



Innovate  
UK

## What does innovation look like for UK businesses in 2025?

**2,000+**  
businesses surveyed,  
of all sizes, from  
across the UK.



### Innovation delivers growth...



Innovating businesses reported an average sales growth (+7%) far greater than non-innovators (+0.4%).

+9%

Frontier firms – those at the forefront of innovation – saw an even higher average growth in sales (+9%).

### Stimulating more innovation will help to deliver economic growth – frontier firms are key to this...

60%

of UK businesses reported making changes to products or services over the last year: an increase from 56% in 2024.

76%

of frontier firms innovated over the last year.

### Demand for support is rising...

38%

of UK firms sought external advice last year: an increase from 35% in 2024.



Businesses reported increased use of external finance for their innovation activities in 2025.

### Increased intention to invest in innovation over the next year...

51%

of UK businesses plan to invest in R&D in the next 12 months: an increase from 47% in 2024. This proportion is 71% among frontier firms.



Investment intentions increased for micro, small and medium firms, but declined among large firms.

### Business innovation was held back...

49%

Half of innovating businesses reported factors had constrained their innovation activity.



Lack of bank or equity finance was the most reported challenge for innovative businesses in 2025.

Read, discuss and share the  
State of Innovation 2025 report now.

