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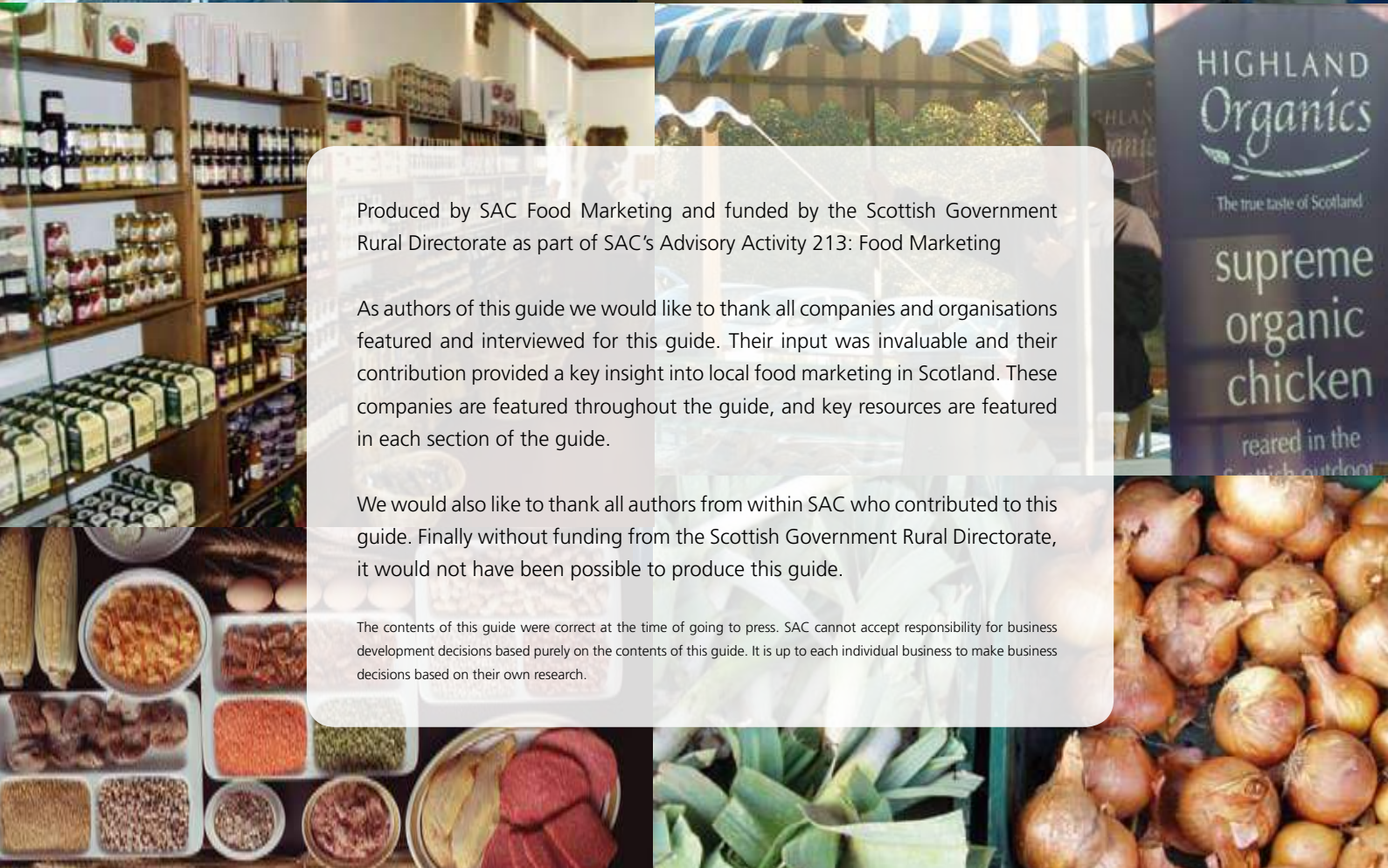
S A C

Local Food Marketing

GUIDE

Supported by  The Scottish Government





Produced by SAC Food Marketing and funded by the Scottish Government Rural Directorate as part of SAC's Advisory Activity 213: Food Marketing

As authors of this guide we would like to thank all companies and organisations featured and interviewed for this guide. Their input was invaluable and their contribution provided a key insight into local food marketing in Scotland. These companies are featured throughout the guide, and key resources are featured in each section of the guide.

We would also like to thank all authors from within SAC who contributed to this guide. Finally without funding from the Scottish Government Rural Directorate, it would not have been possible to produce this guide.

The contents of this guide were correct at the time of going to press. SAC cannot accept responsibility for business development decisions based purely on the contents of this guide. It is up to each individual business to make business decisions based on their own research.

Foreword

I recognise the important contribution that Scottish food production makes to the rural economy and that it has an excellent reputation for dedication, innovation and high quality. Since becoming Cabinet Secretary for Rural Affairs I have been hugely encouraged by what I have seen and heard in my travels around Scotland. The Scottish Government is committed to supporting the local food economy. I want to encourage people to think locally, shop locally and support their local businesses.



In order to meet the growth in demand for local food I am convinced of the need to build capacity amongst our producers and processors. This guide provides the necessary support and advice to help rural businesses grow and prosper, taking advantage of new opportunities and new markets.

I also hope that businesses will continue to take advantage of expert advice from the likes of their local authorities, SAC and the enterprise network to make them truly successful. For its part the Scottish Government will continue to support the food industry through our food industry grant schemes, and support for organisations such as SAC.

Richard Lochhead *Cabinet Secretary for Rural Affairs and the Environment*

This guide has been produced to assist and advise producers on alternative routes to market and marketing best practice. It addresses two key action points in the Scottish Government's 'A Forward Strategy for Scottish Agriculture: Next Steps'. By increasing producer understanding and awareness of different parts of the supply chain and the different ways of working together throughout the supply chain this guide will strengthen links between primary producers and other food industry sectors. It will also highlight the many ways businesses can work together to share information, develop markets and achieve sustainable contracts for future business development and growth.



This guide builds on two previously successful guides produced and published by SAC with support from the Scottish Government. The first guide 'Marketing in the Food Industry – A Guide to Marketing for SMEs' was produced in 1998 and the second 'A Guide to the Marketing of Organic Food' was produced in 2000.

Ceri Ritchie *Ceri Ritchie is SAC's Divisional Marketing Manager, and manages delivery of the Scottish Government's Advisory Activity Programme on Food Marketing*

Editor's Note

The notion of local foods is not exactly a new principle in terms of the marketing of food and drink, as most food products start their life produced for local sale. The revival of interest in buying food from closer to home is stimulated by desire for quality, originality, a concern for the environment and a will to invest in our own communities.



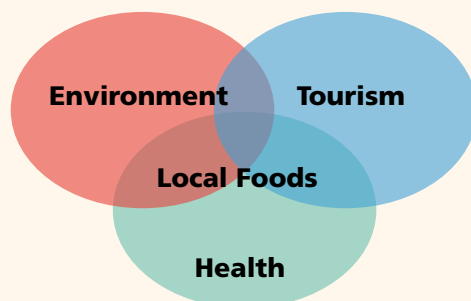
There has been a recent resurgence in interest in buying locally for a number of reasons. We have seen growing concern for the environment, and the transport required to bring food to market. This is coupled with nostalgia for the kind of relationship that goes hand in hand with the selling of local food, the over the counter personal relationship and service which has perhaps fallen victim to chain store or fast food culture. Also, links to tourism have meant that people exploring rural cultures also take an interest in the local fare, whether they are visitors from other countries or other areas.

The principle behind local foods is that they should give that distinctive difference, offering the consumer a product which reflects their understanding of being locally provided. While there are differing definitions of what is 'local', we should allow the consumer to make that decision. The key in much of this is the authenticity of the product and the trust generated by forming a relationship between grower and consumer.

