



This analysis encompasses the work of UK design consultancies and designers working within industry generally. It does not include design activities that are covered elsewhere in this report – in fashion, crafts, architecture, software or computer games.

# SECTION 05 DESIGN

## INDUSTRY REVENUES

Assessing the total value of design activity in the UK is difficult, since:

- 🏠 design consultancies are engaged in much non-design activity
- 🏠 much of its value is hidden within the value of other industries
- 🏠 within companies, the design function cannot be consistently bounded, and different sectors or even organisations within sectors have their own definitions of design
- 🏠 definitive statistics are not collected

The Design Council have estimated that in 1995, the value of UK design was £12bn, which included around £10bn spent by British manufacturing industry on design and product development and the remainder accounted for by other work by design consultancies and freelance designers.

Because of these shortcomings, there is no reliable way to estimate the rate at which the industry has grown over a reasonable period. However, the top 200 design consultancies saw gross income per capita grow by 14% between 1996 and 1997, and the top 20 increased pre-tax profits by 75% over the same period.<sup>1</sup>

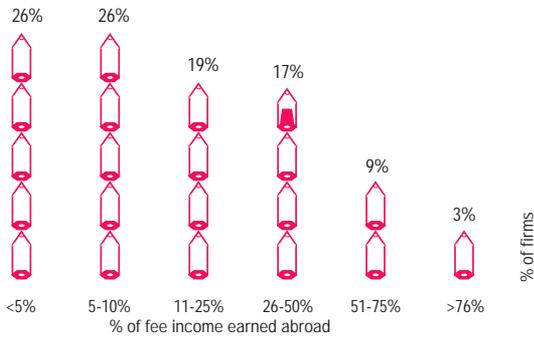
## UK MARKET SIZE

In the absence of official data, the UK market size is estimated to be similar to overall industry revenue, with significant imports of design expertise approximately matching UK exports.

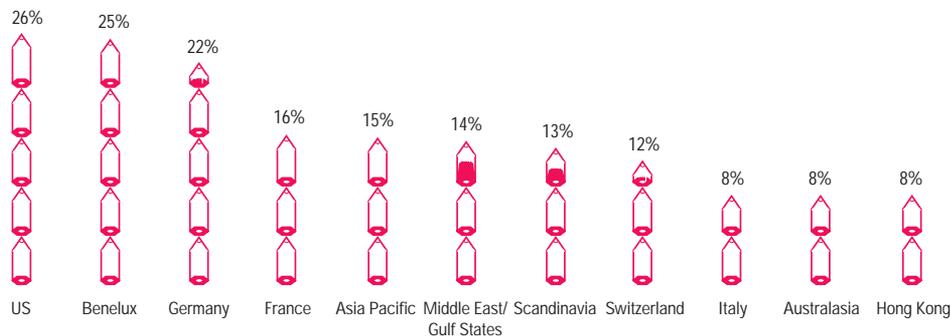
## BALANCE OF TRADE

The design industry is highly international, and the bulk of UK design companies – some 70% – are active in overseas markets. Good use is made of export promotion initiatives.

### Consultancies Overseas Earnings<sup>2</sup>



### % of Consultancies Selling in Key Export Markets



<sup>1</sup> Source Financial Performance of Marketing Services Companies Willott Kingston Smith 1997  
<sup>2</sup> Design Export Survey 1997, Design Business Association and Design Council

## SECTION 05 | DESIGN

Fees earned by UK designers abroad have doubled in the past decade, amounting to £350m in 1995. Some 20% of design companies generate at least a quarter of their fee income from overseas sales. The largest consultancies are the most globally-focussed and the most dependent on overseas markets.

The export potential of the UK design industry is aided by the UK's global image as a nation of inventors and innovators. This image, and the role of design within it, is actively promoted by the Government.

