

Home Advantage

A UK Market Development Strategy
for Scotland's food and drink industry



Scotland
A LAND OF
food and drink



Image courtesy of HIE/John Paul Photography



Image courtesy of HIE/John Paul Photography



Foreword

In 2017, the Scotland Food & Drink Partnership launched Ambition 2030, a roadmap for the nation's farming, fishing, food and drink industry. It was founded upon a vision of making Scotland a world leader in responsible, profitable growth.

Our future is about building business capability, forging a global reputation, embracing deeper collaboration and developing our markets.

This strategy is about taking our UK market activity to the next level.

A focus on opportunity and highly collaborative delivery between the industry, Scottish Government and Scottish Development International has transformed our export growth over the last decade. Overseas sales now top £6 billion a year.

When we toured the country to develop Ambition 2030, businesses big and small told us they wanted a renewed focus on the Scottish and wider UK market. After all, for every £1 of food we sell overseas, we sell £3 at home. The result of this renewed focus is the Scotland Food & Drink Partnership's UK Market Development Strategy. It defines our opportunities and highlights initiatives we will develop and deliver to build both our capabilities and our markets.

These initiatives include:

- Deep relationships with every major retailer and foodservice customer in the UK
- Supplier Development Programmes to power up our businesses for UK growth
- A Priority Markets Programme, with tailored activity and support focused on key regions and categories in the UK
- An accreditation development programme for all businesses, supporting them to gain new sales and grow reputation

After reading the strategy, we hope you'll talk to the Scotland Food & Drink Partnership about how your business will make use of these initiatives. Join us and unlock the opportunities ahead.

It's time to make the most of our home advantage.

Scottish produce already has a strong reputation across the UK market and we know it continues to grow. Many of our businesses are currently prospering in this market and we want to help them grow further and expand their market share. In addition we want more of our fledgling businesses to follow in their footsteps and reap the rewards of a lucrative, yet competitive, UK food and drink market.

We have had great success in export markets through strong collaboration between industry and the public sector and I am pleased that we are now replicating this approach in one of our most important markets.

The plan is ambitious, but is rooted in practical detail around how we support and upskill our food and drink businesses and develop new market opportunities. These opportunities are particularly important given the challenges of Brexit.

So this plan is both timely and significant for food and drink businesses of all sizes, and for rural and urban economies alike. The Scottish Government is fully committed to supporting the delivery of the plan, and we look forward to working with the industry to further grow the value and reputation of the sector.



Fergus Ewing

Cabinet Secretary for the
Rural Economy and Connectivity

A £17bn opportunity

The UK opportunity for Scottish food and drink businesses is immense.

Right on our doorstep is a growing market of over 66 million people, where currency, language, location and logistics work in our favour.

It's a market where Scotland already has a strong and growing reputation. And it's a market where in every trade scenario post-Brexit, excellent opportunities await us. It is already our biggest market, this strategy will take us to the next level.

Our goal is to double our turnover in Scotland and the rest of the UK from £8.6bn to £17bn by 2030.

We've designed the UK Market Development Strategy to make this happen. The strategy shows how Scotland Food & Drink will collaborate with public-sector and industry partners to define and build markets and develop programmes to support businesses to extend their capabilities and deliver new opportunities.

In short, to gain competitive edge and grow and sustain profitable sales.

There's something in this strategy for every food and drink business in Scotland. Now it's time to grab the support and opportunities on offer.



Beyond the figures

To reach £17bn turnover from UK sales in 2030 isn't our only goal.

Over the coming decade, we want to build truly collaborative relationships with retailers, wholesalers and foodservice. We want relationships that operate fairly and transparently for the whole supply chain, and create exciting career prospects Scotland-wide.

This will back our 2030 vision for farming, fishing, food and drink, to be Scotland's most valuable industry, recognised at home and abroad as a model of collaboration and world leader in responsible, profitable growth.

Part of a wider picture

The UK Market Development Strategy sits within the framework of Ambition 2030.

It maps out how we'll develop our markets and grow Scotland's reputation, while building our businesses' capabilities in terms of people & skills, supply chain and innovation. It also complements Scotland's Food Tourism Action Plan.



The state of play

In the eyes of many UK consumers, Scotland's food and drink is unequalled. That's a powerful and positive opportunity for food and drink producers in Scotland – you can sell to the converted.



Seven out of ten Scottish **shoppers think food and drink produced in Scotland is better quality than that produced elsewhere.**

Even in other parts of the UK, around half of shoppers agree.¹



When eating out of home, seven out of ten people in London say they're **more likely to buy food and drink because it's Scottish.**²



Scottish consumers' pride in our food and drink is powerful. **82% think we produce the best whisky; 76% the best beef; and 75% the best salmon.** Well over half of UK consumers agree with them. The opportunities to leverage this are vast.³



The Scotch Beef logo has the highest quality perception

among different quality logos in Scotland and the second highest in the rest of the UK – higher than other nations' flags.

