



## PRESS RELEASE

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### **Q3 SALES DOWN YET OUTPUT RISE MATCHES FORECAST – CONFIDENCE IS UP AND REMAINS POSITIVE INTO Q4**

Output volumes improved significantly in line with the forecast from Q2 and are expected to continue to show positive growth in Q4, according to the results of the latest *BOSS Outlook* survey. Sales volumes took a turn for the worse in Q3 – however, they are forecasted to bounce back in Q4. The positive forecasts come despite a mix of stabilisation and slight decline for most order book positions in Q3, compared to Q2.

Business confidence continues to be reported as generally positive so far in 2013, compared to a largely negative position in 2012. With 38% of respondents claiming the general state of trade had improved and only 13% reporting that it had worsened and as many as 50% stating that the state of the trade had stayed the same during Q3, a picture of market stability is being established. The strong improvement in actual performance has inspired respondents to produce a positive forecast balance for Q4 2013.

The most cited factor expected to be a threat to output over the next three months remains 'orders/demand' - the same issue that was most cited in previous quarters. In addition, 'competition' was again the second most cited factor. However, a third significant factor - not raised before, but indicated by as many as 24% of respondents this time - was 'product availability'. Interestingly, 'liquidity/cash flow' - mentioned by as many as 24% of respondents in Q2 - was only an issue for 2% in Q3 2013, suggesting that this is no longer a problem for most businesses. A few other issues were also mentioned by a small number of respondents, such as seasonality (since December is quiet for some businesses), technology, and an expected move from branded to unbranded products.

An examination of the 'top three business concerns' expressed by respondents shows a large scale concentration on an issue that was previously considered to be relatively unimportant: 'profit levels insufficient to ensure investment' was mentioned by as many as 68% of respondents this quarter, compared to only 5% in Q2, and at least indicates a focus away from immediate fire fighting and towards long term survival.

There was also an intensified focus on 'competitors' pricing', while the third most frequently mentioned concern - 'survival of major customers' - also increased its share. Interestingly, concerns over 'public sector cutbacks', which was mentioned by as many as 42% of respondents in the last survey, appear to have now abated somewhat, being cited by only 23% this time round. Indeed, worries about 'private sector cutbacks' seem to have stabilised at around 24%.

It is clear that many of the concerns raised by many of the respondents in Q2 seem to have lessened in Q3, particularly 'pre-pack administrations', 'survival of major suppliers', 'under-utilisation of facilities' and 'EOS cost/prices'. However, other than 'poor service levels' and those noted above, there were no other new issues that have increased in the minds of respondents in Q3, suggesting perhaps that respondents are sleeping slightly easier than they have previously.

#### **Summary of key findings:**

- Sales took a turn for the worse in Q3 but are forecasted to bounce back in Q4.
- Output volumes improved significantly in line with the forecast from Q2; expected to continue to show positive growth in Q4.
- Capacity mostly concentrated in the 70-89% range.
- Employment levels continued to increase ahead of expectations.
- Average prices fell, as forecasted, in Q3; pressure expected to ease slightly in Q4.
- Staff costs increased in line with expectations in Q3; distribution costs exhibited a sharp climb.
- Margins defied forecasts to decrease for many in Q3; Q4 forecast is also negative.
- Stock values continue to fall, but by a decreasing amount in Q3; stock turn balance remains positive – though slightly less so than previously.
- Product and process innovation remains an investment priority; training is also high on the agenda.
- The level of bad debt has increasingly been an issue for many companies in the last year.

*BOSS Outlook* is BOSS Federation's quarterly office supplies & services industry trends survey. As well as reporting on the industry's latest quarterly survey of trends, with quarterly forecasts and data analysis on sales, output, business confidence, capacity, employment,



prices, costs, stock, margins, profits, productivity, investment, financing and credit conditions, pay reviews, public sector and EOS - *BOSS Outlook* also incorporates:

- UK headline economic data
- CBI forecasts and assessment
- Paper sector commentary and a price index from PPL Research Ltd
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### **Editors' Notes**

The online trading trends survey was carried out during 1-25 October 2013 and received responses from companies employing 3,040 people and a combined turnover of £0.6 billion. For more information on BOSS Outlook, visit [www.bossfederation.com/outlook/](http://www.bossfederation.com/outlook/)

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BOSS represents all businesses along the distribution chain in the office products industry, covering stationery, office machines and supplies, office furniture, office systems and related product areas. We have a wide breadth of membership from the smallest retailer to the largest manufacturer, and therefore represent a very large part of the industry turnover.

We have over 60 manufacturing members and over 1,000 dealer and reseller members from all of the major buying and marketing groups. Commercial contract stationers, mail order companies are also members. We also have a number of special associate members such as the industry's systems houses and the industry's trade press.



All our members recognise that there are a huge number of areas where BOSS can bring positive advantages to their businesses.

We provide the highest standard of support for companies to grow and develop healthy, sustainable and profitable businesses, aiming to provide an environment geared towards their businesses success. Here at the BOSS we offer practical, value-adding solutions for all areas of an organisation, ranging from Health, Safety, Environmental and Quality issues; with the implementation of HR requirements; provide resolutions of technical or legal issues; as well as advice and support on marketing, sales and finance. This is all delivered by individuals and teams of highly skilled and experienced specialists.

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