



The Global Language of Business

# Brits Abroad: UK Food & Drink Exports in 2018



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## About GS1 UK

GS1 UK is a community of over 34,000 members working in retail, healthcare and more. We're one of 112 independent, not-for-profit GS1 organisations operating across 150 countries worldwide. We help businesses automate and standardise their operations, supply chains and data through the common language of GS1 global standards.

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# Introduction



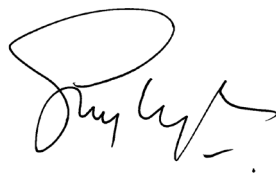
Last March we published a report entitled 'Buying British in 2017', looking at how British consumers had started favouring home-grown products after an extended period when buying imported goods was seen as more glamorous.

But far from just blowing our own trumpet, it would appear that this cool Britannia phenomenon has extended beyond our shores with a concerted clamour for British goods from overseas. It would of course be disingenuous to ignore the fact that the EU referendum result and the weakened pound has added a certain amount of grist to the mill, but even before the vote British suppliers were exporting wagons of whisky, slabs of salmon and barrels of beer to all four corners of the globe.

It's not just the big boys who are capitalising on this British boom either with more boutique businesses getting in on the act, too. Analysis of our membership data shows that even new joiners are alive to the potential of the export market, with a significant increase in the number of them selling overseas in the past 12 months.

Demand isn't just coming from the usual Anglosphere and European suspects either. The five fastest growing export markets by value according to The Food & Drink Federation are the Philippines, Latvia, Iceland, South Korea and Romania<sup>1</sup>, showing the renown with which British produce is regarded has spread far and wide.

This report looks to deepen the understanding of how widespread buying British has become and our position as a nationwide community with thousands of members across a range of sectors – particularly the food and drink industry – gives us a bird's eye view of attitudes towards exporting that we hope you enjoy sharing.

A handwritten signature in black ink, appearing to read 'Gary Lynch'.

Gary Lynch FCILT  
Chief Executive, GS1 UK

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<sup>1</sup> [Food & Drink Federation, Q3 2017](#)

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# Feeding the world

For many years British food didn't travel well. In fact it's probably not overegging the pudding to say that we were viewed as an international laughing stock in culinary terms; lacking the sophistication of our nearby continental cousins, missing the flavour and spice of Asia, Africa and beyond. Fast forward to the modern day and the outward consensus doesn't seem to be too different; you don't have to search hard to find listicles<sup>2</sup> naming British foodstuffs that turn foreign stomachs<sup>3</sup>.



Yet against this backdrop, we're sending more food and drink than ever overseas; £22bn of it in 2017<sup>4</sup> according to official government figures. With various estimates placing the number of Britons living abroad around the five-million mark, the export figures can't be made up solely of homesick expats ordering £4,400 worth of Marmite and Yorkshire Tea each year. In fact the same stats showed that in 2017 we

sold £85m of cheese to France, £21m of chocolate to Belgium and even £2m of tea to China, not transactions that the buyers would be falling over themselves to broadcast.



The biggest exports by value are: whisky (£4.5bn), salmon (£720m), chocolate (£680m), cheese (£623m) and beer (£603m), with Ireland (£3.7bn), France (£2.3bn), the US (£2.3bn), the Netherlands (£1.5bn) and Germany (£1.4bn) the largest buyers. While whisky has long been top dog, it is some other products slightly lower down the list that have posted more impressive growth in recent times.

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<sup>2</sup> [BuzzFeed, January 2017](#)

<sup>3</sup> [The Independent, September 2016](#)

<sup>4</sup> [gov.uk, Feb 2018](#)

<sup>5</sup> [Wine & Spirit Trade Association, January 2018](#)

<sup>6</sup> [The Drinks Business, December 2017](#)

### Gearing up for a ginaissance

The latest figures from the HMRC published in January 2018 show that Britain now boasts 315 distilleries – more than double the 152 operating five years ago.

