

UK businesses look to overseas markets for growth in 2021

The signing of new trade deals between the UK and overseas markets is vital as businesses plan to bounce back from the pandemic, according to new research from HSBC UK.

More than three fifths (62%) of businesses said that free trade agreements are important to growing profits in the future and more than a third (35%) of firms said they would want a trade deal in place before considering a new overseas market.

The survey of 1,000 UK businesses, conducted by YouGov for HSBC UK, found that the majority of businesses (58%) have been unaffected by the end of the Brexit transition period. A third (32%) reported a negative impact and this figure rises to 40% for importers and 42% for exporters since the new trade deal was implemented on 1 January.

More than a quarter (26%) of those impacted noted increased time spent on administrative tasks and paperwork and 15% have experienced delays in receiving goods from suppliers.

Despite these challenges businesses have shown a determination to grow during the year ahead as they build strategies to recover from the pandemic. Almost half (46%) expect to grow in the next 12 months while just under a fifth (19%) expect to remain the same and around a quarter (23%) expect their business to shrink.

Ian Tandy MBE, Head of International Trade for HSBC UK, explains: “The end of the transition period coupled with the third national lockdown has presented a challenging start to the year for businesses who are desperate to start executing strategies to recover.

“It’s testament to the innovation and entrepreneurial spirit of UK businesses that this research shows they have not been deterred by economic uncertainty and are planning for growth this year.

“The message from businesses is that Government needs to continue to deliver trade deals with new markets to help firms reach their growth targets through 2021 and beyond.”

HSBC’s latest Navigator report, which surveyed 1,000 businesses in the UK, identified the USA, Canada and China as the top markets for expansion in the next three years outside of the EU.

For those businesses looking to expand overseas the most important reasons for doing so were growing customer demand, the market being a gateway into

the wider region and firms aiming to expand ahead of their competitors.

Ian Tandy MBE added: “The world may have changed through 2020 but our businesses are still hungry for success on the global stage.

“While it can be daunting to enter a new market the brave businesses that take on the challenge will likely be the ones who find sustainable growth as we continue to recover from the pandemic.”

Case study – Bluefin Trading Ltd

HSBC UK customer Bluefin Trading Ltd is an e-commerce business, with international export and online retail expertise which specialises in home fitness equipment, wellbeing, watersports and the outdoors.

The business researches, develops and manufactures its own products with key partnerships in China, and sells via online channels, with Amazon being the biggest revenue stream.

All of the products that Bluefin offers are sold globally to an ever-expanding international community. The business is headquartered in West Yorkshire where research and development takes place and in the past two years has grown from a staff of four in a home-office to more than thirty employees. Exports have been essential to the growth of the business with customer demand spanning several regions.

William Vaughan, Founder and Managing Director of Bluefin Trading Ltd, explains: “International trade has always been at the core of what we offer. Our sales to mainland Europe account for well over 70% of our product sales with particular success in Germany, France, Spain and Italy.

“As such we carried out a large amount of work to prepare for the end of the transition period to support the distribution of our products throughout Europe. This has really helped to provide continuity of service to our customers since the start of the year.”

The business is now considering further global expansion into Japan and the Middle East during 2021.

William adds: “Reaching out to new markets is essential for us to reach our target to double growth year-on-year and we’ve always been of the view that it’s beneficial to export widely rather than to just a limited number of markets.

“The UK signing trade agreements with new markets will help to support this strategy and should make it easier for us to reach even more customers in different destinations in the future.”

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Notes to editors:

The YouGov survey was conducted between Monday 11 January and Monday 18 January.

Media enquiries to:

Peter Edney peter.d.edney@hsbc.co.uk 07384 791 502

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