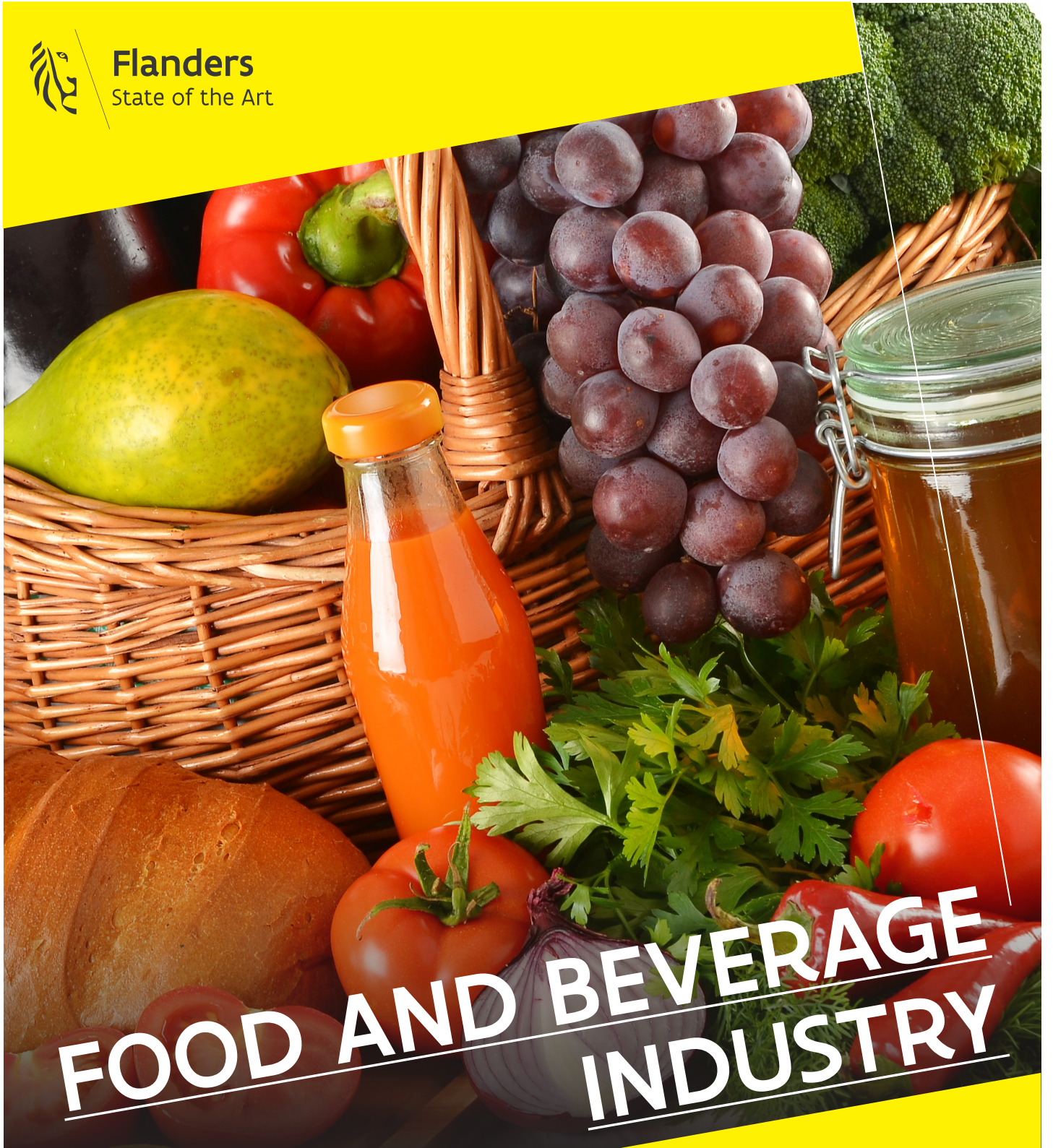




Flanders
State of the Art



FOOD AND BEVERAGE INDUSTRY

IN IRELAND

FLANDERS INVESTMENT & TRADE MARKET SURVEY

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FOOD AND BEVERAGE INDUSTRY IN

IRELAND

December 2021

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Flanders Investment and Trade
Dublin
December 2021

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1. THE IRISH ECONOMY

1.1 INTRODUCTION

The food and beverage industry in Ireland is thriving. Along with a busy indigenous production sector, there is a surge in demand for quality imported goods. Which brings many opportunities for Flemish suppliers, exporting food, drinks or secondary materials to support the food manufacturing sector in Ireland.

The common trade and customs rules that Ireland and Belgium enjoy, along with the new barriers and delays affecting products from the UK entering the Irish market, bring opportunities for Irish buyers to diversify, and for Flemish producers to seek new markets. The increased frequency in shipping routes over the past years between the Flemish and Irish ports indicates further trade collaboration potential between Ireland and Flanders.

This report will outline these opportunities for Flemish artisan, SME or large scale food and beverage exporters.

Economic Overview

The strict shutdown of Ireland's retail economy and border in the first part of 2021, has given way to a successful vaccination programme and a surge in consumer spending.

