2017
Bristol Media Barometer
Welcome to the 2017 edition of the Bristol Media Barometer and a big thank you to the 154 respondents who participated in our survey. In this annual report, we review the past year (16/17) and also forecast what 2017-18 has in store for creative businesses based in Bristol and Bath.

The past 12 months have been a turbulent time in national, European and international politics, leading to fluctuating financial markets and much speculation about the economy. However, there is still an unshakeable local confidence with 76% of respondents feeling optimistic about business prospects in the year ahead and 15% of respondents believing this year their business will achieve similar results to 2016.

What Brexit will mean for the UK economy in the short and long term is still unclear and this is reflected in the results of the survey. A quarter of respondents quoted political uncertainty as a current business challenge and just over half of respondents believe that Brexit could affect their business now that Britain has begun the process of leaving the EU.

On a more local level, the first meeting of the West of England Combined Authority (WECA) created from Bath & North East Somerset, Bristol and South Gloucestershire took place on 1 March. The authority will be tasked with delivering a £900 million devolution deal negotiated with government. A metro Mayor will be voted into power on 4 May. How all these local changes will affect our sector is yet to be seen. We will be keeping a close eye on any opportunities or threats under this new administrative set up.

This year, we’ve kept the report short, sharp and snappy in order to make it a quick and informative read.

What can you expect to find in the Barometer? We’ve reported the biggest challenges that respondents believe they will face in the next 12 months; focused analysis on what’s keeping fellow business leaders up at night; looked into how respondents secure and keep talent; identified growth industries that are ripe for development and taken a look at the enduring collaboration between agencies of all shapes and sizes in the region.

I’ve recently taken over as Chair of Bristol Media and I’m looking forward to meeting many of you at the numerous events we hold throughout the year.
THE BAROMETER
The annual Bristol Media Barometer survey was carried out during February and March 2017.

Using an online survey mechanism, the report collated quantitative and qualitative data responses. A number of questions were included from previous years in order to allow for year-on-year comparisons. Further questions were developed to explore topical issues and the challenges facing creative businesses.

In terms of the size and scale of respondents, 60% reported to employ 0-10 staff, 28% employ 11-40 staff and 12% employ 40-70+ staff.

Here is a small sample of the businesses that participated in this year’s survey.
The region’s creative sector is continuing to perform well. Three quarters of respondents have seen turnover increase in the past 12 months, compared with around 60% in 2016 and 2015. Of these, only 66% reported a corresponding increase in profit. This is a bigger reported gap between turnover and profit than in previous years, which could indicate that companies are struggling to stay as profitable despite an increase in sales.

This perhaps suggests that the cost of sales including staff, equipment and premises is increasing – or that businesses are currently investing in these items which is reducing profitability.

Around one in six businesses surveyed are extremely optimistic for the next 12 months, expecting increases in profit of 21% or more. A further 27% expect lower profit increases of up to 5% – more modest, but still confident about the year ahead.

### A STEADY AND RESILIENT SECTOR

CASE STUDY

In the last year, Zone has further consolidated its position as the UK’s leading independent digital agency.

Recently awarded agency of the year by BIMA, the last 12 months has seen Zone open offices in Cologne, complete two acquisitions, grow staff to a 250-strong global team and increase turnover to over £20 million.

“Our success is down to our people, and our ability to blend creativity and technology to help ambitious businesses win in a world where digital is mission critical.

Our Bristol office is key to our ongoing growth as we continue to deliver strategy, technology and content expertise to market leaders such as Lloyds Banking Group, Coca Cola, Aviva, BT and Unilever.

The region is a shining example of how regional investment by government and business alike will be our best bet to compete on a global stage after Brexit.

Bristol’s design and TV heritage has been invigorated with upgraded digital infrastructure and ample support for its thriving startup community. Numerous industry hubs in the region cultivate a creative, knowledge-sharing community which bridges the realms of technology and creativity – and I am proud to say that Zone is a part of that.”

