

Scope

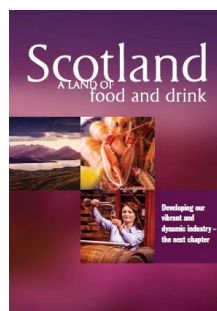
- Marketing
- Diversification/ Added Value
- Funding/ Support



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Food and Drink in Scotland

- ✓ Scotland's best performing major sector
- ✓ Worth £14.4bn (2014)
- ✓ Start-up birth rate up 86% in 7 years
- ✓ Scottish food & drink manufacturing growth rate twice the UK average
- ✓ Farming, fishing food & drink sector directly employs 119,000 people
- ✓ Sales of Scottish brands risen by 36% since 2007
- ✓ Food & drink exports worth £5.5bn in 2016
- ✓ Central to Scotland's economy
- ✓ 'Local' increasing in importance (est. £600m)
- ✓ Ambitious for the future

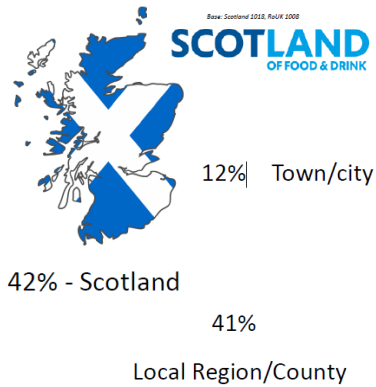


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Growth of 'Local'



- ✓ 69% of Scottish consumers say locally sourced food is important
- ✓ 52% of Scottish shoppers will pay more for an item labelled Scottish
- ✓ What does local mean to Scottish consumers?



The Importance of the Supply Chain



Food and Drink in Scotland has to include the full supply chain from farmer / fisherman to fork

..... the foundation stone of our thriving food and drink sector



The Importance of the Supply Chain



- 91% of SMEs capitalising on provenance of Scottish produce
- 71% large firms in Scotland increasing spend on origin / traceability marketing
- 53% consider see increased focus on provenance as an opportunity
- 51% of businesses are planning to further highlight provenance on their labelling



Capitalise on Provenance



- Provenance can indicate a premium product
- Understand customer perception - what is magical about your location?
- Leverage your location
- Focus on the details and tell the story
- If your provenance isn't attractive repackage it, or don't use it



Business Opportunities



- A credible & real opportunity
- Address one or more key trend
- Take advantage of support available in Scotland
- Make the most of 'local'
- Food tourism
- Supply chain diversification



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Where to Start



- Start with the Customer / Consumer
- Audit your Business
 - Resources
 - Skills
 - Cost
- Do your Market Research
 - Opportunities
 - Gaps in Market



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Resource	Tips	Links
Financial Resource	Look at capability and scalability factors, Understand and map your cost vs income. Access Business Gateway's Cash flow Projection Spreadsheet, Research potential funding streams or investment opportunities.	Business Gateway Cash flow Forecast Connect Local Funding Advice Scottish Enterprise Attract Investment
Human Resource	Effectively analyse the output of the business and identify if there is a need for additional human resources <ul style="list-style-type: none"> Assist with increasing workload to facilitate growth Replacing an employee who left – analyse skills and experience the business needs Bring in a new skill or new experience to the business Temporary workload increase Cover for the business owner Is your employee/team motivated and trained? Consider the type of employment you need. Full/Part time, contractor or subcontractor (employed or external), modern apprenticeship, work experience or an internship? Could you reorganise and redistribute the workload to make the current team more efficient? Could you promote existing staff and delegate more work to them? Could you offer overtime? Can you outsource your administration to an expert firm, saving you time and ultimately money?	Skills Development Scotland Our Skills Force Business Gateway Employing People



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Resource	Tips	Links
Physical Resources	Are your current land/ buildings/ offices / water and power supply sufficient to sustain your growth? Do you require any new machinery or manufacturing equipment? Do you require more storage areas or processing areas? Consider if your current vehicle (fleet) and distribution network is adequate to handle growth in supply. Is your IT Equipment and Hardware up to date and ready to handle an increase in the business? If you have added people to the business, do they require IT/ Hardware in order to facilitate the growth? Are your Point of Sale Systems up to date, fast and do they supply you with the data you will need to analyse and track your growth? Are your current environmental requirements and waste management systems equipped to deal with the growth of your business in a sustainable way? Where possible, can you automate your processes to reduce the time requirement on the business? Think about Cloud storage, training processes, automating your social media platforms, and perhaps your payroll system with a clock in or salaried system.	Connect Local Business Experts SAQS Business Consultants SAC Business Consultants






