



Bord Bia's
Brexit Action Plan

Customer Relationships

4TH EDITION: SEPTEMBER 2020



The UK has left the European Union. It is now in the Transition Period until the 31st of December 2020, during which it remains in the Single Market and Customs Union. The ratification of the Withdrawal Agreement by both the EU and the UK in October 2019 means that there will be permanent changes to the trading relationship between the EU and GB from the 1st of January 2021.

From next year there will be customs and regulatory controls on trade including trade in agri-food products between the EU and UK, excluding Northern Ireland. The details and scope of the customs and regulatory controls on trade in goods between EU/Ireland and UK will be defined based on the successful conclusion of negotiations on an EU-UK Free Trade Agreement or in the absence of an FTA based on application of WTO MFN trading rules for Third Country trade. However, what is certain is that these new Controls will add costs, delays and complexity to the supply chains of Irish food and drinks manufacturers.

Northern Ireland Protocol.

The EU-UK Withdrawal Agreement includes a dedicated Protocol on Ireland and Northern Ireland. The Protocol ensures that there will be no regulatory controls on trade moving between Ireland and Northern Ireland, other than those already in place. The Protocol applies even if there is no trade agreement between the EU and the UK.



Urgent actions required to prepare for January 2021

Bord Bia's Readiness Radar and Brexit Barometer have both played a vital role over the past three years in enabling Irish food and drink manufacturers to identify, assess and prepare for the challenges that businesses face as a result of Brexit. Both risk diagnostic tools focus on six key risk areas related to Brexit: Customer Relationships, Supply Chain, Customs and Controls, Financial Resilience, Market Diversification and Emerging Risks. It is positive to note that as of April 2020, over 91% of Readiness Radar respondents said they had made progress in relation to their Brexit preparedness over the past 12 months. The results show that only a small

number of companies report having made no progress in the past year. Looking to the rest of 2020 and the permanent changes coming into effect from 2021, this Brexit Action Plan is an important resource to ensure your business is prepared for these changes.

This is the Fourth Edition of Bord Bia's Brexit Action Plan and provides practical information that Irish food and drink manufacturers can utilise in order to prepare for increased complexity in future trade with the UK. It addresses actions companies should take in two scenarios: a future Free Trade Agreement (FTA) between the EU and the UK (still to be defined

as it is currently under negotiation) and No Agreement, whereby the UK and EU will trade on WTO terms. Bord Bia's support services, along with other State supports, can be found listed at the end of each chapter. Each chapter provides step-by-step guidance on the six risk areas and is accompanied by a checklist to help guide companies through potential next steps and other considerations in their Brexit planning.

SUMMARY OF ACTIONS



1. Develop a commercial marketing strategy for the UK
2. Plan and implement your commercial marketing strategy
3. Establish regular meetings with your customers
4. Gain an understanding of their Brexit concerns
5. Review your commercial contracts and International Commercial Terms (Incoterms)
6. Evaluate your market position

Customer Relationships

This focuses on how Irish food and drink manufacturers can strengthen their customer relationships and unlock new growth opportunities.

It provides some useful guidance on understanding your market position and on developing commercial marketing strategies. In preparing for Brexit, clients should focus on their UK commercial marketing strategy, understanding their customers' concerns and being aware of Incoterms and contract implications.





Developing a commercial marketing strategy for the UK market

In the Readiness Radar 2020, 51% of businesses stated that they do not have a commercial marketing strategy specifically developed or tailored to the UK market. Regardless of Brexit, understanding where your business is now and where you want it to be is the basis for the plans the business will need to make. This is even more important as manufacturers seek to rebuild in the UK market post-Covid-19

There are five key questions a business should ask in the development of their commercial marketing strategy:

1. **Where do I want to be?**
The starting point is to define and articulate a clear vision for the future. This requires being clear about the reason the business exists (its purpose) and stating long term business goals (objectives).
2. **Where is my market heading?**
To stay ahead of the competition, you need to look to the future and anticipate the implications of major trends across the marketplace and how you can leverage these.
3. **Where should I focus?**
This is about making choices about which category, customer segment, channel and market to prioritise.
4. **What is my value proposition?**
Determine what you want your business to stand for with consumers/customers and what value it will bring to your customers.
5. **How will I unlock my opportunities?**
Determine what levers you will pull to overcome the main barriers and unlock the priority opportunities for success.

