



Market Report

A Snapshot of your Market Sector

Plumber

This pack has been designed to provide information on setting up a business in the **plumbing** 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 plumbing 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:

- ◆ The plumbing products market (which is somewhat overstated by the inclusion of tubes, pipes and fittings that are not strictly defined as plumbing items) has grown slowly over the past few years. In addition to residential applications, both bathroom and kitchen products are used in commercial applications, even those primarily designed for the residential market. The commercial heating products sector differs strongly from the residential market, including a different emphasis on fuels, with a dependency on electricity rather than the gas-biased residential market. (Intel, *Plumbing – UK*, September 2018).
- ◆ As the UK economy grew, reinvigorated confidence in downstream construction markets supported industry growth. However, growth has been limited somewhat by a challenging operating period, characterised by intense competitive pricing pressures and disintermediation. **Over the five years through 2018-19, industry revenue is forecast to grow at a compound annual rate of 4.3%**. Government initiatives to stimulate both housebuilding activity and downstream market uptake of energy-efficient utility systems have driven growth in demand for plumbing services and heating system installations throughout the period. (IBISWorld, *Plumbing, Heating & Air Conditioning Installation in the UK*, July 2018).
- ◆ People undertaking bathroom makeovers are wealthier than average and typically own their homes with a mortgage. The peak time for installing a complete new bathroom is 2-5 years after moving house and so any slowdown in the housing market means cooling demand for bathrooms. **Housing transactions fell by 1.2% in 2017 and have eased a further 3.5% in the first five months of 2018**. This is linked to anticipated rises in interest rates and is also influenced by fewer buy-to-let transactions. (Intel, *Bathroom and Bathroom Accessories – UK*, August 2018).
- ◆ The national organisation for this industry is [Scottish and Northern Ireland Plumbing Employers Federation \(SNIPEF\)](#).
- ◆ Other industry bodies include [Chartered Institute of Plumbing and Heating Engineering \(CIPHE\)](#), [Association of Plumbing and Heating Contractors Limited \(APHC\)](#) and the [National Association of Professional Inspectors and Testers \(NAPIT\)](#).

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 – Plumbing – UK (September 2018)** The major influences on demand for plumbing products are broadly positive, but they are also diverse, including constraints on new public housing; growth in the private new construction market; sector-specific developments in the commercial new build sector; mixed prospects for home improvement activity; and increased demand from the government's heating products policy.
- ◆ **Mintel – Bathroom and Bathroom Accessories – UK (August 2018)** Between 2012-17 household numbers swelled by 1.32 million to reach 28 million homes, and over the five years to 2022 there will be a further 4.6 % growth, adding 1.3 million more households. By 2022 there will be 29.3 million households in the UK. As household sizes continue to fall, demand for smaller properties, including flat conversions, is likely to increase, stimulating demand for bathrooms suitable for smaller room sizes.
- ◆ **IBISWorld – Plumbing, Heating & Air Conditioning Installation in the UK (July 2018)** In the short term, ongoing concerns regarding the sustainability of the housebuilding markets may affect industry growth. However, £44 billion in capital funding announced in the 2017 Autumn Budget, earmarked to support the delivery of 300,000 new homes annually by 2020, should buoy demand for plumbing services and heating system installations. House price inflation has slowed since the EU referendum and, if this trend continues, lost equity may curb demand for maintenance and upgrade services from household customers.

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

- ◆ **Construction Industry Training Board (CITB), Industry Insights: Construction Skills Network Forecasts 2017-2021** (tinyurl.com/y87822ua). Construction employment in the East of England is forecast to grow by 0.3% annually in the 2017 to 2021 period, below the UK average of 0.6%. Of the 28 occupational aggregates 16 are predicted to expand over the forecast period. Construction trade supervisors (3.3%), scaffolders (2.7%), plant operatives (2.6%), and architects (2.2%) are set for the strongest growth. In contrast, floorers, glaziers, plumbing and HVAC Trades, and Wood trades and interior fit-out are expected to contract over the same period.
- ◆ **AMA Research, Online sales of plumbing products in the UK to increase by 43% by 2022** (tinyurl.com/yxpduw5o). Despite the current uncertain economic climate with the UK's departure from the EU, the UK internet plumbing and heating distribution market has continued to grow. With strong demand driven by lower prices and added convenience, internet retailers have been able to capitalise on changing consumer cross-channel shopping habits with a notable shift towards online purchases. Own-label products sold on the internet are performing particularly well.

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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**

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](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) 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 Account](#)" 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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