

Q3'24

# ISME Q3 TRENDS REPORT 2024

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## Introduction: Q3'2024 Trends Report

This survey was published in the fourth week of September 2024 with 162 SME respondents and covers the third quarter of 2024. Of those surveyed the employee breakdown is as follows:

- 1-10 41%
- 11-20 25%
- 21-30 10%
- 31-50 14%
- 100 + 6%
- Other 4%

Geographically, the breakdown is as follows:

- Dublin 21%
- Leinster (Except Dublin) 23%
- Munster 28%
- Connaught 12%
- Ulster 6%
- Multiple sites 8%
- Other 2%

The Sectorial breakdown:

- Manufacturing 14%
- Services 12%
- IT/Online Services 3%
- Wholesale 2%
- Retail 21%
- Construction 4%
- Transport& Logistics 3%
- Hospitality 23%
- Food & Drink Production 2%
- Health Sector 2%
- Agriculture 1%
- Other (Please specify) 14%

## Overall Confidence Indicators:

The Q3'24 Business Trends Quarterly survey showed 9 out of 14 confidence indicators yielding declining results.

KEY INDICATORS OVERALL	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Business Confidence	-10%	-30%	-20%	17%	-14%	-13%	4%	-30%	-52%	-35%	-39%
Business Expectations	-26%	-54%	-35%	14%	-18%	-9%	2%	-22%	-19%	-22%	-29%
Business Environment	24%	30%	33%	38%	31%	48%	38%	10%	-8%	-10%	0%
Profitability Expectations	-15%	14%	25%	43%	25%	28%	28%	22%	11%	21%	17%
Current Employment	8%	17%	13%	12%	19%	14%	25%	14%	1%	1%	-1%
Future Employment	20%	-2%	17%	26%	26%	11%	31%	14%	-3%	-10%	-8%
Current Sales	23%	30%	46%	33%	23%	17%	15%	9%	-4%	1%	-2%
Sales Expectations	21%	-6%	5%	30%	2%	2%	21%	9%	-7%	-18%	-6%
Current Investment	39%	40%	32%	20%	33%	26%	34%	23%	19%	26%	22%
Future Investment	33%	21%	24%	30%	18%	24%	34%	2%	15%	14%	10%
Current Exports	9%	2%	30%	15%	-4%	9%	15%	4%	11%	12%	4%
Export Expectations	33%	21%	30%	40%	42%	27%	39%	12%	22%	18%	29%
Economic Uncertainty	60%	60%	50%	42%	36%	42%	40%	45%	60%	39%	45%
Brexit	13%	17%	10%	11%	16%	16%	12%	8%	11%	10%	8%

BREXIT uncertainty decreased to 8%. Business Confidence decreased from -35% to -39%. This comes with the Economic Uncertainty indicator increasing by 6%.

Business Expectations decreased this quarter, falling from -22% to -29%. The Business Environment increased from -10% to 0%, while Profitability Expectations decreased from 21% to 17%.

The Current Employment confidence indicator decreased by 2 %, while Future Employment increased, rising from -10% to -8%.

Current Sales continue to decrease, dropping by 3% and returning to the trend seen in Q1 of 2024. Sales Expectations increased from -18% to -6%.

Current Investment fell by 4% this quarter, while Future Investment also decreased by 4%.

Current Exports fell by 8%. Export Expectations increased by 11%.

Economic uncertainty concerns remain high and have increased, rising to 45%. Brexit concerns decreased slightly, now at 8%.

## Q3'24 Manufacturing:

Our Q3'24 results for the manufacturing sector show a mixed response for many confidence indicators in the manufacturing sector. In this quarter, there were 6 decreasing confidence indicators.

KEY INDICATORS MANUFACTURING	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Business Confidence	-12%	-22%	-22%	60%	-40%	0%	12%	-57%	-50%	-10%	-17%
Business Expectations	-24%	-52%	-28%	40%	-40%	-15%	29%	-43%	-13%	-7%	-22%
Business Environment	36%	37%	44%	60%	40%	46%	53%	-29%	0%	31%	35%
Profitability Expectations	12%	12%	30%	80%	13%	25%	31%	0%	21%	27%	19%
Current Employment	8%	24%	20%	40%	27%	23%	18%	-29%	6%	-4%	13%
Future Employment	36%	4%	20%	60%	13%	0%	59%	-29%	-6%	0%	17%
Current Sales	20%	56%	53%	80%	13%	0%	0%	-33%	7%	0%	0%
Sales Expectations	12%	16%	7%	60%	-13%	8%	31%	-50%	13%	-23%	29%
Current Investment	44%	52%	50%	0%	27%	46%	38%	-33%	0%	38%	29%
Future Investment	16%	20%	20%	80%	40%	23%	44%	-33%	13%	27%	24%
Current Exports	21%	12%	30%	33%	-20%	0%	0%	25%	33%	13%	-6%
Export Expectations	37%	41%	21%	67%	40%	29%	25%	0%	8%	19%	47%
Economic Uncertainty	55%	60%	46%	60%	36%	42%	46%	20%	50%	30%	42%
Brexit	14%	16%	14%	0%	29%	17%	15%	0%	21%	17%	16%

Business Confidence decreased from -10% to -17%, while Business Expectations also decreased to -22%, a dramatic decrease of 15%.

Profitability Expectations decreased by 8%.

Future Employment in manufacturing increased from 0% to 17%.

Current Sales remain at 0%, while Sales Expectations for the future increased from -23% to 29%.

Current Investment decreased from 38% to 29%.

