



Evolving Enterprise Index



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Section 1 | A word from Mike Elliff, CEO of Tyl by NatWest

Risk is inherent to starting any new business. From market pressures to securing investment and establishing your operational processes, there is plenty to consider as a first-time entrepreneur.

But to take on a new business against the backdrop of the last five years, and manage to make it a success, requires an unrelenting belief and passion in the mission of your business. And startups and SMEs in their infancy have had to be more creative than ever to weather the storm.

The economic landscape is undeniably tough, with inflation impacting the cost of living and the cost of doing business. Despite this, there is cautious cause for optimism, with small business booming across the UK. Success stories from Birmingham's bookshops, music stores in Manchester and Cardiff's clothing markets indicate that Britain's heritage of innovative entrepreneurship still has a bright future ahead.

We're proud of this research – it's a testament to the very best of British business and how when business is done right, it can have wider social value beyond the bottom line. At Tyl by NatWest, we know the importance in building local economies and flourishing communities. Our Evolving Enterprise Index helps new ventures understand and contextualise the unique business blend of their local market. So that ultimately, they can continue to thrive.

Mike Elliff,
CEO, Tyl by NatWest



Business is personal

SMEs are the backbone of Britain. In economic terms, businesses that employ fewer than 250 people contribute more than [£2 trillion of turnover](#) to the UK's coffers every year. And they employ [44% of the British workforce](#).

But what does this mean for the local communities and high streets where these new businesses spring up? Formed through hard work and commitment to a shared purpose, your business is your passion. Small and medium businesses around the UK are often the beating hearts of local communities, and enterprise can be the springboard for local people to come together and share a vision for what a town or city can be.

For these hubs to continue to add value, however, businesses must consult the people they impact the most, their customers, and understand the needs of their community. Because when you're passionate about the people who come through the door, it's important to know what matters to them.

Tyl's [Giveback Community Fund](#), in partnership with Pennies, is just one of the ways in which you can effect meaningful change your customers will appreciate. Because for every card payment you take, we donate to charities and community projects around the country. And we've raised over £520,000 to date – and that's growing as our customers' businesses thrive.



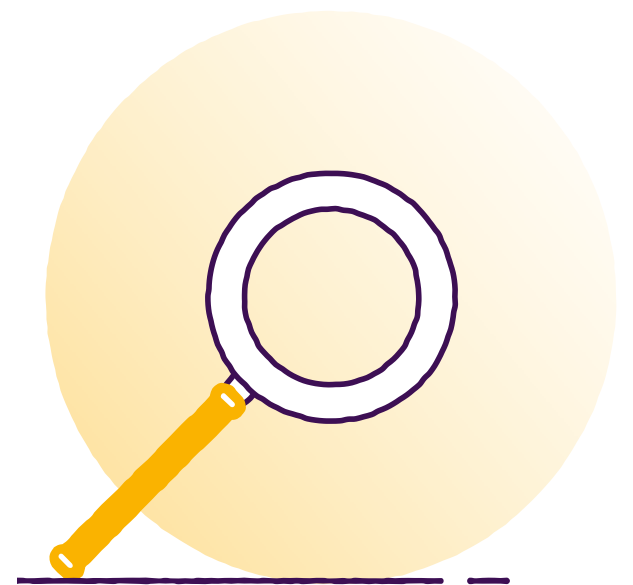
How we gathered our research

In partnership with Data City, we have accumulated five years of data from Companies House showing the number of businesses newly opened in some of the most economically significant sectors for cities across the UK. To ascertain a full national picture, we selected the largest city by metropolitan population across all 14 regions of the UK.

To identify the fastest **growing markets** in each city, we have used a percentage increase from 2017 to 2022 to most accurately compare the data city to city.

If there were 10 or fewer companies operating in a certain sector in 2017, we have identified the city as an **emerging market** to illustrate the areas where the most exciting new business hubs have come to light.

Where we have cited estimated number of employees, data has been taken from the Office for National Statistics estimates, available through NOMIS. Based on survey responses, these statistics are indicative and subject to real-world adjustments.



The national outlook

Made up of a broad range of regional and sector-specific microeconomies, the UK's national picture indicates encouraging signs for SMEs looking to take the leap and supercharge their growth plans.

