

Business Opinion Survey

Snapshot

63%

Expect their business to perform better over the next year

63%

Expect the New Zealand business situation to improve over the next year

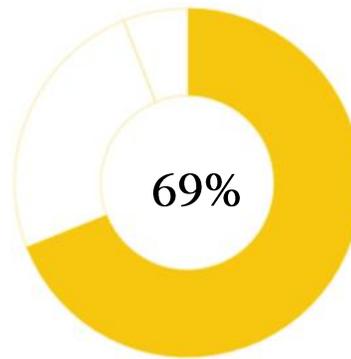
42%

Continued to see decreasing profitability for their business over the last six months

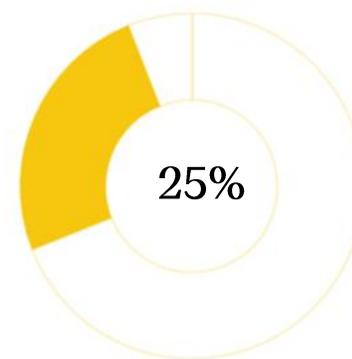
89%

Experienced increasing costs of doing business over the last six months

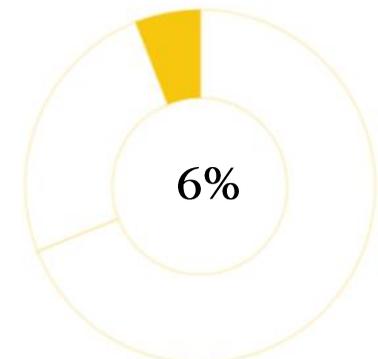
Business Size of Respondents



0-10 Employees



11-100 Employees



101+ Employees

Industries of Participants

1. Professional Services
2. Construction and Trades
3. Retail
4. Cafes and Restaurants
5. Manufacturing
6. Agriculture
7. Other

Top Issues

1. Costs of doing business
2. Lack of orders/sales
3. Business capacity

Key Messages

Confidence from North Canterbury businesses has increased rapidly over the last six months. North Canterbury has seen a net +50%* increase in confidence in the New Zealand business situation.

63% of businesses are positive while 17% are negative. This gives a net +46% result compared to -4% in our April survey. This is the most positive result we have seen for this question since October 2013.

63% of businesses are positive about their own business prospects while 6% are negative. This gives a net +57% result which is a 17% increase since our last survey in April.

Profitability for North Canterbury businesses continues to decrease with only 20% reporting an increase in profits over the last year and 42% of businesses reporting lower profits (Net -22% profitability).

Business Owners are finding it easier to find staff, with net +11% finding it easier to find skilled and semi-skilled staff, and net +34% finding it easier to find unskilled staff.

43% of businesses report that the single most limiting factor for them is the cost of doing business. This is a 14% decrease from our April survey, but still significantly greater than the 5% who reported this factor in October last year. 89% of businesses report that their costs have continued to increase.

Staff turnover in North Canterbury remains low with an average turnover of 10% reported by businesses in the survey.

35% of businesses reported an intention to increase investment in plant/equipment compared to 33% who said they would be reducing investment (net +2%). This is an improvement on our April result of net -28%.

Investment intentions on buildings remains low at net -13%, but again, this is an improvement on our April result of net -32%.

**Net scores are calculated by working out the percentage of answers given that are positive, neutral and negative and then subtracting the negative percentage from the positive percentage.*

Business Confidence

Confidence in the New Zealand business situation has grown rapidly up to net +46% from net -4% six months ago. This is the most confident North Canterbury Businesses have been since October 2013. This number is made up of 63% of businesses who feel the business situation will improve over the next 6 months, 20% who feel it will stay the same and 17% who feel it will worsen.

