

UKBB 56 January 2003 Analysis

The first Business Barometer of 2003 asked a series of questions on Customer Feedback and sought views on the impact of House Price Changes, New Product Developments, Seeking Reliable Information, Economic Uncertainty, the Euro, Sales and Exports.

About the respondents

178 respondents were drawn with the following population characteristics:

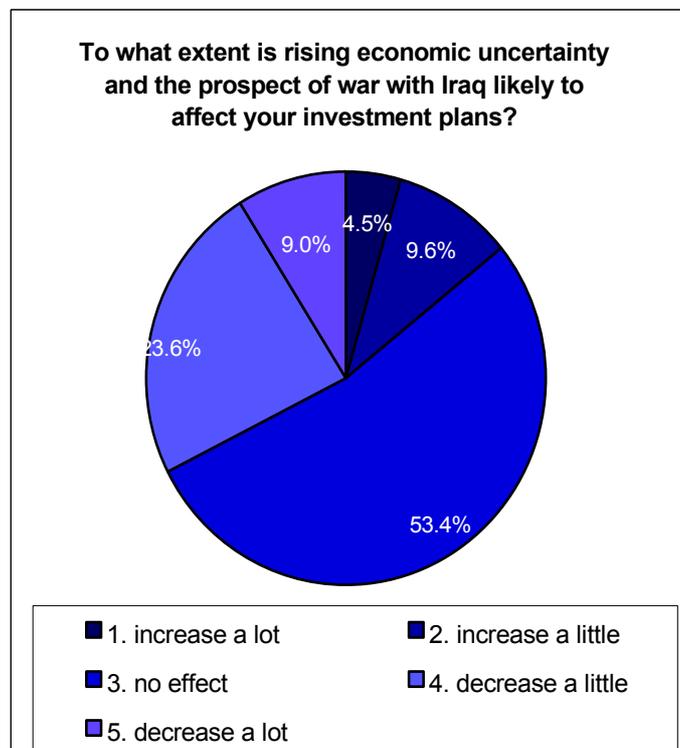
Sector			
Production & Manufacturing	Distribution	Services	Total
29.2%	6.7%	64.0%	100.0%

Turnover (£)			
< 1 M	1M-3M	>3M	Total
66.9%	19.7%	13.5%	100.0%

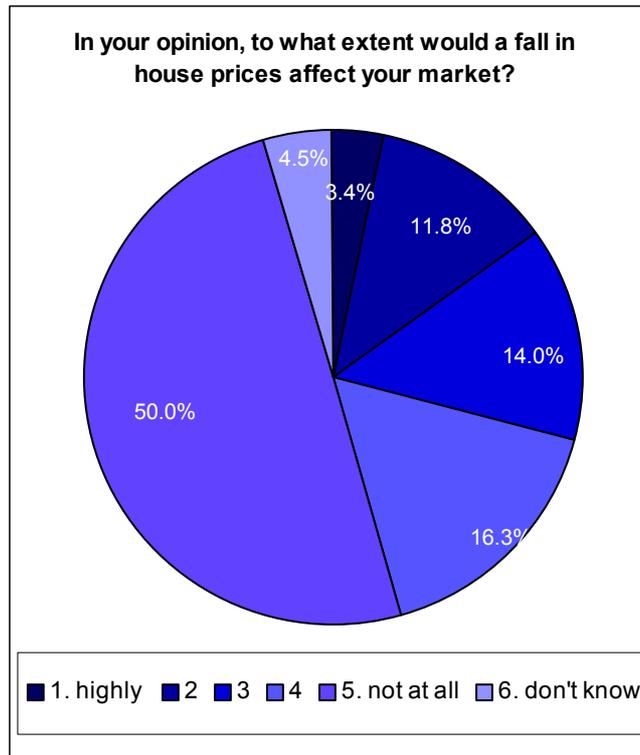
Number of Full-time Employees						
1-10	11-20	21-50	51-100	100+	Unknown	Grand Total*
42.7%	33.7%	6.2%	2.8%	2.8%	11.8%	100.0%

