



ENTERPRISE NORTH CANTERBURY

NORTH CANTERBURY

BUSINESS OPINION SURVEY

October 2021

RESEARCH RESULTS

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Business
Opinion
Survey:
October 2021

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Key Messages

from North Canterbury businesses

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- North Canterbury businesses are currently facing a number of headwinds as a result of Covid-19. Many of the issues that were able to be deferred last year are now starting to have a noticeable impact on the business community. 33% of businesses report Covid-19 restrictions as the single largest factor limiting their ability to grow.
- Supply constraints are becoming more of an immediate issue, with many businesses reporting difficulty in sourcing raw materials as well as specialist equipment. Many businesses report that they are unable to meet customer demand due to an inability to source materials.
- Supply constraints are also contributing to difficulty with 58% of businesses reporting an increase in the cost of doing business in the last 6 months. Nobody reported a decrease in costs. This increase, for the most part, is being passed over to consumers with 40% of businesses reporting that they have increased their prices in the last 6 months.
- Profitability continues to decrease, though at a less dramatic level than in 2020. Net 9% of businesses reported a decrease in profits over the last 6 months.
- Despite the difficulties in the current environment, businesses are continuing to expand staff numbers, with net 32% of businesses reporting an increase in staffing. Businesses also appear to be investing in their future with an increase in the number of businesses investing in buildings, plant and machinery.
- As a whole, North Canterbury businesses are slightly pessimistic about the business situation for the next 6 months. Net 12% expect conditions to worsen. This is lower than New Zealand as a whole who are net 8% expecting conditions to worsen.

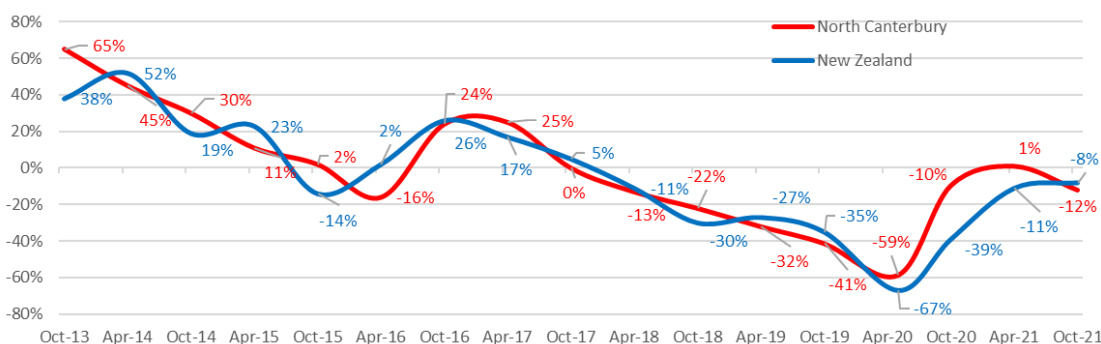
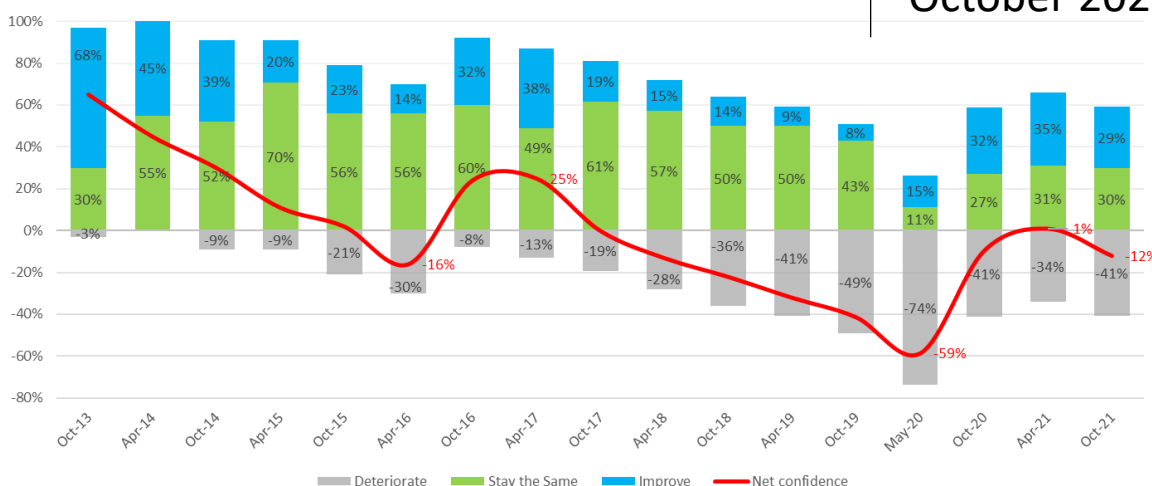
Business Confidence



