

Quarterly Business Survey

Q4: October – December 2016 Results

Introduction:

The aim of the Coventry & Warwickshire Chamber is to support businesses to grow and help create the best climate for the county to prosper. This is achieved by ensuring that those taking decisions on key issues such as skills, infrastructure, taxation and business regulation hear the voice of our members. The representation of members' views is an essential part of the Chamber service, where our mission is to nurture a winning business network that helps people connect, grow and ensure their message is heard.

The results for Coventry & Warwickshire have been collated and presented below to ensure our members receive a summary of the local view in addition to the national publication provided by the British Chambers of Commerce.



Chief Executive Summary

Louise Bennett OBE DL

Coventry and Warwickshire businesses ended 2016 in less confident mood than they entered it, according to new figures.

When the Coventry and Warwickshire Chamber of Commerce conducted its final Quarterly Economic Survey of the year it showed that fewer companies in both the services and manufacturing sector were expecting turnover to rise than at the same point 12 months ago.

In the service sector, 64 per cent of companies said that they expected turnover to grow in 2017 – compared with more than 77 per cent on the year previous.

In manufacturing, 47 per cent of firms believe their turnover will rise compared with 73 per cent a year ago.

The figures, however, aren't expected to have a major impact on employment prospects in the region as nearly a third of manufacturers expect to increase staffing levels while only three per cent forecast a drop.

In services, 34 per cent of businesses want to grow their team while just five per cent think they will have to make cuts.

There is also positive news on the investment front, as 53 per cent of manufacturers say they will increase spending on plant, machinery, equipment and buildings and 42 per cent want to boost spending on training.

Louise Bennett, the chief executive of the Coventry and Warwickshire Chamber of Commerce, said that the figures had to be taken in context.

She said: “This time a year ago we had the most positive end of year survey we had seen for a decade and it would have been difficult to expect confidence to be even higher 12 months on.

“There are many positives in the QES – despite fewer companies expecting turnover to increase it doesn’t appear to have added pressure to reduce headcount. In fact, many are still looking to grow their team.

“It’s also great to see that so many manufacturers across the patch are still looking to invest.

“We can’t say for sure what has caused the dip in confidence but the political instability will have had an effect on some businesses’ outlook for the year ahead.

“We’ve had the EU referendum and the complete change of Government – as well as events overseas – that have caused uncertainty.

“As a Chamber of Commerce, we have been here for well over a century and have helped businesses on this patch come through uncertain times and to actually spot opportunities for growth.

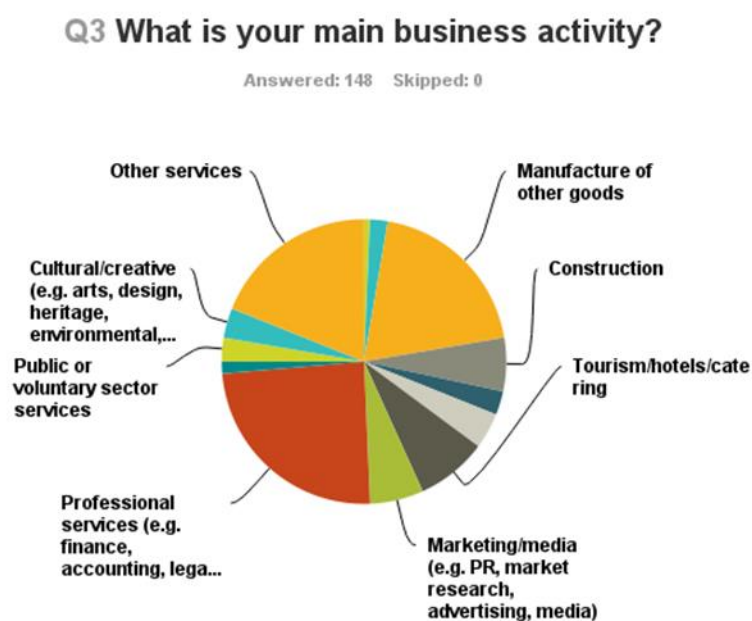
“And that’s exactly what we are doing again in 2017 – we are launching a Brexit Club to help companies to understand the effect that leaving the EU will have and to see where they can enhance their business.

