

Q2'24



# ISME Q2 TRENDS REPORT 2024

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## Introduction: Q2'2024 Trends Report

This survey was published in the last week of June 2024, covering the second quarter of 2024, with 169 SME respondents. Of those surveyed the employee breakdown is as follows:

- 1-10 40%
- 11-20 27%
- 21-30 8%
- 31-50 14%
- 100+ 6%
- Other 5%

Geographically, the breakdown is as follows:

- Dublin 28%
- Leinster (Except Dublin) 18%
- Munster 25%
- Connaught 17%
- Ulster 4%
- Multiple sites 5%
- Other 2%

The Sectorial breakdown:

- Manufacturing 17%
- Services 20%
- IT/Online Services 4%
- Wholesale 5%
- Retail 16%
- Construction 2%
- Transport & Logistics 2%
- Hospitality 20%
- Food & Drink Production 1%
- Health Sector 4%
- Agriculture 1%
- Other (Please specify) 11%

## Overall Confidence Indicators:

The Q2'24 Business Trends Quarterly survey showed 8 out of 14 confidence indicators yielding declining results.

KEY INDICATORS OVERALL	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Business Confidence	30%	-10%	-30%	-20%	17%	-14%	-13%	4%	-30%	-52%	-35%
Business Expectations	44%	-26%	-54%	-35%	14%	-18%	-9%	2%	-22%	-19%	-22%
Business Environment	18%	24%	30%	33%	38%	31%	48%	38%	10%	-8%	-10%
Profitability Expectations	11%	-15%	14%	25%	43%	25%	28%	28%	22%	11%	21%
Current Employment	7%	8%	17%	13%	12%	19%	14%	25%	14%	1%	1%
Future Employment	32%	20%	-2%	17%	26%	26%	11%	31%	14%	-3%	-10%
Current Sales	14%	23%	30%	46%	33%	23%	17%	15%	9%	-4%	1%
Sales Expectations	37%	21%	-6%	5%	30%	2%	2%	21%	9%	-7%	-18%
Current Investment	36%	39%	40%	32%	20%	33%	26%	34%	23%	19%	26%
Future Investment	40%	33%	21%	24%	30%	18%	24%	34%	2%	15%	14%
Current Exports	22%	9%	2%	30%	15%	-4%	9%	15%	4%	11%	12%
Export Expectations	39%	33%	21%	30%	40%	42%	27%	39%	12%	22%	18%
Economic Uncertainty	40%	60%	60%	50%	42%	36%	42%	40%	45%	60%	39%
Brexit	25%	13%	17%	10%	11%	16%	16%	12%	8%	11%	10%

BREXIT uncertainty decreased to 10%. Business Confidence increased from -52% to -35%. This comes with the Economic Uncertainty indicator decreasing by 21%.

Business Expectations decreased this quarter, falling from -19% to -22%. The Business Environment decreased from -8% to -10%, while Profitability Expectations increased from 11% to 21%.

The Current Employment confidence indicator remained at 1%, while Future Employment decreased, falling from -3% to -10%.

Current Sales increased for the first time since 2022, rising from -4% to 1%. Sales Expectations decreased from -7% to -18%.

Current Investment rose by 7% this quarter, while Future Investment fell by 1%.

Current Exports increased by 1%. Export Expectations decreased by 4%.

Economic uncertainty concerns remain high but have decreased this quarter, falling to 39%. Brexit concerns decreased slightly, now at 10%.

## Q2'24 Manufacturing:

Our Q2'24 results for the manufacturing sector show 6 decreasing confidence indicators.

KEY INDICATORS MANUFACTURING	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Business Confidence	41%	-12%	-22%	-22%	60%	-40%	0%	12%	-57%	-50%	-10%
Business Expectations	27%	-24%	-52%	-28%	40%	-40%	-15%	29%	-43%	-13%	-7%
Business Environment	27%	36%	37%	44%	60%	40%	46%	53%	-29%	0%	31%
Profitability Expectations	18%	12%	12%	30%	80%	13%	25%	31%	0%	21%	27%
Current Employment	36%	8%	24%	20%	40%	27%	23%	18%	-29%	6%	-4%
Future Employment	36%	36%	4%	20%	60%	13%	0%	59%	-29%	-6%	0%
Current Sales	14%	20%	56%	53%	80%	13%	0%	0%	-33%	7%	0%
Sales Expectations	36%	12%	16%	7%	60%	-13%	8%	31%	-50%	13%	-23%
Current Investment	73%	44%	52%	50%	0%	27%	46%	38%	-33%	0%	38%
Future Investment	64%	16%	20%	20%	80%	40%	23%	44%	-33%	13%	27%
Current Exports	23%	21%	12%	30%	33%	-20%	0%	0%	25%	33%	13%
Export Expectations	41%	37%	41%	21%	67%	40%	29%	25%	0%	8%	19%
Economic Uncertainty	27%	55%	60%	46%	60%	36%	42%	46%	20%	50%	30%
Brexit	27%	14%	16%	14%	0%	29%	17%	15%	0%	21%	17%

Business Confidence increased from -50% to -10%. Business Expectations also increased from -13% to -7%.

Profitability Expectations increased by 6%.

Future Employment in manufacturing increased from -6% to 0%.

Current Sales decreased to 0%, while Sales Expectations for the future also decreased from 13% to -23%.

Current Investment increased from 0% to 38%.

Current Exports decreased in this quarter, falling from 33% to 13%. Future Exports increased from 8% to 19%.

Current Employment decreased from 6% to -4%.

## Q2'24 Retail:

The Retail sector for Q2'24 showed Business Confidence increasing this quarter, rising to -41%.

