Thessaloniki Chamber of Commerce & Industry

TCCI BAROMETER

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March 2017

"TCCI BAROMETER" (Executive Summary)

Thessaloniki Chamber of Commerce and Industry (TCCI), consistent to its efforts to increase information levels and inform both businesses and organizations (public or private) as well as Thessaloniki's community, continues the periodic Survey of Economic Climate (at the Prefecture of Thessaloniki) on the four business sectors of the economy and consumers.

The Survey of Economic Climate at the Prefecture of Thessaloniki (TCCI Barometer) is conducted twice a year during the 2nd fortnight of March and September, with a total sample of 1500 respondents (800 companies and 700 consumers). The survey covers all four sectors of the economy (industry, services, retail trade and constructions).

"**TCCI Barometer"** survey is conducted via telephone interviews with the managers of businesses (General Managers, or Finance Managers, or Sales Managers or the owners in case of "smaller" companies) and with the use of questionnaires used by the Foundation for Economic & Industrial Research and the European Union, so that the results are comparable with the equivalent National and European surveys.

1. CONSUMER SURVEY

The **"Consumer Confidence Indicator"** is calculated based on consumer's predictions for the general economic situation of the country, the economic situation of their household, the intention for saving and their prediction for unemployment levels. It must be mentioned that predictions are between +100 (all consumers anticipate an increase) to -100 (all consumers anticipate a decrease) and appear as differences between positive and negative responses. In particular, a negative difference means that the percentage of those who predict a decrease is higher than the one of those who predict an increase and vice – versa.

According to the survey, the consumers at the Prefecture of Thessaloniki appear **pessimistic**, as the Indicator of Consumer Confidence at the Prefecture of Thessaloniki stands at **-55 points**, better though than the National one which stands at **-74 points,** while the European Union one stands at **-4 points** for March 2017. Compared to September 2016, a **worsened climate among consumers** is observed at the Prefecture of Thessaloniki (-55 from -52), while the relevant indicator has also declined at National level (-74 from -66).

In particular, consumers at the Prefecture of Thessaloniki indicate:

- Maintenance of their bad economic situation with **unchanged (compared to September 2016) pessimism** for the future.
- Deterioration of the national economic situation for the past year and **increased pessimism** for the future.

- **Consumers in the Prefecture of Thessaloniki predict that prices will increase during the following period.** Moreover, there is a sense that prices also **significantly increased** during the past twelve months. Similarly, at National level, consumers report that prices also significantly increased during the past twelve months and predict continuation of this trend in the future.

- **Pessimism**, at similar level compared to September 2016, **about the unemployment level** in the country. However, the level of pessimism in the Prefecture of Thessaloniki is somehow lower (+54) than the corresponding national rate (+62).

- In accordance with the impressive pessimism that characterizes consumer expectations, **comes their increased reluctance (and inability) to make major purchases at present**, as well as their unwillingness-inability to make such purchases in the future.

- **Extremely low intention to save,** lower that recorded in September 2016. It must be mentioned though, that when comparing to September 2016, there is an apparent decline in the percentage of those who manage to save (7%, down from 11%), while 42% of the consumers in the Prefecture of Thessaloniki live at the expense of their savings or borrow money (same as in September 2016) and 50% say that they just break even with their income (compared to 47% in September 2016).

- **Prediction for enduring low sales level as far as the car market** in the Prefecture of Thessaloniki is concerned for the next 12 months.

- **Almost totally inactive real estate market** and further stagnation in any construction activity.

2. INDUSTRY SURVEY

The **“Business Expectations Indicator for the Industrial Sector”** at the Prefecture of Thessaloniki is depicted as steadily negative compared to September 2016. At a National level the indicator is also stable, whereas the European indicator has just broke positive.

It must be emphasized that the deindustrialization of the Prefecture of Thessaloniki and the transfer of many businesses of the sector in neighboring countries in recent years, has made difficult even the completion of the survey’s sample required!

