



# Consumer Confidence Tracker

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# Introduction

- This report presents the findings of the latest phase of the Behaviour & Attitudes' Consumer Confidence Tracker.
- Survey results for this phase are based on a sample of 1,001 adults aged 16+, quota controlled in terms of age, gender, socio-economic class and region to reflect the profile of the adult population of the Republic of Ireland.
- All interviewing on the survey is conducted on our fortnightly face-to-face Barometer by trained members of the B&A field force working under ESOMAR guidelines.
- Fieldwork on the latest wave was carried out between 12<sup>th</sup> April and 22<sup>nd</sup> April 2013.
- The figures contained within the B&A Consumer Confidence Barometer have an estimated margin of error of plus or minus 3.2 percentage points.

# About Behaviour & Attitudes

- Behaviour and Attitudes is Ireland's largest and most experienced independently owned research company.
- We pride ourselves on having the **most experienced director team in Ireland**. All projects have a director involved.
- Established over 25 years ago, Behaviour and Attitudes provides a full range of market research services, ranging from CAPI, CATI, online and of course qualitative.
- Specialist sectors include: Retail & Shopper, Technology & Telecoms, Financial, Political & Social, Polling, Automotive, Healthcare and Public Sector & Utilities.
- For more information please visit our website at: [www.banda.ie](http://www.banda.ie) or contact us on +353 1 2057500.





# Findings



# Summary

- Fieldwork for this wave of the Behaviour & Attitudes Consumer Confidence Monitor was conducted during a period where a number of new Macro Economic and Personal finance impacts were resonating.
  - ❖ The Cypriot bailout and its impact on depositors assets.
  - ❖ The extension of the Irish debt maturities for a further seven years.
  - ❖ Public sector reform mechanism 'Croke Park II' being voted down by public servants, leading to growing uncertainty over budget deficit management.
  - ❖ The rollout of the first tranche of the property tax impacted real disposable income and raised concerns of further real income levels.
  - ❖ Personal insolvency legislation was introduced, leading to further uncertainty around the degree of personal income which will be allowed for discretionary income, and how asset values in the wider market will be impacted.

# Summary

- Due to these factors the improvement noted in consumer confidence in Q1 has reduced, to a degree. However, given the number of 'shock events' the degree of decline is relatively muted. The Irish consumer is weathering this storm.
- While consumer confidence in the Irish economy and its prospects for the next 12 months is now lower than the results recorded in February, it is still at a higher level than any other period since July 2010, which was just prior to the IMF/ECB/EU bailout.
- A significant proportion of people (55%) now feel the economy will be worse off next year than believe it will be better (12%). However, given the period of decline (5+ years) the proportional value of what being worse actually accounts for is declining, in real terms. We believe that at this stage, foregoing an overarching shock event of the magnitude of the banking crisis occurring again, the recession is bottoming out.
- The biggest concern from this survey is that expected future personal income levels continues to reduce. It is this area where recovery is most needed, but as further personal economic impacts are mooted to occur (two more austerity budgets, property tax for full year, water tax & a further insurance levy) it may take considerably longer for it to improve.

# Summary

- The table below summarises the net scores for each element of the September survey, alongside those from previous waves since 2010.

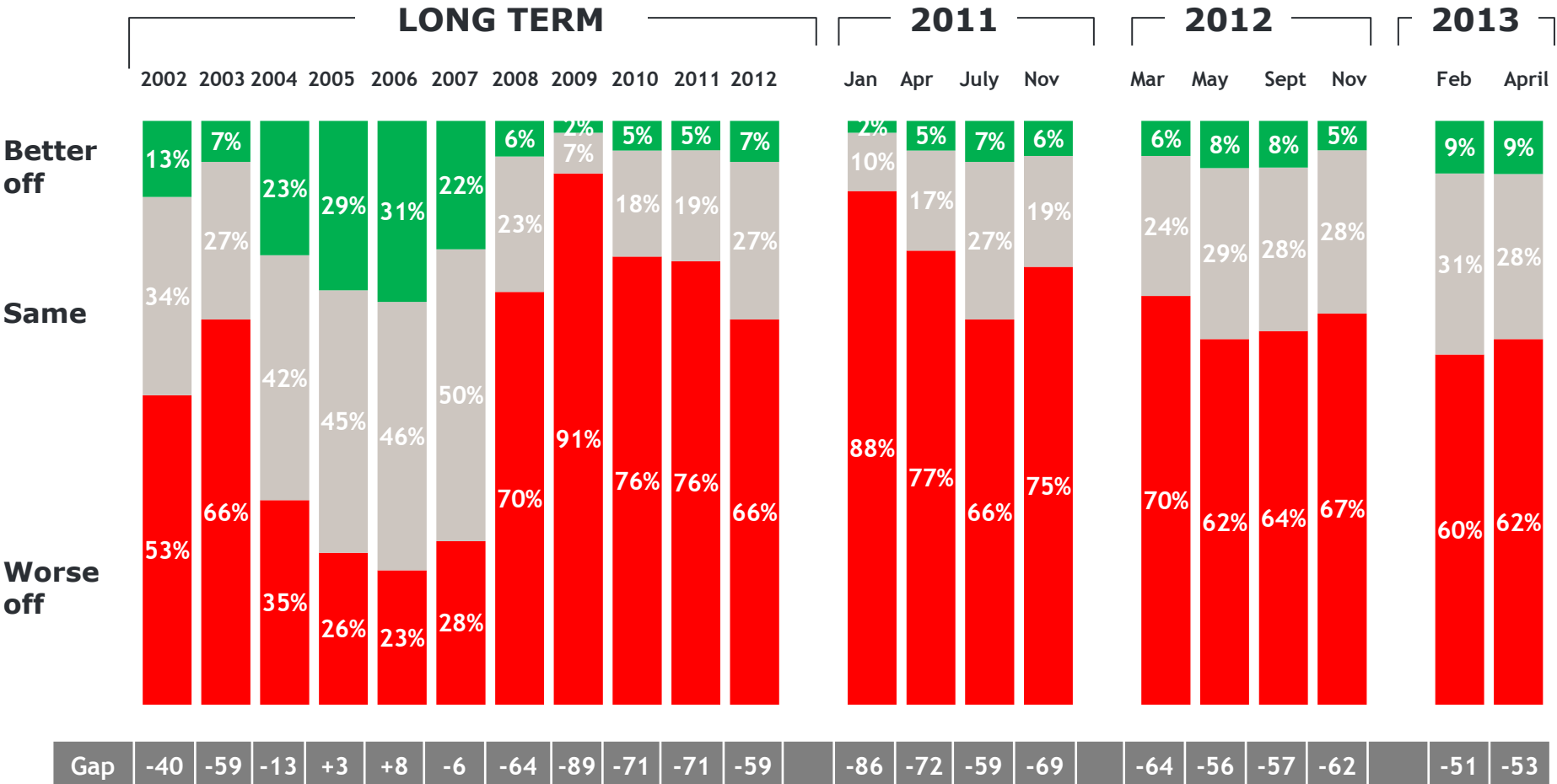
	Pre 2008 Historic Low		2010			2011				2012				2013	
	Date	Net Score	Net Scores			Net Scores				Net Scores				Net Scores	
	Date	Score	Mar	July	Nov	Jan	April	July	Nov	Mar	May	Sept	Nov	Feb	Apr
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Economy - looking back a year	Nov '02	-62	-81	-50	-82	-86	-72	-59	-69	-64	-56	-57	-62	-51	-53
Economy - looking forward one year	Nov '02	-63	-54	-20	-74	-70	-58	-45	-64	-52	-44	-50	-60	-39	-44
Personal income - looking back a year	Nov '02	-40	-65	-43	-67	-72	-64	-50	-59	-61	-56	-52	-60	-52	-55
Personal income - looking forward a year	Nov '02	-20	-54	-33	-65	-69	-55	-43	-57	-50	-49	-52	-52	-48	-54
Personal assets - looking forward one year	Jan'02	-2	-49	-26	-55	-50	-44	-31	-41	-39	-28	-31	-33	-21	-29
Purchasing intentions - the year ahead	Nov '02	-24	-51	-36	-56	-67	-55	-37	-51	-46	-40	-44	-48	-43	-43
Savings - the year ahead	Nov '02	-35	-53	-37	-54	-60	-54	-39	-50	-51	-42	-45	-52	-44	-48



