
UK design industry

This factsheet presents the overall research findings for UK design businesses (freelance designers, design consultancies and in-house design teams). For detailed information on specific business types, see the relevant factsheets.

The UK design industry has experienced healthy growth over the last five years. It is estimated that there are now 232,000 designers working in the UK, an increase of 29% since 2005. The overall annual earnings of UK design businesses are estimated at £15bn – this includes design consultancy and freelance fee incomes as well as in-house design team budgets – an increase of approximately 15% since 2005, taking inflation into account. The financial picture is positive for some, with 37% of design businesses reporting a rise in fee income/budget, but challenging for others, with 26% reporting a drop in income. The industry remains clustered around London and the South East, with 40% of design businesses based here. The majority of design businesses work in communications design and in digital and multimedia design.

Size and shape of the UK design industry

How many designers are there in the UK?

There are an estimated 232,000¹ designers in the UK. This is a 29% increase on 2005. Just over a quarter of UK designers are freelance, just over a third work in design consultancies and the same proportion work in in-house design teams².

	Number of designers '09	As percentage of all UK designers
Freelance designers	65,900	28%
Design consultancies	82,500	36%
In-house design teams (100+ employees)	83,600	36%

How many design businesses are there in the UK?

The number of freelance designers in the UK has increased significantly since 2005 and the number of in-house design teams has also increased slightly. By comparison the number of design consultancies has decreased.

- 65,900 freelance design businesses (an increase of 39% since 2005)
- 10,800 design consultancies (a decrease of 13% compared to 2005)
- 6,500 in-house design teams (in businesses with 100+ employees) (an increase of 10% since 2005)

What is the combined total of consultancy and freelance fee income, plus in-house design budgets?

The collective fee incomes and budgets of UK design businesses amounts to £15bn. This represents an increase of almost 30% since 2005, although around half of this can be attributed to inflation.

The £15bn figure breaks down as follow:

- £7.6bn (51%) – design consultancies' total annual fee income
- £3.6bn (24%) – freelances' total annual fee income
- £3.8bn (25%) – in-house design teams' total annual budget

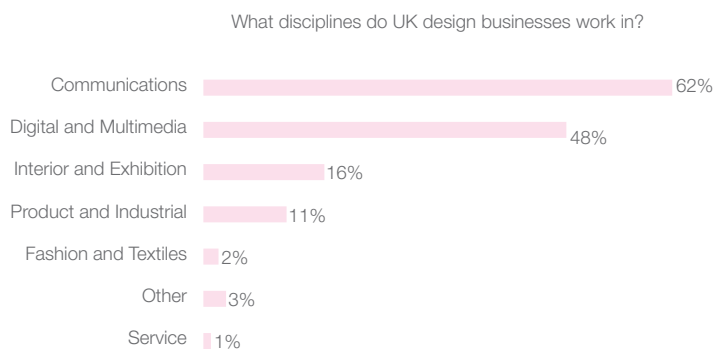
1. Source: Labour Force Survey 2008 and Design Council Survey 2009.

2. In businesses with 100+ employees.

Profile of UK design businesses

What disciplines do UK design businesses work in?

Communications design and digital design are the dominant disciplines for UK design businesses.



Where are UK design businesses located?

40% of the UK's design businesses are located in just two regions – London and the South East.

Region	Percentage
London	23%
South East	17%
East	10%
West Midlands	8%
Yorkshire and Humber	7%
South West	7%
North West	7%
Scotland	7%
East Midlands	6%
Northern Ireland	3%
Wales	3%
North East	2%

How many designers do UK design businesses (excluding freelancers) employ?

Almost 90% of UK design consultancies and in-house design teams employ fewer than 10 designers.

Number of Designers	Percentage
1–4	70%
5–9	19%
10–49	9%
50+	1%

How long have UK design businesses been operating?

One in ten UK design businesses has been in operation for less than a year; one in five has been running for 15 years or more.

Operating Duration	Percentage
Less than a year	9%
1–3 years	28%
4–6 years	23%
7–10 years	14%
11–15 years	7%
15+ years	19%

What is the demographic profile³ of UK designers?

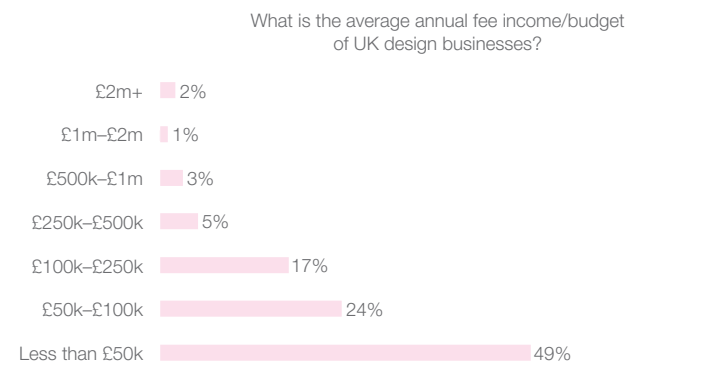
The average UK designer is 38, white and male. Design has a lower proportion of people from ethnic minority groups than other related professions, but a higher proportion of women.

