

* LETTER OF THE WEEK

Fairtrade is gathering momentum

Sylvie Barr

Head of marketing, Cafédirect

In response to your independent retailer survey on Fairtrade, there seems to be a genuine lack of understanding among independent retailers of the growing awareness of Fairtrade and the positive impact it is having on disadvantaged growers and their communities across the developing world ('Fairtrade: what's that?', *The Grocer*, 21 April, p31).

The results of the survey and the comments received from independent retailers are in stark contrast to the support provided by the multiple trade before and during Fairtrade Fortnight.

Latest figures show that sales of Fairtrade products are up 46% year-on-year, in a market worth £300m,



There are more than 2,500 Fairtrade products and sales are up year-on-year

and according to Mintel, this growth is set to continue. There are more than 2,500 products now carrying the Fairtrade mark, an independent guarantee to the consumer that a fair price has been paid to the grower,

and, according to the Fairtrade Foundation, more than 50% of consumers now recognise the mark.

Local communities are embracing Fairtrade in a big way, with 242 registered Fairtrade towns and 219 seeking Fairtrade status, creating a big opportunity for independent retailers to get involved.

By selling Fairtrade products retailers are helping those who are being marginalised by the international trade system out of poverty.

Fairtrade has hit the mainstream. Independent retailers, like all channels can share in its success. Consumers will not always ask for specific labels, but if they are given the choice, an increasing number are opting for Fairtrade, and the latest figures are testament to that.

ing the company's two confirmed biosecurity lapses – that wild birds were able to feed off waste meat and that buildings were left in a poor state of repair.

One way around this PR branding issue could be for Bernard Matthews to donate part of the package to the local Suffolk community. It is also planning to launch free-range and organic meats, which should help shift consumer perceptions of the brand.

Sainsbury's workers should be considered

Dr Rowan Bradford

Client director, Kaisen Consulting

SIR; This week's surge in Sainsbury's share price shows that the bid speculation surrounding the retailer is not going to go away any time soon. The headlines have been dominated by Delta Two's acquisition of a 17.4% stake in the business.

But that's not to say trade buyers will not throw their hats into the ring. Over the past year there have been billions of pounds worth of mergers and acquisitions. In a mature market the obvious way to increase market share is to seek acquisitions.

But mergers and acquisitions are

fraught with cultural challenges. A report by the Hay Group found that 86% of mergers in the retail sector failed to meet their objectives because of the culture shock. According to the report, insufficient attention was paid to human and structural assets, or on integrating the business cultures of the merged companies. As a consequence, more than a third of business leaders were unhappy with the post-merger climate.

Morrisons' takeover of Safeway, for instance, was initially soured by a clash of business cultures. Morrisons took longer than it should have to realise that for the merger to work, some of the Safeway culture had to be integrated.

Manufacturers too face challenges. Robert Schofield, chief executive of Premier Foods, has acknowledged that the company's recent takeover of RHM will transform his company. If Schofield uses his £100m war chest to acquire other businesses, he could inherit a lot of worried junior and middle-rank executives. With the top team, who might have financially benefited from the takeover, there will be other challenges. Negative reactions among senior executives to the acquisition can infect vulnerable staff at a critical time.

Corporate buyers can forget to communicate and assume that silence means acceptance. But people need help with endings. They need to feel involved in change and have their sensitivities respected.

Ethical scheme could prove misleading

Name and address supplied

SIR; Tesco's offer of a fairer price for milk of 22p per litre is to be welcomed. So, too, is the higher price offered to members of the Localchoice scheme ('Tesco local milk range sparks supplier rows', *The Grocer*, 21 April, p48).

However, if the milk sold under the Localchoice scheme is transported, processed, or packaged out of the county it is produced and sold in, then this would be misleading and unfair to consumers.

If milk is leaving a county to be pasteurised or bottled and then returned to be sold, it would also mean that the environmental benefits of a more local supply chain would not be realised.

Independent stores embrace fair trade

Larry Bush

Sales and marketing director, Traidcraft

SIR; I was surprised by the results of your Fairtrade survey on independent retailers ('Fairtrade: what's that?', *The Grocer*, 21 April, p31).

Yes, the profile of Fairtrade is greater in supermarkets than it is in independents as many supermarkets now have their own Fairtrade products and actively promote these.

However, 50% of consumers are aware of the Fairtrade mark, so there is a real opportunity for convenience stores to increase sales by stocking Fairtrade products.

At Traidcraft we recognise that shoppers want to know more about the products and the people who grow or harvest them.

Our re-designed packaging on products such as Geobar carries images and real-life stories of producers who benefit from Fairtrade.

This, in turn, encourages consumers to make the connection – whether they are buying products from a supermarket or a corner shop.

And furthermore, more than 70% of our food sales are through non-supermarket retailers.

Bird flu payment leaves bitter taste

Jonathan Gabay

Brand forensics expert, Brand Forensics

SIR; Defra's decision to award Bernard Matthews £589,356.89 in compensation for the healthy birds that were destroyed to prevent February's avian flu virus from spreading at its Holton plant could potentially send out mixed brand messages.

On the one hand, the money, funded, via taxpayers, pays credit to the brand for reporting the outbreak early and for quickly implementing high levels of biosecurity to tackle what Defra described as an outbreak not proven to have emanated directly from Matthews' Holton factory.

The recompense, at approximately £3.70 per bird, is welcomed by other local farmers who view the food processing business as precisely that – a business. Hopefully sales will slowly start to turn around at Bernard Matthews, returning jobs to the local economy.

However, on the other hand, the payment must leave a bad taste in the mouth for the 277 employees sacked in February with hardly any redundancy pay, although 32 were re-employed in early April. Equally, it sends a peculiar message regard-