



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

This market report was updated by Business Gateway in **November 2022**. 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 (Intel, *Contract Catering – UK*, January 2022).
- ◆ Over the five years through 2022-23, industry revenue is expected to contract at a compound annual rate of **2.2%, including revenue growth of 1.4%** in the current year to **£1.4 billion**. Catering for corporate functions is the largest industry service segment, accounting for approximately **48.8%** of industry revenue in 2022-23. Catering services for weddings is expected to account for **26.8%** of industry revenue in 2021-22. Private functions include 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. This segment is estimated to account for **9.4%** of industry revenue. (IBISWorld, *Catering Services in the UK*, June 2022).
- ◆ In the **financial year ending 2021**, households in the United Kingdom spent an average of £5.3 a week on take away meals eaten at home, which was the item households spent the most on within the catering and food service spending category. Meanwhile, average weekly spending on **contract catering and canteens (£0.40) was lowest during that period**. (Office of National Statistics, *Family spending in the UK: April 2020 to March 2021*, July 2022 - [tinyurl.com/56h7ujyx](https://tinyurl.com/56h7ujyx)).
- ◆ **The Consumer Price Index (CPI) of catering services** in the United Kingdom (UK) as an annual average has **increased over the period from 2003 to 2021**, where the year 2015 equals 100. **In 2021, the annual average price index value of catering services was measured at 115.9**. Consumer price indices are designed to measure changes in the price of everything consumers buy. (Office of National Statistics, *Consumer price inflation, UK: September 2022, October 2022* - [tinyurl.com/yc4mfxtu](https://tinyurl.com/yc4mfxtu))
- ◆ 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](mailto:info@bgateway.com).

- ◆ **Mintel – Contract Catering – UK** (January 2022). The use of dark kitchens grew significantly over 2020, as restaurants and food outlets adopted the strategy to contend with the impact of lockdowns and social distancing on their operation and revenues. For the contract catering sector, the use of dark kitchens (or CPKs) may offer an alternative to on-site cooking – helping to rationalise activity into a core location from which food is dispatched, loosening the reliance on the presence of customers on-site and improving the commercial viability of operations. The model could have particular viability in the corporate segment, but would face strong competition from existing food retailers who have also come to adopt the strategy
- ◆ **IBISWorld - Catering Services in the UK** (June 2022). Food price inflation reached 14.6% in the year through September 2022, the highest level since April 1980 according to data from the Office for National Statistics, making food and non-alcoholic beverages the largest contributor to the Consumer Price Index. Increases have been driven by price increases across many of the detailed classes, particularly bread and cereals, meat, milk, cheese and eggs. This has contributed to the cost-of-living crisis in the UK and a fall in real household disposable income. Although this may benefit operators in food production and service industries in the short-term in terms of revenue, bottom lines remain under pressure as price increases may not be wholly passed on to consumers.

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

- ◆ **COBRA Caterer/Buffer Service Business Opportunity Profile** – Accessed from National Library of Scotland ([tinyurl.com/32r8wn82](https://tinyurl.com/32r8wn82)) this includes *key market issues and trends, trading, commercial and legal issues and legislation*.
- ◆ News articles from **Hospitality and Catering News** ([tinyurl.com/yd7jue85](https://tinyurl.com/yd7jue85)).
- ◆ **Department for Environment, Food & Rural Affairs, Food Statistics Pocketbook**, last updated in **November 2020** ([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** ([tinyurl.com/m6zd3dya](https://tinyurl.com/m6zd3dya)). The FSA produces a wide range of publications for the public and the food industry.

**Disclaimer:** Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.

## 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](mailto:info@bgateway.com) or by calling **0300 013 4753**



Connect with us

## 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](mailto: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](#).

Although every effort has been made to ensure the accuracy of the information provided, Business Gateway will not be held liable for any inaccuracies or omissions in the data supplied, or for the content of any website that the document above may contain links to. By using this information, you accept this disclaimer in full. Also, please note that Business Gateway does not endorse any business or individual that may be referred to above.

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.

**Last updated: November 2022**

**Updated by: Carla Bennett**

**Connect with us**

