

Profit Through Research



South East Business Confidence Study

Executive Summary

Nov 2011 – john@marketdynamics.ie

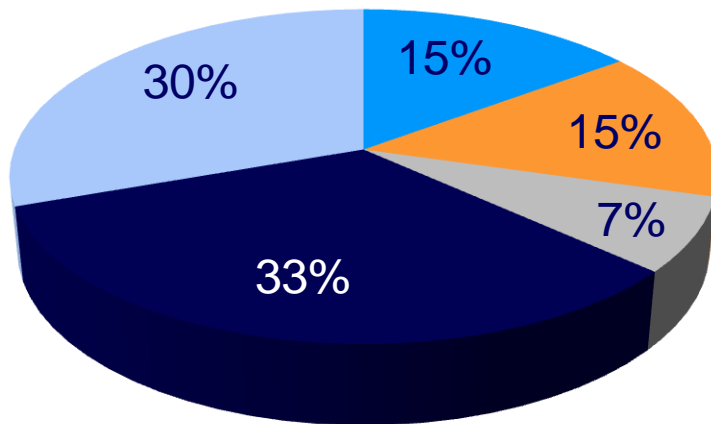
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Background

- Eighth iteration of survey – previously
 - May & Oct 2008, 2009, 2010, May 2011
- 349 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: Garmin Sat-Nav & Executive Summary of Results

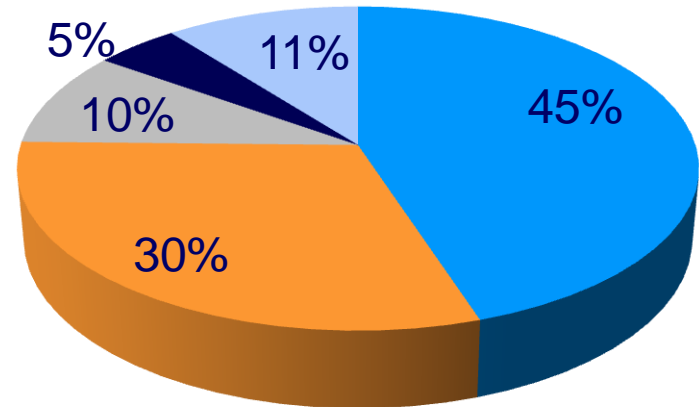
Location and Company Size

County



- Carlow
- Kilkenny
- South Tipperary
- Waterford
- Wexford

Company Size

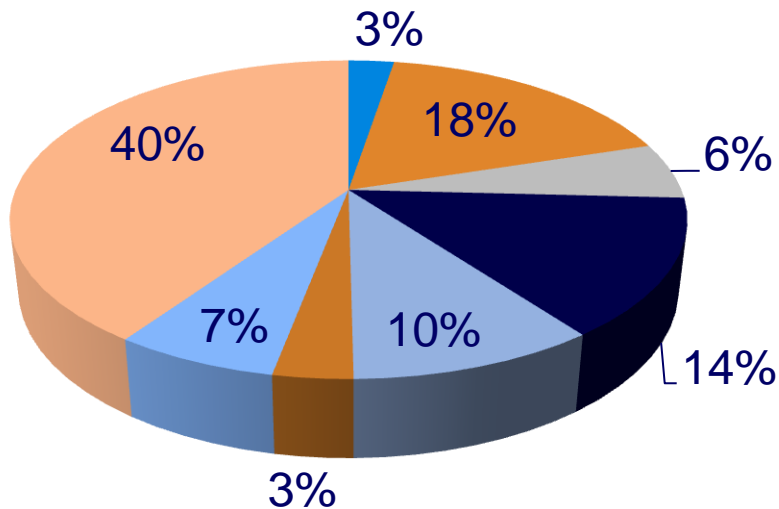


- 1-4
- 5-24
- 25-49
- 50-99
- 100+

25% of respondent businesses have > 25 employees (and 11% > 100 employees)

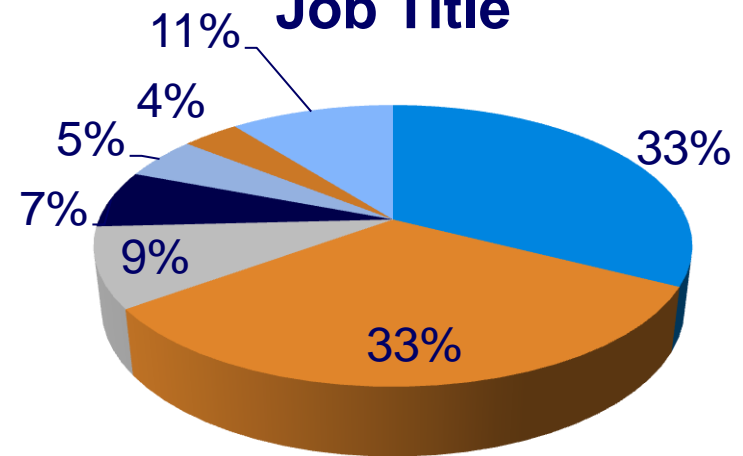
Business Sector / Respondent Profile

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)

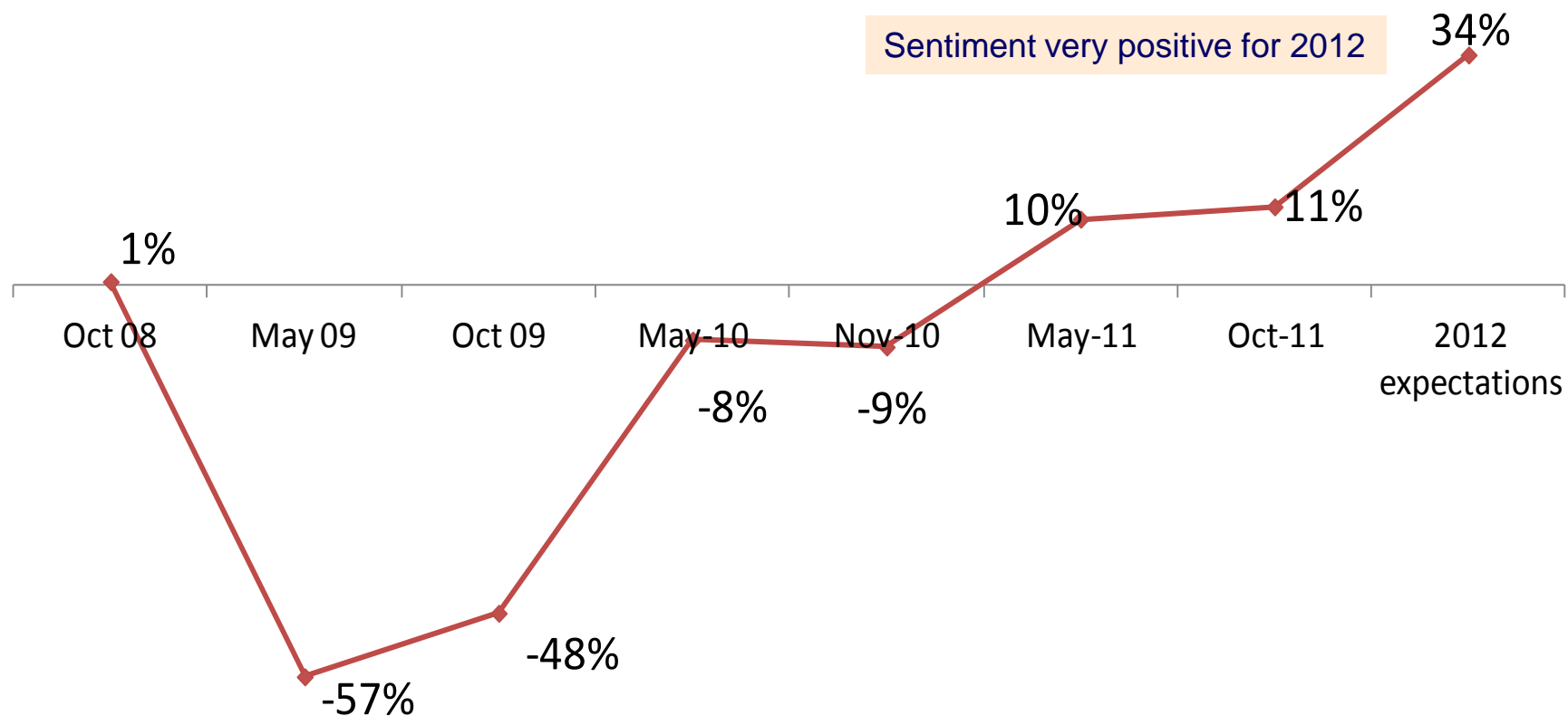
Two-thirds of respondents are Owners or MD / CEO



Detailed Findings

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Sales / Turnover Index – Based on the current situation and outlook for your business do you have an expectation that your TURNOVER in 2012 will be...??

