

Chamber of Commerce  
&  
Young Business Group

**Business Trend Survey**

March 2012



Young Business Group  
of Guernsey





## Profile of Respondents

106 businesses responded to the 2012 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 and 4).

### Economic Sector

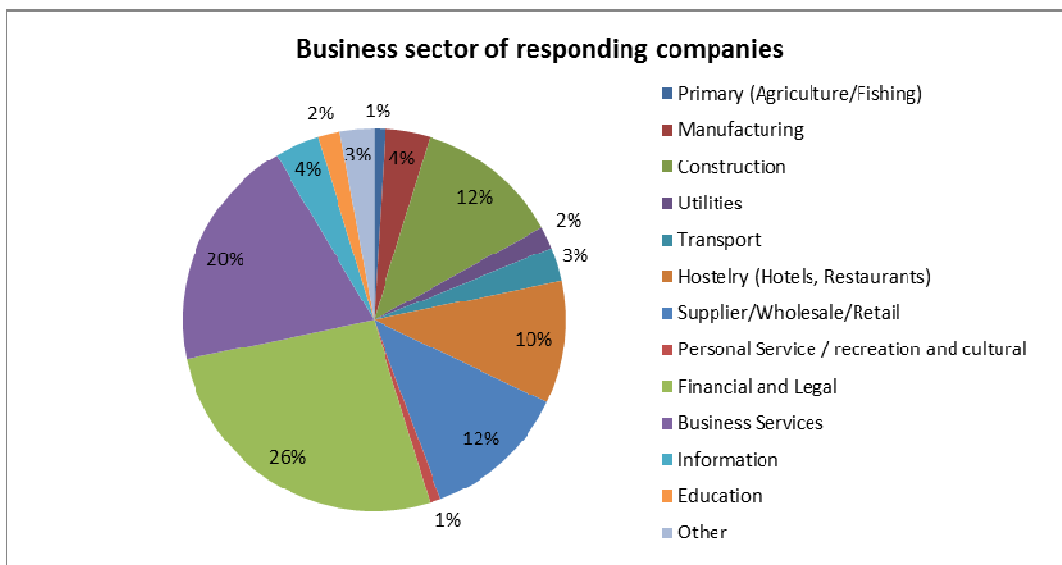


Figure 1

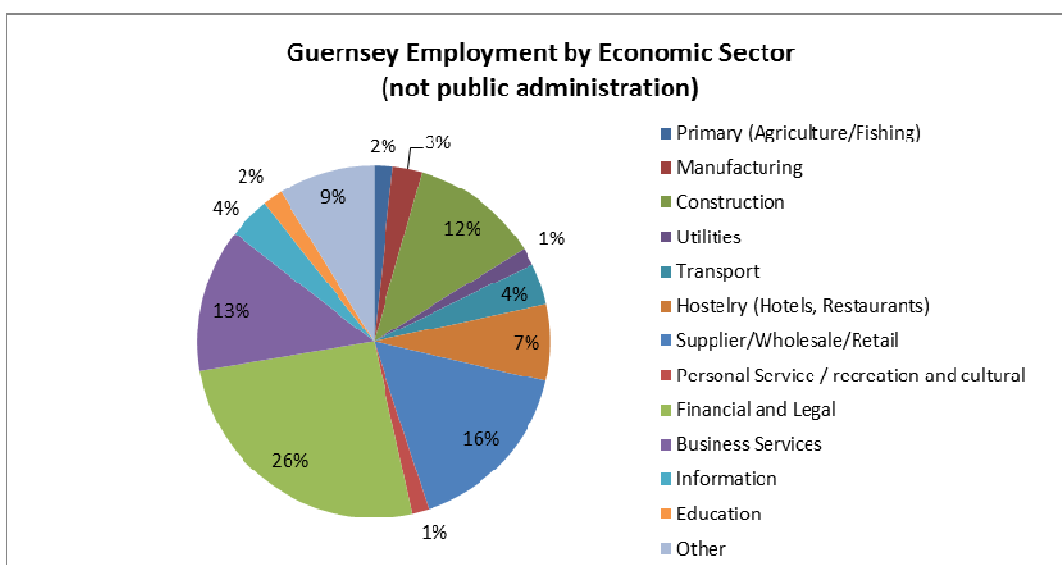


Figure 2

### Employee Numbers (including management)

Just over half of respondents had 10 or less employees (33% of businesses had between 1 and 5 employees, 20% had 6 to 10 employees). This was a similar profile to data collected in the 2011 Business Trend Survey.

