

EFAMRO Moodindicator Q1 2017:

Increasing optimism in the European research industry, with Italy and Switzerland as exceptions

Introduction

EFAMRO conducted in Q1 of 2017 a new wave of the EFAMRO Moodindicator. Research agencies, that are members of their national trade association, were asked about the business outlook from the perspective of their organisation and their domestic market. In this wave, respondents from 13 European countries participated.

The sample base and response rates are relatively; the questions differ slightly (as a result of historic benchmarking) and fieldwork periods are not exactly the same in all countries. However, the results give a good indicator of the development of the European research industry, particularly when comparing the results to the results of the previous waves.

Expectations regarding 2017: businesses are increasingly optimistic

European research businesses are rather optimistic regarding their own revenue development in 2017 (see Table 1).

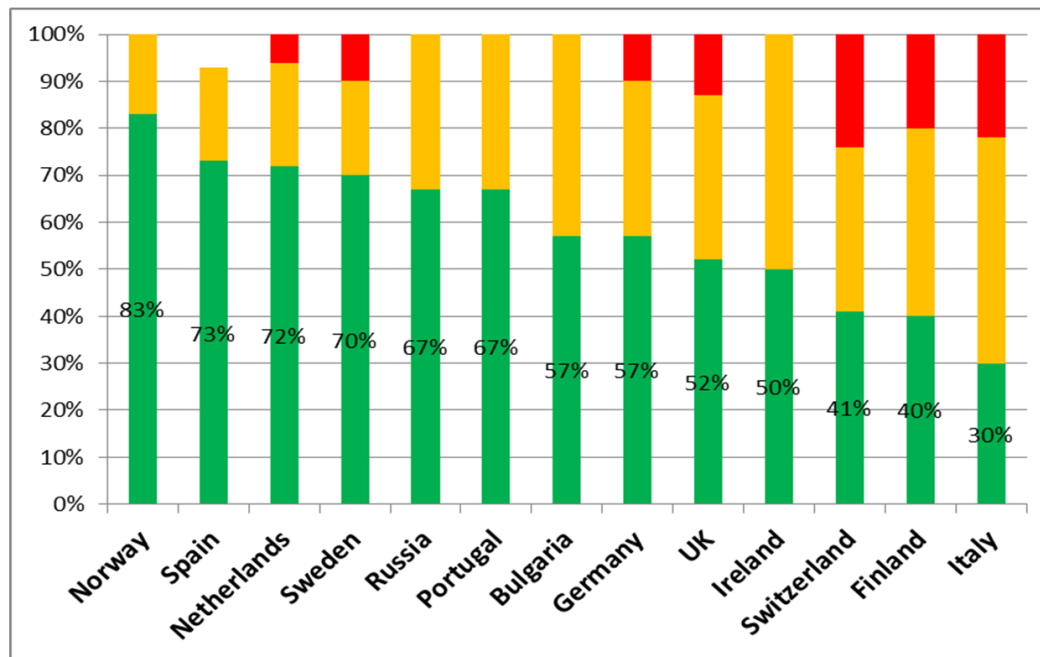
Since 2013, optimism has been the dominant feature when respondents consider their own businesses. On a country level however, there are more variations.

Currently in almost all participant countries the majority of the business owners and managers expect the revenue of their business to grow in 2017. Norway, Spain and the Netherlands are the most positive. In Norway optimism is on a relatively high level, considerably better than in previous years.

The less optimistic countries are Switzerland, Finland and Italy, where just circa 30% - 40% are optimistic.

Table 1: Business owners views on their own businesses

Thinking about the year ahead do you think your research revenues expectations are greater/less than 2016? *



The southern European countries suffered most during the post-2008 economic crisis. Up to 2013 there was much pessimism in Spain, Italy and Portugal. Since early 2014 recovery seemed to occur, with optimism increasing (see Table 2). In Spain and Portugal where the GDP is growing, optimism is now on a high level and still increasing, while in Italy the national economy is stagnating and the expectations of business managers and owners are rather pessimistic.

Since mid 2016 there seems to be a major change in the sentiment in the Russian research market. After three years of dominant pessimism (2014-2016), business owners and managers are now in a quite positive mood, and the positive mood shown in Q4 2016 continues.

The sentiment in Switzerland however is quite negative; at its lowest level in three years. This may be related to the economic situation including challenges with the Swiss currency. The Swiss economy did not grow in the second half of 2016. However, looking forward expectations regarding the Swiss economy are better.

Some countries such as Finland vary very much between waves of the EFAMRO Moodindicator. This may be caused by the lower response rates from in Finland.

In Table 2 the ‘top positive’ of each of the countries is shown, ‘top positive’ means ‘percentage respondents expecting an increase -/- percentage expecting a decrease’.

Table 2: Top positives for business owners’ views on their own businesses

Thinking about the year ahead do you think your research revenues expectations are greater/less than 2016? *Net positive*

	Q1 2013	Q1 2014	Q4 2014	Q1/Q2 2015	Q4 2015	Q1/Q2 2016	Q4 2016	Q1 2017	Variance
Norway	50%	60%	14%		50%	34%	38%	83%	45%
Spain	-15%	14%	36%	67%	46%	71%	57%	73%	16%
Russia	78%	9%	-10%	-82%	-8%	-34%	50%	67%	17%
Portugal	-11%			50%	44%	20%	38%	67%	29%
Netherlands			61%	61%	55%	36%	61%	66%	5%
Sweden	0%	73%	90%	56%	50%	45%	67%	60%	-7%
Bulgaria	11%	0%	25%	83%	100%	80%	63%	57%	-6%
Ireland	33%	40%	60%	67%	67%	100%	54%	50%	-4%
Germany	28%	50%	31%	23%	41%	29%	30%	47%	17%
UK	64%	58%	48%	44%	36%	45%	17%	39%	22%
Finland	-22%	33%	40%	0%	29%	13%	67%	20%	-47%
Switzerland	0%	60%	29%	47%	33%	45%	63%	17%	-46%
Italy	-12%	17%	6%	48%	48%	72%	44%	8%	-36%

Expectations regarding the national market in 2017: stable and growing

Like in the previous wave, Q4 2016, almost all business owners and managers expect their national research industry to be stable or grow slightly in the year ahead (see Table 3).

