



# Behaviour & Attitudes

## Business Confidence Monitor

2<sup>nd</sup> Quarter 2011

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# Introduction

- Given the state of the economy, and the uncharted waters businesses find themselves in, Behaviour & Attitudes now conduct a business Confidence survey on a quarterly basis in tandem with its Consumer Confidence survey.
- A questionnaire has been developed for the business monitor which covers issues such as recent business results, projected employment levels, profit margins and expectations for the forthcoming year.
- The quarterly survey is conducted via telephone amongst a sample of 350 Business owners/Managers countrywide.
- The sample is drawn from a 'deduped' mix of reputable business listings including Bill Moss, Data Ireland, the Irish Times and Business & Finance Top 500 companies in Ireland

# Sampling Approach

- The profile of business company size in Ireland (Source: Bill Moss) compared with the achieved Behaviour & Attitudes Business Confidence Monitor sample is set out below:-

	Known Profile (Bill Moss)	B & A Business Monitor Sample	B & A Weighted Results
<u>No of employees</u>	%	%	%
▪ 1-3	42	35	42
▪ 4-9	28	21	28
▪ 10-19	14	19	14
▪ 20-50	11	15	11
▪ 50-250	6	8	6
▪ 250+	1	2	1

- The survey data is subsequently weighted to reflect the known universe profile.
- A sample size of 350 will yield a dataset which can be deemed to be accurate to within plus or minus five percentage points.

# Sampling Approach

- Interviewing was conducted through Behaviour & Attitudes Computer Aided Telephone Interviewing Unit (CATI) at Milltown House in Dublin.
- Interviews were conducted with the owner/Chief Executive of each selected company.
- Fieldwork on the project was conducted between the 28<sup>th</sup> July - 9<sup>th</sup> August, 2011.
- All interviewing was centrally supervised and quality control verification was conducted on 15% of interviews undertaken.

# Summary of key findings

# Behaviour & Attitudes Business Monitor

## Summary of Main Findings

### BUSINESS ACTIVITY 2<sup>nd</sup> QUARTER

- Just over half of all companies report that their business performance is lower than was the case for the equivalent period last year. Only 29% are faring better.
- However, at least this figure of 29% faring better is slightly higher than that for the tracking period for the 1<sup>st</sup> quarter (which was 23%). This slight lift in activity appears to be evident across both Indigenous and those involved in some Export business.
- Worryingly however, looking forward, business owners are less optimistic. Here we see significantly more business owners claiming they expect their figures to be lower in the third quarter (compared with last year). Indeed as many as half of all companies believe this will be the position.
- Below this, we find that companies who are operating exclusively in the Indigenous Irish market are less optimistic than those who are exporting. However, even those companies who are exporting are considerably less positive than was the case earlier in the year.

# Behaviour & Attitudes Business Monitor

## Summary of Main Findings

- Looking to the end of the year, the jury continues to be out on how they might fare for the whole of 2011. There are no signs of companies firming up on expectations - even though we are halfway through the year.
- Interestingly though, companies that have exports in their armoury are considerably more optimistic than those operating in the Irish market only. On this front they are more positive than previously and as such they must be hoping that the final quarter of 2011 will be much stronger for them.

### PRICING AND PROFIT

- Across all companies, the pressure on pricing continues. In this quarter, slightly more companies report they are charging less than was the case for the second quarter of last year (49% in this measure). Here there are no signs of abatement.
- Not surprisingly therefore there has been no movement in the levels of operational profit reported with close on 6 in 10 claiming it is lower than last year.

# Behaviour & Attitudes Business Monitor

## Summary of Main Findings

### EUROZONE

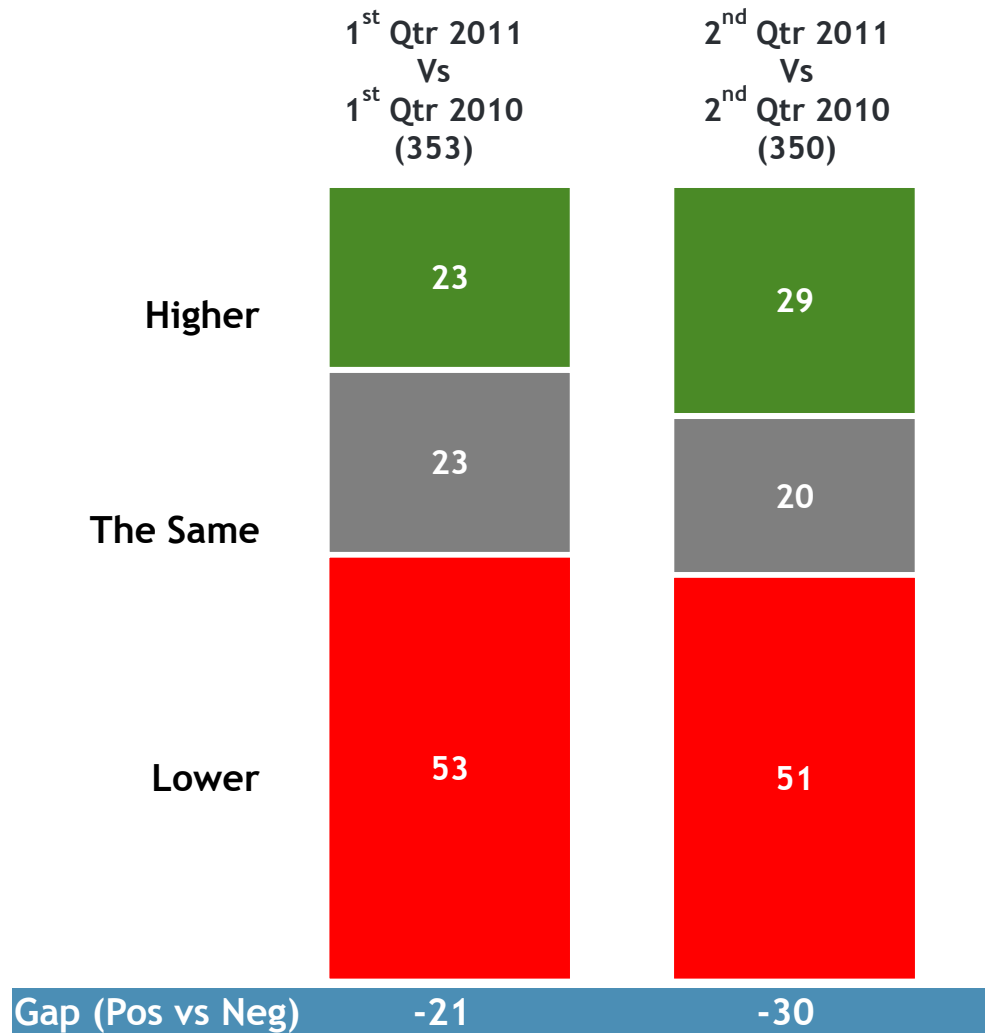
- 4 in 10 business owners believe that the most likely outcome of the current Eurozone crisis is closer fiscal integration, with Eurobonds centrally issued. Most of the remainder (a third) are more of the view that a two tiered Eurozone will emerge - one for stronger economies and one for the weaker.
- Without question, from a business perspective, business owners favour the idea of closer fiscal integration with centrally issued Eurobonds to ease access to markets for debt laden nations.



