

# Mobile Content

The UK. Supporting Your Growth



CREATIVITY  
IS  
**GREAT**  
BRITAIN



# Introduction

*The UK is the most important market in Europe for mobile content as it has a higher percentage of smartphones, particularly high end, than any other nation. There are over 30million users in the UK.*

Mobile content is one of the fastest-growing creative content markets in the world and the UK is uniquely placed to exploit the consumer thirst for portable mobile devices and entertainment companies that are driving the market globally.



# Key UK Advantages

**1****Large market opportunity**

The UK is Europe's largest mobile content market, with over £1bn spent on mobile applications, content and services each year.

**2****Ease of doing business**

The UK is the number-one business location in Europe, with a business-friendly policy, regulatory and tax environment. It offers a rich and diverse ecosystem of talented people, research institutions, partners and suppliers.

**3****Innovation and creativity**

The UK has an abundance of expertise in technological development and creative content. This is nurtured by the country's internationally renowned universities which support a world-class professional development pool of talent, from software engineers and developers to animators and games designers.

**4****London**

The UK capital is one of the world's largest digital entertainment hubs and home to booming technology clusters that are driving the traditional content industries onto new platforms and revenue streams.

**5****International hub**

The UK is the ideal base to internationalise a business, with healthy domestic market demand, easy access to Europe, a strong research base and an ecosystem of partners, academic institutions and skilled people to ensure commercial growth.

# UK Opportunity

*The UK has one of the most attractive markets for mobile content in the world. Both for B2B and B2C companies it presents a variety of opportunities to develop their business across international markets. It has a comprehensive mobile development sector, with many innovative mobile application and content companies and a university research and training base that underpins industry growth.*

Over half of the UK adult population now uses smartphone devices, increasingly choosing to access their emails, internet and apps via their mobile. As a result, the UK is catching up with the most sophisticated mobile markets in Japan and South Korea, with 4G set to be available across the country's main cities by the end of 2012. This will complement the UK's expansive Wi-Fi network, already the largest in Europe.

The UK's mobile content sector is also boosted by the country's unique concentration of European Headquarters in areas such as entertainment, advertising, publishing, music, retail, finance, automotive and telecoms. These sectors are the highest spending in terms of mobile applications and content.

The UK's mobile boom is likely to stay for years to come as networks and devices improve. The robust nature of all the revenue models (for developers) and payment mechanisms (for consumers) has resulted in more money being spent on mobile content in the UK than ever before.



# UK Market Opportunity

## The key drivers

- Growth in the number of smartphones
- Increase in the variety of mobile contracts, pre and post-pay
- Consumer appetite for social networks
- Experienced and innovative games developer community
- Strong advertising and publishing industry sector
- Enhanced mobile network infrastructure

The UK has by far the biggest app market in Europe. It outnumbers its European neighbours in terms of revenue generated by app downloads and in-app advertisement as well as the sheer number of downloads and users. Mobile internet usage is growing as more users spend more time searching, sharing and surfing on their smartphones.

After only four years the market will surpass the half billion Euro mark by 2013. Currently the market is worth £450m. The UK is also the only country in Europe where Blackberry apps have a significant market share. Because of the high competition, apps must generate significantly higher download numbers to remain in the top app ranking compared to other European countries.

Predicted Mobile Advertising Spend in the UK for 2015 is \$1.1bn (source: [strategyanalytics.com](http://strategyanalytics.com)). Growth is predicted in location-based mobile apps (companies such as Shopkick, Foursquare, Gowalla & 1020 Inc.). Geofencing is a new area of growth across mobile advertising e.g. for retailers offering coupons.

What is clear is that the mobile boom that has been predicted for each year since 2000 in the UK is now here, and likely to stay for years to come as networks and devices improve. The robust nature of all the revenue models (for developers) and payment mechanisms (for consumers) has resulted in more money being spent on mobile content than ever before.



# UK Market Opportunity

The challenge for content-based companies is navigating through the constant changing mobile ecosystem to ensure they have the technical and creative tools to keep users/audiences engaged.

Social networks and Facebook in particular are very popular in the UK and key to the development of mobile content as a platform for content. Consumers in the UK spend almost 50% of their time on the mobile internet on Facebook, with over 30m unique users.

Mobile advertising networks have flocked to the UK, encouraged by the time that users are spending on their smartphones, and are providing content developers with more revenue models to commercialise their content.

