4insight

Construction Sector Review

SME Experiences

Research Report Addendum

Prepared for:
Jersey Competition Regulatory Authority
August 2025

Executive Summary

4insight is an independent, local marketing research agency and was commissioned by the Jersey Competition Regulatory Authority (the Authority) to conduct a follow-on phase of research to explore the experiences of SMEs (Small and Medium-sized Enterprises) with the Jersey construction sector and understand how these compared to those respondents in the residential phase.

4insight conducted 10 in-depth interviews. Participants included local SME owners and senior managers from a range of sectors including retail, hospitality, private healthcare and professional services. They had recently undertaken a wide range of projects including refurbishments, shop fit-outs, new builds and major conversions. Most had relied on a main contractor, or project manager to manage the work and coordinate subcontractors.

Perceptions were largely negative at the outset with ‘expensive’ and ‘difficult’ being the most common associations with undertaking work on business premises.

Key findings:

1. **High and unpredictable costs:** Although most opted for fixed-price contracts, which helped projects stay on budget, costs were much higher than initially expected and unexpected extra costs often arose. Material costs were perceived as particularly high, thought to be driven by Jersey’s reliance on imports and freight.
2. **Limited contractor availability:** A key driver of delays to project timelines with participants describing long lead times, cancelled commitments and difficulties getting skilled labour on site. Communication of delays was often found to be lacking, which was a particular issue when trying to continue business operations around ongoing construction work.
3. **Planning:** Similarly to the residential phase, there were multiple negative experiences with planning permissions. These added significant cost and delays to project timelines.
4. **Quality of finished work remained a clear strength:** SMEs across the board praised individual contractors and tradespeople for the quality. Scoring an average of 8.8/10 for the quality of the finished work.
5. **Mixed views on competition in Jersey**: Some thought there was increased competition recently with smaller, independent contractors following the closure of some of the larger construction companies. While others noted difficulties in finding contractors, particularly for what they perceived as ‘smaller jobs’ and in specialist trades where pricing variation in quotes was questioned.

Distinct SME experiences:

1. Additional **costs and delays due to regulatory compliance requirements**, particularly in private healthcare and hospitality (eg. fresh air ventilation, air flow rates, disabled access, fire ratings etc.)
2. Extra **disruption during projects when trying to continue day to day business operations**, added financial strain, compounded delays and heightened the importance of communication.

Overall, the core challenges faced by SMEs mirrored those from the residential phase. SMEs with more established networks in construction or prior experience of projects tended to have better experiences. Despite the challenges faced during projects, overall satisfaction with the finished quality of work remained high.

About the Research

The research aim of this follow-on stage was to explore the experiences of SMEs (small and medium-sized enterprises) with the Jersey construction sector.

Specific objectives included:

- Identifying **experiences by project type** - whether experiences differed by type, scale or the purpose of work
- Assessing whether SMEs encountered **variations in pricing** and how costs were managed
- Understanding how SMEs **selected and managed contractors**
- Exploring any **potential blockers** to delivering construction work for SMEs
- Evaluating whether SMEs were satisfied with the finished **quality of work** once delivered
- Identifying if there are any issues leading to **competition concerns** and how well the supply chain functions
- **Comparing SME experiences** to those in the **residential sector**

The project **scope** was SME owners or senior managers, with recent experience of construction work in Jersey on their business premises.

The research **sample** for the in-depth interviews was recruited mainly via 4insight's online panel of 6,000+ islanders (reasonably representative for Jersey) and then snowballing.

Recruitment for the interviews was based upon a screener questionnaire form developed by 4insight and agreed by the Authority prior to use.

Methodology:

Qualitative in-depth interviews:

Conducting in-depth interviews ensured that we could understand experiences with sufficient detail while safeguarding participant and business confidentiality.

4insight organised and conducted **10 in-depth interviews** with local SME owners or senior managers in the retail, hospitality, professional services and private healthcare sectors.

Each interview lasted about 40 minutes and used a discussion/topic guide agreed upon by the Authority prior to use. This utilised a similar question structure to the residential phase, enabling comparison. Most interviews were held at 4insight's professional viewing facilities, some were hosted via video call to accommodate participant availability.