Confidence in the management of the economy has dipped but the personal income measure is the most worrying.

# Economy – Looking Back

## COUNTRY IS NOW ...



Perceptions of the macro economy remain more positive than any period since July 2010. What this tells us is that people do not believe that any economic action undertaken so far this year has been a game changer, either positively or negatively.

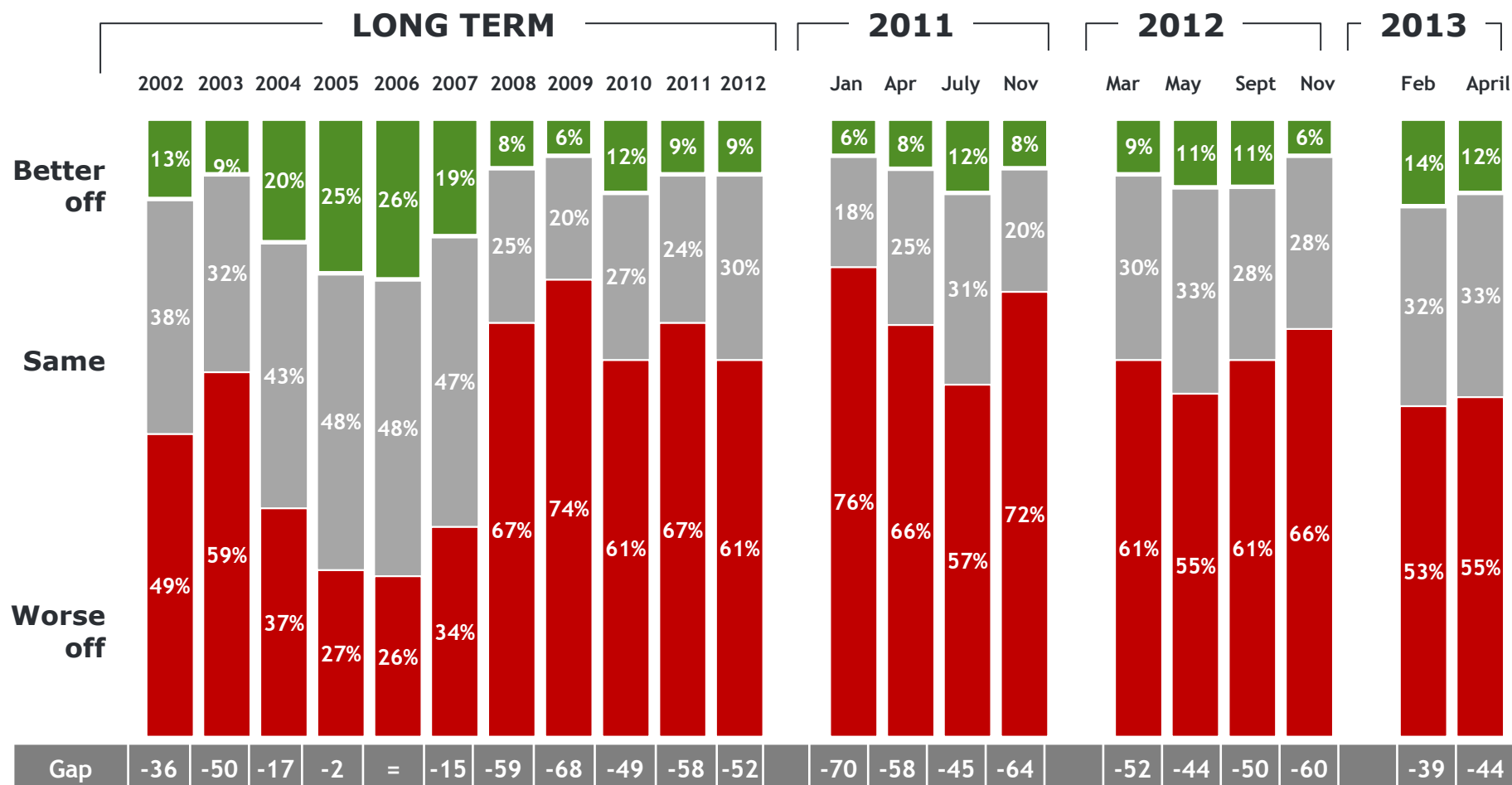
Q.1 Thinking about the economy as a whole, do you think that the country is better off, worse off, or about the same as last year?