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While not as negative as during lockdown in April 2020, businesses in North Canterbury have become more pessimistic in the last six months. Much of this was likely to be caused by the lockdown in Auckland and the slow spread of Covid throughout the North Island.

41% of participating businesses expect our situation to deteriorate over the next 6 months while 29% expect our situation to improve.



Context

New Zealand as a whole is showing a slightly more positive outlook than North Canterbury, but pessimism levels are better across the board than they were during the first 2020 lockdown.

This better level of pessimism can be put down to better knowledge of how to cope with a Covid-19 situation. In April last year there was a great deal of confusion amongst the business community about what support was available and what businesses could do to mitigate the impact of Covid-19. This year businesses are more knowledgeable and prepared.

Operations Profitability



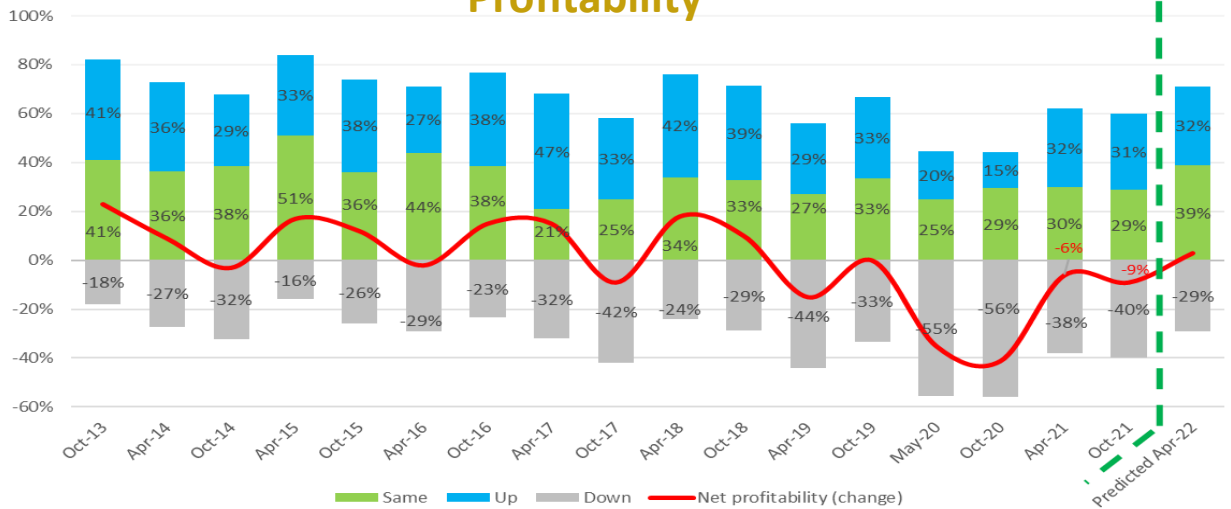
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40% of businesses saw a drop in profits over the last six months while 31% saw an increase (net -9%).

