

Rural Development Sub-Committee

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Welsh Assembly - Rural Development Sub-Committee inquiry into the production and promotion of Welsh food

Introduction

The Co-operative Group welcomes the opportunity to input into the Rural Development Sub-Committee inquiry into the production and promotion of Welsh food. Our submission details information about our business and our commitment to Welsh products.

The Co-operative Group is the UK's largest mutual retailer. It is the fifth largest food retailer, the third largest retail pharmacy chain, the number one provider of funeral services and the largest independent travel business. It also has strong market positions in banking and insurance. The Group employs 110,000 people, has 3 million members and around 4,900 retail outlets.

The Co-operative Food is the largest independent convenience store operator in the UK. It has over 2,200 stores and 14 million customers. On 2 March 2009, The Co-operative Group announced its completion of the acquisition to purchase the Somerfield supermarket chain. The combined food business will operate more than 3,000 grocery stores and generate net sales of £8 billion.

The Co-operative Food Retail - Wales

The Co-operative has been operating food stores across Wales for over a century. The Co-operative Food has over 120 stores in Wales. We employ approximately 3,500 staff. We serve over 1 million customers a week in Wales and have over a quarter of a million members.

The integration of Somerfield and The Co-operative Food has already begun. In the last month, two Somerfield stores in the South Wales valleys (Tonypany and Tonyrefail) were amongst the first in the United Kingdom to be re-branded to The Co-operative Food following the acquisition.

The acquisition of Somerfield presents long-term opportunities to expand the breadth and depth of the Welsh range of products. The business is working hard to integrate the two brands, with a principal focus on the people, the stores and the communities that we serve. We expect the range to follow on from this focus.

Good with Food

Good with Food is the theme of The Co-operative's food retail business. It is a business philosophy that defines the way the business and its people operate. It has generated a passion for the products and also for the business - for product development, for the social goals of the business and for excellent store performance. Through "Good with Food" we have focused on:

Key category drivers - produce, protein and bakery. Excellence in these categories demonstrates a passion for food, demonstrating we are "Good with Food" with leading edge displays that inspire and excite.

Ranges that reflect current shopping trends allowing consumers to make healthy choices.

Regional ranges that reinforce our position as a community retailer.

A service culture that prioritises the customer.

In-store communications reinforcing responsible retailing.

A layout that is clean, bright and uncluttered with space given back to customers and the creation of different zones to enable easier navigation and encourage customers to explore the new ranges.

These drivers encourage consumers towards a healthy diet allowing and enabling them to become Good with Food, which is a key part of our commitment to sourcing Welsh food.

The Co-operative Food and Welsh produce

The Co-operative Food has long held a commitment to the sourcing of products that are grown or produced in Wales for our customers in Wales. Wales is a country rich in produce, and it is important for multiple retail chains to reflect this and give customers the choice that they want. Larger retailers can make a significant impact in the provision of local produce, highlighting its importance to local communities, thereby encouraging customers to increase their demand for it.

Welsh produce is a significant part of our offer. It constitutes over 6% of our overall sales in Wales, which must be viewed against a backdrop of our wide convenience-offer of a variety of products in stores that are an average size of 3,000 sq ft.

Over the past few years, we have concentrated particularly on increasing the availability of Welsh produce. This is own-brand produce under The Co-operative label and also branded from Welsh suppliers. Our main focus for Welsh food is:

All own-brand Welsh-labelled milk is produced from dairies in Wales

All own-brand-labelled eggs are Welsh

We stock Cambrian lamb and have tried to extend the season to ensure that it is available for consumers for the whole year, rather than just between April and September

Vegetables - including carrots and tomatoes

We also stock Welsh beef and other Welsh lamb and Welsh ham

A variety of Welsh cheeses including Y-Fenni and Welsh cheddars.

Jams and preserves

Ambient products - cakes, biscuits, pasties

Rachel's Organic products

Welsh whisky and beers

Bread and related products

Working with our suppliers

In 2007, the business had a particular drive to work more closely with Welsh suppliers. This led to 62 new product lines being added to our "Welsh Favourites" (which is the branding that we use to specifically highlight Welsh products) and new supplier relationships with 18 suppliers. In this drive to source local produce, we worked very closely with smaller suppliers. Colleagues in the Food Retail business worked to give support to smaller suppliers through:

"Meet the Buyer" events

Briefing sessions on our stores and product requirements

Hosting workshops to encourage smaller suppliers to work with us

As well as extending the range of products, we were the first supermarket retailer in Wales to promote the new products in both Welsh and English on in-store radio. We continue to do this and promote Welsh products in the Welsh language in our stores. We have won an award from the Welsh Language Board for these efforts.

