



# 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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in July 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 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:

- ◆ The industry has faced challenging operating conditions over the past five years due to increased competition and volatile demand. Industry revenue is **forecast to decrease at a compound annual rate of 1.4%** over the five years through 2017-18 to reach **£8.9 billion**. (IBISWorld, *Taxi Operation in the UK*, November 2017)
- ◆ There were **10,393 taxis and 12,959 private hire cars licensed in Scotland** based on figures provided by Scottish local licensing authorities during October-November 2017. These show that licensed taxis have fallen by **143** and private hire cars have risen by **837** compared with figures for 2016. Latest figures show that of the **10,393 licensed taxis, 4,903 (47%)** are wheelchair accessible, the same proportion and slight decrease 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 36, 2017 Edition*) ([tinyurl.com/ybuc9c54](http://tinyurl.com/ybuc9c54))
- ◆ Private customers are expected to be the most significant source of demand for taxis and PHVs in the United Kingdom, directly contributing **51% of industry revenue in 2017-18**. Private customers use taxi services for specific leisure journeys, in particular in urban areas where taxi services support the late-night entertainment business. (IBISWorld, *Taxi Operation in the UK*, November 2017)
- ◆ The main form of competition comes from urban public transport, such as buses, trams and light rail. Furthermore, operators have met with heavy competition from the rapidly growing online transportation network company Uber, which is not included in the industry. (IBISWorld, *Taxi Operation in the UK*, November 2017)
- ◆ 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](#)



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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](mailto:info@bgateway.com).

- ◆ **IBISWorld -Taxi Operation in the UK - November 2017** - The industry has moderate barriers to entry which have increased slightly over the past five years. To establish a new business in the industry operators need to purchase the appropriate licences and vehicle. The industry is subject to a moderate level of revenue volatility. Revenue earned by industry operators is directly related to demand for industry services. In times of low consumer and business confidence, potential customers often opt for cheaper forms of public transport
- ◆ **IBISWorld -Taxi Operation in the UK - November 2017-** Given the large amount of fuel required to operate a taxi, fuel costs have a major influence on the industry. Volatile fuel prices can cause uncertainty for industry operators and may, in some cases, decrease the viability of a business. Average fuel prices are expected to increase in 2017-18.
- ◆ **IBISWorld -Taxi Operation in the UK - November 2017** - The level of competition in the industry has increased significantly over the past few years, putting pressure on the prices that operators can charge. Uber, a US technology firm based in Silicon Valley that develops, markets and operates the Uber mobile app, has become a significant source of competition for industry operators. The Uber app creates a marketplace for drivers and customers. The company does not employ drivers directly but retains a percentage of the fares booked and paid for through the app, meaning the company has very low fixed costs and enabling it to offer approximately 80% of each fare to the driver. Low costs also allow the company to drive down the prices it charges for journeys, making it more attractive to customers than taxi operators.

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

- ◆ **Taxi and Private Hire Car Licensing.** Information on relevant legislation and licensing is available from the Scottish Government ([tinyurl.com/hrzy5on](http://tinyurl.com/hrzy5on)). You – or your employees – must have a valid license to operate a Hackney or private hire car. Applications for licences should be made through the relevant licensing authority. 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/scottish-local-government](http://www.cosla.gov.uk/scottish-local-government))
- ◆ **City AM - UK taxi turnover falls for the first time in five years as Uber drives up its network expansion,** Article, July 2017 ([tinyurl.com/yayjpl25](http://tinyurl.com/yayjpl25)) An analysis of the UK's top 100 largest taxi and minicab firms noted that turnover had dipped three per cent from £495m in 2014/15 to £479m in 2015/16. There had been consistent growth in turnover since 2011/12.

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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](#) ([tinyurl.com/c2fw4o4](http://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: Emma**

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