

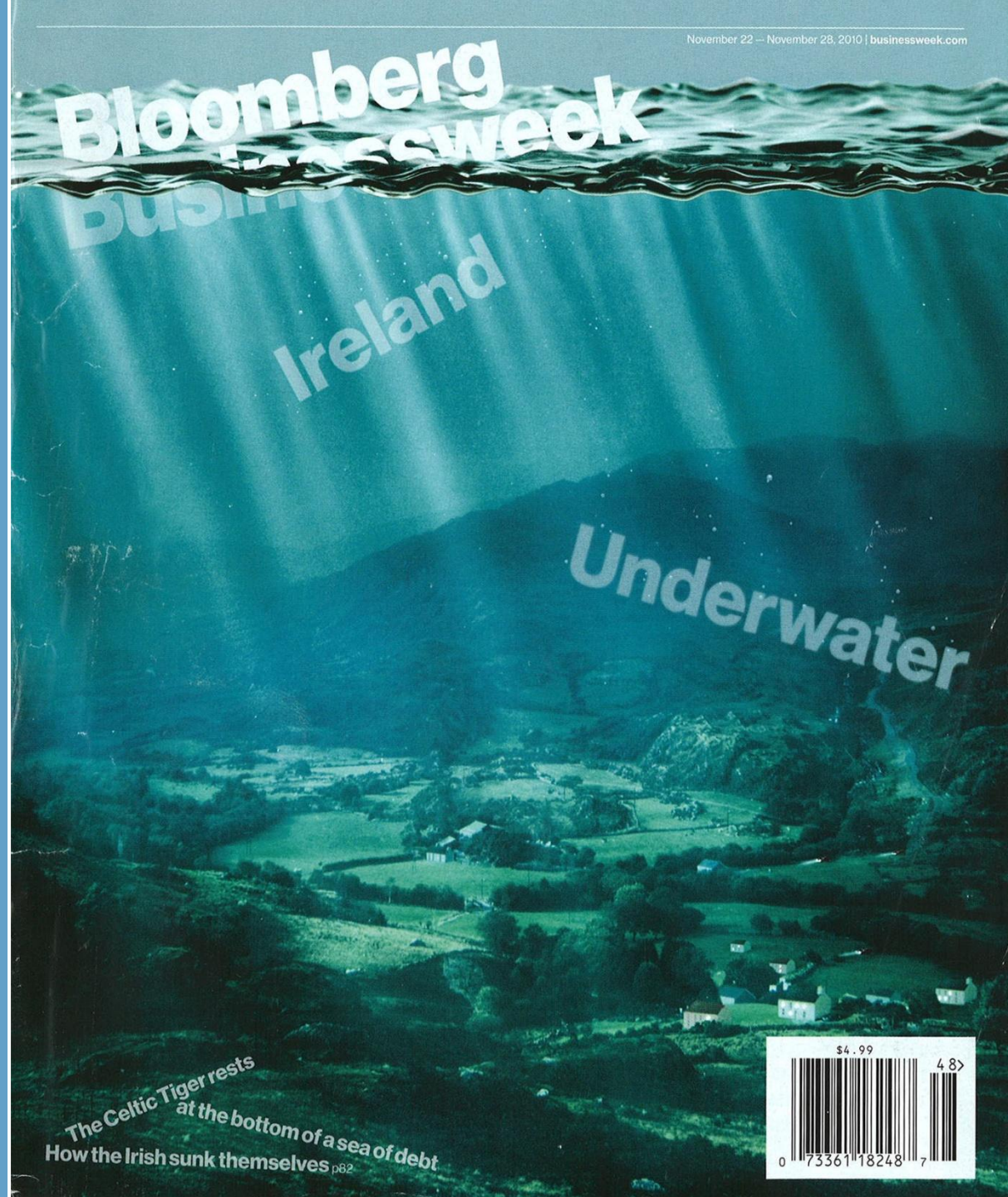


Consumer Confidence Tracker

November 2010

Prepared by Luke Reaper &
John Clarke

J.1814



November 22 - November 28, 2010 | businessweek.com

Bloomberg
Businessweek

Ireland

Underwater

The Celtic Tiger rests
at the bottom of a sea of debt
How the Irish sunk themselves p82

\$4.99

48

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A barcode is located in the bottom right corner of the magazine cover. Above the barcode is the price '\$4.99' and to the right is the number '48'. Below the barcode is the number '0 73361 18248 7'.

Introduction

- This report presents the findings of the latest phase of the Behaviour & Attitudes' Consumer Confidence Tracker.
- Survey results for each phase are based on a sample of 1014 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 26th October - 5th November 2010. Note this research was conducted before the arrival of the IMF on the 19th of November.
- 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 its 10 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

- In the last Behaviour & Attitudes Consumer Confidence Barometer in July 2010, we saw indications that some consumer optimism was returning, with the most positive sentiments recorded since June 2007. Unfortunately in the interim period, increasing levels of uncertainty related to financial and political stability have seen confidence levels decline dramatically to the lowest levels recorded this year.
- Consumer perceptions of the year ahead are distinctly pessimistic this wave, following four waves of regression in negative sentiment. Consumer confidence in this measure is now at its lowest point since May 2009.
- Fears related to the upcoming budget, the security of the banking sector and the country's fiscal demands have seen concern related to personal finances increase dramatically over the last quarter, to levels seen in September 2009.
- In parallel to the decrease in confidence in personal finances; intentions to purchase goods and services, in the year ahead, have decreased significantly this wave. This is a possible reaction to the increasing levels of uncertainty about the impact of forthcoming budgetary measures on take home pay and household income. Levels of concern related to the political and economic future of the State regarding the proposed IMF/EU recapitalisation at the time of interviewing are reflected in the sustained negative trend among consumer perceptions.

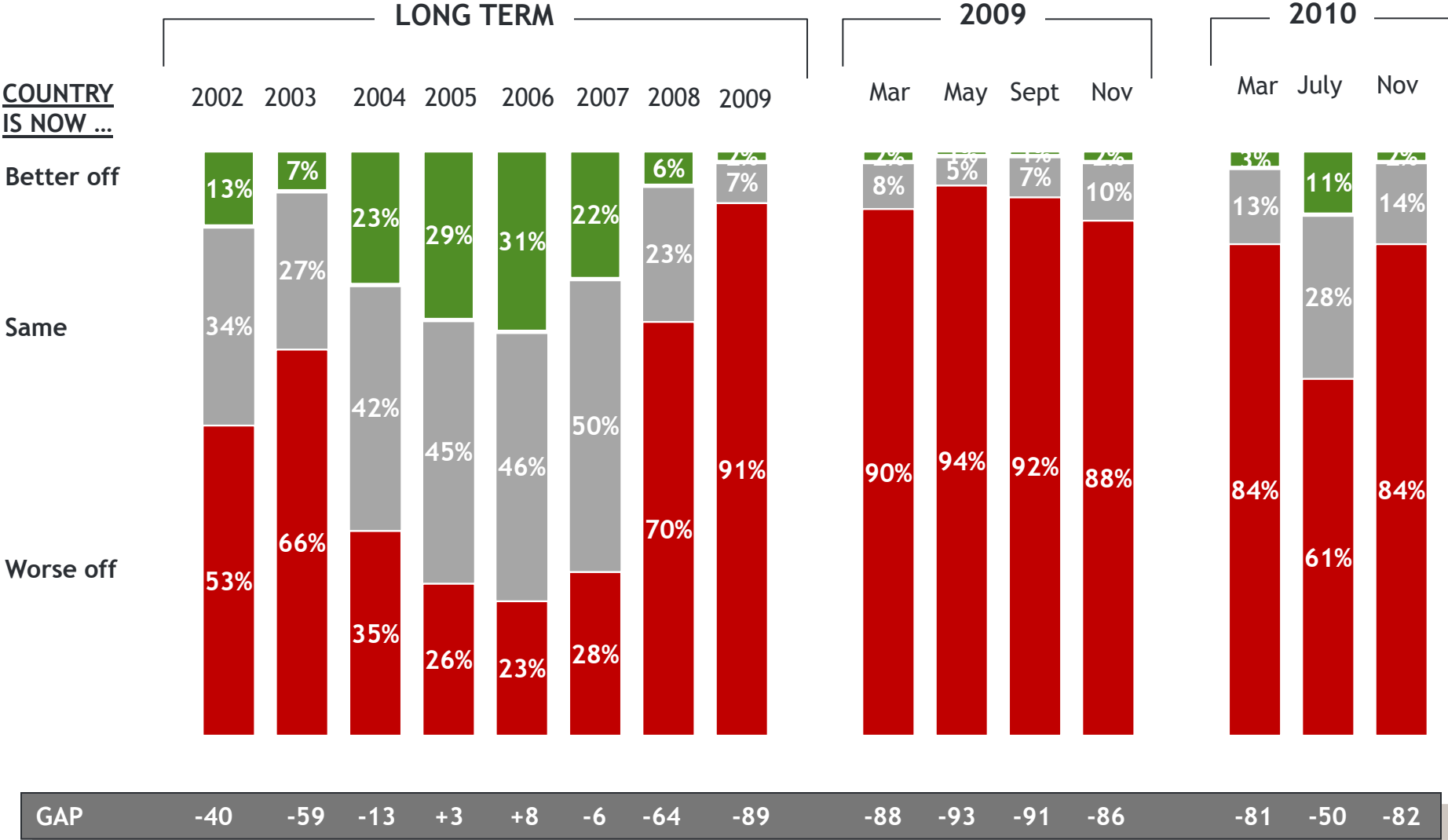
Summary

- The table below summarises the net scores for each element of the October/November survey compared to previous waves.

