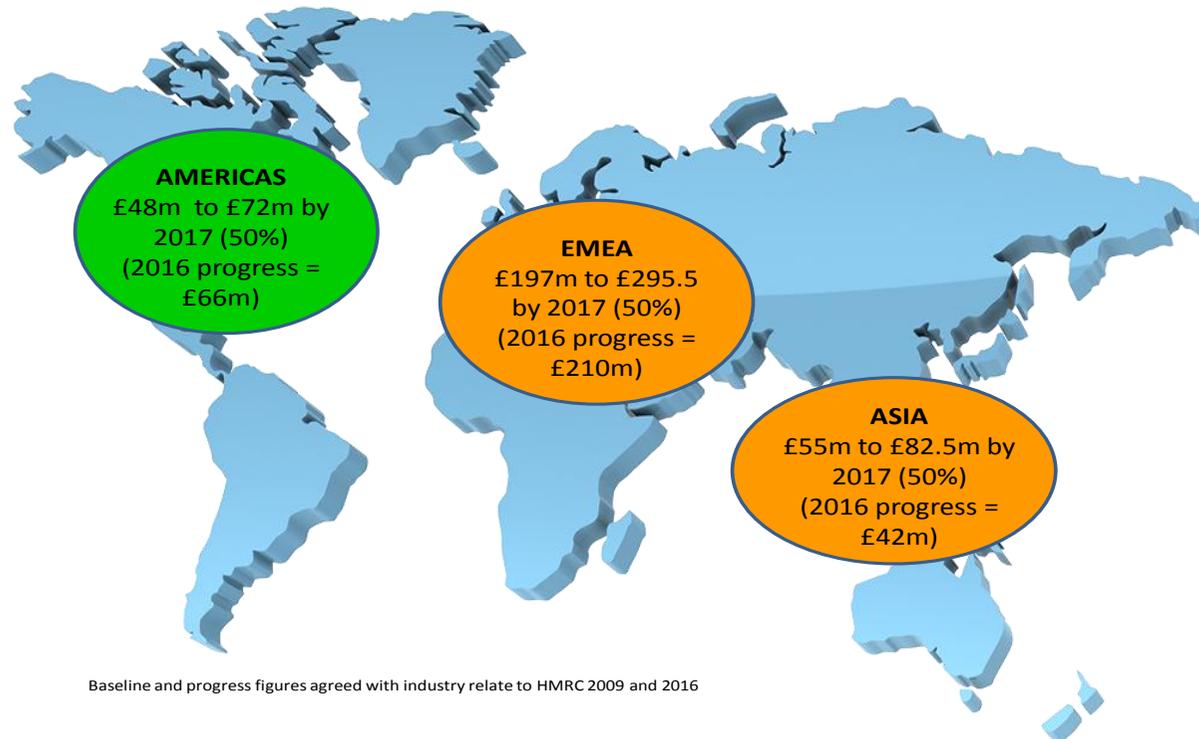


Scottish Textiles SDI International Priority Plan 17/18

The Scottish textile industry consultation (managed by Textiles Scotland (STLA) & SDI) took place in Dec 2016. Over 50 textile leaders/representatives discussed the future international textile priorities for the interior and fashion subsectors 'Group' activities (e.g. group trade stands, group showcases, sector research) for 2017/18.

The targets set by the industry (below) are ambitious with official overall Scottish textile exports increasing from £360m (2014 figures) to £370m (2015 figures)ⁱ however the current HMRC Export stats suggest that total Scottish textiles exports for 2016 will be circa £321m which reflects the ongoing global trade challenges and impact of *Brexit* negotiations. The export breakdown per countryⁱⁱ shows that the USA has the greatest increase from £46m (2015) to £62m (2016) while Germany is the largest European export market with exports increasing from £48m (2015) to £53m (2016).

SCOTTISH TEXTILES – INTERNATIONAL TARGETS



Baseline and progress figures agreed with industry relate to HMRC 2009 and 2016

Geographical Market Overview

Region	Export values ££		Fashion comment	Interiors comment
	2016	2015		
Europe (Germany, France, Italy & Scandinavia)	2016	2015	Key market for a number of co's. Considered 'Mature' markets but with a good understanding of Scottish product/value and with no really barriers to trade however Brexit could have significant implications.	Key market for a number of co's. Considered 'Mature' markets with no really barriers to trade however understanding of the Scottish interiors offering could be improved. Brexit could have significant implications.
	£95m	£89m		
USA (North America, East coast and Canada)	2016	2015	Key market for a number of co's. Considered 'Mature' markets but has shown considerable growth and with a good understanding of Scottish product/value and no real barriers to trade although the 'buy American' may have longer term implications.	Key market for a number of co's. Considered 'Mature' markets but has shown considerable growth and with a good understanding of Scottish product/value and no real barriers to trade although the 'buy American' may have longer term implications.
	£66m	£49m		
Asia (Japan, China, Hong Kong, Singapore)	2016	2015	China is a relatively new market for most co's and the understanding/demand for Scottish product v's UK from Chinese buyers is not clear. Export sales have decreased by approx. 50% since 2015. Japan is a mature market for many with a good understanding of the Scottish product however sales have decreased overall.	China is a relatively new market for most co's (cost and delivery are issues) and locus of interiors activity is based in Hong Kong due to a better understating of UK/Scotland products. Japan is new market for interiors with limited growth due to interior preferences for non-wool products.
	£25m	£36m		

