



Department for
International Trade

DIT National Survey of UK Registered Businesses 2021

2021 Report

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1. Executive Summary

About the National Survey of Registered Businesses (NSRB)

The National Survey of Registered Businesses (NSRB) is commissioned by the Department for International Trade (DIT) to monitor businesses' exporting behaviours, plans, capabilities and attitudes towards exporting. It is also used as an evaluation tool for measuring the performance of DIT's communications campaigns.

Six waves of the NSRB have been completed to date. The first wave of interviewing was conducted in 2015 and there have subsequently been waves of interviewing in 2016, 2017, 2018, 2020 and 2021.¹ In 2021, a total of 3,002 responses were collected from businesses across 4 points in the year. This has allowed DIT to understand business opinion as they responded to the COVID-19 pandemic, supply chain disruption and post EU Exit trade arrangements with the EU. For ease of understanding, this report focuses on the overall findings for the year, including a summary of the main quarterly changes in Chapter 11.

The primary focus of the NSRB is on businesses with an annual turnover of £500,000 or more, on the basis that the size of these businesses means that they can potentially generate high value exports and scale fast through exporting. As such, wherever the report refers to 'UK businesses', it is only those with a turnover of £500,000 or higher which are being considered. To reflect DIT's growing interest in small and medium sized businesses, findings relating to the wider population of all registered businesses, including those with a turnover of less than £500,000, have been included in Chapter 12.

Survey findings – (£500,000+ turnover businesses)

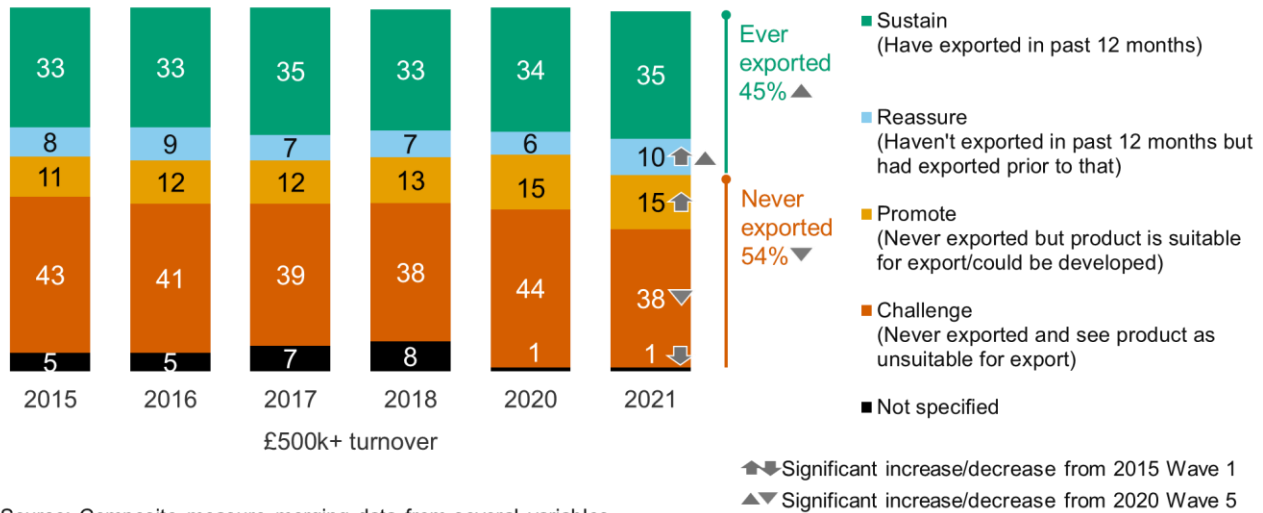
The NSRB allocates businesses into 1 of 4 **segments** that reflect their exporting behaviour. In 2021, the proportions of businesses falling into each segment were broadly similar to previous waves. In 2021:

- more than a third (35%) of businesses had exported either goods or services in the past 12 months and therefore fell into the 'Sustain' segment
- a further 10% were either lapsed or intermittent exporters, who had not exported in the past 12 months but had done previously. These made up the 'Reassure' segment
- around 1 in 7 (15%) businesses were in the Promote segment, meaning they had never exported but had goods or services either suitable for export or could be developed for export
- the Challenge segment is made up of businesses which have never exported and do not see their goods or services as suitable for export. They account for over a third (38%) of businesses
- the remaining 1% of businesses fall outside the segment definitions and are typically uncertain of their exporting potential or history

¹ These were waves 1-6 of the survey, although years do not fully align with waves. For example, Wave 4 fieldwork took place in 2018 and Wave 5 in 2020. See section 3.2 for fieldwork dates in each wave.

Figure 1.1: Exporting Segments 2015 - 2021

% all respondents



Source: Composite measure merging data from several variables

Base : All respondents: 2015 Wave 1/2016 Wave 2/2017 Wave 3/2018 Wave 4/2020 Wave 5/2021 Wave 6:
All £500k+ turnover (1160/1139/2535/2448/2557/2485)

The evidence in relation to **exporting behaviour** indicates that the proportion of businesses that had exported in the last 12 months was in line with previous years (2021: 35%, 2020, 34%). Overall, the proportion of businesses which have ever exported (45%) has increased significantly since 2020 (40%).

Exporting behaviour differs across the UK's nations and regions. In England, the regions with the highest proportion of current exporters (in the 'sustain' segment) are Midlands Engine (37%), London (36%), Northern Powerhouse (35%). The proportion of current exporters is slightly lower in Wales (31%) and Scotland (30%). The overall proportion of businesses that had never exported has decreased in several parts of the UK (Northern Powerhouse: 62% in 2020 to 51% in 2021; Midlands Engine: 59% in 2020 to 51% in 2021; Wales: 71% in 2020 to 55% in 2021). However, there has been a steady increase in businesses that had never exported specifically in East Anglia (48% in 2017 to 60% in 2021). **Exporting behaviour in Northern Ireland** appeared to be high in comparison with the rest of the UK, however, a significant proportion only exported to the Republic of Ireland. In 2021, a third (34%) of Northern Irish businesses reported that they had exported in the past 12 months, but only to the Republic of Ireland, a quarter (23%) said they exported both to the Republic and overseas, and 1% exported to overseas destinations only. These findings are broadly in line with 2020.

Despite the overall proportion of businesses that had exported in the last year being consistent with 2020, this group were more likely to report a **reduction in their exports** when compared to 2020. Current exporters of goods were more likely to report that their exports had reduced, with 28% reporting this in 2020 compared to 41% in 2021. For current exporters of services, the proportion increased from 23% in 2020 to 34% in 2021. Businesses most commonly cited the COVID-19 pandemic and EU Exit as the reason for reducing exports, alongside reduced demand in the sector. Despite this, the level of **passivity in exporting** behaviours (referring to businesses responding to orders in other countries, rather than actively targeting them) has remained consistent with 2020.

Businesses were questioned about exporting to various markets. In line with 2020, 9 in 10 exporters (89%) had exported to the EU in the last 5 years. Business were asked in detail about whether they experience any **barriers exporting to Australia, China, New Zealand and the USA**, which were priority markets for DIT during the fieldwork period. Just under half (45%) of

those exporting or considering exporting goods to these 4 markets had faced barriers to doing so. Around 1 in 3 (34%) also faced barriers in relation to services. The most common barriers related to customs procedures and documentation requirements. When asked about **key capabilities required for exporting**, businesses most often reported having adequate supply chains and the capability to conduct business planning and costs assessments. However, compared with previous years, smaller proportions reported having capabilities and capacities necessary for exporting (including having adequate supply chains). This was mainly driven by current and lapsed exporters.

7 in 10 current exporters (70%) specifically reported having **supply chain issues** in 2021. This was attributed to either the COVID-19 pandemic (21%), the UK's exit from the EU (15%) or both of these equally (32%). Throughout the year, the proportion of businesses attributing supply chain issues mostly to COVID-19 remained consistent. However, attribution to EU Exit fluctuated over the year, with greater proportions reporting supply chain issues for this reason in the first half of the year than in the second half (17% in Q1, 21% in Q2, 13% in Q3, 8% in Q4).

When asked about **Free Trade Agreements (FTAs)**², over half of businesses (54%) expected FTAs to have no effect on their business. A third (33%) believed that FTAs would have a positive effect. Reduced customs duties between signatory countries are typically a term of an FTA, but results suggest there is a knowledge gap around this for many businesses, particularly with regards to eligibility, and what requirements need to be met in order to comply. All businesses that had ever exported to non-EU countries were asked if they were aware whether the goods they most frequently export to these countries were eligible for reduced customs duties. A third (33%) of these businesses were aware of whether their goods were eligible for customs duties, and just under half (48%) said that they did not know about their goods' eligibility. Just over 2 in 5 (43%) of exporting businesses aware of their goods' eligibility for reduced customs duties reported that their most frequently exported goods to non-EU countries benefit from these some of the time, never, or almost never. This group was asked further questions about what factors had prevented these exports from obtaining reduced customs duties. The 3 most common barriers to obtaining reduced customs duties were difficulties in finding relevant information on how to obtain reduced custom duties (29%), difficulties understanding the available information on how to obtain reduced customs duties (25%), and difficulties complying with the requirements to make exports eligible for preferences (23%). These remained consistent with 2020.

Beyond those relating to customs duties, 2021 has seen the growth of **knowledge gaps** in relation to **how to export**. 1 in 5 businesses (21%) had a high level of knowledge of how to export, which represents fewer businesses than in 2020 (26%) and marks a consistent pattern of decline since 2018. For the first time since 2018, businesses are more likely to report having a 'low' knowledge of how to export (30%), than to report 'high' knowledge (21%). Despite this, knowledge **around where to go for information about exporting** and **where to go for help and support with exporting** has remained broadly stable since 2018.

Businesses reported using a wide range of **sources to stay informed about exporting or business products**, with websites and internet searches reported most often alongside informal contacts. The proportion of businesses reporting using various channels has increased in 2021. Websites and internet sources remained the most popular source among businesses, with 3 in 4 saying they used these to stay informed (74%) and a third citing social media (32%). Although just 1 in 5 (18%) reported using paid exporting services, 3 in 4 (72%) of this group said it was easy to identify an appropriate organisation to help them export. Notably, **awareness of advertising and information** designed to encourage businesses to think about exporting increased significantly in

² Free Trade Agreements set out the rules that cover trade between 2 or more countries and aim to make trading between these countries easier. This may include the removal or reduction of customs duties. See <https://www.gov.uk/government/collections/the-uks-trade-agreements>

2021 (36%) compared to 2020 (28%). This coincided with EU transition campaigns run by DIT and HM Government over this period.

In terms of **plans and expectations for the future**, around 2 in 3 businesses (68%) reported **plans to grow their business** in 2021, consistent with the proportion in 2020.³ Businesses were also more likely in 2021 than 2020 to believe that the **value of UK exports would increase** over the next 12 months and 5 years. This may represent an increase in optimism among businesses for exporting potential over the next year but could also be indicative of the relative decline in exporting over the past year. Notably, businesses reported having greater concerns about the **level of demand for British products and services** in 2021 compared to 2020. These concerns are likely to be related to both COVID-19 and EU Exit, though fewer businesses attribute reduced demand to COVID-19 specifically in 2021 compared to 2020. In 2021 there was also a reduction in the proportion of businesses **introducing new or improved products** compared to 2020, which marked a continuation of the decline in this metric observed since 2018.

Wider-world context (£500,000+ turnover businesses)

Throughout 2021, businesses continued to be challenged by EU Exit and the COVID-19 pandemic. This is evident in the greater proportions of businesses reducing exports, a decline in innovation, and growing concerns about demand for British products and services. Specifically, businesses reported that EU Exit and COVID-19 have contributed to practical challenges, such as supply chain issues, customs procedures, documentation, and administrative burdens. 2021 has also seen significant decline in the proportion of businesses who reported having various key capabilities for exporting.

These challenges have been experienced in the context of key knowledge gaps, primarily relating to:

- a growing lack of understanding among businesses on how to export
- difficulties accessing and understanding information on reduced custom duties and FTAs. This includes determining whether a business is eligible and understanding or meeting compliance requirements

Despite these challenges, the proportion of businesses who reported knowing where to go for information, help and support remained broadly stable. Furthermore, usage of many key sources of information has increased in 2021, with websites and internet sources the most popular sources overall. The proportion of businesses planning to grow also remained consistent with 2020, and a greater proportion of businesses believe that the value of UK exports will increase over the next 12 months and 5 years.

³ The question on growth was adapted in 2021 to reflect the fact that returning to profitability may be a key challenge for many businesses following the COVID-19 pandemic. The introduction of an additional response option covering the return to profitability means that direct year on year comparisons are not possible across the whole scale, although the responses reflecting growth are broadly comparable with earlier years.

2. Background

This chapter provides an overview of the policy background to the National Survey of Registered Businesses as well as a summary of the aims of the survey. The full survey name has been abbreviated to 'the NSRB' throughout.

DIT's objectives

As specified in the Spending Review 2021⁴ and the DIT Outcome Delivery Plan⁵ the Department for International Trade's objectives for 2021-2022 are to:

- secure world-class free trade agreements and reduce market access barriers, ensuring that consumers and businesses can benefit from both
- deliver economic growth to all the nations and regions of the UK through attracting and retaining inward investment
- support UK businesses to take full advantage of trade opportunities, including those arising from delivering FTAs, facilitating UK exports
- champion the rules-based international trading system and operate the UK's new trading system, including protecting UK businesses from unfair trade practices

These objectives are underpinned by a diverse range of activities which, reflecting the complexity of DIT's remit, often involve working with other government departments. The NSRB contributes to these objectives by monitoring businesses' exporting behaviours, plans, capabilities and attitudes towards exporting as well as measuring the performance of DIT's communications campaigns. Each wave, survey questions are tailored to cover the key objectives, for example, the introduction of the Free Trade Agreement questions and the key markets (USA, Australia and, New Zealand) the survey covers are directly mentioned in the spending review. Further details of the DIT Outcome Delivery Plan may be found in the Spending Review 2021.

In November 2021 (towards the end of the fieldwork period covered by this report), DIT published a refreshed 2021 export strategy to support British businesses looking to export to the global market.⁶ The strategy is a business-facing 12-point action plan to support new and existing exporters. The 12-point strategy has a range of new and existing support measures, including:

- the Export Support Service (ESS)
- an expansion of the UK Export Academy
- a new UK Tradeshow Programme
- launching the 'Made in the UK, Sold to the World' campaign

⁴ See: HM Treasury, Autumn Budget and Spending Review 2021: documents, 27 October 2021: <https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

⁵ See: Department for International Trade, DIT Outcome Delivery Plan: 2021 to 2022, 15 July 2021: <https://www.gov.uk/government/publications/department-for-international-trade-outcome-delivery-plan/dit-outcome-delivery-plan-2021-to-2022>

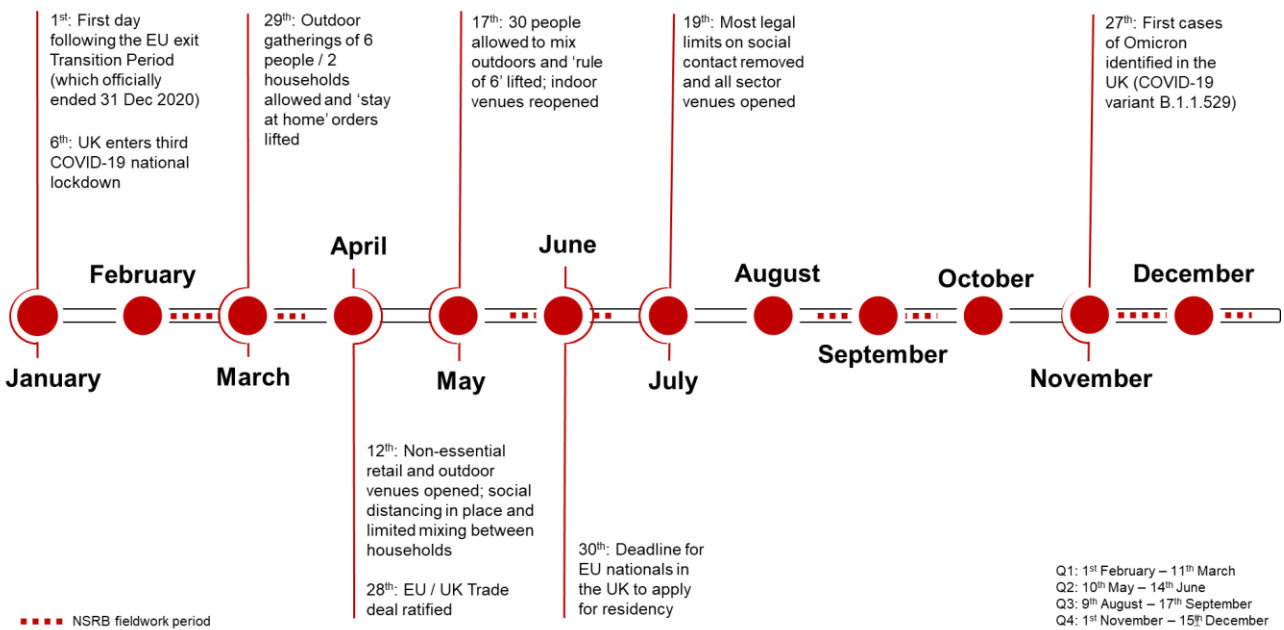
⁶ See DIT's 2021 Export Strategy: <https://www.gov.uk/government/publications/export-strategy-made-in-the-uk-sold-to-the-world#:~:text=This%20is%20the%20Department%20for,support%20new%20and%20existing%20exporters.>

Context

Timeline of relevant events

This survey year was dominated by 2 events that affected businesses – the COVID-19 pandemic and the consequences of the UK’s withdrawal from the European Union (EU). The beginning of January 2021 saw the UK enter a third national lockdown and the EU Exit agreement take effect, directly affecting businesses across the country. Figure 2.1 sets out the timeline of key events relating to EU Exit and the COVID-19 pandemic alongside survey fieldwork periods.

Figure 2.1: Summary of key events relating to COVID-19 and EU Exit in 2021



COVID-19

The COVID-19 outbreak in the UK began in early 2020 and rapidly grew to affect UK and international businesses to varying degrees. In 2021, the UK experienced national lockdown and the relaxation of various public health measures previously put in place relating to social distancing, mask wearing and business or venue closure. Global approaches to COVID-19 have differed significantly: in some countries, restrictive measures have continued whilst others have relaxed them. This has continued to disrupt global trade flows.

On 6 January 2021, a third lockdown was announced in the UK whereby individuals were only allowed to leave their home for basic necessities, to go to work or provide voluntary services (if this could not reasonably be done from home), meet with support bubbles where necessary or seek medical assistance or attend education.⁷ These measures were gradually relaxed from March, and by July, most COVID-19 related public health measures had been relaxed.

⁷ Prime Minister’s Office, Prime Minister announces national lockdown, 4 January 2021: <https://www.gov.uk/government/news/prime-minister-announces-national-lockdown>

An ONS report published in November 2021 highlighted the significant decline in businesses importing and exporting services compared to 2019, which was largely attributed to the effects of COVID-19, with travel and transport services most affected.⁸

Throughout 2020 and the majority of 2021, DIT campaign activity was reduced to make way for a high-profile campaign about the EU Exit transition. Furthermore, DIT campaign activity ceased in August 2019 after the outbreak of COVID-19 and restarted in October 2021. COVID-19 developments, whether those be increasing or relaxing restrictions, will also have affected how businesses answer questions should be taken into account when interpreting results.

EU Exit and future trade

The United Kingdom European Union membership referendum took place on 23 June 2016. This was an important contextual factor which was highly likely to have impacted on the data collected in Waves 2 to 5 of the NSRB:

- wave 2 was conducted in the run-up to the referendum, at which point businesses would have been exposed to arguments both for and against EU membership and the potential impacts on future trading arrangements
- waves 3 and 4 were conducted in the aftermath of the referendum result and against a background where there had been ongoing and extensive discussion of matters that would have a direct impact on exporting
- wave 5 fieldwork was conducted after the beginning of the transition period. The transition period was a time during which the UK and EU worked out what their future relationship would be after the UK's EU withdrawal. It began on 1 January 2020 and ended on 31 December 2020, during which time the UK remained in the EU customs union and the single market. It was only towards the latter end of 2020 that clarification about the UK's future trading relationship with the EU and wider world emerged, enabling businesses to better plan their futures

EU Exit officially came into effect following the end of the transition period on 31 December 2020. By April 2021, the EU / UK Trade deal had been ratified. Wave 6 fieldwork was conducted throughout this post-transition period.

According to the ONS, the end of the EU transition period was cited as the primary reason for challenges in exporting and importing goods (compared to services). Companies reported related difficulties in finding staff in the UK and subsequently needing to import more services, shortages of materials, fuel or drivers, and increasing costs relating to additional paperwork and fees.⁹

⁸ Office for National Statistics, The impacts of EU exit and coronavirus (COVID-19) on UK trade in services: November 2021, 22 November 2021:

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/theimpactsofeuexitandcoronaviruscovid19onuktradeinservices/november2021>

⁹ See: Office for National Statistics, The impacts of EU exit and coronavirus (COVID-19) on UK trade in services: November 2021, 22 November 2021:

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/theimpactsofeuexitandcoronaviruscovid19onuktradeinservices/november2021>

3. Survey methodology

This chapter provides an overview of the survey methodology and contains information which is important for readers be aware of. Further details of the survey methodology are included in the Technical Report which is published alongside this main report.

Key points to acknowledge when reading this report are as follows:

- the NSRB was conducted using a CATI method (Computer Assisted Telephone Interviewing). Interviews were undertaken with the senior manager who was best qualified to talk about specifics of the business – this was typically the owner, proprietor, managing director or another senior decision maker.
- there are 2 separate data sets:
 - one dataset on the annual findings of surveyed UK registered businesses weighted to be representative of the total population
 - one dataset on the annual findings of surveyed UK registered businesses with a turnover of £500,000+, weighted to be representative of this group
- data were collected at an enterprise level (that is where respondents provide answers relating to their organisation as a whole rather than at branch or site level)
- there are margins of error around the survey data quoted in this report and some apparent trends in charts may not be statistically significant
- written commentary focuses on findings where significance testing indicates that we can be confident that the survey data show change in relation to previous waves
- the sample sizes of Waves 3-6 are larger than those of earlier waves (and the margins of error surrounding data from these later waves are, accordingly, smaller)
- in some cases, figures do not total 100% due to rounding
- in some regional analysis, aggregated regions are occasionally used: Northern Powerhouse (covering North West England, North East England and Yorkshire and the Humber), and Midlands Engine (covering East Midlands and West Midlands)

The objectives of the NSRB

The NSRB functions to support DIT's objectives. It is a strategic survey for the Department, used by policy and strategy stakeholders across government by monitoring businesses' exporting behaviours, plans, capabilities and attitudes towards exporting. It is also used as an evaluation tool for measuring the performance of DIT's communications campaigns.

Relating to the first of these aims, the NSRB is designed to:

- measure of the size of the opportunity and challenge for DIT in terms of the proportion and number of companies at different stages of the exporting journey
- ascertain business attitudes to trade and exporting
- give information on barriers to exporting and how they might be addressed

- identify the level of business interest in, and engagement with, exporting support and advice
- highlight skills, resource and knowledge gaps among businesses

The most recent wave of the survey (Wave 6) includes several new questions designed to:

- identify the barriers preventing or hindering businesses exporting goods and services
- understand the perceived impact of Free Trade Agreements on businesses
- understand the impact of COVID-19 and the UK's exit from the EU on businesses exporting

Relating to its use as an evaluation tool, the events of 2020 led to the pausing of the *Exporting is GREAT* campaign. While most campaign related questions were removed from the wave, some core questions about communications have remained, aiming to:

- capture awareness of information and advertising about exporting
- measure which sources of exporting publicity businesses have encountered
- measure awareness and usage of the great.gov.uk website
- measure awareness and usage of the Northern Powerhouse website

Sample and fieldwork design

The sample for all 6 waves was drawn from the Inter-Departmental Business Register (IDBR). The IDBR provides the main sampling frame for surveys of businesses carried out by the Office for National Statistics (ONS) and other government departments. It covers 2.7 million businesses in all sectors of the UK economy, other than very small businesses (those without employees and with turnover below the tax threshold) and some non-profit making organisations. The 2 main sources of input are the Value Added Tax (VAT) system from HMRC (Customs) and Pay As You Earn (PAYE) from HMRC (Revenue). Additional input comes from Companies House, Dun and Bradstreet and ONS business surveys. As such, the survey population only consists of registered businesses.

£500,000+ turnover businesses were oversampled relative to their true proportion in the population of businesses, reflecting DIT's focus on high export potential (HEP) businesses. This allowed for more robust sub-group analysis when examining the £500,000+ businesses which are the primary focus of this report. However, this sampling approach has limited the analysis of the total sample of all businesses. The weighting scheme required to compensate for the smaller proportion of lower turnover businesses results in a lower effective base size and larger margins of error around the all-business estimates.

The sample was stratified and quotas were applied to ensure that the required number of interviews was achieved with companies of a range of sizes; companies in a range of sectors; and companies based in different regions of the UK.

The findings from 6 waves are included in this report. At Wave 5, a new quarterly approach was introduced to the survey, which was continued for Wave 6. This quarterly approach allowed the questionnaire design to be more flexible to DIT's changes of priority and to political and current affairs which may have very significant impacts on businesses' exporting attitudes and behaviours. The timing of fieldwork for each wave was as follows:

- wave 1: 20 October to 6 November 2015
- wave 2: 1 April to 4 May 2016
- wave 3: 26 July to 7 September 2017
- wave 4: 23 October 2018 to 4 January 2019
- wave 5 Q1: 3 February 2020 to 20 March 2020
- wave 5 Q2: 5 June to 10 July 2020
- wave 5 Q3/Q4: 5 November 2020 to 14 December 2020
- wave 6 Q1: 1st February 2021 to 11th March 2021
- wave 6 Q2: 10th May 2021 to 14th June 2021
- wave 6 Q3: 9th August to 17th September 2021
- wave 6 Q4: 1st November to 15th December 2021

In relation to DIT's communication campaigns, it is useful to understand campaign measures in line with the context below:

- wave 1 was conducted prior to the launch of the Exporting is GREAT campaign. Subsequent waves have been conducted around bursts of campaign activity. Due to the variability of campaign activity, the relative timings of fieldwork have varied between waves
- wave 2 was conducted immediately after the campaign had aired
- wave 3 was conducted 3 months after the campaign had aired, which may have affected the recorded levels of campaign awareness
- wave 4 was conducted during campaign activity, so there was no time lag. However, the amount of activity which took place prior to fieldwork was lower than for previous waves, which may also have impacted on campaign awareness
- campaign activity paused while the first quarter of Wave 5 was in field and has not resumed since
- from Wave 2 through to Wave 5 Q1, respondents were directed to a website which allowed them to view campaign materials during the telephone interview
- in the time period covered by last half of Wave 5 and beginning of Wave 6, DIT's campaign activity was minimal to allow for the EU transition campaign in preparation for the UK's exit from the EU. In Wave 6 Q4 new campaign activity was launched to direct businesses to export support services and export advice/webinars

The survey data are not longitudinal – a separate sample of businesses was interviewed at each wave.

The NSRB collects enterprise level data whereby respondents give answers in relation to their organisation as a whole rather than focusing on smaller reporting units within the organisation. This means that the NSRB reports a higher incidence of exporters than is found in surveys which publish data based on reporting units (given that many businesses will comprise some reporting units which export and some reporting units which do not). The Annual Business Survey is the UK's main structural business survey which provides reporting-unit level data.¹⁰

¹⁰ See: <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualbusinesssurvey>

Sample size and effective base sizes

The unweighted sample sizes achieved in each wave are shown in Figure 3.1 and the quarterly breakdown for Wave 6 in Figure 3.2.

All waves of the survey were weighted to ensure that they matched the profile of businesses on the IDBR at the time the sample was drawn in terms of:

- business turnover interlocked with number of employees
- region
- broad sector

Two separate sets of data were produced, each weighted on the above factors. The first data set was based only on £500,000+ turnover businesses (the focus of Chapters 4-11). The second was based on the total population of registered businesses (the focus of Chapter 12).

The effective base sizes for each of these data sets are also shown in Figure 3.1.¹¹

Figure 3.1: Unweighted and effective base sizes by data set

Sample	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6
£500,000+ businesses – unweighted base	1,160	1,139	2,535	2,448	2,557	2,485
£500,000+ businesses – effective base	922	909	1,617	1,319	1,457	1,080
All businesses – unweighted base	1,405	1,418	2,991	3,000	3,001	3,002
All businesses – effective base	347	405	550	635	529	674

Figure 3.2: Unweighted and effective base sizes by quarter, Wave 6

Sample	Q1	Q2	Q3	Q4
£500,000+ businesses – unweighted base	635	598	654	598
£500,000+ businesses – effective base	329	155	359	398
All businesses – unweighted base	751	751	750	750
All businesses – effective base	172	185	133	200

¹¹ The effective base size takes account of the reduction in statistical reliability associated with weighting data and is the value which is used in any significance testing conducted throughout this report. See the accompanying technical report for further details of the weighting schemes.

Statistical significance

Survey data are subject to error. In most cases the responses obtained from a survey sample will not perfectly reflect the wider population that the sample represents.

Strictly speaking confidence intervals cannot be applied to quota samples, like this one, given that they do not use equal or known probabilities of selection.

We have applied significance testing to the data and have used this to guide our commentary.¹² Charts throughout the report also highlight where differences across waves or between sub-groups are sufficiently large to note.

However, due to the sampling method, none of the findings in this report are statistically significant in the conventional sense; that is, being able to assume to within a stated degree of probability that they also apply to the wider population. Where 'significance' is referenced, this is only intended as a guide to the findings that stood out within this dataset.

The significance of specific-sector results is highly dependent on natural fallout of sector achieved over the course of fieldwork. In 2021, the NSRB received fewer responses within the following sectors that resulted in a lower effective base size in comparison to 2020. Comparative analysis on these specific sectors should be considered indicative only:

- consumer and discretionary
- financial and insurance
- information and communication
- transportation and storage

Segment definitions

DIT groups all UK businesses into 4 segments which reflect businesses' views on their potential to export. At Wave 5, some amendments were made to questions used to define the segments. These changes have enabled DIT to group businesses by segment more accurately and have substantially reduced the numbers of businesses unallocated to a segment whilst keeping proportions in each segment consistent. For more on this, please see the Wave 5 technical report¹³.

The 4 segments are outlined below:

- **sustain:** this segment includes current exporters, defined as UK businesses which have exported goods or services in the past 12 months
- **reassure:** this segment includes lapsed or intermittent exporters. These are UK businesses which had previously exported but have not done so in the past 12 months

¹² Commentary throughout the report focuses on data that, in an equivalent random probability sample, would be statistically significant at a 95 per cent confidence level. This means that if the survey were to be conducted 100 times, a finding of the same nature (for example sub-group A is more likely to respond in a certain way than sub-group B) would be found on at least 95 occasions.

