



# Market Report

A Snapshot of your Market Sector

## Bakery

### Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Bakery** 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 **December 2022**. 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 Bakery 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:

- ◆ Bread remains a basket staple, purchased by **97%** of adults when surveyed in August 2022. Packaged sliced loaves remain the most popular type, bought by **seven in 10 people**, although this is down from 2020 when more breakfasts and lunches were eaten at home during lockdown and restrictions boosting sales of bread in 2020. (Mintel, *Bread UK*, November 2022).
- ◆ A return to growth was seen in 2021, with total sales of cakes, cake bars and sweet baked goods up by **7.3%** to just under **£2.55billion**. Behind this strong performance in 2021 were big increases in volume sales in celebration cakes and small cakes, but also higher prices. These are due to rising inflation, easing of Covid-19 restrictions and a consumer appetite for more premium products and sales of higher priced celebration cakes. (Mintel, *Cakes, Cake Bars and Sweet Baked Goods - UK*, April 2022).
- ◆ Over the five years to **2026-27**, industry revenue is forecast to grow at a compound annual rate of **2.6%** to reach **£3.3billion**. The industry will primarily depend on operator's ability to innovate and respond to changing consumer preferences. Reducing the use of single use plastics and food wastage are expected to become top priority for both consumers and bakeries. This failing to adapt risk losing out on a lucrative market. (IBISWorld, *Bakery Product Retailing in the UK*, January 2022).
- ◆ The national organisation for this industry is the [Federation of Bakers](#). Other useful organisations include the [British Society of Baking](#), [British Baker](#), [Scottish Bakers](#) and [Scotland Food and Drink](#).



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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).

- ◆ **Euromonitor Baked Goods UK (November 2022).** Despite inflationary pressure, overall baked goods are set to remain more resilient compared to other staple foods in 2022, mostly driven by demand for unpackaged options and the high penetration of private label and artisanal offerings. Besides competitive prices, retailers private label lines and artisanal offerings lead baked goods due to their steady investment in new flavours. As concerns around climate change intensify, baked goods manufacturers and retailers continue to invest in sustainability commitments.
- ◆ **IBISWorld - Bread & Bakery Goods Production in the UK (November 2022).** Changing consumer trends, such as rising health consciousness and an increasing prevalence of gluten-free diets, has contributed towards subdued sales. The popularity of sliced bread is supported by its use in sandwich making. The majority of bread in the UK is white, but dominance of white bread is waning. A growing trend catered by supermarkets has seen the release of artisanal bread, to meet the increasing demand for artisanal food. Other bread such as half brown/half white, seeded, gluten-free or sourdough account for the remaining bread purchased

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

- ◆ **The Federation of Bakers Factsheets** ([tinyurl.com/y6b3vguk](https://tinyurl.com/y6b3vguk)). A series of consumer factsheets and other publications on a range of topics related to the bakery industry. Current offerings include a market overview, labelling, environmental practices, dietary and nutritional information, as well as other topics.
- ◆ **British Baker, Latest News** ([tinyurl.com/yyq5a9nb](https://tinyurl.com/yyq5a9nb)). British Baker's website hosts news articles on a range of topics related to the industry, from new products on offer by major players, announcements of new deals and collaborations, and new trends and a Coronavirus news section for the industry and consumers.
- ◆ **Scottish Grocer, Bakery News** ([tinyurl.com/43h3b7kz](https://tinyurl.com/43h3b7kz)) The Scottish Grocer and Convenience Retailer has a page dedicated to news in the bakery industry.
- ◆ **Bakery Business** ([tinyurl.com/4pxnncfd](https://tinyurl.com/4pxnncfd)) News, interviews from the marketplace. Bakery business has an online magazine aimed at the bakery industry in the UK.

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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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 Accountant](#)" 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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**Updated by: Sue**

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