

Chamber of Commerce
&
Young Business Group

Business Trend Survey

April 2013



Respondents' Profile

79 businesses responded to the 2013 Chamber of Commerce/YBG Business Trends Survey. There was a good representation of businesses in terms of economic sectors covered and size, thereby ensuring that a wide range of opinions and information were recorded (Figures 1, 2, 3).

Economic Sector

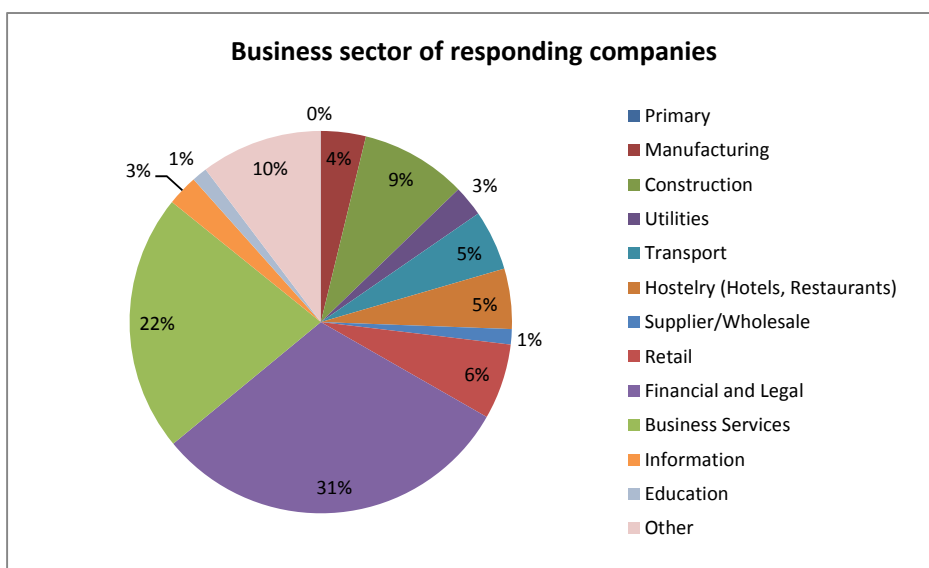


Figure 1

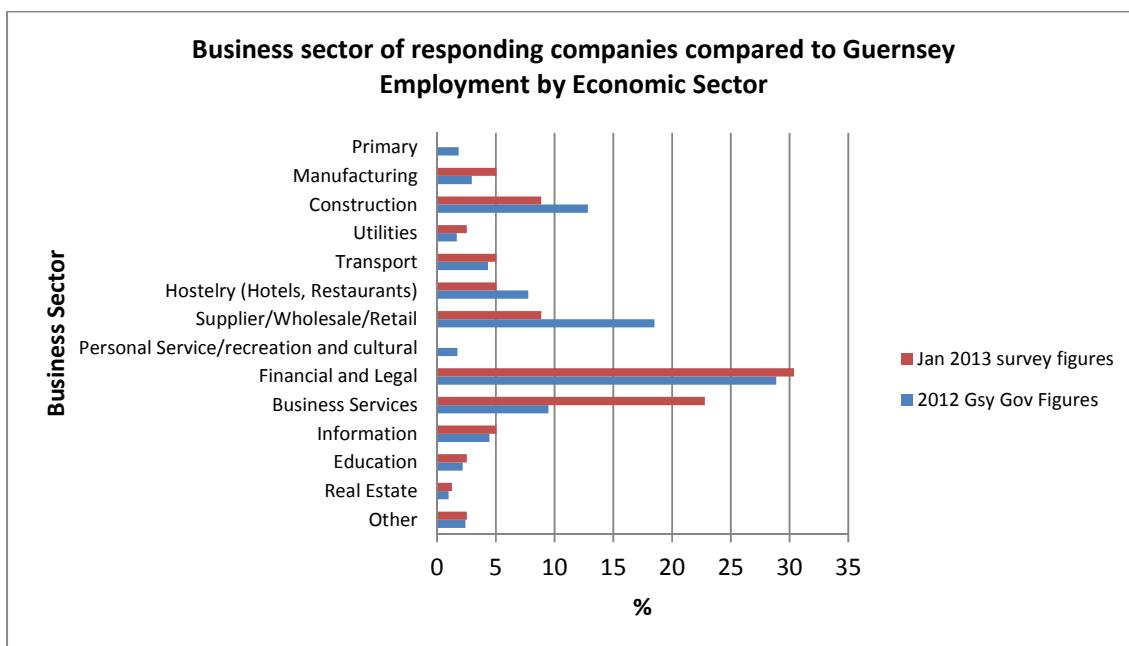


Figure 2

Employee Numbers (including management)

44% of respondents had 10 or less employees (34% of businesses comprised 1 to 5 employees, 10% had between 6 and 10 employees). In 2012, the percentage number of smaller business taking part in the Business Trends Survey was slightly greater than in 2013.

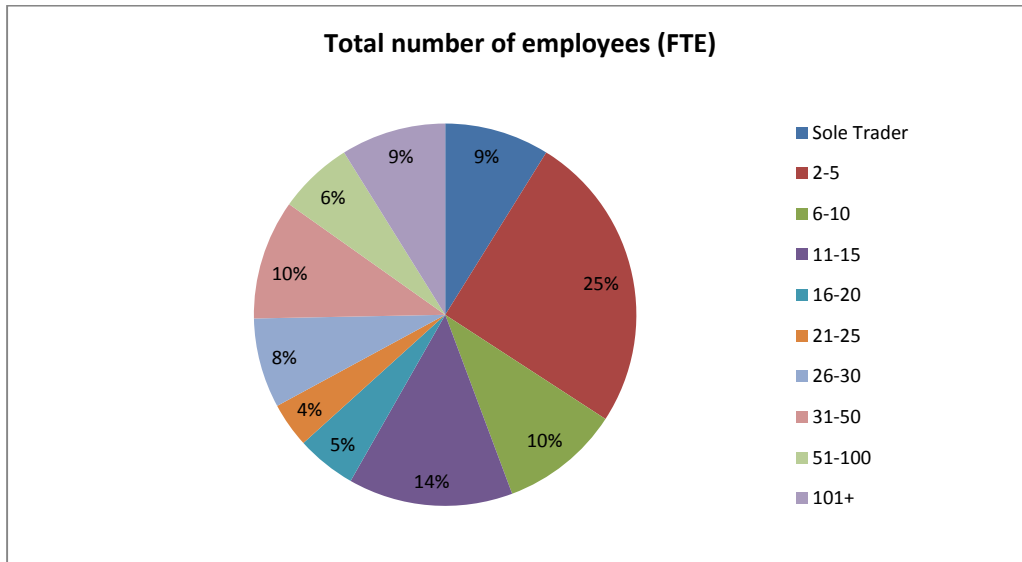


Figure 3

However, in terms of trends since the commencement of the survey in 2005, there has been very little change in the numbers employed by business respondents (Figure 4).

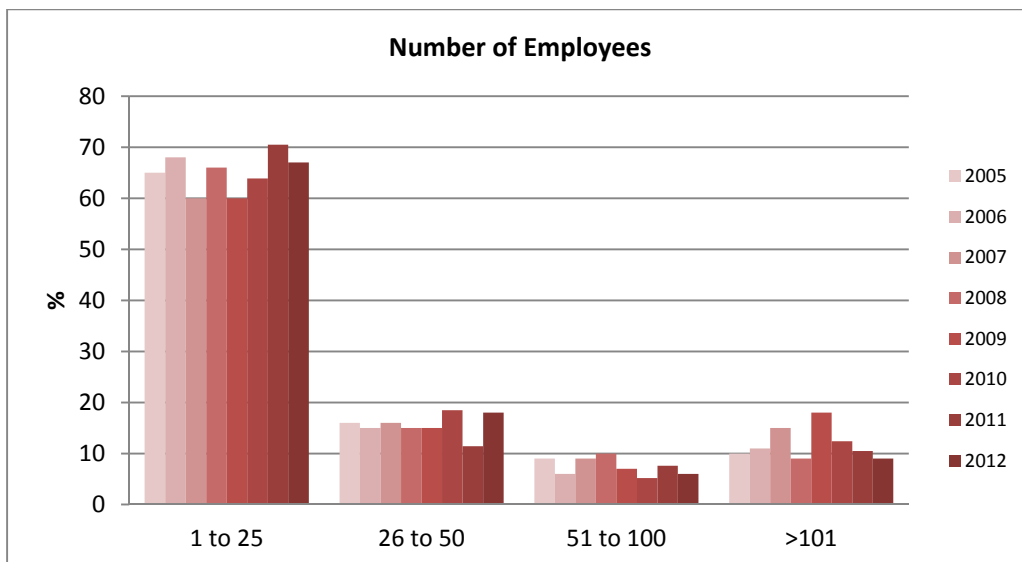


Figure 4

Business Findings

Turnover (2012 compared with 2011)

51% of respondents experienced an increase in turnover in the 12 months to 31st December 2012. This is exactly the same percentage as in 2011. 29% of businesses experienced a decrease in business turnover while 20% of businesses indicated that turnover was on par with the previous year (Figure 5).