Industry Prioritised Markets/Sub-sectors

The sub-sectors and markets for group sector activity were prioritised on the basis of industry targets , the market growth/opportunity and the available SDI/Sector resource

Sector	Market focus	Priority Geographical Market
Interiors	Contract & high end domestic	1) Europe – pan-Europe 2) Americas – USA, Canada 3) Transportation - Global
Fashion	Independent lifestyle stores	1) Europe – Germany, France, Scandinavia 2) Americas – East Coast USA, Canada 3) Asia – Japan

It is recommended that the below priorities (both sub-sector and geographical markets) are reviewed with industry via the Textiles ‘Industry Leadership Group’(ILG) on an ongoing basis to reflect changing market demands and new opportunities. It should be noted that from discussions with technical textile ILG members there are limited opportunities for group activity with the technical textiles subsector and therefore majority of the international support will be on a 1to1 company basis.

Ranking	Overall priorities for SDI support
1	Interiors – Europe
2	Interiors - Americas
3	Global transportation
4	Fashion – Europe
5	Fashion - Americas
6	Interiors - Asia
7	Fashion - Asia

SDI Textiles International Action Plan 17/18

Sub-sector: INTERIORS	Markets	Industry comment	Related Activities/response	Who/when?	SDI Update Oct 2017
EMEA	All Europe but focus on Germany, France and Italy	<ul style="list-style-type: none"> Focus on contract and high end domestic Suggested that more in-depth research into target customers is required. Important to develop contacts with agents/distributors/showrooms/purchasing co's 	Continue to build contacts and develop target lists for contract interiors and high end domestic.	Delivery SDI & Industry (July 2017) Evaluation (Oct 2017)	'Scottish Interiors: London' event held in Sep 2017 to test the market interest - 25 co's involved and fully core funded by SDI (Company contribution in terms of 2/3 days staff time, travel and accom). This event was the catalyst for pulling all contacts together for invites via Textiles Scotland, Industry and SDI. Feedback from industry to be raised at Nov ILG meeting
		<ul style="list-style-type: none"> Consider a permanent or long term showroom in London or key areas 	Showcase in London (use London hub) which can capture global contacts.	SDI & Industry (Sep 2017)	As above – majority of buyers were from London so need to consider the global audience for future events.
		<ul style="list-style-type: none"> Place more emphasis on using London as locus of activity to capture global contacts 	Continue to build relationships resulting in either Inward buyer visit or market visit for companies based on field feedback	SDI ongoing	SDI field (Germany) are recruiting a specific Interiors Executive to develop this within Europe – due to start Feb 2018
			Continue with 1to1 support to individual companies through existing 'International' support route/products	SDI ongoing	SDI have delivered 1to1 international support to 17 interior textiles co's – 9 of which are non account managed indicating a good spread across the sector (2017 April to Sep)
AMERICAS	Mid/West America (Dallas, Atlanta, New York,)	<ul style="list-style-type: none"> Develop contacts with agents / distributors/showrooms/purchasing co's 	Continue to build contacts and develop target lists for contract interiors	SDI & Industry (Jan to March 2018)	Limited SDI staff resource in USA has constrained new activity in this area. Suggested that industry put forward ideas/new contacts to ensure a focused approach.

	Canada	<ul style="list-style-type: none"> • Priority is contract interiors but also investigate high end domestic through independent retailers • In-depth research into opportunity in Canada, then agree tactics 	Research required to develop target lists for agents, specifiers, distributors and showrooms	SDI (March 17)	SDI undertook market research and market visit to Canada to explore opportunities for increased trade in light of CETA agreement.
			Build relationships resulting in either Inward buyer visit or market visit for companies based on field feedback	SDI (May 2017)	1 Canadian inward visit complete which resulted in new business for some of the 5 Scottish co's visited. 1 other Canadian inward visits planned for March 18.
			Showcase in New York to be investigated post-London event	SDI & Industry (Nov 17)	To be discussed as an option following London event evaluation and industry feedback
			1-1 support to companies	SDI ongoing	SDI have delivered 1to1 international support to 17 interior textiles co's – 9 of which are non account managed indicating a good spread across the sector (2017 April to Sep)
ASIA	China (Hong Kong), Singapore	<ul style="list-style-type: none"> • Utilise Hong Kong as centre for targeting all Asia interior contacts/showrooms e.g. Altfield 	Continue to build contacts and develop target lists for contract interiors	SDI & Industry	SDI Activity to date focused on awareness raising and issuing invitations to London event.
			Research required to develop target lists for agents, specifiers, distributors and showrooms	SDI & Industry	SDI Activity to date focused on awareness raising and issuing invitations to London event.
			Build relationships resulting in either Inward buyer visit or market visit for companies based on field feedback	SDI	SDI Activity to date focused on awareness raising and issuing invitations to London event.
			Link more closely to DIT activity and Premium Scotland showcases.	SDI & Industry	Links made with DIT hotel inward investment projects and new project group set up to explore joint food & drink/tourism and textiles opportunities.