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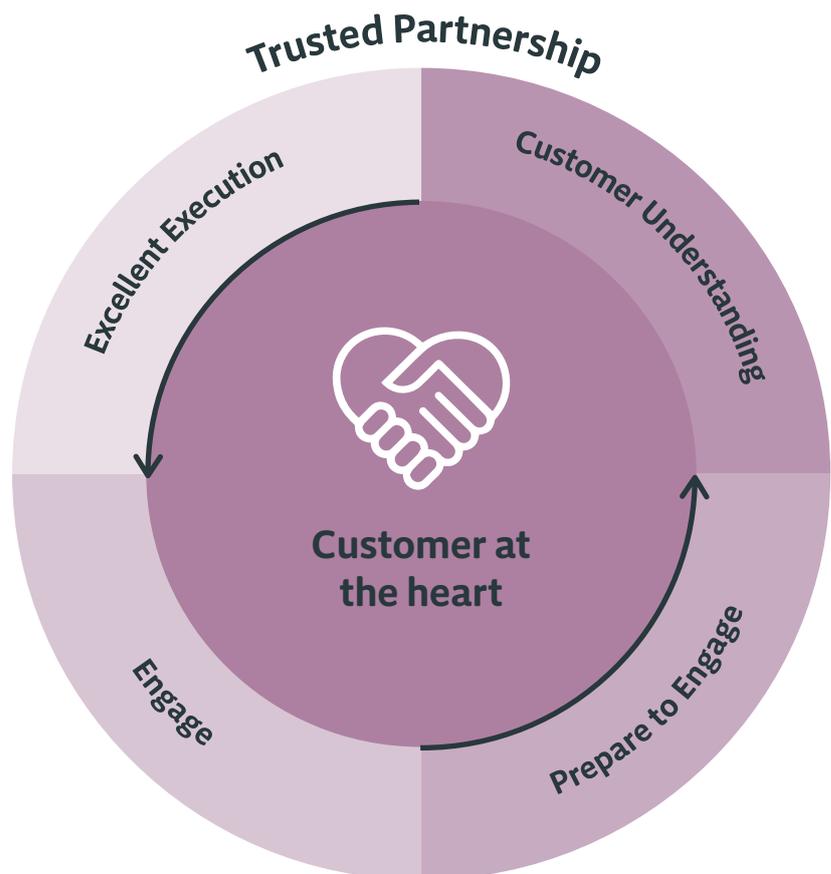
Commercial marketing planning and implementation

Once you have developed and validated your commercial marketing strategy, you will need to move on to commercial marketing planning and implementation. This is where a business will make decisions about what to do within their target market and with their key customers in that market.

To support those decisions, Bord Bia has developed a Key Customer Management model that is centred around the principle of putting the Customer at the Heart and supported by the four platforms of Customer Understanding, Prepare to Engage, Engage and Excellent Execution, all of which is underpinned by the concept of Trusted Partnerships.

To succeed in today's rapidly changing marketplace, businesses must act as partners with their key customers to help them win and to drive mutual profitable growth.

To find out more about using the Key Customer Management model in your business, visit <https://www.bordbia.ie/industry/grow-your-business/key-customer-management/>



Understanding and responding to your customers' Brexit concerns

Keeping informed on your customer's Brexit concerns should remain a key priority for your business. Just 51% of Readiness Radar participants stated that they have spoken to their UK customers from January to March 2020. Therefore, initiating informed discussions with your customers should be a priority. It will help clarify how they are addressing Brexit related challenges and reassure your customers of your Brexit planning and readiness. It is important to gain insight into their contingency planning and to understand what role they expect their suppliers to play in formulating solutions to these challenges.

Effective commercial relationships can be maintained and strengthened by keeping close to customers during this Brexit journey. It is important that suppliers remain agile, so that they can respond quickly and efficiently to emerging developments when there is an opportunity to demonstrate forward planning and thought leadership on key strategic issues.