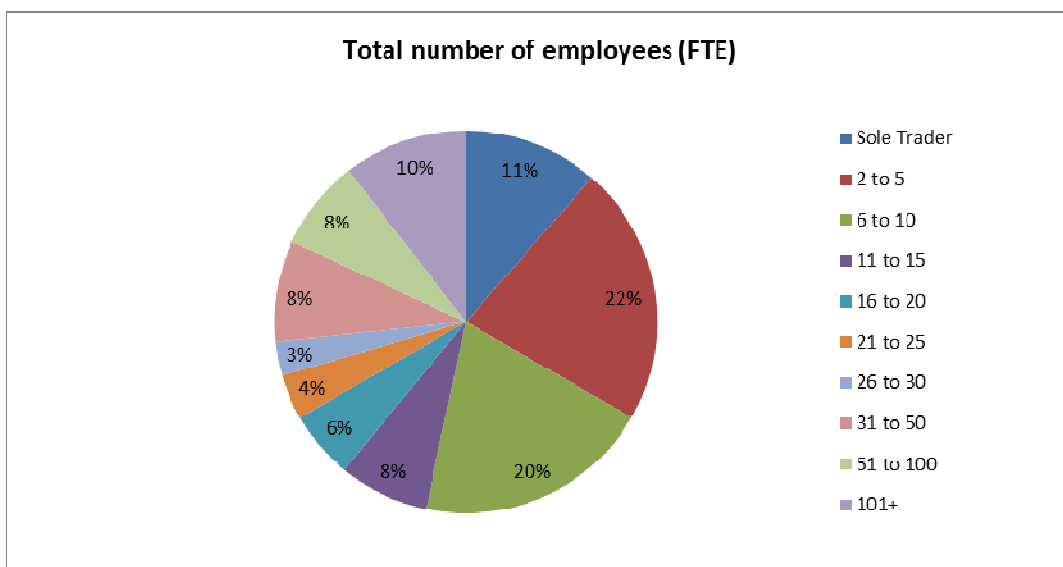


Figure 3

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

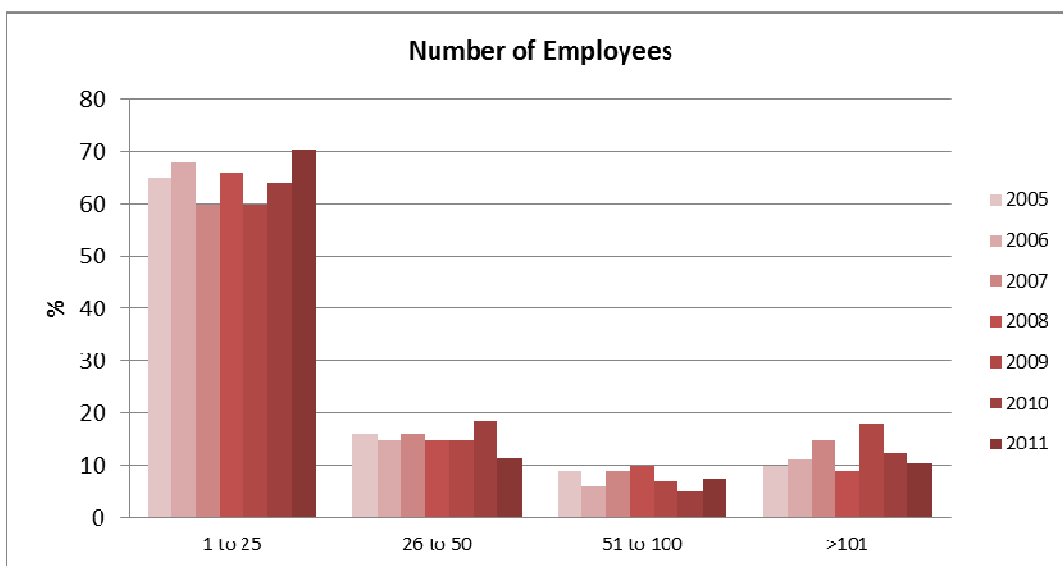


Figure 4

## Business Findings

### Turnover (2011 compared with 2010)

51% of respondents experienced an increase in turnover in the 12 months to 31<sup>st</sup> December 2011 in comparison to 2010. A third of businesses experienced a decrease in business turnover while 16% of businesses indicated that turnover was on par with the previous year (Figure 5).

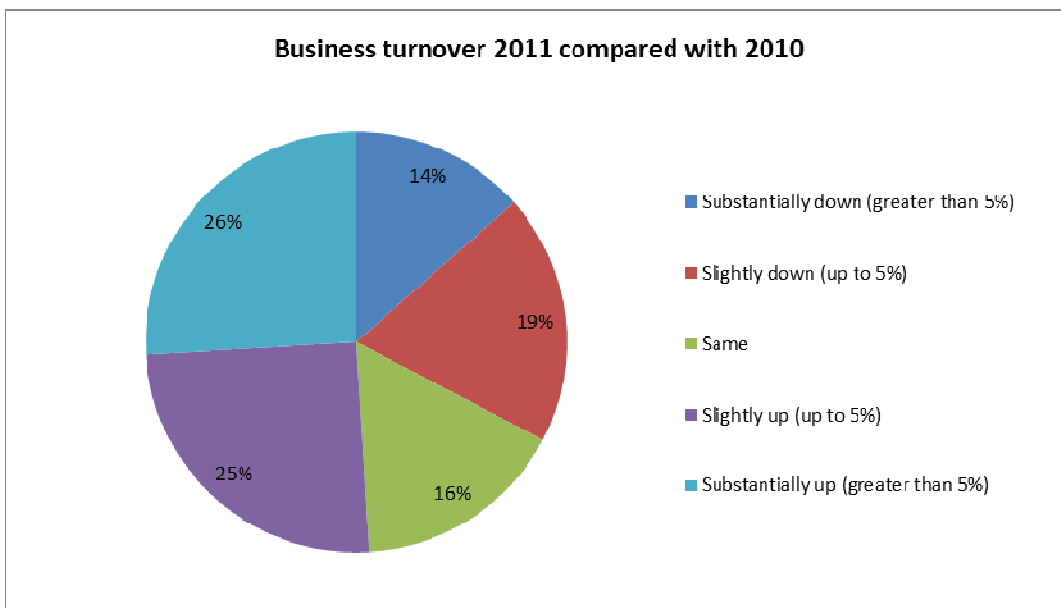


Figure 5

26% of businesses experienced turnover up by over 5% (lower than the previous year), whilst only 14% were down by over 5% (similar to the previous year) (Figure 6). However, there is still a noticeable difference between the last four years as compared to the period 2005 to 2007.

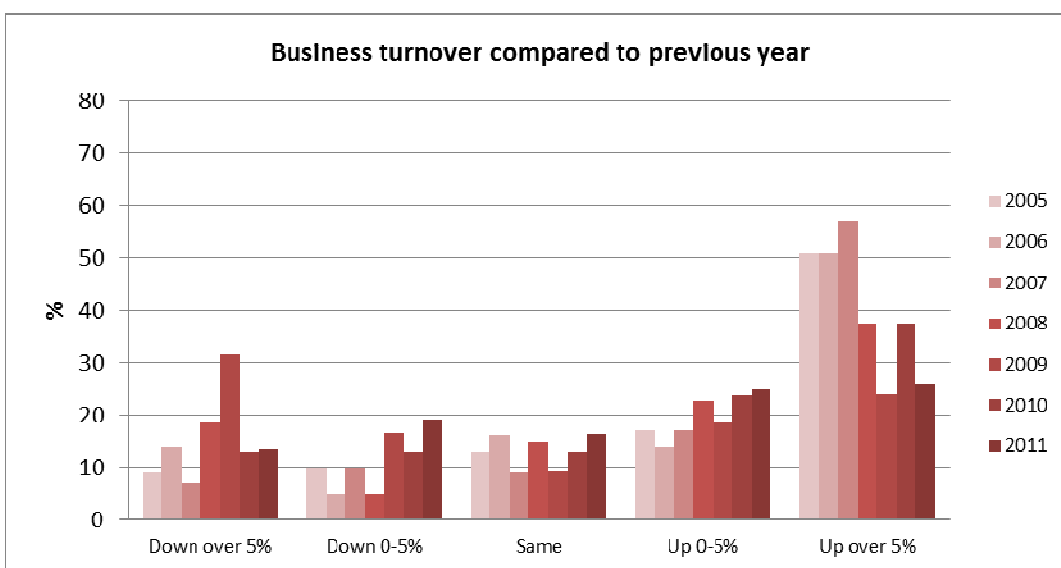


Figure 6

Profitability (2011 compared with 2010)

Almost 50% of businesses indicated that they were more profitable in 2011 than in 2010. 35% of businesses were less profitable, with approximately a fifth being more than 5% less profitable (Figure 7).

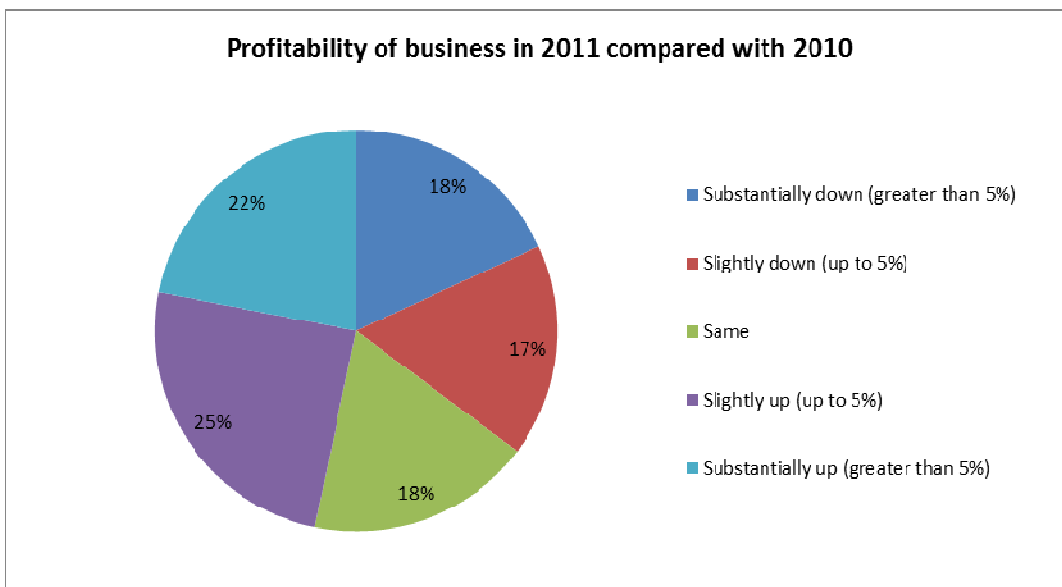


Figure 7

Profitability trends over the last seven 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 four years.

