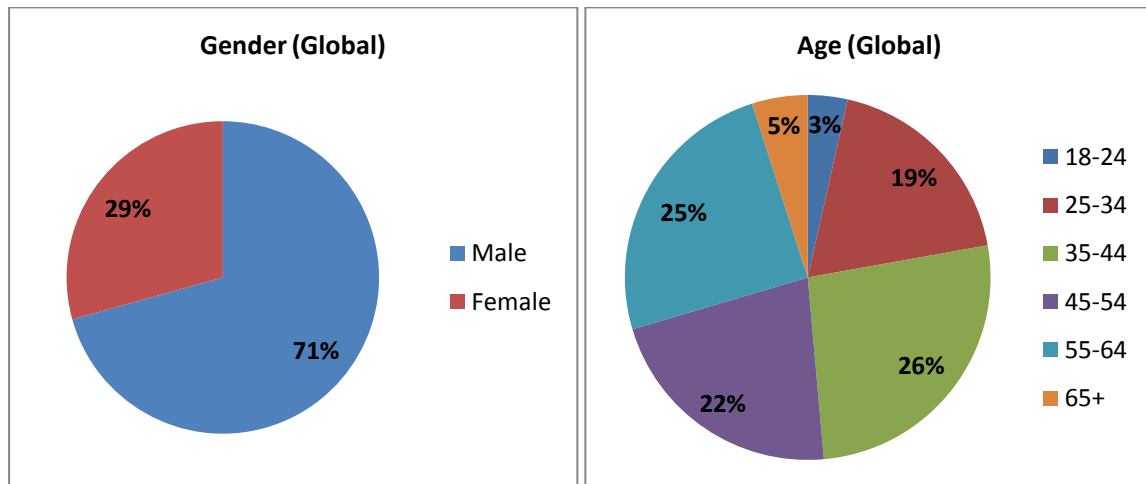


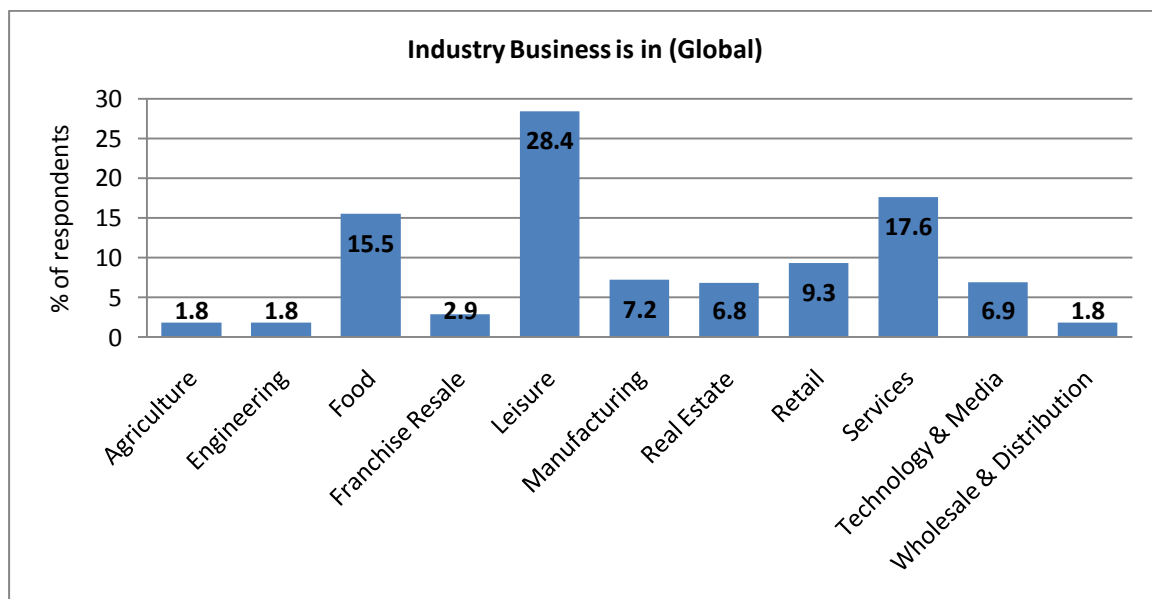
Global Private Seller Survey

Earlier this year we surveyed a number of sellers who were either advertising their business for sale on the site at the time or had previously advertised. 288 respondents completed the survey.

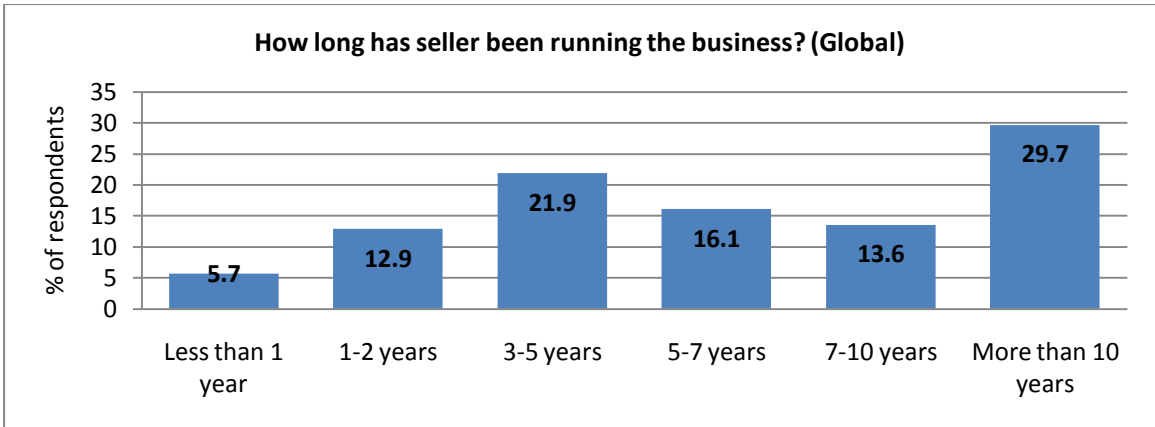
The Seller Profile



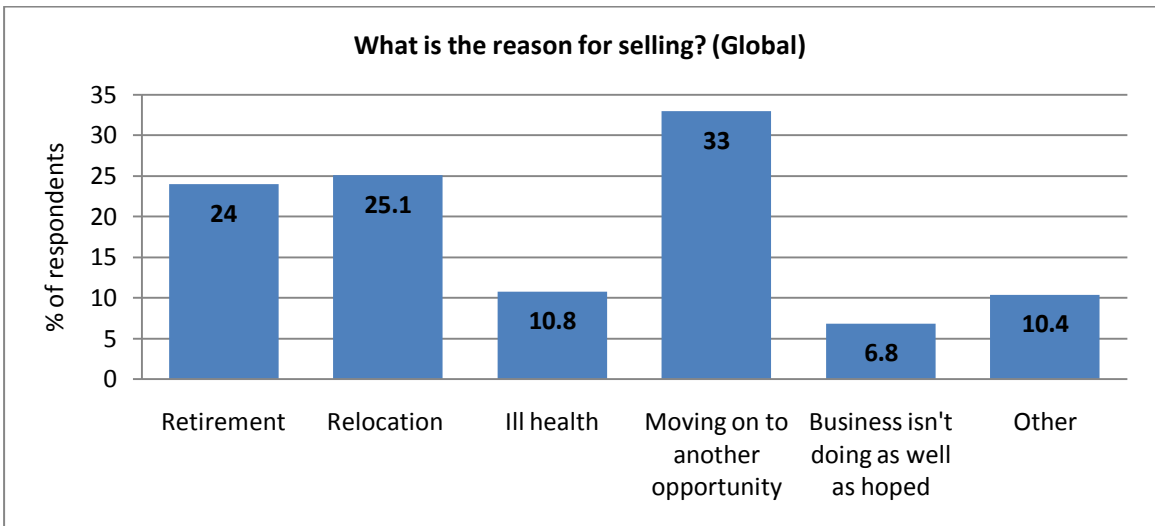
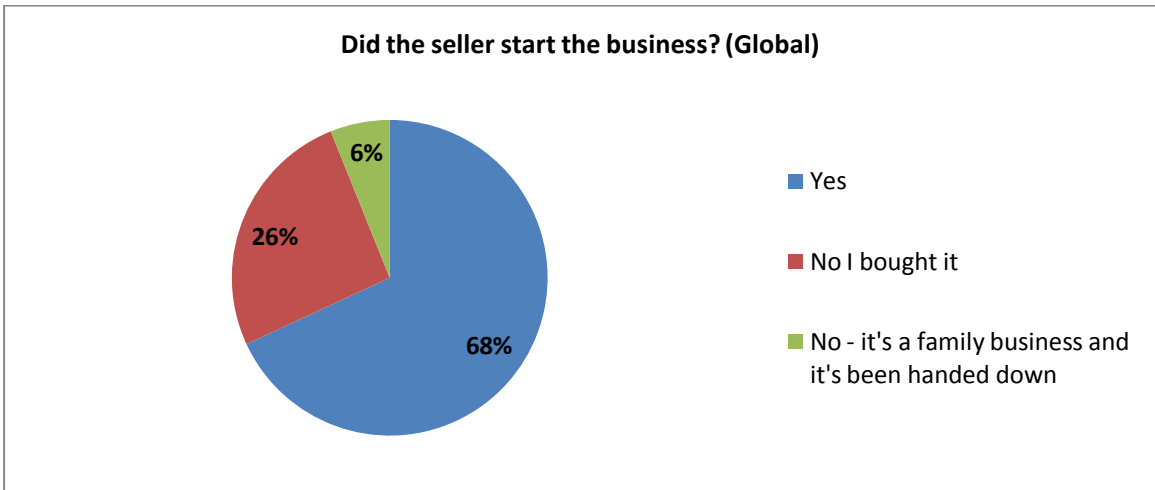
Business sellers are predominantly older males, however just under a third of global sellers are female. Just over half of all sellers are aged over 45.



Businesses in the food, leisure and service sectors seem to be the most popular businesses for sale by owner. This suggests that businesses in other sectors, e.g. agriculture, engineering, technology and media, wholesale and distribution etc require specialist knowledge and guidance and therefore an agent.



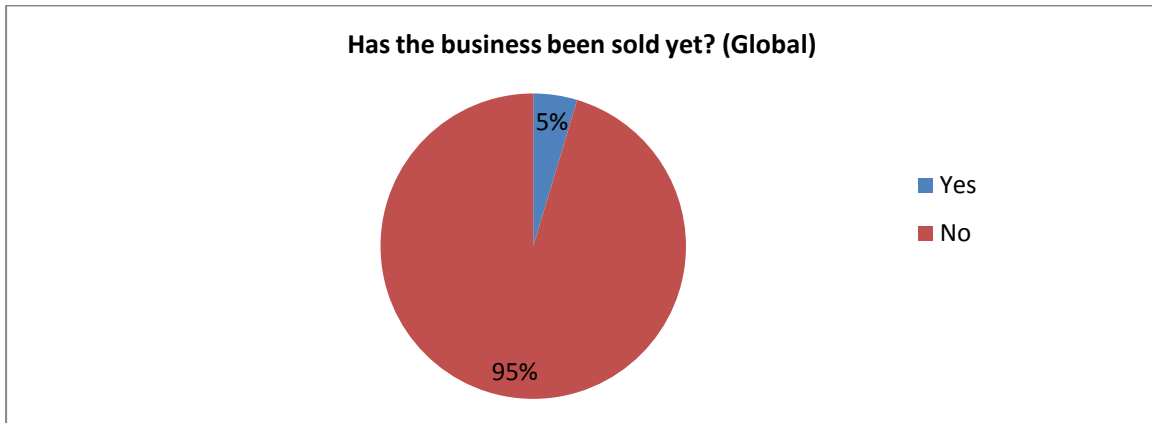
Just under a third of sellers said they had been running their business for more than 10 years, and on the whole, according to the pie chart below, the business has been started by the seller.



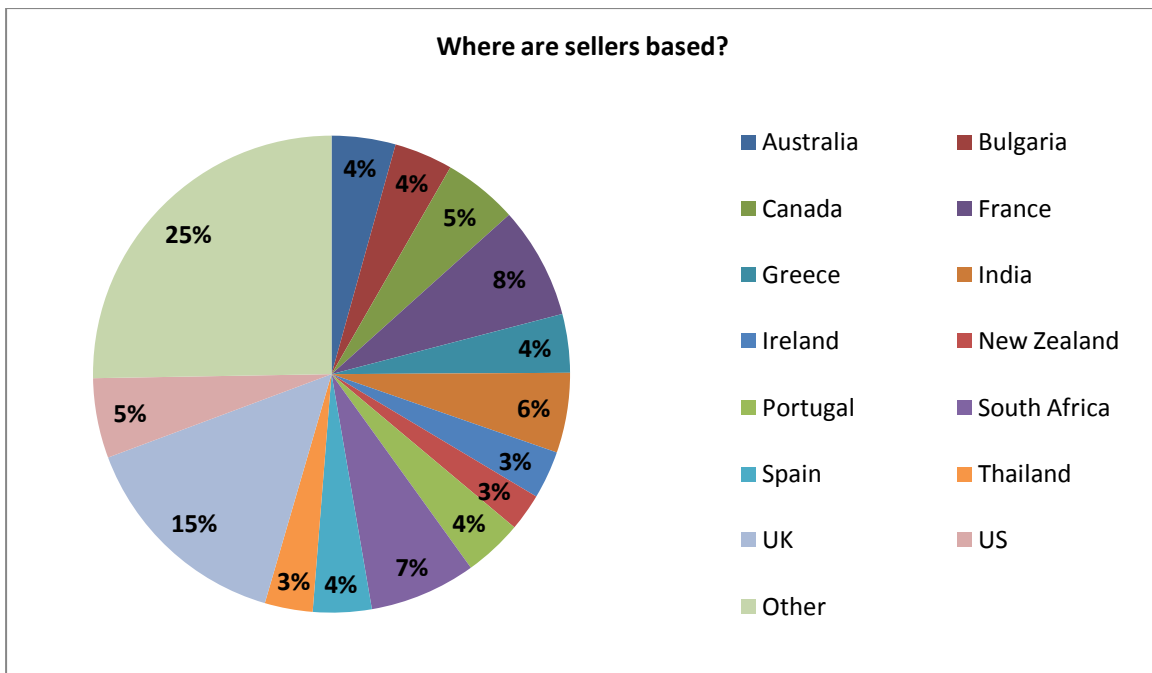
A quarter of respondents each stated their reasons for selling were either retirement or relocation. A third of respondents revealed they were selling because they were moving on to another opportunity.