Survey Findings

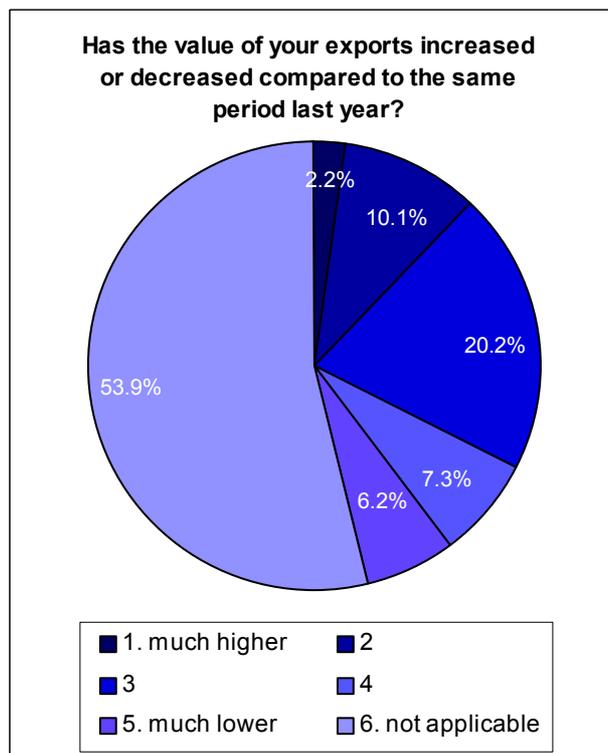
Recent unrest in the Stock Market and slower national manufacturing and production results at the end of 2002 prompted a question on investment plans. 14% of respondents are likely to increase investment as a result of economic uncertainty and/or the prospect of war with Iraq, while over half do not foresee any impact on investment plans. 33% are likely to decrease investment.



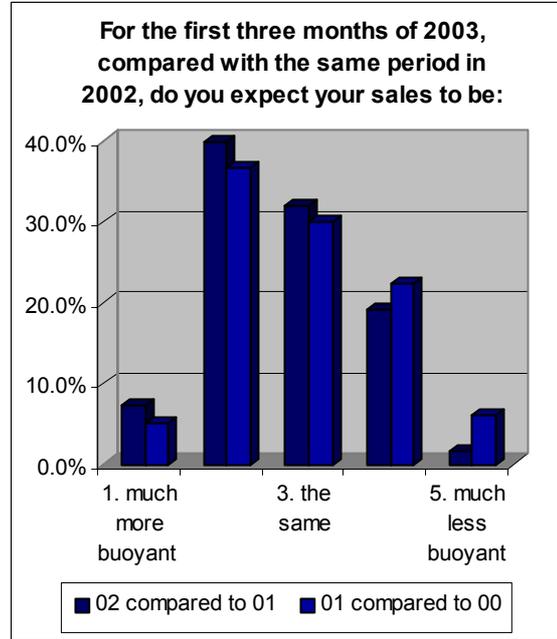
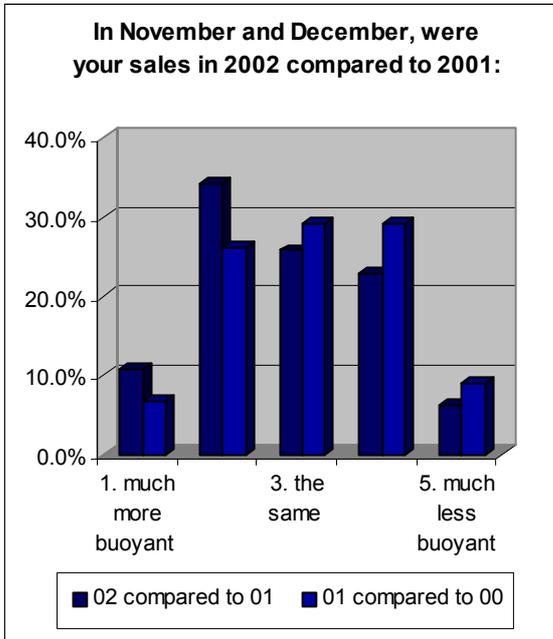
15% of respondents' business markets are highly or relatively highly sensitive to house prices, with a further 30% also reporting some likely impact from a fall in house prices, however half of respondents would not expect any effect on their markets.



