

# BWYD A DIOD CYMRU FOOD AND DRINK WALES



## Introduction

This report provides an annual update on the Welsh food and drink sector's economic performance to 2016. It updates the economic appraisal produced by Brookdale Consulting in 2015 which provided an industry baseline.

The report highlights the changes that have taken place since 2015 and the progress of the Welsh Government's Strategic Action Plan, 'Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014-2020'.

Drawing on official data and industry estimates, the report provides a series of sub sector overviews of the different parts of the food and drink supply chain in Wales. The report considers the following sub sectors:

Food and Drink Supply Chain

Food and Farming Priority Sector

Food and Drink Manufacturing

- Bakery Sub sector
- Meat and Meat Products Sub sector
- Dairy Sub sector
- Drinks Sub sector
- Grain and Starch Sub sector
- Prepared Animal Feeds Sub sector
- Fruit Vegetables and Plants Sub sector
- Seafood Sub sector
- Oils and Fats Sub sector
- Other Products Sub sector

Food Wholesale Sub sector

Food and Drink Retail Sub sector

Catering Sub sector

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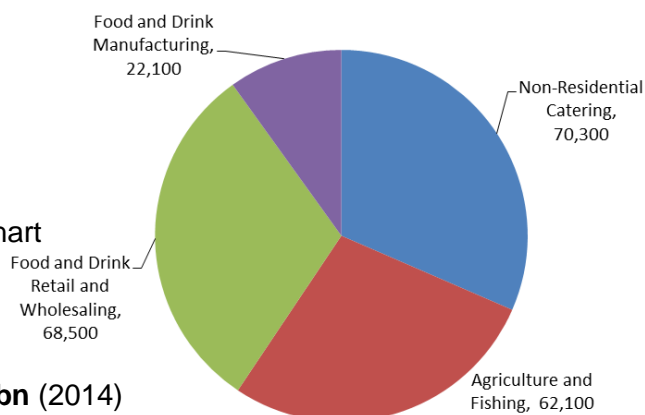


## Food and Drink Supply Chain

### Summary of the Sector

The Food and Drink supply chain in Wales:

- Includes primary production, manufacturing, retail, wholesale and non-residential catering
- employs **223,100** (2014) up from 222,400 – see pie chart
- in **26,765 business units** (2015) up from 25,860
- with a **turnover of £16.8bn** (2013)
- **GVA of £4.2bn** (2013) and
- **exports of £0.264bn (2015) down 13% from £0.302bn (2014)**  
– France, Ireland, Spain, Germany and Belgium being the top 5 destinations
- Welsh Retail Sales of Food and Drink were £5.5bn (2015)



The sector in Wales represents:

- 18.4% of all Wales employment
- 22.2% of the total number of business units in Wales
- 16.2% of turnover of the non-financial business economy in Wales. (UK average of 12.7%).
- 3.7% of the turnover of the UK food and drink sector

The majority of food and drink business units in Wales (70.8%) employ fewer than 5 people. There are 70 businesses employing more than 250 people down from 80 in 2014.

### Summary Statistics for Welsh Food and Drink Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	26,765	420,475	6.4%
Employment 2014	223,100	3.907m (GB)	5.7% (GB)
Proportion of Full Time Employee Jobs	42%	49% (GB)	-
Turnover 2013	£16.8bn	£449.2bn	3.7%
GVA 2013	£4.2bn	£103.4bn	4%

Source: ONS Crown Copyright

### Trends

Overall employment has increased slightly from last year but this masks a substantial drop in retail and wholesale and a substantial increase in agricultural employment.

The number of business units has risen following a decline from 2010-2014.

The profile of employment within each of the sub sectors is very different:

- Working owners represent 70% of employment in agriculture and fishing down from 75%
- Full time employees represent 93% of employment in the manufacturing sector up from 90%
- Part-time employment is up from 56% to 70% in retail.

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## Food and Farming 'Priority Sector'

### Summary of the Sector

The Welsh Government defines the Food and Farming 'Priority Sector' as follows:

- Includes primary production and manufacturing only
- has **30,300 employees** not including self-employed (2015) up from 28,300 in 2014
- but **84,200 workers** if all farmers and agricultural workers are included (2014) up from 76,400
- in **14,155 local business units** (2015) up from 14,145 in 2014
- with a **turnover of £6.1bn** (2015) up from £5.8bn in 2014 and
- **GVA of £1.55bn** (2013) up from £1.37 in 2012

The sector in Wales represents:

- 2.5% of all Wales employment
- 12.4% of the total number of business units in Wales
- 4.6% of turnover of the non-financial business economy in Wales. (UK average of 3.7%).
- 4.3% of the turnover of the UK food and drink sector

Over 97% of food and farming priority sector business units in Wales employ fewer than 10 people due to the inclusion of farms. There are 120 large businesses in the sector, employing more than 250 people, up from 95 (2015).

### Summary Statistics for Welsh Food and Farming Priority Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	14,155	157,505	9%
Employment 2014 (excluding self-employed)	30,300	663,700	4.6%
Proportion of Full Time Employment	84%	84% (GB)	-
Turnover 2015	£6.1bn	£142.5bn	4.2%
GVA 2013	£1.55bn	£22.2bn 33.4	4.6%
Workers with highest qualification at Level 4 & above	10.8%	19.8%	-
Investment in R&D 2013	£4m	£425m	0.9%

Source: ONS Crown Copyright

### Trends

Employment has been growing strongly since 2012.

