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Arloesi Bwyd
Cymru

Food Innovation
Wales

Wales Food and Drink Survey 2015

Contents

CANOLFAN DIWYDIANT BWYD ZERO2FIVE FOOD INDUSTRY CENTRE

Arloesi Bwyd **Cymru** Food Innovation **Wales**

Cardiff Metropolitan University | Prifysgol Metropolitan Caerdydd

Llywodraeth Cymru Welsh Government

Abbreviations

BRC	British Retail Consortium
FDF	Food and Drink Federation
FIC	Food Industry Centre
FIW	Food Innovation Wales
IFS	International Featured Standards
ISO	International Organisation for Standardisation
OFF	Organic Food Federation
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
SALSA	Safe and Local Supplier Approval
SME	Small and Medium-Sized Enterprises
STS	Support Training Services

Executive Summary

In order to gather salient data on the food and drink manufacturing sector in Wales, the ZERO2FIVE Food Industry Centre carried out a survey with the aim of gathering accurate baseline information in order to benchmark the structural and operational state of the food and drink industry in Wales.

Following an initial pilot study, the survey was made up of two data capture phases. Phase one collated basic company information whilst phase two aimed to gain more specific data on each company including details on turnover, number of employees, logistical status, innovation and import/export activity. Using a database of 779 food and drink manufacturers and processors, phase one achieved a total of 174 responses, equating to a 22 % response rate whilst phase two achieved a total of 108 responses, equating to a 14 % response rate.

- A total of 98 % of businesses were found to be Micro businesses (77 %) or SMEs (21 %).
- Bakery (24 %), Dairy (20 %) and Raw Red Meat (19 %) were identified as the three key product categories of the food and drink industry in Wales.
- Smaller retailers (77 %) were identified as the most common supply route. Around half supplied either wholesale (49 %) or food services (50 %). Major retailers were supplied the least with only 20 % of food and drink businesses supplying these retailers.
- Nearly two thirds (63 %) of businesses reported that they did not supply the public sector. Those who did supply the public sector, 37 % did so via a third party.
- Two thirds of respondents (64 %) reported that their business would like to supply the public sector in the future but most respondents identified price (47 %) and lack of knowledge (27 %) as barriers to doing so.
- Approximately three quarters of respondents (73 %) did not export products outside of the UK. Of those that did, the majority (89 %) exported their products to Europe.

The survey aimed to identify the product categories that were key drivers to the economy in Wales.

- The majority of businesses stated they would like to export to Europe (73 %), Asia (53 %) or North America (47 %). A further 38 % said they would like to export to Oceania, 29 % to Latin America, 11 % to Africa.
- Over half of the respondents (54 %) sourced their raw materials outside of the UK. Eighty three percent sourced their raw materials from Europe and 27 % sourced their raw materials from Asia.
- It was determined that over half (61 %) of respondents were found to have no certification.
- The majority of businesses (78 %) reported that they believed they were not operating at full capacity and a third (33 %) of respondents believed they were operating between 51-75 % of their potential capacity.
- Two thirds of respondents (62 %) reported having up to 25 products on the marketplace.
- The majority of respondents (94 %) reported that they launched 0-10 products in the last financial year.
- Whilst 53 % said they currently had 1-5 products in development, over a quarter (28 %) said they had no products in development.
- Over three quarters of respondents (77 %) stated the business had costings for their products, although 12 % did not have costings and a further 10 % were unsure.
- Twenty eight percent said they had not renewed their costings within the last 12 months.
- One third of respondents (35 %) stated that they had rebranded within the last three years and 6 % of respondents reported a change of ownership within the last three years.
- Around half of respondents (47 %) used a contract haulier to deliver their product whilst 26 % used their own transport and 27 % used both distribution methods.

WELSH FOOD & DRINK INDUSTRY

£5.2BN TURNOVER

IN WELSH FOOD & FARMING SECTOR[1]

78,500 PEOPLE EMPLOYED

IN WELSH FOOD & FARMING INDUSTRY

37%

SUPPLY THE PUBLIC SECTOR VIA A 3RD PARTY

£7BN INDUSTRY GROWTH TARGET

PRIORITY SECTORS BY 2020[1]

98%

FOOD & DRINK MANUFACTURING BUSINESS UNITS

Micro or SME

TOTAL OF

28%

BUSINESSES HAD NO PRODUCTS IN DEVELOPMENT

[1] *Welsh Government. (2014). Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014-2020.*

TRANSPORT & EXPORT

47%
USED CONTRACTED HAULIER FOR DELIVERY

26%
USED OWN TRANSPORT

27%
EXPORT OUTSIDE OF THE **UK**

OF THOSE THAT DO EXPORT, **89%** EXPORT WITHIN **EUROPE**

FUTURE EXPORTS TO
ASIA, NORTH AMERICA, OCEANIA, LATIN AMERICA, AFRICA & CARIBBEAN

INNOVATION & SKILLS

94%
HAD LAUNCHED UP TO **10 PRODUCTS** LAST YEAR

53%
CURRENTLY HAD **1-5 PRODUCTS** IN RESEARCH & DEVELOPMENT

64%
WOULD LIKE TO SUPPLY TO THE PUBLIC SECTOR BUT 27% REPORTED THEY LACKED THE KNOWLEDGE

1. Introduction

This review of the food and drink processing sector was undertaken to give the Welsh food centres of Food Innovation Wales (FIW) a factual benchmark of the structure and operations of food and drink companies in Wales. Data on the operational activity within the food and drink processing sector is limited and one of the key aims of this research was to identify areas within food and drink processing operations that could be developed to improve operational profits and assist the Welsh Government meet strategic growth targets for food and drink processors.

The food and drink sector is one of the nine key sectors identified by the Welsh Government as an important area for growth and the economy. The food and drink sector has been set a government target of 30 % growth in turnover by 2020 (Welsh Government, 2014). The variation in processing methods for different categories of food, allied with the complexity and global nature of today's food chain, means that any interventions to improve operational performance not only have to incorporate food processing operations but must also encompass the technical knowledge required to reduce the potential for food safety and food security related incidents.

