The CSD Design Business Survey
Q4 2015

The Chartered Society of Designers conducts quarterly design business surveys to inform the profession and interested stakeholders as to the trends across a range of issues concerning design businesses. The surveys provide key findings from indicators in areas such as investment, employment, growth and turnover showing changes, current attitudes and future considerations.

The CSD quarterly surveys provide feedback on important issues concerning the design industry today. The findings of each survey will be published in TheDesigner and on the CSD website with comparative data showing the latest trends. The data will also feed into our regular business meetings with The Bank of England where CSD represent the interests of the design sector.

Links to the current survey can be found on the Society's social media pages, you can contribute to the Q1 2016 survey via this link: https://www.surveymonkey.co.uk/r/DBS2016Q1

Bracketed figures show the results from the previous survey.

PARTICIPANTS

Are you a member of The Chartered Society of Designers?

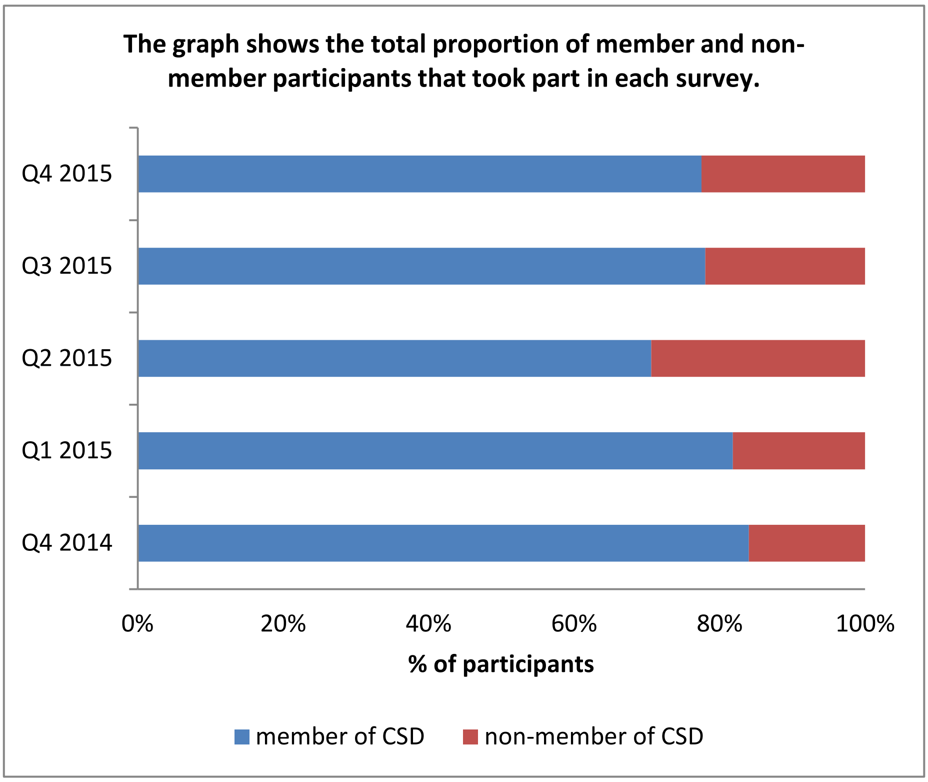
The survey is conducted across the design sector and responses are gathered from both CSD members and non-members, this quarter **78%** (Q3 2015: 78%) of respondents were **members** of CSD, the remaining **22%** (Q3 2015: 22%) were **non-members**.

Respondents who were **members** of CSD

+ 0% to… **78%**

Highest **84%** Q4 2014

Lowest **71%** Q2 2015



DESIGN BUSINESS ACTIVITY

What is the main design activity of your business?

The greatest response in Q4 2015 was tied between respondents who practice **interior design, graphic design** and **branding** each at **18%**. Both graphic design and branding have consistently been in the top 5 for all surveys to date.

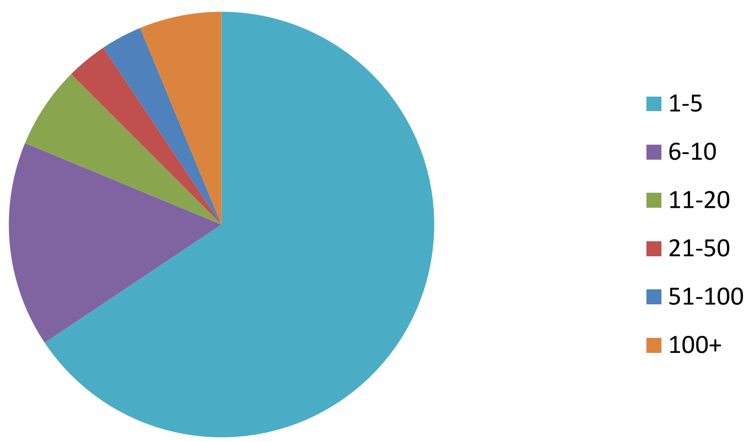
Q4 2014	Q1 2015	Q2 2015
1. Graphic Design (31%) 2. Interior Design (19%) 3-4. Branding (12%) & Fashion Design (12%) 5. Design Consultancy (8%)	1. Branding (33%) 2. Graphic Design (19%) 3-6. Design Consultancy (10%) & Industrial Design (10%) & Digital Design (10%) & Service Design (10%)	1-2. Industrial Design (21%) & Branding (21%) 3. Interior Design (18%) 4. Graphic Design (15%) 5. Architecture (12%)
Q3 2015	**Q4 2015**	
1. Interior Design (32%) 2. Graphic Design (22%) 3. Branding (15%) 4-5. Architecture (7%) & Industrial Design (7%)	1-3. Interior Design (18%), Graphic Design (18%) & Branding (18%) 4. Other (13%) 5. Design Consultancy (10%)	

The table shows the top 5 design activities for the respondents in each of the surveys.

