



Consumer Confidence Tracker

October 2007

Prepared by: Behaviour & Attitudes

DB/bs

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INTRODUCTION

This report presents the findings of the latest stage of the Behaviour & Attitudes' Consumer Confidence index with fieldwork undertaken between 28th September and 9th October, 2007.

The Consumer Confidence index began in January 2002 and has been conducted at two/three monthly intervals since that time.

The information is collected as part of the Behaviour & Attitudes Barometer survey. Technical notes on the survey and a copy of the questionnaire used are included as appendices to this report.

Because it has become increasingly difficult to present the full data series in easily assimilated charts, we have condensed all of the earlier data into annual averages for the years 2002 – 2006. This is presented as the long term trend in each instance.

Alongside this, we have shown the data for each of the surveys undertaken during the past year: the short term series. This has allowed us to present the raw material for each of the key indices:

- The Economy (looking back and looking forward)
- Personal Finances (looking back and looking forward)
- Plans in regard to personal assets, purchases of goods, and services and savings

We begin with a summary of main conclusions. This is then followed by a set of charts summarising trends on each question, a set of tabular results and a series of appendices:

- Appendix 'A' – Analysis of sample
- Appendix 'B' – The Questionnaire
- Appendix 'C' – Extract from the April 2007 report on The Impact of the Economic Climate on the Election Outcome.

SUMMARY & CONCLUSIONS

- The latest phase of the B&A Consumer Confidence Tracker shows the biggest slippage in consumer confidence since 2003 (with the exception of the short term 'slip' in September 2005 following the "Rip Off Ireland" TV programmes).
- Since July consumer perceptions of the economy in general have fallen by 17 percentage points.
- Assessments of peoples' personal economic circumstances have fallen by 11% points over that period.
- In considering their personal circumstances looking a year ahead, the balance of opinion is negative (minus 4% points), for the first time since November 2003.
- People's purchasing intentions, looking forward, are beginning to reflect this pessimism. For the first time in over three years, there is a negative balance in expectations of future purchasing: albeit a narrow one (minus 1% point).
- People's expectations in regard to savings are also down (minus 8 % points, as against minus 3% points in July).
- Even people's assessments of their personal asset bases are coming into question. 18% expect their personal assets to increase over the coming year as against 13% expecting them to decline (a favourable balance of plus 5% points). That is down from a positive balance of 19% points three months ago and 31% points a year ago.
- In our April 2007 report we made the point that economic circumstances prior to the 2007 Election were significantly more favourable than they had been before the one five years earlier (May 2002).

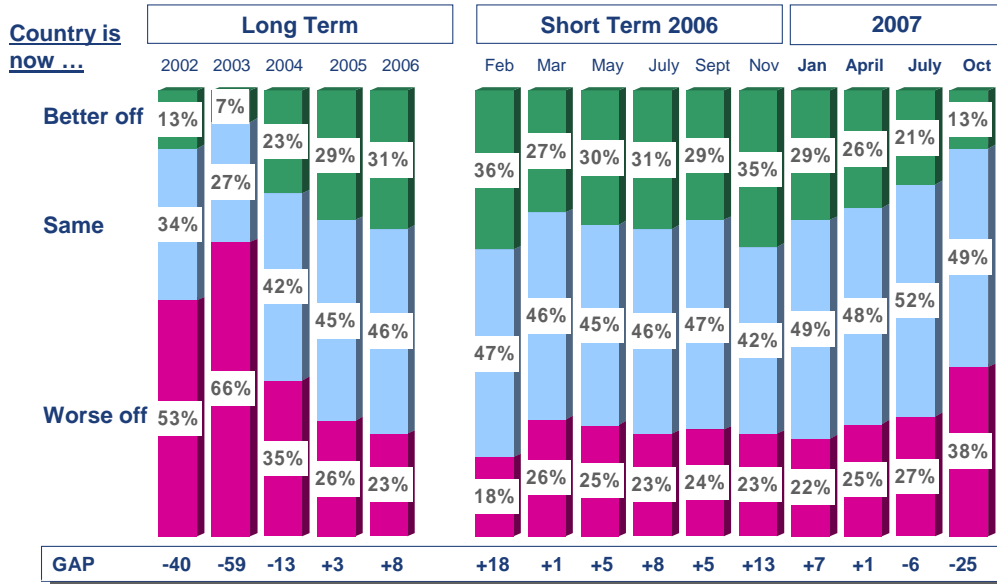
- In the table set out below we can see that matters have disimproved significantly since then: moving much closer to the depressed mood which was evident just before the 2002 Election.
- It would seem that the Taoiseach got his Election timing “just right”.

