REF2021

Institution: University of East Anglia	
Unit of Assessment: 17 – Business and Management Studies	
Title of case study: From insight to action: Transforming small-scale food and drink businesses	
Period when the underpinning research was undertaken: 2015 – 2020	
Details of staff conducting the underpinning research from the submitting unit:	

Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Andrew Fearne	Professor of Value Chain Management	Sept 2015 – to present

Period when the claimed impact occurred: 2016 – 2020	
Is this case study continued from a case study submitted in 2014? No	

1. Summary of the impact

Research from the 'Who Buys My Food' (WBMF) project at UEA has transformed the performance of small-scale food and drink businesses supplying Tesco, the UK's largest supermarket chain. The project has developed tools to deliver customised market intelligence and support to small-scale suppliers, improving their marketing capability and enabling a more targeted allocation of their scarce resources. At a time when Tesco aimed to reduce the number of products by 15% per annum over three years, WBMF findings showed how to improve the supplier-retailer relationship and how small-scale businesses could protect themselves from product de-listing. In Northern Ireland, WBMF collaborated with InvestNI, enabling InvestNI to take a more active "hands on" approach in supporting local firms.

2. Underpinning research

The 'Who Buys My Food' project has provided Professor Fearne's research group with access to a large sample of small businesses operating within the same distribution channel (supermarkets) and supplying the same customer (Tesco) over a considerable period of time (15yrs). Through a model of co-produced research in collaboration with individual suppliers, Tesco and InvestNI, WBMF has discovered a number of counter-intuitive processes, practices and tensions, and developed solutions and recommended actions for the stakeholders.

- In small businesses, there is a tension between marketing and sales which results in the disproportionate allocation of resources towards short term sales growth at the expense of long-term market development, increasing the vulnerability of small businesses in the medium term. [**3.2**]
- The use of customised market intelligence has an impact on marketing performance only when it is used instrumentally or conceptually to inform decisions, rather than symbolically to justify decisions that have already been made. [**3.4**]
- Experimental field research revealed that the most commonly used formats for the presentation of market intelligence are inadequate in the specific context of marketing decision-making in small businesses, which is invariably reliant on individuals with different levels of experience with data in general and market intelligence in particular. [**3.5**]
- The existence of an established relationship with a retailer does not afford protection against de-listing, which instead requires suppliers to invest in the (long term) improvement in brand diffusion. [**3.1**]
- Market power can be a force for good, with small-scale suppliers who perceive their treatment by a dominant retail customer to be fair more likely to allocate relationship-specific investments for mutual long-term benefit. [**3.3**]
- Contrary to common assumption, faster selling lines are not necessarily scrutinised more closely by store managers, and therefore are at risk of suffering from out of stocks, justifying greater supplier involvement in maintaining product availability where and when it matters most. [**3.6**]

3. References to the research

(UEA authors in **Bold**)

3.1 Unlocking the Link between Relationship Duration and Product Failure in Retail Channels: The Role of Market Orientation and Brand Diffusion.
Golgeci, I., **Malagueno, R.** & **Fearne, A**.
2020, *Who Buys My Food – Working Paper No. 2020*,
https://sites.uea.ac.uk/documents/18446308/34018464/Golgeci+et+al+%282020%29.pdf/9eff1e38-c0f4-2c0f-0f0d-c1497b8975e4

3.2 Determining the presence of a long-term/short-term dilemma for SMEs when adopting strategic orientations to improve performance.
Didonet, S., **Fearne, A.** & Simmonds, G.
International Small Business Journal, **2019**, Vol.38(2), pp 90-110.
DOI: 10.1177/0266242619879369

3.3 Customer categorization, relational justice and SME performance in supermarket supply chains.
Malagueño, R., Gölgeci, I. & **Fearne, A**.
Supply Chain Management: An International Journal, **2019**, Vol.24 (3), pp 417-429.
DOI: 10.1108/SCM-06-2018-0237

3.4 The Use and Abuse of Customised Market Intelligence by Small Food and Drink Producers.
Koerniawan, N., Fearne, A. & **Malagueno, R**.
2020, *Who Buys My Food – Working Paper No.2020-1.*
https://sites.uea.ac.uk/documents/18446308/34018464/Koerniawan+et+al+%282020%29.pdf/34de05b9-8cb1-a70a-d686-927807891b5b

3.5 The impact of data visualisation on the use of shopper insight in the marketing decision-making of small food producers.
Maliszewski, K., Fearne, A. & Penczynski, S.
2020, *Centre for Behavioural & Experimental Social Science (CBESS) Working Paper No.20-05.*
https://ideas.repec.org/p/uea/wcbess/20-05.html