There has been some recovery in the number employed in larger businesses (more than 50) back to 2010 levels.

There has been some recovery in the number of large businesses (250+ employees) but the overall number of business units is relatively stable and still below pre-recession levels.

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## Food and Drink Manufacturing

### Summary of the Sector

The Food and Drink Manufacturing sector in Wales:

- employs **22,100 people** (2014) down from 22,400 in 2013
- in **555 business units** (2015) up from 520 in 2014
- with a **turnover of £4.8bn** (2013) up from £4.3bn in 2012
- **GVA of £1.45bn** (2013)
- **174 Great Taste Award winners** (2015)
- **4 protected food name** products - PGI Welsh Lamb, PGI Welsh Beef, Pembrokeshire Earlies PGI and Anglesey Sea Salt/Halen Môn PDO (2015).

The sector in Wales represents:

- 1.7% of all Wales employment
- 0.5% of the total number of business units in Wales
- 4.6% of turnover of the non-financial business economy in Wales. (UK average of 2.5%). This is an increase from 4.1% in the previous year.
- 5.3% of the turnover of the UK food and drink sector

68% of food and drink manufacturing business units in Wales employ fewer than 10 people. 30% employ between 10-249 people. There are 20 large businesses in the sector, employing more than 250 people. Skill levels are below UK.

### Summary Statistics for Welsh Food and Drink Manufacturing Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	555	10,775	5.1%
Proportion of Businesses Units med or large	15%	14%	-
Employment 2014	22,100	385,454 (GB)	5.7%
Proportion of Full Time Employee Jobs	93%	90% (GB)	-
Turnover 2013	£4.8bn	£91bn	5.3%
GVA 2013	£1.45bn	£24.8bn	5.8%
Workers with highest qualification at Level 4+	15%	22%	-
Annual Wages (Mean Food Manuf.) 2014	£17,426	£20,211	-
Investment in R&D 2013	£4m	£425m	0.9%

Source: ONS Crown Copyright

### Trends

Overall **business confidence in Wales** is down (May 2016) at 53.1 (58.6 in May 2015). Output growth has slowed to its weakest for the last three years, though Wales is ahead of England. Cost increases such as the National Living Wage, higher fuel prices and uncertainty around Brexit have been the causes. The sector is growing in terms of turnover and business units while employment is falling slightly. This suggests that **overall productivity of the sector is increasing. Welsh productivity in food and drink continues to be ahead of the UK** with GVA per head of £64,800 versus £54,700 at the UK level.

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## Meat and Meat Products Sub Sector

### Summary of the Sector

The meat and meat products sector in Wales:

- has primary production of 9.504m sheep, 1.119m cattle, 25,300 pigs and 4.5m chickens (9.739m sheep, 1.103m cattle, 28,400 pigs and 6.3m chickens in 2014)
- slaughters 3.41m sheep, 160,000 cattle, 39,600 pigs and 104m chickens (2015) (3.38m sheep, 150,000 cattle, 32,800 pigs and 104m chickens in 2014)
- produces 47,700 tonnes of sheep meat; 65,300 tonnes of beef, 3,200 tonnes of pig meat and 152,000 tonnes of poultry meat (2015) (63,900 tonnes of sheep meat; 42,600 tonnes of beef, 2,600 tonnes of pig meat and 152,000 tonnes of poultry meat in 2014)
- employs **6,600 people** (2014) up from 5,700 in 2013
- in **65 business units** (2015) same as 2014
- with a **turnover of £1,282m** (2013)
- **GVA of £216m** (2013)
- **has red meat exports of £157m** (HCC 2015 up from £90m in 2014) with **lamb accounting for £106m and beef £51m**
- **HMRC figures suggesting £30m meat exports from Welsh companies** (2015) down from **£37m** (2014) France, Ireland, Spain, Netherlands and Belgium being the top 5 destinations (2015)
- **has Welsh retail sales of meat of £1,059m** (2015)
- has 57 FSA approved premises for red meat (59 in 2015), 37 for poultry (38 in 2015), 11 for game (13 in 2015), 11 for wild game (same as 2015) and
- FSA plant audit scores 34% Good (32% in 2015); 61% Generally Satisfactory (56% in 2015)
- is the largest sub sector within Welsh food and drink manufacturing by employment.

The sector in Wales represents:

- 30% of all Wales Food and Drink Manufacturing employment
- 12% of Wales Food and Drink Manufacturing business units

### Summary Statistics for Meat and Meat Products Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	65	1,225	5.3%
Proportion of Business Units medium and large (50+ employees)	23%	19%	-
Employment 2014	6,600	73,500 (GB)	9%
Proportion of Full Time Employee Jobs	97%	92% (GB)	-
Turnover 2013	£1,282m	£17,087m	7.5%
GVA 2013	£216m	£2,885m	7.5%
Retail Sales 2015 Kantar Worldpanel	£1,059m	£17,285m	6.1%

Source: ONS Crown Copyright, Kantar Worldpanel

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## Trends

Employment has increased substantially from 5,700 in 2013 to 6,600 in 2014. This re-establishes meat and meat products as the largest sector by employment in Welsh Food and Drink Manufacturing.

The number of businesses has remained stable at 65.

The proportion of small businesses has increased to 54% from 40% (fewer than 9 employees).

However, 23% are significant employers with more than 50 people.

