

Food Business Operators: Impact of a Changing Landscape

Maes o ddiddordeb ymchwil: [Emerging challenges and opportunities](#)

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Executive summary

About the research

This report summarises the findings from qualitative research with 30 small and micro Food Business Operators (FBOs) in England, Wales and Northern Ireland. Participants took part in a depth interview between 12th May to 24th June 2021, and the interviews lasted up to 45 minutes.

The research was designed to help the Food Standards Agency (FSA) understand the recent experiences of small and micro FBOs in the context of the COVID-19 pandemic.

Key findings

Throughout the COVID-19 pandemic, businesses have needed to be responsive and creative to allow them to continue operating. Some businesses operated at much lower capacity than before the pandemic, whilst a small number were able to thrive and perform better. Further detail on this can be found in Chapter 2.1.

There were various drivers for FBOs to adapt and make operational changes to continue trading, including: mitigating the financial impacts of COVID-19; adapting to respond to changes in supply or demand; and ensuring operations were COVID safe for staff and customers. Further detail on this can be found in Chapter 2.1.

Whilst businesses had invested time and money complying with COVID-19 guidance, they said most of the changes related to the general rules in wider society. Businesses described managing COVID-19 risks as distinct from food safety. Further detail on this can be found in Chapter 2.2.

Some businesses suffered significant disruption to their supply chain during the pandemic. One of the main challenges they faced was the availability of food and non-food supplies. The costs of some of these items also increased. Further detail on this can be found in Chapter 2.3.

Many FBOs described having contact with their local authority. However, some were unsure whether the contact had been with the FSA or the local authority. Their main feedback about communications was a need for more tailored advice, that takes into account the specific context

for small businesses. Further detail on this can be found in Chapter 2.4.

Chapter 1: Background and methodology

Background

This research aimed to understand the recent experiences of small and micro FBOs in the context of the COVID-19 pandemic. The importance of carrying out research with these FBOs was initially identified within the LA Delivery Group Control Strategy, which suggested that new trade practices may have led to food safety risks in the food business sector. Existing food businesses have had to adapt and diversify their operating models to deal with new COVID-19 regulations, while an increase in the number of new food businesses since the start of the pandemic may also have posed threats to food safety. New operating models such as delivery services, online ordering, table service, and staff model changes have transformed the layout and daily running of food businesses.

The Foods Standards Agency (FSA), who are responsible for food safety across England, Wales, and Northern Ireland, commissioned Ipsos MORI to investigate these issues further with the aim of this data informing their future support to small and micro food businesses.

This qualitative study was designed to investigate the following research questions:

- How has the COVID-19 pandemic changed the way small and micro FBOs operate and sell to consumers?
- Do small and micro businesses understand their food safety obligations under COVID-19?
- Has COVID-19 disrupted the supply chain and has this created food safety risks?
- How has the EU exit impacted small and micro FBOs?
- Has support from the FSA been helpful and sufficient? What could they do to help small and micro businesses navigate through the impacts of the pandemic?
- What challenges and opportunities do FBOs anticipate over the next year?

Methodology

A total of 30 qualitative interviews were conducted, with fieldwork taking place between 12th May-24th June 2021. Each interview lasted up to 45 minutes. A sample of existing small and micro FBOs was randomly selected from Food Hygiene Rating Scheme (FHRS) database. Sample matching was undertaken via a commercial provider, DBS, who were provided with the name and address of each business. They appended contact details with a match rate of 18%.

It was important to recruit new businesses so the study could capture the experiences of those who had started trading during the COVID-19 pandemic. All new businesses that took part in the study were operating in the food and beverage services sector. The FSA assisted with the sampling frame for new food businesses via the Register a Food Business (RAFB) system and local authorities who participated in the FSA food standards pilot. The sample was drawn from businesses that registered with the scheme in early 2021. In total, seven new businesses were included in the research, so findings specific to new businesses should be interpreted recognising that numbers were low.

To ensure the data was gathered from a range of small and micro businesses, Ipsos MORI worked with the FSA to develop a sampling approach which was broadly reflective of the sector, while also ensuring the experiences of specific types of businesses were captured. The sample variables and final interview numbers achieved are outlined in the table below.

Table 1.1: Achieved depth interview sample

Sample variable	Scope	Achieved
Business Size	less than 10 employees	16
Business Size	10 to 24 employees	11
Business Size	25 to 49 employees	3
Nation	England	26
Nation	Wales	3
Nation	Northern Ireland	1
Business Type	Manufacturing / Wholesale	7
Business Type	Retail	2
Business Type	Accommodation	2
Business Type	Food and Beverage services	17
New Business	New	7
Existing Business	Existing	23

Chapter 2: Research findings

2.1 Experiences and responses to the pandemic

In March 2020, the United Kingdom went into a national lockdown in response to the COVID-19 pandemic. During the rest of 2020 and early 2021, there were a series of national lockdowns and restrictions in place across the United Kingdom, with different rules and guidelines in place across England, Wales and Northern Ireland. These restrictions continued up to the time of fieldwork in May and June 2021. There were also additional local restrictions in place in various parts of England during the pandemic. There were several periods when non-essential retail shops and hospitality venues including restaurants remained closed (other than for takeaways), and people were encouraged to stay at home.

Overall impact of COVID-19

In response to COVID-19, most food businesses closed in March 2020. Those that remained open were either retail or manufacturing businesses or were able to offer takeaway services. The financial impacts of closing immediately due to COVID-19 were widespread and extensive.

