OXFORD ECONOMICS

FLEXIBILITY, ECONOMIC SUCCESS AND FULFILMENT: HOW SMALL CREATIVE BUSINESSES ARE CHARACTERISING THE CHANGING WORLD OF WORK

A REPORT FOR NOTONTHEHIGHSTREET.COM

MAY 2017

NOT ON THE HIGH STREET .com

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FOREWORD

Making work really work for you: how today's creatives are showing us all how to work a better life — Simon Belsham, chief executive, notonthehighstreet.com

In the last ten years, thousands of small creative businesses have sprung up all over the UK. Today there are 134,000 of them employing one in every 170 working people and contributing £3.6bn gross value added to the UK economy.

The growth of the creative industries in the UK has spawned an equally 'creative' approach to the world of work. No longer chained to 9 to 5 careers, the entrepreneurs behind the UK's small creative businesses have set their own rules of the game and are contributing to a significant shift in attitudes to traditional work models as a result.

Our research with Oxford Economics sought to find the reasons behind these shifts and to explore how life has changed for the thousands of small creative businesses in the UK today.

The findings are an overwhelming sense of social as well as economic benefit. Contributing billions to the UK economy, financial success is a key element. However, the greater flexibility, control and satisfaction of those surveyed is unquestionable: 95% now feel a greater sense of achievement and 90% enjoy life more and feel happier as a direct result of starting their own businesses. And with the number of two-parent working families at the highest rate since records began, it's no wonder things are having to shift.

A striking feature of this new working world is the supercharging of female entrepreneurs, driven in part by more women turning to self-employment: 1.5m women are working in this way today, an increase of 50% on a decade ago.

Motivated by opportunity, the world of work is being reimagined, redefined and recast. We can see that people aren't just doing the same jobs in a different way; they are learning skills and trying new things. Indeed, more than half of the Partners surveyed were employed by another business before setting up on their own, and nearly three quarters of those have undergone an entire career change in order to start their own creative business.

I've seen first-hand countless examples of the powerful sense of personal fulfilment and purpose that running a creative business can bring. Whilst there are inevitable uncertainties and strains that come with running your own business and being self-employed, the transformative impact of this way of working on personal lives is profound.

I'm delighted to be able to present the findings of our research and, in these uncertain times, shine a light on how these businesses are defining new ways of working that are underpinning positive economic and social growth for this increasingly critical part of the UK economy.

John Kampfner, chief executive, Creative Industries Federation

As this report demonstrates, small creative businesses form an increasingly valuable part of the British economy. Although there are giant global brands in the UK's creative sector, the typical creative business employs 3.3 people and it is these small companies who are the backbone of a sector currently contributing £84bn GVA to the British economy.[1]

It is interesting to note the large numbers of women running their own creative businesses and how these companies can be found across the country and not just in metropolitan centres. The findings show the potential for growth and job creation offered nationwide by the creative industries - the fastest growing sector of the British economy since the 2008 crash.

The Federation is currently investigating the role of freelancers and the self-employed in the creative workforce. The notonthehighstreet.com findings provide another layer of understanding of who and how people work in the creative industries. The more we know about the working practices and priorities of small creative enterprises, the better able we will be to identify the policies and support they need to continue to work successfully.

We have launched a 10-point manifesto to highlight policies and ideas that, if adopted, would support and encourage the creative sector further. Among our proposals is a 'business booster' network which would help freelancers, microbusinesses and SMEs to access good advice on issues including finance and the protection of their intellectual property rights in the early, often risky, stage of their development.

[1] Nesta, "The Geography of Creativity in the UK: Creative clusters, creative people and creative networks," 2016 and Media and Sport Department for Culture, "Sectors Economic Estimates," 2016

EXECUTIVE SUMMARY

The world of work is changing in the UK, and the small creative business sector is thriving in this context. More people are self-employed today than ever before, with the number of people working that way having grown 27 percent in the last decade—three times faster than total employment. The labour force participation rate, at 78 percent, is higher now than it has been in decades, with the increase especially notable among women (up three percentage points, to 73 percent, in the last ten years), and the number of freelancers working in the UK is estimated to have increased by 36 percent, to nearly 1.7 million, between 2008 and 2015. Temporary work in some highly-skilled occupations, including for managers and directors, also increased—up by more than 20 percent in the last ten years. This flexible, autonomous environment is the context in which the small creative business sector is thriving.

The small creative business sector makes a substantial economic contribution to the UK economy. We estimate that one in every 40 businesses in the country—or 134,000 total—is a small creative business. In 2016, the sector employed 192,000 people, or one in every 170 people working in the country. That is more than the entire advertising and market research sector in the UK in 2015. At the same time, the small creative business sector generated an estimated £3.6 billion contribution to gross value added in 2016, or £1 in every £470 of gross value added generated by all businesses that year, which is greater than the contribution of the entire performing arts sector.

Small creative businesses thrive in every nation and region in the UK. They are most prevalent in London, where there are an estimated 29,500 small creative businesses, and the South East, where there are 20,500 such businesses. In relative terms, small creative businesses punch above their weight in London, where they make up 2.9 percent of all businesses, the West Midlands, where they comprise 2.7 percent, and the East Midlands, where they make up 2.6 percent of all businesses. In the UK overall, small creative businesses accounted for an estimated 2.5 percent of all businesses in 2016.

Notonthehighstreet.com's Partners play an important role in the UK's small creative business sector. In 2016, Partners accounted for an estimated 5.7 percent of employment in the small creative business sector, or 10,990 jobs; 4.3 percent of all firms in the sector, amounting to 5,737 businesses; and 4.2 percent of the gross value added generated by the sector, totalling £153 million.[2]

Economic activity by Partners operating on the notonthehighstreet.com Platform has grown explosively over the last decade. In 2006, 287 Partners sold about £113,000 of goods and services on notonthehighstreet.com. By 2010, 1,800 Partners sold £16.4 million worth of goods and services, and by 2016, 5,737 Partners had turnover of over £165 million on notonthehighstreet.com. That means that the turnover generated by Partners

[2] This report contains unaudited figures about notonthehighstreet.com. Unless otherwise stated, figures refer to calendar years, and historical currency values have been adjusted for inflation (based on 2016 prices).

has grown by an average of over 100 percent per year since 2006. That is more than four times faster than all internet retail sales grew in the UK over the same period.

Beyond the sector's economic impact, there are important social impacts: boosting female business ownership, supporting working families with children, and enabling sole income earners. Women owned an estimated 27 percent of small creative businesses in the UK in 2016, significantly higher than the 21 percent of female-owned businesses in the UK economy overall. Women are even more prevalent among Notonthehighstreet.com's partners, where the female ownership rate is 89 percent.

Working families with children benefit from the sector, which offers a valuable income source. Evidence from the 2017 survey of notonthehighstreet.com's Partners show that 55 percent of Partners have children living at home with them, compared to 41 percent of working-age households in the UK overall that have children living at home.

The small creative sector also enables sole earners and carers. Among notonthehighstreet.com's partners, 38 percent are the sole source of household income, higher than the national rate of 32 percent. Some 6 percent of Partners regularly care for a sick, elderly, or disabled person.

Notonthehighstreet.com has made a significant contribution to business dynamism in the UK. In 2015, we estimate that the platform facilitated one in every 1,200 business births in the country, and one in every 1,100 between 2006 and 2015 in the six regions with the highest number of new Partners: London, the South East, South West, East of England, East Midlands, and North West.

According to survey evidence, Notonthehighstreet.com helps entrepreneurs work flexibly and gain a creative outlet. The desire to gain more freedom over how they spend their time is the most prominent motivation for the small creative entrepreneurs operating on the platform. Nearly half of notonthehighstreet.com Partners surveyed said that one of their top three motivations for starting a small creative business was more flexible work hours, either to control their working lives or to have more time to spend with friends, family, and children. Some two thirds of Partners said that their ability to take time off spontaneously had become easier after starting their business.

Survey evidence shows that running a small creative business is an overwhelmingly positive influence on people's lives. Nearly all Partners—95 percent—surveyed in 2017 say they feel a greater sense of achievement now compared to before starting a business, while 90 percent say they enjoy life more and feel happier, 88 percent feel the industry they contribute to is worthwhile, and 87 percent say that they feel more fulfilled when they wake up in the morning after starting their business.

The ongoing success of the small creative business sector and platforms like notonthehighstreet.com, which allow the sector to flourish, can be expected to spread personal benefits like these to others in the future, and play an important role in the vibrancy and performance of the UK economy at the same time.

1. THE SMALL CREATIVE BUSINESS SECTOR'S IMPORTANCE TO THE UK

1.1 KEY FACTS AND FIGURES

1 in 40

Businesses in the UK

There are 134,000 small creative businesses in the UK, or 1 in 40 businesses in the country.

- The small creative business sector makes an important contribution to the UK economy.
- One in 40 businesses in the UK is a small creative business.
- The sector employed 1 in every 170 people in work in 2016, more than the entire advertising and market research sector in the UK in 2015.
- Small creative businesses generated more than two times the gross value added contribution to UK GDP than the entire performing arts sector in 2016. Small creative businesses generated a £3.6 billion gross value added contribution to GDP or £1 in every £470 of gross value added generated by all businesses that year.
- Notonthehighstreet.com Partners employed 1 in every 3,000 people in work in the UK in 2016.
- The vast majority businesses on Notonthehighstreet.com—89 percent—are female owned. That is significantly higher than the UK average for small businesses, at 21 percent.
- Notonthehighstreet.com is a powerful force for business dynamism in the UK. In 2015, we estimate that the platform facilitated one in every 1,200 business births in the UK.

This chapter estimates the size and importance of the UK's small creative business sector in 2016. It exploits notonthehighstreet.com's records to demonstrate its Partners' contribution to the UK-wide sector in the same year. The chapter finishes by tracing how Partners' impact has evolved since notonthehighstreet.com's founding in 2006.[3]

1.2 THE CHANGING WORLD OF WORK

The UK has undergone significant shifts in how people work in the last ten years. More people are self-employed than ever before, with some 4.8 million people working that way in 2016 compared to 3.7 million ten years earlier. That is an increase of 27 percent. The increase in self-employment among women has been even greater, growing by 50 percent over the same period.

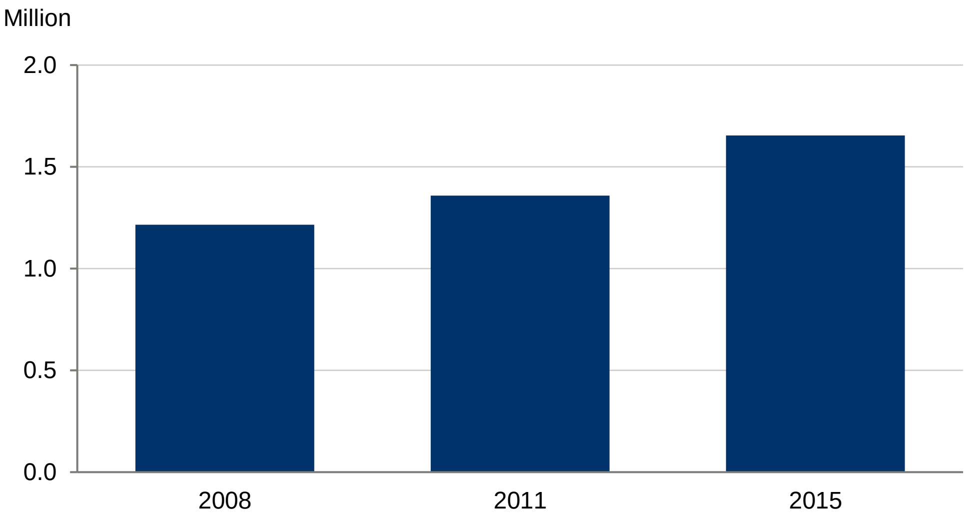
At the same time, participation in the labour force has been growing. The UK labour force participation rate—the number of people either working or looking for work—increased to 78 percent in 2016, the highest rate in decades. The increase among women has been greater than average. Female labour force participation grew from 70 percent to 73 percent between 2006 and 2016.

New and more flexible ways of working, like freelancing have become more prevalent. The Small Business Research Centre estimates that there were 1.2

[3] Partners are people and businesses selling on notonthehighstreet.com's website.

million freelancers in 2008, a figure that has grown to nearly 1.7 million in 2015. That is an increase of 36 percent (Fig. 1).

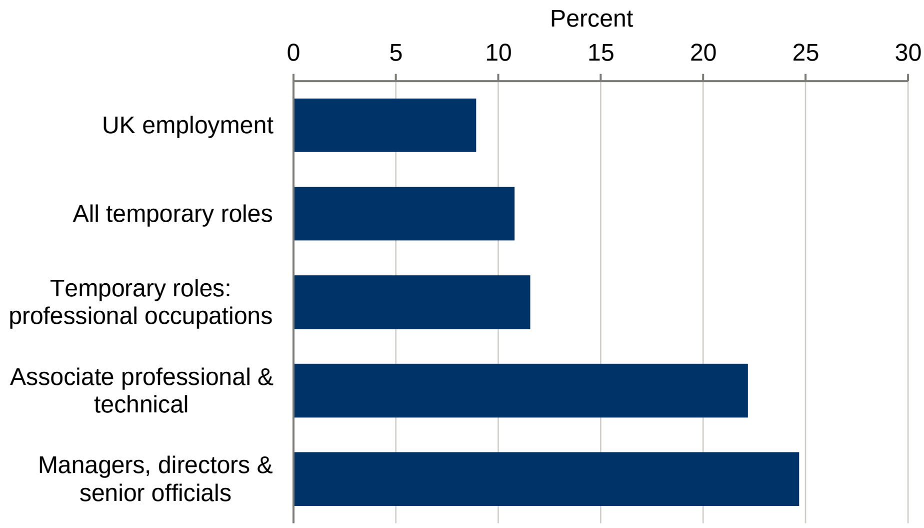
Fig. 1. Estimated number of freelancers working in the UK, 2008-2015



Source: Small Business Research Centre

Temporary work is another category of non-standard work that has been growing in popularity. While UK employment grew by about 9 percent over the last decade, temporary roles increased by 11 percent. Temporary roles in professional occupations increased by 12 percent over the period, in associate professional and technical roles by 22 percent, and in managerial roles by 25 percent.

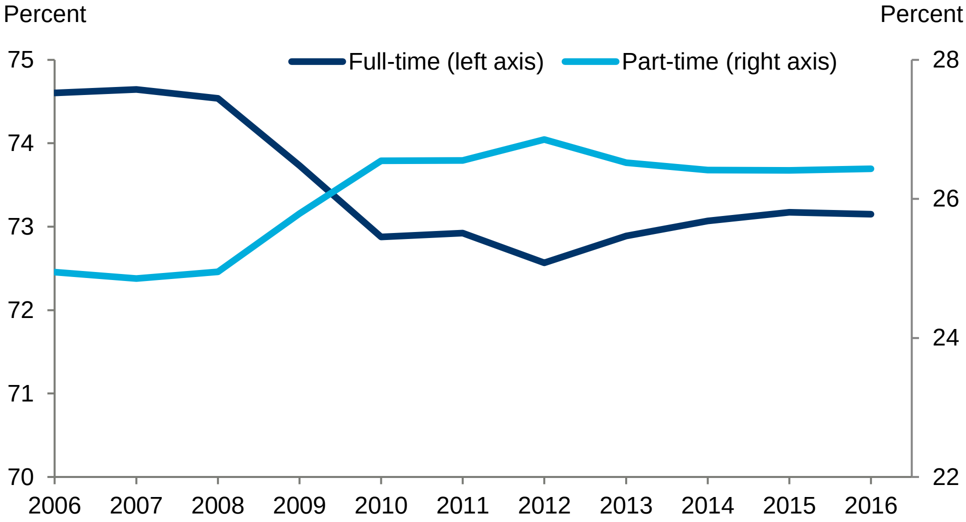
Fig. 2. Growth in temporary roles and UK employment, 2006-2016



Source: ONS

Part-time work has also increased over this period, while full-time employment has become less common (Fig. 3). There were 1.1 million more people working part-time in 2016 than in 2006. The share of all people working part-time increased by 1.5 percentage points over that period, part of a longer trend of increasing part-time work over the last several decades.

Fig. 3. Full-time and part-time work as a share of all employment, 2006-2016



Source: ONS

The changing world of work in the UK economy—including increased labour force participation rates, more freelance workers, growth in temporary roles, and an increase in part-time employment—is the context in which the small creative business sector is now thriving. The next section explores the size, importance, and characteristics of the sector today.

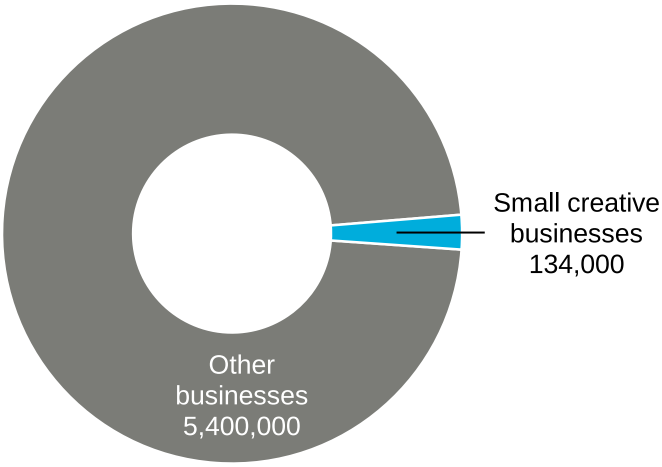
1.3 THE ‘DNA’ OF SMALL CREATIVE BUSINESSES

Small creative businesses are an important segment of the UK economy. In 2016, we estimate that there were 134,000 small creative businesses in the UK. That means they made up 2.5 percent of the UK’s 5.4 million businesses (Fig. 4).[4] The vast majority of them—131,000 businesses, or 98 percent of the total—were micro businesses with between zero and four employees.[5]

[4] Our estimate is based on the number of firms in sectors that have or could have notonthehighstreet.com Partners in them, sourced from NOMIS, "Interdepartmental business database," 2016, which accounts for all firms that are VAT or PAYE registered. We adjust business numbers according to each industry’s ‘creative intensity’, estimated using Office for National Statistics, "UK Census," 2011, and the number of firms that are unregistered according to Department for Business, Energy & Industrial Strategy, "Business population estimates 2016," 2016). We also adjust business numbers to reflect the distribution of notonthehighstreet.com’s Partners by employee size band. A detailed methodological description is in this report’s appendix.

[5] A business with no employees is run by its owner. This person is employed and counts toward national statistics estimates of “employment”, but is not considered an “employee”.

Fig. 4. Number of small creative businesses in the UK, 2016

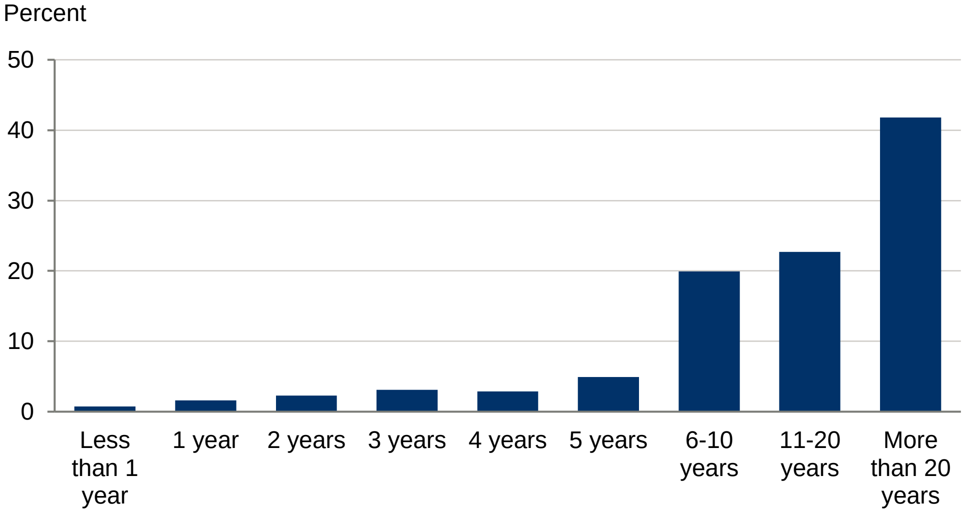


Source: IDBR, BEIS, Oxford Economics

These firms span a wide range of activities: they are jewellery designers, metal forgers and woodworkers, artists, silversmiths, small publishers, photographers, and other service providers.

Many of these small creative businesses are likely to be long-established. In the UK's small creative business sector, nearly 65 percent have been in business for more than 10 years (Fig. 5).[6]

Fig. 5. Number of years in operation for small creative businesses in the UK, 2015



Source: BEIS

[6] Department for Business, Energy, and Industrial Strategy, "Longitudinal Small Business Survey, Year One, 2015," 2016. These data relate to the 2-digit industries that contain the 144 five-digit sectors that define the small creative sector in this report. See the appendix for more detail.