Fastest growing markets leader board

With more than 32 sectors ranked in our growing markets index, London presents a prime opportunity for bold new businesses in fresh produce, retail, hardware, and entertainment services hoping to crack the capital. Birmingham and Manchester are also teeming hubs for new business opportunities, with 22 sectors making the cut on our growing markets index.

Coming out on top for bakeries, bookkeeping and veterinary services, Birmingham is brimming with specialist startups, while Manchester leads on opticians and tax consultancy.

Region	Number of growing sectors
London	32
Birmingham	22
Manchester	22
Leicester	9
Glasgow	9
Cardiff	9
Sheffield	3
Edinburgh	3
Portsmouth	3
Leeds	2
Newcastle	2
Belfast	2
Southampton	2
Bristol	1

The Evolving Enterprise Index

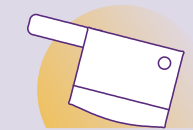
Fastest growing sectors (% Growth)

Hardware stores



Glasgow
91%

Butchers



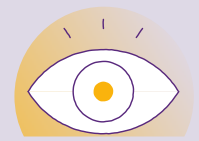
Leicester
195%

Bookshops



London
217%

Opticians



Manchester
110%

Bakery



Birmingham
340%

Research in partnership with Data City, drawn from five years of data from Companies House showing the number of newly opened businesses.

Fastest **emerging** markets leader board

Topping our emerging market index is Leicester, with 12 new sectors taking the city by storm.

Taking particular leaps in the Higher Education sector, Leicester has also seen surges in child day care services and travel agencies.

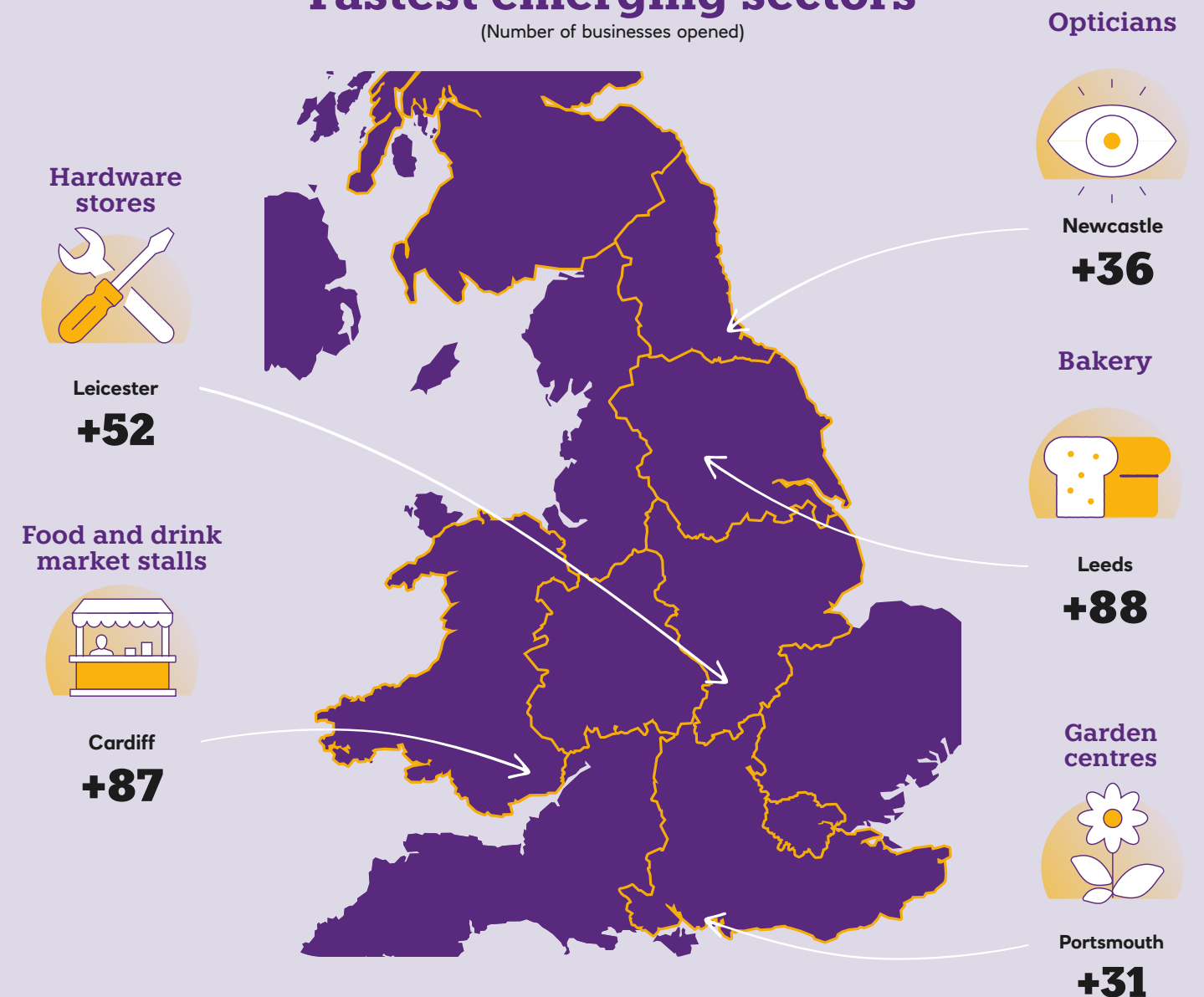
Also ranking highly on our national emerging markets index were Leeds and Portsmouth, both demonstrating significant growth in artisanal crafts such as bakeries and butchers' shops.

