

A Marketing Strategy for Shetland 2008 - 2011

Introduction

Challenges for the 21st century

Over the last four decades, Shetland's economy has been relatively buoyant. This period followed stagnation or decline spanning the period from the Second World War to the mid-1960s. The two principal sources of Shetland's prosperity over those years have been the oil industry and the fisheries sector, though other sources of employment and income – including the public sector, construction, tourism, knitwear and agriculture – have also made significant contributions.

The challenges and opportunities in these early years of the 21st century are in some respects the same as those in the past. The costs imposed by remoteness from markets continue to be a factor in any economic activity. The desire for more appropriate regulation, the appetite for better infrastructure and the wish for lower costs will, without doubt, persist. However, this strategy is concerned with other ways of opening up opportunities and making life in Shetland more secure and more prosperous. It asserts that some of the difficulties that Shetland faces can be tackled more effectively than hitherto.

The need for a fresh approach

This strategy takes note of the way in which our economy has been organised in the past. In particular, it recognises that a great deal of production, mainly but not exclusively in the agriculture and fisheries sectors, has been characterised by efforts to create large volumes, to sell these at auction or through intermediaries and to generate income through producing primary product in large quantity rather than through adding value to products. In the agricultural sector, until recently, the financial regime actively encouraged such an approach. Elsewhere, the tendency can be partly attributed to tradition but may also be linked to lack of familiarity with market trends, itself quite probably a consequence of remoteness and of the market mechanisms in use.

The authors of this strategy believe that the high-volume, low-margin approach sells Shetland short; worse, the evidence suggests that it is no guarantor of success. Our production costs are relatively high, so trying to compete at the bottom end of the market cannot be sensible. Arguably, it has only been possible because of varying degrees of public support. However, as choices about the allocation of resources become ever more challenging, it is becoming clear that support – to the extent that it is permissible – should be directed at enterprises that will capitalise on Shetland's potential. It will be much easier

to defend such intervention – where it is necessary – if we have already seized the market opportunities available to us and there is evidence of market failure. In other words, an approach based on a realistic engagement with the market, rather than one which seeks merely to support production, will expose those genuine cases that need to be addressed through public intervention.

We live in a competitive world and, if Shetland is to prosper, it needs to offer products and services that will match (and if possible exceed) the expectations of customers. Because our costs are relatively high, we need to sell things at a relatively high price if we are to make a decent profit. It follows that what we produce must be distinctive and of high quality; above all, it must take into account the aspirations of our customers.

Understanding the market

In the past, many Shetland producers have had little, if any, contact with either the final consumer of the product or even the retailer from whom the consumer buys the product. Much of our produce has become anonymous as soon as it has passed into the hands of a successful bidder at auction. The opportunity to secure a premium based on its Shetland origin, or on the reputation of a particular Shetland producer, is lost.

This strategy recognises that that environment may change only slowly, but argues that if we are to make progress, there must be stronger connections between producers and consumers. This is partly because we are more likely to meet customers' needs if we know and understand them. It is also because customer trust and confidence is increased when the producer or producing area is identified. Importantly, too, people who care about what they buy will be prepared to pay more when they know the provenance of the product. It is a matter of fact that products identified as being from Shetland are much harder to find in UK mainland outlets than those from places such as Orkney, Arran or Skye.

We regard an understanding of the market and the building of relationships with consumers as fundamental to success. Indeed, we regard lack of understanding of the market as an important form of market failure, which we attribute in part to remoteness. This Strategy places heavy emphasis on building that understanding so that our businesses, indeed our entire community, are more skilled and knowledgeable – and therefore more confident – in their approach to the market.

The Shetland Brand and what it means

There has been much discussion of 'branding' Shetland and the concept has sometimes been misunderstood. Often, when people speak of a 'brand', they think principally of a logo, a colour scheme or a slogan; they may then go on to assert that 'rebranding' (in those terms) is a quick solution to any given problem. In fact, these are the least important facets of a brand, indeed they may not be present at all. A brand is about the reputation and recognition that a particular name – a place or a product - enjoys. Shetland already has a reputation, stronger in some respects than in others, and enjoys a degree of recognition, though the picture is somewhat patchy. A reputation cannot be created, expanded or changed overnight (except perhaps for the worse) because customers – and especially discriminating customers like the ones we should reach – need time to gain experience of what we have to offer. However, this strategy assumes that, with hard work,

we can build a solid reputation for excellent products and services and ensure that they are visible in the marketplace. These are the real keys to success in terms of Shetland as a brand.