The following steps can help guide you through Brexit related discussions and assist in managing customer relationships:

- 1.**

Present a proactive and forward-thinking perspective to customers on how Brexit may impact your business and theirs. The Readiness Radar suggests that supply chain logistics, customs compliance and currency risks are key interests to UK customers.
- 2.**

Initiate regular conversations with key customers to discuss any changes in requirements, as well as any opportunities that may have arisen. It is recommended these conversations are held at least every month, where possible. According to Readiness Radar respondents, when in discussions with UK customers, the issues of future contract agreements, payment duties (tariffs), updates on Brexit, and price lead the way, with over 50% of Irish food and drink manufacturers raising these as key topics.
- 3.**

Discuss opportunities to work together on specific Brexit challenges, e.g. sharing Brexit insights from Bord Bia and Irish Government resources, as well as sharing supply chain insights.
- 4.**

Ensure you are engaging not only with the buyers of your key accounts, but also with assigned Brexit leads, Supply Chain Managers and Technical and Product Development Teams. Many UK retailers have supply chain portals to manage and measure suppliers' service levels and they actively encourage their suppliers to use them.
- 5.**

Ensure that any product and innovation strategy is informed by robust consumer insight. Bord Bia's Thinking House can assist with this.
- 6.**

Keep informed of UK market developments and consider the impact they may have on your business and your customers. Bord Bia's GB Team offers Market Insights & Intelligence services for Manufacturing, Retail and Foodservice channels, supporting the industry with daily, weekly and monthly updates and insights on market movements.

Incoterms: Determining costs and risk

Where contracts are in place, it is vital to review these with your key customers in order to determine the terms of trade or Incoterms (International Commercial Terms), which dictate the division of cost and risk between parties.

Incoterms in your contract will determine who is responsible for making import and export declarations, as well as paying duty on goods. It is of paramount importance therefore, that

you are aware of the Incoterms that may exist in your contracts. If there are not currently reflected in contracts, it is recommended that you review this with your customers to ensure that each party is clear of their responsibilities.

Incoterms have been updated as of January 2020. The below graph outlines the updated terms and highlights with whom the responsibility lies.

- An example of a commonly used Incoterm is Deliver Duty Paid (DDP). This places the maximum obligation on the seller and is the only Incoterm that requires the seller to take full responsibility for import clearance and payment of taxes and/ or import duty (tariffs).
- Ex Works is another example of a frequently used Incoterm. In contrast to DDP, it places the transfer of risk on the buyer, as they are responsible for all charges and fees other than packaging fees.

	Any Transit Mode		Sea/Inland Waterway Transport				Any Transport Mode				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Charges											
Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/ Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Security	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Original Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance						Seller		Seller			
Destinational Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Import Duty, Taxes & Security Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

The following steps can help you manage your commercial contracts with your customers:



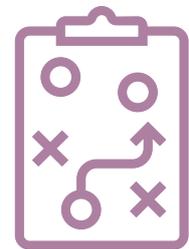
Understand and identify which Incoterms are relevant for your business.



Review your commercial contracts and consider the inclusion of Incoterms as a means of ensuring agreement on costs and obligations with your customers.

Better understand your current market positioning

Like your marketing strategy, understanding your market positioning is an ongoing process that requires regular review and revision. Useful steps to follow in order to understand your market position include:



Use consumer, market and customer data and insights to inform decision making.



Stay informed on UK market developments and insights from leading research providers (e.g. Bord Bia's UK Daily Media Reports, Bord Bia Food Alerts, Consumer Taste 'n' Tell, etc.), which are available to all manufacturers via Bord Bia's GB Office and Thinking House.



Spend time in retail or foodservice outlets to help understand how your product is performing, where it is positioned on shelf and what your competitive set is.



Benchmark your performance against similar competitors.



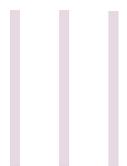
Attend seminars or food and beverage thought leadership workshops.