Current Exports decreased from 13% to -6%. Future Exports increased from 19% to 47%.

Current Employment increased from -4% to 13%.

## Q3'24 Retail:

The Retail sector for Q3'24 showed Business Confidence decreasing this quarter, falling to -59%.

KEY INDICATORS RETAIL	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Business Confidence	-45%	-46%	0%	33%	-20%	-33%	100%	-80%	-75%	-41%	-59%
Business Expectations	-64%	-46%	-50%	0%	-80%	-17%	0%	-60%	-13%	-30%	-56%
Business Environment	-9%	23%	50%	100%	40%	0%	100%	-40%	-13%	-26%	-19%
Profitability Expectations	-60%	15%	30%	33%	25%	0%	0%	20%	0%	23%	7%
Current Employment	-9%	31%	30%	0%	0%	-50%	100%	0%	13%	-19%	-16%
Future Employment	-27%	-23%	30%	0%	0%	33%	100%	-40%	-25%	-15%	-25%
Current Sales	-10%	31%	60%	0%	-50%	-20%	100%	-40%	-13%	-19%	-25%
Sales Expectations	-20%	8%	20%	33%	-25%	0%	100%	0%	-25%	-19%	-43%
Current Investment	40%	69%	40%	33%	25%	-20%	0%	0%	38%	12%	-11%
Future Investment	30%	38%	50%	67%	0%	40%	0%	-20%	50%	-8%	-7%
Current Exports	-25%	0%	0%	-	-	-	-	33%	0%	17%	0%
Export Expectations	60%	0%	0%	-	-	-	-	33%	0%	13%	0%
Economic Uncertainty	38%	77%	50%	67%	50%	40%	0%	100%	75%	52%	33%
Brexit	25%	38%	20%	67%	0%	20%	0%	60%	13%	20%	17%

Business Expectations also decreased significantly, going from -30% to -56%.

Profitability Expectations decreased from 23% to 7%. Current Sales decreased from -19% to -25%.

Current Investment showed a decrease of 23% from Q2'24. Future Investment increased from -8% to -7%.

Business Environment increased to -19%, rising by 7% from last quarter.

Current Employment in retail rose by 3% this quarter, now at -16%. The expectation for Future Employment decreased from -15% to -25%. Sales Expectations also decreased dramatically from -19% to -43%.

## Q3'23 Services:

The Services sector for Q3'23 showed 2 of the 14 confidence indicators decreasing from the previous quarter.

KEY INDICATORS SERVICES	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Business Confidence	8%	-13%	8%	-21%	21%	13%	25%	20%	-52%	-35%	-25%
Business Expectations	-4%	-54%	-33%	-14%	5%	0%	0%	30%	0%	-26%	20%
Business Environment	21%	28%	46%	7%	42%	50%	50%	20%	-10%	-19%	25%
Profitability Expectations	-24%	18%	42%	46%	31%	25%	25%	43%	17%	21%	25%
Current Employment	-17%	13%	0%	-7%	16%	13%	50%	20%	0%	13%	0%
Future Employment	22%	0%	30%	14%	42%	0%	25%	20%	10%	-3%	15%
Current Sales	0%	6%	38%	0%	19%	38%	38%	0%	0%	4%	29%
Sales Expectations	41%	-11%	10%	31%	19%	25%	63%	38%	11%	-25%	47%
Current Investment	50%	37%	38%	15%	31%	38%	38%	38%	0%	36%	47%
Future Investment	55%	29%	33%	15%	0%	25%	50%	38%	11%	29%	41%
Current Exports	0%	17%	29%	50%	0%	50%	0%	0%	-25%	0%	50%
Export Expectations	60%	29%	38%	50%	33%	25%	25%	33%	50%	0%	0%
Economic Uncertainty	56%	60%	62%	42%	46%	43%	14%	43%	61%	50%	33%
Brexit	17%	7%	10%	0%	8%	0%	0%	0%	6%	0%	0%

Business Confidence rose from -35% to -25%.

Business Environment increased dramatically from -19% to 25% while Profitability Expectations also rose from 21% to 25%.

Current Employment fell from 13% to 0% while Future Employment increased from -3% in Q2'24 to 15% this quarter.

Current Sales increased from 4% to 29%. Sales Expectations showed a dramatic increase, rising from -25% to 47%.

Current Investment increased by 11%. Future Investment increased from 29% to 41%.

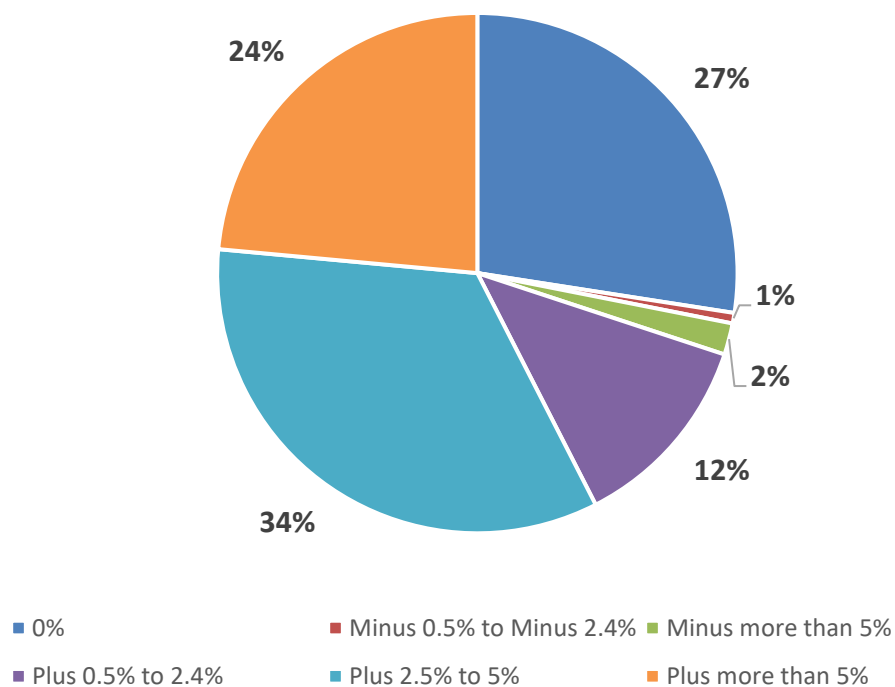
Current Exports increased this quarter from 0% to 50%, while Export Expectations remain the same at 0%.

