



Bwyd a Diod Cymru
Clwstwr Diodydd
Food & Drink Wales
Drinks Cluster



Bwyd a Diod Cymru
Food & Drink Wales

Growing the Drinks Industry in Wales

Food and Drink Wales Industry Board
The voice of the industry in Wales



The Welsh drinks industry is broad and complex with diverse sub-sectors, including beer, cider, wine, spirits, bottled water, soft drinks, fruit juices, hot drinks, dairy and non-dairy drinks.



Evan Evans Brewery

Over 100 years of international award-winning brewing expertise has gone into the creation of the Evan Evans 2017. The company, based in Llanelli, West Wales, are leading the way in innovation and quality, with a range of award-winning beers and ciders.

Their current focus is on quality and innovation, with a range of award-winning beers and ciders.

Their latest range of beers and ciders are available in a range of bottles and cans, with a range of packaging options.



Hallett's Real Cider

Since 1840, Hallett's has been making cider as a family business in South Wales. Hallett's Real Cider is a traditional, hand-brewed, dry cider.

They produce seven different ciders and a soft drink, which are hand-brewed in the South Wales Valley. Hallett's Real Cider is available in a range of bottles and cans, with a range of packaging options.

Hallett's export to several countries and in 2016 won the 2016 Food and Farming Award for the Best Cider Producer in the UK.



Apple County Cider

Great cider represents a distinctive way to live and work. Apple County Cider Co. is a family-run business, producing award-winning ciders and soft drinks. They are based in the heart of the Welsh countryside, where they grow their own apples and use traditional brewing methods.

Their approach to cider-making is traditional, with a focus on quality and innovation. They produce a range of award-winning ciders and soft drinks, which are available in a range of bottles and cans, with a range of packaging options.

Most recent winning: Apple County Cider Co. has won the 2016 Food and Farming Award for the Best Cider Producer in the UK.



Castles Brewery

Castles Brewery is a family-run business, producing award-winning ciders and soft drinks. They are based in the heart of the Welsh countryside, where they grow their own apples and use traditional brewing methods.

Their approach to cider-making is traditional, with a focus on quality and innovation. They produce a range of award-winning ciders and soft drinks, which are available in a range of bottles and cans, with a range of packaging options.

Our site is in the heart of the Welsh countryside, where we grow our own apples and use traditional brewing methods.



Foreward

The drinks industry makes a significant contribution to the Welsh economy, with a turnover in excess of £800m, a Welsh retail sales value of over £950m and employing 1200 people¹. In recognition of the importance of the sector, Lesley Griffiths AM, Cabinet Secretary for Energy, Planning and Rural Affairs launched the Drinks Development Cluster in March 2017, at BlasCymru/TasteWales.

Whilst still in its infancy, the Drinks Cluster has made progress on raising the profile of the Welsh drinks sector through a number of events, identified key strategic priorities to support the growth of the industry and brought like-minded drinks companies together to collaborate on tackling some common challenges.

Earlier this year, the Food and Drink Wales Industry Board asked the cluster to develop a sector strategy. This document summarises the progress that the Drinks cluster has achieved to date and sets out the direction for the sector. On behalf of my colleagues on the Food and Drink Wales Industry Board, I would like to thank the drinks companies which have contributed their time and expertise to the cluster; they have generously shared their thoughts and opinions about how to build a stronger Welsh drinks sector.



Andy Richardson
Chair, Food and Drink Wales Industry Board

December 2018

¹ Analysis and Overview of the Welsh Drinks Industry, March 2017

Introduction

The Welsh drinks industry is broad and complex with diverse sub-sectors, including beer, cider, wine, spirits, bottled water, soft drinks, fruit juices, hot drinks, dairy and non-dairy drinks. Company size and scale ranges from micro to large international companies; some with bottling facilities, while others outsource their bottling. Different categories within the drinks sector are experiencing different growth rates. For example, there has been significant growth in sales of spirits such as gin and rum, and sales growth of no or low alcohol beer has outperformed others in the beer and ale category.

The early work of the Drinks Cluster focused on engaging with players in the industry to understand their obstacles to growth. Some of the challenges identified included skills shortages; access to energy; changing consumption patterns and trends; decline of pubs and traditional on-trade outlets; regulatory issues such as the sugar tax, minimum pricing of alcohol; consumer attitudes to plastics; packaging; and over-capacity.



