

EFAMRO Moodindicator Q1/Q2 2019:

Optimism among European agency managers has slightly reduced and some are far less expectant regarding market development

Introduction

In Q1/Q2 of 2019 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 12 European countries participated.

The sample base and response rates are relatively small in some countries and the questions differ slightly (as a result of historic benchmarking). 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. The results from Bulgaria are not included in the report, as the results were based upon two completed surveys. The smallest sample used in the report include 5 respondents (business managers) per country (Finland). The overall base for the results is 199 (due to the exclusion of Bulgaria's two responses).

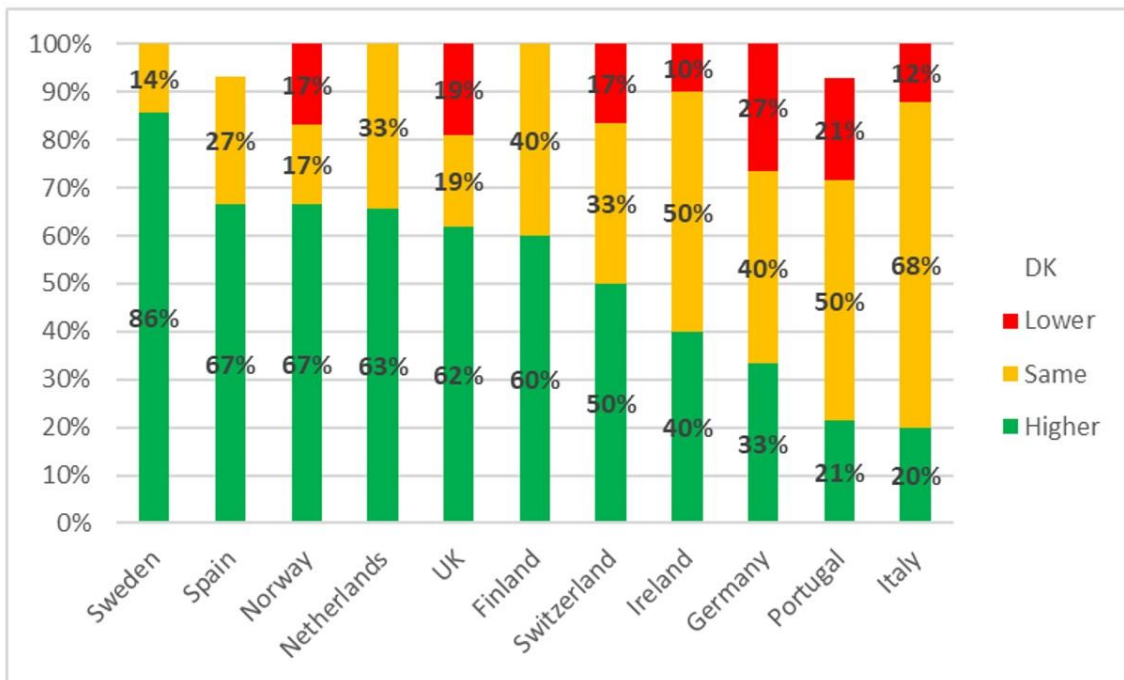
Managers slightly less optimistic regarding their own businesses

For the first time since the economic crisis of 2008, optimism of business managers within Europe is somewhat decreasing. Whilst in most of the countries the majority of the business owners are optimistic regarding the revenue of their agency in the year ahead (see Table 1), the average level of optimism is slightly lower than in the previous wave, Q4 2018.

Regarding the growth of revenue for their own agencies, business managers are extremely positive in Sweden, Spain, Norway and the Netherlands. The sentiment was already positive in three of these countries, but the optimism in Spain has improved considerably compared to the quite neutral sentiment in the previous wave.

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 2018?



Research businesses in Germany, Portugal and Italy are less optimistic compared to other countries in this wave.

Just in a few countries optimism increased during the last six months: in Spain, Switzerland and the UK (despite the continued uncertainty regarding the outcome of Brexit). The mood in Spain seems to be quite in line with the development in the last six years, we may conclude the quite pessimistic sentiment in last quarter of 2018 was an anomaly.

In all other countries the optimism decreased.

The worsening sentiment is in particular striking in Ireland, Portugal and Germany. Six months ago the majority of the managers were positive about the outlook of their agency, now it is a rather small proportion. The sentiment in Portugal has gone up and down the last few waves (not caused by the size of the sample, the sample in Portugal is considerable).

In the Nordics growth expectations of businesses are still very high.

In Italy the outlook has shifted downwards, the sentiment is back to the level of early 2017.

Table 2 details the results of the EFAMRO Moodindicator since 2013, expressed in ‘net positive’ (meaning ‘percentage respondents expecting an increase -/- percentage expecting a decrease’).

