

Business Outlook Survey

November 2023

eden
mccallum



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Executive Summary

OVERVIEW

- Eden McCallum's quarterly Economic and Business Outlook Survey was conducted from 3rd November to 10th November 2023
- Our survey asked business leaders from across the globe but with a focus on the UK and Netherlands
- Our sample works across a broad range of industries and ownership models

BUSINESS AND ECONOMIC OUTLOOK

- Business leaders are more pessimistic about the global and domestic economies in Q4 2023 than in Q2 2023, particularly in the UK, but still less pessimistic than they were a year ago
- Optimism about company performance is strong but reduced from above 7 in 10 in Q2 2023 to below 6 in 10 in Q4 2023
- UK business leaders are notably more pessimistic about their domestic economic outlook than their European counterparts
- When considering why leaders are pessimistic about their domestic economic outlook, geo-political instability is viewed as the greatest threat, followed by inflation, interest rates and domestic politics
- UK business leaders no longer see labour shortages as a top threat to the domestic economy and concern around trade barriers has reduced since Q2 2023, whilst business leaders in the Netherlands continue to see labour shortages as a top threat
- Business leaders' expectations about changes in interest rates are mixed; and most business leaders expect inflation to reach target levels (2%) in 1 to 3 years
- Change in customer demand remains the most important external factor likely to impact company performance, followed by geo-political instability and interest rates
- Talent remains by far the most important internal issue for businesses

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Executive summary

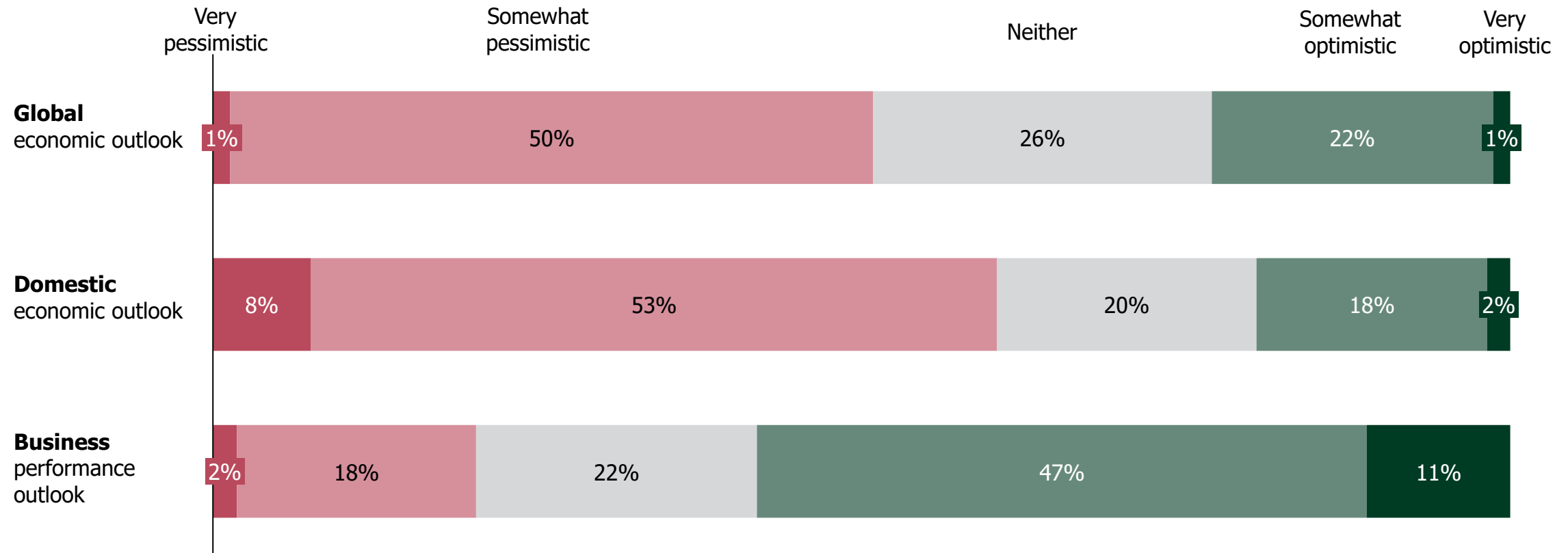
Economic and business outlook

Appendix: sample details



Business leaders' pessimism about the global and domestic economies contrasts with optimism about their companies' expected performance

ECONOMIC AND BUSINESS OUTLOOK¹ (Q4 '23)



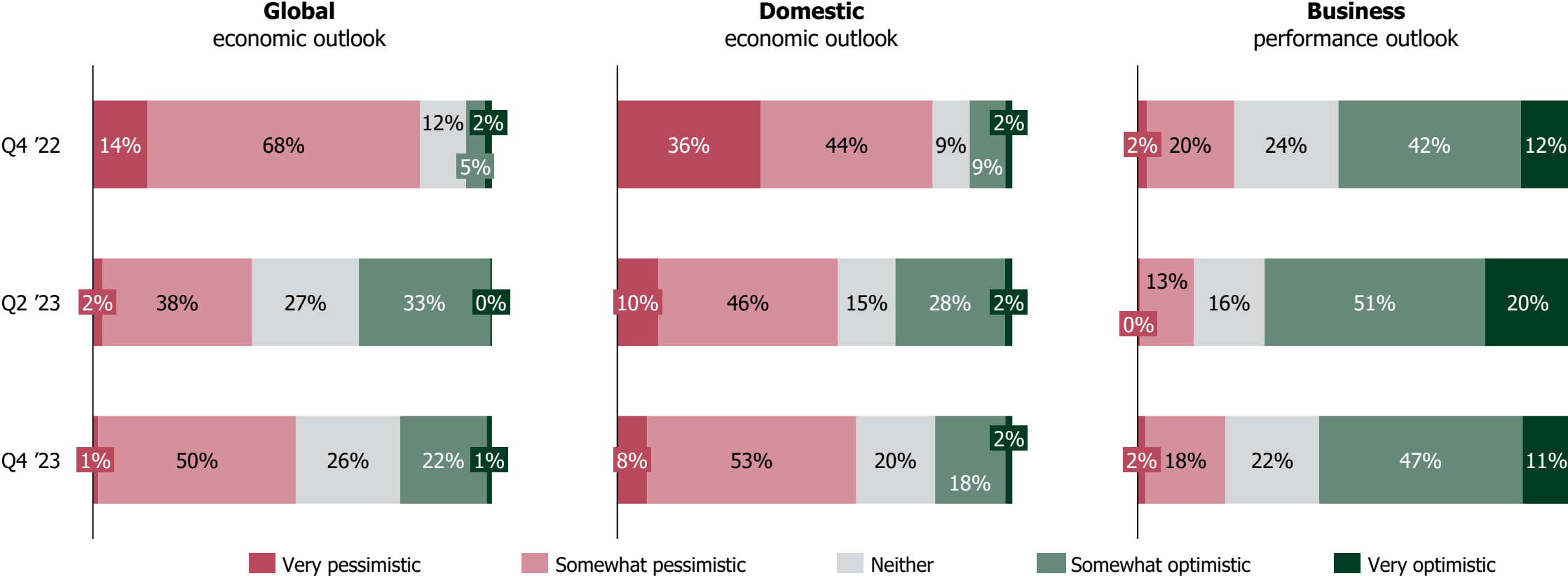
n: 226, 225, 217

Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q11 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Pessimism has increased across the board since Q2 '23, but not to Q4 '22 levels

ECONOMIC AND BUSINESS OUTLOOK¹ (Q4 '22 VS Q2 '23 VS Q4 '23)