This association with quality is a gateway for other food and drink too.

The message is clear: we're not selling as much as we could do.

Without doubt, there are challenges. The UK is complex and diverse in terms of demographics, regions, channels and market forces. It's a highly competitive high street and supplier costs are increasing.

Even so, the support, collaboration and opportunities put in place by the UK Market Development Strategy will offer businesses the tools to address these. In addition, Scotland Food & Drink's Skills, Innovation and Supply Chain Boards are focused on driving connectivity, profitability and productivity for businesses across the sector.

The UK opportunity

Discussions around our UK opportunities tend to focus on two aspects:

- the home market of Scottish consumers and visitors to Scotland
- London – with 8 million consumers – and the wider south east

But they're not our only options, and this strategy will offer businesses support to identify and target other valuable opportunities.

¹ Source: Scotland Food & Drink / Survation, November 2017

² Source: Kantar World Panel out of home panel, February 2018

³ Source: Scotland Food & Drink / Survation, November 2017

Our UK strategy: £17bn by 2030

How do we raise UK turnover of Scottish food and drink to £17bn by 2030?

How do we build on Scottish provenance, and increase the value of Scotland's food and drink? How do we increase the number of customers and consumers believing in Scottish food and drink, and buying it?

And, how do we increase the number of businesses producing what the market wants – at prices and timings that work for customers, consumers and the whole Scottish supply chain?

Our strategy has three cogs driving progress and growth: DEFINE, DEVELOP, DELIVER.

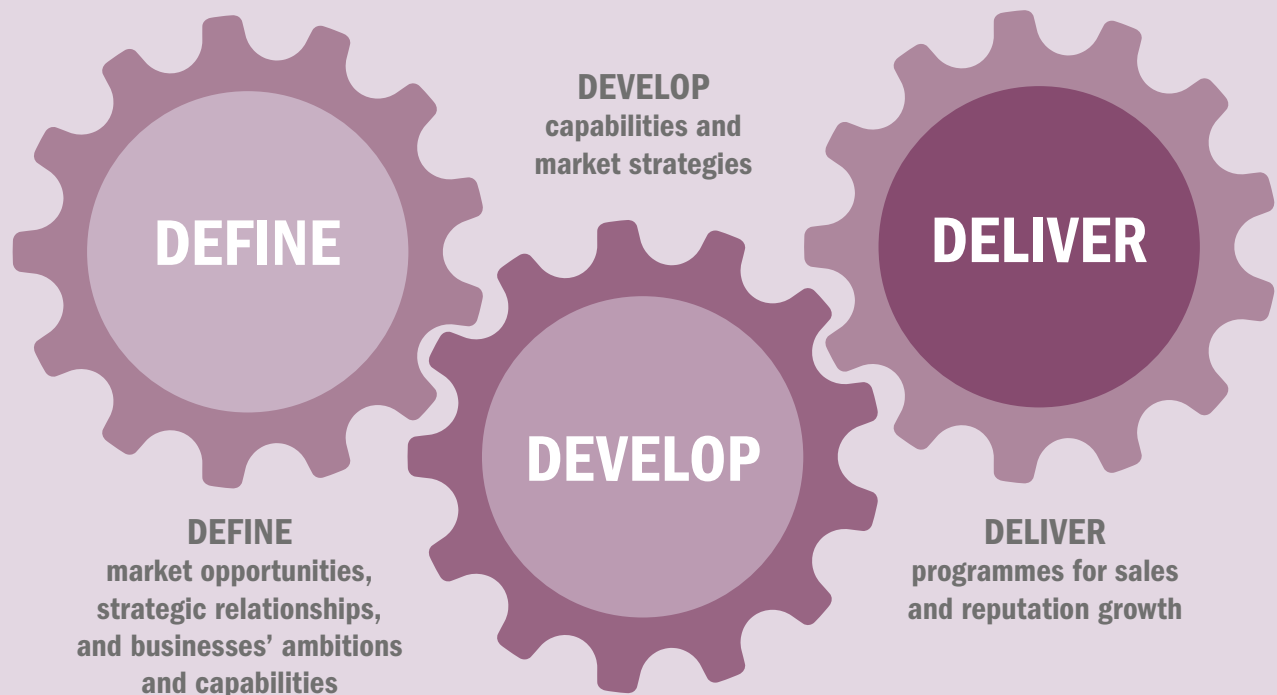
Each will build on the existing strong collaboration and shared ambitions of the Scotland Food & Drink Partnership, a unique partnership which stretches across Scotland's industry bodies, Scottish Government and enterprise and other key agencies.

