



Department
for Environment
Food & Rural Affairs

Direct to Consumer Sales (DtC) and New Routes to Market

A How-To Guide for SMEs



Contents

Introduction by Rachel Mallows	3
Three considerations with new DtC initiatives.....	4
DtC initiatives and case studies	6
a. Subscription boxes.....	6
b. From partnership to box schemes: building local initiatives across businesses	8
c. Festive and Gift Hampers	11
d. Online shops and online selling platforms.....	13
e. Farmers Markets.....	14

We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

What we eat and drink, and how and where it is made, is part of our nation's story. Our food and drink is recognised across the world for its quality, tradition, and innovation. This growing reputation for high-quality food and drink produced to high standards of food safety, animal welfare and sustainability is driving increased consumer demand both at home and abroad. It provides a real opportunity for growth across all regions of the UK. We want to support food and drink businesses across England to tap into that growing demand and ensure that they can access the support, training and information they need to grow their business.

Through Direct to Consumer sales, shorter supply chains routes are available where the products can be acquired often without intermediaries such as retailers or shops. It may also allow the seller to reach a wider audience. There are different ways to achieve this, including making use of online tools, which are generally low cost to both purchaser and seller; other routes to market include bringing the producer and the purchase in the same physical space.

This guide aims to highlight the opportunities for small and medium-sized enterprises (SMEs) in selling directly to consumers and some key routes to market to do this. It also shares the experiences of SMEs that have benefited from a growing demand for local, seasonal, sustainable food and drink products changes in customer behaviour, and signposts to further support.

Where possible throughout the document, we've tried to identify **key steps**, helpful links, and some additional elements to reflect on. We have partnered with Rachel Mallows who has extensive experience in developing routes to sell direct to consumers in Northamptonshire.

Introduction by Rachel Mallows

The pandemic has provided an opportunity for many food and drink businesses to rethink their income streams. For some, it has strengthened relationships with wholesale customers and into larger distribution avenues, but, for many, it has reignited the appeal of the direct to consumer route. Cash is King in this territory!

There is an opportunity for us to grow our food and drink offer in the UK, for the UK, at this moment in time. I'm very pleased to be a part of Food from England, representing the English regional food groups. As the founder director of Made In Northamptonshire, we share good practice and promote the sector to enable our members to do more business.

In December 2020, Made In Northamptonshire opened a shop at a large retail outlet (Rushden Lakes), with the support of the North Northamptonshire Unitary Authority and Crown Estates. It has provided a platform for encouraging many others to do similar things across the county. It has led to new connections between our members and food and drink collaborations in terms of NPD and buying power. The interface with customers who value the 'buy local' theme has been remarkable and is growing.

After a couple of years providing an online shop, this move to a permanent base has proved its point – our consumers do like to know where their food and drink comes from, and we celebrate each individual business story and direct them out from the shop into the communities where our delicious products are made. We have seen the benefit of seasonal hampers and now provide a local buying framework for chefs, eateries and businesses to buy local through one easy route. We participate in Farmers' Markets and Food and Drink Festivals and promote them to our members.

The *buy local* theme is a movement. Our consumers are diligent, with discerning taste buds and want to know more about local food and drink. They also want to support local people and local economies. In the middle of the country, with no historical distinguishing recognisable food culture, Northamptonshire people have made one – with the support of the wider food and drink community.

This guide is designed to tickle your taste buds into thinking about a new revenue stream for your business. Balance investment with the potential return and do further research. Innovation and flexibility are key to this. I hope you'll be encouraged to try. I'm sure your customers won't be disappointed.

Rachel Mallows, MBE DL

Founder director, Made In Northamptonshire

Chair, Food from England



Three considerations with new DtC initiatives

As with any new initiative and business development, it is important to understand the current market, evaluate possible appetite from consumers, and tailor the offer accordingly. This is all the truer for direct to consumers sales, as it requires consumers to adapt their shopping habits.

Amongst the basic questions you may want to ask yourself, are “what’s in it for shoppers?”. Is the DtC initiative you are considering about offering cheaper products, or on the contrary to bring niche, unusual food and drink experiences that are not available through big retailers? Is the initiative about consumers buying the story behind the food, or, on the contrary, to receive food that is specific to them?



1. The importance of convenience

Changing a habit is notoriously difficult. Expecting consumers to adopt a routine that integrates your products is likely to bring challenges.

