UNIVERSITY OF
GLOUCESTERSHIRE

Countryside and Community Research Unit

Feasibility Study into the Market Opportunities for Local Produce in Pembrokeshire

A Report to PLANED

(Pembrokeshire Local Action Network for Enterprise and Development)

James Kirwan and Carolyn Foster

December 2005

Table of Contents

1 Introduction

This report, commissioned by PLANED (Pembrokeshire Local Action Network for Enterprise and Development), should be read in conjunction with the survey report produced by Strategic Marketing of Cardiff. Although the two reports are not specifically linked in any way, they are both aimed at contributing towards a greater understanding of the potential marketing opportunities for Pembrokeshire-produced food products. Where Strategic Marketing's report provides a relatively large-scale and quantitative overview of the situation from both a producer and purchaser perspective, and makes certain recommendations on this basis, this report is more qualitative in nature, intent on providing additional and complementary data.

1.1 Outline of the Report

Section 1.2 sets out the context in which the local production and marketing of food products can make a larger contribution towards rural development. This is particularly important for an area such as Pembrokeshire, where agriculture and tourism continue to be key sectors within the rural economy. In order to maximise the potential of this contribution, it is necessary to understand what the main issues are, both in terms of the barriers and opportunities. Section 1.3 then provides some background to the changing policy and institutional contexts, in so far as they might impact the development of local food and marketing initiatives.

Section 2 describes the research methods used in collecting the data for this research, which essentially involved a combination of street interviews with individual (final) purchasers/consumers, and a series of three focus groups with intermediate food purchasers (such as local retailers, B&Bs, restaurants and pubs), producers and wholesalers. The resultant data are then analysed within section 3, before section 4 discusses the relevance of the findings, comes to some conclusions, and makes a set of recommendations as to how PLANED can facilitate the development of the market for Pembrokeshire-produced food.

1.2 The market for local food

In order to provide some overall context, this section provides details of some key statistics and drivers related to the increased interest in local food. A local food 'sector' as such does not exist and data on market size do not exist in any comprehensive form. The data presented here are drawn predominantly from work undertaken by the market intelligence group (Mintel 2003), the first major survey of its kind on local food. Despite increased interest in the idea of local food, research frequently observes that consumers and retailers alike have differing definitions of the term 'local', which inevitably makes it difficult to assess market performance and development.

Three questions are important when looking at the emerging sector for local food at a national and regional level:

- What are the forces shaping the development of local food in the UK?
- What is the nature and extent of consumer demand for local food?
- Where is the market likely to go in the future?

1.2.1 Forces shaping the development of local food

There are many influences which are shaping the current growth and interest in local food. The most commonly cited elements are set out below:

- the growing dominance of multiple retailers in the UK;
- concern about the origin of food following a succession of food scares;
- a rise in ethical issues associated with the production and trade of food;
- concern for the environment, including food miles;
- an increase in direct marketing initiatives such as farmers' markets;
- regionalism and regional identity; and the
- institutional and policy environment (discussed in Section 1.3).

The multiple retailers dominate distribution in the UK, but also dictate supply. The trend towards increasing concentration continues and yet at the same time some supermarkets are showing an interest in stocking local food. The extent to which this is merely a tokenistic response to current consumer trends is unclear (Vorley 2003). There has been a simultaneous decrease in independent retail outlets which might have traditionally stocked a large range of local products. At the same time, new, ‘alternative’ outlets have emerged which seem well placed to satisfy consumer demand for local food. One of the most successful examples is farmers’ markets which are founded on the premise of locally produced food for a local market. FMs currently have an annual turnover of approximately £200million and their success in part reflects the increased demand for alternatives to mainstream methods of distribution.

Health and safety concerns about food, coupled with ethical and environmental concerns, feature increasingly in consumers’ purchasing decisions. Increased awareness about food production and distribution issues among certain sections of the population has influenced the trend towards local food. In particular, the food miles debate has played a large role in highlighting the apparent unsustainability inherent in mainstream, globalised distribution systems. Increased demand for local food can to a certain extent be seen as a backlash against modern food production and distribution systems, although the extent to which this translates into purchases of local food is unclear; if indeed a link exists at all.

The Mintel report considers a possible link between the trend towards devolution and a raised awareness of regional identity, with a concomitant increase in the demand for local food: “*The move towards regionalism will undoubtedly foster greater interest in consumption of regional/local produce*”(Mintel 2003). At present this link appears tenuous, although in some areas at least, e.g. Cornwall and Wales, there are examples of food producers and suppliers using the origin of supply to promote their products.

1.2.2 Consumer demand for local food

Mintel’s consumer research considers attitudes to buying food produced in Britain, and fresh fruit and vegetables grown in the respondents’ region. The results show that 50% of UK shoppers prefer to buy British meat; 44% look for fresh fruit and vegetables grown in Britain, whilst 31% look for fresh fish from Britain. Interestingly, the report points to a degree of frustration among shoppers who claim not to be able to find enough food produced in the Britain, a complaint which is particularly levelled at the supermarkets. The general picture given by the survey results is that the demand for British produce outstrips supply.

23% of respondents claim actively to seek out locally grown fruit and vegetables by shopping at farmers' markets or farm shops. According to the survey (see Table 1), 23% buy locally in order to support the local economy and because they believe local produce to be fresher. However, 40% of the sample claims not to notice origin when making purchasing choices and "*just buy what's available in the supermarket*", and 14% claims not to know where to obtain such local produce.

Table 1: Preferences and attitudes towards buying locally grown produce

	%
I tend to shop at farmers' markets/farm stores in order to buy locally grown produce	23
I buy locally grown produce because I like the idea of supporting the local economy	23
I buy locally grown produce because it is fresher	23
I prefer to only buy fruit and vegetables that are in season	20
I have seasonally available fruit and vegetables delivered to me in a box	3
I just buy what's available in the supermarket and don't usually notice where it comes from	40
I wouldn't know where to go to buy locally grown produce	14
I don't care whether fruit and/or vegetables are locally grown or not, so long as they're cheap	10
Locally grown fruit and vegetables do not look as nice as imported products	4

Source: (Mintel 2003)

Shoppers for local fruit and vegetables are generally female, older and more affluent than the average UK shopper. The majority of those expressing a preference for locally produced fruit and vegetables are concentrated in the 45+ age group and belong to the ABC1 socio-economic groups. Nevertheless, the E socio-economic group (which contains a high proportion of pensioners) shows interest in the freshness of local fruit and vegetables, and has a preference for goods in season. Interest in locally produced fruits and vegetables is most marked in the South of England, followed by the East/Midlands and Yorkshire/North East regions.

1.2.3 The future market for local food

Whilst still only affecting a minority of consumers, all the signs are that interest in local food will continue to grow, but the strength of demand will be dependent on a number of variables:

- A buoyant economy whereby people feel they have the necessary disposable income to spend on higher priced products.
- The impact of an ageing population. Older people are the dominant purchasers of local food, and the continuation of this demand depends on younger consumers taking on the values and motives that encourage this section of the population to buy locally.
- The survival of small-scale farms and businesses.

Opportunities lie in the uptake of local food by the supermarkets, although arguably this might compromise the ethical component of buying locally, and therefore may be a less attractive option for certain consumers. In order for supermarkets to become involved in the supply of local commodities, the volumes have to be available and readily accessible. Establishing distribution structures able to deal with this scale is perhaps the greatest challenge for those wishing to increase the amount of local production sold locally. There are also concerns that much value of the potential value-added in local food could be appropriated by the supermarkets. Other retail opportunities that could be exploited, or built on further, include the Internet, farmers' markets and farm shops. Finally, there is potential to exploit consumers' increasing connection with a region by the development of regional brands.

The following text box also briefly summarises the recent IGD report on the opportunities it identifies for local and regional food, following a survey of 1000 British adults (Groves 2005).

Groves, A. (2005) *The Local and Regional Food Opportunity*. March. A report prepared for IGD, www.igd.com/consumer.

- 70% of people in Britain want to buy local and regional (L&R) food, and 49% want to buy more than they currently do.
- Freshness is the overwhelming reason why people buy L&R food, although it also offers consumers an opportunity to support small and local producers and retailers. There is, therefore, a social responsibility argument for stocking L&R produce.
- Consumers of these foods are discerning and will not tolerate substandard products.
- It is important to demonstrate that the L&R sector is not simply about primary produce or speciality/premium products, or future growth could be hampered.
- Supermarkets are the most popular place to buy local food (73%), and most consumers want to buy L&R food in one clearly defined area of the store.
- Although most do not currently buy L&R in a supermarket, they would like to. Nevertheless, 'there is a challenge in maintaining the perceived benefits of small-scale production when supplying a large retailer'.
- 'Small suppliers and retailers must work together if they are to fully seize the opportunities available with L&R food. It is vital to communicate the issues to consumers.
- 22% would like to buy their L&R food in convenience stores, which offers this retail sector a new opportunity. 'There is often a strong community relationship between an area and its nearest convenience store'.
- 21% define local as the county in which they live, with a further 32% understanding it to mean within 30 miles of where they live, or buy the product.
- In terms of regional, distance is not so critical, providing the food is labelled as regional.
- L&R food stimulates different emotions and expectations, and it is important to communicate to the consumer why the product is special.
- Local and regional foods should be understood as part of the same market. It only becomes critical to differentiate between them in terms of labelling.
- There is a clear demand for L&R food in urban areas, 'reflecting the aspirational nature of local and regional food'.
- L&R foods have a natural and wholesome image, and it is vital that the actual product lives up to the consumer's expectations.
- 'Where there is a strong local identity and commitment to a region, purchase of food from the area is also likely to increase'.
- Three main barriers to the purchase of L&R are identified:
    - people are unaware that it exists;
    - they do not believe they have access to it, and/or that it is within their price range;
    - L&R food is felt to be too unreliable in terms of its availability.
- While niche/speciality L&R produce may demand higher prices, it still needs to offer value for money.
- Vegetables and fruit are the most popular product categories of L&R produce, followed by bread, eggs, and red meat. The report felt that there is an opportunity to increase the range of L&R produce available, due to the current unmet demand.
- L&R foods generically have quite a strong image, but it can be difficult to introduce new individual products. Again, communication is crucial.
- L&R foods provide an opportunity to establish a USP on the basis of: taste, freshness, social commitment, variety, convenience, seasonality, heritage, or a particular method of production.

1.3 Local food: the new policy and institutional context

Welsh agriculture is under increasing pressure. Farm incomes are falling, and the sector is heavily dependent on production subsidies. As the policy emphasis shifts away from production support, the agricultural industry is becoming increasingly exposed to global competition. Whilst it only contributes about 2% to the total GDP in Wales, Wales is heavily dependent on the agricultural sector, in that it manages around 81% of the area of Wales. It also accounts for one fifth of employment in rural Wales, and consequently is of critical importance to Wales' landscape, environment and rural economy. As global competition intensifies, it is therefore imperative that agriculture adapts in order to be able to compete in global markets, or find other markets.

Whilst there is no specific policy framework for locally produced and processed food, unlike organic agriculture which is a legally defined production system adhering to verifiable standards, it is increasingly acknowledged to be an area of the food chain where the potential for facilitating value added at a local or regional level is high. It is also an area that can capitalise on the new policy context which pays increasing attention to food quality and traceability, added value at farm level, and environmentally and animal-friendly production practices.