All interviews were digitally recorded and independently analysed by 4insight.

Qualitative Research

First Words/Associations

In order to gauge initial perceptions and sentiment, participants were asked to write down the first words or associations that come to mind when they heard the words "Having work done on your business premises in Jersey…."

The sentiment of these responses was mainly negative, with *'Expensive'* and *'Difficult'* coming up most frequently. The resulting word cloud:

Q. Please write down the first words/associations that come to mind when I say… "Having work done on your business premises in Jersey…."

Some verbatim quotes from participants:

These themes were built upon and explored further in the subsequent discussions.

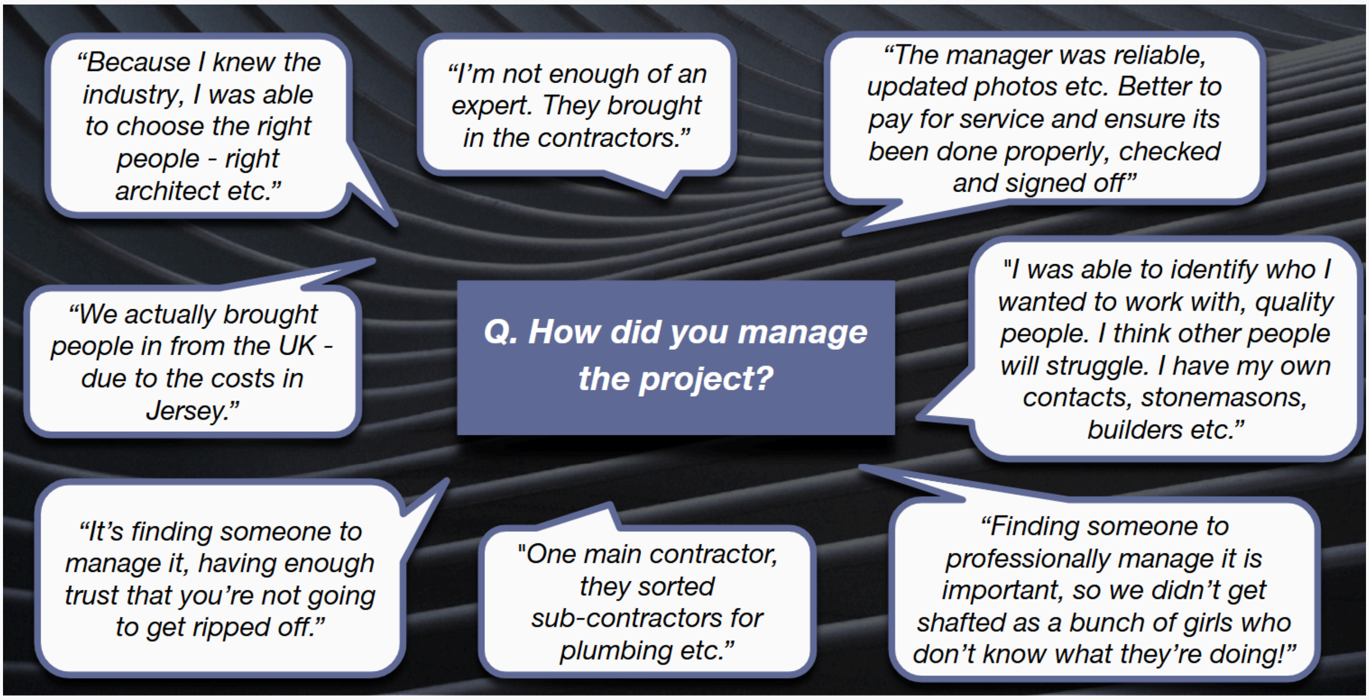
Works Carried Out

SMEs interviewed described a wide range of recent construction projects, including modest refurbishments, fit-outs, a new build shop and a major warehouse conversion with structural alterations.

