

SERVICES FIRMS REPORT SLOWER GROWTH IN PROFITS

Sentiment improved across the service sector in the three months to November, but was less bullish than during the previous two quarters. Profits growth slowed in both business & professional services and in consumer services, but underlying conditions were more mixed. Growth in business volumes softened in business & professional services, but so did the growth of costs per person. Volumes growth remained robust in consumer services, but costs rose at the fastest pace in eight years, possibly reflecting the continued strong expansion of headcount and training expenditure. Looking ahead, firms in both sub-sectors expect business volumes to continue to expand at an above-average pace during the three months to February. Profits growth is expected to remain fairly steady over the next quarter. With costs rising and labour shortages a concern, firms are increasingly investing to improve their efficiency and make the most of new technology.

Although the improvement in sentiment among services firms slowed during the three months to November, from a long-run perspective optimism balances remained strong. Business volumes in both sub-sectors were reported as being above “normal” levels, though to a lesser extent than in preceding quarters. Against this backdrop, firms’ hiring and investment plans remain generally solid.

Both sectors saw employment growth ease last quarter. However, in the case of consumer services, the rise in headcount was only marginally slower than the previous quarter’s 13-year high. Employment growth is expected to slow further next quarter, but to remain above average. Business & professional services reported a more marked slowdown in employment growth last quarter, but growth remained robust from a long-term perspective, with a similar increase expected in the coming quarter.

Investment intentions for the year ahead have strengthened a little overall. Consumer services firms are planning for strong increases across all investment categories, while in business & professional services capital spending growth is focused on IT. Both sectors see investment as being increasingly driven by a desire to improve efficiency and exploit new technology—indeed, the share of consumer services firms citing this investment motive rose to the highest level in the survey’s history.

Uncertainty over demand and inadequate net returns remain the most widely-cited possible investment barriers. But firms are also feeling the pressure of labour shortages, reporting the availability of staff as a significant potential constraint on investment and business expansion in the year ahead. In business & professional services, for example, more than half of firms said that the availability of professional staff could limit the expansion of business.

CONTENTS

Page 2 BUSINESS & PROFESSIONAL SERVICES SEE SLOWER VOLUMES GROWTH

Optimism increased at the slowest pace for a year. Growth in business volumes slowed for a second successive quarter, and more rapidly than had been expected. Pricing power remains under pressure and profits growth has slowed as costs rise. Business volumes and profitability are expected to expand slightly faster next quarter.

Page 5 CONSUMER SERVICES ROBUST

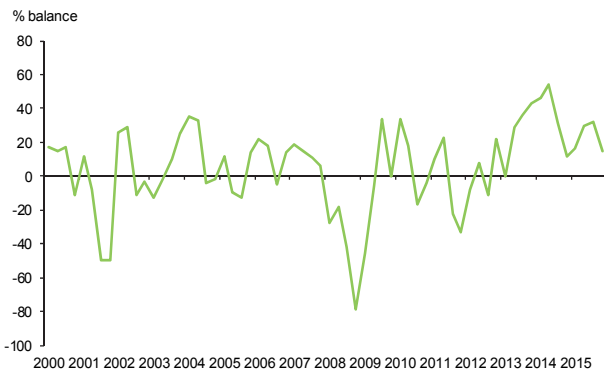
Sentiment improved at a slower pace last quarter. Business volumes continued to increase at a robust pace. However, slower price growth and the strongest rise in costs for seven years weighed on profits growth. Business volumes are expected to grow more moderately next quarter, but profits growth is tipped to remain steady.

PAGE 8 MAJORITY OF SECTORS SEE STRONGER GROWTH NEXT QUARTER

Eight of the nine sectors saw slower growth in business volumes (the exception was hotels, bars & restaurants, which reported the strongest increase in the survey’s history). A majority of sectors expect growth in business volumes to pick up over the coming quarter.

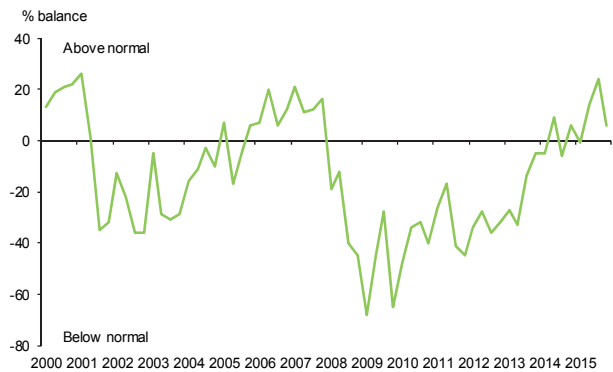
Business and professional services

Q 1 Optimism versus three months earlier



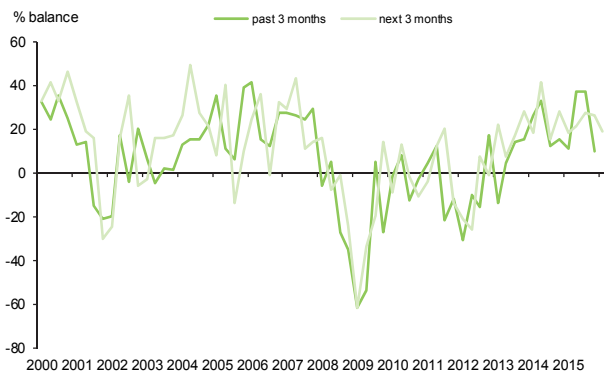
	Q1	The improvement in sentiment slowed, but remained above average.
Latest	+15	
Previous	+32	
Mean	+5	

Q 2 (A) Business in volume terms



	Q2a:	Business volumes remained above "normal" levels, but to a lower extent than previously.
Latest	+6	
Previous	+24	
Mean	-12	

Q 3 (a) Trend in value of business



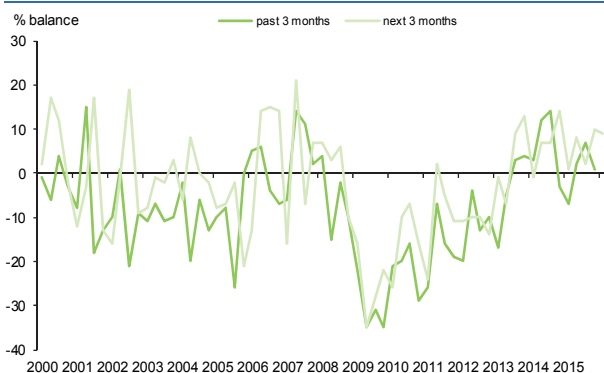
	Q3: Past	Q3: Next	Growth in business values slower more quickly than had been expected.
Latest	+10	+19	
Previous	+37	+26	
Mean	+7	+12	

