



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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **December 2023**. 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:

- ◆ Over the five years through 2028-29, industry revenue is forecast to grow at a compound annual rate of 2.7% to reach £3.8 billion. The industry will primarily depend on baking retailers' ability to innovate and respond to changing consumer preferences. Competition from supermarkets and convenience stores is forecast to rise, especially as enterprises expand their product ranges and engage in aggressive marketing. Nonetheless, opportunities in the industry remain. (IBISWorld, *Bakery Product Retailing in the UK*, October 2023).
- ◆ Bakery cafes are flourishing amid a growing coffee culture and mounting demand for high-quality, artisanal bakery goods. Increasingly time-poor consumers seeking convenience and on-the-go food have boosted demand for bakery cafes. Shifting consumer preferences towards premium bakery products and high-quality coffee are forcing bakery cafes to increase their product offerings to capture a wider consumer base. More bakeries are now using gluten-free and vegan ingredients for some products to appeal to new consumer tastes and capture some of the growing vegan market. (IBISWorld, *Bakery Cafes in the UK*, October 2023).
- ◆ Chocolate brands continue to be popular in the cake category, with 35% of buyers choosing one cake over another based on it being chocolate branded. NPD in chocolate-branded products is therefore still worthwhile. The further extension of café or bakery brands into mainstream retail is also an opportunity, given strong demand, offering an additional revenue stream for such brands. (Mintel, *Cakes, Cake Bars and Sweet Baked Goods UK*, April 2023).
- ◆ Developing more choice of flavours in bread could help flagging volume sales, given that 56% of eaters and buyers of bread would like to see more different flavours. These also offer a key means for bread to drive engagement among younger age groups, interest rising to 70% of 16-24 year olds. Bread that is made from a mix of wheat flour and other flours holds untapped potential given the relatively small share of bread and bread product launches featuring flours other than wheat. Bread made with vegetables/pulses incorporated into the dough stands out as another untapped opportunity. (Mintel, *Bread UK*, November 2023).
- ◆ 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.

- ◆ **Mintel – *Coffee Shops (December 2022)***. Moderation now sits at the core of younger coffee shop consumers' decision-making process; however, they still allow themselves to indulge occasionally. This ties in with the fact that 46% of 16-34 year olds (vs 36% of total) bought hot chocolate from a coffee shop as of October 2022, while over-55s (94% vs 80% of total) are far more likely than younger consumers to buy coffee from coffee shops.
- ◆ **IBISWorld – *Bread and Bakery Goods Production in the UK (November 2023)***. Over the five years through 2028-29, revenue is expected to dip at a compound annual rate of 0.1% to just under £8.2 billion. This decline, while small, will be driven primarily by rising health consciousness; as more people become aware of their calorie intake, they'll likely cut down on fatty and unhealthy foods like pastries and cakes, as well as certain breads.
- ◆ **IBISWorld – *Biscuit Production in the UK (September 2023)***. The growth of savoury products has led to the sink of sweet biscuits as consumers have switched from one industry product to another. Major manufacturers have reacted to this by launching new products focused on their health benefits.

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

- ◆ **The Federation of Bakers [factsheets](#)** are a series of consumer factsheets and other publications on a range of topics related to the bakery industry. Current offerings include a bread market overview, market snapshot, European bread market data, environmental practices, dietary and nutritional information, as well as other topics.
- ◆ The **Scottish Grocer** is an online news publication for retailers. You can search for news on [baking](#) and [confectionery](#).
- ◆ [Bakery Business](#). News, interviews from the marketplace. Bakery business has an online magazine aimed at the bakery industry in the UK.
- ◆ [British Baker](#). 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.

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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 [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.

Last updated: December 2023

Updated by: Liesel

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