1.3.1 Wales Rural Observatory

One of the Welsh Assembly Government's main priorities is to develop rural communities where people want to live, work and visit, and where there are economic opportunities. To this end, they have developed a number of strategies to support rural communities, including (amongst others) Rural Retail Support (managed by the WDA, it provides support for retail outlets considered important for rural communities); and the Wales Rural Observatory. The latter have produced a number of briefing papers that include an overview of policy and resources for social and economic development in rural Wales. This highlights that policy in Wales is strongly influenced by EU and UK policies, and that 'rural policy' in Wales continues to be strongly associated with agriculture. It also suggests that it is unlikely that those areas of Wales currently entitled to EU structural funding will continue to receive it after 2006 (WRO 2004a). Another of their papers provides an overview of businesses in rural Wales, which demonstrates how distinctive they often are. It also draws out how rural businesses are often deeply embedded in their rural context, as well as the importance of informal networks to their business success. It is also apparent that rural Wales is seen as a positive business location, not least due to the 'quality of life' available, but also the relatively high levels of rural trade. Nevertheless, despite identifying a number of 'positives' associated with businesses in rural Wales, the report also identifies a number of obstacles and constraints. Principal amongst these are a lack of customer and supply accessibility, coupled with poor transport links (WRO 2004b): both key to the development of markets for local produce.

1.3.2 Agenda 2000 and beyond

Agenda 2000 (Agriculture Council, 1999; Berlin European Council, 1999; EC, 1998 & 1999) deals with the policy planning period 2000-2006. The proposals were drawn up against the background of the accession of new EU member states, particularly from Central and Eastern Europe (CEE), raising serious concerns about increased surpluses and costs of support under the CAP. In addition to these financial and political pressures, social and environmental issues continue to play a key role in the development of rural policy.

The introduction of the single farm payment and de-coupling breaks the link between Common Agricultural Policy (CAP) payments and production, thereby promoting a more market oriented agriculture. In addition to the regulations proposed for individual commodities, the horizontal measure of cross-compliance links food production and the environment, food safety and animal welfare, and allows member states to vary payments on the basis of labour usage by farms; all of which appropriately orientated local production and distribution systems could benefit from. The strengthened rural development policy, described below, reinforces this.

1.3.3 Rural Development Regulation

Potentially, the most important proposal stemming from the Agenda 2000 CAP reform was the consolidation of all existing agri-environment, rural development and structural policies into a Single Rural Development Regulation (or so-called 'second pillar' of the CAP) under Regulation 1257/1999, implemented through single programming documents developed by Member States. In the UK, these measures were incorporated within four Rural Development Plans for England, Wales, Scotland and Northern Ireland. Following on from these changes, the major focus for policy reform over the 2000-2006 period was on rural development measures to support economic, social and environmental goals in rural areas. The Second Pillar was territorially focused and multi-annually programmed, strongly associated with the principles established at the Cork Conference in 1996 and the need to move away from the sectorally-dominant instruments of 'Pillar 1' towards a broader rural development policy that drew in a wide range of partners (Dwyer et al. forthcoming).

The RDR is oriented much more strongly towards food quality and food safety issues, as well as product differentiation, animal welfare and environmental quality. As such, it has provided a significant opportunity for facilitating local food production and marketing through a combination of agri-environmental and less-favoured area support with investment aids, processing and marketing support, and training and advisory initiatives. In the PLANED region, these action plans may be reinforced by actions under the structural measures, in particular, Objective 1 and LEADER Plus. Specifically in Wales, the Processing and Marketing Grants Scheme, for example, is designed to help processors and farmers in Wales become more competitive, more market oriented and to add more value to their produce through capital grant support. The Small Food Processors Grant encourages producers to add value to their products through on-farm processing. And the 'Farming Connect' service has acted as a gateway to access a range of RDR rural developmental aids (Dwyer et al. forthcoming).

The principle of a more territorial and decentralised orientation within the CAP has been reaffirmed in the most recent reforms suggested for the period 2007-2013. Convened by Agriculture Commissioner Franz Fischler, the Salzburg Conference on Rural Development in November 2003 provides the backdrop for the 2007-2013 RDR in calling for a balanced approach to rural development that recognises the importance of the wider rural economy in ensuring the future of agriculture (SW UK Brussels 2005). In July 2004 a draft regulation on the successor instrument to the RDR was published, which then went out consultation. In June 2005, the European Parliament adopted a position; in July 2005, the Commission adopted draft Community Strategic Guidelines; and in September 2005 the Council formerly adopted the Regulation for rural development support for the period 2007-2013. This includes the creation of a single rural development funding stream, that sees the replacement of EAGGF by a new European Agricultural Fund for Rural Development (EAFRD) with an overall budget of just under €90 billion, of which a minimum of €31 billion will be earmarked for 'Convergence Objective' regions (the new Objective 1 areas). Specific budgetary allocations for each Member State are not proposed in the draft (and are unlikely to be resolved until 2006), but seem likely to take account of 'past performance' and 'particular situations and needs'. The UK government will also have to address how funding will be allocated within the UK between England, Northern Ireland, Scotland and Wales (Dwyer et al. forthcoming; Europa 2005).

Mariann Fisher-Boel, Commissioner for Agriculture and Rural Development, said of this agreement that it "modernises our Rural Development policy and makes it a key tool in efforts to create growth and jobs in rural areas, while enhancing sustainable development". It is intended to strengthen bottom-up approaches and has four main objectives (Commission of the European Communities 2005; Europa 2005; SW UK Brussels 2005)

- **Axis 1: Improving the competitiveness of the agricultural and forestry sectors.** A minimum of 10% of the national envelope has to be spent on Axis 1. Resources within Axis 1 should focus on knowledge transfer and innovation in the food chain. This includes measures aimed at restructuring physical potential, such as investments in production, processing and marketing structures; as well as measures to improve the quality of agricultural production and products through participation in food quality schemes, and the promotion of quality products.
- **Axis 2: Improving the environment and countryside.** A minimum of 25% of the national envelope has to be spent on Axis 2. Biodiversity and the preservation of high nature value farming and forestry systems, water, and climate change are the three main priorities within this axis. Preserving the farmed landscape; consolidating the contribution of organic farming; and encouraging environmental/economic win-win situations. E.g. that environmental goods can contribute to the identity of rural areas and their food products.
- **Axis 3: Improving the quality of life in rural areas and encouraging diversification**. A minimum of 10% of the national envelope has to be spent on

Axis 3. This includes measures aimed at diversifying the rural economy through, for example, support for micro-enterprises and rural tourism.

- **Axis 4: Building local capacity for employment and diversification.** The LEADER approach. Each programme must have a LEADER element for the implementation of bottom-up local development strategies. A minimum of 5% of national programme funding is reserved for LEADER (originally the Commission had argued for 7%), there is also an additional 3% to be held in reserve until the end of the 2007-2013 period for the best performing LEADER projects.

Member States should also ensure that there are synergies both between, and within the various axes, and that contradictions are avoided.

Incorporation of the LEADER budget into the new EAFRD is one of the main changes introduced by the proposal. The LEADER approach (implementation of local development strategies) is recommended (but not required) for all Axis 3 measures, and the money earmarked for LEADER will need to contribute to the objectives across the other three axes. Support under the separate LEADER axis can be granted for (IEEP 2004):

- implementing local rural development strategies, with a view to achieving more than one of the three main priorities;
- implementing co-operation projects involving the objectives in local rural development strategies;
- running local action groups, acquiring skills and 'animating the territory'.

National strategy plans should be drawn up by the beginning of 2006. Within the UK, there should be one National Strategy for the UK, with individual chapters and programmes for England, Wales, Scotland and Northern Ireland. The programme should set out the policy context, as well as outlining how the various axes will be delivered. At this stage, there appears to be considerable uncertainty in terms of detail. The UK received approximately 3.5 % of the EU 15 budget between 2000-2006, but as yet there is definite figure for the 2007-2013 period (SW UK Brussels 2005).

Dwyer et al. (forthcoming, pp. 22-23), in their analysis of rural development under the Second Pillar, suggest that the new EAFRD Regulation is broadly similar to Regulation 1257/1999 in terms of its overall scope. In this context of this report for PLANED, it is also relevant to quote their assessment of the new axes:

> *"The bridging of measures into 'axes' (each with minimum spending thresholds) attempts to improve the consistency of programmes between Member States, and promotes increased flexibility in the use of measures within each axis, but does not ease integration between them. The creation of a 'fourth axis' to enable the adoption of LEADER-style delivery systems within programmes at local community level provides an instrument for promoting the much more broadly relevant lessons of this Community Initiative, and enabling established groups to become part of the regular delivery framework. However, there is no guarantee that Member States will make significant use of this instrument and the decision to limit expenditure to a minimum of 5% (rather than the Commission's proposed 7%) of programme spending suggests a relatively low priority for it".*

The following table is based on comments made by invitees to a Welsh Assembly Government Stakeholder Forum held on the 8th September, 2005, on the EU Strategic Guidelines on Rural Development (NAW 2005)

Axis 1

- Objective 1 was identified as being a strong driver for the agri-food sector and diversification over the last six years, and there was concern not to damage that through uncertainty over the next few months.
- The exhortation to achieve synergy both between and within axes was identified as a major challenge, and that there is a need to identify the most effective way of achieving this within Wales.
- There was concern that there is no obvious link between all the different sectors, and that synergy is needed to incorporate the use of local area, local people and local communities, and to then build slowly into larger projects.
- The guidelines themselves were not felt to be the problem, but their interpretation could be, at which point they could become compartmentalised. RDPs should contain chapters that do specifically plan 'cross-axis' approaches.
- "Re integrating the food chain (point 2, page 9). If you can do this, the advantages are huge. You produce locally and market locally. The problem that we have at the moment is that we can produce locally but the processing takes place further and further away from the market. We'd like the guidelines to develop this so that the processing comes back to Wales as far as is possible. I recognise that we have to compete in the European and world markets, but we should focus on this second point of page 9".
- "Glad to see the word 'or' added into the guidelines on processing & marketing which allows added flexibility. I also welcome the approach that support is not confined to small and micro enterprises as we need to develop small, medium and large businesses. We are competing in a global market in a beef sense, not so much with sheep. At the end of the day, we in Wales can only eat 30% of the beef and sheep we produce here. As a result there is a need to look at how we can market our products elsewhere. If we are to keep a vibrant economy, beef & sheep industries in Wales are paramount. Anything we can do to ensure flexibility, innovation and getting more money back from the marketplace is what the competitiveness axis is about. We need that money passing down the food chain to the primary producer to keep sustainability in the countryside.

Axes 3 & 4

- "I'm more worried about Defra in terms of how this will move forward. Although in Wales we have an understanding of an area based approach, in the application of Leader in England this has just been the distribution of money to small scale projects, virtually. The thread running through everything that has been discussed today is of joined up thinking. If you have a good local area strategy you can build things over time. I would like to see for Wales that we would have a very robust strategy that would be about local integration involving the indigenous population in a very participative way but I don't think that Defra think along these lines. I think that Wales can go a lot further and I would like to see Leader going pan-Wales so that it isn't competitive between areas".
- "An integrated approach is fundamental to success. Local pride is important in a tourism context that people must have pride in their own communities before you can promote that to the visitor. Integrating tourism into the local economy through the development of local supply chains will be important in reducing the leakage of the tourism pound out of the local economy".
- "On the point of combining Axis III and IV. This does raise some alarm bells about the delivery mechanisms and any thoughts of sharing delivery mechanisms. In some areas it is actually one organisation delivering Leader. In other areas, there may be different organisations delivering Leader and RCA and doing it very nicely".
- "The key is in Axis III and IV. These should underpin the priorities of Axis 1 and 2".

