

ANGUS COUNCIL

INFRASTRUCTURE SERVICES COMMITTEE

3 MARCH 2009

**SUBJECT: ANGUS IN CHINA INITIATIVE: LAUNCH OF CARNOUSTIE COUNTRY  
BRANDED PRODUCTS IN CHINA**

**REPORT BY THE DIRECTOR OF INFRASTRUCTURE SERVICES**

**Abstract: This report summarises the progress made in promoting the Carnoustie Country brand in China and is capitalising on this by authorising two golf product companies to use the brand in a way that will further promote Carnoustie Country as a golf destination.**

**1 RECOMMENDATION**

- 1.1 It is recommended that the Committee
- (i) Note the successful promotion of the “Carnoustie Country” golf brand in China and steps taken to protect the registered title and logo;
  - (ii) Note the agreement being negotiated with Berrytex Garment Co (Shanghai) and The Golf Mat Company Ltd (Scotland) which authorises them to use the registered “Carnoustie Country” brand for a specified period in return for the marketing and promotion opportunities outlined in this report;
  - (iii) Note that arrangements have been made for the Head of Economic Development to participate in the launch event at Shanghai Silport on 24 March; and
  - (iv) Authorise the Convener of Infrastructure Services to participate in the launch event at Shanghai Silport on 24<sup>th</sup> March as outlined in this report.

**2 INTRODUCTION**

- 2.1 Appendix 1 outlines the general progress being made to develop tangible benefits from the “Angus in China Initiative” and the sister agreement between Angus and Yantai.
- 2.2 As a result of the Council’s efforts the “Carnoustie Country” brand is now well established as a golfing destination and the intention is to continue promoting this to the increasing numbers of high net worth Chinese golfers with a propensity to visit Scotland. In order to protect the brand title and logo the Head of Economic Development has taken steps to register the “Carnoustie Country” trade mark for golfing related products in China. Two applications, one for golf clothing and one for golfing equipment, were submitted in the name of Angus Council to the relevant Chinese authorities in September 2008. Angus Council already has the trade mark registered in the UK.
- 2.3 A variety of initiatives have been taken so far including
- (i) A sister agreement between Carnoustie Golf Links and Tiger Beach Golf links situated in Yantai:

- (ii) Joint promotions at exhibitions and golf tournaments and web based links with Tiger Beach Golf Links and Shanghai Silport which are both owned by business tycoon Mr Beta Soong who was acknowledged as a Global Scot in 2005;
- (iii) Successful promotion of golf tours e.g. Tartan Day Scotland International Golf Challenge (since 2004) to members from Tiger Beach and Shanghai Silport.
- (iv) Production of two eight minute television programmes about “Carnoustie Country” and the “Tartan Day International Golf Challenge” by Phoenix Television on its Images of Europe programme which has been repeated several times on broadcasts to 150 million homes in China (and 75 million homes outwith China);
- (v) Countless articles in golf magazines about “Carnoustie Country”, Carnoustie Golf Links and other Angus based golf venues.

2.4 Although numbers of visiting Chinese golfers are limited to date, the brand awareness is strong. In addition to the outcomes mentioned above, the Head of Economic Development has responded to a request from the China Golf Channel by promoting a ten day itinerary which includes six days in Angus. Broadcast quality film footage has been produced by the in-house media team which will be made into a 3 minute promotion for use by the China Golf Channel. Arrangements have been made for up to six golf tours each for a maximum of ten golfers during 2009. These will be promoted to a viewing audience of between 9 and 12 million viewers and will be included in mail shots to a database of 90,000 golfers. If successful, this promotion will assist in bringing the “Carnoustie Country” golf tourism product directly to the attention of China’s growing number of high net worth golfers and should lead to a direct source of contact with those golfers specifically interested in visiting Scotland.

2.5 In accordance with the recently launched Tourism Strategy, the Head of Economic Development is about to embark on the production of a toolkit that will assist local tourism accommodation providers to cater specifically for Chinese travellers. This will be undertaken in partnership with the Scottish Government’s International Division and VisitScotland and will effectively act as a pilot project for future roll out across Scotland.

2.6 As well bringing the above points of progress to the attention of the Committee, this report is intended to update the Committee on current negotiations with two golf related companies who wish to be authorised to use the “Carnoustie Country” brand in return for marketing and promotional activities that will develop “Carnoustie Country” brand and Angus golf awareness directly amongst Chinese golfers who purchase products being promoted under the terms of the authorisation agreement.

### **3 COMPANIES AUTHORISED TO USE THE “CARNOUSTIE COUNTRY” BRAND**

3.1 Negotiations are nearing completion with two companies who will manufacture and sell golf related products in the China market. These are as follows:

- (i) Berrytex Garment Co (Shanghai)

This Chinese company, established in 2004, specialises in the manufacture of golf clothing and uniforms. It is the subsidiary of a well established larger textile company that has been trading for many years manufacturing fabrics

and garments. Clients include those with global brands and a major UK retailer.