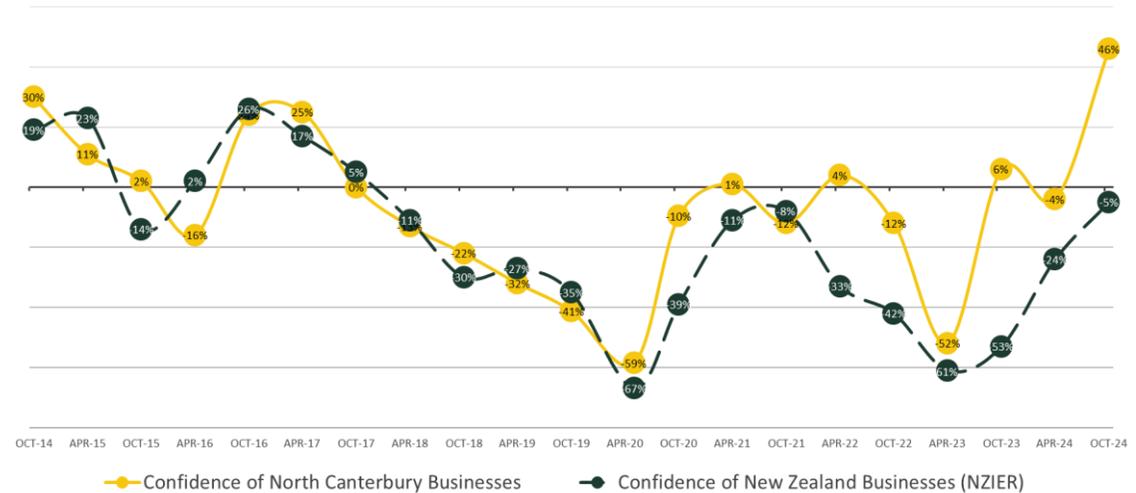
The majority of businesses surveyed also felt that the business prospects for their district (net 49%), for their industry (net 32%) and for their individual businesses (net 57%) were positive.

Context:

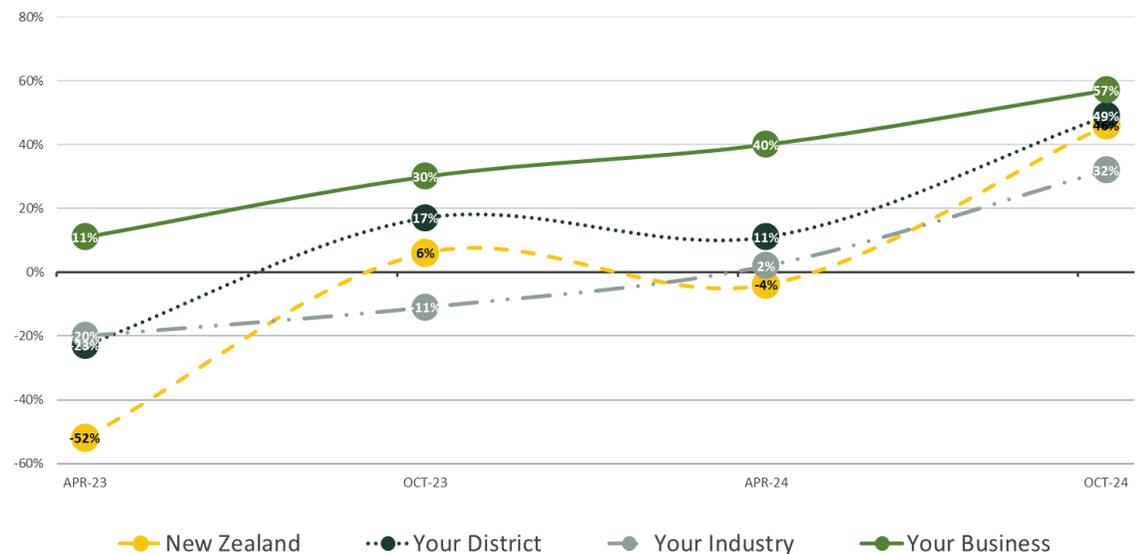
North Canterbury businesses are much more positive about the business situation than business owners across New Zealand (who are at net -5% in the latest NZIER survey).

These results are reflective of other regional surveys we have seen. Talking with local business owners there is a lot more positivity, with many saying that they expect 2025 will be a much better business environment.