# Economy – Looking Forward

## Country will be ...

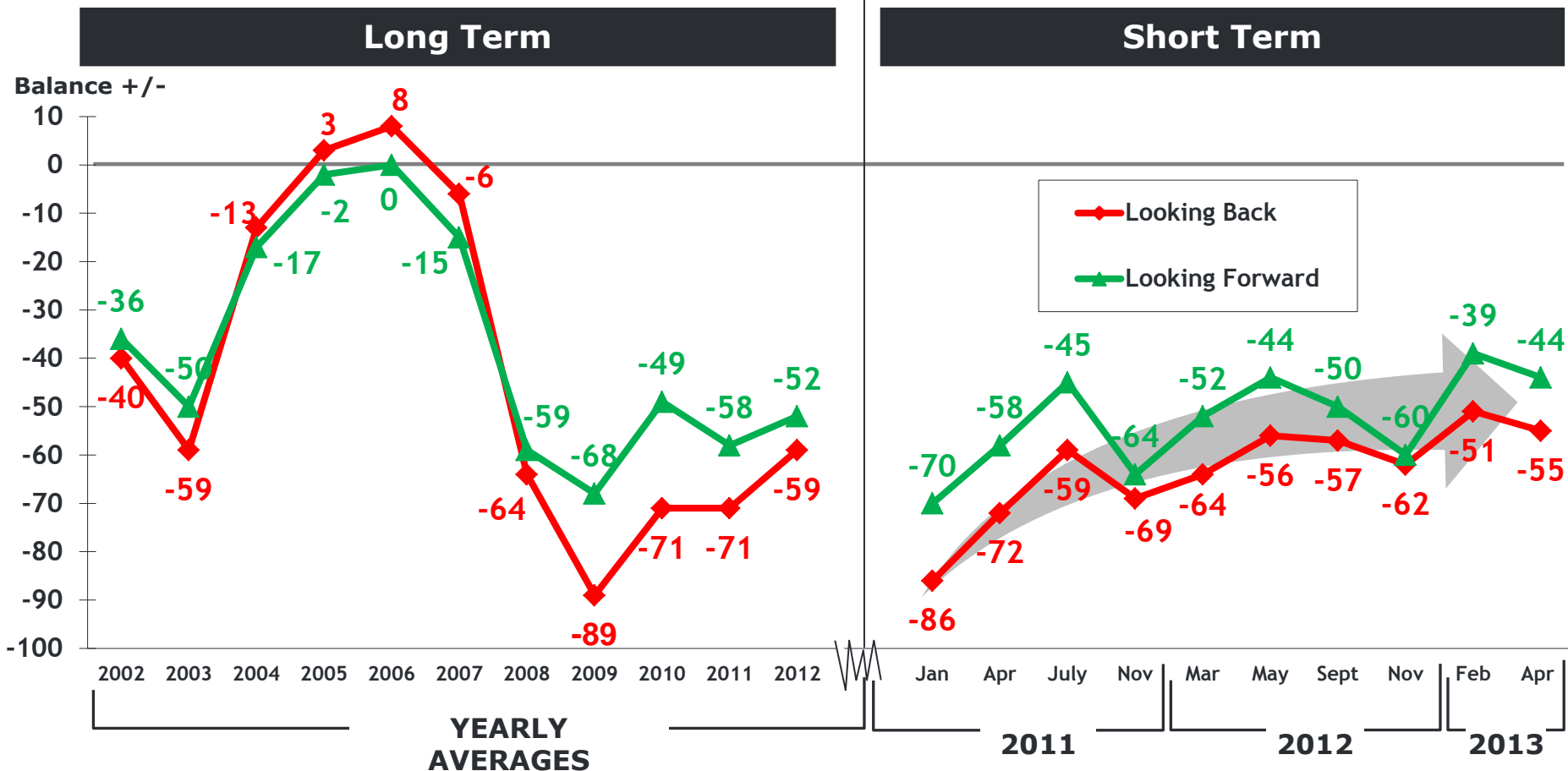


Underlying negative sentiment continues. As we face more austerity budgets the chance for dramatic improvements are limited. However, levels of net negativity are lower and the signs are that consumer sentiment is finally beginning to stabilise.

Q.2 And what about the coming year, do you think that the country will be better off, worse off or about the same as this year?