Q4 '22 n: 278; Q2 '23 n: 213, 213, 208; Q4 n: 226, 225, 217

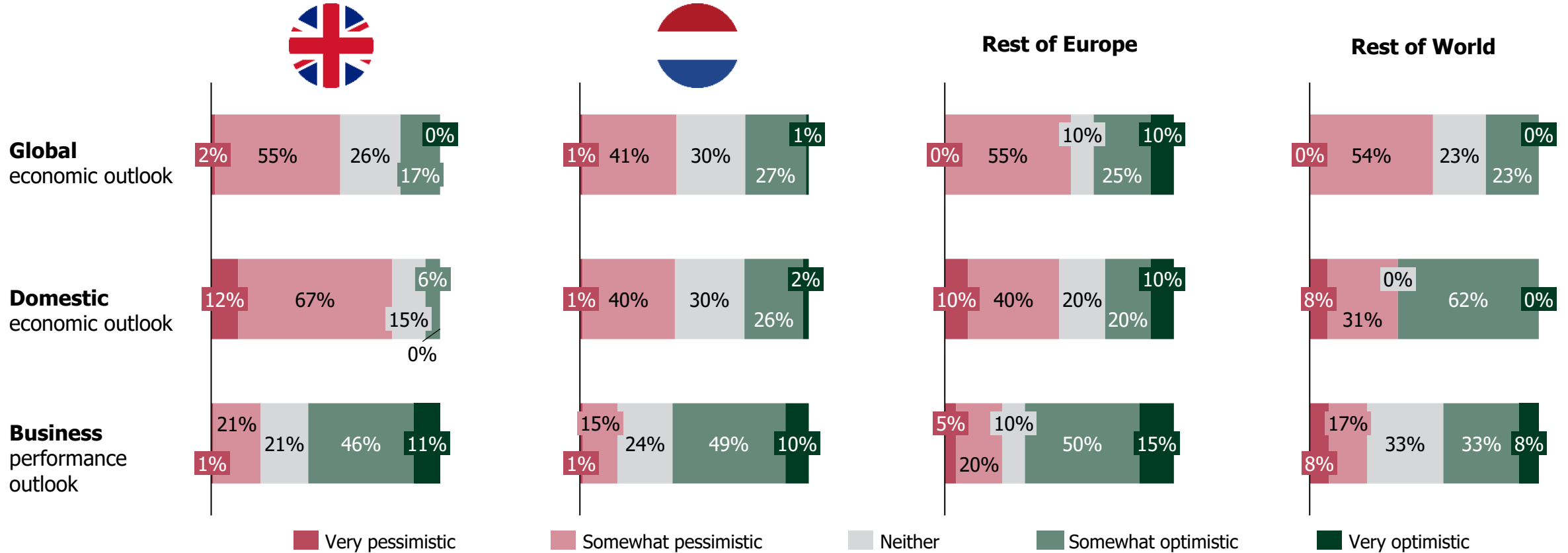
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Source: Eden McCallum Business Outlook Survey Q4 '22, Q2 '23, Q4 '23: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q11 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Business leaders in the UK are more pessimistic about their domestic outlook than their European counterparts

ECONOMIC AND BUSINESS OUTLOOK¹ (Q4 '23)

Note: small sample size for RoE and RoW



UK n: 110, 110 106; NL n: 83, 82, 79; Rest of Europe n: 20, 20, 20; Rest of World n: 13, 13, 12

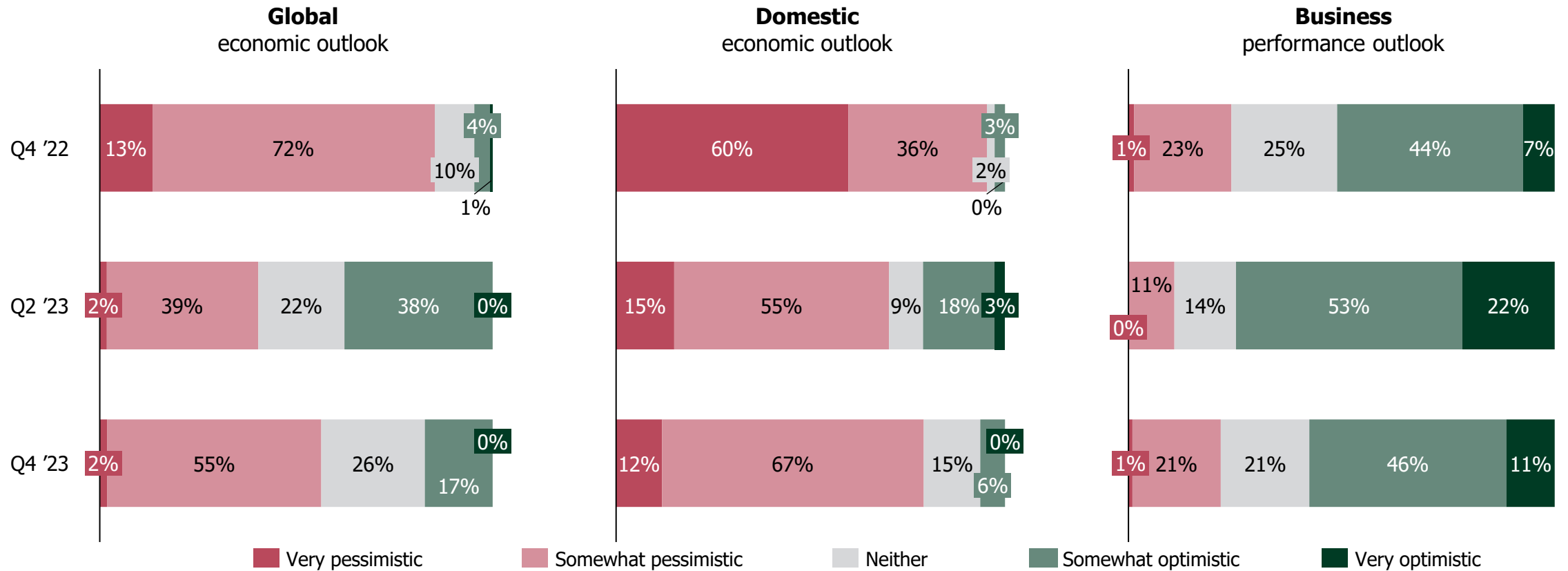
Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q6 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years? ; Q7 - What do you see as the greatest threats to your country's economy over the next 1-2 years? ; Q11 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?



The increase in pessimism since Q2 '23 has been most pronounced amongst UK business leaders...

ECONOMIC AND BUSINESS OUTLOOK¹ (Q4 '22 VS Q2 '23 VS Q4 '23)



Q4 '22 n: 149; Q2 '23 n: 114, 114, 111; Q4 '23 n: 110, 110, 106

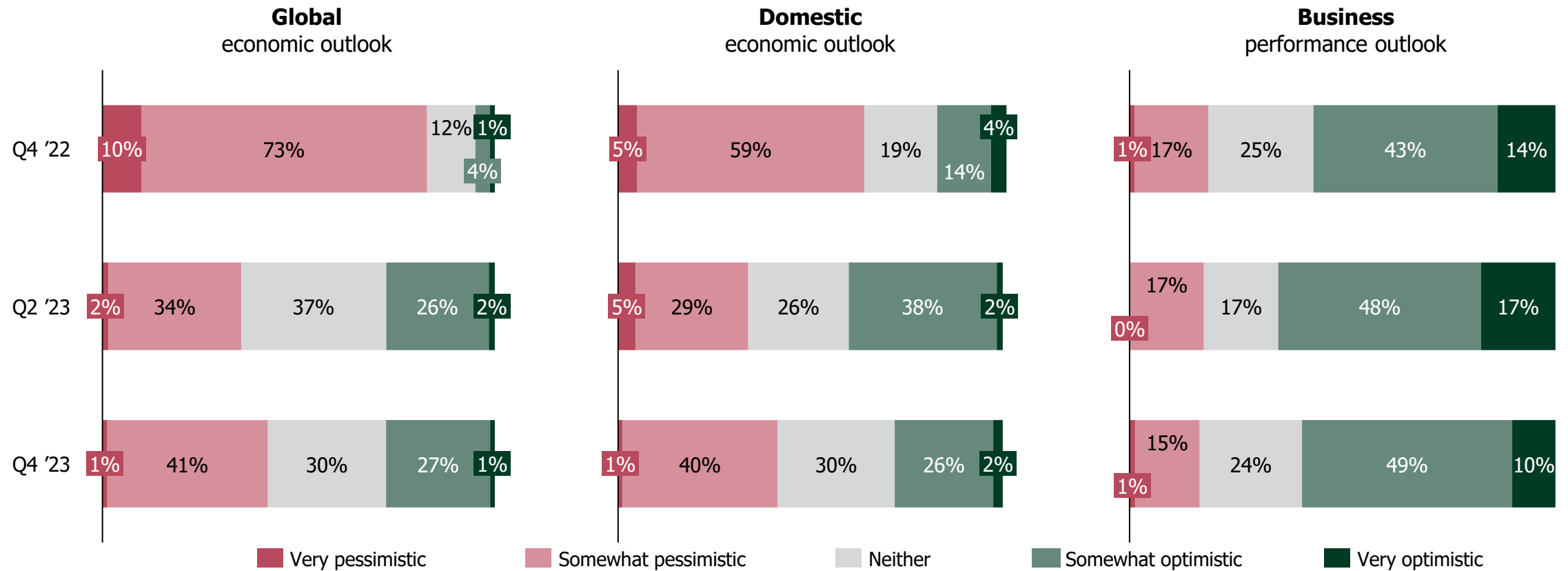
Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '22, Q2 '23, Q4 '23: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q11 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?



