

## **EFAMRO Moodindicator Q1/Q2 2016:**

### ***Continuing optimism in the European research industry, still the future is difficult to predict***

#### **Introduction**

EFAMRO conducted in Q1 and Q2 of 2016 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 14 European countries participated.

The sample base and response rates are relatively small for some countries (Cyprus just one respondent); the questions differ slightly (as a result of historic benchmarking) and fieldwork periods are not exactly the same in all countries. However, the results create a good indication of the development of the European research industry, in particular when comparing the results to the results of the previous waves.

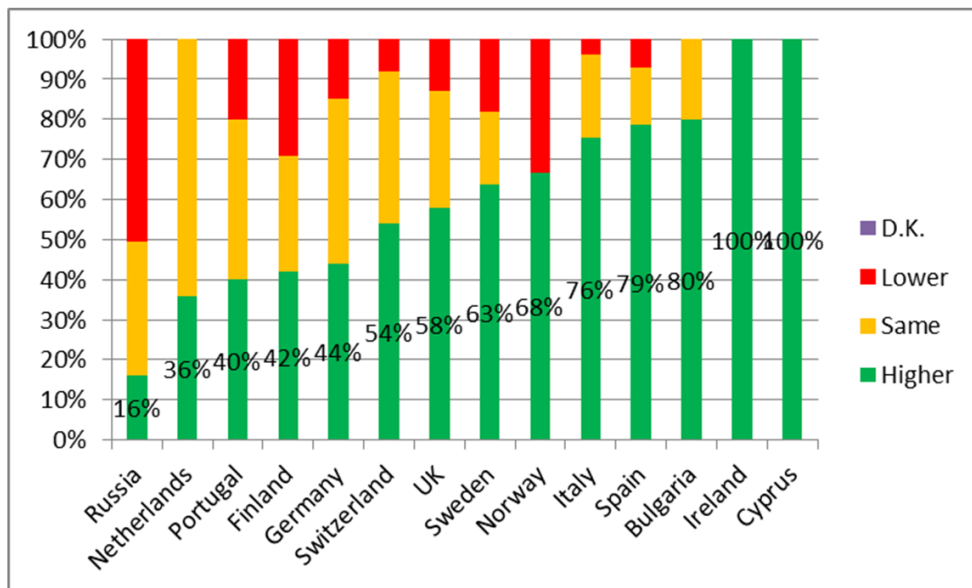
#### **Expectations regarding 2016: uninterrupted optimism regarding the outlook for their own business**

European research businesses are rather optimistic regarding their own revenue development in 2016.

In about half of the countries the majority of the business owners and managers expect the revenue of their business to grow in 2016: Ireland, Bulgaria, Spain, Italy, Norway, Sweden and UK. This trend is similar to the previous wave in which a majority of countries which participated were optimistic.

In Russia the situation is contrasting: half of the business owners and managers are pessimistic about their domestic market.

## Thinking about the year ahead do you think your research revenues expectations are greater/less than 2015? \*



\* In a few countries questions are slightly different



In most of the countries the situation has improved considerably since 2013, in particular in Italy, Portugal and Spain. But these countries suffered following the 2008 economic crisis, and research expenditures dropped considerably in the first few years of this decade. For example in 2013 optimism levels in Italy and Spain were only 26% and 13 % respectively.

It was not just the southern Mediterranean countries which are showing optimism, countries such as Bulgaria and Ireland showed an impressive improvement plus businesses in Norway and Sweden. Finland is an exception in the Nordics, which continues to be far less optimistic, largely as a result of the trading position of Russia which remains an important trading partner for many Finnish businesses..

The development in Russia, from very optimistic in 2013 to pessimistic in Q1/Q2 2016, is converse to most European countries. In 2013 89% of the business owners and managers were optimistic regarding the revenue of their business, now this is just 16%. The relatively positive trend we noticed in Russia during 2015, has not continued.

Below the 'top positive' of each of the countries is shown, 'top positive' means 'percentage respondents expecting an increase -/- percentage expecting a decrease'.

