



Consumer Confidence Tracker

July 2013

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Behaviour & Attitudes
J.4392



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 21st June and 5th July 2013.

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, Media, Financial, Political & Social, Polling, Automotive, Healthcare and Public Sector & Utilities.
- For more information please visit our website at: www.banda.ie or contact us on +353 1 2057500.





Findings



Summary

- The effects of the economic recalibration over the past five years have changed the consumer landscape at both the macro and micro economic level.
- Following four years of decline, results for the current year indicate that a degree of stability is now beginning to return to the consumer environment.
- While the results of the consumer confidence indicators for 2013 could not be considered to be a cue to growth, we do consider them to be an initial sign of recovery.
- Current indicators point to a trend in declining negative perceptions towards the management of the economy, and the emergence of a degree of stability returning to personal financial situations, albeit at a much reduced level.

Summary

- Perceptions of the macro economy are now more upbeat than at any time in the past five years. It is interesting that this should occur during a period when established economic indicators outlined that the Irish economy had slipped back into recession. A revelation that was given considerable amounts of publicity and media coverage.
- However, the continuous upward trend in consumer confidence noted during this period appears to indicate that current consumer perceptions around the economy may relate more to on-day economic measures (labour force, discretionary income, job announcements etc.) rather than to macro economic indicators (Central Bank reports, ECB/IMF reports and Department of Finance reports). The latter were considerably more heavily weighted by consumers over the previous 5 years, during periods of more volatile consumer confidence ratings.
- However, despite this stabilisation in consumer confidence, the degree of momentum required to generate actual growth in the domestic economy at a base level still appears to be missing.

Summary

- Specifically, perceptions related to personal financial status remain muted. Real income levels are considerably reduced and while the results related to discretionary income have marginally increased, they remain at a level half that experienced at the height of the Celtic Tiger.
- Taking into account the anticipation of further austerity effects which will directly impact real income and spending levels for consumers, we consider the current environment for consumers to remain fraught.
- Should direct economic events or 'shock factors' impact too strenuously on consumers in the near future, we could see a reversal of the current trend, for a period at least.
- As our final analysis of the current consumer landscape, we consider the economic environment to be generally more upbeat, albeit still very fragile.

Summary

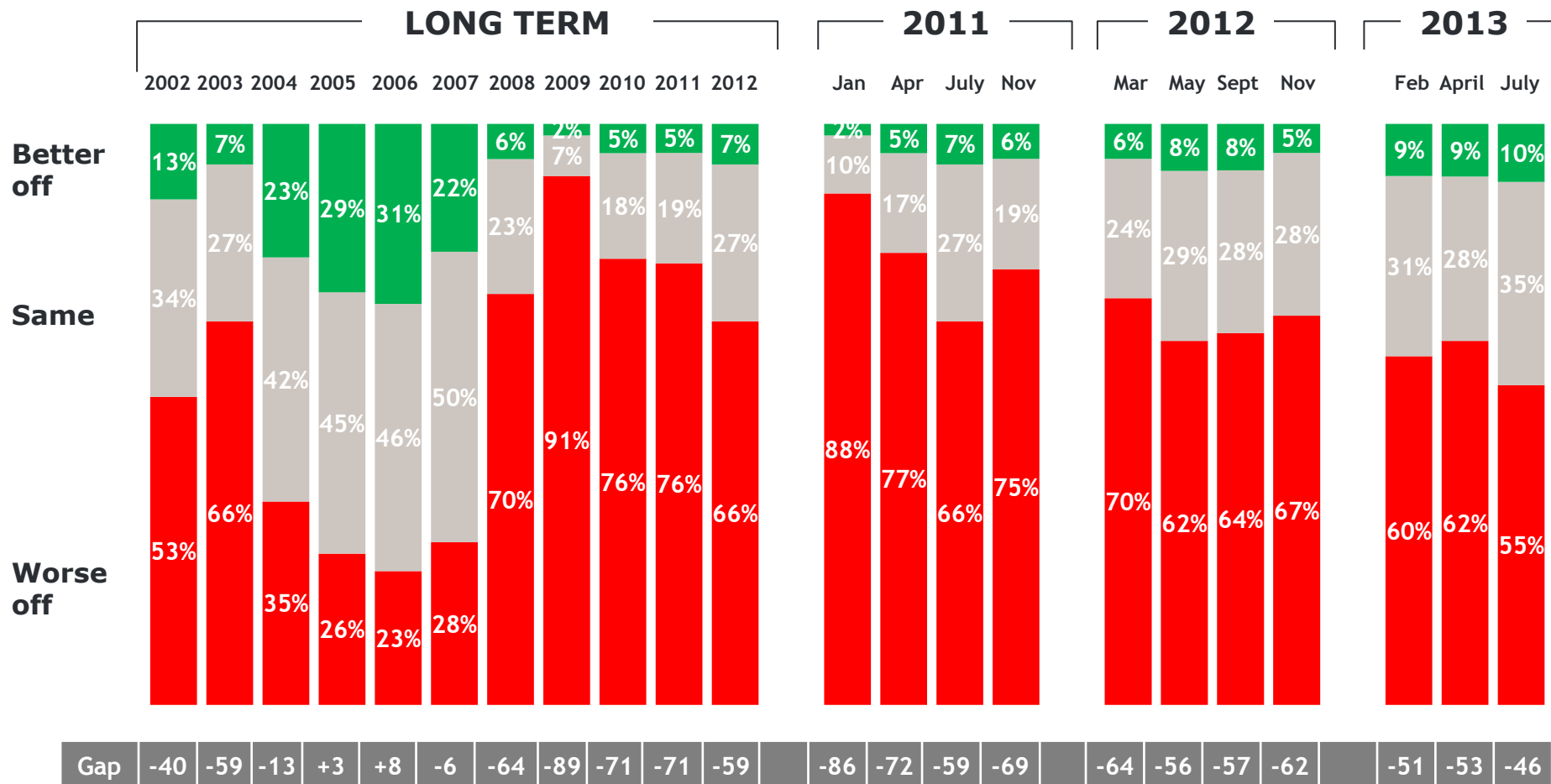
- The table below summarises the net scores for each element of the July survey, alongside those from previous waves since 2010.