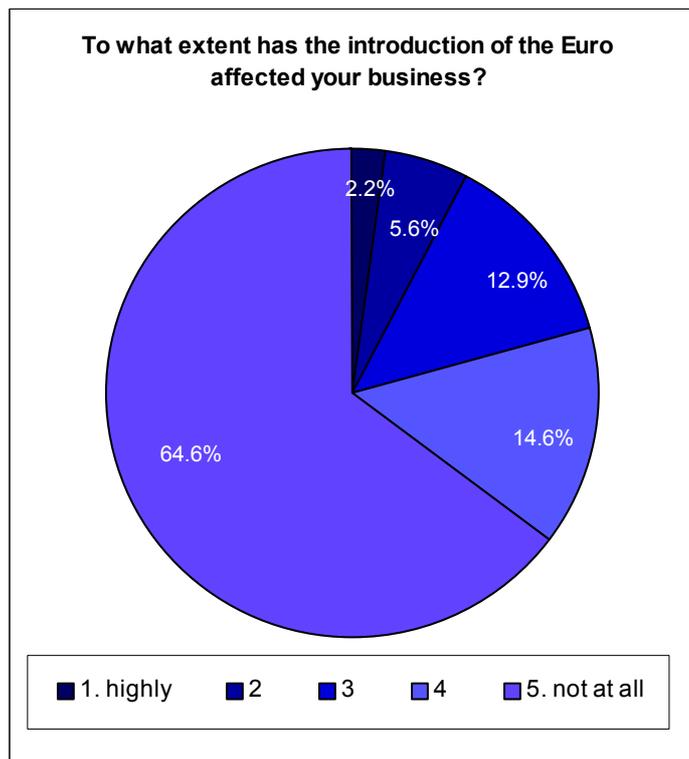
Although 54% of our respondents are not involved with exporting, of the 46% that are, over a quarter have increased the value of exports compared to the year before, either highly or relatively highly. Nearly half (44%) have stayed level and 29% have experienced decreases in export value.



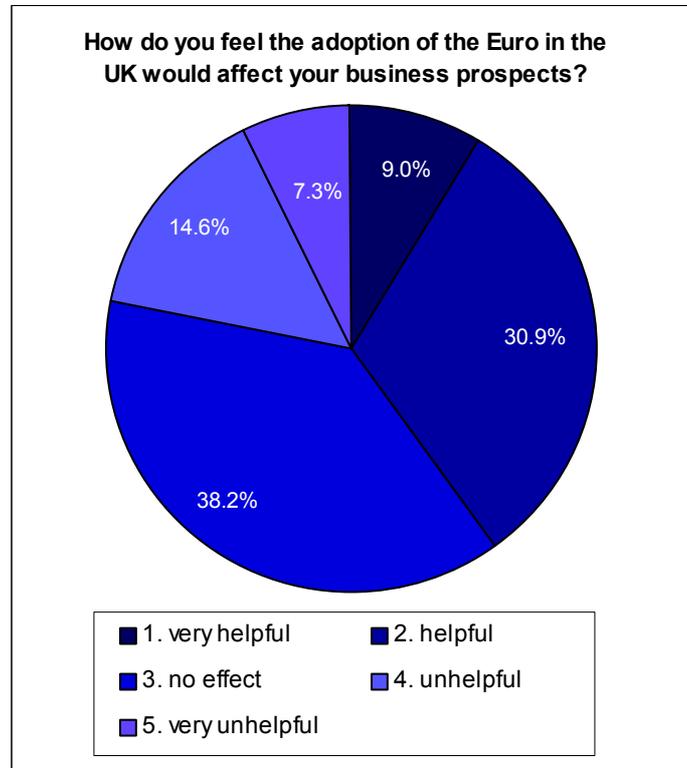
There was a shift in sales to the better in November and December 2002 compared with 2001, with 45% reporting more buoyancy compared with last year's 33%, and 29% reporting less buoyancy compared with last year's 38%. The outlook for the first quarter of 2003 is also more optimistic, with 47% expecting more buoyancy than in 2002 Q1 compared with 42% last year, while 21% expect less buoyancy compared with 28% last year.