The balance of positive – negative estimates of the “Business Expectations Indicator for the Industrial Sector” stands at **-9 points** at the Prefecture of Thessaloniki **(-7 at National** and **+2 at European level**). It should be noted that this indicator has been almost steady, compared to September 2016, at Local level (-9 from -11), as well as at National level (-7 from -6) and at European level (+2 from -2).

The evaluation of the industrial sector in Thessaloniki for the past six months has been slightly worsened compared to September 2016, while the current overall orders’ level is considered to be unsatisfactory (unchanged compared to September 2016). However, the corresponding **estimates for the next six months** as far as production levels are concerned are positive, with significant improvement compared to September 2016. Moreover, although current exports activity remains unsatisfactory, very positive estimates are recorded as far as export activity in the near future at local level is concerned.

In particular, the views of the industrial sector at the Prefecture of Thessaloniki are summarized as follows:

- There is a very negative assessment about production in the past six months, worse than compared to September 2016 (-18 from -15). Moreover, similar drop is recorded at National level, with the National indicator now slightly positive (+3 from +9). Nevertheless, slightly optimism is recorded regarding the evolution of production in the near future at the Prefecture of Thessaloniki, in line with positive estimates at National level.
- Relatively good management of inventories and production capacity is achieved.
- Apparent optimism for the future with regard to exports is recorded, significantly increased compared to the September 2016.
- Relatively constant or slightly reduced product prices are expected for the near future, while there is a marginally positive prospect as far as employment is concerned.

3. SERVICES SURVEY

Negative, and significantly worsened compared to September 2016, environment is observed within services companies at the Prefecture of Thessaloniki. Thus, the relevant **"Business Expectations Indicator for the Services Sector"** stands at **-31 points**, compared to **+7 points** nationally and **+12 points** at European level. Compared to September 2016, there has been a significantly darker picture at local level (-31 from -21), while there is a significant improvement at National level (+7 from -7) and slight improvement at European level (but at positive ground +12).

In particular, **services companies at the Prefecture of Thessaloniki** mention:

- **Apparent poor economic situation and significant decline** of the corresponding business indicator compared to September 2016 and significant decline in demand during the previous period.
- **Unchanged negative estimates** concerning employment trends in services' industry both for the past period as well as for the future. **Pessimism is evident** (though slightly reduced) both as far as **demand evolution** as well as **prices evolution** are concerned.

4. RETAIL TRADE SURVEY

The **“Business Expectations Indicator for the Retail Trade sector”** remains at negative grounds at the Prefecture of Thessaloniki and appears slightly improved compared to September 2016. The relevant National indicator also reports a significant decrease and it now stands at marginally positive ground. The European indicator presents a marginally positive sign accompanied by a slight increase.

Thus, the balance of positive - negative estimates of the **“Business Expectations Indicator for the Retail Trade sector”** stands at **-18 points** (from -20 points in September 2016) at the Prefecture of Thessaloniki, compared to **+3 points** (from +15 points in September 2016) at National and **+4 points** (from +1 points in September 2016) at European level.

In particular, the views of **retail companies at the Prefecture of Thessaloniki** can be summarized as follows:

- **Significantly decreased pessimism** was recorded with respect to the development of sales and orders in the next half, compared to September 2016, but there is a **significantly worse assessment** of sales’ development in the previous period.
- They continue to foresee a **slight reduction in employment**, while they predict a **slight decrease in products’ prices** in the immediate future as well.

5. CONSTRUCTION SURVEY

The **"Business Expectations Indicator for the Construction Sector"** is reported steadily negative in the Prefecture of Thessaloniki, compared to September 2016. On the other hand the National Indicator also remains negative but improved compared to September 2016.

Thus, the balance of positive – negative estimates of the "Business Expectations Indicator for the Construction Sector" stands at **-48 points** at the Prefecture of Thessaloniki, **-50 points** at National level and **-7 points** at European level. Strongly negative is the evolution of construction activity during the last six months, unchanged compared to September 2016.

There seems to be a steady prices reduction trend compared to September 2016 at local level, while the intention of personnel reduction over the next six months is reported steady.