Demographic indicator	Designers	Architects	Software professionals	Artists & literary professionals
% Male	60	84	86	57
% Minority ethnic group	7	11	16	9
Average age, years	38	44	38	44

Financial performance of the UK design industry

How good is the financial performance⁴ of UK design businesses?

Almost 50% of UK design businesses have a fee income/budget of less than £50k. Only very few have a fee income/budget of over £1m.



How does the financial performance⁴ of UK design businesses for the last financial year compare with that of the year before?

More than a third of design businesses say their financial performance has improved, while just over a quarter say it has declined.

Change in Financial Performance	Percentage
Substantial decrease	7%
Moderate decrease	19%
No change	16%
Moderate increase	31%
Substantial increase	6%
Don't know	22%

3. Source: Labour Force Survey 2008.

4. Financial performance refers to annual fee income for design consultancies and freelancers, and budget for in house design teams.

How do design businesses expect their financial performance⁵ for next year to compare with this year?

58% of design businesses are optimistic about their financial prospects for the coming year.

Substantial decrease	2%
Moderate decrease	10%
No change	18%
Moderate increase	47%
Substantial increase	11%
Don't know	12%

How have design businesses' fee rates changed over the last three years?

Just under half of design businesses have increased their fee rates over the last three years.

Increase	40%
Decrease	9%
No change	45%
Don't know	6%

Clients of UK design businesses

What industry sectors do UK design businesses⁶ work for?

UK design businesses are most likely to work for the business services and financial sector.

Business services and Financial	40%
Public administration, Health and Education	28%
Wholesale and Retail	28%
Manufacturing	24%
Hotels, Transport and Communications	17%
Recreational, Culture and Sport	16%
Construction, Utilities	10%
Agriculture and Mining	2%

What percentage of UK design businesses⁷ work for clients abroad?

The overwhelming majority of UK design businesses work for clients in the UK.

In the UK	93%
Outside the UK but within the EU	5%
Outside of EU	2%

How big are the clients of UK design businesses?

Only one in ten UK design businesses works for large businesses.

Small businesses	49%
Medium sized businesses	41%
Large businesses	10%

What percentage of UK design businesses⁷ work for the public, private and third sectors?

Just under half of UK design businesses work within the public sector.

Private sector	93%
Public sector	47%
Third sector	21%

Have design businesses increased their number of clients over the last three years?

Just over half of UK design businesses have increased their client base over the last three years.

Increased number of clients	56%
Decreased number of clients	18%
No change in the number of clients	22%
Don't know	4%

Have design businesses⁸ increased their number of overseas clients over the last three years?

Of design businesses that work abroad, more than half have not seen any change in the number of overseas clients they work for over the last three years.

Increased number of overseas clients	19%
Decreased number of overseas clients	4%
No change in number of overseas clients	65%
Don't know	10%

Competition for UK design businesses

Where does UK design businesses' competition come from?

The location of UK design businesses' competition mirrors that of their clients – the majority compete only within the UK.

Face competition from within the UK	90%
Face competition from outside the UK, but within the EU	4%
Face competition from outside the EU	6%

How has competition changed for UK design businesses over the last three years?

More than two thirds of design businesses have seen an increase in competition over the last three years.

Decrease in competition within the UK	9%
No change in competition within the UK	22%
Increase in competition within the UK	69%

How has overseas competition for UK design businesses changed over the last three years?⁹

The proportion of businesses working overseas and reporting increased competition is the same as the percentage of businesses reporting more UK competition.

Decrease in competition from overseas	6%
No change in competition from overseas	24%
Increase in competition from overseas	69%

5. Financial performance refers to annual fee income for design consultancies and freelancers, and budget for in house design teams.

6. For in-house design teams this refers to the sector of the business they are based in.

7. For in-house design teams this refers to the sector of the business they are based in.

8. For in house design teams only those that undertake commercial work for external clients were included.

9. Asked only of survey respondents who say they face competition from overseas.

Job market for the UK design industry

What percentage of UK design businesses are recruiting?

31% of design businesses recruited at least one designer last year.

What percentage of UK design businesses are making redundancies?

7% of design businesses made at least one redundancy last year.