



Market Report

A Snapshot of your Market Sector

Interior Design

This pack has been designed to provide information on setting up a business in the **Interior Design** 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 **November 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 Industry Design 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:

- ◆ Spending on the home grew over the past year, peaking in August 2019. This was no doubt helped by the rise of real wages, as spending grew across most sectors. Obviously, this spending has ramifications for furniture retailers, with the market foremost in terms of demand in relation to the home improvement sectors. Moreover, intentions to spend on the home in the near future also remain high, revealing the priority of the sector in consumer's thinking. In fact, even amid the uncertainty of COVID-19, as of 1 July, **57%** of consumers still plan to spend about the same or more money on their home over the next three months (Mintel, *Furniture Retailing - Inc Impact of COVID-19 – UK, July 2020*).
- ◆ Consumer expenditure on home accessories grew by an estimated **3.9% to reach £9.86 billion** in 2019. The market has been stable in recent years, recovering momentum in the wake of the UK's decision to leave the EU; buoyed by the return of real wage growth and a stable housing market. However, the recent outbreak of COVID-19 is likely to lead to a fall in expenditure in the short term. (Mintel, *Accessorising the Home – UK, March 2020*).
- ◆ Over the five-year period through 2020-21, revenue is expected to grow at a compound annual rate of **0.9% to reach £7.2 billion**. However, it has to be noted that the industry's revenue figure in 2015-16, the base year of the period, was quite high, as industry operators experienced favourable operating conditions during that year. This, coupled with the large revenue decline expected in the current year, reduces the five-year revenue growth figure significantly. In reality, the industry has grown moderately over the majority of the period. (IBISWorld, *Specialised Design Activities in the UK, June 2020*).
- ◆ Demand for architectural activities is generally higher from the commercial and institutional building construction markets than from residential construction. . . towards the end of 2019-20 and in the current year, business confidence plunged, while business expenditure is also expected to decrease significantly owing to the economic downturn caused by the coronavirus pandemic. According to data from the ONS, over the three months through April 2020, private commercial construction output declined by **19.6%**, while output from private industrial construction fell by **20.2%**. (IBISWorld, *Architectural Activities in the UK, July 2020*).
- ◆ The national organisation for this industry is the [British Institute of Interior Design](#). Other industry bodies include the [Society of British and International Design](#) and the [Chartered Society of Designers](#).



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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.

- ◆ **Mintel, Accessorising the Home – UK** (March 2020). Collectively, online is the most influential channel for design inspiration when consumers are planning the look of a room and in the purchase of home accessories. In fact, nearly half (49%) of all purchases were inspired online in the past year. The channel is broadly popular; however, its popularity is spearheaded by younger consumers. This is perhaps unsurprising given the demographic's role in online purchasing. In fact, over three quarters (76%) of purchases among 16-24-year olds were inspired online. This far surpassed the channel's influence among consumers aged 55+(25%).
- ◆ **IBISWorld, Specialised Design Activities in the UK** (June 2020). Corporate clients and offices employ interior designers to design and create new interiors and features for offices, shops, institutions and other buildings and spaces. The share of revenue generated from this market has declined over the past five years, due to uncertainties associated with political instability and waning business confidence borne out from the 2016 EU referendum. In the current year, the coronavirus pandemic, and resultant shock to the wider economy, has stunted new business investment, virtually paralysing office construction activity. Consequently, demand from this market is expected to collapse in the short term, reducing this market segment's share of revenue further.
- ◆ **Mintel - Living and Dining Room Furniture: Inc Impact of COVID-19 - UK** (October 2020). The arrival of COVID-19 against a background of a sluggish property market and UK economy is expected to bring about a dramatic contraction in the value of living and dining room purchases in 2020. Mintel forecasts a fall of 17.9% from £8.26 billion in 2019 to £6.77 billion. Recovery is expected from 2021 onward with the value of the market reaching a forecast £8.68 billion in 2025.

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

- ◆ **The Society of British Interior Design (SIBD)** has a number of articles from esteemed industry professionals that explore the business behind the interior design profession, global interior practices and interior projects (tinyurl.com/y2ybk5ll).
- ◆ **The British Institute of Interior Design (BIID)** has a searchable Supplier Directory for contracts and specialists, industry partners and other services (tinyurl.com/y5ydtwyw).

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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 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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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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