

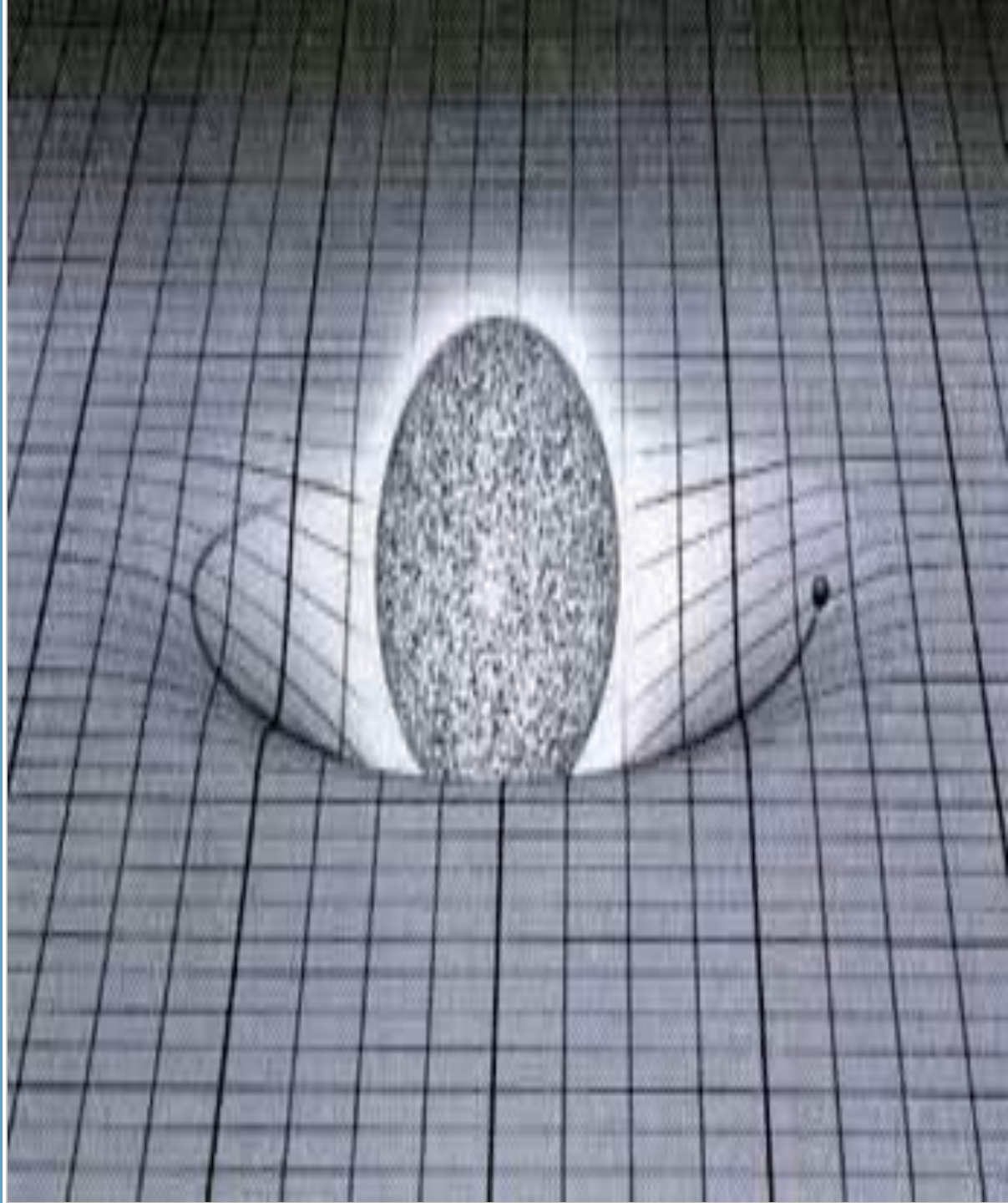


Consumer Confidence Tracker

January 2011

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J.2360



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 1004 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 12th January to 21st January 2011.
- At the end of this report we have also included some of the latest CSO data on GNP, retail sales, unemployment and inflation.
- The figures contained within the B&A Consumer Confidence Barometer have an estimated margin of error 3.2%.

About Behaviour & Attitudes

- Behaviour and Attitudes is Ireland's largest and most experienced independently owned research company. We have 30 permanent staff members which includes 10 directors, the most experienced team in the Irish market. In addition, we have a team of over 150 experienced, fully trained face-to-face interviewers nationwide. Our Dublin CATI (telephone) Unit is based in our offices in Milltown and has a capacity for over 60 interviewers.
- Established 25 years ago, Behaviour and Attitudes provides a full range of market research services, ranging from CAPI (Computer Aided Personal Interviewing), through to standard face-to-face interviewing surveys, CATI (Computer Aided Telephone Interviewing), central location interviewing, as well as an in-house CAWI (Computer Aided Web Interviewing) Unit. The company would be well known for having pioneered the development of qualitative research in Ireland.
- Despite being the second largest market research company in Ireland, Behaviour & Attitudes has a very well defined and tight company structure which is built around excellent client service delivery principles.
- Behaviour & Attitudes is fully owned by Research Directors. These Directors are fully involved in day-to-day research on behalf of their clients. Hence our clients have access to the most senior team in the Irish marketplace.
- For more information please visit our website at: www.banda.ie

Summary

- The previous Behaviour & Attitudes Consumer Confidence Barometer, November 2010, saw the re-emergence of negativity in consumer confidence, following the mild recovery experienced mid year. In the intervening period to the current Barometer, the 2011 austerity Budget has been passed and the details of the expected sovereign exposure to the EU/IMF/ECB banking recapitalisation programme have been disseminated. These have had a significant impact on confidence levels among consumers, exerting further downward pressure on considerably negative results.
- The impact of decreases in real income due to budgetary measures such as the Universal Social Charge (USC), and the shadow thrown by the vast quantity of debt owed by the state has continued to deflate confidence levels. Consequently, trends among consumers remain distinctly negative in relation to perceptions of current macroeconomic & personal financial viability, security and the prospect of future improvement.
- In parallel with the decrease in confidence in personal finances' consumer intentions to purchase goods and services have reduced further and are particularly low for a Q1 indicator. Unless this trend improves across the year, the deflationary cycle within the domestic economy will be maintained, inflicting further damage on the domestic multiplier, undermining confidence even further.
- In line with expected reduced future consumer spending, savings levels appear likely to fall further. This indicates that the reduction in disposable income is now eating into funds previously earmarked for savings, which are now being used to fund day-to-day expenditure.

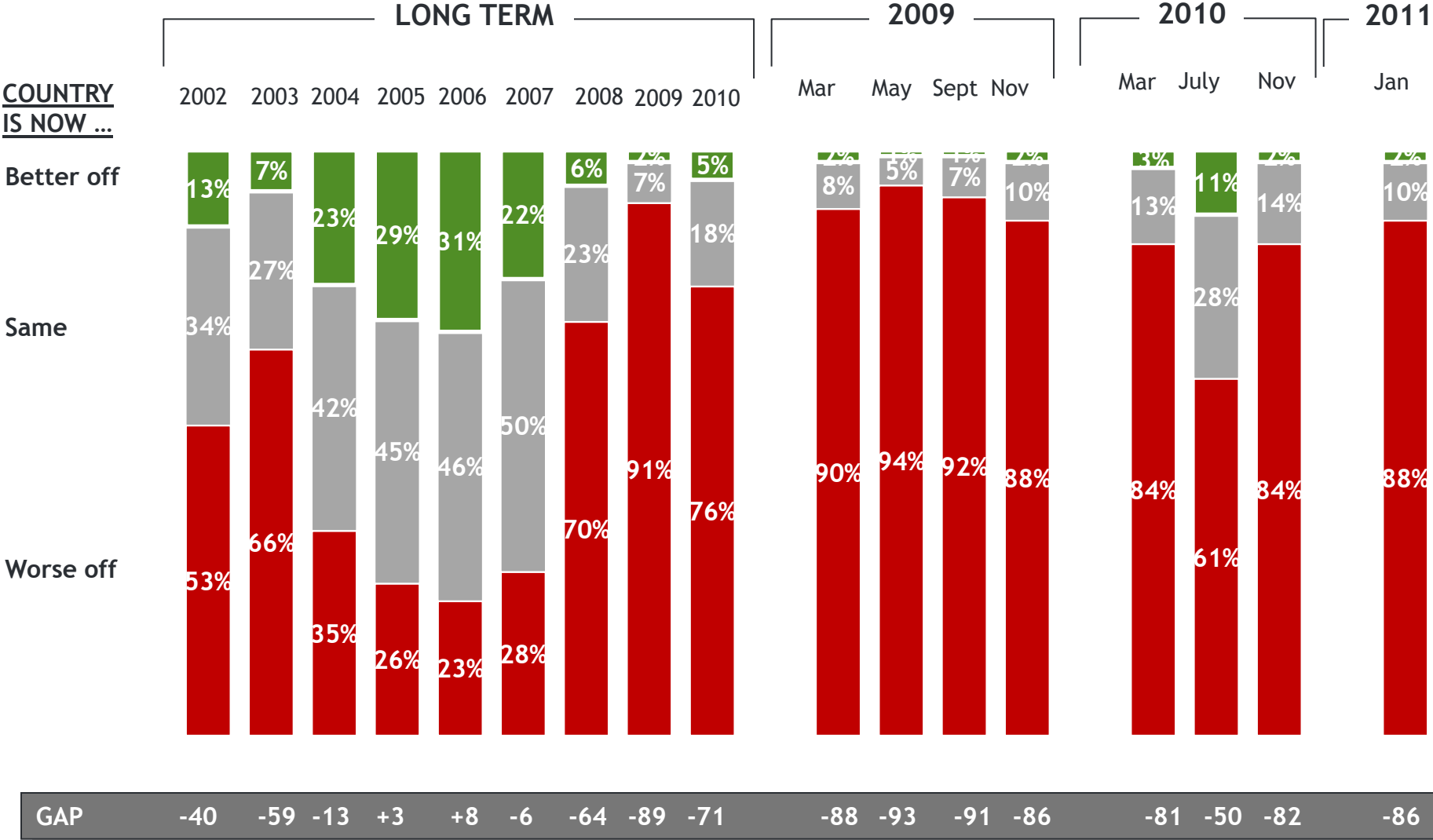
Summary

- The table below summarises the net scores for each element of the January survey, alongside those from previous waves since 2009.

	Pre 2008 Historic Low		2009				2010			2011
	Date	Net Score	Net Scores				Net Scores			Net Scores
UNWTD. SAMPLE	Date	Score	Mar	May	Sept	Nov	March	July	November	January
	%	%	%	%	%	%	%	%	%	%
Economy - looking back a year	Nov '02	-62	-88	-93	-91	-86	-81	-50	-82	-86
Economy - looking forward one year	Nov '02	-63	-74	-76	-65	-58	-54	-20	-74	-70
Personal finance - looking back a year	Nov '02	-40	-57	-62	-67	-63	-65	-43	-67	-72
Personal income - looking forward a year	Nov '02	-20	-54	-63	-63	-55	-54	-33	-65	-69
Personal assets - looking forward one year	Jan'02	-2	-55	-53	-55	-47	-49	-26	-55	-50
Purchasing intentions - the year ahead	Nov '02	-24	-61	-55	-60	-53	-51	-36	-56	-67
Savings - the year ahead	Nov '02	-35	-56	-56	-60	-51	-53	-37	-54	-60

