

**QUARTERLY BUSINESS MONITOR**  
APRIL TO JUNE 2011  
**Detailed Findings**

# 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 Q2 2011 took place during July 2011. A total of 1,104 interviews were conducted, which included an additional 100 interviews with companies in the manufacturing sector.

## Business performance

### Sales levels

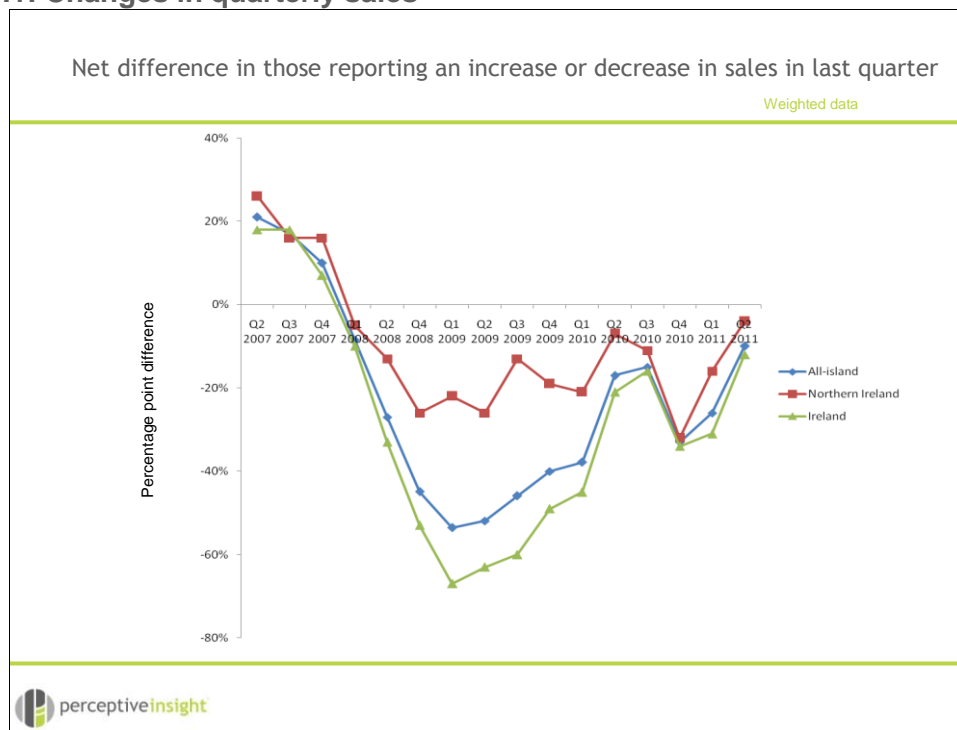
While 26% have seen an increase in sales over the past quarter (Q2 2011), 36% report no change and 36% say that sales have decreased giving a net difference of -10% points. This compares with a net difference of -26% points in Q1 2010 and signifies a positive improvement after a sharp decline in Q4 2010 (Figure 1.1).

Similar to previous quarters, those most likely to be affected by a decrease in sales are smaller businesses (38%). Fifty one percent of those who employ 50 or more experienced an increase in sales compared with 36% of mid-sized businesses and 24% of small businesses.

The sector which, on balance, is fairing better than others at the moment is business services. While 28% have reported an increase in sales, 26% have reported a decline giving a net difference of 2% points. The sectors which appear to have made the greatest improvement in comparison with last quarter are leisure, hotels and catering, retail and distribution and agriculture which have all shown an increase in net difference (-41%, -41% and -23% in Q1 2011 compared to -7%, -13% and -3% in Q2 2011 respectively).

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 -4% points for NI business and -12% points for those in Ireland.