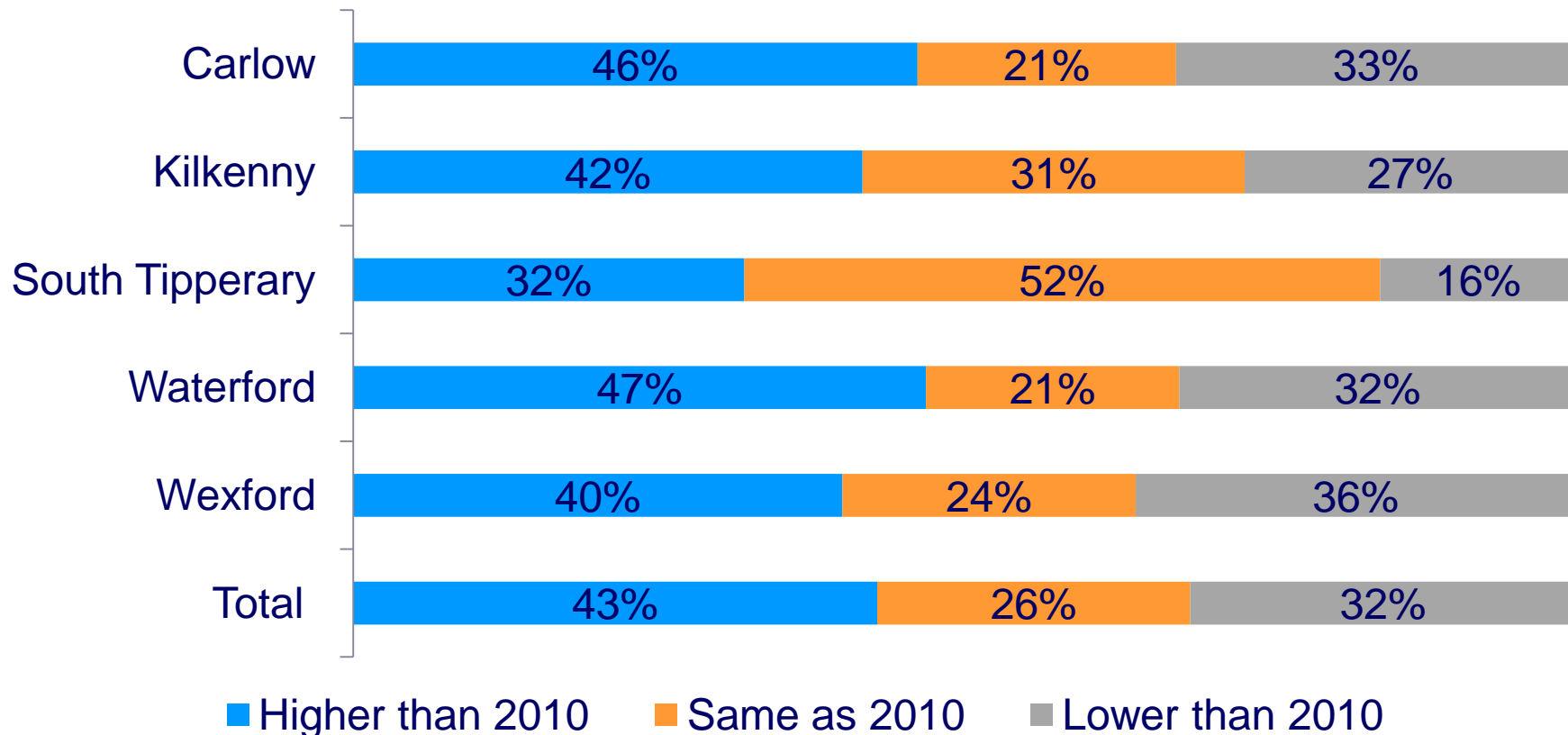


Index calculated as % of businesses expecting sales to increase in the coming year minus % who expect sales to fall

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Sales / Turnover 2011 – by county

Will your sales / turnover in 2011 be higher, lower or the same as 2010?

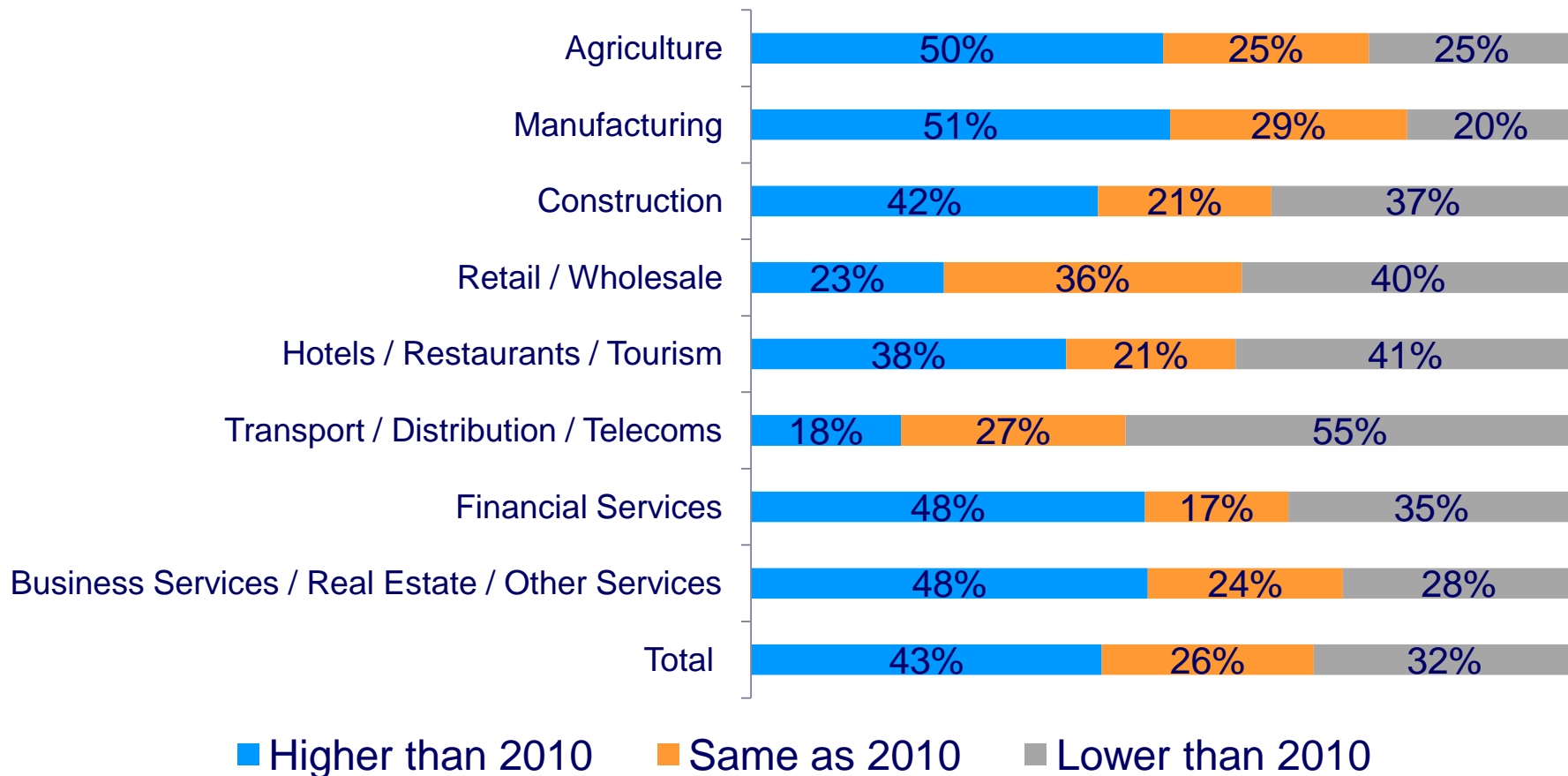


- Majority of businesses have seen higher sales this year
- Of those expecting sales rise this year over half expect increase >10%