Contractor Models and Project Management

Most engaged a 'main contractor' for their projects, who managed subcontractors and specific trades required. Some relied on external project managers, often at a significant cost. Most SMEs we spoke to didn't want to manage their project themselves, particularly the larger projects. Mainly due to a perceived lack of experience, expertise or available time to devote toward the project and managing various subcontractors.

SMEs with less construction experience felt vulnerable to being taken advantage of, due to their lack of understanding of the industry. Emphasising the importance of trusted, professional management for projects, although this added significant expense.



Scoring Exercise

Participants were asked to write down scores from 1-10 for their most recent construction project, across four key categories; budget adherence, quality of the work, timeliness and communication.

Scores were slightly higher across the board for SMEs, but followed a similar pattern to residential experiences. Quality of the finished work again emerged as a key strength.

	SMEs:	*Previous residential phase:*
Budget adherence	**6.6**	**6.4**
Quality of work	**8.8**	**7.6**
Timeliness	**6.2**	**5.2**
Communication	**6.6**	**5.8**

*Mean scores

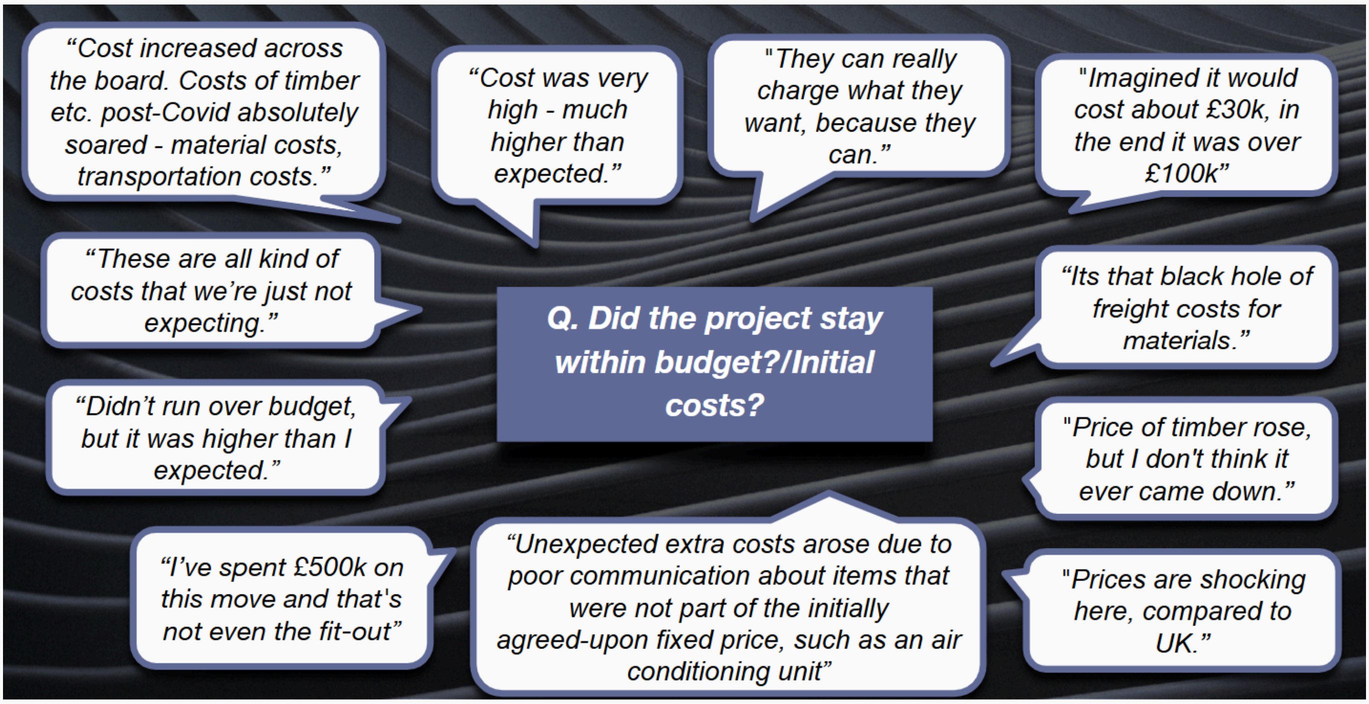
Q. Thinking about your most recent project on your business, please score the project on the following (on a scale of 1-10 with 1 being extremely dissatisfied and 10 being extremely satisfied)

Pricing Challenges/Costs

SMEs uniformly described high and unpredictable costs with their projects. Baseline costs were frequently higher than anticipated, reflecting the sentiment from the first words exercise.