Region	Number of growing sectors
Leicester	12
Leeds	7
Portsmouth	7
Cardiff	7
Newcastle	6
Edinburgh	6
Southampton	5
Birmingham	4
Glasgow	4
Belfast	3
Bristol	3
Sheffield	3
London	0
Manchester	0



The Evolving Enterprise Index

Fastest emerging sectors (Number of businesses opened)



Research in partnership with Data City, drawn from five years of data from Companies House showing the number of newly opened businesses.

Community-centred commerce

The pandemic brought to light the need for strong communities in the UK.

People came together to support one another through unprecedented uncertainty, with [40% of the public believing that COVID-19 has enhanced the “sense of community”](#) in Britain. So, it’s unsurprising that organisations with social engagement or community benefit propositions have seen upticks across key regions in the UK.

But what does community-centred commerce look like in 2023 and where have the strongest social initiatives sprung up?

Tyl’s top tips:

Embed your business’ purpose in the community.

With the role of business increasingly recognised in the fight against the climate crisis and social mobility, showing that you at least consider these factors in your business model is rapidly becoming a minimum expectation for many consumers and investors.

However, the real growth and strengthening of customer relationships comes when you go that one step further, showing how your business’ commitment in these areas specifically improves life for the local community.



Clubbing together for sports teams

(Sports clubs and teams: UK market size £14bn)

From badminton to basketball, sports clubs are integral to local communities rallying together behind a common goal. With the absence of live fixtures keenly felt during lockdowns, the British public has been hankering for more sporting opportunities. As opportunities for social cohesion and healthy competition, sports clubs are central to strong communities.

Coastal cities in Southern England have been at the forefront of physical activity, with Portsmouth leading the charge, reporting 114% growth over the five-year period. Also in the region, Southampton came out as one of the UK’s fastest growing markets for sports clubs with 89% growth alongside London’s impressive 106% increase.



The wellbeing wave

(Yoga and Pilates: UK market size £864.9mn)

While sports clubs are key to the UK's physical exercise market, alternative wellbeing businesses have also grown at a healthy pace. Services like yoga studios and ballet schools are an opportunity for people to find common ground, make new social connections and build a community.

Birmingham is leading the pack of the wellbeing movement as our fastest growing market, reporting 187 new outlets opening since 2017 (or a healthy 297% uplift), closely followed by a 294% uptick in Cardiff and 265% in Leeds.



Nurturing the nation's garden industry

(Garden centres: UK market size £4.38bn)

Our relationship with green spaces has transformed in recent years, with the pandemic highlighting just how much we appreciate spending time outside.

But tending to our turf is far more than just a nice-to-have, with studies showing that [gardening has a tangible positive impact](#) on our physical and mental wellbeing.

It's no surprise, therefore, that more and more people in established urban environments are taking to gardening as a form of mindfulness.



The UK garden centre scene is blossoming in inner city environments. And our capital cities are seeing the biggest boom in green fingered growth, with an impressive 322% increase in new garden centres in Cardiff over the five-year period, closely followed by 298% in London and 287% in Edinburgh.

