



# 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 **October 2020**. 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:

- ◆ 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. 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).
- ◆ Catering for **corporate functions** is the largest industry service segment, accounting for approximately **49%** of industry revenue in 2020-21. Catering services for **weddings** is the second-largest service segment, generating an estimated **27% of industry revenue**. **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 are estimated to account for **9%** of industry revenue. The remaining **15% of industry revenue is generated from a range of events, including seminars and community events hosted by the government and a range of educational facilities**. (IBISWorld, *Catering Services in the UK*, June 2020).
- ◆ While COVID-19 has impacted all categories globally, limited-service restaurants are expected to weather the storm somewhat more effectively than others. **Operators in the category are far more likely to have existing drive-through, delivery or takeaway capacity, allowing many to continue operating during lockdowns**. Likewise, a higher portion of sales in the category come from chains, which tend to be better capitalised and thus better able to adapt to new operating requirements compared with independents. (Euromonitor - *Consumer Foodservice: Quarterly Statement Q3 2020*, September 2020)
- ◆ The value of the UK foodservice industry is expected to plummet in 2020. Enforced closures, capacity restrictions and consumers' financial and health and safety concerns will result in the value of the market **declining by 55% to reach just under £35 billion this year, down from £76.8 billion in 2019**. (Mintel - *The Future of Eating Out: Inc Impact of COVID-19 – UK*, August 2020)
- ◆ 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 - The Future of Eating Out: Inc Impact of COVID-19 – UK** (August 2020). Looking ahead in to 2021 and beyond, demand for eating and drinking out of home is expected to return at a relatively rapid pace based on the assumption that a vaccine will be available by mid-2021, and that the economy will see a sharp return to growth. However, a full recovery to precrisis levels will take some time, as we do not expect the value of the market to return to its 2019 level until 2024. Operating dedicated dark kitchens/delivery hubs is a great way for restaurant brands to expand food delivery reach without overstressing restaurant kitchen capacity nor blurring the lines of dine-in services and fulfilling home delivery orders.
- ◆ **Mintel, Attitudes Towards Pub Catering: Inc Impact of COVID-19 - UK** (July 2020) Mintel's Global COVID-19 Tracker showed that going out for a meal or drinks were among the top things Brits were most looking forward to post-lockdown, only 24% would feel comfortable going to an indoor restaurant/bar and just 35% would feel comfortable going to an outdoor restaurant/bar as of 16-22 July 2020.
- ◆ **IBISWorld - Catering Services in the UK** (June 2020). The rapid spread of the coronavirus is expected to significantly weigh on revenue growth of industry operators over the two years through 2020-21 as most events have been cancelled following the UK government's ban on public gatherings. The pandemic is expected to take a toll on the operational efficiency of industry operators as event cancellations across the United Kingdom result in industry operators of all sizes grappling with mounting wage and insurance costs. In response to the virus, the government provided emergency loans and grants that are expected to help industry operators.
- ◆ **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.

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

- ◆ News articles from **Hospitality and Catering News** (<https://tinyurl.com/yd7jue85>).
- ◆ **Department for Environment, Food & Rural Affairs, Food Statistics Pocketbook**, last updated in **March 2020** (<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>). The FSA produces a wide range of publications for the public and the food industry.

**Disclaimer:** This report has been updated on **23rd October 2020**, we have included Post COVID-19 market material where available. 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.

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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](mailto: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](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 [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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**Last updated: October 2020**

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