



# 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 **October 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 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:

- ◆ Severe financial market volatility since February 2020 and the changing outlook for both the UK and global economy means there has been increased risk and so demand for actuarial consulting services. In the current year, **industry revenue is estimated to grow by 5% to reach approximately £3.4 billion** (IBISWorld, *Actuarial Consulting Services in the UK*, May 2020)
- ◆ Demand for management consultancy is expected to drop in the short term due to the closure of the majority of non-essential businesses across the United Kingdom. There is now greater opportunity for the industry to provide services to clients to help them understand the economic impact of the pandemic and to plan their strategies going forward. Industry revenue is expected to **grow at a compound annual rate of 2.8%, including 4.5% in the current year, to reach £55.5 billion**. IT consultancy is expected to generate **32%** of industry revenue in the current year. (IBISWorld, *Management Consultants in the UK*, March 2020).
- ◆ Industry revenue is projected to expand at a **compound annual rate of 2.8% over the five years through 2025-26, to reach £64.6 billion**. In the current year, government expenditure is anticipated to increase amid the coronavirus pandemic, which is expected to bolster demand for the industry from sales to the public sector. IBISWorld estimates that the public sector will account for approximately 23.1% of industry revenue in 2020-21. (IBISWorld, *Computer Consultants in the UK*, July 2020).
- ◆ The industry has a medium level of concentration, **with the four largest players having a combined market share of 61.2%**, due to the dominance of the Big Four accounting firms in the UK. Over the five years through 2019-20, industry revenue is expected to grow at a compound annual rate of 3.1%, reaching £4.7 billion (IBISWorld, *Tax Consultants in the UK*, March 2020).
- ◆ The UK's consulting industry employs around **63,000 professionals**, of which around 94% of them are consultants and 6% are supporting staff. Technology is the largest segment (28%) in the UK, followed by Finance & Risk (15%) and Operations (13%) (Consultancy UK – UK Consulting Market [tinyurl.com/yx8v7a8p](http://tinyurl.com/yx8v7a8p)).
- ◆ The national organisation for this industry is the [Management Consultancies Association](#). Other industry bodies include [Institute of Consulting](#), [Public Relations Consultancy Association](#), [Consultancy UK](#) and the [Association of Independent Computer Specialists](#).

## 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 – *Computer Consultants in the UK – July 2020***: The largest markets for computer consultancy services are public and professional and technical companies. However, the smaller markets are the fastest growing. The manufacturing, construction and energy sectors have expanded particularly strongly in recent years. New applications of technology on these industries is increasing demand. IBISWorld estimates that the public sector will account for approximately 23.1% of industry revenue in 2020-21.
- ◆ **IBISWorld – *Management Consultants in the UK – March 2020***: Management consultants offer services to both the public and private sectors and cover a wide range of businesses across the UK economy. This provides the industry with a degree of protection against a downturn in demand from any one sector. The financial services sector is the largest market for management consultants, accounting for an estimated 32.8% of industry revenue for 2019-20. Major international banks, insurers and fund managers regularly employ consultant to streamline operations and maintain profit levels.

We also have access to the following reports:

- ◆ **IBISWorld Specialised Industry Report - *Marketing Consultants in the UK (February 2020)***
- ◆ **IBISWorld Specialised Industry Report – *Environmental Consultants in the UK (March 2020)***
- ◆ **IBISWorld – *Actuarial Consulting Services in the UK (May 2020)***
- ◆ **IBISWorld – *Tax Consultants in the UK (March 2020)***

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

- ◆ **Consultancy UK** has put together Industry Statistics for the United Kingdom, including information on the size of the market, industry segmentation by service offering and year-on-year growth ([tinyurl.com/yx8v7a8p](https://tinyurl.com/yx8v7a8p))
- ◆ The **Management Consultancies Association (MCA)** has a member directory which provides information on key companies within the industry and their contact details ([tinyurl.com/yyq7m8ur](https://tinyurl.com/yyq7m8ur)).

**Disclaimer:** This report has been updated on 21<sup>st</sup> October 2020 - we have included Post COVID-19 market material where available. Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.



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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**

## 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 [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.

## 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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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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**Updated by: Eleanor**

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