KEY INDICATORS RETAIL	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Business Confidence	-10%	-45%	-46%	0%	33%	-20%	-33%	100%	-80%	-75%	-41%
Business Expectations	10%	-64%	-46%	-50%	0%	-80%	-17%	0%	-60%	-13%	-30%
Business Environment	10%	-9%	23%	50%	100%	40%	0%	100%	-40%	-13%	-26%
Profitability Expectations	-30%	-60%	15%	30%	33%	25%	0%	0%	20%	0%	23%
Current Employment	-30%	-9%	31%	30%	0%	0%	-50%	100%	0%	13%	-19%
Future Employment	10%	-27%	-23%	30%	0%	0%	33%	100%	-40%	-25%	-15%
Current Sales	30%	-10%	31%	60%	0%	-50%	-20%	100%	-40%	-13%	-19%
Sales Expectations	0%	-20%	8%	20%	33%	-25%	0%	100%	0%	-25%	-19%
Current Investment	10%	40%	69%	40%	33%	25%	-20%	0%	0%	38%	12%
Future Investment	20%	30%	38%	50%	67%	0%	40%	0%	-20%	50%	-8%
Current Exports	0%	-25%	0%	0%	-	-	-	-	33%	0%	17%
Export Expectations	0%	60%	0%	0%	-	-	-	-	33%	0%	13%
Economic Uncertainty	20%	38%	77%	50%	67%	50%	40%	0%	100%	75%	52%
Brexit	40%	25%	38%	20%	67%	0%	20%	0%	60%	13%	20%

Business Expectations decreased significantly, going from -13% to -30%.

Profitability Expectations increased from 0% to 23%. Current Sales saw a decrease and are now at -19%, compared to -13% in Q1'24.

Current Investment decreased from 38% to 12%. Future Investment also decreased from 50% to -8%.

Business Environment decreased from -13% to -26%, falling by 13% from last quarter.

Current Employment in retail fell by 32% this quarter, now at -19%. The expectation for Future Employment increased from -25% to -15%. Sales Expectations increased from -25% to -19%.

## Q2'24 Services:

The Services sector for Q2'24 showed 7 of the 14 confidence indicators decreasing from the previous quarter.

KEY INDICATORS SERVICES	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Business Confidence	45%	8%	-13%	8%	-21%	21%	13%	25%	20%	-52%	-35%
Business Expectations	52%	-4%	-54%	-33%	-14%	5%	0%	0%	30%	0%	-26%
Business Environment	15%	21%	28%	46%	7%	42%	50%	50%	20%	-10%	-19%
Profitability Expectations	15%	-24%	18%	42%	46%	31%	25%	25%	43%	17%	21%
Current Employment	0%	-17%	13%	0%	-7%	16%	13%	50%	20%	0%	13%
Future Employment	24%	22%	0%	30%	14%	42%	0%	25%	20%	10%	-3%
Current Sales	0%	0%	6%	38%	0%	19%	38%	38%	0%	0%	4%
Sales Expectations	36%	41%	-11%	10%	31%	19%	25%	63%	38%	11%	-25%
Current Investment	39%	50%	37%	38%	15%	31%	38%	38%	38%	0%	36%
Future Investment	36%	55%	29%	33%	15%	0%	25%	50%	38%	11%	29%
Current Exports	12%	0%	17%	29%	50%	0%	50%	0%	0%	-25%	0%
Export Expectations	18%	60%	29%	38%	50%	33%	25%	25%	33%	50%	0%
Economic Uncertainty	33%	56%	60%	62%	42%	46%	43%	14%	43%	61%	50%
Brexit	9%	17%	7%	10%	0%	8%	0%	0%	0%	6%	0%

Business Confidence rose from -52% to -35%.

Business Environment decreased from last quarter and is now at -19% while Profitability Expectations increased from 17% to 21%.

Current Employment rose from 0% to 13% while Future Employment decreased from 10% in Q1'24 to -3% this quarter.

Current Sales rose by 4%. Sales Expectations decreased significantly, falling from 11% to -25%.

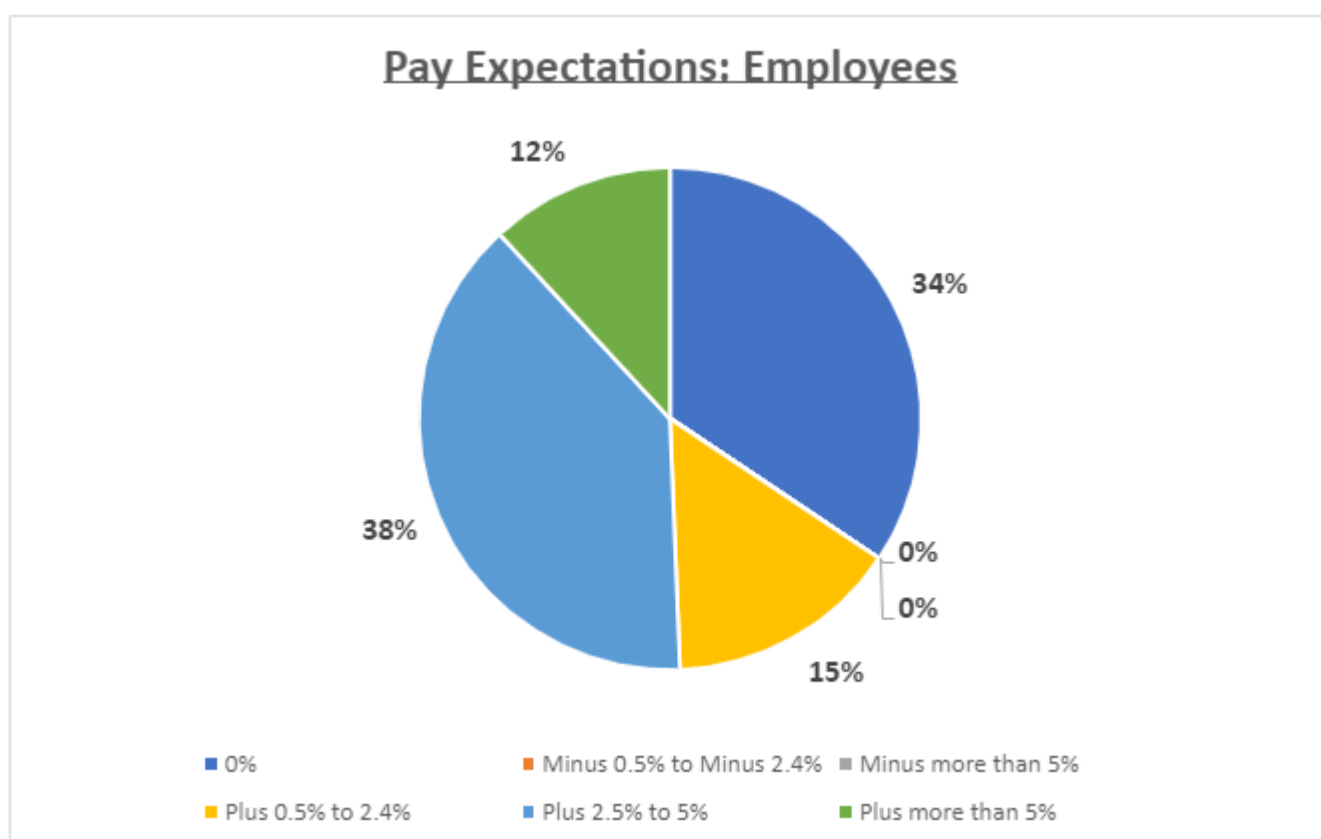
Current Investment increased from 0% to 36%. Future Investment also increased from 11% to 29%.