But where are the grassroots growing strongest? Portsmouth and Belfast tie for the top spot of emerging markets, each seeing 31 new outlets opening across the research period, with Southampton also making the list.

The resurgence of retail

The high street is changing. Over the last five years, the way we shop has transformed, with consumers expecting ever more convenient ways of getting their goods and opting for online. But this reduced footfall and the increased cost of living has led to [18% of businesses struggling to afford the cost of trading](#).

Despite the unpredictability of investing in physical shopfronts, successful businesses are aware of the need to blend traditional bricks and mortar with e-commerce and social commerce to thrive. With a [quarter of consumers wanting more convenient payment options in-store](#), SMEs need to unify cross-channel experiences to capitalise on the benefits of integrated retail offerings. In the wake of lockdowns and higher customer expectations, which sectors and regions have risen to the challenge?

Tyl's top tips: Diversify your payment methods.

Bricks and mortar shops are an important brand building piece for retailers, but consumers want flexibility and choice in how and when they pay.

With more ways of taking payments than ever before, like Open Banking, Tap to Pay and Buy Now Pay Later, it's never been easier to give your customers a payment method that suits their spending habits and gives them more transparency over their finances.

Adopt new ways to pay like payment links and QR codes to give your customers the most convenient shopping experience.



High street heavyweights dentists

The UK public believe dental practices are part of the perfect British high street, according to research by Tyl by NatWest.*

But which cities have seen the biggest boom in dentists and orthodontists in the last 5 years?



*<https://www.tylbynatwest.com/tyl-talks/perfect-british-high-street-revealed>

Style with a smile

(Fashion and clothes retail: UK market size £26bn)

It's no secret that the fashion industry is competitive. New founders have to be committed to their vision and savvy to wider industry trends to succeed. Nonetheless, established fashion capitals have continued to nurture an entire generation of new talent. Comparing clothing shops across the UK, we have seen an industry ripe with opportunities for the boldest new businesses.

London was revealed to be the fastest growing fashion market, with an estimated 57,926 employees in the capital, and the number of new businesses more than trebling (314%) across the 5-year period.

Sheffield and Manchester are neck and neck, reporting a 210% and 209% uptick respectively, with Birmingham also following suit with 544 new outlets opening and a percentage increase of 195%.

Clothing shops are established on high streets across the country, and as such didn't appear on our emerging index in any regions. But is there an opportunity for a whole new fashion district to flourish? And which businesses will be brave enough to step into uncharted territory?



High street heavyweights hairdressers

Hairdressers are at the heart of the perfect British high street, according to research by Tyl by NatWest.*

But where are new salons and stylists setting up shop across the UK?



265%

London



310%

Birmingham



240%

Cardiff

% Growth

*<https://www.tylbynatwest.com/tyl-talks/perfect-british-high-street-revealed>



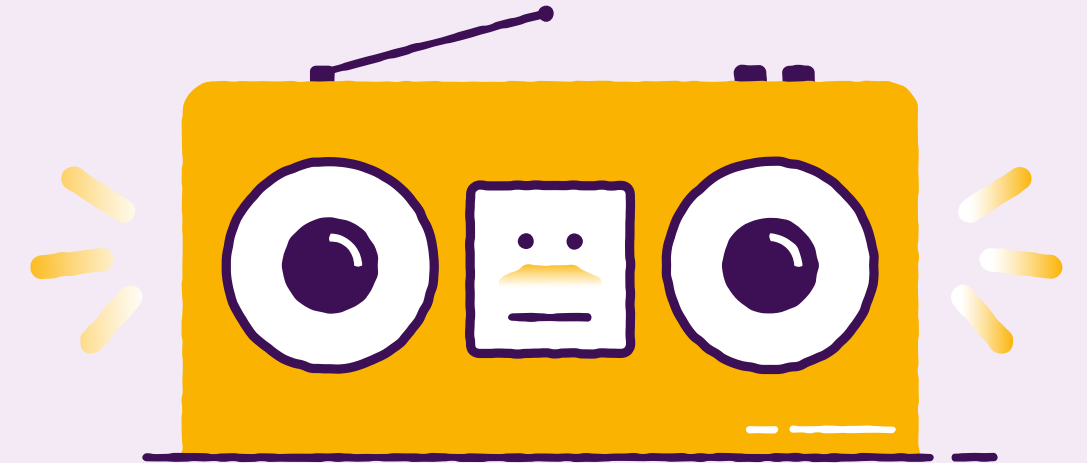
Playing to win

(Game and toy industry: UK market size £4.7bn)

