

Internal Evaluation of the Scotland Food and Drink Export Plan

By SE Appraisal and Evaluation Team

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1. Introduction

1. The following report details the results of an internal evaluation of the Scotland Food and Drink Export Plan (hereby referred to as the 'Export Plan') undertaken by James Cogg of the Scottish Enterprise Appraisal and Evaluation Team on behalf of Scottish Development International (SDI) and the Scotland Food and Drink Export Partnership.
2. Initially launched in 2014 the Export Plan is a five-year plan that detailed the sector's approach to achieving the Industry Strategy's objective of significantly increasing exports, namely the introduction of Food and Drink In-Market Specialists in a number of key markets globally. Now entering the final year of its current iteration, the Export Partnership were keen to carry out an evaluation to:
 - gain a greater understanding of the impact arising from the Export Plan to date; and
 - provide insight into additional needs and areas of improvement for any future Export Plan.

Methodology

3. The evaluation employed a mixed methodology combining desk research with a series of online surveys and stakeholder consultations in order to gather as much information as possible. The five main components of the methodology were:
 - A desk review of all monitoring data held by SDI. This included all quarterly monitoring data reported by the In-Market Specialists as well as feedback drawn from trade events supported (e.g. Showcasing Scotland; Boston Seafood Expo etc);
 - A series of telephone consultations were carried out with representatives from the Export Partnership. These focused on the difference the Export Plan and the In-Market Specialists had made to the food and drink sector and specific sub sectors, in terms of export opportunities, industry capacity and partnership working. Seven consultations were undertaken;
 - An online survey of contacts made in market by the Specialists, including importers, distributors and other agents. This focused on providing qualitative insight into the difference having the Specialists in place had made to buyers' engagement with Scottish companies and produce. The survey resulted in **110 responses**;
 - A second online survey of Scottish companies was circulated by the various Trade Bodies and Scotland Food and Drink to gather feedback on the impact having the In-Market Specialists in place had made to each company's level of exports. **72 responses** were received;
 - A third online survey gathered feedback from all 11 In-Market Specialists currently in post. This focused on identifying the main successes and challenges they have faced during their time in post as well as identified how the impact of their role could be enhanced in the future.

Report Structure

4. The remainder of this report is structured as follows:

- **Chapter 2:** provides a short analysis of monitoring data held by SDI related to company interactions, including trade events and Showcasing Scotland;
- **Chapter 3:** reports the finding of the consultation programme with members of the Food and Drink Export Partnership;
- **Chapter 4:** presents the findings from the online survey of In-Market Buyers from the priority markets which focused on the impact having a Scottish food and drink specialist in their country had on their engagement with Scottish companies;
- **Chapter 5:** details the feedback provided by the eleven Food and Drink In-Market Specialists;
- **Chapter 6:** reports on the findings from the final online survey that was undertaken with the Scottish business base to gather their opinion on the quality of the support they received.
- **Chapter 7:** draws together the main findings of the report into a series of overall conclusions on the impact and success of the Export Plan.

2. Food and Drink In-Market Specialist Activities

Introduction

5. This chapter provides an overview of monitoring data held by SDI including the level of engagement the In-Market specialists have had with the Scottish business base and the resulting impact from this engagement, including support for attendance at trade shows.

Scottish Company Support / Interaction

6. SDI closely monitor data from companies directly supported, as well as trade events, in order to estimate the likely impact the support of the Export Partnership is having on the Scottish food and drink exports.
7. Companies supported are asked to provide a forecast of their expected sales into priority markets over the next three years as a result of the support provided by the Export Partnership. In the year prior to the launch of the Export Plan and the introduction of the in-market specialists (2013/14), anticipated sales were £60.2m. In the most recent year (2017/18), expected sales were estimated to have more than doubled to £127m; **an increase of £67m (Table 1)**.

Table 1: Estimated additional sales figures supplied by companies

Year	£ amount
2013/14	£60.2m
2017/18	£127.0m
Change	£66.8m

8. Internal reporting shows that the Specialists have (as of Feb 2018) provided support to 340 individual Scottish businesses across the 10 priority markets. Many of the companies supported have sought support in more than one market, with the total number of engagements totalling almost 900, as shown in **Table 2**.

Table 2: Scottish companies engaged with specialists (by priority market)

Priority Market Focused On	Companies engaged since introduction of the Export Plan
Canada	110
China	119
France	70
Germany	56
Hong Kong	58
Japan	117
Middle East	82
Nordics	13*
Singapore	111
USA	134
Total	870**

* The Nordics position was only introduced in late 2017, hence the reason the number of contacts in this priority market is significantly lower than the other nine.

**Instances of engagement with specialists, not individual companies, reflecting the fact that many companies have engaged with several of the Specialists.

Trade Events

9. A key element of SDI and the Export Partnership's support is offering involved assistance to attend/showcase at trade shows and events in specific markets. The food and drink sector has a number of high profile events throughout the globe, including Anuga in Germany, the Boston Seafood Expo in the USA, and Gulfood in the UAE.

10. **Table 3** details the predicted sales reported by companies attending a selection of the key food and drink events in priority markets. In comparison with events pre-Export Plan, we can see that the forecasted sales in later years has increased across all events, with the exception of Gulfood and Anuga. There have been some notable increases including the North American Seafood Expo which rose by £43m between 2014 and 2017 and Seafood Expo Global which increased by more than £12m over the same time period. Others have been somewhat mixed. Despite an impressive forecast returns in 2015, both the Japan Seafood Event and Gulfood have dropped significantly in 2016 and 2017.

Table 3: Predicted sales from attendance at Food and Drink Events

Event	Country	2013	2014	2015	2016	2017
FHA	Singapore		£3.3m		£3.2m	
Seafood Expo North America	USA		£11m	£40.7m	£14.1m*	£53m
Anuga	Germany	£13.5m		£8.5m		£4.8m
Gulfood	UAE		£12m	£17m	£8m	£10m
Seafood Expo Global	Belgium		£21.5m	£32m	£18.1m**	£33.8m
Summer Fancy Foods	USA	£5.1m	No stand	No stand	£6.7m	£8.8m
Hofex	Hong Kong	£0.3m		£12.9m		£0.6m
Japan Seafood	Japan			£19.8m	£10.3m	£6.1m
Foodex	Japan		£3.25m	£4.4m	£1m	£8.2m

*Feedback was not obtained from two companies in attendance, both of whom had reported multi million pound deals in the past.

**The 2016 Seafood Expo was held in the weeks following the Brussels Airport terrorist attack which resulted in much lower attendance that year.

- In a change to previous years, support for Anuga 2017 was focused on companies attending Anuga for the first time and/or new to exporting. This meant that some established companies who had secured substantial sales in previous years were instead exhibiting on other stands rather than the Scottish one. As a result, the predicted sales secured by the Scottish Pavilion at Anuga 2017 dropped by almost 50%; albeit this figure was still almost £5million which is a substantial return from one event.

In-Market Interaction

- In order to provide Scottish companies with the most appropriate introductions to prospective buyers requires the In-market Specialists to develop an extensive list of contacts within their respective markets. Introducing themselves and building a working relationship with these contacts is an important aspect of the role and takes up a significant proportion of their time, especially at the outset.
- Monitoring data provided by the Specialists identifies in the region of 1,000 unique in-market customer contacts engaged with since the Export Plan began. A breakdown by priority market is provided in **Table 4**. It should be noted that in many instances several of the In-market Specialists will have a contact with the same company but in their own geography; especially those of a global nature such as retailers Amazon and Walmart or hotel groups like Hyatt. Again, as with Table 2, the Nordics figure is relatively small as the In-market Specialist has only been in position for less than 12 months.

Table 4: In-market contacts developed by Specialists (by priority market)

Priority Market	Contacts made in-market since introduction of the Export Plan
Canada	115
China	99
France	40
Germany	84
Hong Kong	80
Japan	140
Middle East	173
Nordics	26
Singapore	88
USA	132
Total	977*

*This figure does not include instances where the same company has been engaged in multiple markets (e.g. Amazon), or where several contacts have been made in the same company (e.g. for particular sub-sectors)

Showcasing Scotland

14. Scotland is also now home to a high-profile food and drink event of its own: Showcasing Scotland. Initially launched in 2014 at Dunblane Hydro to coincide with Glasgow hosting the Commonwealth Games, the inaugural event was hailed as a success, resulting in predicted sales for Scottish business in the region of £18m.
15. Originally planned as a biennial event, Showcasing Scotland was also instead rerun in 2015 as part of the Scottish Government's 'Year of Food and Drink' activity. Held this time at its new home of Gleneagles, the 2015 event surpassed the previous years' performance, with future sales resulting from the event reported to have almost doubled to £34m. The third Showcasing Scotland in 2017 reported a similar return with reported future sales of £31m. Although slightly down on the corresponding figure from 2015, it was noted that focus was given to bring smaller Scottish suppliers to the event to provide them with the opportunity to pitch their products to a diverse range of buyers they may not otherwise have met.
16. Both the 2015 and 2017 events benefitted greatly from the introduction of the in-market specialists as the networks built within their respective markets allowed for targeted invitations to be sent out and a larger number of international buyers attracted. Whilst Showcasing Scotland 2014 had 50 international buyers in attendance, the 2015 increased this to 77 attending (as well as a waiting list for others) and by the third Showcasing in 2017 the number of international buyers reached 100 (**Table 5**).

Table 5: International Buyers at Showcasing Scotland by Priority Market

Country	2014	2015	2017
Canada	7	11	21
China	5	10	13
France	3	12	3
Germany	6	1	8
Hong Kong	0	6	6
Japan	2	2	10
Middle East	11	4	9
Nordics	0	6	2
Singapore	7	3	6
USA	7	8	17
Other markets	2	14	5
Total	50	77	100

3. Scotland Food and Drink Export Partnership Consultations

Introduction

17. This chapter details the main findings from a series of consultations undertaken with the various organisations that form the Scotland Food and Drink Export Partnership. Seven consultations were completed in total with representatives from Scottish Government, Scotland Food and Drink, SDI, Quality Meat Scotland, Scottish Bakers, Scottish Seafood and the Dairy Growth Board¹. These consultations focused on the following:

- Strategic Fit
- The perceived impact of the Export Plan on the sector's performance internationally;
- The impact on partnership working in the sector;
- What has worked well / not so well;
- Improvements to any future Export Plan; and
- Value for Money of the Export Plan

18. A short questionnaire was also completed by SDI's three regional directors for the Americas, Asia-Pacific and Europe, Middle East and Africa. These questions looked forward and covered the priority markets and continued need for in-market specialists. Their feedback has been incorporated into the later sections of this chapter around priority markets and improvements for the future.

Strategic Fit

19. Initial discussion of the Export Plan centred on the extent to which it was aligned with the aims and objectives of their respective organisations and with the majority of partners being involved from the outset of the Plan, this alignment was reported by most to be strong.

20. From a Scottish Government and SDI perspective, growing the value of Scotland's key sectors is an objective of Scotland's Economic Strategy and it is clear that increasing exports, particularly in new markets and with a broader portfolio of products, is an important strand in achieving this. Similarly, alignment for Scotland Food and Drink is evident. As the Industry Leadership Group and main custodians of the food and drink sector strategy the Export Plan is effectively SF&D's overseas strategy.