## Q3'24 Pay Expectations: Employees

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

- 27% of SMEs will not be able to increase pay this year for their employees.
- 12% will increase employees pay by 0.5% to 2.4%.
- 34% will increase pay by 2.5%-5%.
- 3% of employers will decrease employees pay.

### Pay Expectations: Employees

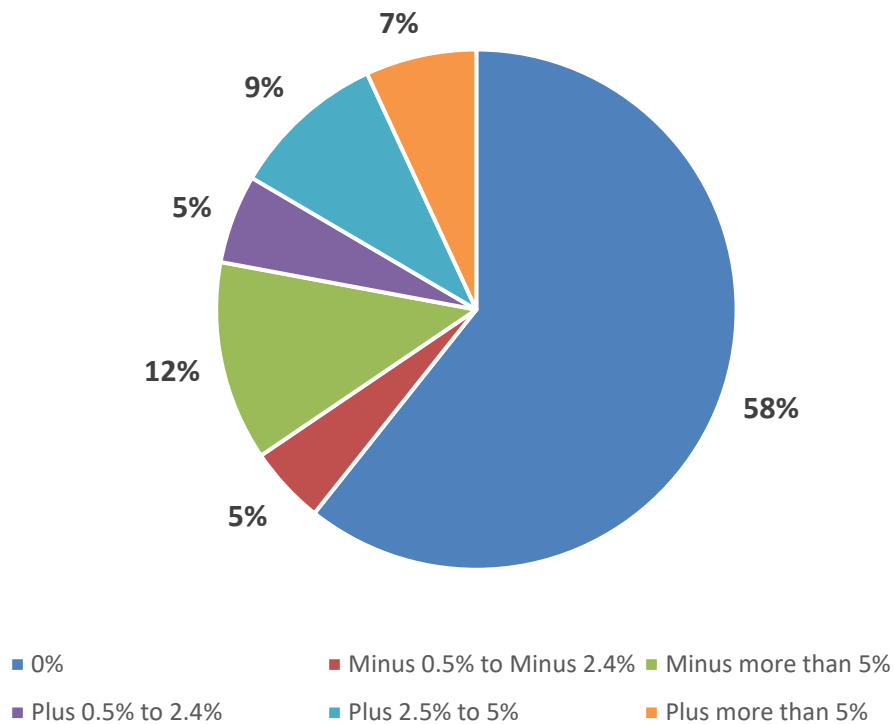




## Q3'24 Pay Expectations: Owner Manager

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

### Pay Expectations: Owner/Manager



- 58% said they would not increase their earnings from the business.
- 7% stated they intend to increase their wages by plus 5%.
- 9% will increase their pay between 2.5%-5%.
- 5% will increase their pay between 0.5%-2.4%.
- 17% stated they were reducing their wages.

