

FOOD FRAUD REPORT



Exploring the impact of food fraud upon customer confidence and behaviour, and the businesses that produce, serve and sell food



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FOOD FRAUD REPORT

Designed to benefit our clients working across the 'field to fork' supply chain, the NFU Mutual Food Fraud Report is a consumer insight paper that explores the effects that high profile cases of food fraud may have had upon customer confidence and behaviour, and the impact upon the businesses that produce, serve and sell food.

Experts from NFU Mutual and our partners from the British Retail Consortium, Food and Drink Federation, British Hospitality Association and National Farmers' Retail & Markets Association (FARMA) also provide ideas and advice drawn from the findings of the report to help businesses to protect themselves against the threat of food fraud and improve customer trust.

Using research agency ICM Unlimited in June 2017, and using a demographically representative split across Great Britain, the NFU Mutual study surveyed 2027 people.

A PDF copy of the report can be found at nfumutual.co.uk/foodfraud

FOOD FRAUD DEFINITION

For the purpose of this survey, food fraud means the deliberate and intentional substitution, addition, tampering with or misrepresentation of food, ingredients, or packaging at some stage of the product's distribution cycle. It also means false or misleading statements made about a product for economic gain.

FOOD CRIME DEFINITION

For the purpose of this survey, food crime means food or drink entering the UK food market that is likely to be detrimental to consumers, businesses or the overall public interest. For instance, counterfeit or fake branded products.

The Food Standards Agency says that food fraud becomes food crime when the scale and potential impact of the activity is considered to be serious. This might mean that the criminal activity has cross-regional, national or international reach, that there is significant risk to public safety, or that there is a substantial financial loss to consumers or businesses.

FOOD FRAUD: THE BIGGER PICTURE

Food fraud could be losing the food and drink industry up to £12bn annually, warranting substantial attention from industry, the bodies that protect it and the Government to help stamp it out at its core. Shoppers though, are increasingly savvy and aware of food fraud in its many guises, and confidence is declining.



**BY FRANK WOODS, RETAIL
SPECIALIST AT NFU MUTUAL**

Impact of food fraud

Adulteration or misrepresentation of food's benefits, origin or quality for financial benefit – or food fraud - dates back centuries.

Undoubtedly one of most deep-rooted and significant issues facing the food industry, the impact of food fraud can be of considerable detriment, threatening the reputation of thousands of good and honest UK businesses that rely on others across the global food chain to be lawful and true.

Food fraud could be costing UK food industry specifically a colossal £12 billion annually¹.

Fraud not only gives the genuine businesses a bad name but also causes distortions in markets that can lead to unfair competition, with legitimate producers undercut and potentially forced out of the market. The ways that fraudulent food can enter the food chain include falsified or inaccurate documentation, redirection of waste products and re-dating of stock, often through food brokers and internet sales.²

We are fortunate in the UK to have organisations such as the National Food Crime Unit (NFCU) working tirelessly to stop fraud or crime happening and safeguard our reputation as selling some of the safest food in the world.³

Technological advancements also provide promising prospects for improving fraud detection. But the power of the news and internet is ever-exposing the food industry to criticism, supersizing distrust and chipping away at consumer confidence.

The global supply chain also suffers weaker governance, luring in criminals with irresistible opportunities to make huge mark-ups, against the negligible deterrent of lenient penalties if caught.

In a world where headlines are king, what is the effect on the food industry? Does it have an image problem?

Consumer opinion suggests so; our Food Fraud Report has discovered that consumer confidence is on the decline.



Our report explores in depth the effect that high profile cases of food fraud, economic uncertainty, industry factors and Brexit may be having on consumer perception of food security and legitimacy, and also presents advice for businesses to help them to succeed.

In the research conducted with more than 2,000 consumers, one third said that they are less trusting of products and retailers than they were five years ago, compared with only 9% whose trust has increased. High profile cases of fraudulent food in the media, such as the horse meat scandal in 2013 are the most common cause of reduced confidence in nearly half of consumers (46%).

It will be interesting to see how the August 2017 sentencing of Andronicos Sideras, owner of Dinos and Sons Limited, Ulrich Nielsen and Alex Osler-Beech of Flexi Foods – sentenced for masterminding the horse meat scheme that saw at least 30 tonnes of meat passed off as beef⁴ – might help improve people's confidence longer term in the determination and ability of local authorities and organisations such as the Food Standards Agency to crack down hard on those committing food crime.

A Brexit supply chain: time for change?

Brexit is of course also one of the biggest challenges facing the UK at this time, and leaving the European Union is presenting the food industry with vulnerability to a variety of potential practical pitfalls when decisions are made regarding issues such as labour, subsidies, new legislation and so on.

Government solutions for where our food will come from are already under tough scrutiny from industry and consumers alike. Our research shows that almost nine out of ten people do not have confidence in a global supply chain, and recent upset concerning the prospect of widespread cheaper GM foods and chlorinated chicken from the United States are examples of outcries that represent the naturally high standards of UK

consumers, who have been reasonably sheltered from these practices for many years.

Yet the way that the food industry approaches supply strategies is already changing. A Brexit-induced drop in the value of sterling has contributed to significant price rises in imported produce, forcing retailers to improve supply efficiencies, reduce margins or increase prices for consumers – with grocery prices estimated to rise by 3% every year until 2022⁵. In attempts to offset rising import costs, retailers are bidding to source more goods produced in Britain, with Morrisons leading the way through plans to recruit 200 new British suppliers by the end of 2017.⁵ Supporting British food also has its advantages through a shorter and better regulated supply chain that may be more manageable and less likely to be susceptible to fraud.

In a different study conducted by NFU Mutual in July 2017, 99% of consumers we surveyed said that they would buy more British or local food if retailers made it easier for them, with almost half (49%) considering products to be 'most British' when the ingredients are grown here.⁶

Of course it is not possible for everything to be grown here and there are challenges with how farmers would be supported to cope with such demand, but it is, at least, promising that there is appetite for British-produced goods amongst consumers.

The most important thing is that the food industry as a whole is policing its supply chain, to encourage genuine and lasting consumer confidence.

¹ Crowe Clarke Whitehill – Minimising Fraud and Maximising Value in the UK Food and Drink Sector – May 2017 <https://www.croweclarkwhitehill.co.uk/uk-food-drink-companies-losing-12-billion-annually-fraud/>
² Food Standards Agency Food Crime Assessment 2016 - <https://www.food.gov.uk/sites/default/files/fsa-food-crime-assessment-2016.pdf>
³ Food Manufacture Magazine - an interview with Andy Morling, Head of the National Food Crime Unit <http://www.foodmanufacture.co.uk/People/Time-to-combat-food-and-drink-crime-says-fraud-fighter>
⁴ Food Safety News – Two food executives imprisoned for horse meat scheme

<http://www.foodsafetynews.com/2017/08/two-british-food-executives-imprisoned-for-horse-meat-scheme/#.WYGZmn4-4Q>
⁵ Retail Week - GlobalData report findings and discussion with retail analyst Tom Berry <https://www.retail-week.com/sectors/grocery/food-prices-to-rise-3-per-year-until-2022/7024977.article>
⁶ NFU Mutual British Foods Survey conducted at The Great Yorkshire Show between 11-13 July 2017, with 604 respondents

PARTNER FOREWORDS



British Retail Consortium

Food fraud remains a significant threat to all food businesses, which is why retailers invest so much in working with partners in the supply chain and Government to tackle it. In such a competitive market, maintaining a positive reputation is paramount to all retailers. Consumers quite rightly demand the highest standards in product integrity and the only way to ensure that is by identifying and addressing threats in the supply chain.

Retailers across the country are focused on reviewing how intelligence is exchanged, targeting testing and auditing and shortening supply chains. Incidents such as horsemeat scandal are reviewed to improve systems and enhance controls in the supply chain, which is why we worked so closely with Professor Elliott to learn and implement lessons from his report. He was right to put food fraud on the same level as every other fraud and we know it needs the same resource and enforcement to fight it as other forms of fraud.