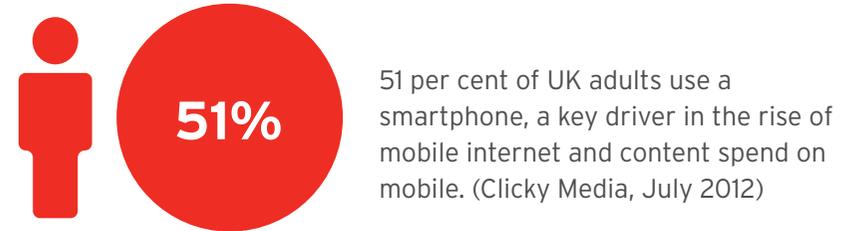
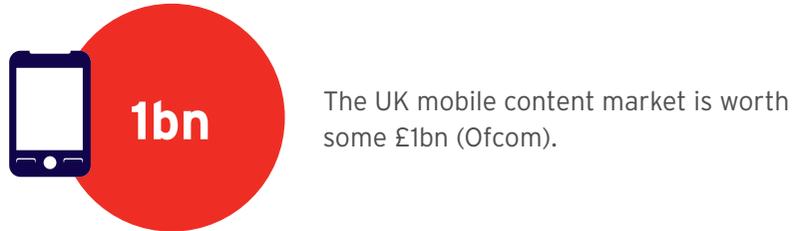
The UK's expertise in other interactive content sectors such as games has provided a ready-made talent pool to fuel the growth of the mobile content sector. As traditional gaming console businesses have struggled to cope with new connected models of gaming, mobile content development companies have benefited by hiring experienced gaming professionals.

The UK's digital and mobile agencies, mainly based around London, play an important role in the mobile content ecosystem. They have articulated to the big-spending brands the importance of mobile as an advertising platform. Given London's place at the centre of Europe's advertising market, this has been a key source of revenue for mobile content developers, both in contract work and for ad inventory to supplement the app revenues.

The competitive mobile network sector in the UK has driven the sales of smartphones and the UK is well placed to be for Europe what Japan and South Korea were for so long in Asia; the leader in mobile content and applications. There is also an added attraction to the UK, unlike its comparators in the Far East; the strength of the market is in its global reach. Mobile companies in the UK are international in their outlook, many are from overseas, and the UK for them is an essential test market to publishing content worldwide.



# Facts and Stats



Mobile advertising is growing by over 200 per cent in the UK (IAB, 2012).

**200%**

The number of smartphones in the UK is expected to double to some 64m by 2015 (mobileSQUARED).

**64m**



**£388m**

**£953m**

The UK mobile internet services market is the largest in Europe, worth £388m. This is predicted to rise to £953m by 2015 (IDATE).

The UK has by far the biggest app market in Europe. It is worth £450m and will surpass the half-billion mark in 2013 (research2guidance).

**£450m**

**£0.5bn**



# Ease of Doing Business

*According to the World Bank<sup>1</sup>, the UK is the easiest major economy in Europe in which to do business and the seventh easiest in the world<sup>2</sup>, with a GDP of around US\$2,400bn<sup>3</sup>. It is politically and economically stable, has excellent ICT infrastructure, global links and has one of Europe's most flexible labour markets<sup>4</sup>. This pro-business environment, combined with the support available from UK Trade & Investment, ensures that a company planning to enter the UK market can get their business up and running quickly and easily.*



**No. 1**

**No. 1 for European headquarters:** The UK has consistently attracted more HQ operations than any other location in Europe<sup>5</sup>, a clear endorsement of our business-friendly regulations and thriving environment for innovation and growth. Boasting the world's largest single market and over 500 million consumers, Europe offers a wealth of opportunity.



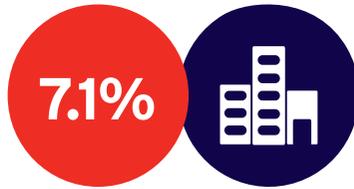
**Easy to set up:** Setting up in the UK takes an average of 13 days<sup>6</sup>, and it takes as little as 48 hours<sup>7</sup> to register a company.

**Innovation:** Innovation and entrepreneurship are prized in the UK - which has been named Europe's strongest environment for research and development<sup>8</sup> and ranked fifth for innovation globally<sup>9</sup>. The UK is ranked as the eighth most competitive economy in the world<sup>10</sup>.



**5th**

# Ease of Doing Business



**Professional services:** UK professional services firms can play a vital role supporting new investors' businesses - as we are home to world-class firms specialising in accountancy, audit, legal services, information technology, property management, architecture, advertising, management consultancy, and engineering to name but a few. Our legal system is one of the best in the world for settling international and local disputes quickly and effectively.



