



Consumer Confidence Tracker

March 2012

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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 996 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 24th February - 6th March, 2012.
- The figures contained within the B&A Consumer Confidence Barometer have an estimated margin of error 3.2%.
- The current data does not take into account any movements or negotiations related to the Anglo-Irish promissory notes, which occurred after fieldwork was completed.

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 (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 online (Computer Aided Web Interviewing) Unit. The company would be well known for having pioneered the development of qualitative research in Ireland.
- Behaviour & Attitudes is fully owned by its Research Directors. These Directors are fully involved in day-to-day research on behalf of their clients.
- For more information please visit our website at: www.banda.ie or contact us on +353 1 2057500.

Summary

Irish Consumer Views

- Consumer confidence this quarter has shown signs of reducing negativity when compared with the previous period November 2011. However, the November data was collected just prior to the announcement of the 2012 Budget, when negativity among consumers was heightened considerably. Although the current headline figures may be immediately taken as being more positive, when viewed longitudinally they point towards further contractions in consumer spending in the short to medium term again this year, with further considerable pressure evident on the real income levels of consumers.
- There appears to be an overall perception among consumers, based on the movements in headline rates related to Ireland's economic performance and personal financial situation, that the margin for decline remaining for both economic performance and real income levels has declined considerably. In other words, the situation has declined to such a degree and with such velocity that among consumers there is perceptibly limited room left in which the country's economy or their own real income levels can bottom out further.
- Further consumer retrenchment this year appears a certainty. The degree to which consumers anticipate to save or spend more this year in comparison to last year remains defiantly negative, with the minor reduction in negative sentiment in this area more indicative of an inability on behalf of consumers to cut their budgets any further than previously amended rather than being a reduction in desire to.

Summary

- The one element of consumer confidence which may be beginning to see a minor reversal in confidence rates (although it is far too early to tell with any degree of certainty) is expectations of Irish economic performance for the year ahead. While the headline rate remains negative there has been a considerable reduction in negative sentiment surrounding the perception of Ireland's economic performance for the coming year. While this again may relate to a belief that further significant declines (of the magnitude of those experienced in the past 4 years) may no longer be possible there is a small undercurrent of positivity surrounding this area, which may relate to the number of job announcements made public in the first quarter of 2012.
- Two thirds (66%) of Irish consumers are currently in a worse personal financial situation than they were during the same period last year. The continued erosion of disposable income levels due to increases in indirect taxation, household input costs and essential personal expenditure i.e. personal health insurance etc, has further reduced the financial capabilities of the average consumer, with the knock on effect that domestic demand will inevitably continue to weaken.

Summary

- There is also an a considerable undertow of fear in relation to further declines in real income levels throughout 2012 for consumers, with 58% (50% net) indicating that they expect their real income level to decline further during the next twelve months. However there are indications that while consumers expect to see further reductions in disposable income again this year, the degree of decline over current real income levels is expected be of a lesser magnitude than that currently experienced.
- In general, consumers are also less concerned about future declines in the value of their personal assets than they were previously. This is unsurprising in a sense, as the majority of personal asset values have plummeted over the past 3-4 years. This points to an acceptance that asset values having contracted to such a degree that further significant reductions are not realistically going to have any negligible impact on the average consumer. What this marks is that the threshold for consumer perceptual anguish related to negative equity may already have been passed (even if price will fall a bit more).

Summary

International Views of Ireland

- In the current report we have utilised elements of a recent international study conducted by B & A into perceptions of the Irish and the Irish economy as experienced by consumers in other countries.
- When discussing the perceived state of the Irish economy relative to its position a year previously, it is unsurprising that adults in the UK (our largest trading partner and closest neighbour) and Australia (a country most likely to be impacted by Irish emigration) appear most keenly aware of the actual economic situation and are more likely to see Ireland as being the same as or in a worse position than last year.
- The French and Germans are more likely to think Ireland is in a better position this year than last year. This is possibly due to the control currently exerted by their countries over EU, ECB & IMF monetary policies, the economic buffer zone provided to them by outlying nations such as Ireland and their belief that centrally governed austerity measures are the best prospects for European stabilisation.
- The degree of optimism about the Irish economy among our international counterparts for the coming year shows significant belief that Irelands economic performance will improve. When compared to the view of the average Irish consumer, who believes that further considerable economic declines will occur in the next 12 months, we see that the external reporting of headline figures in Ireland related to sovereign debt management, exports, austerity measures and fiscal rectitude, and our handling of the banking situation may be providing a platform for positivity among the international community.

Summary

- This degree of optimism is obviously not experienced by the Irish consumer due to the direct impact these measures are having on their income levels, employment opportunities, taxation increases, service reductions and emigration levels. As an indicator of the image of Irish economic performance from an external international perspective these headline rates indicate a keen degree of positivity for Ireland and with our reliance on generating FDI as a means of economic recovery these results provides a platform for a degree of positivity when we look to sell brand Ireland abroad.
- Among all of the adults asked in our international study of perceptions of Ireland abroad, only the UK and Australian adults (at a net level) were less enthusiastic as cheerleaders of Irish economic recovery this year, again this relates more to the degree of familiarity with Ireland as a neighbour and trading partner and with Irish people as economic immigrants than to a comparison of headline economic commentaries and statistics as reported in the international news.