Regardless of where fault may lie in the supply chain, retailers are well aware that their customer safety and trust is at risk. And trust is at the heart of a positive relationship between retailer and customer. Anything that damages that can have a significant commercial impact on their business.

We welcome NFU Mutual's contribution to tackling food fraud. We know tackling this threat requires support and contributions right along the supply chain and NFU Mutual has strong relationship with many companies that are so key to delivering that assurance on which customers expect and reputations are built upon.

Helen Dickinson OBE
Chief Executive, British Retail Consortium



Food and Drink Federation

The food and drink industry is the UK's largest manufacturing sector, contributing £28.2bn to the economy annually and employing 400,000 people. We are a key part of the nation's £110 billion 'farm to fork' food chain. Our industry is critical to the prosperity of the wider economy. Food is a matter of national security: if you can't feed the country you don't have a country.

We have a well-earned global reputation for provenance, quality and innovation. Yet we face enormous challenges over the next few years - Brexit, continued intense competition in the retail sector and the consumer's demand for ever higher quality food at very competitive prices. The market environment remains uncertain but we know there are huge opportunities available to our sector. Therefore, it is critical that we identify how best to harness our own growth potential and improve productivity.

Innovation remains vital for our sector: food and drink producers continue to launch thousands of new products every year. FDF works hard to share best practice around innovation and technology with not just the largest companies but the enormous number of SMEs represented in our sector.

Food and drink producers continue to work with a complex regulatory environment and FDF is helping to guide its members through claims and labelling issues - recently publishing guidance on 'free from' allergen claims and gluten free labelling. Product safety remains paramount for our industry and continues to be the top priority for FDF. Manufacturers are continually vigilant to ensure product safety - whether from the threat of chemical or microbiological contamination. We have been working with our members to develop industry's resilience to food fraud including developing intelligence sharing mechanisms which aim to identify risks to the food and drink supply chain at an early stage.

We will continue to work with all our partners across the industry to produce the safe, high quality and affordable British food and drink that our customers love.

Ian Wright CBE
Director General, Food and Drink Federation



British Hospitality Association

The British Hospitality Association is the leading authority on hospitality and tourism in the United Kingdom and directly serves our 46,500 member businesses, including hotels, serviced apartments, the private rented sector, the sharing economy, restaurants, private members' clubs, food service management companies, stadia, attractions and leisure outlets.

Despite many past successes in controlling food supply, the reputation of food and hospitality businesses, and the industry as a whole, is at risk of being severely tarnished by ever changing mechanisms of food fraud. We are committed to helping our members not only identify and mitigate risk but also address consumer concerns. It is vital that our industry stands together and demonstrates the measures we are taking to stamp out criminality in the industry.

The fight against food crime is one that must take place from farm to fork. While hospitality businesses rely on their supply chain to provide them with good honest products, they must also continue to undertake due diligence by ensuring that fraud resilience programmes are implemented through the appropriate checks and balances. By putting awareness and prevention measures in place, businesses minimise risk to consumers and themselves, ensuring that the food served to customers is safe and exactly what they are expecting. This is essential to grow and bolster consumer confidence in our industry.

Hospitality businesses, with our staff and team members preparing and presenting meals to customers, are at the end of a long food chain. Brands, large and small could face reputational risks, either locally or nationally from food fraud. Maintaining consumer trust is paramount and the findings of this survey help us to understand what industry can do to improve fraud resilience programmes and reassure the consumer.

Dr Lisa Ackerley
Food Safety Adviser, British Hospitality Association



FARMA

FARMA (The National Farmers' Retail & Markets Association) looks after the interests of more than 400 farm shops, pick-your-own farms and farmers' markets all over the UK. It is a requirement of FARMA membership that voting members have to produce a proportion of what they sell and be shown to be supporting local food.

Educating consumers to take an interest in provenance and quality and inspire food confidence is particularly important for the future of British producers, and our member farms not only produce quality meat, vegetables and fruit but many also help to educate children and adults about where their food comes from. Thousands of school children every year for instance, learn how to milk a cow, dig vegetables, and climb into big machinery and mill grain.

Setting up a local farmers market is never straightforward but once established, can be a vital training ground for many truly artisan products and fledgling businesses. Despite the recent rise in strength of the discounters it would appear that most farm shops and markets are bucking the trend of some large retailers and are seeing customer numbers remain stable or grow. Of every pound spent at a farmers market or farm shop, approximately 80% goes straight back to the local community. The FARMA accreditation scheme for farmers markets enables each market to keep true to the ethos of local food and a point of difference to other markets springing up in competition all over the country.

Supporting local businesses and people, and providing good healthy food with low food miles whilst helping the local community, is what FARMA is all about and what we feel will be a big driver to enhance consumer confidence as we plan to leave the European Union.

Milly Stokes
Chairman, FARMA



FINDINGS AT A GLANCE

Consumers have a high level of perception that fraudulent activity takes place, influencing them to pursue food they can trust. Businesses that are able to adapt and appeal to consumer demands for transparency may therefore be recognised for it, achieving competitive advantage in a tough era for the food market.

The research findings have been split into five main categories. Detailed summaries and findings for each can be found in each relevant section.

Trust

Overall consumers do believe there to be an issue with food fraud and crime, expressing reasonable familiarity and consciousness about the matter.

Under a third of people we surveyed (27%) suggested that they had personally experienced at least one issue relating to food fraud such as hidden ingredients in food, misleading labelling or swapped ingredients.

Interestingly, this figure more than doubled when consumers were asked specifically about their perceptions of how the UK food industry is affected by the very same issues – nearly three quarters of people (72%) believe there to be an issue with food fraud in the UK. One third (33%) also said that they are less trusting of products and retailers than they were five years ago, compared with only 9% whose trust has increased.

This suggests the damaging effect that a variety of influencers have had on consumer confidence over time. Perhaps unsurprisingly, high profile cases of fraudulent food in the media, such as the horse meat scandal in 2013 are the most common cause of reduced confidence in almost half of consumers (46%).

Opinion is most divided among young people. Of those aged 18-24, 40% are less trusting and 17% are more trusting than five years ago, which may raise concern for businesses over the polarisation of the purchasing power of the future. This disparity is interesting considering that young people are most predisposed to the power of online and

peer and influencer opinion – both positively and negatively charged towards the food industry.

Confidence in the British supply chain (38%) is relatively high in comparison with foreign supply chains, but this trust is still only represented by under half of the population surveyed.

Only 12% have confidence in the European food chain and less (7%) in the global chain – raising interesting questions about how consumer attitudes may suffer post-Brexit.

A short, local supply chain produces higher confidence levels in a quarter of people.

Influencers upon trust

Perhaps this low confidence in foreign supply chains is the reason that food assurance stamps have been found to have a very strong influence on trust and purchase decisions, with 67% of people using them to help choose the products that they buy. The Fairtrade stamp was expressed as the most influential.

Causes and blame

Producers have the most work to do to regain consumer trust.

Our study found that producers are assumed most likely to blame for product mishaps by 63% of people, and a fifth of people (20%) would blame the retailer first. Distributors/transporters would be blamed by 9% and a grower or farmer by just 6%. Levels of trust are also affected by the types of outlet that serve the food. Takeaways and online sellers have the most work to do to enhance consumer confidence.

Impact upon behaviour

Over two thirds of consumers (70%) actively take regular measures to ensure their food is not fraudulent, with the most common way to do so being regularly reading the ingredients on products, or the front label. 17% avoid certain foods altogether that they believe could be susceptible to food fraud.