Other reasons included:

- 3.6% I am expanding the business
- 2.5% Family reasons (more children, husband moving away, kids grown up, divorce)
- 1.4% Need more investment
- 1.4% Free up my time
- 0.7% Only selling part of the business
- 0.7% I started it to sell it



This chart reveals that the majority of respondents are currently advertising their business.



Other includes:

- | | | |
|-----------|-----------|--------------|
| Belgium | Hong Kong | Panama |
| Belize | Hungary | Philippines |
| Botswana | India | Poland |
| Brazil | Indonesia | Romania |
| Cambodia | Italy | Russia |
| Caribbean | Japan | Saudi Arabia |

China
Costa Rica
Cyprus
Estonia
Europe
Fiji
Germany
Greece

Kenya
Latvia
Lithuania
Malaysia
Mauritius
Mexico
Netherlands
Pakistan

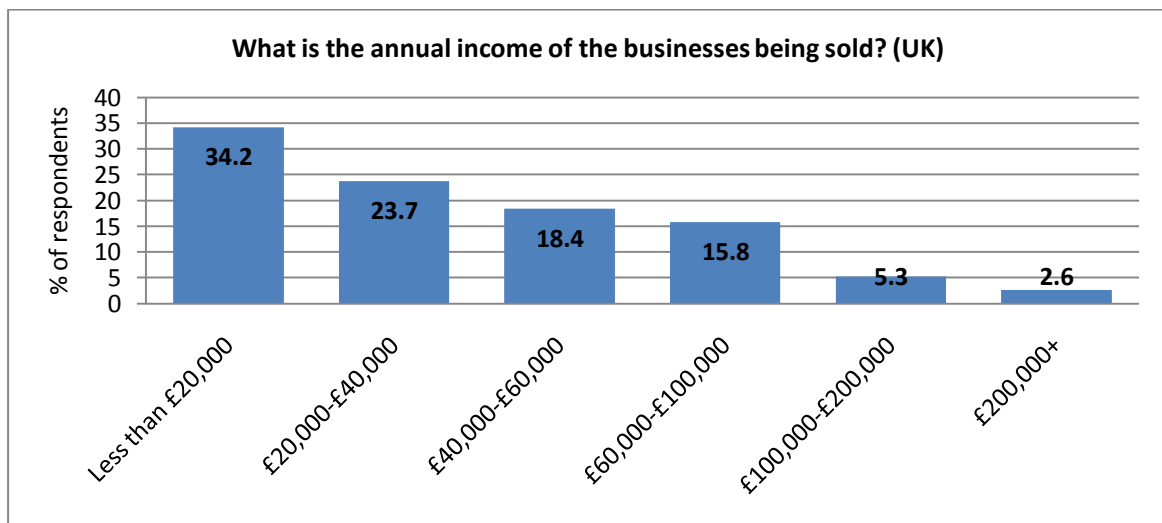
Singapore
Slovenia
Sri Lanka
Sweden
Switzerland
Tanzania
Turkey
Ukraine

Business owners selling their business privately can be found all over the world. The territories where there seems to be higher numbers of sellers (certainly a higher number of respondents) are:

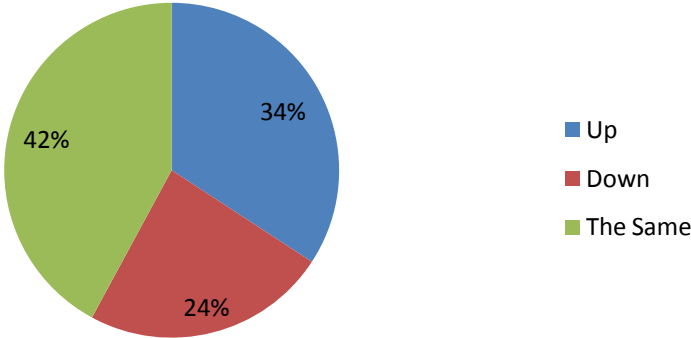
- UK
- France
- South Africa
- Thailand
- Canada
- US

Annual Income

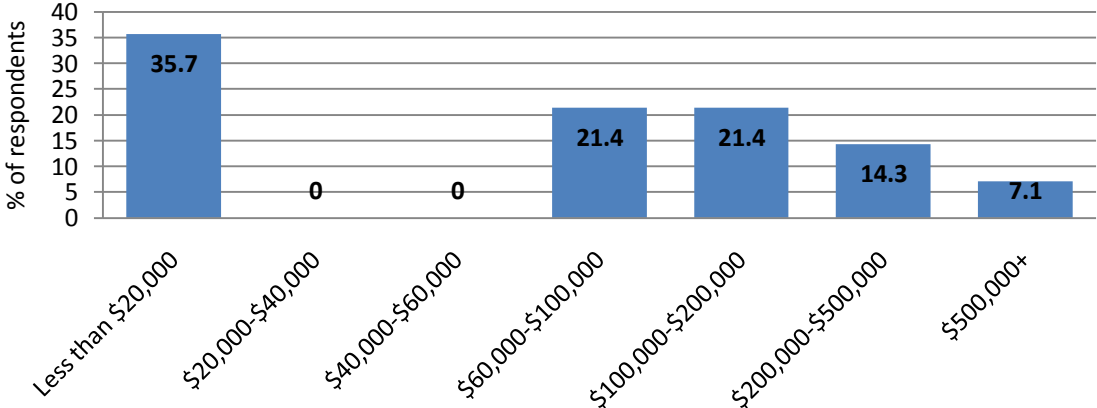
Note: The answers have been broken down into country here due to respondents answering in different currencies.



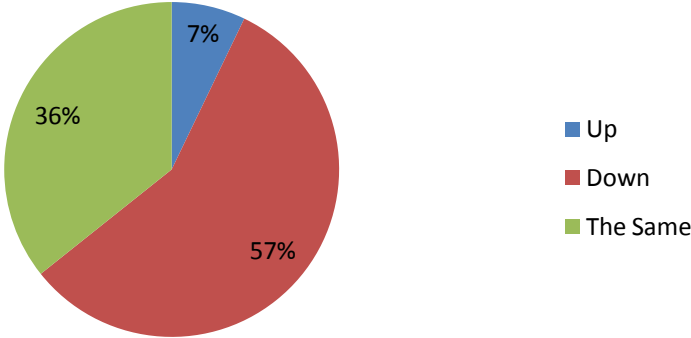
Has this annual income gone up or down in the last 12 months? (UK)



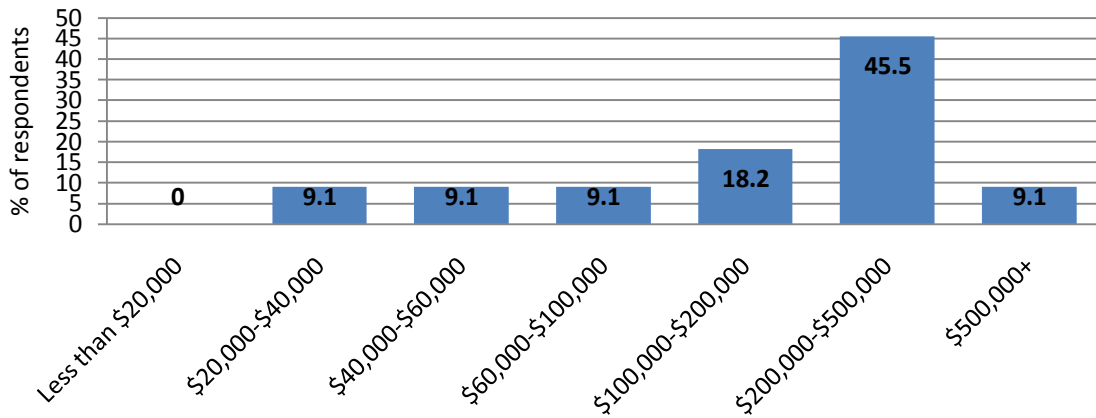
What is the annual income of the businesses being sold? (US)



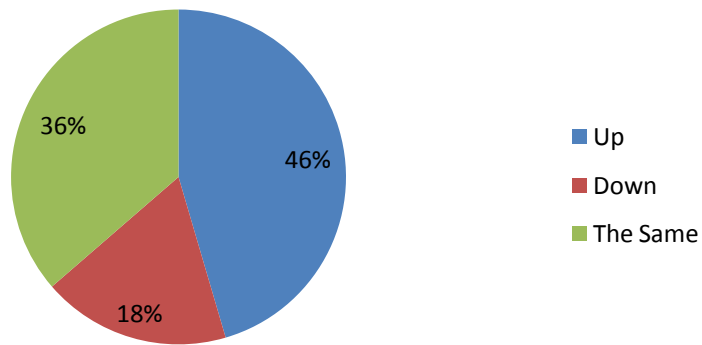
Has this annual income gone up or down in the last 12 months? (US)



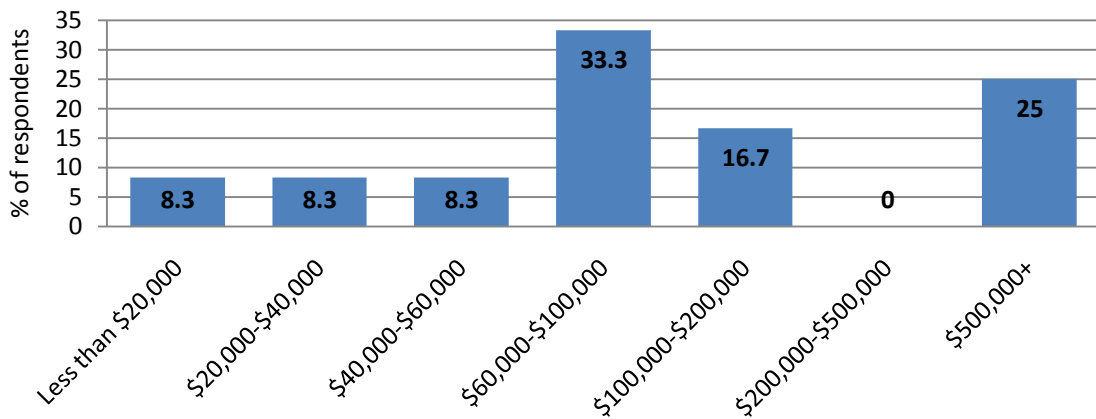
What is the annual income of the businesses being sold? (Australia)



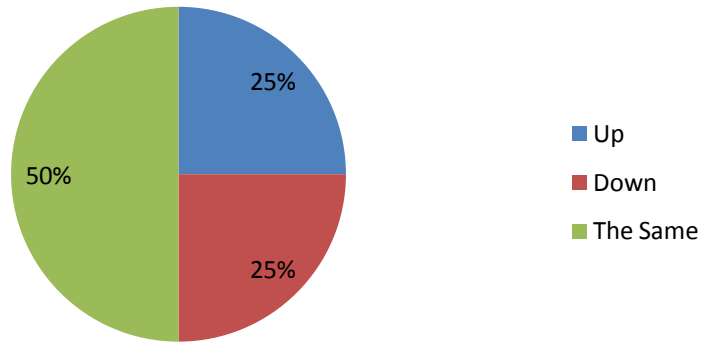
Has this annual income gone up or down in the last 12 months? (Australia)



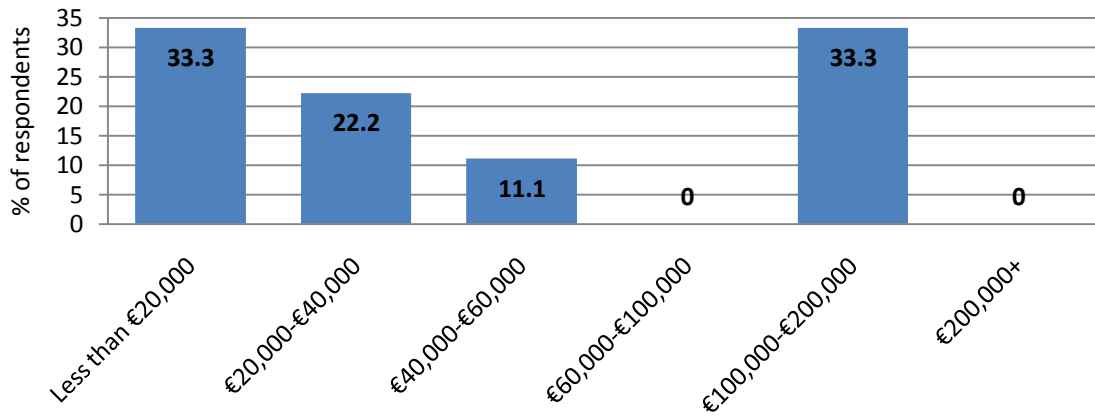
What is the annual income of the businesses being sold? (Canada)



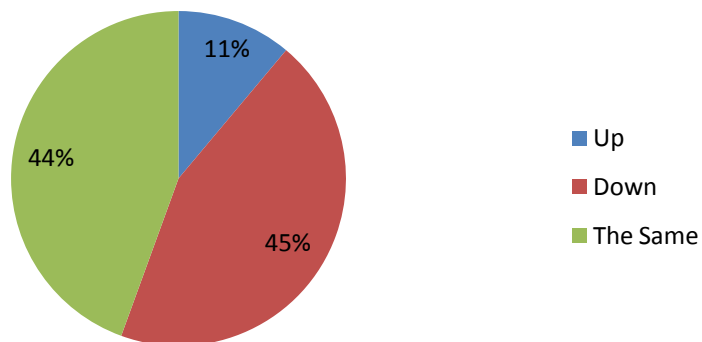
Has this annual income gone up or down in the last 12 months? (Canada)



