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# Chambers of Commerce for Local Business Engagement and Growth in South London: Towards a Sustainable Business Model\*

Mamata Parhi<sup>\*</sup>, Mohammed Rafiq<sup>\*</sup> & Yuliana Topazly<sup>\*</sup>

## Final Report

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<sup>\*</sup> Corresponding author: Mamata Parhi (E-mail: Mamata.Parhi@roehampton.ac.uk).  
Faculty of Business and Law, Roehampton University, London.  
<sup>\*</sup> Faculty of Business and Law, Roehampton University, London.  
<sup>\*</sup> Faculty of Business and Social Sciences, Kingston University, London.

## OVERVIEW

Sustainability dimension in businesses in general and local businesses in particular, has got a new meaning in the face of growing uncertainty in recent times. Yet, the 'local' synergies in the form of leadership in embellishing a network of businesses, need to be transformed into both consolidation and sustainability of growth of various businesses. This report presents outcomes of an intensive research to study possible economic and non-economic factors of weak engagement of local businesses with the Chambers of Commerce in recent times. The project develops a new business model that can contribute to the value-enhancement of local businesses and building of a strong trust-based network with the Chambers. We have argued that the arrival of new market information, multitude of sources of information, multiple shocks of varied magnitudes, and depth of uncertainty have created information overload, often confusing, leading to insipid engagement with the Chambers of Commerce. Both secondary and primary data analysis and evaluation of the long history of the Chambers of Commerce in the UK in a comparative perspective point to a significant mismatch between demand and supply of business support services, exacerbated further for micro businesses who are traditionally resource-constrained. We offer a number of pathways to re-build the network by depicting clear leverages of positive externalities for both businesses and local Chambers leading to long-term sustainability of both.

## ACKNOWLEDGEMENTS

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The research would not be complete without the cooperation of the businesses in providing us with very useful and relevant information. We gratefully acknowledge the generous help of all the businesses that took part in our online survey.

Last but not the least, the support of the research offices both in Roehampton and Kingston Universities has been critical for the successful completion of this project. We are highly thankful to Chris Kelly and Sahar Monsoori Zangir for their guidance and support throughout the length of the project.

## FOREWORD - By Diana Sterck, CEO Merton Chamber of Commerce

In 2021, Merton and Kingston Chambers of Commerce joined forces, using the expertise of Kingston and Roehampton Universities' academic researchers, to determine the most appropriate models for engaging with and supporting businesses in the post Pandemic environment.

Having been responsible for business engagement for over 20 years, I wanted this research to take place because I believe that many of our traditional approaches need to be reviewed. It is becoming increasingly more difficult to reach and engage with businesses who are bombarded by newsletters, direct mail, social media messages and cold calling. I wanted the research to test these traditional methods as well as provide us with new market information. This will support us to catalyse and develop new models for business engagement, service delivery and our own sustainable development.

Of course, the outcomes of this research are not only relevant for Chambers of Commerce in South London. The principles are relevant to any other organisations with similar service offers, including business improvement districts and other organisations that offer business support services.

My aspirations from this research are for organisations to come together and collaborate and I am hopeful that the outcomes of this work will not only strengthen current collaborations but also support the vital need for capacity building in the many organisations that offer valuable business support to their local communities.

The findings from this research will be widely shared and used to develop relevant offers in the fast moving and challenging business environment of the 2020s.

I would like to thank the research teams for their work and the businesses who responded to our survey. It has been a truly collaborative project!



Diana Sterck

CEO

Merton Chamber of Commerce

## FOREWORD - By Forbes Low, CEO Kingston Chamber of Commerce

In 2021, Merton and Kingston Chambers of Commerce worked together, using the expertise of Kingston and Roehampton Universities' academic researchers, to explore our current methods of engaging with and supporting businesses pre and post COVID.

We wanted the research to test these traditional methods and provide new market information to catalyse fresh thinking, service delivery and collaborations.

The pandemic period has drawn many of us to the values of being local. My personal observation is that during this time, the value of local, listening and responsive Chambers proved how relevant they are to their respective Councils and other key stakeholders. From working with businesses over the years, and keeping the conversations going during the pandemic, provided valuable feedback to their borough partnerships.

Kingston Chamber has worked hard to meet and answer the numerous demands in the past two years which have been tough year for so many. We have successfully delivered on many of our objectives but we should be under no illusion that we can do any of our work by ourselves. This is always a team effort. From our Directors, to our Patrons, to our fantastic membership, to the generous backing of Kingston Council, Kingston University and Kingston College, to many of our individual advocates, our achievements have been a result of many pulling together.

Learning lies at the heart of growth, and as the CEO and as a Chamber, we should put ourselves in places to learn. 2022 is turning into another demanding year. The Chamber must ensure that we deliver tangible benefits. We are always looking at new ways we can provide business support and skills programmes that can encourage growth and stability.

The recommendations and feedback from this report provide encouragement in how we work but it also highlights areas where we can improve. How we reach the wider audience is thought provoking and applies not to just to Kingston but also with our neighbouring Chambers. We cannot afford to simply acknowledge this report as interesting and park it on a shelf. We need to adapt to what businesses need. The world is changing, and changing in new, unpredictable ways that many of us have not seen before. Despite this uncertainty, and it is not easy, I am sure there will be new ideas that Chambers can use, to make sure we are valued contributors to our business communities.

I would like to thank the research teams for their diligent work, Diana Sterck of Merton Chamber for her experience and knowledge and my appreciation to the all businesses who took the time to respond to our survey.



Forbes Low

CEO

Kingston Chamber of Commerce

## EXECUTIVE SUMMARY

Chambers of Commerce have a long history of supporting businesses and representing their interests, and since the 1980's, have been the main conduit for governmental business support policies and funding. However, the more recent years have witnessed a transformation of the very form of business support services, and their access, thus, threatening the sustainability of the local Chambers. With digital transformation of many of the support services, accelerated further by the recent Pandemic, and a parallel mushrooming of other institutions mimicking the offer of the Chambers, many businesses seem to be choosing alternative ways in accessing business support services as well as their networking strategies. Within this broader context of volatile business environment and continuing uncertainty, a new business model to re-engage local businesses with the Chambers is paramount.

This project aims to develop a new business model by exploiting new market information, and support both the Chambers and the local (member) businesses to form a cohesive partnership that is value enhancing in terms of businesses and trust-network. Using an online survey of businesses in five South London boroughs: Merton, Kingston, Richmond, Sutton, and Croydon the project reached out to local businesses, both members (continuing) and non-members of the Chambers. In order to understand their needs, the survey questioned businesses on their access and frequency of usage of business support services, and propensity/intensity of engagement with the local Chambers, if any.

Our research shows that business support services are varied, both across types of service and geography (boroughs). The prime concerns of the businesses remain arounds profitability and sustainability of their businesses, with gloomy economic outlook as a major environmental challenge. As much as 53% of businesses in South London areas need support in marketing/ sales, finance, and growth strategy. Quite starkly, around 40% of the South London businesses noted to have difficulty in getting business development advice. In terms of the sources of business advice, the online sources were top rated and popular source of advice, followed by accountants, and other business network of the organisations surveyed. There is a general lack of engagement with the local Chambers although those who have engaged with the Chambers reported to have benefitted, mostly from 'networking' and expert 'sign-posting'. More than a third of the businesses surveyed lacked awareness of the services that the local Chambers provide creating a barrier for engagement.

The bigger picture emerging from the study is the apparent mismatch between demand and supply of business support services. This is exacerbated in the case of small/ micro businesses where the time and resources are of essence. This entails a bigger effort in bridging the gap by strengthening the partnership between the businesses and the local Chambers.

## KEY RECOMMENDATIONS

COVID-19 has created both an opportunity and necessity for Chambers of commerce to change. Therefore, the local Chambers must reprioritize their resources and invest in those things that will carry them into the future. Despite evidence of the Chambers being able to adapt, we believe the following recommendations will strengthen and enable further the continuing adaptation of the Chambers for the post-pandemic period:

- 1. BUSINESS MODEL EVOLUTION:** The major changes in the operating environment and, in particular, the decline in funds available from the government means that the current revenue model is in urgent need of rebalancing. That is, Chambers will need to generate more income from membership fees and services that they provide. Therefore, the Chambers need to prioritise 'key' services that can guarantee high & sustained revenue while offering good value for money for their members.
- 2. ALLIANCES AND MERGERS:** Given the financial pressures on them, some Chambers may need to think of merging together or forming an alliance (similar to South East London Chamber of Commerce, SELCC) in order to reduce operational costs and to offer better services to their members by pooling their limited resources.
- 3. ENHANCING ONLINE VISIBILITY:** Chambers of commerce should significantly enhance their online presence and engage more actively in online provision as businesses are increasingly internet savvy and actively seeking online business support services. Online provision of services will also allow Chambers to scale up their services to many more members at a relatively low cost than was possible before the shift to online.
- 4. DEVELOPING VIRTUAL FREE COMMUNITY NETWORKS:** In order to increase awareness and engagement with local businesses, particularly those that cannot afford to pay membership fees, South London Partnership (SLP) Chambers should develop a Community Network area on their websites with free access to basic services. This would grow the audience online and would potentially evangelize some information seekers to becoming paying members.
- 5. TAILOR SERVICES FOR DIFFERENT BUSINESS SEGMENTS:** Chambers should tailor their product offer/ services for the different types of members based on their business size. The differentiation of services as per the size classes would dovetail better in terms of bridging the needs of the businesses with targeted support.

6. **PARTNERSHIPS:** Chambers of Commerce across South London can build on their existing work; focus on facilitating partnerships between companies, community groups, the local authorities, and the government.
7. **COMMUNICATION:** Effective communication is the key to elevating the level of network externality and sustainability of partnership with local businesses. Many local business people freely volunteer their time to Chambers. The Chambers need to tap into this 'free time volunteering resource' in a meaningful way, such as various networking events, for example, (e-networking) and others.
8. **LOCAL-FOCUS:** Local Chambers have an opportunity to market themselves as local experts and build a strong long-term relationship with local businesses. Increasing outreach into the local community is becoming more important, and hence various forms of networking is needed to leverage opportunities and promote 'shared vision'.
9. **UNIQUE VALUE PROPOSITION:** With more and more businesses searching for local business support and being aware of various alternative business support organisations, it is important for Chambers to stand out with a unique offer that businesses can benefit from e.g., 'shared cause'. In fact, the Chambers could serve as a public face of the cause of local businesses.
10. **SIGNPOSTING KNOWLEDGE EXCHANGE OPPORTUNITIES WITH LOCAL UNIVERSITIES:** In cases where businesses want to test innovative ideas, technologies or business models but lack the resources needed, the Chambers could signpost potential collaboration opportunities with the local universities on knowledge exchange opportunities.

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## Background and eliciting the scope for growth

A sustainable business invariably thrives on the growth and sustainability of a network. Around the world, the Chambers of Commerce (CoC, henceforth) is an intelligent welfare-driven design to empower local businesses via deeper intense networking among member organisations (the appendix one presents a view of the importance of the network on business growth). The traditional business model for Chambers in the UK is membership by subscription. The members pay a subscription fee to earn the benefits of the network inasmuch as they can enlarge their business outreach within and outside the regional boundaries. As observed by the Chambers, the engagement of businesses with the local Chambers have reduced significantly in recent years, and exacerbated by the recent pandemic, and has brought the sustainability of the Chambers into question. This project aims to develop a new business model by exploiting new market information and support both the Chambers and the local (member) businesses to form a cohesive partnership that is value enhancing in terms of businesses and trust-network. As a first step toward this objective, it is imperative to undertake an in-depth view of the current environment of local businesses and their access/ engagement in various business support services.

In this report, we present an environmental analysis of the changing landscape of the businesses in London, particularly focussing on South London Partnership areas, and the nature and scope of the Chambers array of services. Specifically, we cover the following aspects:

- Overview of the landscape of businesses in UK/London.
- Contextualise the importance of business support, discuss types of business support services, and present the role of Chambers in the larger context.
- Discuss the nature and scope of the Chambers in the South London Partnership area (Boroughs of Croydon, Kingston upon Thames, Merton, Richmond upon Thames, and Sutton)
- Present a discussion on the types of business services (of specific Chambers) in South London
- Identify some key challenges

Following the environmental analysis, the project then endeavours to gauge the (mis)match in the demand and supply of the support services in the South London region. We gather some first-hand information from the concerned businesses about their access and engagement with the (local) business support services. In order to achieve these objectives, a primary survey was conducted across 5 boroughs in South London area to understand the businesses' perspective of what support services are available to them and to what extent they are currently harnessing them. In Section 3 of the report, we present and discuss key results from a primary survey of businesses that we carried out and provide deeper insights on businesses' engagement and access of support services, in the locality and beyond. The survey was aimed at eliciting the needs and the level of engagement of businesses in the South London area, which include five boroughs: Merton, Kingston, Wandsworth, Croydon, and Sutton. The survey was conducted online through a structured questionnaire and was distributed with the help of two Chambers of commerce, viz., Merton and Kingston.

The structure of the report is as follows. The next part (Part A, Section 2) paints an overall picture of the changing trends in business structures. The national level analysis is followed by a more regional analysis of the sectoral trends in London and South London, with further analysis at a more disaggregated level (boroughs). Part B (Section 3) presents and discusses key results from a primary survey of businesses on their engagement and access of business support services in their localities and beyond. Section 4 concludes with the implications of the findings and an outlook for the Chambers' future business model.

