

Profit Through Research



# South East Business Confidence Study

## Executive Summary

May 2013

[www.marketdynamics.ie](http://www.marketdynamics.ie)



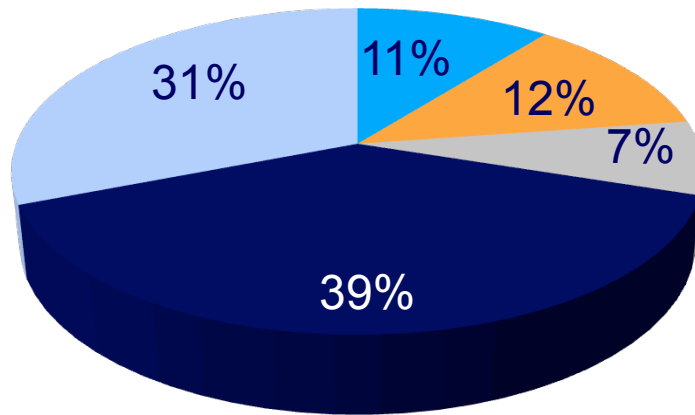


# Background

- 11<sup>th</sup> iteration of survey – previously each May and Oct since May 2008
- 233 respondents completed online survey – well down on previous surveys
- Distributed to over 2000 businesses including the top 300 companies in South East
  - in co-operation with business organisations e.g. Chambers of Commerce, Enterprise Boards, etc
- Incentive: Garmin Sat-Nav raffle & Executive Summary of Results

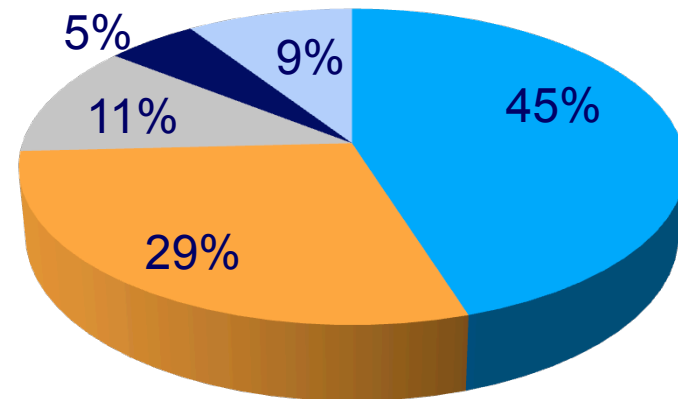
# Location and Company Size

## County



- Carlow
- Kilkenny
- South Tipperary
- Waterford
- Wexford

## Company Size

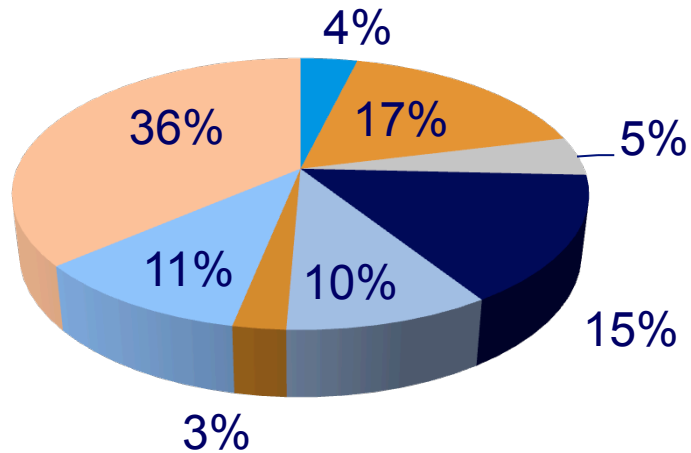


- 1-4
- 5-24
- 25-49
- 50-99
- 100+

25% of respondent businesses have > 25 employees

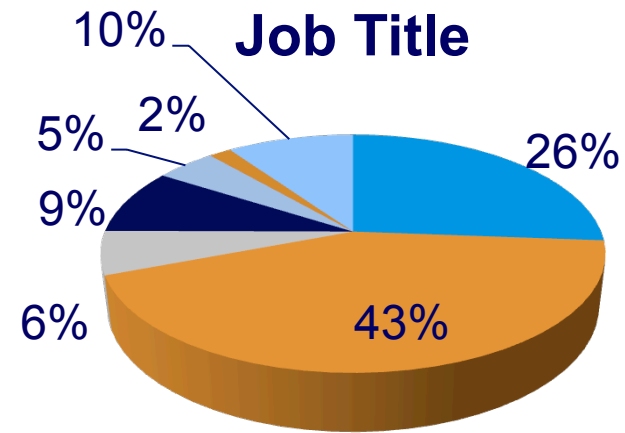
# Business Sector / Respondent Profile

## Industry



- Agriculture
- Manufacturing
- Construction
- Retail / Wholesale
- Hotels / Restaurants / Tourism
- Transport / Distribution / Telecoms
- Financial Services
- Business Services / Real Estate / Other Services

## Job Title



- Managing Director/CEO
- Owner/Proprietor
- Operations Manager/Director
- Sales and/or Marketing Manager/Director
- Finance Manager/Director
- HR Manager/Director
- Other (please specify)

