Snapshot Business Survey

Prepared for South East England Development Agency

Because people matter

Contents

Executive Summary

- A third and over businesses in all counties except Oxfordshire reported a downturn in their recent business performance.
- Most attribute this to the recent downturn in the UK economy.
- However, businesses in all counties are relatively optimistic about the next three months, with equal numbers anticipating things to get better as those who think it will get worse.
- Most business have experienced lower domestic orders and profit margins in the last three months, but their level of investment in the business is not expected to change.
- Businesses also expect their numbers of staff and staff costs over the next three months to remain consistent.

Executive Summary

- Increases in cost are most likely to be from energy costs, which in turn applies most upward pressure on the overall cost base.
- Business are however unlikely to have passed these increased costs on to customers.
- Around one in ten businesses in the South East have recently sought additional finance, with varying degrees of success.
- Around two in five have experienced delays in customers paying them in the past three months, and around one quarter have not paid their own suppliers on time in the past three months.
- Generally businesses report that their relationship with their bank has not changed.

Background and methodology

Background and Methodology

- BMG Research has conducted a Snapshot survey of business confidence for the South East England Development Agency.

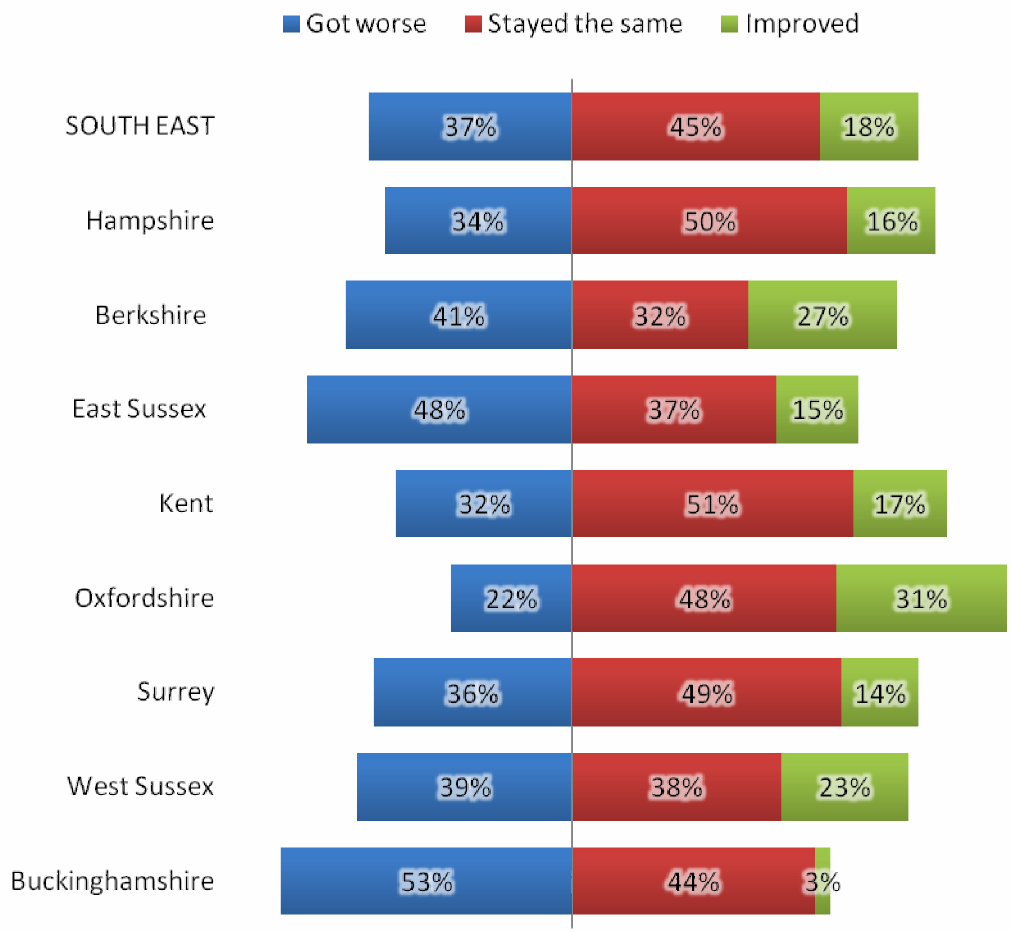
- All interviews were carried out by telephone with someone in the business most knowledgeable about the overall performance of the business.

Background and Methodology

- This is a continuation of the National Business Survey that Yorkshire Forward managed on behalf of the nine English Regional Development Agencies, and Invest Northern Ireland.
- In total 599 interviews were carried out in the South East.
- Quotas were set by size of business and business sector by region.
- Public sector businesses were excluded.
- A separate report details the findings from comparing all four participating regions, the South East, East Midlands, Yorkshire & Humber and North West.

Business performance in light of the recent economic downturn

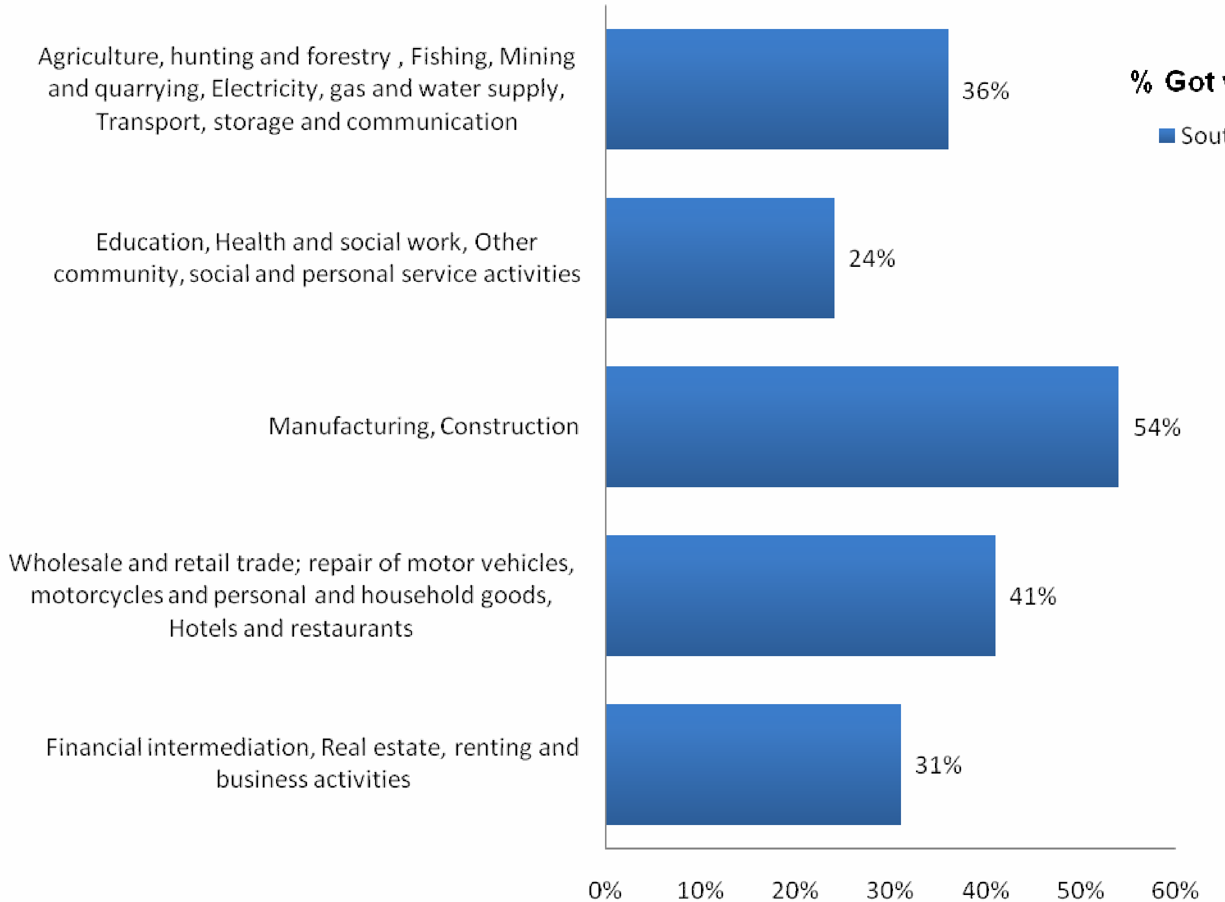
Recent business performance



In the South East just over a third of businesses report a recent downturn in business performance. Businesses in East Sussex and Buckinghamshire are most likely to have seen their business performance get worse.

Q5. Would you say that overall, your business performance in the past 3 months has improved, remained stable or got worse?

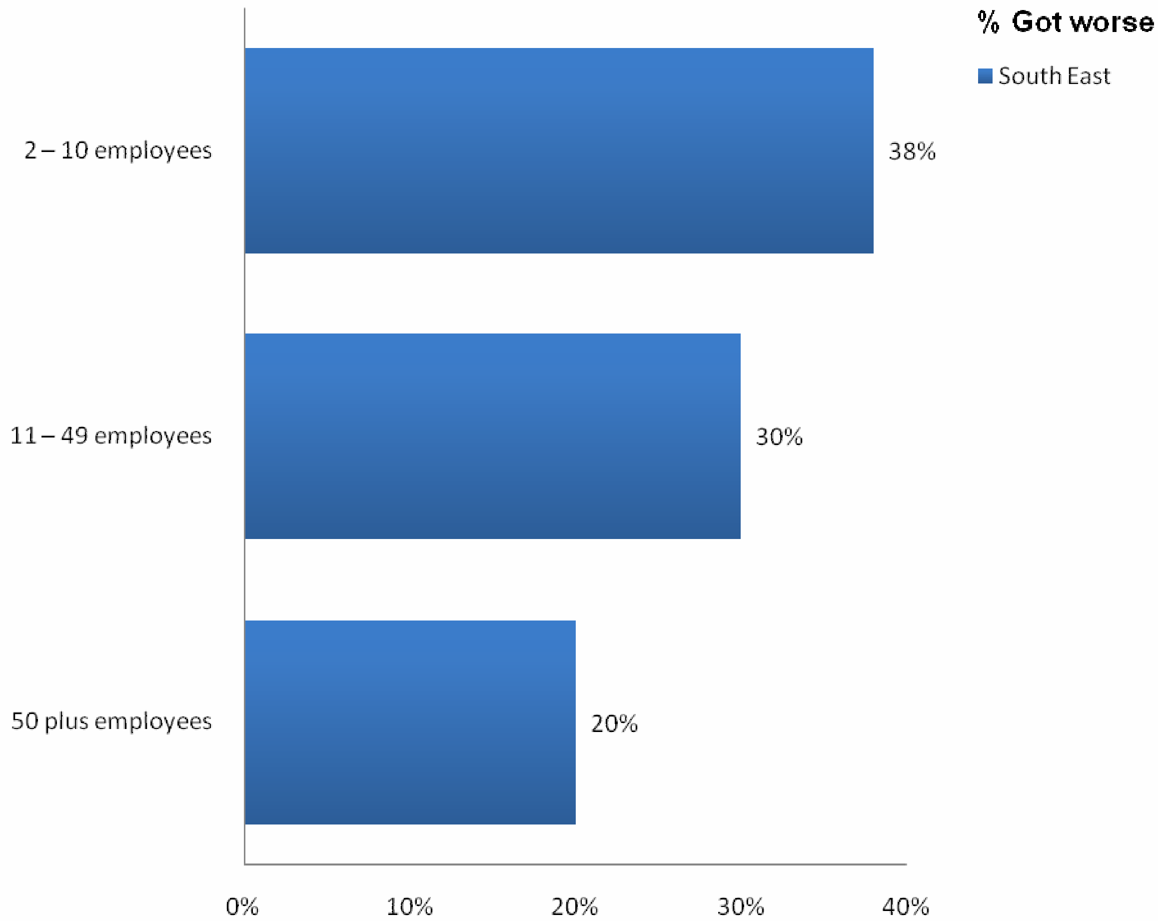
Recent business performance (by sector)



The manufacturing and construction sector is likely to report a worse performance.

Q5. Would you say that overall, your business performance in the past 3 months has improved, remained stable or got worse?

