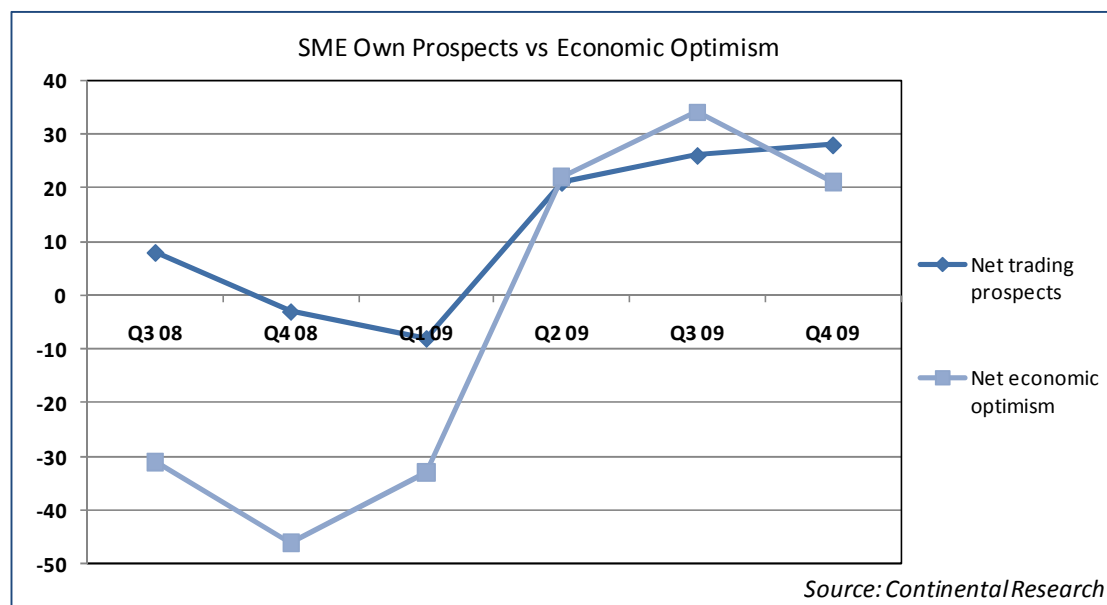


## SMEs regaining confidence in their own trading prospects but have little confidence in UK economy

**London 12th January 2010:** New data from the Continental Research

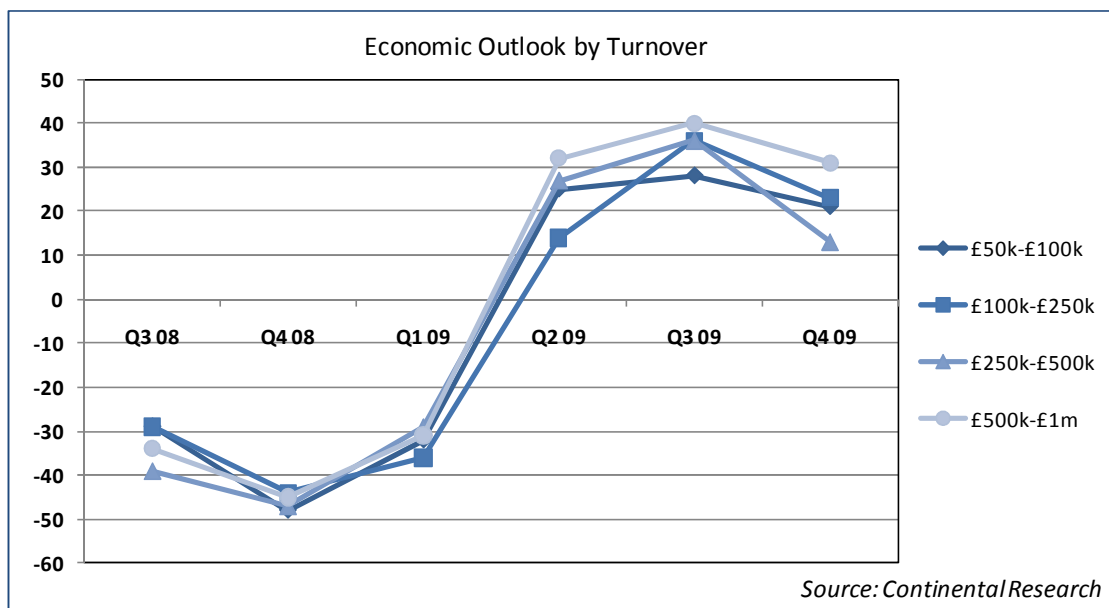
Business Omnibus shows Britain's SMEs are continuing to regain confidence in their own trading prospects. However optimism in the overall economy waned in the last quarter of 2009 suggesting that SMEs feel that the recession is not yet over.