69% are Owners or MD / CEO



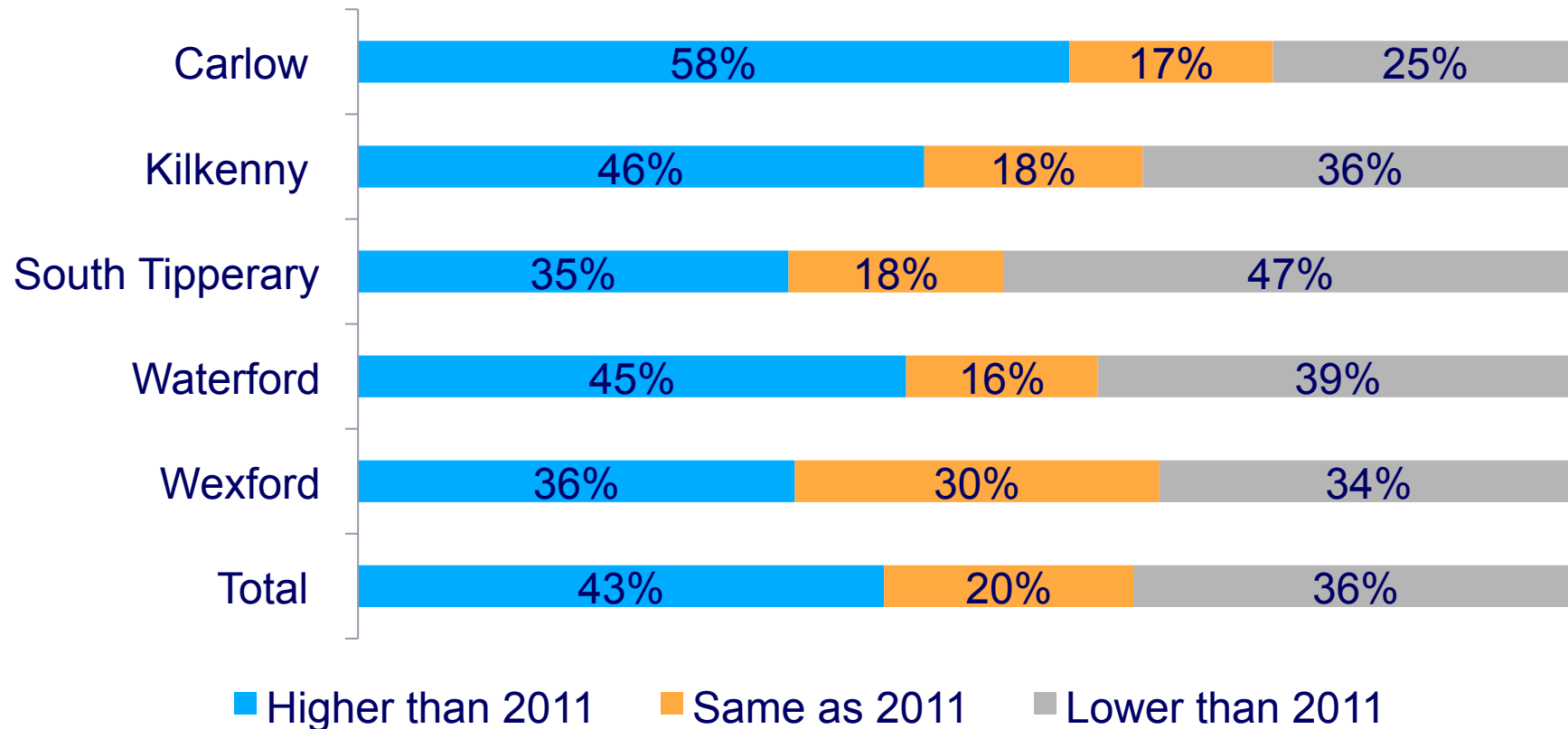


# 2012 Review

(please note that data for Carlow, Kilkenny and South Tipperary is based on small numbers of interviews and should not be taken as representative of the county as a whole)

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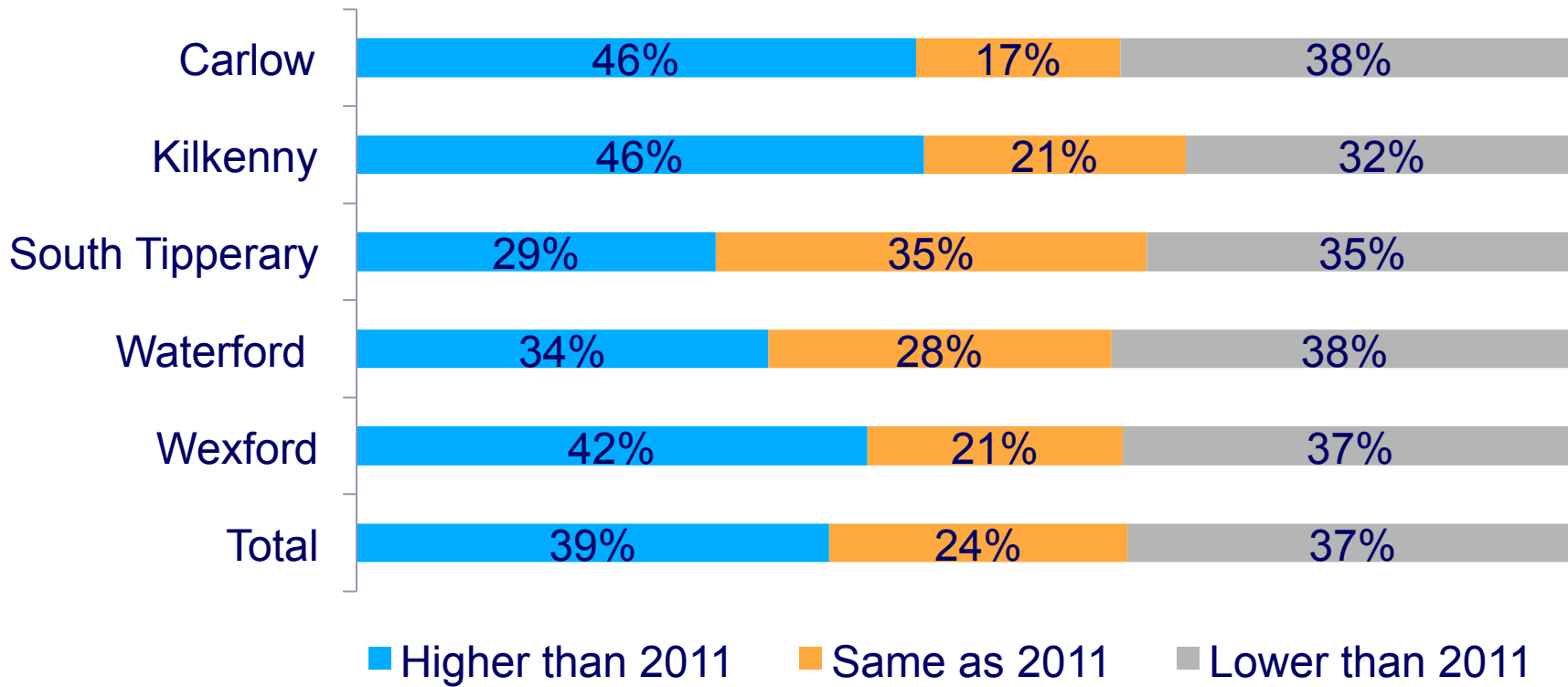
# Sales / Turnover 2012 – Was your sales / turnover in 2012 be higher, lower or the same as 2011?



