



Market Report

A Snapshot of your Market Sector

Plumbing

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 **March 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 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:

- ◆ In **2020-21, revenue is expected to decline by 10.4%**, valuing the industry at just under **£15 billion**. This is presumed to be almost exclusively due to the COVID-19 (coronavirus) pandemic and the effect of market disruption. Over the five-year period through **2025-26**, revenue is expected to increase at a compound annual rate of **1.3% to reach £15.9 billion**. The installation, maintenance and repair of central heating systems is estimated to account for **45.2%** of industry revenue in **2020-21**, with general plumbing services estimated to account for **24.5%**. (IBISWorld, *Plumbing, Heating & Air Conditioning Installation in the UK*, February 2021).
- ◆ The government's ambitious 2050 emissions target has given impetus to the adoption of renewables within UK households and the installation of renewable energy source systems is estimated to account for **14.4% of industry revenue in 2020-21**. (IBISWorld, *Plumbing, Heating & Air Conditioning Installation in the UK*, February 2021).
- ◆ COVID-19 has caused major disruption to both demand and supply in 2020, but with demand arising from so many different sectors, the impact has not been uniform. Housing repair and maintenance will recover relatively quickly, but some of the recovery will be impacted by rising unemployment and reduced employment certainty. Mintel estimates the market size for plumbing products in **2020 at £3.91 billion** and forecasts a rise to **£4.79 billion in 2024**. (Mintel, *Plumbing: Inc Impact of COVID-19 - UK*, September 2020).
- ◆ Sales, including inflation, **grew by only 9% between 2015 and 2019 to £1.34 billion**. Taking into account the impact of COVID-19 the market is set to contract sharply in **2020** with revenues forecast to **fall 25.7% to £996 million**. UK's completion of its transition from the EU at the end of 2020 remains as a key concern for the future. Reflecting such uncertainty, revenues are forecast to rise to **£1.37 billion in 2025** which is only marginally ahead of those in 2019. (Mintel, *Bathroom and Bathroom Accessories: Inc Impact of COVID-19 – UK*, August 2020).
- ◆ The national organisation for this industry is [Scottish and Northern Ireland Plumbing Employers Federation \(SNIPEF\)](http://www.snipef.org) (www.snipef.org).
- ◆ Other industry bodies include [Chartered Institute of Plumbing and Heating Engineering \(CIPHE\)](http://www.ciphe.org.uk) (www.ciphe.org.uk), [Association of Plumbing and Heating Contractors Limited \(APHC\)](http://www.aphc.co.uk) (www.aphc.co.uk) and the [National Association of Professional Inspectors and Testers \(NAPIT\)](http://www.napit.org.uk) ([napit.org.uk](http://www.napit.org.uk)).



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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.

- ◆ **Mintel - Plumbing: Inc Impact of COVID-19 - UK** (September 2020). COVID-19 has had a significant impact on all sectors in 2020 and will have varying influences as the recovery phase emerges. Demand from the previously buoyant new build market is expected to recover quickly and will ultimately gain a boost as some commercial properties, increasingly challenged by the influences of the pandemic, are suitable for repurposing, which could lead to a boost in new residential construction as the structural work is effectively already undertaken. The trend will be supported by the continued acute lack of housing, which has arisen from years of under supply.
- ◆ **IBISWorld - Plumbing, Heating & Air Conditioning Installation in the UK** (January 2020). The industry has a low level of market share concentration, with a highly fragmented nature – there are expected to be just shy of 36,900 heating, ventilation and air conditioning (HVAC) and plumbing contractors currently active in the United Kingdom. Three of the largest UK HVAC and plumbing contractors – Centrica, HomeServe Membership and T Brown Group – are estimated to account for a combined market share equal to just 13.9% of industry revenue in 2020-21, with Centrica alone accounting for an estimated market share of 11.5%.
- ◆ **Mintel – Bathrooms and Bathroom Accessories: Inc Impact of COVID-19 – UK** (August 2020). Within the bathroom fittings and furniture market showers are the most valuable product group accounting for 24.3% of revenues. Baths (16.8%), basins (13.7%), WCs (12.6%), bathroom furniture (11.3%) and mixers & taps (10.0%) are also notable. Only 11% of consumers surveyed say they are definitely investing in a bathroom, shower room or separate toilet/cloakroom project in the next 3 years, with 33% definitely not having any investment plans. The speed of the economic recovery and housing market will be key as to whether project intentions will change.

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

- ◆ **My World of Work** (tinyurl.com/ydg59zdi) states that there are 14500 plumbers currently employed in Scotland, although due to COVID-19 there has been a constant fluctuation in numbers working in the industry. This website also offers guidance on training, qualifications and related industry opportunities.
- ◆ **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. 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.
- ◆ **WaterSafe.org.uk** offers a guide on *How to Become a Plumber* (tinyurl.com/y994ykwz) with downloadable fact sheets and links to training providers.

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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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