



Market Report

A Snapshot of your Market Sector

Restaurant, Café and Coffee Shop

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 **May 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 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:

- ◆ The UK's coffee culture is thriving, with coffee houses serving as hubs for socialising and productivity. Health-conscious consumers are favouring hot beverages over alcohol, driving up caffeine intake. Independent cafés, focusing on artisanal and fair-trade products, are gaining traction against the coffee shop chains. Industry revenue will **grow at a compound annual rate of 4%** over the five years through 2028-29 to approximately **£7.4 billion**. (IBISWorld, *Cafés and Coffee Shops in the UK*, April 2024)
- ◆ The value of the total UK foodservice market is expected to **grow by 27%** over the next five years, reaching **a value of £166.5 billion by 2028**, up from £131.5 billion in 2023. Experience and affordability are driving growth in the restaurant and fast-food segments and diverse offerings and familiarity of coffee are fuelling demand for cafés and coffee shops. While showing promising signs, the pub dining segment is still feeling the effects of changing social habits and staff shortages. (Mintel, *Eating Out - UK*, January 2024).
- ◆ Restaurants face inflation, rising food prices, staff shortages and increasing utility bills. On the positive side the rising trend of health-consciousness has propelled the inclusion of vegetarian and vegan options in restaurant menus across the UK. In customer engagement, social media and apps play pivotal roles, with booking platforms like OpenTable facilitating exclusive discounts and attracting new customers. **In 2023-24, revenue is anticipated to increase by 4.7%**, reaching £22 billion, and **profit is anticipated to reach 4.3%**. (IBISWorld, *Full-Service Restaurants in the UK*, March 2024).
- ◆ The outlook for the UK cafés and coffee shops market remains positive, the value of **the total UK cafés and coffee shops market is expected to grow by 27%, reaching £11.9 billion in 2028 from £9.4 billion in 2023**. The cost-of-living crisis has prompted a more frugal approach among consumers when purchasing barista-made drinks outside of the home. This behaviour will encourage operators to enhance their value for money propositions by offering meal deals and rewards. (Mintel, *Cafés and Coffee Shops UK*, December 2023)
- ◆ 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](#).



Connect with us

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.

- ◆ **IBISWorld – Café and Coffee Shops in the UK (April 2024).** IBISWorld note that sustainability is likely to be a key driver in the coffee shop market in the next few years. While the sustainability and ethical concerns are not new concerns green practices have never been more critical as Gen Z enters the workforce and brings new values to the market. For cafés and coffee shops, sustainability means procuring coffee that's grown and harvested in a way that has minimal impact on the environment and provides fair treatment and wages for farmers – and retelling the farm-to-cup story to foster a sense of well-being and community.
- ◆ **Mintel – Menu Trends - Spring/Summer UK (March 2024).** Mintel note that there's a clear preference for familiar favourites, with 53% of UK foodservice consumers having ordered British cuisine in the past month. However, the willingness to try world cuisines like Southeast Asian (45%), Moroccan/African (40%) and Korean (40%) cuisines signifies consumer preferences expanding beyond the familiar comfort of British fare. This trend unlocks opportunities for foodservice and manufacturers that can cater to their evolving tastes. UK foodservice is experiencing a renaissance, with diners embracing bold flavour combinations, fresh and real ingredients, and a focus on both indulgence and mindful eating.
- ◆ **Mintel – Cafés and Coffee Shops- UK (December 2023).** While coffee continues to be the most commonly ordered drink at coffee shops, coffee shops should also capitalise on hot chocolate and tea. As hot chocolate usage among 16-34 year olds reached 54% as of October 2023, up from 46% in 2022, this drink continues to present opportunities for coffee shops to maximise sales. Demand for tea increased from 31% in October 2022 to 34% in October 2023, driven by 16-34 year olds (39%), who are most likely to purchase tea from coffee shops.

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

- ◆ **Food and Drink Scotland** have an information portal [The Knowledge Bank](#) which offers industry reports and useful statistics that are specific to the market in Scotland.
- ◆ The [Scottish Government Food and Drink Strategy](#). The food and drink industry is a major contributor to Scotland's economy. It is worth around £15 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.
- ◆ [Visit Scotland – Food and Drink Tourism](#). This page explores the food and drink experiences of visitors to Scotland. Food and drink are a key part of a visit to Scotland, almost half (46%) of visitors participated in at least one food and drink experience whilst on their trip, rising to 62% for long haul visitors.

Disclaimer: Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.



Connect with us

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**



Connect with us

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](#).

Although every effort has been made to ensure the accuracy of the information provided, Business Gateway will not be held liable for any inaccuracies or omissions in the data supplied, or for the content of any website that the document above may contain links to. By using this information, you accept this disclaimer in full. Also, please note that Business Gateway does not endorse any business or individual that may be referred to above.

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.

Last updated: May 2024

Updated by: Andy

Connect with us