Market review

Autumn & Winter 2020

freshdirect™ M&J. FRESH FAYRE — Est. 1983 — wild harvest

Contents

Foreword

Raj Tagnuait
Group CEO

Dear customer, I hope that both you and your families remain safe and well. I wanted to briefly share with you what we are doing to continue to support you, the industry and the nation through this pandemic. We know that value will be more important now than ever and our team has worked incredibly hard to deliver our winter plans this year.

We've taken swift and decisive action to adjust to our new operating environment to help advance and focus the capabilities and offering of our business. This has been possible because of the support and investment provided by our parent company Sysco, who are a global leader in foodservice.

We've taken the necessary steps to strengthen our teams whilst also dedicating significant time and resource on strategic initiatives. Here are just some of the actions we have taken in recent months to support you through lockdown and restart, and allows us to continue that support during recovery too. These actions will make us come back stronger, which in turn will benefit you:

- Merged the back-office processes of our four brands (Fresh Direct, M&J Seafood, Fresh Fayre and Wild Harvest) to reduce our structural costs.
- Integrated our systems and network to enable single ordering across all fresh categories.
- Enhanced our online capability with the launch of our brand new digital app, which allow our customers to order anytime and anywhere.
- Commenced engineering work on a state of the art co-located seafood, produce and deli facility at our head office in Bicester which will reduce logistic costs and offer a fresher product to customers.
- Continued to pay our suppliers on time to ensure we maintain product availability for our customers.
- Invested in surplus product through volatility of demand to ensure our customers can provide the best menu experience for consumers to return. Anything unsold is donated to food charities such as FareShare.
- Supported some of the 1.5 million people deemed vulnerable across the UK during the pandemic through our partnership with DEFRA. Our team provided 884,000 care packages over four months, packing an incredible 1,200 per hour at its peak. This effort was acknowledged by George Eustice, the Secretary of State for Environment, Food and Rural Affairs.
- Donated more than 200 tonnes of fresh food to worthy causes, such as FareShare and the Felix Project. The surplus product donated to FareShare is redistributed to community groups and equates to almost 350,000 meals. This community effort has earned Fresh Direct and FareShare industry recognition industry recognition.
- Retained and supported talent through furlough and providing salary top-ups, although like many businesses, we also had to make difficult decisions with some redundancies to reflect the difficult market conditions.

The supply chain remains under extraordinary pressure post-Covid with concerns around erratic demand in foodservice, an increased shift to retail as well as Brexit uncertainty. There are also a number of factors driving up cost, in particular labour shortages and reduced air and sea freight capacity. These issues risk causing availability issues, quality concerns and cost inflation during the upcoming season and beyond. I'd like to reassure you that through our actions, our team have done an incredible job to drive value and give you a robust supply.

"We've enhanced our technology and launched brand new digital platforms across our fresh businesses"

The collective scale of the Sysco business makes us the largest fresh supplier in foodservice by some distance. We're committed to leveraging this scale to drive value and ensure availability on behalf of our customers. Some examples of the efficiency opportunities we've identified include:

- Stocking vehicles to capacity and delivering into fewer locations
- Improving supplier payment terms to support their cash flow, therefore allowing them reinvest
- Removing non-essential packaging from products
- Utilising new countries of origin to source the best available product when in season

I'm very excited about another initiative that you'll hear a lot more about in the coming months – 'Freshliner'. This unique proposition offers access to the full fresh range – produce, seafood, deli and speciality ingredients – through one order, delivered on one vehicle and processed on one invoice. This mitigates the logistical costs which is the single biggest cost in the supply chain, without any compromise on range or service. There is a lot of work to do behind the scenes to get this ready for wider roll-out, however we anticipate we will be ready to launch by May 2021. Speak to your account manager for more details about the Freshliner.

I'm absolutely delighted to be introducing this latest edition of our bi-annual market review which for the first time combines insight and knowledge from across the Sysco Speciality Group - Fresh Direct, M&J Seafood, Fresh Fayre and Wild Harvest.

As part of a global leader in foodservice supply, we're taking our role in protecting this industry for the long term very seriously. This is only possible if you thrive. I promise you that our teams will work hard on your behalf to deliver the full fresh range for the best value. There will no-doubt be bumps along the way but be reassured you are partnered with the most secure foodservice supply partner in the UK through these uncertain times.

The economy

Overview

Metrics on the economy are currently fluctuating, as different Government measures and announcements affect how businesses and consumers act.

The key measure of GDP showed the expected steep fall in Q2, with the Bank of England guidance that it would return slowly through the rest of 2020 and through 2021 – a V-shaped recovery.

Unemployment is expected to reach 7.5% by the end of the year, almost doubling where it was at the start. The measures introduced by the Government ought to help mitigate the worst job losses, but the Bank of England forecasts are that unemployment levels will fall back again towards the 2019 figure by the middle of 2022.

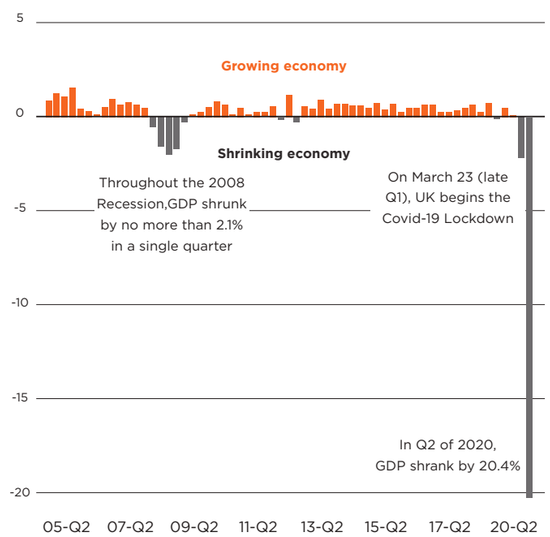
Barclaycard data from August showed that spending on Mondays, Tuesdays and Wednesdays was up by 34.2% compared to July, which was hardly a surprise, however overall spending in August was down, with the same Barclaycard data showing that the total number of transactions was down by 11.6% and the value of transactions lower than last year by 7%.

This reduced level of spend is reflected in lower inflation levels, with the figure for July sitting at 0.6%, and an expectation that inflation will fall towards 0.25% by the end of 2020.

Overall, the economy is reflected in the confidence of British consumers, and the GfK NOP long-running survey of consumer confidence still sits deeply in negative territory at (-27), having fallen dramatically in March. Confidence in the economy and in personal livelihoods has been negative for several years, but not been this low since 2009; low confidence is demonstrated by a reluctance to spend freely, by being more cautious, and this may have a marked impact on the hospitality industry where most purchase occasions are totally discretionary.

