



Market Report

A Snapshot of your Market Sector

Local & Organic Food Production

This pack has been designed to provide information on setting up a business in the Local & Organic Food Production 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 May 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 Local & Organic Food Production 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:

- ◆ Over the five years through 2017-18, revenue is expected to **rise at a compound annual rate of 5.7%**. Despite dampened consumer confidence and falling household income in the current year, many consumers prioritise health and environmental concerns over price. This has supported industry growth, despite a subdued economic environment. (IBISWorld, *Organic Food Retailing in the UK*, September 2017)
- ◆ The United Kingdom organic food market grew by **4.9% in 2015** to reach a value of **\$2.8 billion**. In 2020, the United Kingdom organic food market is forecast to have a value of **\$3.4 billion**, an increase of **21.4%** since 2015. The United Kingdom accounts for **8.6%** of the European organic food market value. (Marketline, *Organic Food in the United Kingdom*, June 2016)
- ◆ The organic produce market is growing rapidly thanks to the increasing number of customers willing to pay higher prices for local, environmentally friendly products that are cultivated without pesticides or herbicides. The percentage of households purchasing organic products is **expected to increase over the next five years**, despite subdued economic activity. Farmers are increasingly developing platforms and business operations to sell directly to the public, and growers are expected to benefit from the rising popularity of box schemes and farmers' markets. (IBISWorld, *Fruit Growing in the UK*, February 2018)
- ◆ Cost remains a key barrier for many buying into ethical food and drink products: **54% of consumers** think that organic food is too expensive to buy regularly, and **37%** think this of fair trade food and drink. **34%** of those who buy organic food and drink say they would like to see more information about what being 'organic' means for each product. **47%** of organic food/drink buyers say they would buy more organic food/drink if there were more deals available. (Mintel, *The Ethical Food Consumer*, UK, June 2015)
- ◆ The national organisation for this industry is [Organic Farmers & Growers](#). Other industry bodies include the [Organic Trade Board](#) and [Organic UK Food](#).



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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.

- ◆ **IBISWorld – Organic Food Retailing in the UK – September 2017** - IBISWorld expects the number of smaller independent high-street stores and box scheme operators to increase. Over the five years through 2022-23, the number of industry establishments and enterprises are estimated to rise at compound annual rates of 1.4% and 1.2%, respectively. Intense internal competition will continue to prompt operators to focus on superior customer service. As a result, industry employment is also expected to remain on an upward trajectory, increasing at a compound annual rate of 1.3% over the same period
- ◆ **IBISWorld – Vegetable Growing in the UK – December 2017** – Industry revenue was boosted at the start of the five-year period by higher vegetable prices and farmers increasing land area dedicated to organic vegetables. According to Defra, the number of registered producers and processors of organic produce has increased over the past five years. This has supported industry revenue growth over the past five years.
- ◆ **Marketline - Organic Food in the United Kingdom - June 2016** - The dairy segment was the market's most lucrative in 2015, with total revenues of \$850m, equivalent to 30.2% of the market's overall value. The prepared food segment contributed revenues of \$684m in 2015, equating to 24.3% of the market's aggregate value. The performance of the market is forecast to accelerate, with an anticipated CAGR of 3.8% for the five-year period 2015 -2020, which is expected to drive the market to a value of \$3.4bn by the end of 2020.

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

- ◆ **The Grocer – Sales of organic food & drink hit record high, article – February 2018** - ([tinyurl.com/y7mt4aj8](https://www.tinyurl.com/y7mt4aj8)) This article looks at sales in the organic market in the UK. “Spend was up 6% to £2.2bnn. but supermarkets are missing out with £1 in every £7 spent on organic went to independent retailer”
- ◆ **Organic Farmers and Growers** ([tinyurl.com/z6x48zv](https://www.tinyurl.com/z6x48zv)) Introduction to organic food, farming and certification
- ◆ **Scottish Organic Producers Association** ([tinyurl.com/zglc9ho](https://www.tinyurl.com/zglc9ho)) Scotland’s Organic Action Plan

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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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