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**Manufacturing and Business Services sectors surging ahead according to survey**

According to the latest all-island quarterly Business Monitor released today by InterTradeIreland, the manufacturing and business services sectors have outperformed every other industry surveyed with regards to sales increases in 2012 Q4 and they remain the most positive looking forward.

Almost 70 per cent of manufacturing companies reported to be either growing or stable which is in contrast to industries such as construction within which 66 per cent of businesses reported to be contracting, surviving at all costs or winding down.

This quarter, the largest business survey on the island also showed that those who export or who have had cross-border sales are much more likely to report increased sales and less likely to be affected by new competitors to the market. They are also more optimistic about increasing sales and employee numbers in the next year. The report suggested that manufacturing and business services were most likely to be engaged in exporting which may explain why they are outperforming the other sectors. However, the overall picture of general export activity remains disappointing with less than 3 in 10 businesses selling abroad.

Commenting on the Q4 2012 Business Monitor findings, Aidan Gough, strategy and policy director at InterTradeIreland said: “*It is encouraging to see a big jump in the number of manufacturing and business services enterprises reporting sales growth. As these two sectors are the most likely to export, we can see that those companies that are exporting are doing better than those which are not. However it is clear that the burden of leading economic recovery is falling on too few. We need to get more businesses exporting and indeed innovating.*”

The Business Monitor also highlighted how firms cross the island are failing to recognise and exploit the benefits of innovation.

Aidan Gough, explained: “*It is clear from this quarter’s survey that firms in Northern Ireland and Ireland are not taking advantage of the opportunities to innovate and export as much as they should. Only 2 per cent of businesses surveyed stated that their business strategy focused on being first to market with new innovations and 10 per cent on being innovative in response to customer demand. In addition, around 70 per cent of businesses reported that they had not developed any new products or services in the last few years and 1 in 5 firms believe that they have not had any new customers in the last three years. These statistics are worrying and businesses should look at diversifying into new markets or developing new products or services in order to boost growth.*

“*Our recent survey, ‘Leveraging the Innovation Ecosystem for Business Advantage’, affirmed that innovation is the bedrock for sustained growth and that firms which engage in this practice are three times as successful as those that do not. It is important that firms leverage the resources available to them from outside their business which can act as catalysts for innovation and give businesses a competitive advantage.*

*“These organisations form an open innovation ecosystem which can offer SMEs the potential to source and connect with a wider variety of relevant expertise than is currently available, as well as opening up international opportunities.”*

Magherafelt-based bakery, Genesis Crafty, is one local company which is focused on innovation and is reaping the rewards of taking part in one such scheme. John Mc Erlain, director, commented: “New product development is very important to us and so the InterTradeIreland FUSION programme suited us perfectly. Taking part allowed us to benefit from the knowledge and experience of a skilled graduate, with the support from an academic institution. This initiative is coming to an end but the programme has allowed us to strengthen our development team and be at a fairly advanced stage in our trials for potential new products. As a result of our involvement with the InterTradeIreland Fusion programme, we will add new listings for our customers.

“I believe that if we can keep developing our business through innovation, we will continue to command a strong position in a very competitive market place.”

The InterTradeIreland Q4 2012 business monitor also raises the issue of alternative sources of finance and how much understanding local firms have of the business supports available.

Aidan continued: *“The incidence of SMEs applying for finance last quarter was again very low. However, with the majority of SMEs also reporting they have not heard of Government schemes or are not familiar with the details of initiatives set up across the island to help firms with alternative sources of financial support, more needs to be done to communicate those services and make businesses more receptive to participating.*

“*The Q4 2012 Business Monitor shows that SMEs need to innovate and export to improve business performance. This may not be suited to all business types but we would certainly encourage all SMEs to contact InterTradeIreland to better understand the supports we can offer them, particularly in terms of cross border trade and innovation. Their first port of call should be to visit our website at www.intertradeireland.com,”* he concluded.

InterTradereland’s quarterly Business Monitor survey is the largest and most comprehensive business survey on the island covering business owners’ views in both Northern Ireland and Ireland from interviews conducted with more than 1,000 SMEs. It differs from other surveys in the fact that it is seen to be the ‘voice of local businesses’ feeding directly from telephone interviews conducted with a robust sample of businesses across a range of sectors.

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A copy of the Executive Summary can be viewed at <http://www.intertradeireland.com/researchandpublications/publications/name,10778,en.html>

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