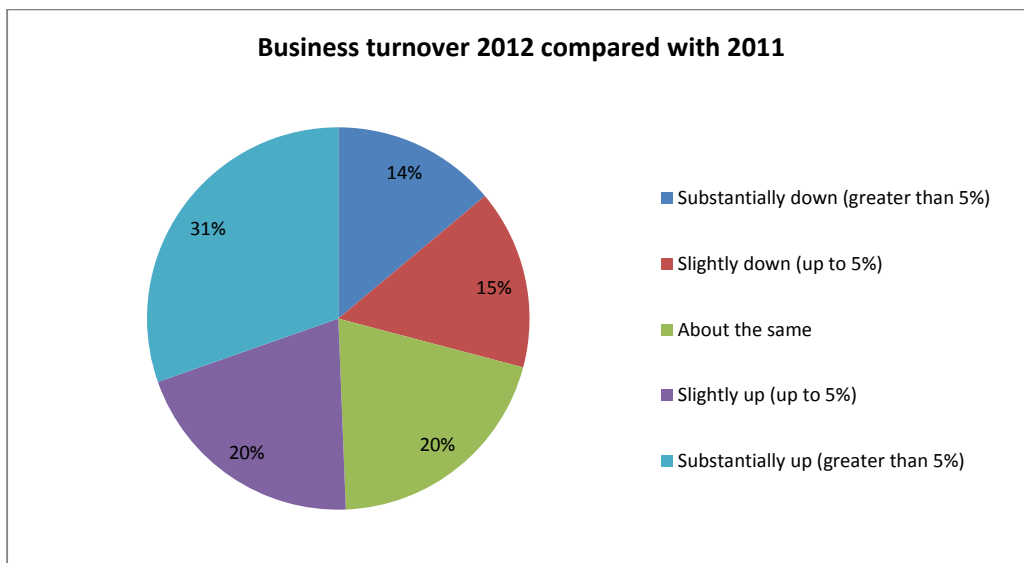


Figure 5

31% of businesses experienced turnover up by over 5% (26% in 2011 but still down on 2010), whilst only 14% were down by over 5% (similar to the previous year) (Figure 6). However, there are still noticeable differences between the last five years as compared to the period 2005 to 2007.

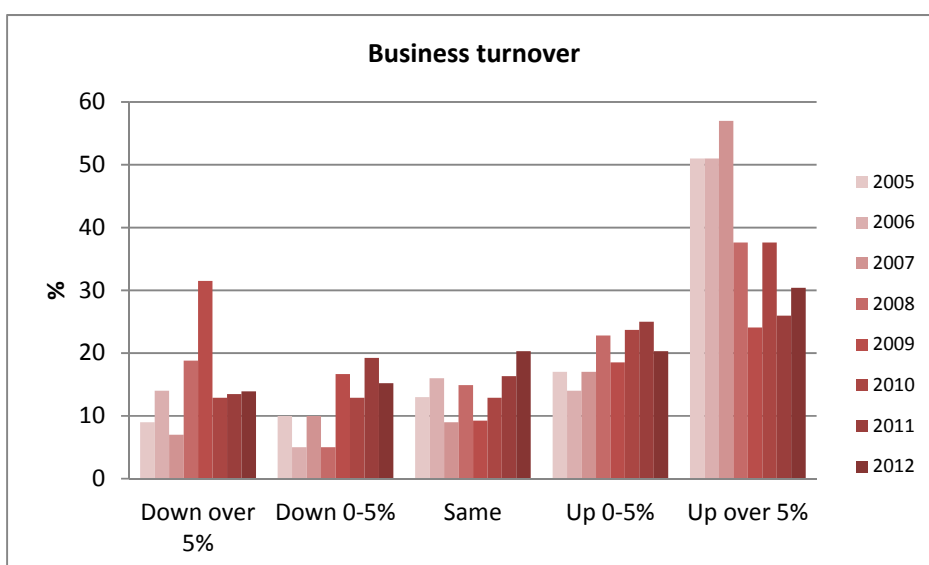


Figure 6

Profitability (2012 compared with 2011)

41% of businesses (as compared to 47% last year) indicated that they were more profitable in 2012 than in 2011. 43% of businesses (as compared to 35% last year) were less profitable, with approximately a quarter (compared with a fifth twelve months ago) being more than 5% less profitable (Figure 7).

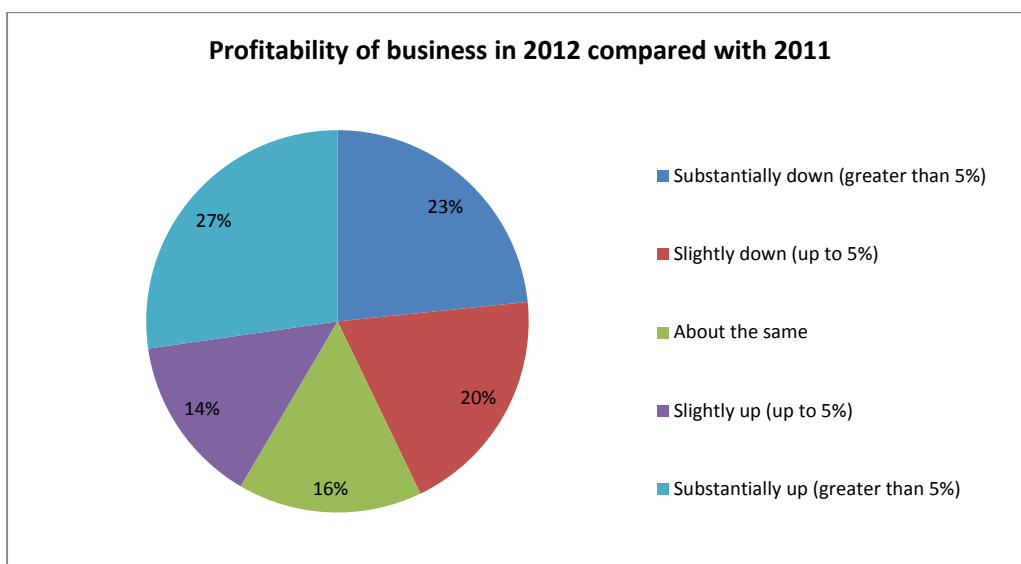


Figure 7

Profitability trends over the last eight years can be seen in Figure 8. Again, as with turnover, there are significant differences over the period 2005 to 2007 as compared to the subsequent five years.