The aim of the food survey was to determine the current state of the food and drink within Wales. This included business size based upon employee numbers and annual turnover, business' logistical status, export activity, innovation and future aspirations. The information gained will be used to monitor operating performance of food and drink businesses within Wales, which will allow measurement of growth and decline across sub-sectors, aid research and direct training in relevant areas as well as promote the food and drink industry within Wales and globally. Data collated will also be used to develop a directory for the sector. The directory will be used to increase awareness of Welsh food and drink companies to an international audience (295 companies were included in the 2015 directory).

The report consists of three sections. The first section presents an overview of the structure of the sector and its interaction with its consumer base. Subsequent sections incorporate an analysis of the trading profiles of food and drink manufacturers and finally, specific data relating to products, processes and operational controls.

1.1. Background

The Welsh food and drink manufacturing sector remains one of the largest industries within Wales, generating around £5.2 billion of revenue a year and employing over 46,700 people (Welsh Government, 2014). Wales boasts many attributes, which can help to develop a more successful and sustainable food and drink industry, from high quality raw materials and farming practices to world leading technical support.

In order to aid the growth of the industry in Wales, the Welsh Government has released an action plan for the food and drink industry; 'Towards Sustainable Growth'. The key objective of this action plan is to increase sales in the food and drink sector by 30 % (to £7 billion) by the year 2020 (Welsh Government, 2014). The action plan aims to implement strategies across five key areas in order to reach this goal.

Five key areas:

- Market Development
- Food Culture
- Sustainability and Well-being
- Supply Chain Efficiency
- Integration

Domestic and export markets have potential for growth, which can be achieved by improving current market information and trade support. The majority (98 %) of Welsh food and drink businesses are Small to Medium Enterprises (SMEs*) and microbusinesses (Office for National Statistics, 2014). SMEs are critical to the Welsh Food and Drink identity. Improving current baseline information on the sector will aid FIW in developing support mechanisms to achieve government goals.

FIW also aims to support research and development for new technologies and improve waste management systems through targeted investment. By improving waste management control systems, FIW plans to reduce the impact of food waste and develop more economically efficient production and supply chains.

* *The European Commission defines a small-medium enterprise (SME) as "enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million" (European Commission, 2014).*

2. Methodology

2.1. Design and Development of Research Study

Questions were designed specifically to gain an insight into the state of the industry and to help identify sectors with opportunities for growth and development. Company information was required to confirm a direct contact, so that the company could be engaged, should a business opportunity arise.

Companies were grouped according to BRC product categorisation to enable FIW and the Welsh Government to target companies for future events and training such as dairy conferences or bakery workshops. To determine the nature of each company, each business was asked to confirm the primary purpose of their business (e.g. wholesaler/manufacturer), their certification status and the channels they supply. By determining the annual turnover and employee numbers of each business over the past five years, it is possible to show the size of the company, based on the European Commission's size banding definitions, as well as the total growth or decline of the industry to contribute to governmental targets.

In order to evaluate product innovation, questions were asked about the number of existing products and the number of products in development, with the intention of highlighting growth in new products and the company aspirations.

Finally, export activity, inward investment and capacity were evaluated to help FIW and the Welsh Government identify and address barriers and to support opportunities for growth.

2.2. Data Collection Protocol

The survey is based on a major research programme undertaken by the food centres at Cardiff Metropolitan University and Coleg Menai, Grŵp Llandrillo Menai. An information letter was despatched to food and drink processing sites to raise awareness with the intention of maximising responses. The centres contacted 779 food and drink companies as part of a food and drink manufacturing survey and developed a two phase approach to data collection. As an incentive to encourage companies to participate, each business was informed that completion of the survey would gain their business entry into a Welsh Food and Drink Directory produced by the ZERO2FIVE Food Industry Centre.

The survey methodology consisted of two phases of data capture:

Phase one: An initial telephone call to determine basic business information such as contact details, certification and the product category. This stage collated company data likely to be known by the respondent without reference to further documentation. Phase one was carried out by an external research company, who conducted phone interviews with Managing Directors.

Phase two: An online survey or follow up telephone call to capture more specific data allowing the respondent more time to plan and refer to the relevant sources of information e.g. company accounts. Phase two included the gathering of more in-depth business data such as turnover, employee numbers and export activity.

2.3. Sample Size

To ensure the results are representative of the Welsh Food and Drink industry, the ZERO2FIVE FIC at Cardiff Metropolitan University utilised its database of contacts for all food and drink manufacturers in Wales. It was vital that data was also representative across all regions of Wales and so the centre at Cardiff Metropolitan University utilised its partner centre at Coleg Llandrillo Menai for information on companies based in North Wales.

During phase one, a total of 779 food and drink manufacturers, producers and processors from the database were contacted. Of the 779 contacts, 137 refused to take part in the survey and a further 21 stated that they were only willing to take part in phase one and thus were not contacted as part of the second phase. The remainder of those that were contacted did not respond to the survey. Phase one returned a total of 174 responses equating to a 22% response rate.

Phase two was carried out by producing an online survey (using online survey tool SurveyMonkey) or by means of a follow up phone call, which returned 108 responses, equating to a 14% response rate (of the 174 respondents from phase one, 108 continued to phase two of the survey).

2.4. Data Analysis

All descriptive data analyses were conducted using Microsoft Excel 2010.

The survey aimed to deliver a range of benchmarks for the sector in order to measure future performance.

3. Main Findings

3.1. Company Information

3.1.1. Product Categorisation

Historically, Wales has been viewed as a country primarily producing lamb, beef and dairy products. However, beyond the farm gate, the profile of the food and drink sector becomes far more complex. The survey aimed to identify the product categories, which are key drivers to the economy in Wales. In order to identify this, the products were aligned with the 18 product categories identified by the BRC Global Standard for Food Safety.

Each business was asked to identify the BRC category which best described their product range. Whilst a total of 174 businesses took part in phase one, the total number of answers came to 344 due to companies producing products over multiple categories. Bakery proved to be the largest category (24 %), followed by dairy (20 %) and raw red meat (19 %). Oils and fats was the smallest product category with (1 %).