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

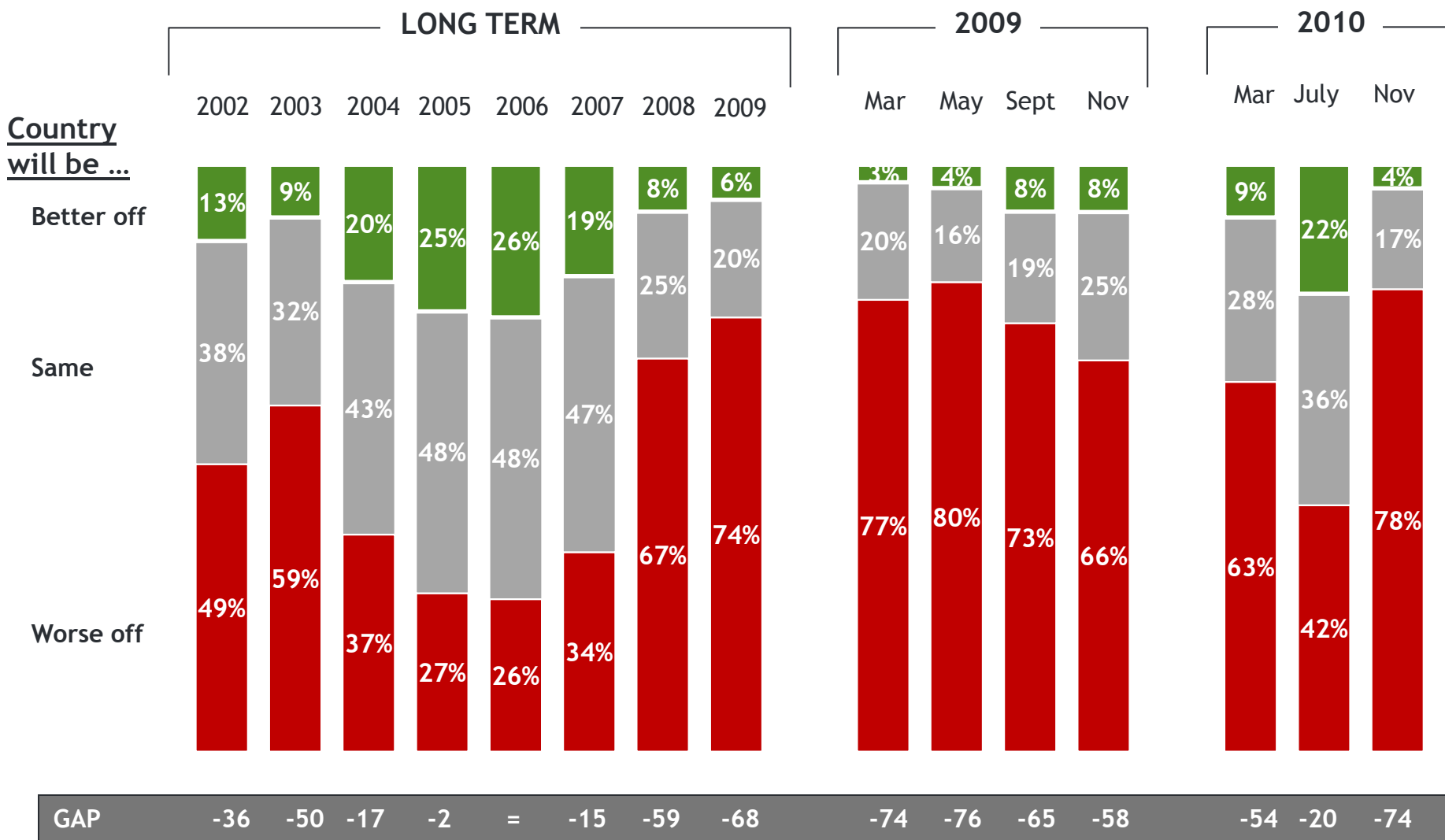
The improved mood in the Summer, has now declined to 2009 levels.

Economy - Looking Back



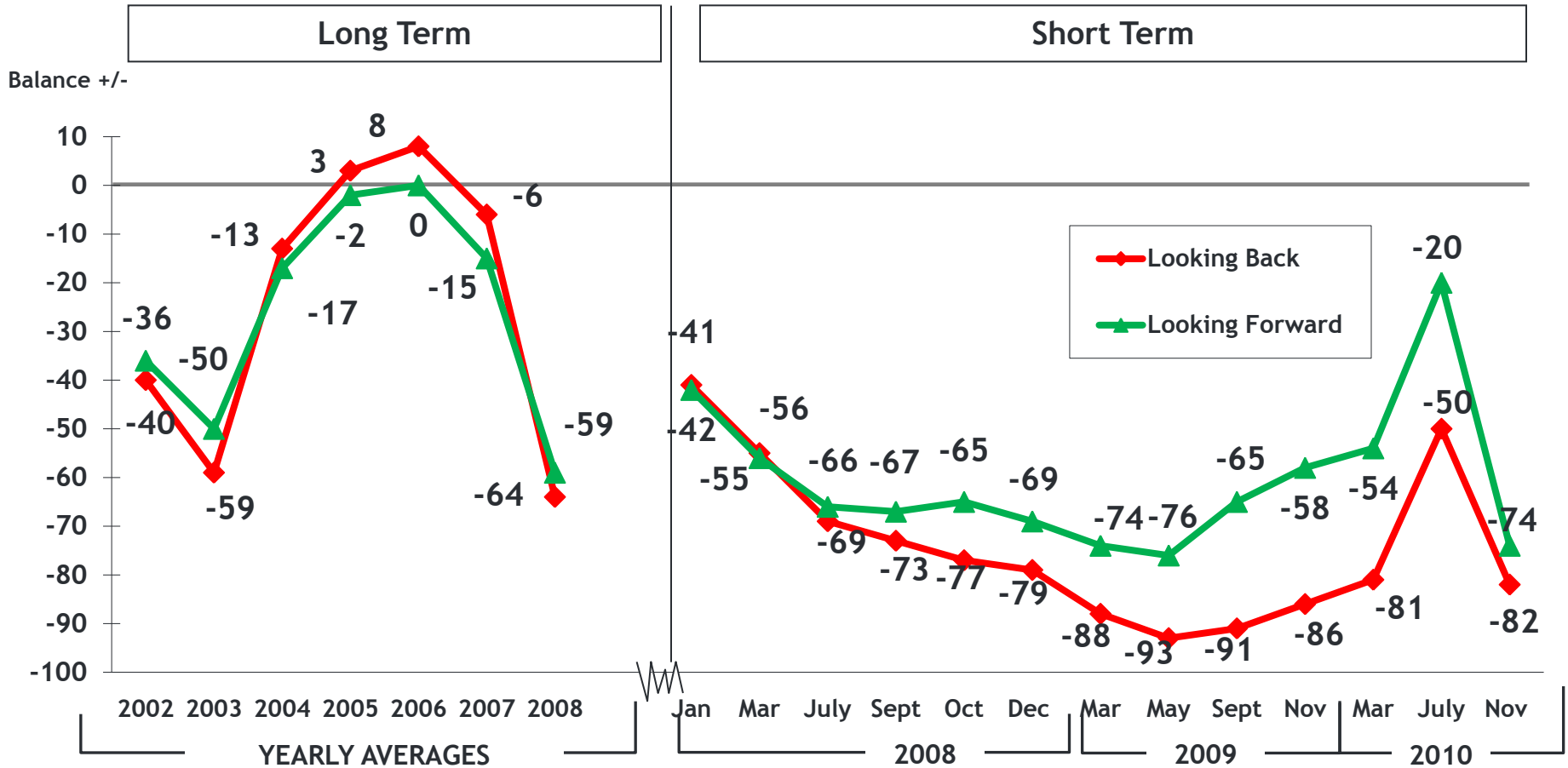
Q.1 Thinking about the economy as a whole, do you think that the country is better off, worse off, or about the same as last year?

Economy - Looking Forward



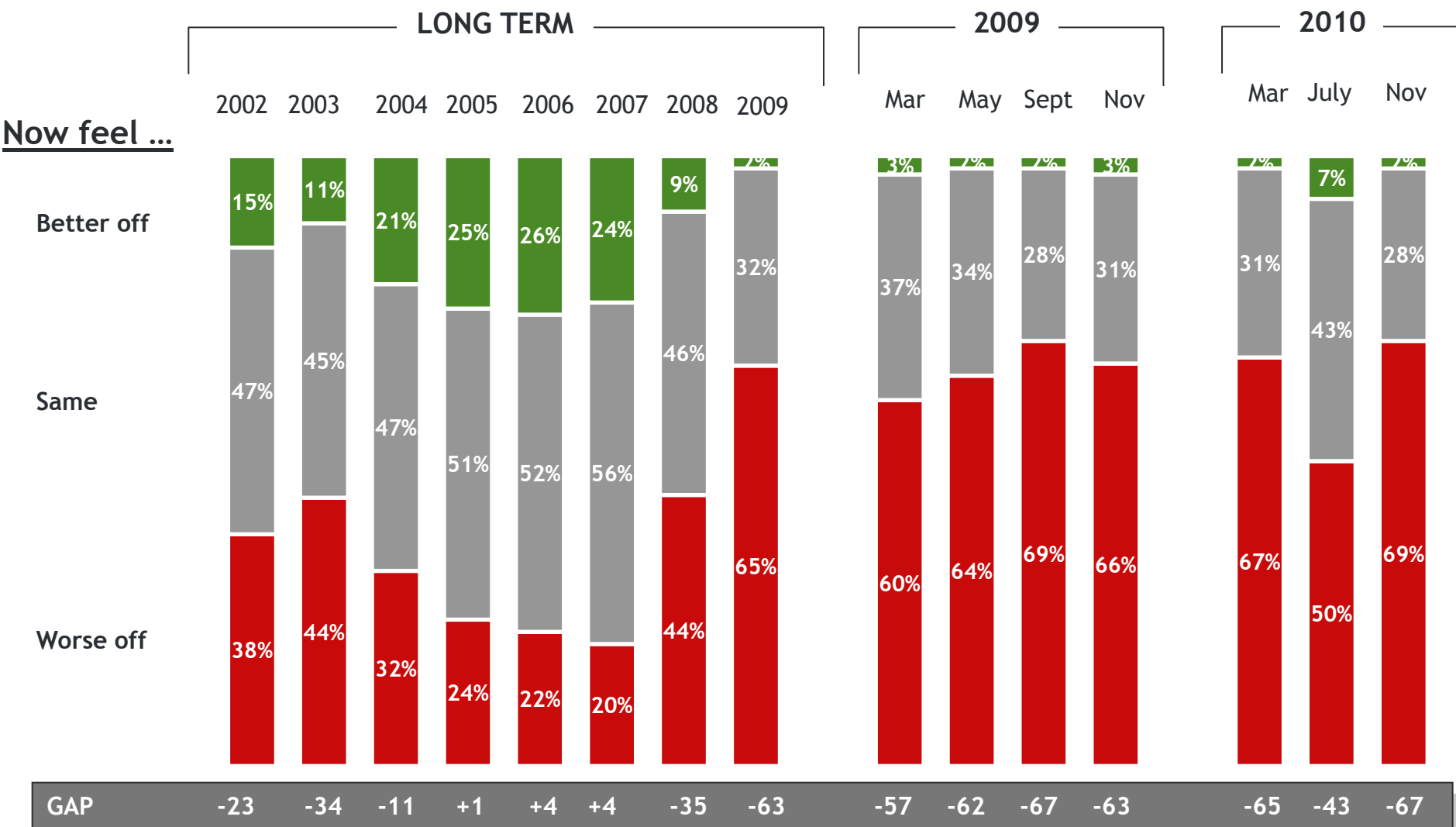
Q.2 And what about the coming year, do you think that the country will be better off, worse off or about the same as this year?

