



**QUARTERLY BUSINESS MONITOR**  
JANUARY TO MARCH 2011  
**Detailed Findings**



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6<sup>th</sup> May 2011

Dear Aidan

### Business monitor report Q1 2011

Please find enclosed the draft report from the Q1 2011 business monitor survey. The findings present the experience of businesses on the island for the quarter from January to March 2011 along with their expectations for the year ahead.

The theme for the business monitor this quarter is an in-depth look at how the economic downturn has affected businesses over the last three years.

We have enjoyed working with you on this project. If you require any further information please do not hesitate to give me a call.

Warm regards

A handwritten signature in black ink that reads 'Maureen Treacy'.

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Submitted 6<sup>th</sup> May 2011

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# 1. Executive summary

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InterTradelreland has commissioned Perceptive Insight and Oxford Economics to conduct its quarterly business monitor. The objectives for this project are:

- For the business monitor to act as a topical indicator of business confidence, cross-border trade and business activity across the island of Ireland; and
- For the survey results to act as an evidence base on a variety of themes of interest to business and policy makers, themes on which InterTradelreland can build future initiatives.

## Approach

Each quarter telephone interviews are conducted with over 1,000 business managers on the island of Ireland. The sample is stratified by number of employees, sector and region (Ireland/Northern Ireland) and the data weighted at the overall reporting level to reflect the profile of businesses.

The interviewing for Q1 2011 took place during April 2011.

## Business performance

### Sales levels

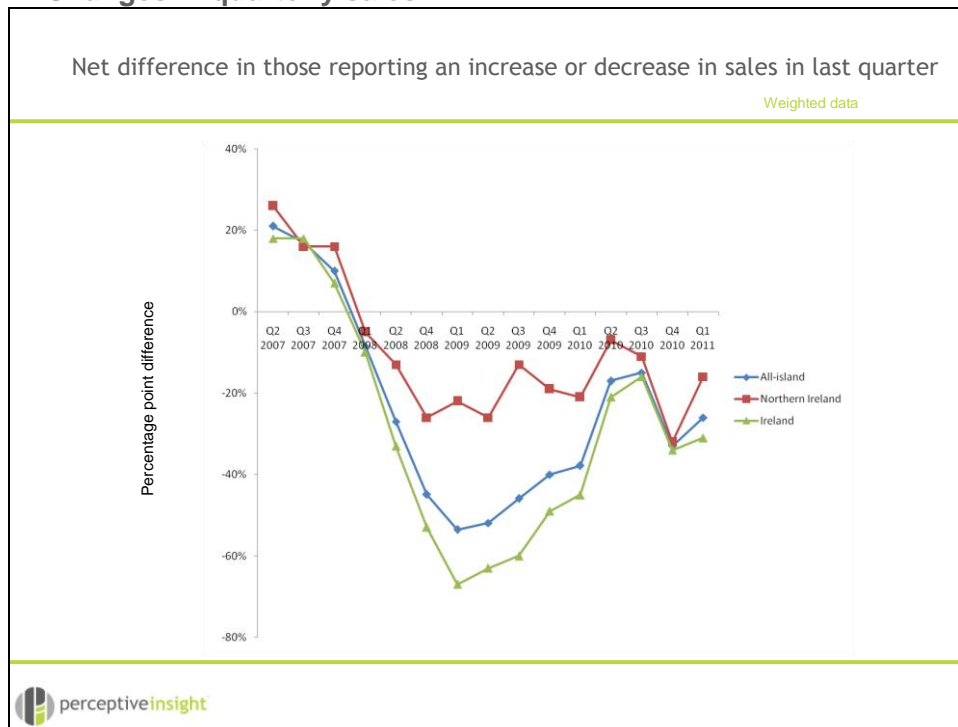
While 23% have seen an increase in sales over the past quarter (Q1 2011), 27% report no change and 49% say that sales have decreased giving a net difference of -26% points. This compares with a net difference of -33% points in Q4 2010 and signifies a positive improvement after a sharp decline in Q4 2010 (Figure 1.1).

Similar to previous quarters, those most likely to be affected by a decrease in sales are smaller businesses (51%). Also three in five of those operating in the construction, retail and distribution and leisure, hotel and catering reported decreased sales.

The sector which, on balance, is fairing better than others at the moment is business services. While 32% have reported an increase in sales, 29% have reported a decline giving a net difference of 3% points. The manufacturing sector appears to have maintained a similar position to last quarter with 27% saying sales have increased and 50% reporting a reduction (net balance of -23% compared to -19% in Q4 2010).

The findings show that companies in the North have experienced a better quarter in terms of sales than those in the South, with net differences of -16% points for NI business and -31% points for those in Ireland.

Figure 1.1: Changes in quarterly sales

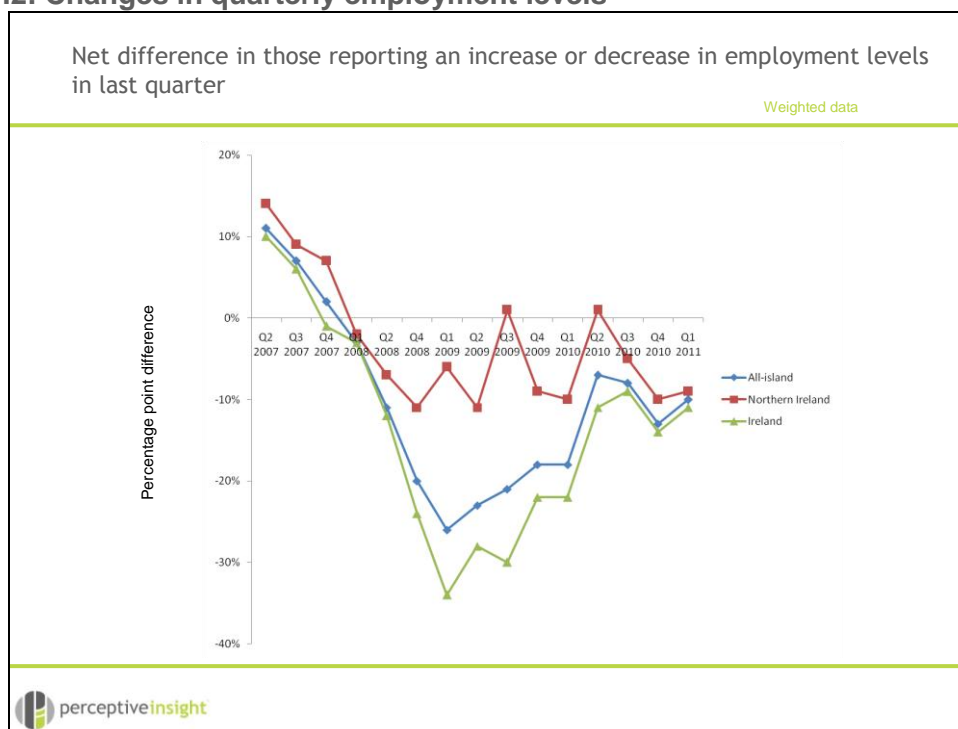


### Employment levels

While 7% report that they have taken on new employees in the last quarter, 17% say they have made a reduction in staffing levels, giving a net balance of -10% points. Quarterly trends in employment levels show a marginal positive improvement since last quarter, with the percentage hiring increasing from 5% to 7%. The percentage reducing staff numbers has changed from 18% to 17% (Figure 1.2).

Analysis by sector shows that those in construction (-35% point net difference) are much more likely to have reduced employee levels than other sectors.

Figure 1.2: Changes in quarterly employment levels



## Business outlook

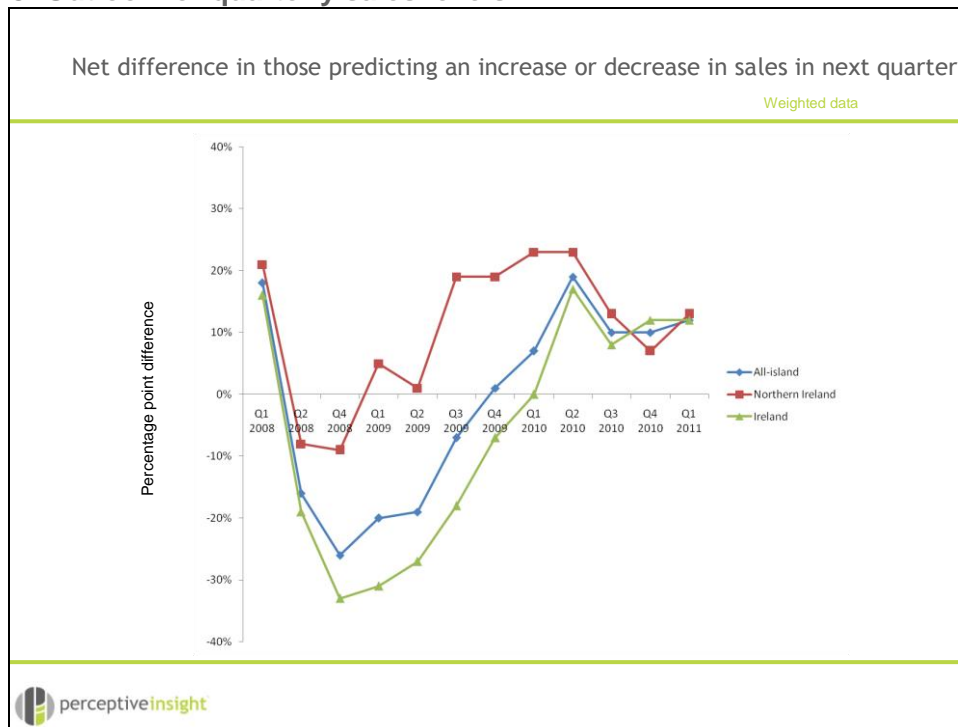
### Sales levels

Looking forward to the next 12 months, 34% of businesses are optimistic that their level of sales will increase, with 22% expecting a decrease. Large and mid-size businesses are more positive than smaller enterprises, as are those who export and those who operate in business and other services. Business optimism levels are similar North and South.

Those based in Ireland are slightly more likely to be positive than Northern companies, with 35% expecting an increase compared with 33% in Northern Ireland. However, it should be noted that when looking at the net percentage point difference, sales optimism among NI businesses has increased for the first time since Q2 2010.

Analysis of the quarterly trends shows the percentages expecting their sales to increase or decrease remain at similar levels to the previous two quarters. Figure 1.3 shows the percentage point net difference between those expecting sales to increase and those predicting a decrease.

Figure 1.3: Outlook for quarterly sales levels



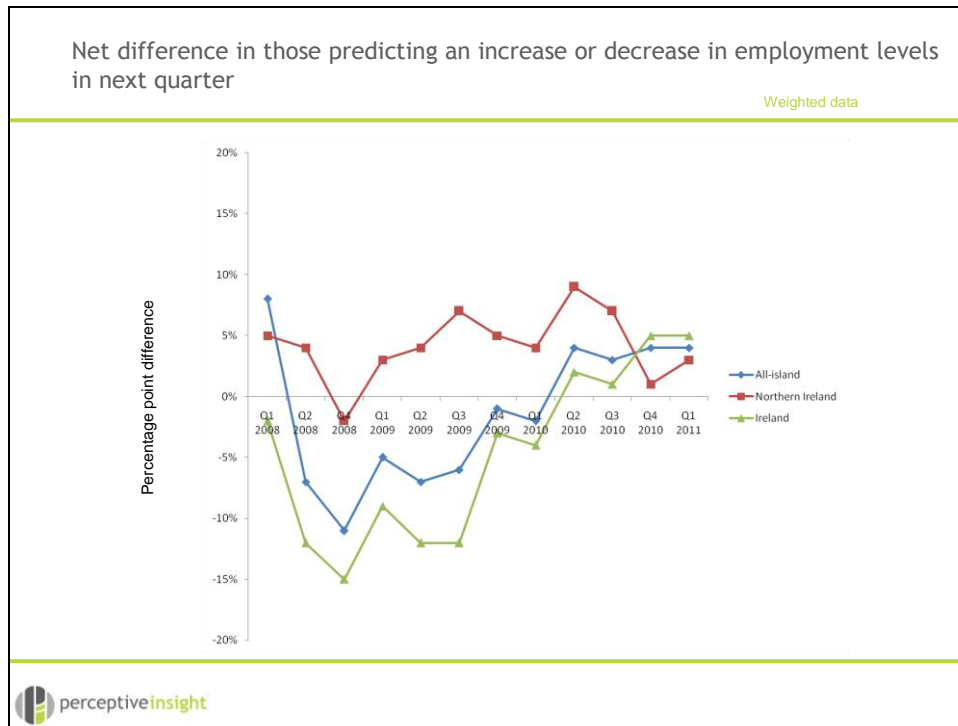
## Employment levels

In terms of employment levels, slightly more businesses expect to take on new staff (13%) rather than let them go (9%). These figures are similar to the Q4 findings (with 14% expecting an increase and 10% a decrease). Those most likely to be hiring are larger companies (28%), and those in business services (19%), leisure, hotels and catering (19%) and manufacturing (16%). The sector most likely to be reducing numbers is construction (23%).

There is a marked difference in the percentage of export companies planning to increase their staff (20%) compared with those who do not export (9%).

Once again quarterly trends show a net gain overall in the percentages planning to recruit, versus the percentages planning to reduce numbers (+4 percentage points) (Figure 1.4).

Figure 1.4: Outlook for quarterly employment levels



## Pricing

At an all-island level 19% say that they have increased their prices in the past 3 to 6 months, while 38% have reduced them. The quarterly trends show a move towards increasing prices, while the percentage reducing them has decreased.

While 39% of NI businesses have increased prices 12% have decreased them, with the balance maintaining prices at their current levels. The corresponding figures for Ireland are 10% who have made an increase and 49% who have reduced them. This indicates that much of the price increase trend can be attributed to companies in Northern Ireland.

## The business environment

### Cross-border and export activity

Thirty six percent of those surveyed say that they export outside their jurisdiction of either NI or Ireland and 28% engage in cross-border trade.

In terms of cross-border trade 37% of NI companies sell to Ireland while 24% of southern based companies trade northwards.

### Key business issues

The rising costs of overheads (80%) continues to be the issue that businesses are most likely to say is causing them concern at the moment. This is followed by rising energy costs



and a reduction in demand (71%). Business and consumer confidence is an issue for 69%, as is cash flow for 66% of respondents. As might be expected in the current climate and given the low percentage who are recruiting, difficulty recruiting and lack of appropriate skills in the workforce are much less of an issue than they would have been previously.

## The economy

### The impact of the economy on business

Nine out of ten businesses report that the economic downturn has had either a severe or moderate adverse impact on their business. Just 2% of businesses say that the economic downturn has had a positive impact on their business while 7% believe it has had no impact at all. Over half say they have been severely affected (53%). Those based in Ireland are much more likely to have been severely affected (62%) compared with NI businesses (33%).

### Profitability

In terms of profitability 30% of businesses report that they have not been able to remain profitable in the past 12 months. This issue has affected 17% of NI business and 36% of Irish businesses.

### Payment terms

As a consequence of the economic downturn, 34% report that customers have requested longer payment terms, 61% lower prices and 58% discounts. These requests are much more likely to have been made to those based in Ireland compared to NI companies.

## Impact of the economic downturn

This quarter we asked businesses to consider the impact that the economic downturn has had on their business over the past three years.

### Current business position

When asked about the current position of their business, just 16% said they were in growth mode, and 37% described their business as stable. However, 10% said their business was contracting and one third (34%) reported that they were trying to survive at all costs. A further 3% said they were winding down their business.

Analysis by sector shows that those in construction are most likely to be struggling with 7% winding down, 49% in survival mode and 12% saying they are contracting. Analysis by region shows that businesses in the south are more likely to be either winding down, in survival mode or contracting (50% in ROI compared with 40% in NI).

### Impact on turnover

Over two thirds (69%) have witnessed a decline in turnover since March 2008, with only 16% claiming an increase.

Those respondents in the construction sector were more likely to report a decrease, with 92% saying they have experienced a decline in turnover. Businesses in the South are more likely to have seen a decrease in their turnover (77%) than Northern companies (52%).

### **Impact on staffing levels**

Almost one half (46%) of businesses have reduced their number of employees in the last three years, while only 8% have increased staffing levels. Once again it is the construction sector which seems hardest hit, with 79% reducing their number of employees.

### **Business performance**

Over half (56%) of all respondents felt their business performance had either met or exceeded their expectations over the past three years. However two in five (41%) said they performed worse than expected.

### **Product and service diversification**

On the whole, two in five (39%) businesses chose to diversify either into other products or services as a result of the downturn. Interestingly, it is mid-size companies who are most likely to have diversified over the past three years, with 45% of companies claiming to have done so.

### **Market diversification**

In comparison with product diversification, businesses both North and South were less likely to have diversified in to other or new export markets in the past 3 years. Just 15% of all businesses had experience of this.

### **Business stress**

When asked to what extent they had found running a business through the economic downturn stressful 58% of respondents had found it stressful to some extent; with one quarter (25%) saying it has been extremely stressful.

### **Outlook for next business year**

The majority were positive about the outlook for the next business year, with 58% saying they were optimistic. However, one quarter (24%) remain pessimistic about the future.

## **Conclusions**

The findings from this quarter continue to show that businesses are facing difficulties, increasing overheads and are struggling to stay profitable. In fact, 30% of respondents reported that they had not remained profitable in the past 12 months. As a result, 19% of businesses reported that they had increased their prices in the past 3-6 months, and 80% reported that rising overhead costs was the biggest concern for them at this time.

The construction sector has been hit particularly hard in the past quarter. They are most likely to have reduced employee levels, and 9% reported that they are winding down, with almost half (49%) in survival mode.

Despite this though, business optimism is still high, 58% said they were optimistic for the next year.

## 2. Business performance and outlook

In this section we detail how businesses have performed in the first quarter of 2011 (January to March 2011) and their future performance expectations. We compare the change in sales and employment levels during the quarter and provide an indication of how businesses expect both to change in the next twelve months.

### Business performance

#### Changes in sales

Sales data for Q1 2011 show a marginal improvement on the previous quarter. While 23% of businesses report an increase in sales, 49% have seen a decline giving a net percentage point balance of -26%. This compares with a net balance of -33% for Q4 2010 and -15% for Q3 2010 (Table 2.1)

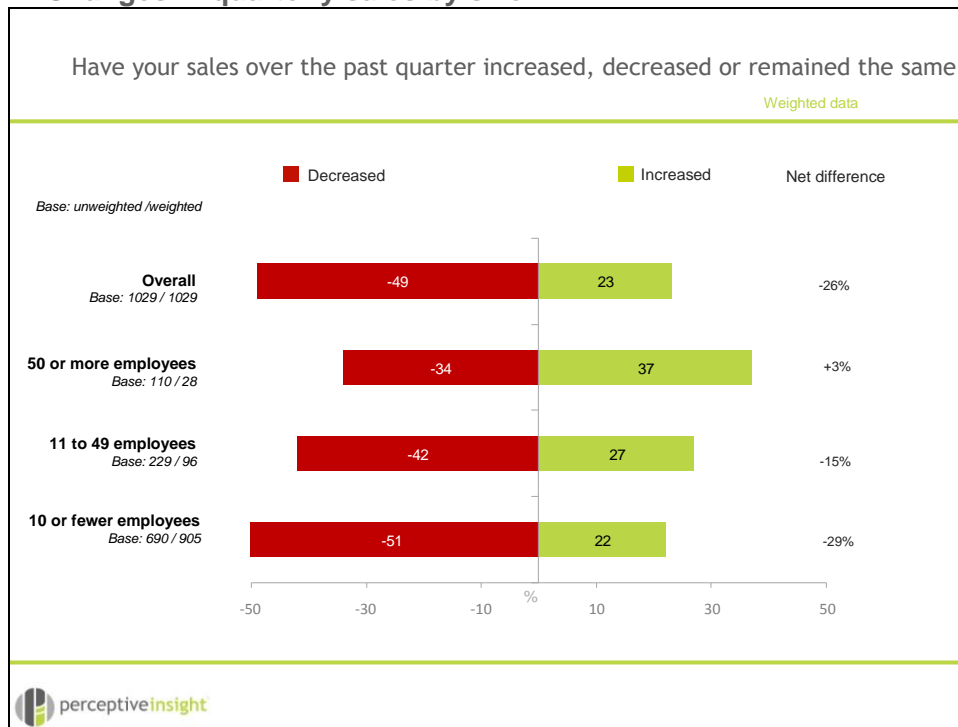
**Table 2.1: Trends in quarterly sales (weighted)**

Have your sales over the past quarter increased, decreased or remained the same? <sup>1</sup>												
	2008			2009				2010				2011
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Base	1,000		1,000	1,000	1,000	1,000	1,000	1,000	1,009	1,029	1,132	1,029
<b>Increased</b>	18%	-	11%	10%	12%	14%	15%	15%	26%	27%	19%	23%
<b>Remained steady</b>	33%	-	30%	26%	24%	25%	29%	29%	29%	30%	28%	27%
<b>Decreased</b>	45%	-	56%	63%	64%	60%	55%	53%	43%	42%	52%	49%
<b>Not sure</b>	2%	-	3%	2%	0%	2%	1%	2%	1%	1%	1%	1%
<b>Net difference</b>	-27%	-	-45%	-54%	-52%	-46%	-40%	-38%	-17%	-15%	-33%	-26%

Analysis by size of businesses shows that the larger businesses continue to perform better than mid-size or smaller businesses (Figure 2.1). Thirty seven percent of those who employ 50 or more experienced an increase in sales compared with 27% of mid-sized businesses and 22% of small businesses. Indeed 51% of small businesses said sales had decreased.