Meat remains one of the few Welsh food and drink sectors with large businesses, employing over 250 employees. In 2014, 5 were recorded, same as 2013.

## Long Term Consumer Trends

- The household purchases of carcase meat have fallen by 17% over the past decade. The fall has been most pronounced in mutton and lamb, which is relatively more expensive than other meats.
- There has been an overall increase in chicken consumption, but a fall in other poultry, such as turkey.
- The consumption of products such as pates, delicatessen sausages, pasties and meat pies have increased over the period.
- There has been some recent recovery in meat consumption and ready meals, possibly reflecting growth in spending post-recession

## Household Average Purchases of Meat and Meat Products (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Carcase Meat	222	184	-17%	230	192	-17%
Beef and Veal	102	89	-13%	118	89	-25%
Mutton and Lamb	59	34	-43%	51	33	-35%
Pork	61	60	-2%	61	55	-10%
Non Carcase Meat and Meat Products	848	807	-5%	820	788	-4%
Uncooked chicken	151	175	16%	165	186	13%
Sausages	64	56	-13%	57	59	4%
Ready Meals and convenience meat products	161	183	14%	157	166	6%

Source: DEFRA, Family Food Statistics

## Kantar Data

- The total Welsh retail spend on fresh meat was £362m in the year to May 2015, up 1.1% on the year earlier, with individual consumers buying £218 worth of fresh meat annually.
- £121m of fresh beef was purchased at retail in Wales in the year to May 2015, £36m of lamb and £47m of pork.
- There has been strong growth in the market value of chilled burgers and grills, increasing by 46% since 2013, to £15m.
- The retail spend on fresh poultry and game in Wales was £171m, down 1.1% on the previous year, but remaining 4.3% higher than 2013.

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## Bakery Sub Sector

### Summary of the Sector

The Bakery sector in Wales:

- employs **5,400 people** (2014) down from 5,900 in 2013
- in **180 business units** (2015) up from 155 in 2014
- with a **turnover of £652m** (2013)
- **GVA of £283m** (2013)
- **Welsh retail sales of £510m** (2015), and
- is the second largest sub sector within Welsh food and drink manufacturing by employment

The sector in Wales represents:

- 24% of all Wales Food and Drink Manufacturing employment
- 32% of Wales Food and Drink Manufacturing business units

### Summary Statistics for Welsh Bakery Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	180	3,360	5.4%
Proportion of Business Units medium and large (50+ employees)	8%	10%	-
Employment 2014	5,400	95,810 (GB)	5.6%
Proportion of Full Time Employee Jobs	90%	86% (GB)	
Turnover 2013	£652m*	£11,427	5.7%
GVA 2013	£283m*	£4,792m	5.9%
Welsh Retail Sales	£509m	£8.6bn (GB)	6%

Source: ONS Crown Copyright, Kantar Worldpanel

\* calculated by multiplying 2009 UK turnover & GVA per employee by Wales employment and adjusting to 2013 levels using overall growth in food sector productivity

### Trends

Employment has dropped in the current year but turnover has increased as a result of increasing productivity in the sector.

The vast majority of businesses (75%) are micro, with fewer than 9 employees up from 71%.

Those employing more than 50 people have fallen from 10% to 8% as the number of business units has grown from 155 to 180.

### Long Term Consumer Trends

Over the last decade, total household consumption of bread has declined by 20%, with consumption of white bread down 43%. This has been offset slightly by an increase in other breads, including artisan and world breads.

In 2014 bread has continued to decline while other categories have stabilised.

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## Household Average Purchases of Bread and Bakery Products (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Bread	821	590	-28%	757	603	-20%
Cakes, Buns and Pastries	154	147	-5%	164	150	-9%
Biscuits and Crispbreads	167	156	-7%	174	165	-5%

Source: DEFRA, Family Food Statistics

### Kantar Data

- The retail spend on ambient bakery in Wales was £315m in the year to May 2015, marginally higher than 2014, but down 2.6% on 2013 values. Consumers are spending less on ambient bakery (down 5% to £183.61 per annum) and buying products less frequently than they were in 2013.
- The biscuit market has remained stable, up 1.4% in 2015 compared to the year earlier- with the fall in value of chocolate biscuits and seasonal biscuits being offset by an increase in the value of savoury biscuits, special treats and toaster pastries. Retail spend on biscuits in Wales was £159m in year to May 2015.



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## Drinks Sub Sector

### Summary of the Sector

The Drinks sub sector in Wales:

- includes beer, cider, whisky, water and soft drinks
- employs **1,900 people** (2014) up from 1,500 in 2013
- in **85 business units** (2015) up from 75 in 2014 though industry estimates suggest 171 highlighting substantial growth in small operators
- with a **turnover of £596m** (2013)
- a **Welsh retail sales value of £1,090m** (2015)
- **GVA of £285m** (2013) and
- **Exports of £9.3m** (2015) **up from £8.8m** (2014) France, North America, Asia, Ireland and Netherlands being the top 5 destinations (2015).

The sector in Wales represents:

- 8.6% of all Wales Food and Drink Manufacturing employment
- 15.3% of Wales Food and Drink Manufacturing business units

### Summary Statistics for Drinks Sub Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	85	1,800	4.7%
Proportion of Business Units medium and large (50+ employees)	7%	8%	-
Employment 2013	1,900	38,030 (GB)	5%
Proportion of Full Time Employee Jobs	94%	92% (GB)	-
Turnover 2013	£608m	£13,881m	4.4%
GVA 2013	£285m	£4,603m	6.2%
Retail Sales Kantar Worldpanel 2015	£1,090m	£29,820	3.7%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

Employment has increased from a stable base of 1,500 to 1,900 employees.

