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CONFERENCE PROCEEDINGS
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BRITISH SOCIETY OF BAKING
AFFILIATED TO THE AMERICAN SOCIETY OF BAKING

BRITISH SOCIETY OF BAKING CONFERENCE 2010

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BRITISH SOCIETY OF BAKING

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*Until 1982 only members working for bakery companies could become 1st Vice Chairman and Chairman. The position of 2nd Vice Chairman therefore allowed other members to hold a position of authority in the Society and to play a significant role in its operation and advancement.

Chairman Keith Houlston



Good morning ladies and gentlemen and welcome to the British Society of Baking autumn conference. It is great to see so many people here today and I believe that the programme put together by the executive committee you will find worthwhile and very enjoyable.

For delegates who were here for the conference dinner last night I hope you enjoyed yourselves. It was a super night, with good food, good company

and we were well entertained. To the delegates who have arrived today I do hope you find it worthwhile.

Before we start I would like to mention a couple of dignitaries I would like to mention to you whom are our guests. First we have David Goddard who is The Master of the Worshipful Company of Bakers – David – thank you very much for coming along with your wife Claire. We asked David to come as a guest but he has ended up singing for his supper as you will be hearing from David later on during the conference. We also have the Scottish Master Bakers President, Alan Stuart, welcome Alan. We do have some new members with us so would you like to please stand up. Applause. Welcome to the Society and I am sure you will find it very worthwhile.

I now call upon our Vice Chairman, Sara Autton, who will read the Society Creed.



The Society's Creed

As a member of the British Society of Baking it is my desire and aim...

- To promote the ideals of fellowship, enlightenment and inspiration for which the Society stands.
- To endeavour to be free with and to encourage, the exchange of information on baking subjects among fellow members.
- To encourage the highest standards of training and education within our industry.
- To promote the highest possible standards of service and product quality
- To remember at all times that I am concerned with one of the oldest and most honourable of crafts and with the production of one of the most important of all foods.

Thank you Sara. We also have two excellent Sessional Chairmen. The first Chairman for this morning is Peter Jones and second will be David Powell. Peter is a well known face in the baking industry, being the Managing Director of Speedibake Ltd. He a great supporter of the BSB, being on the executive committee, and with his vast knowledge and experience he contributes immensely to the Society.

Sessional Chairman Peter Jones

Thank for that warm introduction Keith. Our first speaker is an absolute guru on the grocery market, Ed Garner, the



Communications Director at Kantar Worldpanel. I have heard Ed speak on many occasions and in fact he has given a presentation at a previous BSB conference. The last few years have seen cataclysmic events affecting our industry with rampant inflation and problems on the economic front as well. Making sense of these is what Ed is going to do and I think it is vital that we understand what is going on, not least because we face another bout of rampant food inflation and some hefty economic woes as the Government tries to wrestle with the current budget deficit. So without any further ado let me ask Ed to take the stage and please give him a warm welcome.

Important note about the following paper: Due to the large number, and extensive detail, contained in the PowerPoint slides Ed Garner used in his presentation, it was impossible to produce a meaningful transcript for the printed proceedings using only some of his slides. Therefore the following transcript of Ed's presentation needs to be read while viewing his PowerPoint slides. A CD containing Ed's PowerPoint presentation in PDF format, together with those of the other speakers, should have been included with this copy of the proceedings*. The slide numbers which cover specific areas of Ed's presentation are given in the transcript below.

**Contact the BSB Secretary if the CD is not enclosed.*

Now that we have stopped panicking is it business as usual? Edward Garner

Good Morning. A sense of proportion returns. What do I mean by that? At the end of 2008 it was the depths of recession, food price inflation and basically the message was, 'let's buy cheap stuff in cheap shops'. We were flocking to the discounters, we were deserting Waitrose and so on and we were buying cheap products. The end of 2009 was a completely different environment. I'm not going to say we unwound the recession completely, but what was fastest growing at the end of 2009 was Tesco's Finest, and Waitrose, both of which are upmarket, premium propositions, so a really big change in the environment. We haven't completely unwound; something like organic is still under pressure, but let me try and describe all that to you under various headings, highlighting the one being considered at particular stages of my presentation.



A sense of proportion returns

Now this is our measure of inflation, slide 3, it's not a Government measure, it's our own, and it's based on 75,000 identical products in the proportion of which they're bought. Nearly always when I show a chart like this, it's a 12 week bar and its moving forward four weeks at a time, so it's a rolling 12 weeks. And you can see those high inflation figures of 9-odd towards the left, and then it fell down and it's creeping up a bit, but I'm still don't quite subscribe to some of the Armageddon headlines we've been getting in the papers at the moment.

But anyway that is the sort of environment we had. So let me just have a quick look at what inflation was doing in your part of the world, slide 4. That's like-for-like inflation on total bread and that, incidentally, doesn't affect anything like premiumisation; in other words, change of the market like people trading up to better quality, that's not in there because I'm just looking at like-for-like movements. So you can see that was really a 50% increase in the price per kilo of a loaf, with January '06 starting at a 100. And it's just tailed off a little bit, there's quite a lot of promotional activity on bread at the moment. Then I had a look at flour, slide 5, and it's done that. Interesting I thought. I'm not quite sure whether to say, 'congratulations', or, 'I'm

going out to buy a bread maker' - an interesting one. Anyway I'll leave that one with you.

Back to my measure of inflation, the top line here, slide 6, is what I showed you in that bar chart and that is the measure of inflation up at 9%. Underneath it is household expenditure change. So to put it simply, people didn't like 9% inflation, they tried to manage it down to about 6% or 5%. How did they do that? By trading down, either by going to cheaper shops, or buying cheaper stuff, Tesco Value and so on, slide 7. Over to the right you will notice that the lines are crossed and we're now in different territory, people are actually spending more than the rate of inflation. So there's a degree of trading up. We haven't gone mad, but the clouds have parted and people are actually, perhaps, getting back to buying food on what it's about rather than its price. So the premium ones would be Tesco Finest, Asda Extra Special, Sainsbury's Taste the Difference, and Morrisons Best, and I'm waiting for the next one which will be called, 'Frankly Unbelievable'. And then underneath that we've got the economy lines, so that's Tesco Value and so on. And you can see that huge increase over to the left on year-on-year terms, nearly 50% growth in the budget things but now they're below the X axis. So they're selling less than they were a year ago and the premium is selling more than it was a year ago. Just in this latest period, you sort of think perhaps the premium has gone into reverse but what will happen, I'm sure that's going to come up because there's a big re-launch of the Sainsbury's premium range going on at the very moment, you've probably seen the posters.

Well, we all know what budget own label looks like, slide 8, this sort of enticing stuff. And if we look at the individual retailers in slide 9 you can see that the sales are down, with the exception of Sainsbury's and I'll come on to that when I talk about Sainsbury's. Then there's the premium end of the market, slides 10 & 11, and obviously the spikes on there are Christmases, and at the top we have the biggest, Tesco Finest up 8%. In fact at Christmas it was up 15%, the only reason it's come down to 8% is just annualisation, the way the maths works. And once again Sainsbury's is kind of the odd one out because it's against the flow there.

I'm a great believer in market research, slides 12 and ignore what people say, but watch what they do, very important when you have vegetarians that buy bacon. And what I've seen here is there were lots of group discussions and people saying, 'well, of course, in the recession people will be buying private label and not branded.' Well, in fact, you can see from that chart, slide 13, for two years running, the growth rate of the branded sector is higher than the growth rate of private label. And one of the reasons for that is the promotional level on branded products has actually been higher; people have been having a lot of promotion there. And of course the rather worrying thing is that between 30% and 35% of all products are being sold in this country on some kind of promotional deal.

Tesco – Never Complacent

Anyway, let's talk about Tesco, never complacent, slide 14. These are our latest market shares, slides 15 & 16, you may have seen them in the press, we publish them every four weeks to the media, and the total gross is equal to 100%. There's Tesco, nearly a third of grocery trading, declared some results today, this morning, Terry Leahy was on the news. Slight pressure on their share, pressure on the Asda share, you can see it's dropped, and then beneath that Sainsbury's share has gone up, Morrisons share has gone up and so on. And I'm going to talk you through those, but that just sets the scene.

If I take the long term view, and that goes back to 1993 for the top four, Tesco had a whale of a time when everybody else was making a complete mess of things, including Sainsbury's. Some of you may even remember 'Value to Shout About' with John Cleese, which was probably one of the most toe-curling campaigns there's has ever been. And the only reason why Tesco is not carrying on going up to 35% and so on is simply because numbers two, three and four in the

market have got their ducks in a row, and are firing on all cylinders. So we have actually got some real competition in the market.

And, in fact, you can actually see that competition impacting upon Tesco. This is a very simple chart, slide 17. I simply take Tesco's market share and subtract the market share it got a year ago. So in the middle of that chart, you can see them coming under a lot of pressure. They fought back with double Clubcard points, and in fact you might remember at the end of last year, they virtually printed money when you were getting coupons to go and spend. They clawed it back and they're back under pressure again. And whenever I show a chart showing Tesco under pressure, I always feel this huge wave of sympathy coming from the audience. Tesco have been a bit cheeky on their pricing, they've tried to have the 'Tesco real basket,' you might remember those in advertising. They've been challenged, probably secretly by Asda, because they're not real baskets, they're based on the Clubcard. So somebody couldn't actually unpick the data and challenge it, and so here they were blasted by the Advertising Standards Association, this was a few months ago, slide 18. And then more recently another ban from the ASA, slide 19, so they can't use this in advertising. And if you go to their website, slide 19, you will find they are in disarray on their price promise, because, 'we are in the process of improving this web page; an exciting new page will be up shortly.' This 'exciting new page' has been 'up shortly' for about the last six months, so that thing is not happening at the moment.

One of the other little tricks they do is, 'I want to buy Heinz baked beans', this is on the web, 'no, you don't' says Tesco, slides 21 & 22, 'we've got something cheaper' so there you are, they're very helpful. It happens in your market obviously. And then we had 'Britain's Biggest Discounter', slides 23 & 24, now open at the end of 2008, in a response to the discounters. And we had products like this and obviously you will probably be aware of Wheatfield bread as well. There are some very strange names, Country Barn, Daisy, whatever. My absolute favourite, and you probably can't read it bottom left, if you were going to invent a truly terrifying name for a toilet tissue, 'Spring Force' is pretty good, isn't it?

Making yourself the country's biggest discounter slides 25 – 27, is probably a bit of a problem, because actually you're probably aware that some people in this country don't want to be seen to be going to the country's biggest discounter. 'You go to Tesco' – sorry, no. And you can see actually the pressure on their share has been concentrated in higher income group households, and people who are probably not very keen on being told that they're shopping at a discounter. These are the weekly sort of sales figures for Value and Finest, and obviously Finest has got those two Christmassy peaks which you would expect, and this is what's happened to the entire discount range - not really going anywhere, about 1% of Tesco's sales. They won't withdraw it I'm sure, because that would be too much of a loss of face, but it's still there, but you can go on the website and you won't find it, it just doesn't exist there.

This is looking at Tesco, slide 28, the year-on-year changes, and as I said in my opening, the premium range is consistently selling more than it was a year ago, and pretty flat performance for their budget ranges. They're not complacent. Sainsbury's, for instance, was complacent in the nineties, you might remember, when they kept losing share to Tesco, and we had complacency earlier on at Marks & Spencer. But Tesco will try anything to keep their business going and this is copycat stuff, slides 29 & 30. This is to dine in for £9 like the Marks & Spencer's deal, and three bottles of wine for £10, which was a dead-ringer for an Asda deal a while back. But they have got a major weapon in the arsenal which is the Clubcard doubling the points, slide 31, and I think there's even some strategic triple points on certain things, and of course you have the couponing that they can do. So it's a very powerful weapon, and it's probably the World's biggest customer relationship marketing tool. Having said that, not everybody loves Tesco, slide 32!

Asda – Price and/or Quality

Asda has a problem with price and/or quality, slides 33 - 36. The problem that they have, and this is from their Chief Marketing Officer, Rick Bendel, is actually saying, what he's trying to say is they have a reputation for price. So what it is, is price and quality. My view is that the consumer is saying, 'it's price or quality' or to put it in plain English you get what you pay for. They're certainly about price, there's no doubt about that. That's just some of the signage, and this is, slide 37, just showing the strategic pricing level of the top four people in the market going back to 2004. Asda is the lowest of the four lines. It doesn't mean they're cheap for everything; it's simply affected by mix. So, for instance, Sainsbury's is a bit upmarket and sells posher stuff, so unlike my inflation chart, this isn't like-for-like. But nevertheless Asda is very keen to promote its low price. And here they are with round pound pricing, slides 38 & 39, and the top line at £1 shows me that 14% of Asda's sales, give or take, is going through at a £1, not £1.01, not 99p, £1. Now you can see a couple of dips on there which are Christmas, 'Happy Christmas Darling I got you something for a £1 in Asda is probably not going to cut it.' But if you add those figures up, we can actually say, and I've left off the freezer centres because they're very heavily into round £1 pricing, but Asda, over a quarter of its turnover is in round £1, and they can call themselves the UK's biggest pound shop.

Slides 40 – 43 So we've actually had biggest discounter, biggest pound shop - end result is they under-trade on fresh and chilled. I use indexing quite a lot here - that means that their share of the fresh and chilled category, which you would come into, is 96% of its share of a shopping basket, it's a 4% under-trade in the jargon. And also they're under-performing in it, in that their growth rate in fresh and chilled is lower than the growth rate in total groceries. And of course if you are all about price, then there's no room for organic, and as far as organic is concerned, Asda has said, to large degree, forget it - so a 21% year on year decline in that category.

Slides 44 46 But what has actually happened in this change of environment - you remember I said the change between 2008/2009, Asda for about nine consecutive periods has been losing share, it's in negative territory, and they recognise this. One of the things that has been happening at Asda is perhaps too many promotions, which they ended up calling, 'weapons of mass distraction.' And you can see that their promotion level for Asda is very similar to Tesco, and yet they're supposed to be part of Walmart with everyday low pricing and a lower number of promotions. But in fact the promotional level at Asda has been creeping up, and they would argue themselves, they're quite open about this, that they've taken their eye off the ball. And they did come back to actually really put a stake in the sand and say, we will guarantee we are the cheapest, and they've been on air at the moment, you might see the TV commercial. You can actually enter a code, not all the items, but a code from your till slip and it will tell you the pricing at Asda compared with other shops. And if it would have been cheaper somewhere else, they will give you the difference, so they are actually committing.

But they have also, because of this price and quality, been making some promotional efforts behind the Extra Special range, slides 47 & 49, except it doesn't really help when you discount it at the same time. So in the BBQ season, they're supposed to be Extra Special sausages but at £2 a kilo they're probably not that special; and then of course fairly in your face price advertising like that. End result, a bit of a monster gaff by Andy Clarke, their Chief Executive, who admitted publicly in front of tabloid journalists, that Sainsbury's and Waitrose food was better than Asda's, slide 50 & 51. If you go in to Google and type, 'Asda' and 'Ratner' you'll get a hell of a lot of hits, and that resulted in this cartoon in the Daily Mail.

One of the things we do, we run a questionnaire passed the panel, it's done in isolation - we don't stop people outside the door, that's Mickey Mouse research, they just parrot back a claim from the store. What we actually do is run this passed probably the best part of 20,000 people, it's a huge piece of work, because we have a panel

of 25,000 doing the shopping for us. And they are asked, 'I choose my main store because...' but they're not done in the context of Asda, slide 52. What we then do is link it to their Asda shopping. So we can actually say that people that say prices are low, that's the reason for going there, 26% higher share for Asda amongst that group of people, so it's a very strong bit of indexing.

Sainsbury's – Striking a Balance

Let's move on to Sainsbury's, slides 53 & 54, which in an interesting way is probably in a nice sweet spot for the market we see at the moment. And what they're doing is trying to balance value and values. So what have they done about value? Well, they were having a reputation for being more expensive on average, and they've actually tackled it head-on; a massive gear change for Sainsbury's Basics range. Back here you may well remember economy and low price which used to hide at the bottom of the trolley, whereas Basics is much more conventional, and Jamie Oliver has been seen cooking with the pasta and so on, so we're quite comfortable with that. And that's a big change of footprint for them. But, of course, they can't do everything at once and what that was doing was putting pressure on their premium range, Taste the Difference, which has shown consistent decline because it's got two major competitors, it's got Tesco Finest outside and inside it's got Sainsbury's Basics. Slides 55 – 60. But, as I say, I expect that chart to turn round because they've got a very substantial re-launch going on at the moment. And that's what I meant right at the beginning when I said Sainsbury's was the odd one out, because at the moment they're still selling less premium than a year ago and more value. Contrast that with Tesco, which I've already shown you, I'm just repeating the chart, it's the other way round, and certainly the other way round for Morrisons, which is really trying to do quite a lot of reinvention of itself at the moment.

What about values, slides 61 – 63, and this is when we start to talk about what the food is about rather than its price. Well, you can immediately see that there are values at Sainsbury's because its share goes up at Christmas. At Christmas I want to get it right, I'm going to go to Sainsbury's. And completely unlike Asda, they over-trade on fresh and chilled, in other words it's more a fresh outlet. A lot of words on this and again it's back to my questioning the panellists but not in a branded context. All I want to say is that the Sainsbury's shopper is into Fair Trade, organic, environmentally friendly, local product, that sort of thing. 'I want to buy cheap stuff' is actually going to be below 100, in other words they disagree with that statement.

So Fair Trade what can we say about that? Well, that's Fair Trade bananas across the trade, that's Fair Trade bananas in Sainsbury's, slides 65 - 66. For some time now, you can only get Fair Trade bananas in Sainsbury's. I know you're not selling bananas, but it is important because it's a massive statement of their belief. It was the biggest thing ever to happen to the Fair Trade Foundation, and it means that... well, Waitrose got there first, you expect that, don't you? And then Fair Trade's shares, slides 67-68, it means that Sainsbury's share of Fair Trade in this country is nearly 40%. They have got an argument that actually says they're the world's largest Fair Trade outlet. But anyway it's big.

Eggs - another important area where ethics comes into it, slides 69-71. Eggs from non-caged hens where they can run around a bit. There's been a bit of an increase in Morrisons because all their own label eggs are now free range. But Sainsbury's, rather like the bananas, they made a big statement and said, we will only sell eggs from non-caged eggs which means either barn or free range. And one of the things that actually happened, do you remember, going back to the end of '08, depths of the recession, high inflation, Tesco declared itself Britain's biggest discounter - that was the time when switching, slide 72, between outlets started to change, and quite a lot of Tesco business went to Sainsbury's. And if I'd shown you that a few years ago, you wouldn't have believed it but that's what's happened.

What about the middle? If we talk about value and values, it's a balancing act. A little bit of history for you. At the end of 2004, the

person running Sainsbury's was Sir Peter Davies and the City was writing off Sainsbury's. You might remember they were in trouble; they may have got broken up, all sorts of arguments. They were saying the business model was broken, because they were caught in the middle between Waitrose on quality and Tesco and Asda on price. And of course, middle is one of these words like 'middling', 'middle of the road' - it isn't exactly an inspirational word. Justin King came in and said, 'there is the middle, it's very important and we need to dominate it. It's important to us, and the only trick is to do it properly, not be wishy-washy about it.' And I've got a number of charts here and it just shows you that Sainsbury's is consistently in the middle, slides 73-82. This is looking at fresh food indexing against social class, or basically white collar income on the X axis. So as we go this way we go upmarket, as we go up the chart we go fresher. So there's Waitrose, they are always on another planet with regard to this sort of stuff. That is the market average. Down here we've got Farm Foods, obviously not much into fresh because it's a freezer centre, and Sainsbury's in the middle. They are not Waitrose, but then again they're not Tesco or Asda either.

Fresh food - fish which is a premium protein, and it's always a good test of people's income levels. Chilled fruit juice, herb and spice relating to home cooking. And then you can do the thing for statements - this isn't markets, these are now attitude statements, 'I actively seek out Fair Trade products.' Well, there's Sainsbury's obviously because I've just shown you about the Fair Trade. 'Environmentally friendly products', 'local product whenever I can' and then would you believe 'obesity'. You may think that this is politically incorrect, this is correct data, because we do collect height and weight for the members on the panel and calculate the BMI. We don't have a question which says, 'how fat are you?' it doesn't work like that! And I've turned the scale round otherwise it wouldn't be consistent, but what it means is that Waitrose shoppers are thinner and healthier on average, but probably because they can't afford the food in Waitrose, but once again there is Sainsbury's. And anybody that knows me will know that I invented the olive index which is olives. Fresh olives are the best predictor of social class in this country, if you go to Waitrose there is an olive department. So there you are, slides 83-84, - some of the promotions in Sainsbury's rather than 'buy one get one free', it's 'buy one get something else free' which is trying to get round the wastage issues.

Morrisons - Fresh for Less

If you go to a Morrisons, slides 85-89, very strong on market street, retail theatre, they'll be butchering cows on the shop floor for you! Very strong on provenance which under Sir Ken Morrison was a story they never used, and I actually presented to them when the new guy at the time, Marc Bolland, came in and I said, 'you've got a provenance story that you've been sitting on and not done anything with.' Because they own a farm, they own abattoirs and pack houses, so when they sell most meat, it's from them not a supplier. Fish - very strong on fish which is unusual given its demographics. And then ask the baker, what's the difference between wholemeal and white bread - a difficult one first then! And 'I'd like to try baking my own bread, how easy is it?' 'Bloody difficult' says the BSB! That's the market share performance over three years, did very well at Christmas. Very strong levels of promotions in fact, some of you may realise, very strong on price cutting in the run up to Christmas, including loyalty promotion, 'do so many shops and you get a big cheque back', which they'll probably redo.