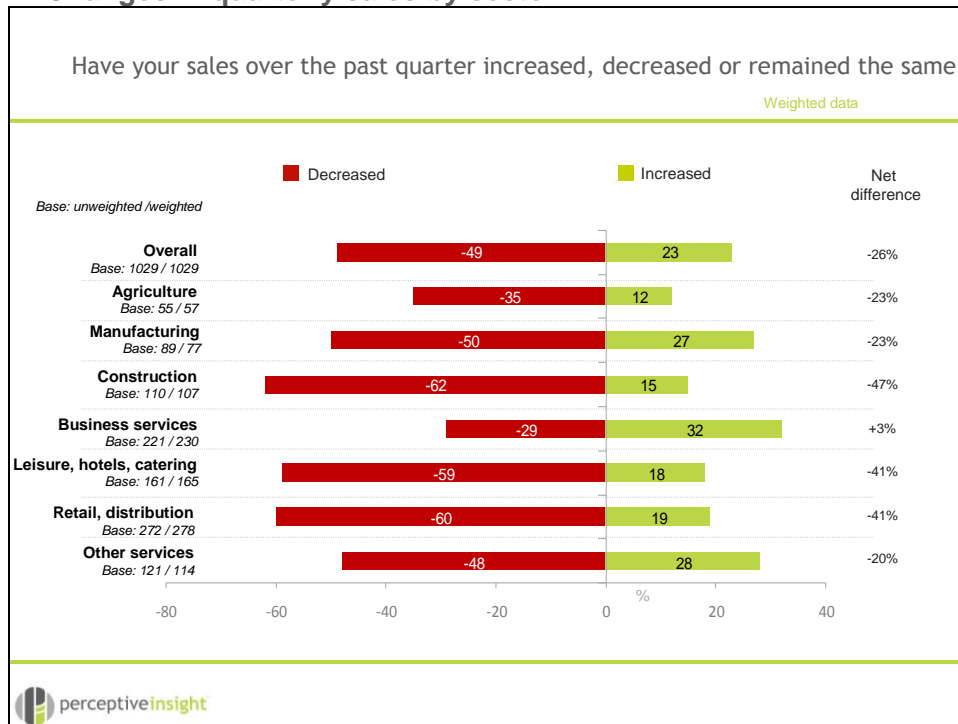
<sup>1</sup> Up to Quarter 1 2010 the question wording referred to turnover rather than sales

Figure 2.1: Changes in quarterly sales by size



The sectors most likely to be experiencing a decrease in sales are construction (62%), retail and distribution (60%), leisure, hotels and catering (59%), and manufacturing (50%). The sector hit least is business services (29%); this was the only sector to experience positive net change in sales (+3%).

Figure 2.2: Changes in quarterly sales by sector



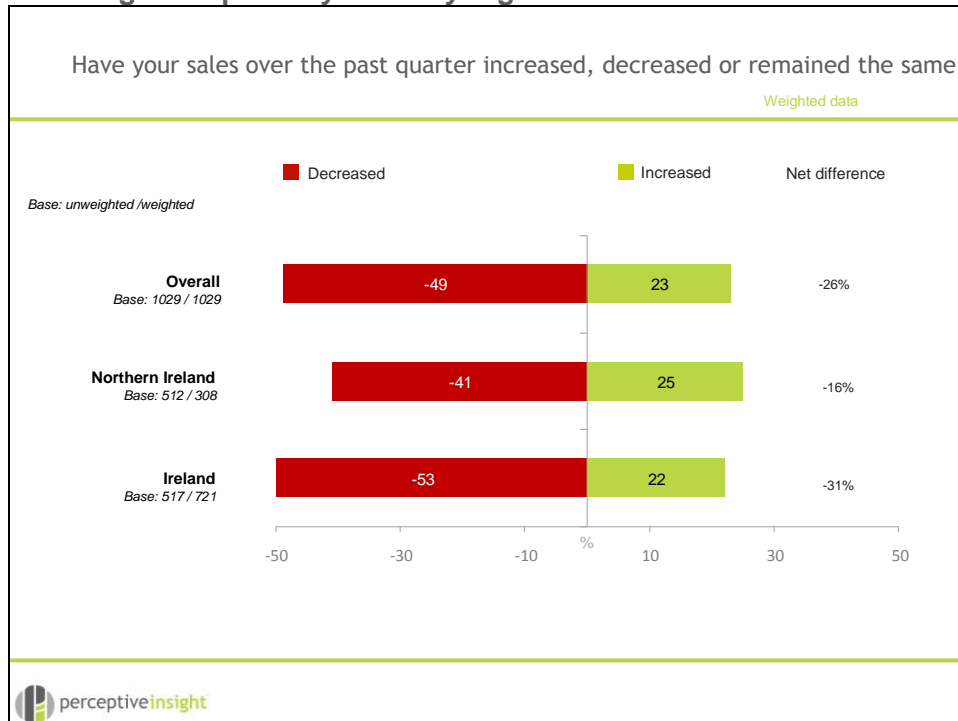
Those who export or who have cross-border sales remain much more likely than those who rely solely on the domestic market to report increased sales, and are less likely to have experienced a decrease.

**Table 2.2: Quarterly sales by export and cross border activity**

Have your sales over the past quarter increased, decreased or remained the same compared to the previous quarter?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
<i>Base unweighted</i>	1,029	422	607	333	696
<i>weighted</i>	1,029	376	653	287	742
<b>Increased</b>	23%	31%	18%	30%	20%
<b>Remained the same</b>	27%	30%	25%	30%	26%
<b>Decreased</b>	49%	38%	56%	40%	53%
<b>Not sure</b>	1%	1%	1%	0%	1%
<b>Net change</b>	-26%	-7%	-38%	-10%	-33%

Those based in NI (41%) were less likely to have been affected by a decrease in sales than those in Ireland (53%); NI businesses (25%) were also slightly more likely to have seen an increase in sales than those in Ireland (22%).

**Figure 2.3: Changes in quarterly sales by region**



## Changes in employment

Just 7% said they had increased their staffing levels in the past quarter and 17% reported having to reduce employee numbers (net -10% points). Over three quarters maintained current staffing levels in the last 3 months.

Quarterly trends show a little positive movement with the net difference changing from -13% points in Q4 2010 to -10% points in Q1 2011.

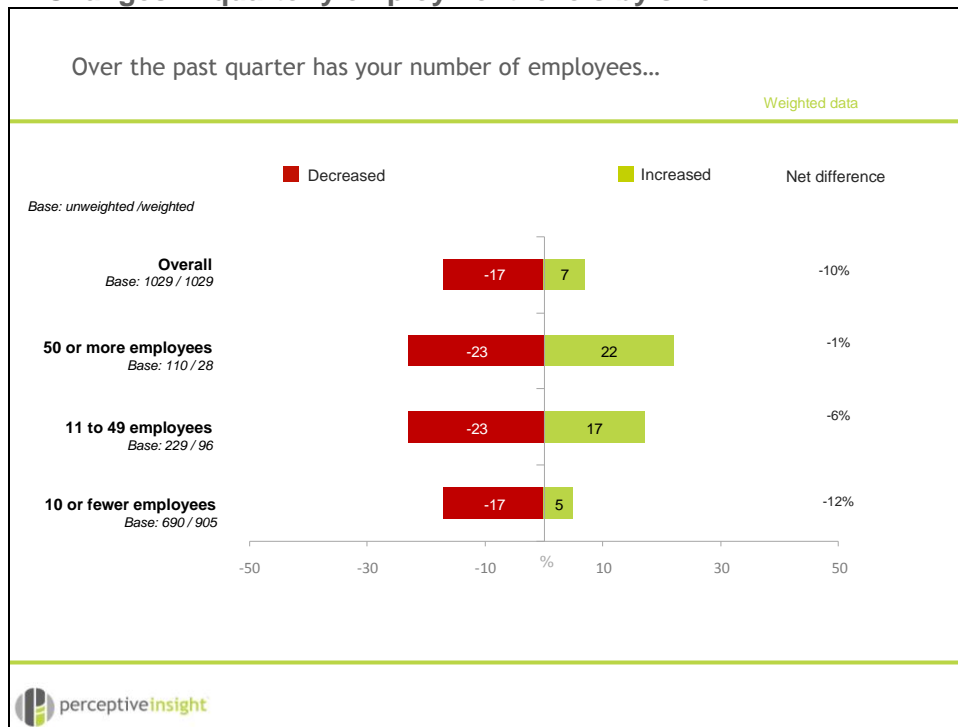
**Table 2.3: Quarterly trends in employment levels (weighted)**

Over the past quarter has your number of employees increased, decreased or remained the same?

	2008			2009				2010			2011	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Base	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,009	1,029	1,132	1,029
<b>Increased</b>	9%	-	7%	5%	6%	6%	6%	6%	8%	8%	5%	7%
<b>Remained steady</b>	70%	-	66%	62%	64%	65%	65%	70%	76%	76%	76%	76%
<b>Decreased</b>	19%	-	27%	31%	29%	27%	24%	24%	15%	16%	18%	17%
<b>Not sure</b>	1%	-	2%	2%	1%	1%	2%	1%	0%	0%	1%	0%
<b>Net difference</b>	-11%	-	-20%	-26%	-23%	-21%	-18%	-18%	-7%	-8%	-13%	-10%

While over one fifth (22%) of larger companies had increased employment levels, 23% had found the need to decrease them (net difference -1% point for Q1 2011 compared with -5% in Q4 2010). Mid-sized companies showed a negative net difference (-6% points) with 17% increasing numbers and 23% decreasing them. Small businesses also appear to be consolidating with 5% experiencing an increase in numbers and 17% taking steps to decrease employee's numbers (net difference -12% points).

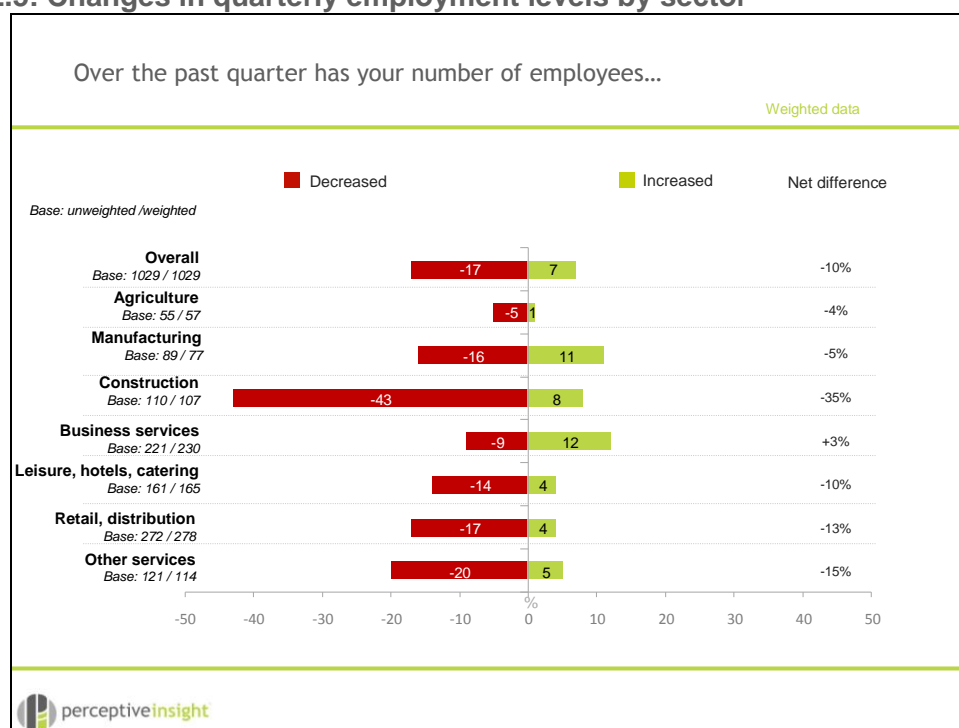
Figure 2.4: Changes in quarterly employment levels by size



The sector most likely to be affected by decreasing employee numbers is construction (43%), followed by 'other services' (20%) and retail and distribution (17%). Once again business services was the only sector to see a +3% net gain in employment levels compared to -5% in Q4 2010.



Figure 2.5: Changes in quarterly employment levels by sector



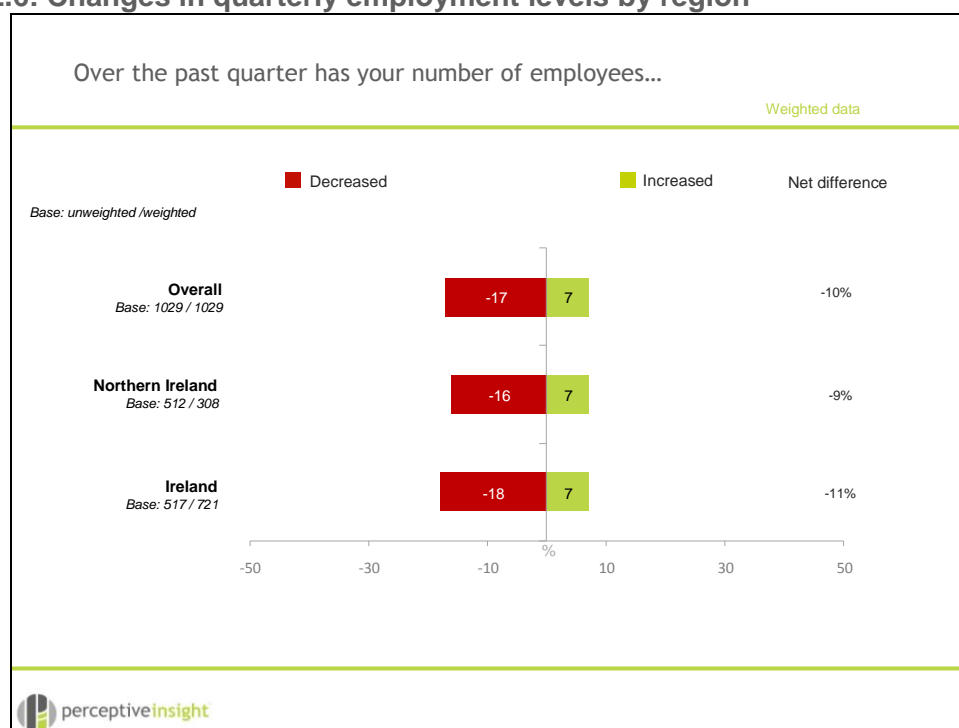
Those who export or have cross border sales are slightly more likely than those who do not to have increased their number of employees in the last quarter. They are also less likely to have decreased staffing numbers. However, on balance, each of these types of businesses are showing a negative net difference

Table 2.4: Changes in quarterly employment levels by export and cross-border activity

Over the past quarter has your number of employees...	Overall	Export sales	No export sales	Cross border sales	No cross border sales
	Base unweighted	422	607	333	696
	weighted	376	653	287	742
Increased	7%	10%	5%	8%	7%
Remained the same	76%	75%	76%	78%	75%
Decreased	17%	15%	18%	14%	19%
Not sure	0%	1%	0%	1%	0%
Net difference	-10%	-5%	-13%	-6%	-12%

Regional analysis shows both Northern Ireland businesses and those in the South continue to show a negative net difference in employee levels (NI: Q4 2010 -10%, Q1 2011 -9%; ROI: Q4 2010 -14%, Q1 2011 -11%).

Figure 2.6: Changes in quarterly employment levels by region



## Outlook over the next twelve months

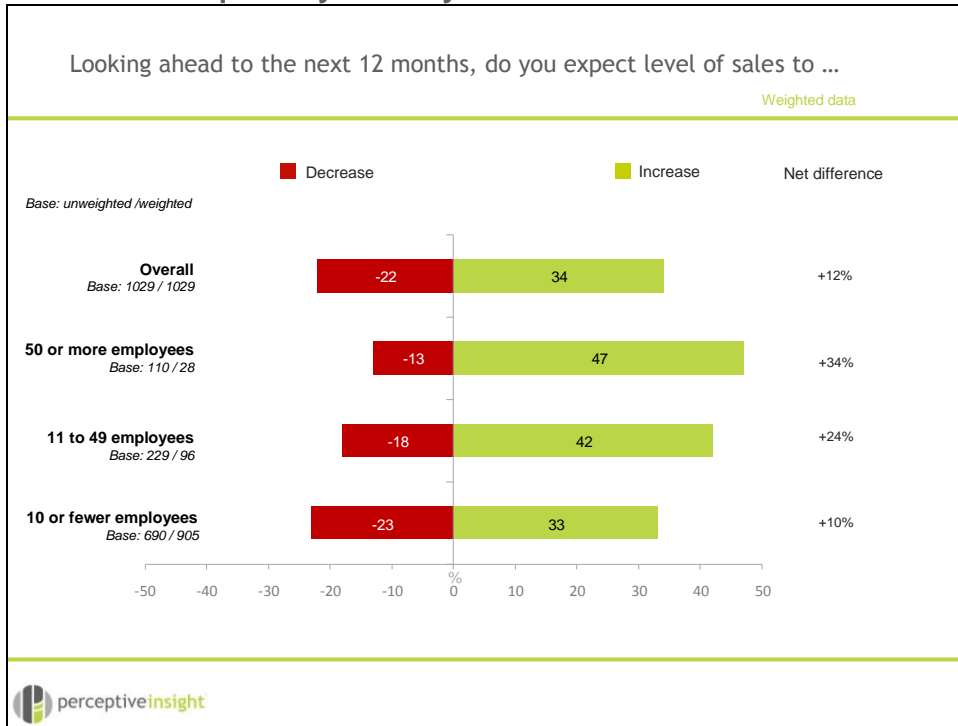
Overall businesses appear, on balance, to be positive about their level of sales over the next 12 months. While 34% expect them to increase 22% predict that they will decrease (+12% net difference). These figures are slightly more positive than the previous two quarters.

Table 2.5: Trends for quarterly sales outlook (weighted)

Looking ahead to the next 12 months, do you expect level of sales to...?												
	2008			2009				2010			2011	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Base	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,009	1,029	1,132	1,029
Increased	19%	-	16%	17%	18%	25%	27%	30%	38%	32%	32%	34%
Remained steady	40%	-	35%	42%	43%	38%	44%	43%	35%	40%	40%	38%
Decreased	35%	-	42%	37%	36%	32%	26%	23%	19%	22%	22%	22%
Not sure	6%	-	7%	5%	4%	4%	4%	4%	8%	7%	6%	5%
Net difference	-16%	-	-26%	-20%	-19%	-7%	1%	7%	19%	10%	10%	12%

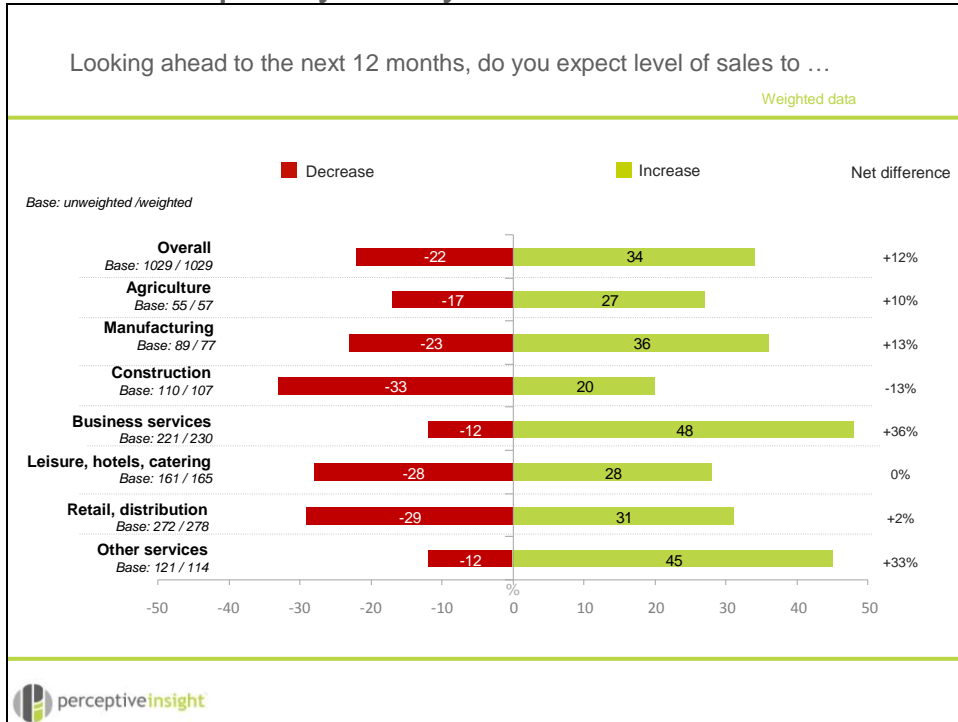
The large and mid-sized companies are more likely to be optimistic about future sales with the net results showing +34% points for those with 50+ employees (up from +30% in Q4 and +19% in Q3 2010). The net difference for mid-sized businesses is +24% (down from +29% in Q4) and +10% for those employing 10 or fewer (up slightly from +8% in Q4).

