NORTHERN DEVON BUSINESS SURVEY 2024

NORTH DEVON+
DELIVERING POSITIVE CHANGE

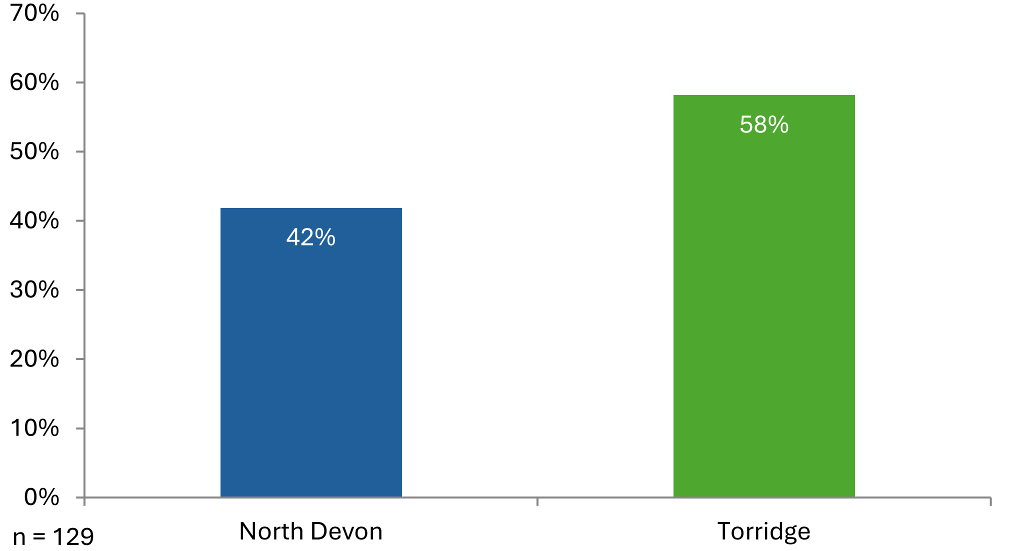
About the survey

During May and June 2024, businesses across northern Devon (the combined areas of North Devon and Torridge) were invited to complete an online survey about the circumstances and challenges they faced. The aim was to understand the needs of local business, which are not always recognised within national and regional surveys, to help build the case for future programmes of business support and to inform delivery within the local area.

The survey was delivered and administered by North Devon + in conjunction with North Devon Council and Torridge District Council. Businesses were invited to participate through articles within North Devon Council and Torridge District Council e-bulletins; social media messages; though local business networks; and email invitations to businesses who have previously received support services and consented to receive information about business support in the future. The survey period coincided with the announcement and lead-up to the 2024 General Election

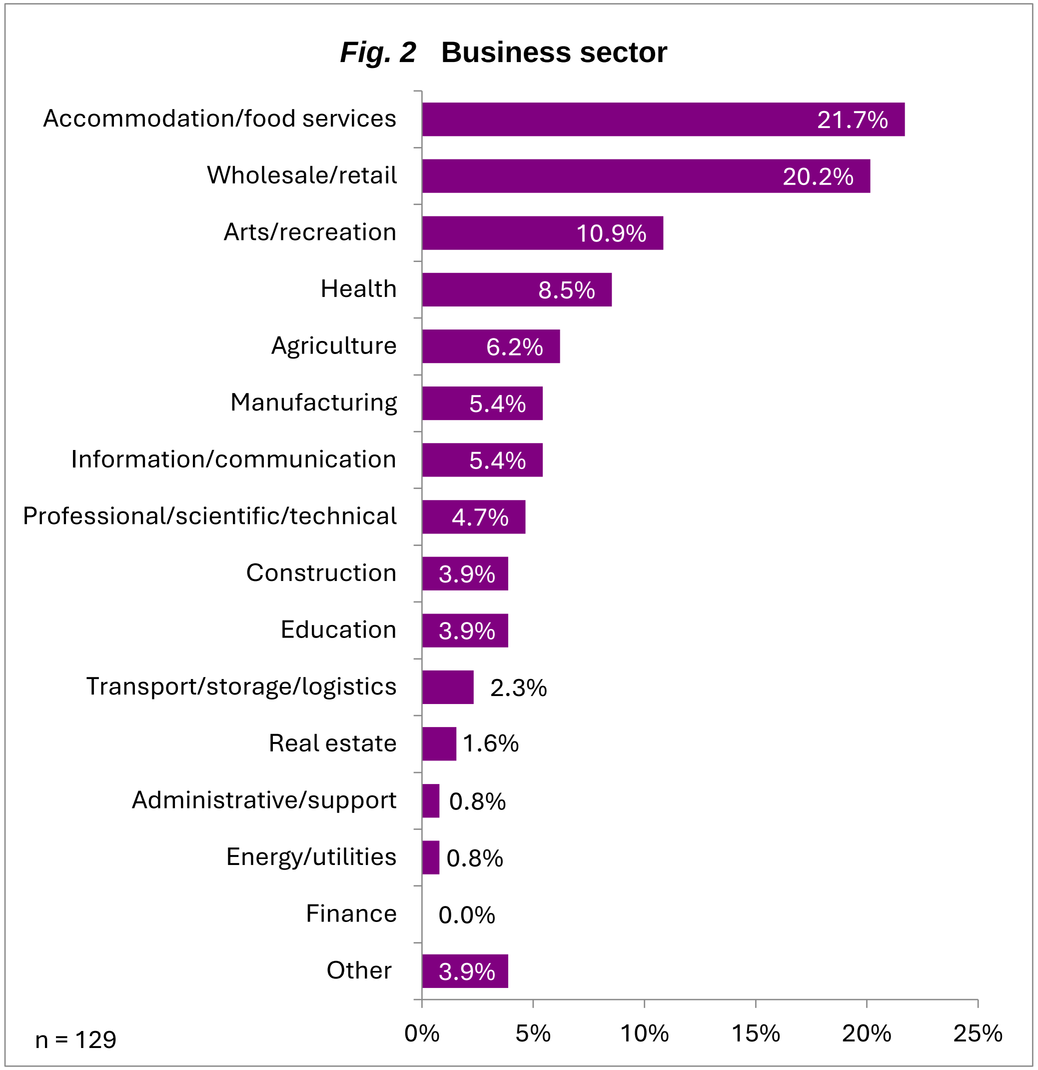
The results present the collective views of 129 local businesses. Although not necessarily representative of the wider population of businesses, the value of the survey is in exploring the variety and scale of issues encountered by businesses in northern Devon.