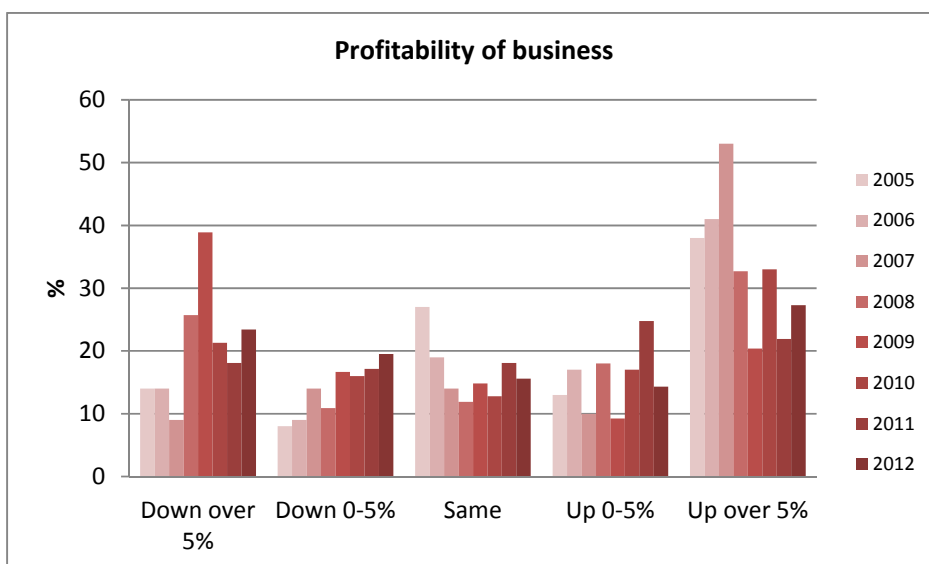


Figure 8

Business Costs (2012 compared with 2011)

Business costs in 2012 for two out of three businesses were up as compared to 2011 while 16% of businesses (13% last year) indicated that costs were down on 2011 (Figure 9).

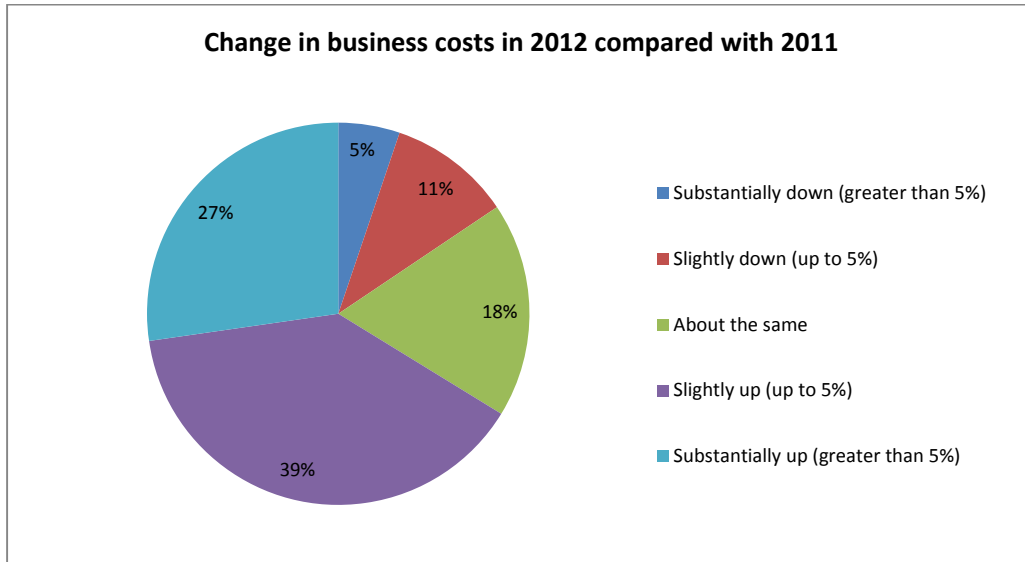


Figure 9

Figure 10 shows that the rate of increase in respondents' business costs in 2012 slowed with some businesses seeing a drop in costs over the previous year.

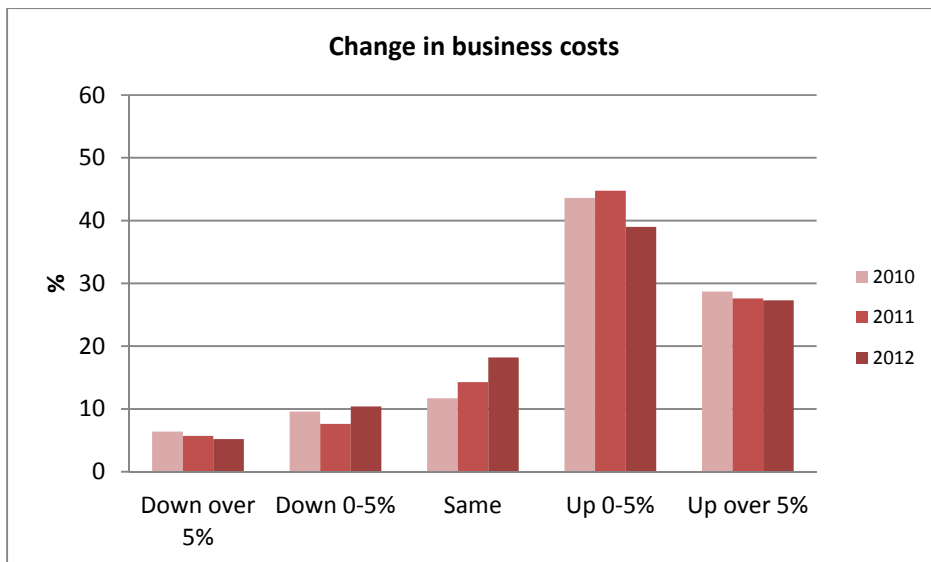


Figure 10

Numbers Employed (2012 compared with 2011)

51% of business respondents indicated that they had maintained the same staff levels in 2012 - similar to the previous year. 18% of businesses saw reduced staff numbers, whilst 31% of businesses increased staffing numbers (Figure 11). However, it needs to be stressed that these percentages relate to numbers of businesses not actual numbers of employees.

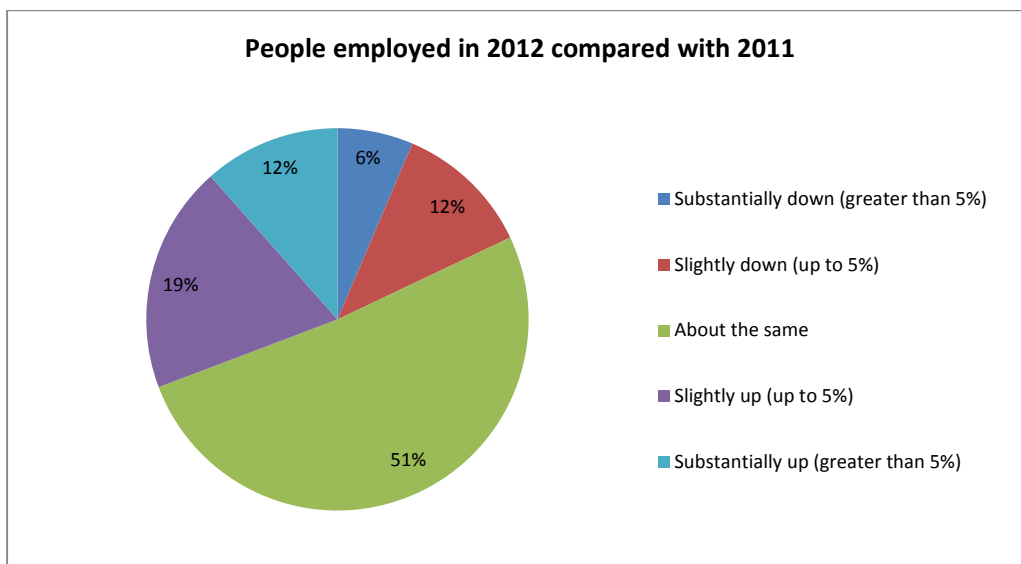


Figure 11

Trends over the last eight years can be seen in (Figure 12) which is generally showing a slowdown in the numbers employed over an eight year period.