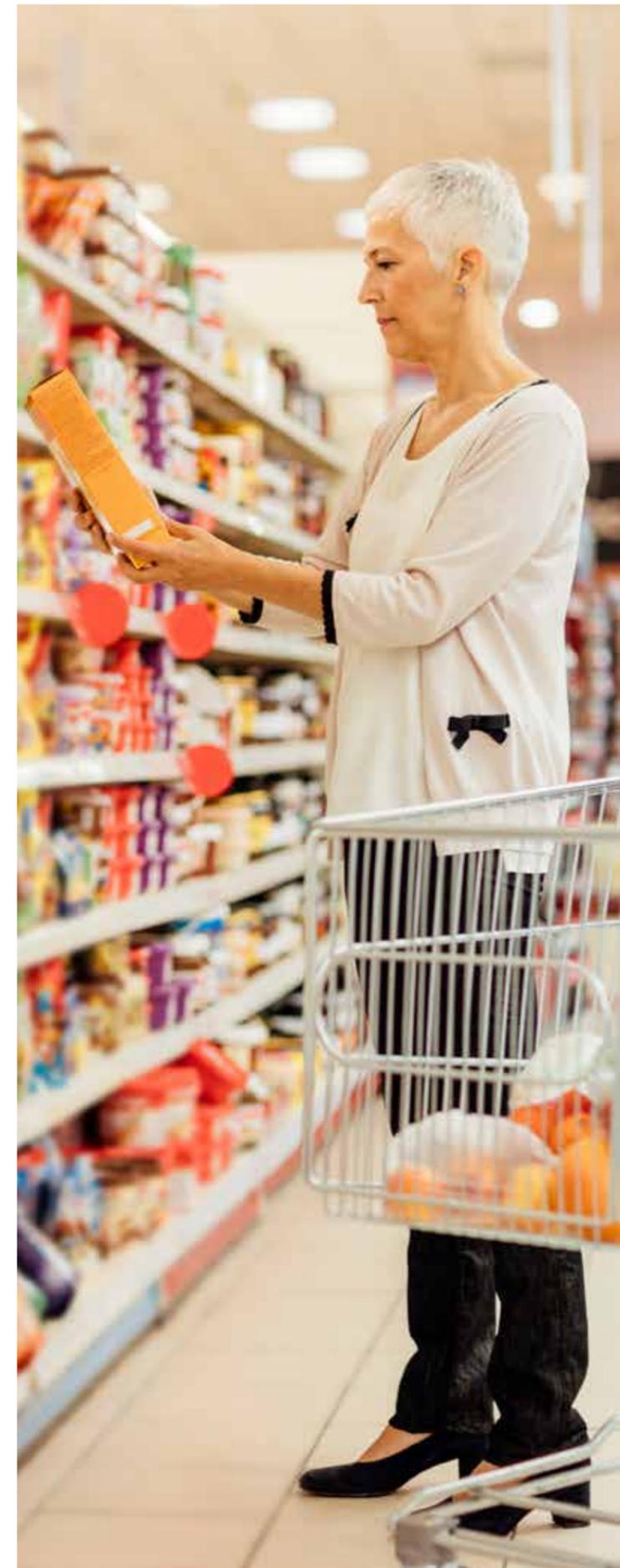
Concern about food fraud is relatively evenly split, with the majority not describing themselves as 'concerned' about food fraud despite some perceiving it to take place (49%). While this is good news for the food industry, 42% said that they are concerned – women slightly more so than men. 40% worry about illness from substandard food or inedible substances, 32% about illness from unidentified allergens and 31% are most concerned with quality and taste.

Perceptions of crime

The vast majority of consumers – almost four out of five (77%) – admit that they would not know how to spot a counterfeit product, suggesting that more work could be done by professional organisations such as the National Food Crime Unit to educate consumers on how best to detect and report crime to support legitimate businesses.

A third of consumers believe that food crime is likely to increase in the future, which may be a product of Brexit and general economic and global uncertainty.

Nearly **3/4** of people (72%) believe there to be an issue with food fraud in the UK





‘IMPROVING FOOD CONFIDENCE’ LESSONS FOR INDUSTRY



PLAY TO STRENGTHS AND WEAKNESSES

Consumers are very savvy about food fraud to the point that many feel able to detect it. They do however have an inflated sense of the scale of the issue compared with how many have experienced it, and businesses are encouraged to get an understanding of how their own company is perceived in order to gauge how its customers feel, find out what more work could be done to boost confidence and to act upon it. They should be aware that levels of trust are also affected by the types of outlet that serve the food, or even the type of food itself. Takeaways and online sellers – and processed foods and red meat – have the most work to do to enhance consumer trust. Age is also a huge factor of trust, as well as geographical location – so know your customer base and adapt to it.



LABEL DILIGENTLY

Clear and transparent labelling and conducting and promoting regular audits and product testing is a must to help combat some of consumers’ more serious worries. Over two thirds of people (70%) take measures to ensure their food to be legitimate, with the most common way to do so being regularly reading the ingredients on products, or the front label. Producers may find that they earn more consumer trust and reap the benefit in sales by investing in quality packaging with clear labelling – especially important if targeting young people under 24 years of age. Retailers may benefit from promoting supply chain inspections and selling products with quality labelling, and hospitality businesses can learn lessons from this and the importance placed on ease of access to credentials information. Food assurance stamps such as Fairtrade and Red Tractor are also a powerful tool, influencing the decisions of two thirds of consumers (67%).



SUPPORT THE BEST OF BRITISH

Businesses using local suppliers are among the most trusted, presenting promising opportunities for smaller producers to reach out to their local communities with success. A short, local supply chain produces higher confidence levels in a quarter of people and people also had the most trust in the British supply chain. Producers, retailers and caterers alike may wish to consider using and celebrating a short, British or local produce supply chain to win the hearts and confidence of their customers.



INVEST IN COMMUNITY INITIATIVES

There are opportunities for businesses to differentiate themselves by being transparent and open, and caring about customers and the community. By investing in Corporate Social Responsibility programmes to help the local community and charities, or by developing sustainability strategies, the industry may win the favour of around one third of people.



EDUCATE CONSUMERS

Many people expressed that they know little about how a supply chain works, and the findings also showed an inflated perception of the scale of the food fraud issue. More work could be done by industry and professional organisations such as the National Food Crime Unit to educate and reassure consumers about how the food chain works and is regulated, and how best to detect and report crime to support legitimate businesses.

TRUST: EXPERIENCE AND PERCEPTION

A summary of findings and its associated advice for businesses can be found in each section of results.

TRUST AND PERCEPTION

Producers, retailers and caterers should be aware that consumers are very savvy and able to detect food fraud to the point that 27% say that they have experienced it.

Interestingly, this figure more than doubled when consumers were asked specifically about their perceptions of how the UK food industry is affected by the same issues. Nearly three quarters of people (72%) believe there to be an issue with food fraud in the UK – suggesting an image and perception of food fraud being a much bigger issue than is actually being experienced. This is driven by influences explored later in this report.

Nearly half of people (48%) trust the majority of food in their own home to be legitimate, but are dubious of some and a quarter trust all of the food in their home to be legitimate – suggesting most feel empowered to detect fraud, and trust in the companies they buy from. Younger people feel more affected by fraud.

