

# Porter's five forces

Today's industry attractiveness

## 2. Supplier bargaining power

**MEDIUM**

### COMMODITY

- ✓ many UK feed suppliers
- ✓ some opps to switch to own crops as feed
- ✓ feed imports readily available
- ✗ feed prices globally driven, but flat<sup>3</sup>

## 1. Threat of new entrants

### Livestock farmers

- ✓ high cost & low access to land
- ✓ entry linked to family ties
- ✓ credit hard to access
- ✓ returns vs effort low<sup>4</sup>

**LOW**

### Abattoirs

- ✓ highly regulated
- ✓ large sites are asset intensive

### Livestock farmers

#### 5. Competition

**MEDIUM**

- ✗ many small farmers
- ✓ specialisation - breed / finish / niche

### Abattoirs

#### 5. Competition

**LOW**

- ✓ just 192 licenced
- ✓ far fewer at scale

## 4. Buyer bargaining power

**HIGH**

### FEW BIG BUYERS

- ✗ national supermarkets = 80% sales<sup>1</sup>
- ✗ price pressure on fresh meat<sup>2</sup>

### DISINTERMEDIATION

- ✗ buyers dealing direct with farms
- ✗ buyers acquiring abattoir

## 3. Threat of substitutes

**HIGH**

### THREAT OF MEAT IMPORTS

- ✗ GB cost of pig production per KG is £1.33 vs Brazil £0.70
- ✗ Costs in UK sheep sector 3 x Aus and NZ

### REDUCED DOMESTIC MEAT CONSUMPTION<sup>5</sup>

- ✗ switch to non-meat foods
- ✗ smaller portions

<sup>1</sup> [pork.ahdb.org.uk/media/73172/bpex-consumer-category-report-march-2015.pdf](http://pork.ahdb.org.uk/media/73172/bpex-consumer-category-report-march-2015.pdf)

<sup>2</sup> [thegrocer.co.uk/channels/supermarkets/supermarket-price-wars-slash-sales-by-800m/546336.article](http://thegrocer.co.uk/channels/supermarkets/supermarket-price-wars-slash-sales-by-800m/546336.article)

<sup>3</sup> [pork.ahdb.org.uk/media/270968/brenda-mullan-feed-market-outlook.pdf](http://pork.ahdb.org.uk/media/270968/brenda-mullan-feed-market-outlook.pdf)

<sup>4</sup> [rbs.com/content/dam/rbs\\_com/rbs/Documents/News/2017/January/NatWest-Agricultural-Report.PDF](http://rbs.com/content/dam/rbs_com/rbs/Documents/News/2017/January/NatWest-Agricultural-Report.PDF)

<sup>5</sup> [standard.co.uk/news/uk/british-families-buying-less-meat-and-turning-to-fruit-and-veg-a3485801.html](http://standard.co.uk/news/uk/british-families-buying-less-meat-and-turning-to-fruit-and-veg-a3485801.html)

[cereals.ahdb.org.uk/markets/market-news/2014/may/29/prospects-challenges-and-competitiveness-in-the-animal-feed-market.aspx](http://cereals.ahdb.org.uk/markets/market-news/2014/may/29/prospects-challenges-and-competitiveness-in-the-animal-feed-market.aspx)