The number of businesses has continued to grow reaching 85, though this is below the latest industry estimates.

70% of businesses have less than 10 employees up from 67%.

There are now no businesses listed in the 50-249 employee category.

### Long Term Consumer Trends

Across the UK there has been a strong increase in the household purchases of mineral and spring water, up 45% since 2003.

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Within soft drinks, consumption of low calorie drinks have increased dramatically, with concentrated soft drinks (squashes) up 131% over the decade, and un-concentrated drinks up 28%. Conversely non low calorie drinks have seen consumption falling by 45% for squashes and 18% for others.

## Household Average Purchases of Beverages (ml per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Mineral or Spring Water	232	230	-1%	210	304	45%
Soft Drinks	1,767	1,631	-8%	1,757	1,643	-6%
Alcoholic Drinks	759	622	-18%	726	703	-3%

Source: DEFRA, Family Food Statistics

## Kantar Data

- The retail spend on alcohol in Wales in the year to May 2015 was £714m, up 3.6% on the year earlier. Spending on beer and larger was down 5.8% to £131m, but spending on wine increased by 3.6% to £257m, and spirits up 7.7% to £221m.
- Spend on water increased by 12% to £23m, and chilled drinks remained flat at £48m.

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## Dairy Sub Sector

### Summary of the Sector

The Dairy sector in Wales:

- has 290,000 dairy cattle across 1,760 herds (273,600 cattle across 1,790 herds in 2014).
- Produces 1,801m litres of milk per year (1,671m in 2014)
- employs **1,000 people** in processing (2014) down from 1,600 in 2013
- in **55 business units** (2015) same as 2014
- with a **turnover of £596m** (2013)
- **GVA of £117m** (2013)

The Egg sector in Wales

- Has **1.6m chickens** used for egg production (was 2.1m in 2014), 80% in free range production
- Accounts for 4.4% of total UK hen numbers (was 5.7% in 2014), but a higher proportion of free range hens.

Combined Dairy and Egg sector

- has **Welsh retail sales of £680m** (2015)
- **Exports of £109.5m** (2015) down from £145m (2014) – Ireland, France, Belgium, Germany and Italy being the top 5 destinations (2015)
- has 75 FSA approved premises (2016 down from 88 in 2015) but
- does not include dairy farming or on-farm processing within an existing farm business

The sector in Wales represents:

- 4.7% of all Wales Food and Drink Manufacturing employment
- 10% of Wales Food and Drink Manufacturing business units

### Summary Statistics for Welsh Dairy Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	55	730	7.5%
Proportion of Business Units medium and large (50+ employees)	18%	15%	-
Employment 2014	1,000	20,463 (GB)	5.1%
Proportion of Full Time Employee Jobs	88%	91% (GB)	-
Turnover 2013	£596m	£10,015m	6%
GVA 2013	£117m	£1,905m	6.1%
Retail Sales Kantar Worldpanel 2015	£680m	£11,555m	5.9%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

Employment has continued to fall from 1,600 to just over 1,000 in 2014. However, the number of business units has remained stable and turnover has increased as a result of improved productivity in dairy processing.

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The vast majority of businesses are micro or small, though around 20% employ over 50 employees. The number of laying chickens has fallen sharply to 1.6m down from its peak in 2014 of 2.1m. Whilst annual census data is only a snapshot, this might reflect some farmers leaving the egg sector due to over supply. Wales has a disproportionately high proportion of free range laying hens compared with the UK average.

## Long Term Consumer Trends

Welsh purchases of milk and milk products (excluding cheeses) have declined since 2002/03, down 8%. However, purchases of semi-skimmed milk increased by 19%, and yoghurts were up 18%.

Total Welsh purchases of cheese have increased over the decade, up 3%, and egg consumption has remained constant. Welsh butter consumption has declined in contrast to the UK which has seen butter consumption increase back towards 1990s consumption levels.

## Average Household Purchases of Dairy Products (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Milk and Milk Products (Excl Cheese) <i>ml per person per week</i>	2,122	1,947	-8%	2,006	1,897	-5%
Skimmed Milks (semi and fully skimmed)	1,151	1,368	19%	1,085	1,224	13%
Yoghurt and Fromage Frais	146	172	18%	163	191	17%
Cream	18	21	15%	20	23	15%
Butter	44	35	-21%	37	42	13%
Cheese	100	103	3%	112	113	1%
Eggs*	2	2	0%	2	2	0%

\*rounded to the nearest whole egg

Source: DEFRA, Family Food Statistics

## Kantar Data

- The Welsh retail spend on dairy products was £613 million in the year to May 2015, marginally lower than the year earlier. Of which, the cheese market was worth £156m, milk £190m, yogurt £85m and butter £44m.
- The total spend on milk was down 3.4% on the year earlier, despite volumes increasing by 2.8% illustrating the impact of retailer price competition on the consumer price for milk.
- The yogurt market increased in value by 2.4% year on year, and up 6.5% since 2013, with individual consumers spending £31.94 on yogurt annually.
- Butter is bought by 74% of households, and has seen strong growth with market value up 5.9% in the year to May 2015, and 9% higher than 2013.
- Wales retail spend on eggs was £48m in 2015, down 1.9% on 2014.
- Total volume of eggs bought was up 9% compared with 2014. The increase in volume and reduction in spend reflects the price competition at the retail level.

