



# Bord Bia's Readiness Radar

Charting the challenges &  
opportunities ahead

2021



Rialtas na hÉireann  
Government of Ireland

**BORD BIA**  
IRISH FOOD BOARD

# Introduction

Welcome to this year's edition of Bord Bia's Readiness Radar. This research is crucial for Bord Bia in identifying the priorities for the sector and how best we can support it as we design our new strategy for 2022-2025.

Despite the unprecedented headwinds facing food, drink and horticulture, the sector has again proven its resilience, with 2020 exports seeing only a marginal 2% decline to €13bn (Bord Bia, Performance and Prospects 2021).

Near-term optimism remains strong with 78% of Irish businesses expressing a positive outlook for the next 12 months and longer-term 82% are optimistic for the next 3 years.

In this report we gauge the mood of the industry, the challenges it faces in the future and the ways in which it can be supported to overcome these challenges. The results are based on a survey of n=111 Irish industry representatives from across food, drink and horticulture. This represents an estimated 60% of the all Irish food and drink exports.

**BORD BIA**  
IRISH FOOD BOARD

The vast majority of these businesses (86%) had some level of export experience, with 2 in 3 currently exporting to Britain and a similar proportion exporting to the wider EU.

The implications of our new trading arrangements with Britain in 2021 and beyond is therefore significant. Approximately a quarter of all revenues in these businesses is accounted for by exports to Britain and some 45% of these businesses have seen the value of their exports decline since Brexit.

With almost half of these businesses reporting a significant reliance on the foodservice channel, Covid-19 too has had a substantial impact, much of which it seems has thankfully been offset by growth in the retail channel.

The average number of employees in the businesses we consulted is 252, however a wide variety of business sizes are represented. Likewise, there is an average turnover of €32m across the sample, but within this there is a significant level of diversity of business scale.



# Readiness Radar 2021

# The Challenges

We explored a wide variety of potential areas of risk facing the industry in Ireland. Based on the risk that these areas pose to the future success and growth of the businesses a range of top risks emerge:

Covid-19, commodity price volatility, economic recession, trading environment with the UK, Talent, and market diversification.

Many of these issues are extraneous forces that are difficult for businesses to mitigate or manage within their orbit of control.

However, other areas of potential risk such as sustainability, innovation, insight, and technology are eminently more manageable.

Particular structural vulnerabilities are evident in certain sectors, such as the alteration of quotas within seafood, which arguably will necessitate creativity and innovation to add value to Irish products.

Indeed, innovation and the development of a healthy pipeline of NPD is an important ingredient in adding value to our exports, and an area in which businesses welcome supports.

The need for Irish companies to stay ahead on technology for more efficient production and processing applies across the industry but is heightened for larger businesses.

Market diversification is of particular importance to primary production sectors with a particular focus among these on growth from Asian markets. This is in part driven by Brexit and the need to offset sales declines to Britain. Market diversification strategies are being pursued independent of the new trading arrangement with GB, but perhaps this has expedited the focus and ambition in this regard.

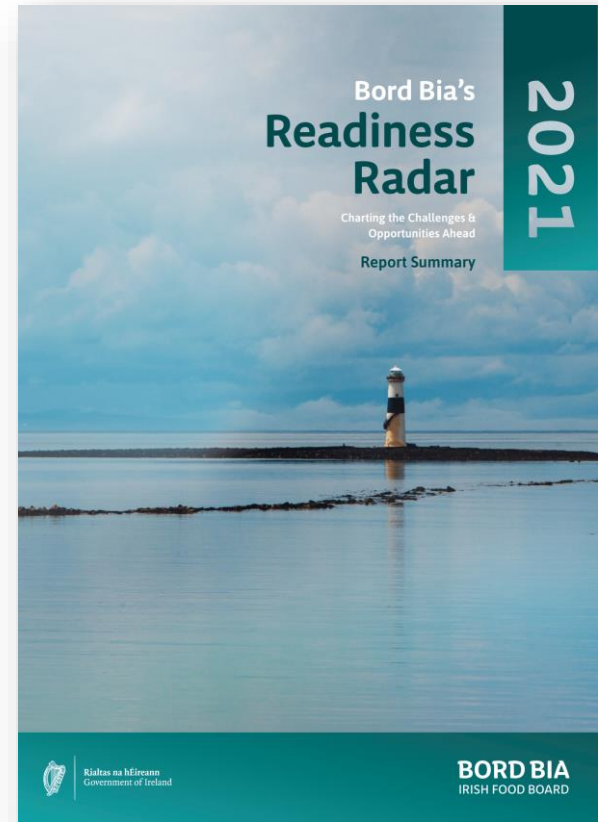
# Rising to the challenge

Among those who identify particular risks, we went on to assess the extent that they believe they are in most need of support to confront these challenges. The areas where Irish businesses felt in greatest need of support include:

- Market Diversification, Consumer & Market Research and insight, Talent, Sustainability and Brexit.

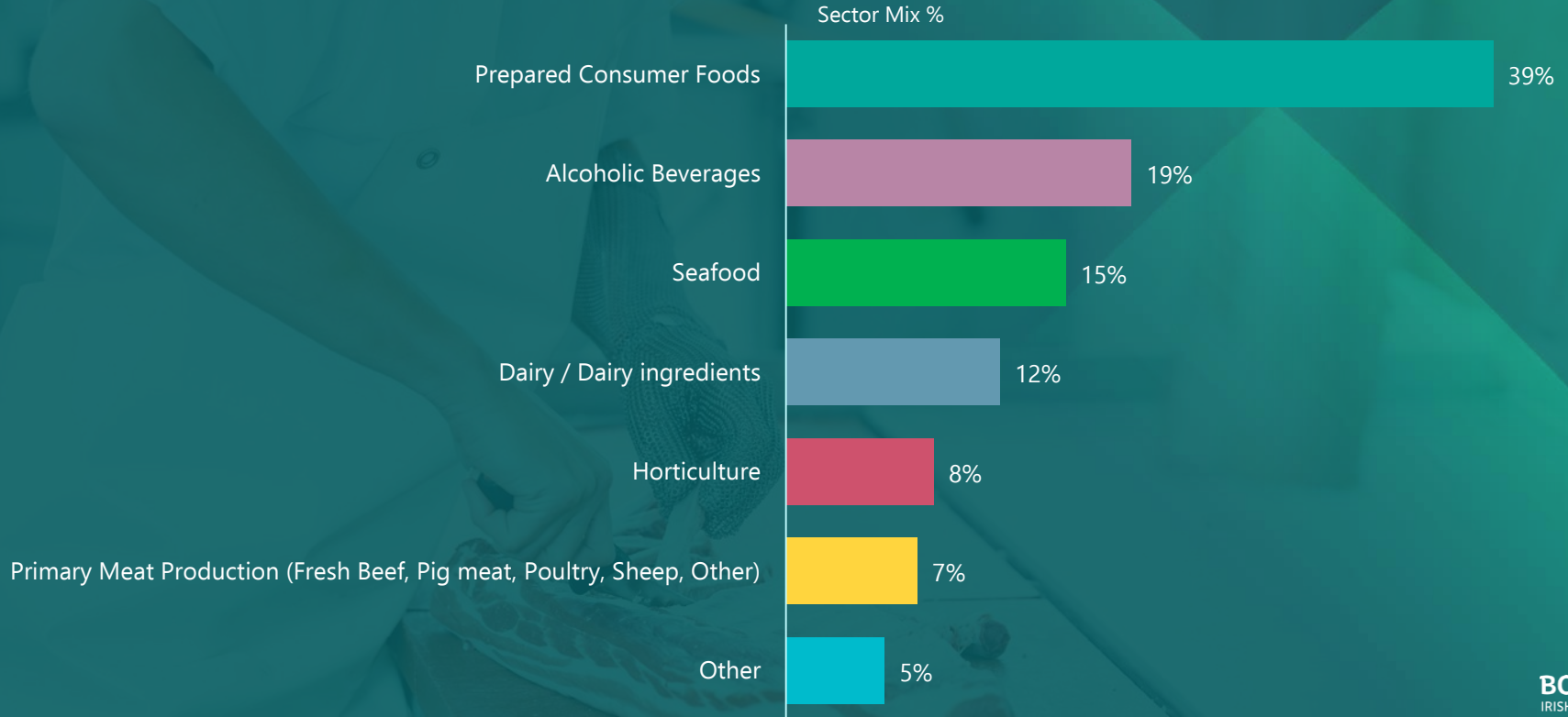
This is helpful in targeting supports to the greatest effect and ensures that Bord Bia and other support agencies are delivering supports in these areas. (see map across).

These are also among the areas that businesses are feeling least well prepared themselves. This insight will be used to shape the focus of our supports in the future.



