



Results of the AIB/Amárach Business 2020 Report

27th December 2012

AIB today announces the findings of the AIB/Amárach Business 2020 report, which asked Irish businesses their views on the Global economy in the year 2020. Senior decision makers in 265 Irish businesses were surveyed in October 2012, representing a cross-section of small and medium enterprises and larger corporations.

The key findings of the report are:

- Online sales account for 15% of total sales on average for Irish businesses right now, ranging as high as 21% among exporters. Looking ahead five years, the average share is expected to jump to 26%, with the biggest percentage increases anticipated by smaller companies and by those selling directly to consumers. The majority of businesses also anticipate new types of payment innovations - such as mobile phone enabled transactions - which they in turn are set to embrace in the decade ahead.
- Of those surveyed 55% think that a new type of business culture will emerge in Ireland that avoids the mistakes of the past and leads to a more sustainable growth for our economy. While the majority of respondents also see a rise in the number of women, graduates and retirees (or those close to retirement) starting their own business.
- Over two thirds of businesses surveyed anticipate a need to increase the skills of existing staff in order to future-proof their strategy for growth and a similar proportion expect to hire new staff with different or complementary skills to those of existing staff.
- Spending habits have changed significantly over the past number of years, with consumers now placing more emphasis on value for money, according to the report. The report anticipates that the rest of the decade will see continuing growth in demand for own brand goods and services. 38% of respondents feel that this will have a positive impact on their business by 2020, as the recession has sharpened the ability of Irish businesses to deliver value for money to their customers.
- The survey also found that fewer than one in 10 Irish businesses consider their current business structure to be completely appropriate for the future. The vast majority think it will have to change a little, and over a one in four expect it will have to change a lot - and quite soon at that. Business leaders anticipate far-reaching changes to Ireland's business landscape - and not just to their own businesses - out to 2020. For example, the majority consider it highly likely that companies will employ 'virtual workforces' thanks to digital technology, while most expect women to become more involved in running and starting-up Irish businesses.

The report indicated that the world's population is expected to reach eight billion by the next decade. This growth in world population and rising affluence will translate into a surging demand for food – a demand which Ireland is well positioned to meet. Ireland has become a cheaper place to do business, which is good news for Irish exporters and the increasing demand for Irish food exports will

create added demand for ancillary services, domestically and internationally. However, the prospect of a price pinch from rising food and energy prices is considered to be one of the biggest threats in the coming years. Businesses are more negative about the impact of the price pinch on Ireland's economy than its impact on their own business, which may reflect the fact that most businesses have had to be agile in response to price rises and cost shocks, especially in relation to energy, and many feel ready to respond as necessary in the future.

Head of Business Banking at AIB, Brendan O'Connor said: *"We commissioned this report to prompt Irish businesses to think about future opportunities. AIB's success is dependent on the success of our customers. We are determined to play our part in helping our customers not just with the provision of credit and advice but also through other innovative supports such as seminars and specialist sectoral reports and insights similar in content to this publication. After five years of slow or no growth in the Irish economy, success is something none of us can take for granted. Nevertheless, the message we hear repeatedly from our customers is that they have survived the recession and now want to grow and succeed. Together we are all looking for the path to sustainable growth."*

Chairman, Amárach Research and author of the report, Gerard O'Neill said: *"At the beginning of the last decade we published a similar report looking forward to 2010, which showed that businesses were focused on the opportunities in Europe and the impact of the Euro (which had yet to come into circulation). Looking ahead to 2020, businesses have to look beyond Europe for long term growth opportunities. The good news is that the digital tools we anticipated in 2000 have now become reality and will play a key role in helping Irish businesses succeed over the rest of the decade."*

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