



Market Report

A Snapshot of your Market Sector

Catering

This pack has been designed to provide information on setting up a business in the catering industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in February 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Catering market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The contract catering industry is valued at £3.91 billion. It grew by an estimated 1% in 2017, a little less than the 1.6% growth in 2015, as market conditions continue to be challenged by growing inflation and increases in the National Living Wage. The market is estimated to have grown by 5.7% in the five years from 2012 to 2017. Despite this five-year growth, consumer expenditure in non-residential catering has fell in the past year, becoming the first year of decline in seven years since 2009. This reflects the current climate of uncertainty (Mintel, *Contract Catering*, December 2017).
- ◆ The number of 0-14 year olds in the UK is set to rise by 7.9% over 2014-24. The population of elderly aged 60-74 is also set to increase by 14.4%, and over-75s by 34.6% by 2024. This should benefit leisure venue catering as parents are 81% likely to have bought food or drink at a venue compared to 60% of non-parents. Children and elderly are key audiences for many leisure venues, such as theme parks and stately homes. (Mintel, *Attitudes Towards Leisure Venue Catering*, June 2017).
- ◆ In the face of competitive pressures, caterers are anticipated to continue to diversify their service offerings by providing innovative, international cuisine and beverages and using sustainable, locally sourced produce. Weddings will also remain vital to the industry in the future. During the five years through 2022-23, revenue is projected to grow at a compound annual rate of 0.3% to £1.4 billion. (IBISWorld, *Catering Services in the UK*, July 2017).
- ◆ Research shows that consumers who eat out once a week or more is primarily 25-34 year olds (39%), and parents of under-16s (34%). 42% of consumers are spending between £20 and £39.99 on a meal in a casual dining restaurant. (Mintel, *Eating Out Review*, September 2017).
- ◆ The national organisation for this industry is the British Hospitality Association. Other industry bodies include the Nationwide Caterers Association, The Association of Scotland's Self Caterers and The Association for Catering Excellence.

Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Contract Catering (December 2017).** Since June 2016, consumer price inflation (including owner occupier's housing costs) has surged from 0.8% to 2.8% in October 2017, following near month-on-month growth. This constant growth has increasingly challenged contract caterers over this period, with the industry disproportionately impacted by this trajectory given its reactive nature. The UK contract catering market is expected to maintain consecutive annual growth over the next five years. This is forecast to occur at a stable rate, with value growing from £3.96 billion in 2018 to £4.13 billion in 2022.
- ◆ **IBISWorld – Catering Services in the UK (July 2017).** The largest industry service segment is catering for corporate functions, which is estimated to account for 49.5% of industry revenue. Corporate functions can include product launches, conferences, Christmas parties and team-building seminars. Events held by businesses are more lavish, involving a wider range of menu items or a higher standard of food, resulting in a higher cost per person. As a result, these types of functions generate a much greater amount of revenue per event than events organised by individuals.

We also have access to the following related reports:

- ◆ IBISWorld – Food Service Contractors in the UK (December 2017)
- ◆ Mintel – Pub Catering - UK (May 2017)
- ◆ Mintel – Attitudes Towards Lunch Out-of-Home - UK (October 2017)

There are also a number of online resources you may find helpful:

- ◆ **Department for Environment, Food & Rural Affairs, *Food Statistics Pocketbook, 2017*** (<https://www.gov.uk/government/statistics/food-statistics-pocketbook-2017>). This document provides a summary of statistics covering the economic, social and environmental aspects of food in the UK.
- ◆ **Food Standards Agency** (<http://tinyurl.com/ppb6lan>). The FSA produces a wide range of publications for the public and the food industry. View their list of industry publications available free of charge to download.
- ◆ **Health and Safety Executive, *Catering and Hospitality*** (<http://tinyurl.com/ofg2rez>). This site provides information for people working in the catering and hospitality industry on how to comply with health and safety law.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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