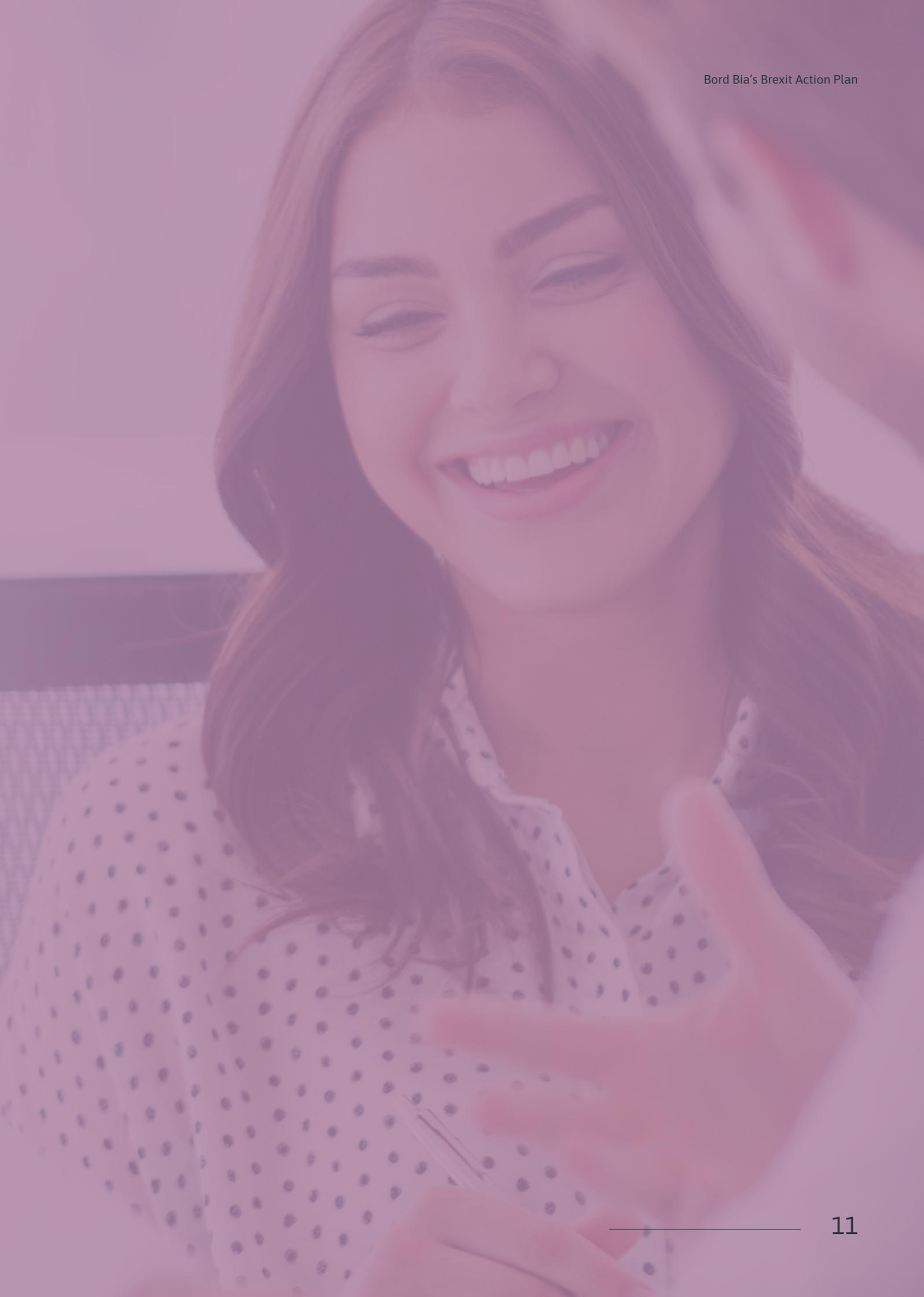


Customer Relationship Checklist

This customer relationship checklist will help you ensure that your business has taken all the necessary steps to prepare for the impact Brexit will have and maintain good relations with your customers.

