

Chamber of Commerce
and
YBG

Business Trend Survey

March 2011

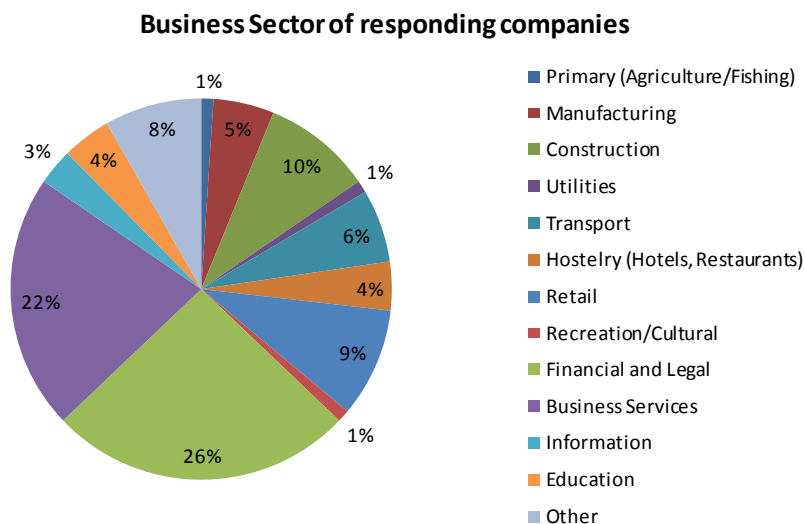


Young Business Group
of Guernsey



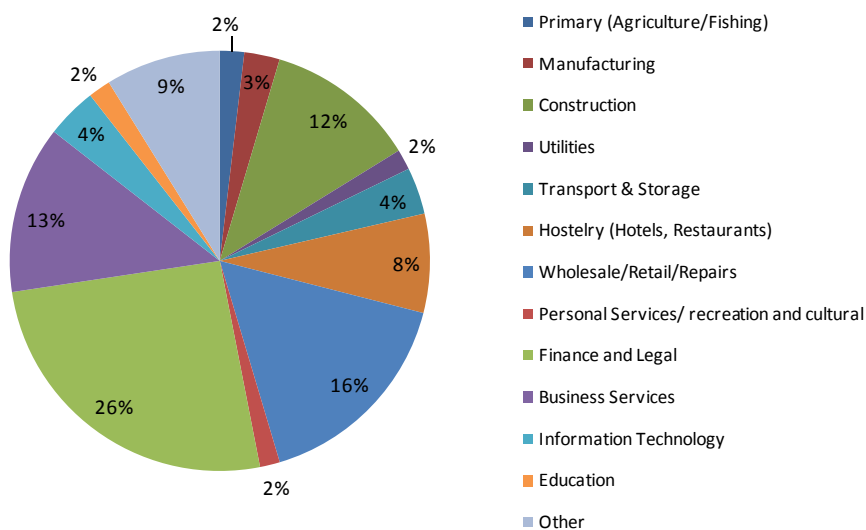
Business Profile of Respondents

Economic Sector in which business falls



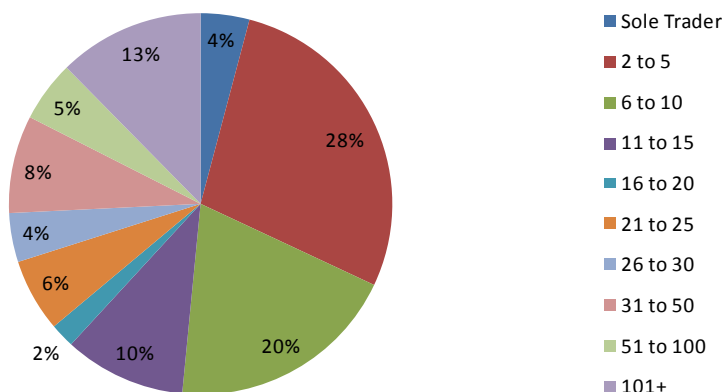
Just under 100 businesses responded to the 2011 Business Trends Survey. There was a good cross section of business types, thereby ensuring that a range of opinions and information from across all economic sectors were recorded. This can be compared favourably with the representative graph of employment below (with the effect of public administration removed).

Guernsey Employment by Economic Sector (not public admin)

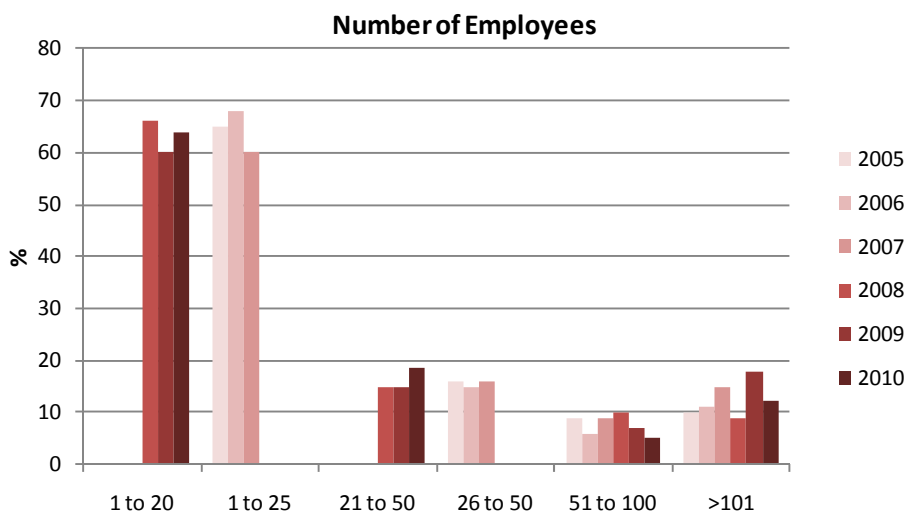


Total number of (full time equivalent) employees, including management in business

Total number of employees (FTE)



Just over half of respondents had less than 10 employees in their business. 32% of businesses that responded had between 1 and 5 employees, 20% had 6 to 10 employees. This was a similar profile to data collected in the 2010 Business Trend Survey.

