

## **EFAMRO Moodindicator Q4 2018:**

### ***European agency managers are unprecedentedly optimistic, but less expectant regarding the market development***

#### **Introduction**

In Q4 of 2018 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 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 samples used in the report include 7 respondents (business managers) per country. The overall base for the results is 287 (due to the exclusion of Bulgaria's two responses).

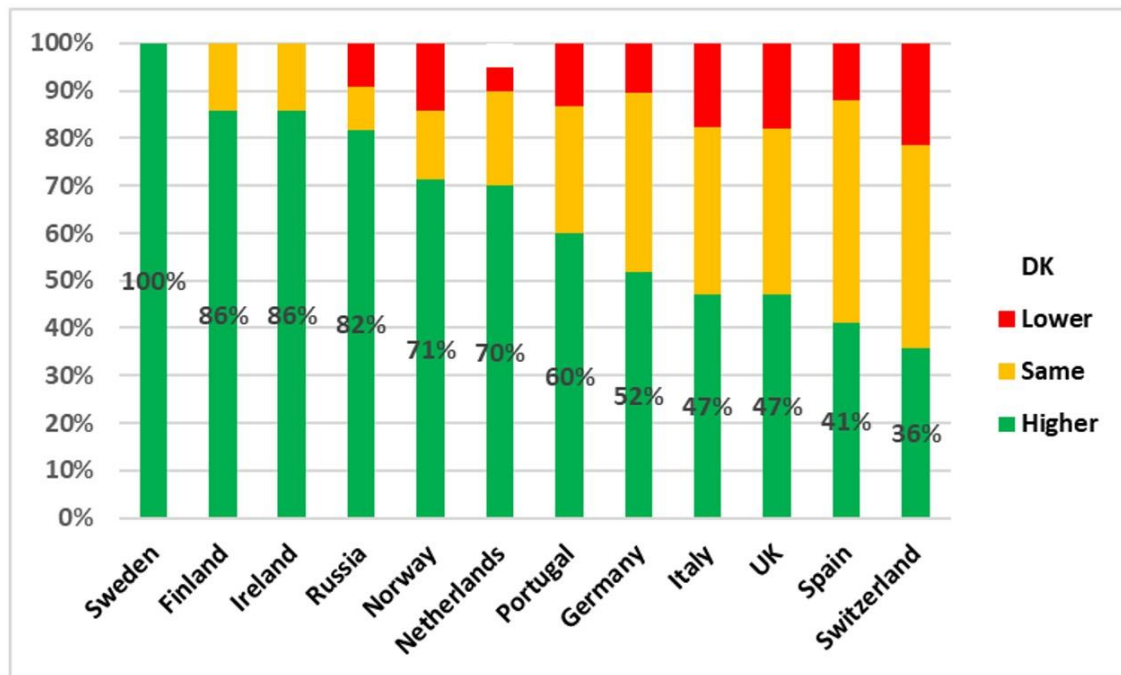
#### **Managers unprecedentedly optimistic regarding their own businesses**

It seems a never-ending nice story after the 2008 crisis: optimism of business managers is continuing and on an even higher level than in the preceding waves of the EFAMRO Moodindicator. Again, 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 higher than in the previous wave, Q1/Q2 2018.

Regarding the growth of revenue for their own agencies, business managers are extremely positive in Sweden, Finland, Ireland, Russia, Norway. and the Netherlands.

**Table 1: Business owners views on their own businesses**

**Thinking about 2019 do you think your research revenues will be higher than, lower than or about the same as in 2018?**



Research businesses in Switzerland, Spain, Italy and the UK are less optimistic compared to other countries in this wave. In Switzerland the quite negative sentiment continued during 2018.

In several countries the sentiment has somewhat changed since the last wave in early 2018. In Spain and Italy in particular the sentiment has declined.

In many other European countries the sentiment seems to have improved during 2018: in Germany, Portugal, Ireland and Russia for example. The lack of optimism of the German business owners in the Q1/Q2 wave has not continued and may have been as a result of domestic political considerations (due to the German election in mid-2018) as the confidence is back to the 2017 level. In Q1/Q2 2018 the optimism in Portugal was also at a rather low level, from an historic trend perspective. Now the sentiment is back at the same level as 2017. In the UK the sentiment has slightly improved since early this year. This is quite surprising given the uncertainty related to Brexit, and it is possible that this may have subsequently weakened following very recent increased uncertainty.

