



# MARKET REPORT

FEBRUARY 2022

# WELCOME TO OUR 1ST MARKET REPORT OF 2022

Managing our way through the challenges facing the food service sector means continuing to work more closely across the complete supply chain, from inputs and production to food service operators.

With an increasingly challenging market and global supply chain, in this report we hope to not only provide an overview of the issues & trends but also share the actions and investments we are making to limit the impact as far as possible.

As always, the Meadow Vale Foods team is here to support you as the industry continues to work to reinvent the UK's diverse & exciting food scene.

1

## CONSUMER EXPECTATIONS

2

## STOCK AVAILABILITY & GLOBAL SUPPLY CHAIN

3

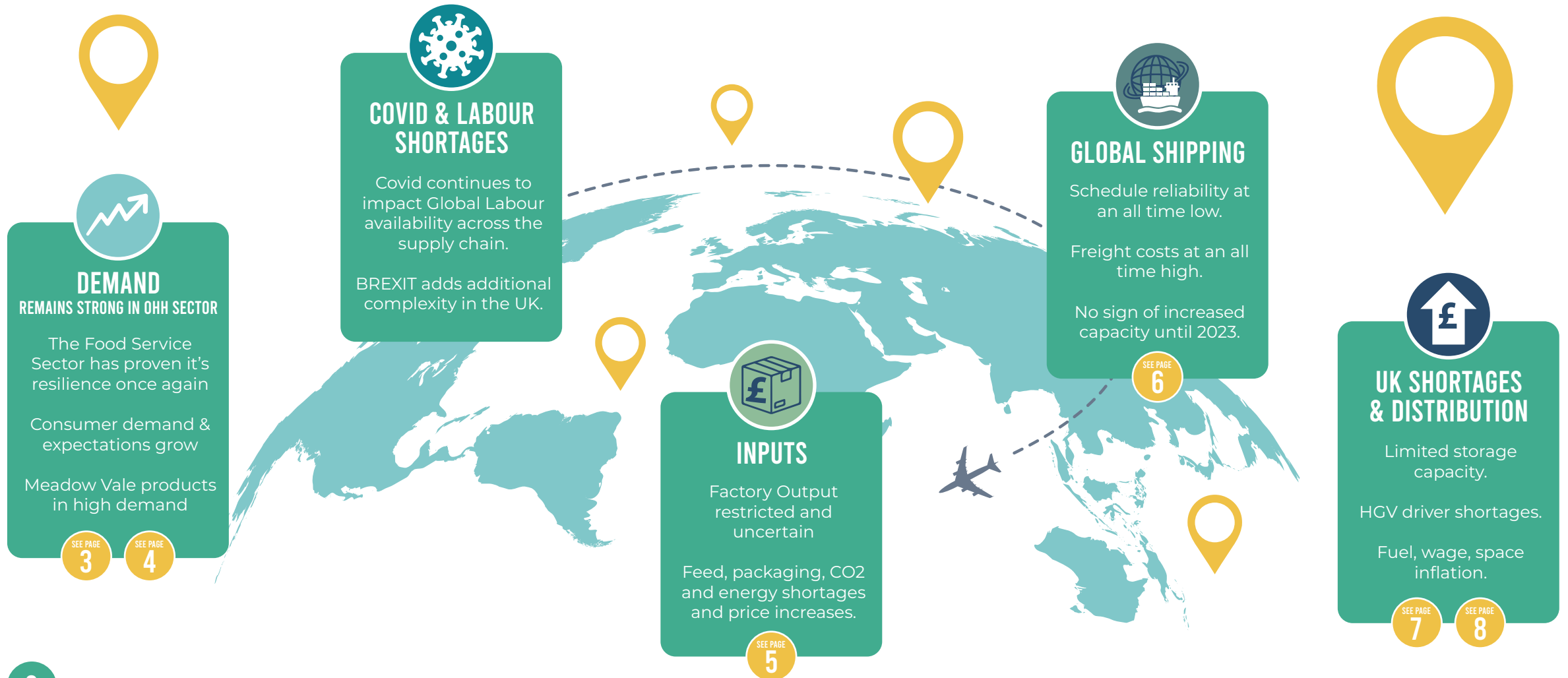
## INFLATIONARY PRESSURE



**NIGEL O'DONNELL**  
MANAGING DIRECTOR

# A BALANCING ACT

Demand remains strong whilst Inflationary Pressures and Uncertainty continue across the Supply Chain.





# DEMAND TRENDS & OPPORTUNITIES

Despite the difficult conditions we start with an overview of the trends and opportunities that are emerging.