While e-commerce is transforming the way we shop, some industries still need in-store experiences to sell products. Traditional toy shops are among these outlets where hands-on moments still inspire a sense of wonder among children and nostalgia among parents alike. Similarly, successful video games stores understand the pull of a new console launch event. But where are entrepreneurs making the most of entertainment enthusiasts?

Our fastest growing market, expanding to six times the original market size (602%), was revealed to be London with over 1,100 new outlets opening across the five-year period. And the games and toy industry in Glasgow (469% increase) and Birmingham (447% increase) have also played winning hands as rapidly growing regions.

But where can gaming gurus look to seize the opportunity of a thriving emerging market? Cardiff came out on top with 46 new shops making their mark on the high street over the research period, followed by 33 new shops in Leicester and 25 new shops in Edinburgh.



Harmony on the high street

(Music: UK market size £4bn)

Perhaps most vulnerable to the threat of new shopping habits, music stores have had to navigate the rise of streaming services and re-examine their position on the high street. While there has been [a host of casualties and closures](#) across the country, our research indicates the appetite for record stores is very much alive and well in certain areas. With the [revival of vinyl](#) resulting in record sales outstripping CDs for the first time in 35 years alongside cultural initiatives such as Record Store Day gaining traction, there are promising prospects for new players entering the market.

Longstanding mainstays of the music industry, London and Manchester, came out on top of the growing markets with 497% and 327% increases respectively across the five-year period.

For new disruptors looking to catch the wave of the UK's newest music markets, Glasgow was revealed to be our leading emerging market with 21 new stores opening, followed by 18 new stores in Birmingham and 16 new outlets in Bristol.

The grocery gap

What does the perfect modern high street look like? While ways of shopping might have changed, what we want from our local community centres hasn't shifted all that much. Traditional artisanal craft producers like [bakers and butchers are still some of the most sought-after](#) shops among Brits.

But where are businesses making the most of this taste for top quality produce?



The high “steaks” of butchery

(Butchers and meat production: UK market size £4.1bn)

With sustainability firmly on the news agenda, consumers are starting to evaluate the ecological impact of their dietary choices. And while plant-based plates are on the rise with [7-10% of the UK identifying as vegetarian or vegan](#), more and more people are also opting for locally sourced meat as another way to combat climate change.

Leicester was crowned the fastest growing market with a market increase of 195% across the five-year period, with London reporting 828 new meat vendors on high streets and a 193% uptick. Butchery is also booming in Birmingham where research revealed a 178% increase across the city.

Leeds comes out as the strongest emerging market with 55 vendors appearing on the scene in the past five years, with southern strongholds such as Bristol and Portsmouth also coming through as promising climates for new butchers.



Going against the grain

(Bread and bakery goods: UK market size £8.4bn)

From sourdough specialists to pastry professionals, the great British bakery is another institution experiencing a surge in popularity. As the search for the perfect sweet treat to accompany lockdown walks became a ritual for shoppers, savvy new bakery businesses seized the captive market to transform themselves into community destinations.

Birmingham has been named cream of the crop with a 340% increase across the five-year period, with bakeries in the region employing an estimated 1,250 staff. The second fastest growing market was revealed to be Cardiff, also posting a 340% boom, while Manchester also makes the list with growth of 264%.

For budding bakers looking to make the most of a new scene, Leeds tops the emerging markets with 88 new outlets, employing around 800 staff, opening in the past five years. Scottish bakeries are taking hold of Edinburgh with 62 new shops opening across the research period and 25 new ventures choosing to open their doors in Portsmouth.



Start-up spotlight: **The Little Green Pantry**

“As a start-up, there are always unexpected costs so knowing that money will come into my account through same day settlements is vital.”

Keli, founder of The Little Green Pantry in Wellington and Tyl by NatWest customer.

