MADE IN OXFORDSHIRE – 7 DECEMBER 2015

LOCAL NEXUS NETWORK, GOOD FOOD OXFORD AND AGILE-OX PRESENT…

MADE IN OXFORDSHIRE

EXPLORING THE POTENTIAL OF LOCAL FOOD & DRINK MANUFACTURING IN OUR COUNTY

WORKSHOP REPORT

The **Made in Oxfordshire** workshop, organised by the Local Nexus Network in collaboration with Agile-ox and Good Food Oxford, was attended by 36 people – around half of the attendees were representatives of local food chain organisations ranging from coffee roasters to drinks makers and flour millers. Other participants had a range of interests and came from a range of backgrounds including planning, retail and consultancy. Participants sat around five tables (A-E); seating was not pre-determined. The event, hosted at the School of Geography and the Environment at the University of Oxford, was designed to ask three connected questions around the idea of local food manufacturing.

The first question (plenary discussion) explored perceptions around the benefits and costs to society of more localised manufacturing of food and drink products, in this case defined as "manufacturing close to consumers in Oxford". This was taken to entail the need for more and smaller food manufacturing units in and close to Oxford. Both benefits and costs emerged from the discussion, for example the benefit of promoting local employment, but the potential downside of increased prices for consumers. On some issues, for example food security, there was no agreement as to whether the result of localising manufacturing would be a net cost or benefit. A table of responses is recorded below – this was a relatively short (10 minute) session, so there are undoubtedly more dimensions to this question that require exploring further, including perhaps in a future study a comprehensive life cycle assessment of products from centralised and decentralised manufacturing.

The second question (table discussion) asked for the key challenges facing smaller food manufacturing businesses producing for local consumers in Oxfordshire. After within-table discussion to identify issues and record them on post-it notes, participants were asked to place sticky dots against the issues they felt most important; and the group's overall response was guided by those issues with the most sticky dots. From this ranking exercise and the notes taken by group scribes, it emerged that amongst the different groups there was a level of agreement on a number of key challenges. On the production side, access to suitably priced light industrial manufacturing space in or near the city was a challenge, as well as financing for capital investment and start-up costs. However, it is notable that many of the biggest challenges were on the sales side, including access to retail markets, marketing of products and a perception that the food culture amongst consumers is driven by price rather than quality, or social and environmental values. Participants did not cite energy and water amongst their significant challenges, presumably because they are both readily accessible and relatively affordable compared to other necessaries such as space and labour. There was, however, recognition that there may be greater challenges regarding water and energy in the future, depending on climate change and resource scarcity scenarios. A range of other challenges was also noted, including attracting and retaining skilled staff on a small budget and knowledge of and adaptation to changing regulations around, for example, food safety and labour. A full list is included below.

The third question (table discussion) asked what specific initiatives could be undertaken to tackle some of the challenges raised in the preceding session. Due to the limited time available, groups did not discuss the full range of challenges but tended to concentrate on three in particular of the key challenges – the space challenge, the retail challenge and the marketing challenge. Responses were ranked again using sticky dots as for Q2. It would be interesting in further work to explore initiatives tackling other challenges in addition – culture change and finance challenges were also mentioned, for example. While there was a diversity of ideas for each of these theme areas, in all areas there was particular interest in the potential of cooperative solutions such as joint marketing and sharing manufacturing spaces and equipment in order to reduce costs and boost potential synergies. These are ideas that will be taken forward by Good Food Oxford in the Local Food Economy workgroup in 2016.

Next steps

A more detailed summary of all of the sessions is found below. If you have any comments or additions, please email julian.cottee@eci.ox.ac.uk. Further reports from the Local Nexus Network project will be forthcoming during 2016 and you can stay in touch via the web site at www.localnexus.org. If you would like to be part of the Good Food Oxford working group tackling the challenges to local food manufacturing through initiatives arising from the workshop, please email hannah.fenton@goodfoodoxford.org. The Research Kitchen series of talks and events organised by Agile-ox will continue in 2016, please see the web site www.agileox.org to stay up to date.

RESEARCH KITCHEN

GOOD FOOD Oxford agile·ox Food Energy Water LOCAL NEXUS NETWORK FOR REDISTRIBUTED MANUFACTURING

QUESTION 1: WHAT ARE THE BENEFITS AND COSTS OF LOCAL FOOD MANUFACTURING FROM THE PERSPECTIVE OF SOCIETY?