¹³ See: Department for International Trade, DIT National Survey of Registered Businesses Technical Report – Wave 5, 16th June 2021:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994096/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-technical-report-wave-5.pdf

- **promote:** this segment includes self-identified potential exporters. These are UK businesses which have never exported but believe they have goods or services which could potentially be exported or developed for export
- **challenge:** this segment includes non-exporters, defined as UK businesses which have never exported and do not currently see their goods or services as suitable for export

4. Current and future exporting behaviours – (£500,000+ turnover businesses)

This chapter examines whether UK businesses are currently exporting and, if not, whether they potentially could. It also investigates how this has changed over time, and whether businesses are planning to start exporting.

Overall, the findings from this chapter indicate that a greater proportion of businesses had experience of exporting compared to 2020, which was particularly driven by increases in the proportion of businesses exporting goods. However, in 2021, those who had exported before were more likely to report reducing exports in the last 12 months than they were in 2020, and this was particularly the case among businesses exporting goods.

Throughout this section, where possible, distinction is made between COVID-19 led factors and EU Exit-led factors, however it is not always possible to separate them. Reporting by the ONS provides more detail on this relationship.¹⁴

Key findings in this chapter are as follows:

- a greater proportion of businesses had experience of exporting in 2021 (45%) compared to 2020 (40%). More than a third (35%) reported exporting in the last 12 months, while a further 1 in 10 (10%) reported exporting more than 12 months ago but not in the last 12 months
- businesses in Northern Ireland were more likely to be current exporters than those in the rest of the UK. These exports are primarily of goods, and to the Republic of Ireland. This is consistent with findings from 2020
- Manufacturing, raw materials and energy are the key sectors for exports across the UK as a whole
- more than a quarter of businesses (27%) had exported goods in the last 12 months and 12% had exported services. Compared with previous years, this is an increase in the proportion exporting goods, and a decrease in the proportion exporting services
- those who had exported before were more likely to report a reduction in their exports over the last 12 months compared to 2020. Businesses were more likely to report reducing their export of goods (41%) than services (34%). The main reasons given for reducing exports were EU Exit, COVID-19, and reduction in demand
- levels of passivity were broadly consistent with 2020. Almost 3 in 4 businesses (73%) who had exported before reported that they respond to orders from abroad, but do not specifically target customers in other countries. A quarter (23%) took a more active approach, intentionally targeting customers in specific countries
- as in previous years, over half (55%) of businesses that have ever exported had done so to the USA, Australia, China or New Zealand in the last 5 years. Around 9 in 10 (89%) had exported to the EU which is consistent with 2020 (88%)

¹⁴ Office for National Statistics, The impacts of EU exit and coronavirus (COVID-19) on UK trade in services: November 2021, 22 November 2021, see: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/theimpactsofeuexitandcoronaviruscovid19onuktradeinservices/november2021>

- there continued to be a large pool of businesses in the Promote and Reassure segments which were potentially able to export but which are not currently doing so. The majority of these, however, did not have plans to start exporting

Current exporting behaviours

This section focuses on the exporting segments outlined in Figure 4.1. These segments provide a summary of where businesses currently sit on the pathway to exporting. In 2020, the exporting segments were measured using a new set of questions in the NSRB questionnaire. There were no changes to the way in which businesses were allocated to segments between 2020 and 2021 but fewer businesses were left unallocated with the new questions than in previous years. Unallocated businesses were typically those that reported being unsure of exporting behaviour, or otherwise refused to answer questions necessary for the segmentation.

Figure 4.1: Exporting segments

Sustain (<i>current exporters</i>): businesses that <i>have exported goods or services in the past 12 months</i>
Reassure (<i>lapsed exporters</i>): businesses that <i>haven't exported in the past 12 months, but which had exported previously</i>
Promote (<i>potential exporters</i>): businesses that <i>have never exported but which self-identify as having goods or services which could potentially be exported or developed for export</i>
Challenge (<i>non-exporters</i>): businesses that <i>have never exported and do not currently see their goods or services as suitable for export</i>

As shown in Figure 4.2, a third (35%) of businesses had exported either goods or services in the past 12 months and fell into the 'Sustain' segment. A further 1 in 10 (10%) were lapsed exporters, who had exported before but not in the past 12 months, known as the 'Reassure' segment. As such, a total of 45% of businesses had direct experience of exporting (whether current or past).

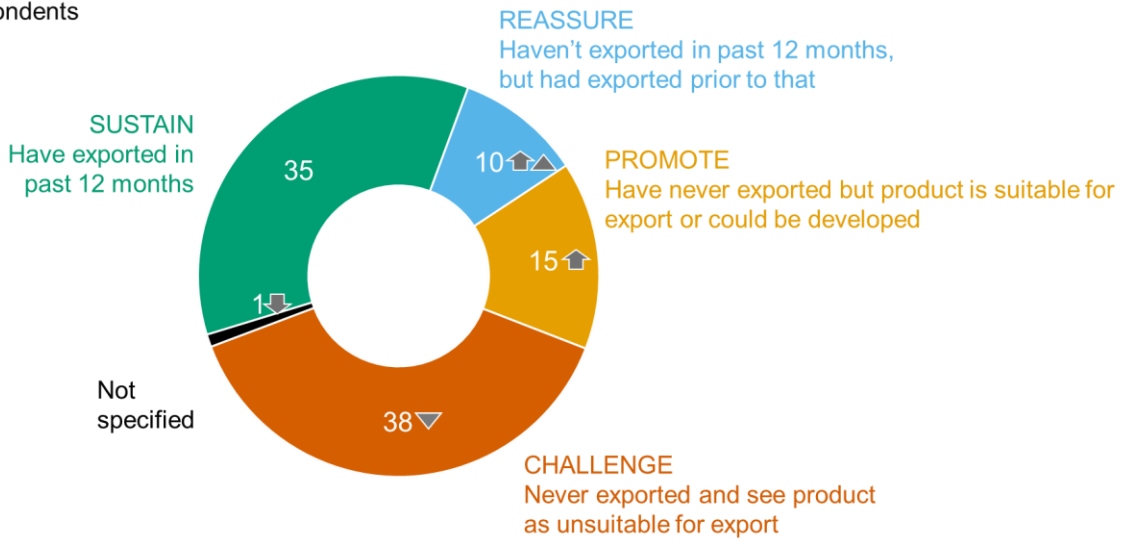
Around 1 in 7 businesses (15%) had never exported but self-identified as having goods or services that were suitable, or which could be developed, for export – constituting the 'Promote' segment. This is the group from which new exporters are most likely to come and the size of the group suggests that more UK businesses *could* export than currently *do* export. Given that the population of registered businesses with a turnover of at least £500,000 is 441,172, the number of businesses in the Promote segment is estimated to be somewhere between circa 58,300 and circa 77,300 in 2021.¹⁵ In 2020 there were between circa 60,800 and circa 77,800 businesses in the segment.

The Challenge segment is made up of businesses which have never exported and whose products or services are not suitable for doing so. This accounts for around 4 in 10 businesses (38%). The remaining 1% of businesses fall outside the segment definitions and are typically uncertain of their exporting potential or history.

¹⁵ The unrounded proportion of businesses in the Promote segment was 15.37%. There is a margin of error of $\pm 2.153\%$ associated with the survey estimate at a 95% confidence level. The proportion of businesses in this segment is therefore estimated to lie between 13.22% (that is 15.37% minus 2.153%) and 17.53% (that is 15.37% plus 2.153%). The upper estimate is therefore 441,172 times 17.53% = 77,320. The lower estimate is 441,172 times 13.22% = 58,319. The provisos regarding the calculation of confidence intervals on quota samples outlined in the Methodology chapter also apply here.

Figure 4.2: Proportion of businesses in each exporting segment

% all respondents



Source: Composite measure merging data from several variables
 Base : All respondents: £500k+ turnover 2021 Wave 6 (2485)

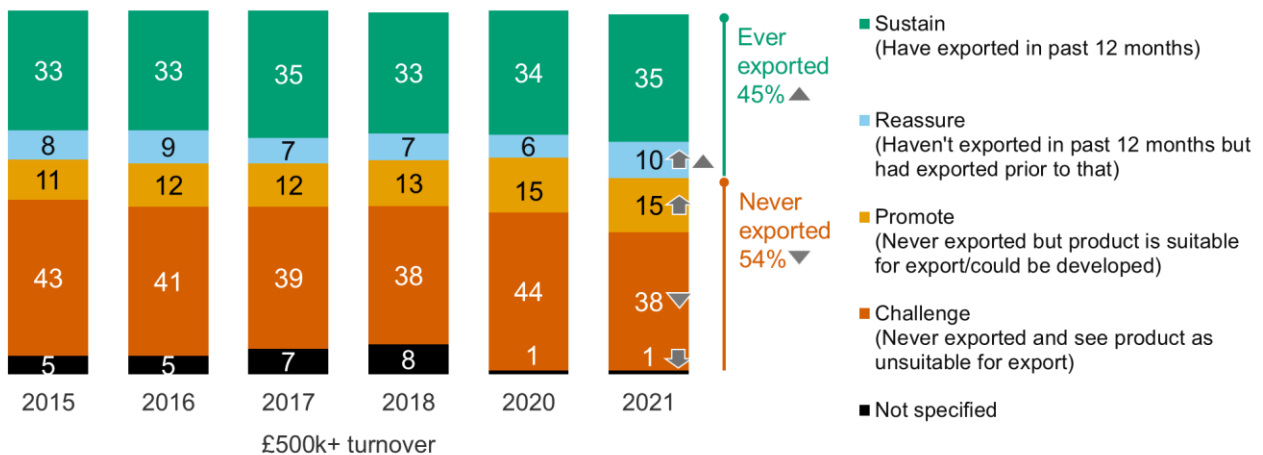
▲ Significant increase/decrease from 2015 Wave 1
 ▲ Significant increase/decrease from 2020 Wave 5

Figure 4.3 shows that the proportion of businesses falling into the Sustain segment (35%) has remained stable across all 6 waves of the NSRB, while there have been fluctuations in the sizes of other segments. The proportion of businesses in the Reassure segment (10%) is marginally higher than in both 2015 (8%) and 2020 (6%). Overall, the proportion of businesses which have ever exported (45%) has increased significantly since 2020 (40%).

There has been a small increase in the proportion of businesses in the Promote segment (15%) since 2015 (11%). Overall, the proportion of businesses which have never exported (54%) has decreased significantly since 2020 (59%).

Figure 4.3: Proportion of businesses in each exporting segment over time

% all respondents



Source: Composite measure merging data from several variables
 Base : All respondents: 2015 Wave 1/2016 Wave 2/2017 Wave 3/2018 Wave 4/2020 Wave 5/2021 Wave 6:
 All £500k+ turnover (1160/1139/2535/2448/2557/2485)

▲ Significant increase/decrease from 2015 Wave 1
 ▲ Significant increase/decrease from 2020 Wave 5

In comparison with 2020, the proportion of businesses in each segment by business size remained broadly consistent. However, the proportion of micro businesses (with 0-9 employees) which fell into the Reassure segment increased from 7% to 13%, and the proportion of small (lower band) businesses (with 10-19 employees) in the Challenge segment fell from 47% to 38%.

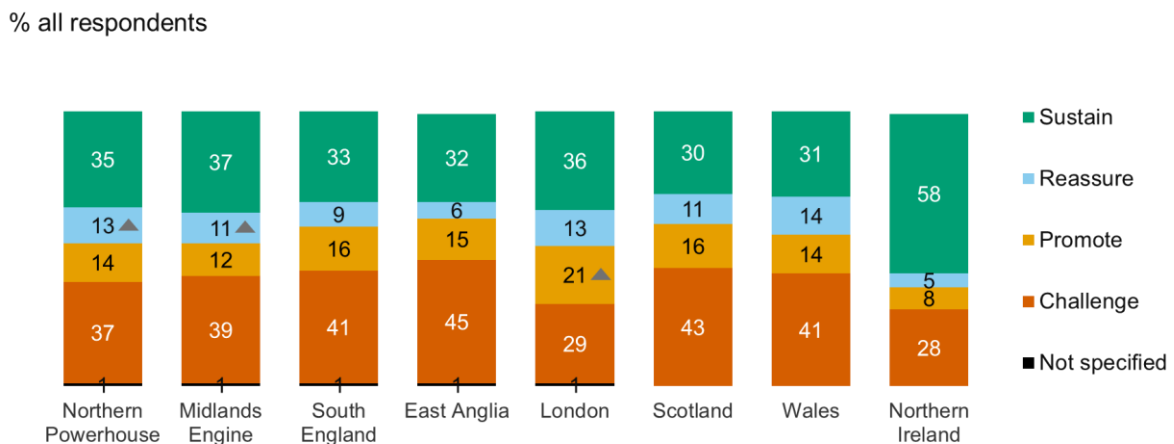
Businesses in Northern Ireland (58%) were more likely to be current exporters than those in other regions, which all had between 3 and 4 in 10 businesses in the Sustain segment (Figure 4.4). These results are similar to recent data collected in 2018 and 2020 (Northern Ireland: 56% in 2018 and 51% in 2020), though comparisons cannot be made with earlier years (2015, 2016 and 2017) due to low base sizes.

Northern Ireland (28%), along with London (29%), had the fewest businesses with goods or services unsuitable for export (in the Challenge segment). Around 4 in 10 (35% to 45%) of businesses were in the Challenge segment in all other regions. For Northern Ireland, the proportion falling in the Challenge segment remained stable compared with 2018 (26%) and 2020 (32%). Similarly, for London, there was little change in the Challenge segment (34% in 2017, 30% in 2018 and 35% in 2020).

Although exporting behaviour in Northern Ireland appears to be high in comparison with the rest of the UK, a significant proportion only export to the Republic of Ireland. In 2021, a third (34%) of Northern Irish businesses reported that they had exported in the past 12 months but only to the Republic of Ireland, a quarter (23%) said they exported both to the Republic and overseas, and 1% exported to overseas destinations only. This is not a new trend, with findings broadly in line with 2020.

In line with overall trends, there has been an increase in the proportion of businesses in the Reassure segment in some regions (Northern Powerhouse: 6% in 2020 to 13% in 2021, Midlands Engine: 6% in 2020 to 11% in 2021). There has also been a rise in the proportion of businesses falling into the Promote segment in London (14% in 2020 to 21% in 2021). The overall proportion of businesses that had never exported has decreased in several regions (Northern Powerhouse: 62% in 2020 to 51% in 2021, Midlands Engine: 59% in 2020 to 51% in 2021, Wales: (71% in 2020 to 55% in 2021). However, there has been a steady increase in businesses that had never exported specifically in East Anglia (48% in 2017 to 60% in 2021).

Figure 4.4: Proportion of businesses in each exporting segment by super-region and region



▲▼ Significant increase/decrease from 2020 Wave 5

Source: Composite measure merging data from several variables
 Base : All respondents: 2021 Wave 6: All £500k+ turnover (2485); Northern Powerhouse (403); Midlands Engine (373); South England (618); East Anglia (249); London (323); Scotland (176), Wales (170); Northern Ireland (173)

Businesses in the manufacturing, raw materials and energy sector (60%) were particularly likely to have exported in the last 12 months. There was a low prevalence of current exporting in the consumer discretionary (11%), construction and real estate (11%), and education and health (8%) sectors. These sorts of businesses were more likely to be in the Challenge segment. There were increases from 2020 to 2021 in the size of the Reassure segment across professional and services (6% to 18%) and consumer and discretionary (3% to 16%).

In both the education and health, and manufacturing, raw materials and energy sectors there were changes in the proportion of businesses in the Sustain and Challenge segments between 2020 and 2021. In the education and health sector, the proportion of Sustain businesses decreased from 28% to 8%, while the proportion of Challenge businesses increased from 55% to 72%. Conversely, in the manufacturing, raw materials and energy sector, the proportion of Sustain businesses increased from 47% to 60%, while the proportion of Challenge businesses decreased from 27% to 15%.

Exporting goods and services

In 2021, 1 in 5 businesses (22%) had exported only goods in the last 12 months, and just under 1 in 10 (8%) had exported only services (Figure 4.5). 1 in 20 (5%) reported that they had exported both goods and services. In total, 27% of businesses had exported goods in the last 12 months, compared to 24% in 2020 and 12% had exported services, down from 17% in 2020.

The decline in the export of services was apparent across businesses of all sizes, although most pronounced in the smallest and largest businesses. Among micro businesses (0 to 9 employees), the export of services fell from 17% in 2020 to 12% in 2021, while in large businesses (over 250 employees) this was 28% in 2020 but down to 16% in 2021. These findings are consistent with ONS statistics which suggest that businesses exporting services were particularly affected by the COVID-19 pandemic and related public health measures.¹⁶

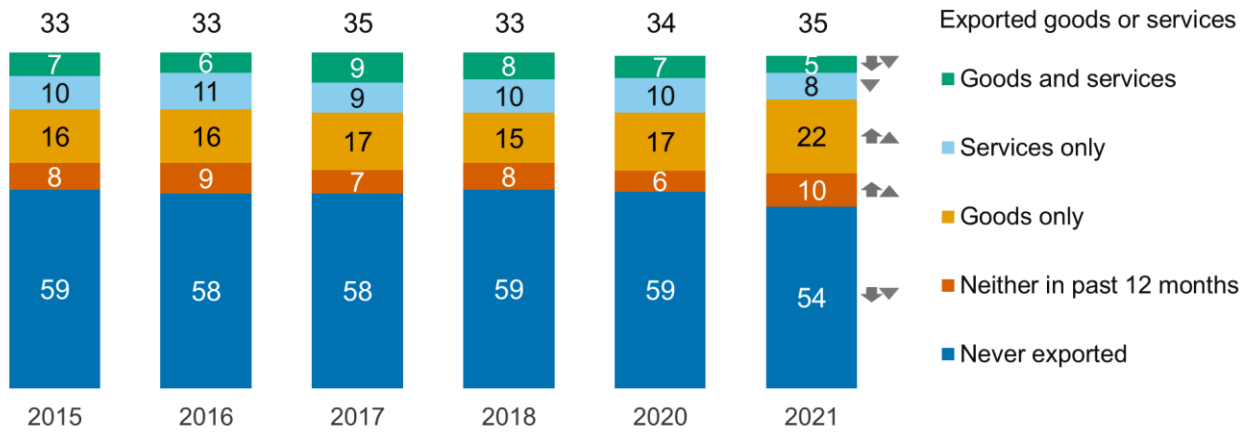
In 2021, businesses in Northern Ireland were most likely to report exporting goods in the last 12 months (45%), followed by those in the Midlands Engine super region (33%). The export of services in the last 12 months was highest in London (20%, although this was down from 33% in 2020) and Northern Ireland (19%).

Differences by sector reflect the nature of the business. Those in the manufacturing, raw materials and energy sector were particularly likely to report exporting in the last 12 months (60%). This was primarily driven by the export of goods (52% of all businesses in this sector had exported only goods in the last 12 months). Exporting of goods in the last 12 months was also relatively high among wholesale and retail businesses (42%), while those in the professional and services sectors had the highest levels of exports of services in the last 12 months (25%).

¹⁶ Office for National Statistics, The impacts of EU exit and coronavirus (COVID-19) on UK trade in services: November 2021, 22 November 2021, see: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/theimpactsofeuexitandcoronaviruscovid19onuktradeinservices/november2021>

Figure 4.5: Whether exported goods and/or services in past 12 months

% all respondents



↕ Significant increase/decrease from 2015 Wave 1 ↗ Significant increase/decrease from 2020 Wave 5

Source : Composite measure merging data from several variables

Base : All respondents: £500k+ turnover 2015 Wave 1/2016 Wave 2/2017 Wave 3/2018 Wave 4/2020 Wave 5/2021 Wave 6 (1160/1139/2535/2448/2557/2485) NB: 'Don't know' is not shown so this does not always add to 100%

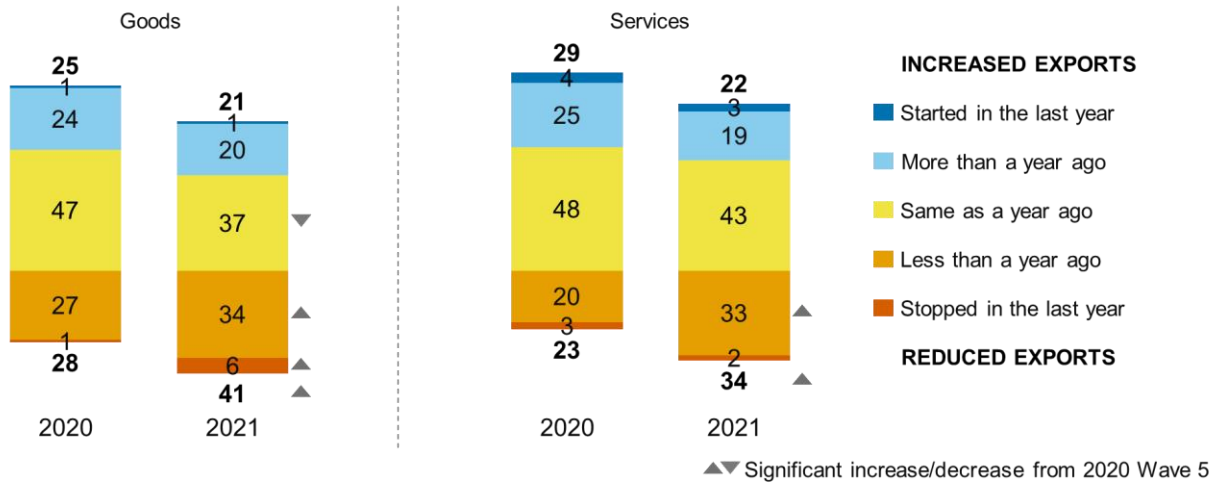
Export change in the last 12 months

Figure 4.6 shows the proportion of exporting businesses reporting growth, stability or contraction in their exports of goods and services over the past year. These figures have some caveats attached. Businesses in Northern Ireland were asked separate questions about exports to each of the Republic of Ireland and elsewhere and the figures we use include only Northern Irish exports to elsewhere. The experiences of Northern Ireland businesses exporting to the Republic of Ireland are not reported due to small sample sizes.

In 2021, businesses were more likely to report a reduction in exports for both goods and services compared to 2020. Around 4 in 10 (41%) exporters of goods reported a reduction in their exports in the last 12 months, an increase compared to 2020 (28%). With regards to services, 1 in 3 (34%) exporters of services stated that their exports had reduced in the last 12 months (an increase from 23% in 2020). Around 4 in 10 exporters of both goods and services reported that they were exporting the same as they were a year ago. This represented a smaller proportion of goods exports compared to 2020 (from 47% to 37%) but was broadly consistent for exporters of services.

Figure 4.6: Changes in exports over past year

% of exporters of goods/services in past 12 months



Source: Q16A/C/Q18A/C. Thinking about the last 12 months or so, which of the following best describes your export of [goods/services]?

Base : All £500k+ businesses who have exported goods/services in past 12 months, excluding exports from NI to the ROI: 2020 Wave 5/2021 Wave 6: Goods (593/816) Services (420/314)

NB: 'Don't know' is not shown so this does not add to 100%

In total, 2 in 5 (41%) businesses that had exported in the last 12 months reported a reduction in exports of goods in the past year, up from 28% in 2020. More than 3 in 10 (34%) said the same for services, an increase from 23% in 2020. The main reasons given for export reductions were the COVID-19 (27%), EU Exit (23%) and a general reduction in demand in the sector (22%). Direct year on year comparisons of these are not possible given changes to data analysis in 2021.¹⁷ However, there were increases in the proportion who gave increases in transport costs (from 2% to 13%), new import controls on countries they exported to (from 1% to 9%) and new import controls on goods coming into the UK (from *% to 4%) as reasons why their exports had reduced – which are broadly consistent with ONS findings.¹⁸

Active and passive exporting

In 2021, almost 3 in 4 exporters (73%) said that they were essentially ‘passive’ in their exporting behaviours. This was defined as businesses who reported that they respond to orders from abroad when received, but do not specifically target customers in other countries. The proportion of ‘passive’ exporters was in line with 2020 but up from 66% in 2018 (Figure 4.7).

Around a quarter of exporters (23%) reported that they intentionally targeted customers in specific countries and would therefore be classified as ‘active’ exporters. This was in line with 2020, but

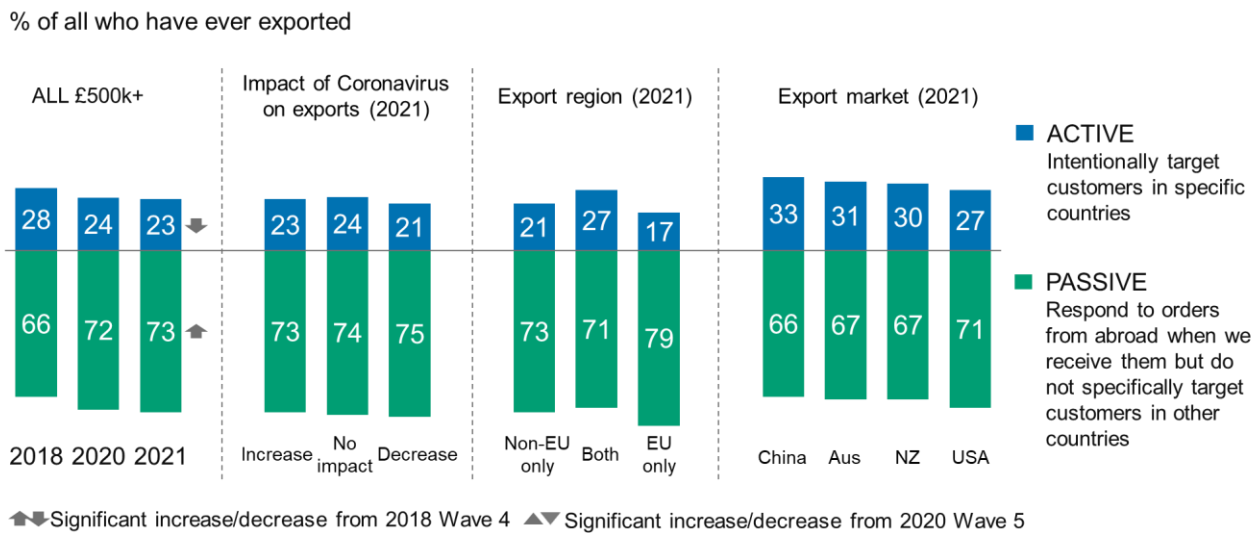
¹⁷ This question was asked unprompted, with responses then allocated to a code within a code frame. In 2021, the code-frame (which is a technique for analysing and categorising verbatim responses) was altered in order to account for answers given relating to EU exit and COVID-19. This was necessary to capture relevant insights but reduced comparability with 2020 data.

¹⁸ Office for National Statistics, The impacts of EU exit and coronavirus (COVID-19) on UK trade in services: November 2021, 22 November 2021, see: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/theimpactsofeuexitandcoronaviruscovid19onuktradeinservices/november2021>

down from 28% in 2018. In 2020, businesses that reported increasing their exports following the outbreak of COVID-19 were particularly likely to be active exporters (48%). A year on, this effect is no longer present. This year, levels of passivity are consistent across businesses whose exports had increased, decreased or had not been impacted by the COVID-19 pandemic.

There was a slight difference in exporting approaches to different markets, although this was less pronounced than in 2020. Those who exported to both EU and non-EU countries were slightly more likely to be active exporters (27%) than those who exported either to only EU or only non-EU countries. Furthermore, those who only exported to EU countries were the group most likely to be passive exporters (79%). The proportion of active and passive exporters was broadly similar across exporters to China, Australia, New Zealand and the USA.

Figure 4.7: Active or passive approach to exporting



Source : Q24A1. Thinking about countries that you have exported to, which of the following statements best describes the typical approach of your business to exporting?
 Base : All £500k+ businesses who have exported 2018 W4/2020 W5/2021 W6 (1126/1173/1269); Impact of Coronavirus on exports W6 2021: Increase/No impact/Decrease (362/353/515), Export region W6 2021: Non-EU only/Both/EU only (60*/800/356), Export market W6 2021: China/Australia/New Zealand/USA (310/393/233/587) * Base size is below 100; treat with caution

Export markets and regions

As in previous years, over half of exporters (55%) had exported to the USA, Australia, China or New Zealand in the last 5 years (Figure 4.8), with the USA being the most common export destination of these markets (46%). Exporting to China was reported by fewer businesses than in 2018 (20%, down from 26%) but otherwise there has been no change in the proportion of businesses exporting to these 4 markets. Overall, 1 in 10 (10%) considered but then decided against exporting to these markets, also in line with previous years.

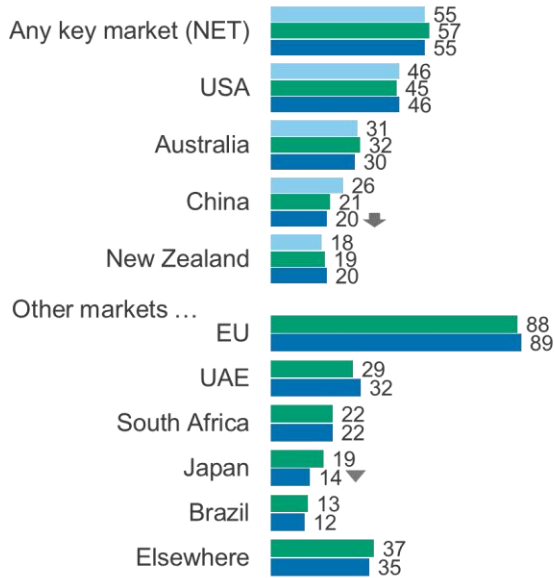
As in 2020, 9 in 10 exporters (89%) had exported to the EU in the last 5 years, making it the most common export destination. The UAE (32%) and South Africa (22%) were the next most common export destinations of the other markets listed. There was a decline in the number of businesses which reported they had exported to Japan, from 19% in 2020 to 14% in 2021.

Medium and large exporting businesses (those with at least 50 employees) were typically more likely to have exported to the markets covered by the survey than micro and small exporting businesses (those which had fewer than 50 employees).

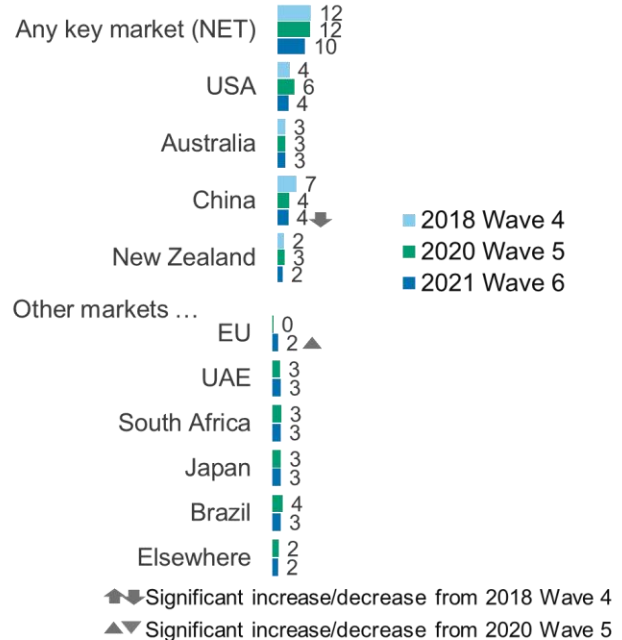
Figure 4.8: Involvement in exporting to key markets

% of all who have exported

Have exported to ... in past five years



Have considered exporting to ... but decided against



Q25A. Which, if any, of the following countries have you exported to over the past five years?

