

DR/KM

17 October 2008

Mr Guy Attenborough  
Interim Head of Communications  
AHDB  
Area 2B  
Nobel House  
17 Smith Square  
London  
SW1P 3JR



Dear Guy

**Consultation on Food Supply Chain Quality Schemes Branding**

Thank you for the opportunity to contribute to your consultation on the above subject. We are pleased to contribute towards this debate as a UK levy funded organisation. While we are outside the AHDB funding network, our Northern Ireland red meat industry is a user of Red Tractor branding on products distributed in the GB market. We contribute to AFS funding in support of the Red Tractor initiative.

We will deal in turn with each of the questions which you raise.

***Question 1***

**Should AHDB invest levy payers money to promote the quality and standards of its sectors' products?**

**Answer:** This question is right at the core of defining the role and responsibility of levy funded bodies. Within Northern Ireland, and we believe more generally, there is an expectation by levy payers that a significant portion of levies should be used in the promotion of the levy payers products. This view seems to be supported by the Corporate Edge advice referred to under paragraph 9 of your consultation document. However, as part of the levy board review conducted by Rosemary Radcliffe, which led to the formation of AHDB, a view was expressed that generic promotion per se was unlikely to deliver value for money. It would appear to us that the only mechanism for delivering on levy payer expectations in regard to promotion therefore is through the national and regional promotion of quality and standards across industry sectors. We conclude that AHDB should indeed invest levy payers' money to promote the quality and standards of its sectors' products, as indeed we would wish from the Northern Ireland red meat sector to support our local industry.

***Question 2***

**Does there need to be a rationalisation of existing quality marks?**

**Answer:** We are inclined to the view that there should indeed be some rationalisation of existing quality marks. While we wish to be respectful of the right of various industry groupings to attempt to premiumise their particular offering to the market place, and the right of retailers to source locally, and therefore brand regionally; we are of the view that industry funds are being

dissipated in the creation and promotion of a range of standards that are essentially indistinguishable from one another in terms of the consumers understanding. While the subtlety of these marks may be to distinguish the region of origin rather than the standards being assured, we are not convinced that consumers in the UK are minded to differentiate their purchasing on a regional basis. We are supportive therefore, of a branding that (as far as possible within State Aid Rules) can unite the totality of UK standards and become strongly promoted in the UK market place; representing a better solution on behalf of levy payers. Even those sectoral or regional groupings, who wish to further differentiate, should be able to structure the hierarchy of branding to allow them to operate under the broader umbrella of nationally promoted standards.

### *Question 3*

**Should AHDB invest levy funds to promote uptake within the industry, police the proper use of the mark, and build consumer awareness about the quality and standards of all sector products?**

**Answer:** We would encourage the use of AHDB levy funds in defining standards, policing proper use of the standards and the attendant mark/brand, and effectively ensuring that any consumer promise in regard to the characteristics of the brand would be fully delivered. Insistence, for example, on the use of EN 45011 certification processes, we believe is paramount. In regard to the building of consumer awareness about the quality and standards across the sector, we would express concern that the budget mentioned in your consultation letter (0.5 million pounds, including industry promotion) is significantly inadequate.

### *Question 4*

**If levy payer money was to be invested should AHDB –**

- A. Create a new scheme**
- B. Adopt the RTL scheme as it is now, or**
- C. Integrate existing standards in the beef and sheep into the RTL scheme?**

**Answer:** We are inclined to favour option B. We would comment however, that in considering this matter AHDB should take steps to ensure that the management and governance of the RTL scheme, should be such as to ensure that those who fund the scheme are appropriately positioned to influence matters, such as;

- A. Managing the business of the company**
- B. The standards adopted (including clearly defining what is being assured)**
- C. The accreditation/certification processes**
- D. The promotion strategy at both industry, and consumer level**

### *Question 5*

**In your sector which products or market segments do you believe would most benefit from the promotion of quality characteristics? Will you support levy payers money being invested in this promotion?**

**Answer:** Across the generality of the red meat sector we believe that the segment which would most benefit would be the "standard product segment", (or in the generally understood segmentation of value range, standard range, finest/best range, the segment represented by

"standard range"). This is effectively where by far the largest volume and revenue is generated, and the vast majority of consumer purchases fall. We would encourage the use of levy payer's money being invested in promotion for the benefit of this segment.

*Question 6*

**If in your view, no products in your sector would benefit from promoting such a scheme, would you accept other AHDB sectors working together at a sector level on such a scheme through AHBD?**

**Answer:** While this question is not immediately applicable to us, given our earlier comments, we do not see how the working together of sectors with a mutual interest in such a scheme could be disadvantageous to those who stay outside the scheme.

*Question 7*

**Do you support levy funded investment, even though this will mean that EU guidelines for promotion would need to be observed by all parties participating in the scheme throughout the supply chain, even where private funds were invested?**

**Answer:** We would observe that there is little evidence in the UK that fully commercially funded schemes for promotion at a national level are operating in the major industry sectors. We would understand that the majority of the funding for the RTL scheme comes from industry bodies, guided by Government and Statutory Bodies, rather than from commercial organisations. It is our feeling therefore that there will be little compromise for private funders through the adoption of EU guidelines for promotion across all of the parties.

We hope that these comments will prove useful in your consideration of this matter.

Yours sincerely



David Rutledge  
Chief Executive