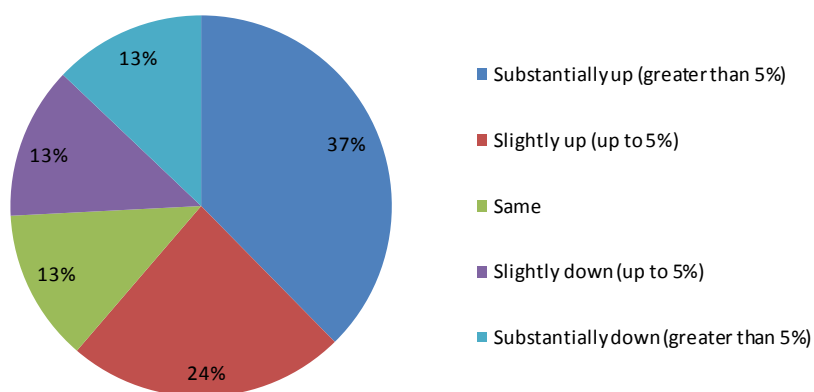


The change in the 'number of employee' categories was made in 2008 to reflect the way in which distribution data is collected by the States of Guernsey, therefore enabling greater scope for comparison. Good coverage of all of the business sizes was maintained in the 2011 YBG survey.

Turnover

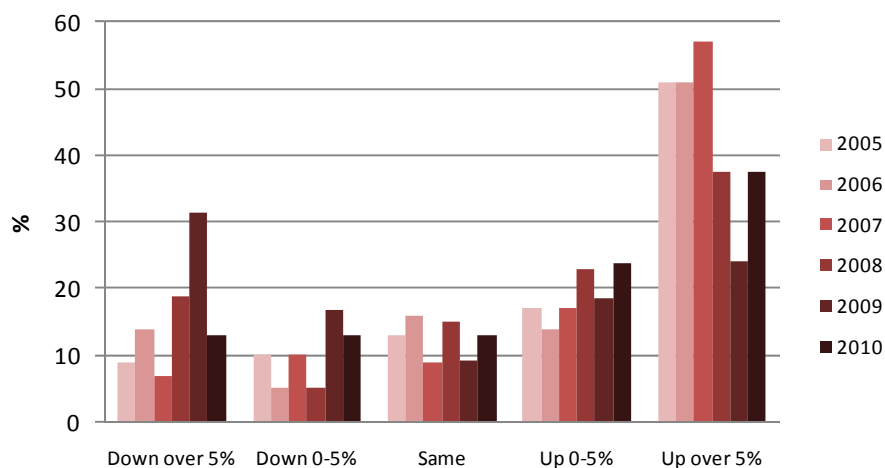
Turnover of business in the 12 months to 31 December 2010, as compared to the equivalent period in 2009

Business turnover 2010 compared with 2009



26% of businesses experienced a decreased business turnover in the 12 months to 31st December 2010 in comparison to 2009. 13% of businesses indicated that turnover was on par to the previous year, whilst 61% of businesses experienced an increase in turnover. 37% of businesses experienced turnover up by over 5%, whilst only 13% were down by over 5%. This is a noticeable increase in results indicated for 2009.

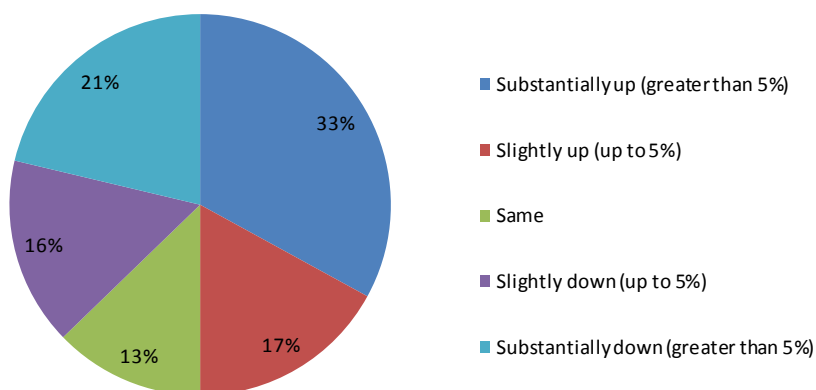
Business turnover compared to previous year