...with a smaller increase in economic pessimism in the Netherlands and a reduction in business performance optimism

ECONOMIC AND BUSINESS OUTLOOK¹ (Q4 '22 VS Q2 '23 VS Q4 '23)



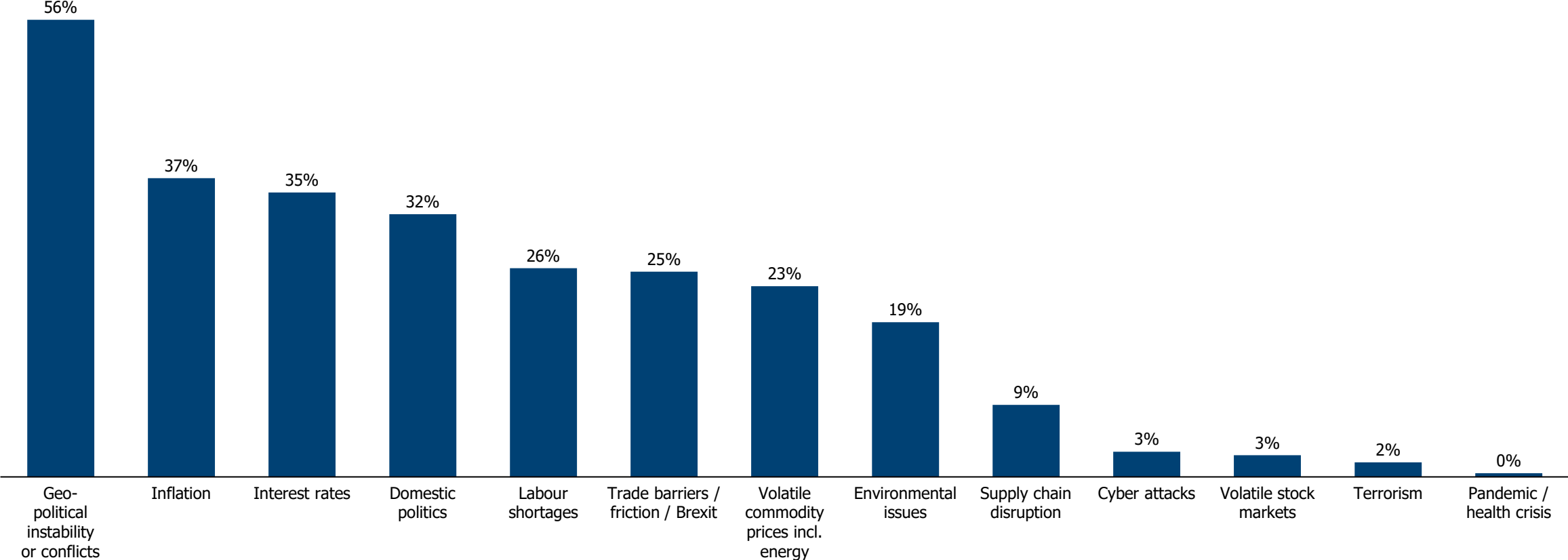
Q4 '22 n: 81; Q2 '23 n: 65, 65, 63; Q4 '23 n: 83, 82, 79

Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '22, Q2 '23, Q4 '23: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q11 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Geo-political instability is seen as the greatest threat to domestic economies

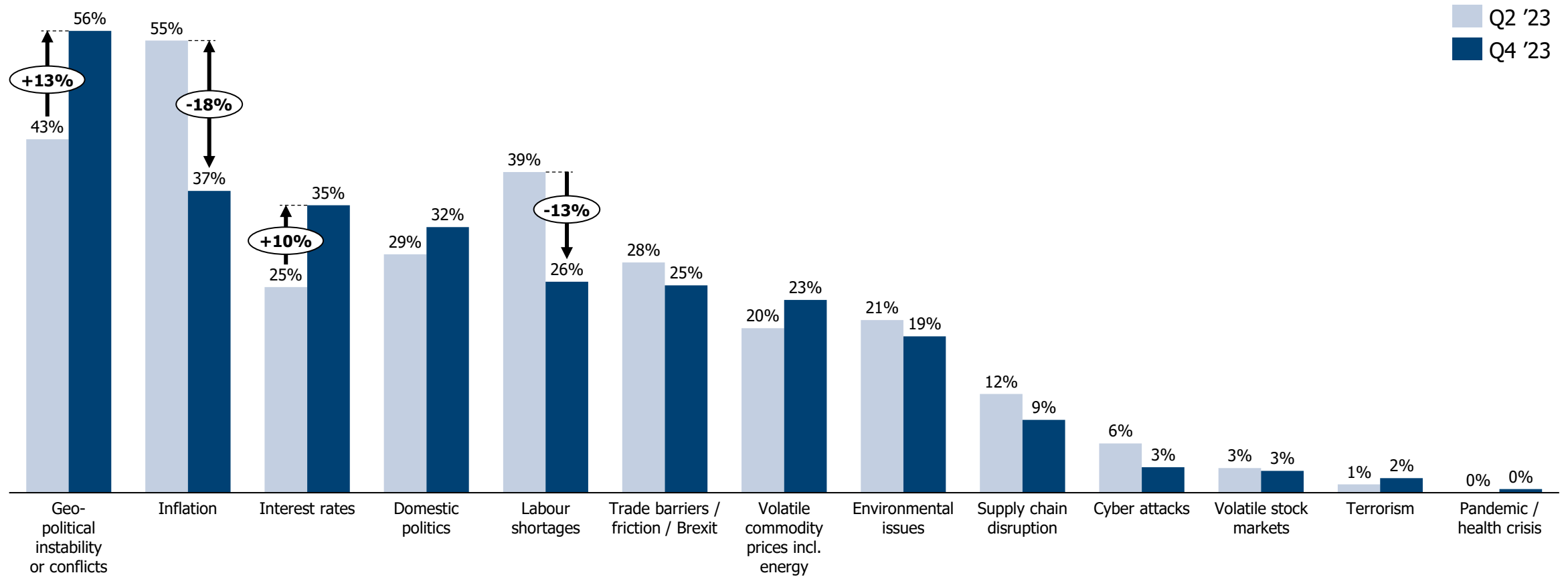
PERCEIVED THREATS TO DOMESTIC ECONOMY¹ (Q4 '23)



n: 226
Notes: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded
Source: Eden McCallum Business Outlook Survey Q4 '23: Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

Since Q2 '23, concern around geo-political instability and interest rates has increased and concern around inflation and labour shortages has decreased

PERCEIVED THREATS TO DOMESTIC ECONOMY¹ (Q2 '23 VS Q4 '23)