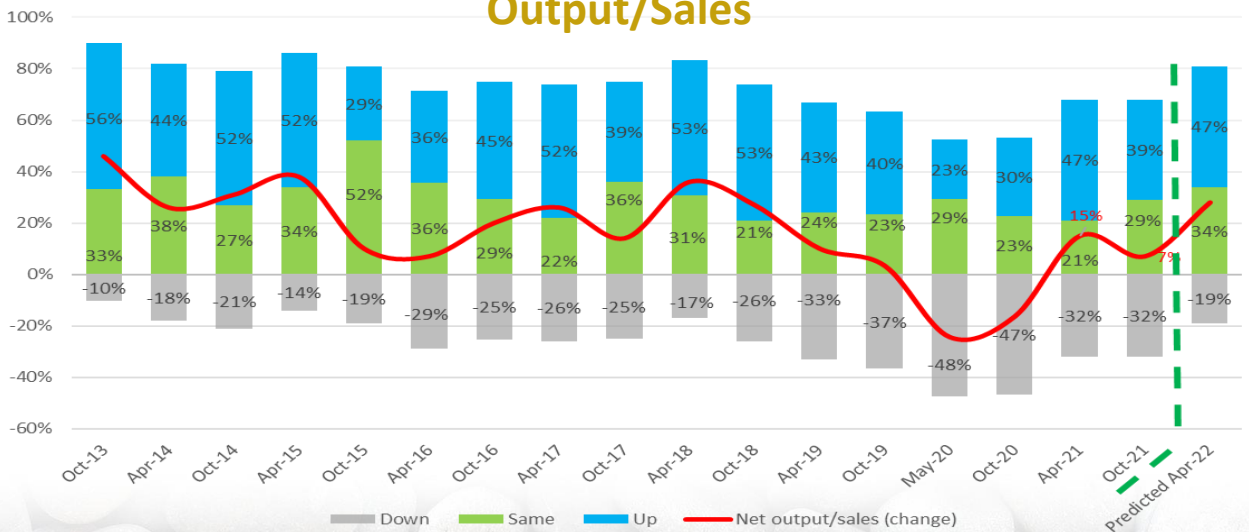
While this is a great improvement from October 2020, more businesses are still seeing a decrease in profit than an increase. Businesses overall are expecting profitability to stabilise over the next 6 months.

This drop in profitability is despite a small increase in sales for businesses and reflects the increased costs of doing business (net +58% reported increased costs)

Profitability



Output/Sales



Operations

Cost and Prices



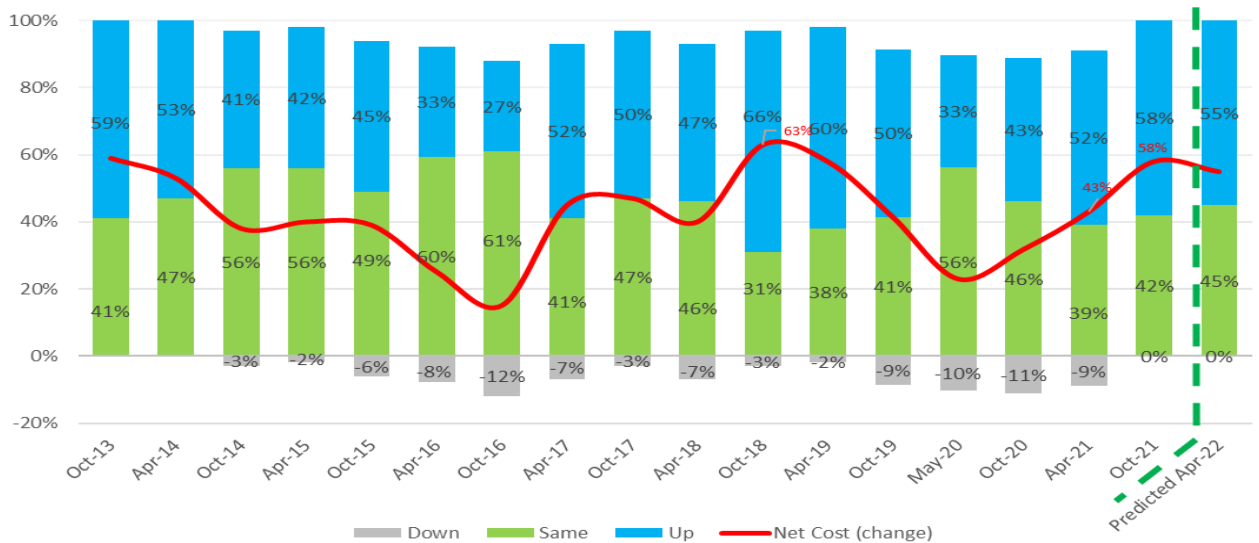
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The costs of doing business are rising with 58% of businesses reporting an increase in the costs of doing business over the last six months.