Net trading prospects remain virtually unchanged with a gain of just two points between the third and fourth quarters of 2009 (22 compared with 24). By contrast, in the fourth quarter, confidence in the general economy began to fall and lost 13 points in the three months to December, down from 34 in September to 21 at the close of the year. Whereas confidence in own trading prospects has continued to rise since the October high in the third quarter of 2009, after three quarters of increased optimism, confidence in the general economic situation is

now on the turn. These results suggest that although many are now calling the end of the recession, a large majority of the UK's business community are yet to be convinced that good times are around the corner.

Businesses with a turnover of between £250K and £500K were the most gloomy about the economic outlook with optimism plunging some 23 points since the third quarter of 2009. By contrast businesses with a turnover of between £50K and £100K dropped seven points, those turning over £100K-£250K dipped by 13 points while those at the upper end of the sample slipped down nine points.



### Falling confidence for SME's in retail and distribution

Confidence amongst manufacturers has continued to increase and businesses in this sector are now the most optimistic compared to businesses in other sectors. In contrast to the big name high street retailers who have reported strong sales this week, SMEs in retail and distribution are much less confident about their fortunes. After reaching a high of 35 points in September, confidence has plummeted 14 points leaving those in retail and distribution lagging some way behind those in services and manufacturing.

Shiona Davies, Director at Continental Research says, “These results show that in terms of their own trading prospects, small businesses are looking ahead to better times in the New Year. The slight dip in confidence in the state of the general economy is a cause for concern and indicates that SME businesses believe it is still very early days to start talking about a recovery.

Confidence about own trading prospects and the general economic outlook are currently very closely linked. Last year the Continental Research Business Omnibus showed a convergence of economic optimism and trading prospects for the first time but at present the two have separated again. The big test will come in the coming months when we discover if confidence in the general economic situation will improve to match SMEs’ current optimism of their prospects.”

Ends

**For further information or press enquiries please contact:**

Charlotte Herbert, PR Consultant

[cherbert@greenfieldscommunications.com](mailto:cherbert@greenfieldscommunications.com) Tel: +44 7870 204242

Geraldine Gitel, PR Consultant

[ggitel@greenfieldscommunications.com](mailto:ggitel@greenfieldscommunications.com) Tel: +44 7917 885380

Lucy Green, PR Consultant

[lgreen@greenfieldscommunications.com](mailto:lgreen@greenfieldscommunications.com) Tel: +44 7817 698366

**Note to editors**

Every month the Continental business omnibus surveys 300 (900 per quarter) owners and Managing Directors at SMEs with a turnover of £50K-£1M. **Net trading prospects** are calculated by asking respondents whether they expect their business activity in the next year to increase, decrease or stay the same and subtracting the percentage of those expecting a decrease from those expecting an increase. **Economic optimism** is measured by asking respondents whether they are more or less optimistic about the general economy than they were three months ago and then subtracting the percentage who are feeling pessimistic from those who are feeling optimistic. Data is weighted to be nationally representative of the 1.531 million such businesses in England, Scotland and Wales according to turnover, region and industry based on the latest BERR/BIS data. Monthly data has been rolled up into quarters to enable robust sub sample analysis. The Business Omnibus has been run monthly since 1993.

### **About Continental Research**

Continental Research is a full service market research agency based in London, specialising in public sector, transport, business to business, finance, media & advertising and internet & telecoms research [www.continentalresearch.com](http://www.continentalresearch.com) The company is part of the BDRC Group. Also part of that Group is BDRC, a leading full service market research agency specialising in hotels, finance, travel and tourism. [www.bdrc.co.uk](http://www.bdrc.co.uk)