- 2012 outcome more positive than organizations expected in the last survey

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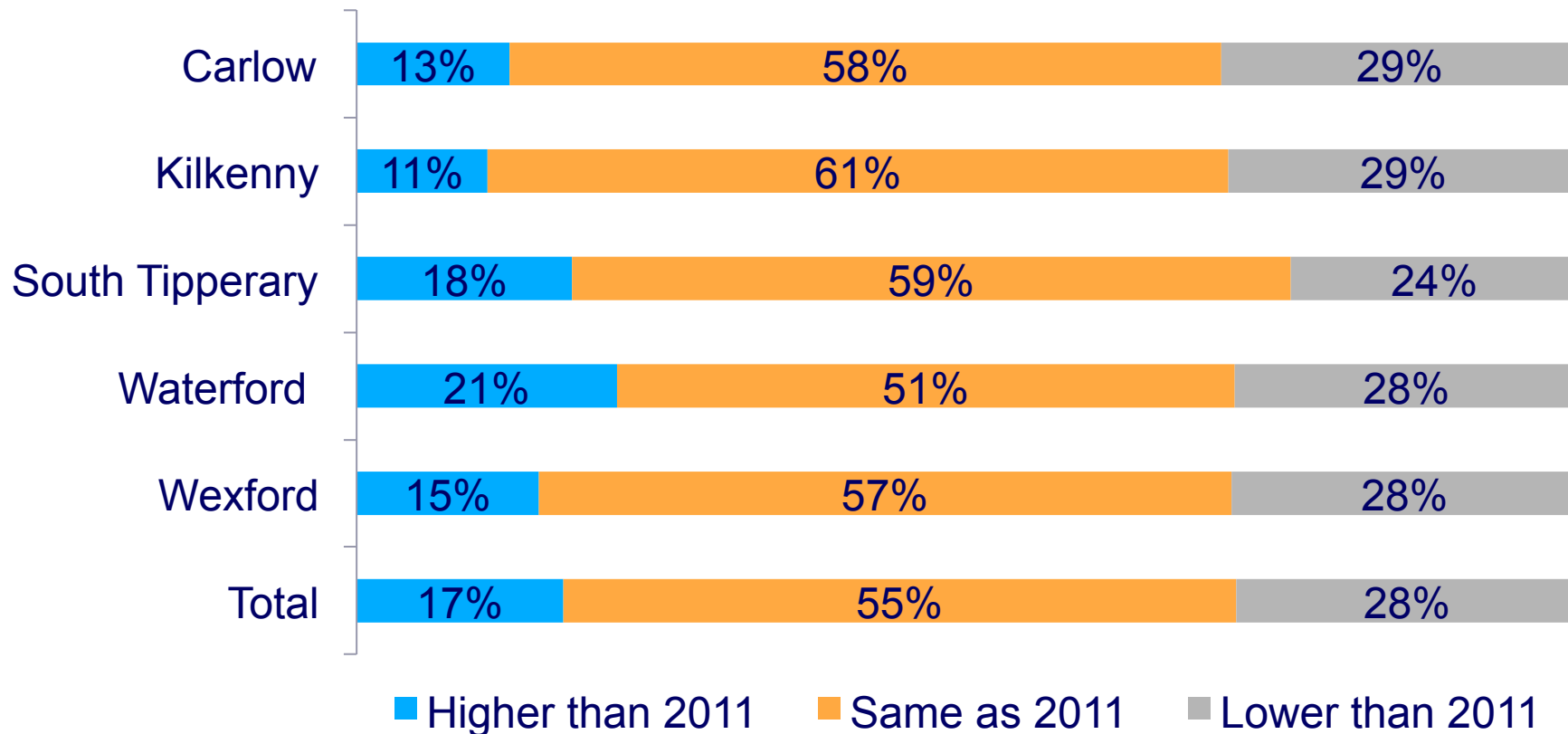
# Profitability 2012 – Was your profitability in 2012 ...?



- Profitability continues to perform less well than sales as businesses continue to accept lower profits in order to survive

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# Workforce 2012 — Was your workforce at the end of 2012 ...?



- Over a quarter of businesses reduced their workforces yet again in 2012

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# 2013 Outlook

(please note that data for Carlow, Kilkenny and South Tipperary is based on small numbers of interviews and should not be taken as representative of the county as a whole)

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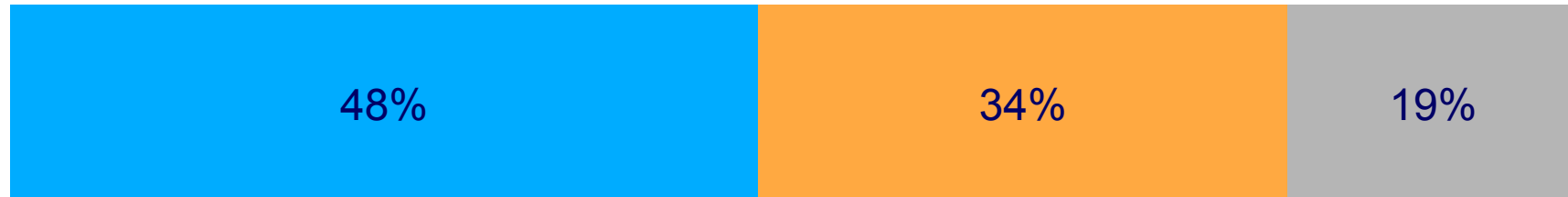


■ Yes

■ No

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# Export Performance – Do you expect export turnover this year to be ...?

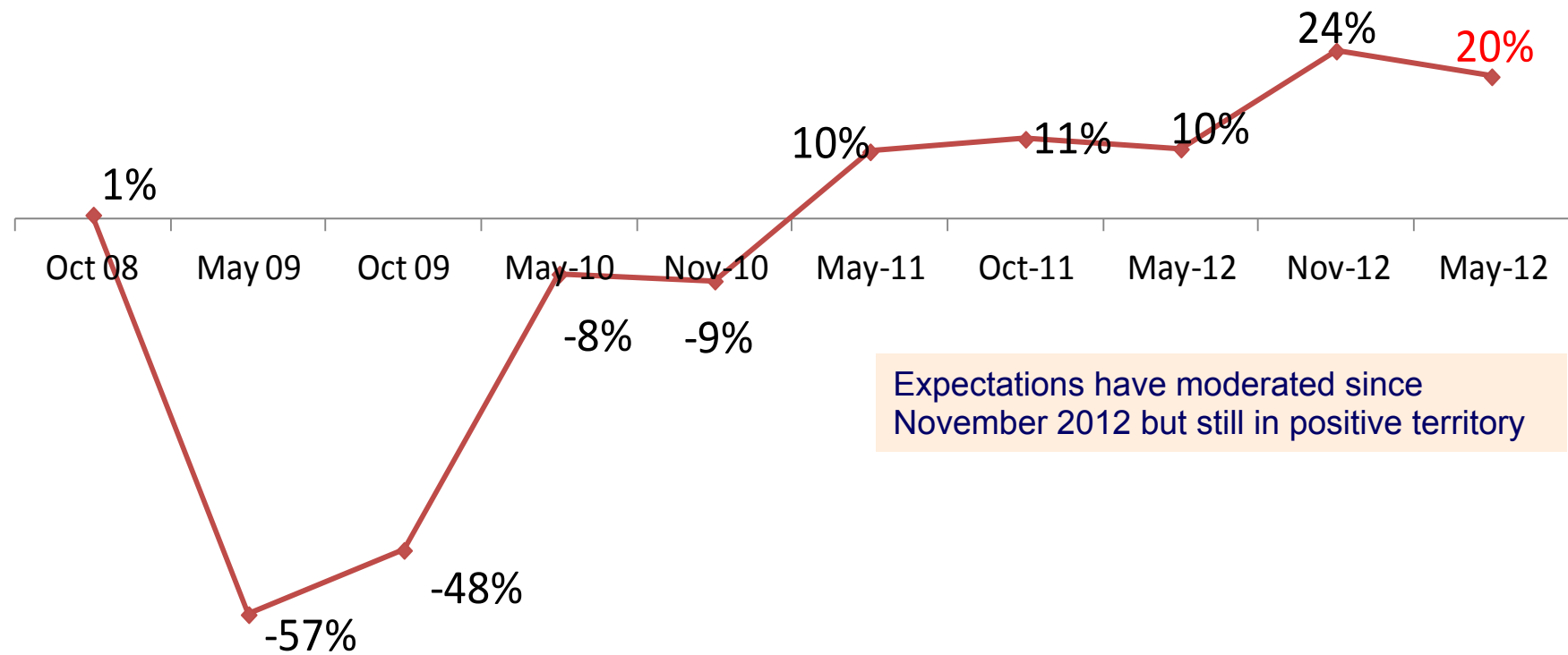


■ Higher than 2012   ■ Same as 2012   ■ Lower than 2012

- Very positive expectations from exporters despite the poor state of the global economy

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# Sales / Turnover Index – Do you expect your TURNOVER in 2013 will be higher, lower or the same as 2012?