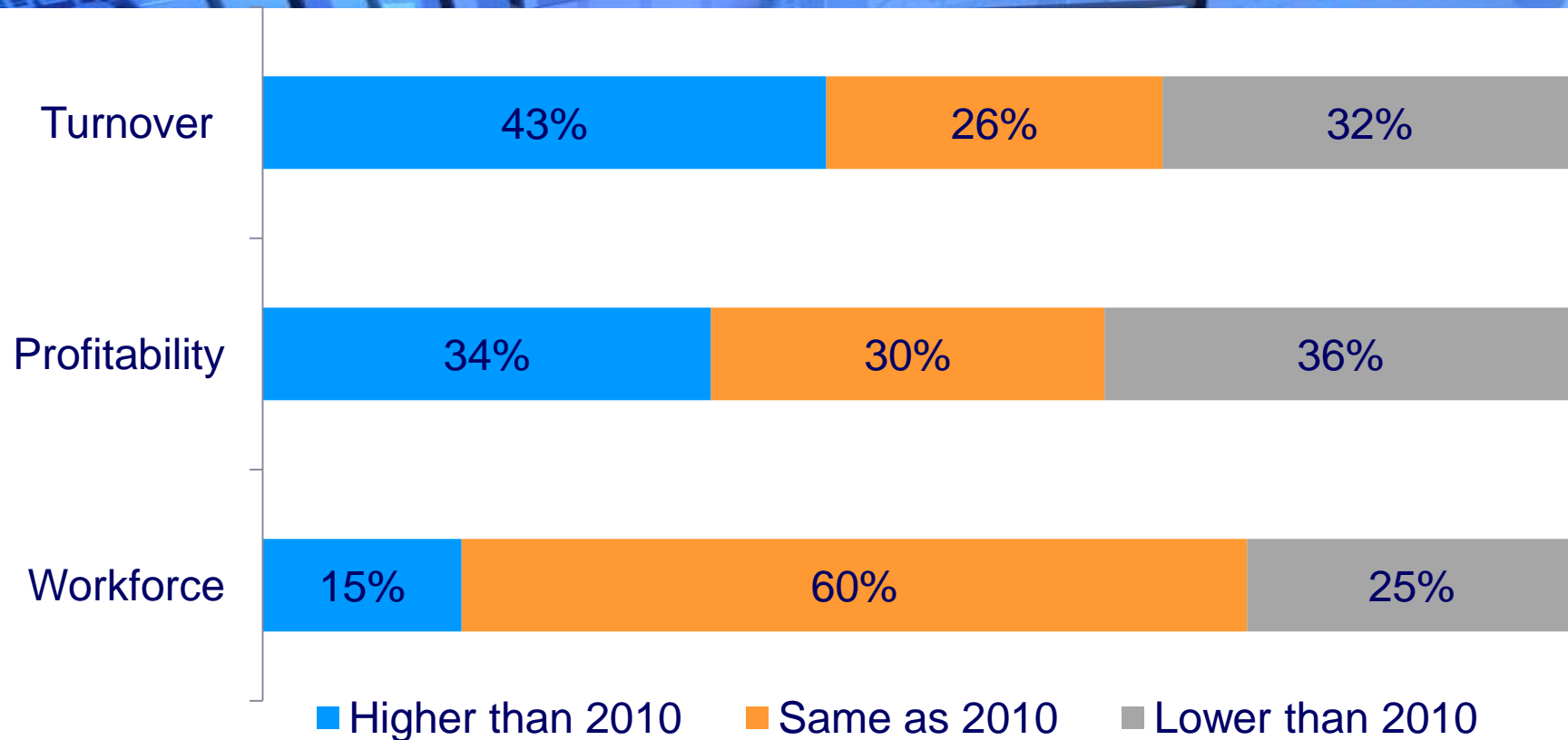
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Sales / Turnover 2011 – by industry

Will your sales / turnover in 2011 be higher, lower or the same as 2010?



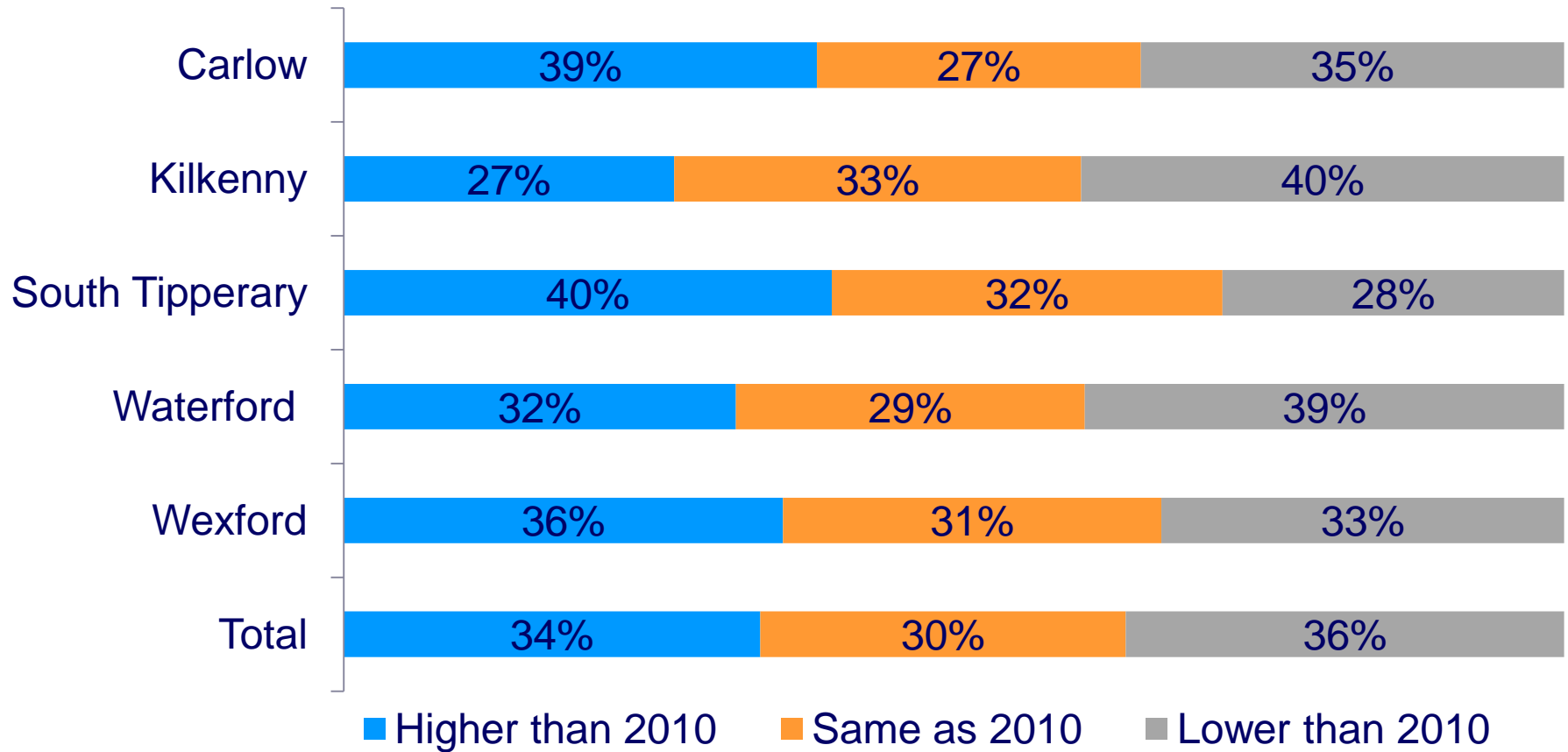
Expectations 2011 — Do you expect turnover / profitability / workforce to be higher, lower same as 2010?



Very similar to findings for this question in May survey – overall net loss of jobs in South East in 2011 despite sales increase

