

Q4'24

ISME Q4 TRENDS REPORT 2024

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Introduction: Q4'2024 Trends Report

This survey was published in the second week of December 2024 with 130 SME respondents and covers the fourth quarter of 2024. Of those surveyed the employee breakdown is as follows:

- 1-10 38%
- 11-20 25%
- 21-30 11%
- 31-50 16%
- 100 + 8%
- Other 3%

Geographically, the breakdown is as follows:

- Dublin 30%
- Leinster (Except Dublin) 25%
- Munster 21%
- Connacht 13%
- Ulster 5%
- Multiple sites 6%
- Other 1%

The Sectorial breakdown:

- Manufacturing 25%
- Services 9%
- IT/Online Services 4%
- Wholesale 5%
- Retail 13%
- Construction 5%
- Transport & Logistics 5%
- Hospitality 23%
- Food & Drink Production 2%
- Health Sector 2%
- Agriculture 0%
- Other (Please specify) 9%

Overall Confidence Indicators:

The Q4'24 Business Trends Quarterly survey showed 4 out of 14 confidence indicators yielding declining results.

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

Business Expectations increased this quarter, rising from -29% to -17%. The Business Environment increased from 0% to 9%, while Profitability Expectations increased from 17% to 19%.

The Current Employment confidence indicator increased by 4 %, while Future Employment increased, rising from -8% to 2%.

Current Sales continue to decrease, dropping by 1%. Sales Expectations increased from -6% to -2%.

Current Investment rose by 7% this quarter, while Future Investment also increased by 5%.

Current Exports rose by 2%. Export Expectations decreased by 2%.

Economic uncertainty concerns remain high but have decreased, falling to 40%. Brexit concerns decreased slightly, now at 5%.

Q4'24 Manufacturing:

Our Q4'24 results for the manufacturing sector show a mixed response for many confidence indicators in the manufacturing sector. In this quarter, there were 5 decreasing confidence indicators.

KEY INDICATORS MANUFACTURING	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Business Confidence	-22%	-22%	60%	-40%	0%	12%	-57%	-50%	-10%	-17%	-10%
Business Expectations	-52%	-28%	40%	-40%	-15%	29%	-43%	-13%	-7%	-22%	3%
Business Environment	37%	44%	60%	40%	46%	53%	-29%	0%	31%	35%	37%
Profitability Expectations	12%	30%	80%	13%	25%	31%	0%	21%	27%	19%	21%
Current Employment	24%	20%	40%	27%	23%	18%	-29%	6%	-4%	13%	25%
Future Employment	4%	20%	60%	13%	0%	59%	-29%	-6%	0%	17%	29%
Current Sales	56%	53%	80%	13%	0%	0%	-33%	7%	0%	0%	11%
Sales Expectations	16%	7%	60%	-13%	8%	31%	-50%	13%	-23%	29%	7%
Current Investment	52%	50%	0%	27%	46%	38%	-33%	0%	38%	29%	64%
Future Investment	20%	20%	80%	40%	23%	44%	-33%	13%	27%	24%	4%
Current Exports	12%	30%	33%	-20%	0%	0%	25%	33%	13%	-6%	10%
Export Expectations	41%	21%	67%	40%	29%	25%	0%	8%	19%	47%	20%
Economic Uncertainty	60%	46%	60%	36%	42%	46%	20%	50%	30%	42%	32%

Business Confidence increased from -17% to -10%, while Business Expectations also increased to 3%, a dramatic increase of 25%.

Profitability Expectations increased by 2%.

Future Employment in manufacturing increased from 17% to 29%.

Current Sales increased from 0% to 11%, while Sales Expectations for the future decreased from 29% to 7%.

Current Investment increased from 29% to 64%.

Current Exports increased from -6% to 10%. Future Exports decreased from 47% to 20%.

Current Employment increased from 13% to 25%.

Q4'24 Retail:

The Retail sector for Q4'24 showed Business Confidence increasing this quarter, rising to -41%.

KEY INDICATORS RETAIL	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Business Confidence	-46%	0%	33%	-20%	-33%	100%	-80%	-75%	-41%	-59%	-41%
Business Expectations	-46%	-50%	0%	-80%	-17%	0%	-60%	-13%	-30%	-56%	-41%
Business Environment	23%	50%	100%	40%	0%	100%	-40%	-13%	-26%	-19%	6%
Profitability Expectations	15%	30%	33%	25%	0%	0%	20%	0%	23%	7%	7%
Current Employment	31%	30%	0%	0%	-50%	100%	0%	13%	-19%	-16%	-18%
Future Employment	-23%	30%	0%	0%	33%	100%	-40%	-25%	-15%	-25%	-18%
Current Sales	31%	60%	0%	-50%	-20%	100%	-40%	-13%	-19%	-25%	19%
Sales Expectations	8%	20%	33%	-25%	0%	100%	0%	-25%	-19%	-43%	-25%
Current Investment	69%	40%	33%	25%	-20%	0%	0%	38%	12%	-11%	13%
Future Investment	38%	50%	67%	0%	40%	0%	-20%	50%	-8%	-7%	13%
Current Exports	0%	0%	-	-	-	-	33%	0%	17%	0%	67%
Export Expectations	0%	0%	-	-	-	-	33%	0%	13%	0%	100%
Economic Uncertainty	77%	50%	67%	50%	40%	0%	100%	75%	52%	33%	36%

Business Expectations also increased significantly, going from -56% to -41%.