Benefits to society	Costs to society
Increased employment locally – growth of human capital through skills development	Lost economies of scale – small-scale manufacturing is less efficient
Potentially higher quality ingredients with better knowledge of provenance and ethics in supply chains. Trust and transparency.	Higher product costs for consumers due to lower economies of scale and greater labour intensity
Local ownership and increased mutual respect between food producers and consumers – the social link.	More rigorously controlled worker health and safety and safety and quality control in products produced at larger scale
Food security? Are small-scale localised supply-chains more reliable and resilient to shocks?	Food security? Are large-scale globalised supply-chains more reliable and resilient to shocks?
Opportunity for growth in aligned sectors such as food tourism: needs a diversity of interesting companies.	Small-scale manufacturing unable to satisfy food demand level of a city?
Health benefits? Fewer additives needed to keep product fresh since closer to consumer.	Large-scale products sometimes have better and more consistent labelling
Small-scale producers and niche products are a hot-bed of innovation: greater competition and new products	

QUESTION 2: WHAT ARE THE CURRENT AND FUTURE CHALLENGES FOR LOCAL FOOD MANUFACTURING BUSINESSES?

Table	**Highest ranked post-its**
A	• Access to suitable space for manufacturing (property in Oxford) • Start-up costs and labour costs
B	• Price – the public demand / are used to cheap food • Health and food safety regulations, red tape, costs of compliance
C	• Cultural attitudes to food – need to change social norms • Access to markets – decentralised and diffuse points of sale • Lack of affordable space for storage and manufacturing
D	• High prices for locally manufactured foods • The lack of food culture in the UK
E	• Access to markets for manufacturers – low product visibility • Affordable rent for manufacturers

Key points:

- **SPACE**: Lack of suitable spaces for manufacturing/storage with affordable rents and the right facilities. Available spaces in Oxfordshire are either far from the centre, too large or unaffordable once rent and business rates are factored in.
- **CULTURE AND PRICE**: Overcoming British food and shopping culture – lack of customer demand for quality. Here people demand low-price food. Food producers do not command the same level of respect as in e.g. France.

- **MARKETING**: Limited ability to fund marketing - many customers are driven by brand awareness and marketing. Differentiation and a story behind a product are important, but not all producers have the skills to do this marketing work. Especially important in a city with a large transitory population. Oxfordshire does not really have a food identity – think vs. Cornwall.
- **RETAIL**: Access to markets - there are food fairs and local shops but it is difficult to sell to the mainstream. Consumers cannot easily access local products. No appropriate online platforms. Selling through local wholesale is also problematic because of the cut taken by the middleman. France and the UK have different retail dynamics in that the UK food chain is dominated by 5 major multiples and the whole manufacturing base caters to this system.
- **FINANCE**: Start-up and labour costs and prices – all very high. Legislative changes such as new pensions rules and higher minimum wage all affect small, labour-intensive businesses disproportionately.

Additional points:

- **CUSTOMER BASE**: Finding the right niche in the local market.
- **TECHNOLOGY**: Technology availability is not a key challenge, but the capital investment can be challenging.
- **REGULATIONS**: Perception that rules and regulations are constantly changing. Regulations and red tape are a particular challenge for businesses when starting up.
- **WASTE**: Hot debate over whether smaller producers tend to waste more or less than large-scale producers.
- **FOOD SCARES**: Food scares work both in favour of and against small producers – who might either place trust in larger manufacturers with stringent regulations, or trust in smaller producers with whom you can have a conversation about the product.
- **WATER**: Not currently a challenge cited by businesses but recognised that it could be in the future due to climate change.
- **LOGISTICS**: Reaching customers efficiently is a big challenge especially when sales volumes are small – transport may not be cost effective.
- **HUMAN CAPITAL**: Attracting and retaining skilled staff – wages need to improve, pushing prices for consumers up further.
- **CHEAP IMPORTS:** Imports at below cost of production in UK make food production here very difficult. Production standards may be lower abroad, meaning competitive disadvantage for UK manufacturing.

  SEASONALITY: changing season is a challenge for consistent production and raw materials might become rare and inaccessible for some products.

QUESTION 3: WHAT SPECIFIC INITIATIVES WOULD BE NEEDED FOR THE LOCAL FOOD MANUFACTURING SECTOR TO GROW?