In the Nordics growth expectations and optimism of businesses are at an all-time high (in the 5 years of the Moodindicator) or very close to it.

Table 2 details the results of the EFAMRO Moodincator 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**

**Thinking about 2019 do you think your research revenues will be higher than, lower than or about the same as in 2018?  
*Net positive***

	Q1 2013	Q1 2014	Q4 2014	Q1/Q2 2015	Q4 2015	Q1/Q2 2016	Q4 2016	Q1 2017	Q4 2017	Q1/Q2 2018	Q4 2018	Variance
Sweden	0%	73%	90%	56%	50%	45%	67%	60%	86%	90%	100%	10%
Ireland	33%	40%	60%	67%	67%	100%	54%	50%	56%	56%	86%	30%
Finland	-22%	33%	40%	0%	29%	13%	67%	20%	63%	60%	86%	26%
Russia	78%	9%	-10%	-82%	-8%	-34%	50%	67%	81%	45%	73%	28%
Netherlands			61%	61%	55%	36%	61%	66%	64%	69%	65%	-4%
Norway	50%	60%	14%		50%	34%	38%	83%	50%	38%	57%	19%
Portugal	-11%			50%	44%	20%	38%	67%	47%	8%	47%	39%
Germany	28%	50%	31%	23%	41%	29%	30%	47%	39%	0%	41%	41%
Italy	-12%	17%	6%	48%	48%	72%	44%	8%	46%	50%	29%	-21%
Spain	-15%	14%	36%	67%	46%	71%	57%	73%	26%	59%	29%	-30%
UK	64%	58%	48%	44%	36%	45%	17%	39%	-13%	15%	29%	14%
Switzerland	0%	60%	29%	47%	33%	45%	63%	17%	50%	25%	14%	-11%

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

Although the managers in most countries have become more positive about the outlook of their own businesses during 2018, they are less optimistic about the development of their market compared to early 2018 (see Table 3).

In most of the countries the managers do not expect any market growth in the next 12 months; Russia, the Netherland, Spain and Sweden are exceptions to this trend.

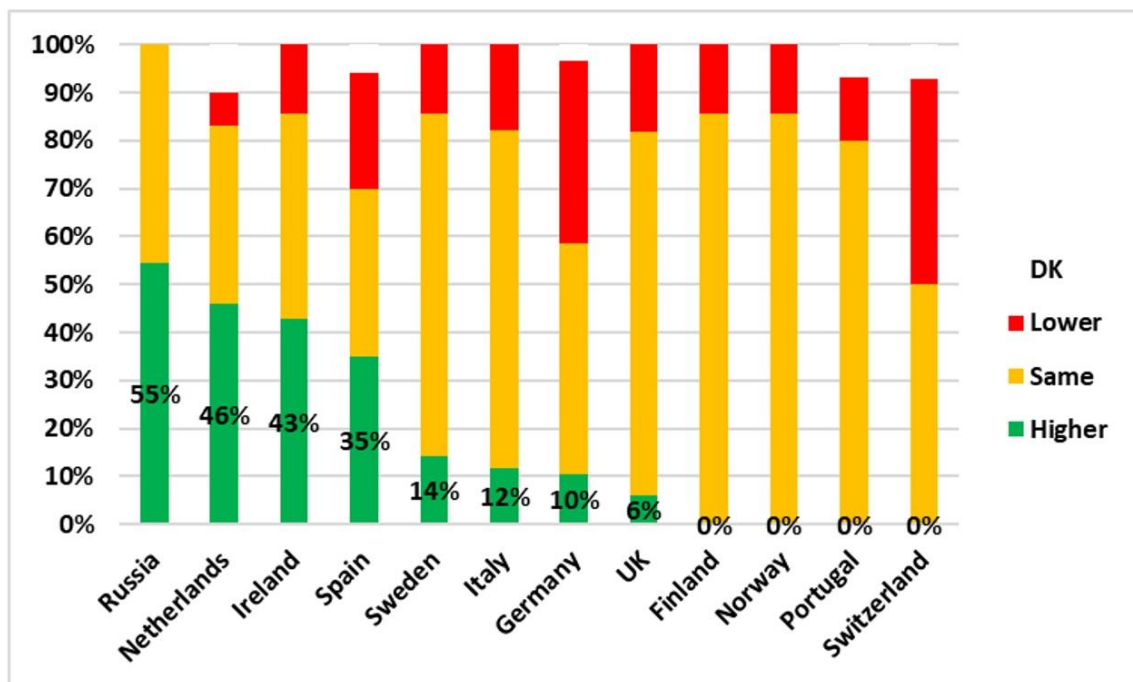
As noticed in previous waves business managers in most of the countries are often more optimistic about the development of their own organisations than about the development of the whole industry in their countries.