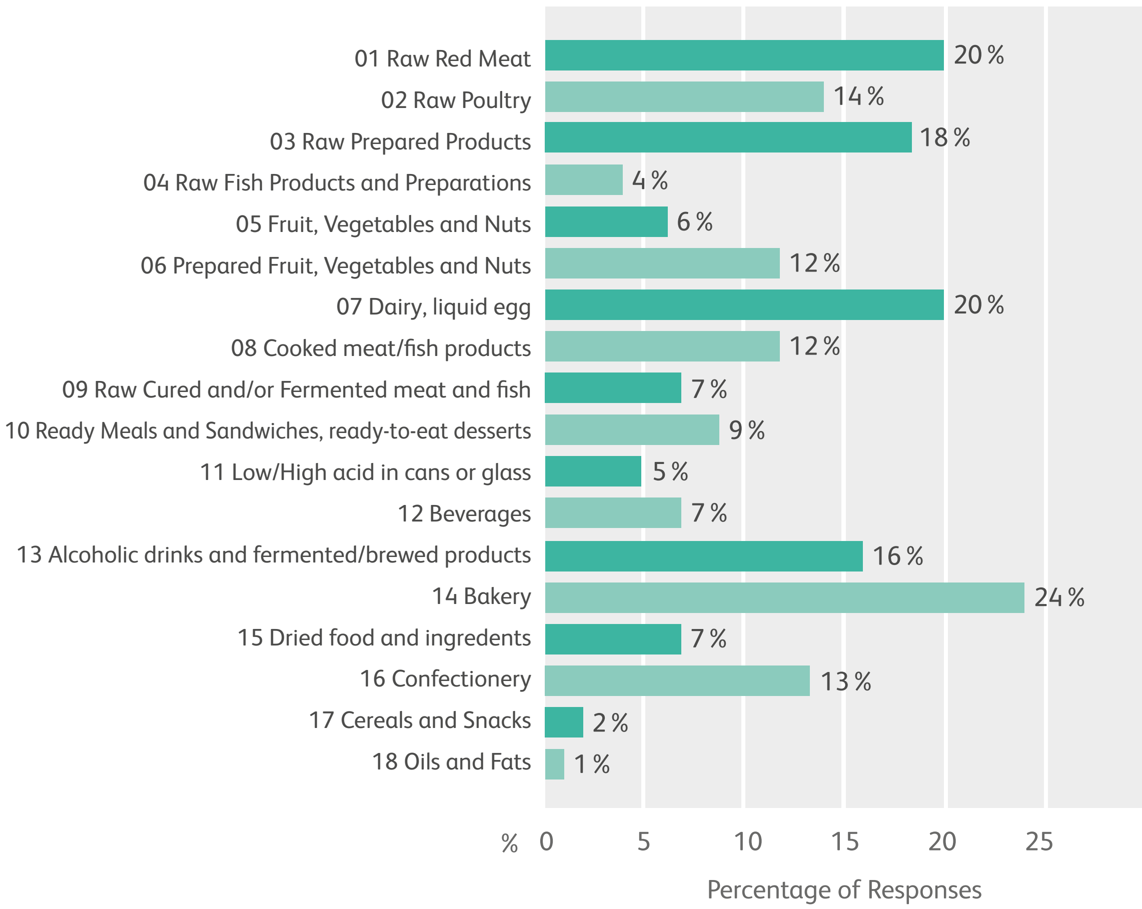

Figure 1. The number of companies that reported each BRC category they fell within (*n*=174)
NB* This question allowed multiple answers to be given and thus the total number of responses was 344

3.1.2. Certification

Businesses were asked to state which certification(s) they had achieved. A total of 168 participants took part in this question, identifying a total of 178 certifications (as some sites had multiple certifications). Of the 168 participants, 61 % stated that they had no certification whilst BRC (12 %), SALSA (9 %) and Soil Association (7 %) were the most common. Several businesses (3 %) had Protected Geographical Indication (PGI) status or Support Training Services and 2 % had International Organisation for Standardisation (ISO) certifications or were not aware if the company had any certifications. Of the remaining responses, 1 % had Protected Designation of Origin (PDO) status whilst less than 1 % had either International Food Standards (IFS) or Organic Food Federation (OFF) certification.

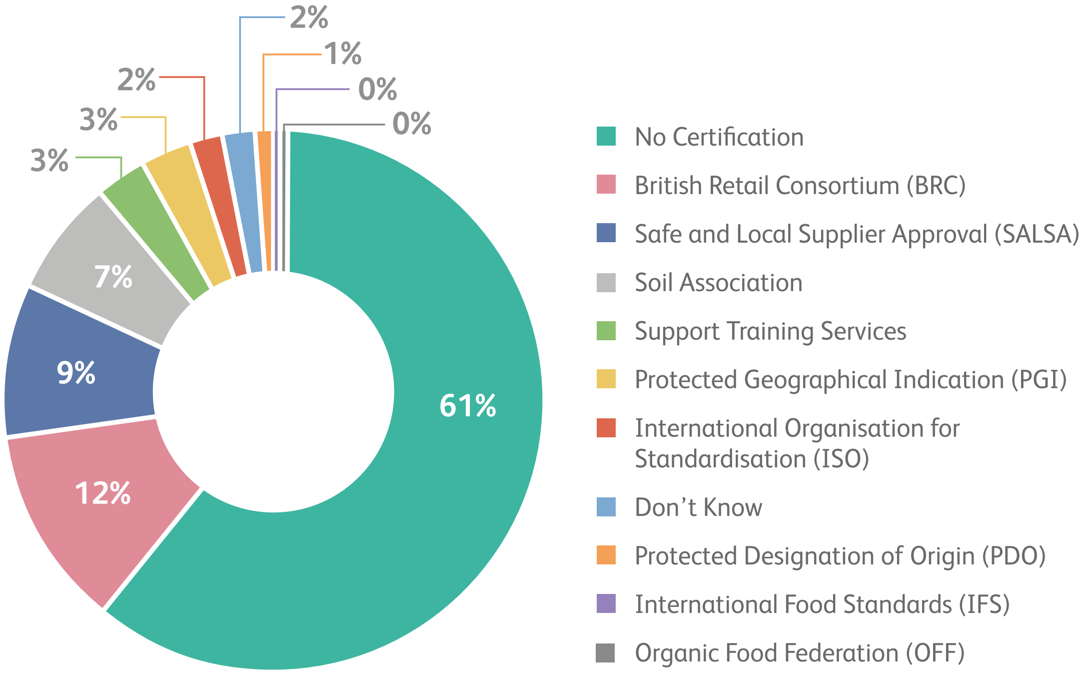

Figure 2. The number of companies who stated they had certification (*n*= 168)
NB* This question allowed multiple answers to be given and thus the total number of responses was 178

3.1.3. Communication

Communication of the brand to the consumer is essential to ensure businesses strive amongst a competitive landscape. The introduction of various social media outlets has further developed the ways in which businesses can connect with the consumer on a global scale. Social media allows businesses to become more humanised, offering increased brand recognition, brand loyalty and higher conversation rates for new customers. Given that most of the popular social media outlets are free, they can be seen as a staple marketing tool. Determining the number of businesses using a website or social media could help identify any potential for market development.

