



Market Report

A Snapshot of your Market Sector

Advertising and Marketing

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Advertising and Marketing** 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 **August 2022**. 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 Advertising and Marketing 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 **decrease marginally at a compound annual rate of 0.2% over the five years through 2022-23 to £4.3 billion**. This is largely a result of revenue falling strongly in 2020-21, as the COVID-19 (coronavirus) pandemic took its toll on the economy, with business confidence plunging and spending by downstream businesses falling. However, Industry revenue is forecast to **rise over the next five years** at a compound annual rate of 2.8% to **reach £4.9 billion in 2027-28**. (IBISWorld, *Marketing Consultants in the UK*, June 2022)
- ◆ Industry revenue is forecast to **grow at a compound annual rate of 4.3% over the five years through 2026-2027 to £31.5 billion**. According to the Advertising Association (AA) and World Advertising Research Centre (WARC) Expenditure Report published in April 2021, total UK **advertising spend fell by 7.2% in 2020**. This decline has been limited by resilient online display spend. IBISWorld estimates that **profit will account for 11.9% of industry revenue in 2021-22**, down from 13% in 2016-17. This is primarily due to the effects of the COVID-19 (coronavirus) pandemic, including falling demand for industry services and rising operating costs, such as rent and debt. (IBISWorld, *Advertising Agencies in the UK*, December 2021)
- ◆ Industry revenue is forecast to **increase at a compound annual rate of 9% over the five years through 2027-28 to reach £25.1 billion**, with industry demand expected to remain strong as was the case prior to the COVID-19 (coronavirus) pandemic and as economic conditions remain positive. According to the AA and WARC's Expenditure Report from January 2022, 2021 was the strongest year on record for the UK's advertising market. The report forecasts a **31% rise in investment in paid search in 2021**, while online display and online classified to have **increased by 26.9% and 25.8% respectively**. (IBISWorld, *Digital Advertising Agencies in the UK*, December 2021)
- ◆ The **Data Protection Act 2018** (www.gov.uk/data-protection) in the UK was the implementation of the EU General Data Protection Regulation. This law has significant implications for the use of personal data in marketing and advertising. Industry guidance can be found from the Information Commissioner's Office (tinyurl.com/3tcxt8me) or the Direct Marketing Association (tinyurl.com/y6wre93s).
- ◆ The national organisation for this industry is the [Advertising Association](#). Other industry bodies include the [Internet Advertising Bureau](#), [Advertising Standards Authority \(ASA\)](#), [The CMA](#), [DMA](#), [ISBA](#) and [Marketing Agencies Action Group](#).



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Where can I find more information on my market?

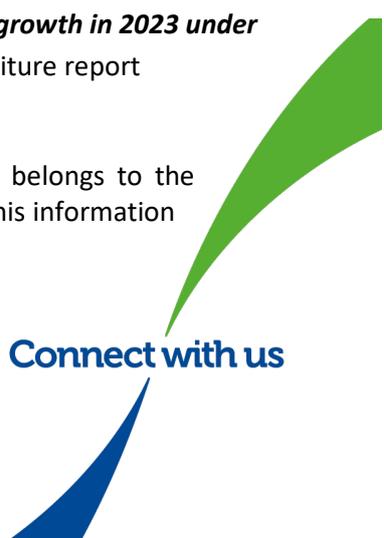
The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Marketing to Parents – UK 2022 (March 2022):** As families have spent more time at home, they have prioritised spending on digital entertainment platforms for their children to keep them occupied. The pandemic further accelerated trends in viewing behaviours that were already present, where overall viewing of TV, online and video content is rising, with a focused increase on watching on-demand services.
- ◆ **IBISWorld – Marketing Consultants in the UK (June 2022):** The industry is highly fragmented with many small businesses and non-employers operating in the industry alongside larger players. This is illustrated by the fact that an average enterprise is estimated to employ approximately two staff in 2022-23. Consolidation activity has taken place during the past five years, with larger firms acquiring smaller rivals. However, many small operators also entered the industry.
- ◆ **IBISWorld – Marketing Technology in the UK (June 2022):** In 2022-23, advanced workflow automation technology is expected to account for 41.1% of industry revenue. Workflow automation tools are the easiest to produce and have a noticeable effect on worker efficiency, which contributes to this segment's high share of revenue.
- ◆ **IBISWorld – Digital Advertising Agencies in the UK (June 2022):** Improvements in home and mobile internet speeds and the fall in the cost of internet-enabled devices have increased internet usage, encouraging downstream firms to use digital advertising services to enhance their online presence. Businesses have increasingly sought help with digital advertising services, such as search engine optimisation (SEO) and mobile advertising.
- ◆ **IBISWorld – Advertising Agencies in the UK (December 2021):** The industry has a low level of market share concentration. The top four players operating in the industry are expected to have a combined market share of 13.7% in 2021-22. Although the industry's three largest players –WPP, Publicis and Omnicom – are global marketing and communications giants, they have fairly small market shares. The smaller, independent advertising agencies cater to the needs of smaller clients.

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

- ◆ **The Creative Industries Council** has published a list of five reasons to choose the UK for advertising and marketing, referencing high levels of skill and expertise in the UK advertising and marketing workforce, working practices and the adoption of new technologies (tinyurl.com/ptad357b). The page also features some statistics on the growth of the industry in recent years.
- ◆ **The Advertising Association, UK adspend continues recovery in Q1 but real-terms growth in 2023 under pressure (July 2022)** – details from the latest Advertising Association/WARC Expenditure report tinyurl.com/bdf4j8cu.

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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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 Accountant](#)" 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

Last updated: August 2022

Updated by: Fiona Elliot

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