In this guide we talk about the marketing of local foods, and the options available for producers. This process also includes the extension of local foods, and how we can sell to the wider market by using the same principles of relationship and provenance.

When considering local foods, it is important to note the effect that key trends and influences have over consumer choice. Consumers have varying levels of concern and desire about health, the environment and their local or regional economy. In terms of health, consumers increasingly seek out fresh, quality produce, in which they can invest a level of trust. The trust relationship in local foods is often reinforced by the direct selling relationship between producer and consumer. Additionally, consumers are becoming increasingly aware of a need to reduce food miles: the distance which produce must travel to reach the market. There are also connected concerns over levels of energy use, and for this reason products which have low levels of energy use, or involving sustainable sources of energy have extra appeal.

Investment in the local or regional economy is also important to consumers, and often visitors to Scotland and regions within Scotland will seek out local specialities, whether they are travelling five miles or 500 miles. Regional specialisation, using the identity of the region or reputation for specific products or recipes can reinforce messages on provenance.



There are a number of links between food, tourism and the environment which have fostered the growth in local foods, and these are important themes, as are the concerns for our own health in seeking high quality, fresh produce. The desire for local foods and the growth in the consumption of foods produced close to home can be sustained by creating closer links between these areas, and by working together. Sustainability is a key concept, for producers and consumers alike, for food, for the environment and for producers and their livelihoods.

David Lamb is editor of this guide and leads SAC's Food Marketing Team, and has been supported in the production of this guide by **Carl Taylor**, SAC Food Marketing Consultant.

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In understanding how to market and sell local foods, the same principles apply as in trying to sell food to a national or international market. That is to say that the goods should offer something different to the person buying and eating the product.

In any business, there are a number of key marketing questions you should be able to answer.

Do you know?:

- Who is going to eat your product, the end consumer?
- What are the characteristics of the consumers who will buy products from you?
- What consumer needs does your product satisfy?
- Who might, or will you be competing with?
- What are the available markets for your products?
- What will your customers expect in their relationship with you?
- What makes your product, or the way you sell or promote it, different to that of your competitors?

This guide aims to try to help you understand the market dynamics of marketing local food, by demystifying the marketing process, but firstly and most importantly by giving an explanation of what is meant by the term 'local food'. The material in the guide is laid out in a simple fashion, to enable you to understand the various routes to marketing local produce. While many of the routes may be well known to you, give some consideration to those areas which you have not investigated, as there are numerous ways to get started in local produce.

There are many resources available to enable those producers wishing to make changes in their marketing process. The final chapter in the book lays down the basic principles involved in marketing your produce, so that you can consider what tips to use when trying to gain commercial success in what can be a difficult market, and hopefully the guide will give you some new ideas and some pitfalls to avoid. At the very least the guide will hopefully provide some key contacts to enable you to grow your business, your sales or perhaps even just the relationship with your customers, which might make the first two all the more achievable.

The guide is intended to assist and advise, to help you to:

- Gain an understanding of what is meant by local foods
- Gain a greater understanding of the market routes for local foods
- Market your business and products more effectively
- Learn the tools that can be used to market your business and products
- Grow your business, your products, your customer base and your relationships

What is Local Food?



The definitions of 'local' vary. We talk about local, locality and regional foods. What do these terms mean. A basic definition of the terms would be as follows:

Local Foods: Food produced (and possibly consumed) in the local area of purchase.

Locality or Regional Food: A food from a specific locality, identified as having a particular tie to that locality, e.g. Champagne, Parma ham - some may have a protected designation of origin

(PDO). Clear examples in Scotland would be Scotch Beef and Arbroath Smokies. *Regional Food* is defined as food coming from a particular defined region or area.

The concept of local food will vary greatly, and is perhaps best defined by the needs of the consumer, as it is difficult to place a distance or area specification on a product to define it as local. For a consumer in Shetland, a local food product may be easily defined as coming from within the Shetland Isles, while a consumer in the Scottish Borders could define that food as coming from within the region or even from across the border.

The notion of regional food in Scotland is perhaps clearer for some consumers, as for some Scotland may be perceived as the region. For others a more specific regional identity may be considered, for example Highlands, Dumfries and Galloway or Tayside. There is often stronger loyalty within Scotland to Scottish produced goods than in other areas of the United Kingdom.

Central to the concept of local food is the producer/seller part of the relationship. Most consumers expect local foods to be produced within a short distance (often undefined) of the market/retail outlet from which they are buying them, and that there is either a single stage relationship or middle stage relationship between the producer and the consumer as follows:

Farmers' Market - Direct relationship between producer and consumer

Farm Shop - Relationship between producer and consumer, possibly other goods from producers known to the seller/consumer

Speciality Retailer - Relationship between seller and consumer, with strong identification or recognition of the producer.

The relationship aspect is key, and often referred to as **Direct Marketing**, where the relationship is established directly between producer and consumer. This relationship is expanded upon by companies who use mail-order systems or internet ordering to market their goods.

CHAPTER 2

Market Sectors

Farmers' Markets



Since the first farmers' market in 1999, over 70 farmers' markets now run in Scotland on a monthly or even weekly basis.

The definition of a farmers' market is:

"... a market in which farmers, growers and producers from throughout Scotland sell their produce direct to the public. All foods/products sold should have been grown, reared, caught, brewed, pickled, baked, smoked, or made/prepared by the producer."

Scottish Association of Farmers Markets, 2007

Displaying produce at a farmers' market requires a little preparation and thought, but the availability of outlets creates an opportunity. However, as with any market outlet, there must be an opportunity. Many consumers are looking for key offers from producers when they visit the farmers' market, such as freshness, quality and taste. They expect fresh products, perhaps even fresher than in their local supermarket, but consumers are perhaps prepared to pay a little more for the privilege.

Consumers are also looking for a variety of products, and for different types of product available through their own local farmers' market. Consideration should be given to the selection of products already available through the market. Which products can be considered to add to the wide range of products? Are there any products which will be in competition with existing ranges? Competition may be welcomed by consumers, but can provide challenges to individual producers.

A successful strategy that is therefore adopted by many producers is to **add value**. Put simply, this means creating an extra process before presenting the product to the market. This may be through maturing meat, pickling vegetables, or turning fruit into jam, but each process creates a different product, and a wider selection range for the consumer.

For many producers, the farmers' market offers an opportunity to put their produce on offer to consumers from their area without the need for another vendor or processor. For others, it may be an opportunity to try different products, to find out what consumers may be looking for or to increase cash flow.

Whatever the reason, the farmers' market opportunity can be an immediate and straightforward route to market, but not one to be taken lightly. Producers should be aware of other produce on offer, of appropriate pricing and of the regulations governing hygiene and facilities required to sell their produce.

Key Information Resources:

www.scottishfarmersmarkets.co.uk

www.thefoody.com/regions/scotlandfm.html

www.food.gov.uk/multimedia/pdfs/scotfarmersmarket.pdf

Some considerations for producers participating in a farmers' market will be:

- How will you store the produce - does it need to be kept cool?
- How are you displaying the product - can you use basket displays, or raise the height of your product?
- Can you use your produce to cover the display area, or use colour to brighten the area?
- Do your customers know exactly what is on offer, and how much it costs without asking? Can you offer tips for washing, preparing and cooking?
- Can you offer samples, and can you or whoever is attending the market talk about your product and your business?
- How is your local market being promoted? Can you get involved and do more to make each market day successful for all involved?

In terms of ensuring products are safe, assistance is available for small producers in the Food Standards Agency guide to **Food Safety for Farmers' Markets**.

The key to the successful farmers' market is in the variety, vibrancy and authenticity of the market. Consumers do not just shop for a range of products, but also for freshness, quality and a smile. The smile put on their face and on the face of the producer is that vital component of farmers' markets, which dates back to the very start of marketing, the face to face relationship between producer and consumer.