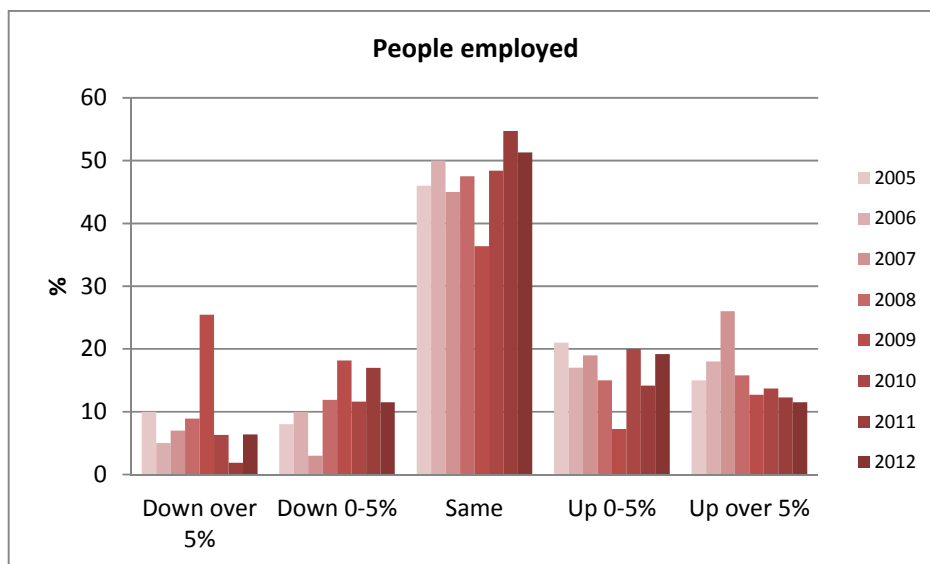


Figure 12

Turnover Projections (2013 compared with 2012)

59% of respondent businesses (47% twelve month ago) were projecting that turnover would increase in 2013 over 2012 (actual), with one in five of the overall sample indicating that turnover would increase by more than 5% this year over 2012 (similar to last year). Only 13% indicated turnover would remain the same, whilst 28% (29% in 2012) were projecting turnover to decrease (Figure 13).

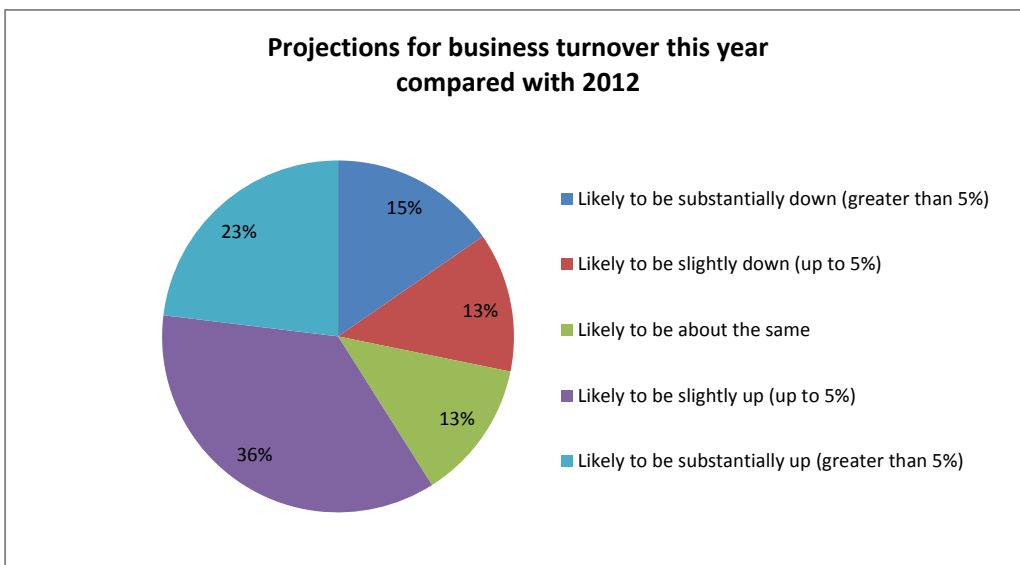


Figure 13

In terms of confidence for the year ahead, there is a noticeable change in those stating turnover down by over 5% and those indicating that turnover would increase by up to 5% (Figure 14). There is a marked drop in the numbers stating that turnover would remain constant.

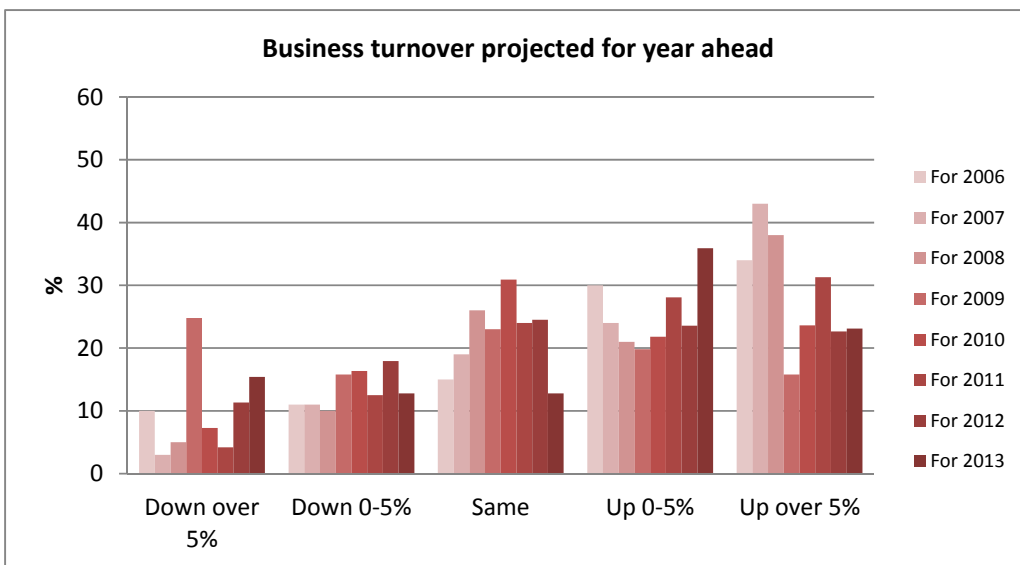


Figure 14

Profitability Projections (2013 compared with 2012)

47% of businesses (45% last year) forecast that profitability would be up for 2013 over 2012 (actual). Approximately one in four indicated that it would remain the same, whilst 26% stated that it would decrease as compared to 2012 (Figure 15).

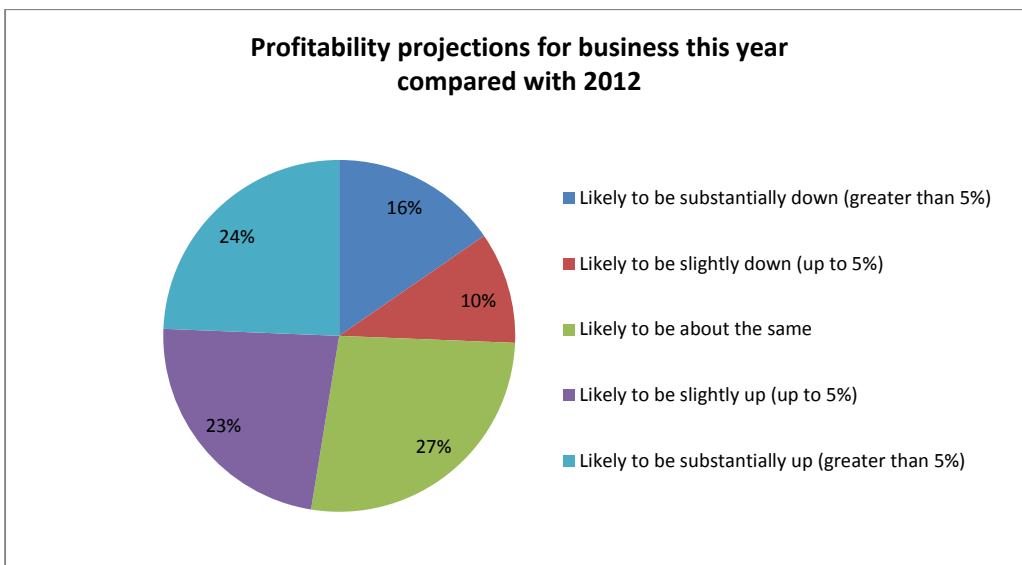


Figure 15

There is very little change in profitability increase forecasts for this year as compared to twelve months ago (Figure 16).

