



# Market Report

A Snapshot of your Market Sector

## Consultancy

This pack has been designed to provide information on setting up a business in the Consultancy 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 June 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 Consultancy 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 Management Consultants industry covers a broad range of consulting services, including strategic and organisational planning, marketing, IT and human resource consulting and business process management. Industry revenue is expected to grow at a **compound annual rate of 5.7%** over the five years through 2017-18. (IBISWorld, *Management Consultants in the UK*, March 2018).
- ◆ While the past five years have been characterised by a gradual economic recovery, advances in the computer sector have been more abrupt. Firms in the United Kingdom became more optimistic about their future prospects from 2013-14, and confidence returned to the high levels recorded prior to the economic crisis. (IBISWorld, *Computer Consultants in the UK*, March 2018).
- ◆ Industry revenue is projected to increase at a compound annual rate of **2.3% to reach £58.4 billion in 2022-23**. Although business capital expenditure is anticipated to fall marginally in 2018-19, it is expected to increase gradually during the subsequent years, propelling demand for industry services. Industrial production and commercial building construction activity are also expected to trend upwards and support industry growth. (IBISWorld, *Consultant Engineering Services in the UK*, March 2018).
- ◆ The United Kingdom management & marketing consultancy market grew by 4.8% in 2017 to reach a value of \$13,752.2 million. In 2022, the United Kingdom management & marketing consultancy market is forecast to have a value of **\$17,660.1 million, an increase of 28.4%** since 2017. (Marketline, *Management & Marketing Consultancy in the United Kingdom*, April 2018)
- ◆ The national organisation for this industry is [Management Consultancies Association](#). Other industry bodies include [Institute of Consulting](#), [Public Relations Consultancy Association](#), [Consultancy UK](#) and the [Association of Independent Computer Specialists](#).



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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 – Management Consultants in the UK (March 2018).** Demand for management consultants is predominantly determined by the level of business confidence, although fluctuations in confidence can affect demand in opposing ways. Despite causing uncertainty, the decision to leave the European Union is expected to encourage firms in the United Kingdom to seek the services of management consultants, in order to gain advice regarding the potential impact of the UK's exit from the European Union on their business. Demand for these services has been so high following the EU referendum that a number of large industry players including KPMG, PwC, Ernst & Young and Deloitte have formed 'Brexit centres' to cope with demand.
- ◆ **IBISWorld – Computer Consultants in the UK (March 2018).** Demand for computer consultants is largely based on the operating conditions of downstream businesses. During periods of high business confidence and strong margin growth, firms are more likely to invest in new computing infrastructure. In periods of declining profit and poor business confidence, companies reduce new purchases and outgoing expenses, including consultancy services. Important technological developments will also necessitate expenditure on updating systems. In particular, the shift towards cloud computing systems and mobile technology has driven industry growth over the past five years. Frequent improvements in information technology encourage businesses to update their systems, generating demand for computer consultancy services.
- ◆ **IBISWorld – Consultant Engineering Services in the UK (March 2018).** Due to the fragmented nature of the Consultant Engineering Services industry, market share concentration is low. The largest four companies are estimated to have a combined market share of less than 5%. Engineering consultancies are generally small-scale firms that confine their operations to a narrow regional market or area of specialisation. This is demonstrated by the fact that 90.1% of all industry operators employed fewer than five employees in 2017, most of whom are proprietors and partners. In contrast, only 0.7% of firms employed 50 or more people in 2017. Despite the low level of market share concentration, there are a few large multidisciplinary consulting firms that can tender for business in many service markets and locations. Although industry concentration has remained low over the past five years, it has increased marginally due to acquisitions.

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

- ◆ **Management Consultancies Association, UK Consulting Industry Statistics 2017: Consulting in the Age of Disruption** ([tinyurl.com/yc7krzq5](https://tinyurl.com/yc7krzq5)). This report provides key statistics on the industry such as growth by sector and year on year growth in consulting.
- ◆ **Management Consultancies Association, Consultancy Directory** ([tinyurl.com/ybrmwqk9](https://tinyurl.com/ybrmwqk9)). This provides information on key companies in the industry and their contact details.

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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:** Rebecca

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