

National Sheep Association

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RESPONSE OF
THE NATIONAL SHEEP ASSOCIATION
TO AGRICULTURE AND HORTICULTURE DEVELOPMENT BOARD'S
CONSULTATION ON FOOD SUPPLY CHAIN QUALITY SCHEMES
AND BRANDING

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*National Sheep Association is an organisation which represents the views and interests of sheep producers throughout the UK.
NSA is funded by its membership of sheep farmers and its activities involve it in every aspect of the sheep industry.*

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Introduction and Background

National Sheep Association (NSA) is pleased to be able to respond to the AHDB consultation on Food Supply Chain Quality Schemes and Branding. NSA represents the majority of sheep producers and sheep production through a combination of individual membership or through affiliated breed societies, associations and companies. It is the only specialist organisation speaking for the interests of sheep producers throughout the UK and as such is uniquely placed to give a clear, concise and uncompromised perspective on how any given issue will affect the sheep industry

This particular issue is of considerable interest to NSA as an organisation as well as to its individual producer members, the vast majority of whom are levy payers and all of whom have a vested interest in ensuring that quality sheep meat from farms in the UK is produced to a high standard.

NSA also has a keen interest in ensuring that the sheep meat is processed and packaged to high standards throughout all its various supply chains in a manner that enhances its taste, tenderness and appearance in response to the specific needs of the particular market it is fulfilling. It is then vital that the product is branded to best effect for that specific marketplace and type of consumer to which it is to be presented for purchase.



Even as a commodity, sheep meat and in particular lamb has a high value. As such adding further value is a considerable but nevertheless achievable challenge within which branding plays a key role. NSA believes that for that challenge to be successfully met the sheep sector must play to its strengths; the most important of which in terms of sales and marketing is the wide variety of marketplaces it serves. Because of this variety the dependence of sheep meat on any single type of supply chain is much less than many other commodities and products.

Figures reinforce this - with exports accounting for in excess of 30% of production, ethnic markets accounting for around 25% as well as a vibrant independent butcher sector and strong catering demand it is clear that the dependence on and relative importance of multiple retailers to the sheep industry is diminished. Therefore the understandable emphasis which AHDB places in the consultation on the stated needs of the multiple retail sector as the basis for its justification of a single mark across all sectors does not stand up as strongly to scrutiny from the sheep industry perspective as it might do for others.

As well as lessening single supply chain dependency this broad spectrum facet also allows the various intrinsic values which are unique to sheep meat to be maximised. The marketplace variety then complements the differing types of quality sheep meat which can be made available to a wide cross section of consumers. Crucial to success in many of these various supply chains is the ability to brand and identify product in a manner which separates it out from baseline uniform branding.

Before answering the specific questions raised in the consultation NSA would wish to comment on the timing of this exercise. There was a strong feeling from NSA levy paying members that this sort of work is happening too early in the life of AHDB. It is felt that the current focus should be on ensuring that the move to Stoneleigh and all the staff related issues that go with that are sorted out to the best advantage of levy payers and staff alike. There is a crucial need for a seamless transition and for levy payers to feel that normal service



is being maintained. This sort of consultative work should then be developed as part of a wider strategic overview of the marketplace activity that is undertaken on behalf of levy payers

Answers to Specific Questions

Question 1: Should AHDB invest levy payers money to promote the quality and standards of its sectors products?

NSA believes that AHDB does have a role in this type of function but not in the way outlined in this consultation exercise. AHDB can add considerable value to the promotional activities of its sector companies by championing the work of its sectors as opposed to seeking to make them all work to a common theme.

NSA believes that AHDB should only seek to achieve commonality in respect of backroom services such as HR and accounting as this was the intention outlined by Radcliffe in her vision for the future of levy boards. To stray from that territory has the potential to limit the effectiveness of the individual sectors and their ability to act in the best interests of their levy paying constituents. Undoubtedly from its umbrella position AHDB has a capability to develop strategic guidance on various issues which may help the various sectors progress in their own way.

Question 2: Does there need to be a rationalisation of existing quality marks?

NSA does not believe, from the sheep industry perspective, that there needs to be a rationalisation of existing quality marks. As has already been said NSA strongly advocates the fact that one of the greatest strengths that the sheep industry has in the marketplace is its diversity of supply chains. These various chains all operate in different ways and as such want the ability to brand, identify and differentiate their product in a variety of ways. If levy monies were taken out of the sheep sector for the funding of a common quality mark not only would



that mark have relatively little significance to sheep marketing but it would also dilute the ability of EBLEX to support our multitude of supply chains and limit their ability to develop further the various brand identities which those supply chains want and need.

Question 3: Should AHDB invest levy funds to promote uptake within the industry, police the proper use of a mark and build consumer awareness about the quality and standards of all sector products? (The cost of this is estimated to be about £0.5 million per annum and would be apportioned back to AHDB sector organisations).

NSA does not believe that AHDB should invest levy funds in the way described for the very reasons outlined in response to previous questions.

If levy funds were to be invested by AHDB as outlined in the question NSA would wish to understand more how £0.5 million would be enough money to effectively police and build consumer awareness about the quality and standards of all sector products. To achieve those aims in any meaningful way would require a lot more money, so either there is a great danger that this money will not achieve the stated aims or there will be further demands made of the sectors to release levies to support the common quality mark.