Balance Of Opinion Economy



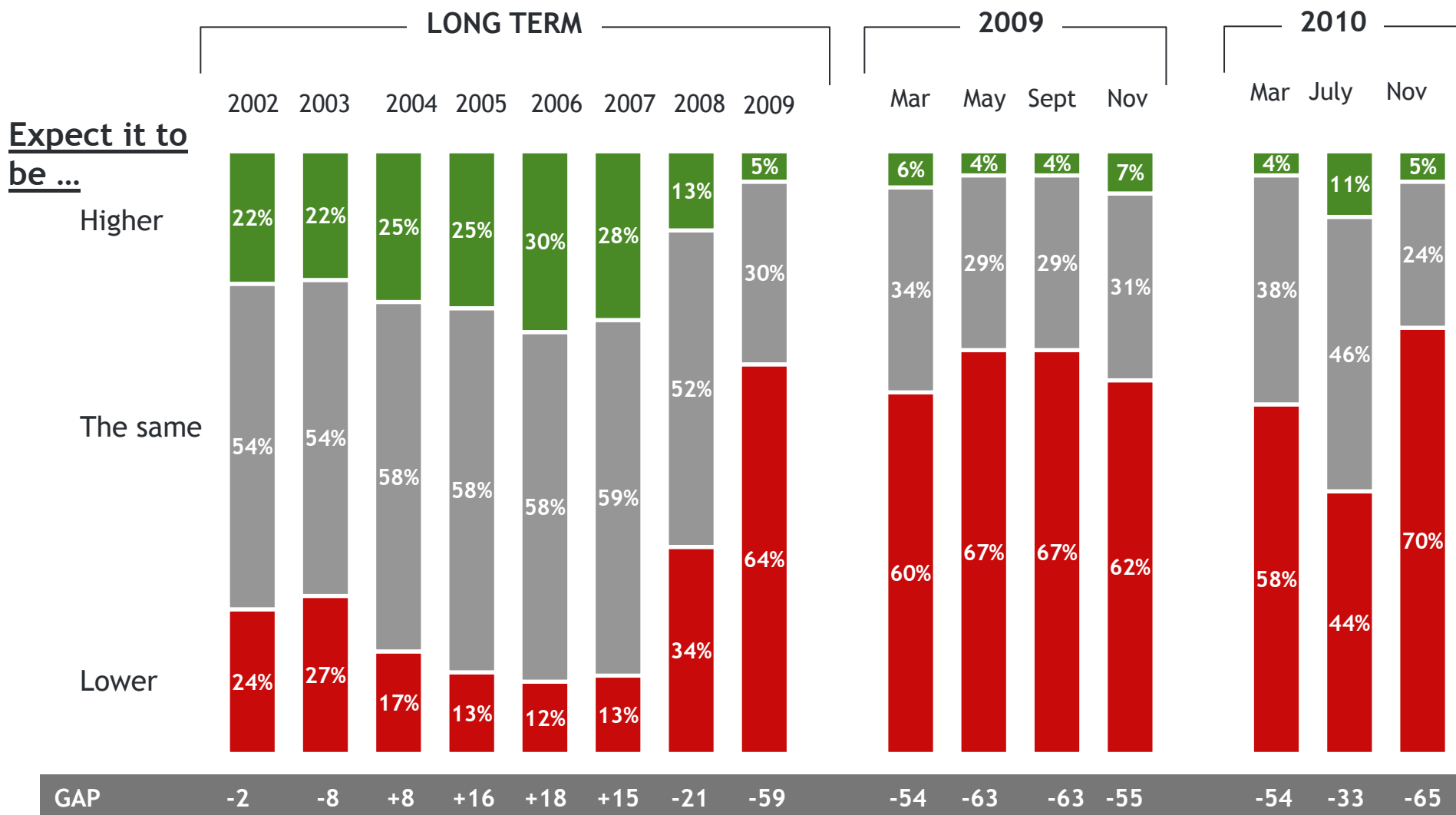
Most significant drop in economic opinion on both measures, in one period, across all data.

Personal Finances - Looking Back

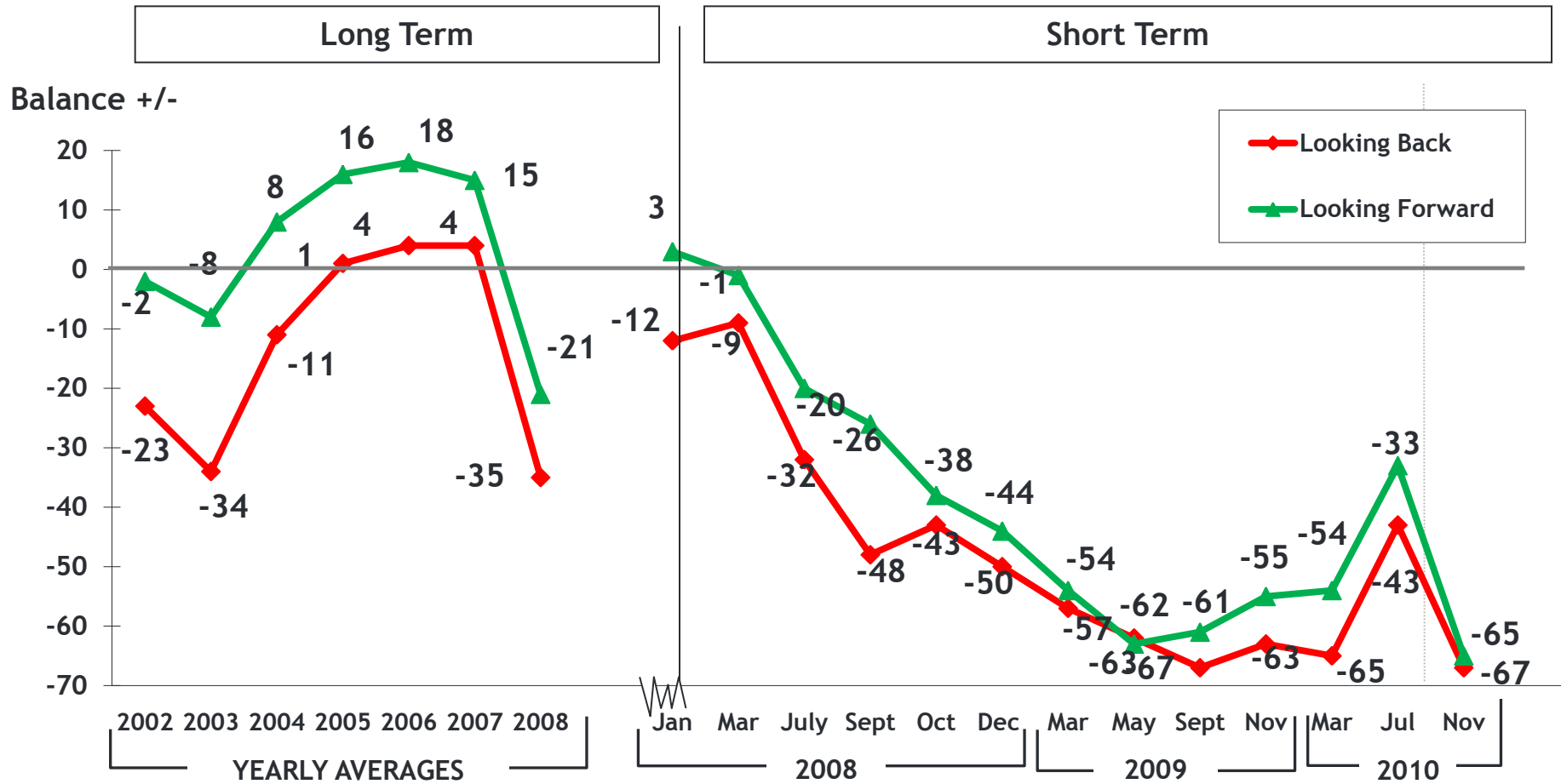


Q.3 Do you feel better off financially, worse off financially or about the same compared to last year?

Personal Finances - Looking Forward



Balance Of Opinion - Personal Finances



Personal Assets- Looking Forward

Expect them to be ...

