

# CEO and Business Owner Confidence Survey

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Fourth Quarter 2010

**February 2, 2011**

This survey was administered in partnership with the Gulf Coast Business Council Research Foundation, Biloxi Bay Chamber of Commerce, Hancock County Chamber of Commerce, Jackson County Chamber of Commerce, Orange Grove Chamber of Commerce, Ocean Springs Chamber of Commerce, and Mississippi Gulf Coast Chamber of Commerce between January 10 and January 20, 2011. Members of each of the partner organizations were asked to complete an online survey consisting of eleven questions relevant to the current economy on the Mississippi Gulf Coast and expectations for the proceeding six months. The targeted respondents were the chief executives and owners of businesses belonging to these membership organizations. This quarterly survey has been conducted at regular intervals since the third quarter of 2008.

## Overview

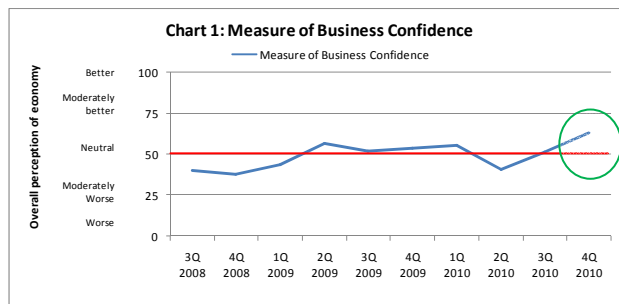
Between January 10 and January 20, 2011, chief executives and business owners within the three counties of the Mississippi Gulf Coast were asked to complete a survey regarding their perceptions of the regional economy, reviews of the fourth quarter of 2010, and an outlook for the proceeding six months. The survey asked that only the chief executive or the business owner complete the survey. The respondents totaled 130.

### *Fourth Quarter 2010 Survey Yield Highest Business Confidence in Ten Quarters.*

The Measure of Business Confidence along the Mississippi Gulf Coast reached an all-time high in January (63), and each of the index's subcomponents also set records. The survey has been administered at regular intervals since October 2008. Generally speaking, a score of 50 suggests that respondents are neutral in their opinions of the regional economy; the current measure of business confidence suggests that the overall economy on the Mississippi Gulf Coast is moderately improving. Referencing previous surveys, the lowest levels of business confidence along the Mississippi Gulf Coast were in the aftermath of the oil spill (41), and the aftermath of the national credit crisis (38).

Table 1: CEO & Business Owners Confidence

	2010 4th Qtr	2010 3rd Qtr	2010 2nd Qtr	2010 1st Qtr	2009 4th Qtr	2009 3rd Qtr	2009 2nd Qtr	2009 1st Qtr	2008 4th Qtr	2008 3rd Qtr
<b>Measure of Business Confidence</b>	<b>63</b>	<b>51</b>	<b>41</b>	<b>55</b>	<b>53</b>	<b>52</b>	<b>57</b>	<b>44</b>	<b>38</b>	<b>40</b>
1. Current Economic Conditions vs. 6 months ago	62	48	37	52	48	47	53	35	27	30
2. Current Economic Conditions in Own Industry vs. 6 months ago	58	47	41	52	46	46	53	40	32	34
3. Expectations Within Own industry in next six months	68	59	44	62	67	64	64	57	56	56

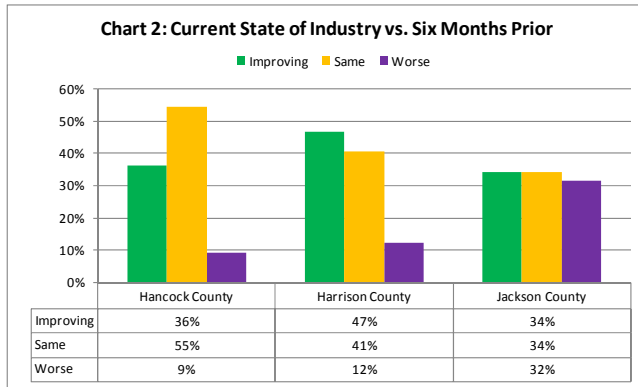


**CEO & Business Owner**  
***Measure of Business Confidence***  
Fourth Quarter 2010 = 63

The measure of Business Confidence is an average between current economic conditions, current conditions within respondents' own industry, and expectations within respondents' own industry for next six months.

At the national level, the Consumer Confidence Index rose in January to its highest level in eight months, while respondents to *Chief Executive Magazine's* January CEO Confidence Index continued to have a positive outlook for the nation's overall economy. At the statewide level, Mississippi State University's *Economy Watch* reported that the state's consumers were more confident than at any time over the last two years.

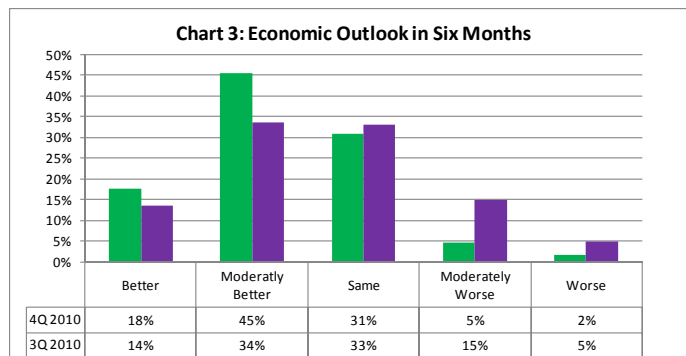
The increase in business confidence along the Mississippi Gulf Coast is not necessarily surprising. Combined sales tax diversions for the combined three coastal counties have been up for six out of the last seven months.