The majority (90 %) of food and drink companies in Wales reported owning a website. Over a third of companies had either Facebook (38 %) or Twitter (36 %) accounts. Two percent reported having used other social media and 10 % used none at all.

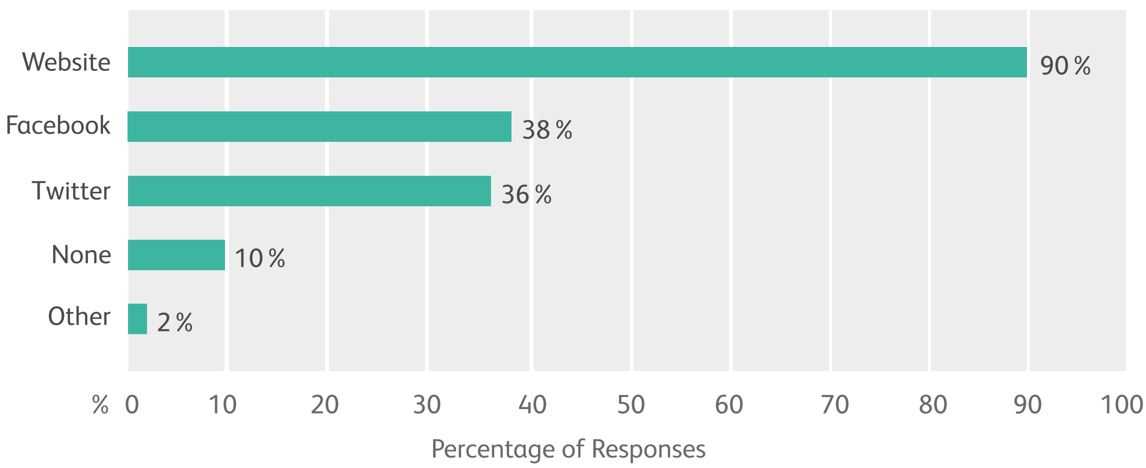

Figure 3. The percentage of companies who own a website or social media accounts (*n*= 177)

Innovation in operational efficiency, marketing development and new products are essential components for growth in the sector.

3.2. Trading Information

3.2.1. Turnover

Annual turnover for the 2010-2014 period was obtained for 108 businesses. The majority of businesses chose to list this information as confidential. Some companies also stated they had not yet finished their accounts for 2014 and a small minority also stated they had not finished their accounts for 2013. The responses were grouped into four categories according to the European Commission's business sizing definitions.

During 2014, 98 % of businesses were identified as microbusinesses or SMEs based on their turnover and over the 2010-2014 period, a decrease in the number of microbusinesses can be seen with an increase in the number of small businesses. This could indicate growth in turnover for the industry. A rise in the number of large companies was seen during the 2013-2014 period.

Business category by turnover*	2010	2011	2012	2013	2014
	(n=45)	(n=44)	(n=47)	(n=47)	(n=43)
€0-2 million (Micro)	82 %	84 %	83 %	87 %	77 %
€2-10 million (Small)	11 %	9 %	11 %	6.5 %	14 %
€10-50 million (Medium)	7 %	7 %	6 %	6.5 %	7 %
>€50 million (Large)	0 %	0 %	0 %	0 %	2 %

*Categorised according to the European Commission's definition of business size

Table 1. The percentage number of business that fall within each size band according to their annual turnover, 2010-2014

3.2.2. Employee Numbers

Employee numbers for the 2010-2014 period was obtained for 108 businesses. However, this varied from one year to the next, due to the formation and closure of certain businesses and several businesses decided to keep this information confidential. The responses were grouped into four categories based on the European Commission's business sizing definitions.

It was found that during 2014, 99 % of businesses that responded were classed as microbusinesses to SMEs based on employee numbers. Over the period, the number of small and medium businesses increased whilst the number of microbusinesses decreased. This finding could indicate that the number of employees within each business is growing at a faster rate than turnover, although it must be stressed that this could also be influenced by other factors such as difference in sample size. There was no growth in the number of large companies.

Business category by employee numbers*	2010 (n=66)	2011 (n=66)	2012 (n=65)	2013 (n=69)	2014 (n=70)
0-10 (Micro)	79 %	76 %	77 %	73 %	70 %
11-50 (Small)	15 %	17 %	20 %	20 %	20 %
51-250 (Medium)	5 %	6 %	1.5 %	6 %	9 %
>250 (Large)	1 %	1 %	1.5 %	1 %	1 %

*Categorised according to the European Commission's definition of business size

Table 2. The percentage number of business that fall within each size band by the number of employees which they employ, 2010-2014

3.2.3. Supply Route

The trade channels used by each business were identified as wholesale, retail (major), retail (other) or food service. Retail (major) encompassed the major UK supermarkets; Tesco, Asda, Sainsbury's, Morrisons, Waitrose, Co-operative, Aldi and Lidl. Retail (other) included all other retailers who sold directly to the consumer. Food service is defined as the industry related to making, transporting or selling prepared foods to restaurants, hotels, schools, cafes and any other catering services.

Retail (other) was identified as the most popular channel with 77 % of respondents supplying other retailers. Forty eight percent of businesses supplied wholesale whilst a further 50 % supplied food services. Retail (major) was found to be the least popular channel, with only 21 % of businesses supplying the larger retailers, which is partly a reflection of the profile of respondents.