Profitability Expectations remain steady at 7%. Current Sales increased from -25% to 19%.

Current Investment showed an increase of 23% from Q3'24. Future Investment increased from -7% to 13%.

Business Environment increased to 6%, rising by 25% from last quarter.

Current Employment in retail fell by 2% this quarter, now at -18%. The expectation for Future Employment increased from -25% to -18%. Sales Expectations also increased dramatically from -43% to -25%.

Q4'24 Services:

The Services sector for Q4'23 showed 2 of the 14 confidence indicators decreasing from the previous quarter.

KEY INDICATORS SERVICES	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Business Confidence	-13%	8%	-21%	21%	13%	25%	20%	-52%	-35%	-25%	25%
Business Expectations	-54%	-33%	-14%	5%	0%	0%	30%	0%	-26%	20%	25%
Business Environment	28%	46%	7%	42%	50%	50%	20%	-10%	-19%	25%	0%
Profitability Expectations	18%	42%	46%	31%	25%	25%	43%	17%	21%	25%	33%
Current Employment	13%	0%	-7%	16%	13%	50%	20%	0%	13%	0%	-9%
Future Employment	0%	30%	14%	42%	0%	25%	20%	10%	-3%	15%	0%
Current Sales	6%	38%	0%	19%	38%	38%	0%	0%	4%	29%	-11%
Sales Expectations	-11%	10%	31%	19%	25%	63%	38%	11%	-25%	47%	0%
Current Investment	37%	38%	15%	31%	38%	38%	38%	0%	36%	47%	33%
Future Investment	29%	33%	15%	0%	25%	50%	38%	11%	29%	41%	22%
Current Exports	17%	29%	50%	0%	50%	0%	0%	-25%	0%	50%	-33%
Export Expectations	29%	38%	50%	33%	25%	25%	33%	50%	0%	0%	0%
Economic Uncertainty	60%	62%	42%	46%	43%	14%	43%	61%	50%	33%	38%

Business Confidence rose from -25% to 25%.

Business Environment decreased from 25% to 0% while Profitability Expectations rose from 25% to 33%.

Current Employment fell from 0% to -9% while Future Employment also decreased from 15% in Q3'24 to 0% this quarter.

Current Sales decreased from 29% to -11%. Sales Expectations showed a dramatic decrease, falling from 47% to 0%.

Current Investment decreased by 14%. Future Investment decreased from 41% to 22%.

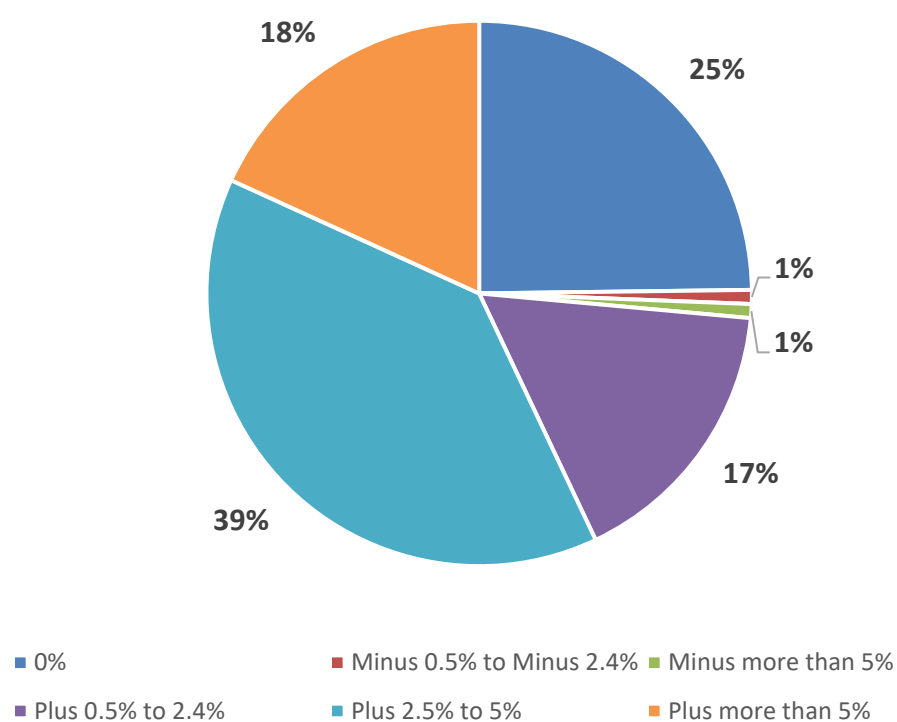
Current Exports decreased this quarter from 50% to -33%, while Export Expectations remain the same at 0%.

Q4'24 Pay Expectations: Employees

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

- 25% of SMEs will not be able to increase pay this year for their employees.
- 17% will increase employees pay by 0.5% to 2.4%.
- 39% will increase pay by 2.5%-5%.
- 2% of employers will decrease employees' pay.