Current Exports increased from -25% to 0%, while Export Expectations decreased from 50% to 0%.

## Q2'24 Pay Expectations: Employees

The range of pay expectations in the SME sector is very diverse. Our latest research shows that:

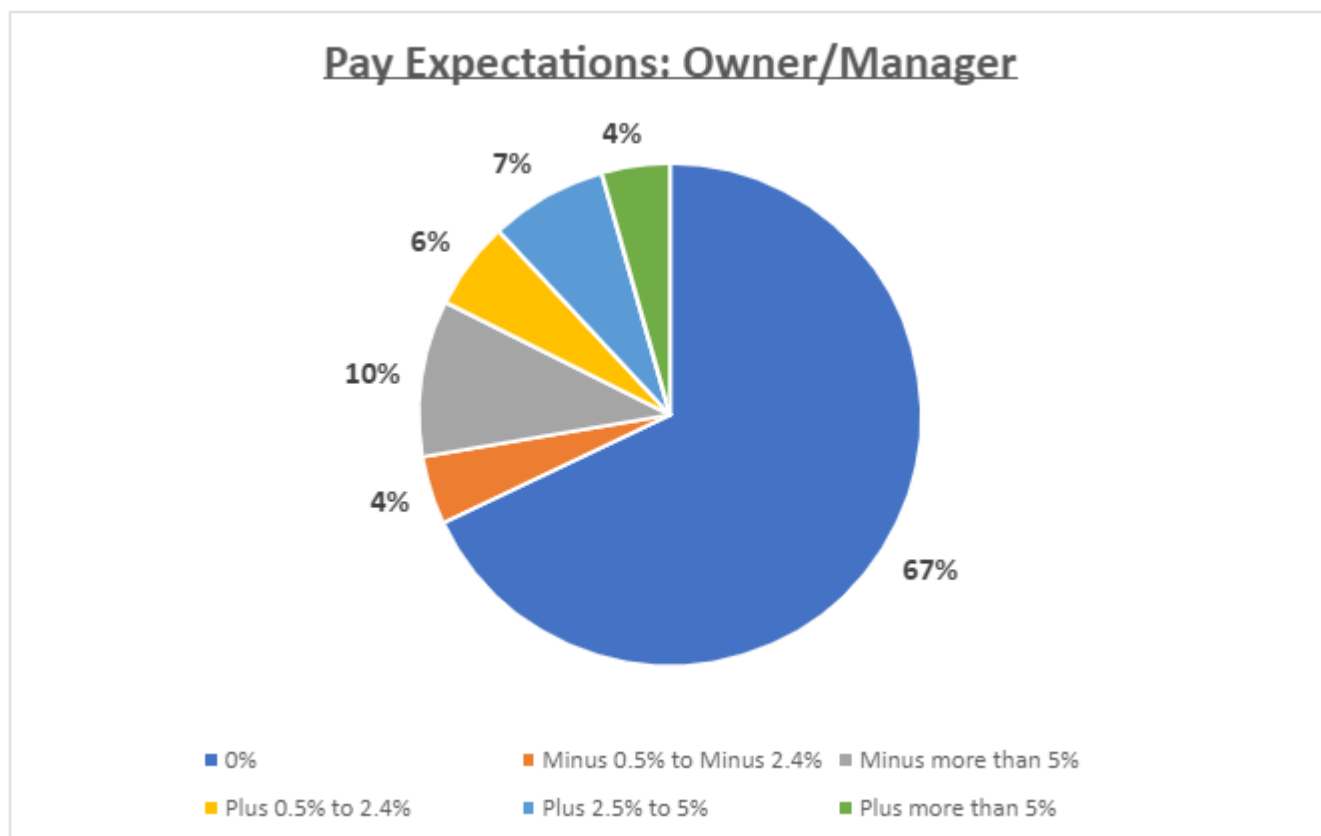
- 34% of SMEs will not be able to increase pay this year for their employees.
- 15% will increase employees' pay by 0.5% to 2.4%.
- 38% will increase pay by 2.5%-5%.
- 12% of employers will increase pay by more than 5%.





## Q2'24 Pay Expectations: Owner Manager

When we asked business owners about their own pay for this year, we found the following:



- 67% said they would not increase their earnings from the business.
- 4% stated they intend to increase their wages by plus 5%.
- 7% will increase their pay between 2.5%-5%.
- 6% will increase their pay between 0.5%-2.4%.
- 14% stated they were reducing their wages.