Profitability

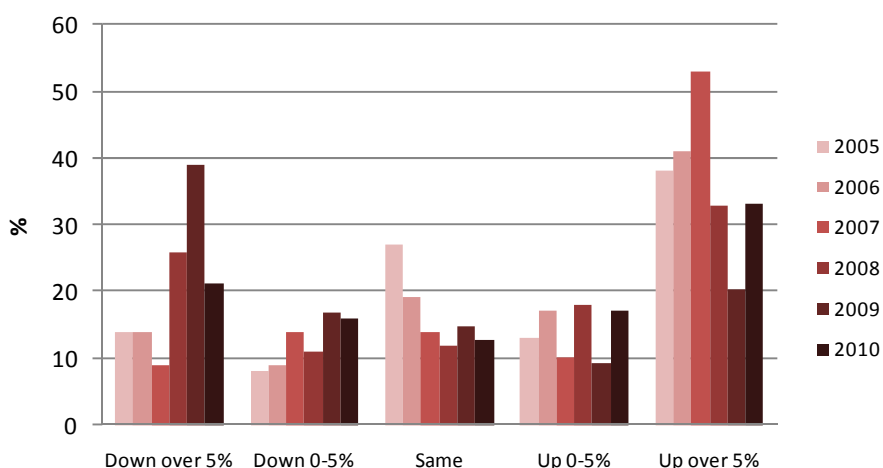
Profitability of business in the 12 months to 31 December 2010, as compared to the equivalent period in 2009

Profitability of business in 2010 compared with 2009



Under 40% of all businesses were less profitable in 2010 than in 2009, with approximately a fifth being more than 5% less profitable. This figure has roughly halved in comparison to the results of the previous year when almost 40% were more than 5% less profitable. 50% of businesses indicated that they were more profitable in 2010 than in 2009.

Business profitability compared to previous year

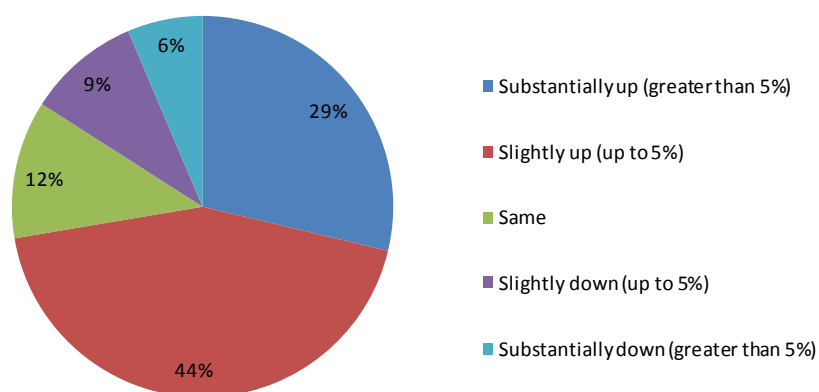


Profitability overall has improved in comparison to 2009. Results are similar to those received for 2008.

Business Costs

Business costs in the 12 months to 31 December 2010, as compared to the equivalent period in 2009

Change in business costs in 2010 compared with 2009

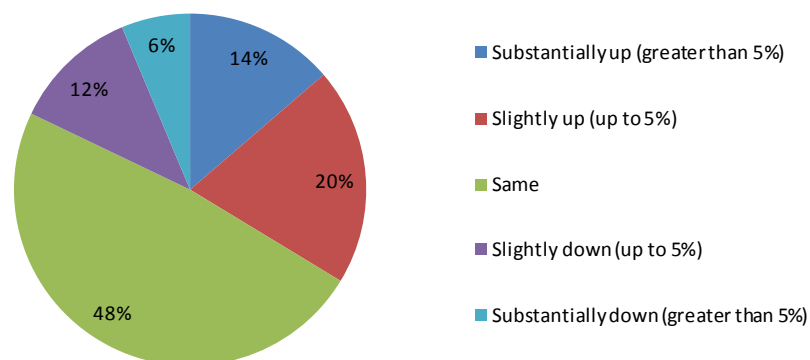


Business costs for 2010 appear to be up overall on 2009, 73% of businesses responding indicated that this was the case, with almost three tenths experiencing business costs more than 5% up on the previous year. 15% of businesses indicated that costs were down on 2009.

Numbers Employed

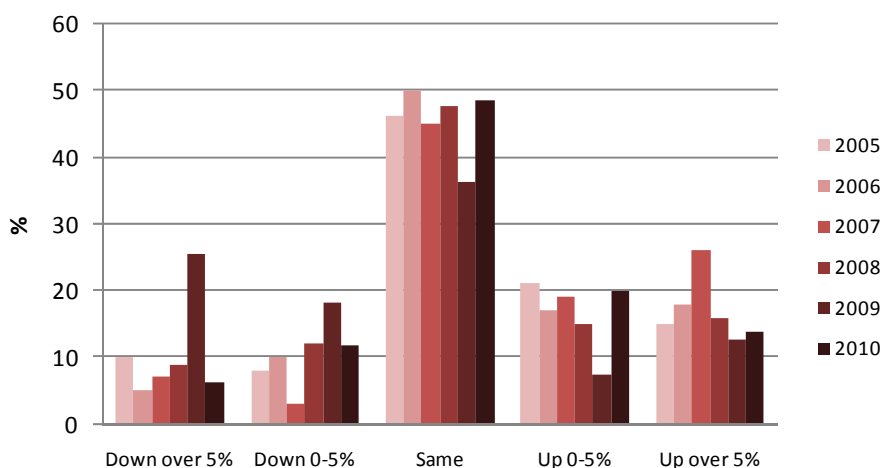
Numbers of people employed in business in the 12 months to 31 December 2010, as compared to the equivalent period in 2009

Numbers of people employed in business in 2010 compared with 2009



Almost half of businesses maintained the same staff levels in 2010 as in the previous year. Only 18% of businesses reduced staff numbers, whilst over a third of businesses increased staffing numbers. 14% of those which increased staff numbers did so by greater than 5%. Only 6% of businesses decreased by more than 5%. This is a more positive outlook in comparison the results of the previous year when over a quarter of businesses (26%) decreased staff numbers by more than 5%.