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## Grains and Starch Sub Sector

### Summary of the Sector

The Grains and Starch sub sector in Wales:

- has **87,500 hectares** of land for arable crops, up from 85,000 in 2014 equivalent to **6%** of utilised agricultural land, compared with 43% in England (2015) same as 2014
- wheat is the main arable crop, accounting for 25% of land use, followed by spring and winter barley accounting for 25% (2015) up from 24% in 2014
- employs **900 people** (2014) down from 1,100 in 2013
- in **10 business units** (2015) same as 2014
- with a **turnover of £357m** (2013)
- **retail sales of £348m** (2015)
- **GVA of £97m** (2013)
- **exports of £42.7m** (2015) **up from £40.8m** (2014) France, Ireland, Sweden, North America and Asia being the top 5 destinations (2015) and
- One Welsh miller with NABIM membership.

The sector in Wales represents:

- 4% of all Wales Food and Drink Manufacturing employment
- 2% of Wales Food and Drink Manufacturing business units

### Summary Statistics for Grains and Starch Sub Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	10	230	4.3%
Proportion of Business Units medium and large (50+ employees)	50%	26%	
Employment 2014	900	10,500 (GB)	8.6%
Proportion of Full Time Employee Jobs	96%	92% (GB)	-
Turnover 2013	£357m	£3,354m	10.6%
GVA 2013	£97m	£882m	11%
Retail Sales Kantar Worldpanel 2015	£348m	£5,961	6%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

Employment has fallen back from 1,100 to 900, though still above the 2009 level. The number of business units is stable but productivity has increased in the sector.

### Long Term Consumer Trends

Household purchases of breakfast cereals have fallen back in the latest data.

Rice has grown strongly in Wales at 61% versus 10% across the UK. Pizza has also grown more strongly in Wales.

Other cereal convenience foods have grown more slowly in Wales.

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Whilst consumption of breakfast cereals has declined, there has been very strong growth in oats and oat products, which are up 90% across the UK and an increase in mueslis.

## Household Average Purchases of Cereals and Cereal Products (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Breakfast Cereals	135	117	-13%	132	128	-3%
Rice	46	74	61%	84	92	10%
Pasta	77	84	9%	88	89	1%
Pizza	47	65	38%	66	79	19%
Other Cereal Convenience Foods (incl snacks)	66	70	6%	73	81	11%

Source: DEFRA, Family Food Statistics

### Kantar Data

- Total spend on breakfast cereals in Wales was down 4.2% in the year to May 2015, to £98m.
- Cereal and fruit bars grew strongly by 11.3%, having declined in 2014, with total spend of £17.7m in 2015.
- Year on year spend on pasta has increased, with dry pasta up 8.9% to £11.8m and fresh up 8.2% to £7m.
- The ambient rice and savoury noodles market also experienced strong growth, with spend up 8.1% to £29m in 2015.
- The popcorn market has continued to grow, with year on year spend up 21% to £3.5m in 2015 as more households are purchasing popcorn, up from 32% in 2013 to 41% in 2015.

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## Prepared Animal Feeds Sub Sector

### Summary of the Sector

The Prepared Animal Feeds sub sector in Wales:

- includes farm animal, horse and pet food
- employs **800 people** (2014) same as 2013
- in **30 business units** (2015) same as 2014
- has four major pet food businesses (2015)
- with a **turnover of £356m** (2013)
- **retail sales of £183m** (2015)
- **GVA of £95m** (2013) and
- **exports of £10.8m** (2015) **up from £9.7m** (excluding unmilled cereals) (2014) Germany, Ireland, Western Europe (Outside EC), Czech Republic and Spain being the top 5 destinations (2015).

Two thirds of the businesses are small. However, the remainder employ between 50-249 employees. Two are members of the Pet Food Manufacturers Association.

The sector in Wales represents:

- 4% of all Wales Food and Drink Manufacturing employment
- 5% of Wales Food and Drink Manufacturing business units

### Summary Statistics for the Prepared Animal Feeds Sub Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	30	550	5.5%
Proportion of Business Units medium and large (50+ employees)	17%	16%	-
Employment 2014	800	13,100 (GB)	6.1%
Proportion of Full Time Employee Jobs	94%	90% (GB)	-
Turnover 2013	£356m	£6,904m	5.2%
GVA 2013	£95m	£1,789m	5.3%
Retail sales Kantar Worldpanel 2015	£183m	£2,544m	7.2%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

Employment has stabilised between 2013 and 2014 following growth since 2009.

The number of Welsh business units has also stabilised. Within GB, business units have declined consistently; but overall employment growth suggests that remaining businesses are getting bigger.

### Kantar Data

- The total household retail spend on animal feed in Wales in the year to May 2015 was £183m, up 6% on 2014.
- Spend on dog food was £57.6m, of which £43m was wet food (e.g. tinned) and £89m spent on cat food. The spend on dog and cat treats was £35m, up 6.6% on the year earlier.