Over the past 12 months, 89% of respondents reported that there has been no significant change in their business. The research paints a stable and relatively cautious picture, with just 7% of respondents reporting management buy-outs, sales or acquisitions and just 4% reporting redundancies. These figures are almost identical to 2016 and likely to be similar in 2018, as just 7% predict any change to the status quo of their business in the year ahead.

### IN THE PAST 12 MONTHS, HAS YOUR TURNOVER...

- Remained static 14%
- Increased 74%
- Decreased 6%
- Prefer not to say 6%

### IN THE LAST 12 MONTHS, HAS YOUR PROFIT...

- Remained static 18%
- Increased 66%
- Decreased 10%
- Prefer not to say 6%

DOMINIC MILLS
CHIEF TECHNOLOGY OFFICER
ZONE
Despite increased revenue in the past 12 months, securing further new business is on the minds of over half of respondents with 58% worried that they don’t have a strong enough pipeline to meet revenue targets.

Over a third of respondents are worried that they don’t have a strong enough proposition to secure the business they are pursuing and 29% are worried that they are too expensive to be competitive. Just over 20% of respondents are kept up at night by deadlines and staffing issues (15%).

These concerns about proposition and pricing are something we found particularly interesting. Though there is a stated topline confidence in future business prospects from respondents, these concerns might point to underlying fears about the differentiation of their business offer.

Perhaps these issues and concerns are the reason that almost half of respondents reported that they find running their own business different to how they’d thought it would be.

WHAT ARE YOUR THREE BIGGEST WORRIES WHEN IT COMES TO NEW BUSINESS? CHOOSE THREE.

- We don’t have a strong enough pipeline to meet our targets 59%
- We can’t find a good business development manager 31%
- We don’t have a clear enough proposition 33%
- We don’t have a strong enough pitch team 21%
- We can’t deliver a strong enough creative idea 20%
- We don’t have a proper understanding of the time/money we spend on it 22%
- We don’t have an office in London 20%
- We’re too expensive 28%
The outlook for recruitment is positive for the year ahead; two thirds of respondents plan to hire more people in the next 12 months, which is up 8% on 2016.

There are many interesting year-on-year comparisons to make on the subject of recruitment. Hiring does continue to be a major challenge for our sector with 87% of respondents reporting that it is the same or harder to find recruits. However, comparatively it’s 6% easier than it was in 2016, which may indicate that although it’s still a struggle the pool of local talent is increasing.

For 57% of respondents, the challenge lies in finding people with the right expertise, however in line with the previous year this figure is down 8%.

For just over a third of respondents, recruitment continues to be a trial because of the difficulty of defining roles as disciplines merge. However, it is a positive development to see this figure down 7% on last year.

Though 40% of respondents cited the increasing numbers of freelancers as a challenge in recruiting, this figure is down 11% since the last Barometer. Could it be that fewer people are now taking the plunge into self-employment or that freelance support is now more of an accepted part of the resourcing model?

The good news is that around half of advertised roles are filled with candidates from the local area, showing that the South West as a region is developing and growing a strong talent base. However, 45% did point out that this very much depended on the role they were hiring for.

The anxiety doesn’t stop with finding the perfect candidate. Just under half of the respondents reported that one of the biggest reported recruitment worries was hiring people who then don’t go on to perform as expected in their role.
Retaining good people was on the minds of 38% of our respondents. The emphasis on training and staff development continues to be impressively strong. More than two thirds of firms surveyed have a training/staff development budget. This corresponds to a high number of respondents – 58% – who grow most of the talent they need in-house. This training/staff development budget comes in many shapes and sizes. One fifth of firms run with an agreed and planned out annual budget across the business, while a quarter allocate funds per staff member. For just over a third, there is a pot of money (set aside and used as the need arises) while the remaining 19% have a budget, but no formalised plan for its use.