Most businesses reported making use of the furlough scheme and government grants available to them. Use of the furlough scheme was particularly prominent in businesses in the food and beverage sector that had to close, where public-facing roles are common. Other businesses used the furlough scheme on and off throughout the year, depending on how much demand there was for their products and services. One business in the food and beverage sector described how they tried to open as a takeaway after the first lockdown, but because their kitchen was too small, they had to close a second time and staff returned to furlough.

Government grants were seen as especially helpful to businesses, with many FBOs saying that they would not have survived without them. While some had experienced difficulties in applying for these schemes, most businesses were positive about what was available.

“The government did really well to keep us funded during that first lockdown. It's been very close to the bone a lot of times, the times where its hardest is when I've applied for my next grant and I'm waiting for it to come in. The third lockdown was the

hardest.” – Food and beverage service activities, 10-24 employees, Existing business, England.

However, FBOs also described long-lasting financial impacts of closing during COVID-19 for their businesses. Some said they had not been able to re-open or return to their previous financial situation. Others that had re-opened reported operating at 50% or less of their pre-COVID capacity. Whilst some have retained all the staff they employed prior to the pandemic (largely due to the furlough scheme), others have made redundancies or had members of staff leave (often for jobs perceived as more reliable, such as office work). For example, one business in the accommodation sector described receiving £2,000 in government grants per month, but said that the cost of remaining open was £11,000 per month. This, combined with the increasing costs of COVID safe measures (implementing new systems, PPE, reduced capacity) has meant they operated at a loss.

Businesses have had to be dynamic and imaginative to allow them to continue to operate within changing guidelines. Although this resilience has allowed many businesses to survive, FBOs said the sector had been stretched to its limits. One shared their concern over the costs of continuing COVID measures:

“The people in the sector running these businesses are probably quite clever and capable, but what they don't have is large pots of money to keep throwing at the businesses to keep them going” – Accommodation sector, 10 to 24 employees, Existing business, England

A small number of businesses were able to thrive under lockdown and perform better, because of their specific circumstances. For example, a manufacturing business described how they lost their trade in hot food for local people (usually construction site or office workers), but their shop trade increased by 50%. They also found that it was more profitable to sell over the counter rather than supply smaller shops.

“All the staff time involved in packaging made supplying more expensive. We realised that it isn't really worth it. You need less people for the counter, it is more profitable”. – Manufacturing sector, less than 10 employees, Existing business, Northern Ireland

Some businesses also reported that the nature of their customers had changed during the pandemic. Schemes such as ‘Shop Local’, combined with travel restrictions, meant they were attracting a different customer base. A manufacturing business described having increased sales from consumers not wanting to go to supermarkets and shopping local instead. This business had also invested in their website and their online sales increased. Additionally, one retail business, a butcher, described how their sales increased rapidly immediately after the first lockdown due to supermarket shortages. They have been able to retain this trade, largely local customers, and had to invest in new machinery and equipment to keep up with the increased demand.

“I call them snow customers; we'd normally only see them when it's snowing, and they can't travel far. We've had a lot more of them.” – Manufacturing sector, <10 employees, Existing business, England

Changes to operating models

After the initial response, many businesses found themselves adapting and making operational changes in order to continue trading. There were various drivers for these operational changes, including mitigating the financial impacts of COVID-19, adapting to respond to changes in supply or demand, and ensuring operations were COVID safe.

Mitigating the financial impacts of COVID-19

In order to survive financially, many businesses adapted their business model as a way to increase revenue. It was common for businesses, specifically in the food and beverage sector, to start or expand takeaway and delivery services. Some businesses were able to implement this quickly – with one new business offering deliveries and going live on Just Eat only three days into the first lockdown. Others took longer to make similar changes. For example, one coffee shop began offering takeaways in November 2020 to compensate for the severe financial losses they had suffered in the first national lockdown.

A few businesses had reduced staff numbers and made employees redundant in order to protect their longer-term financial situation, recognising that there would not be job for staff to return to after the pandemic. A business in the manufacturing sector described deciding it was not financially viable to re-open their restaurant (due to their takeaway service being more profitable). They made a handful of staff redundant and expanded their shop into the restaurant area. Other businesses commented that staff have voluntarily left the hospitality sector altogether, which in turn left their business in a more financially stable position.

“I furloughed all my café staff or vulnerable people in March 2020. I initially hired new staff to replace them, but when I decided not to re-open, I made quite a few staff redundant including the café manager. I knew their job was never going to come back.” – Manufacturing sector, 10-24 employees, Existing business, England

Adapting to respond to changes in supply or demand

The supply chain issues that businesses experienced are discussed in detail in Chapter 2.3 of this report. As a result of these supply chain issues, a handful of businesses made logistical changes so their business could still continue to trade. One new business, in the food and beverage sector, previously had their supplier deliver flour to all three of their franchises individually. However, due to supply issues their only option was to order flour in bulk – but individual franchises did not have space on site to store the flour. Adapting to this, they had the bulk flour orders delivered to one central depot and then had it shipped out individually to their franchises from there.

“Once we started to centralise the orders to one depot, it has enabled us to have more suppliers that we can play off against each other to get the costs down. Previously, we were limited by our storage capacity on site.” – Food and beverage service activities, 10-24 employees, New business, England

Another business, in the retail sector, described needing to invest in machinery to deal with increasing demand. They did not have enough space to hire new staff, so had to take a different approach. This business had started to offer home deliveries during the first lockdown, and their custom increased from 7-8 deliveries a day to over 60. In order to maintain this number of deliveries, they adapted the way they worked in their kitchen and utilised the new machinery (this also enabled them to maintain COVID safe measures).

