



Market Report

A Snapshot of your Marketing Sector

E-Commerce

This pack has been designed to provide information on setting up a business in the **E-Commerce** 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 **November 2024**.

What do I need to know about the E-Commerce 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 UK retail market reached **£123 billion in 2023**, with online sales making up **27%** of total retail. Although growth in online sales has been decelerating, it is projected to continue rising, with an estimated overall retail growth of **3.5% in 2024**. Long-term online sales growth is expected to average 20%, positioning the online market to reach **£153 billion by 2029**. (Mintel, *Online Retailing*, September 2024).
- ◆ The value of orders collected by consumers hit an estimated **£22.6 billion in 2023**, accounting for approximately **18.4% of all online sales**. With the usage of collection services continuing to grow, aided by strong appeal to those with busy schedules, investment into collection continues to grow, with lockers a current focus area for many retailers. (Mintel, *Online Retailing: Delivery, Collection and Returns*, September 2024)
- ◆ E-tailers have weathered **economic uncertainty** since the EU referendum by leveraging cost advantages and appealing to price-conscious consumers. **Expanding services** like financing and flexible delivery fueled double-digit growth, but the cost-of-living crisis reduced sales in 2023-24. Rising consumer confidence and disposable incomes are expected to drive **8.3% growth in 2024-25**. (IBISWorld, *E-Commerce & Online Auctions in the UK*, September 2024).
- ◆ Social commerce will become more valuable to brands as more people shop directly on platforms. **Issues of trust** become more important for retailers to address, be that in their use of personal data, product authenticity or certification. (Mintel, *Online Retailing*, September 2024).
- ◆ The national organisation for this industry is the [Scottish Retail Consortium](#). Other industry bodies are [IMRG](#) and the [British Independent Retailers Association](#).



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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 – Online Retailing – 2024.** Despite modest income growth and easing inflation, most consumers still feel the cost-of-living strain, with high mortgage rates pressuring household finances. While improvements are expected as interest rates fall, 40% of consumers plan to cut non-essential spending, impacting discretionary demand. Online channels are set to benefit from this price-conscious shift, with high promotions and perceived value. Higher-income households remain optimistic, opening opportunities for premium online services focused on speed and convenience.
- ◆ **Mintel - Online Retailing: Deliver, Collection and Returns UK – 2024.** Online purchasing remains nearly universal, with 96% of consumers buying products online in the last 12 months. Fashion and groceries continue to be the most popular categories for online shopping. During the pandemic, many shifted to ordering groceries online, and this trend has persisted, further supported by the rise of rapid delivery services.
- ◆ **IBISWorld – E-commerce and Online Auctions in the UK – September 2024.** The consumer shift towards m-commerce will make mobile optimisation a top priority for online retailers. Establishing a successful and innovative mobile app with an integrated virtual reality (VR) creates an omnichannel sales experience, boosting customer loyalty.
- ◆ **IBISWorld – E-commerce and Online Auctions in the UK – September 2024.** Drones are likely to accelerate as they offer businesses a cheap, rapid and efficient delivery solution. Amazon and 5 other organisations gained permission from the Civil Aviation Authority in August 2024 to trial drones up to 12 kilometres from their base, paving the way for drone delivery services

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

- ◆ The 2024 E-Commerce trends emphasise **personalised shopping, sustainability, and advanced tech like AI and AR**. Brands focus on tailoring experiences, eco-friendly practices, and integrating virtual try-ons, social commerce, and loyalty programs to retain customers. For more, see the **full article** [here](#).
- ◆ The Forbes article on 2024 E-Commerce statistics shows **online shopping's growth driven by mobile and social media purchases**, with rising consumer expectations for faster delivery and easy checkouts. Personalisation and global market expansion are also key trends. Read more on Forbes [here](#).

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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 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.



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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.

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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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