21. Both Scottish Seafood and the Dairy Growth Board reported complete satisfaction strategically, as the priority markets focused on by the Export Plan were the same as their own; especially North America and for Seafood Scotland the Far East. In the case of QMS and the bakery sector they both reiterated their keen desire to increase exports and noted

¹The evaluation occurred just as a new chief executive came into post at the Scottish Salmon Producers Organisation (SSPO) and given the reflective backward focus of this piece of work, no consultation was undertaken at this stage.

that almost all the priority markets focused on in the Export Plan are the markets they are also focused on. Nevertheless, both sub-sectors felt other opportunity markets could also be targeted; namely Europe in the case of the red meat sector (with the acknowledgement that the recent inclusion of the Nordic Countries as a priority market was influenced by QMS demand) and for bakery the feeling was their products would benefit from opportunities in 'ex-pat' markets such as Australia and New Zealand. The issue of priority markets is discussed in more detail later in this chapter.

Impact of the Export Plan

22. In terms of impact, almost every consultee pointed to the substantial increase in export statistics as the clear evidence marker of the success of the Export Plan from an overall sector specific. It was felt that the introduction of the Specialists was now creating a pipeline of opportunities for the sector that has exceeded most consultees expectations. Furthermore, the speed with which these opportunities are arising raises a concern that demand for some products will soon outstrip supply.
23. At a sub-sectoral level, the impact was more mixed. Key successes were highlighted for products such as dairy in USA or seafood and craft beer in Japan, but for products such as red meat and bakery impacts had not come to fruition as impressively. Consultees suggested a few reasons for this including, lack of exporting capacity/capability, lack of innovation in products, unrealistic perception of the time to develop an export channel and the need for more collective offerings in some markets/products.
24. In terms of intangible benefits, consultees felt that the Export Plan had increased the professionalism and the ambition of many Scottish companies towards exporting. The wealth of contacts and market insights that Specialists are now able to provide was seen to be providing companies with clear routes to market which has also raised the confidence of the sector to engage in export activities.

Partnership Working

25. All organisations consulted agreed that the Export Plan had revolutionised the level of partnership working within the sector. Prior to the Export Plan the partners were often guilty of working alone, with a real lack of communication and sharing of knowledge.
26. Today the picture is completely different. Several of the trade bodies referred to undertaking joint events together including QMS and Seafood Scotland's "Surf n Turf" promotional events building on common market as protein sources and the Dairy Growth Board's working with SF&D to combine dairy and premium grocery into a joint offering of cheeses, biscuits and chutneys.
27. With a shared knowledge of each other's products, several consultees noted the close working at trade events to promote each other's goods under one collective Scottish

banner. SDI also noted the impact of this partnership improvements highlighting that Seafood Scotland had taken over leading on events such as the Boston Seafood Expo.

28. Feedback from the Scottish Government noted that the set up of the Export Plan in terms of partnership working was seen as a trailblazer that is beginning to help shape the future approach in other sectors. Its success also raises the possibility of a similar Plan focused on the UK market, an idea echoed by SF&D. Furthermore, by making joint decisions through the Executive Group, partners reported a sense of collective responsibility for delivery and allowed all partners to avoid surprises related to export issues.
29. In terms of improving the Partnership going forward, several of the partners suggested bringing other organisations on board including the Food and Drink Federation, National Farms Union Scotland (NFUS) and the Scotch Whisky Association (SWA) and also engaging more with the teams in the field within UK Trade and Investment (UKTI) building on the strong strategic linkage between the Export Partnership and UKTI.

Project Learning

30. When asked to identify the key successes of the Export Plan, the majority of consultees reiterated points highlighted above including the transformation of the level of partnership working and collaboration now evident between the various partners, the networks of buyers that the Specialists have been able to develop and now have an interest in Scottish produce, and the level of export opportunities that are now coming through.
31. The growth and success of Showcasing Scotland was noted with one consultee referring to it as “easily now the best food and drink trade event in the UK” while from an SDI perspective the increase in the number of non-Account Managed food and drink companies now being supported was also seen as a huge success as well as the growth in relatively new sub-sectors such as craft brewing and distilling.
32. In terms of weaknesses or areas of the Export Plan that have not been as successful, these focused on two areas:
 - Certain markets and sub-sectors have not been as successful as initially hoped. This included mature markets such as France and sub-sectors such as red meat and bakery. Further work is needed in these areas from both a Scottish side and in-market in order to gain real traction and bring through increased exports; and
 - Communicating the successes of the Export Plan was felt to have been a weakness, especially in the early years. Although often difficult to quantify impacts due to timeframe, confidentiality etc, the mechanism to disseminate the qualitative aspect has never been fully developed.

Priority Markets

33. Members were asked whether the Export Plan had prioritised the right geographical markets from the outset and whether additional markets should be added, or existing ones downgraded.

34. The general consensus was that the right geographies had been targeted and remained important, particularly the North American markets where export growth has been witnessed for almost every sub-sector. Nevertheless, all the consultees stated a need for this to be continually challenged and additional geographies to be considered as well as potentially revising the approach taken within certain geographies and with particular products as detailed below:

- **Europe:** Acknowledged that it is and will continue to be the most important market for Scottish products (e.g. 25% of food exports are to France). However, given the mature nature of the market in France and to a slightly lesser extent Germany, Scottish companies do not appear to be interacting with the Specialists to the same extent. This suggests a need to review and adapt the offering that the Specialists provide in these markets as for instance introductions are as important. Given the size of these markets already it is difficult to show the correlation between having a presence in-market and exports increasing and this should also be considered;
- **Europe:** SDI expansion in Europe could provide further opportunities in markets such as Benelux, Spain and Italy, especially as the latter is currently Scotland's fifth largest food export market. Europe continues to be the main focus for sectors such as red meat, premium grocery and other food exports. Post-Brexit there are concerns that tariffs and other legislative hurdles may increase, so having expert knowledge in these areas will be key.
- **China:** While the potential of the market is undoubtedly huge, several consultees raised question marks over the current approach. Three consultees noted the regulatory barriers which continue to be problematic as demonstrated by the fact that no UK registered cheese or butter is currently in market. Suggestions for improvement included the need for further resource to complement the existing Specialists in Shanghai and Hong Kong and a change of focus more heavily towards the food service sector.
- **South East Asia:** Given the relative success in markets such as Thailand and Singapore, expansion into neighbouring markets such as Vietnam, South Korea and Indonesia was seen as a realistic next move. Consultees noted that these markets appeared easier to enter than mainland China and could also provide Scotland with an advantage as an early adopter in these markets;

- **Australia and New Zealand:** Not currently priority markets, both were noted by four consultees as having real potential for sectors such as Bakery, Premium Grocery and Alcoholic Drinks, building on the 'ex-pat' nature of the market and the relatively high level of awareness of Scotland and Scottish produce in comparison with other Asia-Pacific markets. One consultee also noted that in a post-Brexit UK, a trade deal with these two countries is expected to occur very quickly which could provide opportunity;
- **North America:** Most consultees agreed that the approach taken in USA and Canada had been a real success and should continue. The regional director however, did suggest some potential improvements for consideration. These were a more focused approach targeting specific States in the U.S (e.g. Texas, Florida) and in Canada (Quebec identified as relatively untapped). reflecting the vast size of the market or targeting by sub-sector with certain products only being pushed in particular markets.
- **Commonwealth Countries:** Three consultees suggested that the approach undertaken via the Export Plan has underutilised Scotland's position as part of the Commonwealth. With 53 member states, including some of the ones noted in the bullet above.

Improvements for the Future

35. Aside from specific geographical markets, the members of the Export Partnership reported several other potential improvements. The most commonly cited was the need for more uniformity across the geographies of the role that the in-market specialists should provide. Feedback suggested that the level of service currently provided differed greatly between markets. This was felt to partially reflect the business culture in particular geographies with North American and European markets seen to move at a fast pace with deals struck relatively quickly, whilst markets like China and Japan require additional work to build trust and working relationships before fuller commitment. The latter obviously takes time and considerable effort, especially given constraints such as language, distance to market, consumer tastes etc which can place additional asks on In-market Specialists which were not necessarily envisaged at the start of the Export Plan.
36. Therefore, as the current Export Plan comes to an end, many partners felt this provided an ideal opportunity to review and sharpen the role, building on the actual experience developed whilst delivering the service, to more clearly state what the Specialists should and should not be doing. This will hopefully provide greater clarity to both partners and the Scottish business base on the level and nature of support that can be expected from the In-market Specialists.
37. Another key improvement reported was the need for priority to be given to improving the export capability of Scotland's business base, ensuring not only that they have the best

possible product for market but also that they fully understand the export process including buyer requirements, certification, logistics and importantly the time it takes to develop a successful export avenue. Without further development on the Scottish side, consultees were concerned that opportunities would continue to be missed and this could damage Scotland's growing global reputation in the sector which would undermine the hard work of all involved in the Export Plan.

38. Other improvements included:

- Introduction of trade promotional activity direct to consumers. This was felt to be a necessity in markets in Asia where awareness of Scotland and its products remains low. One consultee suggested this may be able to tie in with the ScotlandIsNow campaign.
- Consideration of the future approach towards trade events. It was acknowledged that attending such shows is expensive and given the network of contacts now developed by the Specialists, there may be more merit in having a smaller presence at the main event and running a separate showcasing activity around the event. This would allow targeted initiations of the right buyers, similar to Showcasing Scotland;
- Revision of the market plans was also suggested. Although useful originally, these now need to incorporate the learning developed by the Specialists during their time in post. This will allow for a more bespoke, tailored approach to be set out in each market which will maximise return. This should cover aspects like sub-sector (e.g. red meat, premium grocery), buyers (is it retail or food service) and legislative/regulatory challenges;
- Despite the transformational growth, competitor countries like RoI and New Zealand were felt to still significantly outstrip Scotland in terms of resource committed to promoting their food and drink sector. Whilst consultees reported that Scotland had closed the gap, it was felt that more resource is required going forward in order to achieve targets such as those set out in the new Scotland 2030 Food and Drink Strategy; and
- Better communication of success stories to provide ongoing feedback on the progress of the Export Plan.

Value for Money

39. Most partners agreed that the Export Plan had provided real value for money for their investment. The Scottish Government, SF&D and SE all referred to the increase in overall exports statistics (and SDI's monitoring) as clear evidence of the return for the sector. Several also pointed towards the transformation of the culture and way of working within

the sector as a huge benefit that could have justified partners investment even if exports hadn't increased as well as they have done.

40. Both red meat and bakery questioned the level of exports that had been achieved to date, although the former did note that the increased level of partnership working now occurring in the sector, particularly with Seafood Scotland, was a significant outcome of their investment, whilst the latter acknowledged that the sub-sector was maybe not maximising the opportunities they are being presented with.
41. Finally, one partner referred to the Export Plan and introduction of the In-market Specialists as the essential missing piece of the puzzle for Scottish exporting and identified specifically the return so far from the North American market as a key demonstrator of the value for the money the investment had realised.

