Supply Chains Insights

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Overview

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2. Review
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Research Background

- The food and drink sector is the largest manufacturing sector in the UK and makes significant contributions to economy and employment.
- The agri-food sector contributed £146,7 billion (6,5% of the national Gross Value Added) in 2022 and 4.2 million people employed in the agri-food sector same year.

- UK's overall balance of trade and domestic production remains broadly stable, with the country sourcing food from domestic production and trade at around a 60:40 ratio.
- UK continues to be highly dependent on imports to meet consumer demand for certain food groups, particularly fruit, vegetables, and seafood, particularly from the European Union, which accounted for 64% of the volume of UK food, feed and drink imports.

- UK’s food supply chain will continue to face potential disruptions due to climate change and geopolitical factors.
- The British Retail Consortium forecasts food price inflation of 4.2% on average in the latter half of 2025.
- This projected increase, while lower than the peak inflation rates seen during the cost of living crisis, will likely have significant impacts on consumer behaviour and food accessibility, particularly for lower-income households.

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Review

Food safety and food waste | Pricing | Technological innovations | Policies

Production

- New product Development
- Biofortification
- Functional foods
- Alternative Proteins
- Diversification of crop patterns
- Technology use in farming methods

Handling & Storage

- Cold chain storage

Processing and packing

- Product reformulation
- Food fortification
- Nutrition labelling
- Portion packing

Distribution, wholesale, retail

- Transport and distribution infrastructure
- Integration of product market
- Digitalization and e-commerce
- Retail promotions
- Public health procurement

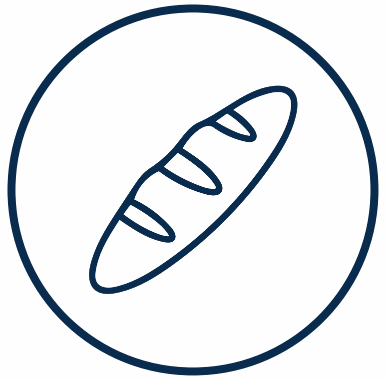
Consumption

- Consumer education
- Public health education

Source: Sahin Ersoz, H. & Bourlakis, M. (2024). Food Supply Chain for Healthy and Sustainable Diets: A Systematic Literature Review

