

## A word from the CEO

This issue of NECA News focuses on the results of the 2015 Market Monitor – our industry’s biennial market research, completed in July. This was the first time we had run the entire survey online and this led to a doubling of respondents over the last study. We also had more sponsors than ever before and we thank them for making this study possible. I will leave you to draw your own conclusions and I thank those of you who participated in the study.

I am also very pleased to be able to confirm dates for our industry conference in South Africa next year. The conference kicks off on Sunday 17 April with an informal braai (a local barbeque) and concludes on the Wednesday night with an open-air gala dinner. We have chosen to run the conference at a boutique winery



in Stellenbosch – about 45 minutes from Cape Town.

The Market Monitor results are a great starting point for the conference content, and there will be a mix of presentations, panel discussions and workshops over the three days of the conference. We also have an exciting range of afternoon excursions – as well as pre- and post-conference options, to complete the African experience. See the NECA website for more details.

This is one conference no one should miss!

I hope you enjoy this NECA supplement.

Best regards  
Suresh Manickam

## Market Monitor 2015: The results are in

The 2015 Market Monitor survey opened in mid-February to all states and closed on 24 April.

Due to the length of the survey, we gave the respondents the ability to progress through the survey without completing every question. This meant that if they found a question wasn’t applicable, or just too difficult for them to answer, they wouldn’t be forced to drop out of the survey.

Overall we received a total of 1,532 responses.

In statistical analysis, a recommended cell size is 150-200 people to give robust analysis at the 95% confidence interval and we achieved these numbers for all our key questions.

### So what does this tell us?

- First and foremost, 1,532 is a huge sample for total population analysis!
- When we analyse results by state, we can be very confident in our NSW, Victorian, QLD and WA numbers, as each of those has a cell size of over 200.
- We will also be able to split our results by

over 35s versus under 35s, as both these cell sizes were over 200.

- However, if we want to do analysis by state by age (e.g. under 35s in NSW), we need to do some ‘grouping’.

### Our sponsors

We would like to thank our 2015 Market Monitor sponsors: Philips, NHP, Clipsal by Schneider Electric, 3M, Rexel, CNW, L&H, MM Electrical, HPM Legrand, Gerard Lighting and Hager.

### Snapshot: Key industry insights

- Competition is on the rise as is anxiety about future work.
- Young people, however, feel confident and feel in control.
- Digital is of growing importance – ordering and content on product info.
- Lower prices are out there – but there are other ways to differentiate.

### Some context: Source of business

- Electrical contracting businesses tend to

operate across a variety of industries.

- On average, businesses have gained work from three different industries in the past year.
- However, the drift towards commercial work has continued, with most businesses (85%) sourcing at least some work from commercial projects.
- A greater proportion of businesses (26%) sourced their primary revenue from commercial projects, than from residential (23%).
- There are some differences by states, as would be expected.
- There is a skew in new residential towards younger respondents.
- Maintenance forms the backbone of work conducted, with a greater proportion of businesses having this as their primary work versus 2013. The increase in new premises work in 2013 has drifted back to 2011 levels.

### Cost pressures

- Cost pressures appear to have eased compared to 2013, with over half claiming costs have stayed the same or improved.

- Where overall costs are perceived to have increased, overhead costs are the biggest contributor.
- However, even here, the impact is less than in previous years.
- An increase in call out rates may be absorbing the perceived impact of cost rises.
- Rates charged by respondents to customers do appear to have increased since the 2013 survey, particularly in terms of call out fees.
- There have been slight increases in the hourly rate of tradesmen in all states, except those who work in the ACT.

#### Business confidence

- Business confidence is down, with more contractors claiming they had less work this

past year than the one before.

- Overall, contractors are evenly divided between being optimistic or pessimistic about future opportunities for work, with under 35s significantly more confident about future work than their older colleagues.
- Optimism varies by state – WA is particularly concerned about work opportunities in the next 12 months as the slow down in mining takes hold. This is also reflected in the fact that those sourcing work from resources are also more pessimistic.
- Controlling costs and managing cash flow continue to be seen as the most important areas for business focus.
- However, competition for work has increased and this is more of a concern for future business than in previous studies.

- While the top three concerns are the same regardless of age, wage expectations and reliability of suppliers were more prioritised concerns to under 35s. They are also less concerned with the general economic climate than their older colleagues.

#### Future business influences

- As in previous studies, LED technology leads the mentions of emerging technologies.
- However, mentions of renewables, solar and energy efficiencies have increased in this study, reflecting the ongoing broader conversation at a social and political level.
- While not directly comparable, specific communications and networking technologies have rated increased mention this year.