Fig. 1 **Location of surveyed business**

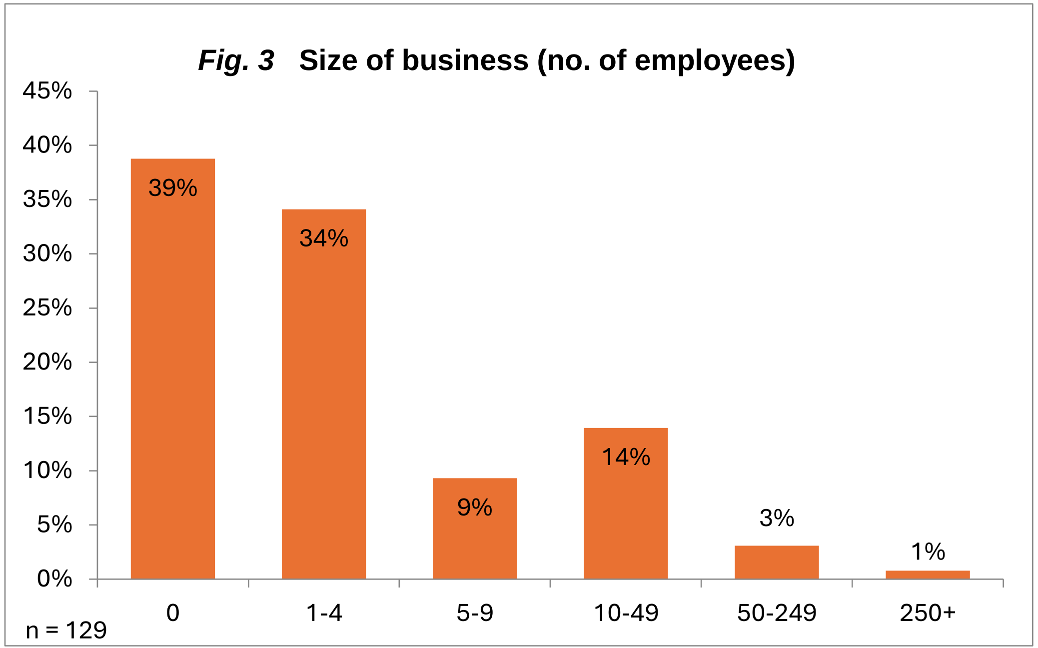


About the businesses completing the survey

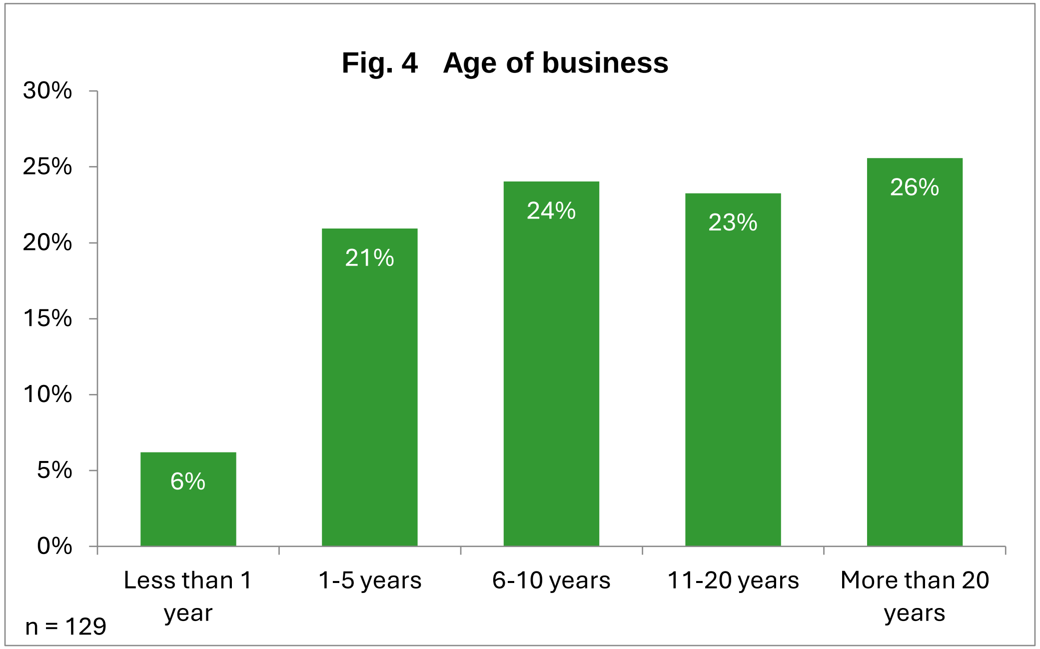
- A total of 129 local businesses completed the survey.
- In the charts that follow, the number of businesses completing each question is shown (e.g. n = 129).
- A high proportion of businesses were based in Torridge (58%) (see Fig. 1), which was more than expected – in 2022 across northern Devon 42% of the businesses were based in Torridge and 58% in North Devon (ONS Business Demography, 2022).
- The differences in response rates across the two districts could be attributable to variations in communication activity and reach across the area.



- Businesses across most sectors contributed to the survey (see Fig. 2).
- Highest responses were from businesses in accommodation/food services (21.7%), wholesale/retail (20.2%), arts/recreation (10.9%), health/social care (8.5%) and agriculture (6.2%). There are relatively high concentrations of these sectors in the area.
- The share of responses from information/communication businesses (5.4%) was higher than the proportion of businesses in the sector locally (2.7%).
- The proportion of responses from manufacturing businesses (5.4%) and transport/storage/logistics businesses (2.3%) was in line with these sectors' share of businesses in northern Devon (5.0% and 2.2%) (ONS UK Business Activity Size & Location 2022).
- The views of construction, real estate and professional/scientific/technical businesses were relatively underrepresented by the survey.
- The 'other' category included 'other service activities', such as hairdressers and beauty treatment businesses.

