



# Market Report

A Snapshot of your Market Sector

## Advertising and Marketing

This pack has been designed to provide information on setting up a business in the **advertising and marketing** 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 2020**. 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 Advertising and Marketing 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:

- ◆ Industry operators have indicated a decrease in business prospects during the coronavirus crisis. Demand from fast-moving consumer goods industries has exhibited a steep decline, with many firms reducing their advertising budgets. Revenue from the automotive and electronic goods markets has also been adversely affected. However, even with these effects lingering, industry revenue is **forecast to grow** at a compound annual rate of **5.4%** over the five years through 2025-26 to reach **£27.2 billion**. Demand for print media advertising is also expected to fall further and limit growth. Meanwhile, demand for online advertising is expected to grow strongly to generate **41.4% of industry revenue** in 2020-21. (IBISWorld, *Advertising Agencies in the UK*, June 2020).
- ◆ IBISWorld expects an increase in search engine optimisation (SEO) revenue for digital advertising agencies following the coronavirus pandemic as more retailers move online or expand e-commerce operations. SEO is key to success in an e-commerce-dominated era. Industry revenue is expected to **increase** at a compound annual rate of **9.6%** over the five years through 2024-25 to reach **£18.8 billion** facilitated by strong growth in online retail sales. (IBISWorld, *Digital Advertising Agencies in the UK*, December 2019).
- ◆ The rapid pace of technological change is expected to result in a greater need for assistance in marketing through digital channels and expand demand for marketing consultancy services. Industry revenue is expected **to rise** at a compound annual rate of **2.4%** over the next five years to reach **£4.5 billion** in 2024-25. The main services offered related to marketing strategy development, evaluation and implementation and this segment of the industry is expected to generate **60.8% of industry revenue** in 2019-20. (IBISWorld, *Marketing Consultants in the UK*, February 2020).
- ◆ The **Data Protection Act 2018** ([www.gov.uk/data-protection](http://www.gov.uk/data-protection)) in the UK was the implementation of the EU General Data Protection Regulation. This law has significant implications for the use of personal data in marketing and advertising. Industry guidance can be found from the Information Commissioner's Office ([tinyurl.com/yamw3dnp](http://tinyurl.com/yamw3dnp)) or the Direct Marketing Association ([tinyurl.com/y6wre93s](http://tinyurl.com/y6wre93s)).
- ◆ The national organisation for this industry is the [Advertising Association](http://www.adassoc.org.uk) ([www.adassoc.org.uk](http://www.adassoc.org.uk)). Other industry bodies include the [Internet Advertising Bureau](http://www.iabuk.com) ([www.iabuk.com](http://www.iabuk.com)), [Advertising Standards Authority \(ASA\)](http://www.asa.org.uk) ([www.asa.org.uk](http://www.asa.org.uk)), [The Content Marketing Association](http://www.the-cma.com) ([www.the-cma.com](http://www.the-cma.com)), [Direct Marketing Association \(DMA\)](http://www.dma.org.uk) ([www.dma.org.uk](http://www.dma.org.uk)), [Incorporated Society of British Advertisers \(ISBA\)](http://www.isba.org.uk) ([www.isba.org.uk](http://www.isba.org.uk)), and [Marketing Agencies Action Group](http://www.marketingagencies.org.uk) ([www.marketingagencies.org.uk](http://www.marketingagencies.org.uk)).

## 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 – Digital Advertising (June 2019)**. In 2018 the UK digital advertising market was worth £13.44 billion according to the Internet Advertising Bureau (IAB), up by 15% from 2017. Paid-for search remains the greatest type of expenditure (50%) for advertisers, according to data from the IAB/PwC Digital Adspend Study 2018, although the proportion spent on display advertising continues to increase. Video, particularly mobile video, now accounts for 44% of the display market. As yet, GDPR has not had a major impact on the UK advertising market, but it has marked a turning point of consumers being given greater control over their personal data. Consumers exercising more control, particularly over their browsing data, may mean that targeting advertising methods have to be refined to reflect consumer input.
- ◆ **IBISWorld – Digital Advertising Agencies in the UK (December 2019)**. Search Engine Optimisation (SEO) and search engine marketing (SEM) services are expected to account for 49.5% of industry revenue in 2019-20, making it the largest segment for the industry. Digital advertising agencies that can build website algorithms with the highest relevancy can obtain favourable placing for their clients in search results. The industry has many independent agencies operating alongside the largest four players - WPP, Publicis, Interpublic and Omnicom, commonly known as the 'Big Four' advertising agency companies in the world. However, only WPP has a market share of over 5%. Rising competition from external players, such as PR firms, and the growing trend of downstream businesses dealing directly with online providers, such as Google and Facebook, were also responsible for the fall in market share concentration.

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

- ◆ **Deloitte** offers a Global Marketing Trends content hub which offers industry insights and news by topic and sector. ([tinyurl.com/ybfbkbcfc](https://tinyurl.com/ybfbkbcfc)). The published report 2020 Global Marketing Trends identifies seven themes for marketing in the future - Agility, Human Experience, Fusion, Participation, Purpose, Talent and Trust. ([tinyurl.com/yb238wlj](https://tinyurl.com/yb238wlj)).
- ◆ **Global Web Index** publishes a number of research reports and insights, including **Connecting the dots: Consumer Trends in 2020** which is free to download, and which examines advertising and media influences on consumer behaviour ([tinyurl.com/y8fqbkoo](https://tinyurl.com/y8fqbkoo)).
- ◆ **Campaign** is a business media brand that serves the marketing, advertising and media communities and provides regular news updates on these industries in the UK ([www.campaignlive.co.uk](http://www.campaignlive.co.uk)).

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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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**Updated by: Eleanor**

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