Recent business performance (by size)

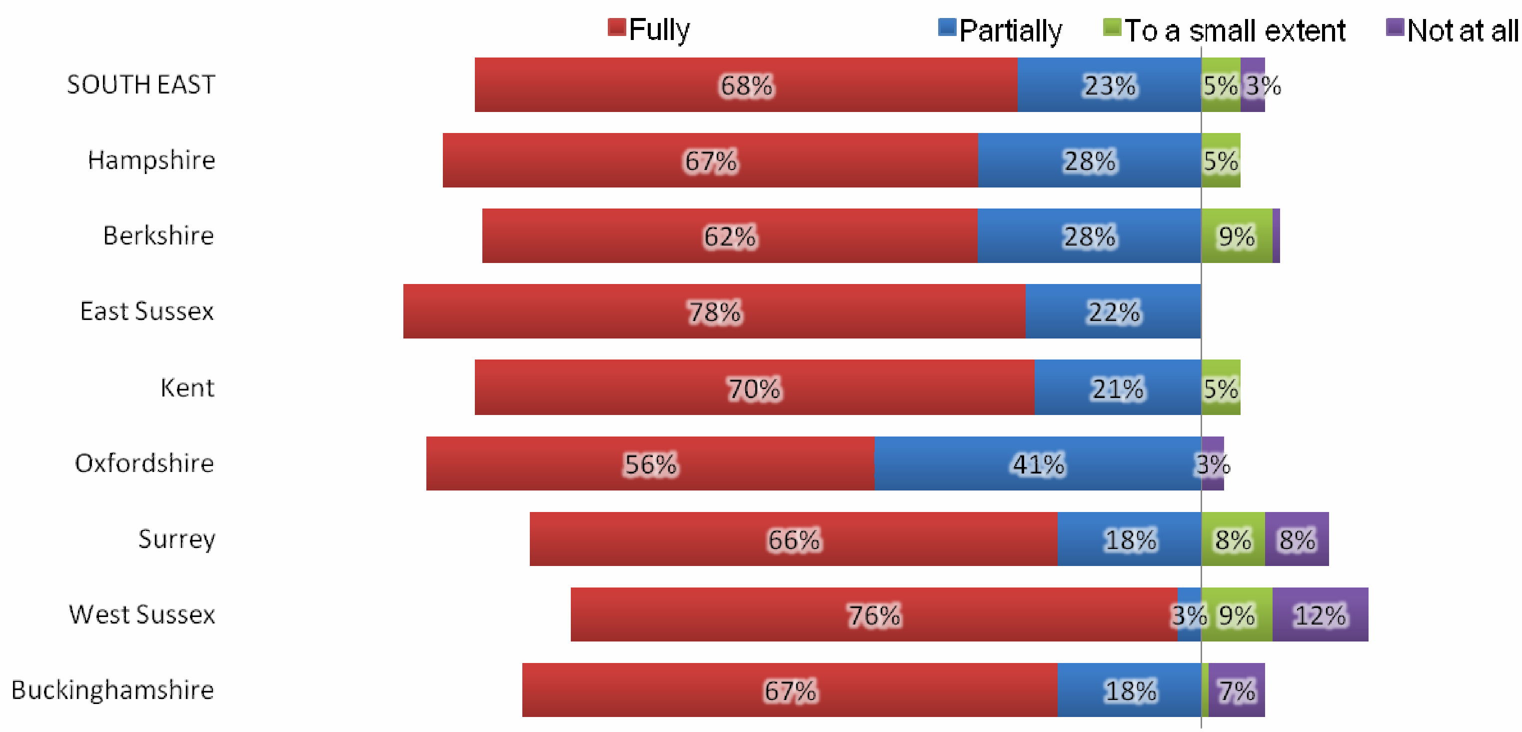


Smaller businesses are more likely to say that their recent business performance has got worse.

Q5. Would you say that overall, your business performance in the past 3 months has improved, remained stable or got worse?

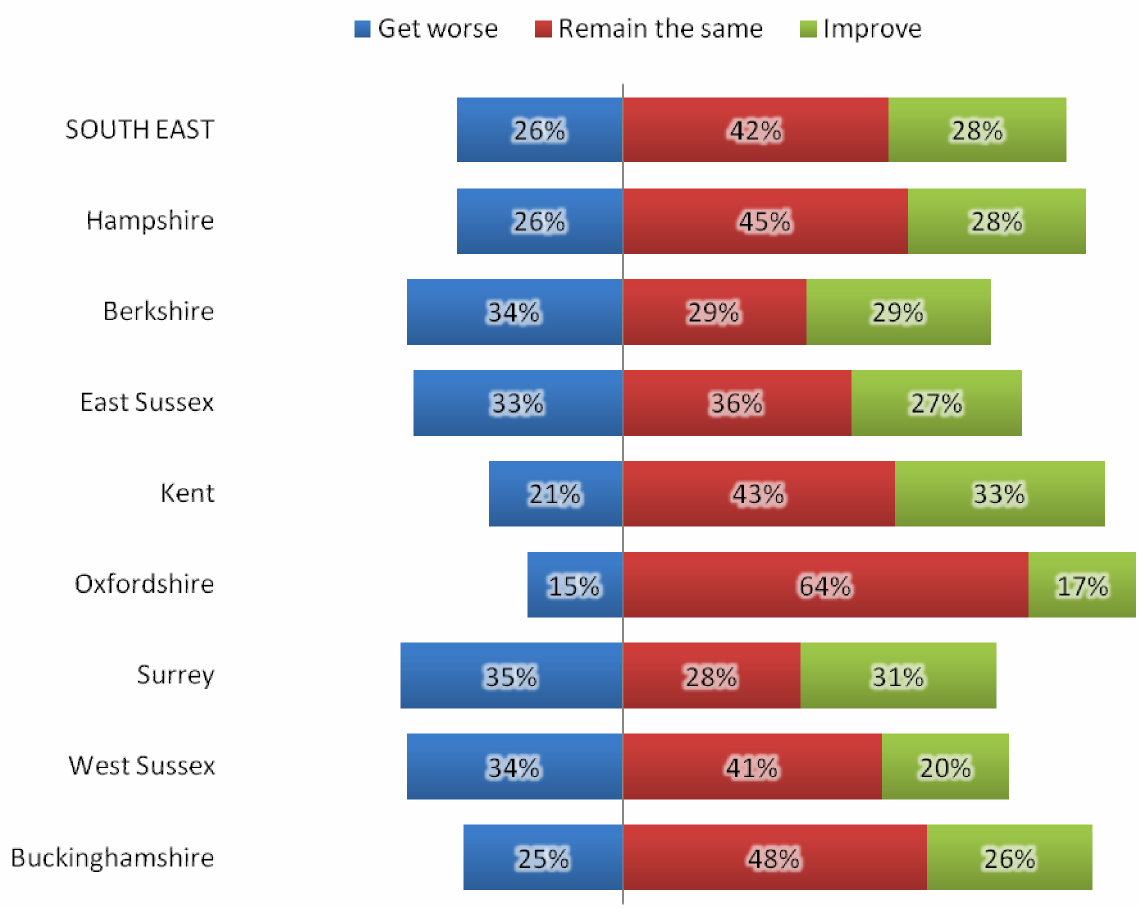
Attribution of worse recent business performance to economic downturn

Of the businesses who feel that their performance has got worse in the last 3 months, all but a minority in each county attribute this at least partially, and in most cases fully to the current economic conditions in the UK.



Q6. To what extent do you attribute this specifically to the current economic conditions affecting the UK?

Anticipated changes in business climate over the next 3 months



Anticipated changes in business climate is split, with roughly equal proportions in each county who feel it will improve or get worse.

Q7. Over the next 3 months do you expect the business climate in which your business operates to generally improve, remain stable, or get worse?

Trends in business activities

Trends in the past 3 months

Generally, businesses have experienced lower level of domestic orders, volume of output and profit margin.

	South East %			Hampshire %			Berkshire %			East Sussex %			Kent %			Oxfordshire %			Surrey %			West Sussex %			Bucks %		
	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H
Domestic orders	36	31	13	40	29	11	29	30	12	45	29	11	29	30	18	20	51	13	43	27	8	35	24	17	37	37	8
Export orders	5	7	2	2	5	3	12	15	2	5	8	0	5	8	1	6	10	10	5	4	3	0	1	1	2	9	2
Numbers employed	20	73	5	21	69	8	30	58	8	20	78	3	19	77	2	20	78	2	18	72	7	21	73	6	10	83	3
Volume of output	38	37	13	34	38	12	41	33	16	47	18	21	38	36	13	29	36	25	46	38	10	40	33	13	40	49	5
Prices charged to customers	22	58	18	21	59	19	22	52	26	45	46	5	19	53	23	12	60	27	20	67	12	28	64	6	20	62	18
Staff costs	16	68	12	7	76	12	19	56	20	29	52	11	18	67	11	22	71	6	12	63	16	15	80	5	17	66	10
Profit margins	43	38	8	43	39	11	44	38	6	59	26	5	36	41	10	23	60	8	48	28	9	50	32	3	45	39	7

Not applicable / don’t know answers excluded

L Lower S Same H Higher

Q8A. Excluding seasonal variations, what has been the trend during the past 3 months for…

Expected trends for the next 3 months

Despite reporting lower recent performance businesses are relatively optimistic that domestic orders, numbers employed, prices charged to customers and profit margins will remain the same.

	South East %			Hampshire %			Berkshire %			East Sussex %			Kent %			Oxfordshire %			Surrey %			West Sussex %			Bucks %		
	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H
Domestic orders	20	34	24	23	37	18	28	19	26	24	35	21	15	34	26	11	41	34	15	40	23	23	24	30	29	25	24
Export orders	4	7	5	2	5	6	4	12	12	8	13	1	3	5	2	10	5	9	2	13	3	0	2	1	1	11	1
Numbers employed	9	81	7	9	84	5	14	73	8	14	73	8	7	81	11	5	83	8	10	80	7	6	81	8	10	85	1
Volume of output	17	41	32	16	42	28	22	42	25	20	34	35	12	39	39	6	33	51	22	42	26	21	35	30	18	53	26
Prices charged to customers	10	74	13	9	74	15	11	66	18	19	74	3	12	70	15	5	84	10	13	75	9	2	81	16	12	79	9
Staff costs	9	77	11	9	79	9	15	74	11	14	61	16	7	77	13	11	74	15	15	76	5	10	78	11	2	89	8
Profit margins	22	50	19	23	55	17	31	38	14	36	46	8	19	46	26	6	69	19	22	50	16	22	52	11	20	47	29

Not applicable / don't know answers excluded

L Lower S Same H Higher

Q8B. Excluding seasonal variations, what are the expected trends for the next 3 months, with regard to…

Investment in the business

Business's investment trends over the past 3 months

Business's investment trends have remained largely the same over the past three months, with equal numbers reporting higher or lower investment.

	South East %			Hampshire %			Berkshire %			East Sussex %			Kent %			Oxfordshire %			Surrey %			West Sussex %			Bucks %		
	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H
Buildings	10	47	8	9	49	11	23	38	6	12	57	14	13	45	5	1	50	6	12	39	8	0	57	6	5	49	9
Plant and Machinery	9	46	6	5	44	7	7	61	1	11	46	2	14	47	4	14	33	10	9	43	7	1	50	6	13	54	6
Product and Process development	6	44	10	5	48	8	0	50	13	2	44	9	9	36	9	2	45	6	11	42	13	6	41	5	8	48	14
Marketing and Sales	16	50	23	20	54	18	16	44	34	18	34	34	16	55	15	11	45	21	11	50	27	12	38	34	17	59	23
Training and retraining	7	60	12	11	60	11	5	65	7	1	67	19	9	58	11	4	61	16	10	49	11	6	73	2	1	65	14

Not applicable / don't know answers excluded

L Lower S Same H Higher

Q9. What has been the trend during the past 3 months in relation to your investment for…

Business’s expected investment trends over the next 3 months

Again, businesses largely feel that investment in various parts of their activities will remain the same over the next three months.