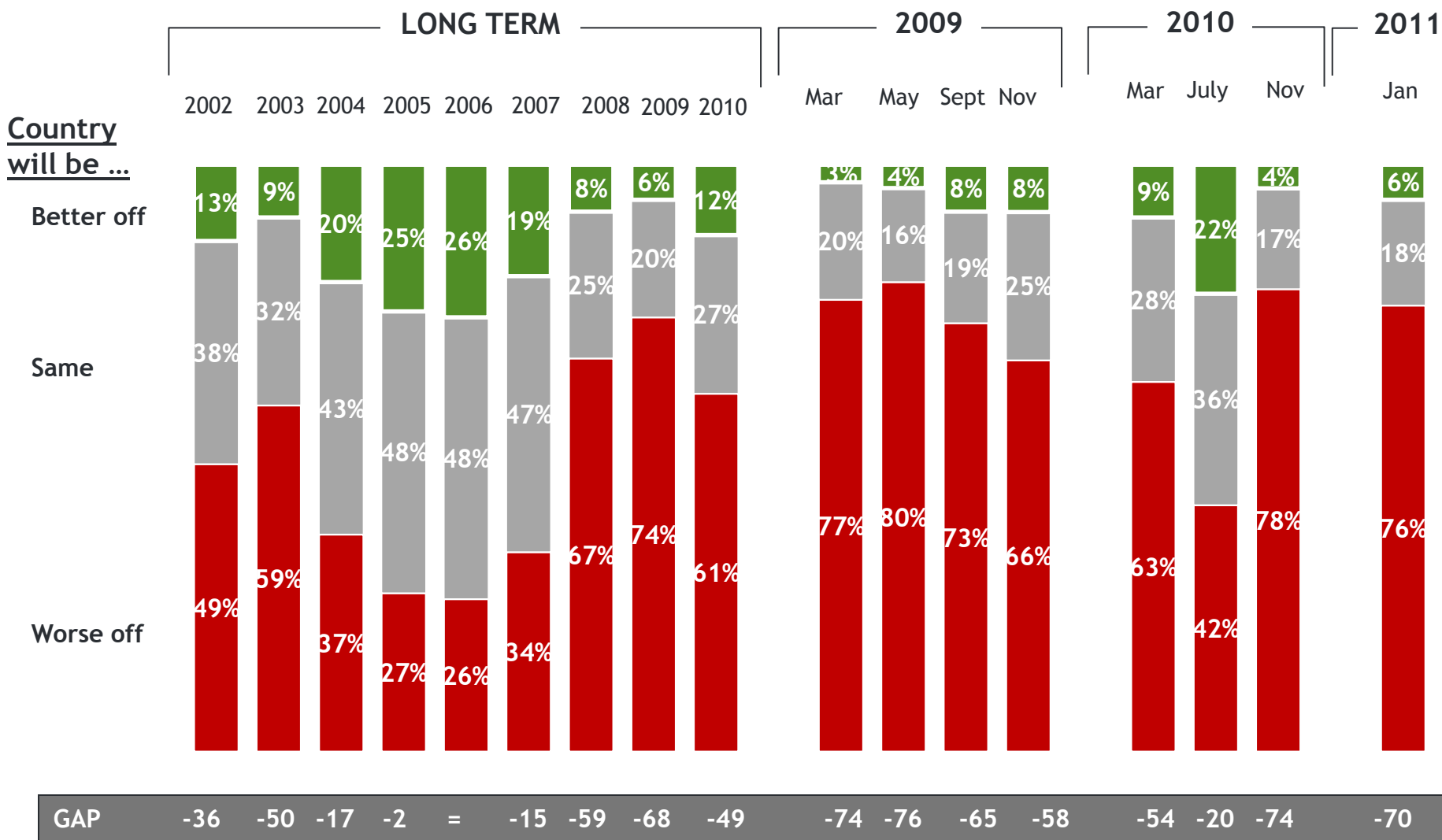
Consumer confidence remains distinctively negative particularly in terms of future purchase intentions and personal financial stability.

Economy - Looking Back

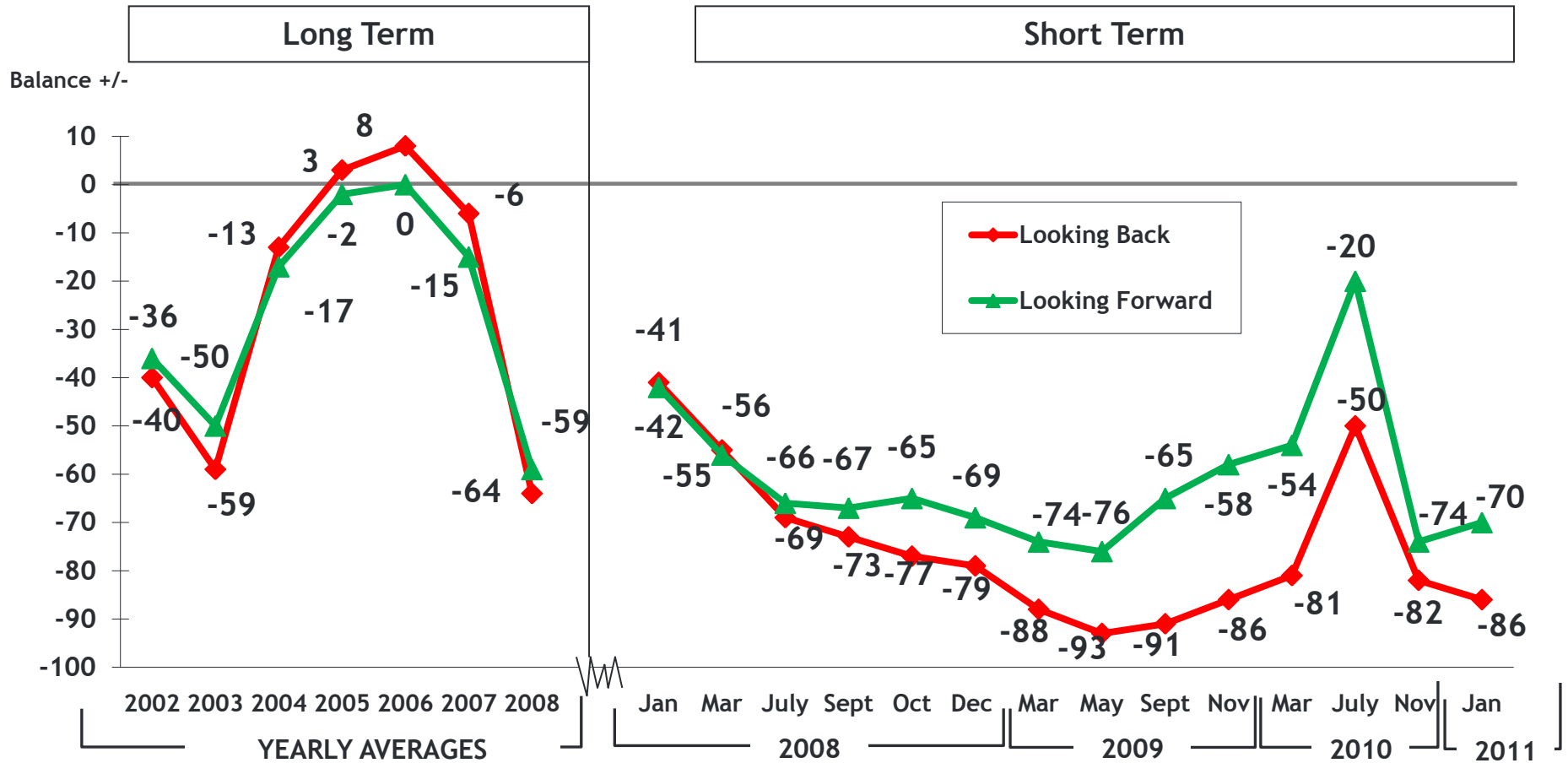


Q.1 Thinking about the economy as a whole, do you think that the country is better off, worse off, or about the same as last year?

Economy - Looking Forward



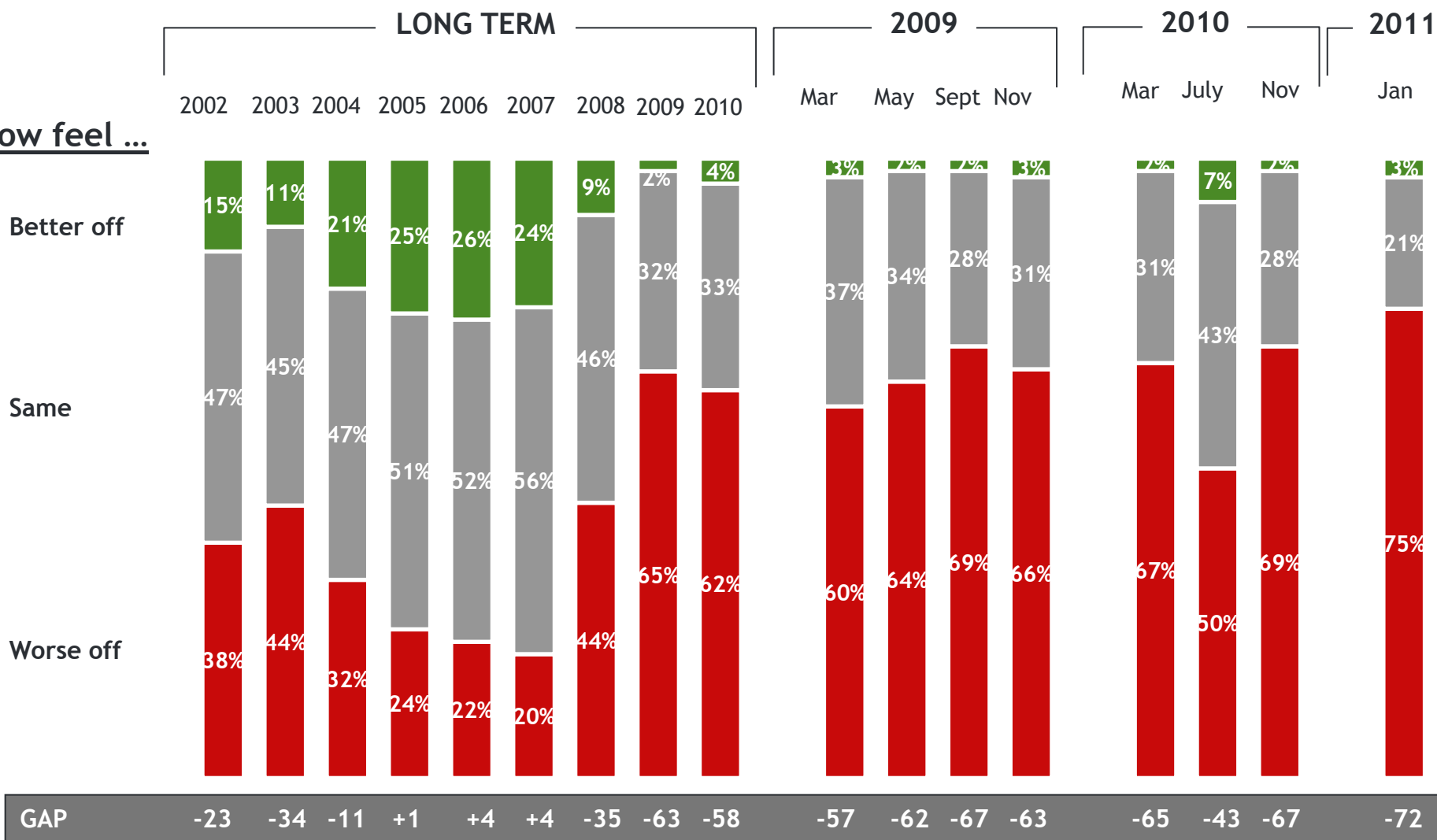
Balance Of Opinion - Economy



Consumer confidence in the macro economy remains distinctively negative. Consumers sense of the current situation depicts an Ireland significantly worse off now than this time last year. With little improvement expected by next year.