4. In-Market Buyer Feedback

Introduction

42. This chapter reports the findings of an online survey of buyers in Scotland’s priority markets. The survey was circulated by the in-market specialists to their respective networks of contacts in-market and was focused on gathering feedback on the difference having an in-market specialist located in their country had made to buyers’ awareness and interaction with the Scottish food and drink sector.

Respondent Profile

43. The survey had a very healthy response rate, with 110 completed submissions received. **Table 6** reports the main location of these and highlights the broad spread of responses across the Asia-Pacific (39), Middle East (30), and North America (28).

Table 6: In-Market Buyer Responses by Country

Location	Respondents	Percentage
UAE	29	26%
Canada	14	13%
Japan	14	13%
USA	14	13%
Germany	8	7%
Hong Kong	8	7%
China	7	6%
Singapore	5	5%
Thailand	5	5%
France	3	3%
Other	3	3%
Total	109	100%

44. The survey also received a good spread of responses across the various types of buyers as **Table 7** shows. Importers and distributors were the most common respondents, accounting for more than half of the responses (54%). Encouragingly there was a healthy level of responses direct from retail (17%) and food service (15%) reflecting the in-market specialists’ exposure across the sector.

Table 7: In-Market Buyer Responses by Type of Organisation.

Organisation	Respondents	Percentage
Importer	37	34%
Distributor	22	20%
Retail Company	19	17%
Food Service Company	17	15%
Other	9	8%
Broker	5	5%
Consolidator	1	1%
Total	109	100%

Note: Of those you said other, most claimed to fill multiple roles (e.g. importer, distributor and broker) rather than being completely different types of organisation.

Previous Experience of Scotland

45. Two thirds of respondents (67%, 74 respondents) had previously purchased produce from Scotland prior to meeting with an In-market Specialist.
46. **Table 8** details the type of product previously purchased and shows that Salmon was the most commonly purchased product with 49% reporting having previously bought this, following by spirits (38%) and Premium Grocery products (35%). Although not stated, it is likely that the spirits sales are predominantly whisky.

Table 8: Products previously purchased (by sub-sector).

Sub-Sector	Respondents	Percentage of Respondents
Salmon	36	49%
Spirits	28	38%
Premium Grocery	26	35%
Seafood	24	32%
Bakery Products	18	24%
Dairy Products	16	22%
Beer	15	20%
Red Meat	3	4%
Soft Drinks	2	3%
Fruit and Vegetables	1	1%
Haggis	1	1%
Total Respondents	74	-

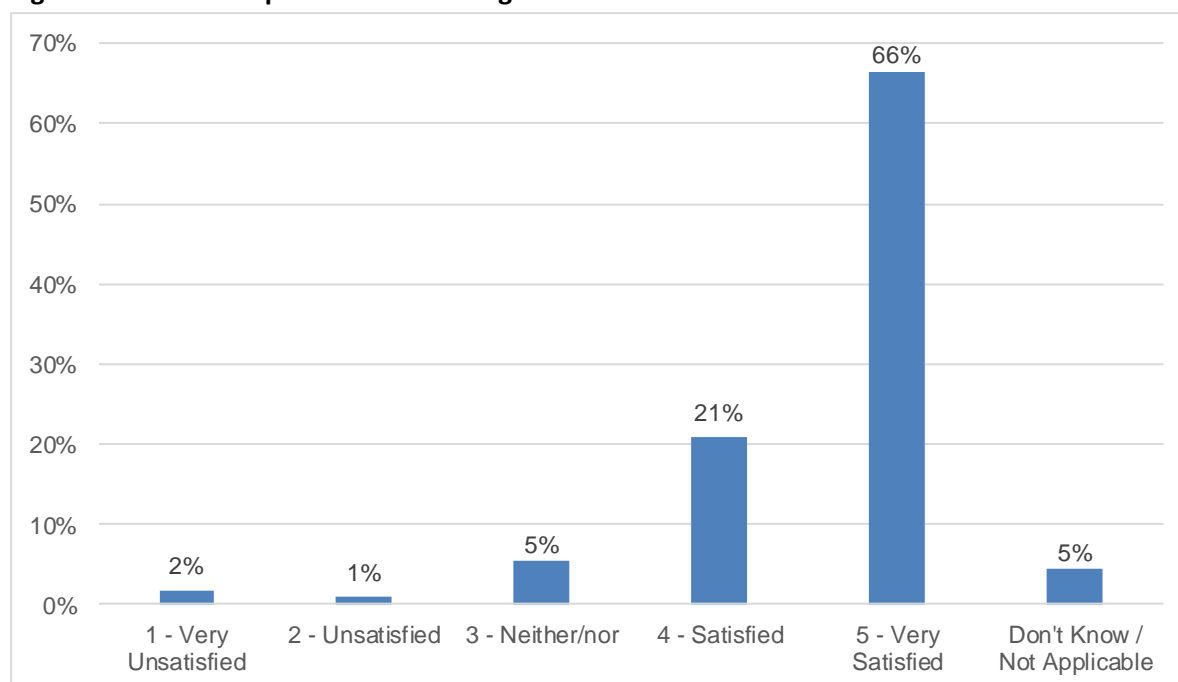
Note: Percentages total more than 100% as many respondents had purchased more than one type of product.

Interaction with the In-Market Specialists

47. Buyers were asked to describe in their own words the nature of their interaction with the in-market specialists and the type of support that has been provided. This interaction tended to fall into three broad but interlinked categories:
- Introductions to potential Scottish suppliers;
 - Support at trade shows; and
 - Information on Scottish products and offerings.

48. Introductions were the most commonly reported interaction with more than half of respondents noting that the Specialists had introduced them to Scottish suppliers. This took a variety of forms including direct introductions, facilitated meetings in market and introductions at trade events (e.g. Gulfood, Boston Seafood).
49. Regarding trade events, several buyers specifically mentioned being invited to Showcasing Scotland and were complementary of the quality of products they were exposed to. As well as introductions and trade events, the Specialists often provided ongoing updates on new products they felt buyers would be interested in along with more specific dealings such as supporting in-store promotions, providing information on import issues and helping to shape marketing strategies.
50. Respondents were asked to rate their level of satisfaction with certain aspects of the In-Market Specialists and their role. This rating was on a 5-point scale whereby 1 was very unsatisfied and 5 was very satisfied.
51. The Specialist's knowledge of Scottish produce was highly regarded by buyers, with 66% of respondents stating they were very satisfied with this aspect of the Specialist's role (and a further 21% stating they were satisfied (**Figure 1**))

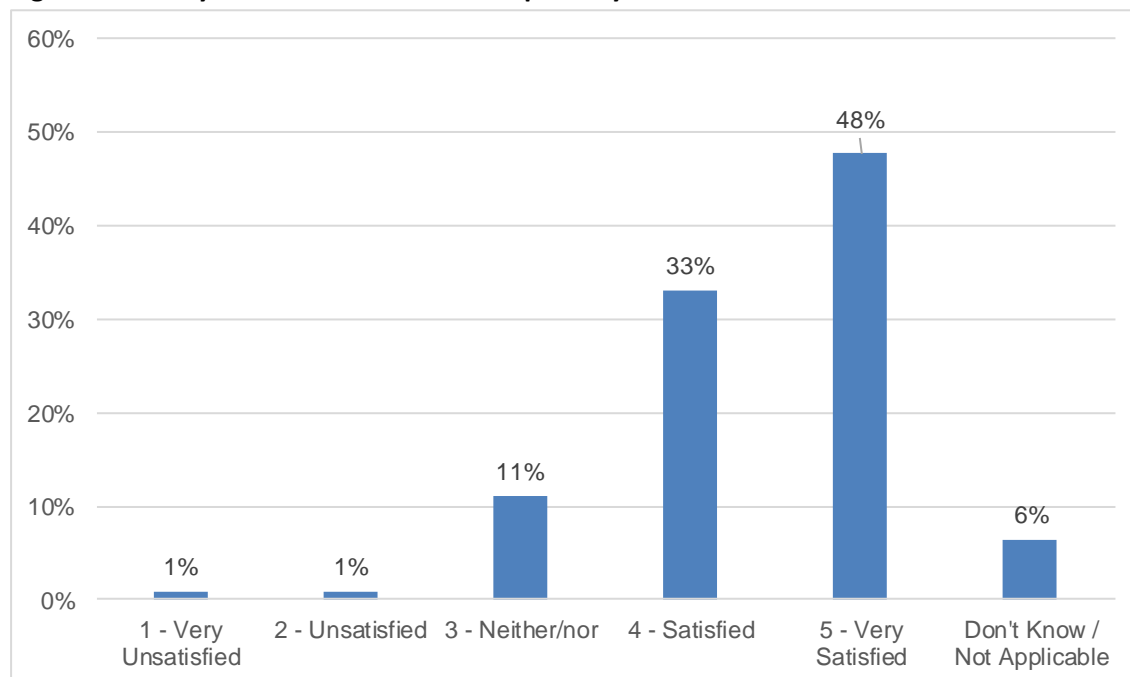
Figure 1: In-Market Specialist's Knowledge of Scottish Food and Drink Produce



N=110 responses

52. More than three quarters of respondents (81%) reported satisfaction with the quality and scale of Scottish companies they were introduced to via the In-Market Specialists as shown in **Figure 2**. This suggests that the Specialists were introducing potential buyers to the right type of Scottish company for their needs and is likely to further reflect their aforementioned expert knowledge of the Scottish food and drink sector.

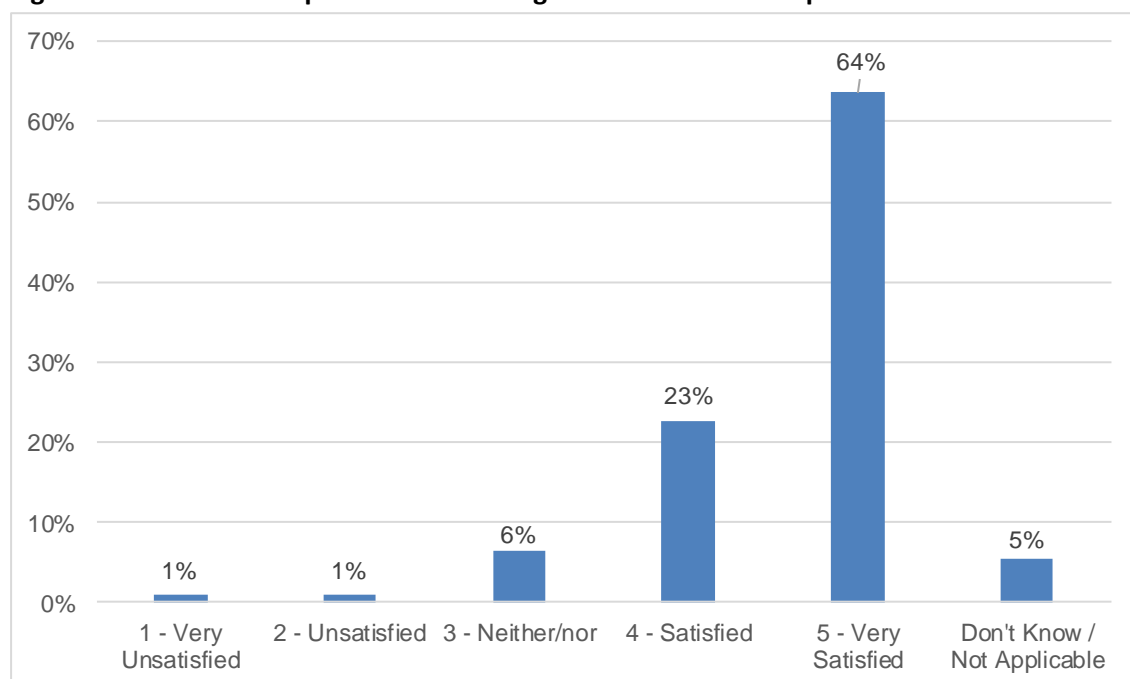
Figure 2: Quality and scale of Scottish companies you were introduced to



N= 110 responses

53. Given the high satisfaction with the knowledge and introductions made by the Specialists it is not surprising to find that the overall experience of engaging and working with the In-Market Specialists was rated very positively by buyers. As **Figure 3** shows, almost two thirds of respondents (64%) were very satisfied with the experience, whilst a further 23% stated they were satisfied. In contrast, only two respondents note any level of dissatisfaction.