**Investor confidence:** The UK is the top destination in Europe for inward investment<sup>11</sup>. Demonstrating continuing investor confidence in the UK, there were more than 500 expansions of UK investments in 2011/12, proving that the UK is an excellent location to establish and grow an international business.



**Financial capital:** London's excellence in financial and business services makes the UK an ideal location for international activity. London is ranked as number 1 in the Global Financial Centres Index 2013, Z/Yen Group.



**Strong and flexible labour market:** The UK Government supports a framework of laws that ensures the labour market is flexible, effective and fair<sup>12</sup>. We have the second-largest labour force in the EU, at over 30m.

# Ease of Doing Business

*There is a supportive funding environment for UK-based companies.*



**Low tax burden:** The UK has generous tax allowances and the most extensive network of double taxation treaties in the world. Our overall tax burden is well below countries such as Germany, France, the Netherlands, Belgium, Sweden, Denmark and Italy, as well as below the average for the EU as a whole<sup>13</sup>. Employers pay less social security contributions in the UK than in most other European countries.

The UK's corporate tax rate is the lowest in the G7 and is at 23 per cent in 2013. It will further lower to 20 per cent as of April 2015<sup>14</sup>, giving the UK the joint lowest tax regime in the G20.

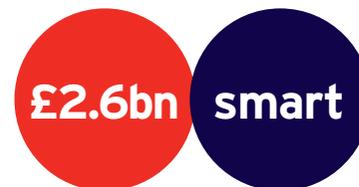


**R&D tax allowances:** We are actively promoting innovation through generous R&D tax allowances. The system, available for large corporations and SMEs investing in R&D, is easy to navigate, and self-assessment facilitates a simpler application process than elsewhere in Europe.



**Patented inventions:** UK-based companies benefit from a reduced 10 per cent<sup>15</sup> corporation tax rate on patented inventions. The Patent Box provides one of the strongest offers of its kind in Europe.

**Funding opportunities:** There are numerous funds available, for example the Regional Growth Fund (a £2.6bn fund running to 2016<sup>16</sup>) and Smart, offering funding to SME's engaged in R&D projects.



# Rich and Diverse Ecosystem



The UK has well-defined clusters in mobile content within London, Manchester, Sheffield, Newcastle, Bristol and Brighton. The competitive strength of the mobile carriers - Everything Everywhere, O2, Vodafone and 3 - has spawned a robust consumer market and, in turn, a thriving mobile developer ecosystem. This is well supplied with talent from universities, supported by world-class research expertise and organisations.

8%

12%

The UK is home to three of Europe's top five technology universities. It produces 8 per cent of the world's scientific papers, with a citation share of 12 per cent - second only to the USA.

2nd



The UK is at the heart of Europe's creative content industries, with London second only to Los Angeles as a global entertainment hub. As the world moves over to digital platforms, London is perfectly placed, as a technology centre, to lead the world in developing the next generation of innovative and dominant creative products.

# Case Studies

*An indication of the growing importance of the UK to the industry is the fact that some of the world's leading mobile content players are growing their operations here.*

## GREE

Headquartered in Tokyo, Japanese mobile social gaming company GREE established an office in the UK after receiving support from UK Trade & Investment (UKTI). Following an introduction made by UKTI, GREE struck a deal with the UK's Moshi Monsters, which led to it publishing some Moshi games in the Japanese market.

In recent months, GREE has expanded its UK operation to 25 staff and relocated from temporary office space to a new bespoke site in London's Tech City. It aims to have 100 UK staff by the summer of 2013.

[gree-corp.com](http://gree-corp.com)



The formation of a UK studio is strategically significant and reinforces GREE's commitment to growth within European markets. GREE chose this area because it has grown rapidly as a community of digital innovators and creative forward-thinkers, making it the obvious location for them to base their UK operations."

**Ryotaro Shima,**  
Senior VP EML

## Capcom/Beeline

Japanese games firm Capcom set up its European Headquarters in London in 2002. Since then, it has worked closely with UKTI to strengthen its UK presence, resulting in the establishment of a London-based R&D operation, Beeline Interactive. This has already launched two successful titles - Smurfs Village and Snoopy's Street Fair - both of which were the work of UK developers.

[www.capcom.com](http://www.capcom.com)

# Market Success

*The UK is an essential first market for early stage, new technology and content players due to its early-adopter environment, meaning companies can test their new applications in a well developed and high-spending customer economy.*

The UK is a unique market. Straddling both the USA and the wider European markets, it also provides fast-track access to the Middle East and India and has become the top inward investment destination for companies outside of Europe.



