



# Market Report

A Snapshot of your Market Sector

## Local & Organic Food Production

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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **December 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 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's COVID-19 tracker which ran from 7-14 May 2020, 27% of people said they give their local communities a higher priority than previously. Additionally, research from Mintel's later COVID-19 tracker – from 16-22 July 2020 – shows that **24% of people were shopping more from local businesses** since the start of lockdown. The outbreak could lead to long-term changes in behaviour and result in more consumers shopping at local independent retailers. (Mintel, *Ethical Retailing: Inc Impact of COVID-19, UK*, August 2020).
- ◆ Supporting local producers/farmers is deemed important when shopping for food/ drink by **41% of UK adults, rising to 54% among over-55s**. (Mintel, *The Ethical Food Consumer – UK*, April 2019).
- ◆ Organic Food retailing industry revenue is anticipated to **increase by 6.6%** in 2020-21 to reach **£781.3 million**, largely spurred by the outbreak of COVID-19. According to the Soil Association's 2020 *Organic Market Report*, consumption patterns are changing, and consumers are moving towards independent retailers, farm shops and farmers' markets, and independent retailers saw a **6.5% rise** in organic sales over 2019. (IBISWorld, *Organic Food Retailing in the UK*, November 2020).
- ◆ Fruit growing industry revenue is forecast to grow at a compound annual rate of **4% over the five years through 2025-26, to £996.5 million**. However, average profit has fallen, as purchases have increased for industry operators due to the weak pound since the 2016 EU referendum. In the current year, a **decline of 0.7%** is likely to be attributed to reduced activity in downstream markets, such as food services and export markets, owing to lockdown measures and travel restrictions imposed during the coronavirus pandemic. (IBISWorld, *Fruit Growing in the UK*, August 2020).
- ◆ The impact of coronavirus and related restrictions meant that some local suppliers found their markets gone overnight. There is, however, increasing demand for local, high-quality products that can be delivered to the door – an opportunity that innovative and entrepreneurial suppliers are recognising and getting on board with. (Insider, *Scottish food producers urged to sign up for online farmers' markets*, April 2020 – [tinyurl.com/yc8xonyc](http://tinyurl.com/yc8xonyc)).
- ◆ The national organisation for this industry is [Organic Farmers and Growers](http://www.ofgorganic.org) ([www.ofgorganic.org](http://www.ofgorganic.org)). Other industry bodies include the [Organic Trade Board](http://tinyurl.com/yagxyavk) ([tinyurl.com/yagxyavk](http://tinyurl.com/yagxyavk)), [Scotland Food and Drink](http://www.scotlandfoodanddrink.org) ([www.scotlandfoodanddrink.org](http://www.scotlandfoodanddrink.org)), and the [Soil Association](http://www.soilassociation.org) ([www.soilassociation.org](http://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](mailto:info@bgateway.com).

- ◆ **IBISWorld – Organic Food Retailing in the UK (November 2020).** The growing organic market has supported a steady increase in industry enterprise numbers, which are expected to rise at a compound annual rate of 1.4% over the five years through 2020-21. Lockdown has also prompted a huge curiosity in people taking up more hobbies and interests that improve their mindset and lifestyle, and a diet consisting of organic food is a natural extension of this. According to a YouGov survey at the beginning of April 2020, which was commissioned by the Royal Society for Arts, Manufactures and Commerce's Food, Farming and Countryside Commission, along with the charity, The Food Foundation, 42% of survey respondents stated that they valued food more during the pandemic, and 6% had tried a vegetable box scheme for the first time.
- ◆ **Mintel – Ethical Retailing: Inc Impact of COVID-19, UK (August 2020).** Although the desire to trade down could mean that some deprioritise ethical purchases, one outcome of COVID-19 has been that people are making more considered purchases, as 41% of people said they expect to cut back on any non-essential spending. When lockdown was in full force across the UK, many people were forced to change shopping habits. Convenience became the number one priority with 79% of shoppers saying they now shop wherever is most convenient, meaning that many have chosen to shop on their local high street or whichever retailer offered the best online service. This, in turn, made shopping ethically a lower priority.
- ◆ **IBISWorld – Vegetable Growing in the UK (December 2020).** A 2020 report by the Soil Association indicated a 4.5% increase in sales of organic food, including vegetables, over 2019-20. Additionally, farmers are anticipated to capitalise on the rising popularity of box schemes, whereby consumers purchase boxes of assorted vegetables directly from the grower. The convenience and freshness of box schemes are likely to continue to appeal to affluent, ethically minded consumers. Higher demand for these boxes during the pandemic is expected to further boost their popularity for the coming years.

Other online resources you may find helpful:

- ◆ **The Department for Environment, Food and Rural Affairs** also 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 (2009-2019), origins of food in the UK and attitudes towards British food purchases in the UK, amongst a wealth of other information – last updated November 2020. ([tinyurl.com/yxtbt2bv](https://tinyurl.com/yxtbt2bv)).
- ◆ **Just Food** – an online industry magazine which offers latest industry news and trends. An article from **August 2020**, *Demand for Local Food to last beyond COVID-19*, which examines the trend for locally-sourced food. ([tinyurl.com/ydgjowfy](https://tinyurl.com/ydgjowfy)).

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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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**Last updated:** December 2020

**Updated by:** Eleanor

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