Q2 '23 n: 214; Q4 '23 n: 226

Notes: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

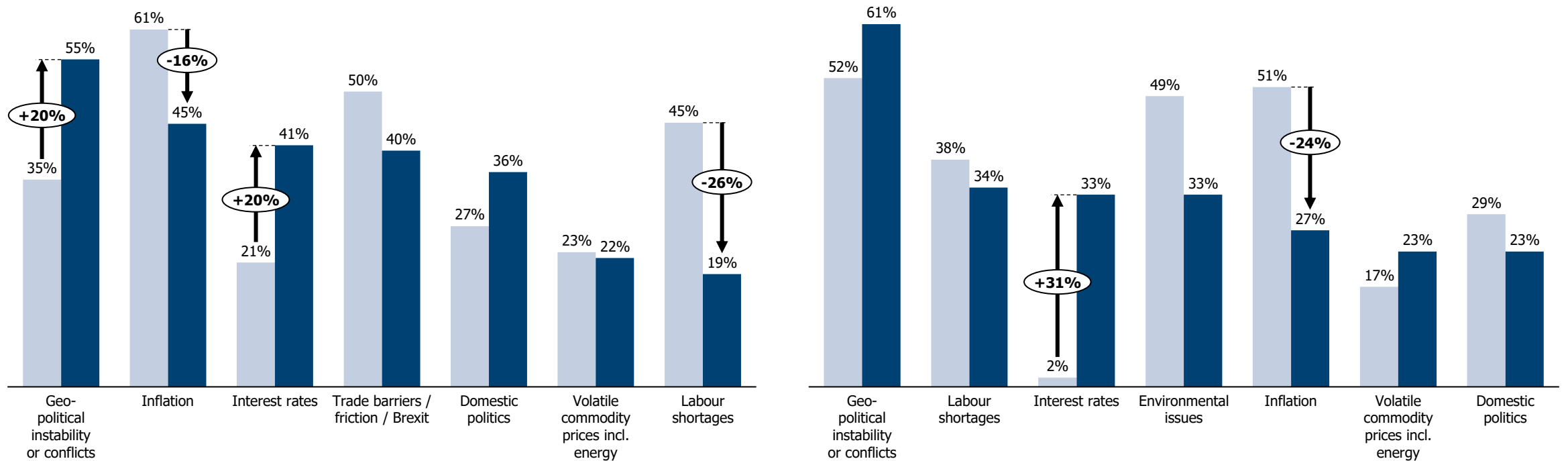
Source: Eden McCallum Business Outlook Survey Q2 '23, Q4 '23: Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

Whilst the largest changes since Q2 '23 are broadly consistent across UK and NL, concern around labour shortages has decreased in the UK but remains a threat in NL

PERCEIVED THREATS TO DOMESTIC ECONOMY^{1,2} (Q2 '23 VS Q4 '23)



■ Q2 '23
■ Q4 '23



Q2 '23: UK n: 114, NL n: 65; Q4 '23: UK n: 110, NL n: 83

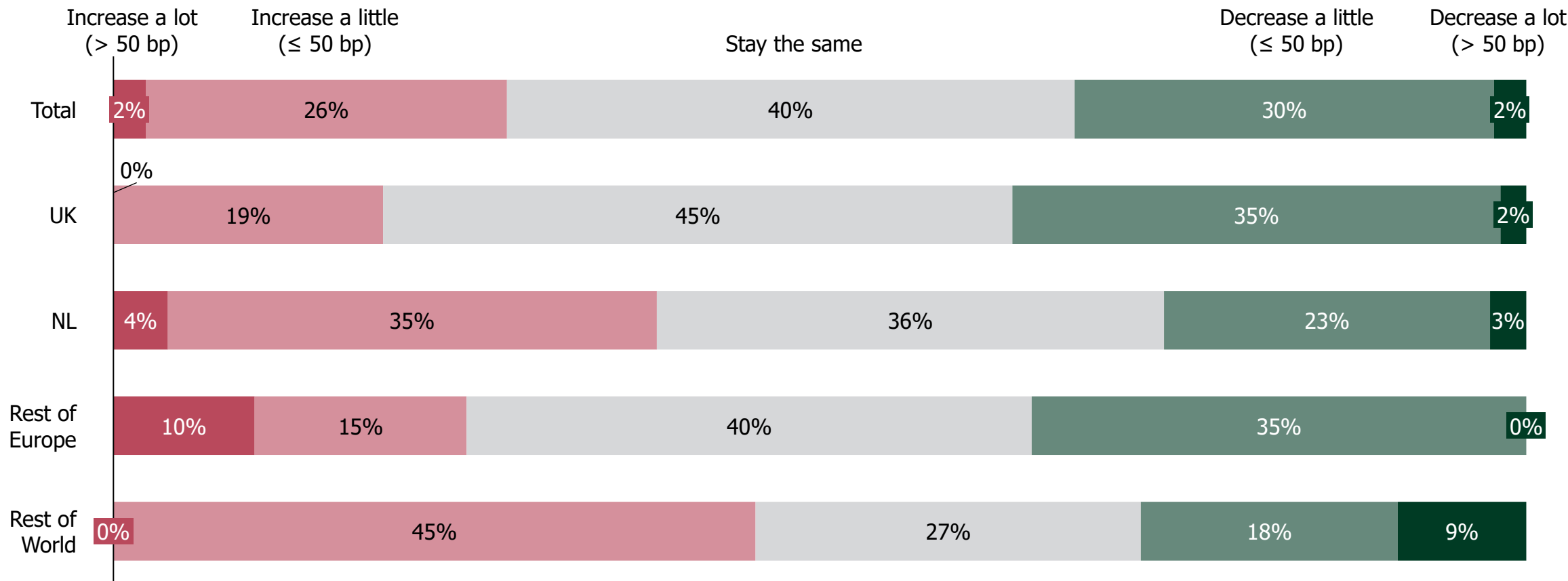
Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 7 threats per country

Source: Eden McCallum Business Outlook Survey Q2 '23, Q4 '23: Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

Mixed views on expected change in central bank rates over the next year

EXPECTED CENTRAL BANK INTEREST RATE CHANGES OVER THE NEXT YEAR¹ (Q4 '23)

Note: small sample size for RoE & RoW



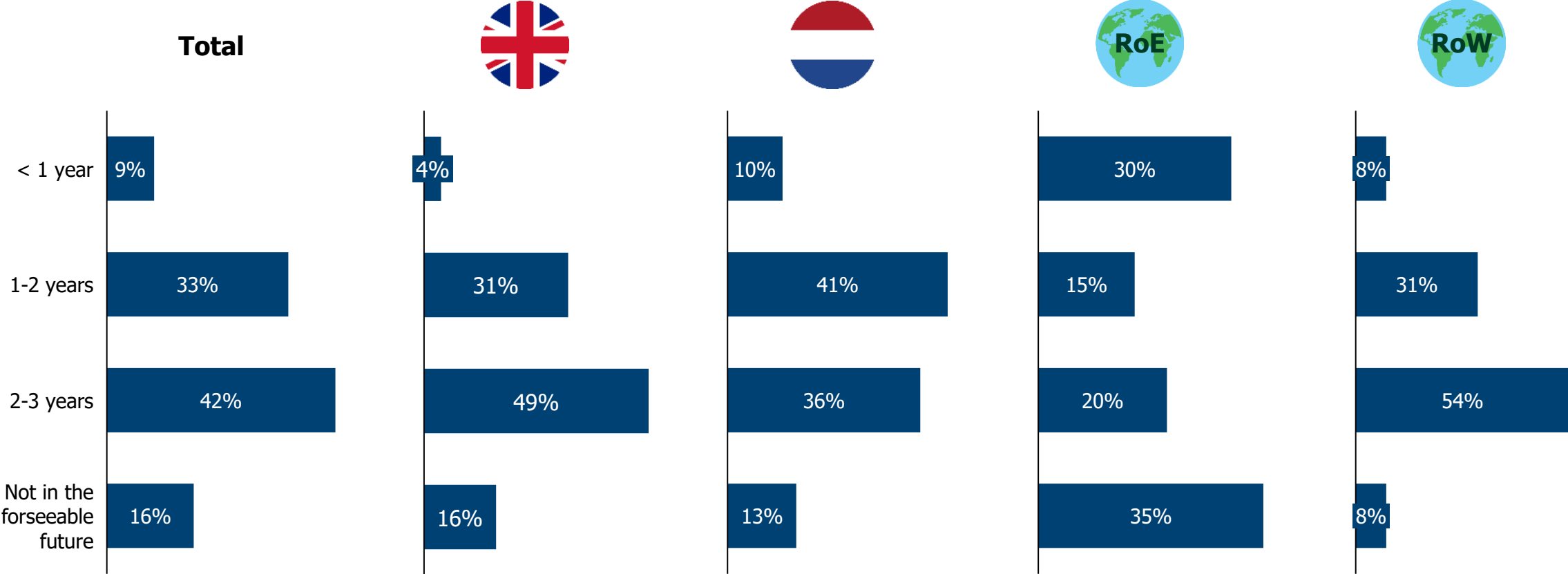
Total n: 219; UK n: 110; NL n: 78; Rest of Europe: 20, Rest of World: 11

Note: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q9 - Over the next year, what do you think will happen to central bank interest rates in your country / economic zone?