Findings



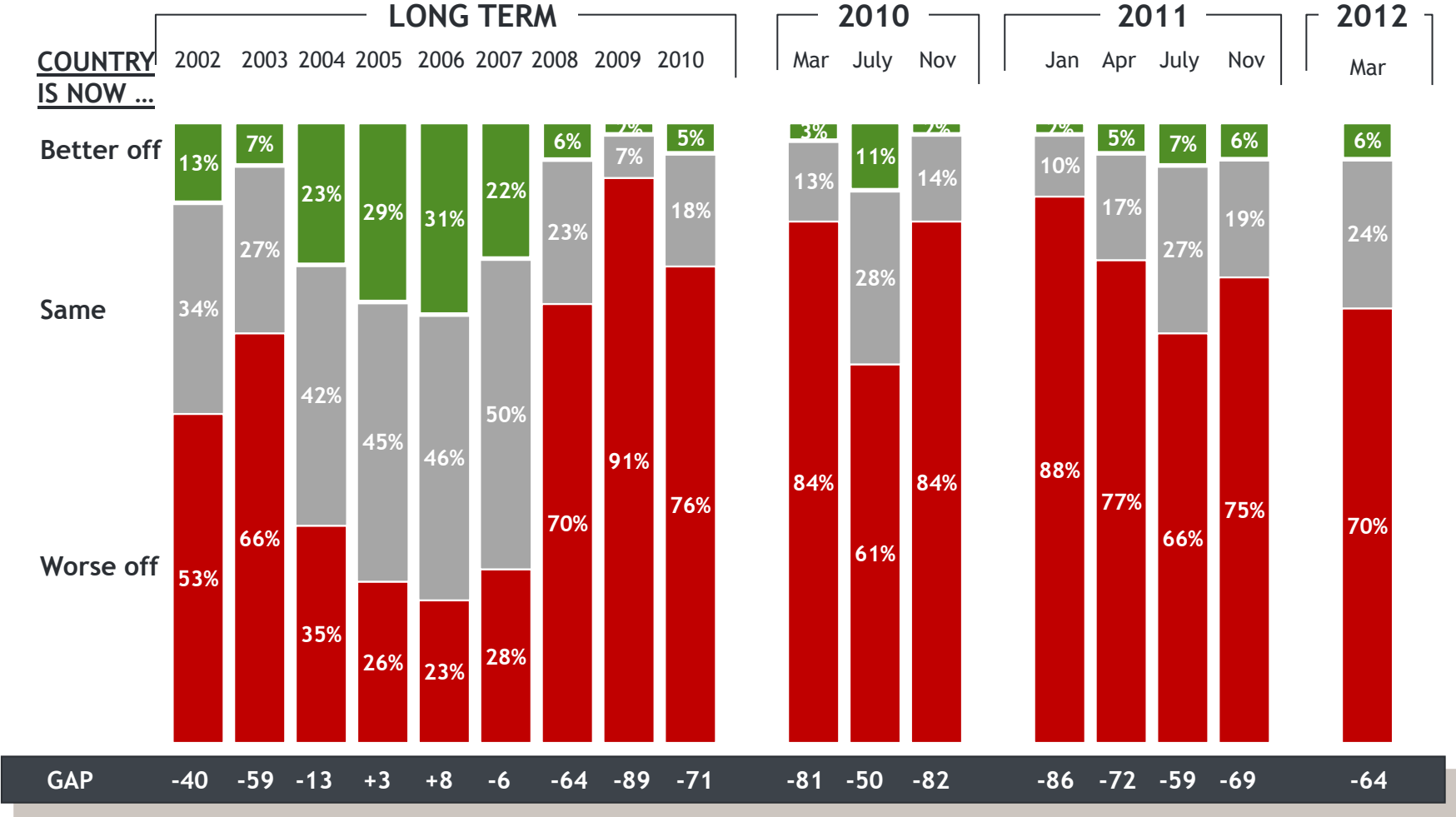
Summary

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

	Pre 2008 Historic Low		2009				2010			2011				2012
	Date	Net Score	Net Scores				Net Scores			Net Scores				Net Scores
	Date	Score	Mar	May	Sept	Nov	Mar	July	Nov	Jan	April	July	Nov	Mar
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Economy - looking back a year	Nov '02	-62	-88	-93	-91	-86	-81	-50	-82	-86	-72	-59	-69	-64
Economy - looking forward one year	Nov '02	-63	-74	-76	-65	-58	-54	-20	-74	-70	-58	-45	-64	-52
Personal finance - looking back a year	Nov '02	-40	-57	-62	-67	-63	-65	-43	-67	-72	-64	-50	-59	-61
Personal income - looking forward a year	Nov '02	-20	-54	-63	-63	-55	-54	-33	-65	-69	-55	-43	-57	-50
Personal assets - looking forward one year	Jan'02	-2	-55	-53	-55	-47	-49	-26	-55	-50	-44	-31	-41	-39
Purchasing intentions - the year ahead	Nov '02	-24	-61	-55	-60	-53	-51	-36	-56	-67	-55	-37	-51	-46
Savings - the year ahead	Nov '02	-35	-56	-56	-60	-51	-53	-37	-54	-60	-54	-39	-50	-51

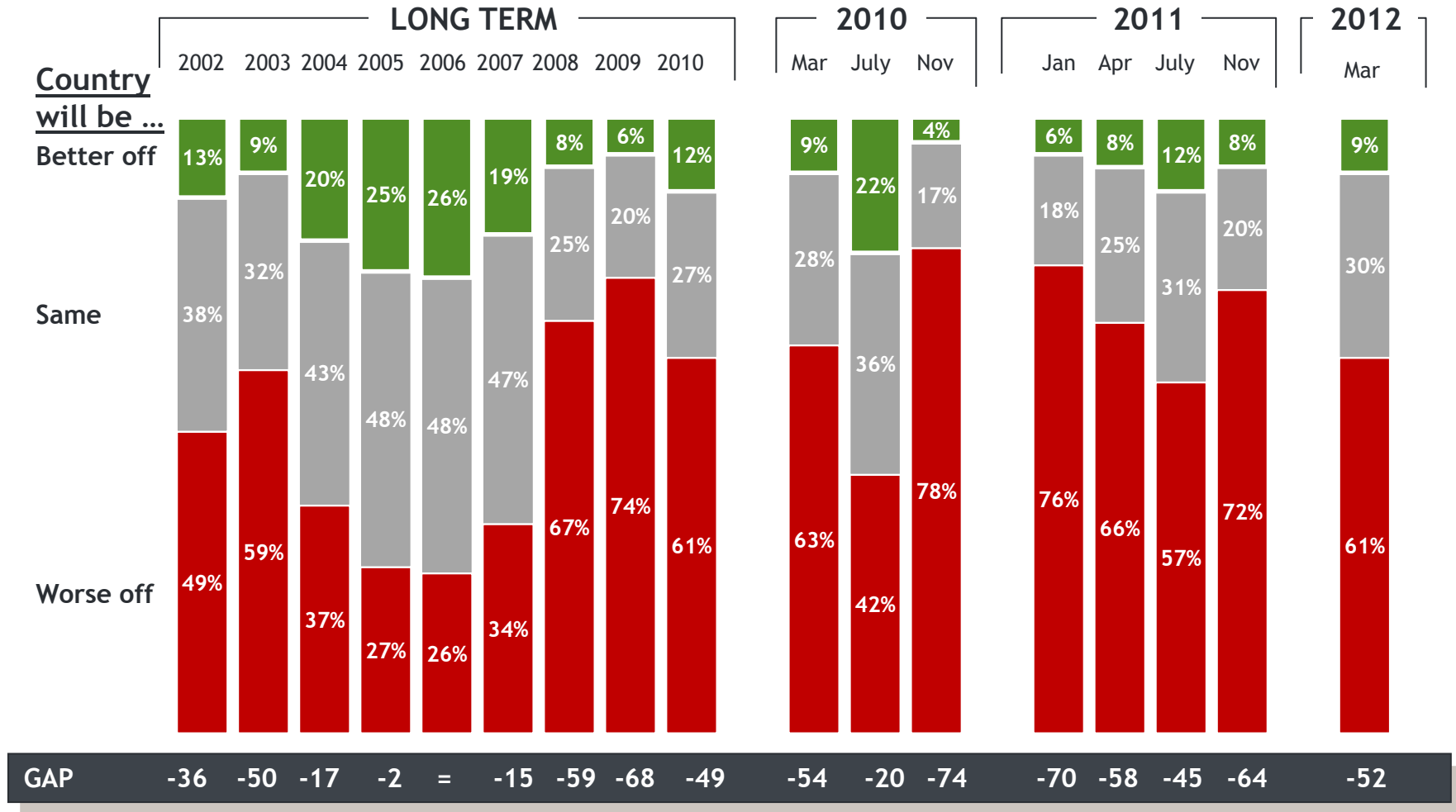
Headline confidence rates indicate that the persistent level of negative sentiment have abated marginally when compared to figures reported prior to Budget 2012. When viewed longitudinally the indicators point towards a continued contraction of real income and a further decline in domestic demand from consumers this year. The reductions in negative sentiment in key areas (bar perceptions of the economy one year in the future) are more indicative of a belief that there is less margin for decline left within the economy due to the level already experienced, rather than being a return to a more positive consumer outlook at the present time.

