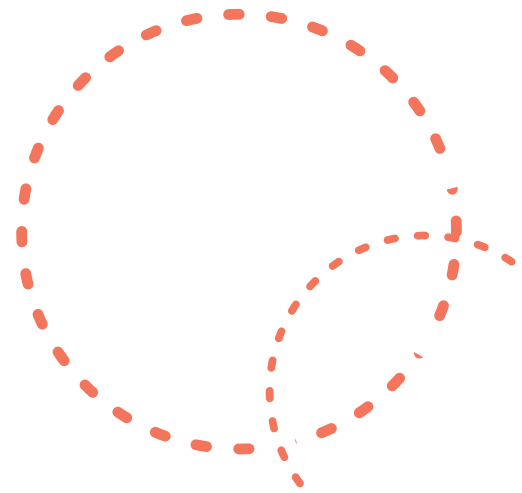
LOOKING AHEAD TO 2020

Having examined the industry's current challenges and opportunities, it's also worth looking towards the future. A lot can change in a few years: in recent times, the political and economic status quo has been shaken and more surprises on that front may well be in store.

Our respondents felt confident enough to identify potential hurdles and openings that they think might emerge by 2020. The proportion here is reasonably balanced: **46% anticipate more trials for their business in three years' time**, but **45% believe there will be more opportunities**; 9% aren't sure either way. Regarding Britain's looming exit from the European Union, **46% believe it will have a negative impact on the food and drink industry**, **33% aren't sure**, and **20% believe it will have a positive impact on the industry**.

Their expectations for technology are in line with the optimistic outlook expressed earlier: 85% think new product innovation will present a clear opportunity and 76% and 70% believe the same of new production and new business technology respectively. They're also confident about certain economic factors: 62% consider globalisation to be an opportunity and 53% think the same of consumer demand.

When asked to predict future challenges, there was rather more variety among food and drink companies – though every potential issue is also an ever-present problem area for the industry.



For example, **52%** hold that **transport and logistics will continue to be a challenge**, but this is often a by-product of success: as demand increases and warehouses grow, a degree of strain is to be expected. Some **52%** think **environmental awareness will be a challenge**, but balancing your green priorities against your operational priorities is difficult: everyone wants to be responsible, but doing so inexpensively is easier said than done.

Finally, there's the ever-present issue of recruitment. How can a business move forward if it can't acquire the talent it needs? At **58%**, **well over half of food and drink companies believe employment and staff skills will be a persistent challenge** in the years to come.

**52% BELIEVE THAT
TRANSPORT AND
LOGISTICS WILL
CONTINUE TO BE A
CHALLENGE.**

07

CONCLUSION

Identifying challenges and opportunities is an important step, but it's not the only step. Food and drink companies need to take decisive action to overcome the considerable challenges and take advantage of the considerable opportunities ahead of them.

They can't do much about political and economic uncertainty, and can't be expected to. But when it comes to technological uptake, many have identified the issue – and just as many have acted to solve it. That deserves credit.

But to drive business growth, they need to go even further. To remain competitive, food and drink companies can't rest on their laurels; they must build a proactive, customer-centric sales culture, and use technology to shore it up.

That can mean leveraging customer data and taking advantage of new product innovations in CRM and business intelligence, identifying the operational gaps in your food and drink business and identifying how they might be bridged with software. More broadly, it means finding out how to stay ahead of the competition and mitigating against any uncertainties.

If you are a part of one of these businesses, mixed feelings are to be expected. The next few years will be tricky to navigate, but they'll also present an abundance of opportunities. We don't have all the answers, but we know one thing for sure: you won't be able to take advantage of them if you stay still.

[Contact us](#) today and we'll help you figure out how to move forward.

ABOUT

We are the leader in sales performance for distributors and wholesalers.

sales-i is sales performance software designed to make every sales call more personal and profitable.

sales-i enables sales professionals to clearly identify and target high quality sales opportunities within their current customer base. Equipped with customer buying behaviour alerts, salespeople can make insightful, personalised, quick business decisions, realising repeat sales, reduced customer attrition and maximised profit margins as a result.

sales-i will change the way you sell. [Get in touch](#) for a free, online demonstration and judge our software for yourself.

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**SALES-I IS INVALUABLE TO US NOW
AND I CAN'T IMAGINE GOING BACK
TO HOW WE DID IT BEFORE.**

- Mike Rosenberg, Astro Food Service

