INSERT — Case Study

Read this case study carefully before answering the questions. You may refer back to it at any time during the examination.

Wildroots Foods Ltd

Background

Wildroots Foods Ltd was founded in 2016 by Priya Sharma, a former nutritionist with a passion for healthy, sustainable eating. The company manufactures organic, plant-based snack bars and energy balls at its factory in Bristol, using ethically sourced ingredients from certified organic suppliers. All packaging is made from recycled or compostable materials.

The business has grown steadily and now employs 85 people, generating annual revenue of approximately £4.2 million. Wildroots has built a loyal following among health-conscious, environmentally aware consumers, and its products are regarded as premium quality within the specialist health food market.

Culture and values

From the outset, Priya has deliberately built a culture of purpose and shared values at Wildroots. She calls it **"the Wildroots way"** — a belief that doing business well and doing business ethically are not in conflict. Many employees accepted lower salaries than they could have earned elsewhere because they believed in Wildroots' environmental and health mission. The company operates with a flat management structure, and most significant decisions are made through a process of team discussion and consensus.

Priya believes the culture is central not only to the quality of the product, but to the authenticity of the brand. However, a number of Wildroots' managers have privately expressed concern that the consensus-driven culture has begun to slow decision-making, making it harder for the business to respond quickly to market opportunities.

Distribution and sales channels

Wildroots currently sells its products through three channels. The largest is independent health food stores and farm shops, which account for the majority of revenue. The company's own website, selling directly to consumers, has grown rapidly in recent years and now generates a significant and increasing share of sales. A smaller proportion of revenue comes from appearances at farmers' markets and food festivals, which Priya values for the direct customer contact and brand-building they provide.

Data on Wildroots' sales channels is shown in Appendix A.

Strategic situation

Wildroots has recently attracted the attention of **Freshmart**, a major UK supermarket chain with 620 stores nationwide. Freshmart has offered Wildroots a three-year supply contract for its full snack bar range. The contract would be transformational in scale, but would require Wildroots to:

- Invest in significant additional production capacity
- Reduce its retail price to meet Freshmart's margin requirements
- Adopt new packaging in line with Freshmart's own-brand specifications

Priya is excited about the scale of the opportunity but has three significant concerns:

1. **Financial:** whether the contract terms are genuinely profitable after the additional costs are accounted for
2. **Brand:** whether the Wildroots brand can survive being sold in a mainstream supermarket alongside large commercial brands
3. **Culture:** whether the rapid growth and commercial compromise required by the contract would undermine "the Wildroots way"

Priya is also considering two alternative growth strategies that would avoid these risks:

- Launching a new range of children's organic snacks (**product development**)
- Exporting the existing product range to European health food markets (**market development**)

Financial data relating to the Freshmart contract proposal is shown in Appendix B. Operational performance data for Wildroots is shown in Appendix C.

Appendix A: Sales channel data for Wildroots Foods Ltd

Table A1: Revenue by sales channel

Sales channel	2024 revenue (£)	2025 revenue (£)	% change
Independent health food stores and farm shops	2,604,000	2,730,000	+4.8%
Direct-to-consumer website	920,000	1,050,000	+14.1%
Farmers' markets and food festivals	380,000	420,000	+10.5%
Total	**3,904,000**	**4,200,000**	**+7.6%**

Table A2: Website customer data (2025)

Measure	Figure
Customer age profile: 18–34 years	42%
Customer age profile: 35–54 years	38%
Customer age profile: 55+ years	20%
Average order value	£34.50
Repeat customer rate	68%
Instagram followers	127,000
TikTok followers	43,000

Appendix B: Financial projections — Freshmart supermarket contract (Year 1)

Item	£
Projected additional revenue	2,800,000
Additional ingredients and materials	(1,120,000)
Additional packaging costs	(280,000)
Additional labour costs	(560,000)
Additional fixed overhead costs	(420,000)
Projected additional profit from operations	**420,000**

Additional financial information:

Measure	Figure
Current annual profit from operations (2025)	£378,000
Capital investment required to fulfil contract	£800,000
Method of financing	Long-term bank loan
Current gearing ratio	18%
Estimated gearing ratio after borrowing	41%
Contract minimum commitment	3 years

Appendix C: Operational performance data for Wildroots Foods Ltd (2025)

Measure	Wildroots Foods Ltd	Industry average
Capacity utilisation	74%	81%
Labour productivity (units per employee per day)	842	910
Defect rate	1.2%	0.8%
Labour turnover	11%	18%
Average order fulfilment time (days)	3.2	4.1