Confidence: New Zealand Business Situation



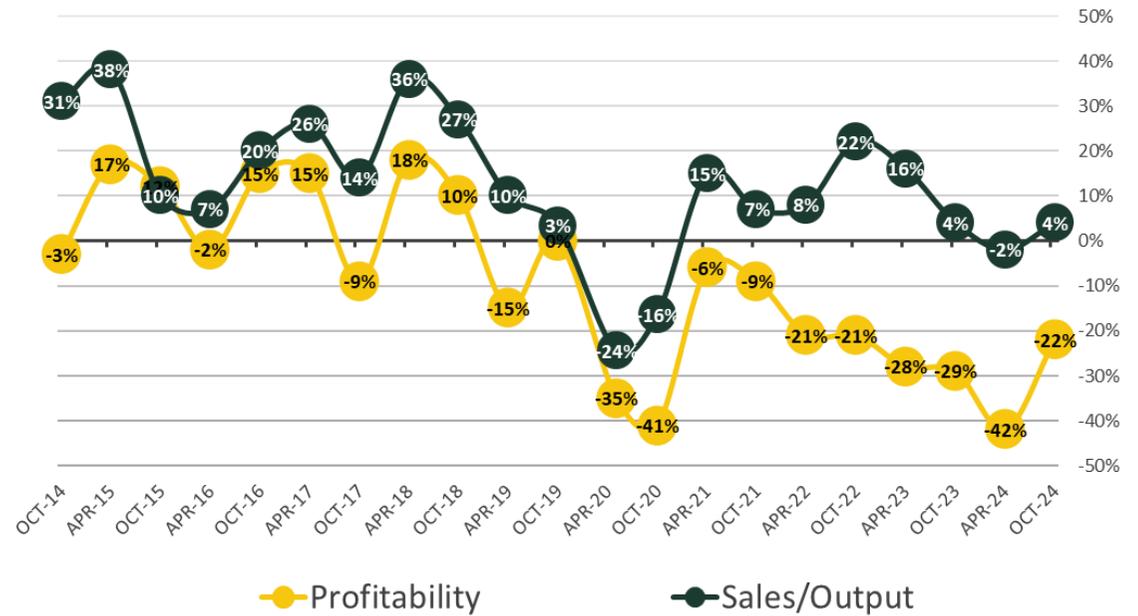
Local Business Confidence regarding:



Operations

Profitability:

Profitability continues to decline in North Canterbury. 42% of businesses in North Canterbury reported a decrease in profitability over the last six months while 20% saw profits increase (net -22%). While this is still a decrease, it is not as stark as the net -42% we recorded in April.

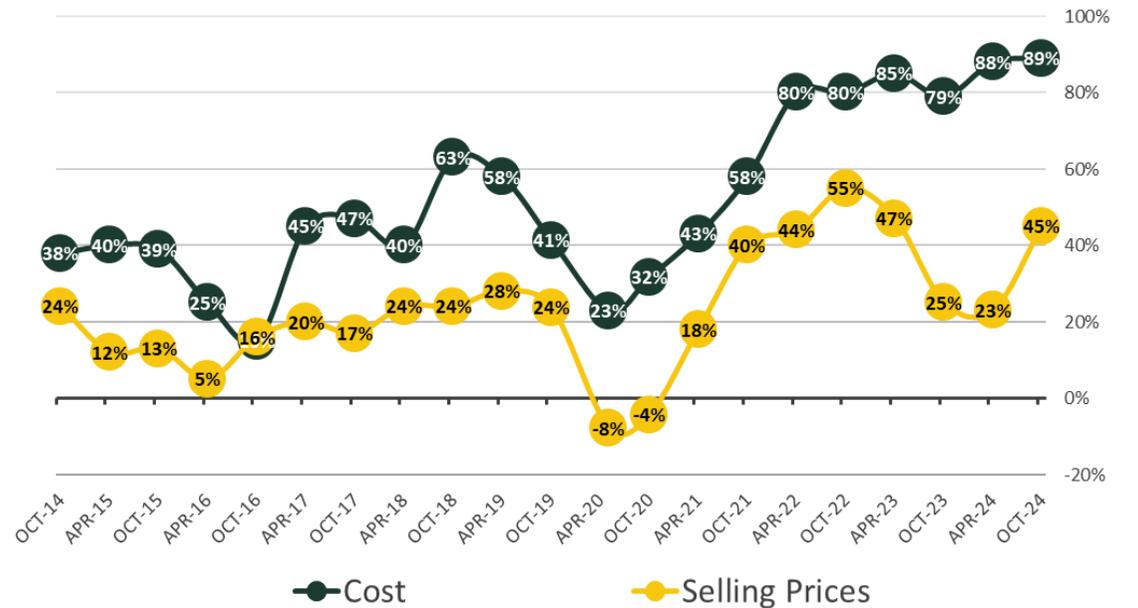


Sales Volumes:

Overall sales remain flat with 37% of businesses reporting increased sales but 33% of businesses reporting decreased sales (net +4%).

Cost of Doing Business:

89% of businesses reported that the cost of doing business continues to rise for them. No-one in this survey reported any decreases in the cost of doing business (net +89%).



Impact on Pricing:

51% of businesses reported that they put up their prices in the last six months while 6% decreased their prices (net +45%).

Operations

Context:

With the majority of North Canterbury businesses continuing to see increased costs of doing business over the last six months, this is causing margins to remain tight and the cost to consumers to increase.

43% of businesses reported that increasing cost of doing business is the single factor most limiting their business. This was followed by a lack of orders or sales (25%) and a lack of business capacity (8%).

Many businesses have reported to us that they feel that the market will not support any further increase for their prices which, in those cases, is leading to even tighter margins.