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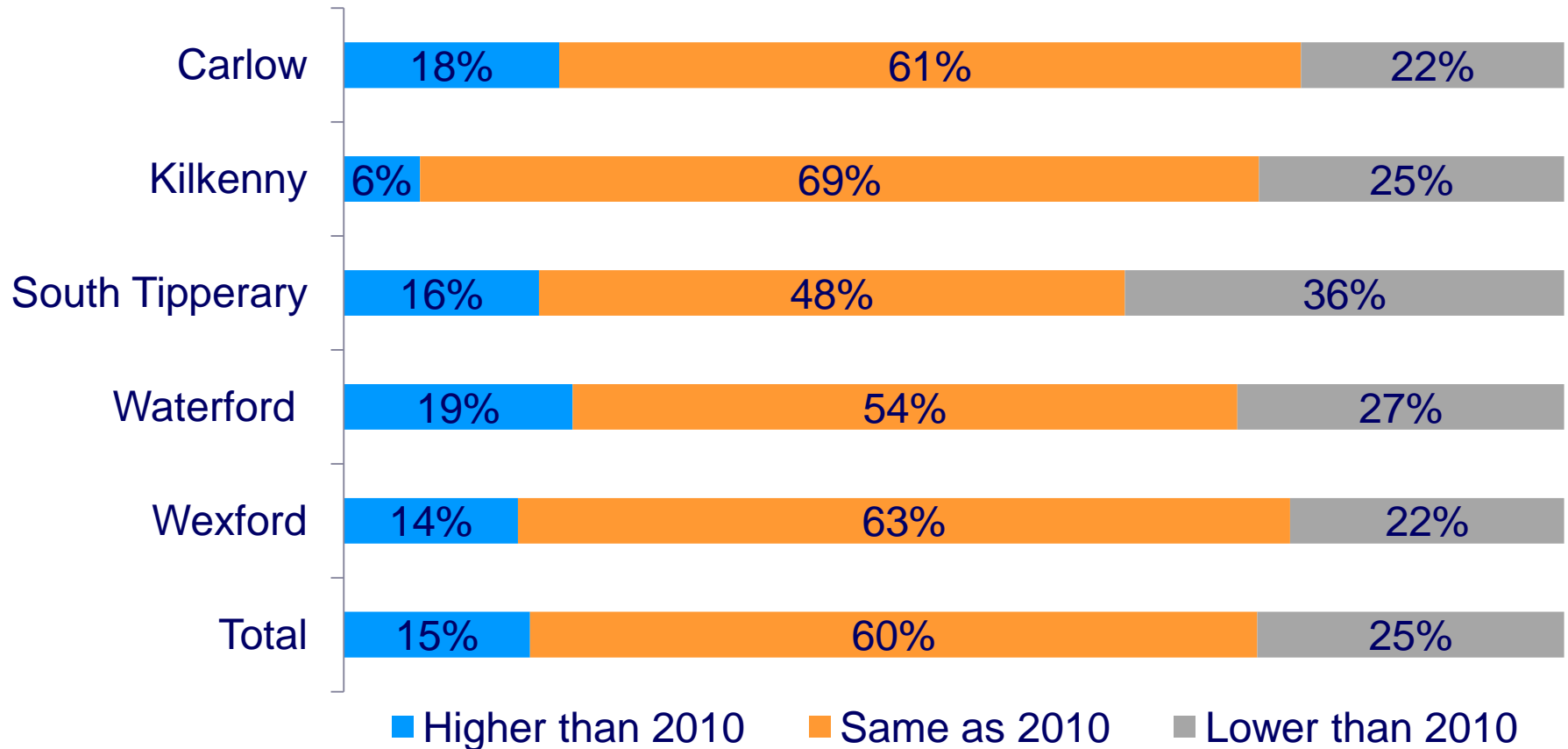
Profitability 2011 — Do you expect profitability in 2011 to be higher, lower, same as 2010?



Kilkenny based businesses finding it hardest to make a profit
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Workforce 2011 – Expectations

Do you expect your workforce at the end of 2011 to be higher, lower or the same as at the end of 2010?



Kilkenny again weakest but negative situation in all counties

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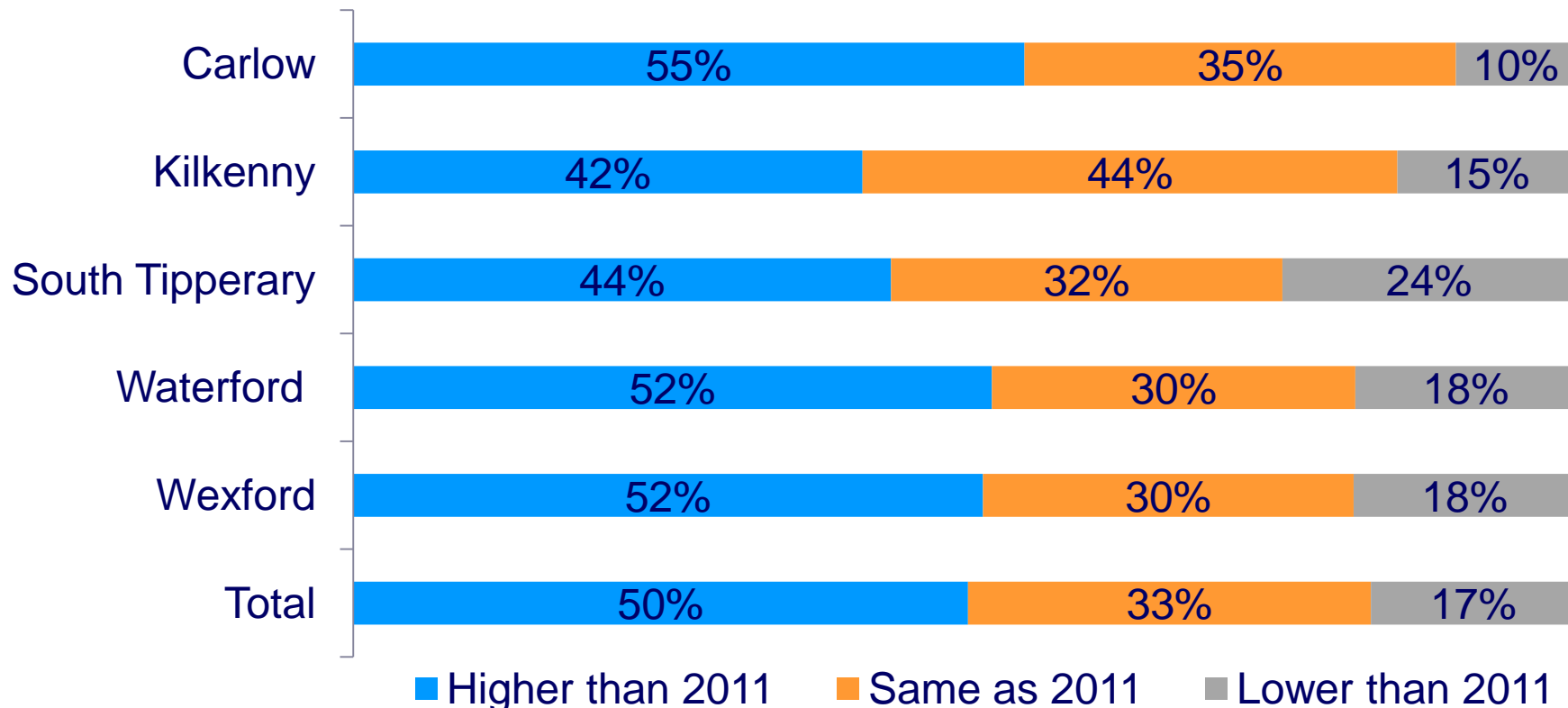


2012 Outlook

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Sales / Turnover Expectations 2012

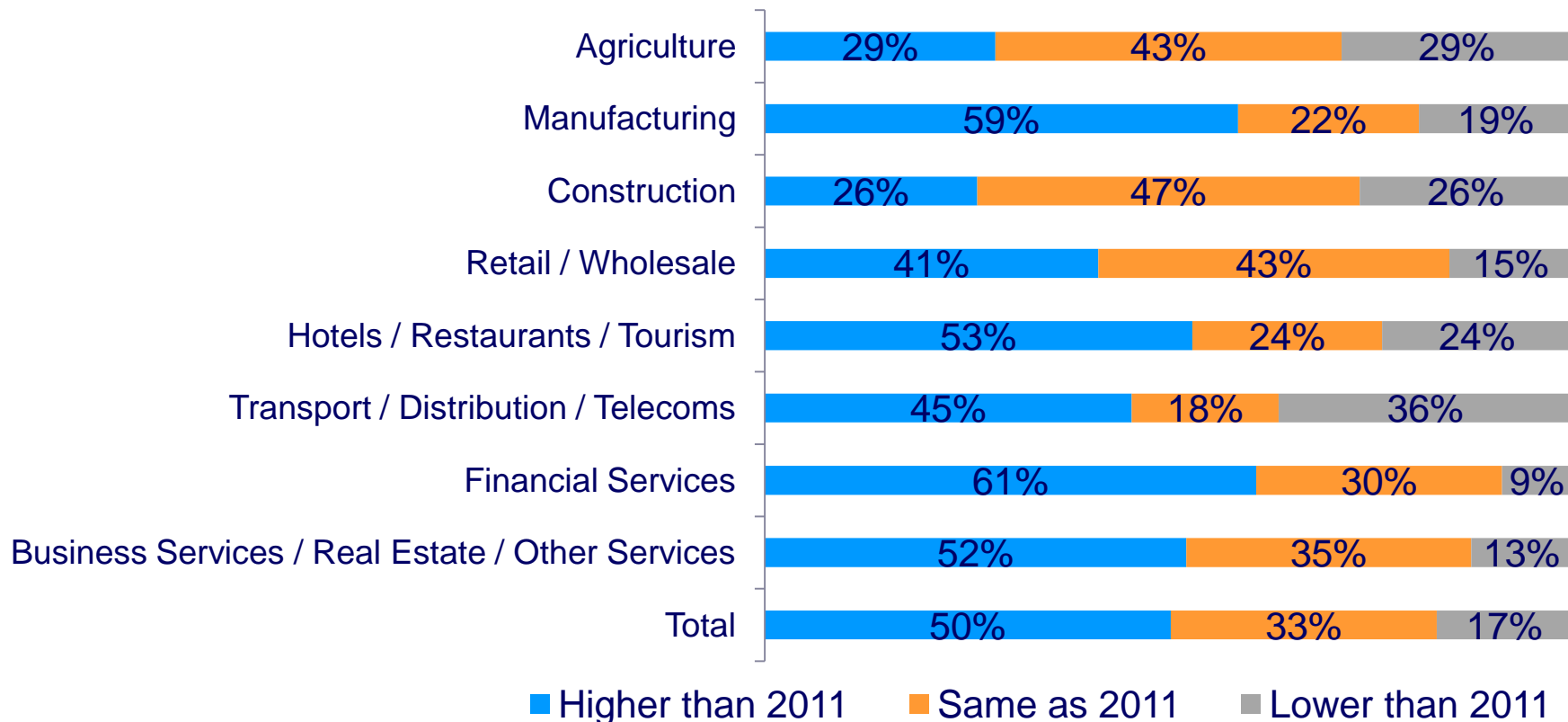
Based on the current situation and outlook for your business do you have an expectation that your TURNOVER in 2012 will be...?



