

Small Business Overview - UK - November 2018

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“Over 99% of companies in the UK are small businesses. They also account for 39% of all employment in the UK. In the last five years, their overall turnover growth has outperformed large corporates, and their combined turnover is more than double medium-sized enterprises. However, they form a notoriously difficult sector for B2B marketers to target because of their disparity.”
 – Terry Leggett, Senior Analyst

This report looks at the following areas:

- **Brexit – more or less important to small businesses than multi-nationals?**
- **How do potential suppliers reach small businesses?**

Over 99% of companies in the UK are small businesses, representing more than 5.7 million companies. They are highly significant to the economy, accounting for 34.5% of overall turnover at £1428.4 billion. They also account for 39% of all employment in the UK. The turnover growth achieved by small businesses reached 19.4% between 2014 and 2018. This growth outpaced the development of large businesses, where growth was restricted to less than 14% over the period. Between 2014 and 2018, the turnover of sole traders increased by 17.3%, while other micro companies achieved growth of 27% and other small companies saw turnover rise by 15%. In contrast to medium-term developments, sole trader income grew by less than 1% in 2018, while the sales of other micro companies fell by 4%, but other small businesses achieved growth of more than 9%, well ahead of wider economic developments.

Small businesses are active in every sector of commerce and industry. By far the largest market for them is the wholesale and retail sector, which is more than twice the size of any other market for small businesses. Construction is another industry where small businesses gain appreciable turnover, with tradesmen often operating directly to customers or through subcontracted assignments.

Regional data is only available for the private sector, but this covers 98% of the turnover of small companies. Unsurprisingly, London is by far the most important region for the small business sector, accounting for almost 30% of entire UK output. However, the role of small businesses in London - at 39% of the region's economy - is far lower than other areas. In Northern Ireland, small businesses account for half the economy, while, by contrast, in North East England, they only account for 24% of the local economy.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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