



Top Five Strategies to help agri-food sector businesses navigate the Coronavirus Outbreak



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 **Quick read**

Introduction

How and where food is being consumed has changed dramatically in a matter of weeks. How can agri-food businesses best adapt?

Despite a rush worldwide by consumers to their local supermarket to stock up on basic food items the FAO Food Price Index fell by 3.4% in March. According to the FAO this steep decline was "...driven mostly by demand-side contractions linked to the effects of the COVID-19 pandemic and the drop in global oil prices due mostly to expectations of economic slowdown as governments roll out restrictions designed to respond to the health crisis."

Notwithstanding March's Index fall, demand for food can be expected to remain robust for the duration of this crisis. Indeed, for many of us working from home, resisting the urge to constantly visit the refrigerator is a struggle.

However, the food consumed and more importantly where consumers eat their food has changed profoundly in just a few weeks creating unexpected challenges for food manufacturers. Here are five ways to respond:

1. Re-orientate your product portfolio

The crisis has created a particular problem for manufacturers focused on serving foodservice rather than retail. While suppliers to supermarkets have experienced a surge in demand, foodservice suppliers have seen demand evaporate as their customers have been forced to shutter their outlets.

Untapping this food retail capacity, particularly in sectors such as meats, ready prepared meals and baked goods, will be important to help keep consumers supplied with fresh, safe and quality food for the duration of the crisis.

- Food & agribusinesses may need to adapt by re-orientating their product portfolio – a big challenge for firms focused on food service rather than food retail
- Streamlining of product portfolios is advised to meet unexpected surge in demand. Focusing on fewer stock keeping units can help manufacturers meet demand & serve greater numbers
- Implementing safety measures to protect seasonal and full-time workers
- Adapt to restrictions on seasonal labour through harvest mechanisation & local labour pool
- Boost customer loyalty by supporting suppliers & customers eyeing new ways to sell products
- Discover & innovate opportunities for your company's skills and capacity to capitalise

The challenge for manufacturers is to rethink their products, packaging and labelling to meet retail requirements at lightning speed.

2. Streamline your product portfolios

Suppliers of basic food staples have experienced an unprecedented and unexpected surge in demand. Bringing spare capacity into production is not without its challenges. One strategy manufacturers



should consider is streamlining their production to reduce the number of SKUs in their portfolio. Concentrating on fewer stock keeping units (SKUs) can help manufacturers meet demand and serve a greater number of customers.

3. Securing labour

Implementing safety measures to protect workers (both full-time and seasonal) is of the upmost importance. However, many European countries hardest hit by COVID-19 face an additional problem - who will harvest fruit and vegetable crops this season?

Approximately 75% of France's harvest workforce comes from abroad. Meanwhile Germany and the UK are also estimated to rely upon 300,000 and 80,000 seasonal migrant agricultural workers respectively. This problem is likely to be replicated across all major agricultural production countries.

The scope for harvest mechanisation, attracting a local labour pool and developing solutions to navigate travel restrictions and assure worker safety all need to be considered and quickly to minimise losses as harvest kick off is imminent.

4. Maintaining connection and customer loyalty

It's more important than ever to reach out to your suppliers and customers to stay in touch and look for opportunities to co-operate. Even if foodservice businesses are currently closed down, most will want to return to growth as soon as the crisis lifts.

How are your suppliers and customers adapting to the challenges? Are they looking at new ways to sell their products and how can you adapt to meet their current needs?

Communication is important, even just to offer support and maintain relationships and customer loyalty.

5. Where are the other opportunities?

Amid all the uncertainty and disruption, are there opportunities emerging for which your business has the skills and capacity to capitalise? Are there additional product offerings that can be supplied to retail? How can product preparation or presentation be improved?

This may be a good opportunity to target new or innovative offerings to both existing and new customers. This is also a good time to review processes and implement planned changes.

While the scope for short-term fixes may be more limited, driving creativity today will also serve to re-position the product offering for the longer-term.

Conclusion

Coronavirus Outbreak has the potential to disrupt or harm your agri-food business, but there are proactive ways to adapt and overcome this challenge. Retail is thriving while catering has receded so re-orient your product portfolio to forge a new path for your product to match that new reality. Streamline stock to serve a greater number of customers, find local employees and mechanise to make up for labour shortage and communicate more effectively to ensure customer loyalty. Above all, this difficulty presents an opportunity. Strategise and implement the creative solutions your business needs to survive.

[Farrelly & Mitchell](#) offers depth in all the areas your business needs to help you manage through this challenging period.



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