	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	July
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Economy - looking back a year	Nov '02	-62	-81	-50	-82	-86	-72	-59	-69	-64	-56	-57	-62	-51	-53	-46
Economy - looking forward one year	Nov '02	-63	-54	-20	-74	-70	-58	-45	-64	-52	-44	-50	-60	-39	-44	-36
Personal income - looking back a year	Nov '02	-40	-65	-43	-67	-72	-64	-50	-59	-61	-56	-52	-60	-52	-55	-47
Personal income - looking forward a year	Nov '02	-20	-54	-33	-65	-69	-55	-43	-57	-50	-49	-52	-52	-48	-54	-47
Personal assets - looking forward one year	Jan'02	-2	-49	-26	-55	-50	-44	-31	-41	-39	-28	-31	-33	-21	-29	-20
Purchasing intentions - the year ahead	Nov '02	-24	-51	-36	-56	-67	-55	-37	-51	-46	-40	-44	-48	-43	-43	-40
Savings - the year ahead	Nov '02	-35	-53	-37	-54	-60	-54	-39	-50	-51	-42	-45	-52	-44	-48	-44

Although still negative, confidence in the management of the economy is now at its highest level since 2008. However, measures related to personal finances remain concerning.

Economy – Looking Back

COUNTRY IS NOW ...

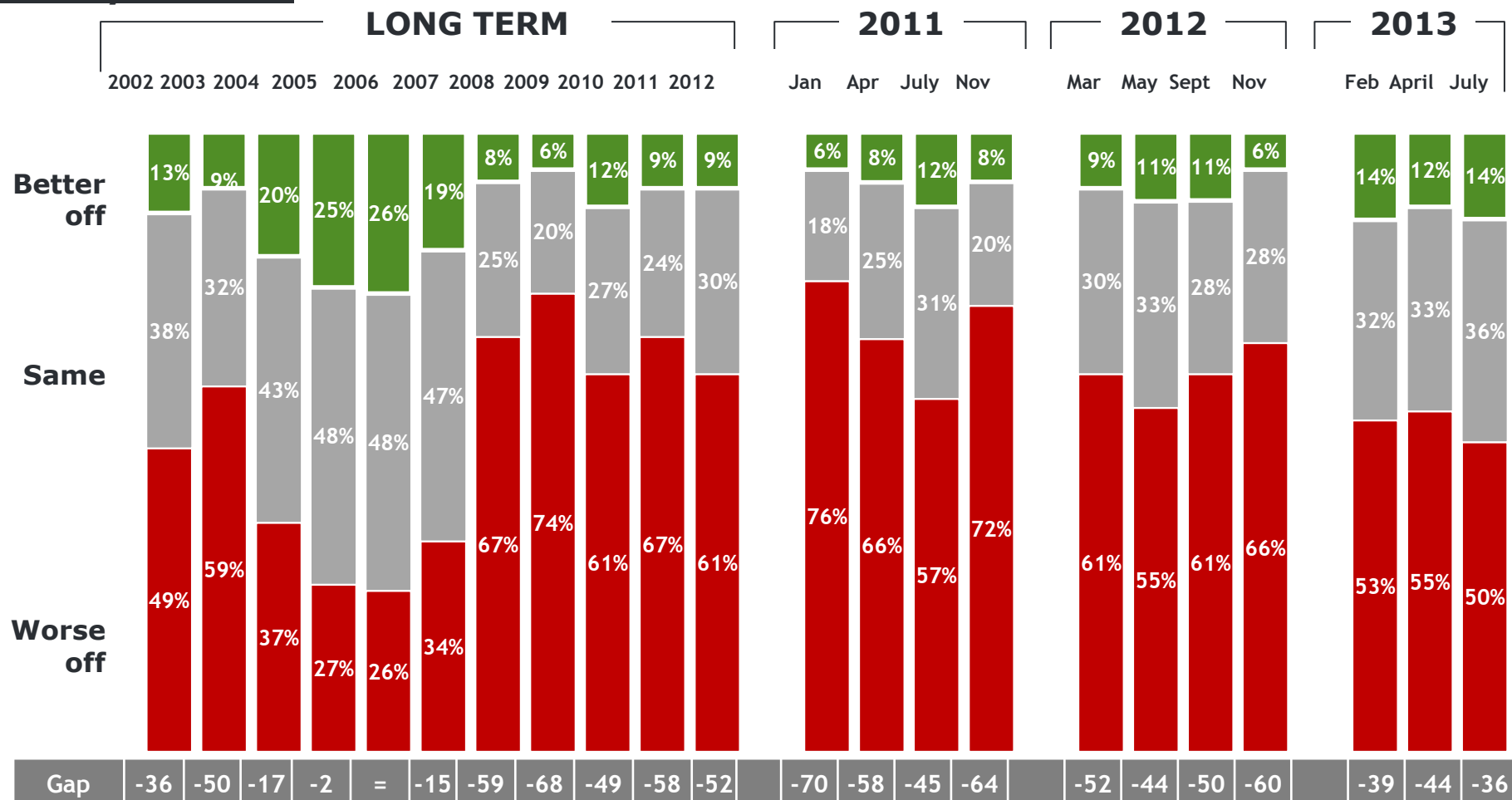


Negativity related to our current economic situation continues to reduce and is at its lowest point since the recession began. However, the momentum for recovery remains slow and while the current environment appears to be stabilising, burgeoning confidence in this area remains weak. Any immediate shock impacts will undermine these scores.

