



Market Report

A Snapshot of your Market Sector

Catering

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 **Catering** 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 Catering 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:

- ◆ The reopening of the economy helped begin the market recovery in 2021, over which **market value rose by 36% to £4.4 billion**. This was still 25% lower than its pre-pandemic size (2019: £5.9 billion) with recovery stunted by a further lockdown during Q1 2021. **MBD forecasts** the contract catering market's value to **increase to £6.6 billion by 2026**. This would reflect an increase of 50% (£2.2 billion) compared to 2021 and an increase of 13% on its 2019 value. Initial growth during the forecast period will be driven by the continued recovery of activity in key markets, particularly in the corporate and retail sectors (Mintel, *Contract Catering – UK*, January 2022).
- ◆ Over the next five years through 2027-28, industry revenue is expected to grow at a compound annual rate of **2.2% to £1.4bn**. Catering for corporate functions is the largest industry service segment, accounting for approximately 48.8% of industry revenue in 2023. Catering services for weddings accounts for approximately **26.8%** of industry revenue as of 2023. Private functions, including all other parties or events held by consumers such as engagement parties, birthday parties, funerals, christenings, religious events, and New Year's Eve and Christmas parties, account for approximately **9.4%** of industry revenue. (IBISWorld, *Catering Services in the UK*, March 2023)
- ◆ The recovery of the foodservice market gained momentum in 2022 rising to a market value of **£78 billion** as all social distancing restrictions were removed and consumers returned to workplaces, retail and leisure venues. The UK foodservice market is expected to grow **11.5% by 2027**, reaching a value of **£91 billion**, but growth will struggle to keep pace with high inflation. As the economy settles down from 2024 onwards, the industry is expected to return to growth in real terms, though this may be limited due to consumers recovering from financial damage due to the cost-of-living crisis (Mintel, *Eating Out Review – UK – January 2023*)
- ◆ The national organisation for this industry is the [British Hospitality Association](#). Other industry bodies include the [Nationwide Caterers Association](#) and [the Association for Catering Excellence](#).

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.

- ◆ **Office for National Statistics – Family Spending in the UK: April 2021 to March 2022 (October 2023)**. In the financial year ending 2022, households in the United Kingdom spent an average of **£12.60 a week** on restaurant and café meals, which was the item households spent the most on within the catering and foodservice spending category. Meanwhile, average weekly spending on catering and canteens was **£0.40 a week**. (Office of National Statistics, *Family spending in the UK: April 2021 to March 2022*, October 2023 - www.ons.gov.uk)
- ◆ **Euromonitor - Consumer Foodservice in Western Europe** (August 2023). The foodservice industry has been experiencing staff shortages post-pandemic as many employees found employment in other sectors. Many of these employees did not return to the foodservice industry post-pandemic, resulting in a shortage of skilled staff. High inflation is also a problem across a number of industries, pushing costs higher. However, raising costs is not a great strategy while customers struggle with pressures on their disposable income. These factors will affect the continued recovery of the foodservice industry.
- ◆ **IBISWorld - Catering Services in the UK** (March 2023). Caterers are susceptible to volatile food prices, with food price inflation in September 2022 reaching its **highest level since April 1980**. The cost-of-living crisis is also limiting the amount of money that households and businesses can spend on events, with many choosing to scale back events. Industry revenue is expected to grow at a compound annual rate of **2.2%** over the next five years through **2023-28 to £1.4bn**. In the coming years, however, rises in disposable income and consumer confidence with drive demand for catering services.
- ◆ **Mintel – Sustainability in Foodservice – UK – 2023** (July 2023). Sustainability initiatives are a key priority among consumers, particularly food waste (which concerns **68%** of consumers), and packaging waste (**54%** of consumers). **64%** of consumers feel incentivised when they are rewarded for bringing their own reusable container, while **61%** feel it's worth visiting food outlets and restaurants that sell discounted unsold meals before closing time.

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

- ◆ News articles from [Hospitality and Catering News](#).
- ◆ [Department for Environment, Food & Rural Affairs, Food Statistics Pocketbook](#), last updated in **November 2023**. This document provides a summary of statistics covering the economic, social and environmental aspects of food in the UK.
- ◆ [Food Standards Agency](#). The FSA produces a wide range of publications for the public and the food 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**



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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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