



Market Report

A Snapshot of your Market Sector

Taxi Operation

This pack has been designed to provide information on setting up a business in the **Taxi Operation** 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 2022**. 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 Taxi Operation 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:

- ◆ Overall, revenue is expected to **fall at a compound annual rate of 7% over the five years through 2021-22**. At points throughout the period, industry revenue was supported by strong economic conditions, such as growing business confidence and disposable incomes. Furthermore, though also presenting increased competition for taxi operators, technological disruption in the form of ridesharing apps encouraged the greater use of industry services. This development boosted the number of operators, although it reduced the average fare. In 202-21, industry revenue is anticipated to have **declined significantly as a result of the COVID-19 (coronavirus) outbreak**. However, as the economy reopens, **revenue is forecast to rise by 45.5% over the current year to £7.1 billion** (IBISWorld, *Taxi Operation in the UK*, July 2021).
- ◆ There are no reliable industry data sources for taxi/private hire vehicle market size. According to the National Travel Survey in 2019 the average person in England made 11 taxi/PHV trips. Scaled up to UK-wide level this would suggest an approximate total of around **740 million journeys**. (Intel, *Public Transport Inc Impact of Covid-19*, June 2021).
- ◆ There were 9,928 taxis and 14,177 private hire cars licensed in Scotland based on figures provided by Scottish local licensing authorities during October-November 2020. These show that **licensed taxis have fallen by 225 and private hire cars have fallen by 94 compared with figures for 2019**. Latest figures show that of the 9,928 licensed taxis, 4,951 (50%) are wheelchair accessible, slightly higher proportion and slight increase in the total number of accessible vehicles from the previous year. The proportion of wheelchair accessible vehicles varies across different authority areas. (Transport Scotland, *Scottish Transport Statistics No. 39 2020 Edition*) (tinyurl.com/2p8jcumt).
- ◆ Industry operators have struggled to maintain steady demand due to increased internal and external competition. **Technological advances have reduced the barriers to entering the industry** because drivers require less knowledge of the roads in their area. Profit margins have come under pressure from increased capital expenditure and heightened external competition from app-based rivals. (IBISWorld, *Taxi Operation in the UK Risk Report*, January 2022).
- ◆ The national organisation for this industry is the [Scottish Taxi Federation](#). Other industry bodies include the [National Taxi Association](#), the [National Private Hire Association](#), and the [Licensed Private Hire Car 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.

- ◆ **Mintel – Public Transport Including the Impact of Covid-19 (June 2021).** Just over one in four adults (26%) used public transport regularly (more than once a week) prior to COVID-19, including 19% of adults who used buses/coaches, 10% who used trains (overground/surface or underground) and 6% who used taxis regularly.
- ◆ **IBISWorld – Taxi Operations in the UK (July 2021).** International tourists are major users of taxis and private-hire vehicles because they usually do not have their own vehicles available to use. This means that an increase in the number of international tourists generally brings about an increase in the number of taxi journeys. The number of international tourists is expected to rise over 2021-22, supporting industry demand. However, tourist numbers are expected to remain substantially below pre-pandemic levels.
- ◆ **IBISWorld, Taxi Operation in the UK Risk Report (January 2022)** A drop in fuel prices since the coronavirus outbreak is anticipated to support industry profitability, despite weak demand. The number of enterprises in the industry is expected to have risen over the majority of the past five-year period, as a large number of owner-operators joined the industry, signing up to app-based platforms as contractors.

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

- ◆ **My World of Work** has a number of career profiles for a variety of industries in the UK. Their profile on Taxi Drivers shows average UK salary, number of people currently employed in Scotland and a five-year job forecast (tinyurl.com/yystakyw).
- ◆ **The Scottish Government** policy on Renewable and Low Carbon Energy details the promotion of the use of ultra-low emission vehicles (ULEVs) and the aim to phase out the need for new petrol and diesel cars and vans by 2032 (tinyurl.com/y2wmxqtm).
- ◆ **The UK Government** has information on the Private hire vehicle or minicab licence (Scotland). To drive a private hire car (PHC) in Scotland, a private hire car drivers' licence or a taxi drivers' licence must be obtained from your local authority. Vehicles used as PHCs must also be licensed by the local authority in the area in which it is to operate (tinyurl.com/y3b84lfr). Your local authority website should have contact details for the relevant team and details of the process for making an application. A list of Council websites can be found via the Convention of Scottish Local Authorities (COSLA) (www.cosla.gov.uk/councils).
- ◆ **Taxi/private hire operators and their drivers** can keep up to date with news and developments in their sector by accessing the following trade journals for the industry:
Private Hire and Taxi Monthly (phtm.co.uk), **Private Hire News** (privatehirenews.co.uk), **TAXI** (taxinewspaper.co.uk) and **Professional Driver** (prodrivermags.com)

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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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