Where SMEs had agreed a ‘fixed price’ with contractors rather than an estimate, this seemed to help limit budget overruns. However the baseline costs were often higher than they had initially expected and unexpected extras outside the scope of the original fixed price were common.

Costs for materials were also perceived to be very expensive, particularly for specialist items. This was thought to be driven by Jersey’s reliance on imports and high freight costs.

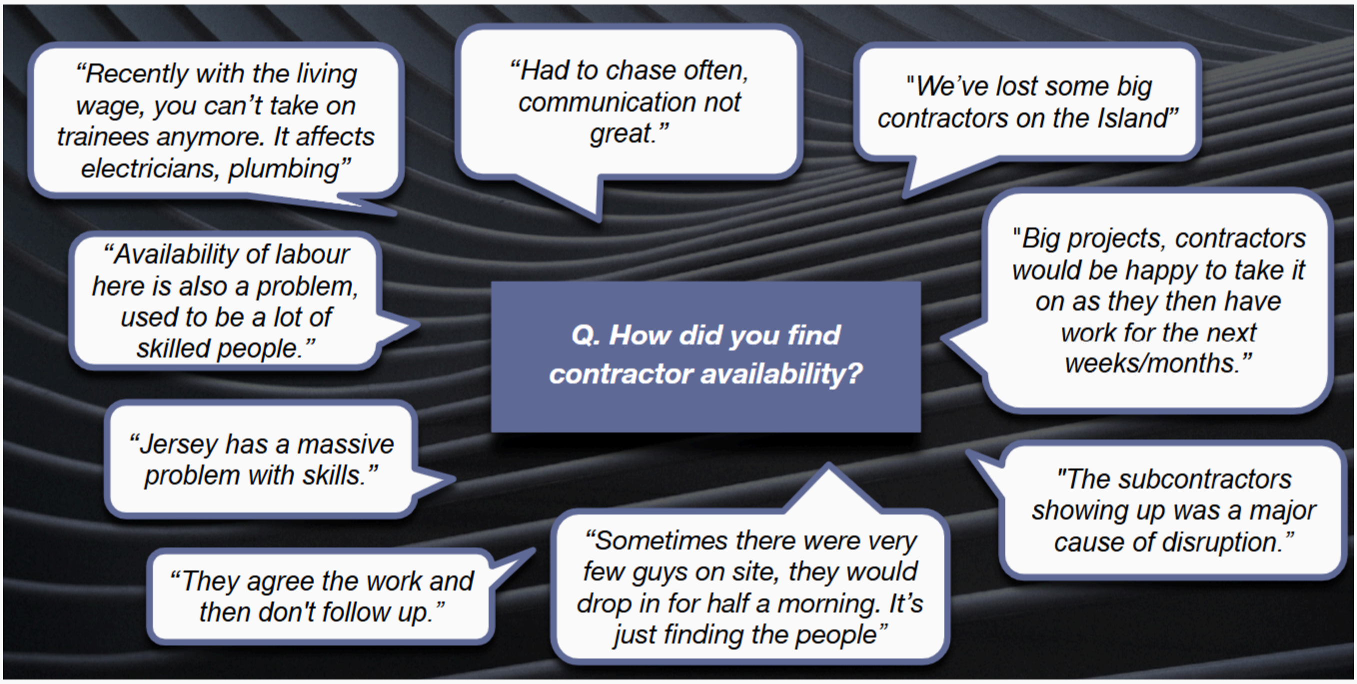


Availability of Contractors

Availability of quality contractors emerged as a major blocker for SMEs, leading to significant delays to projects. Participants described long lead times, cancelled commitments and difficulties getting skilled labour on site. This was particularly the case post-Storm Ciarán, where it was perceived that demand outstripped supply, particularly for certain types of work.