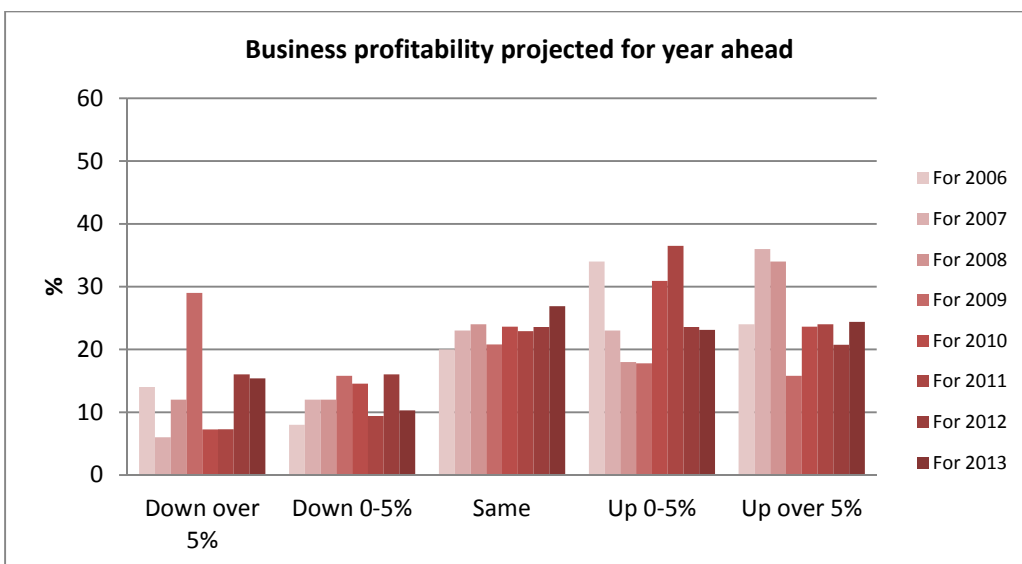


Figure 16

Employment Projections (2013 compared with 2012)

52% of business respondents (62% of businesses last year) are forecasting that staff numbers will remain the same in 2013 as compared to 2012 (actual). 30% of companies indicated that numbers would be likely to increase (mainly by up to 5%), whilst 18% (13% last year) stated that staffing numbers were likely to be reduced primarily by up to 5% (Figure 17).

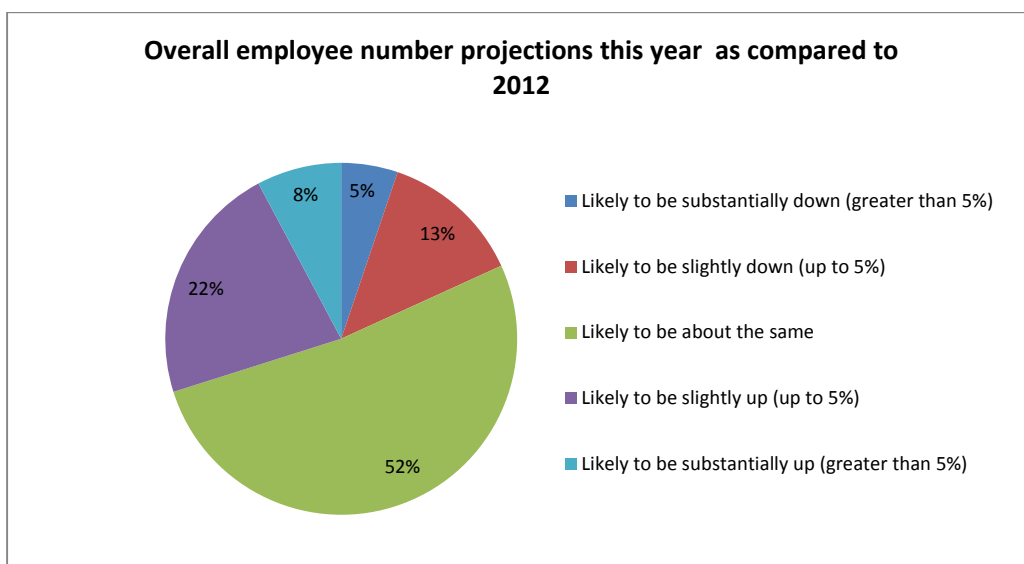


Figure 17

Confidence trends in the retention of staff for the last eight years can be seen in Figure 18. Those respondents projecting a decrease of numbers by 5% or under are counter balanced by those stating that numbers would increase by up to 5%. Again, it needs to be stressed that these percentages relate to numbers of businesses not actual numbers of employees.

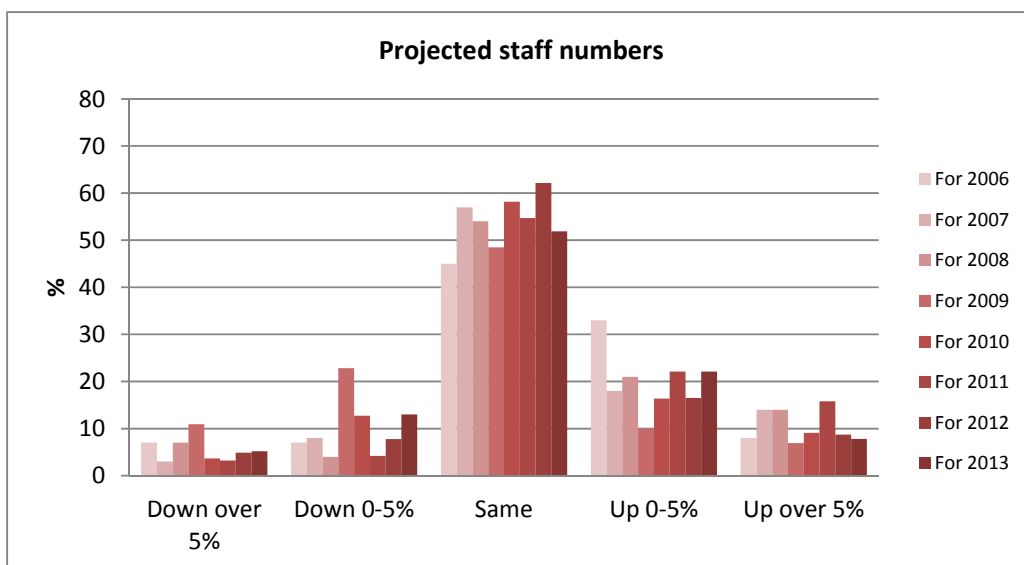


Figure 18

Business Cost Projections (2013 compared with 2012)

In 2013 over 2012 (actual), 40% of businesses (45% last year) project that business costs will increase by up to 5%, with a further 17% of businesses (19% in 2012) indicating that such costs will go up by more than 5%. 19% of businesses (21% twelve months ago) will maintain the same costs as last year, and 24% (15% last year) are predicting a reduction in business costs in comparison to 2012 (actual) (Figure 19).

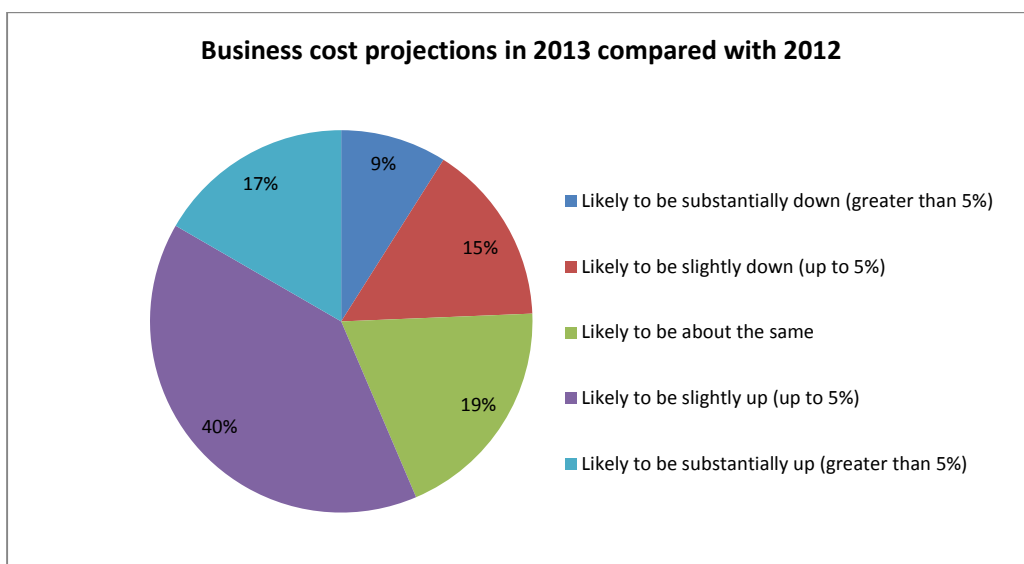


Figure 19

Business cost projections are projected to increase to a lesser extent in 2103 as compared with 2012 (Figure 20).

