



Market Report

A Snapshot of your Market Sector

Fresh Food Retailing

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 **Fresh Food Retailing** 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 Fresh Food Retailing 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:

- ◆ **Over the five years through 2022-23, industry revenue is forecast to grow at a compound annual rate of 4.7% to £1.3 billion.** Fruit and vegetable consumption has increased in volume terms since the start of 2017-18 driven by rising health consciousness. Demand for local and organic produce has also grown as consumers have become increasingly concerned about the provenance of their food. The industry has faced challenging operating conditions over the five years through 2022-23 with performance affected by competition, fluctuating input prices and constrained disposable incomes. **In 2022-23 industry revenue is forecast to decline by 7.8%** due to the negative effects of high inflation on disposable incomes as households tighten expenditure and look for cheaper alternatives. (IBISWorld, *Fruit & Vegetable Retailers in the UK*, October 2022).
- ◆ Due to inflationary pressure and thus shrinking disposable incomes, consumers have been forced to adjust their purchasing habits, trading down to cheaper food options. This is important for sales of red meat and fish, as some consumers move to better value for money protein sources such as poultry, eggs and pulses. Following a massive increase in retail volume sales of fresh food in 2020, the easing of lockdown restrictions in 2021 and the gradual return of consumers to their pre-pandemic habits switched consumption back from retail to the foodservice and institutional channels to a great extent. Sales of fresh food are forecast **to rise by 0.9% through 2022**, reaching **sales volumes of 12.4m tonnes**. The value of **retail sales of fresh food in 2022 was £46.8 billion**. (Euromonitor, *Fresh Food in the United Kingdom*, December 2022).
- ◆ Following **strong growth of 6.8% in 2020 and then a minor decline of 0.6% in 2021, a return to more substantial growth of 3.9% is expected in 2022 for the grocery retail sector**. Despite concerns still playing a key part in channel choice, footfall has seen a recovery in 2021. Continued flexible working means that the heightened in-home needs of the pandemic are likely to continue in the short to medium term and this should bring further opportunities for the grocery sector, and in particular supermarkets, which focus on big-basket demand. (Mintel, *Supermarkets: UK*, 2021).
- ◆ The national organisation for this industry is the [Association of Convenience Stores](#). Other industry bodies include [the Scottish Grocers' Federation](#), [Scotland Food and Drink](#), [the Fresh Produce Consortium](#) and the [British Retail Consortium](#).

Where can I find more information on my market?

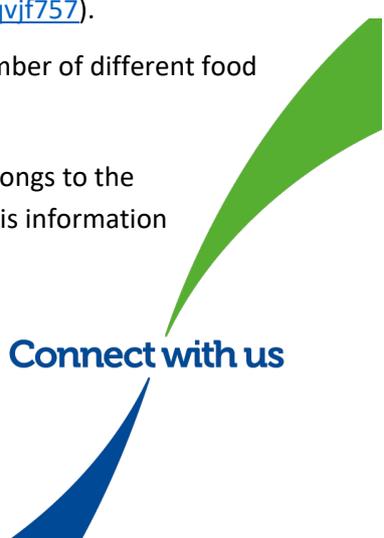
The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **IBISWorld – *Fruit & Vegetable Retailers in the UK*** (October 2022). Fruit and vegetable boxes delivered directly to households or businesses, have become increasingly popular over the past five years. Organic fruit and vegetables are also gaining popularity and accounting for a greater share of store shelf space. The popularity of organic food is increasing due to factors such as health and environmental concerns. According to Defra, the major factors influencing choice of products purchased by consumers include price, knowledge of ingredients and fat content. Sales of food considered to be ethical are rising. This includes organic, fair trade and free-range products.
- ◆ **Euromonitor – *Fresh Food in the United Kingdom*** (December 2022). The increasing awareness of British consumers will continue to boost demand for pulses as a good source of protein, fibre and iron. Sales of poultry are also expected to record retail volume growth, as consumers look for easy to cook, affordable options with high protein content. Fruit and vegetables are projected to return to retail volume growth. Alongside the health and wellness trend, sustainability considerations will continue to gain importance, driving consumers awareness of transparent supply chains and boosting organic and fair-trade fruit and vegetable sales.
- ◆ **IBISWorld – *Organic Food Retailing in the UK*** (March 2021). The largest product segment includes fruit, vegetables and salad, accounting for approximately 30% of industry revenue in 2020-21. Growth in this segment has been supported by the rising popularity of box schemes offered by major players Abel & Cole and Riverford Organic Farmers. Demand for this product segment boomed during the pandemic. Supermarket shortages following stockpiling have also pushed customers towards this product segment. However, following a surge in demand, industry operators have reduced their product ranges on offer to keep up with orders, constraining revenue. Over the past five years, revenue from this segment has increased.

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

- ◆ The annual **John Lewis Food and Drink Report 2022-23** (tinyurl.com/ybukapr6) identified some trends that defined 2022. A third of respondents said they were “very concerned” about the rising cost of living. 2022 was the year of moderation and buying “less but better meat”.
- ◆ **The Grocer** (tinyurl.com/ycpat92w) is a key industry magazine providing buying and supplying reports and current news.
- ◆ **Scotland Welcomes You** has a directory of Scottish Farmers’ markets (tinyurl.com/qvijf757).
- ◆ **Scotland Food & Drink** – (tinyurl.com/ahpzjnmj) information and guidance on a number of different food and drink sectors.

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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.
- ◆ [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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