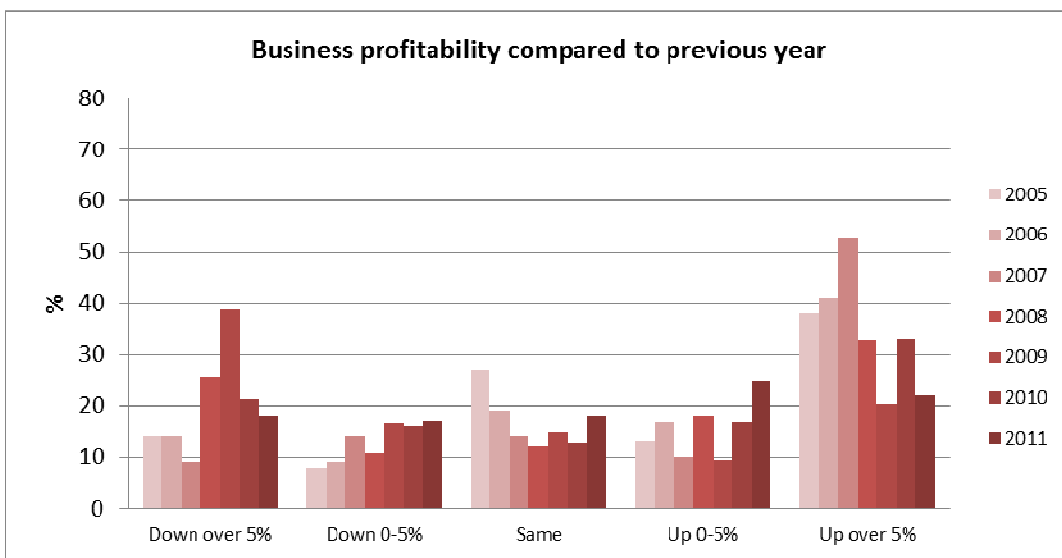


Figure 8

## Business Costs (2011 compared with 2010)

Business costs in 2011 for three out of four businesses were up as compared to 2010. 13% of businesses indicated that costs were down on 2010 (Figure 9).

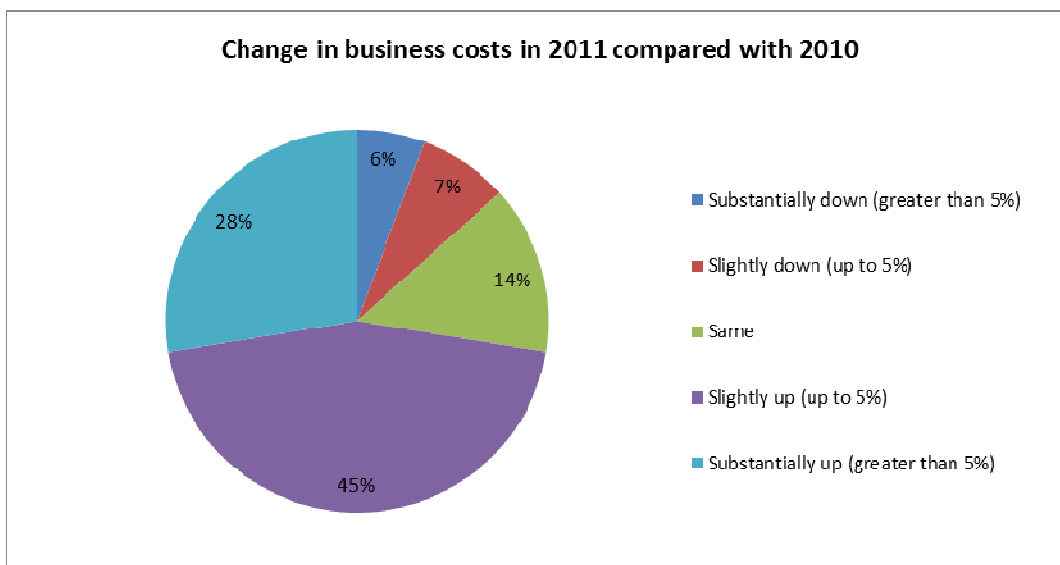


Figure 9

## Numbers Employed (2011 compared with 2010)

Over half of businesses maintained the same staff levels in 2011 as in the previous year. Only 19% of businesses saw reduced staff numbers, whilst 26% of businesses increased staffing numbers (Figure 10). However, it needs to be stressed that this does not reflect actual numbers of employees.

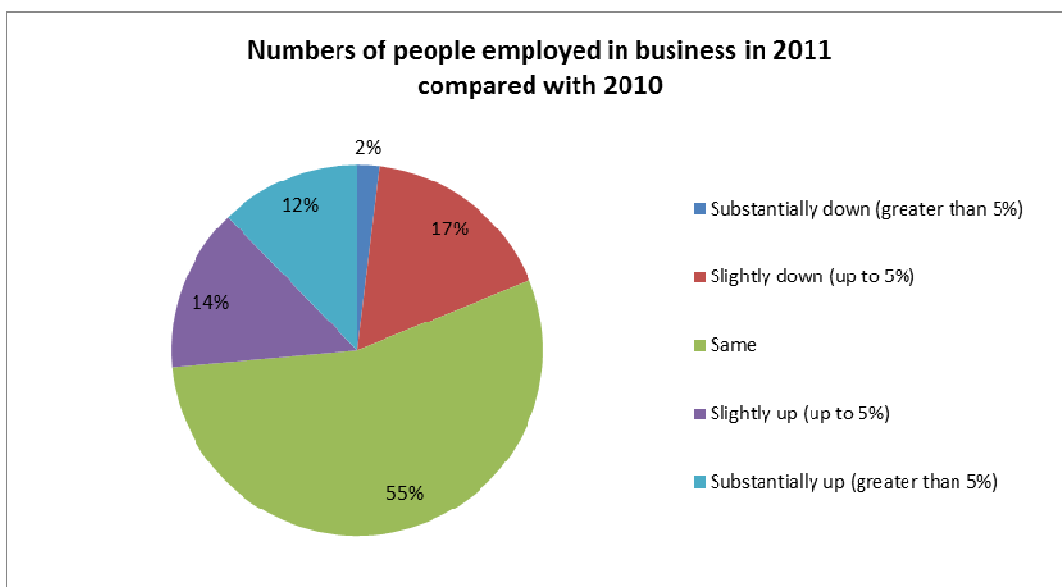


Figure 10

Trends over the last seven years can be seen in (Figure 11) which is generally showing a downward trend in the percentage employed by respondent businesses.