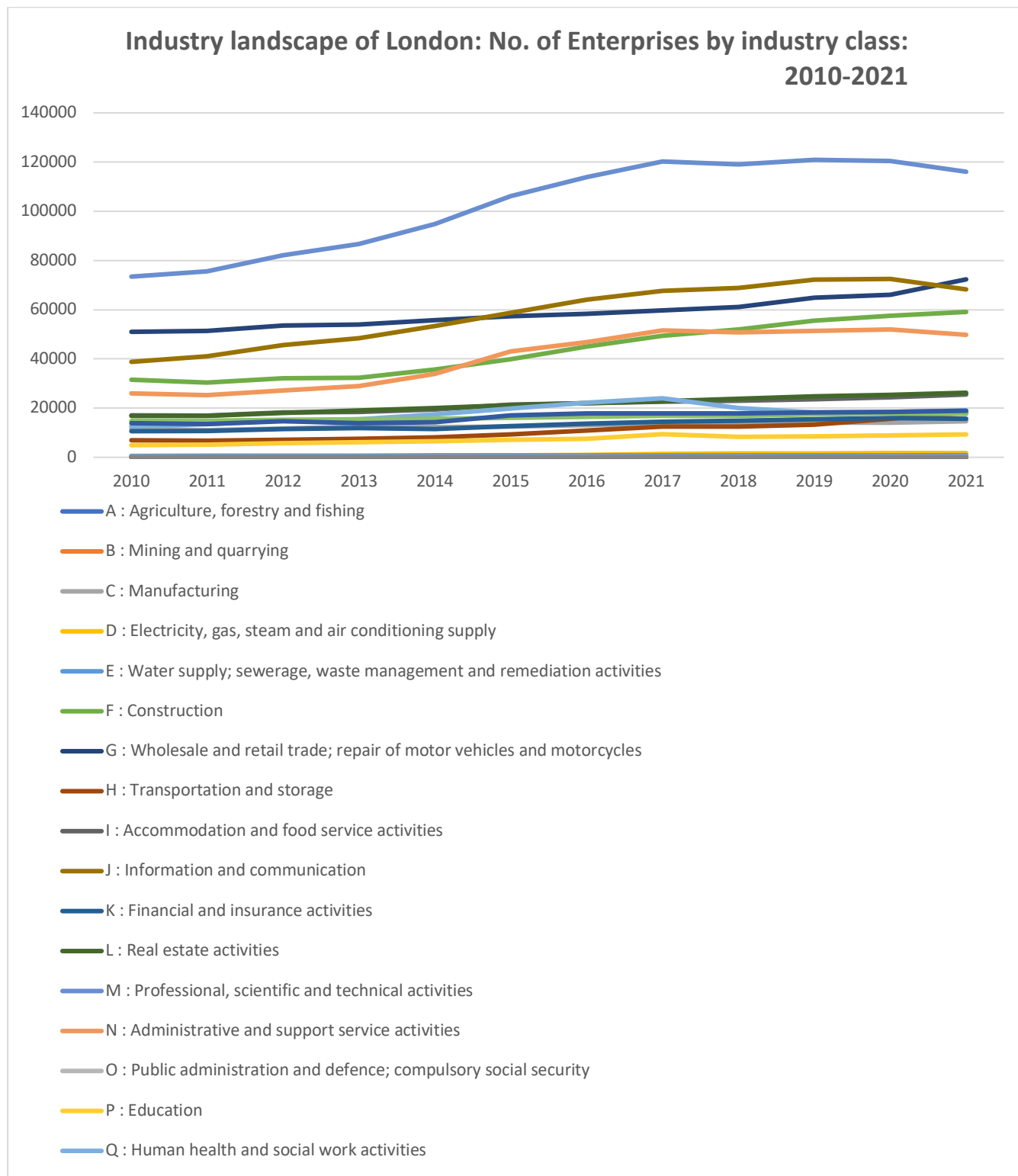
## **Part A: Understanding the landscape of businesses and the role of Chambers**

### **2.1 Distribution of enterprises**

In this section, we present an aerial view of the changing landscape of businesses – the UK in general, and London, in particular. The analysis is based on secondary data collected from ONS (NOMIS) Figure 1 provides a broad landscape of industries in London between 2010-2021. As expected, it is evident that services sector continues to be the dominant business in London. In terms of the industry classes, the largest number of enterprises are in the categories of M (Professional, scientific, and technical activities) and G (Wholesale and retail trade; repair of motor vehicles and motorcycles), followed by J (Information and communication) and F (Construction). The administrative and support services activities (industry class-N) also holds a sizeable proportion of the total enterprises in London. London's current industrial structure

reflects the process of increasing specialisation in services, with a strong shift towards professional and business service activities.

**Figure 1: Industry landscape of London: No. of Enterprises by industry class: 2010-2021**



In London, within the broad industry classes, management consultancy activities, computer consultancy activities and other business support service activities are dominant. However, the pandemic has had a differential impact on the types of businesses, while some have remained unscathed, the prominent ones have taken a massive toll in the more recent past. The number of businesses operating in these sectors declined, significantly in 2021 (Figure 2). Other sectors within manufacturing have been more stable over the years.

**Figure 2: The rise and fall of businesses in London: Impact of the Pandemic?**

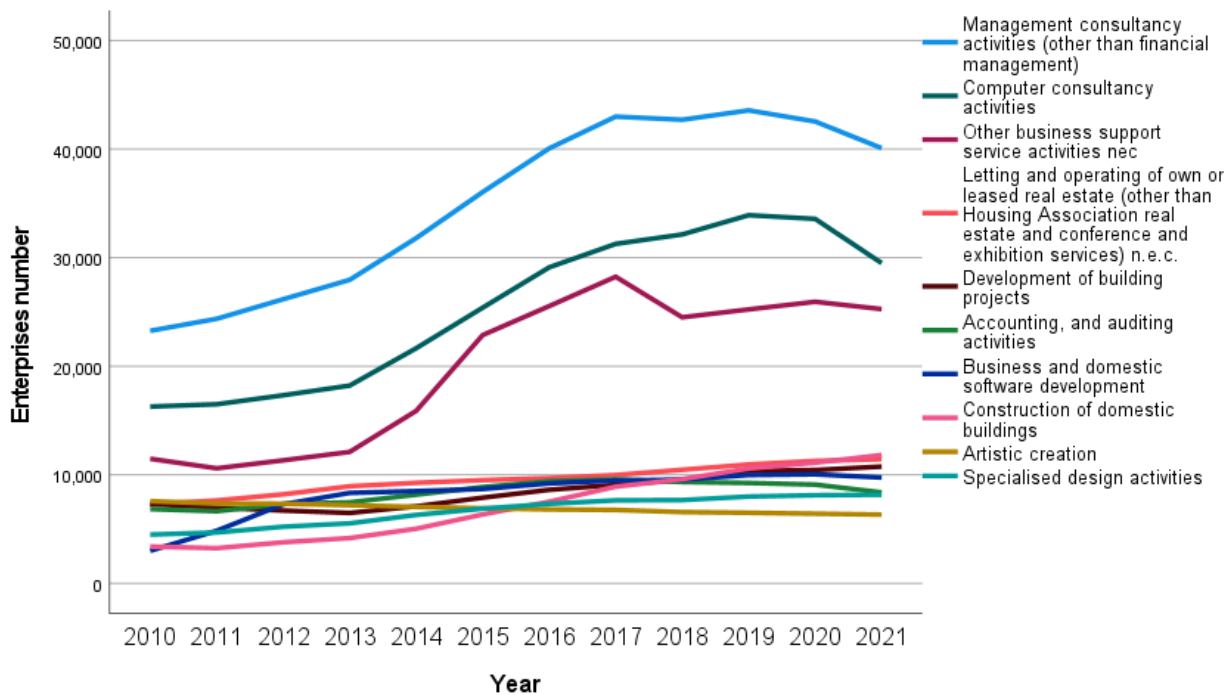
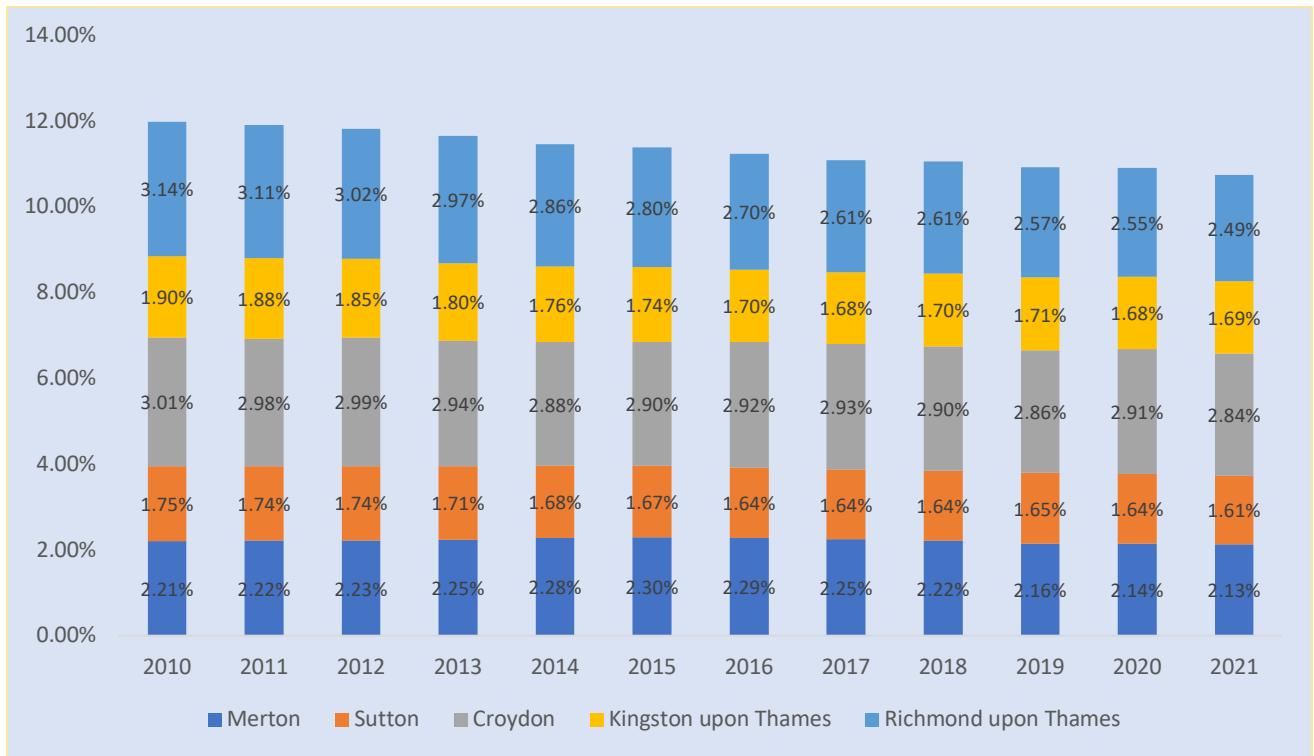
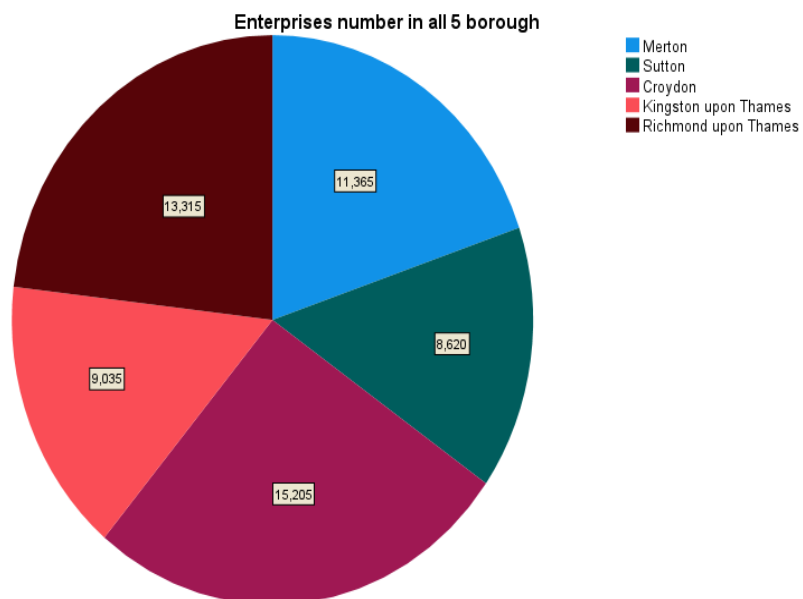


Figure 3 presents the proportion of enterprises in each selected Borough from the total for London. The chart shows that in 2010 South London accounted for about 12% of the total enterprises in London. The percentage suffered from a steep decrease in the last decade to 10.76% in 2021. The chart also shows the decrease in each of the 5 boroughs. Figure 4 provides a snapshot of the distribution of enterprises in South London (5 boroughs) in 2021. The numbers shows that Croydon leads with 15,205 enterprises, while Richmond upon Thames has the second largest enterprises number with 13,315 enterprises. Sutton has the lowest enterprises number among all 5 Borough with 8,620 enterprises.

**Figure 3: Share of enterprises in the 5 Boroughs in London**



**Figure 4: Distribution of enterprises in South London**

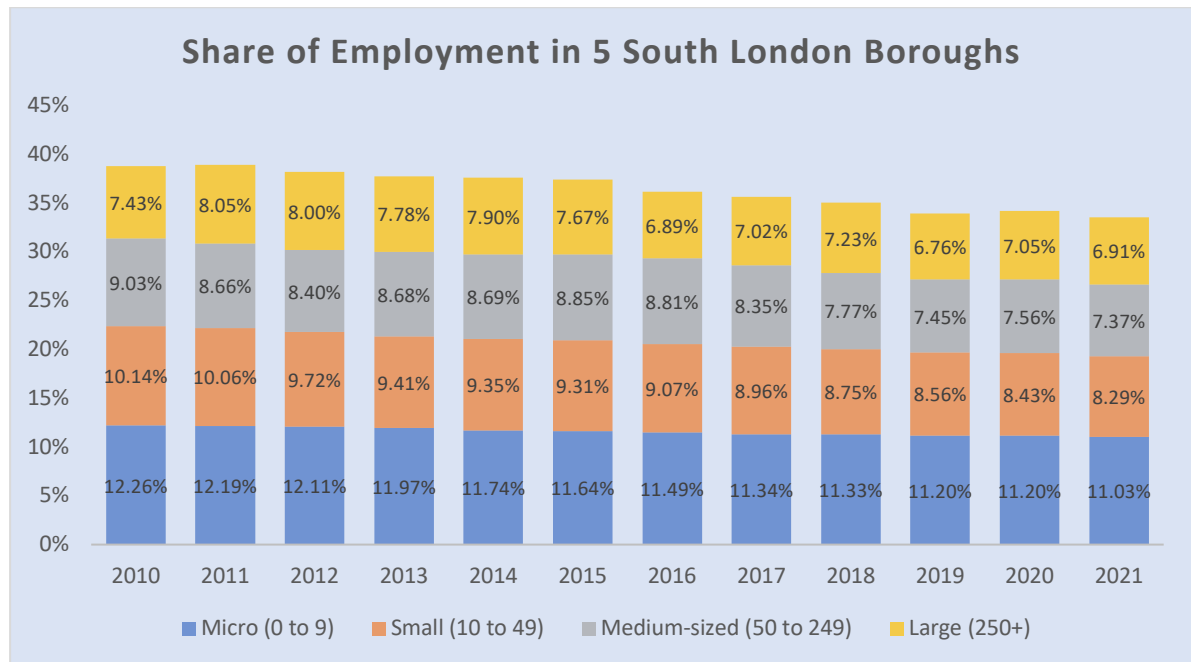


In Table 1, using ONS data we summarise employment dynamics (over time) by firm-size in South-West London (including the 5 selected boroughs) and London. It is evident that, the share of enterprises in South London falls between 12% (in the large- firm category) to 19% (in the micro businesses) in the total of London. The number of businesses have declined across all size bands in the more recent period. Further, while the number of enterprises continues to be stable in the medium and large firm category, there is a decrease in the number of operating businesses in South-West London recently, especially for the micro and small enterprises. The recent pandemic, understandably, seems to have hit the small and micro businesses particularly harder than the rest.