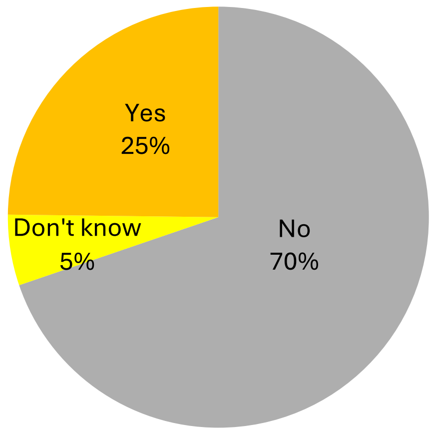


- The survey reflects the views of predominantly small businesses (see Fig. 3).
- Almost all (99%) were SMEs (less than 250 employees) and 82% were micro-businesses (less than 10 employees).
- 1 large business (250+ employees) completed the survey.



- The survey was mostly completed by long-established businesses.
- Almost three-quarters of responding businesses (73%) had been established for more than 5 years (see Fig. 4).
- 6% were new start businesses (established for less than a year).

Fig. 5 Does your business supply any goods or services that may be suitable for exporting?

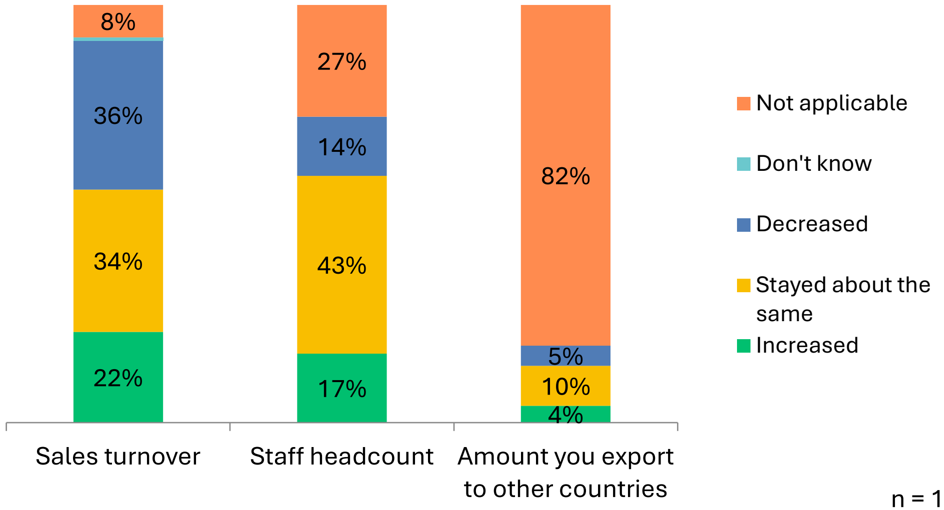


n = 129

Trading activity & confidence

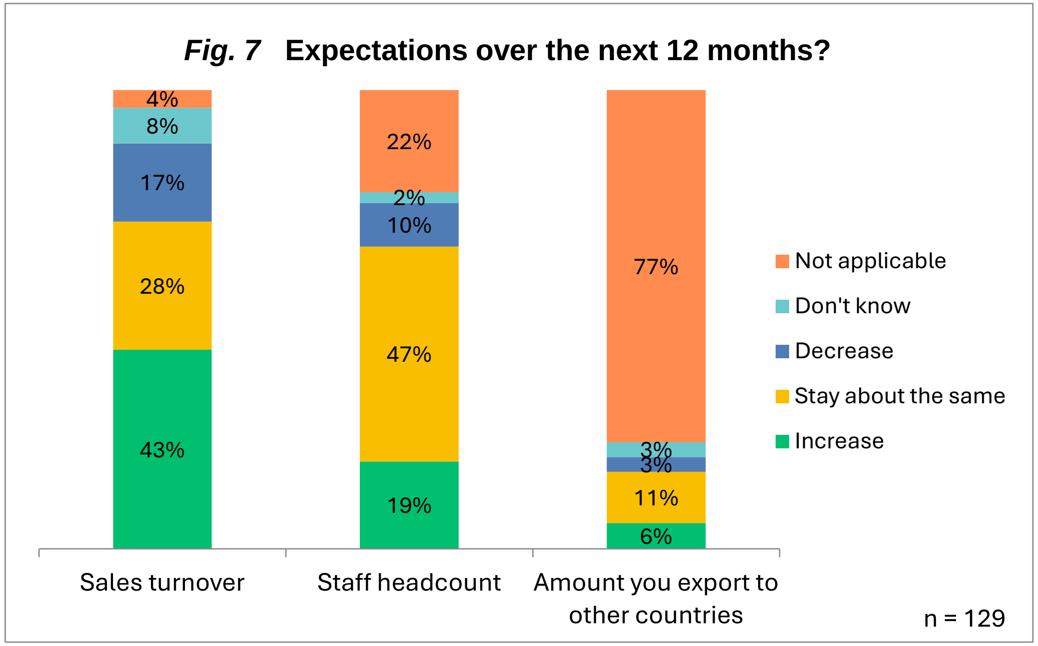
- Nationally, 18% of SME employers in England exported goods or services in 2022 (DBT, Small Business Survey 2022).
- This survey suggests that export activity amongst responding businesses in northern Devon may be at a similar level – 19% had exported goods or services to other countries in the last year (see Fig. 6).
- A higher proportion (25%), however, felt that the goods or services they produced may be suitable for exporting (see Fig. 5), highlighting scope to increase export activity, and a further 5% were unsure.

Fig. 6 Compared with this time last year, how have the following changed?