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

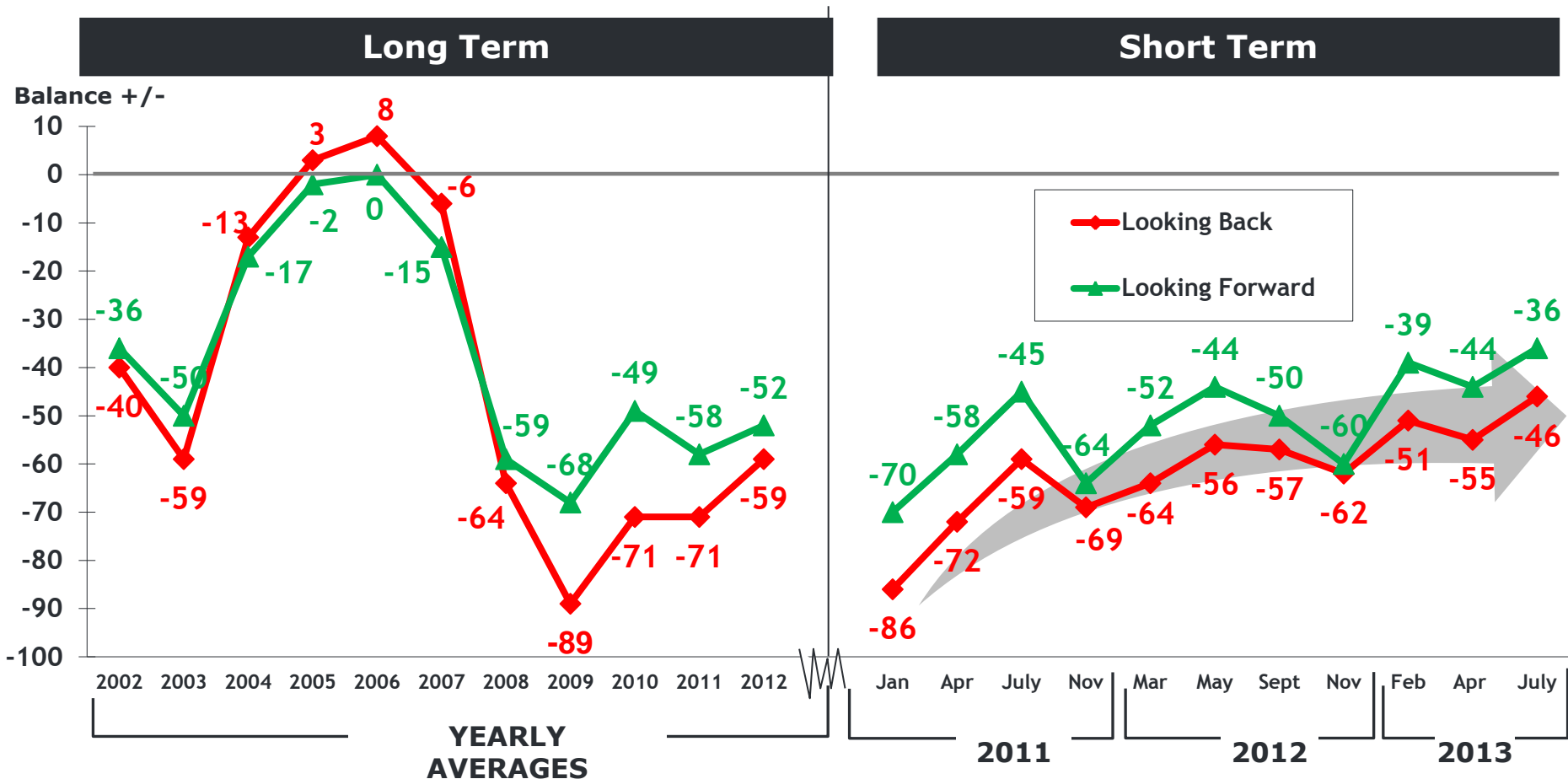
Country will be ...



Perceptions related to the future of the Irish economy are at their highest level since 2008. While still concerning, belief in the future of the Irish economy is improving.