Gin exports are  
adding the equivalent of  
**£227m**  
to the economy



In addition to meteoric domestic sales – the Wine and Spirit Trade Association reported that 47 million bottles of gin were bought by Brits in 2017, up by seven million bottles from 2016<sup>5</sup> – exports have also soared, with £474m of the juniper berry-based spirit being sent overseas in 2016 to 139 different countries. With gin exports rising 36% in the five years since 2012, they are adding the equivalent of £227m to the economy.

In fact, if gin sales continue on their current trajectory, they could overtake whisky by the end of the decade. It's also worth noting that there is a secondary beneficiary from the gin boom; manufacturers of tonic water. The thirst for gin has driven demand for tonic water sales to record levels, with value sales rising by 35% year-on-year<sup>6</sup>. Fever Tree, which has become the poster boy for the so-called 'premiumisation' of the drinks industry saw its sales soar by 65% in the year to August 2017, from £25.4m to £42m.

<sup>2</sup> [BuzzFeed, January 2017](#)

<sup>3</sup> [The Independent, September 2016](#)

<sup>4</sup> [gov.uk, Feb 2018](#)

<sup>5</sup> [Wine & Spirit Trade Association, January 2018](#)

<sup>6</sup> [The Drinks Business, December 2017](#)

## The thirst for British beer

Government figures show that one billion pints of beer were shipped to a record 121 countries in 2016, with more than 500 breweries opening to satisfy this thirst for British beer<sup>7</sup>. Brewing giants Australia and Germany are included on the country list, a coasts-to-Newcastle scenario showing that no markets are off limits to the burgeoning British beer scene. Some unexpected nations feature prominently too, with South Korea<sup>8</sup> becoming an increasingly important destination for UK beer exporters with brands such as Brewdog leading the charge.

Total exports of UK beer grew by nearly £100m in the last year and DEFRA and the Department for International Trade (DIT) have launched an International Action Plan for food and drink to further boost exports over the next five years. The DIT's digital portal aims to connect UK businesses with international buyers and investors and carries thousands of live export opportunities at any one time. It is part of the wider 'Food is GREAT' campaign which aims to drive demand and further popularise perception of UK produce overseas.



"It's highly satisfying knowing that customers are drinking our beer overseas and as the UK market gets more competitive with over 2,000 breweries

it is an important source of business growth.

International drinkers are attracted to the reputation of British and Yorkshire beer traditions and we've found that using some of Britain's oldest beer recipes such as 'Morocco Ale' prove really popular. We're excited about future growth opportunities coming from places as diverse as Brazil, China and the USA. As an exporter we found it critical to really research the international markets, understand what

product they like and to use the DIT to find good

local distribution partners."

**Eric Lucas, Managing Director Daleside Brewery**

<sup>7</sup> Department for Environment, Food and Rural Affairs, September 2017

<sup>8</sup> The Guardian, August 2017

# What's driving demand?

There are several reasons why demand for British products from overseas has boomed in recent years, but it's churlish to start anywhere else but the omnipresent elephant in the room that is Brexit. No matter how you voted in June 2016 or what form you want the UK's eventual departure from the European Union to take, an inescapable fact remains that the EU referendum result has led to an explosion in exports, due in no small part to the weakened pound.

It's also worth giving the government credit for the various initiatives it has in place to encourage not just British exports, but Britishness in general. 'Exporting is GREAT' is part of the wider Great Britain Campaign<sup>9</sup> which champions culture, creativity, innovation and education among others. Love British Food<sup>10</sup> plays a similar role too, with Raymond Blanc spearheading a group of representatives from the food and agriculture sectors in order to sing the praises of our produce.

But more than anything, it comes down to the breadth and depth of what we can offer as a country and the high standards we deliver them to. The diversity of our culture means we have become expert manufacturers of produce not typically considered homegrown and even the variety of our climate means we are able to harvest a wide range of produce.