With lowering interest rates and an increase in consumer confidence over the last six months, many businesses report that they are hopeful that 2025 will be a better year.

Survey Feedback:

“Overall we've got through this downturn pretty unscathed, but we've been wearing most of our price increases. So we will require a price increase soon, hopefully that doesn't affect sales too badly”.

“We just need turnover in our business, cost of doing business should be more stable now than the last 2 years with an increase in wages”.

“We have increasing numbers of clients having to turn to short term cost spreading companies like afterpay. There are others so concerned about costs that they are cutting the types of treatments they can afford”.

“Our sales figures are up 34% compared to last year and profitability is up 41%”.

“Profitability has slumped significantly in the past 12 months due to high wages and high cost of goods”.

“With lack of sales, and overheads remaining the same if not increasing, then our profit is being impacted”.

“Biggest expense is electricity”.

“I feel local tourism is hampered by a distinct lack of funds from those wanting services, especially where alcohol is involved as many chose to supply their own ‘sober’ driver rather than pay for transport services”.

Employment Trends

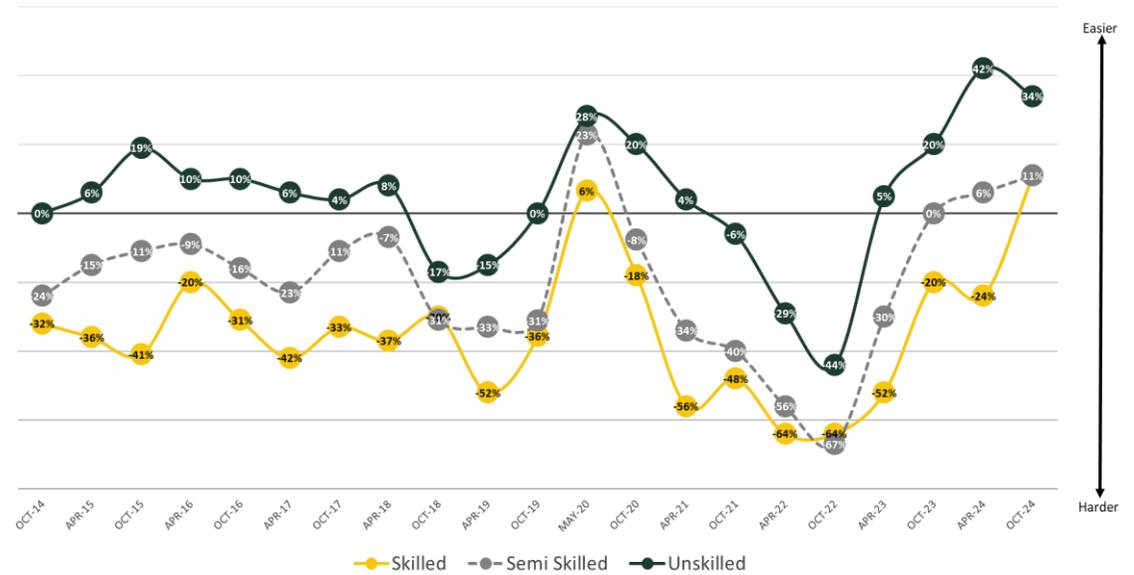
Staffing numbers are holding steady in North Canterbury with 16% of employers confirming an increase in their levels of staffing and 14% reporting a decrease (net +2%).

Employers report that it is easier than six months ago to recruit staff of all skill levels, with a net +11% improvement for skilled and semi-skilled staff and a net +34% improvement for unskilled staff.

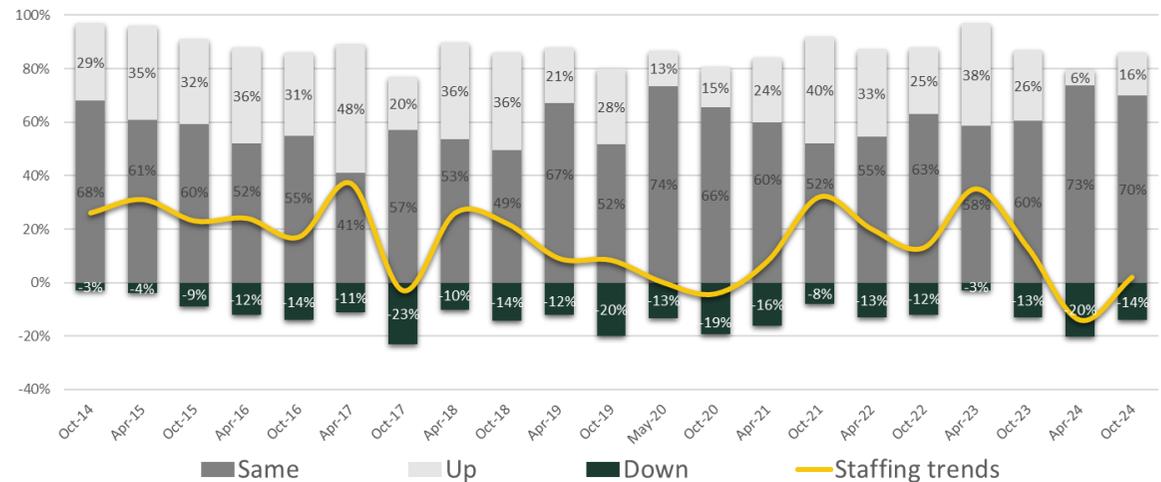
Employers report that the most used methods of finding staff are word of mouth (68%), internet advertising (54%) and social media (48%).