Figure 3: Your overall experience of working with the In-Market Specialists



N=110 responses

Impact of Support

54. Buyers were asked to describe the impact the support of the in-market specialists had had on their buying habits with regard to Scottish companies and their food and drink produce. Similar to the description of interaction, responses fell into three broad categories: New relationships with Scottish companies, new products in their markets and increased knowledge and awareness of the Scottish food and drink sector. These were not mutually exclusive, with many respondents noting having achieved several of these.
55. With introductions playing a large part of the in-market specialists role, it was not surprising that developing new relationships with Scottish suppliers was the most commonly noted impacts, reported by 41 of the 86 respondents (48%) who answered this question. This appears to have been a combination of direct 1-2-1 introductions and through trade show events.
56. Linked to these introductions, 34 respondents reported having introduced new products into their respective markets because of the specialists' support, with a further three also noting they had increased existing imports. These impacts are reflected in some of the comments noted below:

"The SDI has led our company to doing business with a few amazing Scottish companies. I cannot say enough how well the trip was organized and how professional every company we visited were. Having gone on over 25 trips all over the world, this was one of the best trips I have experienced on all levels." - U.S Importer

"(introduced to) new products that we were not aware of and possibly would never have known otherwise" – UAE gourmet food importer

"We have strong interests in craft gin. Apart from our traditional business of selling whisky (mainly big brands), we now targeting some independent distilleries with interests selling into China." – Chinese food service company

57. Where possible, buyers were asked to quantify the value of their Scottish purchases. This proved difficult with many buyers unable or unwilling to share this information, while other stated it was too soon to provide an accurate value (often as they were still testing their market or had not yet concluded negotiations). Nevertheless, 37 respondents did attempt to quantify this. **Table 9** details the responses by priority market and shows that in total the 37 respondents estimated that in-market specialist support had resulted in approximately £8.5million of new imports from Scotland. This ranged from small amounts in markets such as Singapore and France (as buyers test new products) up to one US company estimating purchases of £4million. It should be noted that these figures were often estimated and included forecasts for new contracts just signed.

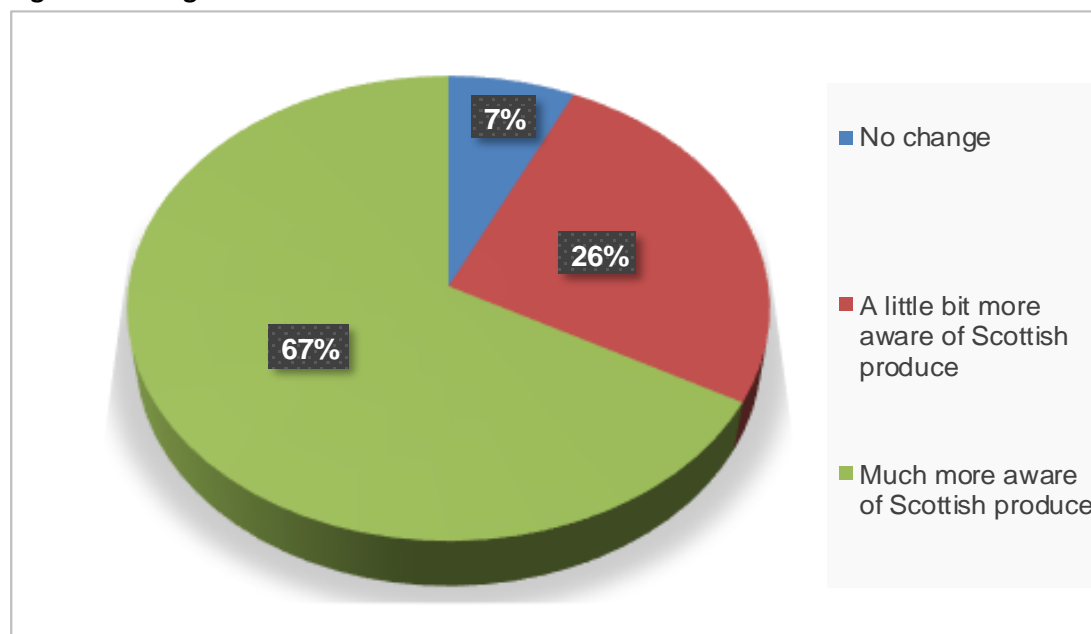
Table 9: Estimated value of Scottish food and drink purchases

Country	No. of Respondents	Amount (local currency)	Est. Amount (£)
USA	8	6,900,000 USD	5,100,000
Japan	8	200,000,000 JPY	1,300,000
UAE	4	5,500,000 AED	1,100,000
Canada	5	500000 CAD	280,000
China	5	2,200,000 RMB	250,000
Thailand	1	10,000,000 THB	230,000
Germany	3	230,000 EUR	201,000
Hong Kong	1	200,000 HKD	18,750
France	1	20000 EUR	17,500
Singapore	1	5000 SGD	2,750
Total	37	-	8,500,000

Notes: Exchange rates as at 9th May 2018. Numbers also rounded.

58. More qualitatively, twenty-five respondents noted that they now have more information on Scottish produce and a greater awareness of the range and quality of Scottish companies. Again, the opportunity and support to attend Showcasing Scotland was noted specifically as having provided a lot of this.
59. When asked specifically, in almost all cases, support from the Specialists had improved the level of awareness overseas buyers have of Scottish food and drink products with two thirds (67%) of buyers reporting that they were now much more aware of Scottish produce (Figure 4).

Figure 4: Change in awareness of Scottish Produce



N=100 responses

60. Expectedly the majority of those who had never previously purchased Scottish food and drink produce noted a greater increase, with 30 of the 36 respondents who had not

previously purchased Scottish produce reporting being much more aware of Scottish product, with the remainder a little bit more aware.

61. Encouragingly, half (37) of those who had previously purchased Scottish food and drink products also reported being much more aware of Scottish produce which suggests that the Specialist’s impact is not restricted to just new customers.

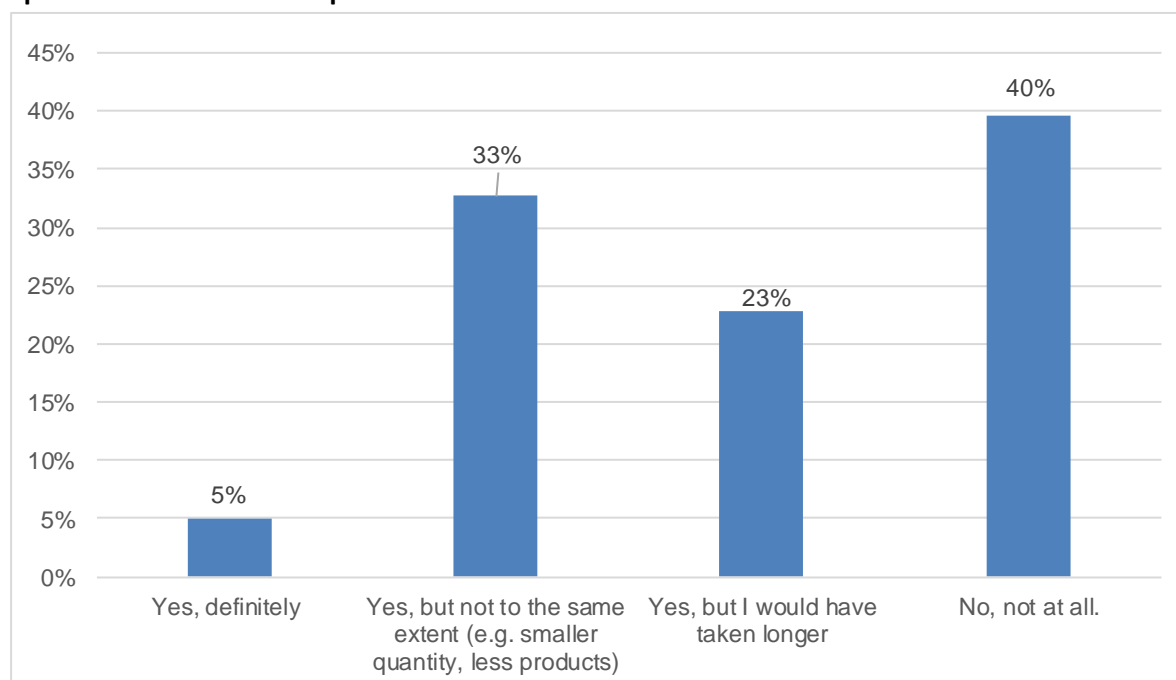
“It has increased our awareness of some unique and quality Scottish companies that we are considering in our future planning”. – US Importer

“We’ve been informed of new products... learned about Scotland and its history, many brands there. We highly appreciate it, it’s been valuable experience and information for us. We look forward to introducing more Scottish brands moving forward.” - Japanese Distributor.

“I was hesitant and not convinced there were enough products to pursue purchasing Scottish products. My mind has been changed. (The Specialist) showed us a large range of products and was instrumental in making the correct introductions to get the project moving forward”. – US Retailer

62. From a public-sector perspective, it is critical that any intervention results in, as much possible, outcomes that would not otherwise have happened. To attempt to gauge this for the Export Plan, buyers were asked whether the same impacts would have occurred if the In-Market Specialists had not been in post in their respective countries. The results are shown in **Figure 5**.

Figure 5: Do you think these outcomes would have occurred anyway if the In-Market Specialist had not been in post?