Key step: consider the following:

- How does my target market normally shop, and is the initiative requiring a significant change in behaviour?
- If the sale is online: is it easy to place an order – how many clicks are required to place the order? Will people need to create an account – and will this feel like an annoyance or an infringement on private information? Doing a check on the “user experience” should be quick: you want the process to be easy and comfortable
- If the sale is online: is it easy to cancel an order? Is there an easy way to contact a person to help with issues, and how quickly can you respond to complaints?
- If the sale is local: have you explored options to deliver the products – such as different days and times?
- What can you offer to encourage repeat orders and word of mouth recommendations?

2. Online behaviour

Buying behaviour was significantly affected throughout the pandemic, and people in the UK are significantly more likely to shop online. There is an increasing expectation that food and drink companies have online visibility, and there might be great benefits to some social media presence.

Key step: understand different platforms and what they offer

Again, this is about understanding a target market – including how tech-savvy they are. The bigger social media platforms, including TikTok, Facebook, Twitter, and Instagram, all have different audiences who engage with content in different ways. When resources are limited, it is important to invest time carefully.

When done successfully, online engagement can increase brand and product awareness, improve demand for products and trust in the company, and contribute to the company's narrative (which may include locality, sustainability, the people and skills behind the products).

3. Consider customisation vs single offer & pricing

Since the pandemic, we have seen a large number of DtC initiatives, and there is no single way to develop those.

Closely related to the price point, are the options of either selling as widely as possible, with a fixed offer, meaning the shopping experience is closer to that of a retailer; or providing a customised offer, making it a more personalised, boutique experience, and often commanding a higher price point.

In parallel, new DtC ventures need to think about the positioning of their offer. This will often include considerations around whether the product is expected to be a repeated custom relationship (such as veg boxes, local cheese or meat delivery) or one-off purchases (such as gift hampers, hand-made celebration cakes).

Finally, pricing is a key element for food and drink shoppers in the UK.

Key step: think about the pricing point

Where the price point is higher than comparable products in larger retailers, is there a clear justification and narrative for shoppers? This could include specific qualities of the product, the shorter supply chains and local skills, or a clear narrative explaining why the product is superior to those sold in shops.

DtC initiatives and case studies

a. Subscription boxes

Taster or discovery boxes, which provide consumers with an opportunity to sample a range of products, can boost sales, especially during gift-giving events such as Christmas.

As COVID-19 hit, Devon-based Axminster Cider faced huge challenges to their traditional business model. They were forced to find new ways to attract, and sell to, consumers. Founder Nick Cunningham developed a strategy to get consumers to trial his cider by working with niche companies providing cider discovery boxes featuring a range of craft ciders. Companies like Crafty Nectar, Orchard Explorers, Bristol Cider Shop and Scrattings have all been very supportive partners selecting from the four different ciders in the Axminster Craft Cider range to fit with the theme of each cider selection.

Christmas initiatives and subscriptions

At Christmas, a 3-bottle gift pack helped to create more visibility in-store. The gift pack gave shoppers the chance to try three ciders from the range and was supported by sampling at the point of purchase.

During the pandemic, Axminster Cider also increased its online presence and used social media to directly engage with customers and to further the understanding of both brand and products.

Through experimentation, Nick learnt how Instagram's algorithm affected ranking and discoverability on the platform, and then identified his target audience. He realised that many specialists within the field had a presence on Instagram and that it was beneficial to connect and engage with them online.

Nick has built his business on the ethos of "traditional methods – traditional taste" and this is highlighted through the brand's Instagram account. Pictures show different aspects of the business and production process, including traditional methods, new products, awards, and media features.

The account also engages with stockists, such as retailers and pubs, by posting photos of Axminster Cider products in these locations; this also helps to promote other local businesses. For example, pints of cider have been showcased in beautiful local locations, such as the garden of local pub, The Cotley Inn. Nick has learnt from, and followed the example of, other local retailers who have seen success on social media.

Seasonality and promotion

As Axminster Cider's products are seasonal, promotional activities vary throughout the year. They can therefore use their existing following on social media to strategically target their customer engagement.

Simultaneously, the company has been developing its online business through the national e-commerce retailer Slurp. Nick is hesitant about launching his products at supermarkets



due to supply pressures and the bargaining power of large retailers; however, a partnership with Slurp offered an ideal medium for expanding sales at manageable supply levels. Along their journey, they have also been shortlisted for a rural development grant for a kombucha microbrewery.

Key steps for marketing a successful box:

- Research box products from other SMEs/competitors/retail partners and decide which type of box would best suit your audience – such as seasonal, taster, or discovery boxes.
- Identify the most appropriate social media platform for your business – who is the target audience? What type of content will you be posting? Will it be text or image-driven?
- Understand the social media platform you choose – experiment with the algorithm, read online guides, and see what does or doesn't work for other SMEs/competitors. Identify whether family, friends, or anyone else in your network can help with different social media platforms.
- Create a business account and build up the profile with all the necessary information (logo, website link, opening times, brand description etc).
- Follow specialists and relevant accounts to show your company's positioning and networks.
- Carefully curate content and include a description with all the relevant information about the product and location. Tag relevant people or businesses and add hashtags to expand network and viewership. Add the link to your page on any other communication you already have, such as email signature, posters, newsletters, website, etc.