## Insurance Costs: Introduction

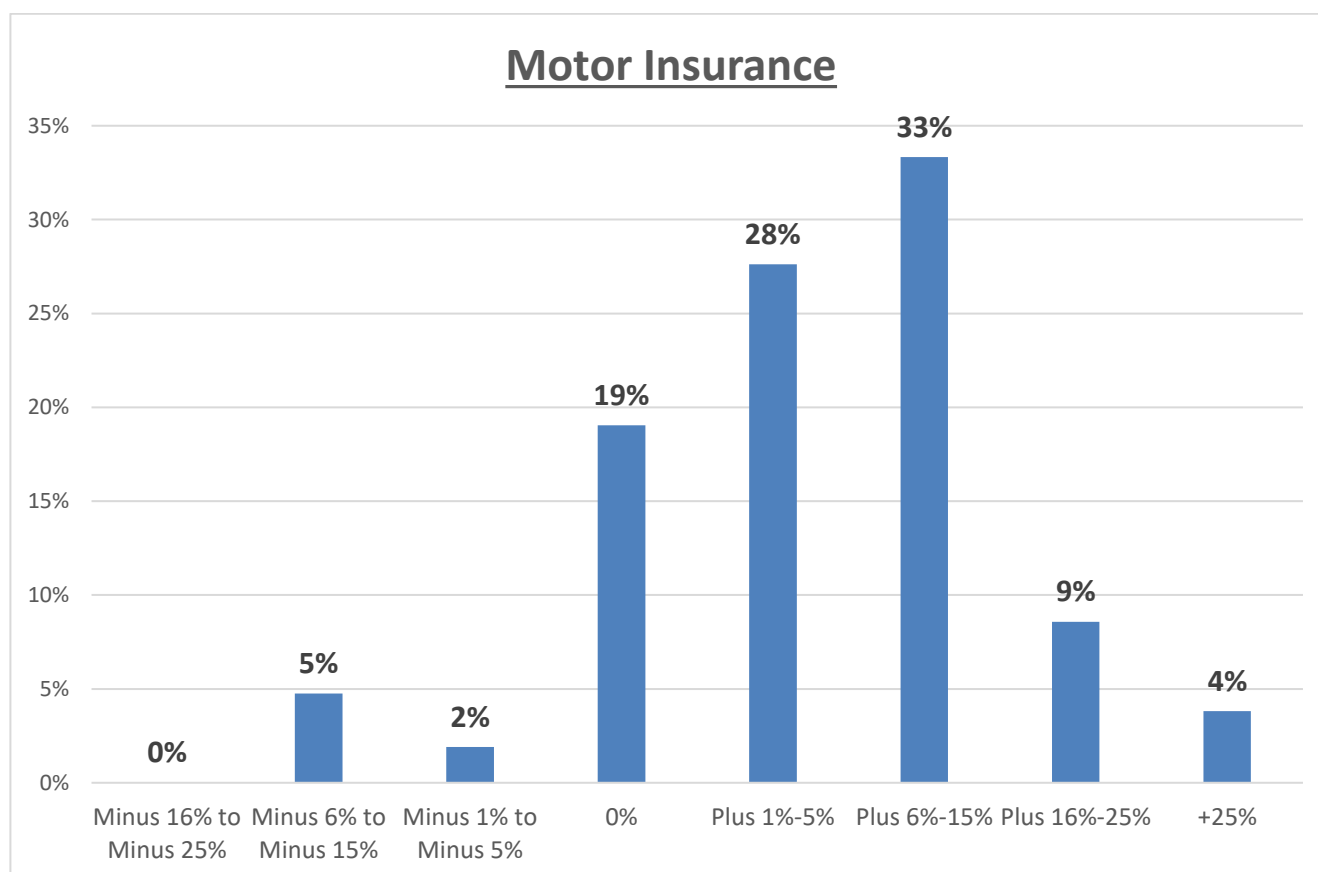
While we see continued decreases in the CSO CPI figures for personal motor insurance costs, our data shows us that businesses are still facing significant increases. The CSO does not survey commercial insurances costs in its Services Producer Price Index. In view of the very high costs of insurance in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

Our latest data shows us that:

40% of SMEs consider Insurance one of their immediate biggest concerns.

## Motor Insurance:

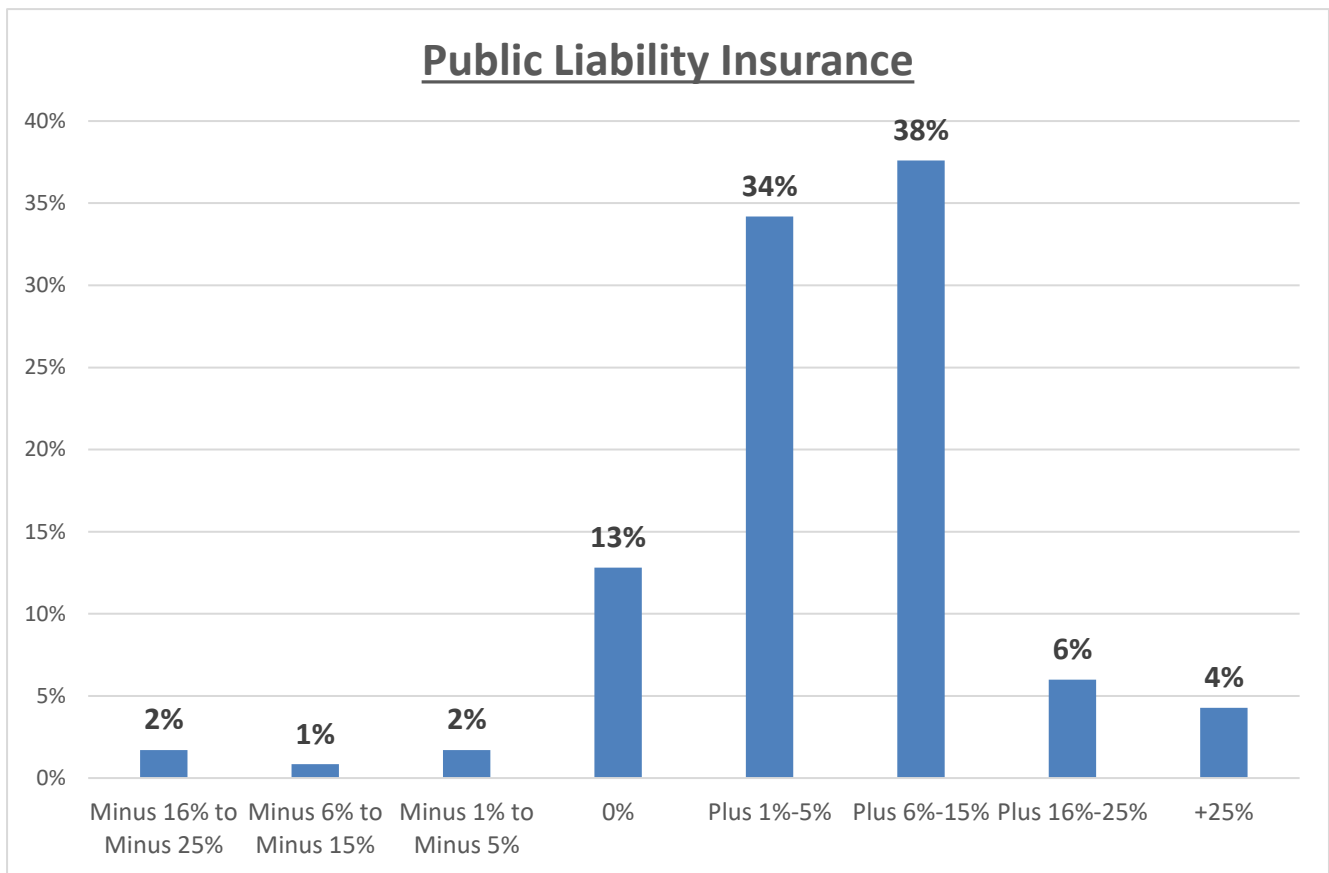
73% of respondents stated their Motor Insurance premiums increased on renewal.