Economy - Looking Back



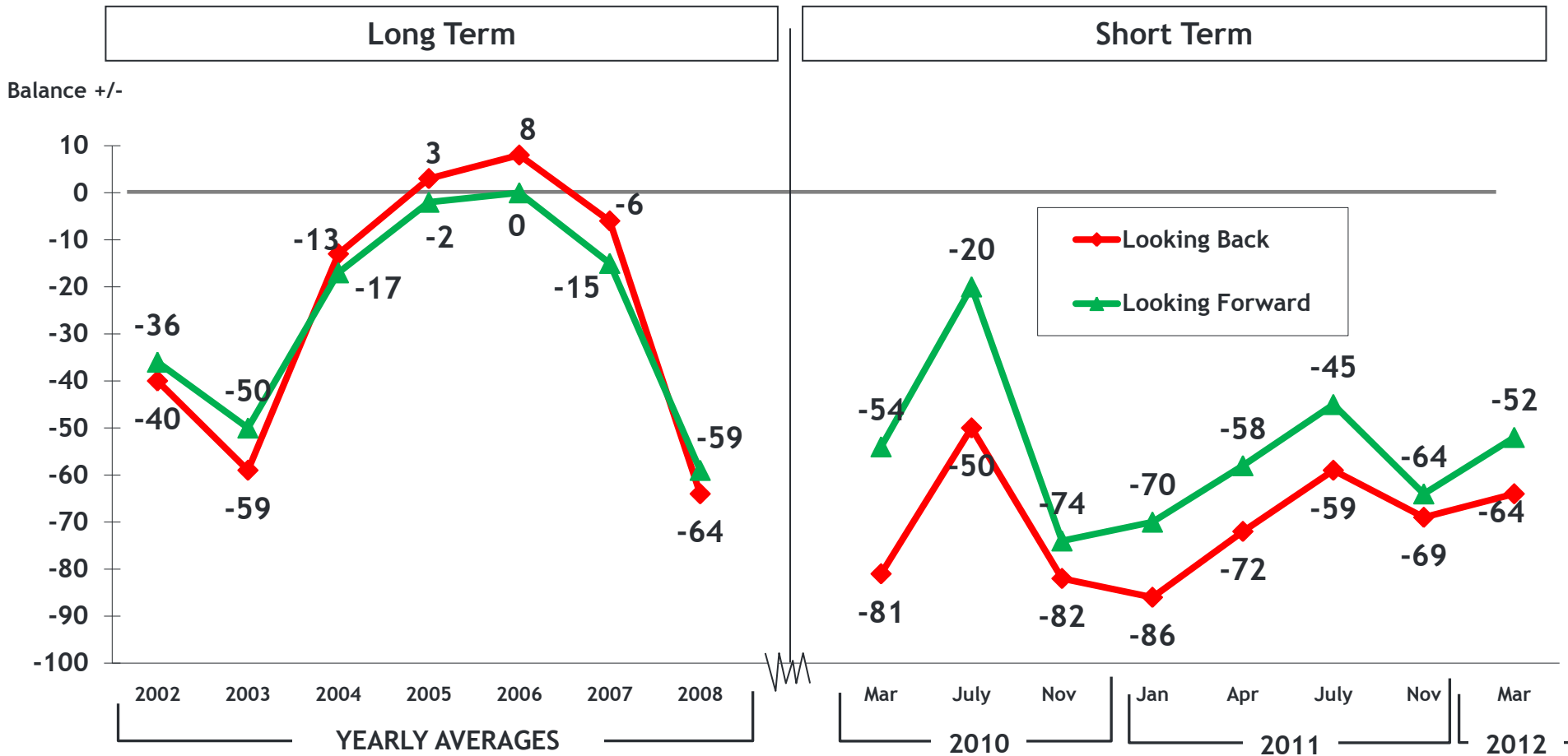
Q.1 Thinking about the economy as a whole, do you think that the country is better off, worse off, or about the same as last year?

Economy - Looking Forward



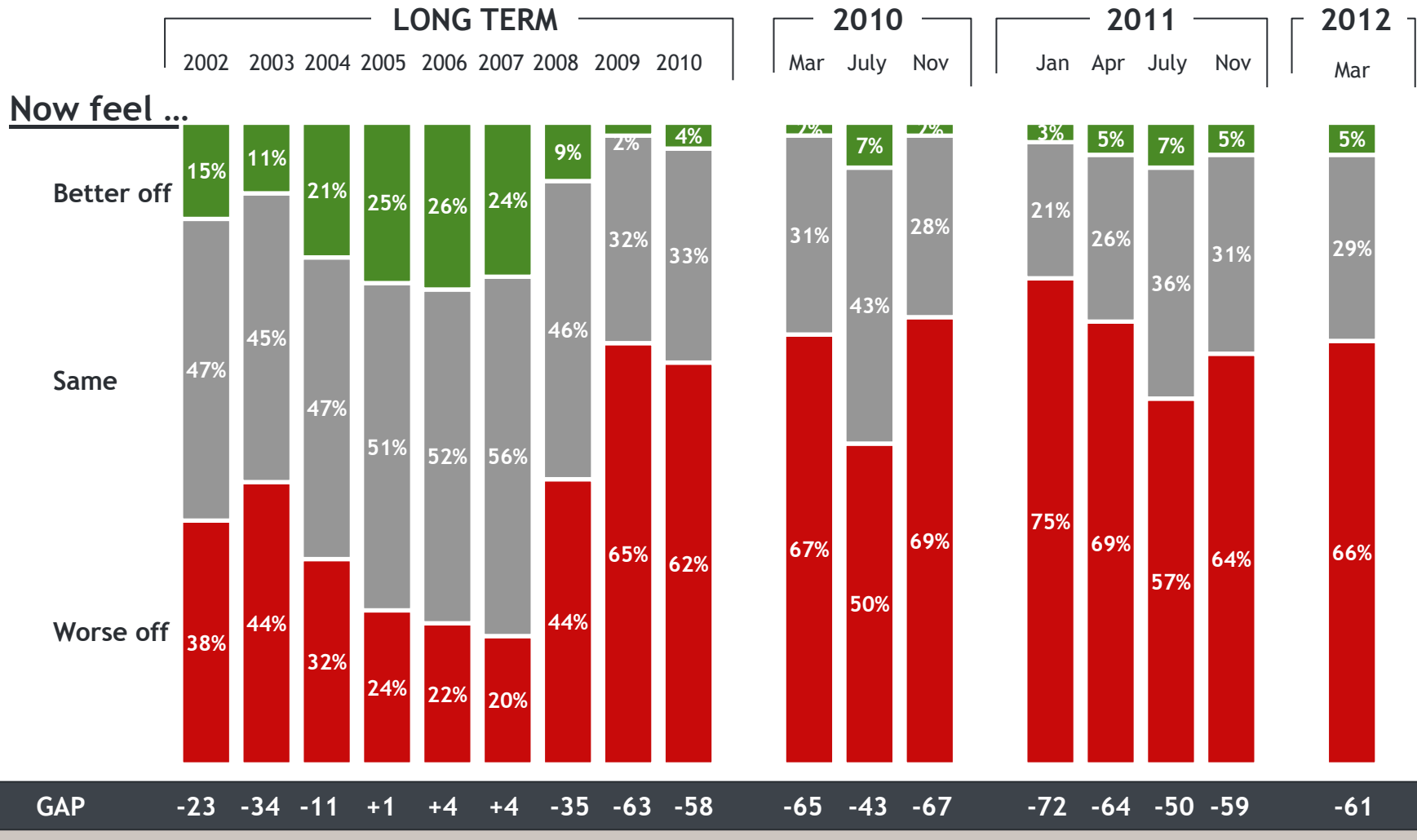
Q.2 And what about the coming year, do you think that the country will be better off, worse off or about the same as this year?