- There are a number influencers on social media and engaging with specific cider influencers to send samples has generated a wealth of glowing reviews for Axminster Craft Cider on their blogs, which is hugely beneficial for search engine optimisation
- Decide whether to do paid content to boost views.

Cons:

- The return on social media is hard to measure as likes/views don't directly equate to sales so social media promotion has to be considered as a form of brand building.
- Each social media platform has its strengths and weaknesses, which you'll need to understand. For instance, links cannot be added directly into posts on Instagram. However, a link (such as website address) can be added into the profile bio and tools are available to add multiple links.
- Time needs to be invested into researching and understanding the platform and its audience to get the most out of the platform and remain up-to-date with changes.

Pros:

- There are no costs involved unless posts are boosted (Axminster Cider promoted a post about their prize at the Taste of West Gold Awards which at the time cost approximately £50).
- Social media is quick and easy to set up.
- Platforms provide analytics which can be a useful tool to learn more about customers.
- Many social media platforms offer e-commerce services that provide a direct purchase journey for consumers.



b. From partnership to box schemes: building local initiatives across businesses



Business to business (B2B) partnerships can be a mutually beneficial way to boost sales and expand brand awareness among customers. Food Drink Devon introduced Defra to Porsham Farm.

Porsham Farm, a family dairy farm located near Plymouth, on the edge of Dartmoor, produces high-quality meat for local restaurants. Owners Tanya and Will Luke own 172 acres which are home to approximately 165 cows, alongside a cake business (Porsham Cakes) Forest School (Wild About Woods), a Dairy Beef box scheme, Permaculture wood and on-site accommodation.

For Tanya and Will, sustainability is at the heart of their business and this has informed their approach to B2B partnerships.

Porsham Farm's approach

"Everything we do at Porsham is with a holistic and biodynamic mindset to leave our soils and children healthier and happier which is why Will is undertaking Level 3 Regenerative Land Management with The Apricot Centre, Dartington this year."

They started to promote their retired Dairy Beef and there was interest from local residents and pubs. Although some local eateries were primarily interested in only specific cuts, nearby restaurant Salumi Bar and Eatery started with particular cuts but swiftly moved on to taking on the whole animal.

Its chefs Dave Jenkins and Jake Hardington viewed the nose-to-tail cooking of these 8-10-year-old cows as an exciting challenge and are delighted that nothing is wasted. They have adapted the use of the whole cow to their menu, including bones which are used for stock and offal which is dehydrated and smoked, therefore, making the whole cow purchase possible.

This keeps the relationship and story close to home. Some of Will and Tanya's beef box customers have gone to eat in the restaurant and now request slow cooking cuts. They have also gained new customers as people eating in the restaurant want to buy their meat to cook at home. Salumi Bar and Eatery champion local producers to local residents and tourists alike with their supplier blackboards on display.



Partnering with Salumi Bar and Eatery

Tanya and Will have found that working with local restaurants, such as Salumi Bar and Eatery and another, The Fig Tree @ 36, is much more satisfying and sustainable than just sending their retired cows to market. Due to their direct working relationship with their abattoir, butcher and customer, they can customise boxes and sell non-standard cuts and animal types. There is a growing demand for this, especially from customers who are not able to purchase non-standard cuts from supermarkets. Porsham Farm has agreed to be an 'irregular regular supplier' to restaurant Salumi and supply them consistently with different ages and breeds of animal.

The partnership has been championed on Salumi's website and both businesses promote it on their social media accounts (Instagram and Facebook). For Christmas 2021, Salumi included Porsham Farm's beef in a hamper. Porsham supported this enterprise by buying some hampers for farmworkers, who in turn shared it with their family and friends. This demonstrates how B2B partnerships can be a mutually beneficial way to boost sales and expand brand awareness among customers.

Porsham Farm also channel their sustainable vision through their beef boxes. These are offered based on stock availability and contain a mix of cuts that include steaks, roasting joints, slow cooking diced beef and mince from their older retired dairy cows.



Key steps:

- Identify local businesses (butcher, retailers, restaurants, pubs) which share your mission and values.
- Organise a meeting with them and discuss how you can develop a beneficial partnership.
- Ensure the partner business promotes your product, for instance through their website, social media, menu, chalkboards, and do the same for them where possible.

