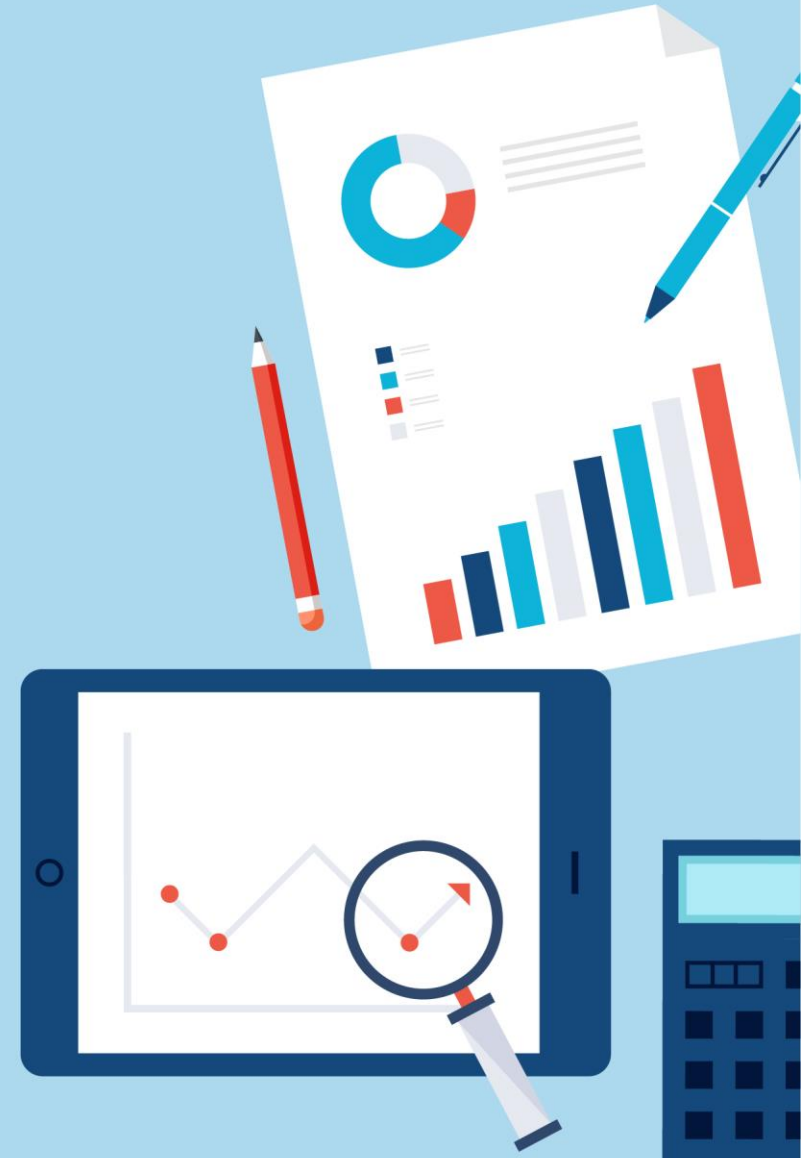


Sector Report  
Market Research  
Industry





# Market Research Industry

## Overview of the Market

In the UK, the Market Research and Public Opinion Polling industry is estimated to be worth a value of £3.9bn, with a growth rate of -0.9% between 2014 and 2019. This is forecast to increase to 1.3% from 2019 to 2024. Market research services are correlated with business investment as firms look to evidence the rationale for expansion and innovation. Opinion polling activity too has gained momentum in the period, spurred by demand for EU referendum opinions.

Industry revenue is expected to grow gradually over the next five years, despite being expected to fall in the first year of the period. Business confidence and spending levels are anticipated to increase slightly over the next five years, despite being restricted in the short term, supporting demand for industry services. Advertising activity is also expected to rise and increase demand for media research. The growth of web-based market research techniques and data analytics are expected to support firms investing in new research technology. Demand for public opinion polling services is expected to remain robust as EU exit negotiations continue. However, demand from the public sector is forecast to remain under pressure, limiting industry growth. Industry revenue is expected to increase at a compound annual rate of 1.3% over the five years through 2023-24 to £4.1 billion.

There are some large international corporations operating in the space, however, compared to other industries the concentration is low. The four largest players hold a low market share, with many smaller firms either providing niche services or servicing smaller clients. Larger firms have engaged in M&A, with firms looking to expand overseas.

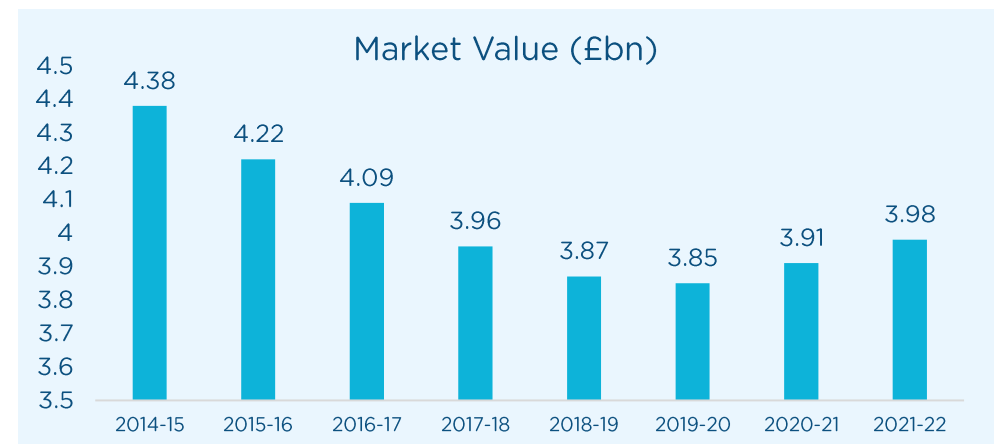
Source  
IBISWorld (April 2018)  
Plimsoll (October 2018)