“We are also providing more opportunities than ever for businesses to network with one another and a range of support to help companies get started, to trade overseas and to grow.”

Local Results:

There were 148 respondents to the C&W Chamber Quarterly Economic Survey for Quarter 4 2016 with a combined employment of over 5332 people. 13% of the respondents were sole traders, 37% micro businesses (2-10 employees), 34% small sized (11-50 employees), 10% medium sized (51-250 employees) and 6% large businesses (250+ employees).

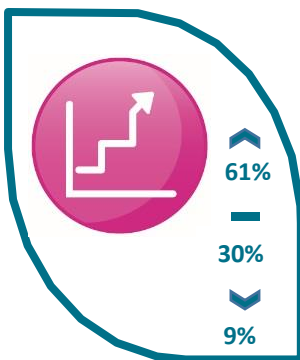
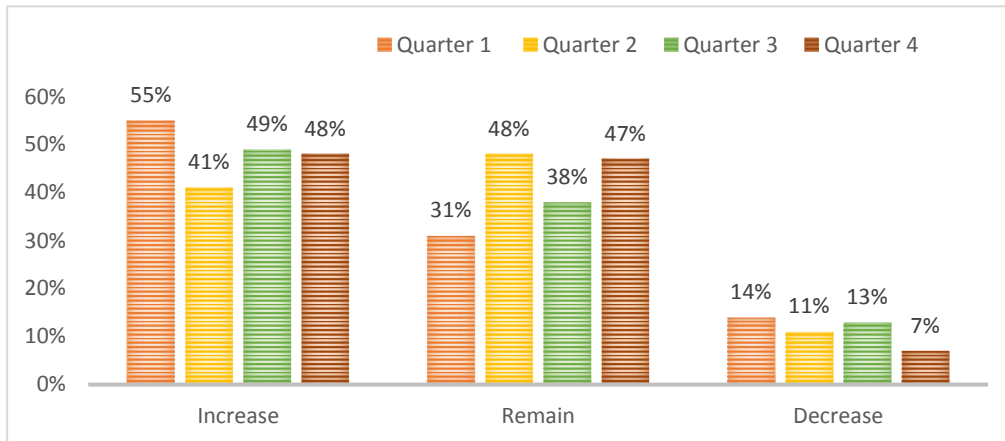
The types of businesses represented are shown below:





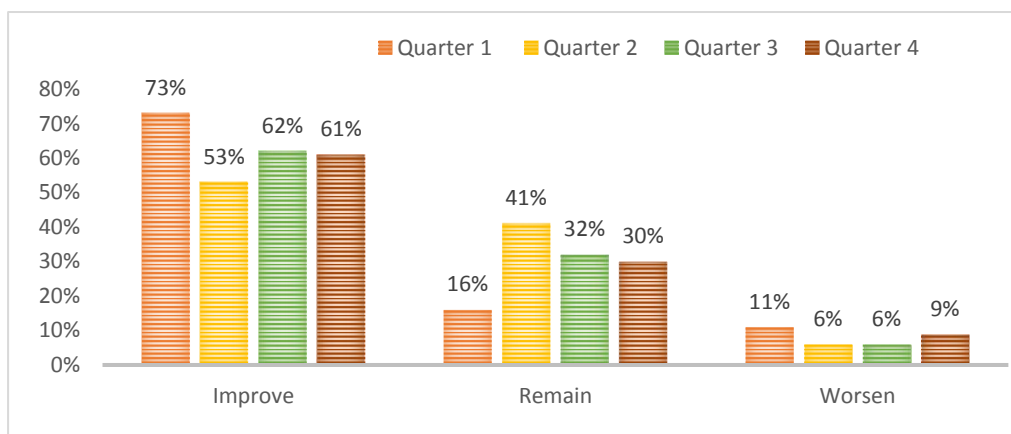
Domestic Sales

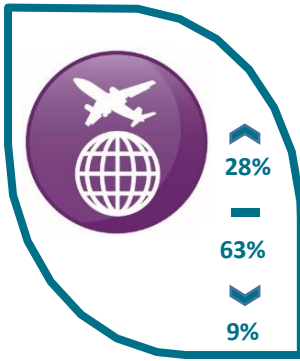
48 % businesses reported improved domestic sales in Q4, down from 49% in Q3 2016, whilst 47 % reported sales remained constant, compared to 43% in Q3 2016. Only 7% reported a decrease in sales, down from 13% in Q3.



Business Confidence

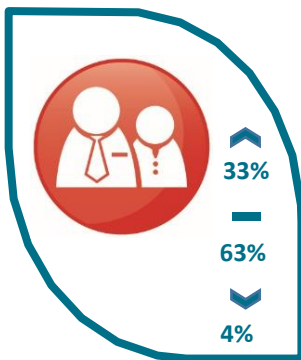
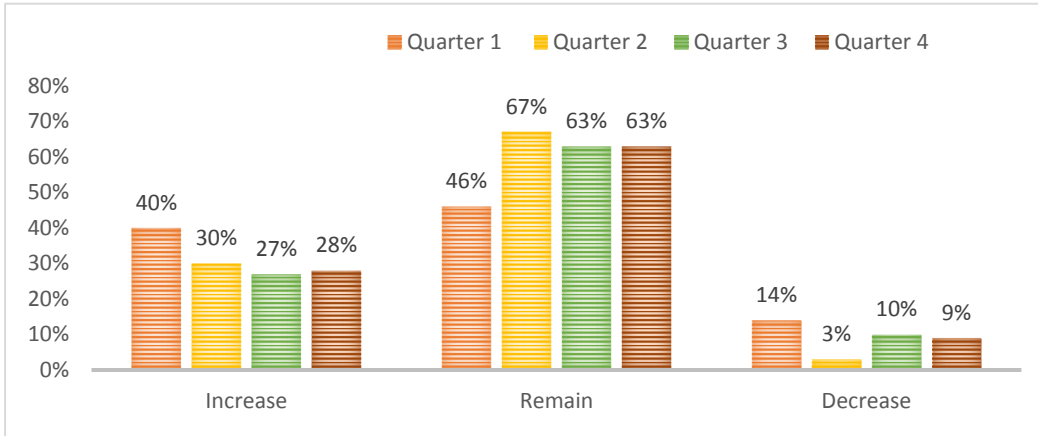
61 % businesses reported expect turnover to improve within the next 12 months, down from 62% in Q3 2016, whilst 30% expect turnover will remain the same, compared to 32% in Q3 2016.