(ii) The Golf Mat Company (Scotland)

This Scottish company has been established to manufacture golf mats. It differentiates itself from existing plastic mat suppliers in that the mats are produced from natural materials that give golfers the feel of hitting off grass. It is in the process of establishing a manufacturing supplier in Yantai to serve the Chinese, the UK and the Japanese markets. There is also the possibility of establishing a manufacturing plant in Scotland in the future and it is intended to try and attract this investment to Angus.

- 3.2 A formal agreement is being negotiated with both companies which will authorise them to use the “Carnoustie Country” title in the name of their products. The purpose of these agreements is to build brand awareness at grass roots level in China. This will be achieved in a variety of ways.
1. through incorporating the “Carnoustie Country” title in the product name
  2. use of the title on all packing
  3. promotion of the [www.carnoustiecountry.com](http://www.carnoustiecountry.com) website e.g. on swing tag labels.
- 3.3 In addition some further benefits will be sought whenever possible e.g. obtaining an agreement that Angus based venues participating in the “Carnoustie Country” golf packages and promotions will be supplied products at wholesale prices thereby adding value to local businesses.
- 3.4 Berrytex have produced a range of high quality golf clothing that will be promoted as the “Carnoustie Country” range. Each product will bear the logo and title and a swing tag label has been designed that will be attached to every garment sold. If successful the company will be prepared to negotiate a royalties agreement with Carnoustie, Monifieth, Montrose and Panmure Golf Links for the use of their logos on future additions to the range. This will potentially bring added value for the venues involved.
- 3.5 The golf mat being manufactured in Yantai for The Golf Mat Company will also bear the “Carnoustie Country” title and logo with website address on all of its packaging (similar to a pizza cardboard box). This again will promote brand awareness on millions of golf mats used at golf ranges and clubs throughout China.
- 3.6 During the course of discussions with both companies it has been decided that any agreement will be for a temporary period (through to the end of 2010 for Berrytex). Should the agreements prove successful it will be possible to extend the arrangements or negotiate new agreements. It has also been decided that Angus Council will provide the the right to use the “Carnoustie Country” trade mark free of charge i.e. it will receive no license fee as part of the initial agreements. However, as noted above, the agreements provide an excellent opportunity for significant free of charge promotion of the “Carnoustie Country” golf destination in China.

#### **4 PROPOSED LAUNCH OF “CARNOUSTIE COUNTRY” BRANDED GOLF CLOTHING AT SHANGHAI SILPORT ON TUESDAY 24<sup>TH</sup> MARCH**

- 4.1 Arrangements have been made already under delegated powers for the Head of Economic Development to participate in the launch of the “Carnoustie Country” golf clothing range at Shanghai Silport on Tuesday 24<sup>th</sup> March. This decision was taken to facilitate planning for and the impact of the event. It will provide an opportunity to maximise China TV and golf media coverage through an international golf event and gala dinner. Clearly, the successful launch of the brand is fully dependent on participation by Angus Council. In the opinion of the Head of Economic Development it is essential for an elected member to represent the Council at the launch so as to reinforce the importance placed on the relationship with Berrytex and the authenticity of the brand.
- 4.2 It is therefore proposed that the Convener of Infrastructure Services attend this event along with the Head of Economic Development. This will entail a three night stay in Shanghai from Sunday 22<sup>nd</sup> March.
- 4.3 It is proposed to return via Beijing on Friday 27<sup>th</sup> March which will allow for a visit to Yantai to discuss various matters with the Yantai Municipal Government who are planning to visit Angus in June this year to celebrate the tenth anniversary of the sister agreement between Angus and Yantai. It is also hoped to arrange a meeting with the China Golf Channel in Beijing.

#### **5 FINANCIAL IMPLICATIONS**

- 5.1 The cost of travel accommodation and subsistence for both the Head of Economic Development and Convener of Infrastructure Services is estimated at up to £3,000 which can be met from the Economic Development Revenue budget for 2008/09.

#### **6 HUMAN RIGHTS IMPLICATIONS**

- 6.1 There are no Human Rights implications arising from this report

#### **7 EQUALITIES IMPLICATIONS**

The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

#### **8 SINGLE OUTCOME AGREEMENT**

- 8.1 This report contributes to the following local outcome(s) contained within the Single Outcome Agreement for Angus.
- Growth in tourism in Angus is achieved.

**9 CONSULTATION**

- 9.1 The Chief Executive, Director of Corporate Services, Head of Law & Administration and Head of Finance have been consulted in the preparation of this report.

**10 CONCLUSION**

- 10.1 Approval of this report will strengthen the efforts taken to increase “Carnoustie Country” brand awareness in China.
- 10.2 The specific proposals outlined in this report will enable the “Carnoustie Country” title, logo and website to be promoted directly to a large Chinese audience. This will create a direct marketing link with golfers at grass roots level.
- 10.3 Angus Council will be obtaining significant promotion of “Carnoustie Country” in China at almost zero cost.