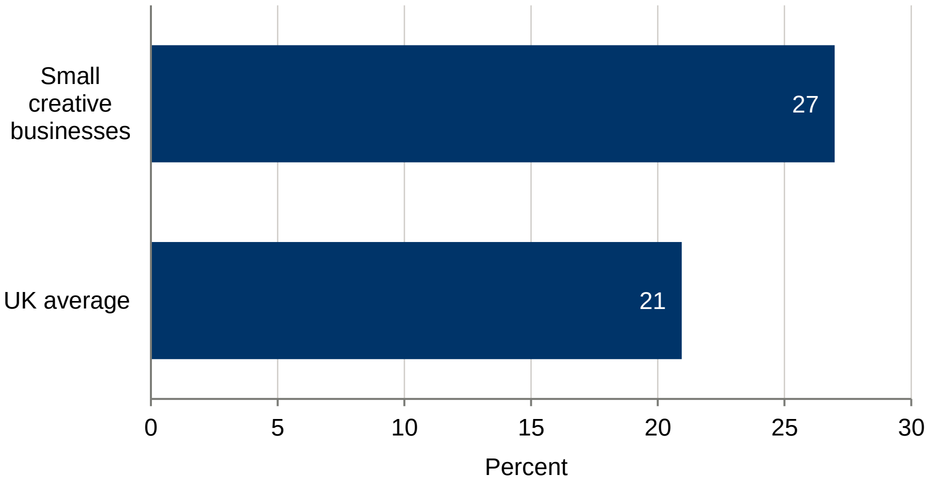
1 in 170

People employed

1 in 170 people employed in the UK work in a small creative business..

Small creative businesses are more likely to be owned by women, with a majority-female ownership rate of 27 percent across the UK compared to 21 percent for all small businesses (Fig. 6).

Fig. 6. Share of small businesses that are female-owned in the small creative business sector in the UK, 2015



Source: BEIS

1.4 EMPLOYMENT AND GROSS VALUE ADDED GENERATED BY SMALL CREATIVE BUSINESSES

The small creative business sector is an important source of UK employment. In 2016, we estimate that 192,000 people worked in the sector's 134,000 businesses.[7] That means that one in every 170 people employed in the UK worked in a small creative business.

For context, the small creative business sector employed more people in 2016 than the advertising and market research sector (175,000 people employed in 2015), the movie production, TV production, and music publishing sector (123,000 people employed), and the performing arts sector (46,000 people employed, Fig. 7).[8]

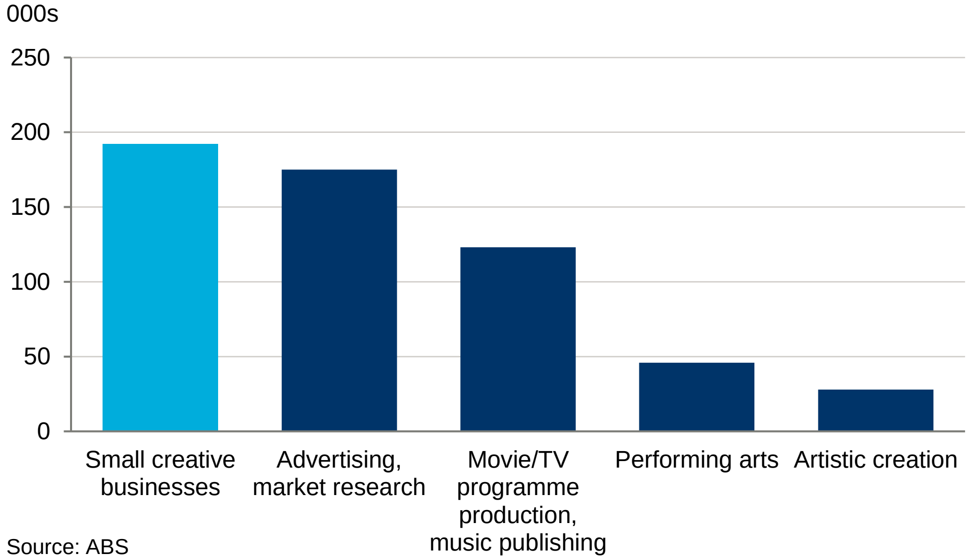
[7] Small creative business sector employment estimates are based on official data on employment in the industries we identified as having creative content, adjusted for the distribution of employment by employee size band found in notonthehighstreet.com Partners so that the wider UK sector accurately reflects the size of businesses found on notonthehighstreet.com. Employment by industry data are taken from Department for Business, Energy & Industrial Strategy, "Business population estimates 2016," 2016. Comparison employment data for the manufacturing sector are from Office for National Statistics, "Annual Business Survey - 2015 Provisional Results," 2016.

[8] For example, this would include many if not most of the BBC's 20,916 employees in 2015/16. It would not include the BBC's overseas employees. BBC, "BBC Full Financial Statements 2015/16," 2016

10 percent

The small creative business sector employs 10 percent more people than the advertising and market research sector.

Fig. 7. Small creative business sector employment in 2016 compared to selected industries in 2015



Source: ABS

Small creative businesses also make a significant contribution to the economy. We estimate that small creative businesses made a £3.6 billion gross value added contribution to UK GDP in 2016.[9] That is equivalent to £1 in every £470 contributed by all businesses to gross value added that year.

To put the small creative business sector into context, it is more than twice the size of the entire performing arts sector was in 2015, and the sector generated 2.7 times the gross value added created by the BBC in 2016.[10] The sector is a fifth of the size of the entire advertising and market research sector (£17 billion contribution to GDP in 2015), and half as large as the entire movie production, TV production, and music publishing sector (£6.9 billion).

[9] Based on official statistics about turnover per person employed, accounting for the particular distribution of business numbers, employment, and turnover among notonthehighstreet.com Partners, and applying official statistics about gross value added to turnover ratios by industry. We adjust statistics from Department for Business, Energy & Industrial Strategy, "Business population estimates 2016," 2016 about turnover per firm to more closely reflect the distribution found among notonthehighstreet.com Partners. Gross value added to turnover ratios by industry are taken from Office for National Statistics, "Annual Business Survey - 2015 Provisional Results," 2016.

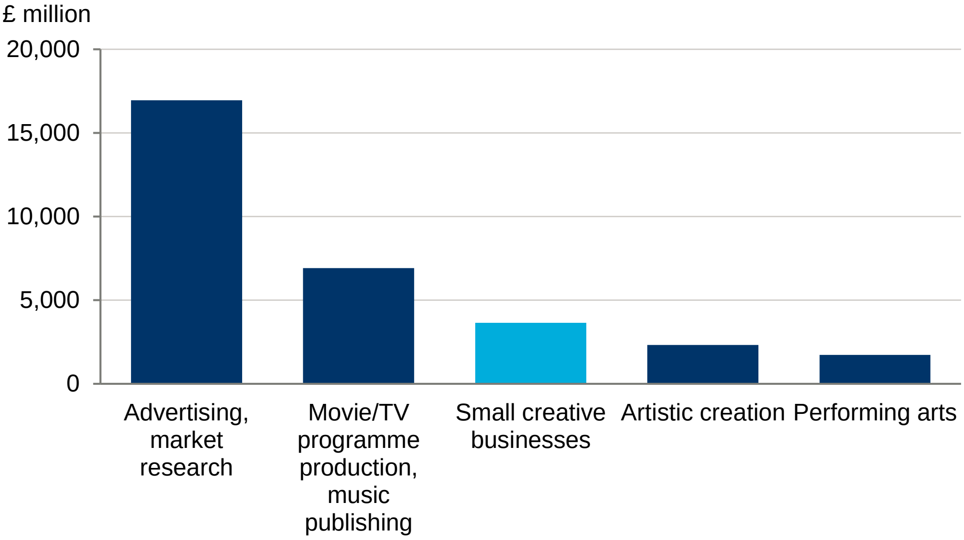
[10] BBC, "BBC Full Financial Statements 2015/16," 2016

5,737

Partners

There were 5,737 Partners on notonthehighstreet.com in 2016.

Fig. 8. Gross value added in the small creative business sector in 2016 compared to selected industries in 2015



Source: ABS

1.5 HOW NOTONTHEHIGHSTREET.COM'S PARTNERS FIT INTO THE WIDER SMALL CREATIVE BUSINESS SECTOR

This section reports on how notonthehighstreet.com's Partners fit into the broader small creative business sector in the UK. It is based on notonthehighstreet.com's detailed records of Partners, their turnover, and their primary activities.[11]

1.5.1 Number and activities of notonthehighstreet.com Partners

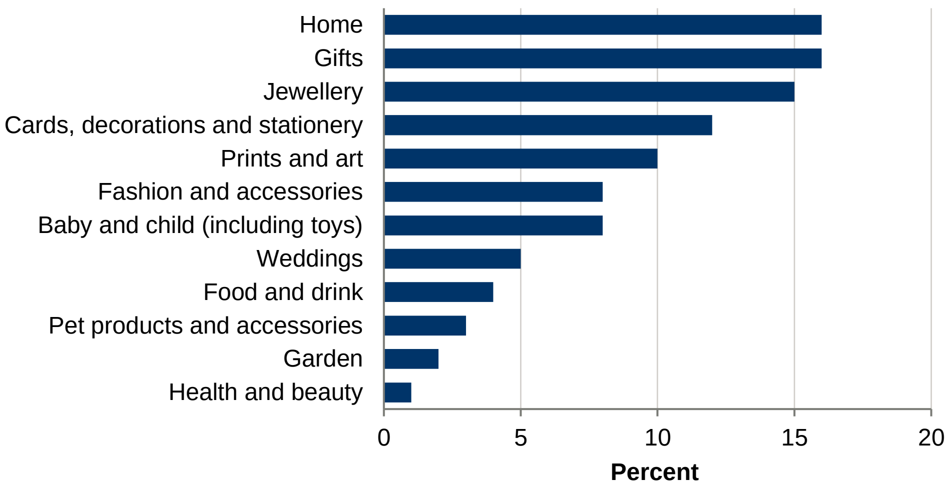
In 2016, notonthehighstreet.com had 5,737 Partners. That is 4.3 percent of all small creative businesses in the UK.[12]

These Partners make and sell products in a wide range of categories, including items for the home (16 percent of the total), gifts (another 16 percent), jewellery (15 percent), cards and stationery and decorations (12 percent), prints and art (10 percent), fashion accessories (8 percent), items for babies and children (another 8 percent), and wedding supplies (5 percent). Combined, these eight categories account for 90 percent of the main category of sales of Partners. Food and drink, pet products and accessories, garden products, and health and beauty products make up the remaining 10 percent of Partners' main product categories.

[11] For the purposes of this report, primary activity is based on a Partner's best-selling product or service. While Partners may add value across a number of activities, the best-selling product or service was assumed to generate the greatest value added.

[12] These and other figures about notonthehighstreet.com presented in this report have not necessarily been audited. They refer to calendar years, and historical currency values have been adjusted for inflation (based on 2016 prices).

Fig. 9. Main product categories of Notonthehighstreet.com Partners



Source: Notonthehighstreet.com Partner Voice survey (2016)

While manufacturing has been in decline in the UK overall, with employment falling 13 percent in the decade to 2016 and gross value added falling more than four percent over the same period, notonthehighstreet.com is a platform that supports small manufacturers.[13] Partners who make and manufacture their own items are the largest group on notonthehighstreet.com, comprising 78 percent of the total.

1.5.2 The entrepreneurs that notonthehighstreet.com helps

Notonthehighstreet.com facilitates female entrepreneurship. Some 89 percent of the platform's Partners are female. In contrast, in the economy overall 21 percent of small businesses are majority female-owned. Notonthehighstreet.com's 2017 survey showed that 55 percent of Partners have children under the age of 16 at home, whereas 41 percent of UK households where at least one person is in work has children at home (Fig. 10).[14] In addition, six percent of Partners regularly care for a sick, elderly, or disabled person.

[13] Oxford Economics

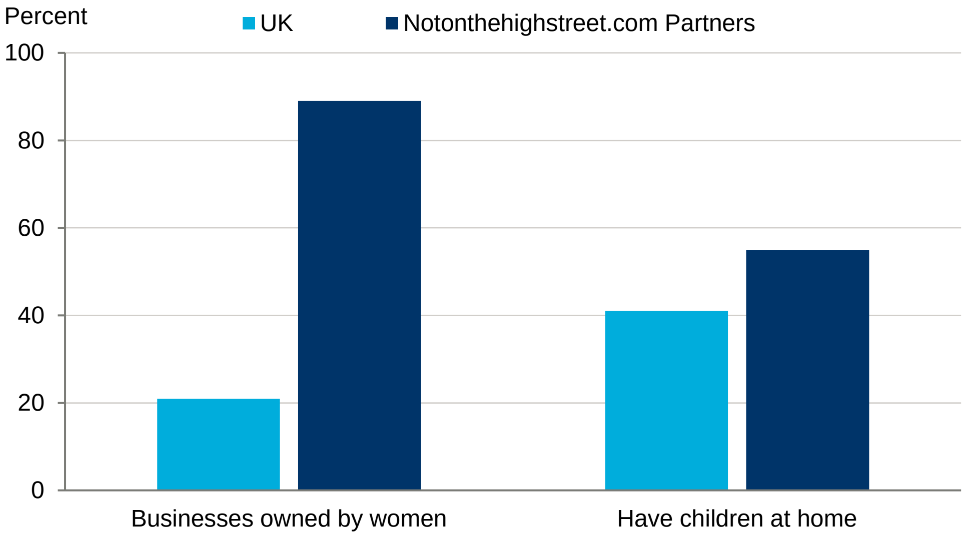
[14] Based on Office for National Statistics, "Working and workless households (Table B)," 2016. This figure is calculated as the percentage of households with one or more working individual who have dependent children either under the age of 16, or aged 16-18 and in full-time education. This figure only considers households with at least one person aged 16 to 64.

89 percent

Female Partners

Female Partners comprise 89 percent of all Partners on notonthehighstreet.com

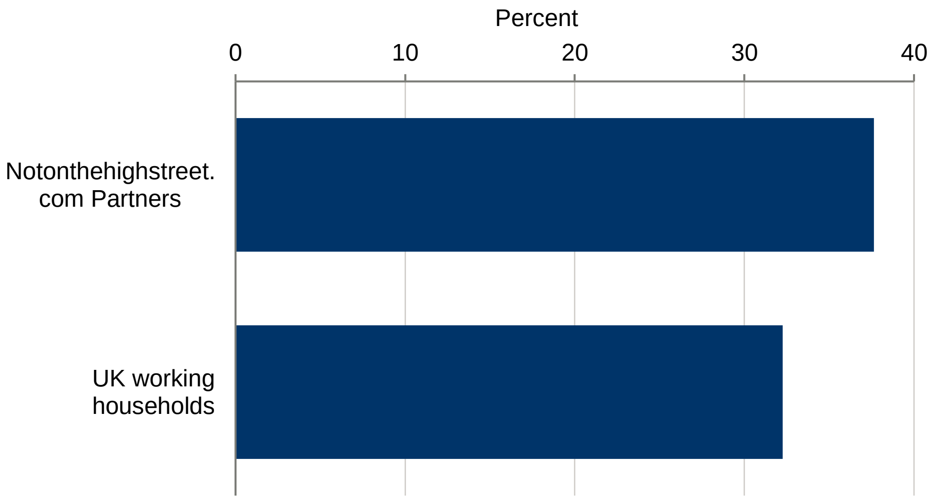
Fig. 10. Share of Partners who are female and have children at home, relative to the UK economy overall



Source: Notonthehighstreet.com, BEIS, ONS

Notonthehighstreet.com can be a powerful vehicle for supporting single-earner households. Some 38 percent of Partners surveyed are the sole source of household income – compared with 32 percent working households nationally (Fig. 11).[15]

Fig. 11. Notonthehighstreet.com business owners who are the sole source of income in their household in 2017 compared to the share in working households in the UK overall in 2016

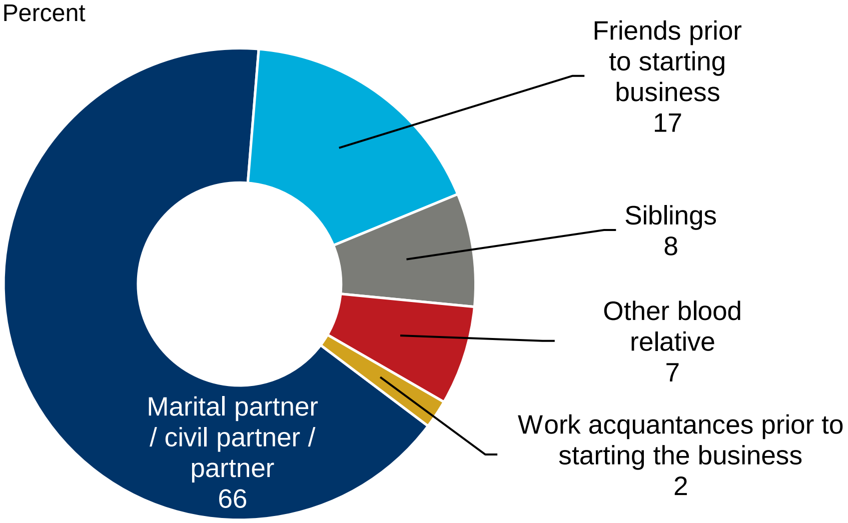


Source: Notonthehighstreet.com survey, ONS

[15] Office for National Statistics, "Table 7: Households by type of household and family," 2016 and Office for National Statistics, "Employment rates of people by parental status," 2016 and European Commission, "Emerging trends in earnings structures of couples in Europe," 2014.

Notonthehighstreet.com helps family businesses. The survey of the company's Partners shows that in 95 percent of co-owned businesses there is a non-business relationship between owners, and the majority of those—66 percent—were partners or married. Another 17 percent were friends prior to starting the business, and 15 percent were siblings or other blood relatives. Two percent were work acquaintances prior to starting a business together (Fig. 12).[16]

Fig. 12. Non-business relationships among co-owners, 2017



Source: Notonthehighstreet.com survey

Notonthehighstreet.com gives creative entrepreneurs the freedom to choose where they work. That is important because many have children at home or care for someone who is sick, elderly, or disabled. A majority — 66 percent — of Partners work from home, including both those who work at home within the main building and those who work in at home but in a separate building. Many of the larger Partners, measured by turnover and number of people employed, occupy rented premises (30 percent) or owned premises other than their own home (2 percent).

If the share of people working in various locations in the wider small creative business sector is similar to notonthehighstreet.com Partners, it implies that 69,000 small creative business people in the UK worked from home (within the main building) in 2016, 40,000 worked from rented premises, and another 19,000 worked at home but in a separate building.

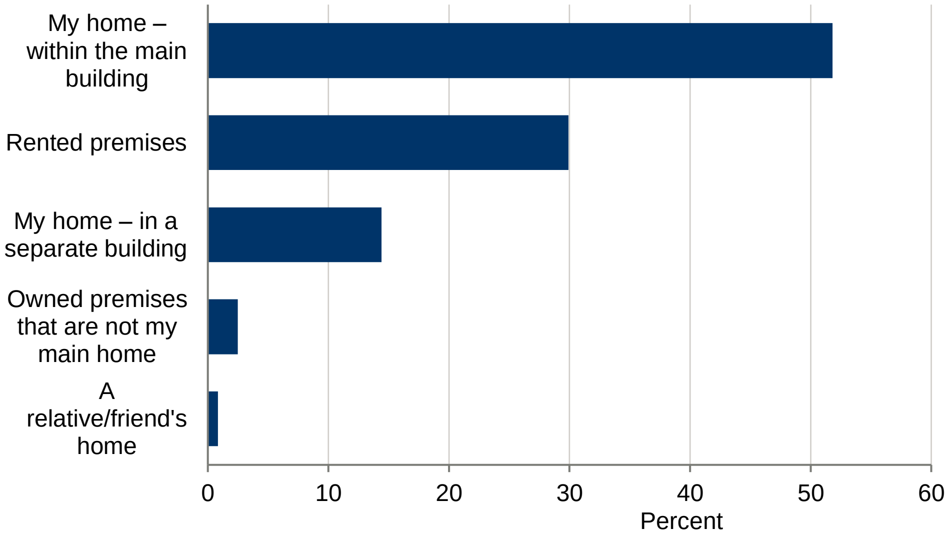
[16] Some businesses have multiple relationships, either because they have more than two Partners or, for example, Partners were friends prior to starting the business and are now married.

1 in 3,000

Contribution to employment

Notonthehighstreet.com Partners employed an estimated 1 in every 3,000 people employed in the UK in 2016.

Fig. 13. Where notonthehighstreet.com Partners work, 2017



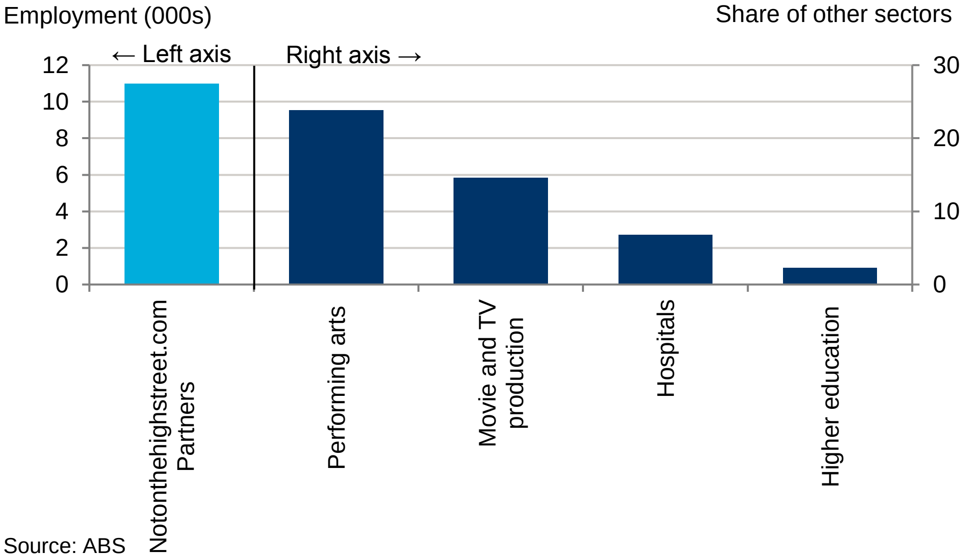
Source: Notonthehighstreet.com survey

1.5.3 Employment, turnover, gross value added, and employment

We estimate that notonthehighstreet.com's Partner businesses employed nearly 11,000 people in 2016.[17] To give a sense of perspective, that is one in every 18 people employed in the small creative business sector and one in every 3,000 people employed in the UK overall.

