

Report
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EXTRACT



EMERGING

Emerging Trends in 2024



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Introduction

Our Market Trends reports capture a particular snapshot in time. While we update them yearly to try to keep pace with an ever-shifting market, our predictions can still be turned on their head by unexpected events. The only consistent thing about 2023 was its volatility. As a polycrisis pulled clients in several different directions, their business priorities fluctuated accordingly.

Our quarterly surveys of senior buyers of consulting, however, allow us to see how client sentiment shifts when businesses are confronted with global economic and political events. They represent a key way in which we can regularly update our understanding of buyers' views.

Although at times it felt as though we were trying to read a script that was being hastily rewritten, these surveys have helped us to see the emergence of patterns in client behaviour during 2023. By looking at how the professional services market developed over the course of the last year, alongside data collected through our wider research programme, we can begin to predict what the business environment will look like for consulting firms in 2024.

This report rounds up what we've learned about clients' buying behaviour in 2023 and offers a Source view of the year to come.

Methodology

Every quarter, we survey senior executives, all of whom are responsible for buying consulting services. Respondents are selected from geographies which are important in terms of scale and/or growth potential, and form a representative mix of sectors, functions and business sizes to help us build a strong picture of the market that firms will be engaging with.

This report is based on the four quarterly surveys of 2023, covering the views of 755 buyers.

We have also utilised data from our market trends programme to further expand the scope of our research.

What **really** matters

What do firms need to know in 2024?

1

1

The market is split into the three Cs: **confident**, **cautious**, and **crisis**.



70%

of clients have had their **confidence reduced** by economic disruption

In 2024, firms must realise that, depending on their level of business confidence, clients will require very different things from consulting firms.

Confident clients are looking for bold new transformations to ensure their long-term resilience. They are particularly excited by emerging technologies, but are, for the moment, investing in existing technology to future-proof their businesses. They are less concerned with cost-cutting than their more hesitant counterparts and more likely to be persuaded by promises of innovation.

Clients in crisis are particularly struggling with short staffing and are looking for experts to come in and drive transformational change. In pursuit of this, clients indicate they will be happy to spend big on consulting services over the course of 2024.

However, most clients fall into the cautious bracket. They understand there are key areas where they need to spend but they'll need to be presented with research that outlines a robust methodology, and, where possible, proof of a previous strong return on investment.

How will 2023 trends affect demand in 2024?

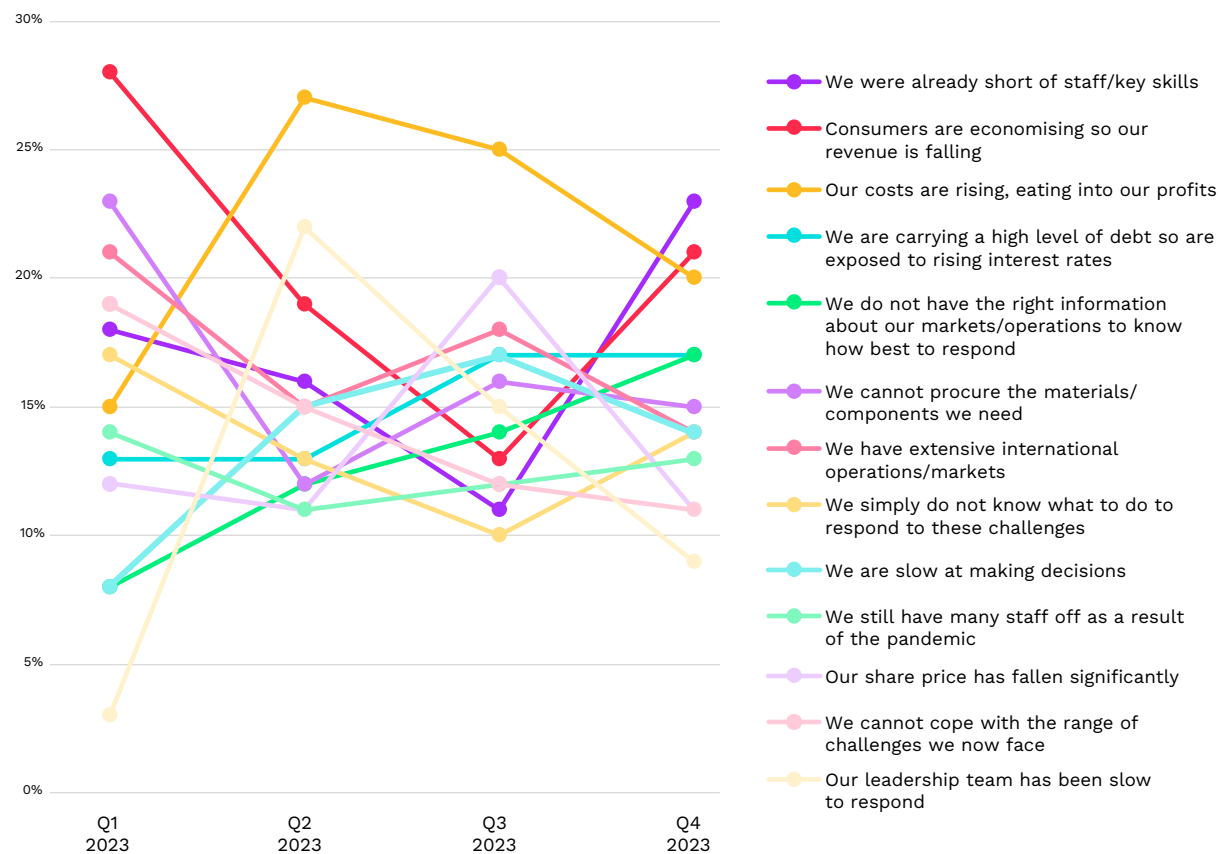


Reduced headcounts present a challenge as the pressure to increase productivity rises