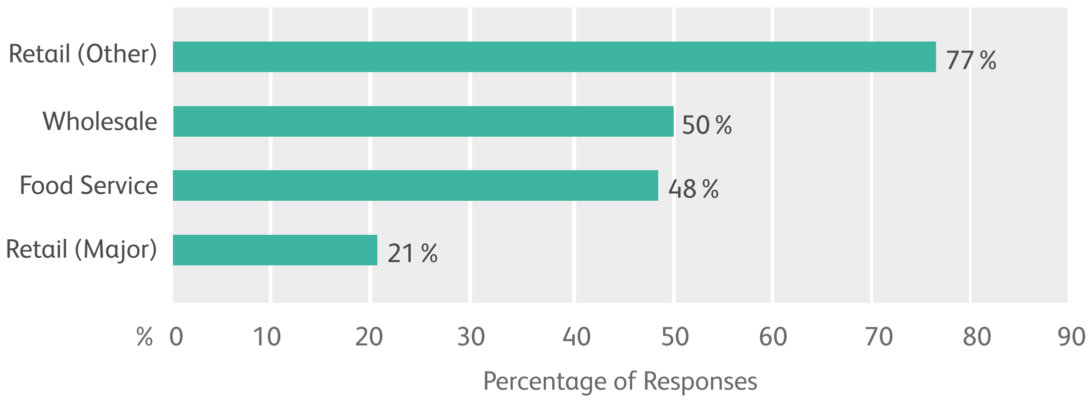

Figure 4. The percentage of companies supplying wholesale, retail (major), retail (other) and food service (*n*= 155)
NB* This question allowed multiple answers to be given and thus the total number of responses was 304

3.2.4. Public Sector Supply

One of the most sensitive areas for supply chain development is public sector procurement and supply. Economies of scale, capability to supply and food safety certification are just a few of the factors influencing food procurement in the public sector. One hundred responses were collated and the majority of businesses, 63 % did not supply the public sector. There were 32 responses (of 100 responses) to the question regarding the use of third parties. Of the 32 responses, 37 % supply the public sector using a third party company. Seventy eight responses were received about 'aspirations to supplying the public sector.' Whilst 64 % of respondents said they would be interested in supplying the public sector in the future, just under a quarter (23 %) said they were not interested and 13 % said they didn't know.

To understand what obstacles are faced when supplying the public sector, each participant was asked what they perceived to be barriers to supplying the public sector. Whilst a total of 70 participants chose to answer this question, they were allowed to select multiple answers and a total of 75 responses were gathered. Price was identified as the biggest barrier to supplying the public sector, with 47 % responses. Lack of knowledge was seen as the second largest barrier with 27 % of responses. It is important to note that some participants identified that there was a lack of knowledge of the tendering process and supply opportunities. Technical barriers were seen as the third largest barrier with 10 % of responses. Seven percent of respondents named 'Bureaucracy' as a barrier, along with unprompted descriptions such as 'inefficiency' and 'red tape'. They also believed that public sector bodies tended to use non-Welsh suppliers. Three percent of respondents identified transport as a barrier.

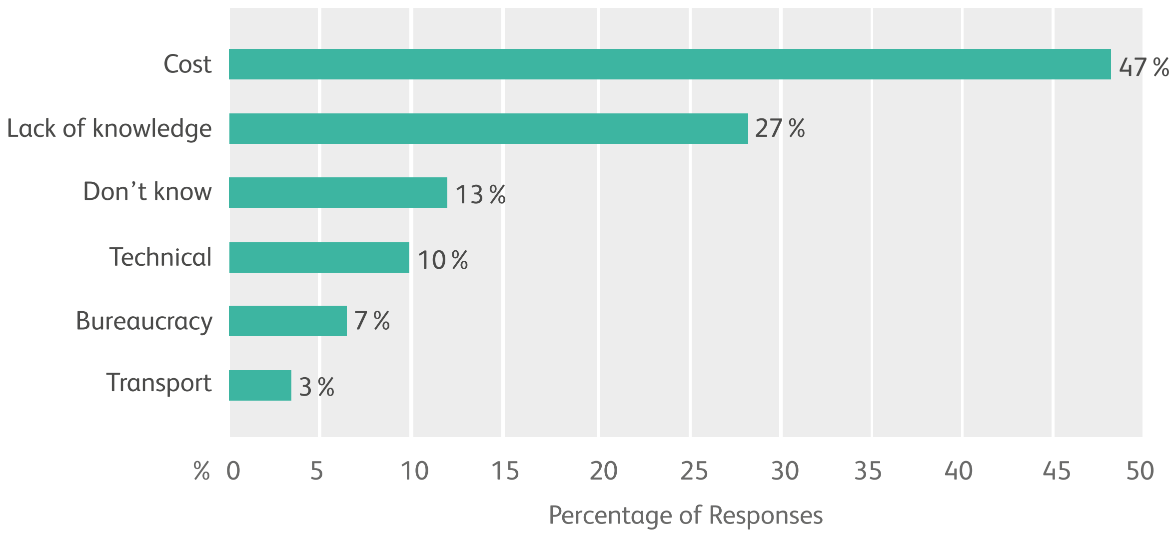

Figure 5. Perceived barriers to supplying the public sector (*n*= 70)

3.2.5. Logistics

The impact of food and drink production and distribution on the environment has been well documented in recent years and will continue to be a relevant discussion point in the foreseeable future.

In order to understand the logistical arrangement of each business, respondents were asked to identify the methods by which they delivered their products. A total of 94 responses were collated. The most common method used for delivery of products was through a contract haulier. Contracts included courier services such as Royal Mail (47 % of respondents used these services). Around a quarter of businesses, 26.5 %, used their own distribution methods and the same proportion 26.5 % of companies used both distribution methods.

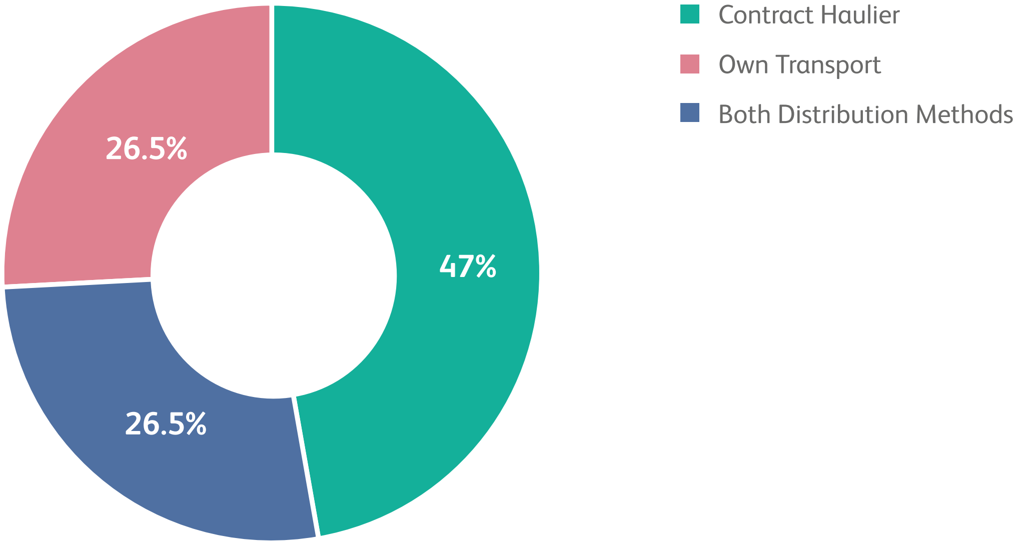

Figure 6. The reported methods by which companies deliver their product (*n*= 94)