The Little Green Pantry in Wellington near Telford aims to make sustainable, plastic-free shopping as simple as possible while supporting other local businesses and suppliers. Since she set up shop in 2019, Keli has seen her business boom even in the face of the pandemic and the rising cost of living, with her sales growing 30% year-on-year since 2020.

For Keli, the local community play a huge role in the success of her business. From building contacts with litter pickers to partnering with community orchards in Wellington, The Little Green Pantry has been at the centre of a network of local organisations driving change on the high street. Keli’s loyal customer base is what motivates her to keep growing her business. And as her business grows, so too does her customer base. In the last few years, Keli has seen more and more families and young people shopping at The Little Green Pantry, with parents using the store as an educational opportunity to teach young children how to reduce plastic waste.

Having the right tools and information on how her customers are shopping is crucial to Keli’s success: “The Tyl portal is invaluable to helping me make staffing and stock choices. I use it daily to draw insights and to better forecast what my shoppers, and the business, needs.” And she is seeing first-hand how these tools are helping her build better business relationships. Now, The Little Green Pantry has partnered with Wellington’s cycle delivery scheme to offer free local deliveries for customers in town, and Keli is involved in setting up Wellington’s first green festival for eco-minded residents.



A new appetite for dining

Perhaps one of the most volatile sectors since the pandemic, dining and hospitality has seen a mixed outlook across the UK. Subject to the [rising costs of food and staff shortages](#), restaurants and foodservices have had to find new ways to attract and retain diners. And diners' expectations have changed too, with customers wanting convenient takeaway and delivery options as part of the package for all foodservice vendors. So, what does this new foodservice landscape look like and where are pioneering gastronomic businesses cooking up a storm?

The restaurant revival

(Full-service restaurants: UK market size £17.8bn)

In spite of closures and successive years of lockdowns, Britain's rich and diverse culinary culture is renowned for the quality of our regional restaurant scene. And while some restaurants are struggling to stay afloat, all areas included in our research reported established dining markets. But some industry heartlands have shown particular growth across the five-year period. Glasgow (169% increase), London (166% increase) and Leicester (164% increase) come out as the strongest growing markets for new in-person restaurants.



Food on the move

(Takeaway and delivered food: UK market size £21.37bn)

While in-person dining may have been a challenging pursuit for food businesses, the pandemic provided a creative opportunity for expanding takeaway and delivery offerings. Our research revealed up to three times higher growth compared to leading growth in restaurant openings, with Manchester posting 506% growth and employing an estimated 11,500 employees to fulfil this need. Also showing strong signs of growth, Sheffield saw 708 new outlets open with an increase of 488% followed by Birmingham with a growth of 386% across the five-year period.

Business spotlight: **The Red Lion**

“Our customers expect top customer service, and Tyl by NatWest helps us achieve this through simple things like quick card payments reducing waiting times at the bar.”

Satnam, landlord at The Red Lion pub in West Bromwich and Tyl by NatWest customer.

As one of West Bromwich’s most established bars, The Red Lion has been at the heart of Birmingham’s hospitality scene for decades. But when Satnam’s family took the reins in 1997, there was an ambition to do more than traditional pub classics.

Today, The Red Lion is at the centre of a buzzing network of Desi-owned pubs in West Bromwich, serving quality authentic Indian dishes to a loyal community of local diners. A family friendly venue, The Red Lion attracts a diverse range of customers from young groups of friends socialising to parents looking for spot for Sunday lunch. For Satnam, this welcoming attitude is crucial to the pub’s USP: “We want to greet people like they are coming into our house, and make them feel instantly at home at The Red Lion.”

Since the pandemic, Satnam has found that customer expectations have really shifted – with visitors to the pub expecting table service as standard. Tyl by Natwest’s flexible service enables Satnam and his team to take card payments quickly, especially during peak times when the bar is busy. Now, his team uses five Tyl card machines because of the increased demand for card and contactless payments. And the Tyl portal helps Satnam quickly check orders and sales throughout the week so he knows his team is hitting their targets and giving customers the best service possible.

Satnam knows that the local community is vital to his business’ success: not just in terms of his customer base, but also thanks to the strong links between the Desi landlords in the area. By joining together as a committee, these organisations have built a thriving ecosystem of business owners who support each other, share knowledge and trade relationships, and drive growth in the local area.