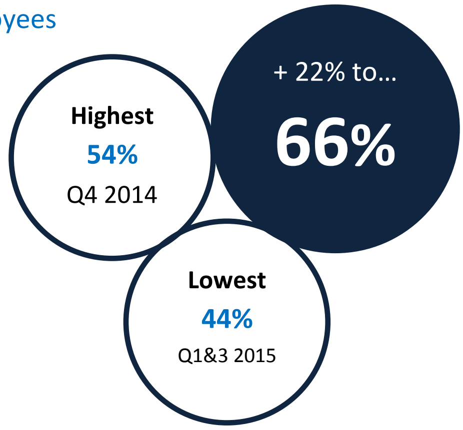
EMPLOYMENT

How many people does your company currently employ?

The chart shows the proportion of respondents from different company sizes.



Respondents from businesses with 1-5 employees



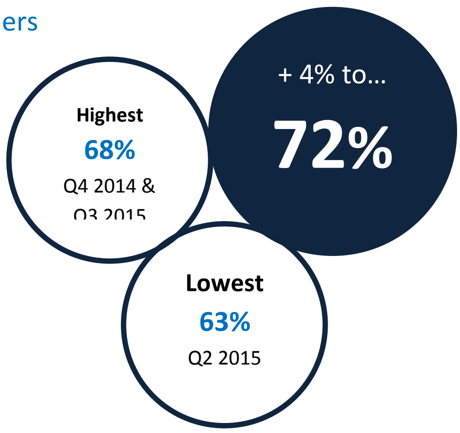
66% (Q3 2015: 44%) of respondents were from businesses with between **1 and 5 employees**. This was to be expected given the nature of the design sector which comprises mainly of small teams, micro businesses or individuals.

FUTURE EMPLOYMENT TRENDS

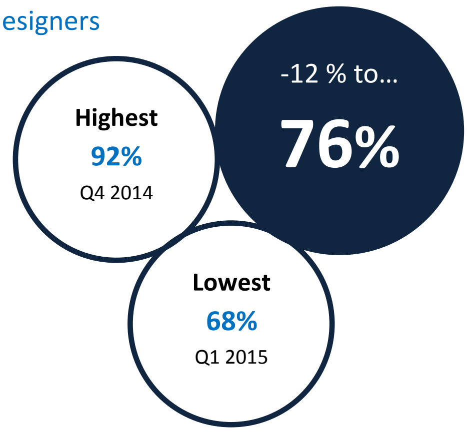
Within your company, over the next 12 months how do you expect employment numbers to change in the following groups?

Regarding expected employment trends for the next 12 months, **designers** who are currently employed can remain positive as **72%** (Q3 2015: 68%) of respondents, plan on **maintaining** current levels of employment. Over the previous four quarters the percentage of businesses expecting to maintain their current level of employment has varied little from 63% to 68%.

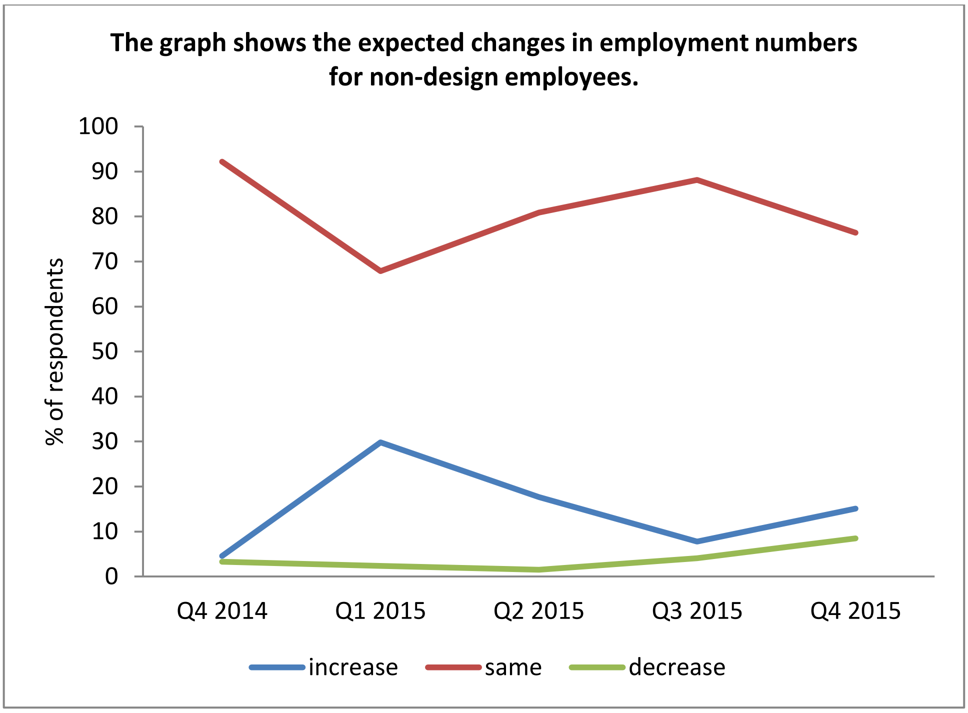
Respondents planning to maintain employment of designers