3.2.6. Ownership

In order to understand the stability of Welsh based food and drink companies, it is important to understand the profile of ownership, changes of ownership and the reasons for change. This helps identify trends, which could impact on employee numbers within the sector.

Each respondent was asked whether the business had changed ownership or site within the last three years. Ninety four percent answered no to this question. Six percent of respondents had changed ownership or site in the last three years.

3.2.7. Export

To gain an insight into the export activity of the industry, participants were asked whether they currently export products outside of the UK. Over a quarter of respondents are currently exporting outside the UK (27 %), the remaining respondents stated that they did not export (73 %).

Once it had been determined which businesses were exporting outside the UK, they were asked which regions they export to. This question allowed for multiple answers. The majority, (89 %) of respondents said that they currently export to Europe. The second most quoted export destination was North America, (37 %), closely followed by Asia, (30 %). The continents to which export was the lowest were Oceania (15 %), Latin America (11 %) and Africa (7 %).

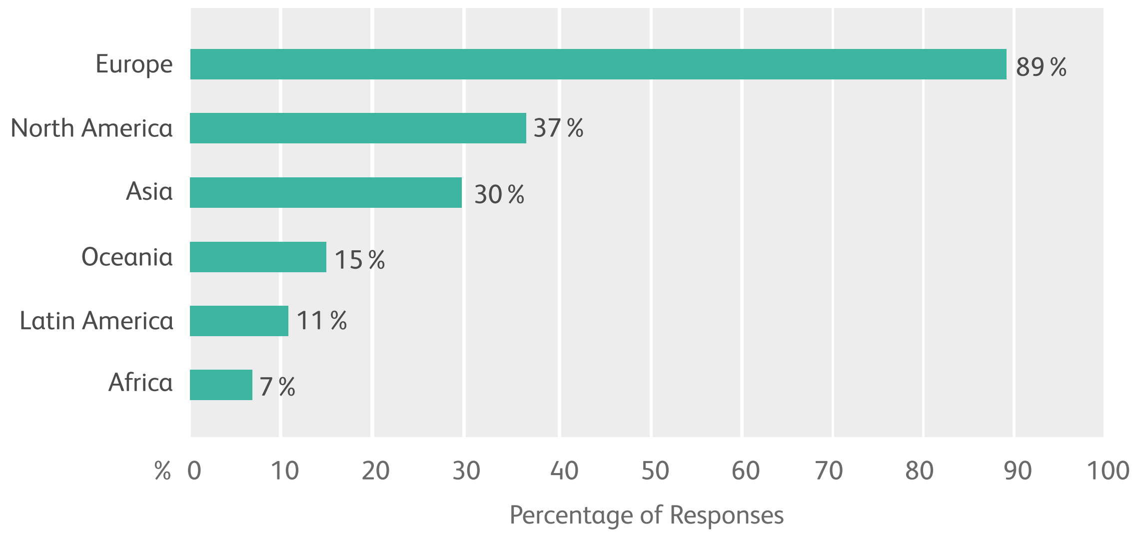

Figure 7. The percentage of companies reportedly exporting products to each region (*n*= 27)

The businesses also identified where their aspirational export markets for the future are. A total of 45 businesses responded. However, this question allowed for multiple answers and the total number of responses was 113. Almost three quarters (73 %) said they would like to export to Europe. Asia was the next most popular choice (53 %) followed by North America (47 %) and Oceania (38 %). Latin America was selected by 29 % of participants as an export destination whilst 11 % said they would like to export to Africa.

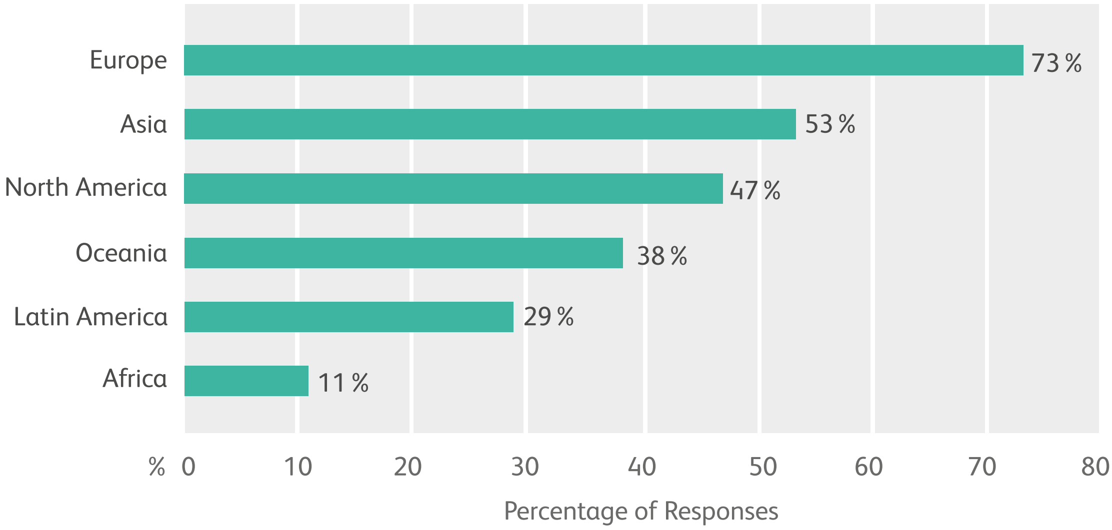

Figure 8. The percentage of businesses that would like to export to each region (*n*= 45)
NB* This question allowed multiple answers to be given and thus the total number of responses was 113

Operational performance not only directly affects company profits but also energy usage and environmental management within the organisation.