Q 3 (A) Trend in volume of business



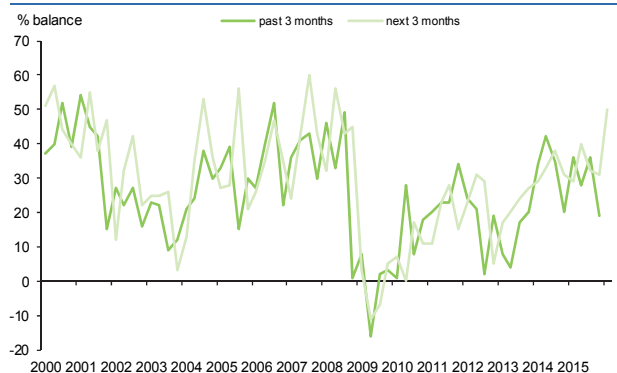
	Q3: Past	Q3: Next	Business volumes grew at the slowest pace for two years.
Latest	+13	+24	
Previous	+33	+24	
Mean	+10	+15	

Q 5 (A) Average selling prices



	Q5a: Past	Q5a: Next	Selling prices were stable, but firms continue to expect stronger increases ahead.
Latest	+1	+9	
Previous	+7	+10	
Mean	-8	-3	

Q 5 (C) Total costs per person employed



	Q5c: Past	Q5c: Next	Costs per person eased, but a strong rebound is expected next quarter.
Latest	+19	+50	
Previous	+36	+31	
Mean	+26	+29	

Business and professional services

Figures marked * are weighted percentages of respondents. All other figures are percentage balances — ie the difference between those replying 'more', 'up', 'above normal' or 'more than adequate' and those replying 'less', 'down', 'below normal' or 'less than adequate'.

		Aug	Nov	2015		Aug	Nov
				Feb	May		
1	Optimism re business situation	+31	+12	+16	+30	+32	+15
Volume and value of business							
2	Level of business in value terms (above normal/below normal)	-8	+1	-1	+6	+25	+8
2a	Level of business in volume terms (above normal/below normal)	-6	+6	-1	+14	+24	+6
3	Value of business						
	- past three months	+12	+15	+11	+37	+37	+10
	- next three months	+28	+18	+21	+27	+26	+19
	Volume of business						
	- past three months	+16	+22	+15	+42	+33	+13
	- next three months	+34	+24	+20	+29	+24	+24
Prices, costs and profitability							
5a	Average selling prices						
	- past three months	+14	-3	-7	+2	+7	+1
	- next three months	+14	+1	+8	+2	+10	+9
5c	Total costs per person employed						
	- past three months	+35	+20	+36	+28	+36	+19
	- next three months	+31	+29	+40	+32	+31	+50
5d	Overall profitability of business						
	- past three months	+6	-2	-1	+23	+31	+15
	- next three months	+7	+4	+4	+8	+29	+21
Employment and training							
6a	Numbers employed						
	- past three months	+33	+42	+29	+24	+39	+23
	- next three months	+46	+38	+32	+21	+20	+26
6b	Training/retraining expenditure						
	- past three months	+17	+20	+19	+11	+25	+17
	- next three months	+22	+27	+30	+14	+21	+14
Capital expenditure							
7	Capital expenditure over the next 12 months on:						
	Land and buildings	-4	-3	+5	+9	-2	-2
	Information technology	+26	+31	+36	+24	+39	+38
	Vehicles, plant & machinery	-2	+3	+14	+5	+1	+12

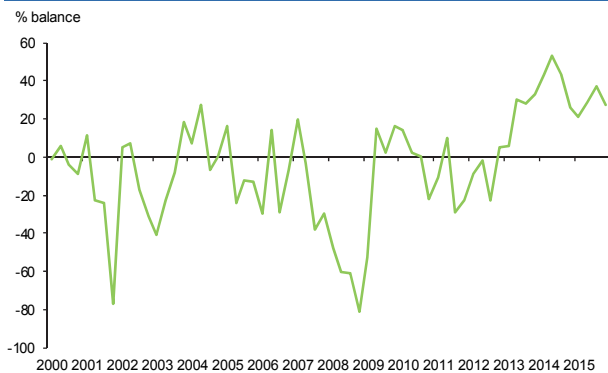
				2015			
		Aug	Nov	Feb	May	Aug	Nov
8	Reasons for any expected capital expenditure authorisations over the next 12 months *						
	Expand capacity	29	41	33	43	32	45
	Increase efficiency/speed/to exploit new technology	54	54	57	51	62	64
	Replacement	61	54	61	52	49	52
	Provide new services	27	20	26	14	16	12
	Reach new customers	12	11	28	14	20	18
	Related to euro	1	0	2	0	1	0
	E-business related	12	4	12	7	7	12
	Other	1	1	3	1	1	1
9	What factors are likely to limit your capital expenditure authorisations over the next 12 months*						
	Inadequate net return	27	25	32	34	27	25
	Shortage of internal finance	18	11	18	13	20	8
	Inability to raise external finance	11	9	16	3	8	7
	Cost of finance	1	2	1	2	1	6
	Uncertainty about demand/sales	47	46	38	51	43	51
	Shortage of labour (including managerial/supervisory staff)	11	8	10	17	14	15
	Other	14	5	2	3	3	2
Business prospects							
10	Expected business expansion	+27	+25	+14	+28	+23	+24
11	Factors likely to limit ability to increase level of business over the next 12 months *						
	Level of demand/sales	72	70	77	78	73	81
	Availability of professional staff	45	37	41	42	54	52
	Availability of clerical/other staff	5	5	5	10	8	14
	Adequacy of systems capacity	7	6	2	6	14	4
	Ability to raise funds	17	10	15	7	9	9
	Domestic competition	46	51	63	49	47	45
	Overseas competition	10	17	8	13	8	14
	Other	10	4	2	2	5	4

Survey details

The November 2015 CBI service sector survey was conducted between 28 October and 13 November. 108 business and professional firms replied.

