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**Import/export challenges and staff shortages the biggest impacts of Brexit**

According to the Lumina Intelligence Top of Mind Business Leaders Survey, challenges around importing/exporting and staff shortages have been the biggest impacts of Brexit to businesses within the grocery retail and hospitality sectors.

*What have been the biggest impacts on your business from Brexit, if any?*

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| --- | --- |
| **Impact** | **% of business leaders who agree** |
| Increased administrative effort for import/export | 54% |
| More unreliable supply chain | 54% |
| Increased import/export costs | 51% |
| Staff shortages | 49% |
| Slower supply chain | 47% |

Over half named import/export administrative efforts as well as supply chain difficulties as a result of Brexit as having the biggest impacts on business. Staff shortages has been an impact felt more by hospitality leaders, applicable to almost two thirds (63%) of those surveyed. Almost two thirds (63%) of surveyed grocery retail professionals said that increased import/export costs have impacted their business.

Overwhelmingly (75%), UK food and drink leaders believe that the UK government should be supporting businesses on overcoming Brexit challenges.

Commenting on the results, Katie Prowse, Senior Insight Manager at Lumina Intelligence said, *“Brexit, coupled with heavy restrictions on movement caused by the pandemic, has resulted in significant resource challenges for businesses across the UK food and drink industry. Business leaders want to see the government do more to support. Issues surrounding the UK’s departure from the EU including trade deals, processes around imports and exports and EU worker rights in the UK are all the remit of the UK government and so it is vital that it plays a leading role in aiding, communicating and working alongside businesses through the transition.”*

**Demand for delivery, technology and younger consumers three most important long-term trends**

A shift in lifestyles has meant both the grocery and hospitality market is adjusting to consumer demand for more delivery and tech-led solutions. Surveyed grocery and eating out professionals listed the same top three consumer trends impacting markets. Eating out professionals were more likely to consider technology as an important driver than grocery retail professionals with key demographics within key eating out channels including bars and restaurants more likely to be younger.

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| --- | --- | --- | --- |
| **Top trends** | **Overall** | **Eating Out** | **Grocery Retail** |
| Demand for home delivery | 34% | 34% | 34% |
| Use of internet/mobile tech/apps | 34% | 37% | 31% |
| Changing behaviour of younger consumers | 29% | 30% | 28% |

**The pandemic was the biggest challenge in modern history**

We have already seen a large number of closures across the hospitality sector due to the pandemic, as well as merger & acquisition activity, which has also been seen across grocery retail. For most business leaders, there is an expectation that this activity increases in the coming 12 months:

* 50% of surveyed grocery retail professionals agree that the next 12 months will see an increase in casualties amongst food and drink retailers.
* 89% of surveyed hospitality business professionals agree or strongly agree that the next 12 months will see an increase in casualties among eating out brands.
* 88% agree or strongly agree that more merger & acquisition activity is inevitable in the grocery retail market.
* 89% agree or strongly agree that more merger & acquisition activity is inevitable in the eating out market.

Commenting on the results, Katie Prowse, Senior Insight Manager at Lumina Intelligence said, *“Despite restrictions easing, businesses operating in the grocery retailer and eating out markets are less positive about current trading conditions than they were in October 2020. However, businesses are much more positive about future trading conditions.”*

*“It is clear that business leaders agree with our forecasts that key pandemic-led trends will continue to evolve post-pandemic. Consumers have been forced to embrace new things during the pandemic, which have since evolved into well-established habits. Delivery and technology have always been key to attracting younger consumers, however the pandemic has resulted in all demographics embracing these trends and truly increased the opportunities available to retailers and operators.”*

**ENDS**

**Report methodology**

The Lumina Intelligence Top of Mind business leaders survey is an online questionnaire targeted at leaders across the eating out and grocery retail markets, focused on understanding the current trading environment, challenges and growth opportunities.

It is based on responses from approximately 100 leaders working in senior management positions and was carried out in June/July 2021. Where relevant, data has been compared to the previous wave, collected in October 2020.

The report also pulls on the following Lumina Intelligence sources:

* Lumina Intelligence bespoke survey - explored consumer attitudes around eating out through a nationally representative sample of 1,000 consumers between 03-07 May 2021.
* Convenience Tracking Programme - Interviews with shoppers & non shoppers at an annual sample size of 50,000+ weekly data collection in all major UK convenience groups. Continuous data captured online and in store.
* On-demand convenience bespoke survey - explored consumer attitudes to convenience delivery and digital solutions through an online study of 3,000 Nat rep UK adults, data collected 14-26 May 2020.

**About Lumina Intelligence**

Lumina Intelligence inspires the global food and drink sector with deep, actionable insights powered by the world’s best analytics technology. Our products and services are used by the major brands and organisations in these fast moving and growing markets to support business planning, strategic marketing and new product development.

With offices in London, Chicago, Montpellier, and Singapore, and local on the ground analysts across our businesses, you can trust our market knowledge. We are committed to providing all our customers with up to date accurate information to support critical decision making.

Combining the expertise and experience of HIM, MCA Insight and Lumina Intelligence, we are the experts in market and consumer insight across the food & drink and nutrition markets.

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