**Table 1: Employment Dynamics by business size**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>South-West London</b>	61725	61850	66115	70300	75765	84125	89515	88335	86950	88260	89205	88075
Large (250+)	215	225	220	225	230	230	225	230	245	240	245	230
Medium-sized (50 to 249)	735	730	765	805	840	885	905	880	875	890	930	895
Micro (0 to 9)	56585	56730	60625	64600	69850	77905	83300	82060	80615	81875	82775	81755
Small (10 to 49)	4190	4165	4505	4670	4845	5105	5085	5165	5215	5255	5255	5195
<b>London</b>	331460	334320	359795	372305	400840	444795	476785	505640	506125	522185	531260	534540
Large (250+)	1740	1710	1735	1785	1810	1880	1945	1995	2055	2135	2200	2170
Medium-sized (50 to 249)	5440	5590	5980	6275	6475	6760	7015	7170	7450	7615	7910	7775
Micro (0 to 9)	296835	299400	321735	331860	359145	400680	431860	459440	458825	473870	482265	485705
Small (10 to 49)	27445	27620	30345	32385	33410	35475	35965	37035	37795	38565	38885	38890
<b>South-West as % of London</b>												
<i>Large (250+) percentage</i>	12%	13%	13%	13%	13%	12%	12%	12%	12%	11%	11%	11%
<i>Medium-sized (50 to 249) percentage</i>	14%	13%	13%	13%	13%	13%	13%	12%	12%	12%	12%	12%
<i>Micro (0 to 9) percentage</i>	19%	19%	19%	19%	19%	19%	19%	18%	18%	17%	17%	17%
<i>Small (10 to 49) percentage</i>	15%	15%	15%	14%	15%	14%	14%	14%	14%	14%	14%	13%

**Figure 5: Percentage of firms in the selected Boroughs vis-a-vis London**



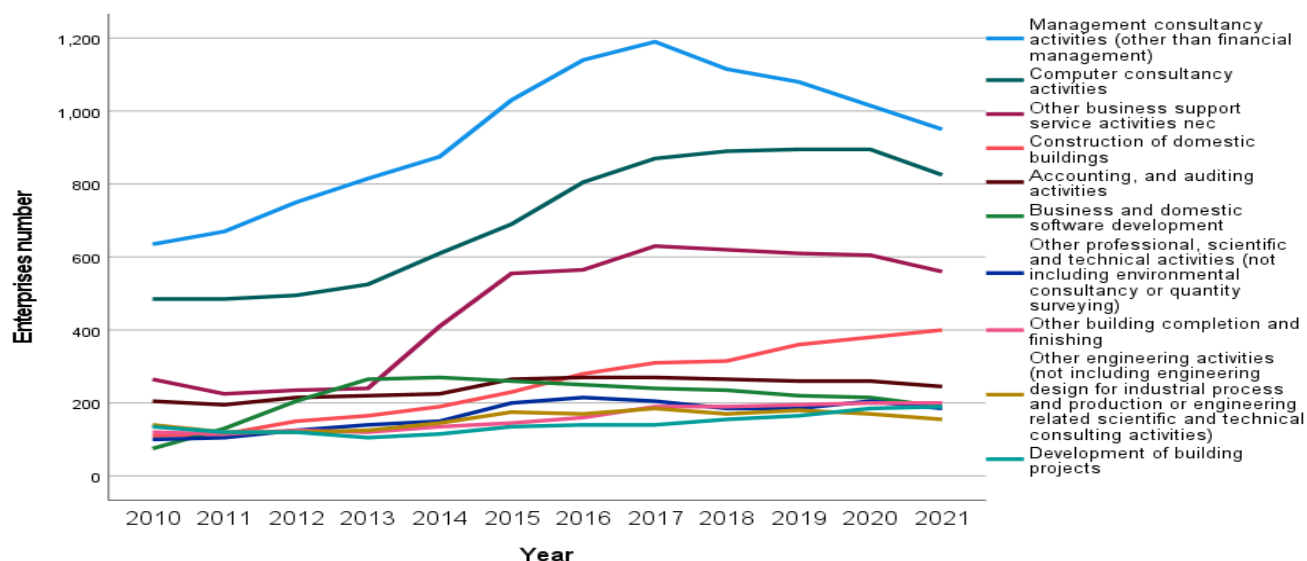
## 2.2 Borough-level analysis of business types

Until now, we have presented national level figures and compared South London Chambers' positioning in various aspects. In this section, we present borough-level analysis, to gauge the 'size of the market' for the local Chambers and potential for engagement within each borough towards 'effective engagement of local businesses. In essence, our idea is to find out the degree centrality of the Chambers or extent of their inclusiveness in their respective localities towards a sustainable business model. We present the main trends for 5 boroughs respectively:

### (a) Merton: Top 10 industries by enterprises number

As can be seen from the trends (see Fig 6a), management consultancy activities are dominant in Merton. There seems to be a steady growth of businesses from 2010 to 2017, after which started a sharp decline until date. Similarly, other business support service category picked up until 2017, then the industry started to decline slowly especially in 2021. Computer consultancy activities increased exponentially in the last 10 years. However, the industry suffered 2021. Construction of domestic buildings has been experiencing a steady growth until date.

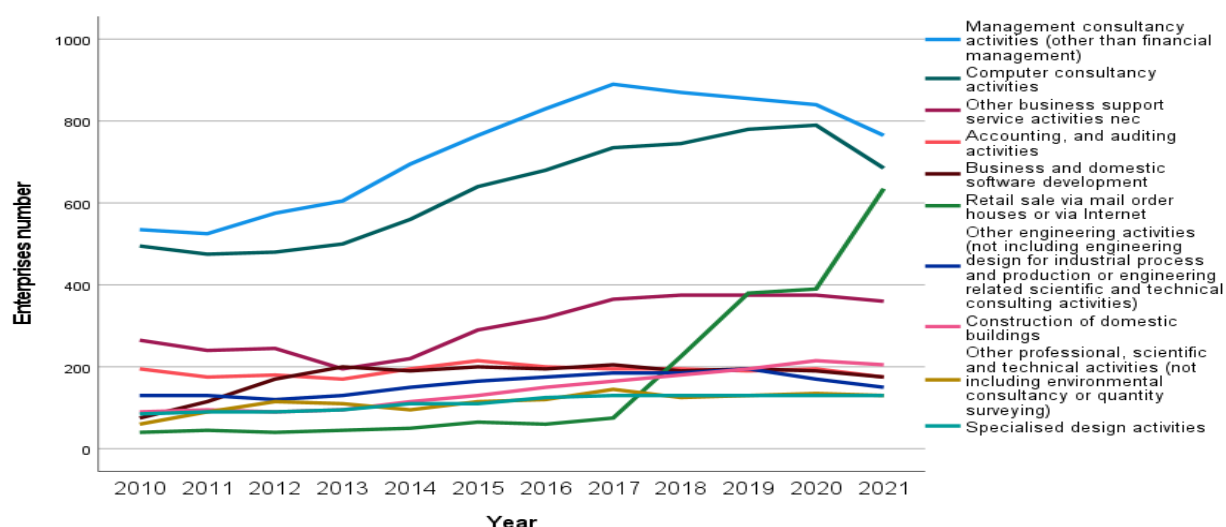
**Figure 6a: Business growth in Merton**



**(b) Kingston upon Thames: Top 10 industries by enterprises number**

The pattern is similar to Merton and other boroughs with Management consultancy activities, Computer consultancy activities and other business support service activities being dominant in Kingston upon Thames. The top two sectors suffered decline in 2021. The trends are presented in Fig 6b. Interestingly, the segment of Retail sale via mail order houses has increased exponentially after 2017. The number of enterprises that operated in the industry in 2017 was only 75 and increased dramatically to 635 enterprises in 2021.

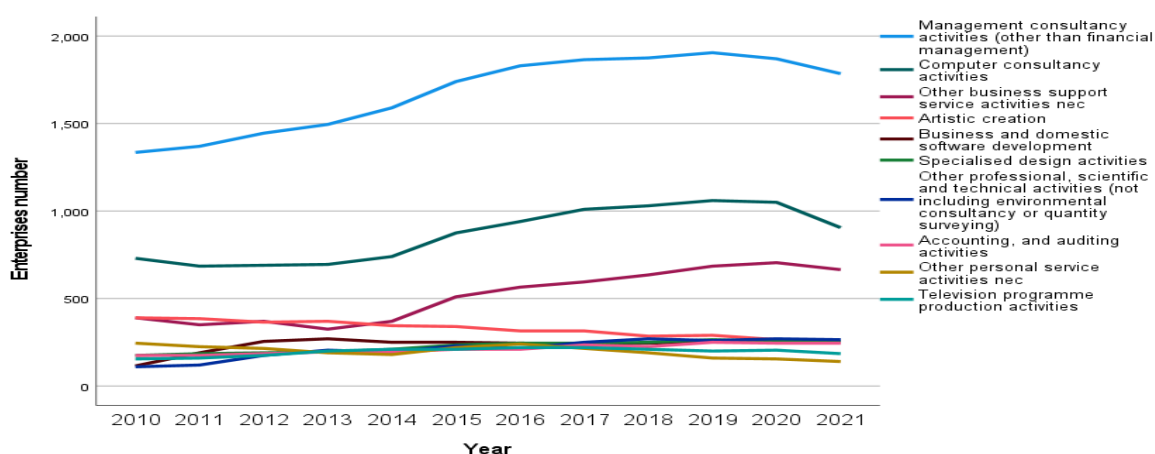
**Figure 6b: Business growth in Kingston upon Thames**



### (c) Richmond upon Thames: Top 10 industries by enterprises number

Management consultancy activities, Computer consultancy activities and other business support service activities are dominant in Richmond upon Thames. These sectors however, suffered from a decrease in 2021, the decrease was steep for Computer consultancy activities. Artistic creation enterprises number is decreasing significantly over the years.

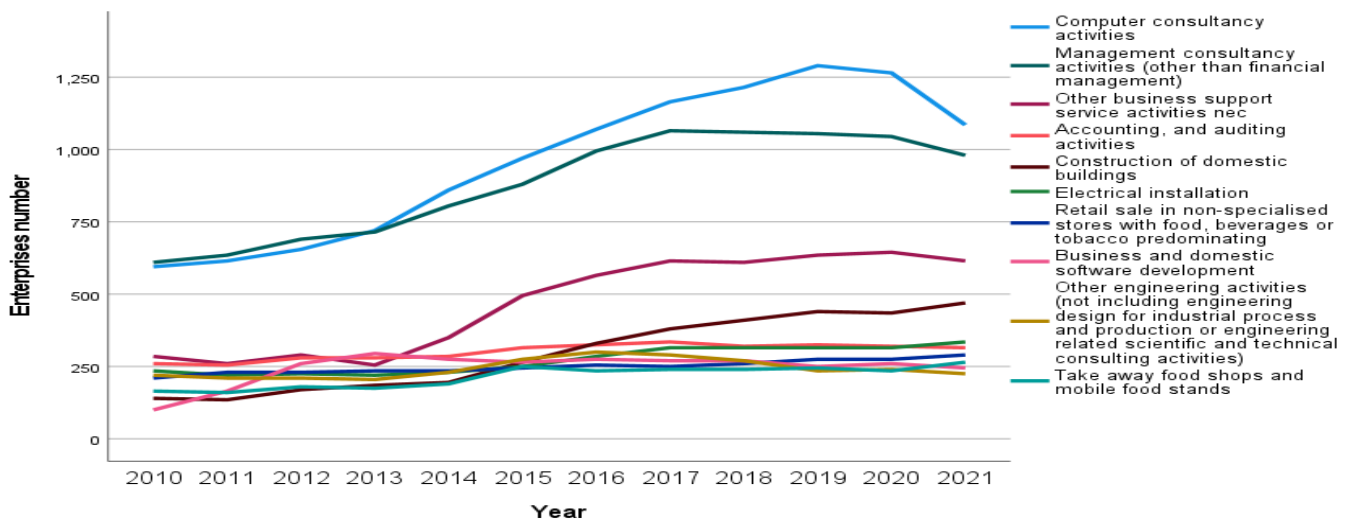
**Figure 6c: Business growth in Richmond**



### (d) Croydon: Top 10 industries by enterprises number

In Croydon, the largely dominant businesses are management consultancy activities. The industry grew especially from 2013 to 2019 before starting a sharp decline until date. Similarly, other business support service activities had a sharp increase in the last decade, before showing signs of decline in 2021. One of the few industries that has steadily grown over the years is construction of domestic buildings. Notably, the sector saw a big boost in 2021. Additionally, take away food shops and mobile food stands increased slightly over the years.

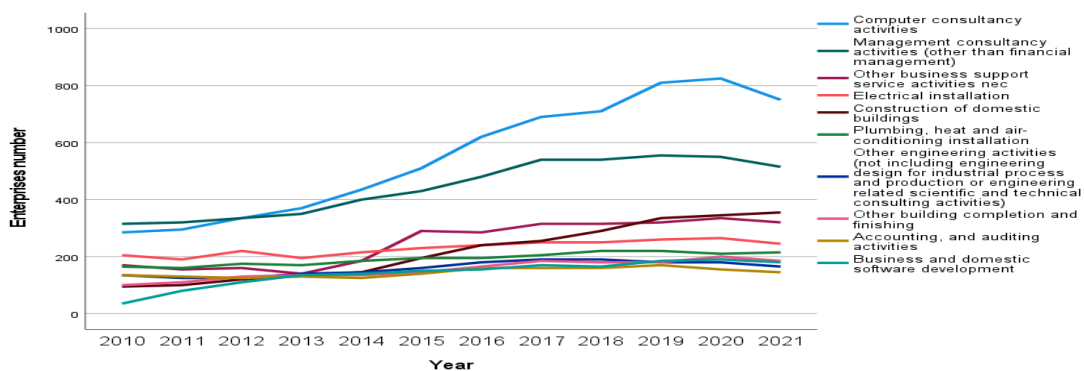
**Figure 6d: Business growth in Croydon**



### (e) Sutton: Top 10 industries by enterprises number

The dynamics of business activities in Sutton are very much similar to many other boroughs. Management consultancy activities, Computer consultancy activities and other business support service activities are dominant in Sutton. These sectors suffered from a decrease in 2021, the decrease was significant for management consultancy activities. While the main service firms suffered a decline in recent years, Sutton has seen robust growth of construction of domestic buildings sector over the years. The trends are charted in Figure 6e.