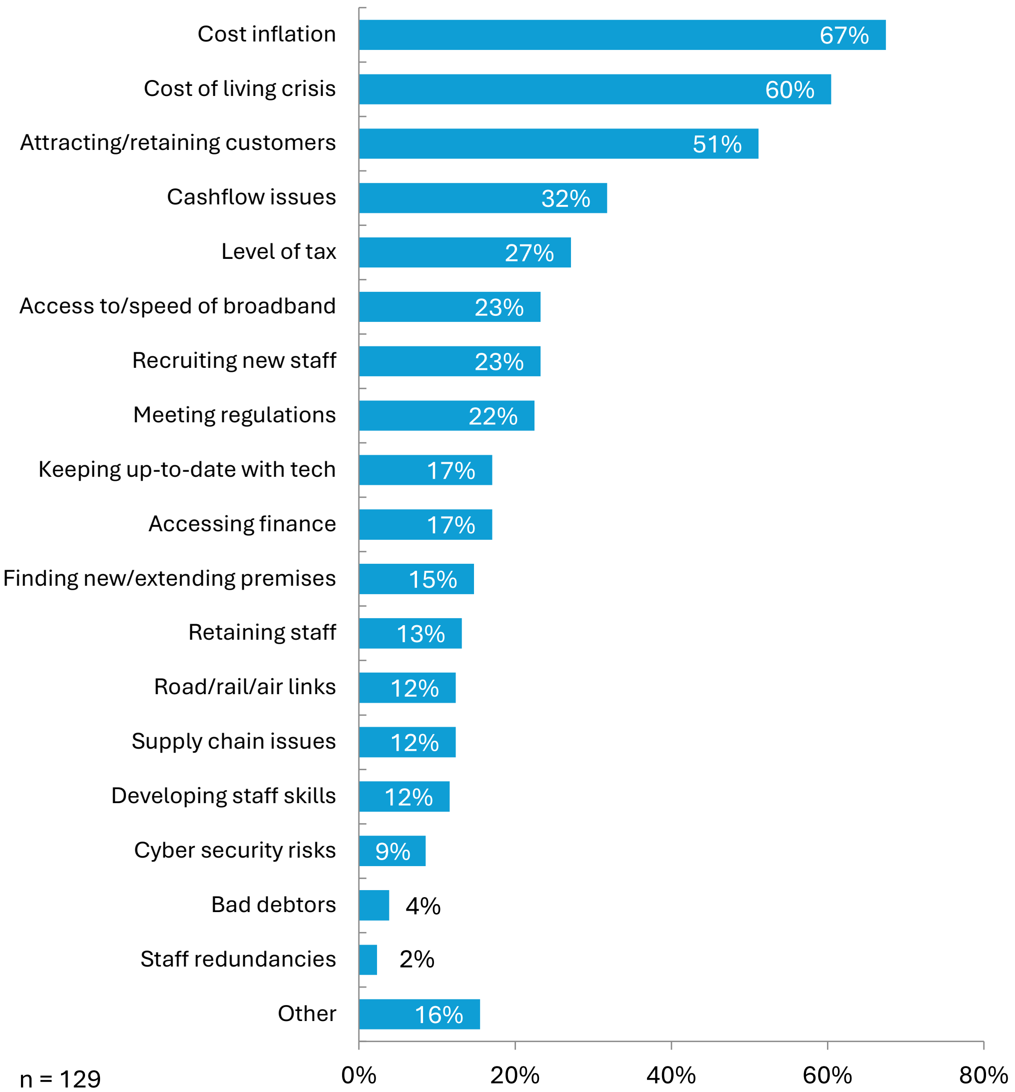
n = 129

- Compared to the previous year, more businesses reported decreased turnover (36%) than increased turnover (22%) (see Fig. 6). Around one-third reported that it "stayed about the same" (34%).
- In contrast, more businesses had increased staff headcount (17%) than reduced headcount (14%), which may be more reflective of business expectations (see Fig. 7 and discussion below).
- Around the same number of businesses reported increased export activity (5%) as those who reported decreased export activity (4%).



- Expectations for the next 12 months are noticeably more positive (see Fig. 7).
- More businesses expected turnover to increase over the next 12 months (43%) than decrease (17%) and a further 8% were unsure.
- Similarly, more expect to increase staff headcount (19%) than to decrease headcount (10%).
- More also expected increased export activity (6%) than decreased (3%).
- Scope for increased numbers of local businesses exporting to overseas markets is again hinted at in Fig. 7, with a total of 23% (including those who 'don't know') potentially exporting in the next 12 months compared to 19% in the last 12 months (see Fig. 6).

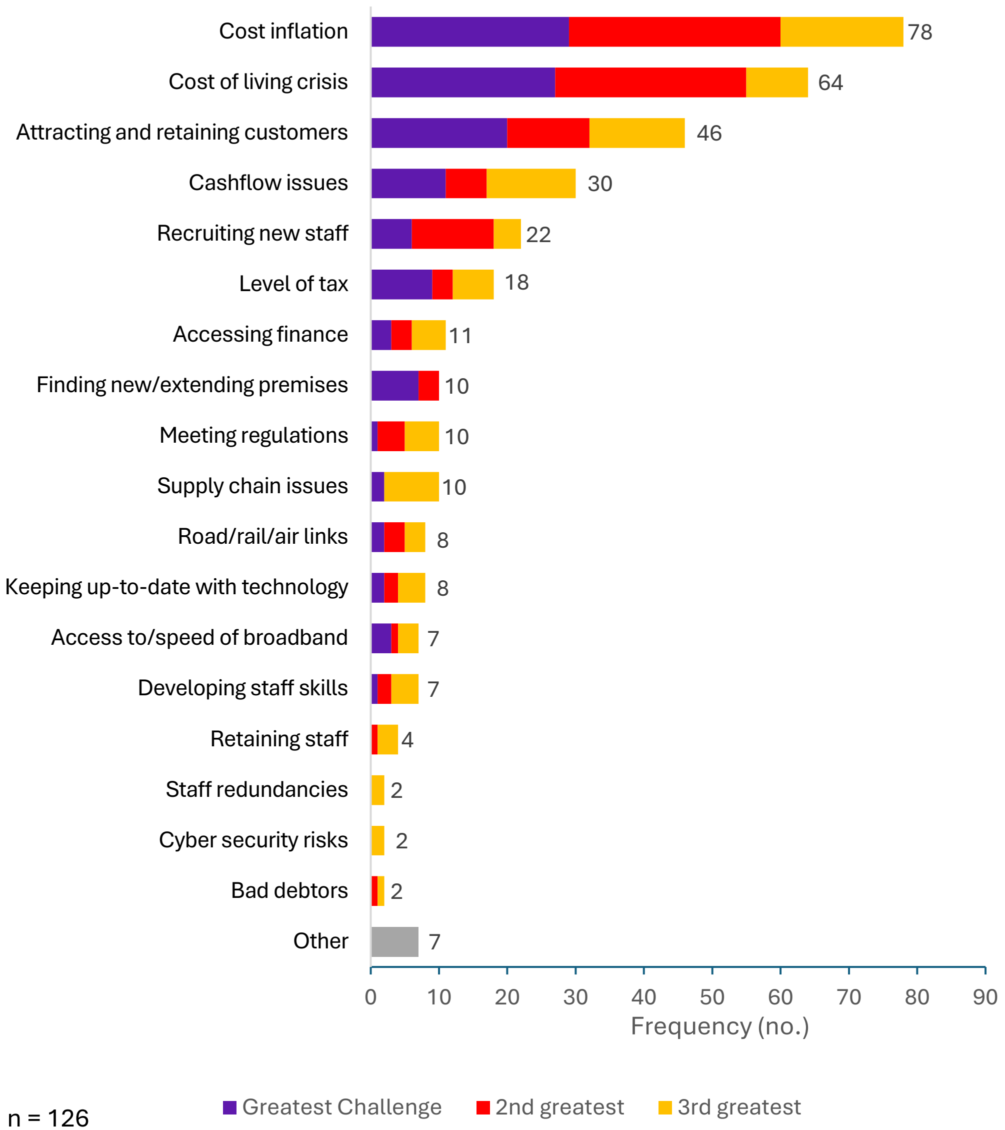
Fig. 8 **Which of the following will present a challenge to your business growing over the next 12 months? (tick all that apply)**