**Figure 1.1: Changes in quarterly sales**

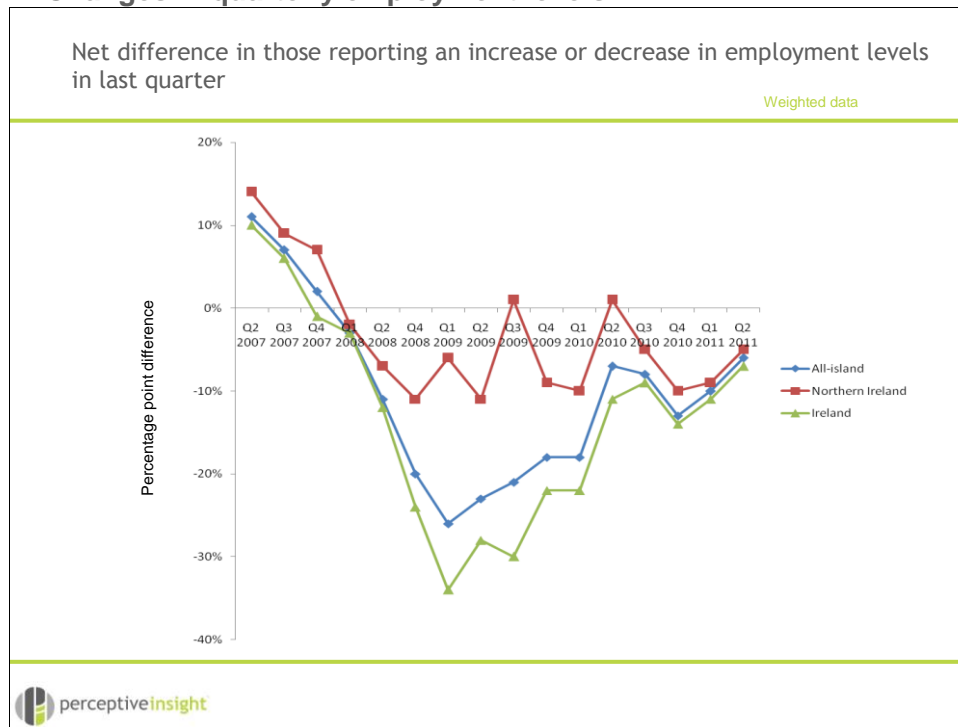


### Employment levels

While 8% report that they have taken on new employees in the last quarter, 14% say they have made a reduction in staffing levels, giving a net balance of -6% points. Quarterly trends in employment levels show a marginal positive improvement since last quarter, with the percentage hiring increasing from 7% to 8%. The percentage reducing staff numbers has changed from 17% to 14% (Figure 1.2).

Analysis by sector shows that those in construction (-21% point net difference) are much more likely to have reduced employee levels than other sectors.

Figure 1.2: Changes in quarterly employment levels



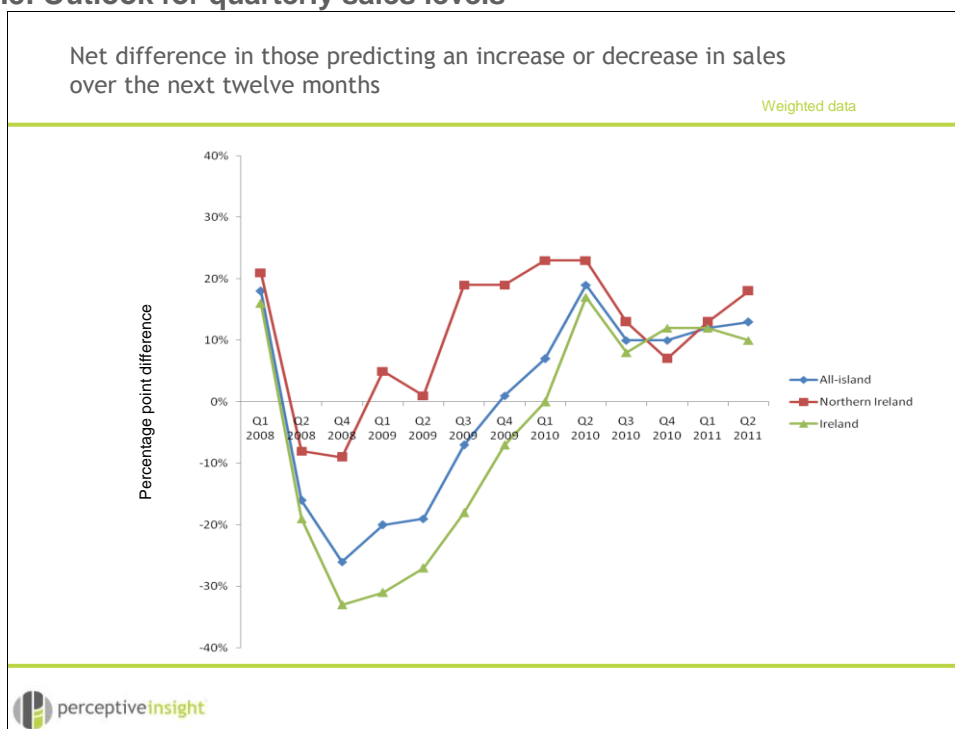
## Business outlook

### Sales levels

Looking forward to the next 12 months, 32% of businesses are optimistic that their level of sales will increase, with 19% 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 services and retail and distribution sectors. Business optimism levels are more positive in the North than in the South.