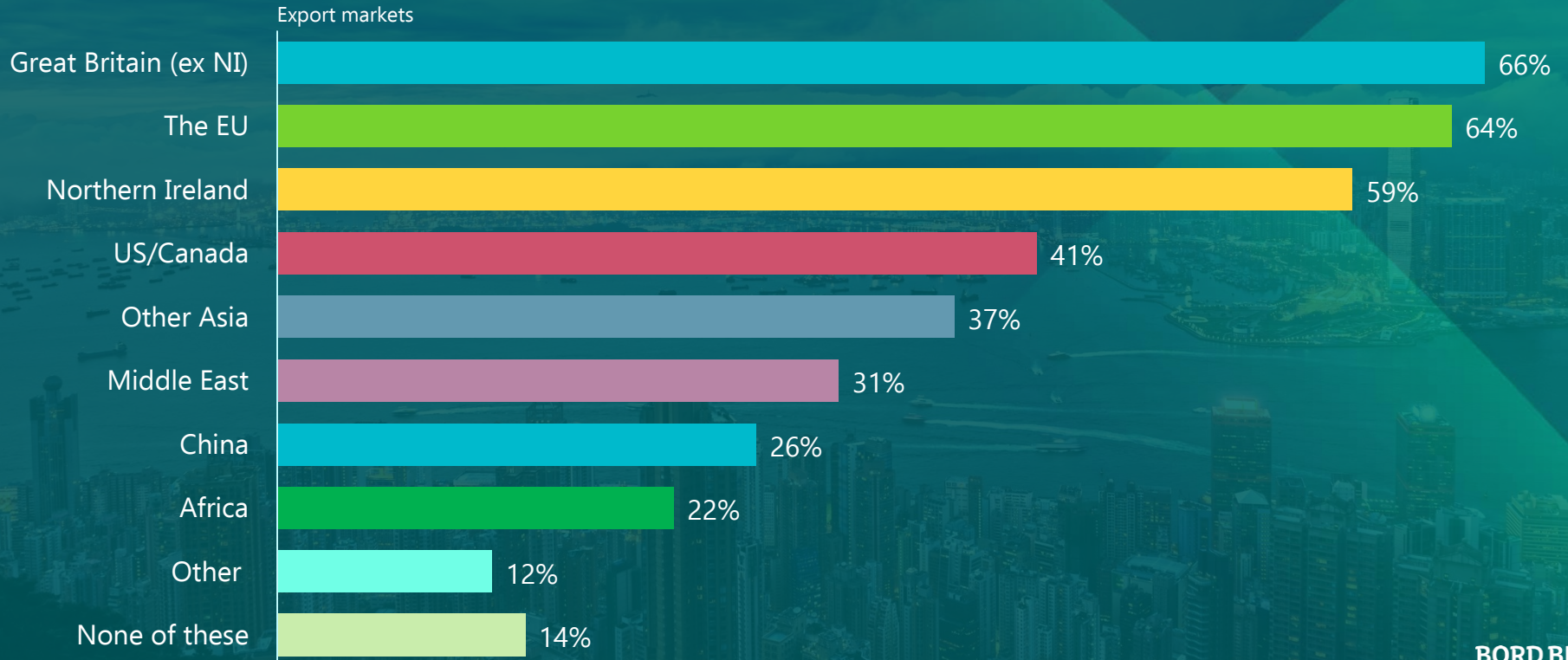
# Who we spoke to

This mix of food and drink businesses accounts for an estimated 60% of exports



# Where they export to

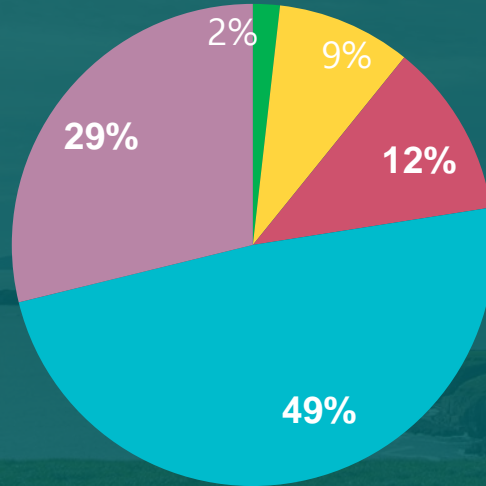
Asia driven by meat, dairy and seafood



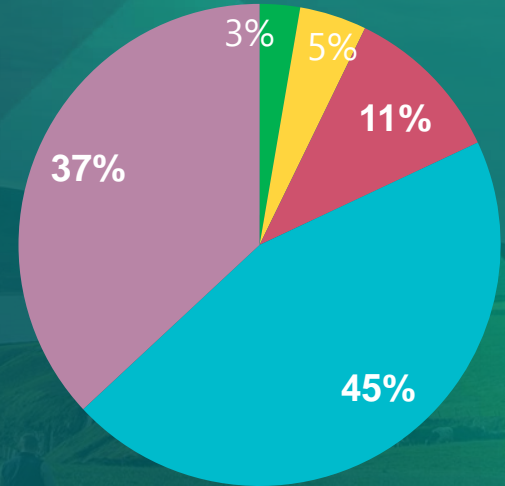
# Positive Outlook

A high level of positivity for the future exists across the sector

## Next 12 Months



## Next 3 Years



Very Optimistic

Somewhat Optimistic

Neutral

Somewhat Pessimistic

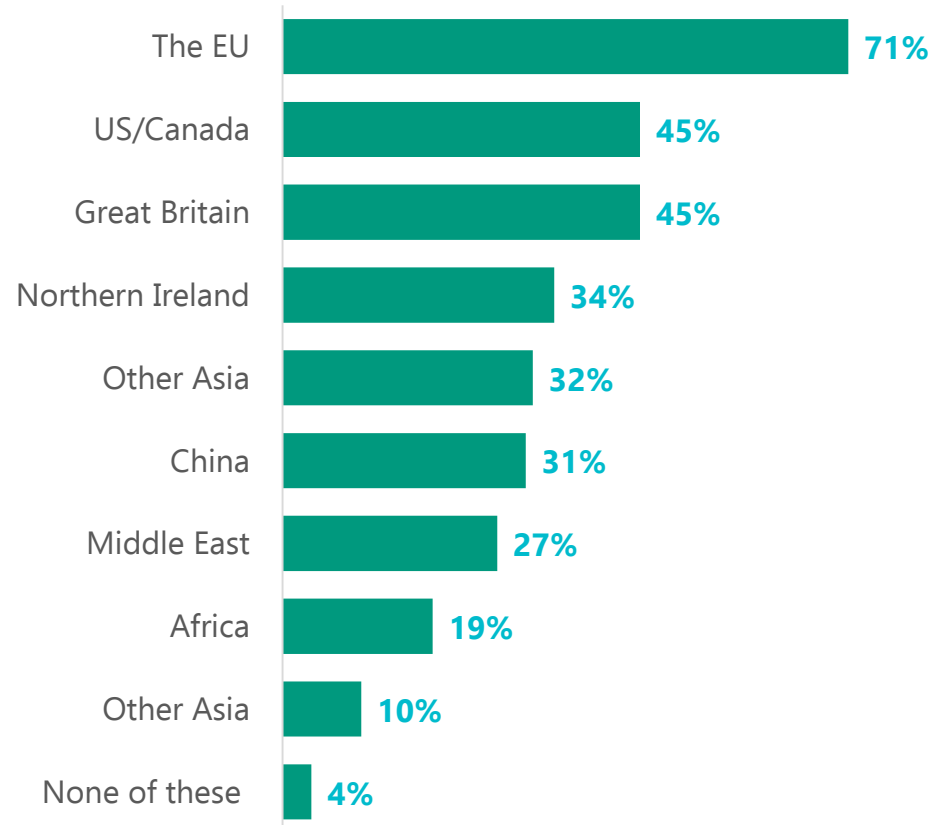
Very Pessimistic



The EU is the hottest prospect, but Britain remains an important part of future growth plans.

When China and Other Asia are combined this grouping jumps to 4<sup>th</sup> place (42%)

## Good prospects for the future



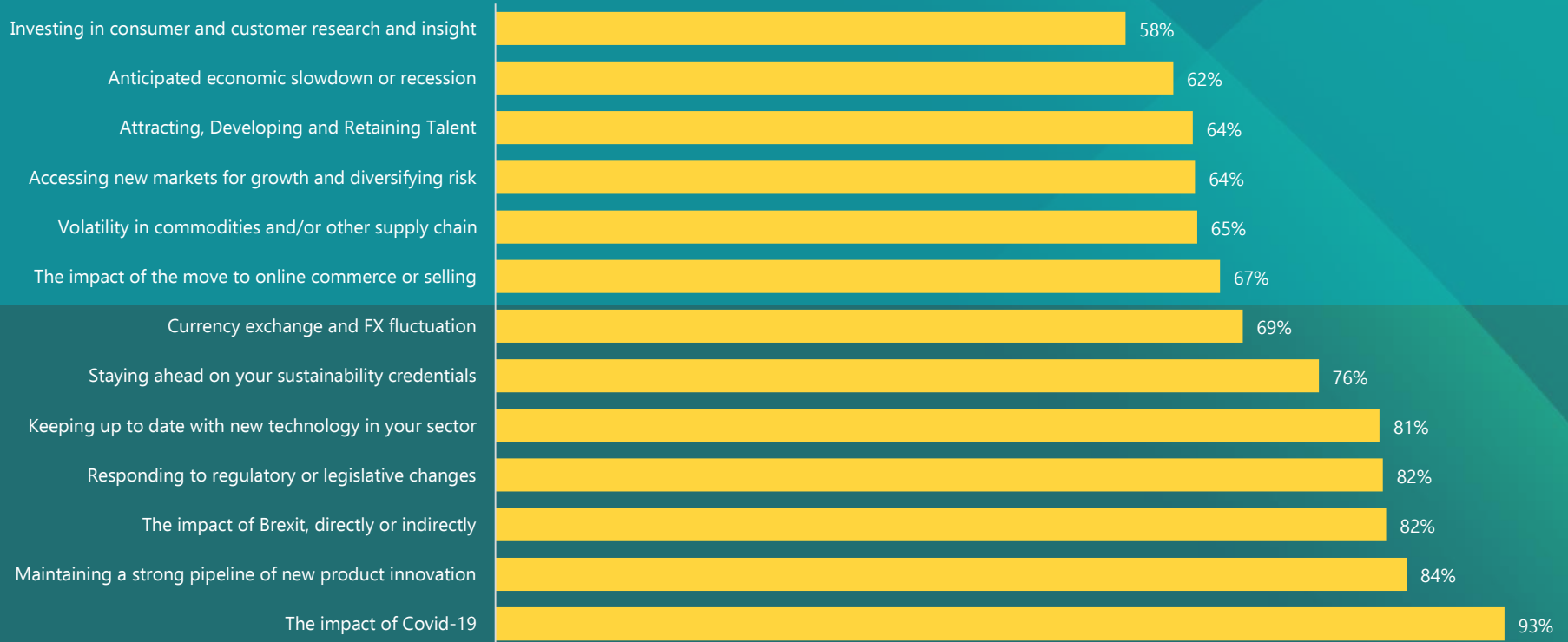
# To what extent are each of the following risks to the continued success or growth of your business, if at all?

## Top 10 - High Risk Areas



# And how well prepared do you feel your business is to deal with challenges in each of these areas that you have said are risks, if at all?

Preparedness for Risks - Least prepared - Most prepared





# Trading with Great Britain

Image Source: Medtech

# Trading with Britain & Beyond

Businesses appear somewhat bullish regarding trade beyond Britain with bright expectations for Asian markets, in particular from larger enterprises and those in the meat, dairy, and seafood sectors. There is also headroom in the EU across sectors, but for PCF in particular.

Two in three businesses consulted currently export to Britain; this includes all the meat and dairy businesses we engaged with. Among these businesses, on average they report that 26% of their total (domestic & export) turnover is accounted for by the British market, highlighting the demands of the new trading environment is seen as a very significant risk for a third of Irish businesses.

Bord Bia's Performance and Prospects reports that 33% of all our food, drink and horticulture exports are bound for Britain, but this proportion has declined since 2016 and the announcement of Brexit. Indeed, in this research 45% of our exporters to Britain report a decline in sales since 2016 with only 30% reporting an increase in sales. The impact has been somewhat more negative in the primary meat sectors including seafood where CSO estimates shows declines in volumes in the region of 30-40% over the last year.

Overall, preparations for the impact of Brexit have progressed well in the four years since Brexit, with 82% of those citing Brexit as a risk reporting that they are very or somewhat well prepared to deal with it. Specifically, 7 in 10 feel well prepared for Customs and SPS Documentation requirements, and half of those for whom it is relevant are confident regarding export health requirements. However, 3 in 10 are not confident in their understanding of export health certs.

Similarly, we see that most are comfortable in their understanding of the "rules of origin" requirements for both export and import.

Brexit does not just impact on market access, it is also resulting in cost increases and margin pressure for many businesses.

# Trading with Britain & Beyond

9 in 10 Irish businesses exporting to Britain report an increase in the costs of doing so post-Brexit. For 8 in 10 of these margins have been affected and for 1 in 4 it has led to a necessary increase in the costs they charge to their British customers, impacting adversely on competitiveness. This has led to some reported changes in customer dynamics over costs with price negotiations becoming more challenging for 4 in 10 exporters.

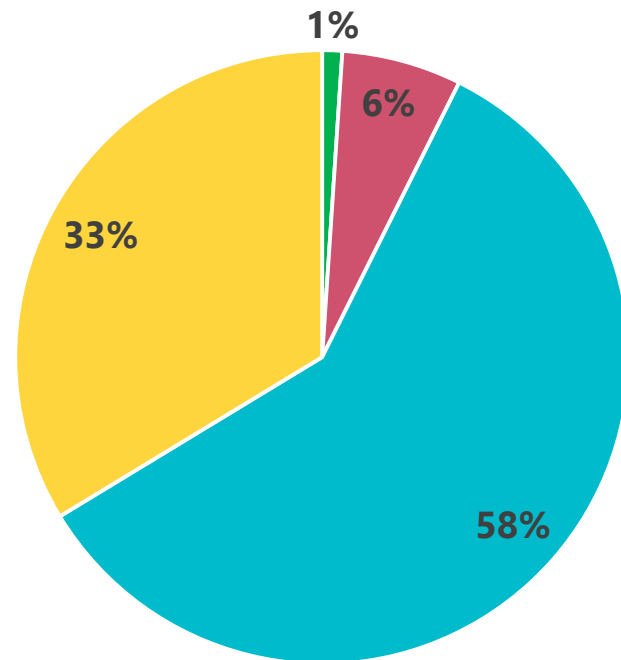
Furthermore, many businesses have reported resulting delays in both imports and exports due to Brexit as well as land-bridge delays for over half of our exporters shipping outside of Britain.

Despite this, 46% of exporters to Britain anticipate an increase in sales to GB in the next 12 months which is testament to the strong relationships we have with our GB customers. The drivers of this will be channel development, enhanced key account management and NPD. This positivity is driven by PCF and Alcohol in particular.

# How has Brexit impacted on business costs?

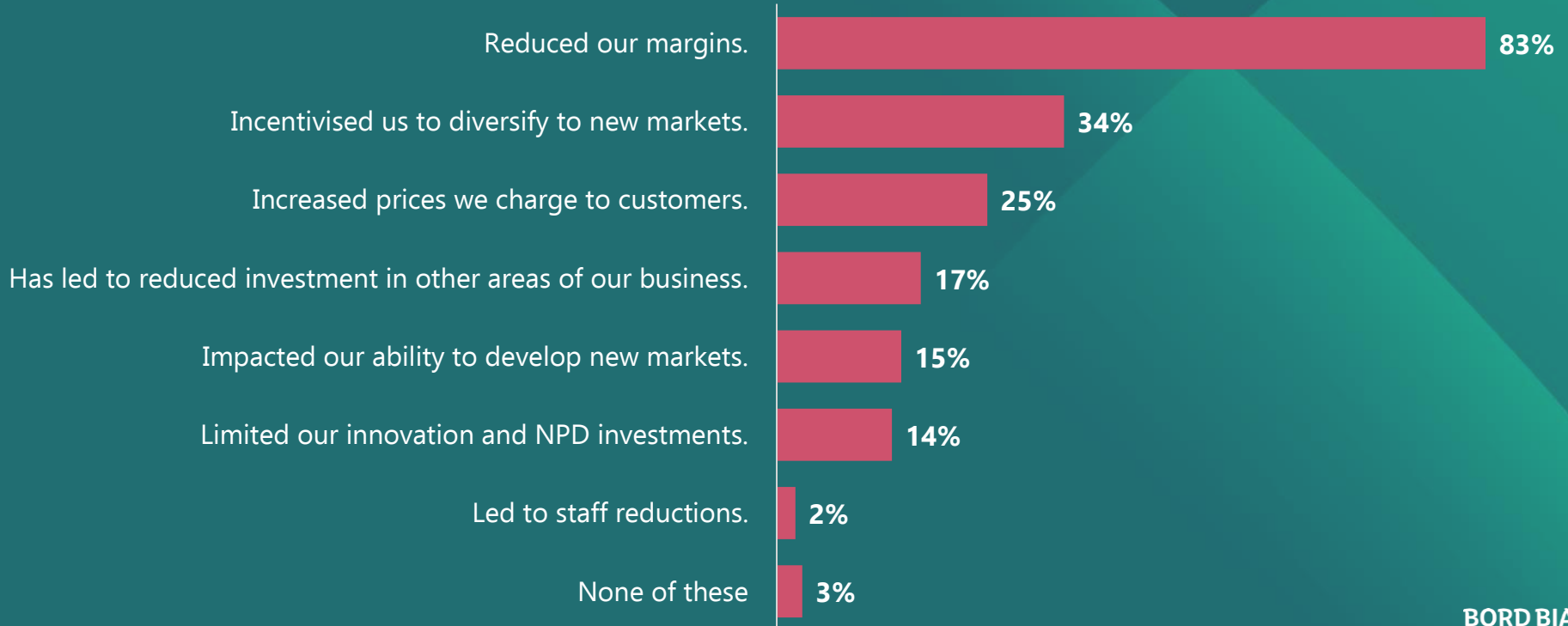
9 in 10 Irish food and drink businesses report an increase in their cost base due to Brexit

- Increased Significantly
- Decreased
- No Impact
- Increased Somewhat



# The increased costs to business of Brexit have had an impact

## Impact of Brexit related cost increases





# To what extent is the new trading environment with Britain a risk to your business?

9 in 10 businesses consider Brexit to be a risk to their continued success or growth

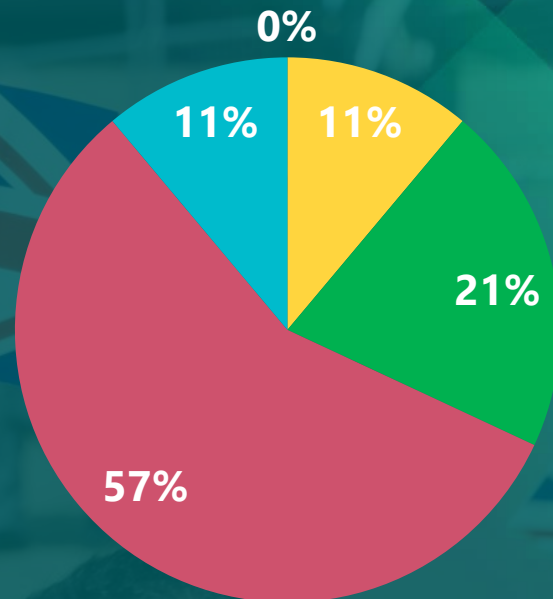
A critical risk

Very significant risk

A somewhat significant risk

It isn't really a risk

It isn't a risk at all



## How well prepared are food and drink businesses who are at risk from Brexit?

**3 in 10 businesses** who are at risk due to trade with Britain feel **VERY** well prepared

Very Well Prepared

31%

Somewhat Well Prepared

51%

Not Well Prepared

13%

*Don't Know 5%*

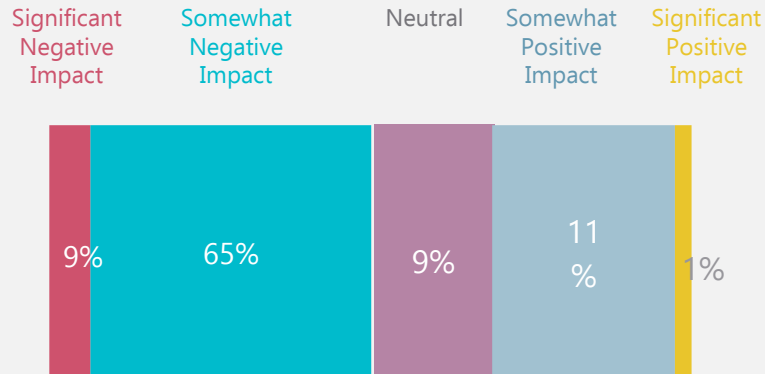


# Business Impact of Trading with Britain

Among those who **actively export to Britain**, the results are marginally less negative, with 72% stating that the impact to date has been negative and 70% expecting the impact to be negative 3 years from now.