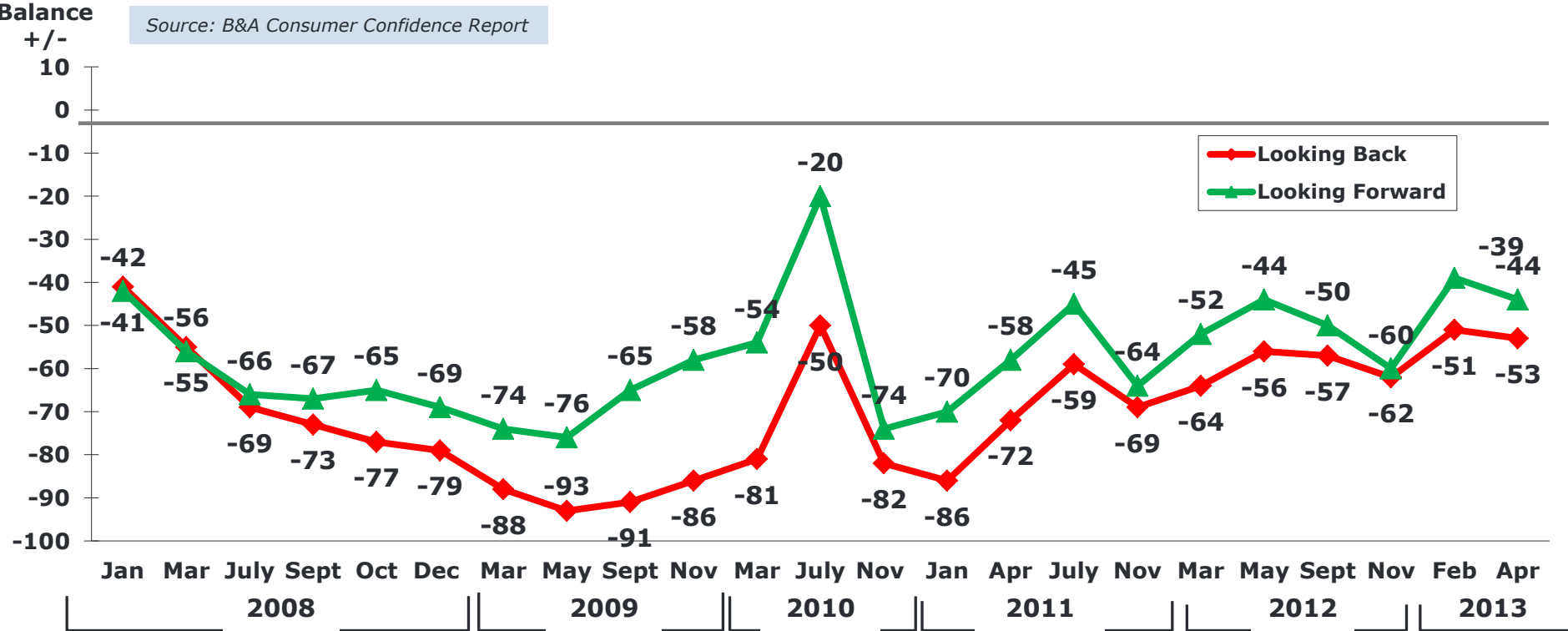
# Balance Of Opinion - Economy



Viewed longitudinally the consistent growth 2011 - 2013 shows signs of reconciliation and moderate improvement. Recovery is occurring but due to its low starting base it will take longer to fully impact the macro economy. While we cannot say that confidence has returned, signs that it has stabilised are evident. This is the first step.



# Psychologically, we may be ready to move on...



**Initial shock!**

- But widespread belief that:
  - This was a 'speedbump'
  - Things would return to 'normal'
  - Spending reined in – but not in any planned or strategic manner

**Despair! (IMF Bailout)**

- Spending habits and behaviour changing for good
- Value sought everywhere

**Readjustment**

- People adjusting to 'new reality'
- Less focus on (or interest in) doom and gloom

**Green Shoots?**

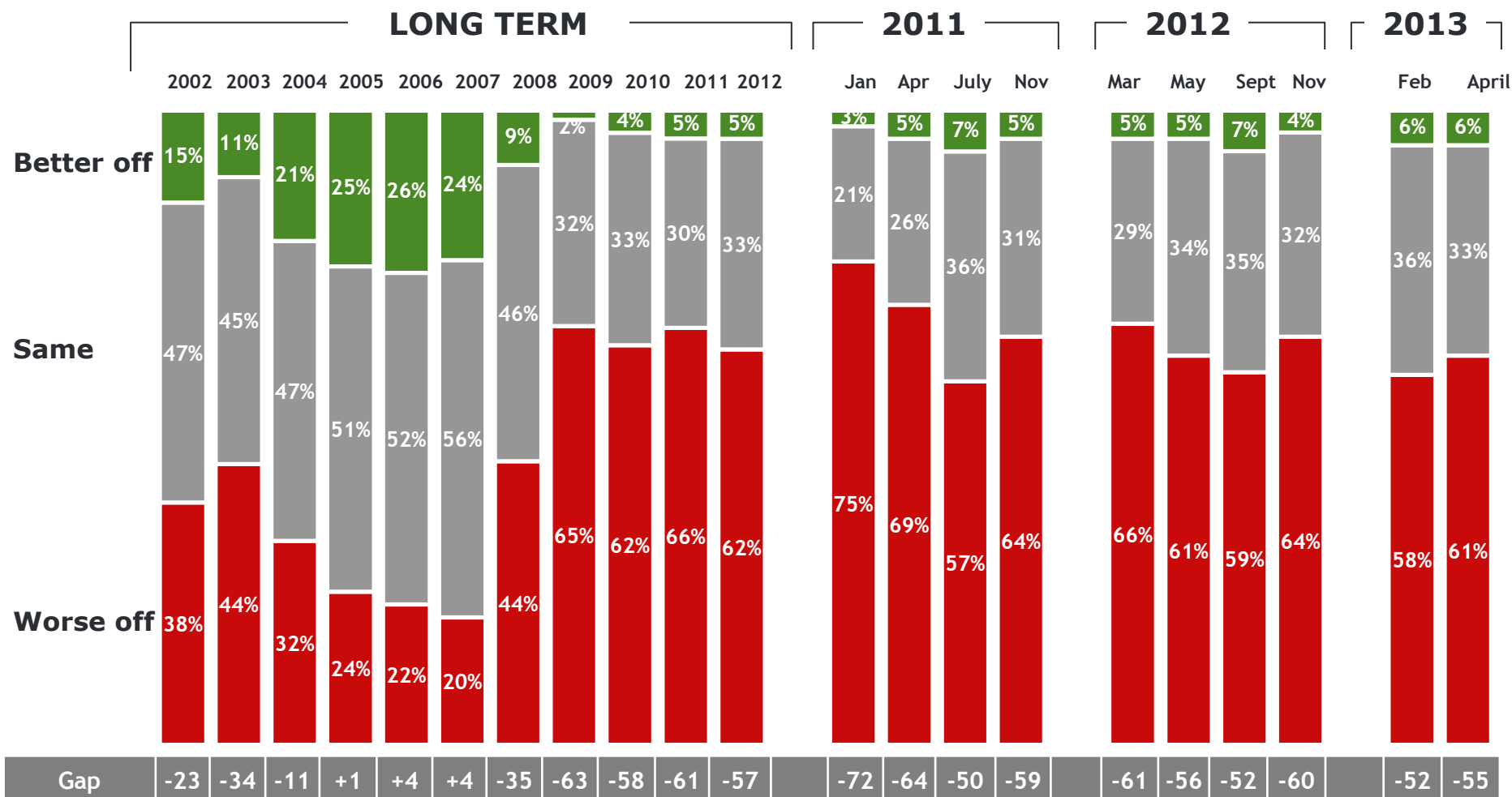
- Things appear to be stabilising from the consumer's perspective

- Q.1 Thinking about the economy as a whole, do you think that the country is better off, worse off, or about the same as last year?
- Q.2 And what about the coming year, do you think that the country will be better off, worse off or about the same as this year?