Most business leaders expect inflation to reach target levels (2%) in 1 to 3 years

EXPECTED TIME FOR INFLATION TO REACH TARGET LEVELS¹ (Q4 '23)



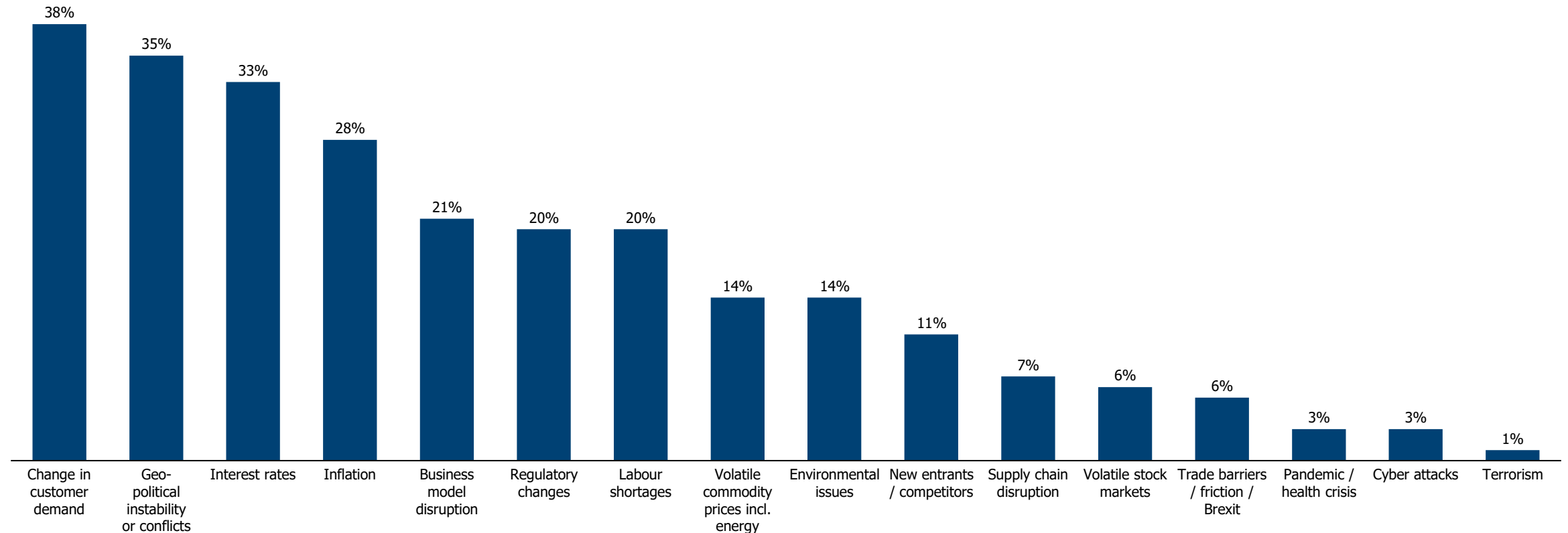
Total n: 219; UK n: 108; NL n: 78; Rest of Europe n: 20; Rest of World n: 13

Note: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q10 - How long do you think it will take for inflation to reach target levels (c. 2%) in your country / economic zone?

Business leaders view change in customer demand, geo-political instability, and interest rates as the external factors most likely to impact company performance

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE¹ (Q4 '23)



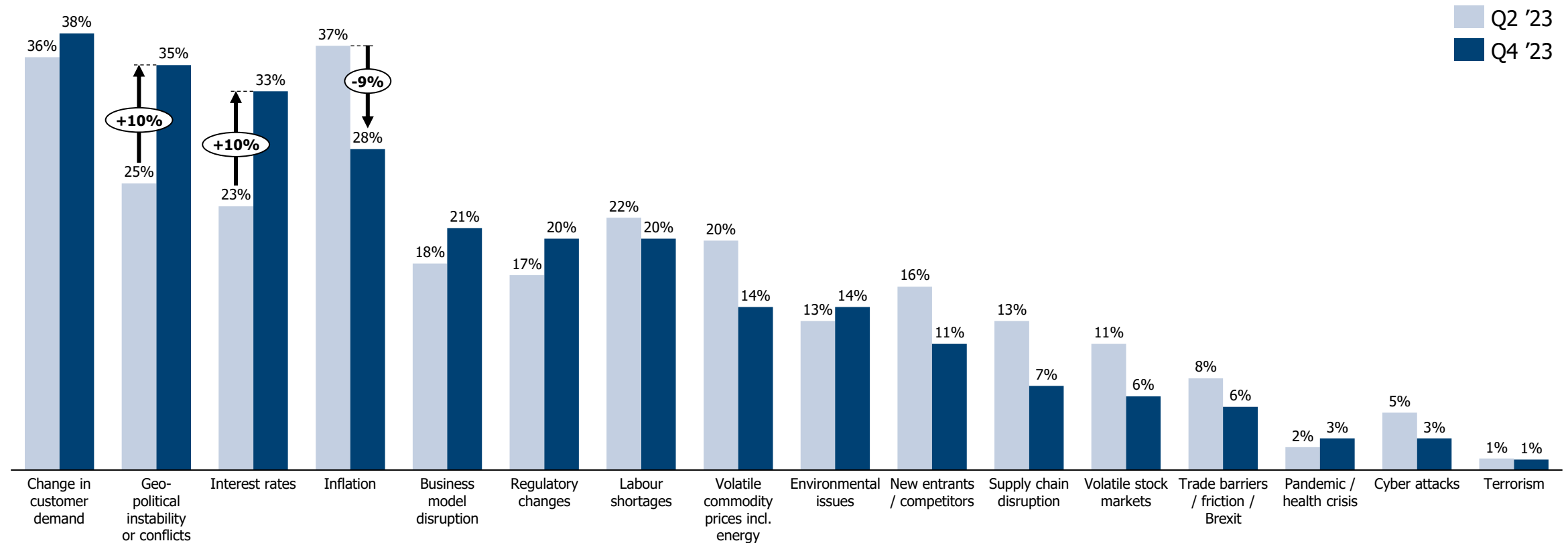
n: 218

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q12 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Since Q2 '23, concern about geo-political instability and interest rates has increased and concern around inflation has decreased

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE¹ (Q2 '23 VS Q4 '23)



Q2 '23 n: 208; Q4 '23 n: 218

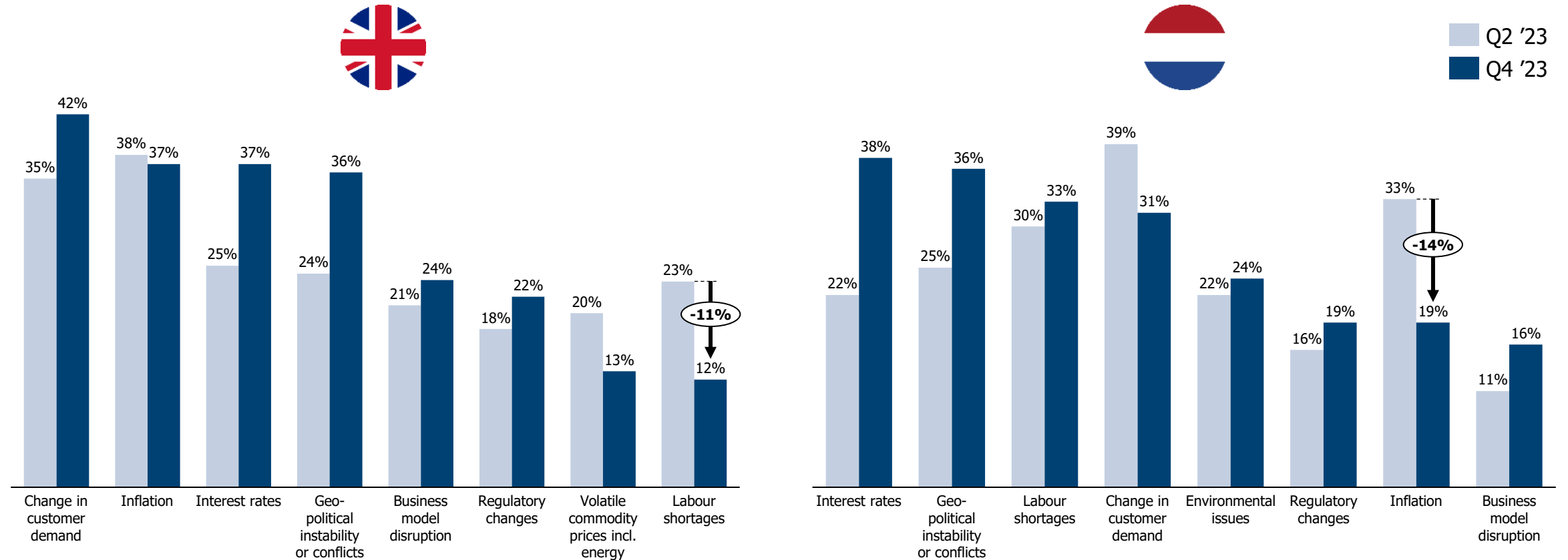
Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q2 '23, Q4 '23: Q12 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Q2 '23
Q4 '23