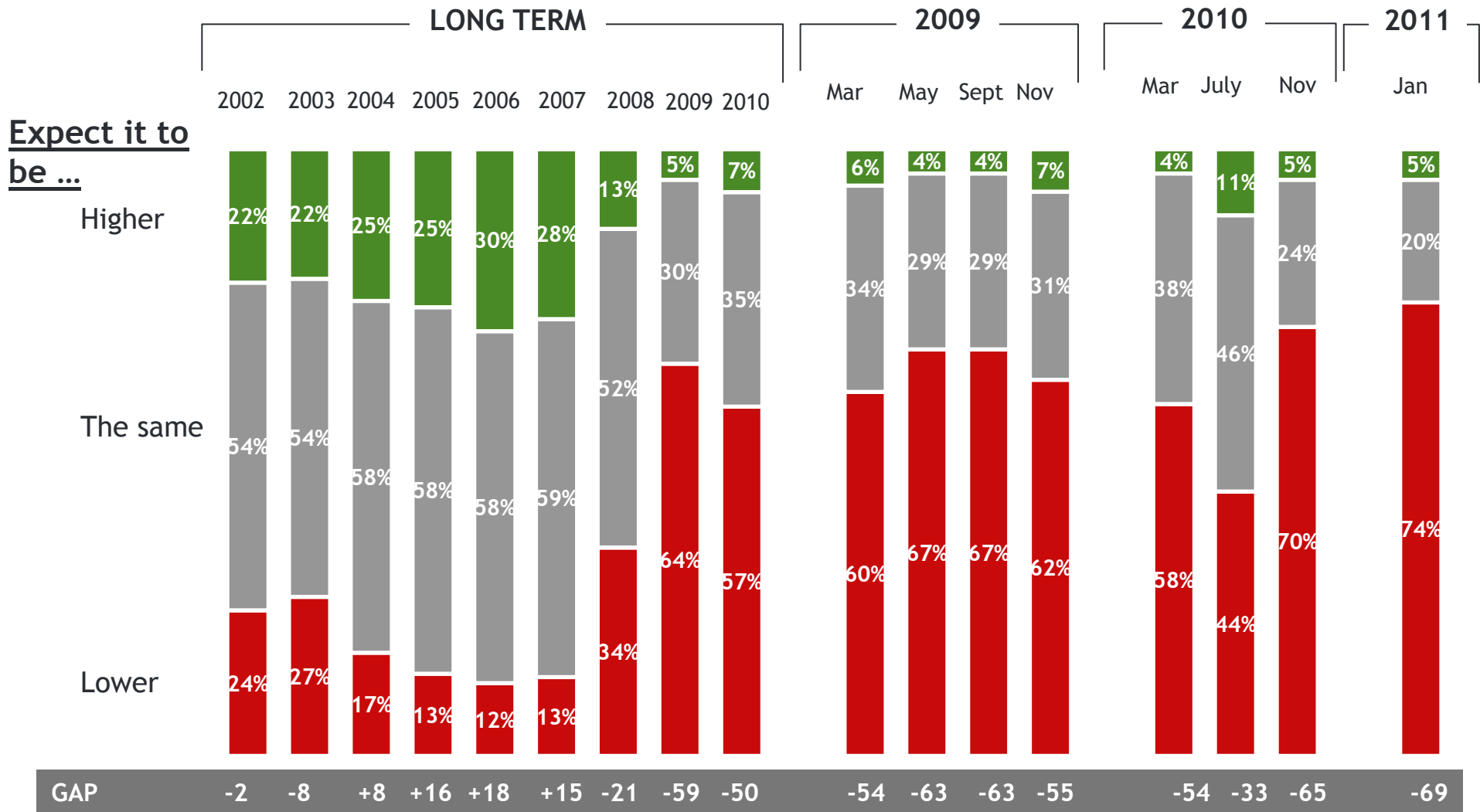
Personal Finances - Looking Back

Now feel ...

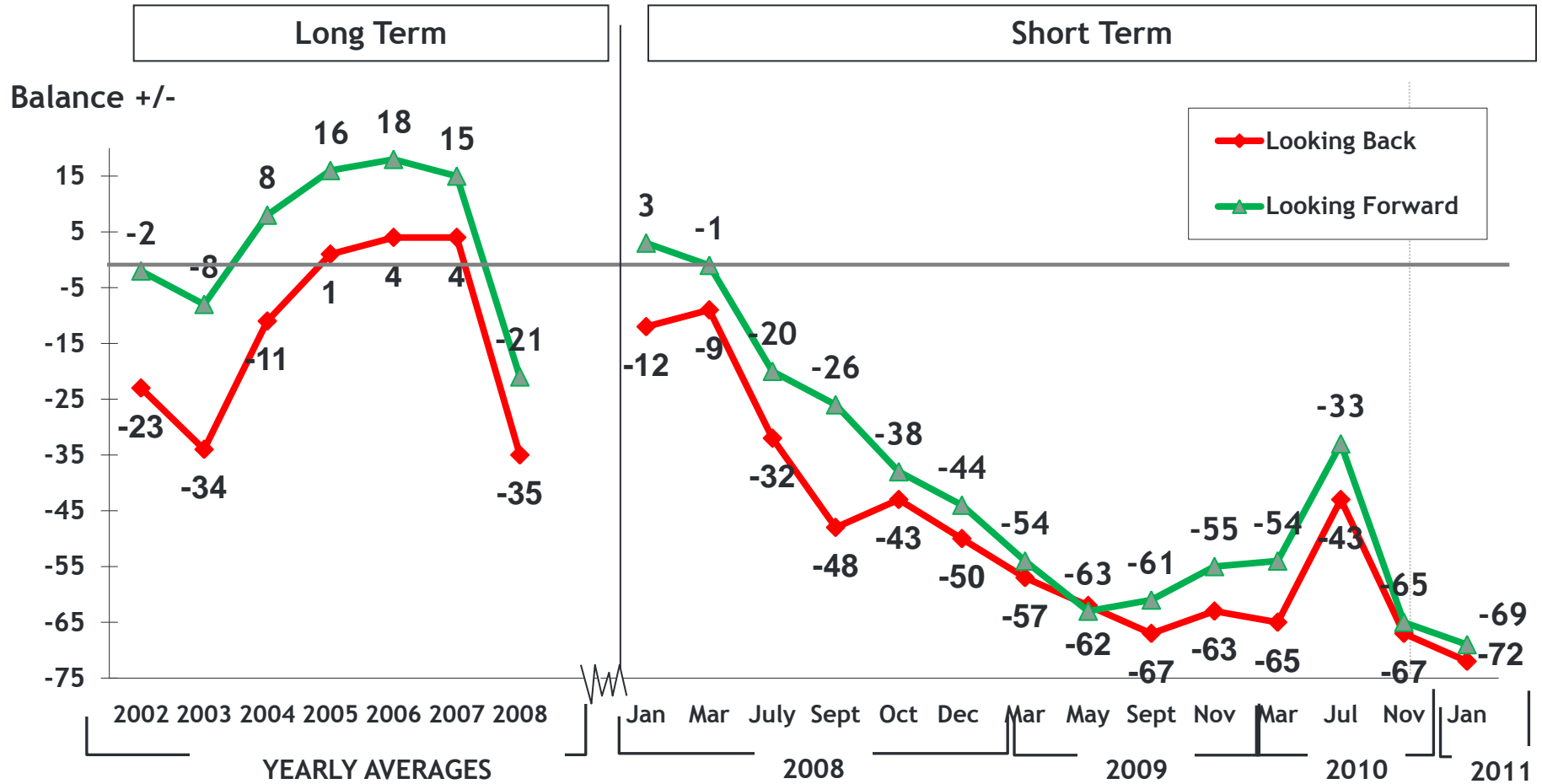


Q.3 Do you feel better off financially, worse off financially or about the same compared to last year?

Personal Finances - Looking Forward



Balance Of Opinion - Personal Finances



The impact of budgetary measure on disposable income is clearly illustrated in the continued negative perception of current financial status versus similar period last year. Expectancy of recovery in personal financial security also lacks buoyancy.

Personal Assets- Looking Forward

Expect them to be ...