Figure 2.7: Outlook for quarterly sales by size



The net difference in those predicting an increase or decrease in sales shows that the business services and 'other services' sectors are the most positive sectors (with net gains of +36% points, and +33% points respectively). Only one sector, construction, has shown a negative net difference in this quarter (-13%).

Figure 2.8: Outlook for quarterly sales by sector



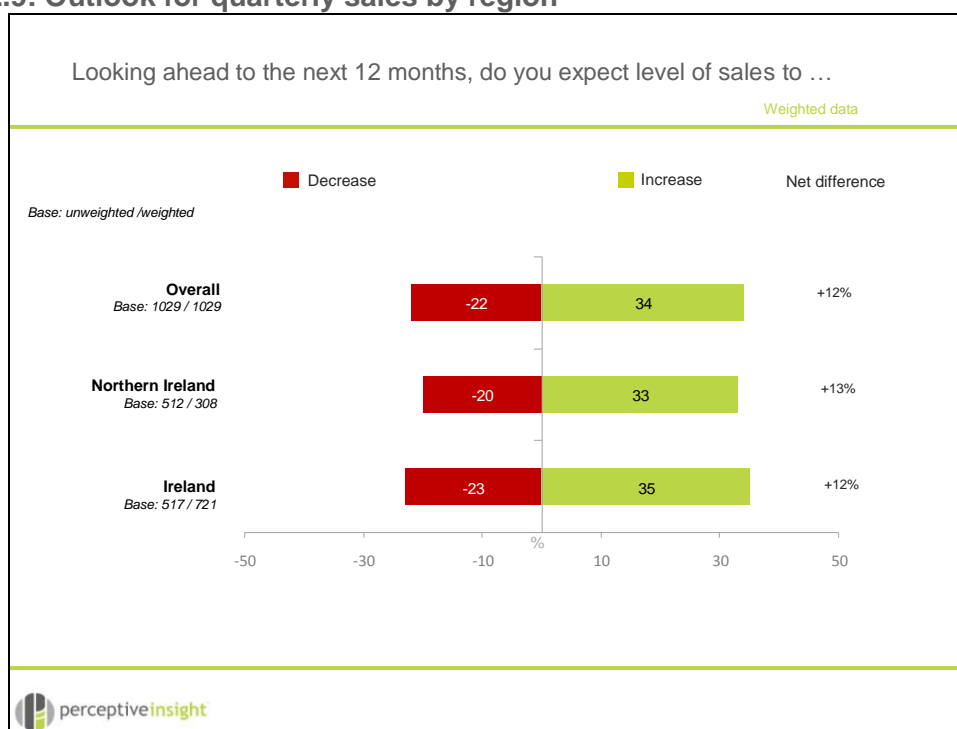
Those who export or who have cross border sales are much more likely to be optimistic about increasing sales in the next quarter than those who do not.

**Table 2.6: Outlook for quarterly sales by export and cross border activity**

Do you expect your level of sales to increase, decrease or remain the same compared to the past year?	Overall	Export sales	No export sales	Cross border sales	No cross border sales	
	<i>Base</i>					
	<i>unweighted</i>	1,029	422	607	333	696
	<i>weighted</i>	1,029	376	653	287	742
<b>Increased</b>	34%	44%	29%	43%	31%	
<b>Remained the same</b>	38%	34%	41%	34%	40%	
<b>Decreased</b>	22%	19%	25%	19%	24%	
<b>Not sure</b>	5%	4%	6%	4%	5%	
<b>Net change</b>	12%	25%	4%	24%	7%	

NI based businesses are similarly positive in their outlook as those in Ireland, with 33% expecting growth compared to 35% in Ireland. The percentages predicting increased sales are similar in both regions when compared to the Q4 2010 figures (33% and 31% respectively predicted growth in Q4).

**Figure 2.9: Outlook for quarterly sales by region**



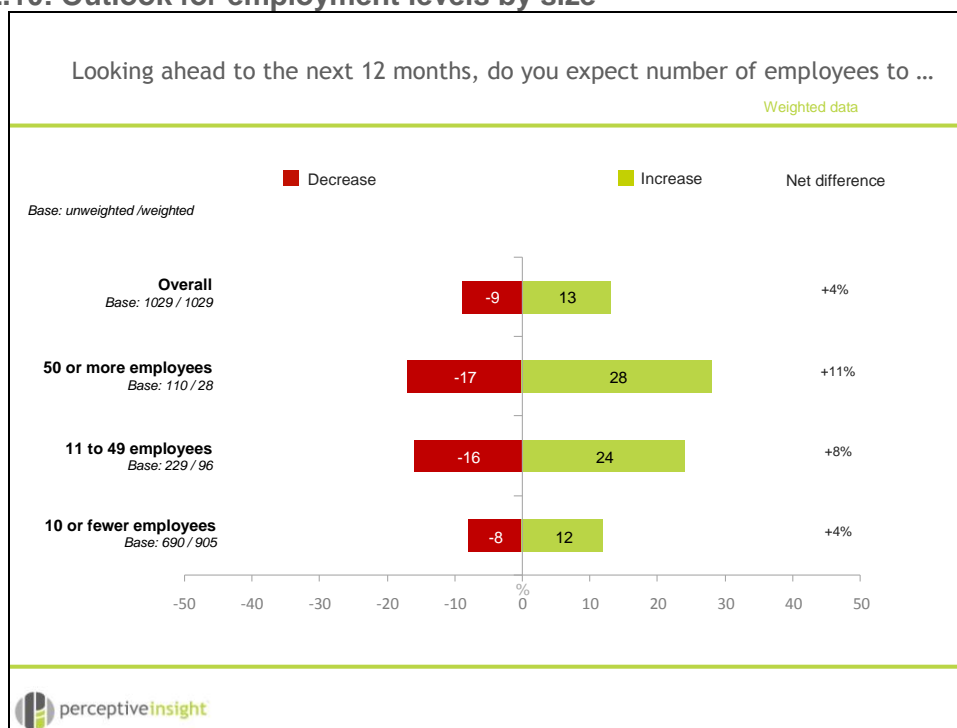
Looking ahead to the next 12 months, on balance companies remain relatively positive in terms of employee numbers. While 9% expect their numbers to decrease 13% are planning an increase (+4% points net difference). These figures are very similar to Q3 and Q4 2010.

Table 2.7: Trends in quarterly employment levels outlook (weighted)

Looking ahead to the next 12 months, do you expect number of employees to...												
	2008			2009			2010			2011		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Base	1,000		1,000	1,000	1,000	1,000	1,000	1,000	1,009	1,029	1,132	1,029
Increased	7%	-	5%	7%	6%	8%	9%	8%	14%	13%	14%	13%
Remained steady	76%	-	77%	76%	77%	74%	78%	80%	73%	74%	71%	75%
Decreased	14%	-	16%	13%	13%	15%	10%	10%	10%	10%	10%	9%
Not sure	3%	-	4%	4%	3%	3%	3%	2%	4%	3%	5%	3%
Net difference	-7%	-	-11%	-5%	-7%	-6%	-1%	-2%	4%	3%	4%	4%

Looking at larger companies, 28% expect employee numbers to increase (an increase of 10% compared to Q4 2010), with 17% predicting that they will decrease. In relation to mid-size companies 24% are expecting an increase and 16% a decrease. The results for the smallest companies show 12% planning to increase employee numbers and 8% expecting to reduce them.

Figure 2.10: Outlook for employment levels by size



Analysis by sector shows that, on balance, the business services (+13% net difference) and leisure, hotels and catering (+11% net difference) sectors are most optimistic about increasing employment levels. Construction (-18% net difference) is the least positive sector.

Figure 2.11: Outlook for employment levels by sector



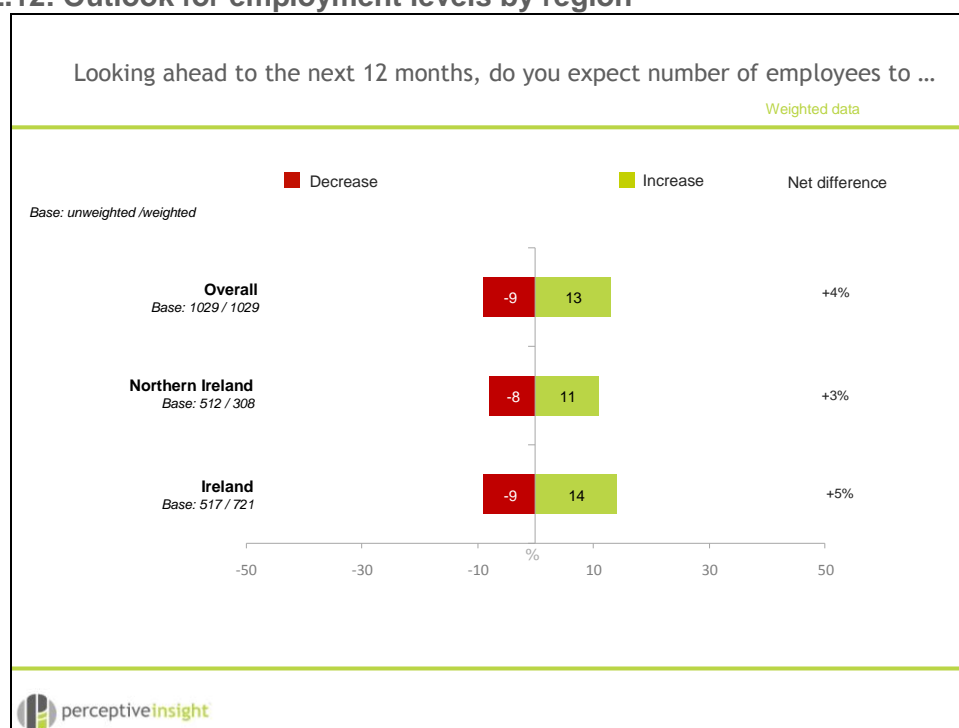
Exporters and those with cross border sales are more likely than those who rely solely on the domestic market to say that they expect to increase employee numbers in the next quarter.

Table 2.8: Outlook for employment levels by export and cross border activity

And do you expect the number of people you employ to increase, decrease or remain the same compared to the past year?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
<i>Base unweighted</i>	1,029	422	607	333	696
<i>weighted</i>	1,029	376	653	287	742
<b>Increased</b>	13%	20%	9%	18%	11%
<b>Remained the same</b>	75%	69%	79%	71%	77%
<b>Decreased</b>	9%	9%	9%	9%	9%
<b>Not sure</b>	3%	2%	3%	3%	3%
<b>Net change</b>	4%	11%	0%	9%	2%

As in Q4 2010, Northern Ireland companies are marginally less positive, with a net difference in those changing employment levels of +3% points compared with +5% points in Ireland. In Q4 these figures were +1% and +5% respectively.

Figure 2.12: Outlook for employment levels by region



## Pricing

In terms of pricing, almost one fifth (19%) say they have increased their prices in the previous 3 to 6 months, while 38% report that these have decreased.

Quarterly analysis shows a positive rise in the percentage of companies that have increased prices in the previous quarter (14% in Q4 and 14% in Q1 2011). The percentage reducing prices has changed from 37% in Q4 to 38% in Q1.

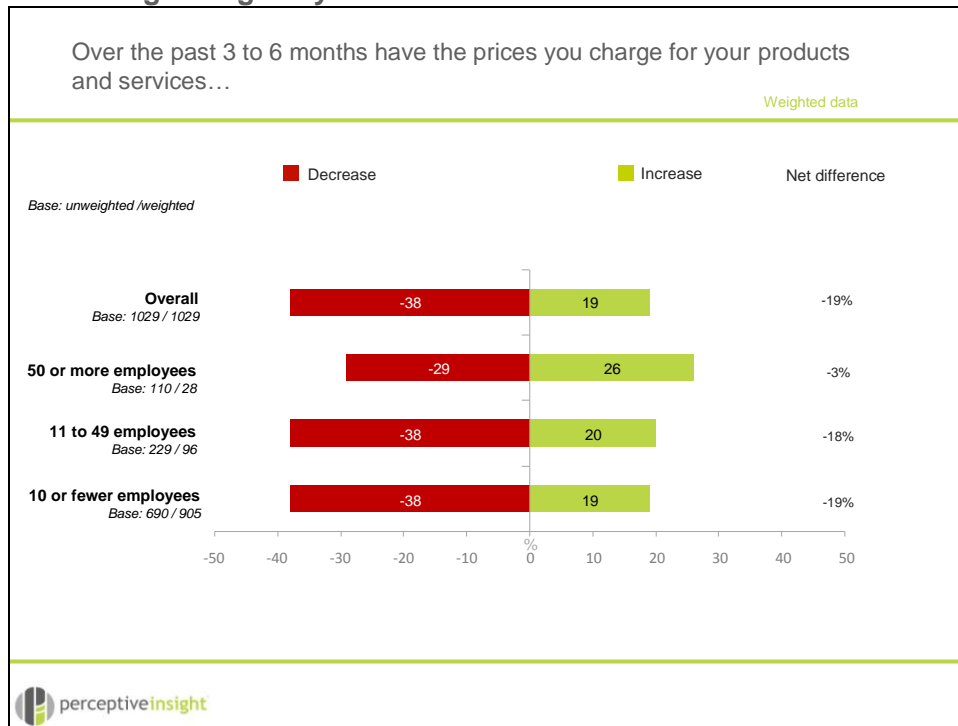
Table 2.9: Trends in quarterly prices charged for products and services (weighted)

Over the past 3 – 6 months, have the prices you charge for your products and services...?

Base	2009				2010				2011
	Q1 1,000	Q2 1,000	Q3 1,000	Q4 1,000	Q1 1,000	Q2 1,009	Q3 1,029	Q4 1,132	Q1 1,029
Increased	8%	6%	9%	10%	8%	13%	12%	14%	19%
Remained steady	39%	39%	32%	32%	32%	38%	46%	48%	43%
Decreased	53%	55%	58%	56%	60%	49%	42%	37%	38%
Not sure	0%	1%	1%	2%	1%	0%	0%	1%	0%
Net difference	-45%	-48%	-49%	-47%	-52%	-36%	-30%	-23%	-19%

In terms of size of business, it is the larger businesses that are more likely to say their prices have increased compared to both mid-size and small businesses.

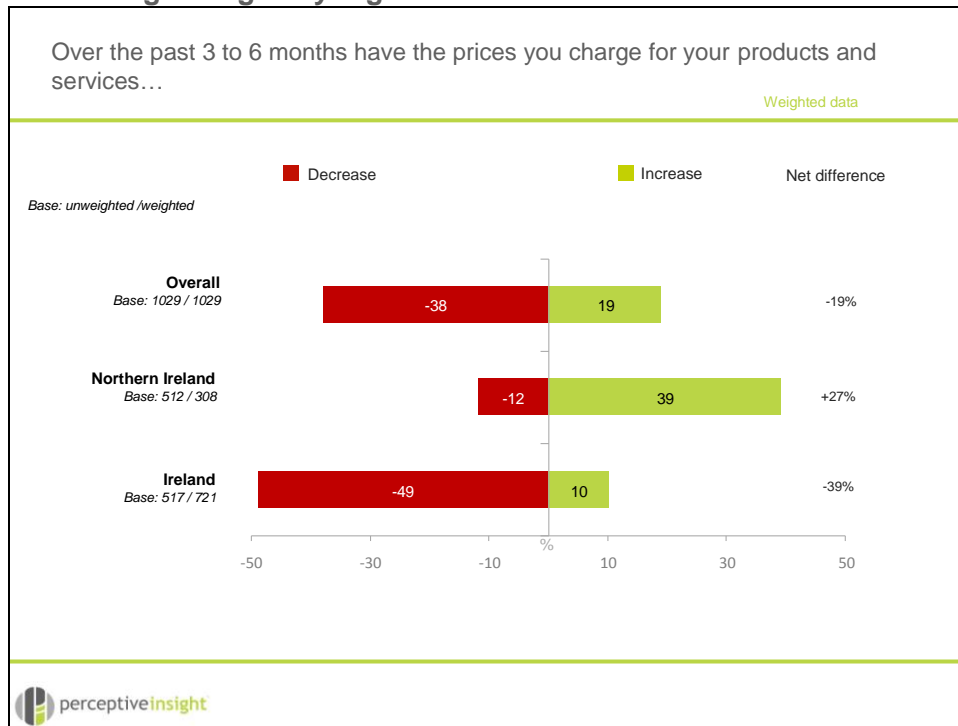
Figure 2.13: Pricing changes by size



There is a considerable difference in the approach to pricing when the results are analysed by jurisdiction. There is a net difference of +27% points for NI based companies. In Ireland the corresponding figure is -39% points, a decrease of 4 percentage points since Q4 2010 (-35%). Indeed half of businesses (49%) in Ireland reported that they had reduced their prices in the previous 3 to 6 months.



Figure 2.14: Pricing changes by region



Those respondents who have export sales and cross border sales were more likely than those who did not to have increased their prices.

Table 2.10: Pricing changes by export and cross border activity

Over the past 3-6 months have the prices you charge for your products and services...?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
<i>Base unweighted</i>	1,029	422	607	333	696
<i>weighted</i>	1,029	376	653	287	742
<b>Increased</b>	19%	22%	17%	26%	16%
<b>Remained the same</b>	43%	45%	41%	43%	43%
<b>Decreased</b>	38%	32%	41%	30%	41%
<b>Don't know</b>	0%	1%	0%	0%	0%

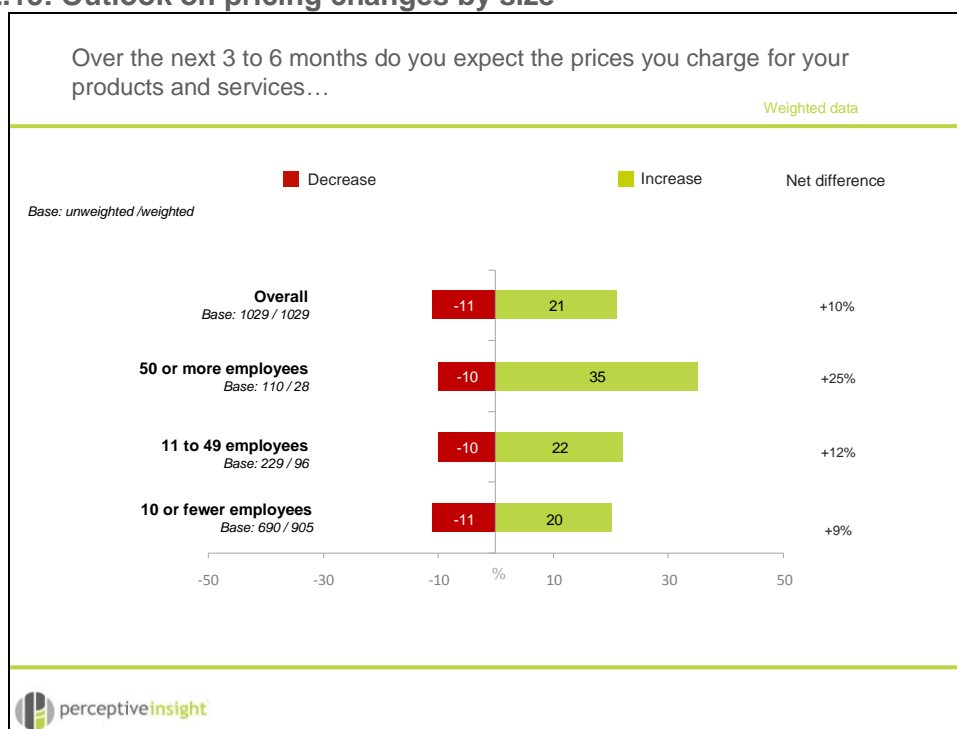
Looking forward to the next 3 to 6 months, on balance, businesses appear to be moving further towards price increases with 21% saying they are planning an increase and 11% a decrease.