UK business leaders no longer see labour shortages as a key issue, whilst in the Netherlands concern about inflation has reduced sharply

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE^{1,2} (Q2 '23 VS Q4 '23)



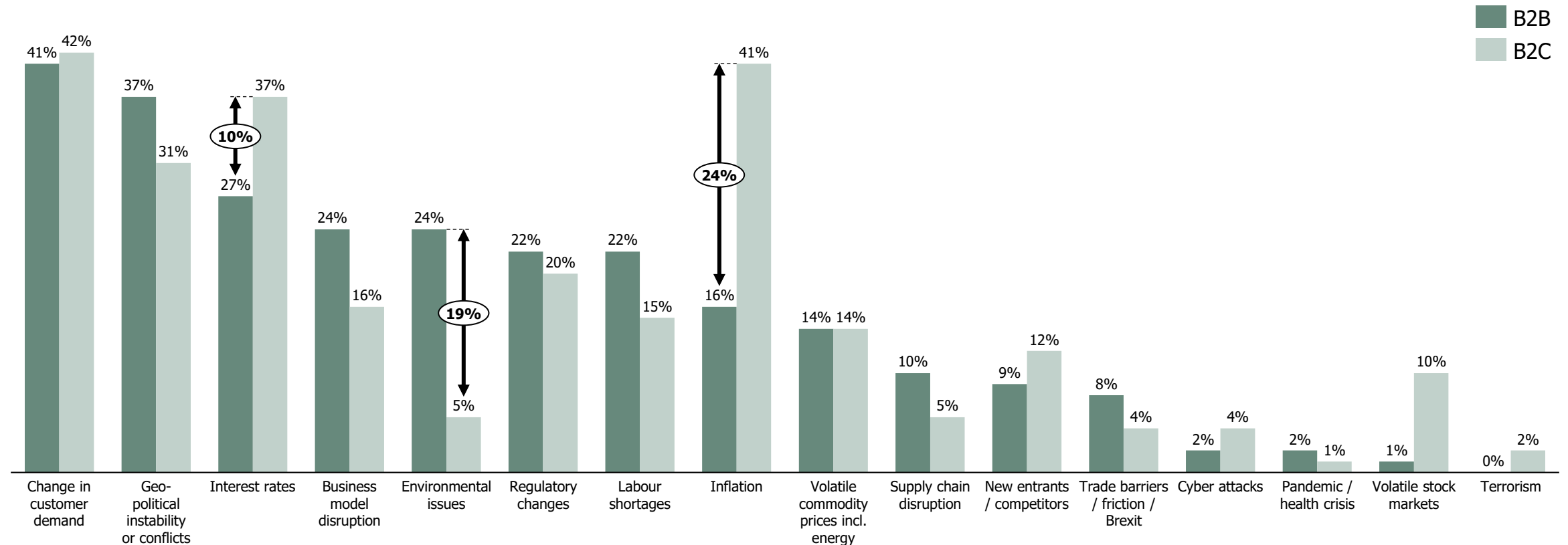
Q2 '23: UK n: 111, NL n: 63; Q4 '23: UK n: 106; NL n: 80

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 8 factors per country

Source: Eden McCallum Business Outlook Survey Q2 '23, Q4 '23: Q12 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

B2C business leaders are more concerned about inflation and interest rates whilst B2B business leaders are more concerned environmental issues

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE – B2B VS B2C¹ (Q4 '23)



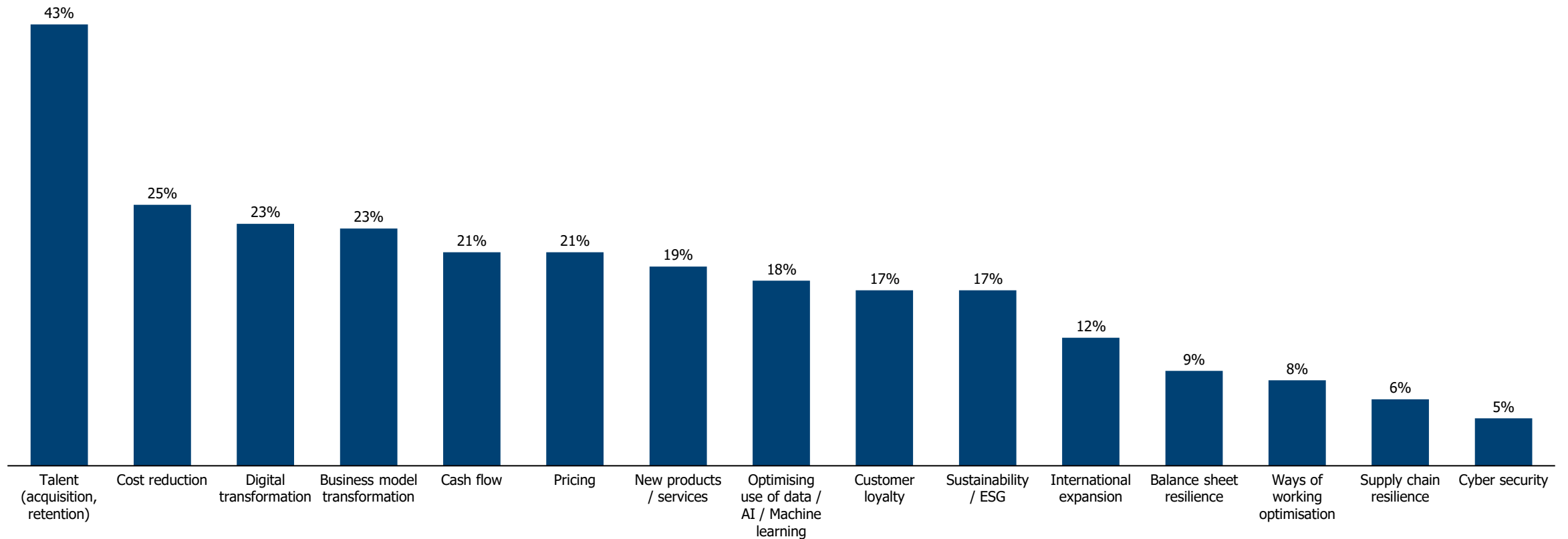
B2B Industries n: 91; B2C Industries n: 91

Note: 1) Respondents could select up to 3 choices, hence percentages do not add to 100, and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q12 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Talent remains the most important internal issue for business leaders

MOST IMPORTANT INTERNAL ISSUES FOR BUSINESSES¹ (Q4 '23)