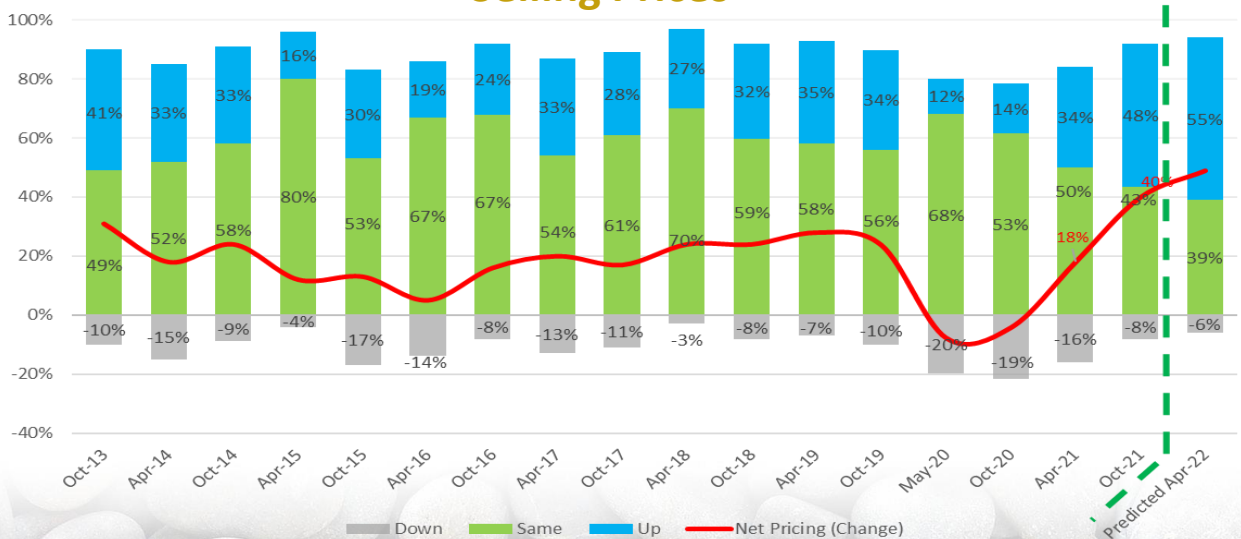
This is directly transferring to selling prices with 48% of businesses reporting that they have increased their prices.

With inflation expected to grow, we expect to see costs and prices continue to increase.

Cost of Doing Business



Selling Prices



Employment Trends



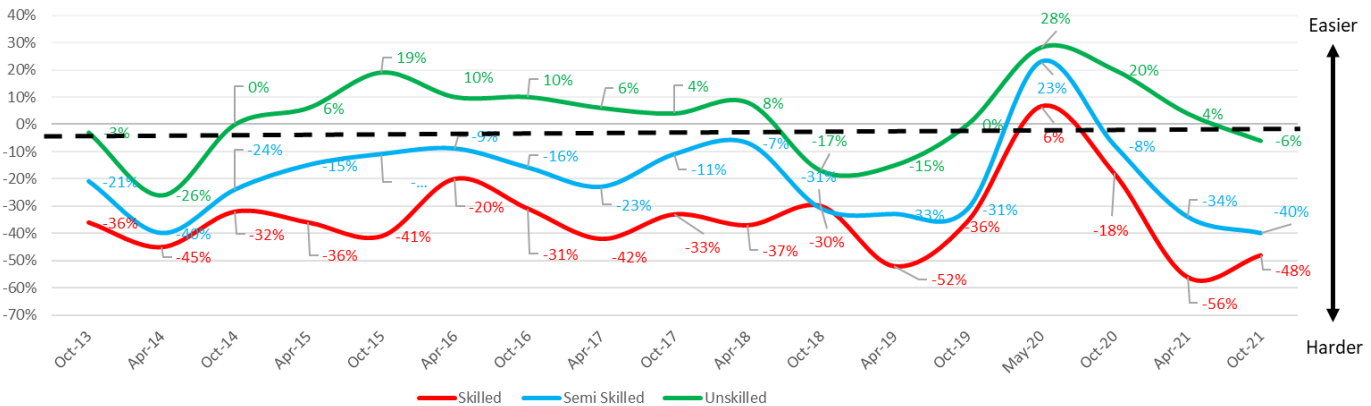
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North Canterbury businesses report that it continues to get harder to find skilled and semi-skilled staff, but the ease of finding unskilled staff remains relatively steady with 78% of businesses reporting no change in difficulty.

