



Market Report

A Snapshot of your Market Sector

Film Production

This pack has been designed to provide information on setting up a business in the **Film Production** 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 **October 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 Film Production 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. However, trends for 2020-21 should be viewed with caution due to the COVID-19 pandemic which severely impacted the film industry in UK.

- ◆ In the current year, the economic shock of the COVID-19 (coronavirus) pandemic is expected to significantly affect industry performance, with revenue anticipated to **decline by 12.3%**. The average industry profit margin is projected to **fall to 13.1%** in 2020-21. Over the five years through 2025-26, industry revenue is forecast to rise at a compound annual rate of **4.7% to £4.9 billion**, although revenue is expected to remain volatile depending on the films released during the period. A BFI update in late January 2020 states that there were **188 feature films** produced in the United Kingdom in 2019, with an interim total spend of **£1.95 billion**, an **increase of 6%** on 2018. Inward investment is estimated to account for **64%** of industry revenue in 2020-21. (IBISWorld, *Motion Picture Production in the UK*, June 2020).
- ◆ Since 23 March 2020, all non-essential retail establishments, including cinemas, have been closed. Even as lockdown measures are eased, social distancing measures are expected to remain in place, reducing cinema admission numbers and dampening demand for the industry. Despite this, the Film, Video and TV Programme Post-Production industry is expected to grow at a compound annual rate of **1.3%** over the five years through 2020-21, to reach **£1.9 billion**. (IBISWorld, *Film, Video and TV Programme Post-Production in the UK*, June 2020).
- ◆ 2018 was a record-breaking year for cinema admissions with over 177 million ticket sales at the UK box office. 2019 was a similarly successful year from an admissions point of view. Mintel estimated that 2019 would see **176 million admissions**, down just 0.6% on 2018, with a value of a value of **£1,896 million**. 66% of people have visited a cinema in the last 12 months, compared to 67% in 2018. Cineworld is the chain most visited by consumers, with Vue and Odeon in second and third place respectively. (Mintel, *Cinemas UK*, December 2019).
- ◆ The national organisation for this industry is [Creative Scotland](http://www.creativescotland.com) (www.creativescotland.com). Other industry bodies include the [British Film Institute](http://www.bfi.org.uk) (www.bfi.org.uk), the [British Academy of Film and Television Arts \(Scotland\)](http://www.bafta.org/scotland) (www.bafta.org/scotland), the [Producers Alliance for Cinema and Television \(PACT\)](http://www.pact.co.uk) (www.pact.co.uk), the [British Film Commission](http://www.britishfilmcommission.org.uk) (www.britishfilmcommission.org.uk), and the [UK Screen Alliance](http://www.ukscreenalliance.co.uk) (www.ukscreenalliance.co.uk).

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 – Attitudes towards Video and TV, UK (October 2019).** Nearly six in 10 people watch TV shows at least once a day, compared with two in 10 who watch films. Around a third of people paying for streaming services say recent films are their favourite content and the same proportion prefer new TV shows. This highlights the balance streaming services need to strike between securing film rights and investing in original TV content, as many subscribers will demand both.
- ◆ **IBISWorld – Motion Picture Production in the UK (June 2020).** In January 2020, BFI stated that there were 94 domestic UK films with a total interim spend of £174.7 million, a 46% decrease in the number of films and 45% decrease in spend from 2018. IBISWorld estimates that domestic UK films will account for 9.9% of industry revenue in 2020-21, having remained steady over the past five years. The domestic market generates approximately 64.2% of industry revenue, which is much larger than the UK share of the global population. This proportion is expected to continue to decline in the future, which is beneficial to film producers, as it means their films will be expected to reach a wider audience.
- ◆ **IBISWorld - Film, Video and TV Programme Post-Production in the UK (June 2020).** The production of new content from television and motion picture production companies has been suspended since the COVID-19 outbreak, which is likely to both reduce and delay film releases. The issue of content shortages is likely to persist after lockdown measures are lifted, as actors and directors may have committed to filming multiple projects with schedules that could now overlap. Consequently, this will reduce the demand for the industry's post-production services and damage revenue.

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

- ◆ The British Film Institute Statistical Yearbook 2019 (tinyurl.com/y47l5dl9). This report from the British Film Institute provides statistical information across all sectors of the British film industry.
- ◆ British Film Commission, Guide to UK Film Tax Relief (tinyurl.com/y43vdt5d). For all British qualifying films of any budget level, film production companies can now claim a payable cash rebate of up to 25% of UK qualifying expenditure.
- ◆ Screen Scotland, Funding and Support (tinyurl.com/yyxahu4r). Screen Scotland sits within Creative Scotland and offers funding and support for filmmakers and broadcasters. They have several funds open for applications including the Film Development and Production Fund, Cinema Equipment Fund, Professional Development Fund and more.
- ◆ The British Film Council, Resources page (tinyurl.com/y2n5q9ea). The British Film Council website has this page devoted to nationwide and regional organisations that provide resources for filmmakers and those interested in film, as well as links to resources for specific disciplines and genres.

Disclaimer: This report has been updated on 22nd October 2020 - we have included Post COVID-19 market material where available. 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.



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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.

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.

Last updated: October 2020

Updated by: Eleanor

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