



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), 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 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:

- ◆ Total consumer spending on food and drink grew by **4% to reach £125.2 billion in 2018**. However, on a volume basis growth slowed from 3.7% in 2017 to 1.8% in 2018. This trend continued into 2019 with value spending at **£128.3 billion, up by 2.5%**. (Mintel, *Supermarkets - UK*, November 2019).
- ◆ Most categories in fresh food are expected to register volume growth over the forecast period though fish and seafood, starchy roots and sugar and sweeteners may struggle for a variety of reasons due to scarcity of supply, rising prices, changing consumer consumption patterns, such as a lower demand for potatoes, and the health trend with consumers increasingly eschewing sugar. One of the most significant challenges to the market, however, will be the fallout from Brexit, especially in terms of the import and export of fresh food, especially if the UK exits the EU with no deal. (Euromonitor, *Fresh Food in the United Kingdom*, February 2020).
- ◆ Growth within the online grocery market slowed to an historic low of just **2.3% in 2019**, from **9.2% in 2018**, to reach **£12.7 billion**. A major part of the slowing of the market is the July 2018 closure of Tesco Direct, which impacted growth significantly in the first half of 2019. 2020 is set to be a record year for the channel, with estimated growth of **32.6%** due to the COVID-19 outbreak. (Mintel, *Online Grocery Retailing - UK*, March 2020).
- ◆ Rising levels of health consciousness have boosted consumption of fruit and vegetables over the past decade. However, supermarkets have accounted for the majority of fruit and vegetable sales, as they have been able to undercut the prices offered by specialised retailers. Over the five years through 2020-21, industry revenue is forecast to decrease at a compound annual rate of **2.5%**, to **£992.7 million**. This includes expected growth of 0.4% in the current year. (IBISWorld, *Fruit and Vegetable Retailers – UK*, July 2020).
- ◆ 10% of households now have smart security, with 41% interested in buying some smart security devices in the future. 58% of consumers would be interested in using **smart security to get parcel/grocery deliveries** when they are not home. (Mintel, *The Connected Home – UK*, June 2019).
- ◆ The national organisation for this industry is the [Association of Convenience Stores](#). Other industry bodies include the [Scottish Grocers Federation](#), [Scotland Food and Drink](#), [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.

- ◆ **Mintel – Brand Overview: Food: Inc Impact of COVID-19 - UK** (May 2020). Small food companies are likely to be disproportionately impacted by the impending financial downturn, particularly when compared to the more insulated big brands. However, smaller, local brands can expect something of a groundswell of support around them as life begins slowly to get back to normal. Even before the COVID-19 outbreak, 54% of UK consumers said they try to buy from local companies where possible.
- ◆ **Euromonitor – Fresh Food in the United Kingdom** (February 2020). Supermarkets remained the leading distribution channel for fresh food in 2019. This is due to its wide range of products. However, supermarkets continued to lose share to discounters with the latter allocating considerably more shelf space to fresh food over the last decade in response to consumer demand. Consumers are becoming increasingly attracted to discounters as they find their price competitiveness appealing for both standard and premium product categories, with discounters also increasingly providing premium products.
- ◆ **IBISWorld – Fruit & Vegetable Retailers in the UK** (July 2020). The British Retail Consortium (BRC) hit out at the government in February 2020 when it admitted that border checks on almost all goods coming from Europe were to be expected from January 2021. With higher frictions on the movement of fruit and vegetables into the United Kingdom, consumers can expect to pay higher prices. Without a dramatic upgrade to channel ports, industry operators are threatened with the possibility of empty shelves.

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

- ◆ The annual **John Lewis Food and Drink Report 2019-20** ([tinyurl.com/ybukapr6](https://www.tinyurl.com/ybukapr6)) found that luxury frozen food is in higher demand than ever, vegan ready meals are increasing in popularity and noodles are on the rise. Their research found that families are refocusing on the fundamentals – cooking uncomplicated meals, growing their own food, taking up a traditional hobby and turning their backs on materialism.
- ◆ **The Grocer** ([tinyurl.com/ycpat92w](https://www.tinyurl.com/ycpat92w)) is a key industry magazine providing buying and supplying, stores, reports and events information.
- ◆ **Scotland Welcomes You** has a directory of Scottish Farmers' markets ([tinyurl.com/qvjf757](https://www.tinyurl.com/qvjf757)) which may represent potential outlets.

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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**

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.

Last updated: October 2020

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