**Figure 6e: Dynamics of business growth in Sutton**



**Table 2: Growth and decline of businesses in (South) London (2020 and 2021)**













Borough	Type of movement	Industry Type	enterprises number 2020	enterprises number 2021	Decrease/incr ease in enterprises	Percentage of Decrease/Inc
Merton		Computer consultancy activities	895	825	-70	-7.82%
		Management consultancy activities ***	1015	950	-65	-6.40%
		Other business support service activities nec	605	560	-45	-7.44%
		Retail sale via mail order houses or via Internet	140	180	40	28.57%
		Unlicensed Carriers	80	115	35	43.75%
		Take away food shops and mobile food stands	90	115	25	27.78%
Kingston upon Thames		Computer consultancy activities	790	685	-105	-13.29%
		Management consultancy activities ***	840	765	-75	-8.93%
		Accounting, and auditing activities	195	175	-20	-10.26%
		Retail sale via mail order houses or via Internet	390	635	245	62.82%
		Take away food shops and mobile food stands	90	125	35	38.89%
		Unlicensed Carriers	55	75	20	36.36%
Sutton		Computer consultancy activities	825	750	-75	-9.09%
		Management consultancy activities ***	550	515	-35	-6.36%
		Freight transport by road	95	70	-25	-26.32%
		Retail sale via mail order houses or via Internet	80	110	30	37.50%
		Unlicensed Carriers	60	85	25	41.67%
		Construction of domestic buildings	345	355	10	2.90%
Croydon		Retail sale via mail order houses or via Internet	460	235	-225	-48.91%
		Computer consultancy activities	1265	1085	-180	-14.23%
		Management consultancy activities ***	1045	980	-65	-6.22%
		Unlicensed Carriers	170	300	130	76.47%
		Development of building projects	240	275	35	14.58%
		Construction of domestic buildings	435	470	35	8.05%
Richmond upon Thames		Computer consultancy activities	1050	905	-145	-13.81%
		Management consultancy activities ***	1870	1785	-85	-4.55%
		Other business support service activities nec	705	665	-40	-5.67%
		Retail sale via mail order houses or via Internet	135	180	45	33.33%
		Other human health activities	115	130	15	13.04%
		Other engineering activities *	175	185	10	5.71%
London		Computer consultancy activities	33580	29505	-4075	-12.14%
		Management consultancy activities ***	42550	40095	-2455	-5.77%
		Activities of employment placement agencies **	5850	4555	-1295	-22.14%
		Retail sale via mail order houses or via Internet	10720	12960	2240	20.90%
		Unlicensed Carriers	3625	5085	1460	40.28%
		Construction of domestic buildings	11120	11830	710	6.38%
* Data excludes engineering design for industrial process and production or engineering related scientific and technical consulting activities						
** Data excludes motion picture, television and other theatrical casting						
*** Data excludes other than financial management						

Table 2 presents the trends of growth and decline in businesses in South London boroughs. In Merton borough, for instance, retail sale businesses have grown by 28.57%, takeaway food shops by 27.78%. During the pandemic, these two businesses, along with unlicensed carriers have registered impressive growth across boroughs. However, computer consultancy activities, management consulting and accounting and auditing activities have all registered significant decline in businesses between 2020-2021.

## 2.3 Dynamics of business support services: South London in a comparative setting within UK

Most industrialised countries such as UK provide a wide range of business support to firms, especially small businesses (small and medium-sized firms). The business support programmes are justified using arguments about market failure and policy makers tend to weight different aspects of market failure leading to different policy choices. Although these policies tend to have

specific objectives attached to them, many of them seem 'symbolic' in nature ('the desire to create enterprising economy' for example). Much of the support is towards nonfinancial support, in the form of information and advice to enhance the capability of firms to manage their own development.

In recent years, the public provision of business support has been reduced massively. In fact, there has been a big shift away from a 'provision-based paradigm' in which public agencies provide direct support to businesses to a 'framework-based paradigm', where the government sets a framework for private sector support. More importantly, the form of the services provided has moved away to digitalised support- much of the face-to-face advice has been replaced by online and telephone services<sup>1</sup>. This digital transformation of business support opened up wide range of external support available from different private sector sources but also competition among the support service providers themselves. Within this broader context, the role of the local Chambers of Commerce and the wider issue of business engagement assumes a greater significance.

For the last several years there has been an increasing interest in entrepreneurial-oriented policy, focusing more on the individual than the firm (Bargen et al., 2003, Dreisler et al., 2003). It has been increasingly reaffirmed (e.g., Boter et al. 1999) that it is not firms, but individuals that do business. From that perspective thought must be given to how to motivate people, provide good opportunities to develop new business, and how to develop support structures for creating the necessary skills for entrepreneurs. In this context, several pertinent questions arise: *(1) How do businesses use the existing support system? (2) How do individual business owners value the support given them, and to what extent do they regularly use it? ; (3) Are there too many competing support programmes in a region?* We aim to answer these through a primary survey of businesses across the South London region. However, based on desk research and interviews with two of the South London Chambers (Merton and Kingston upon Thames), we report some broad trends as follows:

An examination of the business support services in the UK in general and in (South) London in particular, shows that services are varied and multi-faceted, including but not limited to: access to networking opportunities, information/advice, signposting, training, and events. However, comparing approaches to the business support services taken by Merton and Kingston Chamber of Commerce provides us with understanding how the services work in practice. The

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<sup>1</sup> As an example, the Business Link advice service, previously delivered by advisors on a face-to-face basis, was replaced by an on-line and telephone service, which refers enterprises to private providers for more intensive advice and support.

trends are based on two interviews held with partner organisations (Merton Chamber of Commerce and Kingston Chamber of Commerce); and the information gathered from two Chambers' websites. Although each Chamber operates slightly differently, yet they share some common features:

- Each Chamber has a membership base, but some have an enhanced membership base (e.g., Patrons)
- Partnership is key with organisations such as BIDs, local authorities, local educational institutions, and other support organisations such as London Growth Hub
- Networking and other events, such as webinars, Business Breakfast events, Business Expos, Business Awards, and other business support initiatives
- Signposting members to other members and local services to address members' immediate business needs
- Sources of income/revenue are mainly from membership fees and fundraising from networking, events, and workshops (which are offered at a discount for members).

Most recently Kingston Chamber of Commerce also launched a Business Forum and support members with marketing promotion opportunities between members and more widely. According to the Chief Executive, Kingston Chamber of Commerce *'is not just about businesses, it is about mindset and support...We are known to the community and do a lot of signposting, connecting business owners with other businesses, services, products, and any relevant business-related information they need'*.

Some Chambers like Merton Chamber of Commerce go beyond traditional business support services, building on the partnership opportunities and external contracts to offer added value services to its members, some of which are listed below:

- 'Get Back on Track' (1:1 business advice for businesses which experienced 40% + financial loss)
- London Growth Hub funded programme – facilitated peer-to-peer support groups.
- Innovation Workshops (LSBU-led)
- Partnership programmes to promote Climate Change
- Training (teams, H&S, resilience, and others)
- Informative advice (*'During the pandemic, the majority of enquiries were related to monetary support and accessing government grants'*)

- KickStart Gateway (working closely with employers). Before COVID -19, the Chamber was running 'Take 1' encouraging companies to take on an Apprentice (*'The Chamber was always supporting young people and has built a reputation around it'*)

In some ways similar to Merton, Kingston CoC has a host of added services. The Chambers hosts two business expos annually and also has been a KickStart Gateway too. There are also some specific local initiatives called New Malden Business Forum. They have also recently joined with the local council to create THINK GREEN webinars.

Finally, it is observed that the tenure of membership varies and whilst there is a noticeable churn for a large number of smaller members, some core members (for example, Patrons) have stayed with the Chambers for a long term (as long as 10 years or more). This might possibly be due to high failure rates among businesses, especially start-ups or disengagement (due to dissatisfaction of services provided/ low value for money issues), an issue worth investigating further in the survey.

### **2.3.1 Under-representation of the Chambers in Business Support Services**

When it comes to the access of different business support services by businesses, the role of Chambers is perceived to be very small by businesses nationally as found in a recent study by the Enterprise Research Centre (Gregson et al, 2018). A snapshot of the main finding of the study is presented in Table 3. The study analysed two waves of data (2015, 2016) from the Longitudinal Small Business Survey (LSBS), a large-scale telephone survey of 15,502 SME employers (e.g., owners and managers). The results show some very striking trends.

**Table 3: Frequency of Different types of advice used by (small) businesses (by %)**

	Accountant	Bank	Business Network	Consultant	Chamber of Commerce	Specialist Finance	Friend or family member	.GOV website	Internet
Business growth	0.25	0.01	0.22	0.39	0.04	0.02	0.03	0.00	0.04
E-commerce/technology	0.19	0.00	0.24	0.21	0.07	0.01	0.00	0.01	0.28
Employment law/redundancies	0.16	0.01	0.35	0.26	0.01	0.02	0.02	0.03	0.13
Exporting	0.11	0.00	0.44	0.06	0.04	0.08	0.00	0.26	0.01
Financial advice e.g. sourcing finance	0.34	0.02	0.22	0.31	0.01	0.06	0.00	0.01	0.03
Financial advice e.g. accounting, operations	0.67	0.03	0.10	0.09	0.00	0.04	0.00	0.01	0.06
Health and Safety	0.11	0.01	0.35	0.41	0.00	0.04	0.00	0.04	0.04
Improving business efficiency	0.16	0.01	0.27	0.34	0.00	0.02	0.04	0.05	0.09
Innovation	0.03	0.00	0.23	0.22	0.16	0.00	0.00	0.00	0.36
Legal issues	0.30	0.02	0.32	0.24	0.00	0.07	0.01	0.01	0.04
Management/leadership	0.30	0.00	0.24	0.38	0.01	0.03	0.00	0.02	0.02
Marketing	0.04	0.00	0.24	0.42	0.07	0.01	0.05	0.01	0.15
Regulations	0.11	0.00	0.36	0.16	0.01	0.05	0.00	0.16	0.15
Relocation	0.67	0.00	0.24	0.08	0.00	0.00	0.00	0.00	0.00
Tax/insurance	0.63	0.02	0.07	0.10	0.00	0.01	0.00	0.06	0.11
Training/skills	0.15	0.00	0.63	0.19	0.01	0.01	0.00	0.01	0.00
Pensions	0.40	0.00	0.18	0.08	0.00	0.24	0.01	0.07	0.02

**Source:** Gregson, G., Mazadeh, H., Rabey, S., and Sanders C. (2018), 'Business Support and SME Performance: Exploratory Analysis of the Longitudinal Small Business Survey 2015 and 2016', Research Paper 70.

The highlighted figures in the table represent usage (frequency above 15% by firms. As is evident, Accountants, consultants; and business networks are most commonly used sources of advice by firms. Furthermore, government websites and internet are used much more than established organisations such as Chamber of commerce. It is also interesting to note that if all observation sizes are taken into account, younger firms are disproportionately more likely to seek advice from friends and family. Very importantly, as it is pertinent to our context, Table 3 shows

that the SMEs barely seek any advice from the Chambers in any of the types of services, except for Innovation (16%).

There could be further points that can be conjectured in light of the results. First, the use of (private Sector) advice is often boosted through regulation, for example, audit requirements have driven the demand for accountancy advice. Second, the type of advice that is being offered is not always clear (e.g., accountancy advice is more likely to be finance based). This might result in businesses moving away from (generalist) support service providers viz, Chambers to more specialist type of support providers. In the extreme cases when there is ambiguity in the nature and types of services, the businesses resort to free sources such as internet/ government website. This sort of alludes to the ‘information asymmetry’ between the support service providers (e.g., Chambers) and the seekers (businesses). This can be further exacerbated by the ‘incomplete markets’ in the provision of services and the mismatch of the ‘incentives’ between the two parties. Since much of the paid services are usually transaction driven, the matching of the expectations of the two sides is extremely important for a sustainable partnership of businesses with the Chambers.

### **2.3.2 South London Chambers: A Patchwork Quilt of Services**

Aligning the numbers from Table 3 that presents UK-wide figures on the frequency of support that the businesses (SMEs) seek advice from nine different sources, including the Chambers of Commerce. It is important to understand why – except innovation – businesses seek little advice from the Chambers? Is it due to the poor distribution of specialist knowledge across regions? In Table 4, we distinguish the types of services offered by South London Chambers, which include, Merton, Kingston, Richmond, Sutton, and Croydon. Based on the information available in the websites of the Chambers, we have compiled a table of different types of services offered by the Chambers. The most significant area of their activity seems to be in ‘networking’.

Richmond (and Merton to an extent) is among the highly dynamic group providing advice on financial, business growth, E-commerce, Employment laws, marketing, networking, and representation advocacy, among others. Interestingly, none of these local South London Chambers report offering any service on ‘Innovation’; Sutton and Croydon have no advice representation among any of the categories<sup>2</sup>. In summary, it appears that the national representation of Chambers in providing (advice on innovation is not confirmed at the local

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<sup>2</sup> Croydon Chamber has recently joined the South East London Chamber of Commerce and Sutton Chamber of Commerce is not currently operational. This suggests that the Chambers in the area are facing difficult times.

South London Chambers. Similarly, the advice given by Richmond, for instance, on various categories, may be too small in percentage in comparison with other categories (in Table 1). The broader picture we paint from both Table 3 and Table 4 is that South London Chambers' representation in offering business support in some specific categories falls significantly below other provider categories as compared to the UK-wide results.

**Table 4: Types of Services provided by South London Chambers**

	<b>Merton</b>	<b>Kingston</b>	<b>Richmond</b>
<b>Business Growth/ development/ start-ups</b>	X	X	X
<b>E-Commerce / Technology</b>			X
<b>Employment Law/Redundancies</b>			
<b>Exporting/ International trading</b>			X
<b>Financial advice e.g., sourcing of funding</b>	X	X	X
<b>Financial advice e.g., accounting</b>			
<b>Health and Safety</b>	X (provides some training)		
<b>Improving Business efficiency</b>			
<b>Innovation</b>			
<b>Legal issues</b>			
<b>Management/ Leadership</b>			
<b>Marketing</b>	X	X	X
<b>Regulations</b>			
<b>Regulations (Mostly Information e.g., Covid 19, Brexit etc)</b>	X		
<b>Relocation</b>			
<b>Tax/ Insurance</b>			
<b>Training/ Skills</b>	X	X	X
<b>Pensions</b>			
<b>Representation advocacy</b>	X	X	X
<b>Networking</b>	X	X	X

*Source: Authors' assessment from available information on the Chambers' websites*

To delve further into the low share of advice of South London Chambers, we question, whether this can be potentially explained by the nature and size of the businesses in the region? Theoretically, the 'size' makes difference in the types of advice the corporations would need. However, the arguments from theory that small firms have a weak resource base and need external support does not translate into the smallest micro companies as the most intensive users of external support services. For instance, micro enterprises would often seek advice on 'innovation' and 'networking', while larger corporations – with an established innovation climate – may require resource advice from the Chambers on skills and marketing, among others.

To summarise the challenges:

- Lack of effective business engagements; for small businesses the core services of the Chambers are mostly signposting them to others, not actually providing the service themselves. Moreover, it is not very clear from the available services that they are 'exclusive' and 'valuable' (as implied from Table 3)
- Declining funding from government: the reduction in government funding has forced the Chambers to further go lean and relying mostly on the membership fees and other income to sustain.
- Given these trends, questions arise, thus on to what extent the traditional business model of 'benefits from localised business interactions' through subscriptions may actually work in the fast-growing internet economy that builds on information diffusion, that are easily accessible to potential businesses.