Some felt these difficulties were worse for smaller jobs, which they felt contractors were more reluctant to prioritise.

This issue was thought to be further compounded by the challenges for contractors of recruiting and holding onto skilled workers and a decline in contractors hiring apprentices (due to an increase of the minimum wage and loss of trainee rate).



Obtaining Quotes

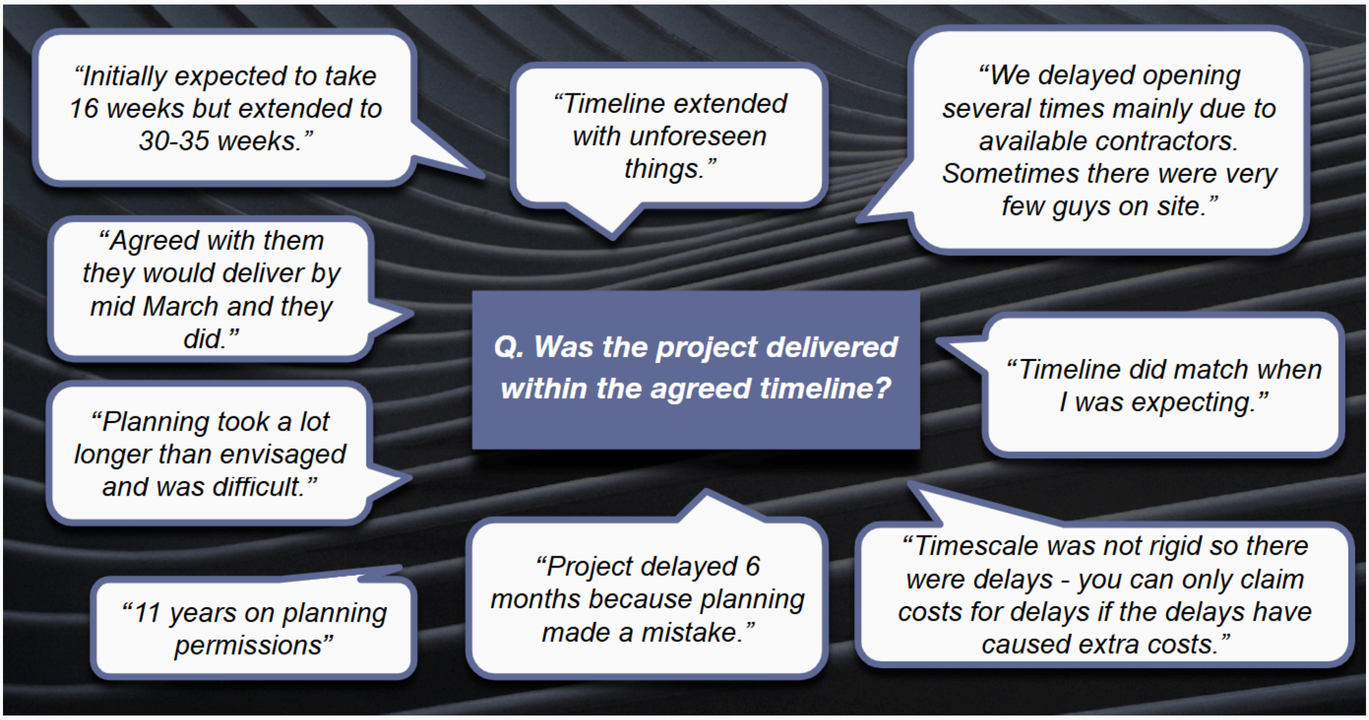
SMEs had mixed experiences of obtaining quotes. Some found it relatively straightforward to receive initial quotes and would always receive multiple quotes before commissioning work to conduct a comparison. Others found difficulties, particularly for what they described as ‘smaller jobs’. It was also thought to be much harder to obtain quotes for certain types of work for a period of time post Storm Ciaran.

There was significant price variation between quotes for the same works, with some noting differences of 20-25%, all the way up to 100% between the cheapest and most expensive options.