1.3.4 Agri-food sector development in Wales

The Welsh Development Agency Food Directorate is funded by the Welsh Assembly Government and is responsible for co-ordinating programmes and support for the agri-food sector in Wales. It works closely with the Agri-Food Partnership which is instrumental in delivering its action plans - for the organic, dairy, red meat, horticulture and aquaculture sectors. The Agri-food Partnership, coordinated by the WDA Food Directorate, was established in 1999 to provide an integrated approach to the development of the agri-food industry in Wales. It is an advisory body which seeks to promote co-operation between primary producers and food processors. Together these organisations provide a framework for the development of agriculture, fisheries and food production in Wales, utilising a more market focussed approach. Both are aiming to capitalise on Wales' reputation for quality food by encouraging producers and processors to become more market focused, and to add value to Welsh food along the supply chain.

In 2001, the National Assembly for Wales published a review of the Welsh agri-food industry. This document encourages producers and processors to compete more on quality and less on price by, for example, exploiting opportunities for selling locally on the basis of "quality, traceability and pride in the locality" (NAfW 2001, p.14). It goes on to caution, however, that such options should only be pursued where there is clear market demand for the product in question, recommending collaboration among supply chain actors in order to correctly identify target markets: "Collaboration is essential if Welsh agriculture is to adapt" (p.14). The Agri-Food Partnership published a response to this document which echoes some of its main themes. 'Strategy in Action' provides a review of achievements of the Welsh agri-food industry and outlines key targets for the future. One of the core concerns to emerge from 'Strategy in Action' is the issue of supply chain linkages, which it acknowledges are weak, and the need for greater supply chain collaboration. It is also intent on improving the market focus, as well as the performance of processors and primary producers (Agri-Food Partnership 2003).

The WDA Food Directorate coordinates the Trade Development Programme and the Food Culture Programme. Both are designed to improve supply chain linkages and market orientation within Wales and beyond. Farmers' markets are eligible for support from the WDA and in July 2005, FARMA Cymru was launched, an organisation which promotes a local food infrastructure in Wales. It is the first of twelve new regionally-responsible bodies to be set up by the National Farmers' Retail & Markets Association (FARMA), and will work specifically with farm shops, farmers' markets and pick-your-own farms.

2 Research methods

This piece of research is intended to build on the work undertaken by Strategic Marketing of Cardiff: in essence, adding a layer of more qualitative data to their largely quantitative data. While no specific linkages are made between the two projects, Strategic Marketing's initial PowerPoint overheads (provided to us by PLANED) were examined in the process of designing the street survey of final purchasers: similarly, in deciding upon the broad areas of discussion within the three focus groups.

2.1 Street survey of final purchasers (or individual consumers)

Following e-mail communication with PLANED, it was decided to conduct the street surveys of individual consumers in Crymych, Tenby and Milford Haven. The surveys were piloted in Cheltenham in order to test their workability, which resulted in a few minor adjustments to their format to ensure clarity. The resultant survey schedule was then sent to PLANED for their comments, which led to further minor adjustments (the finalised interview guide is included within Appendix I of this report). The intention was to provide some background information on individual consumers' purchasing behaviour in relation to local produce (and in particular produce that has come from Pembrokeshire), including the barriers and incentives to its purchase, as well as their possible responses to changes in the marketing of local food within Pembrokeshire.

In order to try and include tourists and day visitors within the respondents, it was decided with PLANED to conduct the street interviews around Easter. As a result, they were conducted on the 30th and 31st March, and the 1st April 2005. The target was to carry out 35 interviews at each location, making a total of 105 interviews in all.

In statistical terms, this is not a valid sample, but nevertheless it is large enough to yield interesting data in relation to the market opportunities for Pembrokeshire local produce, and to draw out differences between the three locations involved. Each interview was intended to last in the region of five minutes. Initially, there had been an intention to stratify the sample to ensure that tourists and day visitors were actively included, in addition to locals. In reality, as reported in the results section below, this did not significantly happen. As such, in most instances, apart from when the interviewer was actually interviewing a respondent, each person who walked past was approached for an interview.

2.2 Focus groups

The purpose of conducting a series of focus groups (FGs) was to help validate the results of the overall research process. Strategic Marketing's surveys had specifically focussed on the largest producers and purchasers within the county, and the intention was to include a broader cross-section of participants within the FGs. This was particularly the case with the (intermediate) purchasers, and there was a deliberate attempt to include smaller-scale operators such as hotels, B&Bs, pubs and restaurants within the participants. Initially, there were only going to be two FGs, one for (intermediate) purchasers and one for producers, but it was later decided (in consultation with PLANED) that it would be of more value to separate out wholesalers from the other purchasers, in that they were likely to have a different perspective. FGs work better where the participants are broadly similar in their orientation.

In order to try and reduce potential bias in the selection of participants, the CCRU research team selected 20 names from a wholesaler database supplied to them by PLANED; similarly for the producers. In addition, a further 20 names for each were identified as reserves in order to enable between 5-8 participants at each FG, which is considered ideal in terms of getting the balance between intimacy and group dynamics. However, the smaller-scale purchasers were identified by PLANED themselves, drawn from their own database.

PLANED were responsible for contacting the participants concerned, as well as making the arrangements for booking a suitable location for the FGs. The FGs were conducted on the 26th July (purchasers and producers) and the 27th July (wholesalers) 2005 at the Mariners Hotel, Mariners Square, Haverfordwest, and tea, coffee and biscuits were provided at each session. Each FG lasted for between 1-11/2 hours and was tape-recorded to ensure that the subtleties of the discussion were not missed. These tapes were later transcribed verbatim. Two researchers were present at each FG, and at the end of each discussion they reflected upon what were the core issues to come out, making additional notes at that time.

In reality, there were five participants at the purchaser FG, six at the producer FG and two at the wholesaler meeting. Although the latter was certainly not ideal, both of those that did turn up were forthcoming and we were able to have a dynamic and fruitful discussion.

3 Results

3.1 Purchasers – final demand

A total of 109 street interviews were conducted with individual purchasers: Milford (38), Crymych (35), Tenby (36). Although the intention was to try and balance the numbers between those living in Pembrokeshire, and those that were tourists or day visitors, this proved to be impractical in both Milford and Crymych where the overwhelming majority were local people (Milford 97%, Crymych 91%). In Tenby, however, 50% of those interviewed lived in Pembrokeshire and 50% were visitors, clearly reflecting the fact that Tenby is a major tourist centre. Of the 18 visitors to Pembrokeshire interviewed in Tenby, 9 were on holiday, 5 were on a day trip, 1 was staying in a second home and the remainder were there on business.

In the following analysis of the data collected during the street interviews, overall percentages across each of the three locations are given, and comment made where there are notable differences from the norm.

3.1.1 Defining locally-produced food

Understanding what individual consumers consider to be locally-produced food is important when trying to determine how best to promote the produce from a particular area, in this case, Pembrokeshire. It is clear that locally-produced food is predominantly about distance. Nearly 85% of all respondents felt that it meant that the produce came from within the county of Pembrokeshire, although this figure conflates a number of variations. 37% believed that locally-produced meant within ten miles of where they lived, with a further 18% identifying 30 miles. There were no significant differences between the three areas of research, other than that at Tenby 17% identified it as meaning that the produce came from within the region and a further 8% said they didn't know. This may indicate that visitors to Pembrokeshire are less locally-oriented when making their food purchases, compared to people who live there, although even in Tenby 75% associate the term with the county. Interestingly, only two respondents across the three areas associated the term with Wales, and none with the UK.

3.1.2 Purchasing behaviour

Nearly 91% buy locally-produced food, at least occasionally, and this is consistent across the three areas. However, the most notable statistic in this respect is that nearly three-quarters of those interviewed in Crymych said they bought it on a weekly basis, compared to 50% in the other two areas, both of which had commensurately larger monthly/occasional purchasing responses.

A number of key factors appear to determine whether or not someone buys locally-produced food. These include:

- factors that can be understood as intrinsic to the quality of the product, such as freshness, taste and flavour, appearance, presentation, and seasonality;
- practical considerations, such as convenience and availability (whether in a supermarket or due to seasonal fluctuations), price, and time available to shop; as well as
- more social/ethical motivations that include reducing food miles, and supporting the local economy (whether in the form of a local shop or local producers). Indeed, whatever the reality behind a purchasing decision, around 80% of respondents expressed that they wanted to support the local economy through what they purchased. This was by far the most frequently expressed reason for buying Pembrokeshire-produced food, typified by the following comment:

"Pembrokeshire, this is where we live. It is not a rich county and we should support our local people" (Crymych, 79).

It is inevitable that individuals will have different priorities, but what also seems clear is that the ‘quality’ of the produce is almost invariably the overriding consideration. The word ‘quality’ is in quotes because it is so open to subjective interpretation. However, whatever it may encompass, the individual expects their locally-produced food to be of a high ‘quality’ (which appears to highlight its intrinsic properties), or they will not continue to buy it:

> *“I try to buy local produce if possible. Top-class -- it must be the best. Looking for quality, flavour, and freshness, otherwise I won’t buy it” (Crymych, 104).*

The place of purchase is also an important factor determining whether or not consumers purchase locally-produced food. In both Milford and Tenby, respondents said that they bought approximately 50% of their locally-produced food within supermarkets. In stark contrast, those in Crymych said that they never buy locally-produced food from a supermarket. Correspondingly, perhaps, nearly 86% in Crymych said that they purchase locally-produced food from an independent town/village shop, compared to 58% in Tenby and 32% in Milford. Approximately a third of all respondents get some of their local produce from a farm shop, although this figure was nearly 45% in Tenby, suggesting there is a good farm shop in the area. In Milford, 42% said that they bought local produce from a farmers’ market, and 36% in Tenby. However, in Crymych only one respondent said that they purchased from a farmers’ market. In addition, only one person across the three areas had purchased locally-produced food through a box scheme, and no one had used the Internet for this purpose.

There are two local butchers within Crymych, and one in particular was highlighted by many of the respondents in this location as being the main reason why they buy as much local produce as they do. There are also local vegetables and fruits available from shops in the village:

> *“The butcher is very good so I always try to buy from there. He displays that his produce is local. I don’t ask in the local fruit and vegetable shop if the produce is level, but I think it often is” (Crymych, 78).*
>
> *“All our meat comes from the local butcher. You know where it has come from. Better quality and often cheaper. For other things we go to Tesco” (Crymych, 99).*

3.1.3 Attitudes to locally-produced food

The respondents were asked to indicate the strength of their agreement, or disagreement, with a number of statements:

- Nearly 94% either 'strongly agreed', or 'agreed', that local food for local people was good for the environment. This was fairly consistent across the three areas, although in Crymych there was a noticeably higher percentage that *strongly agreed* with this statement.
- Over 97% either 'strongly agreed', or 'agreed', that buying locally-produced food helps local economies to prosper. Again, there was consistency across the three areas, although in this case over 90% of those at Crymych *strongly agreed* with this statement.
- 78% either 'strongly agreed', or 'agreed', that locally-produced food is fresher than other food, although nearly 15% were uncertain that this was necessarily the case, and 4% disagreed.
- In response to the statement that locally-produced food is better for my health, 13% replied that they didn't know, 7% 'disagreed', and just over a quarter were uncertain. Nevertheless, over 50% either 'agreed', or 'strongly agreed', that it was.
- Most felt that locally-produced food was always of a higher quality. However, nearly a third felt unable to be certain that this was always the case, and 10% either 'disagreed', or 'strongly disagreed' that this was so.