	REVIEWED 'BUSINESS AS USUAL'	DRAFTED A PLAN FOR IMPROVEMENT	IMPLEMENTED CHANGE FOR BREXIT- PROOFING
Establish a commercial marketing strategy specifically tailored to the UK.			
Implement your commercial marketing plan.			
Schedule regular contact with key customers and confirm if they would like to discuss Brexit in a formal capacity.			
Assess what the impact of Brexit may be on your key customer's trading strategies.			
Review each customer contract to determine the Incoterms and responsibility for paying import duties.			
Understand your market position.			
Regularly explore sales growth opportunities through: <ul style="list-style-type: none"> • Trade fair attendance • Market Research • New product development • Placing staff resources in market (where appropriate) 			





Customer Relationship Supports

Bord Bia Supports

Insights & Intelligence

Bord Bia's Readiness Radar

In July 2020 Bord Bia launched the Readiness Radar, which is a risk diagnostic tool developed to assess industry thinking and performance around a number of priority risks and challenges. These include Covid-19, Brexit, Challenges to Market Diversification, Sustainability Pressures, Consumer Insights and Innovation, and Talent Management.

It enables Irish food and drink manufacturers to prioritise and assess their own company specific risks facing their businesses.

Readiness Radar Gap Analysis Report

Each client company that completed the Readiness Radar received a Gap Analysis Report. The Gap Analysis Report enables you to understand your risk exposure and level of preparedness across the six key challenges outlined in the Readiness Radar: Covid-19, Brexit, Challenges to Market Diversification, Sustainability Pressures, Consumer Insights and Innovation, and Talent Management.

Market Intelligence

Bord Bia's GB team offers Market Intelligence services for Manufacturing, Retail and Foodservice channels, supporting members with key daily, weekly, monthly and bespoke updates and insights on the UK market.

Contact thethinkinghouse@bordbia.ie for further details.

Bord Bia's Thinking House

The Bord Bia's Thinking House has been fully functioning as a centre of insight excellence since 2016. The Thinking House aims to ensure that the branding and innovation chains across the food and drink industry in Ireland will start with the consumer and end with the consumer. By using consumer and market insights that make sense of the landscape and guide today's decisions, it helps to inspire clients to make decisions that will shape tomorrow's world.

A few examples of the tools it uses include:

Library and Information Services

The library at the Bord Bia Thinking House maintains a world-class library which helps Irish food and drink companies make better and more informed strategic decisions. The agri-food industry can request professional tailored groundwork searches from a team of qualified librarians, who provide access to consumer and market insights needed to successfully compete in the domestic and global markets.

Bespoke Insight & Innovation Work

This bespoke work covers client projects that are project managed by the insight team. These projects can either be fully executed in-house or executed with the services of external agencies. Each project warrants its own bespoke approach depending on the nature of the objectives, which can include consumer and category insight,

branding and NPD support to facilitate innovation. Methodologies can span both quantitative and qualitative and projects can be conducted in domestic and international markets.

Original Research

Original Research provides market and consumer insight to enable companies to have a deeper understanding of topics and make informed commercial decisions. Each year Bord Bia commissions bespoke insight projects which focus on specific areas whether it be consumer life stages, meal occasions or food categories.

Foresight and Trends

Leveraging market and consumer trends can encourage companies to create a more forward looking, outward looking and consumer centric mind-set amongst decision makers in their organisations. Bord Bia provides future-focused category and industry knowledge that enables client companies adopt a longer term and more strategically focused outlook.

Consumer Taste 'n' Tell

This programme provides a quantitative measurement of product performance and concept appeal with Irish and/or European consumers to help optimise commercial success. The risk of innovation is reduced not just through the screening and evaluation of new product concepts, but also benchmarking them against competitors. The results allow clients to determine their product's appeal versus other varieties/benchmark products, they can aid with further recipe

development, retail buyer pitches and concept re-design etc.

BI: TES – Better Ideas: Think Evaluate Select

BI: TES is Bord Bia's concept iteration and validation tool, which helps clients quantitatively evaluate concepts with consumers to understand their feasibility, before investing further time or money in developing or launching the concept. BI: TES can be used to test innovation, proposition, products and packaging concepts with consumers, to support clients in bringing better ideas to the market.