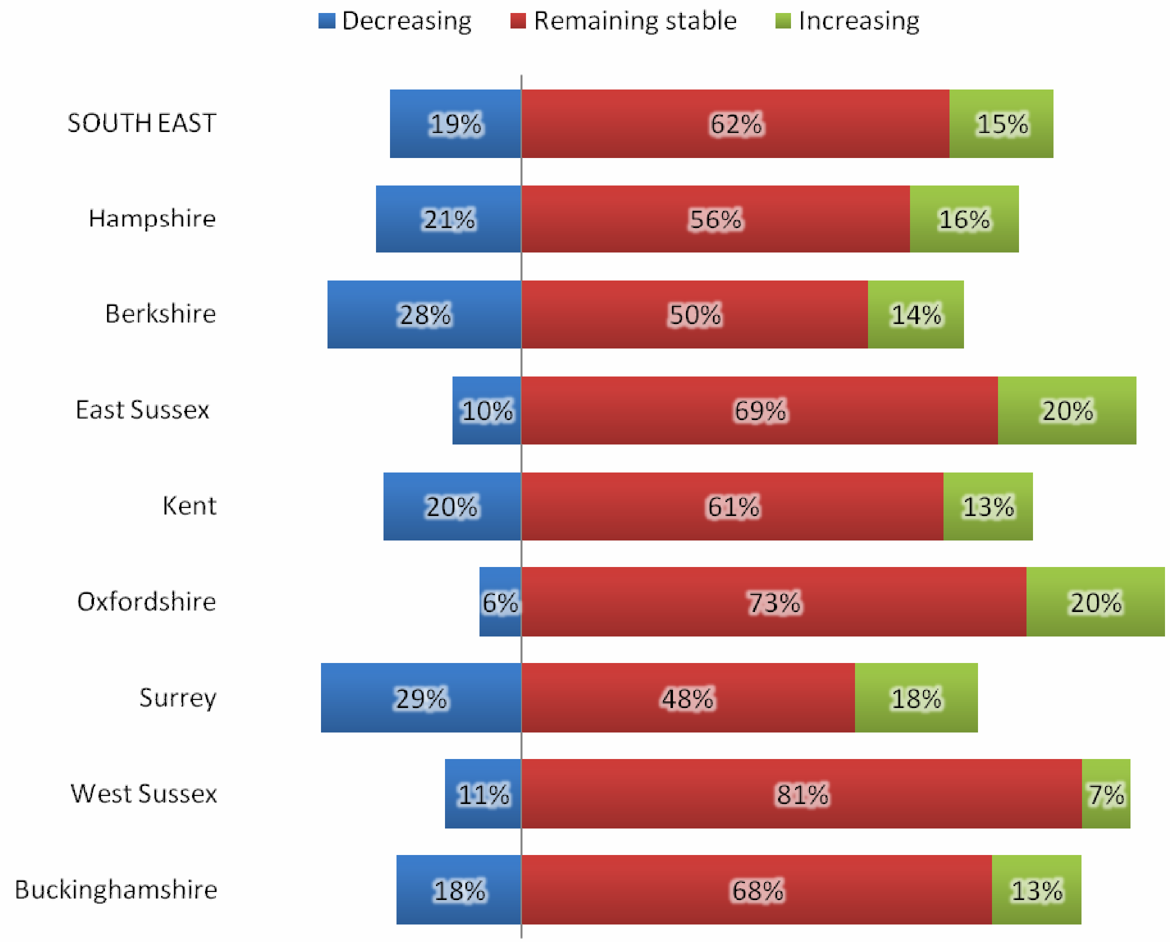
	South East %			Hampshire %			Berkshire %			East Sussex %			Kent %			Oxfordshire %			Surrey %			West Sussex %			Bucks %		
	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H	L	S	H
Buildings	7	53	8	10	53	8	9	56	6	9	59	8	3	52	5	1	56	16	9	46	6	5	50	11	5	53	6
Plant and Machinery	6	48	8	5	47	7	4	63	7	6	46	13	7	47	7	14	34	10	2	47	9	1	50	6	9	56	5
Product and Process development	6	45	11	10	46	8	1	44	19	6	57	9	8	37	11	5	39	19	3	46	12	1	45	6	8	56	6
Marketing and Sales	9	52	25	19	55	22	<0.5	56	23	1	52	26	9	55	21	17	36	32	<0.5	54	36	5	49	30	4	61	26
Training and retraining	6	62	11	11	61	12	6	66	8	2	74	12	5	62	12	9	51	17	1	60	13	0	69	11	4	71	6

Not applicable / don’t know answers excluded

L Lower   S Same   H Higher

Q10. And what are the expected trends for the next 3 months, with regard to investment in…

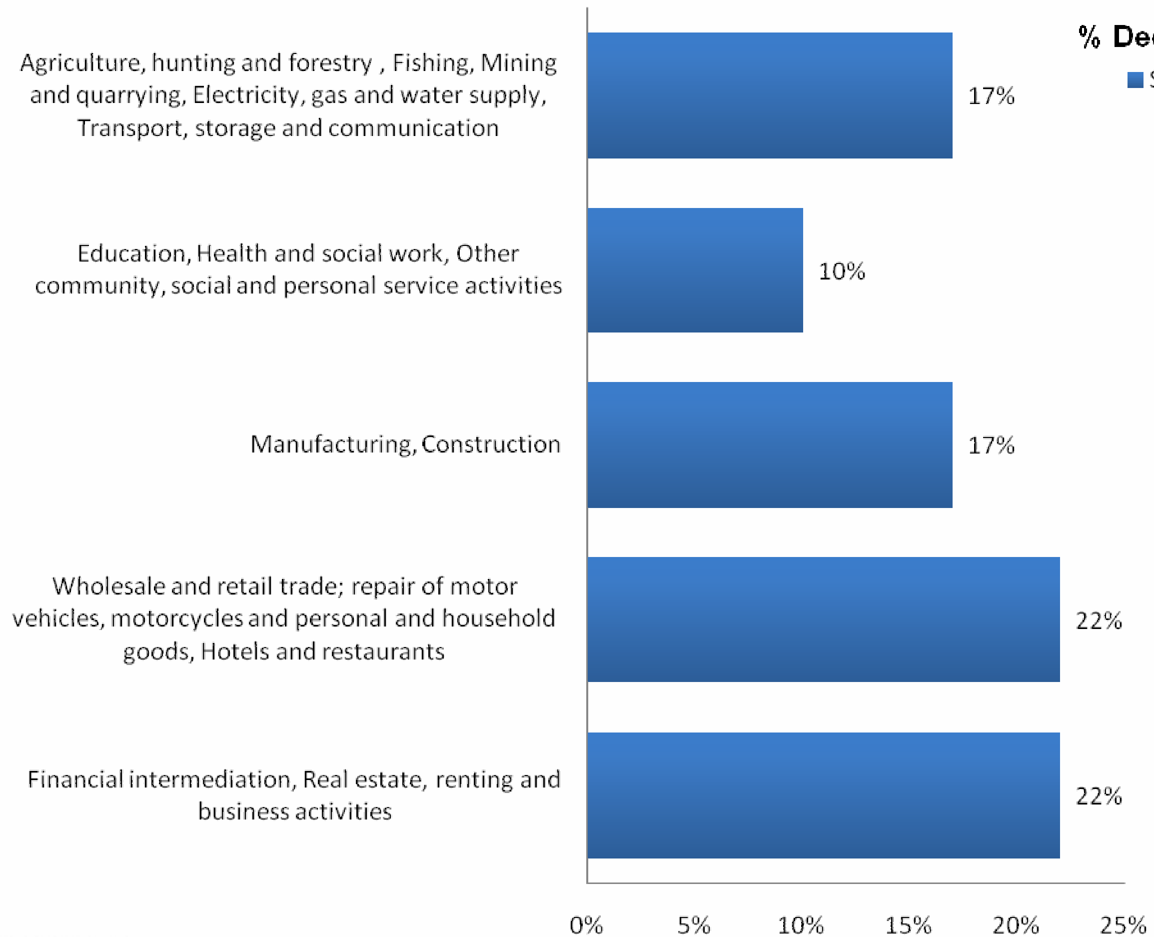
Change in level of investment in business over the past 3 months



The level of investment that businesses have made has remained largely stable, with only slightly less having increased that those who have decreased their investment.

Q11. On balance, has the overall level of investment you have made in your business over the past 3 months been ...

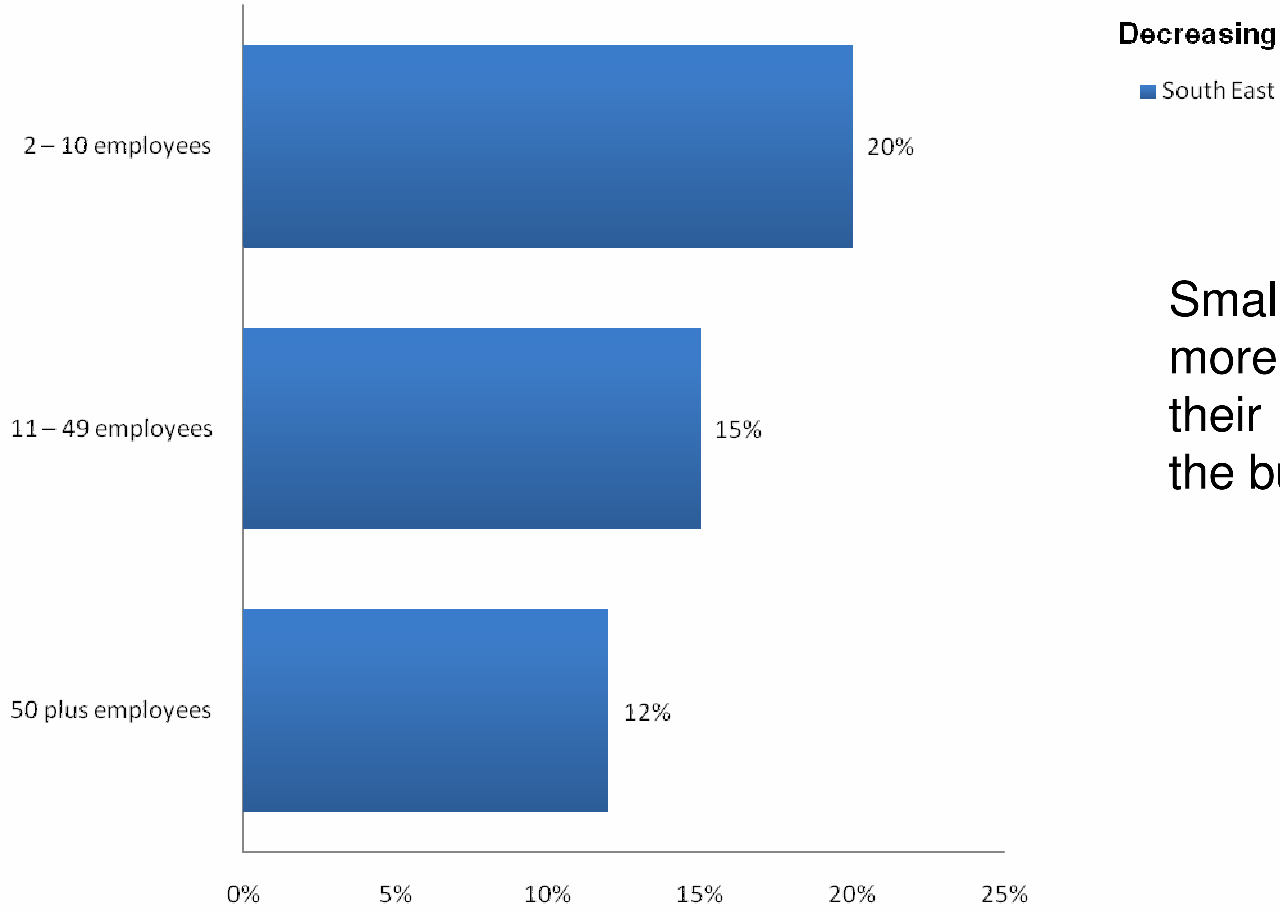
Change in level of investment in business over the past 3 months (by sector)



Around one in five businesses in all sectors have decreased their investment over the past 3 months, with the exception of the education, health and social work sector, where one in ten have decreased their investment.

Q11. On balance, has the overall level of investment you have made in your business over the past 3 months been ...