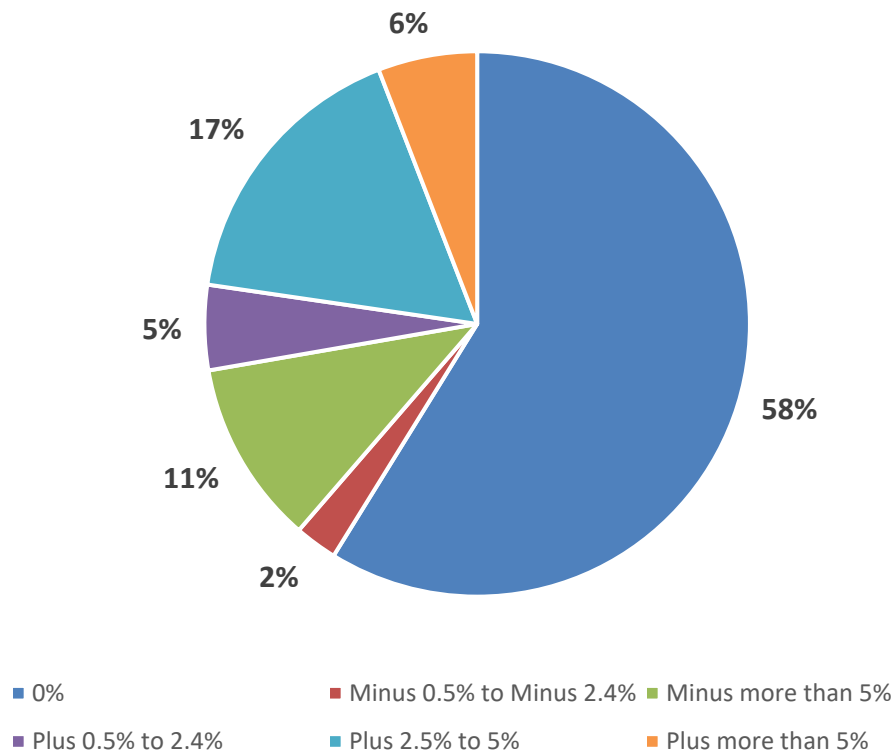
Pay Expectations: Employees



Q4'24 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.
- 6% stated they intend to increase their wages by plus 5%.
- 17% will increase their pay between 2.5%-5%.
- 5% will increase their pay between 0.5%-2.4%.
- 13% stated they were reducing their wages.

Insurance Costs: Introduction

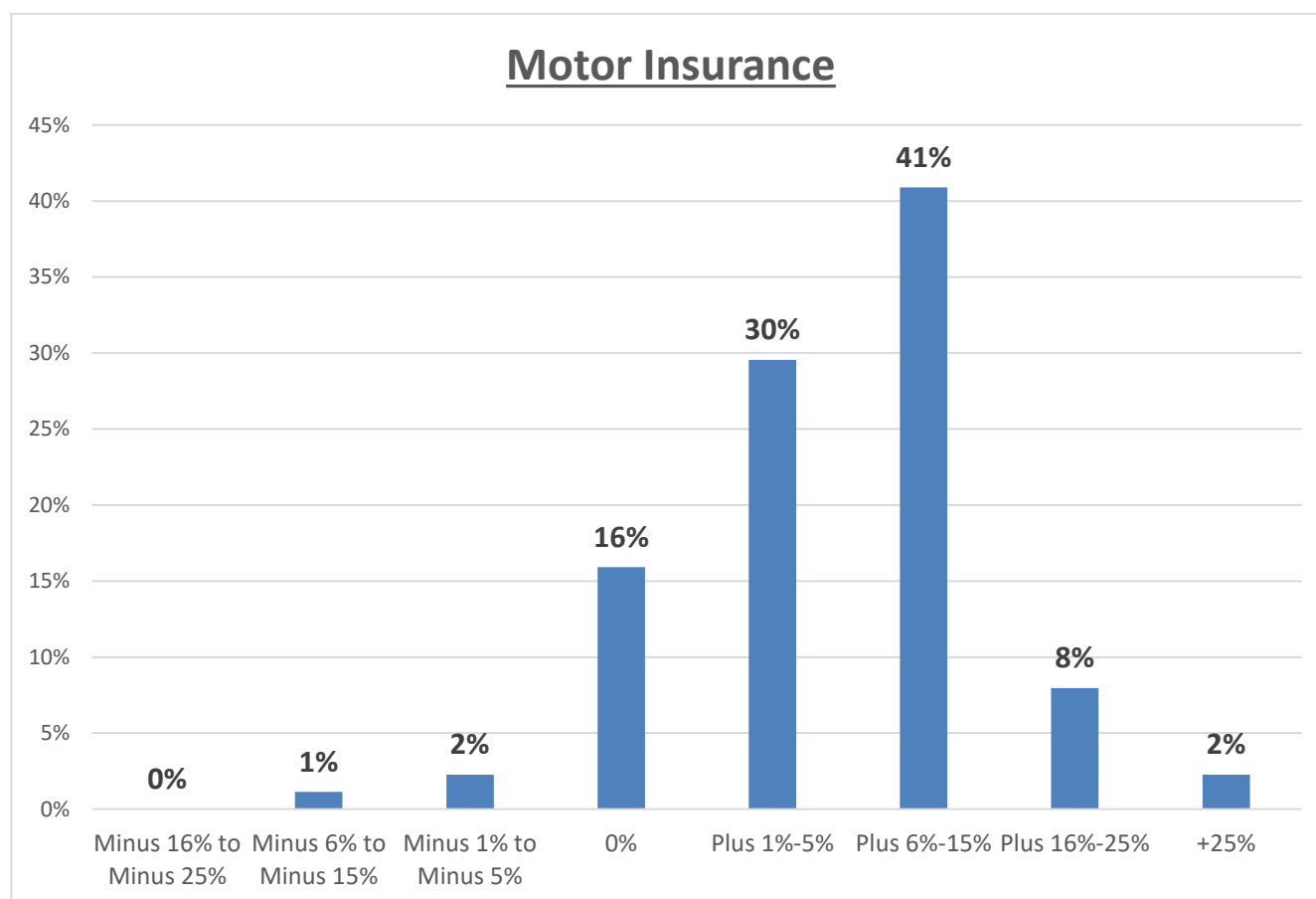
While we see continued decreases in the CSO CPI figures for personal motor insurance costs, our data shows us that businesses are still facing significant increases. The CSO does not survey commercial insurances costs in its Services Producer Price Index. In view of the very high costs of insurance in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