- 4% of respondents noted an increase of +25%.
- 9% experienced increases of plus 16%-25%.
- 33% of respondents' premiums increased between plus 6% to 15%.
- 28% of those who responded recorded increases of plus 1%-5%.
- 19% reported no increase to premiums.
- While 7% reported a decrease.

## Public Liability Insurance:

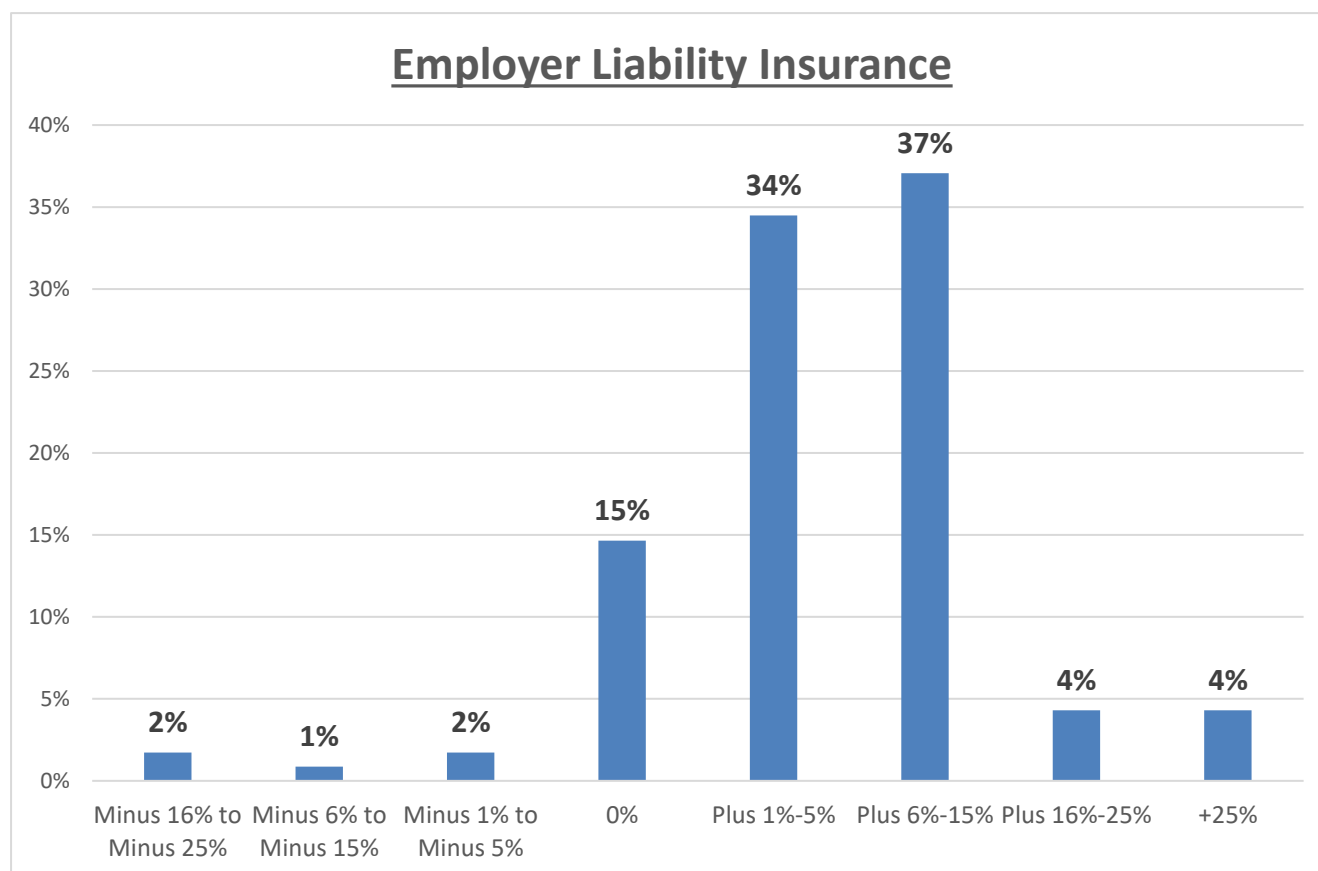
82% of respondents stated their Public Liability Insurance premiums increased on renewal.



- 34% reported increases of between 1% and 5%.
- 38% stated increases of plus 6%-15%.
- 6% reported increases of plus 16%-25%.
- 4% reported increases of +25%
- 13% reported no change.
- While 5% reported a decrease.

## Employer Liability Insurance:

80% stated their Employer Liability insurance premiums increased on renewal.



- 34% reported increases of between 1% and 5%.
- 37% stated increases of plus 6%-15%.
- 4% reported increases of plus 16%-25%.
- 4% reported increases of +25%
- 15% reported no change.
- While 5% reported a decrease.