## Insurance Costs: Introduction

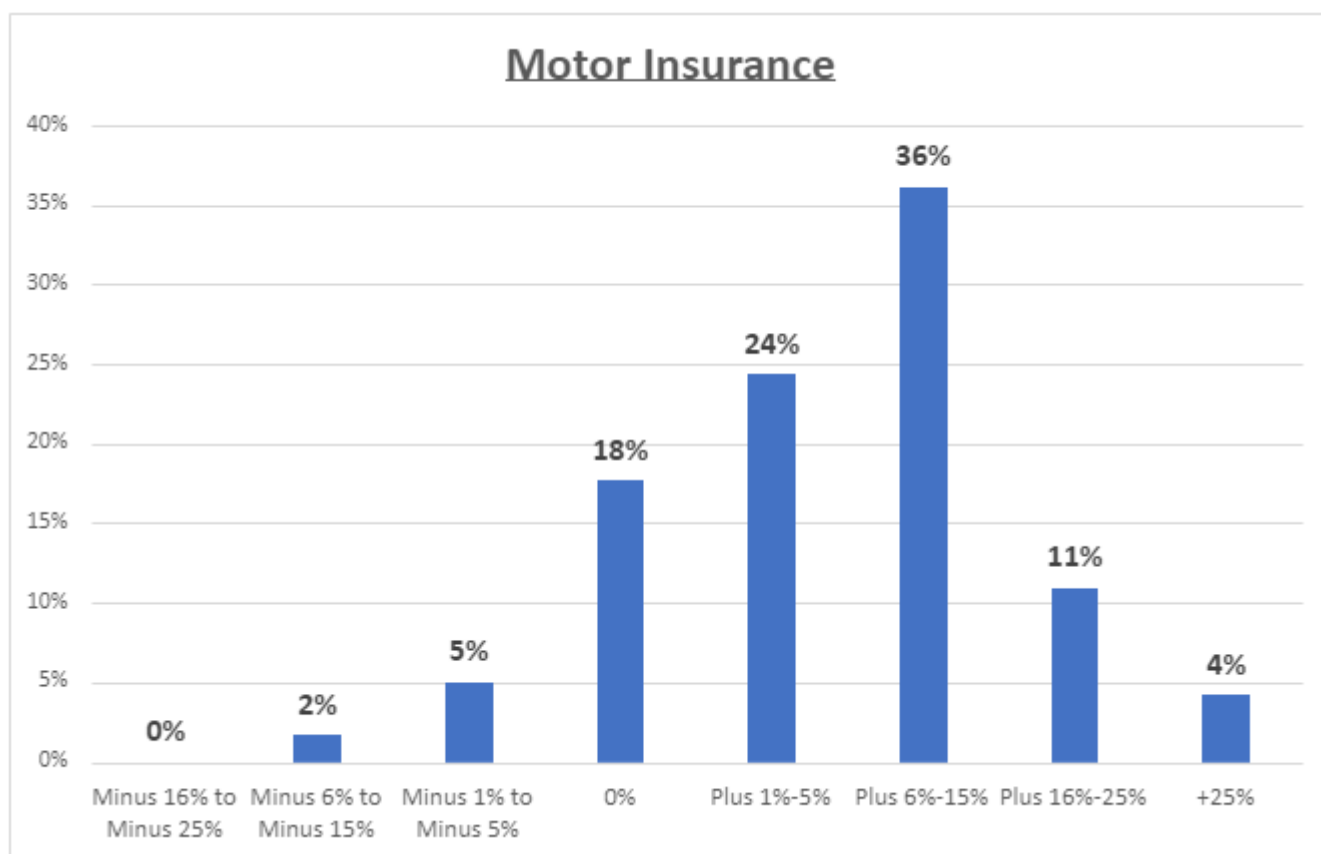
While we see continued decreases in the CSO CPI figures for personal motor insurance costs, our data shows us that businesses are still facing significant increases. The CSO does not survey commercial insurances costs in its Services Producer Price Index. In view of the very high costs of insurance in some business sectors, this omission needs to be reconsidered.

Our latest data shows us that:

46% of SMEs consider Insurance one of their immediate biggest concerns.

## Motor Insurance:

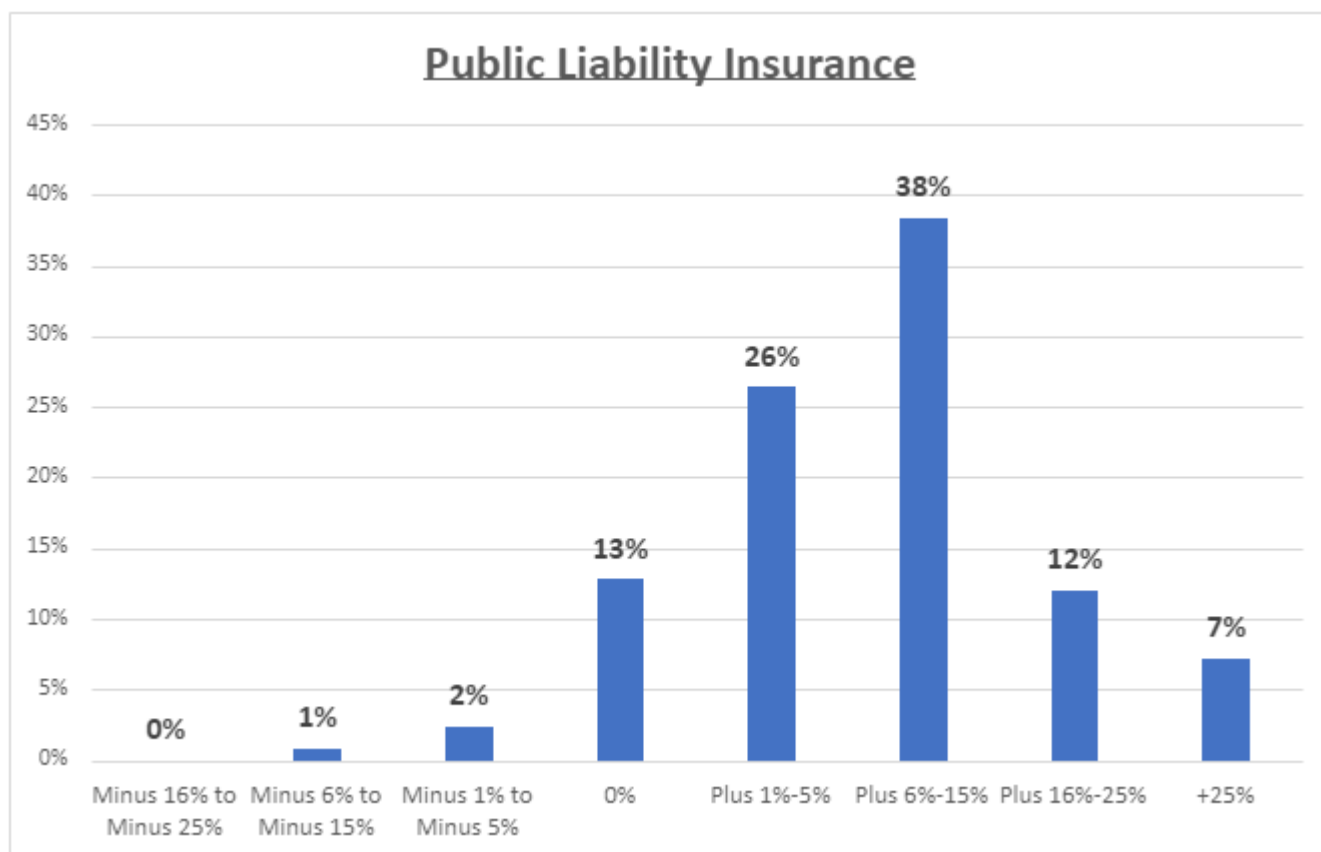
75% of respondents stated their Motor Insurance premiums increased on renewal.