London Wine and Spirits show

The Drinks Cluster achievements during 2017 and 2018

Since the commissioning of the Drinks Cluster in Spring 2017, a steady stream of business-led activities has taken place. To date, there has been engagement with 68 businesses, and 12 academic and government bodies, ensuring the cluster follows the Triple Helix principles of industry, academia and government working together to foster economic development.

Activity can best be described as Stage 1: a period of engagement with all stakeholders, recruitment of Cluster members, and activities which responded to the needs of cluster members. These activities included:

- An online survey of all Welsh drinks producers to establish needs from a Drinks Cluster in June 2017;
- The inaugural Drinks Cluster meeting with producers and other Triple Helix partners took place in November 2017 to agree priorities; this was followed up in May 2018 to continue engagement and report on progress made since the start of the cluster;
- 10 beer, cider and spirits producers participated in the first Welsh presence at European Pizza & Pasta Show in November 2017; this has delivered in excess of £250,000 of sales annually across the participating suppliers;
- Workstream meetings with producers and other Triple Helix partners in January and February 2018 focused on developing priorities identified at initial Cluster meetings. These priorities included: Sales & Marketing (Alcohol), People & Training, Operations, Finance & Funding;
- Investment in market data provided by leading data provider, CGA. This was in response to the Sales and Marketing Workstream identifying the Welsh on-trade as a key opportunity area for Cluster members. This data has been shared with suppliers for them to use in their own business development plans;
- As part of the People and Training workstream, engagement began with the National Skills Academy for Food and Drink which is now leading to the first ever bespoke provision of technical training requirements for Welsh brewers in collaboration with Brewlab (and the Food Skills Cymru programme) due to begin in early 2019.


- Engagement with the niche Welsh Wine Sector began at the Welsh Wine Awards in November 2017 and has led to subsequent and extensive engagement with the Welsh Vineyard Association (WVA) and its members resulting in a Welsh Wine Strategy and the Welsh Wine Adventure.
- The Welsh Wine Adventure took leading Welsh producers to the following events and has transformed interest in Welsh Wine:
 - WineGB Press and Trade Tasting 26th April 2018;
 - Three Wine Men – Let's Get Fizzical Consumer Tasting 17th May 2018;
 - Royal Welsh Spring Fair May 2018
 - London Wine Fair – Drinks Britannia – 21st to 23rd May 2018. This event was a particular highlight of the Welsh Wine Adventure with the Welsh stand shining at the show due to a mouth-watering combination of Welsh Wines, cheeses and charcuterie being a huge hit with consumers.
 - Royal Welsh Summer Show July 2018

A further notable outcome for the Drink Cluster was the recent news that five leading cluster members successfully secured Innovation Partnership in Action funding worth £100,000 in October 2018. The aim of this collaborative project is to improve opportunities for Welsh brewers in the Welsh on-trade longer term for the benefit of all cluster members. This outcome demonstrates how clusters can be the catalyst for business-led collaboration.

The development of the drinks sector strategy marks the beginning of the second stage of the Drinks Cluster journey, with Special Interest Groups now beginning to work together.



Special Interest Group Event



The vision for the Welsh Drinks industry is:

"A thriving and developing Welsh drinks sector comprising of innovative and energetic producers of distinctive, high quality drinks."

Vision for the Welsh Drinks Industry

The early cluster engagement work revealed some strategic priorities which cut across all the sub-sectors and respond to the industry's strengths, weaknesses, opportunities and threats. These strategic priorities are:

- Innovation
- Scale up
- Marketing
- Skills

Businesses from each of the sub-sectors will come together under the Drinks Cluster umbrella to form Special Interest Groups (SIGs) and work collaboratively across the strategic priorities. Each Special Interest Group will develop an identity and marketing strategy tailored to each sector's positioning and needs. The proposed Special Interest Groups are:

- Beer & cider
- Wine & spirits
- Water & soft drinks
- Hot drinks, dairy, non-dairy and emerging innovations, "new entrants" drinks.

The Special Interest Groups will be business-led and draw upon resources and expertise from academic partners and stakeholders such as Food Innovation Wales, Aberystwyth University, Bangor University, Glyndwr University, Cardiff University, and Innovate UK to scope collaboration projects to help grow their respective sectors.