3.1.4 Barriers to purchasing locally-produced food

As with attitudes towards locally-produced food, the respondents were again asked to indicate the strength of their agreement, or disagreement, with a number of statements:

- Half either 'strongly agreed', or more usually 'agreed', that locally-produced food was more expensive than other food. However, a third were uncertain that this was necessarily the case, and 12% felt that in many cases it was cheaper. There was a noticeably higher percentage at Crymych that 'disagreed' with the statement that locally-produced food was more expensive. These figures are broadly endorsed by responses to the idea that lower prices would encourage them to buy more locally-produced food. In Milford and Tenby, between 75%-

85% felt that lower prices were either very or quite important in determining their purchasing patterns, whereas in Crymych this figure was 40%. Correspondingly in Crymych, nearly a quarter felt that lower prices would make little difference, and over 30% responded that it would make no difference:

"Local food is not necessarily any cheaper or more expensive than other food and I don't mind paying a little more for quality" (Crymych, 76).

"Local prices may sometimes be more expensive, but the meat in the butcher is not always more expensive and it is much better than in Tesco" (Crymych, 99).

- Most felt that it was relatively easy to identify the origin of locally-produced food, although nearly a quarter were uncertain and a further 18% 'disagreed' that this was the case. At Crymych, nearly 85% felt that it was easier to identify the origin of locally-produced food (cf about 50% in the other two areas), with over 60% 'strongly agreeing' with this statement.
- In both Milford and Tenby, nearly 80% felt that clearer labelling would make it easier to buy locally-produced food. However, in Crymych this figure was 51%, and 40% felt that clearer labelling was unnecessary. The figures were similar with respect to more local advertising of locally-produced food.
- At both Milford and Tenby, labelling was almost invariably identified as the way in which respondents identify locally-produced food. Labelling was also important in Crymych, but here the ability to ask in the local shop was also often mentioned. The local butcher's shop was also cited as having good signage, both inside and outside the shop, as to what local produce was available:

"The butcher's excellent and has signs up as to where the meat comes from. Labels are unnecessary" (Crymych, 106).

"I go into the local shop and just ask whether it is local" (Crymych, 82).

- Approximately 90% of respondents in Milford and Tenby felt that they would buy more locally-produced food if it was more generally available, particularly within supermarkets. At Crymych, this figure was 68% and over a quarter said that its availability in supermarkets was not a factor in determining how much they purchased, and some were openly hostile to the idea of local food being sold in supermarkets: "*shopping for local in supermarkets defeats the purpose" (Crymych, 79)*. Indeed, often respondents at Crymych felt that there were no particular constraints on their purchasing of Pembrokeshire-produced food, suggesting that most produce is available locally and is of a good quality. That said, a number of people said that if the price was to rise unreasonably, or the quality was to fall, then they would not buy it so readily.

- In terms of presentation, in both Milford and Tenby there was a 50:50 split between those who felt that this was either ‘very’ or ‘quite important’ in terms of increasing their purchase of locally-produced food, and those who felt that it was of ‘little’ or ‘no significance’. In contrast, at Crymych, only 13% felt that better presentation would increase their purchase of locally-produced food, and over 80% responded that it was either of ‘little’ or ‘no importance’ to them, in that it was already good enough.
- When eating out, Pembrokeshire-ingredients were considered to be ‘very important’ by less than a quarter of respondents. A further 40% felt that it was ‘quite important’, with the remainder replying that it was of ‘little importance’, or none at all. Again, Crymych was slightly different, in that most respondents felt that it was of relatively lesser importance. The reason for this is probably that a relatively higher number of respondents said that they seldom, if ever, ate out. However, a number of respondents felt that it was an additional benefit of eating at a particular restaurant, typified by the following:

“When eating out, if there were two restaurants to choose from, I would choose the one with local produce” (Crymych, 97).

3.1.5 Tourists, or day visitors, to Pembrokeshire

As mentioned under section 3.1, of the 22 people interviewed who were not from within the County of Pembrokeshire, 18 were in Tenby. The comments within this section, therefore, relate almost exclusively to Tenby.

- A quarter of the respondents felt that Pembrokeshire-produced food had been ‘very important’ to the overall enjoyment of their stay, with a further quarter saying it was ‘quite important’. However, over 40% said that it had made ‘little difference’, and a further 7% didn’t know.
- When asked if Pembrokeshire-produced ingredients were being identified and used in the B&B/hotel they were staying in, over 40% said yes, 14% no, and over 40% that they didn’t know.
- Less than 15% said that it was ‘very important’ to them that Pembrokeshire-produced ingredients were identified and used in the B&B/hotel they stayed in, with a further 43% saying that it was ‘quite important’. For nearly 30% it was of little importance, and a further 15% didn’t have an opinion on the issue.
- Approximately half felt that they were more likely to look for Pembrokeshire-produced food in their local food outlets, having eaten it while on holiday.

Correspondingly, half said they would not. Similarly, 50% felt that they would consider buying Pembrokeshire-produced food over the Internet.

3.2 Focus group discussions

The participants at the producer FG included a small smokery that suppliers local shops, hotels and restaurants; a horticultural grower of soft fruits and vegetables who both retailed his produce and sold to wholesalers in Pembrokeshire and Carmarthenshire; a dairy farmer who bottles his own milk, as well as some of his neighbour's; a beef producer who sells through his own farm shop, another retail outlet and a farmers' market; and a baker.

The participants at the purchaser FG included a head chef from a hotel aiming at the luxury end of the market, who was intent on making high-quality Pembrokeshire produce available to his customers (he also stressed *not* low-quality Pembrokeshire produce); the owner of a delicatessen who was concerned to stock as much high-quality local food produce as possible, although some of his stock comes from out of the county because it is not available locally; a B&B that also serves evening meals; the owner of a 50-bed hotel, who felt constrained by prices in terms of how much local produce he could purchase; and another B&B owner.

There were only two participants at the wholesaler FG, but both were prepared to engage in a dynamic and useful discussion. One of them was predominantly a seafood distributor throughout southwest Wales, although they also distribute a few ambient goods such as sandwich fillings. Their customer base is principally restaurants, hotels, pubs and sandwich bars. The second participant's company distributes frozen products, dried good products and various other items to the catering trade and retail sector. They are also involved with a number of major leisure attractions in Pembrokeshire. Their geographic scope is more localised than the other participant, only covering southwest Pembrokeshire: *"We're a very, very localised small independent company" (Wholesaler FG)*.

The intention within the following sub-sections is to tell the story of the FGs, largely in the participants' own words, before discussing its implications within section 4.

3.2.1 Definitions of 'local food'

Ideally, it seems that most of the participants identified food from 'Pembrokeshire' as 'local food': *"I think local is producing in the locality where you live and you sell it again within - well within the county (Producer FG)*. Pembrokeshire was also felt to be a good selling point, not least because of the perceived quality of life in Pembrokeshire: *"it's getting a reputation as the garden of Wales" (Producer FG)*. However, the actual quality of the produce itself was always flagged up as being the key issue.

There seems to be a hierarchy of 'local' amongst the purchasers and wholesalers, as well as an intention to support the local area where possible:

> *"If we can source in Pembrokeshire, we will. But if we can't - we get quite a lot of stuff from North Wales: that's preferable to getting it from over the border" (Purchaser FG).*

Similarly, amongst the wholesalers:

> *"Wales to a certain area I suppose. I wouldn't class it as local if it's North Wales. I'd class it as local if it was Camarthenshire or Swansea. You can get away with that locally, but I'd like to think it's Pembrokeshire if possible. But that isn't always possible unfortunately…I think it's pretty well the old Dffyd" (Wholesaler FG).*

3.2.2 Understanding the demand for locally-produced food

Quality assurance schemes such as FABBL and organic certification were often seen to be overly bureaucratic and expensive by all three groups, and not necessarily any guarantee that the produce is of a better quality. Knowing where it has come from was usually identified as being more important. Nevertheless, produce that is simply differentiated as being local is not sufficient, it must also be of an intrinsically high quality, howsoever defined:

> *"I think local people take the local produce as a sign of quality. And I think people have got to the stage now where they're so fed up of having processed foods and the rubbish you buy in the supermarkets, they're looking for real food…[But] quality's got to come into it first…Quality is paramount" (Producer FG).*

The producer participants said that they are often not able to compete in terms of price with supermarkets, due mainly to the smaller-scale production methods they use. However, there was a feeling that a certain number of consumers are increasingly willing to pay a premium for demonstrably higher 'quality' (local) produce, even though this was felt to be a relatively small percentage; and price was always felt to be *a* factor, whoever the customer:

> *"I believe that there's a customer or a society move towards local produce…You only have to look at Rick Stein's food heroes, for example, on the television. And that's going straight into the customer consciousness…And we're all fools together if we don't pick up on that and drive to fulfil that need" (Purchaser FG).*

There was also a recognition that there are distinctive types of consumer within Pembrokeshire, each of which may have notably different demand patterns, especially in relation to locally-produced food:

> *"What we sell to the visitor is Welsh produce…And then there's the local customers. And what they're looking for is basically they're making a lifestyle choice to shop with us. They go to the supermarkets…But in terms of fresh good quality produce, they prefer to shop with us…All educated residents will wish to buy locally because it is supporting the local economy, which at the end of the day if we don't support each other in Pembrokeshire, you know the whole thing falls apart, because the economy is very finely balanced here" (Purchaser FG).*

However, there was an understanding that whatever is produced and sold, to whatever type of consumer, ultimately it is customer satisfaction that is paramount, which the wholesalers felt was an aspect of quality that local producers sometimes struggle with:

> *"What's ultimately important of course is customer satisfaction. As long as the customer is happy and his customers are happy, then you know you've got a quality product…I think sometimes it can be difficult for local producers to look at it in what I call a very professional manner. In other words…the product may be fantastic, but the packaging has to be correct…how many in a box, the labelling and what the image of the product is like in the market place…At times it is a bit amateurish" (Wholesaler FG).*

While most of the purchasers and wholesalers were prepared to absorb a small price premium for local produce (in that they believed in supporting the local economy where possible), ultimately the price needs to be matched with the outlet/quality that is being supplied. Similarly, whatever the level of quality aimed at by individual businesses, the need to make a profit was seen to be paramount. In tandem with this, customers expect value for money, which will differ between outlets. But it is matching quality with expectation, and yet still being able to achieve a profit, that matters:

> *"It's a very personal thing. You could pay £100 for a meal for two and consider it value for money. Or, you could go to your local café and pay £6 for a couple*

of chip baps. And if they're not up to scratch, you'll still complain" (Purchaser FG)

"It's no good having the right price and a rubbish product. And it's no good having the most expensive product and then not making a profit is it? So it's got be a combination of the two. As I say amongst friends at home, I'm not here to impress, I'm here to make money…It's the bottom line of any business. Otherwise it's not a business, it's a hobby" (Purchaser FG).