## FUTURE

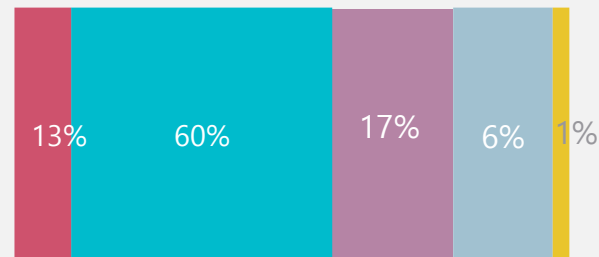
Thinking ahead to the **next 3 years**, what do you expect to be the continuing impact Brexit on your business' sales



Thinking ahead to the next 3 years, what do you expect to be the continuing impact Brexit on your business' sales overall?

## NOW

To date, what has been the impact of Brexit on your business' sales overall?



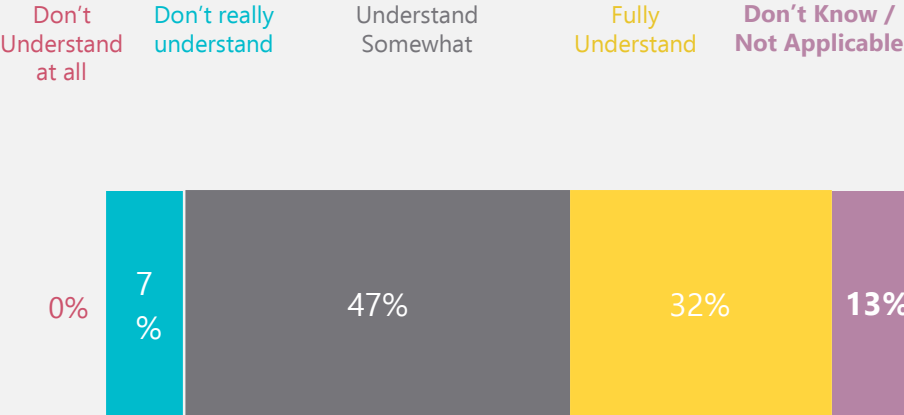
To date, what has been the impact of Brexit on your business' sales overall?

# Understanding: Rules of Origin

**7 in 10** of those who don't fully understand the rules have someone else in the business who looks after this.

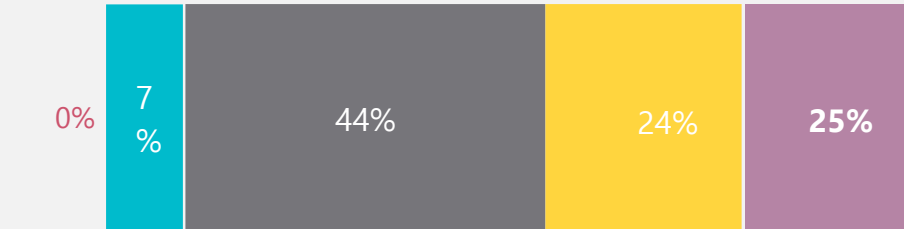
## Exporting

Understand the Rules of Origin requirements for your specific product(s) (e.g. Bakery, Dairy, Fresh or Processed Meats) when exporting to Great Britain (excl NI)?



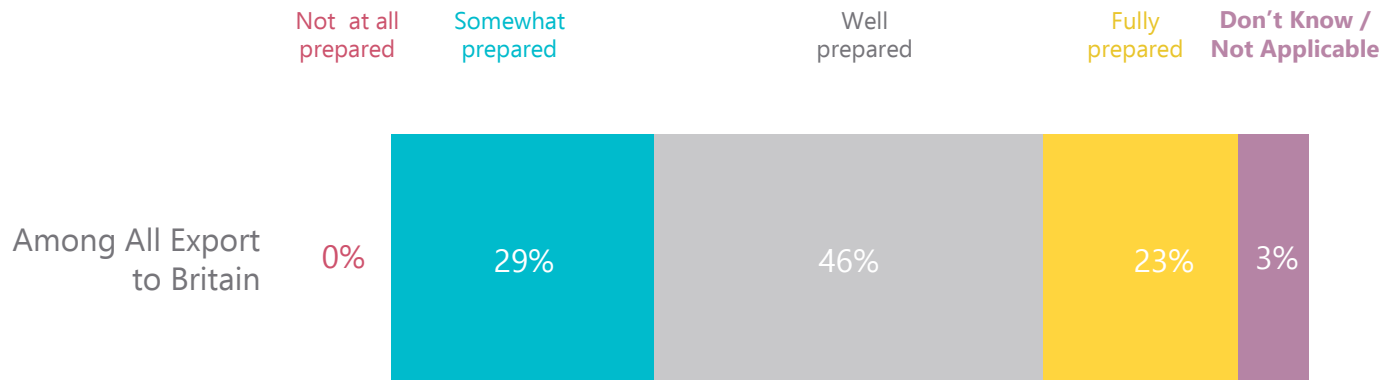
## Importing

Understand the Rules of Origin requirements for your specific product(s) (e.g. Bakery, Dairy, Fresh or Processed Meats) when importing from Great Britain (excl NI)?



# Preparedness: Customs & SPS Documentation

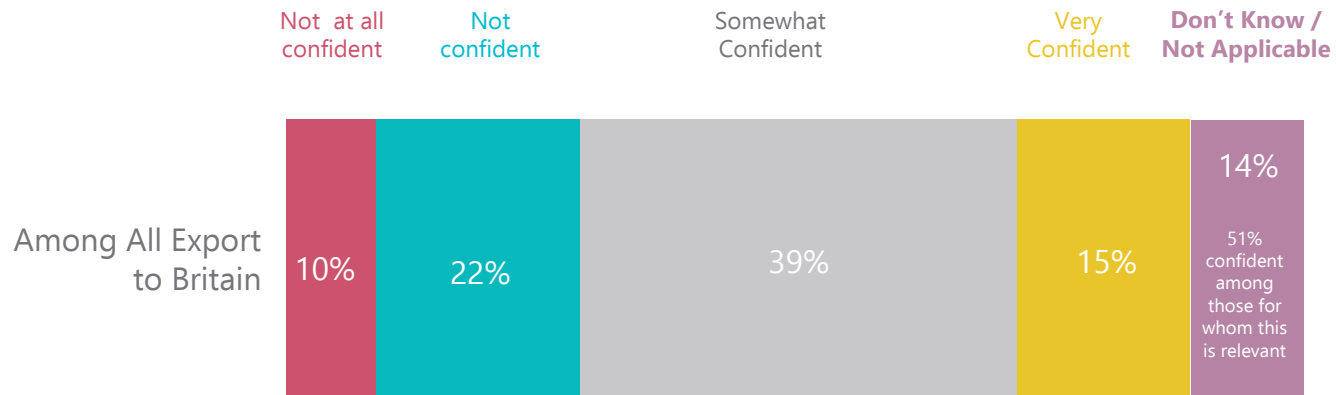
All Food & Drink  
businesses  
exporting to Britain;  
n=72



How prepared are you to complete all the relevant  
GB customs and SPS export documentation?

# Confidence: Export Health Certificate

**1 in 3 businesses do  
not feel confident**



How confident are you in the Export Health certificate sign-off process in Ireland for products exported to Great Britain?

# Preparedness: October 1st border controls

Almost 3 in 10  
businesses feel  
**FULLY or VERY** well  
prepared



How prepared are you for the new border controls that are due to be implemented for goods exported to the UK from October 1st 2021, if at all?

# Dependence on Groupage Services

All Food & Drink businesses n=99



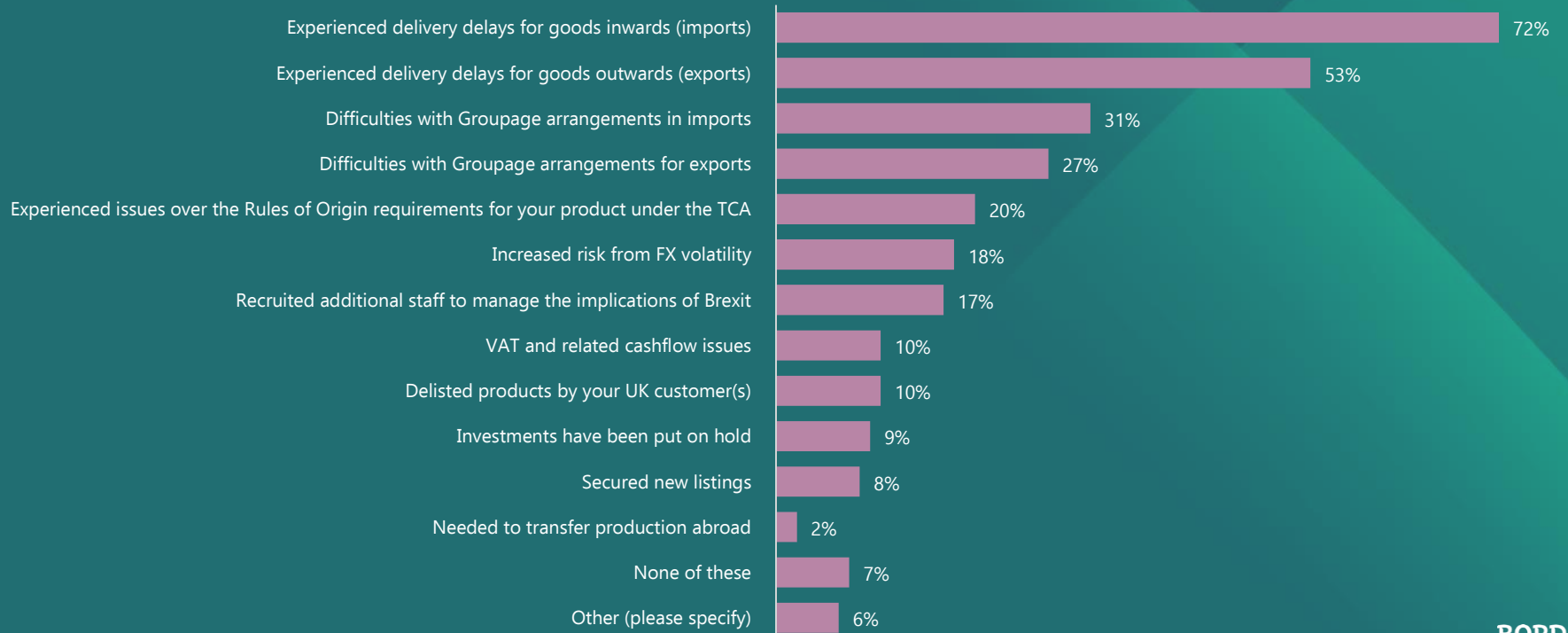
To what extent does your business rely on Groupage arrangements for export to and through Great Britain (land-bridge), if at all?