Ensuring operations were COVID safe

In order to ensure operations, staff and customers were all COVID safe businesses made many operational changes. Adapting their menu/food offering was common. For example, businesses often described meals which required multiple people in the kitchen at the same time being removed from menus so they could practice COVID safe measures. It was also common to adapt the menu if businesses were experiencing supply issues.

“The food offer was scaled back a little, a few items would involve colleagues moving past each other quite a bit so we completely looked at what we cooked, how it was prepared, and who did what and if it became a social distancing issue it was removed from the menu.” – Food and beverage service activities, 25-49 employees, Existing business, England

Some businesses also began to offer advance ordering services to customers to help with COVID safety. One in the accommodation sector now requires customers to order their food in advance so they can practice COVID safe measures for staff and guests. This allowed them to plan how many people would be required in the kitchen, and to reduce the need for waiting staff standing over tables.

“Food is pre-ordered by guests the night before, so chef knows what to prepare. Their tables are pre-booked, and we deliver to a table to the side of where they actually eat to maintain the distance.”- Accommodation sector, 10-24 employees, Existing business, England

When businesses were asked what they had done to ensure their food remained safe during the pandemic, immediate responses focused on introducing Personal Protective Equipment (PPE) and other COVID safety measures. This was consistently top of mind across fieldwork, rather than any concerns specifically about food safety for non-COVID reasons (concerns about food safety are discussed in more detail in Chapter 2.2).

The COVID safety measures included social distancing, wearing PPE including face masks, and introducing signage and customers limits in store. The practicalities of implementing COVID safe measures tended to be reasonably straightforward for businesses, although there were impacts on their operational models. Information about how to introduce these measures was readily available online (via Gov.uk) or their local authority, with the main challenge being around the supply of PPE (hand sanitiser and masks specifically).

“I’ve brought in extra PPE, hand sanitiser and cleaning equipment. I bought a new freezer, and invested in food hygiene systems to make sure we are compliant with COVID rules. I have a duty of care to my customers and staff.” – Food and beverage service activities, <10 employees, New business, England

Businesses also changed their delivery routines by preventing delivery drivers from entering their premises, particularly early in the pandemic. Instead some left stock outside, and packaging was wiped down with anti-bac before entering the kitchen. A relatively new business that opened in 2019 also described how COVID-19 compliance allowed them to respond to the situation and use social media to attract new customers; videos of delivery drivers spraying down takeaway bags were used to attract a bigger customer base and promote their new takeaway service.

“At the start there wasn’t any guidance, but we were making sure we were using masks, sanitiser and spraying all the takeaway bags down. It also made the business

look good even though there weren't any rules in place"- Food and beverage service activities, 10-24 employees, New business, Wales

Some businesses had made limited operational changes as a result of COVID-19, other than implementing PPE. This was particularly the case for those with <10 members of staff, as often PPE was all that was necessary for them to be COVID safe. They were continuing to practice their standard routines of labelling and rotating food, with many kitchens already organised to have separate stations for food preparation which allowed for social distancing.

"We only ever have two people in the kitchen at once. But, it is me and my brother living in the same property and so we don't need to social distance. We know how much we use a day and so we order accordingly. We prep the day before and follow standard food practices." – Food and beverage service activities, <10 employees, New business, England

Impacts of EU Exit

Participants were also asked about EU exit and the impact this had on their business. Overall, the EU exit was perceived to have had little impact on small and micro FBOs, with many saying that it was either too early to say, or that they were unsure if impacts were due to EU exit or COVID-19. Businesses tended to not be involved with imports or exports, although one manufacturing business commented that they no longer ship to Northern Ireland as the paperwork is too confusing.

However, there was widespread concern around recruitment and difficulties finding staff. Participants were unsure if these recruitment challenges were due to the EU exit, or to COVID-19. They commented that there were difficulties finding suitable candidates for roles at all levels – from pot-washers, to chefs and managers. There was a perception that people had left the hospitality industry for more reliable jobs that would be less likely to be affected by COVID-19.

"Like every hospitality business, we're screaming out for team members at the moment. Recruitment is really tough." – Food and beverage service activities, 10-24 employees, Existing business, England

"I've got a couple of friends in the industry that have had to go home, they were from Romania. They were very good chefs and they've chosen not to hang around." – Food and beverage services, 10-24 employees, Existing business, England

Several businesses thought that the EU exit had caused problems with importing non-food items, including electrical goods. For example, one food and beverage business described waiting to get a part replacement for their freezer and used a temporary freezer in the garden in the interim.

There was also a sense that prices had increased, specifically around packaging such as takeaway cups. Another food and beverage business who specialises in pizza commented that there was a lack of availability of gluten free pizza bases from Italy, which had increased in price – but again they were unclear whether this was because of the EU exit or COVID-19.

"It has disrupted the supply chain with the Italian products. There is less availability and increase in cost. Suppliers haven't been able to get the products on time. Gluten

free bases were 82p and now they're £1.40. But we've had difficulty with all supplies recently, especially flour from Italy. Maybe COVID-19 has something to do with that.”
– Food and beverage service activities, 10-24 employees, Existing business, England

Experiences of new businesses

Among new food businesses, their reasons for starting to trade during the pandemic varied. Examples included people who had been made redundant due to the pandemic, others who wanted more flexibility in their lives, and some who identified business opportunities because of the changes related to COVID-19.

Many of those who had started new businesses had previous experience working in ‘front of house roles’ in the food sector (for example, a pub manager). However, they tended not to have experience in running food business specifically. Participants felt that regardless of this, their previous experience was useful in setting up a food business. For example, one had been a logistics manager and was made redundant during the pandemic. They set up a small pizzeria and quickly franchised this, commenting that the experience they gained from their previous role made this possible.