Staff numbers compared to previous year

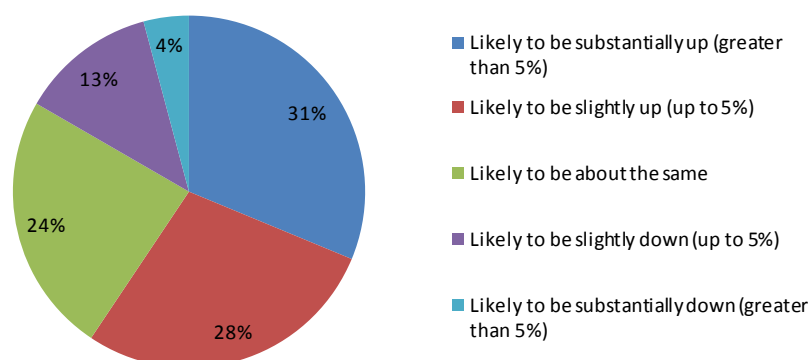


The 2010 profile of growth/decline in staff numbers demonstrates a recovery in comparison to 2009 and a reduced number of businesses indicating staff number losses.

Turnover Projections

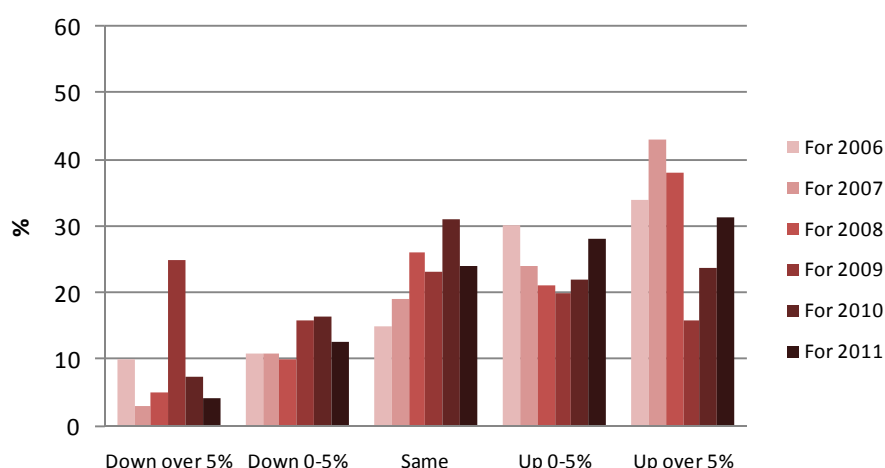
Expectations of turnover in the 12 months to 31 December 2011 as compared to the equivalent period in 2010

Projections for business turnover this year compared with 2010



Projected turnover results for 2011 illustrate a positive outlook for the forthcoming year, 59% of businesses considered that their turnover would increase, just over half of these by more than 5%. Almost a quarter of respondents indicated turnover would remain the same, whilst 17% were projecting turnover to decrease. Significantly, 31% of businesses thought that turnover would increase by over 5%, whilst only 4% stated that it would decrease by over 5%.

Business turnover projected for year ahead

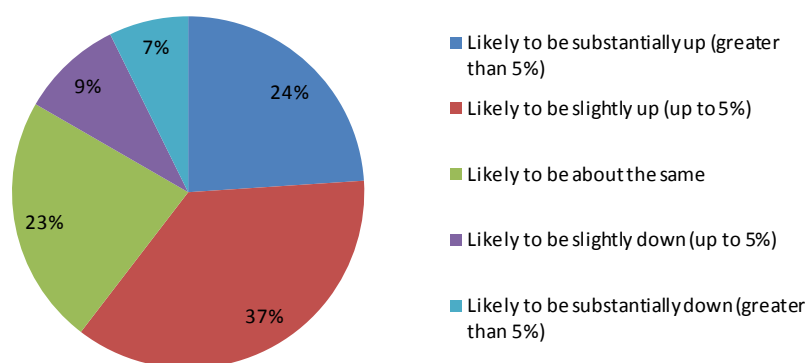


Projected business turnover for 2010 and 2011 is showing signs of recovery in comparison to the peak of the recession in 2009.

Profitability Projections

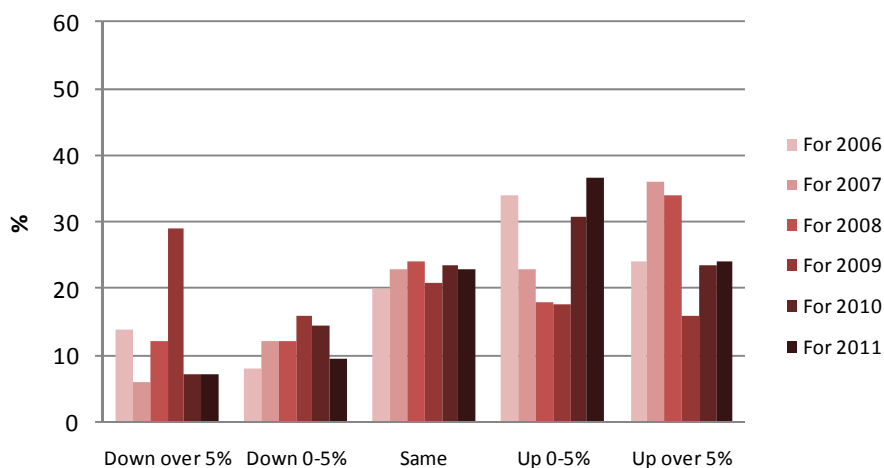
Expectations of profitability in the 12 months to 31 December 2011 as compared to the equivalent period in 2010

Profitability projections for business this year compared with 2010



Over three out of five of businesses (61%) forecast that profitability would be up for 2011, just under a quarter indicated that it would remain the same, whilst 16% stated that it would decrease as compared to 2010.

