

Profit Through Research



South East Business Confidence Study

Executive Summary

May 2014

www.marketdynamics.ie





Key Findings 1

- Just half of businesses saw an increase in sales in 2013 though fewer (45%) saw an increase in profitability
- Fewer than one in four businesses saw an increase in their workforce during 2013 – in line with predictions from last survey
- More businesses expect a sales increase this year than in the last survey (59%) but number expecting a fall is also up (9%)
- Most positive sectors are Hotels / Restaurants / Tourism, Transport / Distribution / Telecoms and Manufacturing but no sector in negative territory
- Hiring will not track sales increases with just 25% expecting to hire more during 2014 though 65% will maintain numbers
- Hotels / Restaurants / Tourism will see biggest increase in employment with 38% of businesses expecting to hire more – followed by Financial services (32%) and Construction (30%)



Key Findings 2

- The proportion of respondents who feel more positive about the prospects for their business (55%) is down on the last survey but well up on a year ago (43%)
- 63% of businesses are seeing more customer activity than 6 months ago while just 13% are seeing less – however this is just a slight improvement on 6 months ago (60% / 19%)
- 60% of respondents believe their businesses are still in the early stages of recovery while 18% consider recovery is well-established
- Interestingly, 83% consider that the Irish economy is in the early stages of recovery with just 2% saying it is well-established
- Just over a quarter of businesses have had major difficulty finding people with particular skills in the past year
- Just 14% of business will be awarding pay rises to all staff this year while there will no pay rise for anyone in 68% of firms

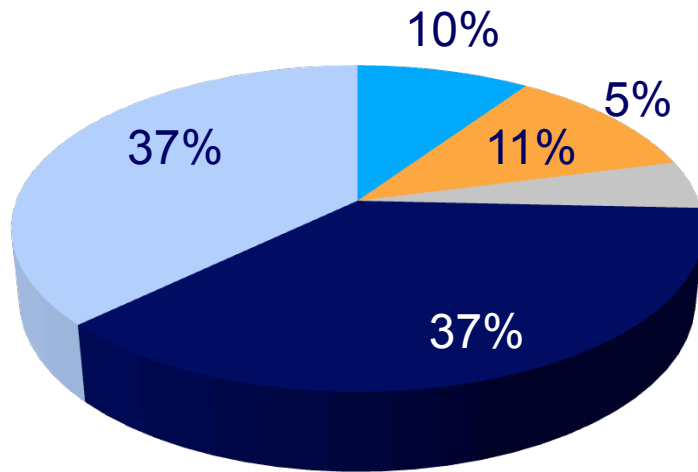


Background

- 13th iteration of survey – run twice a year in May and October since May 2008
- 210 respondents completed online survey
- 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:
 - €100 One4All voucher raffle
 - Executive Summary of Results

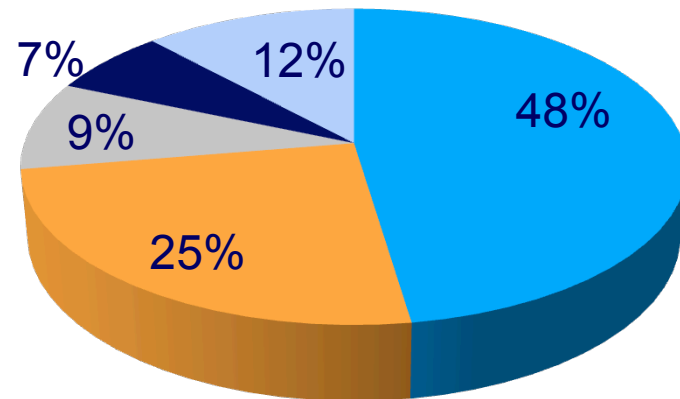
Location and Company Size

County



- Carlow
- Kilkenny
- South Tipperary
- Waterford
- Wexford

Company Size

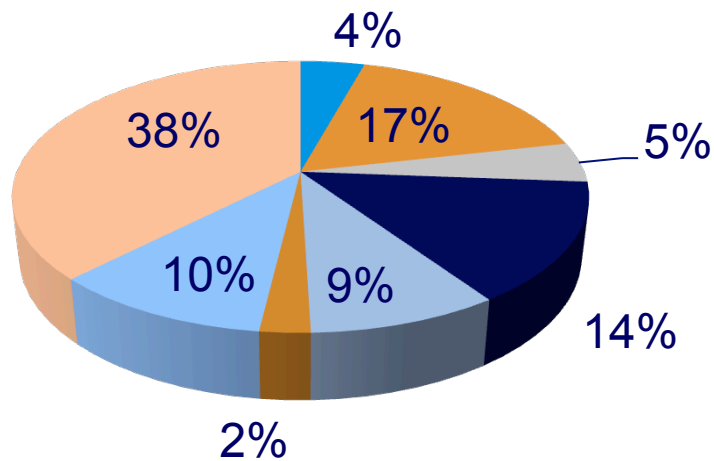


- 1-4
- 5-24
- 25-49
- 50-99
- 100+

Good mix of businesses from most counties though just 10 respondents from South Tipp – many large businesses included in the survey

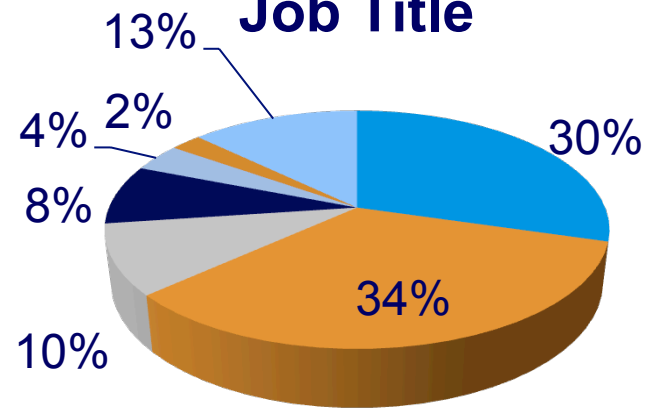
Business Sector / Respondent Profile

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)