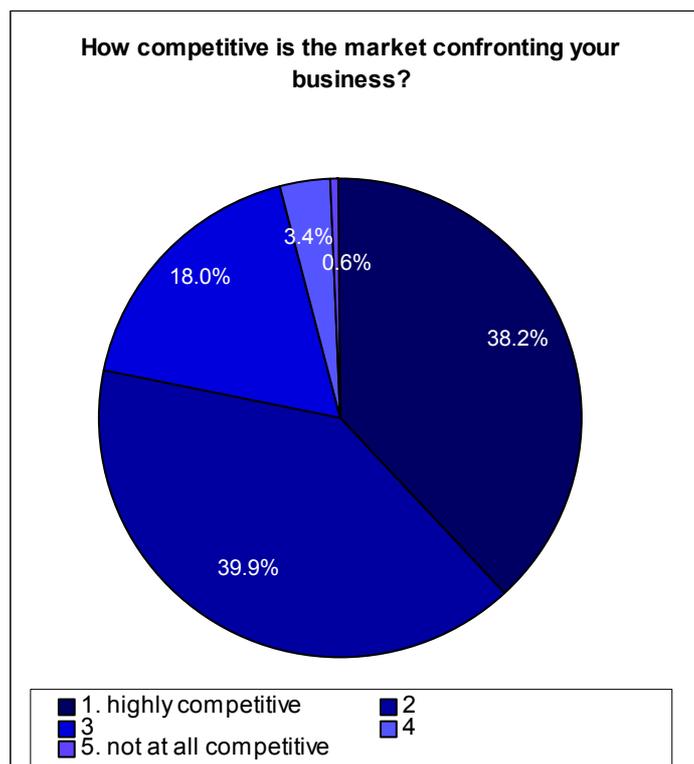
65% of our respondents say that the introduction of the Euro has not affected their businesses, and this compares with 68% when we asked a similar question in May 2002. However we also had a 'not applicable' response then of 11%, making 79% in total. There was a very close correspondence with the May Survey for those finding their businesses highly affected, 2% in both cases.



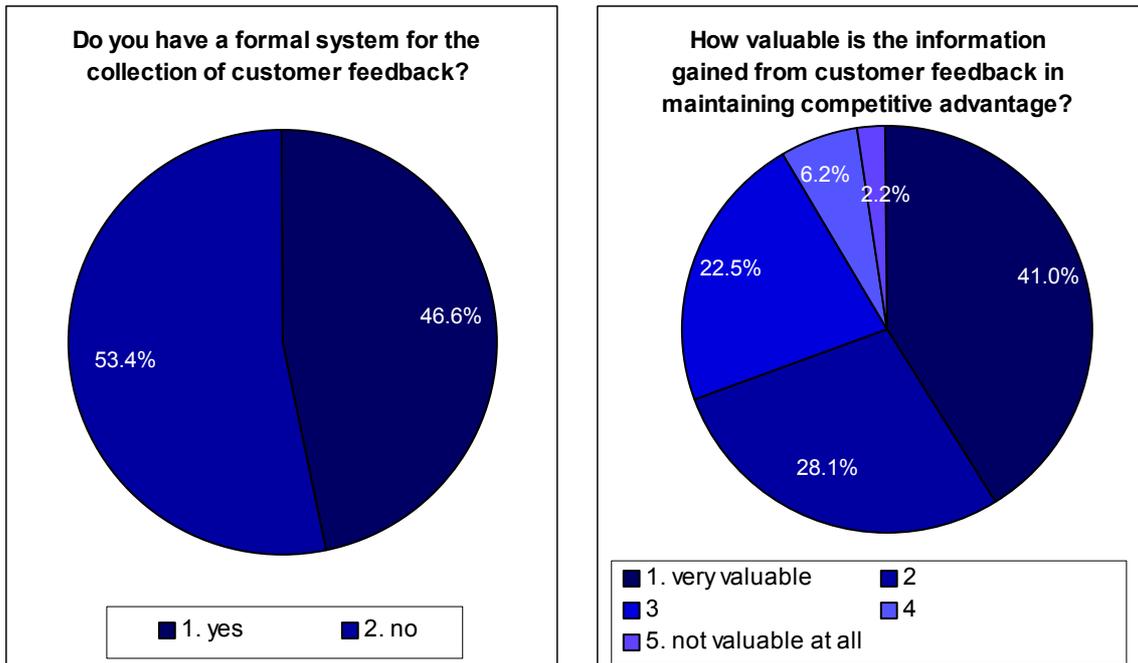
40% of respondents now feel that business prospects in the UK would be helped by using the Euro, while back in May 2002 about 33% thought the UK's adoption of the Euro would present opportunities. However 22% now feel that it would be unhelpful to their business prospects, while in May 2002 only 16% thought it might present difficulties.