Q25B. Which, if any, of the following countries have you seriously considered exporting to over the past five years, but decided against?

Base : All £500k+ turnover businesses who have exported 2018 Wave 4/2020 Wave 5/2021 Wave 6: (1126/1173/1269)

N.B. Saudi Arabia and Nigeria were removed as answer codes in 2021 and are not shown on the chart.

Future plans for exporting

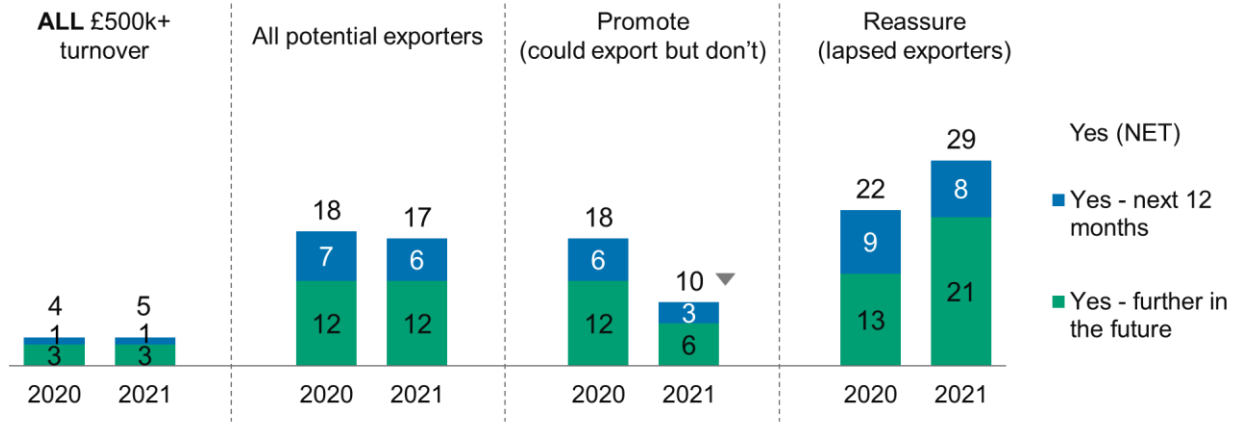
As shown in Figure 4.9, around 1 in 6 potential exporters (17%) were planning to start exporting at some point, equivalent to 5% of the whole £500,000+ business sample. This is in line with when this question was first asked in 2020. However, unlike in 2020, businesses in the Reassure segment (lapsed exporters) were significantly more likely than potential exporters to have plans to export in the future (29% compared with 10%).

Most businesses' plans to start exporting were longer-term, with just 6% of potential exporters planning to start in the next 12 months (3% in the Promote segment and 8% in the Reassure segment).

Of those who had plans to start exporting in the future, 6 in 10 (58%) had already taken some action towards doing so. This was most likely to have been researching aspects of an overseas market (39%), followed by assessing their company's readiness to export (27%) and investigating the rules of doing business with another country (26%).

Figure 4.9: Whether plan to start exporting

% all respondents



▲▼ Significant increase/decrease from 2020 Wave 5

Source : Q27 (EXPFUT). Do you have plans to start exporting or licensing your goods or services outside the UK? If yes: do you think this will be in the next 12 months or further in the future?

Base of Q27 : All potential exporters: respondents who have not exported in past 12 months but could. Rebased figures in chart above: All respondents 2020 Wave 5/2021 Wave 6: £500k+ turnover (2557/2485), All potential exporters (539/590), Promote (368/351), Reassure (148/217)

5. Barriers to exporting – (£500,000+ turnover businesses)

This chapter examines what capabilities and capacity businesses have for exporting, and subsequently identifies what barriers to exporting they face.

Businesses that had ever exported goods or services, and had done so (or considered doing so) to China, Australia, the USA or New Zealand, were asked an additional series of questions about barriers to exporting to these countries. Those exporting goods were specifically asked about product or production processes, customs procedures and business conditions abroad. Those exporting services were asked about barriers relating to the conditions for the supply of services, administrative costs and burdens, and treatment of domestic and foreign businesses. Questions related to exporting barriers to key markets are asked in alternate waves, so comparisons are made with 2018 rather than 2020.

Overall, the findings from this chapter indicate that the primary barriers faced by businesses when exporting goods and services to key markets were those related to customs procedures and administrative costs, burdens or regulations. Furthermore, businesses are less likely to have the capabilities necessary for effective exporting to any market compared to 2020, including adequate supply chains.

Key findings in this chapter are as follows:

- of the themes listed, businesses were most likely to report having the capability to export in terms of conducting cost assessments, having adequate supply chains, and constructing business plans
- however, compared with previous years, there were declines in several areas of capability and capacity for exporting (to any market), mainly driven by current and lapsed exporters. Across all segments, fewer businesses reported having adequate supply chains than in 2020
- just under half of those exporting or considering exporting goods to China, the USA, Australia or New Zealand had faced barriers to doing so (45%). The most mentioned barriers were those relating to customs procedures
- around a third of those exporting or considering exporting services to China, the USA, Australia or New Zealand had faced barriers to doing so (34%). The most mentioned being barriers related to administrative costs, burdens and regulations
- barriers to exporting were typically more likely to be encountered by those exporting to the USA and China compared to those exporting to Australia and New Zealand

Capabilities to focus on exporting

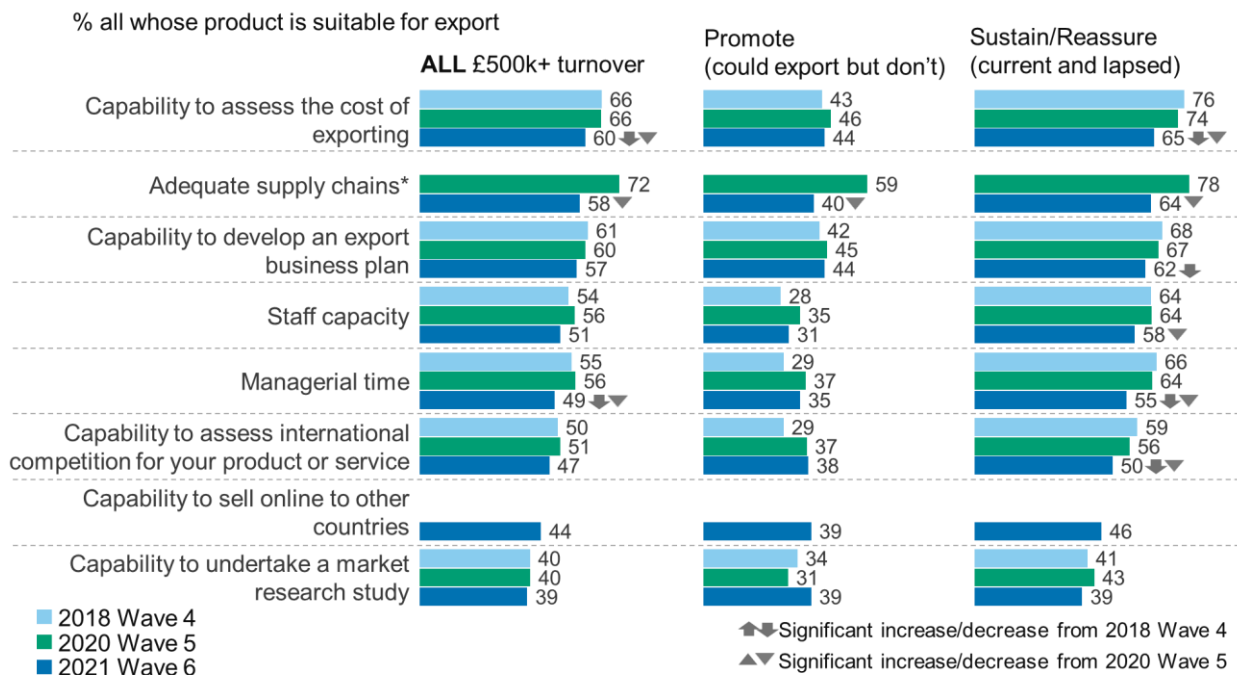
Businesses whose goods or services were suitable for export were questioned about the capabilities and capacity they possessed for exporting (Figure 5.1). Around 6 in 10 felt they had the capability to assess the cost of exporting (60%), adequate supply chains (58%), and the capability to develop an export business plan (57%). The capability to undertake a market research study (39%) remained a relative weakness, along with the capability to sell online to other countries (44%), which was asked for the first time in 2021. In comparison with previous years, there were

declines in the proportion who felt they had the capability to assess the cost of exporting (66% in 2020 compared with 60% in 2021), adequate supply chains (72% in 2020 compared with 58% in 2021) and enough managerial time (56% in 2020 compared with 49% in 2021).

Current and lapsed exporters (in the Sustain and Reassure segments) were more confident than those in the Promote segment about their capabilities and capacity for export across all areas (except undertaking a market research study, which was equally low across all segments). However, among current and lapsed exporters, capabilities and capacity for exporting were lower than in 2020 across almost all areas. Comparatively, for Promote businesses, most elements of capability and capacity were consistent with 2020.

Medium and large businesses with at least 50 employees were consistently more likely to report capabilities and capacity across all areas than micro and small businesses. The exception to this was having the capability to sell online to other countries, where it was micro businesses (with under 10 employees) which stood out as more likely to have this capability (50%, compared with 39% of businesses with 10 or more employees).

Figure 5.1: Whether businesses have enough capacity and capability to focus on exporting (% saying 'yes')



Source : Q31a - Thinking about your business' ability to start or continue exporting internationally, would you say that your business has enough of each of the following to focus on exporting
 Base : All businesses whose product is suitable for export 2017 W3/2018 W4/2020 W5/2021 W6 : £500k+ turnover businesses (1575/1510/1564/1642), Promote (294/283/265/351), Sustain/Reassure (1110/1043/866/1269) * 2020 Q2-4 only

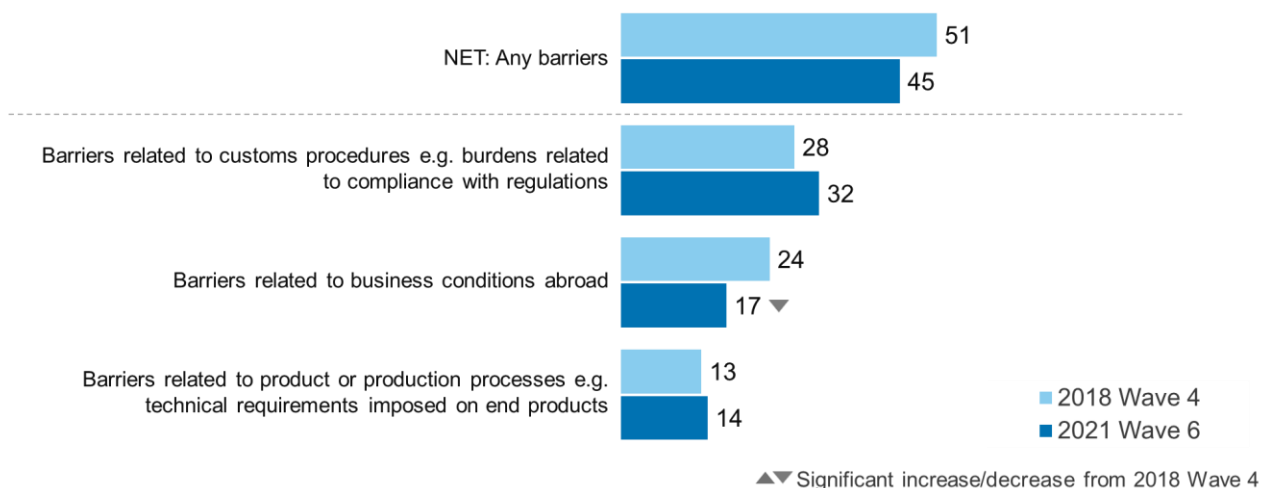
Those businesses that felt their products or services would never be suitable for export were asked an open-ended question about why this was. The reasons they gave were usually non-specific or challenging to address without further detail. The most frequently given response was that they had products/services which were 'local' (44%, up from 37% in 2020), followed by their products/services not being transportable (21%). In many cases their perceived barriers to exporting may be genuinely insurmountable and no matter how much support or encouragement they are given, it will not be possible for them to export. Therefore, this group of businesses is likely to offer fewer opportunities for DIT in terms of growing UK exports.

Barriers to exporting goods

Businesses that had ever exported goods were asked if they had exported, or considered exporting to the USA, Australia, China or New Zealand in the last 5 years. If they had, they were asked if they had faced any barriers exporting to the market in question. If they had exported or considered exporting goods to more than 1 market, then 1 market at random was selected for response. Just under half (45%) reported facing any barriers, with the most mentioned being barriers related to customs procedures (32%). Fewer than 1 in 5 mentioned barriers related to business conditions abroad (17%, down from 24% in 2018) or barriers related to product or production processes (14%). Aside from a decline in the proportion mentioning barriers relating to business conditions abroad, there were no changes in reported barriers to exporting goods compared with when this question was last asked in 2018 (Figure 5.2).

Figure 5.2: Barriers to exporting goods

% of all respondents who export goods and had exported/considered exporting goods to one of the four key markets (asked about one at random if more than one): barriers to exporting goods



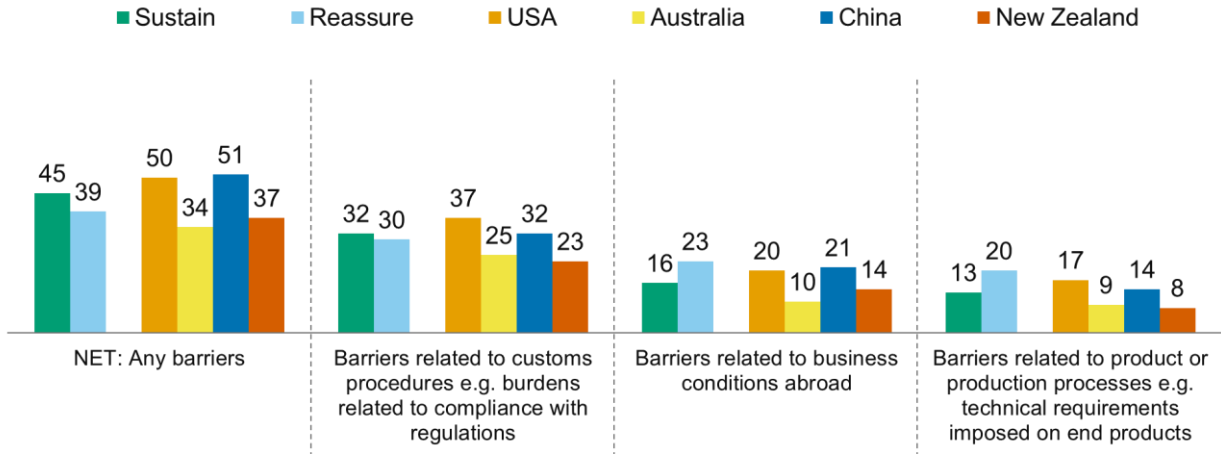
Source : Q25C1. Which, if any, of the following were the main barriers that cost (or would have ended up costing) your organisation time, money or other resources when you considered exporting/exported GOODS to [MARKET] in the past 5 years?

Base : 2018 W4/2021 W6: All who export goods and had exported/considered exporting goods to one of the four key markets (asked about one at random if more than one): £500k+ turnover businesses (487/610)

There were no significant differences in reported barriers to exporting goods between current exporters (Sustain) and lapsed exporters (Reassure). Those who had exported or considered exporting to the USA (50%) and China (51%) were more likely to report barriers to exporting goods than those exporting to Australia (34%) and New Zealand (37%). Comparisons between segments and markets is shown in Figure 5.3.

Figure 5.3: Barriers to exporting goods (by segment and market)

% of all respondents who export goods and had exported/considered exporting goods to one of the four key markets (asked about one at random if more than one): barriers to exporting goods



Source : Q25C1. Which, if any, of the following were the main barriers that cost (or would have ended up costing) your organisation time, money or other resources when you considered exporting/exported GOODS to [MARKET] in the past 5 years?
 Base : 2021 W6: All £500k+ businesses which export goods and had exported/considered exporting goods to one of the four key markets (asked about one at random if more than one): Sustain/Reassure (567/43*), Exported or considered exporting to USA/Australia/China/New Zealand (279/131/134/66*) * Base size is below 100; treat with caution

For each barrier to exporting goods, businesses were asked about the specific issues which related to that barrier. Given low base sizes, it is not possible to analyse specific barriers by key market exported to or any other subgroup.

Customs procedures

Over half (54%) of those who cited barriers related to customs procedures cited document requirements as a key barrier. Just under 1 in 5 mentioned delays at the border (19%), a lack of information and guidance on procedures (19%, up from 8% in 2018), and the cost of time taken to complete procedures (18%). Cost of time to complete procedures was not an option available for response in 2018 survey.

Business conditions

Among those who gave business conditions abroad as a barrier to exporting, no issue specific issue was mentioned by more than 1 in 10 businesses. Most frequently mentioned were COVID-19 (8%) and issues surrounding changes in relation to EU Exit (8%). Neither of these options were available for response in 2018 survey.

Product or production processes

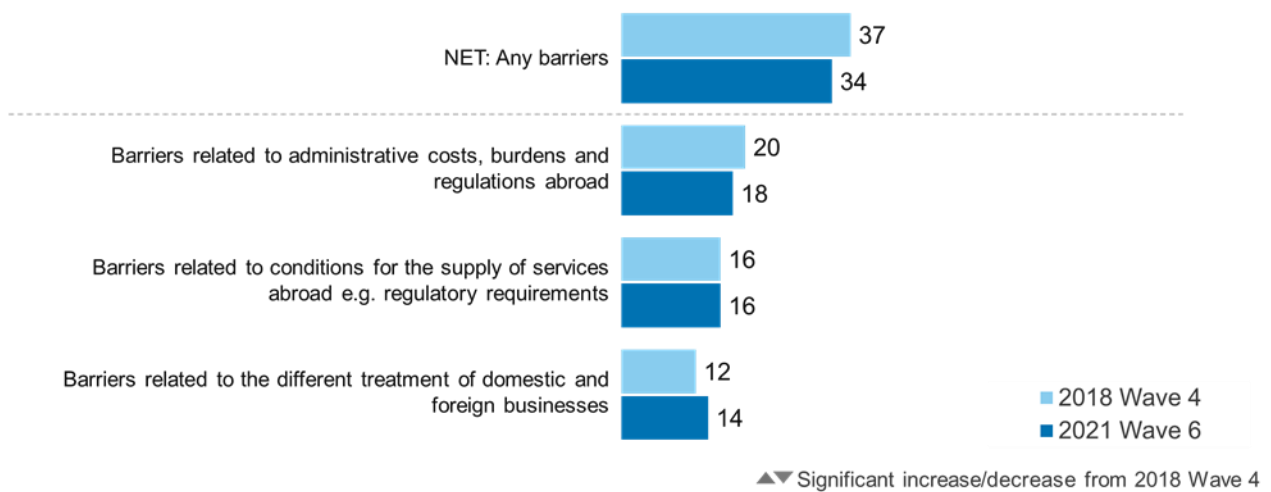
Of those who cited barriers related to product or production processes, 8 in 10 (79%) were able to give details of specific barriers, down from 95% in 2018. In 2018, a quarter of those mentioning barriers related to product or production processes had described requirements on safety or quality regulations, but this fell to just 7% in 2021. The most frequently mentioned barrier related to product or production processes in 2021 was requirements to meet product standards (19%, in line with 2018).

Barriers to exporting services

Businesses that had ever exported services and had done so (or considered doing so) to the USA, Australia, China, or New Zealand in the last 5 years were asked if they had faced any barriers. If they had exported or considered exporting goods to more than 1 market, then 1 market at random was selected for response. A third (34%) reported experiencing any of the barriers listed, with around 1 in 6 citing each type of barrier (Figure 5.4). There were no significant changes in reported barriers to exporting services compared with when this question was last asked in 2018.

Figure 5.4: Barriers to exporting services

% of all respondents who export services and had exported/considered exporting services to one of the four key markets (asked about one at random if more than one): barriers to exporting services



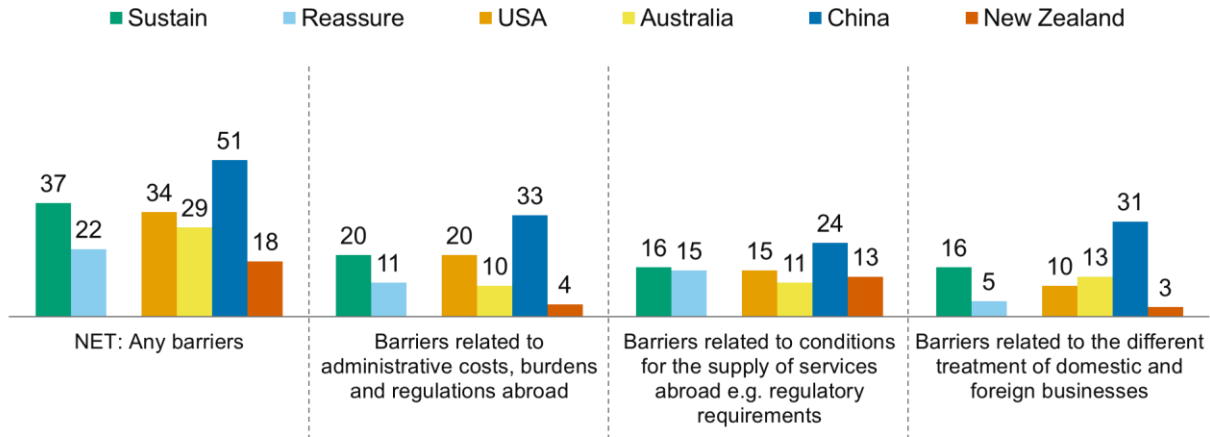
Source : Q25C5. Which, if any, of the following were the main barriers that cost (or would have ended up costing) your organisation time, money or other resources when you considered exporting/exported SERVICES to [MARKET] in the past 5 years?

Base : 2018 W4/2021 W6: All who export services and had exported/considered exporting services to one of the four key markets (asked about one at random if more than one): £500k+ turnover businesses (354/300)

Sustain businesses were more likely than Reassure businesses to report facing any barriers (37%, compared with 22% of Reassure businesses). This was also the case specifically in relation to the different treatment of domestic and foreign businesses (16%, compared with 5% of Reassure businesses). Barriers to exporting services to key markets were most likely to be faced by those exporting to China, and least likely to be faced by those exporting to New Zealand (Figure 5.5).

Figure 5.5: Barriers to exporting services (by segment and market)

% of all respondents who export services and had exported/considered exporting services to one of the four key markets (asked about one at random if more than one): barriers to exporting services



Source : Q25C5. Which, if any, of the following were the main barriers that cost (or would have ended up costing) your organisation time, money or other resources when you considered exporting/exported SERVICES to [MARKET] in the past 5 years?
 Base : 2021 W6: All £500k+ businesses which export services and had exported/considered exporting services to one of the four key markets (asked about one at random if more than one): Sustain/Reassure (260/40*), Exported or considered exporting to USA/Australia/China/New Zealand (135/70*/63*/32*) * Base size is below 100; treat with caution

For each barrier to exporting services, businesses were asked about the specific issues which related to that barrier. Given low base sizes, it is not possible to analyse specific barriers by key market exported to or any other subgroup.

Administrative costs, burdens and regulations

Of those who cited barriers related to administrative costs, burdens and regulations abroad, the most frequently mentioned barrier was customs costs, procedures or import restrictions (30%), which marks a significant increase compared to 2018 (16%) The proportion of those who specifically mentioned restrictive and costly start-up procedures has fallen from 20% in 2018, when it was the most frequently mentioned barrier in this area, to 6% in 2021. All other barriers in this area were cited by fewer than 1 in 10 and broadly consistent with 2018.

Conditions for the supply of services abroad

Among those who mentioned they had experienced barriers related to conditions for the supply of services abroad, the most frequently described barriers in this area related to licenses and permits (41%) which is consistent with findings in 2018 (41%).

Different treatment of domestic and foreign businesses

Around 1 in 8 businesses (13%) who said they had experienced barriers related to the different treatment of domestic and foreign businesses specifically mentioned rules, state subsidies or taxes (other than tariffs) which favour domestic over foreign firms as a barrier. This is a significant drop compared to 2018, when 4 in 10 businesses experiencing this barrier mentioned this specifically (40%). Barriers relating to practices or rules giving preference to domestic suppliers were most commonly mentioned (14%), broadly consistent with 2018 (17%).

6. Free Trade Agreements (FTAs) – (£500,000+ turnover businesses)

The negotiation of Free Trade Agreements (FTAs) and supporting UK business to take advantage of these are key elements of DIT's 2021-22 objectives.

In line with this, the NSRB asked businesses to predict the effect of negotiated FTAs on their business. Businesses that export to non-EU countries were also asked about their awareness and use of reduced customs duties, which are one of the potential components of an FTA. This chapter explores these subjects in turn, firstly exploring the expected effects of FTAs, subsequently followed by a discussion of awareness and uptake of reduced customs duties.

Questions relating to awareness and use of reduced customs duties were also asked in 2020 and form the basis for 2021 comparison throughout those sections. Questions exploring the predicted effects of FTAs were introduced in 2021.

Overall, the findings from this chapter indicate that most businesses believe that FTAs will not affect them, though a sizeable minority predict that FTAs will have a positive effect via the institution of zero or lower tariffs. The findings also suggest a knowledge gap on reduced customs duties, particularly on whether or not businesses are eligible, and what requirements need to be met in order to comply. The evidence suggests that a number of businesses struggle to understand or find any information that is available on reduced customs duties, and as such improving the accessibility and clarity of this information should be a priority for the Department.

Key findings in this chapter are as follows:

- over half of businesses (54%) expected FTAs to have no effect on their business, while a third (33%) believed that FTAs would have a positive effect. More than 4 in 5 (85%) of those who expected a positive effect reported that lower or zero tariffs to pay on exports or imports may benefit their business
- a third of businesses (33%) who had ever exported to non-EU countries were aware of whether or not their goods were eligible for reduced customs duties, and just under half (48%) said that they did not know about their goods' eligibility. Among those businesses who were aware of eligibility for reduced custom duties, a third (34%) reported that they benefited always or almost always
- the most common barriers to obtaining reduced customs duties were difficulties in finding relevant information on how to obtain reduced custom duties, difficulties understanding the information, and difficulties complying with the requirements to make exports eligible for preferences
- data relating to the awareness and use of reduced customs duties were consistent with 2020 results

Expected effects of FTAs

All businesses were asked to provide their predictions for the effects that negotiated FTAs would have on their business, namely whether they expect them to have a positive effect, no effect, or negative effect.

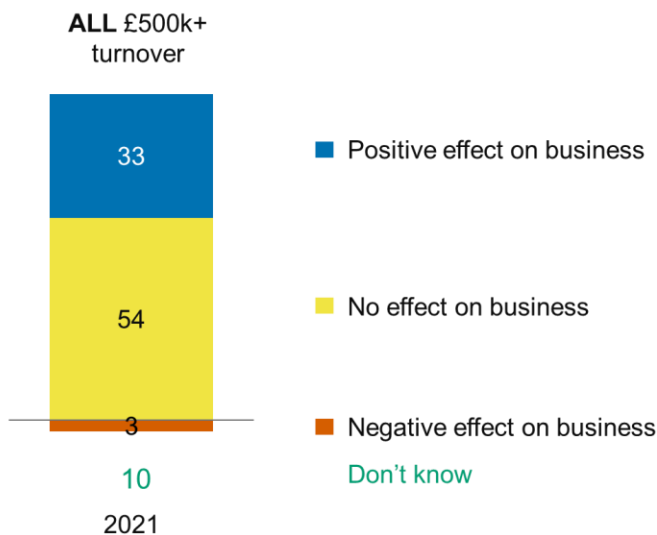
As shown in Figure 6.1, over half (54%) of businesses expected FTAs to have no effect on their business, while a third (33%) believed that FTAs would have a positive effect.

Sustain businesses were more likely to expect FTAs to have a positive impact on their business than other business segments (44% compared to 28% of Reassure, 29% of Promote, and 26% of Challenge). In turn, businesses that had not exported because their product was unsuitable were particularly likely to expect FTAs to have no impact on their business (businesses in the Challenge segment, 61%), as were those who had exported before but not in the last 12 months (businesses in the Reassure segment, 61%).

For business sectors, those working in manufacturing, raw materials and energy (40%) and wholesale and retail (40%) were particularly likely to expect FTAs to have a positive impact on their business.

Figure 6.1: Perceived impact of FTAs on business

% of all respondents

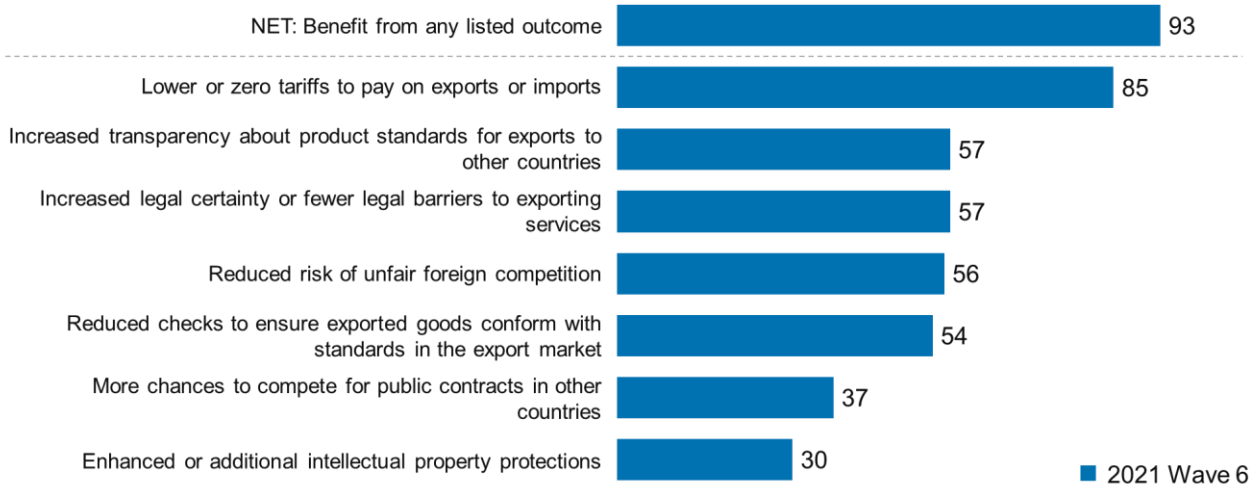


Source: Q54c. The UK is currently negotiating free trade agreements with other countries. Do you expect that these will...
 Base : All £500k+ turnover businesses: 2021 Wave 6 (2485)

All businesses that expected FTAs to have a positive effect on their business were asked what potential outcomes from FTAs they expect to be beneficial. Of this group, more than 4 in 5 (85%) reported that lower or zero tariffs to pay on exports or imports may benefit their business. More than half also expected benefits relating to increased transparency on product standards for exports (57%), increased legal certainty or fewer legal barriers relating to exporting services (57%), reduced risk of unfair foreign competition (56%) and reduced checks ensuring that goods conform with export market standards (54%).