Each of these dots, slide 90, is a 52 week period moving forward four weeks at a time, and it's showing the proportion of homes in this country shopping there, and on that axis the spend. This is straight out of a marketing textbook. As they've expanded and they bought stores from Somerfield and so on, they've got more shoppers in there, to the point they're nearly on their way to two thirds of the country shopping every year in them. And then having got those people, they have to get more and more money out of them. Slides 91-96. So it literally is get the people in and then get the spend up

- absolute classic, doing very well. And one of the things to realise is that they're growing faster in higher income groups, and actually in the south rather than the north. So start forgetting about flat caps, whippets and pigeon food, and start thinking about slightly posher. And it's a fresh and chilled outlet, would you believe, not as much as Sainsbury's but it's not the same as Asda. And when you increase the focus, you realise a massive over-trade on fresh fish, because of market street. All those things with dots are fresh and chilled and market street. And then when you go right down to market level, which measure about 300 markets and about 2,000 sub-markets, that's what you find. Unfortunately, it all goes wrong then because they're very strong on men's hair sprays, home perms, and incontinence products, so maybe trouble with the diet there!

Why do people shop there, slides 97-99? It's all market street, café, restaurant, butchery counter, fresh fish counter and so on, very strong. Just a thing that if people work anywhere near Sainsbury's, they need to realise that Morrisons is a growing threat because of their geographical expansion. Every eight weeks nearly 40% of Sainsbury's shoppers also go a Morrisons. And as Sainsbury's is slightly losing its edge on fresh and chilled, Morrisons is increasing its edge. So this is something obviously of great interest to Sainsbury's to make sure they keep a grip. Obviously there's a dirty tricks department in grocery that released a load of dormice in Cornwall to stop Morrisons building a supermarket down there, slide 100.

Waitrose - Ethical extremism

Now for those of you that haven't been there, slide 101, Waitrose is a very posh shop, probably some of you aren't qualified to go and shop there, and in the depths of the recession you knew very well that it was doomed. Recession and Waitrose is not going to mix. So this, slide 102, is showing the 12 week periods year-on-year sterling growth of the business, nothing to do with market share, just the turnover and they went flat, not actually negative but flat. Since then, yes, they've bought some stores, there's other arguments behind this, but nevertheless they've become the country's faster growing grocer. And the only reason it's coming down is just the way the mathematics works, working against comparatives. Waitrose is doing very well, to which the response is, 'what recession then?' They're doing very well indeed.

Now if you look at this, slide 103, this is like the Sainsbury's chart, it's just the numbers are higher and they're more extreme. At the top is proof that the Waitrose shopper is an arrogant bastard. They regard themselves as connoisseurs of food and wine, but also organic, Fair Trade, environmentally friendly, local product. It is a very ethical outlet, I don't know if anybody trades with Waitrose or John Lewis, because I've dealt with the partnership as well. They are actually very moral and very strong on this idea of ethical trading, that really does go through them very strongly.

So what about organic, slide 104? Well, there we are, this is not Waitrose, this is organic as a whole. If you want to know when the recession was, just look at the sales of organic, it's almost as simple as that. I stirred it up at a recent Soil Association conference by suggesting they could think about dropping the word 'organic'. Obviously that went down like a lead brick, but if anybody wants to chat to me later I have got a serious reason for suggesting that, but that's another story. Waitrose is very strong on organic, slides 105-106. What that chart tells me is Waitrose's market share of organic is over four and half times its share of the market as a whole, a huge amount of punching above its weight. And there's Sainsbury's like a diluted Waitrose. Some of you may not have heard the joke, it's an old one on Radio 4 with Alan Coren who said the purpose of Sainsbury's was to keep the riff raff out of Waitrose. If I look at organic, slide 107, Waitrose is the only one that's growing in organic, I've already shown you this chart when I said that Asda had given up on it, but Waitrose is growing.

Why do people go to Waitrose, slide 108-110? Well, obviously foodie values are at the top. Always low prices, 59 below a 100, it means

that that isn't why you go to Waitrose obviously. If I take that number and then compare it around the outlets, and this is again a chart I've shown you, Waitrose is completely different territory from Asda - a massive spectrum of attitude to price out there at the moment. And then if you increase the focus, we've got the fresh and chilled, the over-indexing here, then you go to market sectors - this is just increasing the microscope if you like, and then this is the top one of about 300 markets, everywhere I've put a dot is fresh or chilled.

Can somebody just shout out what they think the opposite of Waitrose is? Scotland. I have presented in Scotland, I have to be careful with this, I don't know if my car is outside with the engine running, but I did actually recently speak in the debating chamber of the Scottish Parliament for a Scottish quango called Scotland Food and Drink, and it's quite embarrassing the performance of Scotland as a nation on fresh fruit and veg and salads, I think they index below 90. The top sellers in Scotland are sugar, confectionary, spirits and Pot Noodles.

Look round the website for Waitrose, slides 111-115 and it's all about the food story, not about price. It's always about the food story, 'the origin of our food' - everything you want to buy has got a story. You buy some apples, there's a picture of the orchard and the grower, organic and so on. And then this was a very much misunderstood thing, this isn't a budget range, it was merely a communication exercise, all they did was change the pack, and in fact in many cases the bar codes remained the same, the bar codes pre-date the launch of this. When you've got time later on, you might want to try finishing that quiz, slide 116, to see if you're posh enough to shop in Waitrose. If you know what Prosecco is, and you eat humus, there you are, you do your shop in Waitrose.

Discounters – threat postponed, slide 117

You remember these headlines, slide 118, this was in 2008. Again if you type in 'Asda' or 'Lidl' and 'flocking', that normally works quite well in Google. Well, we certainly flock away from them at Christmas for obvious reasons, it's not a big Christmas shopping experience, but in the long term, yes, they've grown, they have. And Aldi and Lidl being German and Netto from Denmark which has now been bought by Asda. But that happened at the same time, some of you may remember. Kwik Save, there were about 1,500 outlets, one nearly on every high street. End result, despite all the hype and let's all go to the discounters, the sector as a whole is going nowhere, it's not doing anything, about 6% of the market, despite the fact that we had strong growth during the recession, slides 119-123. And anybody who knows Germany will know that the market share of the discounters there is over 40%, and there will be an Aldi on virtually every street corner, but we're not all flocking to the discounters here. And just as a quick example of what's happened to Aldi, slides 124-125, back here getting loads of business from new shoppers, people who shop this year not last year, and it's all pretty well gone rather flat, and in fact they're now losing shoppers. So I'm not saying the threat has gone away, but we're not rushing to go there. Having said that, they're still very strong on fresh food, it isn't all packets and tins.

You may remember this, slide 126, environmental disaster on the high street, Woolworths closing, which was of huge advantage to Iceland who immediately bought fifty of the shops to expand. Those peaks, this is a three year chart, are not quality food at Christmas, it's party food, that's what they major on. And just to put you in line, they do actually do quite a lot of selling of bread and of milk because they've discovered, certainly Iceland and Farm Foods can say that we're convenience stores because of where they are on the high street. Slides 127-128. And if you look at the way this chart works, their growth and business it's coming from fresh and chilled, not from frozen. So they're a freezer centre but the frozen food market is flat, they're growing by selling more milk and bread.

That's happening to Somerfield, slide 129, which will eventually hit the X axis fairly shortly, because they're a large amount of conversation to the Co-op and then when you put it all together, that's what the

Co-op now looks like, slides 130-132. And eventually we'll get a view on how they're doing, because they've been selling off stores because of the Office of Fair Trading that made them do this, sell off stores like this. And I think we have to be very grateful to that branch of Government that is protecting us from being overrun by the Co-op by making them sell stores to Tesco!

M & S – Always the Bridesmaid

What do I mean about Marks & Spencer 'always the bridesmaid'? Well, actually less so now, but it's a very seasonal outlet. There are Christmas peaks, although you can see there has been a bit of pressure on them. The wobbliness in the line is actually this 'Dine in for £10' which, whether it's on or off, means the sales go up or down. That's approximately their share - we don't publish these numbers because M&S is not classed as a grocer, so this is a bit of cookery on my part. I've just added M&S to a grocery share chart, so the numbers would actually add up to more than 100, but nevertheless it gives you an idea of their scale. But the problem they've had so far is that everybody that shops in M&S, it's a duplicating shop, you go there and somewhere else. When you come out of M&S, you haven't done all your shopping, you have to go somewhere else, so they have a low core loyalty; this is people who really do treat it as their major store. Whereas here, the core loyalty to Waitrose is much higher because it's a full service grocer and you can do all your shopping there. One of the reasons that M&S has now started putting brands in store, which if you've gone there you may recognise the fact that you can buy things like Kellogg's cornflakes and Heinz tomato ketchup, and so on. End result is that it does appear that M&S Food is turning round, and they are actually getting higher sales than they were a year ago; once again 12 week bars, four weeks at a time.

Home delivery

Its mainly Tesco, slides 138-139, that's showing the... well, I was going to say top four and obviously the one that's missing from that chart is Morrisons who are going to do a trial of home delivery next year, according to Dalton Philips, their Chief Executive. And the Tesco line, it does dip at Christmas because people do not want a turkey delivered on Boxing Day, so people get nervous about ordering online. And also the retailers shut the books normally about a week before just to avoid the embarrassment. Very strong demographic differences here. This is looking at life stage, slides 140-142 and we're saying that getting on for 9%, this is three years' worth of data so the line's moving up at about a 20% compound per year, the younger family grouping, nearly 9% of their business is going through the internet and the little vans. And as you might expect, it's also governed by income groups, so about 10% of high earners' shopping is going through the internet. But it's part of a repertoire. In other words, if you shop on Tesco.com in a 12 week period, three quarters of you also go to the bricks and mortar store. And it's logical - if you've got a can of Whiskers' cat food and another can of Whiskers' cat food, it's a no-brainer, you just take it and that's fine for the internet. But if you want to squeeze melons and check the Sunday joint, you're more likely to go to the store to do it.

What sort of people go there, slide 143? Well, I think I will be doing more of my grocery shopping online in future - that's a no-brainer, that just shows I pressed the right buttons to do the analysis. But 'time pressure', 'regularly use the internet', 'little time to myself', 'buy take-away meals' - it's tending to be cash rich, time poor people that this is ideal for. Why it's interesting, because they are very happy to buy premium products and spend highly, because the average transaction size on the internet runs into hundreds. It's normally a very substantial transaction rather than when you go into the store.

So a very quick summary of 2009, slide 144. Compared with 2008 we've seen trading up; growth of premium own label; flat-lining of budget; strength of ethical, where people are paying a premium for an emotional benefit. I don't think free range eggs taste any different

but you certainly feel happier about the food provenance. Dynamic growth of Waitrose; mixed fortunes for the discounters. Or to put it more simply, rather than saying I want to buy cheap stuff in cheap shops, I'm actually open to the story about the food and where it's come from and its quality.

And what does it tell us about the future? Not a lot really. Just as a final thought for you, and these aren't our numbers, these are Government numbers – slide 146, this is food and non-alcoholic drink as a proportion of the UK household expenditure. In 1963 when I could start the series on the Government website, it was about 24% of the household budget was going on food and non-alcoholic drink. It dropped down to about 8%. Now if all you were doing was looking in this period, you would say, 'oh my god, Armageddon, nightmare' - Daily Mail headlines and all the rest of it. But in fact when you look at it in context, I can still confidently say food is still cheap. And if you want to know about expensive grocery shopping hitting the household budget, yes, I know it will affect some people I'm sure, I don't want to be too glib about this, but in most cases you should be talking to your parents and grandparents to know about the difficulty of feeding a family, not our current experience. So thank you very much for listening to me.

Sessional Chairman

Many thanks Ed. You have got us off to a flying start with the perfect presentation because it was highly entertaining as well as being highly insightful. Thank you very much. Can I take questions from the floor please and remember to state your name and town.

Question: John Lindsay, Jessop

Do you see any light at the end of the tunnel as regards supermarket promotions. The level of promotions seems to be increasing all the time?

Answer: This question is very apt in fact as I have a company conference coming up in November and somebody has given me a title to talk about which addresses this issue. I spoke at the Grocer magazine conference and it was the major issue. What can you do about it? Obviously retailers getting together to do something about it is illegal, so they can't do that. I think it puts the focus back on to true marketing, in other words new product development and strong branding. I think that's the only real answer. Asda are going to try and say they want to pull back to event marketing so they'll promote Halloween, Christmas and so on but they will still end up, the pressures are too high, and as an example of that, when did you last see an Apple computer with 20% off? You don't because it's a massively strong brand and I think that has to be the answer. I think the stronger the brand and the more new your new product development, the less need for you have to promote. I don't want to tread on toes here but when I last looked at wrapped bread, I know that the promotional level in plant bakeries behind Warburtons tended to be lower level than it was for the other major protagonists in the market. It certainly was when I last looked and they would have argued that it was them trying to promote them as a brand and operate at a higher price point if they could. So I think that really has to be the main answer, there's no other way of clawing it back because it's a who bends first kind of argument.

Question: Alan Stuart, Fife, Scotland

There's been a lot of talk for years now about a supermarket ombudsman. Do you think there's any likelihood of one ever coming into existence, and if he does will he make any difference in the supermarket world?

Answer: Well public statements from the supermarkets sound as though they are in favour of an ombudsman. but I suppose they just do not want to rock the boat in a sense. It comes into the heading of "I'm from the Government and I'm here to help you" really. I get a bit cynical because, yes I know there are issues from suppliers and so on, but regarding the public as a whole they are going to be worried

out utilities, transport, council tax, the cuts, emigration, you name it, all those things. The issue about the supermarkets ought to be brought under control. Other than local issues of planning and so on, is that big really. I'm sure we may get stuck with it but it's just another thing that's going to cost the supermarkets money, therefore the shoppers, and is another layer of bureaucracy which I would have thought Conservative coalition ought to be against. Sorry that is not Kantar, that's me off the top of my head. I know what you are thinking. As a supplier you are trying to avoid being hammered to death in the Tesco discount house, aren't you? There's arguments going on about milk at the moment which in a bit of a price war as well. Yes you are probably right, but having said that even if the Government gets involved the real world will probably carry on, I suspect it just sits there as bureaucracy and the likes of the supermarkets will probably weasel their way around it one way or the other. It's business, its trading, you've just got to deal with it I'm afraid.

Question: Linda Young, Chorleywood

Do you think the supermarket groups will ever seriously tackle food wastage. I mean it's not really in their interest to sell less?

Answer: The main body trying to do something about that is the Waste & Resources Action programme (WRAP). I think that trying to look tidy the supermarkets have cut back certainly on the classic 'buy one get one free' which in certain produce was buy one and watch the second one rot and they've pulled back from that. I think wastage issues get misunderstood. There was a big furor once about Morrisons overwrapping bananas in a film wrap. In fact there was less wastage. Customers were damaging some unwrapped bananas, which then had to be thrown away, so in carbon footprint terms that's worse than overwrapping them. The same thing happens with wrapped cucumbers, which again gets misunderstood. Supermarkets certainly should be against wastage within the supply chain because it is straight off the bottom line. Yes okay, selling more to consumers still is a good sales play. To do a buy one get one free on a non-perishable however just shovels the stock into the home and in cash flow terms that is ideal for a supermarket because you are holding the stock not them, if you've got a garage full of toilet tissue or something. But supermarkets aren't totally stupid, they do listen to the consumers and if people feel that they are wasting food they don't like it. There are arguments showing that it is moving in that sort of direction, I mean, that was the one area where I think there was a sensible way of Asda promoting price in a socially acceptable type of way rather than saying we were cheap, but they've never really followed it through which said "we are low price because we are low cost because we have less wastage and because we have less heat and power because we are designing efficient stores" I think perhaps not as quick as you would like but moving in that direction. What they ought to do is what they do in France, in that a lot of the supermarkets do not have any bag options at all, and customers come with cardboard boxes to do their shopping.

Sessional Chairman Peter Jones

Thank you very much Ed, you are such a fascinating speaker I think we could talk all day but we must move on to our next speaker. Can you please thank Ed once again? (Applause)

Sessional Chairman Peter Jones

Some of you may remember from a previous conference that David Smart of Greenhalgh's Craft Bakery spoke about the importance of branding in his own business and it was a fascinating insight. Well today we are delighted to have an expert in the field in Tony Parsons, who runs his own consultancy, Parsons Design & Marketing, and he is going to discuss this topic in some detail. We have a personal experience of Tony as he has joined us at a couple of the executive meetings of the BSB to discuss a rebranding of the Society's logo. You can see the fruits of his labour on the lectern - the new BSB logo. Tony will explain how we got there on our route to bring modernity to the Society but hopefully still keeping the essence of what we are all about. Please welcome Tony Parsons.



The Importance of Branding Tony Parsons

Good morning everyone. I'm not used public speaking like this but what I want to do is give you a bit of an insight into what I do and pointers that may allow you to see things differently. There might be little tricks that I see every day that you might not be aware of. Basically I work for myself, I work

with a wide range of companies, it can be from start-up companies, and there are a lot of start-up businesses at the moment, through to multinationals. They've all got the same problem; they want to be seen by their existing and potential customers, they've got new products which they want to promote - it's amazing the diversity of the companies I work with. I basically create corporate identities and rebrands. So a client may have a brand that they've had for years and need to freshen it up, need to refocus so customers see them differently. The thing about a brand is that customers align themselves with the brand and they buy into it. If you think that a particular brand is going stale and stagnant, you'll probably look for something else that's a bit more energetic, a bit more exciting. So clients are always looking to keep fresh, energised. Basically some of the other things I do, just to run through them quickly, are website design, brochures, packaging, and advertising. So I can see the full area of a client's business, in branding and promoting a product through to selling it, either business to business, or business to consumer, the end user.

I have worked for myself for the last three years. Prior to that I started off by gaining a fine arts degree at university, having a natural ability in painting but this also gave me a raw creativity in design. I then got into doing computer games, producing all the graphics for the computer games, which is a really big industry. I then worked in web design, being studio manager, then creative director for Walkers PepsiCo. I helped get them into Boots, Greggs the Bakers, Woolworths, McDonalds, because before, you never used to see Pepsi bottles, Mars Bars or snack foods or the crisps in those outlets. I'm going to talk today about branding and its importance. I will also give case studies showing before and after websites. So you will see where I've taken a website that not performing and given it a refocus.

What is a brand? It's the identity of a specific product or service. Your business can take many forms - it could be your name, the sign, symbol, colour combination or slogan, it can be people as well and you hear of Brand Beckham. The way I see a brand, it's the whole essence of feeling of the company. It started off with farmers branding their stock, so you can tell instantly it's your cow, it's your sheep. So a brand can differentiate you from other sellers. So the objective of a good brand is to deliver the message clearly what your company or product is about. It confirms your credibility, it also motivates the buyer and it concretes user loyalty. To produce a good brand you need to select colours and typefaces that make it look sophisticated

and dynamic and give a general feeling of what your company is about. You can also position yourself to align with other brands strategically, and show that you are credible. For example, if you see a brand that is doing really well, they're advertising well, you want to be part of it, to buy into it. If it's a particular beer, you see an advert for it, you think I'm cool because I drink this beer. I buy these trainers because I've seen someone running with them, it's very slick, I want to be associated with it.

The objectives that a good brand will achieve include:

- Delivers the message clearly
- Confirms your credibility
- Connects your target prospects emotionally
- Motivates the buyer
- Concretes User Loyalty
- To succeed in branding you must understand the needs and wants of your customers and prospects. You do this by integrating your brand strategies through your company at every point of public contact.

How to define your brand? The first step is defining what products and services you offer, and what are your company values and where do you want to be. Who is your target market? What customers do your products and services attract? So do you want to be seen as energetic? One of the things I do when I go and meet a new client is listen to what their company's about; I want to see why they are different, what are their unique selling points (USPs)? What sets them apart from their competitors? Because if you make a particular product, you might make it in a different way, different techniques, and that's what you want to shout about. So it helps people make a choice in buying from your company. So I quickly find out the USPs, define the target market, who they want to sell to, who they already sell to and who would they like to develop relationships with. I also find out what techniques they're using at the moment, are they doing mainly newspaper advertising, do they do any web advertising? I would also work out a marketing plan. They might be doing something at the moment, but they could work out that they want to get people to know about it. So there could be HTML emails that go out, that's almost like a newsletter with links that can link directly to a website. Everything on there could have a link that registers to say that you've clicked on a particular item. So you get a lot of feedback that you think, this person here, you can see directly that they liked this product, they liked that product, and you can gain an interest and then focus back onto them, get back to them with more detail on that particular product.

The benefits of a planned marketing strategy are numerous

- Describe your company's unique selling proposition (USP).
- Define your target market.
- Write down the benefits of your products or services.
- Describe how you will position your products or services.
- Define your marketing methods. Will you advertise, use Internet marketing, direct marketing, or public relations?

Tips:

- Your Unique Selling Proposition sets you out from the rest, don't try to develop a marketing plan without one.
- It's important that you have a budget developed for your marketing plan. Marketing is an investment.
- Revisit your marketing plan at least once every quarter.
- Are you on target?
- Do you need to revise it?

Logo design

An important part of brand marketing is your logo, and a logo on its own can really be extremely powerful, and run completely throughout the business and what people think of it. Like I was saying earlier on, a good brand can pick you up and start a business off straight away,



or a bad brand, it could almost be invisible. So it's worth investing in a bit of time to come up with the right brand. Also logos have changed because now they're a lot more accessible over the internet - you can see your brand 24/7 on the web. There's also all the social networking sites, Twitter, Facebook, YouTube, all the iPhones, Smartphones, so people seeing information differently. So the logo has got to be easy to see and recognise with the new technology and media. You can improve your brand presence immediately just by linking it to these sites. Because social media is so big at the moment, you can have your link 'follow me on Twitter,' you can become a fan on Facebook, and people join in as part of a community. So here are a few of the brand logos that I've come up with.