There seems, then, to be a predisposition to buying locally produced food, but only if it is of a sufficient quality, suitable price, and represents value for money:

"I mean, if I can get the same product locally as away, then I'd rather have it locally, because I believe it's better to keep money in the community, because it goes round a lot better then…But it's got to come down, you know, come down to the quality and the price…If local produce is fantastic, use it. If it's not fantastic, why would you use it? If you can get better from Cardiff, why would you use a sub-standard product?" (Purchaser FG).

Outlets, such as hotels, were recognised to be working on tight margins, meaning that they will not be able to buy local produce if it costs appreciably more than that at the Cardiff wholesale market, particularly if the consumer is unaware of the difference between the quality of the produce involved:

"We do pick our runner beans young so they're really nice and tasty. And we do ask for a premium price on them. But I supplied a wholesaler early this afternoon with about 30 boxes and they looked beautiful. But he said: 'Price, I can get them much cheaper on the open market…People have been so used to cheap food for a long time, that is the problem" (Producer FG).

The one retailer (a deli) at the FG had a slightly different perspective, feeling that he was perhaps not quite as price sensitive as the catering trade, being more able to increase the end price to his consumers. Critically, he felt that they must not be directly competing with the supermarkets and that this was the essence of independent food retailing in the current marketplace:

"You have to offer something different from the supermarkets. And on that basis, we don't compete on price. To an extent, I know it sounds stupid, but to an extent there's a snob value involved in shopping at a deli. The more expensive something is, the happier people are, within reason. It's the quality that is the big thing for us, that is where we look at value" (Purchaser FG).

3.2.3 Convenience, cooperation and local availability

Although Pembrokeshire-produced food may have an advantage in terms of its customers linking it with quality in some way, this has to be matched by the reality of local production and supply:

> *"We stock a range of fresh produce, that's mainly cheeses, meats, salamis. I have to say that we also stock quite a number of items which come from out of the county, because we've been unable to actually source them with the quality we require from within the county. But we always look for a local supplier if possible. There is an issue of getting the local produce supplied to us in sensible quantities at sensible times" (Purchaser FG).*

> *"It's no good a local client saying to me, 'oh well, you can have it on Thursday', when the function was on Wednesday night" (Purchaser FG).*

The competent, reliable, and safe delivery of local food was an issue across all the FGs. The discussion considered how local producers are often not sufficiently focused on the idea of distribution, intent simply on production, and there was a desire to see more efficient local distribution networks:

> *"A lot of the producers are quite happy to produce more and sell more, but they don't want the aggravation of having to actually get it to the purchasers, which is why in Pembrokeshire you see so many farm shops etc…where whatever people are producing locally is sold from their premises. They are marking their premises as a place to come and purchase it, which may be very efficient from their point of view, but it's not an efficient way of increasing sales. There are other people in the county who'd love to be selling their produce. But we're not going to drive half-way across the county to pick up a few jars of preserves…because it's just not economically viable" (Purchaser FG).*

Correspondingly, there was a degree of frustration that distributors such as 3663 and Brakes provide the convenience they need, but not local produce:

> *"Someone like Brakes or 3663 will win a lot of the time because they can deliver a wide range of products…You're talking about one company that will provide you with dry goods, fresh fish, fresh meat, fresh vegetables, frozen goods, everything, in one drop. Now that's a lot of convenience…So then it's a case of balancing that with your desire to use the best of local produce" (Purchaser FG).*

The producers said that they seldom co-operate in any structured way mainly, it seems, because it is seen to take too much time. Yet at the same time, there are clearly informal networks of co-operation, and a sense of sticking together:

> *"I know quite a lot of people in this room…We know we could source anything we needed in Pembrokeshire. It's a tight community…if we didn't know somebody, we'd know somebody that would find somebody" (Producer FG).*

It is also clear that the participants at all three FGs were aware that cooperative action was crucial to improving the efficiency of Pembrokeshire's local food networks; although there was some debate as to how this might be best achieved. One of the producers had recently opened a shop in his local village, aimed principally at selling his own meat produce. However, he also recognised it as being a suitable outlet for selling other locally-produced produce:

> *"We're in the process of converting an old cowshed to get a bigger shop frontage…so we can sell more local produce…Very often when they've finished their shopping, and we tell them well there's local strawberries, there's local beans, there's local cream, local milk; they'll start again!" (Producer FG).*

To some, the idea of a local distribution network was the preferred option (usually in relation to wholesalers), whose ownership is retained by local producers:

> *"I've struggled for 3 years to find a local cheese farm that could deliver me cheese…I need to have temperature-controlled deliveries.…I'm not talking about buying from an organisation, a wholesaler. I'm talking about still buying from individual suppliers, but a mechanism whereby there was an environmentally controlled delivery process. Because I know when it was coming direct from the makers, that it was coming in the back of a car. And it had been halfway round Pembrokeshire before it reached us. So an environmentally controlled delivery network, where you could place your orders, it does a run round Pembrokeshire on a daily, twice weekly basis, or whatever…The key to it is that it has to be owned by the producers. What they are doing is pooling their resources to provide an integrated delivery network…Whether it's one huge co-operative, or just a couple of different producers…that can use the same delivery service without it being a wholesaler and them putting a 40% mark-up on it" (Purchaser FG).*

There was also, on occasions, notable antagonism towards wholesalers, who were perceived to suck too much value from the local supply chain, as well as buying solely on the basis of market price:

> *"We have already decided that we'll downsize for next year…We will still supply local retailers, but not the wholesalers any more because they will take the volume but they put such pressure on the price. They've got contacts in Holland, in Spain, in London, in Bristol, Liverpool, all these markets. And they can say well I can get so and so at a certain price. And if you try and match that you might as well [give up]" (Producer FG).*

Nevertheless, there was an awareness in the purchaser and producer FGs that wholesalers, by grouping together production output, may facilitate access to certain types of outlet that as individuals they would struggle to supply, as well as improving their logistical efficiency. Even so, this acknowledgement was often somewhat begrudging:

> *"I imagine in a hotel like this: do they want about 100 individual invoices, or one invoice on a wholesaler that supplies most of the items they want?" (Producer FG).*

> *"A producer may be willing to deliver direct to us but it's not economically viable for them to do that in a lot of the circumstances. It's easier for them if a*

wholesaler goes to them and picks the stuff up, or if they supply it to a wholesaler at a fixed point rather than going all around the county, dropping off small loads of cheese here and there" (Purchaser FG).

"Now we're actually buying mainly from a wholesaler…whereas we used to deal direct to the makers…There were two aspects. One was the makers find it difficult and costly to deliver. The other was that we were let down, which inevitably happens if you have an ad hoc delivery process…But in my utopian world, I would like to see a distribution co-operative for the county" (Purchaser FG).

For their part, the wholesalers felt that producers and purchasers are overly suspicious of wholesalers. They felt that the objective should be to increase the efficiency of sales and distribution of local products; something they can positively contribute towards. Often, they find, suppliers/producers want to supply the wholesaler at the same price that they are charging their direct customers. Clearly, this does not work, in that the wholesalers need to have a profit margin in order to stay in business:

"It's difficult to convince producers that we're not sucking money out of their pocket. What they need to do is look at the bigger picture… We've in excess of 400 customers. So straight away through one contact they're accessing a far bigger playing field. And they need to realise that that's going to save them an awful lot of money, because you've got great contact with some really good customers. And they're not prepared to give you margin…which staggers me…They don't realise that they have to sacrifice margin to grow it (Wholesaler FG).

The point was also made that local wholesalers are usually relatively small-scale businesses, oriented towards the local economy, in contrast to the national wholesalers who are more focused on scale and price. A comparison was made with supermarkets (in relation to local shops), whereby the initial contact may seem favourable, but there is the potential for them to turn round in 12 months and say that they are now using another supplier/producer, simply because they are offering a better price. As local companies, the two local wholesalers at the FGs said that they try and support other local companies where possible:

"As a local wholesaler, what you can offer is security. Because, if you have a product that's really good quality, you can offer them wheels for distribution which saves the producer from having to tie up money in distribution themselves…Also when you're dealing with the small people like John and myself, we're not going to turn round and kick somebody out after a year's trading, you know. We're in it for the long-term…[Whereas] the big companies in Bristol and London and Cardiff will drop them at the drop of a hat" (Wholesaler FG).

Significantly, perhaps, the position of local wholesalers, such as those involved in the FG, is considered to be somewhat unusual in Pembrokeshire, in part due to its geographical isolation. A comparison was made with Cornwall, which was also recognised as having a relatively large number of local wholesalers who are able to survive in relation to national companies. It was suggested that in the Midlands and London areas, for example, although there are still independent wholesalers, they are likely to be struggling more than those in Pembrokeshire or Cornwall:

> *"We're still fortunate in that as much as the big boys haven't got local depots. The nearest probably is Swansea. Brakes are in Bridgend." (Wholesaler FG).*

3.2.4 Building the demand for locally-produced food

Building a local reputation for reliability was seen to be paramount by producers, with traceability an important component of this. Selling at a farmers' market, for example, enables local people to get to know the individual as well as their produce, and to establish confidence in both. The Haverfordwest farmers' market was frequently cited as being very good; not least because the producers that sold there found that customers subsequently came to their farm shop (for example). Another producer had also gained a couple of retail outlets in Tenby and Haverfordwest as a result of their exposure at the farmers' market.

Tourists were understood by a number of the producers to be very important to their businesses, with one producer saying that their trade doubles due to tourists. Caravan sites were seen to be an appropriate target for their produce, and the Haverfordwest farmers' market an important showcase in this respect. The meat producer said that tourists will often call into his shop both on their way down, and on their way back. However, there was some irritation that it is not always easy to get the necessary road signs from the council, unless they are doing teas and coffees.

Encouraging people to identify and enjoy local food was seen as important, particularly in relation to schoolchildren, who were recognised as tomorrow's consumers of local food (potentially). Encouraging them to drink local milk was seen as having an important role in this respect:

> *"I think it's important to try and get kids to drink milk…I've got a mother who says 'my little Johnie, all he'll drink now is your milk'. So if the kids are pestering the mother, well, the mother will buy it for a bit of peace and quiet…If they grow up wanting the taste of good local proper food, then I hope they will carry on" (Producer FG).*

When asked how easy it was for them to approach relatively larger-scale outlets, such as a hotel, it is apparent that there can be problems for producers:

> *"It depends, because chefs are very temperamental. They've never got time. You have to get them at the right time. I usually phone and speak to them first and try to make an appointment…You give them the price. You ask them if they want a sample. Yes, they do. You take a sample. And then you've got four weeks trying to get an answer. And then it might be: 'Well you're very nice but, you know, we're happy with our supplier at the moment'" (Producer FG).*

In this respect, the wholesalers were frustrated that producers appear to feel they are being 'ripped off' by them, rather than seeing them as a potential ally with very good contacts who can help them to grow their local business potential:

> *"You mention the hotel here. The head chef, I know very well and…if I had a product that was really good, he'd always take my word on it. Whereas if they went in to see him, he might say: 'who are you putting it through?' If he said: 'Oh we're putting it through 'X' or 'Y' company, oh great, excellent, fantastic. I know those companies. They're good; they know what they're doing. And yes they gain access to relationships by coming through people like ourselves…And the other point is that when chefs move around they take their suppliers with them…So what the producer then gets is access to outlets they've never even thought of" (Wholesaler FG).*

> *"If they're going to try and be reasonably serious players, they should have a business plan, which should involve contacting people like us…Sometimes they don't do that because they don't realise that they have to sacrifice margin to grow it" (Wholesaler FG).*

The Internet was generally not used by the producers, although one of the participants did regularly receive orders for his meat through his web site. The web site itself was seen as providing an opportunity to explain what they were doing, highlighting the quality of their produce, and making reference to the fact that it was Pembrokeshire produced which was seen to be a good selling point.