Business challenges

- Businesses were asked about the range of challenges they faced in the next 12 months (see Fig. 8). The number of challenges they could highlight was not limited, with the option to add other 'open text' challenges.
- The economic challenges faced by businesses stood out. The most frequently indicated challenges were 'cost inflation' (67%), the 'cost of living crisis' (60%) and 'attracting/retaining customers' (51%).
- Challenges reported by more than a fifth of responding businesses were 'cashflow issues' (32%), 'level of tax' (27%), 'broadband issues' (23%), 'recruiting new staff' (23%), and 'meeting regulations' (22%).
- All other listed challenges were an issue for some responding businesses.
- Under the 'other' category, the range of listed challenges included: business rates increases; sustainable energy supply; funding for investment; VAT; town centre footfall; planning restrictions; changing weather; finding volunteers; technical support and training.

Fig. 9 **Which 3 issues will present the greatest challenges to your business over the next 12 months?**



n = 126

- In addition to indicating the range of challenges that they faced, businesses were also asked to indicate the strength of challenge by highlighting the 'greatest', '2nd greatest' and '3rd greatest' challenges. The results in Fig. 9 serve to refine the list of challenges faced by local businesses.
- Fig. 9 reaffirms that the most pressing challenges were 'cost inflation' (ranked as a first, second or third choice by 78 businesses), 'cost of living crisis' (64) and 'attracting/retaining customers (46).
- Behind these three main challenges were 'cashflow issues' (ranked by 30 businesses), 'recruiting new staff' (22) and 'level of tax' (18).
- All of the other listed challenges were ranked highly as a first, second or third greatest challenge by at least one business.

Fig. 10 Innovation activity: in the last 3 years have you:

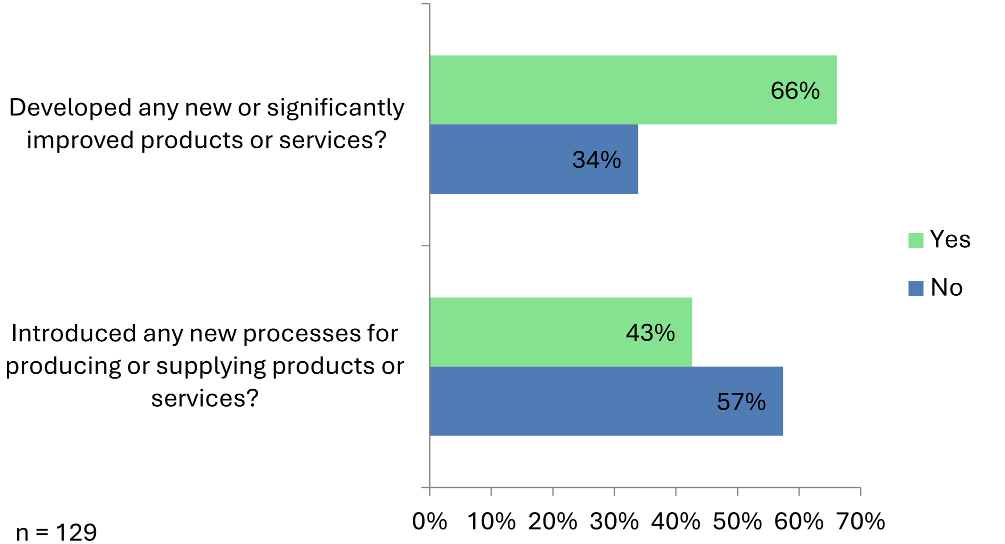
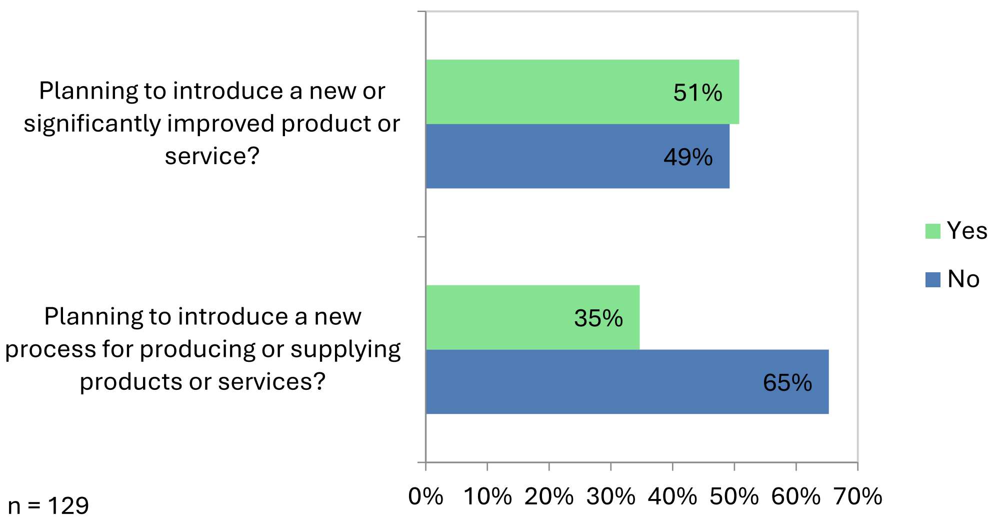