LONG TERM

2009

2010

2002 2003 2004 2005 2006 2007 2008 2009

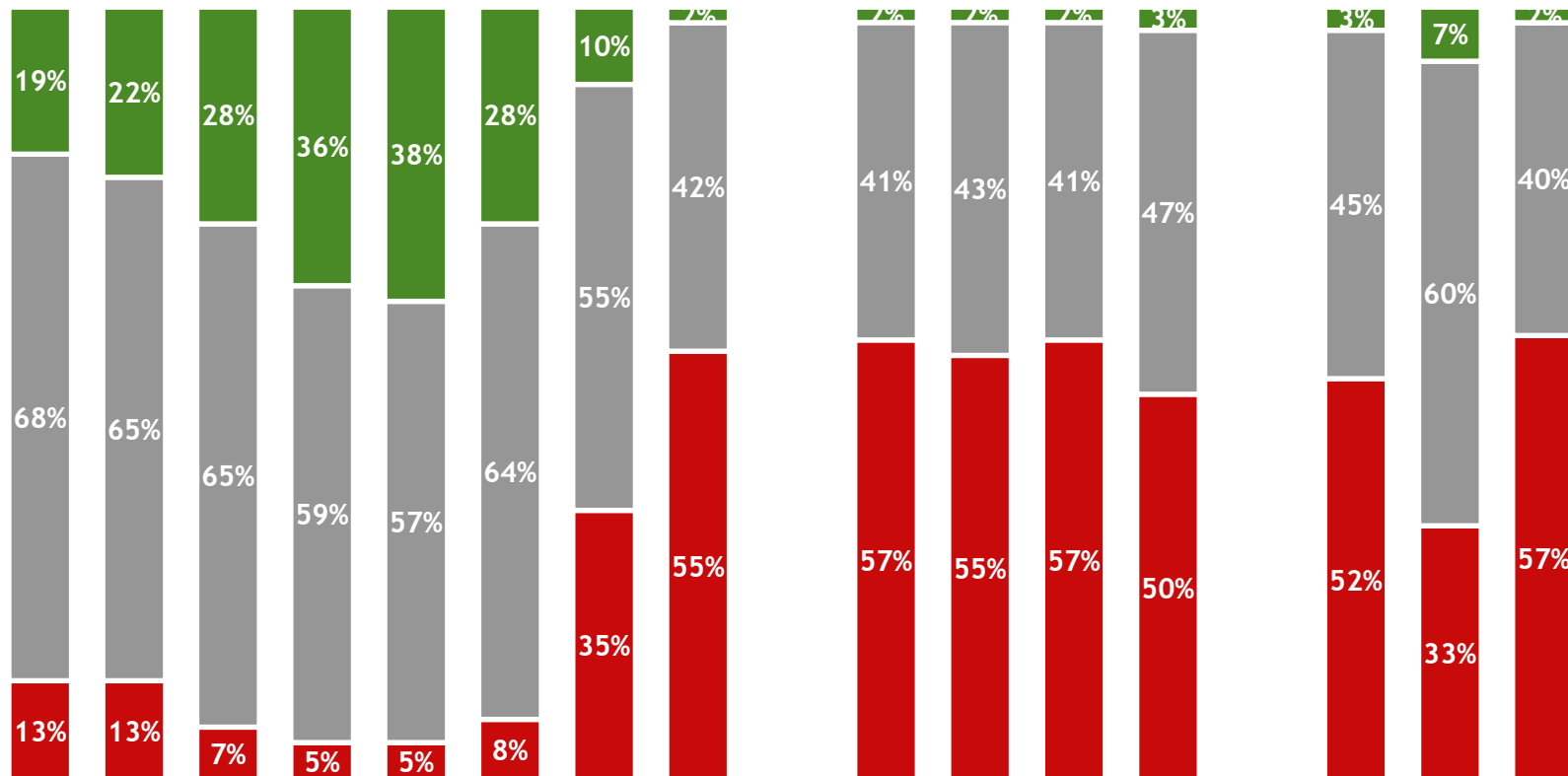
Mar May Sept Nov

Mar July Nov

More

No change

Less



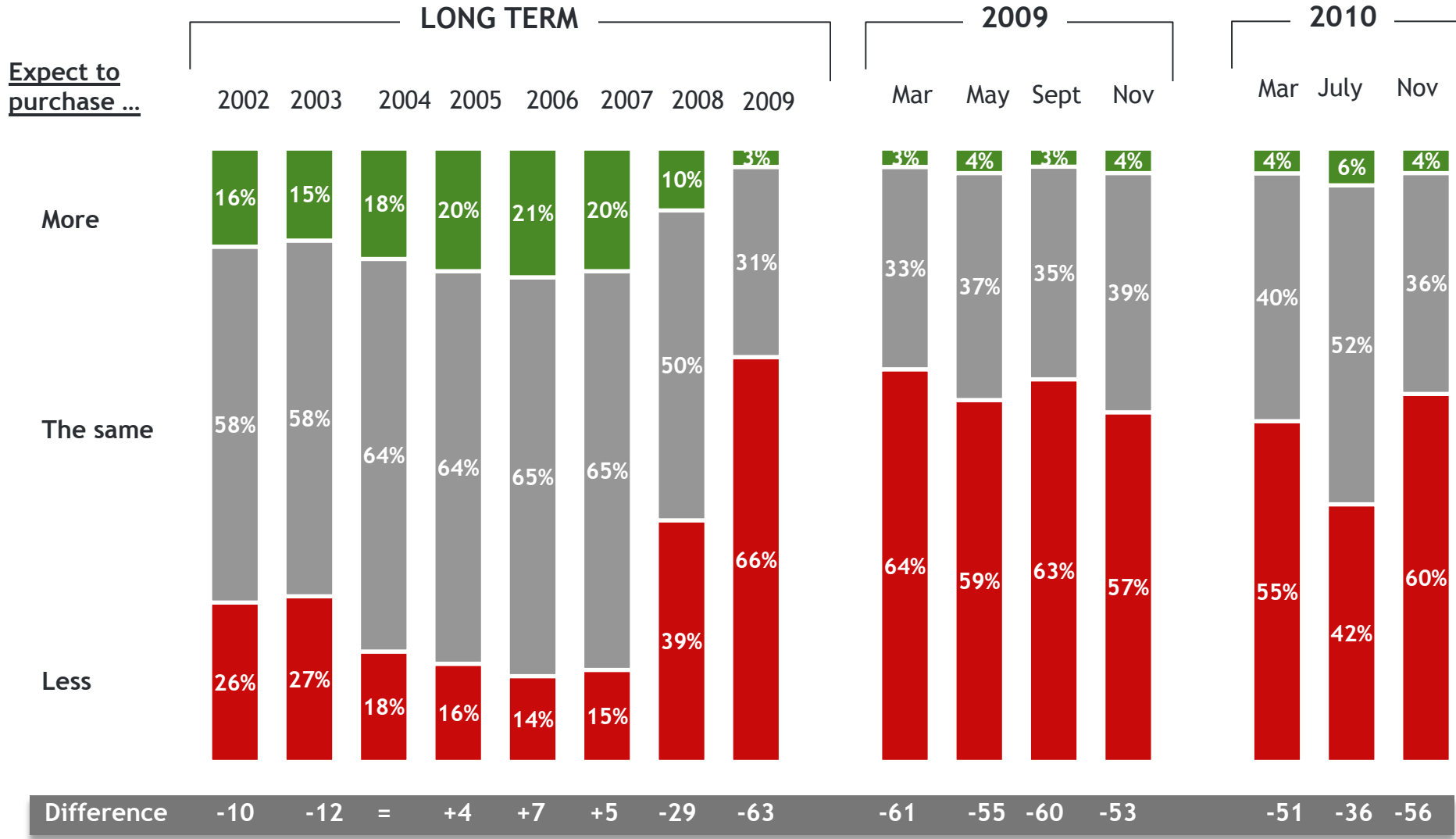
Difference

+6 +9 +21 +31 +33 +20 -20 -53

-55 -53 -55 -47

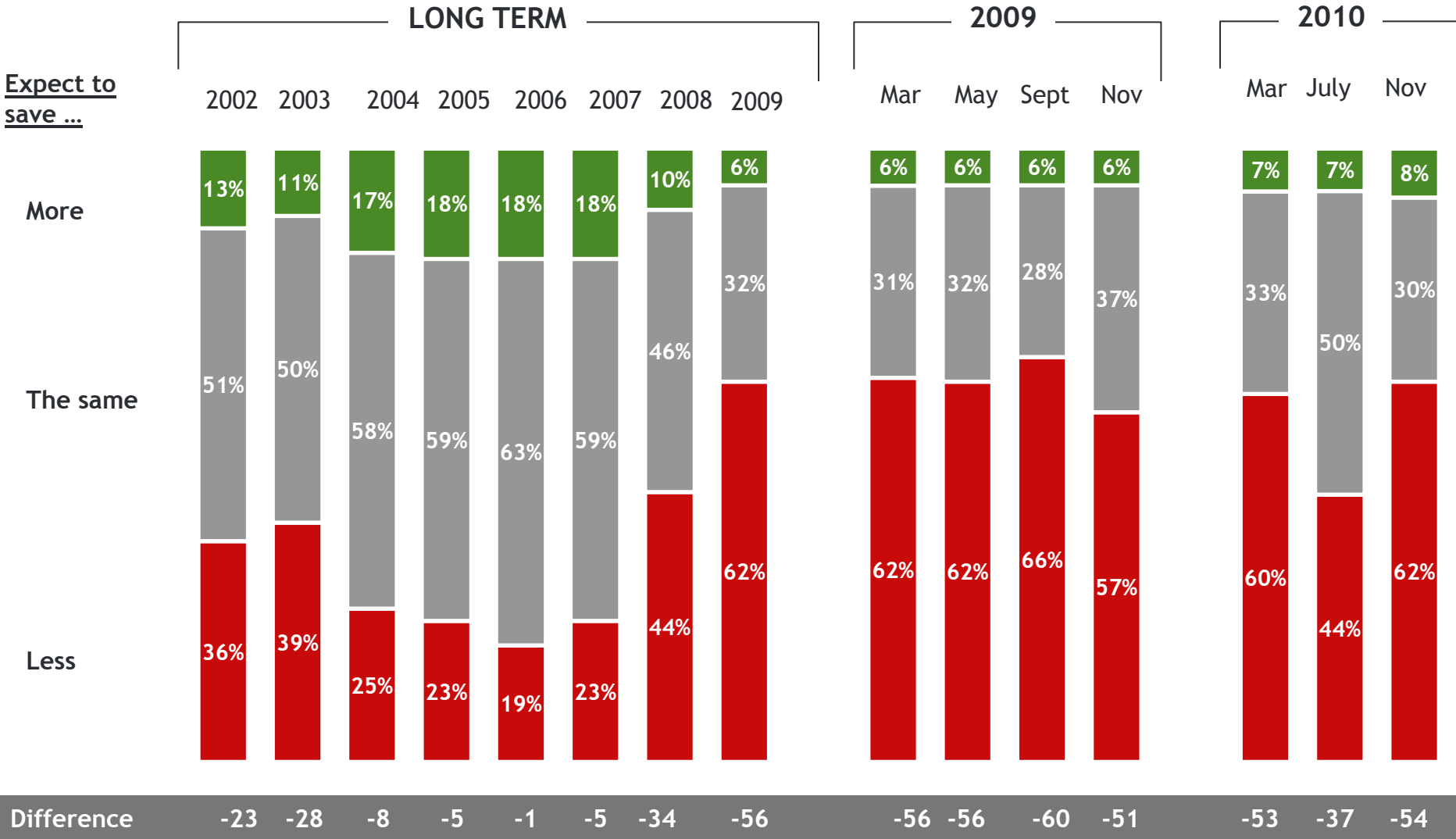
-49 -26 -55

Purchasing Goods And Services - Looking Forward



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?