Successful producers have used the one-to-one opportunity at the farmers' market to create a relationship with consumers, and this relationship is important, as it keeps consumers returning to the market.

Farmers' markets are generally seen as a welcome development in a rural area. They encourage consumers to seek out local products, particularly those that come from sustainable production systems, and encourage producers to respond to this demand, thereby helping to address local supply chain issues. They also provide valuable employment and generate significant economic activity in the rural economy. Spending on local food benefits the local economy through the effect of the economic multiplier. Research has shown that local food routes generate higher levels of expenditure returned to the local economy than expenditure through larger retail outlets.

Successful markets offer variety and individuality from the producers running stalls. This does not necessarily mean that the busiest markets are those offering the greatest opportunity. One of the main consumer expectations at a farmers market will be that the produce has not travelled far, and while shoppers will expect certain goods to have travelled greater distances, they would expect to buy from their own local area where goods are readily available.

Critical Success Factors

- Freshness of Produce
- Enthusiasm
- Locally produced goods
- Clean & bright stalls
- Quality goods
- Unique approach
- Unique products

A woman with blonde hair, wearing a grey jacket, is looking at fresh produce at a market stall. The produce includes green leafy vegetables, tomatoes, and other items. In the background, a sign partially reads "Delivered to Your Door" and "50 50".

Perth Farmers' Market

Perth Farmers' Market holds the honour of being the first market established in Scotland, in 1999. On the first Saturday of each month there is an abundance of fresh ingredients and quality products. From fresh red meat and oysters to green, leafy vegetables to home made cakes, pies and wines the markets seeks to offer variety, freshness and quality as key components of the food offering.

The ideology behind the market is that it gives local farmers an outlet, and local consumers a choice of where to shop. It also allows local consumers to pay a fair price and local producers to receive a fair price as intermediaries are cut out of the loop.

Local producer Jim Fairlie came up with the idea of a farmers' market for Perth in 1999 after numerous food scares and a visit to France. The need to communicate with customers to help reassure them about the quality, and at the time the safety, of locally produced goods was becoming increasingly apparent. Fortunately Perth and Kinross Council embraced the idea financially and invested £5,000 into the PR and Marketing.

Every month there are around 35 stalls, and each month a guest producer is also invited to sell at the market. The main reason for this is that within the Perth catchment area there are no dairy producers and more obviously, no fish producers. So inviting primary producers that are as close to Perth as possible addresses consumer demand. The stall holders pay a fixed price per month for their stalls and included in that is all the promotion and marketing that goes into the monthly market.

Perth Farmers' Market has stuck to the traditional ethos of what a farmers' market should be, that is locally produced by local producers using local ingredients.


There has been a shift in the types of stall since the first stalls in April 1999. For example there is a couple based in Bankfoot who now grow herbs to meet demand and to sell at the market. The market therefore provides a stimulus for local business.

The type of customer has also changed, particularly over the past two to three years. Originally loyal core clients were predominantly female, and usually 45 years old plus, with high disposable incomes. This type of consumer would come early to be sure that they got exactly what they wanted. The remainder of business was generally picked up from passing trade.

Market organisers realised that they were missing out on several major opportunities, in the main young families and also young professionals. Young families are showing far greater interest in the food their children are eating and young professionals with high disposable incomes are taking an interest in their food, seeking variety and entertaining more regularly.

One of the barriers that these groups were facing was that they were put off by not knowing what to do with the produce once they had bought it. So market organisers introduced recipe cards and local celebrity chefs to the market, to show consumers exactly how easy and straightforward it was to use the great range of produce on offer. The attitude has therefore been to pro-actively encourage change. The market still has a large percentage of original customers but now has more of the 30+ category of shopper and both female and male shoppers.

In order to retain customers and continue to win new ones, participating producers are constantly looking at new product development, including ready meals using the same ethos of variety and local ingredients.

A woman with long blonde hair is looking down at a basket of fresh produce. The produce includes green grapes, purple cabbages, and other vegetables. In the background, there are signs for 'REFRIGERATED VEHICLE' and 'PERTH FARMERS MARKET'.

In the opinion of market organiser Nicola Martin "Customers love product knowledge, it creates a buzz, an atmosphere and above all a sense of community. People take a pride in 'their' local produce."

The market advertises monthly in the local newspaper and on the radio, with PR activity taking place on a monthly basis or whenever it is needed. If, for example one of the producers has launched a new product or a seasonal product is going to be available, or even if the market has secured a celebrity chef then extra promotion will be carried out to raise awareness and maintain profile.

According to Nicola promotion is an important aspect "We began paying the chefs to come to the market to do demonstrations. That relationship has now reversed. They will sponsor the market for a slot, so they can promote their restaurant. Sponsorship can take the form of the recipe cards, which helps us to educate the younger customers and at the same time the chef can advertise his restaurant by creating the recipe cards and/or selling the "dish" in his/her own restaurant. These recipe cards will have the names of the producers that sell the goods, and can be collected and used to form a seasonal recipe collection. The recipe cards can also be sponsored."

"We have 'touch and taste' tours aimed at children. We now have all kinds of out of school clubs e.g. cubs and brownies. All the touch and taste guides have their own farmers shops or have some direct involvement with the market. We also use the internet and are using text messaging to advertise the market."

In Nicola's opinion "The market is successful because we are not just selling food, but an experience. When consumers come to the farmers' market they are speaking directly to the person who grew, or reared whatever it is they are buying. There is an innate trust built when you can not only see the food but ask questions and get the answers from the person best qualified to answer."

Perth Farmers' Market is an important element in providing vibrancy and variety to the local area, thereby enhancing its attraction as a tourist destination. Perth Farmers' Market is now certified under a Visit Scotland farmers' market accreditation scheme.

Taste, traceability and value for money were ranked as the three most important factors by visitors to the market and 67% of people come to Perth Farmers' Market for the wide range of fresh, local produce. Stallholders at Perth Farmers' Market average around 150 customers per market and estimate that the majority of these are regulars.

The producer members of Perth Farmers' Market act as suppliers to a number of farm shops in Perthshire and elsewhere, thereby forming mutually beneficial business-to-business local trading networks - 56% of those customers who attended Perth Farmers' Market also bought from local farm shops.

Perth Farmers' Market has directly assisted in the setting up, or further development of, an estimated 23 micro / SME food businesses in rural Perthshire - 70% of stallholders have been attending Perth Farmers' Market for four years or more. In this respect it plays a key role in the economic development of the area.

Farm Shops

Farm shops are opening at a faster rate than ever and in many ways, there could not be a better time to get into farm retailing. People have never been so interested in quality local food and how it is produced, in freshness and in traceability. Customers are seeking out specialist producers and for some, there is a desire to reduce food miles.



Estimates show over 4000 farm shops trading within the UK with a combined annual turnover of £1.5bn. The average farm shop is expected to turnover an annual figure of £270,000, with ranges from £100,000 to £5m – plus.

While farm shops come in all shapes and sizes, the most sustainable are generally those offering what is known as a full basket shop – all the ingredients for a good wholesome meal, thereby making the journey for customers worthwhile. The range you offer and the other activities you want to bolt on should reflect your location. If you are located in a highly urban area then you can offer just

food. If customers have to travel then you have to persuade them that their journey will be worthwhile.

When running a farm shop an essential skill is dealing with people, both your customers and your staff. Do not underestimate the importance of this skill, as you must present a friendly, welcoming and enjoyable atmosphere within the shop. Staff should spend time with customers, have a good knowledge of the goods and produce being sold and be able to advise customers on those purchases. This could be information on the production, origin or seasonality of the produce or by providing recipe ideas and cooking times.

