



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 Engineer** 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 2021**. 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:

- ◆ In 2020-21, industry revenue is expected to **fall by approximately 10.4% year-on-year, to just shy of £15 billion**. While the full extent of the COVID-19 (coronavirus) pandemic remains somewhat ambiguous as the United Kingdom entered another nationwide lockdown in December 2020, a recessionary period, epitomised by the crippling of global supply chains and depleted business activity, is indicative of a potentially lacklustre year for new customer billings, relative to pre-pandemic levels and particularly among smaller operators lacking the scale and scope economies of larger HVAC and plumbing groups. (IBISWorld, *Plumbing, Heating and Air Conditioning Installation*, February 2021).
- ◆ In June 2019, the UK government committed to a net zero carbon emission target by 2050, which was enshrined by law in an amendment to the Climate Change Act. Achieving net zero will require a large proportion of the UK's industrial and commercial energy demand to electrify, at the same time as millions of electric cars and electric heat pumps are deployed across the country. Such a drastic overhaul of the UK's energy system could push up electricity demand. (Mintel, *Energy Industry, Inc Impact of COVID-19 - UK*, August 2020).
- ◆ Despite 2019 recording volume growth in **new gas boiler sales of 1.8% to 1.67 million**, and the number of homes with central heating continuing to slowly grow (**now 22 million in the UK compared with 17 million in 2000**), there remains an estimated four million seriously inefficient boilers active in the housing stock, according to the Heating and Hotwater Industry Council (HHIC). (Mintel, *Plumbing: Inc Impact of COVID-19 – UK – September 2020*).
- ◆ **Scotland's Electricity and Gas Networks: Vision to 2030** (Published by Scottish Government, March 2019) Based on Scotland's energy strategy, this document looks at the ways in which Scotland's electricity and gas network infrastructure will continue to support the energy transition. The transition that our electricity and gas networks need to go through is technically complex, but potentially revolutionary. There will be substantial implications for everyone who uses those networks depending on how this transition takes place (tinyurl.com/yc32fubb).
- ◆ The national organisation for this industry is the [Chartered Institute of Plumbing and Heating Engineers](#). Other associations include the [Energy and Utilities Alliance](#), [Institute of Domestic Heating & Environmental Engineers](#), [Scottish Renewables](#), [HETAS \(Heating Equipment Testing and Approval Scheme\)](#) and the [Association of Plumbing & Heating Contractors](#).



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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.

- ◆ **IBISWorld - Plumbing, Heating & Air Conditioning Installation in the UK (February 2021).** To the benefit of HVAC contractors, anecdotal reports have suggested work-from-home and lockdown orders have put a strain on residential HVAC and plumbing systems due to an irregular spike in usage patterns, necessitating industry services to ensure safe and working utility networks. Additionally, with many businesses having closed for an extended or otherwise intermittent period, HVAC systems may have deteriorated due to a lack of use, while plumbers may be called in to decontaminate idle water systems. Consequently, recommended inspections prior to reopening, advocated by the Association of Plumbing and Heating Contractors trade body, could safeguard industry demand from the significant declines evident in other construction trades.
- ◆ **IBISWorld – Radiator & Boiler Manufacturing in the UK (October 2020).** Environmental awareness is also an important factor that influences industry demand. High-efficiency condensing boilers are the legal required standard when installing a new domestic boiler. Price also determines demand when choosing between heating systems. As a result, demand for condensing combination boilers has increased in recent years due to their environmental and price advantages over conventional boiler systems.
- ◆ **Mintel – Electrical Wholesalers – UK (March 2020).** While wholesalers do not have the resources to compete with the likes of Amazon in e-commerce, wholesalers can offer value-added services to distinguish themselves from online competitors. This includes providing one-on-one professional advice, product training, extensive knowledge of alternative brands, installation support, etc. This can serve as a competitive advantage for electrical wholesalers over online sales platforms as installers/electrical contractors value the personal contact and staff expertise offered by their local wholesaler's branch.

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

- ◆ **Other people's homes - Working safely during coronavirus (COVID-19) - Guidance - GOV.UK** Guidance for people working in, visiting or delivering to other people's homes. (<https://tinyurl.com/ybyoykmh>).
- ◆ **The Department for Business, Energy and Industrial Strategy - Energy Consumption in the UK** (October 2020) contains an overview of the trends and some key drivers that have influenced energy consumption in the UK since 1970 (tinyurl.com/y7ef7mhp)
- ◆ **Installer Trade Magazine** is a publication for heating, plumbing and renewable professionals which includes news, product and training information to the heating industry (tinyurl.com/ycljlect)
- ◆ **Heating & Hot Water Industry Council, COVID-19 Heating Engineer Guidance, May 2020 –** tinyurl.com/yd42r279

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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 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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