# Detailed Survey Results



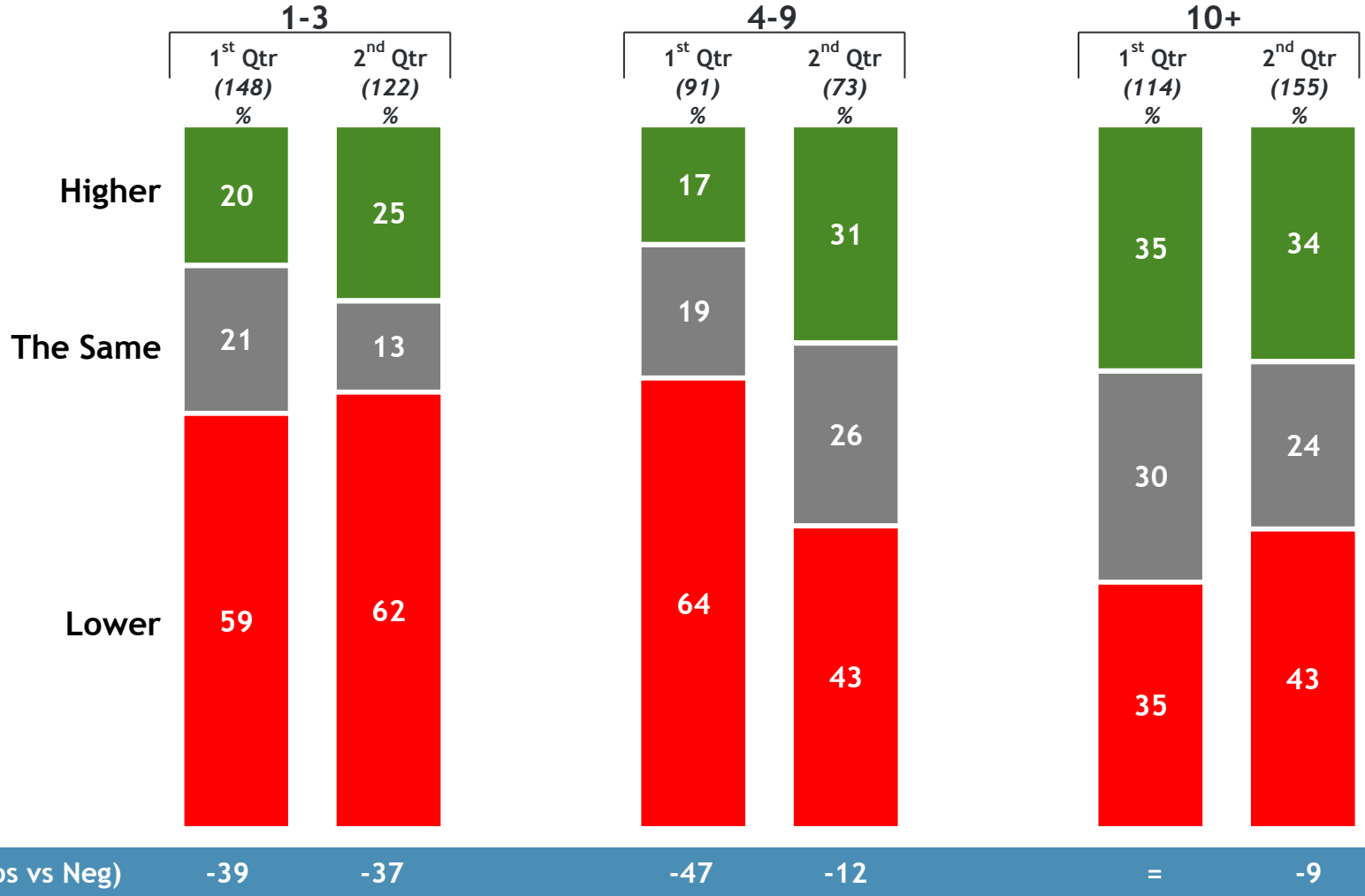
# Business Activity Looking back - short term analysis compared with equivalent period last year



Q. Business activity may be measured by gross income, chargeable hours worked or any equivalent measure of volume of activity appropriate in your business. How has your business performed in the second quarter of this year – from April to June. Were your results higher, lower or the same compared to the same period last year?