This rebound, along with sustained exports, showed that Irish GDP is expected to increase by 14.6% in 2021. Unemployment which peaked at 25% in Q2 of 2021 is expected to average at 7.5% for 2021 overall. Going into 2022, the economy is set to recover further, with unemployment returning to a 6.8% average for the year.¹ This high rate of unemployment however, coupled with the continued need for capital spending on health infrastructure, will put the public finances under pressure with a forecast deficit of €13.3 billion for 2021.²

Ireland was unique in the Eurozone in having a growth in GDP in 2020, despite the effects the pandemic had on the economy. This was largely due to the surge in pharma and IT services exports from the intensive manufacturing bases in Dublin, Cork and the West Midlands. Other North European countries caught up with this trend in early 2021 with the opening up of travel and a huge increase in consumption.

The outbreak of the COVID-19 pandemic has seen government expenditure rise substantially, from €87.2 billion in 2019 to €105.9 billion in 2020, and a forecasted €109.2 billion in 2021.³

¹ European Commission Forecast, Ireland - November 2021 - https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/ireland/economic-forecast-ireland_en

² Parliamentary budget Office - https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2021/2021-10-13_preliminary-pbo-review-of-budget-2022_en.pdf

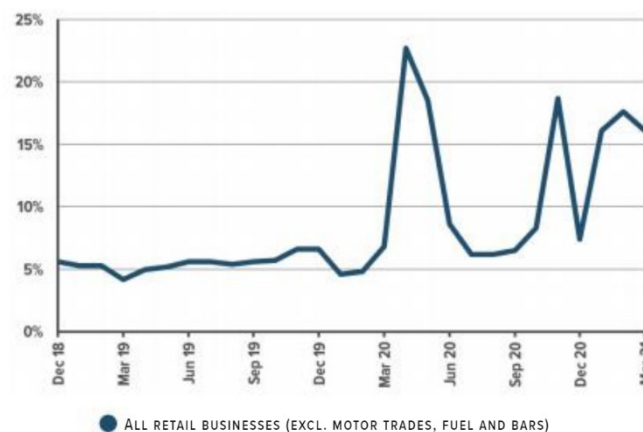
³ Table 11 in Budget 2021 Economic and Fiscal Outlook - <http://budget.gov.ie/Budgets/2021/2021.aspx>

Consumer Sentiment

With the obvious fall in consumption during 2020, there has been a concurrent dramatic rise in household savings. These savings could support the economic recovery, if Irish households choose to resume spending with these surplus savings. While accumulated savings are normally spent on holidays or new cars, the demand for quality home experiences such as high end food and drinks has become a pattern.

Due to the continued restricted movements in the spring of 2021, the average household grocery bill was €245.10 higher in April 2021 compared to the same period in 2019. Also interesting to note is that consumers have retained many of their lockdown habits, with online shopping accounting for around €43.1m of sales.⁴

PERCENTAGE OF IRISH RETAIL BUSINESSES' TURNOVER GENERATED VIA ONLINE SALES



SOURCE: CSO.

Irish grocery sales fell by 4.8% year on year over the 12 weeks to 31 October 2021. However, growth is still strong compared with pre-pandemic levels, and sales were up 8.9% versus the equivalent period in 2019.⁵

Resilience of the agri-food sector

Despite the COVID-19 pandemic challenge on farm and food businesses and in local and export markets, the Irish agri-food sector managed to process and sell all of the country's farm output in 2020. This generated spending of €6 billion in the Irish economy, while earning over €13 billion in export values, thus maintaining employment for 260,000 people across the rural and regional economy. This performance also has to be seen in the context of the evolving Brexit impact on the sector.

⁴ Kantar Household Grocery Figures - <https://www.kantar.com/uki/inspiration/fmcg/2021-irish-shoppers-spend-extra-2-billion-on-groceries-in-pandemic-year#:~:text=The%20latest%20figures%20from%20Kantar,an%20additional%20%E2%82%AC151.1%20million.>

⁵ Kantar Insights - [Irish shoppers embrace festivities as restrictions ease \(kantar.com\)](#)

In the UK milk surpluses had to be poured down the drain, because of the closure of their food and hospitality sector in the first lockdown in March and April 2020. If the Irish agri-sector didn't had the capability to find markets across 150 countries globally for its food output, then not only would they lose the €13.5 billion in export earnings to the state, they would also have had to incur the cost of billions of COVID-19 payments.⁶

1.2 DOING BUSINESS IN IRELAND (POST-BREXIT)

The EU-UK Trade & Cooperation Agreement (TCA) has added a layer of paperwork for Belgian exporters into the UK that has been time consuming and expensive. The filing of customs declarations and the registering for VAT has added to the workload for the movement of goods into and out of the UK. It has been a similar experience for Irish traders.

Since the announcement of Brexit, Ireland has seen an important move in supply chains of Irish companies.

SPS (Sanitary and Phytosanitary) checks apply to all imports of animals, plants and products of animal and plant origin from Britain into Ireland. This presents major challenges for traders. The Department of Agriculture, Food and the Marine (DAFM) has stepped up to 24 hour operations at Dublin Port.

However, by the end of January 2021, 80% of incoming freight vehicles were being "green routed", cleared to leave the port immediately after arriving, so the initial backlog has ended. This interruption though has diverted Irish consumers and procurers away from the short term uncertainty and price volatility of the UK market, allowing a real opportunity for Flemish suppliers.

Dublin Port is and remains the largest freight and passenger port in Ireland. It handles over 50% of Ireland's trade, operating as a core / comprehensive port within the EU's TEN-T network.