# Personal Finances – Looking Back

## Now feel ...

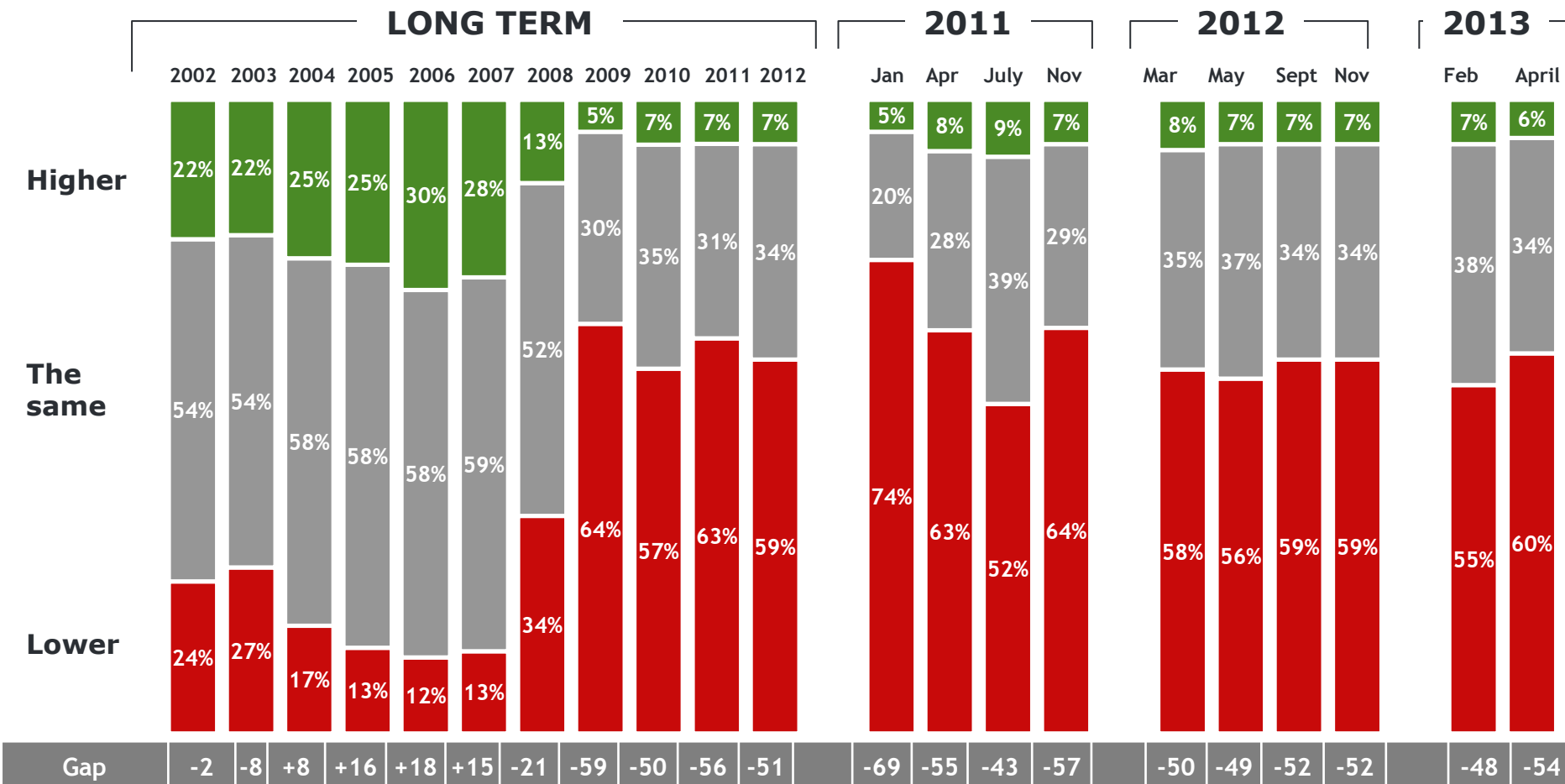


Perceptions of personal incomes continue to trend negatively. The impact of the property tax prior to the fieldwork may have skewed this more negatively.

Q.3 Do you feel better off financially, worse off financially or about the same compared to last year?

# Personal Finances – Looking Forward

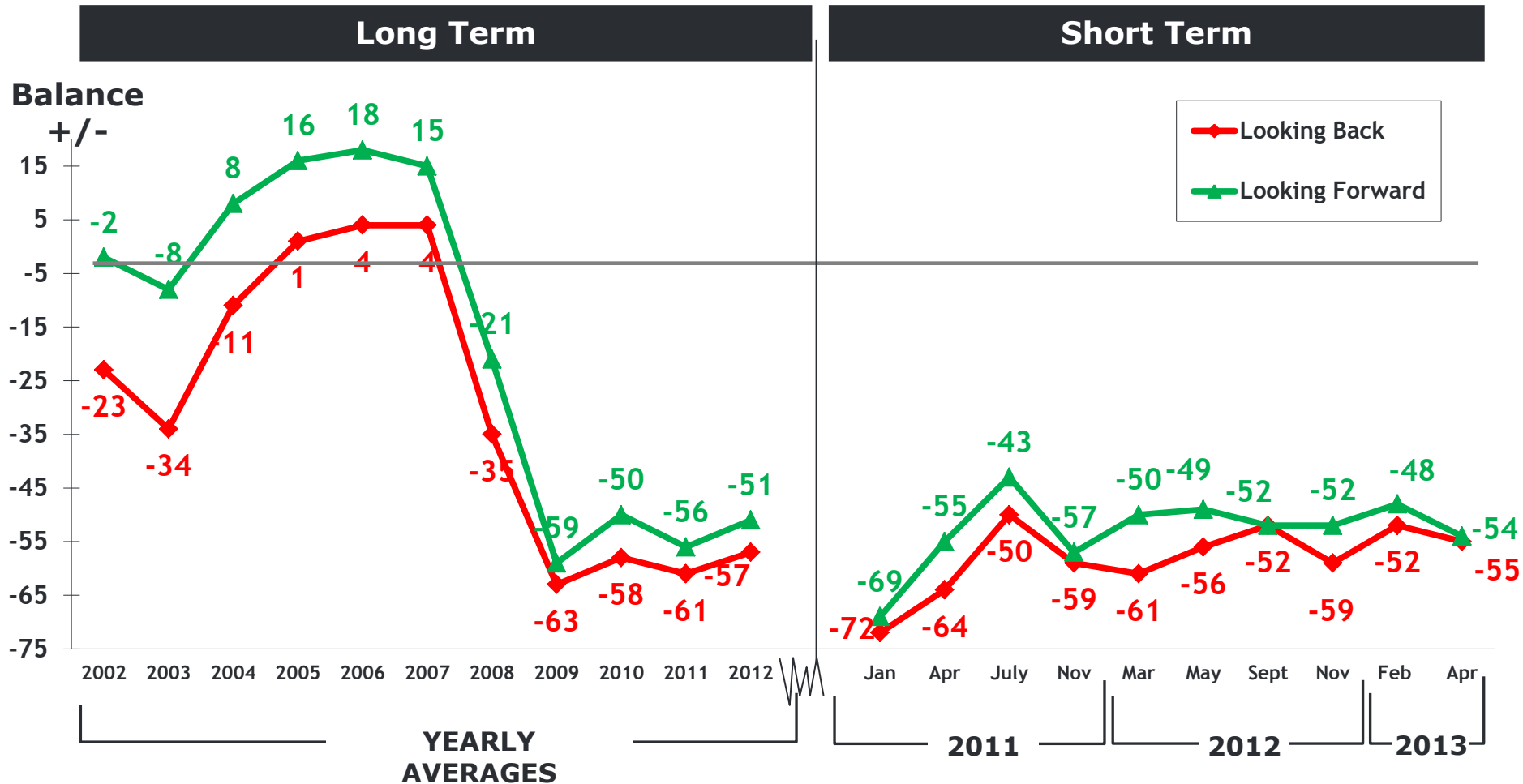
Expect it to be ...



