

Market Insight

A Snapshot of your Market Sector

Craft Gin

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This pack has been designed to provide information on setting up a business in the craft gin industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market insight was updated by Business Gateway in July 2018. If you find the information contained in this document useful, tell us about it! Send us feedback here (www.surveymonkey.co.uk/r/GHQ8BQ2); we will use your comments to help improve our service.

What do I need to know about the craft gin market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- Gin volume sales **rose by 56% over 2012-17**. The gin boom has shown no sign of abating in 2017, with a further 18% growth in volume sales. The category continued to perform well in both retail and the on-trade. Gin value sales are projected to **rise by 20.8% to reach £1.9 billion** and volume sales by 10.3% to reach 43 million litres by 2022. (Mintel, *White Spirits and RTDs*, December 2017).
- Figures from the WSTA show that **91% of the gin sold in the United Kingdom is domestically produced**, and the gin industry **grew by 21.4%** in the two years through 2016-17. In recent years, demand for high-quality gin has grown exponentially, leading to the establishment of an abundance of new UK distilleries. According to HM Revenue and Customs, British **gin exports have risen by an unprecedented 32% since 2011**. (IBISWorld, *Spirit Production in the UK*, March 2018).
- Total volume sales of spirits **grow by 2% in 2017 to reach 334 million litres**. The average unit price **increases by 3%** in current terms in 2017. Spirits to record a total volume **CAGR of 1%** over the forecast period (Euromonitor, *Spirits in the United Kingdom*, June 2018).
- Exports of British gin products are proving to be a tonic for the economy, as demand has boosted overseas sales to **£474 million in 2016**. More and more nations are clamouring for the sought after spirit with **139 countries now bulk buying British gin** and sales of the spirit exceeding exports of beef last year. The United States remains the largest export market. (Institute of Export & International Trade, *British Gin Exports Soar*, March 2017) (tinyurl.com/y86xfys5)
- The national organisation for this industry is [The Scottish Craft Distillers Association](#). Other industry bodies include [The Gin and Vodka Association](#), and [The Wine and Spirit Trade Association](#).

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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- **Mintel – White Spirits and RTDs (December 2017).** The ongoing buzz around gin should secure for it some further volume sales growth in the short-term. A question mark remains over the longevity of this, however, as any trend-led product boom tends to have a sell-by date as fashions move on. Meanwhile the declining numbers of under-35s and consumer tendencies to restrict alcohol intake will hinder growth. Volume sales growth is therefore anticipated to slacken and then plateau over 2017-22. However, as marketing and NPD has played a pivotal role in gin's resurgence in recent years, continued investment by companies could help to stimulate future sales.
- **IBISWorld – Spirit Production in the UK (March 2018).** Micro distilleries have entered the industry in abundance to capture a share of the craft spirits market. Labelled 'gintrepreneurs', the end products of these micro-gin distillers appeal to consumers with a contemporary taste for artisan-style, locally-produced spirits. According to *The Drinks Business*, an industry publication, newer micro distillers are mixing handcrafted and bespoke botanicals to create unique flavours. Employment numbers are forecast to grow at a much slower compound annual rate of 2% over the corresponding period, as distillers continue to invest in capital over labour to enhance productive efficiency, capitalising on scale economies.
- **EuroMonitor - Spirits in the United Kingdom (June 2018)** English gin was the growth driver for new micro-distilleries in the UK in 2017, with a range of craft gin brands being launched. Given gin's relatively fast distillation time, the focus is shifting away from age definitions towards provenance. Many brands are highlighting the small-scale, craft production methods with botanicals linked to a particular city or region in order to drive a premium positioning. Examples include Edinburgh Gin, York Gin, and Oxford Botanic Garden Physic Gin. Another route to premiumisation is growth in flavours, such as Gordon's Premium Pink gin or Beefeater London Pink gin.

