

## Supplemental Report:

# Sales and Employment Up in 2012; Exporters Less Optimistic about Europe, Asia

In a series of supplementary questions to the July 2012 *Empire State Manufacturing Survey*, manufacturers were asked how much their sales and employment levels had changed between the first half of 2011 and the first six months of 2012 and how they expected these measures to pan out for the full year. Parallel questions had been posed in July 2011 and in earlier July surveys. Manufacturers were also queried on their exports and prospects for marketing and selling their products abroad.

In this year's survey, the median respondent reported that sales were up 4.5 percent for the first half of 2012 compared with the first six months of 2011, and are expected to be up 5 percent for the full calendar year. The responses are slightly lower than the respective median responses in last July's survey. In the current survey, the median respondent indicated a 2 percent increase in the number of employees—both for the first half of this year and for what is expected for the full-year 2012. In the 2011 survey, the median estimated change in employment was roughly 3 percent—both for the first half of the year and for all of 2011.

Survey respondents were also asked if they had recently modified their production plans for the second half of 2012. Responses were fairly evenly split, with slightly more indicating that they had ramped up rather than scaled back production plans—26 percent versus 22 percent. This reflects a bit more optimism than at this time last year, when downward revisions in production plans outnumbered upward revisions by a small margin. To put this in context, in July 2009, around the trough of the recession, an extraordinary 63 percent of those surveyed said they had cut back production plans.

In a separate series of questions—last asked in July 2010—firms were queried about the importance of exports in their revenue stream and about their global marketing and sales efforts. In general, firms reported that exports have accounted for a varying share of revenues over the past three years, with the median share being 5 percent in 2012 and 2010 but 7 percent in 2011. Roughly one in four respondents derived no revenue directly from exports. Survey participants were also asked how their international marketing resources are allocated.

Canada was the most prominent, garnering 27 percent of resources on average, followed by Asia (21 percent), Europe (18 percent), and Latin America (11 percent). The shares allocated to Asia and Latin America are up noticeably compared with percentages in the 2010 survey, while the shares allocated to Canada and Europe are down.

Looking ahead, firms on balance reported plans to devote more resources in 2013 to selling/marketing in most parts of the world—most notably, Asia and Latin America. Resources devoted to Europe are expected to change very little. Finally, when asked if they expected to sell more or fewer products in these broad parts of the world, respondents were most optimistic with respect to Latin America and Canada; the average respondent was considerably less optimistic than in the 2010 survey about prospects for Europe and especially Asia. But manufacturers remain quite optimistic about prospects for the “rest of the world.” ■

## Supplemental Report, *continued*

### QUESTION 1

Please estimate the percent change in your firm's sales and employment levels from 2011 to 2012—both for the first half of the year and what you expect for the full year:

|                                    | Median Percent Change from Prior Year |           |           |           |           |
|------------------------------------|---------------------------------------|-----------|-----------|-----------|-----------|
|                                    | July 2012                             | July 2011 | July 2010 | July 2009 | July 2008 |
| Total sales                        |                                       |           |           |           |           |
| First half (median percent change) | 4.5                                   | 5.0       | 7.0       | -15.0     | 5.0       |
| Full year (median percent change)  | 5.0                                   | 6.0       | 8.0       | -15.0     | 5.0       |
| Number of employees                |                                       |           |           |           |           |
| First half (median percent change) | 2.0                                   | 3.0       | 0.0       | -10.0     | 0.0       |
| Full year (median percent change)  | 2.0                                   | 2.8       | 0.0       | -10.0     | 0.5       |

### QUESTION 2

In the past several months, to what extent have you modified your production plans or sales expectations for the second half (of the current year)?

|                         | Percentage of Respondents |                  |                  |                  |                  |
|-------------------------|---------------------------|------------------|------------------|------------------|------------------|
|                         | July 2012 Survey          | July 2011 Survey | July 2010 Survey | July 2009 Survey | July 2008 Survey |
| Reduced substantially   | 6.2                       | 1.1              | 1.6              | 31.3             | 8.7              |
| Reduced somewhat        | 16.0                      | 23.3             | 17.5             | 31.3             | 26.1             |
| No change               | 51.9                      | 53.3             | 47.6             | 16.7             | 38.0             |
| Increased somewhat      | 23.5                      | 16.7             | 30.2             | 19.8             | 21.7             |
| Increased substantially | 2.5                       | 5.6              | 3.2              | 1.0              | 5.4              |

### QUESTION 3

Approximately what percentage of your overall revenues would you say comes from exports (in 2012, 2011, and 2010)?

|   | Percentage Change |                  |
|---|-------------------|------------------|
|   | July 2012 Survey  | July 2010 Survey |
| Median for 2012 (2010 for earlier survey) | 5.0               | 6.0              |
| Median for 2011 (2009 for earlier survey) | 5.0               | 5.0              |
| Median for 2010 (2008 for earlier survey) | 5.0               | 5.0              |

### QUESTION 4

Of all the resources you expend selling/marketing abroad, roughly what proportion would you estimate is targeted toward . . .

|                   | Average Proportion of Resources |                  |
|-------------------|---------------------------------|------------------|
|                   | July 2012 Survey                | July 2010 Survey |
| Canada            | 26.8                            | 35.6             |
| Latin America     | 11.0                            | 8.4              |
| Europe            | 17.5                            | 20.3             |
| Asia              | 20.8                            | 14.9             |
| Rest of the world | 14.6                            | 12.9             |

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### QUESTION 5

Do you plan on devoting more or fewer resources to selling/marketing in each of these areas of the world in 2013 than in 2012?

|                   | July 2012 Survey |      | July 2010 Survey |      |
|-------------------|------------------|------|------------------|------|
|                   | Fewer            | More | Fewer            | More |
| Canada            | 12.1             | 18.2 | 21.4             | 25.0 |
| Latin America     | 15.9             | 28.6 | 18.5             | 29.6 |
| Europe            | 16.7             | 16.7 | 17.0             | 34.0 |
| Asia              | 15.6             | 31.3 | 18.9             | 39.6 |
| Rest of the world | 14.1             | 28.1 | 15.1             | 35.8 |

### QUESTION 6

Do you expect to sell more or fewer products in each of these areas of the world over the next twelve months than in the past twelve months?

|                   | July 2012 Survey |      | July 2010 Survey |      |
|-------------------|------------------|------|------------------|------|
|                   | Fewer            | More | Fewer            | More |
| Canada            | 6.8              | 24.7 | 3.5              | 24.6 |
| Latin America     | 2.9              | 22.9 | 1.8              | 28.6 |
| Europe            | 12.9             | 14.3 | 1.8              | 26.8 |
| Asia              | 15.9             | 18.8 | 0.0              | 34.5 |
| Rest of the world | 1.5              | 25.0 | 5.5              | 29.1 |