THE FOOD SERVICE SECTOR HAS PROVEN IT'S RESILIENCE ONCE AGAIN, ADAPTING QUICKLY TO CHANGING CONSUMER NEEDS.

## Increased Consumer Expectations



ON TREND  
MENU OPTIONS



DELIVERED  
QUALITY



FAST  
SERVICE



DELIVERY FROM  
25% TO 40% OF  
OOH SECTOR



DARK KITCHEN BUSINESS  
MODELS A GROWING  
TREND

## Food Service Operators more than ever looking for products that help them:

- 📍 *Stay on trend & offer consistent quality*
- 📍 *Focus menus on customer favourites*
- 📍 *Simple and quick for lower skilled staff*
- 📍 *Extend delivery zones with dishes that travel well*

# MEADOW VALE PRODUCTS REMAIN IN HIGH DEMAND

Running well ahead of pre-pandemic levels, demand for all our brands from Homestyle and Meadow Vale to the relaunched Goodness Me has rocketed.

**Traditional Top Sellers and New Products drive Meadow Vale Foods growth above Pre-Pandemic levels**

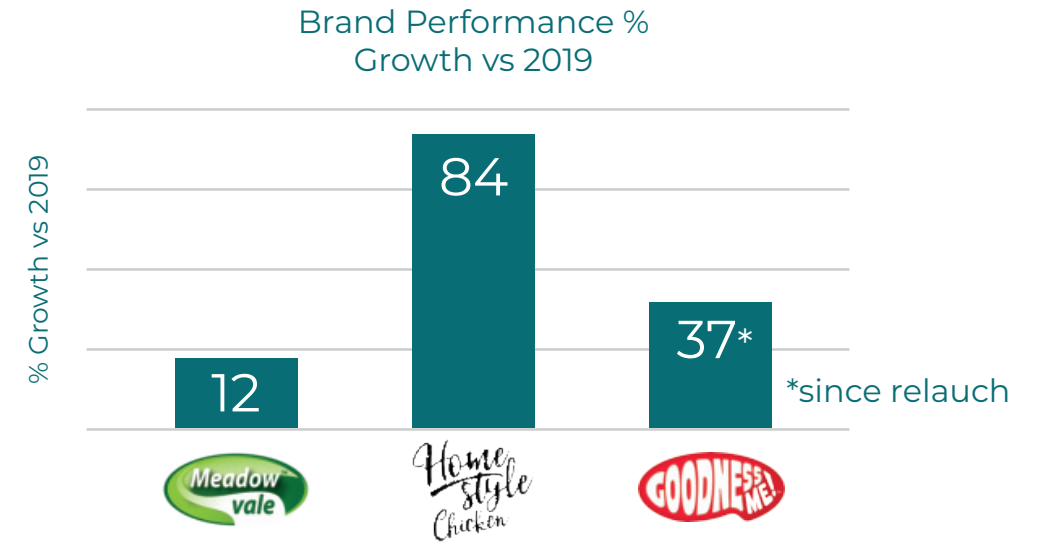


**THE ORIGINAL VEGAN STRIPS**



As menus are re-energised with great tasting options that are also quick and easy to prepare, our innovative new lines including Homestyle Salt & Chilli shredded chicken have cemented their position as firm favourites.

## All brands in Growth vs Pre Pandemic



*"A time to celebrate some good news, however, looking forward we need to be cautious. Supply issues and inflationary pressure are impacting all of us in our daily lives, at home and in business."*

# RAW MATERIALS & FACTORY OUTPUT

With labour and raw material shortages, factories are experiencing escalating input costs and continue to struggle to meet demand.

Short term closures add additional complexity, with sites taking time to return to full production.

## AVIAN INFLUENZA IMPACTING POULTRY SUPPLY & PRICE

**>40** Countries reporting cases in the last 6 months

Global shortage of Inner Fillet across the US and Thailand used in Meadow Vale's highly popular products including Mini Fillets.



### PRIMARY FEED

 **10% IN  
3 MONTHS**

### POULTRY PRICE

 **37% IN  
12 MONTHS  
TO NOV 21**

### CARDBOARD PACKAGING

 **8% IN  
3 MONTHS**

5

## TO HELP US DELIVER TO YOU, WE ARE...

- 1 Holding stock at production sites to reduce lead times
- 2 Committing to larger production quantities to increase output
- 3 Focusing on our Top Sellers – Reducing complexity and improving efficiency and output
- 4 Reviewing pack configuration, improving packaging efficiency and reducing cardboard and plastic usage
- 5 Extending our planning cycles, giving our factories a longer term view on requirements

# INBOUND LOGISTICS

## FREIGHT COSTS



**>3 TIMES IN  
3 MONTHS**

## LEAD TIMES



**24 TO 60 DAYS  
IN 6 MONTHS**

Not only are there astronomical price rises, shipping reliability is at an all time low and this is unlikely to improve until well into 2022, with no real capacity increase likely until 2023 at the earliest.

