



Market Report

A Snapshot of your Market Sector

Homemade Cakes and Confectionery

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 **Homemade Cakes and Confectionery** 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 **August 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 Homemade Cakes and Confectionery 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:

- ◆ On the back of increasing health consciousness among the UK population, biscuit makers are expected to expand their ranges of savoury snacks and breakfast biscuits and continue to include ingredients that make their products appear healthy. At the same time, operators are anticipated to introduce more indulgent sweet biscuit recipes to appeal to those looking for a treat. Industry profitability is expected to come under pressure over the period as the forecast appreciation of the pound is anticipated to increase import competition and input prices. Overall, revenue is forecast to **grow at a compound annual rate of 1%** over the next five years, reaching **£3.6 billion in 2026-27**. (IBISWorld, *Biscuit Production in the UK* - March 2022)
- ◆ Changing lifestyles can also affect demand. Consumers are now more health conscious than ever, which has resulted in bakeries having to adapt to consumers' changing tastes and to improve their offerings in order to compete. Some bakery products are viewed as being high in sugar and fat, so with consumers switching to healthier diets, operators have adapted to include more healthy offerings. Bakery cafes are also expanding product ranges to include gluten-free and vegan options in order to attract more customers. (IBISWorld, *Bakery Cafes in the UK*, July 2021)
- ◆ As part of their *Bread and Bakery Products in the UK* dossier, Statista shows that the average weekly expenditure per person on household purchases of cakes, buns and pastries in the United Kingdom from **2006 to 2019/2020**. In **2019/2020**, an average of **82 pence per person** per week was spent on cakes, buns and pastries in the UK (growing from **60** in **2006**). (Statista, *Weekly UK household expenditure 2006-2020: Cakes, buns and pastries*, February 2022).
- ◆ While for half of eaters of sweets these are a rare treat, eaten once a week or less, as many as **47%** of users reach for sweets at least twice a week, and nearly one in five most days. The latter users are potentially four times as valuable than someone eating sweets only once a week, although that clearly depends on how much a person eats on each day they eat sweets. (Mintel, *Sugar and Gum Confectionery - UK*, 2022).
- ◆ The national organisation for this industry is [The British Society of Baking](#). Other industry bodies include [Scotland Food and Drink](#), the [Craft Bakers Association](#), the [Federation of Bakers](#), and [Scottish Bakers](#).

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 – *Cakes, Cake Bars and Sweet Baked Goods, UK (2022)*** There is an opportunity for the market to leverage customisation to drive gifting, with cakes/sweet baked goods made to order seen to make a good gift by three quarters of eaters and buyers in the category. Cakes/sweet baked goods delivered directly to the home are another opportunity; options in direct-to-home delivery have already increased since the COVID-19 pandemic.
- ◆ **Technavio – *Global Bakery Packaging Market (2021-2025)***. The bakery products, apart from being sold in retail outlets and shops, have entered the e-commerce platform. The bakery products sold on this platform should have durable primary packaging that ensures that the product is in good condition, retaining its quality and freshness. In addition to the primary packaging of bakery products, there is a crucial need for efficient secondary packaging to ensure the safe shipment of the product to customers.
- ◆ **IBISWorld – *Bakery Product Retailing in the UK (January 2022)***. Given the diversity of the UK population, industry operators also compete on the basis of the range of baked goods offered. This is particularly important given increased health consciousness and a trend for trying new flavours and foods. Customer service is also an important element. Staff must be well trained in the contents and ingredients of products offered, particularly regarding health and safety standards such as allergens. Good customer service helps to ensure that customers make return visits and prompts word-of-mouth marketing. Some players may also aim to differentiate themselves by offering sophisticated custom cake designs.

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

- ◆ **Scottish Bakers** industry association website has a **Coronavirus Hub** (tinyurl.com/yypgh9hj) that has sections such as support for businesses, health advice and guidance, adapting workplace as well as other resources.
- ◆ **Food Standards Scotland *Business and Industry: Catering and Retail*** - This will provide some useful starting information for your business including information on food hygiene and allergy. (tinyurl.com/y5qq5rfp)
- ◆ **British Baker** is a useful site with news, reports, products, events and industry updates across a range of areas relevant to bakers and confectioners. It now has a section dedicated to Coronavirus news and updates. (bakeryinfo.co.uk)

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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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