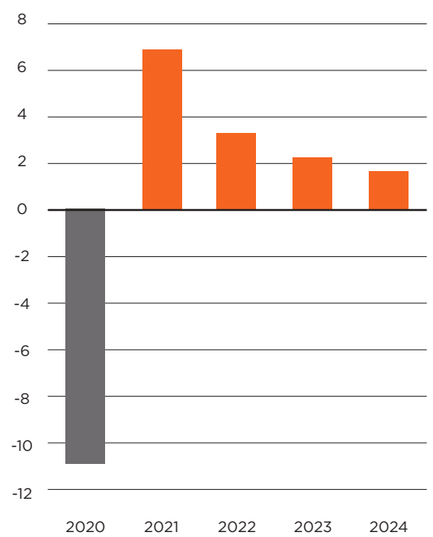
The biggest GDP decline in history

Quarter on quarter growth, %



GDP recovery will take time

GDP growth, %



Foodservice price inflation

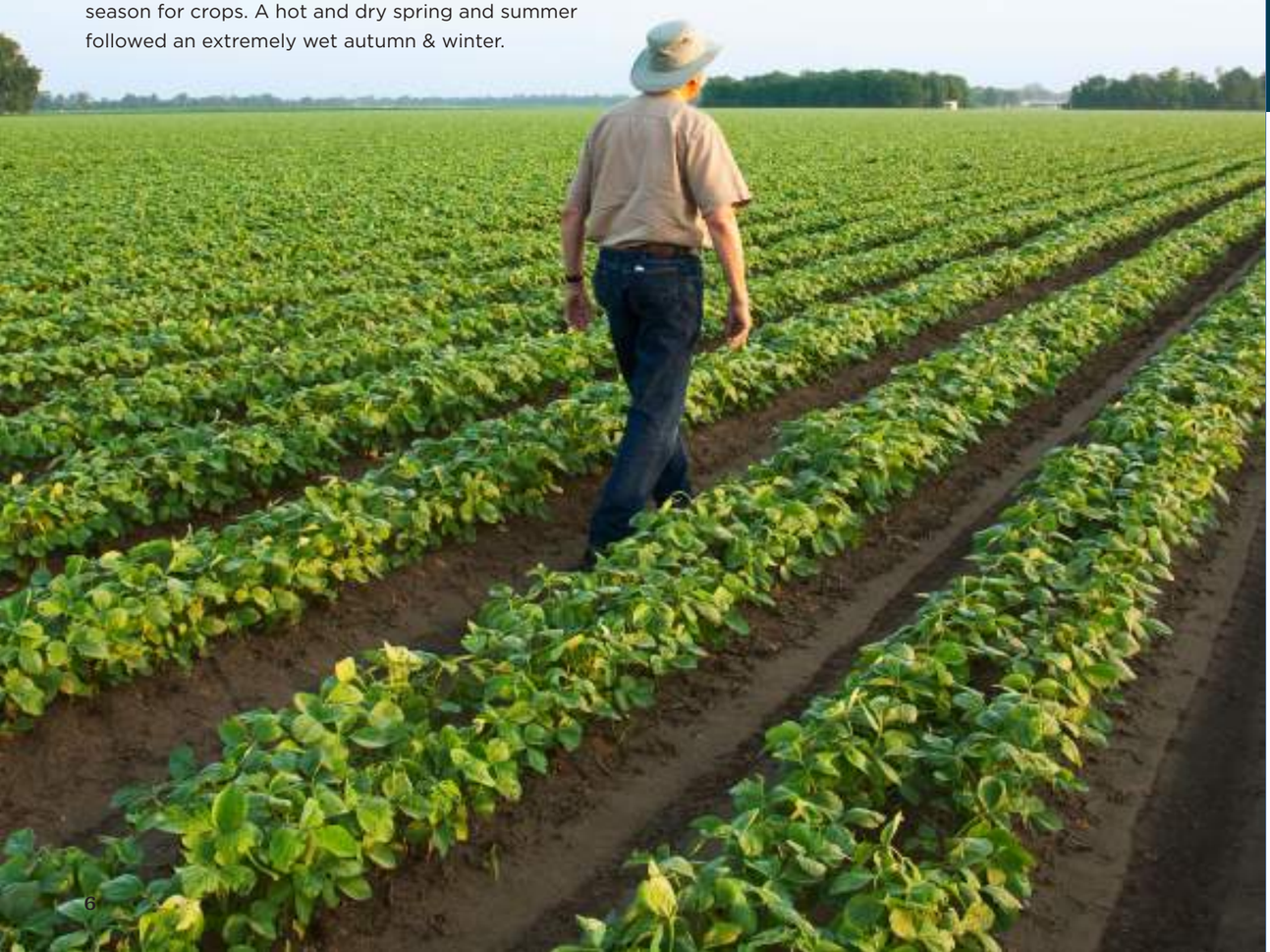
The Foodservice Price Index has again continued to rise this year, pushing year-on-year food inflation to +0.5% for July 2020 (CGA Prestige, July 2020). This is a consecutive year-on-year rise which saw food inflation rise by 3.4% last summer, June 2019. We continue to experience upward movements on cost prices, following initial fluctuations caused by the Covid-19 pandemic and uncertainty around Brexit.

A return to business on July 4th allowed 'normal service' to resume for the hospitality industry. Subsequently, demand for food temporarily increased due to Eat Out to Help Out throughout August. Despite this, many premises remain closed and a further sustained rise in Covid-19 cases would likely impact pricing for a second time this year, as we saw in March & April.

Uncertainty in supply is causing fluctuations in pricing for many categories. Due to a less than ideal growing season for crops. A hot and dry spring and summer followed an extremely wet autumn & winter.

Logistical issues throughout the pandemic has heavily impacted fresh vegetables and fruit. "Both exports and imports have been almost universally down around the world and supply has been difficult to manage" (CGA Prestige, July 2020).

Looking ahead to the next six months, we expect Brexit uncertainty to have a considerable impact on pricing and ongoing Covid-19 impact to continue. Uncertainty surrounding borders post January 2021 and continuing uncertainty of Covid-19 have led many logistics companies to inflate transportation costs in the wake of potential delays and disruption to mitigate losses. CGA Prestige Foodservice Price Index, July 2020 data forecasts an increase in the Foodservice Price Index of between 5.4% and 8.4% by July 2021.

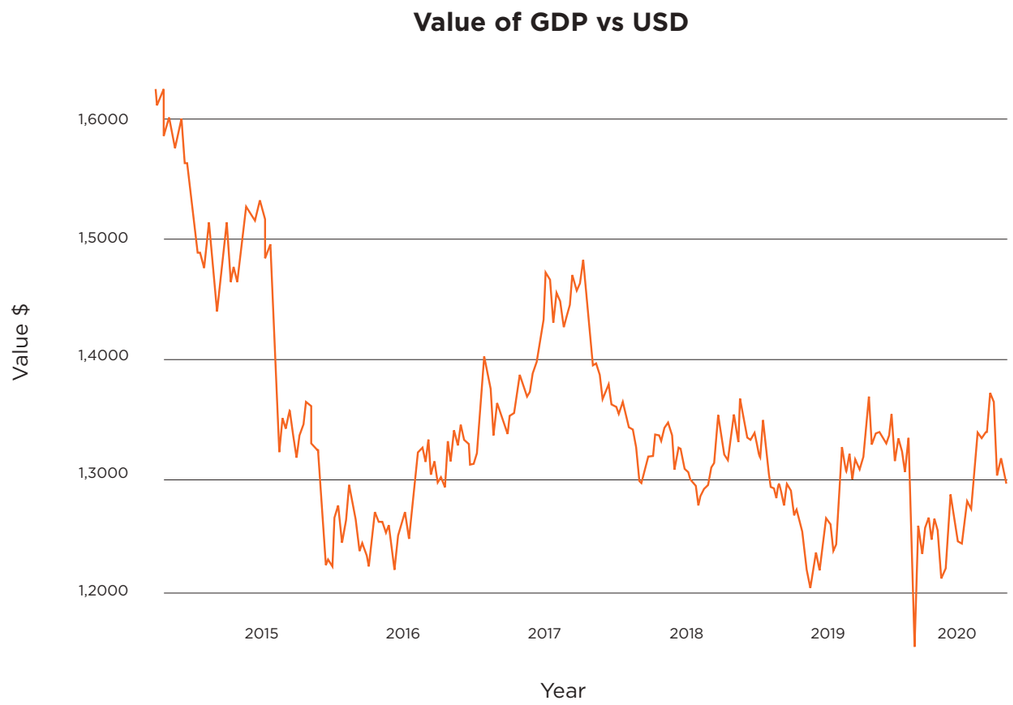


Currency

The pound reached a 5-year low against the dollar in March with 1 GBP valued at 1.164 USD as the UK government imposed a lockdown to slow the infection rate of Covid-19. September also saw the valuation of 1 GBP at 1.080 EUR, a drop against the euro of over 11.5% since February, pre-lockdown.

A combination of Brexit and Covid-19 uncertainty has again led to a lack of market confidence for direct foreign investment into the UK with consecutive drops in quarter 4 of 2019 and quarter 1 of 2020. Office of National Statistics (ONS) Q1 data for 2020 highlights a £17.87 billion drop in foreign direct investment into the UK.

The drop in Sterling, in March & September, following news of an increased likelihood of 'no deal' as the beginning of the new year looms, illustrates the potential further impact of a disorderly Brexit on currency – this remains as big a risk to food price inflation in the UK as does predicted post-Brexit import tariffs.



Covid-19

Where are we now?

With the rates of Covid-19 rising rapidly, the industry and the economy is placed into a difficult position; The Government need to put in place measures to supress infection rates, whilst the industry needs to continue encouraging consumers that it is safe, and beneficial to all, to return to eating and drinking out.

The forecasts within the 'Immediate Future for Foodservice/Hospitality' report took into account a couple of key factors:

1. That it was likely that the start of Autumn and Winter would see an increase in infection rates, as hospitality operations moved indoors, and confidence grew. The forecast doesn't include a second spike and national lockdown, as the belief is that the Government would not want to stifle education and business for a second time.

2. The economic impacts from unemployment will affect the industry through a reduction in disposable income for the rest of 2020 and for the first half of 2021

The more recent support from the Government with the reduction in VAT and the Eat Out to Help Out scheme did encourage consumers to return to the sector, and raised awareness of the need to support the hospitality market, but there are concerns over the long term effects of discounting, with most operators reverting to normal pricing for September. EOTHO provided a short-term boost for operators that is expected to fall away again through the autumn. The EOTHO scheme did show an effect on grocery retail sales, with those falling by £155m in August.

There are still many sites that are not open fully, and it may be that those sites will not re-open at all. The CVA process for many high street restaurant operators has taken c.15% of the branded restaurant estate out of operation. There are pubs that have not been able to withstand the revenue decreases through lockdown, despite support from tenanted pub companies, and have shut; there is hope however that a new wave of redundancies will lead to new applicants to run a pub. The 10pm curfew announcement has taken a chunk of revenue away from restaurants and pubs, with a range of c.4% to c.50% decrease expected.