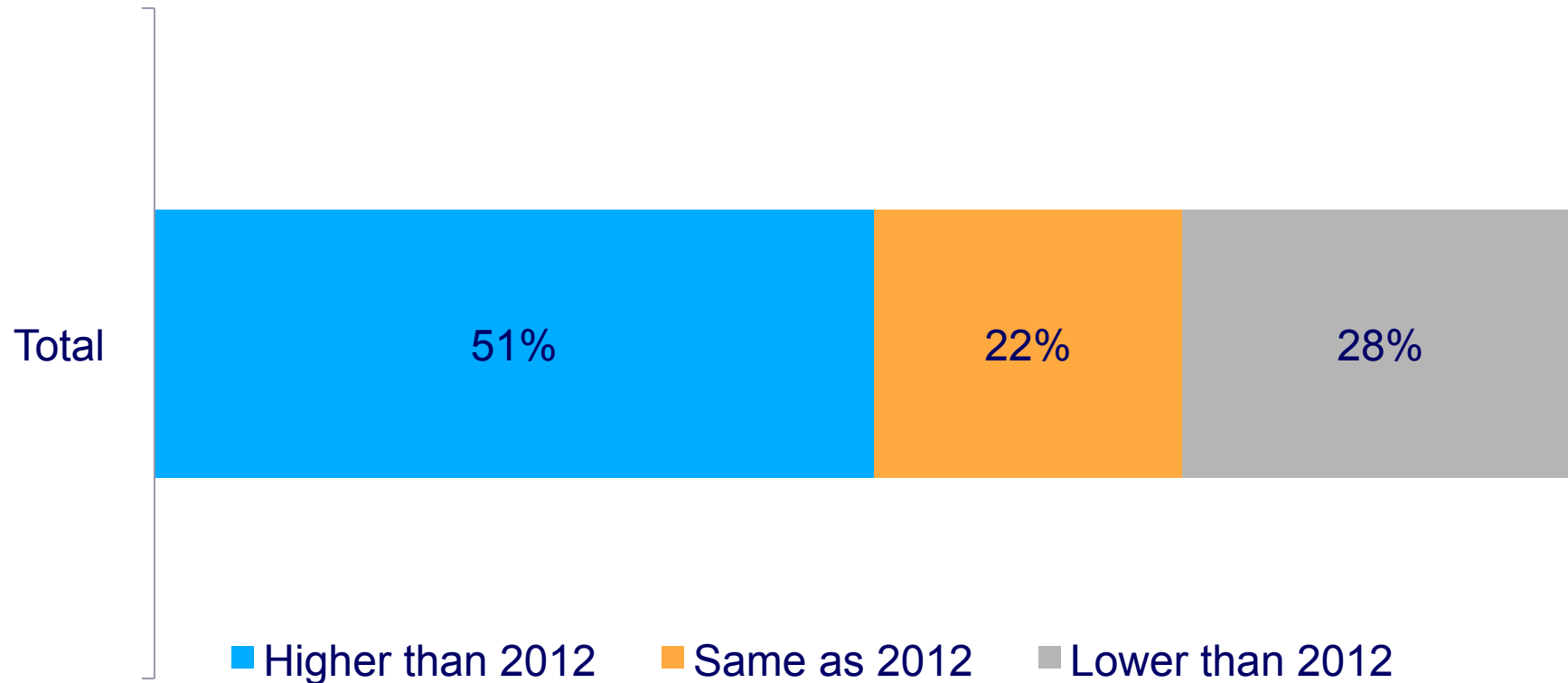


Review of 2013

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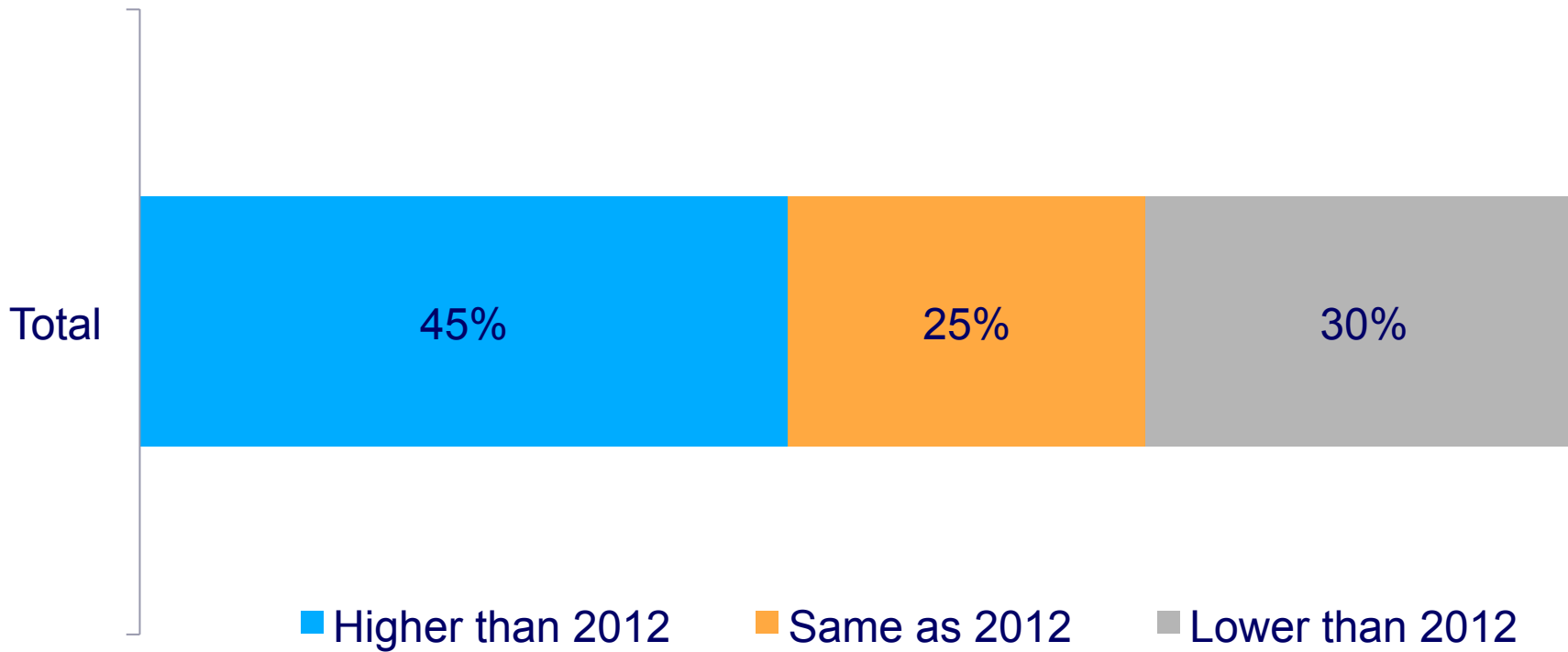


Sales / Turnover 2013 – Was your sales / turnover in 2013 higher, lower or the same as 2012?