Fig. 11 Innovation activity: in the next 12 months are you:

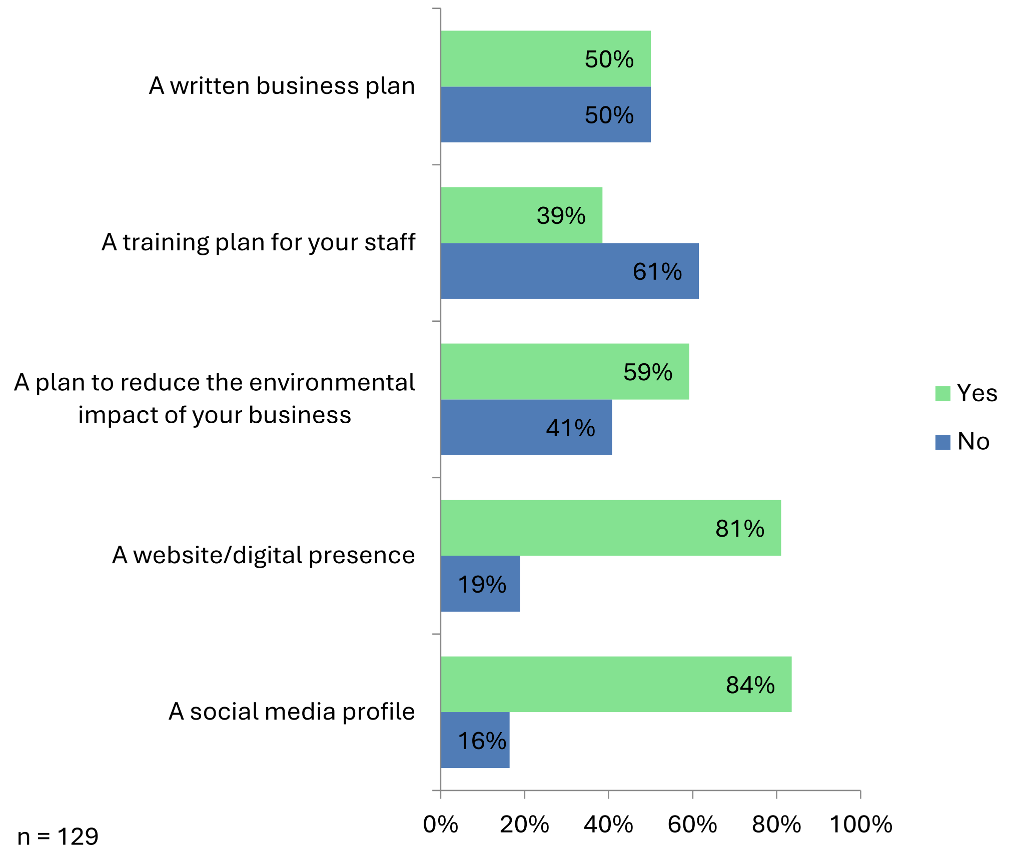


Innovation activity

- Two-thirds of responding businesses (66%) had developed a new or significantly improved products or service in the last 3 years (see Fig. 10).
- 43% had introduced a new process for producing or supplying products or services.
- These figures are higher than the national average in 2022 - across England 32% of SME employers had introduced new or significantly improved goods and services in the previous 3 years (DBT, Small Business Survey 2022).
- It is important to note that the national survey is for a different time period and much focus locally has been on encouraging business adaptation and reinvention in response to the pandemic and changed marketplace with the expectation that innovation levels might have been at a raised level.

- These high levels of activity are expected to continue in the next 12 months (see Fig. 11).
- Half of responding businesses (51%) were planning to introduce a new or significantly improved product or service in the next 12 months.
- Over a third (35%) were planning to introduce a new process for producing or supplying products or services in the next 12 months.

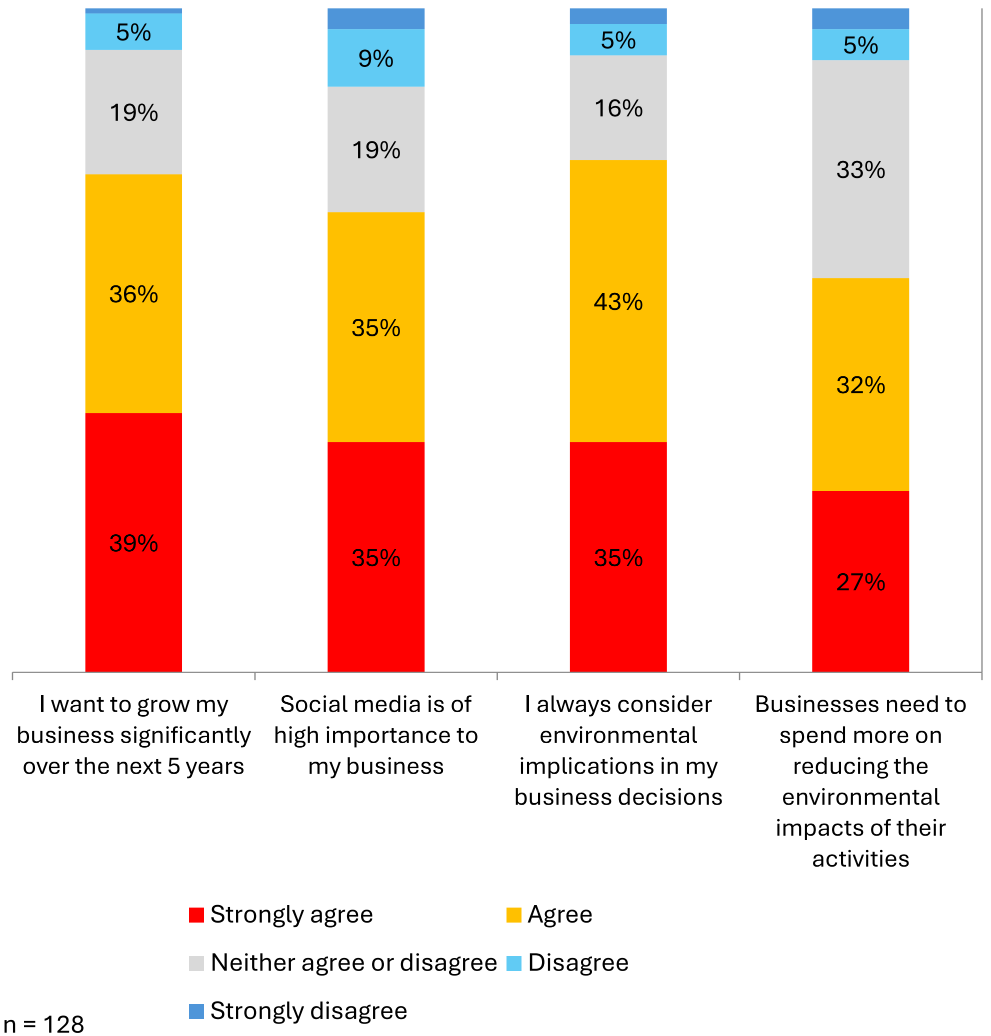
Fig. 12 **Do you have the following in place for your business?**



