

Quality is number one source of competitive advantage for privately held businesses

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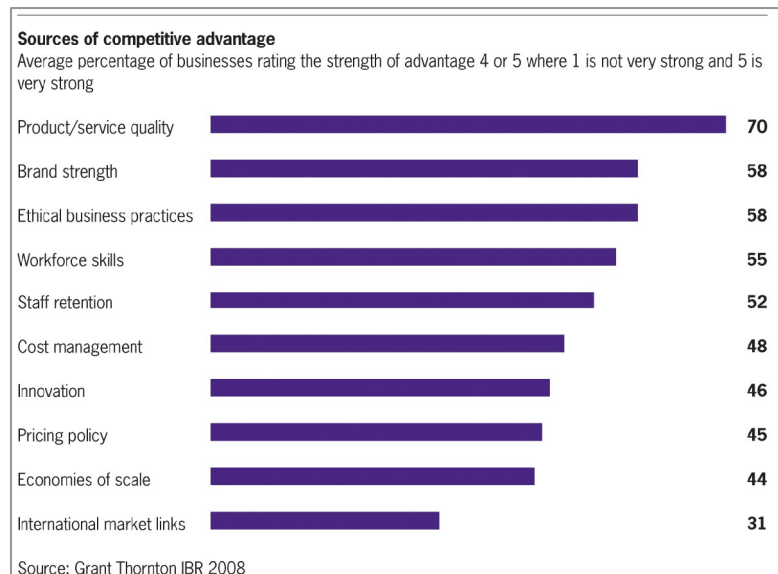
Product/service quality is the main source of competitive advantage, with 70 per cent of privately held businesses (PHBs) ranking it as a strong or very strong source, according to the International Business Report, produced by Grant Thornton International. It was rated highest by every economy except mainland China and India.

In India, 78 per cent of respondents rated this factor as a key competitive advantage, but there were slightly higher proportions for brand strength and pricing policy. In mainland China only 46 per cent of respondents rated product/service quality as a source of competitive advantage, the lowest by a wide margin (Japan was next with 60 per cent,

then Singapore with 67 per cent). However, elsewhere in the region this factor was regarded as extremely important with, for example, 92 per cent of respondents in Vietnam, 85 per cent in Taiwan and 74 per cent in Hong Kong citing it.

In the European Union the proportion was even higher (81 per cent) well ahead of the next factor, workforce skills, at 62 per cent. Similarly, in Latin America, 81 per cent identified product/service quality, followed by brand strength and ethical business practices, both at 72 per cent.

Ethical business practices were also rated highly in this context in emerging markets outside Latin America, 84 per cent in Botswana, 83 per cent in Vietnam and 75 per cent in India. Among more mature economies, New Zealand led the way with 75 per cent followed by the United States, 70 per cent. The proportion was 49 per cent in the European Union and even lower, 44 per cent, in Japan.



Alex MacBeath, global leader of privately held business services says, "If the global economic downturn is as deep as many economists are predicting, PHBs may have to examine their competitive strategy and look to cost management and strategic pricing policies, while ensuring that service and product quality is maintained."

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Notes to editors:

About IBR:

Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 16 years of trend data for original EBS participants and 6 years for original IBOS countries. The 16 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 6 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

IBR 2008 surveyed over 7,800 small to medium privately held business leaders from 34 economies. None of the businesses were publicly listed or open to government investment.

Grant Thornton International will donate US\$5 to UNICEF for every completed IBR questionnaire. In 2008, this will result in a donation of over US\$39,000.

The research was conducted by Experian Business Strategies Limited. To find out more about IBR and to obtain details of IBR reports and results please visit www.internationalbusinessreport.com.

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