



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 **October 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:

- ◆ The **coronavirus** epidemic has offered a strong opportunity to some industry operators, as stay-at-home measures introduced by the government have led to a surge in remote working. This has generated increased demand for various industry-developed apps, particularly for cloud-based software, that helps manage business operations remotely. IBISWorld expects that industry revenue will grow at a compound annual rate of **20.4%** over 2020-2021 reaching **£15.4 billion**, as a result of the influx of start-up developers. Over the five years through 2025-26, industry revenue is forecast to grow at a compound annual rate of **15.8%** to reach **£32 billion**. (IBISWorld, *App Development in the UK*, September 2020).
- ◆ The global mobile apps market was valued at **\$318.98 billion in 2019** and is estimated to grow to **\$816.07 billion** in 2024. This will create an incremental growth opportunity worth \$497.09 billion between 2019 and 2024, which translates to around **156%** of the market size in 2019. Europe was the third largest region of the market in 2019 and would continue to be the third largest segment of the market in 2024. It is expected to grow at a compounded annual growth rate of **20.46%** between 2019 and 2024, which is slower than the overall market. (Technavio, *Global Mobile Apps Market 2020-2024*).
- ◆ The mobile apps market was estimated to be **worth £1.98 billion** in 2019, rising **by 33%** compared to last year. The growth is attributed to consumers downloading more regularly and spending more on paid apps and in-app purchases. Mintel forecasts that the market will grow by 83% between 2019 and 2024 to **£3.62 billion**. (Mintel, *Mobile Device Apps – UK*, October 2019).
- ◆ In the United Kingdom, iOS is the dominant mobile operating system, with IBISWorld estimating that the iOS market will account for **50.1%** of industry revenue in 2020-21, with Android holding a slightly lower market share of **49.1%**. However, Android is much more popular in international markets. (IBISWorld, *App Development in the UK*, September 2020).
- ◆ 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.

- ◆ **Mintel - Mobile Device Apps UK (October 2019)**. Just over 20% of consumers with smartphones/tablets download apps on a weekly basis, although it is significantly higher for Millennials (40%) and more specifically Younger Millennials (47%). The number of people who now rely on mobile banking is also helping to boost how often finance apps are used. Mintel's *Current Accounts – UK, July 2019* Report found 58% of consumers with a current account said they use mobile banking regularly. The use of video streaming apps is set to increase in the future once Disney+ and Apple TV+ become available for consumers. A bigger selection of streaming platforms means consumers are more likely to find a service they enjoy and watch regularly.
- ◆ **IBISWorld – App Development in the UK (September 2020)**. AR is a major trend in the industry. AR is an interactive experience, portraying a real-world environment where the objects that reside in the real world are augmented by computer-generated perceptual information, be it on a mobile device or wearable headset. Market insight provider Research and Markets suggests the global AR market was worth US\$11.1 billion (£9.8 billion) in 2018, and forecasts that it will be worth approximately US\$60.6 billion (£44.8 billion) by 2023.
- ◆ **IBISWorld – App Development in the UK – Risk Report (September 2020)**. The use of business apps is expected to flourish over 2020-21 and the coming five-year period as individuals work from home and video conferencing surges, benefiting industry demand. IBISWorld expects a longer-term shift towards more flexible hours and accompanying demand for file and content sharing applications.

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

- ◆ **PayScale – Average Application Developer Salary** – ([tinyurl.com/ybyfdk9s](https://www.payscale.com/research/2019/UK/Job=Application_Developer/Salary.html)) 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](https://www.buildfire.com/blog/mobile-app-download-and-usage-statistics-2019/)). 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](https://www.mobileappdaily.com/blog/top-app-trend-predictions-for-2020-what-to-expect-in-mobile-app-industry-february-2020/)). 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.

Disclaimer: This report has been updated on 23rd October 2020 - we have included Post COVID-19 market material where available. Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.



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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 [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 websites, 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: October 2020

Updated by: Eleanor

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