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DIRECTOR OF INFRASTRUCTURE SERVICES

**NOTE**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

ECDEV/DV/SMW/FM  
25 February 2009

## Appendix 1

**CASE STUDY – ANGUS COUNCIL’S “ANGUS IN CHINA INITIATIVE”**

Arising from its work with the Tayside Racial Equality Council in 1996, Angus Council was encouraged to consider twinning with a counterpart in China. This move was supported by the Confederation of Chinese Associations in Scotland and by the Chinese Consulate in Edinburgh. Since then Angus Council have developed close working relationships with both organisations and has, over the last ten years, worked consistently in building trade, tourism and education links.

Angus companies already doing business with China emphasised that Angus Council could accelerate progress for companies and “open doors” for business by developing direct government to government links. China was recognised as an emerging market where Angus Council could add value to the support already available through the national agencies. It was decided that commerce should be the driver for any twinning relationship, with the overall aim of strengthening the Angus economy.

With help from the Chinese Consulate, the Council decided to link with Yantai Municipal Government (population 6.5 million) in Shandong Province (population 92 million). The first trade mission organised by Angus Council visited Yantai in 1998 and in January 1999 a 'Sister City Link Agreement' was signed. Both parties have been fully committed to the relationship and strong political ties have been developed between Yantai and Angus Council which have been fundamental to the success achieved.

So far Angus Council has led six trade missions to China, the most recent of which visited Yantai, Beijing and Shanghai in March 2008. In return, the Council has hosted five missions from Yantai. There have been many other visits both ways by key individuals and company representatives to explore trade, tourism and educational initiatives. Not only has the Yantai connection given over 50 Angus and Tayside companies an introduction to the challenging Chinese market but most of those who have visited China on trade missions have achieved sales, sourced products and materials or established some form of business alliance.

A survey of Angus companies was undertaken in 2007. From the respondents, some 25 were doing business with China. At the time of the survey annual sales of £5.2m and procurement of £5.3m were reported. Projected sales for the next twelve months were estimated at £13m as against procurement of £9.8m. Notable successes include: an Angus company winning the contract to design and project-manage the construction of four oil/gas support vessels at the Yantai Raffles Shipbuilding Yard; Wm R Stewarts Hacklemakers (Kirriemuir) a Yarn machinery manufacturer who have established a Joint Venture manufacturing plant; J D Wilkie (Kirriemuir) who have established a textile fabric manufacturing plant as a wholly owned subsidiary in Jiaying producing fabrics for filtration; David Ritchie Implements, who manufacture a range of engineered products whose procurement has led to the establishment of a supply factory and who have created jobs in Forfar as a result of being more competitive in the European marketplace; Angus and Dundee Distillers who having been introduced to the China market have established a base in Shanghai and who have recently been granted planning consent for the development of a seven acre site in Brechin to service an expansion of their Glencadam distillery and creating additional jobs in the town. There are other companies who now have manufacturing operations in China.

In 2002, a co-operation agreement was signed between Carnoustie Championship Golf Links (owned by Angus Council) and Tiger Beach Golf Links - a Scottish Links style course in Haiyang (Yantai) - and the two courses are now involved in a wide range of joint

promotions. This was widened through a programme of cooperation with Shanghai Silport Golf Course which has been host to the Volvo China Open seven times. These efforts are already bearing fruit with the arrival of 36 golfers from Shanghai in April 2006 to participate in the first Tartan Day International Golf Challenge played over St Andrews, Gleneagles, Carnoustie and Montrose. As owner of seven golf courses including Carnoustie the council has established the "Carnoustie Country" brand which through the extensive golf tourism networks now established is arguably the best known brand in China after St Andrews. Angus Council is currently working with the China Golf Channel to promote a Scottish Homecoming Golf Package in 2009 bringing high net worth golfers to Scotland on an exclusive ten day package which through the promotion will attract greater interest from this lucrative market.

Various promotional films have now been produced and broadcast on various Chinese TV channels. Four 8 minute films have been produced by Pheonix TV which broadcasts to 150 million homes in China and possibly another 75million homes worldwide (satellite Channel 785). The films broadcast several times on Phoenix's "Images of Europe" travelogue programme have been made on Angus Tourism, Glamis Castle, "Carnoustie Country" Golf and "Scotlands Tartan Day".

Through this initiative Glamis castle is now twinned with The Great Wall of China and with Penglai Pavilion in Yantai, the latter receives 2 million visitors annually

On the educational front there are now active links between Yantai Vocational College and Angus College. Following a recent agreement between the education departments of Angus and Yantai, links have been established between two primary and two secondary schools, educational exchanges are now being planned and the teaching of Mandarin in Angus schools is being explored.

On the cultural front, the 6th of April 2006 marked a momentous occasion that recognised the strong links Angus has with China. At the "Tartan Day" dinner, a new, officially recognised, 'Chinese Scottish Tartan' was launched Angus Council, working with the Chinese Consul General in Edinburgh and with the Chinese community in Scotland, played a significant role in creating China's own tartan that was designed by Strathmore Woollen Company, a local Angus company. Much has been achieved by Angus Council and its local companies over the last 10 years - but this is only the beginning of the journey.