



# Market Report

A Snapshot of your Market Sector

## Fresh Food Retailing

This pack has been designed to provide information on setting up a business in the Fresh Food Retailing 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](http://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 Fresh Food Retailing 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:

- ◆ A key reason why the supermarket sector, a sector which thrives on big-basket orders, has seen its sales decline in recent years has been a shift in grocery shopping habits, with customers increasingly likely to shop more frequently for groceries. We found that most (47%) now combine a larger main shop with smaller top-up shops, with 42% shopping purely on a main-shop basis and 11% shopping purely on a top-up basis. (Mintel, *Supermarkets*, November 2017).
- ◆ A wide variety of fresh foods, like fruit, vegetables, meat, fish and delicatessen products, have been a mainstream part of the supermarket business for more than 20 years. The Supermarkets industry has more packaged fresh food, such as vacuum-packed vegetables, than many other developed countries, primarily because UK agriculture is relatively small-scale. In the current year, revenue from the sale of food is estimated to satisfy 60% of industry revenue. (IBISWorld, *Supermarkets in the UK*, September 2012).
- ◆ Fresh food continued to grow in both volume and value terms in 2016. Although the growth was marginal in volume terms, it was still an indicator of the changing eating habits of the country which was mainly driven by the young generation. (Euromonitor, *Fresh Food in the United Kingdom*, March 2017).
- ◆ Health concerns are expected to boost demand for fruit and vegetables. The proportion of people eating the recommended five or more servings of fruit and vegetables per day is forecast to increase over the next five years. (IBISWorld, *Fruit & Vegetable Retailers*, November 2017).
- ◆ The UK bought the second highest calorific load of packaged food – 1,547 per person per day in 2015. Belgium was top, on 1,670 calories. China, Vietnam and India bought the least, with India buying just 164 calories in the form of packaged food. (The Guardian, *UK eats almost four times more packaged food than fresh*, April 2017) ([tinyurl.com/l7a7wcm](http://tinyurl.com/l7a7wcm)).
- ◆ The national organisation for this industry is [The Association of Convenience Stores](#). Other industry bodies include the [Scottish Grocers Federation](#), [Scotland Food and Drink](#), [Fresh Produce Consortium](#) and the [British Retail Consortium](#).



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## 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](mailto:info@bgateway.com).

- ◆ **Mintel – *Specialist Food & Drink Retailers (March 2017)***. Bakeries are the most popular type of specialist food and drink retailer and they are also the most frequently visited of the specialists as a result of their positioning in the food-to-go market. Butchers remain the second most popular specialist and they are also fairly frequently used with 22% of those who visit a butcher saying they visit once a week or more.
- ◆ **Mintel – *Unprocessed Poultry and Red Meat (November 2017)***. While flexitarian and meat-free diets have had a rising profile over the last few years, red meat, poultry and game remain an ingrained part of British diets. 93% of adults say that they have eaten unprocessed meat in the three months to August 2017, and nearly half (47%) have eaten five or more types of meat.
- ◆ **Mintel – *Cheese (October 2017)***. More than nine in 10 people buy at least one type of cheese, making it a menu staple in the vast majority of British homes. Cheddar is the only type of cheese though, that the majority of people purchase (72%), reflecting how it dominates the UK cheese market.
- ◆ **Mintel – *Bread & Baked Goods (October 2017)***. The decline in volume sales accelerated over 2015-17. A 2.0% drop in 2017 takes the market to an estimated 1.93 billion kilograms. This charts a 7% drop over the last five years. Despite its role as a daily staple for many people, it is nonetheless prepacked sliced bread which is the major culprit of the market's ongoing decline. Volume sales have slumped by around 12% over 2012-17, equating to a loss of some 235 million kg.

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

- ◆ **Federation of Bakers, *UK Bakery Market*** ([tinyurl.com/y7ydzxwg](http://tinyurl.com/y7ydzxwg)). The UK Bakery market is worth £3.6 billion and is one of the largest markets in the food industry. Total volume at present is approximately just under 4 billion units; the equivalent of almost 11 million loaves and packs sold every single day.
- ◆ **British Growers – *British Growing*** ([tinyurl.com/y8duu2hj](http://tinyurl.com/y8duu2hj)). The sector employs over 100,000 full time and seasonal workers across all the disciplines needed to produce high quality produce. British Horticulture contributes over £3bn to the nation's GDP.
- ◆ **The Grocer** ([tinyurl.com/ycpat92w](http://tinyurl.com/ycpat92w)) is a key industry magazine providing buying and supplying, stores, reports and events information.

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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](mailto: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](mailto: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](#).

**Last updated:** Feb 2018

**Updated by:** Rebecca



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