

# Food & Drink Supply Chain SWOT Analysis

Strengths, weaknesses,  
opportunities and threats facing  
supply chains of food and drink  
brands.

Logistics doesn't have to be a maze.



# Strengths

## Huge export market

The food and drink sector is the UK's biggest manufacturing sector, with huge export volumes per year. In fact, in 2023 the UK exported £24.3bn worth of food and drink. That's despite huge supply chain shocks experienced in recent years with Covid-19, Brexit and war.

This huge export portfolio, means that UK brands have significant market penetration in many key international markets.

Infrastructure to support export growth is among the best in the world, extending to all supply chain stakeholders.

Physical infrastructure is in place and international transport links to major trading partners are frequent. Logistics service providers, specialising in food, drink and cold chain goods (like us!) expertly support the sector, lowering barriers to international trade by providing guidance and contacts. Meanwhile the government have shown great appetite to support exporters through the Department for Business and Trade [advice pages](#).

Our food and drink trading expert:  
Keri Barton



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Added together, this cocktail of factors places businesses in the UK in a strong position to grow their export portfolios, despite recent economic and political headwinds.

## Top 10 UK Food and Drink Exports

Whisky	£5.8bn
Milk and cream	£987.2m
Chocolate	£859.0m
Cheese	£817.8m
Salmon	£693.3m
Breakfast cereals	£670.6m
Soft drinks	£622.3m
Gin	£584.5m
Beef	£578.3m
Pork	£564.0m

Source: FDF

### Reputation for standards and safety

The UK has a very strong reputation internationally for food hygiene standards and safety. Many regard it as having among the toughest regulations in the world, enforced by the [Food Standards Agency \(FCA\)](#).

For UK food and beverage manufacturers, it means you can benefit from this reputation, with easier market access to many countries than producers in some other nations would enjoy. (Although we acknowledge Brexit has weakened market access for most key European economies.)

It means that products produced for the UK market are likely going to comfortably meet the safety criteria of other markets and command a premium price. Customs processes are altogether simpler for UK firms trying to access new markets.

Furthermore, UK brands enjoy this strong reputation for quality and standards amongst international customers too. Taking advantage of this in your marketing strategy can be a shrewd commercial move.



# Weaknesses

## High manufacturing costs

In comparison to many international rivals, the costs of manufacturing anything in the UK are high. Labour and energy prices in Great Britain and Northern Ireland make producing food and drink an expensive process.

Replacing aging assets, making better use of recycling and leveraging more automation are all steps producers can take to minimise manufacturing costs.

## Reliance on imports

The UK food and drink supply chain is vulnerable because of a heavy emphasis on imports. The UK currently produces about 60% of its domestic food demand by economic value, some of which is exported. Consequently, it's estimated the UK imports 46% of the food it consumes. In certain sectors, this reliance is heightened, such as fruit and vegetables.

Although exports stand at £24.3bn, imports are at £60.4bn, highlighting this vulnerability.

Being heavily reliant on imports means the sector, both manufacturers and consumers, are exposed to a range of factors. Weather events, trade wars and political instability can all disrupt the flow of food and drink into the country. This can cause price fluctuations and supply shortages.

## Labour shortages

Labour shortages are a well-documented issue for the food and drink sector. Now although they have stopped attracting mainstream attention, the UK government's own predictions are that labour shortages for the sector will continue to some extent in the years ahead.

The UK has an aging population and a low birth rate, which is not a good mix for addressing labour shortages. All the while, the government's stance on immigration is getting tougher. The UK Skilled Worker Visa minimum salary requirement is increasing 48% from £26,200 to £38,700, meaning it will be harder to recruit for a range of positions vital to the food and drink supply chain.

Whilst progress has been made from the government to improve access to the Seasonal Worker Visa, challenges remain.



*“The UK food and drink space has shown incredible resilience during what have been really tough market conditions in recent years. It just goes to show the large international appetite for British food and drink.”*

**Keri Barton, Sales & Marketing Director, WTA**

# Opportunities

## Trade Deals

In the wake of Brexit, the UK government is establishing a very pro-international trade agenda. Central to which is the signing free trade deals with a variety of nations.

Recent deals with Norway, the CPTPP (a bloc of 11 Asia-Pacific nations), Australia and New Zealand, all present exciting opportunities.