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Resource	Tips	Links
Educational Resources	Become as Educated as possible about your industry. Understand your competition, through market research; you can access a free Market Insight Pack from Business Gateway. Equip yourself with a deeper understanding of the industry. Stay up to date with the Scottish Food and Drink Industry by checking Scotland Food and Drink, SAOS, SRUC, Sea Food Scotland, and FDF Scotland. Ensure you stay active on Social Media Pages, some of your best and most up to date industry info will come through these sources.	Business Gateway Market Insight Pack Scotland Food and Drink SAOS SRUC Sea Food Scotland FDF Scotland
Emotional Resources	Do not underestimate your need for emotional resources. Maslow's Hierarchy of Needs (1943) shows the importance of human health and happiness on the output of a business. Some Emotional Resources you may consider are: Professional Mentoring services. This can be a good way to check in, and ensure that you are on the track to success, lay any of your doubts to rest and improve your confidence in your plan. You could consider membership of a Professional Group or Association such as your local Chamber of Commerce, or even join a group on Social Media which provides support and advice.	Chambers of Commerce Scotland Food and Drink SAC Business Consultants Connect Local Business Experts





Market Overview

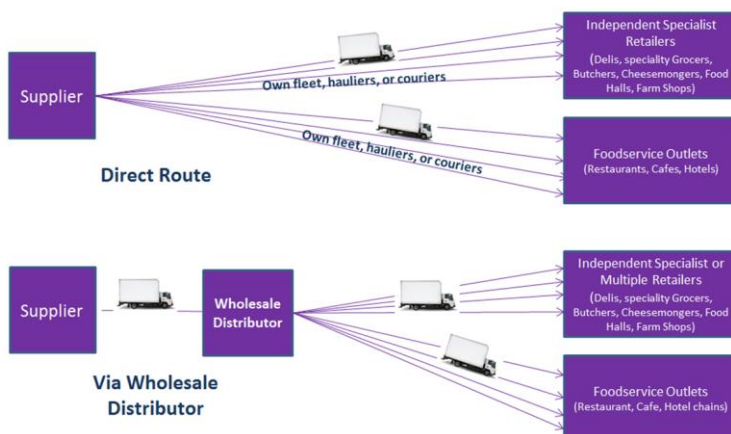


- Key market trends
 - Product trends
 - Retail
 - Foodservice
 - The Growth of ‘local’ and food tourism
- Business opportunities
- Your competitive environment





- Who and where is the target market ?
- What is the size of the target market ?
- Is there a gap or opportunity for you in that market?
- How do you intend to market and promote your product / service?
- Which routes to market will you seek to pursue?



Your Competitive Environment



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Pricing Strategy Matrix



This particular pricing strategy matrix illustrates the four the most common strategies by mapping price against quality. Using a pricing strategy enables you to determine the optimum price of a product or service.

Price Skimming – Initially setting a high price for a new low-quality product and then reducing it.

Premium Pricing – Setting a high price for high-quality goods.

Economy Pricing – Setting a low price for low-quality goods.

Penetration Pricing – Initially setting a low price for a high-quality product and then increasing it.



Each of quadrant serves a different purpose, and it's important to choose the one that is most relevant to your business and current situation.



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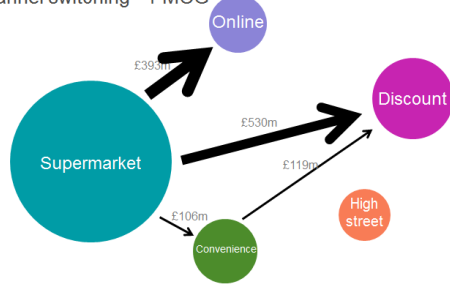


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Retail Outlets



- Channel switching – FMCG



UK online market one of most developed in world and growing at 15%



Foodservice



Foodservice worth ~£4.5bn in Scotland, growing ~3% yoy



What is Adding Value?



- Providing an enhanced product or service for which someone is willing to pay
- Do this by:
 - Enhancing the product
 - Providing additional features or service
 - Developing a strong branding



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Food



Produce an ingredient



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Food

Produce a product





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Food

PYO





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Drink



Look at On-Farm Resources



Non-alcoholic Drinks



Alcoholic Drinks



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Things to think about



- **Full disclosure** – consumer confidence from transparency
- **Self fulfilling practices** – products to match health aims or mood
- **New sensations** – multisensory food innovation
- **Preferential treatment** – personalisation & benefit
- **Science fare** – technological solutions in support of the environment



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Retail – Box Schemes



- Simple (relatively)
- Distribution cost
- Continuity of supply
- Limited geographical growth
- Customer retention