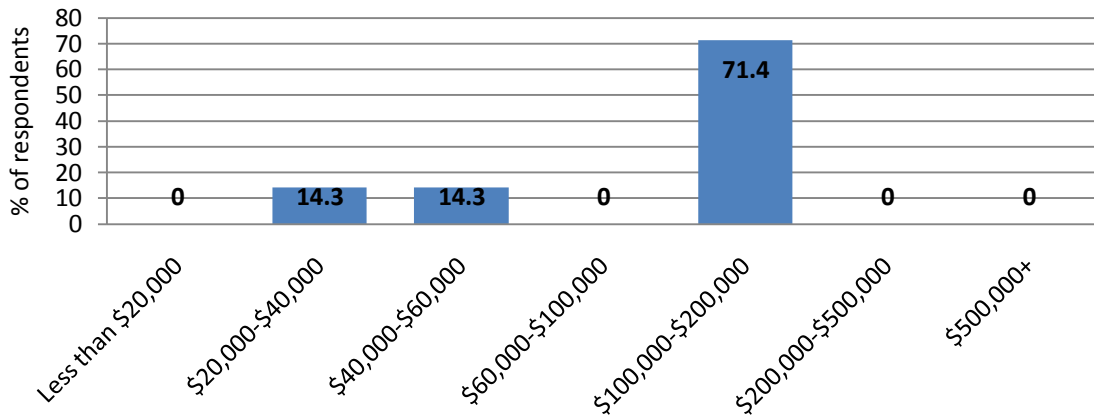
What is the annual income of the businesses being sold? (Ireland)



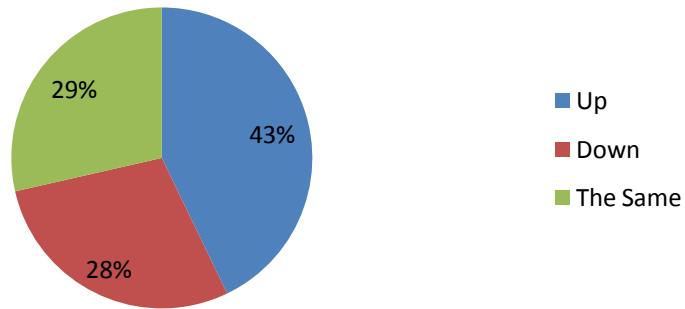
Has this annual income gone up or down in the last 12 months? (Ireland)



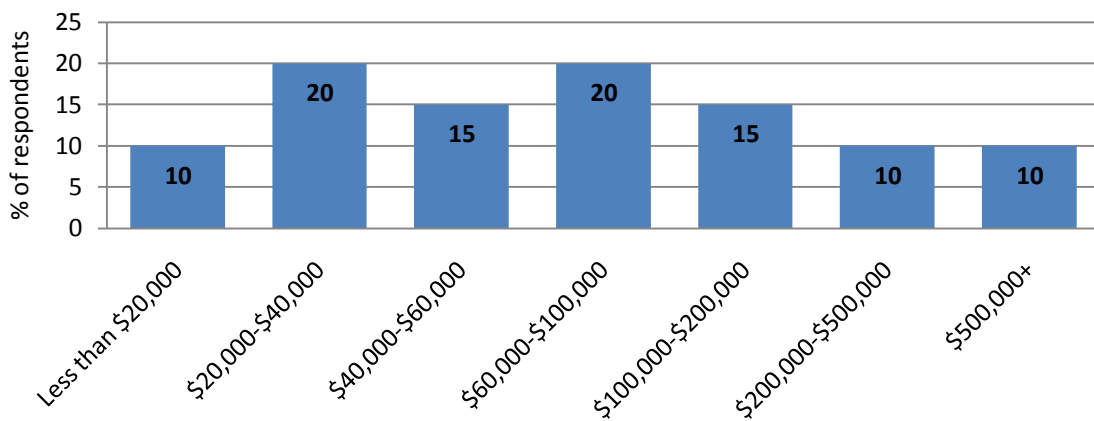
What is the annual income of the businesses being sold? (New Zealand)



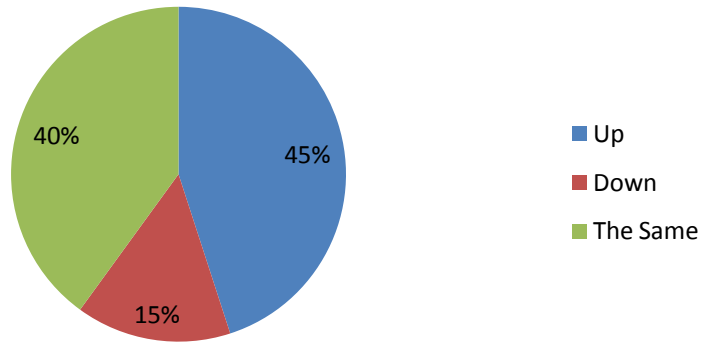
Has this annual income gone up or down in the last 12 months? (New Zealand)



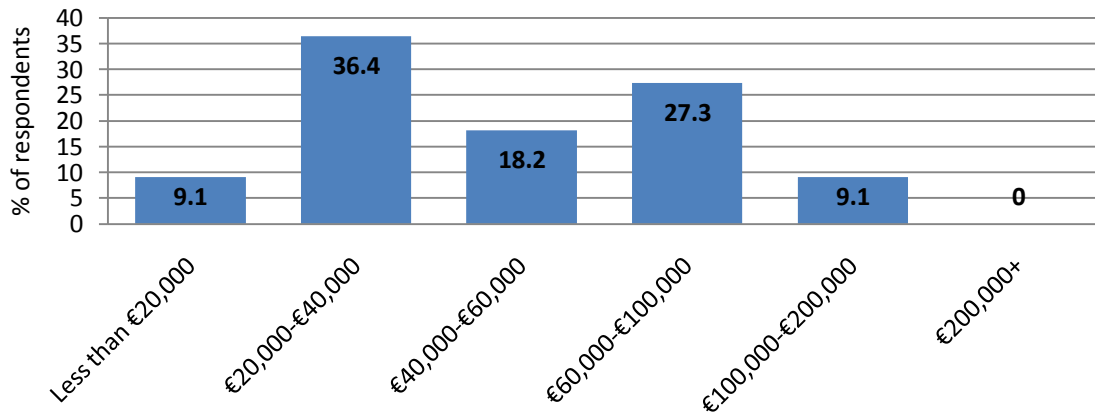
What is the annual income of the businesses being sold? (South Africa)



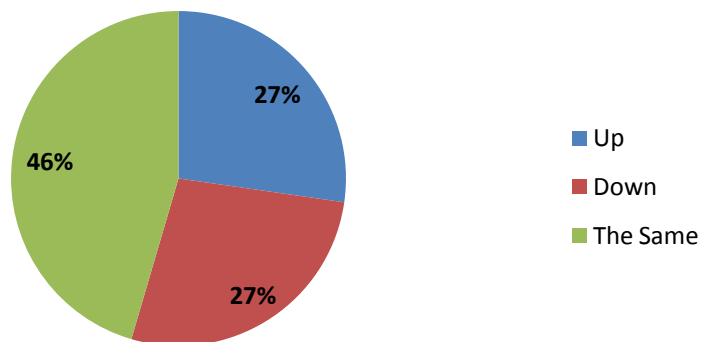
Has this annual income gone up or down in the last 12 months? (South Africa)

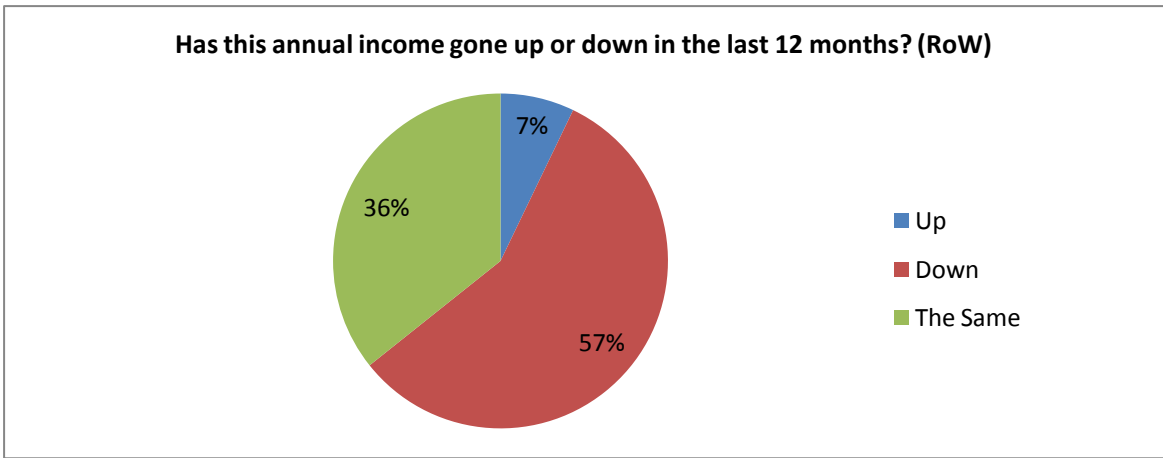
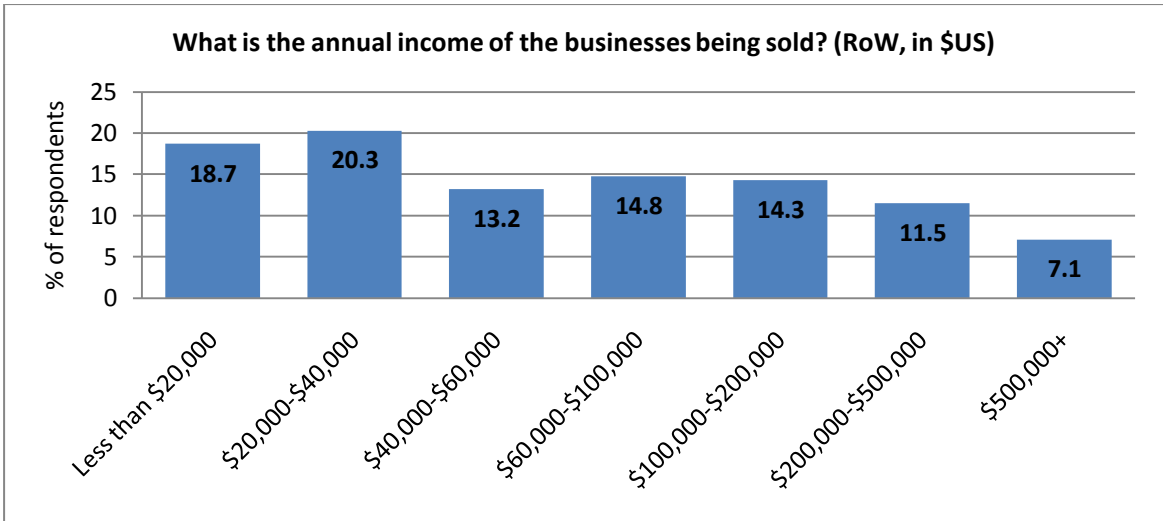


What is the annual income of the businesses being sold? (Spain)



Has this annual income gone up or down in the last 12 months? (Spain)

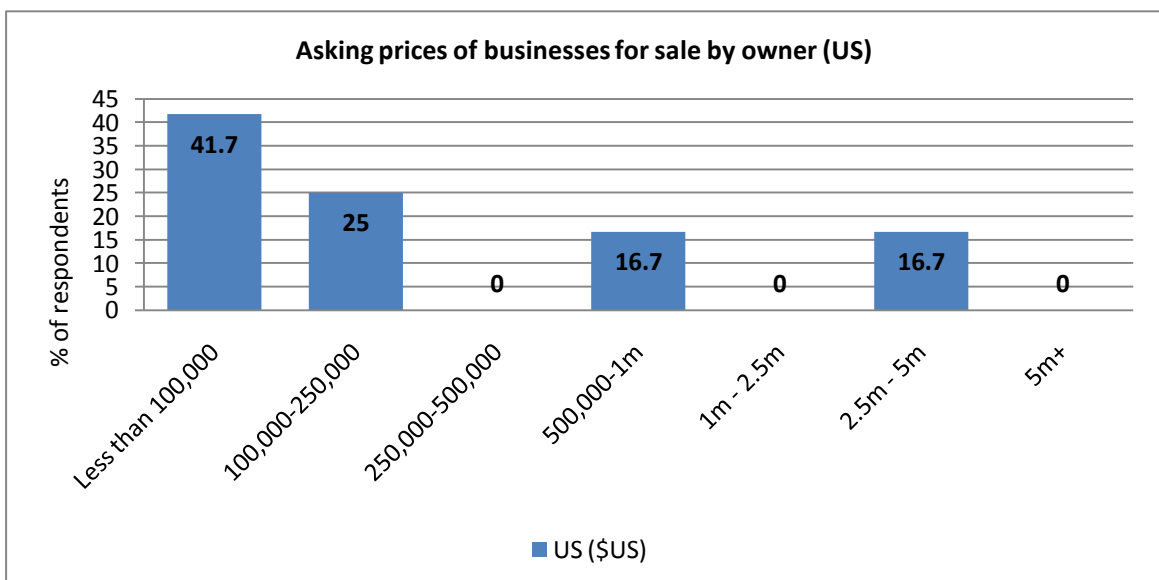
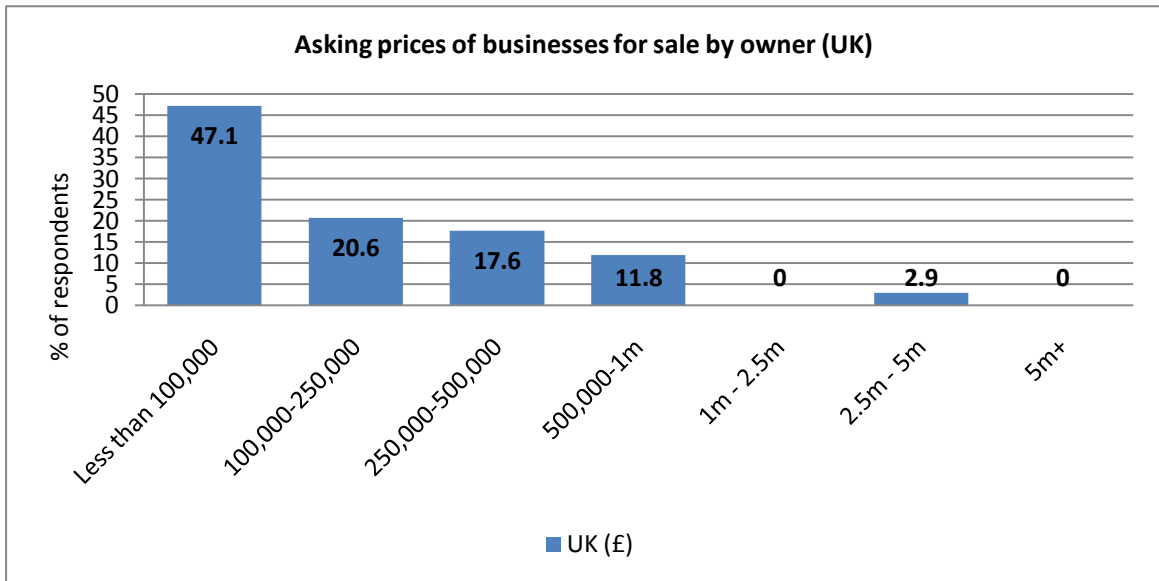