Negotiations are on-going with India, South Korea, Canada and Mexico, among others. All presenting sizeable opportunities for food and beverage exporters.

The UK has just concluded the 6<sup>th</sup> round of negotiations with the Gulf Cooperation Council (GCC) over a free trade deal. The GCC is a collective of 6 Middle Eastern nations including the UAE, Saudi Arabia and Qatar, already responsible for £59bn in trade with the UK.



*“The UK government has been setting out a very pro-trade agenda post-Brexit. We’re yet to see the benefits of the UK-Australia trade deal filter through, but hopefully that deal, alongside several others will translate into real growth for exporters.”*

**Keri Barton, Sales & Marketing Director, WTA**

## Germany

Germany is Europe’s most wealthy nation, with a GDP of over \$4tn. The younger German consumer is increasingly open minded towards new flavours, particularly across the low and non-alcoholic spirits, confectionery, sweet and savoury snacks, vegan, organic, free from ranges.

Grasp of English is extremely strong, and businesses will experience almost no language barriers. Coupled with easy access logistically, Germany presents an exciting opportunity for export growth.

## Spain

Exports to Spain from the UK surged 7.4% in 2023 to £881m, the biggest increase of any European nation. What makes Spain particularly attractive is the high volume of UK tourists and residents.

16 million Brits visit every year, and they head to specific hotspots on the coast, providing you with an ideal entry point. Over 1 million UK citizens live their too. Combined this can make initial market access and easier feat than other European markets.



## Sustainability

The UK leads the world on sustainability, which can be worked to the advantage of food and drink producers.

International demand for products which are sustainably sourced, produced and distributed is only going to amplify, meaning UK brands can take full advantage.

Younger generations are driving a switch to products with more sustainability credentials, including a big move to plant-based goods. With every elapsing year, the younger adults become the dominant purchasing contingent.

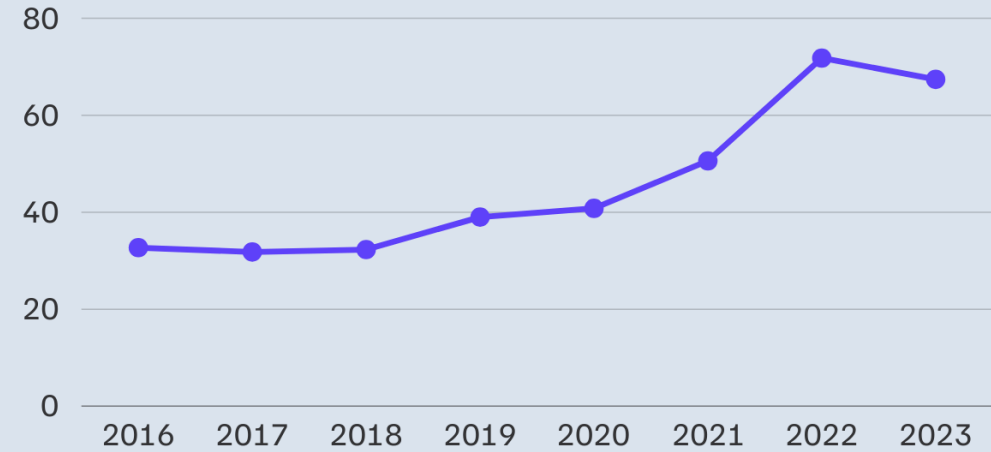
Producers of food and drink who are already making decisions to build sustainability into their product are sure to profit from this increasingly commercial necessity.

What's more, sustainability is can take many different forms, beyond simply plant-based goods. UK food and drink manufacturers showing greater social responsibility across several key product areas are strengthening their international selling points.

For example, consumers are showing interest in more sustainable packaging. Moves to 100% recyclable or raw material packaging are well received. For the EU market, sustainable packaging is legally required from 2030. The introduction of 'intelligent packaging' is effective for cutting food waste.

Firms who can boast responsible ingredient sourcing are also likely to resonate with the socially conscious modern consumer.