The growth in small businesses and entrepreneurs has also helped power the rise in exports. In our *Buying British in 2017*<sup>11</sup> report we looked at how domestic consumers were shying away from bigger brands and supporting smaller start-ups and this is also the case with overseas buyers. While it's tempting to think it is just

huge operations that are exporting their goods internationally, even boutique businesses have an eye on the global market and advances in technology have made this easier than ever before. These smaller food and drink manufacturers are not just using their own websites to distribute their wares either, with marketplaces becoming an increasingly common channel by which British exporters are putting themselves in the international shop window.



"The Export is GREAT campaign uses real business owners to share their individual export stories - the things they needed to consider, barriers they overcame and the support they received. It shows UK SMEs that businesses like them are selling overseas successfully.

The message is IF WE CAN, YOU CAN. The intent is to create a national movement around exporting. We want exporting to be seen as a normal part of a business growth strategy."

**John Stasi, DIT**

<sup>9</sup> [Great Britain Campaign](#)

<sup>10</sup> [Love British Food](#)

<sup>11</sup> [Buying British in 2017, GS1 UK](#)

Amazon recently announced that UK SME exports through the site topped £2.3bn in 2017<sup>12</sup>.

Social media has also made it easier than ever before for British businesses to reach out providing an enhanced level of interaction and engagement – not to mention being more cost-effective – than websites which simply list products and prices.

Bearing all this in mind, it is easy to see why British food and drink is in demand from all four corners of the world. But what insight can GS1 UK as a global standards organisation add. Between analysing the trends in the profiles of new joiners from the food and drink sector that have joined our ranks, to an in-depth survey regarding attitudes towards exporting from our existing members in the same space, it turns out the answer is plenty.



“We’re finding that founders are seeking guidance on export earlier and earlier in the brand’s life. At times, we’re planning export with them before they have even launched their products in the UK!

The strategy totally depends on whether you see yourself being an international business, or whether you just want some ancillary revenue to support the UK core business. Generally speaking, for our brands, the pattern is consistent: start in the UK, build up some traction here and then use this success to recreate the brand usually in northern European countries: Benelux, Germany and Scandinavia, where there is appetite for premium branded products. They see each country as starting again; investing in the brand, the products and the marketing to achieve success using the learnings to date – it is not flag-planting exercise.

Exporting can be a real distraction and drain on the business if not managed well; the cost, the internal resources, the brand reputation. Our recommendation is simple: you will get hundreds of distributors emailing and promising the world (literally) – don’t let this rush you. Really understand the taste and behavioural profiles in every market before investing in it – just like you do in the UK. Understand the routes to market; the key brand-building stores; the fixtures and competition; the labelling legislation; the appetites for your flavours and know your pricing stack inside-out (taking into account currency fluctuations). If you launch with know-how and credibility from the UK, and do it at the right time for your business, the opportunities can be enormous..”

**Thea Alexander, Founder, Young Foodies**

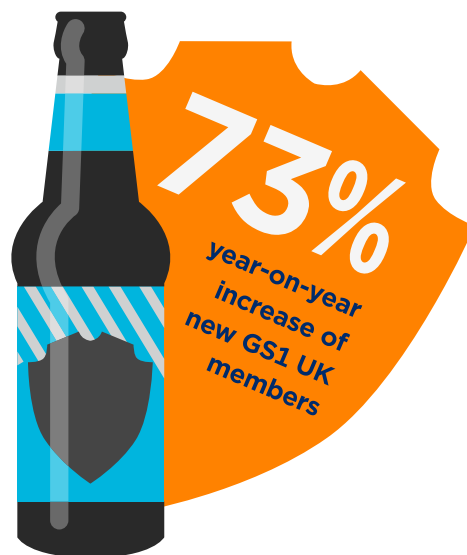
<sup>12</sup> [Tamebay, February 2018](#)



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# Members only

We have more than 34,000 members and welcome thousands of new organisations to our ranks every year, giving us a constantly updated dashboard of the UK economy in terms of growth sectors, patterns, trends and behaviours. This provides a useful barometer as to what's hot and what's not and, judging by our membership data, the drinks and beverages sector lies firmly in the former camp.