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

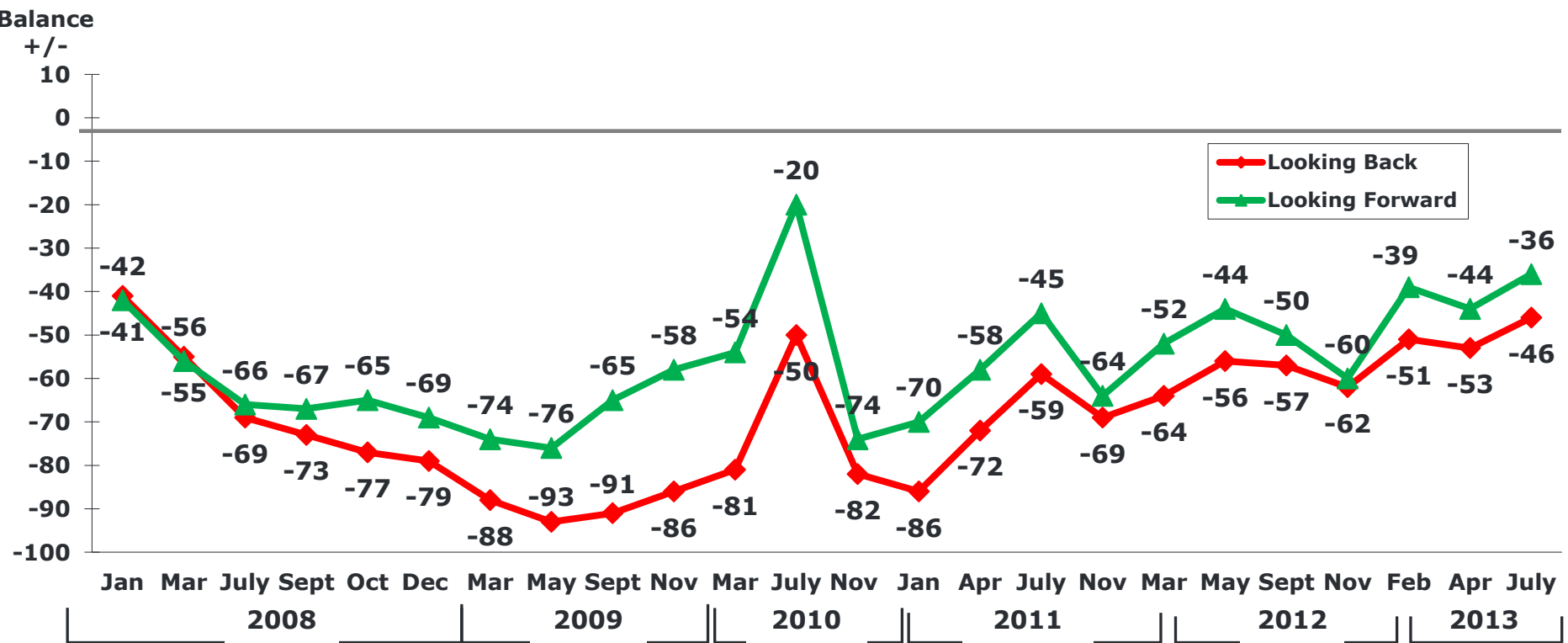


When viewed longitudinally a pattern of consistent improvement has been noted over the past two years. While overt confidence in the macro economy is still out of sight, the more negative impacts of the recession appear to be abating.



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

Source: B&A Consumer Confidence Report



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

Stabilisation

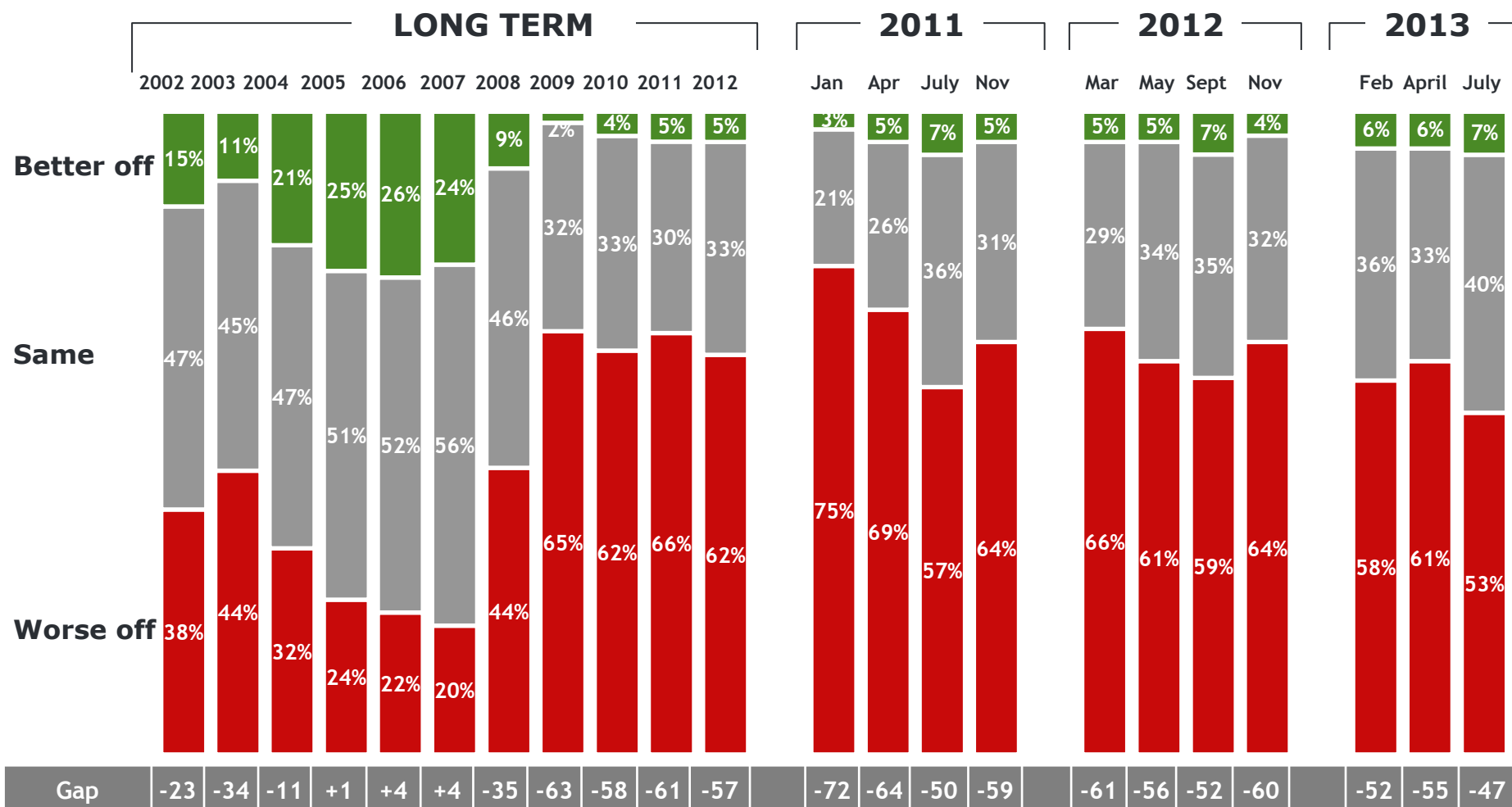
- Things appear to be stabilising from the consumer's perspective

- 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 ...