Delays and Project Timeliness

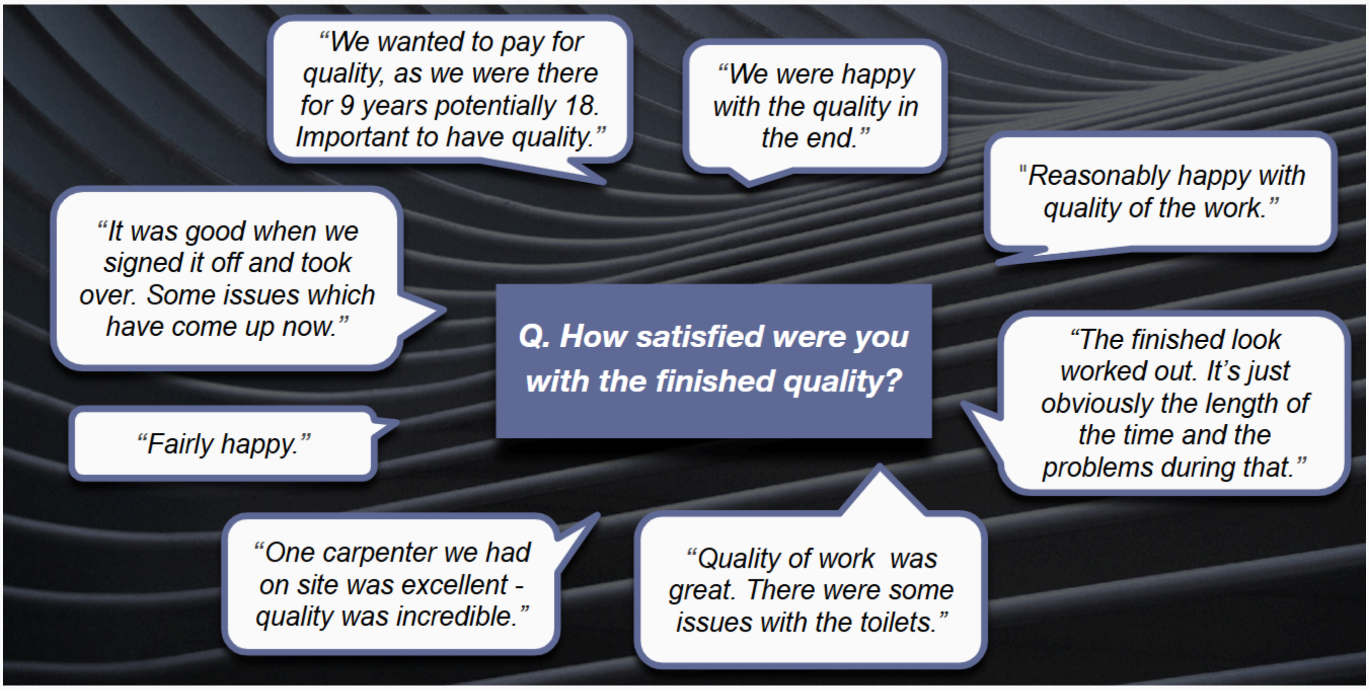
Delays were very common among projects, we only heard of a couple of projects finishing on the scheduled date. SMEs experienced significant overruns on timelines, sometimes by months, in some cases years. Time taken for access to materials (particularly 'specialist' items) and planning permissions were often the key drivers behind delays

Progress on site was often irregular, with reports of inactivity for long periods. This inconsistency caused frustration and made it difficult for SMEs to plan around construction schedules. A key factor was the communication around delays, which in multiple cases SMEs found to be unclear or lacking. This was a particular issue where SMEs were trying to continue running their business operations around ongoing construction work.