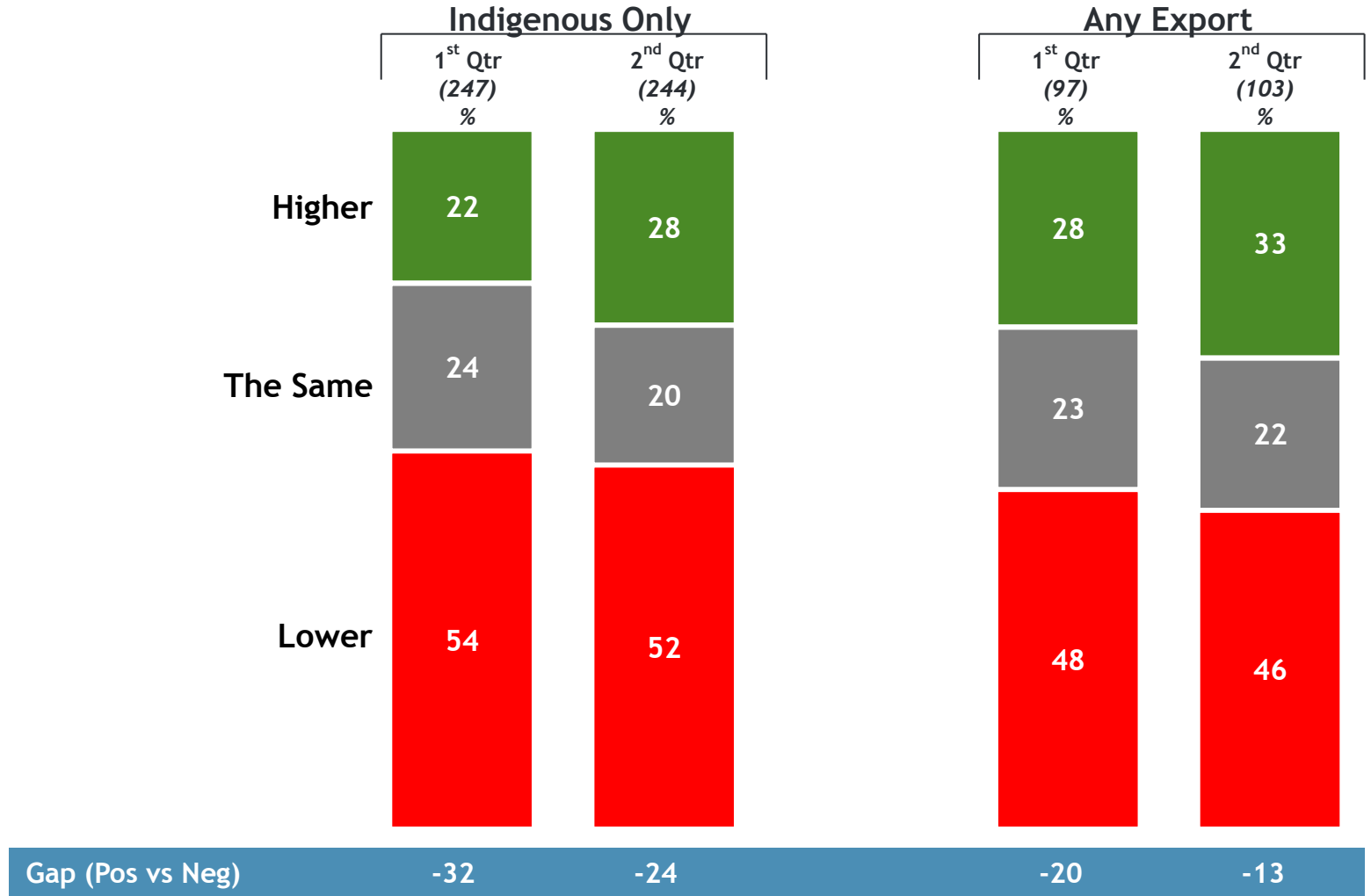
# Business Activity Looking Back- 2<sup>nd</sup> Quarter 2011 compared with equivalent period last year

## Number of Employees

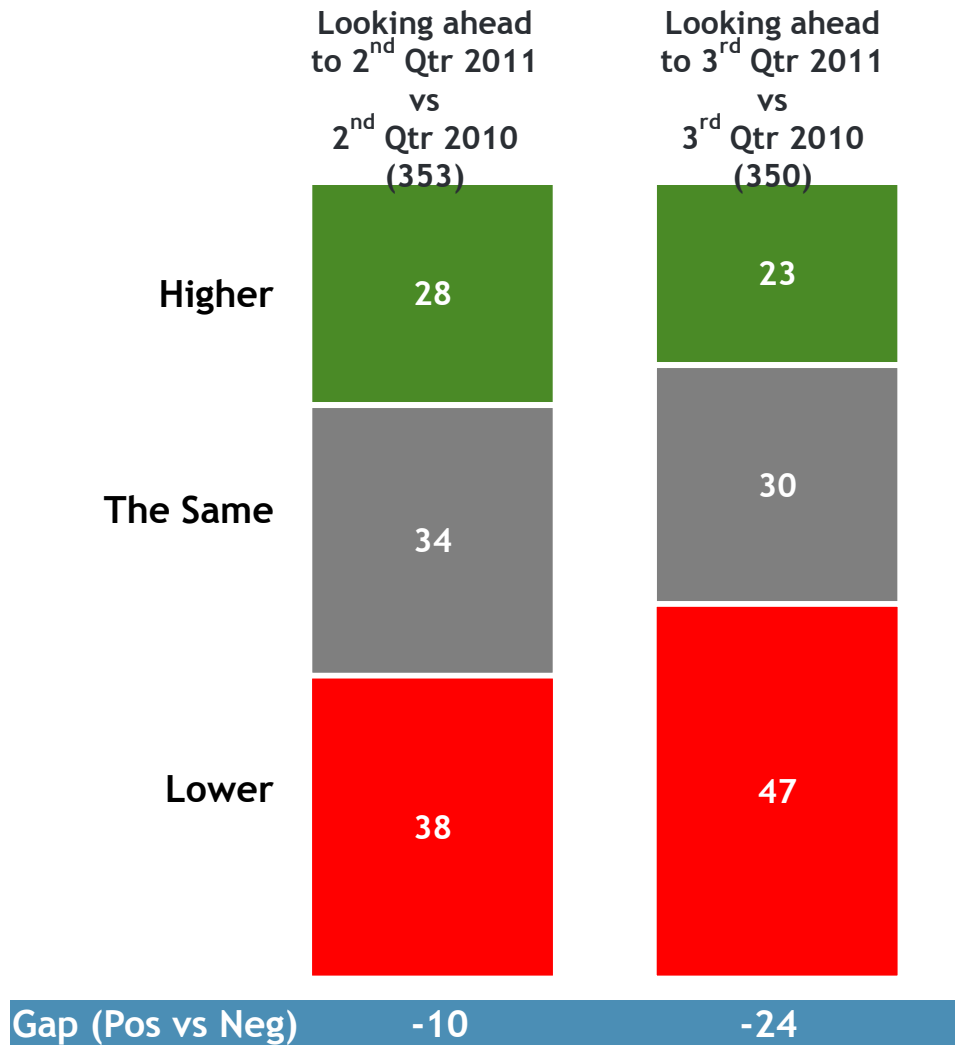


Some evidence that smaller companies are faring better than the larger companies this quarter.