3.6 The challenge of maintaining availability of niche products in supermarket distribution channels: A case study of Lacka Foods and Tesco.
Maliszewski, K. & **Fearne, A.**
2018, *Who Buys My Food – Working Paper No. 2018-1.*
https://sites.uea.ac.uk/documents/18446308/34018464/Maliszewski+%26+Fearne+%282018%29.pdf/85d24a9f-58d6-c175-51ff-bb675dd975fb

4. Details of the impact

The growth of the Tesco Local range over the previous decade had afforded hundreds of small-scale food and drink producers the opportunity to access mainstream supermarket distribution. Tesco's 'Project Re-set', launched in 2016, was the largest range rationalisation project in their history, seeking to reduce the number of products listed by 15% per annum over the following three years. This signalled a significant change in Tesco's strategy, leaving small-scale producers vulnerable to de-listing if their products under-performed.

Against this backdrop, findings from the co-produced research in the WBMF project have directly led to improved performance by small-scale suppliers and improved their relationship with the retailer. The research has also informed the development of marketing support for small-scale suppliers in Northern Ireland.

Impact on Individual Small-Scale Food and Drink Suppliers

The primary beneficiaries are the 113 small-scale food and drink producers engaged in the WBMF project, which has reduced the risk of product de-listing and helped them achieve above-average sales growth during a period of unprecedented uncertainty.

Better resource allocation leading to above-average sales growth [3.1, 3.4, 3.6]: Over the three years following the launch of 'Project Re-Set' suppliers reported their total sales had grown by an average of 20% [**5.1**, Q.67], of which they attribute 18% [**5.1**, Q.68] to their involvement in the WBMF project. Moreover, during the twelve months from November 2019 to November 2020, sales grew by an average of 33%, compared to 6% for the relevant product categories [**5.2**]. Much of this success is due to the ability of businesses to adapt to the changing market environment and use their scarce marketing resources more effectively, which the WBMF project has made possible through the provision of customised market intelligence which small-scale suppliers would otherwise be denied:

> *"Who Buys My Food has become such a valuable resource enabling us to punch above our weight as a small supplier. In this highly dynamic and fast moving market it is essential to have the data and insights you are providing, as we can't effectively plan and manage what we don't know."* [Cleone Foods **5.6**]

> *"We can now monitor our performance and see who our customers are and where and when they are purchasing our products. This helps us to tailor our promotions, positioning and sampling events to the needs of our customer – something we would struggle to do otherwise."* [Thistly Cross Cider **5.3**]

> *"We had confidence in the strength of our brand but the shopper insight report was a real wake-up call and prompted us to be more much more pro-active in engaging our core shoppers. The in-store sampling not only lifted out penetration rates but brought us into direct contact with our consumers, which generated lots of useful feedback."* [Doherty's Meats **5.4**]

Engagement with the WBMF data visualisation tool leading to improved performance [3.5]: WBMF research informed a re-design of the web data visualisation tool in 2020. This tool provides on-line access from any device at any time and a more differentiated approach to data visualisation, making it efficient for a user to find key data quickly. Metrics from the use of the application show a high frequency of short-period user access with significant benefits at the level of the individual decision-maker. For example, 51% of users reported an increase in their productivity, 57% reported an increase in their effectiveness and 62% reported an increase in their performance [**5.1**, Q.47] and that of their organisation:

> *"The web-application made it possible for us to access critical pieces of information when we needed it most (during the lockdown) and share it with the buyer with a level of detail that made it easier for us to make our case for launching a bigger bottle in the right stores at the right price, which was beneficial to Tesco as well as our business."* [Nix & Kix **5.6**]

Improved functional capability amongst account managers [3.2, 3.4]: When asked how their involvement in the WBMF project had affected their individual (functional) performance, 66% of respondents reported a significant improvement in their sales management, 69% reported a significant improvement in their account management, 57% reported a significant improvement in their marketing management and 57% reported an improvement in their use of market intelligence [**5.1**, Q.10]. In terms of specific marketing areas 74% reported they were *"better equipped for meetings with the Tesco buyer",* 67% reported they were *"better able to plan promotions"*, 53% found the research findings made a *"significant contribution to new product development"* and 42% found them helpful with respect to the *"design of new packaging".* [**5.1**, Q.41]. Moreover, 71% reported the project had enabled them to learn *"the value of shopper insight"* and (63%) *"the value of evidence-based decision-making",* whilst 60% reported that the project had made a *"significant contribution to the development of our relationship with Tesco."* [**5.1**, Q.76]

Impact on the Supplier-Retailer Relationship

Reduced the risk of product de-listing [3.1, 3.3]: During 'Project Re-Set', survival was the primary goal for small-scale suppliers. The WBMF project helped suppliers to identify appropriate

action to improve two of the key performance metrics, customer penetration and repeat purchase rate, that Tesco used to identify candidates for de-listing.