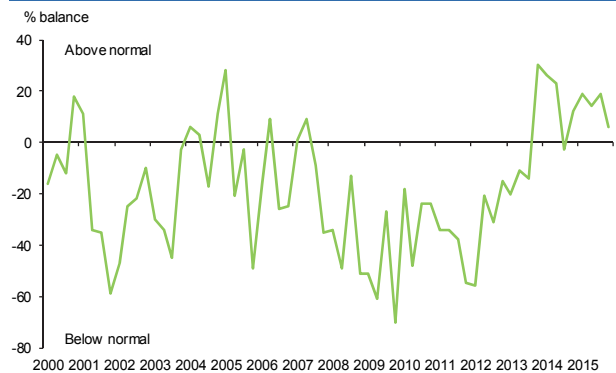
Consumer services

Q 1 Optimism versus three months earlier



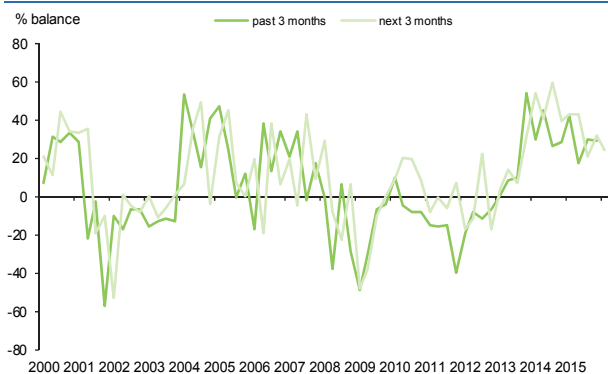
	Q1	Optimism continued to rise at a strong pace, albeit slightly less than in the previous quarter.
Latest	+27	
Previous	+37	
Mean	-4	

Q 2 (A) Business in volume terms



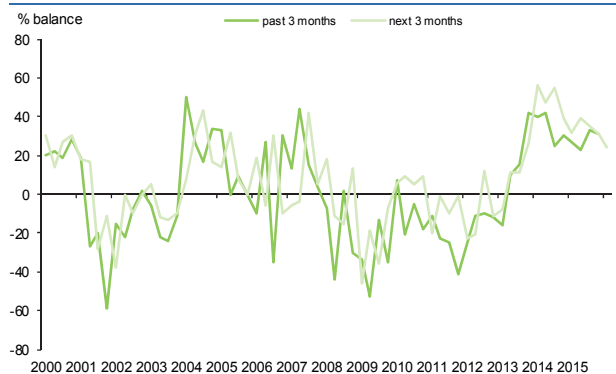
	Q2a:	Business volumes were above +6 "normal", but by less than they were during the previous year.
Latest	+6	
Previous	+19	
Mean	-18	

Q 3 (A) Trend in value of business



	Q3: Past	Q3: Next	Growth in business values remained steady, only slightly below expectations.
Latest	+29	+24	
Previous	+30	+32	
Mean	+6	+11	

Q 3 (A) Trend in volume of business



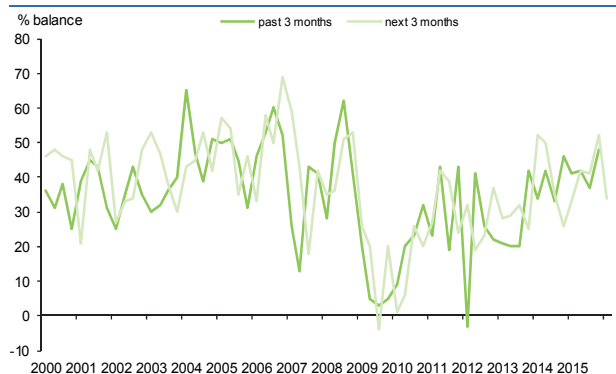
	Q3a: Past	Q3a: Next	Volumes growth was unchanged, in line with expectations.
Latest	+31	+24	
Previous	+33	+31	
Mean	+1	+8	

Q 5 (A) Average selling prices



	Q5a: Past	Q5a: Next	Selling prices increased at a slower pace than had been expected.
Latest	+5	+15	
Previous	+14	+19	
Mean	+13	+15	

Q 5 (C) Total costs per person employed



	Q5c: Past	Q5c: Next	Costs per person rose at the strongest pace since 2008.
Latest	+48	+34	
Previous	+37	+52	
Mean	+35	+38	

Consumer services

Figures marked * are weighted percentages of respondents. All other figures are percentage balances — ie the difference between those replying 'more', 'up', 'above normal' or 'more than adequate' and those replying 'less', 'down', 'below normal' or 'less than adequate'.

		Aug	Nov	2015		Aug	Nov
				Feb	May		
1	Optimism re business situation	+43	+26	+21	+29	+37	+27
Volume and value of business							
2	Level of business in value terms (above normal/below normal)	+2	+13	+11	+8	+16	+8
2a	Level of business in volume terms (above normal/below normal)	-3	+12	+19	+14	+19	+6
3	Value of business						
	- past three months	+26	+28	+42	+17	+30	+29
	- next three months	+39	+43	+43	+21	+32	+24
	Volume of business						
	- past three months	+25	+30	+27	+23	+33	+31
	- next three months	+39	+32	+39	+35	+31	+24
Prices, costs and profitability							
5a	Average selling prices						
	- past three months	+16	+30	+13	+17	+14	+5
	- next three months	+14	+20	+15	+15	+19	+15
5c	Total costs per person employed						
	- past three months	+33	+46	+41	+42	+37	+48
	- next three months	+26	+33	+42	+41	+52	+34
5d	Overall profitability of business						
	- past three months	+26	+25	+23	+22	+31	+16
	- next three months	+31	+37	+45	+22	+39	+18
Employment and training							
6a	Numbers employed						
	- past three months	+5	+28	+25	+43	+49	+41
	- next three months	+12	+25	+30	+53	-3	+16
6b	Training/retraining expenditure						
	- past three months	+18	+39	+30	+52	+17	+36
	- next three months	+19	+40	+39	+55	+20	+33
Capital expenditure							
7	Capital expenditure over the next 12 months on:						
	Land and buildings	+16	+27	-3	+22	+11	+20
	Information technology	+30	+39	-3	+36	+13	+27
	Vehicles, plant & machinery	+29	+18	+4	+29	+14	+11

		Aug	Nov	2015 Feb	May	Aug	Nov
8	Reasons for any expected capital expenditure authorisations over the next 12 months *						
	Expand capacity	31	39	56	43	33	32
	Increase efficiency/speed/to exploit new technology	47	41	37	47	47	60
	Replacement	60	66	53	60	69	64
	Provide new services	16	25	23	30	22	25
	Reach new customers	34	32	28	44	32	37
	Related to euro	1	5	1	2	0	0
	E-business related	11	16	14	13	9	12
	Other	0	0	0	1	0	2
9	What factors are likely to limit your capital expenditure authorisations over the next 12 months*						
	Inadequate net return	50	43	29	30	40	38
	Shortage of internal finance	19	21	35	18	29	14
	Inability to raise external finance	4	8	12	3	5	8
	Cost of finance	7	1	1	0	0	8
	Uncertainty about demand/sales	39	35	25	39	43	36
	Shortage of labour (including managerial/supervisory staff)	10	15	6	16	10	19
	Other	1	6	14	8	15	3
Business prospects							
10	Expected business expansion	-5	+26	-3	+2	-6	+11
11	Factors likely to limit ability to increase level of business over the next 12 months *						
	Level of demand/sales	76	55	61	74	74	64
	Availability of professional staff	12	17	11	15	23	14
	Availability of clerical/other staff	7	16	5	13	11	18
	Adequacy of systems capacity	8	18	15	9	9	4
	Ability to raise funds	14	12	20	10	10	16
	Domestic competition	30	42	39	32	52	31
	Overseas competition	7	5	11	15	9	6
	Other	12	10	6	4	22	4