The words 'Pembrokeshire and food', and 'Pembrokeshire produced products' were seen as representative of quality food produce in the wholesaler FG, not least because of the hard work that has gone into developing the Pembrokeshire Quality Produce Mark:

> *"People that are coming to the area on holiday, they like to look for Pembrokeshire products…The pubs and restaurants are also using the Pembrokeshire mark. And people that come into the area are looking for that mark. So right from the producer through to the end user we've got a consistency of recognition if you like" (Wholesaler FG).*

The wholesalers also felt that the Pembrokeshire Quality Produce Mark is now becoming more widely recognised outside Pembrokeshire as well, opening up other market opportunities for local producers. The wholesalers said that they do not gain a premium from selling Pembrokeshire-produced produce, but it does help them to distinguish it from other produce:

> *"I don't think it's a premium. But what it does do, it shows the consumer either a different type of product, or hopefully sometimes a better quality product…It's just recognition and trying to establish a brand I suppose" (Wholesaler FG).*

Developing markets outside Pembrokeshire was seen as being based on the provision of high quality produce, even if the connections are sometimes the result of serendipity. For example, visitors may have a positive experience of food they have eaten in Pembrokeshire and subsequently wish to source it when they return home. For example, one of the producers had sold their fish products to a Belgian visitor:

> *"And then because he liked it so much he wanted to take it back to Belgium. It wasn't something that we looked to do. It just happened that way" (Producer FG).*

However, there was concern amongst both the wholesalers and purchasers that quality local producers are sometimes too quick to aim their output at non-local markets, rather than trying to grow their local markets through actively creating, and working with, local networks:

> *"People who produce the food are going to go where they get the money. Certainly on the fish side of it, a lot of it we never see down here, do we? Well all the fish that comes into Milford Haven never even stays here does it? It goes straight off to markets far afield…Yes, you talk about Welsh quality meats - 90% of their produce is now shipped straight to London" (Purchaser FG).*

> *"I went to a meeting about a year and a half ago - and all the producers seemed to be thinking of was the London markets, the Bristol markets, the big markets - grow, grow, grow. But what they fail to recognise is that both John's company and my company have been able to build quite substantial businesses, without having to go to London etc…They seem to want to go grow big before they have got an established customer base" (Wholesaler FG).*

3.2.5 Barriers to the expansion of the market for locally produced food

A number of producers had experienced, or were experiencing, problems in finding suitable industrial units to expand their business operation. Correspondingly, one producer commented that even where new units have been built, in Cardigan for example, the rents are too high, especially considering that they come as simple breezeblock constructions that still require fitting out. This was seen as creating a huge expense for a small business that may just be starting out.

There seems to be a problem with one of the abattoirs in Pembrokeshire; both in terms of its trustworthiness and, perhaps more generally, the regulatory burden imposed upon abattoirs, which is in turn paid for by the producers:

> *"We use an abattoir up in Maesteg, which is out of the county, which is going against our ethos if you like. But he's an old friend. I can trust him. I know that we get our own meat back…There was a local butcher who about two months ago took a beef animal locally, and he phoned up on the Monday morning - could he come and pick it up - and they said well you haven't left them here. He did get one back in the end, but it wasn't the one he took down there" (Producer FG).*

> *"We've got people living off our backs in the abattoir. We've got meat hygiene inspectors in there - they're like flies. You can go down there some days and queue up with stock and you'll have 7 or 8 inspectors there with clipboards…We're dealing with 6 pieces of paper when one would do" (Producer FG).*

There was also a strong feeling that the local councils are allowing too many supermarkets into the area. Milford Haven was cited as having had its city centre damaged by too many supermarkets: in contrast, Fishguard was perceived to be thriving because at present it hasn't got a supermarket, although it is just about to get a Tesco's. None of the producers at the FG sold to supermarkets, in some cases on a point of principle:

> *"Well there was an article in a magazine that said that Waitrose wanted locally produced, so I sent in a thing and it came back and it just said; 'thank you but no thank you…Anything that goes to Waitrose has to go to London…We're back to food miles again, aren't we? (Producer FG).*

At the purchaser FG, there was a heated discussion about how supermarkets make it increasingly difficult to shop in local shops such as butchers, bakers and fishmongers. This was seen to be partly a price issue, but also one of convenience, in that supermarkets offer all these elements under one roof. As a consequence, local independent shops close, making it increasingly difficult for the remaining outlets. In this respect, butchers were perceived to be the most able to resist supermarket encroachment:

> *"People will still go to the butcher, because they perceive they get a better quality product even if it's come from exactly the same animal" (Purchaser FG).*

On the other hand, fruit and vegetable shops were seen to struggle in relation to supermarkets:

> *"When we bought the shop, it started as a fruit and a veg wholesaler…[but] there was no way we could carry on the fruit and veg, because of the margins and the wastage. Everybody else is exactly the same. There is no fruit and veg. whatever in town, outside supermarkets or wholesalers. Consumers no longer have a choice of buying local fruit and veg. If you go to the supermarket, and they've got Pembrokeshire potatoes - great! But if they haven't…" (Purchaser FG).*

The following quote from a local shop keeper at the producer FG, encapsulates the issue of local food shops in relation to supermarkets:

> *"I own a small shop which specialises in local produce…And local suppliers who sell to the supermarkets shoot themselves in the foot, because they don't understand the long-game, which is that the small shops go out of business. And then their only customers are the supermarkets, at which point their prices get driven down and down and down and eventually they go out of business…If you look at Tesco's here, it has a local produce section…And the only reason for it is to drive the small shops out of business. We know that they take notice of small shops. We know that they price according to small shops. I was actually staggered the first time I saw a wine in Tesco's shop at £5.04, which happened to be exactly the same as we sold it for, which is a far higher mark-up than Tesco's would normally sell at…And they do exactly the same with local produce. And the net result to local suppliers/producers is that they will find their margins disappearing…We will drop any supplier who starts supplying to the supermarket. We will immediately take it out of our shop, because we've lost the battle once they've done that…A local producer selling to a supermarket in the hope of making a quick buck…will lose trade throughout the county" (Purchaser FG).*

Another area of concern in relation to expanding the market for Pembrokeshire-produced food, especially at the producer FG, was conflicting information from the trading standards office and, as they saw it, constantly changing regulations:

> *"We've got quite a good rapport with environmental health, but trading standards – at the same office, one person will tell you one thing, and another something different…The left hand should know what the right hand is doing. It also varies from county to county as well. I mean Camarthenshire and Pembrokeshire and Ceredigion are totally different!" (Producer FG).*

> *"It should be made easier for small producers to produce and to sell, whereas it appears that it's being made more difficult for them…Cresta in Northumberland, there was a huge thing about stainless steel wedges being used to hold the fish up rather than wooden ones. And it cost the Cresta supplier of kippers its business. And that's terrible…I understand there's got to be legislation, there's got to be safety, there's got to be standards, but at the same time…" (Purchaser FG).*

The excessive regulation of local food businesses was also an issue in the wholesaler FG, in that they had each lost valued suppliers over recent years due to the rising costs of regulation, and steep rate/rent increases:

> *"A problem that we have had is regulation. Some of them, some very good producers, have gone out of business, because they are required to do so much by environmental health or whatever. We've lost three very good producers in the last two years…The cost of the regulation just makes their business unviable" (Wholesaler FG).*

> *"I think the councils need to be careful what they do in connection with the charges they impose on eating establishments, pubs and restaurants …People's overhead costs are going up quite substantially…Tenby and Saundersfoot, they're prime sites in Pembrokeshire don't get me wrong, but the County Council seem to be milking them at the moment. I know one guy's had an increase of 85/90% in 12 months. And the danger with something like that is that you're undermining the very success of the whole structure, because there's no way any pub or eating establishment can absorb that sort of increase in a 12 month period" (Wholesaler FG).*

4 Discussion, conclusions and recommendations

4.1 Discussion and conclusions

1. Amongst all the participants within this research project, it is apparent that 'local produce' is essentially associated with the county of Pembrokeshire. Pembrokeshire is acknowledged to have a particular identity; one that is generally associated with 'quality' in some way, as well as being an identifiable area that people can relate to. Results from other surveys suggest that having a geographical identity is an important precursor to increasing the demand for food from the area concerned, whether this is then sold within the region itself, or exported from it. This indicates that Pembrokeshire as a marketing brand has the ability to resonate with both actual and potential customers, something that the Pembrokeshire Quality Produce Mark appears to be doing. Nevertheless, although this is clearly an advantage that Pembrokeshire has, it is necessary to ensure that this advantage is used to its maximum effect.
2. The literature identifies freshness, taste, seasonality and support for the local economy as important elements that differentiate local/regional food demand from the norm. The data within this research would concur with these findings, but it is notable that support for the local economy was the most frequently cited reason why end consumers choose to purchase local produce. This was across

the three areas surveyed, although it was particularly pronounced in Crymych. This indicates that consumers within rural areas may focus primarily on civic concerns when purchasing local produce, notwithstanding that it must be of a good quality: whereas in more urban areas, other elements may be of equal importance.

3. The majority of the end consumers felt that local food tends to be more expensive, particularly those in Tenby and Milford. However, it is also apparent that many feel it is worth paying an extra price if they are getting a better quality product; howsoever quality is being defined. The producers recognised that good quality local produce might be able to command a slight price premium from consumers, but they were also aware that any price they charge still needs to be competitive, and recognised as value for money.
4. Local produce is usually instinctively/initially considered to be of a better quality (good for the local economy and environment, fresher etc.), and respondents from all the groups want to purchase local produce if they can, but it must also live up to their expectations. Consumer satisfaction was understood to be paramount, and the necessity of matching quality and price with consumer expectations, and yet still making a reasonable profit as local food businesses. The idea that it is no good simply producing a wonderful product, if no one is demanding it at the price being charged. The wholesalers sometimes felt that producers are not always fully aware of these important connections, and that they need to be more aware of the market that they are producing for. This is an interesting point, in that the policy context is pushing producers to add value through producing high quality produce, but at the same time exhorting them to be more aware of the market for their produce.
5. It is clear that not all consumers are the same, and that different consumers offer different market opportunities, in that they are likely to have different demand patterns. Within Pembrokeshire, the most notable difference is between tourists and residents, but also perhaps between consumers from larger towns, and those in more rural villages such as Crymych. It appears that the latter may be more intimately connected with the local food supply chain, which will influence their buying patterns. The sheer numbers of tourists are also a clear opportunity, but the produce needs to be made available in such a way that they can access it. To some of them, its availability within restaurants and B&Bs is of value, and

others evidently buy from farm shops and farmers' markets: some, however, are unlikely to ever buy local food.