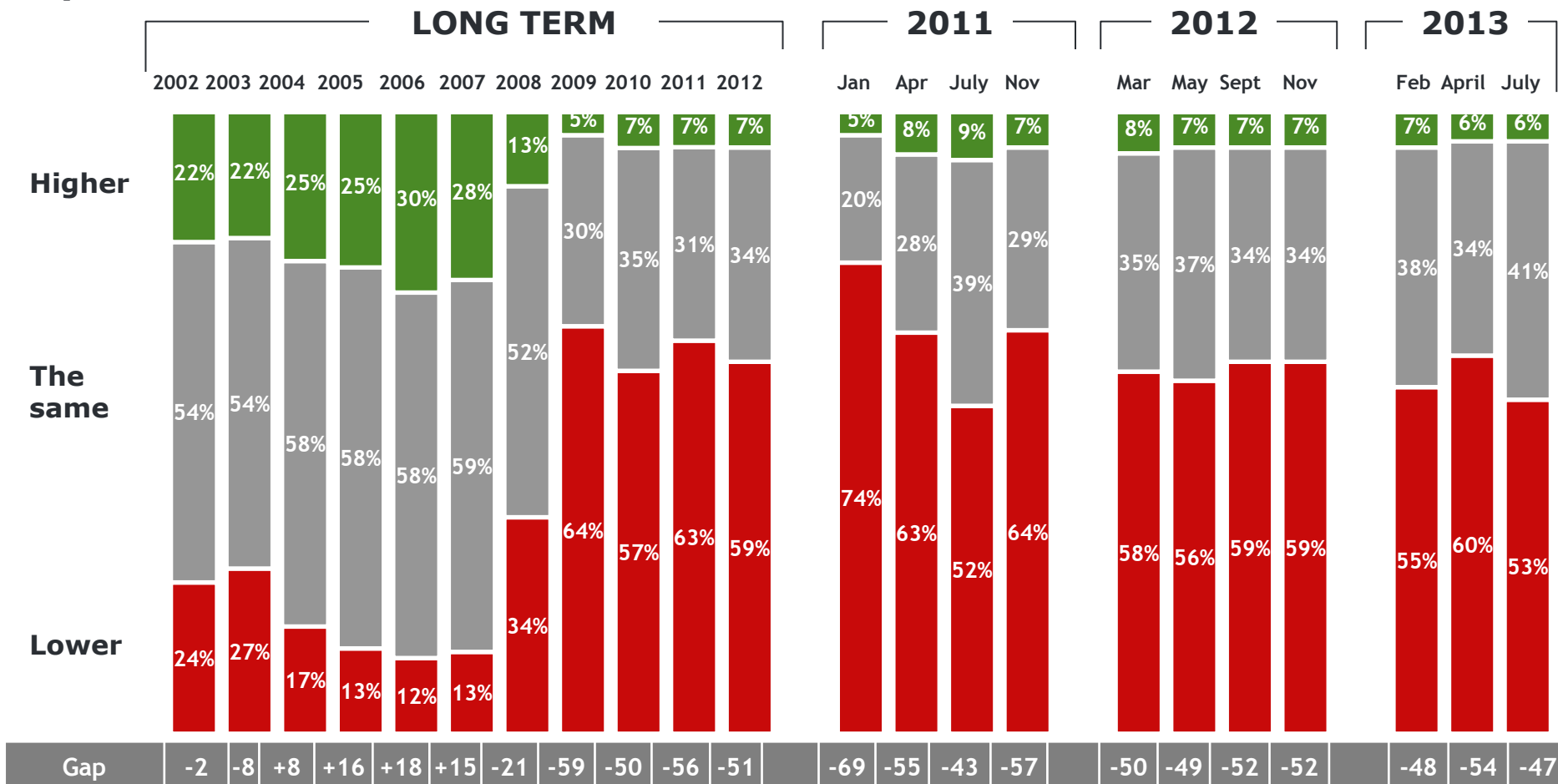


Perceptions of personal finances are still negative. However, the degree of negativity appears to be in decline.

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

Personal Finances – Looking Forward

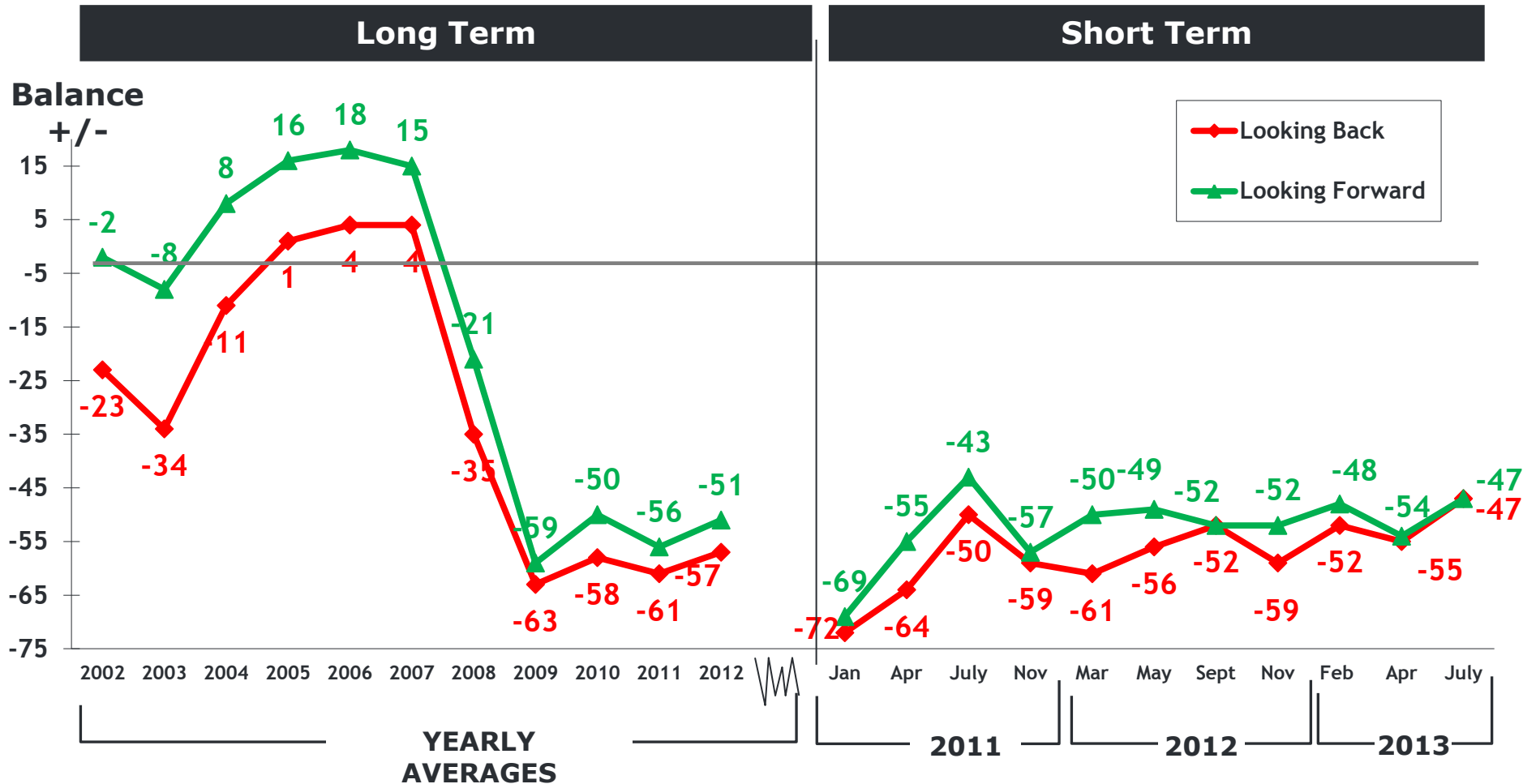
Expect it to be ...