# Trends and Drivers

Key drivers of the mobile content market in the UK are:

- Growth in the number of smartphones
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Social networks, particularly Facebook, are very popular in the UK and key to the development of mobile content. Consumers in the UK spend almost 50 per cent of their time on the mobile internet on Facebook, with over 30m unique users.

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The UK's digital and mobile agencies, mainly based around London, play an important role in the country's mobile content ecosystem. They have articulated to the big-spending brands the importance of mobile as an advertising platform. Given London's place at the centre of Europe's advertising market, this has been a key source of revenue for mobile content developers, both in contract work and for ad inventory to supplement the app revenues.

To succeed in the mobile content market companies are realising that they require experienced content developers, with tested design and interaction skills, as well as good partnerships across traditional and new media sectors.

The UK's expertise in other interactive content sectors such as games has provided a ready-made talent pool to fuel the growth of the mobile content sector.

The UK's global reach is another strength. Mobile companies in the UK are international in their outlook and the UK for them is an essential test market to publishing content worldwide.

# Case Study

## Mind Candy

London-based Mind Candy has quickly built a worldwide user base for its social game Moshi Monsters, termed by some as the 'Facebook for children'. Known for its clever use of traditional and new media content - narrative storytelling, animation, game-play and social interaction - Moshi is a hit on PC and mobile platforms. The game has 60m users worldwide, and in 2011 was valued at £125m.

[mindcandy.com](http://mindcandy.com)



"I love being in London - I think it's great there are a lot of very talented people here, developers and engineers. I think culturally it's an amazing place to be."

**Michael Action Smith,**  
CEO - Mind Candy



# Talent Pipeline

*A number of university courses in the UK are explicitly focused on producing graduates for the country's interactive media, mobile and games development industries. Creative Skillset, the UK's skills organisation for the creative industries, awards special status to the best of these courses nationwide. They include:*

- **University of Wales, Newport**
- **Bournemouth University**
- **University of Bath**
- **New College Nottingham**
- **Middlesex University**
- **Central Saint Martins College of Art and Design, London**
- **University of Hertfordshire**
- **University of Bradford**
- **University of Salford**
- **Ravensbourne College, London**
- **Birmingham City University**

# UK Companies and Clusters

*There are small clusters of mobile development talent across the UK, most notably in Brighton, Newcastle and Cambridge, but the heart of the industry is undoubtedly in London. Historically it has grown up there, especially in the last five years, due to the presence of the network carriers, advertising, marketing agencies and the entertainment industry. London accounts for approximately two-thirds of the mobile content-related businesses in the UK.*



# UK Companies and Clusters

*A distinguishing factor of the UK's mobile content industry is the degree of innovation that its leading companies are engaged in, given that most are still small and in the early stages of growth. However, it is a dynamic and fast-growing industry and companies constantly have to innovate to stay ahead of their competitors. Leading examples include:*

- Adfonic
- Always on Message
- Cortexica Vision Systems
- Eagle Eye Solutions
- Future Games of London
- Future Platforms
- Handmade
- Ideaworks3D
- Mobile Money Network
- Natural Motion
- Neon Play
- Palringo
- Psonar
- Shazam
- Somethin' Else
- Somo
- Taptu
- Ustwo
- Yuza Mobile

# UK Mobile Networks

## UKIE

The trade body for the UK's wider interactive entertainment industry, championing the interests, needs and positive image of its members.

[www.ukie.info](http://www.ukie.info)

## TIGA

A non-profit trade association representing the UK's games industry. Members include independent games developers, in-house publisher-owned developers, outsourcing companies, technology businesses and universities.

[www.tiga.org](http://www.tiga.org)

## The Internet Advertising Bureau in the UK

Trade association for online and mobile advertising. It promotes growth and best practice for advertisers, agencies and media owners.

[www.iabuk.net](http://www.iabuk.net)

## AIME

UK trade organisation representing the commercial interests of member companies involved in the interactive media and entertainment industry.

[www.aimelink.org](http://www.aimelink.org)

## GSMA

Throughout the EU, the GSMA represents more than 100 mobile network operators providing over 600m subscriber connections across the region. They also have associate members, including manufacturers and suppliers.

[www.gsma.com/gsm europe](http://www.gsma.com/gsm europe)

## The Mobile Data Association

Not-for-profit industry association that represents and promotes mobile data-centric businesses.

[www.themda.org](http://www.themda.org)

## Mobile Monday London

An open community of mobile industry professionals that holds events to discuss the latest trends in mobile development and business.