Balance Of Opinion - Economy



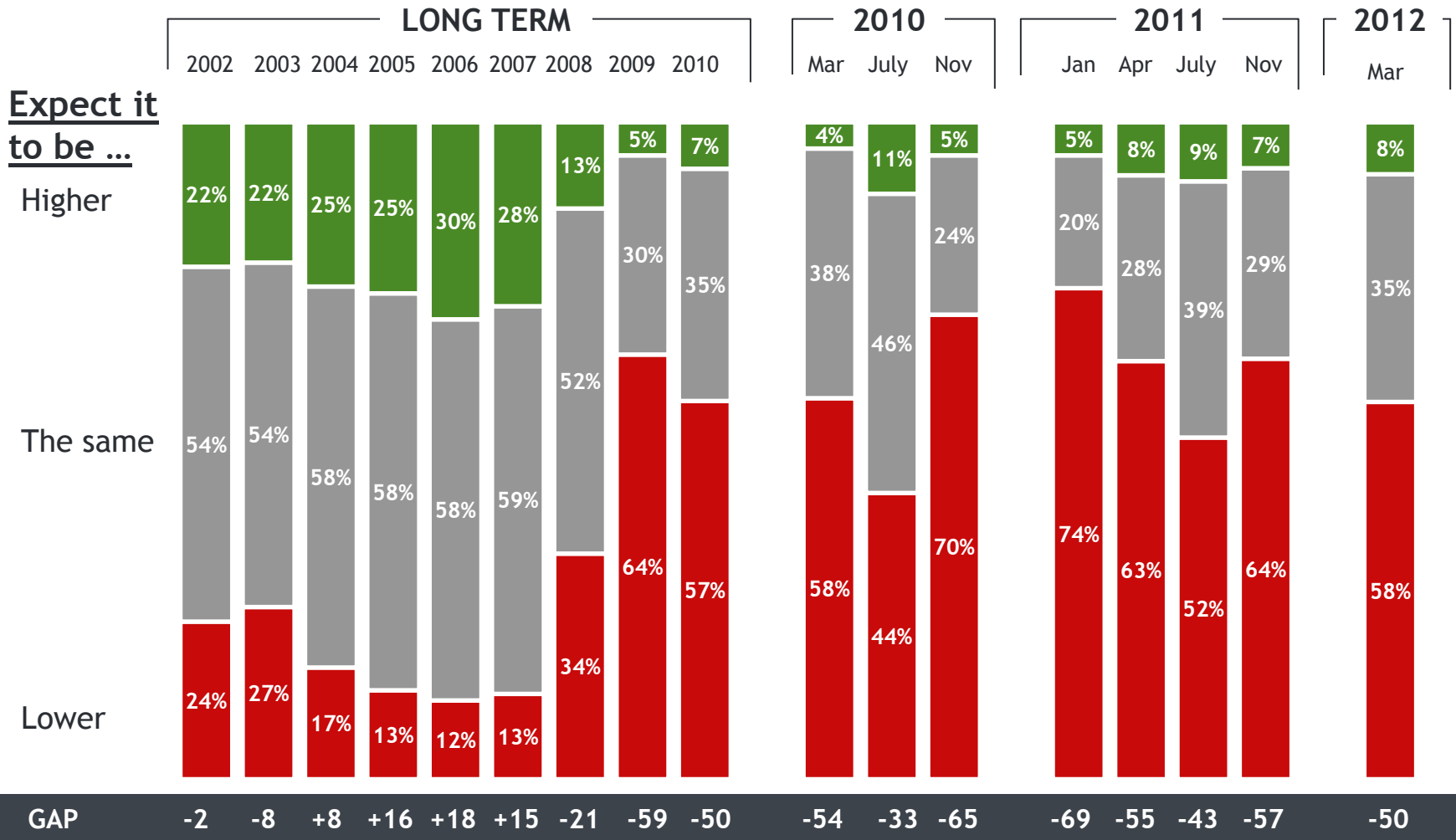
When compared to the same period in the previous year, consumer perceptions of the larger Irish economy remain distinctly negative but with marginal reductions evident. This indicates that while the degree of confidence in the macro economy as experienced by the consumer remains distinctly negative, their perception of the degree to which further economic decline can occur may be reaching a nadir point. Corroboration of this is indicated in the significant decline in negative sentiment surrounding consumer opinion of the future prospects of the economy. While remaining negative, the level of economic decline as experienced by consumers over the past four years may be leading to the foundation of a belief that the economy, based on its current standing, can only improve.