Perceived pressure on real income into the future continues. This central facet of economic recovery appears to have plateaued, to a degree, with limited overt momentum. Expectations of any significant increase here appear to be more medium to long term, perhaps following the next austerity budget.

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



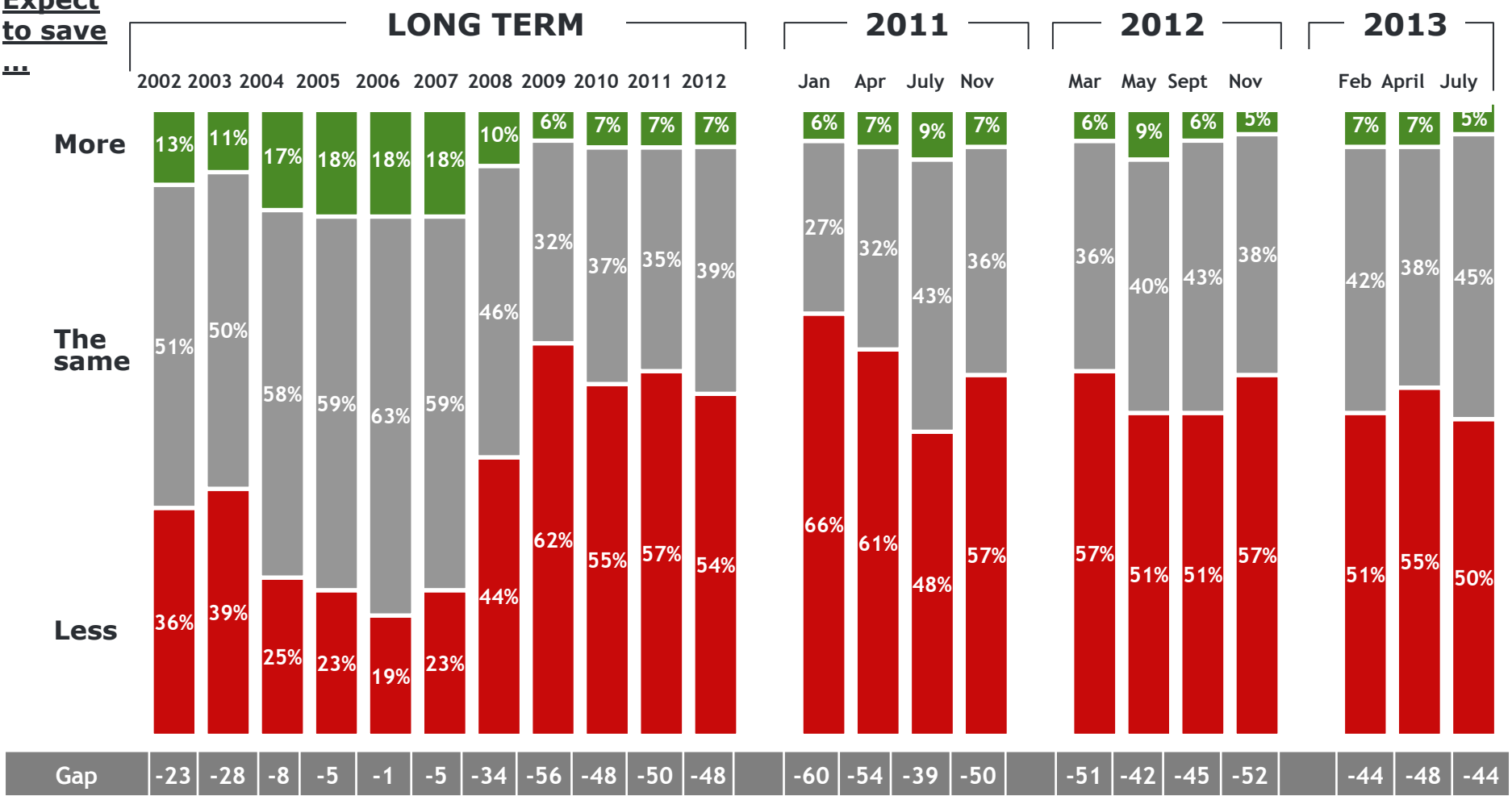
Incremental gains being made over time. However real recovery appears a long way off.



Savings – Looking Forward

Expect to save

...