Figure 6.2: Potential outcomes of FTAs that may benefit business

% of all expect Free Trade Agreements will have a positive effect on their business: outcomes of Free Trade Agreements which may benefit business



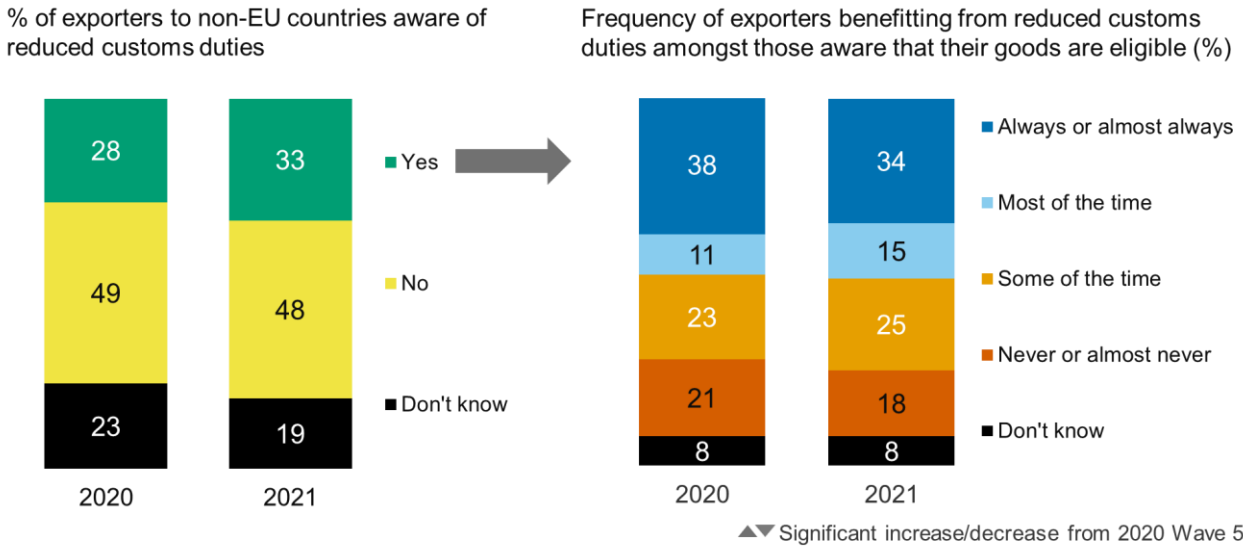
Source: Q54d. Which [of the following possible outcomes of Free Trade Agreements], if any, might benefit your business?
 Base: All who expect Free Trade Agreements will have a positive effect on their business: £500k+ turnover 2021 W6 (875)

Awareness and use of reduced customs duties

All businesses that had ever exported to non-EU countries were asked if they were aware whether the goods they most frequently export to these countries were eligible for reduced customs duties. A third (33%) of these businesses were aware of whether their goods were eligible for customs duties, and just under half (48%) said that they did not know about their goods' eligibility. Among those businesses who were aware of reduced custom duties, 3 in 4 (74%) said that their most frequently exported goods benefitted, with a third (34%) saying they did so always or almost always.

These results are broadly consistent with 2020 results, where 3 in 10 (28%) said they were aware whether or not their goods were eligible for customs duties. Additionally, 7 in 10 (72%) reported that their most frequently exported goods benefitted.

Figure 6.3: Awareness of, and benefitting from, reduced customs duties outside EU



Source: Q54. Thinking about the goods you most frequently export to non-EU countries, are you aware of whether they are eligible for reduced customs duties? / Q54a. How often do the goods you most frequently export to countries outside of the EU benefit from reduced customs duties?
 Base : All respondents who export to non-EU countries: £500k+ turnover 2020 Wave 5/2021 Wave 6 (770/860); All respondents aware whether the goods they most frequently export out of the EU are eligible for customs duties: £500k+ turnover 2020 Wave 5/2021 Wave 6 (235/315)

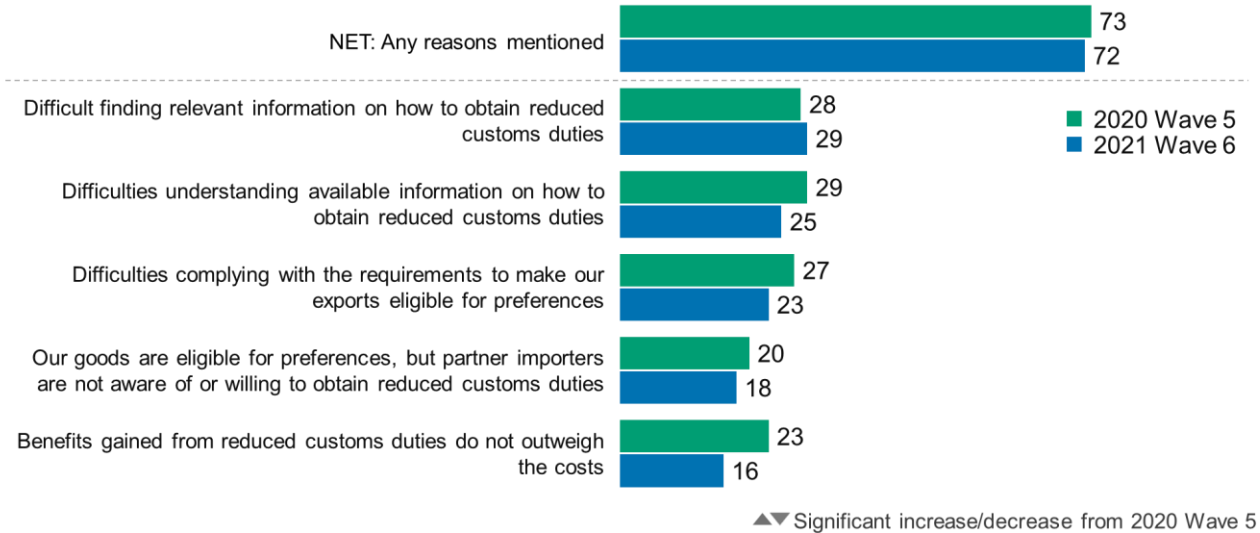
Barriers to using reduced customs duties

Just over 2 in 5 (43%) of those exporting businesses which were aware of their goods' eligibility for reduced customs duties reported that their most frequently exported goods to non-EU countries benefit from these some of the time, never, or almost never. This group was asked further questions about what factors had prevented these exports from obtaining reduced customs duties.

Among this group, the most common barriers to obtaining reduced customs duties were difficulties in finding relevant information on how to obtain reduced custom duties (29%), difficulties understanding the available information on how to obtain reduced customs duties (25%) and difficulties complying with the requirements to make exports eligible for preferences (23%). These results are consistent with 2020 findings, with difficulties in finding relevant information (28%) and understanding the available information (29%) also being mentioned by over a quarter of this group.

Figure 6.4: Factors preventing exports from obtaining reduced customs duties

% of all who are aware of eligibility for reduced customs duties but whose goods obtain reduced customs duties some of the time, never, or almost never: main reasons which prevent exports from obtaining reduced customs duties



Source: Q54b. Generally, what are the main reasons which prevent your exports from obtaining reduced customs duties?

Base: All who are aware of eligibility for reduced customs duties but whose goods obtain reduced customs duties some of the time, never, or almost never: £500k+ turnover 2020 Wave 5/2021 Wave 6 (103/147)

7. Supply Chains – (£500,000+ turnover businesses)

Understanding the supply chain issues facing businesses and the impact they have on ability to export is a priority for DIT, particularly so in the context of COVID-19 and EU Exit.

This chapter focuses on the role of supply chains in plans for growth and predicted reductions in demand for British products or services. It subsequently explores whether businesses felt they had adequate supply chains to focus on exporting. Questions previously added in 2020 were amended in 2021 to focus on understanding supply chain issues in relation to COVID-19 and EU Exit.

Overall, the findings from this chapter indicate that businesses have experienced ‘significant’¹⁹ disruption to supply chains over the course of 2021. Those experiencing issues were asked whether this was attributable mostly to COVID-19, mostly to EU Exit, an equal mix of the two, or to another cause. One in five (21%) attributed supply chain issues mostly to COVID-19, 15% attributed them mostly to EU Exit and a further 32% regarded both events as equally causing their supply chain issues. As the year has progressed, businesses increasingly cited both COVID-19 and EU Exit as causes rather blaming one more than the other. DIT should therefore continue to focus on supporting businesses to adapt to EU Exit and COVID-19, specifically in relation to securing adequate supply chains.

Key findings in this chapter are as follows:

- the proportion of current, lapsed and potential exporters that reported having adequate supply chains to focus on exporting had declined since 2020 (58% in 2021 compared to 72% in 2020). This was largely driven by businesses in the Sustain and Promote segments, smaller businesses, and those in Northern Powerhouse areas
- seven in 10 of those who had exported in the last year (70%) reported experiencing supply chain issues in 2021, which were attributed to both COVID-19 and the UK’s exit from the EU. Whilst attribution to COVID-19 remained the same throughout the year, businesses attributing supply chain issues to EU Exit was greater in the first half of the year (18%) than the second half (11%). This is likely driven by an increase in those attributing their supply chain issues to both COVID-19 and the EU Exit from Q1-Q3 (29%) to Q4 (45%). The proportion of businesses unable to use alternative supply chains has almost doubled since 2020
- the proportion of businesses spontaneously reporting that ‘improving their supply chains’ is a part of their plan to grow their business was low (4%). Similarly, only a small proportion reported that problems with accessing supply chains was a reason for the perceived reduction in demand for British products and services (4%)

The role of supply chains in plans for growth

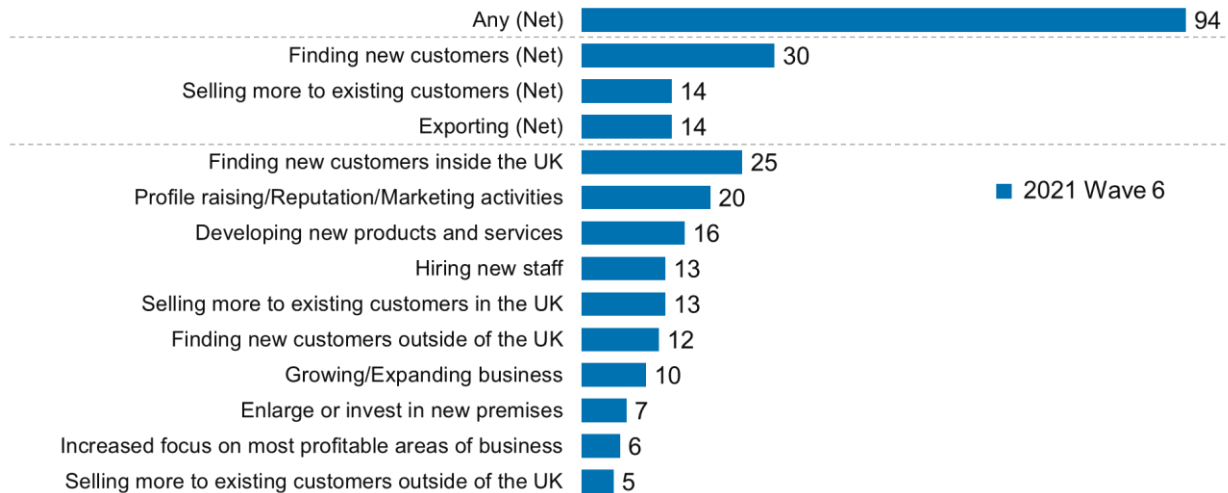
Businesses who were aiming to grow their business were asked the main ways they intended to do this over the next 12 months. Only 4% of businesses spontaneously reported improving or refreshing their supply chain as part of their plan to grow their business in the next year (see Figure

¹⁹ In this instance and throughout, ‘significance’ in inverted commas is referring to the question wording (Have you experienced any significant supply chain issues) rather than statistical significance

7.1).²⁰ The most common themes reported in plans for growth were finding new customers in the UK (25%) and profile raising, reputation and marketing activities (20%).

Figure 7.1: Main ways businesses intended to grow business in the next 12 months

% of respondents who intend to grow their business: main ways to grow in next 12 months



Source: Q11A. What do you see as the **main** ways of growing your business over the next 12 months?
 Base : All respondents who intend to grow their business: £500k+ turnover 2021 Wave 6 (1764)
 Answer codes <5% in 2021 are not shown.

Supply chains and reduced demand for British products and services

Businesses who agreed that demand for British products and services had decreased due to COVID-19 or EU Exit were asked about the factors that contributed to this reduction in demand for British exports. When asked further about other contributing factors, another 3% mentioned problems with accessing supply chains. Instead, businesses were more likely to mention EU Exit and general uncertainty (40%) the process of importing UK goods becoming harder (25%) or COVID-19 (23%) as either the main or a contributing factor to the reduced demand.

As we see in Section 7.4, both the UK’s exit from the EU and COVID-19 heavily affected businesses’ access to supply chains. Therefore, businesses may place the responsibility on these events rather than issues accessing supply chains specifically.

Having adequate supply chains

All businesses (excluding those that could never export, in the Challenge segment) were asked whether they felt they had adequate supply chains, amongst other capabilities, enabling them to focus on exporting (see Figure 5.1). In 2020, exporters and potential exporters were most likely to report having adequate supply chains for exporting (72%) compared to all other capabilities. Since then, the proportion of businesses reporting having adequate supply chains has declined to 58% in 2021, although it is still one of the capabilities businesses were most likely to report having (see Section 5.1).

²⁰ This proportion may be low because the survey did not specifically prompt businesses about whether supply chain improvement was part of their plan for growth

Current exporters (68%) were more likely to report having enough adequate supply chains to focus on exporting than lapsed (48%) and potential exporters (40%).

Generally, medium businesses were more likely to have adequate supply chains than smaller businesses (76% vs 53%). Medium and larger businesses' adequacy of supply chains remained unaffected from 2020 to 2021. The greatest impact was seen among micro (with 0-9 employees, 68% in 2020 down to 58% in 2021) and small (with 10-49 employees, 77% in 2020 to 53% in 2021) businesses.

Businesses based in the Midlands Engine (68%) most often reported having adequate supply chains compared with the rest of Great Britain (58%). Meanwhile, those in the South, London and East Anglia were generally more likely to report having export capabilities and capacity than those in the Northern Powerhouse region, and this is also true of having adequate supply chains (South East England, 57%; London, 51%; East Anglia, 70%; Northern Powerhouse, 49%). The scale of the change compared to last year is particularly great for businesses in the Northern Powerhouse regions (falling from 81% in 2020 to 49% in 2021). It should be noted that the base size for the Northern Powerhouse sub-group is relatively small and a degree of caution is therefore needed when considering the regional scale of change.

Businesses in the wholesale and retail sector (62%) or manufacturing, raw materials and energy sector (66%) were most likely to report having adequate supply chains to focus on exporting. However, the proportion of businesses in these sectors saying that they have adequate supply chains has decreased since 2020 (wholesale and retail: 73% 2020 to 62% in 2021, manufacturing, raw materials and energy: 78% in 2020 to 66% in 2021).

Lastly, businesses in Q2 were more likely to say they did not have adequate supply chains compared with Q1 (41% vs 24%). Notably, there was evidence of some recovery after Q2, with only 31% reporting that they didn't have adequate supply chains in Q3-Q4.

Impact of COVID-19 and EU Exit on supply chains

Businesses that had exported in the last 12 months were asked whether they'd experienced any 'significant' issues with supply chains relating to COVID-19 or EU Exit and their use of alternatives, if any (Figure 7.2). In 2020, this question only focussed on COVID-19, and did not prompt businesses to consider EU Exit, so direct comparison should be made with caution given questionnaire changes.

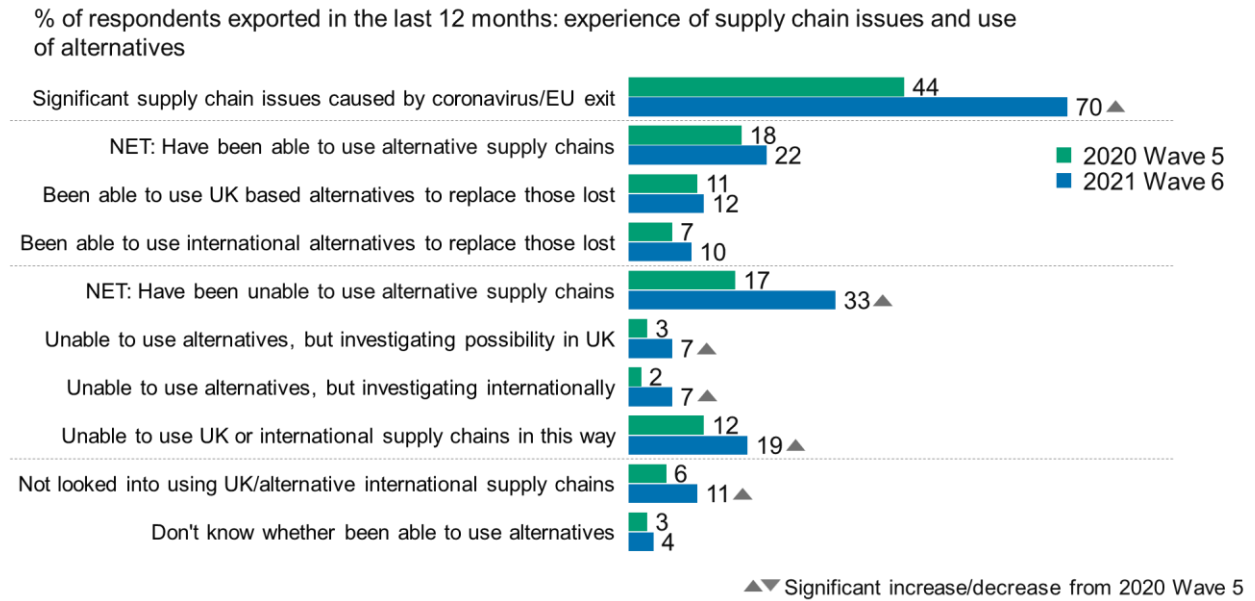
Seven in 10 (70%) exporting businesses had experienced 'significant' supply chain issues in 2021, an increase compared to 2020, when only 44% reported similar issues. However, this increase may be a result of EU Exit being added as a consideration for this question, rather than a rise in businesses experiencing supply chain issues. One in 5 (21%) businesses experiencing these issues attributed them to COVID-19, while 15% as being mostly caused by EU Exit. A third (32%) regarded both events as equally causing their supply chain issues.

Of businesses experiencing 'significant' supply chain issues, the proportion of businesses attributing these mostly to COVID-19 remained steady throughout 2021 (Q1: 20%, Q2: 20%: Q3: 25%, Q4: 18%). Businesses were more likely to report supply chain issues caused mostly by the EU Exit in the first half of the year (Q1: 17% and Q2: 21%), decreasing to 13% in Q3 and 8% by Q4. However, businesses were significantly more likely to attribute supply chain issues to both events equally by the end of 2021 (Q1: 28%, Q2: 31%, Q3: 26% vs Q4: 45%).

One in 5 (22%) businesses reporting disruption to their supply chain, reported that they were able to find an alternative, which is broadly consistent with 2020.

In the first quarter of 2021, a greater proportion of businesses were unable to use UK or international supply chains to replace those they lost compared to the end of the year. This shifted from 26% in Q1 to 15% in both Q3 and Q4. At the same time, in the last quarter of 2021, more businesses reported investigating replacing supply chains internationally (3% in Q1 to 11% in Q4). This suggests that a greater proportion of businesses were experiencing supply chain issues this year and were searching for alternatives by the end of 2021.

Figure 7.2: Supply chain issues and use of alternatives



Source: COVID5. Have you experienced any significant supply chain issues for your business caused by the coronavirus outbreak or the EU exit? COVID6. Have you been able to use alternative supply chains to replace those lost?
 Base : All respondents who have exported in the last 12 months: £500k+ turnover 2020 Wave 5 Q2-Q4/2021 Wave 6 (752/1052)

8. Knowledge, information and support – (£500,000+ turnover businesses)

In order to export, businesses need good levels of knowledge about exporting, and knowledge of where to go for help, information and support. It is also necessary for businesses to be willing to seek advice and support. This chapter looks at knowledge levels for exporting-related topics as well as use of and interest in using support and advice.

Overall, the findings from this chapter substantiate conclusions from previous chapters that businesses have key knowledge gaps in relation to exporting, including how to export and where to go for information, help or advice. In addition to this, results from this chapter suggest that knowledge gaps have deepened in the last year and have likely been exacerbated by EU Exit. Businesses have continued to use internet searches, government websites and personal connections (including friends, colleagues, business associates and informal connections) to source information.

Key findings in this chapter are as follows:

- for the first time, there was a higher proportion reporting poor than high knowledge on how to export, reflecting a shift towards a low level of knowledge in this period. One in 5 businesses had a high level of knowledge of how to export (21%), compared to the 3 in 10 (30%) reporting low knowledge. This has been driven by a drop in the proportion of businesses rating their knowledge of how to export as 'high' and an increase in those rating their knowledge as 'low'
- only 1 in 5 businesses exporting to the EU only reported a high level of knowledge (19%), compared to 3 in 10 businesses exporting to non-EU countries (31%) both non-EU and EU countries (32%). This is indicative of considerable and growing knowledge gaps among exporting businesses following the UK's EU exit
- businesses reported using a wide range of sources to stay informed about exporting or businesses products, with websites and internet searches used most often but business and informal contacts also key. The proportion of businesses reporting using multiple channels, including websites, recommendations from friends and colleagues, trade associations and expert advisors has increased in 2021
- a third of businesses who have exported or could export report having sought advice or information about exporting (36%). Compared with 2020, fewer businesses said they would not know where to get such information or that they would rely on internet searches, with UK government the primary source of information about exporting in 2021
- around 1 in 5 (18%) businesses reported having used paid exporting services, and 7 in 10 of those businesses said it was easy to identify an appropriate organisation to help them export (72%)

Current knowledge about exporting

Businesses that had exported or saw their goods or services as suitable for export were asked to self-assess their level of knowledge about various aspects of exporting on a 0 to 10 scale. In this section their responses have been grouped into 3 bands:

- a score of 8 to 10 has been classified as a 'high level of knowledge'

- a score of 3 to 7 is classified as a ‘moderate knowledge level’
- a score of 0 to 2 represents ‘poor or no knowledge’

As shown in Figures 8.1 and 8.2, 1 in 5 businesses who do or could export felt they had a high level of knowledge about **how to export** (21%) which represents a small decline since 2020 (26%). This marks a consistent pattern of decline since 2018, when 3 in 10 businesses (29%) reported high knowledge. Mirroring this trend, 3 in 10 businesses (30%) reported having poor knowledge of how to export in 2021, which is a significant increase from 2018 (23%) and 2020 (25%). For the first time, there was a higher proportion reporting poor knowledge rather than high knowledge, reflecting a shift towards a low level of knowledge in this period.

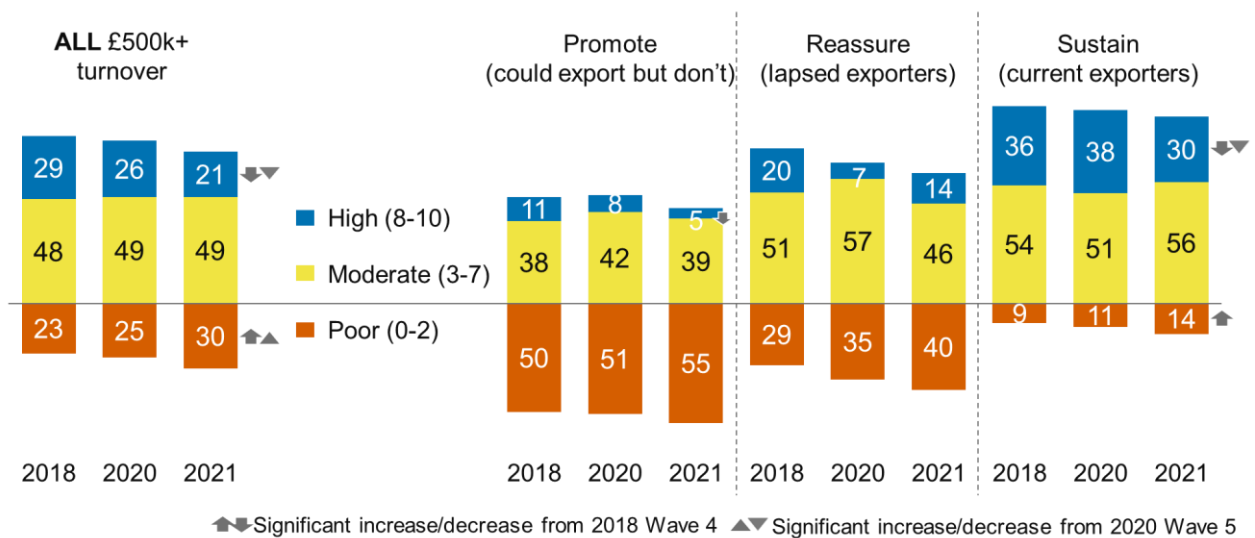
This decline in ‘high level’ knowledge has primarily occurred among those currently exporting, dropping from 38% in 2020 to 30% in 2021. This marks a steep decline in ‘high knowledge’ observed among this group in the long term, given that approaching half (46%) of sustain businesses reported high knowledge in 2015. There was also a drop in ‘high level’ knowledge about how to export among potential exporters (the Promote segment) from 2018 (11%) to 2021 (5%). This may be indicative of business uncertainty and exporting challenges following the UK’s departure from the EU.

For business size, self-reported ‘high level’ knowledge about how to export had declined among businesses with 10 to 19 employees compared to 2015 (17% down from 35%).

Businesses exporting to the EU only reported having a particularly low level of knowledge. Less than a quarter (19%) of those exporting only to the EU reported having high level knowledge. Overall, these results are likely to be indicative of considerable and growing knowledge gaps among exporting businesses following the UK’s departure from the EU.

Figure 8.1: Description of current knowledge about: how to export

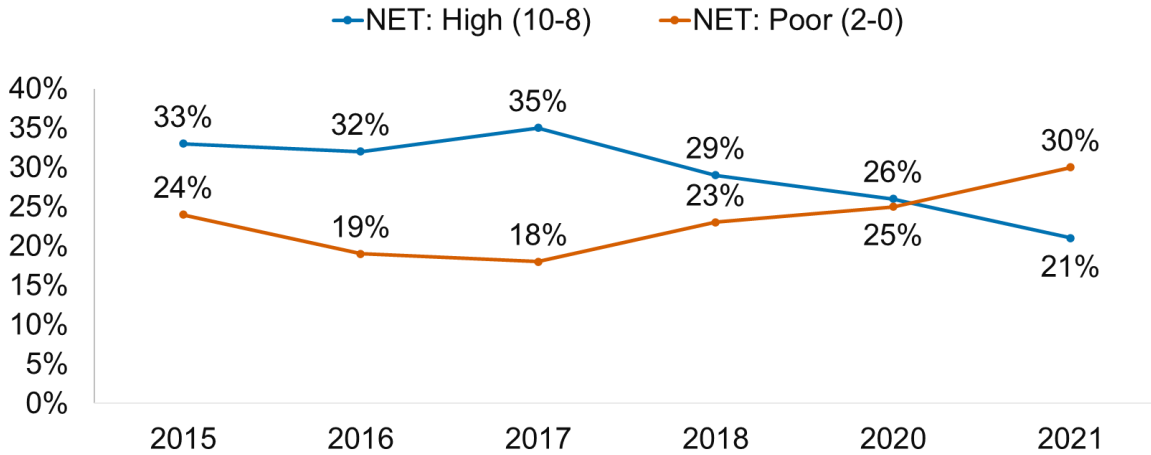
% of all who could export: knowledge about HOW to export ...



Source: Q30 (EXP_KNOW). On a scale of 0 to 10, where 10 means you have very good knowledge and 0 means you have no knowledge at all, how would you describe: Your knowledge of HOW to export
 Base : All £500k+ turnover businesses for whom exporting is possible 2018 Wave 4/2020 Wave 5/2021 Wave 6: (1510/1564/1642); Promote (283/368/351), Reassure (126/148/217), Sustain (917/1025/1052)

Figure 8.2: Description of current knowledge about: how to export: Trend over time

% of all who could export: knowledge about HOW to export ...



Q30: EXP_KNOW: On a scale of 0 to 10, where 10 means you have very good knowledge and 0 means you have no knowledge at all, how would you describe: Your knowledge about HOW to export
 Base: All respondents with an annual turnover of £500k+ – excluding those whose products / services would never be suitable for export: 2015 Wave 1 (650), 2016 Wave 2 (656), 2017 Wave 3 (1575), 2018 Wave 4 (1510), 2020 Wave 5 (1564), 2021 Wave 6 (1642)

Self-assessed knowledge **around where to go for information about exporting and where to go for help and support with exporting** has remained fairly stable since 2018. As shown in Figures 8.3 and 8.4, in 2021 over a third of businesses felt they had a high level of knowledge about each (35% for information, 33% for help and support). Around 1 in 6 reported a low level of knowledge (16% for information, 17% for help and support). However, in 2021 there was also a lower proportion of businesses with self-reported low levels of knowledge of where to go for information about exporting (16%) compared with both 2018 (22%) and 2020 (21%). This pattern was also present in relation to knowledge or where to go for help and support (22% in 2018 to 17% in 2021).

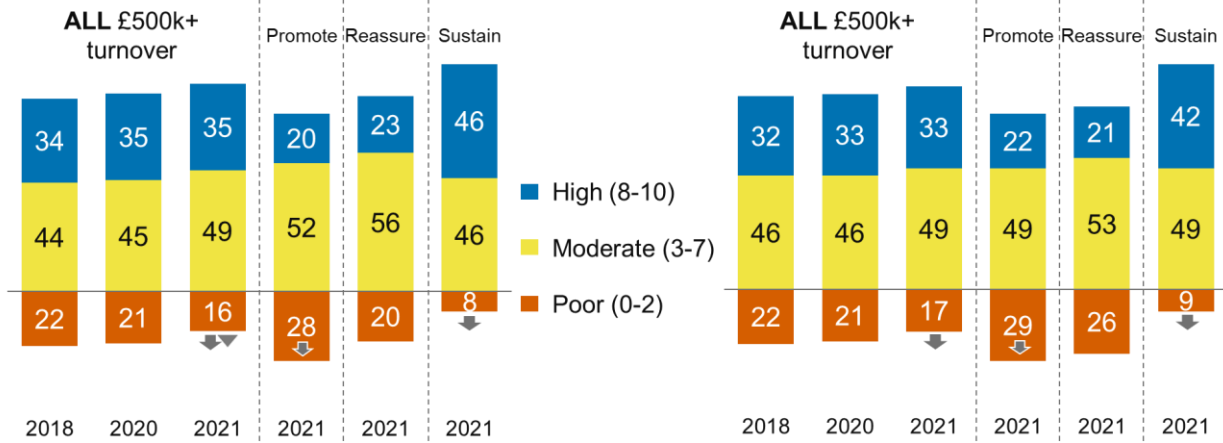
The shift seen in 2018 and 2020 from poor to moderate knowledge around where to go for information and for help and support among Promote businesses also continued this wave. There was a significant decrease in self-reported low levels of knowledge (information: 40% in 2018 compared to 28% in 2021, help and support: 41% in 2018 and 29% in 2021). However, those in the Promote segment remained more likely to rate their knowledge as low than those in the Sustain and Reassure segments for both information (28% compared with 11%) and help and support (29% compared with 13%). As in 2020, Sustain businesses were twice as likely to report a high level of knowledge than those in Reassure for both information (46% compared with 23%) and help and support (42% compared with 21%).