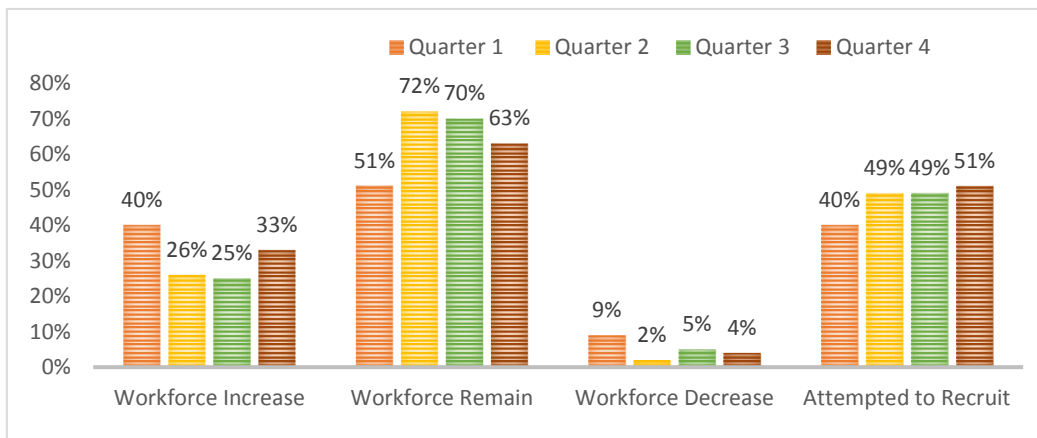
Export Sales

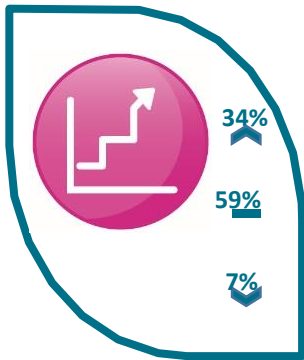
28% businesses reported improved export sales in Q4, up from 27% in Q3 2016, whilst 63 % have remained constant.



Workforce & Recruitment

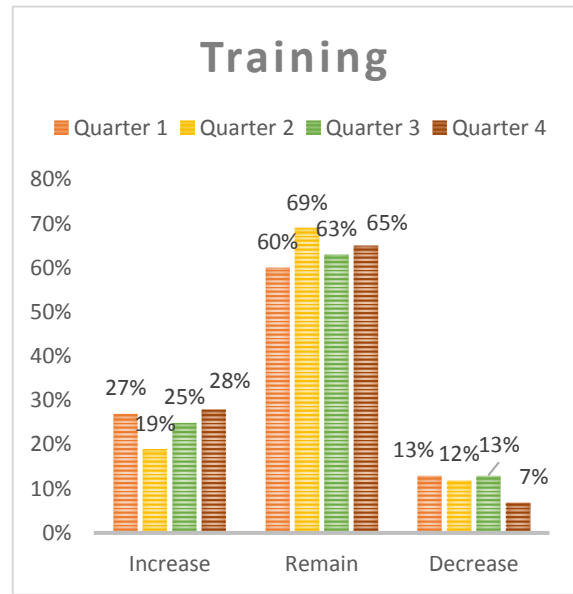
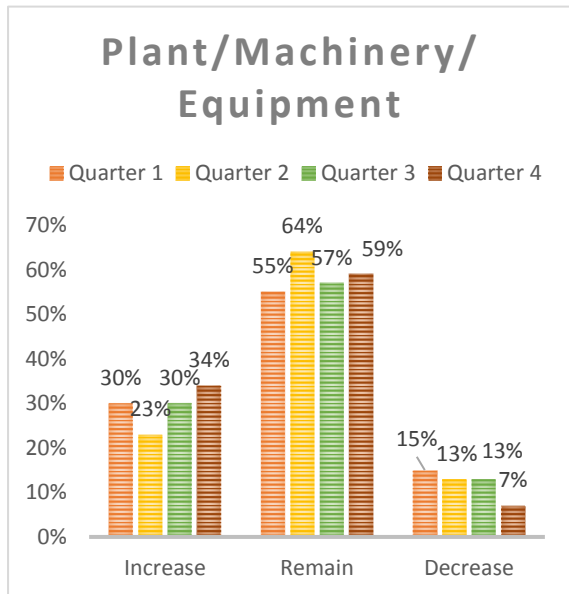
Q4 results show 33% of respondents had reported an increase to their workforce, with 51% attempting to recruit. 4% of businesses surveyed reported an expected decrease in workforce, 1% down from Q3.