Handyman logo - the owner's name is Andy, so I've put that in the red and logo falling off. It was a new start-up company so it meant that he could hit the ground running because customers see that it's a good quality, quite friendly design. Grange Homes is a company that started up just at the beginning of the recession. I did all their branding for them and I am pleased to say that they managed to sell houses. Nash's Bakery is a craft bakery which has been in business since the 1930s, so I wanted to give it a slightly traditional look but kept a fine line between too modern but still quite funky. I try to pick a part of what's relevant to the company in creating a logo, so in the SJW Electrical Testing logo there's the wires that go into a plug socket. For the Creation Recruitment logo I used the word 'creation' with an egg splitting open representing something being created. In the Move My Elephant logo, which is for a courier company, you can see an elephant's being moved. In the ITS logo down in the bottom right corner, you can see that in part of it you've got a tongue tasting something. So it's something that's very fresh and very bold, and they get noticed because they are not too different, but they're quite strong.

British Society of Baking new logo



You will see the previous and the new BSB logos below. I felt that the logo needed to be more powerful, strong and memorable. I came up with lots of variations until The BSB



Executive Committee selected this one on the right as the new logo. The way I designed it was to research what the British Society of Baking is about, and then pick elements of it for the logo so people can look at it and see immediately what the Society is about. So you've got the wheat there that's projecting power, and the bakers' peel, which has a lot of heritage and is a primary tool and a symbol for baking throughout the world. Also the union flag as well, I wanted something very strong to say that it is British, and it's also forward

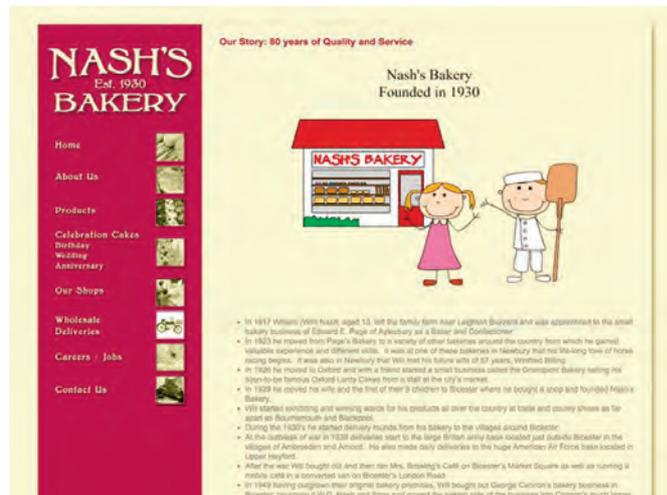
facing because it's progressive, it's got power and strength. And that's also to do with the colour as well. I wanted it very strong in the black, so it stands out very clear. So when you see it you know that this is a British organisation, it's got a heritage and it's forward thinking. The typeface used also has grandeur about it. You think of the new logo as something that can hold the society together, and you feel good to be part of it.

Website Design

I will now show you a couple of the websites I've designed, just to show you my way of thinking in their design:



Nash's Bakery is a craft bakery in Oxfordshire which has been going since 1930. They're a craft bakery and their old logo was very flat. The image of the bread - I got the nicest loaf of bread I could find, sliced it and took a photo on my table because I just couldn't find a photo that was good enough to show good bread. Customers



can look at it and you think that's what Nash's Bakery is about. So I just wanted to try and keep things nice and simple. The home page is in fact a slideshow of bakery products, cakes fading in to replace the bread, and so on with other products. I designed this website for them so that it is very much about the product, it's very image based. Also because there was quite a bit of history about the business, they're very proud of it. It's a family run business from great granddad and moving through the years, and I designed a flash animation that could quickly tell the story. Mark Nash drew some stick people and I tidied them up, gave them a bit of personality and animation. So log on to www.nashsbakery.co.uk and click on 'About Us' to see Our Story: 80 years of Quality and Service, to see it for yourself.

GetSend and Move My Elephant websites This Company came to me for advice. They send out parcels that are really odd shapes and they spent a lot of money on a GetSend website, their former trading name, but it was poorly designed and it just wasn't working.



So I said to the owner that the name GetSend.com doesn't really do anything, it's not memorable. Because the parcels are odd shapes, I said change it to Move My Elephant, it's something that you can remember. I also looked at how the website is used by customers to make it faster and simpler to use. Before it was one, two, three, four, five - it's not as instant as the redesigned Move My Elephant website



- my item's for free, the easy steps, couriers bid to deliver your items, you select a winning bid, you leave feedback, you save carbon emissions, I have something to send or I'm a courier. It's just very simple, you look at the website and you see exactly what is required.

NB There are more examples of website design, new logos and re-branding in Tony Parson's PowerPoint presentation which is available on the enclosed CD.

Sessional Chairman Peter Jones

I think we take for granted logos and design and what Tony has demonstrated very powerfully there is how much better things can be and how it can be a real selling tool for our companies, and I think you have certainly inspired me to rethink some of the stuff we have back at the ranch. Can I open the floor to questions please?

Question: Jim Brown, Cumbernauld

Do you find it a benefit that you did an art degree and that you can therefore do a lot of the illustrations and graphics yourself? Is this a big help for your clients?

Answer: Yes it is. I can look at a project, decide what's required and create examples of the drawings or graphics that are needed. I think the art training definitely helps because I was able to learn how to imagine and develop things, even though it was art and painting, it required creativity.

Question: Sylvia Macdonald, Croydon

You mentioned that you did some work for Greggs. Can you tell us a bit more about this?

Answer: Yes. What I was doing with Walkers Snack Foods was to help to get their products into Greggs. I would go into Greggs shops, take photographs and then develop promotions, branded with bottles of Pepsi, packets of crisps, Tropicana, etc, together with some of the Greggs products. The Directors of Walkers Pepsi would then have meetings with Greggs' executives and say that this would then work really well in their stores. So it was a vehicle for building relationships and putting over the idea that our products would fit with their products.

Sessional Chairman Peter Jones

Many thanks Tony. (Applause)

Sessional Chairman Peter Jones

The final speaker before the coffee break is a fascinating guy who is going to intrigue us. I had a chat with him before we started. The consumer is being bombarded with messages about health and well being and our lifestyle. Where on earth do bakery products fit into this scenario and how, as an industry, can we rise to the challenge and seize the opportunities that this also presents. Roel Orsel is the Vice President for Research and Development at CSM Europe and he is going to talk to us about how we can turn what might be seen as a challenge into a major opportunity. Please welcome Roel Orsel.

Health and Wellness: a Dynamic Opportunity for the Baking Industry Roel Orsel

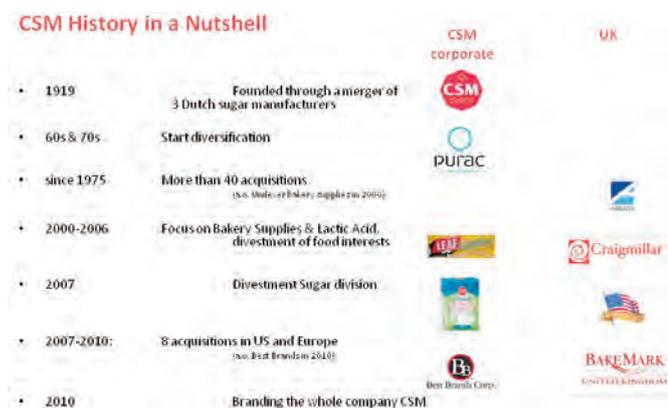


Thank you very much Peter. My background is that I am a food scientist, having been a graduate of Wageningen University in Holland. I am currently Vice President R&D for CSM Europe. Prior to CSM I was R & D Manager, then Food Ingredients Product Development Director, with Quest International, followed by being R & D Director, Kerry Group, now Kerry Bio Science. The topics I would like to discuss today are as follows:

- A short introduction to CSM
- Health & Wellness
 - Consumer attitude developments 2007 – 2010
 - Some US survey results
- Impact on new product development
- The dynamics of the Health & Wellness opportunity
 - Example: energy density based product design

If I look at our current portfolio of R & D projects, about 60-70% of them relate to health and wellness in some sort of connotation, so it an important topic. In my talk I will focus on some data from America, because what happens there tends to influence trends in Europe.

CSM Please see the table below as a quick introduction to CSM and many of you will recognise the UK brands of Bakemark, Arkady and Readibake.



We continue to acquire bakery supply companies. At the beginning of 2010 the company was globally re-branded as CSM so that that everyone can recognise us. It also holds a promise that whoever we work with will get the best of our abilities in the markets that we operate in. So as of January 2010 you will know BakeMark UK as

CSM Bakery Supplies - Main Product lines Total world-wide > 30.000 SKU's



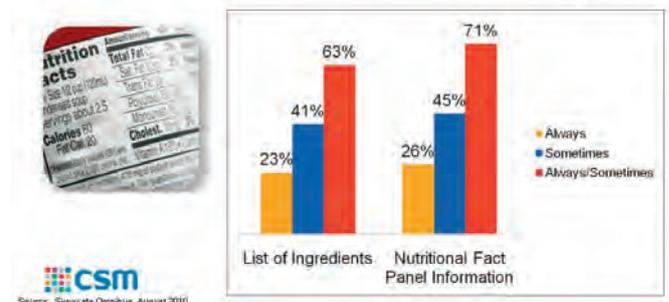
CSM UK. That makes CSM the leading bakery supplier in the world. We have two divisions, North America and Europe, together with Purac, which is the odd one out, being a manufacturer of natural preservation products and green chemicals but it shows you the reason why they have naturally grown into the CSM family.

Some key CSM facts: 9300 employees world wide; 2009 Turnover: 2.7 B€; Head office, Amsterdam; Operating in 25 countries; 46 Manufacturing sites; Listed AMX. We still have 95% of our business in Europe and in North America. So what do we make? Our business is about complexity. We divide it into four categories: bakery ingredients; sweet ingredients; bakery fats and emulsifiers; and frozen and baked products, see the table below. We have many brands worldwide but, as I said earlier, the ones you will most likely have heard of in the UK are Craigmillar, Arkady and Readibake. I hope that this has given you a flavour of CSM and of the products we manufacture.

Health and Wellness

Importance of Label?

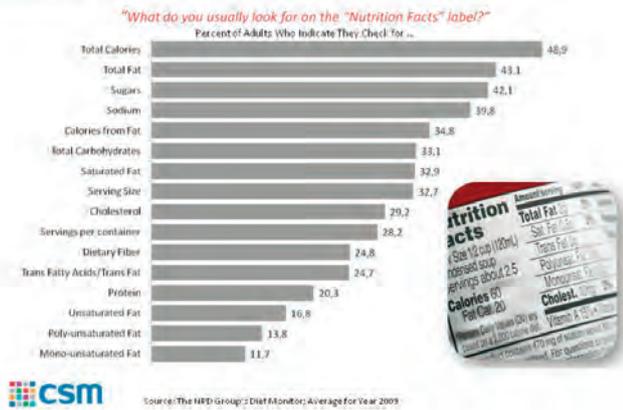
Q: How often does the following information impact your purchasing decision when shopping for groceries?



We frequently debate the importance of the bakery product label and how it is perceived by the consumer. The data above from America indicates that many consumers do read the label and that what the label communicates to them about the product is still very relevant.

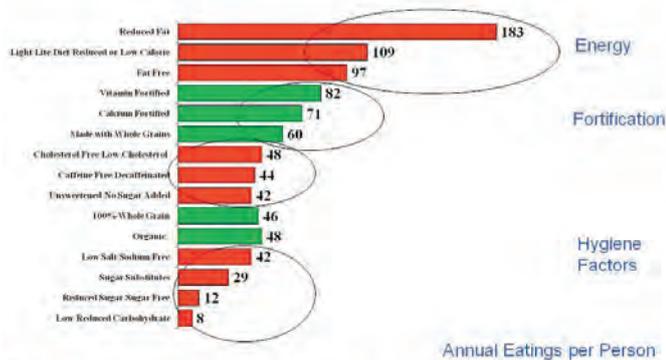
What do consumers look for in terms of nutritional information on the product label? See the NPD Group's Diet Monitor; Average for Year 2009 which gives some of the answers. This is of course the 71% of the people that do look for nutritional information on the label. You'll see that most of all they look for calories, fat, and sugar. We interpret that as sugar and fat being the main determinants of the calorific content of the food. You will also see that sodium in America is still relatively high in the check list. Apart from being Vice President for CSM Europe, I have the pleasure of being in America every three weeks or so doing R&D there as well. For 3-4 years I have been saying to my American colleagues "watch out, the level of sodium in food problem is coming your way"! They didn't believe me but guess what, it has hit them now. So trends and problems that hit Europe may also affect America!

Health & Wellness – What do consumers look for ?



While many consumers are checking the amount of fat, sugar and calories in the food they eat, a survey has shown that the number of people in America on a diet has declined considerably over the last 20 years. In contrast to this, another piece of research, see below, shows that many more consumers are trying to have a healthier lifestyle and eat "better for you" products.

Instead of dieting consumers try to live a healthier lifestyle and eat more "better for you" products!



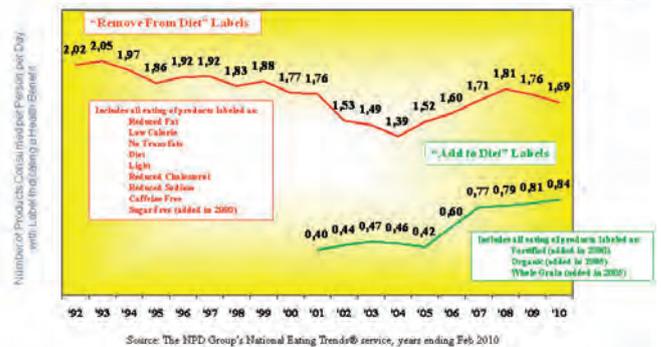
Source: The NPD Group's National Eating Trends® service, year ending Feb 2010

So this is the "wellness" aspect of the products I will talk about later. Most people have now built up a diet of around 2000 Calories per day and know for themselves what kind of activity pattern they fall into – how many Calories they are burning off by their daily activities and exercise. You have healthy lifestyles that have an allowance of about 100-150 Calories in them for a little indulgence. The other thing you see on American food labels is a lot of fortification coming in, such as vitamins. In America at the moment there is also a huge interest in calcium fortification. Something that bakery products, such as bread, are especially good for is being a very steady deliverer of fortification. Why? Because we consume the products in relatively high and consistent amounts per day and whether the nutrient is water soluble, oil soluble or insoluble, it can be incorporated into bakery products and delivered to the consumer in this form. Consumers and some recent newspaper reports, are concerned about the levels of sodium, cholesterol and caffeine in food. I call them hygiene factors. Nobody will give you praise for the fact that your carpet has been vacuumed but everybody will blame you if it hasn't! People don't like to see these things 'in your face' anymore, at least from what the consumer research that we do in America shows. We see that it very clearly scares them off, 'Oh gosh, is there cholesterol in that product' and this may affect their decision on whether or not to buy it. Therefore on product labels "Hygiene factors" tend to be in a small font or go on the back of the packaging.

We see in research in which we are participating that labels are very clearly changing, see diagram. The red line shows the average number of products eaten per day over an 18 year period which have a label indicating a health benefit – free from, contains less, etc.

We see over the time that there is a slight decline. What is more interesting is that the 'feel good factor' or the 'wellness' about foods increases, see green line. So something being fortified is good, it has provenance, it is organic, etc, is growing. The label, in essence, is starting to get friendlier. There is less scary stuff on the label and there is more communication on the label that makes you feel good about the products that you are eating.

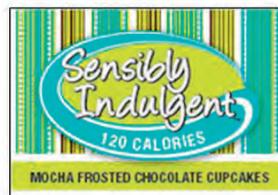
Changes in the label



To take it to its extreme, see below two labels, one from CSM and one from Sara Lee Bakeries in America. Very prominently on the front of the package you see the calories, either per serving or per 100 gram. The hygiene factors as I tend to call them, either go to the back as we've done for Sensibly Indulgent, or they go into very small print as Sara Lee have done. Sometimes if I listen to consumer groups talking about our products, or bakery products in general, one sentence that really resonates with me is, "If you're the trusted

Calories – more prominently present

"Hygiene factors" tend to small font or go to the back



manufacturer, or a trusted retailer, we don't worry about cholesterol etc. We trust you to take care of it on our behalf. So don't communicate it to us because it puts us off with respect to eating and liking particular bakery products".

If we think about health and wellness for bakery products, we typically think of bread and especially wholemeal bread and fibre-rich bread, which is 'good for you'. Could this 'good for you' feeling also hold for indulgent products such as cakes and muffins? We carried out last year a survey on the attitude of consumers to cakes. Some 19% of the people who took part said: "Don't communicate this to me. I'm having a cake because I'm indulging myself as a treat, for a party, whatever. Basically I don't care what's in the cake". More interestingly 52% of respondents said they would consider buying a 'healthier' fresh cake. There were also a third of the respondents who were 'not sure' about buying a 'healthier' fresh cake. The choices which got the most mention for the types of 'healthier' cakes were: natural ingredients; low calorie; fat reduced; sugar reduced; and trans fat free. Natural ingredients and reduced sugar continues to be more favorable than sugar free.

In the tables below I am trying to summarise the overall position reference the government and new products. All governments – UK, US, EU, are basically concerned with the same things: – obesity; Calories from fat, from added sugar and from alcohol; and, excuse

me but I still call them hygiene factors, - trans fat, saturated fat, and sodium. All governments also have recommendations on fruit, vegetables, wholegrain, fibre, vitamins, nutrients, and there are many government initiatives on schools meals, vending machines in schools, sports programmes, women's health, etc.

Effect of Dietary Guidelines on New Products

Government

- Obesity
 - Calories from:
 - Fats & added sugar
 - Alcohol
- Hygiene Factors
 - Trans fat
 - Saturated fats
 - Sodium
- Recommendations
 - Fruit, vegetables
 - Whole grains / Fibres
 - Vitamin & micro nutrients
- Government Initiatives
 - Women, Infants, and Children
 - School Nutrition

So how does this translate into new product development? I will talk later on energy density and give a couple of examples. I've talked about hygiene factors and I'm a big believer that we should simply engage with our customers. We don't want to see, as a bakery industry, any more newspaper articles featuring trans fat and recommending readers to stop eating certain bakery products, particularly products that may be a prominent part of a business. This is a step that we have to take to be a trusted manufacturer, so that we can communicate to our customers that it has been done correctly.

New products

- Energy density
 - Calories
 - Serving size
 - Satiety
 - Consumers trust leading manufacturers
 - Increasingly communicated on back of package
- Exploit the goodness of wholegrain
- Focus on nutrients not met in the diet and deliver them through food, not supplements

Something that concerns all governments is the level of fibre in the diet. If we think about health and wellness, we tend to think about vitamins and all kinds of funky nutrients. However, while the Europeans are a little better, 85% of Americans eat a fibre deficient diet. The average fibre consumption is around 45-50% of the recommended daily intake, which is; let's say for want of argument, 20g per day. Americans are fibre deficient to the point that the two major foodstuffs in America that bring fibre into the average American diet are French fries and white bread! That's pretty scary but it also tells you the power of bread. Even white bread, at the consumption rate that the Americans eat it, which is considerably lower than Europeans, is still such an important vehicle for fibre. I cannot stress enough that the bakery industry should step up pushing the amount

of fibre in bakery products. I have good friends working in dairy and the amount of fibre they can get into a beverage or dairy product is minute in comparison. We have been working on concepts, such as having the full fibre daily requirement in four slices of bread? I can tell you that it is a very nice product to eat. This is where part of the mission of bakery should be. You will see a lot of support from the government for moving the fortification of the diet away from pills and tablets and into food and to make the food wholesome. As I have already said, bakery products are an excellent medium for delivering food fortification products.

I will now focus on new product design led by energy density and I will start off with the product shown below, which is known in the UK as a vanilla slice or a custard slice.

NB In some of the text and diagrams in this paper the energy value of a product is given in either Calorie units, or in kilo calorie (kcal) units. Please note that they both have the same energy value.

If you look at the vanilla slice below without reading the table there is a good chance you will think that most of the 305 total Calories are in the vanilla custard because of its volume compared to the other components. However if you look at the table you will see that the custard is lighter than the pastry crust because it is well aerated. The crust also contains a high level of fat and it therefore contains 64% of the total Calories of the product.

Design for Energy density

- 1 Vanilla slice portion 78.8g
- 1 portion contains 305kcal



• Topping:	6.8g	(8.6%)	→	331kcal/100g → 23 kcal (7 %)
• Pink glaze:	16.4g	(20.9%)	→	318kcal/100g → 52 kcal (17 %)
• Custard:	23.4g	(29.9%)	→	120kcal/100g → 36 kcal (12 %)
• Crust :	31.7g	(40.5%)	→	613kcal/100g → 194 kcal (64 %)

We have seen in a previous slide that 71% of consumers take Calories into account when deciding on a product purchase. So can we pride ourselves at CSM for developing this product? The answer is no because we call this invisible goodness. If you want to work with this puff pastry crust, you need to get the tools right. We're currently bringing to the market a puff pastry margarine with a 30% reduced fat content to produce puff pastry with a reduced fat content and with no loss of quality. So let's look at designing products to meet a specific Calorie content.

In the table below I've split the sweet ingredients from the pastry base. What am I going to do in order to have the custard in my vanilla slice? I can have my regular custard but if there is one technology in food production that I believe in, it's aeration. Volume for volume, aerated textures are lower in price and typically taste nicer than non aerated textures, or at least I think so. It's going to help us in design.