- 4% of respondents noted an increase of +25%.
- 11% experienced increases of plus 16%-25%.
- 36% of respondents' premiums increased between plus 6% to 15%.
- 24% of those who responded recorded increases of plus 1%-5%.
- 18% reported no increase to premiums.
- While 7% reported a decrease.

## Public Liability Insurance:

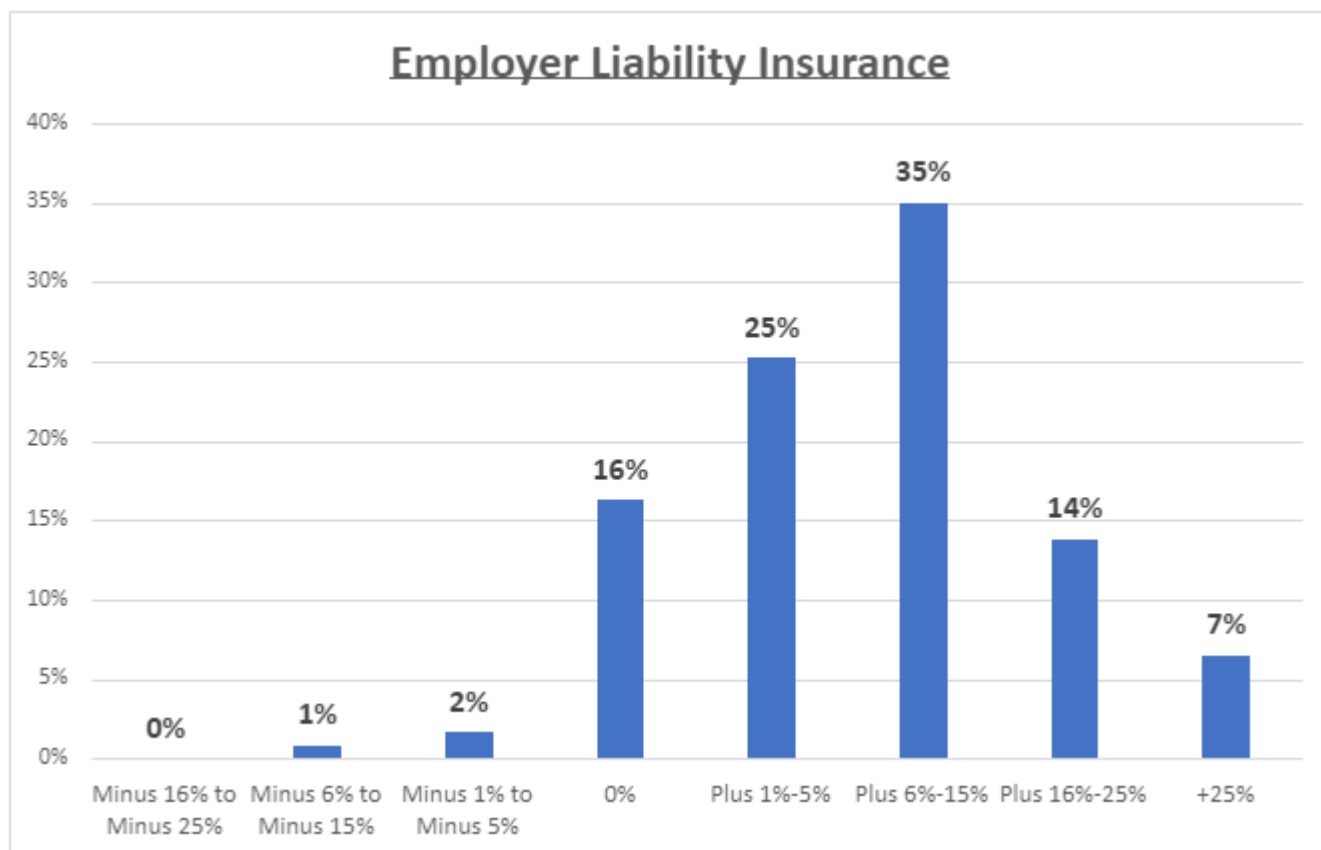
83% of respondents stated their Public Liability Insurance premiums increased on renewal.



- 26% reported increases of between 1% and 5%.
- 38% stated increases of plus 6%-15%.
- 12% reported increases of plus 16%-25%.
- 7% reported increases of +25%
- 13% reported no change.
- While 3% reported a decrease.

## Employer Liability Insurance:

81% stated their Employer Liability insurance premiums increased on renewal.



- 25% reported increases of between 1% and 5%.
- 35% stated increases of plus 6%-15%.
- 14% reported increases of plus 16%-25%.
- 7% reported increases of +25%
- 16% reported no change.
- While 3% reported a decrease.

