



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), 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 Local & Organic Food 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:

- ◆ Organic food retailing revenue is expected to creep upwards at a compound annual rate of 11.4%. Changing consumer trends and diets propels the Organic Food Retailing industry's growth. Ethical consumerism is pushing sales, with more consumers deterring purchases of products produced in a way that harms animals or the environment. Consumers are becoming more vigilant of the foods they consume following a spate of disease outbreaks and contamination concerns, encouraging them to go organic. In **2024-25**, revenue is expected to inch up by 10.9% to **£1.6 billion**, with the average profit margin reaching 5.8%. Revenue is forecast to expand at a compound annual rate of 7.9% to **£2.2 billion over the five years through 2029-30**, while the average profit margin is set to reach 5.4%. (IBIS World, *Organic Food Retailing in the UK*, June 2024)
- ◆ The cost of living crisis has seen sustainability become less of a priority for many. Improving confidence will support interest in this issue regaining momentum in food and drink. **23% of UK shoppers list buying more sustainable products among the top three changes they expect to make to food and drink shopping once the cost of living crisis eases**. Over 70% of adults think it's important to have a diet which is both healthy and sustainable. Efforts to eat healthily are expected to rise, dialling up the need for brands with a sustainable positioning to be seen as keeping pace with 'standard' counterparts on their better-for-you credentials. (Intel, *Sustainability in Food*, May 2024)
- ◆ Small local grocers in the UK continued to struggle in 2023, registering one of the lowest growth rates across grocery retailers. Nevertheless, **small local grocers recorded higher current value growth in 2023 compared to the previous year**, positively affected by the elevated convenience trend fuelled by the easing of inflationary pressures, resulting in an increase in footfall. (Euromonitor, *Small Local Grocers in the United Kingdom*, March 2024)
- ◆ Over the five years through **2029-30**, industry revenue is expected to increase at a compound annual rate of 2.2% to **reach £1.2 billion**. (IBIS World, *Fruit Growing in the UK*, August 2024)
- ◆ The national organisation for this industry is Organic Farmers and Growers (<https://ofgorganic.org>). Other industry bodies include the Organic Trade Board (www.organictradeboard.co.uk), Scotland Food and Drink (www.foodanddrink.scot), and the Soil Association (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.

- ◆ **Mintel - Ethical Retailing (August 2023).** Shopping for ethical products has become less of a priority for consumers due to the cost-of-living crisis and in a climate where the price of a product is more important than how ethical it is, retailers need to work hard at convincing the value of ethically produced products over standard ones. An emphasis should be on the financial benefits of shopping ethically which are not always apparent to consumers. Retailers also have some way to go in eliminating confusion about ethical claims and consumers are calling on more legislation to hold companies accountable and for retailers to take a lead on transparency.
- ◆ **Statista - Organic farming in the United Kingdom (June 2023).** This report includes a range of chapters on organic farming in the United Kingdom (UK). Included within are chapters on agricultural land, livestock count, and crop production which have been certified as organic.
- ◆ **Statista - Organic food store shoppers in the United Kingdom (June 2024).** Organic food store shoppers typically have a high annual household income. Success and career advancement are relatively important to organic food store shoppers. 26% of organic food store shoppers are innovators or early adopters of new products. A relatively high share of organic food store shoppers think that food & water security is an issue that needs to be addressed. Organic food store shoppers remember seeing ads on editorial websites and apps more often than the average consumer.
- ◆ **Statista - Land area for organic farming in the United Kingdom (UK) in 2023 (May 2024).** In 2023, Scotland had the second largest area of organic land use in the United Kingdom (UK) with 103,500 hectares of land.

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

- ◆ **The Department for Environment, Food and Rural Affairs (DEFRA)** 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 2024**. (www.gov.uk/government/statistics/food-statistics-pocketbook).
- ◆ **DEFRA** have also published some organic farming statistics for the UK – last updated in **May 2024**. (www.gov.uk/government/statistics/organic-farming-statistics-2023/organic-farming-statistics-2023-united-kingdom)
- ◆ **Just Food** – an online industry magazine which offers latest industry news and trends. (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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