[17] Notonthehighstreet.com does not keep a database of the number of people its Partners employ. We estimate this figure based on responses to the 2017 Partner survey. Using the 356 survey respondents who disclosed their turnover and indicated how many people they employ as well as how many owners the business has (which counts as employment). We used notonthehighstreet.com's survey data to make a regression model that predicts the number of employees a firm will have dependant on its turnover. We estimated total turnover of notonthehighstreet.com's Partners based on website turnover data and the share of turnover Partners say comes from the website versus other channels. We then used the regression model's estimates and our estimate of total turnover for each of notonthehighstreet.com's Partners in 2016 to estimate the number of employees for each Partner.

Fig. 14. Employment among notonthehighstreet.com's Partners in 2016 compared to other industries in the UK in 2015



Source: ABS

Partners generated nearly £166 million in turnover on notonthehighstreet.com's website in 2016. After applying an estimate of bought-in costs relative to turnover in the industries notonthehighstreet.com's Partners operate in, we estimate that they created a £68 million gross value added contribution to UK GDP through their operations on the platform.

We estimate that notonthehighstreet.com Partners had £373 million in turnover across all channels in 2016 (i.e., on notonthehighstreet.com and elsewhere).[18] Based on an estimate of their turnover across all channels, the industries in which the turnover was created, and accounting for bought-in costs, we estimate that, in total, notonthehighstreet.com's Partners generated a £153 million gross value added contribution to UK GDP in 2016.

1.6 A DECADE OF NOTONTHEHIGHSTREET.COM

1.6.1 Growth in turnover and Partners

Notonthehighstreet.com is a high-growth business. In 2006, the fledgling business' 287 Partners sold about £113,000 of goods and services on notonthehighstreet.com (Fig. 15). By 2010, the website had attracted 1,800 Partners who sold £16.4 million worth of goods and services, and by 2016, 5,737 Partners had turnover of nearly £166 million on notonthehighstreet.com.

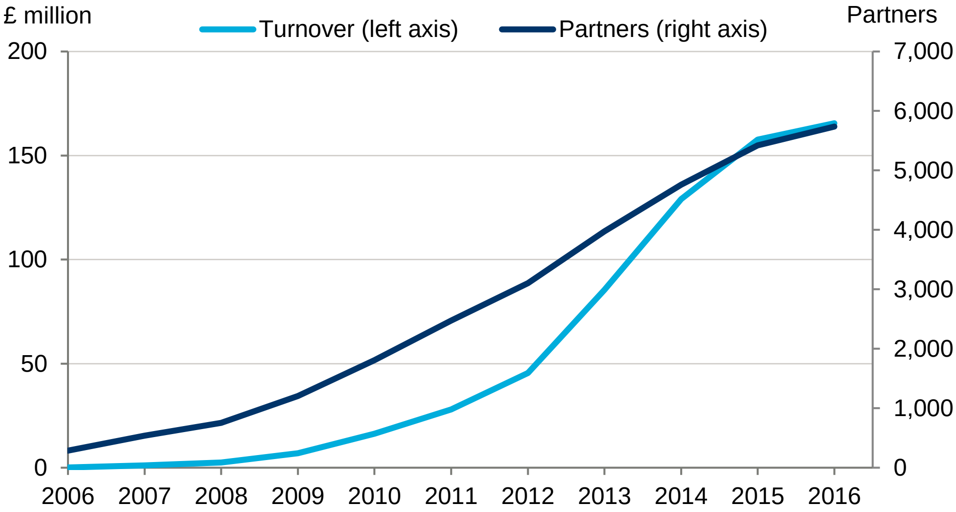
[18] According to survey data, on average Partners generate 44 percent of their total UK turnover on notonthehighstreet.com itself; they generate the remainder on their own websites, other companies' websites, and through their own stores and stalls. We estimate the share of turnover Partners make on notonthehighstreet.com as the average of the figure in the February 2017 survey, 51 percent, and the November 2016 Partner Voice 3 survey, 38 percent, so that our best estimate of the true share is 44 percent.

100 percent

Growth per year

Turnover on notonthehighstreet.com has grown by over 100 percent per year, on average, between 2006 and 2016.

Fig. 15. Turnover and number of Partners on notonthehighstreet.com, 2006-2016



Source: Notonthehighstreet.com

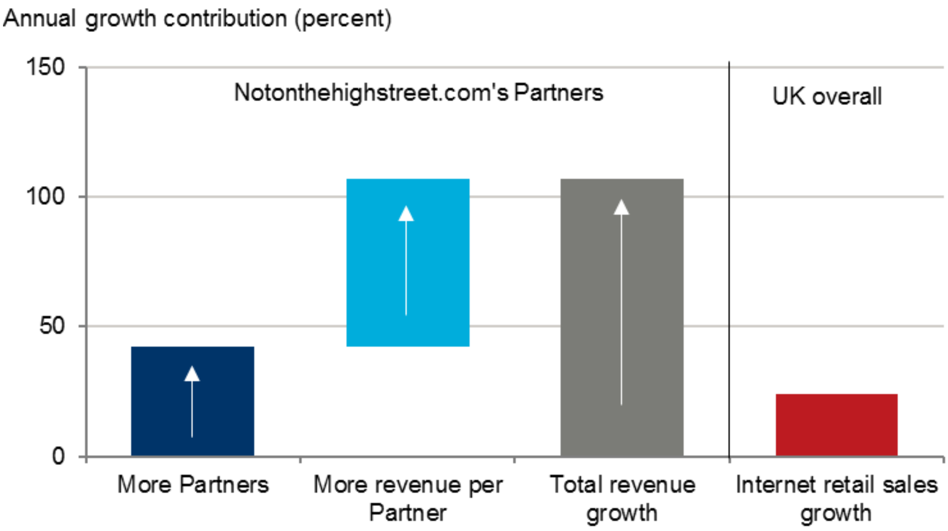
This high growth has been driven by increases in both turnover per Partner and the number of Partners on notonthehighstreet.com. Turnover per Partner increased by 54 percent per year, on average, between 2006 and 2016, while the number of firms increased by 35 percent per year on average (Fig. 16).[19] Combined, these two drivers meant that turnover by Partners on the platform increased by more than 100 percent per year between 2006 and 2016. To give this number a sense of scale, this is far faster than growth in UK internet retail sales overall, which grew at 24 percent per year, on average, between 2006 and 2016.[20]

Over the entire ten-year period it has been in operation, notonthehighstreet.com's Partners sold nearly £640 million worth of goods and services on the website alone. Based on this revenue, we estimate that notonthehighstreet.com's Partners contributed £260 million worth of gross value added to UK GDP solely by selling through the company's website.

[19] Percentages shown in graph contain the combined, multiplicative effects of both growth in Partners and growth in turnover.

[20] This is calculated as average annual growth from 2007 to 2016. Office for National Statistics, "Retail Sales time series dataset," 2016.

Fig. 16. How turnover on notonthehighstreet.com has grown, 2006-2016

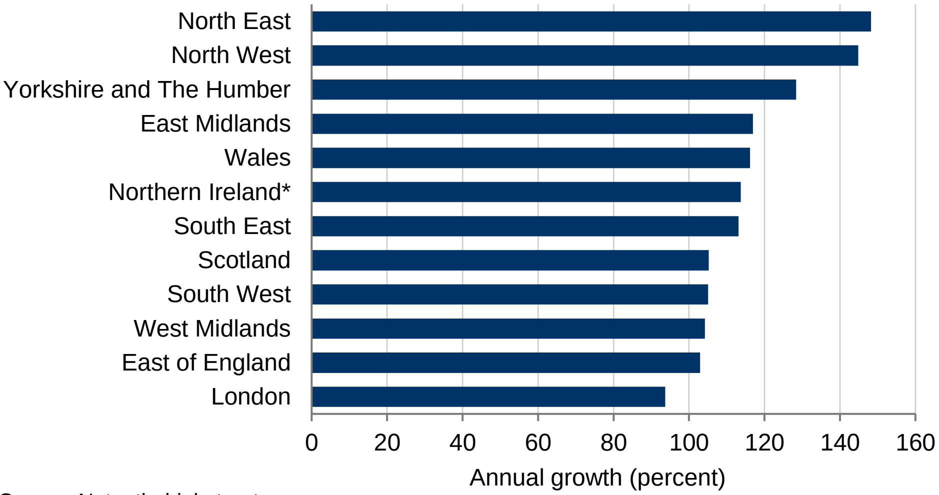


Source: Notonthehighstreet.com

Since notonthehighstreet.com was founded, average annual turnover of Partners has doubled or nearly doubled every year in all nations and regions. Growth in Partners' turnover has been particularly high in northern regions (Fig. 17). While average annual growth in turnover on the notonthehighstreet.com platform across the UK was over 100 percent between 2006 and 2016, it was 148 percent in the North East, 145 percent in the North West, and 128 percent in Yorkshire and the Humber. Turnover growth on the notonthehighstreet.com platform in all regions was far greater than average turnover growth across all industries in each region, which was in the single digits over this period, and more than four times faster than growth of all online retail sales. In part, this high growth can be attributed to low starting values, but it nevertheless demonstrates the significant pace at which notonthehighstreet.com has added new Partners and how quickly those Partners have grown their revenues.

The opportunities that notonthehighstreet.com provides in some of the nations and regions are especially important: the economies of Northern Ireland and the North East were the two slowest growing in the United Kingdom between 2006 and 2016, so businesses like notonthehighstreet.com that support entrepreneurs and stimulate startups have a valuable role to play.

Fig. 17. Average annual turnover growth on notonthehighstreet.com by nation and region, 2006-2016



Source: Notonthehighstreet.com
*Calculation from 2008-2016, because there were no notonthehighstreet.com Partners in Northern Ireland until 2008

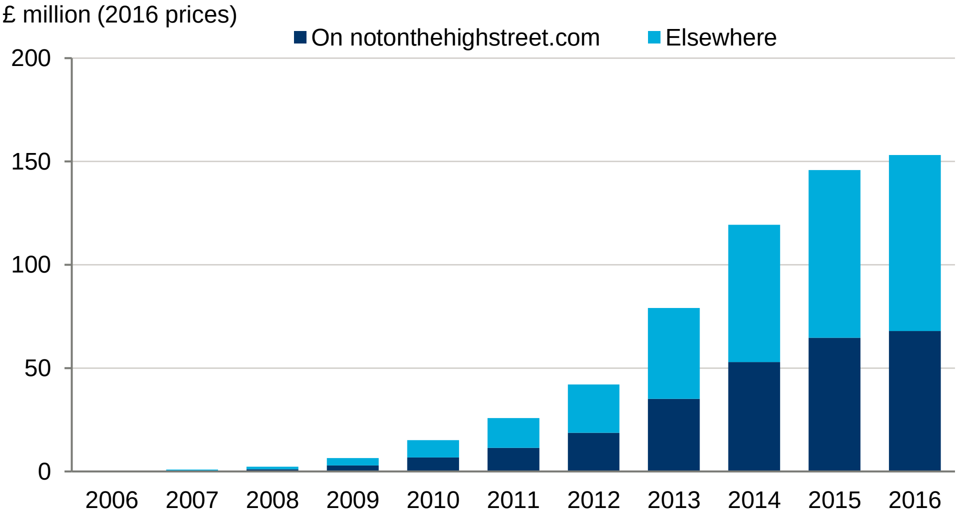
Highest contribution

In 2016

Notonthehighstreet.com's Partners generated a greater gross value added contribution to UK GDP in 2016 than in any previous year.

For the typical notonthehighstreet.com Partner, the website is one of their major channels for selling their products. We estimate that they earn 44 percent of their total revenue on notonthehighstreet.com, and 56 percent through other channels (including their own website, other websites, and storefronts and stalls). Assuming the same ratio held constant over the ten years notonthehighstreet.com has been operating, we estimate that the website's Partners cumulatively generated £595 million worth of gross value added contributions to UK GDP (Fig. 18). Some 25 percent of that amount was generated in 2016 alone, illustrating the strong growth of notonthehighstreet.com as a platform.

Fig. 18. Gross value added by notonthehighstreet.com's Partners, 2006-2016



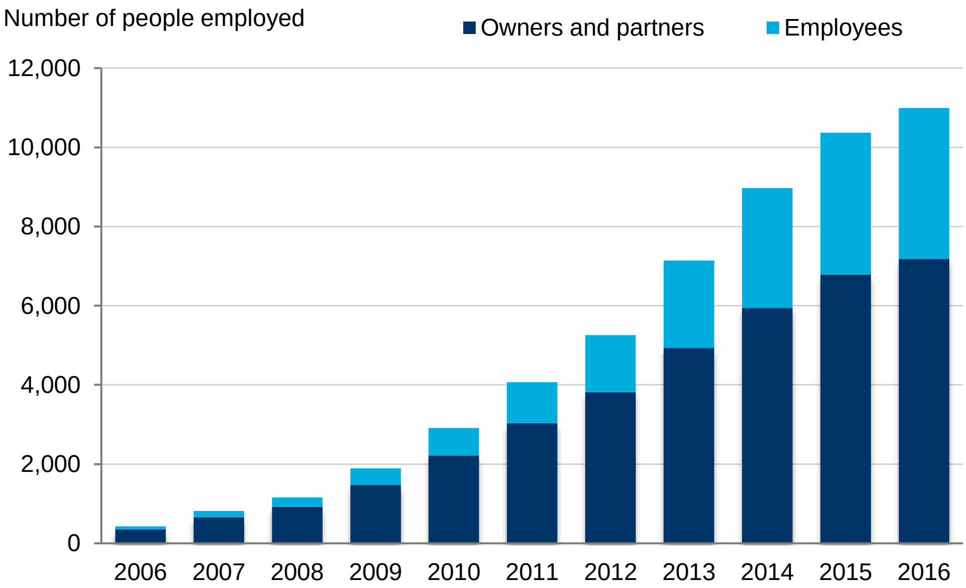
Source: Notonthehighstreet.com, Oxford Economics

1.6.2 Employment

By creating a platform for Partners to sell their products, notonthehighstreet.com has helped generate employment in the UK. That includes business owners (who are considered self-employed) and people who are hired by the businesses as employees. We estimate that in 2006, notonthehighstreet.com's Partners employed around 430 people (Fig. 19). This grew to 2,900 by 2010, and an estimated 11,000 by 2016. This is equivalent to over nine percent of total employment in the internet retail sales sector the previous year.[21]

We estimate that owners made up 65 percent of the total employment, while employees accounted for the remaining 35 percent.[22]

Fig. 19. Number of people employed by notonthehighstreet.com's Partners, 2006-2016



Source: Notonthehighstreet.com, notonthehighstreet.com survey, Oxford Economics

1.6.3 Contribution to UK business dynamism

Notonthehighstreet.com often helps fledgling businesses find their feet. By doing so, it supports business dynamism in the UK and contributes to the total

[21] This is standard industrial classification 47.91, defined as the sector for retail sales via mail order houses or internet, and employment data are taken from Office for National Statistics, "Annual Business Survey - 2015 Provisional Results," 2016.

[22] While notonthehighstreet.com does not maintain a database of the number of people employed, it is possible to estimate employment based on Partners' survey responses and notonthehighstreet.com's data on Partner turnover. Oxford Economics created a regression model that predicts employees and total employment from total turnover, then applied the predictive model to the turnover generated by Partners on notonthehighstreet.com.

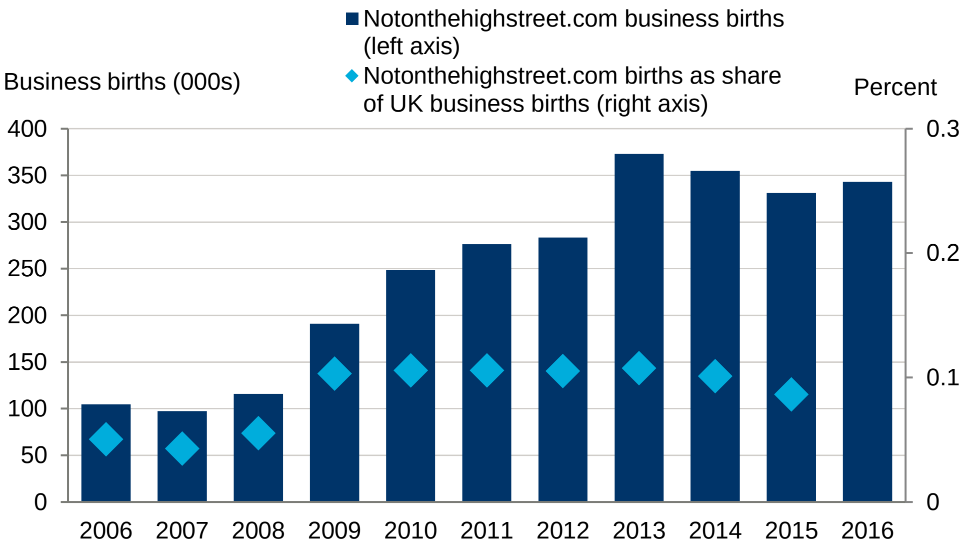
1 in 1,200

Business births

Notonthehighstreet.com facilitated 1 in every 1,200 businesses births in the UK in 2015.

number of 'business births' in the UK each year.[23] In 2006, 287 businesses became notonthehighstreet.com Partners, and we estimate that 105 of them were new UK business births (Fig. 20).[24] That would mean that notonthehighstreet.com helped launch one in every 1,990 new businesses in the UK that year. Notonthehighstreet.com's role in supporting business dynamism has grown over the years. In 2016, 920 businesses became notonthehighstreet.com Partners, and we estimate that about 340 of them were new UK business births. In the most recent year for which comparable national data are available, 2015, Notonthehightstreet.com facilitated one in every 1,200 business births in the UK.

Fig. 20. New Partners on notonthehighstreet.com that contributed to all UK business births, 2006-2016



Source: Notonthehighstreet.com, ONS, Oxford Economics

100X

Turnover growth

The 106 founding Partners of notonthehighstreet.com had £46,000 in turnover in 2006, and that grew to £4.4 million in 2016.

[23] This section will consider notonthehighstreet.com Partners who have a confirmed location in the UK. This omits 99 enterprises, including 1 from abroad, 8 from Jersey, 7 from Guernsey, 2 from the Isle of Man, and 67 Partners whose location count not be determined.

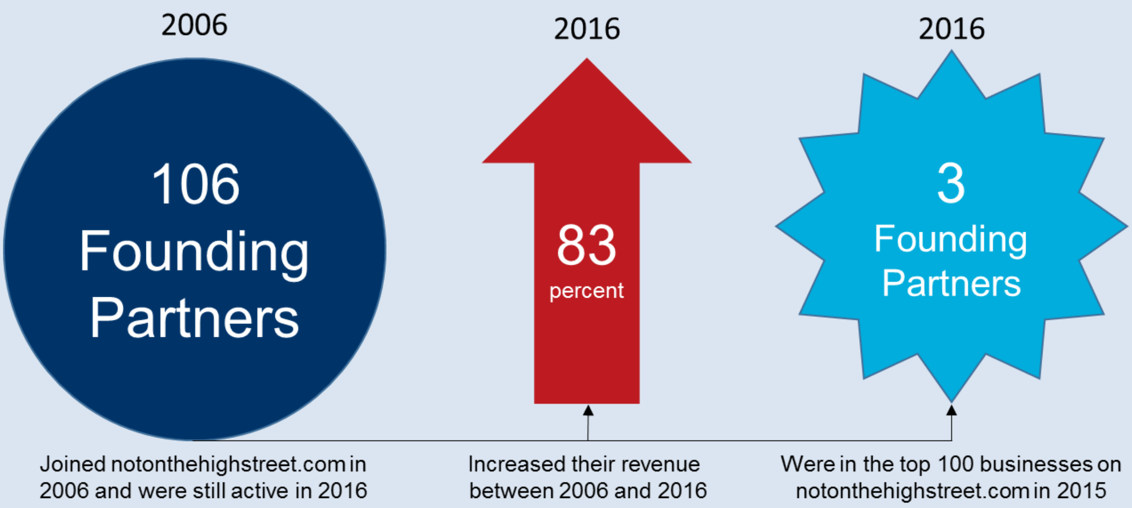
[24] New 'business births' are enterprises that joined Notonthehighstreet.com in their first year of operation. The figure is calculated using data from the notonthehighstreet.com's 'Partner Voice 3' survey (November 2016). The survey reveals 23 percent of partner firms have been trading for 0-2 years in total and 33 percent have been partners with NOTHS for 0-2 years. This is used to calculate a conditional probability that shows 70 percent of firms joined NOTHS in their first two years of operation (23 percent of firms operating for two years accounts for 70 percent of the 33 percent of firms have been with NOTHS for two years). Data from the NOTHS database is used to calculate what proportion of the enterprises joined in their first year (47 percent) and their second (53 percent). ONS business survival rates for enterprises over one year of operation (92 percent) and two years of operation (75 percent) are considered in calculating the figures."

CASE STUDY: PARTNERS WHO WERE THERE FROM THE BEGINNING

Notonthehighstreet.com's Partners change over time as the website and its customers evolve, but a select set of 106 Partners—or 37 percent of the original 287 Partners who joined notonthehighstreet.com in 2006—have been there from the beginning and remain active today (Fig. 21). They have achieved significant growth. In 2006, when the website was founded, this group of businesses generated £46,000 in sales on the website (at current prices), 40 percent of turnover for all businesses that year. By 2016, the same 106 Partners generated £4.4 million in sales, which was about 3 percent of the total.