| SUMMARY OF INDEX SCORES 2007 vs 2002 | | | |
|---|-------------|---------------|-----------------|
| | May 2002 | April 2007 | October 2007 |
| <u>National Economy</u> | % | % | % |
| → Looking back | -34 | +1 | -25 |
| → Looking forward | -26 | -11 | -32 |
| <u>Personal Finances</u> | | | |
| → Looking Back | -20 | +6 | -4 |
| → Looking Forward | +3 | +18 | +5 |
| <u>Assets</u> | +11 | +27 | +6 |
| <u>Purchase Plan</u> | -6 | +4 | -1 |
| <u>Savings</u> | -19 | -5 | -8 |

- As appendix ‘C’ to this document we enclose an extract from an earlier report (April 2007) which makes this very clear.

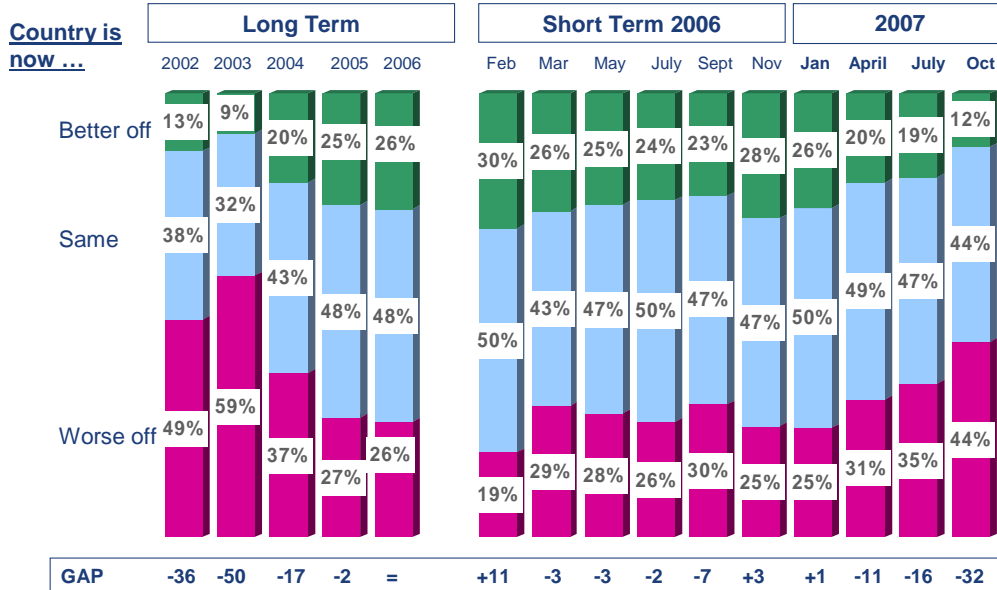
DETAILED CHARTS

ECONOMY – LOOKING BACK



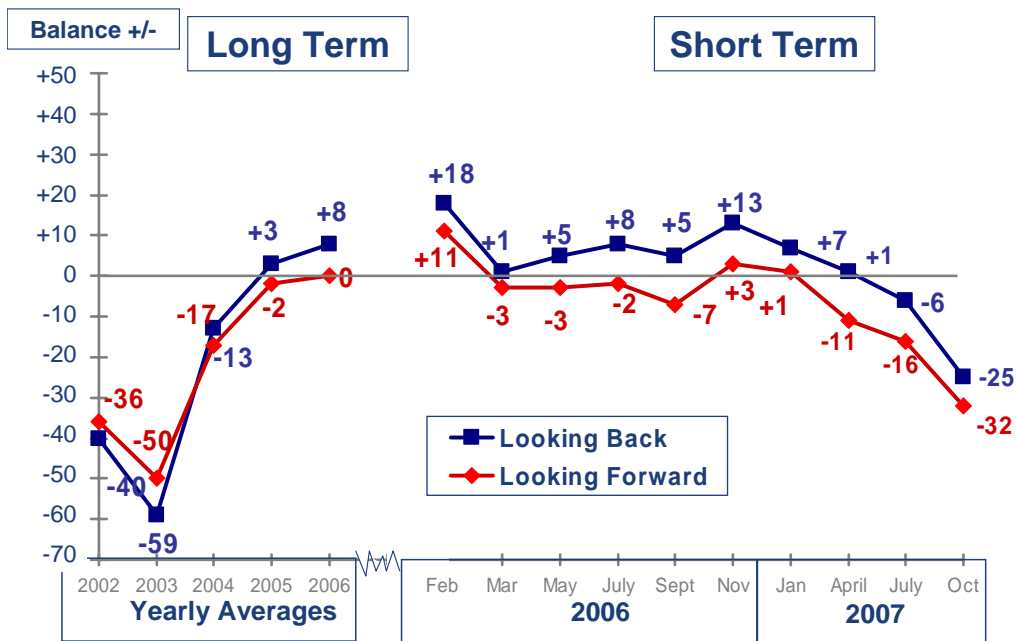
Q.1 Thinking about the economy as a whole, do you think that the country is better off, worse off, or about the same as last year?