Analysis of the quarterly trends shows the percentages expecting their sales to increase or decrease remain at similar levels to the previous three 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



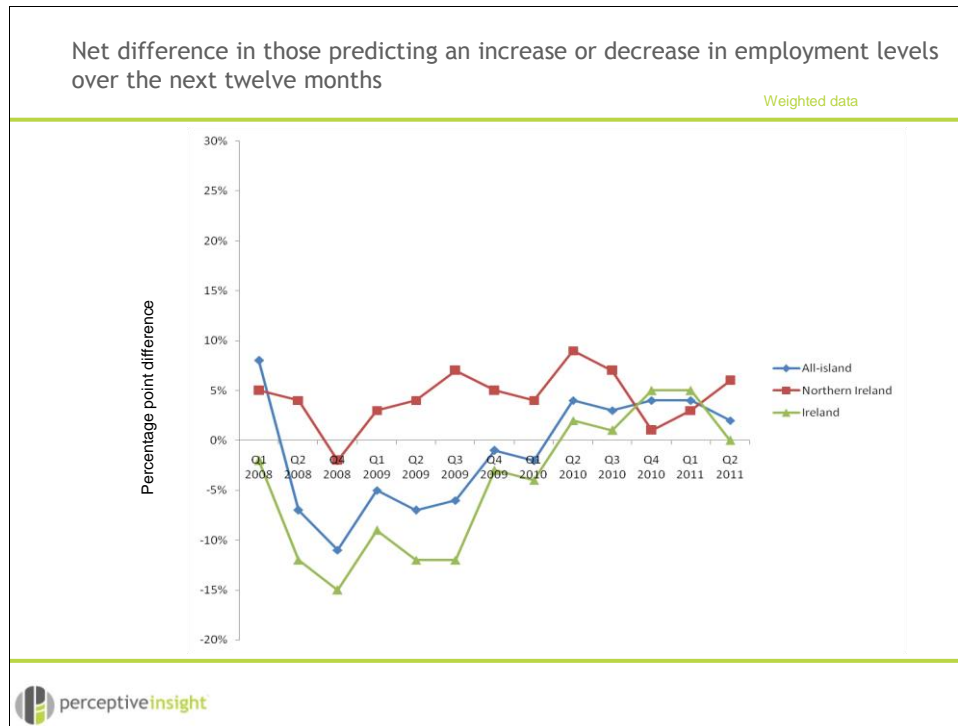
## Employment levels

In terms of employment levels, slightly more businesses expect to take on new staff (10%) rather than let them go (8%). These figures are similar to the Q1 findings (with 13% expecting an increase and 9% a decrease). Those most likely to be hiring are mid sized (24%), and those in business services (13%) and retail and distribution (6%). The sector most likely to be reducing numbers is construction (19%).

There is a marked difference in the percentage of export companies planning to increase their staff (17%) compared with those who do not export (6%).

Once again quarterly trends show a net gain overall in the percentages planning to recruit, versus the percentages planning to reduce numbers (+2 percentage points) (Figure 1.4).

Figure 1.4: Outlook for quarterly employment levels



## Pricing

At an all-island level 20% report that they have increased their prices in the past 3 to 6 months, while 32% have reduced them. The quarterly trends show fewer companies reducing prices and moving towards maintaining or increasing them.

While 32% of NI businesses have increased prices 15% have decreased them, with the balance maintaining prices at their current levels. The corresponding figures for Ireland are 15% who have made an increase and 39% who have reduced them. This indicates that much of the price increase trend can be attributed to companies in Northern Ireland

## Impact of the economic downturn

### Current business position

When asked about the current position of their business, just 12% said they were in growth mode, and 43% described their business as stable. However, 7% said their business was contracting and over one third (35%) reported that they were trying to survive at all costs. A further 2% said they were winding down their business.

Analysis by sector shows that those in construction are most likely to be struggling with 14% winding down, 34% 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 (48% in ROI compared with 34% in NI).

## Conclusions

The findings from this quarter continue to show that businesses are still suffering although there has been a slight improvement compared with the previous quarter. It continues to be the case that those in the South are more likely to be struggling compared with those in NI. The same can be said for the smallest companies, with 10 or fewer employees.

The construction sector continues to be hit hardest. They are most likely to have reduced employee levels, and 14% reported that they are winding down, with over one third (34%) in survival mode.

The future looks uncertain with little change in the percentages who see increased sales on the horizon.