



# Market Report

A Snapshot of your Market Sector

## Childcare

This pack has been designed to provide information on setting up a business in the Childcare 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 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 Childcare 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 unemployment rate has fallen significantly over the past five years, which has positively influenced demand for industry services. A rising number of children aged 10 and under has also added to childcare requirements in recent years, which has caused strong growth in enterprise and establishment numbers in the industry, including a boost of **11.3%** in the number of establishments in 2016-17. **Over the five years through 2018-19**, industry revenue is projected to grow at a compound **annual rate of 3.1%**, including a forecast **3.8% rise** in the current year, to reach **£4.1 billion**. (IBISWorld, *Child Day-Care Centres in the UK*, November 2018)
- ◆ The UK self-employment rate continues to grow, rising **14% over the five years to 2017**. This trend is projected to continue over the coming five years. Notable here is the significant increase in the number of self-employed women. Self-employment strongly appeals to new mothers due to the higher levels of flexibility it offers over standard employment, particularly when it comes to childcare. This is reflected in data from Mintel's Marketing to Parents – UK, November 2017 Report, which found that **35% of women** who have become mothers for the first time in the **last five years** say that they have become more interested in starting their own business since becoming a mum. (Mintel, *The Working Life - UK*, January 2018)
- ◆ Despite a gradual shift towards more men taking on childcare responsibilities, it is women who remain the primary caregivers, and mothers are increasingly balancing this with working commitments and the bulk of household chores. As such, they may be looking to the OTC healthcare category to help ease pressure on their time, which could be an area of exploration for the marketing of these products. (Mintel, *Children's Healthcare - UK*, February 2018)
- ◆ The national organisation for this industry are the [Scottish Childminding Association](#) and the [Scottish Family Information Service](#). Other industry bodies include the [National Day Nurseries Association](#), and the [Care Inspectorate](#).

## 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 – *The Working Life - UK (January 2018)***. A mixture of rising living costs and the desire not to relinquish their career aspirations has seen a growing proportion of women return to the workforce after having children over the last 10 years in particular. However, the increasing number of women looking to return to work after having children has driven the demand for formal childcare, with the cost of professional childcare services consequently soaring. As such, many women have returned to work on a part-time basis in order to reduce their outgoings, while also keeping a foot in on their career.
- ◆ **IBISWorld – *Child Day-Care Centres in the UK (November 2018)***. According to Coram Family and Childcare's 2018 Childcare Survey, the cost for all types of childcare has risen at double the rate of inflation since 2010. Although price rises stimulate revenue and support profit margins, they also hamper demand as childcare becomes unaffordable, restricting industry growth. However, since its introduction in 2017, the tax-free childcare scheme has made childcare more affordable for parents, which has spurred demand in the industry.

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

- ◆ **BBC, *Free places plan for nurseries 'at risk'*, June 2018** ([tinyurl.com/y47wphyb](https://www.bbc.com/news/health-45747474)). This article discusses Scottish Government plans to increase the number of paid-for hours of care for 2 and 4 year olds from 600 to 1,140 hours a year by 2020. However, the number of private nurseries likely to offer these expanded hours had dropped to 30%.
- ◆ **GOV.UK, *Register as a childminder (Scotland)*, March 2018** ([tinyurl.com/y7v9q8zw](https://www.gov.uk/guidance/register-as-a-childminder-in-scotland)). This page provides a guide to applying for a childcare license in Scotland, with information on registration, price, and other aspects you need to know when going through the registration process.
- ◆ **Early Years Scotland, *A Guide to Early Years Scotland's Services*** ([tinyurl.com/yyruhtm3](https://www.earlyyears.scot.nhs.uk/)). This is the leading national third sector organisation for children pre-birth to aged 5.
- ◆ **Children in Scotland** ([tinyurl.com/y8trrc3p](https://www.childreninscotland.org/)). This is the national agency for voluntary, statutory and professional organisations and individuals working with children and their families. You will find a range of resources for the children's sector including current and past projects, events and industry news.

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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 [Retaining and Grow Your Customer Base](#) 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 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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