ECONOMY – LOOKING FORWARD



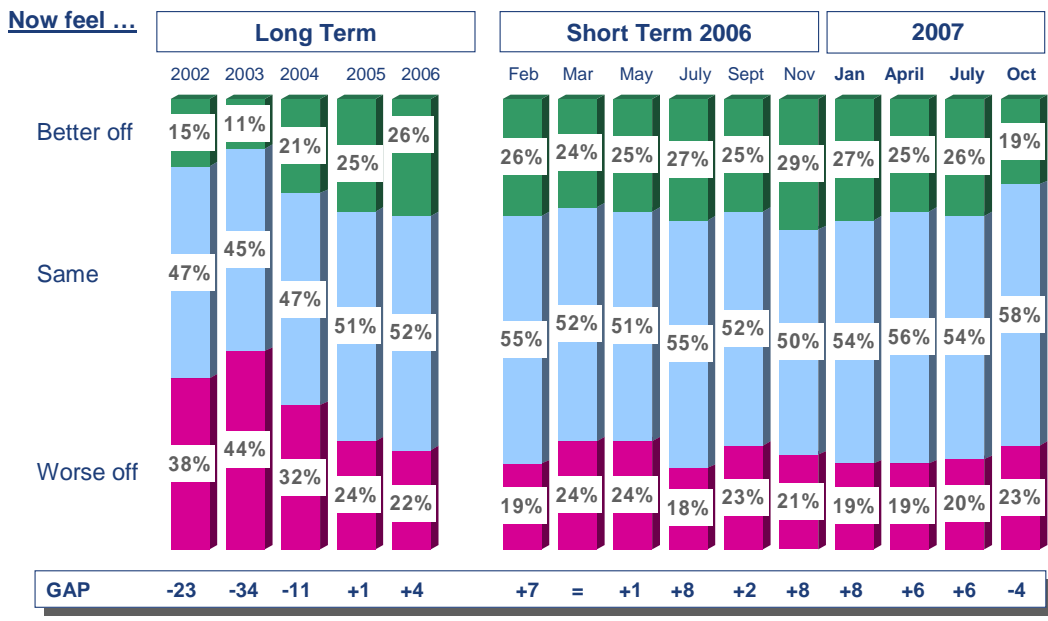
Q.2 And what about the coming year, do you think that the country will be better off, worse off or about the same as this year?

BALANCE OF OPINION ECONOMY



4

PERSONAL FINANCES – LOOKING BACK

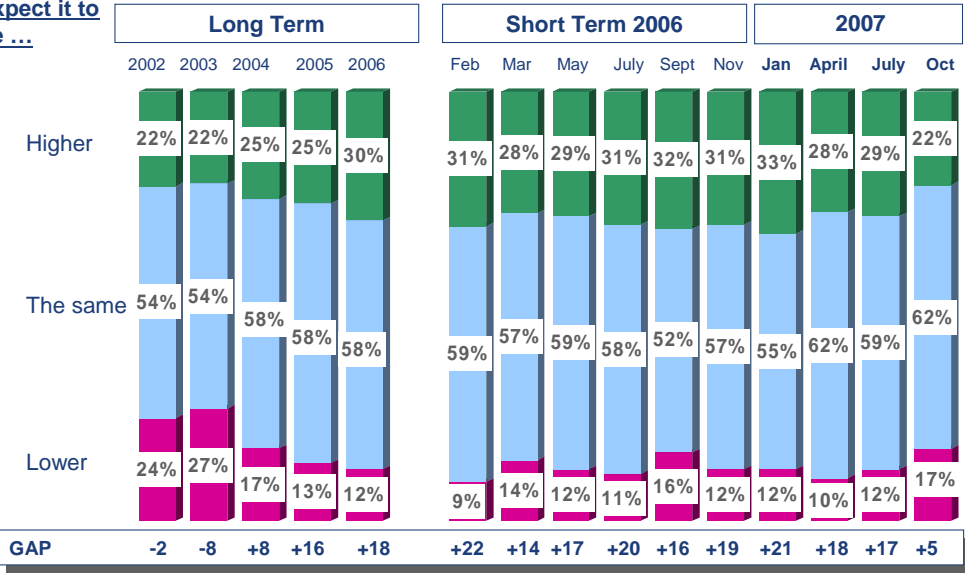


Q.3 Do you feel better off financially, worse off financially or about the same compared to last year?

