

EFAMRO Moodindicator Q4 2016:

Optimism in the European research industry, with the UK as an exception

Introduction

EFAMRO conducted in Q4 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, so it is not included in the charts); 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 optimistic

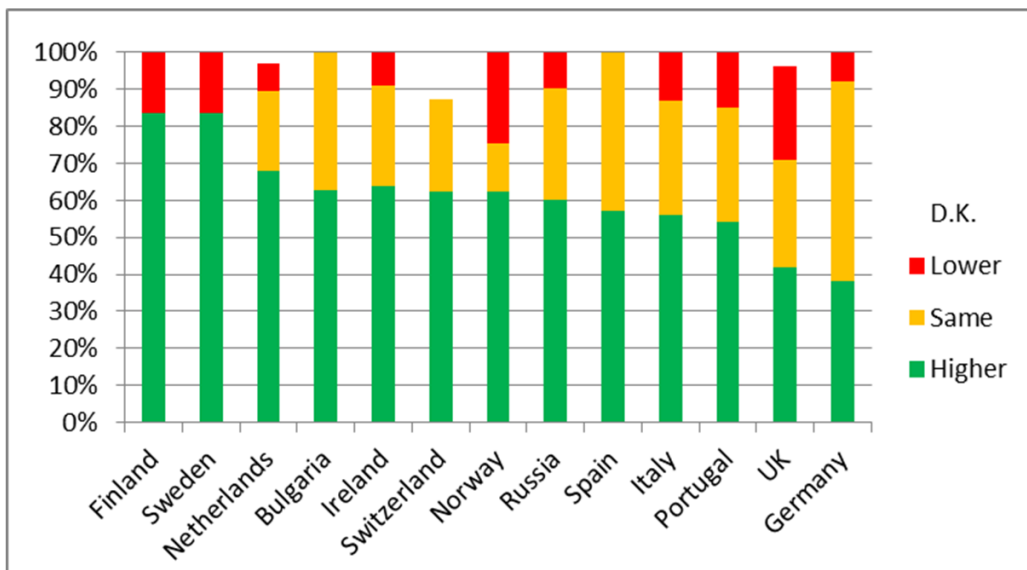
European research businesses are rather optimistic regarding their own revenue development in 2017 (see Table 1).

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

Currently in almost all countries the majority of the business owners and managers expect the revenue of their business to grow in 2017. The lower countries are the UK and Germany where just circa 40% are optimistic.

Table 1: Business owners views on their own businesses

Thinking about 2017 do you think your research revenues will be higher than, lower than, or about the same as 2016?*



There seems to be a major change in the sentiment in the Russian research market. After three years of increasing pessimism, business owners and managers are now in a quite positive mood. A major change compared to the EFAMRO Moodindicator wave early this year.

In Finland the negative trend also seems to have changed, with the majority of the business owners and managers optimistic regarding the outlook for their own company.

The sentiment in the southern European countries, which suffered most from the economic crises, Italy, Spain and Portugal, show considerable progress since early 2014. The optimism seems to be quite stable particularly in Spain.

The decline in optimism in the UK is noticeable. The sentiment in the UK had been quite stable since we started the EFAMRO Moodindicator. This wave, after the Brexit referendum vote, shows that business owners and managers are far less optimistic than they have ever been.

In Ireland, a country which has close commercial links with the UK, the optimism has also declined.

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 2017 do you think your research revenues will be higher than, lower than, or about the same as 2016?*

Net positive

	Q1 2013	Q1 2014	Q4 2014	Q1/Q2 2015	Q4 2015	Q1/Q2 2016	Q4 2016	variance
Finland	-22%	33%	40%	0%	29%	13%	67%	54%
Sweden	0%	73%	90%	56%	50%	45%	67%	22%
Bulgaria	11%	0%	25%	83%	100%	80%	63%	-17%
Switzerland	0%	60%	29%	47%	33%	46%	63%	17%
Netherlands			61%	61%	55%	36%	61%	25%
Spain	-15%	14%	36%	67%	46%	71%	57%	-14%
Ireland	33%	40%	60%	67%	67%	100%	54%	-46%
Russia	78%	9%	-10%	-82%	-8%	-34%	50%	84%
Italy	-12%	17%	6%	48%	48%	72%	44%	-28%
Norway	50%	60%	14%		50%	34%	38%	4%
Portugal	-11%			50%	44%	20%	38%	18%
Germany	28%	50%	31%	23%	41%	29%	30%	1%
UK	64%	58%	48%	44%	36%	45%	17%	-28%

Expectations regarding the national market in 2017: stable and growing

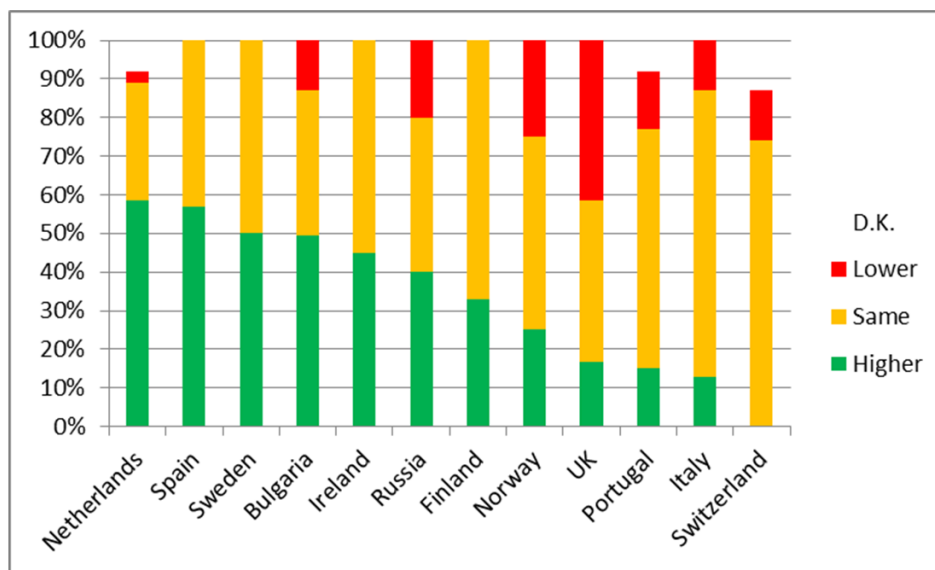
Like in the previous wave early this year, most business owners and managers expect their national research industry to be stable or grow slightly in the year ahead (see Table 3).