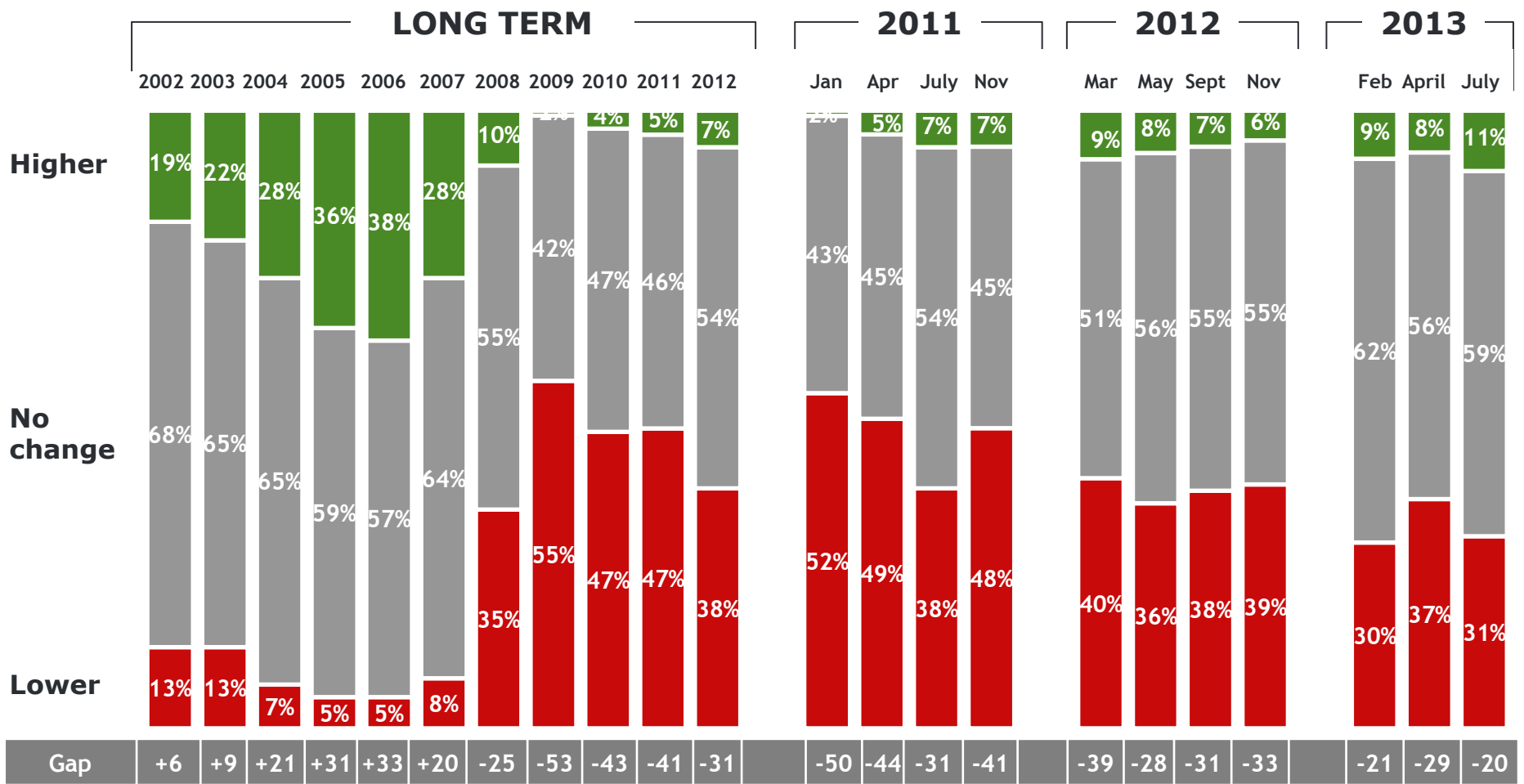
The consistent negativity appears to relate more to an inability to save rather than a lack of intention.

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 ...



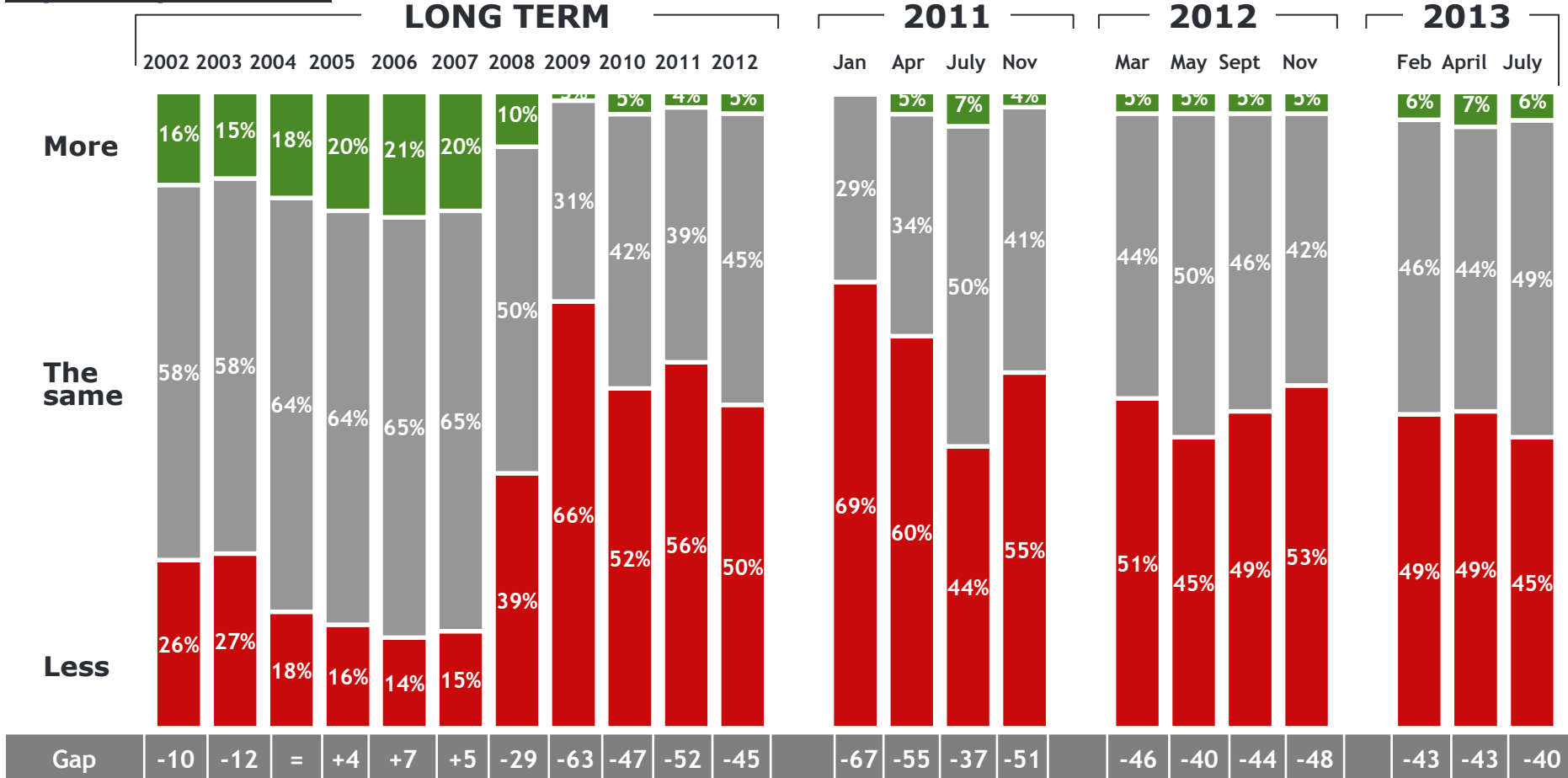
Consumers in 2013 are less likely to believe that their asset values will reduce further, due to the scale of the fall off in value over the preceding period. Information related to improving house prices may be creating a marginal degree of uplift, but this trend is more indicative of a belief in recovery of asset values rather than any real value growth.