Change in level of investment in business over the past 3 months (by size)

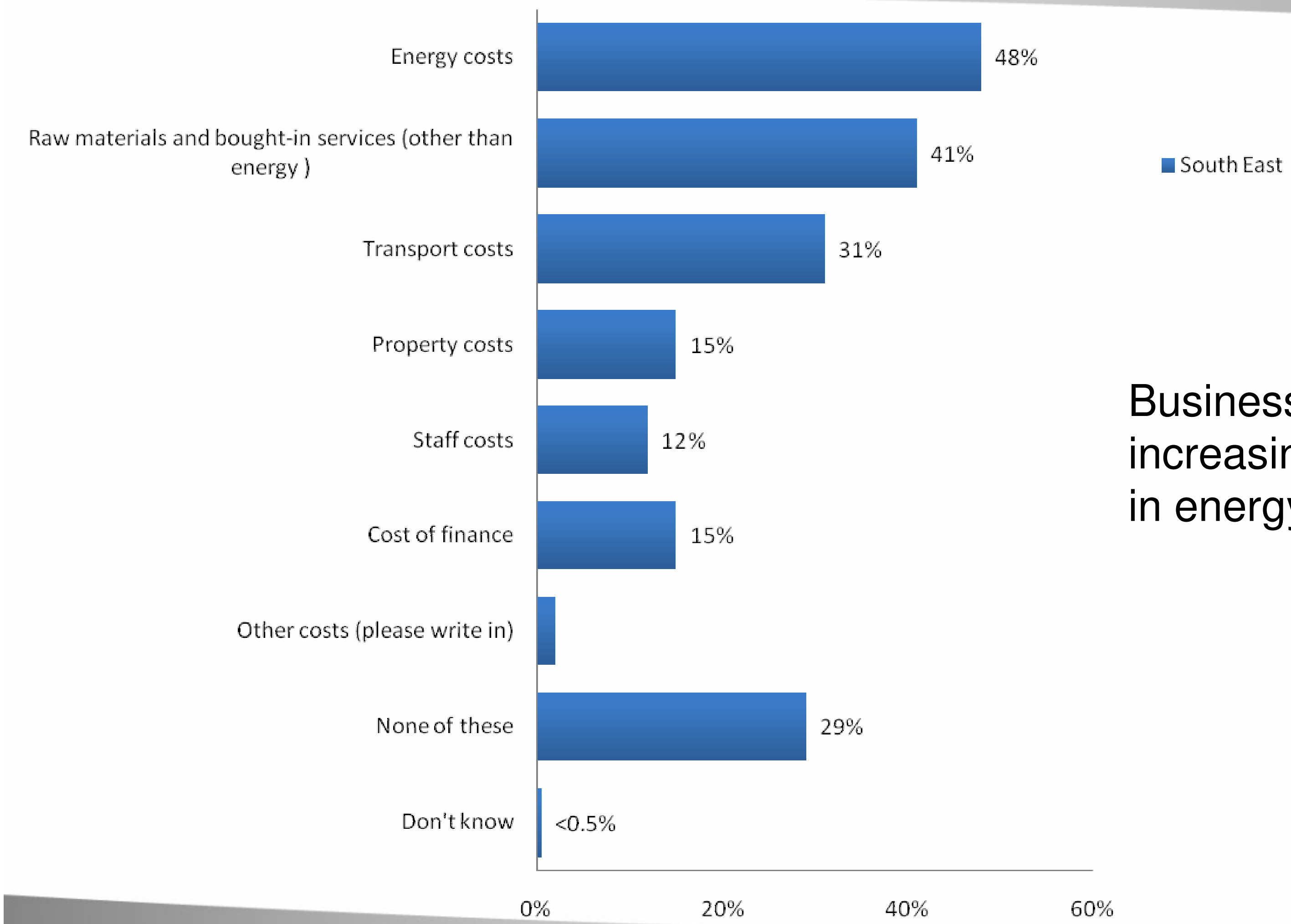


Smaller businesses are more likely to be decreasing their level of investment in the business.

Q11. On balance, has the overall level of investment you have made in your business over the past 3 months been ...

Changes in external costs

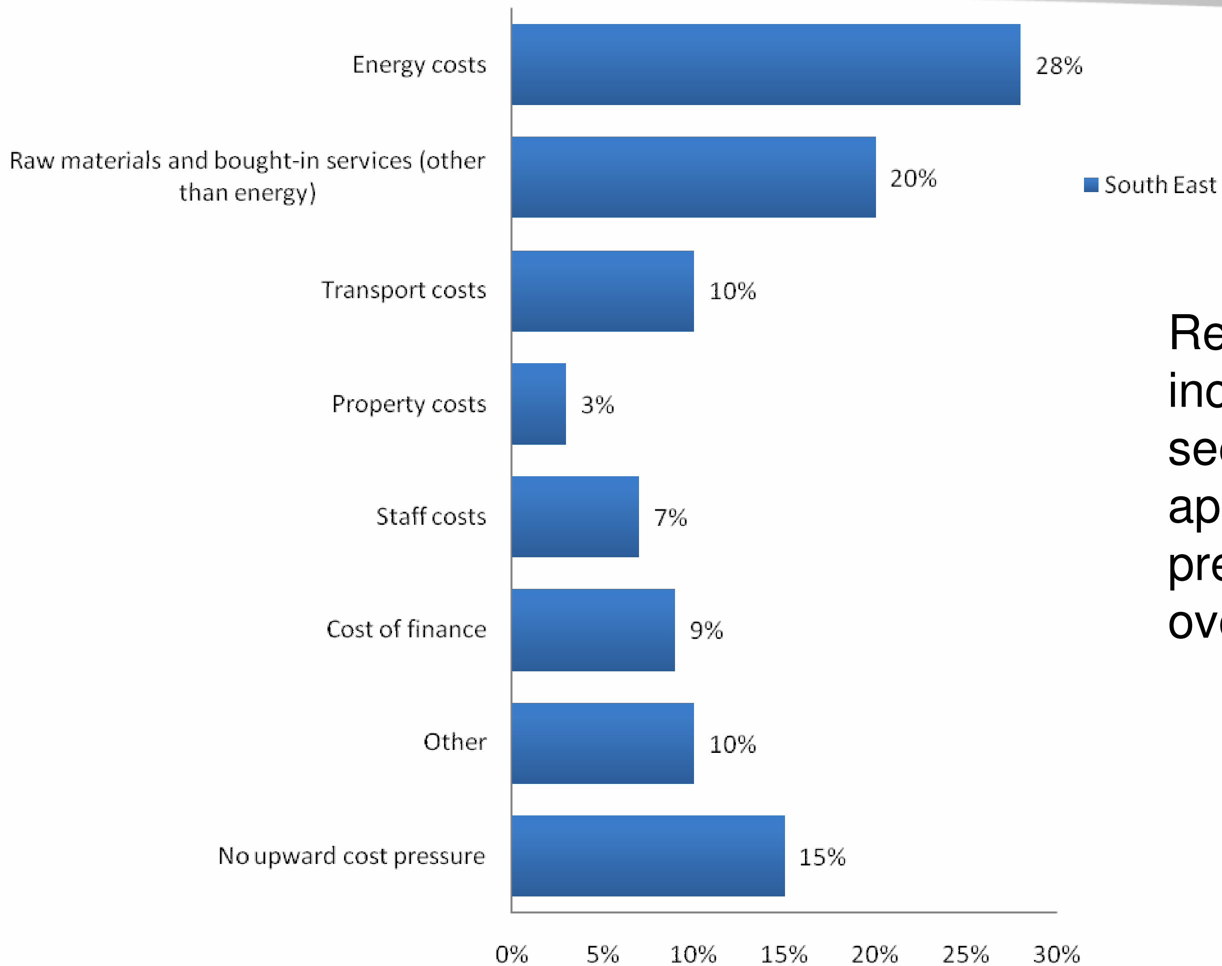
Areas where costs have increased over the last 3 months



Businesses are experiencing increasing costs particularly in energy and raw materials.

Q12. Which of the following costs have increased for your business over the past 3 months?

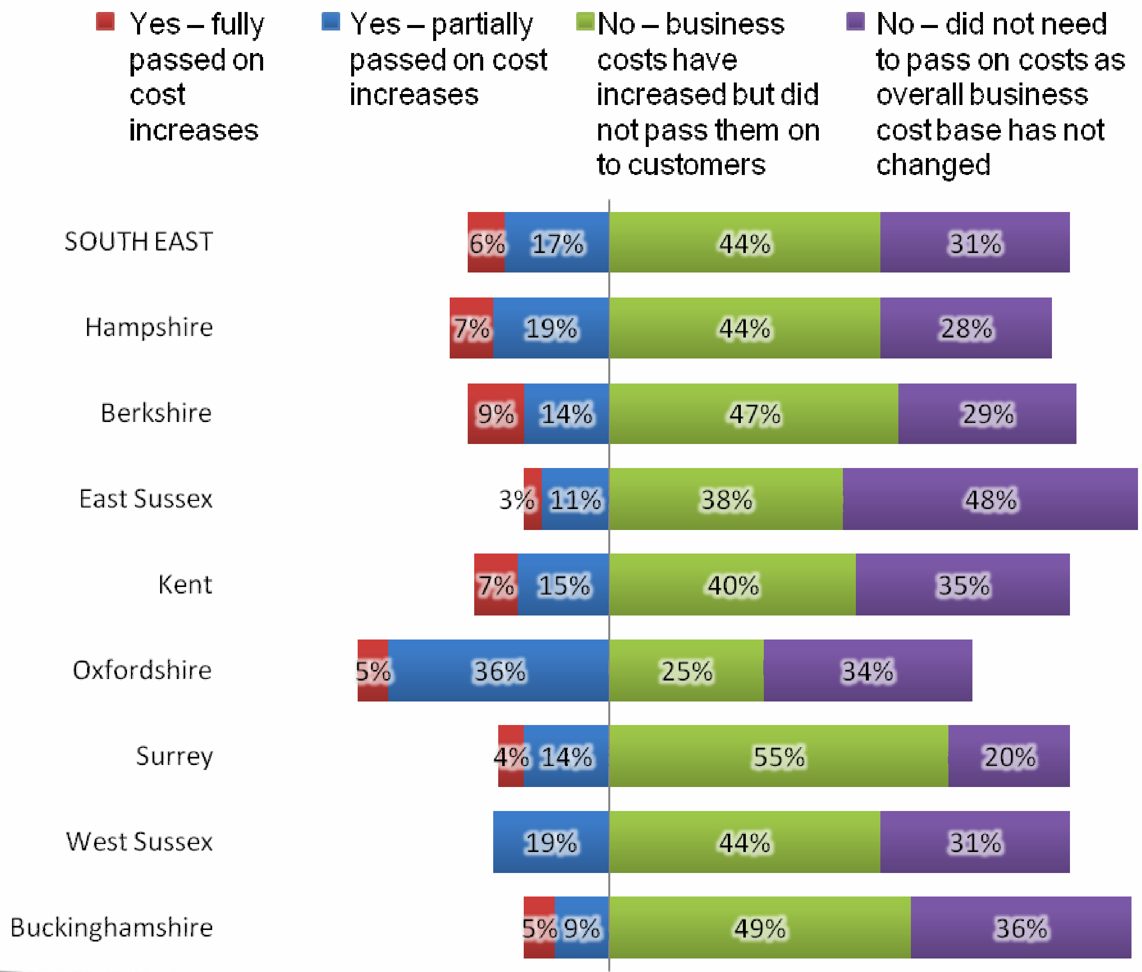
Costs that have applied most upward pressure on overall cost base



Reflecting where the increases in cost have been seen, energy costs have applied the most upward pressure on business's overall cost base.

Q13. Which one of these costs, if any, have placed most upward pressure on your overall cost base?