## Thinking about the year ahead do you think your research revenues expectations are greater/less than 2015?

### *Net positive*

	Q3 2013	Q1 2014	Q4 2014	Q1/Q2 2015	Q4 2015	Q1Q2 2016
Russia	78%	9%	-10%	-82%	-8%	-34%
Finland	-22%	33%	40%	0%	29%	13%
Portugal	-11%			50%	44%	20%
Germany	28%	50%	31%	23%	41%	29%
Norway	50%	60%	14%		50%	34%
Netherlands			61%	61%	55%	36%
United Kingdom	64%	58%	48%	44%	36%	45%
Sweden	0%	73%	90%	56%	50%	45%
Switzerland	0%	60%	29%	47%	33%	46%
Spain	-15%	14%	36%	67%	46%	71%
Italy	-12%	17%	6%	48%	48%	72%
Bulgaria	11%	0%	25%	63%	100%	80%
Ireland	33%	40%	60%	67%	67%	100%
Cyprus (1)					100%	100%

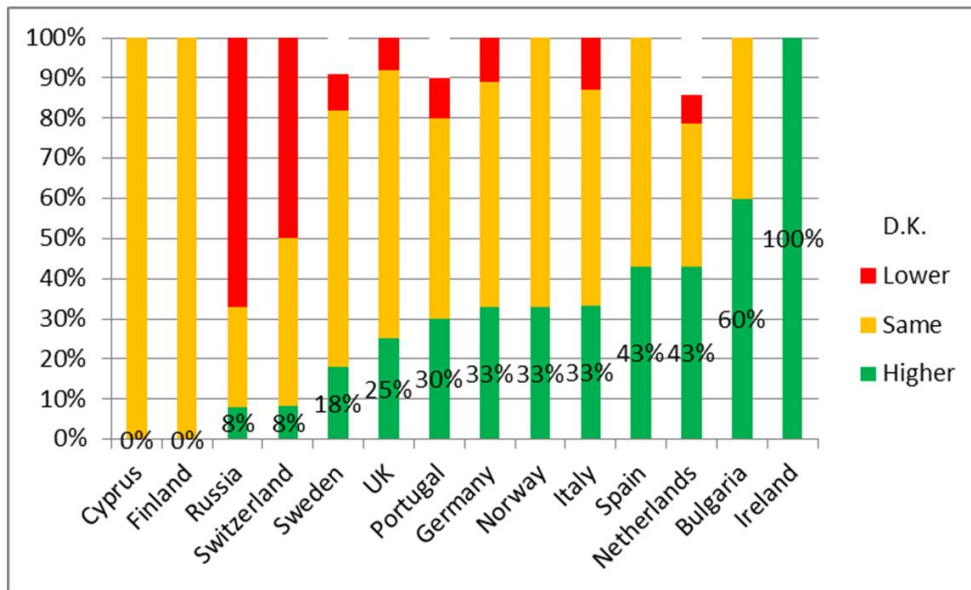
## Expectations regarding 2016: a stable or slightly growing industry

In most of the countries the research markets are expected to be stable or grow slightly.

We have noticed in previous waves research 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 Sweden for example 63% of the owners and managers expect their business to grow in 2016, but just 18% predict the Swedish market will grow. Only in the Netherlands are the majority of the business owners and managers more positive about the industry outlook for 2016, compared to the outlook for their own business.

In Russia and Switzerland, businesses are very pessimistic regarding the market development. In Russia this is primarily due to continued European trading sanctions and in Switzerland the currency situation continues to affect the Swiss economy.

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



\* In a few countries questions are slightly different

Compared to earlier waves of the EFAMRO Moodindicator a few years ago, the outlook has improved considerably in almost all European countries. The changes in Spain, Italy, Portugal, Bulgaria and Finland are particularly noteworthy.

Ireland has overcome its economic difficulties which arose from the banking crisis and is an attractive country for research businesses, particularly with its strong tech industry and continues to be one of the fastest growing economies in Europe. Business are not just very optimistic about their own outlook but also about the future of the Irish market.