We ranked how successful each method is for sourcing staff and found the most successful methods (averaged over the last 3 years) are internet advertising (49% effectiveness), government departments (39%) and recruitment companies (31%).

Finding Staff



Employment Trends in North Canterbury



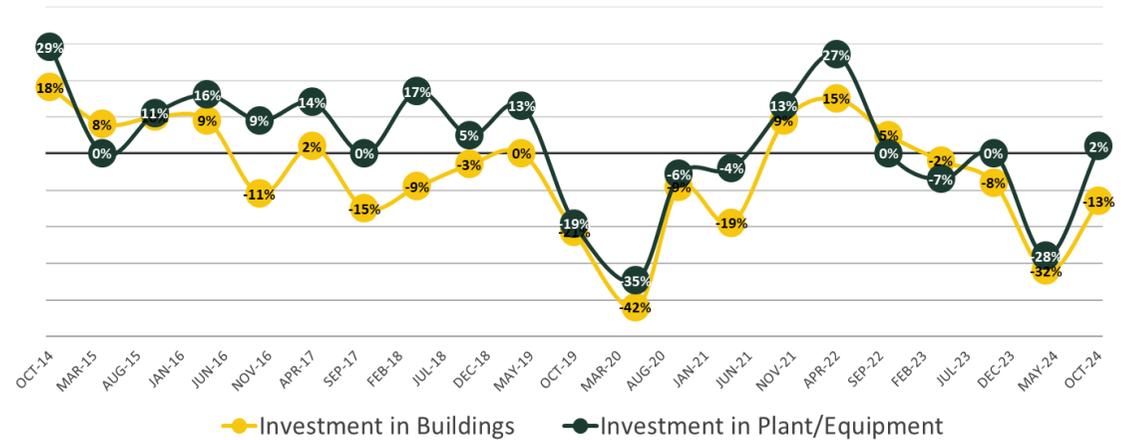
Investment

Investment in buildings continues to decline with 35% of respondents planning to decrease their investment levels in buildings compared to 22% who are planning to increase their investment (net -13%).

Investment in plant and equipment appears to be holding steady with approximately an equal number planning to invest more, invest less and invest the same amount as the last 6 months (net +2%).

While there was an increase in commercial consents in 2023, discussions with building developers and businesses reflect that many business owners are still pausing planned developments and holding off from discretionary investment until the economy improves.

Predicted Investment



Who completed the survey?

The North Canterbury Business Opinion Survey is administered online every six months for the Waimakariri and Hurunui districts. The results of this survey should always be considered as an indication of the views of local businesses given the sample sizes involved and is best used for identifying trends.

- 64 businesses responded to this survey
- 39 respondents were from Waimakariri, 11 were from Hurunui and 4 considered that they are based equally in both districts.

Industry

Professional Services	15
Construction and Trades	10
Retail	10
Cafes and Restaurants	8
Manufacturing	7
Agriculture	5
Tourism	5
Wholesale Trade	4
Accommodation	3
Finance and Insurance Services	3
Forestry	3
Community Services	2
Education	2
Health Services	2
Transport and Storage	2
Hospitality	1
Personal Services	1
Viticulture	1

Number of Employees

0 employees	8
1-10	36
11-20	5
21-50	9
51-100	2
101-200	2
201-500	1
Over 500	1

Enterprise North Canterbury Sponsors

We would like to thank our ENC sponsors. Our sponsors support ENC's mission to assist businesses in the North Canterbury region to grow and thrive and to bring new investment into the area. The funding they provide assists us greatly in making North Canterbury a better place for business.

We encourage you to use our sponsors' services.

Corporate Sponsor



Our Valued Sponsors