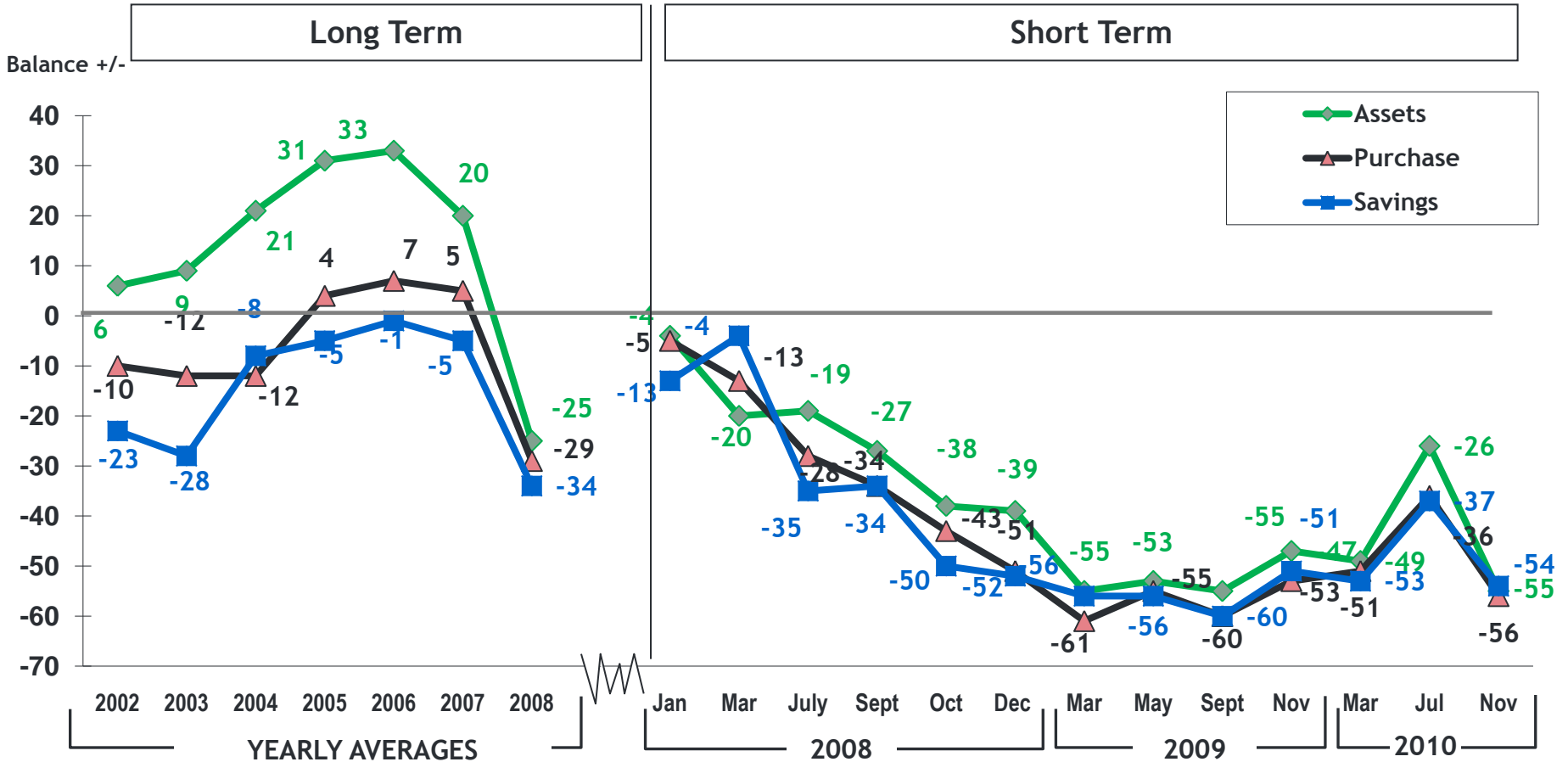
Savings - Looking Forward



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

Expectations in regard to assets, purchases, and savings

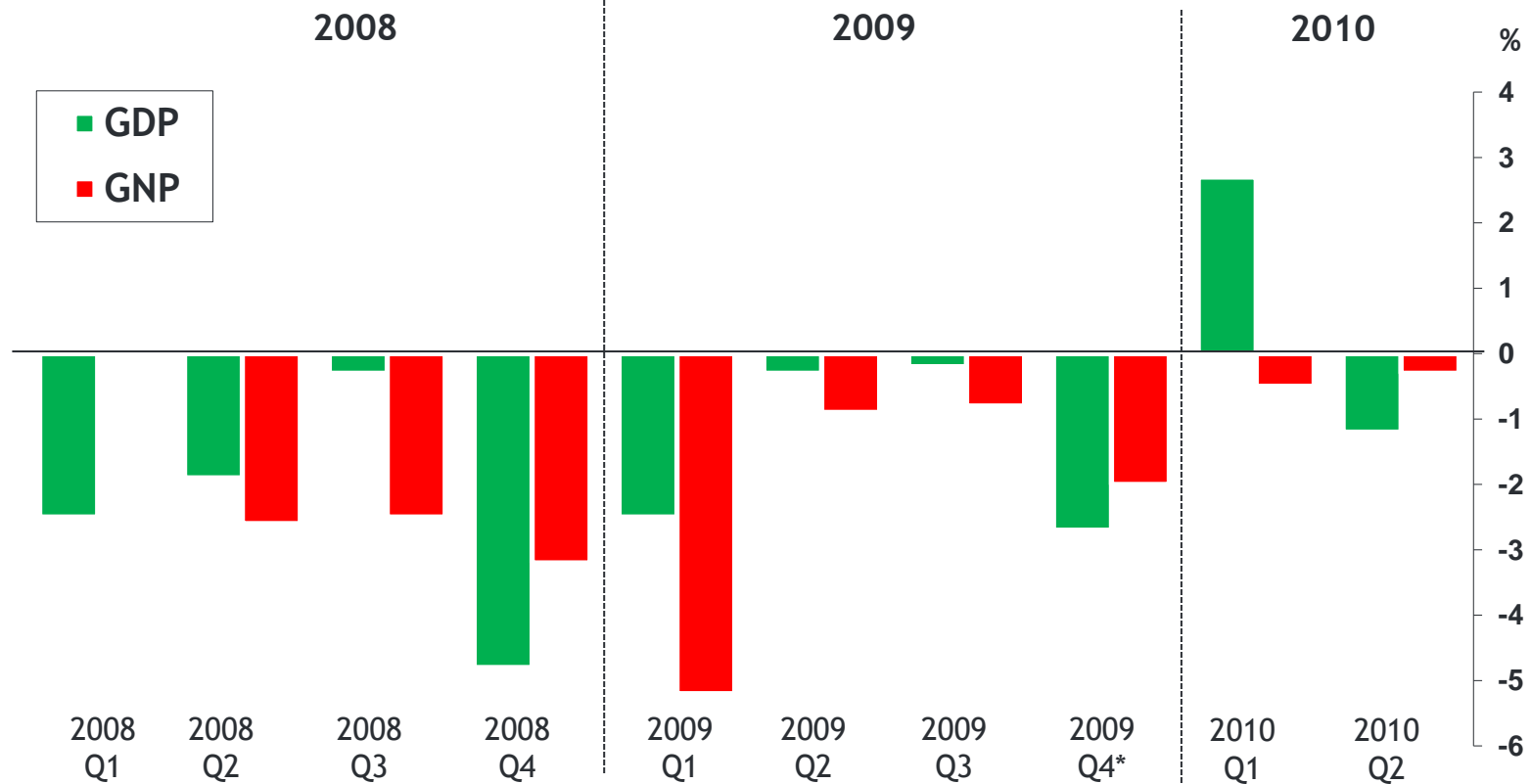


CSO DATA

(latest estimates 2010)

Initial Estimates: Quarterly Increase in GDP but GNP down slightly

% Change on previous quarter



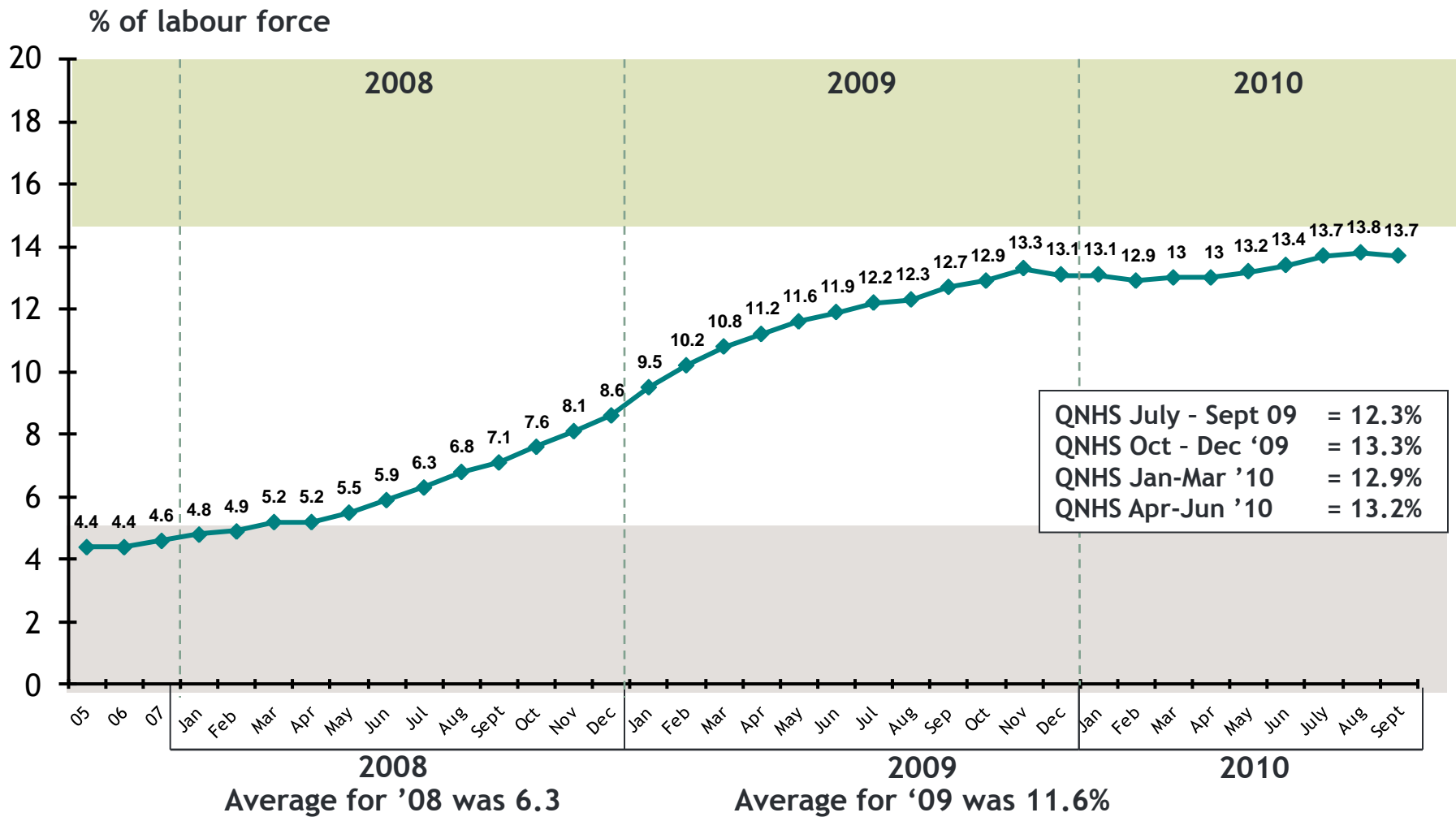
Figures - GDP and GNP at constant market prices seasonally adjusted.

*Source: CSO Estimates as of 23rd September 2010

Initial estimates for the second quarter of 2010 show a decrease, on a seasonally adjusted basis, of 1.2 per cent in GDP and a decline of 0.3 per cent in GNP compared with the previous quarter. In comparison with the corresponding quarter of 2009, GDP at constant prices was 1.8 per cent lower while GNP was 4.1 per cent lower.