5

PERSONAL FINANCES – LOOKING FORWARD

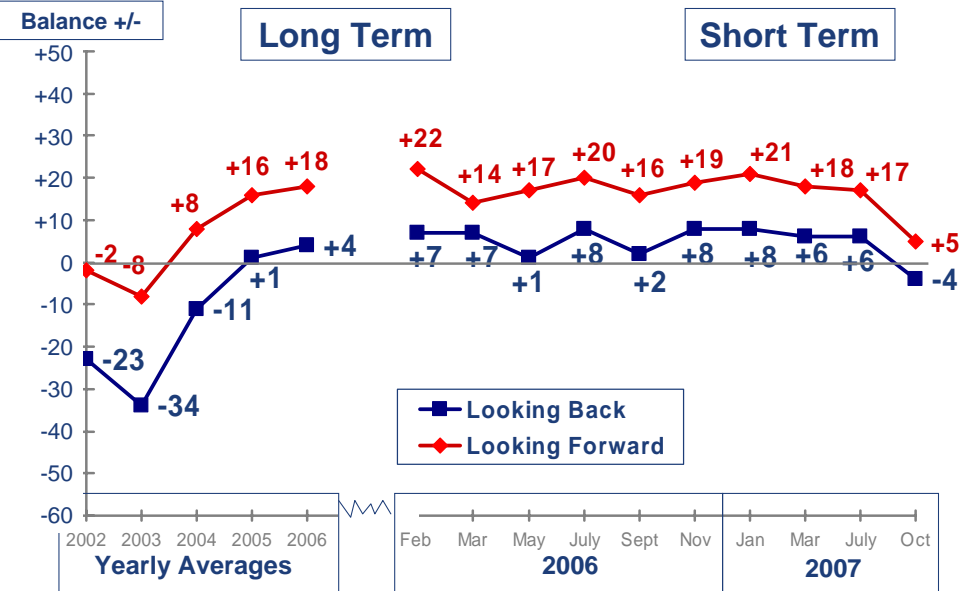
Expect it to be ...



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?

