



Market Report

A Snapshot of your Market Sector

Delicatessen

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 **delicatessen** 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 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 delicatessen 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:

- ◆ Retail sales of specialist food and drink retailers dropped 5% in 2020 as a result of the COVID-19 pandemic. The pandemic drove online and more value-focused shopping while leading to a drop in footfall across the country. The majority of specialist food and drink retailers remain store-focused and are often more premium retailers. As a result of these factors, the sector was badly hit despite the overall rise in grocery shopping. Mintel forecast that the sector will start to see a recovery in 2021 but will still suffer from the lingering effects of the pandemic and economic downturn. **Growth is set to return in 2022** as the sector may benefit from the shift towards local-community shopping. (Mintel, *Specialist Food and Drink Retailers - UK*, March 2021).
- ◆ Mintel found that **9% of consumers typically shopped at a delicatessen in 2021**. 32% of delicatessen shoppers visit 2-3 times a month while 25% visit once a week. (Mintel, *Specialist Food and Drink Retailers - UK*, March 2021).
- ◆ The meat and meat product retailing industry in the UK is highly fragmented, consisting of numerous small-scale establishments that source the majority of their produce from local farms and serve local communities. Industry revenue is anticipated to grow at a compound annual rate of 4.1% over the five years through 2021-22, to **£3.8 billion**. Over the five years through 2026-27, industry revenue is anticipated to increase at a compound annual rate of 1.1% to reach £4 billion. **Growth is expected to be driven by consumer interest in organic and sustainable products**. (IBISWorld, *Meat & Meat Product Retailing in the UK*, March 2022).
- ◆ The retail value of cheese sales in the UK increased by 6% in current terms in 2022 to £4.3 billion. The increased interest in continental cheeses, for instance, will be a key driver of premiumisation amongst British consumers. The increased interest in artisanal cheese, together with its widened availability on e-commerce platforms, are expected to provide even stronger growth for premium cheese selections. (Euromonitor, *Cheese in the United Kingdom*, September 2022).
- ◆ The national organisation for this industry is [Scotland Food and Drink](#), [Quality Meat Scotland](#), [The British Retail Consortium](#), [The Guild of Fine Food](#), [Food and Drink Federation](#), [National Craft Butchers](#), and [The Independent Retailers Confederation](#).



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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 - *Specialist Food and Drink Retailers - UK (March 2021)***. Those who typically shopped at delicatessens were the most intimidated by the shopping experience, suggesting that there is a clear opportunity for this type of store to do more to make customers feel more welcome. This could include providing consumers with more information, serving suggestions and clearer pricing. Mintel has been tracking consumers' growing interest in understanding more about where their products are coming from. Despite having a reputation for being expensive, most consumers were happy with the value-for-money at specialist stores, with 76% of consumers reportedly satisfied with the value they get from the stores they visit. Specialists would do well to position themselves as more value-friendly to ensure they can attract new customers and retain ones who may be concerned with cutting back on spending. Big-four supermarket Morrisons stressed how useful meat counters could be when budgeting, with the butcher able to provide cheaper cuts for customers at the exact (or close) price point required. Specialists like delicatessens should work to inform their customers how they can provide genuine value.
- ◆ **Euromonitor - *Traditional Grocery Retailers in the United Kingdom (February 2022)***. Retail value sales for traditional grocery retailers (which includes independent small grocers and food/drink/tobacco specialists) decreased by 1% in current terms in 2021 to £17.2 billion. As part of the desire to shop local and the willingness to support local businesses, demand for shopping at independent businesses is likely to remain stable in the coming years.

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

- ◆ **Food Safety Scotland, *Industry Specific Advice*** (tinyurl.com/ms8m9ju). Food Safety Scotland has resources to help small retail businesses with food safety management and food hygiene regulation.
- ◆ **Speciality Food Magazine, *Reasons To Be Cheerful: Riding the localism wave, April 2022*** (tinyurl.com/y99vkkxad). A 2021 Barclaycard report found that nearly two-thirds of consumers in the UK chose to buy closer to home in the previous year, with more than nine in ten saying they would continue to do so post-pandemic. Meanwhile new research from the Farm Retail Association found that 89% of farm shops report an increase in sales since 2019, and 64% expect sales to increase further in 2022. This article also explores ways for independent food and drink shops to ride the localism wave.
- ◆ **Association of Convenience Stores, *Community Barometer 2022, August 2022*** (tinyurl.com/y5ye6ny). 43% of survey respondents thought that it would be beneficial for their local area to have more specialist food shops.

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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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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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