Businesses with turnover under £2 million were more likely to report low or no knowledge of where to go for exporting information (19%) or help and support (21%) compared with businesses with a turnover of or above £2 million (10% and 12%). Likewise, businesses with a turnover of £2 million or more were more likely to report having higher levels of knowledge (42% for information, 39% for help and support) compared to those with smaller turnovers (31% and 30%).

Figure 8.3: Description of current knowledge about where to go for: information about exporting / help and support with exporting

% of all who could export: knowledge about ...

Where to go for INFORMATION about exporting



▲ Significant increase/decrease from 2018 Wave 4 ▼ Significant increase/decrease from 2020 Wave 5

Source: Q30 (EXP_KNOW). On a scale of 0 to 10, where 10 means you have very good knowledge and 0 means you have no knowledge at all, how would you describe: Your knowledge of where to go for INFORMATION about exporting / Your knowledge of where to go for HELP AND SUPPORT with exporting

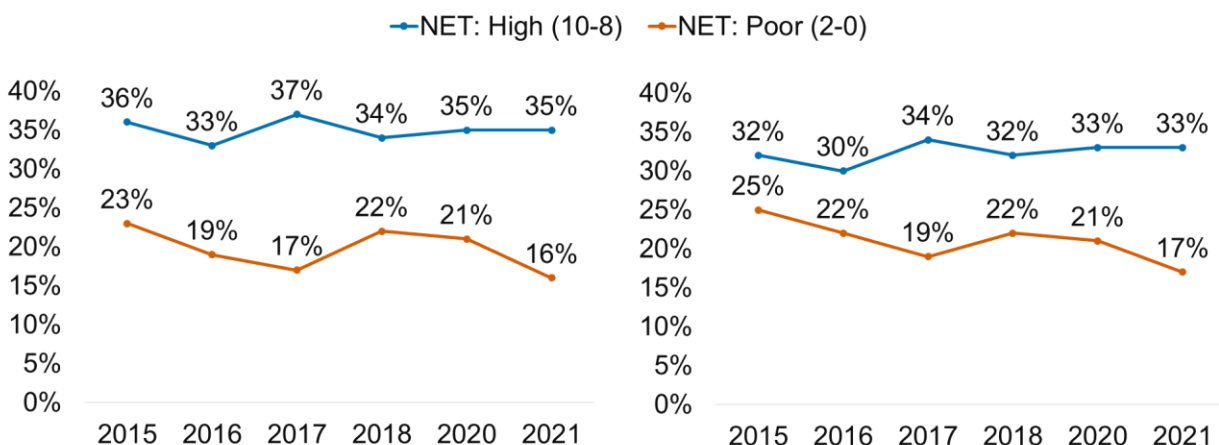
Base : All £500k+ turnover businesses for whom exporting is possible 2018 Wave 4/2020 Wave 5/2021 Wave 6: (1510/1564/1642); 2021 Wave 6: Promote (351), Reassure (217), Sustain (1052)

Figure 8.4: Description of current knowledge about where to go for: information about exporting / help and support with exporting: Trend over time

% of all who could export: knowledge about ...

Where to go for INFORMATION about exporting

Where to go for HELP AND SUPPORT with exporting



Source: Q30 (EXP_KNOW). On a scale of 0 to 10, where 10 means you have very good knowledge and 0 means you have no knowledge at all, how would you describe: Your knowledge of where to go for INFORMATION about exporting / Your knowledge of where to go for HELP AND SUPPORT with exporting

Base: All respondents with an annual turnover of £500k+ excluding those whose products / services would never be suitable for export: 2015 Wave 1 (650), 2016 Wave 2 (656), 2017 Wave 3 (1575), 2018 Wave 4 (1510), 2020 Wave 5 (1564), 2021 Wave 6 (1642)

Channels and sources of information

Businesses were asked about the channels they used to stay informed about exporting or business products, and about their own industry (see Figure 8.5). Websites and internet sources remained the most popular source among businesses, with 3 in 4 saying they used these to stay informed (74%) and a third citing social media (32%).

Informal connections were an important source for staying informed about exporting or business products, with almost 2 in 3 (64%) reporting that they used recommendations from friends or colleagues. Other businesses were also key, with just over 6 in 10 reporting using business contacts outside of their organisation (62%) and almost half using other SMEs or businesses (46%). Tailored sector expertise was also used by a substantial proportion, with over half using expert advisors (54%), almost half using both trade associations (49%) and sector specific publications (47%), and 20% using external consultancies.

Compared to 2020, a greater proportion of businesses reported using each channel to stay informed. The proportion of businesses using websites and internet rose (from 66% to 74%) as had those taking recommendations from friends or colleagues (from 52% to 64%). Additionally, those turning to other businesses increased, including those using business contacts outside of their organisation (53% to 62%) and those using other SMEs or businesses (36% to 46%). Lastly, those using tailored sector expertise also increased, as businesses using trade associations as a source increased from 39% to 49% and businesses using expert advisors increased from 37% to 54%.

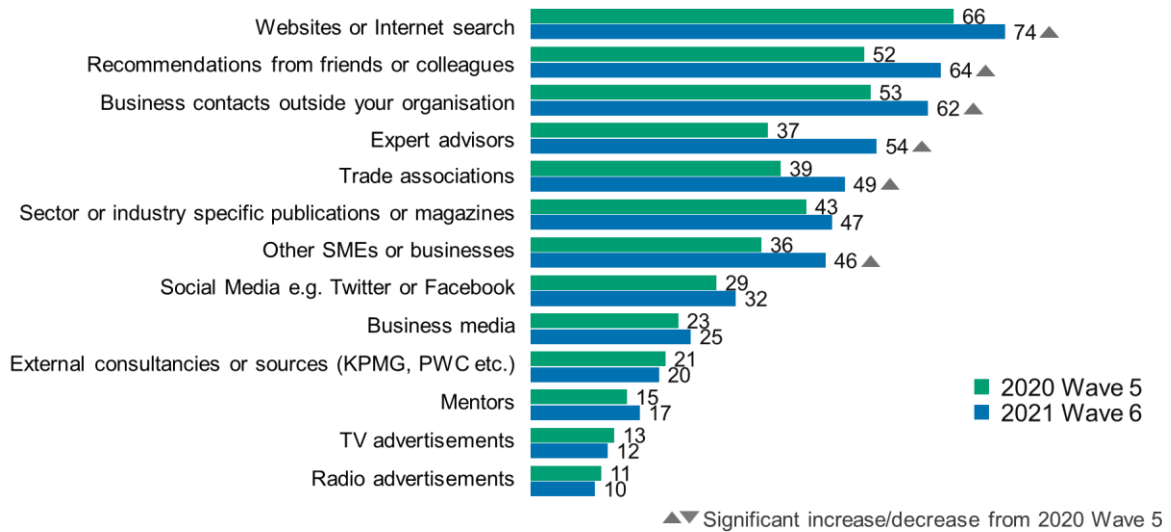
Businesses who had never exported were more likely than current exporters to use TV advertisements (16% in the 'Promote' or 'Challenge' segments compared to 7% in 'Sustain') and radio advertisements (15% compared to 5%) to find out about exporting or business products. Current exporters were more likely to use the following:

- business contacts (70% in the 'Sustain' segment compared to 57% in the 'Promote' or 'Challenge' segment)
- trade associations (53% in the 'Sustain' segment compared to 35% in the 'Reassure' segment)
- other SMEs or businesses (51% in the 'Sustain' segment compared to 39% in the 'Challenge' segment)
- business media (28% in the 'Sustain' segment compared to 17% in the 'Challenge' segment)

Sources used to stay informed about exporting or business products were largely consistent quarter on quarter in 2021. However, there were a few quarterly differences across 2021: in Q3 businesses were more likely than other quarters to say use the internet and social media to stay informed (85% in Q3, compared to 70-72% in Q1, Q3 and Q4). The proportion that reported use of recommendations from friends and colleagues (69% in Q3 and 55% in Q4) was higher in Q3 compared to Q1 or Q4. The same is true for business contacts (70% in Q3 vs 57% in Q1 and 55% in Q4), other SMEs or businesses (55% in Q3, 43% in Q1 and 35% in Q4) and external consultancies (26% in Q3 vs 14% in Q1 and 17% in Q4). In the last half of the year, the proportion of businesses using social media was greater compared to the beginning of the year (36% in Q3-4, 22% in Q1).

Figure 8.5: Channels used to stay informed about exporting or business products

% of respondents reporting using ... to stay informed about exporting or business products



Source: F1. Which of the following channels do you use to find out about exporting or business products.

Base : All respondents (randomised half sample in 2021): £500k+ turnover 2020 Wave 5/2021 Wave 6 (2557/1224)

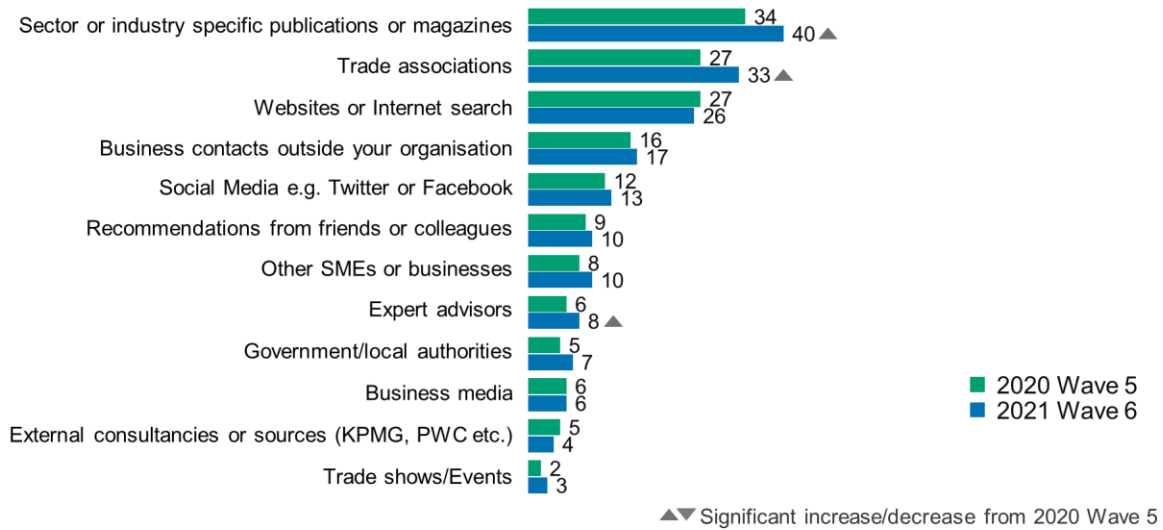
Answer codes <10% in 2021 are not shown.

Compared with the sources used to stay informed about exporting, a narrower array of sources was commonly used by businesses to **stay informed about their own industry**, as shown in Figure 8.6. Two in 5 reported using sector specific publications (40%), a third were using trade associations (33%) and around a quarter used internet searches and websites (26%). Compared with staying informed about exporting and business products, other businesses (business contacts outside the organisation: (17%), other SMEs or businesses: (10%) and expert advisors (8%) played a relatively smaller role.

A greater proportion of businesses reported using sector specific sources to stay informed about their own industry compared to 2020. The proportion of businesses using sector or industry specific publications rose compared with 2020 (from 34% to 40%) as did those using trade associations (27% to 33%).

Figure 8.6: Channels used to stay informed about own industry

% of respondents reporting using ... to stay informed about their industry



Source: F2. Which sources do you use to stay informed about your industry?

Base : All respondents (randomised half sample in 2021): £500k+ turnover 2020 Wave 5/2021 Wave 6 (2557/1236)

Answer codes <3% in 2021 are not shown.

Experience of export support services

Businesses were asked if they had ever hired an export services organisation and what services they had paid for. In 2021, almost 1 in 5 businesses (18%) reported that they had paid to use an export services organisation of any type, marking a significant increase compared to 2018 (13%). As in 2018, these services were most likely to be a shipping or haulage company (10%, up from 5% in 2018 and 6% in 2020) or a distribution organisation (2%), with 2% reporting using legal assistance. All other services had an incidence of 1% or less (including marketing, market research, consultants, financial assistance, overseas trade shows and customs).

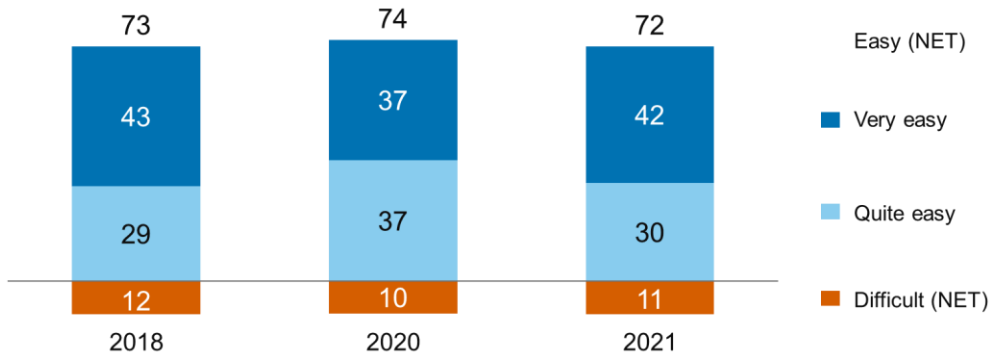
Reported use of paid exporting services was lower amongst businesses exporting to the EU only (10%), compared with those exporting outside the EU (21%). It was also higher for businesses with a higher turnover (£50,000,000 or more: 29% vs £500K to £2 million: 16% and £2 million to £5 million: 15%).

As shown in Figure 8.7, 7 in 10 of those who had used paid exporting services reported it was easy to identify an appropriate organisation to help them (72%). More than 4 in 10 (42%) said it was very easy, with no significant change since 2018.

As in 2020, businesses using paid support services did not generally report having issues in finding them.

Figure 8.7: Business ease in identifying an appropriate organisation to help with exporting activities

% of those who have hired an export services organisation : ease of identifying an appropriate organisation to help with exporting activities of business



▲ Significant increase/decrease from 2018 Wave 4 ▼ Significant increase/decrease from 2020 Wave 5

Source: Q32B. How easy or difficult was it for you to identify an appropriate organisation to help with the exporting activities of your business?

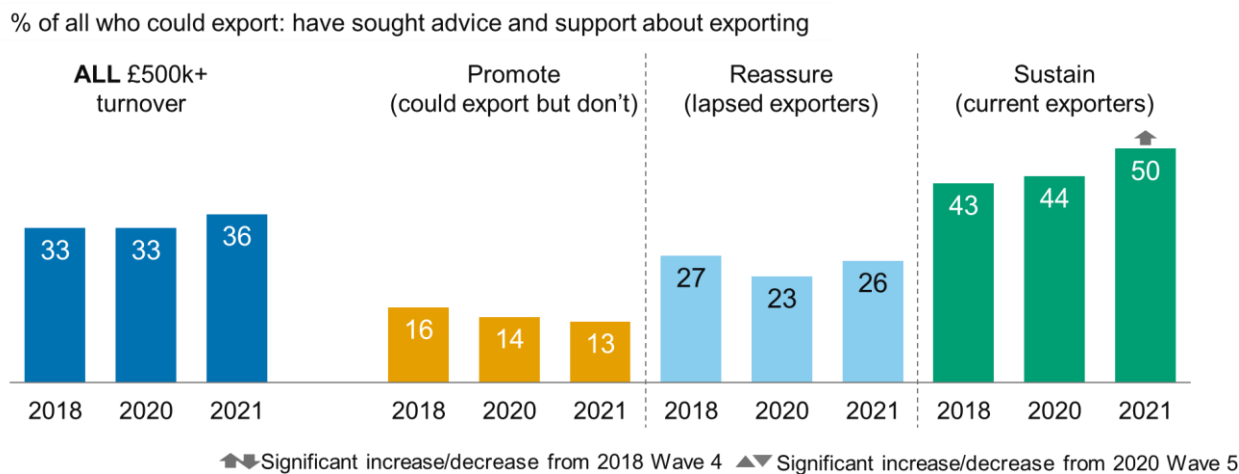
Base : All who have hired an export services organisation : £500k+ turnover 2018 W4/2020 W5/2021 W6 (167/185/260)

Interest in support and advice about exporting

Among businesses that had previously exported or who identified their goods or services as suitable for export, over 1 in 3 (36%) said they had sought advice about exporting, consistent with findings in 2018 and 2020 (see Figure 8.8).

Interest in information and support services from the Sustain segment is highest compared to the other segments, having also risen since 2018 (43% to 50%), while interest from the Promote segment was stable from 2018 (13% in 2021, 16% in 2018).

Medium sized businesses (50 to 249 employees) were relatively more likely to report seeking advice (47%), perhaps reflecting the increase in the proportion becoming current exporters since 2018 (41% up from 37% in the Sustain segment). Patterns by sector largely reflect propensity to export.

Figure 8.8: Whether businesses have ever sought advice and support about exporting

Source: Q33 (EXPAD_B). Have you ever sought advice and support about exporting?

Base : All £500k+ turnover businesses for whom exporting is possible 2018 W4/2020 W5/2021 W6: (1510/1564/1642); Promote (283/368/351), Reassure (126/148/217), Sustain (917/1025/1052)

All businesses were asked to say where they would go for support or advice on exporting (see Figure 8.9). Almost 1 in 10 (9%) were not interested in finding out more information and 15% reported that they did not know where they would go (which marks a decline from 2020 (22%).

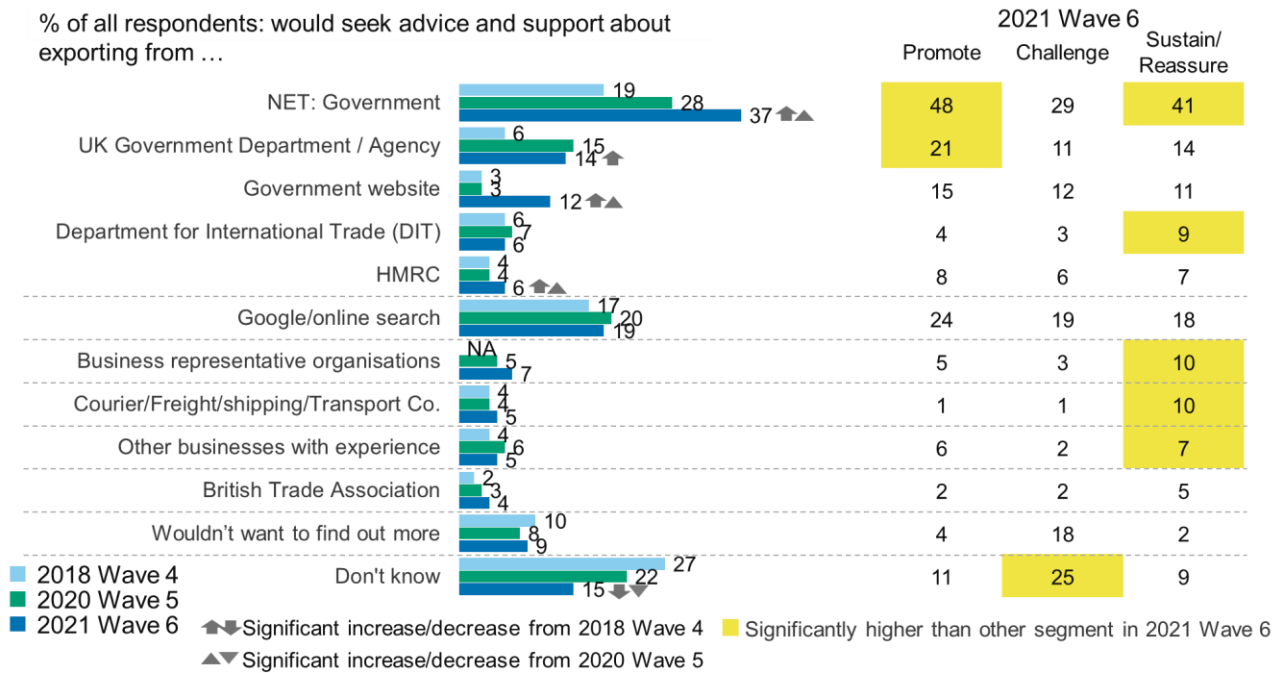
UK government sources have played a larger role as a source of advice and exporting since 2018 (37% up from 19%). Increasing proportions of businesses report getting support or advice from government departments or agencies (14% up from 6%), the government website (3% to 12%) and HMRC (4% to 6%). Though there has been an increase in usage of government sources, knowledge about where to go has remained stable compared to previous years.

There was also a continued increase in mentions of government as a source for advice and support among Promote (48% up from 26% in 2020) and Challenge (29% up from 20%) segments. The Promote segment remained most dependent on online searches (24%) and also became increasingly reliant on Government websites (from 4% in 2020 to 15%), underlining the need to continue signposting to gov.uk websites. From great.gov, these businesses can, in turn, be signposted to more specific information or support networks. Given their lack of engagement with exporting, it is not surprising that the Challenge segment remained most likely to say they did not know where to go for advice or support (25%) or to not want further information (18%). However, the proportion of Challenge businesses reporting that they did not know where to go had fallen significantly since 2018 (from 41%).

The sources used for advice and support were similar across sectors. However, those in the manufacturing, raw materials and energy sector were particularly likely to say they used business representative organisations (13%), DIT (12%), couriers or shipping agents (11%). Businesses in transportation and storage were less likely to use government sources in general (22%). Businesses in Scotland (24%) were less likely to say they had used government sources than those in England (38%) and Wales (45%).

In the second half of 2021, there was a shift away from businesses using UK government sources for advice and support about exporting (from 45% in Q1 to 31% and 33% in Q3 and Q4, respectively). This was particularly the case for UK Government Department or Agency sources (16% in Q1-Q3 combined compared to 8% in Q4) and the government website (15% in Q1-Q2 combined to 7% in Q3). The higher usage of government sources in the first half of the year may well reflect businesses seeking information on EU Exit at the beginning of the year.

Figure 8.9: Where businesses would go for advice and support about exporting



Source : Q34a (ADV_EXP_A). And where, if anywhere, would you go if you needed exporting support or advice? (TOP SOURCES)
 Base : 2018 W4/2020 W5/2021 W6: All £500k+ turnover businesses (2448/2557/2485); 2021 W6: Promote (351), Challenge (843), Sustain/Reassure (1269)

9. Expectations for growth and trade – (£500,000+ turnover businesses)

Positive attitudes about exporting and interest in exporting are a step towards businesses embarking on the journey towards exporting and entering new markets. This chapter looks at business innovation and plans for growth, trends in attitudes related to exporting, and expectations for growth in UK exports.

Overall, the findings from this chapter indicate that, while the proportion of businesses aiming to grow has remained stable, there were concerns about the level of demand for British products and services. Responses suggest these concerns were related, at least in part, to both COVID-19 and EU Exit, though fewer businesses attributed decreased demand to the pandemic in 2021 compared with 2020. 2021 has also seen innovation continue to decline, as observed since 2018. Despite these concerns about demand and drops in rates of innovation, businesses were more likely than in 2020 to believe that the value of UK exports will increase over the next 12 months and 5 years in 2021. This may represent an increase in optimism among businesses for exporting potential over the next year, but could also be indicative of the relative decline in exporting over the past year.

Key findings in this chapter are as follows:

- around 2 in 3 (68%) businesses were aiming to grow their business, while 1 in 6 (17%) were consolidating and a further 1 in 6 (15%) were just looking to return to profitability. There was a more positive outlook for growth towards the end of the year
- the long-term trend of declining innovation continued in 2021 (41%, down from 46% in 2020 and 56% in 2015), although larger businesses remained more resilient to this and were more likely to have reported introducing new or improved products than smaller businesses
- in comparison with previous years, a smaller proportion of businesses agreed that there is a lot of demand for British products and services around the world (63% in 2020 compared to 57% in 2021). However, there has been a reduction in the proportion of businesses agreeing that demand for British products or services around the world has decreased since the outbreak of COVID-19 (47% in 2020 compared to 40% in 2021)
- the trend for an increase in agreement that UK export values will increase over the next 5 years continued up from 37% in 2018 to 46% in 2021. For the first time, the balance of short-term confidence in UK exports was positive, with 1 in 3 (34%) believing that UK exports would increase in the next 12 months (up from 1 in 4 in 2018 (26%) and (27%) 2020) and 1 in 4 (26%) feeling they would decrease (down from a high of 39% in 2020). This may represent an increase in optimism among businesses for exporting potential over the next year but could also be indicative of the relative decline in exporting over the past year

Business thinking about growth

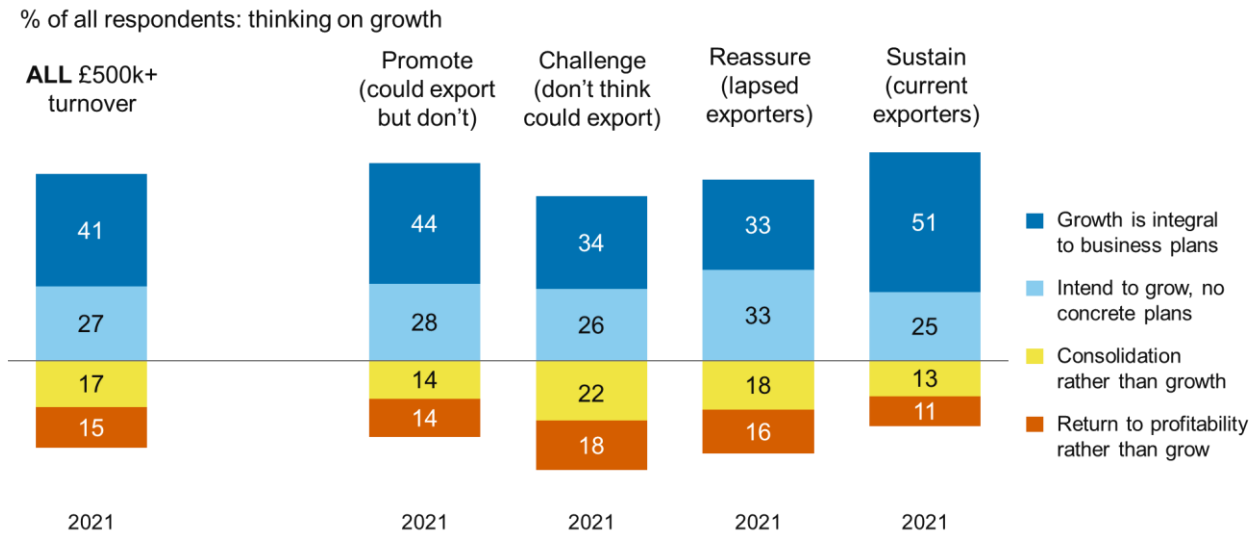
The question on growth was updated between 2020 and 2021 to reflect the potential impact of COVID-19 on businesses profitability. This reflected the fact that returning to profitability may be a key challenge for many businesses as they embarked on a road to recovery. The introduction of an additional response option covering the return to profitability reduces the ability for direct year-on-

year comparisons to be made, although the responses reflecting growth are broadly comparable with earlier years.

Overall, 2 in 3 businesses (68%) reported that they were aiming to grow their business, in line with 2020, but down from 2018 (73%). Growth was seen as integral to business plans for 2 in 5 (41%), while over a quarter (27%) intended to grow but had no concrete plans to achieve this. At the other end of the scale, around 1 in 6 (17%) stated that they were aiming for consolidation rather than growth and a similar proportion (15%) felt they needed to return to profitability (Figure 9.1).

Current exporters (in the Sustain segment) were the most likely to state that growth was an integral part of their business plans (51%) compared to other segment groups. Challenge businesses (whose products or services were not suitable for export) were more likely than those in other segments to be aiming to either consolidate their business (22%) or return to profitability (18%).

Figure 9.1: Current thinking on growth



Source: Q11 (GROWATT). Which of these best describes your thinking on growth?
 Base : 2021 Wave 6: All £500k+ turnover businesses (2485), Promote (351), Challenge (843), Reassure (217), Sustain (1052)

As in previous years, intentions to grow were much stronger among larger businesses (67% of large businesses said growth was an integral part of their business plans, compared with 32% of micro businesses). Smaller businesses were more likely to be aiming for either consolidation or a return to profitability (41% of micro businesses placed themselves in 1 of these categories, compared with 16% of large businesses).

Businesses in Wales were more likely than those in other regions to state that growth was integral to their business plans (49%). Those in the South England region were more likely than others to be aiming to return to profitability (19%). As the year progressed, businesses became more likely to say they intended to grow.

In Q1, 62% of businesses said either that growth was an integral part of their plans or that they intended to grow but hadn't yet got concrete plans how to do this. This increased to 71% by Q4.

In 2021, those who were intending to grow their business were asked for the first time what they intended to achieve this over the next 12 months. The UK market was a clear business priority, as finding new customers inside the UK (25%) was the top response, given by twice as many as who

said they would find new customers outside the UK (12%). Similarly, 13% stated that they intended to sell more to existing UK customers, compared with 5% who had the intention of selling more to existing customers outside the UK. Current exporters (in the Sustain segment) were more likely than those in other segments to be planning to focus on finding new customers outside the UK (23%) and selling more to existing customers outside the UK (11%). There were no differences by segment in intentions to grow through increased UK business, either with new or existing customers.

Other frequently given responses to achieving growth were around the areas of profile raising, marketing activities and networking (20%), developing new products and services (16%) and hiring new staff (13%). The intention to hire new staff increased throughout the year, from 7% in Q1 to 18% in Q4. This may reflect increased confidence following the relaxation of COVID-19 public health measures, or the growing need to hire staff domestically given changes to the labour market following EU Exit.