“I worked in Operations at DHL, and I used to work in kitchens. When I was made redundant, I had to do something else, so used my experience from those to start this business and now I manage 3 franchises.” – Food and beverage service activities, 10-24 employees, New business, England

While some new businesses were able to pivot and take advantage of offering takeaways, for others their focus was on surviving financially rather than growing their business. One business described how they were unable to claim furlough because they were so new, but that the financial grants from the government had enabled them to keep trading. Another new business described how they applied for everything that could be available to them, but all their money went into insurance or outstanding costs.

It was difficult for new businesses to assess the impact of COVID-19, given they did not have any pre-COVID experience to compare it to. The lack of an established customer base has meant these businesses needed to be responsive and quick to change tactics. They described different ways of doing this, including becoming more active on social media and boosting their takeaway offering.

“We had to get savvy on social media to get the word out about our takeaways. We didn't have a big social media following as we were a new business. We went from 350 followers to 1200.” – Food and beverage service activities, 10-24 employees, New business, Wales

“It's not been a major problem; the pandemic has always been a norm for my business. I never knew anything else.” – Food and beverage service activities, <10 employees, New business, England

2.2 The relationship between COVID-19 and food safety

Food safety concerns and risks

Aside from the general risks of COVID-19 in wider society, the FSA set out that food safety risks should be considered in the process of storing, handling, and preparing food (Food Standards Agency (2021). [Reopening and adapting your food business during COVID-19](#)). This therefore changes what is required of food businesses, as additional practices are needed alongside existing food hygiene regulations. Risks also may occur where businesses have changed their operating model, as adequate hygiene practises will be required when diversifying their businesses.

Businesses thought about food safety and COVID-19 in several different ways. Firstly, there was a recognition of the need for COVID safe measures for staff and consumers (as discussed in Chapter 2.1). Secondly, they acknowledged the potential of contaminating food with COVID-19 and made changes associated with this. Finally, there were references to more general food safety practices, which businesses felt they were already adhering to and were not directly impacted by their COVID-19 response.

While it was clear that businesses had invested time and money complying with COVID-19 guidance, most of the changes they introduced were related to the general rules in wider society, rather than food specifically. Their main concerns, at least in the early stages of the pandemic, were about the risk of spreading COVID-19, via their food or through the way they managed the business.

There were examples where businesses believed it was just not feasible to enforce stricter measures to reduce the spread of COVID-19. For example, one participant who managed a bar and restaurant described providing kitchen staff with face shields to prevent contamination with the virus during food preparation. However, the kitchen staff were unable to wear them in the heat of the kitchen. Another FBO explained their change in delivery routines whereby items would be decanted from delivery boxes before entering their storage facilities. Although they tried to enforce this as much as possible, in some cases it was not possible and delivery boxes had to go straight into their kitchen and storage units. To continue functioning, these two businesses therefore had to overlook some food safety measures that could mitigate risks around the spread of COVID-19.

“You can’t decant everything out of the delivery boxes they come in, it’s just not possible because you need to keep the boxes for batch numbers.”- Food and beverage service activities, 10-24, Existing business, England

There was a consistent theme across conversations with food businesses that the more general links between food safety and their COVID-19 response were unclear to them; they implied that COVID-19 risks were distinct from general food safety. Businesses expressed concern about the health and wellbeing of their staff and customers, but practices to protect them tended to focus on standard PPE and sanitiser use. They did not make a strong connection between any changes they had made in response to COVID-19 and what that meant for food safety practices and compliance more broadly.

“COVID doesn’t affect food, COVID makes no difference to our job” – Manufacturing sector, <10 employees, Existing Business, England

While food safety was not seen as a specific issue in their pandemic response (when compared to implementing COVID safe measures), participants were still concerned about food safety more generally. They often said that food hygiene standards and practices were already exceptionally

high in the sector. However, in their view, the pandemic had limited impact on their food safety compliance.

“Is COVID a food thing? I don't really think it is, if you're doing everything that you're supposed to be doing - you should be fine” - Food and beverage service activities, 10-24 employees, New business, Wales

“You've got your health and safety and food hygiene all in place anyway...the guidelines don't really affect food hygiene in anyway at all” - Food and beverage service activities, 10-24 employees, Existing Business, England

Businesses seemed more concerned about survival and adapting their business model, rather than specifically about food safety issues. They generally felt confident about managing food safety as a familiar challenge in the sector. Making sure their businesses were COVID-19 compliant had been a much bigger issue, bringing new challenges. One participant, who helped run a B&B business, described how they had to employ a new staff member to account for the increased labour that was required for cleaning duties during the pandemic. They also stated that this process was made more challenging by the staff shortages discussed in Chapter 2.1.

Businesses with smaller premises had different challenges as they had to operate with a reduced team, making it harder fulfil the extra duties that are required to meet COVID-19 guideline. For instance, one pub manager described the difficulties in fulfilling extra cleaning whilst operating with a smaller team due to social distancing. At the same business, it had also been difficult to conduct chef training to the usual standards due to social distancing.

“It hasn't been easy, to start with we've got less staff in the pub at one time and then it also took them a while to get used to the new cleaning regimes” - Food and beverage service activities, 10-24, Existing business, England

Practices to ensure food remains safe

Although participants were unclear about the link between their COVID-19 response and general food safety concerns, some businesses had altered their hygiene practices to mitigate the risks of spreading COVID-19. As discussed previously, participants mostly focused on PPE, social distancing, hand sanitiser and more intense and frequent cleaning regimes.