## Search engine interest in 'food sustainability'



Source: Google Trends

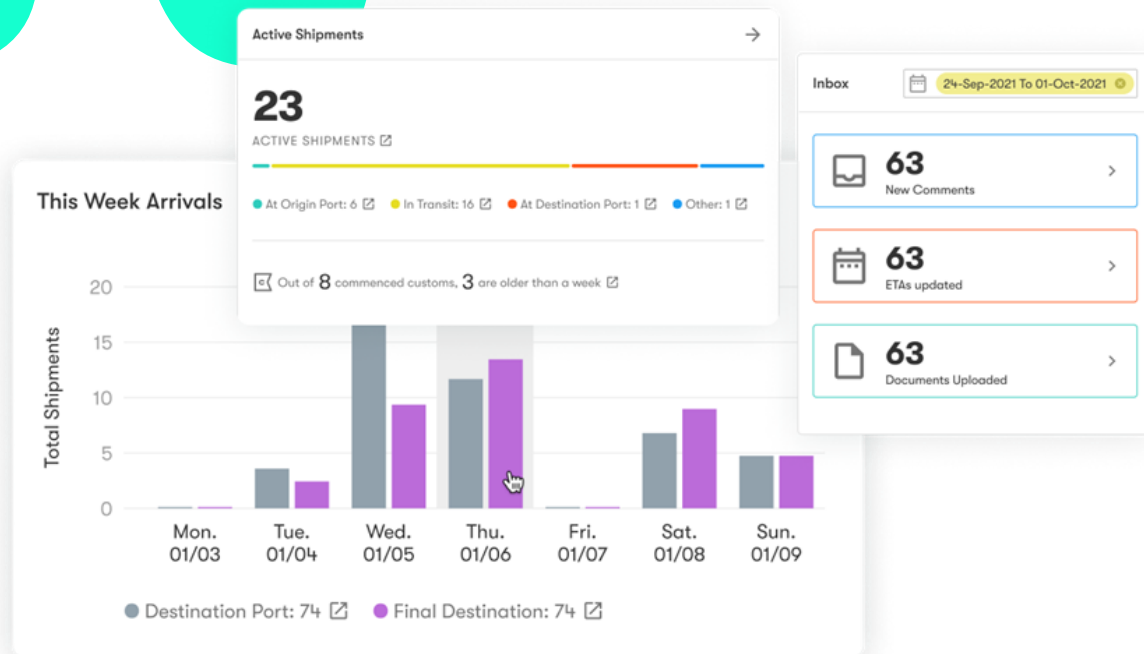
Sustainability opportunities extend to the logistical transportation too. Using a supply chain visibility tool, such as the [WTA Platform](#), can find efficiencies to improve product sustainability and become a genuine competitive advantage. Alternatively, making use of green shipping lanes.

## Case study

Oatly are a world-leading manufacturer of plant-based products. Their own calculations state that for every 1 litre of their oat drink, 0.629kgCO<sub>2</sub>e is produced. 33% of which is transportation emissions. Left unchecked, it's easy to see how transportation could compromise a products environmental credentials. Alternatively, how carbon-neutralising transportation could add to them.

Building sustainability into your supply chain.

## The WTA Platform



The industry-leading WTA visibility platform offers real-time data, so you can find logistical optimisations, whilst tracking and cutting supply chain CO2 emissions.

Our tool brings the management of your freight into a modern, user-friendly interface. Store all documents and accounting information alongside each booking, accessible to all relevant stakeholders.

Analytical reports allow you to make crucial cost and time saving decisions, without compromising lead time. Our CO2 emissions tracker is ISO compliant, meaning you can monitor and reduce the environmental impact of your logistics, turning it into a competitive advantage.

**Boost ROI across the supply chain**

Anticipate delays ahead of time giving you a vital window to mitigate disruption.

**Transform stakeholder communication**

Critically analyse the performance of every supply chain partner.

[Book demo](#)

