

Tomorrow, the world...



**An export plan
for Scotland's
food and drink
industry**

Scotland

A LAND OF
food and drink

Tea to China

Cheese to France. Fish to Japan. Meat to Germany. Even tea to China. And that's before we mention whisky...

Scottish produce travels the world – from Beijing to Brussels, Delhi to Detroit – and with it our reputation as a Land of Food and Drink.

The reasons are simple. We have fantastic natural resources. And we have people with the imagination and ambition to meet growing worldwide demand for a fantastic eating and drinking experience.

Since 2007, when we first began to bring together everyone concerned with food and drink in Scotland, we've created a world-leading support network for our businesses.

Under the umbrella of Scotland Food & Drink, government and industry have developed a unique way of working together. This partnership is starting to attract attention from other countries around the world.

Today any Scottish food or drink business of any size can turn to us for advice and support. Many already have.

While whisky has become a global trailblazer, our focus for other food and drink products has so far been the home market. After all, 85% of these are sold to customers in the rest of the UK.

SCOTLAND'S EXPORT OPPORTUNITIES: DAIRY

Dairy consumption in China looks set to rise at a compound rate of 13% a year between now and 2017. High-end milk products could see 20% annual growth rates*.

SCOTLAND'S EXPORT OPPORTUNITIES: SEAFOOD

In China annual seafood consumption has rocketed from 11.5kg per head in 1990 to 25.4kg in 2004. Current predictions put it at 35.9kg by 2020**.

* Source: FT.com

** Source: foodexport.org

We'll keep working closely with UK retailers and foodservice organisations to extend the range of premium Scottish produce on offer.

But we can't rely on the home market alone for growth. So now we're marshalling all our national export expertise and setting our sights on the prizes to be won beyond our shores.

It's time to take our industry global.





SCOTLAND'S EXPORT SUCCESS: SEAFOOD

- Exported to over 100 countries
- Two-thirds of the world's langoustine sourced in Scotland
- Scottish monkfish, crab and langoustine chosen for 2011 Bocuse d'Or Culinary competition
- Scottish salmon and langoustine partners to World Chefs 2012-2014 Global Challenge.



SCOTLAND'S EXPORT SUCCESS: SALMON

- Fresh Scottish salmon exported to over 60 countries worldwide
- First foreign product to gain France's prestigious 'Label Rouge' quality mark, 1992
- Protected Geographical Indication (PGI) status granted by European authorities, 2004
- Named 'Best farmed salmon in the world' by international seafood buyers, 2011.

Hunger for growth



Food and drink in Scotland has come a very long way in seven years. Back in 2007 we set a target of £12.5bn turnover by 2017.

We smashed that target last year – six years early – and now we’ve raised it to £16.5bn. Among other things it’s a great story of how quality can win through, even in tough economic times.

A significant proportion of that has come from exports. Our food and drink industry today is Scotland’s fastest growing exports sector – up from £3.7bn in 2007 to £5.3bn in 2012 (and another 2017 target, £5.1bn, smashed along the way).

Meanwhile, looking at food exports alone, £8 in every £10 of revenue comes from just 10 markets, and half of that is salmon and seafood.

So while the overall picture is certainly a success story, it’s not as balanced as it should be. We’re very ambitious indeed for Scotland’s food and drink industry – and we’re still only scratching the surface of the vast global potential for exports.

Now the challenge and opportunity is clear: we need to export a broader range of products into a broader range of markets.

We know there’s a real hunger to do this in the industry. This is about how we start to turn that into a reality.



£16.5bn
NEW TURNOVER TARGET BY
2017



£7.1bn
NEW EXPORT TARGET BY
2017

We know there’s a real hunger to do this in the industry.

Now we’re aiming for £7.1bn by 2017. If we meet that it will mean our exports will have nearly doubled in a decade.

That’s the good news. The slightly less good news is that food and non-whisky drinks currently account for only 20% of our export activity, with whisky taking the lion’s share.



Feet on the ground

We brought together the people with in-depth knowledge of export markets and different categories of food and drink* and put this question:

How do we help all the other sectors to follow whisky's stellar performance and generate a further £2bn in exports by 2017?

The answer was simple: unprecedented collaboration and pooling of resources. This means specialist support for the whole industry on a scale that it has never experienced before.