Unemployment Rates

Seasonally adjusted



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

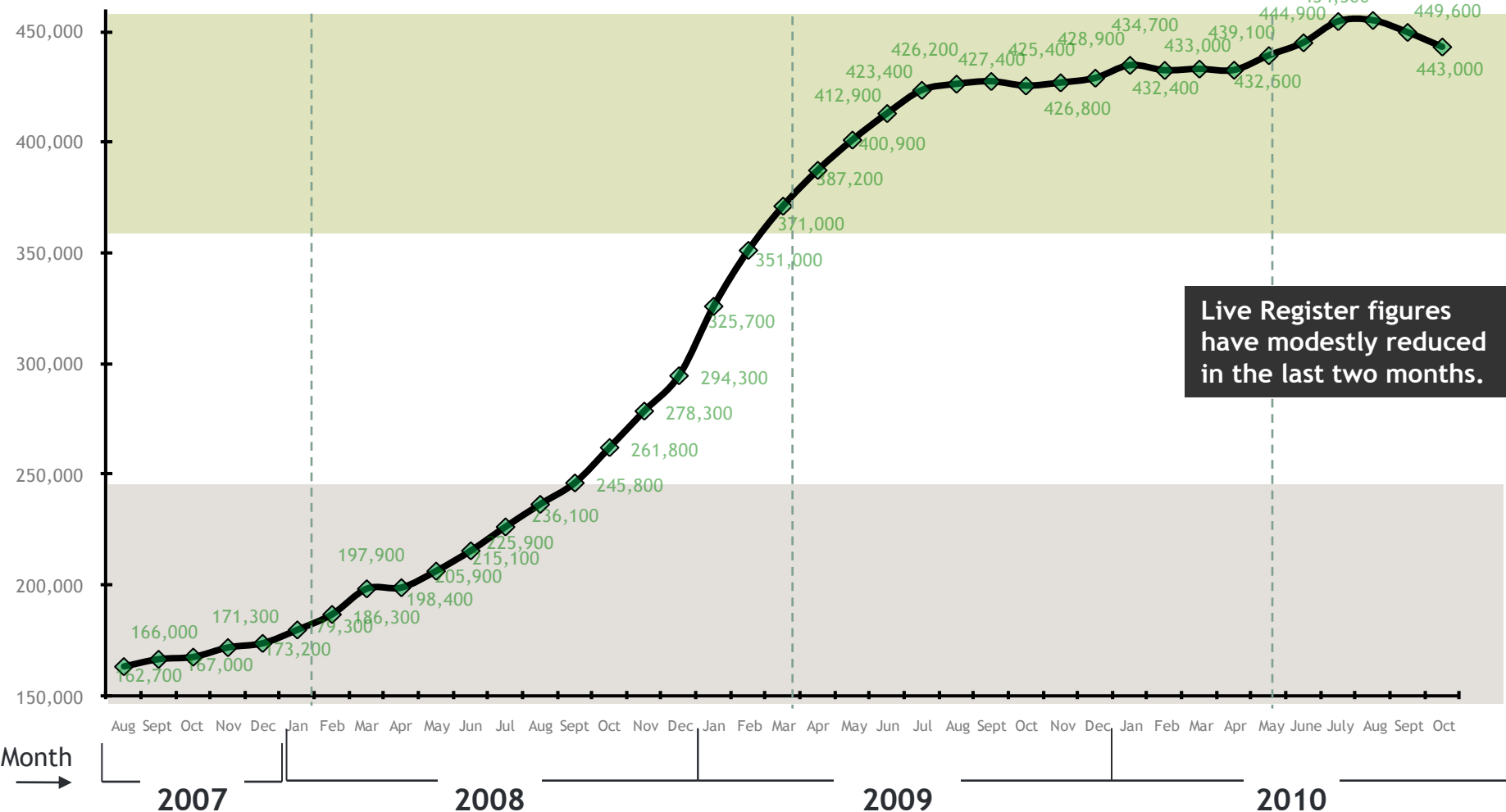
The unemployment rate does not take into account reduced working hours up to 3 days a week, etc as does the Live Register

The Live Register

Seasonally adjusted

Total Persons

Persons on live Register



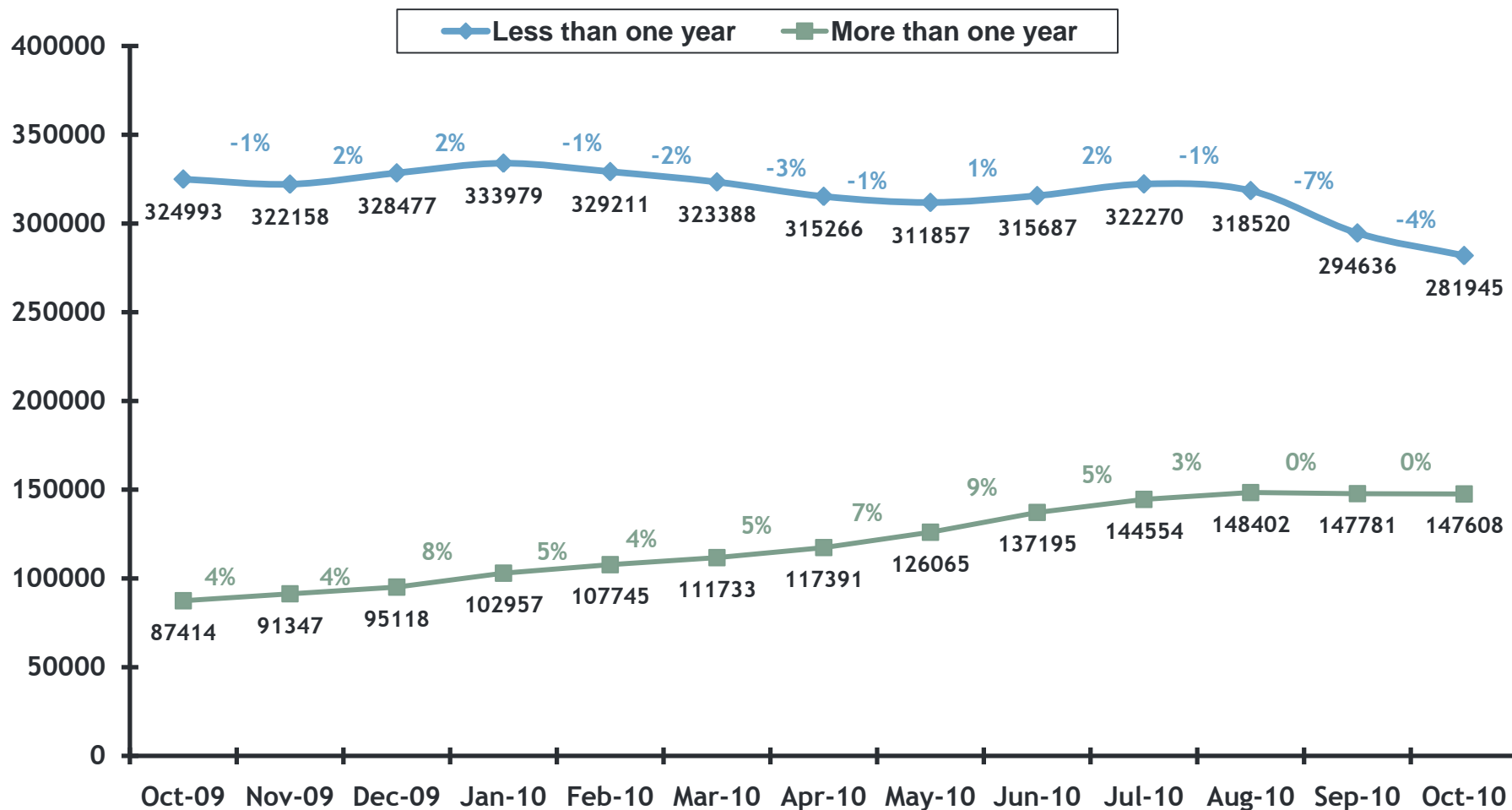
Live Register figures have modestly reduced in the last two months.

*Source: CSO latest estimates November 2010

* 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

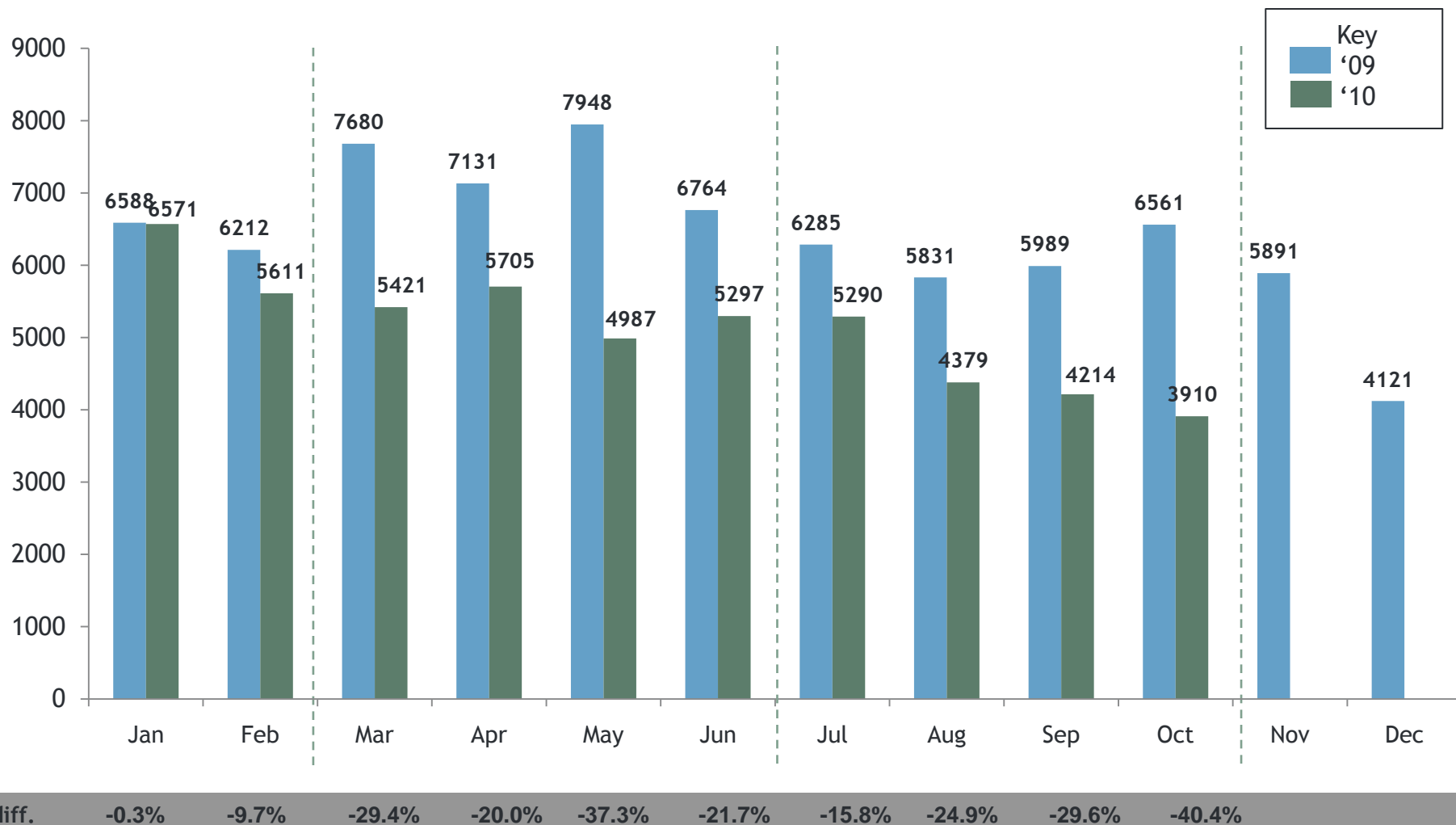


*Source: CSO, Latest Estimates November 2010.

Short term unemployment has seen modest reductions since August, while long term unemployment appears to have plateaued.