6. As highlighted earlier, the necessary price premium associated with locally-produced food, due to smaller scale and speciality production/processing practices, needs to be associated with value for money, as well as fulfilling consumer expectations. However, this is partly down to the produce itself, but also to the context of its sale to the end consumer. Within the purchaser's deli discussed in the FG, the benefits of the produce in question can be directly communicated to the consumer, and they can then decide whether or not the extra price is worth paying. This may also be the case in up-market restaurants, but for many hotels and eating establishments it may be less easy to justify/explain the extra price to consumers. This then puts pressure on the buyers for these establishments, who may be forced to buy from external markets, such as Cardiff, simply in order to achieve the necessary cost savings. This raises the important question of how to achieve a price premium, in what is a highly price competitive marketplace.
7. However good the produce, it also needs to be conveniently available for the end consumer: what is special about the produce also needs to be communicated to them. In common with the literature, most consumers would prefer to buy the majority of their local food produce from supermarkets, essentially because this represents their most convenient option. Others, however, are concerned that this runs counter to supporting the local economic community, and it is no surprise, therefore, to see that the respondents in Crymych were generally disinclined to shop for local produce in a supermarket. This retail orientation is also undoubtedly influenced by the fact that in Crymych there are particularly good local shops, who stock a range of local produce. Similarly, for most consumers, labelling is their main point of information with regard to what differentiates local produce, whereas in Crymych people are more likely to know the producer concerned, or to specifically ask the local shopkeeper where the produce has come from. This indicates the importance that a local shop/retailer can have within the local food supply chain.
8. Local produce also needs to have reliable and safe distribution mechanisms. It would appear that currently the system is somewhat ad hoc and uncoordinated, leading on occasions to questions about its safety, and certainly its reliability of supply. In most cases it is not practical for local producers to deliver on their own

account; it is simply too expensive in terms of both infrastructure and time. However, despite this, there was widespread scepticism amongst both the producers and purchasers that wholesalers could fulfil this role, principally because they were seen to extract too much value from the food supply chain. From their perspective, producer-controlled cooperative distribution networks were seen to be the ideal solution, although no one had any very concrete ideas about how this should happen. The wholesalers, on the other hand, both locally-based businesses, felt that they were in a good position to improve the coordination of the local food supply, and that other actors should recognise that they have to pay something to grow their businesses. The relatively small scale of these wholesalers, coupled with their local orientation, appear to be critical factors in this respect. Significantly, perhaps, Pembrokeshire appears to have more locally-oriented wholesalers than many other areas of the UK.

9. Linked with point number 8 above, it is apparent that local wholesalers have the potential to increase producer access to a wide range of local food businesses: something that some of the producers also (somewhat begrudgingly) recognised.
10. A lack of suitable industrial units appears to be a constraint on both food business expansion, but also in allowing food businesses to start up. This seems to be partly a cost issue, but also one of suitability, and in one case had led to a producer locating outside Pembrokeshire (even though their preference was to locate within the county).
11. There are clearly a number of high quality producer-run farm/local produce shops in Pembrokeshire. These certainly have an important role to play, but one of the wholesalers observed that they are indicative of relatively small scale horizons amongst producers, in that they necessarily restrict the spread of products from that particular producer. Arguably, therefore, they should be seen as part of a wider picture of local food distribution, but not the answer for all producers.
12. The issue of selling local produce in supermarkets, as opposed to local independent shops, is a key area for consideration. As noted in point 7 above, most consumers would prefer to buy their local produce in supermarkets. However, the discussion in the purchaser FG brought into sharp focus the potential dangers of relying too heavily on supermarkets as outlets for local food. Similarly, the butcher in Crymych clearly demonstrates the role that a locally-linked retailer can have: both as a convenient outlet for consumers, but also as a means of connecting consumers with the production of their food. Supermarkets

may offer a convenient outlet for large quantities of local food in the short term, but in the long-term consideration needs to be given to the effect this may have on other actors within the local food supply chain, and to the latter's overall stability/viability. There is also a question over the extent to which supermarkets may appropriate some of the benefits associated with locally-produced food.

13. The point above is also connected with the concern amongst some wholesalers that quality local producers are often too quick to aim their output towards non-local markets, because they perceive there to be easier and/or higher returns available, rather than growing their own local markets in the first instance. Again, this is indicative of a need to ensure a balance between local food networks, and the extension of 'local' produce to non-local contexts.
14. The demand for food in Pembrokeshire fluctuates quite considerably in line with both seasonality, but also touristic demand. Public procurers, such as schools and hospitals, can help overcome these fluctuations, although little mention was made of this within this research other than a producer suggesting that it was important to encourage children to engage with local food produce so that they were more likely to buy it as adults (and indeed this producer was supplying milk to a local school). But clearly, Jamie Oliver and others have raised the profile and potential of providing local produce to schools, and the Cornwall Food Programme (which has been the subject of a recent case study conducted by the Countryside and Community Research Unit) is a fine example of how hospital food procurement can be reoriented towards locally produced and processed food: similarly, the London Hospital Food Project.

4.2 Recommendations

The following recommendations are intended to facilitate the development of the market for Pembrokeshire-produced food. To this end, PLANED to work with all interested parties to:

1. ensure that there is greater supply chain collaboration and encouragement for the development of trust between local wholesalers, processors, retailers and producers;

2. actively work towards creating a mutually supportive and integrated local food supply chain that can respond to market demands - both local and non-local – a critical component of which is developing a robust local distribution network;
3. recognise and disseminate the role that local wholesalers might have to play in increasing the market scale and efficiency of Pembrokeshire-produced food;
4. continue to support the development of the Pembrokeshire Quality Produce Mark, ensuring that it is underpinned by quality produce that fulfils consumer expectations;
5. acknowledge the importance of local independent shops to the development of the market for Pembrokeshire-produced food, and help them find a distinctive and viable niche within the retail market;
6. encourage producers to be more aware of the market for their produce and to respond to actual demand, rather than hope for an induced demand;
7. support food outlets selling local food by facilitating the provision of appropriate road signage, particularly in relation to tourists;
8. encourage and support local food outlets to more actively promote that they sell local produce, together with the benefits of eating local produce, at the point of sale;
9. consider developing small industrial units to help small producers/processors get started, or to expand;
10. consult with those local authorities responsible for local food businesses to help ensure that the latter are providing accurate, consistent and appropriate advice;
11. investigate the problems identified with the local abattoir; and to
12. facilitate the supply of local produce to public procurers such as hospitals and schools. In terms of increasing the hospital procurement of local food, PLANED could consider investigating the example of the Cornwall Food Programme.

References

Agri-Food Partnership (2003). *Strategy in Action: Towards 2007*. A report prepared for the Welsh Development Agency. Aberystwyth.

Commission of the European Communities (2005). *Council Decision on Community strategic guidelines for Rural Development Programming period 2007-2013. COM(2005) 304 final. 2005/0129 (CNS)*. Brussels: CEC.

Dwyer, J., Ward, N., Lowe, P. and Baldock, D. (forthcoming). "Rural Development Under the Common Agricultural Policy's 'Second Pillar'". *Regional Studies*.

Europa (2005). *Tomorrow's Rural Development policy: broader, simpler, responding better to citizens' concerns*. [online] [cited 24.11.2005] URL: http://www.europa.eu.int/rapid/pressReleases

Groves, A. (2005). *The Local and Regional Food Opportunity*. March. A report prepared for IGD, www.igd.com/consumer.

IEEP (2004). *Briefing Note: Future changes to EU rural development policy*. London: IEEP.

Mintel (Mintel Marketing Intelligence) (2003). *Attitudes towards buying local produce: Mintel Market Intelligence Report, January 2003*. Mintel International Group Ltd. [online] [cited 17.03.2003] URL: http://reports.mintel.com/sinatra/mintel/subscriber

NAfW (The National Assembly for Wales) (2001). *Farming for the future: A new direction for farming in Wales*. Cardiff: NAfW.

NAW (2005). *Strategic guidelines for rural development: comments made to a Welsh Assembly Government Stakeholder forum on 8th September*. [online] [cited 30.11.2005] URL: http://www.countryside.wales.gov.uk/fe/master.asp?n1=797&n2=123&n3=843

SW UK Brussels (South West UK Brussels Office) (2005). *Rural Development Regulations Progression*. [online] [cited 2005] URL: http://www.southwestukbrusselsoffice.com/

Vorley, B. (2003). *Food, Inc.: corporate concentration from farm to consumer*. A report prepared for UK Food Group. IIED, 3 Endsleigh Street, London WC1H 0DD.

WRO (Wales Rural Observatory) (2004a). *Key Findings: Paper 1: An overview of policy and resources for social and economic development in rural Wales*. [online] [cited 25.11.2005] URL: http://www.walesruralobservatory.org.uk/

WRO (Wales Rural Observatory) (2004b). *Key Findings: Paper 3: An overview of businesses in rural Wales*. [online] [cited 25.11.2005] URL: http://www.walesruralobservatory.org.uk/

Appendix I – Interview Guide Final Purchasers

Introduction: Good morning/ afternoon/ evening. I am a researcher from the University of Gloucestershire's Countryside and Community Research Unit. We are conducting a survey on behalf of PLANED, a local community-led development partnership (based in Narberth) who are working to improve the sustainability of local businesses (and in particular food businesses). ***Could you please spare me a few minutes to answer some questions about the issue of local food?*** Your views are extremely valuable and all information will be treated in the strictest confidence.

1 Do you live in Pembrokeshire? Yes ◙ No ◙

2 If not living in Pembrokeshire, which of the following best describes your trip today?

- On a day out (less than 2 hours from home) ◙
- On a day out (more than 2 hours from home) ◙
- On holiday and staying in Pembrokeshire ◙
- Staying in second home ◙
- Other (e.g. business) ______________________________ ◙

3 Which of the following best describes what you understand by the term locally-produced food? (*more than one answer can be circled*)

From within 10 miles ◙
From within 30 miles ◙
From within the county/council ◙
From within the region (e.g. SW Wales) ◙
From within the country (e.g. Wales) ◙
From within the UK ◙
DK ◙
Other ____________

4 How often do you buy locally-produced food?

Daily ◙ Weekly ◙ Monthly ◙ Occasionally ◙ Never ◙ DK◙

5 What determines whether or not you buy locally-produced food?

6 What outlets do you normally buy your locally-produced food from?

Supermarket ◙ Independent town/village shop ◙ Farm shop ◙
Street market ◙ Farmers' market ◙ Box scheme ◙ Internet ◙
Other ◙ *Identify:*_________________ DK ◙

7 I am going to ask you how you feel about a number of statements. For each statement could you indicate your strength of agreement or disagreement. There is no right or wrong answer, all responses are equally valid.
(Show list and read statements).