In terms of advertising, good signage is fundamental in drawing customers to the business along with a well presented car park and shop front – do not ask customers to step out of their cars into a mucky farm yard. Word of mouth is also a key form of advertising for new start-up farm shops where it is seen as the least expensive and importantly the most rewarding. In order to sustain repeat business growth customers must be provided with a clean tidy, well presented shop offering a range of quality, value for money products that meet the needs of the customer in a welcoming and atmospheric shop environment.

For those producers who choose not to sell their produce directly on their own premises, other options may be available. Growth in local foods has seen a sharp rise in not only on-farm retailing, but also in speciality retailers, i.e. shops specialising in niche, regional or local foods. Many of these are located in central locations, even in suburban areas targeted at the consumer profile which will seek out local foods. These speciality retailers should also be considered, and can be approached at an individual level.

Key Information Resources:

www.farma.org.uk
www.thefoody.com/regions/scotlandproduce.html
www.farmshops.org.uk/

Blairmains Farm Shop

Blairmains Farm was a typical farm based in rural Stirlingshire struggling to cope with the demands and reduced margins of modern agriculture in Scotland. In 2000, the drive for a second income that wasn't directly correlated to the state of agriculture led to farmer John Logan opening Blairmains Farm Shop. To help with increasing rental costs John's sister Arleen expressed an interest in opening a coffee shop. The initial concept of a farm shop selling home baking and seasonal produce when the front bell rang then transformed into a fully manned seven day a week success. The additional rental income provided by the coffee shop activity then helped to pay off some of the existing debt.

There were no farm shops nearby, which originally caused some scepticism from John as to why that was the case. One barrier was regulations and stipulations about location and planning permission, and adjustments had to be made in order to receive full permission to adapt a building classified as a shed. However, overcoming this initial hurdle, the shop has since experienced such success that it has undergone six extensions.

Competition is still very high in the area around the farm shop, not from other farm shops but from the six supermarkets that inhabit a six mile radius, three of which fall within a two mile radius. However with the population in the same area in excess of 180,000 the shop still enjoys 95% repeat custom. John attributes this to sensible pricing, excellent locally sourced produce, which is not only good for the environment but also good for local businesses and farmers.

John has several informal agreements with local producers, that help to benefit the local community in several sectors. Initially local producers would deliver fruit and vegetables to the shop. However with there being such low margins on these types of products it was suggested that costs and food miles could be reduced if producers all went to the market where John now collects his fruit and vegetables three times a week.

As there are not enough meat sales through the shop for John to justify putting his own animals on the counter, he employs a local butcher to source local meat. The aim is to source as often and in as great a volume as possible from the many local farming families that frequent the shop.

After dedication, determination and hard work the next most influencing factor in the success of Blairmains Farm Shop has been its stunning location which is rural and yet still within easy reach of a huge local community. John also believes that great staff, many of whom are family, have helped the shop get where it is today.

Blairmains has also received many formal accreditations and industry accolades over the years as they strive for success. Some of the more prestigious ones include an NFU Innovation Excellence award, a four star rating by the local tourist board, 'Eat Safe' and 'best place to eat' awards, and they have also been nominated for the best Farm Retail Business in Britain, run by the Daily Telegraph.

Critical Success Factors

- Good planning and attention to detail
- People skills and approachable staff
- Quality, fresh, local produce
- Innovative product ranges
- Consistent supply

Companies are always trying to grow their business by finding the right customer for their products and services. This is why direct marketing, through the use of the internet, has become the fastest growing market discipline world-wide. This has resulted in a shift from standardised marketing campaigns to more highly targeted programmes. The aim of direct marketing is to meet consumers needs precisely, then develop long term relationships with them.



While Farm Shops and Farmers Markets are examples of these kinds of relationships, modern communications systems have enabled the growth of direct relationships using mail order and internet ordering. These areas lend themselves particularly well to the expansion of local foods, where distinctive products can be delivered directly to the consumer.

Database marketing can present an opportunity for a business by attracting new customers, and can allow targeted marketing to take place. This enables businesses to have a clearer understanding of their consumers' needs and demands. Using a database system can enable the business to get to know their customer on a personal basis without actually meeting them.

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When using direct mail order or internet marketing there are three essential stages to the process: acquisition, retention and database. Acquisition involves deciding what sort of customers you want, finding out who they are, how many of them there are, what motivates them and where they are. By gaining this understanding you can determine which medium to use to talk to them and develop communications and execute campaigns which are more likely to attract these customers. This may require a higher marketing spend. Retention involves giving your existing customers service and product quality that meets or exceeds their expectations. This builds loyalty over time, which maximises the length and value of your relationship with customers. This involves an intense customer service, as regular communication with your customers is required.

The most important tool in direct marketing is the database. This involves obtaining relevant customer information and storing the information in a usable and retrievable format. It is a way of organising the whole marketing process for a business. A database allows the business to choose what to market, to whom and when, and then the effectiveness of the marketing campaign can be measured.

The right application of direct marketing, can make a business more profitable. By precisely measuring marketing activities that business may begin to see an increased return on marketing investment.

Key Information Resources:

www.donaldrussell.com
www.bigbarn.co.uk
www.localfoodshop.org

Donald Russell

Donald Russell Direct is an award winning mail order Meat Company based in Inverurie, Aberdeenshire. Before the BSE outbreak in 1996 halted exports Donald Russell Limited had primarily been an exporter of high quality meat produce specialising in beef and lamb. Donald Russell Direct was formed in 1997 as part of a number of diversification strategies to fend off the disastrous effects of the BSE crisis.

Now Britain's leading mail order meat supplier delivering direct to the end consumer anywhere in the UK, Donald Russell originally specialised in grass-fed traditionally matured beef and lamb, but today the product range includes poultry, pork, fish, seafood and game. Donald Russell Direct are now a Royal Warrant holder, and aim to supply a premium product at a premium price.

The strategy adopted by Donald Russell is to source all their meats from the best available suppliers. The company has an ethos of considering animal welfare in meat supplier selection, as they believe this gives a greater quality to the end product. Traditional methods are then used to mature beef and lamb for up to 21 days, allowing time for rich flavours to develop and for the meat to become tender.

This attention to detail in supply and maturation is matched by high standards adopted by the company butchers to ensure quality in the cutting and preparation of the meat. The company strives for high quality final products, and are confident enough in their fresh and frozen meat to offer a money back guarantee on their products if customers are not satisfied.

Donald Russell sales are predominately driven by the mailing of newsletters and promotional literature to the customers in their database. Transactional data from analysis of sales activity is used to segment their customer database and employ personalised direct marketing strategies to their various customers. The communication with customers is therefore carried out on a direct and personal basis, and this also ensures that marketing activities are personalised and relevant.

The key to the company's business is therefore the relationship between quality, service and taste, and has led to strong business growth, and a number of testimonials from a wide range of food critics and publications, including Nigella Lawson who describes Donald Russell and their products in 'How to Eat' as "excellent Scottish Butchers- truly wonderful meat".

Critical Success Factors

- Acquisition
- Retention
- Database
- Targeting
- Market Knowledge
- Customer awareness
- Research the market

Food quality and more importantly consumer perception of quality are essentially what motivate sales of a product, and ultimately consistent quality is a key component. Other factors that are not to be confused with food quality, such as food safety, are pre-requisites to any successful product, rather than added features. There will also be additional product features such as packaging that will influence sales whilst ensuring product safety.



The quality of a consumer product has two very different components. The manufacturer may believe that they are increasing the quality of the product by adding more ingredients to a product. However, the consumer may not be able to differentiate between the standard and 'improved quality' product, and may not be motivated by the proposition of a quality improvement that they cannot taste or see. In this instance communication with the consumer is vital, so that they are fully aware of the benefits of the product.

The challenge for producers is therefore to understand which characteristics of a product will translate into a perception of quality by the consumer. The preferred end result is to stimulate a greater desire for a product and thereby generate further purchases.

