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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **March 2020**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](http://www.bgateway.com/businessplan); 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 UK contract catering industry grew by **3.2% in 2019**, supported by consumer interest in food and drink, shifts in the use of commercial retail space and the growth of serviced offices. Over the next five years to 2024, the contract catering industry is forecast to continue its growth. On the assumption of the conclusion of a Brexit deal that minimises trade frictions in the form of tariffs and additional regulations on imports and exports, the sector is expected to grow by **27% between 2019 and 2024** to reach a value of £7.4 billion. ([Mintel, Contract Catering – UK, December 2019](http://www.bgateway.com/businessplan)).

- Operators have felt the effects of increased uncertainty surrounding the UK's departure from the European Union in recent years. Although consumer confidence has fallen, an increase in real household disposable income and business expenditure has supported demand for private events and corporate functions. The spread of the coronavirus is expected to significantly weigh on revenue growth over the two years through 2020-21 as most events get cancelled. Over the five years through 2020-21, industry revenue is expected to contract at a compound annual rate of **5.6%**, including contraction of 18.5% 2020-21, to reach just under £1.1 billion ([IBISWorld, Catering Services in the UK, June 2020](http://www.bgateway.com/businessplan)).

- Some **88% of UK adults** currently eat at pubs/bars, representing a 2-percentage point increase since 2018 (86%). Meanwhile, daytime eating participation increased slightly as a result of the rising popularity of the breakfast/brunch and lunch occasions ([Mintel, Pub Catering – UK, May 2019](http://www.bgateway.com/businessplan)).

- The national organisation for this industry is the [British Hospitality Association](http://www.bgateway.com/businessplan). Other industry bodies include the [Nationwide Caterers Association](http://www.bgateway.com/businessplan), [The Association of Scotland’s Self Caterers](http://www.bgateway.com/businessplan) and the [Association for Catering Excellence](http://www.bgateway.com/businessplan).
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 – UK** (December 2019). Catering facilities saw an increase in popularity over the past 12 months, driven by increased visits to workplace canteens (20% in 2019 vs 16% in 2018), and canteens/cafeterias in venues such as sports clubs and retail stores (24% in 2019 vs 15% in 2018). These increases were driven by higher attendance by the under45s, in addition to the greater uptake of the serviced office model in the commercial property sector.

- **IBISWorld - Catering Services in the UK** (June 2020). Consumers are anticipated to account for 44.3% of industry revenue in the current year. Consumers hire caterers for a range of private events such as weddings, engagement parties, birthday parties, christenings, religious events, and New Year's Eve and Christmas parties. The majority of revenue generated by this market segment comes from the catering of weddings. Larger budgets tend to be assigned for weddings than other private functions, as they are viewed as a once-in-a-lifetime event and are highly valued by consumers.

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

- News articles from **Hospitality and Catering News** ([https://tinyurl.com/yd7jue85](https://tinyurl.com/yd7jue85)).

- **Department for Environment, Food & Rural Affairs, Food Statistics Pocketbook**, last updated in **March 2020** ([https://tinyurl.com/y5tzls3t](https://tinyurl.com/y5tzls3t)). This document provides a summary of statistics covering the economic, social and environmental aspects of food in the UK.

- **Food Standards Agency** ([https://tinyurl.com/y9d78qs5](https://tinyurl.com/y9d78qs5)). 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
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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**Last updated:** June 2020

**Updated by:** Aleksandra