Our latest data shows us that:

43% of SMEs consider Insurance one of their immediate biggest concerns.

Motor Insurance:

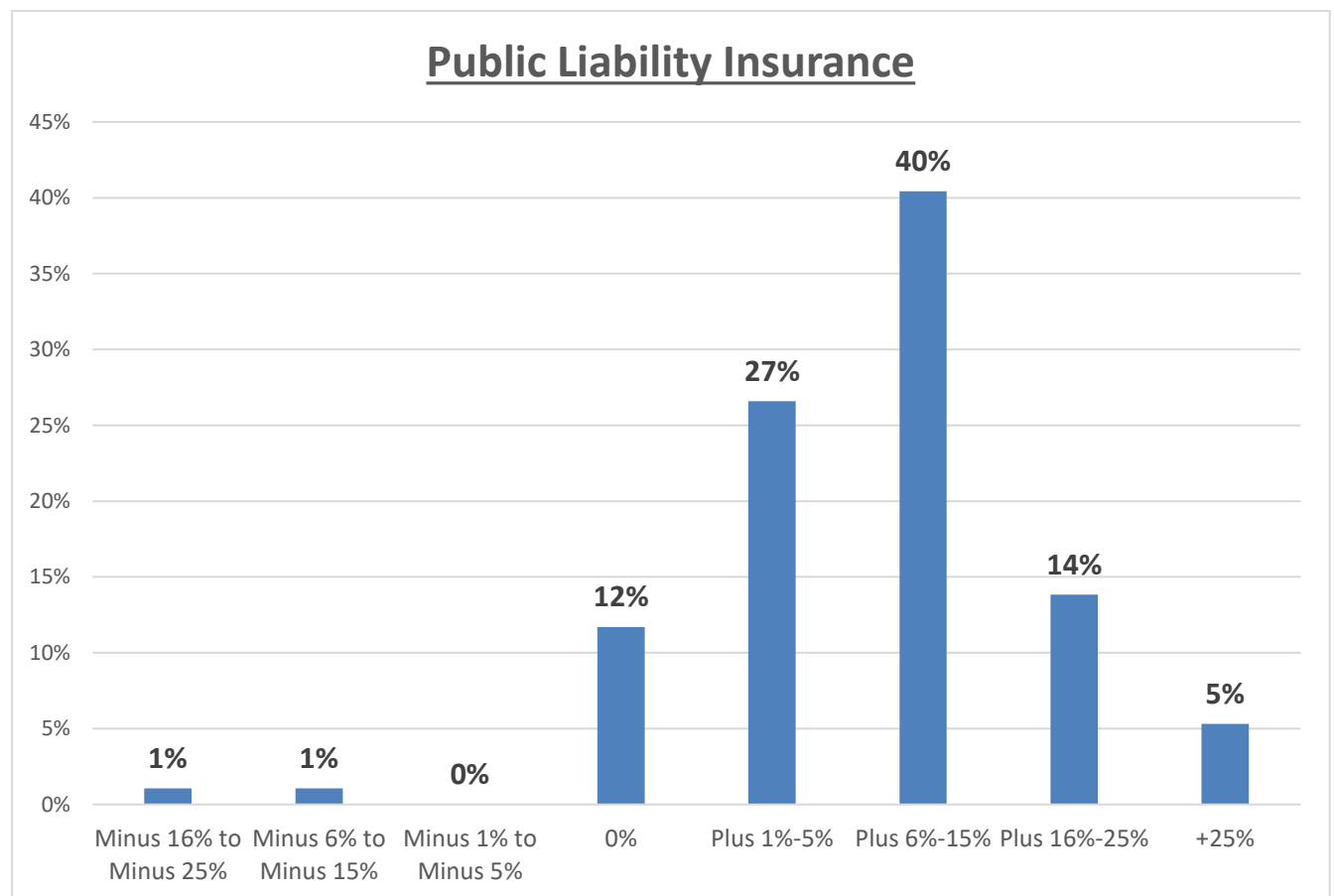
81% of respondents stated their Motor Insurance premiums increased on renewal.



- 2% of respondents noted an increase of +25%.
- 8% experienced increases of plus 16%-25%.
- 41% of respondents' premiums increased between plus 6% to 15%.
- 30% of those who responded recorded increases of plus 1%-5%.
- 16% reported no increase to premiums.
- While 3% reported a decrease.

