Market Report

A Snapshot of your Market Sector

Web Designer

business gateway

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This pack has been designed to provide information on setting up a business in the **web design** 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 web design 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 the UK, internet usage is estimated to be higher than in Europe, at almost 95% of the population, with more than 63 million users (including 44 million Facebook users) at the end of 2017. However, business usage is somewhat different, with the ONS identifying that **83.6% of businesses had internet access in 2017**. The figure is strongly reduced by much lower penetration among micro businesses, with 99% of businesses with more than 250 employees having internet access. (Mintel, *Computer Security – UK*, January 2019).

♦ Over the five years through 2018-19, industry revenue is expected to grow at a compound annual rate of 10.1%. **Revenue is expected to total £31.5 billion in 2018-19**, which represents a 6.7% increase on the previous year as business software investment increases on the back of improving business profit margins, greater business lending and large cash stock piles at UK corporations. Nevertheless, economic uncertainty in the build-up to the UK's exit from the European Union could slow the industry's expansion. (IBISWorld, *Software Development in the UK,* November 2018).

♦ **In 2022, the United Kingdom IT services industry is forecast to have a value of $77,474.4 million, an increase of 27.8% since 2017**. The compound annual growth rate of the industry in the period 2017–22 is predicted to be 5%. (Marketline, *IT Services*, April 2018)

♦ Website sales are growing in both the B2C and B2B sectors. While the B2C market is more than two and a half times bigger than the B2B sector, there was stronger B2B growth in 2016. **Website sales in the information and communication sector to the business sector grew by 32% in the year**, far in excess of the 2% growth in consumer sales. (Mintel, *B2B E-Commerce - UK*, August 2018).

♦ Increased use of AI can bring major social and economic benefits to the UK. AI allows computers to analyse and learn from information at higher accuracy and speed than humans. It offers massive gains in efficiency and performance to most, or all, industry sectors: from drug discoveries to logistics. AI is software that can be integrated into existing processes, improving, scaling, and reducing costs by making or suggesting more accurate decisions through the better use of information. **It has been estimated that AI could add $814 billion (£630 billion) to the UK economy by 2035**, increasing the annual growth rate of GVA from 2.5% to 3.9%. (Mintel, *Software – UK*, February 2018).

♦ The national organisation for this industry is the UK Web Design Association. Other industry bodies include ScotlandIS and Web Professionals.

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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 -** *B2B E-Commerce - UK* **(August 2018)**. Currently, 9.1% of all businesses receive orders from the UK through their websites, 3.7% form the EU and 2.8% from the rest of the world.

- ♦ **IBISWorld -** *Software Development in the UK* **(November 2018).** The industry will continue to innovate as trends that began in the past five-year period continue to develop over the next five years. The key driver is likely to be acceleration in the adoption of cloud computing, which helps increase the efficiency with which programs can be delivered to clients. Cloud computing allows for new methods, including agile programming. Agile programming is a collection of techniques that result in almost continuous development of programs for clients.

- ♦ **Mintel –** *Computer Security – UK* **(January 2019).** The cloud computing market is continuing to grow strongly, with increases in the number of companies and number of applications used by each company. Revenues are expected to reach £16.2 billion in 2018, equivalent to growth of 125% since 2014. Cloud computing is a technology-based change impacting the entire IT sector and moving the emphasis to third-party supply. Growth is far in excess of the wider economic environment.

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

- ♦ **Tech Nation***: The rise, and fall (and rise again) of web development jobs in the UK* **(5th January 2018)** (tinyurl.com/y6dfb488) Over the last year, the North West experienced more modest growth in the number of Web Design and Development Professionals – though still an impressive 13% from 2015/16-2016/17. But there was a far greater boom in the number of IT engineers in the region. The South East has overtaken London in absolute numbers of web design and development professionals in 2015/16, however, over the last year this has dropped significantly, by 36%.

- ♦ **Market Inspector:** *Web Design Trends 2018 - According to 40 Experts!* **(7th Feb 2019)** (tinyurl.com/y42ab8n7) In 2018, designers are experimenting with various colour schemes that are bolder and more vibrant. Gradients attract the user's attention and the usage of them has become a trend only in the last two years. It's popularity is known to continue in 2019 as well.

- ♦ **UKWA:** *Getting Started in Web Design* (tinyurl.com/y2c923qb) For suitably qualified candidates, the employment opportunities on offer are diverse: large design consultancies, small digital agencies, internet hosting firms, or a company's in-house communications or IT department – these are all potential employers for web designers and developers.

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 *Retaining and Grow Your Customer Base* (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.

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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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Updated by: Aleksandra

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