**Table 2.11: Trends in quarterly prices charged for products and services outlook (weighted)**

Over the next 3 – 6 months, do you expect the prices you charge for your products and services to...?									
	2009				2010				2011
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Base	1,000	1,000	1,000	1,000	1,000	1,009	1,029	1,132	1,029
<b>Increase</b>	6%	5%	6%	6%	8%	14%	14%	19%	21%
<b>Remain steady</b>	72%	73%	74%	74%	78%	70%	70%	65%	65%
<b>Decrease</b>	20%	18%	17%	18%	11%	13%	15%	12%	11%
<b>Not sure</b>	3%	4%	4%	2%	2%	4%	1%	4%	3%
<b>Net difference</b>	-15%	-13%	-11%	-11%	-3%	1%	-1%	7%	10%

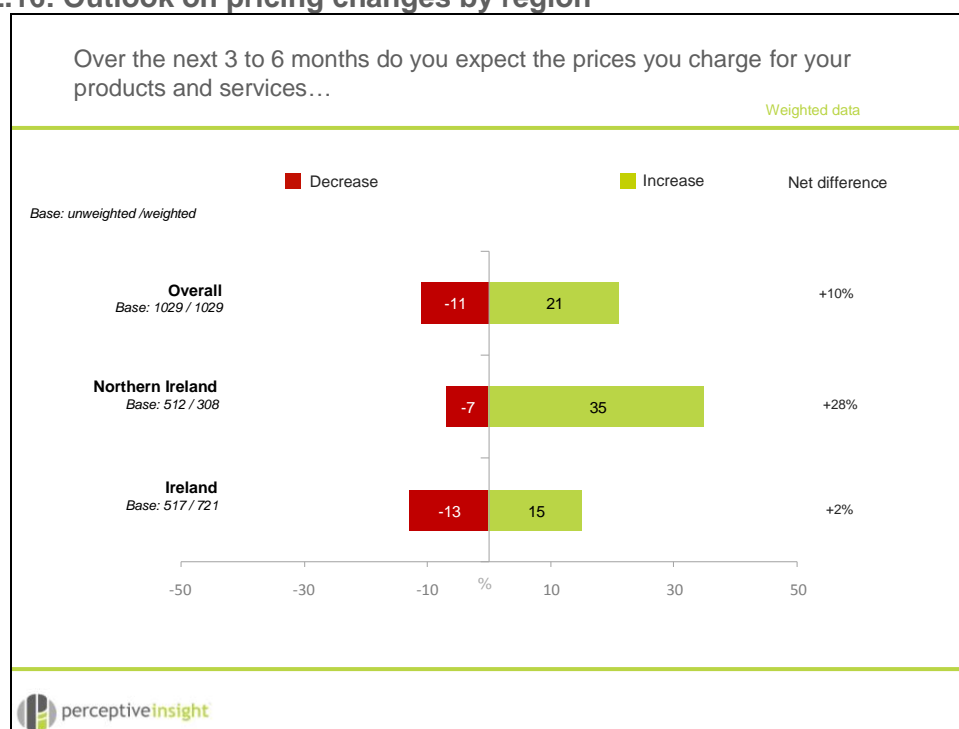
In terms of size of business, it is the larger businesses that are most confident that prices can be maintained or increased.

**Figure 2.15: Outlook on pricing changes by size**



While over one third (35%) of NI based companies plan to increase prices, 7% see a need to reduce them over the next 3 to 6 months (net difference +28% points). Southern based companies are much less confident that their market can sustain an increase with just 15% planning to put prices up and 13% aiming to reduce them (net difference +2% points).

Figure 2.16: Outlook on pricing changes by region



Those respondents with export sales were more likely to predict an increase in prices over the next quarter than those who did not export (24% compared to 19%).

Table 2.12: Outlook on pricing changes by export and cross border activity

Over the next 3-6 months do you expect the prices you charge for your products and services...?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
	<i>Base unweighted</i>	<i>422</i>	<i>607</i>	<i>333</i>	<i>696</i>
	<i>1,029</i>	<i>376</i>	<i>653</i>	<i>287</i>	<i>742</i>
<b>Increased</b>	21%	24%	19%	28%	18%
<b>Remained the same</b>	65%	65%	65%	59%	67%
<b>Decreased</b>	11%	9%	12%	10%	11%
<b>Don't know</b>	3%	2%	3%	2%	3%

### 3. The business environment

In this section we outline the types of businesses that engage in cross-border and export sales and assess the main issues affecting businesses in the current climate.

#### Cross-border and export sales

Tables 3.1 and 3.2 show the percentage of businesses that are exporting to a range of regions. Two thirds of businesses (64%) report that they do not export.

It can be seen from Table 3.2 that NI based companies are more likely to engage in cross-border sales with 37% reporting that they sell into Ireland. The corresponding figure for Irish based companies selling into NI is 24%. The overall figure for cross-border sales is 28%.

Outside the island of Ireland the most popular 'export' destination is Great Britain with 15% reporting sales in this region. Less than one in ten export to the rest of the EU (8%), while 5% sell into North America and 5% into the rest of the world.

Analysis by sector shows that those most likely to engage in export activities are those operating in manufacturing (41%), business services (45%), and other services (41%). Not surprisingly, larger companies are more likely than smaller ones to have export sales.

**Table 3.1: Percentage exporting by sector**

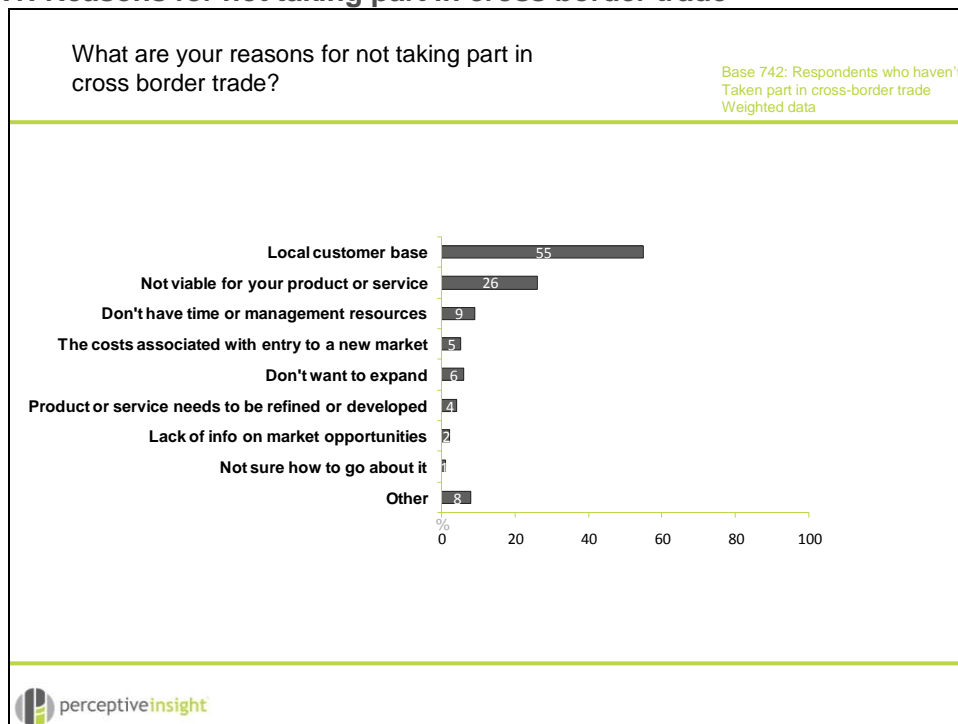
	Overall	Agriculture	Manufacturing	Construction	Business services	Leisure, hotels and catering	Retail, distribution	Other services
<i>Base unweighted</i>	1,030	55	90	110	221	161	272	121
<i>weighted</i>	1,030	57	78	107	230	165	278	114
<b>Cross border</b>	28%	24%	53%	18%	30%	18%	29%	29%
<b>GB</b>	15%	19%	33%	10%	19%	11%	10%	15%
<b>Rest of EU</b>	8%	7%	8%	1%	12%	11%	5%	9%
<b>North America</b>	5%	1%	1%	1%	9%	6%	3%	7%
<b>Rest of world</b>	5%	8%	2%	3%	9%	4%	2%	8%
<b>Do not export</b>	64%	65%	36%	74%	55%	79%	67%	59%

Table 3.2: Percentage exporting by size and region

	Overall	50 or more employees	11 to 49 employees	10 or less employees	Ireland	NI
	<i>Base unweighted</i>	1,029	110	229	690	517
	<i>weighted</i>	1,029	28	96	905	721
<b>Cross border</b>	28%	34%	36%	27%	24%	37%
<b>GB</b>	15%	28%	24%	14%	15%	16%
<b>Rest of EU</b>	8%	23%	12%	7%	10%	3%
<b>North America</b>	5%	13%	9%	4%	6%	2%
<b>Rest of world</b>	5%	12%	8%	4%	6%	4%
<b>Do not export</b>	64%	52%	52%	65%	65%	59%

For those who do not take part in cross border trade, the main reason for not doing so was that they have a local customer base (55%) and that cross border trade was not a viable or practical option for their product or service (26%) (Figure 3.1). Almost one in ten (9%) said they didn't have the time or management resource, 6% don't want to expand and 5% say the cost is deterrent. Other responses included: the unstable economy, the business has already tried to take part in cross border trade, competition in the market place and they already had a sister company across the border.

Figure 3.1: Reasons for not taking part in cross border trade



Those who have taken part in cross border trade were asked how this type of trade has changed compared to three years ago. Overall one quarter (26%) reported an increase, and 33% reported a decrease (net difference -8% points). Companies in Northern Ireland were more likely to have decreased their cross border sales than those in Ireland (net differences of -22% and 0% respectively).

Figure 3.2: Percentage of cross border trade compared to three years ago by region

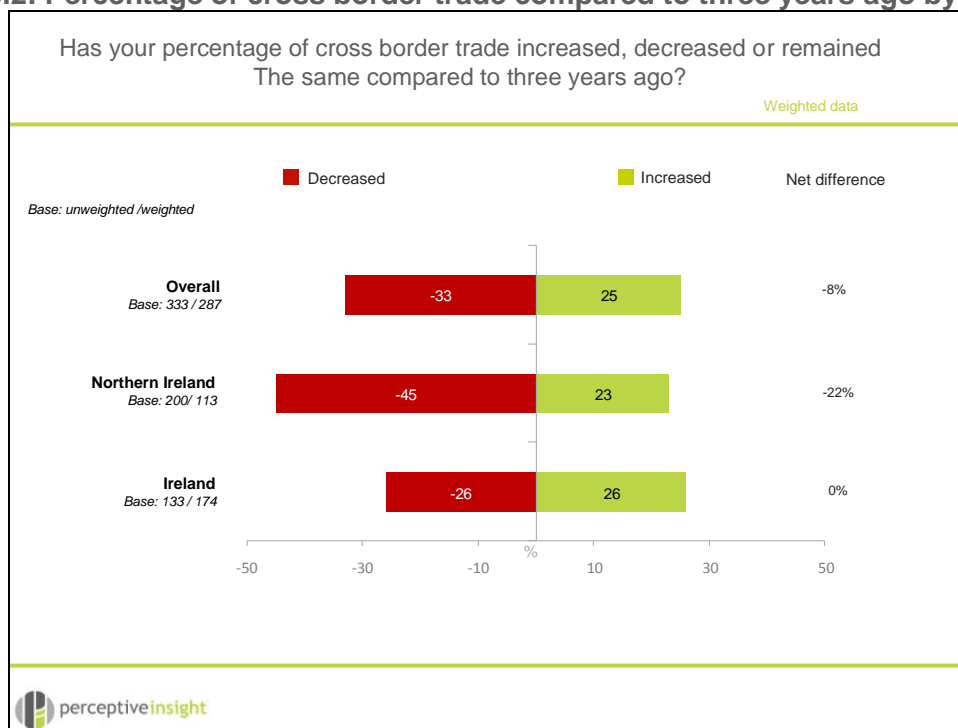
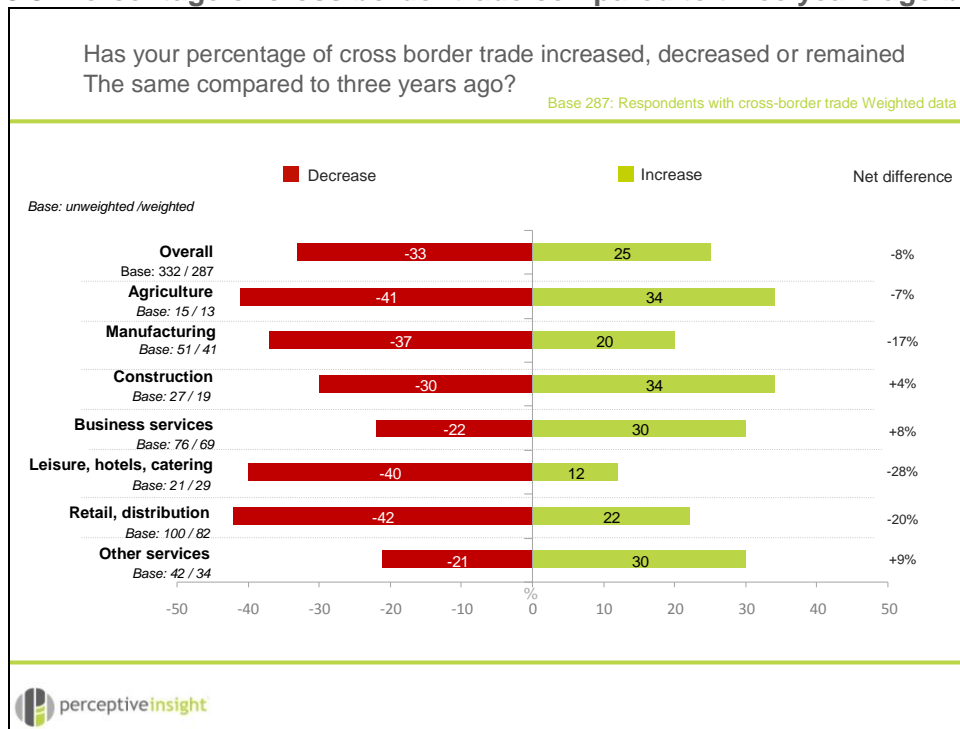


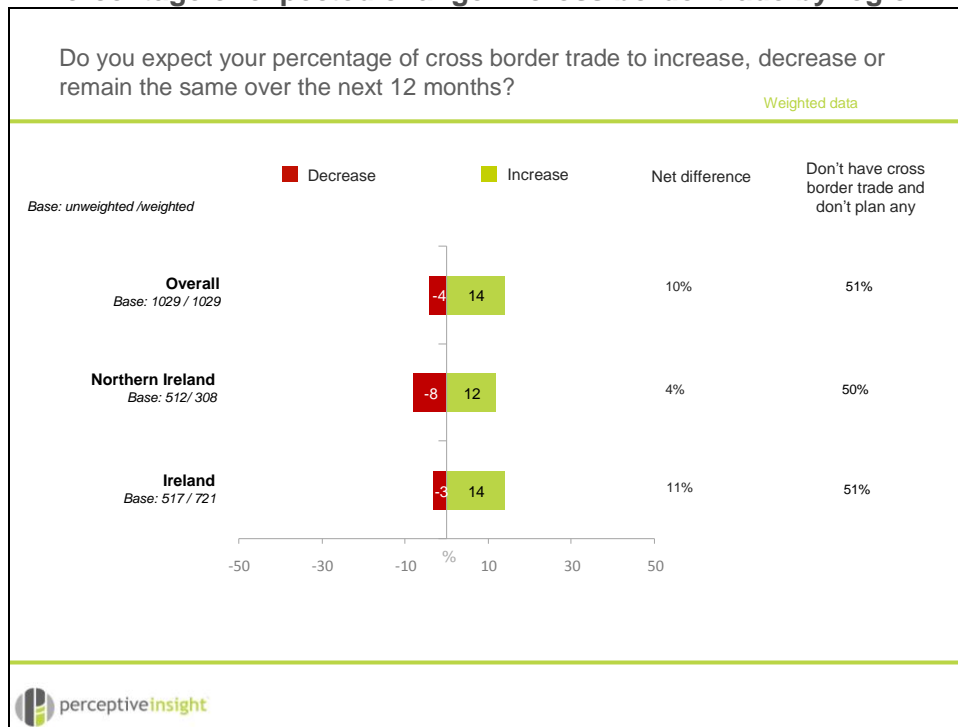
Figure 3.3 shows that the leisure, hotels and catering, retail and distribution sectors have seen a strong negative net difference in percentage of cross border trade. Construction, business services and other services have seen positive net differences in this type of trade.

Figure 3.3: Percentage of cross border trade compared to three years ago by sector



All respondents were then asked if they expect their percentage of cross border trade to change over the next 12 months. Overall 14% are optimistic that cross border trade will increase, while 4% expect it to decrease. Response is relatively comparable by region, however slightly more businesses in Northern Ireland expect to decrease their cross border trade.

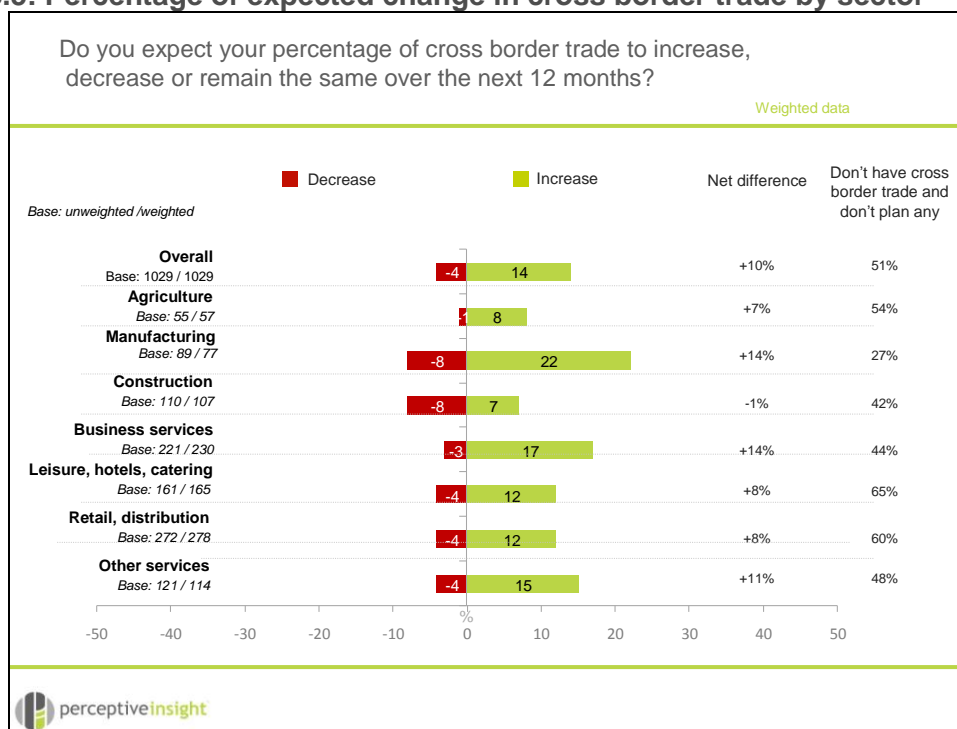
Figure 3.4: Percentage of expected change in cross border trade by region



For the most part each sector has a higher percentage looking to increase their cross border trade over the next twelve months with construction being the only sector reporting a negative net difference (-1%). The manufacturing sector seems to be the sector most likely to expect an increase over the next twelve months (22%), although 8% believe cross border trade will decrease.

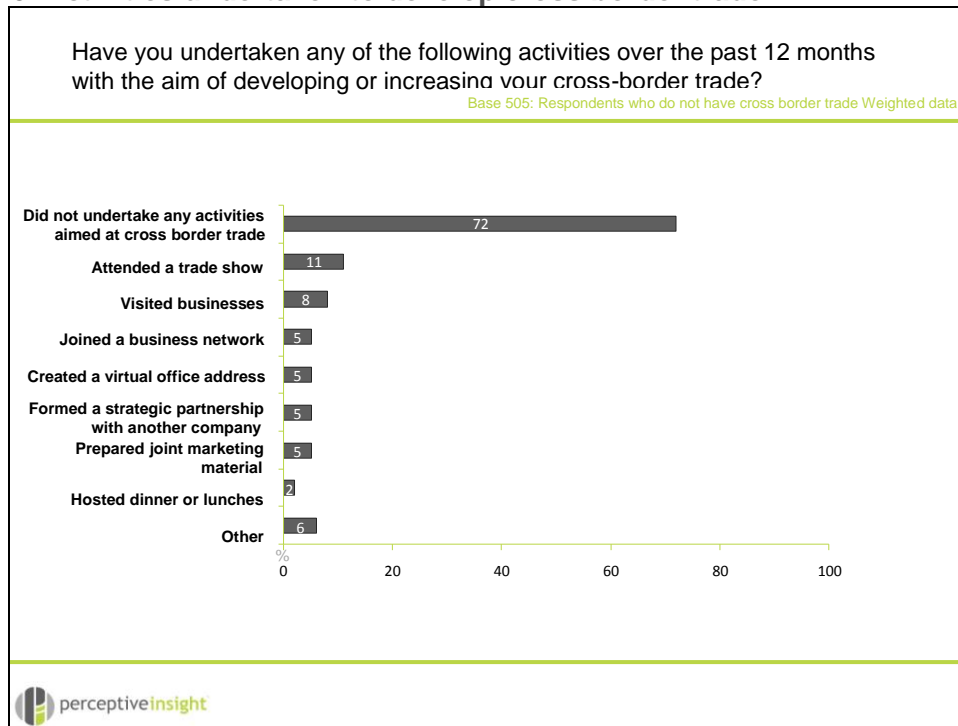


Figure 3.5: Percentage of expected change in cross border trade by sector



As seen from Figure 3.6, two thirds of businesses (72%) did not partake in any activities in the last 12 months aimed at developing cross border trade. Of those who did, the main activities undertaken were 'attending a trade show' (11%) and 'visiting businesses' (8%). One in twenty joined a business network, created a virtual office, formed a strategic alliance with another company or prepared joint marketing materials. Other responses included: advertising, hiring sales reps to develop sales potential, making links with universities and opening an office across the border.