At the end of this document will be found an Action Plan for 2008-12.

Background

The existing economic strategy

A marketing strategy of this kind must be linked to wider economic strategy. It is important that promoters of projects brought forward for any form of economic development assistance can present a well-argued marketing plan that takes into account the approach recommended in this strategy and that their day-to-day business operations serve to enhance Shetland's reputation rather than erode it.

This Marketing Strategy is intended to help Shetland “maintain and enhance prosperity by enabling businesses, communities and individuals to attain their full economic potential”.¹ In adopting its economic development strategy, *Shetland 2012*, the Council identified five priorities, namely:

- Improvement of the marketing of Shetland and Shetland products
- Skills development
- Improving our communication links with the outside world
- Economic diversification
- Strengthening rural communities in Shetland

There are, of course, links between these priorities. A market-led approach to development should produce benefits in encouraging economic diversification. Development of customer service skills is a vital part of any broadly-based marketing strategy. So, although we focus here on the first of these priorities, this work will contribute to all of them.

The Council's Economic Development Policy Statement (April 2008) sets the overall direction for marketing activity to 2011. The intended aims, pledges and outputs are set out in the table overleaf.

¹ Economic Development Service, Service Plan 2005-06

Policy area	Pledges	How we will deliver on the pledges	Key outputs	Key progress dates	
<p>Section D <u>Marketing</u></p> <p>Improve Shetland's reputation as a place that offers</p> <p>(a) products of excellent quality that meet the needs and aspirations of the consumers most likely to be interested in what Shetland has to offer;</p> <p>(b) services provided to a standard that consistently exceeds customer expectations</p> <p>Enable individuals and businesses to develop and promote Shetland products and services with confidence and pride</p>	Work towards a common brand standard and identity	Communicate the Shetland brand	Creation of a Shetland Brand book and a range of related support materials	2008	
	Improve Shetland's online image	Create a user-friendly primary electronic entry point to Shetland	Establish www.shetland.org	2008	
	Develop Shetland's reputation for high standard food and drink	Encourage food and drink producers to work together by highlighting the benefits of a coherent marketing approach and related activities	Assist 10 projects. Establish a Shetland Food website	2007-11	
	Celebrate the best of Shetland	Improve the Johnsmas Foy as a major summer event in Shetland	Support development of the Johnsmas Foy in 2008-2011	2007-11	
	Improve the marketing skills of individuals and organisations	Support development of core marketing skills and best practice	Organise Shetland Hamefarin 2010 and Tall Ships Races 2011	2008-11	
			Host 4 marketing conferences in relevant thematic areas	2008-11	
		Promote Shetland to consumer markets	Coordinate initiatives which are directed at key trade and consumer audiences using Shetland's brand values	Completion of 8 initiatives or promotions	2007-11
		Assist 10 businesses			
	Support private businesses to improve product marketing	Support businesses that aim to improve the image of Shetland products and services			

Our marketing strategy is intended to help us achieve these outcomes. Like any other strategy, this one should be seen as a process, not a blueprint, and it has several elements or stages:

- Establishment of an overall goal
- Agreement on a number of aims
- Collection of baseline information
- Analysis
- Development of measurable objectives
- Proposed actions
- Allocation of appropriate resources
- Monitoring and Review

Branding and reputation

In building a reputation, actions speak louder than words, or logos. As Corporate Edge put it in their report on the branding project:

In the end, a brand like Shetland's will be as much deduced as declared – if not more so. That is, customers will learn more from what they experience than from what is officially expressed. This is desirable because what people deduce for themselves is far stronger than what is messaged 'at' them and this is particularly true of the target market of successful idealists.