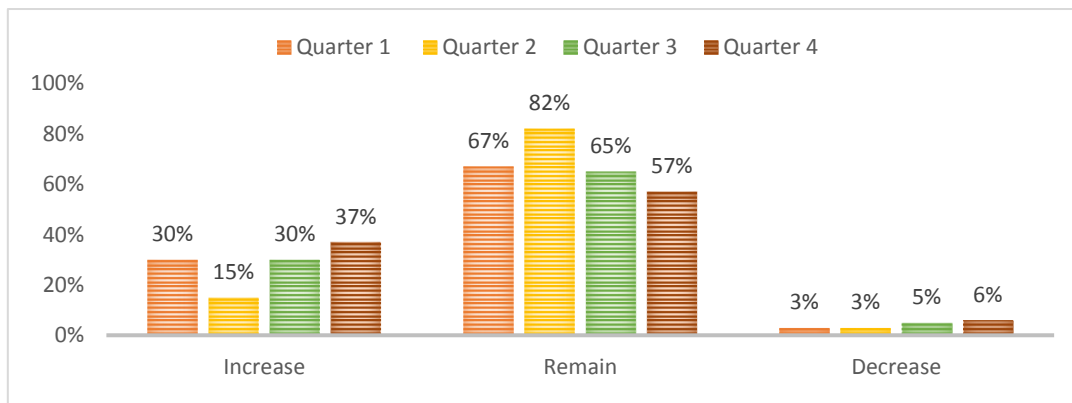
Business Investment

34% of firms reported increasing investment plans for plant/machinery/equipment compared to 30% in Q3, whilst investment in training shows 28% interested in increasing compared to 25% in Q3.

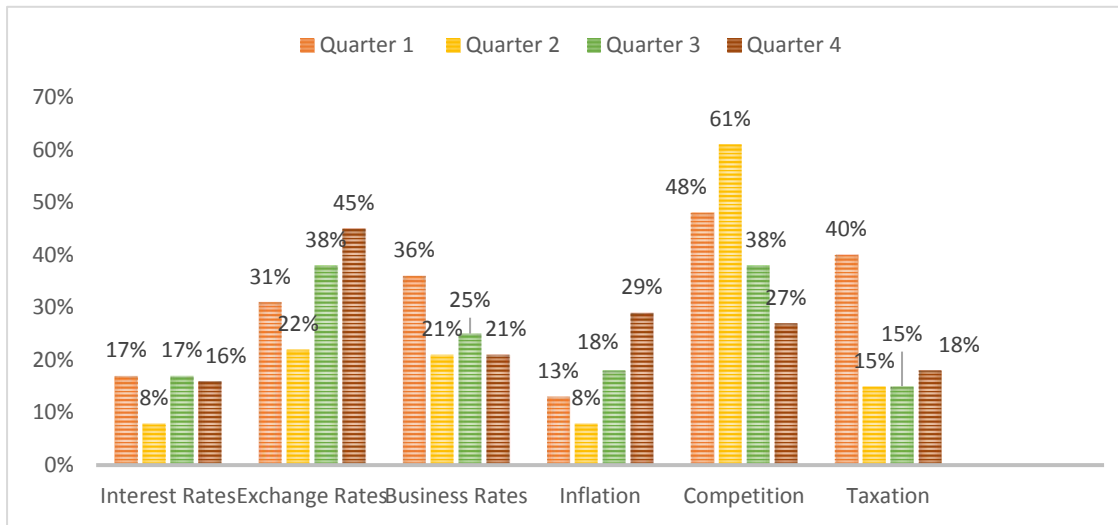


Prices & External Factors

37% of business expressed they are experiencing pressures to raise prices from other overheads and raw material prices, compared to 30% in Q3.



Businesses were also asked what their current principal business concern were, with the greatest concern expressed around exchange rates (45%) and competition (27%)



The Quarterly Economic Survey is the flagship economic survey of the British Chamber of Commerce. It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations such as the Bank of England, HM Treasury, European Commission and IMF. **The BCC Q4 2016 QES is made up of responses from 7,250 businesses across the UK and can be viewed by clicking [here](#).**