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Retail - Online



- Marketing
- Simple (relatively)
- Unknown demand
- No geographical boundaries
- Logistical issues
- Packaging
- Customer retention



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Retailing – Farmers Markets



- Cheap
- Customer Feedback
- Building customer base
- ROI
- Weather
- Growth limitations



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Retailing - Farm Shop / Cafe



- Need nearby chimney pots
- Range of options / costs
- Public onto the Farm
- Different skills set required
- Significant recent growth
- Extra space requirements
- Dwell time



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Health



- 31 % of meat eaters have cut back on red meat in the past 12 months (WHO 2015)
- Flexitarianism trend - 36% of consumers in 2016 quoted as cutting down their meat consumption (29% in 2015)
- Rise in low-fat and high protein claims
- <https://www.heckfood.co.uk/our-story>



Innovation and Technology



<http://www.madebycow.com.au/>

<https://www.blackcow.co.uk/about/>



Personalisation / Benefit



- Flexitarian
- Vegan
- Free from
- Packaging



	Value	
	£m	y-o-y%
Soya Milk	79.5	3.3
Nut/Coconut Milk	74.7	43.6
Rice Milk	13.0	8.1
Lactose Free Milk	62.7	28.7
Oat Milk	10.0	27.7
BSM	20.8	1.2
Yoghurt & Yoghurt Drinks	43.5	19.1
Other free-from dairy	19.4	23.2
Total	324.8	19.7



Premiumisation



- Premium own label +11% yoy (52 wks Jul 2017)
- Last five years, premium own label +35% (value) & +32% (volume)
- Since April 2013 consumers have spent an additional £414M on premium own label
- Discounters launching premium products.
- Luxury & exotic products



Convenience



- Easy to prepare, consume and store
- Ready-to-eat meals
- Meal solutions
- Online purchase and home delivery
- Snacking



Trend Summary Articles



- <https://www.foodmanufacture.co.uk/Article/2017/01/16/Top-food-and-drink-trends-for-2017>



USP/Brand Essence



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USP/Brand Essence



- <https://www.youtube.com/watch?v=IPYeClItXpXW>



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Innocent's USP

Stop interrupting what people are interested in. Be what people are interested in.

- Storytelling

hello, we're innocent

tastes good does good
- Other attributes; Environmental, sustainability, political, health attribute etc.

brand

ingredients

production

packaging

legacy

the innocent foundation
- Pack options and storytelling through that pack.

innocent drinks @innocent - Apr 8

Realised we haven't shouted about our smoothies for a while.

SMOOTHIES.

That's better.
- Tone of voice and communication

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Funding

- Food Processing, Marketing and Co-operation Grant
- LEADER
- Councils

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Support – Connect Local



CONNECT LOCAL

Scotland's local food & drink marketing advisory service



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About



- Scotland's local food and drink marketing advisory service
- Connect Local is **free**, and it is delivered by a team of experts from:
 - SAC Consulting
 - SAOS
 - Scotland Food & Drink
 - Seafood Scotland
- The service is funded by Scottish Government and European Maritime and Fisheries Fund

In association with:



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Project aims



- Help Scottish food and drink businesses capitalise on the success of the sector by strengthening the **local food and drink supply chain**
- **Build connections** between local producers and entrepreneurs, micro-businesses and SMEs by offering specialist advice for enterprises with limited experience of marketing local food and drink
- **Improve communication** within the supply chain to help deliver stronger working practices between suppliers, processors, sellers and consumers
- **Boost economic growth** by unlocking domestic markets within the Scottish food and drink sector, which employs around 116,000 people and has annual turnover of £14.3 billion
- Offer a specialist programme focusing on **seafood**



Services



- Business development
- Finding new local markets
- Branding, marketing, digital, promotions advice
- Maximising the impact of attending events
- Sources of private and public funding
- Food and drink legislation
- Forming common interest groups and networks
- Developing regionally based market development initiatives
- Supporting food tourism development
- Offer best practice guidance (PR; sourcing; farm retail; catering at events)
- Support development of Protected Food Names products
- Tailored workshops; learning journeys



Who we work with



- Food and drink businesses and organisations
- Entrepreneurs
- Start-ups
- Micro-businesses
- SMEs
- Common interest groups
- Foodservice / hospitality sector
- Retailers



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How to access



Contact Connect Local and your enquiry will be matched with the most appropriate resource within three days

- 01224 711044
- info@connectlocal.scot
- www.connectlocal.scot
- **Social media:**
 - Twitter: @ConnectLocalSC
 - LinkedIn: Connect Local - Scotland
- **Events:** check our website for forthcoming events



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Thank You



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