The most sensible place to start is the change in the number of new joiners in this sector in the past year. In 2016 we saw 162 companies from this space sign up to GS1 UK, but in 2017 this rose to 280, a 73% increase. It's well documented elsewhere in this report about the huge recent uptick in the number of breweries, gin distilleries and other alcohol manufacturers and that trend is certainly evidenced in our own figures. Food and grocery new joiners have also increased by 34% over the same period; from 386 in 2016, to 520

of these fresh faces also increasing too. The average turnover of drinks and beverage new joiners smashed the £1m barrier in 2017, up 9% to £1,056,000 from £973,000 12 months previously. The food and grocery trend was even more pronounced, rising from £1.5m to almost £2.6m. This shows that these new joiners aren't just garden shed start-ups, but serious operations who have achieved scale.

And these are more than British success stories – they are businesses with international ambition. When blending drinks and beverage new joiners with their counterparts from the food and grocery sector, there has been a 130% annual increase in the number looking to export their goods (up from 104 to 239).

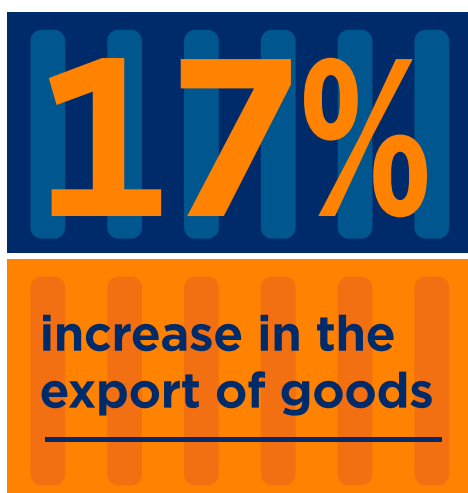
So in short, the UK food and drink sector is blossoming, the growth isn't being driven purely by boutique businesses and there is steady overseas demand for the wares on offer from these manufacturers.

Our management information also shows that those new joiners aren't just joining the export market on a whim; they have clear, calculated plans. Numbers exporting via Amazon are up 104% year-on-year and those focusing on specific markets such as China has trebled in the last year.

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# Our survey said...

In addition to analysing changes and trends from our own joiner and management data, we actively reached out to our members within the food and drink sector to get some frontline feedback. Are they witnessing the increase in demand from overseas so widely reported in the media and how do they see export activity faring in the coming months and years?



First up, with the ONS reporting a 15% increase in the export of goods in the year to November 2017, we asked food and drink members how much their export demand changed over the same period. Our respondents broadly concurred with official figures, with appetite for British alcohol outstripping the rest, up 17%.

We then asked companies what percentage of their business was made up by exports, to see whether it had become an integral part of their operations. The results showed that not only was this the case, but that in all cases (slicing the data by food and grocery; alcoholic, and non-alcoholic drinks); the levels of exporting had risen in the last five years. The overall average was that exports made up 15% of food and drink respondents' businesses, with the most pronounced percentage seen among non-alcoholic drinks and