Respondents planning to maintain employment of non-designers

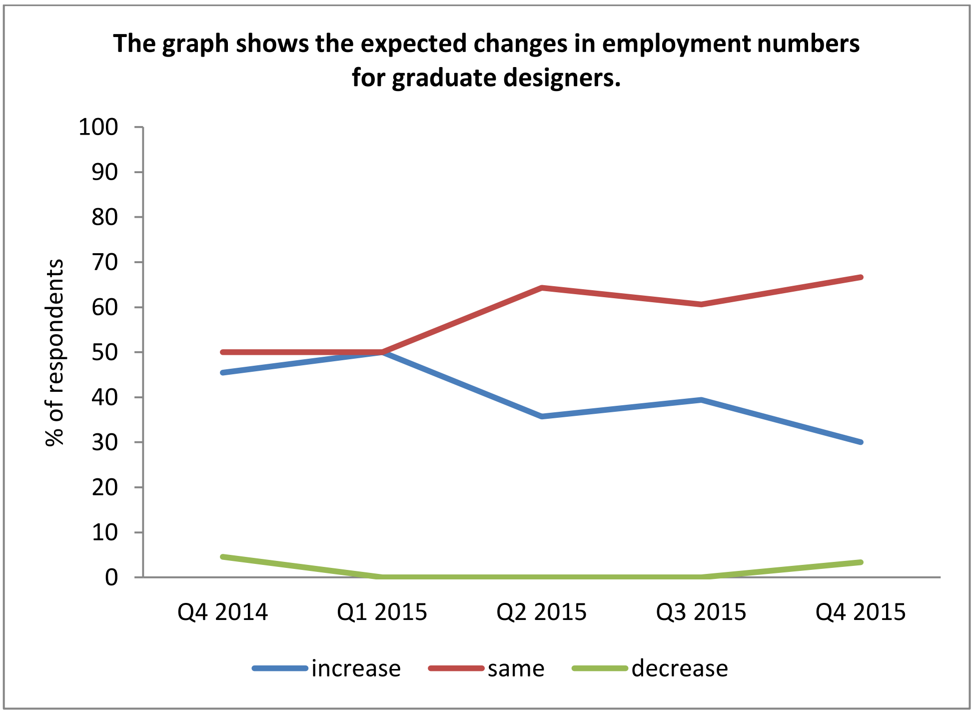


In comparison **76%** (Q3 2015: 88%) of respondents are looking to maintain employment for **non-design staff**. Of the remainder **15%** plan on **increasing** the number of **non-design** employees (Q3 2015: 8%), those expecting a **decrease** have doubled since the previous quarter **8%** (Q3 2015: 4%).



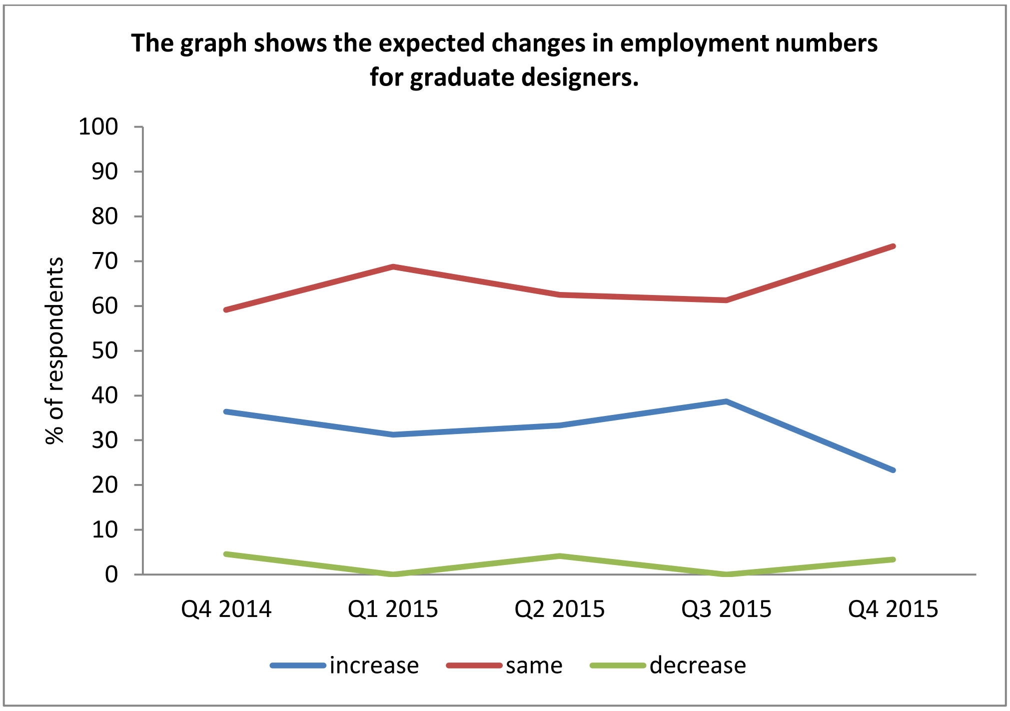
The expected change in employment numbers for designers at different career stages can be seen below.

