



# Market Report

A Snapshot of your Marketing Sector

## Bakery

This pack has been designed to provide information on setting up a business in the **Bakery** 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 2024**

## What do I need to know about the Bakery 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:

- ◆ Over the five years through 2029-30, industry revenue is **forecast to grow at a compound annual rate of 5.1% to reach £4.7 billion**. The industry will primarily depend on baking retailers' ability to innovate and respond to changing consumer preferences. Competition from supermarkets and convenience stores is forecast to rise, especially as enterprises expand their product ranges and engage in aggressive marketing. Nonetheless, opportunities in the industry remain. As consumer preferences shift towards health, transparency, and sustainability, bakeries are adapting by fortifying items with functional ingredients. (IBISWorld, *Bakery Product Retailing in the UK*, October 2024).
- ◆ Bakery cafes are flourishing amid a growing coffee culture and mounting demand for high-quality, artisanal bakery goods. Increasingly time-poor consumers seeking convenience and on-the-go food have boosted demand for bakery cafes. Shifting consumer preferences towards premium bakery products and high-quality coffee are forcing bakery cafes to increase their product offerings to capture a wider consumer base. More bakeries are now using gluten-free and vegan ingredients for some products to appeal to new consumer tastes and capture some of the growing vegan market. (IBISWorld, *Bakery Cafes in the UK*, October 2023).
- ◆ **Sweet baked goods enjoyed another strong year in 2023, with 14% value sales growth**, matching 2022. Cakes remains the bigger segment though, accounting for 59% of value sales in 2023. Higher average prices driven by high inflation in bakery products fuelled the value growth in both segments, with lacklustre volume sales, though some sweet baked goods bucked the wider trend. Within cakes, small and large cakes grew in 2023, this appearing to come at the expense of celebration and occasion cakes, the sales of which fell. Large cakes other than celebration and occasion **cakes grew value sales by 19%**. Sweet bakes are forecast to outperform cakes/cake bars over 2023-28. (Mintel, *Cakes, Cake Bars and Sweet Baked Goods UK*, May 2024).
- ◆ **The bread market has enjoyed a return to volume growth in 2024**. As savvy spending habits endure in the short term, bread and bread products enjoying a comfort food or affordable treat image will continue to appeal. However, rising real incomes will see the market face intensifying competition from convenience products and foodservice, with volumes predicted to return to their long-term downward trajectory. (Mintel, *Bread UK*, Dec 2024).
- ◆ The national organisation for this industry is the [Federation of Bakers](#). Other useful organisations include the [British Society of Baking](#), [British Baker](#), [Scottish Bakers](#) and [Scotland Food and Drink](#).

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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 – Biscuit Production in the UK (August 2024).** Over the next five years through 2029-30, revenue is forecast to grow at a compound annual growth rate of 2.4% to £3.7 billion. Health trends are likely to continue to encourage product innovation and stimulate research into natural ingredients that can be used to replace processed additives. Savoury biscuits are likely to become increasingly popular.
- ◆ **Mintel – Cafes and Coffee Shops (December 2023).** Coffee shops remain a popular choice for over half of Britons, with 55% typically buying drinks from coffee-focused venues as of October 2023. However, the market continues to be challenged by non-specialist competitors.
- ◆ **IBISWorld – Bread and Bakery Goods Production in the UK (July 2024).** Looking ahead to the next five-year period through 2029-30, industry revenue is expected to rise at a compound annual rate of 1% to £9.5 billion. As the economic situation improves and inflation reduces, higher consumer spending on luxurious bakery goods is anticipated. However, growth prospects remain tempered by increasing health consciousness. As more individuals become mindful of their calorie consumption, there's likely to be a decline in the sales of fatty and unhealthy products like pastries, cakes and certain breads. The mandatory introduction of calorie count declarations on these goods may further accelerate this trend by encouraging healthier food choices.

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

- ◆ **The Federation of Bakers [factsheets](#)** are a series of consumer factsheets and other publications on a range of topics related to the bakery industry. Current offerings include a bread market overview, market snapshot, European bread market data, environmental practices, dietary and nutritional information, as well as other topics.
- ◆ The **Scottish Grocer** is an online news publication for retailers. You can search for news on [baking](#) and [confectionery](#).
- ◆ **[Bakery Business](#)**. News, interviews from the marketplace. Bakery business has an online magazine aimed at the bakery industry in the UK.
- ◆ **[British Baker](#)**. British Baker's website hosts news articles on a range of topics related to the industry, from new products on offer by major players, announcements of new deals and collaborations, and new trends and a Coronavirus news section for the industry and consumers

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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 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.



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## 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.

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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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**Updated by: Lynda**

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