# Brexit Impact 2021

## Delays on goods Inwards the most prevalent issue

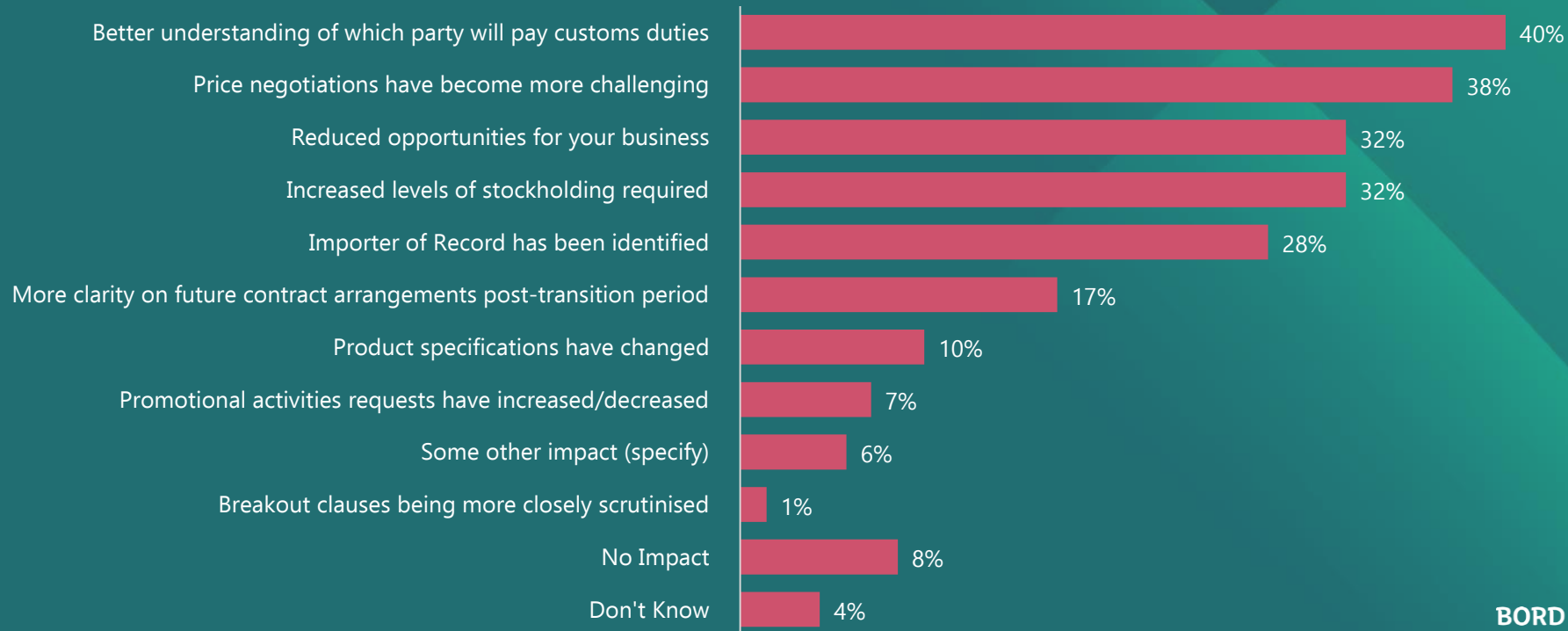
### Impact of Brexit since January 2021



# Brexit Impact on Customer Relationships

Clarification of financial arrangements are the leading source of challenge in UK customer relationships

## Evolving Customer Relationships in Britain....



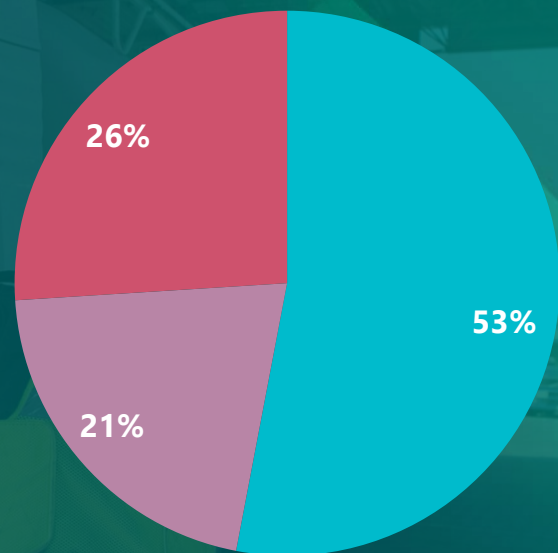
# Half of our businesses have experienced delays due to land-bridge custom controls. Shipping to / from markets beyond Britain

Delays caused by land-bridge controls?

YES

NO

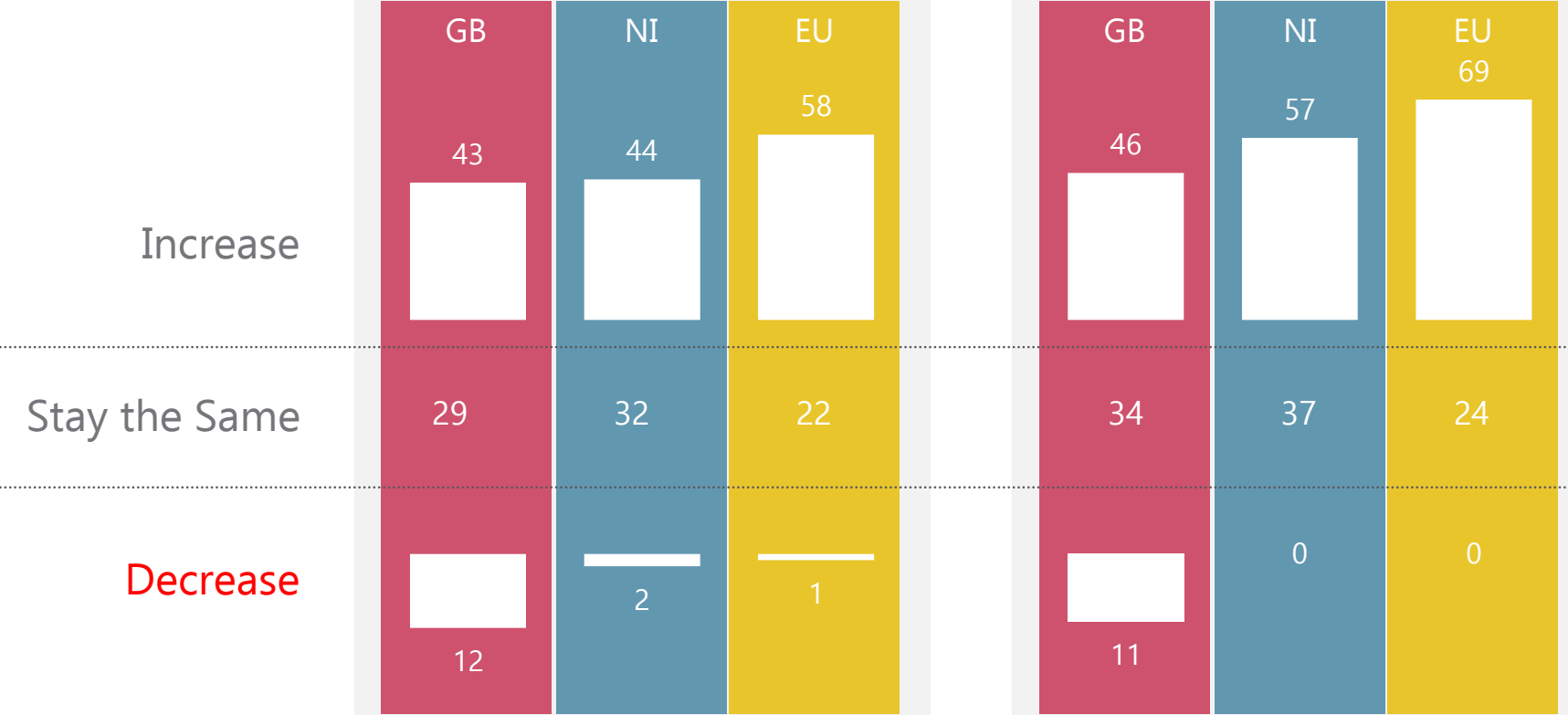
DON'T KNOW



# Next 12 Months Sales Expectations

Among All F&D Businesses

Among those who export to respective markets now





# Market Diversification

# Market Diversification

Accessing and diversification of export markets is the top area that food, drink and horticulture businesses are seeking assistance; in particular primary foods – meat, dairy, and seafood. It is a risk factor for 2 in 3 businesses and current levels of preparedness to deal with this risk is mixed.

Among those who detect this as a risk factor for their business, it is about much more than Brexit, with 7 in 10 seeking diversification opportunities regardless of Brexit and 2 in 10 doing so specifically because of Brexit.

The EU is key in terms of these markets for diversification, but Asia (including China) is a close contender in terms of where they see opportunity. In truth however, opportunities are globally diverse.



# To what extent is “Accessing new markets for growth and diversifying” a risk to your business?

This is considered a risk factor for 65% of businesses

A critical risk

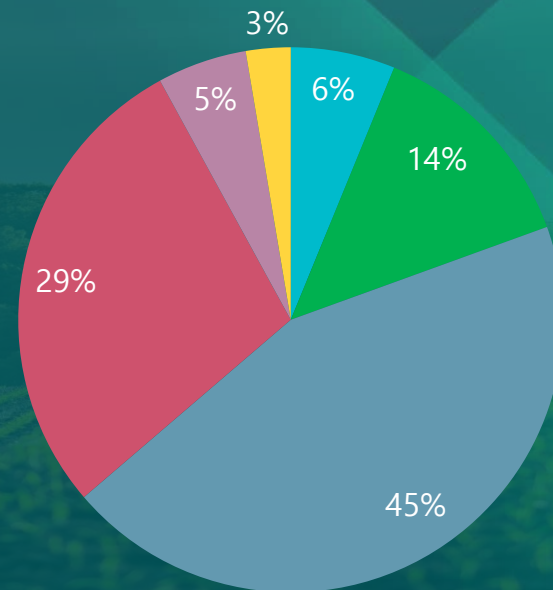
Very significant risk

A moderate risk

A somewhat significant risk

Isn't really a risk

Isn't a risk at all



**Less than 20% are very well prepared for the challenge**

Very well prepared

19%

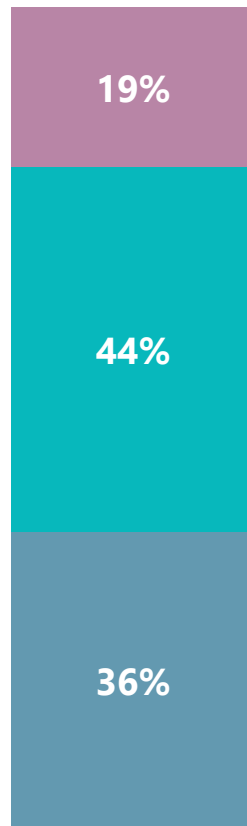
Somewhat well prepared

44%

Not well prepared

36%

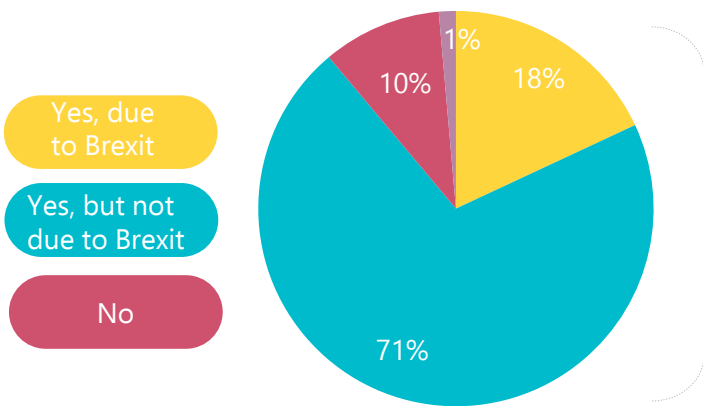
*Don't Know 3%*



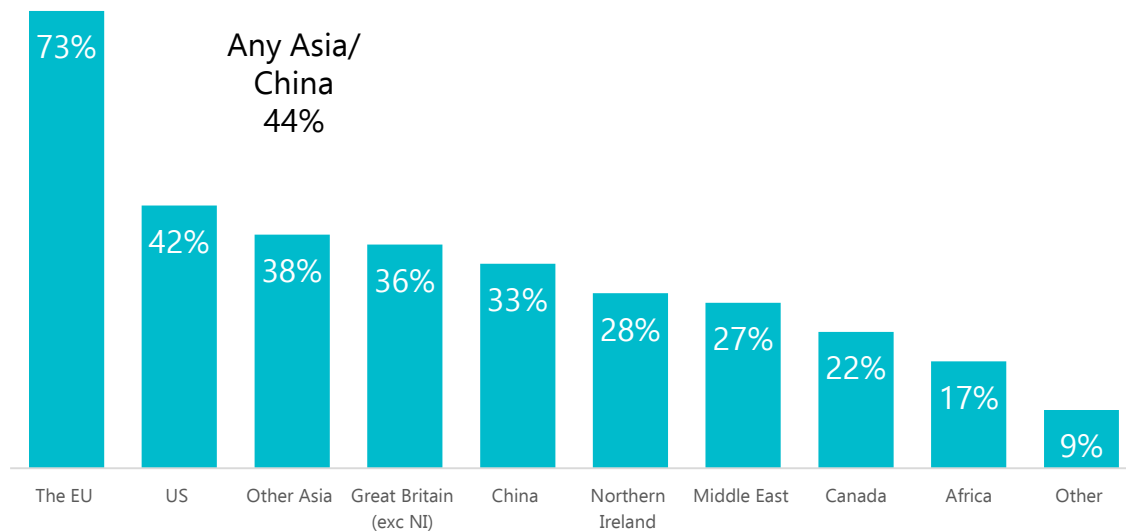


# Market Diversification

Is your business actively seeking to expand into new markets?



