



Market Report

A Snapshot of your Market Sector

Catering

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 **February 2019**. 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 value of the UK contract catering industry **increased by 1% in 2018**, matching the growth of 2017. This further enforced the resilience of the market as it again overcame rising input costs and Brexit headwinds. Looking forward, the value of the market is forecast to continue to grow, **increasing by 5.3% in the five years to 2023**. The rate of growth is set to gradually recover momentum as the UK formalises its exit from the EU, whilst the income squeeze is expected to ease, bolstering consumer expenditure. (Mintel, *Contract Catering*, December 2018).
- ◆ Industry revenue is forecast to **grow at a compound annual rate of 0.6% over the five years through 2023-24**, though the total is anticipated to remain roughly at the £1.4 billion mark. Forecast increases in real household disposable income, the UK marriage rate and consumer confidence are expected to contribute to sustained demand in the wedding and private function sectors. However, uncertainty relating to the UK's departure from the European Union may further limit industry revenue growth in the coming years. (IBISWorld, *Catering Services in the UK*, November 2018).
- ◆ Food-service contractors have benefited from favourable conditions over the past five years, and revenue has grown consistently. The continuing trend for organisations in the public and private sectors to outsource non-core business activities such as catering has resulted in stable industry growth. In the current year, revenue is anticipated to **expand by 0.6% to reach £9.9 billion** as a forecast decline in business confidence has the potential to weigh on the industry. (IBISWorld, *Food-Service Contractors in the UK*, June 2018).
- ◆ For most people, eating at pubs is a family affair. **65%** of pub diners typically eat at pubs with their family; **60%** of British adults agree that pubs/bars should be family-friendly, especially parents of under-18s (**71%**) (Mintel, *Pub Catering*, May 2018).
- ◆ The national organisation for this industry is the [British Hospitality Association](#). Other industry bodies include the [Nationwide Caterers Association](#), [The Association of Scotland's Self Caterers](#) 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.

- ◆ **Mintel – Contract Catering (December 2018)**. Growth was driven by the business and industry and education markets; supported by record employment and attendance figures. This was enough to drive total growth despite declines elsewhere, primarily in the prison and defence sectors, which remain blunted by budgeting pressures. Mintel expects a wave of innovation driven by heightened collaboration between caterers and the high street and increased use of technology. However, margins are set to remain squeezed by rising food and labour costs, particularly given scheduled National Living Wage increases.
- ◆ **IBISWorld – Catering Services in the UK (November 2018)**. A company's reputation is likely to become even more important as the number of enterprises in the industry increases. Social media has made it easier than ever for consumers to compare catering services. Firms that are able to effectively utilise social media to engage with customers and enhance their brand image are more likely to thrive over the next five years. High-profile chefs are likely to continue to feature heavily in the development of event catering services, allowing firms to demonstrate high product quality.

We also have access to the following related reports:

- ◆ Mintel – *Attitudes Towards Leisure Venue Catering*, June 2017
- ◆ Mintel – *Retail Venue Catering*, (January 2018)
- ◆ IBISWorld – *Takeaway & Fast Food Restaurants in the UK* (April 2018)

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

- ◆ **Department for Environment, Food & Rural Affairs, *Food Statistics Pocketbook***, last updated in **November 2018** (<https://www.gov.uk/government/statistics/food-statistics-pocketbook>). This document provides a summary of statistics covering the economic, social and environmental aspects of food in the UK.
- ◆ **Food Standards Agency** (<http://tinyurl.com/ppb6lan>). The FSA produces a wide range of publications for the public and the food industry. View their list of industry publications available free of charge to download.
- ◆ **Health and Safety Executive, *Catering and Hospitality*** (<http://tinyurl.com/ofg2rez>). This site provides information for people working in the catering and hospitality industry on how to comply with health and safety law.

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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 [Retaining and Grow Your Customer Base](#) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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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