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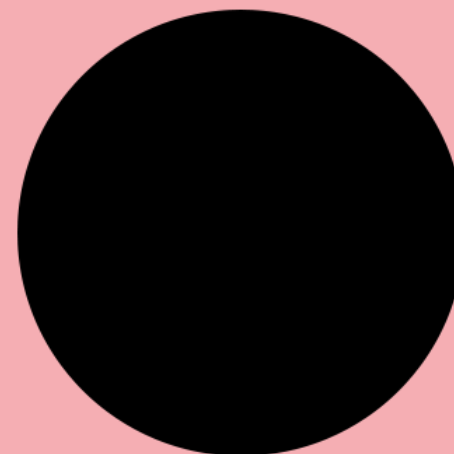
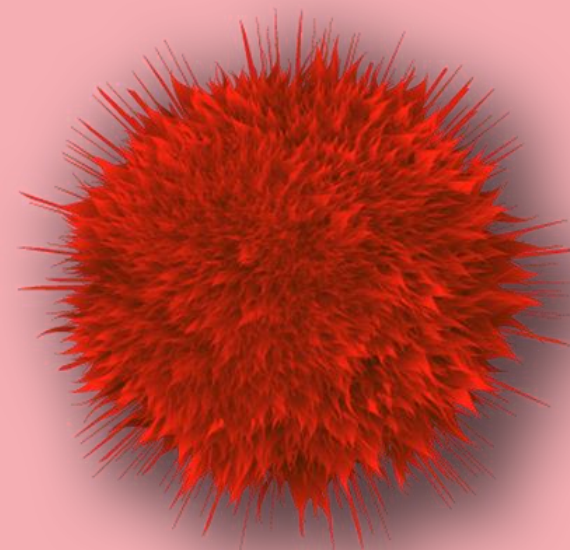
MARCH 2022

Business risk in a changing world – Northern Ireland

The past two years were without doubt the most uncertain of the 21st century so far, with the impact of a global pandemic and the repercussions of Brexit likely to be felt by Northern Irish businesses for many years to come.

It is perhaps therefore surprising that only 68% of businesses in Northern Ireland currently have some form of business insurance according to Savanta's MarketVue Business Banking data. This is 10 percentage points higher than the end of 2019, but still suggests that many business owners are unphased by, or unprepared for, the threats they could be facing.

To get a better understanding of business risk, Savanta asked over 200 NI businesses with a turnover of £0-1 billion to evaluate their perception of a variety of threats.



Overall, business interruption is seen as the greatest threat

Business interruption is seen as the most worrying risk to businesses, with an average rating of 5.5 out of 10. However, the rating still feels relatively low considering the interruptions so many businesses have experienced. This perhaps reflects a feeling that the worst of Covid-19 is over, meaning future lockdowns are no longer a major concern to many.

Only 14% of businesses consider interruption to be a serious threat (rating as 9 or 10 out of 10), lower than the 20% who don't feel it is a serious threat (rating 1 or 2 out of 10).



Average business threat



On a scale of 1 to 10, where 10 is 'extremely serious and 1 is 'not at all serious', how much of a threat to your business do you regard each of these:

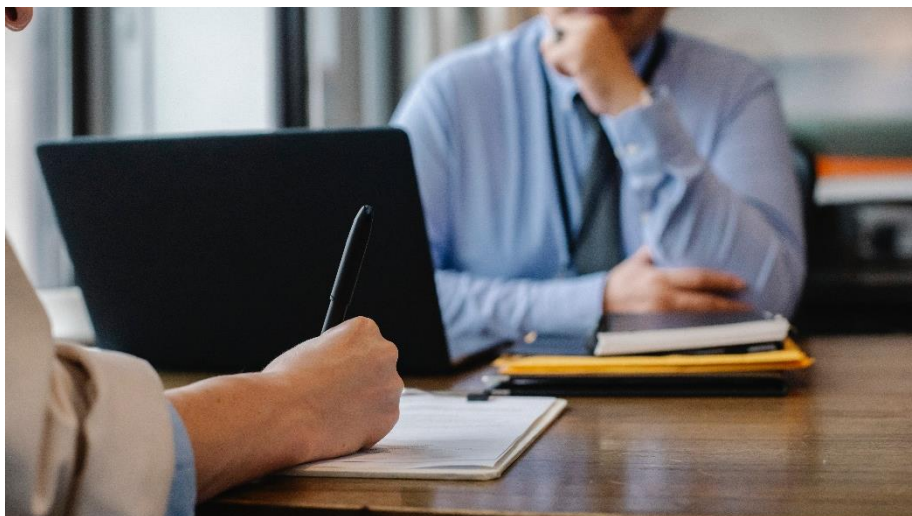
	Mean score	% rating 1 or 2	% rating 9 or 10
Interruptions to your business causing it to slow down or stop completely for a while	5.5	20%	14%
Risks in your market, such as increasing competition, an innovation, or your market contracting	5.2	24%	8%
Financial risks such as cashflow shortages, accounting errors and rising interest rates	5.0	23%	13%
Damage to the reputation of your business	4.9	30%	17%
Customer risk, including your customers not paying, switching to another provider or going bust	4.9	25%	17%
Supplier risk, such as your suppliers going bust or otherwise failing to deliver	4.7	37%	13%
Security breaches of either your physical assets or your IT systems and information	4.7	29%	11%
Risks relating to your products, services or projects in terms of poor quality, appeal, profitability, and so on	4.6	33%	13%
Employee risks, such as a key person falling ill or leaving, employee theft, failing to recruit the right people, and so on	4.4	34%	13%
The risk of you breaching any business laws or any special laws or regulations applicable to your industry	3.0	62%	2%

Reputational and customer risks have the highest proportion of businesses rating as serious

Reputational risk has an average rating of 4.9 out of 10, but over 1 in 6 (17%) rate as high risk (9 or 10 out of 10). Nevertheless, this does suggest that most businesses do not fear the power of online reviews and social media and feel equipped to deal with reputational damage.

Customer risk has the same level of threat as reputational risk, but fewer businesses consider it to be non-serious (25% rate as 1 or 2 versus 30%).

Legal breaches are seen as the lowest threat, with an average rating of 3.0 and 62% rating as only 1 or 2 out of 10.



Optimism prevails despite uncertainty

Overall, all risk ratings are relatively low, ranging from 3.0 to 5.5 out of 10, suggesting that NI businesses tend to either be optimistic by nature or are unaware of the potential dangers that may lurk.

It is not uncommon for businesses to be overconfident and to overestimate their ability to influence events which are based heavily on chance. It is perhaps therefore reassuring to see that even a global pandemic cannot suppress optimism.

However, as almost a third of businesses do not have any business insurance policy, there is a danger that threats are not being taken seriously and a risk management review could therefore be beneficial.

Data attribution:

Source: Savanta MVBC SU EST £0-1bn NI

Q4 2021 base 168 – 210, survey period: 17th September – 17th December 2021

Source: Savanta MVBB SU Est £0-1bn NI

YE Q4 2021 base: 1270, survey period: 4th January – 17th December 2021

YE Q4 2019 base: 1580, survey period: 2nd January – 18th December 2019

Savanta:

Savanta is one of the fastest-growing data, market research and advisory companies, born when eight best-in-class agencies, all specialists in their fields, joined forces to offer big agency benefits, while retaining a refreshingly boutique mindset.

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We inform and inspire our clients through powerful data, empowering technology and high-impact consulting. All designed to help our clients make better decisions and achieve faster progress.

“

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Meet the team



Stephen Palmer

EVP, Financial Services

Stephen has 25 years' research experience across financial services and tech and leads the financial services team at Savanta. Prior to Savanta, Stephen was Head of Insight at Kantar Financial Services & Technology and responsible for delivering customer experience, brand and segmentation research. Stephen is a certified member of the MRS and has sat on the standards board.

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Craig Tandy

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Craig has worked in a variety of roles across the financial services sector, including working directly with SMEs at Close Brothers Bank. More recently Craig worked for IBISWorld supporting banks across their credit approval process and relationship management capabilities, before moving to Savanta to support the wider financial services research team.

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Philippa Whitham

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Philippa has more than 20 years' research experience gained agency side and has worked in the MarketVue Business Banking team for the past 6 years. Philippa has considerable experience in managing large, complex continuous research programmes, with particular expertise in customer satisfaction.

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Helen has more than 20 years' research experience gained agency side and has worked in the MarketVue Business Banking team for the past 5 years. Helen has considerable experience in managing large scale complicated syndicated research

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Savanta is the full-service global market research and data insight company that helps businesses make better decisions.

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