N=101 responses

63. Of the 101 respondents who answered this question, only five (5%) stated that the impacts they'd reported would have occurred even without Specialist support. In contrast, 40% stated that without support from the In-Market specialists none of the impacts would have occurred. This is a clear indication of the difference that the Export Plan and the In-Market Specialists have made to buyer behaviours in Scotland's priority markets.
64. When asked why they wouldn't have bought Scottish produce without Specialist intervention, the reasons were predominantly a result of an overall lack of awareness of what Scotland has to offer (15 respondents) or a lack of relevant contacts to source such new products (12 respondents). Buyers gave several examples of where the Specialists had made a clear difference, including two Japanese companies that were previously using Norwegian products as they had never considered Scottish seafood and a German importer that didn't originally have the connections to expand outside of the seafood sector.
65. Even where impacts would have occurred the Specialist were seen to have made a difference with 33% claiming they would not have purchased as much Scottish produce and 23% stating that it had accelerated the process so that exports to these markets happened sooner. Those who stated it would have taken longer pointed to the value of the Specialists making the connection for them with relevant suppliers. In most cases the buyers had an awareness of Scottish produce but did not know the most appropriate company to contact. Providing this connection, especially at trade shows such as Hofex and Gulfood was recognised as being extremely valuable. Similar responses were provided by those who stated they would have purchased to the same extent, with reference also made to the Specialists expanding the awareness of Scottish products away from solely whisky.

Improvements

66. Finally, it was encouragingly that when asked for suggestions for improvements, 42 respondents reported that no improvements came to mind, with many referring to the service as excellent and stating complete satisfaction. Of the 33 who did suggest improvements these centred around a small number of issues:
- Providing promotional support in market to help target the consumer (seven responses)
 - More information on technical aspects such as logistics, contracts or potential paperwork challenges (six responses) including future details related to Brexit;
 - Increased support to Scottish companies to ensure they are export ready before engaging in discussions with buyers (fives responses), including specific certification (e.g. BAP certified);
 - A newsletter or regular meeting to keep buyers up to date on new developments in the Scottish food and drink sector, including any new distribution routes agreed into market (four responses); and
 - More engagement with the whisky industry (two responses).

5. Food and Drink In-Market Specialist Feedback

Introduction

67. This chapter details the feedback provided by the 11 In-Market Specialists currently in post. The Specialists were asked to give their insight into what they perceive to be:

- Key successes both individually and with regard to the Export Plan;
- Challenges/barriers impacting on their ability to do their job;
- Changes/ improvements required to enhance the in-market specialist role; and
- Changes / improvements needed in the Scottish food and drink sector to make the most of export opportunities.

68. As noted in Chapter 2, almost all the In-Market Specialists have been in post for three years or more, except for the Specialists for UAE (in post since November 2017) and Nordics (in post since June 2017).

Successes

69. The Specialists were first asked to identify what they felt were their main individual successes since coming into post. The most commonly cited success was the significant networks of in-market buyers they had been able to develop highlighted by six of the Specialists. Other notable successes included:

- Increasing the number of Scottish brands now trading/listing in their respective markets (four respondents);
- Organisation of successful in-market trade events for Scottish companies to attend (three respondents);
- Building relationships in the food service sector, especially with chef associations (three respondents).

70. In terms of the Export Plan itself, all 11 Specialists were in complete agreement that the overarching success of the Plan has been the significant increase in Scottish food and drink export sales since 2014. Reference was made to the increase of sales in existing markets (e.g. salmon into China and Hong Kong) as well as introducing completely new products to market (e.g. Craft gin into Japan).

Barriers and Challenges

71. The Specialists identified a large number of challenges/barriers that they felt hindered their ability to carry out their jobs. These could be broken down into three broad areas:

- Food and Drink Export Group internal barriers;

Internal Evaluation of the Scotland Food and Drink Export Plan

- Scottish business base related barriers; and
 - Perception issues.
72. Focusing first on internal challenges, the most common barrier reported was the need for more clarity and detail on the Scottish food and drink business base as reported by six of the 11 Specialists. Whilst detailed information is captured by SDI and provided to the Specialists on the companies currently supported by SDI, there was a feeling that additional information on the business base is required on aspects such as which companies are already in the priority market; what products are they are offering, and which distributors are they using etc. Not having this was felt to hinder developing new opportunities, especially in larger markets such as North America and China where there is a multitude of importers and large-scale retailer/food service sub-sectors. As Specialists are often working speculatively with buyers, a lack of up to date information on potential Scottish suppliers causes delays which risks the buyer going elsewhere.
73. Other internal barriers noted included a lack of marketing support, especially of a social media nature (three respondents). Competitor countries were felt to be much better equipped with tools such as digital catalogues of their food and drink offering and social media promotion around the larger trade events. Three Specialists also reported the lack of budget to support trade missions in-country as a barrier to building strong business ties.
74. Current reporting structures were felt to be cumbersome and an unneeded burden on staff time (two respondents), whilst another respondent felt that the Specialists should be allowed more opportunities to visit Scotland and see company's operations in order to better promote them externally.
75. Externally, the capability and preparedness of the Scottish business base to react to opportunities was seen as the most prominent barrier for the Specialists and was an area they felt must be focused upon so that opportunity and capability are matched. The In-Market Specialists also noted a multitude of other issues to be addressed including:
- Lack of understanding of the long-term commitment needed to 'crack' a new market;
 - Unwillingness to work with smaller players or to target lesser known markets (e.g. Thailand) despite there being clear opportunities;
 - Lack of innovation in product offering. Simply saying "Made in Scotland" was not enough to differentiate products in certain markets, especially in Asian markets where awareness of Scotland is lower, and the markets are often price driven; and
 - Limited sales/business development staff resource to fully support exporting opportunities resulting in enquiries being ignored. This is further exacerbated by language and logistics issues.
76. Finally, an ongoing challenge faced by the Specialists and potentially intensified by the challenges listed above is with regard to awareness and perception of Scotland and its food and drink offering. Awareness of Scottish products outside of whisky, and in some markets

seafood, is often limited. This is particularly true in Asian markets where there is only a UK awareness (and even this will often not go into any great depth). As such, the Specialists must have a combination of the right products and companies with the capacity and capability to meet market demand otherwise no progress is made.

Improvements to the Role

77. The Specialists were subsequently asked what changes or improvements they would suggest that would help them undertake their jobs more effectively. The most common response from five of the 11 Specialists was the need for greater clarity of information on which Scottish companies are currently exporting into their specific markets. This was seen as particularly beneficial for linking retailers with Scottish companies. The Specialists noted that often they were unaware of which importers Scottish companies were working with and are unable to signpost a retailer accordingly, often resulting in missed opportunities. Capturing such data will be difficult, especially if SDI does not currently engage with those companies, therefore securing this will potentially be an ask for the respective Trade Bodies.
78. Linked to this information provision was the desire for closer working between the Specialists in-market and representative back in Scotland (e.g. SDI Trade Advisors, Trade Bodies, SF&D etc) to provide a more joined up approach (four respondents). This would allow for greater sharing of insights and potentially larger projects.
79. Three In-Market Specialists reported a desire for budget to fund small consumer focused promotional activities to raise awareness of Scottish products with end consumers (e.g. Craft beer tasting). Asian markets, where awareness of Scottish food and drink products is low, were felt to have the potential to significantly benefit from this. It was felt that by increasing consumer demand, this would in turn increase the likelihood of buyers engaging significantly with Scottish companies.

Improvements to the Food and Drink Sector

80. Given the barriers noted earlier it is no surprise to find that eight of the 11 Specialists highlighted the need for Scottish companies to be more export ready to grasp the opportunities presented to them. This includes:
 - Dedicated export resource, both people and budgets to answer buyers' enquiries promptly.
 - The correct food safety certification for the target market;
 - An appropriate promotional budget to raise consumer awareness of their products in-market;
 - A willingness for staff to spend time in-market to demonstrate commitment and built up effective relationships with buyers; and
 - An understanding that initial sales may be slow when entering a new market and support may be required to boost this (linked to the two previous bullets).

81. Four Specialists also noted a need for Scottish companies to place greater focus on market trends to ensure their products are fit for market. This will allow them to better position marketing of their brand.

6. Scottish Company Feedback

Introduction

82. The following chapter details the findings of an online survey undertaken with Scottish food and drink companies. The survey was distributed by the various trade body partners to all of their members as well as being promoted via the Scotland Food and Drink website.

Feedback was requested on the following:

- Nature of the business;
- Interaction with the In-Market Specialists;
- The impact of the support received; and
- Project learning.

83. In total, 72 individual companies responded to the survey.

Respondent Profile

84. **Table 10** reports the main food and drink sub-sector that each of the 72 companies reported trading in. There was a reasonable spread of responses across the main sub-sectors with each accounting for at least 10% of the response rate, with the exception of spirits (6%) and fruit and vegetables (1%).

Table 10: Scottish Company Respondents by Sub-sector

Sub-sector	Number	Percentage
Bakery	10	14%
Beer	10	14%
Salmon	9	13%
Seafood	9	13%
Dairy	8	11%
Premium Grocery	8	11%
Red Meat	7	10%
Spirits	6	8%
Other	4	6%
Fruit and Vegetables	1	1%
Total	72	100%

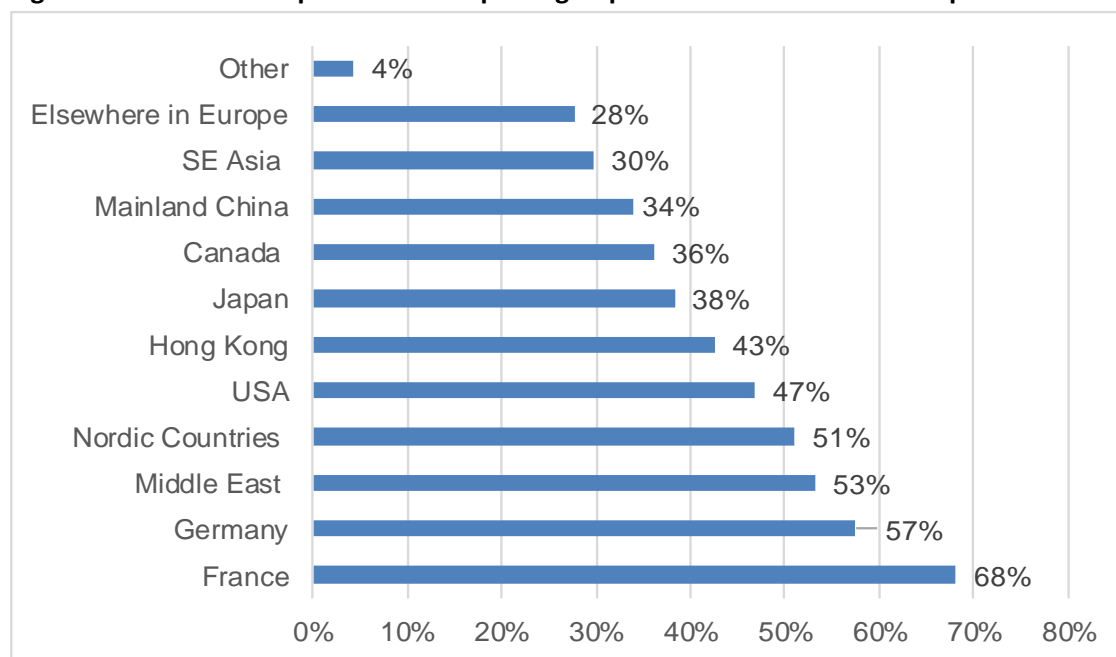
85. There was also a reasonable spread in terms of company size from micro businesses employing less than 10 employees (25%) through to large scale businesses employing more than 250 employees (18%) as **Table 11** shows.