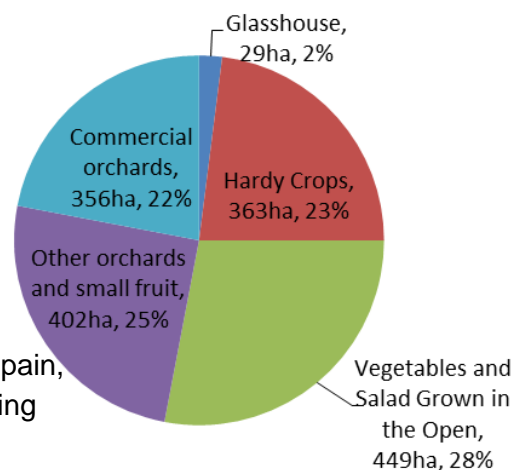


## Fruit, Vegetables and Plants Sub Sector

### Summary of the Sector

The fruit, vegetables and plants sub sector in Wales:

- Accounts for 1,599 hectares of land (1,694 in 2014)
- employs **200 people** in processing (2014) same as (2013)
- in **25 business units** (2015) same as 2014
- with a **turnover of £38m** (2013)
- **GVA of £12m** (2013)
- **Retail sales of £807m (2015)**
- **exports of £4m** (2015) **down from £4.7m** (2014) Ireland, Spain, Asia, Western Europe (Outside EC) and Czech Republic being the top 5 destinations (2015) but
- does not include jobs in growing of fruit, vegetables and plants
- does not include primary processing on-farm
- census data excludes small units of less than 2 hectares
- Horticulture Wales estimates that up to 70% of Welsh horticulture business activity is not captured



The sector in Wales represents:

- 1% of all Wales Food and Drink Manufacturing employment
- 4.5% of Wales Food and Drink Manufacturing business units

### Summary Statistics for Fruit and Vegetables Processing Sub Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	25	640	3.9%
Proportion of Business Units medium and large (50+ employees)	0%	17%	-
Employment 2014	200	28,400 (GB)	0.7%
Proportion of Full Time Employee Jobs	93%	93% (GB)	-
Turnover 2013	£38m	£6,309m	0.6%
GVA 2013	£12m	£1,984m	0.6%
Retail Sales Kantar Worldpanel 2015	£807m	£13,891m	6%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

The area of horticultural land has dropped back slightly in 2015 after steady increases in previous years. The number of jobs and business units has remained stable in Wales while GB has seen the number of business units increase while employment has remained relatively stable. Turnover has dropped slightly.



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## Long Term Consumer Trends

- There has been a fall in the household per capita consumption of fruit and vegetables over the past decade within Wales, and Welsh per capita consumption of vegetables is slightly less than the UK average.
- There has been a sharp fall in the consumption of potatoes (especially fresh potatoes) - possibly as the consumption of other carbohydrates (rice and pasta) has increased. This fall is greater than that seen in the UK

## Household Average Purchases of Fruit and Vegetables (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Fresh and Processed Vegetables (excl Potatoes)	1,071	1,015	-6%	1,101	1,071	-2%
Fresh and Processed Potatoes	1,001	730	-27%	873	723	-17%
Fresh and Processed Fruit	1,026	963	-6%	1,206	1,081	-10%

Source: DEFRA, Family Food Statistics

## Kantar Data

- The retail spend on fruit, vegetables and salads in Wales was £629m in the year to May 2015, down 2.1% on the previous year. Whilst the retail spend on fruit was up 3.5% to £277m, spend on vegetables fell sharply by 7.9% to £293m. However, the total volume of vegetables sold was up but individual customer spend was down.
- Spend on chilled prepared salads was down to £17m from £18m in 2014.

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## Seafood Sub Sector

### Summary of the Sector

The seafood sector in Wales:

- has a fleet of 466 boats, 40 being over 10m in length (2014) (477 boats and 35 >10m in 2013)
- has seafood landings of 9,900 tonnes worth £13.4m – 10.3m being shellfish (2014) (13,300 tonnes worth £16.5m - £11.6m being shellfish (2013))
- produces a further 9,000 tonnes of farmed shellfish worth £9m, employing 34 people (2012 – no updated data but industry estimates suggest production is now around 6,500 tonnes).
- produces 453 tonnes of other farmed fish worth £1.44m, employing 100 people (2012 – no update but industry estimates suggest this figure has declined substantially)
- has 57 FSA approved premises (65 in 2015)
- **retail sales of £142m** (2015)
- **exports £29.3m** (2015) down from £35.6m (2014) Spain, Asia, Netherlands, France and Ireland being the top 5 destinations (2015)
- according to official data employs **100 people** in processing (2014) in **10 business units** (2015)
- with a **turnover of £18m** (2012) and **GVA of £4m** (2012)
- however, industry estimates suggest at least **another 50 small processing businesses** across Wales with **combined turnover of £5m and employment of 50-100 people** (2014)

The sector in Wales represents:

- 0% of all Wales Food and Drink Manufacturing employment
- 2% of Wales Food and Drink Manufacturing business units

### Summary Statistics for Welsh Seafood Processing Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	10	370	2.7%
Proportion of Business Units medium and large (50+ employees)	0%	15%	-
Employment 2014	100	14,670 (GB)	0.7%
Proportion of Full Time Employee Jobs	87%	89% (GB)	-
Turnover 2013	£18m	£2,796m	0.6%
GVA 2013	£4m	£531m	0.8%
Retail Sales(2015) Kantar Worldpanel	£142m	£2,635m	5%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

Sector statistics are similar to the previous year, though volumes have declined.