Personal Finances - Looking Back



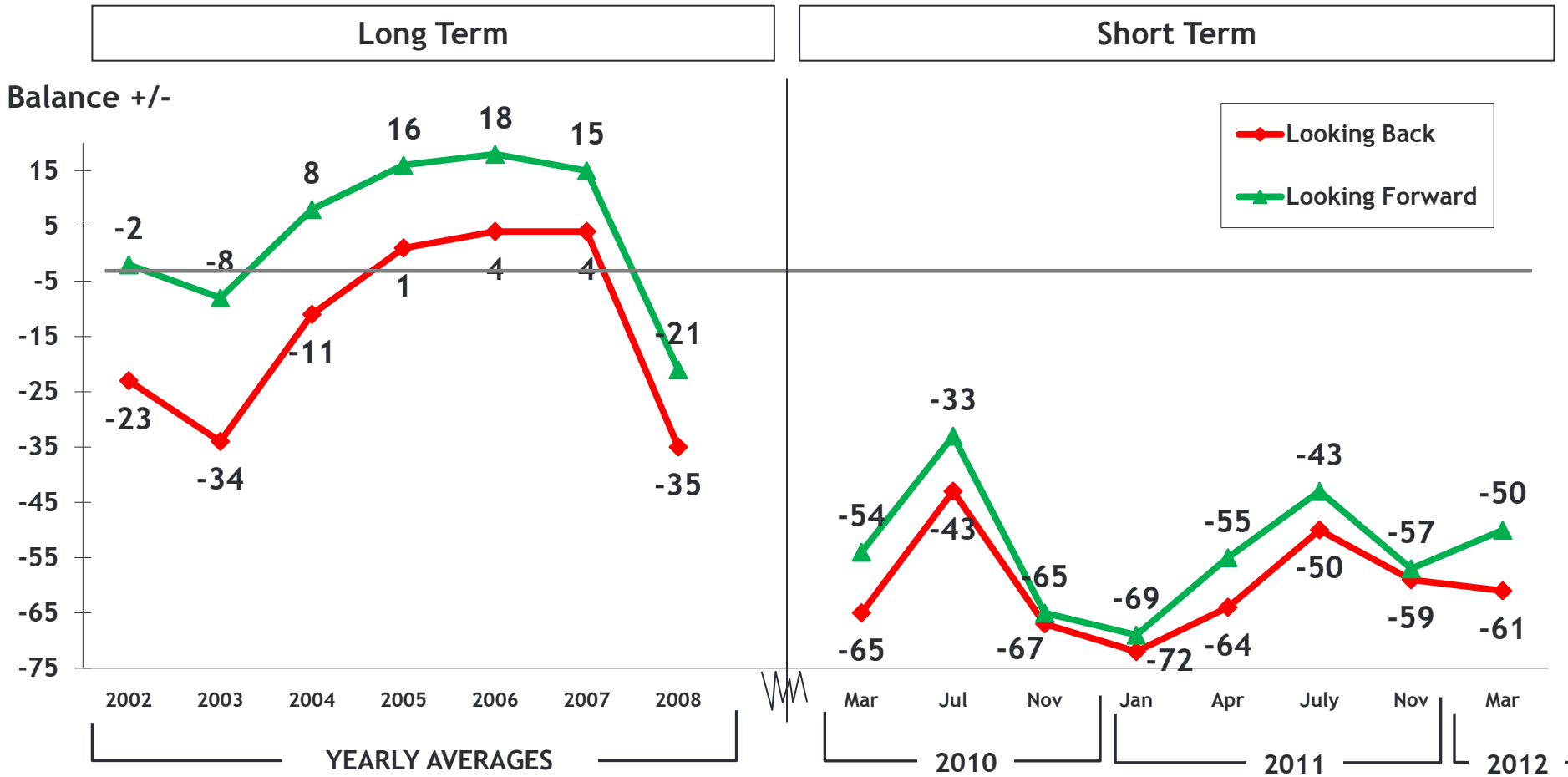
Q.3 Do you feel better off financially, worse off financially or about the same compared to last year?

Personal Finances - Looking Forward



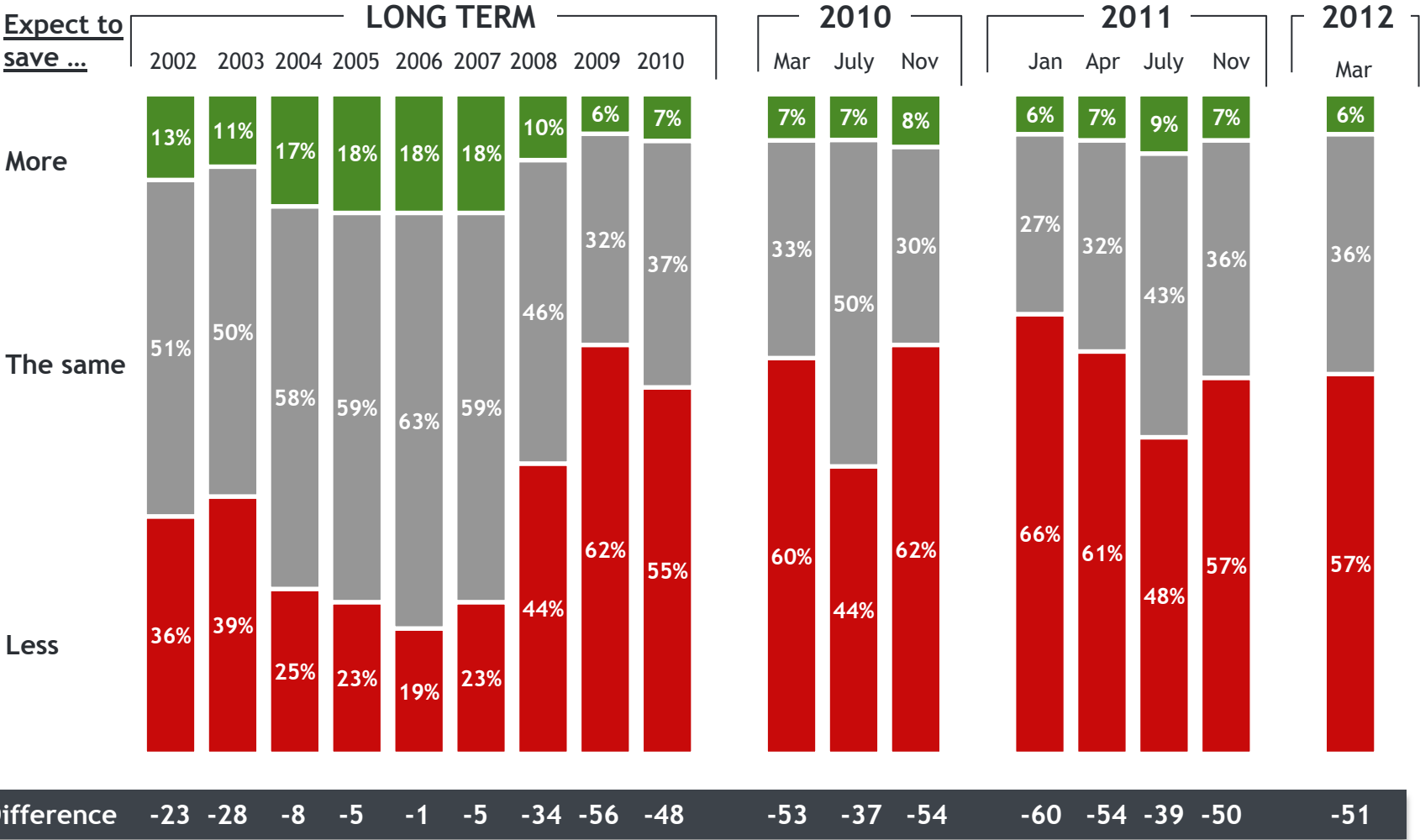
Q.5 Do you expect your income in the next year, after inflation and taxes, to be higher, lower or the same as in the last twelve months?

Balance Of Opinion - Personal Finances



The compression of real income levels among consumers continues to increase, with a net 61% of all adults indicating that their personal financial situation is now worse than it was in the same period last year. The implementation of increased indirect taxation through budgetary measures, increases in household input costs and continued pressures on necessary personal expenditure such as personal insurance continue to undermine the real income levels of consumers. This has created a consistently declining pool of disposable income, which is directly responsible for considerable declines in domestic demand.