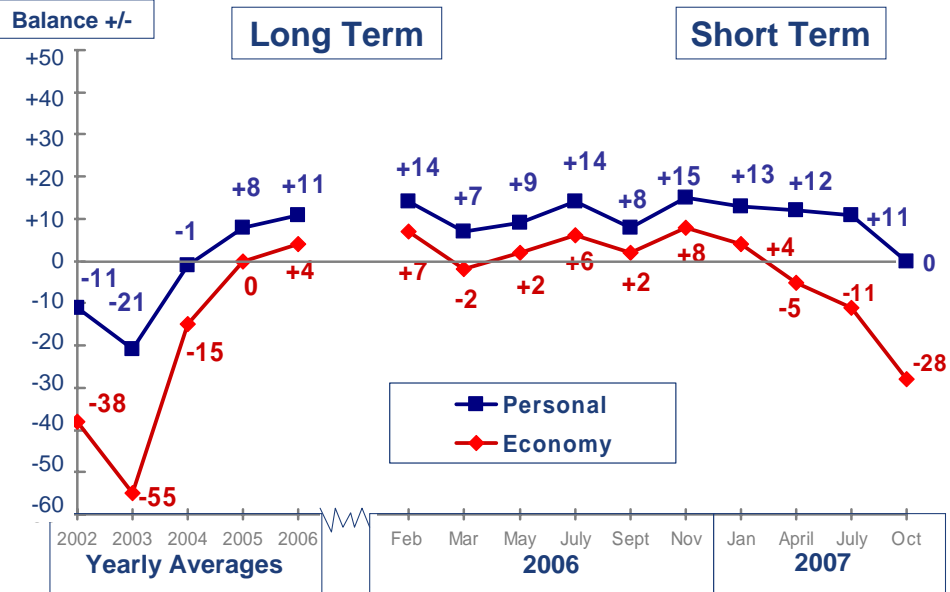
6

BALANCE OF OPINION - PERSONAL FINANCES



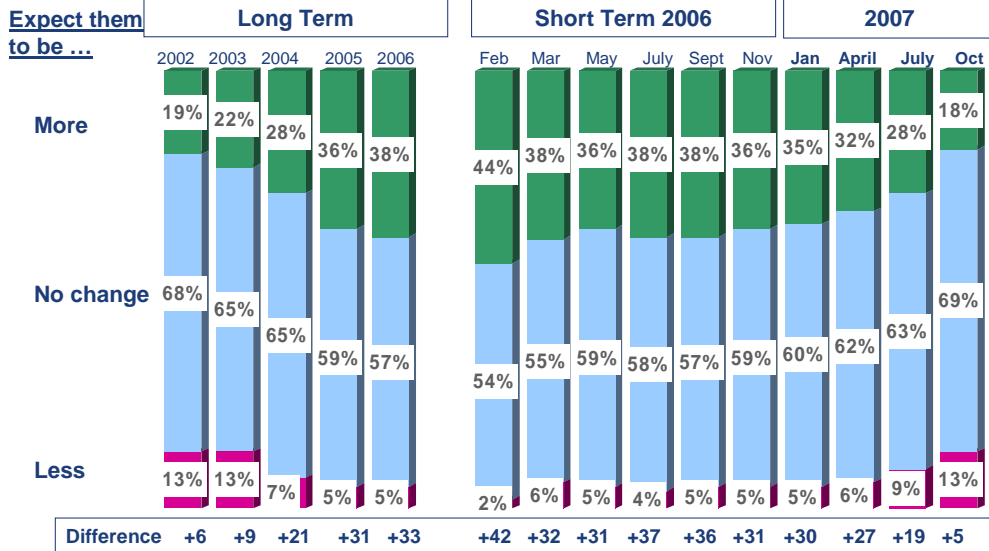
7

GENERAL ECONOMY VS PERSONAL FINANCES



8

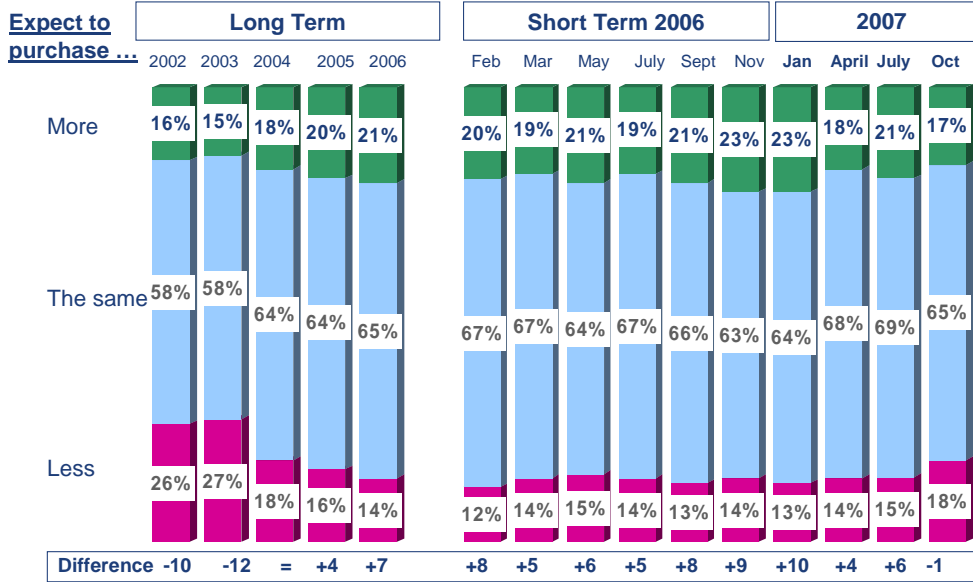
PERSONAL ASSETS- LOOKING FORWARD



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

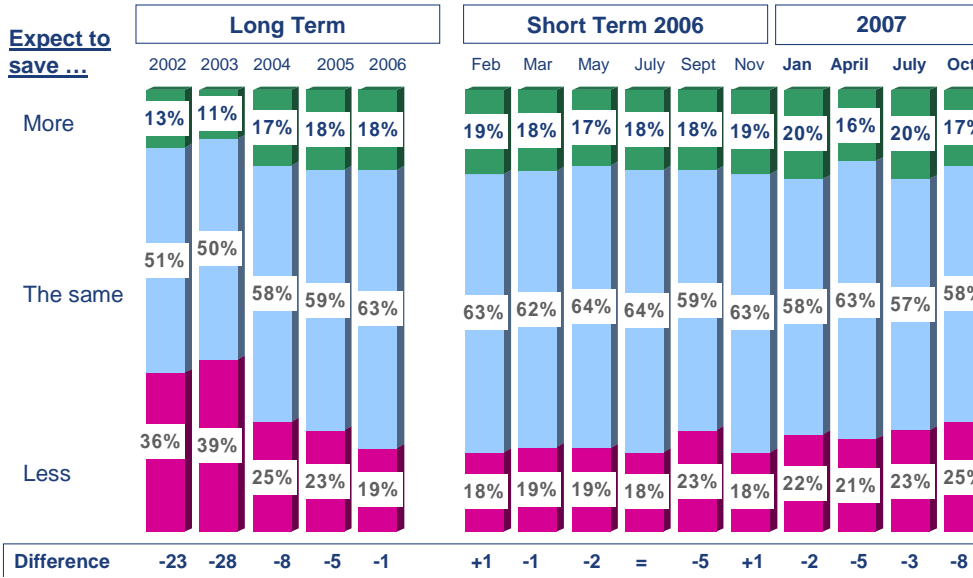
9