The key will be putting feet on the ground. We'll be bringing together all our combined market and sector expertise to build a global team of food and drink experts, operating in our priority export markets.

Their brief will be to open up a raft of new opportunities for ambitious Scottish exporters. Specialists who really know their business, they'll knock on doors and build contacts with importers and buyers such as hotels, restaurants and supermarkets.

* The Scottish Government, Scottish Development International, Scotch Whisky Association, Quality Meat Scotland, Seafood Scotland, Scottish Salmon Producers Organisation, Scottish Bakers and Scotland Food & Drink

Impressive resources

We are able to do this because Scotland Food & Drink is a unique partnership and we have impressive resources to call on.

Scottish Development International (SDI), the trade and inward investment body, has over 240 staff based in Scotland and in 27 offices around the world – an incredible bridgehead into a huge range of local markets.

The many trade bodies which partner us also have a tremendous fund of market knowledge and contacts.

But we won't just be providing market intelligence and access. We'll create tailored programmes for individual markets – for example, raising awareness of Scotland's premium seafood and salmon with leading chefs in Asia.

Always conscious of the bigger picture, we'll also trumpet Scotland as a Land of Food and Drink at the main global shows like ANUGA in Cologne and Seafood Expo Global in Brussels.

We'll take Scottish companies overseas to learn about different markets and build direct relationships with buyers and distributors.

And we'll make the most of events as such as the Commonwealth Games and the Ryder Cup to bring key customers on inward trade missions to Scotland. Then they can see our unique natural larder for themselves.



The answer was simple: unprecedented collaboration



The first fifteen



We've identified 15 markets where we believe Scotland's food and drink businesses have the biggest opportunities. This is where we can put our effort and resources to work most effectively, right across the industry.

Our planning is based on extensive research into international market opportunities, along with our own knowledge of Scotland's food and drink businesses and their current export activities.

We'll be making support available to Scottish companies that intend to take their products into these markets. They may be first-time exporters. They may be growing their share of existing markets, or breaking into new ones.

Of course, other companies may have strong prospects in other markets and we'll continue to support them, but these 15 are where we're putting our collective effort to benefit the industry as a whole.

Top prospects Of the 15 markets we've earmarked, the seven that follow are those where we have the best opportunity either to strengthen our existing presence or to gain new footholds. They are:

- **North America (USA & Canada)**
- **France**
- **Germany**
- **Middle East (UAE, Saudi Arabia & Bahrain)**
- **Mainland China and Hong Kong**
- **Japan**
- **SE Asia (Singapore, Thailand)**

In the more mature markets, France and North America for example, we'll be looking to forge stronger relationships with buyers and encourage our businesses to develop new products. In newer markets such as Asia we need to do more to raise awareness of what Scotland has to offer.

We know this model will work. Some of our competitor countries already follow it and we're starting to see dividends from adopting this approach ourselves.

In Germany, for example, one of our food and drink specialists has been working with Scottish red meat companies. Several have been able to fast-track into real business opportunities as a result.

Over the next three years we're looking to build a team of 16 specialists across these markets.

Their job will be to help Scottish businesses get to know the lie of the land and the key customers. They'll also bring overseas buyers to Scotland to experience our Land of Food and Drink for themselves.

Tailored activity The second tier, six markets in all, also offer significant opportunities. These are markets where we already have a presence, both through SDI and the industry.

At this stage though, they don't call for the same level of additional, dedicated on-the-ground support as the first seven.

Here we'll concentrate instead on building customer relationships, and creating a programme of tailored activities for each market. They are:

- **Spain**
- **Italy**
- **Benelux (predominantly Belgium and Netherlands)**
- **Russia**
- **Nordics (Norway, Denmark Sweden & Finland)**
- **South Korea**



Watch and wait These last two markets have considerable potential for the future, but we need to learn more about them and any possible barriers to entry we might face. For now we'll keep a watching brief through research and learning journeys. Over time we would expect to start actively developing opportunities.

- **India**
- **Africa (initially focusing on South Africa)**

Scotland's presence in the world



Learning from whisky

Scotch whisky, with its phenomenal global reach, is an industry made up of all types of businesses, from smaller, family-owned firms breaking into new markets to large companies that have been exporting around the world for decades. The common factor is a drive to succeed and an unflinching commitment to quality.