# Business Activity Looking Back - 2<sup>nd</sup> Quarter 2011 compared with equivalent period last year



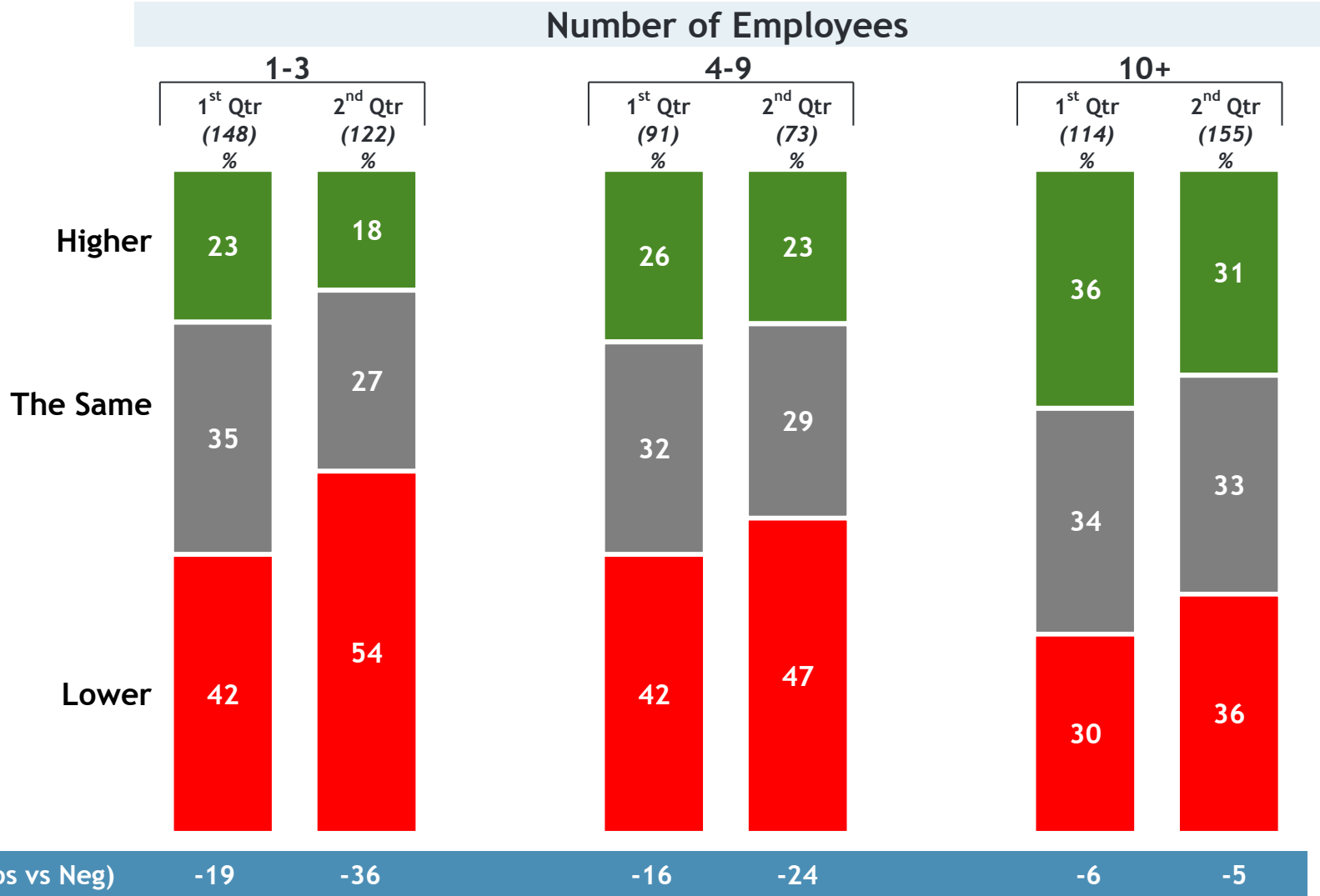
# Business Activity Looking Forward - short term analysis compared with equivalent period last year



Fewer companies believe their performance will be stronger for the 3rd quarter when compared with an equivalent period last year. No doubt the global economy is causing a rethink.

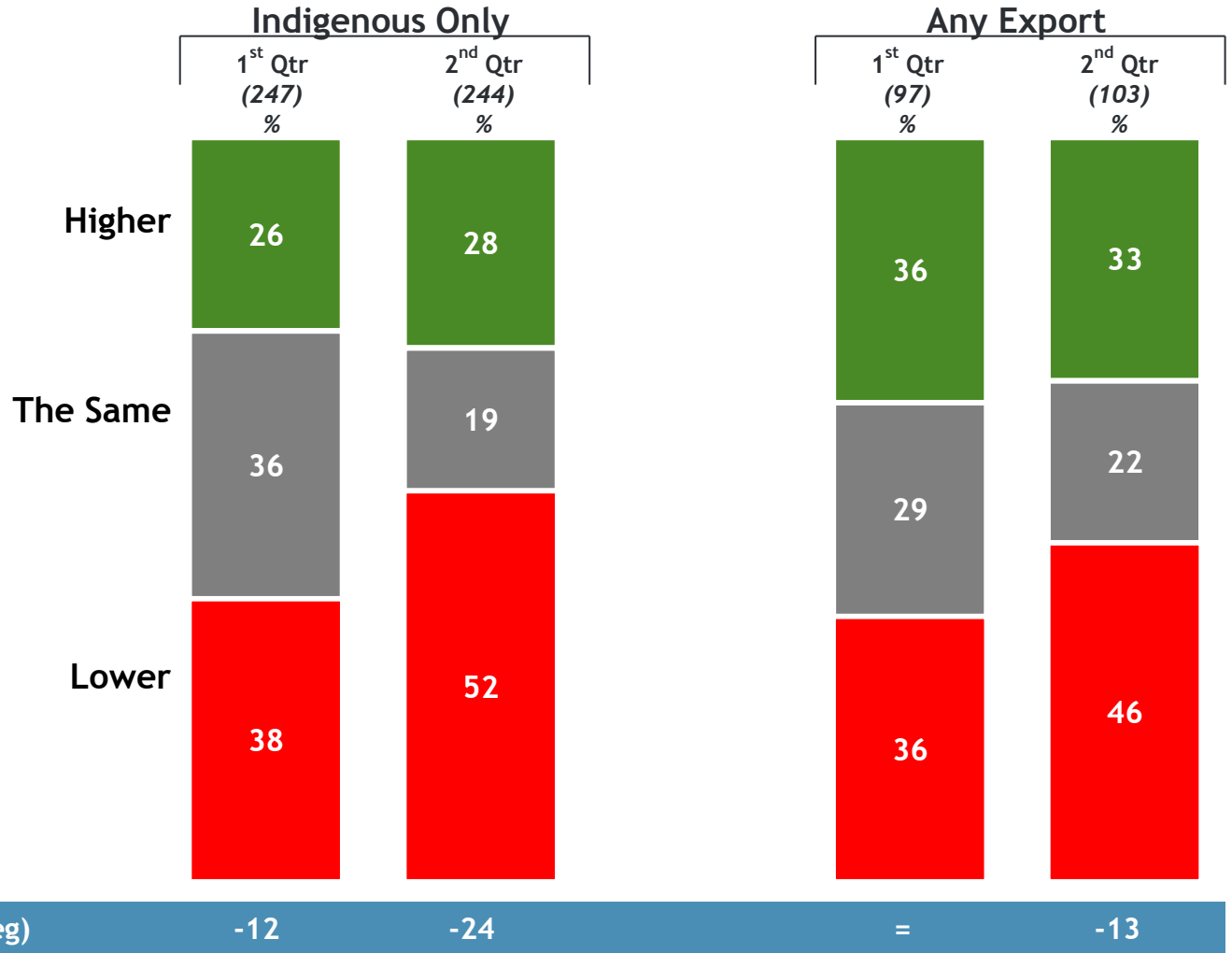
Q. And thinking ahead to the third quarter – July to September – do you think your performance will be higher, lower or the same as the second quarter of 2010?