Due to (potential) border issues, a large part of the Irish supply chain stakeholders took the unprecedented decision to bypass the traditional 'Landbridge' (the route from Dublin to Belgium, Netherlands and France via Britain by sea and road) in favour of direct routes to the EU from the Irish ports, early in January 2021.

Demand for direct services to the continent outstripped the supply as the supply chain shifted from a reliance on the landbridge. It will take time to substitute the volume of trade with the UK, however it is understood that in the medium to long term, traders and buyers will continue to diversify their supply channels away from the UK and towards the continent.

A key to Ireland's future competitiveness will be quality and volume of services to continental Europe. While keeping the benefits of the customs union and single market, by limiting the administrative burden and delivering frictionless transport to and from the continent.

⁶ Agriland Newspaper, 30/04/2021 - <https://www.agriland.ie/farming-news/ciaran-fitzgerald-irish-agri-food-sector-resilience-is-bankable/>

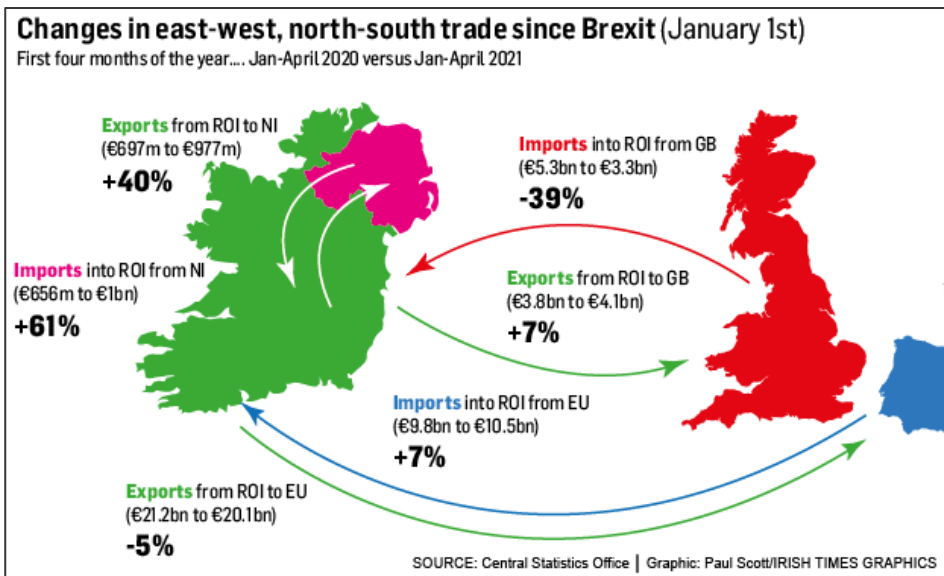
To support this movement away from the UK 'Landbridge', the freight ferry companies such as CLdN have increased their capacity in their RoRo services. CLdN accounts for 40% of all units moved between Dublin Port and Continental Europe.⁷ They also operate a twice weekly connection between **Port of Cork and Zeebrugge**. This route serves the busy pharmaceutical and foodstuffs sector in the South of Ireland region.

Among other shipping companies, the Antwerp based company Fast Lines also operates a breakbulk service between Drogheda and Antwerp. Located between Dublin and Belfast, Drogheda Port is well placed to service transport of non-perishable goods.

Northern Ireland (NI) is now in a special VAT and customs relationship with the EU. Whilst NI remains within the UK VAT area, it follows EU rules, including zero-rating for VAT on intra-EU supplies across the Irish border. EU VAT on imports into Ireland via Northern Ireland are collected by the UK authorities.

In addition, another factor that has influenced buyers is the fact that various grace periods – such as the exemption of Health Certificates for products of plant and animal origin – having been extended several times. This is creating major uncertainty for importers. Supermarkets in Northern Ireland are revising their supply chain arrangements for such products. Therefore it is a good timeframe and opportunity to also make contact with importers in Northern Ireland.

The graphic shows the much increased freer flow of goods between NI and the Republic of Ireland (ROI) and the decreased imports from the UK. A redirection through NI ports may account for some of this change, and also the disruptions of the COVID-19 pandemic. But an important part of this move is mainly due to Irish companies creating alternative supply chains.



The rules of movement of foodstuffs or beverages have not changed for inter-EU nations. There is full capacity at the ports of Dublin, Drogheda, Rosslare and Cork and no real delays have been reported.

We have outlined below in further detail the logistics and haulage capacity within the Irish food supply eco system, which gives evidence of the efficient and modern delivery networks.

⁷ Dublin Port - <https://www.dublinport.ie/new-brexite-buster-sister-ship-mv-laureline-expands-dublin-ports-direct-route-cargo-sailings-europe/>

2. FOOD SECTORS

2.1 DAIRY

Dairy production in Ireland is still a largely small farm-based occupation, although there are more and more large commercial farms being established. Milk is supplied to a network of co-operatives which is then processed locally or sold on to the major processors for whey or powder making.

The restrictions and lockdowns, ultimately proved positive for dairy demand and consumption. Global output is predicted to be between +1% and +1.2% in 2021.⁸

Again, the issues of sustainability and lean practices in the creameries offers opportunities for Belgian suppliers of new flavourings, additives or indeed packaging solutions for dairy products.