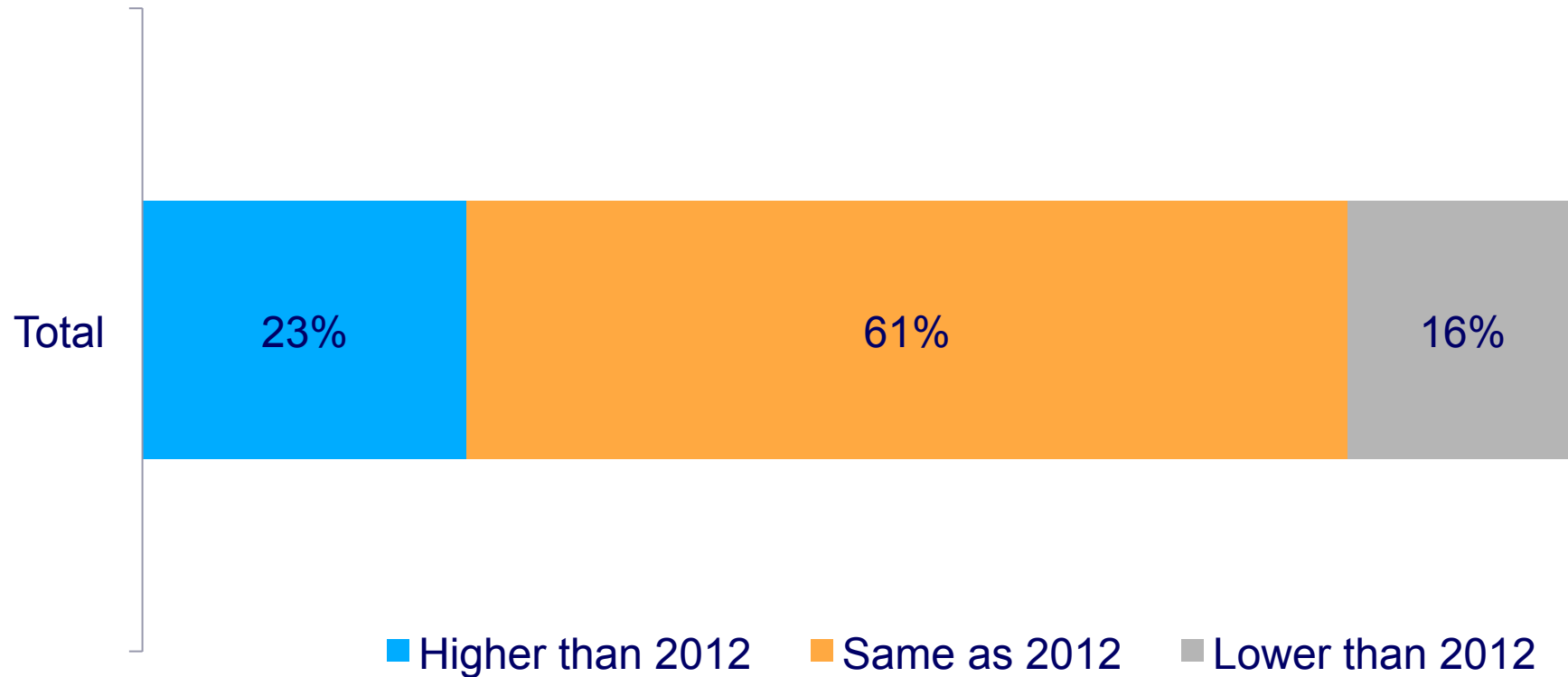
- The fact that 28% saw falling sales 5/6 years into the recession is a concern – also this was spread across most sectors (in 6 out of 8 industry sectors over 25% of firms saw falling sales)

Profitability 2013 – Was profitability in 2013 ...?



- Once again fewer businesses recording improved profitability

Workforce 2013 — Was your workforce at the end of 2013 ...?



- Nearly a quarter of business employed more at end of 2013 – however twice as many firms saw increased sales than increased employment



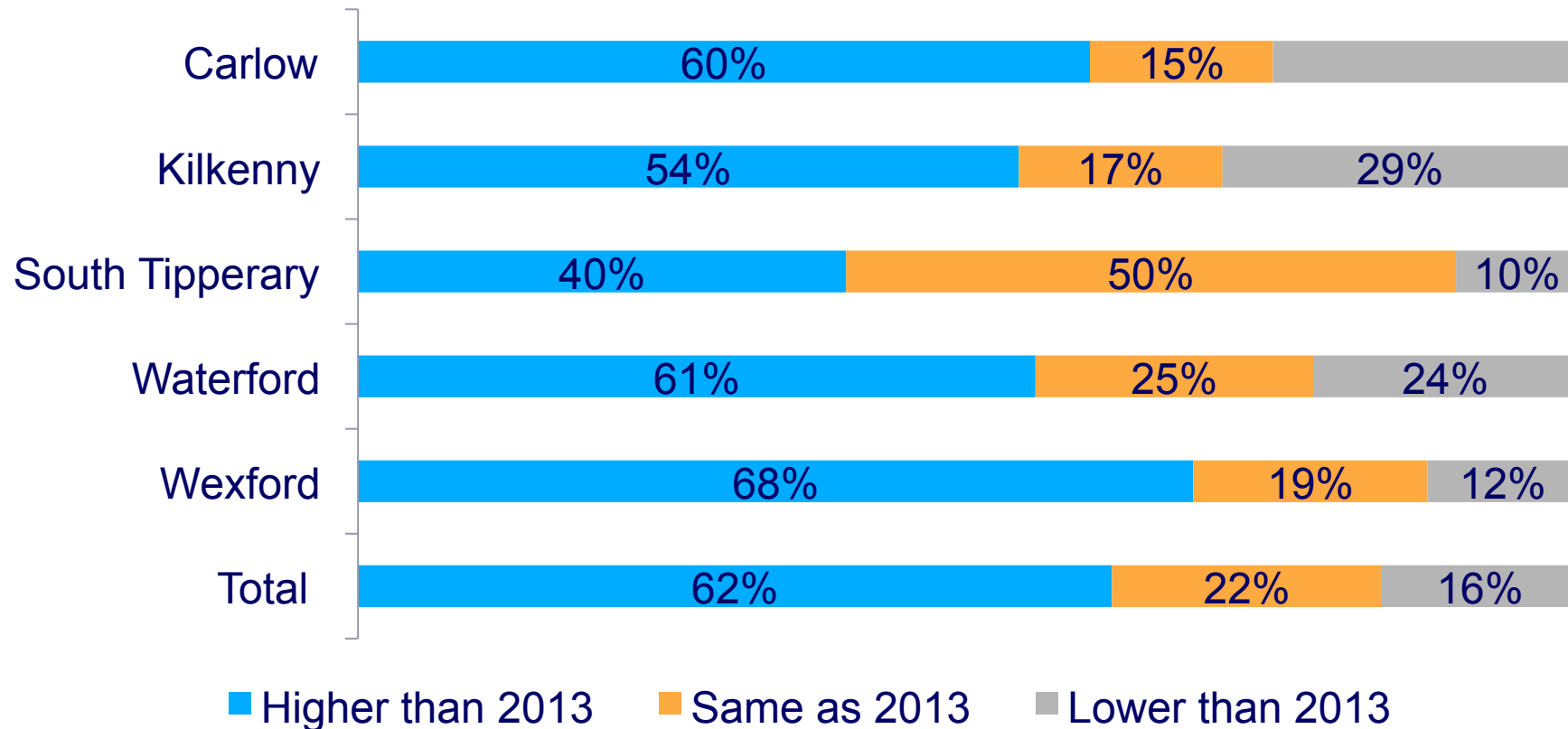
Outlook for 2014

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Sales / Turnover 2014 – by county

Do you expect your sales / turnover in 2014 be higher, lower or the same as 2013?

