

EFAMRO Moodindicator Q4 2017:

Even more optimism in the European research industry, with the United Kingdom as exception

Introduction

In Q4 of 2017 EFAMRO conducted 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 both their own organisation and their domestic market. In this wave, respondents from 13 European countries participated.

The sample base and response rates are relatively small in some countries; 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 2018: optimism in Europe on a higher level than early 2017

European research businesses are generally optimistic regarding their own revenue development in 2018 (see Table 1).

In all participant countries, apart from Germany, Spain and the UK, the majority of the business owners and managers expect the revenue of their business to grow in 2018.

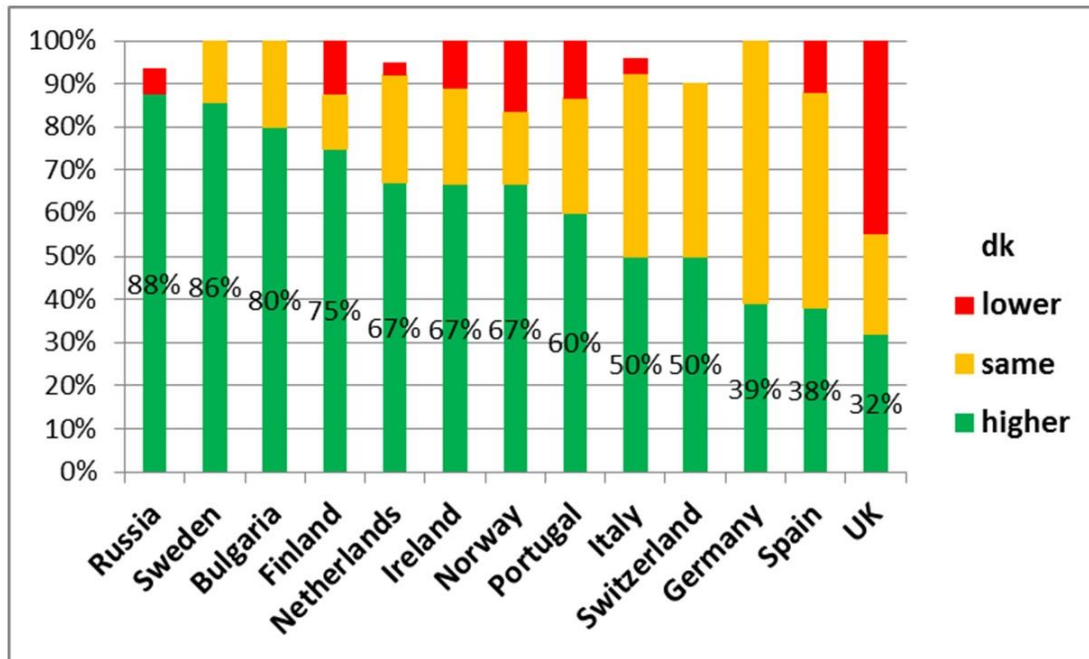
Optimism is highest in Russia, Sweden and Bulgaria with a highly positive mood also evident in Finland.

Suppliers on the Russian market are extremely optimistic with regard to 2018, even more optimistic than early this year. Since the tough period in the Russian market during 2014 to mid 2016 the mood and level of optimism is now surpassing all other European markets.

In the Bulgarian and Swedish market optimism has been on a high level since early 2015 and this trend continues.

Table 1: Business owners views on their own businesses

Thinking about 2018 do you think your research revenues will be higher than, lower than or about the same as in 2017?



In the previous wave Switzerland, Italy and Finland were characterized as less optimistic markets.

However Swiss business owners now are more optimistic: with a majority expecting growth of their business in 2018.

Positive developments are also noticeable in the Italian market: from the most pessimistic market in the wave early this year, to a more optimistic mood, expressed by the majority expecting growth in 2018. This may indicate that there is some recovery of the Italian market. The ESI ('Indicator of confidence and economic sentiment', a study continuously conducted by the EU), expressing the economic sentiment in European countries also indicates progress as sentiment in this measurement has also improved considerably since early in 2017.