There are few businesses and all are small, employing fewer than 10 employees.

The total number of business units has remained relatively constant, however, a degree of caution is required as data relating to the number of business units is rounded to the nearest five.

Seafish research has identified a number of processors who may not be captured in the data above.

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## Long Term Consumer Trends

There has been a decline in the average household purchases of fish per person in Wales, 13% lower than 2002/3, compared with an 8% decline in the UK.

Welsh consumption of Shellfish has remained stable compared to a 9% decline across the UK.

## Household Average Purchases of Fish (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Fish	149	130	-13%	155	142	-8%
Shellfish	9	9	0%	11	10	-9%

Source: DEFRA, Family Food Statistics

## Kantar Data

- Retail spend on fresh fish in Wales in the year to May 2015 was £62m, up 10% since 2013. Spend on shellfish was up 9% on 2013 at £8.4m.
- There was a fall in the spend on frozen fish, down 3% on a year earlier to £46.7m and canned fish down 6.6% to £33.2m.

# BWYD A DIOD CYMRU FOOD AND DRINK WALES



## Oils and Fats Sub Sector

### Summary of the Sector

The sector is too small to disclose any business or employment data.

Exports were £1.1m (2015) up from £0.98m (2014) North America, Poland, Western Europe (Outside EC), Germany and Ireland being the top 5 destinations (2015).

### Long term Consumer Trends

There has been a decline in the consumption of fats nationally, down 22% in Wales ahead of the UK. Whilst consumption of butter has fallen in Wales by 20%, against a very strong rise in margarine consumption (up 286%), across the UK butter consumption has increased 14%. Similarly the consumption of oils has increased slightly across the UK, but fallen steeply in Wales

### Household Average Purchases of Oils and Fats (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% Change
Fats	198	155	-22%	190	168	-12%
Butter	44	35	-20%	37	42	14%
Margarine	7	27	286%	13	22	69%
Vegetable and Salad Oils	53	43	-19%	56	55	2%

Source: DEFRA, Family Food Statistics

### Kantar Data

- Total retail spend on butter in Wales has increased by 9% in the year to May 2015, to £44.2m, with volume growth as well – counter to the long term trends in consumption.
- Sales of margarine were down 8.1% to £40m, with a 5.6% decline in volume.
- Spend on cooking oils was down year on year by 2% to £17.8m, despite an increase in the volume of sales.

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## Other Food Products Sub Sector

### Summary of the Sector

The sub sector captures businesses in the following manufacturing activities: sugar, cocoa, chocolate, confectionary, tea, coffee and coffee substitute manufacturing, condiments and seasonings, prepared meals and dishes, and homogenised food preparation and dietetic food.

The Other Food Products sub sector in Wales:

- employs **5,300 people** (2014) down from 5,500 in 2013
- in **95 business units** (2015) up from 90 in 2014
- with a **turnover of £938m** (2013)
- **retail sales of £645m** (2015)
- **GVA of £347m** (2013)
- **exports of £27m** (2015) **up from £19.3m** (2014) North America, Ireland, France, Spain and Germany being the top 5 destinations (2015) and
- **a high degree of innovation** given 7 of the 15 Welsh Great Taste Awards 2014

Whilst most businesses are small, 21% employ more than 50 employees, similar to last year.

The sector in Wales represents:

- 24% of all Wales Food and Drink Manufacturing employment up from 23%
- 17% of Wales Food and Drink Manufacturing business units same as last year

### Summary Statistics for Other Food Products Sub Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	95	1,800	5.3%
Proportion of Business Units medium and large (50+ employees)	21%	15%	-
Employment 2014	5,300	88,600	6%
Proportion of Full Time Employee Jobs	92%	90% (GB)	-
Turnover 2013	£938m	£16,760m	5.6%
GVA 2013	£347m	£5,986m	5.8%
Retail Sales (2015) Kantar Worldpanel	£645m	£10,712m	6%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

Following a period of sustained employment growth, employment has dropped slightly in 2014.

Most employees, (92%) are in full-time employment ahead of GB.

The number of business units has increased from 90 to 95.

Increased productivity means that turnover has increased from £918 to £938m.

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Purchases of sugar and preserves have declined steeply, but this is counterbalanced by strong growth in pickles and sauces. Wales has seen a decline in confectionery while the UK has increased.

## Household Average Purchases of Other Products (grams per person per week)

	Wales			UK		
	2002/03	Average 2012/14	% change	2002/03	Average 2012/14	% change
Sugar and Preserves	164	117	-29%	146	118	-19%
Pickles and Sauces	122	129	6%	123	129	5%
Confectionery	142	137	-4%	127	132	4%

Source: DEFRA, Family Food Statistics

### Kantar Data

- The retail spend on preserves in Wales was £10.5m in the year to May 2015, down 1.5%
- Pickles, chutneys and relishes were also down to £5.6m from £6.4m in 2013.
- The total chocolate confectionary market remained unchanged at £161.3m and spend on sugar confectionary £43.9m
- The total sweet home cooking market was down 2.4% to £87.9m in the year to May 2015

# BWYD A DIOD CYMRU FOOD AND DRINK WALES



## Food and Drink Wholesale Sub Sector

### Summary of the Sector

The Food and Drink Wholesale sub sector in Wales:

- employs **6,000 people** (2014) down from 7,200 in 2013
- in **660 business units** (2015) down from 675 in 2014
- with a **turnover of £954m** (2013) and
- **GVA of £209m** (2013)

The sector in Wales represents:

- 0.46% of all Wales employment
- 0.55% of the total number of business units in Wales

### Summary Statistics for Welsh Food and Drink Wholesale Sub Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	660	19,400	3.4%
Proportion of Business Units medium and large (50+ employees)	3%	4.8%	-
Employment 2014	6,000	230,100 (GB)	2.6%
Proportion of Full Time Employee Jobs	87%	85% (GB)	-
Turnover 2013	£954m	£108,827m	0.9%
GVA 2013	£209m	£10,434m	2%

Source: ONS Crown Copyright

### Trends

Employment has declined again though it is still above the 2011 level which was a low point.