The sectors most severely impacted include Travel, where food travel experts, SSP has announced huge decreases in UK revenue, and only have a small proportion of their UK estate open, although roadside operators are faring well, as anyone visiting a motorway services over the summer might have seen; Business & Industry elements of Contract Catering were slowly getting trade levels back with a slow return to offices from the start of September, but this is likely to be setback with latest instructions to work from home where possible.

In the Hotel sector economy and mid-market hotels are affected by lower business travel, and a reluctance to dine in these hotels. Upscale city hotels are also dragged down by a complete lack of inbound tourism, whilst those hotels in leisure/staycation locations are doing very well, and able to charge a premium, although their restaurants have reduced covers and therefore are seeing a drop in revenues.

The leisure sector, events and late-night venues are all severely impacted, and it is expected that they will be for the next 6 months.

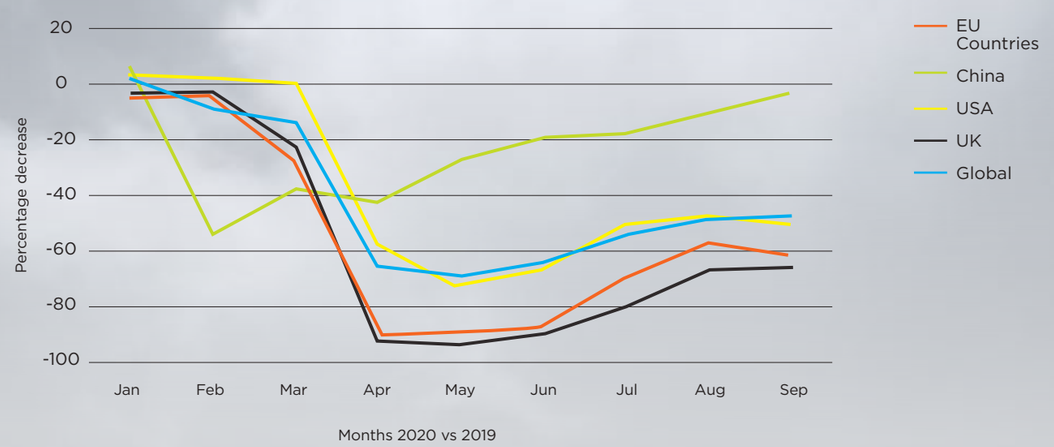
There are positive signs of hope, as we saw pubs and restaurants attract customers back during August. Although those drivers of increased business are hard to maintain for a long time, as the combination of good weather and a Government subsidised money-off scheme are not replicable for the next 6 months. If operators can demonstrate good value and can provide an attractive and safe environment, then they can win back consumers. A bell-weather of the industry is seen with Mitchells and Butlers' trading update showing that they have c.95% of their estate open, with those open achieving 93.6% of 2019 sales levels in the first three weeks of Sept.

Transportation

We are seeing significant increases in the cost of freight caused by the effects of Covid-19 & Brexit uncertainty.

Since a global pandemic was announced in March 2020, the impact on the aviation industry has been substantial & prolonged. There has been a significant reduction in air traffic and in particular, passenger planes. Aviation analytics data from OAG highlights a global reduction in flights of 51% between March to September 2020 versus the same period in 2019.

Decline in global scheduled flights year-on-year



Source: OAG, September 2020

Reduced air freight capacity driving higher costs

The UK experienced an unprecedented reduction in flights of over 90% between April to June 2020, versus the same period in 2019 (OAG data, 2020). September data suggests the UK aviation industry is operating at 35% capacity and the global industry at 48% capacity, these figures point to recovery remaining slow with a sustained reduction in flight numbers, in comparison with 2019.

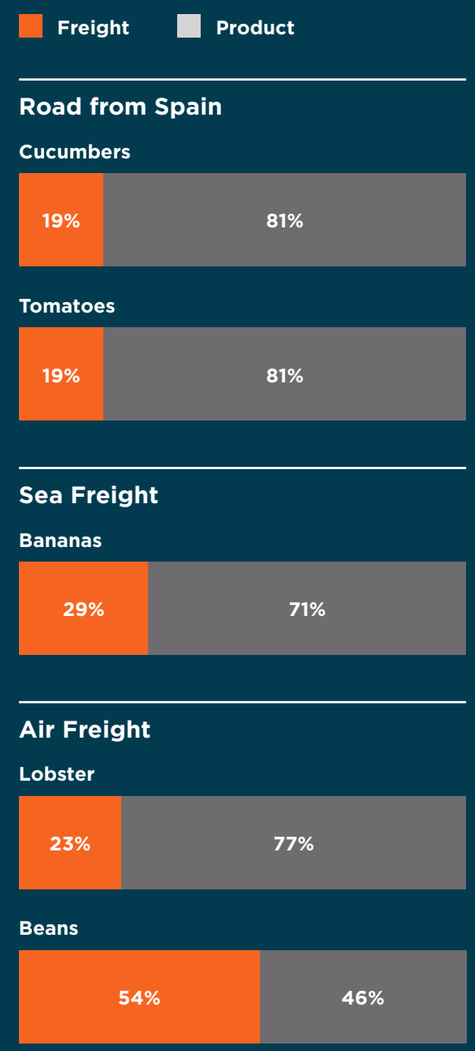
Air freight is predominantly shipped via commercial passenger planes. The price of the flight is usually partially offset by paying passengers. However, due to widespread lockdowns enforced globally and freedom of movement restricted as nations closed their borders, a considerable number of passenger planes have remained grounded. This has resulted in a global reduction of flights and an increased cost to transport via air freight. Additionally, costs have increased as freight is being predominantly transported via cargo planes, which are typically 30% more expensive than passenger planes. Cargo freight companies continue to have demand that exceeds supply, allowing inflated prices to continue.

The transportation of food for the hospitality sector has taken a 'backseat' in the UK since March as priority has been given to personal protective equipment and medical supplies. Additionally, ONS figures show retail sales are 4% higher than in March, when a pandemic was declared, creating greater demand for reduced air freight availability.

The direct impact to our industry is increased cost to deliver. Where produce is of a substantial value, the increased air freight cost does not impact the sale price as heavily. For example, the price of lobsters remains viable as price is broken down by product versus freight, at 77% vs 23% respectively. However, for lower priced items such as beans, the price split is 46% product vs 54% freight, which is less appealing. A spike in freight cost has an unavoidable impact on the price of produce, and consistent monitoring is required to determine the viability of using air freight over other transport methods.

Freight in focus

Freight cost as a percentage of total cost



The direct impact to our industry is increased cost to deliver. Where produce is of a substantial value, the increased air freight cost does not impact the sale price as heavily.

Source: Proprietary data

Uncertainty over Brexit driving transportation costs

Ongoing Brexit negotiations, despite obvious tariff implications, brings equal transportation consideration for road & rail freight. It is predicted that the volume of British produce exported to the continent will decline, particularly if a no deal decision is reached between Britain and the EU and free trade corridors close. Put simply, there will remain a market for goods & produce entering the UK however there will be lesser demand for produce leaving the UK on the return journey, in the same vehicles. A two-way transportation system maintains a consistent flow of goods and a steady price, however a disruption to this is likely to unsettle the market and increase road & rail freight costs. This unknown Brexit uncertainty has caused some freight companies to avoid travel routes to the UK from January, until terms of any agreement are finalised, and sufficient operational planning can take place. These companies will instead favour established trade routes to other EU countries without unknown factors affecting their operations.

Logistics UK reports government plans for 'Smart Freight' an electronic road & rail freight system into Europe via the Dartford crossing, which was due for completion in December 2020, have been delayed until April 2021. This fully operational digital service is designed to reduce delays at ports, despite an increase in documentation & customs checks as drivers' cross border controls into the EU.

As we go into winter an increased demand on produce from the continent is required to maintain availability as British seasons come to an end. Around 40% of our winter produce is grown in Spain and a further 10% imported from other parts of Europe. A significant challenge to our business is the reluctance of hauliers to deliver to the UK, and further barriers to entry; travel delays, lengthened customs processes and a reduction in return goods is likely to exacerbate their concerns and drive up costs.

Several major hauliers went out of business last year. Due to the added pressure caused by Covid-19, this trend looks likely to continue further. Fewer haulage companies operating, reduces competition resulting in potential cost increases. As a result, the cost of products is inflated, purely due to additional transport costs. Companies are also expected to factor in additional costs that border delays are expected to cause, to cover their losses. Route and time planning for freight companies is critical across their fleet, they are considering potential delays at the UK border, that could disrupt their business efficiency and sighting inevitable cost increases as a result.

Therefore, it remains our priority as the leading supplier of fresh produce in the UK to maintain our supplier and haulier relationships. We continue to be members of Europe's largest foodservice buying group, Constellation, which includes large partners in France, Sweden, Ireland, Germany, Italy and Finland – all with the same goal of continuous customer supply.

We continue to minimise risks to availability and are working hard to avoid any disruption to our supply chain, through strategically selected suppliers both EU and non-EU, based on their logistics capabilities and transport routes, giving us unparalleled global scale in foodservice.