18-24

year olds are much more likely to know they have experienced fraud, with 43% stating they had experienced an issue compared with just 17% of those aged over 75

South East

South East residents are most likely to believe they have experienced food fraud (33%) while the lowest number of instances are said to have taken place in Wales and the South West (20%)

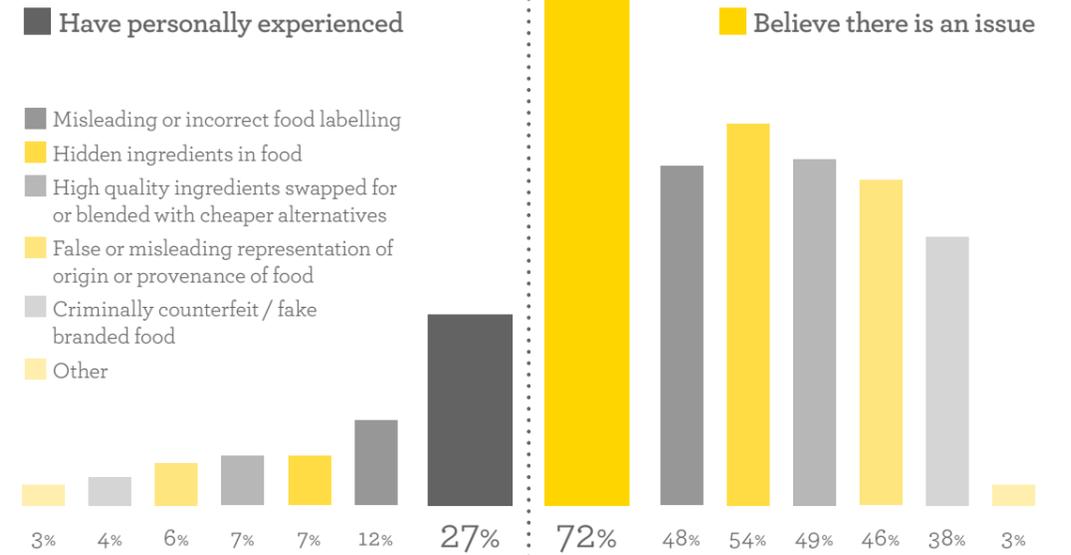
38%

of consumers believed there to be an issue with criminally counterfeit or fake branded food products

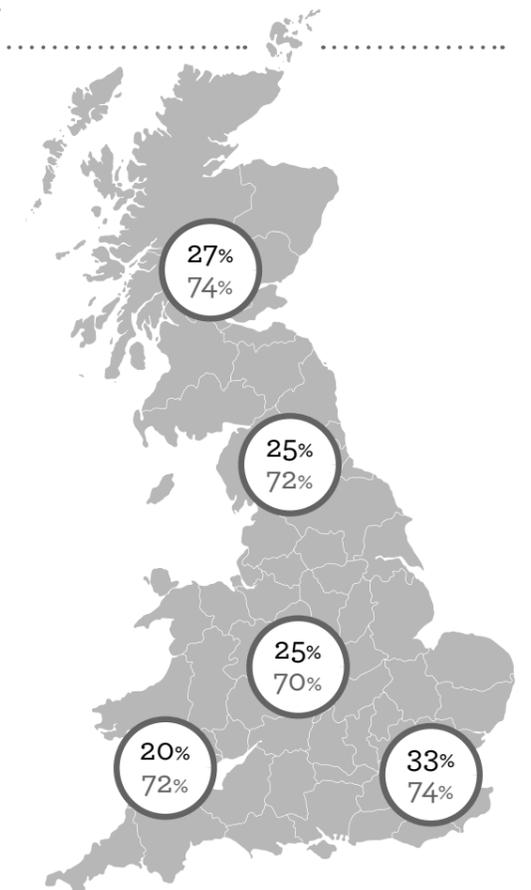
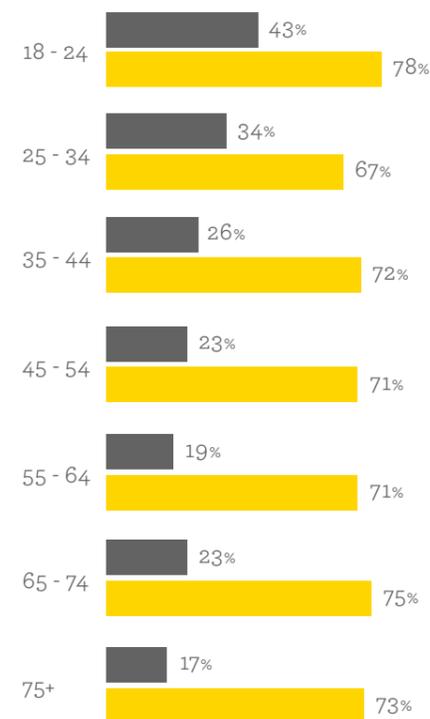
HOW CERTAIN ARE YOU THAT ALL OF THE FOOD IN YOUR HOME RIGHT NOW IS NOT FRAUDULENT IN SOME WAY?



REALITY VS PERCEPTION



AGE



CHANGE OVER TIME

Businesses will do well to assess and address whether the confidence of their customers has changed over time to gauge how well their marketing strategy is performing against the rest of the market. In our study, one third of people (33%) said that they are less trusting of products and retailers than they were five years ago, compared with only 9% whose trust has increased. The majority of consumers (51%) said that their trust levels had not changed.

Opinion is most divided among young people. Of those aged 18-24, 40% are less trusting and 17% are more trusting than five years ago, which may raise concern for businesses over the polarisation of the purchasing power of the future. This disparity is interesting considering that young people are most predisposed to the power of online and peer and influencer opinion – both positively and negatively charged towards the food industry. Of course, young people are also more likely to be learning about food at this age, as they grow older and begin to become more independent.

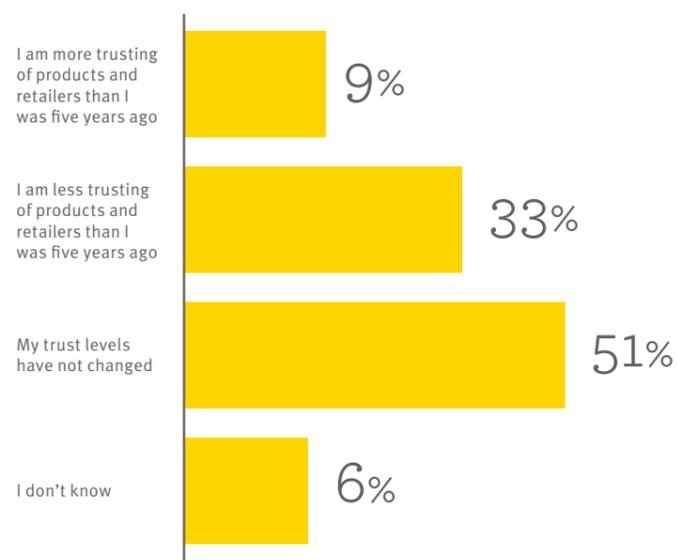
HOW HAS YOUR CONFIDENCE IN THE UK FOOD MARKET CHANGED OVER THE PAST 5 YEARS?

65-74

year olds are the most likely to have lost trust over the last five years (41%)

18-24

are most likely to have changed trust levels, with 40% less trusting and 17% more trusting than five years ago. Only 35% said their trust levels had not changed



TRUST BY FEATURES AND BENEFITS

Producers may find that they earn more consumer trust and reap the benefit in sales by investing in quality packaging with clear labelling – especially important if targeting young people under 24 years of age and those aged 65-74.

Transparency and honesty is key to consumer trust, as far-fetched claims about a product's benefits and label text in a different language are the most likely reasons for diminished trust in 40% of consumers. What is considered the most important product or sales feature differs hugely dependent on age, with those aged 65 and above over twice as likely to be concerned with far-fetched claims about a product's benefits than those aged 18-35 (59% vs. 28%), and those aged 18-24 most concerned with poor quality packaging (44%).

Only 3% of consumers said that they would trust a British product less – a promising sign for businesses to thrive on home soil.

DO ANY OF THE FOLLOWING CAUSE YOU TO TRUST A PRODUCT LESS, TO THE POINT THAT YOU MAY CHOOSE NOT TO BUY IT?

