



Market Report

A Snapshot of your Market Sector

Film Production

This pack has been designed to provide information on setting up a business in the Film Production 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 June 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 Film Production 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:

- ◆ Over the five years through 2017-18, industry revenue is expected to expand at a compound **annual rate of 3.5% to £3 billion**, including **growth of 3.3% in the current year**. In 2017-18, revenue growth is expected to be strong as films that were in production in 2016-17, and benefitted from inward investment, start to be released. Industry assistance is expected to continue to support investment, with the British Film Institute (BFI) announcing a plan called **BFI2022 to invest £500million over the five years through 2021-22**. (IBISWorld, *Motion Picture Production in the UK*, March 2018)
- ◆ IBISWorld expects industry revenue to grow at a compound **annual rate of 1.7% over the five years through 2017-18 to reach £1.9billion**. Inward investment has reached record levels in the current year according to the British Film Institute, with the industry benefitting from **£620 million worth of inward investment expenditure** in the film sector in the first quarter of 2017, boosting industry revenue. (IBISWorld, *Film, Video & TV Programme Post-Production in the UK*, March 2018).
- ◆ The UK Movies & Entertainment market had total revenues of **\$4,289.5million in 2016**, representing a compound annual rate of change of -3.8% between 2012 and 2016. The music & video segment was the market's most lucrative in 2016, with **total revenues of \$2,612.4m**, equivalent to 60.9% of the market's overall value. The box office segment contributed revenues of **\$1,677.1m in 2016, equating to 39.1% of the market's aggregate value**. (MarketLine, *Movies & Entertainment in the United Kingdom*, August 2017).
- ◆ Helped by generous tax reliefs, the film and TV industry **contributed £7.7billion to the economy** in 2016 – an 80% jump in five years. Production, the preparation and shooting of films and TV programmes contributed more than £2.5billion to the economy in 2016, while distribution, which includes licensing and managing rights, accounted for £3.5billion – a threefold increase since 2008. (The Guardian, *The force is strong with British film industry as revenues soar*, December 2017) (tinyurl.com/y87hfv5k).
- ◆ The national organisation for this industry is [Creative Scotland](#). Other industry bodies include the [British Film Institute](#), the [British Academy of Film and Television Arts \(Scotland\)](#), the [UK Screen Alliance](#), [Cultural Enterprise Office](#), the [British Film Commission](#) and the [Producers Alliance for Cinema and Television \(Pact\)](#).

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 – Motion Picture Production in the UK (March 2018)**. The UK film industry has grown quickly in recent decades. The total number of feature films produced each year grew from an average of 43 in the 1980s to 83 in the 1990s to more than 200 in the last five years. According to figures published in January 2016 by the Department for Digital, Culture, Media and Sport, UK creative industries, of which the Motion Picture Production industry is a large part, are worth approximately £84.1 billion per year to the UK economy. Inward investment is the largest industry segment and is estimated to account for 63.8% of industry revenue in 2017-18. There were 48 inward investment features in 2016, out of the 200 feature films that started principal photography in the UK in the year. These included *Star Wars: The Last Jedi*, *Dunkirk* and *Justice League*.
- ◆ **IBISWorld – Film, Video & TV Programme Post-Production in the UK (March 2018)**. The largest service segment in the industry includes visual effects, computer-generated graphics and animation services. This segment is estimated to account for 40.6% of industry revenue in 2017-18. These services have become more prominent in the past decade due to the continued development, improvement and growing efficiency of computer technologies. The largest market segment for the industry is film producers, accounting for an estimated 33% of revenue in 2017-18. Traditionally, approximately one-quarter of the production budget for a film has been spent on post-production activities such as editing, titling and processing. According to latest estimates from the Office for National Statistics (ONS), 90.9% of enterprises in the industry employ fewer than five staff members and a further 4.1% have between five and nine employees. These smaller firms tend to specialise in particular services or genres, such as post-production specifically for advertising or post-production of independent films.

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

- ◆ **Creative Scotland, Record £69.4m spend on film and TV production, September 2017** (tinyurl.com/yavpaxhm) - The figures, released by Creative Scotland, show spend in 2016 reached £69.4 million – the highest figures since records began, and a £16.7 million increase on 2015. Since 2007, spend has increased more than 200% from £23 million.
- ◆ **British Film Institute, Statistical Yearbook 2017** (tinyurl.com/ybp8yw8u). This report from the British Film Institute provides statistical information on the British film industry.
- ◆ **British Film Commission, Guide to UK Film Tax Relief** (tinyurl.com/ycjekfhz). For all British qualifying films of any budget level, film production companies can now claim a payable cash rebate of up to 25% of UK qualifying expenditure.
- ◆ **Creative Scotland, On Screen: Film Strategy 2014-2017** (tinyurl.com/lgfx8d5). This strategy from Creative Scotland outlines both its 12 month and three year plan to generate the conditions necessary to position the film sector at the heart of Scotland's economic and cultural life.

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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](#) (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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Updated by: Fiona Elliot



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