Provenance - Traceability of Welsh products: Traceability systems implemented throughout the supply chain for both ingredients and final packed products are essential to support food safety. These systems also provide the basis for The Co-operative Food to demonstrate our provenance claims, for example, in respect of our range of The Co-operative Truly Irresistible Cambrian lamb. The ability to provide such assurance in respect of origin to support claims made by our on-pack labelling is key to demonstrate commitment to the both the producer and the customer, whose purchase of the product could be in response to the claims made on pack, and with local produce this is most likely to be the case. We use several methods to support the integrity of our sourcing and suppliers' manufacture.

Listening to our customers - labelling of Welsh produce

Our unique position as a large mutual retailer also enables us to ask our customers what they want from the food that we sell in stores. We have developed an Ethical Food Policy based on the responses of over 100,000 member customers to a survey. We know that our customers are interested in higher welfare produce, healthier produce, and more environmentally focused produce - which mirror the areas of concern that the Welsh Assembly Government has outlined to encourage increased local food production.

A very important way to encourage greater purchase of local produce is to show customers clearly where their produce comes from through origin labelling. Our pledge to continue to ensure that our own brand products carry clear and honest labelling received the highest level of agreement in the Ethical Food survey, noted above, with 99% of respondents 'agreeing' or 'strongly agreeing' with the statement.

Honest and transparent labelling, championing the interest of the consumer has long been a priority for us, and an area where can legitimately claim to lead the way.

In common with many other retailers operating in Wales we always identify the origin (defined as where the animal is born, reared and slaughtered) for all fresh and frozen meat but in addition we also provide consumers with information on the origin of the characterising or principle ingredients in further processed products. This is not limited to meat but also includes dairy and other characterising ingredients e.g. apples in an apple pie.

With respect to marketing claims based on provenance for products containing meat, for example, then it is our policy for the flag or the

term Welsh to be used only if the country of origin of the major characterising ingredient is the same as that depicted by the flag. So, for example, in the case of a meat based ready meal depicting the Welsh flag or described as a Welsh recipe, then the meat component must be Welsh in origin. Please see three attachments depicting our origin labelling.

Working with our communities

Royal Welsh Show: 2008 was the first year that The Co-operative Food had a stand at the Royal Welsh Show. The stand won the Gold Award for being the best commercial trade show. We are very proud of this success as it recognises our commitment to Wales.

The stand consisted of bi-lingual graphics, which promoted our key messages of support for local products. In addition, visitors were able to sample a range of Welsh products that we stock in our stores (soft drinks, Welsh beer, preserves, tomatoes, Welsh whiskey). We also sold a number of our locally-sourced products in a shop which is also part of the roadshow.

A Welsh chef, Gareth Johns, chef patron of the Wynnstay Hotel, cooked our own-brand Truly Irresistible Cambrian lamb on the stand. This is uniquely stocked by us. Recipe cards (detailing the recipes cooked by our Welsh chef) were available, in Welsh, for customers to take away. Please see enclosed pictures from our stand at the Royal Welsh Show.

The Co-operative Food will again have a stand at this year's Royal Welsh show.

The Co-operative Loan Fund: The Co-operative Loan Fund supports co-operatives throughout the UK through the provision of accessible, ethical loan finance. The Co-operative Loan Fund offers loans between £5,000 and £75,000. In addition the fund is able to make loans with initially low repayments of capital and interest.

In the case of Wales, funding has been given to a number of organisations. On food specifically, we helped to fund the initial costs of Cambrian Organics, a farmer-owned co-operative in West Wales. It has since fully repaid its loan and is a great success story (see case study attachment). In addition, we recently provided £5,000 funding to the Penhow community food store in order for it to reopen its local village shop and Post Office. The shop provides a number of local food lines, with particular emphasis on bakery and milk.

Access to food: The strong history of the co-operative movement in Wales means that local co-operatives have an important role to play in the provision of local food to local people. We are fully committed to food access in more remote parts of the country, and offer a "corporate membership" package to community-owned retailers which allows them to order direct from our depots and have a wide range of goods delivered to their door at the same cost as elsewhere in the UK. The initiative means that the stores have a regular and diverse supply of good quality, fresh, affordable fruit and vegetables that may otherwise not be available in such isolated localities.

Further support includes the Co-operative's Community Food Discount Card, which gives a 10% discount on products. The community stores are also linked to a supportive Co-operative "buddy" store in their local area. The community stores can order through the "buddy" store using their discount card, which is useful when smaller quantities or back-up goods are needed. Although most Welsh products are sourced from larger multiple retailers, there is a role for local food networks to increase their offer of local food, with appropriate support, to ensure the long-term availability and sustainability of Welsh products.

Distribution of goods: We are concerned about the environmental impact of our distribution activities and a number of projects to reduce this impact are being progressed. We have 19 depots for retail logistics primary and commercial services, but we do not have any depots in Wales. Wales is, however, primarily served by depots from distribution centres in the Northwest, Midlands and near Bristol. The logistics arm of our business is working to smart plan routes and explore alternative technologies and use of resources to reduce total road miles and CO₂ emissions connected with transport. Our stores in Wales receive all deliveries by road but the geographical location and remoteness of some areas does not affect the range of produce that is stocked in these stores.

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