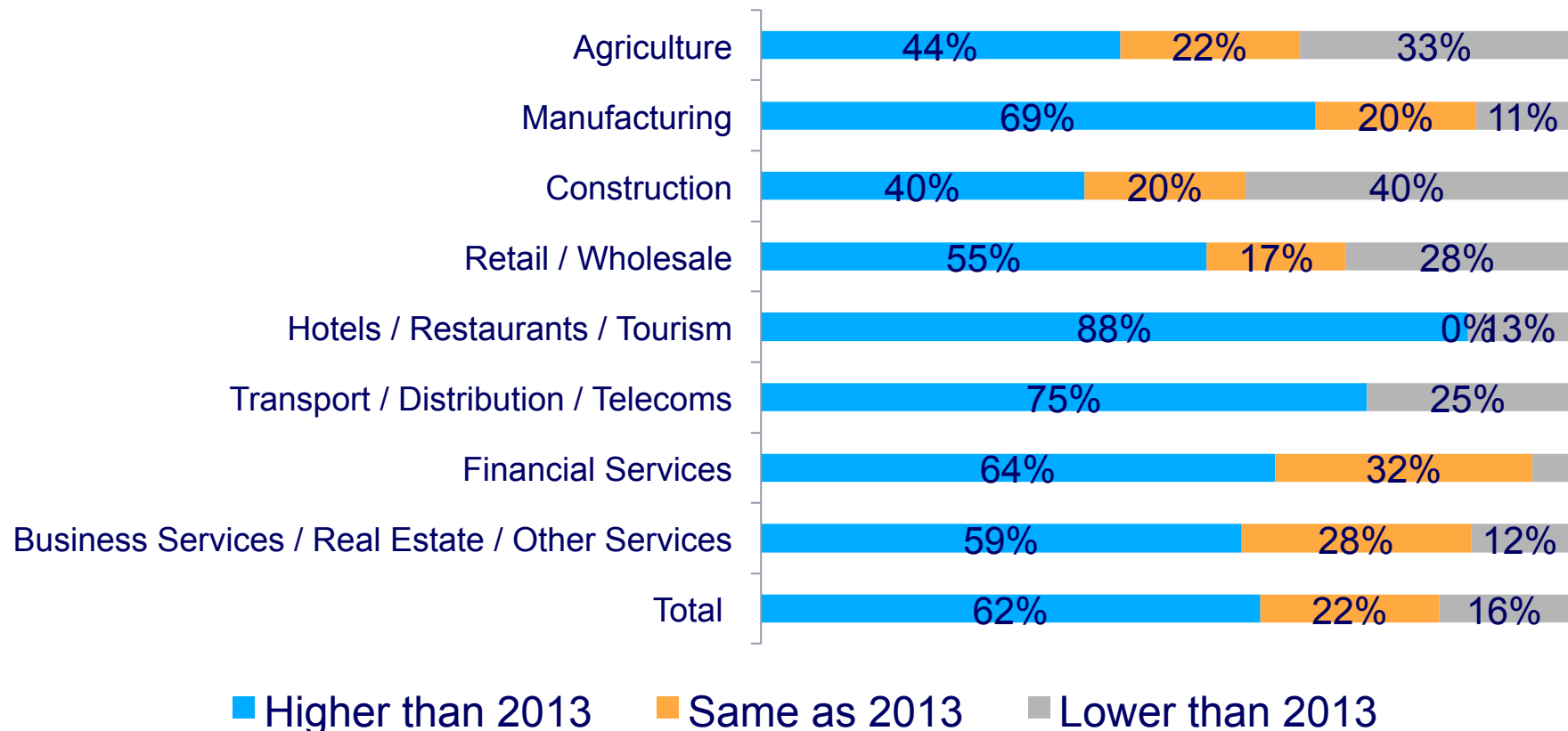


- More businesses expect a sales increase this year than in the last survey (59%) but number expecting a fall is also up (9%)

(Please note just 10 responses from South Tipperary)

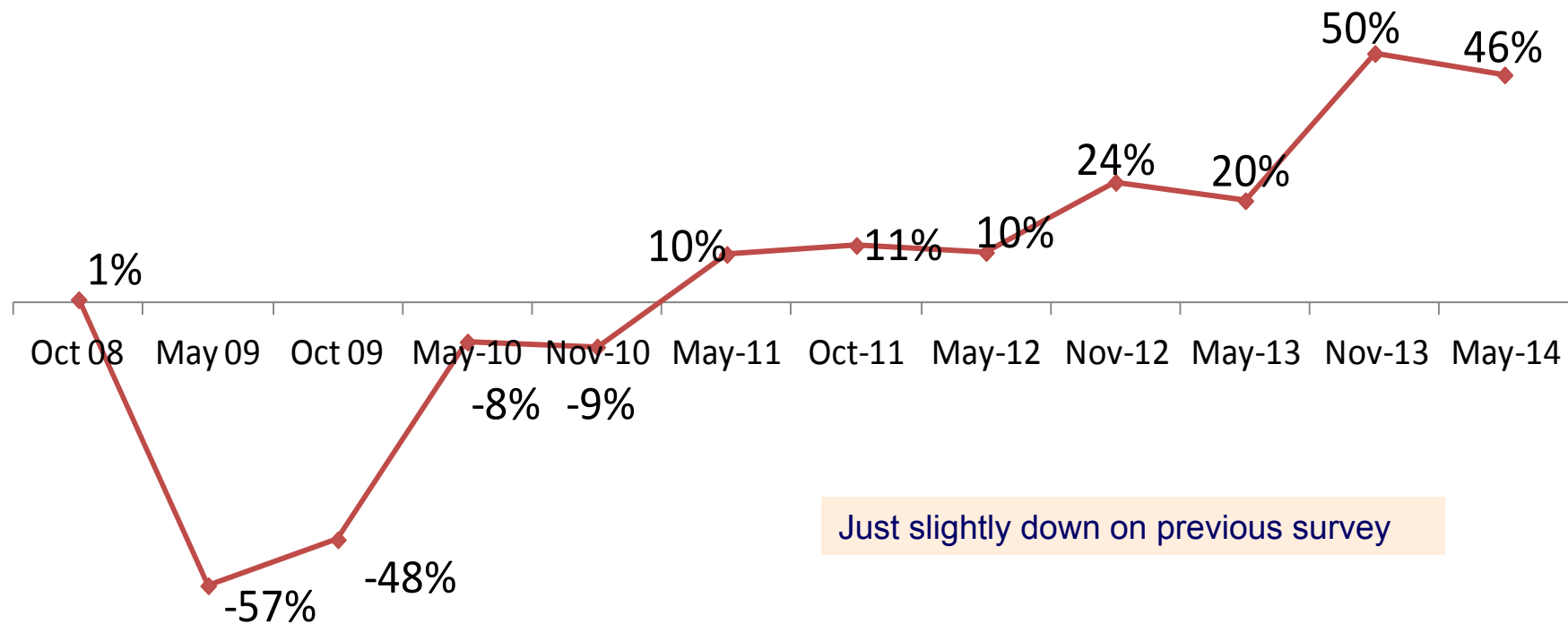
Sales / Turnover 2014 – by industry

Based on the current economic situation and the outlook for your business, do you expect your sales / turnover in 2014 to be...



- Positive outlook from Hotels / restaurants / tourism, Transport / Distribution / Telecoms suggests domestic demand may be on the up

Sales / Turnover Index – Do you expect your TURNOVER in 2014 will be higher, lower or the same as 2013?