2.2 MEAT AND MEAT ALTERNATIVES

The beef industry in Ireland is a central part of the rural economy. Employing over 16,000 workers and providing a much needed support to the areas outside the traditional industrial and technological centres. There are approximately 14 major slaughterhouses and meat processing factories operating in Ireland, supplying most of the indigenous market and exporting huge volumes to the UK and Asia.

Therefore the market for fresh meat products from Flanders is limited, as there is a concerted push toward local produce and following the 'Farm to Fork' model. However, there are opportunities in the supply of charcuterie and specialist products, especially if the supply of these types of meats is limited from the UK in the future due to divergence of food safety regulations.

Poultry consumption is up 11% in the last 12 months and red meat consumption is down 9%. Whereas red meat is becoming more popular in USA and China, the Irish, like most Europeans, are buying less but better quality meat. Flemish meat exporters can find a market in luxury and lean cuts of meat, in particular to the full service restaurant sector, where customers seek new tastes from the continent.

In the 12 weeks up to the 6th of June 2020, there was a 109% year-on-year increase in sales of ambient meat substitutes, while sales of fresh meat substitutes were nearly 60% higher. There is overlap between those who associate with various dietary lifestyle or diets all or most of the time – with the most significant increase happening in flexitarianism⁹

⁸ Irish Co Operative Organisation Society Market Watch - <http://icos.ie/2021/05/28/market-commentary-21/>

⁹ Bord Bia Dietary Lifestyle Report 2021 - <https://www.bordbia.ie/globalassets/bordbia2020/industry/insights/new-publications/dietary-lifestyles-report-march-2021.pdf>

There is a strong pet food processing industry in Ireland, these companies are always looking for new suppliers of offal and secondary meat products.

2.3 READY MEALS

There is an opportunity for the supply of fresh and processed meat products for this sector. Under EU food safety rules, animal-based products coming from outside the EU must be frozen, meaning that certain meat products, which are fresh or chilled, are not permitted.

The list of banned foods includes chilled minced beef, minced pork or sausages and also poultry that is either frozen or chilled (poultry has stricter rules). Chilled Ready Meal ingredient supply is arguably a more significant exposure for Irish businesses than finished product.

Buyers will be happy to avoid any UK meat products if it can be sourced successfully from Flanders.

2.4 FROZEN FOOD

As mentioned above, some frozen meat products have ongoing restrictions coming in from the UK, which creates a gap in the market worth exploring. The frozen food sector has seen a pronounced shift in the last 12 months. Industry reports suggest that consumers are increasingly using the online delivery option from supermarkets, spending more per shop and are also buying more frozen food than ever before.¹⁰

Logistics companies have been able to successfully adapt to meet both the overall increase in chilled transport requirements and the jump in frozen food transport.

2.5 FRUIT AND VEGETABLES

The agricultural landmass in Ireland is mostly used as grassland for the abovementioned national livestock herd. Cereal crops are also prolific but Ireland imports most of its fruit and vegetables.

Again, sustainable practices will soon become such an issue that produce from the Global South will not be popular. There is a predicted move towards local and European produce. There are opportunities for the supply of prepared salads, prepared vegetables and stir fry products.¹¹

¹⁰ McKinsey Report, page 129 - https://www.mckinsey.com/-/media/McKinsey/Industries/Retail/Our%20Insights/Perspectives%20on%20retail%20and%20consumer%20goods%20Number%208/Perspectives-on-Retail-and-Consumer-Goods_Issue-8.pdf

¹¹ Bord Bia - <https://www.bordbia.ie/industry/news/food-alerts/prepared-fruit-vegetables-on-the-menu/>



2.6 CONFECTIONERY

Due to Brexit, difficulties have arisen for some of Ireland's favourite products that are generally sourced from the UK. Commodities such as flour and sugar have become expensive and as a lot of flour in Ireland comes from Canada via UK processors, the incoming rules of origin limits will further affect supply.

Besides a new market for flour, the Irish consumer will need to be introduced to new flavours and palates of sweets and snacks. In the area of FMCG, forecourt and retail has further potential for packaged waffles, biscuits and non-luxury chocolate. There is also a definite move towards healthy snacking, where traditional chocolate bars are being overtaken by protein bars or natural ingredient bars.¹²

3. BEVERAGES

The closure of the 'On Trade' for most of 2020-2021 has had an effect on the volume of beer and cider consumed. The 'On Trade' is the sale of alcohol in a licenced premise such as a pub, hotel or restaurant. The 'Off Trade' in Ireland is where a retailer such as a forecourt operator or grocer can sell wine, beer, spirits and cider for consumption off the premises.¹³

Irish consumers pay comparatively very high rates of excise tax on alcohol in Europe. €42.57 per litre of alcohol in spirits and €22.55 per hectolitre per cent of alcohol in beer.¹⁴

This fact, coupled with the long term closure of pubs and restaurants, has put severe pressure on suppliers in the competitive pricing of goods.

3.1 BEER – WINE - SPIRITS

The increased popularity of craft beers and big interest in imported continental beers has provided a good market for Belgian, German and Polish brewers. The growth of tasting clubs and online sales has given gradual rise to changing the Irish taste and palate for beer. The supply of regular, Irish beer and stout is dominated by the producers and wholesalers, that have loyal and secure relationships with the pubs and hotels in Ireland.

The market for import of speciality beers is covered by a handful of players. Several Belgian breweries have already successfully entered the Irish market through good relationships with local distributors.