So if I want to design a product with 200 Calories, how many millilitres of product can I make? How much volume of product do I get for that amount of Calories? What you then see is that if I take my custard and aerate it and could replace a part of the sugar with a high intensity sweetener, you can see that compared to a fruit filling, it's almost 60% more volume that we can design a product with, and the same with the pastry base. Here, for instance, we see the step that you can make if you simply use that pastry base and the fat content of the pastry base by using a low fat puff pastry margarine. The power of this approach is that within proven technologies in a very modular fashion you can start building products with a 100 Calories as per the examples below. This is the South Beach diet, which comes with 100 Calories of discretionary indulgence during

Pastry design by caloric density

Sweet ingredients

	kcal /100mL	Affordable volume (mL) for 100 kcal
Custard	116	86
Aerated custard	89	112
Aerated custard high intensity sweetener	75	133
Custards high intensity sweetener	86	116
Fruit filling	128	78
Aerated fruit filling	115	87
Glazes	320	31

Pastry base

	kcal /100mL	Affordable mass (g) for 100 kcal
shortbread Milan type	495	20
shortbread whole	525	19
wafer Brussels type	455	22
biscuit from short pastry	490	20
butter biscuit	487	21
sponge cake (cake batter light)	357	28
sponge cake (cake batter heavy)	490	20
wafers	557	18
puff	530	19
reduced puff	450	22
danish ("type pain au chocolat")	440	23
reduced danish	400	25
cake ("type quatre quart")	440	23
reduced cake	400	25

the day. If you go to Krogers, for instance, in America, you will see that there is a whole aisle of 100 Calorie per portion food products. Unfortunately bakery products are painfully absent, so you see that we are massively under-trading. We're currently developing prototype 100 Calorie products, as per the samples above, so that bakery is

100 kcal Pastry Prototypes



Assemble: 100kcal per portion

15g reduced fat laminated dough (= 70kcal)
35g aerated custard; 50% sugar replaced (= 30kcal)



present in that 100 Calorie aisle as well. By having this modular approach, all of a sudden you see that areas where originally if I had said, 'can we design this vanilla slice back to 100 Calories', you would have said no, but if you use this approach, you definitely can!

You can also redesign your frostings. There's an American frosting in the diagram below where basically you say goodbye to your

Frosting redesign Based on a mesomorphic structure



Buttercream Icing

Sensibly Indulgent™ Frosting

Whipped Topping



Attributes:	Buttercream Icing	Sensibly Indulgent™ Frosting	Whipped Topping
	<ul style="list-style-type: none"> Creamy Texture Thick Sweet Rich 	<ul style="list-style-type: none"> Light Texture Smooth Slightly Sweet Fluffy 	<ul style="list-style-type: none"> Lightest Texture Smooth Slightly Sweet Fluffy
Fat content:	<ul style="list-style-type: none"> Total fat (25%) Partially Hydrogenated Fat Trans fat Saturated fat (7%) 	<ul style="list-style-type: none"> Total fat (3%) No Hydrogenated Fat No Trans fat Saturated fat (3%) 	<ul style="list-style-type: none"> Total fat (18%) Partially Hydrogenated Fat No Trans fat Saturated fat (18%)
Calories Per Ounce:	137 Calories	80 Calories	125 Calories
Handling:	Display at room temperature	Display at room temperature	Refrigeration recommended



traditional butter cream icing and your fat fractions in order to create the texture in your frosting.

In this case, we go to an emulsifying mesomorphic phase which allows you to have a 3% fat content frosting. Through this you reduce Calories, which are given per ounce for comparison in the diagram. You will see that this has a massive impact and this mesomorphic state frosting also aerates much better than a traditional buttercream icing.

If you would ask people which cupcake they would buy in the picture below they would choose the one on the left? We are still, as human beings, very visually driven by the product selection that we make. This example is a calorie approximation. I also have photos where we had designed the two cupcakes to exactly the same Calorie content and sitting next to each other, you again get about 100% preference from people for the larger volume one.

Cupcake & topping redesign



Sensibly Indulgent™ Cupcake Bite Sized Cupcake

Nutrition Facts	
Serving Size 1 cupcake (44g)	
Servings Per Container 6	
Amount Per Serving	
Calories 120 Calories from Fat 30	
	% Daily Value
Total Fat 3.5g	5%
Saturated Fat 1g	5%
Trans Fat 0g	
Cholesterol 15mg	5%
Sodium 180mg	7%
Total Carbohydrate 21g	7%
Dietary Fiber less than 1g	2%
Sugars 17g	
Protein 1g	
Vitamin A 0%	Vitamin C 0%
Calcium 2%	Iron 2%

A last example: consumer research on bars, see diagram below. Cereal bars are one of the baking categories that have been exploding in the last fifteen years. The study below was with 1000 consumers of bars and asks them what they want from bars? You will see that consumers want it as a carrier for fortification, and they expect fibre, protein and vitamins in the bars. However now comes the catch, they also want less fat and sugar and they still want the bar to taste good!

The problem at present is that for most of the Granola type bars being produced consist of cereals and other ingredients glued together with sugar products and some fat. In fact, many bars suffer from a dilemma of being regarded by consumers as very healthy but

Consumer research on bars



CSM Online Survey of 1,030 bar users

if you look at the ingredient list you realise that, oops, that's not the case! The problem is, when you reformulate them to have less fat and less sugar, they start to become 'bready' in texture and eating quality. These bars also have to be shelf life stable for 2-5 months, depending on the product, in the retail chain and this is also a

problem in trying to reduce the sugar content. What we are currently doing in our R&D programme is to look at those challenges and we have come up with a process that meets the requirement for lower fat and lower sugar, but the bar can have a four or five months shelf life and a satisfactory texture and flavour, see below.

On-the-Go Snack Bars | Attitudes & Behaviors

Whole wheat bar In-Store Bakery or Bread Aisle.
Feedback from focus groups conducted in November 2009

Concept	Interest Level	Key Benefit	Key Challenge
On-The-Go Snack Bars	High	Potential for Nutritional Enrichments that consumers covet for healthy lifestyles	Support for the health claims benefits

In the Scoping Process for the On-The-Go Snack Bars concept, we examined alternative product extension concepts for the Breakfast and Snack Occasions and as a quick, convenient lunch-time day part meal solution.

My breakfast time is very limited time, and I want something I can take that will be healthy.

I'm always looking for healthy snacks for the kids.

•Top 2 flavors from the focus group: Jalapeno Cheddar and Cranberry & Almond

CSM
Source: Market Directions, CSM - Caravan Ingredients, B4Y study December 2008

This product was launched at IBIE 2010 in Las Vegas and created a lot of interest.

This leads me to my conclusions, see below:

Conclusions

- Health and Wellness remains a major trend
 - Consumer attitude keeps changing
- US consumers
 - Diet less
 - Try a more healthy lifestyle and eat healthier products
 - Focus:
 - Taste remains KING
 - Energy (calories, fat)
 - Wholegrain, fibre
 - Bakery is excellent for delivery of nutrients
 - High daily consumption
 - Water soluble, insoluble & oil soluble nutrients
 - The H&W trends also apply to indulgence bakery categories

I'm a strong believer that health and wellness especially relates to the indulgence categories, because I think if we look back and you think of which of the companies have benefited most from a very clearly carved out health and wellness strategies, it's more the indulgence companies like McDonalds than the companies who were already into fresh vegetables because you don't have to educate the consumer that fresh vegetables are good for you. Thank you for your attention, I hope you've found it interesting. I'm happy to take any questions.

Sessional Chairman Peter Jones

Thank you Roel, I guess we'll be thinking about what we will be eating for lunch after that. Interesting, a bit of sorcery in terms of what can be done with product formulation. So who would like to ask a question please?

Question: John Marsh, East Sussex

When you are looking at the data when you are comparing US to Europe you mentioned that people focused on fats and sugars as a high priority, how do you feel about natural flavours, natural colours, do you think the consumer is looking for those now?

Answer: I will answer on the colours first, then the flavours.

I see what I have been mentioning in the presentation so far as the hygiene factors being more driven, how do we organise ourselves as a business, are we being impulsed with regulations on that. The colours I see, many people in the baking industry now as a result of the difference in labelling for the coal tar colours, I see them changing I think not only our company but I have seen many others who have removed the coal tar colours, not wanting to label saying 'this product contains artificial colouring that may cause hyperactivity with your children'. I do not think that anyone wants that on the packaging. That has been driving a change to natural colours. I think for flavours, containing artificial flavours for me is this hygiene factor – they are what the people don't want to see so they will go to the back of the packaging. On the other hand I think there is a market for natural flavours providing that you communicate it in some positive connotation, such as flavouring with natural lime extract or something like that, which consumers feel are really good wholesome and well about them.

Sessional Chairman Peter Jones

If there no more questions please show your thanks to Roal in the usual way. (Applause)

Sessional Chairman Peter Jones

Our next speaker is Kevin Kingsland who is a Chartered Occupational Psychologist and I don't propose to say any more than that because he is going to introduce himself in a moment. Please welcome Kevin Kingsland.



No more half-baked psychology, please! Kevin Kingsland

Psychologists often get mistaken for psychiatrists and I've been asked many times by people 'you're able to read my thoughts, aren't you. Are you analysing me now?' Well, psychoanalysts we're not, although we might use similar techniques

occasionally. I was plagued by this until the 1980s. Despite my reassurances, people weren't reassured. But when the 1980s came in and value changes came into our society, I would turn to people and say, 'no, not unless you pay me a great deal of money!' And it was extraordinary because people seemed instantly satisfied by that, as though it was a good reason.

I qualified as a psychologist in the sixties, so I've over forty years experience and have worked all round the world, particularly in South Asia and North America. I have two things that differentiate me from most people a) I don't watch television, although I do get clips of specific things I am interested in, mainly through the web. I find television boring and I have heard much of the news and announcements already b) I never read fiction, the reason being that I am swamped in the course of my work with other people's stories and some of the things people share with me, especially during in-depth work, are extraordinary.

As a psychologist I am interested in the construction of reality. Most people start off assuming that they're like everybody else, assuming that people are quasi-rational, ordinary people, and we live in a shared world. Well, as psychologists one of the things we learn is about how people construct their experience of the world, and it is totally different in various parts of the world. So it's from this privilege of getting very, very close and deep with individuals, extending that to partners and groups, teams, organisations, that the foundation in individual depth human psychology came from. By the way, I was gobsmacked to see the three wonderful words on your creed: inspiration, fellowship and enlightenment. I cannot think of three words that better sum up my life and my values. These are the things that really inspired me from the sixties and have very special meaning.

When I started in psychology it was defined as the science of behaviour and experience, but the job was to understand, predict and, get this, control people! I don't think you'll find many textbooks now that have the word 'control' in them, it's been taken out. I'm an ethical person but not everyone who graduated as psychologists is. This is not a complaint against my professional colleagues, which would be unethical, but a warning that when you have powerful understandings and tools, they can be used in different ways. For example, psychologists have been employed in America to refine the torture methodologies and that has become quite an issue for us in the UK, since we don't think it's a proper way of using your knowledge and skill.

There was a science series in the late 1960s called Mission Impossible, in which a secret government agency would set up a reality world for people they wanted to influence. Have any of you ever thought that the particular world or circumstances you find yourself in has been arranged specifically to give you a certain impression or to guide your behaviour in a certain way? Have any of you wondered 'how did I come to think this, believe this, work in this way'? Well, if you did 1) you are sane and 2) it is in fact the case.

There are plenty of people whose work is not just to promote products and services, but to construct a reality for us which suits them.

Since last year psychologists have been regulated by a quasi-Government group called the Health Professions Council. We can now legally use the terms occupational psychologist and counselling psychologist for example, so it has become rather more controlled than it used to be. Chartered psychologists are members by qualification of the British Psychological Society, and it's a doctoral level qualification and the gold standard. Therefore if you deal with psychologists who are chartered, you know they have reached a certain standard of ability and qualification and they are also likely to be specialised. So it's a lot of rigmarole, but this is because there is a huge difference between people who have learned a little about psychology from a weekend or a one week course compared to dedicated and qualified psychologists. I belong to a certain field of psychology called practitioner psychologists. At this stage I have to admit that I had a fault in my character when I was young - I became an entrepreneur and indeed ventured a little bit into the world of food, of which I will say more of this later!

I did a presentation to the National Association of Master Bakers last year entitled 'Now's The Time For Authentic Branding' but since there is already a session on Branding on the programme today I'm going to extend to looking at the following:

The Journey

Business is a human creation and reflects the human mind

Development of Branding

Psychology of value addition

The creation of Consumers

Origins of Public Relations

Psychology of deals

Business organisations

Control organisations

Natural organisations

Market places

Free markets

Rigged markets

Branding

In his presentation Tony Parsons mentioned that branding started with cowboys branding their cattle so people knew who they belonged to. There was a television series many years ago called Maverick about a cowboy family who had a large cattle farm. The father Sam Maverick had a good scheme in which he said he would not brand his cattle. Now cattle roam all over the prairie and you can imagine that there are calves being born all the time. Well, because he did not brand his cattle, every time he came across a calf that was not branded, guess whose it was? It was his. He acquired more cattle than anyone else in the entire West. So being a maverick's a very interesting thing. It means you haven't got a brand, it means you're a bit extraordinary.



Some parameters of product branding follow:

- Branding is 99% psychology
- You have got a brand, like it or not
- Something's gone wrong

- People are angry and mistrustful
- Many brands are damned
- The future is Authentic Branding
- Success comes from genuine organisational, corporate, product and marketplace alignment

Branding, despite many people's understanding, is almost entirely a psychological phenomena. Meaning it is a construction in the minds of the beholders, the people who experience the brand. It's facilitated, and this is an important thing, by things like visual images. We've got a posh word for that in psychology, we call them affordances. One of the themes then today is that something's gone wrong, what is that? People are angry. By the way they're going to get angrier. And some kinds of brands are damned, the future is authentic branding but I'm going to go way beyond that today. And I want to share with you how we take advantage of that a little bit. So we've got the orthodox definition of branding below:

Definition of a Brand

A successful brand is an *identifiable* product, service, person or place, *augmented* in such a way that the buyer or user perceives relevant, unique, sustainable *added values which match their needs* most closely.

De Chernatony & McDonald (1998)

Another definition of a brand would be that its grabbing your minds. One point there is the added value - you'll see that in psychology we know quite a lot about value, far more than the sociologist knows about values. I'm not very fond of social science, sociologists, even though psychology has a pile of it in it. I like to start with the very, very deep human mind and see how these more social phenomena emerge from that. So a brand isn't an objective thing, even though we try to make it become real. It is called reification, when you try to make it a real thing. A good example of something that's 100% psychological and I'll talk about later, is money. There is nothing behind money today. It is 100% psychological and we're about to have a huge collapse problem that most of you may not be expecting.

These are things that are very real and another one is democracy. These are abstract ideas in human minds and they become very real. War on terror. What? War on an abstract concept? Yes, we can take people away from reality, that's why I like being with you guys, you deal with real things, buns and bread and things and the real world, particularly of food. There's a difference between a commodity and a brand. I use a colour coding thing; this comes out of a model of psychology that I've worked on all my life. It's very, very powerful. Behind it there's a deep understanding of what we call a multi-layered emergent mind, a big technical thing but it's very, very powerful stuff.

Commodities vs. Brands

Grey	Unbranded commodities
Red	Name, Logo
Orange	Personality
Yellow	Shorthand
Green	Risk reducer
Blue	Legal instrument
Indigo	Cluster of values
Violet	Vision

Psychology is a science, meaning that we have a large number of people that have been researching this material for certainly over a hundred years, and hardly any of it is used, outside of a very few people. It's powerful, we can understand and engage with brands at different layers. There's a spectrum of layers at which we can make a brand more real, more powerful. If you want to know more about

that, have a chat with me another time. There are ways in which human beings respond to and engage with that brand. Has anyone else been an entrepreneur at some point, started a business? One of the first signs that things are going well is when your business becomes separate from you. When you start as a small business it's you all the time, you get up, you make it happen. There comes a point if it develops well, that suddenly the business is independent of you, you start talking about it - it has a life of its own. This is a fantastic thing, most of you are probably involved in larger organisations that very much have life of their own, and they shape the people inside them rather than the other way around very often.

Components of a Brand Response

Red	Behavioural tendency
Orange	Relationship
Yellow	Awareness
Green	Emotions
Blue	Positioning
Indigo	Meaning
Violet	Attitude

So as human beings, we have this spectrum of levels and we engage at different levels; and promotion, market share, strategic positioning are really all about how you play those different layers in people. So any of you that have done the Myers-Briggs typology, throw it away, or read Wikipedia first if you don't believe me on Myers-Briggs. It's a bit old fashioned. What we have now is a fancy idea called attractor states, places we go and strangely move away from during the day, we come back. A person has a character or a personality because they keep coming back to one or more areas of their own psychology, their own possibility. People that dwell more in one area of their mind look different and feel different to people who dwell more often in another; it's dynamic, that's the difference, we are dynamic beings.

Creation of Consumers

So how did this, early on, get applied to the world of marketing? By snake oil salesmen! The snake oil was in a fancy bottle with a fancy label which said how good the product was and that it could cure anything. The sales pitch from the salesman was: 'This is snake oil folks, it does everything for you. If you don't believe me, read the label!' And people read that label. The only printed thing most people had then was a Bible, and that was God's truth. So if you read something else that must also be true - people bought into it. 'It must be true, the BBC says it.' We have a spectrum of when people buy-in, when they believe. It's different for different kinds of people.

Edward Bernays



Edward Bernays was a nephew of Sigmund Freud and felt that Freud's work and ideas were useful, and if we're beginning to understand people's minds, let's use it for profit. He was probably one of the most powerful men of the twentieth Century and lived to 103. In the First World War he was part of the Pentagon Propaganda Department and in fact he wrote the textbook called *Propaganda*. As he was a Jew, it's

ironic that his book became the bible of Goebbels, who you will remember was Hitler's deputy. When I came to re-read this book *Propaganda* a few years ago, I felt that it all made sense and that's the way the world is. It is all about how you construct reality for the majority of people, and how most people have no idea how it comes about. Bernays was also the man who, when working for the American Tobacco Company, got women smoking in America by

saying to the suffragettes when they were on their women's rights parades, such as in New York, - you can assert yourself by smoking a cigarette, they are "torches of freedom". They were photographed by the press and got lots of publicity, so his campaign was successful but no doubt many women would have died early in the following decades from smoking the "torches of freedom". At one point Lucky Strike cigarettes were supplied in a green packet and the women weren't buying them because green didn't fit the current fashion in colour. Instead of changing the product packaging Bernays' typical solution was to take action to have the fashion colour for the next season changed to green! He would do things like that and his tradition is the main tradition that I see working powerfully in the background of the Anglo Saxon communities in particular.

It was Bernays who coined the idea of a Banana Republic. The United Fruit Company wanted to stop people having decent wages in South and Central America to keep the price of bananas low for the luctative American market. America behaved itself up to then more or less, but he aligned American foreign policy with corporate interest and they have never looked back since! Bernays was able to get the American Government to facilitate the overthrow of the governments of key Central American republics and the wages of the banana workers stayed the same.

The Americans were not allies in the First World War; they were associates but they sent in a relatively small army late on in the War to take part. However the American propaganda department, of which Bernays was a part, managed to get the French people all very enthusiastic about these saviours that had come from America. Bernays reckoned this had worked so well that there must be a peacetime use for it. However propaganda was not a good term for peacetime use and needed an alternative name. So he coined the term 'public relations;' so that's where public relations come from!

Consumerism

Consumerism was once called consumptionism. It was created deliberately, and I'll show you why in a minute. At the moment we tend to think of consumerism, and here's the right and the left hands.

Consumerism

Consumerism is a word like PR that has its different sides.

Right Hand Consumerism

Is it about

- Customer choice?
- Customer buying power?
- Sophisticated savvy people who are influenced by values and high mental approaches?

Or is it something else?

Focus groups

Focus groups

- Psychologist and marketing expert Ernest Dichter (1907 – 1991)
- Considered to be the "father of motivational research."
- Was the first to coin the term *focus group* and to stress the importance of image and persuasion in advertising



We tend to think positively that consumerism is about sophisticated customer choice. We have sophisticated consumers in this country, for example, and we've heard some stories that relate to that already today. See information on Ernest Dichter whose work helped create the modern consumer world.

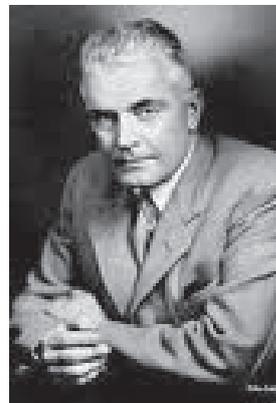
Now the left hand side of consumerism is stated very well below:

Left Hand Consumerism

"Formerly the task was to supply the things men wanted; the new necessity is to make men want the things which machinery must turn out if this civilization is not to perish. The problem before us today is not how to produce the goods, but how to produce the customers. Consumptionism is the science of compelling men to use more and more things. Consumption is bringing it about that the American citizen's first importance to his country is no longer that of citizen but of consumer."

Samuel Strauss November 1924 Atlantic Monthly

Basically they looked at people and thought - people are a bit of a problem, we're going to have to handle them, they're beginning to move, they're beginning to lose religion, what do we do with all these people? And the answer was to harness them to the goods and



services we want them to buy. They are no longer to be thought of as citizens, they are to be thought of as primarily the consumers of the goods we need to produce and sell. The whole business of consumption for the sake of it was designed in. There is no way out of that; it was very deliberate because that's how you control people, as well as getting rich.