As noted in the *Introduction* above, Shetland does already have a brand, indeed has always had one, in the sense that it has a reputation. However, the strength of Shetland as a brand appears to vary greatly from market sector to market sector. In tourism, recent television coverage has brought the islands to prominence, particularly among those interested in wildlife; and that is significant, because that audience forms part of our wider target market for all products. Music, and especially traditional music, is also an area in which Shetland excels; Aly Bain is best known but a number of other individuals and bands are prominent. In this connection, it is important to recognise that success in building a reputation in one field can and should be deployed in order to help in other fields, provided of course that the products or services concerned are of excellent quality. Some areas – Orkney, Ireland and New Zealand for example – have successfully made links of that kind between different facets of their economies.



The seafood counter at the House of Bruar, a major, very busy outlet for high-quality food, textiles and crafts on the A9 north of Blair Atholl. Produce from Orkney, Islay, Kintyre and the Western Isles is invariably to be found here and there may be opportunities for Shetland products to take their place in outlets such as this.

On the other hand, it is likely that much less is known about our food products, principally because it is only in the very recent past that Shetland products have begun to be identified as such; for the most part, Shetland production has been generic. A visit to any high-quality food store in mainland Scotland will invariably reveal products on sale that are prominently identified with areas such as Orkney, Arran, Kintyre, Islay, Skye and Caithness. Even small communities such as Colonsay, Benbecula and the Uists are making an impact. On the other hand, it is virtually impossible to find identifiable Shetland products in such places.² In other respects, Shetland has a similarly low profile. There is, for instance, no Shetland entry in the 2008 Which? Good Food Guide (though at one point a few years ago, there were two) and Shetland events are only occasionally included in the listings sections of key target-market newspapers such as the *Herald*, *Guardian*, *Independent* or *Daily Telegraph*.

The importance of provenance

It is also important to bear in mind that for a product simply to be identified as being from Shetland might not be enough, even supposing that the islands had a higher profile. Consumers are increasingly interested not only in where something was produced, but who produced it. Authenticity and integrity are central to market success, at least for Shetland's target customers. Many factors contribute to this; partly, it has to do with nervousness in the wake of a steady trickle of scares about everything from eggs to mineral water. However, it is also a reaction against industrial-scale food production, bound up with concern about the use of artificial additives, animal welfare concerns and environmental impacts including 'food miles'.

These concerns are increasingly reflected in the way that supermarkets – widely seen as part of the problem – now promote themselves. They have placed increasing emphasis on the provenance of their products and on including produce from smaller local producers; not only is that what the market increasingly wants, but by focusing on that part of the market they can counter the impression that they are monolithic and impersonal. Retailers do vary, of course, in their commitment to this approach. That of Waitrose is well known and long-standing; their recent campaigns focus entirely on small producers, but it's also apparent in other firms' approaches. The same trend is visible in the remarkable growth of farmers' markets, held on a weekly or monthly basis in most of Scotland's larger towns and cities and focusing on fresh, local food³. The expansion of the Slow Food movement is yet another symptom of market changes.

Backing winners

The best chances of success in putting Shetland more firmly on the map, in terms of exports of goods, lie in encouraging those individual producers who are creating the highest-quality products. In that way, both their reputation and that of Shetland will

² . Incidentally, this is one reason why some people involved in marketing suggest that it may be better – particularly outside Scotland – to promote Shetland products under a Scottish banner. Consumers are very familiar with Scotland and, by and large, trust its reputation. They don't have much, if any, experience of Shetland as a source of products and they may simply be more hesitant or cautious for that reason.

³ One major soup brand, clearly wishing to capitalise on these trends, attracted criticism for launching a 'Farmer's Market' range.

gradually be enhanced. The same general approach applies to services, too, including those that combine to make up our tourism offer.

There is an uncomfortable corollary. Shetland producers who release products into the market in ways that do not meet the market's demands may well find not only that they do not achieve any sort of premium price, but also that their market share may be reduced as buyers and consumers focus attention on produce that has an identifiable origin and, where possible, a personal association.

We recognise these risks and think they are very real – though perhaps more in some sectors than in others - and we could have devoted more space to cataloguing past and current difficulties in detail. But we've chosen to accentuate the positive, partly because we think a positive approach is more likely to encourage progress and partly because there is quite a lot to be positive about. We think it best to identify specific needs and opportunities and then to propose actions that we believe will help overcome barriers to progress.