Perceived pressure on real income into the future continues. With stagnant wage levels (in the main), input costs (energy, insurance, tax) increasing and with further additional impacts to come (full year property tax, water charges, government insurance levy) this core element does not look like improving to any tangible degree in the foreseeable future.

Q.5 Do you expect your income in the next year, after inflation and taxes, to be higher, lower or the same as in the last twelve months?

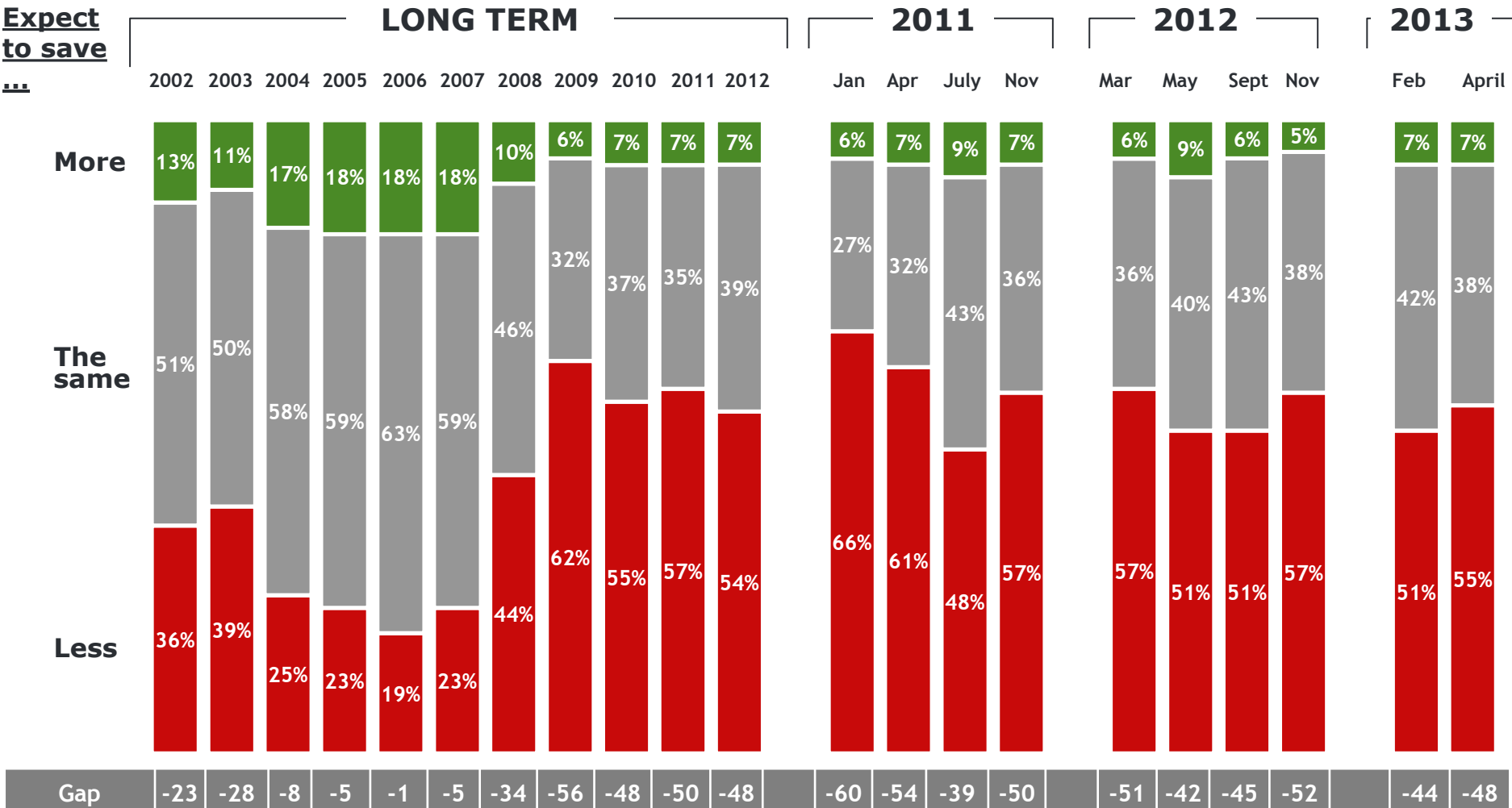
# Balance Of Opinion - Personal Finances



Incremental gains being made over time. Also the proportionality of value decline should be reducing as the recession years continue.