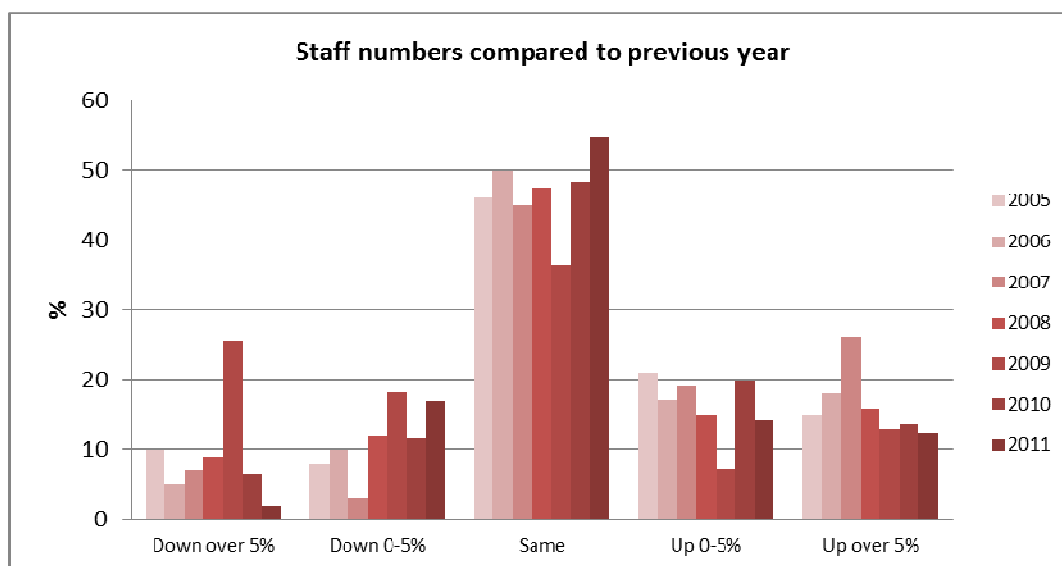


Figure 11



## Turnover Projections (2012 compared with 2011)

47% of businesses considered that their turnover would increase in 2012 over 2011 (actual), about half of these by more than 5%. Almost a quarter of respondents indicated turnover would remain the same, whilst 29% were projecting turnover to decrease (Figure 12).

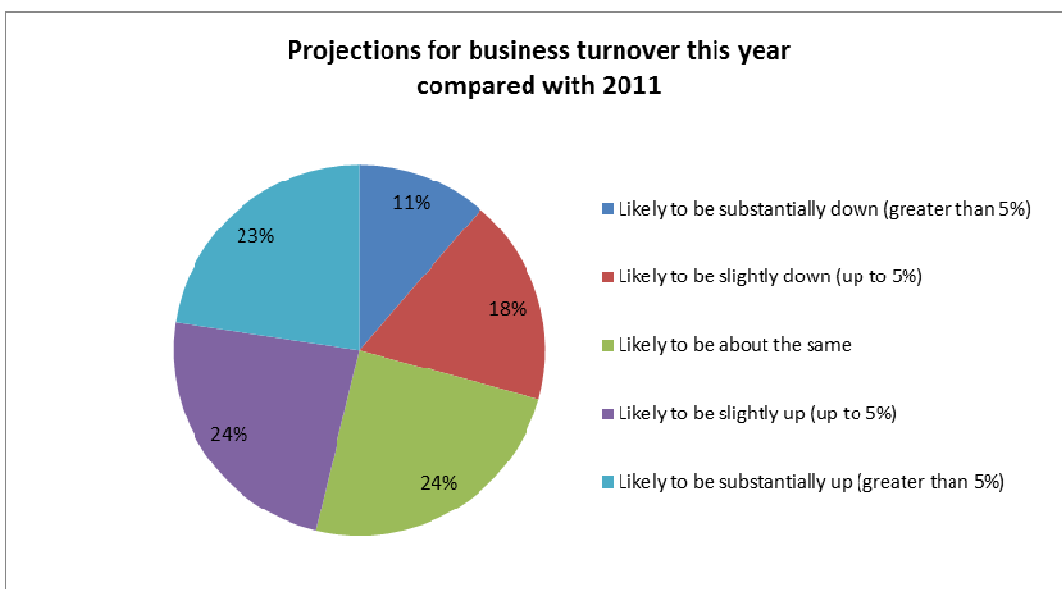


Figure 12

In terms of confidence for the year ahead, however, there is a slight downward trend as can be seen in Figure 13.

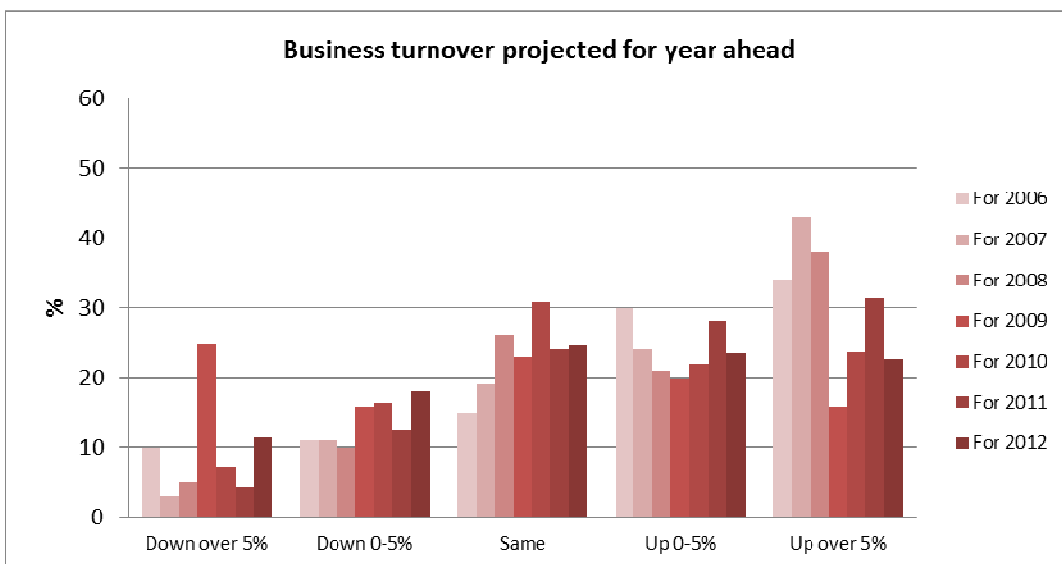


Figure 13

### Profitability Projections (2012 compared with 2011)

45% of businesses forecast that profitability would be up for 2012 over 2011 (actual). Just under a quarter indicated that it would remain the same, whilst 32% stated that it would decrease as compared to 2011 (Figure 14).

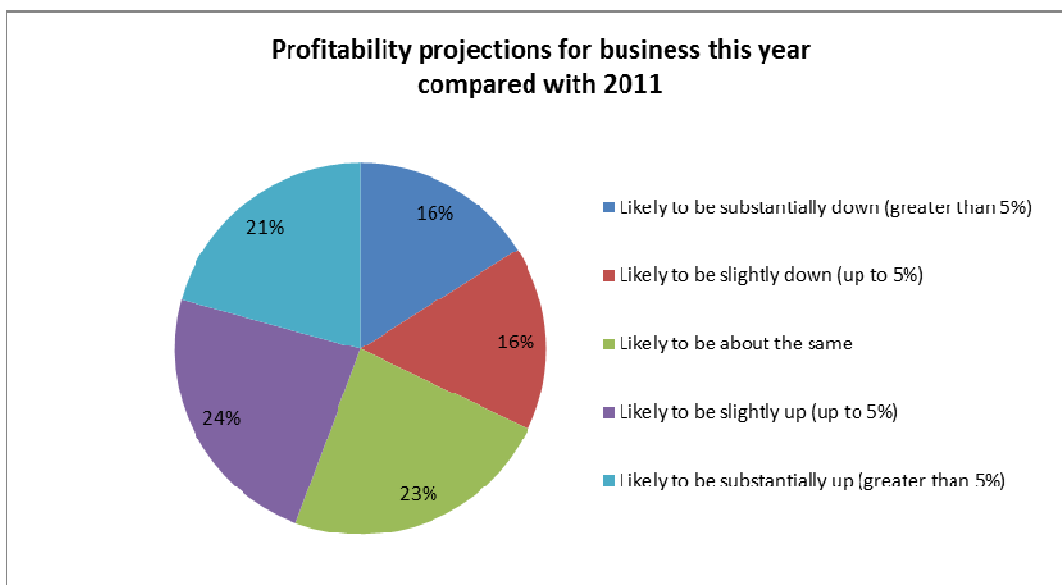


Figure 14

Again, however, as with turnover projections, forecasts for increased profitability for the year ahead are down this year as compared with the same time in 2011 (Figure 15).