Expectations have moderated since November 2012 but still in positive territory

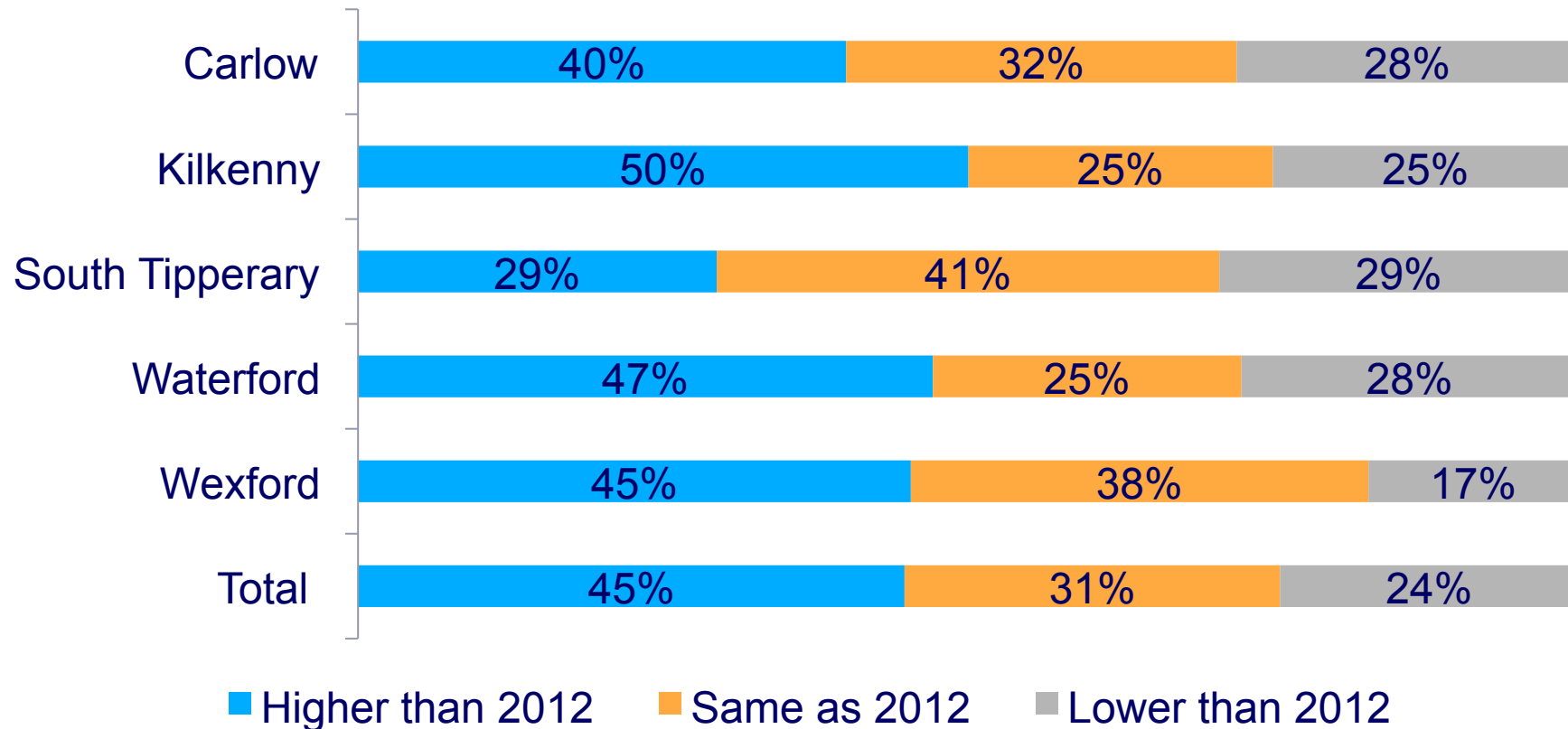
Index calculated as % of businesses expecting sales to increase in the coming year minus % who expect sales to fall

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# Sales / Turnover 2013 – by county

Will your sales / turnover in 2013 be higher, lower or the same as 2012?

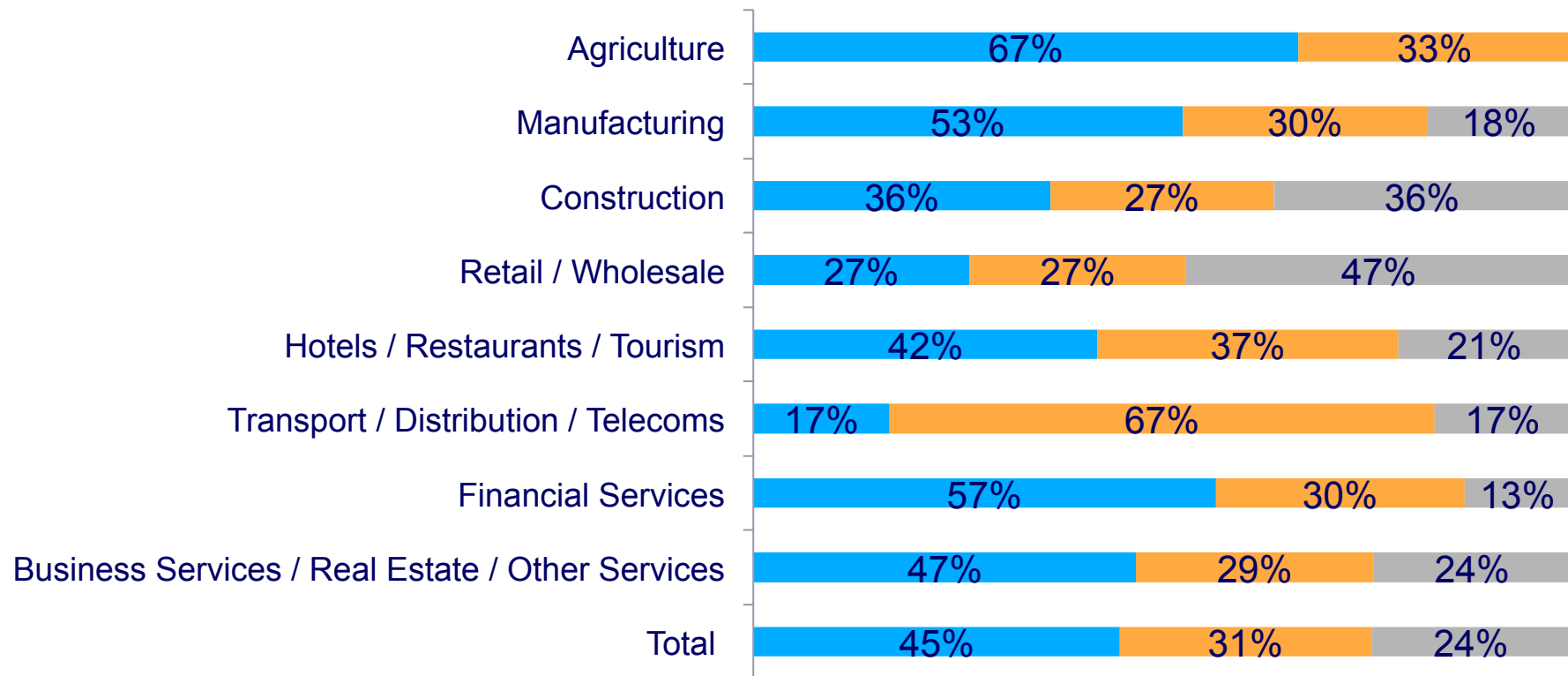


- Nearly half of businesses expect an increase in sales this year while a quarter expect a drop

