This pack has been designed to provide information on setting up a business in the **Computer Games 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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **July 2020**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](mailto:); we will use your comments to help improve our service.

**What do I need to know about the Computer Games 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:

♦ Some *40%* of consumers have a static games console in their household, decreasing slightly from the 2018 figure of 43%. Ownership is higher for Generation Z (57%) and Millennials (53%) who are more avid gamers. **PlayStation 4** is still by far the most popular static console, with ownership *15% higher* than the regular Xbox One. FPS titles (32%) are the preferred genre, although sport, strategy and racing games are very close behind in popularity. In fact, for Millennials, racing (37%) is the most favoured genre. (Mintel, *Video Games and Consoles UK*, August 2019).

♦ The market for mobile gaming is expected to show continued **growth of 18%** on 2018 with an expected market worth of **£1.169 billion** by 2020. The smartphone is a more commonly used mobile gaming device than the tablet; 55% of mobile gamers solely use this device for gaming compared to just 19% that use only a tablet. Some 26% use both types of device. (Mintel, *Mobile Gaming UK*, October 2019).

♦ The second-hand games markets grew over the last two years as consumers began to anticipate new console releases. In 2019 revenue is projected to decline slightly by **0.2%** to **£827.8 million**. IBISWorld estimates revenue to grow at a compound annual rate of 1.5% to reach **£890.7 million** in 2024-25. Digital sales made up **80%** of the UK gaming industry's total in 2018. Supermarkets are anticipated to dominate sales of physical games over the next five years, while competition between digital platforms is expected to intensify, driving prices down. Publishers need to be aware of these trends, as over-reliance on the wrong distribution channel could affect profitability. (IBISWorld, *Computer Game Publishing in the UK*, July 2019).

♦ The outlook for software developers is highly dependent on the manner in which the UK economy reacts to the EU withdrawal. The growth of the internet of things promises to test developers in the coming years, as phones, tablets and other devices are all expected to be able to interact and connect with each other. In the video games segment, growing trends for mobile gaming and increasing demand in Asian markets are likely to encourage the expansion of UK game developers. Industry revenue is expected to increase at a compound annual rate of **5.1%** to **£42.1 billion** over the next five years. (IBISWorld, *Software Development in the UK*, March 2020).

♦ The national organisation for this industry is **TIGA (The Independent Game Developers’ Association)** ([www.tiga.org](http://www.tiga.org)). Other industry bodies include **Creative Scotland** ([www.creativescotland.com](http://www.creativescotland.com)); **UK Interactive Entertainment Association** ([www.ukie.org.uk](http://www.ukie.org.uk)) and the **British Esports Association** ([www.britishesports.org](http://www.britishesports.org)).
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 – Video Games and Consoles UK (August 2019). Whilst the ownership of static consoles decreased marginally compared to 2018, ownership of portable games consoles has stayed the same (22%). Over half of portable console owners have a Nintendo 3DS, whilst over a quarter have a PS Vita. The number of gamers with a PSVR (32%) has increased significantly on the 2018 figure (21%), while intent to buy has reached 25% - highlighting potential success for PSVR in the future. Also, 50% of Xbox owners would be interested in buying a VR headset, if one were available.

♦ IBISWorld – Computer Game Publishing in the UK (July 2019). Sony software is estimated to be the single largest source of industry revenue, contributing 38.2% of industry revenue in the current year. Microsoft software is estimated to account for approximately 24% of total revenue. Release of the Switch in 2017 has assisted Nintendo’s revenue growth compared to the previous year. According to VGChartz, the sale of games published for the Nintendo Switch in the UK grew by 83% during 2018. According to Nintendo, as of March 2019, the Switch has sold over 34 million units globally, making it the fifteenth bestselling console of all time. This segment acquired an additional 2.9% market share since 2017-18. IBISWorld estimates that software published for Nintendo consoles will account for 17.2% of industry revenue in the current year.

♦ Mintel – Technology Habits of Generation Z UK (September 2019). Growing up with constant connectivity and universal smartphone use means that Generation Z integrate digital communication and technology into every aspect of life. Social media platforms and messaging apps dominate smartphone use, while gaming is extremely popular across all devices. Over eight in 10 Gen Zers say they play games on their devices (smartphone, tablet, computer), making it the most popular digital activity. Given that this does not include the use of static consoles, such as the Xbox or PlayStation, this reflects just how popular gaming is among Generation Z.

♦ Technavio – Global Gaming Market 2019-2023. The global gaming market was valued at $142.87 billion in 2018 and is expected to grow to $233.00 billion by 2023. The emergence of more innovative mobile devices is driving the popularity of multiplayer mobile gaming. The gaming market is gradually shifting from on-premise to the cloud, allowing game developers to move away from the focus on the compatibility of devices, reducing development costs as requirements for different versions of games are reduced.

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

♦ The UK Games Map – interactive, real-time map of the UK games industry (tinyurl.com/y23vgr6s)

♦ Scottish Games Network – a directory of companies and freelance developers. (tinyurl.com/y32xqzwv)

♦ Scottish Game Developers Association SGDA (formerly the Scottish chapter of the IGDA) is a membership organisation offering a national collaborative network and industry news for game developers. (www.scotgamedev.org).

Disclaimer: 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.
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](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* 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)](http://www.nrs.gov.uk). 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](http://www.nrs.gov.uk). Clicking on your area of interest will give the latest population figures, including estimates by age.
- [Understanding Scottish Places](http://www.scottishgovernment.co.uk) 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](http://www.scottishgovernment.co.uk) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- [The Scottish Household Survey](http://www.nsc.co.uk) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- [Office for National Statistics (ONS)](http://www.ons.gov.uk) 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.

Although every effort has been made to ensure the accuracy of the information provided, Business Gateway will not be held liable for any inaccuracies or omissions in the data supplied, or for the content of any website that the document above may contain links to. By using this information, you accept this disclaimer in full. Also, please note that Business Gateway does not endorse any business or individual that may be referred to above.

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:** July 2020

**Updated by:** Eleanor