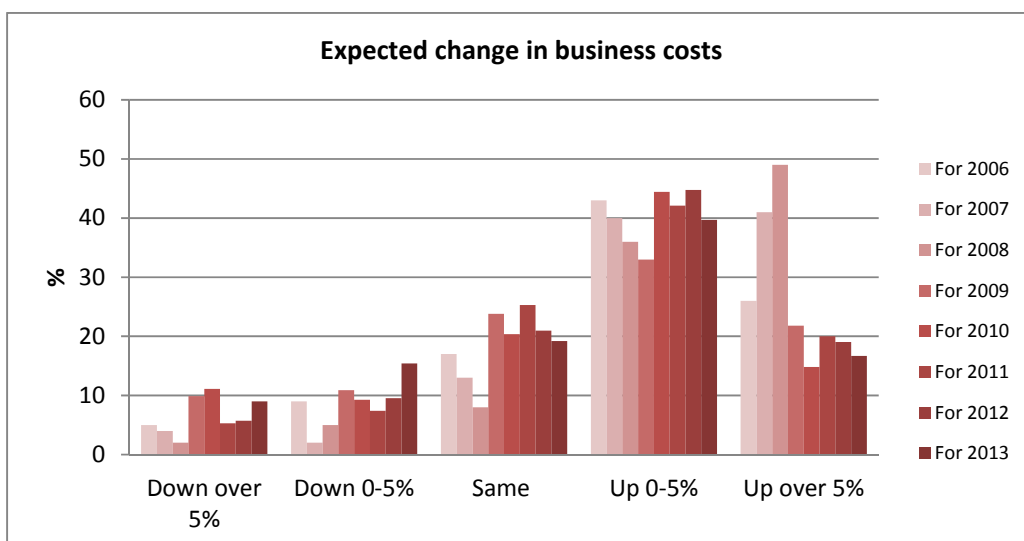


Figure 20

Prices and Fees (2013 compared with 2012)

33% of businesses (as compared to 53% twelve months ago) have indicated that average prices/fees for 2013 will be increased. 45% of businesses (41% last year) are keeping prices/fees the same as in 2012 while 22% (7% in 2012) of business respondents are reducing prices/fees (Figure 21).

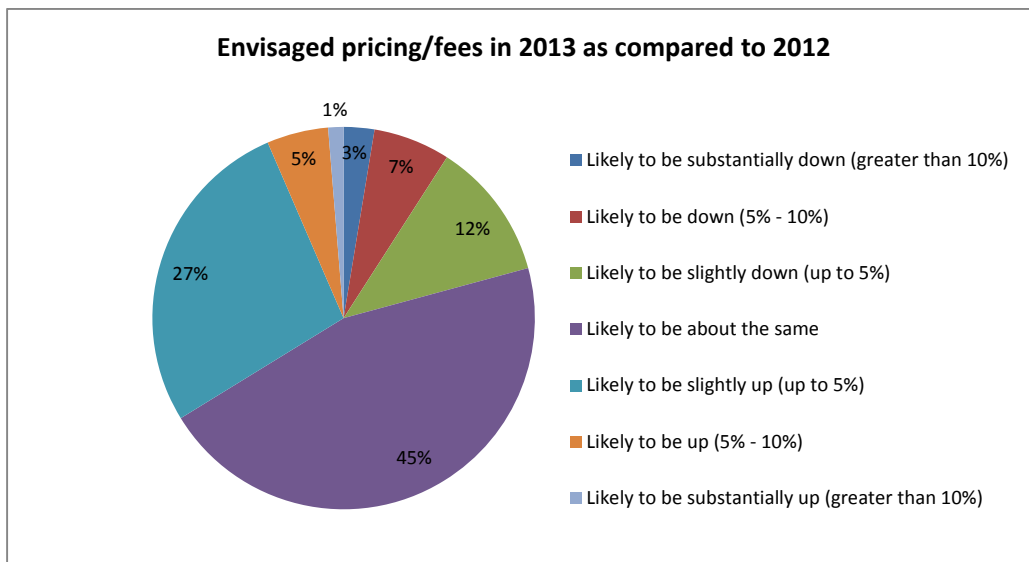


Figure 21

General trends indicate that approximately two out of five businesses have kept prices the same over the past six years. However, there has been a major shift this year to reducing prices and fees (Figure 22).

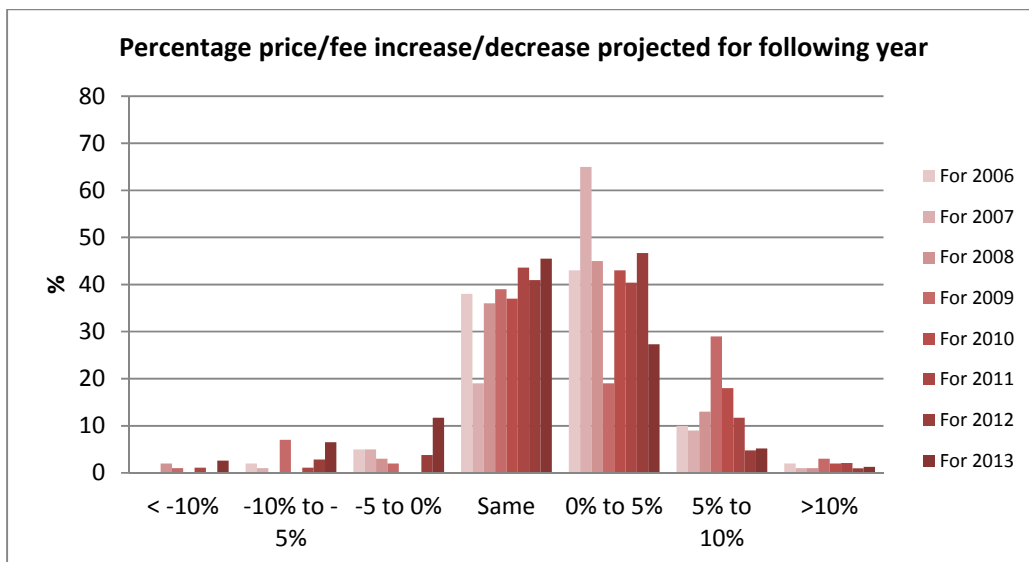


Figure 22

Information Technology

The overwhelming majority of respondents (86%) indicated that the use of information technology to current and future business development was very important (53%) or important (33%) (Figure 23).

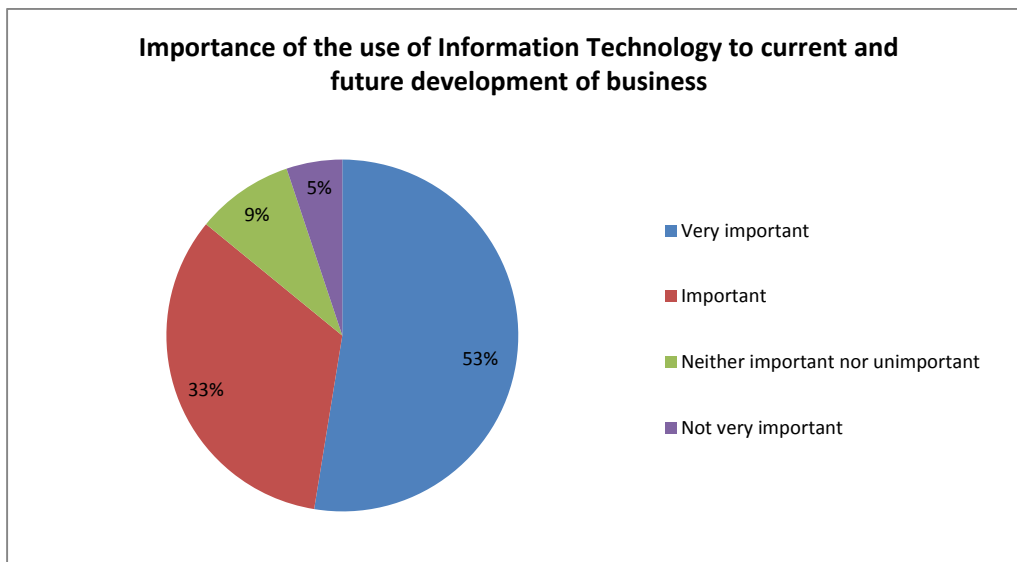


Figure 23

The three most important barriers which prevented businesses from optimising their use of information technologies were in descending order of importance: 'Funding', 'Market size and the cost of doing business (ROI)', and the 'current island IT infrastructure' (Figure 24):