Public Liability Insurance:

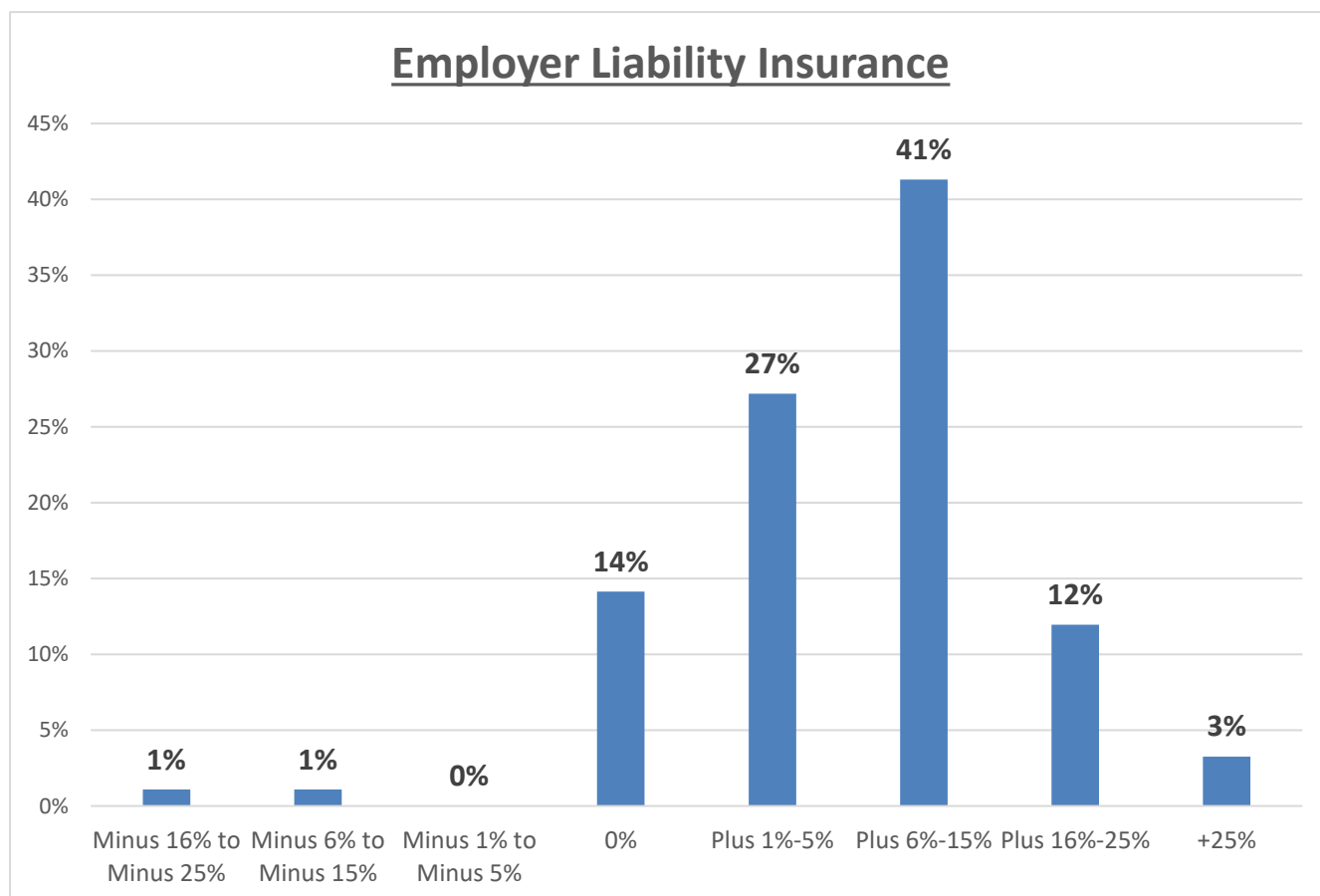
86% of respondents stated their Public Liability Insurance premiums increased on renewal.



- 27% reported increases of between 1% and 5%.
- 40% stated increases of plus 6%-15%.
- 14% reported increases of plus 16%-25%.
- 5% reported increases of +25%
- 12% reported no change.
- While 2% reported a decrease.

Employer Liability Insurance:

83% stated their Employer Liability insurance premiums increased on renewal.



- 27% reported increases of between 1% and 5%.
- 41% stated increases of plus 6%-15%.
- 12% reported increases of plus 16%-25%.
- 3% reported increases of +25%
- 14% reported no change.
- While 2% reported a decrease.