Actual Redundancies January - December 2010

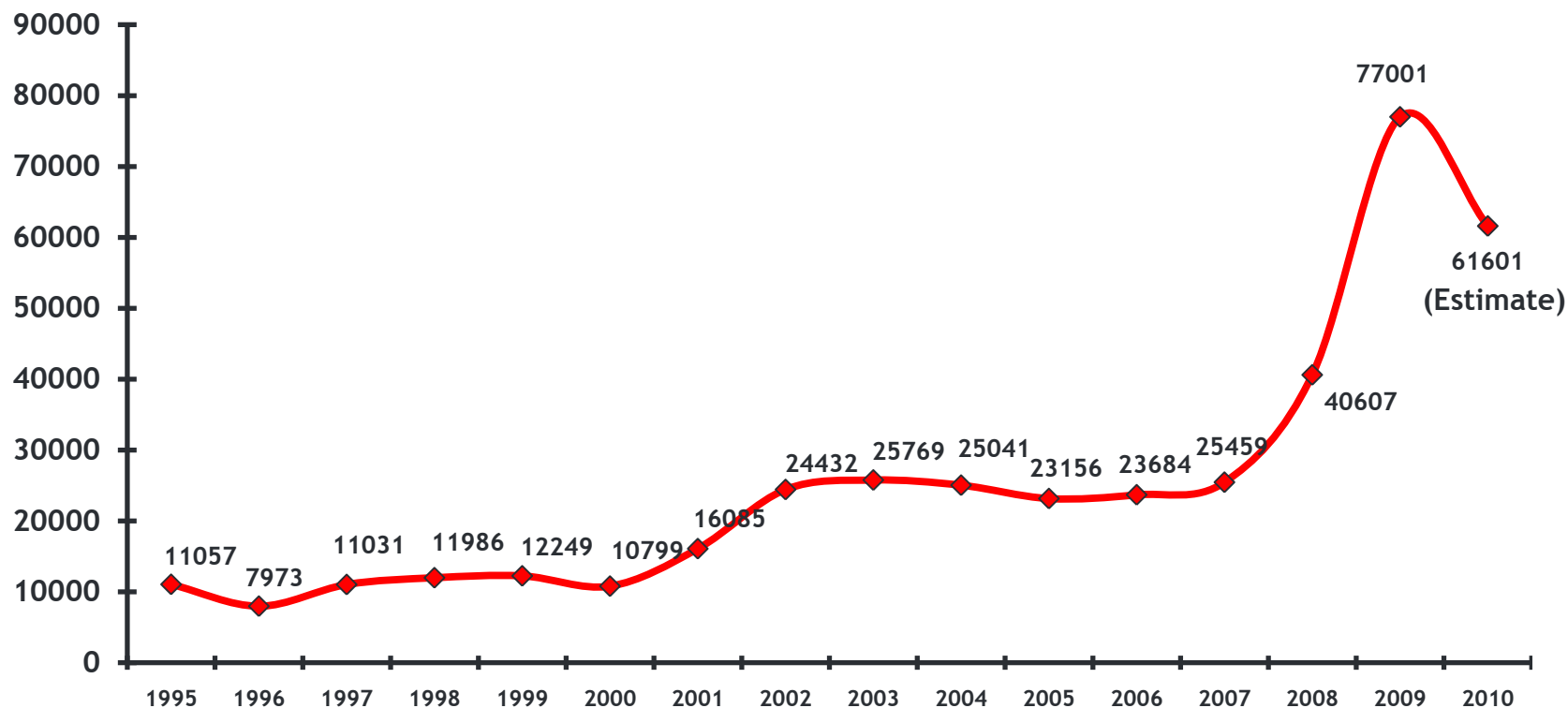
Monthly Redundancy comparison 2009 vs 2010



*Source: DETI, Redundancy Statistics October 2010.

While redundancy continues to be a key driver of individual uncertainty, year on year comparisons show the rate of redundancy decreasing.

Total annual redundancy figures 1995 to 2009



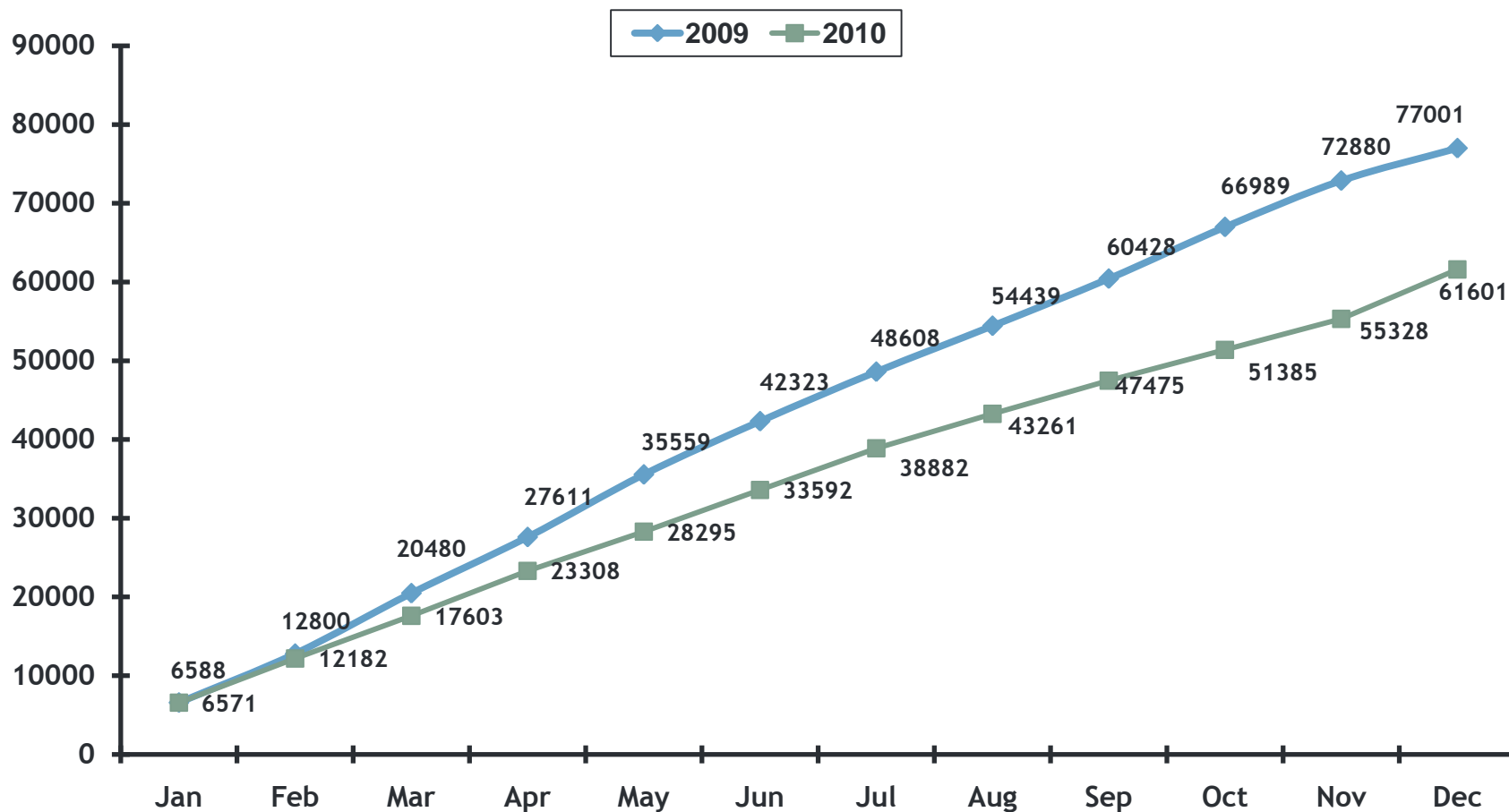
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
At work '000 (April)	1281.8	1328.5	1380	1494	1589.1	1671.4	1721.9	1760.6	1790.01	1834.6	1931.6	2021.1	2101.6	2108.5	1938.5	1859.1
Increase/Decrease in working population		4%	4%	8%	6%	5%	3%	2%	2%	2%	5%	5%	4%	0%	-8%	-4%

*Source: DETI, Redundancy Statistics October 2010.

The annual total redundancy rate peaked in 2009 at 77,001 redundancies for the year. Estimates for 2010 would see 61,601 redundancies for 2010 as a whole. In 2010 total employment in the economy stands at 1,859,100, back to levels last seen in 2004.

Actual Redundancies January - December 2010

Cumulative Redundancy comparison 2009 vs 2010



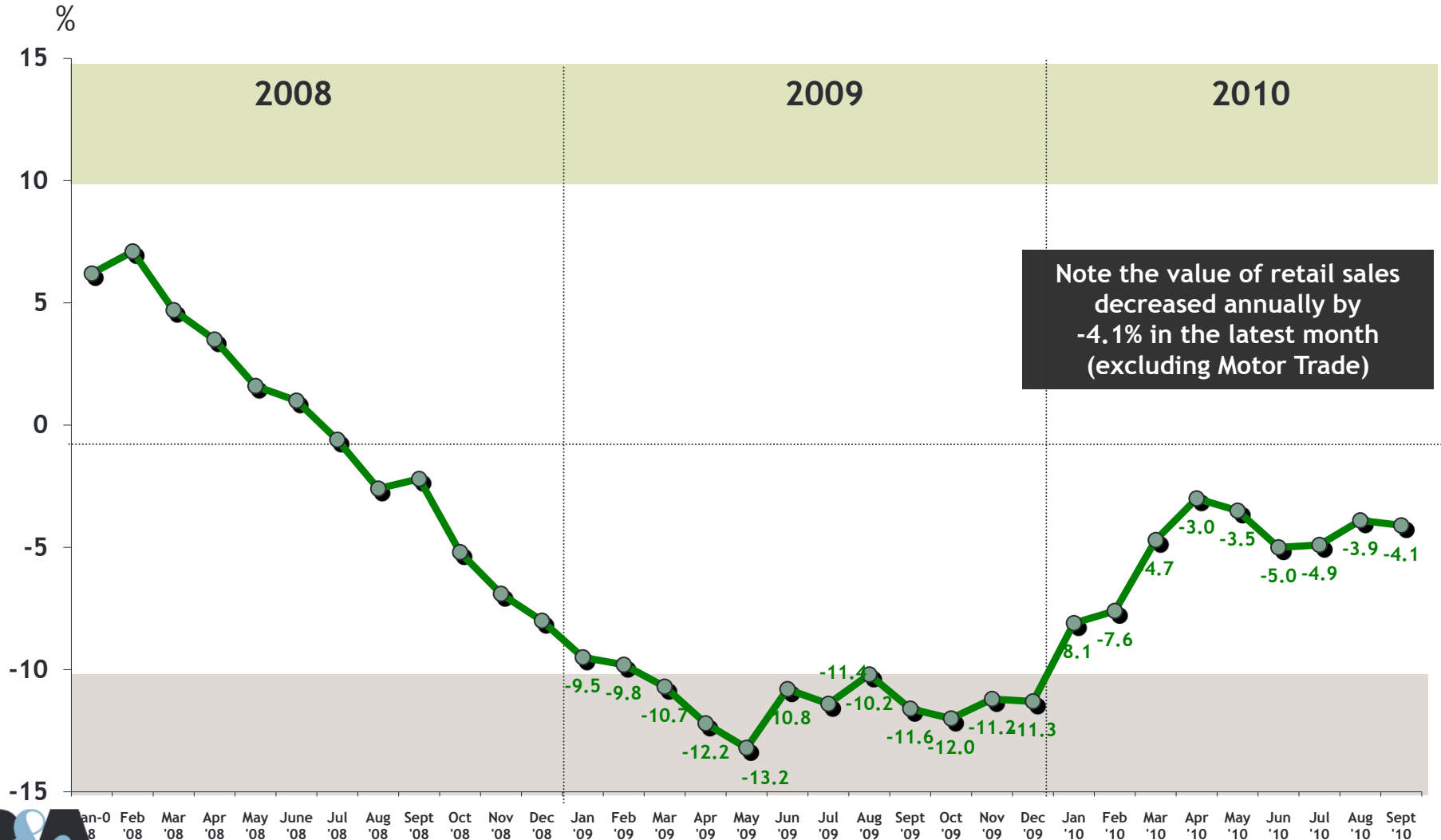
% diff. -0.3% -4.8% -14.0% -15.6% -20.4% -20.6% -20.0% -20.5% -21.4% -23.3% est -24% est -24%