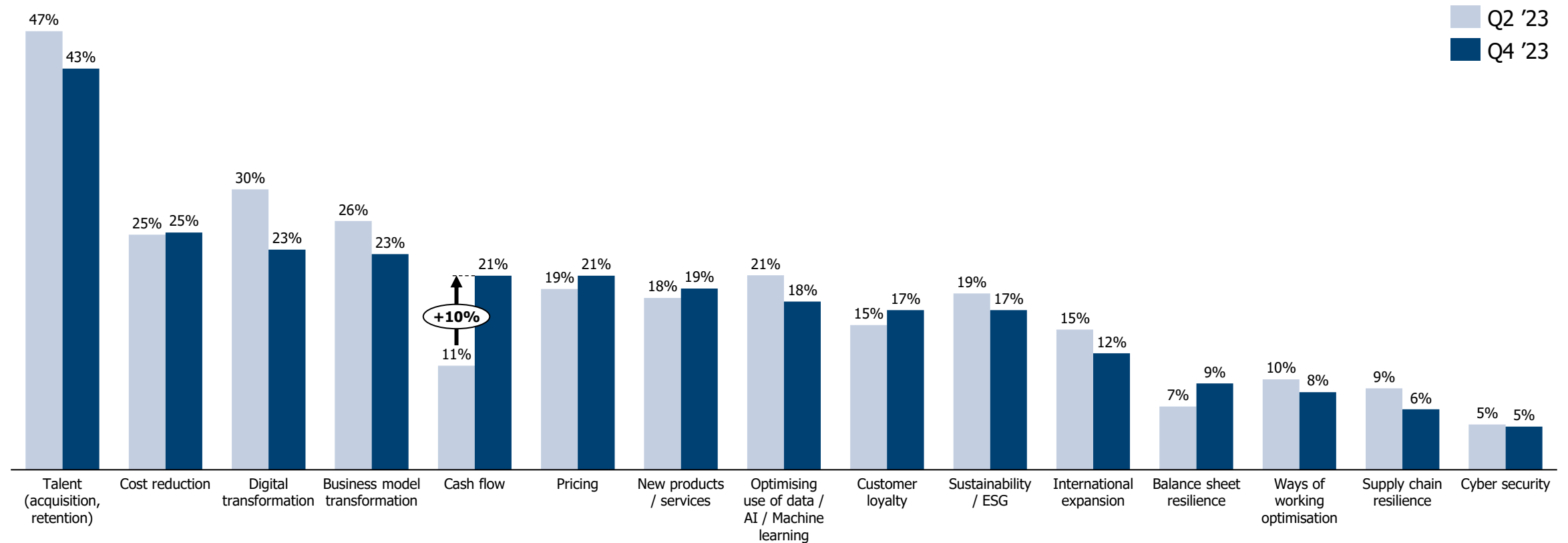
n: 218

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q13 – What are the most important internal issues for your company over the next 1-2 years?

The importance of internal issues is broadly unchanged since Q2 '23 aside from an increase in concern around cash flow

MOST IMPORTANT INTERNAL ISSUES FOR BUSINESSES¹ (Q2 '23 VS Q4 '23)



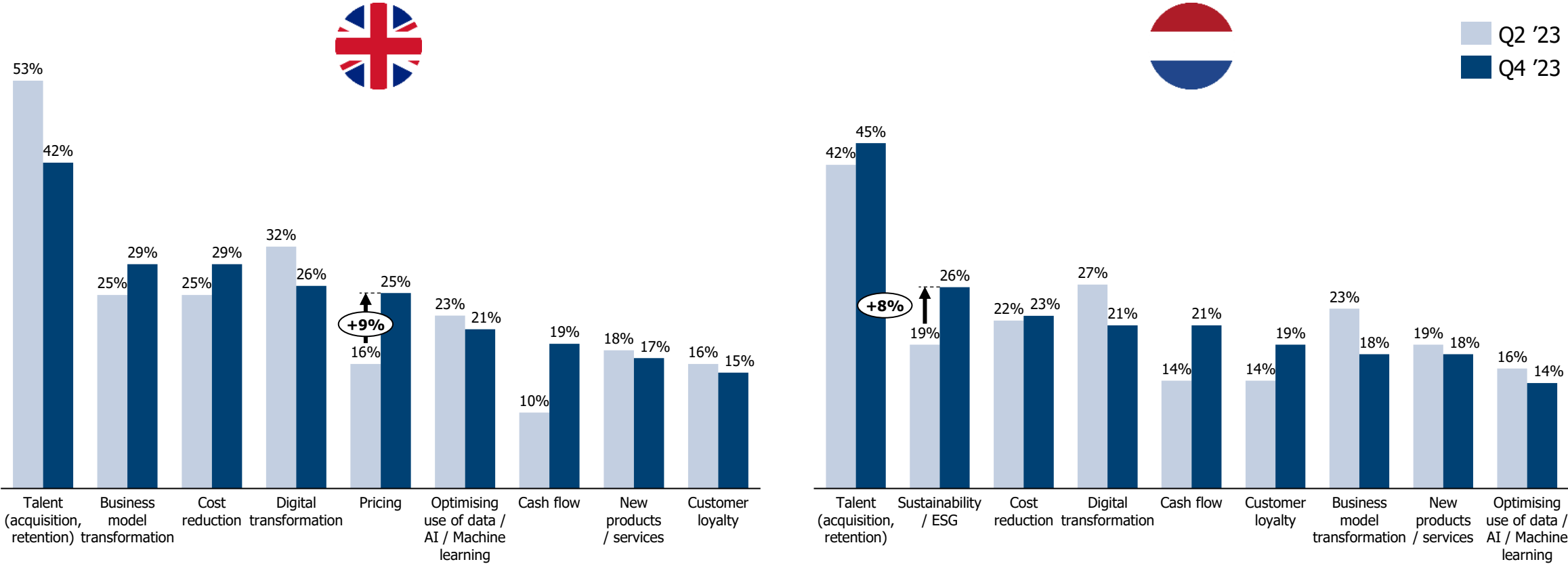
Q2 '23 n: 208; Q4 '23 n: 218

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q2 '23, Q4 '23: Q13 – What are the most important internal issues for your company over the next 1-2 years?

Pricing is also an increased concern in the UK and sustainability in NL

MOST IMPORTANT INTERNAL ISSUES FOR BUSINESSES^{1,2} (Q2 '23 VS Q4 '23)



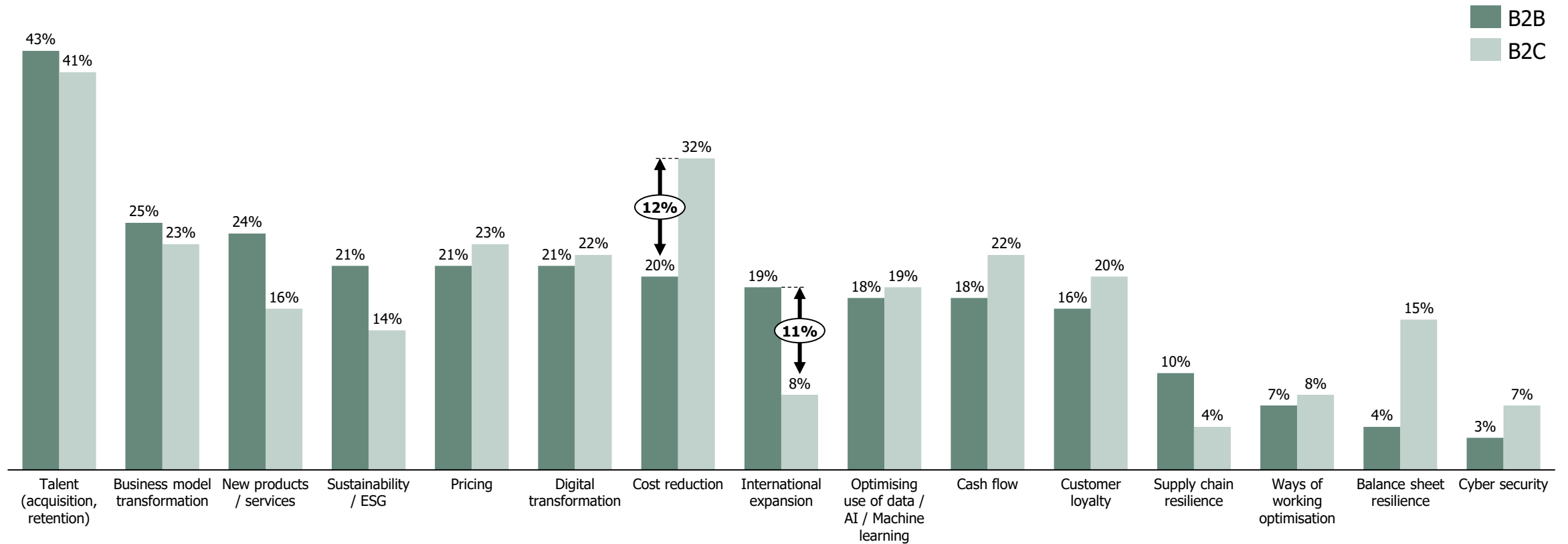
Q2 '23: UK n: 111, NL n: 63; Q4 '23: UK n: 106; NL n: 80

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 9 issues per country

Source: Eden McCallum Business Outlook Survey Q2 '23, Q4 '23: Q13 - What are the most important internal issues for your company over the next 1-2 years?

