



# Market Report

A Snapshot of your Market Sector

## E-Commerce

### 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.

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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **September 2023**. 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 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:

- ◆ Online demand rapidly accelerated during the peak of the pandemic in 2020 and 2021, with sales 71.5% higher than pre-pandemic levels. This growth was broad-based, with particularly strong growth in online grocery. 2022 showed a rebalancing of demand, with value sales down 10.0%, but still 59.3% higher than 2019 levels. **Online sales are estimated to grow 3.2%** in value terms in 2023, taking them to 59.3% above pre-pandemic levels. (Mintel, Online Retailing - UK, 2023). Industry information taken from IBISWorld giving statistical data. (IBISWorld, Name of Report, September 2020).
- ◆ Consumers were most likely to have online shopping delivered to their homes in the last year. Similarly, the (distant) second most common option was to have items delivered to a safe space at home. With flexible working here to stay for many consumers, **home delivery options have retained their strong appeal for customers**. Click-and-collect in-store was the third most common method of receiving purchases made online and it is something we are seeing retailers roll out more and more. (Mintel, Online Retailing: Deliver, Collection and Returns - UK, 2022).
- ◆ Over the past decade, faster broadband, rising internet access, and increased computer literacy have bolstered e-commerce sales, particularly among time-poor consumers. The expanding prevalence of phones and phone apps and the roll-out of 4G and 5G have supported m-commerce channels. Ofcom's 2021 Communications Market Report found that outdoor 5G mobile cover is available to 67-77% of premises. More and more companies are developing innovative apps supported by e-wallets. Older demographics are also adopting e-commerce and m-commerce retail channels. According to the ONS' 2020 Internet Access Survey, 65% of adults over 65 purchase goods online, compared to 43% in 2015. (IBISWorld, *E-Commerce & Online Auctions in the UK*, March 2023).
- ◆ The national organisation for this industry is the [Scottish Retail Consortium](#). Other industry bodies are [IMRG](#) and the [British Independent Retailers Association](#).

## 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](mailto:info@bgateway.com).

- ◆ **Mintel – Online Retailing – 2023.** The vast majority (96%) of internet users do some online shopping, and this level has been broadly stable during the past two years. 41% of online shoppers buy products online at least once a week, down on peak frequency in 2021 but in line with 2022 levels and still significantly ahead of pre-pandemic levels in 2019. Those aged 25-34 are the most frequent online shoppers, with a fifth (21%) shopping online multiple times per week. Those aged over 65 remain less frequent online shoppers with just over a quarter (28%) shopping online weekly and 9% shopping online multiple times per week.
- ◆ **Mintel – Mobile Device Apps, UK – 2022.** In the past couple of years, brands have been experimenting with live shopping, spurred on by the pandemic, which shut stores and incentivised brands to look at ways to make connections with consumers. The live shopping format could appeal to younger consumers especially. 47% of smartphone/tablet owners from Generation Z and 51% of Younger Millennials are interested in a live shopping event compared to 22% of Generation X. It could also be a way for brands to promote dynamic pricing.
- ◆ **Mintel - Online Retailing: Deliver, Collection and Returns - UK, 2022.** In the last year over half (53%) of online shoppers returned items they had bought online. Returns are critical in the online space, particularly for online-only retailers, as they serve to help ease the natural barrier of online in not being able to see products physically ahead of buying. The most popular way of returning items was via the Post Office, followed by delivery company drop-off (eg DPD Pickup). The third most commonly used method for returning purchases was to have them collected from home by the postal service or a courier.
- ◆ **IBISWorld – E-commerce and Online Auctions in the UK – March 2023.** Price competition will remain fierce as more e-tailers flood into the market. Companies can deal with pricing pressure by using dynamic pricing tools that constantly change the retail price depending on customer traffic, inventory levels and the expected market demand, which varies across the time of day. Dynamic pricing also enables e-tailers to factor in competitors' pricing, helping them to make effective pricing decisions.

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

- ◆ **E-Commerce Europe** represents more than 75,000 companies selling goods and services to consumers in Europe and has collated top-level statistics and a downloadable infographic on the e-commerce market in the United Kingdom ([tinyurl.com/y6ymg4wx](https://tinyurl.com/y6ymg4wx)).
- ◆ **JP Morgan** has published a report **2021 Global E-commerce Trends Report** which included a chapter on the UK E-Commerce market and finds that 'E-commerce accounts for 27.9 percent of all retail sales in the UK' (<https://shorturl.at/txBNY>).

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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](mailto: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](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 [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 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

### 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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**Updated by: Rosie**

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