There are also a number of online resources you may find helpful:

- **The Spirits Business, UK gin smashes export record in 2016, February 2017** (tinyurl.com/ybz26ywp). This article discusses the 'meteoric' rise of gin in Britain since 2012, stating that if current trends continue, exports should be worth £500m by summer 2017.
- **Scotsman Food and Drink, New updated gin map of Scotland launched for World Gin Day, June 2017** (tinyurl.com/ydxz6fzp). This article includes the newly published Scottish gin map by 5pm.co.uk which includes the 25 new Scottish gins launched last year.
- **The Gin Guild** (tinyurl.com/y8h7cumv). This helpful resource includes industry news, interactive maps, information on membership and other useful links on the industry.
- **Exporting is Great** (tinyurl.com/lh9dqvg). This is a tool to help those trying to export their product, providing many resources for those new to exporting to help deal with research, routes to market, finances, shipping and logistics

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How can I find out about my competitors?

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- General business directories such as [Yell](#), [Thomson Local](#) or [Google Maps](#)
- Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the Scottish Chambers website (www.scottishchambers.org.uk/chambers/chamber-listing).

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- Look for articles or adverts in local newspapers, trade press and directories. If you need help finding relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**
- Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- Search for information on limited UK companies via the Beta service on the Companies House website (beta.companieshouse.gov.uk)
- Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year. We can provide this information free of charge; if you are interested in using this resource, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**

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What about suppliers?

Business Gateway has a guide to *Choosing And Managing Suppliers* (www.bgateway.com/supplierselection), which can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. Please contact us by emailing info@bgateway.com or by calling the helpline on **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on *Finding and Keeping Customers* (tinyurl.com/cow4zt6) and *Retain and Grow Your Customer Base* (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- Access the latest population estimates from the National Records of Scotland (NRS) (www.nrscotland.gov.uk). NRS also offers demographic factsheets (tinyurl.com/ooubzhz) for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- Information from the most recent census in 2011 is released via the official website (www.scotlandscensus.gov.uk). See in particular the Census Area Profiles (tinyurl.com/owoys2t). Clicking on your area of interest will give the latest population figures, including estimates by age.
- Understanding Scottish Places (www.usp.scot) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- Scottish Government Statistics (www.gov.scot/Topics/Statistics) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.

The Scottish Household Survey (tinyurl.com/yagswfxo) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.

- Office for National Statistics (ONS) (www.ons.gov.uk) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

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How can you help me with other aspects of starting my business?

The Business Gateway website and other official sources have guides, videos and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Promotion

BG guides to *Marketing*
(www.bgateway.com/marketing)

Legal Help

Gov.uk “Licence Finder” tool
(www.gov.uk/licence-finder/sectors)

Law Society of Scotland’s “Find a Solicitor” tool
(www.lawscot.org.uk/find-a-solicitor)

Accountancy

Institute of Chartered Accountants of Scotland’s (ICAS) “Find a Chartered Account” tool
(icas.org.uk/FindaCA)

Insurance

Business insurance guide from mygov.scot
(www.mygov.scot/business-insurance)

Funding

Practical information on finance and funding for starting and growing your business
(www.mygov.scot/business/funding-businesses-ideas)

Training

Skills Development Scotland’s My World of Work (www.myworldofwork.co.uk)

Funding for training
(www.myworldofwork.co.uk/learn-and-train/funding)

Premises

Please contact us on **0300 013 4753** to conduct a property search for you.

Small Business Bonus Scheme (Scotland)
(tinyurl.com/y7j9up85)

Pricing

Business Companion *Pricing & payment guide*
(tinyurl.com/ycnr8qdd)

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging.

Your local Business Gateway can offer events, workshops and advice on all aspects of starting your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Insight useful and we’d love to hear your feedback at www.surveymonkey.co.uk/r/GHQ8BQ2;. If you would like additional information on anything contained in this guide, or if we can help with anything else, please contact us on **0300 013 4753** or email info@bgateway.com.

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Next step...

For expert one-to-one business advice contact your local Business Gateway team.

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