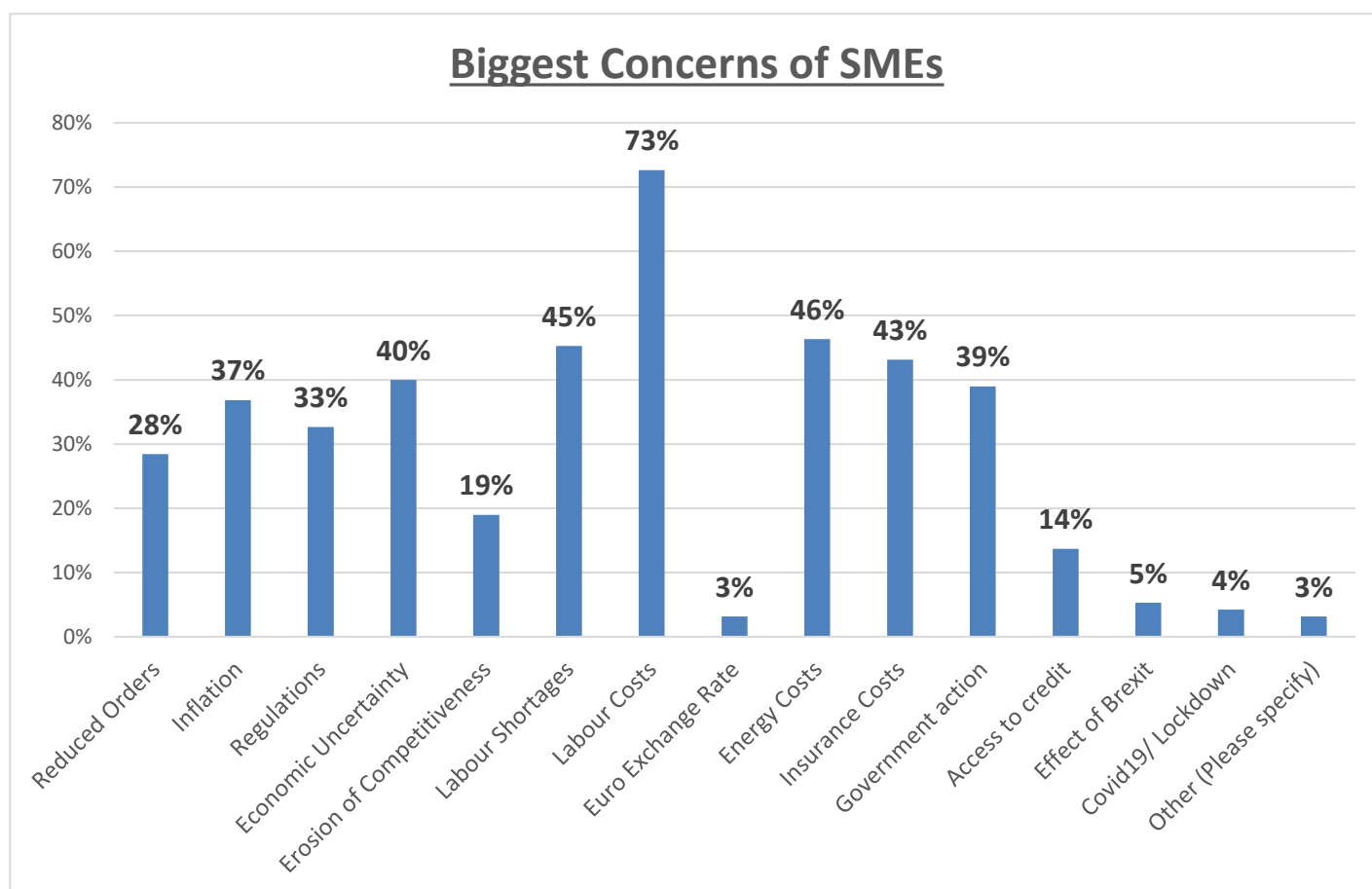
Insurance Summary:

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 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 2025.

Biggest concern of SMEs:

The top five concerns for SMEs in this quarter are:

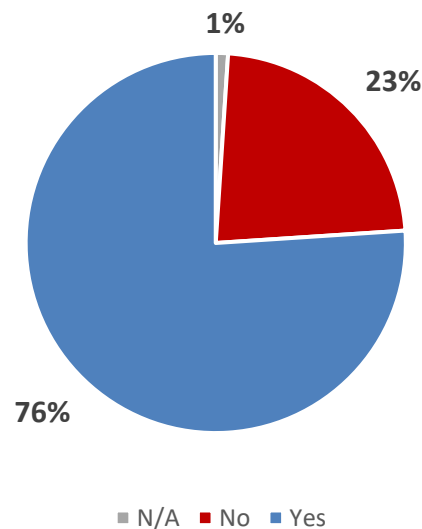
- Energy Costs at 46%.
- Labour Costs at 73%.
- Insurance costs at 43%.
- Economic Uncertainty at 40%.
- Labour Shortages at 45%



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 23% of businesses are impacted by inadequate broadband.

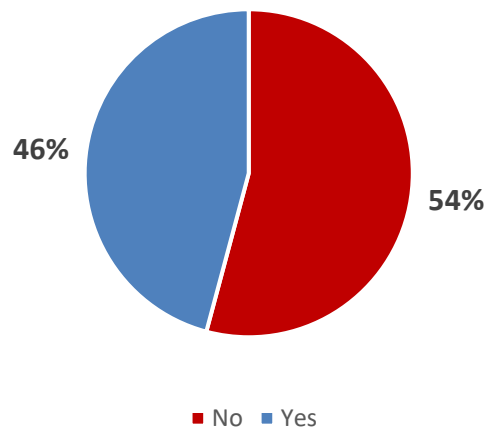
Is your broadband service adequate?



Retaining and Recruiting staff:

When asked, “Is your company finding it difficult to retain staff members?”, 46% stated yes they were, while 54% stated this was not a problem.