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

	Q1 2013	Q1 2014	Q1/Q2 2015	Q1/Q2 2016	Q1 2017	Q1/Q2 2018	Q4 2018	Q1/Q2 2019	Variance
Sweden	0%	73%	56%	45%	60%	90%	100%	86%	-14%
Spain	-15%	14%	67%	71%	73%	59%	29%	67%	38%
Netherlands			61%	36%	66%	69%	65%	63%	-2%
Finland	-22%	33%	0%	13%	20%	60%	86%	60%	-26%
Norway	50%	60%		34%	83%	38%	57%	50%	-7%
UK	64%	58%	44%	45%	39%	15%	29%	43%	14%
Switzerland	0%	60%	47%	45%	17%	25%	14%	33%	19%
Ireland	33%	40%	67%	100%	50%	56%	86%	30%	-56%
Italy	-12%	17%	48%	72%	8%	50%	29%	8%	-21%
Germany	28%	50%	23%	29%	47%	0%	41%	7%	-34%
Portugal	-11%		50%	20%	67%	8%	47%	0%	-47%

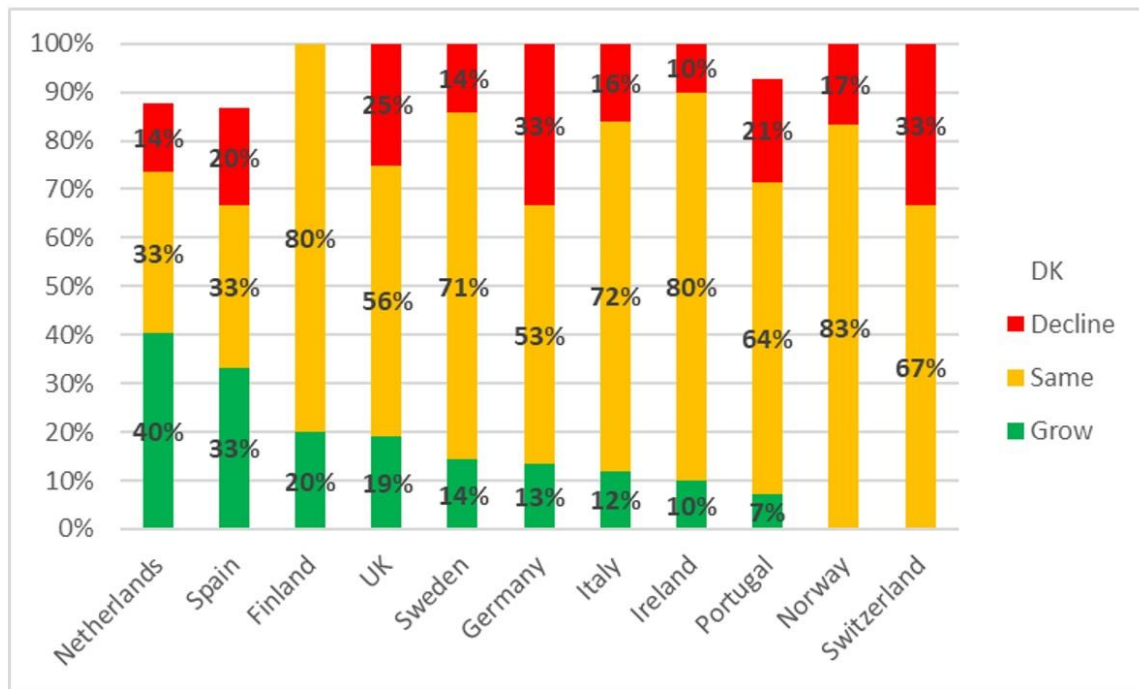
Expectations regarding the national markets in 2019: again, no optimism in most of the countries

As always business managers are far less positive about the market than about the outlook of their own agency (see Table 3). The differences are striking.

In most of the countries the managers expect the domestic market to be stable. Just in the Netherlands a considerable part of the business managers is optimistic about the market development.

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?



Similar to the previous wave six months ago, the domestic market expectations of the business managers are worsening (see Table 4). Though these results are consistent with the previous wave they are quite different from the outlook described a year ago.

After several years with predominantly optimism, a new era seems to have started in 2018.

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	Q1/Q2 2015	Q1/Q2 2016	Q1 2017	Q1/Q2 2018	Q4 2018	Q1/Q2 2019	Variance
Netherlands			38%	36%	63%	59%	39%	26%	-13%
Finland	-44%	0%	0%	0%	60%	0%	-14%	20%	34%
Spain	-8%	0%	67%	43%	67%	70%	11%	13%	2%
Ireland	0%	0%	50%	100%	30%	22%	29%	0%	-29%
Sweden	50%	2%	-22%	9%	40%	10%	0%	0%	0%
Italy	-8%	-3%	0%	20%	-20%	25%	-6%	-4%	2%
UK	13%	71%	52%	17%	21%	5%	-12%	-6%	6%
Portugal	-44%		8%	20%	40%	42%	-13%	-14%	-1%
Norway	17%	10%		33%	17%	13%	-14%	-17%	-3%
Germany						-7%	-28%	-20%	8%
Switzerland	15%	-20%	-21%	-42%	-41%	-42%	-43%	-33%	10%

The reduction in optimism regarding to the research market is in line with the development of the ESI index (Economic Sentiment Indicator – EU) in many European countries.

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Fieldwork and sample

Fieldwork started March 24th 2019 and ended May 28th 2019.

Q1/Q2 2019	completes
Bulgaria	2
Finland	5
Germany	32
Ireland	11
Italy	26
Netherlands	57
Norway	6
Portugal	16
Spain	15
Sweden	7
Switzerland	8
UK	16
Total	201