



Market Report

A Snapshot of your Market Sector

App Developer

This pack has been designed to provide information on setting up a business in the App Developer 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 March 2018. 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 App Developer 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:

- ◆ Mintel estimates placed the UK app market at **£953 million in 2016**, representing **17% growth from the year before**. App revenue growth is predicted to be even larger in 2017, at **£1.24 billion** and reflecting **30% growth on the previous year** despite the sale of mobile devices themselves slowing in the UK (Mintel, *Mobile Device Apps*, UK - November 2017)
- ◆ The popularity of in-app or in-game purchases combines with the high proportion, **43%, of children making them regularly**. This data is reflective of why an in-game purchase model appeals to developers of full-priced games. However, whilst smaller, more regular transactions can provide a large revenue boost to games, developers must be careful to allay consumer fears of pay-to-win scenarios, in addition to parental concerns about the games of chance and other mechanics that these purchases may provide. (Mintel, *Children's Online Spending Habits*, January 2018)
- ◆ The development of application software is expected to account for **33.4% of industry revenue in 2017-18**, a proportion that is expected to have risen over the past five years. Over the next five years, the Software Development industry revenue is expected to grow at a slower compound annual rate of **6.3% to total £39.1 billion in 2022-23** (IBISWorld, *Software Development in the UK* – July 2017)
- ◆ The United Kingdom mobile apps market grew **by 0.9% in 2016 to reach a value of \$13,858.5 million**. In 2021, the United Kingdom mobile apps market is **forecast to have a value of \$20,318.4 million**, an increase of **46.6% since 2016**. In 2021, the United Kingdom mobile apps market is forecast to have a volume of **175,858.4 thousand applications**, an increase of **61.4% since 2016** (Marketline, *Mobile Apps in the United Kingdom*, November 2016)
- ◆ National organisations and industry bodies for this industry include. [The App Association](#), [Application Developers Alliance](#), [BASDA](#), [Association of Software Professionals \(ASP\)](#), and [Cultural Enterprise Office](#), [ScotlandIS](#), [Interactive Scotland](#) and [Creative Scotland](#).



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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 – Mobile Device Apps – UK – November 2017** - Mobile gaming represents the majority of revenue in the mobile apps market. This has remained consistent from 2013 (the first full calendar year Google Play was accessible) through to 2016. The app market has grown in line with smartphone and tablet adoption and this growth is reflected in the mobile gaming segment. Smartphone ownership in the UK has plateaued at just above 80%, while tablet penetration sits at 61%. There is room for mobile gaming to grow among existing device users, however, as 44% of mobile device owners play mobile games regularly – leaving a large group of consumers who either do not play mobile games regularly, or do not play them at all.
- ◆ **IBISWorld – Software Development in the UK** - The Software Development industry's revenue is forecast to grow at a slightly slower rate over the five years through 2022-23. Ongoing negotiations over Britain's exit from the European Union could potentially lead to prolonged economic uncertainty and may cause a slowdown in demand for new software developments. Over the next five years, revenue is expected to increase at a compound annual rate of 6.3% to £39.1 billion. In 2018-19, revenue is forecast to increase by 8.6% on the back of swift technology growth and growing software investment by businesses

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

- ◆ **App Annie - Predictions for the App Economy in 2018** - (tinyurl.com/ydx3v9fx) By the end of October 2017, the iOS App Store and Google Play had more than 2 million and more than 3.5 million apps available, respectively. Furthermore, new apps continue to be introduced at an exponential rate. During the month ending October 31, 2017, roughly 50,000 new apps launched on the iOS App Store and over 150,000 were added to Google Play.
- ◆ **Vectone Mobile – Top 10 Mobile App Development Trends in 2018, January 2018** – (tinyurl.com/y93nwhkf) This article looks at the predicted trends for the upcoming year. Some notable trends include Internet of Things (IoT), Mobile Payments and Augmented Reality in mobile apps.
- ◆ **Deloitte – Global Mobile Consumer Survey 2017: UK Cut** – (tinyurl.com/y8trv45f) This report looks at smartphone usage in the UK. 'In the UK, smartphone penetration is now 85 per cent of adults, we would expect this to reach 90 percent by 2020 '

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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**

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**.



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Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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 Account](#)" 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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