## Market Research Companies

A profitability analysis on the sector from a pool of 720 leading UK-based Market Research companies revealed the following points:

- The most profitable 304 companies benefitted from an average profit margin of 9.8%
- The least profitable 416 companies made an average profit margin of (0.2%); the industry average is 3.9%
- 226 of companies increased in value over the year with 157 companies increasing by more than 25%
- 217 companies decreased in value, 122 fell by more than 25%
- 99 companies have made a loss for two consecutive years

Based on analysis, companies were rated on their 'takeover attractiveness'. A total of 333 companies were given a 'Strong' rating whereas 145 companies were given the lowest rating, 'Danger'. 127 companies in the industry were highlighted to be highly attractive takeover prospects. London was the most attractive region for takeover prospects.





# Market Research Industry

## M&A Activity in the Sector

Market IQ data indicates a total of 123 significant deals in the industry from January 2011 to September 2018, with UK targets. Deals are only reported over a certain value threshold (c.£500k), therefore, it is likely that not all deals have been captured.

Upon breaking down the deal type, M&A, activity within the sector is mainly categorised by acquisitions, with 111 since January 2011. There were also 8 MBOs and four mergers. A geographical breakdown of the deals shows that London dominates M&A activity, benefitting from 51 deals in the time frame. The South East was the closest behind with 18 deals being completed.

Deal flow has been significant in each year with a gradual upwards trend through 2013-2016, with a small dip in 2015. Deal levels then continued to grow through 2017 to 23 completed deals. This is unusual as for most industries, Brexit has had a negative effect on M&A levels from 2016. With 14 deals through September 2018, forecasting the same rate to the end of the year gives 19 deals. This would still be a higher yearly rate in the data set than pre-Brexit levels. If the trend continues, this data would show that the industry is still in high demand, even though the market has fallen in value over the past five years.

## Industry Benchmarking Information - September 2018

Hallidays' client base consists of small to lower mid-market enterprises. Our benchmarking analysis reflects businesses with turnover below £10m, in line with the majority of our clients in this sector.

Market Research Benchmarking Data	Mean	Median	Lower Quartile	Upper Quartile
Turnover Growth/Decline (%)	4.13	3.40	-14.12	17.48
EBIT Margin (%)	6.53	6.54	-0.89	13.04
EBIT Growth/Decline (%)	9.36	10.17	-48.56	78.22
EBITDA Margin (%)	7.40	8.21	1.04	14.32
EBITDA Growth/Decline (%)	5.17	10.17	-46.88	75.98
Total Net Assets Growth/Decline (%)	7.65	4.82	-9.67	21.65
Current Ratio	2.91	1.62	1.04	2.68
Acid Test	2.90	1.62	1.04	2.68

### Market Research Benchmarking

Using full company accounts filed in the last two years under the SIC-Code "732 - Market research and public opinion polling". Excluding companies with nil turnover in either period, we have summarised key benchmarking information for businesses under £10m turnover in the table above. September 2018.

### M&A Activity Source

Experian Market IQ (September 2018)

Search Criteria: SIC-Code "732 - Market research and public opinion polling".



# Funding

## Do you know all of the funding solutions available to help you grow your business?

There is a wide range of funding solutions available to you, many of which you may not have heard of, or even considered which we can help you with. It might be worth asking yourself...

Are you keen to find funding to support your innovative plans?  
Do you have funding, but you're not sure if it's the right type?

As a registered credit broker, we can answer all of these questions and make accessing funding simple and straightforward. So, if you need a better facility for working capital, or if you're looking for a larger chunk of cash for investing in machinery, marketing or a new product line, then let us know.

Our collaborations with high street banks, Funding Circle, Funding Options and numerous other funders can help you find the funding you need.

If you wish to enquire further about funding, please contact:

Michael Berger - Corporate Finance Manager - [michaelb@hallidays.co.uk](mailto:michaelb@hallidays.co.uk) - 0161 476 8276

## Cashflow or Asset Finance

As a Funding Circle Introducer and with our network of funders, we can provide cashflow loans, where this is the right type of finance for your business.

## Growth Funds, Venture Capital & Private Equity

If you have a high growth or innovative business, we can help you to secure the right equity and debt investment to reach the next stage in your business' evolution.

## Stockport Business Angels

We are the Stockport Business Angels (affiliate of NWBA) and link businesses with the right collaboration and funding from business angels investors.

## Invoice Finance (discounting/factoring) / Construction / Trade Finance

Invoice finance is becoming a more attractive option to a bank overdraft, this can ease cash flow, whilst providing a flexible facility.

## Funding Success Stories

Hallidays has had a number of successes when it comes to obtaining growth funding for our clients:

- **ABN Amro Bank** £100k invoice finance facility (IFF) - To improve working capital for a seasonal company.
- **Aldermore Bank** £150k IIF - For a creative design studio requiring cash to expand.
- **RBS Invoice Finance** £100k IFF - For an engineering company to purchase bespoke machinery enabling them to fulfil a contract.
- **Lombard** £130k asset finance - For fittings and electronic equipment in a hospitality business.
- **FW Capital** - Growth funding of between £100k-£750k for multiple clients.



**HALLIDAYS**  
CORPORATE FINANCE