



# Market Report

A Snapshot of your Market Sector

## Digital Media

This pack has been designed to provide information on setting up a business in the Digital Media 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 August 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 Digital Media 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:

- ◆ Industry revenue is expected to **grow at a compound annual rate of 10.1%** over the five years through 2017-18. Over the next five years, industry revenue is expected to **grow at a slower compound annual rate of 6.3% to total £39.1 billion in 2022-23**. The industry is forecast to generate **revenue of £28.8 billion in the current year**, representing growth of an estimated 10.5% on the previous year. (IBISWorld, *Software Development in the UK*, March 2018).
- ◆ The UK Digital Media market **had total revenues of \$3.5bn in 2017**, representing a compound annual **growth rate of 17.5% between 2013 and 2017**. The performance of the market is **forecast to decelerate**, with an anticipated compound annual growth rate of 10.1% for the five year period 2017-2022, which is expected to drive the **market to a value of \$5.6bn by the end of 2022**. (MarketLine, *Digital Media in the United Kingdom*, April 2018).
- ◆ 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*, November 2017).
- ◆ Industry revenue is expected to **grow at a compound annual rate of 18%** over the five years through 2018-19 **to £8.7 billion**. Over the next five years, industry revenue is expected to grow at a **slower compound annual rate of 7.7% to total £12.6 billion in 2023-24**. As smartphone penetration nears saturation, the industry will no longer be able to expand at the rate recorded over the past decade. (IBISWorld, *App Development in the UK*, April 2018).
- ◆ Deloitte Global predicts that by the end of 2018, **50 percent of adults in developed countries will have at least two online-only media subscriptions**, and by the end of 2020, that average will have doubled to four. At the start of 2018, Deloitte Global expects that there will be about **35 million subscribers to video game networks that enable online play**. (Deloitte Global, *Digital Media: The Subscription Prescription 2017*, [tinyurl.com/ya6o84b4](http://tinyurl.com/ya6o84b4))
- ◆ The national organisation for this industry is [The British Interactive Media Association](#). Other industry bodies include the [Digital Media Association](#), the [Advertising Association](#), the [Creative Industries Council](#), the [British Film Institute](#), [The Software Alliance](#), [Ofcom](#) and [Creative Scotland](#).

## 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 – Social and Media Networks (April 2018):** Platforms more popular with younger demographics must strike a balance between maintaining a cool brand image and continuing to cater for long-term users as they get older. With renewed emphasis on data security in the aftermath of the Cambridge Analytica scandal, clear communication, transparency and giving users autonomy over their personal information will be vital moving forward. Despite concerns over digital detox, overall social media usage has actually grown in the last year. With more people taking a break rather than removing social media platforms, they may be more engaged with content when they do return. The challenge for brands is to create relevant, engaging content that consumers can interact with.
- ◆ **Mintel – Video Games and Consoles (August 2018).** Overall ownership of static consoles has plateaued in recent years after a period of decline. The fall in ownership was primarily due to rising use of portable consoles, alongside growing opportunities for gaming on smartphones and tablets. The next generation of consoles will need to take into account the rise of online gameplay and increasing preference for downloadable games and video content, by offering a range of internal memory options. This will cater for the most ardent gamers while avoiding pricing more casual gamers out of the market.
- ◆ **Mintel – B2B E-Commerce – UK (August 2018).** In total, the e-commerce market reached almost £539 billion in 2017, of which the B2B market represented 70%. Growth in the B2B market has been affected by the slowdown in the UK economy, and the continued trend away from industrial sectors. For companies that include e-commerce as one sales channel, e-commerce is expanding market opportunities and promising to transcend geographic boundaries. When the B2C and B2B sectors are combined, constant strong growth is forecast, with growth rates higher than the UK's overall economic development.

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

- ◆ **PwC - The 2018 UK entertainment and media outlook** ([tinyurl.com/y7ct8e2n](https://www.pwc.com/uk/entertainment-media-outlook)). This resource provides a snapshot of the major trends in the UK entertainment and media industry from both an advertising and consumer perspective along with PwC's predictions for the next 5 years.
- ◆ **Deloitte Press Release - Deloitte predicts UK media sector trends for 2018 (January 2018)** ([tinyurl.com/ydyulf4n](https://www.deloitte.com/uk/press-releases/deloitte-predicts-uk-media-sector-trends-for-2018)). This article published by Deloitte looks at trends in television viewing figures, live content, online viewing as well as subscription viewing services.
- ◆ **BBC News – Media: What to look out for in 2018 (December 2017)** ([tinyurl.com/yboh3bfq](https://www.bbc.com/news/entertainment-and-arts-56811111)). This article looks at the likely trends for this year, including television, print media, online streaming, advertising and social media.

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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](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](#).

**Last updated:** August 2018

**Updated by:** Fiona Elliot

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