3.3. Operational Performance

3.3.1. Raw Material Sourcing

In order to facilitate trade development within Wales, we need to understand where food businesses are sourcing raw materials.

Respondents were asked whether they sourced raw materials outside the UK. In total, 97 businesses answered this question. Fifty four percent of businesses stated that they do source raw materials from outside the UK whilst 44 % said that they do not source raw materials from outside the UK. Two percent of businesses did not know where they sourced their raw materials.

Of those who said they do source raw materials outside the UK, we then asked them to identify which continent they sourced materials from. Whilst 52 respondents stated they sourced raw materials outside the UK, this question allowed for more than one answer as some businesses source their materials from multiple locations. Eighty three percent, sourced raw materials from Europe. The second most common location that raw materials were sourced was Asia, (27 %). The third most popular source is North America, (13 %), closely followed by Oceania, (12 %), Latin America, (10 %) and Africa, (8 %).

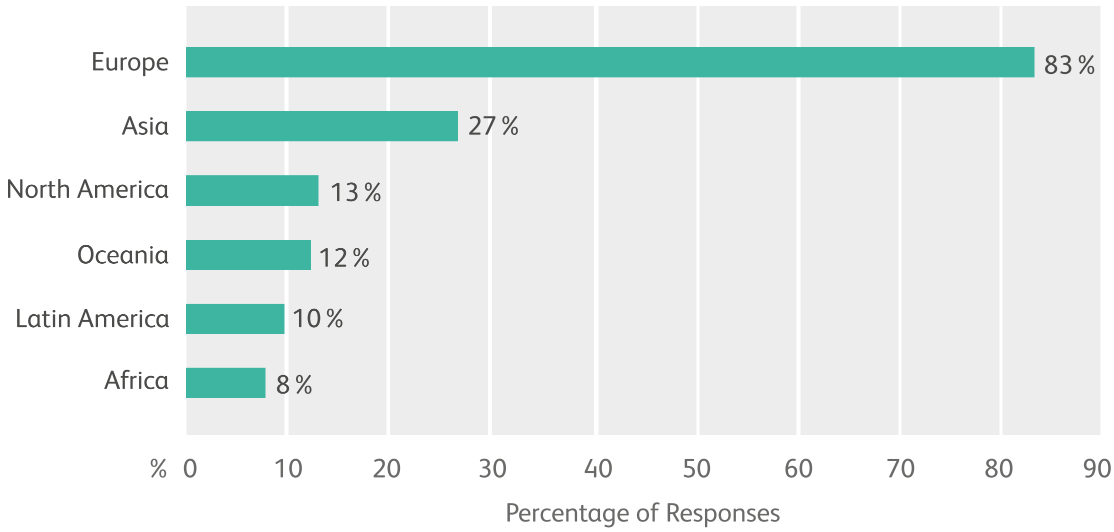

Figure 9. The percentage of companies reportedly sourcing raw materials from each region (*n*= 52)
NB* This question allowed multiple answers to be given and thus the total number of responses was 79

3.3.2. Capacity

A lack of capacity within the sector is often quoted as a barrier to trade. To understand where the industry is, in terms of operating capacity, each business was asked whether they thought they were operating at full capacity. The total number of responses collated for this question was 101. Approximately three quarters, 78 %, said that they believed they were not operating at full capacity. The minority, 22 %, said they were operating at full capacity.

Those who said they were not operating at full capacity were then asked what percentage of total capacity their operations currently achieved. A total of 66 businesses provided details about their current percentage capacity which meant that, including those who stated they were operating at full capacity, the total number of responses came to 88. Around 14 % of businesses said they thought they were operating in the upper quartile of their total potential. The most common choice was the third quartile, between 51-75 %, with around 33 % of businesses. Approximately one quarter of businesses (24 %) said they were only operating at 26-50 % of their potential. A small percentage (4 %) believed they were operating in the lower quartile.

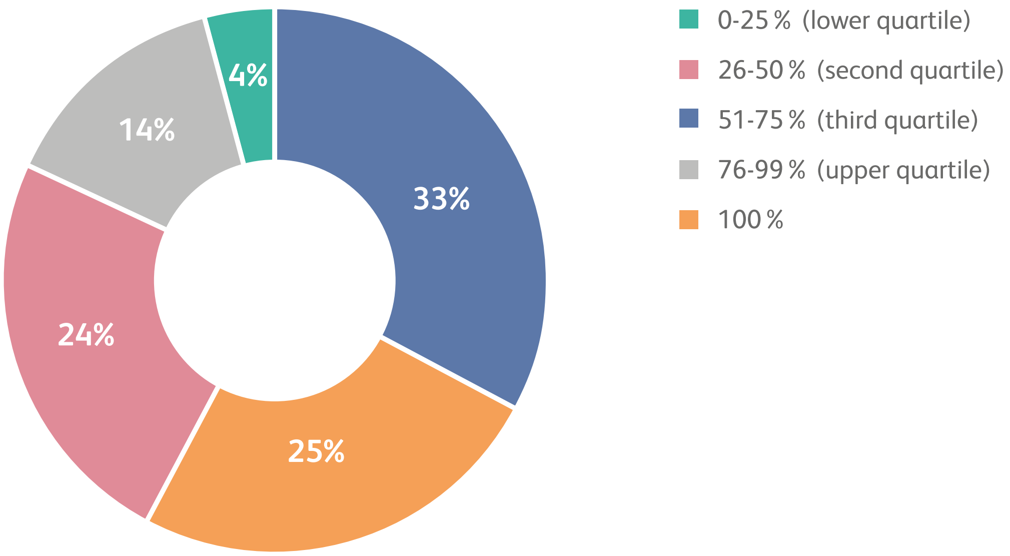

Figure 10. The percentage capacity of their potential at which businesses believe they are operating (*n*= 66)

3.3.3. Number of Products

Work undertaken by FIW Food Centres has often uncovered inefficiencies in processing created by a diverse range of products. A large product range can lead to short production runs, with process line clean-downs between consecutive runs.