LONG TERM

2009

2010

2011

2002 2003 2004 2005 2006 2007 2008 2009 2010

Mar May Sept Nov

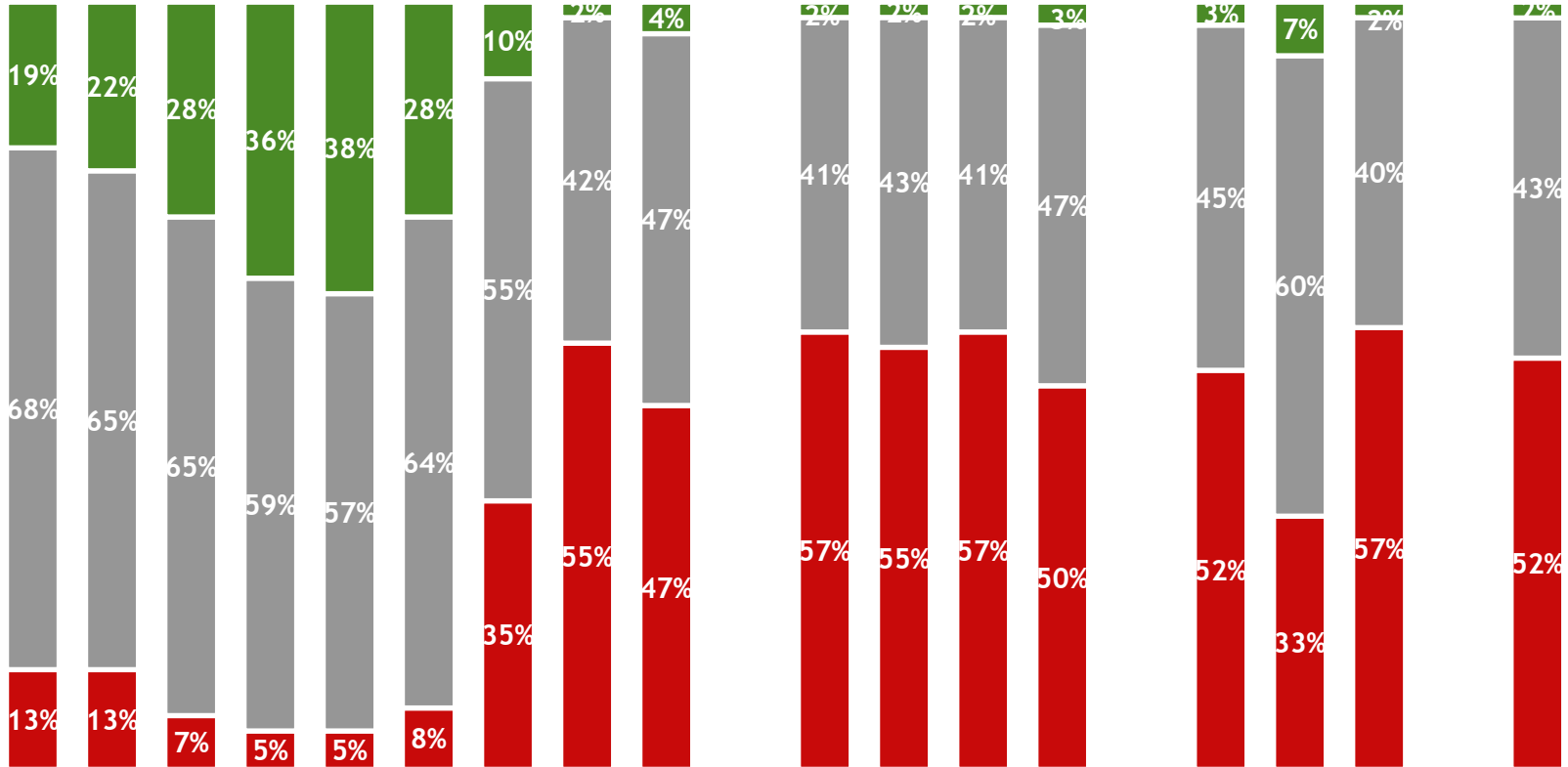
Mar July Nov

Jan

More

No change

Less



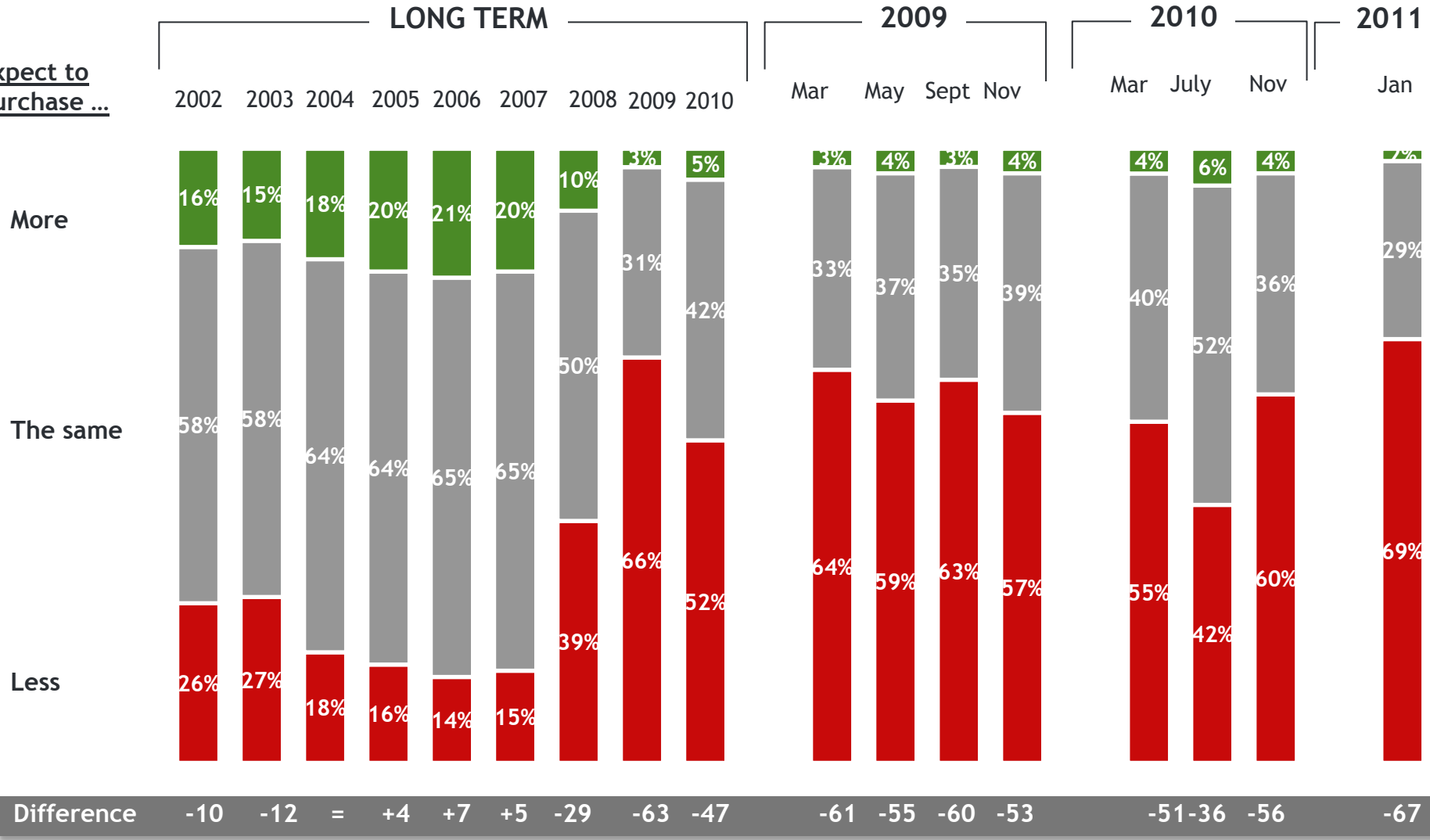
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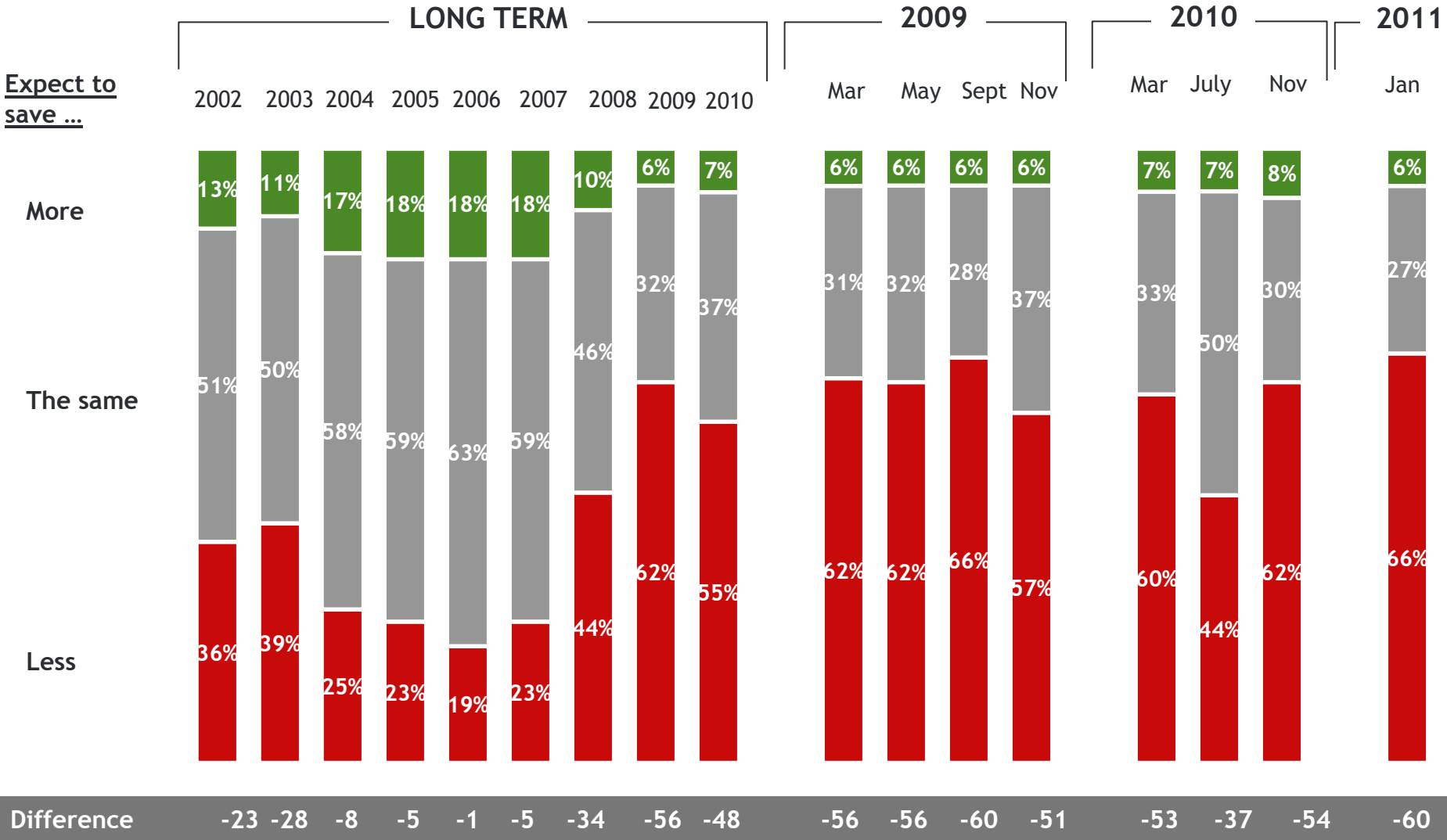
Q.6 Do you expect your assets (your house, shares, pension entitlements, savings) In the next year to be higher, lower or the same as in the past year?

Purchasing Goods And Services - Looking Forward

Expect to purchase ...



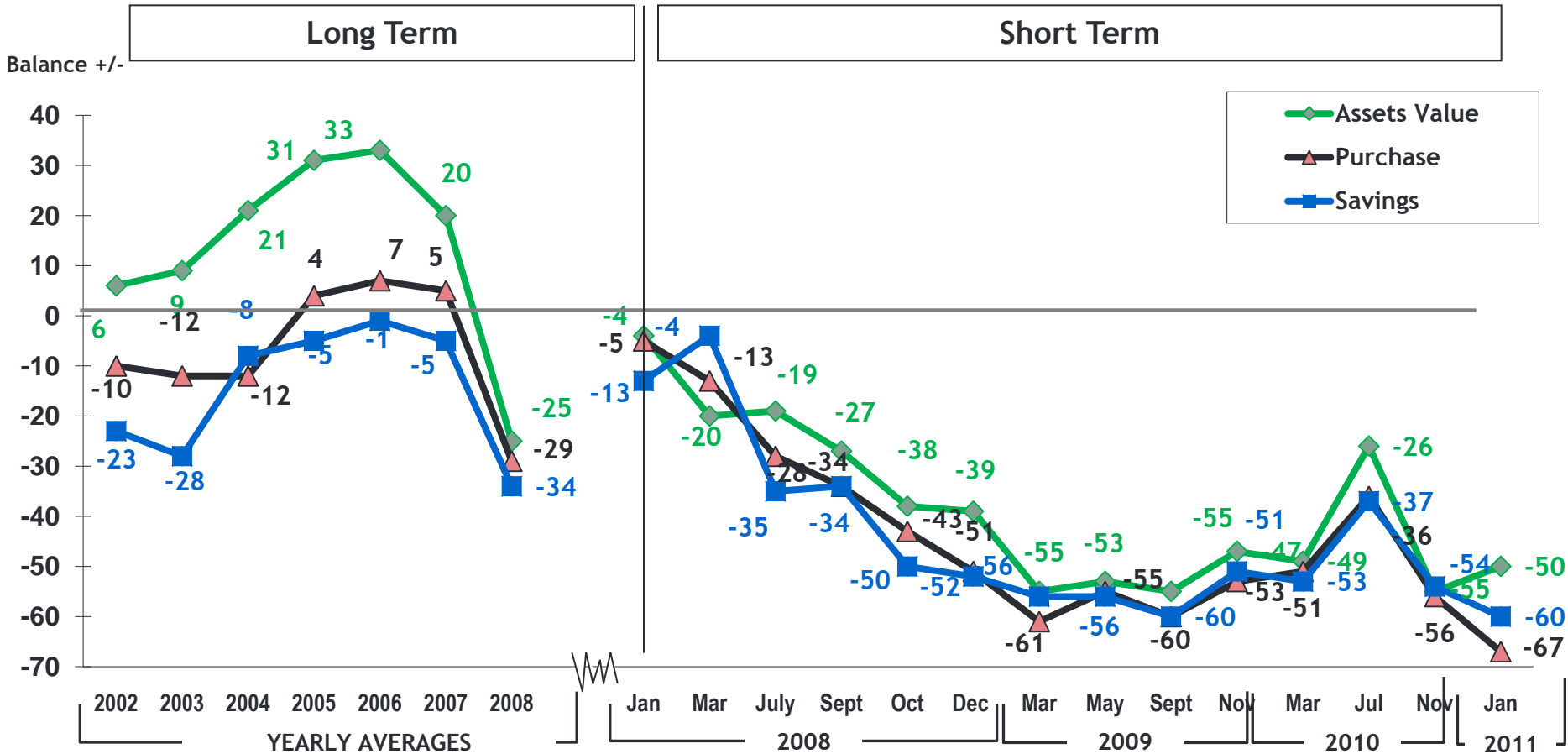
Savings - Looking Forward



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

Balance Of Opinion - The Year Ahead

Expectations in regard to assets value, purchases, and savings



Expectations of future purchase levels continue to diminish steadily, due to continued decreases in real income levels. This will in turn place renewed pressure on expected sales volumes and maintain a degree of deflationary pressure. Of note is the continued decline in expectations of consumer savings levels. These findings, in line with the reduced expected spend, indicate that disposable income once earmarked for savings is now being diverted to cover day to day expenditure.

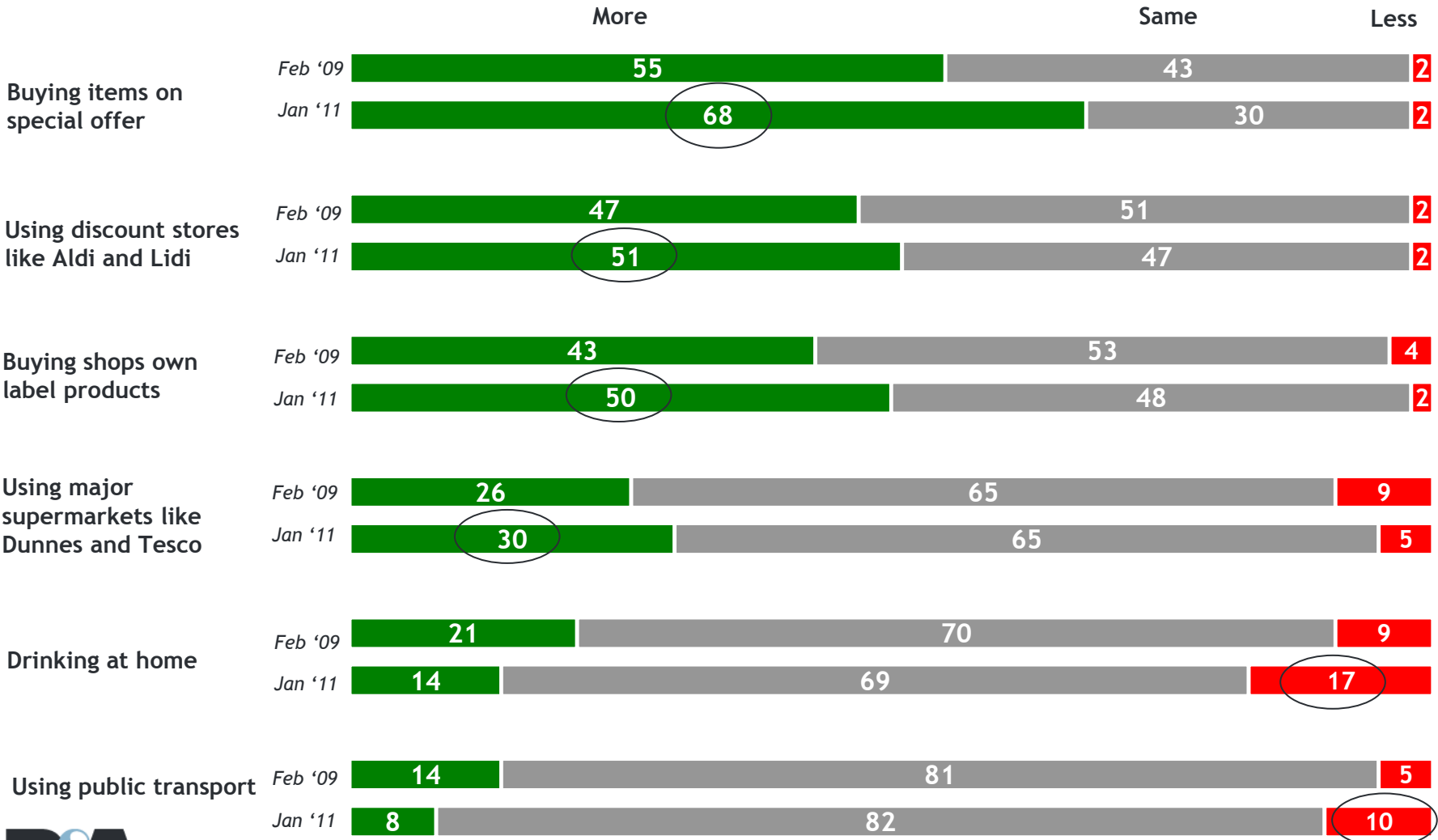
What Are We Doing Less Of?