Innovation in past 12 months

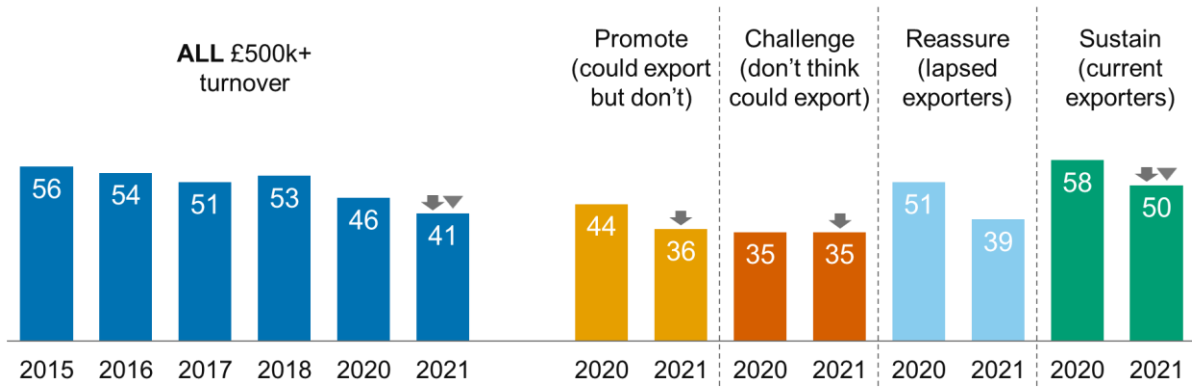
Continuing the trends identified in 2020, there was a decline in the proportion of businesses which had introduced new or significantly improved products or services in the past 12 months. This is shown in Figure 9.2 (41%, down from 46% in 2020 and 56% in 2015). Current exporters (in the Sustain segment) remained most likely to have introduced new or improved products or services (50%). This was significantly down from both 2020 (58%) and over the longer term (64-65% between 2015 and 2018). There was also a sustained decline in innovation within the Promote segment, where the proportion of businesses introducing new or improved products or services has fallen steadily from 64% in 2015 to 36% in 2021.

As in previous years, large businesses (67%) were much more likely than micro businesses (36%) to report innovation. Among all except large businesses there has been a pattern of long-term decline in innovation, with only those with at least 250 employees resilient to this.

Those in consumer discretionary (55%) and those in manufacturing, raw materials and energy (49%) sectors were particularly likely to state that they had introduced new or improved products or services in the past 12 months.

Figure 9.2: Whether business has introduced new or significantly improved products or services in past 12 months

% of all respondents: made innovations to products or services in last 12 months



▲ Significant increase/decrease from 2015 Wave 1 ▼ Significant increase/decrease from 2020 Wave 5

Source : Q12 (INNOV).Thinking about innovation within your business i.e. new products and processes, have you introduced new or significantly improved products or services in the past 12 months?
 Base: 2015 W1/2016 W2/2017 W3/2018 W4/2020 W5/2021 W6: All £500k+ turnover (1160/1139/2535/2448/2557/2485);
 2020 W5/2021 W6: Promote (368/351), Challenge (993/843), Reassure (148/217), Sustain (1025/1052)

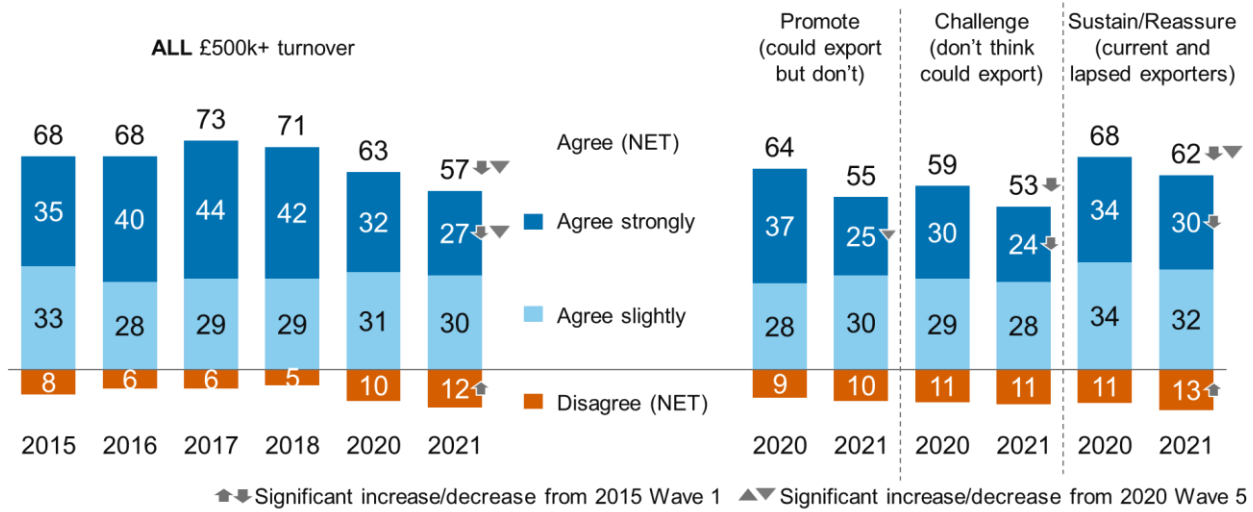
Attitudes to exporting

Agreement that there is a lot of demand for British products or services around the world has continued to decline in 2021, standing at 57% in 2021, down from a peak of 73% in 2017. Strong agreement has fallen from 44% to 27% over the same period (Figure 9.3). The pattern of decline is apparent across all segments, although current and lapsed exporters remain the most likely to agree (62%).

Agreement fell across 2021, from 63% in Q1, to 54% in Q4, with strong agreement falling from 34% to 27% over the same period.

Figure 9.3: Agreement that there is a lot of demand for British products or services around the world

% of all respondents: agreement that there is a lot of demand for British products or services around the world



Source: Q14 (EXPSTAT_ALL). To what extent do you agree or disagree that: There is a lot of demand for British products or services around the world

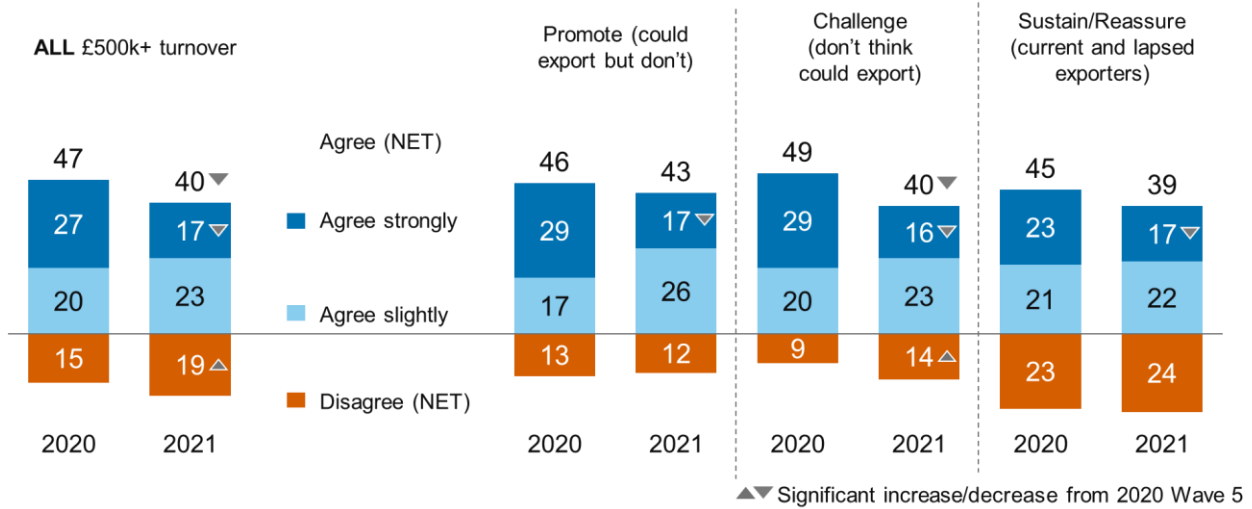
Base : 2015 W1/2016 W2/2017 W3/2018 W4/2020 W5/2021 W6: All £500k+ turnover (1160/1139/2535/2448/2557/2485); 2020 W5/2021 W6: Promote (368/351), Challenge (993/843), Sustain/Reassure (1173/1269)

In 2021, 2 in 5 businesses (40%) agreed that demand for British products and services around the world had decreased since the outbreak of COVID-19; an improvement from 2020 when this stood at 47% (Figure 9.4). This was mainly driven by an improvement among Challenge businesses (decreasing from 49% to 40%). Overall, 2 in 10 (19%) businesses disagreed, up from 15% in 2020. Current and lapsed exporters (Sustain and Reassure segments) were the most likely to disagree (24%), although the increase in disagreement was driven by Challenge businesses, up from 9% to 14%.

Businesses in Northern Ireland (48%) and Scotland (46%) were more likely to agree that demand for British products and services around the world had decreased since the COVID-19 outbreak compared to England (40%) and Wales (35%).

Figure 9.4: Agreement that in general, demand for British products and services around the world has decreased since the outbreak of COVID-19

% of all respondents: agreement that in general, demand for British products or services around the world has decreased since the coronavirus outbreak



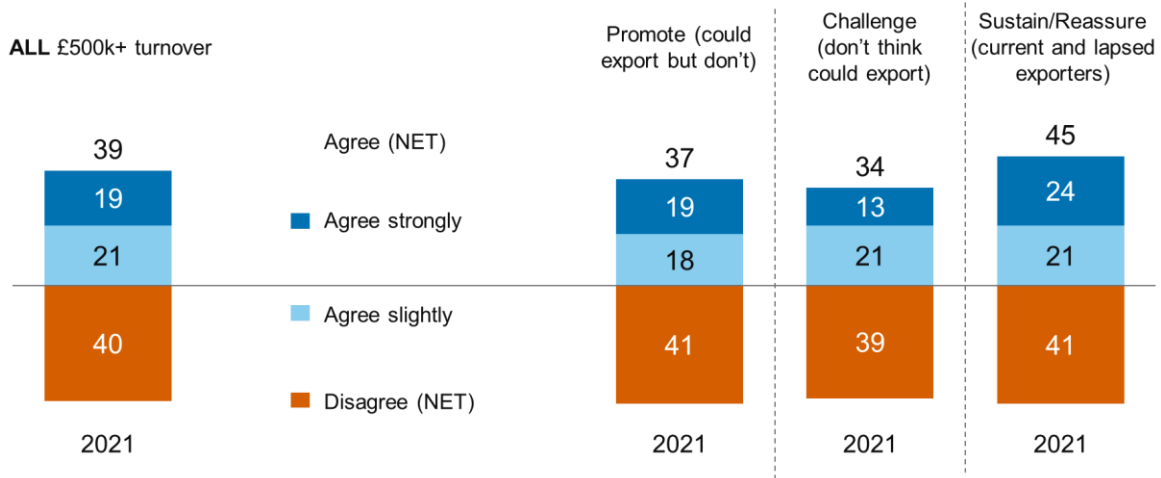
Source: Q14 (EXPSTAT_ALL). To what extent do you agree or disagree that: In general, demand for British products or services around the world has decreased since the coronavirus outbreak
 Base : 2020 Q2-4 W5/2021 W6: All £500k+ turnover (1931/2485), Promote (265/351), Challenge (785/843), Sustain/Reassure (866/1269)

Figure 9.5 shows that there were polarised responses as to whether there will be less demand for British products and services now that we have left the EU, with as many businesses agreeing with this (39%) as disagreeing (40%). However, Sustain and Reassure businesses, which have experience of exporting, were more likely to agree (45%) than those in the Challenge segment, whose products or services are not suitable for export (34%).

Businesses in Northern Ireland (52%) and Scotland (50%) were most likely to agree that now we have left the EU there will be less demand for British products and services, with those in Northern Ireland particularly likely to agree strongly (29%). Businesses in England (39%) and Wales (30%) were less likely to agree with this statement.

Figure 9.5: Agreement that now we have left the EU, there will be less demand for British products and services

% of all respondents: agreement that now we have left the EU, there will be less demand for British products and services



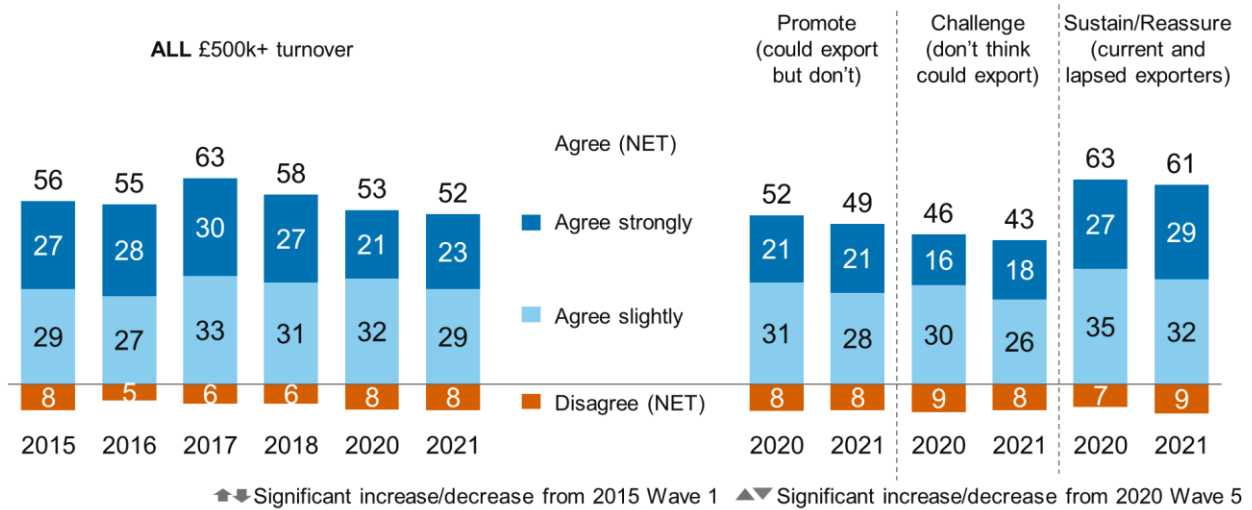
Source: Q14 (EXPSTAT_ALL). To what extent do you agree or disagree that: Now we have left the EU, there will be less demand for British products and services
 Base : 2021 W6: All £500k+ turnover (2485), Promote (351), Challenge (843), Sustain/Reassure (1269)

As illustrated in Figure 9.6, agreement that a lot more businesses could export than do export has continued the steady decline from 2017 (63% down to 52% in 2021), although the figures are largely stable compared to 2020 and Sustain and Reassure businesses remain the most likely to agree (61%).

Businesses in Northern Ireland were most likely to agree that a lot more businesses could export than do export (59%), with agreement lowest in the South England super-region (45%).

Figure 9.6: Agreement that a lot more businesses could export than do export

% of all respondents: agreement that a lot more businesses could export than do export



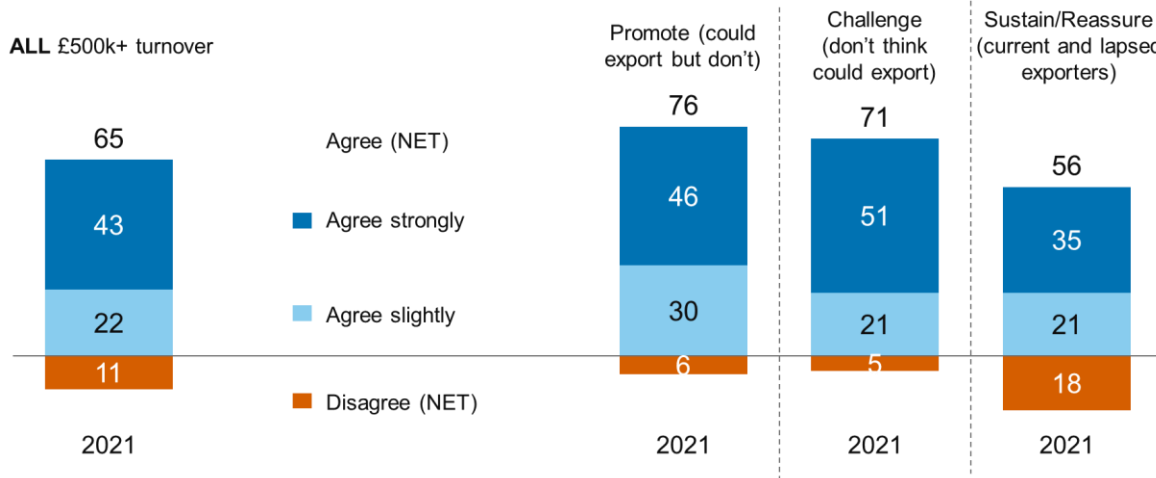
Source: Q14 (EXPSTAT_ALL). To what extent do you agree or disagree that: A lot more businesses could export than do export
 Base : 2015 W1/2016 W2/2017 W3/2018 W4/2020 W5/2021 W6: All £500k+ turnover (1160/1139/2535/2448/2557/2485);
 2020 W5/2021 W6: Promote (368/351), Challenge (993/843), Sustain/Reassure (1173/1269)

Around 2 in 3 (65%) businesses agreed that online marketplaces such as Amazon provided an easy and accessible way to reach customers outside the UK. Agreement was higher among the non-exporting Promote (76%) and Challenge (71%) segments than it was among current and lapsed exporters in the Sustain and Reassure segments (56%). As these segments are non-exporting, this suggests the Promote and Challenge opinion is not based on experience of using online marketplaces to reach customers outside the UK.

By sector, agreement that online marketplaces are an easy and accessible way to reach customers outside the UK was highest among consumer discretionary (77%) and construction and real estate (74%) businesses.

Figure 9.7: Agreement that online marketplaces (e.g. Amazon) are an easy and accessible way to reach customers outside the UK

% of all respondents: agreement that online marketplaces (e.g. Amazon) are an easy and accessible way to reach customers outside of the UK



Source: Q14 (EXPSTAT_ALL). To what extent do you agree or disagree that: Online marketplaces (e.g. Amazon) are an easy and accessible way to reach customers outside of the UK
 Base : 2021 W6: All £500k+ turnover (2485), Promote (351), Challenge (843), Sustain/Reassure (1269)

Businesses with the experience of or potential for exporting were asked further questions about their experience of and attitudes towards exporting. The proportion who agreed with each statement (either strongly or slightly) is shown in Figure 9.8.

Positivity around exporting has declined since 2018 but is largely in line with 2020. This includes:

- pride in being a successful exporter (81%, down from 86% in 2018)
- the belief that international growth is an exciting prospect (54%, down from 62% in 2018)
- recognising that there is a lot of opportunity to grow internationally (52%, down from 62% in 2018)
- feeling that more and more businesses like theirs are starting to export (24%, down from 35% in 2018)

Current exporters (in the Sustain segment) were more likely to agree with all of these, except for taking pride in being a successful exporter, where there was no difference between segments. Businesses with at least 50 employees were more likely than smaller businesses to agree that there is a lot of opportunity for their business to grow internationally.

Conversely, in 2021 more businesses held the opinion that there would not be enough demand for their business overseas to make exporting worthwhile (33%, up from both 2018 and 2020). However, perceptions of risk in taking a business international had recovered from an increase in 2020 and returned to 2018 levels in 2021 (31%). Agreement with both statements was higher among those in Reassure and Promote segments (lapsed and potential exporters) than it was among Sustain businesses (“there would not be enough demand for my business overseas to make it worthwhile” – Reassure: 48%, Promote: 45%, Sustain: 22%. “There are too many risks in taking a business international” – Reassure: 37%, Promote: 38%, Sustain: 27%:). In addition, smaller businesses, with fewer than 20 employees were more likely to feel that there would not be enough demand for their business overseas to make it worthwhile. Combined, this implies that

perceptions of low demand overseas are a barrier to getting businesses exporting, particularly if they have limited or no experience of it already.

Around half of businesses with products or services suitable for export (48%) were sufficiently satisfied with the opportunities within the UK market to mean that they were not interested in exporting, in line with when this was first asked in 2020. This was higher among Reassure (62%) and Promote (71%) businesses than it was among those in the Sustain (33%) segment. Furthermore, 2 in 5 (42%) felt that coping with COVID-19 had been their priority and so they had not been able to focus on exporting. Lapsed exporters (60% in the Reassure segment) were particularly likely to agree with this, suggesting that the pandemic had caused many of them to step back from exporting activities for a period.

In line with previous years, over a third (35%) agreed that there is a lot of support available to help small and medium businesses start exporting. Businesses in Northern Ireland were more likely than those in England to agree that there is a lot of support available to help small and medium businesses start exporting (52% in Northern Ireland compared to 34% in England).

Figure 9.8: Agreement with other statements relating to exporting

% of respondents who could/do export – agree that ...



Source: Q31(EXP_STAT). To what extent do you agree or disagree that...
 Base : All who export or could potentially export: £500k+ turnover 2018 Wave 4/2020 Wave 5 / 2021 Wave 6 (1510/1564/1642)

Expectations for growth in UK exports

To get a sense of business confidence in the prospects for UK exports, all businesses were asked whether they believed the value of UK exports would increase, decrease or stay the same over the next 5 years. As in previous years, the balance of opinion was positive, with more businesses expecting an increase than a decrease in export value. Furthermore, the proportion who expect UK export values to increase has been steadily increasing, up from 37% in 2018 to 46% in 2021 (Figure 9.9).

Current and lapsed exporters (Sustain and Reassure) were most likely to agree with increasing value of UK exports in 2021, with half (51%) of these businesses feeling that export values were likely to increase over the next 5 years, up from 36% in 2018. Challenge segment businesses,

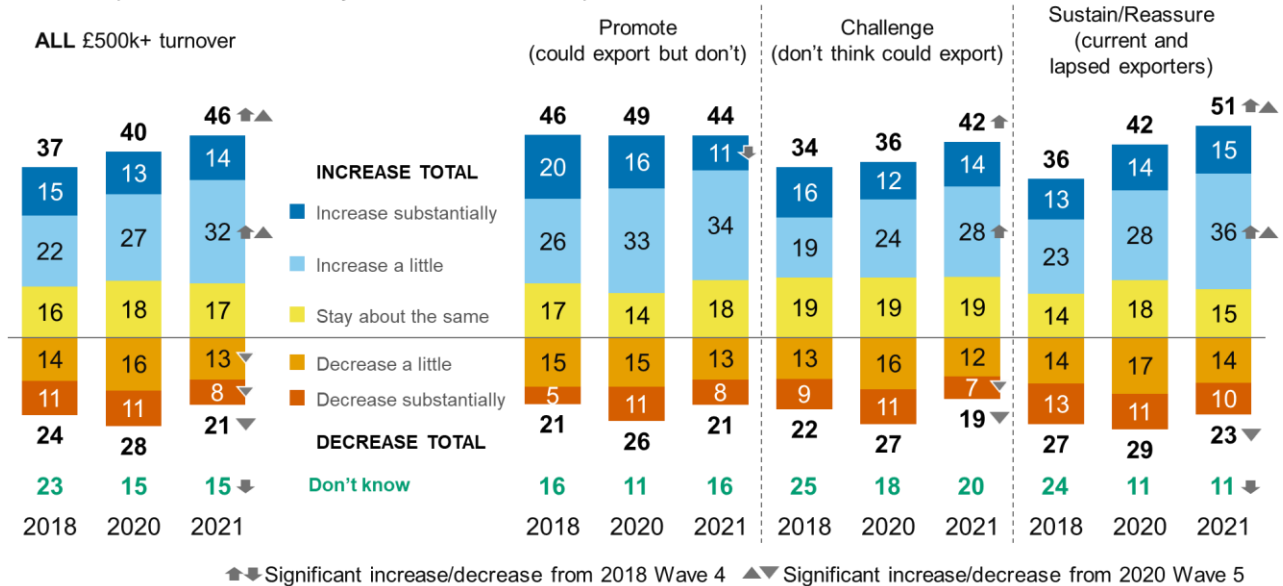
whose products and services were not suitable for export, also expected the value of exporting to increase (36% in 2018 to 42% in 2021).

By business size, the smallest and largest businesses were most likely to expect an increase in export values over the next 5 years (50% of micro businesses with fewer than 10 employees and 51% of large businesses with at least 250 employees). For both micro and large businesses, this was an increase on 2020, whereas the year-on-year picture was more stable across businesses of intermediate sizes (with 10-249 employees).

Businesses in Scotland were the least likely to believe UK exports will increase over the next 5 years (33%, in line with previous years) and also the most likely to be unsure (22% said they did not know, compared with 15% across the UK as a whole).

Figure 9.9: Whether businesses believe UK exports will increase or decrease over the next 5 years

% of all respondents – in next 5 years think total UK export value will ...



Source: Q40a. Moving to a different topic now, thinking about UK exports over the next 5 years or so, do you think that the total value of exports by UK businesses will...
 Base : All respondents 2018 Wave 4/2020 Wave 5/2021 Wave 6: £500k+ turnover (2448/2557/2485), Promote (283/368/351), Challenge (840/993/843), Sustain/Reassure (1132/1173/1269)

To provide a shorter-term view of business confidence, businesses were also asked whether they believed the value of UK exports would increase, stay the same, or decrease over the next 12 months (Figure 9.10). In 2021, for the first time since the question was first asked in 2018, more businesses believe the value of UK exports will increase rather than decrease, with 1 in 3 (34%) believing that UK exports would increase in the next 12 months (up from 1 in 4 in 2018 (26%) and (27%) 2020) and 1 in 4 (26%) feeling they would decrease (down from a high of 39% in 2020).

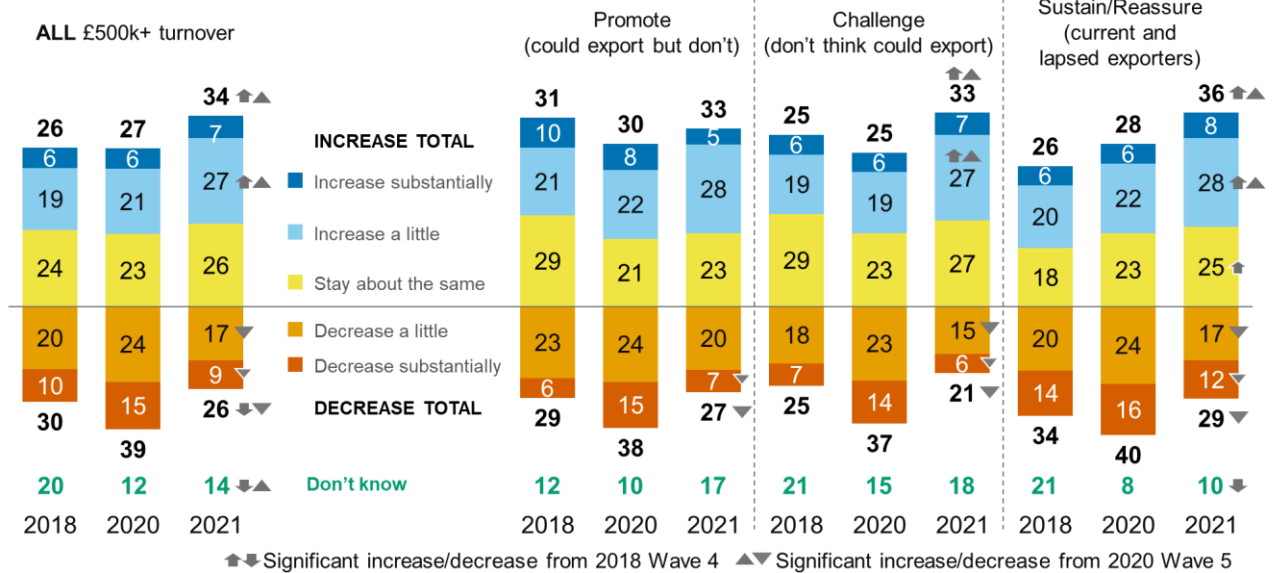
Compared with 2020, across most exporting segments there was a reduction in the proportion of businesses with the opinion that UK export values would decrease over the next 12 months. However, for businesses in the Promote segment, the prediction that UK export values would increase in the next 12 months remained consistent at a steady 1 in 3 (33%). There was no difference in short-term confidence in UK exports by business size.

In 2021, businesses in Northern Ireland were more likely than those in other regions to think that UK export values would decrease over the next 12 months (34%). This was in line with previous years, unlike many other regions, where the number expecting a decrease in UK exports declined.

While the proportion of businesses that believed UK exports would increase over the next 12 months remained broadly stable across the year, the proportion who expected a decrease fell from 32% in Q1 to 23% in Q4.

Figure 9.10: Whether businesses believe UK exports will increase or decrease over the next 12 months

% of all respondents – in next 12 months think total UK export value will ...



Source: Q40b. And over the next 12 months or so, do you think that the total value of exports by UK businesses will...
 Base : All respondents 2018 Wave 4/2020 Wave 5/2021 Wave 6: £500k+ turnover (2448/2557/2485), Promote (283/368/351),
 Challenge (840/993/843), Sustain/Reassure (1132/1173/1269)

10. Advertising and campaign metrics – (£500,000+ turnover businesses)

The UK entered a year-long transition period on 31 January 2020 which allowed the negotiation for a trade agreement between the UK and EU (and for businesses to prepare for any new rules arising from that trade agreement). As such, there was considerable government campaign activity from July 2020 and into early 2021 which was aimed at making businesses aware of when the transition period was ending and aware of the need to prepare for the new rules. Over this period DIT was only running relatively light touch campaigns relating to exporting, or none at all. This was to allow for the EU transition messaging to be communicated to businesses while minimising 'noise' from any other campaigns focusing on different aspects of international trade. Messaging on multiple trade topics might have confused business leaders or shifted their focus away from the pressing need to prepare for the end of the transition period.

In the final quarter of 2021 new campaign activity designed to direct businesses to export support services and export advice/webinars was launched along with a soft launch for DIT's 'Made in Great Britain and Northern Ireland, sold to the world' campaign (renamed 'Made in the UK, sold to the world' before launching fully). These will have played a role in boosting awareness of publicity on the topic of exporting, though it should be noted that the spend on these campaigns was comparatively low and they were only active during the last quarter of the year. As such, the increases in awareness of publicity recorded in 2021 are likely to be attributable largely to the EU transition campaign.

Overall, the findings from this chapter indicate that awareness of advertising and information has increased in 2021 compared to 2020, likely attributable to the EU transition campaigns run by DIT over this period. In line with this, the proportion of businesses reporting that they were aware of, or visited, government websites has increased compared to 2021. Initial results also suggest that businesses were highly likely to be aware of export support services, particularly gov.uk tools.