Passing cost increases on to customers

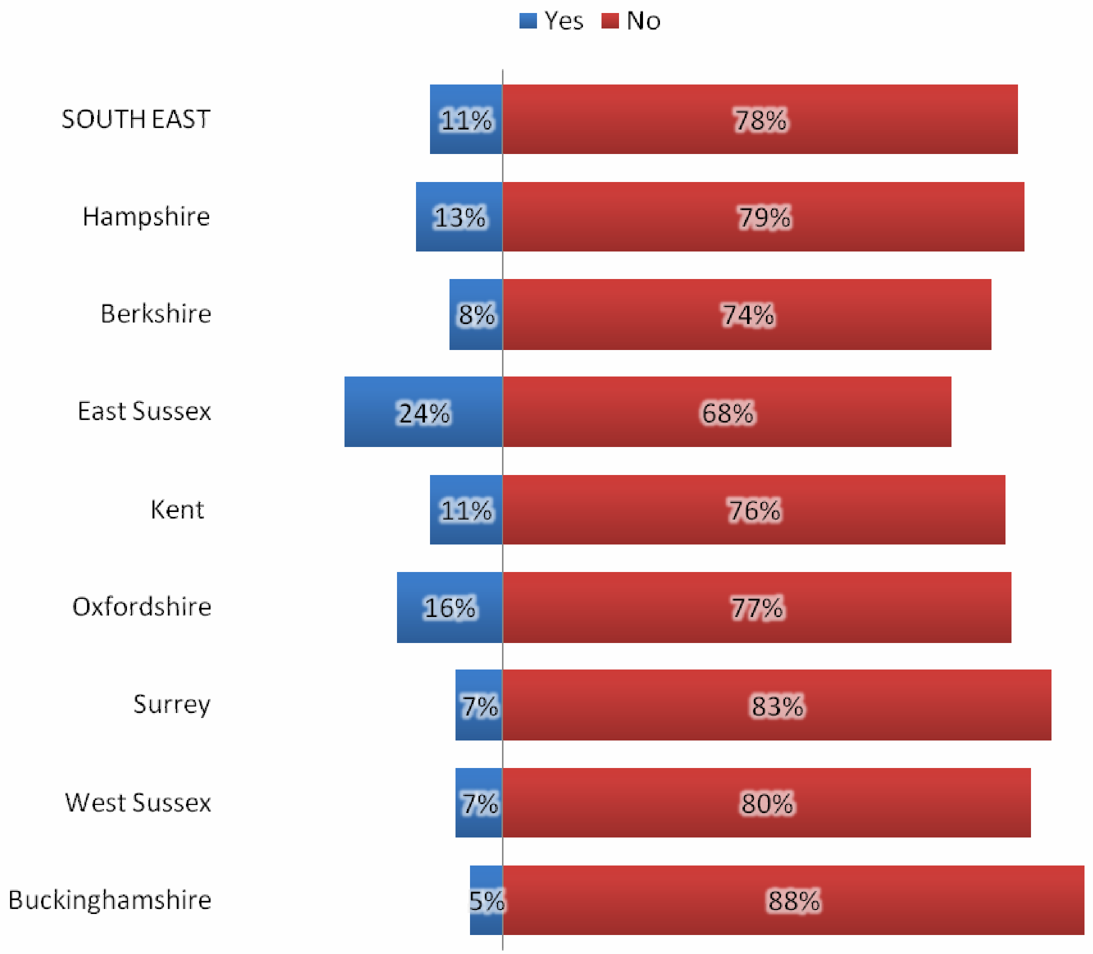


Where costs have increased, businesses are more likely not to have increased their cost to customers. Only a small proportion in each county has fully passed on their cost increases to the customer.

Q14. Have you passed on any increases in costs to your customers over the past 3 months?

Financial status

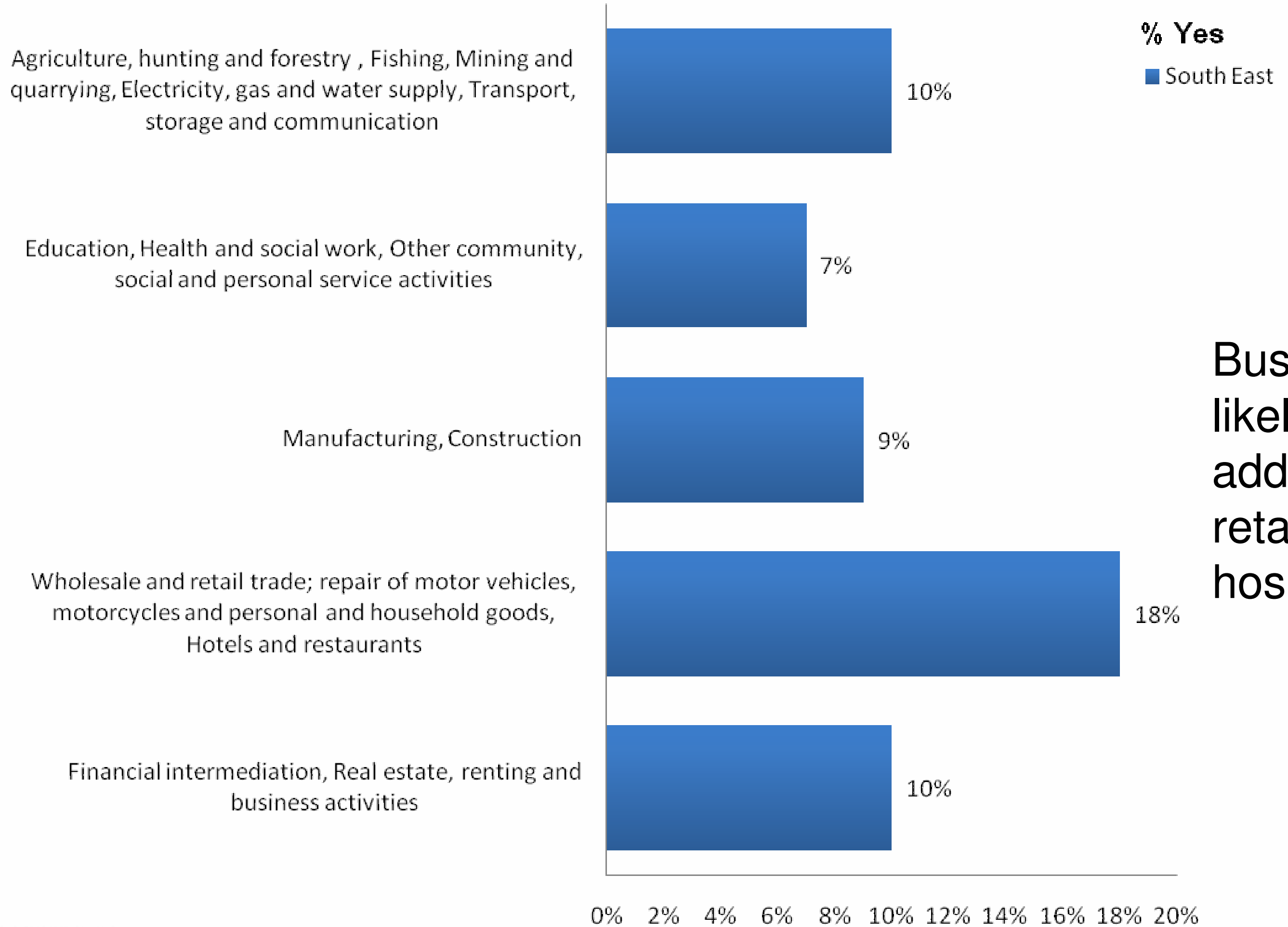
Seeking additional finance



Around one in ten in each county have sought new finance or new lines of credit in the past 3 months, apart from East Sussex, where a quarter have.

Q15. Have you sought new finance or new lines of credit for your business in the past 3 months?

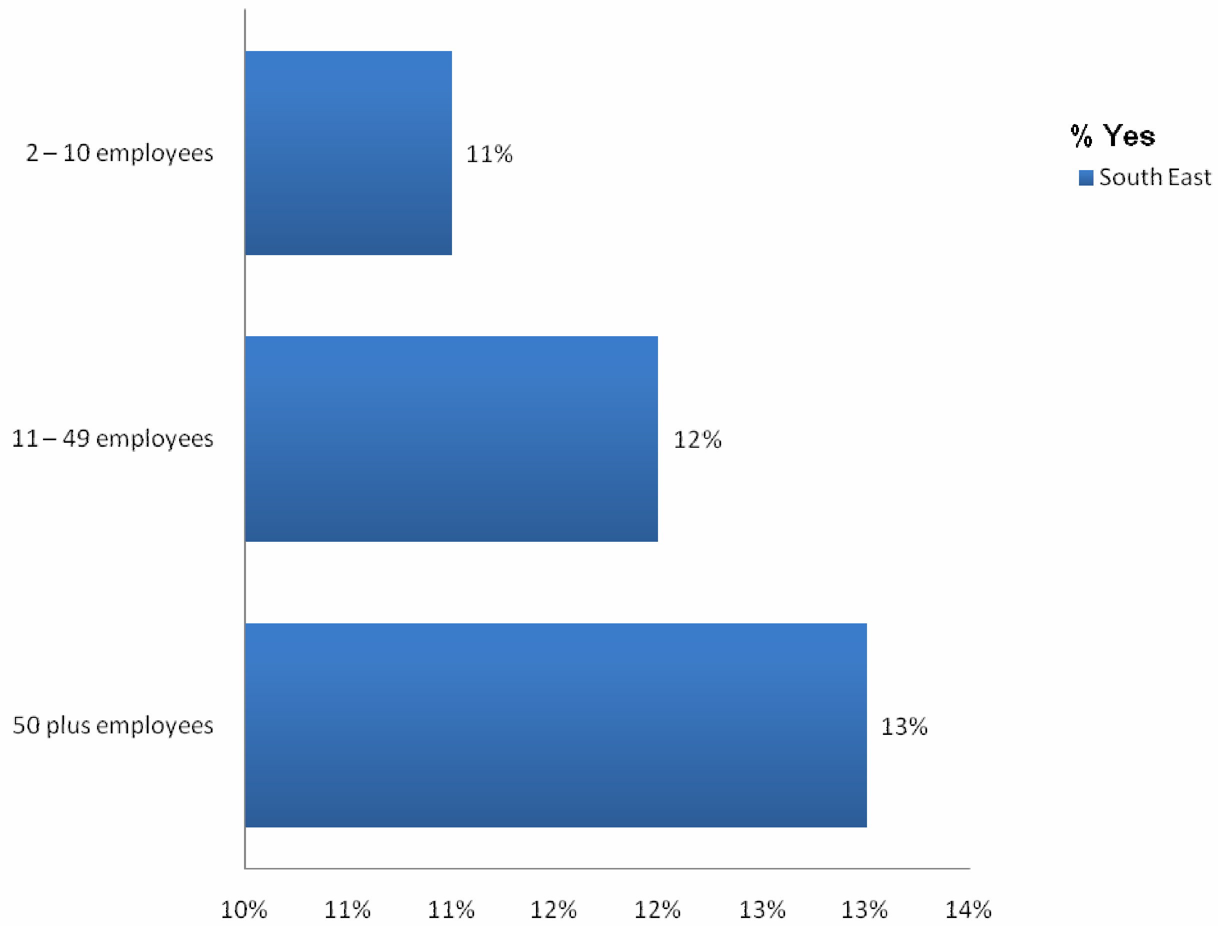
Seeking additional finance (by sector)



Businesses were more likely to have sought additional finance in the retail, vehicle repair and hospitality sectors.

Q15. Have you sought new finance or new lines of credit for your business in the past 3 months?

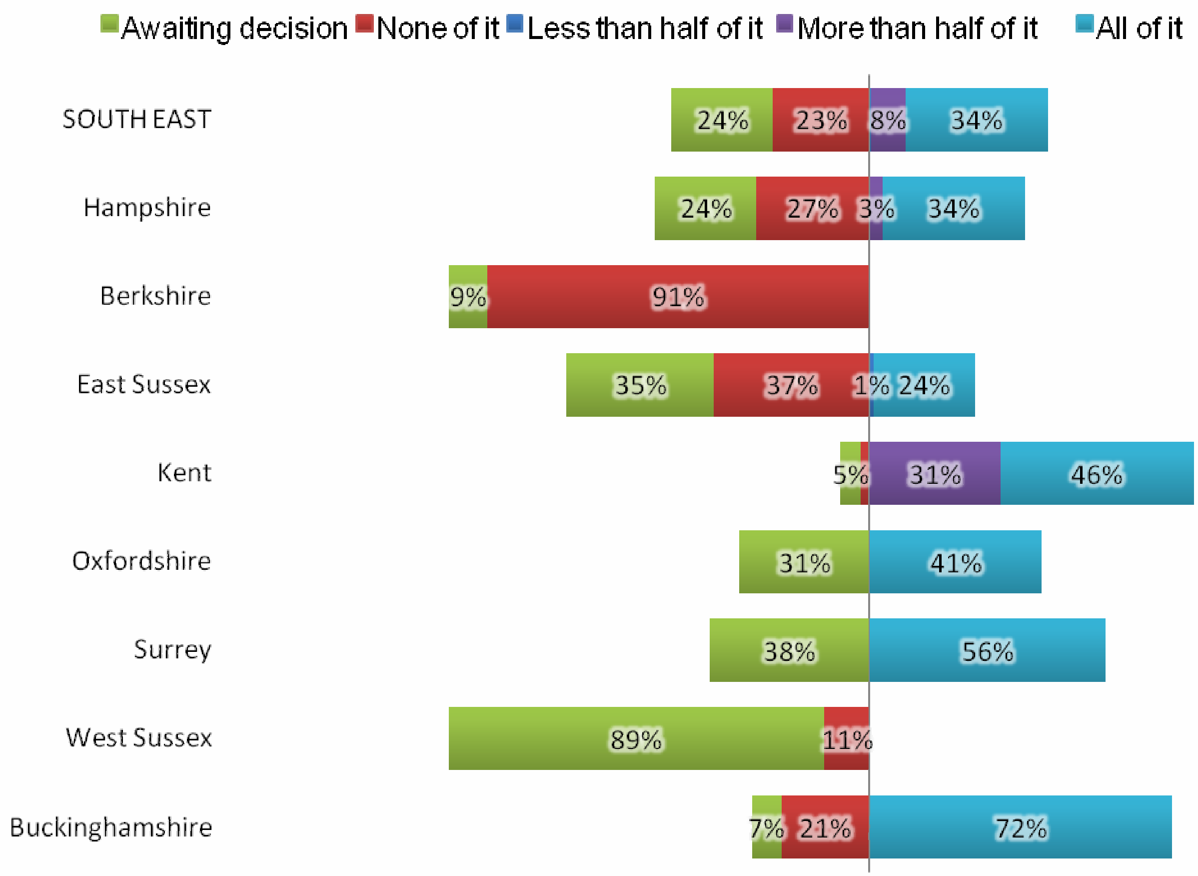
Seeking additional finance (by size)



Just over one in ten of businesses of all sizes in the South East have sought additional finance.