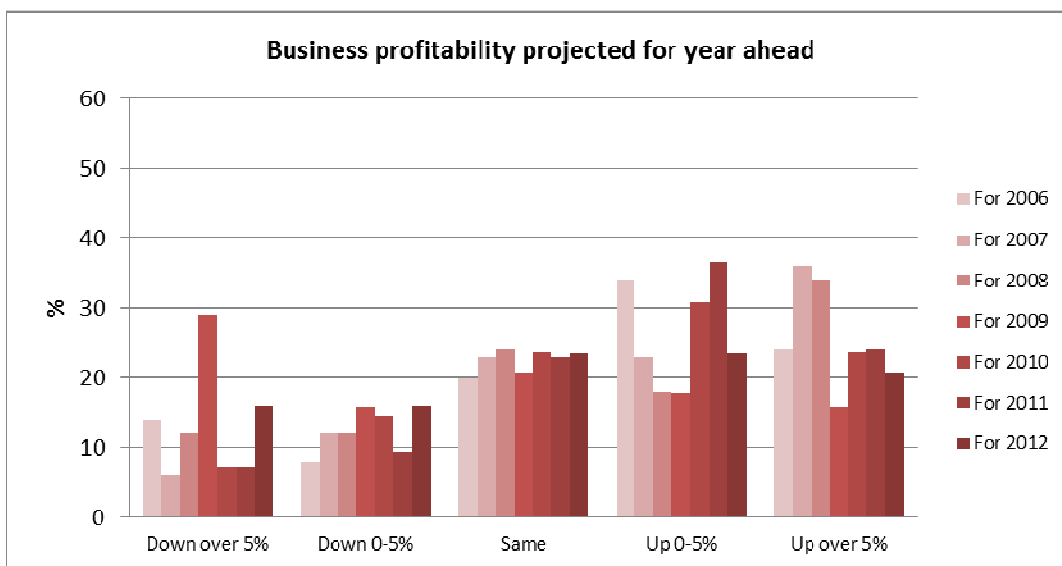


Figure 15

## Employment Projections (2012 compared with 2011)

62% of businesses are forecasting that staff numbers will remain the same in 2012 as compared to 2011 (actual). A quarter of companies indicated that numbers would be likely to increase, whilst 13% stated that staffing numbers were likely to be reduced by a percentage (Figure 16).

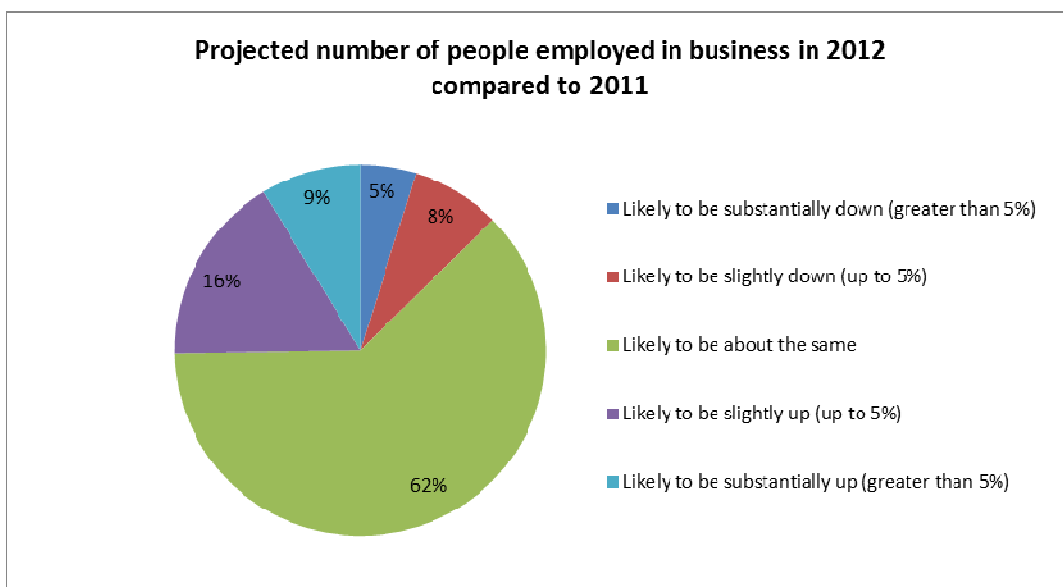


Figure 16

Confidence in retaining staff for the coming year is lower than at this time in 2011 (Figure 17).

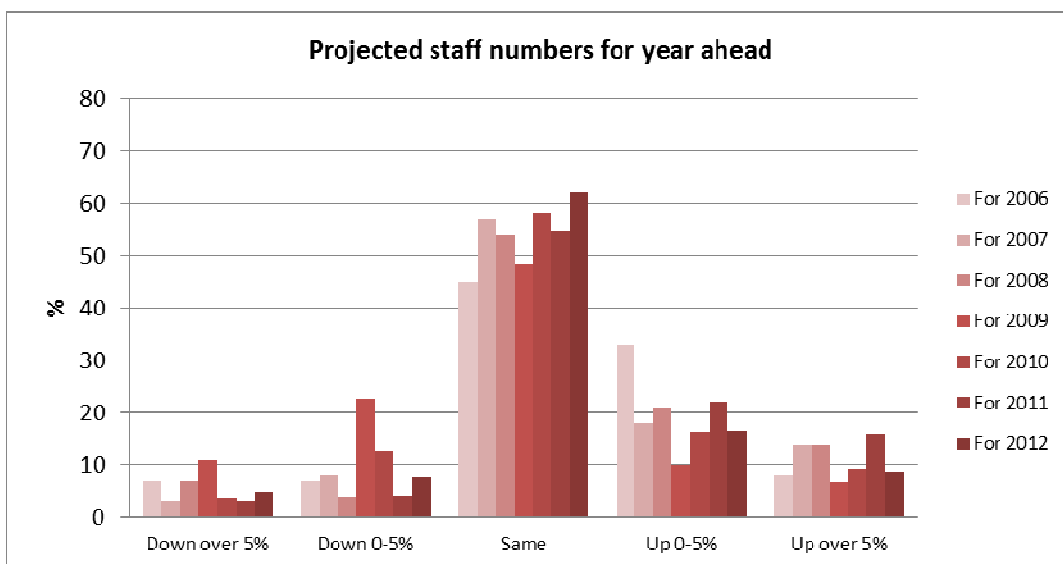


Figure 17

## Business Cost Projections (2012 compared with 2011)

In 2012 over 2011 (actual), 45% of businesses project that business costs will increase by up to 5%, with a further 19% of businesses indicating that such costs will go up by more than 5%. Almost a quarter of businesses will maintain the same costs as last year, and 15% are predicting a reduction in business costs in comparison to 2011 (actual) (Figure 18).