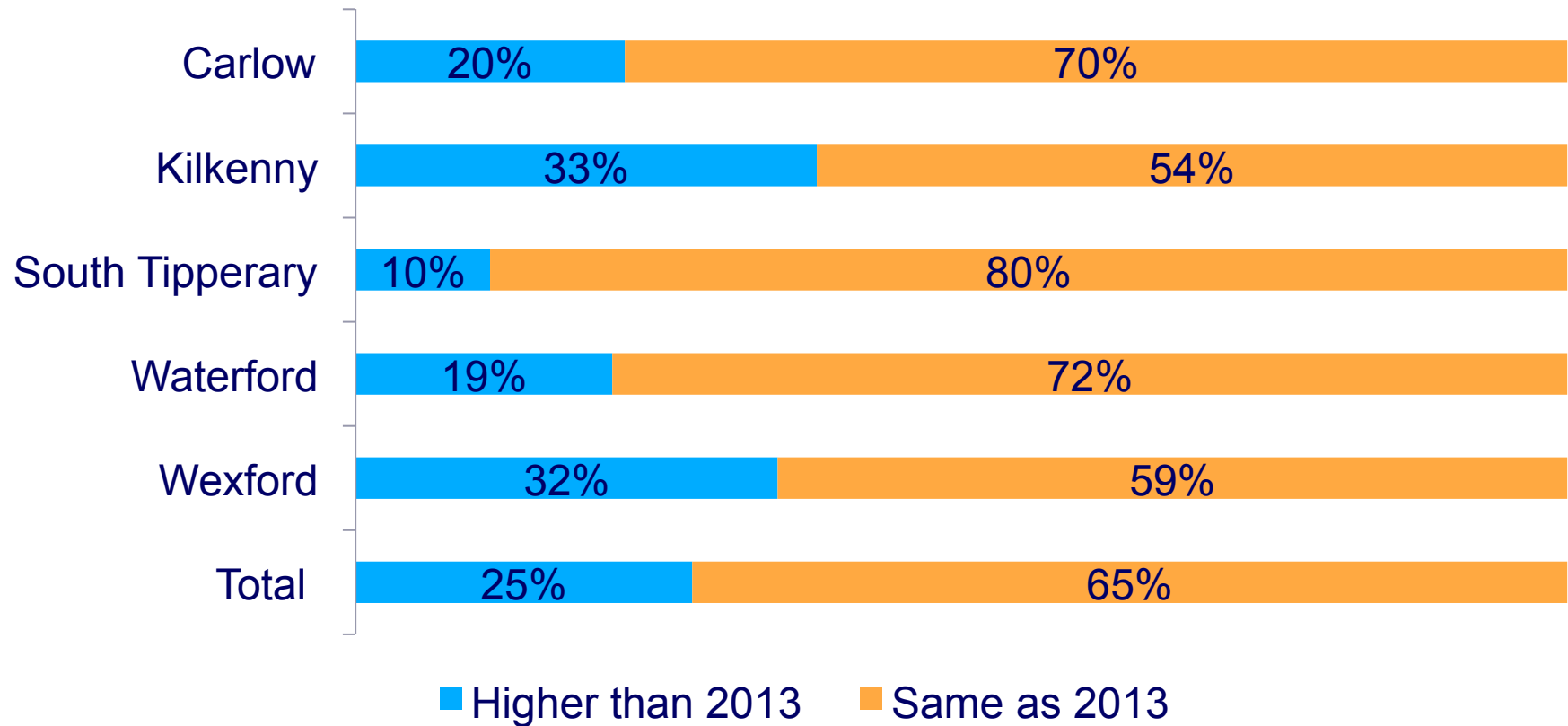
Just slightly down on previous survey

Index calculated as % of businesses expecting sales to increase this year minus % who expect sales to fall

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Workforce 2014 – by county

Do you expect your workforce at the end of 2014 to be higher, lower or the same as 2013?

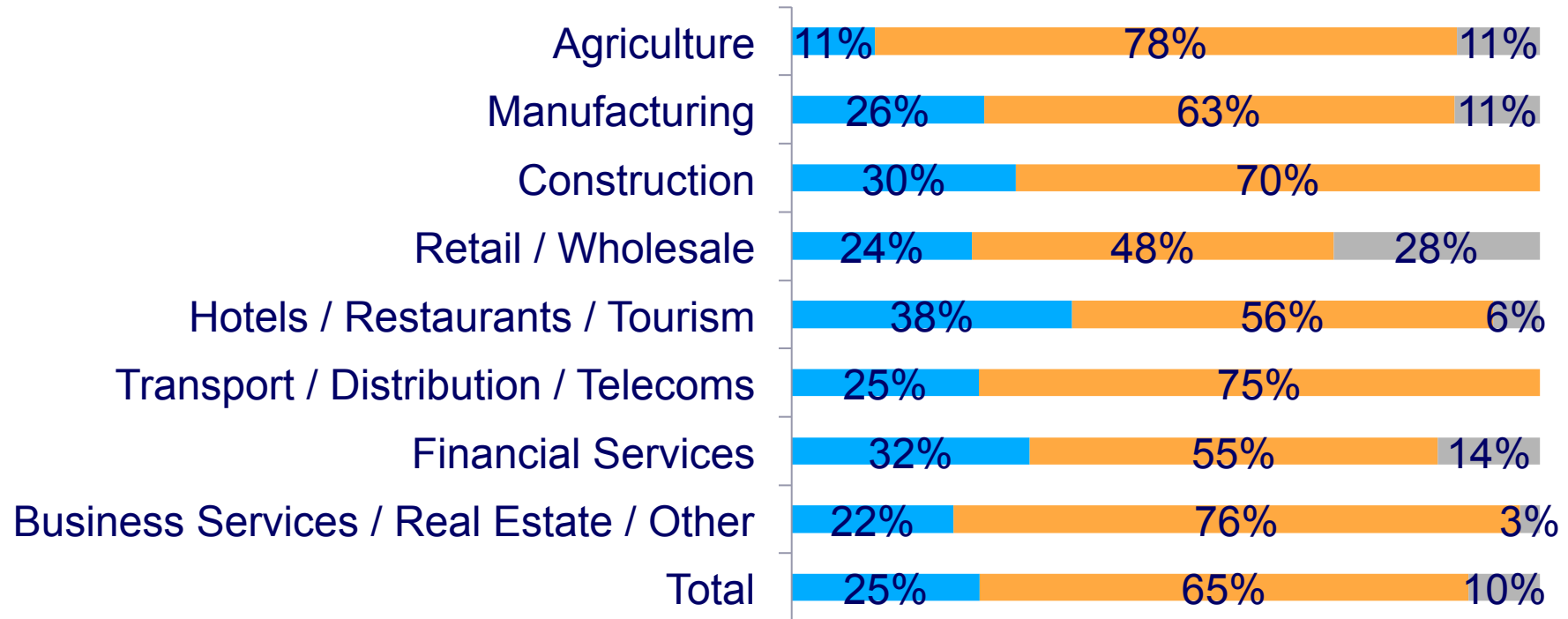


- Most positive outlook for the current year since survey began in May 2008

(Please note very small number of responses in South Tipperary)

Workforce 2014 – by industry

Do you expect your workforce at the end of 2014 to be higher, lower or the same as 2013?