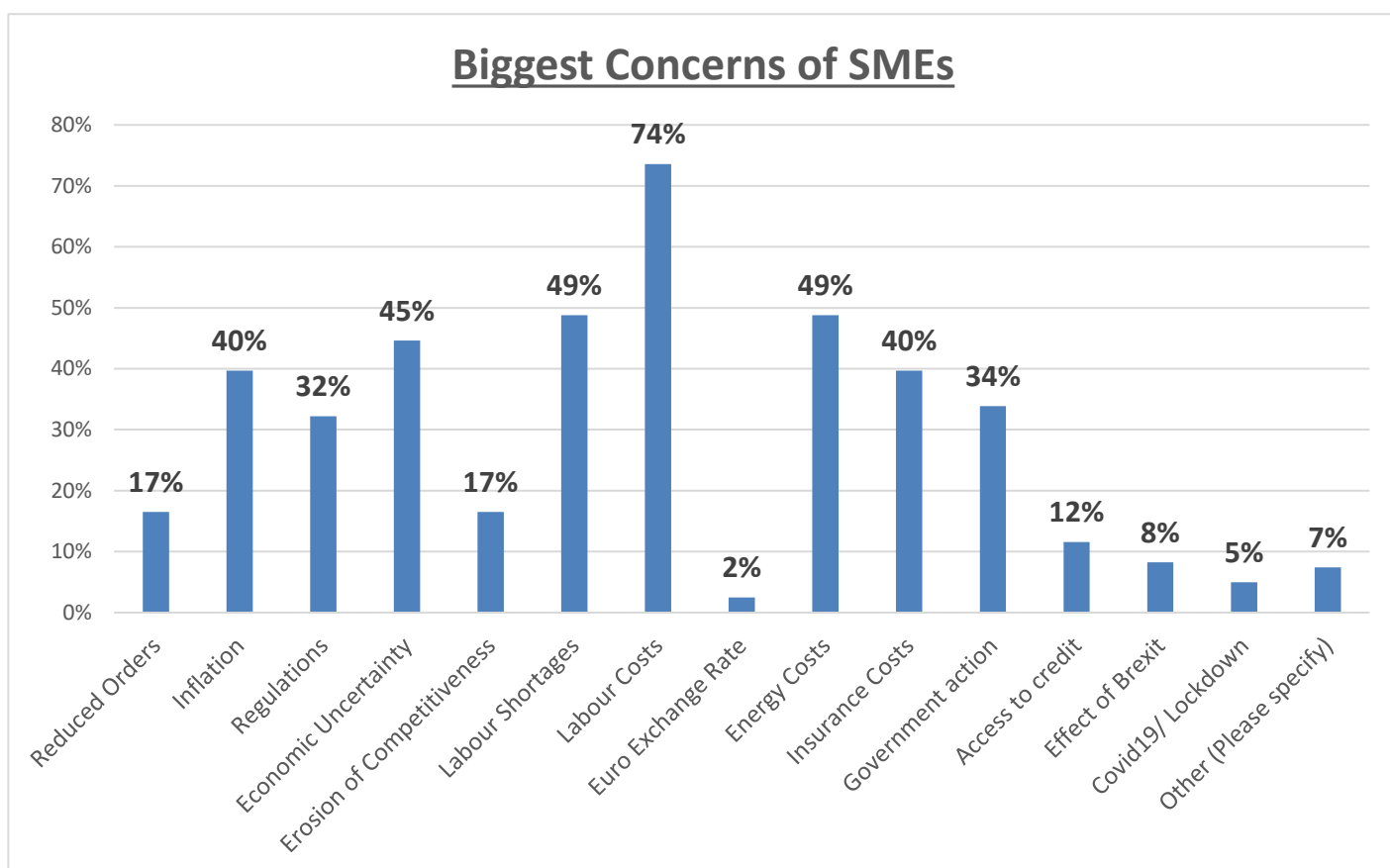
## Insurance Summary:

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 2023.

## Biggest concern of SMEs:

The top five concerns for SMEs in this quarter are:

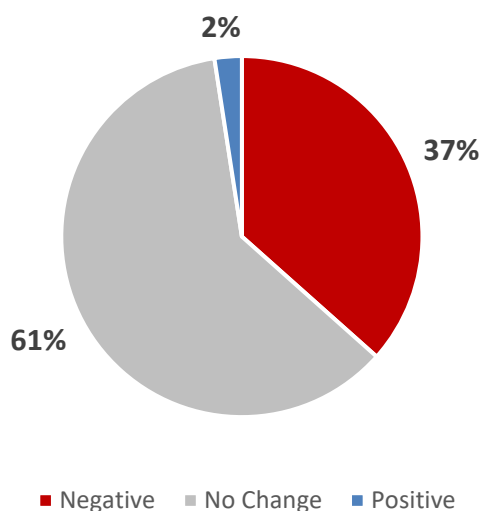
- Energy Costs at 49%.
- Labour Costs at 74%.
- Inflation and insurance costs, both at 40%.
- Economic Uncertainty at 45%.
- Labour Shortages at 49%



## BREXIT:

Brexit has become a slightly more significant concern this quarter, with 37% of respondents stating that it would have a negative impact on their bottom line. 2% of respondents said Brexit will have a positive impact on their business, while 61% responded with no change.