The same with globalism, there's a left and a right hand side and I believe it is meant to be the extension of consumerism to the world.

Right Hand Globalisation

Globalisation is a code word for extending the consumerist project to the rest of the world

Left Hand Globalisation

Globalisation is the freeing of world markets which brings the benefits and prosperity of the modern life to all

John Broadus Watson is famous in psychology because he was the founder of behaviourism, which became the dominant kind of psychology in Britain and America, and indeed the kind of psychology I studied in the 1960s. Remarkably he only spent about thirteen years in psychology, before joining J. Walter Thompson to work in advertising and to subsequently become very wealthy! He created the term 'body odour', using our anxieties about those kinds of things to market cosmetics. He also created the spontaneous checkout counter, which many of you will have if you're in retail situations. He spotted that opportunity for extra sales in shops by having products prominently displayed near the checkout till that customers would buy on impulse. In 1920 he was asked to leave his faculty position at Johns Hopkins University because he was having an affair with his graduate student-assistant Rosalie Rayner. It was all kept secret, we weren't told the interesting stuff in our psychology courses. The real history of psychology's fascinating but it's not in the textbooks, nor is the really powerful psychology in the textbooks.

What we as psychologists do is see people as multi-layered and list below is just to give you a sense of it. These are layers of the mind, more and more abstract, more and more inclusive, more and more powerful. We can see that they are associated with comparable or compatible needs.

Some of you may have studied things like Maslow's Needs Hierarchy. Maslow produced his second hierarchy just after I'd done mine but

Spectrum of Value Addition

	Cognitive Level	Need Level
VIOLET	Imagination	Purpose/inspiration
INDIGO	Meaning	Aesthetic
BLUE	Conceptual	System fit/authority
GREEN	Pattern/relevance	Status/recognition
YELLOW	Perception	Fashion/interest
ORANGE	Sensation	Ease/efficiency
RED	Recept	Physical

it's very similar. He is a famous and knowledgeable person however and I didn't know branding much in those days. So we're talking about how we engage people at different layers.

**Abraham Maslow developed the Hierarchy of Needs model in 1940-50s USA, and the Hierarchy of Needs theory remains valid today for understanding human motivation, management training, and personal development. Indeed, Maslow's ideas surrounding the Hierarchy of Needs concerning the responsibility of employers to provide a workplace environment that encourages and enables employees to fulfil their own unique potential (self-actualization) are today more relevant than ever. Abraham Maslow's book Motivation and Personality, published in 1954 (second edition 1970) introduced the Hierarchy of Needs, and Maslow extended his ideas in other work, notably his later book Toward A Psychology Of Being, a significant and relevant commentary, which has been revised in recent times by Richard Lowry, who is in his own right a leading academic in the field of motivational psychology.*

*This paragraph from Businessballs.com was added by the BSB as further information on Maslow's Needs Hierarchy.

Rocks

Just to illustrate that a product, a brand and a value are almost entirely psychological, let's take something really dumb, like a rock. The table below shows how you can add value to a rock.

Value Added Rock

- RED:** A rock which is at the seaside is useless to you if you are in Sheffield. However if I add value to it and deliver it to you, you might be tempted to pay me a few pennies because it is available to be used perhaps, for hard core.
- ORANGE** If it was large enough and had the required functional qualities, it might get used by someone as a door stop or paper weight.
- YELLOW** If it had an intriguing appearance and I could tell an interesting story about it could be sold for a little money to someone for say, to enhance their fish tank.
- GREEN** It could have rarity value and be ego-enhancing, such as a piece of meteorite that one would have specially mounted or pay a huge price for to be displayed in the place of pride.
- BLUE:** Authenticated, it could acquire qualities, like the Coronation Stone at Westminster and assume the authority of Kings, or the Brutus Stone at Totnes. Or alternatively it could be viewed as a symbol of the breaking down of authority barriers like the pieces of Berlin Wall!
- INDIGO:** For some people it could be presented as aesthetically beautiful because it has intriguing colours or valued for having healing properties, like some precious and semi precious stones.
- VIOLET:** Finally, it could serve a purpose, be it religious like the Holy Black Stone at Mecca, or fire someone's imagination so they see it as a 'pet rock', like the craze that hit the United States of America a few years ago!

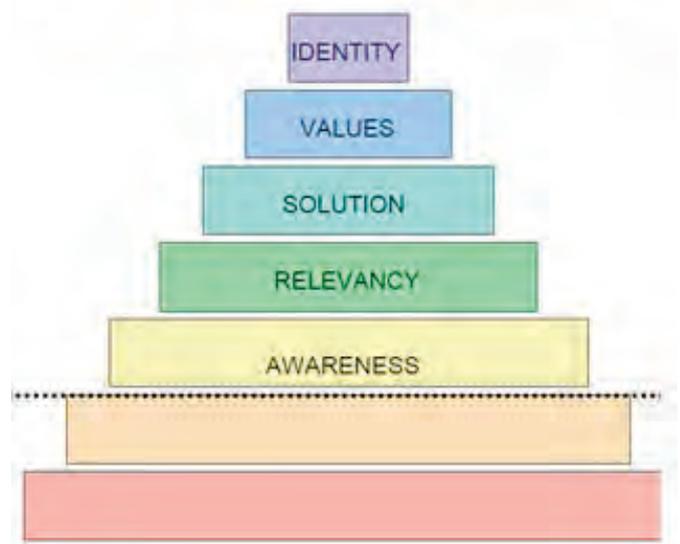
In between, people get more and more and more engaged with the above at different layers of their psychology. An illustration of this is pet rocks - does anyone remember them? Pet Rocks were a 1975 fad which were originated in California by a salesman, Gary Dahl and spread like wildfire to the rest of the country. They were sold on the basis that - here was a pet that didn't need any care or attention but still gave its owner pleasure- this is your rock, take it everywhere with you! Rosarita Beach Stone, which was a uniform sized, rounded



gray pebble that cost a penny, were sold as the pet rocks. A million rocks, including gift box/carrying case and instruction book, were sold for \$3.95 each in just a few months. Gary Dahl made a fortune!

We think then in branding of different layers of the person being involved, as below. I haven't labelled the bottom two because they take an awful lot of explaining, but they are below the sort of quasi-consciousness level. These are how people behave and act, and you've got a kind of brand when they do it, it's to do largely with availability and where they put their hand, how it feels when they pick it up. But when most researchers go out and say, 'do we have a brand,' they start with, 'are people aware of it? Have you heard of it?' It's very fickle. All of us are acting most of the time without awareness of why we're acting that way, what we're thinking, why we've come to how we've come to think that, where we're going. We are perhaps intentional but we don't have very good insights into ourselves. A lot of my work throughout my life has been about helping people have those insights, helping them develop.

The Brand Pyramid



When it comes to a brand then, this is the first level and a certain number of the people you research will have 'awareness'. A smaller group will have a higher engagement. They say 'oh yes, that's relevant, yes, I would use that.' They're taking another layer of their personality to be involved. An even smaller group will tend to say, 'yes, I use that because that does exactly what I need to do, it fills that gap.' They see the system value of the product. We've heard about values today a little bit, a smaller group want that product or service because it shares their values. Think of value advertising by United Colours of Benetton. They use the most atrocious photographs in their advertising, or at least they used to, and people identified with it, 'it's my kind of value'. It's very, very strange but it works. So buying into a value level of human psychology, it's a high level. A smaller group still identify the product, 'that's me', these are the people that buy it all the time.

Now, when it comes to promotion or improving the sales of your product, you've got a multiplier, you've got a group and you've got their spend, and you can work out your sums. Where will you put your effort? Will you put your effort into turning more of these people who are aware into people who see it as relevant? Will you turn people who share values into identifying the product? How will you shift the minds of people? There is not as much awareness of this kind of differential process as I think there should be. If you throw promotion money at the product it's just shotgun nonsense. If you link with the particular lever you want, because each of these efforts is a different kind of effort, you'll that see mass media is essentially dead, at least amongst younger people.

Building & Sustaining Brands

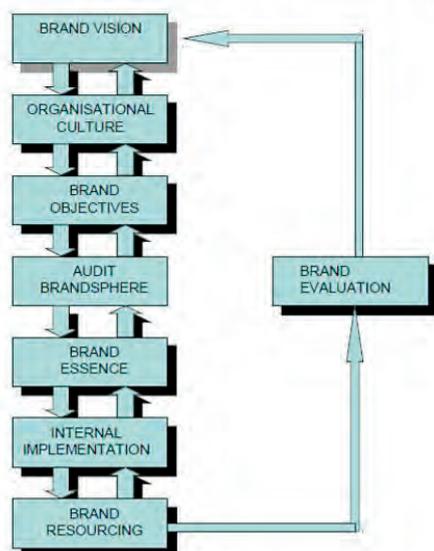
Violet	Brand vision
Indigo	Organisational culture
Blue	Brand objectives
Green	Audit brandsphere
Yellow	Brand essence
Orange	Internal implementation
Red	Brand resourcing

Source: de Chernatony 2001

So when we come to building and sustaining brands, we are basically taking a trip through the human mind and we are going through what becomes an organisational process to develop a brand vision, to ensure that the culture, your own corporate culture is parallel, is appropriate, is congruent with your brand vision because if it's not, you will look like you're conning people. That might have worked when they couldn't get hold of you and they couldn't share information about you on the web, it's not going to work like it used to. You've got to have a match between the organisational culture and values and the brand vision and values. Richard Branson often employs psychologists to come in to get those things working together for example. The John Lewis Group normally have this very strong cultural back to their values, but now and again a driver making a delivery may say, 'oh, this company doesn't care about anything.' What?! Suddenly you've got a breakdown from someone in the organisation who's in the frontline which you can't afford to have!

You've got all the other brands going on. What's happening in the brands sphere? You've got a message, the shorthand, the perceptual title for that brand; what does it mean? And we could play games, couldn't we? I could throw out products and you could come up with catchphrases or whatever to shorthand brand essences, both for firms as well as products of course. And we work it down through internal implementation and brand resources. So this Brand Vision to Reality diagram could be familiar to many of you I hope.

Brand Vision to Reality



This is another way of looking at it as a repeated cycle working in both directions; and this particular diagram quite well reflects a diagram I use to illustrate the human mind. Interestingly enough in exactly the same way we can position, we can shift people and markets, we can make obsolete. So if you're trying strategically to position your product or company or whatever, you can also mis-position your competition. This is quite evil stuff, but it happens automatically. So for example, things become obsolete. Do you

remember the thing on real fur some years ago? It went out of fashion because the campaigners against using real fur put blood on furs worn by beautiful models and photographed them to give adverse publicity to the trade. So they managed to do that very well and no one now wants to be seen wearing a dead creature's skin. That's changed a little bit - it never did work quite so well on the Continent. But the aesthetic values, the pressure sort of values that were involved, made the fur trade pretty well obsolete in the UK.

Spectrum of Obsolescence

	Need Level	Factor
VIOLET	Purpose/inspiration	Purpose disappears
INDIGO	Aesthetic	Values change
BLUE	System fit/authority	Technical/system change
GREEN	Status/recognition	Exclusivity lost
YELLOW	Fashion/interest	Fashion changes
ORANGE	Ease/efficiency	Improvements
RED	Physical	Supply reduced/lost

When the East/West German border came down, an industry went out of business; it was the Alsatian dog breeding industry. It was vast, had all these dogs all the way up and down the borders, suddenly it disappeared. So there are many things which can literally become obsolete overnight. If you understand what it is that makes something obsolete, you've got tremendous power for positioning your products. Something that's going to be obsolete fairly soon is Aspartame, anyone use it in their products? Its poison, the message is out. It only got into the American system because Donald Rumsfeld made it the price of his entry into Government, and he was going to enter into Government. It was absolutely, it's neurologically toxic, and the British authorities just rolled over and said oh, America said its okay, we'll do it. But Aspartame is terrible stuff. That message is going to get out, if you've got it in your product, watch out for it.

NB In the light of the speakers comments the following paragraph from Wikipedia has been added by the BSB to give more information on the safety of aspartame.

The safety of aspartame has been the subject of several political and medical controversies, Congressional hearings and internet hoaxes since its initial approval for use in food products by the U.S. Food and Drug Administration (FDA) in 1974. A 2007 medical review on the subject concluded that "the weight of existing scientific evidence indicates that aspartame is safe at current levels of consumption as a non-nutritive sweetener".[3] However, because its breakdown products include phenylalanine, aspartame must be avoided by people with the genetic condition phenylketonuria (PKU).

So basically not only can we create a product and add value and design it, engage with people, understand it but we can position it. And remember we're talking not just about products but about any branded thing, which can be a person, more likely a firm. Here's a warning; people do now fabricate themselves from brands, and you're left inside with a hollow person. A person who's wearing this designer coat or whatever, think he or she is going to have the properties that the advertising tells them they will have but they end up being a nothing inside brand names. So it is a problem in society.

The psychology of deals Deals are 100% psychological. They're about things you identify with being swapped for things other people identify with. It's about what you're prepared to relinquish and swap. I won't go into it in depth, but it's a very, very powerful psychological game. It leads to the entire nature of business. Business is not done by animals, it's not done by rocks and trees - it's done by human beings. Business comes out of the nature of human minds and that's why business, when you really look at it, has the characteristics of the human mind.

Business Organisation

The fascinating world of the marketplace and free enterprise, capitalism, all this sort of thing, all that stuff looked brilliant and people are expanding; the unseen hand of Adam Smith that organised things. This was a wonderful vision of what we call complex systems nowadays. The idea ended once you created a firm. Somehow all that negotiating dynamics stopped when it came to a company and inside, the company was run in a totally different and inefficient type of way. But it was run that way because the individuals who created those firms designed the firms in their own image. If they were a controlling type, they would design a control top-down tree-like system. If they were bureaucratic in psychological nature, they created bureaux all over the place. So the design of our organisations end up being pretty inefficient, but reflecting the psychology of the originators and then others who joined in and then modified it slightly over the years. But they were not ideally designed.

Civilisation

Something's gone wrong



I should point out that most of us were all very happy with civilisation until fairly recently. Things seemed to be getting better year after year, didn't they? Then something started going wrong. Here's a few above: Bernard Madoff, top left, the late Kenneth Lay of Enron, bottom left, Fred Goodwin, RBS, centre, Tony Blair top right and Gordon Brown, bottom right (person centre left not identified, BSB editor). In March 2009, Bernard Madoff pleaded guilty to defrauding thousands of investors of billions of dollars. There's an interesting video on the web taken prior to this where he's avuncular and he's asked the question 'could anyone cheat in the finance circles'? And he said, 'no, I don't think anyone could get away with that kind of thing nowadays. There are so many checks and balances.' And you believe him, he's so reassuring!

Do you remember the American actor George Burns? He was once asked the question 'how do you succeed in Hollywood'? And the answer he gave was, 'Sincerity is what it takes to really get on in Hollywood and if you can fake that you've got it made!' And he's dead right. In America they have a thing called perception is reality. Well, not quite right, there are other layers that give people the sense of reality.

Going back to the 'Something's gone wrong' slide, have you noticed that people have become angry in this country and throughout the United States? They are literally talking about revolution again in the United States if you go and listen to the right people, not to the corporate, they wouldn't like to tell you that. But the underlying energy is very, very rebellious and angry. Something has gone wrong. That's why we're now fed up with fake brands, brands that we're told are healthy and good and underneath they are not.

Wholefoods

I was in the wholefood business with my wife years ago. We were pioneers of it at the beginning of the seventies and delivered to several hundred outlets mostly from Birmingham down to Cornwall. However we noticed in the health food stores we delivered seemed to be filled with emaciated looking people. It wasn't a very good advert for healthy wholefood products. Our own people were well fed, happy looking and healthy, but it was very strange that the health products and the people were not congruent!

Authenticity

- An authentic person is one who's inside and outside are congruent.
- The person's thoughts and feelings are consistent with his/her behaviour and personality
- An authentic company has a culture – language, values-in-practice and mission that is congruent with their value offering

You might ask yourself as a little exercise what is the predominant metaphor in your company. Is it the sports metaphor, competitive metaphor? Is it the war metaphor of attacking, capturing, making killings? Is it the cookery metaphor of baking and producing and enhancing? Is it love, like Ben and Jerry ice cream? Acts of wanton beauty and some very nice stuff. What is the metaphor?

Role of Language & Metaphor

- Language reflects and directs mental processes
- Metaphor 'tunes /locks in' mental models and constrains rationality
- Mental models specify common sense & underlie rules
- Choice of metaphor is critical to shaping of fitness/attractor landscapes
- Change of language needed to change social systems e.g. AND not BUT

People don't take enough account of the metaphor, it's very powerful. So basically one of the processes we do is we take the core values and beliefs, we turn them into behaviours, what kind of behaviours would illustrate that, create some formal system to back that up? We produce role models, key performance indicators, training specifications, continuous customer feedback, and basically you can install a congruent kind of organisation to meet your requirements.

Living the Brand

- Core brand values & beliefs
- Behaviours reinforcing brand vision
- Development of competency framework
- Top role models (executive coaching)
- Key performance indicators
- Training in specific skills
- Continuous customer feedback

When the people believe, because that's the problem of changing anything, it is buy-in. Well, we know that people believe at different points. You all know people that believe the guy down the pub because he had a drink with him and he seemed a reasonable bloke and he said such and such was so, therefore it is so. But there are seven, perhaps eight different ways of buying into belief. And there are a number of ways in which people resist change, resist changing their minds, resist changing their behaviour - if you understand them you can deal with that. By the way, if you understand this, it's great sport watching politicians and businessmen and everybody else; it makes life far, far more insightful and interesting. So again, this is just to give you a sense of what psychology is able to do, because it's

spent a hundred years checking it out. Sources of power also come out of this same human psychology. Cultural web, these are all congruent models, all seven fold models that all reflect each other and the way we change and modify, evolve organisations.

When do people believe?

When they:

Violet	Find it inspirational
Indigo	Feel it is meaningful and appropriate
Blue	Find it is rational and systematic
Green	See personal relevance e.g. rewards/punishment
Yellow	Perceive what is required
Orange	Do not take offence and friends generally accept it
Red	Do it

Let's come to marketplaces then. They failed in many, many ways. They failed because they changed. We're now in the attention economy. You heard about the information economy, I don't believe it. The attention economy, an economy is based on things that are rare, that you have to compete for. Information is easily duplicated, it's vast. What is rare is people's attention. Getting attention is the most precious thing, that's the effort. How do you get people on a web, how do you get people to your website? Well, we're experts in SEO, so we have the number one ranking on Google worldwide for reputation building, put it in, it's one of our people. The website's rubbish but we get number one there, that's got to be attended to next. We know the technology, number one out of what? Many tens of millions, a hundred million sometimes. But it's far more than that. Where will you find people's attention? You've got to know the psychology, so it's an attention economy and that's missed out by a lot of people.

There's been a sense of double cross then. Here is a statement by Sir Alan Budd, who was recently part of the Government for about three months and he set up the rules, he's now moved away.

The Double Cross

"Rising unemployment was a very desirable way of reducing the strength of the working classes.

"What was engineered - in Marxist terms - was a crisis in capitalism which recreated a reserve army of labour and has allowed the capitalists to make high profits ever since."

Sir Alan Budd, Margaret Thatcher's Chief Economic Adviser
Chairman of the Office for Budget Responsibility, 2010
Source: Christian Parenti (2008), *Lockdown America*

Alan Budd put his finger on it. Back in the eighties you may remember there was a great confrontation with the unions; they managed to push down wage levels at that point and keep them down. Now that's very significant. If you're a business guy and you're looking at your profits, that's a great idea. Who wouldn't? Except it has a consequence. Here we have productivity, here we have wages. You can see that in real terms wages have been held down. Productivity has continued and the justification for that is global markets and a whole bunch of other things. The interesting thing though is this widening gap. That widening gap is the source of almost all our current crises. Because here basically you're selling stuff up here, down here you've got the ability to buy. If wages are forced down relative to productivity you create a gap in the cycle of purchasing. You no longer have the people affording the production on a big scale. You have to fill that with something, and they filled it with debt.

How many of you enjoyed seeing the house prices go up? They didn't go anywhere; money came down. How many of you enjoyed that sense of things getting better every year? Well, wait till February. February's going to be doom and gloom in this country. The third

week in January's always doom and gloom anyway for people. It's the most dangerous point of the year for human psychology, because the fun of Christmas has been and nothing's happened, and they've broken up with their relatives and their marriage is tatters and they've got the bills coming in. Well, it's going to be 20% VAT, it's going to be job losses, it's going to be new taxation rules, it's going to be very, very painful. Maybe, just maybe a good Christmas because you've got to beat the VAT, haven't you? But this gap was filled with debt.

Ravi Batra is a very highly regarded Professor of Economics. He has predicted a lot of things that have come to pass, like the Soviet. He has come up with definitive figures and argument for the debt crisis being the price we've had to pay for this divergence of wages and productivity.

Wage-Productivity Gap & Debt

Each time the wage-productivity gap goes up, the economy will contract because of overproduction. What they did was come up with a scheme to create debt in the economy because, by creating debt, they could raise demand to the level of supply.

