



Market Report

A Snapshot of your Market Sector

Fresh Food Retailing

This pack has been designed to provide information on setting up a business in the **Fresh Food Retailing Market** 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 **January 2024**. 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:

- ◆ There was little change year-on-year in terms of how shoppers broadly buy groceries, with 45% typically doing one big shop, 46% combining a big shop with top-ups and a smaller group (9%) shopping on a top-up only basis. Lifestyle impacts this behaviour. Those working from home are more likely to shop only on a main-shop basis, with online a factor here, while those working spending all or part of their working week outside of home are more likely to combine top-ups with a big shop. (Intel, *Supermarkets UK*, December 2023).
- ◆ Organic food retailing revenue is expected to creep upwards at a compound annual rate of 6.6%. Changing consumer trends and diets are propelling the Organic Food Retailing industry's growth. Ethical consumerism is pushing sales, with more consumers deterring purchases of products produced in a way that harms animals or the environment. Consumers are becoming more vigilant of the foods they consume following a spate of disease outbreaks and contamination concerns, encouraging them to go organic. (IBISWorld, *Organic Food Retailing*, December 2023).
- ◆ Over the five years through 2028-29, revenue is expected to inch upwards at a compound annual rate of 0.5% to just over £1.1 billion. In the medium term, rising health consciousness, consumer confidence and disposable incomes are expected to boost demand for organic produce. One area of growth for the industry is through online delivery – establishing partnerships with online delivery companies like Deliveroo and Gorilla represent viable options to accelerate revenue. (IBISWorld, *Fruit & Vegetable Retailers in the UK*, September 2023).
- ◆ The ongoing health and wellness trend is set to fuel retail volume growth of fruits and vegetables, contributing to their recovery. Furthermore, this trend is anticipated to boost volume sales of nuts, aligning with consumer preferences for nutritious and convenient unprocessed snacks. Unfavourable weather conditions and challenges faced by domestic farmers are compelling the industry to embrace new technologies and innovations. Vertical farming is emerging as a key strategy for securing future production, ensuring a consistent supply of fresh produce. (Euromonitor, *Fresh Food in the United Kingdom*, December 2023)
- ◆ 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](#).



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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.

- ◆ **IBISWorld – *Butchers in the UK (August 2023)***. Looking forward, supermarkets will pose a growing threat to butchers' revenue as they expand into premium meat retailing by incorporating butchers and deli counters into their stores. Butchers can boost their profitability by offering high-margin pre-prepared meals to time-poor customers. However, purchase prices will face upwards pressure as government financial support for farmers transitions away from incentivising quantity to a focus on quality.
- ◆ **Euromonitor – *Fresh Food in the United Kingdom (December 2023)***. 2023 has presented considerable challenges and complexities for fresh food in the UK. Families are increasingly turning away from traditional staples such as fresh meat, fresh fruits, and vegetables due to the ongoing cost-of-living crisis. This shift has had a significant impact on retail volumes across a wide array of fresh food categories, driven by a prevalent sense of financial caution among consumers who are choosing to allocate their spending to essential items. This is further exacerbated by a shift towards foodservice and stabilising growth of fresh food where consumers return to pre-pandemic habits. Thus, retail volumes are continuing to decline across most categories.
- ◆ **IBISWorld – *Delicatessens in the UK (December 2023)***. Industry revenue is forecast to grow at a compound annual rate of 4.9% over the five years through 2022-2023 to £1.2 billion. Growing consumer interest in organic and sustainable products will pump up industry demand. In the medium- to long-term, forecast growth in disposable income levels and an overall deflationary environment will drive demand for expensive and high-quality deli products, particularly among higher income groups.
- ◆ **IBISWorld – *Food Markets in the UK (December 2023)***. Surging inflation threatens sales as consumers become less optimistic and cut their spending on discretionary items like those sold by food market stalls. That's why sales are forecast to fall by 4.5% in 2022-23. Food markets' revenue is forecast to fall at a compound annual rate of 2.8% over the five years through 2022-23 to £1.2 billion. At the moment, inflation is pushing up purchase costs and soaring production costs are contributing to food shortages, weighing on profitability.

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

- ◆ [Scotland Food & Drink](#) provide information and guidance on a number of different food and drink sectors.
- ◆ [The Grocer](#) is a key industry magazine providing buying and supplying reports and current news.
- ◆ The **Waitrose** [Food & Drink Report 2023-24](#) identifies key trends in the market.

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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 websites, 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: January 2024

Updated by: Liesel

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