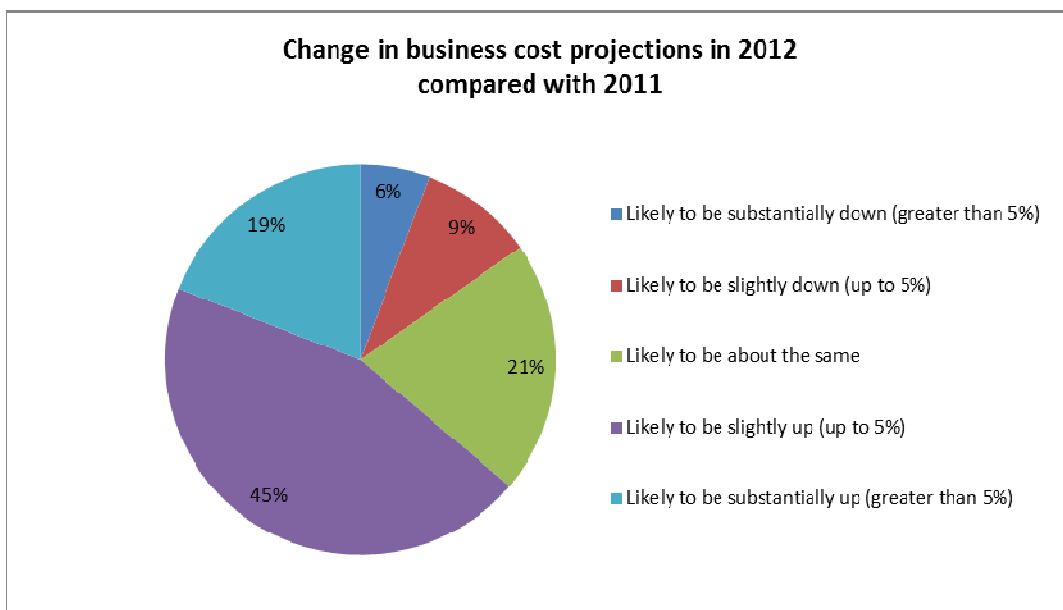


Figure 18

Business cost projections are similar to those predicted at the same time of questioning in 2011 (Figure 19).

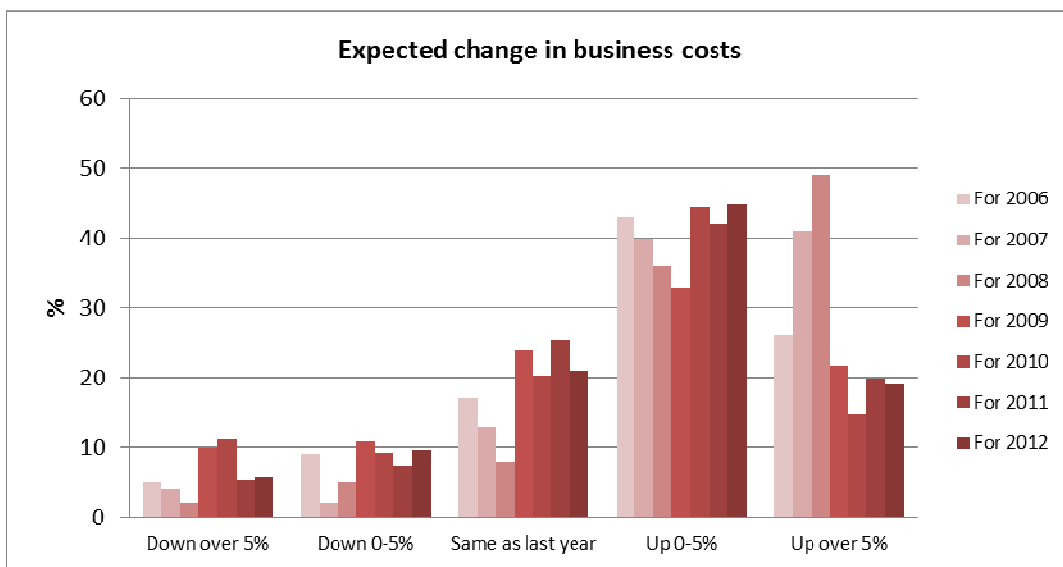


Figure 19

## Prices and Fees (2012 compared with 2011)

53% of businesses have indicated that average prices/fees for 2012 will be increased. 41% of businesses are keeping prices/fees the same as in 2011 while 7% of business respondents are reducing prices/fees (Figure 20).

	For 2012	For 2011	For 2010	For 2009	For 2008	For 2007	For 2006
< -10%	0	1	0	1	2	0	0
-10% to -5%	3	1	0	7	0	1	2
-5 to 0%	4	0	0	2	3	5	5
Same	41	44	37	39	36	19	38
0% to 5%	46	40	43	19	45	65	43
5% to 10%	5	12	18	29	13	9	10
>10%	1	2	2	3	1	1	2

Figure 20

In general trends indicate that two fifths of businesses have kept prices the same over the past five years, whilst another two fifths that have increased prices have done so at around the level of RPI (Figure 21).

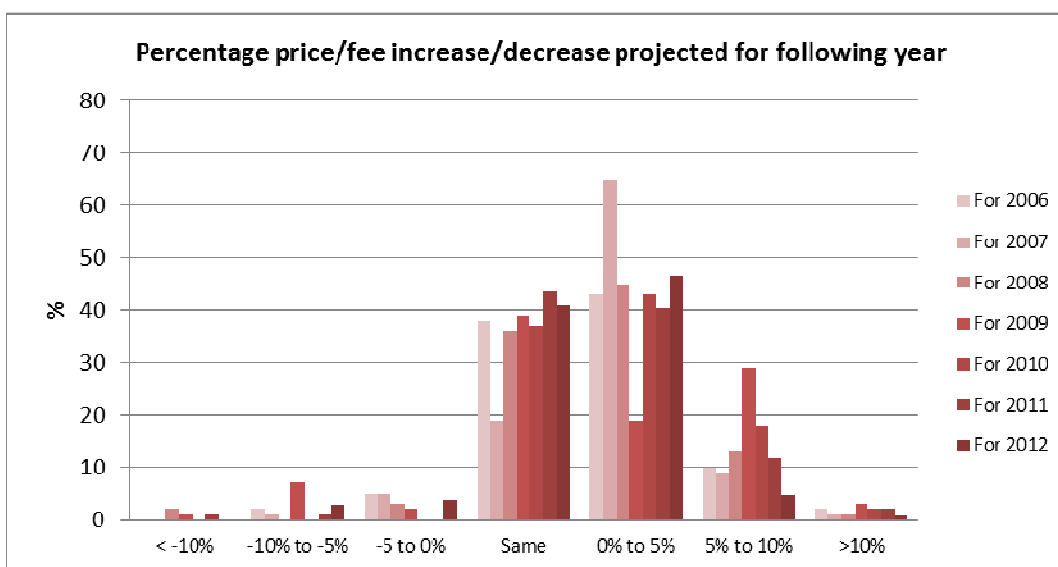


Figure 21

Source of Business Costs (2012 compared with 2011)

The business functions and costs which are anticipated to incur the greatest increase for 2012 are staff recruitment, training and development (26%), marketing (21%) and energy consumption (18%). These are closely followed by rent at 17% (Figure 22).