¹² Glanbia Nutri Knowledge Centre - <https://www.glanbianutritionals.com/en/nutri-knowledge-center/insights/uk-irish-bar-consumers-deep-dive-part-one>

¹³ Revenue Commissioner - <https://www.revenue.ie/en/companies-and-charities/excise-and-licences/excise-licensing/retailers-licence/index.aspx>

¹⁴ Revenue Commissioners - <https://www.revenue.ie/en/companies-and-charities/excise-and-licences/excise-duty-rates/alcohol-products-tax.aspx>

The spirits sector in Ireland has grown significantly. From just 4 distilleries in 2013 to 26 distilleries in 2020. More than 11 million 9 litre cases of Irish whiskey were sold in 2018, just 582 of these cases were sold in Ireland. 30 distilleries in the country are now also producing gin, this was just 3 in 2013. 92,000 people were employed in the drinks industry island-wide in 2019, and more than €1.1bn of inputs from the Irish economy were used in the manufacturing process. As with Irish beef, Irish whiskey and other cream liqueurs are mostly exported, with 40% going to the US market.

While there is room for importation of new brands of spirits from Flanders, the market is quite limited. Within this sub-sector, there are opportunities for the supply of distilling hardware, ingredients such as maize and other flavouring ingredients for the spirit manufacture sector.

Cider is a popular (summer) drink in Ireland, with a strong, indigenous industry. Niche imports are present in the market but at small amounts. Wine sales are dominated by the traditional wine growing countries such as France, South Africa and New Zealand, with limited opportunities for countries that are not well known for wine production.

3.2 NON AND LOW-ALCOHOL DRINKS

Since May 2018, the Sugar Sweetened Drinks Tax (SSDT) has been in place. Placed on flavoured water and juice based drinks, and more recently, to sweetened plant protein and dairy based drinks. It applies to drinks with added sugar totalling 5 grammes or greater than 100 ml.¹⁵ This initiative is to mitigate against the growing problem of diabetes and obesity within the Irish population. But also has an obvious effect on beverage pricing for supplier and consumer, approximately 10c on a standard can of fizzy drink.

84% of global consumers are actively trying to reduce or moderate their alcohol intake.¹⁶ This has led to a rise in the popularity of low alcohol and fermented drinks. There are opportunities for Flemish exporters to supply the 'millennials consumer type' in their search for healthier options.

There is a small bottled water industry in Ireland. The majority of players in this category tend to be international, with notable exception being Tipperary Natural Mineral Water. Researcher Nielsen's Scantrack of multiples, convenience stores and discounters - for the 52 weeks ending on the 28th February 2021- values the bottled water market at €182 million, down 7% on last year.¹⁷

Any opportunity in addition to product supply in this area would be in secondary products such as alternatives to plastic packaging.

¹⁵ Revenue Commissioners - <https://www.revenue.ie/en/companies-and-charities/excise-and-licences/sugar-sweetened-drinks-tax/index.aspx>

¹⁶ Kerry Insights - <https://www.kerry.com/insights/case-studies/low-alcohol-spirit-launched>

¹⁷ Drinks industry Ireland - <https://www.drinksindustryireland.ie/bottled-water-sales-still-increasing-in-volume/>

4. SALES CHANNELS

4.1 WHOLESALE

Ireland's wholesale food industry on the world exporting stage is a remarkable story. Initially seen as a declining sector with the advent of industrial processes, Ireland is now the largest net exporter of dairy ingredients, beef and lamb in Europe. With strong markets in China (infant milk powder), Iraq (beef) and North America (cheese), it is also the largest supplier of food and drink to the UK. While the domestic wholesale market is worth €14 billion, there is always room for further imports.

Flemish exporters will find opportunities in the ingredients supply sector, as well as luxury food goods, 'free from' products, probiotics, plant based non-perishables, beverages and confectionery, among many other requirements.

Alcohol, take home savouries and home cooking ingredients were the fastest growing categories in Q1 2021., while baking products and meat free products have also seen a rise in popularity.¹⁸

The big operators in the wholesale sector have invested heavily in recent years. They invested in their ICT systems, allowing the supermarkets and independent retailers to grow through the use of e-commerce, capturing sales data and using technology to follow shopping trends.

4.2 FOOD SERVICE

Food service is the general term used to describe all food prepared and consumed out of the home. It covers everything from pubs, restaurants, cafes and hotels, to catering services offered in institutional settings such as workplaces, hospitals and educational institutions. This sector, when it opens again fully, is a dynamic and fast moving industry. It expects fast deliveries on a daily basis.