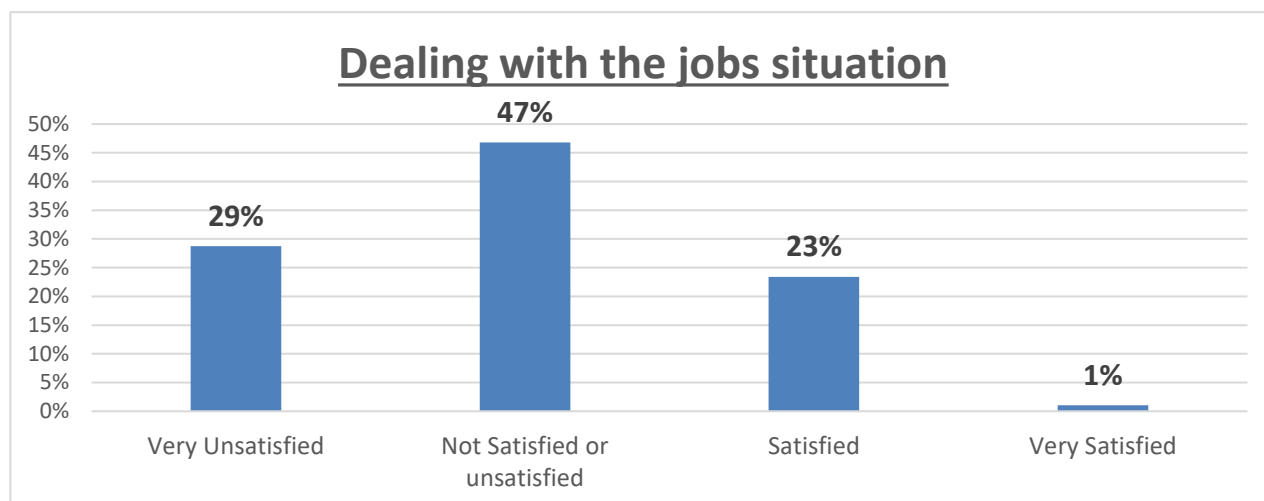
Is your company finding it difficult to retain staff members?



Government Performance:

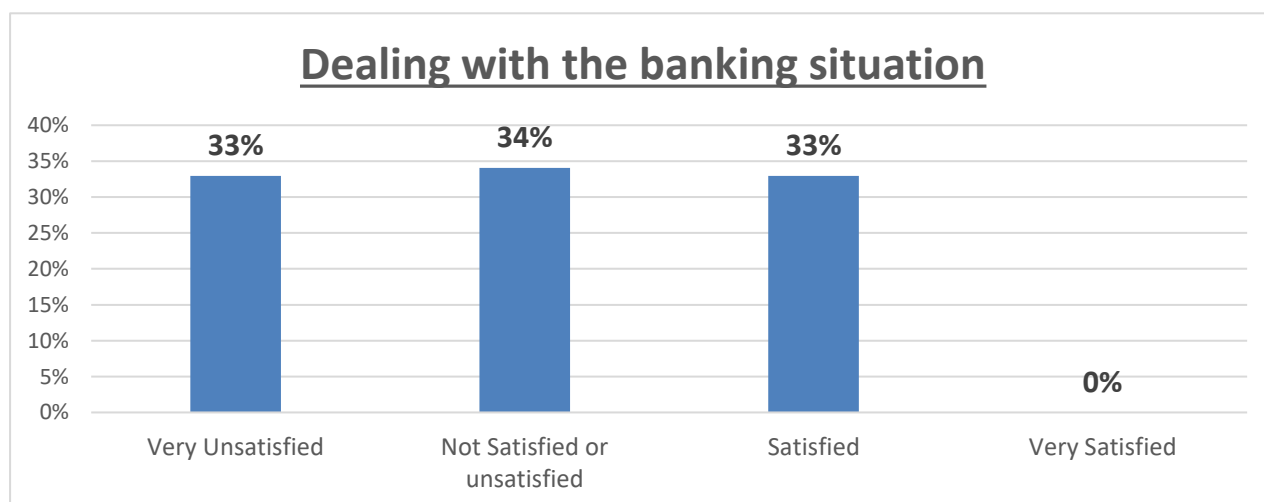
Dealing with the job situation

- Very Satisfied: 1%
- Satisfied: 23%
- Not Satisfied or dissatisfied: 47%
- Very Dissatisfied: 29%



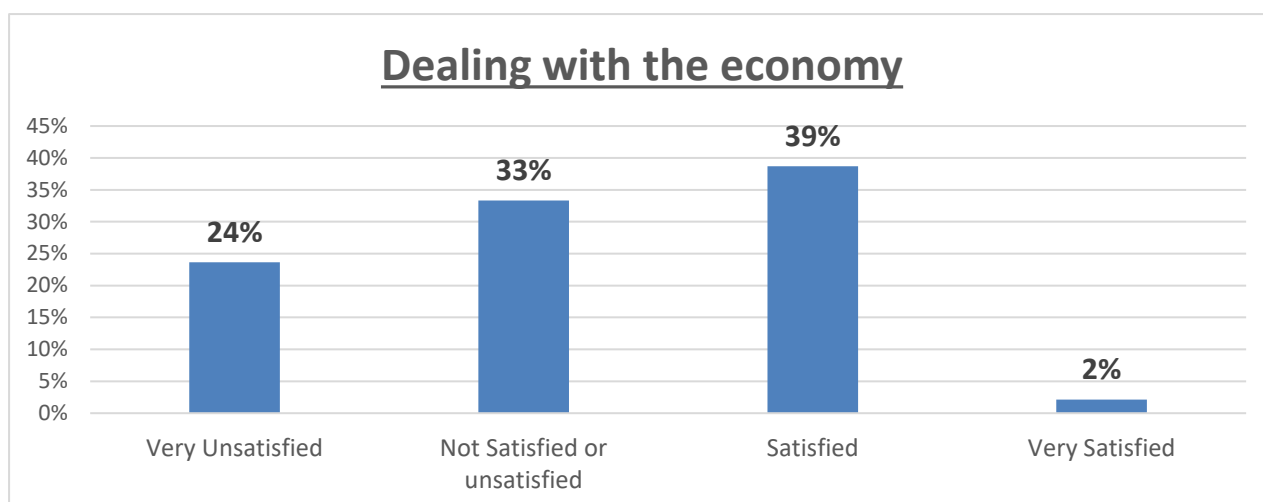
Dealing with the banking situation

- Very Satisfied: 0%
- Satisfied: 33%
- Not Satisfied or dissatisfied: 34%
- Very Dissatisfied: 33%