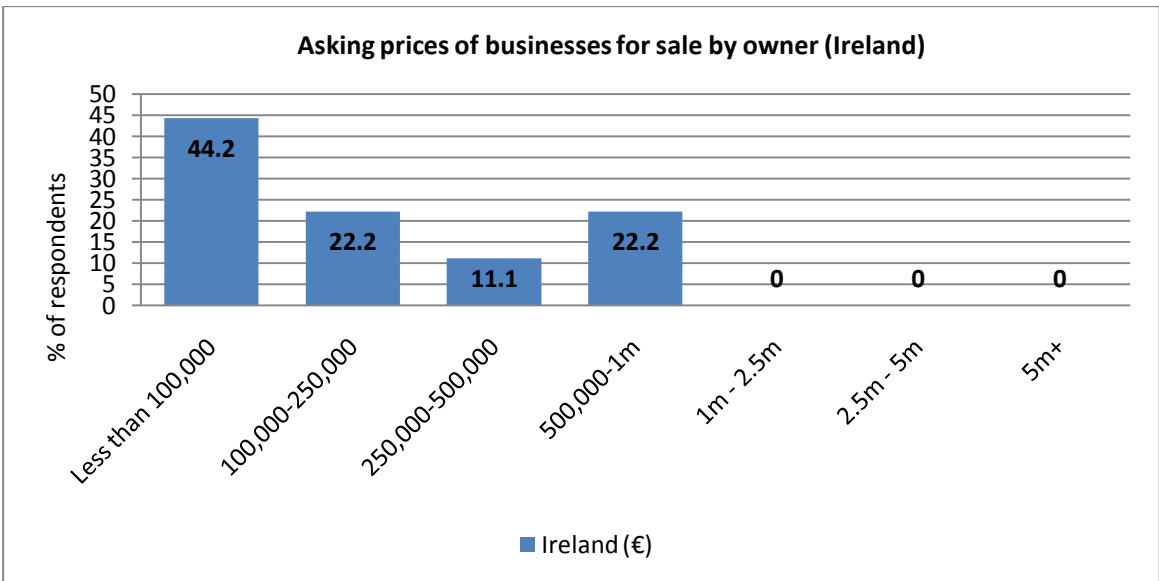
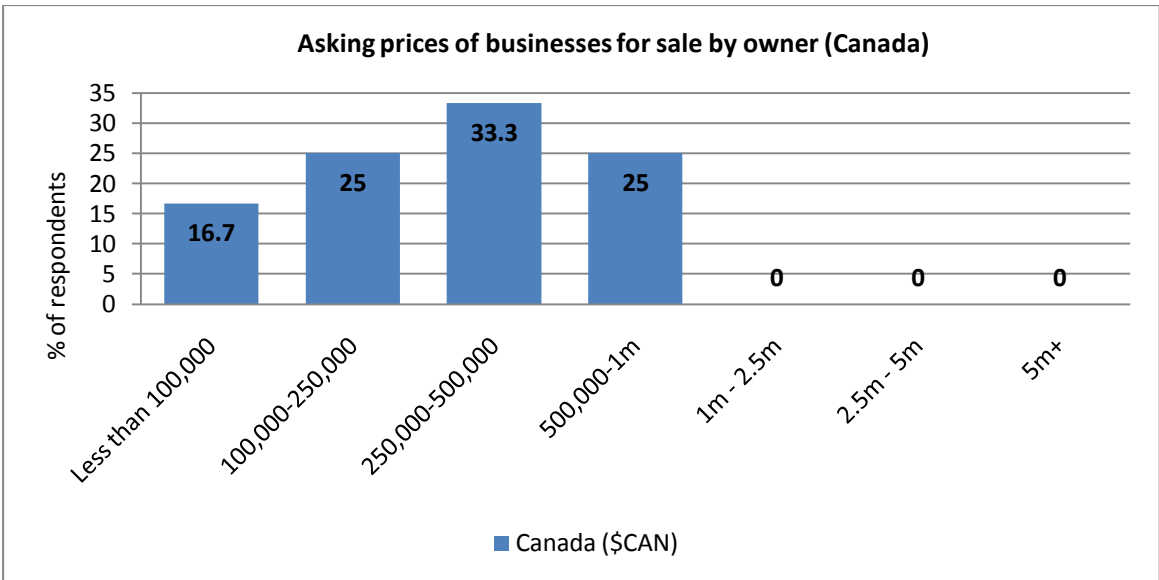
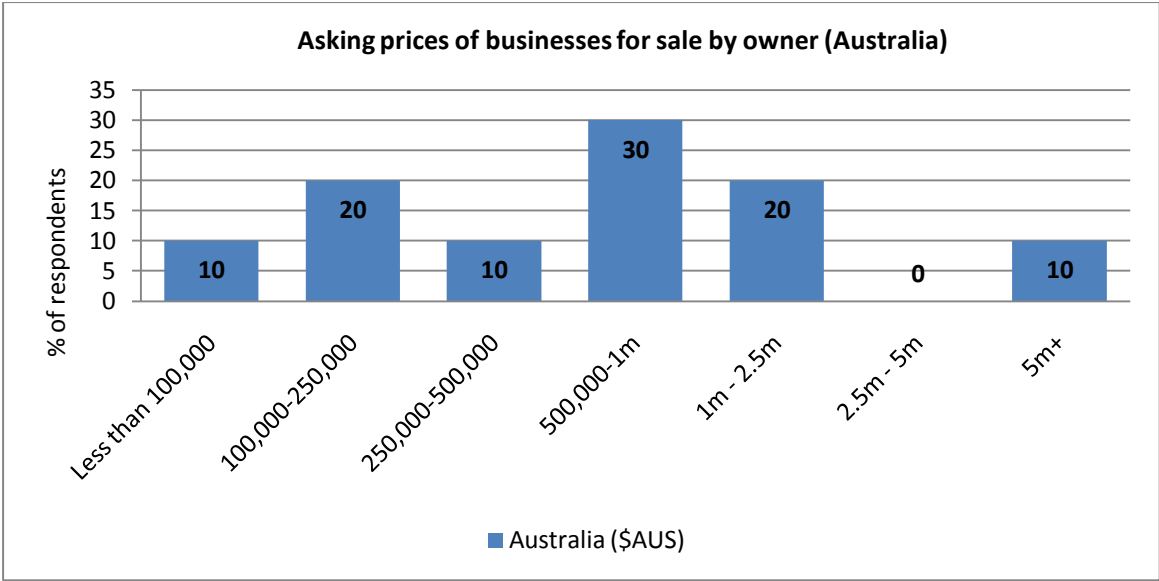


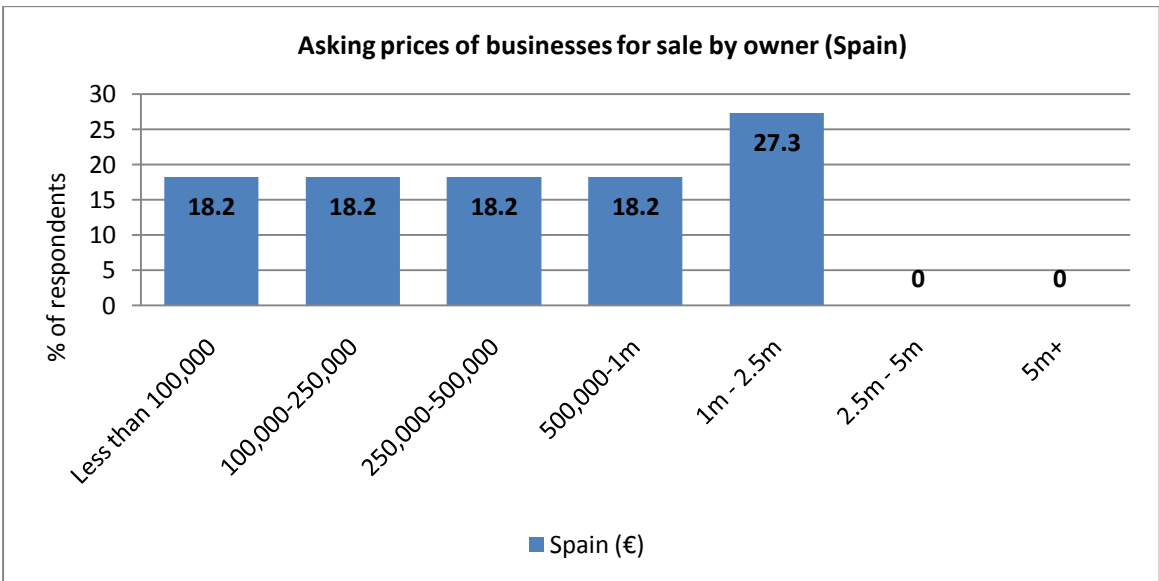
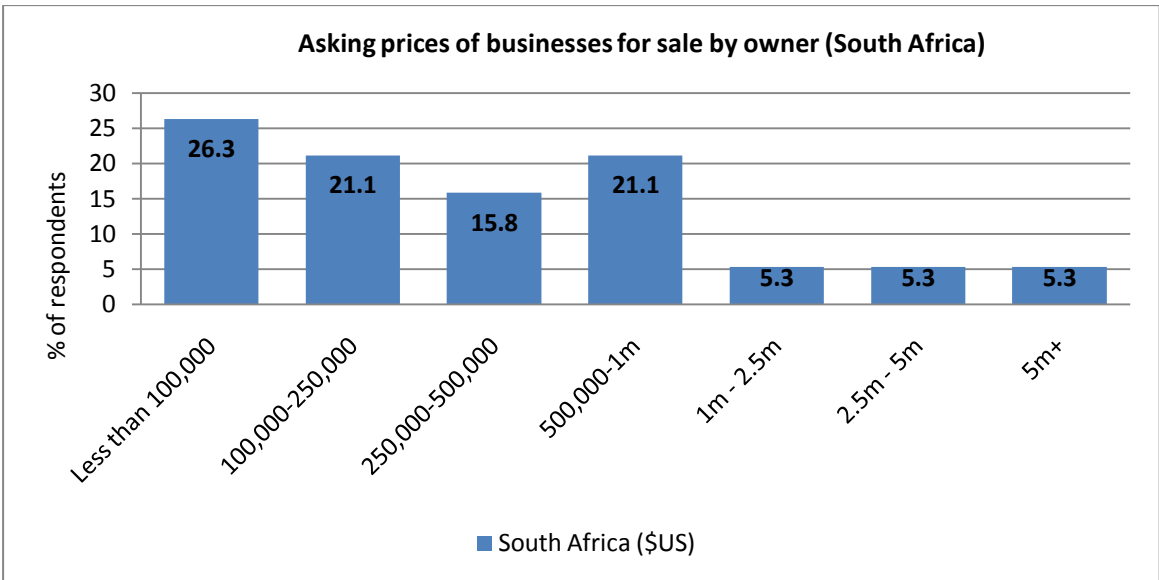
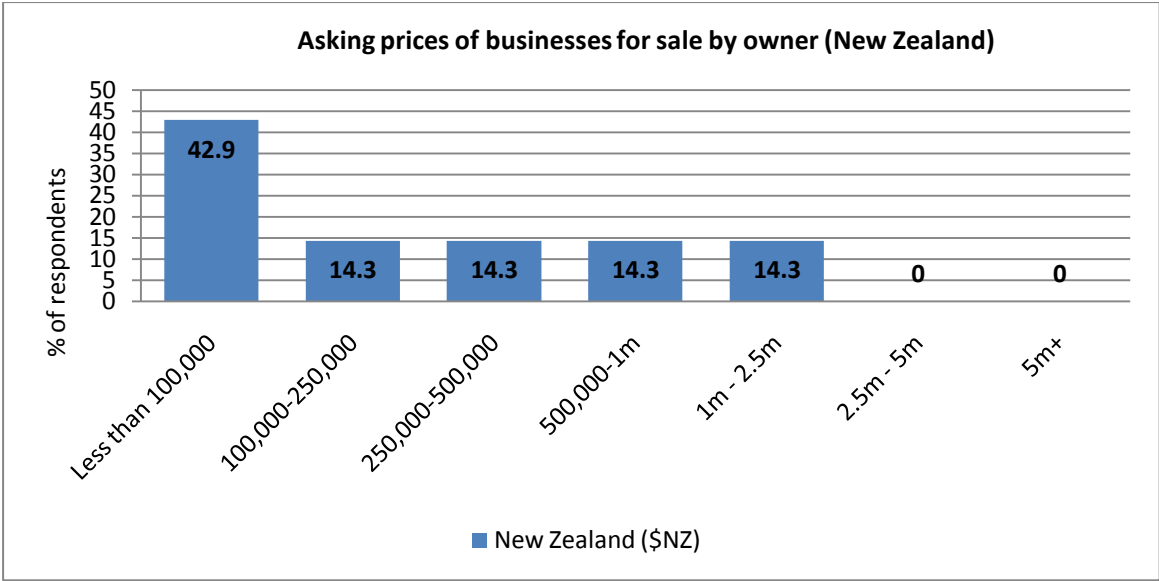
It looks as though here there is a trend of the private seller businesses being lower value/asking price – something we have always believed. (Less sellers advertising businesses over 1 million themselves.)