Survey details

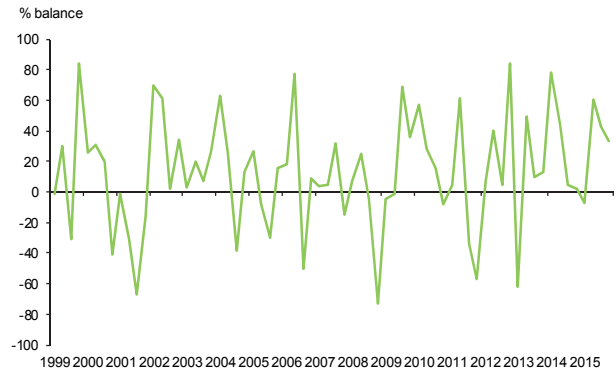
The November 2015 CBI service sector survey was conducted between 28 October and 13 November. 65 consumer services firms replied.

Sectoral analysis

Telecoms and computing

Telecoms & computing — selected results						
	Aug	Nov	2015		Aug	Nov
			Feb	May		
1 Optimism	+5	+2	-7	+60	+43	+33
10 Business expansion	+70	+31	-25	+20	0	+33
past 3 months						
3a Volume of business	-9	+19	+3	+95	+14	+10
5a Average selling prices	+16	-27	-36	-22	-16	-33
5c Total costs per employee	+40	-20	+22	+42	+51	+10
5d Overall profitability	+9	+27	-11	+95	+24	+44
6a Numbers employed	+17	+28	+30	+45	+29	+9
next 3 months						
3a Volume of business	-6	+16	+15	+36	+26	+56
5a Average selling prices	+1	-22	-11	-40	-8	-11
5c Total costs per employee	+5	-5	+37	+53	+44	+84
5d Overall profitability	-29	+38	-7	+18	+26	+56
6a Numbers employed	+42	+28	+7	-5	+21	+41

Business optimism



Sentiment about the general business continued to improve, albeit at slightly slower pace.

Volume of business



Growth in business volumes was stable, but firms continue to expect growth to accelerate next quarter.

Overall profitability



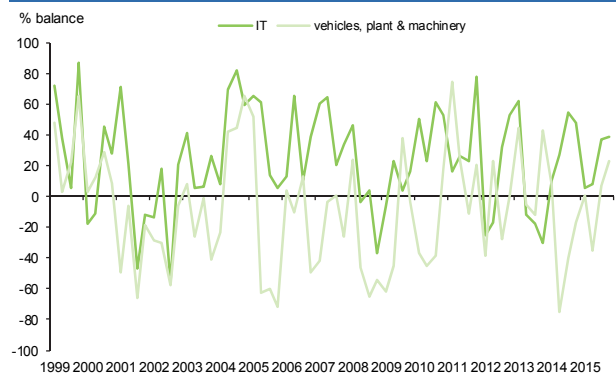
Profitability growth picked up slightly, and a further improvement is expected next quarter.

Numbers employed



Employment grew more slowly than expected, but firms see stronger hiring ahead.

Investment intentions

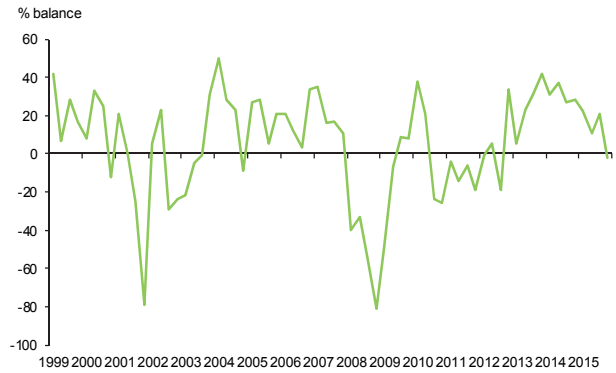


Investment intentions for the year ahead remain solid.

Management, legal and other professional services

Management, legal and other professional services — selected results						
	Aug	Nov	2015 Feb	May	Aug	Nov
1 Optimism	+27	+28	+22	+11	+21	-2
10 Business expansion	+3	+2	+33	+4	-9	-14
past 3 months						
3a Volume of business	+11	0	+7	+12	-8	-9
5a Average selling prices	+2	+2	-16	-5	-1	+1
5c Total costs per employee	+25	+26	+22	+41	+21	+23
5d Overall profitability	-10	-27	-11	-21	+4	-13
6a Numbers employed	+25	+47	+36	+21	+20	+29
next 3 months						
3a Volume of business	+36	+25	-1	+3	+22	+3
5a Average selling prices	+12	+6	+16	+5	+5	-4
5c Total costs per employee	+41	+32	+46	+43	+26	+35
5d Overall profitability	+11	-20	+5	-17	-1	-8
6a Numbers employed	+31	+13	+39	+21	+17	+23

Business optimism



Sentiment about the business situation deteriorated slightly, after three years of continuous improvement.

Volume of business



Business volumes fell slightly, and expectations over future growth have been downgraded.

Overall profitability



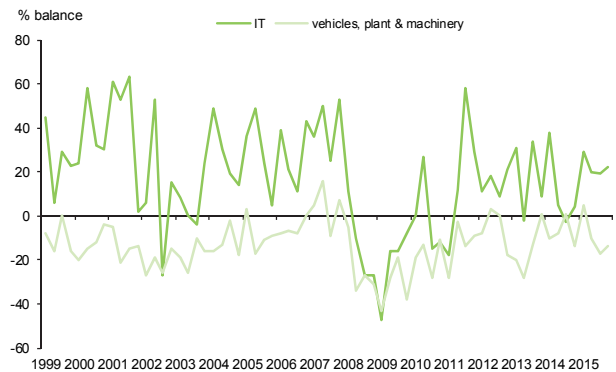
Profits diminished a little, with a further decline expected over the three months to February.

Numbers employed



Headcount continued to expand at a robust pace, with only a slight slowdown anticipated for next quarter.

Investment intentions

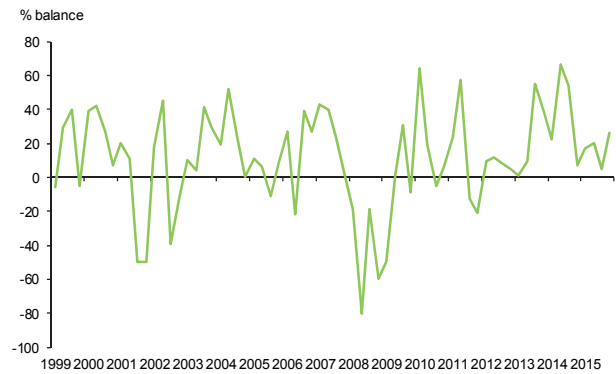


Spending plans for IT remain solid, but those on plant & machinery have weakened further.