Whilst talent is the top internal issue for both B2C and B2B business leaders, cost reduction is higher on the B2C agenda and international expansion lower

MOST IMPORTANT INTERNAL ISSUES FOR BUSINESSES – B2B VS B2C¹ (Q4 '23)



B2B Industries n: 91; B2C Industries n: 91

Note: 1) Respondents could select up to 3 choices, hence percentages do not add to 100, and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q13 - What are the most important internal issues for your company over the next 1-2 years?

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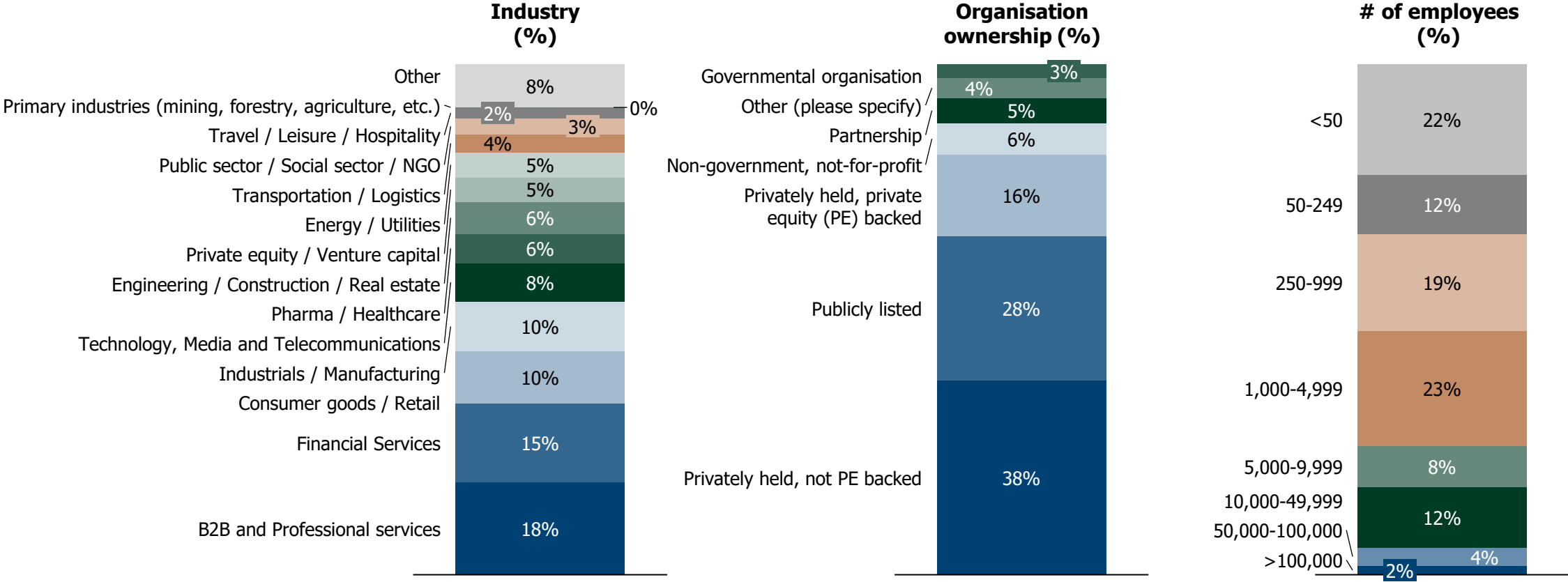
Economic and business outlook

Appendix: sample details



Survey sample information (1 of 2)

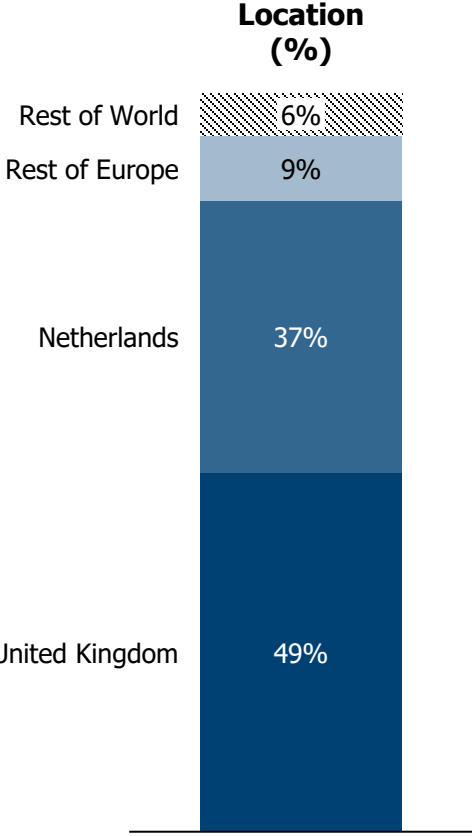
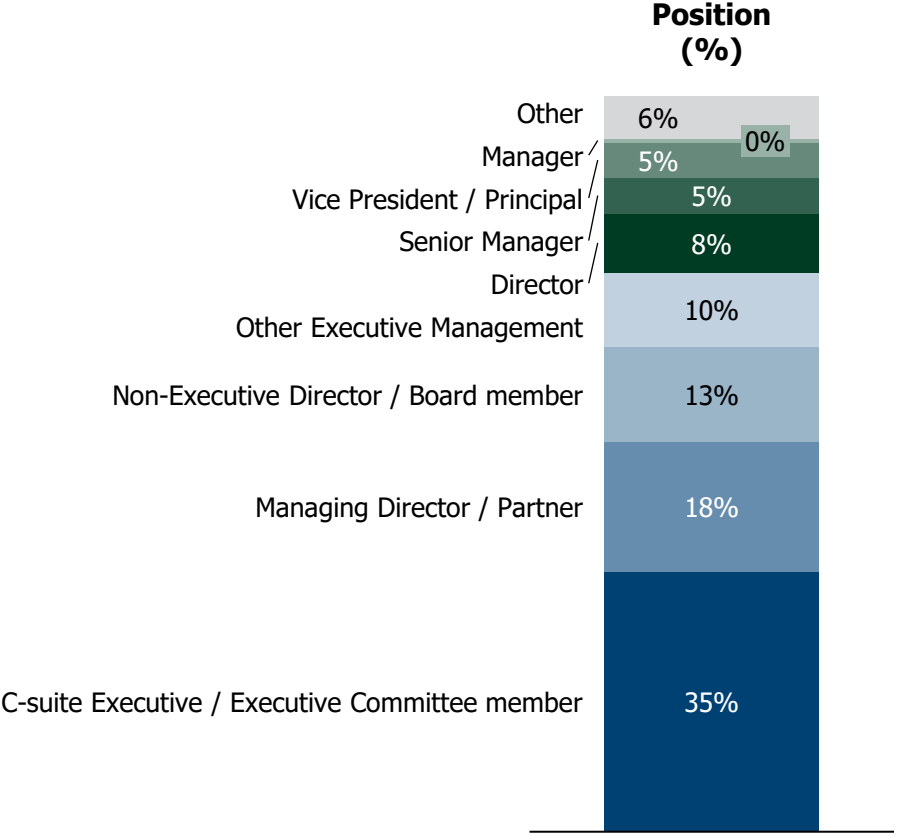
KEY FACTS ABOUT THE SAMPLE SURVEY RESPONDENTS' ORGANISATIONS



n: 226 (those who answered Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?)
 Source: Eden McCallum Business Outlook Survey Q4 '23: Q1 - What industry is your company / organisation in? ; Q4 - How would you best describe your organisation? Please select one.. ; Q2 - How many people does your company / organisation employ in total?

Survey sample information (2 of 2)

KEY FACTS ABOUT THE SAMPLE SURVEY RESPONDENTS



n: 226 (those who answered Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?)
 Source: Eden McCallum Business Outlook Survey Q4 '23: Q5 - Which of the following best describes your role within your organisation?; Q3 - In which country do you live?