Business planning and tools

- Half of responding businesses (50%) had a written business plan in place. Nationally in 2022, the proportion across England was 39% (DBT, Small Business Survey 2022).
- Almost 2 in 5 businesses (39%) had a staff training plan in place and almost 3 in 5 (59%) had a plan to reduce the environmental impact of their business, though it is not known whether these are formal written plans or are kept up-to-date.
- The importance of digital channels of communication is well-recognised by responding businesses.
- 81% had a website/digital presence.
- 84% had a social media profile, although the extent to which digital channels were effectively used is not known.

Fig. 13 **Business attitudes: to what extent do you agree with the following statements?**

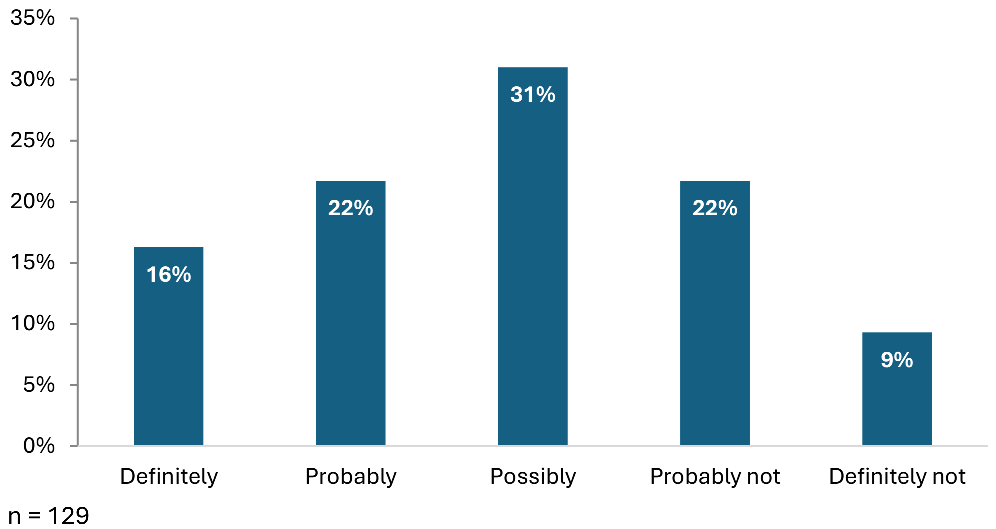


n = 128

Business attitudes

- Business responding to the survey showed strong positive attitudes (see Fig. 13).
- Three-quarters (75%) had aspirations to grow their business significantly over the next 5 years.
- 70% agreed that social media was of high importance to their business.
- More than three-quarters (78%) agreed that they always consider environmental implications in their business decisions. Nationally in 2022, 35% of SME employers in England said that they 'always' consider the environmental implications in making business decisions and 43% said 'sometimes'.
- Over half of responding businesses (59%) agreed that businesses need to spend more on reducing the environmental impacts of their activities.
- These results indicate that amongst many local businesses there is a strong appetite to address their environmental impact.

Fig. 14 **How likely are you to seek external business advice in the next 12 months?**