The way forward

If our aim is to improve the reputation of Shetland products and services; the first essential is, of course, that these products and services are of high quality. Once that is achieved, we need to ensure that consumers have opportunities to get to know these products and services. It follows that there should be considerable emphasis in this strategy on improving product quality and relevance through encouraging innovation and awareness of consumer preferences and competitors' offers. But we also propose means by which consumers may be introduced to the significant number of excellent products that are already produced in Shetland.

Our Vision

By 2012...

In Shetland, we shall

- be determined to respect people, the environment, culture and heritage and will be recognised for doing so, setting us apart from our competitors
- have gained a solid reputation for producing products that are special and of high quality
- demonstrate widespread understanding of Shetland's market and potential throughout the community and especially on the part of young people

Our Customers

- Will know about the islands' products and services as they will be widely reviewed and readily available
- Will know that, whatever Shetland produces, it has been designed, made, caught or grown with care and integrity
- Will be willing to pay more for our products and services because of their high quality and their distinctiveness but will still regard them as good value for money

Our Businesses

- Will be well informed about the needs, aspirations and concerns of our customers
- Will have a good understanding of market trends
- Will offer services of a standard which satisfy discriminating people
- Will be confident in approaching customers and form close bonds with them
- Will be producing products that are firmly associated with Shetland or with individual producers in the islands
- Will achieve higher incomes and more secure business

Our Overall Goal

The overall goal of the Strategy is to strengthen the Shetland economy through better marketing of Shetland products and services.

Our Aims

The strategy should aim:

- (1) To improve and expand Shetland's reputation as a place that offers:
 - Products of excellent quality that meet the needs and aspirations of the consumers most likely to be interested in what Shetland has to offer
 - Services provided to a standard that consistently exceeds customer expectations
- (2) To enable individuals and businesses to develop and promote Shetland products and services with confidence and pride

Baseline Information

If we're going to achieve these aims, we need to have some important basic information and we need to keep it up to date. That information will include, but will not be limited to:

- The needs and desires of existing and potential customers for Shetland products and services
- The attitudes of customers to Shetland products and services
- Trends in customer tastes and expectations
- The range of products and services available or in course of development
- The range and quality of products and services offered by competitor regions
- The value for money of products and services offered by Shetland and its competitors
- The reputation of Shetland and its products and services as reflected in the media
- The range and likely effectiveness of available communication methods
- Feedback on particular marketing initiatives

Significant work has been undertaken over the last two years in order to improve our knowledge of these matters. The 2006 tourism survey has thrown light on some of these questions within the tourism field. Other survey work undertaken in 2007 and early 2008 is providing answers in other sectors. Individual businesses within Shetland will have varying amounts of useful information about their own market.

Our Analysis and Assumptions

Our understanding of these matters is, nevertheless, far from complete; it must be borne in mind, too, that the picture needs to be constantly refreshed. Our analysis of the issues we face will therefore evolve as we improve our knowledge. However, we start from a number of assumptions, as follows:

a. *Our Market*

- Our economy will only reach its potential if products and services meet and where possible exceed the needs and expectations of the market;
- Because it is relatively expensive to produce goods and services in Shetland, the best prospects generally lie in providing goods and services of better quality for which some customers will be willing to pay more than the norm;
- The people forming the market segment that is of most interest to Shetland in relation to export and visitor markets are idealistic by nature, caring strongly about the quality and origin of a product and the care and integrity with which it has been produced. Those people described by Corporate Edge as 'successful idealists' are of particular interest because, by definition, they have the means to pay a somewhat higher price or buy more of what we produce;
- The market looks increasingly for detailed information about the origin of products and about the individual producer concerned;
- There is some concern that standards of service are very inconsistent and not, in general, as high as they need to be;