## 2.4. Summary and next phase

To put the above analysis in a nutshell, we find that in London (and the South London), the management consultancy activities, computer consultancy activities and other business support service activities are dominant industry classes. The number enterprises operating in these industries has been decreasing over the last couple of years and especially in 2021. In fact, Accounting and Audit enterprises are common between all boroughs in South London. These seem to be stable over the years. "Business and domestic software development" sector is also a commonly found business in all selected Boroughs. "Construction of domestic buildings" is also prominent in all boroughs except for Richmond upon Thames, Richmond upon Thames has a lot of businesses in "Artistic creation" and "Television programme production activities. The pandemic has reigned havoc on both consumers and investors' sentiment. Table 4 and Figure 6, in particular, present evidence of fast changing business dynamics; there are apparent winners and losers – prompting an unbalanced and uneven growth story.

Following the literature (e.g., Gregson et al, 2018), we recognise that firms that pay for advice are more likely to be profitable. Advice during a time of decline (loss in profitability, such as the pandemic) is invariably focused on cost reduction (efficiency improvement and financial management). This might also have indirect implications for the general access and use of the available support services. We recognise as well, following the review of the available literature, that a very low percentage of young and growing enterprises use different sources of advice, compared with established enterprises (e.g., 20+ years of age). This may suggest that established enterprises seek more external support, e.g., to maintain or improve their market position, than younger enterprises who are attempting to establish themselves in the market. Importantly, when SMEs only use a single source of advice (e.g., their accountants), they ask a variety of questions and seek counsel on issues beyond the speciality of their primary advisory source. Concomitantly, therefore, a greater proportion of young enterprises (<1 year old) request financial advice (i.e., raising funds and accounting). Companies in decline are more likely to seek out innovation and financial advice.

To delve further into the low share of advice of South London Chambers, we conjecture, whether this can be potentially explained by the nature and size of the businesses. Theoretically, the 'size' makes difference in the types of advice the corporations would need. However, the arguments from theory that small firms have a weak resource base and need external support does not translate into the smallest micro companies as the most intensive users of external support services. For instance, micro enterprises would often seek advice on 'innovation' and 'networking', while larger corporations – with an established innovation climate – may require resource advice from the Chambers on skills and marketing, among others.

Under this volatile climate, when ambiguity over financial returns make corporations choose an alternative 'networking' strategy, a new business model to re-engage local businesses with the Chambers is paramount. Some of the important challenges are:

- **Exclusivity of services offered:** Lack of effective business engagements; for small businesses the core services are mostly signposting them to others, not actually providing the service themselves.
- **Customer centric:** How to focus on the value it creates for customers, especially in the digital age where customers are research savvy and can choose where they take their money.
- **Shared vision of development:** With declining funding from government, the Chambers have been going lean and relying mostly on the membership fees and other income to

sustain. The sustainability model would need to bring the partnership closer between the businesses and the Chambers.

In order to answer some of these issues, the project aims to undertake a primary survey of businesses to shed more light on the barriers for their engagement and access of services. This is presented in the next part (B) of the report.

## **Part B: Empirical Results from the Survey of South London Businesses**

### **3.0: Survey Setting and Coverage**

In the environmental audit conducted earlier, focus on conducting a survey and analyses of implications were emphasized. In this part, we present and discuss key results from a primary survey of businesses that we have carried out and provide deeper insights on businesses' engagement and access of support services, in the locality and beyond. The survey was aimed at eliciting the needs and the level of engagement of businesses in the South London area, which include the five boroughs of Merton, Kingston, Wandsworth, Croydon, and Sutton. The survey was conducted online through a structured questionnaire and was distributed by two Chambers of Commerce, viz., Merton and Kingston. A total of 170 responses were recorded, however, only 82 valid responses could be used for analysis. Although the number is relatively small, we think it is representative of the business sentiments as the respondents are spatially spread across the boroughs, and across the various firm sizes and sectors. Moreover, there is a good mix of both members (continuing) of the Chambers and non-members which we think is also quite critical to provide a balanced view of the role of Chambers vis-à-vis the other business support services. We analyse survey responses in details in the following sections, beginning with the overall distribution of respondents with regard to their demography.

#### **3.1: The profile of responding businesses**

This section focuses on some broad demographic features of the survey respondents. Out of the total businesses that have responded, about 62% (51 out of 82) are not members of any Chamber of commerce. This representation bids well for an unbiased inference as one would expect member respondents to represent skewed opinions about their engagement with the Chambers as well as the Chambers' current state of support. Statistically, the greater representation of non-members in our survey helps us avoid self-selection bias.

Among the total number of respondents, there is a marked difference between boroughs in terms of the response pattern. As can be seen from Table 5, except for Wandsworth, most of the businesses in all other boroughs that have responded to the survey are not currently member of any Chambers of Commerce.

**Table 5: Borough-wise distribution of businesses**

<b>Borough</b>	<b>Non-</b>		<b>Grand Total</b>
	<b>members</b>	<b>Members</b>	
Wandsworth	12	16	28
Croydon	16	0	16
Merton	4	5	9
Kingston	5	6	11
Others	13	2	15
Undefined	1	2	3
<b>Grand Total</b>	<b>51</b>	<b>31</b>	<b>82</b>

In Table 6, we distinguish between respondents (members versus non-members) with respect to their business size. It appears biggest group of the businesses (over 40%) are small businesses with less than £50,000 turnover per annum. Only about 8% of the total businesses are reported to have more than £1 Million Turnover. To find out the nature of business of the companies, the survey asked respondents about the type of operation of their businesses. As shown in Table 7, we find that most of the businesses (about 83% of all companies) operate partly or fully online. Only a small proportion of businesses have reported to have no online operations.

**Table 6: Size of business**

<b>Business Size</b>	<b>Non-members</b>	<b>Members</b>	<b>Grand Total</b>
Less Than £50,000 Turnover	43.14%	41.94%	42.54%
£50,000 - £100,000 Turnover	21.57%	12.90%	17.24%
£100,000 - £500,000 Turnover	17.65%	22.58%	20.11%
£500,000 - £1 Million Turnover	11.76%	12.90%	12.33%

More than £1 Million Turnover	5.88%	9.68%	7.78%
<b>N =</b>	<b>51</b>	<b>31</b>	<b>82</b>

**Table 7: Types of operation**

Type of operation	Non-members	Members	Grand Total
Fully operating online	15.69%	3.23%	9.46%
Mostly operating online	25.49%	29.03%	27.26%
Partly operating online	41.18%	51.61%	46.39%
No online operations	17.65%	16.13%	16.89%
<b>N =</b>	<b>51</b>	<b>31</b>	<b>82</b>

Table 8 reports age distribution of businesses, depicting sustainability of the businesses. Approximately, 41% of the non-members and 58% of the members are stable businesses running over 10 years. Only 9.11% of the total respondents are young businesses (with less than a year of operation).

**Table 8: Age of the businesses**

Business Age	Non-members	Members	Grand Total
1 year or less	11.76%	6.45%	9.11%
2-5 years	21.57%	19.35%	20.46%
6-10 years	23.53%	9.68%	16.60%
More than 10 years	41.18%	58.06%	49.62%
undefined	1.96%	6.45%	4.21%
<b>N =</b>	<b>51</b>	<b>31</b>	<b>82</b>

In Table 9, we have presented sector-wise distribution of respondents. The following four sectors are dominant across regions: Professional and financial services, Training and education, Property and construction, Health and Welfare.

**Table 9: Sectoral distribution of businesses**

<b>Members and non-members per Business Sector</b>			
<b>Business Sector</b>	<b>Non-members</b>	<b>Members</b>	<b>Grand Total</b>
Professional & Financial services	19.61%	19.35%	19.48%
Training and Education	15.69%	19.35%	17.52%
Property & Construction	9.80%	12.90%	11.35%
Health & Welfare	7.84%	12.90%	10.37%
Creative Industries	9.80%	6.45%	8.13%
IT services	11.76%	3.23%	7.50%
Food & Drink	1.96%	6.45%	4.21%
Hotel & Leisure	3.92%	3.23%	3.57%
Retail	3.92%	3.23%	3.57%
Energy & Renewables	5.88%	0.00%	2.94%
Manufacturing	1.96%	3.23%	2.59%
Transport & Logistics	1.96%	3.23%	2.59%
Others	5.88%	6.45%	6.17%
<b>N =</b>	<b>51</b>	<b>31</b>	<b>82</b>

Another aspect of the profile of the businesses relates to their business model. We distinguished mainly between B2B types of business versus B2C type of business. In general, we found that a slightly greater proportion of businesses are B2C compared to those dealing with Businesses (see Table 10). The business model seems to be similar across members and non- members (of Chambers of commerce).

**Table 10: Business model: B2B Vs B2C**

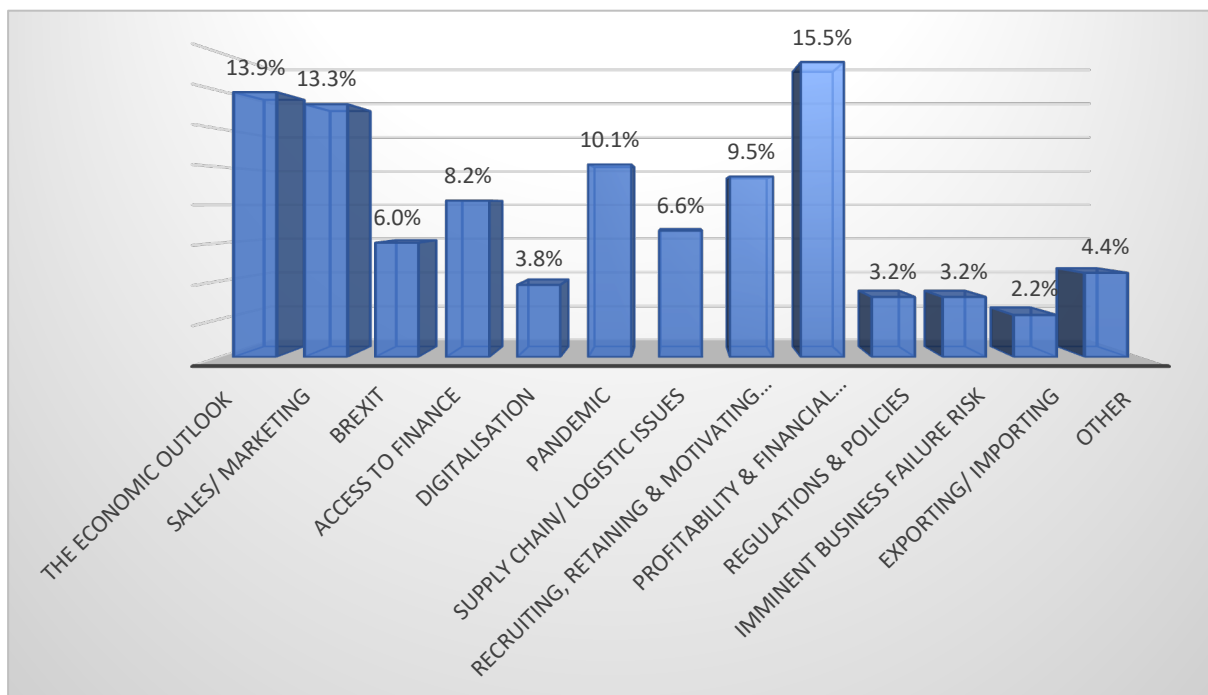
<b>Business Model</b>	<b>Non-members</b>	<b>Members</b>	<b>Grand Total</b>
Mainly B to C (Business to Customer)	23	20	43
Mainly B to B (Business to Business)	16	21	37
Other categories	2	1	3
undefined	1	0	1
<b>N=</b>	<b>42</b>	<b>42</b>	<b>84</b>

### 3.2: Factors affecting Business Outlook in South-West London

In order to get an idea of the issues that are currently affecting the businesses in South London we asked our respondents which were the most important challenges their businesses. As presented in Figure 7, the top four in order of importance were 1) Profitability and Financial stability of the organisation (15.5% of respondents), 2) the economic outlook (13.9%) and 3) Sales/ Marketing (13.3%) and 4) the Pandemic (10.1%), almost tied with Recruitment and Motivation of staff. Given that sales and profitability are connected, it is evident that the prime concern of the businesses in our sample was with the profitability and sustainability of their respective companies; and that they regarded the economic outlook as the major challenge facing their businesses. This is not surprising as the survey was carried out between early February and early March 2022 when economic outlook was gloomy and made worse by the start of the war in Ukraine.

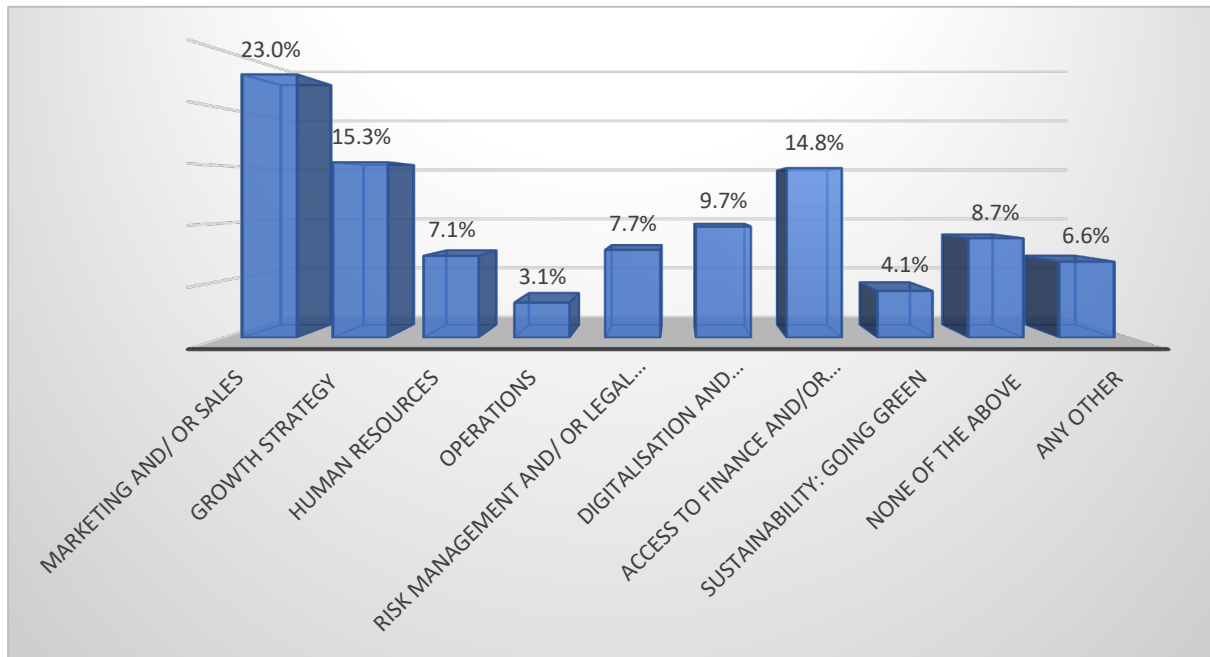
It is interesting to note that the Covid-19 pandemic is ranked fourth in terms of importance and below the economic outlook. This is presumably because of the recent relaxation of the Covid-19 restrictions on businesses and the population in general enabling businesses to function more or less normally. A similar level of concern was expressed regarding recruitment, retention, and staff motivation, which perhaps resulted from the tight labour market as result of Brexit related issues, the Pandemic and restarting of economic activity after the lifting of Covid-19 related restrictions.