Office & personnel services

Office & personnel — selected results						
	Aug	Nov	2015		Aug	Nov
			Feb	May		
1 Optimism	+54	+7	+17	+20	+5	+26
10 Business expansion	+53	+54	+45	+52	+63	+19
past 3 months						
3a Volume of business	+32	+52	+22	+19	+66	+19
5a Average selling prices	+17	-1	+11	+15	+11	+14
5c Total costs per employee	+57	+23	+36	+10	+27	+16
5d Overall profitability	-2	-5	-3	+2	+40	+21
6a Numbers employed	+55	+52	+47	+27	+52	+34
next 3 months						
3a Volume of business	+58	+50	+30	+25	+9	+34
5a Average selling prices	+24	+10	+7	+12	+23	+32
5c Total costs per employee	+43	+44	+35	+20	+38	+45
5d Overall profitability	+1	+9	+8	+2	+16	+36
6a Numbers employed	+69	+69	+43	+29	+23	+38

Business optimism



The improvement in optimism was more widespread, compared with the previous quarter.

Volume of business



Growth in business volumes eased after a strong increase last quarter, but the outlook remains good.

Overall profitability



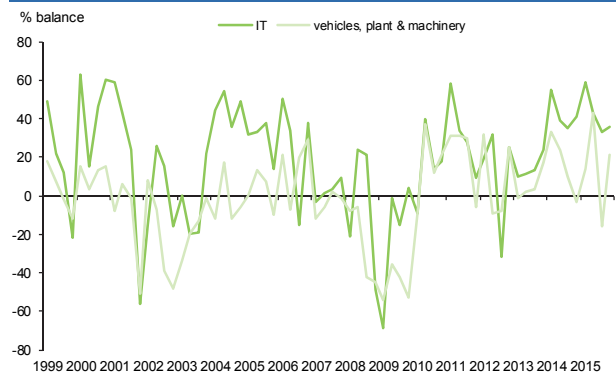
Profits continued to rise at healthy pace in the three months to November.

Numbers employed



Growth in headcount remained solid, with a similar expansion expected in the three months to February.

Investment intentions

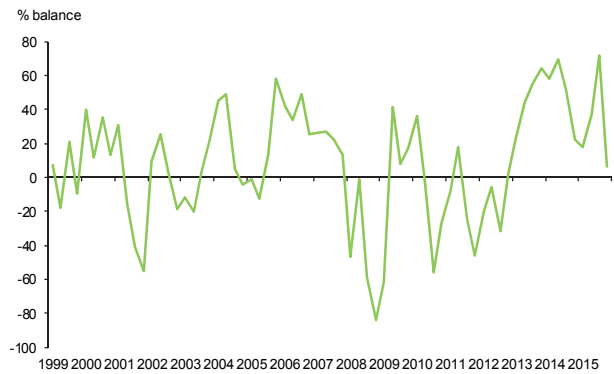


Firms expect to raise investment in IT and in vehicles, plant & machinery over the year ahead.

Property services

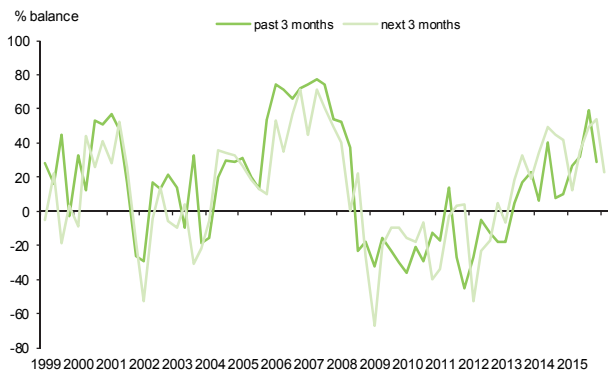
Property services — selected results						
	Aug	Nov	2015 Feb	May	Aug	Nov
1 Optimism	+52	+22	+18	+37	+72	+6
10 Business expansion	-27	+35	-13	+19	+68	+32
past 3 months						
3a Volume of business	+8	+10	+27	+32	+59	+29
5a Average selling prices	+16	0	0	+8	+26	+17
5c Total costs per employee	+32	+37	+56	+14	+52	+35
5d Overall profitability	-2	-19	+5	+29	+42	+12
6a Numbers employed	+10	+38	-3	+23	+63	+6
next 3 months						
3a Volume of business	+42	+12	+35	+49	+54	+23
5a Average selling prices	+17	+4	+7	+26	+28	+8
5c Total costs per employee	+47	+43	+45	+32	+33	+36
5d Overall profitability	+30	-2	-13	+25	+67	-1
6a Numbers employed	+40	+25	+19	+31	+29	+19

Business optimism



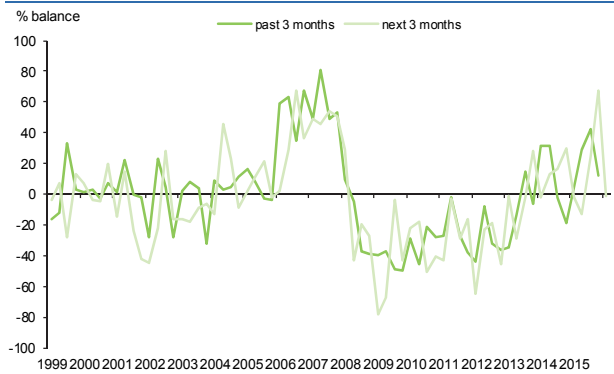
Sentiment improved at the slowest pace for three years in the quarter to November.

Volume of business



Business volumes expanded at an above-average pace, although growth was slower than had been expected.

Overall profitability



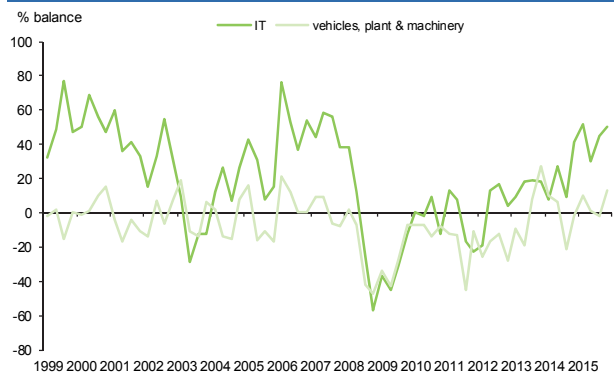
Profits growth slowed, following a strong increase in the previous quarter, and profits are tipped to be stable.

Numbers employed



Headcount edged up slightly further, following strong growth during the previous quarter.

