



Market Report

A Snapshot of your Market Sector

Local & Organic Food Production

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 **Local & Organic Food Production** 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 2023**. 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 Local & Organic Food Production 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:

- ◆ According to Mintel shopping ethically remains a key concern for consumers, however the cost-of-living crisis and supply chain and production issues affecting stock levels could mean that consumers instead choose to trade down. There is keen interest in buying food that would have otherwise gone to waste with 30% of respondents saying they would be interested, which falls within consumers' wider desire to make their lives more sustainable (Mintel, Ethical Retailing, UK, August 2023).
- ◆ Organic Food retailing industry revenue is anticipated to increase over the five years through 2022-23 at a compound rate of 9.1%. Demand has been driven by a sharper focus on health since the COVID 19 pandemic as lockdowns forced people to cook at home and stockpiling left conventional supermarket shelves bare, though demand is now falling back. Shoppers are moving away from sustainable options as the cost-of-living crisis bites and forces households to reconsider their financial priorities. In 2022-23, revenue will fall by 2.1% reaching £1.1 billion, and the average profit margin will reach 5.8%. (IBISWorld, Organic Food Retailing in the UK, January 2023).
- ◆ Fruit growing industry revenue is forecast to grow at a compound annual rate of 0.9% over the five years through 2028-29, to £1.1 billion. However, in 2021-22, revenue fell by 11.3% as industry operators struggled with labour shortages for seasonal fruit pickers and challenging weather conditions in spring, which collectively reduced output. The lack of seasonal workers continues to plague fruit growers. In 2023-24, revenue is expected to fall by 1.7%. The cost of picking is expected to remain high, despite the expansion of the Seasonal Worker Scheme. (IBISWorld, Fruit Growing in the UK, August 2023).
- ◆ The national organisation for this industry is [Organic Farmers and Growers](http://www.ofgorganic.org) (www.ofgorganic.org). Other industry bodies include the [Organic Trade Board](http://www.foodanddrink.scot), [Scotland Food and Drink](http://www.foodanddrink.scot) (www.foodanddrink.scot), and the [Soil Association](http://www.soilassociation.org) (www.soilassociation.org).



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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 – Organic Food Retailing in the UK (January 2023). Over the five years through 2027-28, organic food retail revenue is forecast to expand at a compound annual rate of 2.1% to £1.2 billion, while the average industry profit margin will rise to 6.3%. Growing health, sustainability, and animal welfare concerns will continue to drive expansion in the industry, with young, ethically minded consumers sustaining the industry's long-term growth. Gen Z will dominate, bringing new values and markets. Gen Z will enter the workforce and become a significant source of spending power, bringing new values with a focus on mindfulness, healthy eating, and brand authenticity. At the same time, government subsidies will boost organic farmland and domestic supply.
- ◆ Mintel – Ethical Retailing, UK (2023). Locally sourced products and transparency are key for consumers. Buying locally produced products is also a prominent ethical behaviour with 58% having done so in the past 12 months. Consumers are becoming more educated about the products they consume and ensure what they consume is eco-friendly. For a third of consumers, transparency is a key factor that would encourage them to shop with a retailer over another (30%). As our consumer research reveals, there remains confusion and distrust from consumers about retailer's ethical claims.
- ◆ IBISWorld – Vegetable Growing in the UK (August 2023). The Soil Association Certification Organic Market Report 2021 has revealed the UK organic market is now worth £2.79 billion, after sales grew by 12.6% in 2020. The Soil Association say farmers are developing platforms and business operations to sell direct to the public, with online sales already accounting for 36.2% in 2021. The convenience of box schemes is likely to continue to appeal to affluent, ethically minded consumers. New opportunities are expected to attract new operators to the organic segment of the market.

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

- ◆ **The Department for Environment, Food and Rural Affairs** have a Food Statistics Pocketbook which covers the economic, social, and environmental aspects of the food we eat. It contains information on UK consumer expenditure, UK retail price changes by food group, origins of food in the UK and attitudes towards British food purchases in the UK, amongst a wealth of other information – last updated **August 2023**. (<https://tinyurl.com/4xjbmxa3>).
- ◆ **Just Food** – an online industry magazine which offers latest industry news and trends. (<https://www.just-food.com/>)

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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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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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