# South Africa 2016

Sunday 17 April to Thursday 21 April

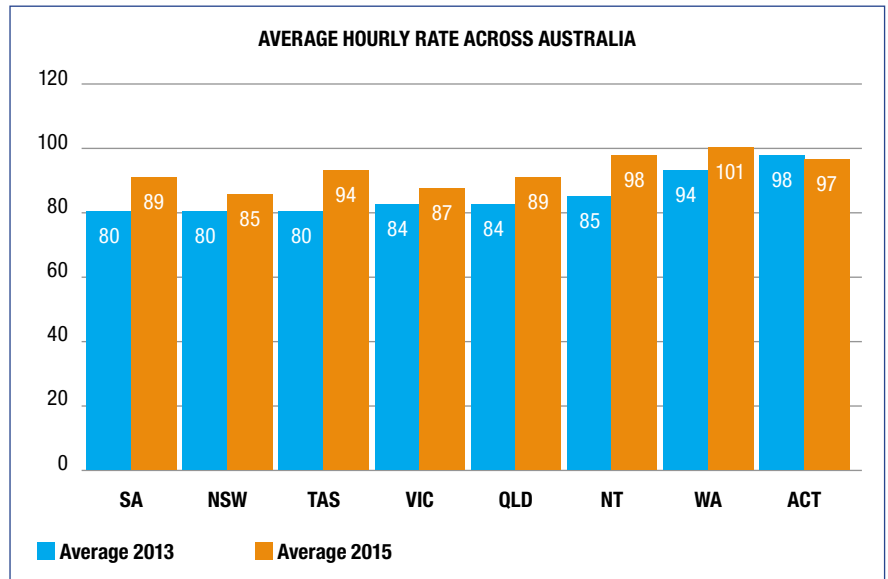
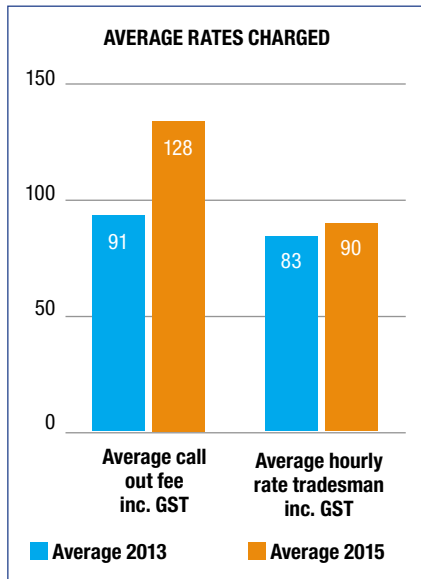
<sup>1692</sup>  
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- State and age influences perspective of emerging technologies.
- Less incidence of LED and higher incidence of renewables mentioned in QLD, automation and wireless higher in Victoria.
- While two-thirds of respondents are researching emerging technologies online, some state-based differences emerged.
- Own online research higher incidence in NSW and QLD, manufacturer websites/materials as important in WA.

#### Areas of speciality

- The majority of contractors work across a variety of areas, with maintenance, wiring and testing and domestic lighting likely to make up the bulk of the workload.
- Some increased focus/specialisation in maintenance and domestic lighting, as well as data/networking and green energy management.
- At a total level, more businesses are working in green energy management than in 2013.
- Areas that require particular technical expertise remain limited to specialist firms, as would be expected.

#### Skills and training

- Nearly 40% believe there is a lack of skilled labour in maintenance (reflecting increased focus for businesses this year).
- Around 20% see shortages in automation

and control, and data, fibre connect and networking.

- There is a desire for training, with nearly half interested in training on emerging technologies. Green/environmental and smart/networking are areas of interest.
- Technical training is desired by nearly four in 10 respondents. On average, people are interested in two to three different areas for training.
- In an ideal world, more training would be preferred – around 2-3 times a year. Finding time, however, seems to be the biggest obstacle for most.
- Face to face training, during the day is preferred.
- Younger contractors are doing less training than 35-54 year old contractors, and their levels of interest in training are lower than their older colleagues.

#### Grey market

- As suspected, competitive pricing is the key draw to grey imports.
- Whilst the ability to order online and a good website is interesting, it isn't a key driver.
- And whilst product quality does become a concern, it is clear that there are other ways that local businesses can also differentiate themselves to keep business onshore – key drivers such as quality of sales staff, on time delivery and good communication.

- In general, many categories are vulnerable to leakage but automation and data/communications are more at risk than others.
- Compliance and warranties are the biggest concerns with overseas imports – a concern shared by those who claim to have purchased overseas.
- It is clear that there is a lot of confusion about where the legal liability for compliance lies.

#### The role of digital

- While banking and email dominate, the Internet is being used by many respondents as a place to research products and pricing in particular.
- Finding product and technical information is the key digital opportunity to make work easier.
- Most of this is happening on an office PC although about a third of respondents are doing these more popular activities from a smartphone.
- When looking for the nearest electrical supplier, however, the smartphone is the most commonly used device as it is often done from the job site.
- Clipsal continues to dominate as the key industry app, and 2/3 of users rating it as 'quite useful but could be better'.
- The other top industry apps receive a similar rating.
- There is room for improvement.



## When you talk to a NECA electrical contractor you are getting the benefit of 100 years of industry experience across Australia.

We have members in rural, regional and major capital cities. We understand the issues and the complexities of our industry. NECA electricians value the importance of safety, compliant products, quality training and energy efficiency.

**If you don't already know us, then give us a call.**

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