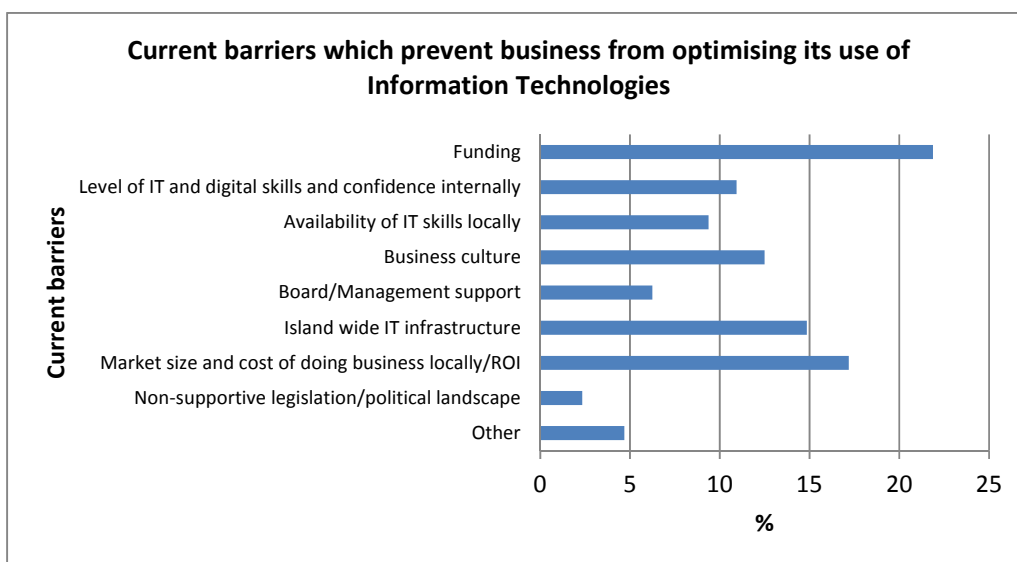


Figure 24

States of Guernsey Performance

Businesses were asked how they would rate the States of Guernsey's performance in terms of its effectiveness in running the Island during 2012 (Newly elected States) as it related to their business.

15% (12% twelve months ago) of businesses rated it as effective, whilst 30% (43% twelve months ago) considered it to be average. 51% (41% a year ago) of all business respondents rated States performance as 'not very effective' (34%) or 'not effective at all' (17%). 4% had no real view at this point in time (the same percentage as last year) (Figure 25).

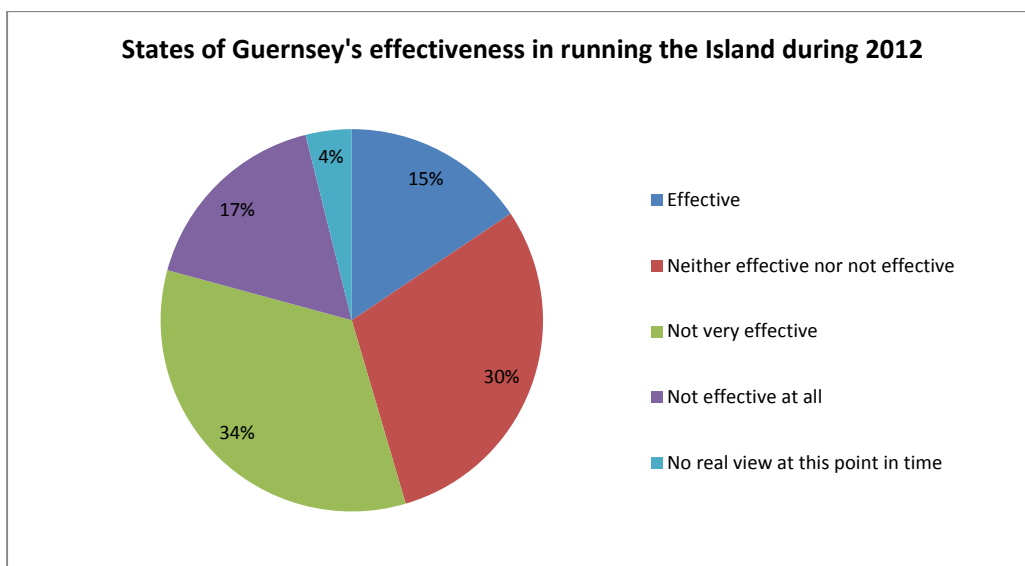


Figure 25

Island Issues

Businesses were asked to rank (out of 10 with 10 = very pressing indeed) a variety of issues on what they thought were the most pressing issues for the next three years.

The following mean scores were obtained with adopting an 'effective economic diversification strategy' being ranked the most important:

Issue	Average score
Adopting an effective economic diversification strategy	8.2
Addressing the level of skills in the Island particularly amongst younger members of the community	7.8
Ensuring there is a sustainable population strategy in place including managing an aging population	7.6
Addressing Island inflationary pressures and high business cost base (competitiveness)	7.4
Ensuring there is a long-term ICT strategy in place for both business and the community	7.0
Reviewing opportunities for greater public private partnerships in provision of Island public services and facilities	6.5
Assessing future public services and facilities as far as possible on a pan Channel Islands' basis	6.4
Considering new innovative ways to tackle land shortage issues (e.g. land reclamation)	5.7

The ratings' distribution of the top three issues is set out below (Figure 26).

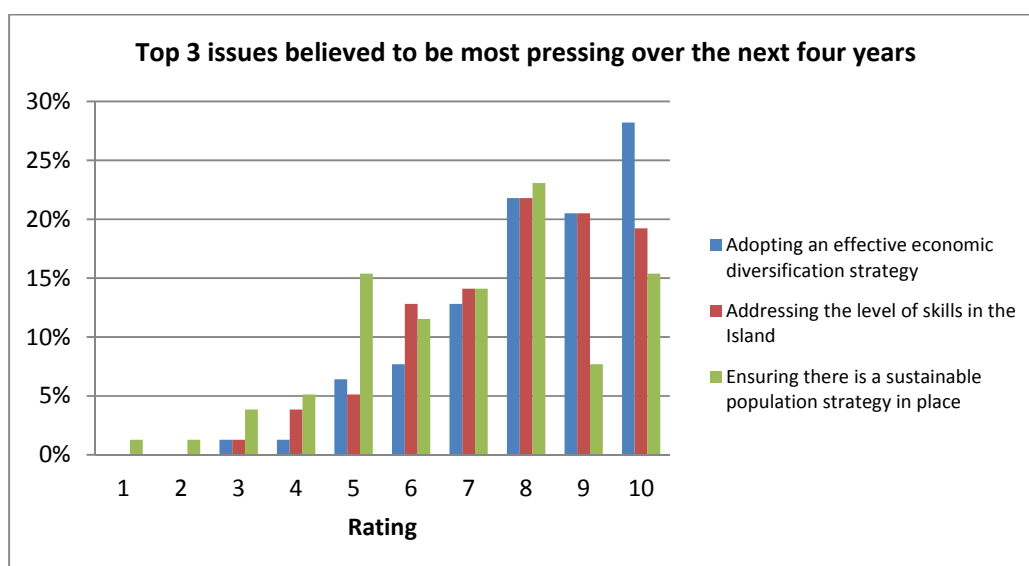


Figure 26

Island Economic Confidence Levels

55% of business respondents (49% last year) have the same confidence level as this time last year regarding the economic prospects over the next twelve months. 38% (41% last year) are less confident about the prospects for the Island’s economy over the next year in comparison to 12 months ago. 7% (10% last year) of businesses are more confident about prospects (Figure 27).