### EMPLOYMENT

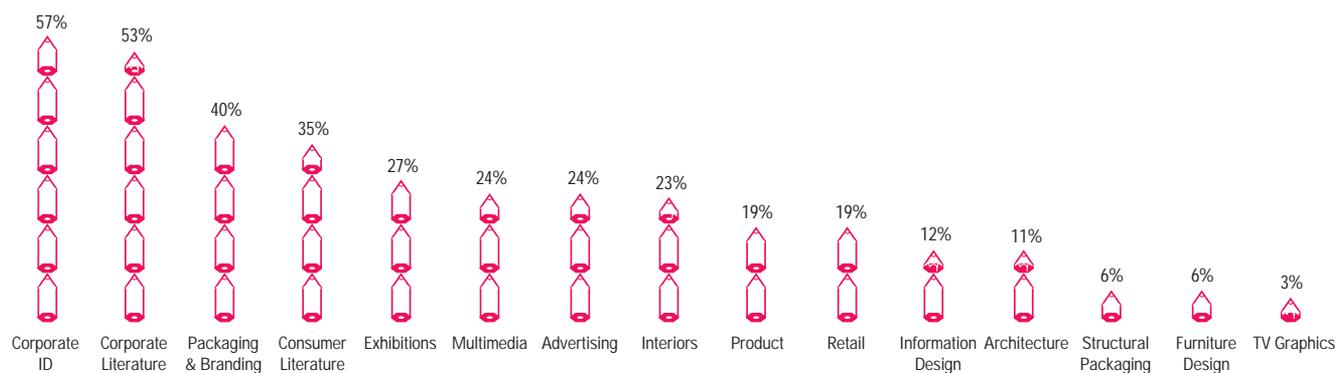
Design consultancies employ some 20,000 people. In addition, a further 3,000 people registered as designers work as sole traders or within non-design-specific organisations.

The number of people employed in support of design and product development within British industry has been estimated by the Design Council as 173,000.

### INDUSTRY STRUCTURE

There are about 3,000 design consultancy firms in the UK. The industry's value is heavily concentrated in the largest firms: the FCO estimate that the 100 largest consultancies account for around 75% of the industry's turnover.

#### % of all Consultancies Offering Services



The distinction between design consultancies and other consultancies is becoming very blurred. Most major design companies now offer services that overlap with strategic or management consultancy. Designers have developed highly valuable skills, such as customer understanding, creative brainstorming and scenario planning, that are outside the traditional production-focussed design skills. The interdependence between design and brand identity means that consumer businesses increasingly rely upon designers for strategic positioning. As a result, design consultancy businesses are increasingly migrating to broader consultancy work.

The flexible and diverse nature of the sector means that creative people entering it require broad skills, including business and finance skills. Graduates in design are often ill-prepared for the harsh realities of self-employment. Design courses are popular – some 10% of all students are enrolled in design courses, but as numbers grow there is a perception in the industry that the bulk of graduates are under-educated.

### INTERNATIONAL CRITICAL ACCLAIM

Given the diverse nature of activities with which designers are involved, it is difficult to pinpoint specific representative indicators of critical success. However, it is clear that the UK industry has a strong image overseas. For example, Japanese managers rank the UK as one of the top five nations in the world for design.

### SECONDARY ECONOMIC IMPACT

Exports of design consultancy can have a significant knock-on effect on other UK exports. For example, UK designers will often specify or recommend UK products or contractors.

The key role of design in promoting a view of Britain as modern and innovative helps promote the export of a wide range of goods and services, as well as encouraging inward investment and tourism.

### POTENTIAL FOR GROWTH

Further work is needed to determine both the scale of the contribution which design makes to the economy, and the potential for growth. The picture is made more difficult to assess by the reliance on overseas markets. Given the industry's current strong position in world markets, there must be the potential for significant growth, if the UK can maintain its competitiveness.

### GROWING THE SECTOR – POINTS FOR CONSIDERATION

Key issues for the continuing success of the design industry, particularly in world markets, include:

- 📌 meeting the education and training needs of the industry, providing graduates with high quality and broadly-based creative and business skills
- 📌 public and private measures to encourage the use and procurement of good design and innovation
- 📌 vehicles for showcasing the best of British design, particularly overseas
- 📌 how to retain the strong image of the design industry in the face of diversification of design consultancy services
- 📌 the differing roles of various Government departments and agencies in “sponsoring” the industry