Business profitability projected for year ahead

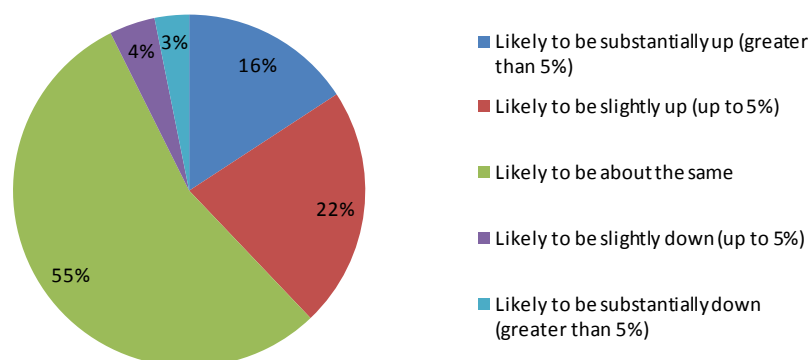


The proportion of businesses that indicated profitability would be up on the previous year is overall at levels not seen for the past three years.

Employment Projections

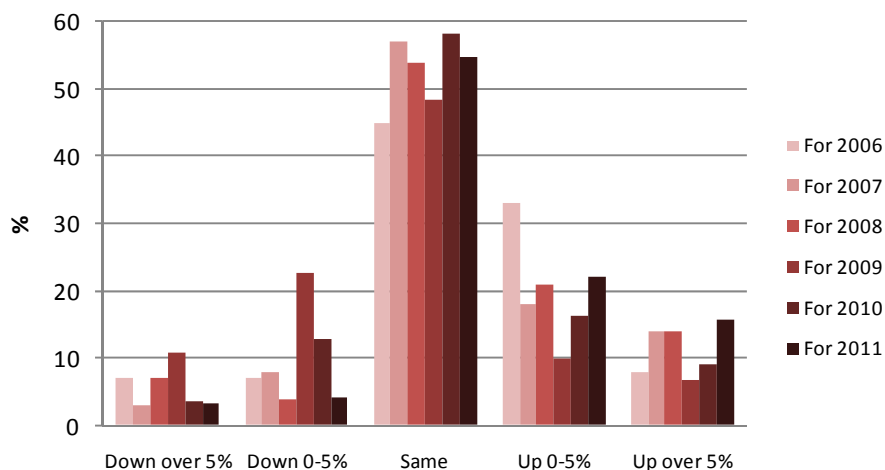
Numbers of people employed in business in the 12 months to 31 December 2011 as compared to the equivalent period in 2010

Projected number of people employed in 2011 compared to 2010



55% of businesses are forecasting that staff numbers will remain the same in 2011 as compared to 2010. Almost two fifths indicated that numbers would increase, whilst 7% stated that staffing numbers would reduce. There is an increasing number of businesses anticipating increases in staff levels for 2011 in comparison to 2010.

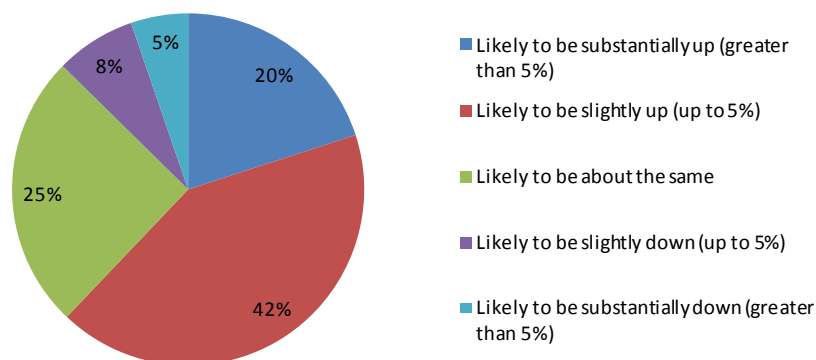
Projected staff numbers for year ahead



Business Cost Projections

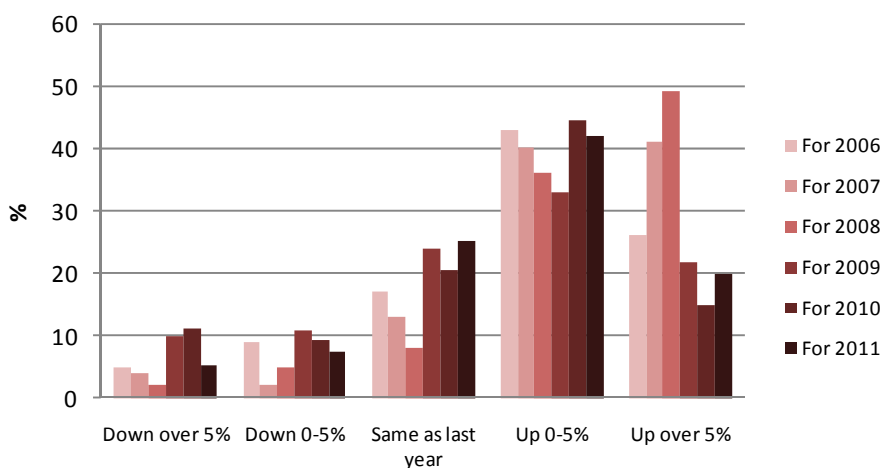
Business Costs - changes in business costs anticipated for this year (2011) as compared to 2010

Change in business cost projections in 2011 compared with 2010



In 2011, 42% of businesses project that business costs will increase by up to 5%, with a further 20% of businesses indicating that such costs will go up by more than 5%. A quarter of businesses will maintain the same costs as last year, and 13% will see a reduction in business costs in comparison to 2009.