The vast majority of the 106 businesses—83 percent—saw increases in revenue between 2006 and 2016. Three of the 106 businesses that joined in 2006 grew exceptionally. Two of them are now among the top 50 Partners by revenue on notonthehighstreet.com (the top 50 earn at least £600,000 per year on notonthehighstreet.com) and another one is among the top 100 Partners by revenue (this group earns at least £300,000 per year).

Fig. 21. Evolution of founding notonthehighstreet.com Partners, 2006-2016



1.7 CONCLUSION

The small creative business sector as a whole is a vital part of the UK economy. We estimate that in 2016 one in every 40 UK businesses was a small creative business; one in every 170 people employed in the UK worked in a small creative business; and small creative businesses generated a £1 gross value added contribution to UK GDP for every £470 contribution made in the wider economy. That makes the sector more than twice the size of the entire performing arts sector in 2015.

Notonthehighstreet.com helps its Partner businesses participate and succeed in the wider small creative business sector. In 2016, Partners made up one in every 960 private sector businesses in the country and they employed one in every 3,000 people employed in the country.

The strong growth history of notonthehighstreet.com—starting from fewer than 300 Partners selling £113,000 worth of goods and services to the website's customers in 2006, and increasing to 5,737 Partners selling nearly £166 million worth of goods and services to the website's customers in 2016—suggests that the platform and its Partners will continue to make a valuable contribution to the UK's small creative business sector for years to come.

2. THE REGIONAL IMPORTANCE OF THE SMALL CREATIVE BUSINESS SECTOR

2.1 KEY FACTS AND FIGURES

- In the world of work, the UK's nations and regions have undergone significant changes over the last ten years. Labour force participation has increased in nearly every nation and region, and the increase in self-employment in the UK—rising from 3.7 million people working that way to 4.8 million people between 2006 and 2016—has likely played a role.
- In every nation and region, the increase in female labour force participation rates have been greater than for overall rates: from one percentage point increases in the East and West Midlands, to three percentage points increases in South West, East of England, and Yorkshire and The Humber, to five percentage point increases in London and Northern Ireland. Contributing to this has been a 50 percent increase in the number of self-employed women in the UK in the last decade.
- Small creative businesses are part of this entrepreneurship story. They contribute to the local economies of every nation and region in the UK. They are most prevalent in London (29,500 businesses), the South East (20,500) and the East of England (13,100).
- As a share of all regional businesses, small creative businesses punched above their weight in London, accounting for 2.9 percent of all businesses, and the West Midlands, accounting for 2.7 percent of all businesses. The average across all regions is 2.5 percent of all businesses.
- Small creative businesses in the UK generated £1 in every £410 gross value added contribution made by all businesses in the West Midlands and East Midlands, higher than any other region relative to regional economy size. The next largest contribution was made in the South West, where small creative businesses generated £1 in every £420 gross value added contribution. Following that was the East of England, where small creative businesses generated £1 in every £430. In the UK overall, small creative businesses generated £1 in every £470 in gross value added contributions to GDP.
- Small creative businesses employ a substantial number of people in the UK's nations and regions. In 2016, they employed a disproportionately large number in London (1 in every 110 people employed in there), the South East (1 in every 150 people), and the East of England (1 in every 160 people). The average across all regions is 1 in every 170 people employed.
- Notonthehighstreet.com's Partners are 89 percent female owned on average, with higher shares in Scotland (91 percent) and the North West (90 percent). Partners' female ownership rates are higher than

female labour force participation rates in every nation and region in the UK, which means that Partners help to lift up the average female labour force participation rate. The female labour force participation rate stands at 73 percent in the UK, up by 3 percentage points in the last ten years.

- Between 2006 and 2015, Notonthehighstreet.com facilitated 1 in every 690 business births in the South West, 1 in every 910 in the South East, and 1 in every 1,060 in London.
- Notonthehighstreet.com's Partners accounted for 1 in every 1,700 people employed in the South West, 1 in every 1,800 in London, 1 in every 1,900 in the South East, and 1 in every 2,900 in the East Midlands.

This chapter explores how the small creative business sector affects the UK's nations and regions differently. It does so by mapping the geographic distribution of small creative businesses and notonthehighstreet.com Partners at both the regional and local authority level. It shows that notonthehighstreet.com makes an important contribution to regional business dynamism by providing a platform where new companies can gain their footing and become established businesses. And it describes how ownership by gender and the regional gross value added contribution of notonthehighstreet.com's Partners vary by region.

2.2 WHERE SMALL CREATIVE BUSINESSES IN THE UK ARE LOCATED

There are small creative businesses in every nation and region of the UK (Fig. 22). They are most prevalent in London, where there are an estimated 29,500 such businesses, followed by the South East where there are 20,500 and the East of England, with 13,100. That means that small creative businesses make up 2.9 percent of all London-based businesses, 2.5 percent of all South East based businesses, and the same share again of businesses in the East of England.

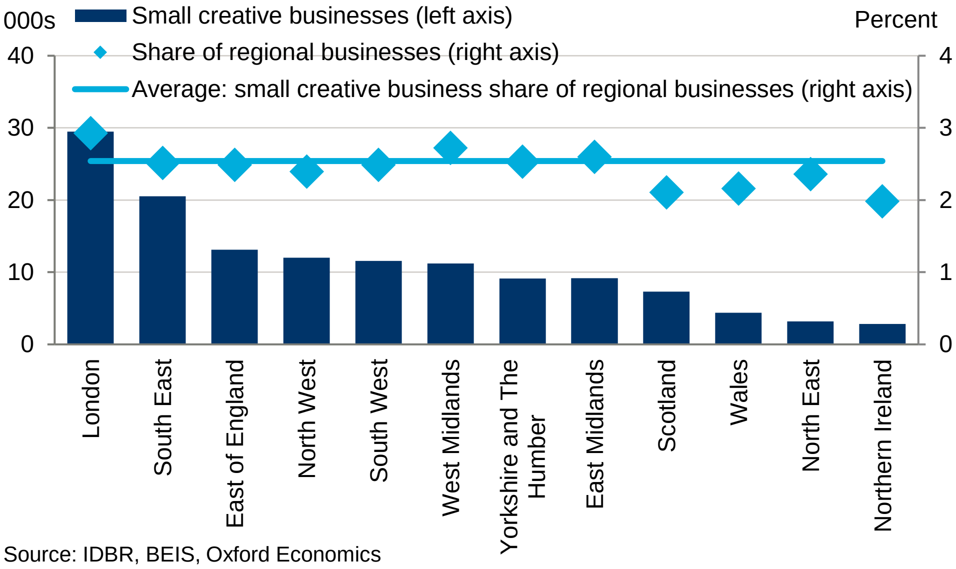
Despite there being fewer creative businesses in the West Midlands than other regions, as a proportion of businesses overall small creative businesses punch above their weight, accounting for 2.7 percent of all businesses in the region. This is also true of the East Midlands (2.6 percent).

Q: Most surprising thing

About owning your own business

A: "The amazing small business community around me. The contacts and friends I have made has changed my life and my business for the better." – Notonthehighstreet.com Partner, 2017

Fig. 22. Regional distribution of small creative businesses compared to all regional business, 2016

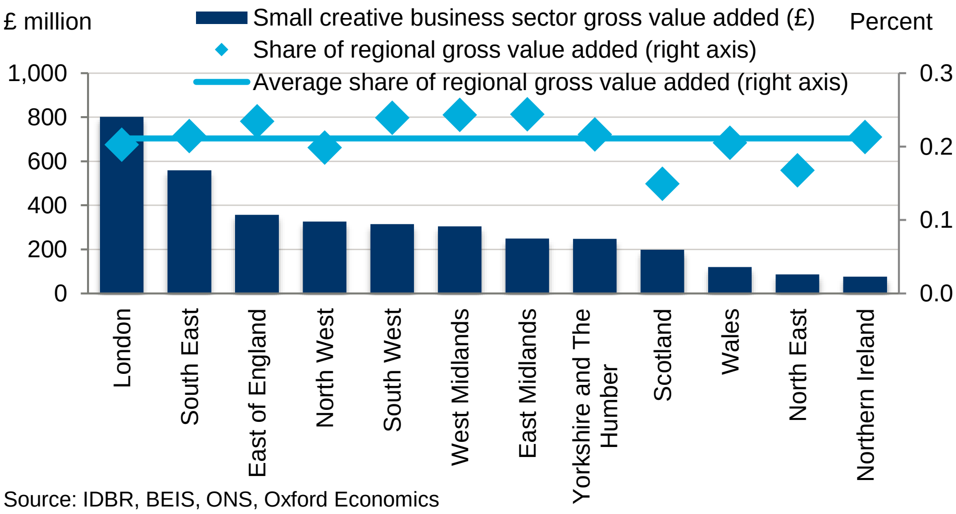


Source: IDBR, BEIS, Oxford Economics

Among the regions, small creative businesses generate the greatest gross value added contributions where they are most prevalent: in London (£800 million), the South East (£560 million), and the East of England (£360 million, Fig. 23).

However, relative to regional gross value added, small creative businesses have disproportionately large impact in the East Midlands and West Midlands where the small creative business sector generated £1 in every £410 generated by all businesses in the region; the South West, where the sector generated £1 in every £420 generated by businesses in the region; and the East of England, where the sector generated £1 in every £430 generated by businesses in the region. On average, the small creative business sector generated £1 in every £470 generated by all businesses in the UK.

Fig. 23. Regional distribution of gross value added created by small creative businesses, 2016

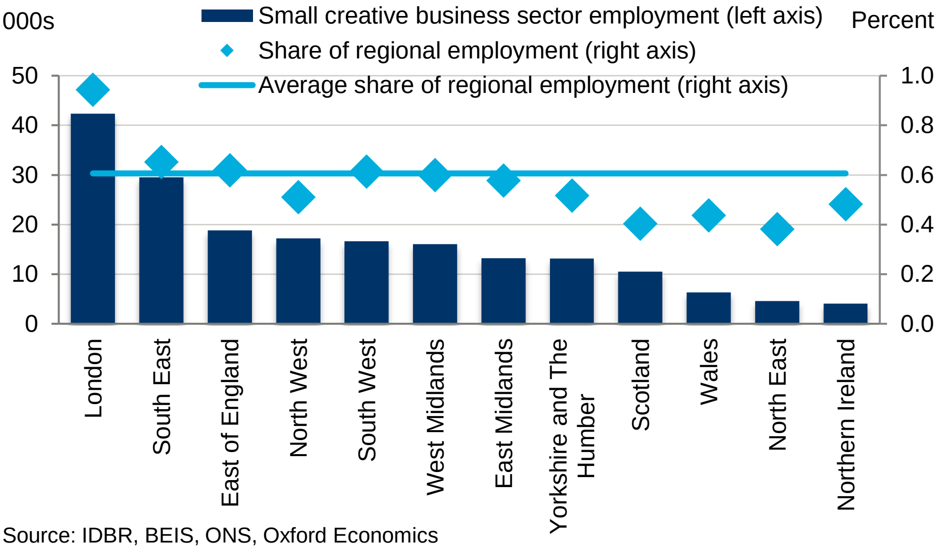


Source: IDBR, BEIS, ONS, Oxford Economics

The small creative business sector generates employment in every nation and region in the UK. In 2016 the sector employed 42,300 people in London, 29,500 in the South East, and 18,800 in the East of England (Fig. 24).

The sector makes the greatest relative contribution in London (1 in every 110 jobs), the South East (one in every 150 jobs), and the East of England (1 in every 160 jobs). In each of these three regions, the small creative business sector created more employment as a share of the total than it does for the UK on average (1 in every 170 jobs).

Fig. 24. Regional distribution of employment by small creative businesses, 2016



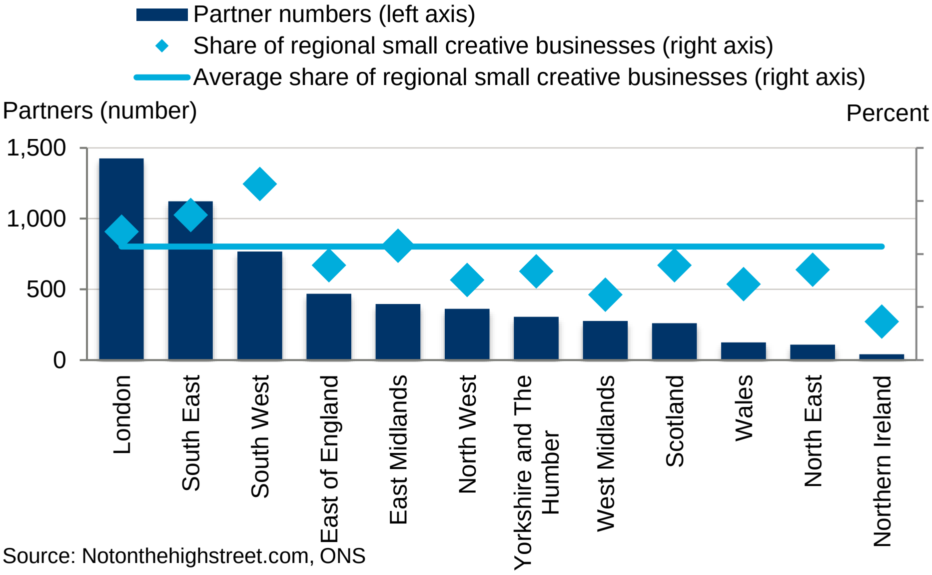
Source: IDBR, BEIS, ONS, Oxford Economics

2.3 NOTONTHEHIGHSTREET.COM'S PARTNERS' REGIONAL CONTRIBUTIONS

Notonthehighstreet.com's Partners are located in every nation and region in the UK (Fig. 25). They are most prevalent in London (1,426), the South East (1,122), and the South West (768).

Relative to the regional distribution of all small creative businesses, notonthehighstreet.com's Partners are most prevalent in the South West, where Partners comprise 6.6 percent of small creative businesses, the South East, where Partners make up 5.5 percent of small creative businesses, and London, where Partners are 4.8 percent of small creative businesses. On average throughout the UK, Partners comprise 4.3 percent of small creative businesses.

Fig. 25. Regional distribution of notonthehighstreet.com Partners compared to regional small creative business, 2016



Source: Notonthehighstreet.com, ONS

Looking at the local authority level (Fig. 26) there is a particularly high concentration of notonthehighstreet.com Partners in Brighton and Hove (156 Partners), Hackney (135 Partners), Cornwall (108 Partners), Wandsworth (103 Partners), and Wiltshire (85 Partners). Combined, these five local authority districts contain over 10 percent of all notonthehighstreet.com's Partners. Other local authority districts with significant numbers of notonthehighstreet.com Partners are Bristol (93 Partners), Camden (86 Partners), Lambeth (84 Partners), Richmond-upon Thames (80 Partners), and Islington (80 Partners).

Businesses of a similar type often cluster together because of the benefits of sharing knowledge, access to suppliers, and access to a pool of workers with relevant skills. This often benefits both firms and workers. A recent study by McKinsey showed that the UK's 31 most important clusters employ one in seven people and generate 20 percent of the country's output despite only accounting for 8 percent of all businesses.[25] Salaries are often higher in these areas because of the productivity benefits of clustering.

High concentrations of firms have been found in studies of other creative sectors, including that by Nesta in 2016, which looked at a broad range of sub-sectors— from content industries like film and video games to service industries like advertising and design. The study found that "creative industries display a strong tendency to concentrate in a small number of locations."[26]

[25] McKinsey and Company, "Revolutions: capturing the growth potential," 2014. 'Cluster' is defined in the McKinsey report as: "Complex, economically significant ecosystems in which people can meet, exchange ideas, develop innovations, and create businesses together. Clusters are regarded as exciting, vibrant places where 'something in the air' draws together world-class talent and delivers fresh products and innovations to the marketplace."

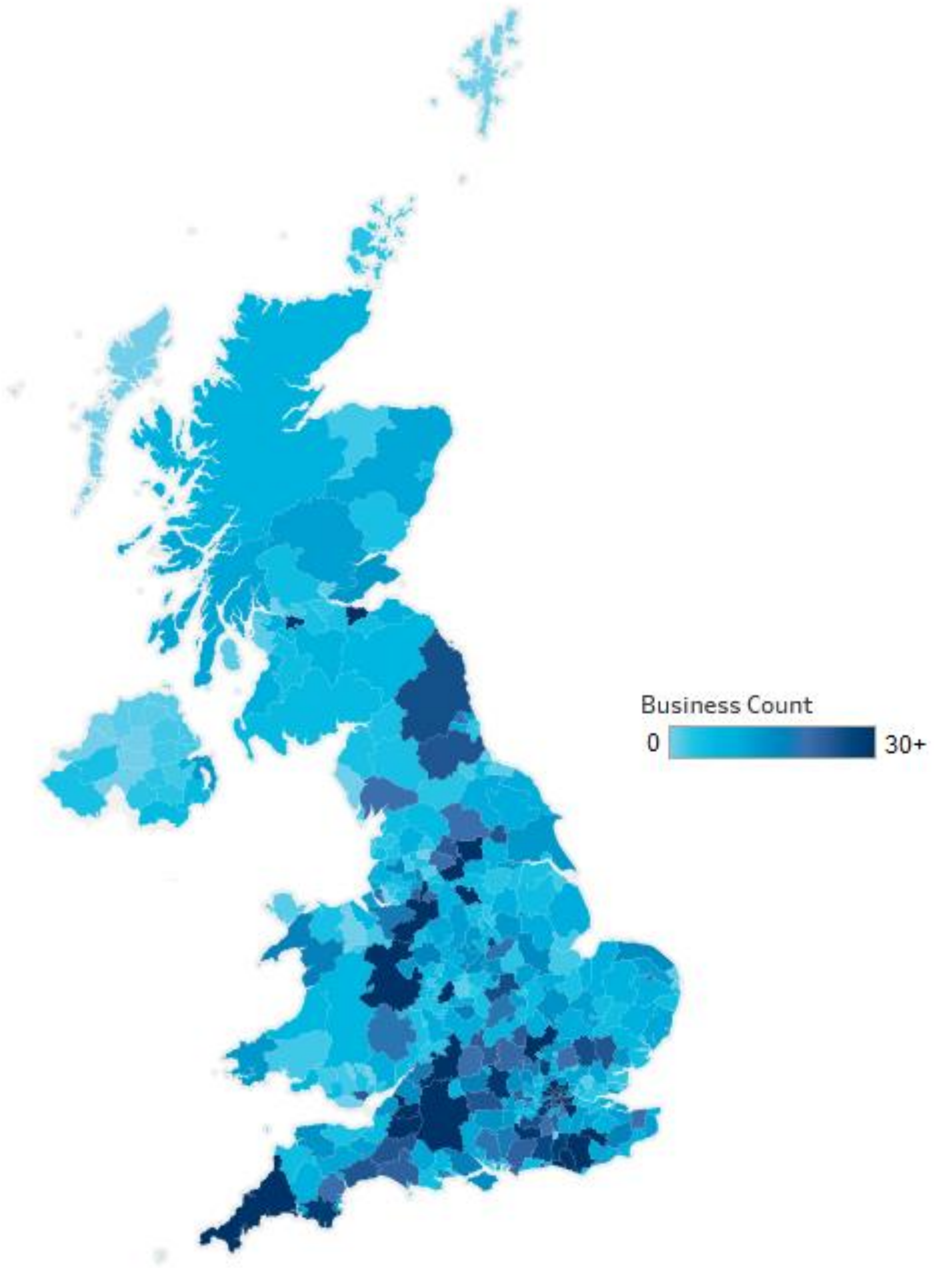
[26] Nesta, "The Geography of Creativity in the UK," 2016. The creative industries

Fig. 26. Notonthehighstreet.com Partners by local authority district, 2016

156 firms

In Brighton and Hove

The largest concentration of notonthehighstreet.com Partners is in Brighton and Hove, where there are 156 businesses operating on the platform.



Source: Notonthehighstreet.com

2.3.1 Notonthehighstreet.com Partners' contribution to regional business dynamism

719

Business births in London

Notonthehighstreet.com facilitated an estimated 719 business births in London between 2006 and 2016.

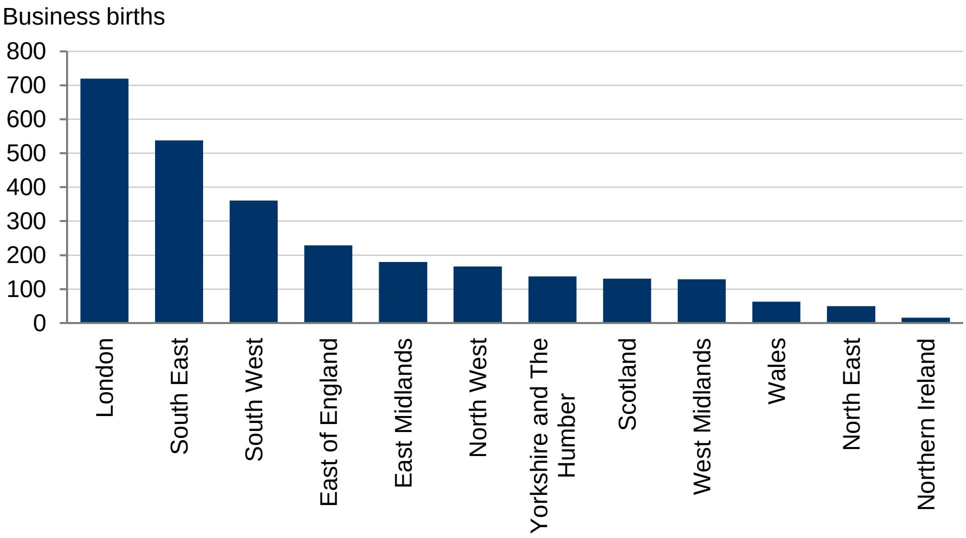
By providing a platform that helps new businesses succeed, notonthehighstreet.com encourages new business formation across the nations and regions. New business formation is an important component of business dynamism, bringing new ideas, products, and services to their customers and contributing know-how and techniques that other local businesses can learn from.