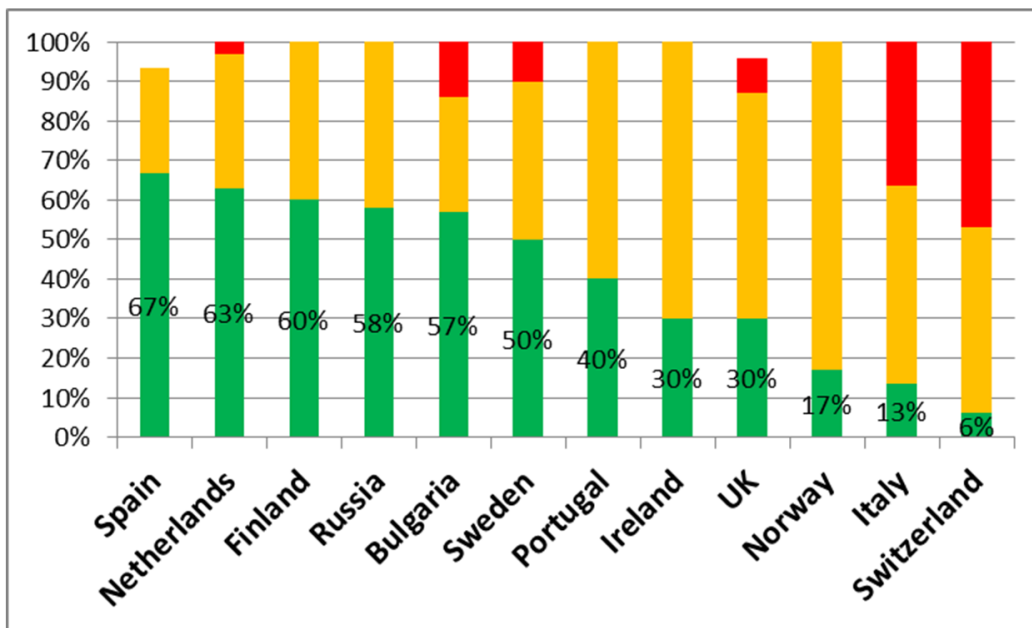
In about half of the countries in the EAMRO Moodindicator the majority of the businesses expect the national market to grow.

As always, businesses in most of the countries are considerably more optimistic about the development of their own organisation than about the development of the industry in their countries. In the most pessimistic countries the difference are remarkable: in Italy and Switzerland respectively just 13% and 4% of the managers and owners expect the market to grow; a much more pessimistic outlook than for their own businesses. Managers seem to persist in the view that the national economic situation will not affect the outlook of their own businesses.

However this is not the case in all countries; in Finland the results are very different. Managers are very optimistic about the development of the market, though the majority does not expect any growth of their own businesses. The sample in Finland is small, but results like these are noteworthy.

Table 3: National research markets

Looking at the research industry in your country overall, what are your expectations for growth over the next 12 months?*



The optimism regarding outlook of the market is increasing or stable in most of the markets which participated in the research. In Italy and Switzerland businesses are becoming increasingly pessimistic with each wave over the last twelve months.

The improvement of sentiment in the Russian research market is as impressive as in Q4 2016. In the last twelve months the Russians have turned from very pessimistic to very optimistic.

Table 4: Top positives for national research markets

Looking at the research industry in your country overall, what are your expectations for growth over the next 12 months? *Net positive*

	Q1 2013	Q1 2014	Q4 2014	Q1/Q2 2015	Q4 2015	Q1/Q2 2016	Q4 2016	Q1 2017	Variance
Spain	-8%	0%	-29%	67%	62%	43%	57%	67%	10%
Netherlands				38%	29%	36%	55%	63%	8%
Finland	-44%	0%	-50%	0%	-14%	0%	33%	60%	27%
Russia	78%	-9%	-40%	-82%	-42%	-59%	20%	58%	38%
Bulgaria	-11%	0%	-50%	13%	43%	60%	38%	43%	5%
Sweden	50%	2%	0%	-22%	22%	9%	50%	40%	-10%
Portugal	-44%			8%	31%	20%	0%	40%	40%
Ireland	0%	0%	0%	50%	33%	100%	45%	30%	-15%
UK	13%	71%	56%	52%	-4%	17%	-25%	21%	46%
Norway	17%	10%	-14%		0%	33%	0%	17%	17%
Italy	-8%	-3%	-38%	0%	4%	20%	0%	-20%	-20%
Switzerland	15%	-20%	-21%	-21%	0%	-42%	-13%	-41%	-28%

Overall the markets in Europe seem to be in good shape, much better than the last few years. There are two clear exceptions: the markets in Switzerland and Italy are struggling with domestic economic issues significantly affecting the health of the national research markets.

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Fieldwork and sample

Fieldwork started February 27th 2017 and ended April 6th 2017.

Moodindicator Q1 2017	completes
Bulgaria	7
Finland	5
Germany	dk
Ireland	11
Italy	26
Netherlands	116
Norway	7
Portugal	15
Russia	13
Spain	15
Sweden	10
Switzerland	17
UK	23
Total	265