

# Which Business Sectors will fare well in 2010 – Leading Business Expert Phil Ruthven

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Ruthven says we are coming out of the downturn very quickly and historically this has been the case for the simple reason people don't like hanging back too long from spending. But it's not always in the areas that people think would recover quickly. He says retail sales are the ones that benefited from the stimulus packages last year, but are not moving quickly.

What's coming up fast this year is services, he says. It's as simple as that. People backed off more than they usually do on services last year, and it's all those industries that were going to see grow. For example, transport. We didn't move a lot of goods last year because of the Global Financial Crisis (GFC), and we didn't see a lot of passengers compared what we would normally do either.

He also says hospitality is making a comeback. Switzer notes high-end restaurants and the cafes did miss out, but takeaway food did very well.

Ruthven says takeaway food always does. Property and business services (accountants, law firms, financial planners and so on) were hard hit last year, but they're all coming back with a vengeance this year, he says.

**Communications sees biggest growth**

Communications, purely telecommunications, will be the number one growth area this year due to the rolling out of 3G, Ruthven says. What is interesting about telecommunications, he says, is the volumes are growing like blazes, but the prices aren't.

When you look at the growth of the telecommunication companies, it doesn't look all that flash, he says. The profitability could be good, and Telstra is still one of the most profitable we've got in Australia, and far greater still than Optus and Vodafone at this stage, but their costs are really what's driving telecommunications, and the sheer competition, so you don't see a lot of revenue growth. But the volume growth is simply phenomenal – it's growing at five, six, seven, eight per cent a year.

Ruthven says it's a brave new world being really headed by the telecommunications revolution, referring to recent reports that internet advertising will overtake all newspaper advertising by 2013 because people will be reading on their mobiles.

He says it's the content that is going to be driving the industry and its growth for a long time.

Other fast growing industries include agriculture (due to recovery from the drought), and health, which remains strong.

**Slow to grow**

So what are the industries where growth will be slower? Ruthven says the manufacturing industry is very tough and IBISWorld is not expecting growth.

It's interesting to see, for example, in China quite a number of companies in China are moving their production offshore because China is now too dear. They're going to places like Vietnam and Pakistan because China is just too dear, he says. Now when you hear something like that, you know how tough it's going to be in Australia, particularly for the low value-added type manufacturing.

He says there are a number of areas that are quite safe within manufacturing, including fabrication and food processing

At least half of it is going to survive a long, long time for the simple reason we can't respond quickly enough offshore to be able to supply onshore needs, he says.

He also says utilities will be slow and construction is on way to slowing down.

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Phil Ruthven is a business speaker and social and economic expert and is Australia's most in demand speaker in his areas of expertise. He addresses around 75 congresses, seminars and conferences each year and has done so for more than two decades. His involvement as a commentator and informer at conferences takes him around Australia and overseas into the Asia Pacific, North America and Western Europe.

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