**Figure 3.6: Activities undertaken to develop cross border trade**



Analysis by region shows that those in Northern Ireland were more likely to have undertaken at least one of these activities (34% versus 25%).

## Key business issues

Respondents were given a range of issues and asked to rate them from 1 to 5 in terms of the impact they are having on their business currently.

Similar to Q4 2010, rising cost of overheads, rising energy costs and a reduction in demand were rated highest in terms of impact. This is followed by business and consumer confidence and cash flow issues. One quarter (24%) said that late payment by customers was a very large issue for them. Less likely to be an issue were difficulty recruiting skills and lack of appropriate skills in the workforce.

Figure 3.5: Current business issues by sector



Analysis by export and cross border sales activity shows some slight variation in the issues that are affecting businesses. For example, as Table 3.3 shows those who do not export or have cross border sales are more likely than those who do to say that a reduction in demand is a huge issue for them.

Table 3.3: Extent to which reduction in demand is an issue by export and cross border sales activity

To what extent is a reduction in demand an issue for your business currently?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
	Base unweighted 1,029	422	607	333	696
	weighted 1,029	376	653	287	742
<b>Not at all (1)</b>	21%	21%	20%	19%	21%
<b>(2)</b>	9%	11%	8%	11%	8%
<b>(3)</b>	21%	21%	20%	21%	20%
<b>(4)</b>	19%	22%	18%	22%	18%
<b>A huge issue (5)</b>	31%	25%	34%	26%	33%

However, business and consumer confidence was only slightly less likely to be cited as a huge issue for those who export or who have cross border sales.

**Table 3.4: Extent to which business and consumer confidence is an issue by export and cross border sales activity**

To what extent is business and consumer confidence issue for your business currently?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
	<i>Base</i> 1,029	<i>422</i>	<i>607</i>	<i>333</i>	<i>696</i>
	<i>unweighted</i> 1,029	<i>376</i>	<i>653</i>	<i>287</i>	<i>742</i>
<b>Not at all (1)</b>	19%	19%	19%	18%	20%
<b>(2)</b>	12%	11%	13%	11%	13%
<b>(3)</b>	22%	25%	21%	26%	21%
<b>(4)</b>	20%	21%	19%	19%	20%
<b>A huge issue (5)</b>	26%	24%	27%	25%	26%

Those who export or who have cross border sales were more likely to say that exchange rates are an issue for their business. They are also more likely to be affected by late payments.

**Table 3.5: Extent to which exchange rates is an issue by export and cross border sales activity**

To what extent are late payments an issue for your business currently?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
	<i>Base</i> 1,029	<i>422</i>	<i>607</i>	<i>333</i>	<i>696</i>
	<i>unweighted</i> 1,029	<i>376</i>	<i>653</i>	<i>287</i>	<i>742</i>
<b>Not at all (1)</b>	41%	30%	47%	28%	46%
<b>(2)</b>	9%	9%	8%	8%	9%
<b>(3)</b>	11%	15%	9%	16%	10%
<b>(4)</b>	15%	20%	13%	21%	13%
<b>A huge issue (5)</b>	24%	26%	22%	28%	22%

**Table 3.6: Extent to which late payments is an issue by export and cross border sales activity**

To what extent are late payments an issue for your business currently?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
<i>Base unweighted</i>	1,029	422	607	333	696
<i>weighted</i>	1,029	376	653	287	742
<b>Not at all (1)</b>	41%	30%	47%	28%	46%
<b>(2)</b>	9%	9%	8%	8%	9%
<b>(3)</b>	11%	15%	9%	16%	10%
<b>(4)</b>	15%	20%	13%	21%	13%
<b>A huge issue (5)</b>	24%	26%	22%	28%	22%

## 4. The economy

In this section we explore what impact the economy has been having on business, assess changes in payment times that potentially create cash flow issues and detail the steps that businesses believe government should be taking to assist them during the downturn.

### Impact of the economy on business

The vast majority (91%) say that the economic downturn has had either a severe or moderate impact on their business. Just 7% report that there has been no impact and 2% have benefited from it.

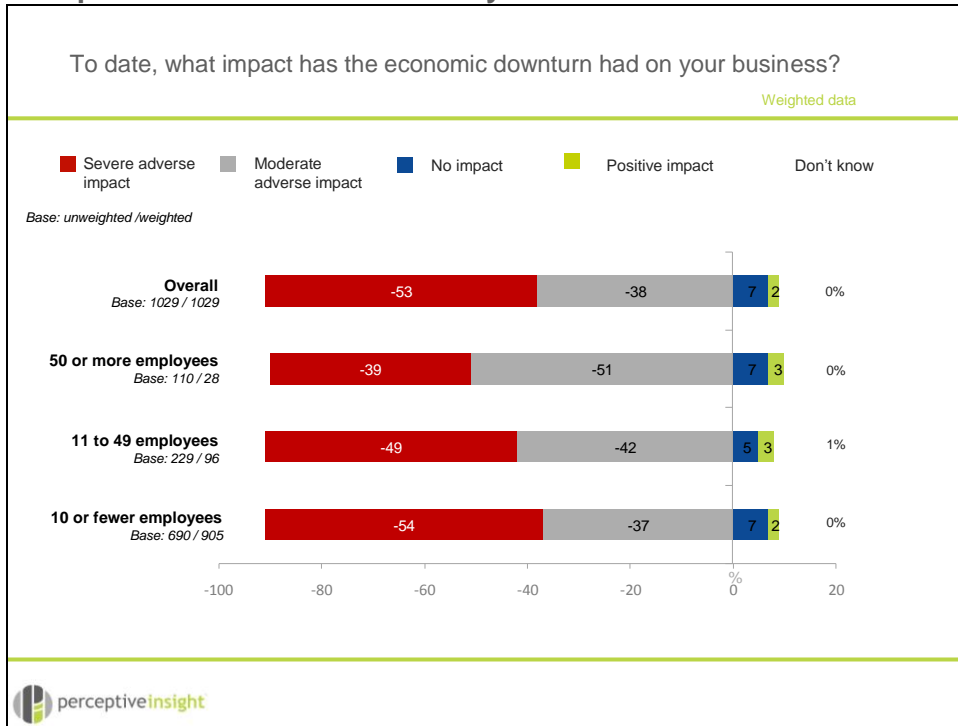
The quarterly analysis shows a similar trend to Q3 and Q4 2011 in those who say they have experienced a severe adverse impact as a result of the downturn.

**Table 4.1: Trends in quarterly impact of the economic downturn (weighted)**

To date, what impact if any, has the economic downturn had on your business...?									
	2009				2010				2011
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Base	1,000	1,000	1,000	1,000	1,000	1,009	1,029	1,132	1,029
<b>Severe adverse impact</b>	33%	29%	35%	35%	37%	51%	53%	54%	53%
<b>Moderate adverse impact</b>	52%	57%	51%	53%	50%	38%	36%	36%	38%
<b>Positive impact</b>	3%	3%	4%	4%	3%	4%	4%	3%	2%
<b>No impact at all</b>	11%	10%	10%	7%	8%	6%	6%	6%	7%
<b>Don't know</b>	0%	1%	0%	1%	2%	1%	0%	1%	0%

The pattern of those impacted is similar when analysed by size of business, although smaller businesses are slightly more likely to say there has been a severe impact.

Figure 4.1: Impact of economic downturn by size



Businesses in Ireland are almost twice as likely than those in NI to say that they have been severely impacted by the economic downturn (62% compared with 33%). Just 3% of NI companies and 2% of those in Ireland report that the downturn has had a positive impact.

Figure 4.2: Impact of economic downturn by region

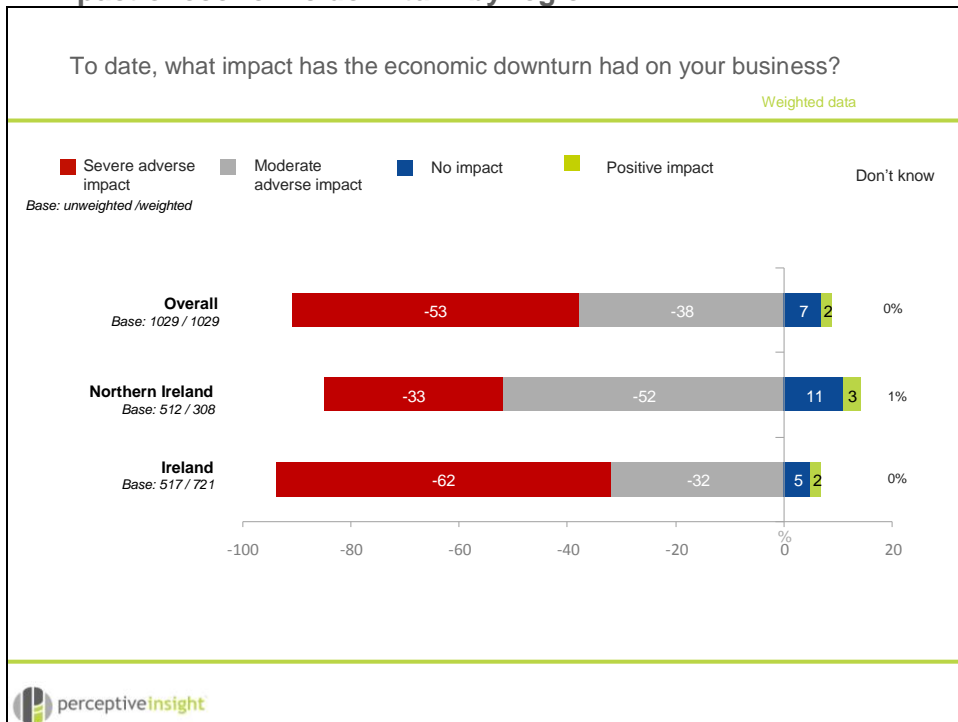


Table 4.2 shows the impact of the economic downturn by export activity. Those who do not export or do not have cross border sales were more likely to report that they have been severely impacted by the downturn.

**Table 4.2: Impact of economic downturn by export and cross border activity**

To date what impact if any, has the economic downturn had on your business?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
	<i>Base unweighted</i>	<i>422</i>	<i>607</i>	<i>333</i>	<i>696</i>
	<i>weighted</i>	<i>376</i>	<i>653</i>	<i>287</i>	<i>742</i>
<b>Severe adverse impact</b>	53%	46%	57%	44%	56%
<b>Moderate adverse impact</b>	38%	43%	35%	45%	35%
<b>Positive impact</b>	2%	2%	2%	3%	2%
<b>No impact at all</b>	7%	9%	5%	8%	6%
<b>Don't know</b>	0%	0%	1%	-	1%

## Profitability

Overall 30% reported that their business was not profitable in the previous year, a slight increase from 28% in Q4 2010. Over one third of businesses in Ireland (36%) did not show a profit in the previous 12 months compared with just 17% in NI.

**Figure 4.3: Incidence of businesses not remaining profitable by region**





Once again businesses in the construction sector (45%) were most likely to state their business had not remained profitable in the past 12 months; this is an increase of 9% points since the previous quarter. It is worth noting the sectoral performance by region. In particular the retail and distribution sector in the South has been particularly hard hit with 44% saying their business was not profitable in the last 12 months.

**Table 4.3: Incidence of businesses NOT remaining profitable by sector**

	Overall	Agriculture	Manufacturing	Construction	Business services	Leisure, hotels and catering	Retail, distribution	Other services
<i>Base unweighted</i>	1,029	55	89	110	221	161	272	121
<i>weighted</i>	1,029	57	77	107	230	165	278	114
<b>All-island</b> <i>Base 1,029/1,029</i>	30%	25%	28%	45%	19%	36%	34%	23%
<b>Northern Ireland</b> <i>Base 512/308</i>	17%	4%	15%	30%	14%	29%	11%	14%
<b>Ireland</b> <i>Base 517/721</i>	36%	36%	33%	51%	20%	39%	44%	27%

Those businesses that export or engage in cross-border sales are more likely to report that they have remained profitable during the past 12 months.

**Table 4.4: Incidence of remaining profitable by export and cross border activity**

During the past 12 months has your business managed to remain profitable?	Overall	Export sales	No export sales	Cross border sales	No cross border sales
<i>Base unweighted</i>	1,029	422	607	333	696
<i>weighted</i>	1,029	376	653	287	742
<b>Yes</b>	68%	73%	65%	75%	65%
<b>No</b>	30%	25%	33%	23%	33%
<b>Don't know</b>	2%	1%	2%	2%	2%

## Payment terms

As a consequence of the economic downturn, 34% report that customers have requested longer payment terms, 61% lower prices and 58% discounts. These requests are more likely to have been made to those based in Ireland compared to NI companies.

**Table 4.5: Incidence of customers requesting financial concessions by size and region**

	Overall	50 or more employees	11 to 49 employees	10 or less employees	Ireland	NI
<i>Base unweighted</i>	1,029	110	229	690	517	512
<i>weighted</i>	1,029	28	96	905	721	308
<b>Longer payment terms</b>	34%	42%	41%	33%	36%	29%
<b>Lower prices</b>	61%	69%	68%	60%	66%	47%
<b>Discounts</b>	58%	63%	58%	58%	62%	48%
<b>None of these</b>	24%	19%	20%	25%	19%	37%

Comparing this quarter with previous quarters shows that those requesting longer payment terms was the lowest it has been in the past year. The figure for those requesting lower prices or discounts is lower than the previous two quarters.

**Table 4.6: Trends in quarterly customers requesting financial concessions**

During the past 12 months, have your customers requested any of the following?					
	Q1	2010			2011
		Q2	Q3	Q4	Q1
<i>Base unweighted</i>	1,000	1,009	1,029	1,132	1,029
<i>weighted</i>	1,000	1,009	1,029	1,132	1,029
<b>Longer payment terms</b>	37%	38%	35%	37%	34%
<b>Lower prices</b>	53%	59%	67%	63%	61%
<b>Discounts</b>	56%	58%	64%	62%	58%
<b>None of these</b>	23%	24%	20%	23%	24%

Table 4.7 highlights the suggestions made by businesses as to what government can do to assist them. Reducing taxes and rates (35%), helping with energy and fuel costs (22%) and providing access to finance (21%) are among the suggestions.

**Table 4.7: Suggestions of what the Government could do to help business during the current economic downturn by region**

		Overall (%)	Ireland (%)	NI (%)
		1,029	517	512
		<i>Base unweighted</i>		
Finance	Reduce taxes, VAT, rates	35	33	36
	Grants, financial support/advice	9	8	9
	Access to finance/get banks lending/banking terms	21	24	17
	Help/advice with cash flow	4	5	3
Sector specific support	Sectoral support	2	2	1
	Help for SME sector	6	5	7
	Training and development	1	1	0
Other	Employment/recruitment/ reduce unemployed on dole	7	10	4
	Government spend on infrastructure/construction	6	6	7
	Reduce bureaucracy	5	3	7
	Keep spending local and within Ireland	2	2	1
	Help with energy costs/fuel	22	18	27
	Boost confidence and encourage entrepreneurship	5	7	2
	Don't know/not sure	12	12	12
	Other	6	4	8

# 5. Impact of the economic downturn

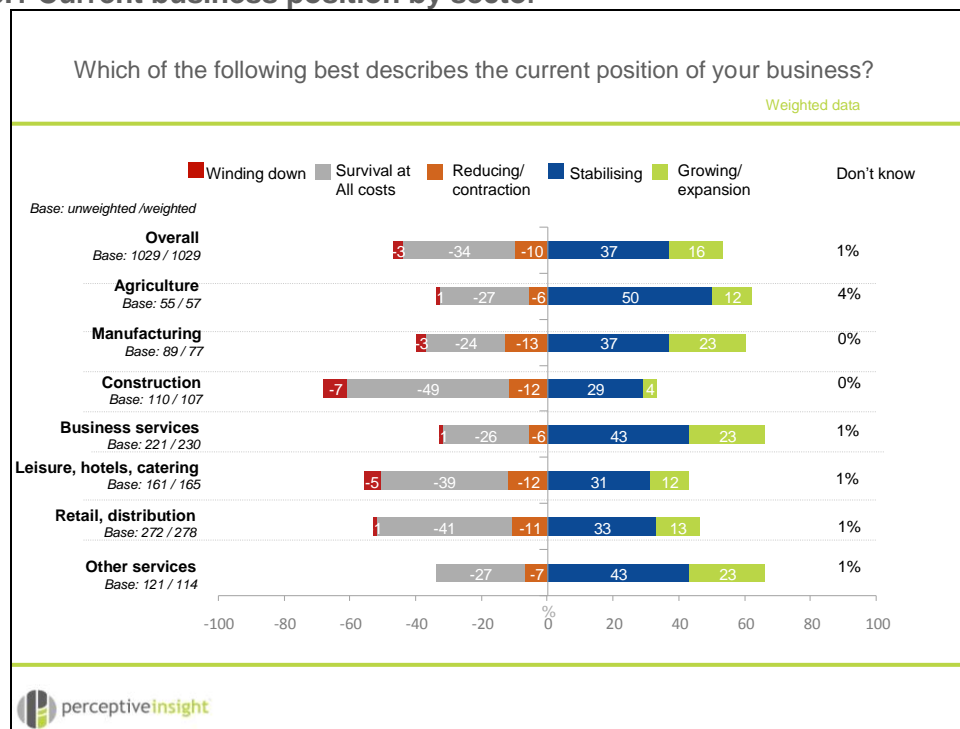
In this section we examine how the economic impact has affected businesses over the last three years.

## Current business position

Respondents were asked to describe the current position of their business. Just 16% said they were in growth mode, and 37% described their business as stable. However, 10% said their business was contracting and one third (34%) reported that they were trying to survive at all costs. A further 3% said they were winding down their business.

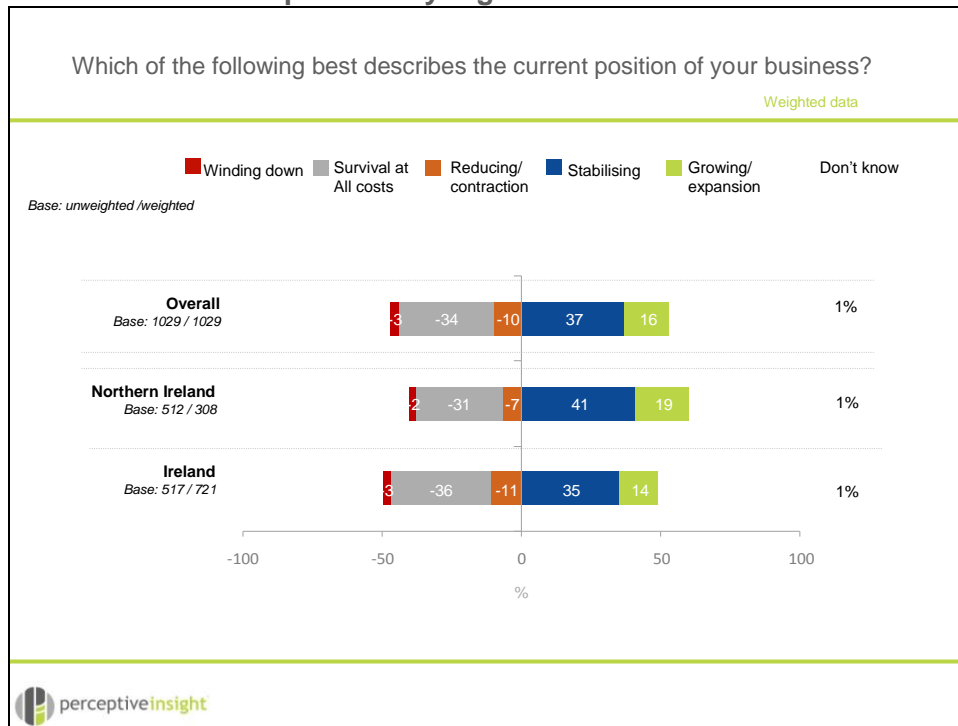
Analysis by sector shows that those in construction are most likely to be struggling with 7% winding down, 49% in survival mode and 12% saying they are contracting. While 29% are stable just 4% say they are growing. The strongest sectors currently appear to be business and other services and manufacturing. Agriculture appears to be the most stable sector at the moment.