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 ...



While it continues to trend negatively, there has been a marginal improvement year on year. Fears around real income levels will continue to destabilise optimism in this area into the future. Without an external game changer we do not see any significant increase in domestic demand in the immediate future.

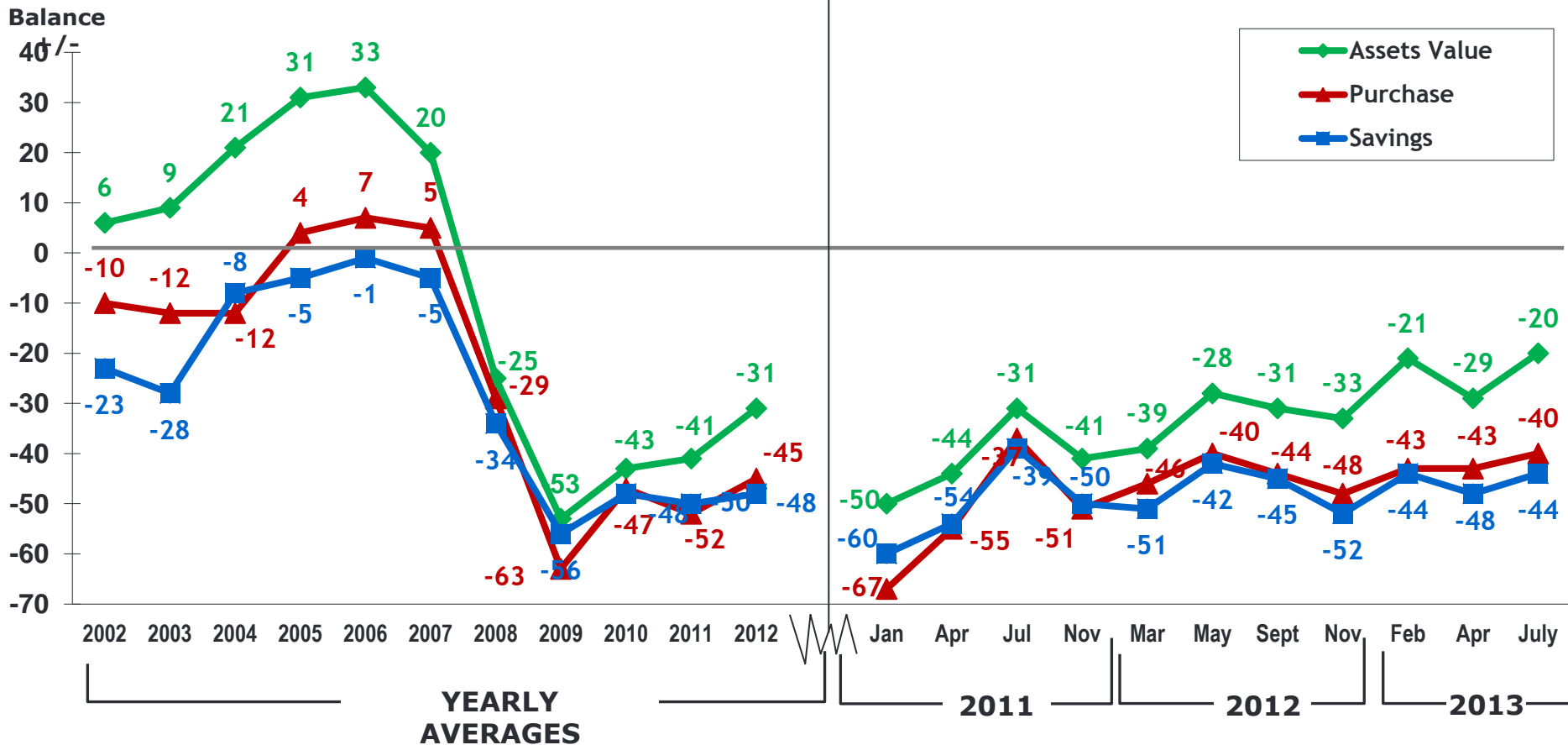
Q.7 In the year ahead, do you expect to purchase more, less or the same amount of goods and services as in the past year?

Balance Of Opinion – The Year Ahead

Expectations in regard to assets value, purchases, and savings

Long Term

Short Term



While improvement are noted, momentum is slow. Any further imposition that directly affects real incomes of consumers will impact this area negatively. Growth in personal financial situations is now finely balanced.

The New Reality of Recession: Discretionary Income Has Halved in Five Years but decline appears to have abated

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?

Thank You



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