Table	Highest ranked post-its
A	• Sales and logistics consortium

	• Marketing consortium – creating demand, challenging perceptions
B	• Joint marketing supported by local or national authority funding
C	• Local food manufacturing and distribution hub • Organisation to run marketing campaign helping small manufacturers • Primary school education – culture change
D	• Availability of space – building society focused on food start-ups
E	• Marketing – goody bags subscription scheme to raise awareness

MARKETING

- **Why?**
  - Need to create demand through advertising
  - Oxfordshire has distinctive local products but they are not well communicated to general public. We make cheese and sparkling wine very well in England but people prefer Camembert and Champagne.
  - Small manufacturers don't have much budget to advertise their products, nor necessarily the expertise to do it themselves.
  - In other countries and regions there is local or national government funding for marketing campaigns for local and regional foods, e.g. Wales. Could the same happen here?
- **Considerations**
  - What is the correct geographical unit to promote? Is Oxfordshire a brand, or is it 'south central England' or just England that needs to be promoted? Oxfordshire and neighbouring counties?
  - Could this be a cooperative marketing platform? Producers could join forces to fund and control a joint marketing body.
  - A marketing campaign would also increase consumer confidence in local food by increasing transparency in the food chain.
- **Specific ideas**
  - The Do-Goody bag – a subscription hamper from local producers to help consumers find out about what products are available from the local region. The idea could also be franchised to other counties/regions.
  - A web platform to build a story/ local food culture – people love reading and writing reviews - customers providing feedback to producers on-line.
  - Raise awareness among consumers about the seasonality of products.
  - Share advertisements and street signposts among various small businesses located in the same area.
  - Celebrity endorsement
  - Computer game on local food systems – FoodCraft not MineCraft
  - Challenge perceptions of expense
  - Local currency – Oxford Pound

RETAIL

- **Why?**

    - Lots of small producers want to sell in Oxford but unless you get into a delicatessen or supermarket it is almost impossible.
    - The costs of selling direct are too high for many manufacturers, so they need specialist retailers – but 95% of UK groceries come from supermarkets, most of which operate solely centralised supply chains.
    - Difficult to grow through labour-intensive farmers market sales.
- **Considerations**
    - Consumers have started to break-away from one-stop-shop, and so this could perhaps present an opportunity to remodel shopping habits, keeping in mind most shoppers are time-poor.
- **Specific ideas**
    - Think again of bringing local products to supermarkets (or more convenient shopping facilities) utilising themes and seasonality as the niche into which local products are placed. Is there a chain that we could get into? Look into this practice in Northern and Republic of Ireland (where local products are big in supermarkets)
    - Online sales platform – cooperatively owned local selling consortium via web site. (Suggestion to look at the “Ten Mile Menu” model)
    - Wholesale platform?
    - National (regulatory) change to make big retailers include at least three local products in their shops.
    - Promote consumer groups/cooperatives of consumers to obtain better prices, access local market and ultimately to promote local food.
    - Talk to Aldi, not the coop! What does the rise of discounters mean for local manufacturers?
    - Need to establish a specialised shop for local produce.
    - Local distribution organisation – CIC based. Local producers deliver once per week. Delivered or collected from local hub.

SPACE

- **Why?**
    - Small food manufacturing businesses cannot access light industrial space in the right place, with the right facilities, at the right price.
    - This prevents new businesses from scaling up from the artisanal stage into more mechanised forms of production.
- **Specific ideas**
    - Rent for small business is disproportionately large, so need for new ‘building societies’ to build ‘show-case’ type buildings, for example to house businesses next to the land where food is grown.
    - Councils need to expand availability of (subsidised?) light industrial sites for rent.
    - Creation of local food hub. Build environmental buildings on agricultural land for start-up businesses possibly with community funds and shares (crowd-funding?)

- Create a community of companies with similar interests, like a hub for knowledge but also for distribution related to online shopping, so for example create a central depot for all entrepreneurs in the community/network to bring their goods to a central place for distribution.
- University of Oxford could use its land and buildings to support space requirements
- Shared equipment, joint insurance, help with regulatory compliance, shared sustainability officer – all these could be beneficial add-ons to a shared space
- Need supportive local plans – ask planning office to add food policy to local plans.
- Shared kit/space for small manufacturers when there is a limitation for technology /space
- Fund with community shares. Provision of on-site renewables.

Additional points:

- **PROCUREMENT**: Institutional support can be given by local and national authorities and universities etc. through buying Oxfordshire or English products where price and quality is competitive.

- **FINANCE**: Access to capital. Can national retailers support local/regional producers? Grants for local energy generation from national government. Tax incentives.

- **CULTURE CHANGE:** Primary school education. Local processors open day – 'meet your baker'. Promote creation of consumer groups which can interact with producers.

ADDITIONAL RESEARCH QUESTIONS EMERGING FROM WORKSHOP

- Food security: what mix of local, national and international provenance provides for optimal food security and resilient supply chains?
- How local is local? Are we trying to split from 4/8 units producing bread to e.g. 16 units in UK? Or are we trying to emulate France with 1200 units? The scale of ambition will have an impact as to how the conversation moves forward. I.e. the scale is not yet defined whether it's small or medium – need to gather market share - what is realistic?
- How much does/should local manufacturing also imply local agriculture?