Figure 5.1 Current business position by sector



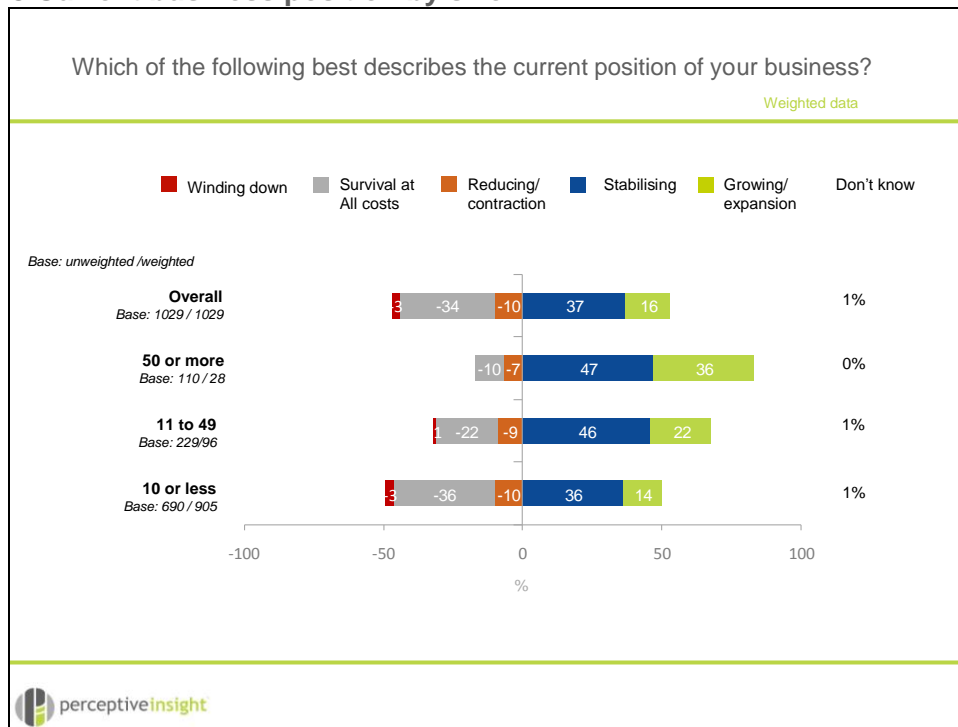
Analysis by region shows that businesses in the south are more likely to be either winding down, in survival mode or contracting (50% in ROI compared with 40% in NI). While 14% of Southern businesses report that they are growing, the corresponding figure for NI businesses is 19%.

Figure 5.2 Current business position by region



As might be expected, larger businesses are currently in a stronger position than either mid-size or small businesses. While just 17% of large businesses are contracting or in survival mode, this figure increases to 32% for mid-size and 49% for the smallest businesses. Indeed 36% of large businesses report growth compared to 22% of mid-size and 14% of small businesses.

Figure 5.3 Current business position by size

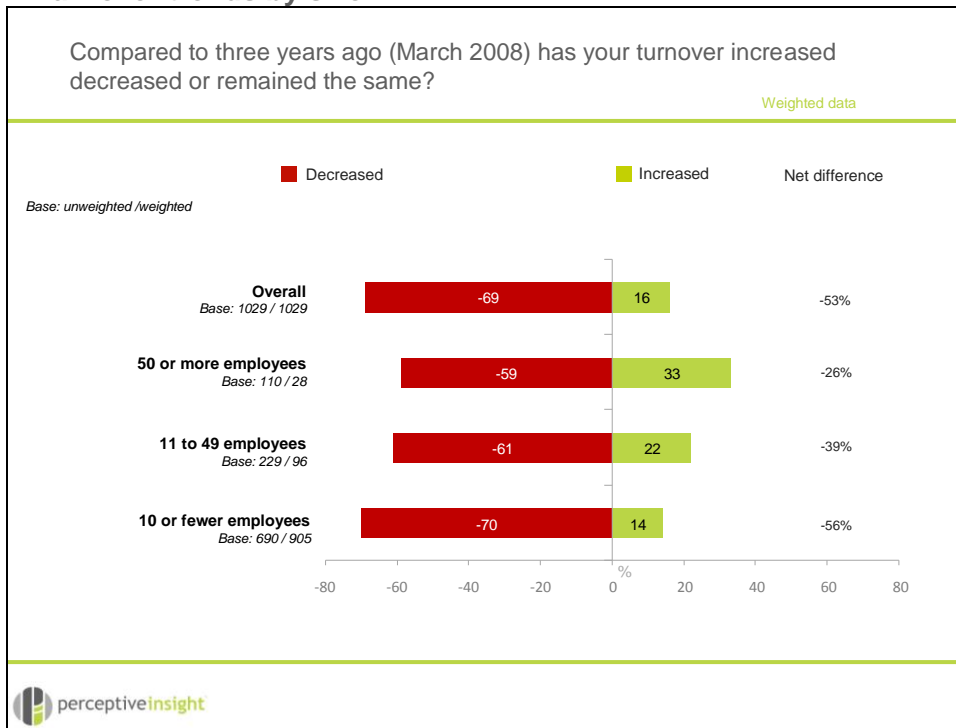


### Impact on turnover

Almost three quarters of businesses (69%) have witnessed a decline in turnover, with only 16% claiming an increase.

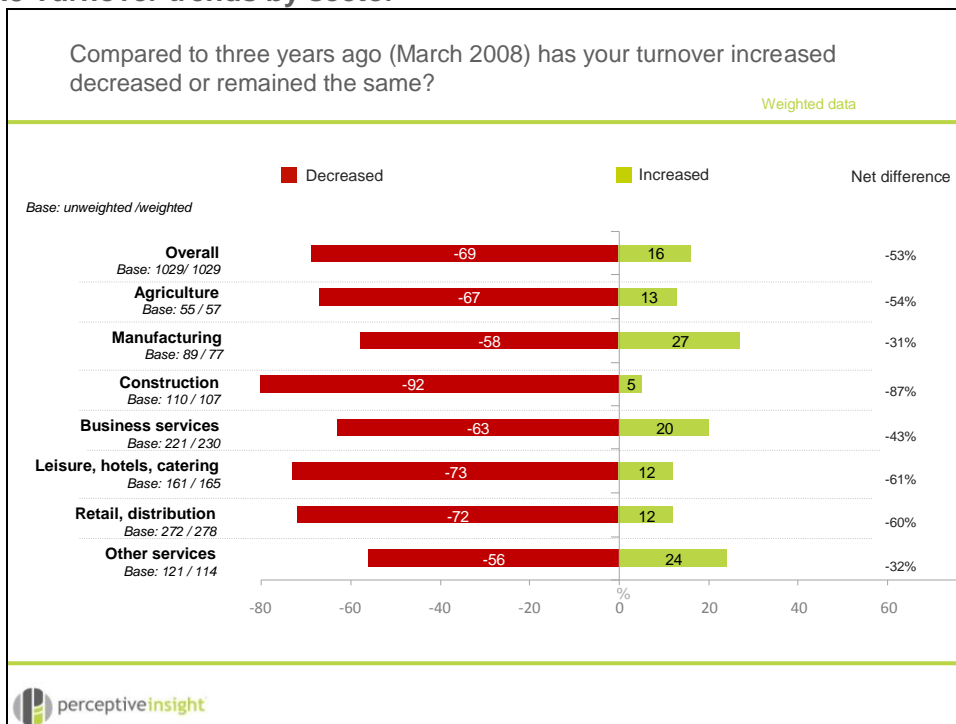
In terms of size, the larger companies are more likely to have experienced an increase in turnover over the last three years (33%) than either medium-sized (22%) or smaller companies (15%). Similarly, small companies are more likely to have seen their turnover decrease (71%), compared with 62% of medium-sized and 59% of large companies.

Figure 5.4 Turnover trends by size



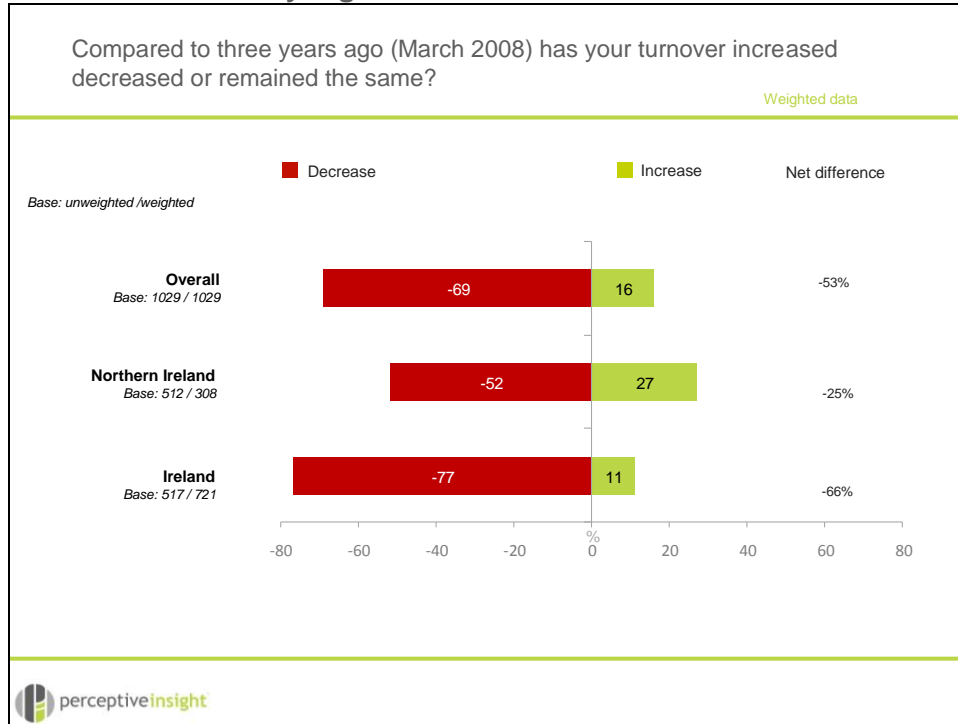
Analysis by sector shows that the construction sector stands out, with 92% saying they have experienced a decline in turnover. The least negative sectors are manufacturing, where 27% have increased their turnover, and other services with 24% having an improved turnover.

Figure 5.5 Turnover trends by sector



Businesses in the South are more likely to have seen a decrease in their turnover (77%) than Northern companies (52%). There is also a sizeable difference in those witnessing an increase in turnover, with only 11% of companies in Ireland compared to 27% of those in Northern Ireland seeing positive growth.

**Figure 5.6 Turnover trends by region**



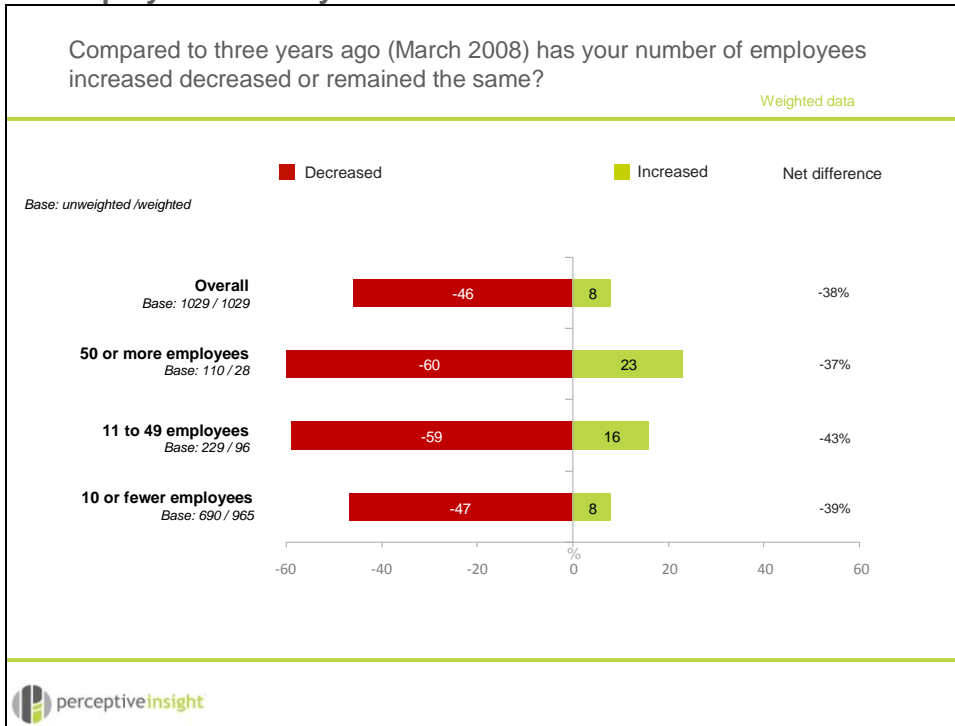
### Impact on staffing levels

Almost one half (46%) of businesses have had to reduce their number of employees in the last three years, while only 8% have increased staffing levels.

Larger (23%) and medium-sized companies (16%) were more likely than smaller (8%) organisations to have increased employment levels over the last three years.

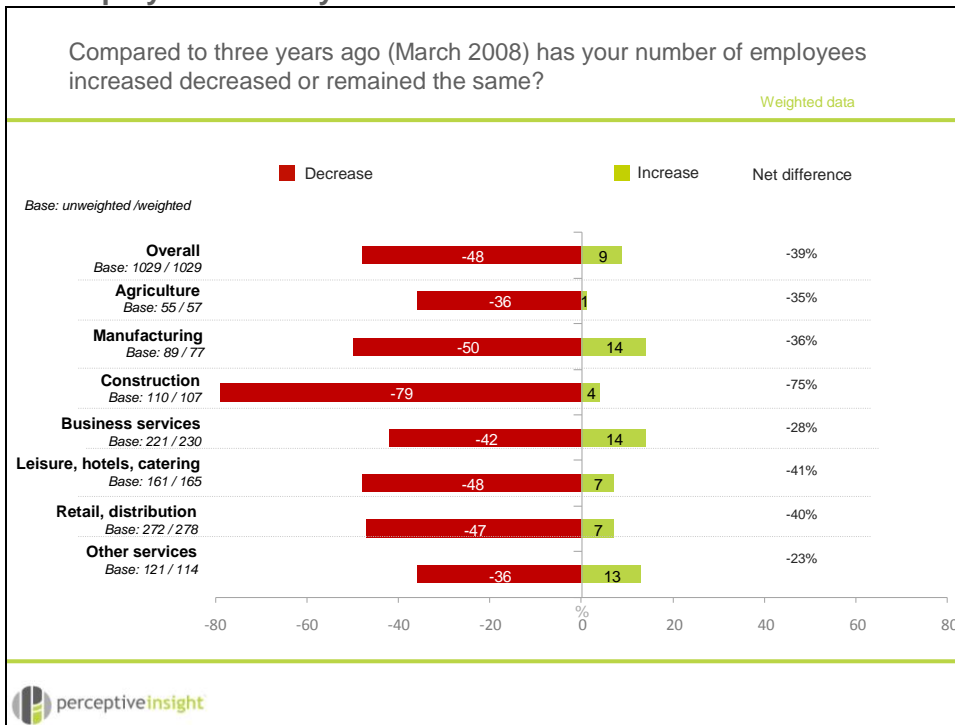


Figure 5.7 Employee trends by size



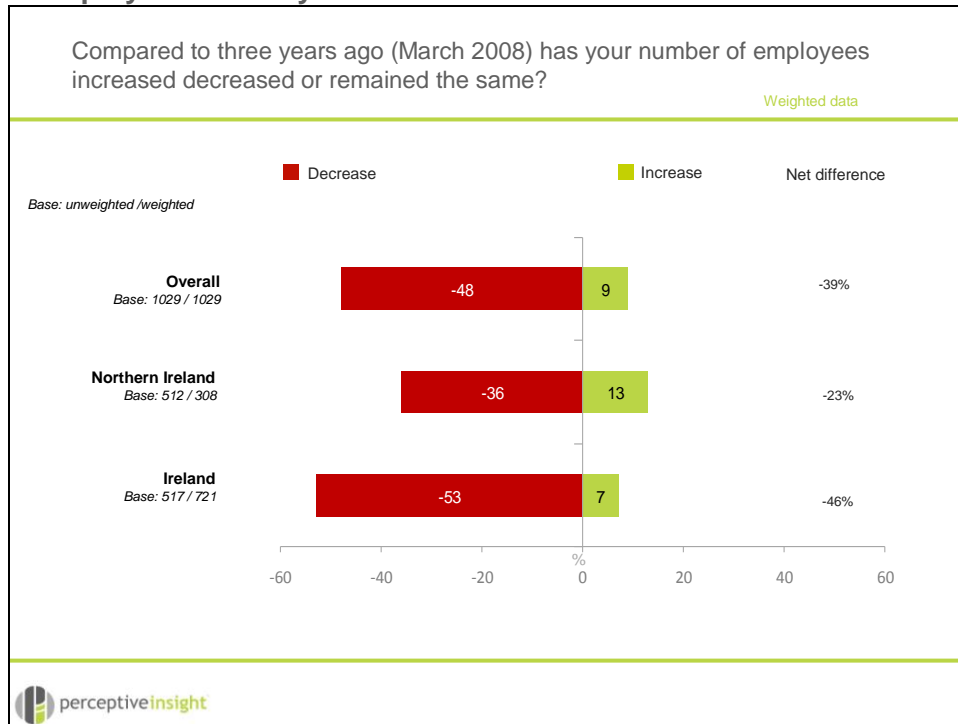
Once again it is the construction sector which seems hardest hit, with 79% reducing their number of employees, giving a net difference of -75% for this industry. Sectors which are less likely to have decreased staffing are manufacturing, agriculture and business services, with net differences of -35%, -37% and -43% respectively.

Figure 5.8 Employee trends by sector



Businesses in Ireland were more likely to have experienced staff reductions than in Northern Ireland (53% and 36% respectively).

**Figure 5.9 Employee trends by size**

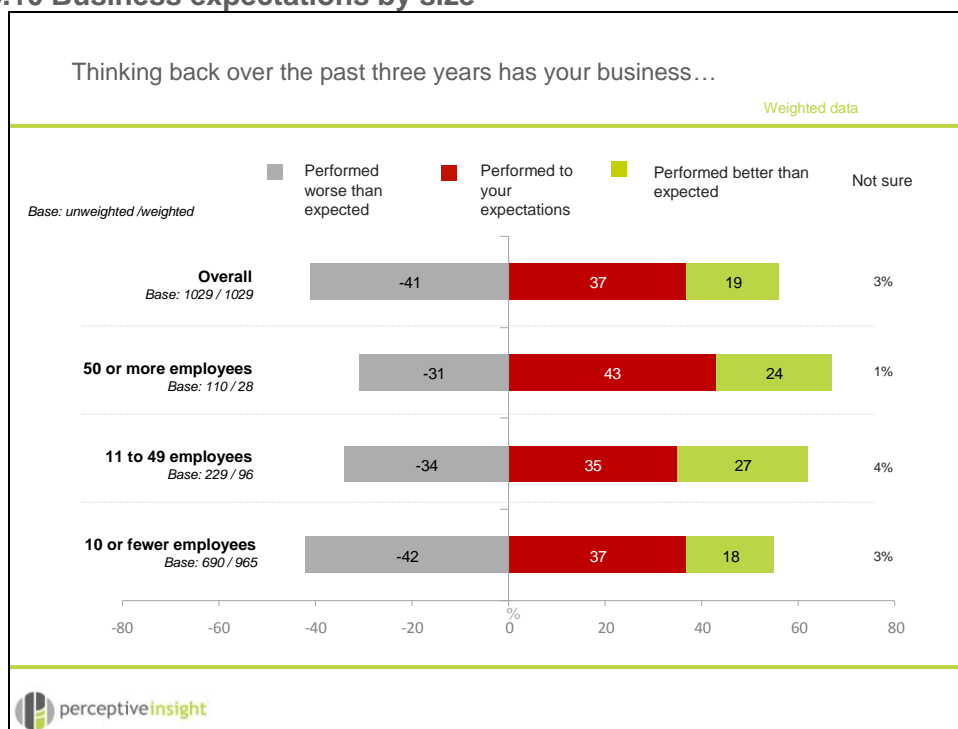


## Business performance

Over half (56%) of all respondents felt their business performance had either met or exceeded their expectations over the past three years. However two in five (41%) said they performed worse than expected.

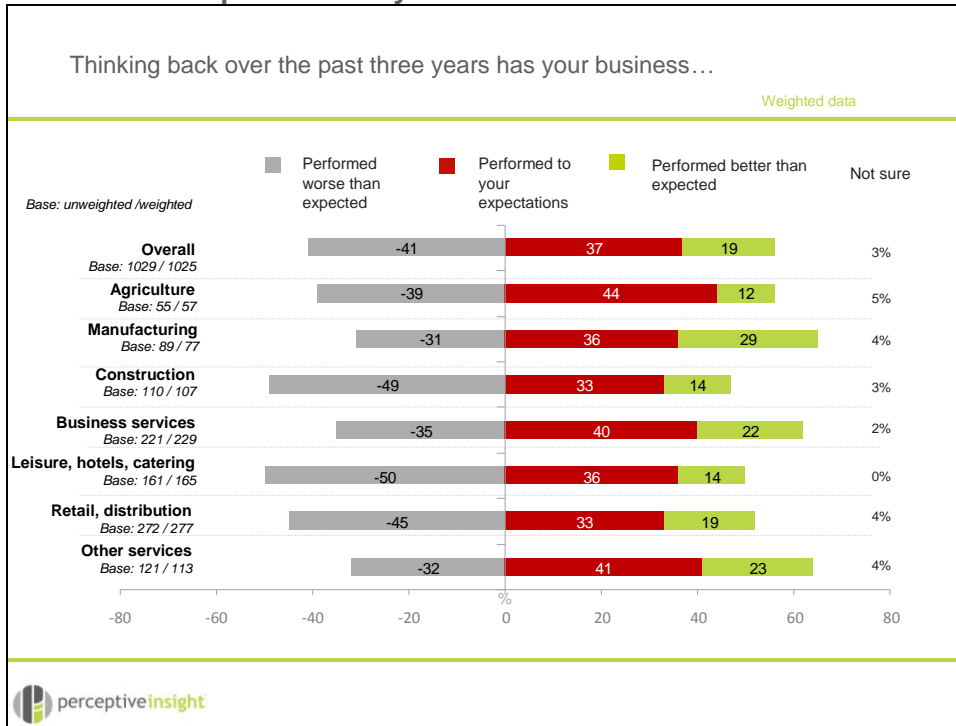
With regard to size, larger companies seemed to have been least affected by the downturn, with over two thirds (67%) saying their expectations were at least met. At the other end of the spectrum smaller businesses appeared to have suffered most over the last three years with one in five (42%) performing worse than expected.