Cons:

- Demand from other small businesses can be unstable and vary at short notice due to, for example, seasonality of menu or fluctuating popularity linked to tourist seasons.
- Time needs to be invested to reach a mutual understanding of expectations and build trust.

Pros:

- Partnerships can help expand your customer base and mutually support another local business.
- Strengthen the resilience of your business through regular, reliable purchases.
- As shown by Porsham Farm, B2B partnerships can reduce waste as a business.
- These partnerships can be built on to further promote sales, for example by co-developing products, holding events on the farm, and growing or supplying other produce.

c. Festive and Gift Hampers

Beth Heath has worked with food from the Shropshire area all her working life. From working at farmers' markets in her late teens to founding the biggest food festival in the county years later.

The importance of local

Beth is a long-standing advocate of local food and drink businesses, and cares passionately about agritourism in the area. Beth is currently the founder of Shropshire Food & Drink and Director of Fun at Shropshire Festivals.

Shropshire Festivals holds several events annually, including the Shrewsbury Food Festival, Shropshire Oktoberfest, and Shropshire Tasty Trail.

When the pandemic hit in 2020, Beth was unable to hold any of her events. Knowing there would be hundreds of small, local food and drink businesses unable to exhibit and sell their products at festivals, she launched the Shropshire Hamper Company to keep supporting them.

She sources quality food and drink products from her local network, giving those producers a new channel to sell through. Most of the producers trade at Shrewsbury Food Festival and are chosen for their excellence, including Great Taste or similar awards.

The business and its ethics can be summarised by the tagline: 'We buy locally, how lazy is that!'

Launching a new hamper

Beth launched the hamper business in time for Christmas gift-buying. In particular, she targeted businesses looking for a festive end-of-year way to thank their employees for their work throughout a difficult year.

This was met with great enthusiasm: the more traditional corporate parties and events were not an option, and companies wholeheartedly embraced the opportunity to support local producers. 2500 hamper orders were received in 2020 when this initiative first started, showing the real demand of businesses wanting to support local. This initiative continues to be successful and to grow, some 18 months on.

Part of what made this a success was the inherent flexibility of a hamper scheme. Keeping to a specific price tag, hampers could be adapted based on products available: jams and preserves, cheeses, biscuits, cakes, cordials, craft beers. A corporate order could be tailored to the needs of the client and showcase smaller producers or smaller batches of a specific product. They were also able to provide bespoke branded hamper bags. This level



of flexibility is welcomed by SMEs specifically, for whom commitment to large production can make wholesale sourcing challenging.



d. Online shops and online selling platforms

Setting up your own online shop can feel like an insurmountable amount of work. The benefits of having an online shop very much depend on your products and service offer: having a website for a subscription service makes it convenient for return customers to add to, remove, or update their subscriptions.

Why go online?

With growing trends in online food and drink purchases, there is untapped potential for business growth.

An online shop can compound your online presence, especially, if you already invest time on social media and can be used to provide visibility to your social media activity posts. Your social media, in turn, can refer to new products or specific offers on your online shop.

Think carefully about how much time you can dedicate to this; contracting out some of the work could more than pay for itself.

Key step: explore what your Regional Food Group can do for you?

Regional Food Groups and other support structures in your area might be able to help, including with training, financial support, or signposting to local companies that could put together or run the platform for you.



e. Farmers' markets

Farmers' markets are generally perceived as low cost and high return. One of the key benefits is that, as a food and drink business, you do not need to do any of the work that comes with organising the event and advertising it. Visitors are there to purchase food and drink and, therefore, you can concentrate solely on making your products attractive.

There are key areas of consideration, such as how will you present and package your goods, will you provide special offers, tasting opportunities or food or drink pairing ideas, and even gift sets. It's worth walking around different markets and getting a sense of what others are doing – and how you could personalise an idea to your products.

Each farmers' market may have a different focus and audience. One market may have a high demand for vegan products; whereas another may have lots of families visiting. Similarly, the focus of markets may change through the seasons. The appetite for spending and the type of goods to promote may be different at Christmas compared with summer.

Farmers' markets are also a great opportunity to promote your online platforms. Providing flyers or business cards with your website address, Facebook page or Twitter handle will help customers, or those receiving the product as a gift, to find you online.

Key takeaway: find local markets

Alongside the websites below, regional press often list key farmers' markets across the UK. It's worth filtering the results by region and/or dates - there might be more markets on your doorstep than you realised!

- <https://artisanfoodtrail.co.uk/events/>
- <https://saturdayandsunday.co.uk/weekend-farmers-market-directory/>
- <https://www.bigbarn.co.uk/local-food-map/>