Table 11: Scottish Company Respondents by number of employees

Number of Employees	Number	Percentage
1 - 9 employees	18	25%
10 - 24 employees	11	15%
25 - 49 employees	7	10%
50 - 99 employees	7	10%
100 - 249 employees	16	22%
250+ employees	13	18%
Total	72	100%

86. Forty-seven (65%) of those surveyed reported having previously exported prior to the launch of the Food and Drink Export Plan and any engagement with the SDI In-market specialists. Figure 6 shows the various countries that companies reported exporting to and highlights that France (68%) and Germany (57%) were the most commonly reported, followed somewhat surprisingly by the Middle East (53%).

Figure 6: Countries companies were exporting to prior to the launch of the Export Plan



N=47

Interaction with the In-market Specialists

87. Fifty two of the 72 respondents reported having direct support from at least one of the In-Market Specialists since the launch of the Export Plan in 2014². The Specialists in North America were the most commonly accessed, with more than half of those who engaged with the Specialists reporting having been supported by the Specialist in Canada (62%) or one of the US based Specialists (58%). As **Table 12** highlights, engagement has been strong across

² 57 reported having engagement with a specialist. However only 52 identified which Specialist that was with the other five respondents failing to complete any further questions. Therefore, they have been omitted from the rest of the analysis.

all nine of the original priority markets whilst the recently added Nordic Regions Specialist has also experienced a reasonable amount of engagement in a relatively short space of time.

Table 12: In-Market Specialists Engaged with.

In-Market Specialist	Number	Percentage
Canada - Lorraine Bruce Helmkey	32	62%
USA - JC Jeffrey	30	58%
USA - Megan Donnachie	30	58%
Mainland China - Jeanie Wang	24	46%
Japan - Keigo Yoshida	23	44%
France - Cameron Sutherland	21	40%
Middle East - Ali Ali (previously Moira Bibb)	21	40%
Singapore - Beatrice Huckvale (previously Ruth Ellis)	21	40%
Germany - Peter Toholt	20	38%
Hong Kong - Pasco Cheng (previously Ruth Ellis)	17	33%
Nordic Regions - Susanne Rasmussen (previously Bjarne Hansen)	9	17%

N=52

88. The growing ambition of Scottish companies to export is potentially reflected in the fact that 43 of the 52 companies that identified the Specialists they had engaged with (83%) noted receiving support in more than one priority market. Of those who only targeted one market these were predominantly Mainland China and the Middle East (five of the nine).
89. Direct introductions by SDI Trade Advisors was the most commonly reported means of first engaging with the In-market Specialists, followed by meeting them at events (e.g. Showcasing Scotland, ANUGA etc) or being introduced by Account Managers. Together these three options accounted for 85% of initial engagements (**Table 13**). Referrals direct from a company's respective trade body or Scotland Food and Drink were very low.

Table 13: How did you first become involved with an In-Market Specialist?

	Number	Percentage
Introduced via SDI Trade Advisor	18	35%
Met at an event	14	27%
Introduced via your SE/HIE Account Manager	12	23%
Referral from your Trade Body	3	6%
Contacted in-market specialist directly	2	4%
Referral by Scotland Food and Drink	2	4%
Can't remember	1	2%

N=52

90. Companies reported receiving a variety of support from the In-market Specialists. The three most commonly accessed services reported by 52 survey respondents were:
- Introductions to prospective buyers in-market (41 responses / 79%);
 - Information on exporting to a specific market (40 responses / 77%); and

- Support at trade shows (38 responses / 73%).

91. Other reported services included support during visits to market and insights on potential product demand in market (both 25 responses / 48%) and advice on best routes to market (22 responses / 42%). As the numbers suggest, the types of support are not mutually exclusive, with Scottish companies accessing combinations of support:

“The in-market specialists have provided a wide range of services to our business in order to support our export development. This has ranged from setting up market tours for prospective markets to conducting category analysis in a chosen marketplace.” – Premium Grocery company.

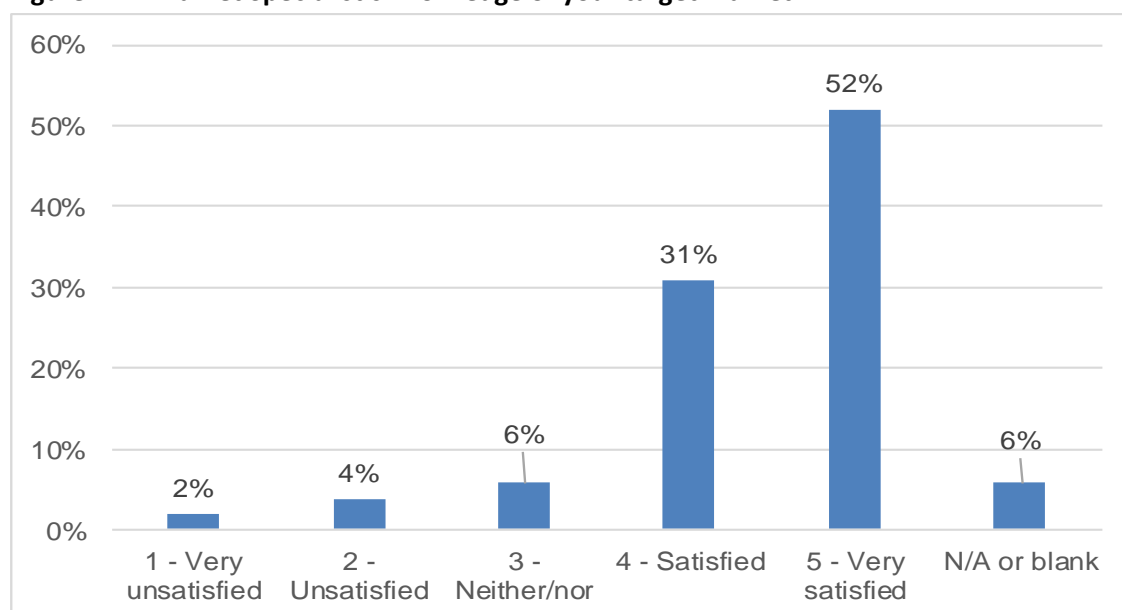
“I feel the In-Market Specialists are a fantastic resource, as I am old enough to remember what was available before they started. The ones I have dealt with have all been very good and able to give me good advice and some background information to my questions. My only frustration would be in my own use of them as I tend to be very reactive in getting in touch with them, not giving them enough time to get the information I require.” – Bakery company.

“Support for visits to meet prospective customers and understand the market. Information on specific market conditions in their area. Discussion on potential for market and our products.” – Beer company.

Satisfaction with Support Provided

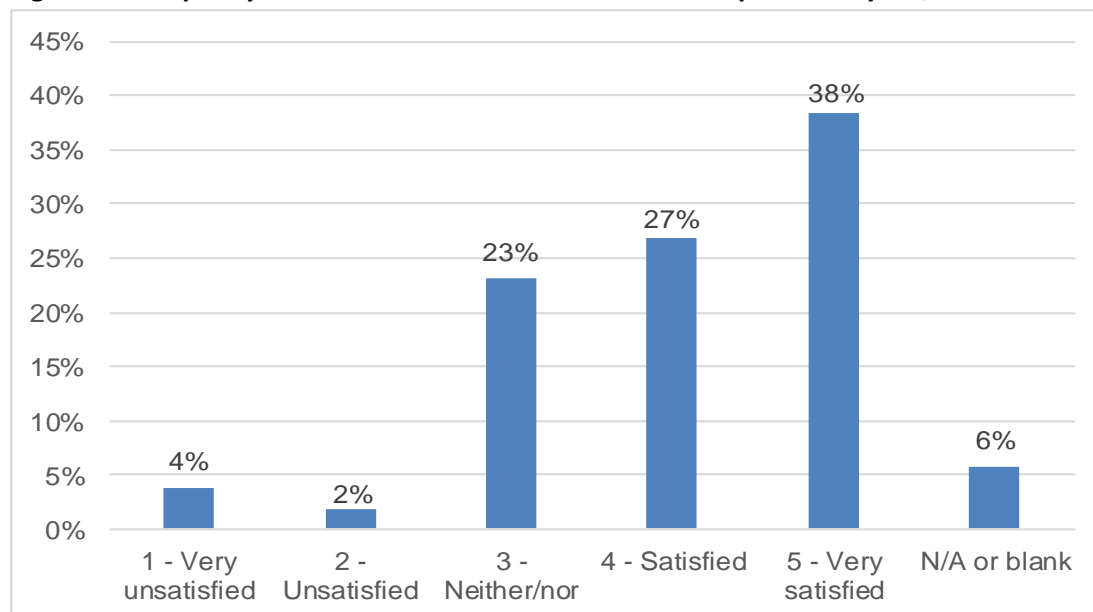
92. Respondents were asked to rate various aspects of the In-market Specialists and their role on a 5-point scale where 1 equalled very unsatisfied and 5 equalled very satisfied. The results of these are shown in **Figures 7-9**.

Figure 7: In-market Specialist’s knowledge of your target market



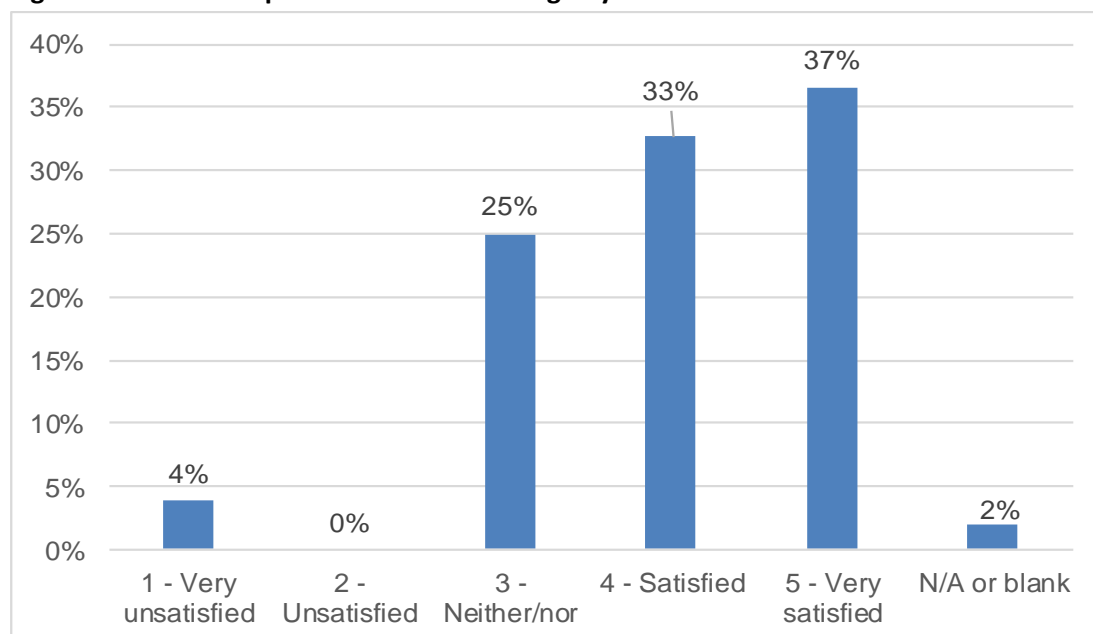
N=52

Figure 8: The quality and scale of their in-market relationships with buyers / distributors



N=52

Figure 9: In-Market Specialists understanding of your sub-sector.