At different points of the supply chain, quality can have different interpretations. A primary producer may perceive quality in relatively simple terms. Quality may be qualified by means of value of sale, which in turn is usually related to size, appearance and or composition.

A manufacturer will relate product quality to composition and to sensory characteristics (taste, smell, appearance) which they believe the consumer values.

The retailer has a more direct measure of quality, they will relate to quality in terms of product specification, the speed a product leaves the shelves and the number of subsequent complaints induced from poor performance.

The ultimate measure will therefore be the consumer. Consumer perception of quality is often vastly more complicated and more often poorly understood, but will relate to the benefit that can be gained. The relationship between benefit and price is vital for the producer or the retailer, as the greater the benefit is through product quality, the more the consumer will be willing to sacrifice price for that benefit.

Formal schemes operate to ensure basic consumer food safety, and to give guarantees of quality. A simple means of quality assessment is through the criteria laid down for the measurement of the quality of existing products, which is called quality control or quality assurance. HACCP (Hazard Analysis at Critical Control Points), for example, is a system of measures to ensure food safety which is now obligatory for all EU food producers.

For local food suppliers, a number of assurance schemes exist. Some are related to product categories, and other generic schemes exist such as Farm Assurance and BRC standards (sepecially for those producers supplying to the retail sector). In 2007, a specialist scheme for small scale producers was created. The SALSA (Safe and Local Supplier Approval) scheme aims to help local and regional food and drink producers supply their products to national and regional buyers. The scheme enables small food manufacturers to provide an assurance on risk based food safety management and thus increase their access to bigger customers who may either sell their

products or use them in their own production. The main focus of the scheme is on safety, legality and quality, and these enable suppliers to meet their due diligence requirements. The scheme is supported by many large retailers and foodservice companies who understand the difficulties faced by small scale suppliers trying to implement Quality Assurance Standards.

Category specific assurance schemes may also provide an advantage in the market, or simply reassurance to the consumer. For example, the Quality Meat Scotland Assurance scheme certifies beef and lamb born, reared and processed in Scotland, and can help give an advantage over other regional branded meats through linked promotion mechanisms.

It is important to consider the value of assurance schemes, and recognition of assurance measures to the consumer when considering implementing quality measures in the production of local food. Increasingly, quality is an expectation that the consumer has in local food, and can therefore be viewed as a basic market requirement when selling locally.

Critical Success Factors

- Consistency
- Freshness of Produce
- Hygienic, economic and exciting packaging
- Quality raw materials and inputs
- Good consumer perception
- Correct production, handling, storage and processing techniques
- Food safety protocol
- Cool chain (avoidance of temperature abuse)

Key Information Resources:

www.qmscotland.co.uk
www.eatScotland.visitscotland.com
www.food.gov.uk
www.salsafood.co.uk

Taste of Bute

When David & Janet Hill from the Isle of Bute realised that being separated from the mainland by a stretch of water, which had frustrated so many of their 'bright' ideas, actually gave them a massive bio-security potential, they decided to focus upon the strengths of high quality, high health status livestock and turn that into a consumer benefit; from there was born the Taste of Bute project, in collaboration with other producers.

In June of 2002, an island regatta market demonstrated the strength of the local market in terms of provenance. Along with a small number of other producers of foods such as fish, vegetable, herbs, cheese and eggs the Hills participated in a one-off market as part of the weekend attraction, selling beef and lamb. They discovered first hand that the consumers really liked to know where the food came from, and were all resident islanders. Repeating the exercise one-year later, they found they had already established customer loyalty. The same consumers were back still remembering their previous year's taste experience.

According to David Hill: "The logistical problems of living on an island whilst being totally dependant upon mainland processing, packing and dispatch were difficult. But, setting the difficulties aside, our glory was in the consumer loving the product; meat that had taste, flavour, and all the perceived attributes of coming from an island off the West Coast of Scotland."

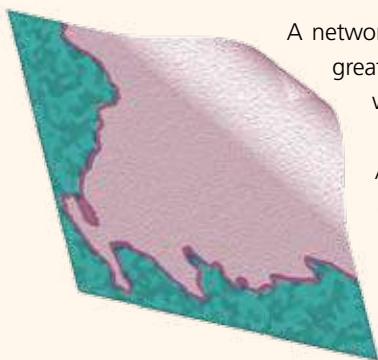
The Taste of Bute initiative was created through greater consumer awareness than ever before of the benefits of local food, and a passion for wholesome produce from fully traceable origins. The challenge required imaginative ways of adding value, packaging and branding. By pooling drive and enthusiasm local producers took an opportunity to embed quality local food as the key component of a campaign to develop the Isle of Bute as a thriving tourist destination. Through sharing resources and linking marketing strategies, it is anticipated that the Taste of Bute brand will continue to develop to the mutual benefit of a wide range of island businesses, with quality as the cornerstone.

Key Information Resources:

www.qmscotland.co.uk
www.eatscotland.visitscotland.com
www.food.gov.uk

Producers have recognised for a number of years that there are benefits to be gained from joining together to market produce more effectively. They have also realised that there are other activities than can lend themselves well to collaborative activity, such as promotion, the purchasing of materials and insurances, and bargaining power.

In recent years, local producers across Scotland have seen the benefits of collaboration in a number of these areas, from Ayrshire & Arran to Fife, from Shetland and Orkney, via the Highlands & Islands to the Borders.



A network can serve a number of purposes, but the guiding principle is often to gain greater market access. Some networks may be a grouping of producers, while others will try to group producers and retailers or foodservice providers.

A network can be a springboard to greater success through linking information and activities. Different networks have different aims. Some networks look to co-ordinate promotional activities, and this can be a less formal type of collaboration, where a regional group can combine to promote similar services. More widespread networking need not make the collaboration more formal, and the network can simply be a way of communicating with the same customers, or linking outlets to producers through a grouping or an initiative.

Other initiatives can seek to make activities more widespread, such as co-ordinated training for members, or even in setting up a hub for activities. Some networks function as initiatives for collaborative distribution, and some food networks prioritise local food and community linkages.

Farmers' markets and local food are also important elements of the cultural and tourism experience of an area. Research suggests that producers and providers of local food should be linked into wider area partnerships with tourism authorities, foodservice, and other cultural and heritage attractions. Food tourism has been shown to have positive benefits in both local food production and consumption. The Ayrshire & Arran Food Network has tried to capitalise on many of these connections.

Different networks have considered how they can use collaborative approaches to target the market. For some, the ability to promote as a group is a substantial advantage in reaching a wider audience. Others have looked at collaboration as a means to access new markets, and often networks will look to different mechanisms, or a combination of methods to build on the range and number of producers' skills and products.

There are a growing number of examples of joint collaboration, and producers even utilising the networks to operate in joint distribution structures, or as a single point of contact for collaborative supply to the foodservice sector, with local councils increasingly interested in fresh, high quality food supply to schools, hospitals and other public sector customers.

A single point of contact or administration can be a key attribute in producers looking to access larger volume markets such as foodservice providers in the public sector or restaurants and hotels. With a growth in the foodservice sector in Scotland in recent years, this represents a key opportunity for growth for companies, especially when combined with a desire to provide healthier, high quality foods across the sector.

The success of a network depends on input from its members, and there are a growing number of success stories each year. Many networks are better placed to gain the support of local councils, enterprise agencies and health authorities, and thereby gain access to key markets such as public procurement or foodservice sectors. The Highlands & Islands Local Food Network has formed a relationship with the public procurement sector in the region, and in 2007 placed its first tender to supply within the region.

Networks are growing across Scotland, and many network members have seen only positive benefits from membership. Networks can provide key benefits such as:

- support for members
- group advice
- joint promotional activity
- community support
- sharing of expertise
- co-ordinated approaches to market
- bargaining power

More formal networks can benefit from a co-operative structure, and can gain advice and benefits from shared ownership and greater control over activities, in addition to economies of scale.