Q15. Have you sought new finance or new lines of credit for your business in the past 3 months?

Success of gaining additional finance

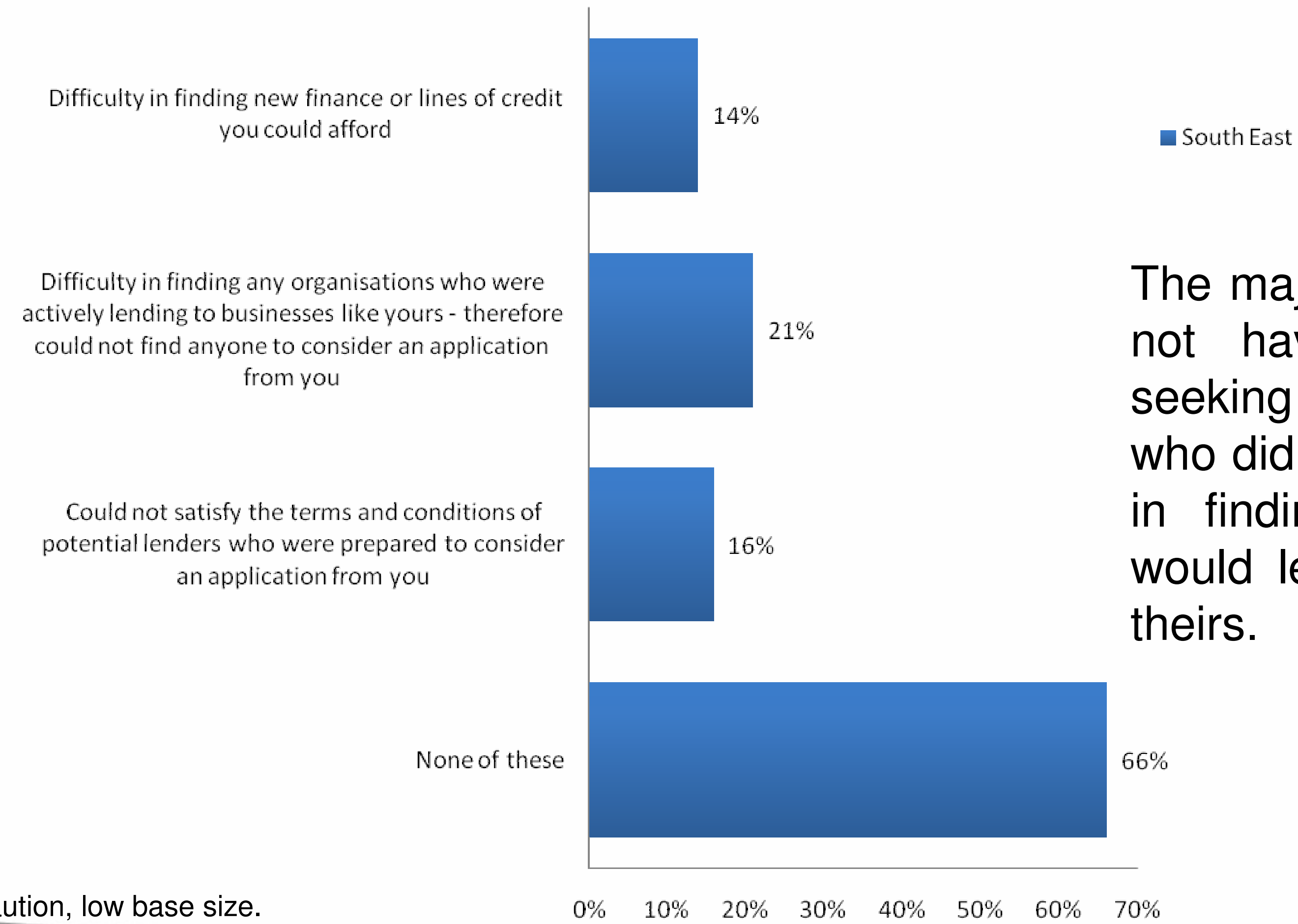


In the South East around a third of businesses who sought additional finance were successful in getting all of the money that they asked for.

Caution, low base sizes.

Q16. How much of the finance were you seeking did you successfully obtain?

Problems in seeking new finance

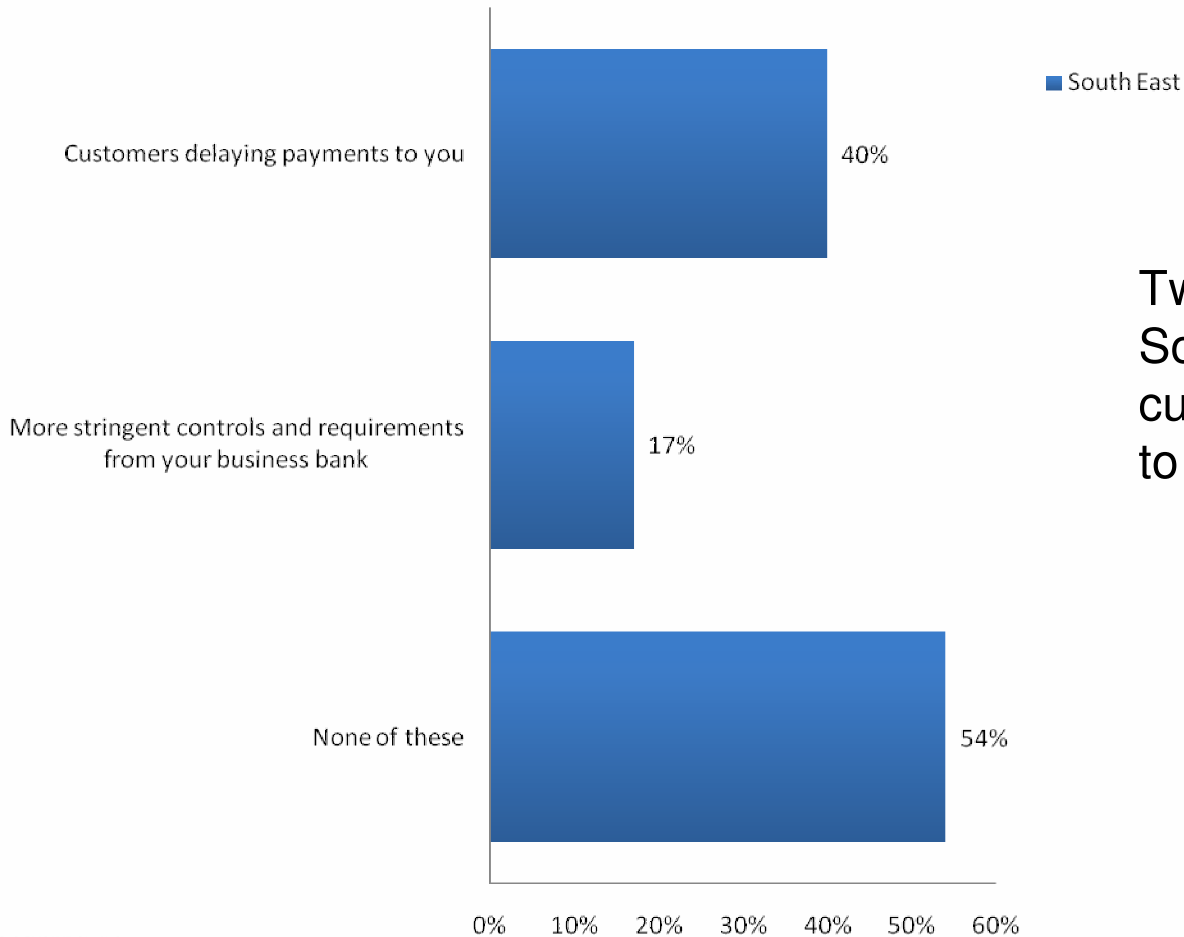


The majority of businesses did not have any problems in seeking new finance. Of those who did ne in five had difficulty in finding organisations who would lend to a business like theirs.

Caution, low base size.

Q17. Which of the following problems, if any, did you face in accessing this finance?

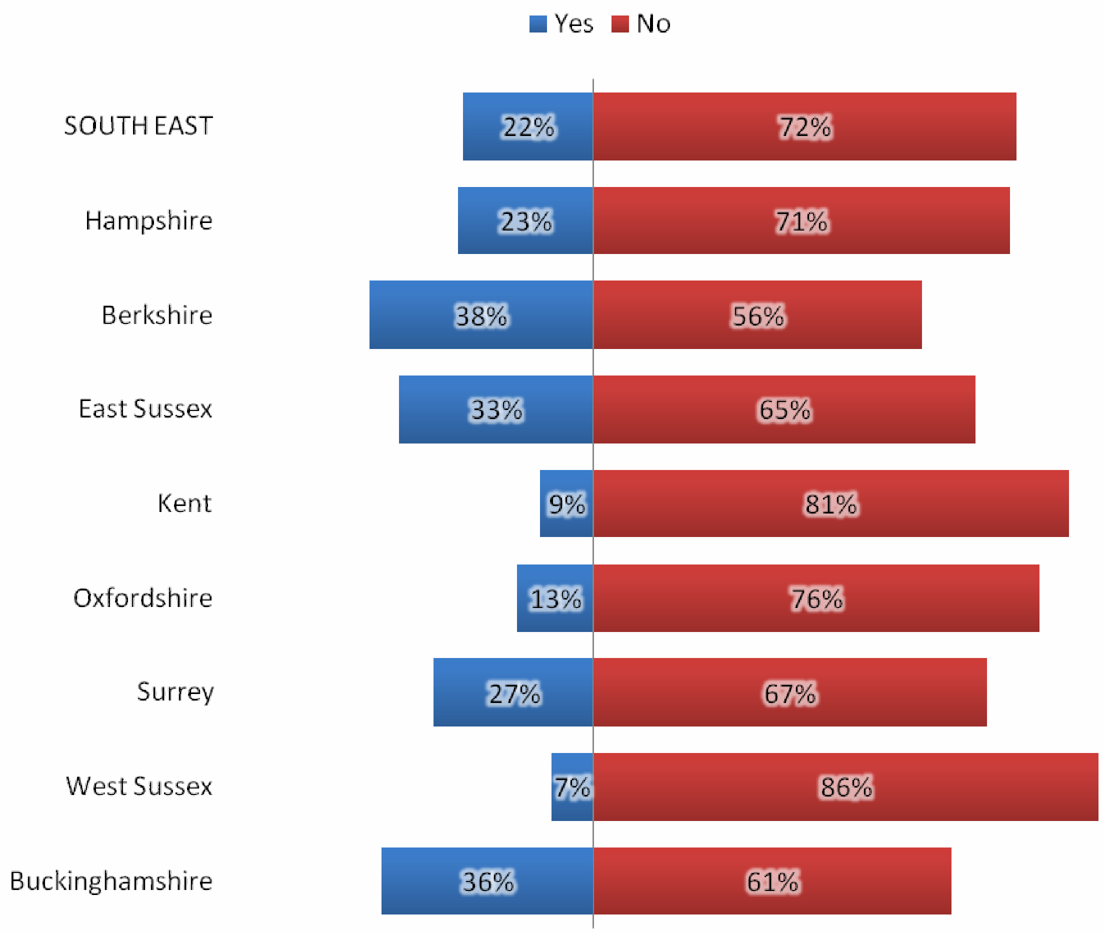
Financial trends over the past 3 months



Two in five businesses in the South East have experience customers delaying payments to them in the past 3 months.