This partnership and spirit of collaboration works. We have seen it already fuel remarkable growth in the food and drink sector and put our industry at the forefront of Scotland's economic story.

Each cog will involve two types of activity:

- building our markets, so we make optimum use of intelligence, insights and connections, and target what we do
- building our businesses' capabilities, so producers have the skills, knowledge, insights and logistics to compete with the best

The aim of all this? Reputational growth and sustained, profitable sales growth that works for all parts of the supply chain.





Gearing up for growth: DEFINE

The first cog for turnover growth in the UK is to delineate the markets, opportunities, relationships and capabilities that will generate growth.

Defining the market

From now to 2030 and beyond, we'll define the market – retail and foodservice, multiples and independents – and where the opportunities are located, regionally and nationally.

We don't mean a one-off information-gathering exercise, but continuous collaborative activity to keep our finger on the pulse, and proactively build one-to-one strategic relationships from which market opportunities will be created.

This will include:

- UK shopper/consumer trends research
- category reviews in-store
- strategic customer account management
- joint operating plans

Defining our capabilities

We'll also define our businesses' ambitions and capabilities, gauging where businesses stand on our UK market development ladder and where they could stand if they use the support that Scotland Food & Drink, the enterprise agencies and other partners will develop and deliver.

THE UK MARKET DEVELOPMENT LADDER

This will categorise our suppliers based on their aspirations. This will allow us to target the right resource at the right businesses.

Local

- Focused on local markets
- Not considering wider Scotland or the rest of the UK

Aware

- Aware of the rest of the UK as opportunity
- Committed to considering new markets and channels
- Actively looking to build knowledge and capacity

New rest of the UK Trade

- Limited proactive activity – less than 10% turnover in rest of the UK sales
- Actively seeking knowledge and info on near-market rest of the UK opportunities
- Has identified which markets are appropriate
- Has established strategic direction and a complete rest of the UK tactical plan

Progressive

- 10–25% of turnover is rest of the UK sales
- Focused on proactive and profitable growth in market share through 1 or more market channels
- Has capacity, or is investing in capacity, to service more/growing markets

Active

- Over 25% of turnover is rest of the UK sales
- Has reviewed which new markets are most likely to be successful
- Building business capacity for further sustainable growth
- Engaged in more complex collaborations, eg innovation activity or supply chain excellence
- Considering international trade opportunities



Sharpening Scotland's competitive edge: DEVELOP

Scotland has brilliant support for food and drink businesses. There's the market and supplier development activity delivered directly by Scotland Food & Drink and other industry bodies. There is tailored support from Highlands and Islands Enterprise (HIE) and Scottish Enterprise (SE). There are many ambitious initiatives that businesses can tap into, such as Showcasing Scotland and Scottish Food & Drink Fortnight.

Support like this and exemplary collaboration have helped food and drink become our best-performing industry. It's why other parts of the UK and Europe are seeking to emulate what Scotland has done.

The DEVELOP cog is about building on this – not reinventing what we do, but not resting on past glories either. We'll take what we know from DEFINE to develop and invest in capability programmes and market strategies to sharpen businesses' competitive edge.

Areas we'll look at include:

Supplier capability programmes: We'll plan how Scottish food and drink producers can gear up to deliver more of what buyers want.

Trade shows and exhibitions for UK: We'll build on experiences from existing events in Scotland and the rest of the UK, tactically targeting the best opportunities.

Priority markets programme: As a small nation without resources to target everyone, everywhere, we must focus on priority markets – both geographic and product category. For each priority market, we'll develop a package of support.

A campaign to build the reputation of Scottish food and drink: We'll start in Scotland and then extend to the rest of the UK, leveraging initiatives such as Scottish Food & Drink Fortnight.

Public procurement strategy: We'll map opportunities and best practice and explore how policy and strategic relationships could increase use of Scottish produce in hospitals, schools and or other parts of the public sector – not just in Scotland, but potentially in the rest of the UK too.

E-commerce strategy: We'll look to support businesses of all sizes to drive sales and margins online.

Scotland Food & Drink Excellence Awards: We'll develop our annual Excellence Awards to foster strategic relationships with buyers and influencers in priority markets in the rest of the UK – relationships that businesses can turn into listings and sustainable, profitable sales.

Food tourism: We'll work more closely with the tourism and hospitality sector. Scotland's new food tourism strategy is focused on giving visitors to Scotland – staycationers and overseas tourists – a taste of Scotland, opening up new opportunities for suppliers.