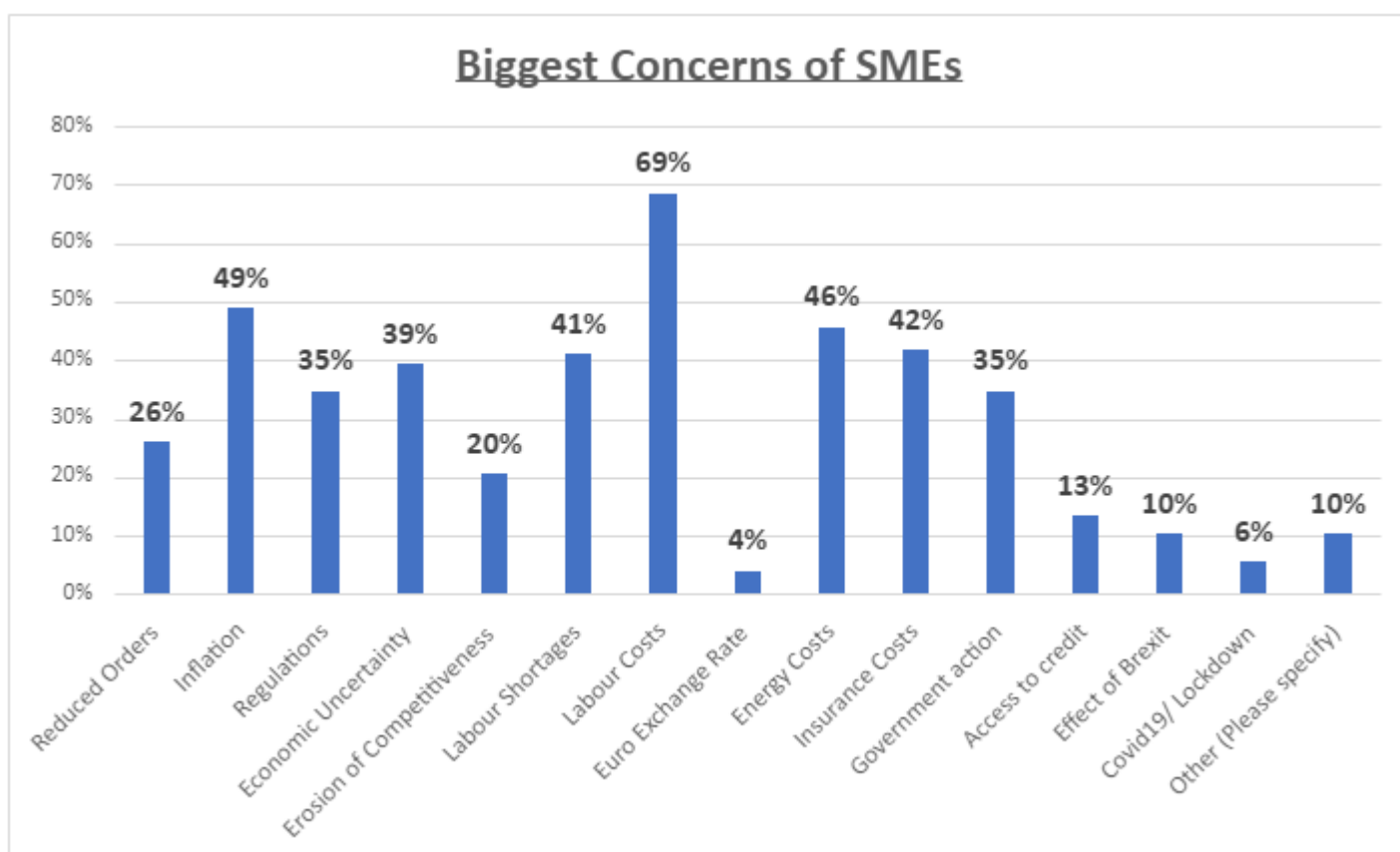
## Insurance Summary:

On the issue of insurance ISME has made several submissions to various government ministers and departments outlining the practical steps need to reduce the high costs of motor insurance. If these steps were taken on board, SMEs and the general public would see significant decreases in their premiums. The cost of insurance is an issue which ISME will continue to lobby on throughout 2024.

## Biggest concern of SMEs:

The top five concerns for SMEs in this quarter are:

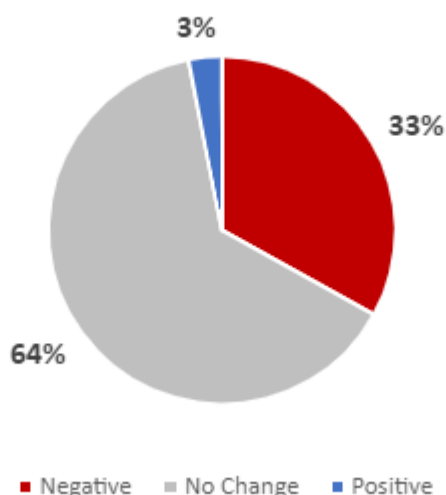
- Energy Costs at 46%.
- Labour Costs at 69%.
- Inflation at 49%.
- Insurance Costs at 42%.
- Labour Shortages at 41%



## BREXIT:

Brexit has become a slightly more significant concern this quarter, with 33% of respondents stating that it would have a negative impact on their bottom line. 3% of respondents said Brexit will have a positive impact on their business, while 64% responded with no change.

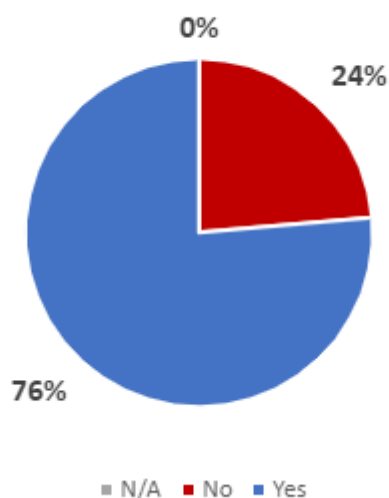
### What effect will BREXIT have on your bottom line?



