



Market Report

A Snapshot of your Market Sector

Gas and Central Heating Engineer

This pack has been designed to provide information on setting up a business in the Gas and Central Heating 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 February 2019. 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 Gas and Central Heating Engineer 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:

- ◆ “As of September 2017, there were 60 challenger energy suppliers, with most active in both gas and electricity. This is a net increase of 18 suppliers since September 2016. Independent suppliers have increased their market share significantly in recent years, **from just 1% in 2012 to 20%** in both the electricity and gas supply markets by September 2017” (Mintel, *Gas Supply and Distribution - UK*, March 2018).
- ◆ “British Gas remains the UK’s largest gas and electricity supplier in the residential sector, with **34%** of respondents naming the company as their gas supplier and **24%** as their electricity supplier” (Mintel, *Energy Industry – UK*, August 2018).
- ◆ “Over the five years through 2023-24, industry revenue is forecast to grow at a compound annual rate of **1.9%, reaching £18.9 billion**. In the short term, lulls in demand from commercial and industrial markets, owing to weakened investor sentiment, and exchange-rate driver component and fuel-price inflation are expected to weigh on profit margins” (IBISWorld, *Plumbing, Heating and Air Conditioning Installation*, July 2018).
- ◆ “The residential segment was the industry’s most lucrative in 2017, with total revenues of **\$21.6bn, equivalent to 34.6%** of the industry’s overall value. The industrial segment contributed revenues of **\$7.8bn in 2017, equating to 12.6%** of the industry’s aggregate value” (Marketline, *Gas Utilities in the United Kingdom*, August 2018).
- ◆ “Since 2016, final energy consumption in the domestic sector fell by 1,454 ktoe (3.7 per cent) to 40,116 ktoe in 2017 reflecting the warmer temperatures particularly during the main heating season [...] The domestic sector is the most susceptible to temperature fluctuations of the four sectors as space and water heating account for in the region of 80 per cent of final energy consumption” (Department for Business, Energy and Industrial Strategy, *Energy Consumption in the UK*, July 2018) (tinyurl.com/y7ef7mhp).
- ◆ The national organisation for this industry is [Chartered Institute of Plumbing and Heating Engineers](#). Other associations include the [Energy and Utilities Alliance](#) and the [Institute of Domestic Heating & Environmental Engineers](#).

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 – Gas Supply and Distribution, UK – March 2018.** Gas supplies to the domestic sector has fluctuated strongly in recent years, largely due to changing annual weather patterns. Domestic gas consumption fell by a strong 18% in 2014, reflecting milder weather conditions, with 2014 the warmest year in the UK since records began. This was partly offset by 5% growth in both 2015 and 2016, taking gas supply to 211.4 Gwh. Partial year data for 2017 suggests a 5% decline in the year.
- ◆ **Mintel – Energy Industry, UK – August 2018.** A number of energy suppliers are also moving into the emerging 'home services' market, responding to the expanding on-demand economy and consumers' growing demand for digital services that make their lives easier. 'Home services' stretches from boiler repair to smart thermostats, and the connected homes market.
- ◆ **IBISWorld - Plumbing, Heating and Air Conditioning Installation - July 2018.** In the coming years, uncertainties in downstream construction markets, largely caused by headwinds stemming from the EU referendum, are expected to have a significant bearing on the performance of the Plumbing, Heating and Air Conditioning Installation industry. In the short term, ongoing concerns regarding the sustainability of the housebuilding markets may affect industry growth.
- ◆ **Marketline – Gas Utilities in the United Kingdom – August 2018.** The UK is obliged to adhere to the EU directive 2009/28/EC which requires that by 2020 at least 20% of the energy consumed within the European Union should come from renewable energy sources, with the specific target for the UK set at 15%.

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

- ◆ **Scottish and Northern Ireland Plumbing Employers' Federation (SNIPEF)** provides professional and practical assistance to plumbing and heating businesses. Their online Careers Information Booklet on building services engineering contains information on training and qualifications as well as an occupational break down (tinyurl.com/y6czzryf).
- ◆ **The Gas Safe Register** is the official gas registration body for the United Kingdom, Isle of Man and Guernsey. By law, all gas engineers must be on the Gas Safe Register (tinyurl.com/y9268p98).
- ◆ **The Department for Business, Energy and Industrial Strategy** report "*Energy Consumption in the UK*" (July 2018) contains an overview of the trends and some key drivers that have influenced energy consumption in the UK since 1970 (tinyurl.com/y7ef7mhp).

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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 [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

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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