

# CEO and Business Owner Confidence Survey

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Fourth Quarter 2012

January 29, 2013

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 7 and January 22, 2013. 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 7 and January 22, 2013, 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 2012, and an outlook for the proceeding six months. The survey asked that only the chief executive or the business owner provide answers to the questions. The respondents totaled 116.

### CEO Confidence Holds Steady in Fourth Quarter 2012

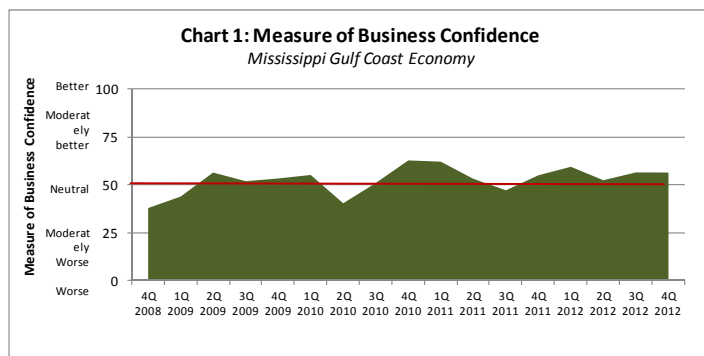
Confidence in the overall economy (as perceived by local CEO's and business owners) remained above neutral in the fourth quarter, with the overall measure of business confidence unchanged. The measure of business confidence includes three components, two of which gauge perceptions of the current economy and one that factors in future expectations; a score of 50 would indicate overall neutrality, or that the economy is neither improving nor worsening. Interestingly, when asked about the overall economy compared to six months prior, respondents indicated that conditions are improving in the region, though expectations about the future local economy waivered slightly, but remained positive.

Table 1: CEO & Business Owners Confidence

	2012 4Q	2012 3Q	2012 2Q	2012 1Q	2011 4Q
<b>Measure of Business Confidence</b>	<b>57</b>	<b>57</b>	<b>53</b>	<b>60</b>	<b>55</b>
1. Current Economic Conditions vs. 6 months ago	58	54	53	61	56
2. Current Economic Conditions in Own Industry vs. 6 months ago	52	53	49	55	50
3. Expectations Within Own industry in next six months	60	63	55	63	59

CEO & Business Owner  
**Measure of Business Confidence**  
Fourth Quarter 2012 = 57

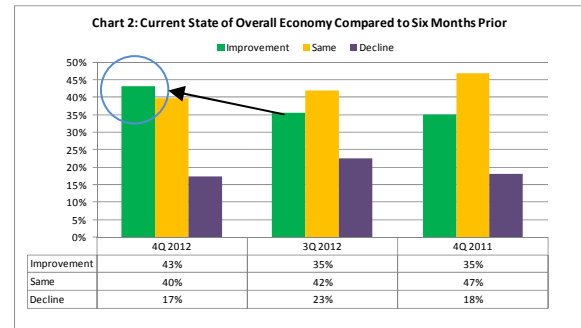
The measure of Business Confidence is an average between current economic conditions, current conditions within respondents' own industry, and expectations within respondents' own industry for next six months.



Similar recent surveys administered at national levels yielded mixed results. The Conference Board's Consumer Confidence Index declined in December, though that survey, which was conducted in December, likely was influenced by the ongoing debate of the much publicized "Fiscal Cliff", which has yet to be resolved by the nation's Congress. The Conference Board's CEO Confidence improved in the fourth quarter. Another survey of nationwide CEO's, conducted by *Chief Executive* magazine, also reported an increase in CEO confidence in December.

### Current Economic Conditions Improving

While the overall measure of business confidence in the regional economy was flat in the fourth quarter, roughly 43% reported an improved economy (compared to six months prior) and 40% indicated no change, leaving only 17% who believed the economy worsened over a six month period. Broad economic indicators such as sales tax collections in the area consistently exceeded prior year levels for the latter six months of 2012, suggesting that indeed the local economy is growing.



### More Favorable Outlook for Hiring

The majority of respondents indicated no significant plans to change staffing levels, but in the most recent survey only 14% suggested that reductions were possible, compared to 21% in the prior survey. While only 22% indicated plans to hire additional staff, it should be noted that, according to the Mississippi Department of Employment Security, preliminary data for 2012 suggests that the Mississippi Gulf Coast added 5,000 establishment jobs through November 2012 (as compared to November 2011).

