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 July 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 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:

- **UK digital advertising expenditure grew 15% in 2018 to £13.44 billion**, driven by increased expenditure on mobile and video advertising. 2018 marked the first-year mobile accounted for the majority of ad spend, highlighting how advertisers have adjusted towards changing consumer habits. The **market is expected to continue to grow over the coming years**, aided by the rollout of 5G in 2019/20, which should further boost mobile video advertising expenditure. (Mintel, Digital Advertising, UK, June 2019).

- Smartphones remain the most purchased technology product, with **16% of consumers having bought one in the last quarter**, compared to **11% having bought a laptop** (standard or hybrid) – the next most popular purchase. This is despite the increasing difficulty of innovating in a mature market with penetration of 82%. Some **88% of desktop/laptop owners have used them to shop online in the last three months**, with 63% of tablet owners having done it on their tablet and 57% of smartphone owners on their handset. (Mintel, Digital Trends Quarterly - UK - January 2020).

- **Coronavirus Impact Update** - Industry revenue is projected to decline over 2020-21. Several sectors have reported reduced advertising spend as firms restructure their operations. The **Advertising Association expects total ad spend to fall by 16.7% over 2020 to £21.1 billion**, down from the pre-pandemic estimate of 5.2% growth to more than £26 billion. The industry's largest player, WPP plc, has reported a significant decline in revenue, leading to the company reducing staff numbers. This trend is also expected to emerge in smaller firms. (IBISWorld, Digital Advertising Agencies in the UK, December 2019).

- In 2015, the B2B digital media market accounted for **$6.84 billion**, and it is expected to reach **$10.47 billion by 2020**, growing at a **CAGR of 8.87%** during the forecast period. Digital marketing is the fastest growing sector in B2B environment due to the large number of options it provides to the marketer. Digital media helps in acquiring leads through multiple outlets such as searches, blogs, social media, videos, and emails. In digital marketing, social media is the fastest growing segment. As of 2015, LinkedIn was the most prominent source of lead generation for B2B companies. (Technavio, Global Business-To-Business Media Market 2016-2020)

- The national organisation for this industry is [The British Interactive Media Association](https://www.bitma.org.uk). Other industry bodies include the [Digital Media Association](https://www.dma.org.uk), the [Advertising Association](https://www.advertisingassociation.org.uk), the [Creative Industries Council](https://www.creativeindustriescouncil.org.uk), the [British Film Institute](https://www.bfi.org.uk), [The Software Alliance](https://www.software.org), [Ofcom](https://www.ofcom.org.uk) and [Creative Scotland](https://www.creativescotland.com).
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, Digital Advertising, UK, (June 2019):** Digital advertising continues to face many challenges. Regulators are increasingly restricting advertising practices, whether by cracking down on use of consumer data for ad targeting (May 2019 marked the first anniversary of the introduction of the EU General Data Protection Regulation (GDPR)) or creating strict guidelines over gender stereotyping. Brands/advertisers also have to contend with the issue of potentially appearing alongside inappropriate content on platforms with user-uploaded content, such as YouTube.

♦ **Mintel – Digital Trends Quarterly, UK, (January 2020).** In a market that has stagnated due to the difficulty in coming up with genuine innovations, brands are still hungry for a share of this new, ultra-premium segment. Meanwhile, however, we’re starting to see real signs of digital fatigue among consumers, with more than half of smartphone owners saying they have actively tried to cut down on their screen time in the last six months. This is a real challenge for big tech brands, which will need to shift their focus towards quality of engagement over simply quantity. It also, however, raises opportunities for brands to help consumers achieve their desire for digital detox with tools that can help them create a better balance of technology in their lives.

♦ **Technavio, Global Business-To-Business Media Market (2016-2020) -** Digital marketing is expected to be at the forefront of B2B media growth because of the rapid growth of native advertising, digital content marketing, KPIs (Key performance indicator) along with improved visibility and delivery of the advertisements. The major challenge in digital B2B media is the measurability of ROI. Despite the availability of a number of parameters to find out the performance metrics, measurement of the impact of the ads continues to be a huge challenge. The existing parameters indicate the conversion rate, but it is difficult to accurately quantify the ROI. This is because the ads need to measure the cost of the business acquired vs. profit generated through leads, which cannot be always calculated accurately.

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

♦ **PwC - UK edition: Entertainment & Media Outlook 2019-2023** ([https://tinyurl.com/y7ct8e2n](https://tinyurl.com/y7ct8e2n)). This resource provides five-year projections of consumer and advertising spending data across 14 segments and 53 territories.

♦ **Deloitte Insights - Digital media trends survey, 13th edition (2019)** ([https://tinyurl.com/y4aabuc3](https://tinyurl.com/y4aabuc3)). 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
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

**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

**Funding**
Practical information on finance and funding for starting and growing your business

**Insurance**
Business insurance guide

**Legal Help**
Gov.uk “License Finder” tool
Law Society of Scotland’s “Find a Solicitor” tool

**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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**Updated by:** Carla Bennett