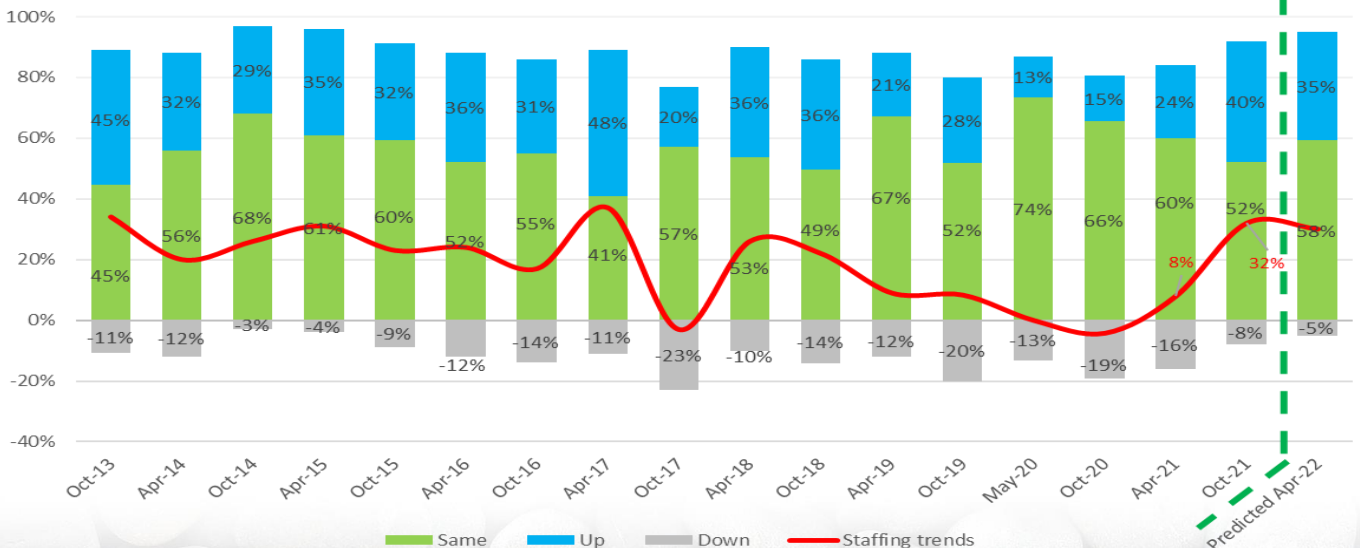
The majority (67%) of North Canterbury businesses use word of mouth as their main method of sourcing staff. The most effective methods reported were word of mouth (29%), internet advertising (21%) and friends/family (13%).

40% of North Canterbury businesses grew their staffing numbers in the last six months while the number of businesses reducing their staffing halved.