## Broadband Services:

Access to proper and adequate broadband services is a key issue for many SMEs particularly those in rural Ireland. Inadequate or poor broadband service has a negative impact on business productivity. Our latest information shows that 24% of businesses are impacted by inadequate broadband.

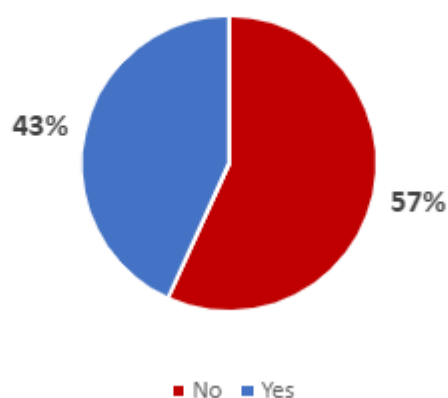
### Is your broadband service adequate?



### Retaining and Recruiting staff:

When asked 'Is your company finding it difficult to retain staff members?', 43% stated yes they were, while 57% stated this was not a problem.

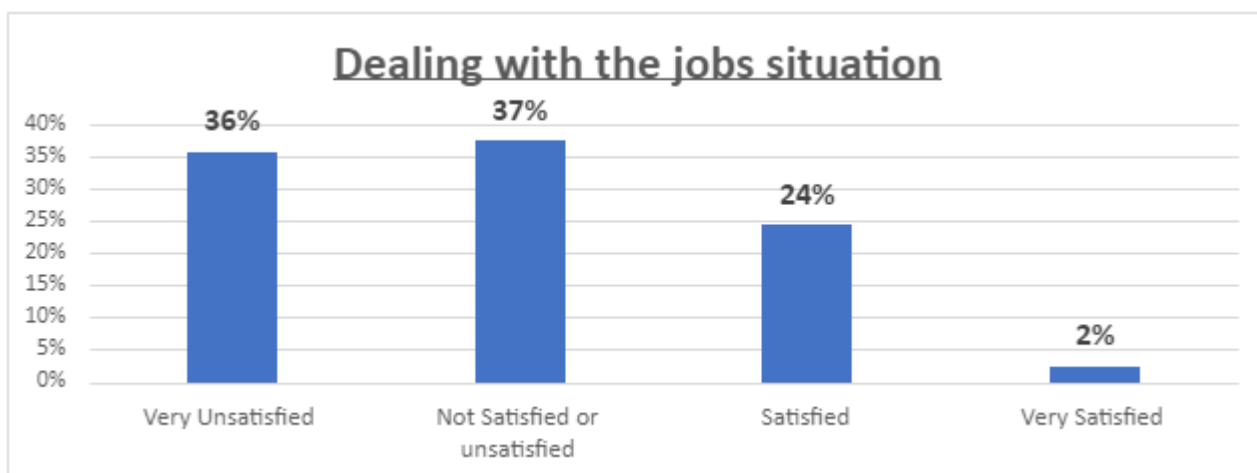
#### Is your company finding it difficult to retain staff members?



## Government Performance:

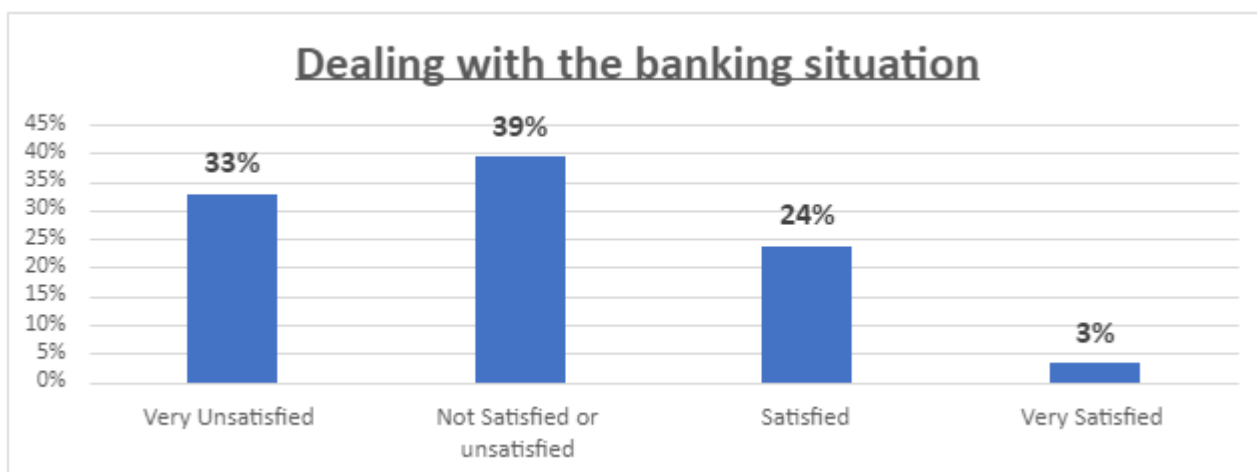
### Dealing with the job situation

- Very Satisfied: 2%
- Satisfied: 24%
- Not Satisfied or dissatisfied: 37%
- Very Dissatisfied: 36%