Dr. Ravi Batra (2009): *New Thinking on the Economy*
Professor of Economics, Southern Methodist University

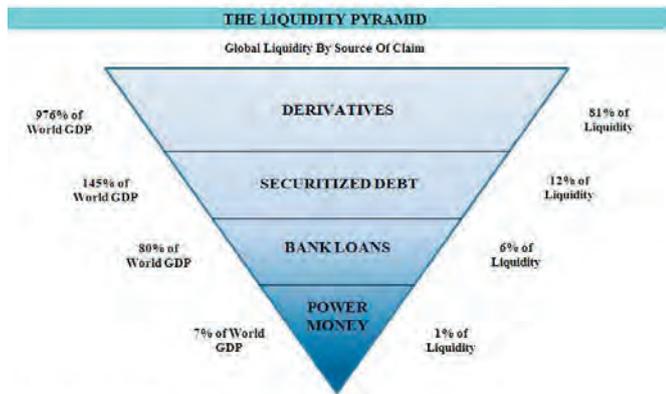
This is a wonderful picture I saw, that's Greenspan and Ben Bernanke if you don't know them. This is just to flag up some of the things that are going on. I said that money is totally psychological - 1971 the American dollar was taken off the gold standard.

Psychological Basis of Money

- In 1971 the dollar was detached from gold
- Money ever more abstract psychological game
- More money is being destroyed than can be printed – deflation rules
- In 2010 only 1% of gold exists to back gold sales
- Crisis unavoidable



Since then there has literally been no fixed point for money whatsoever, it is 100% psychological. The production of money is largely vested in the Federal Reserve Bank, which is a private bank, you and I are not allowed to know who owns it. We do know some of the owners but you're not allowed to know. It's a private bank, it's portrayed as though it's state owned but it's not. And they have been creating trillions, literally by saying it's fiat money, it's all debt, nothing productive behind it, it doesn't match GP, doesn't do anything; it's all tragic debt. This is what's going to hit us because of the way money builds up. It builds up from things like coins and stuff and it comes the most abstract stuff called derivatives and other kinds of products at the top end; that's what's collapsing. It's collapsing so fast we're in for a mighty deflation. It can't be made up by printing money. One of the little crises we're going to see kick off probably in Britain is the gold crisis. You think when you buy gold bullion, you can have it delivered but mostly people leave it in a vault with their name on it. Nation states and other big buyers have this stuff. The only trouble is they started to treat it with what they call a fractional reserve psychology. In other words they've sold a hundred times more gold than they have. There are a few people in the world woken up to that and they're saying we want our gold. This could collapse at any moment. Imagine selling a hundred times more product than you have. This is physical gold, not gold futures or anything. You're talking one big crisis.



Source: Independent Strategy

Here's an idea of the derivatives. You're talking about a quadrillion dollars' worth of stuff up there is vastly more than the entire world GDP, it is a problem, it's collapsing, it's all psychology. 2007 I did a presentation to a university called the Perfect Storm, we were the first I know to use that term after the film. And they decided I'd become a soothsayer, because we said what was going to happen and within the year it did, the collapse. Everyone who wanted to know could see it coming.

We are talking about business psychology, and we're saying that there's a tremendous amount known, available. It's fascinating for personal development, company development, product development. It enhances all those things that you do on a daily basis, working as an executive or creating brands or developing products. Business psychologists like me take you through or will take you through these kinds of processes; the idea is to have efficient effective firms, products, people, and happy customers. It's the ideal story really, but we're taking a more scientific approach to it than the old sociological approach.

Business Psychology Approach

- Analyse the value added nature of product
- Develop match with consumer profile
- Identify market position
- Engineer the product for closer fit
- Identify core values etc
- Identify appropriate behaviours
- Train and reinforce behaviours
- Make sure everyone is happy

So what can you do? Well, you can run through these things. I've heard enough today to know that many of you are pretty good at checking out how your customers see you; that's the starting point. In psychology the first thing we do is how do other people see me, how do other people see you? So business psychologists like me can take you through these processes and help you get there. I start normally with a one-to-one, often executive coaching type work, very deep stuff. I ask you do you want the red pill or the blue pill.

WILL YOU TAKE THE RED OR THE BLUE PILL?

- 
 - Spectrum Theory is a fractal theory of psychology and the construction of reality
 - It integrates cognitive & social psychology & more
- 
 - It provides proven insights & methods for practical business
 - It helps people wake up to their potential and function at a higher level

If you want the blue pill, we can keep it going. If you want the red pill, I'm afraid we share some very shocking stuff, and very often that's necessary. Shocking stuff meaning what is really about to happen and what is really going on - the inside stories, all the fascinating stuff that you could write novels about, the ones I wouldn't read if I did write them. It is very, very worthwhile. It's an investment in your own psychological life, it not only works in your business, it works in your private life, so it tends to be an all-round winner. Red pill or blue pill? It's up to you if you really want to know what's going on. I've covered a lot on the subject but delivered only a tiny amount. Thank you very much indeed for listening so well, your attention was invaluable.

Sessional Chairman Peter Jones

Thank you Kevin for such a wide ranging presentation, you've made me realize how little I know. We do not have time to take questions now but delegates can raise any questions they have with you over lunch. (Applause)

BSB Chairman Keith Houlston

Thank you very much Peter for doing a superb job as sessional chairman this morning. Our next sessional chairman is David Powell. David is a BSB member and has inspired many people with his success during his career in the baking industry. It was encouraging to hear David relating stories on baking to the bakery students at their annual conference this year, which were very well received. David is the Immediate Past Master of the Worshipful Company of Bakers and is the Vice President of ABST. David has been very helpful to me over the past few months, which I fully appreciate and we are delighted to have someone of his stature to be our second sessional chairman, ladies and gentlemen David Powell.

Sessional Chairman David Powell

Thank you very much ladies and gentlemen. It gives me particular pleasure to welcome our next speaker, Ted Rich, who is Managing Director, UK and Europe, for Rich Products. For reasons of transparency I would add that he, or at least his company, made me the happiest man in Britain when they bought my baking business in 2005. Ted is the third generation of a very large family business that supply the cake baking trade in over one hundred countries around the world and there is probably no better qualified person to talk to us about 'Cakes around the World'. Ladies and gentlemen, please welcome Ted Rich.



Cakes from Around the World Ted Rich



I am honoured to speak with you today and I'm hoping that I can share a few stories and show a few pictures that will be helpful to you as an industry here in the UK. I am going to take you on a tour around the world in about thirty minutes. It's going to be brief, it is going to be a fairly high level, but I'm hoping that you will be able to take a few things that you will be able to apply to your businesses. I'm going to take you through a few different markets

that I had the opportunity to speak with over the last two weeks, such as Asia, parts of Latin America, Mexico and Brazil, a little bit of a tour through the US, in Czech, into Russia, and maybe a little bit of South Africa to boot. I want to give you a glimpse into what's happening around the world in terms of cakes. There are some things that I think are pretty fascinating when you take a step back and look at them and perhaps there are a couple of things that you'll find interesting for your businesses. Just to take a step back. I'm not going to do a big thing on Rich Products. We are a family business, much like many of you. My grandfather started the business sixty years ago and I am proud to be a third generation of the business. We operate in close to one hundred countries - I think we just hit a hundred this year, and we're very proud of that. We've got about 7,000 associates in our family of associates around the world, helping customers in many, many markets. So I'm very proud of where we've been and even more proud of where we're going to go to as a business.

We're going to really just look at the role of cakes in various parts of the world. I'm going to share a little bit of the trends that are happening on a regional basis and also globally; and then share some conclusions. The methodology that I took was I had a telephone conversation with a few of our Rich family of associates, I had about seven interviews, there were about twelve countries represented, and a lot of years of experience came through on the phone wires.

Asia

We're going to start with Asia. When I spoke with Asia I actually talked to somebody who represented Japan, China, India, Taiwan, Thailand, and South Korea and Hong Kong. So there were some really interesting things that I heard and saw here. What you're going to see in the presentation is very consistent, the role of the cakes in the case, market nuances and then I'm going to show one other slide here which is going to be about what are the influences in these

markets, and then what are the trends; so very, very consistent. What you won't see here is consistency in the data necessarily, although I think you'll be surprised by a couple of things that I've pulled out here. So in terms of the role of the cake in the case of Asia, no matter what market, there was this concept of destination. Cakes

- Role of Cake in the Case**
 - Reinforces **destination**
 - Cakes help **position** cake shops/bakeries as premium, mass appeal, economy
 - Key driver of **Profit** – approximately 50-70% GM vs Bakery at 30-50%
 - Cakes as **gifts**
- Market Nuances**
 - Level of decoration is exquisite
 - Cake shop presence in China, Taiwan
 - Packaging is very unique and higher end appearance
 - Ingredients used – seaweed, jellies, sesame, fermented rice

Japan China China

are really reinforcing the in-store bakery or the retail bakery as a destination point. In fact a lot of the retailers when you looked at the cakes, they actually used that range to classify themselves, whether as a premium position in terms of branding, or maybe more value driven. So the cakes really had a very important influence.

- Influences**
 - Europe, Japan and Taiwan
 - Media: Food Shows on television, internet
 - Travel
 - Suppliers
- Trends**
 - More Single Portions
 - Smaller Portions
 - Lighter cakes
 - More contemporary/higher end designs
 - More Fruit incorporated into cakes

Mousse Cakes China Mochi & Daifuku in China Mousse Cakes China

Profit, decoration and packaging In Asia, cakes deliver a lot of profit, about 50% to 70% gross margin in most of those markets. The other interesting thing is that cakes in China, Japan and many Asian markets are a really important part of the gift market. Gift products in Asia markets are incredibly important and one of those cultural nuances. It's not just about the product, it's about the whole package, it's how it's all put together and presented, really creating that special moment, that gift. The level of cake decoration in Asia versus other parts of the world is really just exquisite. I don't think I've ever seen any level of detail and decoration like I have in Vietnam for example and you will see this in the illustrations. They are almost sculpting these beautiful creations, making it come to life. It's an art as well as a science - just very, very exquisite.

There's a huge cake shop presence in China and Taiwan. When you look at some of the places where cakes are sold, in-store bakeries are strong in some parts of the world, in China very, very strong cake shop presence. And it'll be interesting to see how that evolves as some in-store bakeries really start to take off in areas like China. As you will see in the illustrations, the ingredients interesting, including seaweed! I'm not exactly sure I'd be lining up for a seaweed cake, but apparently they have health benefits. You will see jelly in some of

the pictures. Jell-O we call it – it's a very American thing, 'watch it wiggle, see it jiggle.' I could sing some Jell-O songs but perhaps not! Jell-O is incorporated into cakes in a different kind of way to what I've seen in any other market.



When I speak to my Asian friends they talk about the strong influence of Europe in food. What they're seeing is Japanese chefs going to Europe and being trained. They then take a lot of ideas and trends from Europe back to Japan with them. Taiwanese are very influenced by Japan and are bringing a lot of the trends into Taiwan, and many Taiwanese businessmen also have cake shops in China. So there's this flow of information and trends across Asia that all originates from Europe. It's a fusion of Western and Eastern cultures and is really a very dynamic environment. They also talk a lot about other influences in terms of media, the internet, food shows. There's a lot of energy and passion around food and the electronic media is having a lot of influence, making people ask for products that they haven't seen in the markets before. People are also travelling a lot more, and they're bringing these ideas back. Whether they're consumers or business people bringing ideas back it makes it a very dynamic market.



Other trends are:

- Single serve portions (smaller cakes). I think what's happening here as well. Partially for health - smaller portion, less calories and partially about cost
- Lighter cakes - there was this whole discussion of lighter, and I think that again becomes about mousses and aeration. I think it's again about that healthier, that smoother indulgence, but with some sort of health halo to it.
- More contemporary higher end designs. It's not about necessarily the heavy topping decorations you might see, it's about the way the cake looks, it's about higher end quality ingredients, and it's about the presentation.

- A lot more fruits are incorporated into Asian style desserts. This is a trend that they've been watching happen for the last few years, and it's continuing, and I think it also has to do with health; so interesting stuff here.

In the pictures you can see some mousse cakes, which are again lighter and perhaps healthier for you. Also Mochi and Daifuku cakes from China. You will also see some of the packaging in the pictures; much of it reinforcing that the whole cake can be a gift. You will also see moon cakes - these happen to be cakes that support the moon festival in February. See how Chinese cakes are incorporating jelly in their filling - they're actually cubing the Jell-O, very colourful Jell-O, and incorporating it into the layers with the cream. Essentially the presentation is about colour, texture and presentation. This is very different, has anybody seen anything quite like this before? One last piece on Asia; it is all about creating those special moments and those occasions where people will give cakes as gifts. So you can see what operators are doing to reinforce those special occasions with some really great marketing going on.

Latin America

Let's talk about Latin America and Mexico. We're going to start with Mexico and then we're going to go to Brazil after that if that's okay. Once again, we're reinforcing the cake and the in-store bakery as a destination point. Most of the cakes are sold in in-store bakeries;



cakes drive people into store. It is all about continuing to reinforce the theatre of the in-store bakery and the importance of it, and it is making money for them. Latins don't get together with their families or with friends without bringing a cake. We love that, it's just fantastic. But it's a real emotional connection with cakes that I see in Latin America, specifically in Mexico.

You will see photographs and descriptions of the cake in the illustrations, such as the Fiesta Quinceañera for a celebration when a girl is 15 years old - it's a little bit like a Bar Mitzvah but for girls. You will see gelatin cakes with edible flowers, the sales of which are growing rapidly. It is about health, with less sugar and no fat. Some trends and influences follow:

Influences

- United States & Europe
- Consumers travelling more
- Media – cooking shows, internet
- Restaurants influence

Trends

- Consumers becoming more sophisticated - travelling more, influenced by cooking shows, internet
- Single Portions on the rise
- Smaller cakes – more price sensitive in recessionary times
- More contemporary cakes being offered
- More fruit – exotic flavours like passion fruit, mango, berries
- Combination of flavours, textures – smooth and creamy with crunchy, Jelly
- “Healthier for you” options – reduced sugar, fruit

Restaurants also have an influence, like a lot of markets. A lot of bakeries look to the white tablecloth to see what's happening, and they take ideas and apply them. Much like Asia, single serve is on the rise here as well. The way that my friend in Mexico tells me, it is definitely economy driven, they are having challenges with price points, so many retailers are coming up with products that are less of a price point to help them through the economic challenges. It's also a little bit of health, but probably more on the economy side. You also see some more contemporary cakes being offered, a little bit less cream, again a little bit more European style. They're also seeing some more fruits, some exotic things as they identify passion fruits, mangos and some berries. They also talk about flavours and textures; you're seeing a lot of different desserts that are varied textures, creamy, crunchy, a lot of different things going on there.

Brazil I think again much like Mexico and some of the other markets; you see that cakes are a very important part of turnover, in terms of in-store bakery. They also see it as an opportunity to drive impulse buying. They display cakes in places where they believe that they can get sales from people who have gone in to buy something else. Operators are definitely dedicating more space towards cakes and desserts there's definitely this higher end cakes, higher quality ingredients. In some markets, for example in Latin America, it's about cake by the kilo. And what I'm seeing actually here and in other markets is they're moving away from being sold by the weight, and it's being sold with higher ingredients and higher qualities. It's not just about the weight of the cake, it's about the way the cake looks, it's about the fine ingredients that are used. Also seeing smaller portions - again you're starting to really pick up some trends here, and some mousse based desserts, much like we saw in Asia

United States – as you will see in the following illustrations, lot of the focus is on celebrations, a lot of in-store bakeries put a lot of focus behind the celebrations, the seasonal celebrations, and it's an important part of the offering in the in-store bakeries.



United States of America

- **Influences**
 - Media, Cake Shows on Food Network like Ace of Cakes and Cake Boss
 - Foodservice trends into bakery
 - Global cakes no longer seen as Ethnic
- **Trends**
 - Decorations becoming more contemporary, less bright colors and shell borders
 - More flavor fusions of cakes and icings – berry cake & lemon icing
 - Smaller sizes and portions (5" on the rise) – price point, smaller family sizes
 - Split layers



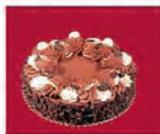


Czech Republic Let's move to the Czech Republic, so we're going to look at Eastern Europe and Russia. This one is really interesting, when I talked to the folks in Czech about this they say, 'Ted listen, if you're going to talk about cakes in Czech you've got to understand the history. Cakes are about history. In fact they said that the first cake shop opened in 1501! A couple of other dates they mentioned



Eastern Europe: Czech Republic

- **Role of Cake in the Case**
 - Has changed over time....communistera (standardize cakes) vs today (rebirth of cakes)
 - Profit - Gaining importance in bakery industry, rebirth of patisserie/cakes in Czech
 - Every village has 2-3 patisseries selling cakes
- **Market Nuances**
 - Moving from Soviet mindset to free market artisanal





Traditional Cakes in Czech

- 1920, very fashionable to be seen if you lived in the Czech Republic in patisserie shops enjoying treats. 1948 - Communism, a really important mark there, it was all about standardisation of cakes, no competition, everything must be the same; really very challenging



Eastern Europe: Czech Republic

- **Influences**
 - Austria, Italy, Germany, France, Asia
 - Availability of ingredients
 - Suppliers
 - Internet
 - People travelling more
- **Trends**
 - Changing from cake by the weight to higher quality - lighter, healthier - lighter bases – more mousses
 - Cakes as gifts on the rise – gift boxes
 - Smaller Portions
 - Higher quality of ingredients





European New Trendy Cakes in Czech Single Serve

times for a patisserie shop. And then in 1989 was this rebirth of the artist in bakery, there were all these new ideas and the end of Communism and it was all of a sudden this move from cake by the weight to more upscale, finer ingredients, higher quality products. So a real interesting shift that happened that started in 1989 and probably is still happening today. In the illustrations below you will see the influences and trends.

Russia - this is once again about destination, it's about profit. The nuance here that I thought I would share with you, when you go through some of the stores in Russia, what was interesting to me was they were less about the retailer brand and the in-store bakery for cakes, it was actually cake companies almost as consumer branded companies as their own cakes in there; and there was a tremendous amount of space dedicated towards it. This was different to me and I think the way I understand it, retailer brands are gaining in importance, but there is still a heavily branded approach to cakes in Russia. In the illustrations below you will see the influences and trends.

South Africa - you will see here again similar stories in the illustrations. The difference here is probably again very strong, seasonal promotions. One of the nuances here with cakes in South Africa is actually the role of cakes during funerals. Funerals in parts like Soweto are opportunities for those consumers to actually spend much bigger amounts of money, it's a big celebration of life and cakes at one point were the main consumption occasion, during funerals, so again very. What you see here is this classification of tiers, upper tier cakes being higher ingredients and more value driven. So the retailers there are very cognisant about how they create cakes for the type of clientele that they need to go after. In the illustrations below you will see the influences and trends.

RICH'S South Africa

- **Role of Cakes in the Case**
 - Very Profitable – 45-50% GM, typically in the top 3 categories for In-Store Bakery
 - Customer expect and demand cakes in store
 - A cake for every socio-economic group in So. Africa
 - Drive traffic in store during seasonal promotions
- **Nuances**
 - Cakes are an important piece of funerals, an event that most black South Africans spend a significant amount on that involves family and in many cases neighborhoods
 - Heavier Cream Cake Market
 - In-Store Bakery Cake Programs

Upper Tier Mid Range Value

So what conclusions can we draw from all of this?

1. Cakes are becoming more sophisticated.
 - More European influence.
2. Cakes and Desserts are Getting Smaller!
 - More Single Serve Portions &
 - Cupcakes too!
3. Cakes & Desserts are Getting Lighter and More Fruit....
 - Less focus on per Kilo more on Quality.....
 - More mousse cakes and fruit topping
4. The World is getting Flatter and....
 - Trends are spreading.....
 - Consumers are asking for innovation from around the world!
 - Stay open to new ideas...try new things!

So that is it. There's a lot of information here, there's a lot that I didn't talk about. As a company we are proud to be supplying to many of the operators in all these countries, helping people build cake programmes with our products. I appreciate the time and thank you very much for listening.

NB It has not been possible to include all Ted's PowerPoint slides but they can be viewed on the CD which should have been included with this copy of the conference proceedings.

Sessional Chairman David Powell

Thank you Ted for a fascinating talk and I'm absolutely exhausted having being around the world in thirty minutes. I'm also hungry having seen so many delicious cakes. Just before we break for lunch are there any questions?

Question: *Sylvia Macdonald, Croydon*

Do you notice over here a difference in flavour? Do we in Britain like things slightly less sweet than our Asian or American counterparts?

Answer: I've heard a lot about that since being over here, and being here for a year I think there are certain items that you expect would be less sweet, there's no doubt about it, and yet there are certain items where there is a very sweet application versus what I have seen in other parts. For example we talk about cakes, and sugar paste actually I think is a very sweet item and yet in some markets the toppings that they use for icings would be considered very very sweet. So yes as a whole, probably a little less sweet.

Sessional Chairman David Powell

Since there are no more questions please show your appreciation for Ted's paper in the usual way. (Applause)

Sessional Chairman David Powell

When I introduced the last speaker Ted Rich before lunch I said that he had made me the happiest man in Britain. However the Worshipful Company provided me with my proudest year to date when I preceded the next speaker as their Master. I am very happy to introduce to you David Goddard, current Master of the Worshipful Company of Bakers and he is going to talk to us today about an organization founded 855 years ago and which is still relevant today and is doing to remain relevant. David Goddard.



An Update on the Worshipful Company of Bakers by David Goddard

Thank you very much indeed for inviting my wife Claire and me to your conference, which we are thoroughly enjoying. Thank you too for giving me the opportunity to tell you a little about my Company. The Worshipful

Company of Bakers of the City of London, to give it its full title, is an ancient City Livery Company, a trade guild that for centuries controlled the bakery business in the City of London. Somebody suggested to Claire the other day that the Company was a sort of medieval trade union but that was quite definitely not the case. The Company comprised not the employees but the owners of the bakery businesses in the City. If you weren't a member of the Company you couldn't exercise your trade as a baker in the City. We claim to be the second oldest of the 77 old livery companies – there are 108 today, 31 new companies having been formed since 1926 starting with the first modern company, the Master Mariners. The first recorded reference to us is in the Pipe Roll for 1155. Only the Weavers can claim to be older as they were first mentioned in a Pipe Roll of 1130. We are constituted as a company by Royal Charter. Our first charter is believed to have been granted in 1307 but the first recorded charter was granted in 1486. Today we operate under the terms of our most recent charter granted by James II in 1686.