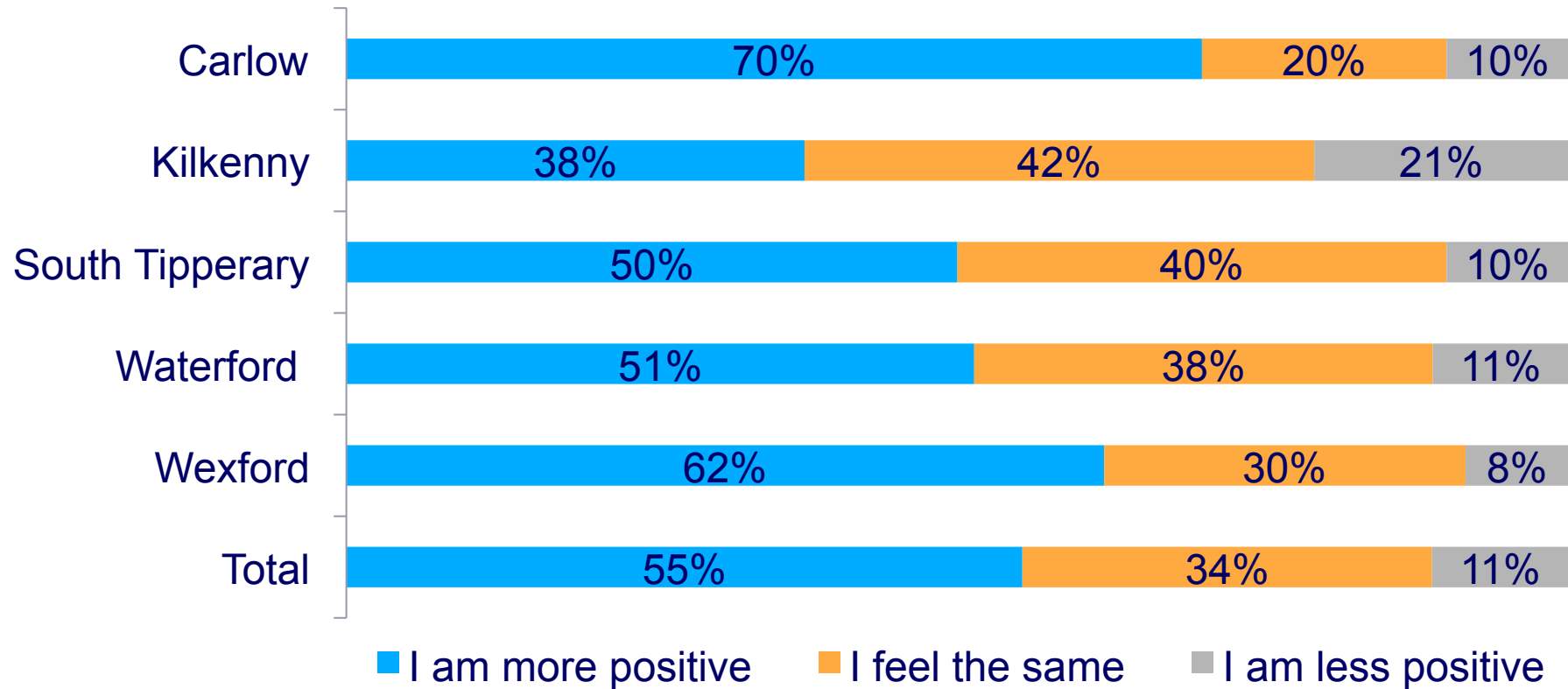


■ Higher than 2013 ■ Same as 2013 ■ Lower than 2013

- Most positive outlook for the current year since survey began in May 2008

(Please note very small number of responses in South Tipperary)

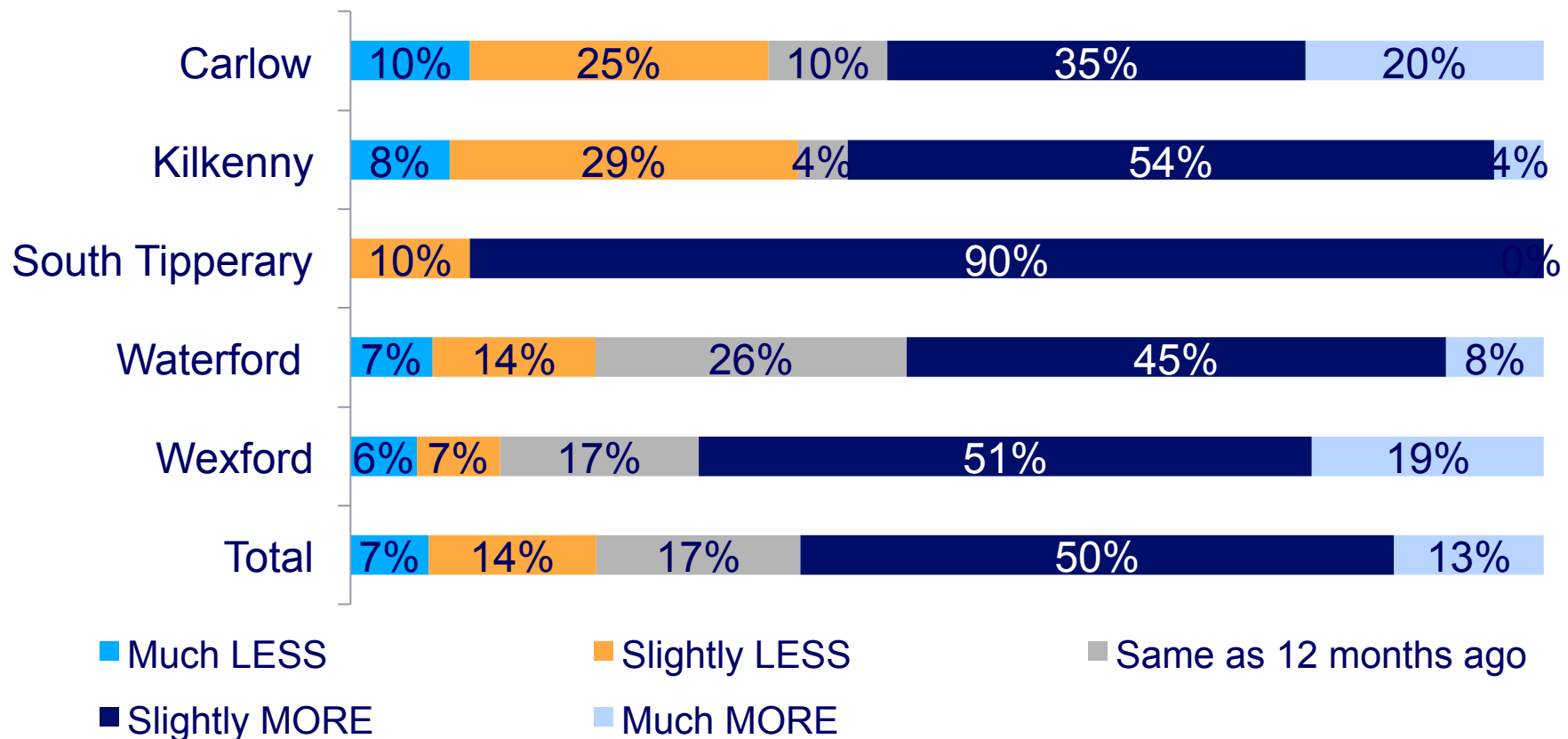
Do you consider yourself more or less positive about the prospects for YOUR BUSINESS compared to 6 months ago?