# Business Activity Looking Forward - 2<sup>nd</sup> Quarter 2011 compared with equivalent period last year



Here all companies regardless of number of employees are lowering their expectations for the next quarter.

# Business Activity Looking Forward - 2<sup>nd</sup> Quarter 2011 compared with equivalent period last year

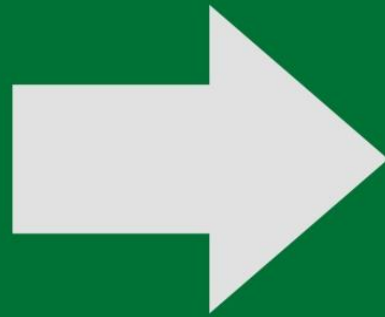
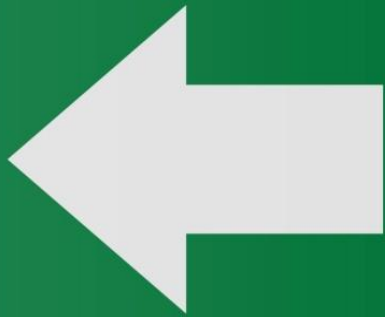


Even exporting companies seem concerned.

# Optimism

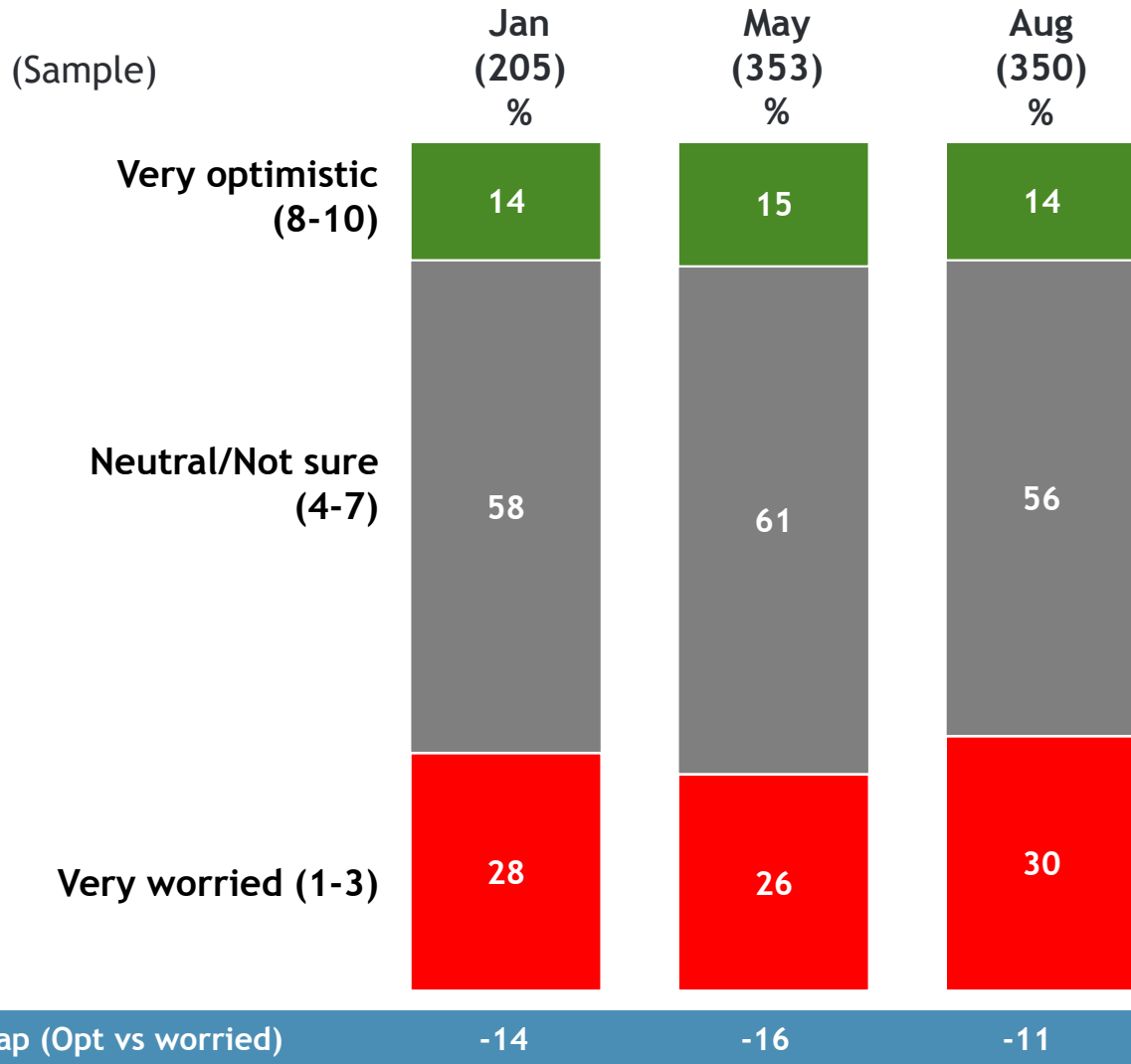