Graduate Designers:



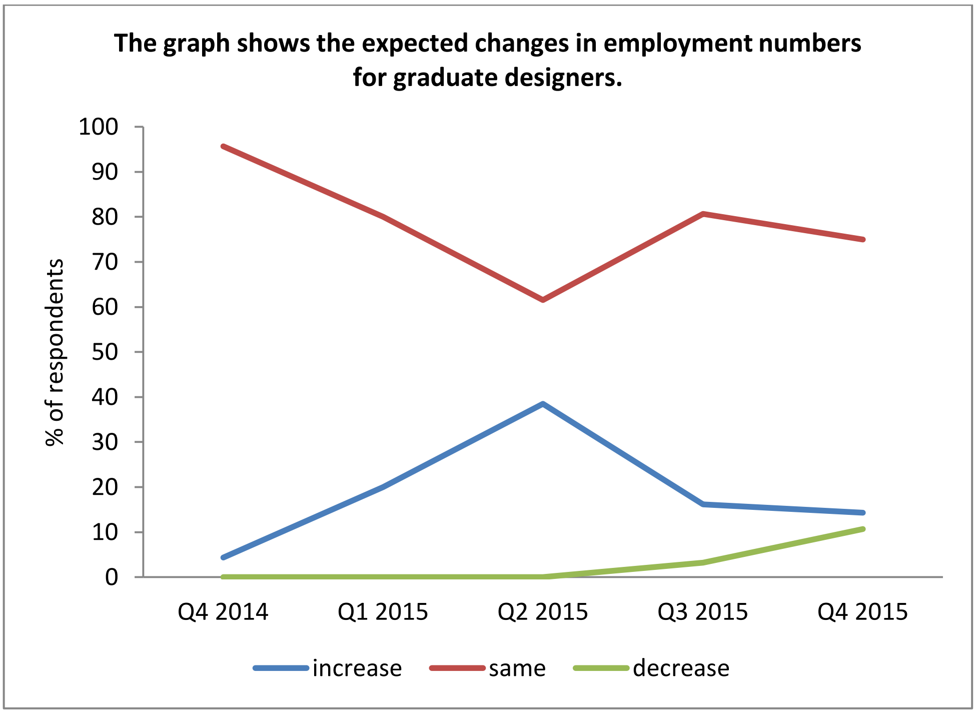
Employment for **graduate** level designers showed **30%** (Q3 2015: 39%) of respondents looking to **increase** employee numbers, this is the lowest value on record in the CSD surveys. Also of note is that **3%** (Q3 2015: 0%) of respondents now expect to **decrease** the number of graduate employees, compared to the past three surveys in which respondents planned no decrease.

Middle Weight Designers:



Similar trends were expressed in the middle weight designer category, with only **23%** (Q3 2015: 39%) of respondents expecting to **increase** employment numbers in this group, the lowest result of all the CSD surveys. The majority, **73%** (Q3 2015: 61%) expect to **maintain** current employment levels in this group.

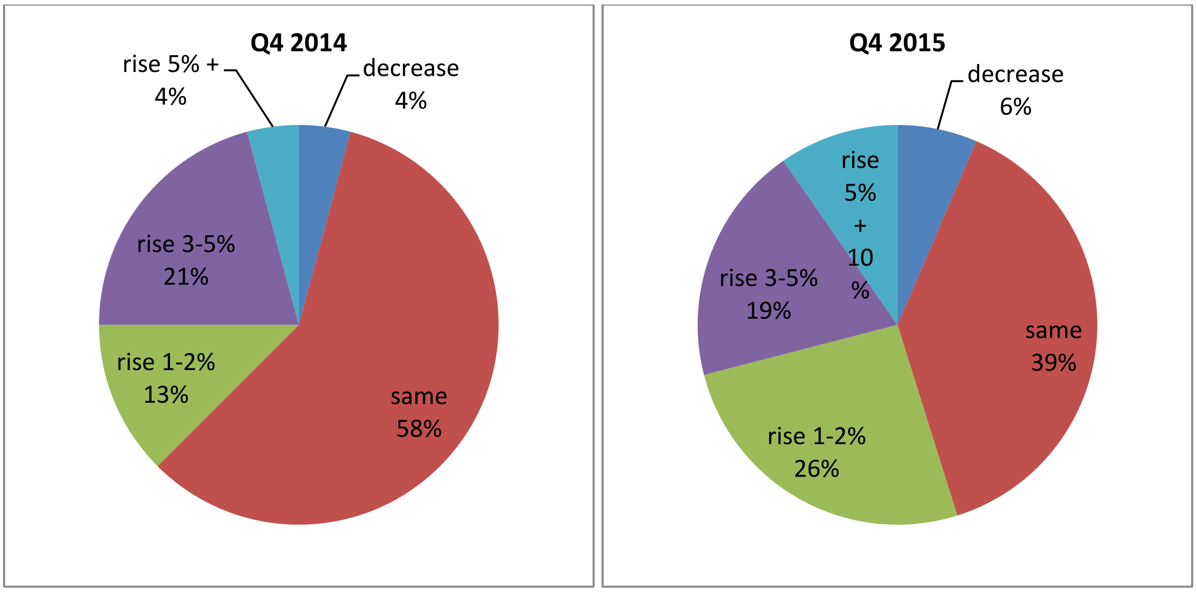
Senior Designers:



The results for senior designers show some cause for concern with a drop to **75%** (Q3 2015:81%) of respondents expecting to **maintain** current employment numbers. The proportion of respondents planning to **decrease** employee numbers for senior designers has risen throughout the second part of the year, threefold to **10%** (Q3 2015: 3%).

PAY EXPECTATIONS

What are your pay expectations for average employee pay over the next quarter?



The chart shows the average pay expectations for the next quarter compared to a year ago.

Looking at pay expectations over the next quarter in comparison to the 2014 Q4 results, the proportion of respondents expecting **no change** has fallen by 19% with those expecting average **pay to rise** increasing from 38% to **55%**. Does this signal inflationary pay costs or are we seeing the need to pay more for what appears to be a continuing concern as to recruiting skilled staff?