Key Information Resources:

www.ayrshirefarmersmarket.co.uk
www.fvfl.org.uk
www.hilocalfood.net
www.saos.co.uk
www.larderbytes.com
www.lochaberlarder.co.uk
www.bordersfoodnetwork.co.uk

Critical Success Factors

- Start small & simple
- Link with others
- Communicate
- Keep flexible and adaptable
- Get community support
- Total commitment
- Understanding of quality

Ayrshire Food Network

The Ayrshire Food Network comprises 48 local produce suppliers (farmers and local processors) and local produce providers (hotels and restaurants), primarily targeting the tourism market in three local authority areas.

The Network grew out of Ayr's first farmers' market in 1999. By 2002 this had become a fully-fledged foodservice network with support from local authorities, Scottish Enterprise Ayrshire and the Ayrshire Chamber of Commerce.

The network works as a flexible and fluid communication mechanism, whereby the producers and suppliers are made known to tourists and also the local / regional market through a website and pamphlet distribution. The leaflet is available in six languages, and distributed through Prestwick Airport, linking with Ryanair route network destinations.

The network is primarily a distribution and marketing network, which utilises the combination of members to access wider markets, and gain additional skills such as customer training for members. The suppliers within the network include five delicatessens, which act as centres or hubs to sell produce, and some stock produce from up to 20 suppliers.

The objective is to make local and regional produce more convenient and accessible. Communication is key between network members but also crucially with the customer who is seeking an 'authentic experience' through local and regional food. The network communicates through regular newsletters and updates between members, and promotion between members of services offered.

The network is also linked to other initiatives, such as the development of taste trails in Ayrshire and Arran, and this is linked with the Taste of Arran initiative in tourism promotion, and activities are co-ordinated with the regional tourist board. Linked with The Ayrshire Farmers' Market Co-operative there is also the resource of a permanent shop at the SAC campus in Ayr.

In recognition of the links with tourism in Ayrshire, the Ayrshire Farmers' Market Co-operative also participated in a scheme linking farmers' markets with Visit Scotland, which accredited 15 farmers' markets across Scotland as visitor attractions.

Taste of Arran

Food network company Taste of Arran was established in 2002, and initially brought together producers on the Isle of Arran, and began trial distribution of products across central Scotland. The advantage of the location is that although Arran is an island, it is still only two hours from Glasgow city centre, allowing it to compete with regional competitors. Seventy three percent of Taste of Arran sales can be accounted for in the Glasgow region, with a small percentage distributed to England and the rest of the EU. Half of the company's sales by value currently go to independent retailers, a third to wholesalers with the balance going to the foodservice sector. A small but growing percentage can be attributed to online sales.

Managing Director Alistair Dobson explains that the first hurdle to address was how to distribute island products throughout Scotland. As a single supplier it was impossible for him to distribute his ice cream off the island economically, without collaboration from other island producers.

So Taste of Arran was created, with the contract hire of a refrigerated van and driver. "I felt that a co-op was the wrong way to go, as producers are often scared of them, usually due to a lack of time, expertise and money culminating in a lack of confidence." Alistair says "Therefore we created a collaborative approach, so the approach and the company were both born out of necessity. Now, after six years we are trying to bring group members together more, and create shareholders out of our 11 company stakeholders."

According to Alistair, Taste of Arran brought with it an ability for small companies to punch "far above their weight in terms of market penetration and distribution. Now with the strength of our brand we have the opportunity to share methods of best practice. Originally this was created to drive sales and allow smaller, remote companies to reach new markets. We are now using this model to reduce our costs, as our size as a collaborative group gives us economies of scale, and negotiating power with hauliers. Some of us (not all) group together to buy packaging and more recently we have banded together in order to re-negotiate utility costs".

We overcame several common difficulties that are faced by all collaborative approaches. On the island we have three cheese producers, and ordinarily they would have been quite wary of working together. There was a common belief that three cheese producers from Arran didn't have enough differentiation to work together and still remain viable. However they all made different cheese (one soft, one cheddar and one hard). This combined with the possibility of reduced costs and the potential to supply a vastly increased number of outlets, not to mention the increased chances of getting shelf space due to shop keepers being able to stock a variety of Taste of Arran produce, persuaded them to collaborate".

Individual companies could not resource the kind of market penetration and consolidated distribution that collaboratively has been achieved by Taste of Arran. The consolidated distribution requires and enables them to pick up from all the companies and fill pallets thus making the operation far more efficient. It gives the Taste of Arran members confidence that their produce will arrive in the best possible condition, ensuring the quality needed as a brand to carry on driving sales, and increasing economies of scale to deal with third parties and hauliers in order to manage and negotiate more favourable rates.

"We get better linkage through consolidated or collaborative distribution, which gives us better access to national distribution centres. The only other way is by courier. This is not only very expensive it can also be inflexible and limit our options. With our distribution system we have contracts in place which have cut our costs by over half. It also means that we can get samples to far flung places relatively cheaply. If we had an informal agreement with them then we may get charged a nominal fee, it may cost something ridiculous like £100 to get a package delivered".

"The main thing to bear in mind, is there needs to be a total commitment to and understanding of quality. Therefore there has to be a measurement of quality and to this end we are now SALSA accredited, this gives everybody the confidence that we are all striving and working for the same thing".

Highlands & Islands Local Food Network

The Highlands & Islands (HILFN) Local Food Network was formed in 2004 as an informal network, which grew out of a series of five meetings looking at local food provision and market gaps.

The network is now made up of 112 suppliers with products ready to sell. In addition there are 30 separate smaller groups, including 20 crofter groups collaborating in supply. The network brings these producers together, and connects them with consumers.

In total, there are 1700 consumers directly in contact with HILFN, looking to source local products in their area. Producers operate through different markets, but the network looks to connect producers, retailers, wholesalers and consumers, and to build knowledge and skills in the Highlands and Islands area. Key to the project is creating a living through the sale of produce.

The members pay an annual membership fee, and can source telephone advice and receive a regular newsletter. Regular training seminars are offered for producer members at a reduced rate, and the network has recently created an apprenticeship scheme, where companies are able to bring in new employees to their companies, who also receive training in a number of technical disciplines relating to production.

The network has also sought to engage in collective trading, and is looking to supply schools and hospitals with local food through public procurement channels.

Food tourism can be briefly described as the opportunity to market value added produce to visitors and tourists within a region who will consider local food as part of their visit experience.

The full potential of linking tourism and local foods has yet to be experienced. The local food proposition provides it an element of 'experience' as part of the visit to a region which presents opportunities for producers and suppliers. This opportunity has been recognised and highlighted by tourism agencies and through the



enterprise network and ongoing initiatives seek to take advantage of the combination of natural beauty and natural products Scotland has to offer.

With continued growth in foodservice and tourism, there is the potential for food businesses to reap benefits through combined activities. Both the tourism and the eating out sectors benefit from the economic growth which has stimulated visitor numbers, and a clear opportunity can be seen in European food trails, and in Scotland's own whisky trails.

In tourism terms, the trend in recent years has been to include holidays as an essential item within a household budget. The expenditure on food and drink is thought to represent around a quarter of all holiday expenditure, and UK tourists to Scotland in 2005 spent in excess of £600 million on food and drink (VisitScotland, 2006).

Obviously, visitors to a region will not always be visitors from external countries. Many visitors to regions in Scotland come from urban areas, other parts of Scotland or other areas of the UK. A 2005 VisitScotland Tourism Attitude survey for food and drink found that domestic tourists are more likely to identify Scotland as having a distinctive style of cuisine. It also found that the strengths of the Scottish catering industry were in providing fresh local produce, promoted by knowledgeable attentive staff, prepared to an appropriate standard and sold at a reasonable price.