The Company regulated the trade through the Court of Halimote that sat four times a year to hear cases against bakers, whether for short weight, adulterated bread – you can imagine the kind of offences that were tried. If the baker was found guilty he might be let off with a warning or fined or put in the pillory. Worst of all, until its abolition in 1297, he might be condemned to be dragged round the City on a hurdle with his rotten loaf tied round his neck subject to the jeers of the citizenry and the target of whatever unpleasant things they might throw at him. The medieval City livery companies were deeply aware of their rights and dignity – such as who had the best place in the Lord Mayor's procession, who sat closest to him on the top table at City banquets. Sometimes it came to fisticuffs in the streets. No doubt bakers had their fair share of fights but I am pleased to say that there are no records of any baker being convicted of affray. In 1515 the Court of Aldermen decided to put an end to such nonsense and decreed an order of precedence for the companies, which still operates today. The order was decided according to money. The richer you were the higher you were in the order. The Bakers are No 19, which is actually pretty senior. In September at Common Hall when we elected the new Lord Mayor the Princess Royal walked several places behind me in the procession of Livery Company Masters. She has just become Master of the Butchers Company but they rank below us being No 24 in order of precedence.

Now a brief word about Bakers' Hall in Harp Lane near the Tower of London. All the ancient companies had a hall where their fraternity could meet both for business and enjoyment. We know very little about our medieval halls but in 1506 we bought the site where Bakers' Hall stands today. A medieval merchant's house was bought and altered to provide a livery hall with an extensive garden that ran down to the river, with a well-house, a bowling alley and benches for repose and contemplation. Alas most of the land was sold off long ago. That hall was burnt down in the Great Fire of London in 1666. A new hall was built in 1675 but was itself burnt down in the last great conflagration in London in 1715. A new hall was built in 1722 but was lost in the Blitz in 1940. The present hall was built in 1963. We have three lovely stained glass windows in the hall made by John Piper, see below, who did the stained glass in Coventry Cathedral. The windows represent the three dreadful fires that have cost us so much over the centuries.



As a City livery company we have always been a part of the governance of the City and support the Lord Mayor. The liverymen of the 108 companies meet in Common Hall on Midsummer Day and

elect the sheriffs, and again at Michaelmas to elect two candidates for Lord Mayor, one of whom is then appointed by the Court of Aldermen as the new Lord Mayor. We support the mayoralty and as Master I have met the Lord Mayor frequently during my year of office. He speaks for the City of London as a financial centre and spends about a third of his year travelling abroad, often at the request of the government, as an ambassador for the City.

The Company's roll as regulator of the trade in London came to an end in 1815 with the passing of the Corn Laws. Thereafter free enterprise became the order of the day. With the loss of its role as a regulator the Company had to find a new role in addition to its part in the civic life of the City. Like many of the older livery companies who either lost their roles as regulators or whose trade ceased to have any relevance in the modern world, such as the bowyers and fletchers, we built up our charitable role. We formed a Benevolent Fund, itself registered as a charity, which has property and stock market investments and gives away much of its income each year.

The Company had always looked after those of its number that had fallen on hard times but after the loss of its regulator role it decided to do more. In 1828 it built a dozen almshouses in Hackney for elderly bakers, and administered them for over a century. However, demand for such accommodation declined after the First World War and the almshouses were sold in 1931. However, we still support the Bakers' Benevolent Society which owns Bakers' Villas in Epping and provides retirement homes for workers in the baking industry. We give them an annual grant, and the Master and Wardens visit Epping at least once a year.

We also support a number of City charities with grants every year – for example the Corporation of the Sons of the Clergy, an 18th



Century charity that supports members of the clergy and their families, the Sheriffs' and Recorder's Fund, which gives grants to prisoners on their release from prison to help them re-establish themselves, and, of course, the Lord Mayor's Charity. This year's Lord Mayor, Nick Anstee's appeal is called Pitch Perfect and is creating a fund to support young people in the most deprived areas of Inner London to learn how to make music and play cricket. However, the main thrust of our charitable work is concerned with supporting young bakers at the outset of their careers and helping them with special training opportunities. We give a number of student awards each year. In May I attended an awards evening at University College Birmingham to present a Bakers' Company award to one of their students. We give financial support for a two day training course given each year by Unifine. We advertise the course and select twelve young bakers to go on it. In the last few years we have funded special short courses for young bakers at some of the most prestigious bakery schools on the continent. In October we are taking 25 mostly young people to the Richemont School in Lucerne, for a three day course in English on decorative breads, marzipan modelling and chocolates. Thirteen of the students have been given either awards or bursaries by the Company, one has been given an



award by ABIM, five have been given awards by California Raisins, and the remaining six are being paid for by their employers. The awards and bursaries cover the full cost of the course including travel and hotel accommodation plus some pocket money to spend in the students' free time. Claire and I will join them in Lucerne, not to do the course but to represent the Company, encourage the students and host a dinner at which we will entertain all those attending the course and the Richemont staff who are giving it.

The Company has many links with the baking industry - about 50 to 55% of the livery are bakers or members of trades allied to baking. Several of us support Baking Excellence. We also support the ABST and have provided a number of Presidents: last year Chris Freeman, this year John Renshaw and next year David Powell. The secretary, David Mizon, is also a member of the Company.

There is a great deal more that I could say about the Company and what it does but I hope that this brief talk has given you a flavour of what we are and what we do. It is a tremendous honour to be the Master this year and one of life's great experiences. We always welcome new liverymen and are especially keen to maintain our historic links with the industry so if any of you are interested in joining the Company please speak to me.

Sessional Chairman David Powell

Thank you for that David. Having gone around the world in thirty minutes before lunch, we've now done 855 years of history in fifteen minutes. Does anyone have any questions for David about the Worshipful Company or its work?

Question: *Jim Brown, Cumbernauld*

David, I just wondered how you, as a Solicitor, got involved with the Company at the very beginning?

Answer: I worked in the City and as I said about little under half of the members of the Company are City based and City oriented, I call us the City side, but some very old family friends had had a family bakery business, they had in fact done what lots of people do, they sold it because their sons weren't interested in taking it over, but they asked me in the seventies whether I would be interested in joining a Livery Company, the Bakers' Company, so I did and it's been great fun and enjoyment. Of course becoming Master you have to learn quite a lot about bakery as well. Sylvia Macdonald here has been jolly helpful, I've been reading British Baker very assiduously for the last three years and David introduced me to the BCA and it has been very good as a non-baker to find out a lot about the bakery business. David last year built up our links particularly with the industry because obviously he is in the unique position to do that. I can't do that, so in my year I've taken the view that I'm building up the Company itself internally, the links between the Liverymen, making sure they enjoy belonging to this organization and wanting to take part in it.

Sessional Chairman David Powell

Thank you very much David for an excellent session. (Applause)

Sessional Chairman David Powell

Anyone who currently walks around a supermarket can't fail to notice that probably the quickest growing section is the 'free-from' area that sells products that are guaranteed not to contain certain ingredients. This has been in response to the rapid increase in peoples' perceived or actual intolerance to certain foods. Archy Cunningham, our next speaker has built and indeed rebuilt, his bakery, to be the market leading supplier to this rapidly expanding sector. Please welcome Archy Cunningham.



Leading the Market in Free-From Bakery Products Archy Cunningham

I'm going to take you through some of the history of United Central Bakeries. I've been there nearly thirteen years and it's been in turmoil quite a bit because we went through a lot of production of commodity products for

the supermarkets, and we also had a major fire. I will talk about how we got into gluten free and the success it has been for us.

UCB was established in 1989 and had five or six small bakeries in central Scotland. It had rapid growth and they soon had 40 van sales, with four smaller bakeries, a large bakery of 100,000 sq ft based in Bathgate, our current premises, and around 240 employees. They got into bed with the supermarkets and we all know that sometimes with supermarkets it's really difficult and they didn't have the infrastructure in place to deal with it. As I have said, they had rapid growth, with a turnover of around £15 million, and unfortunately they were losing a lot of money! I was headhunted by 3i to come in to try to sort the business out.

So I joined in 1998 and looked at the overall structure of the business. I decided to sell off the other bakeries, close a depot in Gateshead and get rid of all the van sales. I decided to concentrate on the supermarkets, because I reckoned that that's where the sales growth would come from. Rather than try to be all things to all men I decided to really just concentrate on the supermarket side of the business. We made naan bread for Asda with whom we had a £5 million contract; we made pitta breads; we made potato scones, so all the traditional bakery products for us. We had a management buyout from 3i in 2002 and took on £4 million worth of debt, a big risk, but later on it did pay off for us, as you will see.

Unfortunately we lost our contract with Asda, with its affect on turnover and production. My daughter qualified as a food scientist and joined us as a young graduate. She said, 'Dad you should get into gluten free' and I said, 'no, it's too small a market', and I was wrong and she was right. She consequently went to Argentina and then Australia and now runs her own business over there and is doing remarkably well. So we went through quite a difficult time after the MBO but the banks were very supportive. We had lost the Asda contract as I have said and I decided to get into gluten free. I also borrowed another couple of million pounds and bought another bakery! I had ten retail outlets at that time, which were really just to help the cash generation. It was a cash generating business so it helped to keep me afloat. I had a £1.8 million overdraft – as you can imagine, my house was on the on the line, my whole life was on the line. But, as I said, risks are important I think in life and business but they should be calculated risks.

Eventually we turned the business round. We were profitable and we were paying off our debt. I then decided, for many reasons, that I would sell the business to Finsbury. They had made a good offer for the business, and so we decided to sell. So I sold the business that I'd bought for £2 million and I made money out of the transaction,

which was good. Finsbury also asked me to stay on as MD to run the business. They bought the two other Scottish business, California Cakes and Campbells Cakes and I run them as well.

Unfortunately, a year down the road, I received a phone call at eleven o'clock at night telling me that the factory was on fire. I got there at twelve o'clock and there were 35 fire engines and the whole bakery was collapsing in front of my eyes. I was devastating at the time and I thought about the people who had worked for me for a long time and I was concerned for them. To be fair however, rather than running away and taking the insurance money, Finsbury gave us the insurance money to set about re-building the two-thirds of the factory that had been destroyed.

It is one of the highlights of my career and my management team's career, that we rebuilt the factory, 65,000 sq ft, in a record time of seven months and went from a depressing, three quarters destroyed, burnt out site to a fantastic bakery. We procured equipment from Singapore, from America, from Holland and from England. I took the opportunity to automate production as much as possible, rather than continue with the old batch process. We installed the largest hotplate in the UK in bay 2 for potato scone production. We are also the largest supplier of yum-yum doughnuts in the UK and these are also produced in bay 2. So I automated the production lines for potato scones and yum yums, which are not gluten free, with an overall turnover of around £7 million for these two products.

We have just invested £2 million in a free-from bread production plant in bay three. I commissioned that in January this year for the production of Genius free-from bread. We reached a licence



UCB £17m (£7m non Free From, Yum Yums, Potato Scones & FDP) Livwell £10m T/O

**Largest supplier to the Retail market
Approx 80% of FF Bakery Category
Total Category £22m (excl. Genius)**

STRATEGY
**Continued 1st to market
Continued Innovation
Replicate Top Selling Bakery lines**

agreement with the Genius Company to produce their fresh free-from bread, and we built that part of the production plant for Genius bread. And again it has been a great success. So we spent £5 million on Bay 2 for yum-yum and potato scones, and £2 million just in January on Bay 3 for Genius bread production. We still have a 100,000 sq ft, factory but we're down to 170 employees, who are all dedicated staff who have been with us for a long time.



Finsbury acquired a company called Yorkshire Farm Bakeries based in Hull. We changed the name to Livwell and we spent about half a million pounds in product improvements and production efficiencies. It's a smaller factory than UCB at 30,000 sq ft but is totally gluten free. At UCB two thirds of production is gluten free and one third of it is wheat based products, yum-yums and potato scones. The total turnover last year was £20 million and we've increased that by 35% to £27 million and growing still.

Our products are pitta bread, we're the only manufacturers in the UK of gluten free pitta bread. We make naan breads, pizza bases, crumpets, pancakes, all types of bread, rolls, muffins, scones, ciabattas, cakes, Victoria sponges, loaf cakes, cake bars, croissants, pain au chocolat, and the Genius bread which we have been doing for 18 months, and the retail value of that is now set at £10 million. We've just recently launched an own label fresh gluten-free bread with Tesco. That's been on the shelves three weeks, and I defy anyone who does not know it is gluten free to say it is when they taste it - the bread texture, eating quality and flavour are just amazing. We went through many consumer panels, taste panels and blind tasting, and it's come out absolutely fantastic, and it's all down to the development and production team at UCB and Livwell.





United Central Bakeries Ltd

Free From Product Range

- Pitta, Naan & Pizza bases
- Crumpets & Pancakes
- Bread, Rolls, Muffins, Scones
- Ciabattas & Focaccias
- Victoria & Chocolate Sponge
- Loaf Cakes & Cake Bars
- Croissants & Pain au Chocolat
- Genius Fresh Bread
- O/L Fresh Bread and Rolls



At one time, when I owned UCB, Asda was around 75% of our business. It took me a long time but it is now more balanced at Tesco 35%; Sainsbury's 30%; Asda 18%; Morrisons 9%; and others 8%. We export quite a lot to Southern Ireland, about a £1 million worth of gluten free products under the Livwell brand. We also export a little bit to Australia and New Zealand. So UCB turnover is £17 million, £7 million of which is wheat based yum-yums and potato scones. Livwell has a turnover of £10 million. We're the largest supplier in the bakery sector; the bakery sector is worth about £33 million retail, excluding Genius.

Our strategy When I first got into gluten free I looked at the better selling lines in standard bakery products and tried to replicate, as best I could, as gluten free, so that the appearance, texture, eating quality and flavour of the gluten free product would be as good a match as possible for the wheat based product. It's taken us a long time, since it is a really difficult to produce satisfactory gluten free matches for wheat based products but out of the seven products I've introduced from UCB we're always first to market. When we started producing free-from pitta bread it became the highest selling line in the bakery category in all the supermarkets. Genius free-from bread has now taken over as the highest selling line but pitta is number two and has maintained its level of sales.

The market and consumer needs You've got to check new trends and gaps in the market. What are the benefits of your product and why do the retailer and the customer need them? What are your margin expectations - we're all here to make money. You've got to look at launching the product with advertising support and ongoing support. In particular, what's most important in this, is the consumer. What are the longer term trends in eating, the demands? What makes consumers happy? We've got to make them happy, because if they're happy, they'll buy your products and make life easier for them.

So we did our research way back in 2008 and we surveyed a 1,000 people: 16% of them claimed to avoid wheat or gluten at some time; 23% claimed they avoided, due to a medical condition by self diagnosis, you can go to some of the chemists now and give yourself

a self diagnosis. So there's a lot of people now that don't realise what's wrong with them and they're quite bloated, and it's the gluten that's causing that, and you can self diagnose yourself to find out if that is the cause.

There are only about 500,000 registered celiacs in Britain, people who have to avoid gluten in their diet, so it's quite a small market. But what has taken the gluten-free market off is the 'lifestylers' - the people who avoid gluten as a life style choice. Looking at this market there's about 8 million people who, at one time or another, eat a gluten free food for non medical reasons. They feel better, they want to detox, and they're not so bloated. When you eat a wheat based product, and I'm not anti-wheat by the way, it takes between seven and nine hours to digest. When you eat a gluten-free product you'll digest that within an hour. So you do not get the bloated feeling that a lot of people suffer from after eating wheat based products. What was interesting in the research was that the consumer told us that they want fresh products, because up to then gluten-free products had traditionally been supplied in long life gas flushed packaging. If you a food product into gas flushed packaging it can change the texture and taste. So we launched with Genius as fresh gluten-free bread and, as I say, it's now £10 million at retail within 18 months and growing very fast. So the market is really dominated by the lifestylers. So there's people that avoid gluten free; people with celiac disease that have to eat it; and then there's the lifestylers who want to eat it.



So what's interesting is that we've now celebrities eating gluten-free products - Madonna is one in particular and I'm still waiting on her phoning me! There are also Jennifer Victoria Beckham and Gwyneth Paltrow, Linda McCartney and Zoey Deschanel. Gwyneth Paltrow was speaking about gluten free products in an interview published in the Daily Mail yesterday. So these people are now promoting gluten free, and I think we're aware that when celebrities promote things, people want emulate them, whether that's right or wrong. However it certainly helps the market to take off.

So I'm just going to summarise now:

- We identified the needs of the gluten-free market and its consumers, and that's why we've been successful.
- The prize is the size of the market and it can be a profitable one.
- Risk management is essential. I've taken risks all my life but calculated risks and with investment, you've got to look at your capacity and capabilities. Genius are now going advertise on television from 18th October, and we need to make sure we have sufficient production capacity, because we believe there will be a considerable increase in the sales of fresh gluten-free products.
- The other most important thing is believe in yourself and in your team, because without your team you've got nothing at all. I've had one fantastic team, not just the management team, but the whole staff and they've supported me through thick and thin, including the fire. I've never made any redundancies. Coping with the after effects of the fire on production and rebuilding the factory in 7 months was a tremendous effort. These people are still with us and they deserve a lot of recognition.

- Also believe in your product. I'm not a sales person, I'm an engineer, but if you don't have a good product, how can you sell it, particularly when you meet the supermarket buyers?

To finish off, my father was in the special boat service with the marines for 12 years, including during the war and he has always been a guiding light to me. He's 87 years old now and still gives me the advice, 'fortune favours the brave'!

Sessional Chairman David Powell

Thank you Archy I found that absolutely fascinating, particularly the need to take risk, because it's something I had to do in developing my business. What questions are there from the floor?

Question: *David Powell, Fareham*

You mentioned that one of the bakeries you have is part wheat, part wheat-free, what are the challenges of running a unit like that?

Answer: Well the challenge is quite difficult, because when I first got into gluten-free seven or eight years ago we used to clean the pitta bread machine and within half an hour make gluten-free product on the same line. Nowadays gluten-free has to be treated as a high care area, with dedicated equipment, ingredients and staff. The staff wear specific coloured overalls and hairnets and staff in the wheat products area wear different coloured overalls and hairnets. If any staff moves from or to the area they have to have a change of clothing. We have never had any instances of course contamination. So if you put in the right technical and quality control standards it can be done.

Question: *Peter Jones, Tarpley*

Is the product more expensive because of the difficulties of producing it?

Answer: Yes. A 400 gm loaf of gluten-free bread currently retails at £2.49, compared to standard bread 400 gm loaf which could be something like £1.20, depending on what make it is. A 600 gm sliced gluten-free loaf is £2.89. We also produce 800gm gluten-free loaf for the sandwich market for Starbucks. The specialized raw materials are more expensive, and production costs are higher, so consequently that is why the retail price is high.

Question: *Peter Jones, Tarpley*

So would that stop the market getting even bigger than at present, because I was going to ask how big you think it could become?

Answer: The total market of 'free-from' is taken from bakery and dairy because I make wheat-free, gluten-free and dairy-free. You can get gluten-free and wheat-free but not dairy-free and then you also have pastas etc. The total market is worth about £140 million, with the bakery sector the third smallest at about £32 million. However it is the highest growing sector. Last year it grew 18% whilst sales of the free-from pastas and others dropped, so the bakery sector seems to be going strong and I really think it's down to the fresh bread. We'll be launching with Sainsbury's in January with fresh gluten-free bread and rolls. The whole idea is to take some new product development which we've got in the pipeline at the moment and rather than having them in gas flushed packaging, have them as fresh products. There's a big risk in that because you know the waste in the supermarkets but I think we've proven to the supermarkets that the market is demanding a fresh product that is really good in terms of texture and flavour.

Question: *Jim Brown, Cumbernauld*

Is there any concern that other manufacturers have seen just how successful your business is and now want to take some business from you?

Answer: Yes absolutely, you can never rest on your laurels. I think people are now aware that the market is growing, as I said 18% in the bakery market. It's rumoured that Warburtons is going into gluten-free production in January. I think it's good you have

competition and what you have to do is make sure you stay on top by being number one and produce quality products. And again, believe in yourself and the product. If you've got the best product on the market and you continually innovate, you'll stay number one and that's what we have done. So yes, people are going to jump on the bandwagon and rightly so, because I would do the same if I was in their position.

Sessional Chairman David Powell

Thank you Archy (applause)

Sessional Chairman David Powell

Any of you lucky enough to have visited the Las Vegas IBIE show in the last couple of weeks won't have failed to have been impressed with the display for the Louis Lesaffre World Cup of Baking. The American regional heats were taking place in Las Vegas over the last couple of weeks. Our final speaker today is the captain of the UK team Mickael Jahan, who will be travelling with his team to Lyon in France in January to compete with other European countries for the honour of representing the UK in the Bakery World Cup final in Paris in March 2012. Welcome Mickael Jahan.



The Louis Lesaffre World Cup of Baking Mickael Jahan

Thank you everyone. Good afternoon. I would like to thank the BSB for inviting me to talk about a great event which is the Louis Lesaffre World Cup of Baking. I believe that few of you will know much about it. It's something which happens every four years, like

the football World Cup. The process is similar, since there are winners and losers. The World Cup of Baking is renowned worldwide, and I'm going to take you through how it works.