**Figure 7: Challenges Currently Facing Businesses**



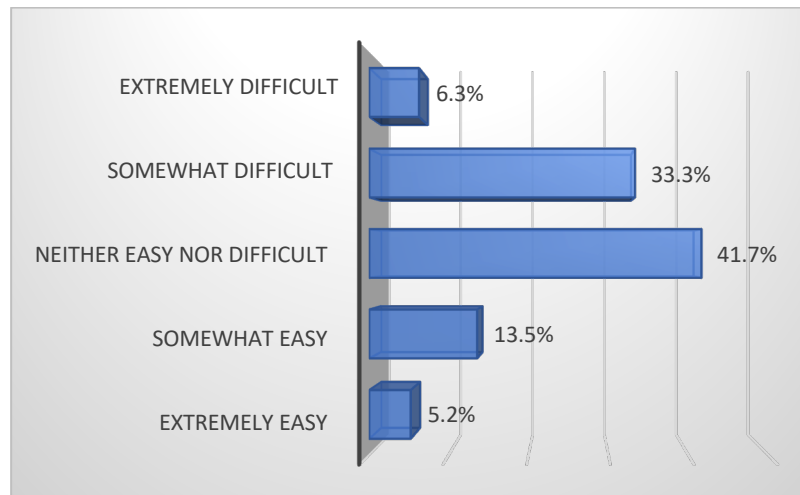
We then asked our respondents in which areas of their business they sought external assistance the most. The results are presented in figure 8. The top three areas were Marketing/ Sales (23% of responses), growth strategy (15.3%), and access to finance or financial advice (14.8%). It is not surprising to see marketing and sale at the top of the list given that it is regarded as one of the major challenges facing the businesses. Growth appears to be a key to strategy for growing sales and explains why it is associated with advice on access to finance and financial advice.

**Figure 8: Business areas where external advice is ‘mostly’ sought**



The businesses were asked how easy they find it to get business development advice in the South London area. Around 40 % found it “somewhat difficult” (33.3%) or “extremely difficult” (6.3%) to access business advice but the remaining 60% were reasonably happy with availability of advice in the area (Figure 9).

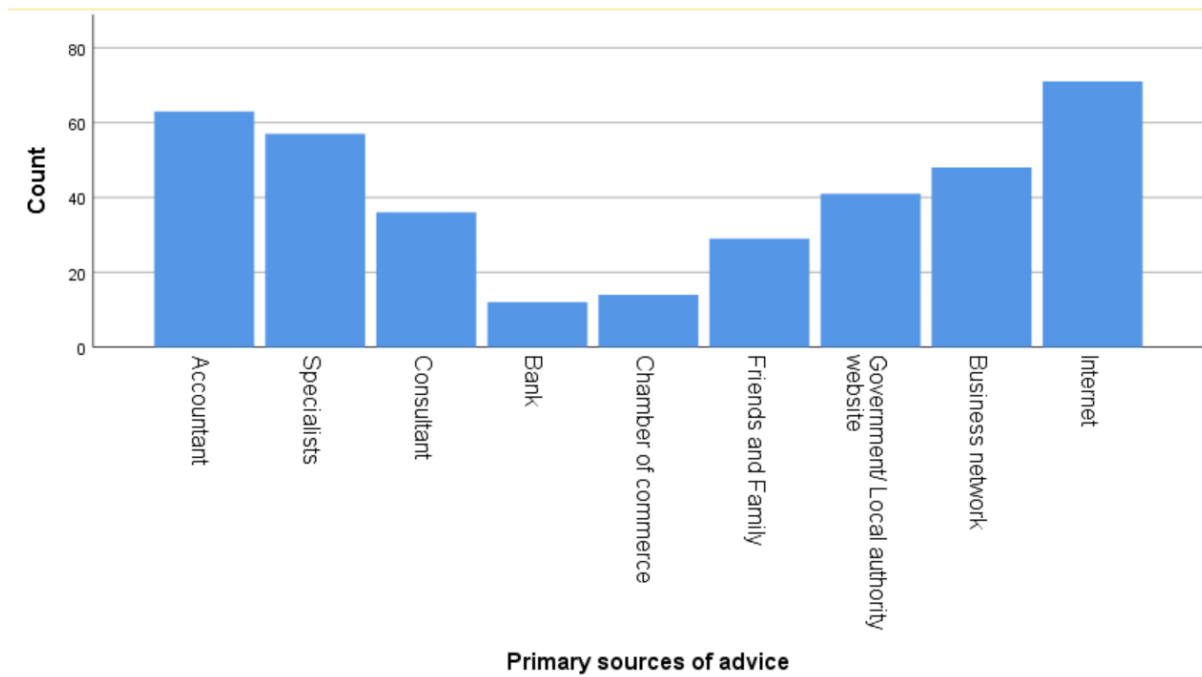
**Figure 9: Availability of Business Advice**



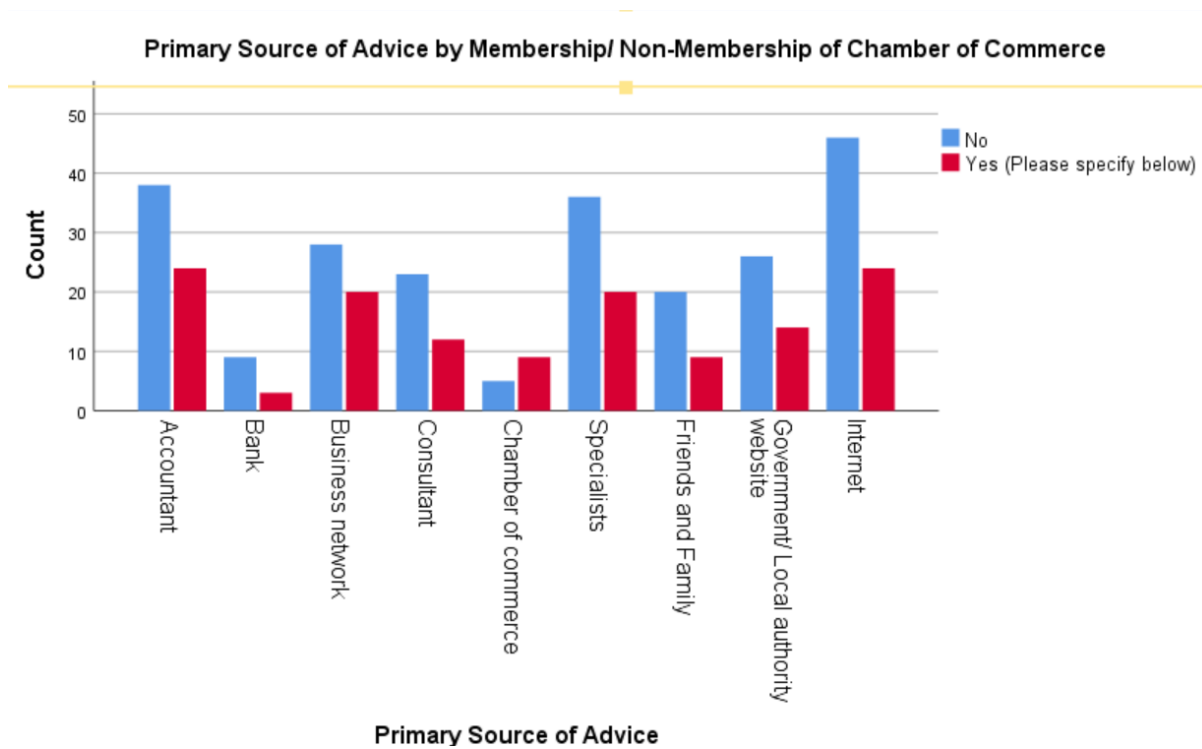
Indeed, the most frequently used sources of advice (see Figure 10) are the internet, accountants, and the business networks of the organisations. Among the sources that were least likely used for business advice were friends and family, banks, and the Chambers of commerce. The reliance on the internet as a source of advice, whilst it may seem a little surprising, reflects the growth in the plethora of business advice that is now available on the internet, and the fact that it is easily accessible. Its popularity may also reflect the fact that the majority of our respondents are small firms who may be unwilling or unable to afford paid advice or lack business networks who they can call on for advice.

The fact that accountants are reported to be frequently used for business advice is not a surprise. This is because businesses are required by law to have their accounts audited by their accountants and over time, they tend to build up a relationship with their accountants. There is quite a lot of research that shows accountants are the most frequently used source for business advice by small and medium sized businesses (see for example, Blackburn, Carey, and Tanewski, 2018).

**Figure 10a: Primary Sources of Business Advice**



**Figure 10b: Primary Sources of Business Advice: Members Vs Non-members**



If we look closely at the sources of advice, in terms of whether they are paid for or not, accountants are most frequently used followed by Specialists, Consultants and banks being used least. On the other hand, unpaid advice is sought most from Internet sources followed by Business networks, Government/ Local Authority websites, and friends and family. Chambers of commerce one of the least used sources for business advice, as noted previously. However, Chambers of Commerce are unusual in this context as they are a membership organisation although they do provide paid for services as well. It can be seen from Figure 10b that members often use them more for advice than non-members. Distinguishing sources of advice based on whether the advice has to be paid is a useful distinction as generally businesses trust paid-for advice more than free advice.

We also asked our respondents their primary source of advice for different areas of business. Accountants were the most likely to be the primary source of advice for accounting and finance related issues. Business networks were most likely to be primary source of advice on business growth followed by consultants. Internet sources were most likely to be the primary source for exporting, improving business efficiency, business regulations, training, and skills. Government and local authority websites were most likely to be primary sources for exporting and business regulation information. Specialists were likely to be primary sources for training and skills advice. Banks were least likely to be the primary source for any type of advice followed by the Chambers of commerce.

It is important to note that, overall, the Internet is the most used or the second most used source of primary advice in all the different business areas This is followed by Business Networks, Specialists, Consultants and Government and Local authority websites. Chambers of Commerce on the other hand, are used by less than 5% of responding firms for any of the main areas where businesses seek advice. This result is very similar to the Gregson et al (2018) study, as discussed in the environmental audit presented in the first part of the report. However, in our study, the Internet is the most frequently used source whereas it was accountants in the Gregson et al study. This rapid shift to internet is probably the result of the pandemic pushing the digitisation and remote access of services to a much higher level. The variety of areas for which the internet is used (in comparison with the other sources of advice, as presented in Table 11) as a primary source may explain why the internet is a popular source of business advice amongst our sample of respondents.

**Table 11: Primary Sources of Advice by Business Area (Percentage of Respondents)**

	Accountant	Specialists	Consultant	Bank	Chambers of Commerce	Business Network	Family and Friends	Government/ Local Authority Website	Internet
Business Growth	7.1	8.3	16.7	0	4.8	34.5	6.0	6.0	16.7
Business Efficiency	2.4	11.9	14.3	1.2	3.6	19.0	11.9	3.6	32.1
Accounting, Operations, Tax, Insurance	78.6	2.4	2.4	1.2	1.2	3.6	2.4	3.6	4.8
Financial advice (e.g. sourcing finance)	34.1	8.5	3.7	12.2	1.2	11.0	4.9	14.9	19.5
Exporting	1.4	4.3	2.9	2.9	2.9	8.6	0	22.9	54.3
Regulations	4.9	18.5	1.2	2.5	3.7	11.1	0	24.7	33.3
Training/ Skills	1.3	28.7	5.0	0	2.5	16.3	6.3	10.0	30.0
Digitalisation/ technology	1.2	22.2	8.6	0	1.2	12.3	12.3	7.4	34.6
Employment Law/Redundancies	4.1	36.5	10.8	2.7	0	12.2	1.4	10.8	21.6
Health and Safety	0	34.2	6.6	1.3	1.3	11.8	1.3	19.7	23.7
Newproduct/ Service Development	0	19.2	12.3	2.7	1.4	23.3	1.4	2.7	37.0
Legal Issues	5.2	49.4	10.4	1.3	0	9.1	2.6	9.1	13.0
Management/ Leadership	2.6	14.5	19.7	0	1.3	19.7	3.9	7.9	30.3
Marketing	1.2	16.0	16.0	0	4.9	23.5	4.9	4.9	28.4

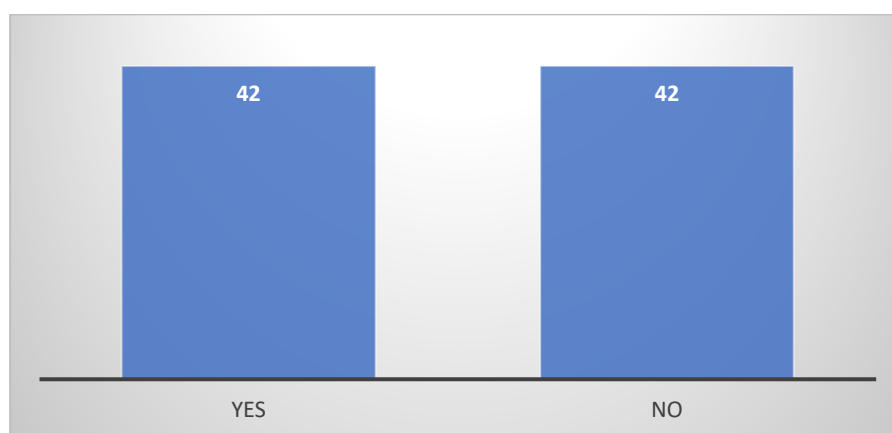
### 3.3: Engagement with the Chambers of Commerce

This section focuses on understanding the business engagement with the local Chambers of Commerce and what businesses see as the main benefits of joining the Chamber. Research participants were mixed between those who do engage and those who do not engage with the Chamber of Commerce (with a slightly a greater number of responses coming from the current non-members). This is helpful and perhaps reduces the self-selection bias of the respondents. This has helped to provide a better understanding of what businesses see as the main purpose of the business support organisations, like Chamber of Commerce.

Findings suggest that as a consequence of the pandemic businesses now rely more on online sources for the business support and not necessarily on local business support providers, although businesses became more aware of what local businesses support is available.

