



Market Report

A Snapshot of your Market Sector

Homemade Cakes and Confectionery

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 **February 2019**. 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:

- ◆ Value sales of cakes, cake bars and sweet baked goods were down marginally in **2017** to stand at nearly **£2.23 billion**. Rising prices and sales of premium products boosted value sales of cakes and cake bars. This was offset by falling sales of sweet baked goods. Over the next 5 years sales are forecast to increase by **6%** to reach **£2.36 billion in 2022**. The popularity of home baking impacts retail sales of cakes. **53%** of those who have eaten and bought cakes, cake bars and sweet baked goods in the last 3 months bake cakes/sweet bake goods at home. (Mintel, *Cakes, Cake Bars and Sweet Baked Goods – UK*, March 2018)
- ◆ The Bread and Bakery Goods Production industry's products include loaves of bread, cakes, rolls, pastries, baguettes and muffins. Operating conditions in the industry have been influenced by rising levels of health consciousness, increased interest in the provenance of food, and fluctuating wheat prices. Industry revenue is expected to grow at a compound annual rate of **2.2%** over the five years through 2018-19, including an increase of **2.4%** in the current year, reaching **£8.3 billion**. (IBISWorld, *Bread and Bakery Goods Production in the UK*, February 2019)
- ◆ Sweet bakery products include cakes, biscuits, tarts, muffins, doughnuts and waffles. These products come in various flavours and often have fruits like apple, strawberry, lime and rhubarb added to them. IBISWorld expects this segment to account for **15%** of industry revenue. Over the past five years, this segment's share of the industry is expected to have declined modestly as due to growing health consciousness over high sugar and fat consumption. (IBISWorld - *Bakery Product Retailing in the UK*, August 2018)
- ◆ The alternative to buying cakes and sweet baked goods at a supermarket, convenience store or bakery is to make the items yourself. The popularity of home baking will therefore impact retail sales of cakes. **53%** of those who have eaten and bought cakes, cake bars and sweet baked goods in the last 3 months bake cakes/sweet bake goods at home. (Mintel, *Cakes, Cake Bars and Sweet Baked Goods – UK*, March 2018)
- ◆ 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 (March 2018)*** - A broad spread of attributes captures people's attention when buying cakes, cake bars and sweet baked goods, signalling that consumers have different priorities when it comes to these types of sweet treats. Most sought after, though, when buying either for yourself or to share with others is being freshly baked, showing the appeal of products from in-store bakeries that are baked on the day. In-store bakeries could go further here in terms of highlighting products being baked just so many hours ago or putting up a notice saying "next batch of fresh croissants will arrive in 20 minutes", for example.
- ◆ **IBISWorld – *Bread and Bakery Goods (February 2019)*** - This segment's contribution to industry revenue has expanded over the past five years, thanks to growing consumer interest in baked goods, including in recently developed crossovers such as the cronut. Although these products generally have a high sugar and fat content, products in this segment have remained popular despite rising levels of health consciousness, as consumers regard them as treats.
- ◆ **Technavio -- *Global Cake Pops Market (2018-2022)*** - The popularity of cake pops is increasing in the UK, which is encouraging consumers to prepare cake pops at home. The number of new players offering cake pops is increasing in the country. Many players are also offering customized cake pops for occasions like weddings and birthday celebrations. The snacking pattern of consumers is changing in the UK, and the preference for snacking between full meals is increasing.

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

- ◆ **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. (<https://tinyurl.com/y5qq5rfp>)
- ◆ ***The Grocer Magazine*** has a range of news articles and updates on the cakes, confectionery and biscuit industry such as: *Food for thought: How Britain went bonkers for home baking* (<https://tinyurl.com/y52k6hhu>)
- ◆ **Catering Today: *Latest Trends in Baking for 2019*** With over a hundred bakers creating the most amazing celebration cakes, biscuits and sweet treats. Noreen Khan cofounder of MY BAKER, the cake concierge shares some of the upcoming trends for 2019. (<https://tinyurl.com/y54ulb6k>)
- ◆ **Bakery Info** is a useful site with news and industry updates across a range of areas relevant to bakers and confectioners. (<http://www.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 [Retaining and Grow Your Customer Base](#) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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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