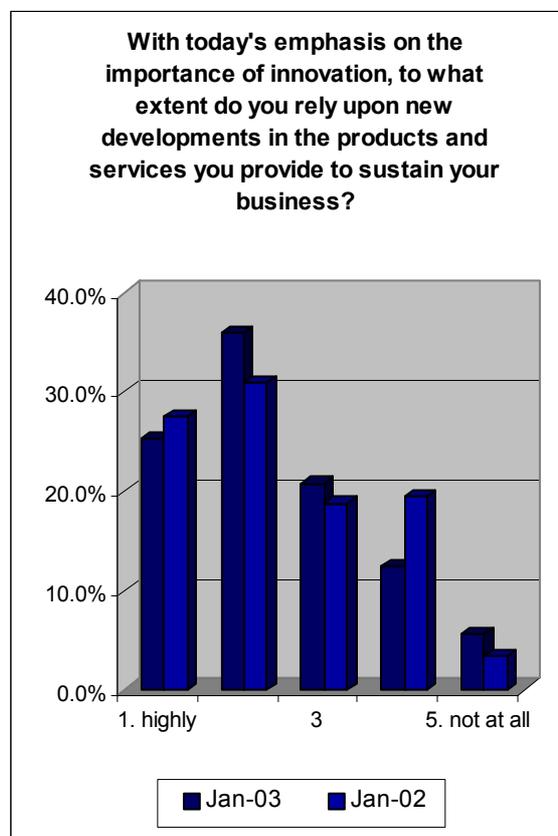
Most of the businesses run by our respondents face considerable competition. 38% rate themselves as having a highly competitive marketplace, with 40% more rated as relatively highly competitive. Less than 1% reckon on no competition for their market.



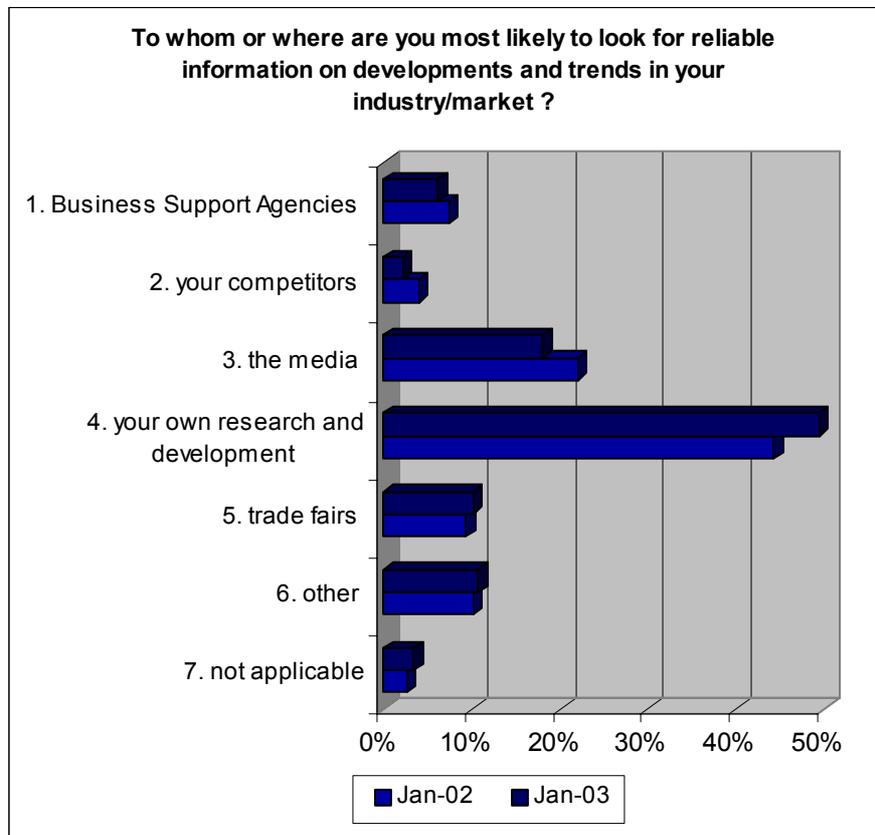
Nearly half of respondents (47%) have a formal system for collecting customer feedback and 41% feel that the information gained is very valuable, while a further 28% see this type of information as relatively very important for gaining competitive advantage.