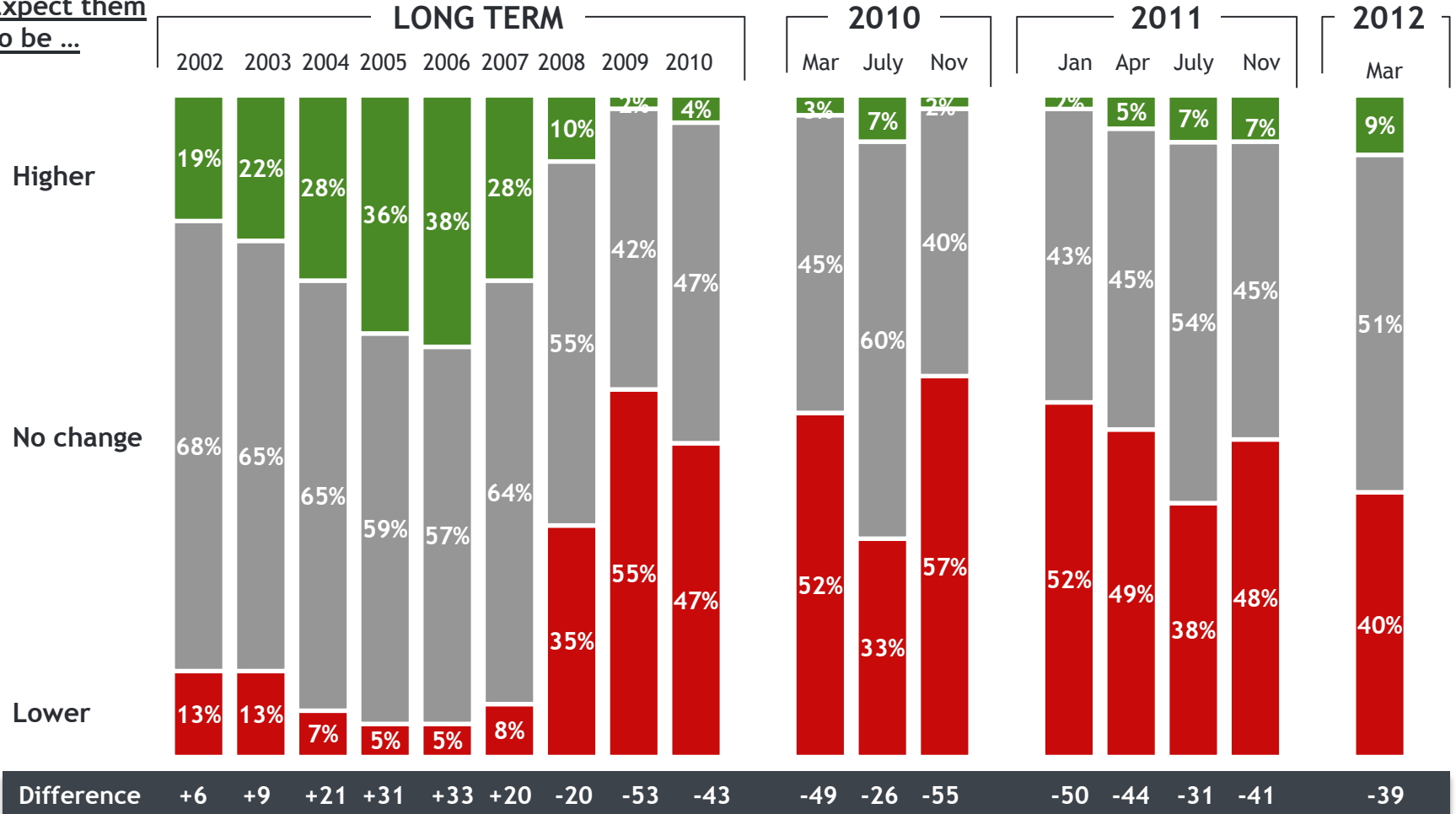
Savings - Looking Forward



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

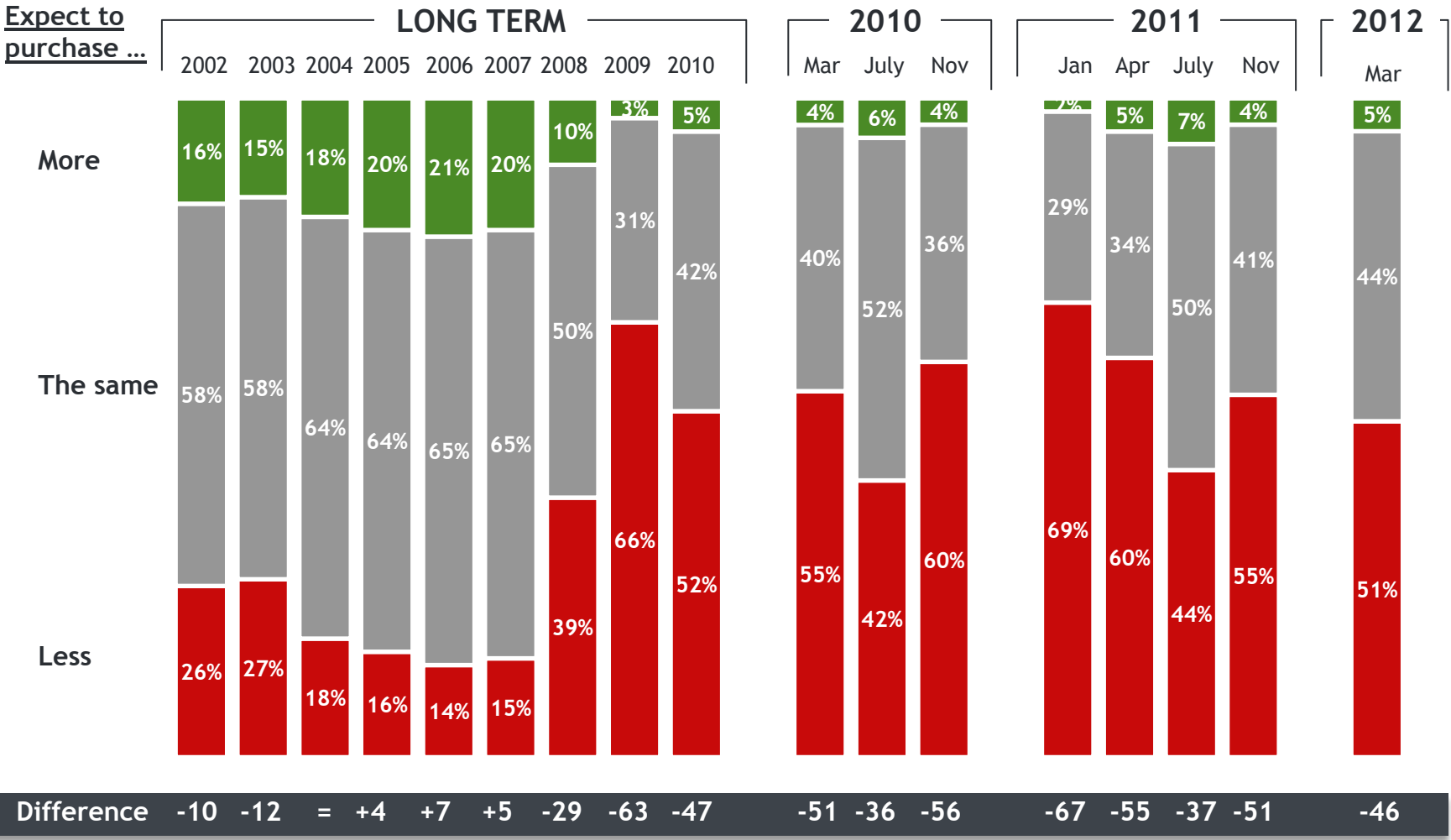
Personal Assets- Looking Forward

Expect them to be ...