b. *The Brand*

- Brands succeed or fail because of the level and extent of their reputation;
- Shetland is already a brand and its reputation can be improved only by ensuring, consistently, that our offer provides customers with an excellent experience;
- The recognition of Shetland as a brand is variable but efforts to increase recognition must be securely founded on products and services of excellent quality;
- Progress does not depend on applying a standardised logo, style or colour scheme to individual products right across Shetland's product range; indeed to do so carries serious risks if products and services aren't up to scratch. The difficulties involved in taking such an approach and the staff time involved are out of proportion to any benefits that might be gained. More limited, industry-led branding, for example in meat or knitwear, may be more practicable.
- The logo and style are best reserved for generic promotions about Shetland (e.g. exhibitions, trade fairs and generic publicity material) as distinct from application to individual products;
- A set of brand values has been developed for Shetland and these should set the direction and tone of all marketing activity. It follows that financial assistance to business should be based on an assessment of the extent to which they have

proposals to embed the brand values in their products and service. Application forms should ensure that those proposals are made explicit. For the avoidance of doubt, this is about values like authenticity and integrity, not logos or styles.

c. Requirements for success

- We need to increase and maintain understanding of the market and of market trends among all businesses, agencies and the wider community, including particularly young people;
- We must find ways of seeing ourselves as our markets see us, in order better to appreciate what makes Shetland special, understand the strengths and weaknesses of our offer and avoid taking anything for granted
- All concerned need to develop more confidence in marketing Shetland, based on better knowledge and experience.
- Innovation is important and there is scope to introduce new products and services, or develop existing ones, better to match customer expectations;
- Imagination and creative talent are essential. They help us respond to new challenges and identify both threats and opportunities. We need to nurture creative and imaginative skills and a pool of such talent is likely to attract more.
- We need to care for, and realise the opportunities inherent in, those things about Shetland that our target market appreciates: culture, environment, heritage and the more intangible assets like integrity, or strength of community, that go with them;
- Active public relations could increase the extent to which Shetland and what it offers are known to consumers and especially the target market;
- All marketing effort must be based on a sound working relationship between the economic development agencies and the manufacturing and service sectors to which they are able to offer support.
- The need for quality in product and service needs to be met in every industry, every business and every public or voluntary organisation if we are to achieve a genuinely integrated approach and maximise our potential. That means that everyone can make a contribution.

All of this will take time, effort, ingenuity and patience.

Our Objectives

We need some clear, measurable objectives in order to allow us to assess our progress. They need to be

Specific (precise)

Measurable (quantified, or a clear YES/NO)

Achievable (we shouldn't attempt more than we can manage)

Realistic (do we have the resources?)

Timed (how long will it take?)

For example, we might decide (having examined our resources) to hold two local marketing events, a conference and an awards ceremony, per annum.

The Action Plan attached to this Strategy tries to take that approach.

Proposed Actions

The actions proposed in the Action Plan are, very broadly, of two kinds, namely:

- Research, Monitoring and Strategy Development
- Promotion and Business Support.

Both areas are vital. Between them, the actions we pursue under these headings will help achieve the two broad aims set out earlier in this report, namely building reputation and raising confidence. Most actions will contribute in some degree to both, but more to one than the other. In the second category, Promotion and Business Support, it is useful to distinguish actions that will mainly be aimed at local audiences from those that are aimed at external audiences. We have tried to assign broad priorities to each action, but these should not be interpreted rigidly at this early stage; they will almost certainly change as we explore individual actions more fully.

Links with Other Policies and Strategies

It's clearly very important that all the policies and strategies that influence the future of Shetland should pull in the same direction. There are many such strategies, operated by a number of agencies. There are many related policies and processes, for example schemes offering various kinds of financial assistance. In an ideal world, they would all be reviewed and revised at the same time. However, that is clearly not practicable and, as far as marketing is concerned, it important that we make a start somewhere. Nevertheless, those involved in promoting this strategy will need to identify all the other agencies that have a part to play and seek, as far as possible, to develop and maintain consensus about the way forward and a coherent set of procedures.

Monitoring and Review

Progress on the actions identified in the strategy should be reviewed quarterly. A calendar will be prepared to indicate the tasks to be undertaken during the year and it will provide the basis for monitoring progress. The proposed means of monitoring is by Marketing Service Planning meetings held on a fortnightly schedule. These meetings will in turn report, through the departmental management system, to the Council's Development Committee, twice three times a year.. The reports should concentrate on exceptions, in other words actions that have not been achieved as expected and actions that have been undertaken outside the agreed plan.

An annual progress report should be prepared.