Difficulty of finding staff



Staff Employed over last 6 months



Investment

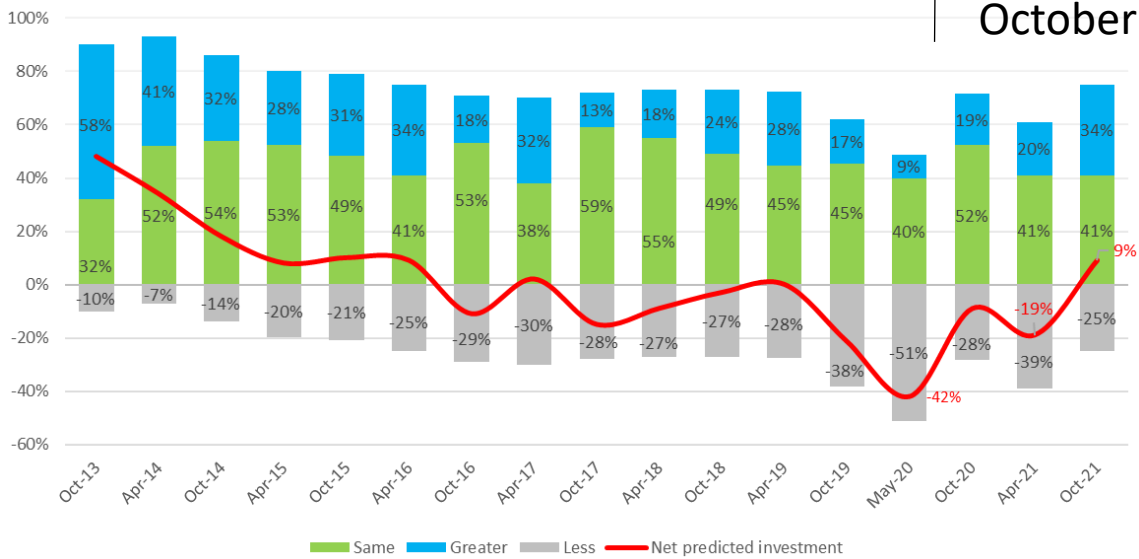


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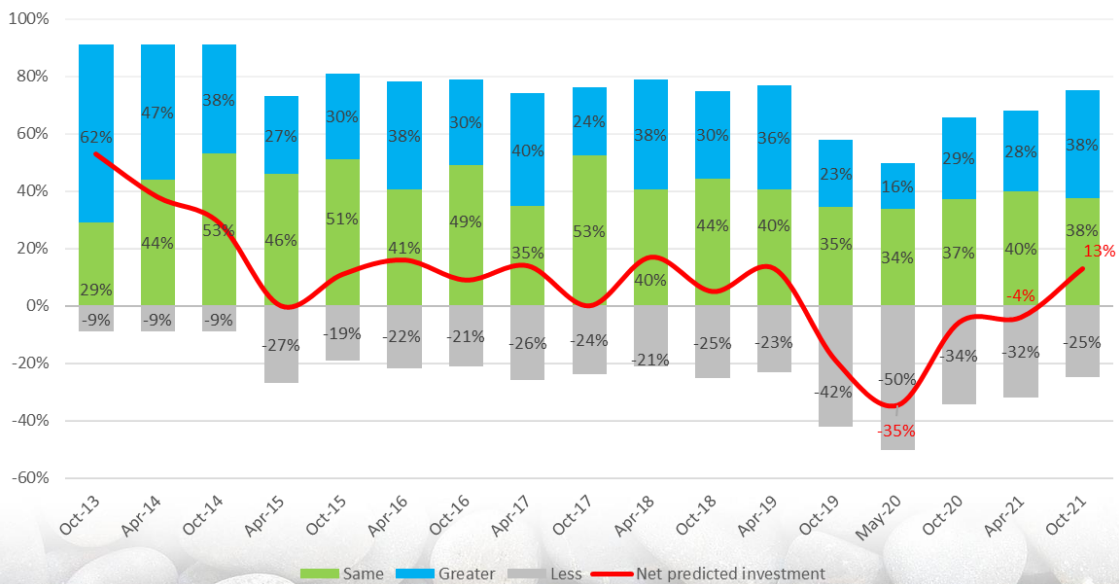
Investment levels in both buildings and plant/machinery have increased in the last 6 months.

The number of businesses increasing investment levels in buildings has not been seen since April 2016. The number of people investing in plant and machinery is now at pre-covid levels.

Investment in Buildings



Investment in Plant and Machinery



Who completed the survey?



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The North Canterbury Business Opinion Survey is administered online every 6 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.

63 businesses responded to this survey out of 167 invited, a return rate of 38%.

46 respondents were from Waimakariri, 15 were from the Hurunui and 2 considered that they are based equally in both districts.

Industry

Professional	11
Manufacturing	10
Accommodation, Cafes and	8
Retail Trade	7
Property and Business Services	5
Adventure, Tourism/Outdoor	4
Agriculture	4
Education, Health and Community	4
Construction	2
Horticulture	2
Viticulture	2
Wholesale Trade	2
Other	2

Number of Employees

0-20	53
21-50	6
51-100	2
101-200	1
201-500	1

This survey provides insight into a range of business types and sizes and provides a useful planning tool for councils, government departments and businesses

*In many charts and explanations in this document a “net change” figure is given. This obtained by subtracting the percentage of respondents who give negative feedback from those who give positive feedback

The author of this document is available to assist with any questions or information. Please contact us at miles@enterprisenc.co.nz

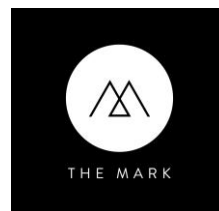
ENC Sponsors



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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.



Property Lifestyle Concepts