The differences between the expectations regarding the businesses of the managers and the expectations for the industry are enormous in this wave. Are the business managers naturally inclined to be more optimistic regarding the market affecting their businesses or are they underestimating the performance of their competitors?

In the Nordics business managers are extremely optimistic regarding the growth of their own businesses, but rather neutral regarding the market expectations. To a lesser extent that is also the case in Germany (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?**



In Russia and Spain the expectations of business managers regarding their own business are in line with their market expectations.

Overall however the domestic market expectations of the business managers are worsening (see Table 4). For the first time in many years, business managers in many countries do not expect any growth on the domestic market. This is quite a change compared to early 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	Q4 2014	Q1/Q2 2015	Q4 2015	Q1/Q2 2016	Q4 2016	Q1 2017	Q1 2017	Q1/Q2 2018	Q4 2018	Variance
Russia	78%	-9%	-40%	-82%	-42%	-59%	20%	58%	63%	73%	55%	-18%
Netherlands				38%	29%	36%	55%	63%	42%	59%	39%	-20%
Ireland	0%	0%	0%	50%	33%	100%	45%	30%	22%	22%	29%	7%
Spain	-8%	0%	-29%	67%	62%	43%	57%	67%	51%	70%	11%	-59%
Sweden	50%	2%	0%	-22%	22%	9%	50%	40%	29%	10%	0%	-10%
Italy	-8%	-3%	-38%	0%	4%	20%	0%	-20%	12%	25%	-6%	-31%
UK	13%	71%	56%	52%	-4%	17%	-25%	21%	-22%	5%	-12%	-17%
Portugal	-44%			8%	31%	20%	0%	40%	40%	42%	-13%	-55%
Finland	-44%	0%	-50%	0%	-14%	0%	33%	60%	38%	0%	-14%	-14%
Norway	17%	10%	-14%		0%	33%	0%	17%	0%	13%	-14%	-27%
Germany										-7%	28%	-21%
Switzerland	15%	20%	-21%	-21%	0%	-42%	-13%	-41%	-20%	-42%	-43%	-1%

In previous reports we suggested that for some countries expectations regarding the national market tended to lag behind sentiment regarding the revenue of respondents' agencies. Let's hope that will be shown in the next wave of the EFAMRO Moodindicator again. Just looking at the market expectations there cannot be much reason for euphoria.

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### ***Fieldwork and sample***

*Fieldwork started November 15<sup>th</sup> 2018 and ended December 18<sup>th</sup> 2018.*

<b>Q4 2018</b>	<b>completes</b>
<b>Bulgaria</b>	<b>2</b>
<b>Finland</b>	<b>7</b>
<b>Germany</b>	<b>31</b>
<b>Ireland</b>	<b>7</b>
<b>Italy</b>	<b>19</b>
<b>Netherlands</b>	<b>133</b>
<b>Norway</b>	<b>7</b>
<b>Portugal</b>	<b>16</b>
<b>Russia</b>	<b>11</b>
<b>Spain</b>	<b>17</b>
<b>Sweden</b>	<b>7</b>
<b>Switzerland</b>	<b>15</b>
<b>UK</b>	<b>17</b>
<b>Total</b>	<b>289</b>