[www.mobilemonday.net](http://www.mobilemonday.net)

## Cambridge Wireless

Brings together over 300 companies with expertise in wireless technologies and networks through a range of events and networking opportunities.

[www.cambridgewireless.co.uk](http://www.cambridgewireless.co.uk)

# Events

## Mobile Games Forum (MGF)

MGF is positioned as the definitive forum dedicated to all aspects of mobile games, and is the highest-rated event in Europe for commercial and business exchanges and networking.

[www.mobilegamesforum.co.uk](http://www.mobilegamesforum.co.uk)

## Social Gaming Summit

Held in London for the past three years, this event is focused on the intersection of mobile gaming, immersive worlds, real-life brands and social networking.

[www.mediabistro.com/socialgamingsummit/](http://www.mediabistro.com/socialgamingsummit/)

## The London Games Conference

The only event that brings together gaming executives across the disciplines of marketing, sales and media.

[www.londongamesconference.com](http://www.londongamesconference.com)

## Develop

One of the longest running and best-attended games conferences in the UK. The three-day event, held in Brighton every July, features a main conference session and a series of independent showcases for games companies.

[www.developconference.com](http://www.developconference.com)

## Swedish Beers

An ad hoc London-based mobile networking event that is also run in Barcelona. It brings together professionals from mobile advertising, publishing, entertainment and commerce.

[swedishbeers.blogspot.co.uk](http://swedishbeers.blogspot.co.uk)



UK Trade  
& Investment

# Contact Us

*UK Trade & Investment can offer practical help and advice for inward investors and it is free and confidential. Our industry advisers can provide information such as specific market opportunities, local skills, clusters, universities, incentives and funding support.*

*[www.ukti.gov.uk](http://www.ukti.gov.uk)  
[enquiries@ukti-invest.com](mailto:enquiries@ukti-invest.com)*

# Sources

<sup>1</sup> World Bank 2013 - [www.doingbusiness.org/rankings](http://www.doingbusiness.org/rankings)

<sup>2</sup> World Bank 2013 - [www.doingbusiness.org/rankings](http://www.doingbusiness.org/rankings)

<sup>3</sup> IMF

<sup>4</sup> The Global Competitiveness Report 2012-13” p 19. [www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf)

<sup>5</sup> Financial Times fDi Markets database. [www.fdiintelligence.com/Custom/Special-Reports/fDi-Report-2013/The-fDi-Report-2013](http://www.fdiintelligence.com/Custom/Special-Reports/fDi-Report-2013/The-fDi-Report-2013)

<sup>6</sup> [www.doingbusiness.org/data/exploretopics/starting-a-business](http://www.doingbusiness.org/data/exploretopics/starting-a-business)

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<sup>8</sup> Elsevier, 2011. [www.bis.gov.uk/assets/biscore/science/docs/i/11-p123-international-comparative-performance-uk-research-base-2011.pdf](http://www.bis.gov.uk/assets/biscore/science/docs/i/11-p123-international-comparative-performance-uk-research-base-2011.pdf)

<sup>9</sup> [www.globalinnovationindex.org/gii/main/fullreport/index.html](http://www.globalinnovationindex.org/gii/main/fullreport/index.html) - 2012

<sup>10</sup> World Economic Forum’s Global Competitiveness Report 2012-2013 [www3.weforum.org/docs/CSI/2012-13/GCR\\_CountryHighlights\\_2012-13.pdf](http://www3.weforum.org/docs/CSI/2012-13/GCR_CountryHighlights_2012-13.pdf)

<sup>11</sup> [www.ey.com/Publication/vwLUAssets/Attractiveness\\_survey\\_UK\\_2012/\\$FILE/attractiveness\\_survey\\_UK.pdf](http://www.ey.com/Publication/vwLUAssets/Attractiveness_survey_UK_2012/$FILE/attractiveness_survey_UK.pdf)

<sup>12</sup> The Global Competitiveness Report 2012-13” p 19. [www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf).

<sup>13</sup> Eurostat, 2010.

<sup>14</sup> [www.hmrc.gov.uk/rates/corp.htm](http://www.hmrc.gov.uk/rates/corp.htm)

<sup>15</sup> [www.hmrc.gov.uk/ct/forms-rates/claims/patent-box.htm](http://www.hmrc.gov.uk/ct/forms-rates/claims/patent-box.htm)

<sup>16</sup> [www.gov.uk/understanding-the-regional-growth-fund](http://www.gov.uk/understanding-the-regional-growth-fund)