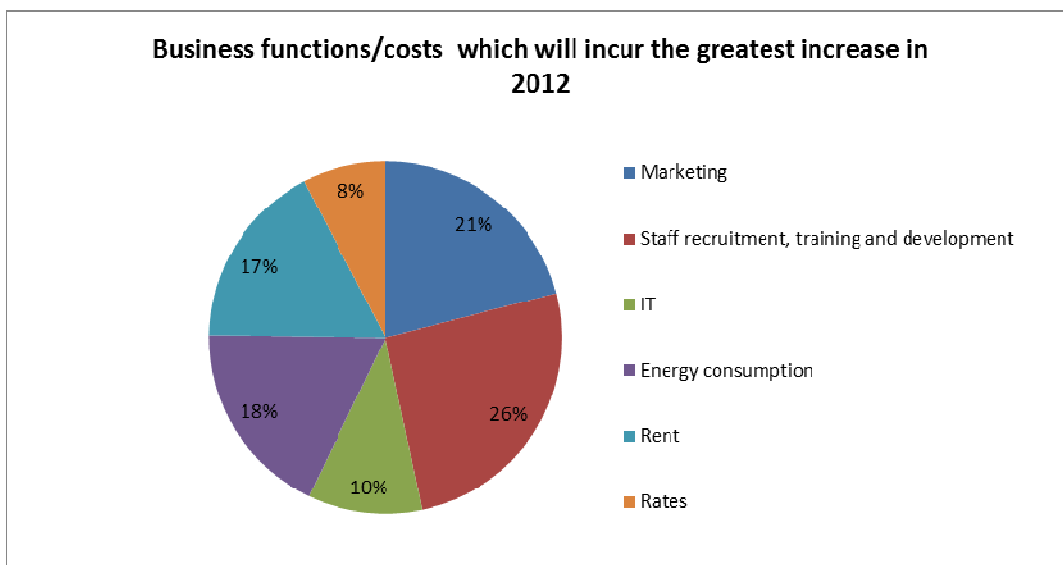


Figure 22

## 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 2011 as it related to their business.

No business rated the States of Guernsey performance as very good, 12% of businesses rated it as good, whilst 43% considered it to be average. 41% of all business respondents rated States performance as poor or very poor while 4% had no view (Figure 23).

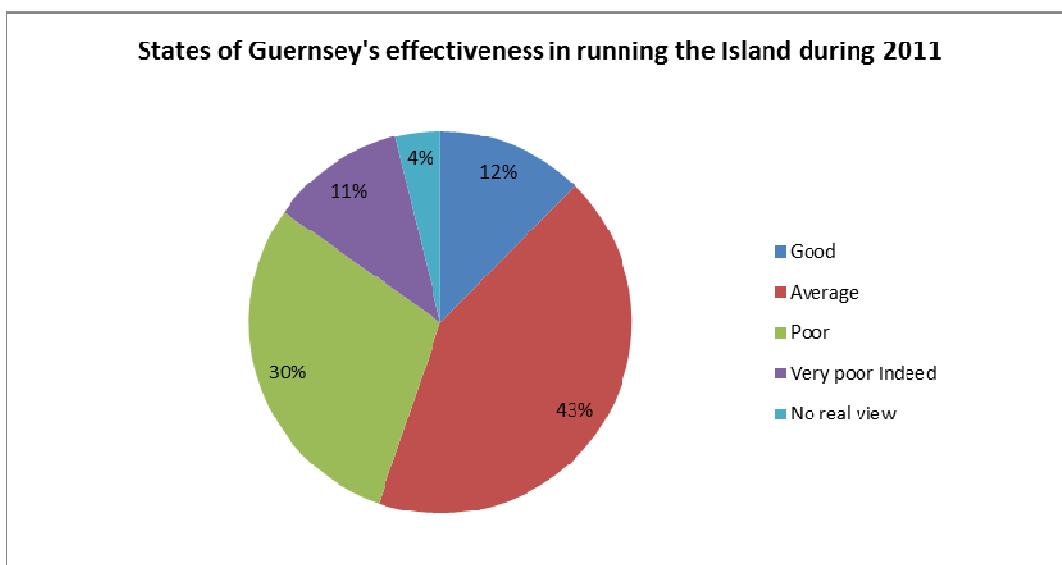


Figure 23

## 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 four years bearing in mind the General Election in two months' time (Survey carried out in February).

The following mean average scores were obtained with the island's competitiveness and the need for economic diversification being ranked the most important:

Issue	Average score
The island's competitiveness	7.9
Need for economic diversification	7.7
Policy to manage aging population	7.6
Vulnerability of external transport links	7.4
Increasing operating costs in the Island	7.2
Labour/skills ramifications	6.8
Unemployment particularly amongst younger	6.6
Need for greater public private partnerships	6.6
Need for greater inter-island co-operation	6.5
Need for public Infrastructure investment	6.4
Rising net immigration	6.2
New ways to overcome land shortage	6.1
Shortage of suitable premises	6.0
Rising inflation	5.6

When the top 5 issues are displayed graphically – it can be seen that almost all businesses thought that these were of importance (Figure 24).

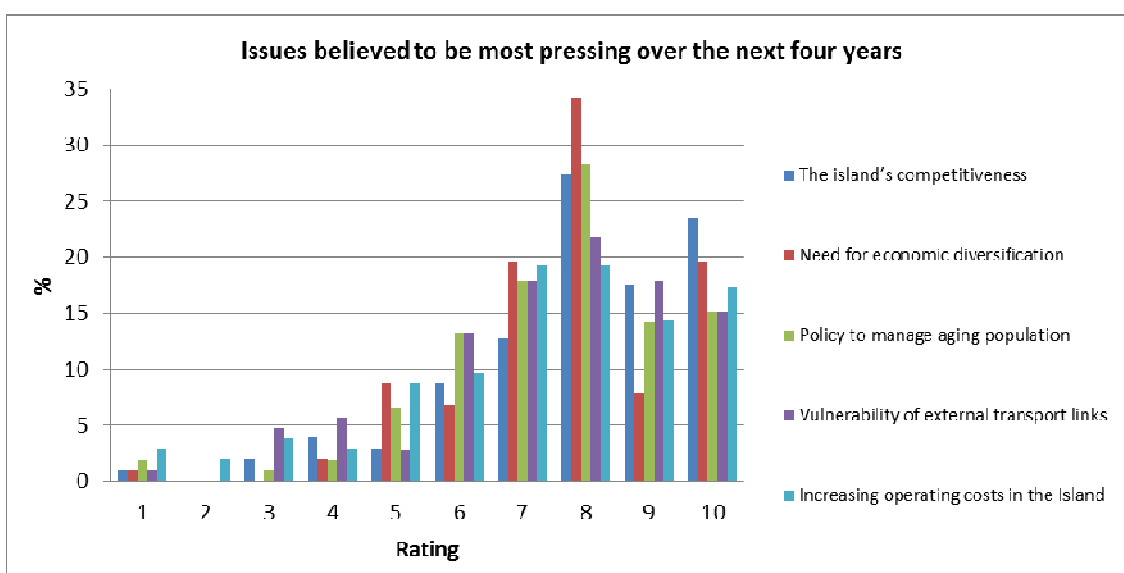


Figure 24



## Island Confidence Levels

Almost half of businesses have the same confidence level as last year. 41% are less confident in prospects for the Island's economy over the next year in comparison to 12 months ago. However, 10% of businesses are more confident about prospects (Figure 25).