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 Switzerland for example 63% of the businesses expect their revenue to grow, though no one expects the Swiss national market to grow in 2017.

Just in the Netherlands and Spain do the majority of the businesses expect the national market to grow. In contrast, in the UK, 42% of the businesses expect the UK research market to decline; and in Switzerland there is a consensus that the Swiss market will be stable in 2017, although no one expects the market to grow.

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 improvement of sentiment in the Russian research market is impressive: from very negative to somewhat optimistic in less than a year; a major change. To a lesser extent the improvement of the situation in Sweden is also noteworthy. Again as there is considerably cross-trading between Russia and the Scandinavian and Nordic markets, an improvement in Russia should have impact on close trading partners.

The expectations regarding the UK research market are quite pessimistic, which is very likely due to the Brexit referendum vote in June this year. Optimism regarding the development of the market was already quite low since mid-2015 (in the lead-up to the referendum), but on balance business now expect the market to either be stable (42%) or decline (also 42%).

In some countries the sentiment regarding the national research market seems to remain unchanged and rather positive since late 2014: this is the case in Spain, the Netherlands, and Bulgaria. In Ireland expectations regarding market development seem to fluctuate greatly: optimism is now considerably down compared to earlier this year, but it is still consistently positive.

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	variance
Spain	-8%	0%	-29%	67%	62%	43%	57%	14%
Netherlands				38%	29%	36%	55%	19%
Sweden	50%	2%	0%	-22%	22%	9%	50%	41%
Ireland	0%	0%	0%	50%	33%	100%	45%	-55%
Bulgaria	-11%	0%	-50%	13%	43%	60%	38%	-22%
Finland	-44%	0%	-50%	0%	-14%	0%	33%	33%
Russia	78%	-9%	-40%	-82%	-42%	-59%	20%	79%
Italy	-8%	-3%	-38%	0%	4%	20%	0%	-20%
Norway	17%	10%	-14%		0%	33%	0%	-33%
Portugal	-44%			8%	31%	20%	0%	-20%
Switzerland	15%	-20%	-21%	-20%	0%	-42%	-13%	29%
UK	13%	71%	56%	52%	-4%	17%	-25%	-42%

EU Index: Research market results correlate with the wider business community

In previous waves of the EFAMRO Moodindicator comparison have been made with the results of the ESIⁱ ('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. This remains the case for this period (see Table 5).

Table 5: EFAMRO Moodindicator compared to the ESI Index

Expectations development research industry compared to the ESI index (long term average =100) and the variance of the ESI index (April – Oct 2016)

	Moodindicator			ESI Oct 2016	Variance ESI
	Q1/Q2 2016	Q4 2016	variance	Oct-16	April-Oct
Spain	43%	57%	14%	107.6	1.5
Netherlands	36%	55%	19%	105.0	1.1
Sweden	9%	50%	41%	107.3	0.9
Bulgaria	60%	38%	-22%	106.9	2.6
Finland	0%	33%	33%	102.8	5.6
Italy	20%	0%	-20%	105.0	-3.1
Portugal	20%	0%	-20%	108.2	1.7
UK	17%	-25%	-42%	105.8	1.4

At the time of the previous wave, early this year, the ESI index had decreased. However the positive sentiment has recovered in almost all countries. Only in Italy has the ESI index decreased. The EFAMRO Moodindicator shows respondents in Italy are overall neither optimistic nor pessimistic.

The difference between the positive trend of the ESI index (i.e. sentiment) and the attitude of the participants in the UK is noteworthy. Though the ESI index is positive and increasing in the UK, the participants from the UK research market are rather more pessimistic regarding the outlook for the UK research market.

Jan Oostveen

December 2016

Fieldwork and sample

Fieldwork started November 2nd 2016 and ended November 30th 2016.

<i>AIMRO – Ireland</i>	<i>11</i>
<i>ANEIMO – Spain</i>	<i>14</i>
<i>APODEMO – Portugal</i>	<i>15</i>
<i>ASSIRM – Italy</i>	<i>17</i>
<i>BAMOR – Bulgaria</i>	<i>8</i>
<i>MOA – Netherlands</i>	<i>122</i>
<i>MRS - UK</i>	<i>24</i>
<i>OIROM – Russia</i>	<i>10</i>
<i>SEDEAK – Cyprus</i>	<i>1</i>
<i>SMIF – Sweden</i>	<i>6</i>
<i>SMTL – Finland</i>	<i>6</i>
<i>Virke – Norway</i>	<i>8</i>
<i>VSMS - Switzerland</i>	<i>8</i>
<i>ADM – Germany had its own data collection.</i>	

ⁱ Links: 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