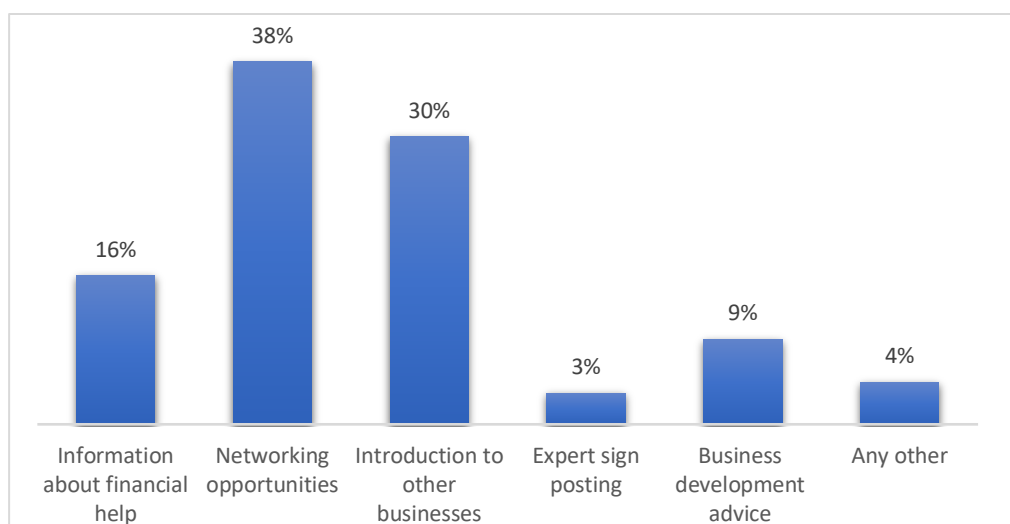
Interestingly, 50% of respondents have not used the Chamber of Commerce as a source of a business advice or support and seek alternative sources (see Figure 11).

**Figure 11: Engagement with local Chamber of Commerce**



However, among those who have engaged with the Chamber of Commerce in the past, over 38% reported that they primarily engaged with networking opportunities focusing on specific introductions to other relevant businesses facilitated by the Chamber. Several respondents highlighted that they specifically asked their local Chamber for expert signposting (Figure 12).

**Figure 12: Type of business advice and support obtained from the Chambers**



A number of businesses mentioned that they inquired about financial help/regulations information relevant to their businesses. Other respondents mentioned that they contacted the Chamber of Commerce about specific schemes local Chambers offer (not all Chambers do), such as, Kickstarter scheme and support and events around sustainability.

While engaging with the Chamber of Commerce business support services, 65% of respondents said they were satisfied with the service they have received, with 36% were fully satisfied. This does indicate that those who engage with the Chambers seem to appreciate the help/ advice received.

When asking the survey respondents, what they perceive as key benefits when joining the Chamber of Commerce, 12% highlighted the opportunities to promote their business and accessing strategic partners in the borough; 23% said networking opportunities were major attraction for them; another 23% specifically mentioned access to business support and information; and 9% referred to sharing the same values (Figure 13).

**Figure 13: Main benefits of joining the local Chamber of Commerce**



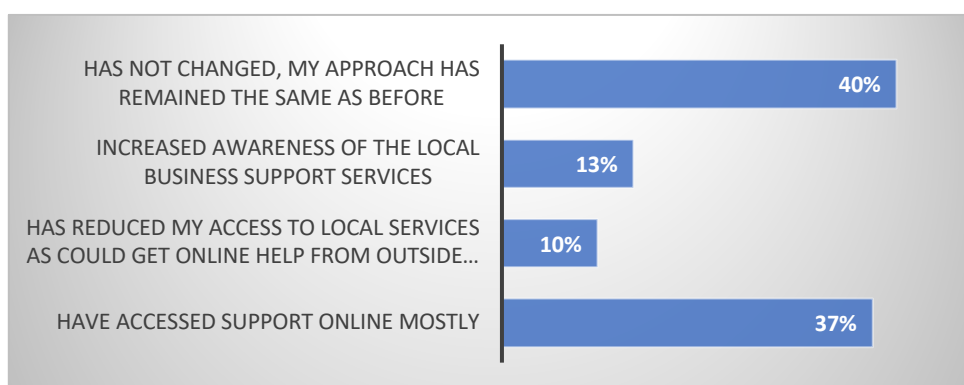
Access to expert sign posting was mentioned only by 5% of the respondents, and some respondents mentioned that they were not aware of any specific benefits or do not currently see any benefits. One respondent specifically mentioned: 'mentoring tips and developing trusted business friendships as well as sharing problems and helping each other' as core benefits to joining the Chamber of Commerce.

The survey also explored the reasons for not engaging with the Chambers. The responses were mostly about not being sure of the type and nature of support that is provided by the Chambers. When asking those respondents who did not engage with the Chamber of Commerce why it was the case, 37% of business representatives were not sure what advice/support services Chamber offers to businesses; 14% of respondents believed that Chamber of Commerce is good for networking but not for advice and business support services; 14% could not afford the

membership and 8% had not heard about the Chamber of Commerce at all. Other reasons included: 'not being eligible', 'prefer specialist in the industry', 'not much outreach', etc. One respondent commented about 'having negative experience with the Business Link, which put the business owner off going to official sources of help overall'.

The survey also explored the impact of COVID-19, particularly, whether the pandemic had affected the participants' approach to seeking business support, it was interesting to note that 40% of respondents had not changed their approach and 37% have mostly moved to accessing online support. Despite that, 13% of respondents reported that COVID-19 has increased their awareness of the 'local' business support services and 10% of respondents said that COVID-19 actually reduced their access to local services due to increased accessibility of the business support available online from outside of their geographical area (Figure 14).

**Figure 14: Impact of COVID -19 on business support**



The results highlighted the need for the Chamber of Commerce to create awareness campaigns and better communicate the value of their services to potential members. With an increase of businesses accessing business support online and not necessarily from the local sources, the Chamber of Commerce needs to be more visible. Networking and introduction to other businesses were mentioned as key benefits of joining the Chamber, however when it comes to business support, the respondents did not feel the Chamber offers sufficient support and access to information.

## Section 3. 4: Summary of the main findings

In light of the environmental audit, the survey conducted probed the local businesses around the demand and supply of the support services in the South London region. We gathered some first-hand information from a representative set of businesses across the 5 boroughs in South London. The results of the survey are in line with the conjectures we put forward in the environmental audit.

An important finding from the survey is the relative lack of awareness of the business about the business advice/ support services that the local Chambers offer (37%). Interestingly, some businesses (about 8% of the non-members who responded to the survey) reported that they had not even heard of their local Chamber. Furthermore, when it comes to business support, the respondents did not feel the Chambers offer sufficient support and access to information. This suggests an urgent need for the Chambers of Commerce to create an awareness campaign and communicate better the value of their services to local businesses.

On the other hand, networking and introductions to other businesses as well as access to strategic partners in the borough were highlighted to be the key benefits of joining the Chamber. Additionally, those who engaged with the Chambers rated them highly. The Chambers should build on this as their key strength and promote the networking and promotional opportunities they offer.

It is interesting to note that, overall, the Internet is the most used or the second most used source of primary advice all the different business areas, followed by Business Networks, Specialists and Consultants. Chambers of Commerce on the other hand were reported to be used by less than 5% of businesses. This result is very similar to the Gregson et al (2018) study, as discussed in the environmental audit presented in the first part of the report. However, in our study, the Internet is the most frequently used source whereas it was accountants in the Gregson et al. (2018) study. This rapid shift to internet is probably the result of the pandemic pushing the digitisation and remote access of services to a much higher level. As the majority of the businesses in the survey have reported, technology has transformed profoundly the way the businesses operate and access information, advice and support. This shift is likely to continue into the future with an increase in businesses accessing business support online and not necessarily from the local sources. Given this, the COC need to quickly develop a much stronger online presence/ service to compete effectively with the freely available internet sources and meet the needs of their potential customers. With an effective use of Search Engine Optimisation (SEO), the Chambers could increase engagement and build up their client base

by capitalising on their reputation for independent and reliable local source of expert networking and a signposting service to trusted sources of business support. Due to a short-term and inconsistency nature of the majority of government-funded business support schemes, including London Growth Hub, which is due to be ended in July 2022, the Chambers have an opportunity to market themselves as a local expert and build a strong long-term relationship with local businesses. However, it is recognised that this requires the Chambers to build and acquire new skills and resources.

The bigger picture that emerges from the survey is the apparent mismatch between demand and supply of business support services and advice. Given this, the question arises, as to what extent the traditional business model of 'benefits from localised business interactions' through subscriptions may actually work in the fast-growing internet economy that builds on information diffusion, that are easily accessible to potential businesses. In addition, the lack of effective business engagements for small businesses, especially in the digital age where customers are research savvy and are actively choosing to search far and wide, the sustainability model would need to bring the partnership closer between the businesses and the Chambers. The next part will attempt to provide some recommendations to mitigate these challenges.

## **Part C: Proposing a New (Sustainable) Business Model for Chambers of Commerce**

### **4.1 A brief history of Chambers**

Chambers of commerce are historic, grassroots institutions set up to represent the voice of business. Originating in Marseilles, France, in 1599, to regulate the proceeds of tax on cargo processed at the port, they were officially recognised across France in 1650 and became popular in Europe (Lord Heseltine, 2012). A succinct account of the origin of the Chambers of Commerce. Following the European model, these institutions also emerged across other parts of the world. These stemmed from pressures at the time for business institutions to help resolve trade issues such as debt, disputes and insurance and happened alongside the wider formalisation of global market and banking systems (Lord Heseltine, 2012).

A succinct account of the origin of the Chambers of commerce and their evolution to the present state can be found in the report of Lord Heseltine (2012). In the UK, the origin of Chambers stemmed from the pressures at the time for business institutions to help resolve trade issues such as debt, disputes and insurance and happened alongside the wider formalisation of global market and banking systems. The 1900s saw rapid change primarily in response to global conditions (economic and conflict). It was in this period that Chambers began to develop into the types of organisations that exist now in the UK.

The British Chambers of Commerce has been shaping the business agenda in the UK since 1860, supported by a nationwide network of local Chambers of Commerce, of which the sought London Chambers are a part: Kingston and Merton.

With the creation of welfare states and the domination of centralised government funding of business services, the size and remit of the institutions like CC has undergone fundamental changes. Indeed, the functions that would otherwise fall to the Chambers were taken over by the government which in a way reduced the ability of the business institutions to coordinate and respond to challenges. This meant that the Chambers did not have the benefits of special status and slowly started to suffer from failures in the competitive market such as lack of service coordination.

In the UK, the Chambers are locally based, providing services that are aimed at businesses in the locality that they service. These are independent, business-led entities with synergies to local enterprise partnerships (viz., Business Improvement Districts), local councils, and national and international governments. Chambers are different to sector-based organisations and their membership has no sector restrictions (See section 2.2 of the main report, which refers to the types of businesses based in South London localities). The membership is voluntary in UK CCs. Voluntary membership models have an advantage in that the companies who want to join do so because they are attracted by the service offering not because they are forced to be Chamber members. However, this means that Chambers must work much harder to pull businesses in, drawing limited resources away from delivering services.

The difference in levels of business engagement across different countries and Chamber systems can be stark. Not only does the UK have noticeably low membership count compared to some other European countries, but it also has a lower level of engagement from businesses (Lord Heseltine, 2012). This is corroborated by our survey results (see Section 3 in the main report).

## **4.2 Developments in Chambers' delivery of business service support**

In the UK, for most of their history until the 1980's membership fees and business services were the principal sources of funding for the Chambers which helped to support their independence. Since then, governments have been actively using Chambers to implement national business support policies and providing them with funding in return. According to Bennett (2011) public funding accounted for 26% (£2.5 million) in 1982 and rose to over 70% (£252 million) of Chamber income at its highest in 2001 but had declined to around half (£89 million) of all Chamber income by 2010.

Lord Heseltine (2012) provides example of Birmingham Chamber of Commerce (one of the biggest in the country) which in 2011 had an income of £10.7 million, 10 per cent which came from membership fees and Patrons, 40 per cent from services offered by the Chamber and 50 percent from public funding. However, in its 2020-21 annual report the Chamber reported an income £5.5 million with 37% income from fees, 55% from services and only 18% from public sources. The continuing decline in public funding has meant that the Chamber had to increase its income both from members and Patrons as well as the services that it provides. This example shows how the revenue model of Chambers needs to change to be sustainable in the future.

The financial pressure that Chambers of Commerce are facing in the SLP area is highlighted by the problems of two of the Chambers in the area. Sutton Chamber is no longer operation and Croydon Chamber has recently joined the Southeast London Chamber of Commerce. The SELCC now covers the boroughs of Greenwich, Lewisham, Bromley, Bexley, and Croydon. The ability of the Chambers to expand their membership depends on their ability to increase the market penetration in their local market. Bennett (2011) estimates that the market penetration (or the proportion of businesses that are members of a Chamber in an area) ranges from 4.5% to 7.9%. For the system as a whole Bennett (2011) estimates that 8-10% market penetration to be the upper maximum of what is possible to achieve.

If we apply this to the South London area, Merton Chamber states that it has 700 members, as there are roughly 11,000 business in the Merton area, this would mean a market penetration of 6.4%. This suggests that Merton has some scope for increasing its market penetration but is likely to find it more difficult as its penetration is already towards the higher end suggested by Bennett (2011). It is likely to be easier for Merton consider extending its boundaries of operation into neighbouring areas of Sutton now that it does not currently have a functional Chamber.

Extension of operating areas of Chambers is another longer-term trend noted by Bennet (2011) who shows that the number of Chambers covering whole counties or larger grew from 13 in 1983 to 30 by 2010 (rising from 11% to 57% of the network). This suggests that larger Chambers are more likely to be sustainable in the future as they are more likely to be able to offer more and better services than smaller ones. A recognition of this trend is evident in the fact that all three Chambers in the SLP area are affiliated to the larger London Chamber of Commerce and Industry (LCCI) so that their members can access some services provided by the LCCI that they do not themselves provide.

Chambers are also facing increasing competition from a number of sources. London already has an array of pan-London and local business support agencies and bodies that compete with or provide alternative to Chambers of Commerce as sources advice and support. This is in addition to a vast array of specialist business support service providers and consultants. Moreover, business networking groups such as the Federation of Small Businesses (which is particularly active in London) and Enterprise Nation which offer lower membership rates provide competitive alternatives for smaller businesses

This is particularly important as the number of micro businesses (i.e., those employing 0-9 employees) in South West London grew from 56,585 in 2010 to 82,775 in 2020 (an increase of 26,170 or 46%, see Table 1). And increasingly a substantial proportion of the Chamber members are small businesses. For instance, in the case of Richmond Chamber around 70 percent of their members are small businesses, with less than 10 employees. Larger Chambers such as LCCI and Greater Manchester Chamber of Commerce are able to respond to challenges posed by the likes of FSB and Enterprise Nation by offering basic Chamber services for free to businesses that cannot afford them or those who want to sample the services available before paying for premium membership.

For instance, the Greater Manchester Chamber of Commerce (which currently claims to have 4500 members according to its website and claims to be the largest accredited Chamber of Commerce in the UK) trialled free access to its services to non-members through its GM Community service in 2021 to help businesses in Manchester. It claims in its annual report that it was taken up by 800 business some of whom became paying members. Similarly, LCCI also introduced London Chamber Community Network which offers a number of services for free to those who register with LCCI and has premium membership for additional services.