**DOOM**

**GLOOM**



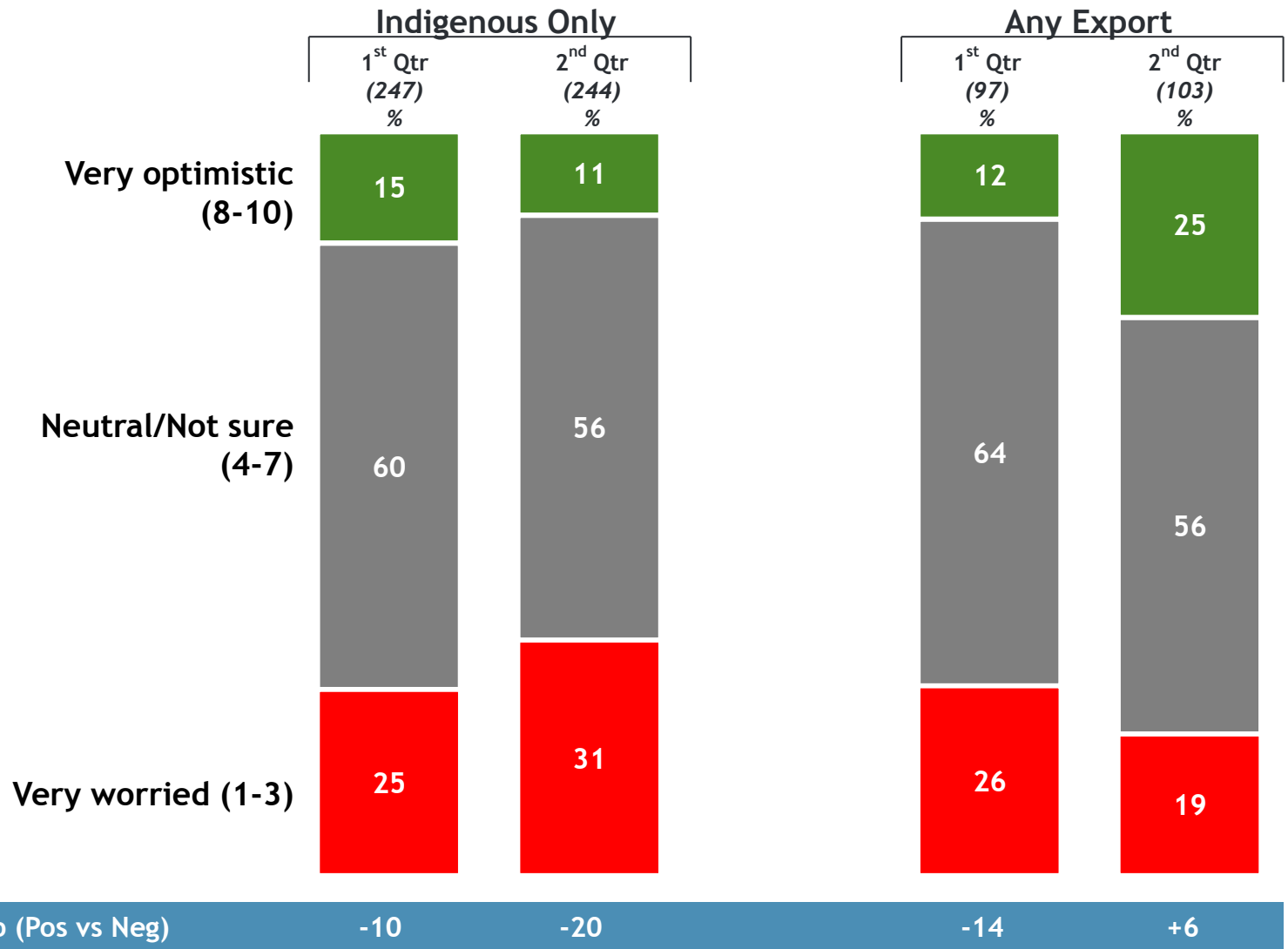


# Business Environment - Optimism for 2011 as a whole?



Despite some positive achievements in this second quarter, the jury continues to be out on how business will fare by the end of the year. More companies are worried than are positive.

# Business Environment - Optimism for 2011 as a whole?

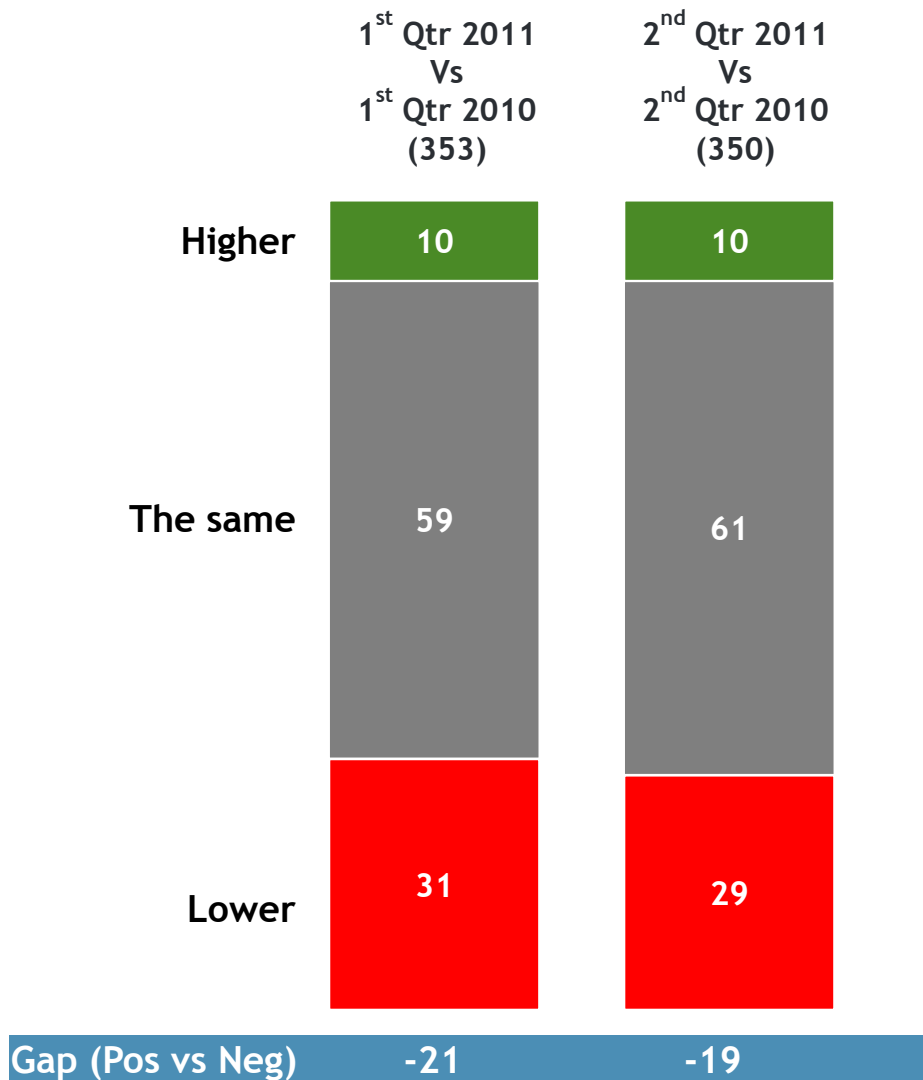


Encouragingly at least we see that those who are involved in some export business are more optimistic.