Before the health restrictions, the value of the Irish foodservice industry for 2020 was estimated to be €4.51 billion in terms of consumer expenditure and €1.65 billion in terms of purchases. This includes both the value of the Republic of Ireland and the converted value (from Sterling to Euro) of the Northern Ireland foodservice market.¹⁹

¹⁸ BBC - [Coronavirus: The foods we are all eating during lockdown](#) - BBC News

¹⁹ Bord Bia Market insights Report 2020 - https://www.bordbia.ie/globalassets/bordbia2020/news--events/foodservice-seminar-2020/2020_bord-bia-irish-foodservice-market-insights.pdf

Irish Foodservice Market Snapshot 2020

Republic of Ireland

2020 ROI Foodservice Market	2020 Consumer Spending (€M)	2019 Consumer Spending (€M)	2020 Operator Purchases (€M)	2019 Operator Purchases (€M)	2019-20 CAGR (in €)
Limited Service (QSR, fast casual, food to go)	€ 1,520	€ 2,266	€ 547	€ 759	-32.9%
Full Service	€ 313	€ 727	€ 113	€ 240	-56.9%
Pubs	€ 359	€ 1,039	€ 114	€ 301	-65.5%
Coffee Shops/Cafes	€ 239	€ 362	€ 68	€ 105	-33.9%
Hotels & Accommodations	€ 511	€ 1,157	€ 183	€ 394	-55.9%
Other Commercial	€ 79	€ 258	€ 30	€ 90	-69.4%
Total Commercial	€ 3,021	€ 5,809	€ 1,056	€ 1,889	-48.0%
Business & Industry	€ 86	€ 237	€ 45	€ 115	-63.5%
Healthcare	€ 136	€ 151	€ 74	€ 78	-9.9%
Education	€ 41	€ 95	€ 20	€ 42	-57.2%
Other Institutional	€ 32	€ 33	€ 14	€ 17	-4.3%
Total Institutional	€ 294	€ 515	€ 153	€ 251	-42.9%
Total Republic of Ireland	€ 3,316	€ 6,325	€ 1,209	€ 2,140	-47.6%

Loss from 2019 to 2020 (€m)

€ 3,009
€ 931

Source: Bord Bia, Technomic

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Bord Bia is the Irish State agency responsible for the standards and promotion of Irish food and drink produce. It conducts regular research and training in the support of the food production and food service industries. Last year, following eight years of consecutive growth, the foodservice market fell by a stark 47% (from €8.5 billion to €4.5 billion) and Bord Bia believes it will be the end of 2022 before the majority of the industry could return close to the pre-pandemic levels of trade.

Even as full service dining-in sector slowly returns, dine out and take away products will still be in high demand for 2022. Supplies of packaged items will be in demand due to the health concerns around buffet style dining. There will be a need for items that can easily transition from on-premises to off-premises occasions. The pubs with dining should see a slow return to capacity where the institutional and non-commercial centres such as education, healthcare and prison service, are expected to return to full demand by Q4 2021.

4.3 RETAIL

The major retail multiples dominate the market in this sector. They had to adapt quickly due to strong demand growth over the last 18 months. Food producers have reviewed ranges and limited production to the most popular items as necessary, to meet demand growth. Range and production reviews are carried out regularly to meet the shifting demands of the consumer. Despite the build-up of savings among households, the shopper remains sensitive to price hikes and reduced quality items.

- Shoppers are making fewer but bigger trips, as they limit their store visits and buy across more categories on each trip.
- Online shopping and symbols increased their share to 8.5%, as they offer convenience and reduce risk.
- Shoppers spend more time at home, creating in home experiences that have become a top priority
- Younger, larger households have the most spending power and drive growth.

There is a good level of competition in the supermarket sector, with the three main supermarkets, Tesco, Dunnes and SuperValu competing around 20% market share, followed by the discounters Aldi and Lidl, with both 12% market share. The large Symbol groups chase the weekly large ‘trolley’ purchases, while the convenience store chains have seen a marked increase in their share due to the pandemic related ‘local shopping’.

The forecourt sector is performing well, despite the reduction in vehicle traffic. The number of sites grew by 64 in 2020 to a total of 1,871. The biggest players are Maxol, Applegreen and Circle K. Forecourts concentrate as heavily on the food to go and FMCG offering – as much as fuel retailing. They also provided an essential local shopping service during the health restrictions, reinforcing the new market trend of shopping locally.

4.4 INSTITUTIONAL

The Irish Prisons Service, the Irish Defence Forces and publicly run education centres, hospitals and nursing homes would come under the umbrella of tendering through EU regulations for goods and services. The Office of Government Procurement has a central facility for all public sector contracting authorities to advertise procurement opportunities and display, on a daily basis, all Irish public sector procurement opportunities.

It is recommended that all potential suppliers interested in tendering for Irish Civil or Public Services Contracts/Frameworks should register with the eTenders portal. To register as a supplier on eTenders, go to <http://etenders.gov.ie/> and click on SUPPLIER COMPANY REGISTRATION in the left panel. For a guide to help with the registration process, go to [Supplier Guidance \(etenders.gov.ie\)](http://etenders.gov.ie/).

4.5 ONLINE

Another result of the pandemic restrictions is the demand for new food delivery methods and simpler, safer shopping experiences. 23% of shoppers globally rank increased health and safety measures as their first or second most important factor when shopping in store. In addition, the working from home effect moved consumers to a safer online shopping necessity. 64% of consumers working at home prefer to shop for their groceries online versus 55% percent of consumers who work away from home. Those working from home are also more likely to shop online than physically go into stores to shop. If working from

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home continues, this could have significant implications for retailers if physical shopping preferences continue to change or decline.²⁰

There are increased opportunities for exporters in the supply of ready meals, confectionery and fruit and vegetables for home delivery boxes and hampers. In addition, an Irish wholesaling app - [Unify Ordering](#) - has entered this sector, providing a sourcing service for retailers and foodservice and a bulk buying service for householders.