The free services help to engage with local businesses as well as converting some of the users to paid-up membership. Small Chambers may be able to do this to a limited extent. For instance, Devon and Plymouth Chamber of Commerce trialled free membership for 3 months during 2020 to help businesses affected by Covid-19 emergency and repeated the offer in 2021. Similarly, York and North Yorkshire Chamber of Commerce currently offer a 75% discount on first year of membership funded by York City Council. Table 12 provides a snapshot of comparison between the selected South London Chambers with some other organisations in the UK.

**Table 12: Membership Fee Structure for Selected Chambers of Commerce and Competitors**

	Merton Chamber	Kingston Chamber	Richmond Chamber	Wandsworth Chamber (2020)	FSB	Enterprise Nation	Manchester Chamber
Level 1	Standard Turnover below VAT threshold £163	1 employee/ Charities (under 50 employees) £115	Small Business Turnover <£1M £276	Start Ups £89	0- Employees £177	Free	Free access to GM Business Community <sup>1</sup>
Level 2	Standard Turnover above VAT threshold £376	2– 5 Employees £190	Medium Business Turnover >£1m and <5M £600	Bronze 1/ Sole Traders, etc. and non-VAT registered businesses £125	1-4 Employees £229	Adviser £20 per month	Membership starting From £499
Level 3	Premier Bespoke package £803	6 -15 Employees £265	Large Business Turnover >£5m and <£10m £960	Silver 2-5 employees £250	5-10 Employees £283		Strategic partners  Bespoke Arrangement
Level 4	Patron Bespoke package	6 – 50 employees (& Charities 50+ employees) £415	Corporate Turnover >£10m £960 £2,400	Gold 6-20 employees £440	11-20 Employees £334		Patrons Bespoke Arrangement
Level 5		51-200 employees £730		Platinum – Standard Fee £550	21-30 Employees £401		
Level 6		200+ employees £1475		Strategic Partner £1,100	31-40 Employees £432		
Level 7		Patron By Arrangement		Patron £2,000	41-50 Employees £479		
Level 8					51-100 Employees £607		
Level 9					101-150 employees £1010		
Level 10					151-250 Employees £1010 + £5 for each employee above 150		

<sup>1</sup> Free access to GM Business Community provides free access to the following services: Access to online networking group; Chamber Finance Finder; MyGMCR -networking app; Access to digital events; access to online training; Access to one local networking event; and access to international trade report.

## 4.3 Current trends in revenue structure

The Covid-19 pandemic brought a number of new challenges to governments, businesses, and support organisations such as the Chambers of commerce. The pandemic has accelerated and emphasised the importance of the relationship between business support organisations and businesses; and has become even more central to maintaining quality of local economies. The scale and nature of business engagement during this time has been more significant than ever before.

According to the Simplybusiness survey (2021) Covid-19 is expected to cost SMEs upwards of £126.6bn – nearly double the £69bn projected a year ago. While there has been a range of support schemes throughout the pandemic, there has also been a lack of clarity (and limits) on eligibility. Many businesses have felt completely excluded, in fact 41% of businesses did not feel supported at all. In the meantime, there have been a record increase in the birth of new entrepreneurs. Simply Business (2021) reported an increase of 157% year- on-year in requests for home baking insurance alone.

However, the Chamber business model had already started to change prior to the pandemic with easy access to network with other professionals through social media like LinkedIn and Meetup. This further deepened during the crisis when a vast number of professionals were working from home and not able to meet in-person. This tricky combination has put many Chambers in a position to rethink their revenue models, consider alliances and mergers to increase investor value, advance community-wide goals and position their organizations for future success. The Chambers are thus morphing into something different. The days of operating on membership income alone is way past time. Non-dues revenues and more outreach into the community is becoming more important.

Despite the challenges, Chambers of Commerce are remarkably resilient organisations that have stood the test of time. They have existing infrastructure and service delivery capabilities all of which can be built on (Lord Heseltine, 2012). London has a particularly complex landscape with a plethora of alternative business support agencies and bodies and illustrates just how difficult it can be for businesses to navigate and find the right support (Lord Heseltine, 2012). The pandemic has created an opportunity - and a need - to reform the way Chambers of commerce are working with their members and with each other. Chambers have demonstrated their flexibility in three ways:

- Chambers of commerce are responding to the situation by getting their members the support they need at speed, working closely in partnership with other organisations.
- Many Chambers are focusing on providing a core set of existing services, as well as services that have been specifically designed to assist companies as they adapt to the challenges created by COVID-19. For example, Merton Chamber of Commerce has been able to balance their

budgets and members' needs. They have accessed funds through various government schemes as well as actively promoted information related to the government support, e.g., bounce-back loans, local businesses business rates relief, government grants and others.

- Chambers have enabled companies to access public and private sector schemes to access financial support. Quite often these schemes require significant amounts of time to research and access, so Chambers assist by acting as a one-stop-shop for information on various schemes and those which are most likely to be effective for individual companies.

## 4.4 Going forward- Recommendations

A Chamber of commerce is a voluntary partnership of businesses and professionals working together to build a healthy local eco system and improve the quality of life in a community. Because, a Chamber works to accomplish these goals, it must champion many different functions: economic developer and planner, information centre, business spokesperson, economic counsellor and teacher, government relations specialist, human resources adviser, and public relations.

COVID-19 has created both an opportunity and necessity for Chambers of commerce to change. While none of the services currently offered are believed to be becoming redundant, the shift brought about by COVID-19 has increased interaction with a broader member base, and a move to online has made resources more widely accessible (Chamber of Commerce Federation, 2020).

The recent crisis has become an “accelerator” for change and innovation. Topics like digital transformation, which were important beforehand, are becoming even more so. The “new normal” means companies are more immediately focusing on initiatives they were previously looking to test out, change and implement in the coming years. Therefore, the local Chambers must reprioritize their resources and invest in those things that will carry them into the future. With less staff resources and the challenge of engaging more potential investors, the business community at large – technology is the only way to streamline this process.

Despite evidence of the Chambers being able to adapt, we believe the following recommendations will strengthen and enable further the continuing adaptation of the Chambers for the post-pandemic period:

1. **BUSINESS MODEL EVOLUTION:** The major changes in the operating environment outlined above, and, in particular, the decline in funds available from the government means that the current revenue model is in urgent need of rebalancing. Given the current economic climate it can be anticipated that government funding channelled through Chambers will decline even further in the

next few years. As seen in the example of Birmingham (whose percentage of revenue from public sources declined from 50% in 2011 to just 18 % in 2021) Chambers need to rebalance their sources of income to be sustainable in the future. That is, they will need to generate more income from membership fees and services that they provide. Unlike Birmingham, however, smaller Chambers (such as Kingston, Merton, and Richmond) may not be able to expand their income from membership fees substantially due to limited number of businesses in their catchment areas and their relatively high existing penetration rates. They will, therefore, need to place even greater emphasis on the revenues that they generate from the services that they provide to their members. Over-reliance on membership fees and the consequent inability to generate sufficient revenues to remain independently viable is thought to be the main reason behind the problems faced by Croydon Chamber before their merger with SELCC.

An alternative to membership fees and services model is the model with no membership fees but businesses have to pay for the services that they use. This is similar to the so called, "freemium" model where a basic service is provided free and clients pay for additional valued added services. There are a few examples of this model being adopted by Chambers of Commerce in the USA but none in the UK (as far as we are aware. The ones in the USA that have shifted to this model were already relatively large before adopting the freemium model. As the model is relatively new, there is insufficient evidence, currently, to assess its viability. This would appear to suggest that adopting a freemium type model could be very risky for smaller organisations . An example of a business support organisation that uses the freemium model in the UK is Enterprise Nation which offers free membership but requires £20 monthly fee to become a business adviser.

**2. ALLIANCES OR MERGERS:** Given the financial pressures on Chambers as evidenced by the recent problems faced by Croydon and Sutton Chambers and the long-term trend towards Chambers extending their operating areas (for example SELCC), local independent local Chambers may not be viable in the future. In the longer term, therefore, the three existing Chambers of Commerce may need to think of joining together or forming an alliance (similar to SELCC) in order to reduce operational costs and to offer better services to their members by pooling their limited resources.

**3. ENHANCE ONLINE PROVISION OF SERVICES:** Our survey findings highlighted how, as a consequence of the pandemic businesses, now rely more heavily on online sources for the business support. Given this, Chambers of commerce should significantly enhance their online presence and engage more actively in online provision as businesses are increasingly internet savvy and actively seeking online business support services. The sustainability model would need to bring the partnership closer between the businesses and the Chambers. A positive side effect of the shift to online provision of services means that Chambers of commerce can scale up their services to many more members at a relatively low cost than was possible before the shift to online.

This is a similar shift to that which many members are facing and presents a clear opportunity for increasing engagement.

**4. DEVELOP ONLINE FREE COMMUNITY NETWORKS:** In section one our research highlighted that a significant percentage of the respondents could not either afford to join a Chamber or had not heard of the Chamber. In order to increase awareness and engagement with local businesses, particularly those that cannot afford to pay membership fees, SLP Chambers should develop a Community Network area on their websites similar to the ones offered by LCCI and Greater Manchester Chamber with free access to basic services. The basic services that might be offered could include access to online information and resources, discussion forums, list of Chamber members, basic business advice services and so forth. This would allow businesses to engage and sample services that Chambers provide which could convert some participants to becoming paying members as was found by the Greater Manchester Chamber. If most of the free services provided are online services, then the marginal cost of providing them should be quite low. It also has the advantage of engaging with the wider business community and the public who are not members of the Chambers. To prevent free riding, access to the Community Network could be offered on a time-limited basis (or as a promotional offer) after which businesses would have to pay membership fees to have access to the resources but would also get access to additional services as result of becoming members.

**5. TAILOR SERVICES FOR DIFFERENT BUSINESS SEGMENTS:** Although Chambers of commerce are aimed at all types of businesses, they need to tailor their product offer to the different segments of customers that they serve. Chambers already employ segmentation for the purposes of pricing using size of the business (measured in terms of either the number of employees or revenue, see Table above) as an index of ability to pay. However, use of segmentation is less evident in terms of tailoring their product offer/ services for the different types of members. Hence, given that the majority of Chamber members (70% in the case of Richmond) are likely to be micro-businesses (that is with less than 10 employees) it is not surprising that the majority of services provided by Chambers are focused on this segment of members, such as support services and training for start-ups. However, Chambers also need to provide services specifically targeted at their small and medium sized members as their needs are likely to be different. Unlike the micro businesses they are likely to be more stable and better resourced than micro-firms who have the highest failure rates. They are more likely to be concerned with issues to do with long term strategy, innovation, and leadership. Focusing efforts on recruiting and retaining medium-sized firms is, therefore, crucial, not only because they provide a stable source of membership income but also because they are more likely to be able to afford premium services. Larger firms and patrons, on the other hand, are likely need services tailored specifically to their individual needs in terms of meeting their commercial objectives as

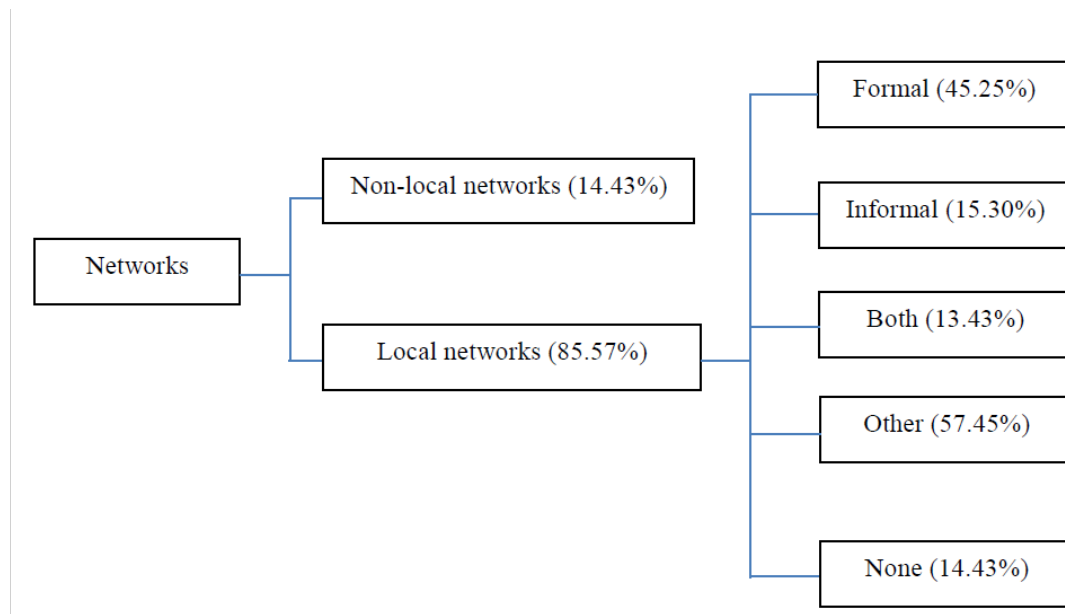
well as corporate social responsibility objectives in terms of contributing to the needs of local economy and the wider community.

6. **PARTNERSHIPS:** Chambers of Commerce across South London can build on their existing work; focus on facilitating partnerships between companies, community groups, the local authorities, and the government. The Chambers must punch above their weights by working together to leverage in resources, share learning.
7. **COMMUNICATION:** Effective communication is the key to elevate the level of network externality and sustainability of partnership. During the pandemic, it was largely minimised but can be substantiated with some innovative approach such as holding a conference or arranging a tea and talk sessions. Many local businesspeople freely volunteer their time to Chambers. The Chambers need to tap into this 'free time volunteering resource' in a meaningful way, such as various networking events, for example, (e-networking) and others as suggested above.
8. **LOCAL-FOCUS:** Chambers of Commerce have an opportunity to market themselves as local experts and build a strong long-term relationship with local businesses. More outreach into the local community is becoming more important, and hence various forms of networking is needed to leverage opportunities (see also point 7).
9. **UNIQUE VALUE PROPOSITION:** With more and more businesses searching for local business support and being aware of various business support organisations, it is important for Chambers to stand out with a unique offer that businesses can benefit from (see section 2).
10. **SIGNPOSTING KNOWLEDGE EXCHANGE OPPORTUNITIES WITH LOCAL UNIVERSITIES:**  
In their business support role Chambers of Commerce inevitably develop a detailed understanding of the needs of their members. In some cases, where businesses want to test innovative ideas, technologies or business models but lack the resources needed, Chambers of Commerce could signpost potential collaboration opportunities with the local universities on knowledge transfer partnership (KTP) schemes.

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**Figure A1: Importance of Network Activity**



**Source:** Idris, B. and Saridakis, G. (2018) Local formal interpersonal networks and SMEs internationalisation: Empirical evidence from the UK. *International Business Review*, 27 (3). pp. 610-624. ISSN 0969-5931.

**Figure A2: Main revenue sources for Chambers**