Key findings in this chapter are as follows:

- spontaneous awareness of advertising and information about exporting has increased significantly from almost 3 in 10 (28%) in 2020 to over a third (36%) in 2021. Promote businesses in particular have seen an increase in awareness, from just over 2 in 10 (22%) in 2020 to almost 4 in 10 (38%) in 2021
- businesses that reported seeing or hearing any advertising were asked to describe elements of the advertising they had seen. Around 1 in 10 recalled elements relating to Brexit and preparing for Brexit (9%) and UK Government or government logos (8%)
- in the last quarter of 2021 a new question was added in relation to awareness of export support services. Around 2 in 3 (67%) businesses with products suitable for export reported being aware of at least 1 government support service, whilst 6 in 10 (60%) were specifically aware of gov.uk tools such as 'Check how to import or export goods'
- the proportion of businesses that reported visiting the great.gov.uk website has significantly increased from 6% in 2020 to 13% in 2021. Reported visitation of the Northern Powerhouse website has also increased from 2% in 2020 to 5% in 2021

Awareness of information and advertising

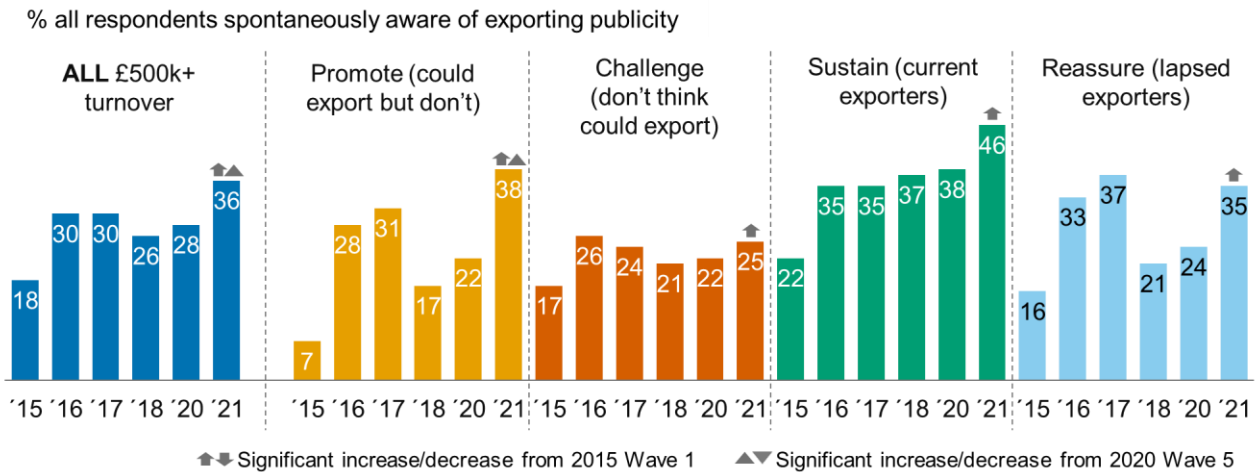
Spontaneous awareness of 'any advertising, publicity or other types of information encouraging businesses to think about exporting' was first asked to all businesses in 2015. This created a baseline against which the potential impact of subsequent campaign activities could be measured. The question asked businesses if they could recall any such activities over the past 12 months; as such, the data collected throughout 2021 would have also captured campaign activities that were active in 2020.

Spontaneous awareness increased in the year following the baseline (from 18% in 2015 to 30% in 2016), reflecting the launch of DIT's 'Exporting is GREAT' campaign. It then remained broadly consistent up until 2020, supported by ongoing bursts of campaign activity. However, from 2020 to 2021 there has been a significant increase from 28% to 36% (Figure 10.1). Throughout 2020 and the majority of 2021, DIT campaign activity was reduced to make way for a high-profile campaign about the EU Exit transition, though a new DIT campaign designed to direct businesses to export support services and export advice/webinars was launched in the final quarter of 2021. As such, the increase in awareness is likely to be at least partly attributable to the HM Government campaign relating to the end of the EU Exit transition period.

There has been variation over the years in spontaneous awareness among segments. However, in 2021 spontaneous awareness in all segments has significantly increased since the baseline measure in 2015. The Promote segment (those who have potential to export but have not) saw the most notable increase in awareness, rising from 22% in 2020 to a new high of 38% in 2021. This was significantly higher than the previous high of 31% recorded in 2017. Additionally, amongst the Sustain and Reassure segments, spontaneous awareness has steadily increased since 2015 (Sustain: 22% in 2015 to 46% in 2021, Reassure: 16% in 2015 to 35% in 2021). Overall, businesses that had exported previously (Sustain or Reassure, 44%) were more likely than those who had never exported (Promote or Challenge, 28%) to report awareness of advertising.

The proportion of micro-businesses aware of advertising has also increased in 2021, with a third (34%) being spontaneously aware of exporting publicity, up from a quarter (26%) in 2020. The proportion of small (lower band) businesses reporting awareness has also increased from a quarter (26%) in 2020 to 2 in 5 (40%) in 2021.

Figure 10.1: Spontaneous awareness of exporting publicity

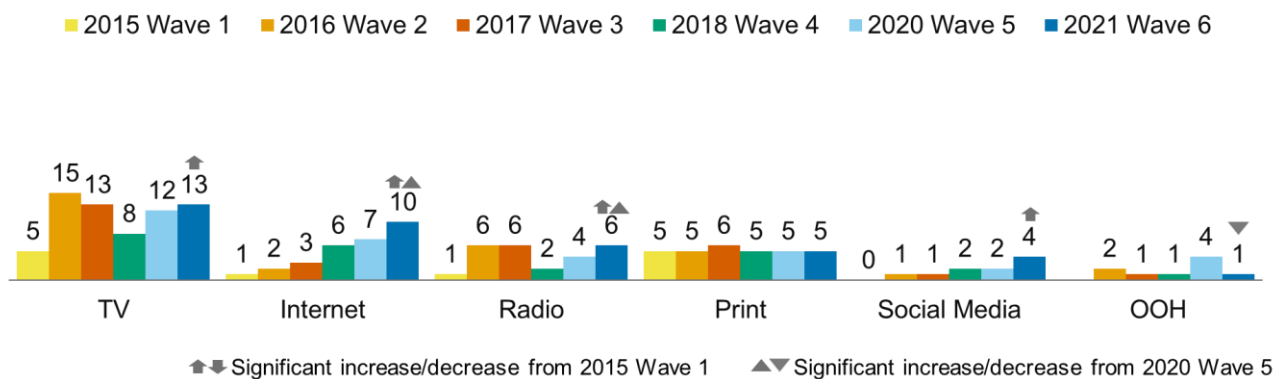


Source: Q39. In the last [2015 W1/2016 W2: 6 months] [2017 W3: 9 months] [2019 W4 onwards: year], have you seen or heard any advertising, publicity or other types of information encouraging businesses to think about exporting?
 Base : All respondents 2015 W1/2016 W2/2017 W3/2018 W4/2020 W5/2021 W6: All £500k+ turnover (1160/1139/2535/2448/2557/1243), Promote (127/130/294/283/368/165), Challenge (466/426/874/840/993/429), Sustain (421/429/1001/957/1025/536), Reassure (89*/99*/192/175/148/100) * Base size is below 100; treat with caution
 Random half sample at 2021 W6

When businesses were asked to specify where they had seen or heard the information or advertising about exporting, TV remained the most mentioned source (13% of all businesses), which is consistent with 2020 (12%) (Figure 10.2). There were no significant differences between exporting segments in 2021.

Figure 10.2: Source of awareness of information and advertising about exporting

% all respondents spontaneously aware of exporting publicity on ...

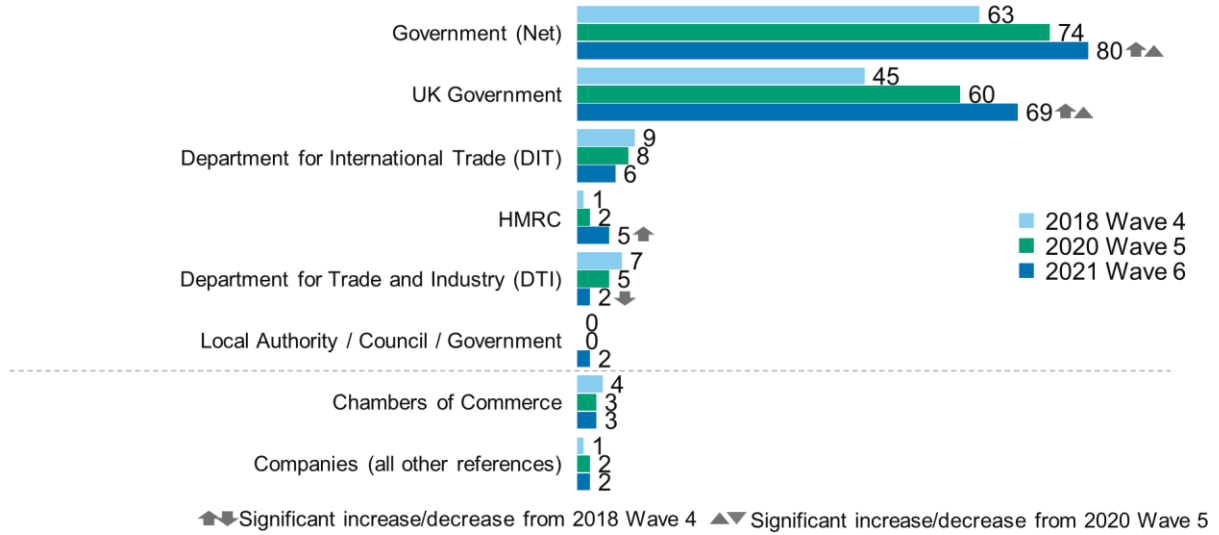


Q40. Where did you see or hear this information or advertising?
 Base : All respondents 2015 W1/2016 W2/2017 W3/2018 W4/2020 W5/2021 W6:
 All £500k+ turnover (1160/1139/2535/2448/2557/1243) Random half sample at 2021 W6

Businesses that were aware of advertising or publicity were asked who they believed was responsible for what they saw. Consistent with 2020, the UK government has remained the main source to which businesses attributed publicity, with 7 in 10 reporting this (69%) (Figure 10.3).

Figure 10.3: Who businesses thought was responsible for information or advertising they saw

% of respondents who are aware of advertising/publicity: who believe was responsible for what they saw

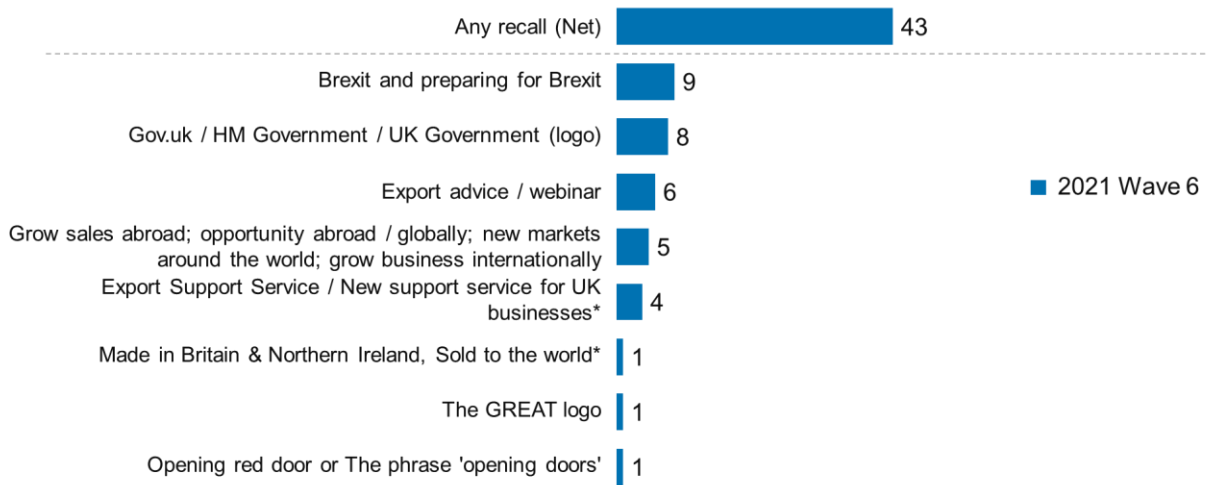


Source: AD4. Who do you think was responsible for the information or advertising you remember seeing?
 Base : All aware of advertising or publicity: £500k+ turnover 2018 Wave 4/2020 Wave 5/2021 Wave 6 (693/791453)
 Answer codes <2% in 2021 are not shown.

In 2021 a new question was added to the survey to understand the type of content businesses recalled from the advertisements they had seen.

Overall, 2 in 5 (43%) businesses were able to recall something specific about the adverts they had seen (Figure 10.4). Mentions of Brexit and preparing for Brexit were most commonly recalled (9%), which suggests that the EU transition communications campaign was a key element of the ads or publicity that businesses had seen. However, some responses also show that DIT’s activity in the latter stages of 2021, aimed at boosting awareness of the Export Support Service and UK Export Academy, was starting to cut through. The soft launch of DIT’s ‘Made in Britain & Northern Ireland. Sold to the world’ campaign also started to register, albeit at low levels (1%) ahead of the planned main launch in 2022.

Figure 10.4: Elements recalled of advertisements and publicity about exporting
 % of respondents who are aware of advertising/publicity: recall of advertising



Source: Q40_AD_SOURCE_B. Can you briefly describe any elements of the advertisements you have seen?
 Base : All aware of advertising or publicity: £500k+ turnover 2021 W6 Q2-Q4 (318)
 * Q4 only

Awareness of government support services

In the last quarter of 2021, a new question was introduced for all businesses, (excluding those whose products would never be suitable for export) designed to assess which government support services they were aware of (Figure 10.5). Of those answering in the final quarter of fieldwork, 2 in 3 businesses reported being aware of at least 1 support service (67%), the most common of which was Gov.uk tools (60%). More than a quarter (27%) were aware of the Export Support Service or 'Ask the export support team a question' on GOV.UK.

Figure 10.5: Awareness of UK Government trade support services

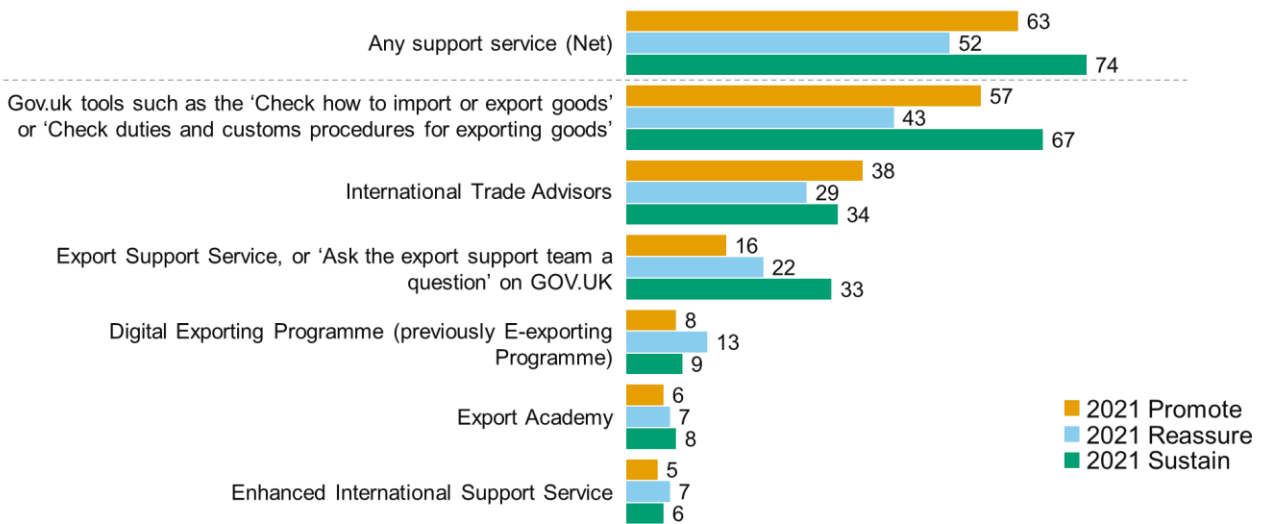
% of businesses excluding those whose products/services would never be suitable for export: awareness of UK Government trade support services



Source : Q34B. Which, if any, of the following UK Government trade support services are you aware of?
 Base : All £500k+ businesses excluding those whose products/services would never be suitable for export 2021 W6 Q4 (369)

Figure 10.6: Awareness of UK Government trade support services by export segmentation

% of businesses excluding those whose products/services would never be suitable for export: awareness of UK Government trade support services



Source : Q34B. Which, if any, of the following UK Government trade support services are you aware of?
 Base : All £500k+ businesses excluding those whose products/services would never be suitable for export 2021 W6 Q4:
 Promote (89*), Reassure (45*), Sustain (230) * Base size is below 100; treat with caution

Website use

One of the consistent aims of DIT's campaign activities has been to drive businesses to the [great.gov.uk](https://www.great.gov.uk) website. The website is designed to encourage and enable exporting behaviours, providing businesses with live, tangible export opportunities as well as advice and information to aid them in exporting. In 2020 a new question was added to the survey to assess awareness and use of the *Northern Powerhouse* website at [northernpowerhouse.gov.uk](https://www.northernpowerhouse.gov.uk). The website sets out the government vision for the northern economic and industrial strategy and aims to engage businesses and other partners across all 11 northern Local Enterprise Partnerships.

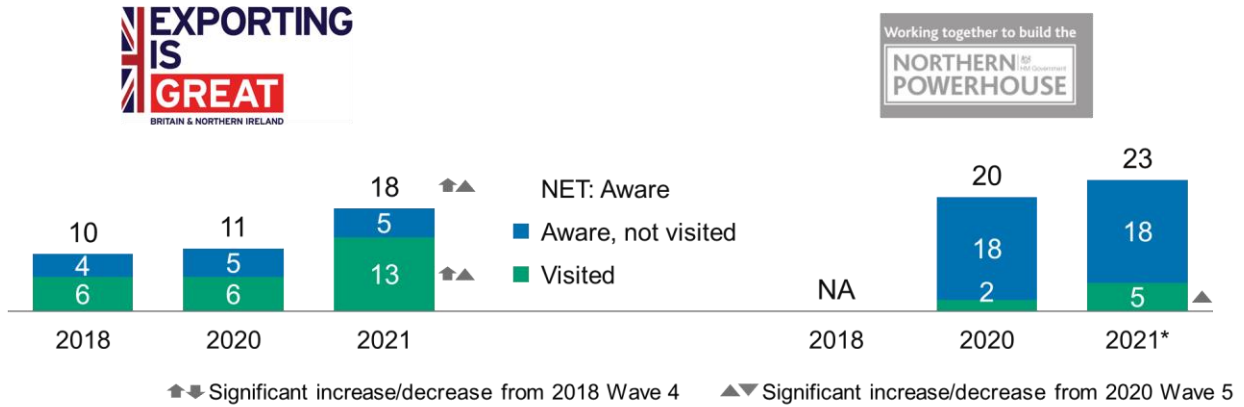
As shown in Figure 10.7, the proportion of businesses who are aware of, but have not visited, [great.gov.uk](https://www.great.gov.uk) has remained stable since 2018 (4% in 2018, 5% in 2021). However, the proportion of businesses reporting that they have visited the Exporting is GREAT website at [great.gov.uk](https://www.great.gov.uk) has significantly increased to 13% in 2021, up from both 2020 and 2018 (6% for both waves). This increase in traffic may be attributed to businesses looking up information regarding new rules for trading with Europe following the new trade agreement and end of transition period. Alternatively, it could also be attributed to businesses searching for information on COVID-19 support schemes or other developments.

The proportion of businesses which reported visiting the [northernpowerhouse.gov.uk](https://www.northernpowerhouse.gov.uk) website also increased from 2020 (2%) to 2021 (5%). This may have been influenced by the EU transition campaign or the publication of the UK Government's Levelling Up programme. Overall awareness is still greater for [northernpowerhouse.gov.uk](https://www.northernpowerhouse.gov.uk) (23%) than for [great.gov.uk](https://www.great.gov.uk) (18%) but this gap has narrowed compared to 2020.

Notably, the number of micro businesses who reported being aware of or visiting the Exporting is GREAT website at [great.gov.uk](https://www.great.gov.uk) has significantly increased from 11% in 2020 to 20% in 2021 whilst larger businesses awareness and usage has remained broadly stable at 15% in 2020 and now 13% in 2021. Awareness also increased among businesses in the manufacturing, raw materials and energy sector from 14% in 2020 to 22% in 2021. Across regions, London had the highest level of awareness for [great.gov.uk](https://www.great.gov.uk) which has significantly increased from 1 in 10 (10%) in 2020 to almost 3 in 10 (28%) in 2021.

Figure 10.7: Awareness and usage of great.gov.uk website and Northern Powerhouse website

% all respondents – aware of/visited websites

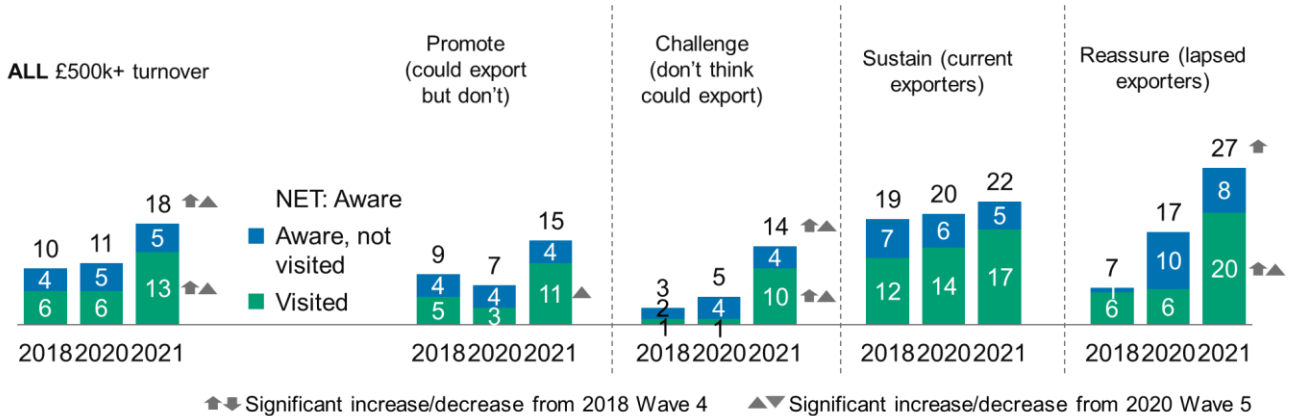


Source: AD4A - Have you ever heard of or visited the Exporting is Great site at great.gov.uk? AD4B - Have you ever heard of or visited the Northern Powerhouse site at northernpowerhouse.gov.uk?
 Base : £500k+ turnover: All respondents 2018 W4/2020 W5 (2448/2557), Random half sample 2021 W6* – Exporting is GREAT/Northern Powerhouse (1227/931)
 * 2021 Q2-Q4 for Northern Powerhouse

Businesses who had ever exported (Sustain, 22% or Reassure, 27%) were significantly more likely than those in Challenge (14%) or Promote (15%) segments to say that they were aware of great.gov.uk. Compared to 2020, the proportion of those visiting the great.gov.uk website has increased particularly among Reassure businesses, with 6% visiting the website in 2020 compared to 20% in 2021. Businesses in the Challenge segment (from 1% in 2020 to 10% 2021) and Promote segments (from 3% in 2020 to 11% in 2021) have also seen significant increases in those who have visited the great.gov.uk website since 2020.

Figure 10.8: Awareness and usage of great.gov.uk website by export segments

% all respondents – aware of/visited great.gov.uk

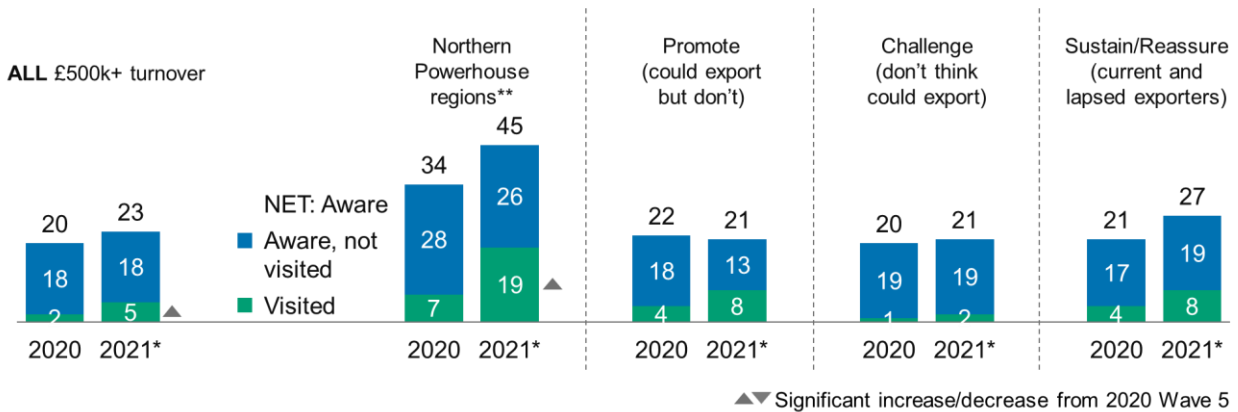


Source: AD4A - Have you ever heard of or visited the Exporting is Great site at great.gov.uk?
 Base : All respondents 2018 W4/2020 W5/2021 W6: All £500k+ turnover businesses (2448/2557/1227),
 Promote (283/368/168), Challenge (840/993/420) Sustain (957/1025/515), Reassure (175/148/115)
 Random half sample at 2021 W6

With regards to awareness of the northerpowerhouse.gov.uk website, there were no significant differences between exporting segment groups or businesses situated in Northern Powerhouse areas in 2021. However, there has been a significant increase in businesses situated in Northern Powerhouse regions reporting that they have visited the website, from 7% in 2020 to 19% in 2021.

Figure 10.9: Awareness and usage of northern powerhouse website by export segments

% all respondents – aware of/visited northerpowerhouse.gov.uk



Source: AD4B - Have you ever heard of or visited the Northern Powerhouse site at northerpowerhouse.gov.uk?
 Base : All respondents 2020 W5/2021 Q2-Q4 W6: All £500k+ turnover businesses (2557/931),
 Northern Powerhouse regions (467/160), Promote (368/128), Challenge (993/316) Sustain/Reassure (1173/477)
 Random half sample at 2021 W6
 * 2021 Q2-Q4
 ** The Northern Powerhouse includes the North East, North West and Yorkshire and the Humber

11. Changes throughout 2021 – (£500,000+ turnover businesses)

In 2020, the NSRB survey design was changed so that fieldwork was carried out across the year, organised into quarterly waves, rather than in a single block as had been the case between 2015 and 2018. This change in design, which has been retained in 2021, provides the opportunity to track business opinion across the year.

The emergence of the COVID-19 pandemic in 2020 meant that there was a great deal of change as businesses had to adapt to the rapidly changing public health situation and its knock-on effect on the economy. The relaxation of public health measures related to COVID-19 began in mid-2021, and although COVID-19 was still very much present, businesses were under less pressure to adapt to short-term changes.

This chapter pulls together a summary of changes throughout 2021 where they exist. These are also covered in the relevant chapters earlier in this report. Where there have been no notable changes throughout the year, these measures have not been commented on. **Please note that the base sizes for results by quarter are significantly lower than those for the year as a whole, and trends should be considered indicative.**

Overall, quarterly results suggest a degree of EU Exit uncertainty among businesses in Q1 of 2021. In this quarter, businesses were more likely to cite EU Exit as the main reason for supply chain issues, and report using UK government sources for support and advice. However, as 2021 progressed, businesses were increasingly likely to report intentions to grow, and were less likely to believe the value of UK exports would decrease over the next year. By the end of the year, businesses were more likely to attribute supply chain issues to EU Exit and COVID-19 equally.

Key findings in this chapter are as follows:

- businesses experienced more issues with supply chains than they had in 2020, with both COVID-19 and EU Exit cited as reasons for these issues. At the start of the year, EU Exit was slightly more commonly given as the main reason for supply chain issues, but later in the year both COVID-19 and the EU Exit were more likely to be cited as equally attributable. As the year went on, businesses were more likely to report seeking out international solutions to find alternative supply chains
- use of government sources for support or advice about exporting was particularly high in Q1 compared to other quarters, possibly reflecting businesses seeking information on EU Exit in the immediate post-transition period
- by the end of the year, businesses were more likely to report intentions to grow, and less likely to expect the value of UK exports as a whole to decrease over the next 12 months

Supply Chains

Businesses which had exported goods or services in the past 12 months experienced more 'significant' supply chain issues in 2021 than they had in 2020 (see Chapter 7). While overall reporting of any supply chain issues remained consistent throughout the year, at around 7 in 10, what this was attributed to varied.

Throughout the year, the proportion of businesses attributing supply chain issues mostly to COVID-19 remained consistent. However, attribution to EU Exit fluctuated over the year, with greater proportions reporting supply chain issues for this reason in the first half of the year than in the second half (17% in Q1, 21% in Q2, 13% in Q3, 8% in Q4). This is likely to have been driven by an increase in the proportion of businesses attributing supply chain issues to both COVID-19 and EU Exit in equal measure, which was greatest in Q4 (45%), compared with around 3 in 10 over Q1-3 (28% in Q1, 31% in Q2, 26% in Q3).

In the first quarter of the year, more businesses indicated that they were seeking alternative supply chains, and fewer reporting being unable to use alternatives to replace lost supply chains decreased compared to Q4. In Q1, a quarter (26%) of businesses who had exported in the past 12 months reported that they had been unable to use UK or international supply chains to replace those that they had lost. This fell to 15% in Q4. Meanwhile, the proportion who said they had been unable to use alternative supply chains but were investigating the possibility internationally increased from 3% in Q1 to 11% in Q4.

Knowledge, information and support

Overall, the sources businesses reported using to stay informed about exporting or business products were largely consistent quarter on quarter in 2021. However, there were a few quarterly differences, likely related to businesses searching for information about new EU Exit arrangements or the relaxation of COVID-19 restrictions. These were:

- in Q3, businesses were particularly likely to use websites and internet searches (85% in Q3, 70-72% in Q1, Q2 and Q4)
- compared to Q1 and Q4, in Q3 businesses were more likely to use recommendations from friends and colleagues (69%) as well as business contacts (70%)
- in Q3 and Q4, businesses were more likely to use social media compared to the beginning of the year (37% in Q3 and 35% in Q4, 22% in Q1)

The proportion of businesses reporting government sources as where they would go for support or advice about exporting has been increasing year on year and this awareness was particularly high at the beginning of 2021 (45% in Q1, dropping to 33% in Q4), possibly reflecting the EU transition campaigns ran by DIT in the run up to the EU Exit that took place at the beginning of the year.

Expectations for growth and trade

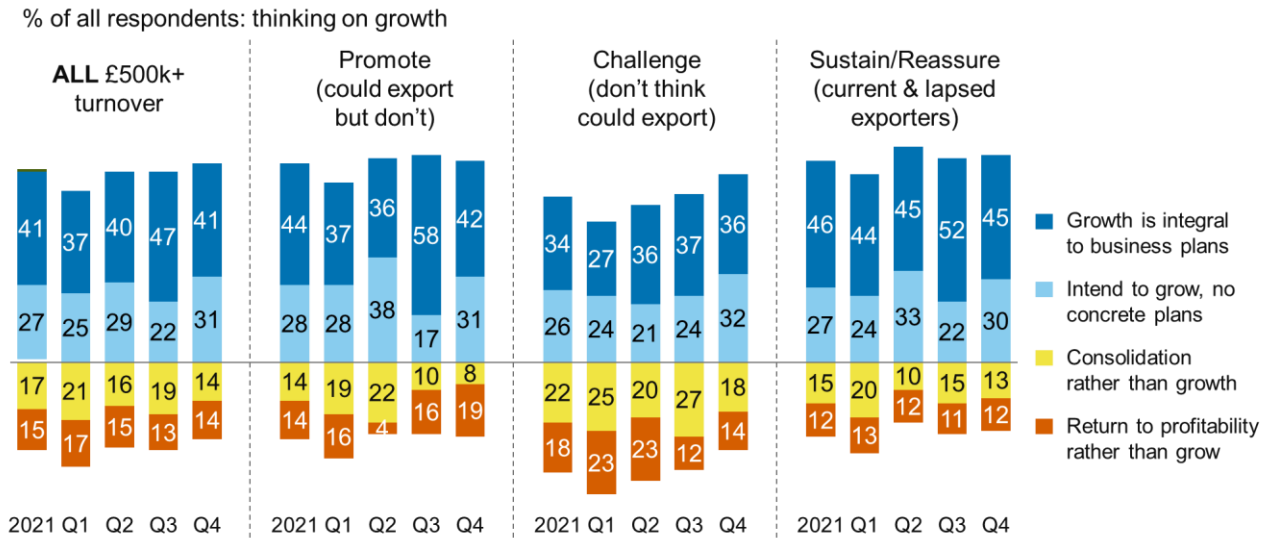
Business thinking about growth

Figure 11.1 shows that as the year progressed, a greater proportion of businesses were looking to grow their business, with 6 in 10 (62%) having intentions for growth in Q1, increasing to 7 in 10 (71%) by Q4. Mirroring this trend, the number of businesses planning to consolidate rather than grow fell from 21% in Q1 to 14% in Q4. The number aiming to just return to profitability was unchanged throughout the year, at around 1 in 6 businesses (15%).