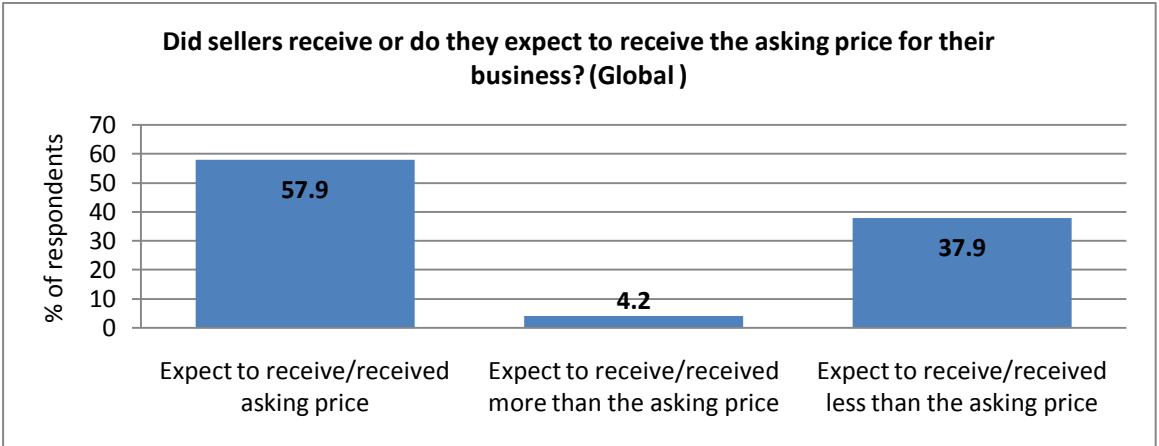
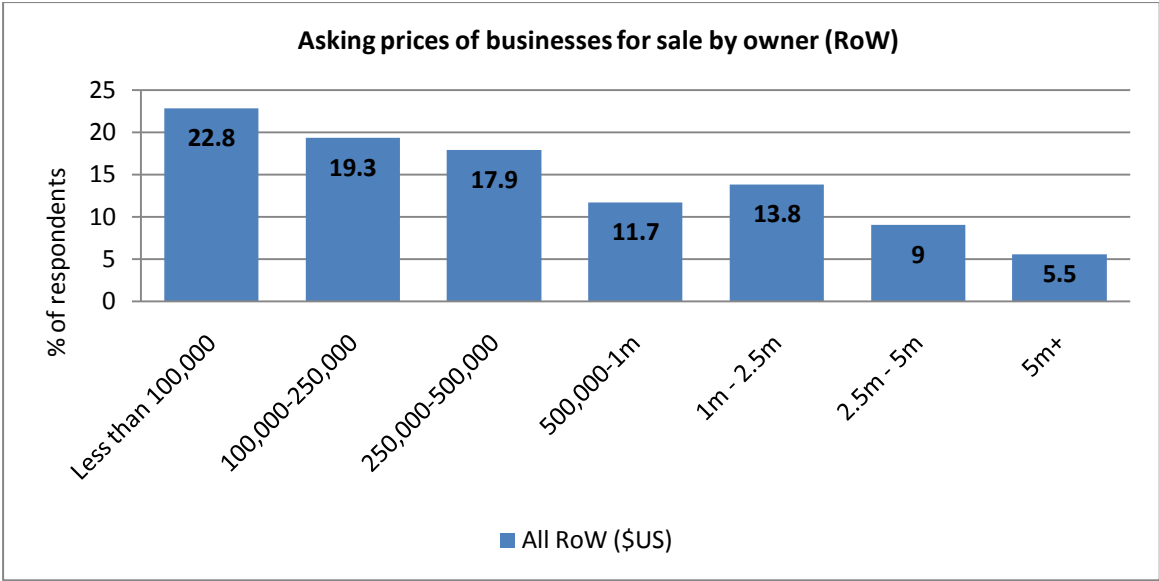
It looks as though this rule doesn't generally apply to Spain, Australia and New Zealand, where there seems to be larger numbers of respondents' selling businesses across the range of prices.

Asking Prices

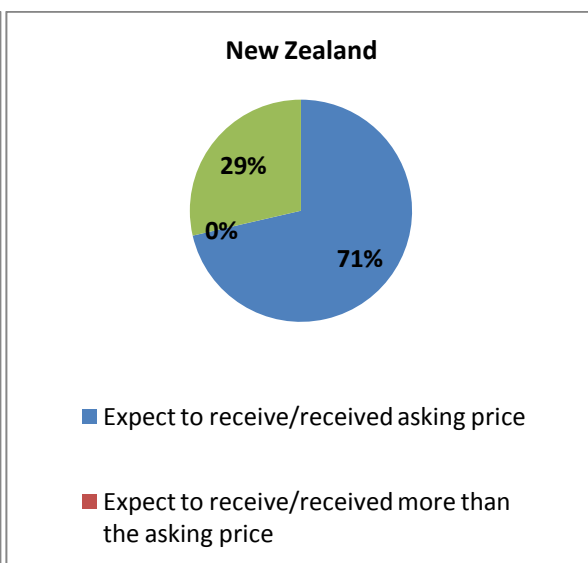
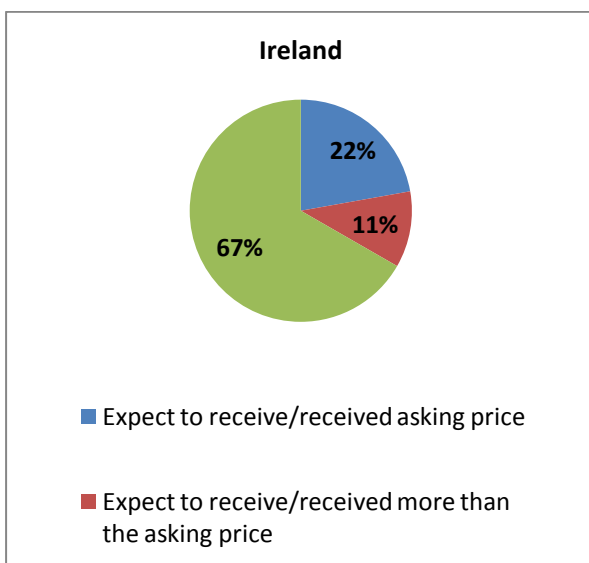
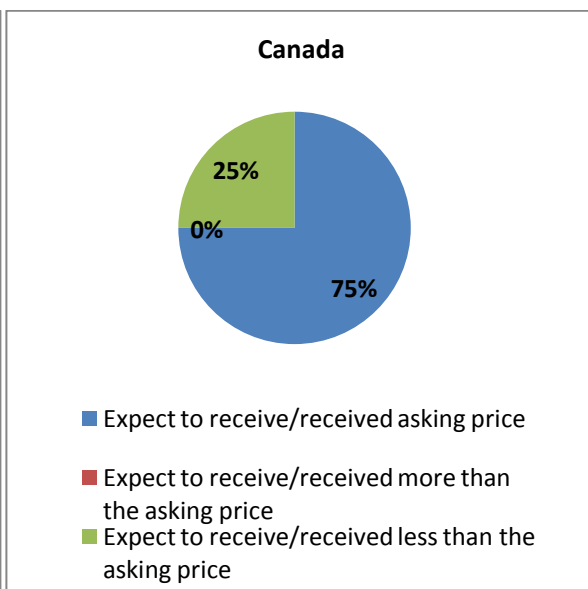
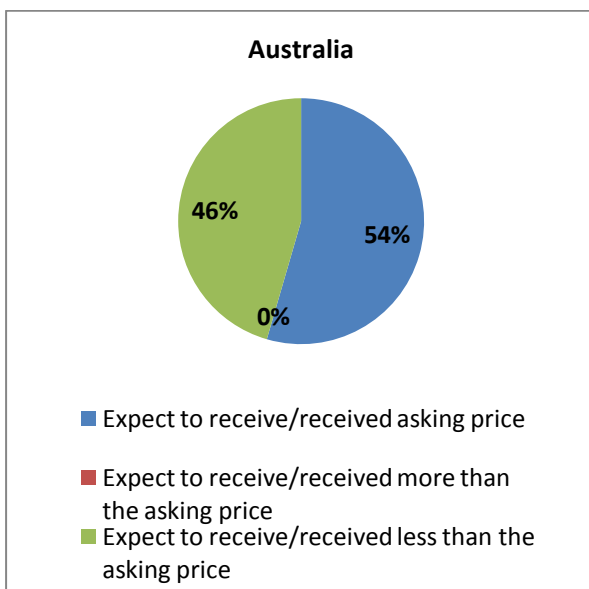
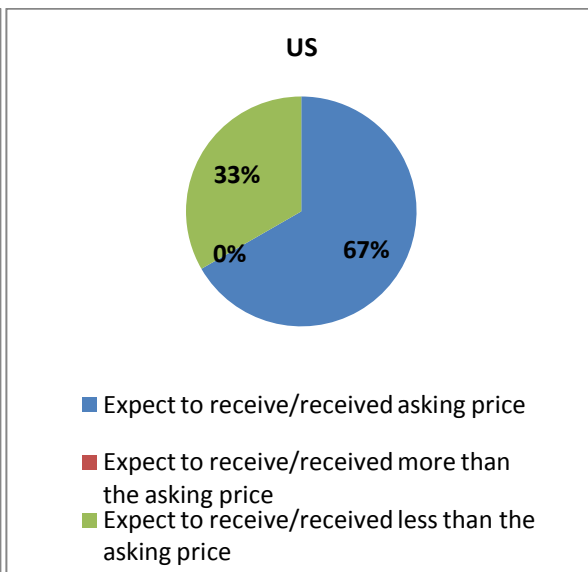


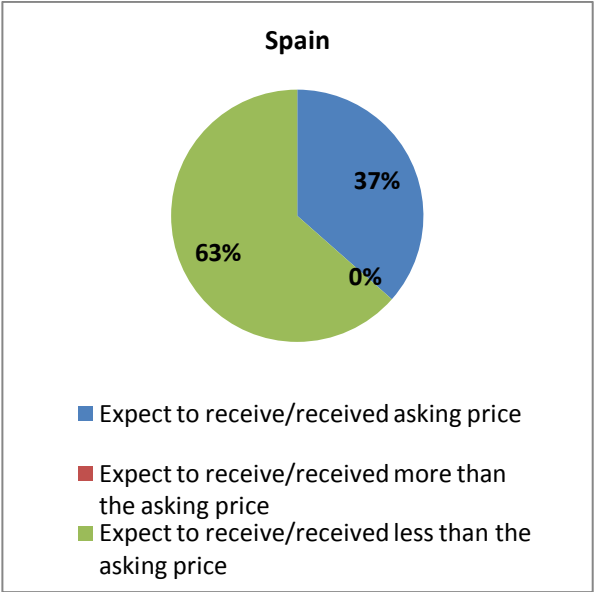
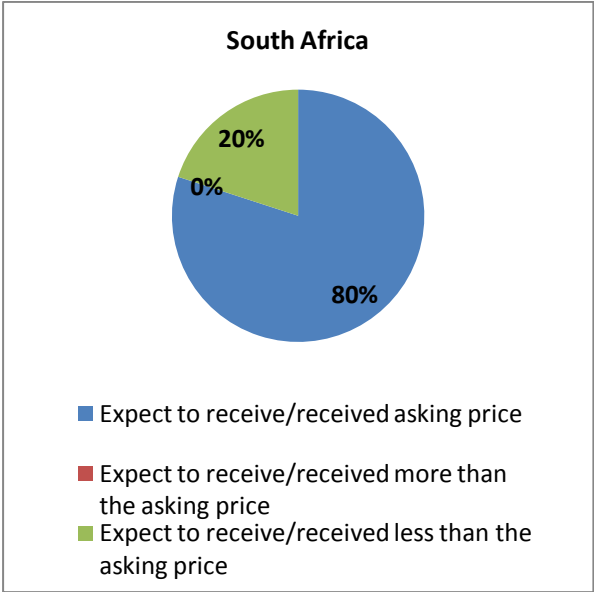






Responses to this question broken down by country:

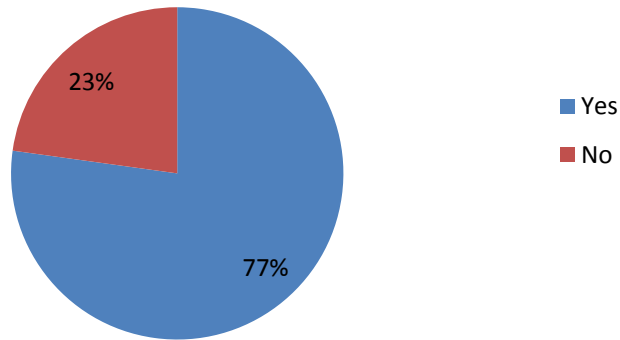




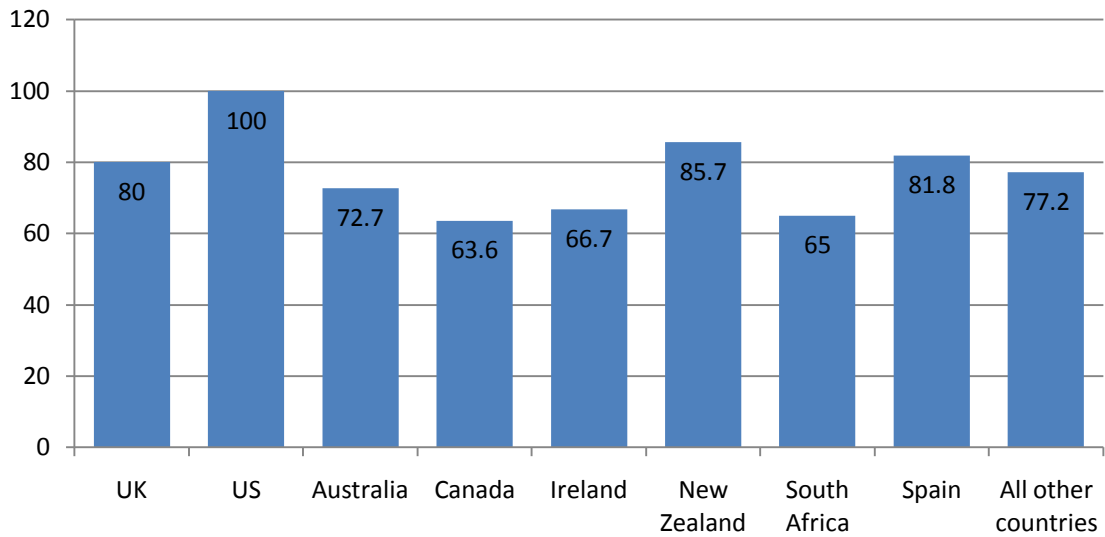
On the whole it looks as though sellers are expecting to receive the asking prices for their businesses. Hardly any respondents believe they will get more than their asking prices.