RECRUITING CONCERNS

If recruiting do you consider any of these factors to be of concern?

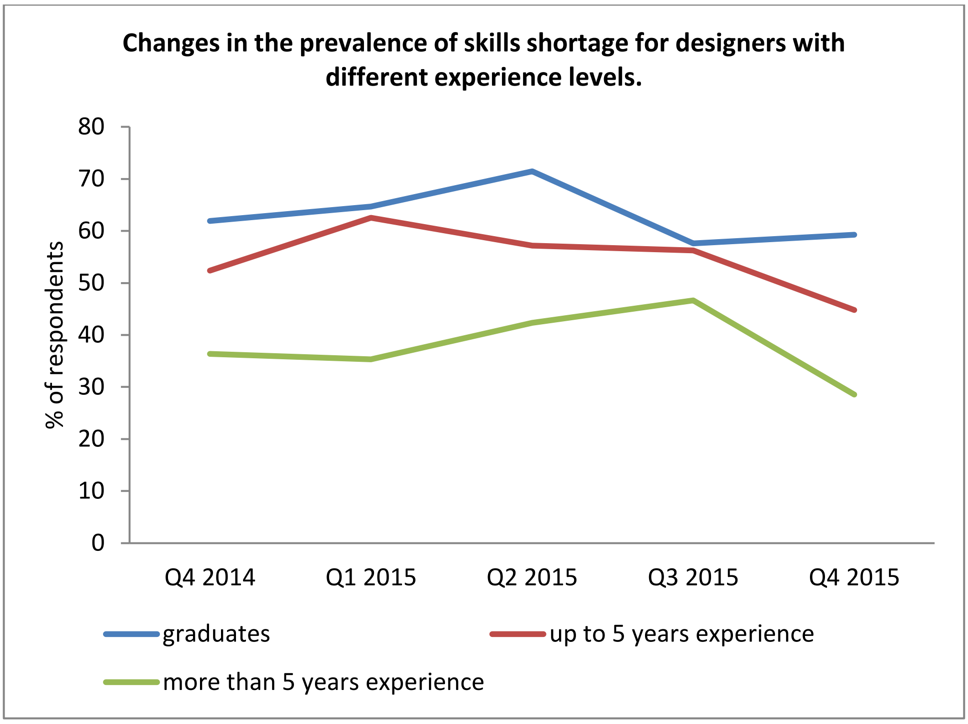
In line with previous results **96%** (Q3 2015: 97%) of respondents consistently identify **skills** as the main concern when recruiting. Looking at other factors, over the past quarter the proportion of respondents who thought **salaries** were a concern has risen by 42% to **54%** (Q3 2015: 38%), whereas those who thought the number of **applicants** was an issue has decreased by 17% to **21%** (Q3 2015: 38%).

Self-employment employment has been growing in prominence since 2008, currently 1 in 7 workers within the UK economy work on a self-employment basis. Forecasts predict that by 2020 self-employment will overtake public sector employment and so we expect the proportion of respondents in this category to remain most prevalent to reflect the design sector.

Interestingly the Design Week creative survey 2015 found that freelance designers earned more than those working for consultancies, while designers working in-house earned the least. For freelancers, the challenges of the job can seem to be magnified as the individual bears all the responsibility for their success. Research by Jordan Teicher for Contently.net revealed the biggest challenge identified by 34% of freelancers was securing enough work and that more than two-thirds (68%) of freelancers would consider leaving self-employment for a full time job.

SKILLS SHORTAGE

Do you consider there to be a skills shortage within these groups of designers?

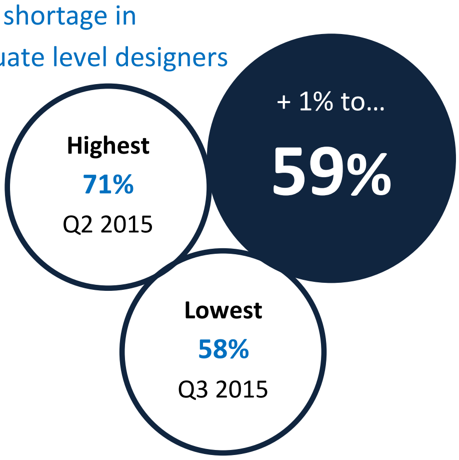


Changes in the prevalence of skills shortage for designers with different experience levels

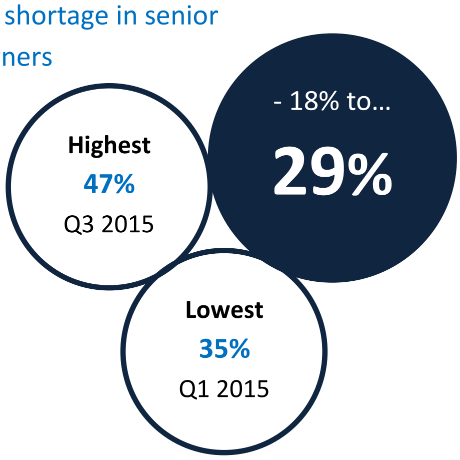
This skills gap has been identified in a number of other studies. Since technologies change at such a rapid rate the standards and skills required to meet employers' needs are rapidly changing. Curriculums in education can face difficulties in keeping up with these developments and therefore can quickly become obsolete. As new specialities emerge such as 'user interaction specialists' and 'information architects', learning on the job becomes more important and experience becomes more valuable.