Between 2006 and 2016, we estimate that notonthehighstreet.com facilitated nearly 2,720 business births (i.e., new businesses starting and becoming notonthehighstreet.com Partners), or roughly one in every 1,160 business births in the UK over that time period.[27]

Looking at the regional picture, notonthehighstreet.com has supported the most business births—719—in London (26 percent of all business births that the platform supported), followed by 538 in the South East (20 percent of the total), and 361 in the South West (13 percent of the total).

Considering the number of new business births in the context of all business births in the region, notonthehighstreet.com made the most noticeable impact in the South West, where its Partners accounted for one in every 690 business births, the South East, where Partners accounted for one in every 910 business births, and London, where Partners comprised one in every 1,060 business births.

Fig. 27. Estimated number of new business births on notonthehighstreet.com, 2006-2016



Source: Notonthehighstreet.com, ONS, Oxford Economics

[27] While notonthehighstreet.com data are sufficient to show business births between 2006 and 2016, the latest official statistics are for 2015. Therefore, comparisons between business births on notonthehighstreet.com and in the broader economy are for 2006-2015.

Boosting female participation

Female ownership rates of notonthehighstreet.com businesses are higher than female labour force participation rates in every nation and region in the UK.

2.3.2 Geographic variations in female ownership of notonthehighstreet.com business

The proportion of notonthehighstreet.com businesses owned by women is generally high, averaging 89 percent. The female ownership percentage is particularly high in Scotland (91 percent) and the North West (90 percent). In both locations, female ownership of all small creative businesses is higher than the average for small UK businesses, at 41 percent in Scotland and 27 percent in the North West, compared to 21 percent for small businesses throughout the UK. Via their high rate of female ownership, notonthehighstreet.com Partners and small creative businesses in general help to boost the female labour force participation rate in every nation and region.

Platforms like notonthehighstreet.com that excel at facilitating female entrepreneurship can play a disproportionately important role in regions where female labour force participation rates are below the UK average of 73 percent. The North West is a good example. In the year to September 2016 the North West had lower female labour force participation rates than the UK average (71 percent), but female ownership of notonthehighstreet.com Partners businesses and small creative businesses in the region was above average.[28]

91 percent

Female ownership in Scotland

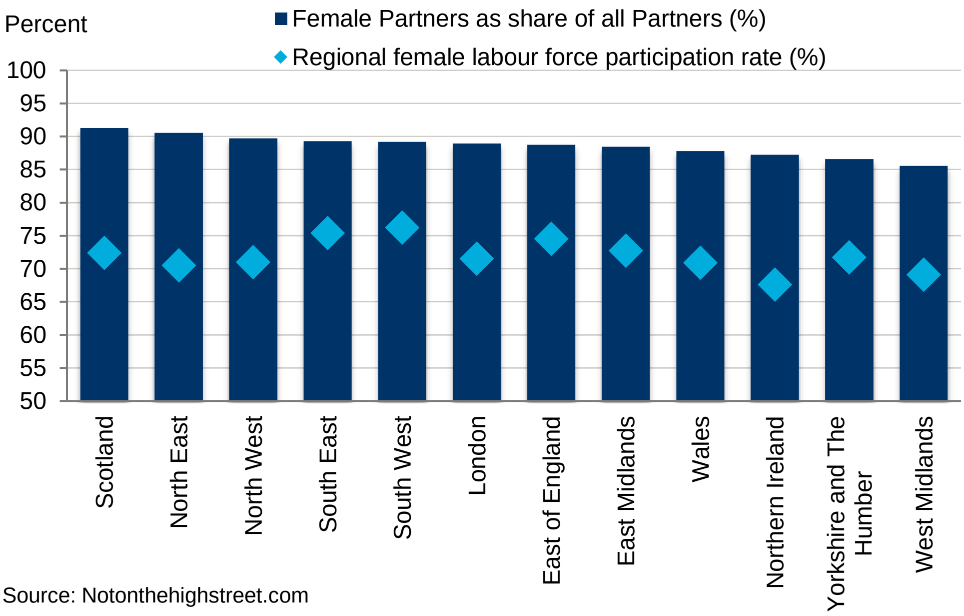
Female ownership of notonthehighstreet.com businesses is highest in Scotland, at 91 percent.

A high rate of female ownership among notonthehighstreet.com's Partners is also notable because online business platforms can offer opportunities to those who are looking for flexible working patterns or who may have experienced reduced opportunities in the wider workforce. Women are four and a half times as likely as men to say they want to work part-time according to ONS data, but a 2014 PricewaterhouseCoopers study about women aged 28-40 in the workplace found that 64 percent of women they surveyed agreed or strongly agreed that 'In my experience people who work flexibly are less likely to progress at the same rate as their peers even if their input is similar'.[29] In a study of the qualifications of women who work part-time, Connolly and McGregory found that about a quarter of women who move from full-time to part-time work take roles they are overqualified for, suggesting that they are unable to find part-time roles that would make use of their true skill levels.[30] A 2015 Parliamentary review found that despite legislation designed to combat the problem there continues to be a stigma around flexible working.[31] It is unsurprising, therefore, that women who want flexibility but do not want to suffer flexibility's stigmas in the workforce may be attracted to starting their own business. Their ability to start businesses and become entrepreneurs may have contributed to increased female labour force participation in every nation and

[28] The labour force participation rate is defined as the share of the underlying population that is either employed or looking for work. Participation rates are sourced from Office for National Statistics, "Annual Population Survey," 2017.
[29] Based on an analysis of Office for Natonal Statistics, "Full-time, part-time and temporary workers (seasonally adjusted)," 2017 and Pricewaterhouse Coopers, "Opportunity Now: Project 28-40," 2014.
[30] Sara Connolly, "Moving down: women's part-time work and occupational change in Britain 1991-2001," 2007
[31] Parliament, "'Flexible working and facilitating working away from the office' evidence check," 2015 <https://www.parliament.uk/business/committees/committees-a-z/commons-select/science-and-technology-committee/science-and-technology-evidence-check-forum/flexible-working-and-facilitating-working-away-from-the-office/>

region in the last decade—from the one percentage point increases in the East and West Midlands, to the three percentage point increases in the South West, East of England, and Yorkshire and The Humber, to the five percentage point increases in London and Northern Ireland.[32]

Fig. 28. Share of female ownership of Notonthehighstreet.com businesses and the female labour force participation rate by region, 2016



Source: Notonthehighstreet.com

1 in 1,700

People employed

In the South West, notonthehighstreet.com's Partners accounted for 1 in every 1,700 people employed in 2016.

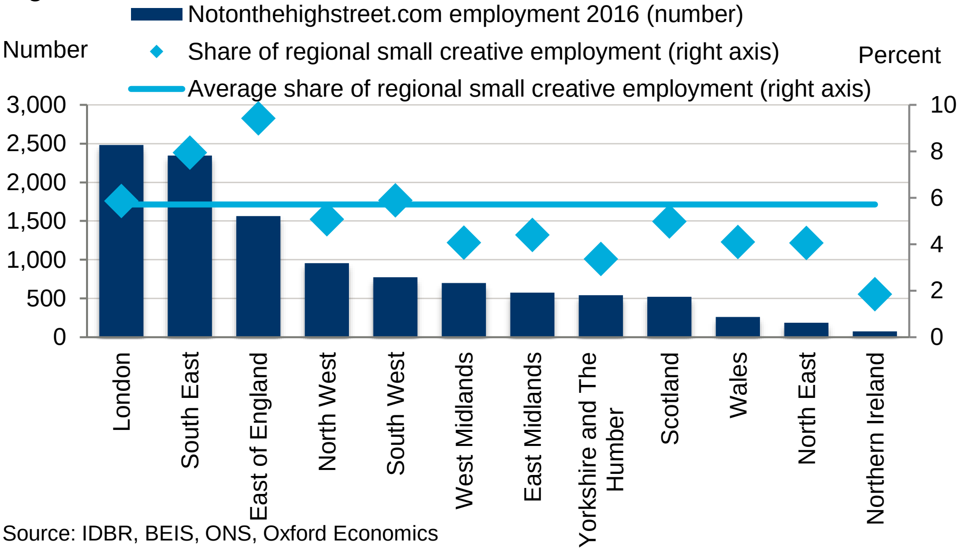
2.3.3 Partners' contribution to regional employment

Notonthehighstreet.com's Partners made a substantial contribution to regional employment in 2016 (Fig. 29). We estimate that they employed the most people in London (nearly 2,500 people), the South East (2,300), and the East of England (1,600).

Relative to small creative employment in each region, notonthehighstreet.com's Partners made a disproportionately large impact on the East of England, employing 9 percent of people in the small creative business sector, and the South East, employing 8 percent of people in the small creative business sector.

[32] Office for National Statistics, "Labour Market Statistics time series dataset," 2017

Fig. 29. Notonthehighstreet.com Partners' contribution to employment by region, 2016



Source: IDBR, BEIS, ONS, Oxford Economics

2.3.4 Partners' contribution to regional gross value added

In 2016, notonthehighstreet.com's Partners had the biggest impact on the South East's economy, generating a £39 million gross value added contribution for the region. That is 27 percent of all gross value added generated by Partners in 2016, even though the South East accounts for only 20 percent of all notonthehighstreet.com businesses. Meanwhile, Notonthehighstreet.com's Partners generated a £22 million gross value added contribution to the South West's economy, and a £20 million gross value added contribution to London's economy.

The South East and South West are home to several large Partners. In fact, those regions had more Partners that generated more than £500,000 in turnover on notonthehighstreet.com in 2016 than any other region, together accounting for 31 of the 59 Partners in this high-earning group. Part of the reason for prevalence of successful small creative businesses in the South East and South West is likely the large number that are located there to begin with; combined, the two regions account for 33 percent of notonthehighstreet.com Partners. It is also possible that South East and South West provide particularly hospitable environments for the largest of the small creative businesses. These regions have the benefit of being relatively close to London, yet have cheaper rent for employers seeking premises and lower cost of living for employees. For growing firms, there is a talented pool of workers to choose from: the 2011 census showed that there is a higher share of adults with Level 4 qualifications in the South East and South West than every other region apart from London.[33] Education institutions like Falmouth University contribute to the vibrancy of the creative sector in the South West, as Oxford

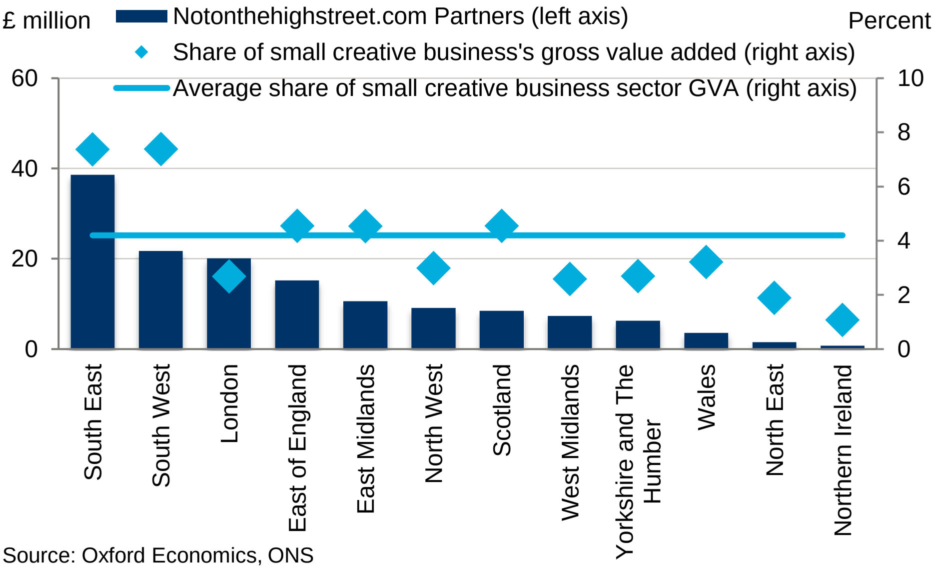
[33] Office for National Statistics, "2011 Census: Qualifications and students, local authorities in England and Wales," 2012. Analysis does not include Northern Ireland nor Scotland.

Economics' research has shown elsewhere.[34] The relatively large number of small creative businesses in the South East and South West mean there is an established and like-minded community of entrepreneurs available for networking and mentorship, if needed. Finally, these regions are creative in general: Nesta's publication on how geography and creativity interact shows that there are substantial creative clusters in the South East and South West.[35]

Notonthehighstreet.com's Partners made the greatest relative contribution to the small creative business sector in the South East and the South West, generating 7.4 percent of all gross value added generated by businesses in those regions. That is followed by the East of England, the East Midlands, and Scotland (4.5 percent in each). That is compared to the average across all regions of 4.2 percent.

Northern Ireland and Wales are notable because Partners there generated the fastest growth in gross value added contributions to UK GDP over the last five years. In Northern Ireland, the gross value added that Partners generated is up an estimated 114 percent, to £770,000, in the last five years, and in Wales it is up 75 percent, to £3.6 million, over the same time period.

Fig. 30. Gross value added of notonthehighstreet.com Partners by region, 2016



Source: Oxford Economics, ONS

2.4 CONCLUSION

Small creative businesses are important drivers of regional business activity. While small creative businesses are most prevalent in absolute numbers in London, the South East, and the East of England, in relative terms they punch above their weight with their prevalence in London (2.9 percent of all

[34] Oxford Economics, "Falmouth University's impact on Cornwall's economy, 2014-15," 2016

[35] Nesta, "The Geography of Creativity in the UK," 2016. Creativity in Nesta's study is defined more broadly than in this study.

businesses), the West Midlands (2.7 percent of all businesses) and East Midlands (2.6 percent).

Notonthehighstreet.com's Partners accounted for 1 in every 3,000 people employed in the UK in 2016. This employment impact was greatest in the South West (1 in every 1,700), London (1 in every 1,800), and the South East (1 in every 1,900), and the East Midlands (1 in every 2,900).

Notonthehighstreet.com has also proved to be a powerful platform for supporting new business births, and therefore business dynamism in the UK's nations and regions. In the six regions with the highest number of new Partners—including London, the South East, South West, East of England, East Midlands, and North West—we estimate that notonthehighstreet.com supported one in every 1,100 new business births between 2006 and 2015.

3. BARRIERS FACING SMALL CREATIVE BUSINESSES

People who start and develop small creative businesses face a number of challenges. They often need to master a host of skills that, in a larger company, would be done by multiple people with different roles. From developing ideas for new products to marketing them, and from keeping track of the business's cash flows to applying for finance from lenders, the skills that new business owners need to develop are many and varied. This chapter uses survey evidence from notonthehighstreet.com Partners to investigates the major challenges that small creative businesses faced when starting and developing their businesses.

3.1 KEY FACTS AND FIGURES

- Evidence from a survey of 361 notonthehighstreet.com Partners shows that confidence is a barrier to 1 in 4 small creative startups. This problem is more common for majority female-owned businesses than majority male-owned businesses.
- Over half percent of small UK businesses, 55 percent, have some problems when applying for financing. Survey evidence shows that the small creative businesses believe financing can be a major obstacle to their growth, not only at the startup stage but as businesses mature and look to expand.
- Notonthehighstreet.com Partners' biggest worries about the future are economic and political uncertainty.
- Marketing is the biggest ongoing challenge for small creative businesses right now, with 57 percent of notonthehighstreet.com Partners saying it is an obstacle to success. About 50 percent more Partners said they started their business to gain a creative outlet rather than to fulfil a desire to run their own business, so help with the necessary aspects of running a business that do not involve their craft—like marketing—may be a particularly strong need for many small creative businesses.
- The vast majority of notonthehighstreet.com Partners are optimistic about their future prospects. Nearly 9 in 10 survey respondents were very confident or somewhat confident of their businesses' future success.

3.2 CHALLENGES FOR STARTUPS

Small creative startups face different challenges depending on their stage of development. At the earliest stages, 25 percent of the small creative businesses surveyed struggle with turning a concept from 'just an idea' to a scalable business (Fig. 31). This may be largely about confidence and advice: two thirds of those who said that taking a concept from 'just an idea' to a scalable business was a major hurdle said that notonthehighstreet.com was instrumental in giving them confidence and encouraging them, and nearly half said that the company was helpful for getting the advice and support to grow their business.

1 in 4

Lack confidence

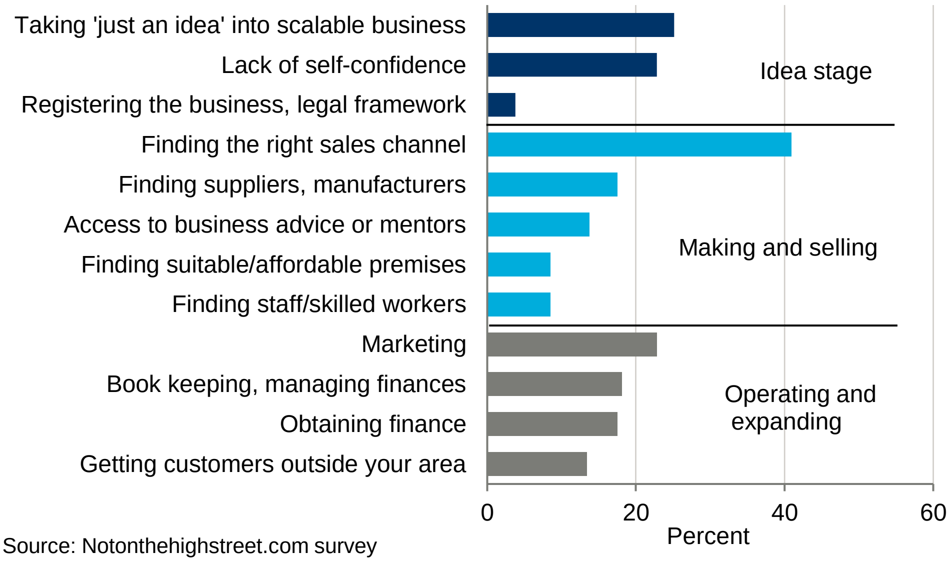
One in four small creative businesses struggle with a lack of confidence to start their own business.

Notably, lack of confidence was often seen as a major hurdle for small creative startups. Some 23 percent of respondents said that lack of self-confidence—rather than any particular task or skill—was among the three biggest hurdles when starting up their business. This was particularly the case for Partner businesses that are majority female-owned versus majority male-owned. Majority female-owned businesses were two and a half times more likely than majority male-owned businesses to say that confidence was a major obstacle to starting a business.

Following the idea stage, 41 percent of small creative businesses said they needed help finding the right sales channel. It is likely that many of these people became notonthehighstreet.com Partners because the website is a well-developed sales channel for small creative businesses. In the survey, 89 percent of Partners said that notonthehighstreet.com has helped them with finding customers, and 75 percent said the platform has helped them market and promote their business.

Once up and running, Partners may want to streamline operations and expand, and they face several challenges there. The first is marketing, as indicated by 23 percent of notonthehighstreet.com Partners. They also struggle with book keeping and managing finances (18 percent) and getting financing (another 18 percent). Finally, Partners said that selling to customers outside their area was a challenge (13 percent of survey respondents). Many Partners may have decided to sell online, or joined notonthehighstreet.com, for this reason, since they are unlikely to be able to reach a substantial number of customers beyond their immediate locality without selling online. When asked how notonthehighstreet.com has helped them overcome major challenges, 88 percent of Partners in the 2017 survey said that the Platform has helped them sell online.

Fig. 31. Most commonly cited challenges for Partners starting and initially developing their businesses



Source: Notonthehighstreet.com survey

55 percent

Problems getting financing

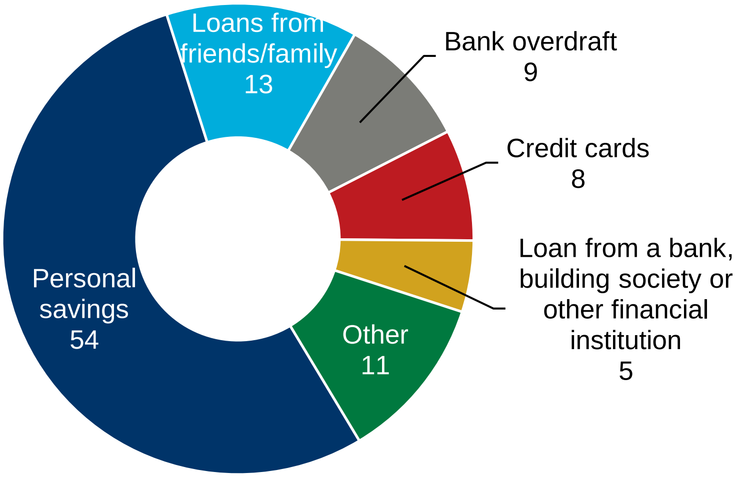
Fifty-five percent of small UK firms that apply for finance have some trouble getting it.

For firms that are finance-constrained, expanding in the early years can be hard. New firms often struggle to obtain financing because lenders find it difficult to assess their ability to repay loans without a track record. In the wider economy, 55 percent of small UK businesses have some problems when applying for financing.[36] That could be why only 5 percent of notonthehighstreet.com Partners said that they funded their fledgling businesses with loans from banks, building societies, or other financial institutions (not including overdrafts, or credit cards, Fig. 32).

