



# 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** 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 2021**. 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:

- ◆ Fruit and vegetable consumption has increased in volume terms since the start of 2015-16, supermarkets accounting for most of the increase in fruit and vegetable sales, as they were able to offer lower prices than specialised retailers. This has also been the case during the COVID-19 (coronavirus) lockdown, as supermarkets have absorbed the majority of the downstream demand. Industry revenue is expected to **rise by 9.2% in 2020-21**, generating **£1.1 billion**. The share of revenue absorbed by **vegetables** is approximately **69.5% in 2020-21**. **Fruits**, including citrus fruits, apples, pears, bananas, stone fruits and berries, are estimated to account for **30.5% of industry revenue in 2020-21**. (IBISWorld, *Fruit & Vegetable Retailers in the UK*, January 2021).
- ◆ There was a strong increase in sales of foods consumers perceived to be healthy, with the COVID-19 outbreak having increased the focus on health and wellbeing in the UK. This led to retail volume growth in sweet potatoes, nuts, poultry, vegetables, fruits and pulses, all of which saw heightened retail growth due to their associated health benefits. Sales of fresh food are forecast **to rise by 5.6% through 2022**, reaching **sales volumes of 13.2m tonnes**. (Euromonitor, *Fresh Food in the United Kingdom*, January 2021).
- ◆ In November 2020, the retail sales value of food stores increased by 6.9% compared to a year earlier. In 2020, the **grocery market is estimated to be worth £205billion**. In 2020, just under 15% of consumers in England, Northern Ireland, and Wales had supermarket products delivered to their doorstep about once per week. More than half of surveyed consumers in the UK had not tried this option before. (Statista, *Food & Beverage*, 2021).
- ◆ Consumer spending on core in-home food and drink categories rose to **over £100million in 2020**. Whilst all core grocery channels, excluding specialists, saw strong growth in 2020 it is **online** that has outpaced them all. The channel is expected to see its share of all spending in the sector **grow from 7.0% in 2019 to 10.8% in 2020**, a rapid rise worth an **additional £7.8 billion in sales** to the channel. (Intel, *Supermarkets: Inc Impact of COVID-19 – UK*, November 2020).
- ◆ 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](mailto:info@bgateway.com).

- ◆ **IBISWorld – Fruit & Vegetable Retailers in the UK** (January 2021). Fruit and vegetable boxes have become increasingly popular over the past five years. The Office for National Statistics (ONS) reported total household spend on fresh vegetables to reach £4.40 per week in the year through March 2019, 7.8% of total weekly household expenditure on food. Sales of food that is considered to be ethical are rising. This includes organic, fair trade and free-range products.
- ◆ **Euromonitor – Fresh Food in the United Kingdom** (January 2021). The long term outlook of fresh food is expected to be driven by the need for products of higher quality. A focus will be given to organic food that guarantees safety and aligns to consumers' growing demands for ethical and sustainable production. This means that the fresh food industry's average retail price will slightly increase throughout the forecast period. The health and wellness trend is also set to continue throughout the forecast period, having been boosted by the outbreak of COVID-19. This will be a challenge for sales of sugar; while eggs, nuts, fruits, pulses and vegetables will all benefit from consumers heightened interest to remain fit and healthy.
- ◆ **IBISWorld – Organic Food Retailing in the UK** (March 2021). Organic fruit and vegetables are gaining popularity and are accounting for a greater share of store shelf space. The largest product segment includes fruit, vegetables and salad, accounting for approximately 30% of industry revenue in 2020-21. The industry remains fairly fragmented, with a large number of smaller, privately-owned and operated companies. These include box-scheme retailers and farmers' shops and markets. The four largest retailers - Fresh & Wild, Abel & Cole, Riverford Organic Farmers and Planet Organic - are expected to account for 34.5% of industry revenue in 2020-21.

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

- ◆ The annual **John Lewis Food and Drink Report 2021-22** ([tinyurl.com/ybukapr6](https://www.tinyurl.com/ybukapr6)) found that 8% of people now shop for food every day of the week, either in store or online – up 4% from last year, with the biggest rise amongst 18-24 year olds. Diets focused on reducing carbon footprints are gaining in popularity with plant-based milk and sustainable meat and grains experiencing growth. 69% of Gen Z-ers say they are more likely to buy from a company that focuses on social causes.
- ◆ **The Grocer** ([tinyurl.com/yccpat92w](https://www.tinyurl.com/yccpat92w)) 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/qvjf757](https://www.tinyurl.com/qvjf757)).
- ◆ **Scotland Food & Drink** – ([tinyurl.com/ahpzjnmi](https://www.tinyurl.com/ahpzjnmi)) 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](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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**Updated by: Eleanor**

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