**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	Q1Q2 2016
Russia	78%	-9%	-40%	-82%	-42%	-59%
Switzerland	15%	-20%	-21%	-20%	0%	-42%
Cyprus (1)					50%	0%
Finland	-44%	0%	-50%	0%	-14%	0%
Sweden	50%	20%	0%	-22%	22%	9%
United Kingdom	13%	71%	56%	52%	-4%	17%
Portugal	-44%			8%	31%	20%
Italy	-8%	-3%	-38%	0%	4%	20%
Germany	60%	23%	76%	-13%		22%
Norway	17%	10%	-14%		0%	33%
Netherlands				38%	29%	36%
Spain	-8%	0%	-29%	67%	62%	43%
Bulgaria	-11%	0%	-50%	13%	43%	60%
Ireland	0%	0%	0%	50%	33%	100%

In Switzerland and Russia we have noticed the major change in 2013-2014, from optimism about the domestic market into pessimism. In 2014 the Russian research expenditures decreased considerably, after several years of remarkable growth.

### **Correlation with European confidence EU-index ESI**

In previous waves of the EFAMRO Moodindicator we have compared the results to the levels of the ESI<sup>i</sup> ('Indicator of confidence and economic sentiment', a study continuously conducted by the EU) for the corresponding periods. This comparison is only possible for the major EU countries. In previous waves we have noticed many similarities between the perceived outlook of the research industry and the ESI in these countries.

The ESI index is still positive in the EU countries and the agency managers are optimistic.

## Expectations development research industry compared to the the variance of the ESI index (long term average =100)

Results Moodindicator						Variance ESI index (vs previous)				
Q1 2013	Q1 2014	Q4 2014	Q1/Q2 2015	Q4 2015	Q1Q2 2016		Q4 2014	Q1/Q2 2015	Q4 2015	Q1Q2 2016
-44%	0%	-50%	0%	-14%	0%	Finland	-2.2	1.1	3.4	-0.3
50%	20%	0%	-22%	22%	9%	Sweden	2.2	-3.5	3.3	-1.4
13%	71%	56%	52%	-4%	17%	United Kingdom	-3.6	-2.2	-3.4	-3.3
-44%			8%	31%	20%	Portugal	3.7	0.9	0.4	2.9
-8%	-3%	-38%	0%	4%	20%	Italy	-1.6	8.7	3.3	-1.3
60%	23%	76%	-13%		22%	Germany	-2.7	0.7	1.8	-2.5
			38%	29%	36%	Netherlands	5.3	-0.7	4.2	-2.9
-8%	0%	-29%	67%	62%	43%	Spain	3.0	5.8	-0.1	-2.9
-11%	0%	-50%	13%	43%	60%	Bulgaria	-3.1	4.8	4.1	-1.4

Q1Q2 2016 ESI data refer to April 2016

However the ESI index has decreased since the previous Moodindicator wave in almost all EU countries (excluding Portugal) included in this wave of the Moodindicator.

The difference between the trend positive of the Moodindicator and the declining ESI index (i.e. sentiment) is noteworthy and from a historical perspective quite unusual. It could indicate a less prosperous future for the research industry. However the most recent (April) ESI index data are more promising: after three consecutive months of decline, the ESI index picked up in April.

Jan Oostveen

May 2016

### **Fieldwork and sample**

*Fieldwork started March 10 2016 and ended May 16 2016.*

<i>AIMRO – Ireland</i>	<i>7</i>
<i>ANEIMO – Spain</i>	<i>13</i>
<i>APODEMO – Portugal</i>	<i>14</i>
<i>ASSIRM – Italy</i>	<i>28</i>
<i>BAMOR – Bulgaria</i>	<i>5</i>
<i>MOA – Netherlands</i>	<i>28</i>
<i>MRS - UK</i>	<i>24</i>
<i>OIROM – Russia</i>	<i>14</i>
<i>SEDEAK – Cyprus</i>	<i>1</i>
<i>SMIF – Sweden</i>	<i>12</i>
<i>SMTL – Finland</i>	<i>7</i>
<i>Virke – Norway</i>	<i>6</i>
<i>VSMS - Switzerland</i>	<i>13</i>
<i>ADM – Germany had its own data collection.</i>	

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<sup>i</sup> Links: [http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm) and  
[http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/documents/2016/esi\\_2016\\_04\\_en.pdf](http://ec.europa.eu/economy_finance/db_indicators/surveys/documents/2016/esi_2016_04_en.pdf)