Expected change in business costs



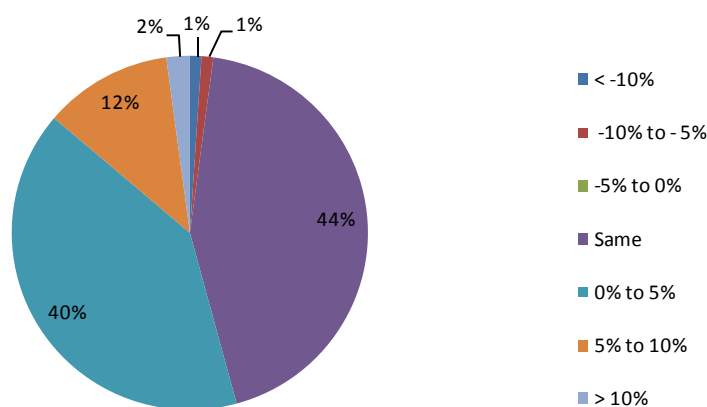
There is a large proportion of businesses which believe that business costs will increase (62%), with up to 5% on the previous year. Otherwise the majority of the remaining businesses are maintaining the same business costs as the last year.

Prices and Fees

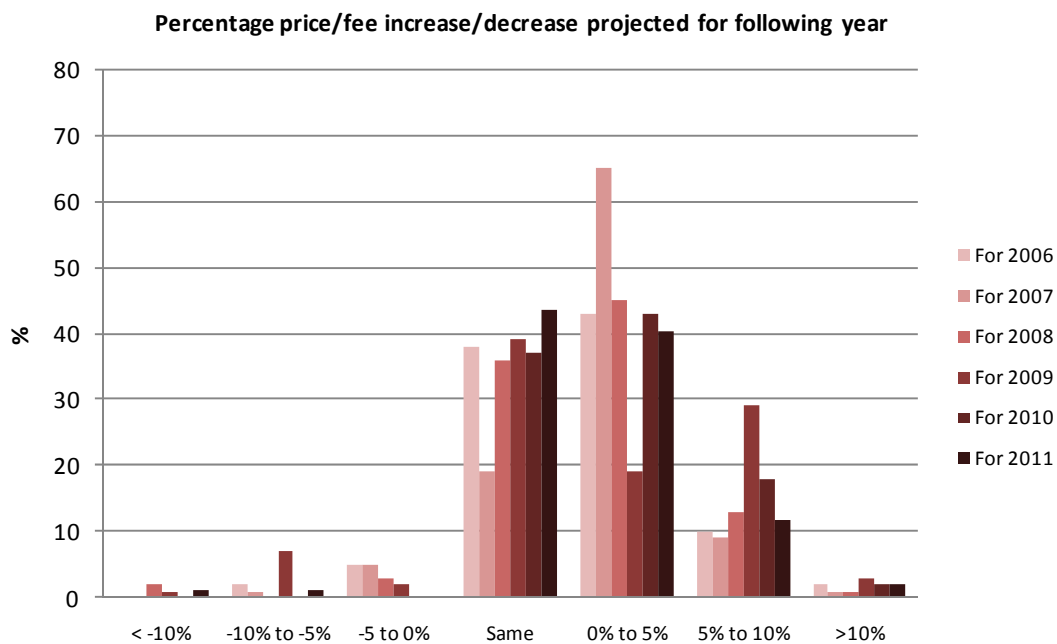
Average percentage increase/decrease in prices/fees this year (2011) as compared to 2010

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

Anticipated price/fee increase/decrease for 2011 as compared to 2010



54% of businesses have indicated that prices/fees for 2011 will be increased. 44% of businesses keeping prices the same as the previous year, 2% of business respondents are reducing prices/fees. These results are down on the previous year.



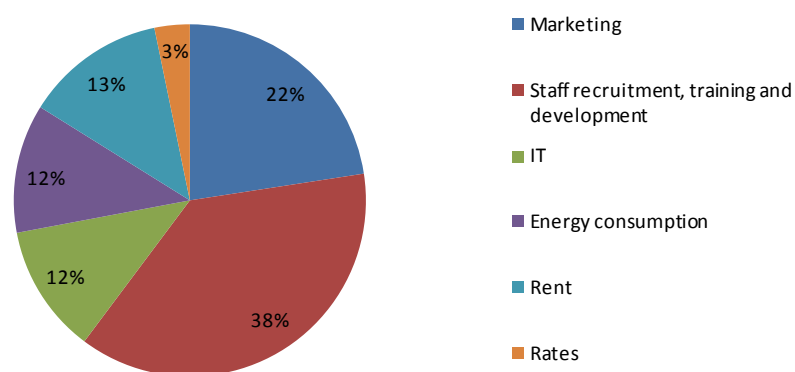
Year	March	June	Sept	Dec
2005	4.6	4.6	3.8	3.3
2006	3.1	3.4	3.5	4.4
2007	4.8	4.7	4.9	4.9
2008	4.8	5.5	5.8	1.2
2009	-1.2	-1.3	-1.2	2.2
2010	3.4	2.3	1.6	2.3