Base: All adults aged 16 1,004



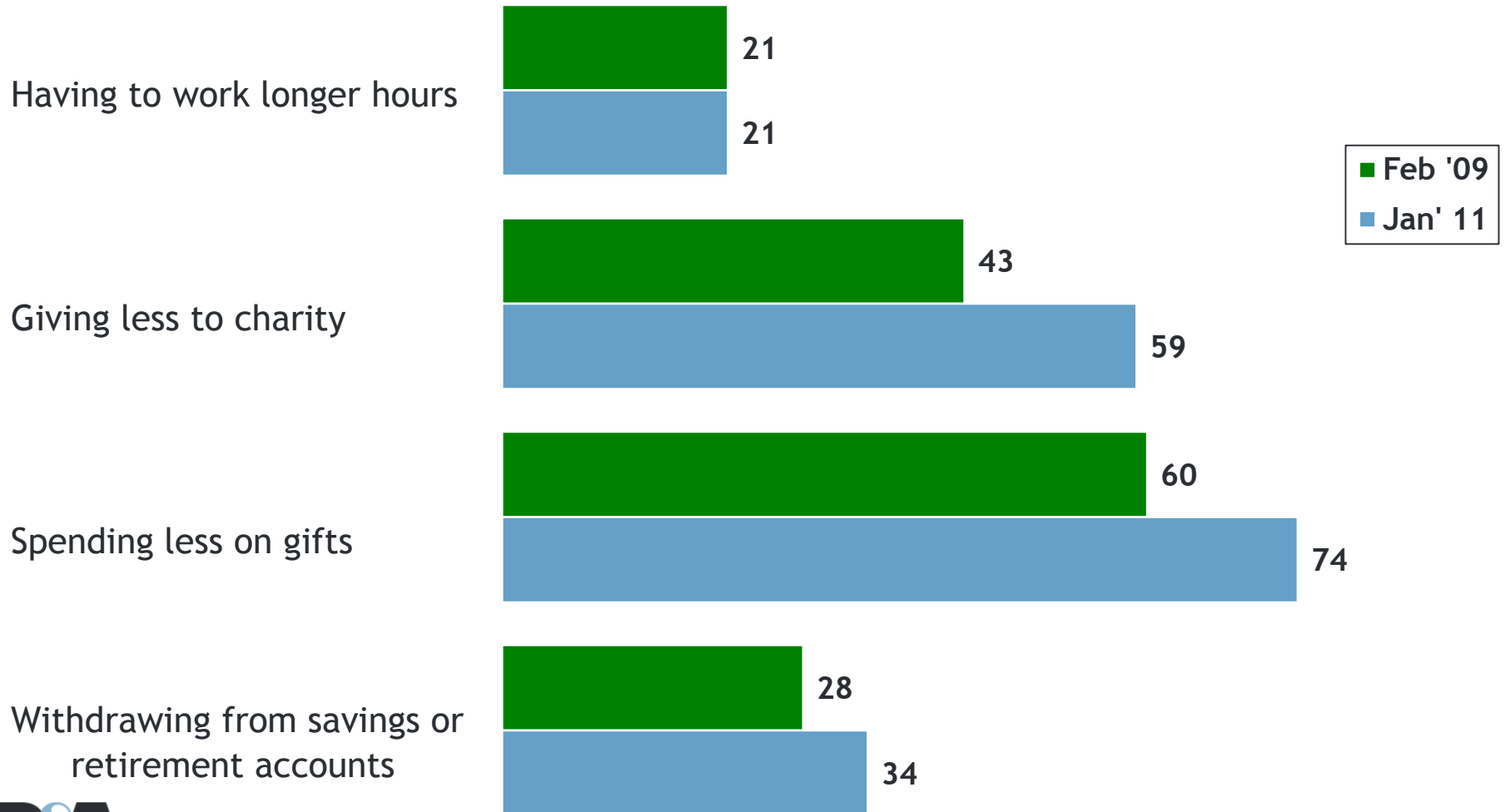
What Are We Doing More Of?

Base: All adults aged 16, 1,000



Not surprisingly we see an increase in own label usage, on both promotional 'searching' and discounter attraction. Major supermarkets are also performing well in these times.

How Else is the Current Economic Climate Impacting Consumers?

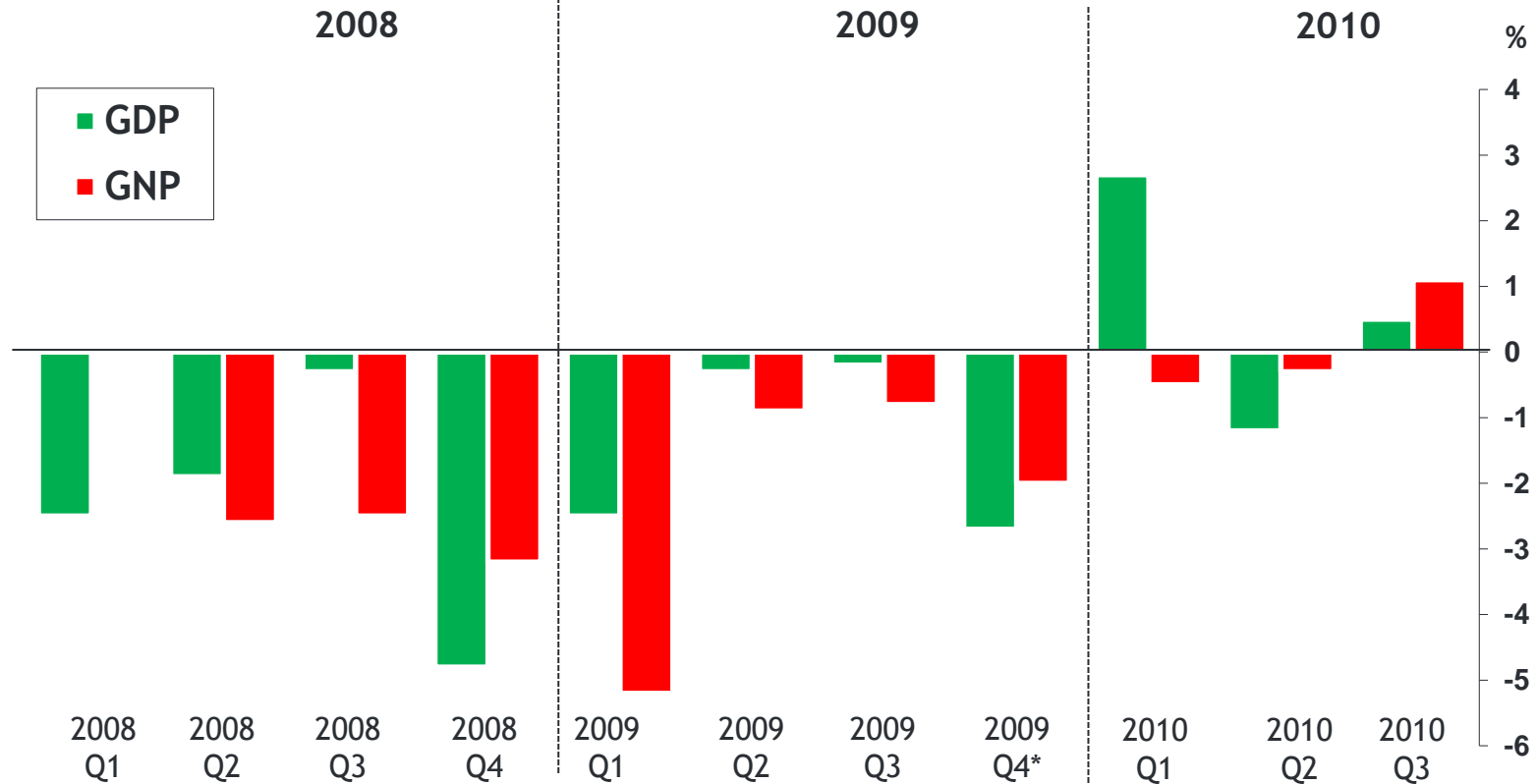


CSO DATA

(latest estimates 2011)

Initial Estimates: Quarterly Increase in GDP but GNP down slightly

% Change on previous quarter



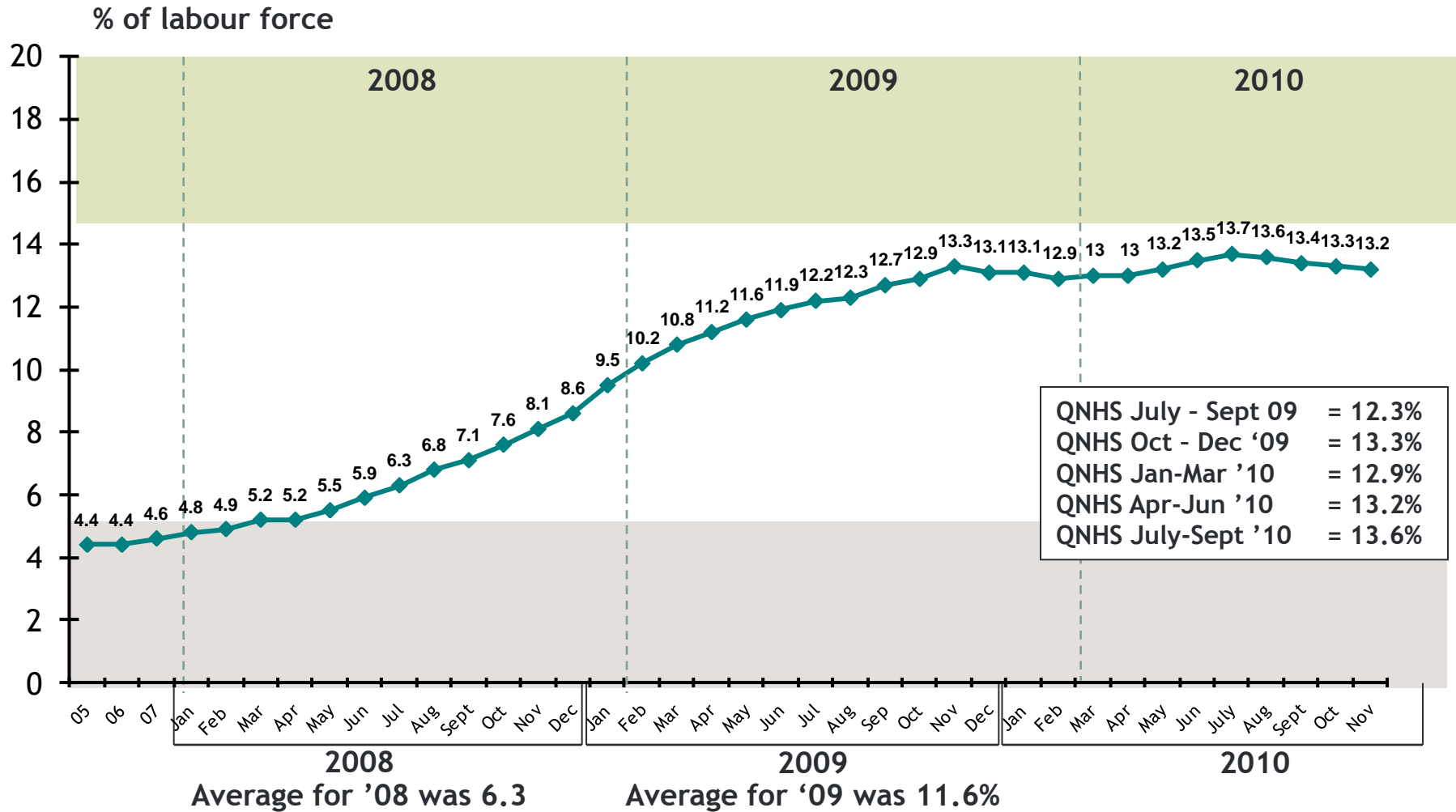
Figures - GDP and GNP at constant market prices seasonally adjusted.