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# Sales / Turnover 2013 – by industry

Will your sales / turnover in 2013 be higher, lower or the same as 2012?

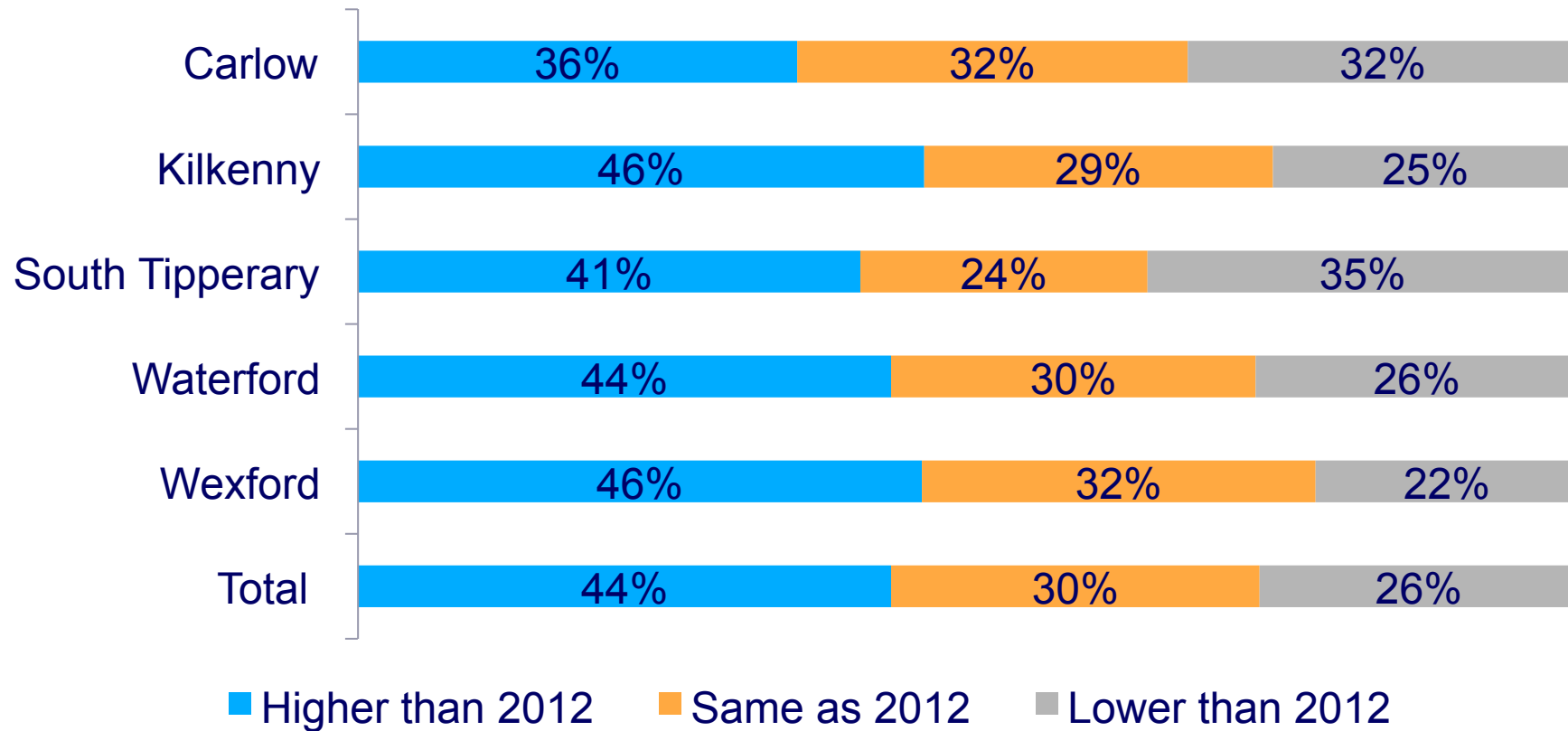


■ Higher than 2012   ■ Same as 2012   ■ Lower than 2012

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# Profitability 2013 – by county

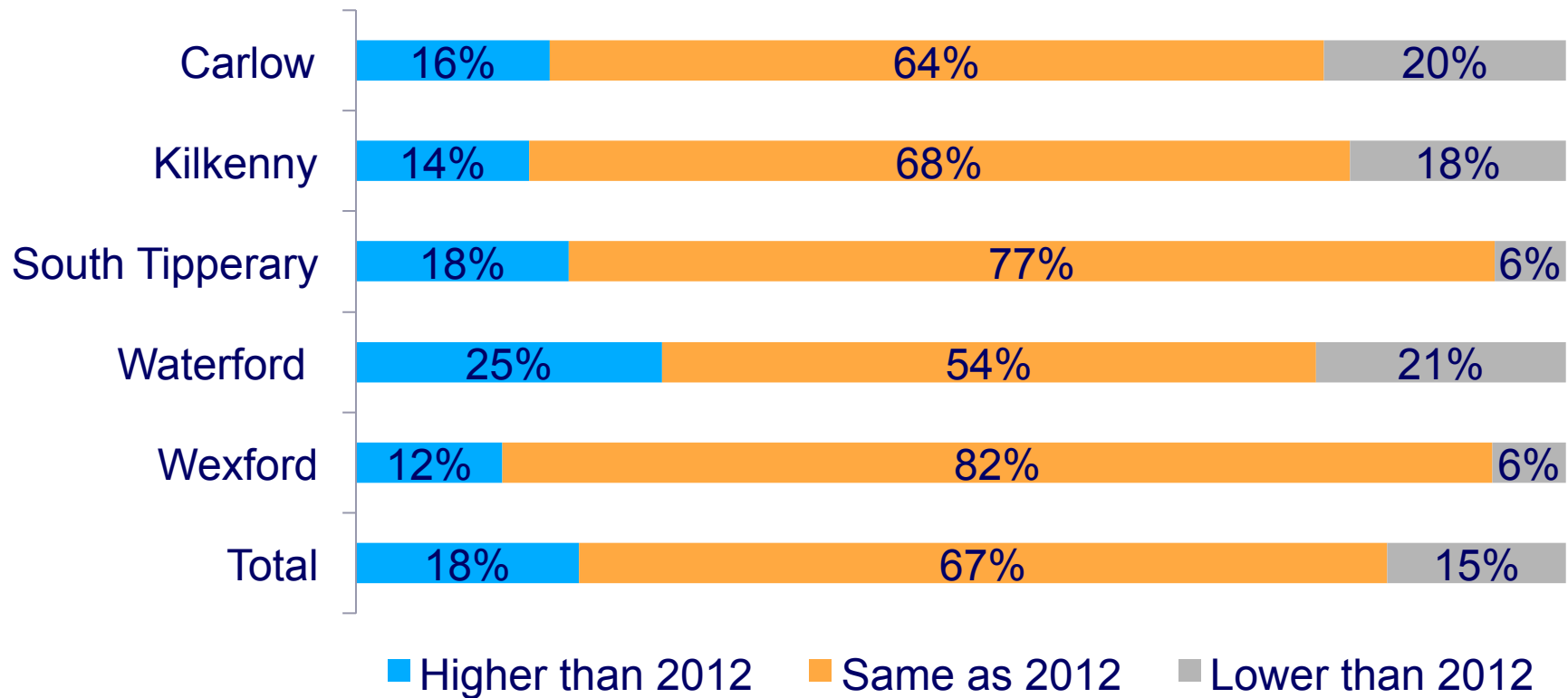
Will your profitability in 2013 be higher, lower or the same as 2012?