Investment intentions

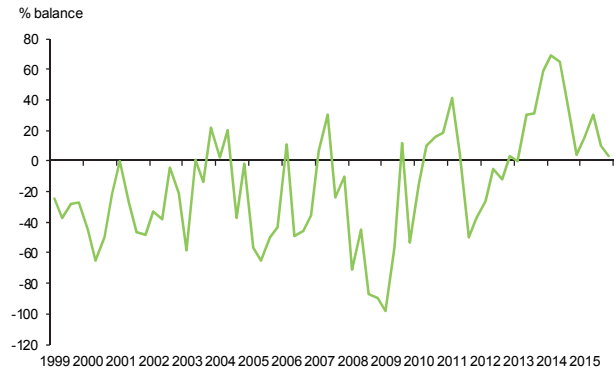


Investment intentions strengthened a little, with firms anticipating a particularly strong rise in spending on IT.

Transport of goods & post

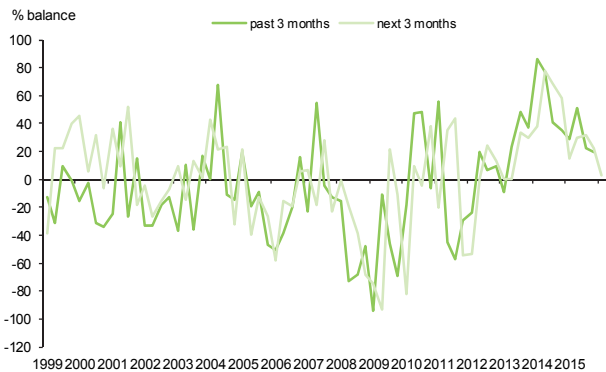
Transport of goods & post — selected results						
	Aug	Nov	2015		Aug	Nov
			Feb	May		
1 Optimism	+37	+4	+15	+30	+10	+3
10 Business expansion	+30	+20	+19	+62	-6	+77
past 3 months						
3a Volume of business	+41	+35	+29	+51	+22	+20
5a Average selling prices	+28	0	+12	+17	+20	+11
5c Total costs per employee	+20	+21	+48	+38	+27	+12
5d Overall profitability	+29	+16	+23	+14	+51	+24
6a Numbers employed	+4	+23	+2	+2	+20	+22
next 3 months						
3a Volume of business	+58	+15	+30	+32	+22	+3
5a Average selling prices	+21	-2	+19	+14	+9	+24
5c Total costs per employee	+8	+14	+43	+16	+17	+60
5d Overall profitability	+24	+7	+20	+19	+61	+34
6a Numbers employed	-2	+9	+15	+6	-11	-8

Business optimism



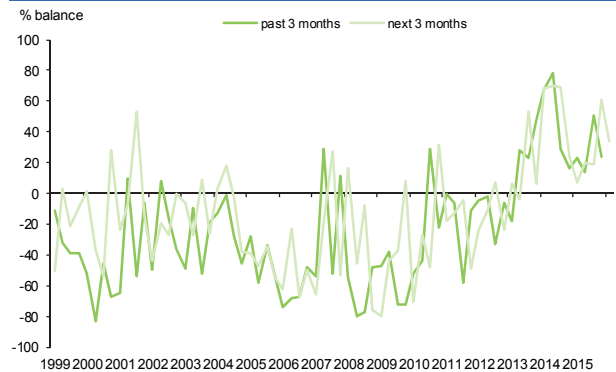
Sentiment about the general business situation was largely unchanged over the quarter to November.

Volume of business



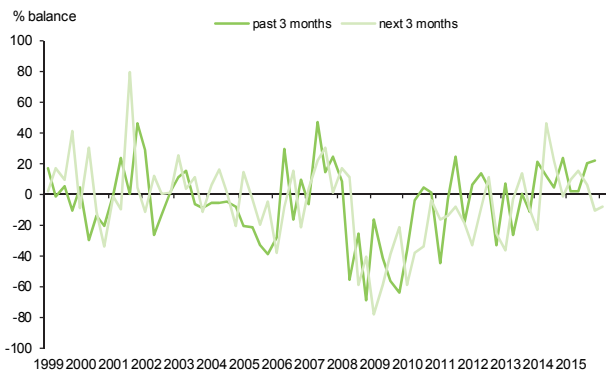
Growth in business volumes continued to ease, and volumes are expected to be unchanged next quarter.

Overall profitability



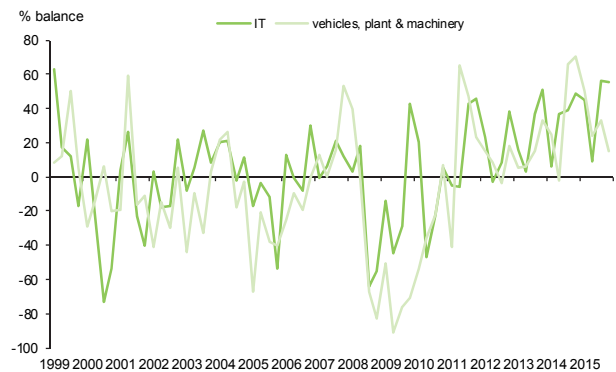
Profits growth slowed but firms continue to expect stronger growth ahead.

Numbers employed



Numbers employed increased faster than expected, but are expected to fall slightly in the next three months.

Investment intentions

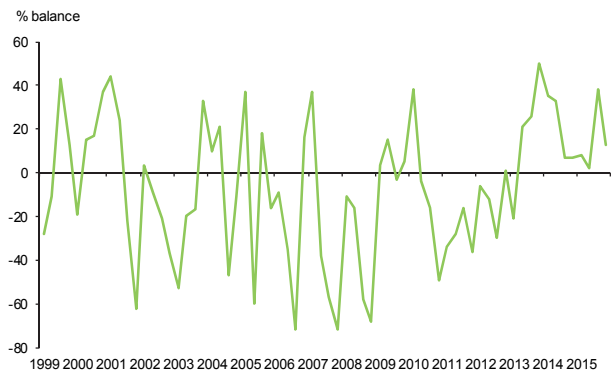


Investment intentions for the year ahead remained positive, particularly for IT spending.