*Source: CSO Estimates as of 16th December 2010

Initial estimates for the third quarter of 2010 show an increase, on a seasonally adjusted basis, of 0.5 per cent in GDP and an increase of 1.1 per cent in GNP compared with the previous quarter. This is the first quarter since Q4 2007 where both GDP and GNP have shown a level of increase at the same time.

Unemployment Rate - Continues to Stabilise

Seasonally adjusted



*Source: Line chart relates to CSO latest estimates published December 2010 (seasonally adjusted standardised unemployed rates (SUR))

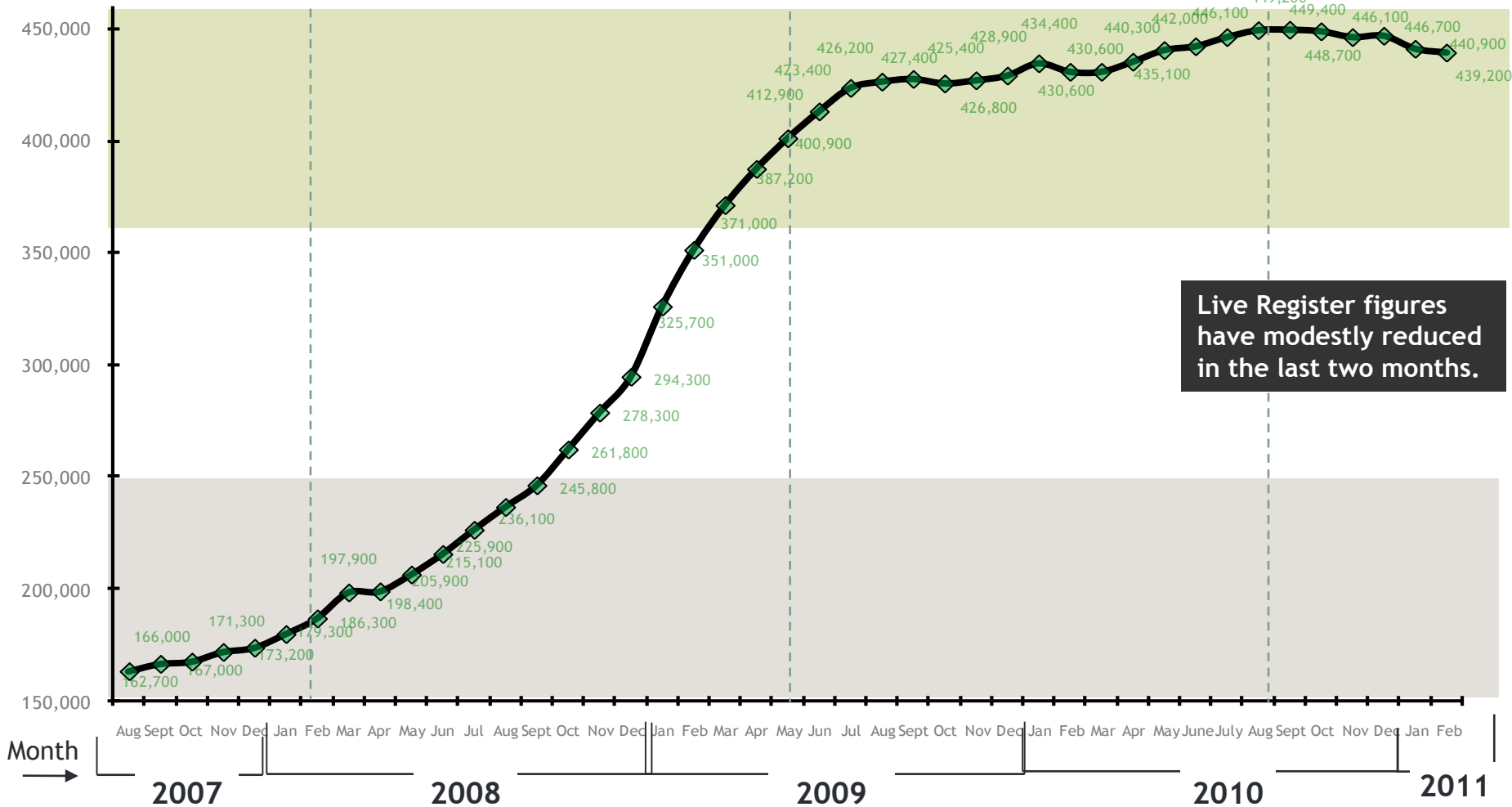
The unemployment rate does not take into account reduced working hours up to 3 days a week, etc as does the Live Register

The Live Register

Seasonally adjusted

Total Persons

Persons on live Register



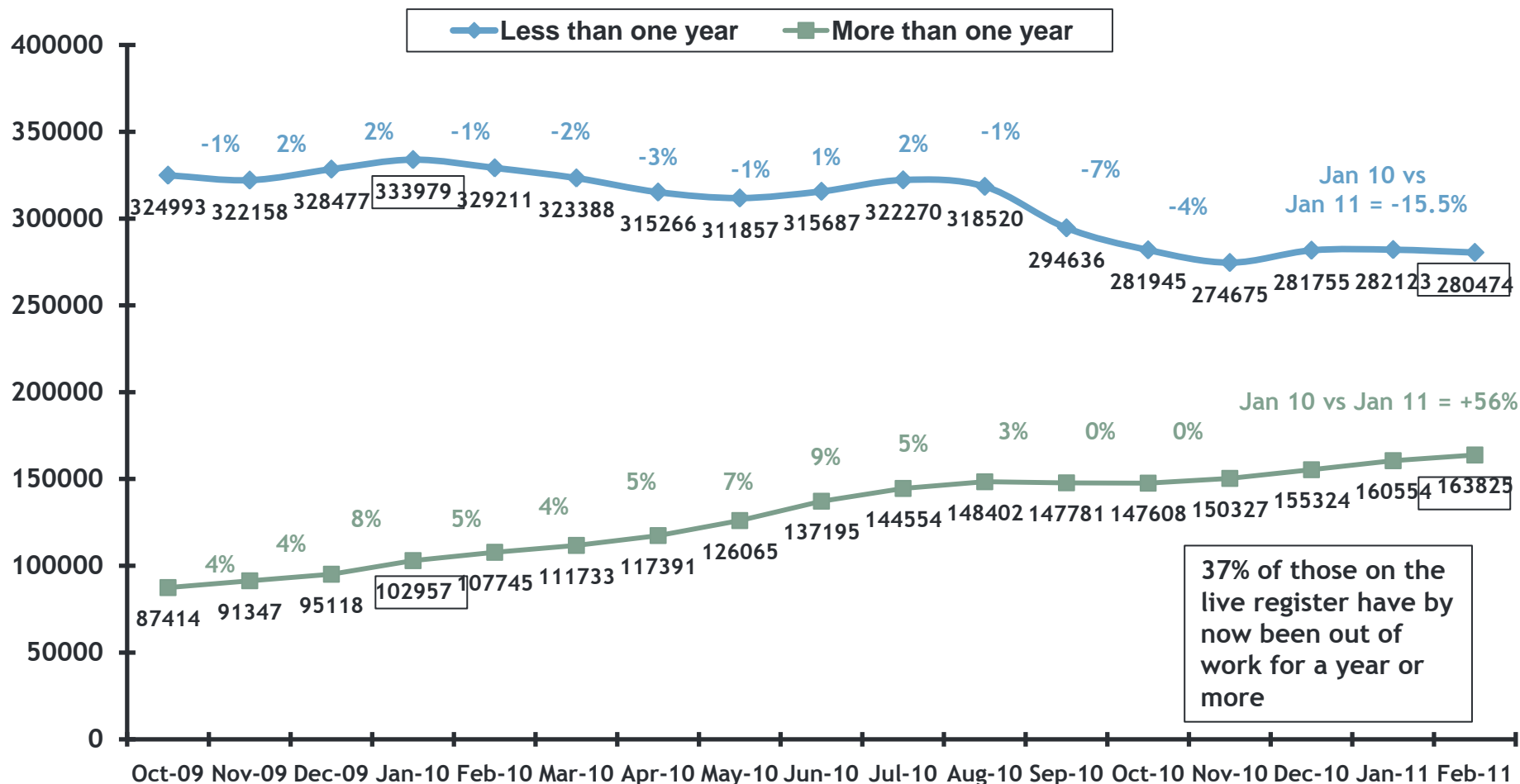
Live Register figures have modestly reduced in the last two months.

*Source: CSO latest estimates February 2011

* The Live Register is not designed to measure unemployment. It includes part-time work e.g. seasonal & casual workers who work up to 3 days per week



Duration of Time on Live Register

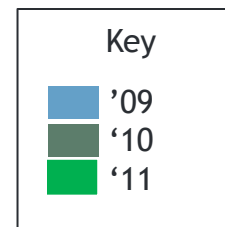
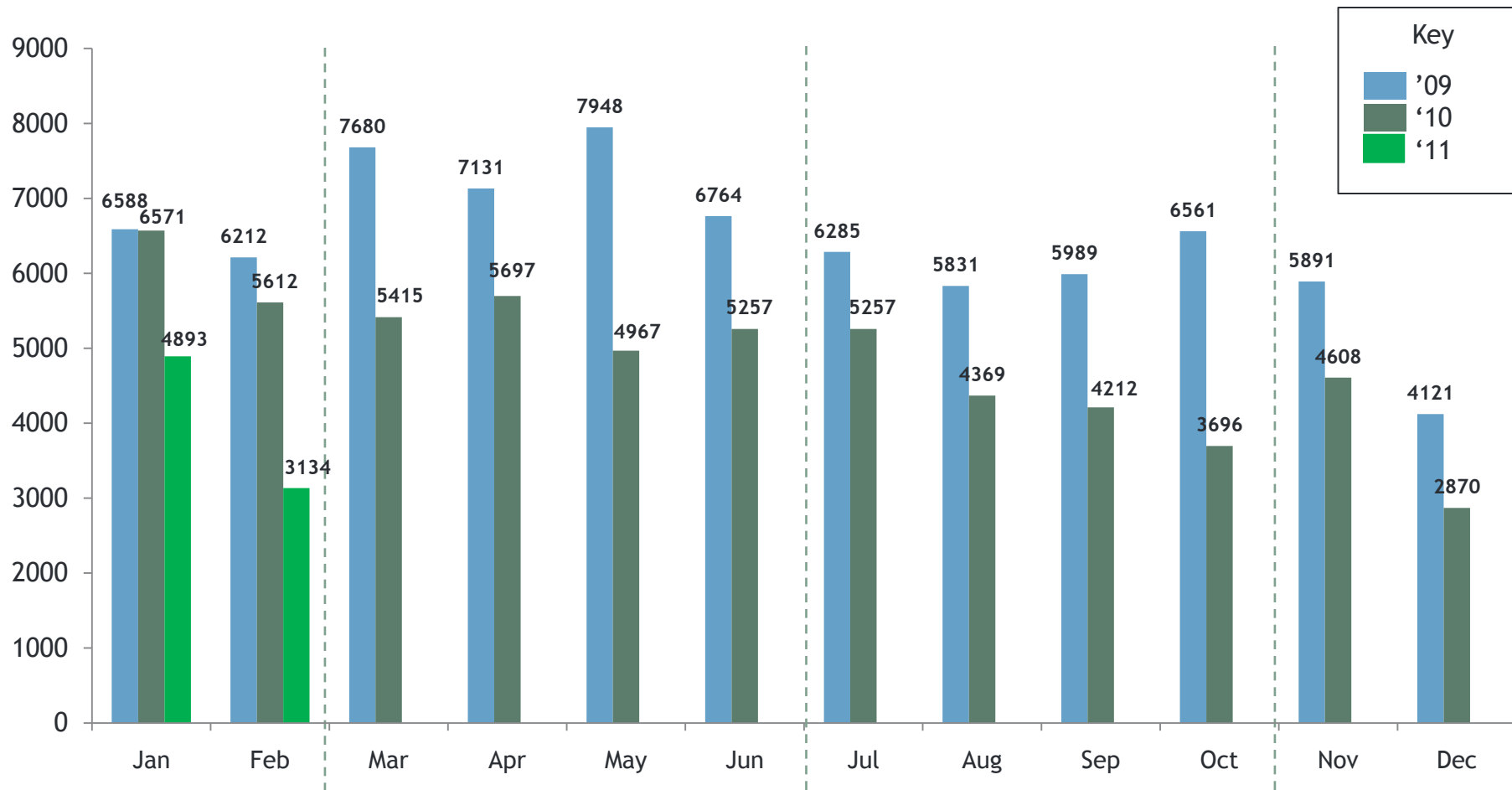


*Source: CSO, Latest Estimates February 2011.