The biggest issues

that affect trust levels are far-fetched claims about a products benefits (40%), label text in a different language (40%), poor quality packaging (34%), unknown brand (33%), and sparse labelling or text (28%)

24%

are put off by a non-British product, 23% by a cheap price, 18% by a budget retailer and 5% by a supermarket own-brand

64+

year olds are over twice as likely to be concerned with far-fetched claims and almost twice as likely to be concerned with label text in a different language than those aged 18-35 (54% vs. 28%)

18-24

year olds are most concerned with poor quality packaging (44%)

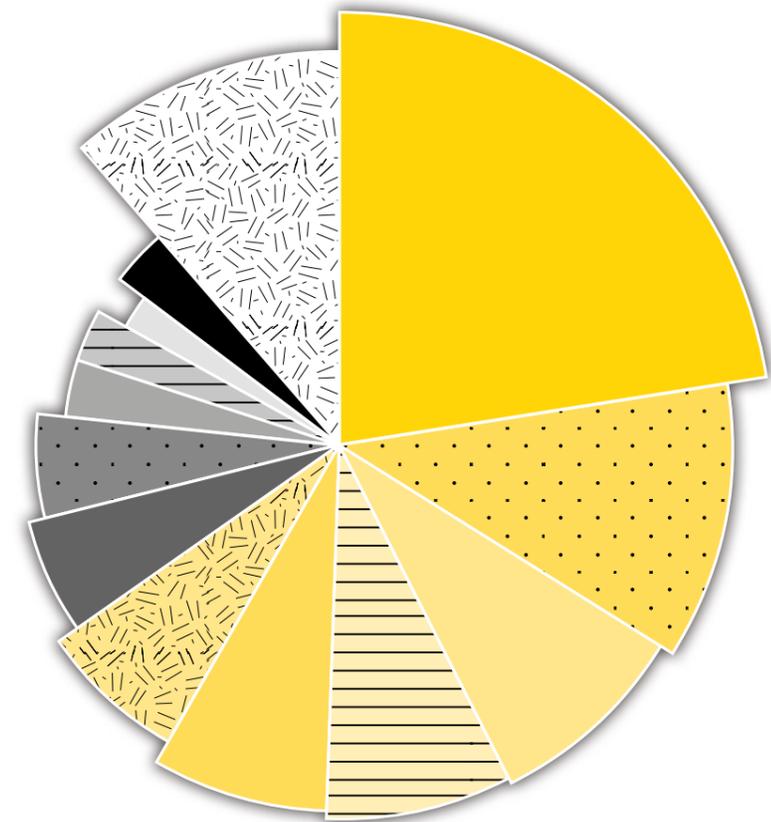
	Total	Age						
		18-24	25-34	35-44	45-54	55-64	65-74	75+
Far-fetched claims about benefits	40%	25%	31%	29%	39%	50%	59%	58%
Label text in a different language	40%	27%	28%	39%	36%	48%	47%	61%
Poor quality packaging	34%	44%	27%	31%	28%	36%	43%	34%
Unknown brand	33%	33%	27%	26%	28%	39%	43%	44%
Sparse labelling or text	28%	24%	27%	24%	28%	30%	32%	37%
Non-British product	24%	13%	19%	22%	24%	29%	31%	30%
Cheap price	23%	23%	21%	22%	24%	21%	30%	19%
Small writing	21%	16%	13%	16%	18%	23%	28%	39%
Budget retailer	18%	17%	20%	18%	15%	20%	18%	12%
Supermarket own-brand	5%	7%	7%	4%	4%	4%	8%	1%
British product	3%	7%	4%	3%	2%	2%	1%	1%



TRUST BY OUTLET TYPE

Levels of trust are affected by the types of outlet that serve the food. Takeaways and online sellers have the most work to do to enhance consumer trust.

FROM THE LIST BELOW, WHICH OF THE FOLLOWING FOOD OUTLETS DO YOU TRUST THE LEAST WHEN IT COMES TO SELLING FRAUDULENT FOODS, EITHER KNOWINGLY OR UNKNOWINGLY?



Takeaways	42%	Regular food markets	10%
Online	21%	Local suppliers	6%
Convenience stores	16%	Mid-range supermarkets (e.g. Sainsbury's, Tesco)	6%
Restaurants	15%	High-end supermarkets (e.g. Waitrose, M&S)	4%
Budget supermarkets (e.g. ALDI, LIDL)	14%	I expect all to sell fraudulent foods	6%
Artisan food markets	13%	I don't believe any to sell fraudulent foods	21%
Newsagents	11%		

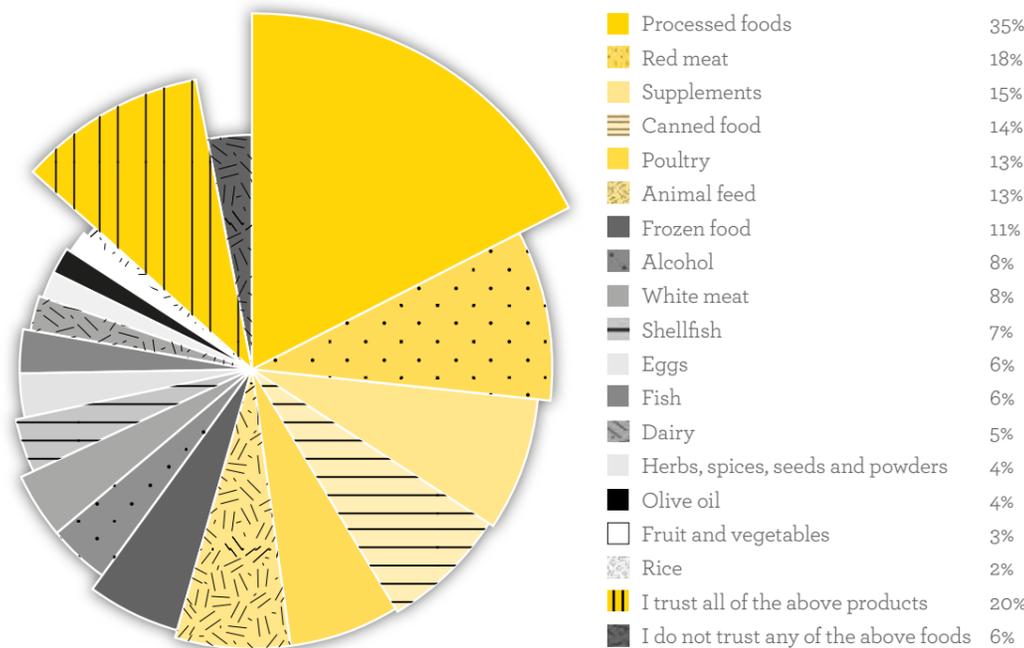


TRUST BY PRODUCT TYPE

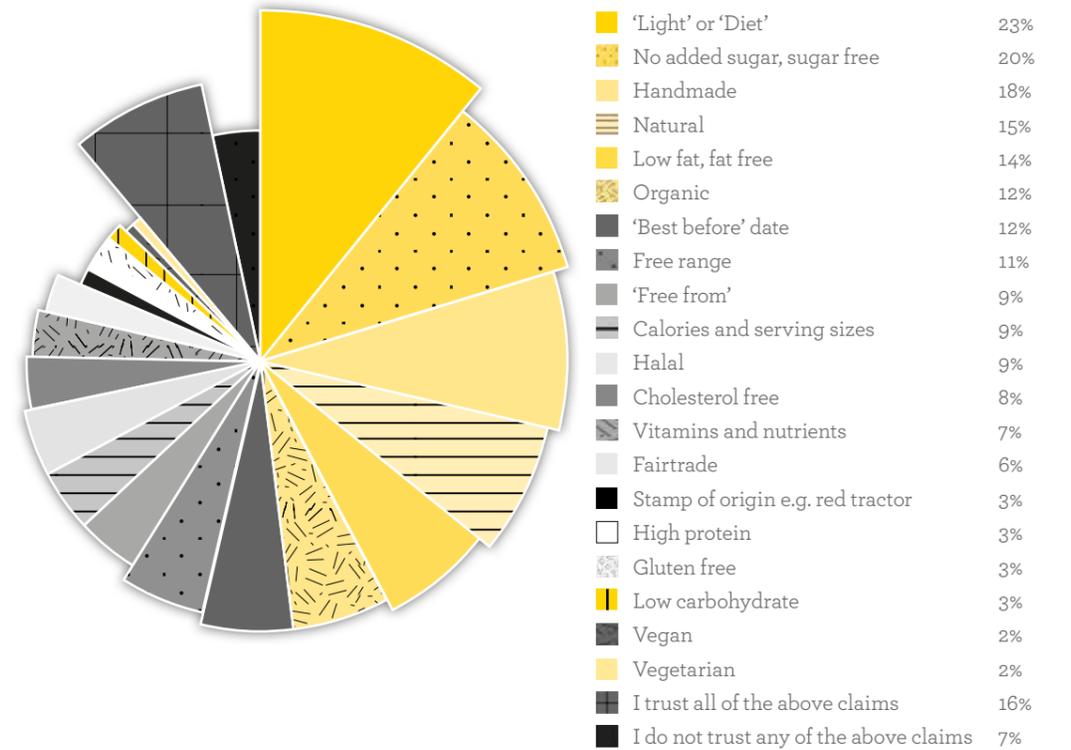
Some types of product or food have a better reputation than others, perhaps influenced by educational factors around how food is produced, and examples of issues being featured in the media. Some foods that can be most susceptible to food fraud such as herbs and spices, olive oil and shellfish seem to be relatively unharmed by reputational issues in comparison with processed foods and red meat. Those food types struggling from reduced trust may benefit from investing in marketing or partnering with other organisations to educate consumers and improve perceptions of the food group as a whole.

