

What does innovation look like for UK businesses in 2024?

2,000 businesses surveyed, of all sizes, from every UK region and nation.



Innovation continues to be a strong driver of growth...

3x

Average sales growth of innovating firms (7%) was over three times greater than other firms (2%).

...but innovation levels in UK firms have declined.

56%

of UK businesses reported making changes to products or services over the last year: a fall from 61% in 2023.



Innovation rates fell most in small, micro and non-frontier businesses, widening the gap with larger and frontier firms.

Business innovation was held back...

46%

Almost half of innovating businesses reported factors had constrained their innovation activity.

£

Cost-of-doing-business pressures were consistently the most reported barrier in both 2023 and 2024.

People and collaboration drive research and development...

1/3

of businesses reported recruitment difficulties were restricting their innovation work.

39%

of firms collaborated with other organisations for innovation over the last year – a decrease from 41% in 2023.

Smaller businesses less likely to seek support...

1/2

Micro businesses (39%) are nearly half as likely to seek external support as large businesses (75%).

Businesses report an increased demand for innovation support...

96%

of those planning to innovate want to *maintain* or *increase* their spending on R&D and innovation.

2x

The proportion of firms reporting that R&D grants would be useful to them over the next 12 months doubled from 27% in 2023 to 52% in 2024.

Read, discuss and share the **State of Innovation 2024** report now.