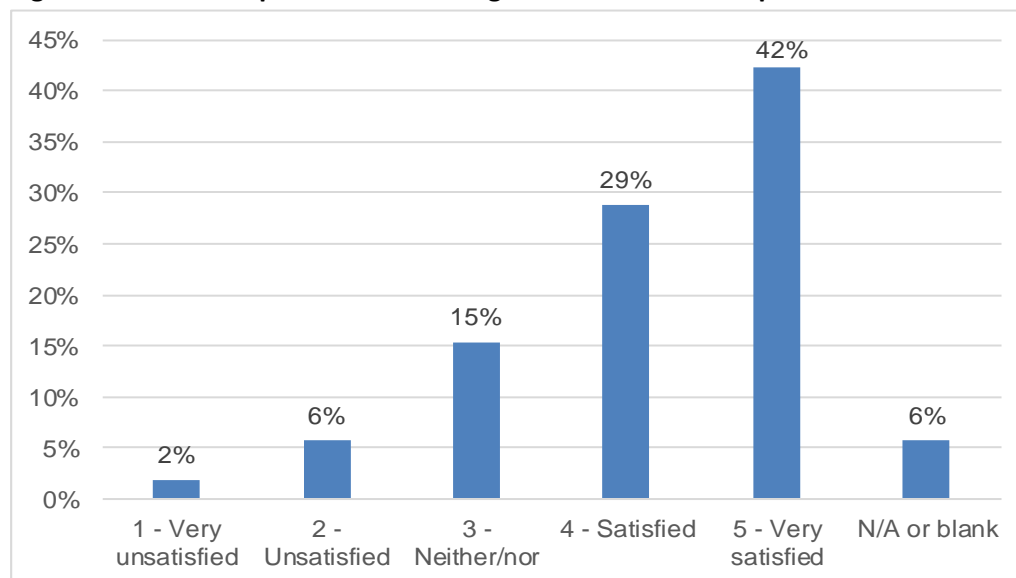
N=52

93. As the graphs show, satisfaction was found to be very high with all elements of the In-Market Specialist role. Their knowledge of their respective target markets was recognised as particularly impressive with 83% of respondents stating they were satisfied or very satisfied with this aspect of the support. Similarly, the understanding that the Specialists had on specific food and drink sub-sectors (70%) and the scale and quality of the contacts the Specialists had in market (65%) were also held in high regard.

94. Encouragingly only a small number of respondents noted any level of dissatisfaction with the support provided and this is reflected in **Figure 10** which details overall satisfaction with the

experience of engaging with the In-market Specialists. Just over two thirds of those supported (71%) reported being satisfied or very satisfied with the experience, with only 8% noting any dissatisfaction.

Figure 10: Overall Experience of working with the In-market Specialists.



N=52

Impacts Arising from In-Market Specialist Support

95. Companies supported were then asked to identify any impacts that had arisen (or were anticipated in the next three years) as a result of the support provided by the In-market Specialists (**Table 14**). In total 41 companies (79%) reported some form of impact with a further three stating it was too early to say. The remaining eight reported no impacts (to date or expected).

Table 14: Impact arising or expected as a result of In-market Specialist support

	To date	Expected in the next three years	Total
Increased sale to new export markets	19	17	36
Increased sales to existing export markets	15	14	29
Distributions agreements confirmed	14	15	29
Increased listings	14	12	26
New products introduced	15	10	25
Exporting for the first time	7	3	10
Too early to say	N/A	N/A	3
No impact / did not answer	N/A	N/A	8

N=52

96. Of the 41 companies who reported impacts (both to date or expected) the majority (88%) were entering new export markets and 70% were also increasing (or expecting to increase)

sales in existing export markets. Seven companies reported now exporting for the first time, with one further company expecting to start exporting in the future.

97. Those exporting to new markets were asked to identify which new markets these were. The most common responses were Canada (12), Middle East (9) and the USA (8). The other priority markets were identified by two to four respondents each. This also included two respondents who noted Spain which has only recently been introduced to the priority market portfolio.

98. The responses show that it is not just new markets that the Specialists are supporting companies to expand into. In addition, 29 respondents reported increasing (or expecting to increase) their sales in existing export markets. This has resulted in several new distribution agreements being secured as well as increase listings.

99. Through advice and guidance from the In-market Specialists, 27 companies also reported having altered an existing product or introducing a completely new product to increase their exports, reflecting the impact the Specialists are having in terms of expanding the Scottish food and drink offering. Many of these changes related to packaging format with respondents noting increased use of multipacks and larger sizings or new flavours to meet differing customers demands than their norm. As noted in the earlier feedback from the Specialists themselves, there is a need for Scottish companies to innovate with regard to their offering so it is encouraging to see this is actually taking place.

100. Respondents were asked to quantify the monetary amount of new exports they had achieved to date and expected in the future, for both new markets and existing markets.

- **Exports to new markets:**
 - £4.8 million to date; and
 - £20.0 million expected in the next three years.
- **Exports to existing markets:**
 - 5.1 million to date; and
 - £9.8million expected in the next three years.

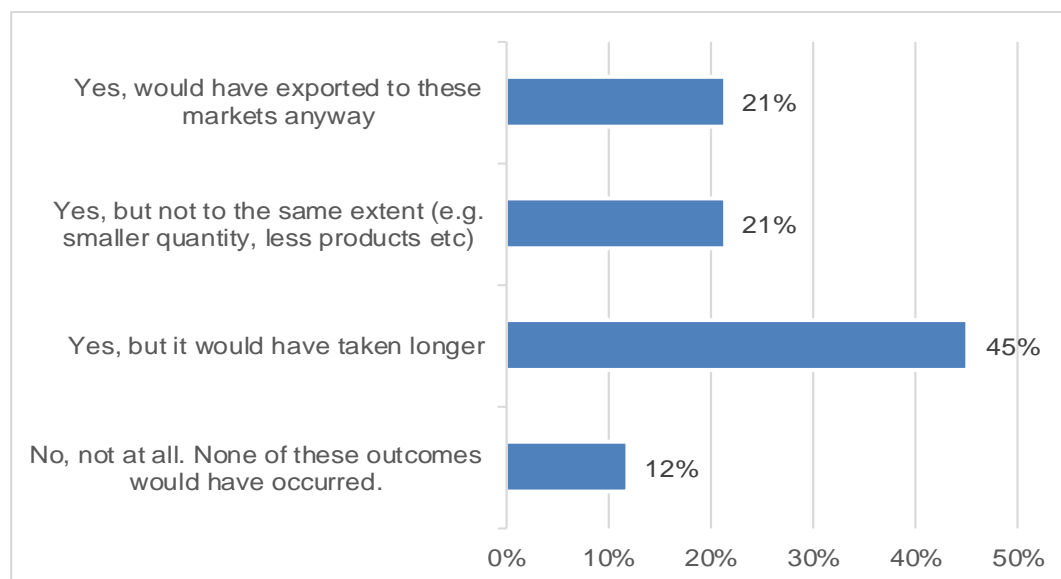
101. In total, 36 of the 52 respondents supported by the In-market Specialists reported a total of **£10 million** of exports secured to date, with a further **£30 million** expected in the future.

102. This increase in exports has led to increased employment in the sector with 22 companies reporting that they had employed in the region of 75 additional employees because of increased export activity.

103. To gauge how much of this impact was attributable directly to the support, the Scottish companies supported were asked to what extent they felt the impacts noted above would have occurred if the support from the In-market Specialists had not been available.

As **Figure 11** shows, 79% of those who experienced impacts attributed a proportion of this directly to the support.

Figure 11: Would these impacts have occurred without In-market Specialist support?



N=42

104. For almost half the respondents (45%), the support had helped to accelerate the exporting process and bring forward overseas sales, whilst for another fifth the support had led to them doing more business than they originally anticipated. When asked to elaborate on why the support had made a difference most companies highlighted a lack of knowledge (in terms of the right contacts and export routes) and resources (both time and money for market research) as the main barriers that the Specialists were able to assist the companies in overcoming, as the various comments below reflect:

“(It is) Hard to target specific distribution partners without contacts in the market place. Market exploration tours were key to establishing distribution partners.” – Premium Grocery company.

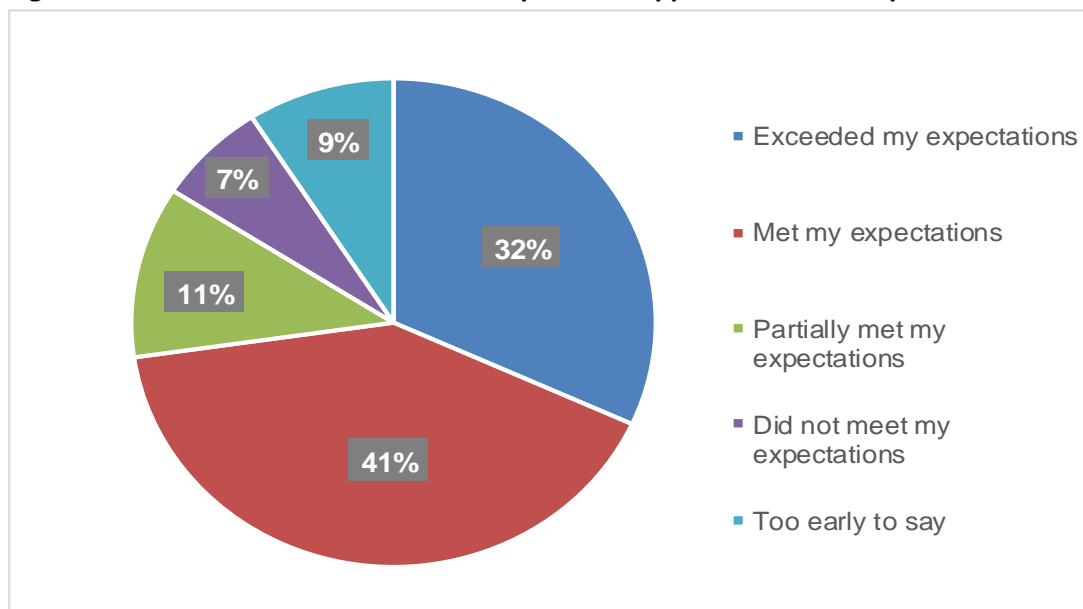
“in-market specialists definitely speeded up the whole process for us; thanks to their help, advice and expertise we were able to meet distributors that were just right for us and establish our brand on the respectful markets in a much shorter time which had huge impact on our export sales” – Salmon company.