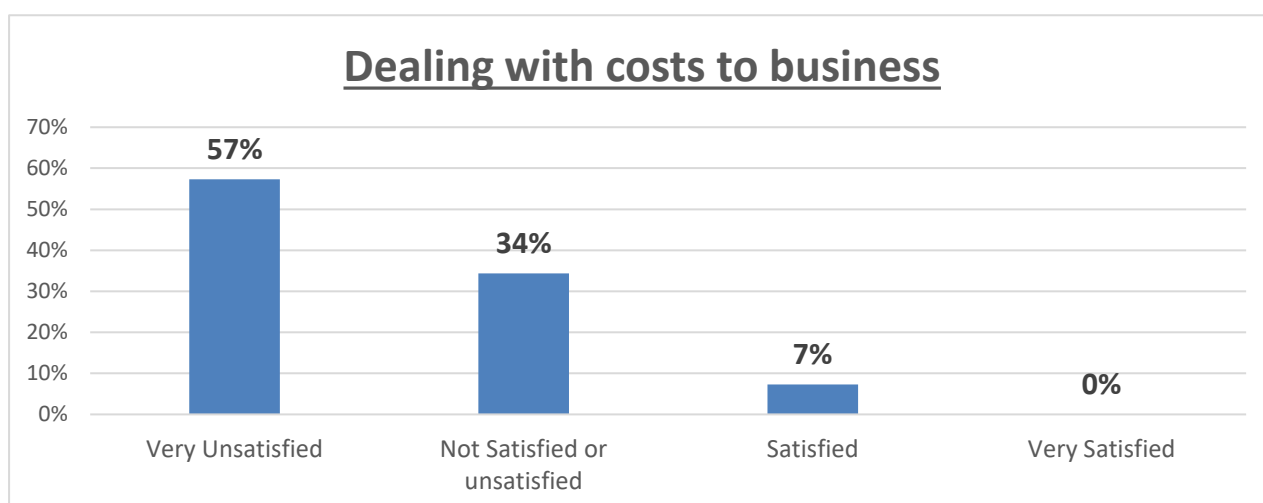
Dealing with the economy

- Very Satisfied: 2%
- Satisfied: 39%
- Not Satisfied or dissatisfied: 33%
- Very Dissatisfied: 24%



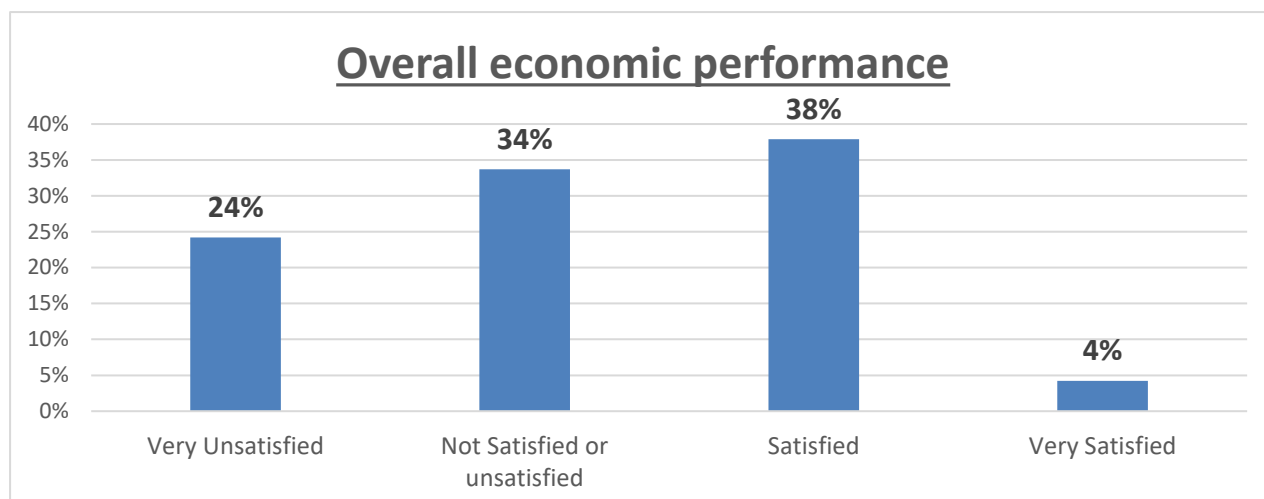
Dealing with costs to business

- Very Satisfied: 0%
- Satisfied: 7%
- Not Satisfied or dissatisfied: 34%
- Very Dissatisfied: 57%



Overall economic performance

- Very Satisfied: 4%
- Satisfied: 38%
- Not Satisfied or dissatisfied: 34%
- Very Dissatisfied: 24%



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Methodology:

This survey was published in the second week of December 2024, covering the fourth quarter of 2024. There were 130 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.