However, there were also examples where they felt measures were more specific to food hygiene. Although businesses stressed that handwashing was already important in the sector, these practices were also made more formalised and frequent. One manager of a restaurant described how waiting staff were required to clean their hands every time they returned from the customer tables with dirty plates and were not allowed to return to the tables until this had been carried out.

"It probably just meant that we went around and sprayed sanitiser a bit more than they usually would do"- Retail sector, 10-24 employees, Existing business, England

“Food is stored in the same way, but we now check it with a temperature gun more than we did pre-pandemic”- Food and beverage service activities, 10-24 employees, Existing business, England

Despite these changing practices to reduce the risk of COVID-19 spreading, many of the businesses could not see how food safety measures would otherwise need to change because of the pandemic. This could be linked to the fact that businesses would often describe how strict practices were already enforced as they prepared food, due to cross-contamination and microbiological hazards.

“We are quite conscious about how you can cross-contaminate things. So really, it's general practise on how you can keep hygiene in the kitchen because it's not just COVID you can pass onto people is it?” - Food and beverage service activities, 10-24, Existing business, England

As food safety risks are constant threat, businesses therefore felt confident that their existing food hygiene practises were also adequate in terms of COVID-19.

2.3 The supply chain

Management of stock and supplies

During the first lockdown at the start of the pandemic, some businesses took the opportunity of being closed to organise their stock and ensure products were stored or disposed of appropriately. For some, this was then followed up with regular temperature checks in fridge and freezer appliances. Although this is standard practice in the sector, some said they did this more frequently than pre-COVID-19 levels to protect stock that was being stored for longer.

Participants reported on the uncertainty of this period during the pandemic as guidelines for food businesses were not produced immediately.

“Everything out of date was destroyed and there were stock, and temperature checks every other day by managers.” - Food and beverage service activities, 25-49, Existing business, England

Stock management was also impacted by the cost and availability of supplies, as explained below.

Availability of stock

One of the main challenges that businesses faced was the availability of supplies; at certain points throughout the pandemic different items were more difficult to source. Below is a list of food and non-food products that were mentioned by participants as being difficult to secure because of stock shortages:

- takeaway/food packaging
- condiment sachets
- crisps/bar snacks
- alcoholic and non-alcoholic beverages
- fresh produce

- protective screens
- imported goods

For those businesses that stayed open during the first lockdown, FBOs described how deliveries would be less frequent as suppliers were working within the same strict COVID guidelines. More recently, the easing of restrictions and reopening of the hospitality sector has created a demand for food and beverage products, therefore leading to shortages for different reasons.

“[Managing supplies] was one of the hardest parts...it meant we had to forward think the trade which is almost impossible, we were running out of stuff all the time” - Food and beverage service activities, 10-24, Existing Business, England

“When you get the green light to go, everyone wants it” – Manufacturing sector, 10-24, Existing Business, England

Many businesses also said they changed how they purchased supplies during the early stages of the pandemic. In some cases, companies further up the supply chain they usually relied on were no longer able to trade, or to meet demand as they had before. FBOs often described using local cash and carry to stock up on products missing from their deliveries. It was therefore a case of getting the products they needed from anywhere that supplied them.

Another way FBOs managed supplies during the pandemic was through forward planning and stockpiling, so they could ensure they had those products that were often in high demand. Some participants also started using multiple suppliers to ensure they could get all the stock they required.

“We now use a few suppliers in case something is out of stock at one and we tend to shop about between them”- Food and beverage service activities, 10-24, Existing business, England

Cost of supplies

As well as the availability of supplies, there were also concerns around price increases. Although annual increases in the cost of supplies were considered normal, many businesses had experienced bigger increases than expected. For some this was for products in general, whilst others saw increases on certain products. Items where businesses reported experiences of price increases included:

- meat
- breweries
- specific types of ingredients (for example, flour, gluten free)
- packaging (for example, takeaway boxes, cardboard)
- PPE (for example, disposable gloves, face masks)
- cleaning products
- electrical goods

“Costs are generally higher, we found a new meat supplier in lockdown and their prices have gone up twice since the start of the year” - Food and beverage service activities, Business type, less than 10, Existing business, England

“The biggest price increases have been from breweries, they usually go up yearly, but they have gone up a bit more than usual. They usually increase 1-2% but this year it was 5-6%” - Food and beverage service activities, 10-24, New Business, Wales

With demand high for takeaway packaging, one business reported a 15% increase in prices for these items as more food businesses started operating as delivery services. Similarly, there were significant rises in PPE costs, with one participant reporting a 100% increase for disposable gloves.

Outside of non-food products and equipment, one restaurant owner said that delivery costs for some products had also changed due to the pandemic. Delivery charges in proportion to size had now been replaced with fixed costs that incurred extra costs for their small business.

Due to these unusual price increases, several participants felt they were being taken advantage of because of the high demand for certain products. They said this had exacerbated the financial pressures they faced following their loss in income during the pandemic.

Experiences of changing suppliers

While many businesses did not need to change suppliers, some had to due to the availability or cost of certain products. For those businesses where the supply chain had been significantly impacted, actions were therefore taken to adapt to the current situation, such as sourcing new suppliers or using local food wholesalers.

As discussed previously, the changes around managing stock and changing suppliers did not raise concerns in terms of food safety. Instead, businesses prioritised securing stock so they could continue trading. As such, when probed on the experience with new suppliers, participants often discussed concerns around the availability and general quality of the products, rather than food safety in particular.