Q18. Over the past 3 months, has your business experienced...

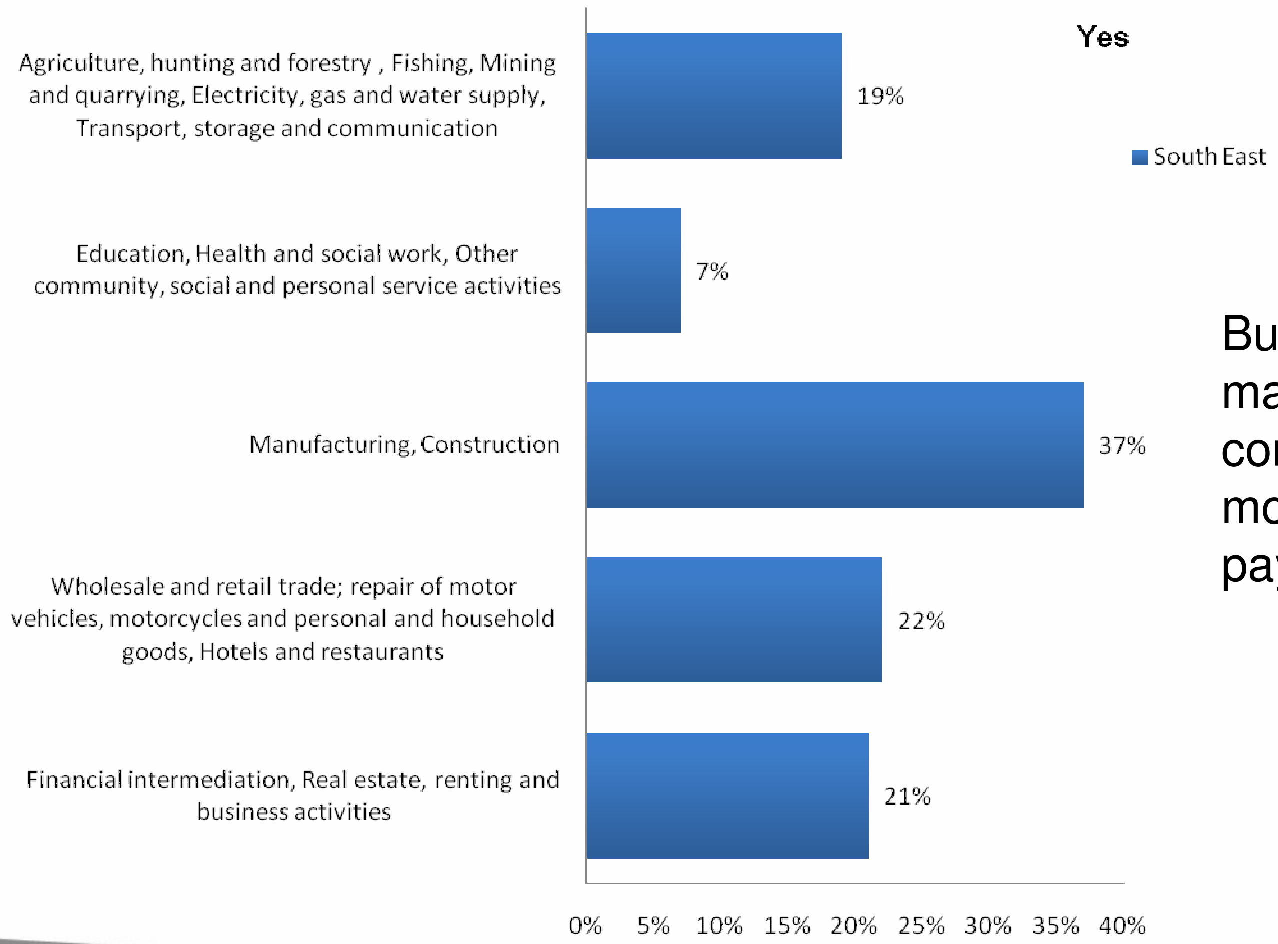
Payments to suppliers



One in five businesses in the South East have delayed payments to their suppliers in the past 3 months.

Q19. Have you found it necessary to delay payments to your own suppliers over the past 3 months?

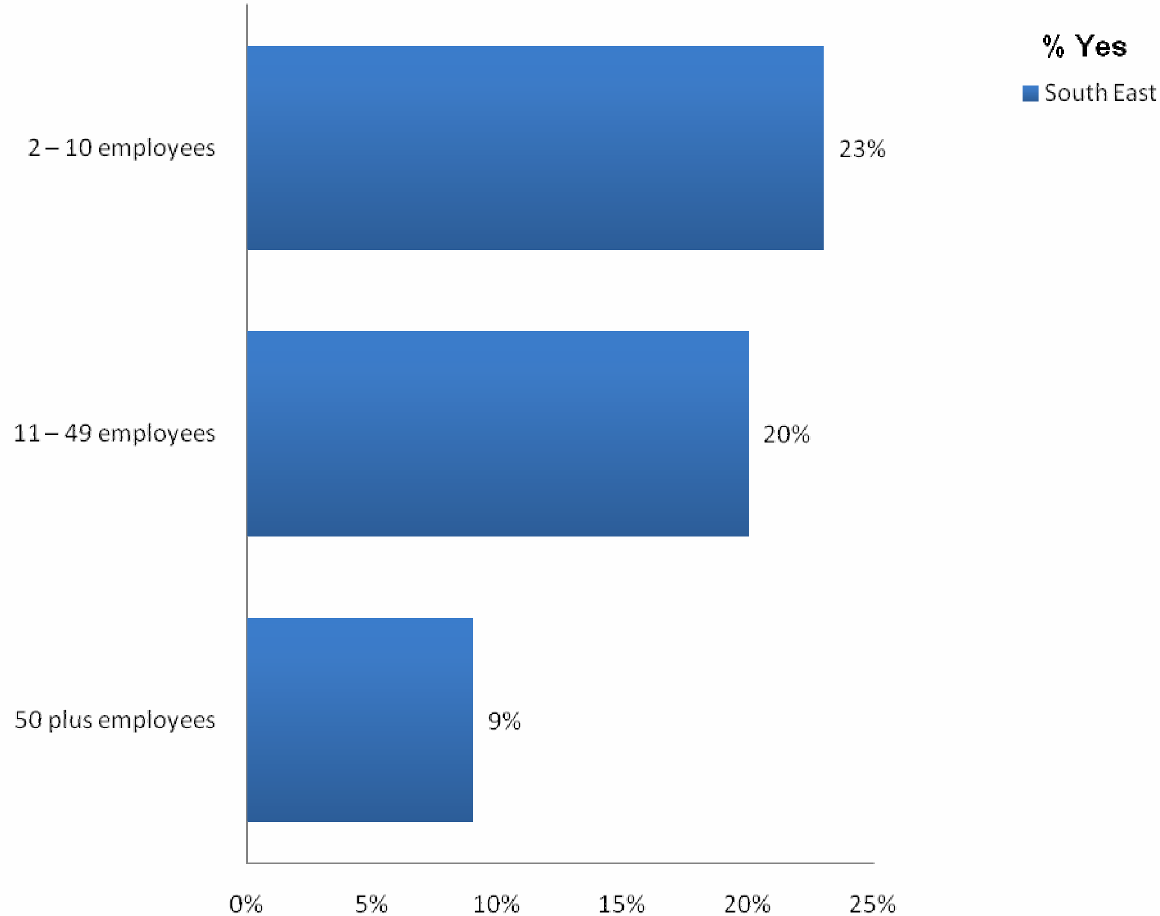
Payments to suppliers (by sector)



Businesses in the manufacturing and construction sectors were most likely to have delayed payments to their suppliers.

Q19. Have you found it necessary to delay payments to your own suppliers over the past 3 months?

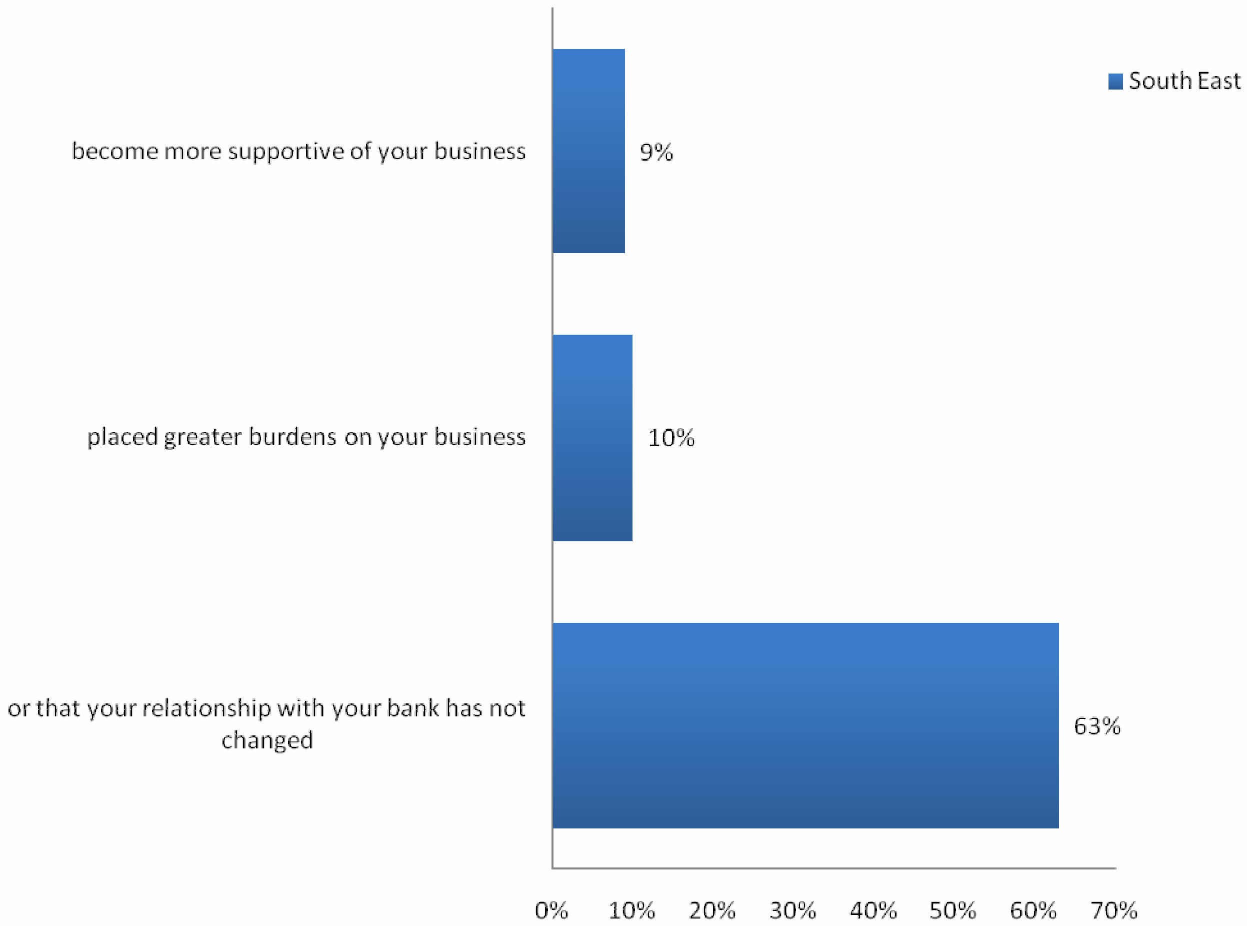
Payments to suppliers (by size)



Larger businesses are less likely to have delayed payments to suppliers.

Q19. Have you found it necessary to delay payments to your own suppliers over the past 3 months?