Sellers in South Africa, Canada, New Zealand and the US seem to be a little more optimistic – less respondents believe they will get below the asking price.

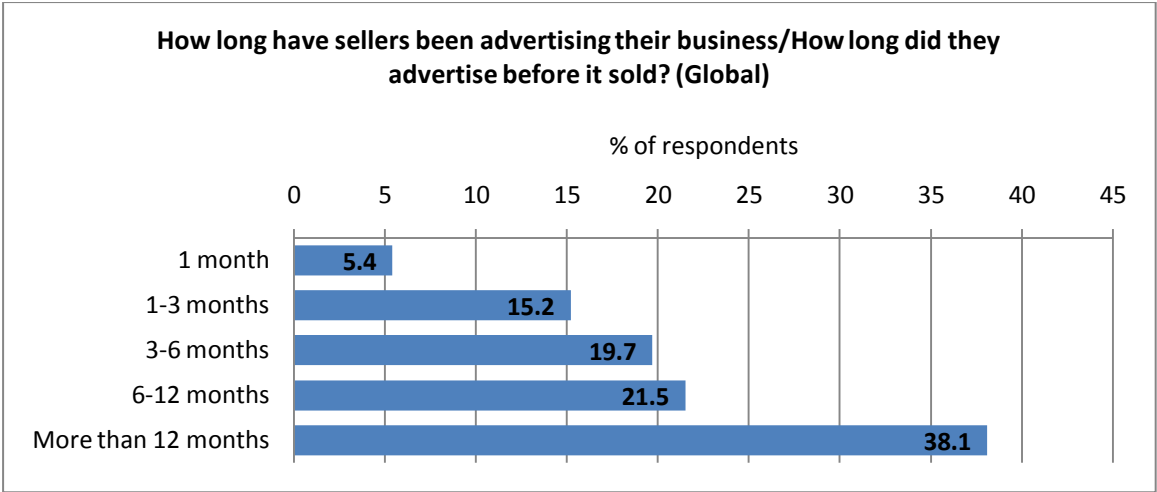
Are sellers prepared to drop (or have sellers dropped) the asking price for a faster sale? (Global)



Percentage of sellers who are prepared to drop/or dropped the asking price for a faster sale?

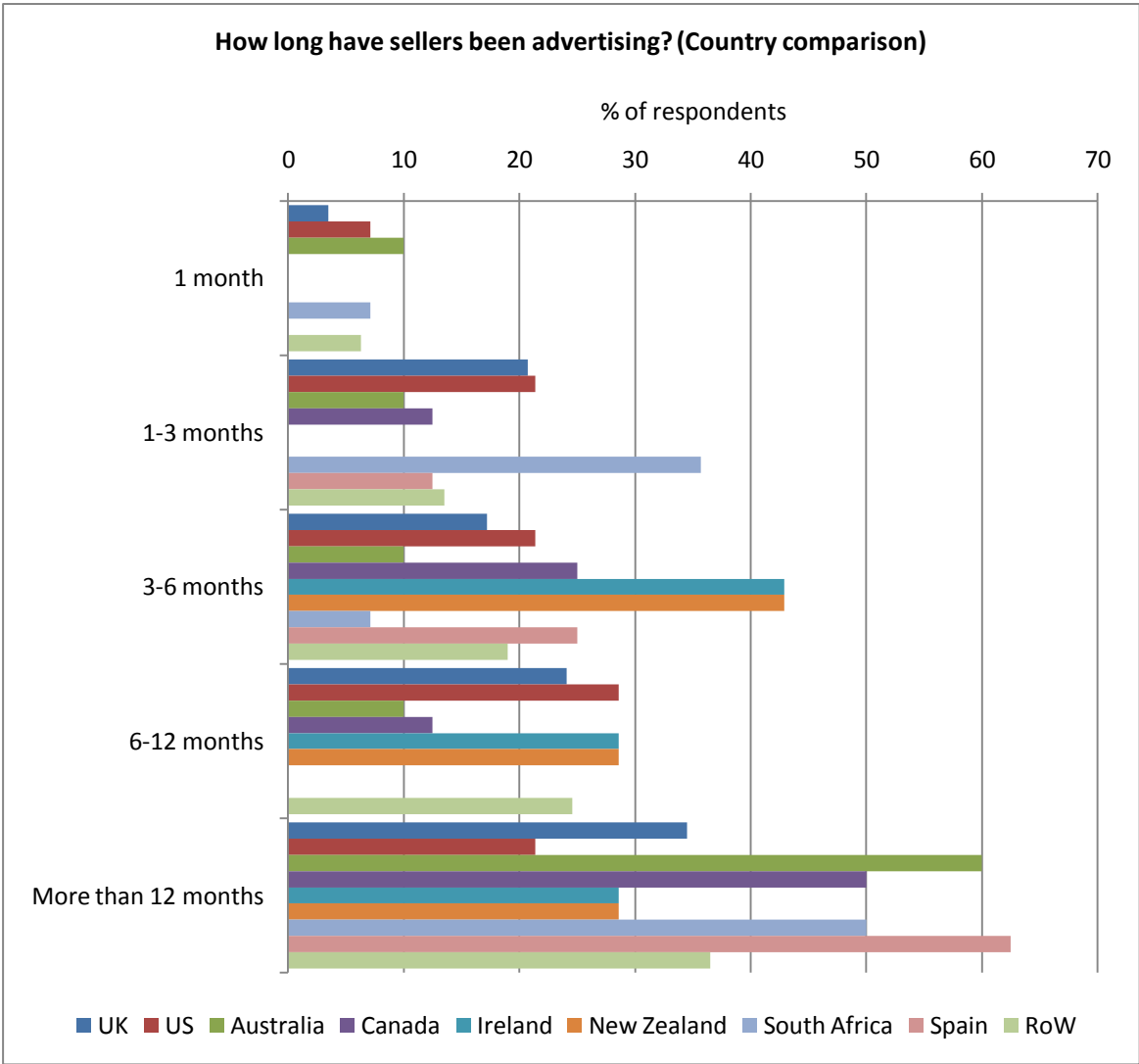


On the whole sellers are prepared to drop their asking prices to ensure a faster sale. Sellers in South Africa, Canada and Australia seem more reluctant to drop their asking prices, possibly because the economic downturn hasn't affected these countries in the same way as it has in the UK and US.

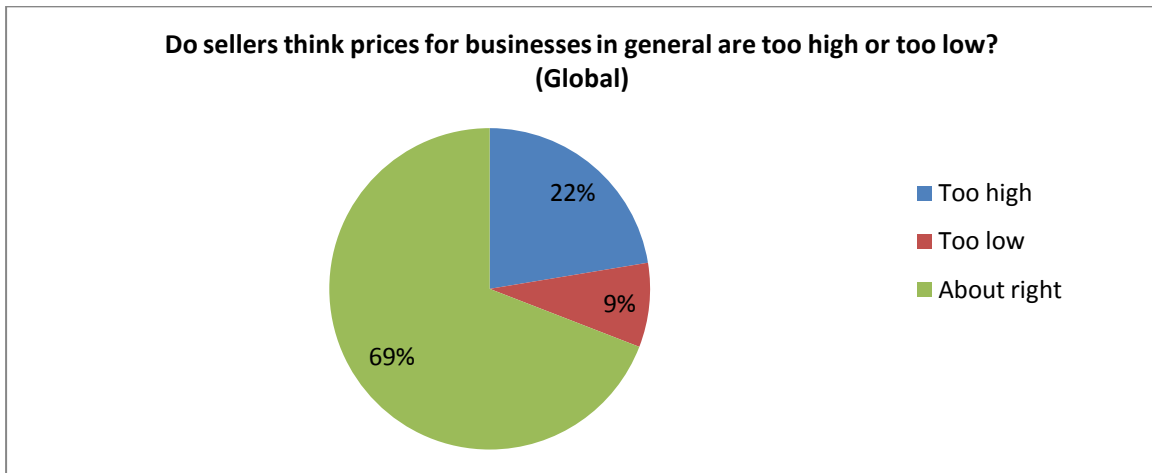


When considering the responses to this question, we need to take into account that sellers will have listed businesses at different times. However it is no surprise to see that almost a third of sellers have had their businesses on the market for over 12 months.

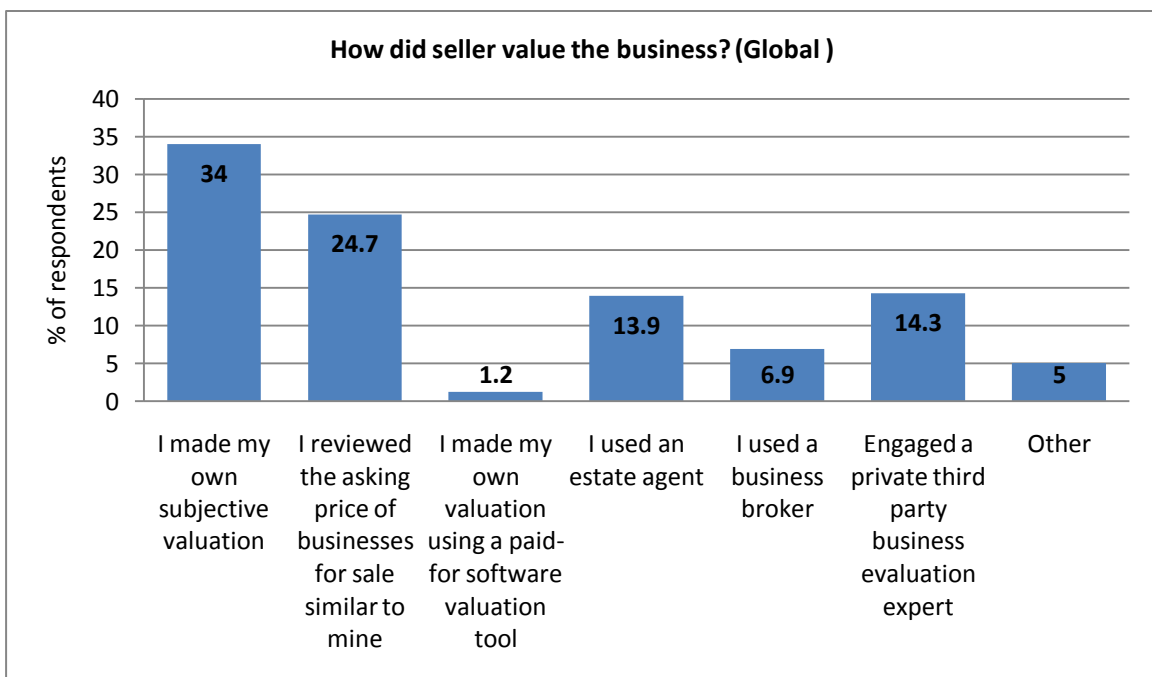
Responses to this question broken down by country:



The country breakdown suggests that sellers in Australia, Spain, South Africa and Canada are finding it is taking longer for them to sell their businesses.



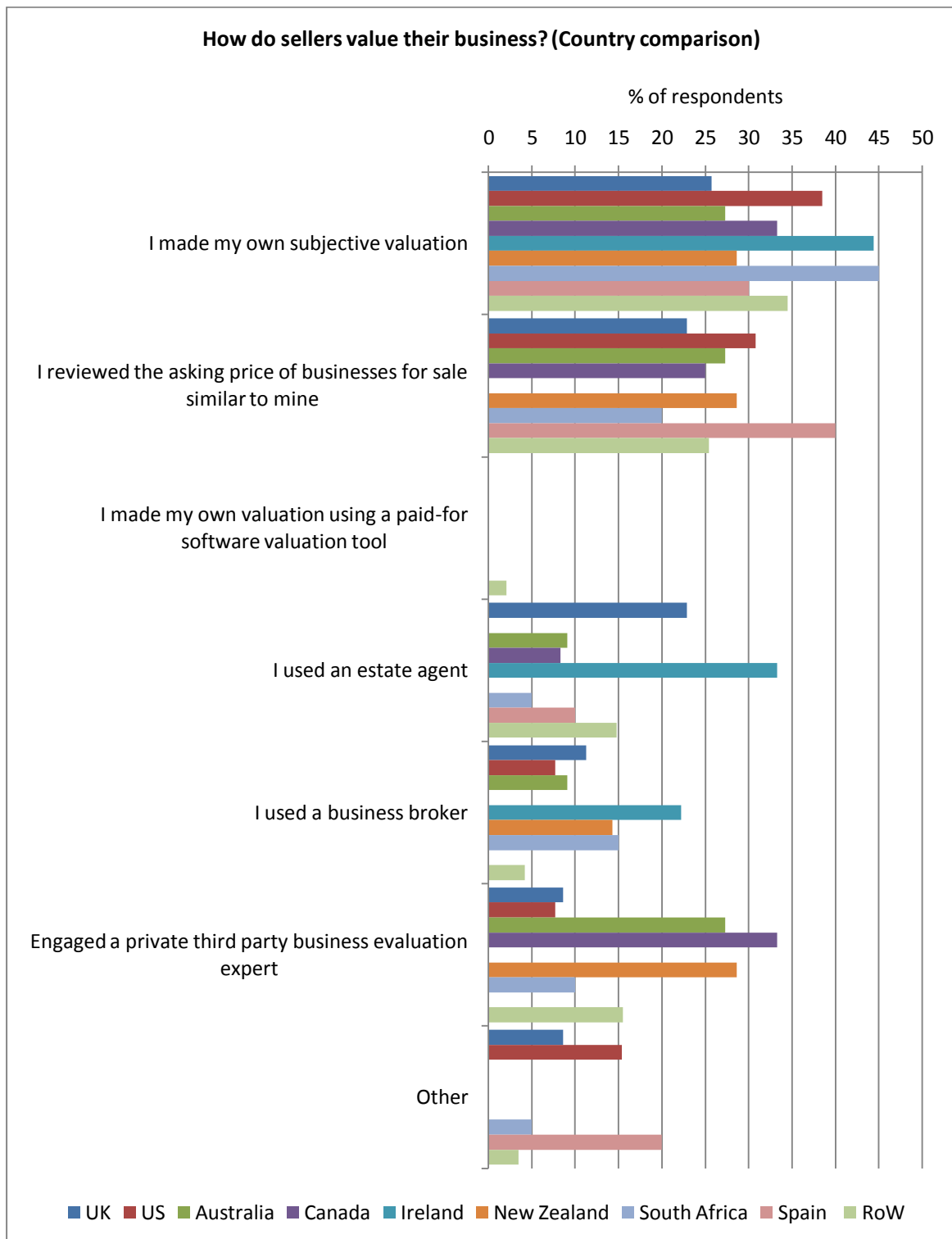
It is interesting to note that 22% of sellers believe that generally business asking prices are too high.