Increasing affluence and a positive economic climate will continue to stimulate growth in the restaurant trade, although increased expenditure is linked to lifestyles as well as to economic growth. While disposable income will determine the choice of establishment, at the higher end of the age spectrum consumers will increasingly use their well travelled perspective to look for niche products.

Scotland has a great deal to offer in food tourism having a higher proportion of high quality Michelin rated restaurants than other similar destinations such as Wales or Ireland. While low numbers of visitors book a holiday in Scotland specifically with an interest in food and drink, it is a key variable in bringing visitors back for further visits.

Initiatives linking tourism with food reap rewards for certain regions. The Castle Douglas 'food town' initiative was launched in May 2002 and currently has over 50 local businesses linking farming, food processing, tourism, retailers and food businesses in the promotion of regional produce. The benefits of farmers supplying local produce to retailers who sell through added value is seen both in the economy and through the potential environmental benefits of low distance travelled to market.

For the consumer, Castle Douglas offers a vibrant food destination, with fresh local quality produce. Having the produce growing all around, the visitor to Castle Douglas can certainly embrace the field to fork ethos that regional cuisine offers.

The factors for growth depend upon improving peoples' propensity to travel. These include:

- Using food as a means to create cultural capital and social cachet
- Creating a density of food and drink suppliers that creates a tourist eating and shopping experience
- Creating a local authentic promise based upon quality and fair pricing
- Creating a unique product that is better than other regional food destinations

Local food and drink linked with tourism strengthens the message of authenticity, where food is a representation of the destination. The experience visitors have of local produce should be of produce which is simple, fresh, of good quality, good for the environment and providing a return to the community.

Food is therefore an important part of the visitor experience, and provides a key opportunity for food producers and tourism providers to create links or diversify their offering.

Critical Success Factors

- Promoting food and tourism
- Quality
- Attention to detail
- Linking with tourism resources
- Using local produce

Key Information Resources:

www.cairniefruitfarm.co.uk
www.visitscotland.com
www.food.gov.uk

Cairnie Fruit Farm

Cairnie Fruit Farm is a family run business in Cupar in Fife which was established in 1970. The business was created by the owner John Laird's parents Pat and Margaret. They started with about 12 acres of fruit and now have over 50 acres. The Pick Your Own (PYO) business began with a set of kitchen scales on a trailer in a field and the commercial supermarket side of the business started with sending fruit into the wholesale fruit markets in Edinburgh and Glasgow. From there, the business now grows Grade 1 fruit for their PYO, farm shop and tea room, as well as supplying soft fruit for the retail industry. They grow a variety of soft fruits including strawberries, raspberries, black/redcurrants, gooseberries and tayberries and cherries will be added to the range in 2008. The business saw an additional venture with visitors utilising the PYO facility, and diversified into food tourism. This took the form of a six acre maize Mega Maze and Fun yard on the same site to complement the existing business and increase sales.

This 'Mega Maze' has proven a great success. "It is a simple agriculturally based idea which we hoped would complement our existing fruit business which had hit a plateau. It encompasses the 'feel good' factor in its outdoor activity appeal, it's challenging for all age groups and is efficient". The 'maze maize' is harvested at the end of October and is fed to the cattle over the winter. The theme changes each season, which keeps customers returning the following season.

The business also tries to raise its profile in the community by participating in, sponsoring or donating fruit to various causes. This can be through local charities, scout groups, school outings and projects, pony clubs, athletic clubs, local Highland Games etc.

Cairnie Fruit Farm also participates in the local farmer's market (Cupar- seasonal) and annually takes a stand at the Fife Show. Last year they were selected to participate in the Buy Local Eat Local campaign which featured producers from Fife at the Royal Highland Show. "We offered tastings of a new strawberry variety on the market that we grow called AVA. It is listed as a premium Tesco 'Finest' variety'. They have also been involved with the Fife Council's Summer Fruit Festival 'Strawberries in the Park' project for the past few years.

In a new and particularly innovative initiative John's wife Cameron Laird has recently looked to create working relationships with local businesses in an effort to cross promote their products. According to Cameron, for example "we have a great deal with Jannetta's Ice Cream in St. Andrews. We take our fruit into them and they make Cairnie Strawberry & Raspberry ice cream for us. They sell it in their shop and we sell masses of it in ours, promoting their well known brand. This season we have joined up with a farming based business called G. Reekie who are supplying us with a range of toy pedal tractors to use in our newly created 'Young Farmer's Yard'. Also Meldrums, a local lawnmower company has given us a new All-Terrain Vehicle (ATV) to use for our new 'Barrel Bug' train in exchange for their logo on the ATV. It's an excellent and cost effective way to promote the business while at the same time working with and supporting local businesses".

"On the advertising front, we produce flyers which are distributed all over Scotland and are in several directories that are aimed at children and what to do during the summer holidays. We also do some select newspaper advertising throughout the season".

"We have a divided customer base. Our fruit customers are mainly locals and our 'day out' maze customers come from far and wide. Our target market is the family market. Our research comes from the back of the maze booklet that you are given when you enter the maze. There is a quiz within the maze and if you complete it properly it spells an anagram. If you complete the wee form with your name and address you qualify for a prize at the end of the season. We also have a guest book that visitors are invited to sign".

"Our location and setting are pretty nice, we are situated on top of a hill with lovely views of the countryside and Cairnie House itself provides an impressive back drop. The actual facility is new, open air and user friendly. Quality and attention to detail are number one priorities and behind the great reputation our fruit enjoys. Our home baking and range of Cairnie Jams (all in house) also enjoy a favourable reputation. The farm is tidy and welcoming and most importantly, is safe for children to roam!"

Many food producers are able to use farmers' markets, farm shops and even speciality retail outlets as a starting point to access wider markets such as multiple retailers and the foodservice sector, both the public side incorporating schools and hospitals, and the private sector including hotels and restaurants.

Varying routes can be explored in order to gain access to these market sectors. Some producers choose to try to target new markets individually, building up their own business to be able to supply the consistency of volume, service and product quality that larger market areas require.



Other companies will find strength in numbers through co-operation, or the single point of access, communication and administration that a group can provide. Networks may also provide the consistency of supply and higher volume commitment that wider markets anticipate in their service requirements.

There are numerous means to access these wider markets. Most multiple retailers now have regional buyers or even regional buying teams, as there is a broad recognition of the success of regional and local produce within stores. There may be some variation in technique, as some retailers will devolve

responsibility to store managers to decide whether single products or companies should be listed in their stores, and the decision to list (stock) the product is often based in these instances on the perceived consumer demand for a specific product. In other cases, direct requests by customers may influence decisions at a store or central buyer level.

Increasingly with regional and local foods, awareness of consumer demands has led to regional profiles for stores, and Scotland is particularly well served in the multiple retail sector by regional buyers and buying teams who look for and respond to requests and suggestions for new and changing local food product lines.

Access to these buyers is varied. While some buyers will be happy to receive a direct approach by telephone or e-mail, more formalised structures of contact exist, such as specialist websites for supplying new products, or through 'Meet the Buyer' Programmes.

The Scottish Food and Drink Strategy has enabled companies to access the premium markets of multiple retail and foodservice through a number of initiatives and in 2007 Scotland Food & Drink was created to further develop the food and drink industry. Scotland Food & Drink will build on the successes that have already been achieved but will now work with everyone involved in the supply chain. The organisation is industry led and will bring everyone involved in food and drink together to work to a common agenda that will deliver greater success in global markets. Ultimately, its aims are to make the industry more profitable and more sustainable in years to come.

It is anticipated that future activities will create greater opportunities at all levels of the food chain, and greater collaboration between supply chain members for competitive advantage. Initiatives such as 'Meet the Buyer' programmes, information about markets and other premium market programmes will continue, enabling suppliers to grow their markets and products. Access to these services can be found on the industry's information website www.scotlandfoodanddrink.org or through the enterprise network across Scotland.