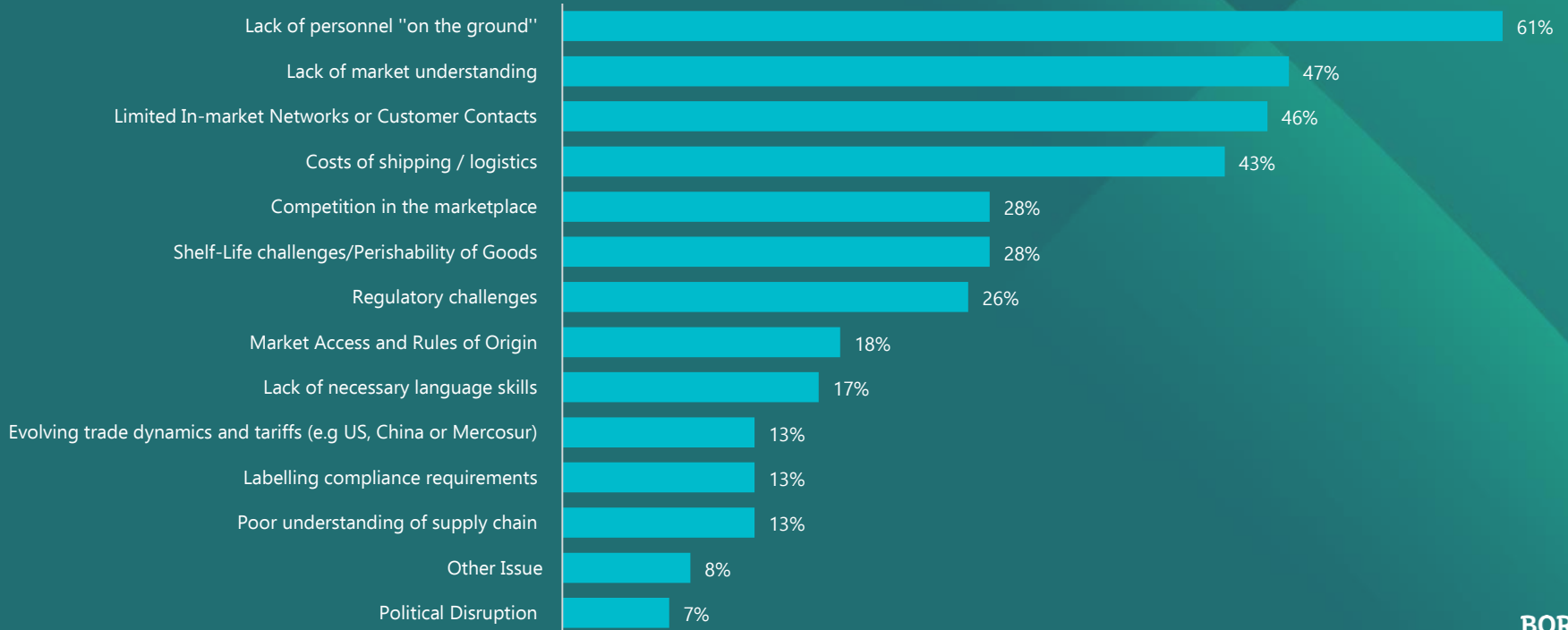
Which Markets  
Base all seeking to diversify n=64



# Which of the following issues limit your ability to diversify into new markets?

Practical issues around market presence and understanding are top

## Issues limiting market diversification



# Bord Bia's International Presence





**Talent**

# Talent

Attracting, Developing and Retaining talent emerges as a “top 5” risk area of the 13 we evaluated in this study. 38% of businesses cite this is a very significant or critical risk area for their business. This is in part due to the reputation of the sector; an area in which they feel further support is needed, but also due to the specialised skills requirements of the industry.

While in the critical manufacturing space, General Operatives are the specific requirements, there are also demands for operations, sales and marketing. In this regard the key issues that arise are around attracting people, but also increasing wage demands and a poor perception of opportunities in the sector.

Covid-19 has contributed to the challenge in creating a healthy work environment and the adoption of safe home working. At this point, only 44% of businesses report having a well developed plan for the return to work of non-production staff; 3 in 10 have yet to start any planning.

Our businesses report that 40% of their management teams on average are female, and ergo 40% place Equality, Diversity, and Inclusion as a key priority. However, there is still much work to be done to create greater awareness of the importance of prioritising ED&I in food and drink businesses.

Companies with a diverse and inclusive workforce are better positioned to attract and retain talent thus reducing risk. Awareness of The Bord Bia and Aon Ag–Food Diversity and Inclusion Forum (AgDIf) is at 48% and working with industry the ambition is to increase that significantly so that ED&I is on the radar of every food and drink company in the country.

# To what extent is Attracting, Developing and Retaining Talent a risk to your business?

Almost three quarters of businesses cite talent as a risk to future growth

A critical risk

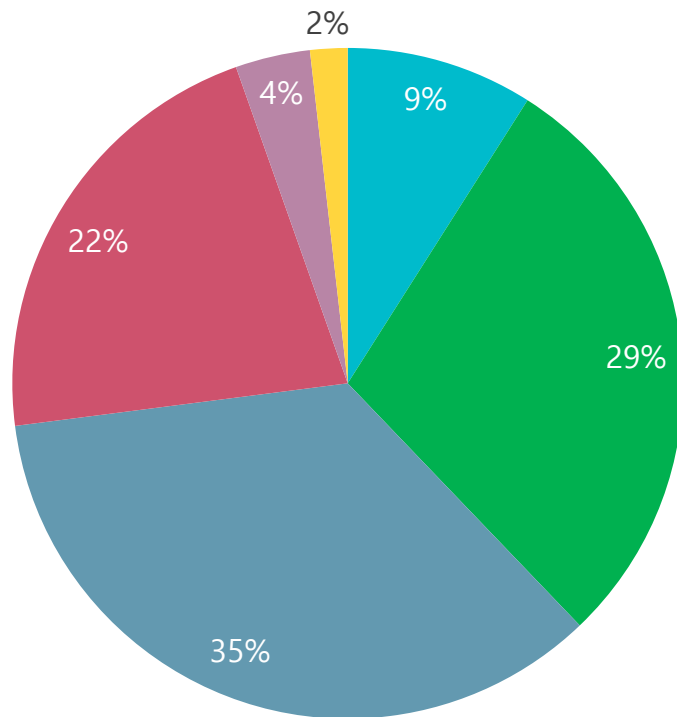
Very significant risk

A moderate risk

A somewhat significant risk

Isn't really a risk

Isn't a risk at all



# How well prepared are businesses who are at risk due to the attraction, development and retention of talent?

Just 1% are very well prepared.

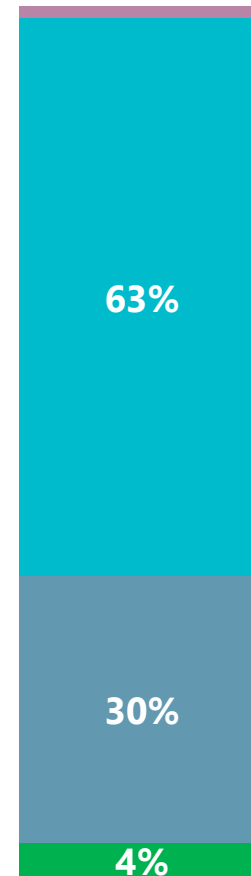
Very well prepared

Somewhat well prepared

Not well prepared

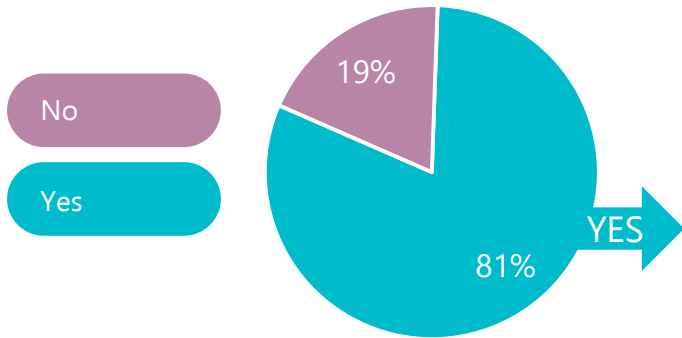
Not at all well Prepared

*Don't Know 3%*

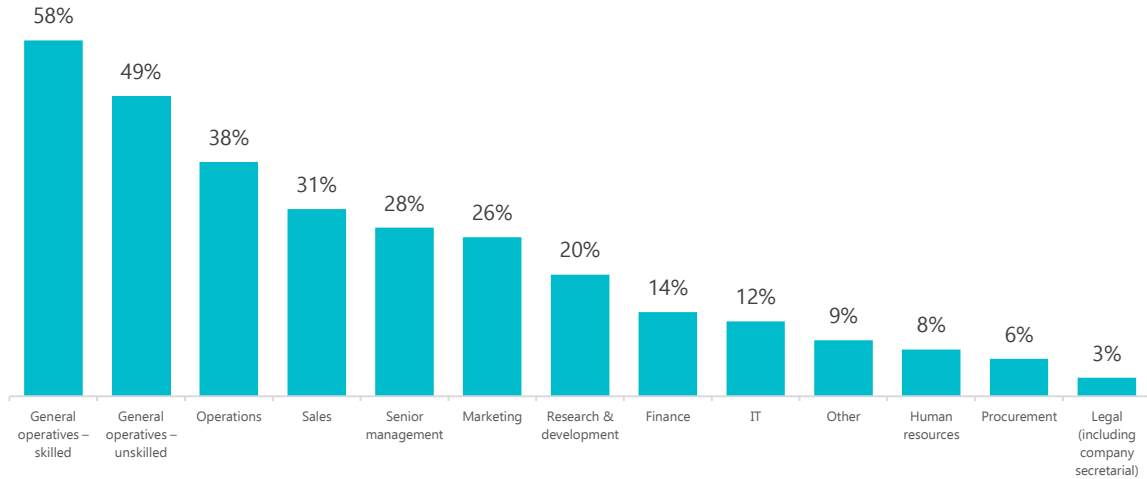


# Recruitment

Is recruitment an issue?



In which areas is recruitment an issue?





# Planning for a post-Covid world

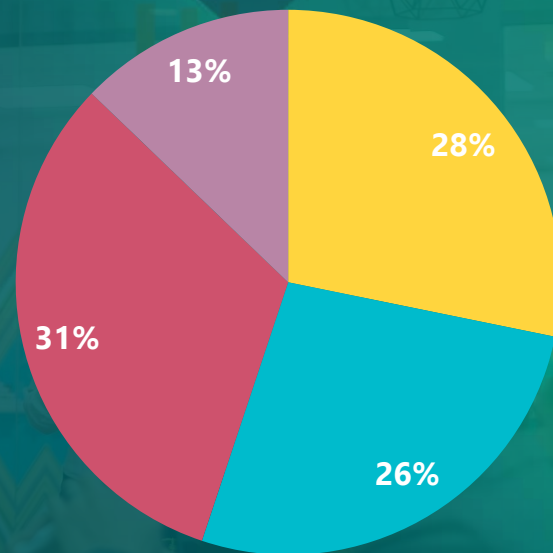
44% of businesses have reasonably developed plans for post-Covid flexible working

**Advanced** we have a mature strategy in place within our organisation

**Intermediate** – we have figured out the plan and are progressing this

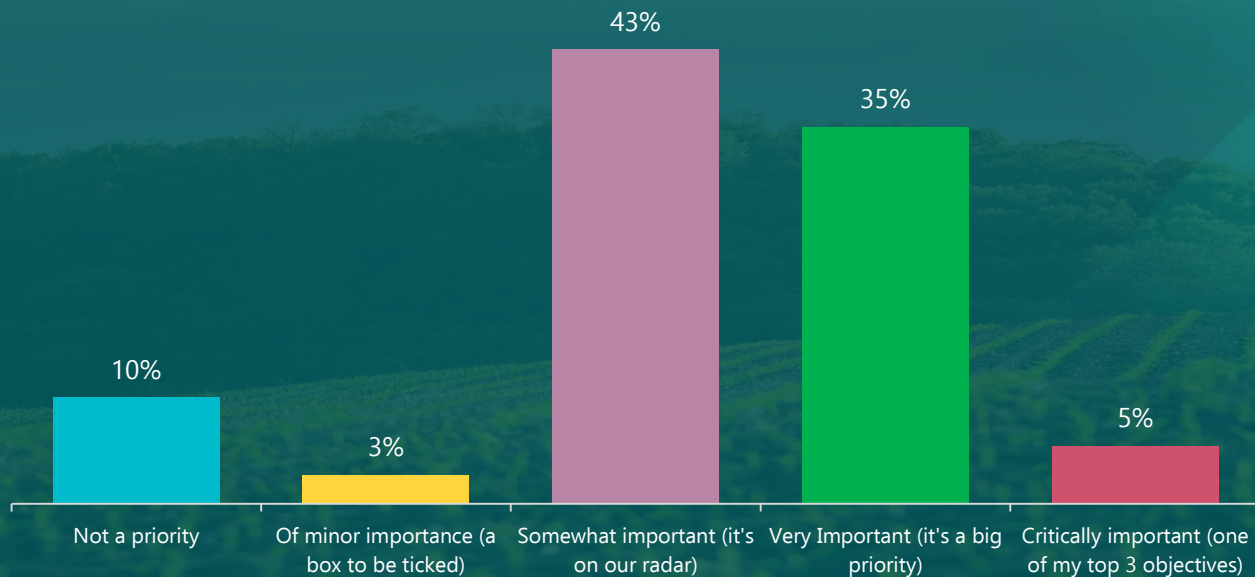
**Beginner** - we are in the process of establishing our plan and figuring this out

**Not yet started** - my organisation hasn't given any time to this yet



# Importance of Equality, Diversity & Inclusion

Just 35% claim that Equality, Diversity and Inclusion is a major priority within their business



On average across the industry 40% of management teams are female

# Agri-Food Diversity & Inclusion Forum (AgDIF)





# Sustainability

# Sustainability

Sustainability is the significant business challenge of our time, and is one that food, drink and horticulture clients increasingly face driven by demands from customers, consumers, and their own social responsibility agendas. As such, it is an area that they have worked hard to improve, yet it remains the area that ranks third in terms of their desire for further support in this area.

In the context of other disruptions like Covid-19, Recession and Brexit it does not pose the same immediate risk, but it is nonetheless classified as a business risk for 60% of businesses.

3 in 10 of our food, drink and horticulture businesses classify themselves as sustainability “leaders” with meat companies leading the charge in this regard. This is a fast-moving area and one that will require constant focus to maintain our position.

Given this, 8 in 10 consider sustainability spend to be an investment as opposed to a cost.

Among those who are sensitive to the risk posed by sustainability to their businesses, 3 in 4 have verified sustainability measures in place and 85% are members of Bord Bia’s Origin Green.

At a total industry level, the aspects of sustainability that are most widely prioritised are packaging, responsible sourcing and waste which are top of mind at present. However, there is a “long tail” of issues that are on their minds, from carbon and nutrition through to community support.

With an eye on the future, industry does not believe that packaging is going away as a topic but reducing carbon emissions too becomes more relevant. It is unanimously agreed that in the future the broader sustainability agenda will continue to become more important for them.