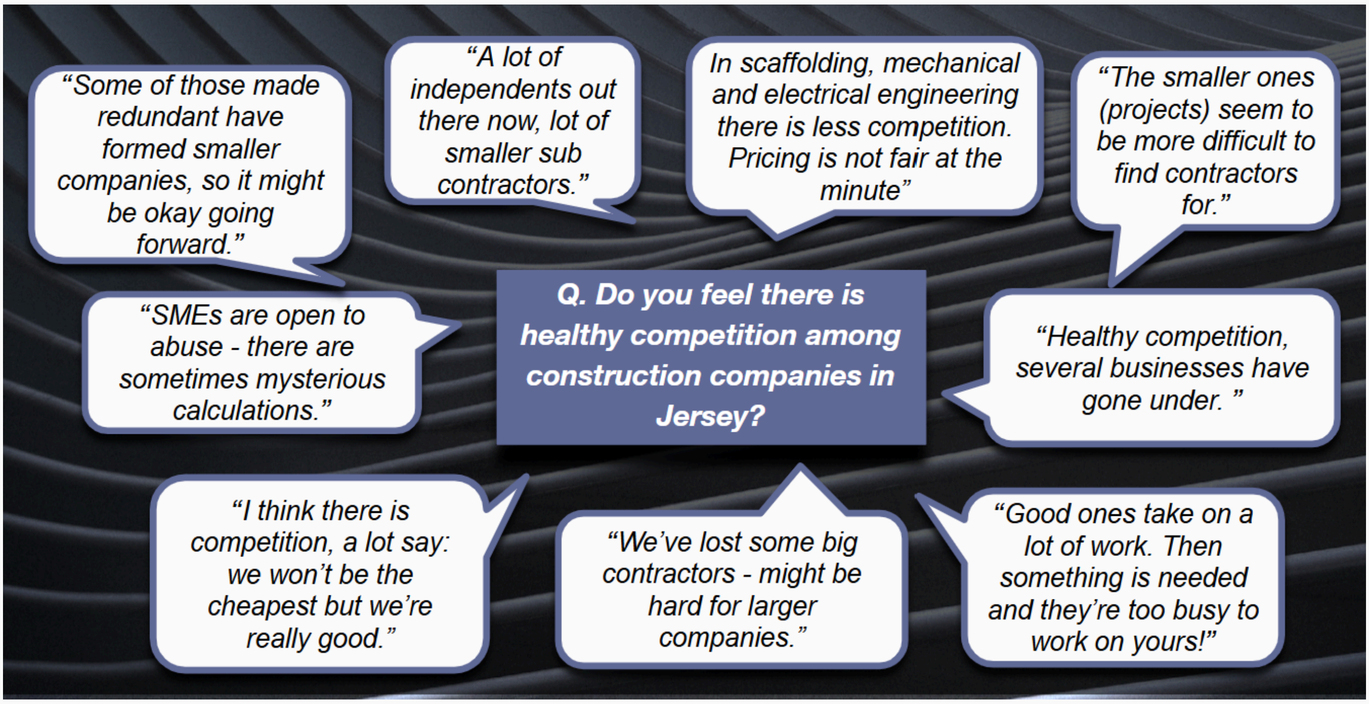
Quality of Work

Despite the frustrations with costs, timeliness and communication, most were very satisfied with the finished quality of the work delivered. Most SMEs that we spoke to acknowledged that the finished product met their expectations once it was completed. Where any quality issues were found, it was often from ‘legacy defects’ from previous works. There were multiple stories of individual tradespeople delivering an excellent quality of work for SMEs.



Competition in Jersey

Participants had mixed views on the level of competition in Jersey. Some thought there was adequate competition at present, with lots of smaller, independent contractors emerging particularly after the closure of some larger contractors in the market. In specific areas some participants noted a lack of competition. This was particularly the case for smaller projects and for trades like scaffolding, mechanical and electrical engineering, where pricing was questioned.



Comparison with Residential Projects

SMEs experiences largely echoed those from the residential phase. With high costs, a lack of availability of quality contractors and delays.

There were some key differences. Some SMEs found it easier to obtain multiple initial quotes, particularly for larger projects and when they had conducted previous projects with the same contractors. Having a more established network of contacts and experience with construction work generally correlated to a better experience with projects.

However some SMEs actually experienced added burdens and difficulties. Particularly in the case where there were regulatory requirements for their industry like in private healthcare and hospitality (ventilation, disabled access, fire ratings etc.). These caused some unexpected costs and delays.