The professional services shift

With the rise of digital transformation and hybrid working, white collar jobs have entered a new era, and how and where people work looks radically different now than it did in 2017. As an established economic segment, professional services sectors don't feature in any of our emerging market indexes. But as a number of firms look beyond London to set up shop, where are the fastest growing professional services hubs across the UK?



Tyl's top tips:

Use data to better understand your customers' behaviour.

Tailor your product and service offerings to fit the wants and needs of your customers. AI tools such as chatbots and predictive analytics could help you make informed business decisions to help grow your customer base. Investing in business analytics is a useful way for SMEs to have an accurate handle on sales, payments, and inventory, often keeping track of everything in one place and at the same time. Features like the Tyl Portal help by providing visibility over transactions, invoices, and settlement history, and can help you find out when the busiest times are in your business.

These insights are vital when it comes to refining your business model and gaining an understanding of issues such as staff numbers and what products are flying off the shelves, ultimately helping you maximise your profits.



Finance and tax

(Tax consultancy: UK market size £4.8bn)

As financial centres find solid ground after the shockwave of pandemic disruption, Manchester's tax consultancy offering has skyrocketed over the last five years. With 92% growth and an estimated 292 new businesses cropping up, Manchester takes the title for the UK's fastest growing market for tax and finance consultancy. Glasgow makes an appearance as the second spot on the list with our research indicating an 82% uptick since 2017 followed closely by London with a growth of 80%.

The legal landscape

(Legal services: UK market size £32bn)

The rich heritage of London's legal sector still rings true today, with the English capital still producing the fastest growing market of 77% growth since 2017, and an estimated 36,100 staff collecting their salaries from solicitors' firms. But Manchester presents a thriving climate for new firms and law practices looking to establish their presence up north, with 63% growth in the region and 386 new businesses being founded in the past five years. Portsmouth also makes the list of growing markets, with an influx of new organisations taking on clients and a regional market increase totalling 57% across the research period.

Accounting and auditing

(Accounting services: UK market size £6.4bn)

Manchester proves again to be an active hub for accountancy and auditing services with a surge of 64% across the research period, only being outgrown by London with 12,781 new businesses taking to the capital employing an estimated 72,700 employees. Much like in the legal sector, there are promising growth signals in both Portsmouth (64% increase since 2017) and Birmingham (55%) where firms are taking advantage of cheaper rents and thriving development opportunities.

Forecasting the future of British business

“Growth and success are available to SMEs if they can tap into what their community really wants and needs.”

Teresa Heath-Wareing, small business expert.

Small businesses are fighting an uphill price battle against larger organisations – there is always a bigger business with more resource who can find a way to sell a product or service cheaper. So, to succeed in such a competitive environment SMEs must embrace the ways they add value to their customers that go beyond the bottom line.

Small business expert, Teresa Heath-Wareing, believes this comes down to two key distinguishers: providing an experience and providing expertise. To leverage this effectively, however, business owners need to feel they have the support of their community to get honest advice in how they can grow and improve for the people they serve: “Business is always a two-way relationship between customer and business owner. But successful SMEs understand they must really listen to feedback from customers to build out useful offerings of products and services to gain a competitive edge.”

Success knows no bounds

The Evolving Enterprise Index has revealed widespread business growth, across sectors and regions in the UK. Teresa adds, “the key to a thriving SME economy is in a wide variety of sectors that will appeal to a diverse range of consumers. It’s reassuring to see the positive outlook for small businesses who take the time to understand their local landscape and business climate. But the success of Britain’s



SMEs hinges on entrepreneurs having the right access to tools and tech so they can understand exactly who their audience is and what they look for from their providers.”

At Tyl by NatWest, we know the importance of equipping businesses with this knowledge. From seamless customer journeys facilitated by the right payments provider to deep sector knowledge on the state of play in local and national markets, businesses across Britain need the right support so they can go further and dig deeper in their sectors – and thrive amidst uncertainty.

The Evolving Enterprise Index provides insight to businesses figuring out their next move, helping them understand where the gaps in the market are and where the potential opportunities lie.

From beauty salons to online boutiques, dentists to craft breweries, Tyl by NatWest is here to make it easier for businesses to be paid and in a fast, secure way while providing an effortless experience to their own customers.

**Find out
more**