# Staying ahead on sustainability credentials

This is considered a risk factor  
for 6 in 10 businesses

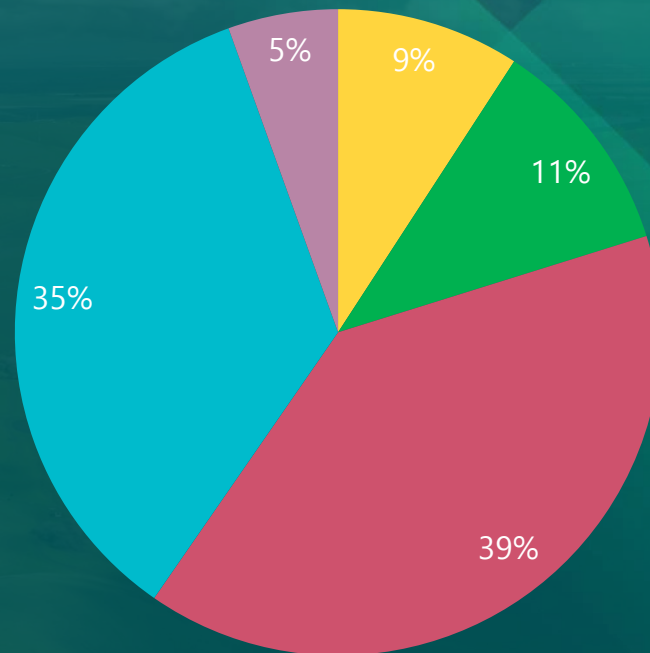
A critical risk

Very significant risk

A somewhat significant risk

It isn't really a risk

It isn't a risk at all



**Among those who are at risk due to maintaining sustainability credentials, three quarters feel somewhat prepared for the challenge**

Very well prepared

18%

Somewhat well prepared

57%

Not well prepared

23%

*Not at all well Prepared 0%*

*Don't Know 3%*



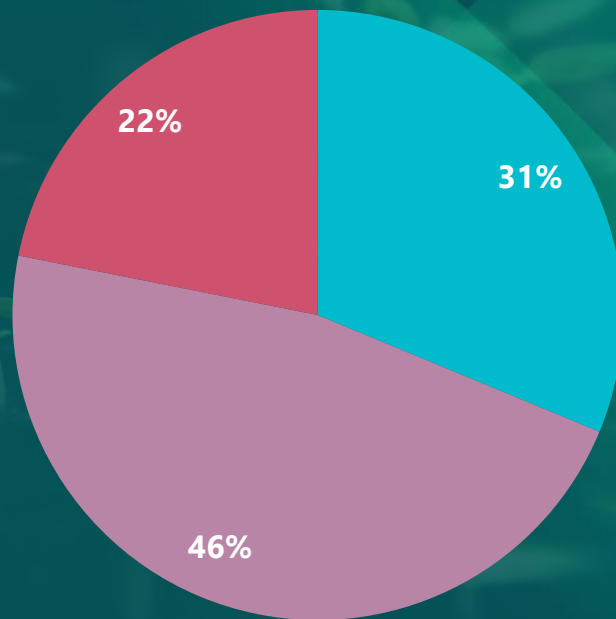
# Sustainability Status

Just 3 in 10 consider themselves to be sustainability leaders

A follower

A leader

Somewhere in between





# Forces of Change: Sustainability



# For 8 in 10 businesses, sustainability is considered to be an investment.

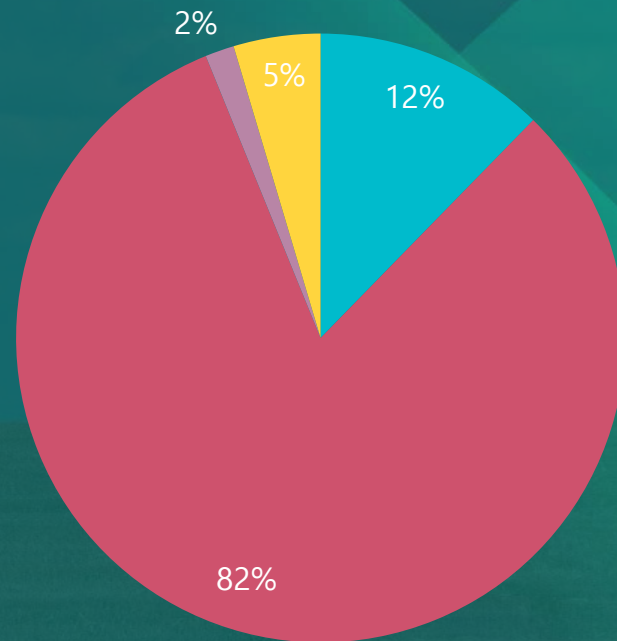
## How do they characterise sustainability?

An Investment

A Cost

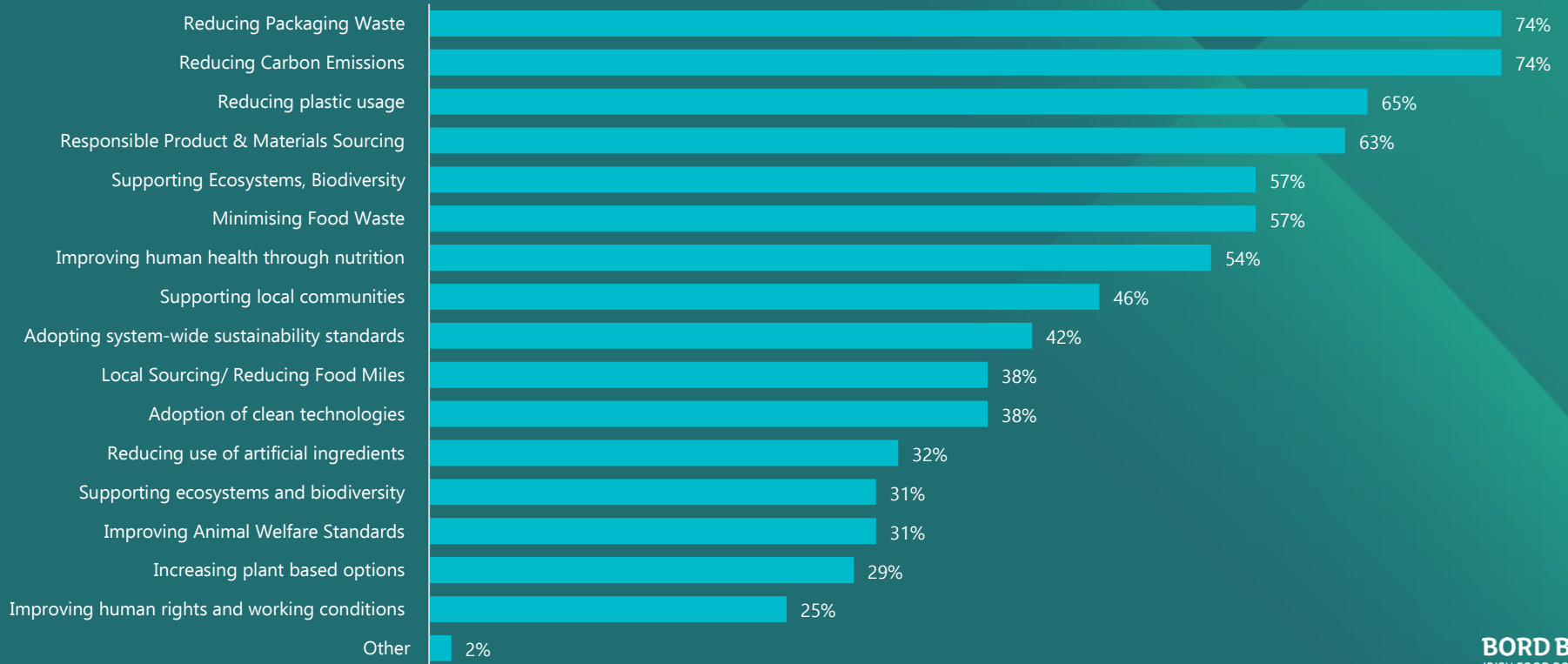
Profit Driver

Don't Know



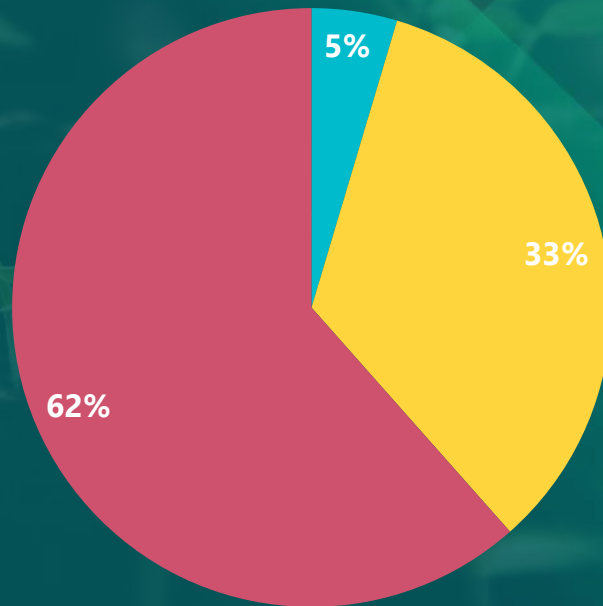
# Current Sustainability Priorities

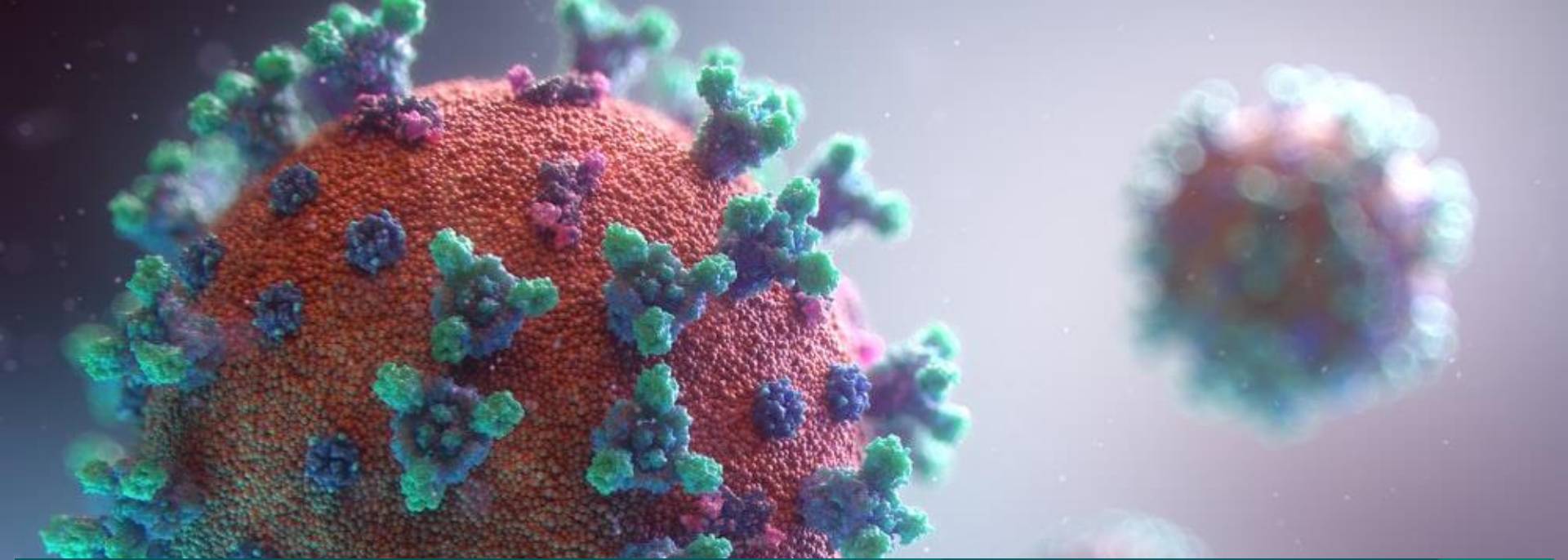
Packaging and Emissions are top priorities at present in line with other international sustainability research



# 95% agree sustainability will become more important in the next 3 years

- Much more important
- Somewhat more important
- No change





# Covid-19

Image Source: Unsplash

# Covid-19

There are few aspects of life that have been unaffected by Covid-19 and the same is true in relation to the Irish food and drink sector. However, it is not all bad news, and in fact almost a third have seen a positive impact on sales from Covid-19 due to the growth in the retail sector.

On balance though it has added to the challenge in 2020-2021 with 56% reporting a decrease in sales directly due to Covid-19. Furthermore, 43% expect it to remain a significant risk to their business going forward.

The reaction from the sector included the development of direct to consumer (D2C) channels for many businesses. 21% of those operating a D2C model (half of companies) are doing so purely in response to Covid-19 and a further 43% are doing so more now due to Covid-19.

Given the complexity of this issue, it is unsurprising that the effect on business beyond just sales declines has been multi-faceted, with the key impacts relating to:

- Costs of compliance and of transport in light of increased container cost
- Supply chain and border disruptions
- Inability to effectively service accounts (especially in meat and horticulture)
- Recruitment and securing talent were also an issue for half of companies.

The response of industry to the challenge has been impressive, with virtually all feeling at least somewhat well prepared for the risk it presents.

# What impact has Covid-19 had on business overall?

While almost a third of businesses saw an uplift in sales due to Covid, two-thirds saw their sales decline.