5. INNOVATION

Ireland has a rich legacy of food production and innovation, the small beginnings of the farmers' co-operatives has grown into three huge international agri-food corporations – Ornuia, Glanbia and Kerry Foods.

The company Glanbia has a state of the art innovation hub in County Kilkenny, with homogenisation and heat treatment lab facilities. It has invested heavily in new processes to innovate new food types. Kerry Foods has a similar investment in County Kildare, the Kerry Health and Nutrition Institute. It researches trends in taste and products and publishes valuable insight on the Irish and international consumer. Ornuia manufactures and sells dairy on behalf of its members: Irish dairy farmers and processors, it operates under two divisions Ornuia Foods & Ornuia Trading Ingredients. Ornuia Foods runs the global marketing and sales of Ornuia's consumer brands including the iconic Kerrygold brand. Ornuia Ingredients procures Irish and non-Irish dairy products for processing and the sale of dairy ingredients to food manufacturers and foodservice customers worldwide. This includes butter milk powders, milk powders, whey powders and milk proteins and numerous butter products. While most are made in Ireland, there are opportunities for Belgian dairy producers to export into their international channel where capacity is not met.

Some areas of opportunity in the future trends of foodstuffs:

Plant Proteins - Health and nutrition are the top two reasons people purchase plant-based cheese, yogurt, or ice cream and health is ranked third for plant-based meat alternatives.²¹

Immune system nutrition - Nutrients like vitamin D, zinc and vitamin C are seeing more popularity for their role in immunity protection. Ingredients like yeast beta-glucans and probiotics are also becoming more common in food and beverages for immune benefits

Free From - 62% of all consumers have purchased a 'Free From/Alternative' products. ²²

²⁰ PWC Global Insights 2021 - <https://www.pwc.ie/industries/retail-consumer/insights/pwc-2021-global-consumer-insights-survey.html>

²¹ [Winning with Plant-based, Kerry Proprietary Research 2020](#)

²² Bord Bia Dietary Lifestyle Report 2021 - <https://www.bordbia.ie/globalassets/bordbia2020/industry/insights/new-publications/dietary-lifestyles-report-march-2021.pdf>

Sugar Free - reducing sugar with taste modulators not only improves the nutrition of the product, but also reduces the amount of raw materials required. Sustainable nutrition is at the heart of all the top health and nutrition trends for 2021.

6. TRENDS

The pandemic brought health and wellbeing front and centre of the consumers' priorities. Fresh or organic produce, home cooking, and healthy food delivery options have enjoyed a resurgence in popularity. Environmental sustainability remains high on the agenda for Irish food and drink SMEs with companies realising the importance of having an environmental sustainability strategy in place to attract the younger consumer.

Health

Food as medicine and superfoods come to mind when thinking about proactive health. Immunity, mood, energy, and digestive health are some of the most common health benefits people look for from foods and beverages. Probiotics and CBD foods have seen an increase in interest with many features in the national media.

Organic

Ireland has high standards in the monitoring of organic certification. Origin Green - Ireland's national food and drink sustainability programme has a membership of Irish companies with a turnover greater than €50 million that conduct baseline assessments each year to determine emissions targets from 2022 onwards. These plans are monitored annually, and independently verified by international specialists. Any exporter of organic products into Ireland would need to meet the common production, labelling, control and import rules.²³

Vegan

The market in plant-based foods is growing. Recent research from Kerry Foods found this is projected to be worth €21.3bn in Europe by 2023.²⁴ There is an expected demand for soya and soya based products, as well as the processing machinery and technology needed for the demands of vegan consumers. While Irish companies such as Kerry and Ornuia are real innovators in the area of dairy free and meat free products, the smaller, traditional food processors are continuously searching for new tastes and offerings for discerning millennials.

Sustainability

Most large organisations now have a Sustainability Officer, or at least a policy on reducing carbon emissions. The food industry is no different. There is a focus on sustainable farming and sourcing practices and low carbon supply chains. Shoppers are also looking for sustainable packaging. Slow food, farmers markets and direct to customer routes such as organic box deliveries are gaining in popularity.

²³ Food Safety Authority of Ireland - https://www.fsai.ie/legislation/food_legislation/organic_foodstuffs/organic_labelling_principles.html

²⁴ Kerry Insights 15/03/2021 - [Creating a Realistic Vegan Slice—an Oral History | KerryDigest](#)

In addition, over half (57%) of Irish companies confirmed that they have a sustainability plan in place to make improvements throughout 2021. Key areas of investment include energy consumption (22%), packaging reduction (18%) and water usage (16%).²⁵

Transparency – Ethical production practices, environmental impact (air miles) and information on product labels are influencing purchasing behaviours. End to end supply chain visibility will make it easier for consumers to select brands they trust and those that align with their values. Consumers want healthier food options and transparency across the food value chain. 55% of consumers agreed that they buy from companies that are conscious of protecting the planet, and 54% agreed that they buy products with eco-friendly packaging. Consumers are also willing to pay more for healthier options, for local produce and sustainable packaging, regardless of shopping online or in-store.²⁶

7. MOVEMENT OF GOODS

7.1 LOGISTICS AND HANDLING

The freight distribution and logistics sector has continued to prepare for new trading requirements to support smooth trade flows. The new administrative burdens will make transiting through Great Britain more onerous for Irish hauliers and as could clearly be seen early in 2021, with limited space at ports, any delays will cause serious congestion for hauliers. The landbridge also brings additional traffic congestion and additional uncertainties not covered in the agreement.

