



Market Report

A Snapshot of your Market Sector

Bakery

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 **October 2020**. 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:

- ◆ **57%** of people who eat and buy bread would be willing to pay more for bread which supports British farmers. COVID-19 has seen a rise in community spirit, as well as a desire to support local businesses in their time of need. The recession triggered by the outbreak and the ongoing uncertainty surrounding the impact of Brexit on companies and jobs will serve to heighten the consumer wish to support British businesses. (Mintel, *Bread: Inc Impact of COVID-19, UK*, September 2020).
- ◆ Once the extensive disruption caused by the lockdown passes, Mintel expects similar patterns of behaviour to those seen in the 2008/09 recession to emerge. Cakes, cake bars and sweet baked goods will continue to play a role in the majority of UK diets, providing an inexpensive way to treat oneself and boost one's mood during an economic downturn. Trading down to own-brand is expected to curb value growth. **By 2024**, the market is expected to reach a value of **£2.36 billion, compared to £2.54 billion** that was predicted before the COVID-19 crisis hit. The question marks over the timelines and outcomes of Brexit negotiations will inject further uncertainty to price trends over the period to 2024. (Mintel, *Cakes, Cake Bars and Sweet Baked Goods UK*, April 2020).
- ◆ Other retail outlets such as speciality bakeries, cake shops, coffee shops and gourmet cafes, are a minor market for the industry and are estimated to account for **8.7%** of revenue in **2020-21**. This segment's share of revenue is expected to have increased over the four years through 2019-20, as consumers started spending more on all forms of discretionary and luxurious spending due to rising disposable incomes and an improving labour market. However, demand from this segment is expected to be constrained in the current year due to café and coffee shops being forced to close over the lockdown period. (IBISWorld, *Biscuit Production in the UK*, October 2020).
- ◆ The Federation of Bakers Bakery Market Overview report (tinyurl.com/y2ugh7ma) shared by the Federation of Bakers Ltd (June 2019) states - The Bread and Morning Goods market has performed well in the past year, growing at **+3.6%**, totalling its value to just under **£4bn**. Individual buying habits have not changed, instead, growth is mostly driven from higher prices.
- ◆ 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](#).

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 – Bread: Inc Impact of COVID-19, UK (September 2020).** Total above-the-line, online display and direct mail advertising expenditure on bread in 2019 stood at £11.6 million. The top four advertisers – Warburtons, Allied Bakeries, Deli Kitchen and New York Bakery Co – together accounted for 79% of this, seeing the category rely heavily on a handful of companies for visibility. In recent years, bread brands have looked to other channels, most obviously social media, in order to engage with consumers. In 2020, this has enabled brands to respond quickly to COVID-19 and its resulting lockdown, helping them to remain relevant
- ◆ **Mintel – Bakeries and Dessert Shops Inc Impact of COVID-19 – UK (May 2020).** As of February 2020, 63% of Britons visited bakeries. 19% visited once a week or more and 44% visited less than once a week. 34% of Britons visited dessert venues, with 7% visiting once a week or more and 27% visiting less than once a week. While buying and eating baked goods outside of the home is more common than buying or eating desserts, both categories appeal to the same demographic groups – 16-34 year olds, city-dwellers and parents of under-18s.
- ◆ **IBISWorld – Bread & Bakery Goods in the UK (July 2020).** Over the five years through 2025-26, operators in the Bread and Bakery Goods Production industry are expected to continue to face pressure from falling bread sales and increasing health consciousness. This is expected to be particularly prevalent towards the beginning of the period, as industry demand is expected to return to pre-pandemic levels following the high in the current year caused by the government's stay-at-home order.

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

- ◆ **Scottish Bakers** industry association website has a **Coronavirus Support Hub** (tinyurl.com/yypgh9hj) that has sections such as support for businesses, health advice and guidance, adapting workplace as well as other resources.
- ◆ **The Federation of Bakers Factsheets** (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). 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/yyhznncn). The Scottish Grocer and Convenience Retailer has a page dedicated to news in the bakery industry.

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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**

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 websites, 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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