# Employment levels



# Employment Levels



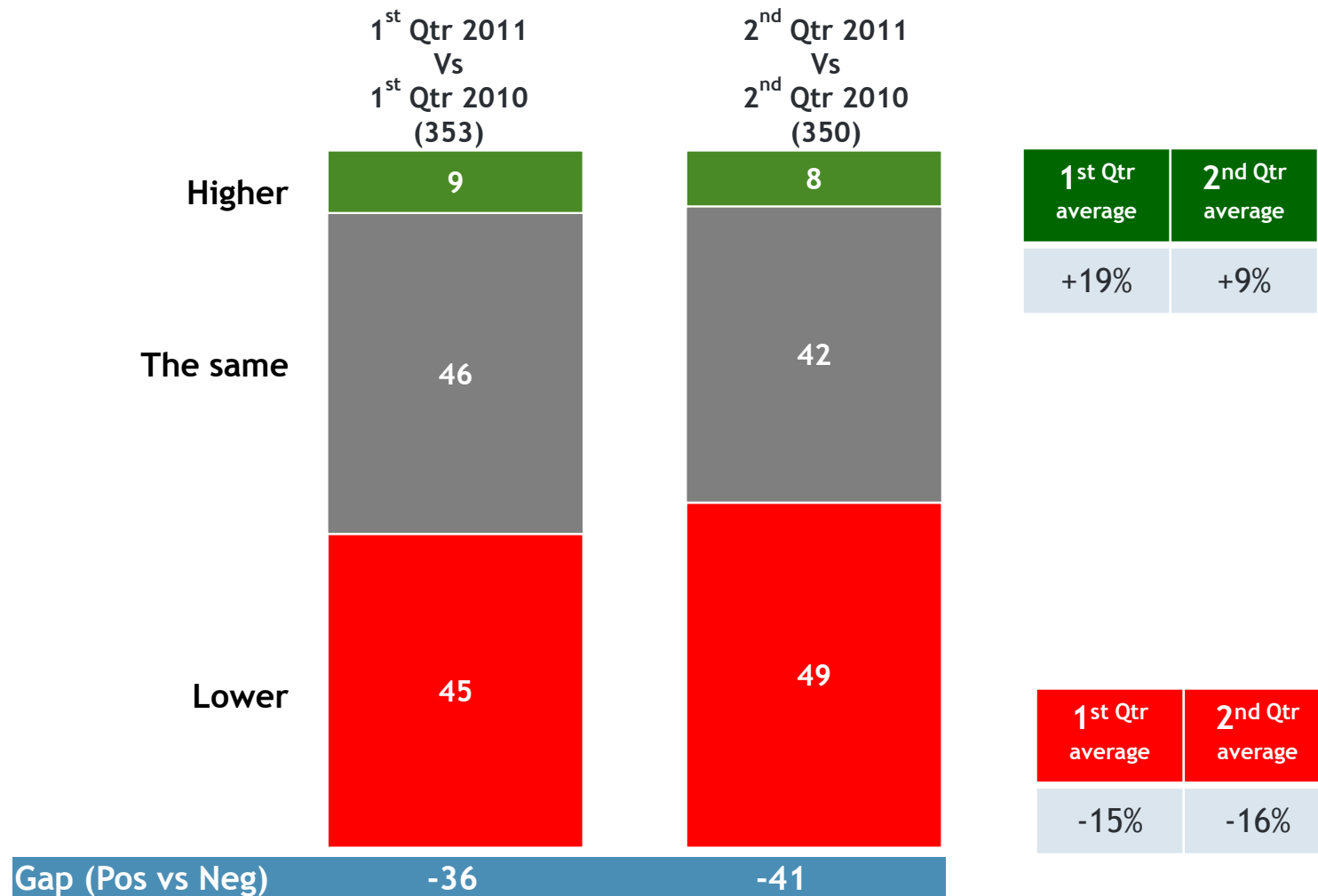
Very little change in employment levels over the tracking period.

Q. Could you indicate whether your employments levels are higher, lower or the same compared with the first quarter of last year?