Reflecting the ongoing disruption to international trade and global supply chains, 60% of logistics operators stated that they are reacting to changes in their customers' international supply chains (such as the near-shoring of production or sourcing of materials), while 17% of manufacturers and retailer respondents said they are making structural changes to their international supply chains in response to the pandemic.²⁷

As stated earlier in chapter 1.2, there is good connectivity between Ireland and the continent, served by several well established freight shipping companies. The supporting eco system of logistics operators is watching political developments closely and refining the haulage service as required. There will certainly be opportunities for those exporting Belgian companies that have advanced distribution chains and especially in the area of non-perishable or longer life goods.

The Freight Transport Association of Ireland ([FTAI](#)) is the representative body for this industry, and has good insights on their website. Additionally, the Irish Maritime Development Office ([IMDO](#)) has several comprehensive documents available to download on their website on the ports' activities and volumes.

²⁵ PWC - <https://www.pwc.ie/media-centre/press-releases/2021/love-food-and-pwc-report-shows-strong-growth-expectations.html>

²⁶ PWC Global Insights 2021 - <https://www.pwc.ie/industries/retail-consumer/insights/pwc-2021-global-consumer-insights-survey.html>

²⁷ CBRE Research - <https://www.cbre.ie/en/research-and-reports/Ireland-Logistics-Confidence-Index-2021>



A lot of companies treat the UK as a distribution hub for Ireland, and buyers benefit from the economies of scale in bringing in large quantities of foodstuffs to a hub in the UK and operating distribution from there, thereby reducing the need for cold storage and warehousing in Ireland. This 'Just in Time' model may change over time, and will lead to a fundamental re-think in terms of organising supply chains.

7.2 WAREHOUSING

There has been an increased demand for cold storage facilities to support growth in online grocery and the storage and distribution of pharmaceutical products. Therefore, the rental costs have increased with prime headline rents in this sector having now reached approximately €113 per square metre. With demand expected to remain equally strong in the second half of 2021, prime headline rents in the industrial & logistics sector are expected to increase to €116.80 per square metre over the next 12 months ²⁸

8. REGULATIONS

The Sanitary and Phyto sanitary standards applied on food or plant based products are the same in Ireland as in Belgium. The only checks would occur if any product is transited through the UK.²⁹

The [Food Safety Authority of Ireland](#) is the supervisory body for food standards and labelling of, for example, fat content, sugar content or alcohol content.

As with the sale of alcohol regulations discussed above, your distributor in Ireland can advise you on best practice to approach the Irish consumer.

9. PUBLICATIONS & EVENTS

The following industry magazines may be of interest;

- www.shelflife.ie
- www.forecourtretailer.com
- www.retailnews.ie
- www.hospitalityireland.com
- www.hotelandrestauranttimes.ie
- www.hotelandcateringreview.ie
- www.thetaste.ie

²⁸ CBRE Research - <https://www.cbre.ie/en/research-and-reports/Ireland-Logistics-Confidence-Index-2021>

²⁹ Dept Agriculture, Food and Marine - <https://www.gov.ie/en/publication/1e7a9-advice-for-importers-and-exporters/>

Irish Foodservice Suppliers Association (IFSA) runs **CATEX**, the largest food buying and networking event in Ireland that will take place in Dublin in November 2023

Venue: RDS, Simmonscourt, Dublin 4
Exhibit: margaret@eventhaus.ie or stuart.caffrey@eventhaus.ie

Food, Retail and Hospitality trade show in Citywest is a trade event for food professionals taking place on the 3rd of November 2022

Venue: Citywest Exhibition Centre, Dublin 24.
Exhibit : info@foodhospitality.ie

CONCLUSION

At the end of July 2021, the restaurant and indoor food service sectors of society in Ireland were just about to reopen, one of the last countries in the EU to do so. In the closed period, focus had moved away from foodservice to retail – ongoing disruption may continue this trend. There was also a significant move by consumers towards buying local in 2021 and this “gastro nationalism” is set to continue in 2022. Food and drink companies will continue to innovate around sustainability.

Irish firms are being encouraged to consider diversifying out of and away from UK markets. The question remains however if the UK landbridge will be avoided for the long term and if so, how? The ideal scenario would be a switch from UK to EU sources for ingredients and substitute products in the medium or long term. This would involve a push by Flemish exporters to introduce new tastes to the Irish palate and to educate the Irish procurer and consumer of the rich heritage of food produced in Flanders. It also depends on the current and future capacity of shipping and freight companies to operate the successful short sea shipping routes.

On the providers side, as post COVID-19 volumes stabilise and companies begin to understand the longer term opportunities around Brexit related import substitution, an optimism should translate into more strategic decisions and certainty around importing from outside the UK market.

We encourage exporters who are considering expanding into a new market, to certainly look into opportunities in Ireland and get in touch with the FIT Dublin office.

Disclaimer

The information in this publication is provided for background information that should enable you to get a picture of the subject treated in this document. It is collected with the greatest care based on all data and documentation available at the moment of publication. Thus this publication was never intended to be the perfect and correct answer to your specific situation. Consequently it can never be considered a legal, financial or other specialized advice. Flanders Investment & Trade (FIT) accepts no liability for any errors, omissions or incompleteness, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organization mentioned.

Date of publication: January 2022