Corporate social & environmental responsibility

Doing the right thing for our people, our customers and the planet

We deliver fresh food to thousands of discerning customers every week. We follow all relevant guidelines and legislation which ensures we do things right, but we are also very keen to do the right thing. For us that means conducting our business in a way that respects and protects, our people, the customers we serve and our environment.

We operate our supply chain in a safe, responsible and respectful way and we ask that our suppliers share that commitment, we work closely with each supplier to ensure a more sustainable future in foodservice. Where appropriate across the group we request our suppliers to be LEAF Marque or equivalent accredited and a Sedex member. Many of our supplier partners are accredited and we continue to encourage a greater percentage to support our requirements.

At M&J, we will work with suppliers who take the future of our seas as seriously as we do. Over the years that means we have sat at the table and given advice to the United Nations and the UK Government as well as globally recognised NGO's. We work with the Marine Stewardship Council (MSC), the Marine Conservation Society UK, Global Aquaculture Alliance and GlobalGAP to name but a few. We have a large and growing range of MSC and ASC (Aquaculture Stewardship Council) accredited fish and seafood, we will never include MSC rated 5 fish to avoid and we will never, under any circumstances sell fish on the IUCN's 'Red' list.

Industry leading packaging reduction initiatives

A key priority for us is to remove any packaging that does not offer product protection, shelf life benefit or support containment of the product. We are committed to reducing, re-using and recycling the packaging we use in our business, here are just a few highlights from recent packaging initiatives;

- The use of home-compostable nets for all lemons, limes & easy peelers from summer 2020 will remove over 2,000,000 plastic nets per year
- Returnable carrot trays removes over 11 tonnes of cardboard per year and takes 3 trucks off the road per week
- Unweighting some of our popular soft fruits will remove 800,000 single use plastic punnets per year
- Removing plastic liners from bulk apple boxes removes 8 tonnes of plastic
- Working alongside a major customer, we are able to return and re-use 9,000 plastic mushroom trays per week
- Replacing our fresh fish packaging with fully recyclable vacuum pack trays keeps the products fresh and ends the use of non-recyclable packaging

Reducing Food waste
Reducing food waste is high on our agenda, as one of the UK's leading fresh food wholesalers, we know first-hand how difficult it can be to tackle food waste, especially when fresh food has such a limited shelf life. That's why each of our sites work with local and national charities to make good use of any product that we cannot offer to our customers.

Our partnership with FareShare has been industry recognised and shortlisted in the Ethical Supply Chain category at the Supply Chain Excellence Awards. Earlier this year we donated more than 200 tonnes of fresh food to foodbanks such as FareShare and the Felix Project who convert the donations in to care packages and meals for those that need it most.

During the recent lockdown Fresh Direct, M&J, Fresh Fayre and Wild Harvest all donated surplus stock to local communities, vulnerable people, food banks and other charitable causes. Fresh Direct alone donated more than 137 tonnes of fresh fruit, vegetables and dairy products to worthy causes.

Driving down food miles
We run a large delivery fleet across the UK that ensures our customers receive the freshest products delivered the next day. Whilst maintaining the highest level of service, we constantly review ways to reduce food miles and in return minimise our impact on the environment. We are working actively with customers to consolidate their deliveries across the ranges we supply, improving operational efficiencies for both parties and driving down food miles. A recent initiative with a large multi-site operator to consolidate deliveries realised a 250,000 annual saving in food miles.

In addition to lowering food miles, we continue to invest in our vehicle fleet, ensuring that our new vehicles meet the latest European emission standards, reducing the amount of harmful pollutants produced.

Supporting the community during lockdown
Our Fresh Direct operation at our site in Corby played a key role in supporting some of the 1.5 million people in the UK deemed vulnerable during the nationwide lockdown earlier this year. The service was provided on behalf of the Department for Environment, Food and Rural Affairs (DEFRA). Together with other foodservice distributors (Brakes and Bidfood) they provided essential grocery boxes for vulnerable people self-isolating. At the peak, the team in Corby were picking and packing an amazing 1,200 boxes per hour.

Our vision is to be our customers' most valued and trusted business partner, and we are committed to doing the right thing for a more sustainable future.

Working actively with customers to consolidate their deliveries – driving down food miles

Brexit update

by Richard Walker, procurement director

December 31st, 2020 marks the end of the Brexit transition period. Up until this date there has and will be no change to our trading position and agreements with the EU. However, from the January 1st, 2021 this will change and disruption to a varying degree is inevitable.

There are two scenarios Britain could face as the new year commences that we are prepared for; if a deal is reached between Britain and the EU, or if no deal is reached. If a deal is reached, we could expect low level import and export tariffs, to varying degrees. We should also expect disruption at our borders as new systems and procedures are deployed to reflect the movement of stock through a more heavily regulated border crossing process, into the EU Customs Union and the Single Market.

If no deal is reached, we expect to see import tariffs applied on some food items and increased checks at border crossings and UK ports as paperwork procedures increase. With 40% of the food consumed in Britain being imported, it is likely that delays and disruption to incoming goods will in turn cause product availability issues. This is particularly the case for fresh produce as it generally has a short shelf-life and is reliant on smooth transportation into the UK, direct from source. Therefore, this could be the biggest challenge we face. Despite this we are well placed in our industry, our advanced mitigation and contingency planning has put us in our strongest position yet to provide the best possible support to our customers and we head towards the new year with confidence.

We are committed to making this transition as seamless as possible and are working hard behind the scenes to keep disruption to a minimum. Planning for any eventuality is essential and as your chosen foodservice operator, we take this responsibility very seriously. Over the last two years and beyond our dedicated team has maintained regular communication with our customers, represented the industry and lobbied on your behalf, maintaining a close connection with government partners such as CBI and DEFRA. In addition, we have worked closely with our supplier base to ensure their plans are robust and do not see availability of product at source as a concern heading towards the end of the Brexit transition period.

Our objective is to minimise all customer impact through our logistics planning, knowledge of import regulations, the scale of our business, and our vast expertise and experience makes us the best placed foodservice provider for our valued customers.

We will continue to update you when any important milestones are reached or if anything changes. In the meantime, should you have any concerns or queries, please do not hesitate to get in touch with your account manager.

Over the last two years our team has represented the industry and lobbied on your behalf, maintaining a close connection with government partners such as CBI and DEFRA.

Industry outlook

The future of foodservice by Simon Stenning

Simon Stenning, founder of FutureFoodservice.com, a leading forecaster, analyst and commentator on the UK hospitality and foodservice market has produced detailed forecasts for the 'Immediate Future' of the UK Foodservice market' covering the 18 months from July 2020 to the end of 2021.

A predicted 50% fall in UK foodservice turnover in 2020, with one in four outlets closing

This is a cautious, not-overly ambitious forecast, but not the worst-case scenario; The forecasts are that the UK Foodservice sector will lose £23bn in the second half of 2020, achieving only 53% of 2019 income levels, and, as a result of coronavirus, 22% of all hospitality outlets will not be open by the end of 2020.

Following a period of survival in 2020, a period of recovery follows, and for the whole of 2021 the forecasts are that the industry will slowly pick-up, growing each quarter, but will experience a £10bn fall in revenues, down to only £88bn, 10% lower than in 2019.

Whilst there are factors that will slow down the industry's growth, the long-term growth forecasts for the industry are that it will recover to 2019 levels by 2025 at the latest, as the economic impacts linger, but that it will eventually increase to £108bn by 2030.

As well as the economic challenges from rising unemployment and reduced investment, the sector faces a major task to continually convince their customers that their venues are safe for eating and drinking out. Whilst the July re-opening and August Eat Out to Help Out scheme have been positively received by many consumers, there is still a large proportion of the population that are not venturing out nor returning to old behaviours.

Various consumer research studies prior to re-opening showed that caution is required, with a figure quoted by research firm CGA that 21% of consumers would eat and drink out less frequently than before, and insight from research commissioned by leading chef Marcus Wareing showing that 34% of consumers expected to spend less when they returned to restaurants. These insights imply severe revenue decreases for operators, regardless of sector, and this is what we are seeing from early results since July.

In lockdown, there was an obvious switch from Eating Out to Delivered services, despite some restaurants not opening for a while. This switch to, and increase in, food delivery from restaurants and kitchens has remained despite restaurants re-opening at the start of July and is part of a long-term trend of changing consumption habits. It is forecast that the long-term share of stomach will change, with Grocery losing share to Eating Out, Delivery and an increase in Snacking; so out of c.90 total meals eaten each month, less come from Grocery shopping.

Financial modelling shows that despite decreasing headcount, reducing costs and maintaining margins (which will be harder with potential increases in supply chain costs), a restaurant operating on 50% normal sales plunges to a significant loss, and only a rent reduction, rates holiday and drastic salary cuts will enable many restaurants to break even. The VAT cut (from 20% to 5%) from July was not passed on to consumers in the majority of operations, other than some large-scale branded chains such as Costa Coffee and McDonald's. Most operators kept pricing the same in order to benefit from the increased margin to help with cash flow.