# Savings – Looking Forward



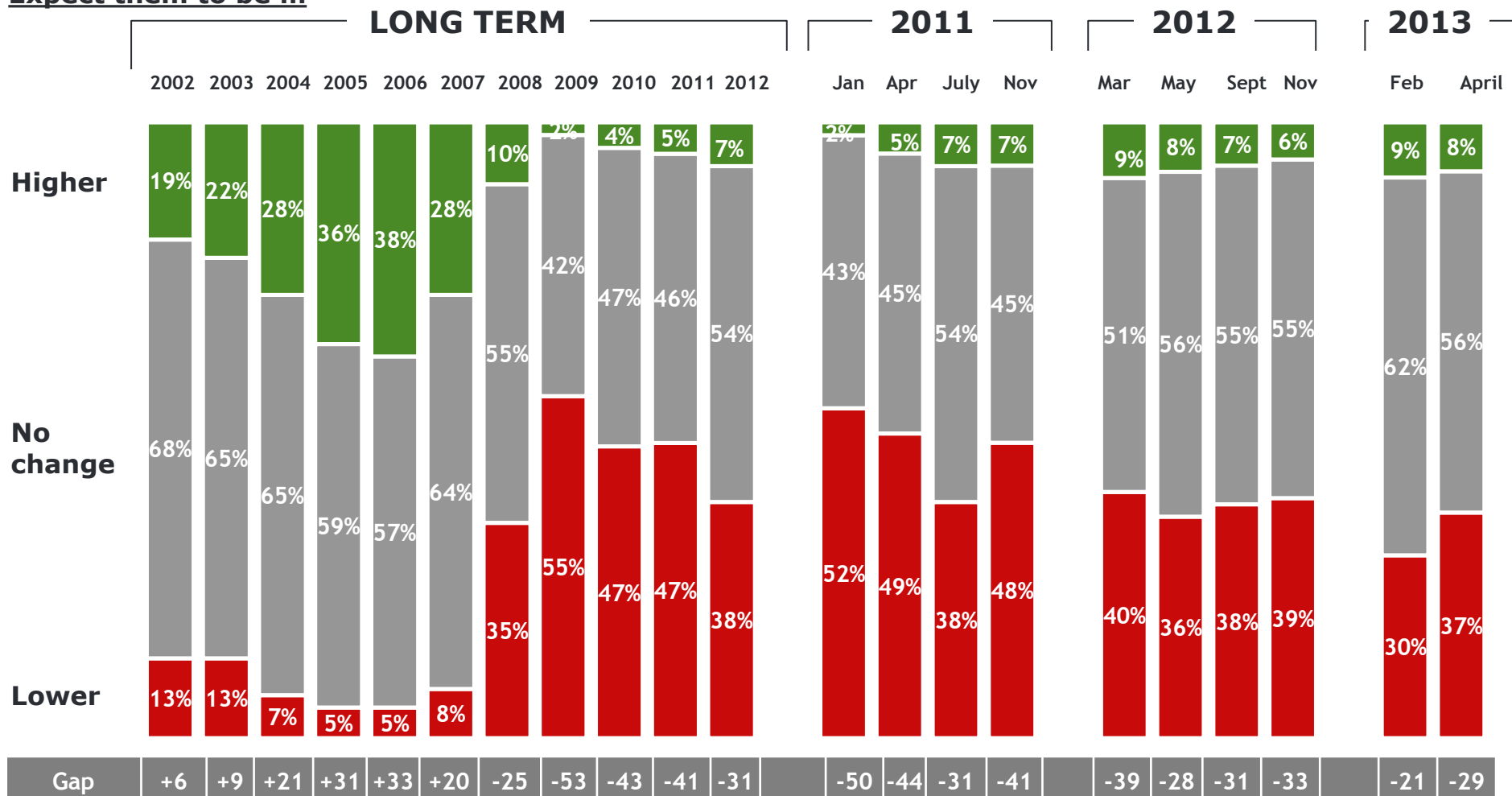
The consistent negativity over the past six years correlates directly with negative perceptions of future income value. Taking this into account we can see that this measure relates more to an inability to save rather than a lack of intention.



Q.8 Do you expect to save more, less or the same amount in the year ahead compared with the last twelve months?

# Personal Assets– Looking Forward

Expect them to be ...



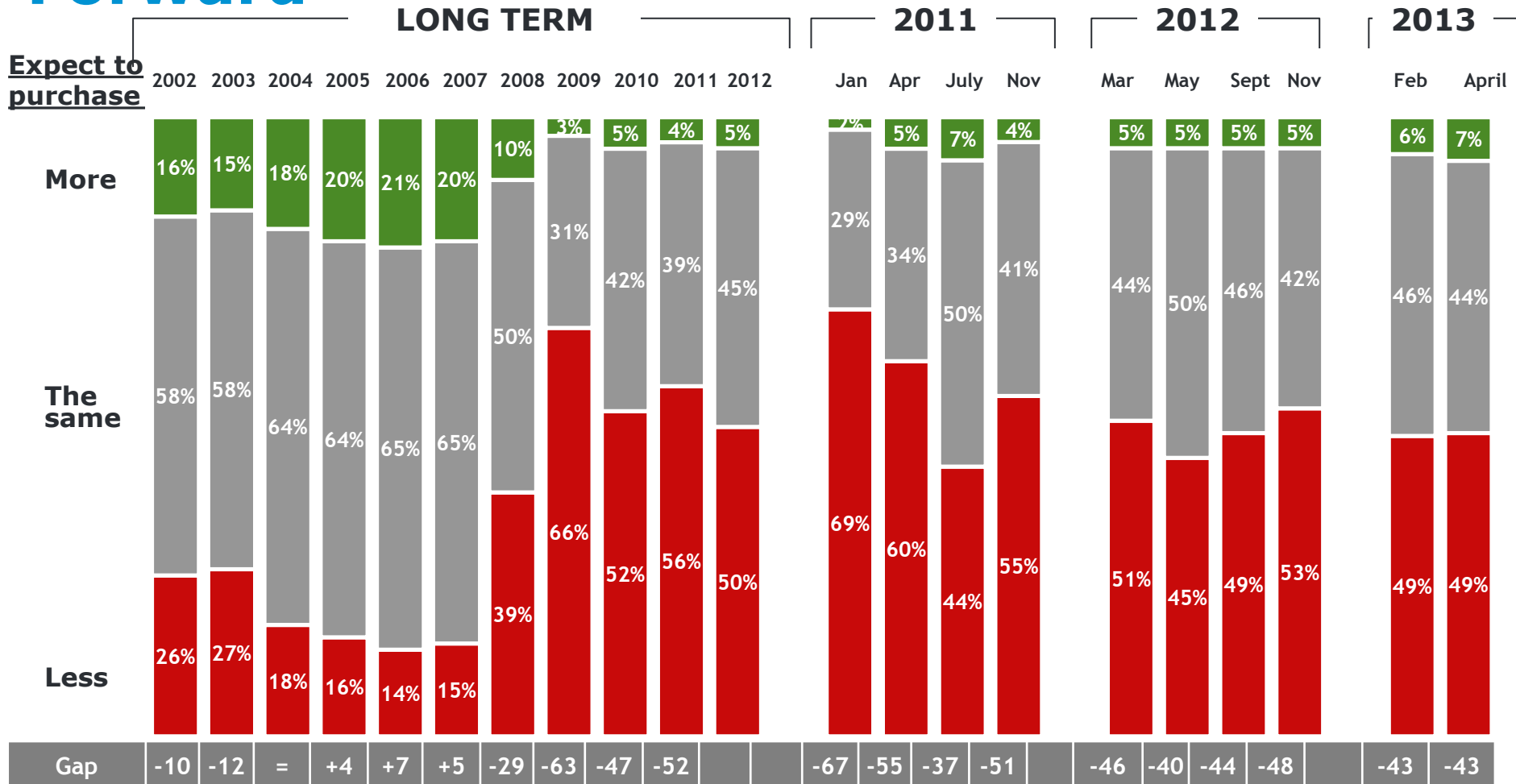
Consumers in 2013 are less likely to believe that their asset values will reduce further, due to the scale of the fall off in value over the preceding period. Uncertainty around the impact of personal insolvency legislation may be feeding the degree of decline this wave.