Claims that are intended to enhance a product's appeal may also have an opposite effect, with claims such as 'light and diet', 'handmade' and 'natural' increasing the potential for mistrust. Using these claims in labelling should always follow regulations and be objectively thought-through before being applied.

WHICH FOODS ARE YOU MOST WORRIED ABOUT BEING FRAUDULENT?



WHICH CLAIMS ARE YOU THE LEAST TRUSTING OF, IF ANY?



CONFIDENCE IN THE SUPPLY CHAIN

Confidence in the British supply chain is relatively high in comparison with foreign supply chains, but this trust is still only represented by under half of the population surveyed (38%). Only 12% have confidence in the European food chain and less in the global chain (7%) raising interesting questions about consumer attitudes to food once Brexit plans take shape.

A short, local supply chain also produces higher confidence levels in a quarter of people. Producers, retailers and caterers alike may wish to consider using and celebrating a short British produce supply chain.

43% of those aged 75+ have more confidence in products with a short, local supply chain



INFLUENCES UPON TRUST

High profile cases of food fraud have had the biggest effect on trust, and small businesses are more trusted than big corporations.

In terms of positive influence however, food assurance stamps such as Red Tractor have an extremely strong influence on purchase decisions and seem to be a powerful tool for businesses to utilise, with 67% of people using them to help choose the products that they buy and presenting opportunities for producers to stand out. The Fairtrade stamp was expressed as the most influential.

By investing in Corporate Social Responsibility programmes such as helping the local community and charities or developing sustainability strategies, and educating consumers about how regulation works, the industry may win the favour of around one third of people.

27% of people are concerned about how Brexit will affect the UK food industry and 30% have little knowledge about food regulation. For this reason, a little information may go a long way.

IF YOU ARE CONCERNED ABOUT FRAUDULENT FOOD, WHAT ARE THE REASONS FOR THIS REDUCED CONFIDENCE?



CAUSES AND BLAME

WHICH FOOD ASSURANCE STAMPS (IF ANY) INFLUENCE YOUR PURCHASE DECISIONS?

67%

of people are influenced by food assurance stamps

The most

influential food assurance logo is the Fairtrade stamp, with 44% stating that it influences their purchase decisions. This was followed by the Assured Food Standards (Red Tractor) stamp influencing 42%, and the Lion Quality stamp influencing 36%

53%

of 18-24 year olds say they are influenced by the Fairtrade assurance stamp

25 - 34

year olds were least likely to be influenced by food assurance stamps, with 37% stating that they did not factor any stamps in their purchase decisions. 33% of people said this overall

	Total	Age						
		18-24	25-34	35-44	45-54	55-64	65-74	75+
Net: Any	67%	75%	63%	67%	67%	66%	70%	67%
Fairtrade	44%	53%	40%	40%	43%	46%	48%	47%
Assured Food Standards – Red Tractor	42%	35%	35%	43%	48%	46%	42%	42%
Lion Quality	36%	20%	31%	33%	42%	38%	48%	39%
Marine Stewardship Council (MSC)	18%	14%	16%	18%	19%	20%	20%	16%
Soil Association Organic Standard	17%	14%	11%	15%	20%	20%	19%	25%
RSPCA Assured	16%	15%	11%	14%	19%	18%	19%	20%
Dolphin Safe - Earth Island Institute	15%	11%	15%	14%	18%	20%	12%	10%
RSPCA Freedom Food	14%	9%	8%	12%	17%	18%	16%	15%
BRC Global Standard	4%	7%	4%	5%	3%	3%	4%	1%
EU Protected Food Name Register	2%	5%	3%	2%	3%	3%	1%	-

30%

of people are most likely to trust companies that have strong values and invest in corporate social responsibility programmes

Smaller companies

that are family run (23%) and local companies (14%) are also more trusted than big companies that make a lot of money (10%)

27%

are concerned about how Brexit will affect the UK food industry

30%

have little knowledge about regulation in the food chain as a whole

When asked about what they believe to be the driving factors behind instances of food fraud, cutting costs was revealed as the most likely perceived reason, followed by organised crime. Businesses that demonstrate their dedication to producing quality products that do not cut corners or costs may be able to benefit from a more trusting customer base.

Producers are assumed most likely to be blamed for product mishaps by 63% of people, and a fifth of people (20%) would blame the retailer first. While these types of businesses may have the most work to do to improve consumer trust, the challenge also presents opportunities for businesses to differentiate from their peers by taking steps to show how they won't stand for fraud. Distributors/transporters are relatively unharmed by comparison, being blamed by only 9% and a grower or farmer by just 6%.

Nearly one fifth of people even expressed that they 'expect' to be tricked by some producers or retailers.

WHAT DO YOU THINK IS MOSTLY TO BLAME FOR CASES OF FOOD FRAUD?



IF YOU HEARD OF A CASE WHERE FOOD HAD BEEN FRAUDULENT, WHICH WOULD BE YOUR FIRST INSTINCT AS TO WHO WAS TO BLAME?

Age is a factor of trust – with younger people generally more likely to blame either the retailer or farmer/grower than older people

	Total	Age						Region					
		18-24	25-34	35-44	45-54	55-64	65-74	75+	South East	Midlands	North England	Wales & South West	Scotland
Producer or manufacturer	63%	55%	53%	61%	70%	70%	70%	64%	60%	64%	66%	67%	56%
Retailer	20%	23%	28%	23%	19%	11%	15%	18%	23%	18%	17%	20%	25%
Distributors/transporters	9%	9%	7%	8%	6%	12%	7%	13%	7%	10%	10%	5%	13%
Grower or farmer	6%	12%	10%	6%	3%	4%	4%	1%	7%	5%	5%	6%	4%
Other	3%	2%	1%	3%	3%	2%	4%	4%	2%	4%	2%	3%	2%

22% trust retailers to properly assess products before selling them

18% expect to be tricked in some way by producers or retailers

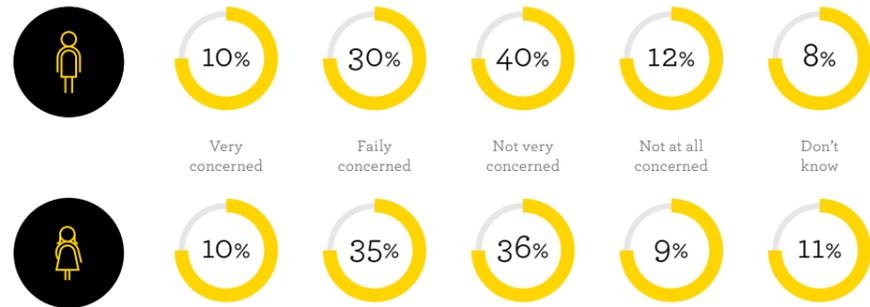
IMPACT: CONCERN

Clear and transparent labelling and celebrating regular audits and product testing is a must to help combat some of consumers' more serious worries.

