Market Report
A Snapshot of your Market Sector

App Developer
This pack has been designed to provide information on setting up a business in the App 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 March 2020. 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 App 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:

- Industry revenue is forecast to rise by 20.6% in the current year. Over the next five years, industry revenue is expected to grow at a slower compound annual rate of 17% to total £23.7 billion in 2023-24 (IBISWorld, App Development in the UK, February 2019).

- The UK market is predicted to experience moderate growth in the forecast period recovering from decline in the historic period. This is driven by slight improvements to monetization rates and for demand of online-based apps amid the expanding adoption of 4G services and unlimited data plans. Furthermore, 5G began to be rolled out across the UK with network providers EE, Vodafone, 3 and O2 all launching 5G networks in 2019 (MarketLine, Mobile Apps in the United Kingdom, December 2019).

- For the first half of 2019, data recorded by App Annie found that UK consumer spending on games and apps in the App Store and Google Play Store reached $1.2 billion (£946 million using the average exchange range for this period). (Mintel, Mobile Device Apps – UK, October 2019).

- The number of mobile connections has risen in recent years, directly expanding the market for mobile apps. In the current year, IBISWorld estimates that the number of mobile connections in the United Kingdom will increase to 85.9 million (IBISWorld, App Development in the UK, February 2019).

- National organisations and industry bodies for this industry include, The App Association, Application Developers Alliance, BASDA, Association of Software Professionals (ASP), and ScotlandIS, Interactive Scotland 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.

- **MarketLine - Mobile Apps in the United Kingdom (December 2019).** The mobile applications market is fragmented by a large number of players, including some large technology and media conglomerates, which are diversified in a range of markets. Such examples include Apple Inc. and Alphabet Inc. (Google). Facebook Inc. has leading presence in the UK market through its WhatsApp, Instagram, and Facebook applications. Facebook is the top app in the UK market, although it is facing competition from Snapchat and other similar apps. Alphabet Inc. is dominant in the browsing and video segment through Google Chrome and YouTube. Overall, rivalry is intensified by the ease of digital expansion and constant advances in technology, with the differentiation of players only mitigating that condition.

- **IBISWorld – App Development in the UK (February 2019).** The App Development industry is in the growth stage of its life cycle. Industry value added (IVA), which measures industry contribution to the wider economy, is forecast to grow at a compound annual rate of 18.7% over the 10 years through 2023-24. When comparing this with GDP’s projected growth of 1.7% over the same period it would indicate the industry will account for an increasing share of the economy.

- **IBISWorld – App Development in the UK – Risk Report (February 2020).** Overall risk in the App Development industry is forecast to be VERY LOW over 2020-21. The primary positive factors affecting this industry are a very low growth risk score and a growing life cycle stage. Overall risk will be lower than the LOW level of the previous year, a result of favorable movements in business software investment as well as total online expenditure. Additionally, growth risk is projected to fall.

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

- **PayScale – Average Application Developer Salary** – (tinyurl.com/ybyfdk9s) This profile looks at average salaries for this job type by employer and location.

- **Build Fire - Mobile App Download and Usage Statistics 2019** (tinyurl.com/u28yohc). The average smartphone user spends 2 hours and 15 minutes each day using apps. Research shows that there are between 60 and 90 apps installed on the average smartphone.

- **Mobile App Daily - Top App Trend Predictions for 2020 - What To Expect In Mobile App Industry – February 2020** (tinyurl.com/ybce8prx). The global app store consumer spending is expected to surpass $122 billion and grow at an impressive rate of 5x of the global economy and China tops the chart with the lion’s share. However, this number only represents a part of the total growth in the mobile economy.

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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
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 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 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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**Updated by:** Aleksandra