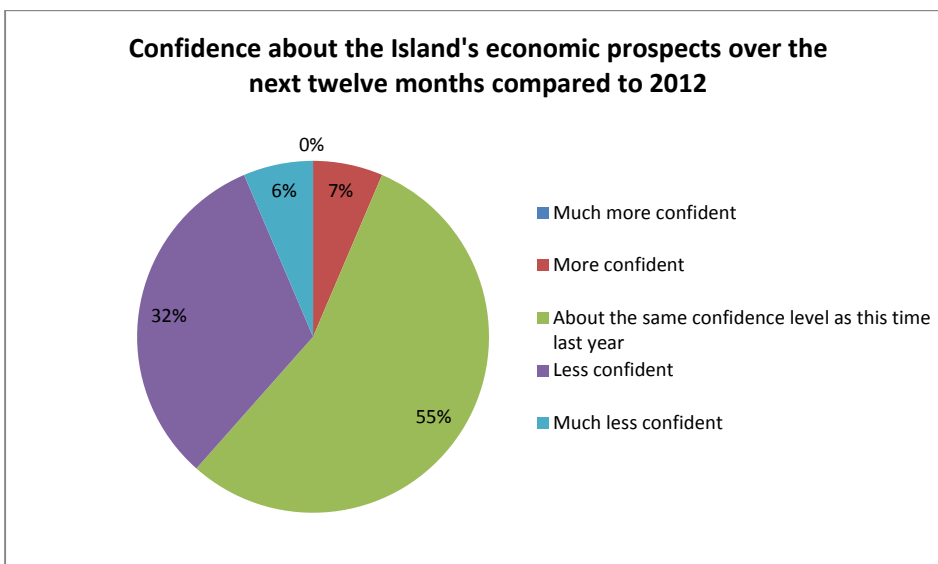


Figure 27

This is further illustrated by sector (Figure 28).

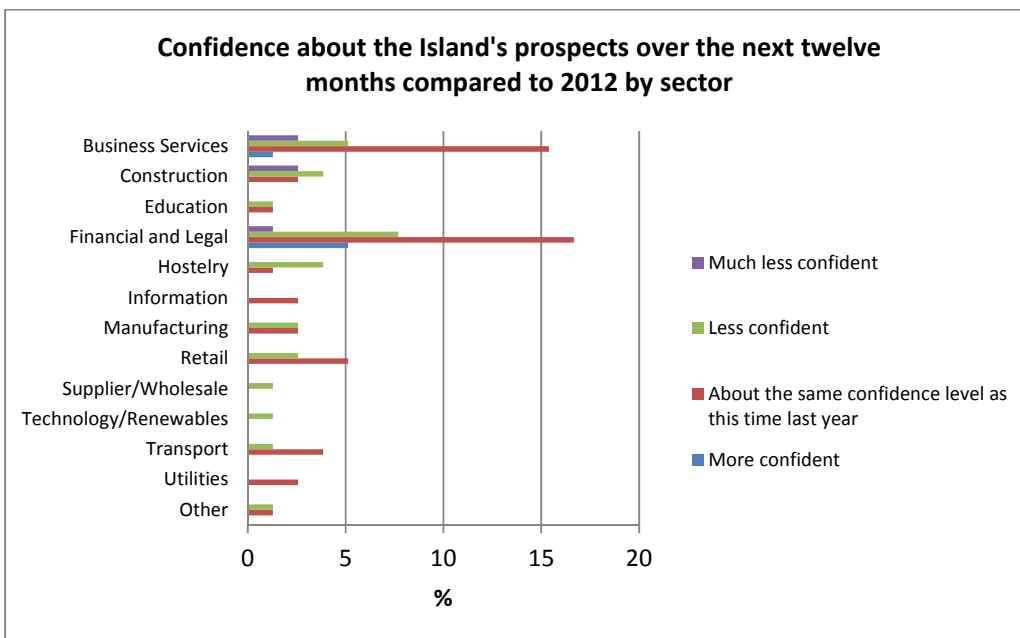


Figure 28

Changes in confidence levels for 2013 as compared with the previous seven years are set out in Figure 29.

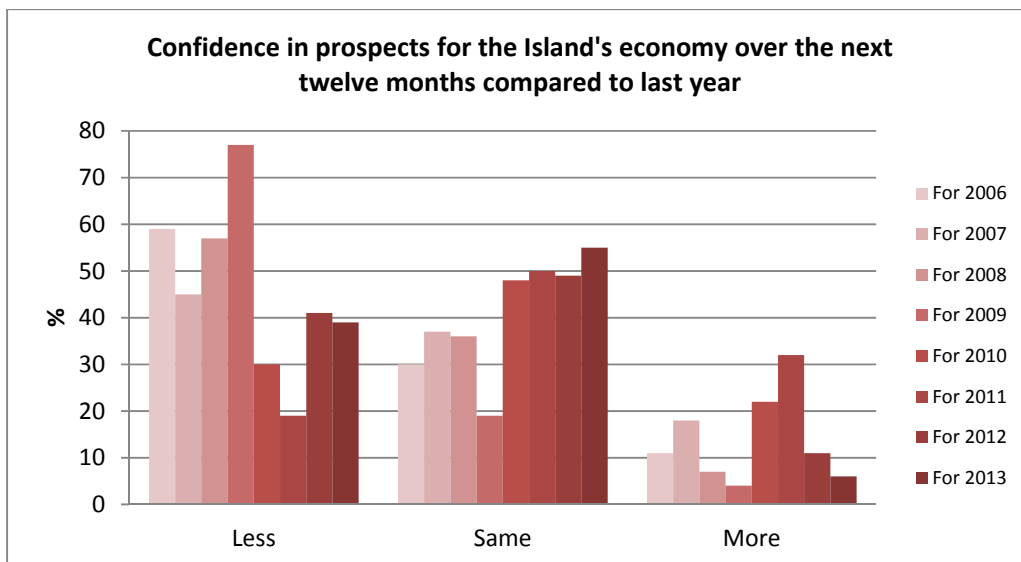


Figure 29

Economic Confidence Trends - Medium Term

36% of business respondents (compared to just over half last year) were confident about the Island's medium term economic prospects. 32% (45% last year) were 'not very confident' or 'not confident at all' in the Island's medium term economic prospects (Figure 30). Far more respondents than last year registered that they were 'neither confident nor not confident'.

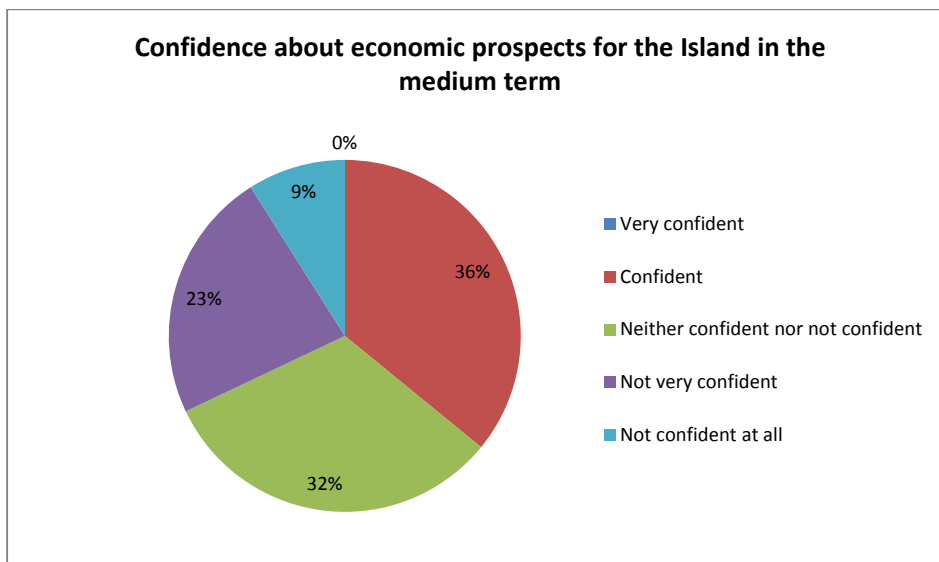


Figure 30