Global Market Trends

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6. Financial trends

- Average global revenue growth inched up to 2.6% in 2018, with large players enjoying significantly improved fortunes. Global EC revenues for the survey sample increased by a mean (unweighted) average of 2.6% in 2018, up from 2.2% in 2017. This compares to the IMF’s reported level of global economic growth for last year at 3.6% and also represents a slightly more optimistic outlook compared to the 2.2% as forecast for 2018 by last year’s survey participants.

- Reversal of last year’s trend with large firms outperforming smaller ones. Crucially, the tables have turned yet again with smaller consultancies (with EC revenues <$15m) reporting a modest 1.3% growth against a more bullish 4.1% for the large consultancies (>=$15m EC revenues), in contrast with 3.7% growth and 1.6% growth respectively in 2017. This indicates a strong upward swing for the larger EC practices year-on-year, and a continuation of the see-saw fortunes experienced by this group during the period we have undertaken this survey (see figures below). Although growth expectations for the next couple of years are quite similar, whether large or small.

Fig 5 Average global revenue growth, 2010-2020e
7. Staff trends & fee rates

7.1 Human resources - trends in redundancy & recruitment

- Peak in recruitment with around two-thirds reporting an organic headcount increase, averaging +4%. 65% of respondents report growing their EC teams with the average staff change at 4.0% in 2019, compared with a 0.9% decline the previous year. Increases have been strongest amongst large firms where the average increase was 4.9% compared with small firms whose EC staff numbers rose by an average 3.1%. The figures suggest recruitment is at its highest level for the last five years (see figure below).

- Small and large firms equally likely to be shedding staff. This year, whilst the large firms outperformed in growing their staff numbers, there is little difference between large and small firms in terms staff redundancies during the past year, with just 8% and 7% respectively reporting job losses. This indicates a continued wave of redundancies rippling through the sector as a result of the integration process of large-scale M&As seen recently together with the global natural resources market downturn. Job losses are expected by 6% of all firms in 2019.

- Recruitment frozen for just under a third of small practices but not for any large firms - though not insignificant – but shrinking – proportion (7%) of those surveyed who said their teams had actually got smaller over the last 12 months. Recruitment was frozen completely in 29% of small firms surveyed (compared to 47% last year and 51%, 44% and 39% in the preceding years before that). Meanwhile, none of the large firms surveyed maintained a policy to freeze recruitment compared to 7% the previous year.

Fig 11 Change in employee numbers over last 12 months
Fig 32  Mean revenue prospects across first 5 of 15 client sectors, comparison 2010-2019

DATA HIDDEN

Fig 33  Mean revenue prospects across second 5 of 15 client sectors, comparison 2010-2019

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10. Market forecast trends

In this section, we present the growth forecasts made by environment response to the market trends survey carried out during the first half of the country’s EC sector and the global EC market as whole, and also.

In Environment Analyst’s separate Global Environmental Strategies Report for the year, we will present its own market forecasts for the full year, based on account consultants’ growth estimates presented in this report, economic indicators, historic market demand patterns, and also the Global Market Intelligence Service data for constraints.

10.1 Own country market trends

- Business confidence grew in most countries, and managers were asked to their prospects for 2019 at qualitative assessment of their own last, up from 78%.
- Expectations of increased with this confidence was reported.
- Sales growth was reported.
10.3 Global regional growth prospects

Survey respondents who operate globally were asked to evaluate the growth prospects for their international business by region. Reflecting a generally improving economic climate, global expectations for the next five years to 2023 have risen in all regions, except for East Asia (incl. China).

- In a turnaround from last year, North America, the region this year with half of all respondents seeing strong growth prospects, translating into a mean CAGR of 7.9% (compared to 6.5% last year). 80% of respondents are confident of strong or substantial growth – 20% higher than last year. This is the highest growth rating in the history of this survey since 2010.
- Indian sub-continent takes second place, with 76% of respondents seeing strong growth prospects (up from 37% last year), translating into a mean CAGR of 5.5% last year.
- Latin America takes third place, with 71% of respondents seeing strong growth prospects, up from 61% last year, translating into a mean CAGR of 4.3% last year. Latin America’s economic recovery from the pandemic recession which has boosted confidence, translated into strong growth optimism, translating into a mean CAGR of 4.3% last year.
- Africa ranks as the world’s best growth prospects, with 66% of respondents seeing strong growth prospects, translating into a mean CAGR of 4.6% last year.
- In contrast, Europe, and Japan, both regions that had seen growth prospects erode over the past year, also saw a fall in growth prospects, with Europe dropping to 47% and Japan to 39%.

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