To establish the current position of the business, respondents were asked how many products they currently have in the marketplace. A total of 93 responses were collated. Most businesses, (62.4 %) had 0-25 products in the marketplace. Around 19.4 % had 26-50 products in the marketplace. A small percentage had more than 50 products in the marketplace, 3.2 % stated that they had 51-75 products, whilst 5.4 % had 76-100 products. One percent had 101-125 products and 2.25 % had 126-150 products. Around 2.15 % of businesses had either 151-175, 176-200 or >200 products available in the marketplace respectively.

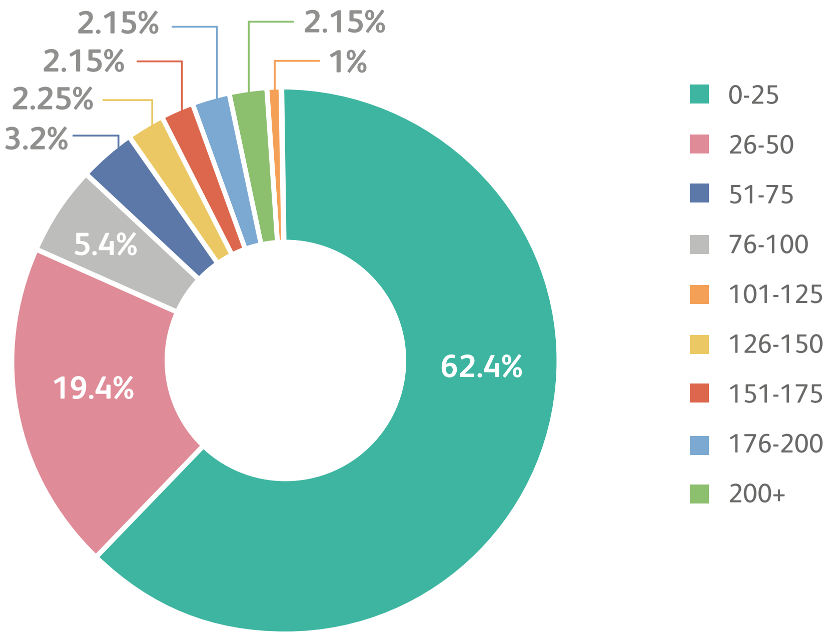

Figure 11. The number of products each business reportedly currently has in the marketplace (*n*= 93)

3.3.4. Costings

The costing of a product is usually undertaken pre-launch. However, the fast moving manufacturing sector and volatility in raw material prices mean that costings can quickly become inaccurate and this results in a reduced control of profits/losses generated during the manufacturing process. Participants were asked if they had costings for all of their products and a total of 97 responded to this question. Just over three quarters, 77.3 %, stated that they did have costings for all of their products whilst 12.3 % said they did not. The remainder 10.3 % stated that they were unaware whether or not they had costings.

The respondents were then asked whether the costings had been renewed in the last 12 months. A total of 80 responses were achieved for this question and less than three quarters, 72.5 %, said their costings had been renewed. The remaining 27.5 % said that their costings had not been renewed.

3.3.5. New Product Development

Within the food and drink sector, business growth is integrally linked with new product development. Activity in this discipline is a good indicator of innovation management within the business. To gain an insight in to how innovative the business is, companies were asked how many products they had developed, which reached the marketplace in the previous financial year. A total of 87 responses were collated, 82 of these (94 %) said that they launched 0-10 products in the previous year. Two percent of participants said they launched 11-20 products and one percent of participants each for 21-30, 31-40 and 61-70 product launches respectively. No participants said they had released 41-50 or 51-60 products in the previous financial year.

Respondents were then asked how many products were currently under development. A total of 88 responses were collected for this question. Just over half (53.4 %) of businesses had 1-5 products in development. A total of 28.4 % of businesses said that they had no products in development. Around 7.9 % had 6-10 products in development, followed by 3.4 % developing 11-15 products and 3.4 % developing 16-20 products. The lower percentages were seen for the larger number of products with 1.1 % of businesses producing 21-25, 26-30 or 36-40 products respectively. No companies had 31-35 products in development.

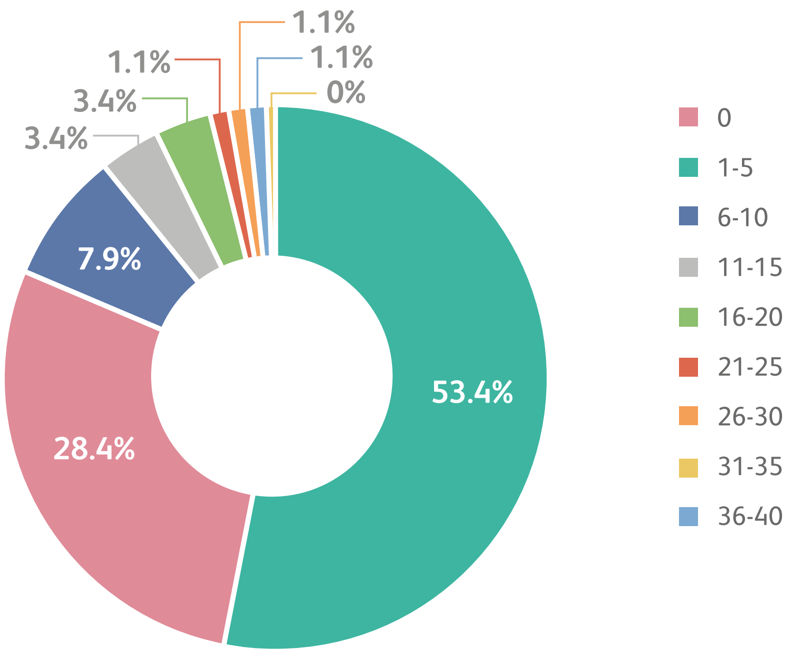

Figure 12. The number of products each business reported they currently had in development (*n*= 88)

3.3.6. Re-branding

Brand development and packaging design have been proven to be a dynamic factor in the success of food and drink products and consequently, food and drink businesses. Successful companies regularly update brand image and associated packaging.

Of the 88 responses, approximately two thirds (65 %) had not re-branded in the past 3 years and did not intend rebranding in the near future. As branding is such an important element of a successful food and drink businesses, it is important that businesses do not become complacent and allow their brand to lose relevance.

Whilst re-branding can be a costly exercise it could be considered as a factor in evaluating how innovative a company is. Thirty five percent of companies have re-branded in the past three years or intend to in the future.

4. References

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