Collaborating for success: DELIVER

To take the strategy from paper to profits, the Scotland Food & Drink Partnership will collaborate to deliver a range of programmes for businesses. We'll take collaboration and ambition to new levels, and we urge Scotland's food and drink businesses to do the same.

Programmes to build businesses' capabilities

Growth will come from businesses having the people & skills, innovation culture and supply chain resilience to secure new contracts and sales, to keep those contracts and go further. We'll invest in programmes that businesses of different sizes can use to do this, including:

Supplier Development Academy: We'll work with major multiples and foodservice companies to set up tailored Supplier Development Academies. Selected food and drink companies from across Scotland will take part in bespoke development and training programmes, co-delivered by the customers themselves. We have evidence that this approach helps suppliers to grow sales, so we'll do more of it.

Business Improvement Academy: Building on the experience of programmes in other sectors in Scotland, we'll design and fund a training programme for companies, giving them access to experts and new knowledge. It'll cover aspects like marketing, logistics, innovation, and building a UK development strategy.

Accreditation is key to growth, helping food and drink producers reach new buyers. We're launching programmes to help more food and drink businesses achieve SALSA and BRC standards.

We'll build on existing activity too. For example, we'll get more retailers and foodservice companies into our **Meet the Buyer** programme, allowing producers to develop connections and find out what they need to do to grow their sales.

And we'll develop the Scotland Food & Drink Excellence Awards into a pathway for businesses to scale up capabilities and sales.

Programmes to develop our markets

We'll deliver new and existing events and activities to help businesses of all sizes to move to the next level. They'll include:

Regional Food Groups, and our Regional Showcase and Showcasing Scotland events: Working in collaboration with regional food groups, we'll build these up so they systematically support UK sales growth. The three programmes will operate as a streamlined, coordinated route to growth – with each one leading businesses directly to the next level.

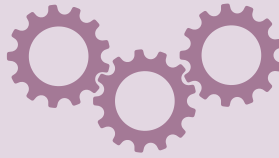
Support to attend trade shows and exhibitions: We'll target our resources and connections to put businesses in front of the right people from Scotland and the rest of the UK – both retail and foodservice.

Priority markets: We'll develop support programmes for businesses to target priority markets – through connections, insights and communication activity. In London, for example, we'll use Scotland House as a platform to engage buyer and showcase supplies.

Inward missions to build reputation: We do this already, but we'll step it up, bringing influencers and buyers to Scotland to see for themselves the quality of our natural resources, businesses and people, and the power of Scottish provenance.

UK Supplier Manager for Hire: We're looking at options for Manager for Hire schemes, where match-funded senior managers work within supplier businesses to build their capacity for significant UK sales growth. We'll also look to support groups of companies who wish to share this resource.

Graduate and intern programmes: As well as offering businesses extra market development support, these can address the need to attract talented people into the sector and build a talent pipeline of future leaders and entrepreneurs in Scottish food and drink.



A COLLECTIVE EFFORT

Collaboration and ambition have served us well till now; they're also the way forward. Not just for the sector as a whole, but for businesses at every stage of growth.

What next?

There's just over a decade to 2030. How do we make this strategy happen?

Scotland Food & Drink, its partners across industry and the public sector will work as one. We will monitor and review progress towards targets and embrace a spirit of innovation, ambition and collaboration in all we do.

Scotland Food & Drink's People & Skills, Supply Chain and Innovation Boards will align their investment, activity, energy and focus to support this strategy. We'll nudge, nag and do everything else necessary to keep things moving forward.

The enterprise agencies, Highlands and Islands Enterprise and Scottish Enterprise, will do their own shepherding, to align their relevant initiatives and programmes to this strategy to energise and focus food and drink businesses' capabilities, supporting the journey that turns ambitions into profitable sales.

And what can businesses do?

This strategy has set out the programmes we'll define, develop and deliver for businesses. But it's businesses that ultimately make the sales and reap the profits.

So, what can you do? Get involved!

Come to a regional showcase or trade show; work towards SALSA or BRC; upskill or use innovation support, collaborating with us and retail & foodservice organisations to realise sustained and sustainable growth.

Sure, there's some work in that, but the rewards can be huge. There's a £17bn prize in our UK market, and we hope every single food and drink business in Scotland will grab the chance to share in it.



Half of Scottish shoppers and 4 out of 10 rest of the UK **shoppers plan to buy even more local food & drink after Brexit**, and the figures are rising.⁴

Let's power up and sell to them.

⁴ Source: Scotland Food & Drink / Survation, November 2017

The Scotland Food & Drink Partnership

SCOTLAND FOOD & DRINK PARTNERSHIP



The Scotland Food & Drink Partnership brings together industry, government and its agencies working in the Scottish food and drink sector.





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