Figure 5.10 Business expectations by size



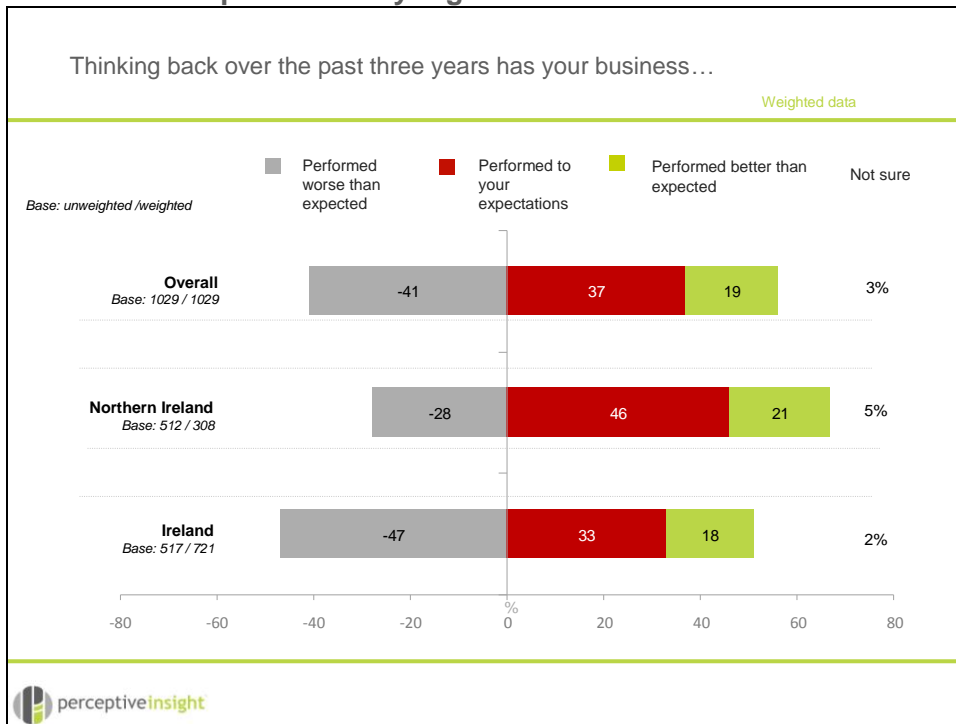
There are some distinct differences by sector. Those sectors which are most likely to have performed worse than expected are the construction and leisure, hotels and catering industries, with 49% and 50% respectively of both sectors underperforming. In contrast, less than two thirds (31%) of respondents working in manufacturing and 32% in 'other services' did not meet their expectations. Indeed 29% of manufacturing businesses said they performed better than expected.

Figure 5.11 Business expectations by sector



On the whole, Northern Irish companies seem to have experienced less difficulty than those in the South. Two thirds (67%) of business in NI met or exceeded business expectations within the past three years. This is compared to just one half (51%) of companies in ROI.

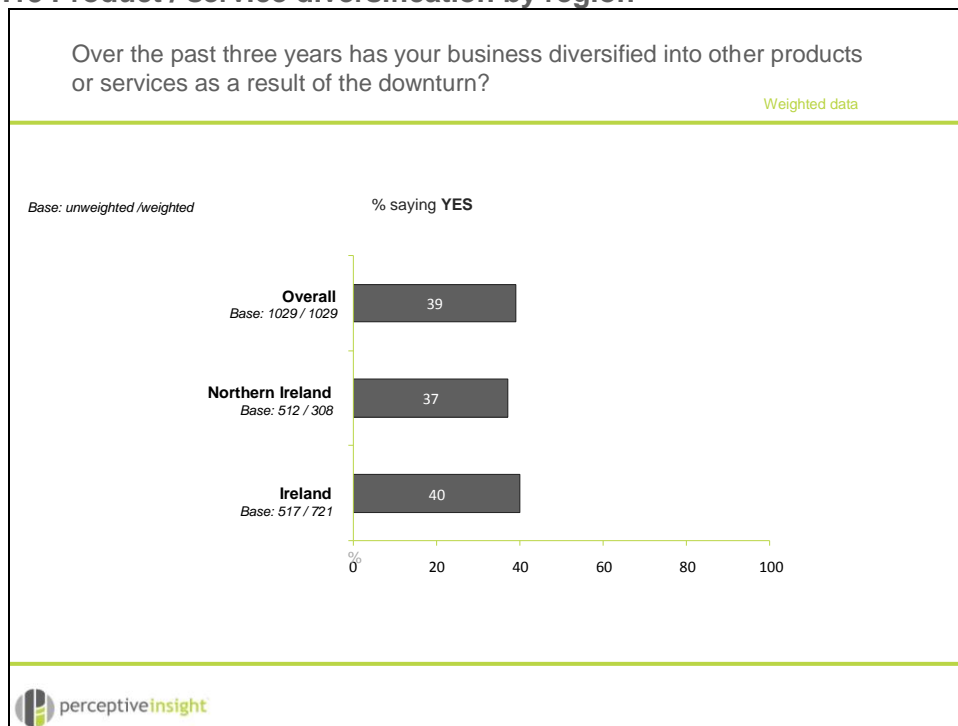
Figure 5.12 Business expectations by region



## Product and service diversification

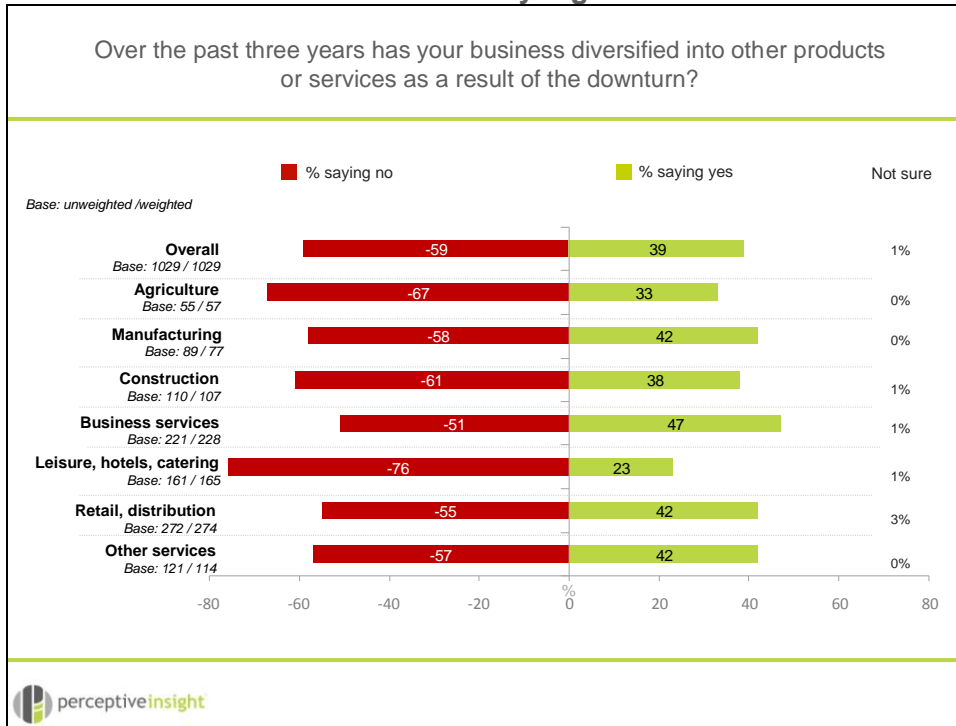
On the whole, less than two in five (39%) businesses chose to diversify into other products or services as a result of the downturn. Responses from companies in the North and South of Ireland were very similar, with those in ROI slightly more likely (40%) to have diversified than those in NI (37%).

**Figure 5.13 Product / service diversification by region**



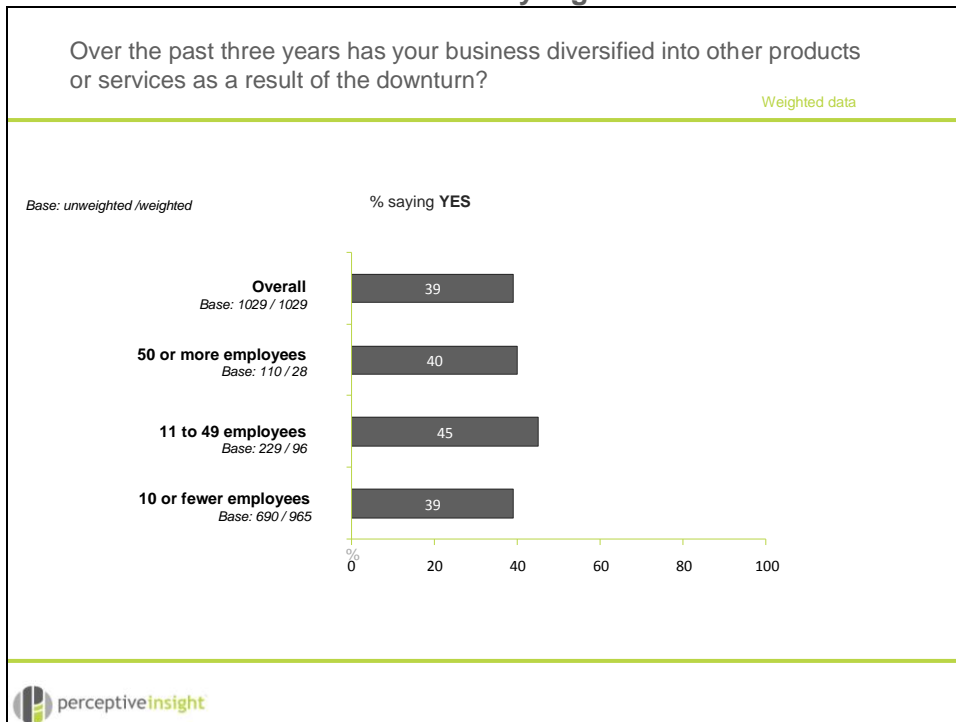
Examining responses by sector shows that those operating in business services was the sector most likely to have diversified at 47%. In contrast, companies in the leisure, hotels and catering industry were the least likely to diversify, with over three quarters (76%) answering 'no'.

Figure 5.14 Product / service diversification by region



Interestingly, it is mid-size companies who are most likely to have diversified over the past three years, with 45% of companies claiming to have done so. However, results were relatively similar for those working in large and small business, 40% and 39% respectively.

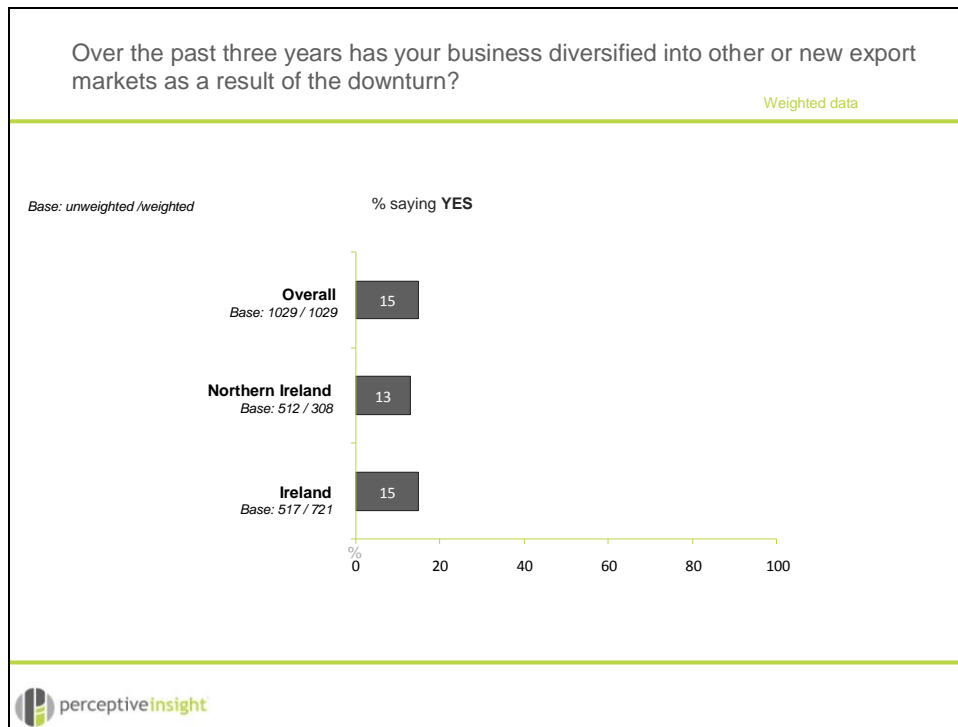
Figure 5.15 Product / service diversification by region



## Market diversification

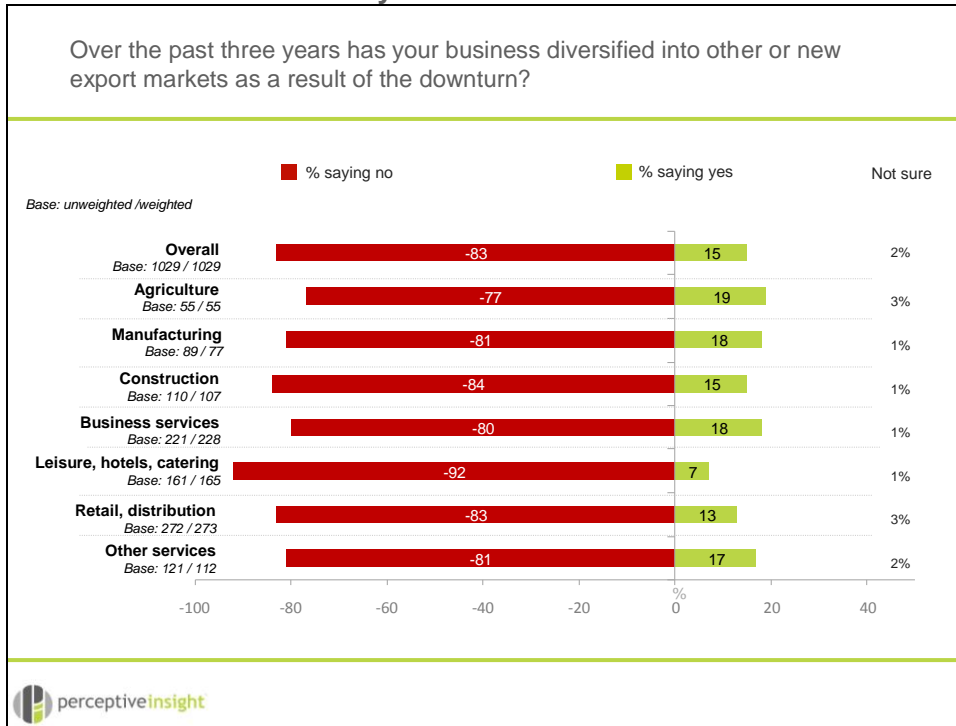
In comparison with product diversification, businesses both North and South were less likely to have diversified in to other or new export markets in the past 3 years. Just 15% of all businesses had experience of this. Results by location were relatively similar as shown in Figure 5.16.

**Figure 5.16 Market diversification by region**



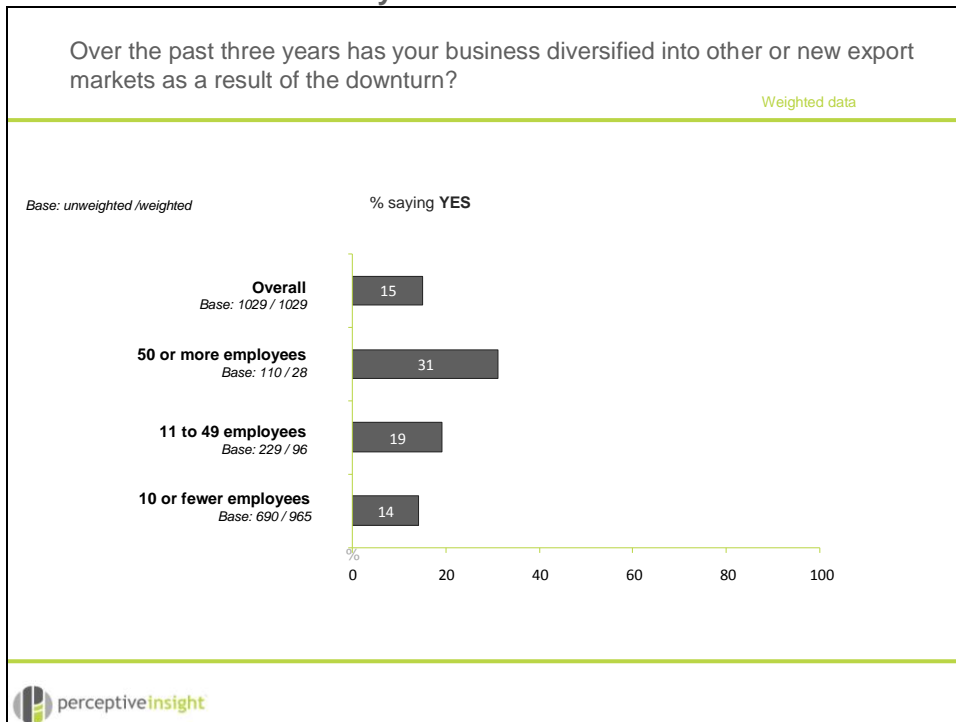
Little difference was found when responses by sector are compared. Those working in agriculture were marginally more likely (19%) than others to have diversified in to new markets, with leisure, hotels and catering least likely to have done so (7%).

Figure 5.17 Market diversification by sector



Companies with 50+ employees were notably more likely to have broken in to new markets over the last three years, with one third (31%) claiming to have done so. Responses from medium-sized and small organisations were relatively similar (19% and 14% respectively).

Figure 5.18 Market diversification by size

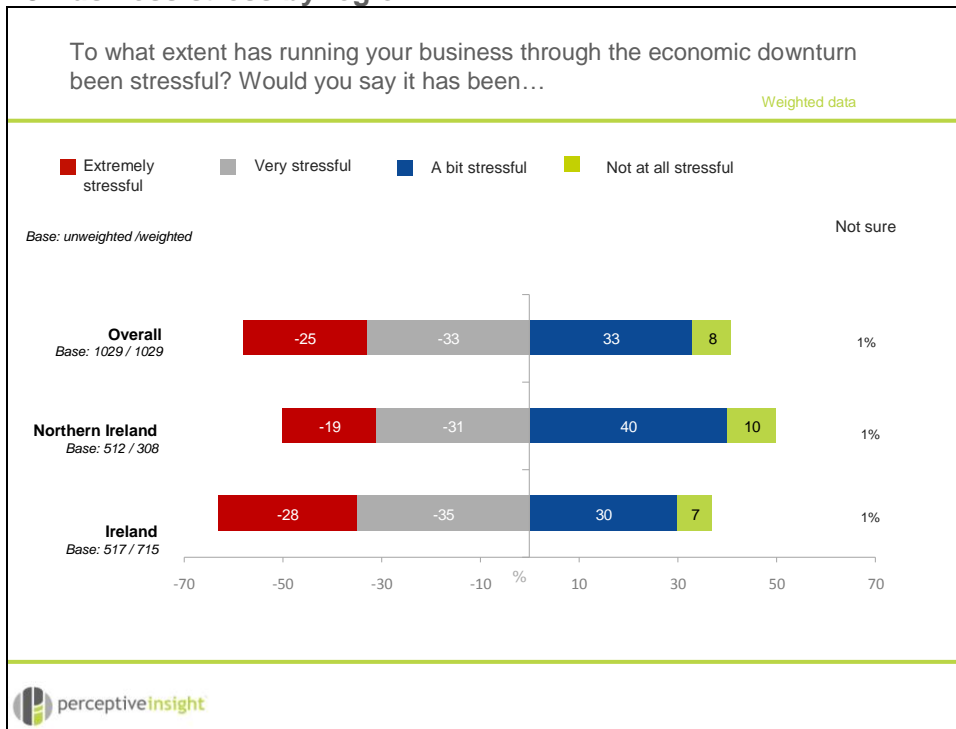




## Business stress

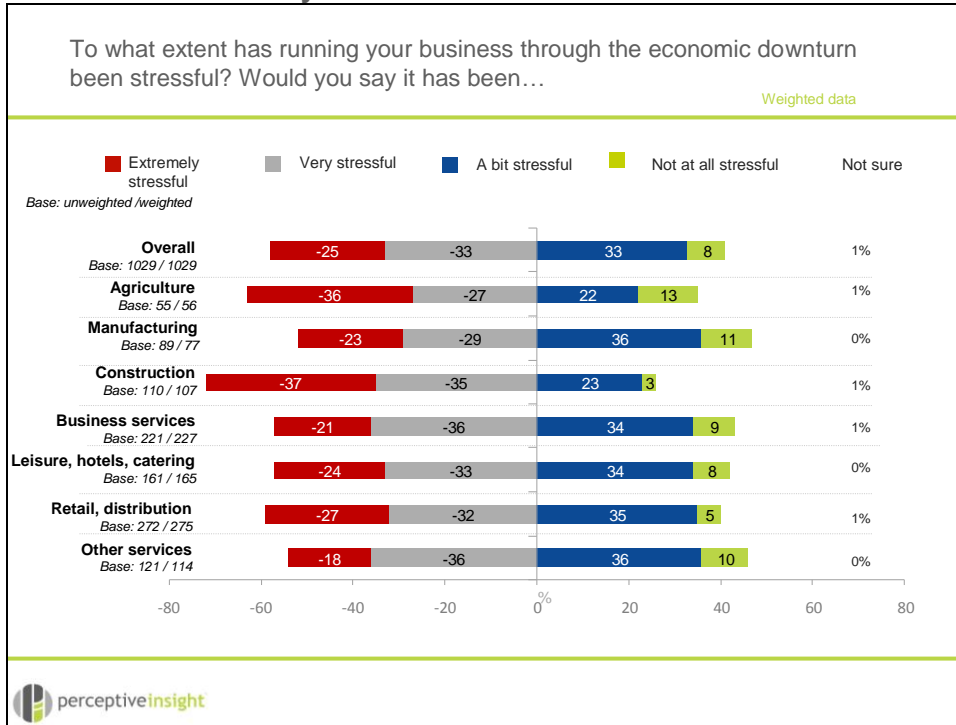
When asked to what extent they had found running a business through the economic downturn stressful 58% of respondents had found it stressful to some extent; with one quarter (25%) saying it has been extremely stressful. Those working in ROI (63%) were more likely to have experienced stress to some degree during this time than those in NI (50%).