*Source: DETI, Redundancy Statistics October 2010.

The rate of redundancies, while still above average on an annual basis has decreased for the first time in 3 years.

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

Base: Year 2005 = 100



Note the value of retail sales decreased annually by -4.1% in the latest month (excluding Motor Trade)

Retail Sales

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

<u>Period September 2010</u>	Value		Volume	
	Index	Annual % Ch	Index	Most recent % annual vol. Change
Motor Trades	64.6	7.0	68.7	13.2
Department Stores	88.8	2.0	115.6	8.5
Food beverages & Tobacco	90.3	-7.2	89.4	-4.2
Fuel	105.3	0.6	85.5	-8.9
Pharmaceuticals Medical & Cosmetic Articles	110.1	-0.6	120.7	4.6
Clothing, footwear & textiles	85.5	-3.2	116.9	3.7
Furniture and Lighting	59.9	-14.4	77.1	-9.0
Hardware, Paints and Glass	76.9	-10.9	80.2	-8.7
Electrical Goods	76.2	-2.9	125.1	5.5
Books, Newspapers and Stationery	75.3	-12.1	71.9	-9.4
Other retail sales	79.1	-12.2	96.2	-12.4
Bars	77.9	-13.8	71.6	-11.6

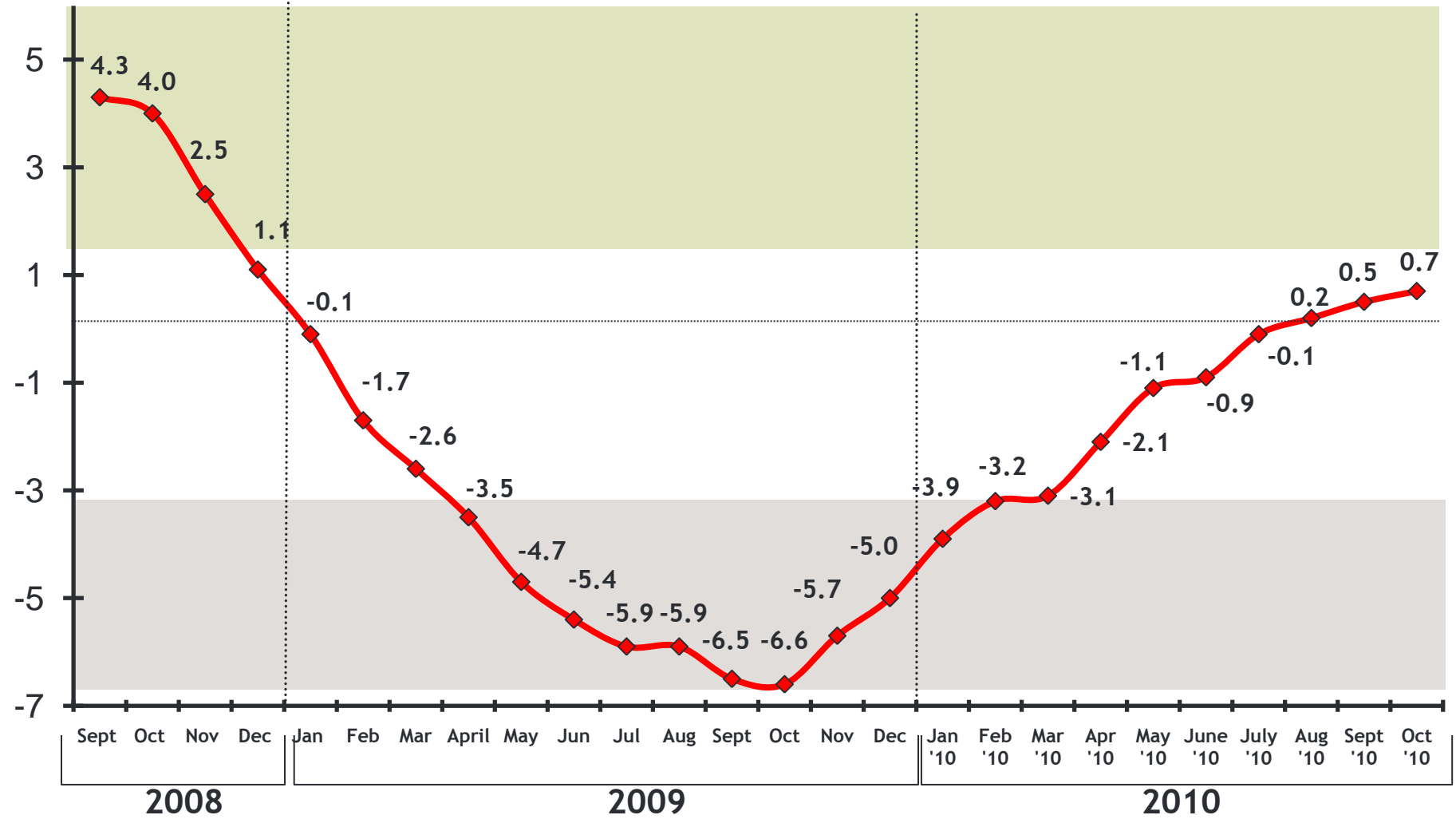
*Source: CSO latest estimates June 2010 (seasonally adjusted).

Retail Business - NACE REV 2

The bar trade and the home improvement sector have been hit this wave. Retail sales of newspapers/books and ancillary goods also declining dramatically in terms of value & volume.

Inflation Reported for First Time since December 2008

% Annual Change

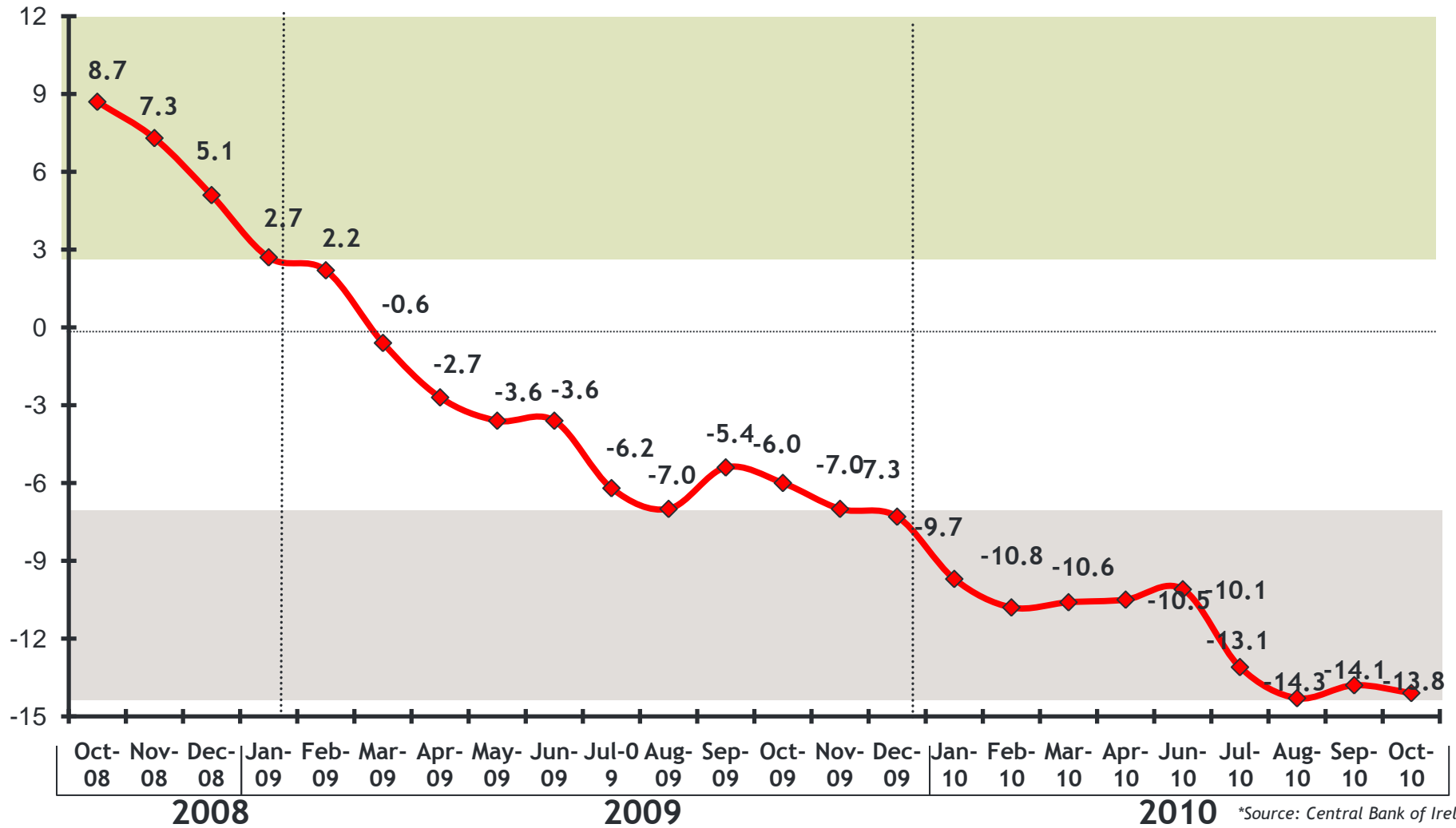


Prices rise by 0.7% in the year to October, driven by energy/communication, transport and health cost increases.



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.

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