There was a small increase over the year in the percentage of respondents who rely highly or relatively highly on new developments to sustain their businesses, from 58% to 61%.



The companies' own R&D is still the most likely source of information for new developments, and this has increased over the year from 44% to 49% of respondents. While Business Support agencies, competitors and the media have all fallen back a little as sources, from a total of 34% to 26%, trade fairs and other sources have very slightly increased by 1% in total.



Listed below are extracts from feedback received in Survey BB56 January 2003.

Comments are listed under sector headings.

Views expressed are those of individual panellists and may not represent those of the University.

Production & Manufacturing

We talk to clinicians (our customers) to find out what developments are happening.

The thorny question of the Euro boils down to the exchange rate at which we enter, given the total lack of confidence in our government to ensure that we get the best deal. It appears that appeasement of our European "friends" is more important than our survival as a quality manufacturing economy. I despair at the urgency with which the Europhile members of our government wish to commit us to monetary union, without regard to the effect this will have on business. Perhaps it would be interesting to see the reaction if their remuneration was linked to the success of the UK economy; post entry!!

UK Sales down, Export Sales up. Oct, Nov, Dec 01 vs same period 02 at same turnover. Business gained at the expense of margin.

Q9 Do you have a formal system for the collection of customer feedback?

It is essential we get a system for the collection of feedback from customers

Business Services

We are told that as soon as a war breaks out with Iraq, the Stock Market should rise somewhat, but I believe the continuing uncertainty in the financial strength of the major powers will have a worse effect on my investments.

Trends information comes from trade organizations

Red tape and tax increases are the current problems

We are a firm of patent and trademark attorneys. Our business is worldwide and we find that local market changes do not have a significant effect on our business. The potential war is having an effect, though, particularly on US exchange rates.

Wholesalers

Latter part of year exceeded projected sales forecasts, still holding for Jan 03.

Retail

As a Pharmacy, the threat of the deregulation of Pharmacy contracts proposed by the OFT is absolutely disastrous both to our prospects of growth and of also having the finance to innovate the new services we are being urged to provide.

The report has errors of fact.

Motor Trade

Q12 To whom or where are you most likely to look for reliable information on developments and trends in your industry/market ?

We get free trade magazines sent through the post. These contain all the news and new products. Only wish I had more time to read them.

Catering

We trade direct with the public & not one of them as seen any substantial proof from the government on Iraq's weapons of destruction. Therefore, our customers are very 'nervous' about going to war with a county with 'no substantial proof' on the table. The longer it takes to go to war or not, the more unstable the economy is becoming, it is effecting he retail trade which will filter through every business. More pressure has to be put on the UN. The public need 'other' successful news about the economy to calm their fears and to focus on. It's all doom and gloom!

Other

Over the last 18 months we have witnessed a large decline in manufacturing. This has been due to either moving the manufacturing abroad or relocating the whole company abroad. Long term,(next 5 - 10 years) this will have a dramatic effect on the service industries.