Decreased a little

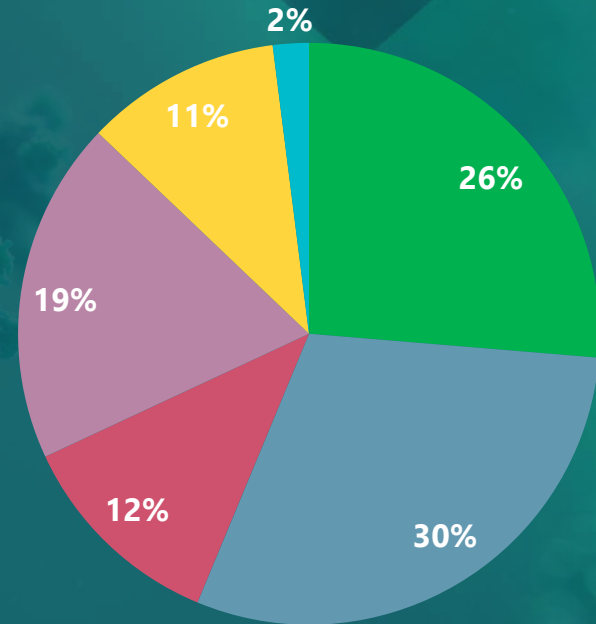
Decreased a lot

Increased a little

Increased a lot

No impact

Don't know

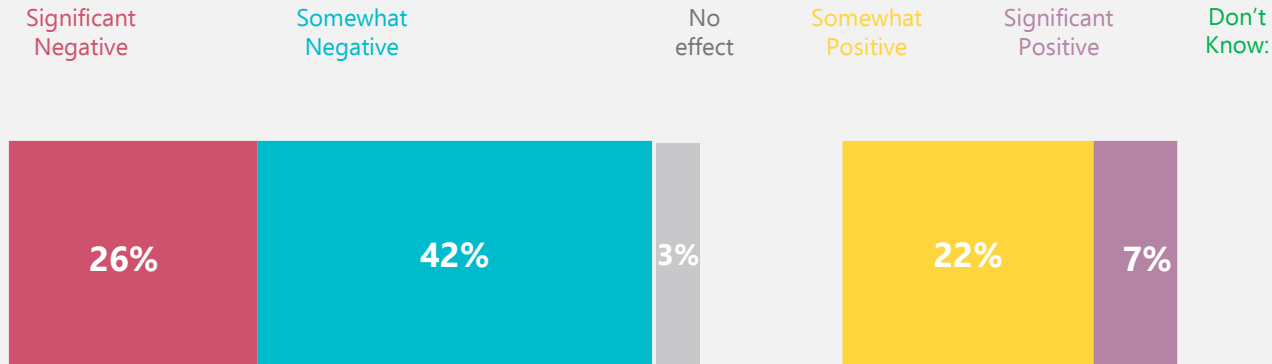


To what extent are each of the following risks to the continued success or growth of your business, if at all? **The impact of Brexit, directly or indirectly**

All Food and Drink Businesses; n=110

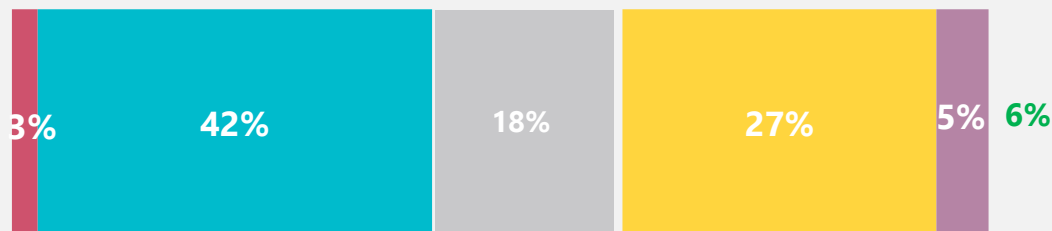
# Sales Impact: Covid-19

Impact of  
Covid-19 to  
date



To date, what has been the impact of Covid-19 on your business overall?

Legacy effect of Covid-19;  
next 3 years



And thinking ahead to the next 3 years, what do you expect to be the continuing legacy effect of Covid-19 on your business overall?



# Covid Impact 2021

Results show NET % citing issue as significantly or somewhat negative

Costs

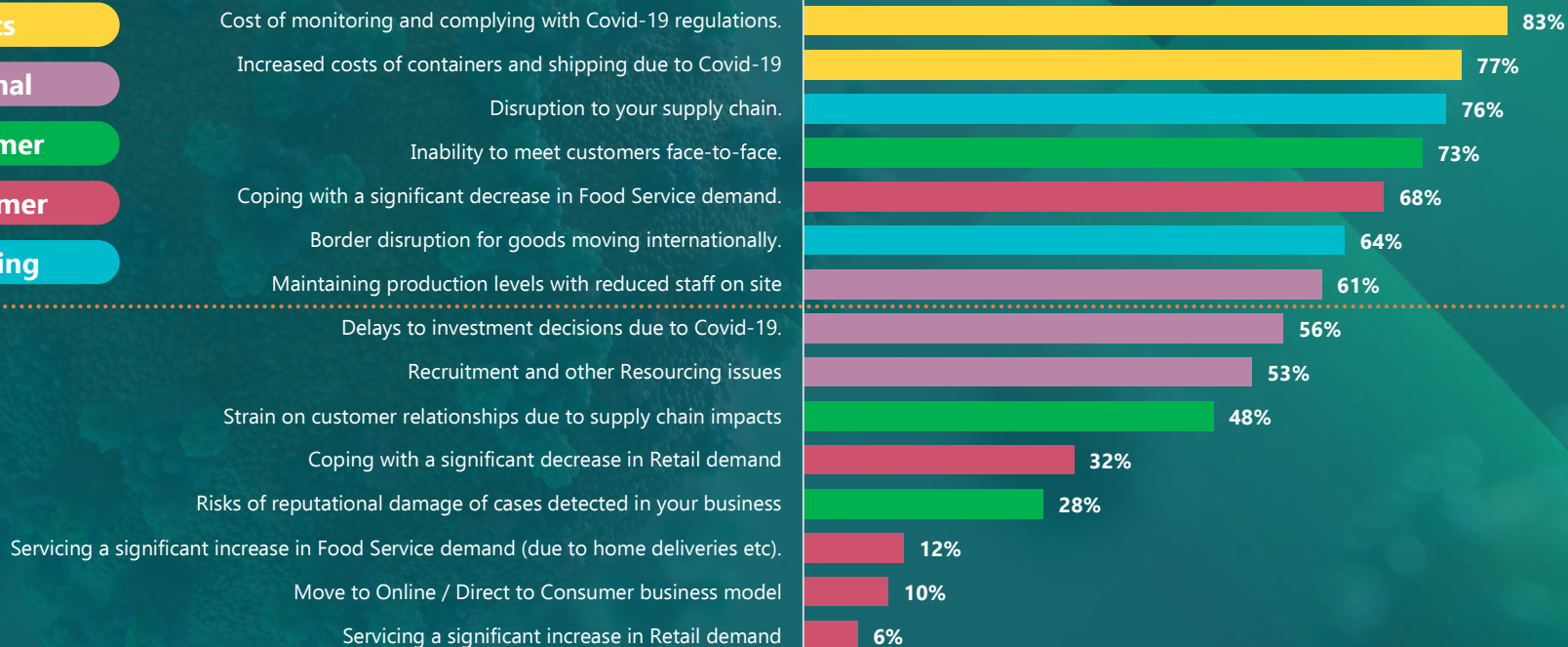
Internal

Customer

Consumer

Shipping

## Negative Covid-19 Impacts



To what extent do each of these specific Covid-19 issues impact on your business, if at all  
Base All Irish F&D Businesses, n=110

**FX**



Image Source: Unsplash

# FX

Exposure to FX risk is a concern for two out of three food, drink, and horticulture businesses, but most of these (69%) feel at least somewhat prepared for this risk. In fact, of the thirteen risks assessed in this report, FX is the one that fewest businesses: just 16%, desire support.

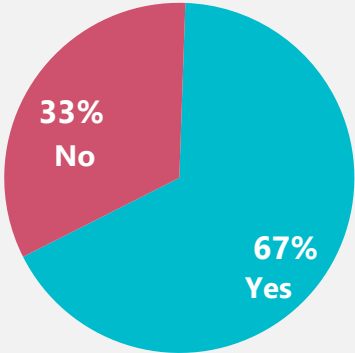
The currency with the greatest exposure of course is Sterling, with 84% of those who are affected by FX fluctuations citing exposure to GBP. The US dollar with 46% is next, with 10% exposed to fluctuations in the Yuan.

Just over half of companies say they have a hedging strategy in place, but only 12% have a “formal” hedging strategy. These are most likely to be in the dairy sector.

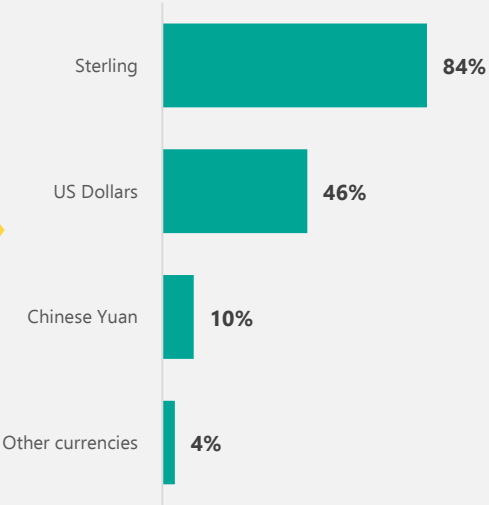


# FX at a glance

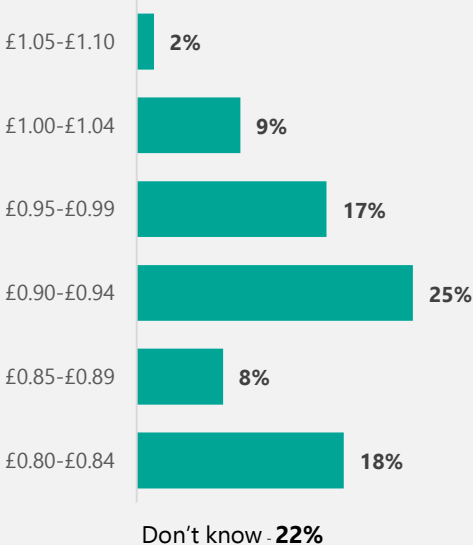
## FX a risk to Business?



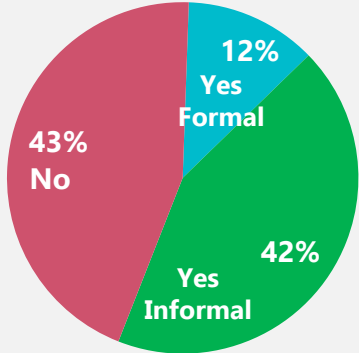
## Which currencies do they trade?



## At what rate does sterling become an issue? (n=65)



## Hedging in place?





# Innovation and NPD

Image Source: Unsplash

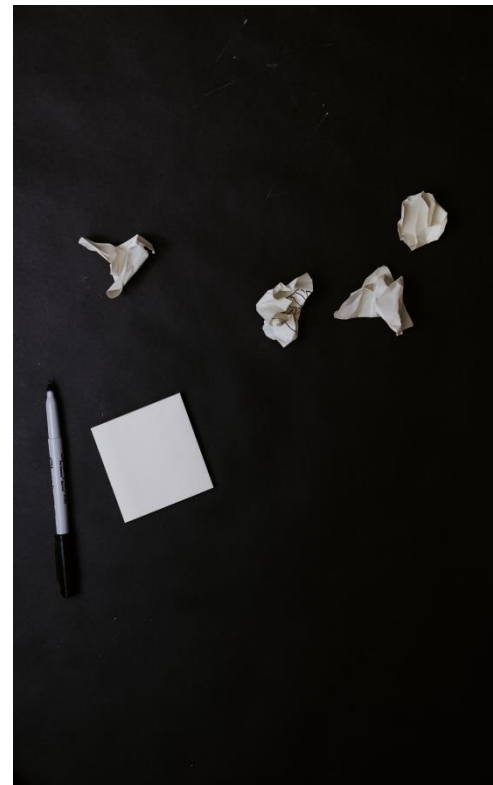
# Innovation & NPD

Innovation is crucial to the maintenance of relevance and advantage for the Irish food, drink and horticulture industry and it is an area that has been a focus for many businesses in recent times as an antidote to the prevailing headwinds they face. It sits in the “must do” space and as such, is not an immediate risk (rank 10 of 13), but it is nonetheless an area that businesses know they can improve.

With that ambition, 4 in 10 would welcome further support in this area, despite most feeling that they are prepared for the challenges they face in innovation and NPD

With all businesses reporting that this is an important area for the future success of their businesses, it is perhaps unsurprising that Innovation and NPD has seen increased investment for over half of our businesses in the past 12 months. Furthermore 6 in 10 expect to increase their investment in this space in the coming 12 months.

So, what is holding them back? Top issues are financial and human resources. But in-house capability and relevant insight too are important hindrances that are possible targets for supports.



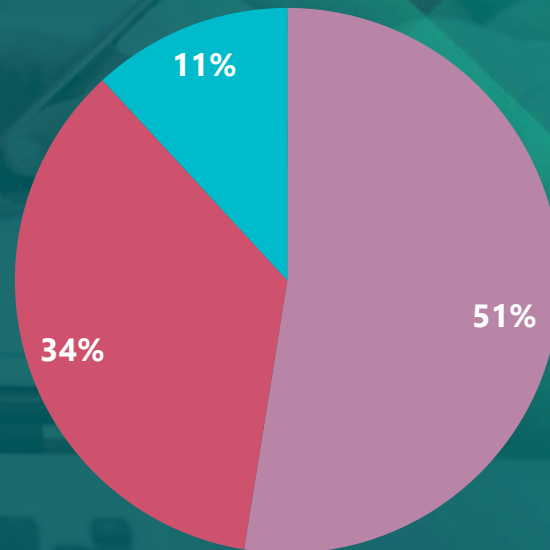
# How important is innovation and NPD to the future success of your business?