Relationship with bank

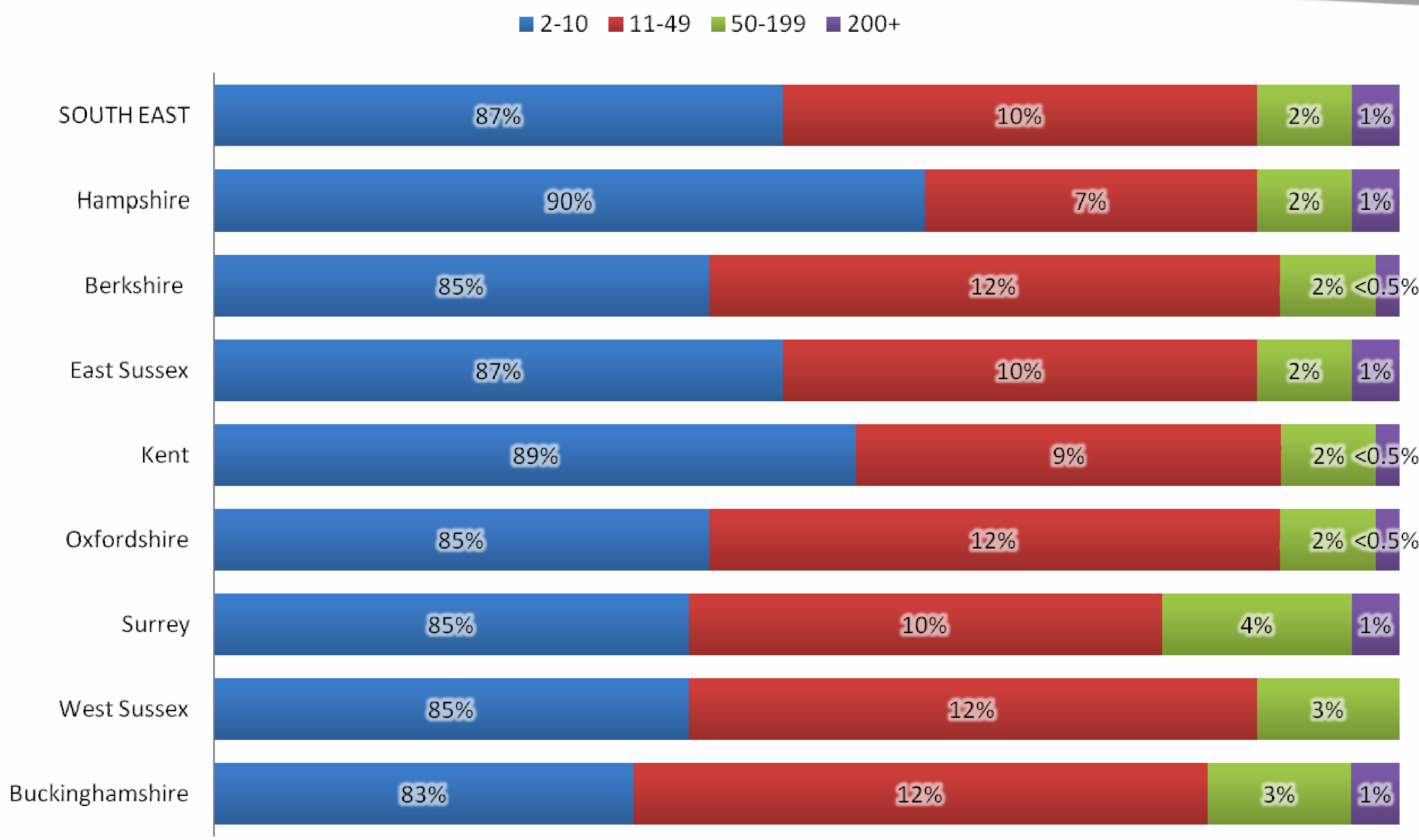


Most businesses relationship with their bank has not changed in the past 3 months.

Q20. Thinking now about your relationship with your bank. Would you say that over the past 3 months your bank has generally....

Business profile

Business size



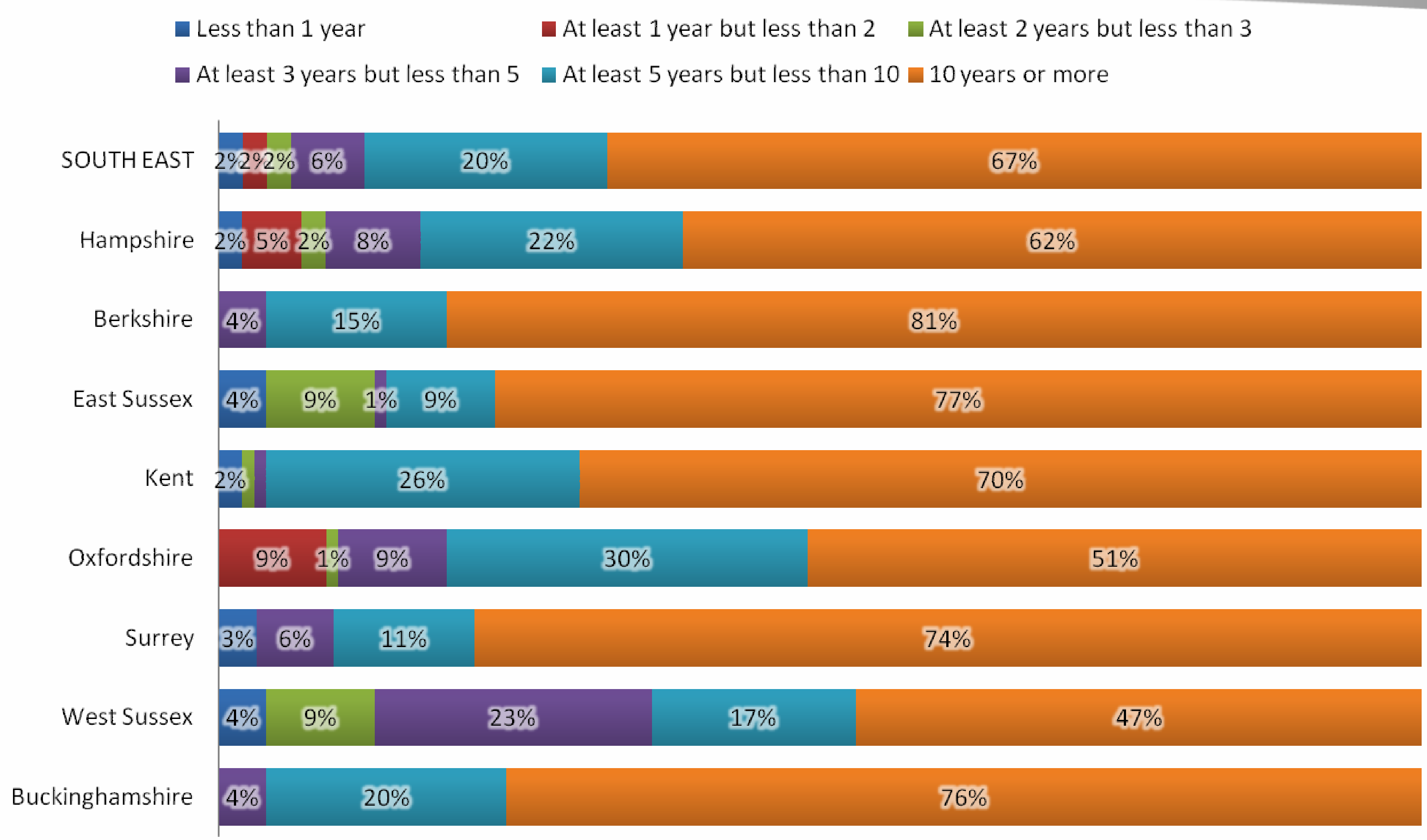
Q4. Including yourself, how many employees are there at this workplace? Including partners, working managers/ directors etc. excluding casual staff.

Business sector

	SOUTH EAST %	Hamps %	Berks %	East Sussex %	Kent %	Oxford-shire %	Surrey %	West Sussex %	Bucks %
Agriculture, hunting and forestry	1	1	<0.5	1	<0.5	1	1	<0.5	1
Mining and quarrying	<0.5	<0.5	0	0	<0.5	<0.5	0	0	0
Manufacturing	11	13	12	5	6	5	8	18	23
Electricity, gas and water supply	<0.5	0	<0.5	0	0	<0.5	<0.5	0	0
Construction	6	7	7	5	7	8	<0.5	9	3
Wholesale and retail trade, repair of motor vehicles and motorcycles	17	9	22	23	19	37	21	14	6
Hotels and restaurants	11	11	7	13	13	14	7	17	3
Transport storage and communication	4	2	4	4	5	5	3	5	1
Financial intermediation	1	<0.5	0	0	2	0	1	<0.5	4
Real estate, renting and business activities	38	42	41	34	38	29	42	29	46
Education	1	2	0	0	0	0	1	4	4
Health and social work	4	6	0	12	2	0	5	2	1
Other community, social and personal activities	7	7	7	3	8	1	10	1	7

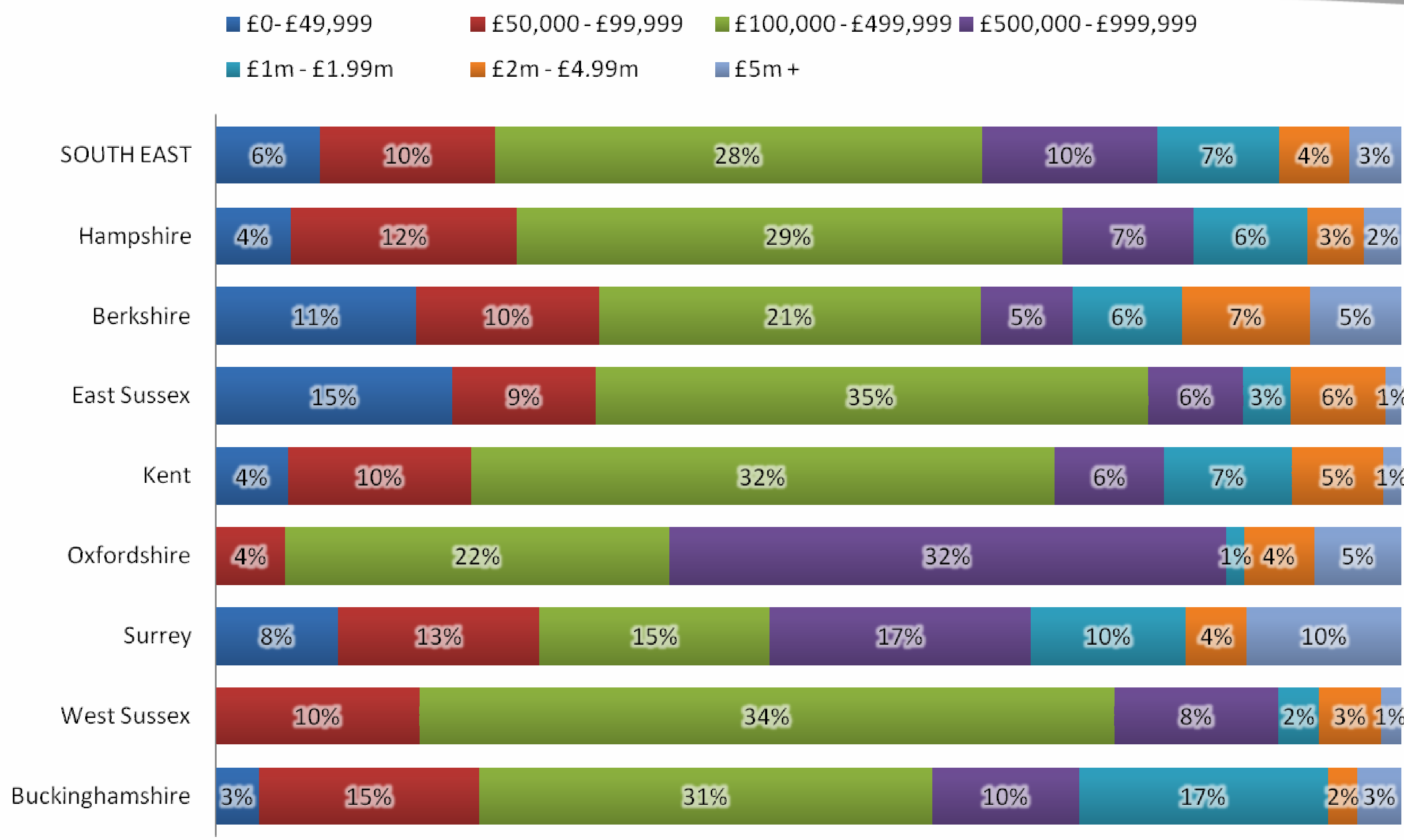
Q3. What is the main business activity at this establishment?

Age of business



Q21. Approximately how long has your business been in operation for?

Annual turnover



Q22. What is your annual turnover at this site?