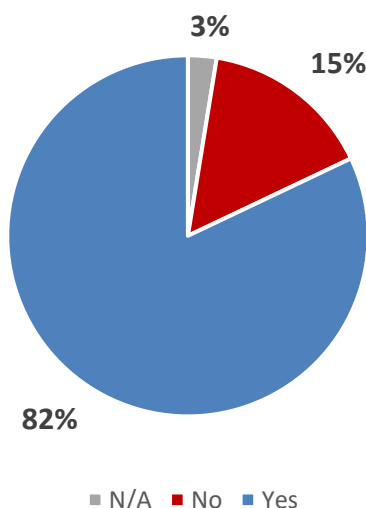
### What effect will BREXIT have on your bottom line?



## 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 15% of businesses are impacted by inadequate broadband.

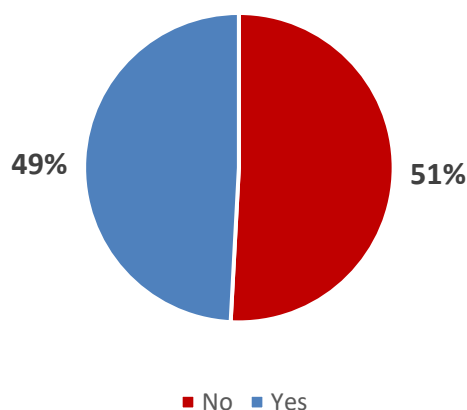
### Is your broadband service adequate?



## Retaining and Recruiting staff:

When asked 'Is your company finding it difficult to retain staff members?', 49% stated yes they were, while 51% stated this was not a problem.

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

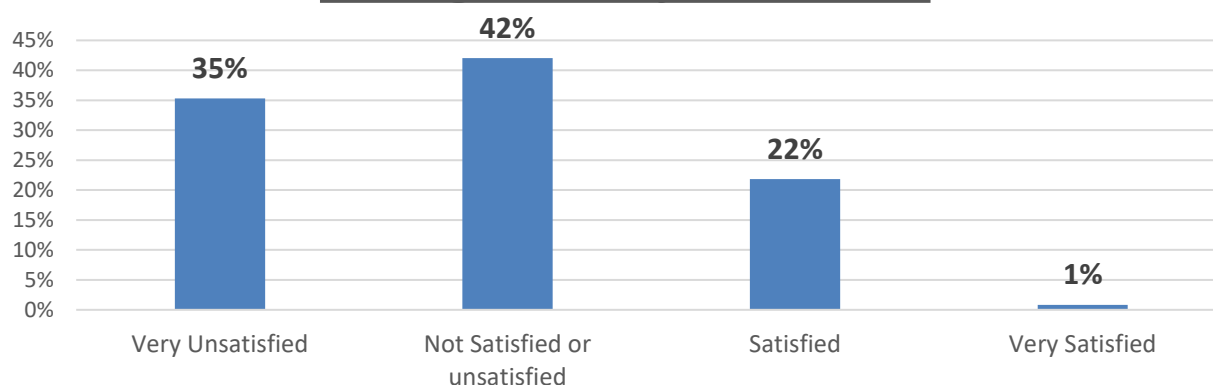


## Government Performance:

### Dealing with the job situation

- Very Satisfied: 1%
- Satisfied: 22%
- Not Satisfied or dissatisfied: 42%
- Very Dissatisfied: 35%