A quarter of all training is still delivered in-house and responsibility for training tends to be part of the day job of the senior team, including directors and MD (79%) – as you would expect in a creative sector mostly made up of small businesses. Despite the rise and rise of all things digital, just a quarter of training is delivered via online platforms – still a surprisingly low amount. However, for physical training courses, 73% see the time out taken to attend as a barrier to use – so perhaps we will see a rise in the uptake of online training in the coming years. Another barrier to training is cost with over half of respondents citing this as an issue.

The most popular external trainers include industry bodies (53%) and Bristol Media (54%). Just 10% of training is now London based and local events and conferences such as Vision, Social Media Week and Digital Bristol Week were also recognised as popular places to develop knowledge.
Despite Bristol and Bath's entrepreneurial culture, less than 1% of work came from start-ups or micro businesses. Respondents reported that over a third of their work came from mid-sized national or regional clients, with just under a quarter coming from large global brands. As with hiring, reputation and word of mouth are key to a strong performance here – with 95% of respondents saying their reputation is paramount to acquiring new business, and just under a third directly attributing their success to word of mouth.

The industry sectors that were reported as presenting the biggest business opportunities during the next 12 months include technology (57%), leisure and travel (43%), professional services (38%) and food and drink (34%).

59% of respondents are securing new business through offering more of the same services to new clients and 41% from developing and offering new services to existing clients. However, this figure shows a drop in 9% compared to the 2016 Barometer, which perhaps indicates less innovation in new service development.

Hiring issues again raise their head here; with 31% of firms reporting one of their biggest challenges is finding a good business development manager to support the new business process.

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NEW BUSINESS LOWDOWN

IS THE MAJORITY OF THE WORK YOU SECURE FROM...

- Large international brands/clients 24%
- Large national brands/clients 27%
- Medium sized national or regional clients 37%
- Smaller regional clients 11%
- Start-ups/micro businesses 1%

WHAT IS YOUR MOST SUCCESSFUL MEANS OF GENERATING NEW BUSINESS?

- Telemarketing 3%
- Agency intermediaries 3%
- Client/Commissioner moves 4%
- Word of mouth 31%
- Reputation 50%
- Google ads 3%
- Other agencies 2%
- Blogging and social media 5%

WHICH SECTORS DO YOU THINK PRESENT THE BIGGEST NEW BUSINESS OPPORTUNITIES DURING THE NEXT 12 MONTHS? TICK ALL THAT APPLY.

- Healthcare 26%
- Professional services 38%
- Leisure and travel 43%
- Food and drink 34%
- Green and environmental 25%
- Motoring 10%
- Technology 57%
- Public sector 20%
CASE STUDY

Opposable Group is an award winning VR & games development company based in Bristol, and has been integral to many of the recent digital initiatives in the region, including the Bristol Games Hub, VR World Congress and soon, the Bristol VR Lab.

Opposable Games was formed when the founder Ben Trewhella moved on from Mubaloo, the high growth mobile apps company that he helped founder and serial investor Mark Mason start up. Along with a small team of designers and developers, Opposable began working on client projects alongside its own game, Salvaged, a labour of love that took almost four years to complete.

The team was initially based in Paintworks, then moved through UWE Ventures and the Pervasive Media Studio, before Ben got together with Tomas and Debbie Rawlings from Bristol based games developers Auroch Digital, to together create the Bristol Games Hub; a space that has now become a focal point for games developers in the region.

When the early prototypes of the Oculus Rift VR headset began to circulate in 2014, Ben felt that VR and AR would grow into a multi-industry technology, so created sister company Opposable VR, under the Opposable Group, to work with technology companies to explore how VR could be used in their business.

Somewhere along the journey, Opposable Marketing Manager Dan Page suggested that a meet up for VR developers would be a good idea. Over the last three years, that meet up has turned into a conference, then a bigger conference, and now in April 2017 will be taking over a small section of the city, inviting in VR developers and agencies from all over the world.

