

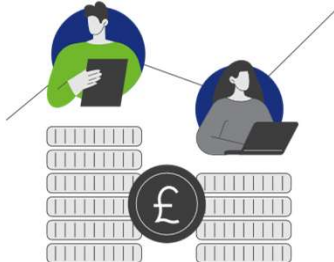
HIE Business Panel Survey

Wave 28: June / July 2025

Economic confidence

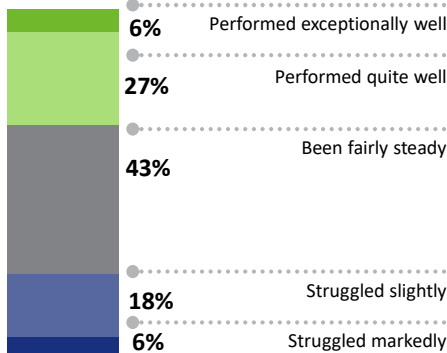
53%

of businesses **were confident** in the economic outlook for Scotland, **45%** were **not confident** – higher than the previous wave in Nov / Dec 24, which was particularly low (when 44% were confident).



Performance

Businesses' perceptions of their own performance over past six months



Businesses had performed better on their sales or turnover than on profit, while their levels of employment and exports had remained relatively stable.

67%

expected their business would perform at much the same level over the next 6 months.

Strengths

Top 3 strengths businesses felt would help them over the next year:



Aspirations



48%

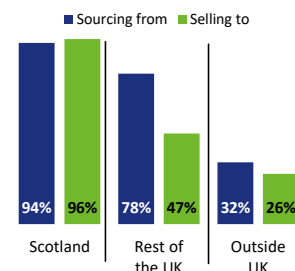
of businesses were **striving for growth**, while **38%** were **content with their current level of performance**. A smaller proportion (**12%**) were **looking to downsize**.

Main reasons for:

- Striving for growth – to make or increase profit (**58%**)
- Content with performance – business is operating as planned (**43%**)
- Looking to downsize – reaching retirement age (**63%**).

Markets

79% were importers* and **48%** were exporters*



*Sourcing from / selling to any market outside of Scotland

64% of those importing internationally and 62% of those exporting internationally identified the EU as a key market. For exporters, just under half (45%) also cited the US as a key market. Fewer saw other markets as key.

Areas for development

86%

said that there were areas that they would like to develop for their business

Top 3 areas:

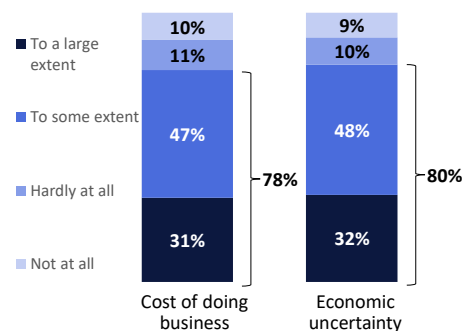


83%

felt at least **somewhat able to progress with their specified areas for development**.

Barriers

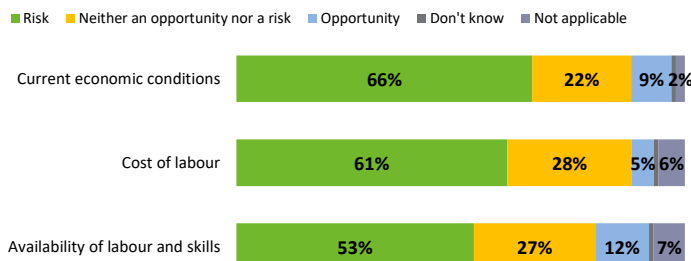
However, a high proportion of businesses with specified development goals indicated that **economic uncertainty (80%)** and the **cost of doing business (78%)** had **affected their progress towards these goals** to at least some extent.



Of those who weren't able to progress towards their goals (15%), most (73%) had experienced **increased costs** as a result and over half (55%) had experienced **reduced revenue**.

Risks and opportunities

More than half of businesses considered current economic conditions, the cost of labour, and the availability of labour and skills to be risks to their business, with few considering them to be opportunities.



International trading conditions

37% of all businesses thought that changes to **international trade conditions** were a risk to their business. Very few (5%) thought this was an opportunity.

Top 4 reasons for considering changes to international trade conditions to be a risk:

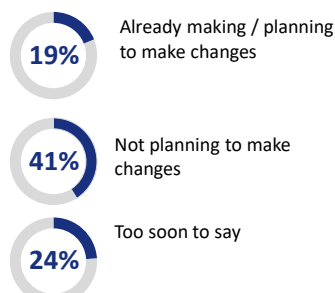
Price rises on goods imported **59%**

Increased regulation and documentation **46%**

Supply chain impacts **46%**

Inability to effectively plan ahead **42%**

Among those trading internationally, one in five have already made, or are planning to make, changes to their approach to international trade as a result of recent changes.



The most common changes made, or planned, were **adopting a cautious approach due to uncertainty (56%)**, **reviewing supply chains (42%)**, **targeting new export markets outside the UK (32%)** and **changing focus to domestic markets (30%)**.

Artificial intelligence and automation



23% Saw AI and automation as an opportunity for their business. Making processes faster or more efficient, or innovating and keeping pace with change, were seen as the main opportunities.

14% Saw it as a risk. Cybersecurity risks were the main concern, followed by the risk of roles becoming obsolete.

45% Nearly half of businesses saw it as neither a risk nor an opportunity.

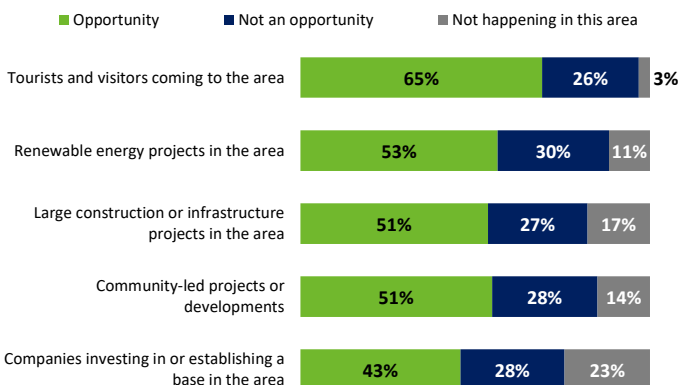
Local Opportunities



More than half of businesses felt that tourists and visitors coming to the area, renewable energy projects, community-led projects or developments and large construction or infrastructure projects were an opportunity for their business.

71%

of businesses felt at least somewhat ready to capitalise on opportunities available to them.



There was an increase in perceptions of large construction or infrastructure projects as an opportunity (51% compared to 41% in November/December 2023).