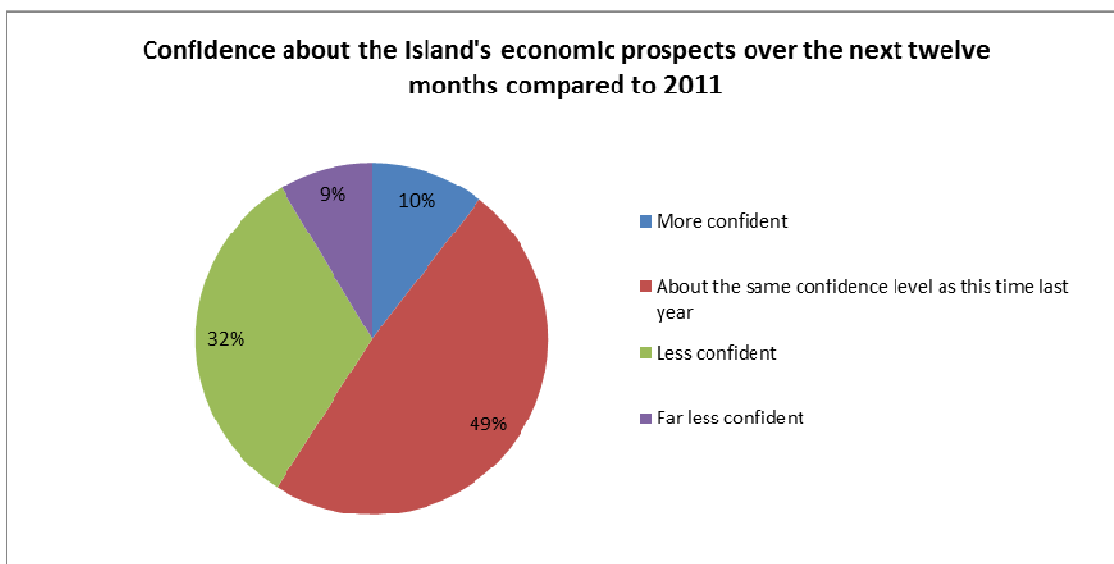


Figure 25

This is further illustrated by sector (Figure 26 below). The 'miscellaneous' category represents responses from a range of sectors where there were fewer respondents to retain anonymity.

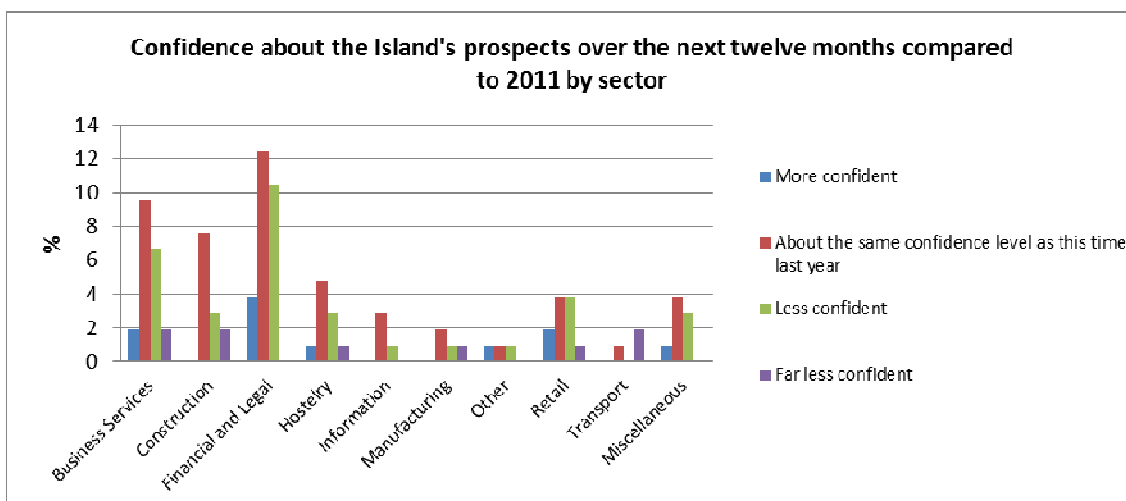


Figure 26

Confidence levels for 2012 have declined over this time last year when there was a fair degree of optimism shown in comparison to previous years (Figure 27).

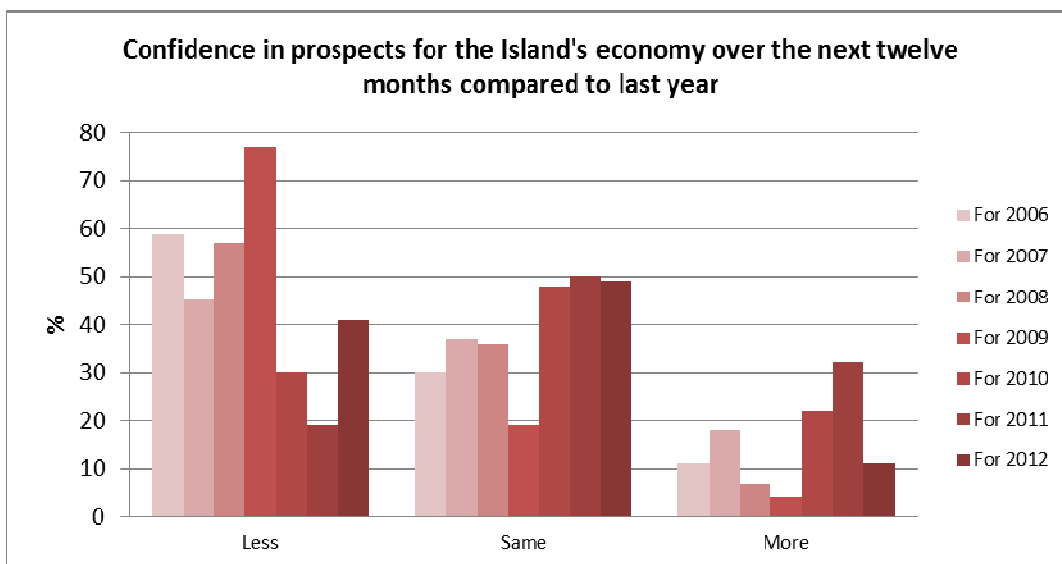


Figure 27

However, just over half of business respondents were confident about the Island's medium term economic prospects. 45% were not very confident or had very little confidence about medium term economic prospects (Figure 28).

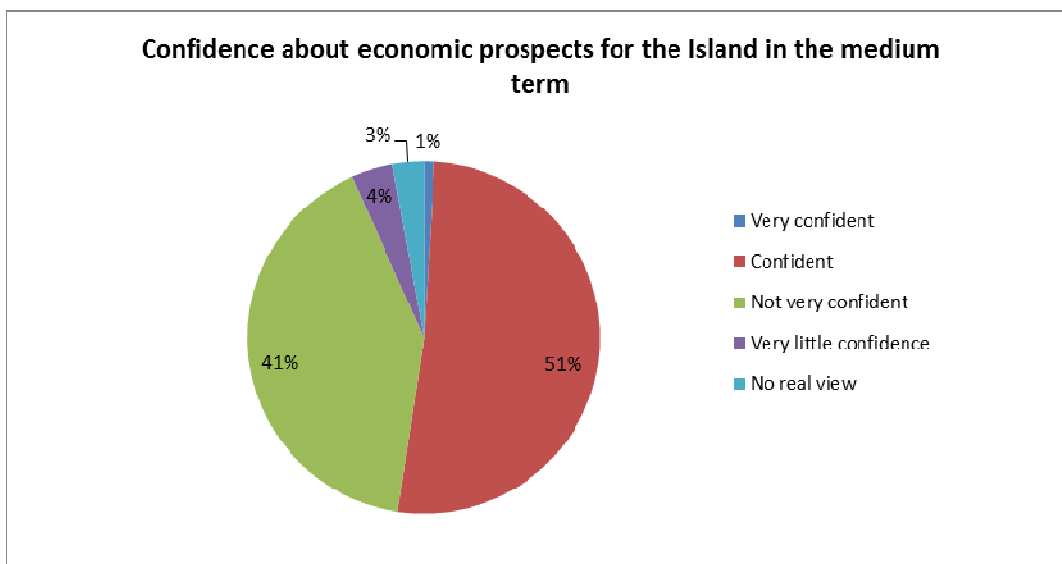


Figure 28