### Dealing with the banking situation

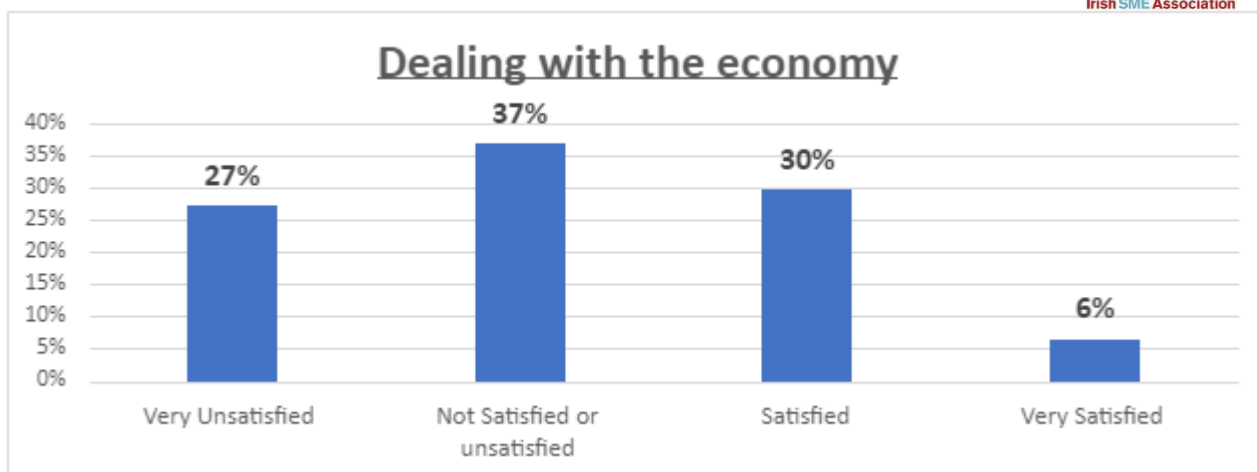
- Very Satisfied: 3%
- Satisfied: 24%
- Not Satisfied or dissatisfied: 39%
- Very Dissatisfied: 33%



### Dealing with the economy

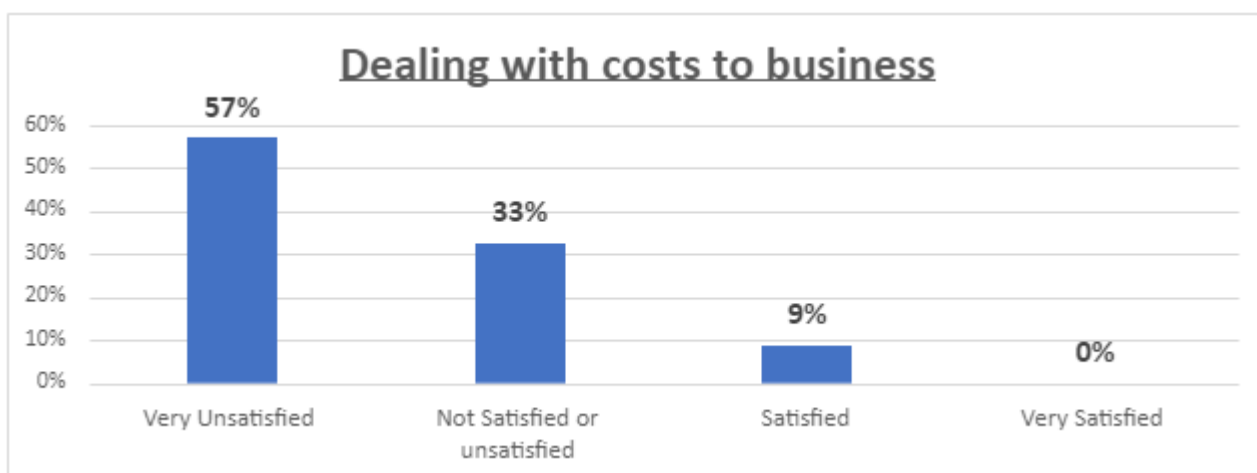
- Very Satisfied: 6%
- Satisfied: 30%
- Not Satisfied or dissatisfied: 37%
- Very Dissatisfied: 27%





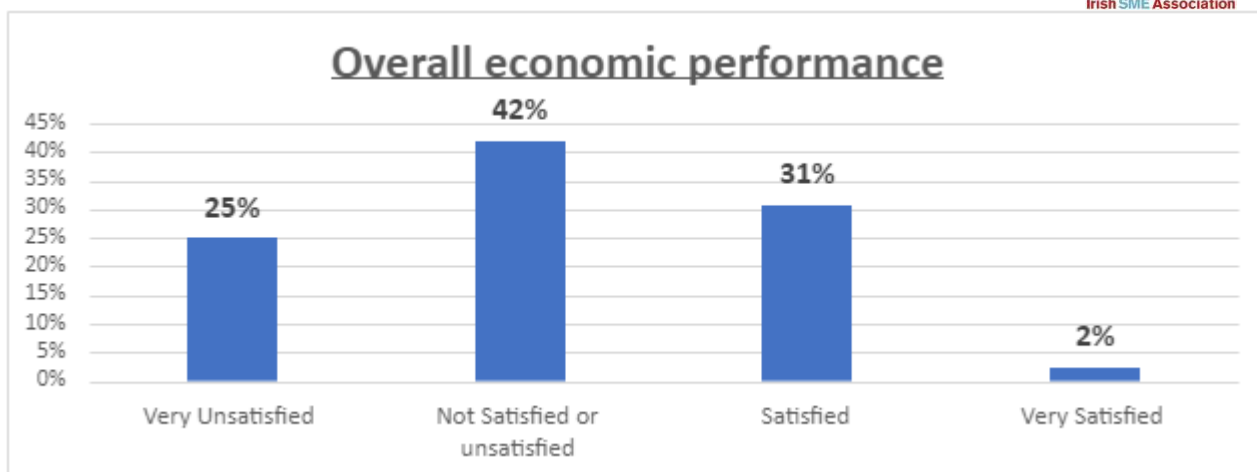
#### Dealing with costs to business

- Very Satisfied: 0%
- Satisfied: 9%
- Not Satisfied or dissatisfied: 33%
- Very Dissatisfied: 57%



#### Overall economic performance

- Very Satisfied: 2%
- Satisfied: 31%
- Not Satisfied or dissatisfied: 42%
- Very Dissatisfied: 25%



For further information, please contact:

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#### Methodology

This survey was published in the first week of June 2024, covering the second quarter of 2024. There were 169 SME owner manager respondents. The results presented in this report are calculated as the aggregate response to a survey question, i.e., the sum of all positive and negative responses. For example, a survey question may ask: "Have you increased or reduced investment in your company in the last 12 months?". The breakdown of responses is as follows: 51% "Increased", 39% "Remain Same" and 13% "Decreased". The aggregate response to this question is calculated as the sum of the positive and negative sentiment expressed in the question:  $51\% - 13\% = 38\%$ . The neutral response, "Remain Same" is not considered.