# Threats

## Further external disruption

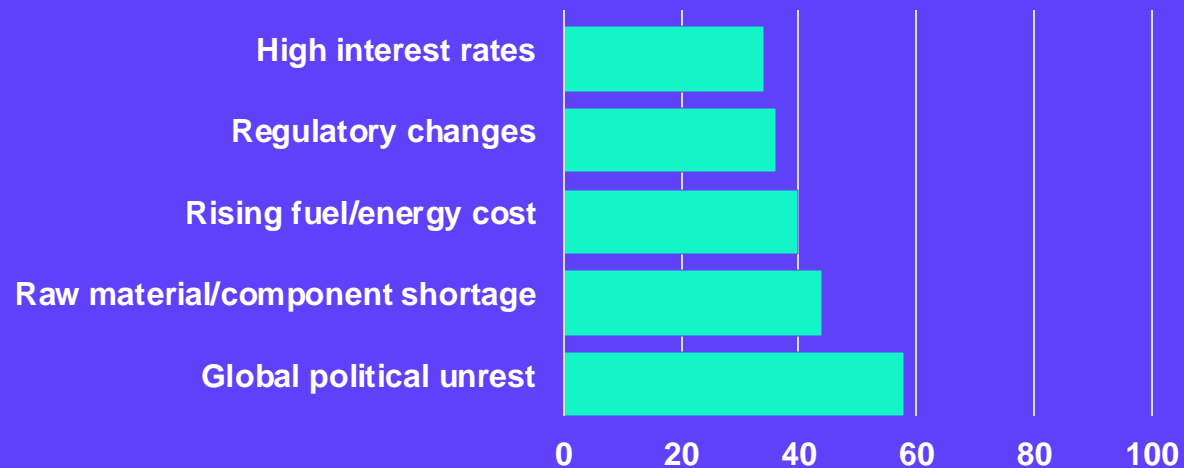
Food and drink businesses have had to contend with endless supply chain disruption in recent years, from Brexit to Covid to the Red Sea crisis.

And we're placing emphasis on the word 'endless' here.

We suspect the next supply chain disruptions are only around the corner and businesses need to be resilient. Climate change, natural disasters, geopolitics and a range of other factors threaten international trade more than ever.

Building contingency planning into your supply chain strategy feels like an effective mitigation for unexpected future events. Run what-if scenario planning through areas of vulnerability.

## Biggest threats to supply chains survey (% of respondents)



Credit: SAP, 2022





## Regulatory divergence from the EU

By November 2024, almost all Brexit deal food and drink regulations for trade with the EU should be implemented. However, the threat to supply chains does not end there.

**Brexit needs to be viewed, not as something that has been and gone, but as a continual evolving set of regulatory differences between the UK and EU.**

As the UK and EU grow apart, regulation around food and drink standards and labelling could get increasingly divergent, meaning it's more complicated and costly for UK products to sell on the EU market, and vice-versa. Businesses must navigate dual regulatory environments.

57% of UK food and drink exports head into the EU, therefore increasingly different regulation here is a significant threat to trade.

Novel ingredients, additives, chemical toxicology testing requirements and residual pesticide levels in food are all areas at heightened risk of further regulatory divergence.

That's all before we look at environmental legislation, another area susceptibility to divergence in the coming years.

### Examples:

#### Titanium dioxide (E171)

Used in bakery products, soups, broths, sauces, salads and more. Banned in EU since August 2022, permitted in UK.

#### EU PPWR

EU packaging regulation enforces recyclability of packaging on EU market by 2030. Not the case for the UK.

But this isn't a challenge exclusive to UK food and drink brands. Those in the EU have the same issues entering the UK market.

Over time, there is a threat that it slowly becomes less and less viable to manufacture products to two separate sets of legislative requirements. Further investment in internal compliance mechanisms and third-party audits to ensure adherence to regulations is all additional cost, threatening trade.





### Lack of clarity

Poor communication from authorities continues to concern and threaten international trade for UK food and drink brands. An ongoing example of this involves the importing of fruit and vegetables.

DEFRA hinted that there would be a change in their categorisation from 31<sup>st</sup> October 2024, meaning they would be subject to physical checks at the border.

However, since then the government has backpedalled, stating that some fruit and vegetables from the EU are temporarily treated as low risk and that further information related to their categorisation will be available shortly.

This kind of uncertainty is catastrophic for business planning and threatens all stakeholders in the food and drink supply chain. Unfortunately, it remains a threat for business leaders in the years ahead.



Navigate supply chain challenges  
with ease...

## Meet Keri Barton

Sales and Marketing Director, WTA

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Keri is passionate in her support of the UK's biggest manufacturing sector; food and drink. She is loved by our clients at WTA for her super friendly and honest approach.

She has built her expertise in the food and drink industry by placing very close attention to Brexit and focusing on the nuances of moving these goods. Consequently, she can comfortably advise businesses of all sizes in the sector.

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