“We now have an emergency for when we can’t get stock from the usual suppliers. It’s sometimes difficult to get the same quality of some products from these suppliers so we stock up on certain products when they’re in stock” - Food and beverage service activities, <10, New business, England

“It was particularly hard at the start of the pandemic as our supply companies had furloughed their staff. We were obviously still open for takeaway so we used the local cash and carry to make sure we had everything- which worked for us fine”- Food and beverage service activities, 10-24, New business, Wales

One business in Northern Ireland had issues with their cheese supplier as they paused all exports to Northern Ireland. This meant they had to find a new supplier, who they chose based on whether they would export to them – little else was considered.

“We just had to find one that was selling to Northern Ireland as there wasn’t that many at the time”- Manufacturing sector, less than 10, Existing business, Northern Ireland

An egg manufacturer also had trouble securing cardboard packaging which meant they had to import plastic packaging from an alternative supplier in Italy, which was recommended by another trader who was having similar problems. The business owner was unhappy about the change in product, but this was related to the ecological impacts, rather than any potential food safety risks.

There was also one example of a business which had to remodel their supply chain; a bar and pizzeria business had problems obtaining Italian flour and therefore had to go from using a single supplier to using eight, whilst also creating central distribution centre for its franchises. By diversifying their supply chain to adapt to the pandemic, operations were made more efficient and also cheaper.

“We’ve gone from one supplier to seven or eight suppliers, which in itself has driven down costs because we’re placing one off against the other. It’s given us economies of scale in some sense where we centralised our procurement of flour for the group- Food and beverage services activities, 10-24, New business, England

Overall, there were numerous supply challenges caused by the COVID-19 pandemic. Although these issues disrupted the usual running of the businesses and some consequently had to find new suppliers, participants were not concerned with the relationship between new suppliers and potential food safety risks. Instead, they seemed to assume that any supplies they were able to secure would be safe to use.

2.4 Future support needs

Previous communication with local authorities and the FSA

FBOs generally had contact with their local authority during the pandemic. For some, contact from their local authority and the FSA tended to blur, and they were unsure who they had been contacted by (but assumed it was the local authority). Reported contact with the FSA specifically was limited, with only a handful of businesses saying they had received communication (which was limited to providing information via email). Overall, businesses had experienced limited in-person (i.e. face-to-face) contact with either the FSA or their local authority.

Examples of contact included:

- routine food safety inspections
- COVID compliance checks
- generic email communications

Several businesses had experienced a routine food safety inspection from their local authority during the pandemic. They described these as having a focus on social distancing and sanitising procedures. Several businesses had also experienced a COVID compliance check from their local authority. These went successfully for all the businesses involved. One FBO commented that the COVID compliance check was not very thorough, and they did not think it added any value to their business.

Most contact and correspondence had been via email, with a focus on the financial grants available to their businesses. Whilst some felt the information was useful and provided them with a reference to check what they were doing was appropriate, they generally considered the information they received as too generic. They said the same information was readily available online through websites such as Gov.uk, and therefore the information they received did not add to what they already knew. A handful of businesses also said that they felt local authorities could have been more helpful in ensuring they got the relevant council permissions (for example,

having tables outside) quicker.

“We get emails of standard information off of them, but I just think that’s generic stuff that goes out.” – Food and beverage service activities, 10-24 employees, New business, Wales

There was also feedback from smaller businesses, especially those with <10 employees, that communication focused on larger businesses. One business, in the accommodation sector, said that for a small B&B like theirs communication was not helpful.

“All the regulations are made for larger establishments, not for small familial B&Bs.” – Accommodation sector, <10 employees, Existing business, England

Several businesses had paid for outside companies to provide them with COVID-19 guidance, such as the ‘British Institute of Innkeepers’ or ‘Food Guru’. These companies provided legal advice and resources, and helped businesses manage their COVID-19 response.

“They’ve been really helpful, made things easier and a lot more fluid.” – Food and beverage service activities, 10-24 employees, Existing business, England

Future communication and support needs

FBOs said they felt confident about COVID compliance in their business. They also felt they were aware of and meeting all relevant hygiene standards, and that they generally had a good understanding of what was required of them as a business.

When asked about their hygiene practices, participants argued strongly that their practices were thorough and appropriate. As a result of this, many felt that they did not need any additional communication – supported by the fact the general guidance they needed was typically found online, through government websites.

However, not all businesses felt they had the guidance they needed. When asked about additional support with food safety and COVID compliance, and about improved guidance from local authorities and the FSA, there were some specific requests. FBO’s suggestions included:

- Local authorities helping to boost business in the area, by advertising that businesses are COVID compliant to increase consumer confidence.
- Advance notice of changes and giving businesses time to adapt and implement these.
- Guidance that is less general and more specific in nature, particularly for smaller businesses ran in family settings who are often in multiple ‘bubbles’ with others.
- Guidance on what financial grants they could apply for, and assistance with paperwork.

“More guidance on what rules to follow. There is general confusion all round, no-one is totally sure what to do on the food/bedding side of things and what you’re allowed.” – Accommodation sector, less than 10 employees, Existing business, England

“The guidance from the Welsh government is very vague on everything. The Welsh government issued new regulations this morning, on a bank holiday weekend, that

they want everyone to implement today. They must have known they was going to change these rules so why wouldn't you have done it at the beginning of the week?"

– Food and beverage service activities, 10-24 employees, New business, Wales

Businesses also provided more general comments that having a clearer roadmap out of lockdown would have been helpful – but recognised this as outside of the remit of both local authorities and the FSA.

Challenge and opportunities ahead

FBOs described challenges and opportunities for their businesses that were often specific to the type of business. Some examples of these are detailed below in Table 2. The dominant concern for businesses was the unpredictability of COVID-19 variants and potential future lockdowns. Participants said that this made it difficult for them to plan, and that they were worried about having a repeat of previous stock/supply issues.