Concern about food fraud is relatively evenly split, with the majority not describing themselves as 'concerned' about food fraud despite perceiving it to take place. While this is good news for the food industry, 42% said that they are concerned - women slightly more so than men.

Half of consumers worry simply about not being 100% certain of what is in their food, with 40% worried about illness from substandard food or inedible substances, 32% worried about illness from unidentified allergens, which is interesting given that 2% of adults and 8% of children in the UK suffer from allergens or intolerances¹, and 31% concerned with quality and taste.

HOW CONCERNED ARE YOU ABOUT FOOD FRAUD IN THE UK?



50% of consumers worry about not being 100% certain of what is in their food, with 40% worried about illness from substandard food or inedible substances

32% worry about illness from unidentified allergens and 31% are concerned with quality and taste

9% are concerned with the reputation of British produce in other countries and 14% are concerned with an unfair competitive market for sellers

¹ Food Standards Agency - www.food.gov.uk/science/allergy-intolerance

BEHAVIOUR

Perhaps one of the most telling statistics is that more than two thirds of people (70%) take measures to ensure their food to be legitimate, with the most common way to do so being regularly reading the ingredients on products, or the front label. Consumers are extremely savvy, and 17% avoid certain foods altogether that they believe could be susceptible to food fraud. Perhaps this could explain why takeaways came out as the least trusted outlet, given that generally speaking, it may be more difficult for a consumer to obtain specific ingredients or provenance information at this type of outlet. As well as developing proper labelling and making ingredients information as accessible as possible, appreciating the knowledge and discernment of customers may go a long way toward creating loyal advocates.

In almost a quarter of people (24%) it would be considered acceptable for a company to swap ingredients to make a product cheaper, so long as it was transparent and safe.

Brand loyalty plays a part in the effect that cases of fraud can have. The majority of consumers would lose trust in a brand they had not tried before being found to sell fraudulent food and would not buy from them again (50%), with 34% saying the same for a brand they love. 32% would be happy to buy from a brand they love again if they had apologised, solved the problem and proven that it would not happen again - showing that companies may be able to recover from food fraud situations that are handled professionally and correctly - perhaps with the help of legal and public relations experts.

DO YOU TAKE ANY MEASURES TO TRY TO ENSURE THAT THE PRODUCTS YOU BUY ARE WHAT THEY SAY THEY ARE?

- 70% of people take at least some measures to try to ensure their food is legitimate
- 39% of these consumers regularly read the ingredients on products, and 35% read the front label
- 17% avoid food types that believe to be susceptible to fraud altogether
- 9% regularly research products online

Almost half

of those aged 75 and over regularly read the ingredients on products (47%) compared with a third of those aged 18-25 (33%)

PERCEPTION OF CRIME

For the purposes of this survey, food crime means food or drink entering the UK food market that is likely to be detrimental to consumers, businesses or the overall public interest. For instance, counterfeit or fake branded products.

The Food Standards Agency says that food fraud becomes food crime when the scale and potential impact of the activity is considered to be serious. This might mean that the criminal activity has cross-regional, national or international reach, that there is significant risk to public safety, or that there is a substantial financial loss to consumers or businesses.

33%

believe that food crime is likely to increase in the future

Our research shows the majority of people do not feel educated enough about food crime to say whether they believe there is an issue with it, although over a third do believe there is an issue with food crime in the UK and abroad.

A third of consumers believe that food crime is likely to increase in the future, which may be a product of Brexit and general economic and global uncertainty, as well as having general awareness and knowledge of the issue and practice.

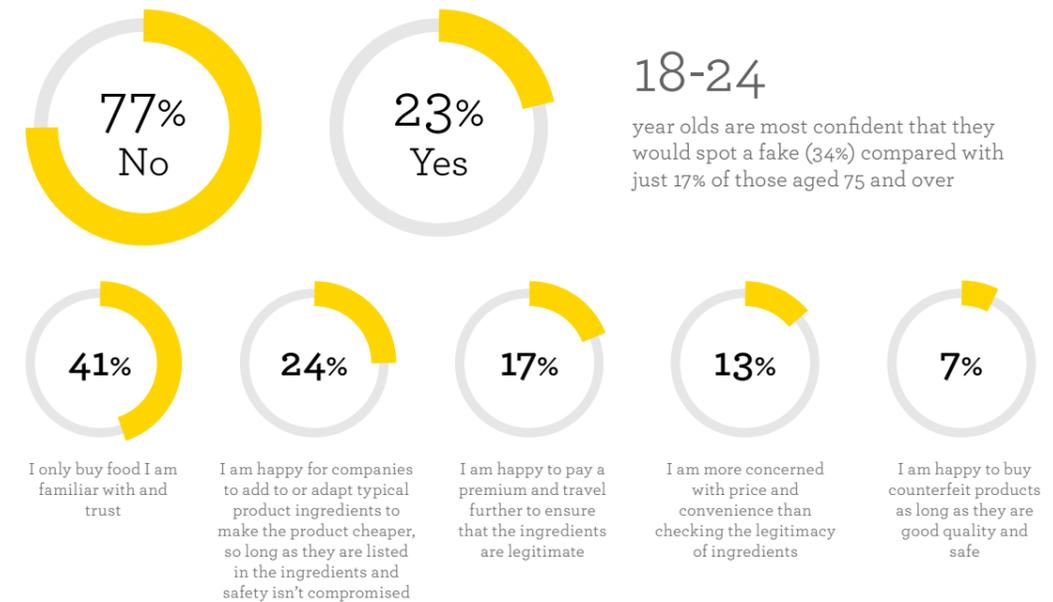
The vast majority of consumers – almost four out of five – admit that they would not know how to spot a counterfeit product, suggesting that more work could be done by professional organisations such as the National Food Crime Unit to educate consumers on how best to detect and report crime to support legitimate businesses.



WHICH OF THE FOLLOWING STATEMENTS DO YOU BELIEVE TO BE MOST REFLECTIVE OF THE ISSUE OF FOOD CRIME?



DO YOU THINK YOU COULD TELL IF A PRODUCT WAS COUNTERFEIT (E.G. FAKE BRANDS OR SUBSTITUTED INGREDIENTS)?



IF THE FOLLOWING WERE FOUND TO BE SELLING FRAUDULENT FOODS, WOULD YOU BUY FROM THEM AGAIN?

	A brand you love	A brand you have never tried before
No, I would have lost trust in the company and would not buy again	34%	50%
I would not buy the same product but would be happy to buy other products of theirs	15%	11%
Yes, if they had apologised, solved the problem and proven that it would not happen again	32%	19%
Yes, I wouldn't care	4%	4%
I would have to give careful consideration based on the individual case	15%	17%

PRACTICAL ADVICE TO COMBAT FRAUD



By Darren Seward, Food and Drink and Hospitality Specialist at NFU Mutual.

This section provides further practical advice for producers, retailers and hospitality businesses to combat fraud, to be used alongside the consumer behaviour advice provided in the report findings.

What can businesses do to improve fraud resilience programmes and improve consumer confidence?

Implementing awareness and prevention programmes across the employee network should be at the core of every company's business strategy, right through to customer-facing level if it is relevant to help reassure both staff and consumers that your business is serious about combatting fraud and keeping the best interests of customers at the heart of what they do.

There are also some practical steps all food businesses can take to reduce vulnerability to fraudulent products.

Know your suppliers and make sure they have a comprehensive food defence strategy. Request to

see their supply chain vulnerability assessments and ask yourself whether you have confidence in them. A company investing in employee and partner education programmes, and running tighter policies, may be more equipped to combat fraud.

Companies can be more at risk of fraud due to new technology and using international supply chains. That said, technology such as regular anatomical testing of supplier food and final products by manufacturers, hospitality businesses and retailers can be used as a positive means to detecting fraud early. Also a manufacturer using a long, global supply chain doesn't necessarily mean it is more vulnerable than one using a short British supply chain, but a shorter chain might be easier to manage.