- Profitability expectations very similar to findings for sales

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# Workforce 2013 — Do you expect your workforce at the end of 2013...?

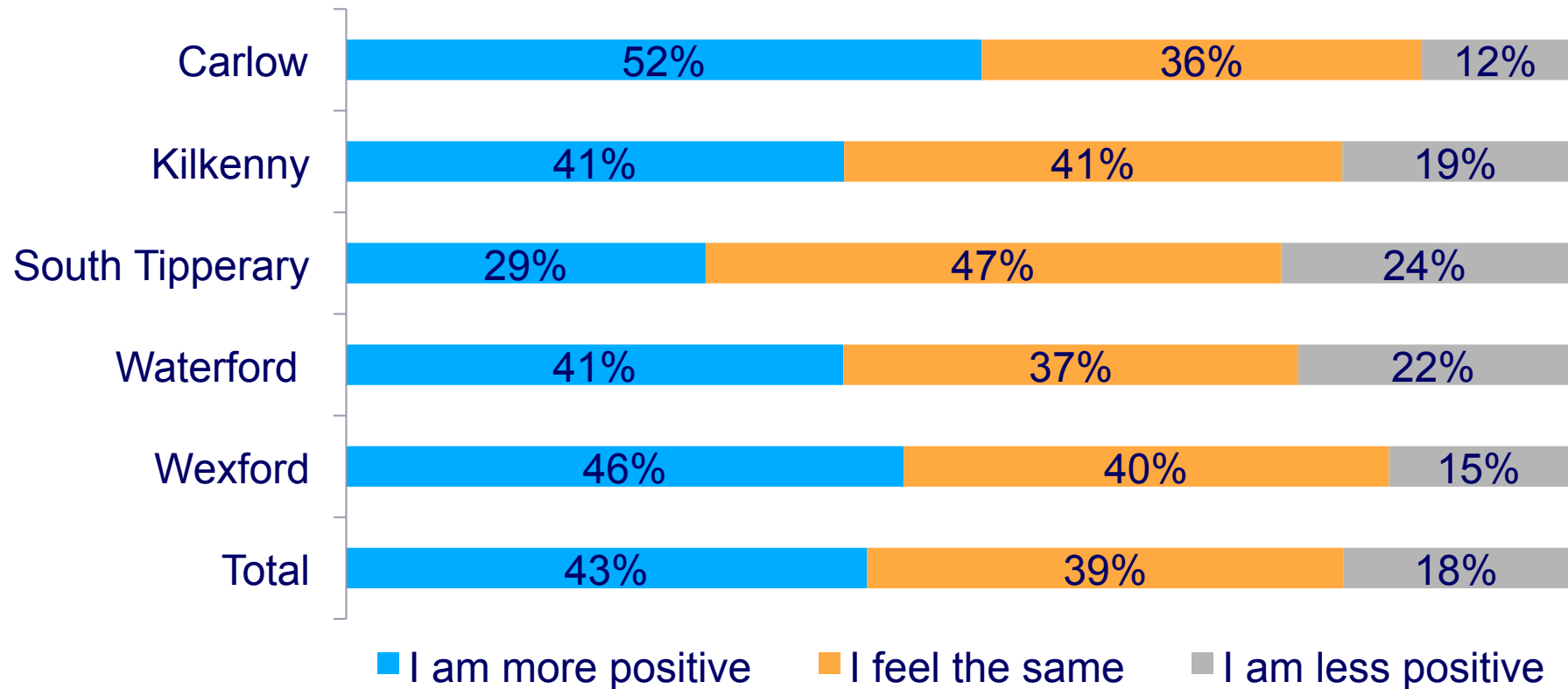


- Very slightly more organizations expect to increase their workforces this year – the very small beginnings of a recovery?