The proportion stating that growth was integral to their business plans was highest in Q3 (47%), while the proportion who intended to grow but did not currently have concrete plans on how to do this was highest in Q4 (31%). This may reflect a degree of uncertainty around the Omicron variant of COVID-19, which emerged towards the end of 2021.

This increased focus on growth over the course of 2021 was largely driven by Challenge businesses, those whose products and services are not suitable for export. In Q1, half (52%) of businesses in this segment had plans for growth, increasing to more than 2 in 3 (68%) in Q4. Over the same period, the proportion aiming to just return to profitability fell from 23% to 14%.

Figure 11.1: Current thinking on growth – by quarter



Source: Q11 (GROWATT). Which of these best describes your thinking on growth?
 Base : 2021 Wave 6: 2021/Q1/Q2/Q3/Q4 – All £500k+ turnover businesses (2485/635/598/654/598),
 Promote (351/95*/66*/101/89*), Challenge (843/199/214/201/229), Sustain/Reassure (1269/336/313/345/275)
 * Base size is below 100; treat with caution

Among those who were planning for growth, there was an increase throughout the year in the proportion who said that they were aiming to achieve this by hiring new staff, up from 7% in Q1 to 18% in Q4. This is likely to reflect an increased confidence in sustained recovery from the COVID-19 pandemic, or changes in the labour and demand market related to EU Exit.

Attitudes to exporting

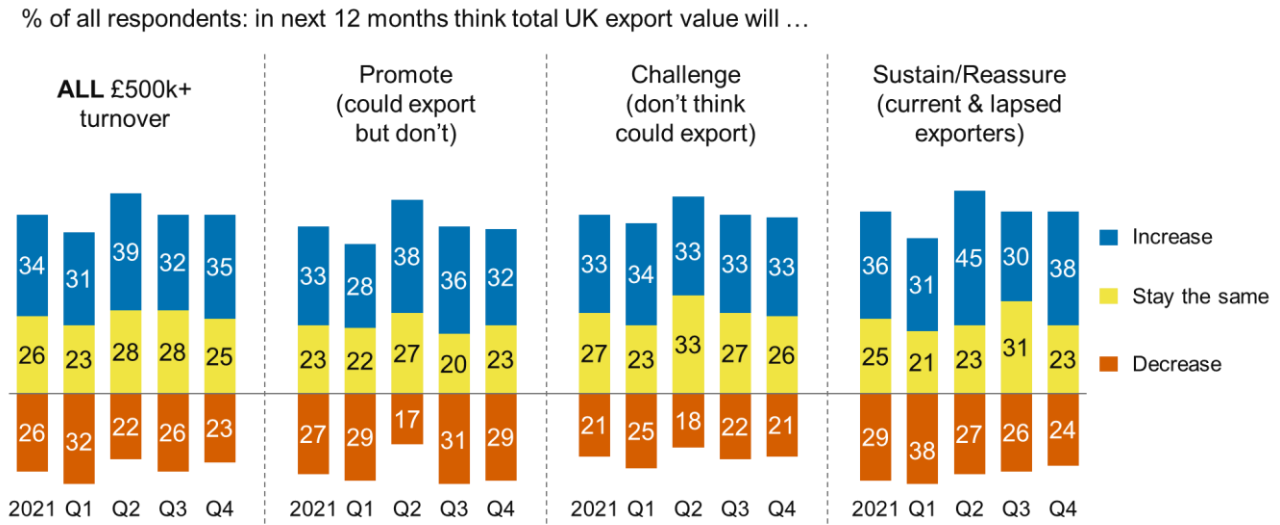
Agreement that there is a lot of demand for British products or services around the world fell across the year, from 6 in 10 (63%) in Q1, to just over half (54%) in Q4, with strong agreement falling from 34% to 27%. This reflects the continuation of a longer-term trend which has been evident since 2017.

Across the year, overall levels of agreement that the demand for British products or services has decreased since COVID-19 or that there will be less demand now the UK has left the EU have remained consistent. However, in Q3, more businesses disagreed the demand had decreased since the COVID-19 outbreak in relation to earlier quarters (23%). This potentially could be a sign of short-term optimism amid the relaxation of COVID-19 restrictions in the UK.

Expectations for growth in UK exports

The proportion of businesses expecting the value of UK exports to increase over the next 12 months remained broadly stable across the year. However, the proportion who expected a decrease fell from a third (32%) in Q1 to just under a quarter (23%) in Q4 (Figure 11.2). This was a continued decline after a peak in Q2 in 2020 (47%). This may reflect increasing optimism for the value of UK exports over the course of 2020, but could also be indicative of continued relative decline in exporting.

Figure 11.2: Whether businesses believe UK exports will increase or decrease over the next 12 months – by quarter



Source: Q40b. Over the next 12 months or so, do you think that the total value of exports by UK businesses will...
 Base : 2021 Wave 6: 2021/Q1/Q2/Q3/Q4 – All £500k+ turnover businesses (2485/635/598/654/598),
 Promote (351/95*/66*/101/89*), Challenge (843/199/214/201/229), Sustain/Reassure (1269/336/313/345/275)
 * Base size is below 100; treat with caution

12. Findings within the total registered business population

The preceding chapters have focused on businesses with an annual turnover of £500,000 or more. In contrast, this chapter focuses on findings relating to the *total* population of registered businesses.

Given the very high number of smaller businesses in the total registered business population, these data are strongly influenced by micro businesses (which make up 80% of the total business population).²¹

Overall results within the total registered population broadly reflect those observed among businesses with a turnover of £500,000 or more. However, there were a few differences among the total population. These are summarised below:

- compared to the total business population, businesses with turnover of £500,000 or more were less likely to report having various capabilities needed to focus on exporting compared to last year. Among the total population, the proportion of businesses reported having these capabilities has remained unchanged from 2020
- the declining trend on innovation observed among businesses with a turnover of £500,000 or more has not been observed among all businesses. Instead, levels of innovation remained broadly stable between 2018 and 2021

Key findings in this chapter are as follows:

- around 2 in 5 businesses (39%) in 2021 reported having ever exported, which marks a continued incremental increase since 2015 driven by an increase in those in the 'Reassure' group
- there was no change in reported in capacities and capabilities to focus on exporting, with adequate supply chains remaining the capability businesses were most likely to report having (61%)
- around 3 in 5 businesses (62%) expected FTAs to have no effect on their business, though over half of businesses that exported to non-EU countries were unsure whether or not their goods were eligible for reduced customs duties (52%). For those that were aware, 3 in 4 (76%) said their businesses benefitted
- around 6 in 10 businesses (61%) reported supply chain issues caused by COVID-19 or EU Exit, though there was a rise in businesses that were able to use alternatives or looking for them compared to 2020
- overall, there was little change in reported knowledge of how to export across waves, though there was a decline in total businesses reporting no or low knowledge of where to go for information or for help and support with exporting. For staying informed about exporting and business products, 3 in 4 businesses (76%) reported using the internet. For

²¹ For more information on sample source and composition, see the methodology section at the start of this report and the accompanying technical report: <http://www.gov.uk/government/statistics/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2021>

staying informed about their industry, businesses tended to use sector-specific publications the most

- there was a substantial increase in those that believed UK exports would increase over the next 5 years or in next 12 months. This may represent an increase in optimism among businesses for exporting potential over the next year but could also be indicative of the relative decline in exporting over the past year

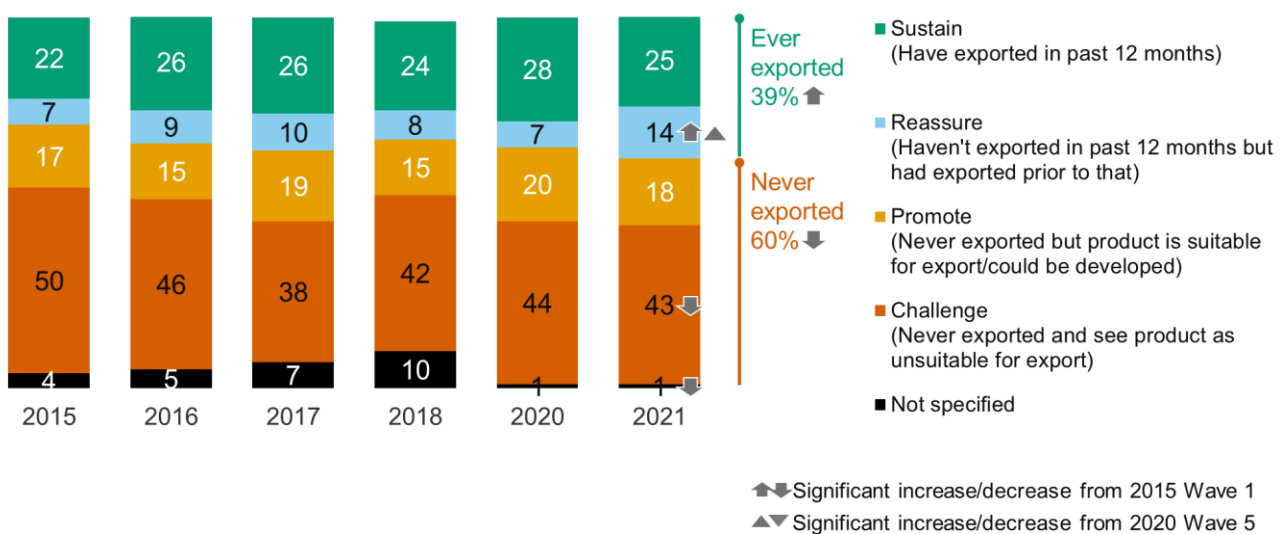
Reported awareness of any advertising about exporting was the highest it had been across all years (36%), particularly after the EU Exit in Q1 where the EU transition campaign would have had an especially high profile among businesses.

Exporting behaviours

Almost 2 in 5 businesses said they had ever exported (39%), which is consistent with 2020 (36%) but an increase compared to 2015 (29%). This was driven by a growth in the Reassure segment from 7% in 2020 to 14% in 2021. The proportions of businesses who had never exported remained similar compared to previous years, though there has been a decline since 2015 (60% in 2021, down from 67% in 2015). This was driven by a decrease in businesses falling into the Challenge segment (50% in 2015 to 43% in 2021). In line with 2020 and the questionnaire changes made that year to measure export segments, only 1% fell into the 'unallocated' category in 2021.

Figure 12.1: Exporting segments

% all respondents



Source: Composite measure merging data from several variables

Base : All respondents: 2015 Wave 1/2016 Wave 2/2017 Wave 3/2018 Wave 4/2020 Wave 5/2021 Wave 6:
 Total (1405/1418/2991/3000/3001/3002)

Those businesses that had exported goods in the past 12 months were more likely to report a reduction in exports in the last year (39%) than an increase (27%) with a similar balance among those exporting services (38% reduced, 24% increased).

Almost 1 in 5 exporters (17%) reported taking an active approach to exporting, intentionally targeting customers in specific countries. Comparatively, 4 in 5 (79%) reported a more passive approach (responding to orders from abroad when they receive them, but do not specifically target customers in other countries), similar to 2020. Of those that took an active approach to exporting, a

third (34%) reported using marketing, advertising and promotions to target customers outside the UK, with 23% attending trade shows and 20% visiting or contacting customers.

Among Reassure businesses, 1 in 5 (22%) reported they had plans to start exporting, with 7% planning to do so in the next 12 months. Across all businesses, 7% had planned to start exporting at some point. These were consistent with the survey findings from 2020.

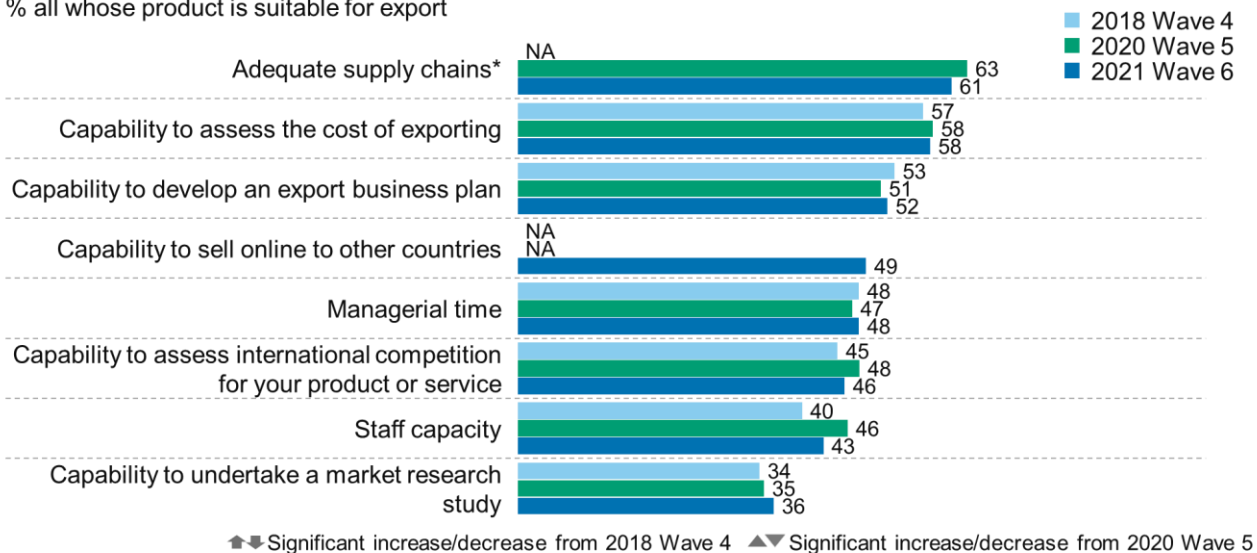
Overall, the rise seen in the proportion of total businesses falling into Sustain and Reassure segments is reflected in sample of businesses with £500,000 turnover or more, but the increase is more substantial for this group. Whilst the proportion of total businesses exporting goods and services is similar, businesses with a turnover of £500,000 or more were substantially more likely to export only goods than only services. Generally, the proportion of total businesses taking a passive approach to exporting is in line with the trend seen for businesses with a turnover of £500,000 or more.

Barriers to exporting

Among all businesses (excluding those that could never export), there was no significant change since 2020 in reported capabilities and capacities for exporting (Figure 12.2). This does not reflect trends among businesses with a turnover of £500,000 or more, where there was a decrease in some reported capabilities. 6 in 10 of the total business population reported having adequate supply chains (61%), the highest level for all capabilities included at this question.

Figure 12.2: Whether businesses have enough capacity and capability to focus on exporting (% saying 'yes')

% all whose product is suitable for export



Source : Q31a - Thinking about your business' ability to start or continue exporting internationally, would you say that your business has enough of each of the following to focus on exporting

Base : All businesses whose product is suitable for export 2018 W4/2020 W5/2021 W6: Total (1789/1813/1921)

* 2020 Q2-4 only

When it came to the main barriers to exporting goods, a quarter of the total business population reported barriers related to customs procedures (25%), of which those reporting this barrier most commonly cited document requirements (45%) and delays at the border (31%) as issues. When asked about barriers to exporting services, 1 in 5 reported barriers related to administrative costs, burdens and regulations abroad (20%), of which this group most commonly reported custom costs,

procedures or import restrictions (42%) and visa costs or difficulties in obtaining visas (21%) as issues.

Free Trade Agreements (FTAs)

Over 6 in 10 of the total business population expected negotiated FTAs to have no effect on their business (62%), whilst a quarter (27%) felt they would have a positive effect and only 3% believed that they would have a negative effect. Of the businesses who expected a positive effect, approaching 9 in 10 (85%) believed that lower or zero tariffs to pay on exports or imports was the most beneficial possible outcome of FTAs for their business.

Almost a third of businesses exporting to non-EU countries said they were aware of whether or not their goods were eligible for reduced customs duties (30%), and over half (52%) said that they did not know about their goods' eligibility. Among those businesses who were aware of reduced custom duties, three quarters (76%) said that their most frequently exported goods benefitted, with a third (34%) saying they did so always or almost always.

Of the 46% of businesses who obtained reduced custom duties some of the time, never, or almost never, around a fifth reported both difficulties understanding available information on how to obtain reduced customs duties (21%) and difficulties finding relevant information on how to obtain reduced custom duties (19%).

These findings are generally in line with those seen for £500,000+ businesses, except finding relevant information on obtaining reduced custom duties was reported as more of a barrier amongst £500,000+ businesses.

Supply chains

The proportion of total businesses reporting having adequate supply chains to focus on exporting has remained unchanged since 2020 (61%). Additionally, of all those intending to grow their business, just 3% spontaneously said that they were intending to do so through improving or refreshing their supply chain.

However, as shown in Figure 12.3, there has been an increase in businesses experiencing supply chain issues attributed to the COVID-19 outbreak or EU Exit (44% in 2020 to 61% in 2021). Of these businesses reporting supply chain issues, the proportion able to find alternatives has doubled (11% to 21%) since 2020, primarily through an increase in those using UK-based alternatives to replace those lost (4% to 13%). Despite this, over a quarter of businesses (27%) have been unable to use alternative supply chains.

For businesses who agreed that the demand for British products or services had decreased since the outbreak of COVID-19 or leaving the EU, problems with accessing supply chains was only spontaneously mentioned by a total of 5% of businesses, with 3% of businesses as a reason for the reduction in demand and 2% citing this as the main cause.

Both the total business and businesses with a turnover of £500,000 or more have seen an increase in supply chain issues. However, this increase is greater among businesses with turnover of £500,000 or more. Additionally, unlike the total business population, the businesses with turnover of £500,000 or more have been less able to use alternative supply chains.

Figure 12.3: Supply chain issues and use of alternatives



Source: COVID5. Have you experienced any significant supply chain issues for your business caused by the coronavirus outbreak or the EU exit? COVID6. Have you been able to use alternative supply chains to replace those lost?
 Base : All respondents who have exported in the last 12 months: Total 2020 Wave 5 Q2-Q4/2021 Wave 6 (833/1164)

Knowledge, information and support

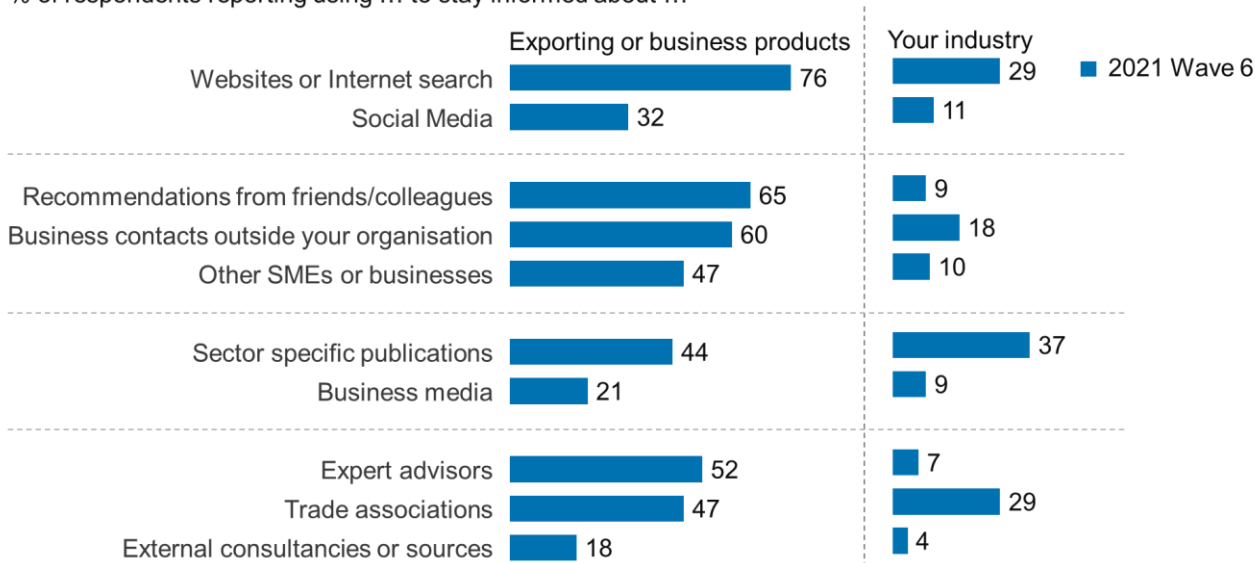
Compared to 2020, businesses were more likely to report having low or no knowledge of how to export in 2021. In 2020, just over a quarter (27%) of businesses rated their knowledge of how to export as 0 to 2, increasing to a third (33%) in 2021. This is in line with trends among businesses with a turnover of £500,000 or more.

However, businesses were more likely to report greater knowledge of where to go for information about exporting (27% rated their knowledge as 8 to 10 in 2020 compared to 32% in 2021). In line with this, businesses were also more likely to report ‘moderate’ knowledge about where to go for help and support with exporting (47% in 2020 compared to 52% in 2021), and less likely to report ‘low’ knowledge (30% in 2020 compared to 21% in 2021).

The channels most commonly used by the total business population to find out about business and exporting products were the internet (76%), followed by recommendations from friends and colleagues (65%), business contacts (60%) and other SMEs or businesses (47%). Expert advisors (52%), trade associations (47%) and business publications (44%) also played a role (Figure 12.4). Businesses reported using far fewer channels to stay informed about their industry compared to those used to stay informed about exporting or business products. The most used sources to stay informed about the industry were sector or industry publications (37%), general internet searches (29%) and trade associations (29%).

Figure 12.4: Channels used to stay informed about exporting and business products and their industry

% of respondents reporting using ... to stay informed about ...



Source: F1/F2. Which of the following channels do you use to find out about [exporting or business products/your industry].
Base : All respondents – random half sample for each question: Total 2021 W6 (1458/1495)

Just 15% of the total business population who had ever exported reported having ever hired an export services organisation in the last 5 years to help them export, in line with 2020 but an increase from 2018 (from 9%). This assistance was most likely to be sought from a shipping or haulage firm (54%), followed by legal advice (13%) and financial assistance or advice (9%).

Of those who have exported or could potentially export, a third (32%) said they had ever sought advice or support with exporting, with no change year on year since 2015.

The sources of exporting advice that the total business population would use remained similar to those seen in previous years. However, businesses were less likely than in 2020 to say they did not know where to go (16% down from 24%) and more likely than in 2020 to say they would use a government source (35% up from 30%), likely driven through increased reported use of the Government website (11% up from 5%). This is consistent with the proportion of businesses reporting that they had heard of or visited great.gov.uk in 2021 (16%).

Expectations for growth and trade

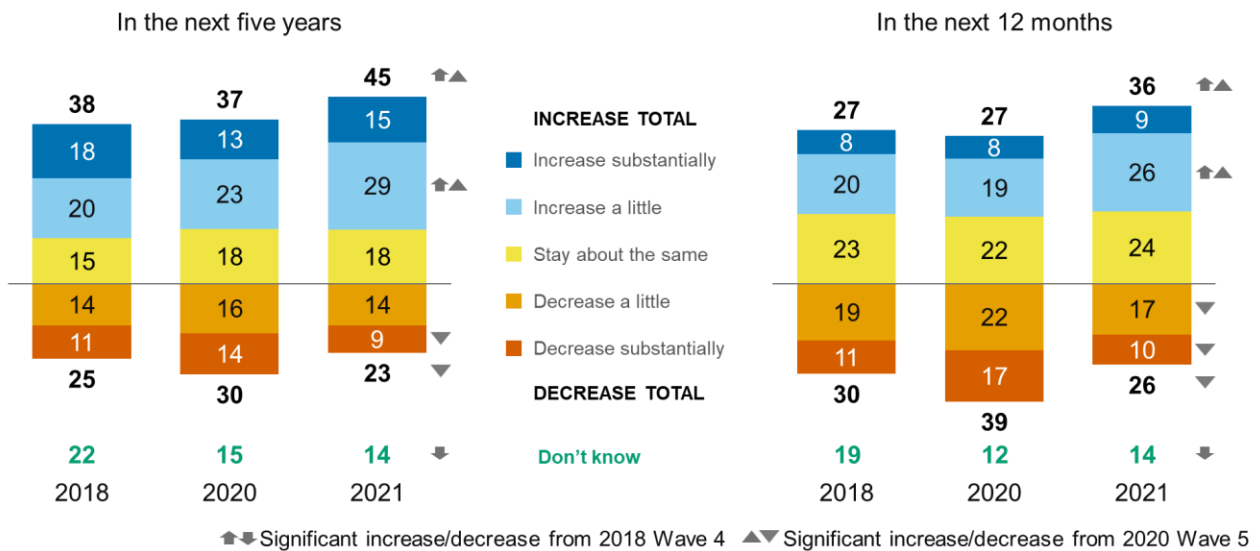
In the total business population, a third (34%) of businesses had growth as an integral part of their business plans, whilst a quarter (24%) intended to grow their business but had no concrete plans how to do this. Rather than growing the business, a further quarter (26%) were aiming to consolidate instead and another 16% were aiming to return to profitability first. These results are broadly in line with those in 2020, though changes to question wording at the outset of 2020 reduce the capacity for robust direct comparison. This broadly follows trends seen among businesses with a turnover of £500,000 or more. However, businesses with a turnover of £500,000 or more were less likely to report that they were aiming to consolidate rather than grow (17%), compared to the total business population (26%).

Expectations that the total UK export value will decrease both in the next 12 months, and in the longer term over the next 5 years among the total business population returned to levels seen

2018 (Figure 12.5). At the same time, there has been an increase in the proportion of businesses agreeing that the total UK export value will increase in both the next 12 months and next 5 years. This may represent an increase in optimism among businesses for exporting potential over the next year but could also be indicative of the relative decline in exporting over the past year.

Figure 12.5: Whether businesses believe UK exports will increase or decrease over the next 5 years / in next 12 months

% of all respondents – think total UK export value will ...



Source: Q40a. Moving to a different topic now, thinking about UK exports over the next 5 years or so, do you think that the total value of exports by UK businesses will...

Q40b. And over the next 12 months or so, do you think that the total value of exports by UK businesses will...

Base : All respondents 2018 Wave 4/2020 Wave 5/2021 Wave 6: Total (3000/3001/3002)

Notably, when cross-referenced with other exporting attitudes metrics, there is an indication that businesses are not optimistic for exporting potential over the next year and have concerns about levels of demand. For example, business agreement that there is a lot of demand for British goods and services around the world dropped in 2021 (66% in 2020 to 59% in 2021). Furthermore, almost 2 in 5 (39%) agreed that now we have left the EU, there will be less demand for British products and services. A similar proportion (34%) agreed that there would not be enough demand for their business overseas to make exporting worthwhile.

Other statements exploring attitudes to exporting provide further evidence for increasingly pessimistic attitudes compared to 2020. A smaller proportion of businesses that have exported, or could potentially export, agreed that international growth was an exciting prospect for their business in 2021 (47% from 61% in 2018). Similarly, half (49%) agreed that a lot more businesses could export than do export, which marks a continuation of the decline first seen in 2020 (61% in 2018, 55% in 2020). Just 2 in 10 (23%) agreed that more and more businesses like theirs were starting to export.

There are also some indications that some businesses may be looking beyond exporting to facilitate growth. With no change since 2020, around half (48%) agreed that there are enough opportunities for growth within the UK to mean their business is not interested in exports. Meanwhile, a third continued to agree that there are too many risks in taking a business international (30%), and 2 in 5 agreed their business had not been able to focus on exporting as coping with the COVID-19 pandemic had been their priority (38%).

Despite this, half (51%) of businesses continued to agree that there was a lot of opportunity for their business to grow internationally which is consistent with previous years. Furthermore, when asked specifically whether demand for British products or services around the world had decreased since the outbreak of COVID-19, 2 in 5 agreed that it had (39%), which is a smaller proportion compared to 2020 (47%).

Advertising and Campaign metrics

Of all businesses that were asked whether they had seen any advertising, publicity or other information to make them think about exporting, just over a third said they had (36%). This is the highest awareness that has been seen across all years, likely due to the HM Government campaign focused on the end of the EU Exit transition period in January 2021. Furthermore, awareness was at its highest amongst the total business population just after the EU Exit in Q1 (46%) and declined steadily through the year to 19% in Q4. These findings are in line with trends among businesses with a turnover of £500,000 or more.

When businesses were asked where they had seen this advertising or information, half (49%) of businesses said they'd seen this in some form of advertising across all media. More specifically, over a third said this advertising or information was seen on TV (36%), 15% heard it on the radio and 16% saw it via print. Around 4 in 5 (81%) reported that the government was responsible for this advertising, with the UK Government (68%) being the most popular. Recognition of all other sources, including specific government departments was low, at under 10%. Despite awareness being high, half (50%) of the total business population were unable to recall any elements of the advertisements they saw, though 15% did recall the advertisements being about Brexit and preparing for Brexit.

In the final quarter of 2021, all businesses (excluding those that could never export) were asked about their awareness of government export support services. Of this group, over half (53%) said they were aware of Gov.uk tools such as the 'Check how to import or export goods' or the 'Check duties and customs procedures for exporting goods'. There was also some awareness of International Trade Advisors (38%) and Export Support Service, or 'Ask the export support team a question' on Gov.uk (20%).

Around 4 in 5 of the total business population reported never hearing or visiting the Exporting is Great site at great.gov.uk (83%) or the Northern Powerhouse site at northernpowerhouse.gov.uk (79%). However, the proportion who'd heard of or visited the Exporting is Great site has increased since 2020 (from 11% to 16%) and is the highest this has been since the question was introduced in 2017 (9%). The increase in visitation to the Exporting is GREAT site is likely a reflection of businesses seeking information amidst uncertainty about the UK's exit from the EU. This is similar to findings among businesses with turnover of £500,000 or more, though there was an increase from 2020 to 2021 in reported visits to the Northern Powerhouse site among these businesses that was not seen in total businesses.

<p>The UK's Department for International Trade (DIT) has overall responsibility for promoting UK trade across the world and attracting foreign investment to our economy. We are a specialised government body with responsibility for negotiating trade policy, supporting businesses, as well as delivering an outward-looking trade diplomacy strategy.</p>	<p>Legal disclaimer Whereas every effort has been to ensure that the information in this document is accurate the Department for International Trade does not accept liability for any errors, omissions or misleading statements, and no warranty is given or responsibility accepted as to the standing of any individual firm, company or other organisation mentioned.</p>	<p>Copyright © Crown Copyright 2022 This publication is licensed under the terms of the Open Government. License v3.0 except where otherwise stated. To view this license, visit http://nationalarchives.gov.uk/doc/open-government-licence/version/3/ Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned. Any enquiries regarding this publication should be sent to us at enquiries@trade.gov.uk</p>
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