Half of all businesses expect higher sales in 2012 – just one business in six expects a further fall in sales

Sales / Turnover Expectations 2012

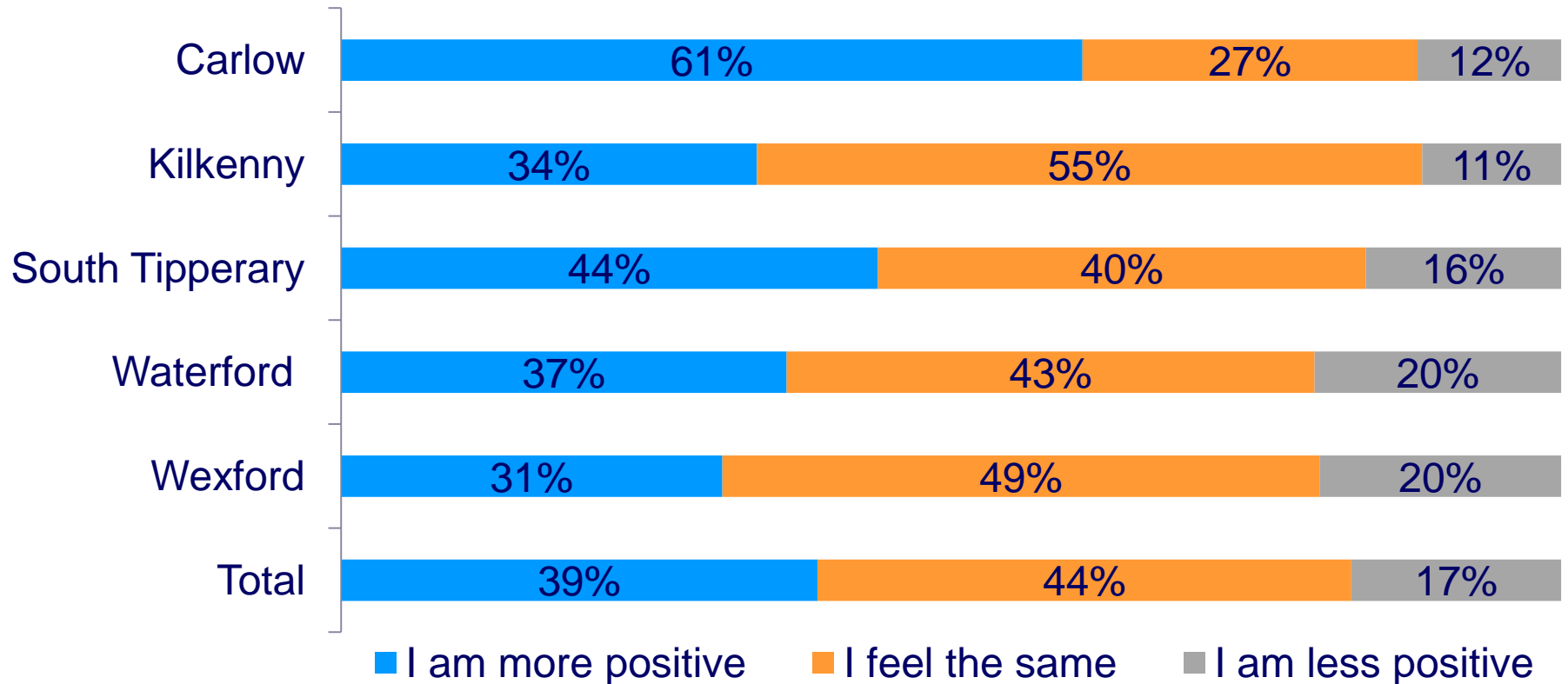
Based on the current situation and outlook for your business do you have an expectation that your TURNOVER in 2012 will be...?



- Financial services and manufacturing most positive sectors
- Hotels / restaurants / tourism and retail / wholesale also positive
- these were among hardest hit in recession

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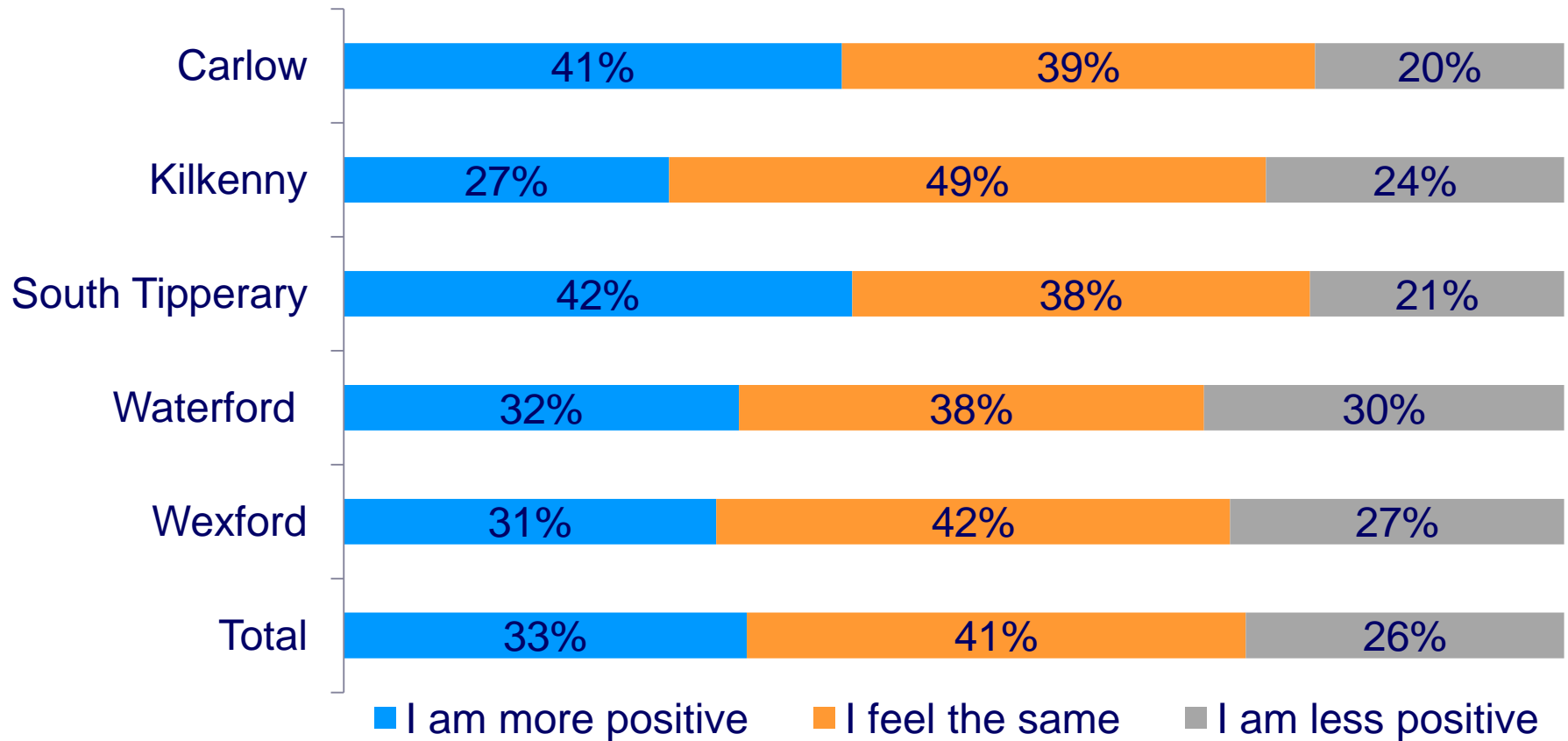
Do you consider yourself more or less positive about the prospects for YOUR BUSINESS compared to 6 months ago?