Headline RPI Figures, States of Guernsey, Facts and Figures

Source of Business Costs

Business functions and costs which will incur the greatest increase this year 2011

Business functions/costs which will incur the greatest increase in 2011

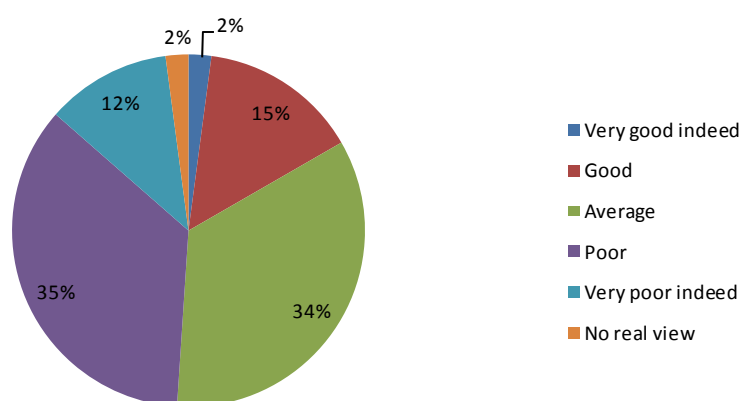


The business functions and costs which are anticipated to incur the greatest increase for 2011 are staff recruitment, training and development (38%), marketing (22%) and rent (13%). These are closely followed by energy consumption and IT at 12%.

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 2010 with regards to their business and in overall assessment.

States of Guernsey's effectiveness in running the Island during 2010



17% of businesses rated the States of Guernsey as good or very good, whilst just over a third regarded them as average. Just under half of all business respondents rated them as poor or very poor. 2% had no view.

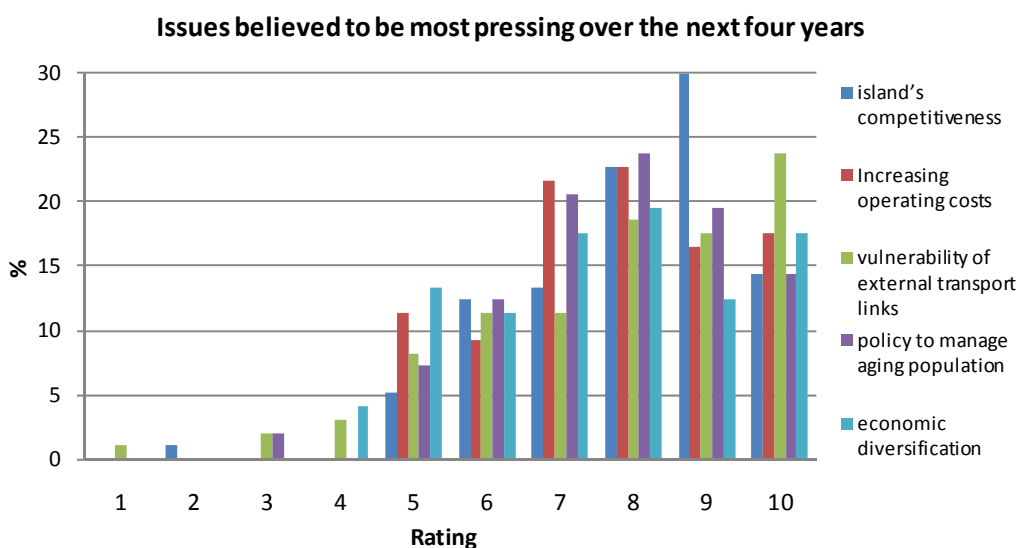
Island Issues

Businesses were asked to rank a variety of issues on what they thought were the most pressing issues for the next 4 years bearing in mind the General Election in 12 months time.

When asked to rank them out of 10, with 1 regarded as not pressing at all and 10 being very pressing indeed, the following mean average scores were obtained:

Issue	Average score
The island’s competitiveness	8.0
Increasing operating costs in the Island	7.8
Vulnerability of external transport links	7.8
Policy to manage aging population	7.7
Need for economic diversification	7.5
Labour/skills ramifications	7.0
Need for greater inter-island co-operation	7.0
Shortage of suitable premises	6.6
Need for greater public private partnerships	6.4
Rising inflation	6.3
Need for public Infrastructure investment	6.3
Unemployment particularly amongst younger	6.2
New ways to overcome land shortage	6.2
Rising net immigration	5.6

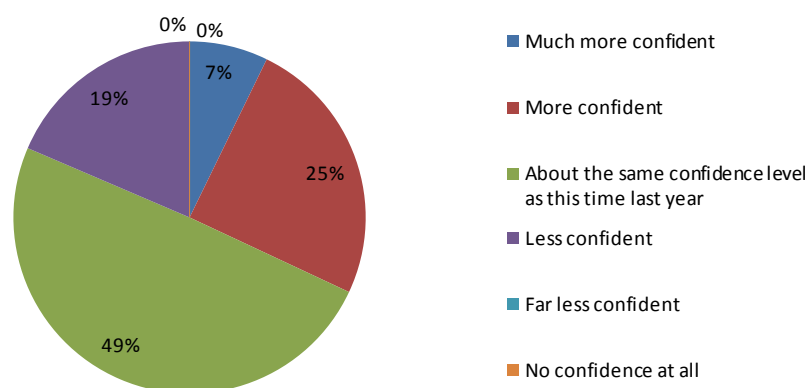
When the top 5 issues are displayed graphically – it can be seen that almost all businesses thought that these were of importance.



