



Market Report

A Snapshot of your Market Sector

Computer Games Developer

This pack has been designed to provide information on setting up a business in the Computer Games 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 April 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 Computer Games 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:

- ◆ Ownership of static consoles grew from **38% in December 2016 to 43% in April 2017** following the first holiday season for the Xbox One S and PS4 Pro, and the launch of the Nintendo Switch in March 2017 – momentum from these launches appears to have been maintained in Q2 2017 to some extent, with static console **ownership rising again to 45% in June 2017**. (Intel, *Video Games and Consoles*, September 2017)
- ◆ Mobile gaming represents the majority of revenue in the mobile apps market. 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%**. (Intel, *Mobile Gaming*, February 2017)
- ◆ IBISWorld estimates revenue to fall at a compound annual rate of **0.6% to £723 million in 2022-23**. Delivering content directly to consoles via the internet is likely to become even more popular, while casual gaming via portable devices, especially mobile phones, is expected to gain significant market share. (IBISWorld, *Computer Games Publishing in the UK*, June 2017)
- ◆ In the videogames segment, **the growing market for eighth generation video games**, which are those played on the PlayStation 4, Xbox One and Wii U, is likely to encourage the expansion of UK game developers. (IBISWorld, *Software Development in the UK*, March 2018)
- ◆ The advantages of the introduction of new technology are likely to be tempered by consumers continuing to move away from high-street retailers and instead choosing to purchase products online. Over **the five-year period through 2022-23**, industry revenue is forecast to rise at a compound annual rate of **0.3% to just under £3 billion**. (IBISWorld, *Computer & Gaming Products Retailers in the UK*, September 2017)
- ◆ The national organisation for this industry is [Creative Scotland](#). Other industry bodies include [Cultural Enterprise Office](#), [UK Interactive Entertainment Association](#) and [Scottish Games Network](#).



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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 - Video Games and Consoles - September 2017** – Mintel expects the software segment of the UK video game market to decline for the third year in a row, with its value declining from £1,137 million in 2016 to an estimated £1,060 million in 2017. With declining software sales and more than one in three (36%) static console owners playing once a week or less, developers will benefit from adopting post-purchase micro-transactions. Adopting this revenue stream makes player retention strategies similar to those employed in mobile games beneficial to console games.
- ◆ **Mintel - Mobile Gaming - February 2017** - 62% of mobile gamers think that mobile games ought to be simple, requiring minimal concentration or having simple controls/user interface. Simple games are more likely to have broad appeal, but more complex mid-core games are more likely to convert downloads into sales. With 65% of mobile gamers liking the idea of opt-in advertising, simple games aiming at broad appeal will have more success if they offer this option alongside in-app purchases for real money.
- ◆ **IBISWorld – Computer Games Publishing in the UK – June 2017** - Over the five years through 2017-18, the number of enterprises in the industry is expected to increase at a compound annual rate of 16.9% due to new mobile gaming firms. Over the same period industry employment figures have grown at a much slower rate, partly because small niche firms tend to require fewer people to operate. In the current year, an average of five employees is estimated per enterprise, compared with 12 at the start of the five-year period.
- ◆ **IBISWorld – Software Development in the UK – September 2017** - The government established a tax relief programme for the UK video game segment, which became available in April 2014. The tax relief, similar to that which had been made available to the film industry, provides a tax credit worth 25% of qualifying production costs. The support is intended to encourage more investment in video game development in the United Kingdom.

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

- ◆ **The Herald Scotland – Scotland’s Video Games Industry on the rise with huge upsurge in job numbers – February 2018** (tinyurl.com/ydbwaaym) More than 1,500 people now work in creative roles in Scotland’s video game industry after employment surged by 20 per cent since March 2016, with mobile games driving the growth
- ◆ **Digit Blog – Scotland’s Video Games Industry ‘Rocketing’** (tinyurl.com/y9cgehq5) New research from Scottish games development companies are estimated to invest nearly £77million annually in salaries and overheads, contribute £71 million in direct and indirect tax revenues to HM Treasury, and make a direct and indirect contribution of nearly £172 million to the UK’s Gross Domestic Product (GDP).industry body, TIGA indicates growth of 27% for Scotland’s games sector in 2016/17.

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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 [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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