# Prices and profits



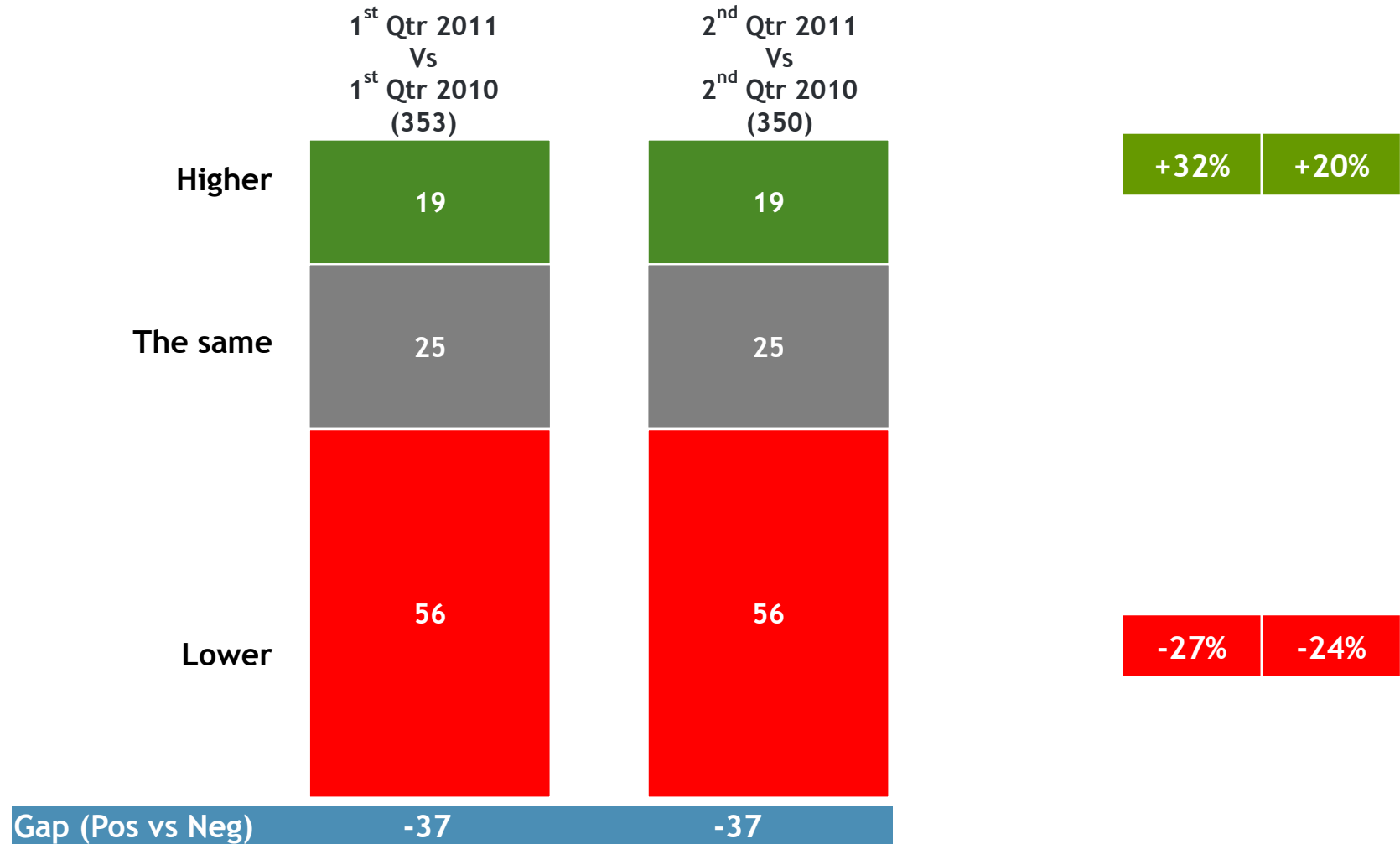
# Prices Charged - All Businesses



There is no doubt that there continues to be pressure on pricing. Even more companies are charging less than was the case in the 1<sup>st</sup> quarter.

Q. Could you tell us whether prices charged are higher, lower or the same compared with the first quarter of last year?

# Operational Profit - Year on Year



And so there is no change in the levels of operational profit with almost 6 in 10 companies reporting lower levels of profit than last year.

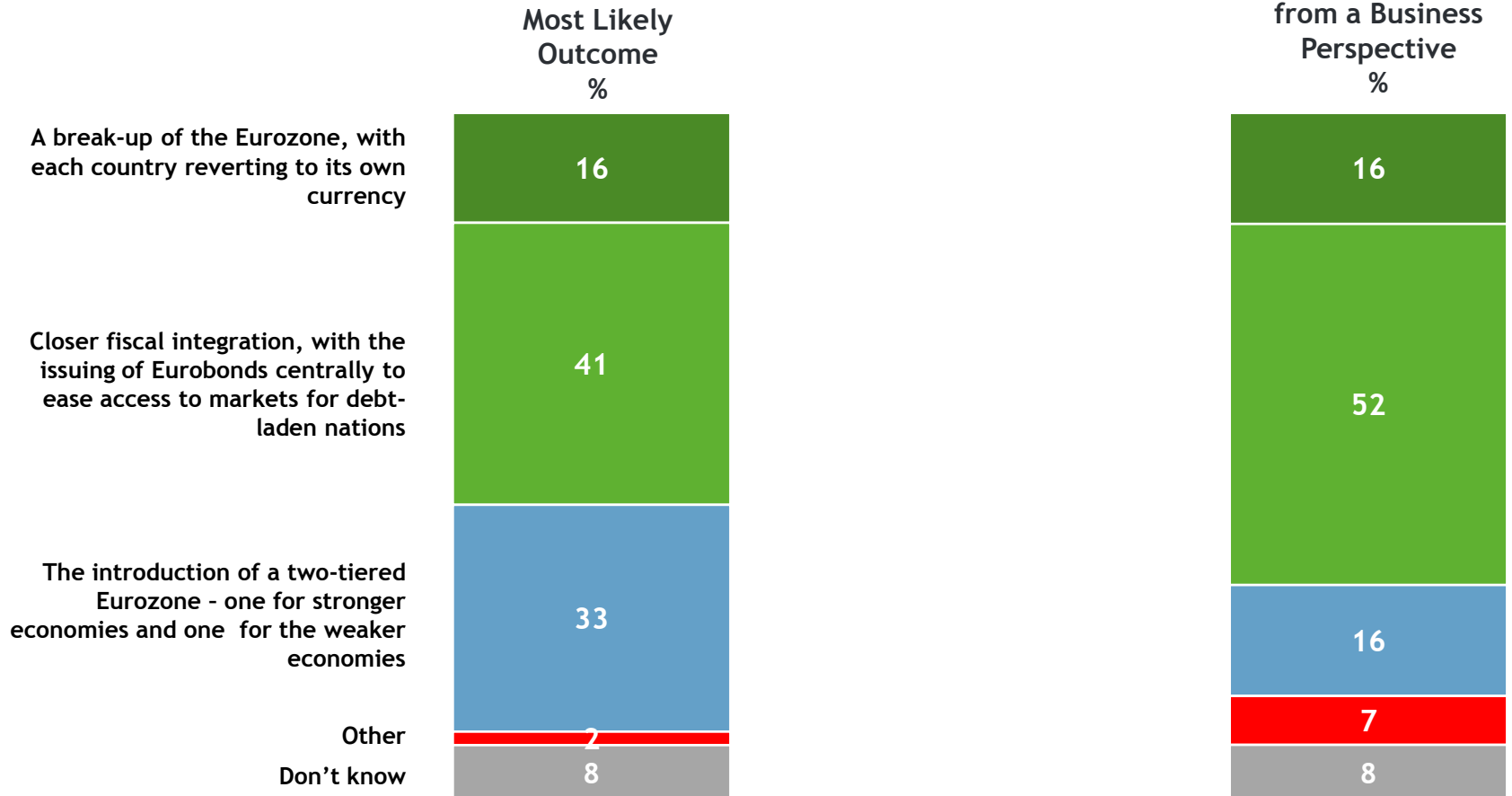
# Eurozone





# Most Likely & Preferred Outcome of Current Eurozone Crisis

Base: All companies - 350



- Q.A I would like you to think of the Eurozone crisis. Which do you feel is the most likely outcome of the current Eurozone crisis?
- Q.B And which would you prefer from a business perspective?

# Thank you



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