## TAKING ACTION TO LIMIT THE IMPACT ON OUR CUSTOMERS: FURTHER INCREASING OUR INVESTMENT IN STOCK

- 1 Entering into contracts with multiple providers to mitigate risk, both contract and spot market
- 2 Maximising load efficiency on containers at every opportunity
- 3 Storing in despatch countries to take advantage of short term spot shipping availability

[\\*CLICK HERE  
TO READ MORE](#)

## SHIPPERS PROFITABILITY\*



**15.8% TO 48.3%  
SHIPPERS OPERATING  
MARGINS**

## A RECENT DHL REPORT HIGHLIGHTS THE ISSUES OF RELIABILITY\*

**10%**

**SHARE OF GLOBAL FLEET  
AT ANCHORAGE DUE TO  
DELAYS**

Port congestion and vessel delays are soaking up supply.

**45%**

**ON-TIME PERFORMANCE  
OF THE BEST CARRIERS**

Schedule reliability is at an all time low, with the worst carriers below 20%.

**54**

**NUMBER OF EXTRA DAYS  
NEEDED FOR A ROUND  
TRIP**

In comparison with the proforma schedules, ships need more time.

**6**

**AVERAGE DAYS OF DELAY  
FOR LATE VESSEL  
ARRIVAL**

Carrier services are sliding.

# STORAGE CAPACITY & COST

## UK STORAGE RATES CONTINUE TO RISE FUELLED BY:

- 1 Limited capacity as companies continue to insulate for demand spikes
- 2 Energy price rises coupled with a ban on red diesel for shunt work
- 3 Labour shortages and wage inflation

## THE STEPS WE'RE TAKING, TO HELP US DELIVER TO YOU, WE ARE...

- 1 Introducing direct (our labour) at our cold store partner facilities for quality control and verification
- 2 Working with suppliers to simplify processes and develop forward plans
- 3 Looking beyond our standard planning cycles, forecasting to improve visibility of our requirements





# GETTING THE PRODUCTS TO YOU - THE FINAL MILE



## OUTBOUND DISTRIBUTION

The widely reported UK driver shortages driven by a combination of BREXIT and Covid continue to hamper efforts to get product flowing seamlessly through our UK Supply Chain.

Fuel and Wage rises continue to add significant inflationary pressure.

Average driver pay increased by 10% in the nine months to October 2021.

Elizabeth de Jong, policy director at Logistics UK, in a recent BBC report said the sector was seeing "green shoots" of recovery, but it is still a challenging time, there is still an acute shortage of drivers and there had not yet been an increase in the number of drivers employed, the most important indicator that the situation had improved.

## THE STEPS WE'RE TAKING...

- 1 Working with our logistics partners, to support their initiative on 'Area based delivery days' where appropriate
- 2 Developed partnerships with multiple new transport companies to provide greater flexibility
- 3 Where appropriate, moving from hub and spoke distribution to direct deliveries.
- 4 Forward planning with customers to maximise loads

# SUMMARY

What's clear from a review of end to end supply chain, despite the challenges there are also opportunities for growth. The closer we work together the better we can all serve our customers.

Our team remain focused on providing you with the best possible service to keep you updated on your orders and are here to help with forecasting and planning.

That's why we have assembled a 6 step guide to help keep orders flowing and shelves stocked:

For more guidance on supply issues or anything else regarding your orders, please don't hesitate to **contact us**.

CLICK HERE  
TO DOWNLOAD

## 5 TIPS FOR PLACING YOUR ORDER:

You can help us best meet your needs by following this guidance where possible ...

- 1 Order in good time:** Place your order well in advance to help us input your requirements into our system at the earliest opportunity.
- 2 Order more less often:** Where possible, encourage your teams to place fewer large orders, as it helps us better utilise logistics capacity.
- 3 Place forward orders:** Order ahead to help us manage deliveries and help alleviate the pressures from driver shortages.
- 4 Speak to your Meadow Vale sales contacts:** The better we understand your plans, the better we can prepare and also discuss alternatives to help cover any gaps.
- 5 Talk to us about alternatives:** With a range of over 90 lines, there may be another similar product that your customers will be happy to use on their menu. If they need to trial the product, take advantage of our free next-day-delivery sample service.