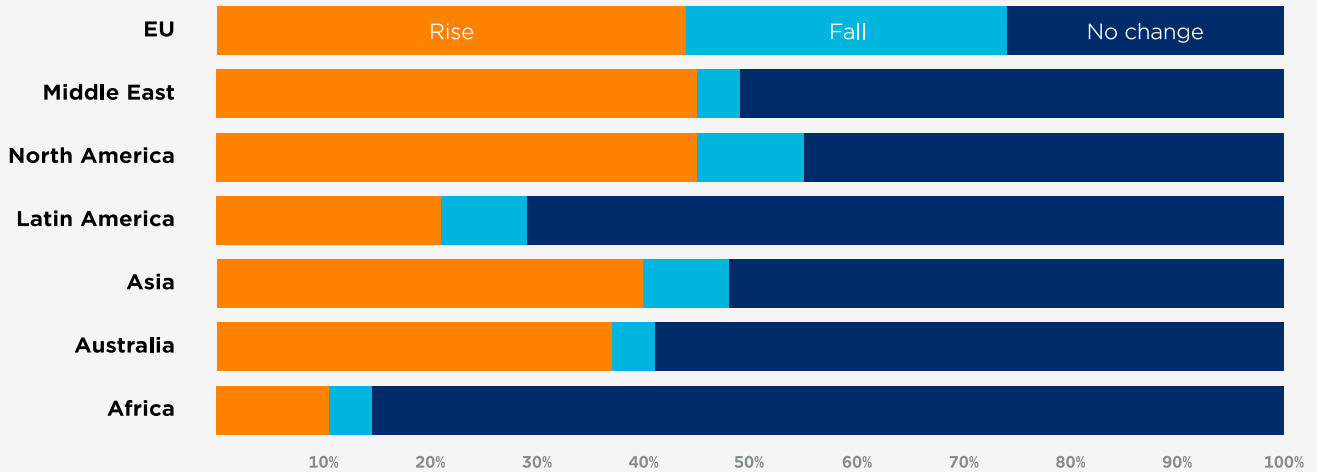
beverages manufacturers (22%). The total figure had improved by 11% from five years ago, showing that far from being a recent trend caused solely by Brexit, underlying demand for British products had been in the ascendancy long before the EU referendum.

The aforementioned Brexit negotiations have created not only political uncertainty, but also economic ambiguity. But judging from the feedback from our survey, food and drink manufacturers aren't unduly concerned that it will adversely impact the business they do overseas. Looking ahead to what percentage of their business they expect to be accounted for by exports in five years' time, the overall average was 23% (15% currently). While the government's post-Brexit trade deals are still yet to be unveiled, food and drink exporters are clearly confident that whatever such agreements eventually look like won't hamper their prospects of continuing to export.

## Export predictions

Analysing export expectations of how exports to the EU specifically will perform over the next five years, 44% of food and drink respondents expect them to increase, with a further 26% expecting them to hold firm. Less than a third were fearful of a decrease in exports to the EU. The picture was similar in other markets too, with those surveyed expecting higher exports to all regions by 2023. Almost half (46%) envisioned an increase in exports to non-EU European nations, 45% predicted a rise in Middle East demand, while the same percentage forecasted an uptick in exports to North America.

## We asked our members how they see exports changing over the next 5 years



Predictions for export increases in other markets painted a more mixed picture, but still a generally positive one. In terms of exporting to Asia in the coming five years, 40% expected an increase, while half of those polled said levels would stay broadly the same. In Latin America territories, 71% of those surveyed expected a maintaining of the current status quo, with a fifth expecting a rise, while in Australia the percentages were 59% and 37% respectively. Africa was the market respondents felt least confident about, with just 12% of food and drink companies expecting exports to the continent to improve and the lion's share (84%) forecasting them to stay the same. It's worth noting that even in markets where increases weren't predicted, levels were generally expected to stay the same rather than decrease – showing the food and drink export market remains in good health.

### Routes to market

In terms of routes to market, British food and exporters are using a number of channels to get their wares in front of overseas audiences. Direct sales (including those made online) account for 40% of the average exporter's bottom line, but a further 39% is powered by enlisting services of in-country agents and distributors, showing the power of having local boots on the ground to further spread the British-is-best message.



One in 10 food and drink exports can be attributed to the establishment of overseas operations to ease the logistical process of exporting, with the remainder of the balance consisting of joint venture/partnerships and licensing and franchising arrangements.