While many businesses had made successful operational changes as a result of the pandemic, they felt it was difficult to comment on whether these changes would continue post-COVID because of the unpredictability of the situation. While they were hopeful things would recover, their immediate focus was on surviving the next few months.

Businesses found it harder to identify opportunities. However, there was a consensus that consumers would be more likely to venture out during the warmer summer months and a hope that trade would return to pre-pandemic levels. There was also a recognition that due to travel bans, more people were expected to holiday in the UK. This could be a boost for the accommodation sector and those based in tourist areas.

"For us, there will be more people around on the leisure front as they'll be staying at home. I think the summer will be okay, but the winter months will be tough again." – Retail sector, <10 employees, Existing business, England

Underpinning all these perceived challenges and opportunities were concerns for the financial future of their businesses. As discussed in Chapter 2.1 financial grants from the government had been a lifeline for many businesses, but as they open again there were still concerns about customer numbers and how to grow businesses given the loss in revenue during the pandemic.

Table 2: Challenges and opportunities by business type

Sector	Challenge/Opportunity	Quote
Food and beverage	These businesses were often concerned about reduced numbers of customers – both in terms of customer confidence and individuals getting used to spending time at home and eating there. For example, a golf club had a predominantly older customer base and they were concerned whether people would feel comfortable socialising again.	"People have spent so much money on their gardens so they can entertain. They can have their friends and family round and they're just so used to doing that now. I think it will be quite a while before people just nip to the pub on a whim." – Food and beverage service activities, 10-24 employees, Existing business, England
Takeaways	Some businesses saw the general public's wariness to eat out as an opportunity - as it meant their takeaway business has increased. One business commented that they're busier now than they were pre-COVID because people are cautious about going out to eat in restaurants.	"We've had to start shutting the shop early because we get so many orders for home delivery!" – Retail sector, 10-24 employees, Existing business, England

Sector	Challenge/Opportunity	Quote
Accommodation	Businesses in the accommodation sector felt they would likely benefit from the increase in 'staycation' trends, commenting that further travel restrictions were likely to benefit their business. They felt optimistic about the summer and the increased business that warmer weather and school holidays would bring. For some, this is helping with the financial turmoil that the first lockdown inflicted on their business.	"Based on the amount of bookings I've got in the last week, we should bounce back no problem at all. We've picked up more older customers who want a short 2- or 3-day break." – Accommodation sector, <10, Existing business, England

Chapter 3: Conclusions

The ongoing COVID-19 pandemic has had far reaching implications in every corner of society. Businesses have had to adapt to fast-changing conditions and operate in an environment entirely unfamiliar to them. While some have been able to capitalise on this and expand in new areas, others have suffered and will take time to recover. The findings demonstrate that small and micro FBOs have had very different experiences, but that their focus has been on staying open and continuing to trade at sustainable levels. In order to do this, they have often diversified their offering and expanded into new areas – such as takeaway and delivery. Businesses have also adapted their processes in order to be COVID compliant. Both of these have had an impact on the number and types of customers they have, as well as the customer experience in their establishment.

Food hygiene and safety has remained as much a priority as it was before the pandemic. Beyond PPE and maintaining social distancing, COVID-19 was seen as having had a limited impact on food hygiene and safety practices. Businesses had not identified a clear link between COVID-19 and general food safety but were confident that their COVID safe procedures were robust.

COVID-19 disrupted supply chains, particularly in the early part of the pandemic. In many cases this disruption has been significant. The availability and cost of items has been unpredictable, again resulting in businesses needing to pivot and be flexible. Businesses have prioritised sourcing the products they need to continue trading, with potential food safety risks not generally a top of mind concern. They saw limited food safety risks associated with changing suppliers and focused on sourcing a supplier who could provide them with the products they needed.

There was mixed feedback on the usefulness of support from local authorities and the FSA. Many businesses said that email communications were too generic and did not add anything to the information that was already publicly available. Businesses said they continued to be concerned for their future, particularly in relation to new variants of COVID-19, their financial health, and consumer confidence in purchasing food.

Appendix

Topic guide

Welcome and introduction (5 minutes)

Thank participant for taking part.

My name is [researcher name] and I work for Ipsos MORI. Ipsos MORI is working with the Food Standards Agency (FSA), on a research study exploring the experiences of food businesses during the pandemic, and the priorities and concerns amongst businesses in the food industry. It is important for us to understand your experiences of the last year, given the turbulence the food industry has gone through during the pandemic.

Ipsos MORI is an independent research organisation, and this telephone call will help us get to know a bit more about you, understand your experiences and talk about some of the things that the FSA can do to support businesses. **The call should take 30-45 minutes – is now still a good time?**

Check ok.

You, or your charity of choice, will be paid £50 (in the form of a BACS payment) as a thank you for participating in the research.

I also want to assure you that all the information we collect will be treated confidentially and that it won't be possible to identify any individual in the report we write at the end of the study. We will not pass on any information to the FSA, at any point, which could identify you. The only time we may have to tell someone about something you say is if you tell us something which suggests that someone is at risk of serious harm.

Throughout the research, there are no right or wrong answers and we are just interested in hearing about your own experiences and views. You do not have to share anything that you do not want to share. **You can stop the interview at any point, and you are under no obligation to take part.**

Do you have any questions about the research? Allow time here to answer all questions in detail and reassure participants.

Can I check that you are happy to participate? Confirm consent.

Thank you.

Get permission to digitally record and transcribe for analysis, no detailed attribution.