Other responses included:

- Lawyer
- Bank
- Accountant
- Consulted with co. auditors
- A combination of above

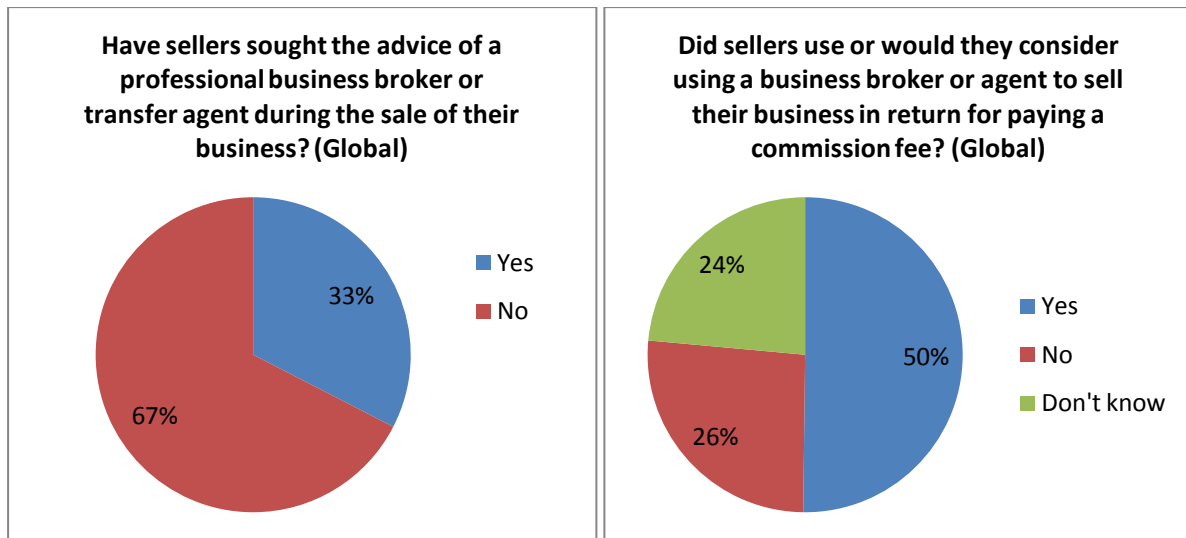
Responses broken down by country:



The graph above indicates that the majority of sellers make their own subjective valuations, indicating that sellers are potentially valuing their businesses too high and so it's understandable that they are willing to drop the asking prices for a faster sale.

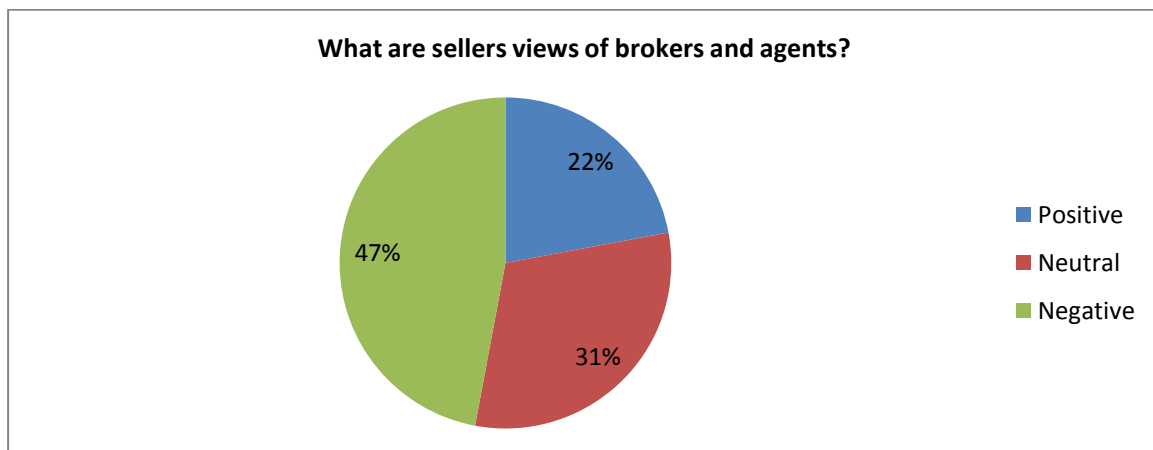
Sellers in the UK and Ireland turned to estate agents or realtors to help them value a business, more so than sellers in other countries who turned to third party experts.

Using a Business Broker



Just a third of business sellers revealed they had looked to business brokers or transfer agents for advice when selling their business. This could be partly due to the fact that business brokerage is not as prevalent a profession in some countries as opposed to others – the US vs Ireland for example.

Half of those surveyed revealed they would consider using one in return for a commission fee; however as the pie chart below shows, a large percentage of the respondents have a negative view of brokers and agents.



Comments made about brokers and agents include:

- 20% Fees are too high for the service provided
- 8.1% Neutral
- 6% Untrustworthy/unreliable
- 5.7% Good
- 5.7% Helpful/Useful
- 4% Don't see the point of them
- 4% Acceptable
- 4% They don't work hard enough
- 4% They can be good if the business warrants it
- 2.5% Wary of paying upfront fees
- 2.5% Haven't had success with them in the past
- 2.5% Happy to pay for their services if they sell the business
- 2.5% Not aggressive enough
- 2.5% Some are good, some are bad
- 1.6% waste of time
- 1.6% Excessive commissions
- 1.6% Necessary
- 1.6% Brokers have the experience to make good sales

Some interesting comments made by respondents:

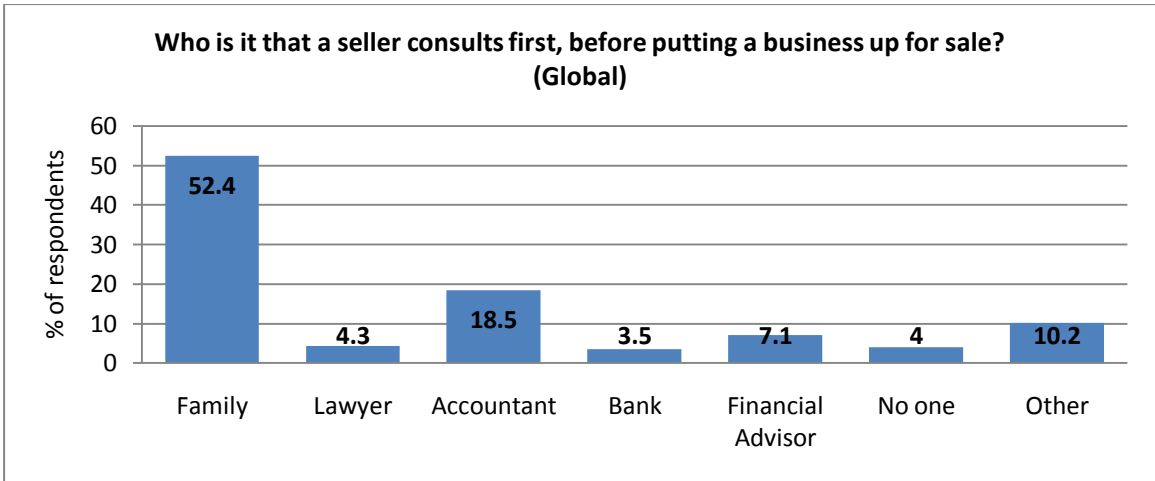
"They charge excessive commissions (in South Africa it is 5-6%), they are not always knowledgeable on the business they are selling, only really serving an inertial function, for these high fees I would expect them to do a due diligence themselves."

"I would expect them to be knowledgeable and professional and to give expert advice."

"It varies, a good broker is, or can be the key to making a deal work where as a not so good one can ruin your chances of a sale."

"They are people with good networks and are active in trying to sell my business."

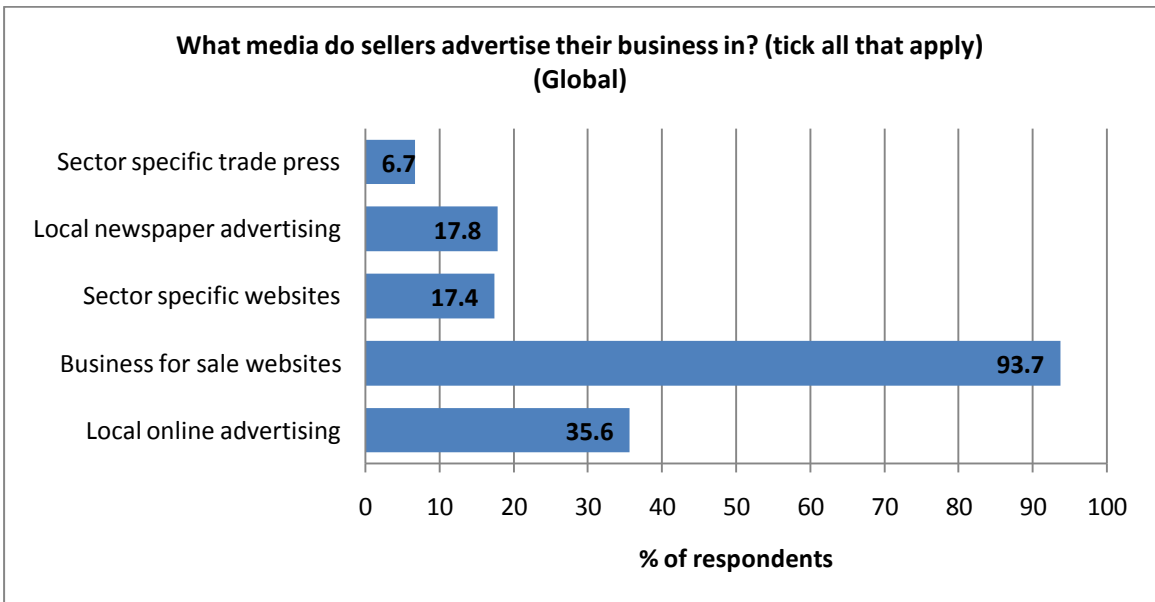
"Their main value is if they have a database of prospective buyers."



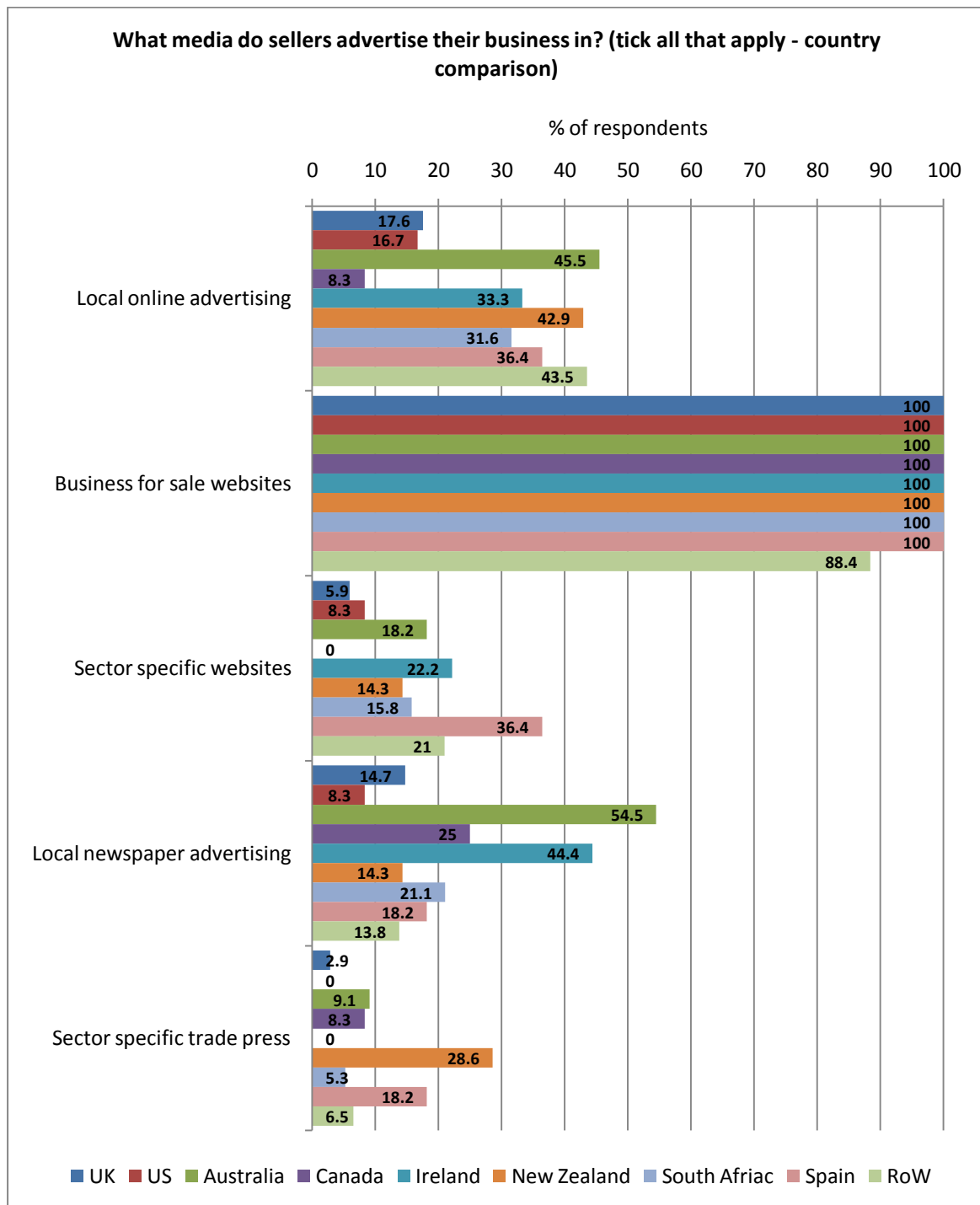
Selling a business is a big decision that affects all family members – so it comes as no surprise that just over half of respondents consulted their family before putting their business up for sale.