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	DK
Local food for local people is good for the environment	o	o	o	o	o	o
Buying locally produced food helps local economies to prosper	o	o	o	o	o	o
Locally produced food is fresher than other food	o	o	o	o	o	o
Eating locally produced food is better for my health	o	o	o	o	o	o
Locally produced food is more expensive than other food	o	o	o	o	o	o
Locally produced food is always of a high quality	o	o	o	o	o	o
It is easier to identify the origin of locally produced food	o	o	o	o	o	o

8 Please assess the following in terms of their importance in encouraging you to buy more locally-produced food?

Importance:	Very	Quite	Little	Not at all	DK
Clearer labelling	o	o	o	o	o
More local advertising	o	o	o	o	o
Greater availability in supermarkets	o	o	o	o	o
Lower prices	o	o	o	o	o
Better presentation	o	o	o	o	o
Other (if they suggest it)					
	o	o	o	o	o

9 How would you identify that a food product has been produced here in Pembrokeshire?

10 What are the main reasons why you buy Pembrokeshire food products (if you do)?

11	What stops you buying (or buying more) Pembrokeshire-produced food?

12	When eating out, how important is it that Pembrokeshire-produced ingredients are used and identified?

Very ◙ Quite ◙ Little ◙ Not at all ◙ DK ◙

QUESTIONS SPECIFICALLY FOR THOSE NOT LIVING IN PEMBROKESHIRE

13	How important has Pembrokeshire-produced food been to the overall enjoyment of your stay?

Very ◙ Quite ◙ Little ◙ Not at all ◙

14	Are Pembrokeshire-produced ingredients being identified and used in the B&B/hotel that you are staying in? (*Not relevant (NR) if camping/self-catering etc.*)

Yes ◙ No ◙ DK ◙ NR ◙

15	How important is it that local ingredients are used and identified in the B&B/hotel that you are staying in? (*Not relevant (NR) if camping etc.*)

Very ◙ Quite ◙ Little ◙ Not at all ◙ DK ◙ NR ◙

16	As a result of staying in Pembrokeshire, are you more likely to look for Pembrokeshire-produced food in your local food outlets when you return home?

Yes ◙ No ◙ DK ◙

17	Would you consider buying Pembrokeshire-produced food over the Internet, if that option was available?

Yes ◙ No ◙ DK ◙

SOCIO-ECONOMIC QUESTIONS:

Gender: M ◙ F ◙

Age: <20 ◙ 20-30 ◙ 31-50 ◙ 51-65 ◙ >65 ◙

Occupation of principal income earner:
(*press for detail if retired*)

Thank you very much for your time

Any interesting comments (enter after interview).

Appendix II – Focus Group Schedule (Producers)

A. Introduction (10 minutes)

By way of introduction, can you please introduce yourselves, and briefly outline your business activities, including your scale of operation and type(s) of produce.

- Do you think of yourselves as a local food producer? What do you understand by the term 'Local Food'?
  - Pembrokeshire.
  - West Wales.
  - Wales.

B. What part does the fact that you are a Pembrokeshire-based food producer have to play in your business strategy? (15 minutes)

- Where do you source your ingredients, and why?
- Do you make a distinction between Pembrokeshire **produced** and Pembrokeshire **supplied** food?
- Do you consciously try and support other local businesses?
- What are the advantages and disadvantages of buying local ingredients?
- Do you promote your produce on the basis that it comes from Pembrokeshire?
- Does 'Pembrokeshire food' have a meaningful identity?
- How do you promote that it is from Pembrokeshire (label, outlet)?
- What are the benefits of doing this (if any)?
  - Is it that the produce is from Pembrokeshire?
  - That is local (i.e. is 'local' more relevant than Pembrokeshire)?
  - It is fashionable? If so, is this likely to continue?
  - Pembrokeshire is equated with having high quality food produce?
- Do you alter your promotion dependent on your market outlet?

How important is it that your produce is marketed as being from Pembrokeshire compared to it being (and why?):

- certified as organic
- part of a QAS such as FABL or Freedom Foods eggs
- 'local'?

C. What are the key issues you face as Pembrokeshire-based food producers? (15 minutes)

- Geographic isolation/proximity of markets
- Fluctuating demand
- Transport infrastructure; Other infrastructure (e.g. local abattoirs)
- Information/skills/training; Lack of promotional activity
- Financial; Regulatory; Planning; Policy

What type of support would be helpful to develop your business

- Technical training/advice or business training/advice
- Marketing skills and infrastructure
- Processing infrastructure; Transport infrastructure

Who should/could be providing this support?/what involvement have you had with?

Bodies such as PLANED *ESPECIALLY*
Local government; Welsh Assembly; Westminster Government; EU
Food links groups; Business Link; WDA

D. What is your business's market orientation, and why? (15 minutes)

- Geographically (Pem., Wales, UK, EU, global)
- Product range (quantity vs quality)
- Intention to add value to primary produce?
- Where do you market your produce (local shops, FMs, wholesalers, processors – local or not)?
- The public sector
- Supermarkets

Probe for reasons why

Are their particular issues involved with supplying (Scale, pricing, access?):
- The public sector
- Supermarkets

What is the scale/scope of the Pembrokeshire food market? How does this impact on your market orientation?

Has your business orientation changed in recent times? If so, why?
- Restricted local market
- Change in purchaser attitudes

Future aspirations?

- Scope and desire to grow
- Changing orientation
- The Internet – what impact does this/might this have?
- Technology
- Policy

Are there any particular barriers or opportunities that stand out for the future development of your business?

To what extent do you work collaboratively with other producers, in terms of:
- Production
- Marketing

If so, what are the benefits of doing so?
If you don't, why not?

E. To summarise (10 minutes)

Briefly summarise each element covered – perhaps get the rapporteur to do this.

Does this fairly summarise what we have been talking about? Is there anything else anyone would like to add?

Appendix III – Focus Group Schedule (Purchasers)

Intermediate demand local food purchasers (local food processors, retailers, public bodies, hotels/B&Bs, restaurants and pubs).

A. Introduction (10 minutes)

By way of introduction, can you please introduce yourselves, and briefly outline your business activities, including your scale of operation and the types of products that you purchase.

Draw out their basic business orientation e.g.
B&B; processors; restaurant; retailer; pub; public body.

B. When buying food for your business, what are the main issues you consider? (12 minutes)

- Price; Availability; Quality; Freshness; Convenience; Reliability of supply
- To what extent, if at all, does locality/origin of the food play feature?

- What do you understand by the term 'Local Food'?
    - o Pembrokeshire; West Wales; Wales.

- Do you think 'Pembrokeshire food' has a meaningful identity?
- Do you make a distinction between Pembrokeshire **produced** and Pembrokeshire **supplied** food?

Where do you buy most of your food supplies from?
- Wholesalers (e.g. 3663; Brake Brothers; Castell Howell)
- Local producers/processors/suppliers

What proportion is Pembrokeshire-produced?
What proportion is Pembrokeshire supplied?

C. Motivations and barriers to buying Pembrokeshire-produced food? (12 minutes)

- Why do you buy Pembrokeshire-produced food (e.g. fresh, quality, support local businesses etc)?
    - Do your customers ever ask if the food you are selling is produced in Pembrokeshire?
    - If you are a public body, has there been any pressure on you to buy more Pembrokeshire-produced food?
- What are the advantages of doing so?
- What are the disadvantages of doing so?
- Where do you buy it from?
- How do you go about sourcing Pembrokeshire-produced food (e.g. word of mouth, local knowledge, directories, Internet)?
- What problems do you encounter trying to source Pembrokeshire-produced food?

- What are the main constraints on you buying more locally?
- If you don't buy Pembrokeshire-produced food, why not?

D. Are you more inclined to buy Pembrokeshire produced food now, than in the past? (12 minutes)

- If so, why?
    - Market opportunity
    - Consumer feedback
    - Government pressure
    - Grants

- Where you do purchase, and subsequently sell, Pembrokeshire-produced produce, do you promote it as such?
    - If so, how do you do this?
    - What are the benefits of doing so (if any)?

How important is it to you to buy Pembrokeshire-produced food compared to organically-produced food, for example.

In the future do you envisage buying more Pembrokeshire-produced food?
- If not, why not?
- If yes, then why?

E. What would encourage, or enable, you to buy more Pembrokeshire-produced food? (12 minutes)

- Price
- Quality/quality assurance
- Regulations
- Convenience
- Availability/reliability of supply
- Information about availability/awareness of supply
- Demand

Are there any particular products that you would like to be able to source locally? What do you see as the main barriers to being able to do so?

Is there anything in particular that could be done to facilitate this process (processing infrastructure, transport, delivery, local producers scaling-up, encouragement for producer groups, raising awareness, promotion)?

If so, then at what level and how?

- Bodies such as PLANED ***ESPECIALLY***
- Local government; Welsh Assembly; Westminster Government; EU
- Business Link
- Food Links (NGOs)

F. To summarise (10 minutes)

Briefly summarise each element covered – perhaps get the rapporteur to do this.

Does this fairly summarise what we have been talking about? Is there anything else anyone would like to add?

Appendix IV – Focus Group Schedule (Wholesalers)

A. Introduction (10 minutes)

By way of introduction, can you please introduce yourselves, and briefly **outline your business activities, including your scale of operation and the types of products that you purchase.**

B. When buying food for your business, what are the main issues you consider? (12 minutes)

- Price; Availability; Quality; Freshness
- Convenience; Reliability of supply
- To what extent, if at all, does locality/origin of the food play feature?

- What do you understand by the term 'Local Food'?
    - Pembrokeshire; West Wales; Wales.

- Do you think 'Pembrokeshire food' has a meaningful identity?

- Do you make a distinction between Pembrokeshire **produced** and Pembrokeshire **supplied** food?

Where do you buy most of your food supplies from?
- National/international suppliers
- Other wholesalers
- Local producers/processors/suppliers

What proportion is Pembrokeshire-produced?

What proportion is Pembrokeshire supplied?

C. Motivations for, and barriers to, buying Pembrokeshire-produced food? (12 minutes)

- Why do you buy Pembrokeshire-produced food (e.g. fresh, quality, support local businesses etc)?
    - Do your customers ever ask if the food you are supplying is produced in Pembrokeshire?
    - If supplying public bodies, has there been any pressure on you to source more Pembrokeshire-produced food?
- What are the advantages of doing so?
- What are the disadvantages of doing so?
- Where do you buy it from?
- How do you go about sourcing Pembrokeshire-produced food (e.g. word of mouth, local knowledge, directories, Internet)?
- What problems do you encounter trying to source Pembrokeshire-produced food?

- What are the main constraints on you buying more locally?

- If you don't buy Pembrokeshire-produced food, why not?

D. Are you more inclined to buy Pembrokeshire produced food now, than in the past? (12 minutes)

- If so, why?
    - Market opportunity
    - Customer feedback
    - Government pressure
    - Grants

- Where you do purchase, and subsequently supply, Pembrokeshire-produced products, do you promote it as such?
    - If so, how do you do this?
    - What are the benefits of doing so (if any)?

How important is it to you to buy Pembrokeshire-produced food compared to organically-produced food, for example.

In the future do you envisage buying more Pembrokeshire-produced food?
- If not, why not?
- If yes, then why?

E. What would encourage, or enable, you to buy more Pembrokeshire-produced food? (12 minutes)

- Price
- Quality/quality assurance
- Regulations
- Convenience
- Availability/reliability of supply
- Information about availability/awareness of supply
- Demand

Are there any particular products that you would like to be able to source locally? What do you see as the main barriers to being able to do so?

Is there anything in particular that could be done to facilitate this process (processing infrastructure, transport, delivery, local producers scaling-up, encouragement for producer groups, raising awareness, promotion)?

If so, then at what level and how?

- Bodies such as PLANED ***ESPECIALLY***
- Local government; Welsh Assembly; Westminster Government; EU
- Business Link
- Food Links (NGOs)

F. To summarise (10 minutes)

Briefly summarise each element covered – perhaps get the rapporteur to do this.

Does this fairly summarise what we have been talking about? Is there anything else anyone would like to add?