Economic instability has also taken its toll on clients' workforces. The percentage of clients citing staffing shortages as a significant worry more than doubled from Q3 2023 to Q4, making it the most common factor.

Figure 4

Why have macroeconomic uncertainty and political tensions reduced your business confidence?



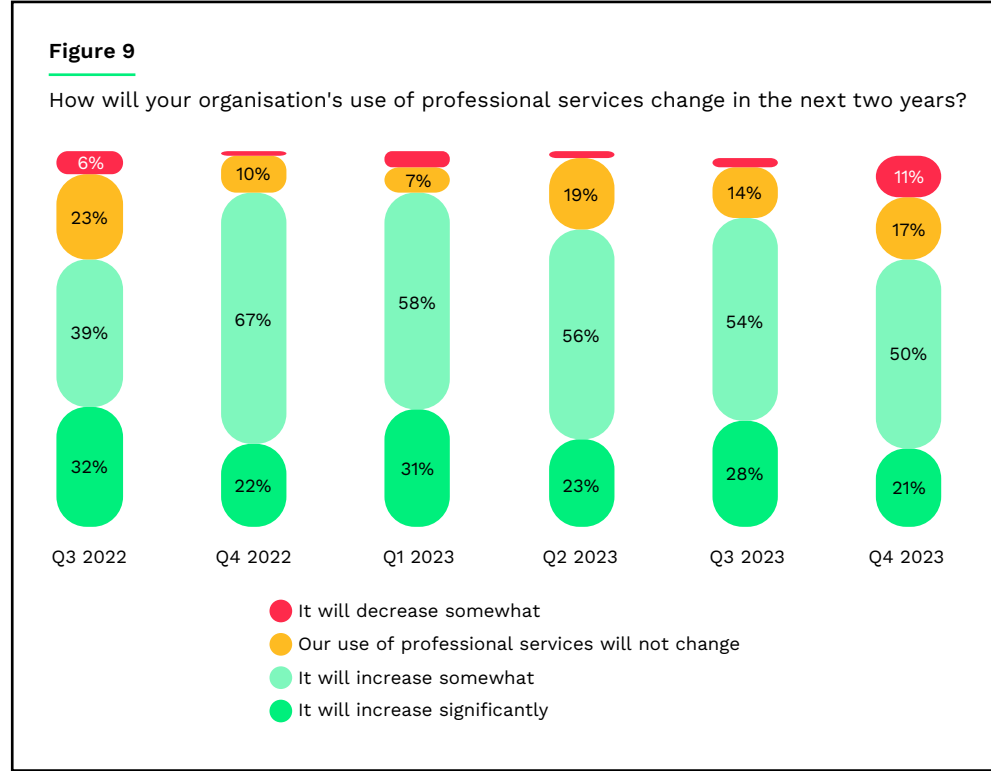
Where are the **opportunities** for firms in 2024?

3

Professional services usage looks set to remain high

Clients need speed almost as much as they need expertise. When we asked about the biggest barriers to improving productivity, the most-cited challenge was that any changes are likely to take too long, causing clients to lose momentum in this unforgiving economic environment. As a result, there is demand for fast change, and this spells good news for professional services firms moving into next year.

While the extent of investment in professional services is lower in Q4 than Q3, the proportion of clients expecting to increase their use of professional services remains very high. Seventy-one percent expect to use more professional services in the next two years and only 11% expect any form of reduction. Even if investments in professional services aren't as large as they might have been in a rosier economic environment, the consulting market is proving resilient.



Three **key** themes for 2024



Meet the **experts**

Joel Bradbury

Joel is a writer specialising in the analysis of emerging trends within the professional services market. He conducts in-depth research on consulting use globally and in specific geographies and sectors, on topics ranging from crisis response to trends within the nascent sustainability consulting market. His expertise lies in the identification of new ideas and forces shaping the industry, and how they are influencing behaviours within the consulting market.

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Catherine Anderson

Catherine is Director of Market Trends & Analysis. She turns qualitative and quantitative data into meaningful, strategic insights on topics across the professional services market, from sustainability to managed services.

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About us

We help professional services firms **understand what really matters** when facing decisions of vital importance.

The best decisions are based on evidence, objectivity, and a willingness to change. That's why, at Source, we tell you what you need to hear, rather than what you want to hear.

We draw upon our deep roots within the professional services sector to provide firms with a clear picture of their clients' worlds. Through comprehensive research and meticulous analysis, we pinpoint what truly matters and deliver actionable insights that help firms map out the right way forward.

We believe in thriving individually and succeeding together. And we would love to help your firm crack its latest conundrum.

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