Other responses included (most common first):

- Estate Agent
- Friends
- Business Broker
- Business Advisor/Business Partner
- Area expert/Board/Entrepreneur/Franchisor/Another similar seller



Here are the responses broken down by country:

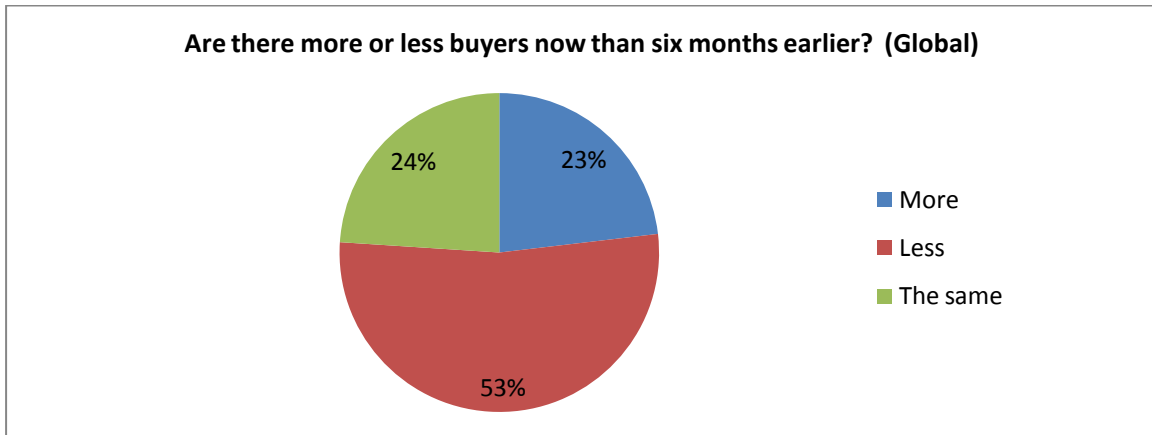


Online appears to be the first place that people turn to when looking to advertise.

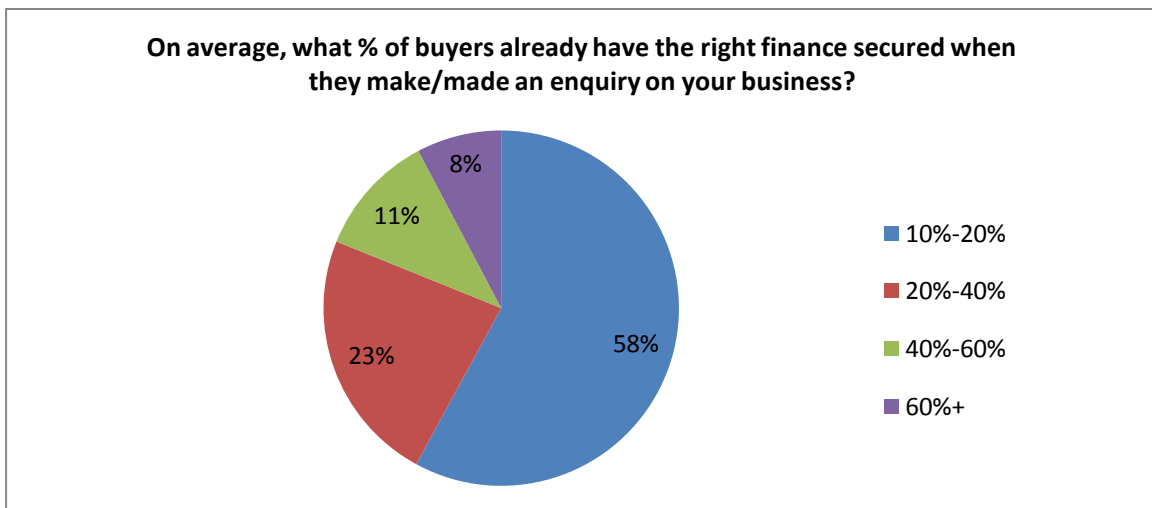
Due to cultural differences in advertising trends and certain media being more heavily used in some countries than in others, sellers in different countries tend to use different media. E.g. Australian sellers use local online and newspaper advertising but seem to shy away from sector specific trade press.

Sellers in New Zealand do use the sector specific trade press yet seem to rely less on local newspaper advertising.

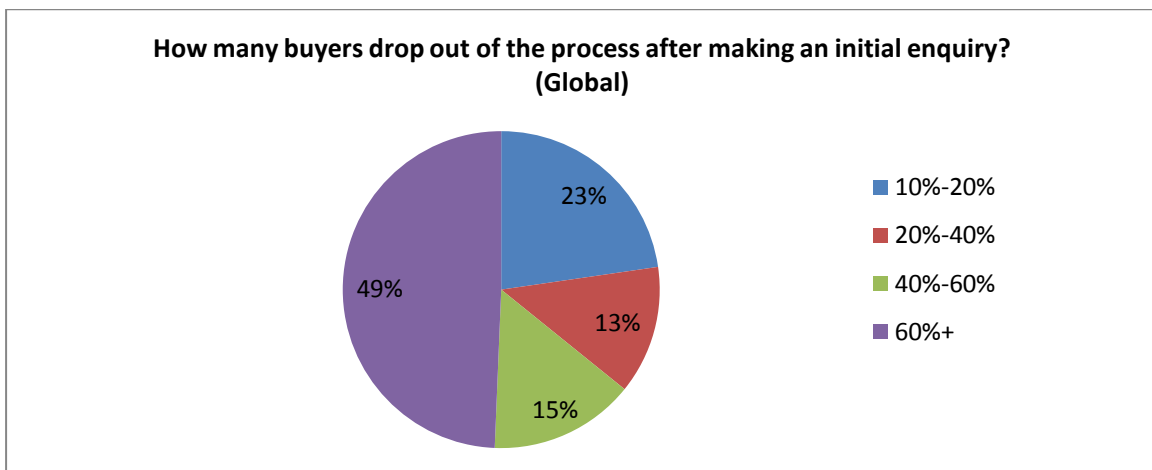
The Buyers



Evidence of the global recession is that just over half of sellers agree that there are fewer buyers now than there were 6 months ago.



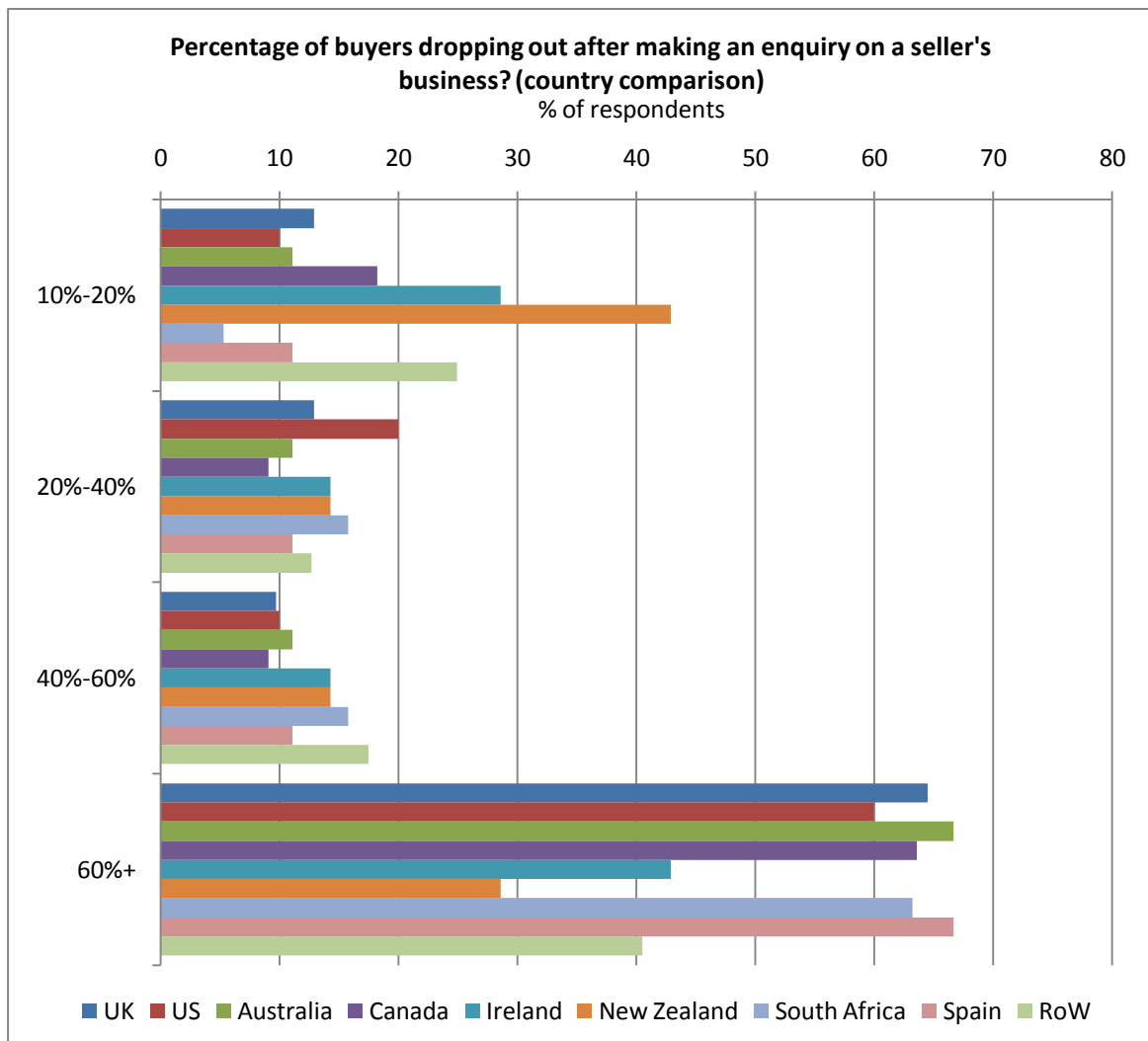
This pie chart indicates that many buyers are not quite “ready” to start the business buying process when they make an enquiry on a business, further highlighted by the fact that almost 50% of sellers said more than 60% of buyers drop out of the process.



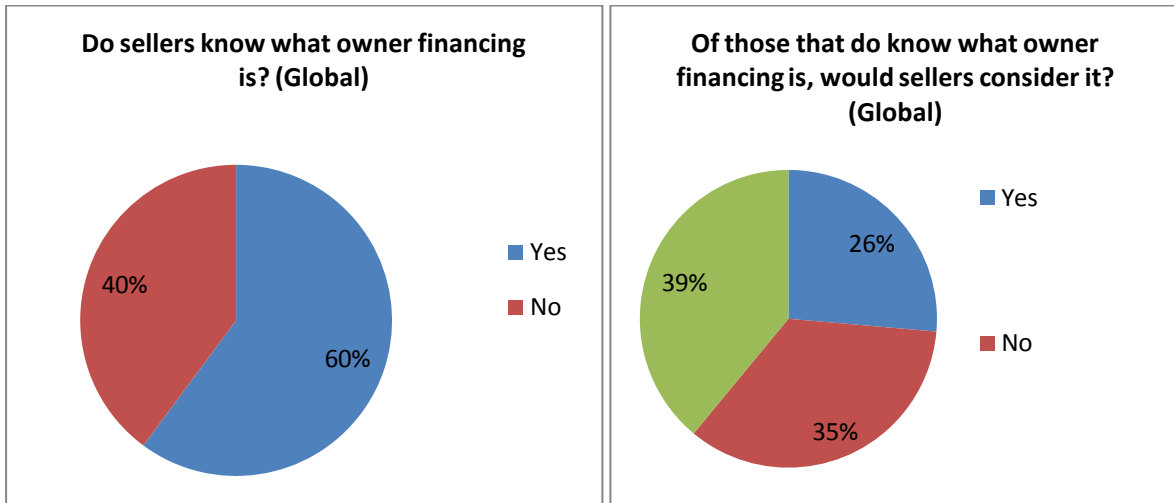
Why else do buyers drop out? (In order of most common.)

- Couldn't get finance
- Couldn't sell house to raise finance
- Buyer isn't really serious
- Business is too expensive
- Buyers just stopped responding
- Economic situation
- Festive season
- Revenue wasn't high enough
- Buyers didn't have enough experience
- Location of business wasn't right
- Business didn't have accommodation
- Business is too big for seller

Here are the responses broken down by country:



Owner Financing/Earn Outs



Owner financing or earn outs, where instead of borrowing all the capital from a bank or other finance provider, the buyer borrows all or part of the sale price from the seller, is more commonplace in the US, though this trend is becoming more widespread as everyone involved in the business transfer process looks for more “creative” ways of financing the sale.