Instead of getting financing through formal channels, 54 percent of survey respondents said that they funded their businesses using their personal savings, while 13 percent used loans from friends and family.

Fig. 32. Notonthehighstreet.com's Partner's initial financing choices

Percent



Source: Notonthehighstreet.com survey

Many small businesses in the UK worry that they will not get financing if they apply. Of those that apply, 27 percent of businesses with 0 to 9 employees and 10 percent of small businesses with 10 to 49 employees say that they are not very confident or not at all confident about being approved for finance.[37] The concerns of smaller businesses are warranted to some degree. Some 55 percent of businesses with 0 to 9 employees said they had some difficulty obtaining financing from the first source they approached, whereas more mature businesses—those with 10-49 employees—reported difficulties about 23 percent of the time.

That is a similar pattern to that seen among small creative businesses operating on notonthighstreet.com. Partners who want to grow were much more likely to see finance as an obstacle to success if their turnover was lower than the survey median of £39,999 than if it was £40,000 or higher (Fig. 33).[38]

[36] Department for Business, Innovation & Skills, "SME business barometer: February 2014," 2014.

[37] Ibid.

[38] In the 2017 notonthehighstreet.com survey data, about half of Partners had turnover of £39,999 or less, and half had more.

However, firms of different sizes were equally likely to consider finance an obstacle to their current success, with around 20 percent of each saying it was.

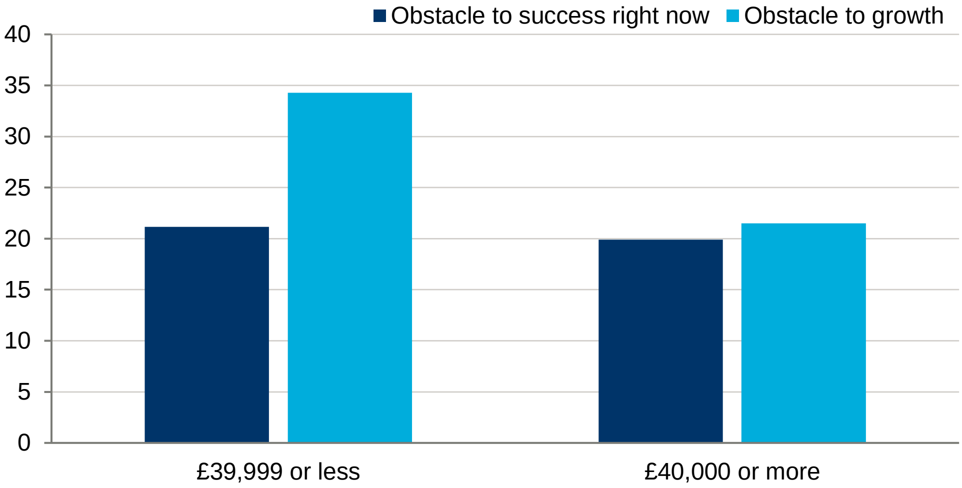
1 in 3

Financing is an obstacle

Financing is believed to be an obstacle for growth for 1 in 3 small creative businesses earning £39,999 or less per year.

Fig. 33. Whether access to finance is an obstacle to success and growth by Partner turnover in last 12 months, 2017

Percent of Partners by turnover category



Source: Notonthehighstreet.com survey

HOW NOTONTHEHIGHSTREET.COM HELPS STARTUPS

Notonthehighstreet.com helped small creative business startups overcome some of their biggest challenges. The website was judged to have helped find the right sales channels by 89 percent of Partners. Many Partners found notonthehighstreet.com helpful for marketing and promoting (75 percent) and obtaining market data for product development and planning (59 percent). Many fledgling small creative startups (57 percent) found notonthehighstreet.com and its support services important for building their confidence and encouraging them, which is noteworthy because lack of confidence was noted frequently as a major obstacle for Partners starting and initially developing their businesses.

3.3 DAY-TO-DAY CHALLENGES FOR SMALL CREATIVE BUSINESSES

Day-to-day, small creative businesses must continue to innovate, improve their operational skill, and think about expanding. Each has its own challenges.

At the concept stage, one of the biggest challenges for small creative businesses is innovating their product line-up: 28 percent of Partners said so in notonthehighstreet.com's 2017 survey. For another 25 percent, one of their biggest challenges is managing the rising cost of materials, which may further increase the need for innovation. Many of these Partners may be thinking about Brexit and the implications of a falling pound. Against the US dollar, the pound depreciated by 13 percent in 2016; against the Euro, it depreciated 11 percent. Any small creative business that relies on imported goods—either directly or indirectly—has likely been affected by this depreciation to some extent. Their worries could prove to be well-founded if the pound depreciates further.

In terms of their operations, small creative businesses often struggle with turning around orders quickly (17 percent said this was one of their greatest challenges). Finding reasonably priced delivery services was cited by 16 percent of Partners as being a problem, which is unsurprising as many rely on it to deliver their goods to clients for online orders.

Marketing

Biggest obstacle to success

The single most commonly cited obstacle to current success for small creative businesses is marketing, mentioned by 57 percent of notonthehighstreet.com Partners.

For Partners looking to expand their operations, one of their biggest difficulties is marketing. Of the notonthehighstreet.com Partners who were surveyed, 57 percent cited this as one of their biggest hurdles, making it the most cited issue of all. Following that was staying ahead of the competition, with 32 percent of Partners saying it is an issue for them.

Fig. 34. Biggest challenges right now for small creative businesses, 2017

Source: Notonthehighstreet.com survey

Marketing was the most commonly cited problem regardless of size. However, it is a relatively greater problem for the smaller set of businesses, with 63 percent of Partners earning £39,999 or less in the last 12 months saying it is one of their biggest challenges, compared to 50 percent of those earning £40,000 or more (Fig. 35).[39] The scale of this problem for small creative businesses is likely why help 'finding customers' was named as the single most important thing notonthehighstreet.com does to help Partners overcome their challenges.

Innovating their product line-up was also cited by both smaller and larger businesses, but again was relatively more commonly cited as a major problem for smaller businesses than for larger businesses.

The larger of the small creative businesses tend to have greater problems with finding staff (25 percent, compared to 11 percent for smaller businesses), finding new premises (15 percent, compared to 6 percent for smaller businesses), and stock management (16 percent, compared to 9 percent for smaller businesses).

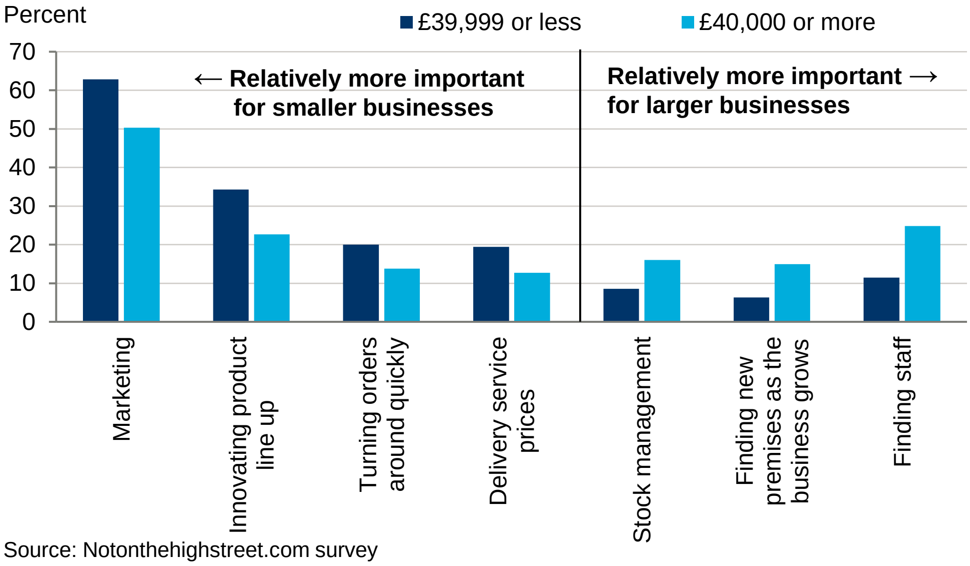
[39] These turnover bands were chosen because roughly half of survey respondents fell into each category.

44 percent

Fear economic and political uncertainty

Economic forces and political uncertainty are the biggest future worries for small creative businesses, cited by 44 percent of notonthehighstreet.com Partners.

Fig. 35. Biggest differences in perceived challenges between smaller and larger creative businesses, 2017



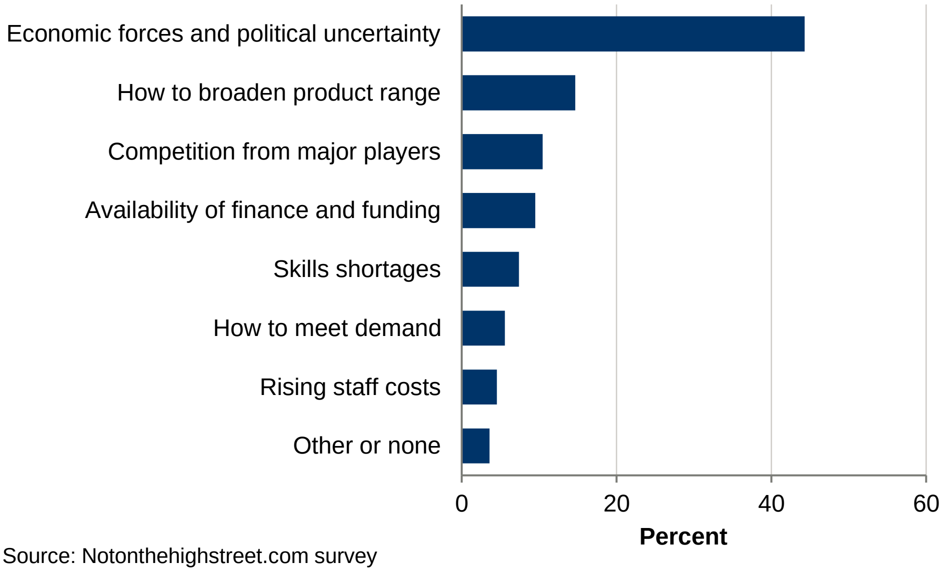
Source: Notonthehighstreet.com survey

3.4 CONCERNS ABOUT THE FUTURE

Small creative businesses will face ongoing challenges as they grow and as they face the economic conditions of the future. Notably, and unlike the challenges they said were the biggest when starting up and for their current operations, the most often cited worries about the future are issues beyond their control. Some 44 percent of notonthehighstreet.com Partners surveyed in 2017 said that either an economic downturn, impact of inflation on costs, or political uncertainty was their biggest worry about the future. It is worth noting that these three worries were commonly expressed by the same people. Many of these Partners may have had Brexit in mind, as well as the falling pound. The pound depreciated by 13 percent against the dollar in 2016 and 11 percent against the Euro. Any small creative business that relies on imported goods—either directly or indirectly—has likely been affected to some extent. Their worries could prove especially well-founded if the pound depreciates further.

The broad economic and political nature of these concerns about the future lie in contrast with the more practical issues small creative businesses cited as problems when starting up and operating in the present. Those revolved around how and where to sell their products, marketing, competition, and coming up with new and innovative products. When looking to the future, small creative businesses still believe those are important issues (15 percent mentioned broadening their product range and 10 percent cited competition, for example), but these are viewed as substantially less worrisome than economic and political forces.

Fig. 36. Worries small creative businesses have about the future, 2017



Source: Notonthehighstreet.com survey

9 out of 10

Confident of future success

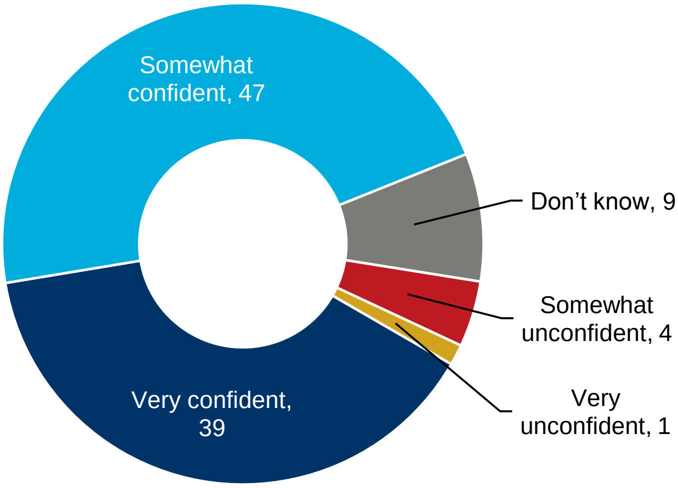
Nearly 9 out of 10, or 86 percent, of small creative businesses are confident of future success.

Despite their concerns about the future, small creative business owners are optimistic on the whole. Among notonthehighstreet.com Partners, 86 percent are either very confident or somewhat confident about their businesses' future success. Majority female-owned and majority male-owned businesses are equally likely to say they are confident about the future. Only five percent of Partners were somewhat unconfident or very unconfident.

One of the stronger correlations related to optimism is the overlap between optimistic Partners and those who say they think notonthehighstreet.com has played a very significant or somewhat significant role in 'getting advice and support needed to help you grow your business' (91 percent of Partners who felt they got this benefit from being on notonthehighstreet.com were optimistic about the future) and 'obtaining market/trend data and advice to help with product development and planning' (89 percent who got this help were optimistic).

Fig. 37. How confident small creative businesses are about the future, 2017

Percent



Source: Notonthehighstreet.com survey

3.5 CONCLUSION

Small creative businesses face different problems depending on their stage of maturity. Evidence from a notonthehighstreet.com survey of its Partners shows that, for startups, confidence and knowing how and where to reach customers are major hurdles. More established Partner businesses find that marketing is the biggest challenge. And looking to the future, Partners are most worried about issues that are entirely out of their control: economic and political uncertainty. Yet despite these fears, small creative businesses are overwhelmingly positive about their prospects looking forward. Nearly 9 in 10 notonthehighstreet.com Partners said that they are either very confident or somewhat confident of their businesses' success in the future.

4. HOW LIFE HAS CHANGED SINCE STARTING A BUSINESS

Creative entrepreneurs have a range of motivations for entering the small creative business sector, and experience a variety of changes in their lives after doing so. This chapter uses responses from notonthehighstreet.com's survey of its Partners in 2017 as evidence for why people enter the sector and how their work and personal lives are affected as a result.

4.1 KEY FACTS AND FIGURES

- The most common reason for entrepreneurs to enter the small creative business sector is to gain more freedom over how they spend their time. Some 47 percent of notonthehighstreet.com Partners said that one of their top three motivations for starting a small creative business was more flexible work hours, in order to control their working lives or have more time to spend with friends, family, and children.
- Others start their business to gain an outlet for creativity, which applied to 44 percent of Partners, or because of their passion for their products, which applied to 34 percent of Partners.
- Notonthehighstreet.com's Partners are overwhelmingly positive about the overall experience of starting a business. Nearly all Partners—95 percent—say they feel a greater sense of achievement now compared to before starting a business, 90 percent say they enjoy life more and feel happier, 88 percent feel the industry they contribute to is worthwhile, and 87 percent say that they feel more fulfilled when they wake up in the morning.
- Specific benefits that entrepreneurs get from being in the small creative business sector are consistent with their motivations. The flexibility to do what they want with their time was cited as one of the top three benefits of starting a business by more Partners—68 percent—than any other reason. Having this freedom is even more important for Partners with children living at home: 89 percent ranked this as one of the top three benefits of starting their business.
- That is followed by having a creative outlet, with 47 percent of Partners naming it one of the top three benefits of starting a small creative business.
- The flexibility that Partners have gained since starting their businesses is important because of the demographic characteristics of Partners: 55 percent have children living at home with them, and six percent regularly care for someone who is elderly, sick, or disabled.
- Among survey respondents, 81 percent said that their ability to take time off spontaneously had become easier or hadn't changed after starting their business compared to before.
- While some benefits of starting a small creative business are expected, others may come as surprises. More than two times as many Partners said that gaining flexible hours and a feeling of empowerment were among the top three benefits of starting their business (44 percent and

27 percent, respectively) as were initially motivated to start a business by those things (24 percent and 9 percent, respectively).

52 percent

Previously working for someone else

Before starting their small creative business, 52 percent of notonthehighstreet.com Partners were working for someone else's business.

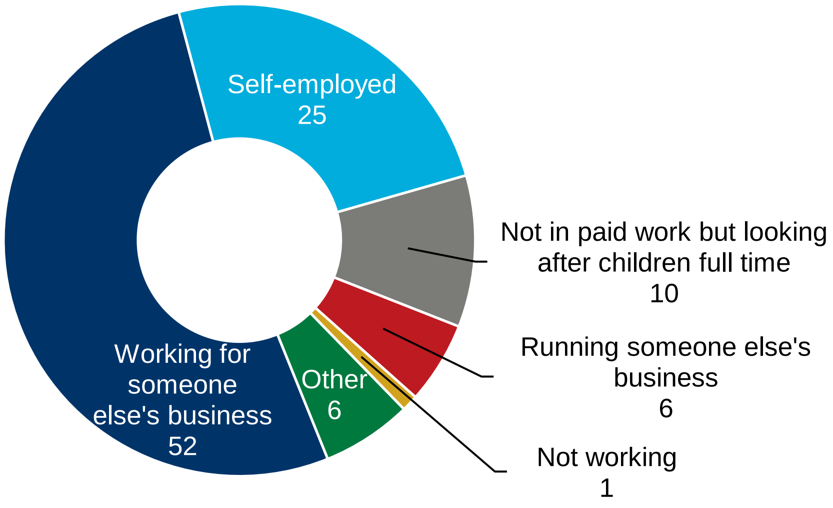
4.2 WHAT PARTNERS WERE DOING BEFORE THEY STARTED THEIR BUSINESSES

Notonthehighstreet.com's Partners come from all walks of life and bring a wide range of experience to their current roles. Over half of Partners—52 percent—were working for someone else before they decided to start their own business. Interestingly, many of these people were working in fields unrelated to what they are doing now. Nearly 75 percent of Partners who were working for someone else were working in an unrelated sector, including former primary and secondary school teachers, lecturers, civil servants, students, sponsored athletes, freelancers, or people who were running another business; the remaining people were working for someone else in a similar field to what they are doing now.

Some 25 percent of Partners were already self-employed in another capacity before they started their current business—for example, one was running another business that they sold, another was a freelance editorial designer and illustrator, and another was a part-time college tutor in art and design. Another 10 percent were looking after children full-time and so were not in paid work, while six percent were running someone else's business. Just one percent were not working.[40]

Fig. 38. What notonthehighstreet.com's Partners were doing before they started their current business

Percent



Source: Notonthehighstreet.com survey

In the broader UK economy, self-employment is becoming more common. Between 2001 and 2016, the rate of self-employment increased from 11.9

[40] The remaining 6 percent were typically students or working for government in some capacity (i.e., as a civil servant or teacher).

4.8 million

Self-employment

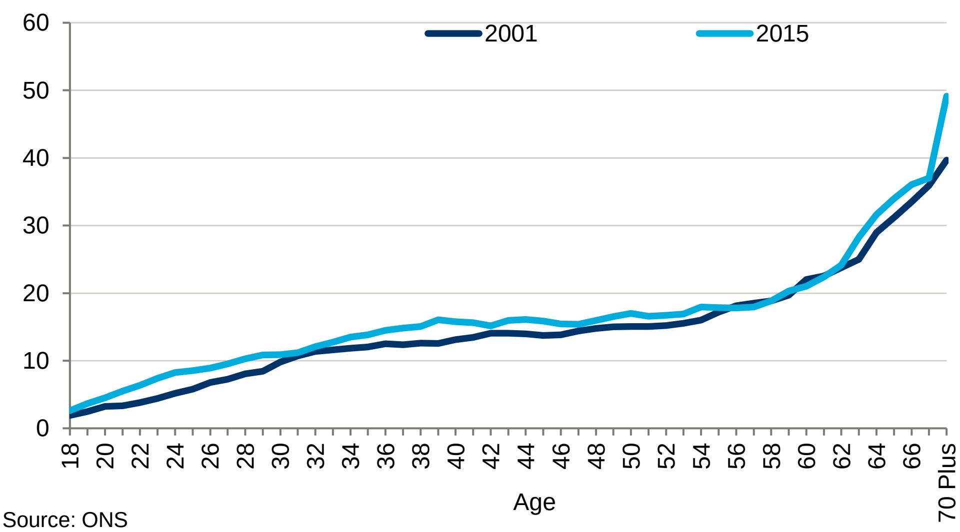
In 2016, nearly 4.8 million people in the UK were self-employed, the highest number ever.

percent to 15 percent.[41] The uptick in self-employment rates has been greatest for 20 year-olds, people in their late 30s, mid-60s, and those aged 70 or older (Fig. 39).

There are three primary reasons for these changes: demographic change accounts for about 24 percent of the total increase in self-employment—specifically population growth and the ageing of the UK population (since older people are more likely to be self-employed in general); changing participation rates account for another 35 percent of the increase; and the most important factor has been a change in people's desire to be self-employed, which accounts for the remaining 42 percent of the increase.[42]

The particularly high spike in self-employment rates among older people suggests that the growing desire to be self-employed is driven, in part, by people changing how they manage their lives after they reach retirement age, with more people choosing to work later into life. Among the younger, male, self-employed population there is more evidence that the desire for self-employment is partially a result of 'underemployment', or wanting more work than they can find as employees. On the other hand, few young and middle-aged, part-time, self-employed women report wanting to work full-time or in an alternative job, suggesting they are happy with their working lives. Overall, the evidence suggests that the self-employed are mostly content with their labour market status.[43]

Fig. 39. Self-employment in the UK as share of total employment by age, 2001-2015



Source: ONS

[41] The rate of self-employment is the number of people who are self-employed divided by all people in employment. Self-employment is not always the same thing as being a business owner, so these statistics are meant to be indicative rather than a direct comparison.
[42] Office for National Statistics, "Trends in self-employment in the UK: 2001 to 2015," 2017 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/trendsinselfemploymentintheuk/2001to2015>
[43] Ibid.