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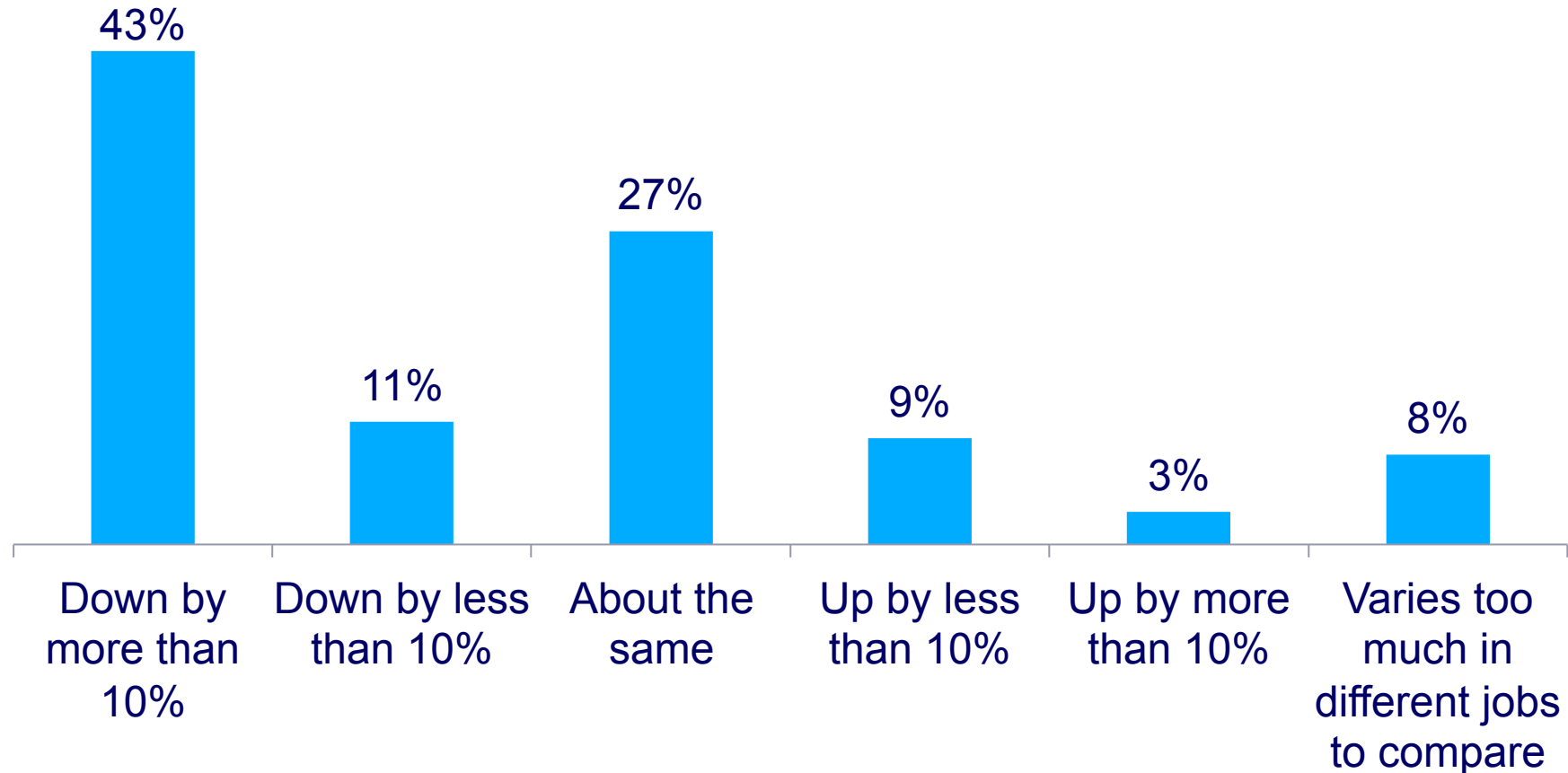
# Do you consider yourself more or less positive about the prospects for YOUR BUSINESS compared to 6 months ago?



- For the third survey in a row there is virtually no change in the overall findings

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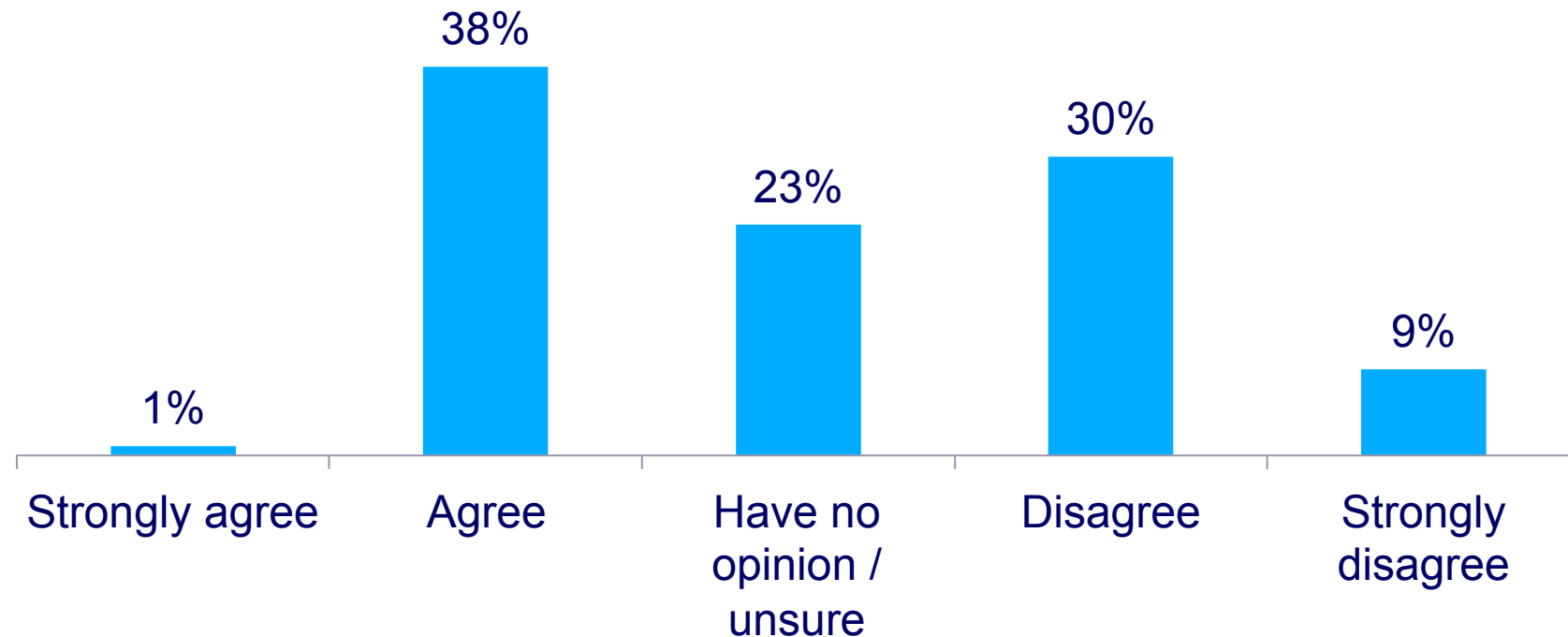
# Wages / Salaries - On average, how do wages and salaries in your business compare to 5 years ago when the downturn started?



- Wages / salaries down by over 10% in many businesses same or more in similar number