Companies are encouraged to use the resources provided by Scotland's enterprise network whenever they are looking for advice, and also to use other key resources for wider market access, such as local councils for emerging opportunities in public procurement.

The burgeoning foodservice sector also offers increasing opportunities for local food, through an increased focus on the provenance of the food on offer when dining. In Scotland this 'eating out' sector has been growing at a faster rate than the retail sector in recent years and is increasingly sourcing more regional and local foods. A key focus in the sector is ensuring that the product is ready for the customer. The customer in many cases is a kitchen serving the food or a chef using the raw material, and therefore issues such as control over the number of servings (portion control) are key, and very different to the demands of the retail sector.

In the public sector, the drive to offer more local foods in schools, hospitals and other establishments such as prisons or to the armed forces is a response to an increased desire to be able to offer fresher, high quality food, and also a recognition of the benefit securing local supply offers the local economy.

When approaching the retail and foodservice sectors, using market information sources such as those listed throughout this guide can improve understanding of the data required to make a successful approach, how to make that approach, and what assistance can be expected.

If a business is looking to access wider markets, the same questions of customer expectation will apply. It will be important to know what the customer's expected and preferred method of communication will be, and this is often easily clarified through profile information available through Scottish Food & Drink or through the company's head office. Essentially it is important to appreciate the customers' requirements as well as those of the end consumer.

Before considering supplying a new market a business should ensure it knows enough about its business, about the business of the potential customer, what their eventual consumers are looking for, and how the product will be able to help fulfil those expectations.

Understanding the market, and how the business can operate in it, is the first step to building a business and product offering. It is important to use available resources, projects, assistance and training to enable access to the market when it is most appropriate for the staff, the business and the customer.

Critical Success Factors

- Using market information
- Understanding the customer and end consumer
- Using resources
- Accessing support
- Making the right approach

Key Information Resources:

www.scotlandfoodanddrink.org
www.igd.com
www.supplysomethingnew.co.uk
www.scottishfoodanddrink.com

CHAPTER 3

Marketing & Your Business

Marketing

Behind everything that is said and written about marketing is one very simple idea: that every business ought to start with its consumers, think carefully about what they want and gear all its efforts to satisfying consumer needs. This is especially true in the local foods market, where the consumer will often be dealing with your business face-to-face in the farmers market, in a farm shop or via telephone or internet sales.

Marketing covers a very broad range of business activities – much more than sales and promotion. Marketing is about:

- Identifying opportunities and developing products and services, at a profit, to take advantage of them
- Understanding real consumer needs, desires and characteristics
- Designing products to satisfy the needs of a target market
- Market research; new product development (NPD); customer presentation; promotion; advertising and servicing
- Finding customers, satisfying them, and in doing so, making a profit for your company

Marketing or Selling?

Selling is the process of getting someone to buy your product. Marketing is the process that ensures a company creates a product for which there is a demand, thereby providing the seller with a product they can sell.

Marketing takes a longer term view and encourages you to focus on consumer needs when deciding what to produce, ensuring that your product satisfies consumer requirements and thereby ensuring repeat purchases. Marketing ensures that products satisfy consumer wants over time.

Selling is an important part of the marketing function, but is only one part. By encouraging a consumer focus, marketing acts as a guide for all company activities.

A **sales orientation** will focus on volume and not on profit, whereas a **marketing orientation** places the emphasis on profit, and keeping growth and profits in balance. This distinction is often the motivation behind producers of local foods, who have perhaps in the past supplied commodity products to larger markets, and wish to see a greater return, even with a sacrifice of volume.

The focus in a marketing orientated (**or market-led**) business is the market place – consumers and the business environment, including competitors. A marketing orientated business will monitor the market place, identifying changes and plan and make changes to its products and presentation accordingly.

Marketing: The Benefits

A marketing focus will enable your business to:

- Look at what is happening outside your business and its immediate environment.
- Identify changes in the market place before others do, and take advantage of that change for your own benefit.
- Identify real opportunities instead of becoming too focused on current products, or products you have produced in the past.
- Improve communication with consumers, and develop new products tailored to the market rather than products which are linked to traditional types of production
- Explore new ideas by using market information, the help and support of others, and invest in the process of getting feedback from consumers to help define your products.

A marketing focus also reduces the possibility of failed product ideas or initiatives, as the market can be tested and feedback sought. Effective marketing and market research can reduce the vulnerability your business to changes in the business environment and help evaluate new profit opportunities. Marketing can help you to identify products which will perform well, for which there is demand, and which suit the needs of your consumers in the short and long term.

Finally, marketing increases the opportunities for effective control of your business, by improving communication, co-ordination and planning.

Making a Start with Marketing

Analysing the Business Environment

No business, however successful, has total control over the environment within which it operates. A number of external factors will always affect the performance of your business. Whilst these factors are outwith your control, understanding them as opportunities can offer your business distinct advantages.

One simple way of ensuring you take all types of change into account is to use a PEST (Political, Economic, Social and Technological) analysis of your particular market environment. The table below is a guide to help you list and describe the factors affecting your business over a given time period (maybe 1 to 3 years). Note the potential impact they might have on your business.

Political & Legal	Economic and Demographic
Consumer legislation	Growth in national and global economy
Health legislation	Interest rates
Environmental laws	Tax rates
Workforce legislation	Inflation rate
Privatisation legislation	Exchange rates
Political shifts	Consumer spending
Pressure group actions	Income and distribution changes
EU influences	Demographic changes
Other	Market concentration
	Retailer power & role
	Growth of foodservice
	Ease of global travel
	Other
Social and Cultural	Technological
Consumer preferences	New production methods
Social values	New products
Immigration	New ways of selling
Lifestyle changes - e.g. more eating out	Information systems
Education	Patents
Consumer concerns - health scares	Internet growth & information availability
Growth in local food demand	Growth in communication via e-mail & mobile phone
Environmental messages	
Growth in food tourism	Other
Other	

Adapted from The Marketing Manual, Michael J Baker.

Be sure to include features that are more relevant to your company, ignore those which are not relevant.

Don't be too narrow in your focus - consider the environments of your consumers and even competitors, how these might change and what would be the knock-on effects which would influence your business.

Ten Keys to Successful Marketing

Successful businesses are focused on, and led by their markets. To become a marketing-led business you should:

- Ensure you and any business or network partners understand the importance of marketing to the success of your business(es), and that you work together
- Focus your activity on consumer needs and get everyone involved in the business marketing philosophy so that it drives all your activities
- Do not hide behind your 'small size', use your flexibility as a small business to your advantage
- Ensure you research your market, to ensure you are aware of real consumer needs
- Understand your market – consumers, networks and competitors
- Be honest and critical of your current situation
- Develop a clear, realistic and relevant Marketing Plan
- Monitor and control all business activities and identify the causes of poor performance whenever it occurs
- Continuously monitor and review the market and business environment
- Understand what the role of marketing is for your business or network, identifying who is responsible, and giving them control and authority



Local Foods Success Factors

- Product Quality - make sure your product has authenticity
 - o local
 - o welfare friendly
 - o natural ingredients
 - o traditional methods
 - o good appearance
 - o good taste
 - o freshness
- Raw materials – make sure you have reliability of supply, good quality and assurance of that quality
- Contact and communication with customers and consumers – knowing the market and developing two way relationships
- If you have embedded quality messages in product and packaging, then the product speaks for itself
- Drive and enthusiasm of business proprietors – multi-tasking, support of staff and family
- Local demand and community support – don't overprice for loyal, local customers
- Financial management and business planning – this is essential for sustained growth
- Make sure you have efficient production operations – to enable other business activities to be undertaken, especially where these are marketing related – invest time in this!
- Institutional support – seek out sources of funding and networking, information, training, etc.
- Ensure you have effective marketing channels – local and beyond



Supporting the
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