			Investigate similar showcase if London event evaluation is positive	SDI & Industry (Nov 17)	To be discussed as an option following London event evaluation and industry feedback
			1-1 support to companies	SDI ongoing	SDI have delivered 1to1 international support to 17 interior textiles co's – 9 of which are non account managed indicating a good spread across the sector (2017 April to Sep)
Transportation	Global -	<ul style="list-style-type: none"> Review collaborative approach via Rail Interiors Solutions (RIS) to explore new markets Focus on High value opportunities (HVA) 	Approach to be agreed with RIS group going forward as 1 out of 5 co's is based in England so need to explore widening the group to other co's – is the proposition stronger as a UK or Scotland focus?	SDI & Rail Interiors Solution (Jan – March 17)	Links developed with marine and aerospace at UK level – workshop details circulated to RIS co's Sep 17.

Sub sector: FASHION	Markets	Industry comment	Related Activities/response	How/who?	Update Oct 2017
EMEA	Germany(Berlin), France(Paris) Scandinavia (Norway, Iceland)	<ul style="list-style-type: none"> Develop contacts with boutique/lifestyle stores (also covers domestic interiors) rather than big retailers – focus on orders that are smaller quantities but higher value. 	Build contacts, ascertain route to market and size of opportunity Possible inward or market visit for companies new to the market based on field feedback	SDI (Feb to May 17)	Research has been undertaken to create a list of potential contacts/stores to target with full Scottish 'fashion/lifestyle' proposition. Additional information required on pricing structures of Scottish co base etc however SDI staff focus has been on getting Interiors contacts for London Sep 17 event so this activity can now be resumed Q3

		<ul style="list-style-type: none"> • More research required on Scandinavia. • Consider a permanent or long term showroom in London or key areas 	1-1 support to companies	SDI ongoing	SDI have delivered 1to1 international support to 31 fashion textiles co's – 23 of which are non account managed indicating a good spread across the sector (2017 April to Sep)
AMERICAS	North America (New York), Canada	<ul style="list-style-type: none"> • Develop contacts with boutique/lifestyle stores (also covers domestic interiors) rather than big retailers – focus on orders that are smaller quantities but higher value. • Determine scope and level of opportunity outside traditional east Coast area 	Consider another possible inward or market visit for companies new to the USA/Canada market based on demand/interest	SDI (Jan to April 18)	There a limited number of <i>new</i> exporters to USA within the Scottish company base therefore would need to consider a similar approach to London where there is a mix of experienced and new companies.
			1-1 support to companies	SDI ongoing	SDI have delivered 1to1 international support to 31 fashion textiles co's – 23 of which are non account managed indicating a good spread across the sector (2017 April to Sep 17)
ASIA	Mainland China (ecommerce)	<ul style="list-style-type: none"> • China: ecommerce routes particularly for accessories • Japan: Develop contacts with boutique/lifestyle stores rather than big retailers – focus on orders that are smaller quantities but higher value. 	China: work through DIT activity and SDI Premium activity	SDI & Industry (June to Sep 17)	2 Premium Inward visits complete (Sep 17) including visits to 7+ Scottish textile companies/retailers. Ongoing discussions with DiT for future opportunities.
	Japan (Tokyo)		Japan: Align with DIT activity and support initiatives where appropriate	SDI (Jan – March 2018)	SDI Tokyo representative had 1-1 meetings with 14 Scottish co's to continue engagement with existing Japanese business and also develop new contacts for relevant DiT activity. In-market support also given by SDI Tokyo for Harris Tweed Authority to protect brand in market

			1-1 support to companies	SDI ongoing	SDI have delivered 1to1 international support to 31 fashion textiles co's – 23 of which are non account managed indicating a good spread across the sector (2017 April to Sep)
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Notes

- SDI has supported 1to1 international activity to 72 textile co's in the April 17 to Oct 17 period – 50 are NRM which indicates a good spread across the sector.
 - 28 interior co's (9 DRM and 19 NRM)
 - 12 technical co's (5 DRM and 7 NRM)
 - 32 fashion co's (8 DRM and 24 NRM)

ⁱ Source Export Statistics Scotland Jan 2017 Please note that 2016 figures are not released until Jan 2018

ⁱⁱ HMRC Stats Oct 2017