With this in mind if this funding is agreed to, NSA would wish to see a fixed cap of £0.5 million put on the levy monies used in this exercise. Members of NSA also wish to be reassured that the funding mechanism for this exercise would require that all participating sectors make a fair and equitable contribution to the monies required. Levy payers will also wish to see that the use of this common mark is adding value to the bottom line of their own individual businesses through the promotion of the products they are producing. There would therefore need to be evidence produced by AHDB on a regular basis that a common quality assurance logo is achieving that added value and that it is being transferred down the supply chain to the producer on a sector by sector basis.



NSA also believes that the issue of devolution needs to be addressed as part of this proposal. AHDB knows that EBLEX is only responsible for English sheep levies whilst other sectors are either GB or UK and as such represent levy payers in their sector in Scotland, Wales and in some situations Northern Ireland. As the use of a common quality mark would be available for multiple retailers and others throughout GB and possibly UK, does AHDB propose to secure funding from Quality Meat Scotland (QMS) and Hybu Cig Cymru (HCC) so that it is not just English money from the sheep industry that is contributing towards this project?

As a general point NSA fully appreciates that it is not always possible to have detailed answers to all questions available when a consultation exercise is initially undertaken. If the answers to these fundamental questions are not known then NSA would ask that answers are made available to industry as part of the on going consultation exercise and if they are known then could there be some communication from AHDB which reassures respondents.

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 sector into the RTL scheme?
(note pig standards already integrated)**

There are many outstanding questions relating to existing schemes which need to be resolved. These include the future ownership of the RTL which needs to be clarified as does a policy on potential royalties from use of the logo. Knowing the answers to questions such as these is very important if a meaningful response is to be given.



If a new scheme was adopted there are obviously huge issues over establishment costs and development of recognition. There is no doubt that the RTL is already placed on a large number of products and enjoys relatively good consumer recognition. NSA however believes that this recognition is largely based on RTL being perceived by consumers to be a symbol denoting country of origin. NSA is concerned about this and the impact it might have on use of the RTL by the supply chain given the state aid implications associated to the use of Para fiscal funding for promotion and the need for that funding to give primary messages associated with quality as opposed to provenance criteria.

The sheep sector is very proud of the work that it has done to meet the demanding standards that are already in place throughout the whole sheep meat supply chain as they do give ample quality assurance right through the chain from farm to consumer. There is no desire on the part of NSA to see those quality standards to be either enhanced or diluted; so if there is to be a single quality mark covering all sectors NSA believes that mark must adopt the existing quality assurance standards which the sheep industry currently works to.

Question 5: In your sector, which products or market segments do you believe would benefit most from the promotion of quality characteristics (either general quality characteristics common to your sector and other sectors or ones specific to your sector)? Would you support levy payers' money being invested in this way?

As has already been stated NSA believes that a key strength for the sheep sector is the diversity of marketplaces it serves and the multitude and variety of supply chains in which it is a partner. These marketplaces all have differing priorities in respect of what they deem quality to be. These priorities vary from meat eating qualities determined by the post slaughter treatment of the carcass, to qualities relating to the way in which the sheep have been farmed and looked after, to the method by which the sheep has been slaughtered (Halal etc), to the breed of the sheep, the type of food it has eaten, its provenance amongst many others. The list is nearly endless and reflects the subjectivity of the word 'quality'.



Based on these known facts NSA returns to its core belief that it is for the sector companies representing sheep meat - EBLEX, QMS, HCC AND LMC to be responsible for both the development of strategy in relation to promotion of sheep meat and the delivery of those promotional strategies at a UK level. NSA believes that with 'quality' being such a subjective concept it is difficult for full marketing advantage to be taken by the use a single mark relating to only objective measurements of one perception of quality.

Question 6: If in your view, no products in your sector would benefit from promoting such a scheme (beyond a baseline investment outlined in paragraph 21), would you accept other AHDB sectors working together at a sector level on such a scheme through AHDB?

NSA is very anxious to ensure that its response to this consultation is not entirely negative. The organisation does believe that there are positive roles that AHDB can play in helping its sector companies promote their products to best advantage. This can be done by AHDB using its umbrella positions sitting over all commodities to support and enhance the particular promotional activities that each sector is undertaking and helping them enhance each other's distinctiveness and strengths. This is a different philosophy to bringing everything together under one mark and one which NSA believes has the potential to add more value to the industry.



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?

This question does raise a very pertinent question in respect of the impact that this project might have on many other promotional activities where there are strong working relationships between partners in any given supply chain. There does need to be serious consideration given to the reaction which some leading brands who might wish to use a common quality mark will have if they find for instance that they cannot use primary provenance e.g. 'Britishness' claims about their use of that common quality mark.

Conclusion

In conclusion NSA is pleased that this consultation exercise has been undertaken even if as an organisation much of what has been said is not supportive of the principle of working under one common mark. There is a lot more detail which needs to emerge before substantive answers can be given to the questions posed and establishing this detail is a challenge which AHDB will undoubtedly rise to.

In this particular situation the Association is very clear that it does not believe that diverting English sheep producers' levy contributions towards the stated aims of funding the development of a single cross-sector quality mark is necessarily in the best interests of those sheep producers but NSA would encourage AHDB to look at alternative means by which it can add value to the products of its sector companies.