In February 2020, 86% of respondents to the supplier survey reported a significant increase in their market knowledge, 76% reported a significant improvement in their relationship with the Tesco buyer and 63% had found the project invaluable in helping them to avoid product de-listing [**5.1**, Q.43].

One month later, the Covid-19 pandemic resulted in a national lockdown with devastating impacts on a large number of suppliers. The threat of de-listing was intensified due to the pressure on supermarket supply chains and shelf-space for essential items, and the WBMF project sought to provide further assistance. WBMF demonstrated that suppliers who invested in their relationship with Tesco, by developing mutually beneficial proposals informed by customised market intelligence, were more likely to develop lasting relationships and perform better with Tesco.

> *"We needed to understand how demand was changing as a result [of] the pandemic and adapt our business accordingly… the insights we gained from the WBMF project were invaluable… you guys absolutely rock and all the tools were super useful!"* [Nix&Kix **5.6**].

Adoption of regional overlays for more effective ranging of local lines in Tesco [3.6]: A key message of WBMF to suppliers during 'Project Re-Set' was to resist the temptation of increased distribution and to focus instead on performing better in fewer stores – those where latent demand was strongest but not yet fully exploited. This would ensure that customer penetration and repeat purchase rate would increase, reducing the threat of de-listing.

WBMF also highlighted to the Tesco Local team a flaw in Tesco's approach to the ranging of local lines. The existing process for introducing a local line involved the identification of an under-performing product which could be replaced by the local variant. The problem was that the local line was automatically allocated to the stores in which the failing product was listed. In most cases this extended beyond the region in which the product was produced, resulting in a store allocation that was not aligned with consumer demand. The person responsible for ranging local lines in Tesco then set to work on the changes necessary. Six months later regional 'overlays' were introduced, enabling buyers to range local lines within the county in which they were produced:

> *"the messages (you) were giving to suppliers at the regional supplier events regarding the pursuit of increased distribution of their products ('be careful what you wish for') contributed towards the changes that Tesco made in the ranging of local lines, to enable a more targeted store allocation with county/regional overlays"* [**5.7**].

This change made it possible for suppliers to remove the 'long tail' of stores in which their sales were negligible, which were pulling down their (average) performance measures, and focus on their key customer and their core stores, thereby reducing the threat of de-listing and increase the return on their more targeted allocation of marketing resources.

Impact at Sector Level

Transformation of public-funded marketing support for the growth and development of food businesses in Northern Ireland [3.2, 3.4]: Agri-food is the largest industry in Northern Ireland, and in 2015 InvestNI, the business development agency for Northern Ireland, was charged with delivering a strategic action plan with the aim of "g*rowing a sustainable, profitable and integrated agri-food supply chain, focused on delivering the needs of the market*". One strategic investment was the creation of the consumer insights team. WBMF was engaged to provide customised market intelligence for small-scale producers supplying Tesco, by far the largest supermarket in Northern Ireland and in the process provided a catalyst for change in InvestNI from "hands off" to "hands on":

> "*The research that Professor Fearne and his team have undertaken on the benefits of evidence-based decision making and the work we have done together (webinars, workshops and case studies) to develop the capability within our clients has brought us much closer to the companies with whom we work. This has enabled us to provide more 'hands on' support, which Andrew's research revealed was essential if we wanted to turn insight into action and achieve a greater return on the significant investment we make annually on market intelligence.*" [**5.8**].

In 2020, InvestNI undertook an evaluation of the impact of the WBMF project [**5.9**] which:

> "*revealed that 94% of the businesses involved were "extremely satisfied" with the project. Many of them reported growth in revenue, improved relationships with their retail customers and an acknowledgement that they were better informed and more effective in targeting their marketing resources*" [**5.8**]

This resulted in an additional GBP500,000 in sales from new product listings in Northern Ireland and GBP2,300,000 from new product listings in GB [**5.9** page 4], thereby:

> "*supporting the business case for investment of public funds into the provision of consumer insight to the agri-food sector in Northern Ireland*" [**5.8**].

5. Sources to corroborate the impact

5.1 Survey of suppliers engaged in the 'who buys my food' research project, conducted in February 2020. Results (pg 1-4), Questionnaire (pg 5-15).

5.2 Store level sales data, November 2019 to November 2020 - totals highlighted on page 5

5.3 Case study – Thistly Cross Cider (November 2017)

5.4 Case study – Doherty's Meats (June 2018)

5.5 Case study – Tasty Foods Cuisine (February 2019)

5.6 Supplier Testimonials from whobuysmyfood.com (Downloaded 04.03.2021)

5.7 Email from Tesco - Local Buying Manager (England) (30.06.2020)

5.8 Letter from InvestNI - Consumer Insights Manager (17.11.2020)

5.9 InvestNI Impact Assessment - SMART Survey Analysis