Looking ahead to how this might change, 56% of those polled expected direct sales and online to increase its dominance and account for even more transactions in five years' time. More than two-fifths (43%) expected the use of in-country agents and distributors to rise, while just over a quarter (27%) predicted an increase in the set-up of overseas and operations. In short, while the internet has helped make the world smaller in terms of putting even smaller operators in front of global audiences, there is still a value add to be gained from complementing this with a local presence who can bridge the gap between seller and eventual buyer.



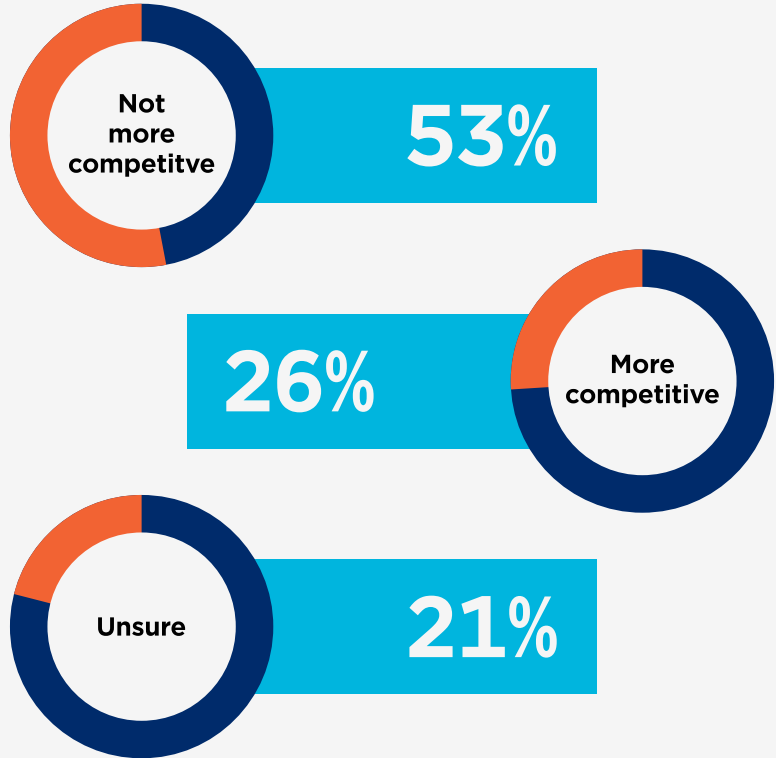
“Having seen how positive the response had been to making healthier, premium popcorn available in the UK, it made complete sense to look to incubate this in specific European markets and grow an international brand, whilst retaining our British roots. Our biggest export markets currently are Ireland, Holland and Germany, but we’re also growing quickly in Belgium and Switzerland and have exciting plans to expand further this year. We care passionately about our brand values and our customers experiencing delicious popcorn, whether it’s being enjoyed here in the UK or internationally. Working with best in class distributors allows us to do this whilst having access to regional knowledge, distribution and retailer relationships. Having a distributor model means that it’s even more important to have accurate product information and reliable methods of exchanging or updating this through the whole supply chain. As a young, rapidly growing business, we’re often launching new products in new markets, so it’s crucial that we can centrally manage all of the associated data to ensure that operationally we can support the growth our brand is experiencing.”

**Matt Thomas, Head of Operations, Propercorn**

## Is the weakened pound having an effect on exports?

Just over a quarter (**26%**) of respondents considered their exports to be more competitive now than they were before the EU referendum result, while half (**53%**) thought they weren't.

A fifth (**21%**) were unsure, choosing instead to sit on the fence.



While British food and drink exporters are positive about the percentage of export business they are doing at present – and the demand they expect to see in the next few years – they remain unconvinced that the weakened pound is responsible for the strength of overseas interest. Just over a quarter of (26%) respondents considered their exports to be more competitive now than they were before the EU referendum result, while half (53%) thought they weren't. A fifth (21%) didn't feel confident enough to gauge the comparative competitiveness, choosing instead to sit on the fence.