Q.6 Do you expect your assets (your house, shares, pension entitlements, savings) In the next year to be higher, lower or the same as in the past year?





# Purchasing Goods And Services – Looking Forward



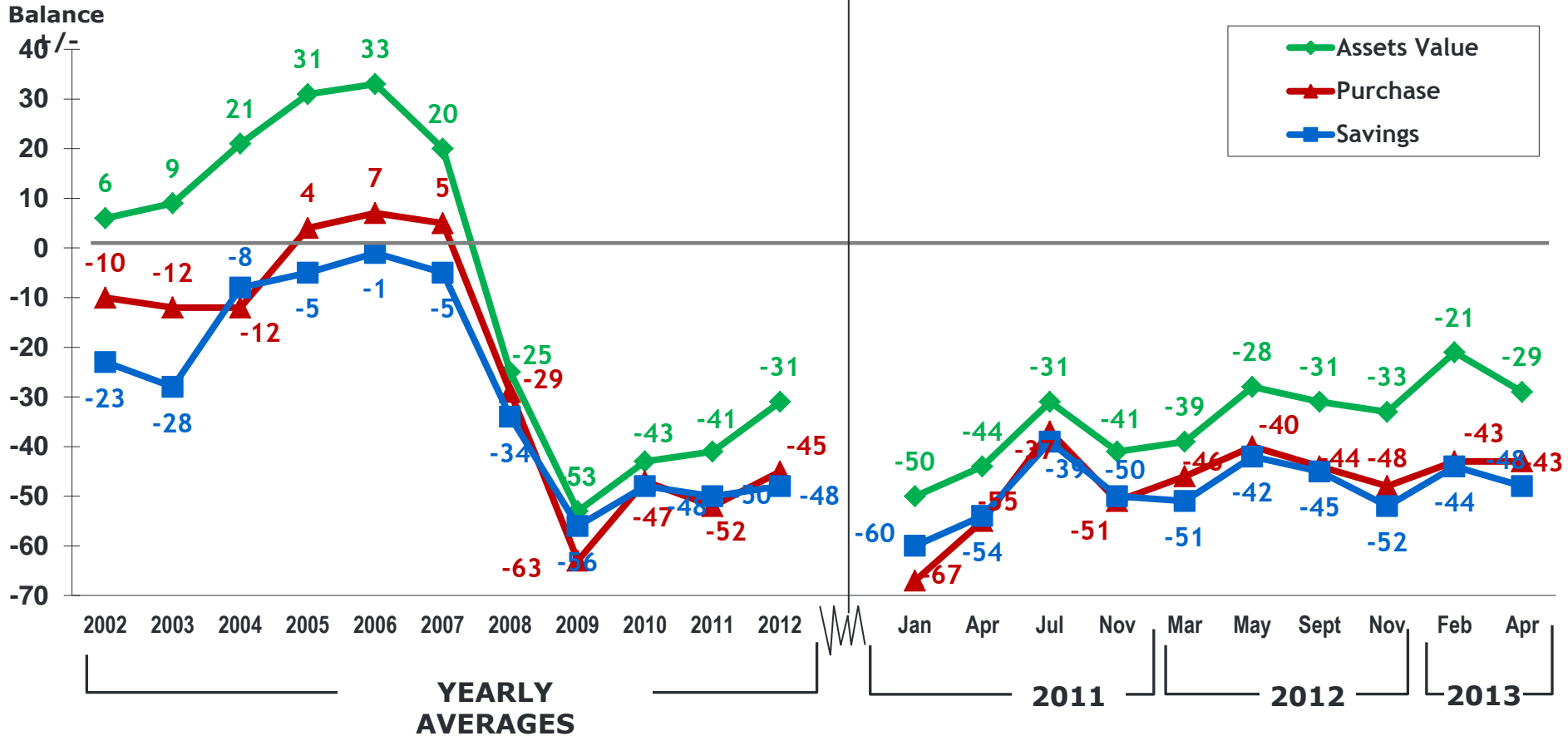
While it continues to trend negatively, we are seeing a marginal improvement year on year. This is effected directly by fears around perceived real income levels in the future. What we can state is that domestic demand will not dramatically improve in the short term. An external game changer may be needed to provide a degree of momentum here. When we see this moving steadily upwards recovery will be truly underway.

# Balance Of Opinion – The Year Ahead

Expectations in regard to assets value, purchases, and savings

## Long Term

## Short Term



Marginal slow rolling improvements noted. However momentum is slow. Any further imposition that directly affects real income of consumers would impact this area most negatively.

# The Reality of Recession: Discretionary Income Has Plummeted, but rate of decline starting to ease

Base: All adults 18+



Q. About how much would you say you spend each week on things you buy for yourself including money spent on clothes, eating out, going for a drink, going to the cinema, gambling, sporting activities and so on?

Discretionary income has improved for first time since 2008. However it remains lower than 2001 levels. It is a positive sign though, and any improvement here will have a real impact on the domestic economy. A real positive sign.



# Thank You



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