

Rural Development Sub-Committee

RDC(3)-06-09 Paper 5: 6 May 2009

Anthony Burgess
Birchgrove Eggs
Trawsgoed
Aberystwyth
www.birchgrove-eggs.co.uk
26/4/09

Report on labelling and successful branding on successful Wales based regional food producers

Abstract

This report attempts to identify successful labelling strategies to assist Wales regionally based food producers survive, create a competitive advantage and grow by adding value to their product whilst generating customer loyalty. The report also identifies threats to the BRAND Wales labelling by opportunists which dilute brand image and trust.

Introduction

Birchgrove free range eggs are a family owned business, run by Gwen and Tony Burgess. The business has been established for more than thirty years and enjoys an excellent reputation for its product quality service and innovation. All eggs are produced and packed in Wales. Birchgrove eggs have a rich and varied customer base. The business is heavily involved in many activities to encourage businesses, local authorities and consumers in Wales to source and use local regional foods in as many food preparations as possible.

Birchgrove eggs have been extremely active in the promotion of brand Wales food products, and take every opportunity to campaign for clearer and precise food labelling.

The importance of accurate and precise labelling

Through its own market research conducted throughout Wales, Birchgrove eggs have identified key elements that underpin successful labelling and product branding in relation to the Welsh food market sector and consumer, even when the Welsh economy can be described as performing relatively poorly when compared to other UK regions on most economic indicators. Incomes are low on average and consumers in Wales have a gross disposable household income of only 88% of the UK average. (www.statswales.wales.gov.uk).

Genuine and successful businesses have to cope with an ever changing environment in a limited geographical area.

So how can a food business in this climate achieve a competitive advantage and a route to survival and growth?

Our own market research conducted in 2004 across Wales, revealed consumers and product end users preferences in the decision making process when buying food and it is this information which has been the basis of our growth strategy for the past five years.

Page 3

Our research revealed that price sensitivity is relative to 'perceived' value. Perceived value equating to product satisfaction and customer needs illustrated in the following criteria,

- Report on labelling and successful branding on successful Wales based regional food producers

- Welsh product
- Quality
- Trust
- Price (respondents stated they were willing to pay approx 10% more for a Welsh product)
- Packaging/labelling

Perceived value was clearly identified by respondents as an image of the product that clearly match their 'needs' most closely. Our own business realises that to remain successful it has to sustain these consumer values in the face of competition.

Labelling and packaging is the initial route to attract a customer, and by which customers organise and interpret product information. Successful packaging and labelling has an immediate link to a consumers need.

Threats to successful labelling and packaging

There are unfortunately many examples of companies who may not even be Wales based capitalising on the positive cultures of rival Wales based businesses to achieve market share. These companies are opportunists who use labelling and packaging to attract new

business with no awareness of the strategic philosophy behind Brand Wales. These opportunists devalue and dilute brand image and trust which has the potential to undermine consumer loyalty to the genuine product. I can't emphasise enough the importance of trust to consumers, combined with the values and beliefs of a business which are of central importance to consumers and the success of the business.

The undermining of genuine businesses can lead to lack of product development, increase in price and loss of distribution and subsequent profits.

Page 4

The biggest examples I often see is the use of the Welsh Dragon or the words Welsh on a product which is clearly not produced in Wales, various examples range from bacon, eggs, cakes through to cider. Some may be packaged in Wales but if they are not produced here they should not be allowed to describe the product as Welsh. Provenance of the product is vital.

The Assembly must implement a strategy to protect brand Wales from dilution and loss of market share. No Dragon logo or the term Welsh should be used when the product is only made here, or if it is made outside of Wales to a Welsh recipe.

The Dragon or wordage Welsh should be a clear and definitive symbol of true provenance of Welsh products.

I urge the Assembly to recognise and implement a 'mark of origin' to retain the competitive advantage genuine food businesses currently have in Wales.