Although business-led, these SIGs will also be challenged to innovate and think differently by all other parts of the cluster triple helix model. Innovation just at the level of formulation changes will be insufficient to ensure a robust sector in the future.

Working together on these strategic priorities will help:

- Build Welsh drinks brands at home and abroad
- Improve skills and knowledge across the sector to support innovation
- Enable scale up and growth
- Improve the environmental performance of the drinks industry

In order to make substantial progress on the strategic priorities and to ensure the Drinks Cluster is truly business-led, the aims of the Drinks Cluster are:

- 50% of drinks producers in Wales engaged in the cluster within the next 3-5 years
- 30-40 highly engaged producers, leading and/or collaborating on strategic priorities/projects
- 5-7 highly engaged producers taking leading roles within each Special Interest Group

As the Special Interest Groups come together, they will set outcomes and measures for their specific sectors in order to monitor impact of the cluster and groups.

Cross-cutting Strategic Priority Actions

Whilst the Special Interest Groups will identify actions to address the strategic priorities of their respective sectors, there are some cross-cutting actions which the Drinks Cluster will implement.

STRATEGIC PRIORITY Enabling and increasing innovation to produce distinctive and quality drinks		
Activity	Cluster manager responsibility	Cluster members responsibility
Make better use of market data & insights to understand consumer trends & demands	Source relevant category data; help producers to understand and interpret data and insights	Help define the brief for category data; respond to insights by shaping NPD activities
Improve product development capabilities	Facilitate engagement with Food Innovation Wales; enable access to other Welsh Government support programmes such as SMART Cymru	Engage with Food Innovation Wales to support product development, reformulation. Participate in relevant programmes such as SMART Cymru
Achieve expected industry standards & accreditations	Facilitate engagement with Food Innovation Wales	Engage with Food Innovation Wales to achieve relevant accreditations
Engage in medium and long-term collaborative R&D	Organise engagement activities with relevant academic partners which can deliver long-term improvements to the businesses and the sector	Be open to collaboration and new ways of working
Access funding to support innovation	Organise engagement activities with funding providers, provide guidance on R&D tax credits, facilitate funding bids	Implement appropriate systems to enable R&D tax credit claims; participate in or lead collaborative funding bids
Learn from others	Organise relevant study tours to increase/share knowledge	Scope knowledge sharing requirements; participate in knowledge sharing study tours; cascade knowledge to sector colleagues

STRATEGIC PRIORITY**Supporting the scale up of high growth potential drinks businesses**

Activity	Cluster manager responsibility	Cluster members responsibility
Focus resources on companies with high growth potential	Map sector; identify high-growth potential companies; develop bespoke support to enable scale up	Identify growth inhibitors; be prepared to invest time & resources into overcoming those growth inhibitors
Improve sustainability	Facilitate engagement with organisations such as WRAP; be alert to changing consumer expectations, regulations; provide timely and relevant updates on sustainability issues Challenge companies to consider new and radical approaches to make sustainability a key part of their strategy.	Identify ways to improve sustainability; participate in programmes to improve sustainability; implement processes to improve sustainability
Build robust and collaborative supply chains	Encourage a holistic supply chain approach to improve productivity and identify collaborative supply chain projects. e.g. Work with Co-Growth Project (Cardiff Business School)	Be open to collaboration to improve supply chains, to gain sustainable commercial advantage



STRATEGIC PRIORITY**Building Welsh drinks brands at home and abroad**

Activity	Cluster manager responsibility	Cluster members responsibility
Access market data & insights to understand consumer trends & demands	Source relevant market data; help producers to interpret and understand data and insights	Help define the brief for category data; ensure propositions respond to consumer trends & demands
Develop marketing plans to promote sector & develop sector identity	Facilitate marketing planning activity; facilitate/fund the organisation of relevant marketing activities	Help shape the marketing plan; invest time & resources in delivering activities; be an ambassador for the sector
PR plan to promote the sub-sectors to trade and consumers	Facilitate PR activity, sourcing compelling news & stories; fund PR activities	Help shape the PR plan; contribute to the story telling; host press / blogger visits
Promote the use of Welsh drinks at tourist attractions & hospitality venues	Engage closely with Visit Wales to promote Welsh drinks; identify ways to improve the availability of Welsh drinks at tourist/hospitality venues	Participate in supplier events; contribute to development of tourist routes
Promote Welsh drinks in UK and abroad	Facilitate participation in UK and overseas trade shows, missions	Participate in UK and overseas trade shows and missions; identify alternative trade shows; collaborate to ensure impactful presence