While short term duration has continued to modestly reduce, long term unemployment has increased significantly across the year.

Actual Redundancies January - December 2010

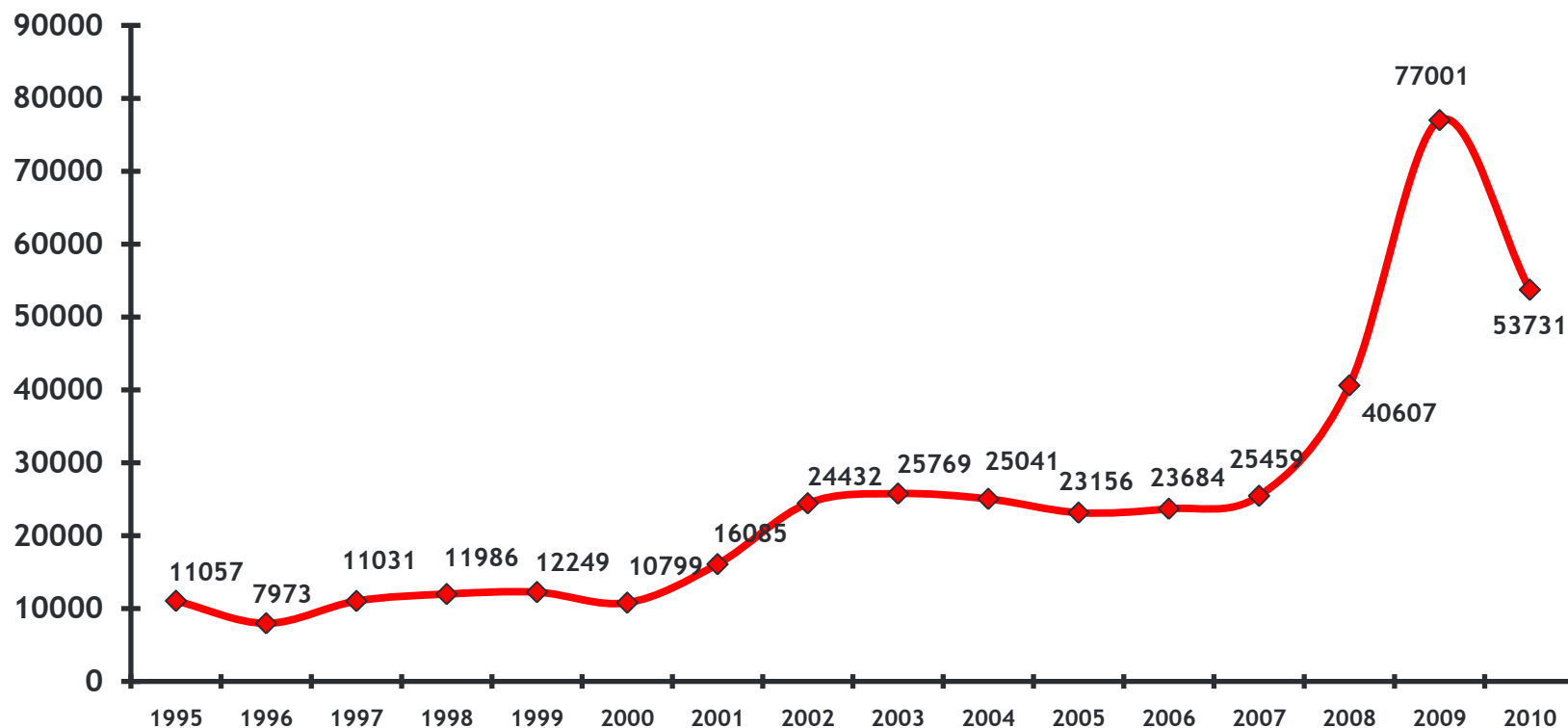
Monthly Redundancy comparison 2011 vs 2010/ 2009



% diff 10-11	-25.5	-44.2%										
% diff .09-10	-0.3%	-9.7%	-29.5%	-20.1%	-37.5%	-22.3%	-16.4%	-25.0%	-29.7%	-40.6%	-21.8%	-30.4%

*Source: DETI, Redundancy Statistics February 2011.

Total annual redundancy figures 1995 to 2010



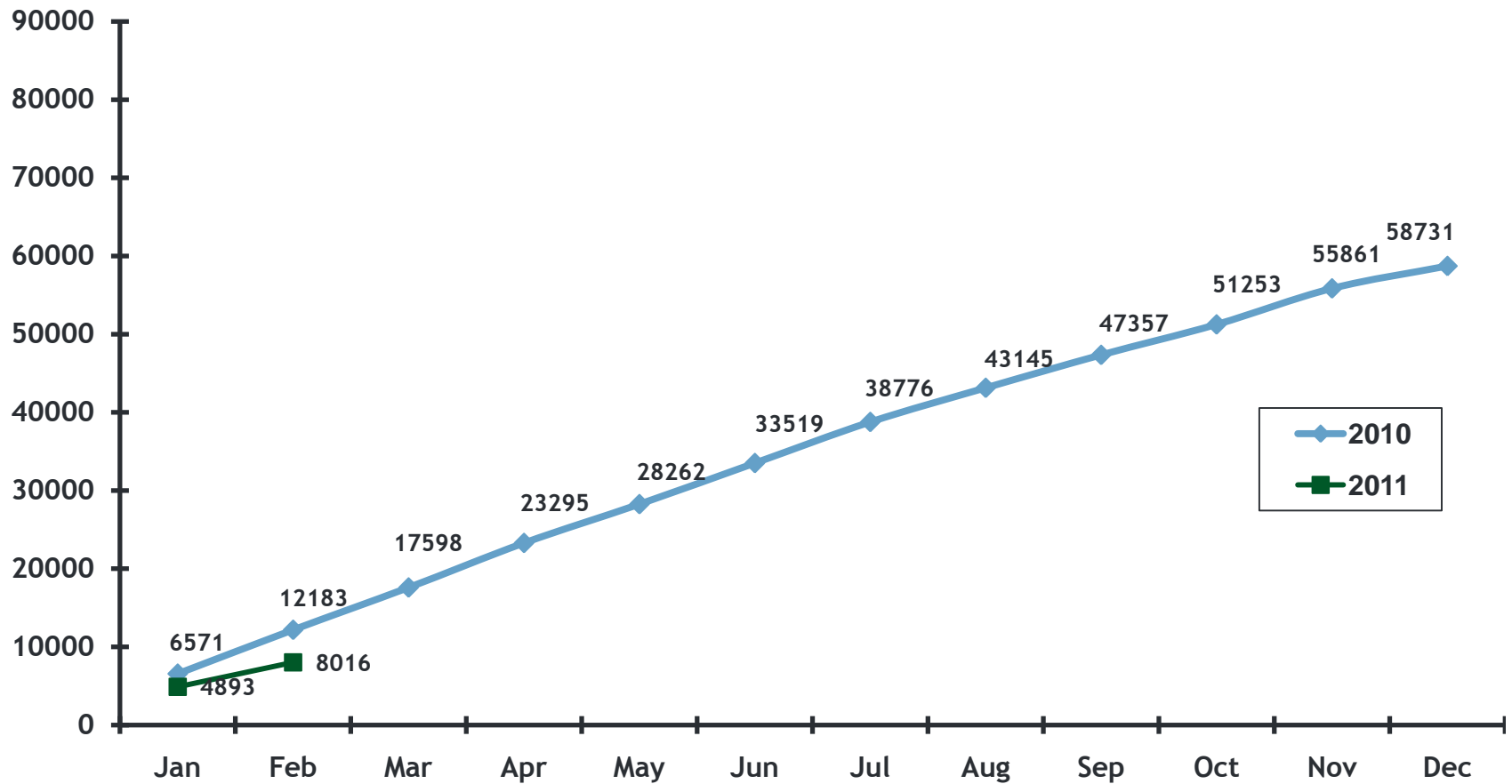
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
At work '000 (April)	1281.8	1328.5	1380	1494	1589.1	1671.4	1721.9	1760.6	1790.01	1834.6	1931.6	2021.1	2101.6	2108.5	1938.5	1859.5
Increase/Decrease in working population		4%	4%	8%	6%	5%	3%	2%	2%	2%	5%	5%	4%	0%	-8%	-4%

*Source: DETI, Redundancy Statistics January 2011.

The annual total redundancy rate peaked in 2009 at 77,001 redundancies for the year end. Total redundancy figures for 2010 were 53,731. While this constitutes a significant reduction over the 2009 peak year, it remains a staggering number for a small open economy. The impact of these job losses on the domestic economy will remain considerable across 2011.

Actual Redundancies January 2010 - January 2011

Cumulative Redundancy comparison 2010 vs 2011



◆ 2010
■ 2011

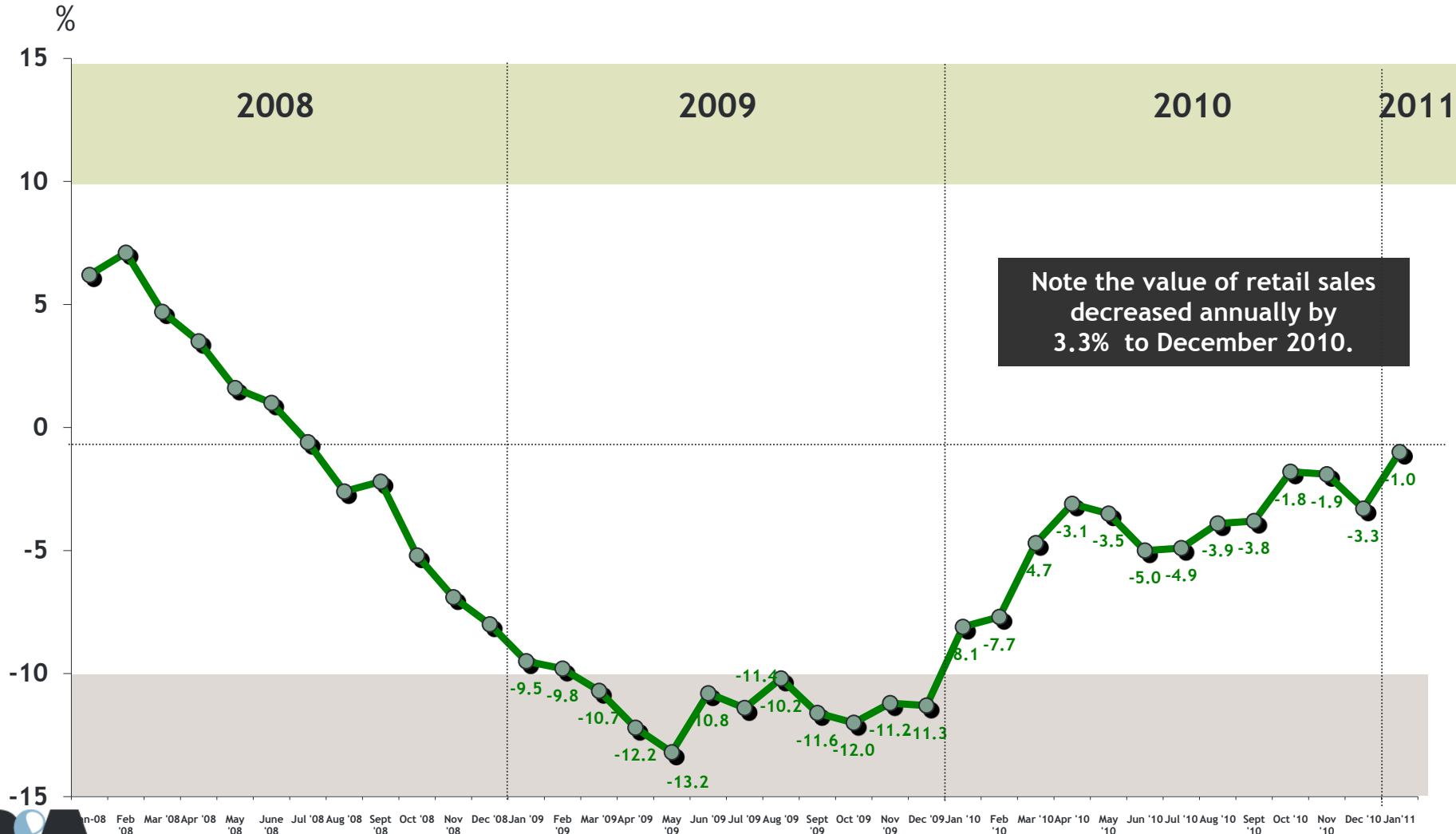
% diff 2011 v 2010 -25.5% -34.2%

*Source: DETI, Redundancy Statistics February 2011.