Leisure & personal services

Leisure & personal services — selected results						
	Aug	Nov	2015		Aug	Nov
			Feb	May		
1 Optimism	+7	+7	+8	+2	+38	+13
10 Business expansion	-59	+21	-3	-9	+14	+23
past 3 months						
3a Volume of business	+3	+13	-20	-7	+27	+16
5a Average selling prices	+7	+21	-5	+17	+35	-6
5c Total costs per employee	+20	+19	+15	+36	-1	+46
5d Overall profitability	+25	+23	-15	+4	+27	-17
6a Numbers employed	-10	+13	+8	+13	+27	+29
next 3 months						
3a Volume of business	+27	+34	-4	+21	+56	+20
5a Average selling prices	+1	+5	-2	0	+10	-8
5c Total costs per employee	+37	+29	+13	+36	+20	+26
5d Overall profitability	+30	+46	+15	+8	+54	+4
6a Numbers employed	+4	+4	0	+26	+5	-11

Business optimism



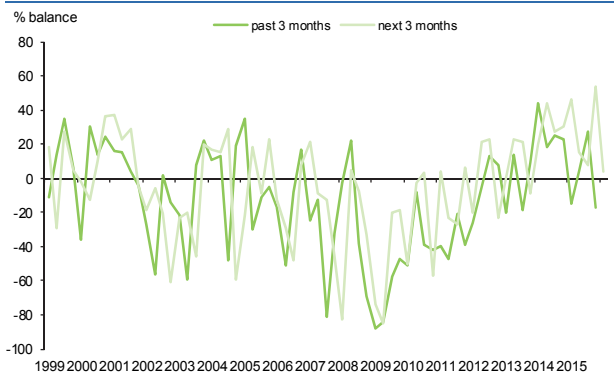
Sentiment about the general business situation improved further, but less strongly than in the previous quarter.

Volume of business



Business volumes grew at a solid pace over the quarter, with a similar expansion expected.

Overall profitability



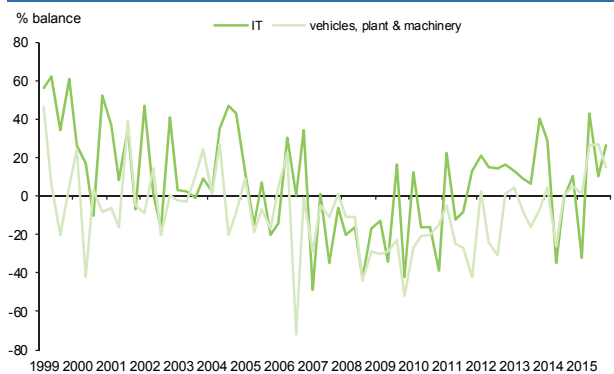
Profits fell in the three months to November, and are expected to remain fairly stable next quarter.

Numbers employed



Growth in headcount remained strong, but firms expect numbers employed to fall a little next quarter.

Investment intentions

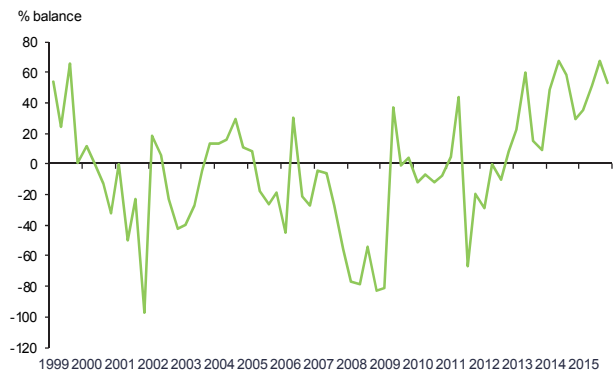


Investment intentions for the year ahead remains positive.

Hotels, bars & restaurants/travel services/marketing

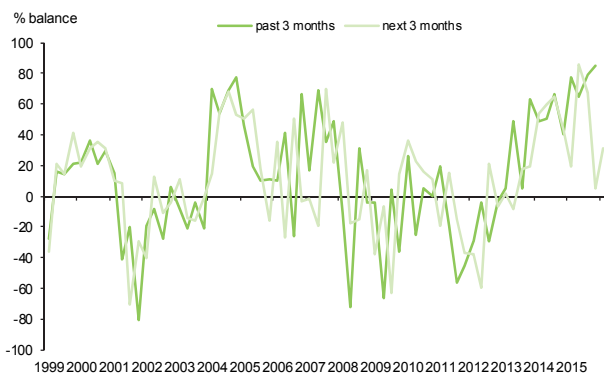
Hotels, bars & restaurants — selected results						
	Aug	Nov	2015		Aug	Nov
			Feb	May		
1 Optimism	+58	+29	+35	+51	+67	+53
10 Business expansion	+54	+43	-16	0	-30	+12
past 3 months						
3a Volume of business	+66	+40	+77	+65	+79	+85
5a Average selling prices	+23	+61	+32	+16	+17	+47
5c Total costs per employee	+70	+90	+82	+58	+70	+75
5d Overall profitability	+48	+50	+74	+44	+60	+58
6a Numbers employed	+25	+46	+41	+62	+72	+61
next 3 months						
3a Volume of business	+44	+19	+86	+67	+5	+31
5a Average selling prices	+31	+60	+44	+31	+23	+57
5c Total costs per employee	+41	+50	+76	+55	+81	+67
5d Overall profitability	+63	+46	+86	+44	+34	+32
6a Numbers employed	+24	+45	+51	+70	0	+28

Hotels, bars & restaurants — business optimism



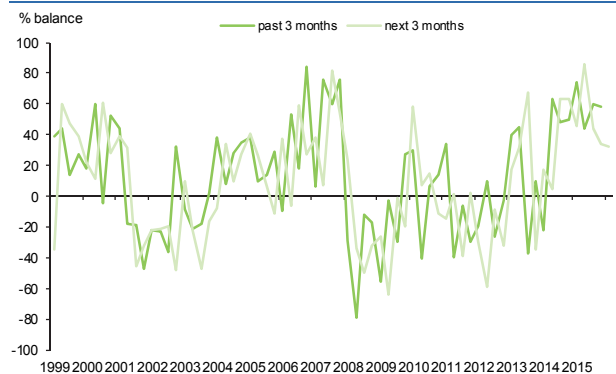
There was a widespread improvement in optimism about the general business situation last quarter.

Hotels, bars & restaurants — business volumes



Business volumes expanded at the strongest pace in the survey's history, but growth is tipped to slow.

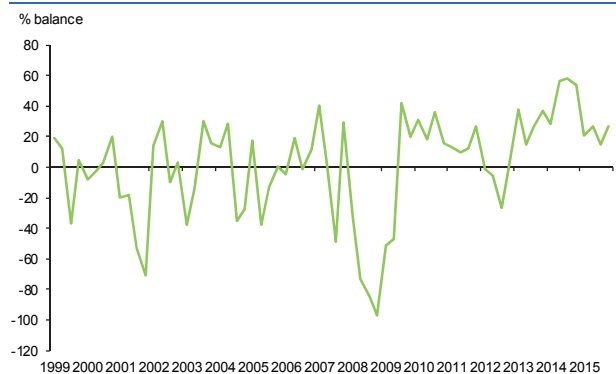
Hotels, bars & restaurants — overall profitability



Profits continued to increase at a brisk pace, although growth is expected to slow next quarter.

