



Market Report

A Snapshot of your Market Sector

Mobile Commerce

This pack has been designed to provide information on setting up a business in the Mobile Commerce 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 April 2018. 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 Mobile Commerce 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:

- ◆ Some **41%** of people have owned their current smartphone for less than a year, highlighting a sizeable market for upgrades in the UK. With smartphone penetration **averaging 81-83% over the past year**, the vast majority of handsets bought will be replacements and upgrades rather than first-time buys. (Mintel, *Mobile Phones*, September 2012).
- ◆ **83% of people own a smartphone**, with the market having plateaued over the last year. Some 20% of people still own a basic mobile phone, although this is often in addition to a smartphone. (Mintel, *Digital Trends Spring - UK*, April 2018).
- ◆ Ownership of Ultra HD 4K TVs edged up from 10% to 12% between September and December 2016, while ownership of HD (720p or 1080p) sets **fell slightly from 73% to 70%**. Nearly half of all TVs are now connected to the internet. Intention to purchase 4K TVs is slightly higher than for HD, with 16% of people planning to buy a 4K set in the next 12 months vs 14% planning to buy an HD set. (Mintel, *Online Retailing - UK*, July 2017).
- ◆ Technological advances have resulted in rapid increases in internet speeds, which has supported revenue growth. Additionally, the proliferation of internet-enabled devices means consumers can easily shop for goods at their own leisure. Over the five years through 2017- 18, industry revenue is anticipated to increase at a compound annual rate of **9.1%, reaching £27.3 billion**. (IBISWorld, *E-Commerce & Online Auctions in the UK*, February 2018).
- ◆ Facebook is losing friends among teens and young adults, according to eMarketer's report on UK digital users, which is set to be released later this month. **Only one in four** Britons trusts social media and users would like to see tighter regulation, according to the barometer its survey found two-thirds of Britons believe platforms such as Facebook and Twitter are not doing enough to prevent illegal and unethical behaviour, including cyber-bullying and extremism. (E-Commerce News, *E-Commerce Week*, February 2018 tinyurl.com/y9j7y2ja).
- ◆ The national organisation for this industry is the [Scottish Retail Consortium](#). Other industry bodies are [IMRG](#), [British Online Retailing Association](#) and the [British Independent Retailers Association](#).



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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 – Online Retailing (July 2017).** To buy online, consumers need, broadly speaking, two things: internet access, and devices to utilise this access. On both counts the UK is well set up for online retailing. Household internet access levels now stand at 93%, up from 67% ten years ago, and above the EU average of 85%. Clothing takes just over a quarter of all online sales, closely followed by electricals. Electricals, and the much smaller books, music and video sectors, are ideally suited to selling online because they benefit from the wide range possible and are mostly sold on specification – with much less need to touch and try out the product first.
- ◆ **IBISWorld – E-Commerce & Online Auctions in the UK (February 2018).** Over the past decade, the industry has undergone considerable change. Formerly a declining industry that focused on mail orders and direct sales via television, radio and telephone, the industry has been reinvigorated by the growth of internet services. Over the past five years, increased IT adoption and computer literacy have led to a growing number of consumers buying goods online. Technological advances have resulted in rapid increases in internet speeds, which has supported revenue growth. Additionally, the proliferation of internet-enabled devices means consumers can easily shop for goods at their own leisure. Over the five years through 2017-18, industry revenue is anticipated to increase at a compound annual rate of 9.1%, reaching £27.3 billion.
- ◆ **Mintel – Mobile Phones - UK (April 2018).** Apple's iPhone is now the most owned brand of smartphone, overtaking Samsung Galaxy since December 2016. This follows the launch of the 10th anniversary iPhone X that saw flagship smartphone prices pass the £1,000 mark for the first time. The increased expense of the latest smartphones, combined with more incremental updates to specifications, has seen more people keep their phones for longer. This has enabled many to seek more flexible, lower-cost SIM (Subscriber Identity Module)- only contracts.
- ◆ **IBISWorld – Mobile Telephone Retailers in the UK (November 2017).** According to Ofcom, over 96% of UK adults now own a mobile phone. As a result, the market is approaching saturation, which hinders demand for new phones. Consumer demand is also limited by slow growth in disposable income. Despite difficulties, the revenue of mobile telephone retailers is forecast to grow again, increasing at a compound annual rate of 1.0% over the five years through 2022-23 to reach £3.5 billion.

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

- ◆ [The Guardian E-Commerce Homepage](#) provides regular news and updates from the industry.

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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 [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.

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: Caroline Campbell

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