STRATEGIC PRIORITY Improving skills and knowledge across the industry to improve innovation and quality		
Activity	Cluster manager responsibility	Cluster members responsibility
Identify skills challenges/shortages & develop skills plans to respond to current challenges	Facilitate skills discussions; engage with training providers to identify potential solutions; work with National Skills Academy Food & Drink scope training solutions	Contribute to skills discussions, help shape skills requirements, take part in pilots, provide feedback on pilots, participate in training
Identify potential sources to fund sector, knowledge transfer/ acquisition, skills and training requirements	Engage with Food Skills Cymru, Project Helix and other academic partners to secure funding	Contribute, where necessary, funds to develop and deliver tailored and relevant sector/ industry training
Consider likely future needs relating specifically to new technologies, materials and the overall desire to improve quality and consistency in the sector.	Challenge the sector with new ideas and approaches in UK and worldwide Ensure that recommended accreditations are appropriate and that opportunities to gain accreditation are open to all	Be prepared consider new ideas, and approaches. Become “quality” minded and drive to achieve accreditations as required to enter new markets.

The drinks industry is under pressure to achieve profitability, particularly in sectors where there is a decline in consumption. This decline is driven by changes in drinking habits which are generational and health concerns relating to obesity and alcohol-related health risks. These pressures are unlikely to change and may even increase with the development of public health strategies designed to reduce alcohol-related burdens on society.

It is therefore vital that this strategy includes, over time, ways in which drinks companies may improve productivity and engage in medium to long term R&D to produce new entrant products to the broad sector, as well as commercial tactics to improve market position and encourage an “export” mindset.

A particular example where the industry might seek to achieve both may be the “greening” of the whole drinks sector in Wales. Tactically, if sustainability becomes a key message for all producers, by looking closely at all aspects of a circular economy, the industry may improve, through collaboration, productivity across the whole supply chain. This would result in a beneficial effect on overall profitability across the sector, whilst changing the marketing “conversation” from health detriment towards environmental advantage for sustainable businesses in this sector.

Cymdeithas Winllanfa Gymreig
Welsh Vineyard Association



- Anrhydd
- Bryn Colling Vineyard
- Cwm Eder
- Glynar Vineyard
- Great House Vineyard
- Gwladus Vineyard
- Llanfyllter Vineyard

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Welsh Vineyard Association
Food & Drink Wales
Dyma Rhannu

Gwin Pepriog
Llaethliw
Sparkling wine
£26
Gwyn-Rhosliw
White + Rose



Supporting the Well-Being of Future Generations Act 2015

The Drinks Cluster is mindful of the underpinning pillars of the Well-Being of Future Generations Act. The table below shows how the work of the Drinks Cluster and the Special Interest Groups will support the seven pillars of the Act.

Well-Being of Future Generations Act Pillar	Drinks Cluster/Industry contribution
A prosperous Wales	Generating & safeguarding jobs in rural communities (many drinks producers are based in rural areas)
A resilient Wales	Focus on improving sustainability (use of resources, packaging, sustainable production methods eg CO2 capture)
A healthier Wales	R&D and innovation for healthier drinks eg low/no sugar, low alcohol, plant-based drinks
A more equal Wales	Supply chains to keep economic benefit local.
A Wales of cohesive communities	Supporting local distribution eg local shops and pubs are key part of cohesive local communities
A Wales of vibrant culture and thriving Welsh language	Supporting brands which celebrate Wales' culture and language
A globally responsive Wales	Collaborative R&D focused on sustainability and circular economy

Next Steps

This strategy and the development of the Drinks Cluster has been based on contributions from companies within the industry. As the Drinks Cluster evolves into Special Interest Groups, the strategy is being shared and actions identified which will help move the industry forward.

If you would like to be part of the Drinks Cluster and help shape the future of the Welsh drinks industry, then please email bwyd-food@levercliff.co.uk