



Market Report

A Snapshot of your Market Sector

Restaurant, Café and Coffee Shop

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 **Restaurant, Café and Coffee Shop** 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 **April 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 Restaurant, Café and Coffee Shop 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:

- ◆ Industry revenue is forecast to fall at a compound annual rate of **1.5% over the five years through 2021-22 to £20.4 billion**, largely due to a steep revenue contraction of **59.8% in 2020-21** due to the COVID-19 (coronavirus) pandemic. The industry grew strongly over the two years through **2018-19**. However, cost increases and weak consumer demand following the UK's vote to leave the European Union and the coronavirus pandemic reversed this trend in the second half of the period. The industry's performance has also been influenced by trends in consumer preferences. (IBISWorld, *Full-Service Restaurants in the UK*, January 2022).
- ◆ The OBR is forecasting a strong recovery in 2022, with GDP **growing by 6%** over the course of the year. Consumer spending is expected to grow even more rapidly, **rising by 9.8%**. This mini-boom will be supported in part by some of the estimated **£190 billion** in additional savings that people were able to lay down during lockdown. (Intel, *Menu Trends*, 2022).
- ◆ Over the five years through **2026-27**, industry revenue is forecast to grow at a compound annual **rate of 7% to reach £28.6 billion**. Uncertainty associated with the economic effects of the UK's exit from the European Union and the coronavirus pandemic is expected to dissipate in the short-to-medium term; however, pre-coronavirus revenue levels are not expected to be reached until **2024-25**. (IBISWorld, *Full-Service Restaurants in the UK*, January 2022)
- ◆ Despite changes to many young consumers' lifestyles and working patterns, their desire to continue using coffee shops is clear, as **70%** of 16-34 year olds bought drinks from a coffee shop in the year to September 2021, versus **63%** the year beforehand. This has also been helped by coffee shops' efforts to reach a more dispersed consumer base with new channels of distribution in new locations to meet demand for coffee shop-style drinks. (Intel, *Coffee Shops – UK*, 2021)
- ◆ The national organisation for this industry is [UK Hospitality](#). Other industry bodies include [The British Coffee Association](#), [Specialty Coffee Association UK](#), [Scotland Food and Drink](#), [Scottish Food Trade Association](#), [Catering Scotland](#) and the [Food and Drink Federation](#).



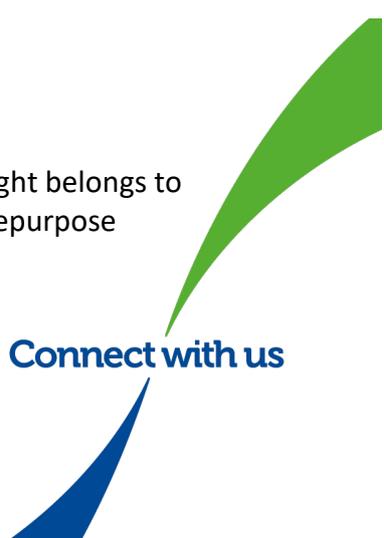
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Where can I find more information on my market?

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.

- ◆ **Mintel – Menu Trends – UK (2022).** Mintel thinks that with greater awareness on the purported lack of essential nutrients in meat substitute products, consumers are likely to pivot towards natural ingredients, and therefore 62% of consumers would prefer meat-free dishes to feature fresh vegetables rather than meat substitutes.
- ◆ **IBISWorld - Full-Service Restaurants in the UK (January 2022).** The introduction of customs checks for trade between the United Kingdom and the European Union since 1 January 2021 is expected to disincentivise many restaurants from importing their produce and encourage them to instead source it domestically to avoid facing extended lead times and inflated purchase costs. Moreover, in January 2021, the government implemented a points-based immigration system following the end of the UK's transition period on 31 December 2020. This system is expected to severely restrict the access of restaurants to low-skilled labour from the European Union, with EU low skilled workers being unlikely to meet the new entry requirements.
- ◆ **IBISWorld - Takeaway and Fast Food Restaurants in the UK (December 2021).** The rise of delivery services has reduced the competitive advantage operators that could employ delivery staff previously held over players without delivery capabilities, causing industry saturation. IBISWorld expects the number of establishments to rise at a compound annual rate of 2% over the five years through 2021-22. The concentration of fast-food establishments is particularly apparent in poorer areas. The most deprived regions have five times as many fast-food outlets as the most affluent regions, according to 2018 research by Public Health England (PHE).
- ◆ **Food and Drink Scotland** have a Facts and Stats page on their website which provides some useful statistics that are specific to the market in Scotland (<https://tinyurl.com/b5wy28j2>)
- ◆ **The Scottish Government Food and Drink Strategy** (<https://tinyurl.com/283m7657>) The food and drink industry is a major contributor to Scotland's economy. It is worth around £14 billion each year and accounts for one in five manufacturing jobs. Scotland has 18,850 food and drink businesses, which employ around 115,400 people.
- ◆ **World Coffee Portal, The automated coffee report UK 2021** (<https://tinyurl.com/36wrwymh>) The report provides a comprehensive trading analysis and in-depth consumer research, identifying key success factors, major segment trends and future growth channels.

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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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