PURCHASING GOODS AND SERVICES – LOOKING FORWARD



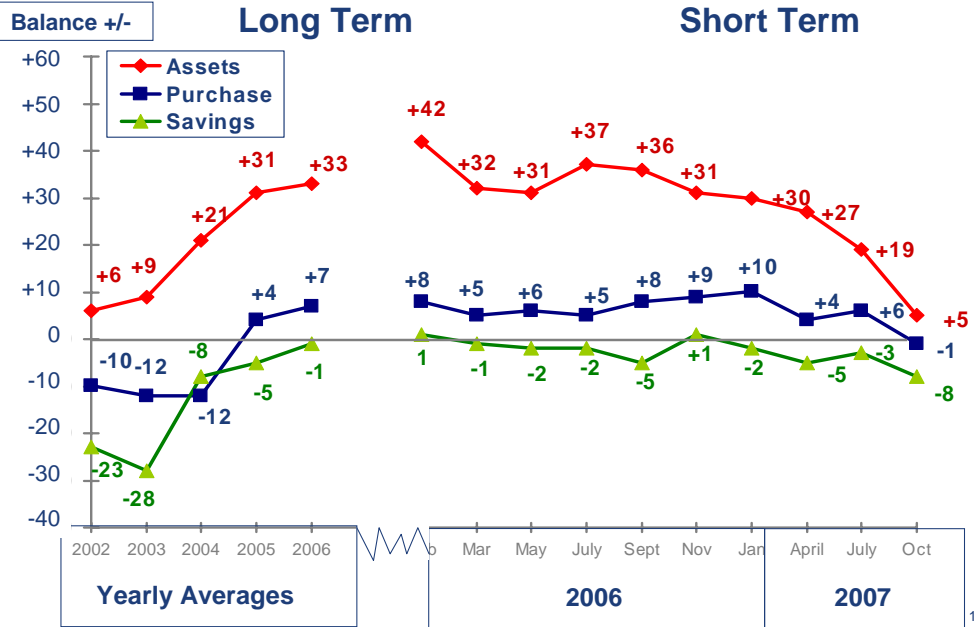
Q.7 In the year ahead, do you expect to purchase more, less or the same amount of goods and services as in the past year?

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?

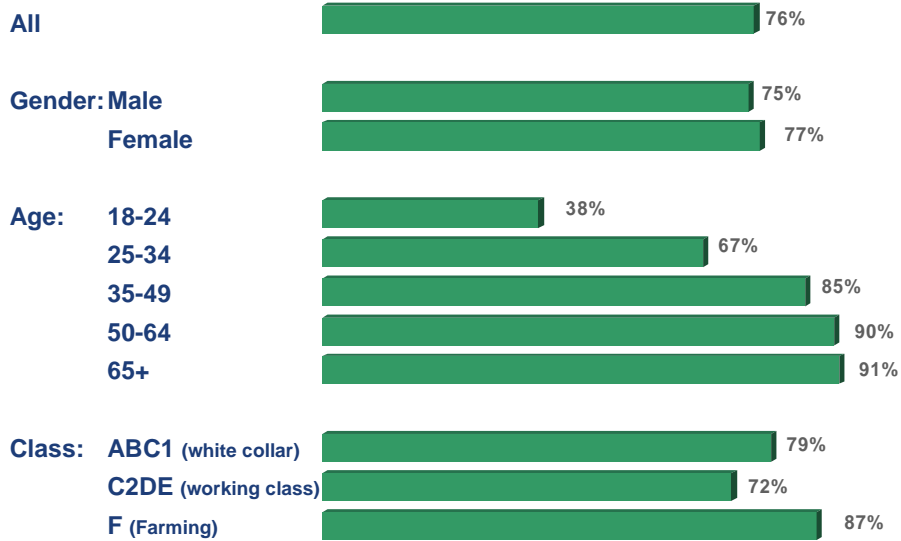
BALANCE OF OPINION Expectations in regard to Assets, purchases, and savings



