



Market Report

A Snapshot of your Market Sector

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.

Digital Media

This pack has been designed to provide information on setting up a business in the **Digital Media** 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 **December 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 digital media 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 Digital Advertising Agencies industry has grown over the past five years, as online advertising has surged in popularity compared with traditional forms of advertising, such as TV and print. Demand for mobile and video advertising has expanded at a rapid pace, accounting for a rising share of industry revenue. However, rising competition from external players and the growing trend of firms dealing directly with internet giants has restricted growth. Economic uncertainty associated with the UK's exit from the European Union and the COVID-19 (coronavirus) pandemic has also hindered industry demand. Nevertheless, over the five years through 2022-23, industry revenue is expected to grow at a compound annual rate of **9.2% to £16.3 billion**. (IBISWorld, *Digital Advertising Agencies in the UK*, June 2022).
- ◆ **Purchases of smartphones peaked at 19% in the three months to December 2021**. However, this has fallen to 15% in the three months to March 2022. This figure is more in line with the time of year, having been 15% in the three months to April 2021 and in the three months to April 2019. Planned purchases have decreased by more than might be expected from seasonal trends seen in previous years. At 13% the proportion of consumers planning to buy a new smartphone in the next three months is the lowest it has been since Mintel began tracking this data in April 2019 and comes as household finances are squeezed by inflation outstripping wage growth. (Mintel, *Digital Trends Quarterly UK*, June 2022).
- ◆ The Social Media Platforms Industry includes the activities of social networking website publishers and developers. The products and services offered by the industry have continue to develop over the past five years as firms have improved the monetisation of their platforms. Over the five years through 2022-23, **industry revenue is forecast to rise at a compound annual rate of 23.8% to reach £2.6 billion**. (IBISWorld, *Social Media Platforms in the UK*, June 2022).
- ◆ The national organisation for this industry is [The British Interactive Media Association](#). Other industry bodies include the [Digital Media Association](#), the [Advertising Association](#), the [Creative Industries Council](#), the [British Film Institute](#), [The Software Alliance](#), [Ofcom](#) 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.

- ◆ **Social Media – UK – Oct 2022 - Mintel** - Facebook remains the most used social media platform, meaning it should remain a priority for news publishers, which need to be responsive to continual changes in the platform's primary user interface. YouTube has seen a fall in the number of users over the last year, with only 53% using the platform in the three months to August 2022, compared to 60% in the three months to March 2021. In a few short years TikTok has upended the social media landscape, putting short video and AI recommendations at the top of the agenda across platforms. TikTok's growth has been rapid but Mintel's research indicates that in the UK growth in new users has halted.
- ◆ **Digital Trends Quarterly – UK – June 2022 - Mintel**. The growing adoption of smartphones among the over 65s has been one of the key developments in technology in recent years. From 57% ownership in April 2018, this has grown to 79% in March 2022. This growth has been driven by those segments of the population most resistant to new technologies, accepting the importance of smartphones to daily life. However, this growth appears to have plateaued over the past year, with the figure increasing from 78% in April 2021 to 79% in March 2022. It appears that in a post-pandemic world, the incentives to upgrade to a smartphone may have dissipated and those still holding out may not be persuaded otherwise.
- ◆ **Digital Advertising Agencies in the UK – June 2022 – IBISWorld**. The retail sector is estimated to account for 15.3% of industry revenue in 2022-23, making it the industry's largest market segment. Various retailers rely on digital advertising agencies to promote their products online and increase sales. These include clothing, footwear, furniture, and watch and jewellery retailers. Retailers often advertise through a variety of platforms, as retail products have broad target demographics.

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

- ◆ **PwC - UK edition: Entertainment & Media Outlook 2022-2026** (<https://tinyurl.com/48vsfhfn>). This resource provides five-year projections of consumer and advertising spending data across 14 segments and 53 territories.
- ◆ **Deloitte Insights - Digital Media Trends Survey, 16th edition (2022)** (<https://tinyurl.com/2z78xuac>). This report published by Deloitte looks at trends in television viewing figures, live content, online viewing as well as subscription viewing services.

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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 contact us at 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](#)

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.

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