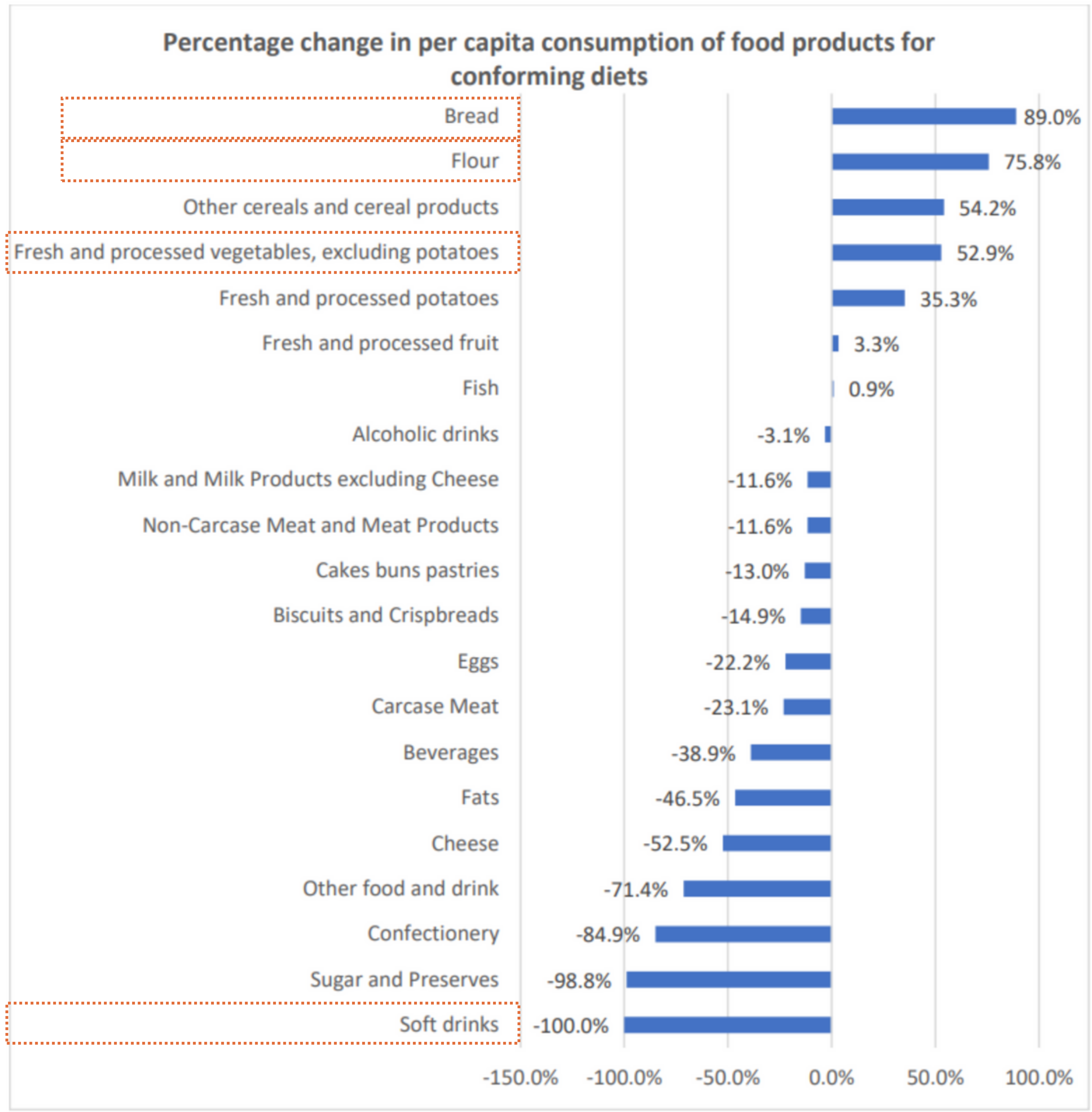
Key food categories

Vegetables



Bread and flour

Soft drinks



Source: Srinivasan et. al. (2024) Estimating Food Consumption Changes for Transition to Healthy Diets in the UK

Interviews with FSC members

Methodology

- Semi-structured interviews with representatives from companies in farming, manufacturing, logistics, and food service sectors. Both convenience and snowball sampling were employed to recruit participants.
- The interview questions were pre-tested with two academicians and one farm owner to ensure clarity, comprehensibility, and accurate representation of the research concept.
- Data was collected in-person and through online meeting platforms over three months in 2024.
- 15 participants in farming, manufacturing, logistics, and food service sectors. Interviews between 45-60 minutes.

Findings


obviously
industry
manufacturing
organisation
farms
probably
able
vegetables
drinks
growing
changing
diets
ingredients
promoting
yes
healthier
start
sharing
coming
sustainably
around
government
something
anything
still
healthy
carbon
chain
maybe
buying
way
sort
part
brand
sure
taking
good
process
supply
differently
put
point
end
help
also
food
big
might
back
stuff
now
got
products
get
business
little
definition
times
within
let
working
people
company
whole
demand
years
access
example
need
consumers
want
produce
impact
quite
day
seeing
retailers
particularly
price
using
bread
trying
options
always
thank
moving
costs
sugar
markets
questions
customers
regulations
available
challenge
eating
technology
interestingly
important
developments
trends

Challenges

Supply Chain Dynamics

- Availability and seasonality
- Quality and consistency
- Logistics and distribution
- Collaboration and information sharing

Cost and Price Challenges

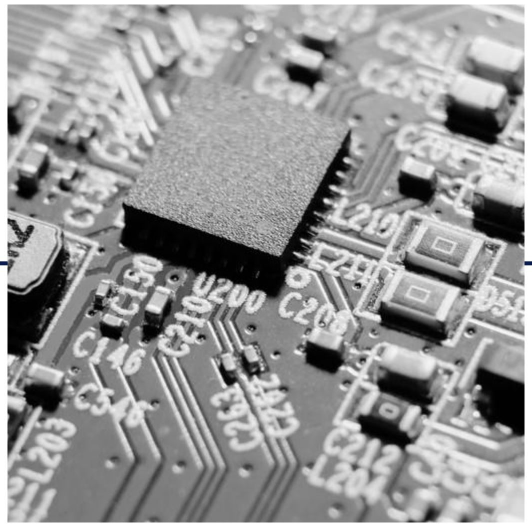
- Price perception and affordability
- Low profit margins in produce
- Power imbalances in SC

Cultural and Behavioural Barriers

- Convenience culture
- Taste preferences
- Lack of cooking skills
- Consumer education

Enablers

Technological Advancements



- SC optimization technologies
- Automation and AI

Industry Trends

- Sustainability and waste reduction
- Product innovations
- Plant-based, vegetarian and vegan options
- Product reformulations

Changing Consumer Preferences

- Increased Health consciousness
- Interest in provenance and sustainability
- Demand for plant-based options

Policy interventions

- Sugar Tax
- Import regulations
- Location restrictions of HFSS products

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Conclusion

Each stage of the supply chain has a role to play in promoting healthy and sustainable diets.

Role of collaboration and information across the supply chain: the reluctance to share data and work as “one business” with shared goals remains to be a barrier.

Alignment and coherence of policies are key parts of the implementation process of HSD interventions, involving stakeholders from different sectors.

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Key messages & Future Research

- The transition towards healthy and sustainable diets in the UK requires a comprehensive transformation of the food supply system, and this includes all stages from production to consumption.

- A meaningful shift toward healthy and sustainable diets would require supply to change in tandem with demand, increasing access and affordability of better foods to prompt consumer demand at the same time as responding to that demand.

- Collaboration and information across the supply chain is critical. The reluctance to share data and work as "one business" with shared goals remains to be a barrier. Overcoming this challenge will require building trust, establishing clear governance frameworks and demonstrating mutual benefits of increased transparency.

- The challenge of balancing affordability with profitability throughout the supply chain is a recurring theme. Significant disparity in profit margins between fresh produce and ultra-processed foods puts healthier options at a disadvantage in terms of marketing and promotion.

Thank you

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