Every four years the final competition takes place at the Europain Exhibition in Paris. Between the four years there are national and international selection competitions around the world, initially to select the teams to represent individual countries and then to select the teams to represent the individual continents in the World Cup final.

For all the rounds prior to the final in 2012 the competition is called the Louis Lesaffre Cup. So when we compete in Lyon in January it is the Louis Lesaffre Cup. For the final in 2012 the competition becomes the Bakery World Cup. Twelve countries will compete in the final to decide the champion. There is also an individual competition for the best competitor in each of the categories, the winners becoming Bakery Masters. You will see below the timetable for the current Louis Lesaffre Cup, which leads to 9 countries being selected for the Bakery World Cup in 2012, together with France, Italy and Taiwan, who have pre-qualified due to them being the last three winners of the Bakery World Cup.

LOUIS LESAFFRE CUP

National selection rounds 2009-2010

- 30/40 countries involved (regional and national selections)

LOUIS LESAFFRE CUP

International selection rounds 2010-2011

- 5 international selection rounds.
- Venues: international exhibition shows
- 9 selected countries that will participate in the Bakery World Cup.

THE BAKERY WORLD CUP 2012

- 3 pre-qualified countries (France – Taiwan – Italy).
- 9 countries emerging from the Louis Lesaffre Cup selection rounds. A total of 12 countries taking part in the Bakery World Cup.
- Venue: EUROPAIN show / Paris – March 2012

The competition is based on teams of three experienced and talented bakers. It's an international competition and is judged by the best craft bakers. The judges are not only from France, but since the competition was created in France, so the main judge is Monsieur Vabret and he is the President of the jury (panel of judges). The next

time the British team competes in the competition is in January 2011 at the SIRHA Exhibition in Lyon. We will be competing against eleven other countries – Austria, Belgium, Croatia, Greece, Holland, Hungary, Poland, Russia, Slovakia, Spain, and Ukraine. Only two teams are due to be selected to represent Europe in the World Cup of Baking final in Paris in March 2012, so the competition will be tough. However there may possibly be one more team selected but that will be down to the judges. There is also a 'wild card team' concept, which gives a team which has done very well but is in second place after the winners in the qualifying rounds for the final, a second chance to be chosen for the final if the judges consider that they are good enough.

There are three bakers in each team and each team member produces one of the following product categories: bread; Viennese pastry; and artistic bread. Each team member has one hour preparation time the day before the competition to set up their own recipes based on the ingredient quantities required. You then have 8 hours on the day of the competition to produce your products. Part of the assessment of points is the amount of wastage you have at the end of the competition, which is weighed. The British team is made up of: me, Mickael Jahan. I produce the Viennese pastry and I am also the team captain; Wayne Caddy, who many of you know, will produce the bread; and Steven Salt, who is also known to many of you, will produce the artistic bread.



The UK Team: from left, Mickael Jahan; Steven Salt; and Wayne Caddy

There is a reserve team as well, which is something new. So we are trying to train together once every so often in Lille and try to get our products made identical between the A team and the B team, something which is not really easy because when we're training, we don't have much time to explain and take the B Team through things. So it is hard work for them!



Reserve team: from left: Debbie Jo Fox; Emmanuel Hadjiandreou; and Julian Bruyer



Judging taking place during the UK qualifying competition at BIE2010

Debbie Jo Fox is a student so it is a great opportunity for her. She's already participated in an earlier competition in Italy, so she's got a fairly confident attitude, and she's enjoying her participation in the competition. Emmanuel works in a college teaching bread courses. Julien, who is the second Frenchman in the team, works with Steven on his artistic bread pieces, so they're sharing ideas.

Competing in the Louis Lesaffre Cup national qualification round at BIE2010 earlier this year was quite challenging. Apart from the stress of making our competition products we had a few other problems. The air-conditioning was just above our work area and caused the bread dough to skin and it wasn't proving properly. The ovens were not working correctly and we were sharing all the equipment with our opponents round the corner, so there were 'questions' about who had priority over the use of the equipment!

So our aim at SIRAH in January 2011 is to win a place for Britain in the Bakery World Cup in 2012, which would be a fantastic achievement.

What is next after 2012?

- Challenge:
 - To bridge the gap between student and professional skills
- Sponsorship:
 - Investing in people through education and training
- Commitment to new cycle of competition:
 - Personal and industry
- Goal:
 - To improve and advance the reputation of the UK baking industry in the global marketplace by showcasing the skill and talents of our bakers

We would like to thank our sponsors, who are DCL Yeast, Fermex, and BFP Wholesale. Without them there wouldn't be any team. The Team UK also wish to thank the following for their continued support: Tameside College where Steven works; Grain D'or where I work; The Essential Baker Ltd which is Wayne's business; Smith Flour, who allow us the use of their test bakery for Wayne; and the School of Artisan Food as well for their help. We hope that we can also rely on some of you as well to cheer us for the next round at the SIRHA Exhibition in Lyon, France, 22nd to 26th January 2011. We hope to see you there. Thank you very much.

NB See further photographs and information in Mickael's PowerPoint presentation on the CD enclosed.

Thank you Mickael. Any questions please?

Question: Sara Atton, Chorleywood

This is not a question, I just want to clear up something that might be puzzling you all - how is it that we have got two French people on our team? Well the point about this is that the rules of the competition state that the members of the team must be nationals or they have to have lived and worked in the country that they are representing for more than five years. Mickael has been in the UK for eight years or more and he is also married to an English lady and they have a daughter. So he is very well qualified to join us. Julian, who is on the B team, has also worked in the UK for more than five years and is more than qualified to be on our team. So they may not be English by birth but certainly in respect of the team they are English.

Answer: Indeed. Sara has been with us during our time in Lille as our coach, so she is the one making it happen and she is looking after us very well.

Question: Jim Brown, Cumbernauld

When you have twelve European countries competing in the same competition the interpretation of what is required for each product must be very different between countries, so how do the judges deal with this? Do you get a big variation in bread for example?

Answer: Yes you will get a big variation and that's why the judges are from different countries, so you'll have I think it's about eight judges from different countries. Only one is French and this is Mr Fabre who is the final judge, so all eight sit down, cut the product, look at it, taste it and they will judge on shape, originality, flavour, volume, target weight, so it all has to be spot on and spotless. We are all under the same rules so if Poland makes a strawberry croissant and UK does a chocolate croissant they will look at it as two different products but without having a set mind on what it should or should not be.

Question: Claire Goddard, London

You talked about international reputation. Are you saying that the UK doesn't have a reputation or it has a bad reputation, and what is it you are seeking to enhance what we do or to counteract some adverse views?

Answer: It came across several times that UK has been named as a non-quality bread country and that was maybe the case when supermarkets took over and killed all the small bakery businesses, but they are coming back now, there is a strength behind the little artisan bakeries and quality is coming back as well. It is not because UK is an island but it did stay for a few years behind and is catching up now and I hope that we will go through to the final to show that UK can make bread as well as anyone else and we would be very happy to represent this.

Question: Sessional Chairman David Powell

What are the actual dates of the competition?

Answer: It's from the 22 – 26 January. We have to be there on the 21st and all the teams will pick numbers from a hat which will say when they are all going to start. Three days of competition, four teams per day working in front of TV cameras and a full audience, so it is a big event. The SIRHA will also hold the Patisserie World Cup and the Bocuse D'or, which is the cookery world cup, so in terms of reputation, there are prestige competitions happening in January.

Sessional Chairman David Powell

Thank you Mickael, I found that absolutely fascinating. I now know a lot more about the Louis Lesaffre Cup and the most important thing is from everyone here and all the bakers in Britain, Good Luck! (applause)

The Chairman Keith Houlston

Well ladies and gentlemen, I am absolutely delighted that we have had an excellent conference. The papers presented have been first class and I am sure you have all gained something from their content. My thanks are first of all to our sessional chairmen, David Powell and Peter Jones, thank you very much. The hotel facilities, the food and the staff, we could not fault. This is an excellent venue and everything has been first class. Thank you to all the hotel staff. As you can imagine a lot of work goes into setting up this conference and I have

to thank the members of the executive committee of the BSB, especially to this gentleman down here, the work he does is unbelievable – Jim Brown, absolute first class job. Also to our secretary Sharon Byrne, she has worked so hard over the last few days and of course today in the background making sure everything is right, she does a super job, Sharon thank you very much. Also my Vice Chairman Sara Autton, Sara thank you. We also have to thank Ted Rich, not only for doing a superb paper, but also for supplying the cookies in the bedrooms, whoopee pies and of course the desserts at lunch, so Ted, thank you very much.

If you have attended as a guest today and you like what you have seen, why not become a member? It is only £60 per year and we have welcomed a lot of new members in the past few months. If you are interested, the application forms are at the back and our Secretary Sharon Byrne will help you out - we would love to have you as a member.

Some dates for your diaries going forward. Our spring 2011 conference will be at Tameside College in Ashton under Lyne on the 11th and 12 April and our autumn 2011 conference will again be held at the Ardencote Manor Hotel on Tuesday 4th and Wednesday 5th October.

Another date for your diary is our very successful golf day which in 2011 will be held on Monday 9th May. We have changed the venue to another superb championship golf course, the Forest of Arden. So we really look forward to that. If you are a golfer you will enjoy it and at dinner in the evening we have our very own Alan "Pie Man" Stuart as our guest speaker. So another BSB event to which you can look forward.

So from me, Keith Houliston, thank you very much for attending and I really hope you have found today worthwhile and have a safe journey home.

Some photographs of speakers, members and guests



Member Andrew Fuller, right, with guest Steve Brown



Speaker Archy Cunningham, centre, with fiancée Sheena Stewart and BSB Chairman Keith Houliston



Member Douglas McCabe, second from right, with his guests from left, colleagues Paul Martin, Fiona Millman and Brendan Prisk



Comedian John Martin at the conference dinner



Speaker Roel Orsel, centre, with members Stan Cauvain, & Linda Young



Members, from left, Yolanda Franklin, Julian Woodgate and Simon Wooster



Guests Michelle Briggs and Donna Roper



Members Steve Godfrey and Tony Staniforth



Sessional Chairmen Peter Jones and David Powell



Excellent entertainment from comedian John Martin



Members of the audience getting ready for the start of a new session

Members

Abass	Ade	British Bakels Ltd	Ellis	Andy	Allied Bakeries
Ablewhite	Graham	Sparks Confectioners Ltd	Entwistle	Gary	Birds (Derby) Ltd
Adams	Thomas	Oliver Adams Ltdw	Evans	Geoff	G B Plange
Alderson	Geoff	Scobie McIntosh Ltd	Farnsworth	Patrick	
Allen	John	MTA Associates	Farrow	Paul	British Sugar plc
Amos	David	Edme Ltd	Ferguson	Ross	James Fleming & Co Ltd
Autton	Sara	Fermex International Ltd	Ferrol	Pauline	British Bakels Ltd
Bagshaw	Mike	International Taste Solutions	Flounders	Andy	Danisco UK Ltd
Ball	Richard	Edme Ltd	Foster	John	Foster's Bakery (Staincross)
Balmer	Stephen	Consultant	Franklin	John	Franklin Services
Bamford	Charles	Paddock Bakeries Ltd	Franklin	Yolanda	Muntons plc
Barker	Paul	Cinnamon Square	Freeman	Christopher	Dunns (Crouch End) Ltd
Beaney	Chris	NAMB	Fuller	Andrew	Muntons plc
Benson	Richard	F R Benson & Partners Ltd	Fuller	George	Fullers Bakery
Bent	Alan	Consultant	Garner	Edward	Kantor World Panel
Berry	Philip	Synergy UK Ltd	Gascoyne	Fred	Eurobuns
Bevan	David	Fermex International Ltd	Gelley	John	Arla Food Ingredients
Birznieks	Aivars	Smiths Flour Mills	Gibbs	Gary	British Bakels Ltd
Bodman	George	Vandemoortele UK Ltd	Gibbs	Claire	Danisco UK Ltd
Boulding	Richard	Ulrick & Short Ltd	Giles	Brent	Fudges Village Bakery
Bowers	Rhoda	Betty's Bakery	Glover	Derek	Molda UK Ltd
Brant	R T	Premier Foods	Glover	William	Glover's Bakery Ltd
Bridson	John	Consultant	Glykys	Evelthon	The Model F/Sta Bakeries Ltd
Brown	Jim	Hon Treasurer	Goddard	David	Worshipful Company of Bakers
Brown	Carl	Dawn Foods Ltd	Godfrey	Stephen	Cereform Ltd
Brown	Paul	Sweet Success	Godwin	John	Synergy (UK) Ltd
Burrell	Richard	Allegra Ltd	Goswel	Vivian	Goswell Bakeries Ltd
Burton	Alec	RBS Food Products	Grace	Ralph	British Bakels Ltd
Burton	Charles	Bolands Mills	Hall	Guy	Consultant
Byrne	Sharon	Secretary	Hall	John	J Hall & Sons (Bakers) Ltd
Cameron	Caroline	Premier Foods	Hallam	Stephen	Dickenson & Morris Ltd
Carr	Mike	Kerry Foods Ltd	Hallet	Ray	Premier Foods
Catterall	Paul	CCFRA	Hamilton	Drew	Macphie of Glenbervie
Cauvain	Stanley	Baketrans	Hanspal	Sat	Finsbury Foods plc
Chell	Mike	G B Plange	Haszeldine	Richard	Premier Foods
Church	John	Deeside Bakery	Hawkins	Ian	Bakery Computer Services Ltd
Churchill	Martin	Sonneveld UK & Ireland	Haynes	John	JRH Associates
Clarke	Brian	European Food Consultants	Heygate	Paul	Heygates Ltd
Cliffe	David	Calibre Control International	Hodge	Kevin	
Coniffe	John	Swiss Oven	Hogg	Fraser	Macphie of Glenbervie
Connell	Ian	Warburtons Ltd	Holling	Mike	Birds (Derby) Ltd
Cook	John	Packaging Liaisons	Hollyman	Ian	British Sugar plc
Cook	Tim	ADM Milling Ltd	Hooper	Andy	British Bakels Ltd
Cooper	David	Fermex International Ltd	Horan	Frank	Unicorn
Cooper	Julian	British Sugar	Houliston	Keith	British Bakels Ltd
Copland	Tony	Heygates Ltd	Hughes	Derrick	Cleanbake Ltd
Cottrell	John	ADM Milling Ltd	Hughes	Shaun	Cleanbake Ltd
Cramp	Tim	Cereform Ltd	Huscroft	Christopher	
Creber	Olivia	Witney Cake Company	Irwin	Niall	W D Irwin & Sons Ltd
Cunningham	Archy	United Central Bakeries	Jackson	Neil	British Society of Baking
Day	Roger	W C Rowe (Falmouth) Ltd	Jahan	Mickael	Grain D'Or Bakery
Dean	William	Deans Shortbread	Jarman	Mike	E Botham & Sons Ltd
Dinsdale	Andrew	Cereform Ltd	Jones	Graham	Logistics Planning Ltd
Ditty	Robert	Ditty's Home Bakery	Jones	Peter	Speedibake
Dobbie	Ian	Delifrance UK Ltd	Jones	Phillip	Gerrards Confectioners (Nth Wales) Ltd
Dobbie	Neil	Allied Bakeries	Jones	Wyn	Food City Ltd
Done	Robert	Tromp Bakery Equipment BV	Jones	Robin	The Village Bakery (Coedpoeth) Ltd
Donovan	Nick	Allied Mills	Jordan	Dinnie	Kudos Blends Ltd
Dyson	Eric	Tom Chandley Ltd	Kemp	Derek	Martins Foods
Dyson	Martin	Tom Chandley Ltd	Kennedy	John	Greens Flour Mills Ltd
Edge	J Martin	Park Cake Bakeries Ltd	Kinney	David	Irish Bakels Ltd
Edwards	Paul	Rich Products Ltd	Kirkwood	Gordon	Eccelso Ltd
Edwards	Neill	Synergy UK Ltd	Knapton	Steve	ADM Trading
Edson	Mike	AAK Food Service	Knott	Peter	Marks & Spencer
Egginton	Peter	Sonneveld	Laidlaw	Ken	Premier Foods
Elliott	Ian	Rich Products Ltd	Lake	David	Tamar Foods

Langslow	John	Country Milk Products
Leggett	Ronnie	Macphie of Glenbervie
Lester	Colin	
Liddle	Scott	British Sugar plc
Lindsay	John	CSM UK
Little	Kim	Whitworth Bros
Littler	Darren	Warburtons Ltd
Lomax	Colin	Premier Foods
Macdonald	Sylvia	British Baker
March	Graham	Frank Roberts & Sons
March	John	Unifine F & B Ingredients (UK)
Marr	Alan	Auld's Delicious Desserts
Marr	Ian	Thomas Auld & Sons Ltd
Marriage	George	W & H Marriage Ltd
Marsh	David	Benier (UK) Ltd
Martin	Neil	Martins Bakers & Sandwich Makers
Matthews	Paul	F W P Matthews Ltd
May	Matthew	Odlums
McCabe	Douglas	James Fleming & Co Ltd
McKane	Ivor	CSM UK Ltd
Mcllwrick	A C	Premier Foods
Meade	Tony	Oliver Adams Ltd
Mifsud	Andrea	Premier Foods
Millest	John	Premier Foods
Mizon	David	Pin Point Training
Montagu	Robert	Walkers Midshire Foods
Moon	Stephen	AB Mauri
Mooney	Trevor	Arthur Chatwin Ltd
Morrant	Chris	CSM UK Ltd
Morrow	Paul	British Bakels Ltd
Mulally	Martin	G B Plange
Nicholson	Ian	Oats Royd Bakery
Oakley	Dan	Puratos
O'Brien	Derek	Dublin Inst of Technology
Orsel	Roel	CSM Global
Park	Brian	Optibake Consultancy
Parker	Bob	BTS International
Partridge	Bryan	Kluman & Balter Ltd
Parsons	Tony	Parsons Design & Marketing
Pearce	Alan	W C Rowe (Falmouth) Ltd
Pearson	Laurie	Heygates Ltd
Perkins	D C	Aromatic UK Ltd
Philpott	Steve	Baker Perkins
Pill	Vicky	British Bakels Ltd
Pollard	Andrew	Cereform Ltd
Pollard	Robert	Handmade Speciality Products
Polson	Gordon	Federation of Bakers
Powell	David	Rich Products Ltd
Price	Paul	Allegra Ltd
Rich	Ted	Rich Products Ltd
Roberts	David	Frank Roberts & Sons Ltd
Roberts	Mike	Frank Roberts & Sons Ltd
Roberts	Adrian	Vandemoortele UK
Roots	Daren	Danisco
Sarafilovic	Andrew	William Stephen (Bakers) Ltd
Shaw	Alan	Alan Shaw Ltd
Shepley	John	AAK Food Service
Slatter	Paul	Reynards London Ltd
Slattery	John	Slattery's Patisserie and Chocolatier
Smart	David	Greenhalghs Craft Bakers
Smart	Stephen	Jas Bowman & Sons
Smith	James	Edme Ltd
Smith	K F J	Dawn Foods Ltd
Smith	Richard	ADM Milling Ltd
Smith	Simon	Aromatic UK Ltd
Solway	Simon	Unifine F & Bi UK Ltd
Somerville	Melanie	ADM Milling Ltd
Spickett	Colin	Spicketts the Bakers

Staniforth	Tony	Premier Foods
Stewart	Gary	Brennans Bakeries
Storer	T K	Pukka Pies Ltd
Street	Joe	Fine Lady Bakeries Ltd
Suett	Andrew	Muntons plc
Sweeney	Dennis	Macphie of Glenbervie
Teasdale	John	B S Teasdale & Son Ltd
Thomopoulos	George	Rich Products Ltd
Thomson	Peter	Danisco UK Ltd
Tomkins	Christopher	Kistrucks Bakeries
Turner	Graham	
Turner	Paul	Danisco UK Ltd
Twiss	Dave	House of Flavours Ltd
Ville	Stephen	The Bread Roll Company
Van Amburg	Kent	American Society of Baking
Wadsworth	Bill	Greggs plc
Warburton	Brett	Warburtons Ltd
Ward	S K	Ambit International Ltd
Ward	K J	Ambit International Ltd
Ward	C J	Ambit International Ltd
Waterfield	Albert	Waterfields (Leigh) Ltd
Watson	Martin	Wrights Pies (Shelton) Ltd
Watler	Joanne	Allied Bakeries Ltd
Wegrzyn	John	Peerless Food Products
Wells	Chris	Dawn Foods Ltd
Wertheim	A	Chalfont Products Ltd
Wickramasingha	Ramya	Ceylon Biscuits Ltd
Williams	Peter	Simmons (Bakers) Ltd
Wood	C J	Country Style Foods Ltd
Wood	Albert	Consultant
Woodfield	Roger	Cereform Ltd
Woodgate	Julian	G R Wright & Sons Ltd
Woollard	David	Arcall plc
Wooster	Simon	Edme Ltd
Wormell	Clive	Master Baker
Wright	David	G R Wright & Sons Ltd
Wright	Peter	Wrights Pies (Shelton) Ltd
Young	Mark	Ingram Bros (Glasgow) Ltd
Zackey	Dan	Tamar Foods

Honorary Member

Grieves Jean

Retired Members

Boardman	Alan
Charman	George
Coopland	Frederick
Ferguson	Sam
Fox OBE	F F
Gant	W J
Greenwood	Anthony
Hastie	Neill
Hurtz	E G
Llewellyn	William P
Melling	Ian K
Moss	Tim
Packham	John W
Pendlington	Dr A W
Pennington	Marshall
Riley	Derek B
Sheppard	R
Slingsby	Tony J
Stevenson	M R
Wallington	David J
Weeks	Hugh FB
Whitmore	J E

