Market Report

A Snapshot of your Marketing Sector

App Developer

This pack has been designed to provide information on setting up a business in the **App Developer** 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 **December 2024**.

What do I need to know about the App Developer 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:

♦ Over the next five years, industry revenue is forecast to **grow** at a compound annual rate of **13.3% to total £53 billion in 2029-30**. As smartphone penetration begins to reach saturation, the industry will no longer be able to expand at the rate recorded over the past decade. However, advances in smartphones and technology, such as augmented reality and connectable gadgets, are expected to provide developers with new opportunities for growth in the coming years. (IBISWorld, App Development in the UK, October 2424).

♦ **Mobile will still dominate in ten years**, with younger consumers anticipating Smartphones to be commonplace due to performance upgrades, such as on-device AI integration. New technology will continue to increase the need for improved infrastructure in terms of mobile speed and data use. Average monthly data use per data user on mobile increased by 24% in 2022. Younger consumers typically prefer to use mobiles for searching and purchasing, whereas older consumers lean towards use of larger screen sizes (Mintel, Future of Technology, July 2024).

♦ Mintel forecasts that the value of the mobile device apps market will be **£3,027.6m in 2022**, a **downturn on 2021's all-time record-breaking figure of £3,247.5m**. 2022 has seen competing time and attention from in-person shopping and socialising post-pandemic. Despite mobile apps' relatively low entry point in terms of cost, they also aren't immune to the effects of the cost-of-living crisis (Mintel, Mobile Device Apps UK, 2022).

♦ The **global mobile apps market was valued at $743 billion in 2023 and is estimated to grow to $2,870.6 billion in 2028**. This will create an incremental growth opportunity worth $2,127.6 billion between 2023 and 2028, which translates to around 287% of the market size in 2023. This represents significant growth opportunities for companies. Companies can continue to grow by leveraging the inherent growth opportunities available within the market while avoiding direct competition. (Technavio, Global Mobile Application Market 2024-2028).

♦ In March 2024, **WhatsApp was the most popular mobile app** for smartphone or tablet users in the United Kingdom, with an audience reach of 86 percent. Social media giant Facebook followed, with a reach of around 80.2 percent of the country's digital population. YouTube ranked third with an audience reach of 69.9 percent. (Statista, Leading Mobile Apps in the UK 2024 by Reach).

♦ The national organisations for this include: The App Association, Application Developers Alliance, ScotlandIS, The Business Application Software Developers Association (BASDA), and Creative Scotland.

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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.

◆ **Technavio – Global Fitness App Market (2024-2028).** Women are major contributors to the growth of the global fitness app market. The rising adoption of fitness trackers by women drives the growth of the segment. In 2023, the primary users of Fitbit wearable devices were women, who accounted for approximately a 58.85% share, though the share is to decline to 55.55% by 2028. Women are more likely to download health and fitness-related apps than men.

◆ **IBISWorld – Software Development in the UK (September 2024).** A compound annual rate rise of 3,1% in software developers' revenue is anticipated over the five years through 2024-25 to £45.8 billion. Over the five years through 2029-30, revenue is forecast to increase at a compound annual rate of 2.8% to £52.6 billion. The rapid uptake of IT and telecommunications, in particular smartphones and tablet computers, has increased growth over the last ten years. New platforms like tablet computers and other mobile devices are replacing more traditional models and have presented opportunities for software developers to create mobile applications. Demand for cloud-based software has surged in part due to home working. The growth in downloadable programmes, mobile apps and subscription software has stabilised demand for software.

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

◆ You can register, for free, with the National Library of Scotland (nls.uk) and gain access to their online business resources including **Complete Business Reference Adviser (COBRA).** Here you can access their App Developer Business Opportunity Profile (November 2024) which provides information on trading issues and links to other information sources.

◆ **Google** publishes free marketing resources on the **Think with Google** site. They have a page on App & Mobile Marketing perspectives, with articles and presentations on subjects such as app optimization and advertising, as well as news pieces on trends in the industry and case studies on specific company successes with their apps.

◆ **British Application Software Developers Association (BASDA)** is a UK trade body representing the UK business software industry. They have best practice guides and standards sections on their websites as well as other resources.
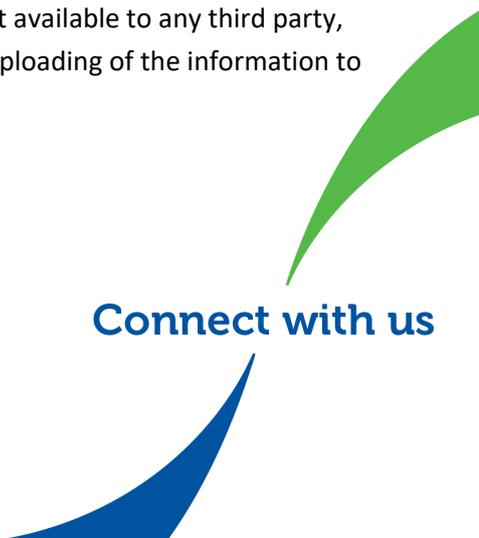
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How can I find out about my competitors?

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 *Market and customer research* will help you to identify new trends, opportunities, customers and competitors.

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 websites, 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 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.

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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