The number of business units has also fallen slightly.

77% of businesses have less than 10 employees same as last year.

There are 20 businesses in the 50-249 employee category, same as last year.

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## Food and Drink Retail Sub Sector

### Summary of the Sector

The Food and Drink Retail sub sector in Wales:

- employs **62,500 mostly part time people** (2014) down from 69,600 in 2013
- in **3,745 business units** (2015) up from 3,635 in 2014
- with a **turnover of £7,600m** (2013)
- **GVA of £1,294m** (2013) and
- **retail sales of £5,463m** (Kantar 2015)

The sector in Wales represents:

- 14% of all business units in Welsh Food and Drinks same as last year
- 28% of total employment in Welsh Food and Drinks down from 30%

### Summary Statistics for Retail Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	3,745	78,810	4.7%
Proportion of Business Units medium and large (50+ employees)	4.2%	4.3%	-
Employment 2014	62,500	1.16m (GB)	5.4%
Proportion of Full Time Employee Jobs	30%	37% (GB)	-
Turnover 2013	£7,600m	£166,203m	4.6%
GVA 2013	£1,294m	£31,802m	4.1%
Retail Sales (2015) Kantar Worldpanel	£5.463bn	£104.8bn	5.2%

Source: ONS Crown Copyright, Kantar Worldpanel

### Trends

Following a recovery, employment has dropped back significantly.

While there had been a recovery in full time jobs, part time jobs have also grown.

The number of business units has continued to grow.

Retail sales by sub sector in order of value in Wales are summarised in the following table for 2013-2015:

### Total Retail Sales in Wales 2013-2015 (Kantar Worldpanel)

£000	2013	2014	2015	2015 on 2014	2015 on 2013
Drinks	1,046,764	1,060,336	1,089,424	3%	4%
Meat	1,040,490	1,054,551	1,058,655	0%	2%
Fruit & veg	809,628	821,438	806,681	-2%	0%
Dairy	678,326	681,265	680,435	0%	0%
Bakery	512,938	506,350	509,721	1%	-1%
Cereals	337,889	343,931	348,062	1%	3%
Animal feed	174,852	172,138	183,113	6%	5%
Seafood	137,688	146,014	142,396	-2%	3%
Other	628,426	641,229	645,106	1%	3%
Total	5,367,000	5,427,251	5,463,592	0.7%	1.7%



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## Catering Sub Sector

### Summary of the Sector

The catering sub sector captures all non-residential catering, including restaurants and cafes, foodservice, mobile caterers, take away, and events catering.

The catering sub sector in Wales:

- employs **70,300 people mostly part time** (2014) up from 69,300 in 2013
- in **8,200 business units** (2015) up from 7,400 in 2014
- with a **turnover of £1,885m** (2013)
- **GVA of £867m** (2013)
- Annual spend on **out of home consumption** estimated at **£2.2bn** (YE March 2015 NPD Crest)

Almost all businesses are micro or small (99%) employing fewer than 50 employees and the sector has a high proportion of part time employment, accounting for 65% of employee jobs, down from 70%.

The sector in Wales represents:

- 32% of all Wales Food and Drink Industry employment
- 31% of Wales Food and Drink Industry business units

### Summary Statistics for the Catering Sub Sector

	Wales	UK (GB)	Wales as % of UK (GB)
Number of Business Units 2015	8,200	165,420	5%
Proportion of Business Units medium and large (50+ employees)	1.5%	2%	-
Employment 2014	70,300	1,551,500 (GB)	4.5%
Proportion of Full Time Employee Jobs	35%	40% (GB)	-
Turnover 2013	£1,885m	£56,811m	3.3%
GVA 2013	£867m	£27,003m	3.2%

Source: ONS Crown Copyright

### Trends

The number of business units has risen in Wales following marginal decline over the past five years.

Employment has also increased following a rise of 7% between 2009 and 2013.

Within the UK, 'Out of Home' spend increased by 2% in 2014, equating to £50.8bn, driven by increased prices (1%), and increase in visits (0.9%)<sup>1</sup>.

Out of home spend in Wales increased by 5.1% to £2.2bn, driven by an increase in spend, with both an increase in average price per unit (up 1.5%) and number of items purchased (up 3.3%)

The proportion of full time jobs has increased from 30% to 35%, though this is below the GB level.

<sup>1</sup> NPDCrest

# BWYD A DIOD CYMRU FOOD AND DRINK WALES



## Disclaimer

This compendium of statistics was produced by Brookdale Consulting between May-June 2016.

Whilst facts have been rigorously checked, Brookdale Consulting and the Welsh Government can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within this report.