- This shows a fall in the percentage who feel more positive (down from 59% last time)

Customer Activity

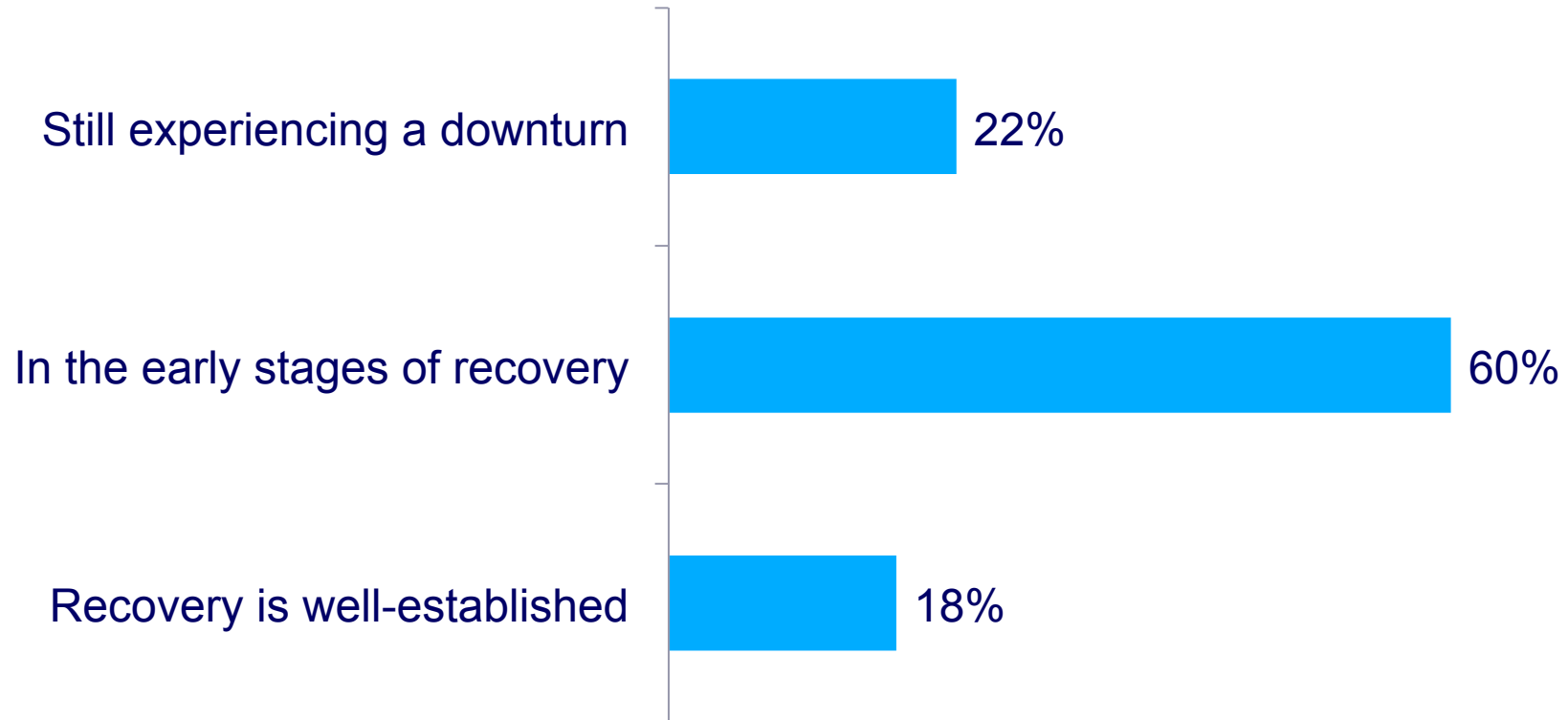
- Has there been any change in the level of your customers' activity compared with 6 months ago? (change is measured by sales, orders, enquiries, etc.)



• Almost two-thirds of businesses have experienced increased customer activity in the past 6 months

Recovery Stage – Your Business

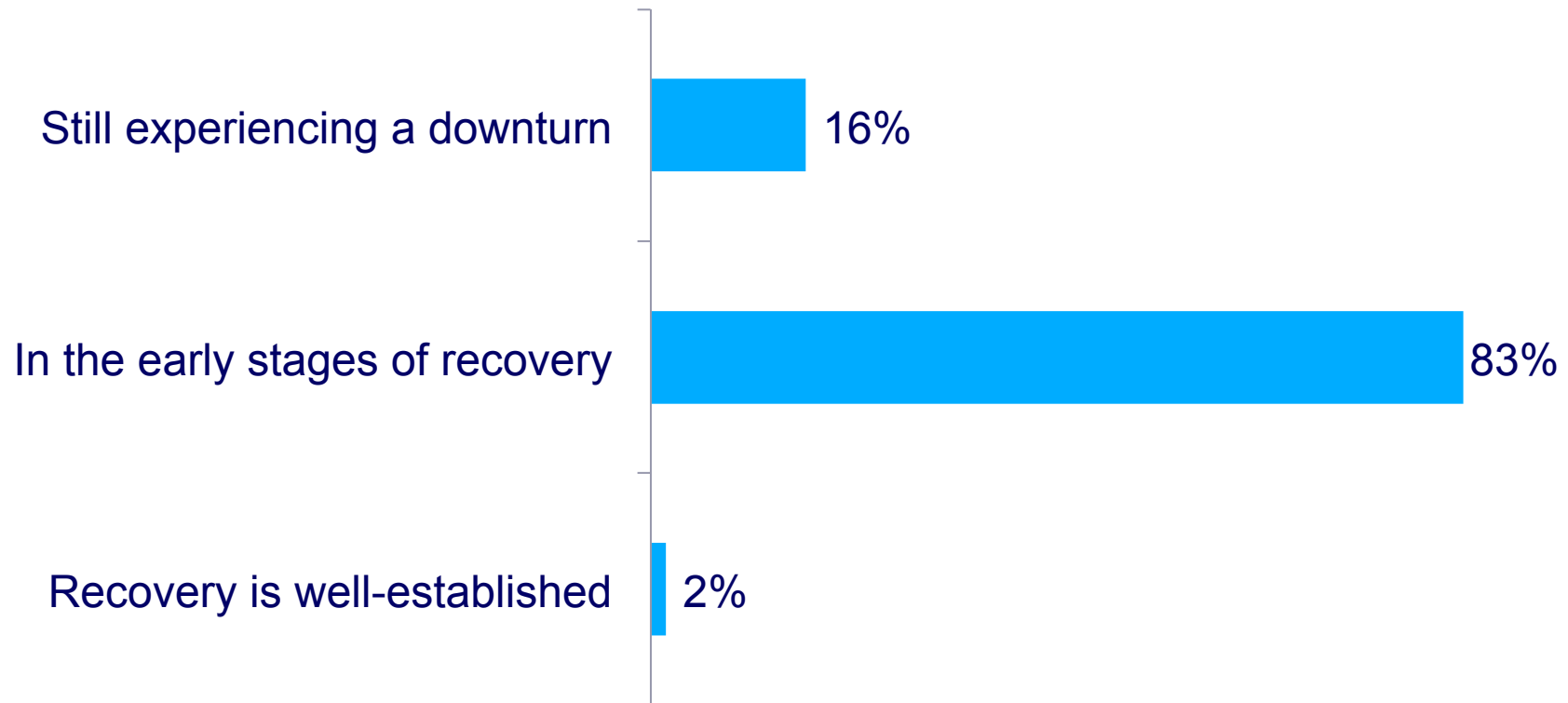
Which of the following best describes what stage your business is now at?



