



# Market Report

A Snapshot of your Market Sector

## Low Carbon Heat

This pack has been designed to provide information on setting up a business in the **Low Carbon Heat** 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 **October 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 Low Carbon Heat 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:

- ◆ On 20 April 2021, the UK government announced that it “will set the world’s most ambitious climate change target” to reduce emissions by 78% by 2035 compared with 1990 levels as part of its sixth carbon budget. The government has a ten point ‘**Green Industrial Revolution**’ plan and one part of this is that future homes will have 70-80% lower carbon emissions than those built to current standards, with gas boilers being phased out and replaced by heat pumps or hydrogen boilers by. The Heat Pump Association identifies that it is expecting a **doubling of the UK market in 2021** although this would still only represent **67,000 units**, compared with around **1.5 million gas boilers** installed per year. However, strong growth is expected over the next few years (Mintel, *Plumbing – UK*, August 2021)
- ◆ **District heating** systems which use a network of pipelines to transport water and steam to heat buildings are expected to play an increasing role in the decarbonising of heat as they can be powered by renewable energy sources. The global district heating market was valued at **\$152.71 billion in 2020** and is estimated to grow to **\$174.38 billion in 2025**. The development of zero-energy buildings (ZEBs) and 4th Generation District Heating (4GDH) concepts are expected to contribute to the growth of the market in the upcoming years (Technavio, *Global District Heating Market*, May 2021).
- ◆ It isn’t just residential buildings that will need to transition to low carbon heat, industry will also have to make the switch in the next decade and heat pumps are expected to play a large part. The global industrial heat pumps market was **valued at \$1,895 million in 2020** and is estimated to **grow to \$2,457 million in 2025**, with a compound annual growth rate of **5.3%** (Technavio, *Global Industrial Heat Pumps Market*, September 2021).
- ◆ In October 2021 the Scottish Government published their [Heat in Buildings Strategy](#) : achieving net zero emissions in Scotland's buildings. The government intends that by 2030 over **1 million homes** and the equivalent of **50,000 non-domestic buildings** are converted to zero emissions heat.
- ◆ Industry bodies include [The Heat Pump Association](#), [Ground Source Heat Pump Association](#) and [UK District Energy 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, Plumbing – UK, August 2021.** Mintel report that several pilots are being conducted investigating various aspects of hydrogen use, from the combustion of hydrogen for heating (either in a pure form or as a blend with natural gas) to its distribution in the gas network
- ◆ **Technavio – Global District Heating Market, May 2021** Technavio predict that Europe will continue to be the largest market, accounting for some 63% of the global market by 2025. They also think that at an annual growth rate of 3.2% it will grow faster than the overall market.

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

- ◆ The Scottish Government's Heat in Buildings Strategy published in October 2021 contains a [2045 Pathway for Scotland's Homes and Buildings](#). This section of the report details the net zero target, *by 2045 all homes and buildings in Scotland must have significantly reduced their energy use, and almost all must be using a zero emissions heating system*. As well as having more details on the targets it also sets out how this can be achieved.
- ◆ Set to launch in the winter of 2021 is the UK Government's [Heat Pump Ready Programme](#), this will *support the development of innovative solutions across the heat pump sector. Heat pumps are a key solution for decarbonising homes and will be critical for meeting the UK's commitment to achieve net zero by 2050*
- ◆ The CBI and the University of Birmingham published [Net-zero: the road to low carbon heat](#) which included a series of recommendations aimed at decarbonising heat as part of a strategy to achieve the UK's climate commitments on net-zero.

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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: Andy Duggan**

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