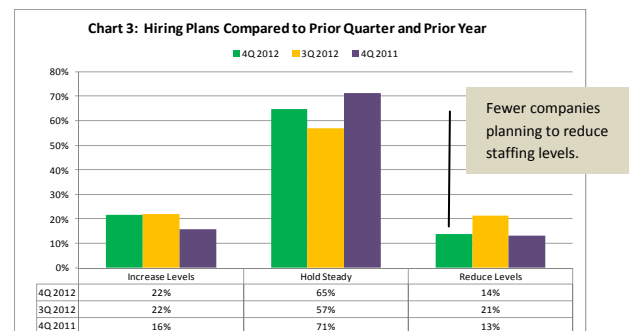


Table 2: Perception of "own industry"

	Current Conditions		Future Outlook	
	Current Quarter	Previous Quarter	Current Quarter	Previous Quarter
Hancock County	44	51	55	65
Harrison County	54	55	62	62
Jackson County	60	53	63	61
Overall Coast	52	53	60	63

When asked about current conditions "within own industry" (as opposed to the overall economy), respondents generally reported improvements, though those located in Jackson and Harrison Counties were more positive than those in Hancock County. Historically respondents have tended to be more conservative when reporting on their own industry.

Regarding primary concerns moving forward, a growing proportion of respondents indicated that the cost to do business was a chief concern over the next six months, while many opted to write in concerns. Gridlock in Washington DC related to the Fiscal Cliff was a popular response.

Table 3: Primary Concerns Looking Ahead

	Costs	Labor	Demand	Other
4Q 2012	47%	9%	28%	16%
3Q 2012	39%	11%	29%	21%
4Q 2011	40%	6%	34%	19%

## Tables and Statistics

The tables below contain additional results from the January 2013 business confidence survey administered on the Mississippi Gulf Coast. Table 4 compares third quarter revenue levels and revenue expectations to those of the previous quarter. Items shaded in red in Table 4 indicate a decrease from the previous quarter. Table 5 and Table 6 contain future hiring plans and chief concerns by industry.

Table 4: 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. '12	As of Prior Quarter	% Change	Sector	Future Expectations as of 4th Qtr. '12	As of Prior Quarter	% Change
<b>Overall</b>	<b>44</b>	<b>47</b>	<b>-5%</b>	<b>Overall</b>	<b>59</b>	<b>55</b>	<b>8%</b>
Banking	50	50	0%	Banking	43	22	93%
Chemicals	50	NA	NA	Chemicals	50	NA	NA
Construction	75	17	350%	Construction	25	28	-10%
Education/Government	56	57	-2%	Education/Government	53	54	-1%
Entertainment (not gaming)	50	NA	NA	Entertainment (not gaming)	50	NA	NA
Food & Beverage	50	64	-22%	Food & Beverage	83	71	17%
Gaming and/or Lodging	36	58	-38%	Gaming and/or Lodging	64	50	29%
Healthcare	25	33	-25%	Healthcare	31	38	-17%
Information Technology	75	67	NA	Information Technology	75	67	NA
Manufacturing	50	25	100%	Manufacturing	56	50	13%
Media	25	30	-17%	Media	88	80	9%
Military	NA	NA	NA	Military	NA	NA	NA
Nonprofit/Civic Organization	35	55	-36%	Nonprofit/Civic Organization	65	75	-13%
Professional Services	46	47	-1%	Professional Services	67	60	12%
Real Estate	17	36	-53%	Real Estate	67	79	-15%
Retail and Wholesale Trade	50	60	-16%	Retail and Wholesale Trade	68	64	6%
Utilities and Transportation	30	33	-10%	Utilities and Transportation	50	44	13%

Table 5: 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>22%</b>	<b>64.7%</b>	<b>14%</b>
Banking	14%	71%	14%
Chemicals	100%	0%	0%
Construction	0%	100%	0%
Education/Government	18%	59%	24%
Entertainment (not gaming)	0%	100%	0%
Food & Beverage	0%	100%	0%
Gaming and/or Lodging	14%	71%	14%
Healthcare	0%	75%	25%
Information Technology	50%	50%	0%
Manufacturing	75%	13%	13%
Media	25%	50%	25%
Military	NA	NA	NA
Nonprofit/Civic Organization	20%	60%	20%
Professional Services	19%	73%	8%
Real Estate	0%	100%	0%
Retail and Wholesale Trade	27%	64%	9%
Utilities and Transportation	20%	60%	20%

Table 6: 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>46.6%</b>	<b>9.5%</b>	<b>28.4%</b>
Banking	43%	14%	29%
Chemicals	100%	0%	0%
Construction	0%	0%	0%
Education/Government	53%	0%	29%
Entertainment (not gaming)	50%	0%	50%
Food & Beverage	100%	0%	0%
Gaming and/or Lodging	29%	0%	71%
Healthcare	50%	0%	25%
Information Technology	50%	0%	50%
Manufacturing	25%	63%	13%
Media	25%	25%	50%
Military	NA	NA	NA
Nonprofit/Civic Organization	40%	0%	20%
Professional Services	54%	4%	35%
Real Estate	67%	0%	0%
Retail and Wholesale Trade	45%	18%	9%
Utilities and Transportation	40%	20%	40%

(a) In Table 5 the most frequent write-in responses were related to the insurance, inhibitive government regulations and uncertainty about fiscal policy, and funding-related issues.