59% (Q3 2015: 58%) of respondents identified a skills shortage in **graduate level** designers. Compared to the previous quarter, the perceived skills shortage amongst **middle weight** and **senior** designers has decreased significantly to **45%** (Q3 2015: 56%) and **29%** (47%) respectively. This evidences the thinking that designers are 'learning on the job', developing their skills in this manor compared to more traditional education styles.

Skills shortage in graduate level designers

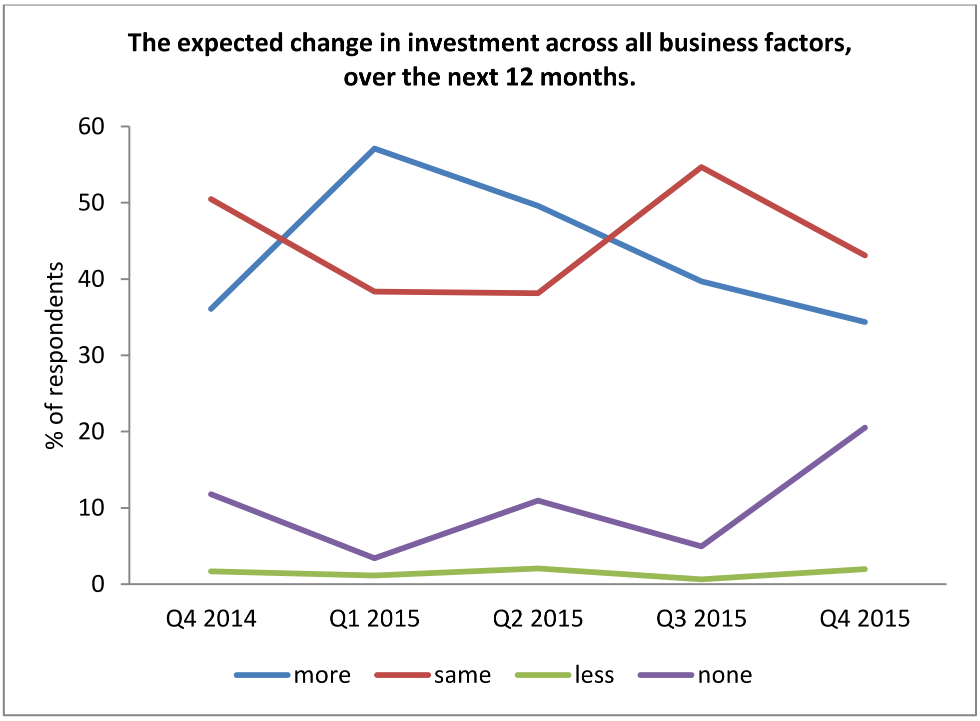


Skills shortage in senior designers

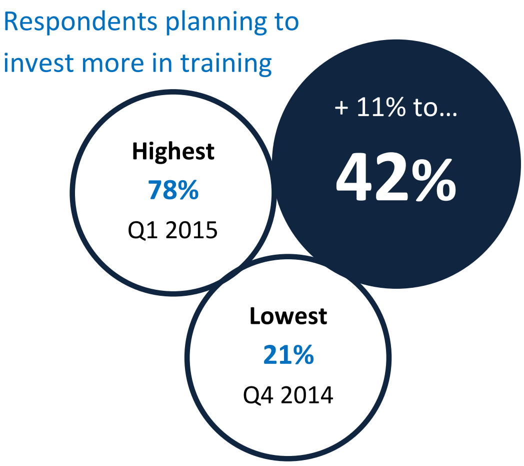


INVESTMENT

Will you be investing in your business over the next 12 months?



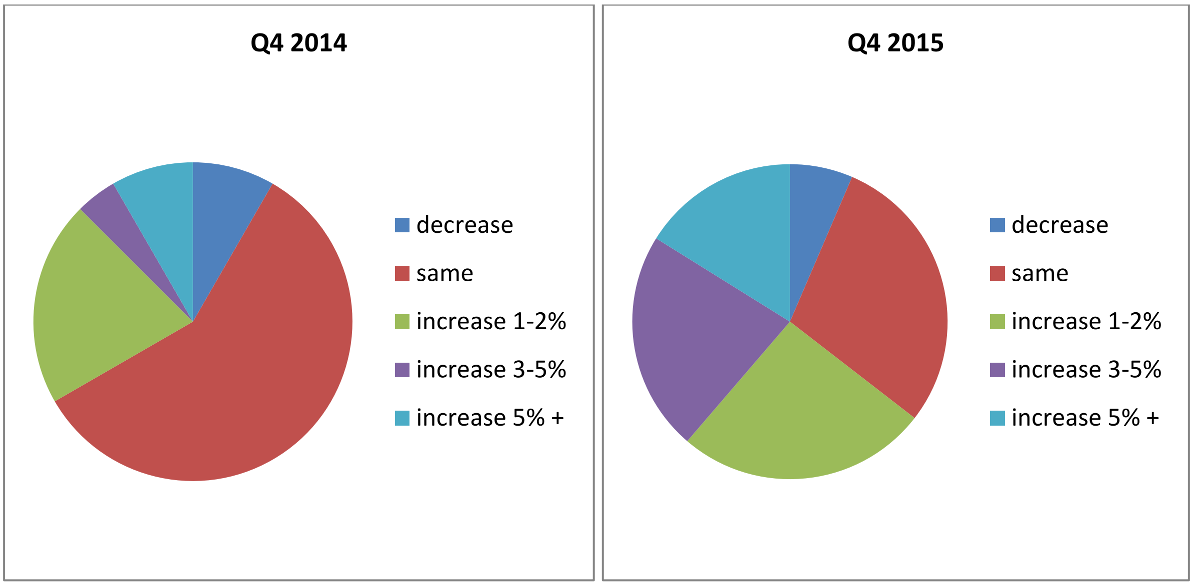
Respondents were asked about their expected investment in different aspects of their business, over the next 12 months. Overall **43%** (Q3 2015: 55%) said they would only invest the **same** amount across the board, with **21%** (Q3 2015: 5%) of respondents expecting to make **no investment**.