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?

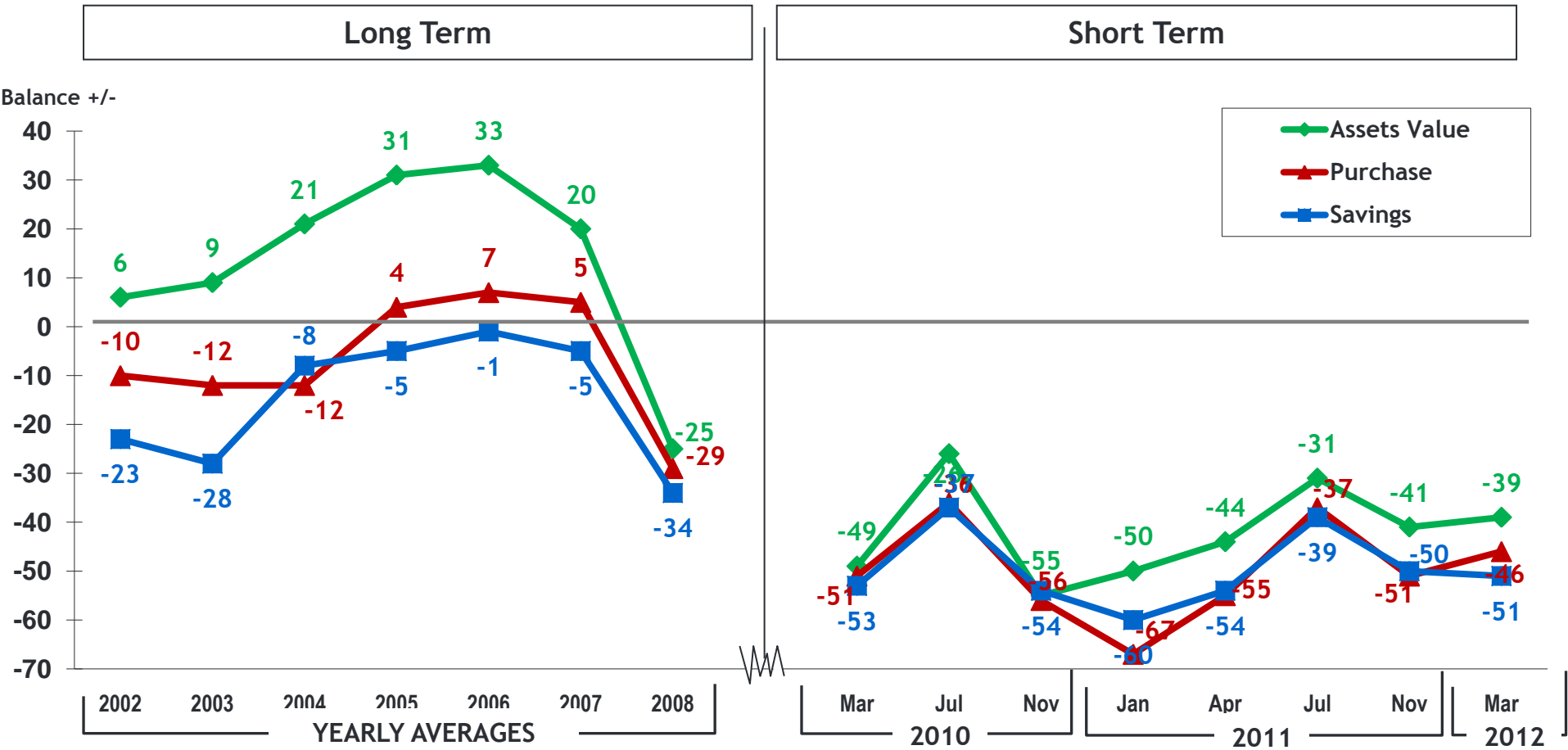
Purchasing Goods And Services - Looking Forward



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



Consumers expect to reduce both purchases and savings rates compared to last year, although the degree to which they expect these to decline has begun to subside marginally. However, rather than being a sign of a return to the domestic market of consumer expenditure this is more an illustration of relatively stagnant income levels that are beginning to bottom out in value terms, which are experienced by the majority of consumers. The pattern indicates that the enforced reductions in saving and purchasing rates over the last three years, due to declining disposable income levels, has left those consumers who are not actively looking at reducing their expenditure in a situation where they cannot possibly make further reductions.