Unlike householders, SMEs often had to continue business operations while construction work was going on, compounding the disruption and financial costs of delays. This increased the importance of good communication between the business owner, project manager and contractors.

Sentence Completion

Individual sentence completion exercises were conducted near the close of each interview to capture participants key takeaways after expressing their own views and reflecting upon the discussions.

The first sentence completion exercise asked participants to complete the following sentence
The biggest challenge in the construction market for SME's in Jersey is ....

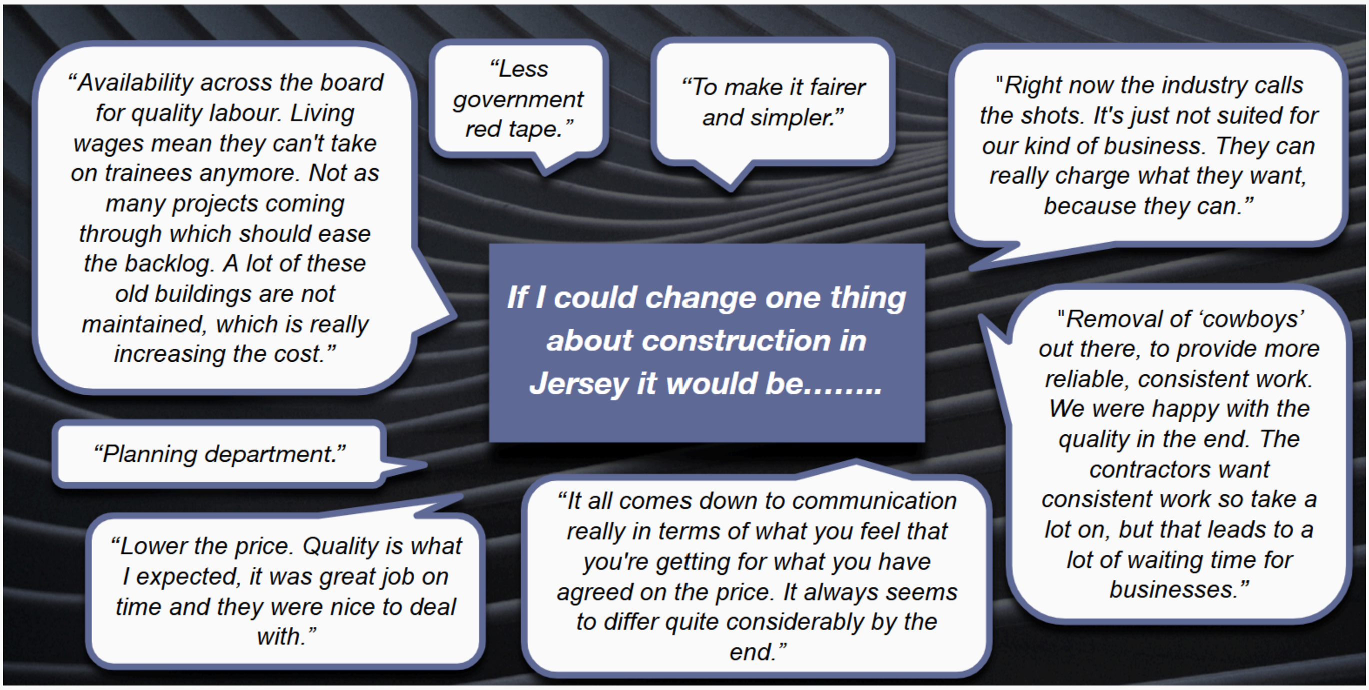
Responses largely echoed the earlier discussions and the residential phase. They highlighted the difficulties in managing high or unexpected costs and the importance of finding quality contractors/project management that they trust. The availability and reliability of contractors was also mentioned as a key barrier, leading to delays.

Some examples of responses to the first sentence completion exercise:

The second sentence completion exercise asked participants to complete the following sentence ***If I could change one thing about construction in Jersey it would be………***

Similarly, making it more affordable and having more transparent costs were the most mentioned change, followed by improving the availability of quality contractors.

Some examples of responses to the second sentence completion exercise:



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