



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 **September 2024**. 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:

- ◆ Sweet baked goods enjoyed another strong year in 2023, with **14% value sales growth, matching 2022**. They outpaced the 9% value growth seen in cakes, propelled by segments like crumpets, pain au chocolat and fruit buns. **Cakes remains the bigger segment though, accounting for 59% of value sales in 2023**. 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% (Mintel, *Cakes, Cake Bars and Sweet Baked Goods*, May 2024).
- ◆ Industry revenue is slated to **climb at a compound annual rate of 1.8% over the five years through 2028-29 to £1.3 billion**. Consumer confidence and incomes are set to rise in the medium term as economic conditions improve and inflationary pressures fade away, boosting spending on artisanal bakery goods and speciality coffee. Premiumisation and expanding product offerings to adapt to changing consumer tastes and rising health consciousness will help to drive up sales. (IBISWorld, *Bakery Cafes in the UK*, October 2023).
- ◆ **Industry revenue is expected to decline** at a compound annual rate of 2% over the five years through 2024-25 to £4.5 billion. **Chocolates and chocolate bars and blocks is the largest sector** accounting for **41.9% (£1.9bn)** of industry revenue in the UK with sugar confectionery second largest at 28.7% (£1.3bn) (IBISWorld, *Chocolate & Confectionery Production in the UK*, August 2024.)
- ◆ More than **90% of bakery businesses in the UK have 50 employees or fewer**, and the number of small bakery businesses is increasing. This growth is linked to rising consumer demand for artisanal bread, making these businesses an important part of the enterprise economy. According to a survey of small bakeries, **23% of respondents run their business from home** (Craft Bakers Association and the Real Bread Campaign, *Sustaining Small Bakery Businesses: Looking to the future in challenging times, 2022 - Sustaining-Small-Bakery-Businesses_HighRes.pdf (open.ac.uk)*)
- ◆ A third of people aged 34 and above were found to be making daily purchases of baked goods while 63% of the young consumers see bakery products as an important part of their diet. (Tate & Lyle, *Bakery Digest 2023* [Bakery digest 2023 \(tateandlyle.com\)](#))
- ◆ 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](#).

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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 – Sugar and Gum Confectionery – UK (June 2024)** Sweets continue to enjoy near-universal appeal among Britons, 88% having indulged in eating these in the three months to April 2024. This extensive reach reflects a prevailing ethos of favouring 'everything in moderation' among consumers, even amidst the ongoing emphasis on reducing sugar intake.
- ◆ **Mintel – Chocolate Confectionery - UK (September 2023)**. 56% of eaters and buyers of chocolate agree that eating premium chocolate is a good way to boost your mood. Its enduring popularity even during a cost of living crisis is underpinned by 81% of eaters and buyers of chocolate thinking it is an affordable treat.
- ◆ **IBISWorld - Bread & Bakery Goods Production in the UK (July2024)** Bakery producers must provide nutritional data. They're obligated to supply retailers with calorie counts for their products so the information can be displayed to consumers.
- ◆ **Euromonitor – Baked Goods in the United Kingdom (November 2023)** Despite the cost-of-living crisis, there is still a desire for premium products offering added-value, for which consumers are willing to pay more. As a result, sales of artisanal bread are growing, and unpackaged flat and leavened bread are also expected to record growth in 2023. Increasing consumer awareness of healthy nutrition has contributed to the development of such products, as consumers perceive them as more nutritious and higher quality.
- ◆ **Statista – Bread and Bakery Products in the UK** . This report presents a range of statistics and facts about the bakery and baked goods market in the United Kingdom. Baked goods comprise of breads, cakes, pastries and related baked products.

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

- ◆ **Food Standards Scotland *Business and Industry: Catering and Retail*** provides some useful starting information for your business including information on food hygiene and allergy. (<https://www.foodstandards.gov.scot/business-and-industry/industry-specific-advice/catering-and-retail>)
- ◆ **Food Standards Agency: Starting a food business from home** provides useful guidance on hygiene, allergen, waste requirements. (www.food.gov.uk/business-guidance/starting-a-food-business-from-your-home)
- ◆ **British Baker** is a useful site with news, reports, products, events and industry updates across a range of areas relevant to bakers and confectioners. It now has a section dedicated to Coronavirus news and updates. (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 [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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