- Still early days of recover for majority – those businesses for whom the recovery is well established are spread across most industry sectors

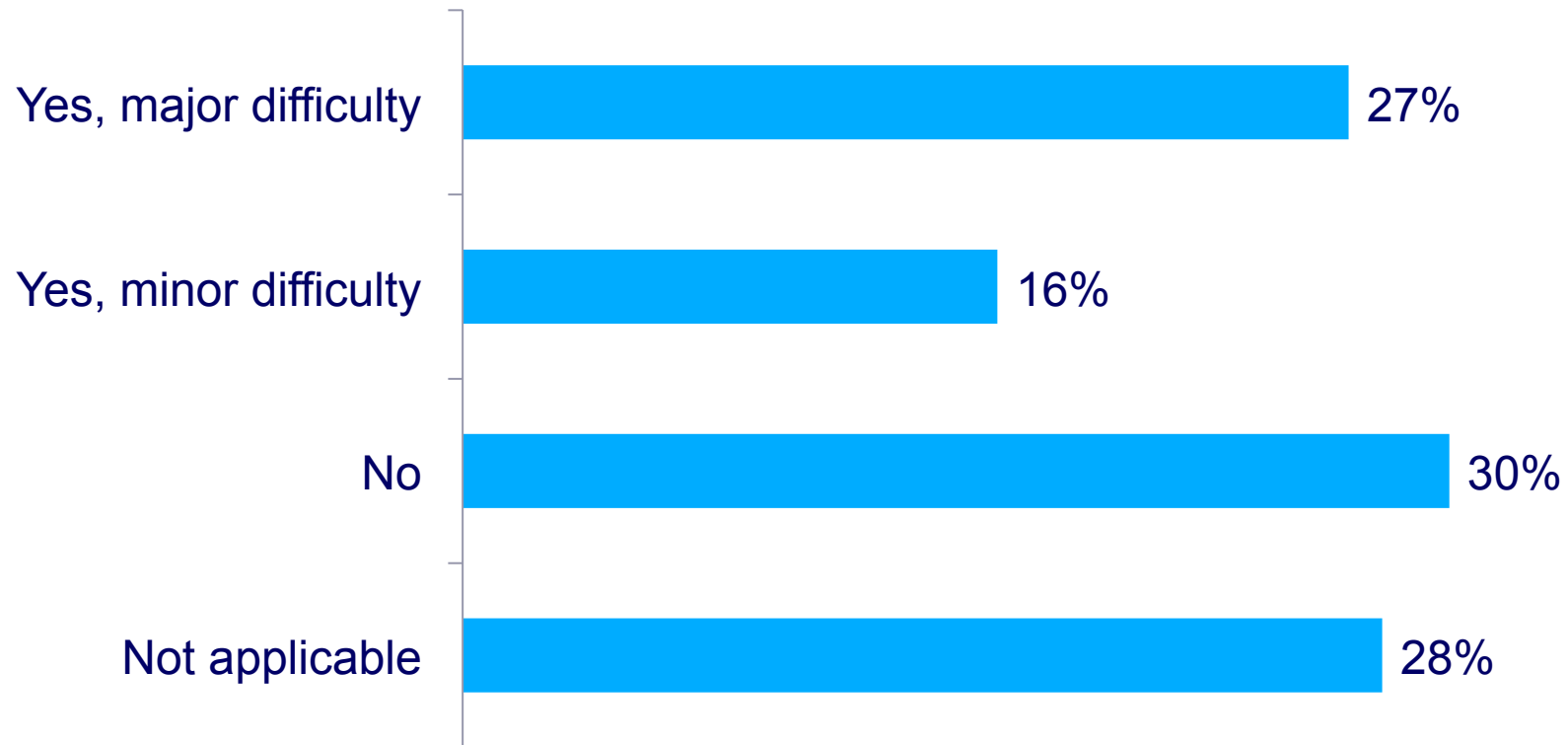
Recovery Stage – Economy

Which of the following best describes what stage you think the Irish economy is now at?



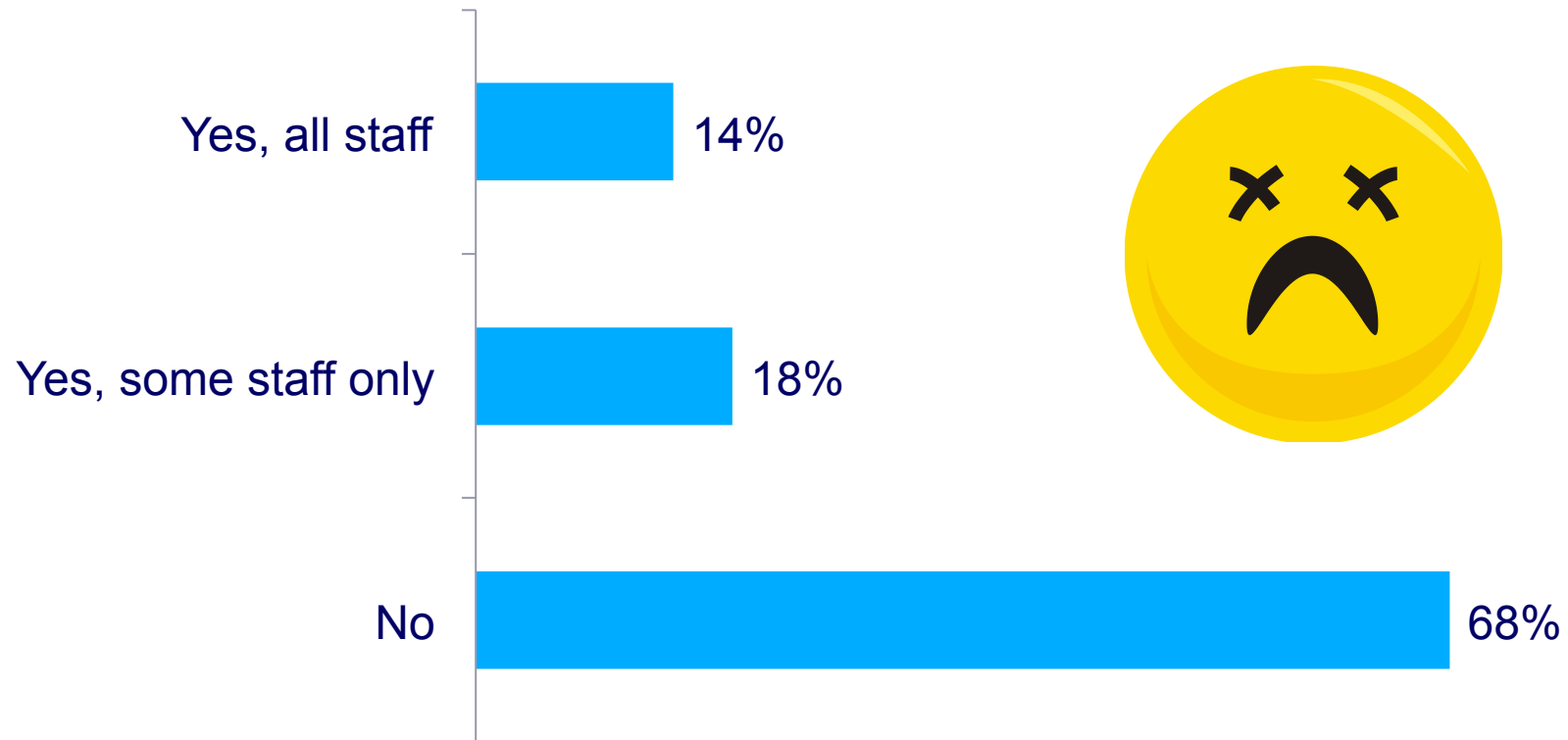
- More think their own business is still in a downturn than think the economy is
- More think the recovery is well-established for their own business than think this applies to the economy

Skills - Have you encountered difficulty finding people with particular skills in the past year?



- Skills shortages a major issue for around a quarter of businesses

Pay — Will your staff be getting a pay increase in 2014?



- No joy on the pay front for the majority!