80-95%

Higher satisfaction

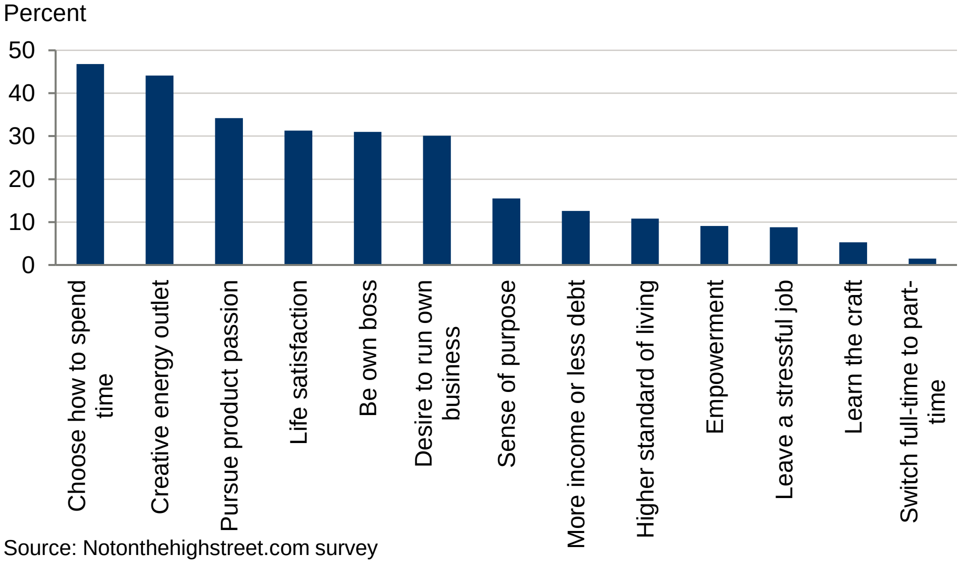
Small creative business owners report being more satisfied after starting their business with respect to five specific issues: achievement, happiness, feeling part of a worthwhile industry, fulfilment, and enjoyment of responsibility.

4.3 WHY PARTNERS STARTED THEIR SMALL CREATIVE BUSINESSES

Entrepreneurs who run small creative businesses are motivated by a variety of things, and notonthehighstreet.com's Partners are no different.

A desire for choice in how they spend their time was the most common motivation for starting a small creative business. Nearly half of notonthehighstreet.com's Partners, 47 percent, said that one of their top three reasons for starting their business was to get flexible hours to have greater control over their working life, or to get more time to spend with children, family, or friends (Fig. 40). Gaining an outlet for creative energy was the next most commonly stated motivation for starting a business among notonthehighstreet.com's Partners. Some 44 percent of survey respondents named having a creative outlet as one of the top three reasons for starting their own business, while 34 percent of Partners said one of their top three goals was to pursue their passion for their product, 31 percent wanted to increase their life satisfaction, and another 31 percent expressed a desire to be their own boss.

Fig. 40. Partners' motivation for starting their small creative business



Source: Notonthehighstreet.com survey

WHAT MOTIVATED THREE CREATIVE ENTREPRENEURS

"Necessity. The financial crisis of 2007-08 kick started our desire to change direction in our work. It was a necessary move to enable us to continue to support ourselves."

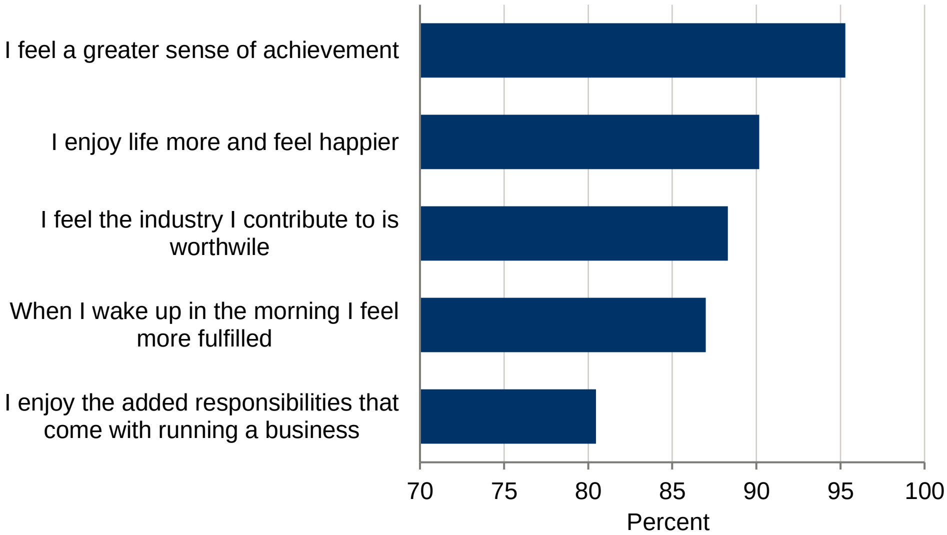
"Not having a job, I thought well if I can't find a job I would create one."

"I knew when I fell pregnant that I wouldn't want to go back to work full time. I wanted to be with my baby for as long as I could. The community of mothers I found on Instagram was inspiring, all in the same boat as me, all wanting more and all putting themselves out there to get more. There are so so so many small business started and run by mothers who were in the same boat as me."

4.4 HOW LIFE CHANGED AFTER STARTING A SMALL CREATIVE BUSINESS

Survey evidence suggests that small creative entrepreneurs are overwhelmingly satisfied about their decision to start their business and enter the sector (Fig. 41). When asked to compare how they feel now relative to how they felt before starting their business, 95 percent of notonthehighstreet.com's Partners say they now feel a greater sense of achievement, and 90 percent say they enjoy life more and feel happier. Some 88 percent feel the industry they contribute to is worthwhile, while 87 percent say that they feel more fulfilled when they wake up in the morning. Some 80 percent of notonthehighstreet.com's Partners say they enjoy the responsibilities that come with running a business.

Fig. 41. How Partners feel now compared to before they were running their own business, 2017



Source: Notonthehighstreet.com survey

In addition to a general sense of achievement and satisfaction, small creative entrepreneurs experience a host of specific, positive life changes. These changes are broadly similar to their initial motivations for becoming small creative business entrepreneurs, although there are also some areas where Partners report being positively surprised.

In line with people's motivations for starting their business, the most commonly cited positive benefit of doing so is the ability to spend their time as they like (including gaining the flexible hours needed to control their working lives and the ability to spend more time with family, friends, and children), with 68 percent of Partners ranking this theme as one of the top three positive effects on their lives. The benefit is even greater for those who have children living at home: 89 percent of Partners in this situation ranked the ability to spend time as they want as one of the top three benefits of starting a small creative business.

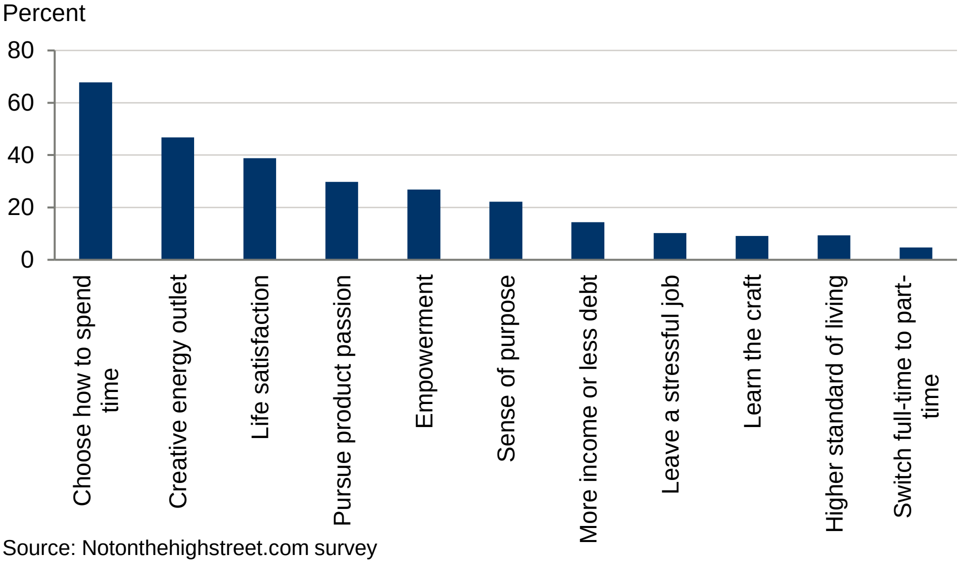
Gaining a creative energy outlet is also highly valued, with 47 percent of Partners saying this is one of the top three benefits gained after starting their business. Again, this is consistent with the frequency with which Partners said that this initially motivated them to start their business. Some 39 percent of Partners said that one of the top three benefits of starting their business was greater life satisfaction.[44] This, too, was commonly cited as an initial motivation for becoming a small creative business entrepreneur.

2 times

As many Partners benefit from flexible hours than expected to initially

While 24 percent of small creative business owners were initially motivated by flexible hours, 44 percent said they had benefited from it after starting their business.

Fig. 42. Benefits Partners got from starting their business



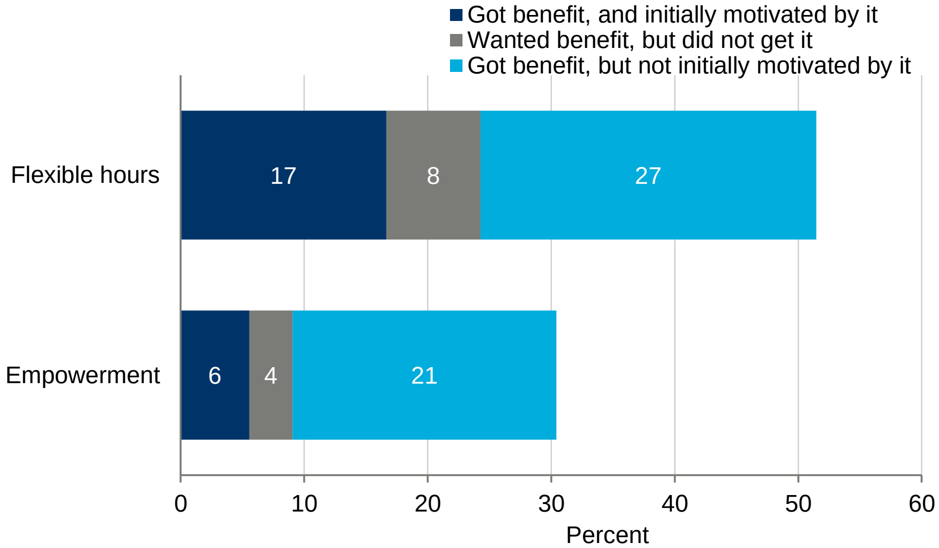
Source: Notonthehighstreet.com survey

While many benefits are expected, some are pleasant surprises. There are two particular areas where notonthehighstreet.com's Partners say they got unexpected benefits after entering the small creative sector (Fig. 43). The most prominent of these is flexible hours. Some 44 percent of Partners included flexible hours as one of the top three benefits of starting their own business, nearly twice as many people as were initially motivated by that (24 percent, 69 percent of whom achieved their goal).[45] The second most prominent example of unexpected gains is empowerment. Just nine percent of Partners ranked empowerment as one of their top three reasons for starting their business, 61 percent of whom achieved that goal. Yet a surprisingly high share—21 percent—unexpectedly found that empowerment is one of the top three benefits of starting their small creative business.

[44] The percentage of Partners ranking any item as one of the *top three* benefits is expected to be lower than those reporting the benefit in general. Therefore, the 39 percent of Partners who rank increased life satisfaction as one of the top three benefits is not inconsistent with the 90 percent of Partners who say they enjoy their life more and feel happier after starting their business than before.

[45] Numbers in text do not always match those in figures due to rounding.

Fig. 43. Unexpected gains from starting small creative businesses



Source: Notonthehighstreet.com survey

THE IMPORTANCE OF FLEXIBILITY

Survey question: What does flexible working mean to you?

"It means everything to me. I have two children and my husband owns a law firm so is often away. I work flexible hours often most nights and bits in the day so I can keep my income and business going whilst juggling my crazy world as mum, wife, jeweller."

"Being able to fit work around other responsibilities. Being able to adapt and often, at short notice. Also being able to work at times of the day when you feel most productive."

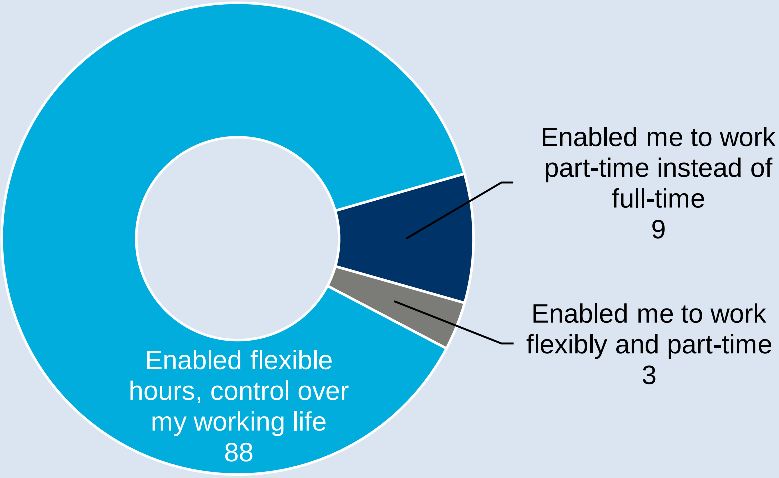
"Not bound to time constraints and having the freedom and advantage of being able to commit and focus when needed in order for business to thrive. Especially from a creative business point of view when ideas need wings at unconventional times."

"Being my own boss. Working on MY schedule MY way. Freedom. Flexibility means a chance to put my small children first and above all."

Survey data reinforce these four Partners' views. Among those who said that they benefitted from being able to manage their time how they want, the vast majority—88 percent—said they benefitted from working flexibly. Another nine percent said they benefitted by switching from full-time to part-time work, and three percent said they benefited from both flexible hours and a move from full-time to part-time work.

Fig. 44. How Partners benefit from being able to manage their time how they want, 2017

Percent



Source: Notonthehighstreet.com survey

Survey question: What, in your view, makes flexible working more achievable?

"Trading online which removes the time constraints of a shop or fixed opening hours. The ability to focus on the tasks and not the hours."

"Having our workshop and studio adjoining our home means we can work around the children and don't have to spend valuable time travelling to a workplace – time that we can choose to spend on other things."

"The internet has made flexible working achievable. As my shop is open 24/7 customers don't expect companies to be working these hours, but as I am hidden behind a computer screen, they have no idea what hours I am working and whether or not I am replying to their email in my pyjamas!"

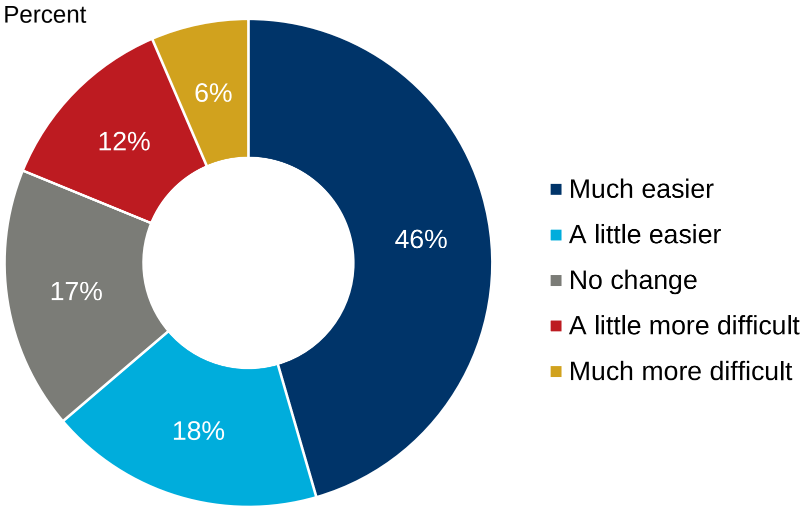
Notonthehighstreet.com also boosted created entrepreneurs' flexibility in other ways. For example, 81 percent of respondents said that their ability to take time off spontaneously had become easier or hadn't changed after starting their business. Only 19 percent said that their ability to take time off spontaneously had become more difficult.

64 percent

Take time off spontaneously

The majority of small creative business owners find it easier to take time off spontaneously than they did before starting their business.

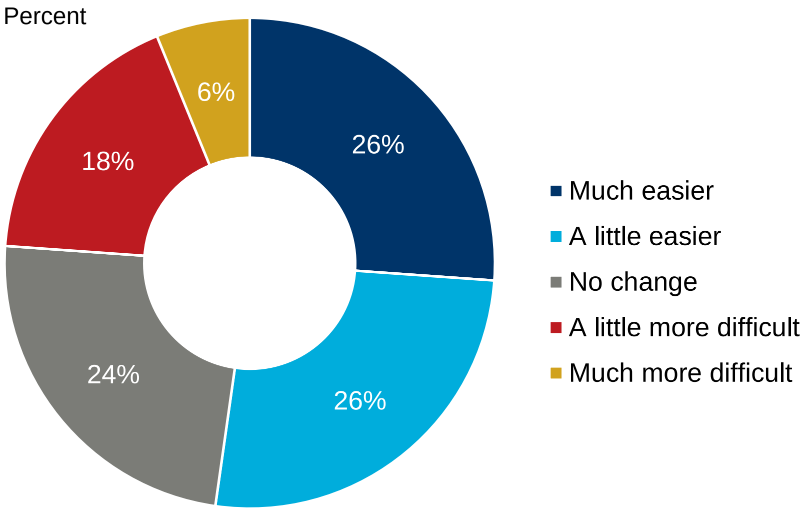
Fig. 45. Change in ability of notonthehighstreet.com's Partners to take time off spontaneously, 2017



Source: Notonthehighstreet.com survey

Running a small creative business also helped Partners spend time with friends and family. Fifty-two percent of survey respondents said that it had become easier to do so, while 24 percent said there had been no change, and another 24 percent said that their ability to spend more time with friends and family had become more difficult.

Fig. 46. Change in ability of owners to spend time with friends and family, 2017



Source: Notonthehighstreet.com survey

The flexibility that Partners have gained since starting their businesses is important because of the demographic characteristics of Partners: 55 percent have children living at home with them, and six percent regularly care for someone who is elderly, sick, or disabled.

4.5 CONCLUSION

This chapter explored data from a 2017 notonthehighstreet.com survey of its Partners to examine the motivations and experiences of people who enter the small creative business sector.

Survey evidence shows that prior to starting their small creative businesses 77 percent of notonthehighstreet.com's Partners were either working for someone else's business or self-employed before starting their current business.

Small creative entrepreneurs often enter the sector because they want more freedom over how they choose to spend their time. Nearly half of notonthehighstreet.com Partners, 47 percent, said that one of their top three motivations for starting a small creative business was to have more control over how they spend their time, both in work and outside of it. The next most commonly given reasons for entering the sector is to gain an outlet for creativity—44 percent of Partners—or to pursue their passion for their products—34 percent of Partners.

The benefits that come from starting and running a small creative business are varied. The most commonly cited benefit is freedom to manage time as desired, with 68 percent of notonthehighstreet.com Partners saying that this was one of the top three benefits of starting a business; that figure is 89 percent for Partners with children at home. Almost half, or 47 percent, of Partners said that a top three benefit was gaining a creative outlet for their energy, and 39 said that one of the top three benefits was increased life satisfaction.

The benefits of time flexibility outside of work are important for notonthehighstreet.com Partners. Among notonthehighstreet.com survey respondents, 64 percent said that taking spontaneous time off had become easier after starting their business, and 52 percent said that spending time with friends and family when needed has become easier.

The vast majority of notonthehighstreet.com Partners—above 80 percent in each case—say that starting a business has led to a greater sense of achievement, enjoyment of life, feeling of contributing to a worthwhile industry, feeling of fulfilment, and enjoyment of the responsibilities that come with running a business.

5. APPENDIX

This appendix explains a glossary of terms as well as the sources, methods, and literature review that Oxford Economics used to estimate the size and importance of the UK's small creative business sector, estimate notonthehighstreet.com's Partners' contribution to that sector, and describe the qualitative experiences of small creative business entrepreneurs.

5.1 GLOSSARY

GLOSSARY OF TERMS USED THROUGHOUT THIS REPORT

Annual growth rates are annual rates of change in percentage terms. They are calculated as compound annual growth rates.

Businesses, or firms, in this report are individuals, sole proprietors, incorporations, partnerships, or any other organisation type that sells goods and services.

Creative intensity is the share of creative employees relative to all employees in each UK industry. We use this share to estimate the creative portion of businesses, employment, and turnover within industries that we identify as having a creative component, since many industries with a creative component may also have many non-creative businesses.

Currency values, unless otherwise stated, have been adjusted for inflation up to 2016.

Employment is the number of people who are employed or self-employed, which corresponds to the ONS definition.

Employees are people who are employed and therefore registered for pay as you earn taxes.

Firms are considered synonymous with businesses in this report.