The hospitality industry faces enormous challenges and a worrying situation of losing 47% of normal revenues.

At the end of 2020, and in 2021, there will be a significant increase in unemployment which will drag down consumer discretionary spending, whether physically reduced, or through exercising more caution. All together, these economic effects will mean that many sites won't re-open or will fail within a few months.

The new normality post-lockdown includes an expected reduction in travelling and commuting by public transport and more working from home, together with dramatic falls in in-bound tourism. As a result, certain sectors of the market will fare better, including Fast Food, which will steal share from service-led restaurants, due to their ability to provide takeaway, delivery and drive-thru services, as well as delivering intrinsic value. Forecasts are that Fast Food will achieve 77% of normal revenues for the rest of 2020, whereas service-led restaurants will achieve only 48%.

Other sectors to struggle over the next 18 months include hotels, travel, and leisure. Sectors that are better protected against the impact drivers include pubs, due to their local nature and potentially benefiting from an increase in staycations; contract catering, due to the breadth of services provided, although they are being dragged backwards by a very slow return to workplaces; high street foodservice that provides packaged, value-led products, although city centre footfall will be reduced.

Other predictions include a rapid deployment of new technology to help with the challenges, especially with order & pay systems and apps, but also with automation and applied AI. Whereas pre-Covid many operators felt that tech would only play a marginal role in their businesses as the nature of hospitality is all about human interaction, we will see the biggest paradigm shift, as technology solutions that reduce

staff contact will now be embraced by both operators and consumers, especially given recent Government measures that Pubs need to provide table service.

Stenning comments "The hospitality industry faces enormous challenges and a worrying situation of losing 47% of normal revenues. It is imperative that the government continues to provide significant levels of support given that it is such an important employer and tax generator. All sectors of the industry are affected, and it will take time for consumers to revert to their previous behaviours.

"The incredibly hard-working, caring and hospitable nature of the industry is doing its utmost to professionally manage the welcoming back of customers and provide safe spaces for us to enjoy our social lives again. However, economic, consumer, profitability, safety and locational factors mean that the industry is facing challenges never encountered before."

At a glance:

Paradigm shift for the UK hospitality and foodservice industry will see a drop of £23bn revenues for the second half of 2020, achieving only 53% of 2019 levels.

22% of all UK hospitality outlets will not be open by the end of 2020

Rapid deployment of new technology especially order & pay systems and apps

Fast food outlets will far better and take share from service-led restaurants

Category overview

Key factors affecting product supply and pricing

Factors affecting most categories this Autumn / Winter season;

- Supply and production repercussions as a result of Covid-19. For example; travel disruption, labour shortages, health & safety restrictions on workforces, unusual product demand and increased production costs (PPE and other costs to keep people and product Covid-19 secure).
- Brexit uncertainty, including supply and cost implications, potential border delays and increased product tariffs.
- Unfavourable weather conditions in some countries across Europe during the growing and harvest periods
- Significant increase in freight cost due to a dramatic reduction in air travel and the consequent fall in freight availability.
- The ongoing roll-out of living minimum wage across many countries, impacting on labour costs for the suppliers we work with.

We have highlighted the specific detail affecting products within the relevant category sections.

Vegetables

CGA Prestige Subcategory report, July 2020 reported "Labour costs have risen circa 34% since 2016 across the fresh produce sector and some growers have 'reported that the loss in seasonal workers due to the pandemic has added as much as 15% to overall staffing costs."

Alliums

Onions - UK, Holland & Spain

The European growing season has improved on previous years. However, improved stock levels have been affected by the UK's national living wage which is having a significant impact on the onion category this season. The living wage was increased in April and repercussions are still evident in the market as an increase in prices are felt due to an increased percentage of onions grown in the UK. This should however alleviate risks from EU supply shortages as the Brexit deadline on January 1st looms.

Hot weather during the summer leading to extremely wet weather can cause growth of fusarium fungi and damage onion roots. If this happens, new plant growth is affected, and onion bulbs may be small and immature. In addition onions infected with fusarium quickly rot in storage, leading to challenges in overall supply. This is something which we continue to monitor with our suppliers.

Garlic - Spain & China

The majority of garlic supply to the UK comes from China, where supply has been impacted by Covid-19, both increased shipping costs and labour shortages have heavily impacted the garlic market.

Similarly, Spanish yields were negatively impacted as labour shortages caused the garlic to not be 'nursed' as well as it should. Subsequently, growers lost money and as a result are growing less in an attempt to push increased market demand and manage pricing.

Brassicas

The UK weather has had a serious impact on the production of Brassica over the last few years,

Grower confidence and a willingness to continue investing has been badly hit by two consecutive seasons of difficult conditions. Production costs have continuously outstripped returns and loss-making brassica crops are forcing growers to ask difficult questions about the future. British Growers, Fresh Produce Journal reports "brassicas are declining with growers looking to lower risk cereal crops as a safer and more profitable alternative."

Broccoli - UK & Spain

Broccoli will be sourced from Spain during the winter months. The colder temperatures closer to home mean the UK crop cannot withstand the British winter climate.

Cauliflower - UK

Our cauliflowers continue to be 100% UK sourced this winter, grown in Cornwall. The warmer Cornish climate lends itself perfectly for growing cauliflower all year round, with the outer leaves protecting the flower. Supply will be supplemented by crop from Lincolnshire and Suffolk to ensure we meet demand.

Cabbage - UK & Spain

The climate this year has been excellent for growing cabbage in the UK. The popularity of savoy cabbage continues to rise, following a similar trend from last year.

Spring Greens - UK

Spring greens are sourced in Cornwall with Kale sourced from Lincolnshire. Kale yield has been low for the past two years.

Sweetheart Cabbage - UK & Spain

Carrots

- UK

The UK is usually self-sufficient when it comes to carrot consumption and we believe this year to be no different. We have forecast for a full supply of carrots to come from the UK as we go into the Winter period with growers across the land from Suffolk to Scotland.

The season kicks-off in Suffolk where the carrots are grown 'under fleece' producing a mini micro-climate and to allow the plants to establish and protect from insect/pest damage.

Crops for later in the year (late October to Early November) onwards are covered in straw and stored underground. This method minimizes risk of frost damage, keeps them warm and stops the carrots from growing, allowing them to lie dormant in the ground until harvesting is required.

Two main factors affect this year's carrot crop. Firstly, particularly warm weather at the front of the season, held back crop growth. Secondly, during the pandemic, increased demand from retail prevented carrot crops from being allowed time to grow and stock levels to recover. We are already 3 weeks ahead of our normal harvest but believe that the crop sizing should recover by mid-October.

We are delighted to be the food service partner of choice for FreshGro and this strategic partnership allows for full crop utilization which significantly reduces waste as they grow, pick and pack.

Potatoes

- UK

Our potatoes are sourced from the UK. Typically, early season potatoes are sourced from Cornwall, Norfolk and Suffolk and Heritage potatoes from Northumberland.

September through to November is the peak harvesting season, however, last year the harvest continued until January due to heavy flooding in the growing regions. This resulted in crops remaining in the ground longer which saw a reduction in the amount of good quality potatoes harvested and a lower yield, producing less quantities for long-term storage.

Similar challenges with the weather this year have occurred. During the early part of the growing season the UK experienced prolonged high temperatures which stressed the crop. If we see too much rain again during the harvest period it could mean that growers will lift a wet crop, which is likely to impact storage and shelf life. Despite this, supplier forecasts predict yields to rise and expect them to be slightly up on last year, subject to optimum weather conditions during the harvest.

Additionally, some of our growers are sighting a 6% year-on-year increase in the living wage that will impact pricing particularly in the prepared potato category.

E Parks are a major supplier and key strategic partner for our business, Director Richard Park gave his predictions for the winter season;

"After two very difficult seasons, this year's growing season has been better'.

All of the baby and salad potatoes have now been harvested and are in store. The main crop potatoes will all have been harvested and put into store by the end of October. On the basis that we do not have heavy rainfall during the month of October, we should have an above average growing season this year, with plenty of potatoes on the market.

If we are able to harvest all the crop, then we expect the price of potatoes, for the entire season, to be relatively stable.

As matters stand, we do not believe that there will be any supply issues this season. In any event and as done in previous seasons, we mitigate any supply issues that we may have by storing approximately 10,000 tonnes of potatoes onsite. In the event of bad weather conditions, we can fall back on our stored crops to ensure all orders are supplied in full.

Unlike other fruit and vegetable industries such as berries, potato growers do not rely upon large workforces to collect their potato harvests. Therefore, Covid-19 should not impact the harvesting season."

Exotic produce

The exotics category consists of asparagus, beans, mango, root ginger and tenderstem broccoli

This category has been affected by the reduction in air freight capacity since the outbreak of the Covid-19 pandemic, which has led to large price inflation in these products.

The price of these products is further compounded by the challenges surrounding labour movements and shortages in the producing countries caused by Covid-19 related social distancing, safe working practices and labour unavailability due to sickness or isolation.