Island Confidence Levels

Confidence levels about the prospects for the Island’s economy for the next twelve months compared to twelve months ago

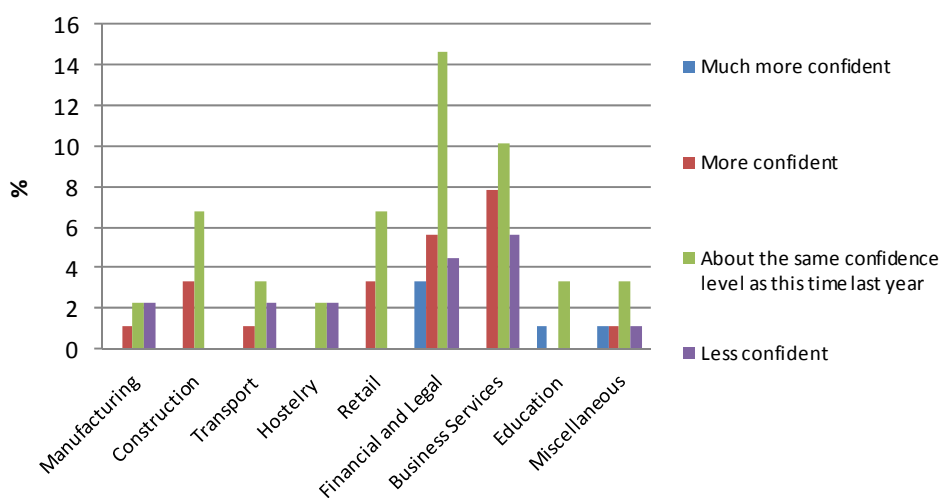
Confidence about the Island's economic prospects over the next twelve months compared to 2010



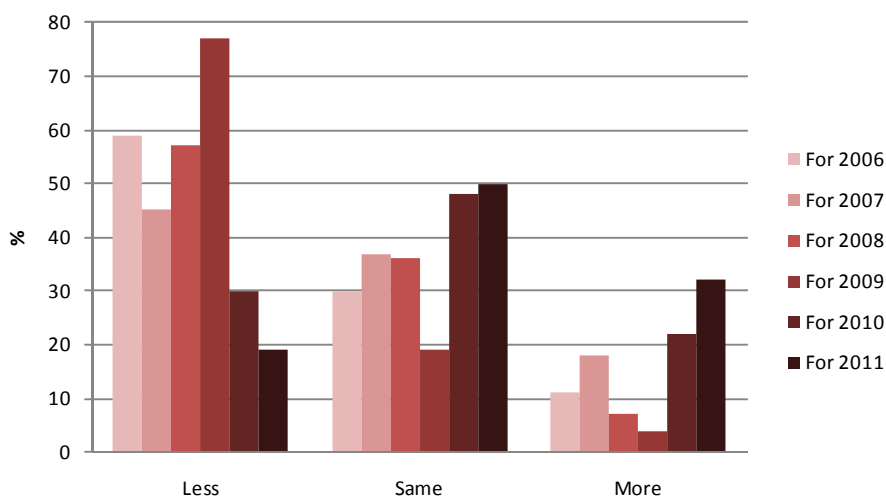
Almost half of businesses have the same confidence level as last year. Almost a fifth are less confident in prospects for the Island’s economy over the next year in comparison to 12 months ago, however almost a third of businesses are more confident about prospects.

This is further illustrated below, the miscellaneous category represents responses from a range of sectors where there were fewer respondents to retain anonymity.

Confidence about the Island's economic prospects over the next twelve months compared to 2010 by sector



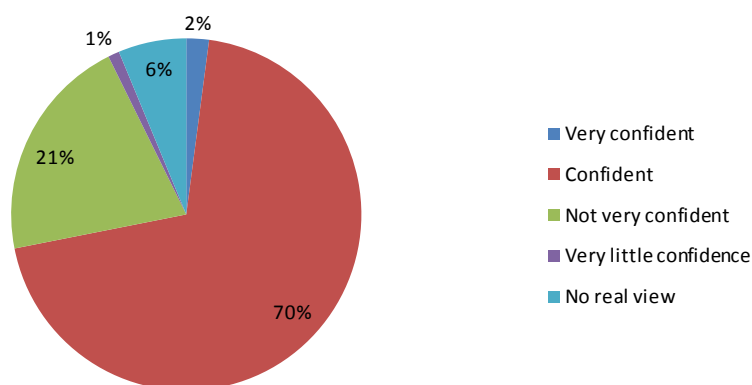
Confidence in prospects for the Island's economy over the next twelve months compared to last year



Confidence levels for 2011 show a more positive recovery again in comparison to last year. It is the only year recorded where there is more than 30% recorded for an increase in confidence.

Confidence levels in the medium term (two to three years) about economic prospects for the Island

Confidence about economic prospects for the Island in the medium term



A fifth of businesses were not very confident about the medium term (two to three years) economic prospects for the island. However, 70% were confident about the medium term future, an increase of 17% on the previous year. The number of businesses indicating very little confidence in the future has dropped from 7% to 1%.