The Finnish market is also very optimistic but it is difficult to determine whether this is a trend as the Finnish results vary considerably between waves.

The German market has been rather optimistic since early 2015. It is down compared to late 2016 but still on a level comparable to the other waves from early 2015.

The mood in the Spanish market has improved year by year since 2013, after the heavy crisis. However, this trend has ended as results worsened considerably during 2017. In early 2017 73% of the business owners expected growth in the upcoming period. Now most of the respondents only expect stability in their revenue. Uncertainty related to the current social and political situation and discussions about the independence of Catalonia may have contributed to this.

Business owners in the UK are rather pessimistic with just 32% of participants expecting growth in 2018. The ESI, expressing the economic sentiment shows a similar development in the UK. It is likely that uncertainty in the UK regarding the final outcome of Brexit negotiations are a significant contributor to the pessimistic mood.

Below are the results of the EFAMRO Moodindicator since 2013, expressed in 'net positive' (means 'percentage respondents expecting an increase -/- percentage expecting a decrease').

Table 2: Net positives for business owners' views on their own businesses

Thinking about 2018 do you think your research revenues will be higher than, lower than or about the same as in 2017?
Net positive

	Q1 2013	Q1 2014	Q4 2014	Q1/Q2 2015	Q4 2015	Q1/Q2 2016	Q4 2016	Q1 2017	Q4 2017	Variance
Sweden	0%	73%	90%	56%	50%	45%	67%	60%	86%	26%
Russia	78%	9%	-10%	-82%	-8%	-34%	50%	67%	81%	14%
Bulgaria	11%	0%	25%	83%	100%	80%	63%	57%	80%	23%
Netherlands			61%	61%	55%	36%	61%	66%	64%	-2%
Finland	-22%	33%	40%	0%	29%	13%	67%	20%	63%	43%
Ireland	33%	40%	60%	67%	67%	100%	54%	50%	56%	6%
Norway	50%	60%	14%		50%	34%	38%	83%	50%	-33%
Switzerland	0%	60%	29%	47%	33%	45%	63%	17%	50%	33%
Portugal	-11%			50%	44%	20%	38%	67%	47%	-20%
Italy	-12%	17%	6%	48%	48%	72%	44%	8%	46%	38%
Germany	28%	50%	31%	23%	41%	29%	30%	47%	39%	-8%
Spain	-15%	14%	36%	67%	46%	71%	57%	73%	26%	-47%
UK	64%	58%	48%	44%	36%	45%	17%	39%	-13%	-52%