Respondents from all three coastal counties indicated that progress in the economy was made in the fourth quarter when compared to six months prior. When compared to the fourth quarter 2009, sales tax diversions reported for Jackson County were up 3.7%, while Harrison County was up 5.4% and Hancock County was up 3.3%. For the overall Mississippi Gulf Coast, 42% of respondents reported an improvement in the economy.

### Outlook for Six Months Ahead Improving

Looking ahead, expectations for the next six months are positive. When compared to the previous survey, results from the January 2011 survey demonstrate that respondents are even more favorable about 2011 than they were in October 2010. Out of 130 respondents, only eight (7%) indicated that they expected economic conditions to worsen in the first half of 2011.



From the hiring standpoint, 84% of respondents indicated that they did not plan on reducing staffing levels; nearly a third of respondents indicated plans to increase staffing levels over the next six months. When asked what the primary concern is moving forward, 41% of respondents indicated that the cost to do business was the chief worry while 34% indicated that a potential decrease in demand for products/services was the primary concern. Compared to recent trends, it is evident that more respondents are worried about inflationary pressures than decreasing demand. Respondents who opted to submit written comments regarding primary concerns moving forward cited the lingering effects of the BP Oil Spill and the still-restricted cash flows of most businesses as chief worries. Notably, while Business Confidence is up on the Mississippi Gulf Coast, only a third of respondents indicated significant capital investments planned for the next six months, par to recent surveys.

## Tables and Statistics

Below are tables containing additional results from the January 10 - 20, 2011 survey administered on the Mississippi Gulf Coast. Table 2 compares fourth quarter 2010 revenue levels and revenue expectations to those of the third quarter 2010. Items shaded in red in Table 2 indicate a decrease from the previous quarter. Table 3 and Table 4 contain future hiring plans and chief concerns by industry.

Table 2: Evaluation of current revenue levels (compared to 6 months prior) and expected revenue levels for surveyed businesses on the Mississippi Gulf Coast. A rating of 100 would indicate strong growth, 50 would indicate stability, and 0 would indicate significant declines.

Sector	Current Levels 4th Qtr. '10	Current Levels 3rd Qtr. '10	% Change	Sector	Future Expectations as of 4th Qtr. '10	Future Expectations as of 3rd Qtr. '10	% Change
<b>Overall</b>	<b>50</b>	<b>40</b>	<b>26%</b>	<b>Overall</b>	<b>65</b>	<b>55</b>	<b>18%</b>
Banking	59	38	58%	Banking	73	50	45%
Chemicals	NA	NA	NA	Chemicals	NA	NA	NA
Construction	14	21	-33%	Construction	50	36	40%
Education/Government	42	50	-17%	Education/Government	42	71	-42%
Entertainment (not gaming)	75	50	50%	Entertainment (not gaming)	75	50	50%
Food & Beverage	46	11	313%	Food & Beverage	58	33	75%
Gaming and/or Lodging	50	56	-10%	Gaming and/or Lodging	75	61	23%
Healthcare	56	33	69%	Healthcare	63	50	25%
Information Technology	25	100	-75%	Information Technology	75	75	0%
Manufacturing	38	40	-6%	Manufacturing	88	60	46%
Media	78	92	-15%	Media	89	92	-3%
Military	NA	NA	NA	Military	NA	NA	NA
Nonprofit/Civic Organization	63	45	38%	Nonprofit/Civic Organization	75	55	38%
Professional Services	43	36	18%	Professional Services	62	53	16%
Real Estate	63	56	11%	Real Estate	63	63	0%
Retail and Wholesale Trade	63	11	463%	Retail and Wholesale Trade	63	50	25%
Utilities and Transportation	63	56	11%	Utilities and Transportation	38	69	-45%

Table 3: Hiring plans for the next six months for companies on the Mississippi Gulf Coast.

Sector	Increase Staffing	Keep Same Levels	Decrease Staffing
<b>Overall</b>	<b>29%</b>	<b>55%</b>	<b>16%</b>
Banking	36%	36%	27%
Chemicals	NA	NA	NA
Construction	29%	29%	43%
Education/Government	17%	50%	33%
Entertainment (not gaming)	0%	100%	0%
Food & Beverage	25%	67%	8%
Gaming and/or Lodging	17%	67%	17%
Healthcare	50%	38%	13%
Information Technology	0%	50%	50%
Manufacturing	25%	50%	25%
Media	33%	67%	0%
Military	NA	NA	NA
Nonprofit/Civic Organization	75%	25%	0%
Professional Services	29%	62%	9%
Real Estate	0%	100%	0%
Retail and Wholesale Trade	17%	42%	42%
Utilities and Transportation	25%	75%	0%

Table 4: Most Noted Concern Going Forward for Businesses on the Mississippi Gulf Coast. (a)

Sector	Cost to Do Business	Inability to Find Labor	Decrease in Demand
<b>Overall</b>	<b>41%</b>	<b>8%</b>	<b>34%</b>
Banking	45%	9%	27%
Chemicals	NA	NA	NA
Construction	0%	0%	71%
Education/Government	83%	0%	17%
Entertainment (not gaming)	50%	0%	50%
Food & Beverage	75%	0%	8%
Gaming and/or Lodging	50%	0%	33%
Healthcare	50%	25%	0%
Information Technology	0%	0%	100%
Manufacturing	75%	25%	0%
Media	33%	11%	33%
Military	NA	NA	NA
Nonprofit/Civic Organization	38%	13%	13%
Professional Services	32%	12%	47%
Real Estate	0%	0%	75%
Retail and Wholesale Trade	25%	0%	42%
Utilities and Transportation	75%	0%	25%

(a) In Table 4 the most frequent write-in responses were related to the lingering impacts of the BP Oil Spill and the lingering recession.