*****Turn on recording and record participant's consent that happy to take part and understand that responses will be kept confidential*****

Introduction/context (5 minutes)

[All businesses]

- To begin with, could you tell me a little about what your business does? We will come back and speak about your experiences of the last year specifically shortly.
- **If not covered:** how do you trade at the moment (in person/bricks and mortar, online)?
- And what is your day-to-day role/position in the business?
- When did your business first start trading?
- And how many employees do you have?
- What sorts of roles do they have?

[New businesses only – From Sample]

- What, if any, is your previous experience in food businesses? **Probe:** Role? Position?
- **If none:** what were you doing before working in food businesses?
- Is this the first time you have operated a food business?
- If not, what was / is the previous / other one?
- **Probe:** type of business (restaurant, takeaway etc), fixed premise or mobile
- Why did you choose to start a food business?

Reflection on the last year (20 minutes)

During the interview today, we're going to ask you about your experiences during the pandemic. We might need to check what point during the pandemic you're referring to, so we understand what things have been like for your business at different points over the last year.

If needed: In the UK, the first lockdown began in March 2020 and lasted until summer 2020, although there were local restrictions in large parts of the country. There were further national lockdowns towards the end of 2020, and the beginning of 2021 but these were different in England, Wales and Northern Ireland.

- What difference has COVID-19 made to your business over the last year?
- **Probe:** How has this changed the way you run the business? (Probe for specific timings)
- Changes in operating model (for example, move to deliveries, shift to online supply, reduction in staff)
- Changes in kitchen practices to ensure social distancing of staff
- Changes to suppliers or product range due to fluctuating supply chains
- If not covered: What has the financial impact been on the business?
- **Probe:** Have you needed to reduce costs?
- How has this changed your operating model, kitchen practices, suppliers, etc?
- What did you do initially during the first lockdown in March 2020? What's happened since then?
- **Probe:** Talk me through the different stages of the pandemic, what you did – and what difference that made to your business:
- Changes to your business offer for example, started takeaways/home delivery/mobile catering?
- Impact on staff/recruitment (for example, furlough) **PROBE** – shortage of staff that cook/prepare food? Need to hire/train new staff?
- Impact on nature/type of customers (Probe for details)
- Making your business COVID compliant – (for example, impact on staff in the kitchen due to social distancing requirements)
- Changes to how you operate (for example, production process) and the role of your staff (for example, safety, incl. changes to managing food safety risks)
- Changes to how you reach customers (for example, social media or other online) – what approaches/platforms did you use and why? What difference did this make?
- What have you done to ensure that the food used by your business remained safe during COVID-19?
- Changes to the layout of your business?
- Changes to the role of staff?
- Have you changed the way you handle, store or prepare food at all? In what ways? (for example, to avoid cross contamination, temperature control of high-risk food)
- Providing allergen information to customers
- Any food safety concerns/risks around the changes you've made as a result of the pandemic?
- Which part of keeping food safe during COVID-19 has been the most challenging?
- **Prompts:** Sufficient staff with the right skills for example, cooks? Shortage of food supplies? Safe working practices in the kitchen?
- Have you had any contact with your local authority over the last 12 months?
- Why did you have contact?
- **Probe Reason** for local authority contact for example, seeking advice, inspection, COVID compliance check, investigating complaint, registering food business etc.
- Was this helpful? Would you like any additional support with food safety? Or COVID compliance?
- **Probe:** Was it a physical or remote contact? What was good/bad about it?
- Do you feel that the local authorities and the FSA provided useful advice and guidance to help you continue trading safely over the past year? **Probe:** What worked well? What could

have been done better or what was missing?

Impacts of COVID-19 on supply chain (10 minutes)

- **[If have been trading]**: How have you managed things like supplies and stock during the pandemic?
- **Probe** throughout: role of COVID vs. Brexit in any issues (as far as they are aware)
- What changes have you seen around the cost of products you use (or previously used)?
- **Probe**: specific products that were more/less expensive and what they did
- And what about the availability of supplies – has that been a challenge?
- Which products? Any problems with these products (for example, inferior, more expensive)
- **If not covered**: Have you needed to change suppliers at all? Why
- Cost, availability or quality issues, diversifying/changing products or menus?
- If changed suppliers: How did you decide which suppliers to use?
- **Probe**: What checks did you carry out before using them?
- **Probe**: Were any of these new suppliers outside the UK? Why did you choose them?
- Were you concerned about the quality or safety of any new products you found/were offered?
- **Probe**: details of specific products/nature of concerns
- **Probe**: What did you do about this?
- If supply chain issues have meant you needed to reformulate your products or change your menu, how have these changes been communicated to consumers?
- Did challenges with supply cause you any other issues for example, updating allergen records due to new ingredients?

Brexit (5 minutes)

If time:

- What difference, if any, has Brexit made to your business
- **Probe**: How has this changed the way you run the business? (Probe for specifics)
- **If relevant**: any challenges exporting? Or importing? Or securing supplies?
- What's your understanding of the required documentation? (Probe for specifics)
- Have you been offered advice and guidance to help you make any changes needed as a result of Brexit? Or sought advice and guidance?
- **Probe**: What worked well? What could have been done better or what was missing?
- Any concerns/risks around the changes you've made as a result of Brexit?

Future challenges and support (5 minutes)

- What do you expect business will look like over the next year?
- **Probe**: main challenges and opportunities
- **Probe**: anything you're particularly concerned about?
- Is there anything the FSA or local authorities could do to help you deal with the Covid-19 impacts on your business?

Thank and close

- Is there anything else you'd like to add before we finish?
Do you have any questions before we end?
The FSA may want to carry out further research about the experiences of businesses like yours. Would you be willing to be re-contacted by the FSA about similar research in the next 12 months? Record recontact response.