Waterford & South Tipp-based businesses more positive than those in Kilkenny & South Tipp

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

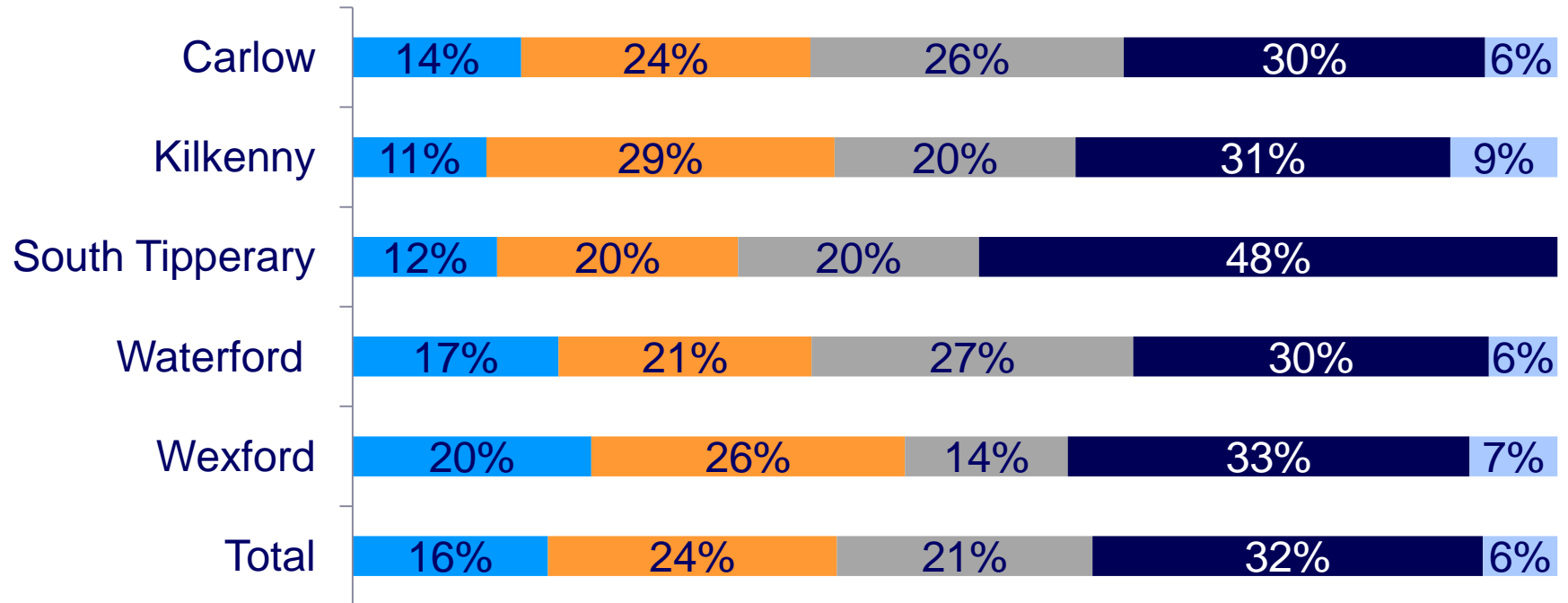


Big change in positive sentiment – index figure is +7% up from -11% in May 2011 survey

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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.)