Note: none said it is not important

Critical

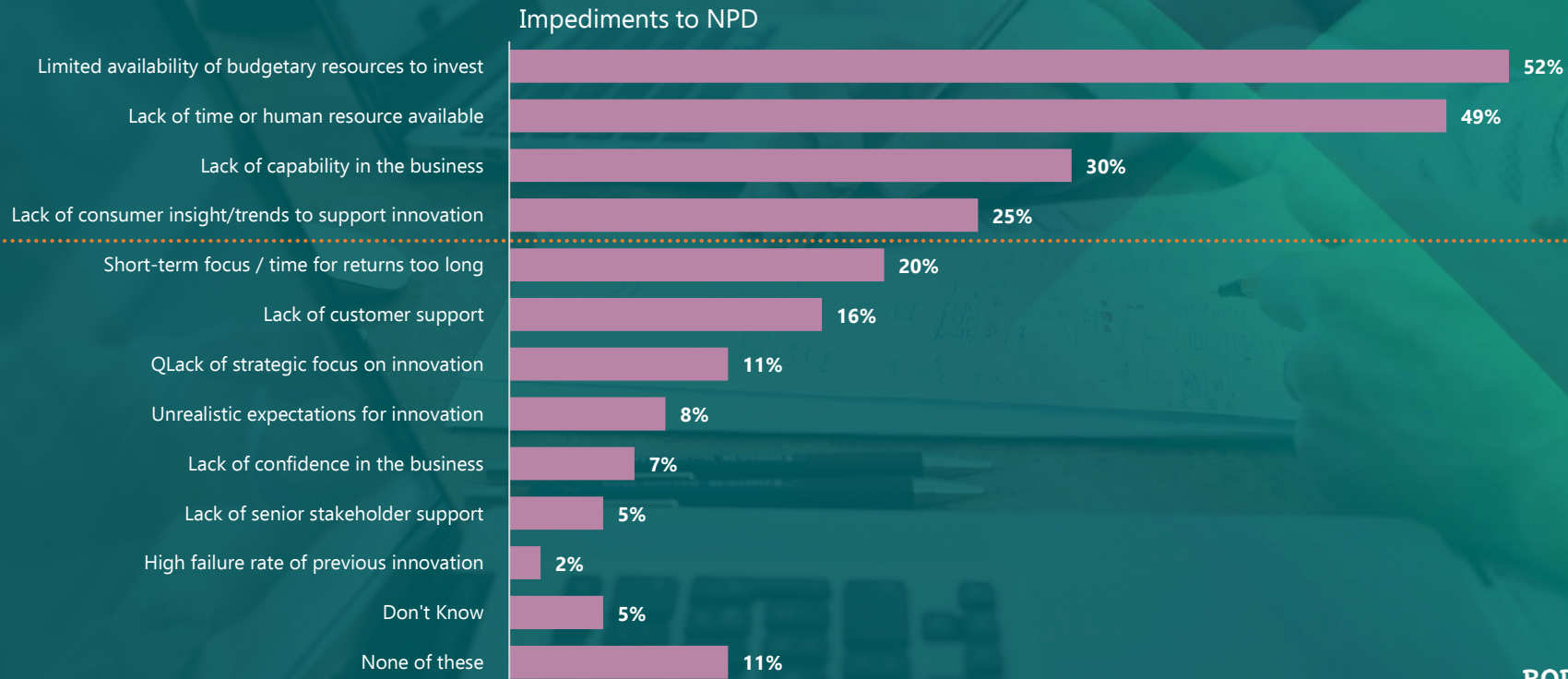
Very important

Somewhat important



# Which of these factors limits or impedes your businesses ability to innovate?

## Resources clearly emerge as the biggest impediment







# Insight

Image Source: Unsplash

# Insight

In several areas deemed important to businesses such as market diversification and innovation, the availability of solid and relevant insight emerges as a key enabler. So, while this area ranks 11<sup>th</sup> of 13 in terms of representing a risk to business it is nonetheless important and is the number 2 area in terms of demand for future support. Furthermore, it emerges as the area that business are least well prepared to deal with of all the 13 areas we explored.

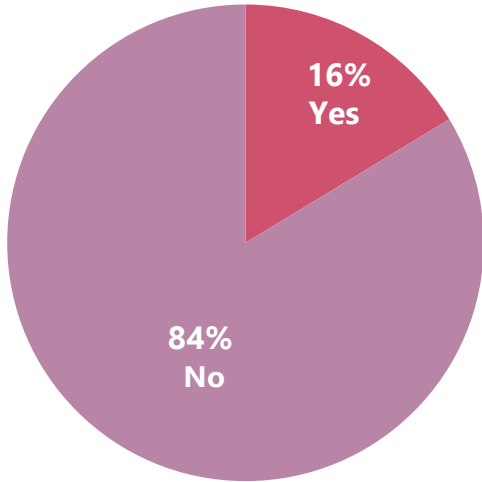
This need for support and relative lack of preparedness in this space is driven by the fact that only 16% have dedicated insight resources in their business and Investment levels are expected to remain relatively flat in this space in the coming year. Despite this all businesses stated that it is important to their success.

So, what role does it play? First and foremost, it keeps them informed of developments in the market, but it is also a key input to strategy, innovation and the development of better customer relationships. As such, this is a critical area for support and development in the future.

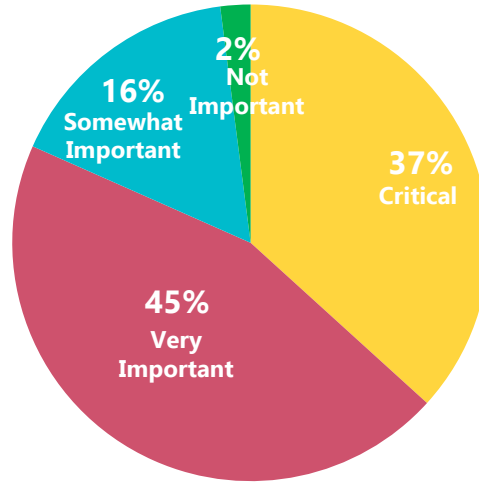


# Insight & Consumer Research

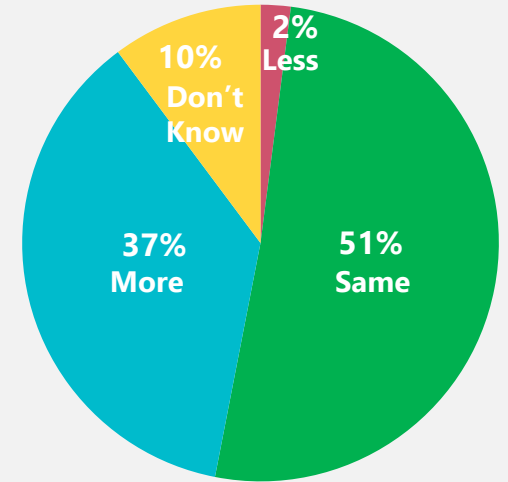
Does your business have dedicated research and insight resource?



How important is market, customer and consumer understanding to your organisation's success?



Future investment intentions on insight (12M)





# Technology

Image Source: Unsplash

# Technology

Keeping abreast of technological developments is crucial for this industry, like any other. It does not represent an immediate threat for most businesses, but equally there is a recognition of the need to stay ahead which is something they by and large seek to manage themselves.

The top areas where technology impacts are in production efficiency, sustainability, and packaging. As such, this is an area of particular importance to PCF and Horticulture.

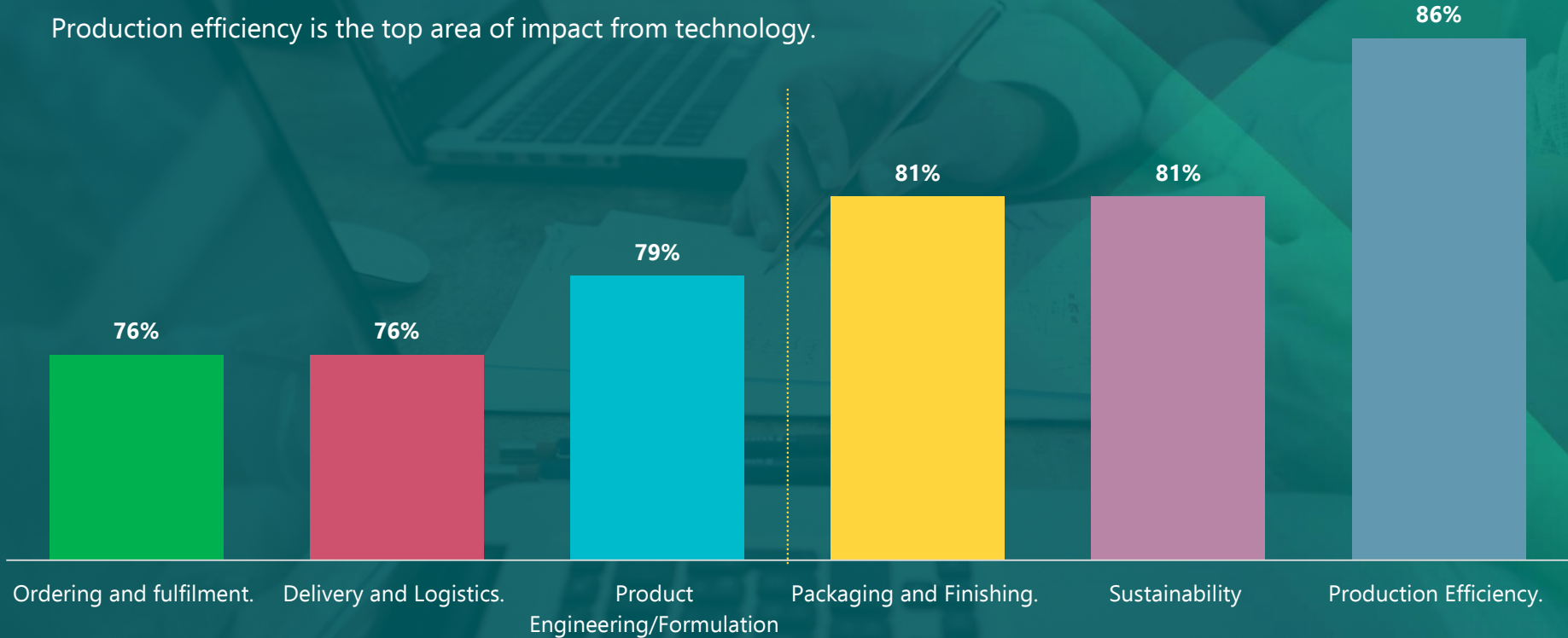
The industry overall seems to believe it is in a reasonably good place regarding technology, but specific technologies around ordering & fulfilment, Delivery & Logistics and Packaging & Finishing are identified as potential areas for improvement.



# Areas in which Technology is impacting business

To what extent is technology impacting on each of these aspects of your business, if at all?

Production efficiency is the top area of impact from technology.





# Digital / Online

Image Source: Unsplash

# Digital / Online

The lowest area of risk of those we assessed, the move to online/digital has on balance been a positive growth driver with 58% of those impacted by the move to digital/online commerce saying its impact has been positive.

However, 1 in 3 express a desire for support in this area and a similar proportion claim to be poorly prepared to capitalise on the opportunities presented by this development.

The move to online/digital impacts many aspects of business, with the development of the “direct to consumer” channel the most prevalent. Digital has impacted across the supply chain including the operation of ordering systems, logistics and developing better customer relationships.

This is an aspect of the evolution of the industry that Irish producers will need to remain on top of to capitalise on the opportunities it represents.

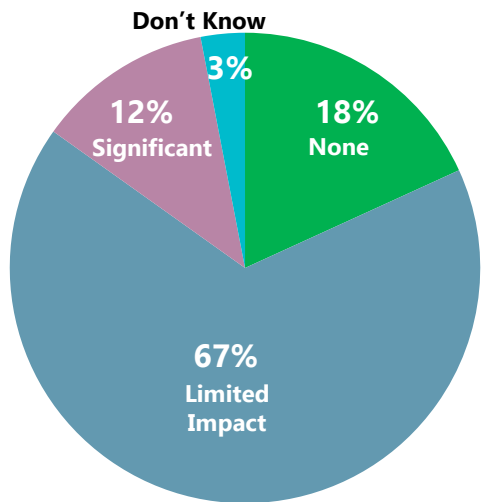




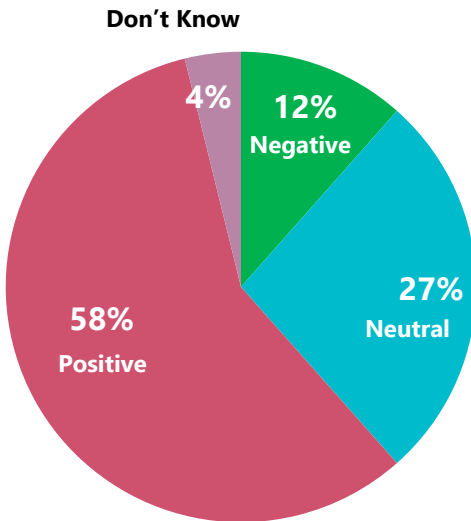
# Online / Digital Commerce

All Food and Drink Businesses citing online/digital commerce as a Risk; n=33

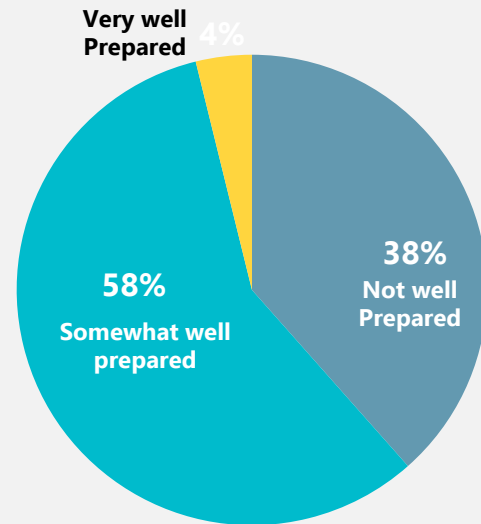
To what extent has the growth of online selling and commerce impacted on your business in the past 12 months, if at all?



Has this move to online selling and commerce been positive for your business or negative, if any?



How well prepared is your business is to capitalise on the opportunities presented by the move to online?



Thank You

Bord Bia's  
**Readiness  
Radar**

Charting the challenges &  
opportunities ahead

2021



Rialtas na hÉireann  
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