The only area where respondents planned to invest more was **training** with **42%** (Q3 2015: 31%) indicating they would invest more in this area.

DESIGN FEES

What are your expectations in regards to design fees over the next 12 months?

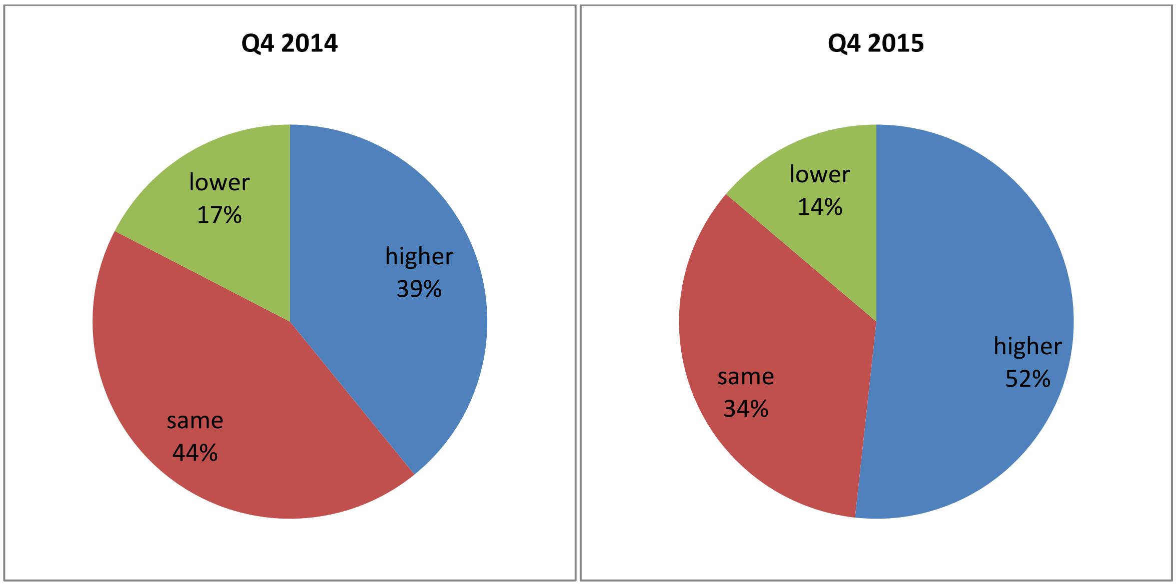


Expected changes in design fees over the next 12 months, comparing Q4 2014 and 2015

The responses regarding **design fees** showed that **29%** of respondents expect to keep fees the **same** over the next year, compared to only half of respondents the same time last year. The number of respondents expecting to **increase fees** has doubled since last year to **65%**.

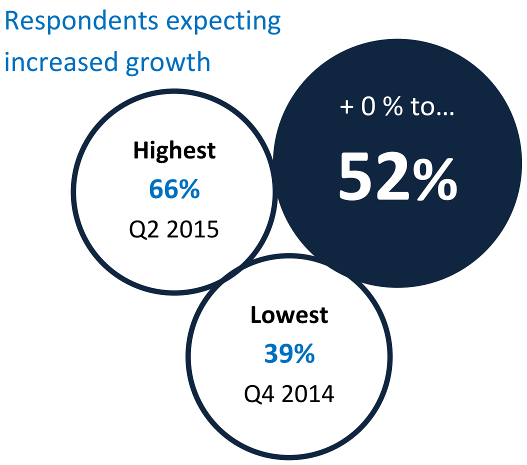
GROWTH

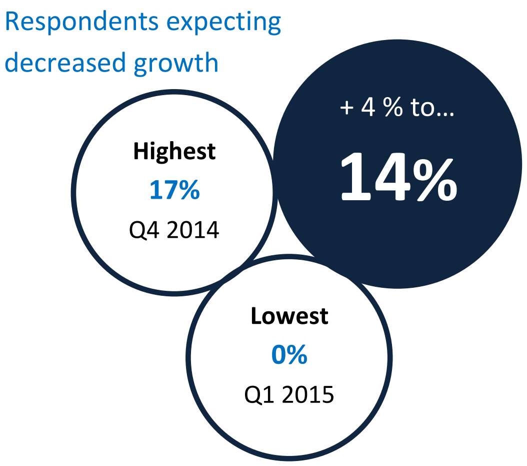
How do you expect the following factor to change over the next 12 months?



Respondents' views on growth over the next 12 month compared to a year ago.

The proportion of respondents expecting **lower growth** over the next 12 months rose during 2015 reaching **14%** by the last quarter. By comparison **52%** anticipated **increased growth**; however the percentage of respondents expecting **increased growth** throughout 2015 has been gradually falling.