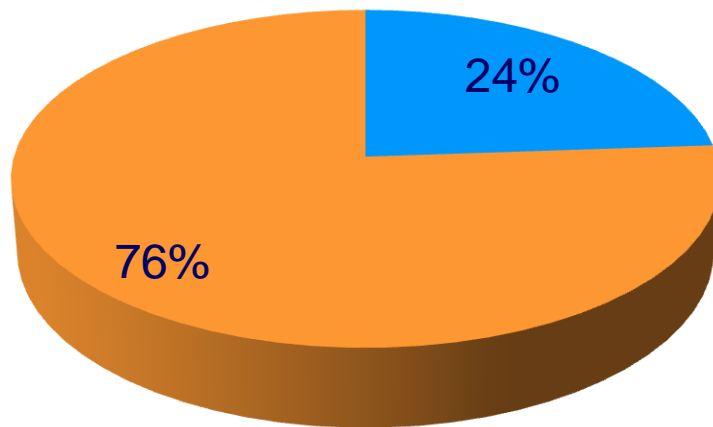


■ Much LESS ■ Slightly LESS ■ Same as 6 months ago ■ Slightly MORE ■ Much MORE

Overall slight fall in customer activity but good balance overall

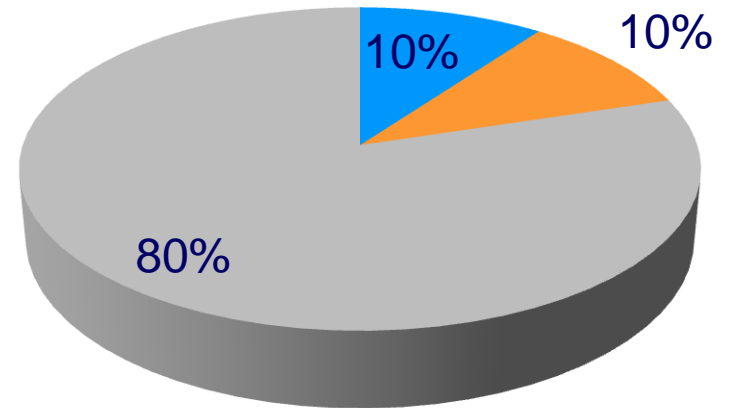
Exports

Export



■ Yes ■ No

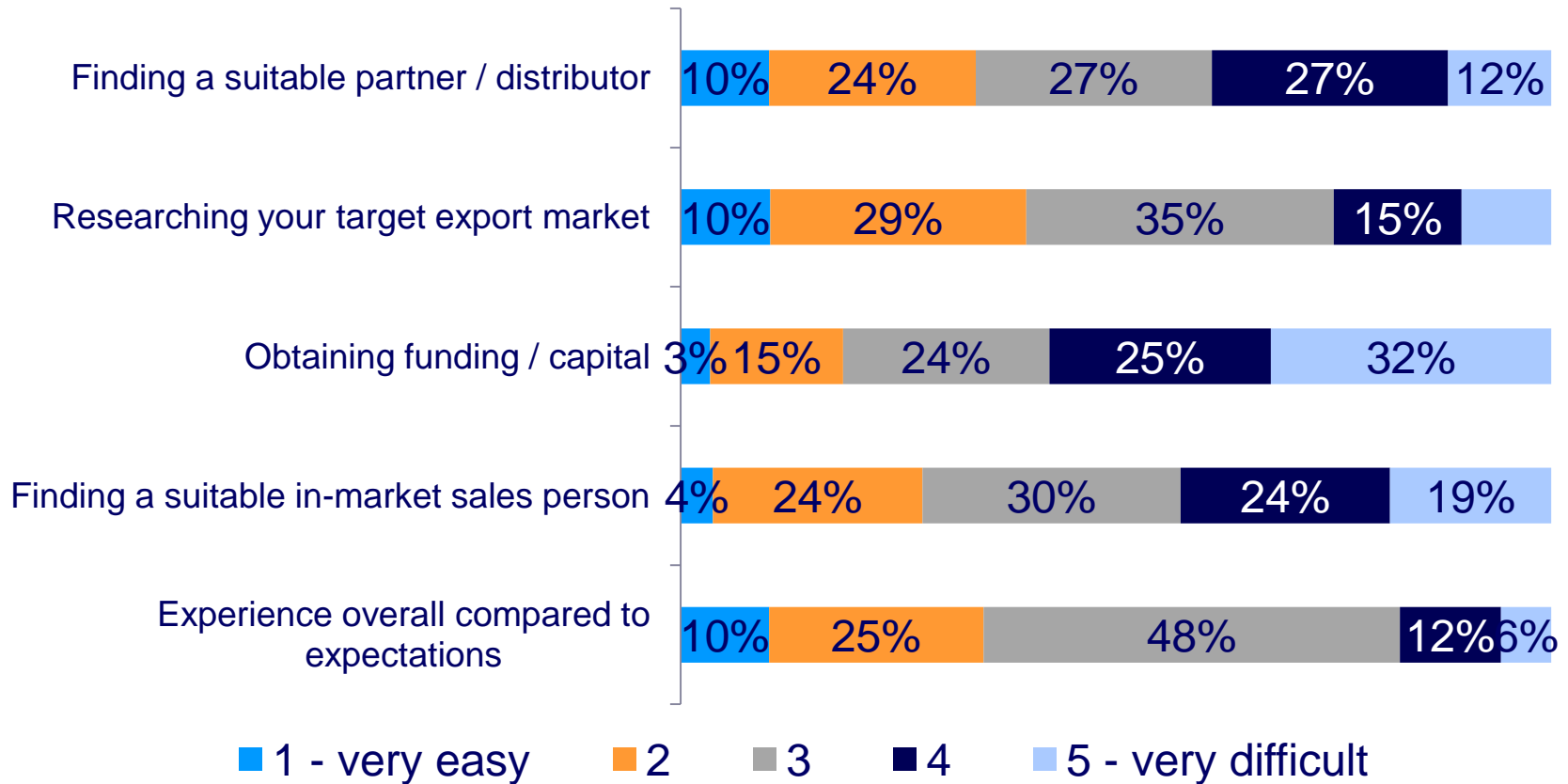
How Long Exporting



■ Less than a year
■ 1-2 years
■ More than 2 years

Majority of exporters have been doing so for a few years

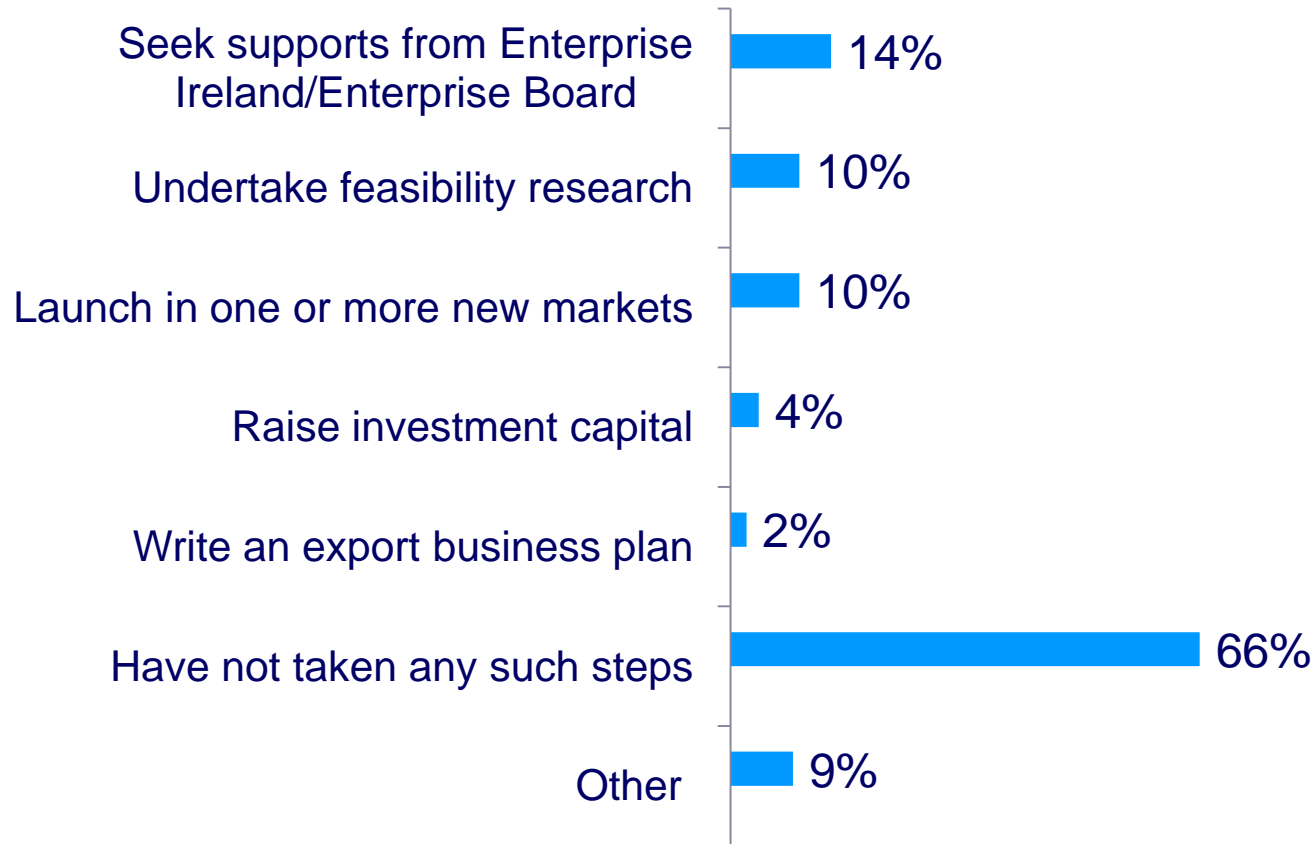
Exporters - Please rate your experience of the following issues in relation to exporting on a scale of 1-5 where 1 is very easy and 5 is very difficult -



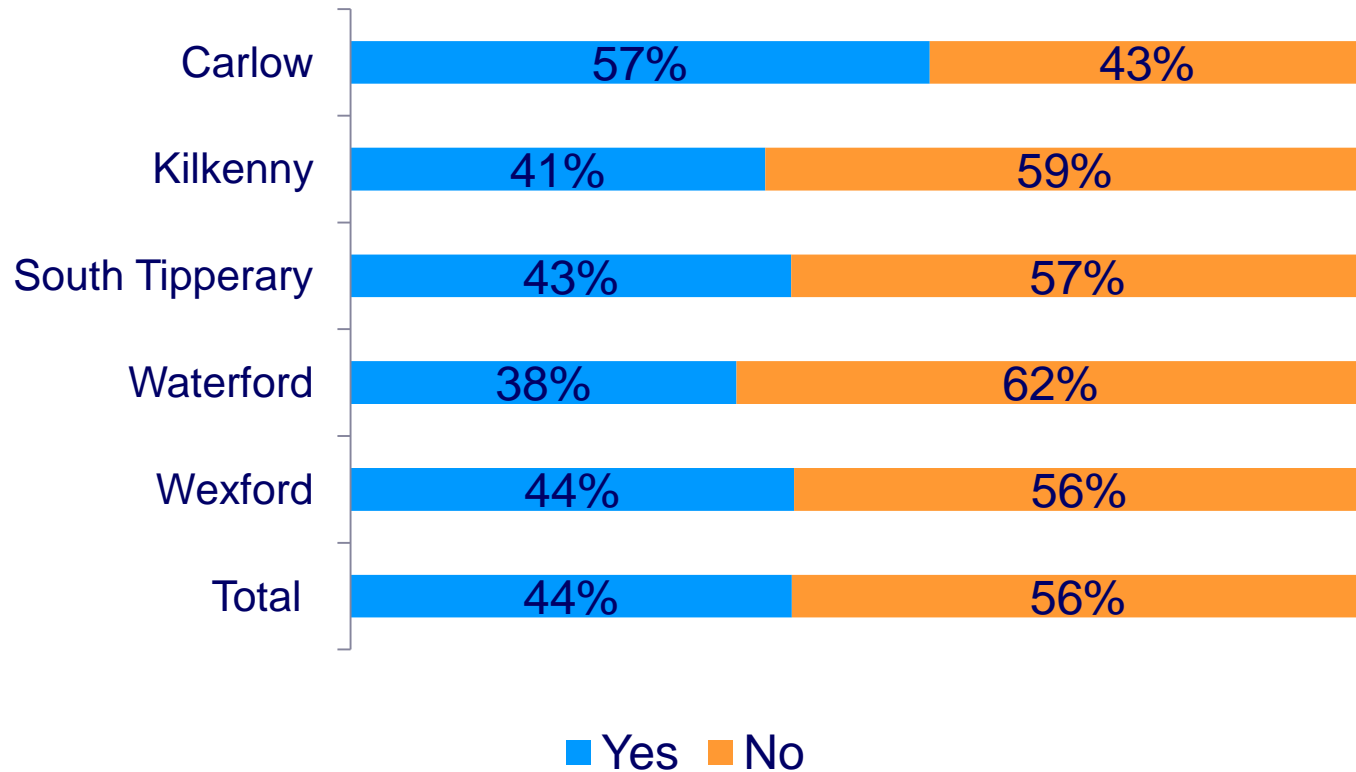
Obtaining funding most difficult aspect of exporting and more difficult than 6 months ago

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Planning to Export — Although you do not currently export have you taken any of the following steps in the past year to do so? (non-exporters only)