Root Ginger - China

As China is the biggest producer of root ginger in the world, supply and consequently price has been significantly affected by Covid-19. During the lockdown in China, many of the labourers returned to their home provinces and supply was impacted, post lockdown harvest has been disrupted by a significant reduction in labour as it is proving challenging to recruit workers back to the farms.

Mangoes - South Asia, South America & Europe

As with many other exotic produce products, mango supply and price is being impacted by air freight availability. Prices of product from Europe, particular Spain is also being affected by increases in domestic labour costs as producers are factoring in the increased costs of labour as a result of implementing 'living wage' schemes.

Additionally, imports of European product is impacted by the increased cost of transportation to the UK, a direct result of Brexit uncertainty and the knock-on effects to the road haulage industry.

In line with our commitment to remove unnecessary product packaging we are working with our mango suppliers to remove the 'tray/ punnet' from twin pack mangoes. Our initial trials have shown no detrimental effect to fruit quality. This minor change to packaging going forward will reduce unnecessary product packaging and reduce our impact on the environment.

Beans - Morocco & Kenya

Asparagus - Peru & Mexico

Tenderstem Broccoli - Spain & Kenya

Supply and price of all these products is being affected by the reduction in air freight availability, a direct result of the impact that the Covid-19 pandemic has had on worldwide air capacity in both passenger and freight services.

To guarantee continued availability of these products we are forced to use air freight at significantly higher costs than usual which has a significant percentage cost impact on the unit price of these products.

Avocado - Spain, Mexico, Israel, Chile, Morocco, Columbia, Guatemala, Portugal & Dominican Republica

Avocado demand has continued to rise in the UK over the past 8 years (Fruitrop, 2020) and it remains a challenge for growers to keep up with increasing demand of this superfood. Information Resources Inc. data, 2020 shows avocado price rising 10.3% globally due to a surge in global demand. Domestic consumption has also increased in some of the producer countries, for example Israel where a larger percentage of harvested crop is remaining in the country of origin, leaving less for the export market.

Avocado trees are bi-annual bearing meaning they produce fruit every other year. This year is forecast to be on-the-whole an 'off year' across the major producing countries, with a drop in volumes across the main avocado producers; Chile 30%, Spain 30% and Israel 40%.

As with many produce categories, the past 6 months have seen labour shortages due to national lockdown measures. This has added impact on the avocado yield as crops have not been attended to as much as normal and therefore produced less fruit.

Air and sea freight are essential for importing avocados due to some of the best growing climates being South & Central America and as such, rising air freight costs from producing countries has impacted price.

Salad, lettuce & leaf

Protected Salad - Holland, Morocco, Spain & UK

The new Spanish salad season starts in November and we are yet again bracing ourselves for disruption. Similarly to other categories, logistical challenges face the protected salad category. Concerns surrounding Brexit tariffs and transportation from EU nations into the UK have meant many hauliers are avoiding these routes in favour of easier European journeys. This is expected to be the case until an agreement or decision is reached between the UK government and the European Union. Haulier costs become potentially unviable when supply of goods makes up only the outer leg of the journey, but they are not carrying goods on the return.

In addition, the combination of rising labour costs and lack of sufficient labour is impacting the Spanish market particularly hard. We have however continued to consolidate our supplier base and are working on a wide variety of supply models and split supply to manage risk. We have also worked on rebalancing post Covid-19 volumes to give the best efficiency in this category.

Lettuce & Leaf - Spain

In addition to the issues faced by the protected salad category, the time taken to harvest has increased due to social distancing measures. Lettuce and leaf if picked, packed, palletised and delivered within 4 days to maintain optimum freshness. This means the category is volatile due to its short shelf life.

Mushrooms - UK, Ireland & Poland

The UK is heavily reliant on Polish and Irish mushroom imports in order to meet demand. The majority of our mushrooms are currently sourced from Poland, the cost is being impacted by increased Polish labour costs, this is particularly apparent in small mushrooms e.g. button mushrooms.

We anticipate that supply and price will become more challenging as we get closer to Brexit with the potential for increased tariffs, delays at border crossings and the potential availability and costs pressures on European road transport. We are working with our Polish supplier to mitigate these risks, supporting them to create their own logistics group to give them greater control of the supply chain. Additionally, we are taking steps to mitigate potential supply and cost pressures by moving more of our supply to Ireland and sourcing additional suppliers to satisfy our demand.

Additionally, we are working with suppliers to ensure a consistent supply of Category 2 'Catering' mushrooms that have seen some growers implement volume caps on these products in favour of other more commercially attractive mushroom types.

As part of our commitment to ensure we enable the recycling of product packaging wherever possible, we are working with our mushroom supplier partners to encourage the move from blue plastic rigid trays that are not recyclable to black plastic containers that are widely recyclable.

Fruit

Availability within the fruit market continues to be tight both in the domestic market and abroad. The movement of product has been extremely challenging during 2020, with both exports and imports down worldwide. The supply of fresh fruit has been affected by labour shortages in the pick and processing of products as a result of nationwide and more recent, local lockdowns in the UK and overseas and availability of labour, resulting from Covid-19.

In the UK, increasing labour related costs have and continue to impact the price of fruit as farmers struggle to secure enough suitable labourers to pick and process their products at commercially sustainable levels. (CGA Prestige Subcategory Report July 2020)

Berries - Holland, Spain, Egypt, Morroco

Our berry suppliers are some of the best in the industry, ensuring our customers benefit from good availability of excellent quality strawberries, raspberries and blueberries from the best growing regions.

However, there are some challenges in this market, the biggest being air freight; there has been a huge reduction in air-freight capacity since the outbreak of Covid-19. Continuing uncertainty over sustainable transportation routes is causing high price inflation. This is impacted by the fact the strawberries and raspberries need to be transported in under 4 days, ideally, to ensure they reach the customer in perfect condition, air freight generally proving the best solution.

In addition, we are experiencing increases in some raspberry production costs as growers are commanding increased royalties to be paid for the best varieties.

The market increase on blueberries is not as high as in other berries due to a switch from Argentinian air freight to Peruvian sea freight.

Bananas & Pineapples - Costa Rica & Panama

We have a strong relationship with our banana and pineapple suppliers and are continuing to build strategic partnerships with our long-standing banana supplier Chiquita.

Chiquita are one of the few recognised brands in the produce market and is a leading player in the banana market. They control their own supply chain going all the way back to the farm, as well as running their own fleet of ships into Europe. Chiquita also have incredible corporate social responsibility credentials, proactively supporting the communities and environments that they operate in.

Recently, we have seen Winfresh, the largest supplier of Fairtrade bananas in the UK, go into administration which may cause an ongoing issue with the supply of Fairtrade licensed bananas.

Citrus

A ban has been imposed preventing Argentina from exporting all citrus categories into the EU until April 2020 due to a 'blackspot' disease. This has had knock-on effects and caused a shortage in the market. Reports from South Africa are of a positive season. Covid-19 and freight associated with Brexit uncertainty continue to unsettle the market for lemons.

Lemon - Spain, Brazil, Mexico & South Africa

Lime - Brazil, Guatemala & Mexico

Large tropical storms have impacted the lime harvest in Mexico resulting in a reduced supply. Increased freight costs and labour shortages, caused by Covid-19 have further reduced supply in Central & South America, as a result most citrus categories are seeing a drop in supply as we enter the winter season, inflating prices.

Orange - Spain, Egypt & Morocco

Significant early Covid-19 outbreaks in Spain caused an unexpected shortage of labour during the harvest season and therefore a shortage of fruit supply, as there was a shortfall of labour to pick the fruit. In addition, Spanish growers have produced fewer oranges than previous years due to decreasing prices over the past few seasons has meant business became unviable. A general trend has seen orange trees replaced by Avocado trees, reducing market supply of oranges. Demand for fruit and juice has continually exceeded supply during the last 6 months, and citrus availability is at an all-time low. We are continually exploring alternative avenues particularly in north African countries to ensure risks to our supply are mitigated and demand can be met.

Covid-19 has affected summer southern hemisphere contracts, increasing shortages in supply versus demand and the European has therefore been activated early. This will therefore mean that the European season will end early and oranges will need to be sourced from Northern Africa.

Apples & Pears - France, Poland, Italy & Serbia

Growers across Europe are seeing a reduction in harvests this season, citing poor weather at the start of the season and Covid-19 as the main causes of the decline.

Reuters reported earlier in the year that; 'Heavy rain and hailstones damaged some crops, when trees were in blossom this year in Spain, the European Union's biggest fruit exporter.

Joaquin Gomez, head of APOEXPA, an association of fruit producers and exporters in the southeastern Spanish region of Murcia, estimates local production fell 20% due to adverse weather, but demand and prices held up as households consumed more fruit during the lockdown'.

Harvests across Europe were reported to be down year on year by growers, these numbers were still to experience the effect of late summer heatwaves so in reality may be even less.