“We would eventually have identified distributors and buyers in both Canada and Singapore by spending more of our time researching our markets; having the in market specialist increased the scope of distributors through introductions which enabled us to sell product in these markets much faster” – Red Meat company

105. Of the 21% that felt that these impacts would have all occurred anyway without the In-market Specialist’s support, the majority tended to be well established Scottish companies with a track record of exporting.

106. The positive impact of the In-market Specialist support has resulted in almost three quarters of respondents stating that the support had met or exceeded their initial expectations, with only three respondent companies (7%) reporting that their expectations were not met (Figure 12).

Figure 12: Extent to which the In-market Specialist support met initial expectations



N=44

107. Only a small number of improvements were suggested by those companies that had been supported. These included:

- More contacts in non-food retailers such as department stores to improve gift opportunities;
- Increased knowledge of hauliers/freight forwarders which continues to be an area of difficulty for exporters; and
- More technical expertise on areas such as legislation and paperwork required to import to their specific markets.

108. Finally, respondents were asked how likely they were to recommend the support of the In-market Specialists to other Scottish companies. The response was overwhelmingly positive with 74% stating they would definitely recommend the service and a further 14% stating they would probably recommend the service to others. Only two respondents stated that they probably would not recommend the service.

7. Conclusions and Recommendations

Introduction

109. This final chapter aims to pull together the main findings of the report and provide partners with recommendations for future consideration.

Strategic Fit

110. From the outset, the Export Plan has demonstrated clear strategic fit with the objectives of the various partners and this continues to be the case today. From Scottish Government, through the Enterprise Agencies (SE and HIE) and the Industry Leadership Group (SF&D) to the individual sub-sector trade bodies, the desire to increase Scottish food and drink Exports is clear.
111. With this in mind, there appears to be a clear appetite amongst the Food and Drink Export Group to continue to support the Export Plan and the In-market Specialists.

Impacts arising from the Export Plan

112. Monitoring data from SDI highlights the clear impact the introduction of the Export Plan has had on the export potential of the companies SDI engage with. Predicted sales in the four years since the Export Plan's launch have more than doubled with companies supported in the most recent financial year (2017/18) predicting future exports of £127m; an increase of £67m on 2013/14 figures. This is further supported by Government statistics which show food and drink exports hit a record £6billion in 2017.
113. Through the work of the Specialists in their respective markets, a strong network of around 1,000 buyers has been developed and is now being utilised to support more than 300 Scottish companies to export to these priority markets.
114. Feedback from over 100 in-market buyers highlighted the perceived success of the introduction of the In-market Specialists, with buyers reporting a greater awareness of Scottish produce (93%) and a high level of satisfaction with the overall experience of engaging with the Specialists (87%). In terms of quantifiable impact, 37 buyers reported purchases totalling £8.5million as a result of engagement with Scottish companies via the In-market Specialists. The U.S. market appears to have been particularly fruitful, with £5million of Scottish purchases reported. Only 5% of buyers felt that they would have been able to achieve the same outcomes without the In-market Specialists, which is a ringing endorsement of the impact their involvement is having.

115. This positive feedback was mirrored by that of the 52³ Scottish companies that completed the online survey and reported having received support from at least one In-market Specialist. Seventy one percent of Scottish companies reported satisfaction with the support provided by the Specialists, with 41 companies reporting some form of quantifiable impact as a result. This included exports to new and existing markets as well as increased listings and distribution agreements. To date respondents identified £10 million of new sales to export markets, with a further £30 million expected in the next three years.
116. Like the experience of the in-market buyers, the level of deadweight associated with the reported impacts is relatively low with only 21% stating that they believed all the impacts would have occurred without the Specialists support.
117. The impacts of the Export Plan have not been solely quantifiable. The increase in partnership working was noted by all partners as a key impact of the Export Plan, transforming the sector from a “silo mentality” group of individual organisations to a truly collaborative partnership with clear examples of joint planning and delivery of activities such as joint trade events.
118. Sub-sectorally there have been notable successes, such as dairy in North America and seafood in Japan and South-East Asia. Other sub-sectors like red meat and bakery have had more limited success, albeit with some positive examples. It is acknowledged by the partners that these sub-sectors have challenges both in terms of identifying opportunities and capacity to respond to the opportunities that are brought forward and not every one of the 10 priority markets will be an opportunity for every sub-sector. This is discussed in more detail below.
119. The success of Showcasing Scotland cannot be overlooked with the most recent event in 2017 helping secure more than £30million in expected new exports. The event was highlighted by partners, in-market buyers and the Scottish companies themselves as a key output of the Export Plan and something that continues to benefit the sector. The impact of the In-market Specialists on this event has been paramount to its success with the number of overseas buyers now reaching 100 (double the amount in 2014 prior to many of the In-Market Specialists introduction).
120. How the Export Group partners support Scottish companies to attend trade events such as Anuga and Gulfood is evolving as recent changes have shown. Rather than continuing to support the same large companies to attend, there has been a shift towards focusing on smaller companies who are perhaps new to exporting. This is based on the logic that such companies are likely to require greater assistance than those more well versed in attending such events. Going forward the Export Group will need to monitor this and decide whether such an approach should continue and if there are further opportunities to benefit from such trade shows. An obvious example of this would be running Scottish specific

³ 57 companies reported receiving support. However, five of these failed to provide any further responses to the survey.

evening events in conjunction with a particular show, utilising the networks of contacts that have been developed by the In-Market Specialists.

Return on Investment

121. The recent Strategic evaluation of SDI's international activities (SQW, May 2017) found that the estimated ratio of GVA per £ invested in trade activity was 1:6. i.e. Every £ spent on supporting international trade results in £6 of GVA for the Scottish economy. Applying this figure to the approved investment of £4.4m in the Export Plan suggests that the **net GVA** associated with the Export Plan is **£26.4million**. GVA as a percentage of turnover for the Scottish food and drink sector over the period 2012-2016 was 36% according to the Scottish Annual Business Statistics. Applying this to the GVA figure of £26.4m results in an estimated **net turnover of £72.5million** generated over the lifetime of the Export Plan.
122. As the impact ratio of 1:6 applies to all companies supported by SDI in all sectors this potentially underestimates the overall impact of the Export Plan especially given the evidence highlighted earlier such as the substantial increase in future sales predicted in priority markets by supported companies and the continued success of Showcasing Scotland. Therefore, the net turnover and GVA figures of £72.5million and £26.4million are likely to be the minimum achieved and the actual impact could be even greater.

Challenges and Improvements

123. The need to ensure the Scottish business base has the capability and capacity to maximise the export opportunities was identified by both the Export Group partners and most of the In-market Specialists themselves as a continuing challenge and one that is likely to become a greater priority as more opportunities are identified.
124. Scottish companies also need to understand the level of resource required to successfully export. This is as much about staff time to undertake market visits and ensure legislation is correct for the target market as it is financial resource for market research and promotional activity. Linked to this, is the need for Scottish companies to pursue product innovation to increase the appeal of their products. With competitors such as RoI and New Zealand investing heavily in increasing their own share of the global food and drink market Scottish companies must fully commit to developing innovative products if they are to secure future export opportunities.
125. Linked to all of this is the issue of time. An often-sighted challenge for the In-market Specialists is Scottish companies having an unrealistic idea of the timeframe required from initial introduction to produce purchased and appearing on the shelf in foreign markets. This process does not occur overnight. Instead, for some markets such as China and Singapore this can take more than 12 months and will often require time spent in market.

All partners in the Export Group need to ensure that new companies engaged with; especially those looking to export for the first time, are aware of this.

126. Capacity in some sub-sectors (e.g. red meat, bakery etc) continues to be a challenge with only a small number of companies able to export. As such, ensuring that Scottish companies in these sub-sectors are progressing the most lucrative export opportunities is key. This requires several tasks to be implemented:

- The trade bodies and SDI need to work closer together to ensure all companies with real export potential are being actively engaged. Feedback from Scottish companies showed only a very small proportion had been introduced to the Specialists via the trade bodies or SF&D. This is understandable given SDI's existing relationship with the more successful companies in the sector. However, SDI can only work with a finite amount of companies at any one time therefore it is imperative that the trade bodies flag fledgling companies with innovative products they feel have export potential.
- Market Plans need to be revisited and tailored accordingly, incorporating the knowledge developed by the In-market Specialists during their time in post. This should include greater focus on specific areas of a particular market with the most potential (e.g. retail, food service etc) and also a clearer identification of where the real opportunities lie for each sub-sector, accepting that not every priority market will be a priority for each sub-sector.
- Where possible, a clear picture of which Scottish companies are active in each of the priority markets and who they are dealing with should be developed to further assist the Specialists in their work in-market. This will require a pooling together of information from all partners to help ensure as much detail as possible is obtained.

127. The actions listed above will help not only in expanding markets like Canada and the South-East Asia, but also in mature markets such as France and Germany. The Specialists in these markets have carried out substantial work in recent years but both continue to be a challenge as Scottish companies don't appear to engage as strongly, and export opportunities have been limited. Further work should be considered to better understand the reasons for these difficulties. Is it that Scottish companies do not see these European markets as viable options or is it that given the close proximity they feel they can undertake export activity without support? Understanding the issues here will allow the In-market Specialists in these geographies to better position their support offering, especially as we move towards 2019 and the unknown of trading with Europe post-Brexit. This will also help to greater clarify the role that the In-market Specialist can be expected to play in supporting such activity which should hopefully remove any risk of potential mission creep from the side of the Specialist and also ensure that partners and Scottish companies do not have an over expectation of what the In-market Specialists will do for them.

128. Consideration should also be given to the subject of in-market promotion. A desire for support to undertake this was reported by many of the in-market buyers who took part in the survey, as well as several of the In-market Specialists themselves and a small number of Scottish companies. It is unclear at this stage whether such activity could be supported by SDI, given restrictions on how public monies can be spent. Nevertheless, it is an issue that should be investigated further as if barriers to implementation can be overcome it is an activity that could prove valuable; especially in markets such as China and SE Asia where awareness of the Scottish food and drink offering remains low.
129. One last area for consideration is related to other potential partners. As the trade body for the sub-sector responsible for the largest proportion of Scottish food and drink exports, the non-participation of the Scotch Whisky Association (SWA) in the Export Group raises question marks over the entire Export strategy. Whilst acknowledging that the whisky industry is unlikely to need export help given its impressive track record in this area, this experience and knowledge could be invaluable to other sub-sectors if they were actively engaged. Other potential partners identified as not currently involved included the National Farmers Union, Scotland (NFUS) and the Scottish Food and Drink Federation.

Final Remarks

130. The Export Plan appears to have been an overwhelming success for the Scottish food and drink sector; contributing to Scottish exports in the sector reaching record levels and helping to raise awareness of the Scottish offering across the globe. In addition, the Strategic Evaluation of SDI activities when reviewing the delivery models used for support specifically highlighted the introduction of the In-market Specialists as a key success and an approach that should be considered for other key sectors in the future.
131. Nevertheless, despite high levels of satisfaction with the support provided, the Export Group must ensure that challenges both in-market and domestically are tackled to allow Scotland to continue to reap the benefits of the pipeline of export opportunities now being identified.