12

VOTING IN LAST GENERAL ELECTION

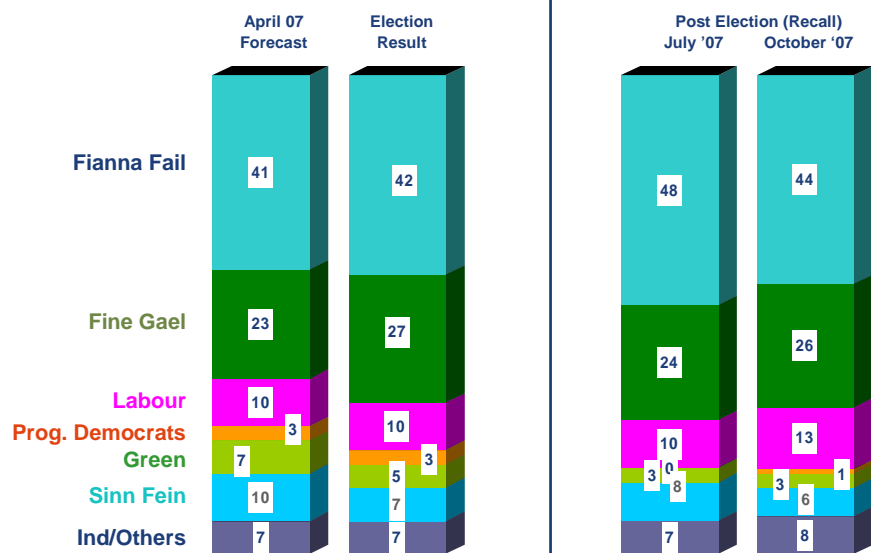
(Base: All adults 18+)



13

VOTING INTENTIONS VS ELECTION OUTCOME AND POST ELECTION RECALL

(Excluding don't knows)



14

APPENDIX 'A'

TECHNICAL DETAILS

A questionnaire covering the key topics was included in the Behaviour & Attitudes Barometer Survey on a bi-monthly basis since January 2002.

The Barometer Survey is a syndicated project which allows client companies cost effective access to a large scale, nationally representative sample. The sample for the survey comprises 1,000 adults (i.e aged 15 and over), quota controlled by all of the normal demographic variables to correctly reflect the known characteristics of the adult population of the Republic of Ireland. Quota controls are applied in respect of sex, age, social class, region and area of residence (i.e urban or rural).

The survey is conducted on a fortnightly basis with a freshly drawn sample of respondents on each occasion. All interviewing is carried out on a face-to-face basis (in-home) by trained members of the Behaviour & Attitudes fieldforce, working under supervision, and within the guidelines set by the Marketing Society of Ireland and ESOMAR (the European Market Research body).

All of the data are reported in aggregate form only in this document (i.e. reflecting the perception of the total adult population) but the data can be looked at for discreet demographic groups as well (i.e. for men versus women, younger versus older, middle class versus working class etc.). In its current format the data can be reported with a confidence level of + or – 3%.

The structure of each sample of 1,000 is as follows:

| | | |
|----------------|------------------|-----|
| Sex: | Male | 49% |
| | Female | 51% |
| Age: | 15-24 | 22% |
| | 25-34 | 20% |
| | 35-49 | 24% |
| | 50-64 | 20% |
| | 65+ | 14% |
| Class: | AB | 13% |
| | C1 | 25% |
| | C2 | 23% |
| | DE | 28% |
| | F | 11% |
| Region: | Dublin | 30% |
| | Rest of Leinster | 24% |
| | Munster | 28% |
| | Conn/Ulster | 18% |
| Area: | Urban | 60% |
| | Rural | 40% |

APPENDIX B

THE QUESTIONNAIRE

SECTION ' ' - ECONOMY

ASK ALL RESPONDENTS

Now some questions about the economy in general and how you are faring at present