In particular, the views of **construction enterprises at the Prefecture of Thessaloniki** can be summarized as follows:

- A steady drop is observed in construction activity with constantly **very low amount of new orders**.
- A **slight downward trend in real estate prices** appears, as gradually the price level and the level of demand are gradually converged.

6. TCCI Barometer – AD HOC QUESTIONS

Aiming at the optimum use of "TCCI Barometer" as a research tool with a view to better inform the business community of Thessaloniki, new **ad-hoc questions** were incorporated “TCCI Barometer’s” questionnaires on various topics such as consumer behavior and business environment. The questions were placed at the end of standardized questionnaires used "TCCI Barometer" to ensure continuity and reliability of the results of "TCCI Barometer".

As part of the "TCCI Barometer" - March 2017 Wave, a closer look into e-commerce in the Prefecture of Thessaloniki has been attempted, both among consumers as well among businesses.

- **Online consumer behavior**

Overall, 6 out of 10 consumers in the Prefecture of Thessaloniki (about 550,000 consumers) make some kind of purchases online. Among those who do not make online purchases, the majority (41%) states lack of familiarity with the use of Internet as the main reason. This comes mainly from older and/or relatively low educated people. Old age is also often invoked. To a lesser (but not negligible) extent other reasons are mentioned, such as lack of Internet access (16%), low confidence in online transactions (16%), lack of physical contact with the product (12%) and fear of low quality of products available on the Internet (12%). However, about 1 in 4 (27%) of those who currently do not buy anything online, say that they will probably do so in the future.

A large variety of products and services are bought online by consumers in the Prefecture of Thessaloniki. The dominant categories are clothing/footwear and electronic devices (laptop, tablets, mobile phones etc.), followed by retail products (supermarket goods, cosmetics, OTCs, vitamins, etc.) as well as travel services (travel tickets, hotels, car rentals, etc.).

Overall, 28% of those who buy online, state that they shop online at least a few times a month (which corresponds to more than 150,000 customers, of which approximately 27,000 people say that they shop online on a weekly basis).

Consumer confidence at an online store is established by a combination of factors that must be present, but the dominant factor is the presence of low prices and special offers. At the same time, it is important to read good online reviews from other users, as well as have the opportunity to physically test any products. Finally, a successful online shop must have a secure online transactions system and should be regularly advertised.

Websites that provide comparison of prices and products are the most popular destinations (51%) for those who are looking for information about a product they are interested in, followed by the websites of the companies that produce and/or trade the actual product (37%).

Finally, as far as the future of online shopping is concerned, there is clearly a positive perspective: 58% of those already shopping online say they will increase their purchases via the Internet, either "very much" (29%) or "somewhat" (29%). In contrast, only 9% say they will reduce their online shopping in the future.

- **Online business activity**

More than 1 in 3 among the companies surveyed do not have a company website. This mainly comes from the trade and services sectors and mainly from very small businesses with an annual turnover of less than 100,000 Euros. Therefore, taking into account the structure of the "TCCI Barometer" sample, the actual percentage of companies in Thessaloniki with no website is estimated to be even higher. The main reasons cited by these companies for not having a company website, are lack of necessity (43%) and lack of resources (21%) or time (12%). Moreover, a significant percentage of small businesses cover their online needs online through social media.

The majority of businesses that have a company website, do so for attracting new customers (78%), for servicing/communicating with existing customers (49%) and for promoting new company products and services (38%). Only 13% provide online shopping to their customers and even fewer provide specialized restricted online services for customers and/or suppliers.

Among the companies that offer online shopping, it is estimated that 21% of their turnover comes on average from the online channel. The vast majority (87%) of enterprises providing online shopping, allow their customers to pay via bank deposit, 71% allow payment with cash on delivery of goods and 63% allow online payment by credit and/or debit card.

A large number of companies (34%) report low satisfaction with the performance of their website, while 40% say they expect an increase of their sales through their website in the future. However, only 6 out of 10 companies say they are actively seeking to increase sales through their websites.

Thessaloniki, April 12th, 2017

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