Harvest yields – year on year comparison; Italy - 17%, France - 13%, Poland +40% (however, last year harvest were -40%, so ultimately flat YOY)

To compound the reduced volumes harvested this year it is feared that the storage of apples will be impacted this year, leading to a continued reduction in ongoing supply. Apples can maintain their quality for up to a year if stored at 2 degrees centigrade, depending on the quality of the fruit, which this season is forecasted to be challenged as a result of growing conditions.

Covid-19 has had an impact on harvests, local lockdowns and travel restrictions have reduced the supply of migrant workers as have outbreaks of Covid-19 cases among agricultural workers. Often labourers live in crowded or cramped living conditions making social distancing and self-isolation an issue which can lead to localised outbreaks of Covid-19, as has been evidenced in recent weeks.

Mintec reported; '5% increases in the price of Polish apples in August, in line with firm retail demand and lower supplies in the European market. Retail apple demand has remained strong, since the peak of the coronavirus pandemic, amid tighter European supply fundamentals. European stock levels for July were 39% lower year-on-year at 340,000 tonnes and are at their lowest level since 2018.'

Furthermore, The World Apple and Pear Association (WAPA) estimated that Polish apple stocks in July were at 11,000 tonnes, 89% lower y-o-y, the lowest figure since 2012. Tightening supplies across Europe, coupled with firm retail demand and increasing apple sales from the foodservice segment, due to the reopening of schools and work canteens, have been key bullish price drivers in the Polish apple market.'

China, the largest exporter of apples at 40 million tons per year, is reporting production down 7.5% year on year, with demand outweighing supply. This coupled with reduction in supply from Europe is impacting availability and pushing up prices.

Juicing apples have been significantly affected, the popular variety; Jonagold is 25% down and manufacturers are switching to Golden Delicious which is also seeing a reduction in supply of c13% year on year, leading to inevitable supply and price pressures on the popular variety. The EU is forecasting -1% compared with last year, and -20% compared with 2018 yield.

Suppliers are forecasting potential availability issues with pears, which are a lot bigger this year than usual, and as the UK market prefers smaller pears, they anticipate supply issues.

Dairy & eggs

Milk - UK & Ireland

In general terms the dairy market has been heavily impacted by both Covid-19 and the extended hot period during the summer. The latter caused heat stress in some herds with high temperatures during April to June. Both milk production and grass growth were down in comparison with 2019. As temperatures drop and we enter the winter period, cows are housed indoors to avoid wet and muddy conditions, which along with winter feed costs, is more costly.

A key issue for UK farming and UK milk suppliers has been an oversupply and lack of demand for milk during the Covid-19 period. Due to this oversupply, milk processors were heavily encouraging farmers to reduce milk production, with farmers reducing herd sizes by selling off cows for beef or 'drying off' cows early following spring calving.

Cream - UK & Ireland

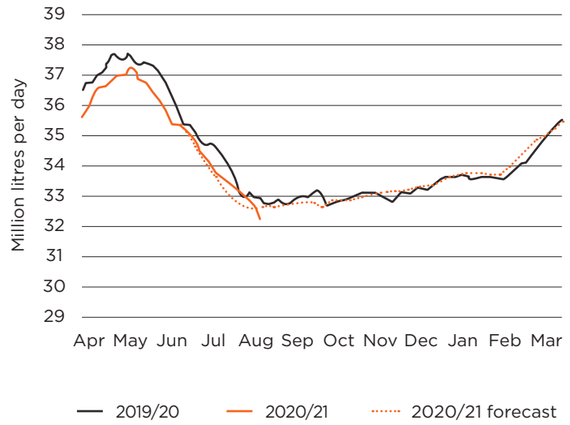
During the seasonal holiday period of July & August, combined with an increase in 'staycations' as foreign travel restrictions remained in place, consumers were able to return to cafes and foodservice took a boost. This temporarily led to a rise in sales of ice cream which in turn inflated the price of cream. On the whole a low demand for cream, for butter production has kept costs stable against last year, however increases are forecast slightly into the winter period.

Butter - UK & Ireland

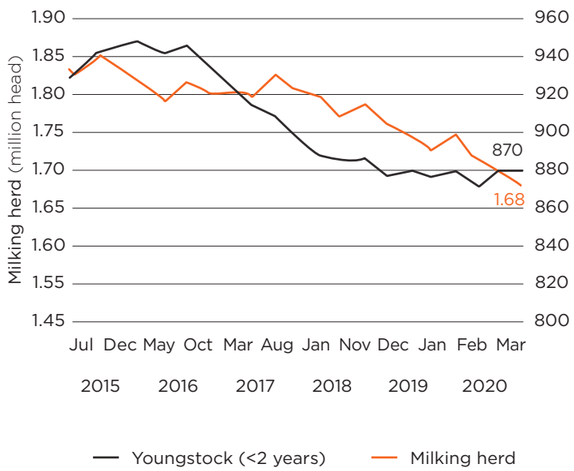
The cost of butter has decreased year-on-year. This can be attributed to the impact of Covid-19 where low demand from the hospitality has meant supply remains high as additional stocks of butter are still available. Butter, often sourced from Ireland, is traded as a commodity on the open market and coupled with Brexit uncertainty could prove volatile in cost and supply over the coming winter months.

GB daily milk deliveries with latest forecast

7 day rolling average



GB female dairy cattle population



Cheese - UK & EU

After a long period of stability there has been a general increase in prices during 2020, particularly the Cheddar and Monterey Jack varieties. Reduced production from late 2019 to early 2020, in an attempt to boost prices, as well as production being further reduced due to labour shortages caused by Covid-19 are contributing factors. Production is now trying to catch up with demand, with mild Cheddars being matured longer to rebuild mature Cheddar stocks, however stock levels remain low in both varieties.

Most industrially produced cheese comes from the UK, but uses raw material sourced from Europe. A threat to the cost of cheese is therefore dependent upon predicted tariffs. Imported cheese products such as Halloumi, Feta, Brie, Camembert and Italian hard cheese from the continent will be affected by the outcome of Brexit trade deals and potential tariffs, with costs expected to increase.

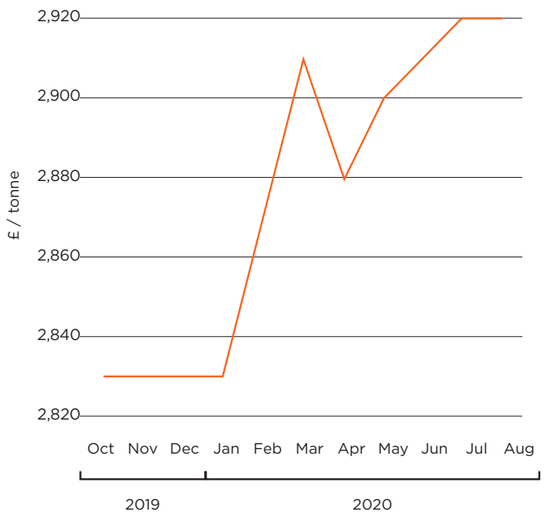
Eggs - UK

Supply of shell eggs was impacted by avian influenza from January to March which reduced the laying flock by around 3% in the UK. Additionally, suppliers have cut back on their flocks to reverse the oversupply seen in 2019.

Demand has been impacted by substantial retail increases, up by 18-19% during lockdown according to the BFREPA compared with 2019, with supermarkets having to import eggs for a period to maintain supply. In addition to limited supply and high demand, there have also been shortages in packaging as the 2 main suppliers in Europe ran out of stock and some supermarkets resorted to plastic trays. Following a surge in retail demand, the farmgate price of eggs has increased significantly.

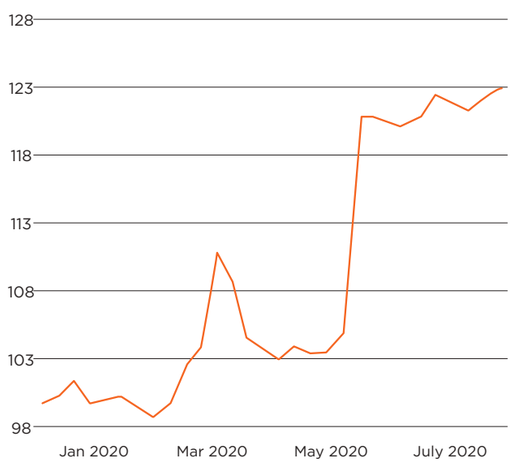
Going forward all Fresh Direct shell and liquid eggs will be British Lion Standard and free range. This strategic decision to replace Italian eggs with British avoids any disruption and tariffs that may be caused due to Brexit.

Cheddar bulk cost UK 2019/20



Eggs medium/large (indexed)

Quarter on quarter growth, %



Pork

Since African Swine Fever hit China last April last year, wiping out over 50 million pigs, the pork market still remains high. It reduced slightly earlier this year during the outbreak of Covid-19, as demand dropped, however it is rising again as the Chinese market begins to come back.