So what’s coming in the future? Opposable has been running VR demos and technology explorations for many companies from the Bristol Games Hub, but last year began campaigning for a dedicated Bristol VR Lab to research, explore and develop VR and AR technology. This idea was picked up across the city, and in September 2017 Opposable will be working with the University of Bristol, the University of the West of England, the Watershed and BBC to open the Bristol VR Lab in a central Bristol location.
A staggering 94% of those surveyed are collaborating with other local partners to deliver work – one of the clear benefits of a strong local creative ecosystem. A huge 58% of respondents have collaborated on between two and five projects in the past year, which is the same reported figure as in the 2016 Barometer. 59% have won new business as a result of a collaborative pitch, which is up 6% on the 2016 Barometer. 71% agree that Bristol’s creative community is ‘quite’ or ‘very’ open to collaboration. The same number agrees that collaboration brings new business opportunities and the ability to pursue briefs that would not otherwise be possible. Respondents agree that collaboration helps to grow understanding of other disciplines (55%) and support the up-skilling of a team (48%).

**WHAT ARE THE BENEFITS THAT COLLABORATION BRINGS TO YOUR BUSINESS?**

- New business opportunities 69%
- Able to pursue briefs that otherwise wouldn’t be possible 70%
- Up-skilling team 48%
- Growing an understanding of other disciplines 55%

**CASE STUDY**

"Not to exaggerate, but ClinkClink wouldn’t be here if it wasn’t for collaboration. It really is the foundation of our success. Of course, you could say that’s true of any business, but particularly in the live events space, pulling off a big product launch, hosting a sports event or setting up a conference for thousands of people relies on a strong team, all working together. For us, it’s been about making connections with others in the industry and building genuine relationships. We rely heavily on being able to get the best team for every job and that sometimes means asking people to work outside their comfort zones, for long periods of time or at short notice. Money might work as an incentive the first time, but in the long term, nothing beats being the nice guys. Whether it’s for the agencies we partner with or the contractors who support us, our mindset is always to be the good guys: the ones to help, to find solutions to tricky problems, to work harder and smarter. Collaboration, partnership, good relationships, whatever you want to call it, it’s pretty simple really: be genuine, do the work and deliver on your promises. Even better, if the last decade has taught us anything, it’s that when you put your people and your clients first, the business ultimately wins.”

**TIM BALL, MD, CLINKCLINK**
The annual Barometer provides Bristol Media with valuable insight into the local creative sector. This year’s report is presented as a quick snapshot of industry health. The outcomes of this research help to shape the programme of events and activity offered by Bristol Media throughout the year.

In summary, 2016-17 represented a solid period of growth for Bristol’s creative sector. The percentage of firms with turnover increases was up 15% year-on-year to a strong 75% and half of all businesses expect profits to increase by 5%+ next year too.

Looking ahead, the biggest business concerns tend to be familiar ones: new business, pricing and staffing. In fact many of these issues are being felt more than macro-political issues such as Brexit that has yet to impact local businesses.

On a more positive note, two thirds of respondents still expect to hire more people in the next 12 months, up 8% in a year. And half of those candidates are likely to come from within the local area as businesses continue to invest in skilling up their staff.

One of the region’s enduring core strengths continues to be collaboration – with a huge 94% of respondents collaborating with local partners to deliver work, and 59% winning business this way.

In conclusion, this year’s survey points to a region that offers a strong creative ecosystem, stability and growth. And in a world that continues to be uncertain, these steady values should see Bristol and Bath through whatever lies ahead in the next 12 months.
The Barometer
The annual Bristol Media Barometer survey was carried out during February and March 2017 and canvassed opinions of Bristol Media members and creative industry heads from across Bristol and Bath. Using an online survey mechanism, the report collated quantitative and qualitative responses, which were then analysed to create the main findings of this document. The results also provide Bristol Media with valuable insight into its members and helps shape its supporting programme of activity throughout the year.

Written by
Ambitious PR