With global export sales of nearly £4.3bn in 2012, Scotch whisky is well placed to open doors overseas for other Scottish industries. There's much the rest of us can learn from its success, and we're constantly looking at new ways to apply it. Research tells us we can emulate whisky in other sectors, such as dairy and bakery, where there is as-yet-untapped export potential.

Our market specialists will be focusing their efforts primarily on food, along with niche independent Scotch whiskies, and the broad non-whisky drinks sector including craft beers and soft drinks.

SCOTLAND'S EXPORT SUCCESS: SCOTCH WHISKY

- The world's most popular spirit, sold in around 200 markets worldwide
- More sold in one month in France than cognac in a whole year
- 40 bottles exported every second.

SCOTLAND'S EXPORT OPPORTUNITIES: CRAFT BREWING

The craft beer sector in the USA is heading for four straight years of double-digit growth, following mid-year 2013 growth of 15% in dollar sales, 13% in volume*.

* Source: US Brewers Association



What makes this different

This is the dawning of a new golden era of food and drink in Scotland and we have grand ambitions for exports. We're talking about nothing less than international-ising an entire sector of the Scottish economy.

As more and more Scottish businesses hit the export trail, we're laying the foundations for an industry that will be sustainable way beyond the immediate horizon of 2017.

Today we're better-resourced and more collaborative than ever before. We're also more focused – on those opportunities which research and our collective knowledge tell us will bring the best returns for Scotland.

Our team of specialists will be able to forge new relationships with buyers and distributors in priority markets. Their aim will be to nurture and grow these over the longer-term.

We'll support their efforts back in Scotland with increased market awareness and development activity, so companies can tackle export opportunities with greater understanding and confidence.

That support will come through SDI and the wider Scotland Food & Drink partnership – in which trade associations will have an important role to play.

SCOTLAND'S EXPORT OPPORTUNITIES: PREMIUM FOOD SERVICE

In SE Asia, rapid growth in the foodservice industry is driven by large populations of young consumers, high per capita spending, a well developed dining-out culture and a growing focus on healthy but indulgent foods. Singapore foodservice retail sales are predicted to rise from \$7.9bn in 2012 to almost \$9.4bn in 2016*.

* Source: Euromonitor International

Just as importantly, we've agreed how we can collaborate to help individual businesses and key sub-sectors develop their international trade. For example, we'll be able to provide shared market insights and sector contacts, and quickly direct our customers and members to the best source of advice.

What's different now is that we're all working together in a collective approach, with a shared set of market priorities. That means that we can really make the most of our resources, expertise and contacts to deliver even more for Scotland's food and drink industry.



The combination is unique and unstoppable.

What now?



Our export plan kicks in from April 2014. We're already working to recruit the new specialists and we expect to start placing them in markets over the summer.

We also intend to run workshops to share the plan in more detail as we roll it out. These will include sessions on specific markets with input from our people on the ground.

And a last word: none of this would be happening without the extraordinary partnership we've created under the Scotland Food & Drink umbrella.

Government brings with it the political clout to break down trade barriers, industry comes with expert knowledge of individual sectors. The combination is unique and unstoppable.



SCOTLAND'S EXPORT SUCCESS: THE MARKETS, 2007-2012*

- **USA (our largest food and drink market) up 82%**
- **France (our second largest market) up 46%**
- **China up 96%**
- **Middle East up 53%**
- **Japan up 226%**
- **Germany up 88%**
- **Singapore up 114%.**

* Source: HMRC Regional Trade Statistics and Overseas Trade Statistics



SCOTLAND'S EXPORT SUCCESS: RED MEAT

- Scotch beef and lamb among first European red meat products to receive Protected Geographical Indication (PGI) status, 1986.

Join the charge

Whatever your involvement with food and drink, however large or small your business, we can help you with three crucial things:

- finding out which markets suit your business best
- helping you understand how each market operates
- connecting you to the networks that will help you make the most of them.

Our message to the world of food and drink is this: the Scots are coming! We want you to be part of the charge.

**Call us on 0845 607 8787 or email us
today on foodanddrinkexports@scotent.co.uk**



**The Scots
are coming!**



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