



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 2021**. 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).
- ◆ With social gatherings and work-based sharing occasions severely hampered, demand for celebration cakes fell, while the need for lunchbox-friendly formats dwindled as people were asked to work from home where possible and schools were closed. Heightened health concerns amidst the pandemic and the popularity of home baking as a pastime also dampened demand. On the other hand, breakfast foods and at-home snacks enjoyed a boost amid home working and schooling, while more evenings in also contributed. These contrasting trends saw value sales fall by **1% to £2.37 billion** (...) Against this background, the market is forecast to see value growth over 2020-25 fuelled by rising prices rather than underlying momentum, with a **3.5% rise** taking sales to **£2.45 billion**. (Mintel, *Cakes, Cake Bars and Sweet Baked Goods - UK*, April 2021).
- ◆ Operators are likely to continue to launch new innovative products, either through expanding their product ranges or extending their existing product lines to offset the fall in demand in other product segments. Growing demand for artisanal foods is likely to lead to operators continuing to add variety to their product mixes, which is anticipated to support revenue over the coming five-year period. However, although difficult to forecast due to their inherently volatile nature, wheat prices are projected to rise only marginally over the coming period, which could limit growth in sales prices and therefore limit industry revenue. Industry revenue is anticipated to decline at a compound annual rate of **0.6% over the five years through 2026-27 to £8.4 billion**. (IBISWorld, *Bread & Bakery Goods Production in the UK*, August 2021).
- ◆ 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.
- ◆ **IBISWorld - Bread & Bakery Goods Production in the UK (August 2021).** Major players in the industry have proactively responded to changing consumer preferences by incorporating more healthy and convenient products in their offerings. All the industry's players have at least one product line dedicated to wholegrain, seeded or other high-nutrient bread and bakery goods. They have also incorporated various packaging improvements to facilitate the trend of on-the-go snacking. These trends are expected to continue over the next five years as producers attempt to offer new products in order to maintain market share. Breads fortified with omega-3, such as Kingsmill's 50/50 range and Super Seeds loaf, are already popular with consumers, as well as the low-carb bread product ranges now offered by manufacturers such as Hovis. With the rising popularity of artisanal-style foods, supermarkets are expected to continue modifying their bread products to compete with those offered in artisan bakeries.

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/yyhznnncn). 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 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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