



# Market Report

A Snapshot of your Market Sector

## Courier

This pack has been designed to provide information on setting up a business in the Courier 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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in October 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 Courier 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 courier and express delivery services market grew in value again in 2017, completing a decade of consecutive growth. The market faced some difficult trading conditions in 2016, tied primarily to Brexit uncertainties and pressured margins. However, the industry recovered value growth in 2017, **rising by 11.9% to £11.3 billion**. The primary driver of growth has been in the B2C sector, with consumers increasingly shifting from the high street to online. In 2017, the online retail market accounted for **16.4% of all retail sales, up from 3.4%** a decade earlier. (Mintel, *Courier/Express Delivery - UK*, May 2018)
- ◆ The delivery of parcels and other specialist courier services accounts for the majority of industry revenue. Traditional postal delivery, which consists of personal, business, transactional and marketing post, constitutes a relatively small part of the industry, and this segment has declined over the past five years. Industry revenue is expected to increase modestly **over the five years through 2017-18**, rising at a compound **annual rate of only 0.8%**. Over the current year, revenue is expected to **rise by 2.1% to reach £20.8 billion**. (IBISWorld, *Postal & Courier Activities in the UK*, December 2017)
- ◆ In total **45% of delivery or collection users** have returned items in the past year, highlighting the high level of returns experienced by online retailers. Returning items by post is the most popular method of returning unwanted goods, whilst **a fifth returned items in-store** and **10% returned items at a third-party location**. (Mintel, *Consumer Attitudes Towards Retail Home Delivery and Collection Services – UK*, October 2017)
- ◆ As communications move online, the letters market has fallen (**volumes were 5% lower in 2017 than in 2018**). But this has been offset by growth in the parcels market as people do more online shopping, with **12% more parcels sent in 2017 than in 2016**. While revenue from parcels has increased, it has increased much more slowly than volumes. This reflects competition in the parcels market: Royal Mail faces competition from a number of end-to-end postal operators including Hermes, DPD and Yodel. (Ofcom, *Communications Market Report*, August 2018) ([tinyurl.com/yangssp9](http://tinyurl.com/yangssp9))
- ◆ The national organisation for this industry is The [National Courier and Despatch Association](#). Other industry bodies include the [Freight Transport Association](#), the [European Express Association](#) and the [British International Freight Association](#).



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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](mailto:info@bgateway.com).

- ◆ **Mintel – Consumer Attitudes Towards Retail Home Delivery and Collection Services – UK (October 2017).** 62% of those who use delivery most often have experienced an issue with a delivery. The most common issues encountered were longer than estimated waits for products, being unable to schedule a delivery for a convenient time and deliveries being left in unsafe areas. Instances of reported issues were found to be higher amongst consumers living in urban areas (65%) compared to those living in suburban (60%) or rural areas (59%) likely due to higher volumes of orders within urban areas.
- ◆ **IBISWorld – Postal & Courier Activities in the UK (December 2017).** Over the next five years, the business-to-consumer parcel delivery segment is likely to overtake business-to-business parcel delivery as the main revenue stream for the industry, supported by an increasing number of consumers making online purchases. Consequently, over the next five years, competition in the parcel delivery segment is likely to increase between current operators and new businesses entering the market.
- ◆ **Mintel – Courier/Express Delivery – UK (May 2018).** Despite the presence of a number of major players, courier activities remain dominated by small-to-medium-sized enterprises. Market activity became increasingly concentrated at the lower end of the spectrum across both financial and employment structure in 2017. The industry remains highly competitive, forcing operators to accept lower margins. In the booming consumer sphere, demand has become increasingly stringent in recent years, with customers expecting ultimate convenience, low pricing and free returns, which continue to pressure profitability.

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

- ◆ **Post & Parcel, Research & Insight, 2018** ([tinyurl.com/y8pfophp](http://tinyurl.com/y8pfophp)). Post & Parcel publishes analysis, reports and surveys which may provide further insight into the industry.
- ◆ **The Guardian, Couriers/delivery industry, September 2018** ([tinyurl.com/ybajsv35](http://tinyurl.com/ybajsv35)). The Guardian publishes all news relating to the couriers and delivery industry, organised by month published.
- ◆ **Start Ups UK** has created a guide to starting a courier business ([tinyurl.com/ycy9v2fy](http://tinyurl.com/ycy9v2fy)). The guide provides information on rules & regulations, financial information and registering a company name.

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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](mailto: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](mailto: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](#) ([tinyurl.com/c2fw4o4](http://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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