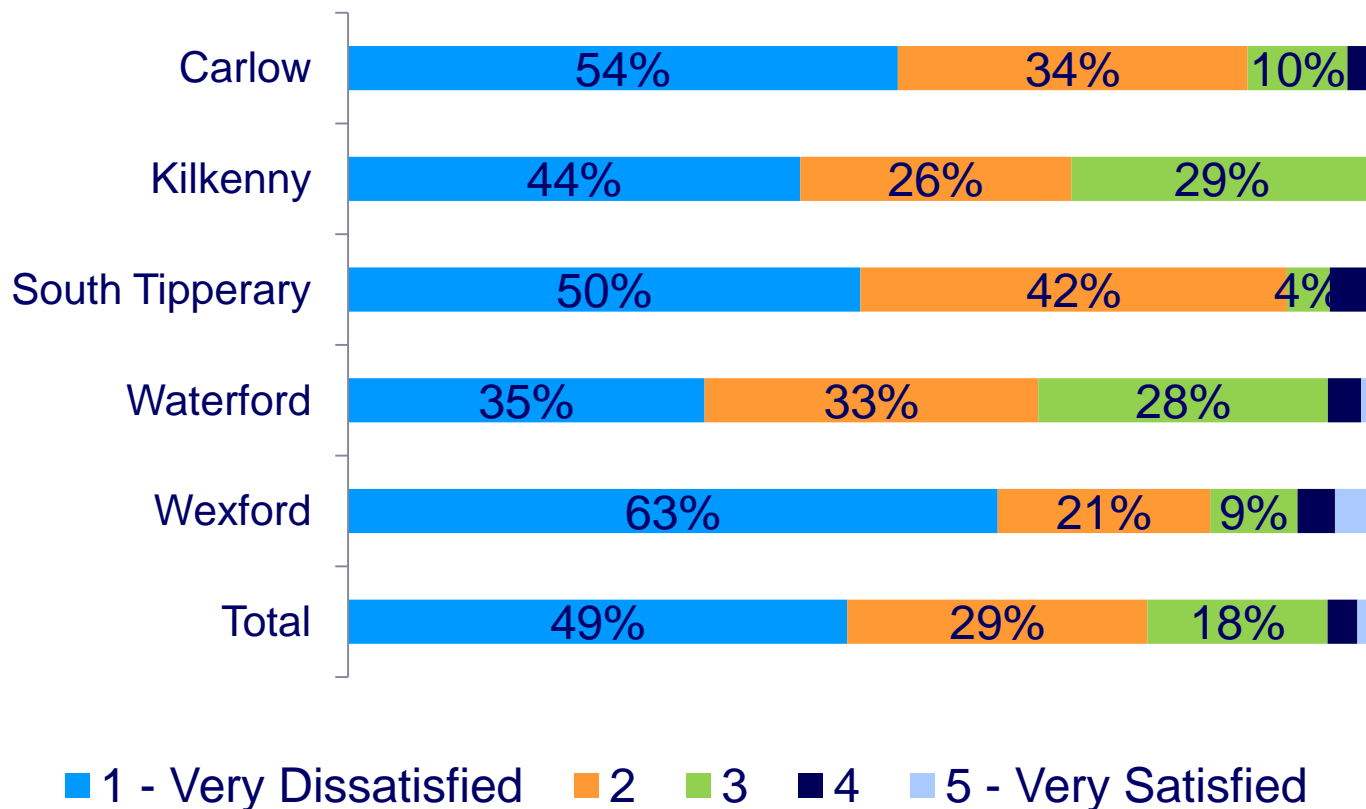
Bank Loan — If you were given the opportunity to borrow up to half of your organisation's turnover at 5% to invest in your existing, or an additional, business would you take this up?



Most wouldn't want to borrow a significant amount at this stage

Rates – Value for Money

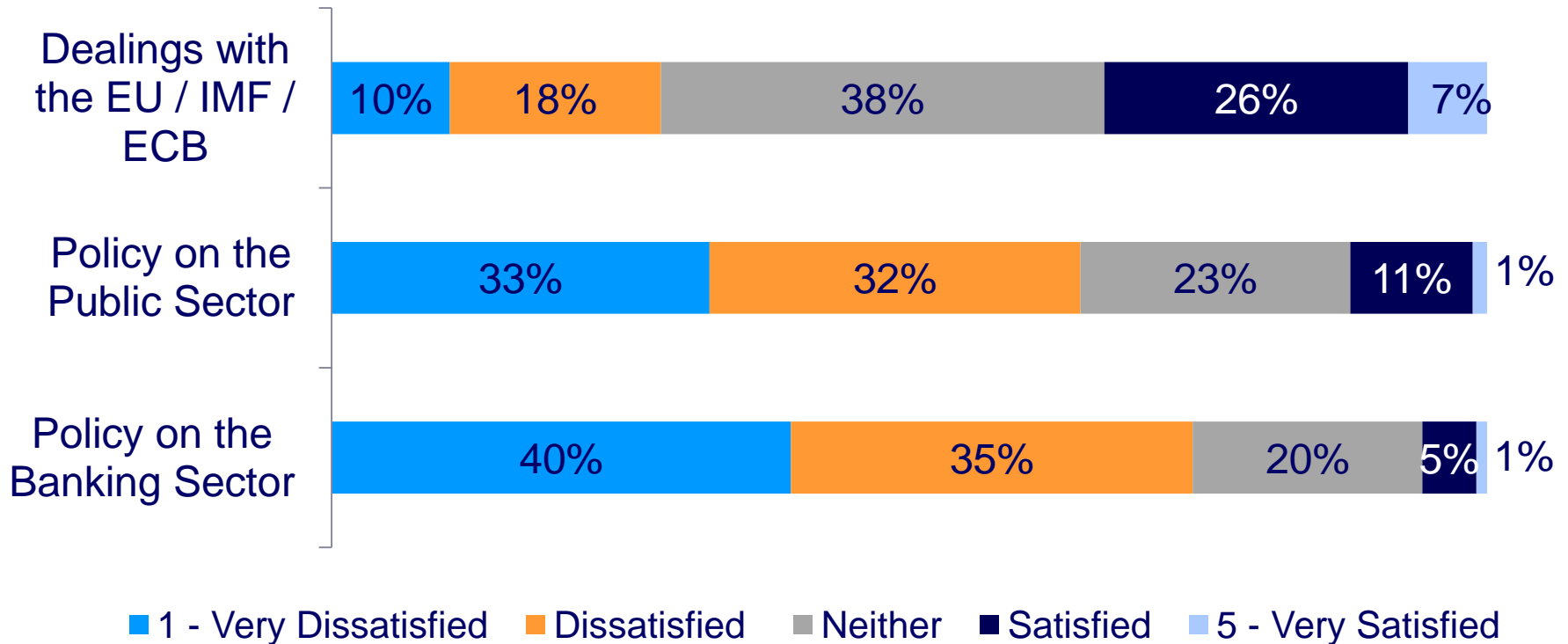
If you were given the opportunity to borrow up to half of your organisation's turnover at 5% to invest in your existing, or an additional, business would you take this up?



Massive dissatisfaction with value for money for Local Authority rates paid by businesses

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Government Effectiveness - The new government has now been in place for 6 months. How satisfied are you to date with its performance on the following issues?



Even greater levels of dissatisfaction with government performance on public sector and banking issues than 6 months ago

Summary of Findings

- Tide beginning to turn with half of businesses seeing better sales this year than last (28% lower)
- Most positive sectors this year are agriculture, manufacturing and financial services – transport / distribution / telecoms and retail / wholesale most negative
- Expectations for profitability this year very evenly balanced with same number expecting a fall as a rise
- Employment outlook similar to May survey – net fall in jobs expected this year – 15% employ more / 25% fewer than end of 2010
- Outlook for the coming year is more positive than at any time since the survey began in May 2008 – 50% expect sales to improve, 17% expect a decline
- Financial services, manufacturing and hotels/restaurants/tourism are the most positive sectors - transport / distribution / telecoms and retail / wholesale more positive

Summary of Findings cont

- Even construction firms broadly positive (74% expect improvement or same as 2011)
- Respondents level of positivity about their own business prospects continues to improve
- Big improvement since May survey in level of positivity about Irish economy (+7% compared to -11%)
- Nonetheless slight majority of businesses have seen a fall in customer activity in past 6 months (38% more, 40% less)
- If offered a loan of up to half of annual turnover at 5% interest rate just 44% would accept
- Massive dissatisfaction with value for money that businesses get from the Rates they pay to Local Authorities – just 4% satisfied
- South East businesses even more dissatisfied with government on performance on public sector and banking than 6 months ago



For further information please contact:
john@marketdynamics.ie
056 775 8888