Figure 5.19 Business stress by region



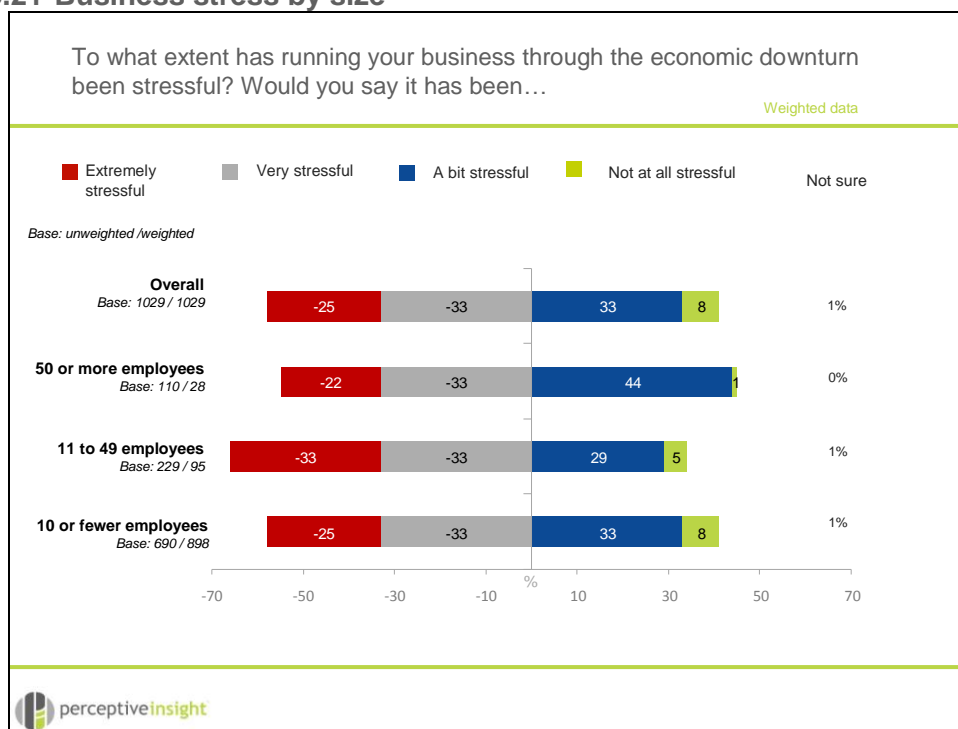
All sectors appear to have experienced stress to some extent during the downturn as shown in Figure 2.0. Respondents working in the construction and agriculture sectors were most likely to be affected by stress with 37% and 36% respectively claiming running their business was 'extremely stressful'.

Figure 5.20 Business stress by sector



When considering company size, there are no distinctive trends with regard to the stress related to running a business. However, those working in medium-sized companies were more likely to experience stress to a greater extent (66%) than small and large companies (58% and 55% respectively).

Figure 5.21 Business stress by size

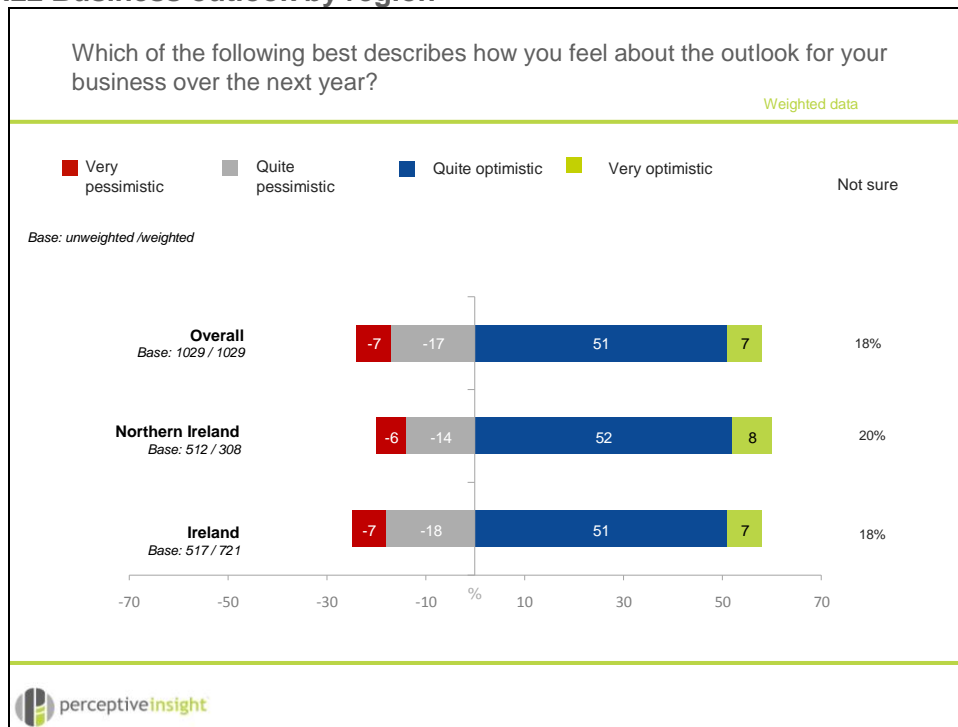


### Outlook for the next business year

When asked about the outlook for their business for the next year, the majority were positive, with 58% saying they were optimistic. However, one quarter (24%) remain pessimistic about the future.

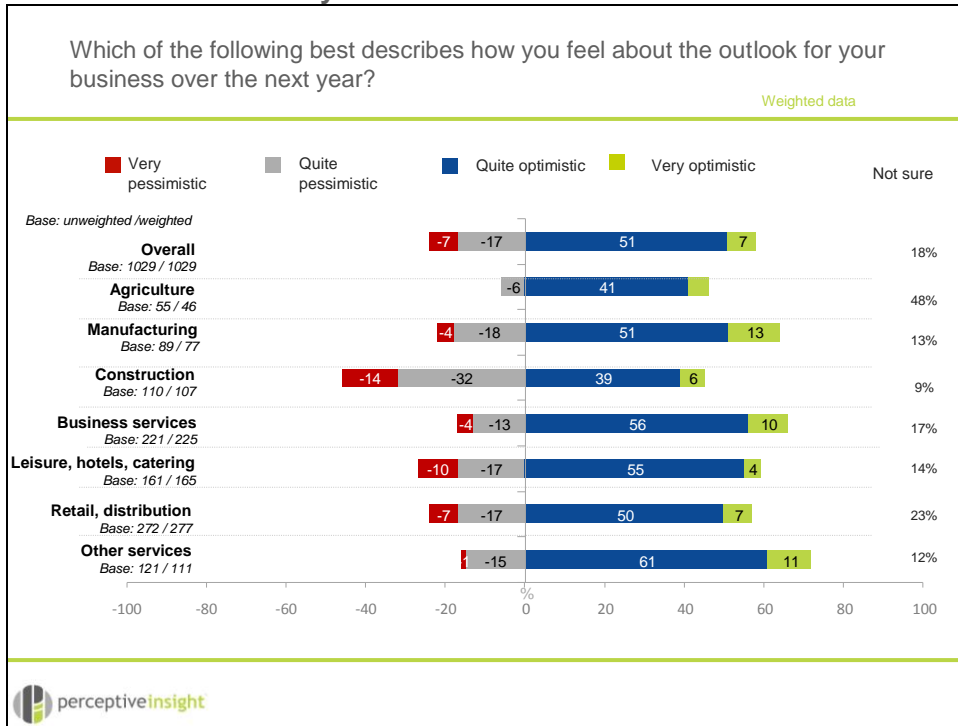
There were only marginal differences between companies' outlook in NI and ROI, with those based in Northern Ireland having a slightly more positive outlook (60%) than those in the South (58%).

Figure 5.22 Business outlook by region



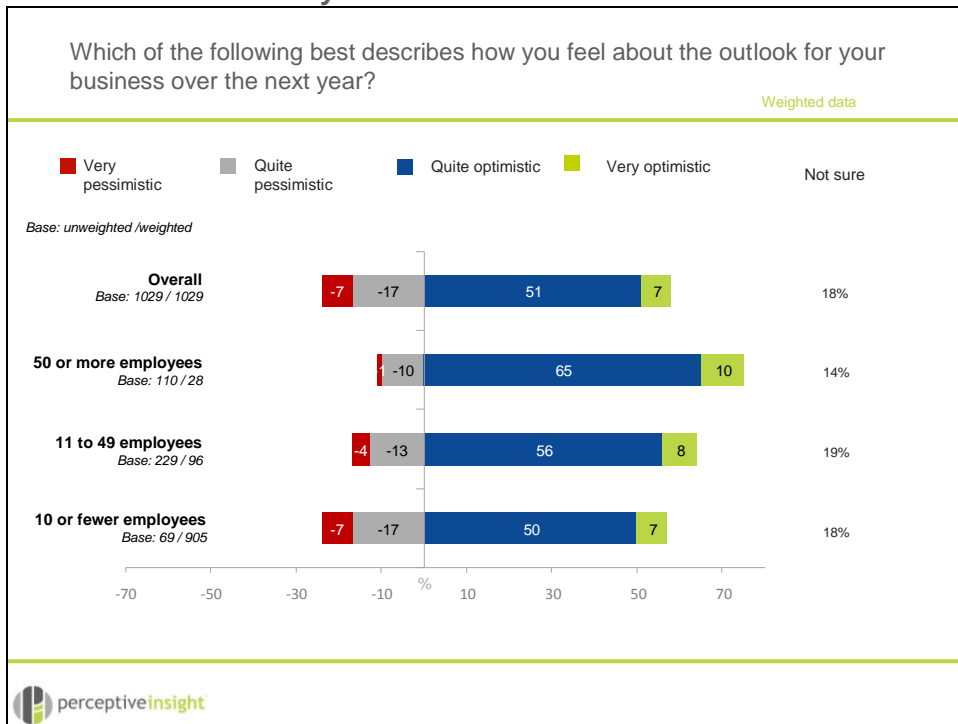
Outlook for the coming business year varies by sector. Those working in 'other services' and business services are most positive about the future, (72% and 66% respectively are optimistic). This is compared to the construction industry where only 45% showed optimism for the next year. It should also be noted that 48% of those working in agriculture and 23% of those in retail and distribution feel unsure about the next 12 months.

Figure 5.23 Business outlook by sector



Businesses with 50 or more employees are notably more positive when considering the future than medium and small companies, with three quarters of large companies feeling optimistic compared to just 57% of those with 10 or less staff.

Figure 5.24 Business outlook by size



## Appendix A - Methodology

### Background

InterTradelreland has commissioned Perceptive Insight Market Research to undertake its business monitor research. The InterTradelreland study is unique in scope, scale and regularity and has helped to fill a void in All-Island economic intelligence, especially during the recent turbulent economic times. The objectives for this project are:

- For the Business Monitor to act as a topical indicator of business confidence, cross-border trade and business activity across the island of Ireland; and
- For the survey results to act as an evidence base on a variety of themes of interest to business and policy makers, themes on which InterTradelreland can build future initiatives.

### Approach

The core features of the approach are:

- A telephone survey of 1,029 businesses, which was undertaken during April 2011;
- The sample is structured to allow sub-groups analysis by region, sector and size of business, with the data weighted to reflect the overall population of businesses on the island when reporting at the overall level.
- The questionnaire contains both a set of consistent or 'core' questions, to allow the monitoring of trends, as well as additional themes and topical questions that vary by quarter.

### Sampling

The following tables detail the number of interviews that were conducted by sector, size and region.

**Table A.1: Number of interviews conducted in Q1 2011 (unweighted data)**

		NI	Ireland	Total
<b>Sector</b>	Agriculture	29	26	55
	Manufacturing	44	45	89
	Construction	57	53	110
	Professional services	107	114	221
	Leisure, hotel and catering	80	81	161
	Retail/distribution services	134	138	272
	Other services	61	60	121
<b>Size</b>	1 to 10	343	347	690
	11-49	116	113	229
	50 or more	53	57	110
<b>Total</b>		512	517	1029

# Appendix B - Business confidence and economic trends

## NI trends

Table B.1: Trends in quarterly sales in NI

Have your sales over the past quarter increased, decreased or remained the same? <sup>2</sup>														
NI	2008				2009				2010				2011	
	Base	Q1 500	Q2 500	Q3	Q4 500	Q1 500	Q2 500	Q3 500	Q4 500	Q1 500	Q2 506	Q3 523	Q4 565	Q1 512
Increased		28%	23%	-	18%	20%	18%	26%	23%	21%	31%	28%	18%	27%
Remained steady		34%	36%	-	36%	37%	37%	31%	30%	30%	30%	31%	33%	33%
Decreased		33%	36%	-	44%	42%	44%	39%	42%	42%	38%	39%	49%	39%
Not sure		6%	3%	-	2%	2%	1%	3%	4%	4%	1%	1%	1%	1%
Net difference		-5%	-13%	-	-26%	-22%	-26%	-13%	-19%	-21%	-7%	-11%	-31%	-12%

Table B.2: Trends for quarterly sales outlook in NI

Looking ahead to the next 12 months, do you expect level of sales to...? <sup>3</sup>														
NI	2008				2009				2010				2011	
	Base	Q1 500	Q2 500	Q3	Q1 500	Q1 500	Q2 500	Q3 500	Q4 500	Q1 500	Q2 506	Q3 523	Q4 565	Q1 512
Increased		37%	23%	-	22%	27%	26%	38%	37%	37%	41%	35%	31%	34%
Remained steady		41%	38%	-	39%	43%	46%	38%	38%	43%	32%	38%	40%	40%
Decreased		16%	31%	-	31%	22%	25%	19%	18%	14%	18%	22%	24%	20%
Not sure		7%	7%	-	8%	8%	3%	5%	7%	6%	9%	5%	6%	6%
Net difference		21%	-8%	-	-9%	5%	1%	19%	19%	23%	23%	13%	7%	14%

<sup>2</sup> Up to Quarter 1 2010 the question wording referred to turnover rather than sales

<sup>3</sup> Up to Quarter 1 2010 the question wording referred to turnover rather than sales

Table B.3: Quarterly trends in employment levels in NI

Over the past quarter has your number of employees increased, decreased or remained the same?														
NI	2008			2009					2010				2011	
	Base	Q1	Q2	Q3	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	500	500		500	500	500	500	500	500	500	506	523	565	512
Increased	12%	8%	-	8%	8%	8%	14%	8%	8%	12%	7%	4%	10%	
Remained steady	73%	75%	-	72%	76%	72%	71%	71%	73%	76%	81%	81%	72%	
Decreased	14%	15%	-	19%	14%	19%	13%	17%	18%	11%	12%	14%	17%	
Not sure	2%	2%	-	1%	1%	2%	2%	4%	1%	1%	0%	1%	0%	
Net difference	-2%	-7%	-	-11%	-6%	-11%	1%	-9%	-10%	1%	-5%	-10%	-7%	

Table B.4: Trends in quarterly employment levels outlook in NI

Looking ahead to the next 12 months, do you expect number of employees to...														
NI	2008				2009				2010				2011	
	Base	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	500	500		500	500	500	500	500	500	500	506	523	565	512
Increased	11%	11%	-	8%	8%	9%	14%	11%	11%	18%	15%	11%	13%	
Remained steady	82%	79%	-	80%	83%	85%	77%	79%	80%	69%	75%	75%	73%	
Decreased	6%	7%	-	10%	5%	5%	7%	6%	7%	9%	8%	10%	10%	
Not sure	1%	2%	-	3%	4%	2%	2%	3%	2%	3%	3%	3%	4%	
Net difference	5%	4%	-	-2%	3%	4%	7%	5%	4%	9%	7%	1%	3%	



## Ireland trends

Table B.5: Trends in quarterly sales in Ireland

Have your sales over the past quarter increased, decreased or remained the same? <sup>4</sup>														
Ireland	2008				2009				2010				2011	
	Base	Q1 500	Q2 500	Q3	Q4 500	Q1 500	Q2 500	Q3 500	Q4 500	Q1 500	Q2 503	Q3 506	Q4 567	Q1 517
Increased		24%	16%	-	8%	5%	9%	9%	11%	13%	25%	27%	20%	23%
Remained steady		38%	32%	-	28%	21%	18%	22%	29%	28%	28%	29%	25%	25%
Decreased		34%	49%	-	61%	72%	72%	69%	60%	58%	46%	43%	53%	50%
Not sure		4%	2%	-	3%	2%	0%	2%	0%	1%	1%	1%	1%	1%
Net difference		-10%	-33%	-	-53%	-67%	-63%	-60%	-49%	-45%	-21%	-16%	-33%	-27%

Table B.6: Trends for quarterly sales outlook in Ireland

Looking ahead to the next 12 months, do you expect level of sales to...? <sup>5</sup>														
Ireland	2008			2009				2010				2011		
	Base	Q1 500	Q2 500	Q3	Q1 500	Q1 500	Q2 500	Q3 500	Q4 500	Q1 500	Q2 503	Q3 506	Q4 567	Q1 517
Increased		35%	17%	-	14%	12%	14%	20%	22%	27%	37%	30%	33%	38%
Remained steady		40%	41%	-	33%	41%	41%	38%	46%	43%	36%	40%	40%	37%
Decreased		19%	36%	-	47%	43%	41%	38%	29%	27%	20%	22%	21%	21%
Not sure		6%	6%	-	6%	4%	4%	4%	3%	3%	8%	7%	6%	4%
Net difference		16%	-19%	-	-33%	-31%	-27%	-18%	-7%	0%	17%	8%	12%	17%

<sup>4</sup> Up to Quarter 1 2010 the question wording referred to turnover rather than sales

<sup>5</sup> Up to Quarter 1 2010 the question wording referred to turnover rather than sales

Table B.7: Quarterly trends in employment levels in Ireland

Over the past quarter has your number of employees increased, decreased or remained the same?													
Ireland	2008				2009				2010				2011
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<i>Base</i>	500	500		500	500	500	500	500	500	503	506	567	517
Increased	10%	9%	-	6%	4%	5%	3%	5%	5%	6%	9%	6%	9%
Remained steady	75%	68%	-	63%	56%	61%	63%	63%	68%	77%	73%	74%	72%
Decreased	13%	21%	-	30%	38%	33%	33%	27%	27%	17%	18%	20%	19%
Not sure	2%	1%	-	2%	2%	1%	1%	1%	1%	0%	0%	0%	0%
Net difference	-3%	-12%	-	-24%	-34%	-28%	-30%	-22%	-22%	-11%	-9%	-14%	-10%

Table B.8: Trends in quarterly employment levels outlook in Ireland

Looking ahead to the next 12 months, do you expect number of employees to...													
Ireland	2008				2009				2010				2011
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 <sup>9</sup>	Q3	Q4	Q1
<i>Base</i>	500	500		500	500	500	500	500	500	503	506	567	517
Increased	15%	5%	-	3%	7%	5%	6%	8%	7%	12%	12%	15%	17%
Remained steady	78%	74%	-	75%	73%	74%	73%	77%	80%	74%	74%	69%	69%
Decreased	6%	17%	-	18%	16%	17%	18%	11%	11%	10%	11%	10%	11%
Not sure	2%	4%	-	4%	4%	4%	3%	3%	2%	4%	3%	6%	2%
Net difference	-2%	-12%	-	-15%	-9%	-12%	-12%	-3%	-4%	2%	1%	5%	6%