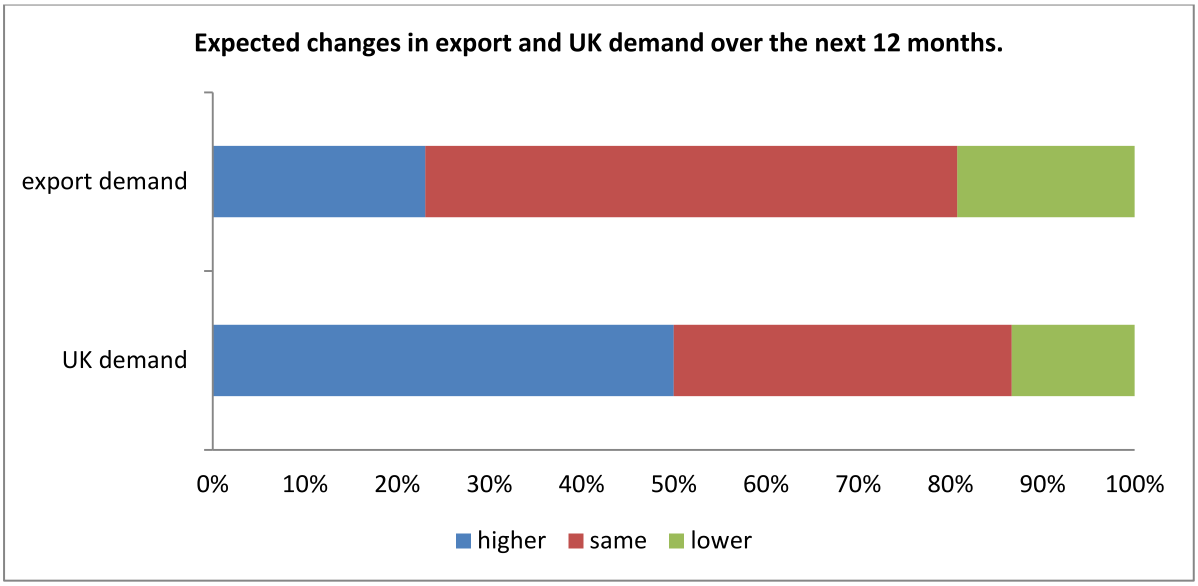




Taken overall, more respondents **52%** (Q4 2014 39%) are anticipating **growth** as opposed to **48%** (Q4 2014 61%) anticipating the **same or lower** growth. This raises the question of how the sector is intending to deliver on this growth given the issues raised in recruiting and skills shortages?

DEMAND

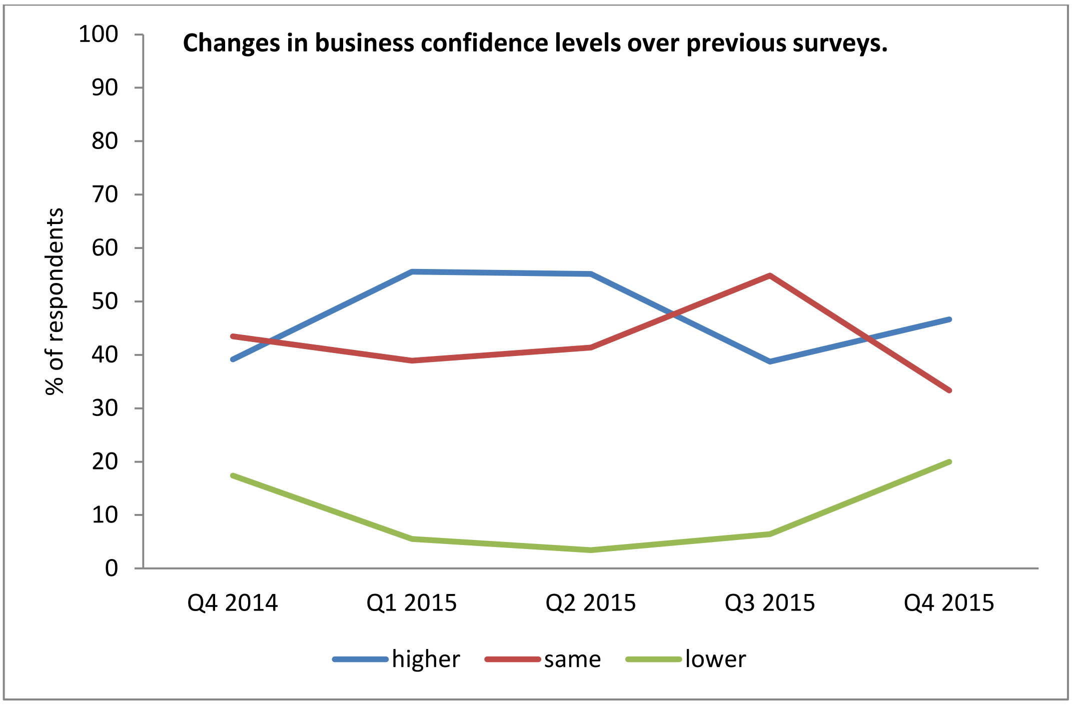
How do you expect the following factors to change over the next 12 months?



Comparing the expected change in **demand, 50%** (Q3 2015: 48%) of respondents are expecting **UK demand** to **increase**, compared to **23%** (Q3 2015: 24%) expecting an increase in **export** demand.

BUSINESS CONFIDENCE

Compared to the previous quarter how is your overall business confidence?



The Lloyds Bank business confidence index reported that business confidence has taken a knock, declining to 38% in January 2016. The results of the CSD Design Business Survey report a slightly more positive outlook for the design industry with **47%** (Q3 2015: 39%) of respondents reporting that their business confidence levels are **higher** compared to the previous quarter. However there is still evidence of a continual decline in business confidence throughout the second half of 2015 with **20%** (Q3 2015: 6%) of respondents having **lower** business confidence levels.