Expectations regarding the national market in 2018: stable and growing

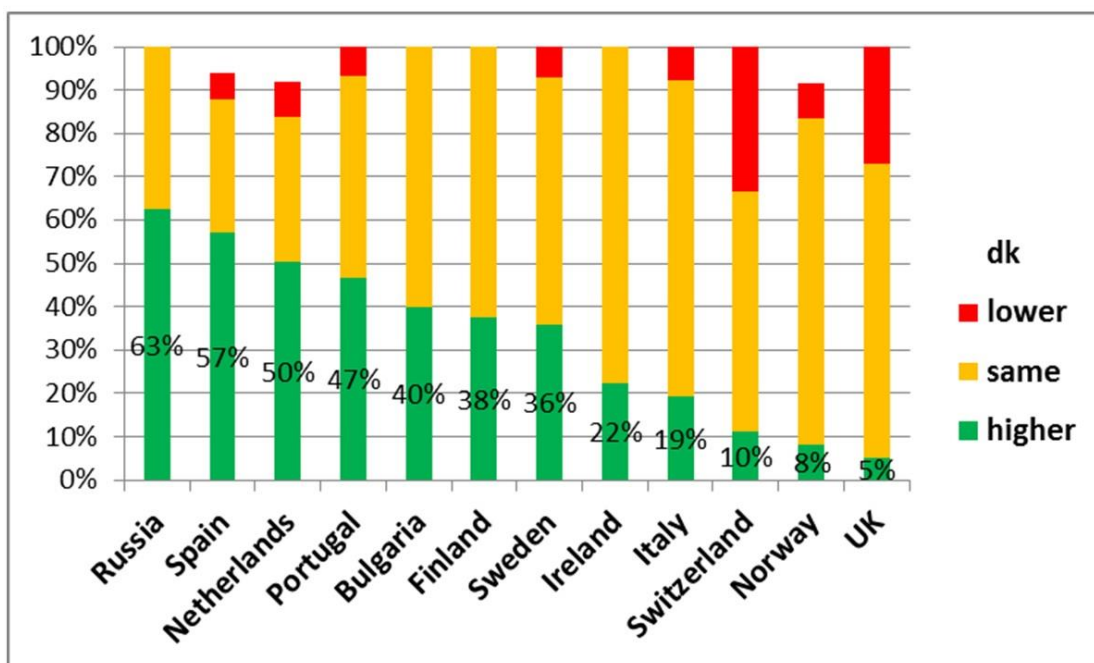
As always, businesses in most of the countries are considerably more optimistic about the development of their own organisation than about the development of the industry in their countries. In this wave the difference between these two has increased. The slightly higher level of optimism regarding their own agency in this wave, is not reflected in the expectations regarding the market growth. In some countries the difference is surprisingly large : in both Switzerland and Norway whilst half respectively two-third of the respondents expect their agency to grow, just one out of ten respondents expect the market to grow.

This contrasts with Spain where sentiments are the other way around: respondents are more positive about the development of the market than about the growth of their own revenue.

As in the last few waves almost all business owners and managers expect their national research industry to be stable or grow slightly in the year ahead (see Table 3).

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?



Not surprisingly the Russian business owners are the most optimistic regarding the market development. The development in the last few years is impressive.

The UK business owners are not optimistic at all regarding to the market growth. The Brexit outlook seems to dominate the expectations. The variance wave by wave in the last few years is remarkable (table 4).

Table 4: Net 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	Q1 2017	Variance
Russia	78%	-9%	-40%	-82%	-42%	-59%	20%	58%	63%	5%
Spain	-8%	0%	-29%	67%	62%	43%	57%	67%	51%	-16%
Netherlands				38%	29%	36%	55%	63%	42%	-21%
Bulgaria	-11%	0%	-50%	13%	43%	60%	38%	43%	40%	-3%
Portugal	-44%			8%	31%	20%	0%	40%	40%	0%
Finland	-44%	0%	-50%	0%	-14%	0%	33%	60%	38%	-22%
Sweden	50%	2%	0%	-22%	22%	9%	50%	40%	29%	-11%
Ireland	0%	0%	0%	50%	33%	100%	45%	30%	22%	-8%
Italy	-8%	-3%	-38%	0%	4%	20%	0%	-20%	12%	32%
Norway	17%	10%	-14%		0%	33%	0%	17%	0%	-17%
Switzerland	15%	-20%	-21%	-21%	0%	-42%	-13%	-41%	-20%	21%
UK	13%	71%	56%	52%	-4%	17%	-25%	21%	-22%	-43%

Overall the markets in Europe seem to be in good shape but there are some countries in which business owners are concerned about the future of the research market.

Jan Oostveen

December 2017

Fieldwork and sample

Fieldwork started October 13th 2017 and ended December 12th 2017.

Q4 2017	completes
Bulgaria	5
Finland	8
Germany	30
Ireland	9
Italy	28
Netherlands	132
Norway	13
Portugal	15
Russia	17
Spain	16
Sweden	16
Switzerland	11
UK	22
Total	322