International Comparisons



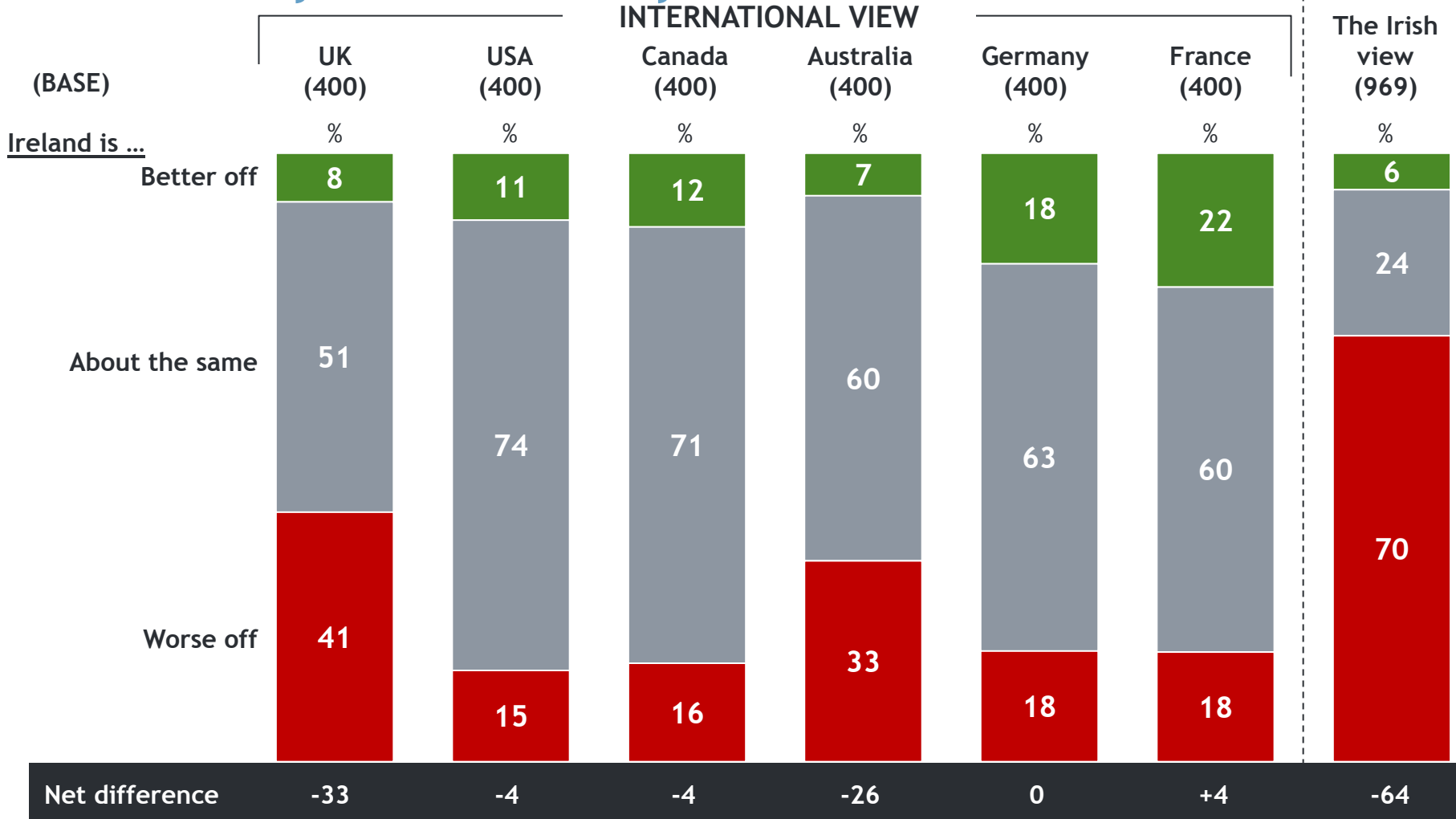
Research Methodology

- International attitudes towards Ireland were measured amongst a nationally representative sample of those aged 16+ in six influential countries.
- Ireland's largest market research company, Behaviour & Attitudes undertook the online survey amongst a nationally representative sample of 400 adults aged 16+ in each of the following countries; Germany, France, USA, Canada and Australia, yielding a total sample of 2,400 interviews.
- The online survey was conducted between 12th and 15th March 2012.
- This research captured how Ireland is viewed abroad in terms of our economic standing, while also capturing more general international attitudes towards Ireland and the Irish. The research also examines likelihood to visit Ireland and how they view Ireland as a holiday destination amongst those aged 16+.
- Behaviour & Attitudes also hosted an online blog amongst young Irish people who have recently moved to Australia and their attitudes towards a number of pressing issues which have been included in the press release which accompanied this document.
- For more information contact Behaviour & Attitudes on 01 205 7500 or visit

www.banda.ie

International View of Irish Economy: Compared with Last Year

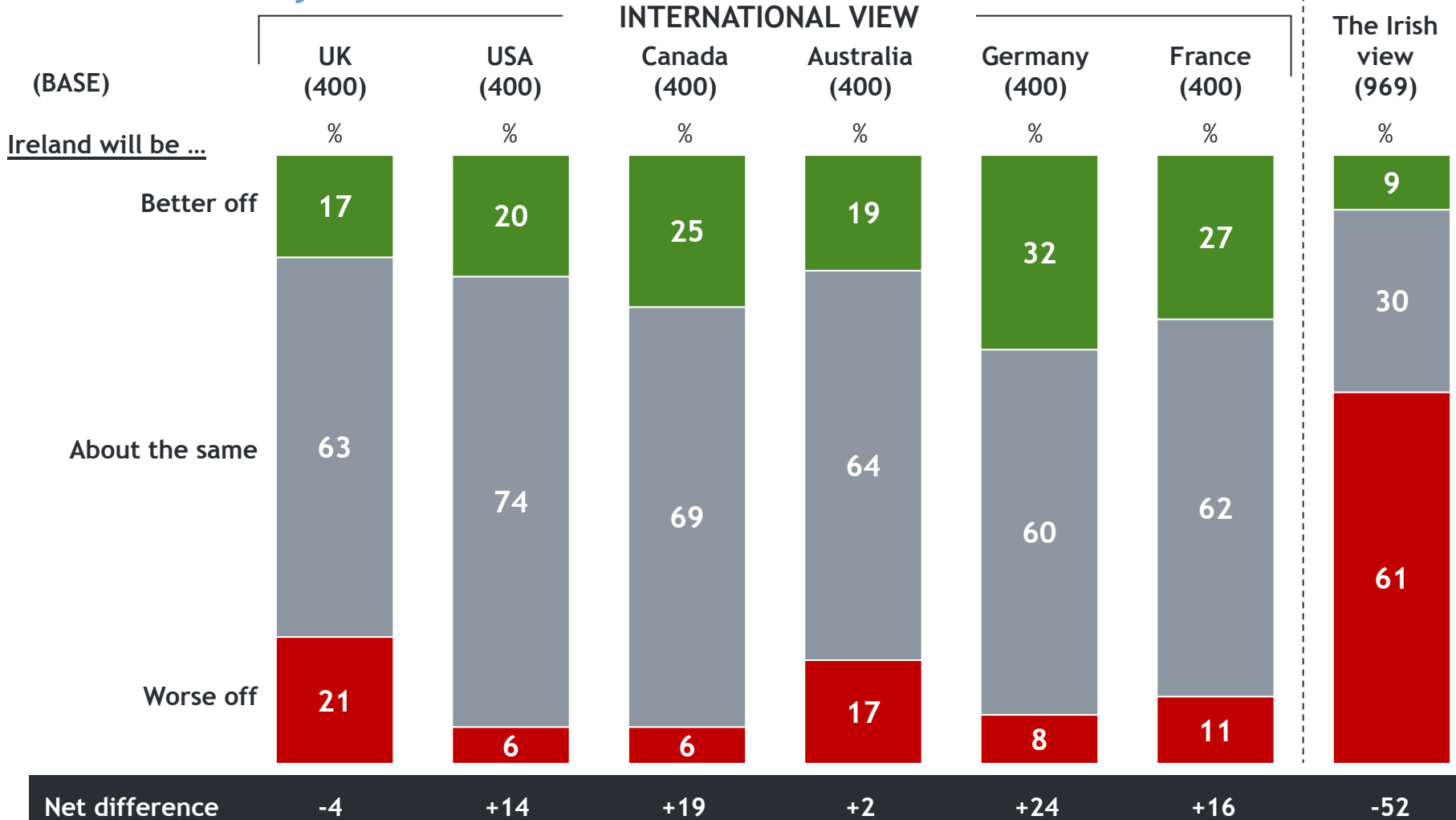
Base: All 16+ yrs in each country



The UK and Australia appear most keenly aware of the actual economic situation and are more likely to see Ireland as being the same as or worse off than last year. French and German adults are more likely to think Ireland is in a better position this year than last year, and less likely overall to think it is worse off overall than other countries. The degree of in depth awareness of the Irish economic situation among Americans and Canadians appears muted. The Irish bypass all countries in our perceived negativity surrounding the economies current state.

International View of Irish Economy: The Year Ahead

Base: All 16+ yrs in each country



The degree of optimism about the Irish economy this year among the international community is staggering when compared to the view of the average Irish consumer. Only the UK and Australia (at a net level) are less enthusiastic as cheerleaders of Irish recovery. While unrealistic in the extreme, this positive international perception is a key positive in regards to the image of Ireland being fostered abroad and one which we need to harness and enhance as a key driver of gaining FDI and furthering our export market initiatives.

Thank you



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