Travel services — selected results						
	Aug	Nov	2015		Aug	Nov
			Feb	May		
1 Optimism	+58	+54	+21	+27	+15	+27
10 Business expansion	+17	-31	+34	-11	-6	-22
past 3 months						
3a Volume of business	+31	+55	+24	+43	+25	-3
5a Average selling prices	+20	+10	+12	+21	-4	-22
5c Total costs per employee	+12	+38	+26	+32	+49	+29
5d Overall profitability	+36	+15	+14	+15	+16	+4
6a Numbers employed	-4	+15	+9	+45	+15	+3
next 3 months						
3a Volume of business	+46	+54	+29	+44	+19	+17
5a Average selling prices	+10	0	+17	+6	+20	+7
5c Total costs per employee	-5	+40	+28	+19	+50	+14
5d Overall profitability	+29	+12	+54	+7	+22	+17
6a Numbers employed	+11	+24	+36	+62	-3	+37

Travel services — business optimism



Optimism improved at an above-average pace in the three months to November.

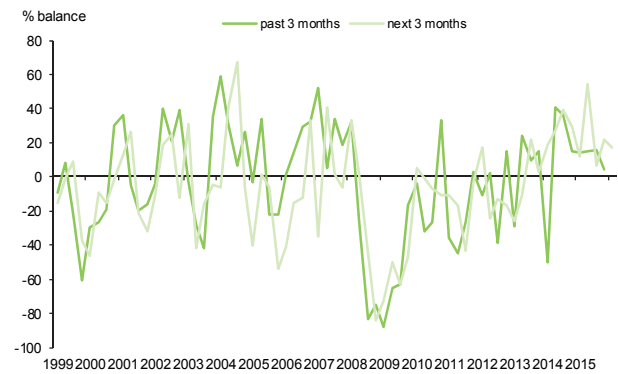
Hotels, bars & restaurants/travel services/marketing

Travel services — volume of business



Business volumes were unexpectedly stable, but are expected to expand over the three months to February.

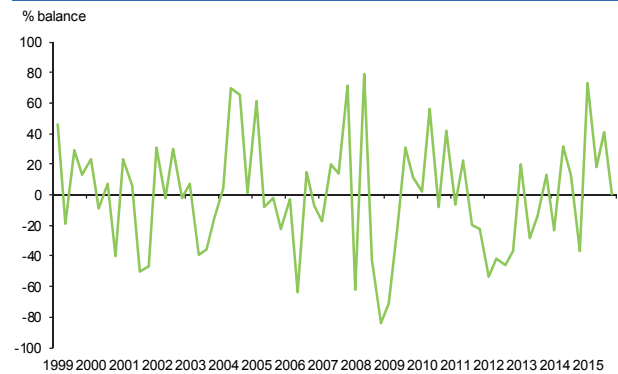
Travel services — overall profitability



Profits increased only marginally, but firms expect stronger growth in the quarter ahead.

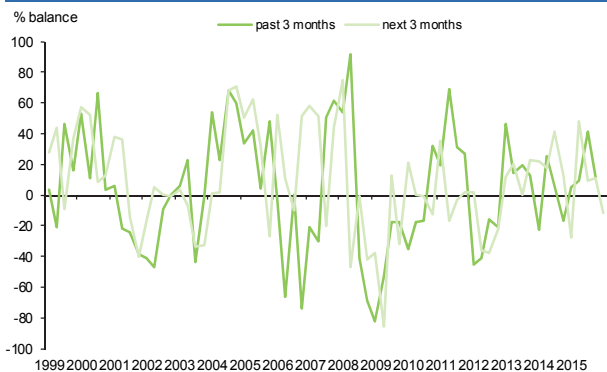
Marketing — selected results							
		2015					
		Aug	Nov	Feb	May	Aug	Nov
1	Optimism	+13	-37	+73	+18	+41	0
10	Business expansion	-50	+52	+28	+65	+19	+51
past 3 months							
3a	Volume of business	+6	-17	+5	+9	+41	+12
5a	Average selling prices	-4	+8	+16	+9	0	0
5c	Total costs per employee	+27	+20	+60	+18	+41	+6
5d	Overall profitability	-4	+20	+9	+65	+22	-18
6a	Numbers employed	+40	+15	+27	+23	+29	+8
next 3 months							
3a	Volume of business	+13	-28	+48	+9	+11	-12
5a	Average selling prices	-4	+10	0	+9	+22	+6
5c	Total costs per employee	+62	+10	+44	+18	+19	+12
5d	Overall profitability	0	+30	+24	+65	+11	-6
6a	Numbers employed	+48	+37	+37	+55	+14	+16

Marketing — business optimism



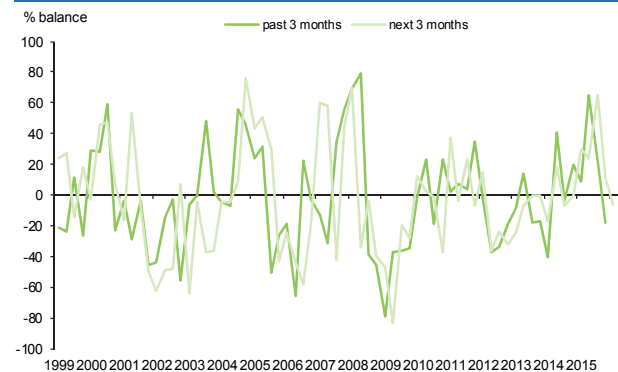
Sentiment was unchanged in the three months to November, compared with three months earlier.

Marketing — business volumes



Business volumes grew at a more moderate pace and are expected to fall over the coming quarter.

Marketing — overall profitability



Profits fell in the three months to November, with a further decline expected for the quarter to February.

FURTHER INFORMATION

CBI service sector survey

Launched in December 1998, the survey covers a broad range of sectors within the tertiary economy — including computer services, management consultants, hotels & catering, transport services and telecommunications. It offers a unique and up-to-date insight into recent trends and future prospects for consumer-related services and professional/business-related activities.

Modelled on the other CBI business surveys, the survey relies on a qualitative rather than quantitative approach. Responses are weighted according to the size of the company and the importance of its activity in the industry.

The results are reported in a similar way to other CBI surveys and often use the 'balance' statistic — the difference between the percentage of respondents replying 'more', 'above normal' or 'up' minus the percentage replying 'less', 'below normal' or 'down'. The 'balance' provides a simplified method of interpreting the results and over a period of time the trend in the balance gives a good indication of the trend in the economic indicator.

Publications and services

The CBI economics and survey teams take advantage of the CBI's diverse contacts with British business to build up an accurate assessment of the latest developments in the UK and international economy. Widely acknowledged for their professional standards, the teams' work is vital since government statistics, where available, are often slow to be published and are subject to revision.

Apart from the quarterly UK economic outlook and international business outlook, the teams publish the unique CBI business surveys, covering manufacturing, distribution, consumer, business & professional services, financial services and SMEs. All results are carefully scrutinised and discussed by business people and economists before publication.

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