Gross domestic product (GDP) is the sum of gross value added across every firm and industry in the economy, after minor adjustments for taxes and subsidies. GDP is the most commonly used metric for the health of the UK economy, and is used when references are made to the UK economy entering or exiting a recession.

Gross value added is the difference between the turnover of a firm or industry and the bought-in costs needed to create that turnover. Summed up for all firms in an economy, gross value added is equal to GDP (with minor adjustments for taxes and subsidies).

Industries are categories of economic activity based on the type of output produced. The ONS has created detailed standard industrial classifications (SIC 2007), which we use to model our estimates of the size and nature of the small create business sector.

Labour force participants are people who are in work or looking for work. The labour force participation rate is the number of people who are in work or looking for work divided by the total population. The observed population is typically restricted to those aged 16-64, and it can be restricted to other subsets of the population; women, for example.

Occupations are categories of work based on the tasks that workers do. The ONS has produced detailed standard occupational classifications (SOC 2010), which we use to estimate the 'creative intensity' of various UK industries.

Office for National Statistics (ONS) is the UK's official statistical agency.

Partners are businesses—ranging from sole-proprietors to incorporated companies—selling on notonthehighstreet.com's website.

Small creative businesses are defined in this report as all businesses that are similar in size and activities to those on notonthehighstreet.com. They are businesses with between zero and 49 employees, are in one of the 144 five-digit sectors considered to be creative (out of 729) or are the industries that contain the 144 creative sectors (in the case of BEIS data), and exist in the same proportion as our estimate of the share of creative employees relative to all employees in each sector.

Turnover is the revenue that businesses earn from selling their goods and/or services.

5.2 SOURCES

THE MAIN DATA SOURCES USED IN THIS REPORT ARE:

Annual Business Survey: this is conducted each year by the Office for National Statistics and allows us to estimate the gross value added contribution to UK GDP of the small creative business sector using industry-specific ratios of gross value added to turnover.

Business Population Estimates: each year the Department for Business, Energy, and Industrial Strategy estimates the total number of registered and unregistered businesses in the UK and their turnover and employment. This resource counts all 5.4 million business in the UK. Our estimates of the small creative business sector must be consistent with these headline figures, so we use them to scale up Interdepartmental Business Register data.

Interdepartmental Business Register: the Office for National Statistics' dataset containing a count of every business with VAT or PAYE records, at the most detailed possible standard industrial classification level. Because of its excellent sectoral detail, it is our starting point for headline estimates of the small creative business sector.

Longitudinal Small Business Survey: the Department for Business, Energy, and Industrial Policy conducted the first year of this survey in 2015, including a representative sample of 15,502 owners and managers of small and medium sized UK businesses. It asks dozens of questions about the firms' characteristics and the owners' experiences and vision for the future. We use this resource in this report to describe the barriers that small businesses face in the UK.

Notonthehighstreet.com's Partner surveys: Notonthehighstreet.com has surveyed its members on four recent occasions: Partner Voice surveys in September 2015, February 2016, July 2016, November 2016, and February 2017. Each survey provides evidence of the experiences of notonthehighstreet.com's Partners.

UK census: the office for national statistics last surveyed every household in the UK in 2010. We use this resource to estimate the 'creative intensity' of the UK's various industries, where creative intensity is defined as the occupational share of employment in an industry that is creative.

5.3 DEFINING THE UK'S SMALL CREATIVE BUSINESS SECTOR

Notonthehighstreet.com asked Oxford Economics to estimate the size of the small creative business sector in the UK, defined roughly as all of the businesses in the UK that are similar to the notonthehighstreet.com ecosystem.

To meet that objective, we developed a bespoke methodology based on a broad literature review of other studies where the goal was defining 'creative' sectors, variously defined. We adapted techniques from that literature review (we discuss the review in greater depth later in this appendix) and, ultimately, followed these steps to generate estimates of the small creative business sector in the UK based on the notonthehighstreet.com ecosystem:

1. We identified all standard industrial classifications that applied to notonthehighstreet.com Partners in 2015. To do so, we assigned four or five-digit standard industrial classification to 95 percent of notonthehighstreet.com's 2015 Partners by turnover (75 percent by number of Partners). We based these on Partners' declarations of their activities as either 'Designer Maker', 'Design for Manufacture' or 'Retailer', the nature of their top-selling product or service, and their store descriptions on notonthehighstreet.com.
2. We identified standard industrial classifications that were represented by Partners on notonthehighstreet.com in December 2016 but were not represented in notonthehighstreet.com's best-selling product data.
3. We identified additional standard industrial classifications that could plausibly apply to a notonthehighstreet.com business, even if no specific example was identified (this accounts for only six additional industries).

This analysis showed that 144 out of the UK's 729 five-digit sectors have creative businesses within them. These are the sectors:

- 10110 : Processing and preserving of meat
- 10320 : Manufacture of fruit and vegetable juice
- 10410 : Manufacture of oils and fats
- 10512 : Butter and cheese production
- 10710 : Manufacture of bread; manufacture of fresh pastry goods and cakes
- 10720 : Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes
- 10730 : Manufacture of macaroni, noodles, couscous and similar farinaceous products
- 10810 : Manufacture of sugar
- 10821 : Manufacture of cocoa, and chocolate confectionery
- 10822 : Manufacture of sugar confectionery
- 10831 : Tea processing
- 10840 : Manufacture of condiments and seasonings
- 10850 : Manufacture of prepared meals and dishes
- 10890 : Manufacture of other food products not elsewhere classified
- 10920 : Manufacture of prepared pet foods
- 11010 : Distilling, rectifying and blending of spirits
- 11020 : Manufacture of wine from grape

- 11030 : Manufacture of cider and other fruit wines
- 11050 : Manufacture of beer
- 11060 : Manufacture of malt
- 11070 : Manufacture of soft drinks; production of mineral waters and other bottled waters
- 13100 : Preparation and spinning of textile fibres
- 13200 : Weaving of textiles
- 13300 : Finishing of textiles
- 13910 : Manufacture of knitted and crocheted fabrics
- 13921 : Manufacture of soft furnishings
- 13922 : Manufacture of canvas goods, sacks etc.
- 13923 : Manufacture of household textiles (other than soft furnishings of 13921)
- 13931 : Manufacture of woven or tufted carpets and rugs
- 13939 : Manufacture of carpets and rugs (other than woven or tufted) not elsewhere classified
- 13940 : Manufacture of cordage, rope, twine and netting
- 13950 : Manufacture of non-wovens and articles made from non-wovens, except apparel
- 13960 : Manufacture of other technical and industrial textiles
- 13990 : Manufacture of other textiles not elsewhere classified
- 14110 : Manufacture of leather clothes
- 14120 : Manufacture of workwear
- 14131 : Manufacture of men's outerwear, other than leather clothes and workwear
- 14132 : Manufacture of women's outerwear, other than leather clothes and workwear
- 14141 : Manufacture of men's underwear
- 14142 : Manufacture of women's underwear
- 14190 : Manufacture of other wearing apparel and accessories
- 14200 : Manufacture of articles of fur
- 14310 : Manufacture of knitted and crocheted hosiery
- 14390 : Manufacture of other knitted and crocheted apparel
- 15110 : Tanning and dressing of leather; dressing and dyeing of fur
- 15120 : Manufacture of luggage, handbags and the like, saddlery and harness
- 15200 : Manufacture of footwear
- 16100 : Sawmilling and planing of wood
- 16210 : Manufacture of veneer sheets and wood-based panels
- 16240 : Manufacture of wooden containers
- 16290 : Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials
- 17120 : Manufacture of paper and paperboard
- 17211 : Manufacture of corrugated paper and paperboard; manufacture of sacks and bags of paper
- 17219 : Manufacture of paper and paperboard containers other than sacks and bags
- 17220 : Manufacture of household and sanitary goods and of toilet requisites

- 17230 : Manufacture of paper stationery
- 17240 : Manufacture of wallpaper
- 17290 : Manufacture of other articles of paper and paperboard
- 18121 : Manufacture of printed labels
- 18129 : Printing (other than printing of newspapers and printing on labels and tags) not elsewhere classified
- 18140 : Binding and related services
- 18201 : Reproduction of sound recording
- 20120 : Manufacture of dyes and pigments
- 20301 : Manufacture of paints, varnishes and similar coatings, mastics and sealants
- 20411 : Manufacture of soap and detergents
- 20412 : Manufacture of cleaning and polishing preparations
- 20420 : Manufacture of perfumes and toilet preparations
- 20520 : Manufacture of glues
- 20530 : Manufacture of essential oils
- 20600 : Manufacture of man-made fibres
- 22190 : Manufacture of other rubber products
- 22210 : Manufacture of plastic plates, sheets, tubes and profiles
- 22220 : Manufacture of plastic packing goods
- 22230 : Manufacture of builders ware of plastic
- 22290 : Manufacture of other plastic products
- 23110 : Manufacture of flat glass
- 23120 : Shaping and processing of flat glass
- 23130 : Manufacture of hollow glass
- 23190 : Manufacture and processing of other glass, including technical glassware
- 23310 : Manufacture of ceramic tiles and flags
- 23410 : Manufacture of ceramic household and ornamental articles
- 23420 : Manufacture of ceramic sanitary fixtures
- 23490 : Manufacture of other ceramic products
- 23510 : Manufacture of cement
- 24510 : Casting of iron
- 24520 : Casting of steel
- 24530 : Casting of light metals
- 24540 : Casting of other non-ferrous metals
- 25500 : Forging, pressing, stamping and roll-forming of metal; powder metallurgy
- 25610 : Treatment and coating of metals
- 25620 : Machining
- 25710 : Manufacture of cutlery
- 25720 : Manufacture of locks and hinges
- 25730 : Manufacture of tools
- 25910 : Manufacture of steel drums and similar containers
- 25920 : Manufacture of light metal packaging
- 25930 : Manufacture of wire products, chain and springs
- 25990 : Manufacture of other fabricated metal products not elsewhere classified
- 26110 : Manufacture of electronic components

- 26200 : Manufacture of computers and peripheral equipment
- 26400 : Manufacture of consumer electronics
- 26520 : Manufacture of watches and clocks
- 27400 : Manufacture of electric lighting equipment
- 28210 : Manufacture of ovens, furnaces and furnace burners
- 31010 : Manufacture of office and shop furniture
- 31020 : Manufacture of kitchen furniture
- 31030 : Manufacture of mattresses
- 31090 : Manufacture of other furniture
- 32120 : Manufacture of jewellery and related articles
- 32130 : Manufacture of imitation jewellery and related articles
- 32200 : Manufacture of musical instruments
- 32300 : Manufacture of sports goods
- 32409 : Manufacture of games and toys (other than professional and arcade games and toys) not elsewhere classified
- 32910 : Manufacture of brooms and brushes
- 32990 : Other manufacturing not elsewhere classified
- 47220 : Retail sale of meat and meat products in specialised stores
- 47240 : Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialised stores
- 47250 : Retail sale of beverages in specialised stores
- 47290 : Other retail sale of food in specialised stores
- 47510 : Retail sale of textiles in specialised stores
- 47599 : Retail sale of furniture, lighting equipment and other household articles (other than musical instruments) not elsewhere classified, in specialised stores
- 47610 : Retail sale of books in specialised stores
- 47620 : Retail sale of newspapers and stationery in specialised stores
- 47640 : Retail sale of sporting equipment in specialised stores
- 47650 : Retail sale of games and toys in specialised stores
- 47710 : Retail sale of clothing in specialised stores
- 47721 : Retail sale of footwear in specialised stores
- 47722 : Retail sale of leather goods in specialised stores
- 47750 : Retail sale of cosmetic and toilet articles in specialised stores
- 47760 : Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores
- 47770 : Retail sale of watches and jewellery in specialised stores
- 47789 : Other retail sale of new goods in specialised stores (other than by opticians or commercial art galleries), not elsewhere classified
- 47810 : Retail sale via stalls and markets of food, beverages and tobacco products
- 47820 : Retail sale via stalls and markets of textiles, clothing and footwear
- 47890 : Retail sale via stalls and markets of other goods
- 58110 : Book publishing
- 58190 : Other publishing activities
- 74100 : Specialised design activities

- 74201 : Portrait photographic activities
- 82920 : Packaging activities
- 85510 : Sports and recreation education
- 85520 : Cultural education
- 90030 : Artistic creation
- 95250 : Repair of watches, clocks and jewellery

It is important to recognise that these sectors are also likely to contain many non-creative businesses. For example, we identified "Manufacture of electric lighting equipment" (SIC 27400) as a creative industry because there is a notonthehighstreet.com Partner that makes light fixtures from jam jars. However, there are many businesses in that industry that make more prosaic lighting fixtures that would not be found on notonthehighstreet.com. It would not be appropriate to include such businesses in our estimates of the size and importance of the small creative businesses sector. Therefore, we estimated the number of small creative businesses within creative industries using these steps:

1. We began with the Interdepartmental Business Register database of firm numbers in each of the UK's 729 five-digit industries, segmented by firms with 0 to 4 employees, 5 to 9 employees, 10 to 19 employees, and 20 to 49 employees.
2. For each of the 144 industries identified as having creative businesses, we applied the ratio of employees in creative occupations to total employees according to UK Census data.[46] We refer to this ratio as the 'creative intensity' of each industry, and is a concept adapted from Nesta (2016) and DCMS (2016).

This is the list of creative occupations:

- 1115 Chief executives and senior officials
- 1116 Elected officers and representatives
- 1121 Production managers and directors in manufacturing
- 1132 Marketing and sales directors
- 1133 Purchasing managers and directors
- 1134 Advertising and public relations directors
- 1135 Human resource managers and directors
- 1136 Information technology and telecommunications directors
- 1139 Functional managers and directors not elsewhere classified
- 1161 Managers and directors in transport and distribution
- 1162 Managers and directors in storage and warehousing
- 1190 Managers and directors in retail and wholesale
- 1211 Managers and proprietors in agriculture and horticulture
- 1213 Managers and proprietors in forestry, fishing and related services
- 1254 Shopkeepers and proprietors: wholesale and retail

[46] Out of 629 occupations in the UK Census data, we consider 59 to be creative based on their job content (e.g., artists [SOC 3411], bakers and confectioners [SOC 5432], and sewing machinist [SOC 8137]) as well as those who would do many roles, including creative ones, in a small creative business (e.g., chief executives and senior officials SOC [1115] and Marketing and sales directors [SOC 1132]).

- 1259 Managers and proprietors in other services not elsewhere classified
- 2126 Design and development engineers
- 2127 Production and process engineers
- 2150 Research and development managers
- 2452 Archivists and curators
- 2461 Quality control and planning engineers
- 2462 Quality assurance and regulatory professionals
- 3411 Artists
- 3412 Authors, writers and translators
- 3417 Photographers, audio-visual and broadcasting equipment operators
- 3421 Graphic designers
- 3422 Product, clothing and related designers
- 5211 Smiths and forge workers
- 5212 Moulders, core makers and die casters
- 5213 Sheet metal workers
- 5214 Metal plate workers, and riveters
- 5215 Welding trades
- 5221 Metal machining setters and setter-operators
- 5315 Carpenters and joiners
- 5323 Painters and decorators
- 5411 Weavers and knitters
- 5412 Upholsterers
- 5413 Footwear and leather working trades
- 5414 Tailors and dressmakers
- 5419 Textiles, garments and related trades not elsewhere classified
- 5421 Pre-press technicians
- 5422 Printers
- 5423 Print finishing and binding workers
- 5432 Bakers and flour confectioners
- 5434 Chefs
- 5441 Glass and ceramics makers, decorators and finishers
- 5442 Furniture makers and other craft woodworkers
- 5443 Florists
- 5449 Other skilled trades not elsewhere classified
- 7125 Merchandisers and window dressers
- 8112 Glass and ceramics process operatives
- 8113 Textile process operatives
- 8114 Chemical and related process operatives
- 8115 Rubber process operatives
- 8116 Plastics process operatives
- 8117 Metal making and treating process operatives
- 8121 Paper and wood machine operatives
- 8125 Metal working machine operatives
- 8137 Sewing machinists

Next, we made an adjustment for the number of businesses not registered for VAT or PAYE in the 0 to 4 employee category.

We then estimated employment and turnover by industry and employee size band by multiplying our firm number estimates by ratios of employment per firm and turnover per firm from the BEIS Business Population Estimates. We estimated gross value added by industry and employee size band by multiplying our estimates of turnover in each industry by ratios of gross value added to turnover from the ONS Annual Business Survey.

Finally, we adjusted the distribution of firms, turnover, and employment in each of the four employee size bands (0 to 4 employees, 5 to 9 employees, 10 to 19 employees, and 20 to 49 employees) to be as close as possible to the distribution found among notonthehighstreet.com's Partners. This ensures that the small creative business sector in the UK overall is very similar to the notonthehighstreet.com ecosystem.

The result, as discussed in Chapter 1, is an estimate that 134,000 firms in the UK in 2016 are small creative businesses. This business number estimate is the foundation of our estimates of employment, turnover, and gross value added generated by the small creative business sector.

We go on to estimate that the small creative business sector generated a £3.6 billion gross value added contribution to UK GDP in 2016. As a sense check, that implies that the overall sector is about 55 times as large as the activity on the notonthehighstreet.com website itself.

5.3.1 Literature review that informed our small creative business sector methodology

This report's definition of the UK's small creative business sector is grounded in a comprehensive literature review of reports with 'creative' themes. While none focus on the small creative business sector as defined in this report, a number of previous publications studying the broader creative economy, and subsections of the sector, helped inform our methodology, providing guidance to define the small creative businesses.

The Department for Culture, Media and Sport (DCMS) has reported estimates of the economic contribution of creative industries since 1998. However, their definition of creative industries as "those… which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of economic property" is broad, and open to interpretation. Following a 2013 consultation DCMS adopted a new methodology—recommended by Nesta (2013)—and DCMS (2016) included an "experimental estimation" of the wider creative economy (creative and non-creative support jobs in creative industries plus creative jobs in non-creative industries).[47]

DCMS (2016) is broader in scope than Oxford Economics' study, covering large firms such as TV and film businesses. They estimate the creative industry contributed £84 billion gross value added to UK GDP and sustained 1.8 million jobs in 2014, while the wider creative economy contributed £133.3 billion gross value added and supported 2.8 million jobs. It also differs from our report by

[47] Department for Culture, Media, and Sport, "Classifying and Measuring the Creative Industries: Consultation on Proposed Changes," 2013

excluding micro, unregistered businesses (those falling below the threshold for VAT), which are a significant part of the small creative business sector. Further, Oxford Economics' analysis is focussed on the contribution of businesses, including employment, turnover, and gross value added, while the DCMS' approach is centred on the impact of all creative employment, in both creative and non-creative sectors.

The 'creative intensity' methodology used in DCMS (2016) was developed by Nesta (2013) and Creative Skillset (2013) as a transparent way to identify which industries are creative.[48] It defines a creative industry as one with a high proportion of employment made up of creative occupations. Creative Skillset (2013) notes that this definition is broad. We have adapted key features of this methodology to estimate the number of small creative businesses in the UK. Both DCMS (2016) and Creative Skillset (2013) are larger in scope than this report, as they consider sectors that would not apply to notonthehighstreet.com's ecosystem (TV production, for example). Nesta (2016) estimated the creative sector, broadly defined, to include 278,000 firms.

The Crafts Council's 2014 report estimates the size of the craft economy by looking at one standard industrial classification and five standard occupational classifications.[49] As the majority of the UK's 11,620 craft firms are small, and more than half are micro businesses, The Craft Council developed a methodology for estimating the contribution of firms excluded from the larger studies. While our scope is larger than that of The Crafts Council (2014), which covers just one SIC code and five SOC codes, our approach to capturing the impact of micro businesses is similar. The Craft Council used BIS' Business Population Estimates to estimate the number of non-employing micro businesses and their contribution to GDP and jobs.

Fig. 47 shows a comparison between our estimates for the UK's small creative business sector and various existing creative sector definitions. It includes, where possible, the absolute number and share of UK business numbers, jobs, and gross value added contributions to UK GDP.

Fig. 47. Comparison of various estimates of creative sectors

Source	Classification	Definition	Businesses (000s)	Jobs (mn)	GVA (£ bn)	Share of UK businesses (%)	Share of UK jobs (%)	Share of UK GVA (%)	Estimates pertain to	Publication date
Oxford Economics	Small creative business economy	Business types that do or could appear on notonthehighstreet.com	134	0.2	3.6	2.5	0.6	0.2	2016	2017
Nesta	Creative industries	Creative industries	278	0.8	81	5.3	2.7	5.0	2014	2016
Department for Culture, Media, and Sport	Creative economy	Creative industries and creative occupations in non-creative industries	na	2.8	133	na	9.1	8.2	2014	2016
Crafts Council	Craft economy	One creative industry, five creative occupations	12	0.1	3.4	0.2	0.5	0.2	2012	2014
Creative Skillset	Creative economy	Creative industries and creative occupations in non-creative industries	na	2.2	na	na	7.3	na	2011	2013
Nesta	Creative economy	Creative industries and creative occupations in non-creative industries	na	2.5	na	na	8.5	na	2010	2013
Department for Culture, Media, and Sport	Creative industries	Thirteen creative industries	105	1.4	36	2.4	5.0	2.6	2009	2011

Sources: DCMS: Creative Industries Economic Estimates, 2016 January (jobs on page 5,GVA on page 6)
Source: TBS/Crafts Council: Measuring the Craft Economy (business counts on page 11, jobs on page 15, GVA on page 22)

[48] Creative Skillset, "Classifying and measuring the creative industries," 2013 Nesta, "A Dynamic Mapping of the UK's Creative Industries," 2013

[49] Crafts Council, "Measuring the Craft Economy: Defining and measuring craft: report 3," 2014

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The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

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