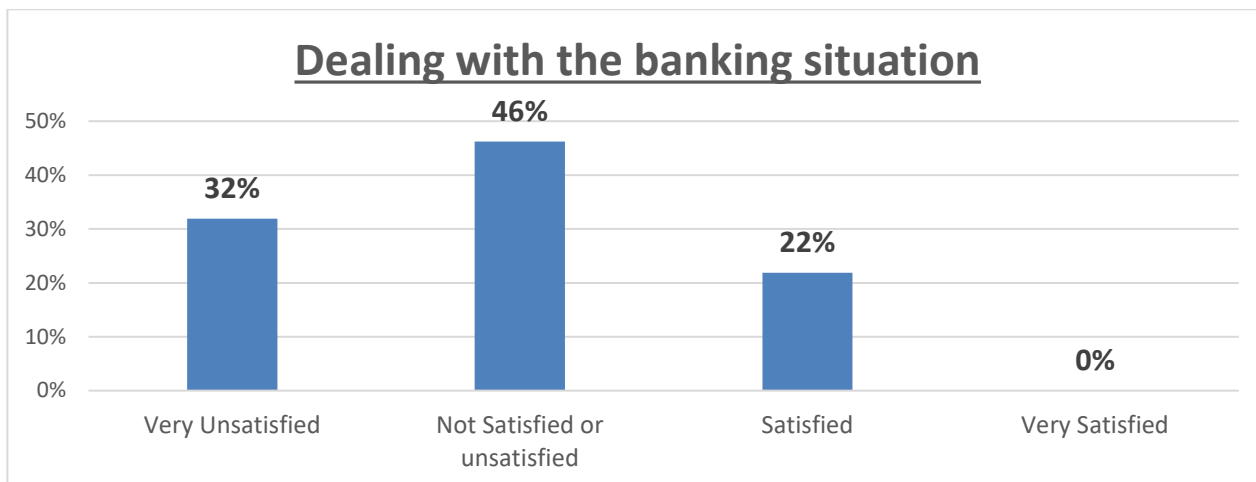
### Dealing with the jobs situation



### Dealing with the banking situation

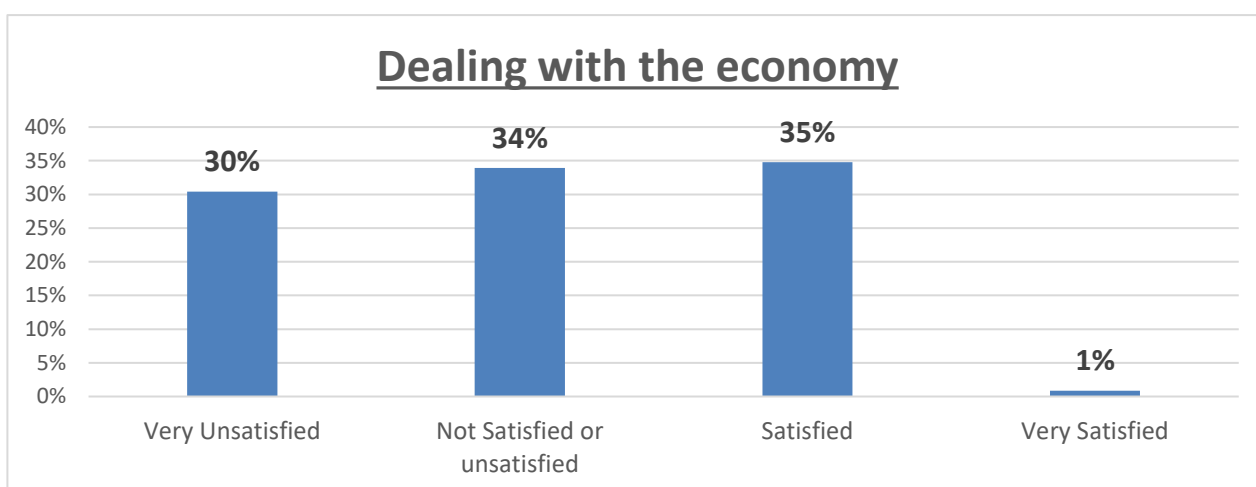
- Very Satisfied: 0%
- Satisfied: 22%

- Not Satisfied or dissatisfied: 46%
- Very Dissatisfied: 32%



#### Dealing with the economy

- Very Satisfied: 1%
- Satisfied: 35%
- Not Satisfied or dissatisfied: 34%
- Very Dissatisfied: 30%

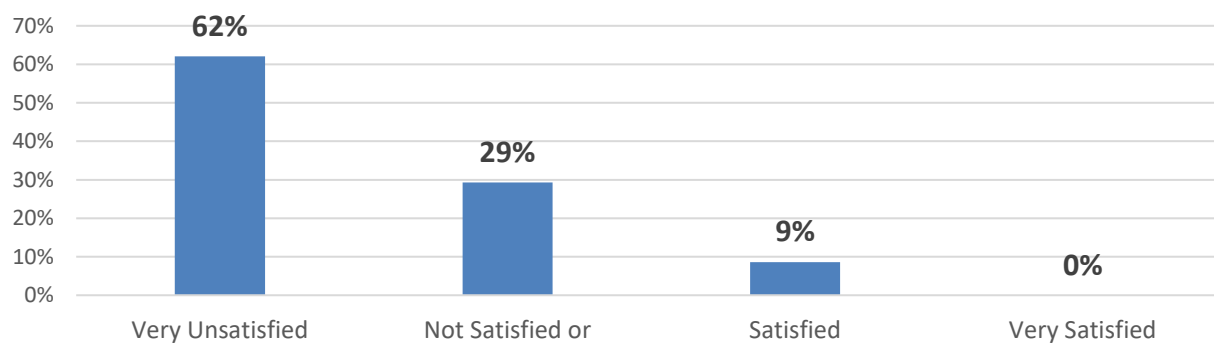


#### Dealing with costs to business

- Very Satisfied: 0%
- Satisfied: 9%
- Not Satisfied or dissatisfied: 29%
- Very Dissatisfied: 62%



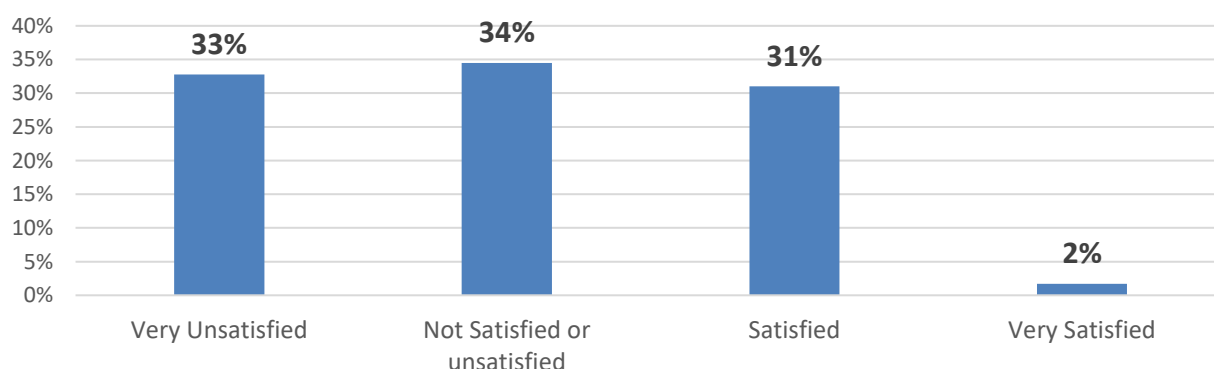
## Dealing with costs to business



### Overall economic performance

- Very Satisfied: 2%
- Satisfied: 31%
- Not Satisfied or dissatisfied: 34%
- Very Dissatisfied: 33%

## Overall economic performance



For further information, please contact:

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### Methodology:

This survey was published in the fourth week of September 2024, covering the third quarter of 2024. There were 162 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.