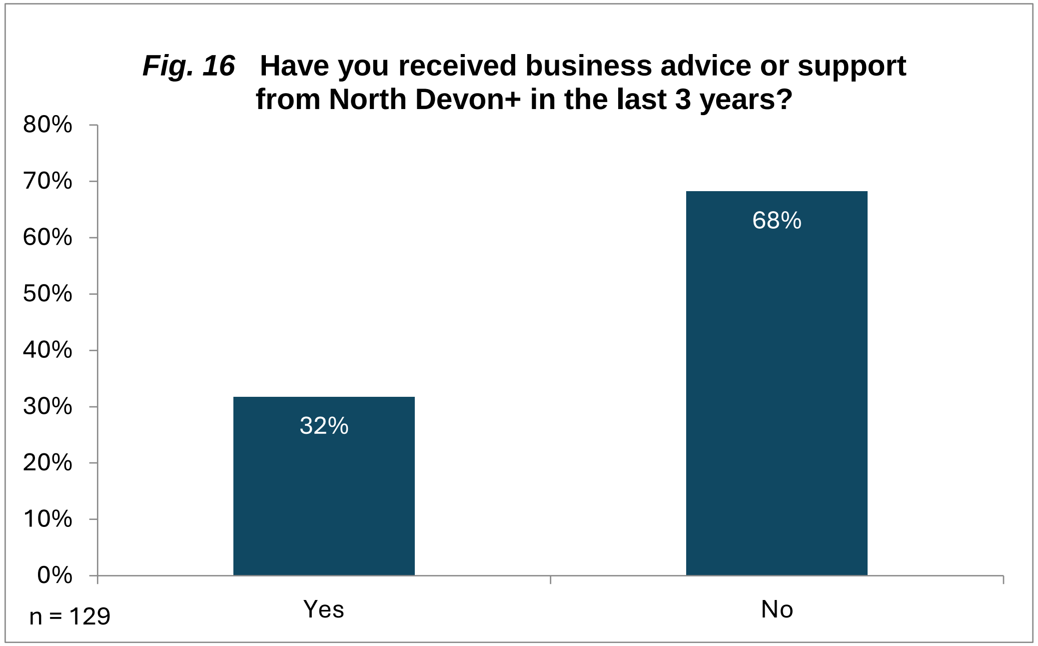


Business advice and support needs

- Over a third of businesses who responded to the survey (38%) thought that they were likely to seek external business advice in the next 12 months, including almost 1 in 6 (16%) who thought that they would ‘definitely’ seek advice (see Fig. 14).
- Almost a further third (31%) would ‘possibly’ seek advice.
- Only 9% of businesses thought that they would ‘definitely not’ seek advice.
- If they expected to seek advice, businesses were asked what areas of advice they would need. This was an open text question which, for simplicity, was distilled to single and hyphenated words. The results are presented in Fig. 15, where the size of word reflects the number of times it was mentioned.
- A total of 63 different areas of support were mentioned by 73 businesses (see Fig. 15).
- The most frequently mentioned need areas were in relation to marketing (mentioned by 16% of responding businesses), grants (10%), funding (8%), business planning (5%), social media (5%), and sustainability (5%).

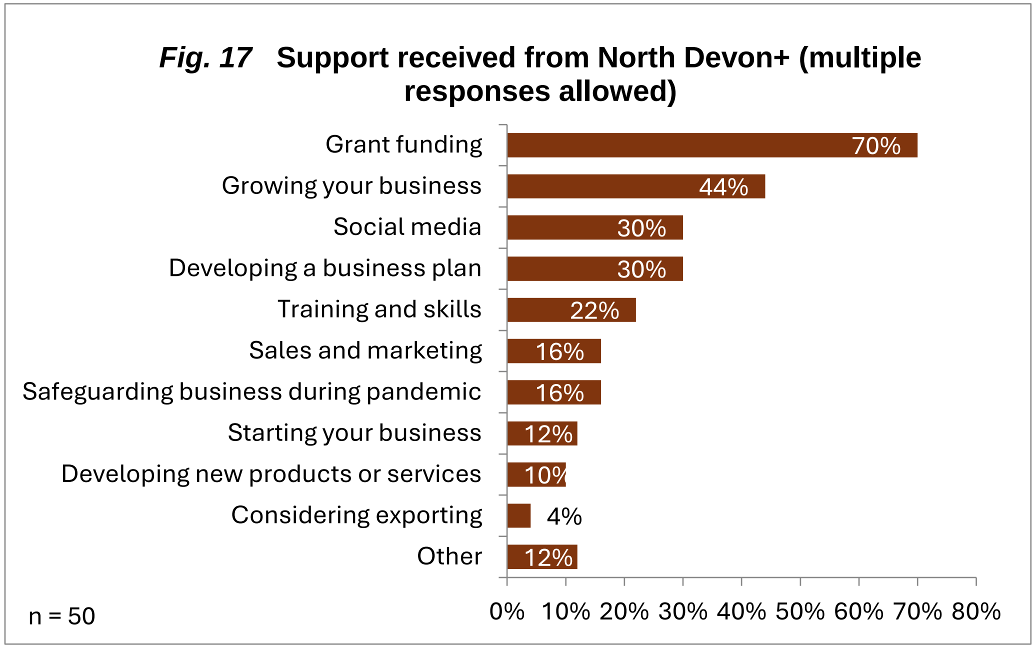
Fig. 15 **If you expect to seek advice, what would you need advice on?**

n = 73



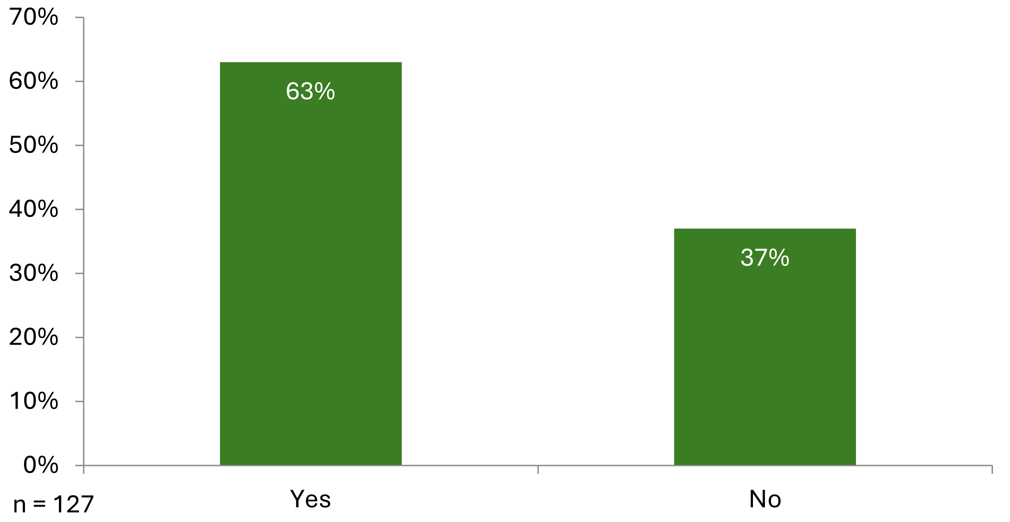
Working with North Devon +

- Almost a third of responding businesses (32%) had received business advice or support from North Devon + in the last 3 years.



- Where businesses had received advice or support, this was most frequently 'grant funding' (70%), advice on 'growing a business' (44%), about 'social media' (30%), 'developing a business plan' (30%), and 'training and skills' (22%).
- Almost 1 in 6 had received advice on 'sales and marketing' (16%), and 'safeguarding business during the pandemic' (16%).
- Just over 1 in 10 (12%) had received advice on 'starting your business'.

Fig. 18 **Would like to receive updates on new business support services in northern Devon**



- Almost two-thirds of responding businesses (63%) said that they would like to receive updates on new business support services in northern Devon (see Fig. 18).