The rate of redundancies has reduced year on year by a third. While the level has reduced it remains considerably high for an economy in its third year of recession. The continued level of redundancies indicates a domestic economy which is continuing to contract regardless of policy interventions and cost reductions within work places. Stagnant domestic consumer demand is a key driver of this continued contraction in employment levels.

Value of Retail Sales (Excluding Motor Trade) Seasonally Adjusted Annual % Change

Base: Year 2005 = 100



Note the value of retail sales decreased annually by 3.3% to December 2010.

Retail Sales

Value & Volume Growth: 2010 vs 2005 (= 100). Seasonally adjusted.

<u>Period December 2010</u>	Value		Volume	
	Index	Annual % Ch	Index	Most recent % annual vol. Change
Motor Trades	60.1	-11.8	64.8	-8
Department Stores	88.1	2.3	114.4	5.3
Food beverages & Tobacco	87.9	-6.4	87.4	-4.6
Fuel	96.2	-9.1	70.8	-21.7
Pharmaceuticals Medical & Cosmetic Articles	105.6	-2.8	115.0	-0.4
Clothing, footwear & textiles	85.2	-4.2	114.4	-0.8
Furniture and Lighting	47.6	-25.8	62.6	-21.5
Hardware, Paints and Glass	78.2	-9	81.9	-7.4
Electrical Goods	76.4	-2.3	127.2	5.1
Books, Newspapers and Stationery	74.4	-9.3	68.2	-10.7
Other retail sales	78.8	-8.3	93.4	-10.0
Bars	77.3	-11.7	71.3	-9.9

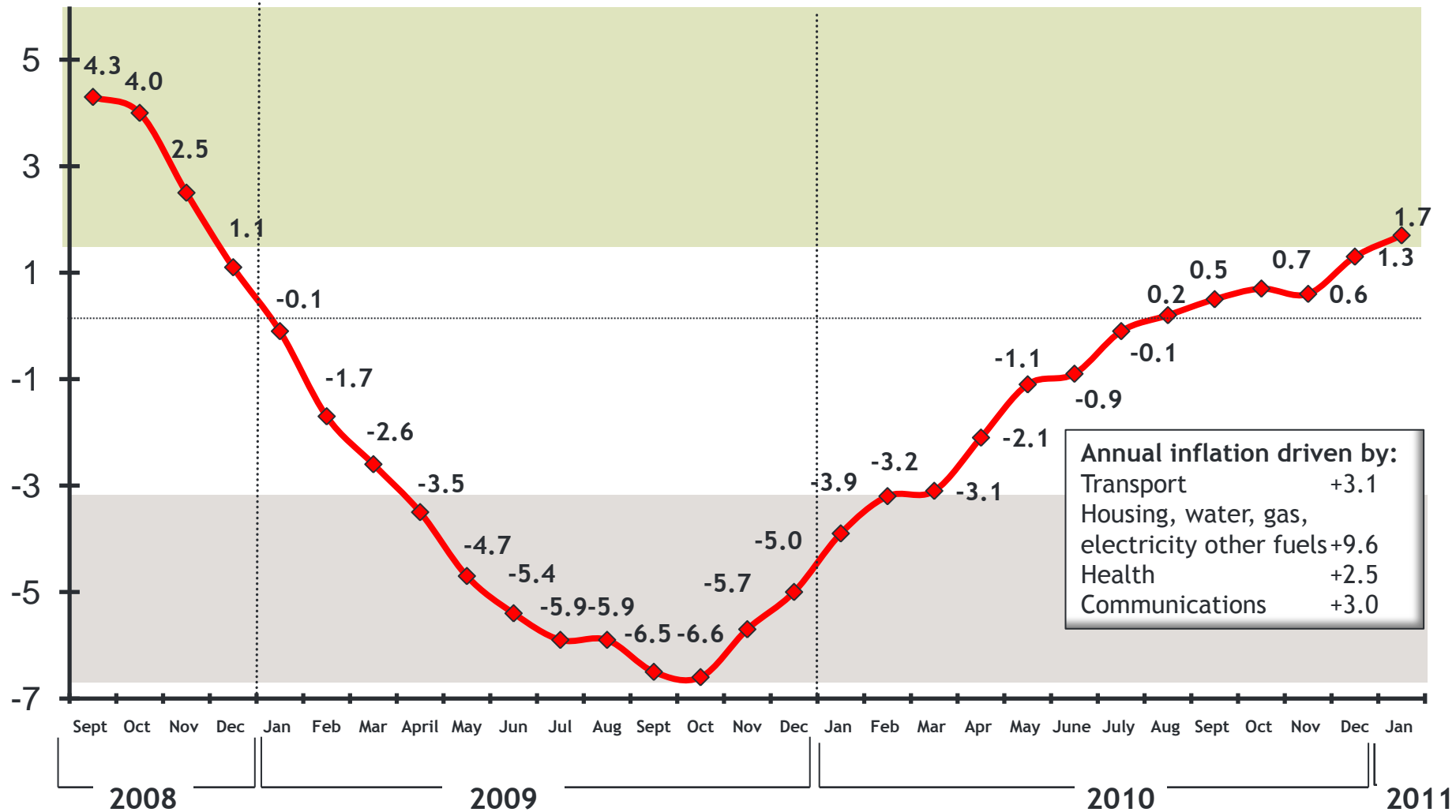
*Source: CSO latest estimates Jan 2011 (seasonally adjusted).

Retail Business - NACE REV 2

The bar trade and the home improvement sectors continue to deteriorate. Retail sales of newspapers/books and ancillary goods also declining dramatically in terms of value & volume. Indications of considerable reduction in disposable income are evident. Of particular note are areas such as electrical, furniture and other retail where volume indexes eclipse value indexes considerably. Lack of real income levels and fiscally conservative approaches to personal spend are driving a deflationary domestic market.

Inflation Strengthening due to Government Controlled Costs rather than Consumer Spending.

% Annual Change

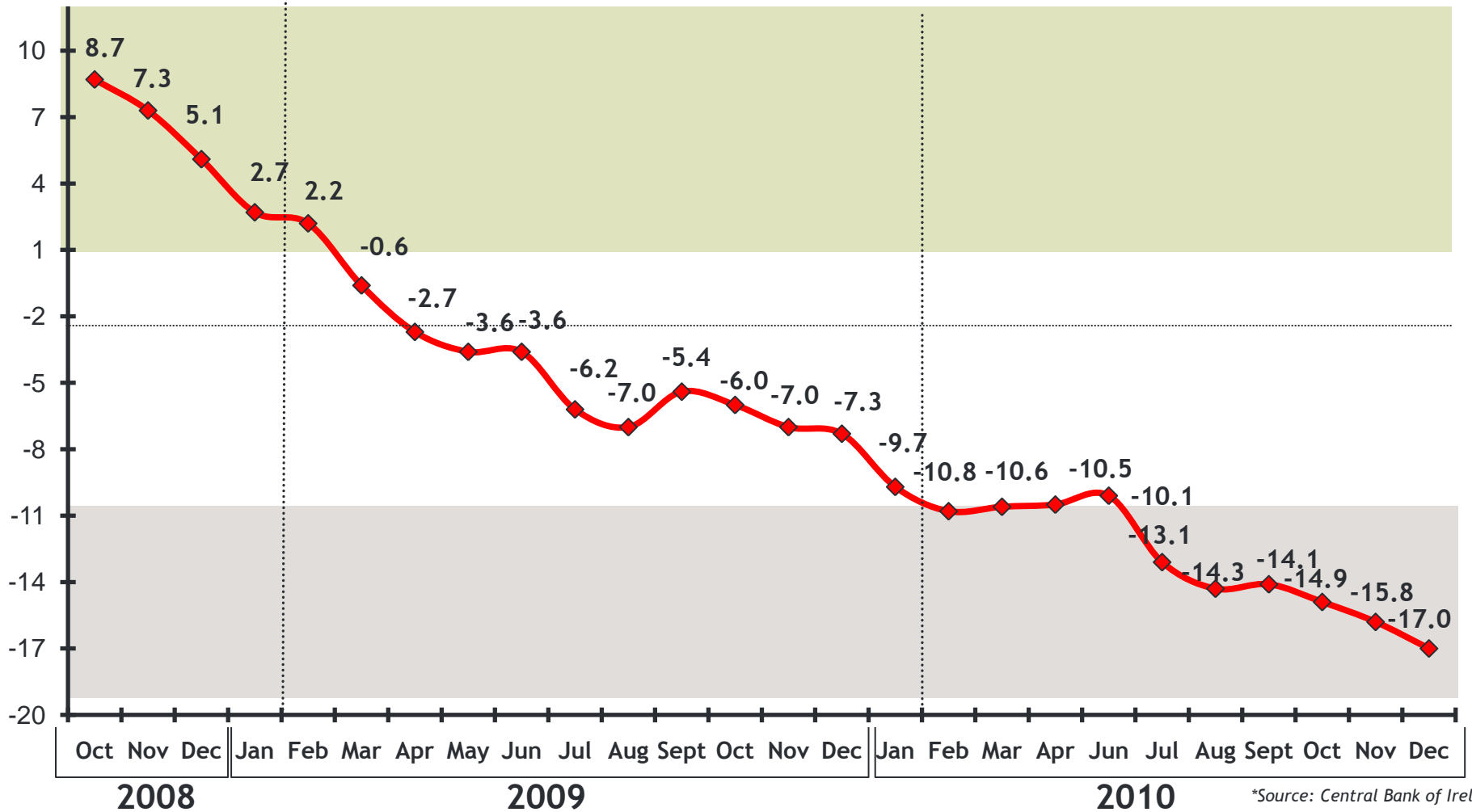


Prices rise by 1.7% in the year to December, driven by energy/communication, transport and health cost increases. Positive inflation now due to cost inputs rather than consumer demand and purchase. Real inflation in terms of consumer demand remains distinctly negative.



Growth Rate in Extended Consumer Credit

% Annual Change



*Source: Central Bank of Ireland.

The consistent negative trend in extended consumer credit from financial institutions over the past two years has undermined possible economic growth based on domestic consumption. This reduction in accessible credit has decreased capacity to spend and has also driven saving requirements. As the rate decreases, consumer spend will remain stagnant as excess disposable income will be required to pay for increased cost inputs (insurance, mortgage etc.). As wage rates remain depressed due to constrained employment prospects, the shortfall, usually maintained by short term credit will continue to undermine consumer confidence.

APPENDICES

The Questionnaire

SECTION 'F' - ECONOMY

ASK ALL RESPONDENTS aged 16+

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?

Better off	1
Worse off	2
The same	3

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?

Better off	1
Worse off	2
The same	3

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

Better off	1
Worse off	2
The same	3

Q.4 In terms of your own economic well-being over the year ahead, are you more confident, less confident or is your confidence about the same as last year?

More confident	1
Less confident	2
No change	3

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?

Higher	1
Lower	2
The same	3

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?
PROBE: A lot or a little

A lot higher	1
A little higher	2
No change	3
A little lower	4
A lot lower	5

Q.7 In the year ahead, do you expect to purchase more, less or the same amount of goods and services as in the past year?

More	1
Less	2
The same	3

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

More	1
Less	2
The same	3