The Agriculture and Horticulture Development Board reported;

'In July, the UK exported 24,800 tonnes of fresh/frozen pork, 30% more than in the same month last year. This is the largest annual change recorded since May last year. The considerable uplift in shipments suggests that any logistical challenges seen earlier in the year due to the coronavirus pandemic have been resolved.

This uplift was almost solely driven by a rise in shipments to China. Exports of fresh/frozen pork to China reached almost 13,000 tonnes, 116% more (6,900 tonnes) than in the same month in the previous year. Furthermore, this is the highest volume exported in a single month on record.'

This increased demand from China is impacting availability in European and UK markets driving down supply and increasing prices.

Coupled with this, processors are reviewing production methods in order to minimise labour processes to help observe safe social distancing and working practices as a result of Covid-19 regulations. This has led to some suppliers producing less labour intensive bone-in cuts, which are actually favoured by the Chinese market. A lot of ham and pork products consumed in the UK, are produced from boneless cuts bought from the EU (Spain, Ireland and Denmark), but with many suppliers favouring to produce bone-in cuts, boneless cuts are in shorter supply and prices are increasing.

An additional consideration is that foodservice consumption has gone from 10% of normal volumes in April back to 90% in August and September, these extreme fluctuations in demand are putting further pressure on supply of pork and bacon and adversely affecting price.

Fish & seafood

CGA category inflation data, July 2020 reports overall fish pricing to be up 3.4% year-on-year and the category has been heavily impacted by the global pandemic, particularly affecting freight costs.

Salmon

Unusual circumstances led to supply exceeding demand globally, leaving additional availability of salmon in the market. This was particularly the case for the UK, China and USA.

Salmon is farmed and the typical life cycle is 18 months, as national movement restrictions were imposed to slow the spread of Covid-19, farmers were able to stop adding to the future generations of fish; however they couldn't stop the lifecycle of the generations already in the pens.

Growth in retail markets reduced some of the excess supply however only partially. As a result for the period we saw the price of salmon drop significantly. It has subsequently risen, but the base price is much lower than last year. Less salmon farming is likely to inflate prices as supplies are reduced and farmers will be cautious to add new stock during this uncertain period.

Season on season inflation is driven by weather challenges and an increase in demand over the Christmas period, with market pricing expected to rise in December and early January.

Whitefish

Cod and Haddock is bought from multiple sources across the globe and is therefore subject to different market moves. Annual quotas are set in October to ensure the sustainability of stocking levels for the future.

Due to Scotland losing its MSC status for cod and a reduction in its quota of 50% last year, inflated cod prices have already been absorbed. Availability challenges make this likely to continue.

We expect the haddock quota to be increased compared with last year's quota. A lower demand in the market has delivered a temporary reduction in price.

However, the Winter season is considered the most challenging for fresh fish; a combination of Christmas demand and extreme weather conditions more than likely will impact fishing. Similarly to salmon, whitefish inflation is expected in January.

Lobsters

We source fresh lobster from the UK and Canada, with UK lobsters often referred to as native. Although the market should be showing availability in native lobster, as we enter the winter season this has been affected by Covid-19 and availability is low. Whilst we utilise the Canadian lobster all year round, the supply is affected by air freight costs as competition for space on planes causes a premium for air transportation.

Tuna

We buy our tuna from multiple markets varying throughout the year on availability and pricing.

Air freight costs are again impacting tuna pricing. We have seen a slight decline in the price of the tuna however air freight costs overly compensate for any price saving and continue to be our biggest challenge.

We continue to prioritise maintaining our sustainability credentials following the MCS rating sustainability rating system. Also, we work with robust supply chains where there are Fishery Improvement Programmes in place.

Area Volume (metric tonnes)	2017	2018	2019	2020
Barents Sea (Norway/Russia)	890,000	775,000	725,000 *ICES recommendation was 675,000	739,000 *ICES recommendation was 689,000
Iceland	244,000	255,000	264,000	270,400
Scotland (North Sea)			35,358	17,679 (Reduction of 50% YOY; in place from 31st January 2020)

Fruit & vegatables

Seasonal availability calendar

We aim to support British farmers wherever possible and commit to British sourced product during the highlighted season (green months on the calendar). However, on some occasions we may have to import product during the British season to maintain supply, generally caused by unfavourable weather. Our first priority is to ensure consistent product quality and availability.

KEY

- British sourced product
- Imported product
- Product not available

Brassicas	J	F	M	A	M	J	J	A	S	O	N	D
Broccoli												
Brussels sprouts												
Cabbages Green												
Cabbages Red												
Cabbages Savoy												
Cabbages White												
Cabbage - Pointed / Sweet Heart												
Cabbage - Spring Green												
Cauliflowers												
Kale Black												
Kale Curly												
Romanesco												
Tenderstem broccoli												
Pak Choy												
Bok Choy												

Alliums	J	F	M	A	M	J	J	A	S	O	N	D
Garlic												
Leeks												
Onion Red												
Onion White												
Spring onion												
Shallots												

Mushrooms	J	F	M	A	M	J	J	A	S	O	N	D
Button												
Cup												
Flat												
Portobello												
Paris Brown / Chestnut												
Oyster												
King Oyster												
Enoki												
Shiitakes												
Shimeji												
Exotic Mix												
Wild Mix												

Squash	J	F	M	A	M	J	J	A	S	O	N	D
Courgettes												
Patty Pan												
Pumpkins												
Butternut squash												

Potatoes	J	F	M	A	M	J	J	A	S	O	N	D
White												
Red												
Baking												
Mids												
Heritage												
Jersey												
King Edward												
Maris Piper												
Rooster												
Sweet potato												

Root vegetables	J	F	M	A	M	J	J	A	S	O	N	D
Carrot Standard												
Carrot Chantenay												
Carrot Rainbow												
Parsnip												
Turnip												
Swede												
Beetroot												
Beetroot Golden												
Beetroot Candy												
Celeriac												
Horseradish												
Salsify												

Exotic vegetables	J	F	M	A	M	J	J	A	S	O	N	D
Sweetcorn												
Babycorn												
Fine Beans												
Okra												
Sugarsnap peas												
Mangetout												
Rhubarb												
Mooli												
Globe Artichoke												
Jerusalem Artichoke												
Lemon Grass												
Ginger												
Fennel												
Asparagus												

Salad	J	F	M	A	M	J	J	A	S	O	N	D
Tomatoes Beef												
Tomatoes Cherry												
Tomatoes Vine												
Tomatoe Plum												
Tomatoes Round												
Tomatoes Heirloom												
Cucumbers												
Peppers												
Peppers Pointed												
Radish												
Aubergines												

Lettuce & leaf	J	F	M	A	M	J	J	A	S	O	N	D
Lettuce Round / Butterhead												
Lettuce Cos												
Lettuce Iceberg												
Lettuce Curly Endive / Frisee												
Lettuce Lamb / Mache												
Lettuce Lollo Biondi												
Lettuce Lollo Rosso												
Lettuce Oak Leaf												
Lettuce Radicchio												
Rocket												
Spinach												
Baby Red Chard												
Chicory / Endive												
Celery												
Chinese Leaf												
Choi Sum												
Watercress												

Herbs, cresses & shoots	J	F	M	A	M	J	J	A	S	O	N	D
Basil												
Chives												
Coriander												
Curley Parsley												
Flat Parsley												
Dill												
Mint												
Rosemary												
Thyme												
Potted Herbs												
Micro Herbs & Edible Flowers												
Samphire												
Bean Sprouts												
Growing / Living Cress												

Chillies	J	F	M	A	M	J	J	A	S	O	N	D
Chillies Green & Red												
Chillies Scotch Bonnet												
Chillies Padron												
Chillies Jalapeno												

Stone fruit	J	F	M	A	M	J	J	A	S	O	N	D
Avocados												
Apricots												
Cherries												
Nectarines												
Peaches												
Plums												

Apples & pears	J	F	M	A	M	J	J	A	S	O	N	D
Apple Braeburn												
Apple Bramley												
Apples Golden Delicious												
Apple Granny Smith												
Apple Pink Lady												
Apple Red Delicious												
Apple Royal Gala												
Pears												

Berries	J	F	M	A	M	J	J	A	S	O	N	D
Strawberries												
Raspberries												
Blackberries												
Blueberries												
Cranberries												
Redcurrants												

Melons	J	F	M	A	M	J	J	A	S	O	N	D
Orange Flesh												
Galia												
Honeydew												
Watermelon												

Grapes	J	F	M	A	M	J	J	A	S	O	N	D
Red												
White												

Exotic fruit	J	F	M	A	M	J	J	A	S	O	N	D
Bananas												
Coconuts												
Dates												
Figs												
Kiwi												
Mangoes												
Papayas												
Passion Fruit												
Physalis												
Pineapples												
Pitahayas (Dragon Fruit)												
Plantains												
Pomegranates												

Citrus fruit	J	F	M	A	M	J	J	A	S	O	N	D
Grapefruit												
Kumquats												
Lemons												
Limes												
Oranges												
Easy Peeler												

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