Brand Forum

'The home of Irish Food Brands' is a membership service delivering best practice marketing thinking to participating clients. The service includes quarterly Inspiration Events, Marketing Capability development workshops, Directors Briefings, a quantitative brand health tracking service and a recipe video and content production service.

SuperBrands

A tightly defined, brand development 'starter pack' service which delivers brand proposition, qualitative research and pack design for smaller businesses (<€5m) for a fixed client cost. SuperBrands is designed to be accessible to businesses who would not have the expertise, capability or resources to access and navigate these services independently.

Bespoke Brand Building

Bespoke brand building services

for larger client companies (>€5m). Provision of expert guidance, strategic thinking and project management on the creation of new branded offerings, innovations or brand extensions. Helping client companies navigate insight generation, proposition building and targeting, visual identity creation, qualitative and quantitative research, and validation.

Brand Activation

Bespoke service offering for Bord Bia client companies. Expert guidance, strategic thinking and project management on both short-term, performance marketing and longer-term, incremental brand equity building activities including ATL comms, PR, digital media and In-store activation.

Brand Health Check

This large scale on-line survey of grocery shoppers, across an extensive range of categories, is designed to collect and analyse important information to help brand owners in: Brand Awareness; Brand Consideration; Brand Commitment; Brand Experience; Brand Equity Future; Brand Potential; and an overall metric of Brand Health.

UK Consumer Pulse Survey

Bord Bia has tracked UK consumer sentiment throughout 2019 to gain an in-depth understanding and develop insights on how the Brexit process is impacting both perceptions and attitudes towards the Republic of Ireland and its main food and drinks categories.

This research reached a nationally representative sample of 1,000 grocery

shoppers in six bi-monthly waves in 2019. The findings outline the strong positioning of Irish food and drink in the UK market and indicate that it will continue in 2020.

Weekly Brexit Alert

Informs latest Brexit developments in the UK Market and implications for the Irish Food & Drink sector. As part of the weekly FoodAlert Newsletter highlighting emerging trends in food and drink and how those trends are manifesting in different markets. Newsletter also links to Bord Bia's pricing pages. Used by clients to stay abreast of latest developments in categories and in market.

Sign up at www.bordbia.ie/industry/news/food-alerts/

For more information on all these services, contact The Thinking House at thethinkinghouse@bordbia.ie.

Covid – 19 Future Proofing Toolkit

Bord Bia's Thinking House has been tracking and tracing shifts in consumer behaviour during the Covid-19 crisis to provide client companies and their customers with a rich reservoir of insight and identify new behaviours that will be 'sticky' in a post-Covid world. This work has been validated in various markets, which has fed a series of Future Proofing Toolkits.

The market specific Future Proofing Toolkits are available for Ireland, Great Britain and France, to name a few.

To access these Toolkits, as well as those for other markets, visit the Future Proofing Toolkits page on Bord Bia's dedicated Covid-19 Hub.

Capability Development

Commercial Marketing Strategy Development

This service assists client companies in the development of a commercial marketing strategy for their business. It involves making choices around 'Where to Play' (which market, category, channel, customer etc.) and 'How to Win' (developing a value proposition and marketing objectives to deliver the strategy). The service is delivered through a mix of workshops, one-to-ones and online supports.

Contact info@bordbia.ie for more details.

Key Customer Management

This Bord Bia service is designed to develop client capability in managing accounts with key trading customers (in Retail/Food Service/Manufacturing) to deliver sustainable, long term business growth. In 2020, three workshops are due to take place.

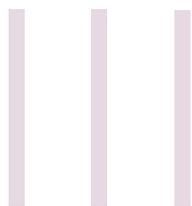
For further information and to register your interest, please contact your Sector Manager.

Other State Supports

The Agile Innovation Fund

The Agile Innovation Fund from Enterprise Ireland allows companies to access up to 50% in support of innovation projects with a total cost of up to €300,000. It has been developed to support product, service and process innovation to build competitive advantage.

For details visit the Enterprise Ireland website.



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IRISH FOOD BOARD



Riailtas na hÉireann
Government of Ireland