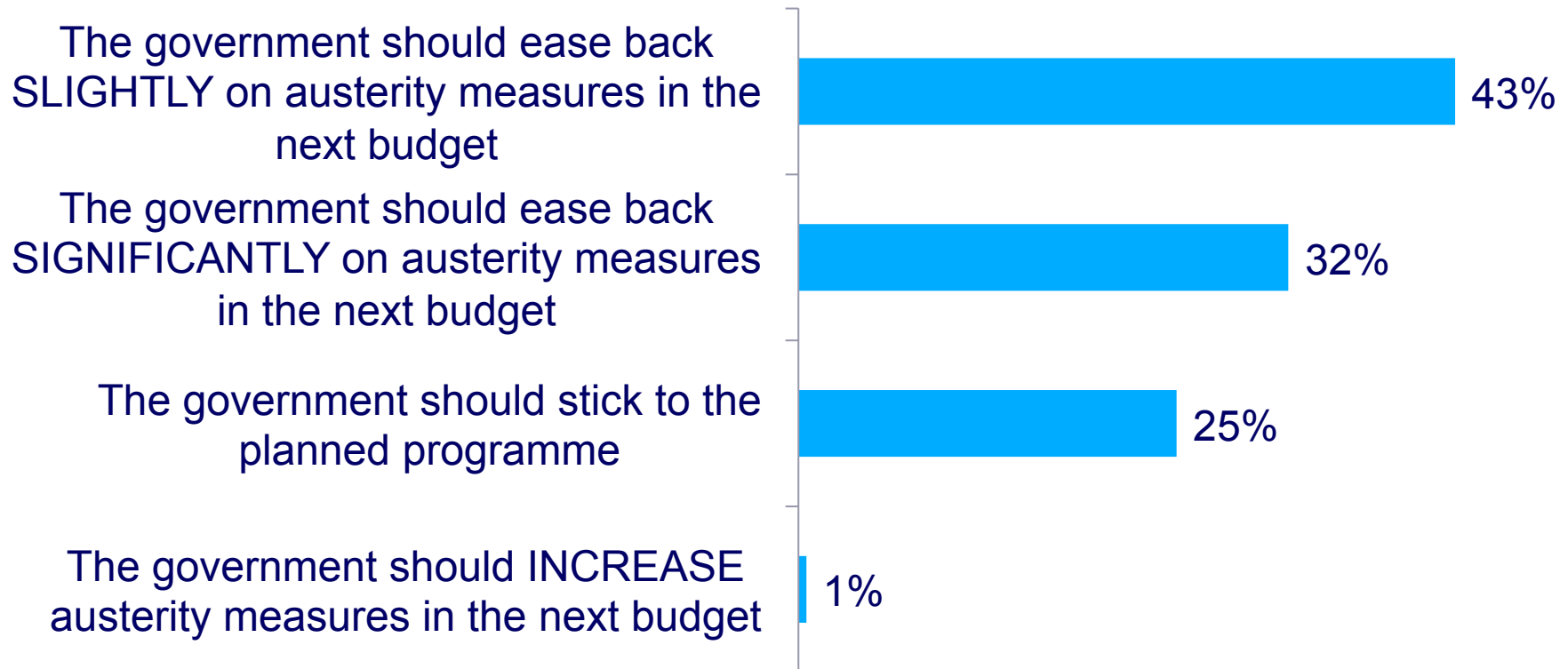
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**Irish Economy** - Regarding the Irish Economy, the Central Bank stated recently that "improved financial market confidence, combined with a better trend in most macroeconomic indicators...suggests that the overall policy stance is moving things in the right direction". Do you...?



- Opinion evenly divided – 39% in overall agreement while 39% disagree

**Austerity** - In the light of the slightly improved state of the public finances there have been calls for the government to ease back on the "austerity" measures in the next budget. Please say which of the following best represents your view on what they should do?

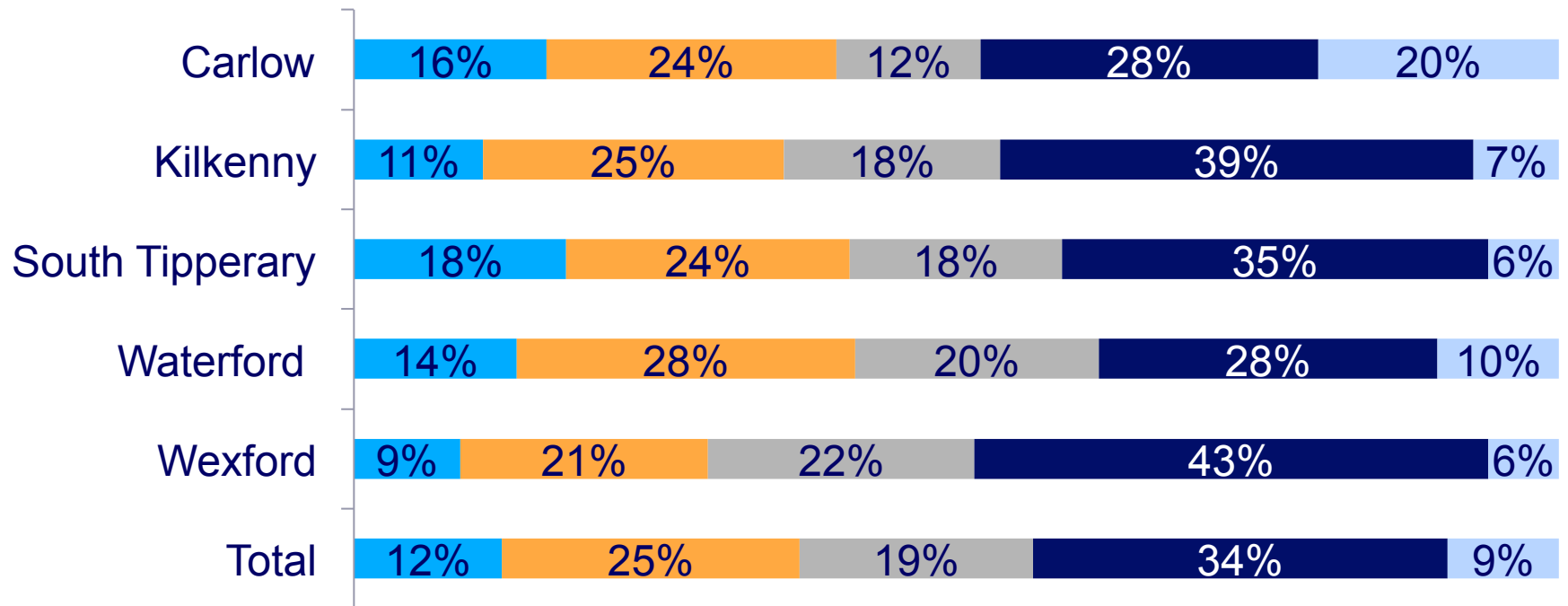


- Clear agreement on the need to ease back on austerity but not on what extent to do so



# Customer Activity

- Has there been any change in the level of your customers' activity compared with 6 months ago? (change is measured by sales, orders, enquiries, etc.)



■ Much LESS ■ Slightly LESS ■ Same as 6 months ago ■ Slightly MORE ■ Much MORE

- Customer activity more positive with 45% reporting more activity



# Summary of Findings

- Businesses reported that sales in 2012 turned out better than they had expected in the previous survey - 43% higher and 36% lower
- Once again workforce numbers fell – 28% employed fewer at the end of 2012 while just 17% had more employees
- Outlook for 2013 is quite positive with 45% expecting a sales increase and just 24% a decrease – slightly less positive than previous survey
- Most positive sectors are Agriculture, Financial Services and Manufacturing – Retail is the most negative with 47% expecting a drop in sales this year
- 27% of businesses are exporting and of these just less than half expect their export sales to be up this year
- More businesses expect their workforces to grow this year than to fall – very slight change but the first time in positive territory since the SEBS survey began in May 2008 – Manufacturing and Hotels/Restaurants/Tourism most positive



# Summary of Findings

- Wages / salaries are down in over half of all businesses compared to five years ago and in 43% of cases they are still over 10% lower - hardest hit have been businesses in the Construction and Retail sectors but all sectors have seen decreases except Manufacturing where many more businesses have seen a rise than a fall
- Opinion is equally divided on the Central Bank's view that from an economic point of view the "overall policy stance is moving things in the right direction" with 39% in agreement and 39% not
- There is very considerable support on the part of South East businesses for austerity measures to be eased in the next budget – 43% support a slight easing while 32% want more significant steps
- This is all in the context of 45% of businesses seeing an increase in customer activity in the past 6 months compared to 37% who saw a decrease – this is a reverse of the situation in the previous survey six months ago