A producer, retailer or eatery choosing to support and sell British produce may reap the benefits in winning consumer hearts, with proven success by mainstream companies such as the Co-op already receiving great applause for their pledge to sell British-only meat. In another recent study conducted by NFU Mutual, 99% of people surveyed said that they would buy more British or local food if retailers made it easier for them.¹

We work with the National Farmers Retailers and Markets Association (FARMA), known for championing and certifying British farm shops and markets selling British produce to local communities. We also work with local food associations across Britain including Hampshire Fare and Dorset Food and Drink, which champion produce grown or made specifically in their regions. Their provenance and quality assurance stamps are determined by stringent local laws, with the accreditation much sought after by makers. Familiar assurance stamps such as the Red Tractor are a powerful tool – our food fraud research showed they influence the purchase decisions of two thirds of consumers (67%). Consumers also expressed that businesses that invest in Corporate Social Responsibility programmes such as supporting the local community or charities are easier to trust.

With Brexit looming, business owners should familiarise themselves with its potential effects and the vulnerabilities they may be exposed to, to safeguard against potential unexpected consequences such as increased import costs that may encourage alternative – and less secure – means of supply. The prospect of deregulation once Britain leaves the EU is already a concern for consumers and businesses should consider how any changes they make to perceived quality of food may be under the microscope.

Retailers and hospitality businesses may feel at the mercy of food producers to mitigate risk or product recall incidents, but they too have a duty to ensure that the food they sell is legitimate and safe, especially given that they are not immune to the reputational consequences of not doing so.

Finding out whether your suppliers have product recall insurance should be a priority, as it can cost millions to get harmful products off the shelves quickly and pay the legal fees, and producers should make sure they are aware of their individual associated risks.

In October 2016, The Food Standards Agency published guidance for the food industry on working with the National Food Crime Unit (NFCU) – "Working together to tackle the threat from food crime"² which provides practical advice to help businesses make the UK a more hostile environment for serious criminality within food supply.

It suggests that businesses can support the broader fight against crime by alerting the NFCU to suspicions of being the victim of food crime, promoting confidential means for staff to share concerns of criminality, and by embedding fraud resilience programmes into business models.



Health and Safety advice for producers

By Mark Smith, Health and Safety Technical Manager at NFU Mutual Risk Management Services Ltd

Product recall procedures naturally take a much greater priority in manufacturing and retail than in hospitality, because of the potential for greater geographical distribution of that product together with the volumes of food produced. It is vital that a manufacturer is able to trace back to the suppliers of ingredients and produce full details of distribution routes for specific products. In being able to do this, labelling and identification of that product must hold sufficient detail and be clear.

In our research, food safety naturally came up as a top concern for consumers with regards to food fraud, and the importance food safety at producer level also shouldn't be ignored if wanting to win the loyalty of consumers as their demands and expectations evolve. Specific controls required vary dramatically depending on the food produced and nature of the process. However one certain area of common ground is that the proper upkeep and maintenance of machinery, and regular dynamic risk assessments, are vital in mitigating the risk of problems with equipment that can lead to safety issues in food.

Regardless of their size, all producers should ensure that they have access to the right expertise to be able to develop a food safety management system based on Hazard Analysis and Critical Control Points (HACCP) principles, and that they can apply this specifically to the food safety risks present within their unique process. Where necessary, a business should be prepared to involve other people with specialist knowledge on a range of subjects such as equipment, packaging and microbiology. We place great importance on this and even have a dedicated risk management services team to assist our clients on these areas. The Food Standards Agency also has a tool called MyHACCP, which is aimed at small manufacturers and may be useful for those just starting out.

¹ NFU Mutual British Foods Survey conducted at The Great Yorkshire Show between 11-13 July 2017, with 604 respondents

² The Food Standards Agency's guidance – "Working together to tackle the threat from food crime" <https://www.food.gov.uk/sites/default/files/tacklingfoodcrime-nfcu.pdf>

ABOUT NFU MUTUAL

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In conclusion

Ultimately, manufacturers, retailers and hospitality businesses of all sizes have huge power and influence as the face of the food industry, and it is increasingly important for products and outlets to build trust and reassurance into the fabric of their values. By addressing the perceptions presented in this report and promoting fraud prevention measures more prominently, businesses in the food industry could gain an edge in buying back consumer confidence and loyalty.

Businesses across the 'field to fork' supply chain continue to combat food fraud at its roots, but the real win for the industry will be leading the way towards a food confidence revolution for consumers. Above all, due diligence keeps people safe and confident in their purchases, and the industry fair, strong and competitive.

Top Tips

1. Keep on top of information about the threat of fraud, Brexit and other challenges facing the industry to ensure you are equipped to manage any concerns - keep abreast of guidance supplied by the Food Standards Agency and National Food Crime Unit
2. Implement awareness and prevention programmes across the employee network, right through to customer-facing level
3. Know your suppliers and make sure they have a comprehensive food defence strategy by asking to see their supply chain vulnerability assessments
4. Regularly test supplier and final products if the means are available
5. Ensure you have access to the right advice and expertise to develop a food safety system based on Hazard Analysis and Critical Control Point (HACCP) principles, that keeps people safe
6. Comprehensive auditing is essential to combat food fraud but also meet the Food Safety Act and European Commission's General Food Law Regulation
7. Consider joining an accreditation service to help provide assurance to customers about the origin of your food
8. Consider supporting British produce to help manage and shrink your own supply chain and win the hearts of customers
9. Ensure that packaging is of good quality, is clear and transparent with regards to ingredients, and is without unsubstantiated claims
10. Consider investing in Corporate Social Responsibility or community, sustainability and charity programmes to enhance customer trust and loyalty.

Whatever the profile of your business, from small independents to large national businesses, NFU Mutual Insurance is all about you.

As a mutual organisation, our customers are our members, so we're proud to offer a range of products designed to meet our customers' needs - from the artisan producer right up to the most complex and largest organisations in the UK. We're recognised for our financial strength so our customers can trust us to deliver on our promises.

Regardless of the size of your business, there is so much to think about when you open your doors to your customers, from food fraud to the health and safety of your staff and customers, to food hygiene and staffing levels. You may be at risk of business interruption through any number of issues - the need to issue a product recall, cyber attacks, damage to your property, the loss of a major supplier or customer, the loss of a key person. But you're not alone. NFU Mutual can help you plan for the unexpected and get you back on your feet should things go wrong.

Our network of specialist local Agents work extensively with the food and drink manufacturing, hospitality and retail industries - everything from local coffee shops, boutique hotels and artisan producers, to the very largest food producers, wholesalers and 'big four' supermarket chains in the UK.

Not only do they understand your industry, but they're also on your doorstep to provide a local personal service. They'll meet you face to face to build a personal relationship and understand your requirements. Only then will they recommend a tailored insurance solution. Agents are also supported by a team of experts - underwriters, surveyors, loss adjusters, even buildings valuation experts. Experts all accessed through one single NFU Mutual point of contact.

To keep business running smoothly they can recommend a wide choice of products and services.

Business Insurance - We offer our commercial insurance products and can advise you on tailored cover to match your specific business needs. But whatever insurance you take we always guarantee a no quibble claims service.

Risk Management Services - Our health and safety consultants from NFU Mutual Risk Management Services Ltd are committed to providing the highest level of guidance and advice on health and safety within your business.

Financial Planning - We can offer a range of products from protection for loss of key person and director's liability to employee benefits such as pensions, as well as succession planning and investments.

When you get in touch we'll explain the advice services offered and the charges. NFU Mutual Financial Advisers advise on NFU Mutual products and selected products from specialist providers. Financial advice is provided by NFU Mutual Select Investments Limited.

The right insurance starts with the right conversation. So contact your local Agent today by visiting [nfumutual.co.uk/branches](https://www.nfumutual.co.uk/branches)



THE NEXT STEP

To contact your local NFU Mutual Agent visit nfumutual.co.uk/branches.

For more information and advice on a range of retail, food and drink manufacturing and hospitality services visit nfumutual.co.uk/business



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