The UK government has been vocal in its attempts to assist exporters, but food and drink respondents still felt

more could be done to address issues around infrastructure and transport. When we asked our members if the government could focus on the cost of fuel, improving port infrastructure or expanding airport capacity, almost three-fifths (58%) agreed while just 15% disagreed.

Part of the government – and specifically the Department for International Trade's (DIT) – drive around selling overseas has been the Exporting is GREAT<sup>13</sup> campaign which offers guidance, services and support. This crusade has clearly gained traction among the food and drink community, with three-quarters of respondents (76%) saying they had worked with the DIT before.

<sup>13</sup> Exporting is GREAT

The practical support offered on the website includes background on: market research, customer insight, finance, business planning, currency business operations and compliance, a valuable resource for those looking to export for the first time and a useful refresher even for more seasoned practitioners.

While our food and drink members offer any item that the mind can conceive, we asked also asked respondents what the single most popular item they exported is. Among the expected answers of particular IPAs or varieties of gin were some more novel responses including clove-flavoured rock, rabbit food, chipping potatoes and baby milk powder. The clove rock is certainly an unusual product that can prove difficult to track down elsewhere, but the others show that even seemingly conventional items can be in keen demand from overseas.

**fdf** passionate about  
food & drink



“The latest UK food and drink export figures illustrate the continued strength of the industry and the global demand for our high-quality products.

Brexit presents an opportunity to sell more of our wonderful goods overseas, but in order to do that we must ensure that we have appropriate plans for access to our trading partners and for regulatory stability once we’ve left the EU.”

**Ian Wright CBE,  
Director General, FDF**

# Conclusion



James Spittle

There are a number of reasons why British exports remain in such keen demand from overseas and it is fair to say that the Brexit vote has given already strong figures an additional boost. But more than anything, it is the esteem in which our creations are regarded across the globe – Britishness remains a byword for excellence. International trade secretary Dr Liam Fox acknowledged as much when he unveiled export figures for the first full year after the referendum which showed demand for British goods and services was higher than ever. **“As I meet my counterparts across the world, one thing always stands out: the UK’s reputation for producing trusted, high-quality products,”** Fox said. **“These new figures are a testament to the hard work of companies up and down the country.”**

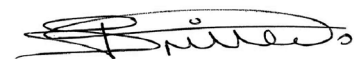


It’s hard to disagree with either of these sentiments – the eminence of our exports or the entrepreneurial spirit displayed by different sized businesses in getting these products to international markets. One of the reasons our goods are so popular is not only their undeniable quality, but also the regulatory framework we have in place to ensure that standards are adhered to across the board. You may know GS1 UK as the ‘barcode people’, but in reality we are a living, breathing community of more than 34,000 members who use advisory boards and technical groups to help

us understand industry dynamics and the governance they require. While we’re not trying to take the credit for the export boom, we like to think we play our part in facilitating trade through our standards as a common language of business, which make it easier for companies to trade and win more customers, whether it’s domestically or overseas.

Whereas once we were regarded as a nation of shopkeepers in perhaps disparaging terms, this is now a badge we wear proudly, even though we might prefer to brand ourselves as entrepreneurs. Either way it speaks to something in the British psyche; the unwavering belief that if no-one out there is doing a better job then why not do it yourself. This is especially true in the food and drink industry – if no-one is brewing beer, distilling gin or flavouring snacks quite the way you like them, then exploit that niche and share your vision with the world.

With our membership data and survey results showing that British businesses are confident the current levels of overseas demand are unlikely to subside any time soon, we think that merits popping a few corks (English sparkling wine from Chapel Down or Nyetimber, naturally). And given the current export figures, there’s every chance someone in a far flung corner of the globe is doing exactly the same as you do so.



James Spittle  
Chairman, GS1 UK

# Want to know more?

You can read more about exporting at [www.gs1uk.org/exporting](http://www.gs1uk.org/exporting)

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