| | | | | | | | | | | | | |
|-----------------|---|--|----------------|---|-----------------|---|-----------|---|----------------|---|-------------|---|
| 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? | <table border="1"> <tbody> <tr> <td>Better off</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Worse off</td> <td style="text-align: right;">2</td> </tr> <tr> <td>The same</td> <td style="text-align: right;">3</td> </tr> </tbody> </table> | Better off | 1 | Worse off | 2 | The same | 3 | | | | |
| 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? | <table border="1"> <tbody> <tr> <td>Better off</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Worse off</td> <td style="text-align: right;">2</td> </tr> <tr> <td>The same</td> <td style="text-align: right;">3</td> </tr> </tbody> </table> | Better off | 1 | Worse off | 2 | The same | 3 | | | | |
| 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? | <table border="1"> <tbody> <tr> <td>Better off</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Worse off</td> <td style="text-align: right;">2</td> </tr> <tr> <td>The same</td> <td style="text-align: right;">3</td> </tr> </tbody> </table> | Better off | 1 | Worse off | 2 | The same | 3 | | | | |
| 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? | <table border="1"> <tbody> <tr> <td>More confident</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Less confident</td> <td style="text-align: right;">2</td> </tr> <tr> <td>No change</td> <td style="text-align: right;">3</td> </tr> </tbody> </table> | More confident | 1 | Less confident | 2 | No change | 3 | | | | |
| 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? | <table border="1"> <tbody> <tr> <td>Higher</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Lower</td> <td style="text-align: right;">2</td> </tr> <tr> <td>The same</td> <td style="text-align: right;">3</td> </tr> </tbody> </table> | Higher | 1 | Lower | 2 | The same | 3 | | | | |
| 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 | <table border="1"> <tbody> <tr> <td>A lot higher</td> <td style="text-align: right;">1</td> </tr> <tr> <td>A little higher</td> <td style="text-align: right;">2</td> </tr> <tr> <td>No change</td> <td style="text-align: right;">3</td> </tr> <tr> <td>A little lower</td> <td style="text-align: right;">4</td> </tr> <tr> <td>A lot lower</td> <td style="text-align: right;">5</td> </tr> </tbody> </table> | A lot higher | 1 | A little higher | 2 | No change | 3 | A little lower | 4 | A lot lower | 5 |
| 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? | <table border="1"> <tbody> <tr> <td>More</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Less</td> <td style="text-align: right;">2</td> </tr> <tr> <td>The same</td> <td style="text-align: right;">3</td> </tr> </tbody> </table> | More | 1 | Less | 2 | The same | 3 | | | | |
| 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? | <table border="1"> <tbody> <tr> <td>More</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Less</td> <td style="text-align: right;">2</td> </tr> <tr> <td>The same</td> <td style="text-align: right;">3</td> </tr> </tbody> </table> | More | 1 | Less | 2 | The same | 3 | | | | |
| More | 1 | | | | | | | | | | | |
| Less | 2 | | | | | | | | | | | |
| The same | 3 | | | | | | | | | | | |

SECTION ‘ ‘ - VOTING

ASK ALL RESPONDENTS 18 YEARS +

Q.1 We had a general election on 24th May 2007, did you vote in that election

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

IF YES
Q.2 To which party did you give your first preference vote, or was it an independent candidate?

| | |
|---------------------------|----|
| Fianna Fail | 01 |
| Fine Gael | 02 |
| Labour | 03 |
| Progressive Democrats | 04 |
| Sinn Fein | 05 |
| The Green Party | 06 |
| <hr/> | |
| Independents | 07 |
| Others (SPECIFY) | |
| _____ | 08 |
| Don't know/Can't remember | 09 |
| Refused | 10 |

Appendix 'C' – Extract from the April 2007 report on The Impact of the Economic Climate on the Election Outcome.

4. SUMMARY

In summary, there is unequivocal evidence that the state of consumer confidence in regard to economic matters was very much more favourable to the Government in 2007 than was the case in 2002.

This is evident if we summarise the key indices for the month of May 2002 (the last election) and April 2007, immediately before our most recent election.

| SUMMARY OF INDEX SCORES April 2007 vs May 2006 | | | |
|---|-------------|---------------|---------------------------|
| | May 2002 | April 2007 | Improvement '07 vs '02 |
| <u>National Economy</u> | % | % | % Pts |
| → Looking back | -34 | +1 | +35 |
| → Looking forward | -26 | -11 | +15 |
| <u>Personal Finances</u> | | | |
| → Looking Back | -20 | +6 | +26 |
| → Looking Forward | +3 | +18 | +15 |
| <u>Assets</u> | +11 | +27 | +16 |
| <u>Purchase Plan</u> | -6 | +4 | +10 |
| <u>Savings</u> | -19 | -5 | +14 |

While there were concerns “bubbling under” about the prospects for the economy in general, voters tended to distance themselves (and particularly their prospects for the future) from this general trend.

This would seem, to us, to have been a major factor in determining the final election outcome.

Damage had undoubtedly been done to the incumbent Government by non-economic matters which tended to be the focus of media commentary which, quite understandably pays particular attention to more recent events.

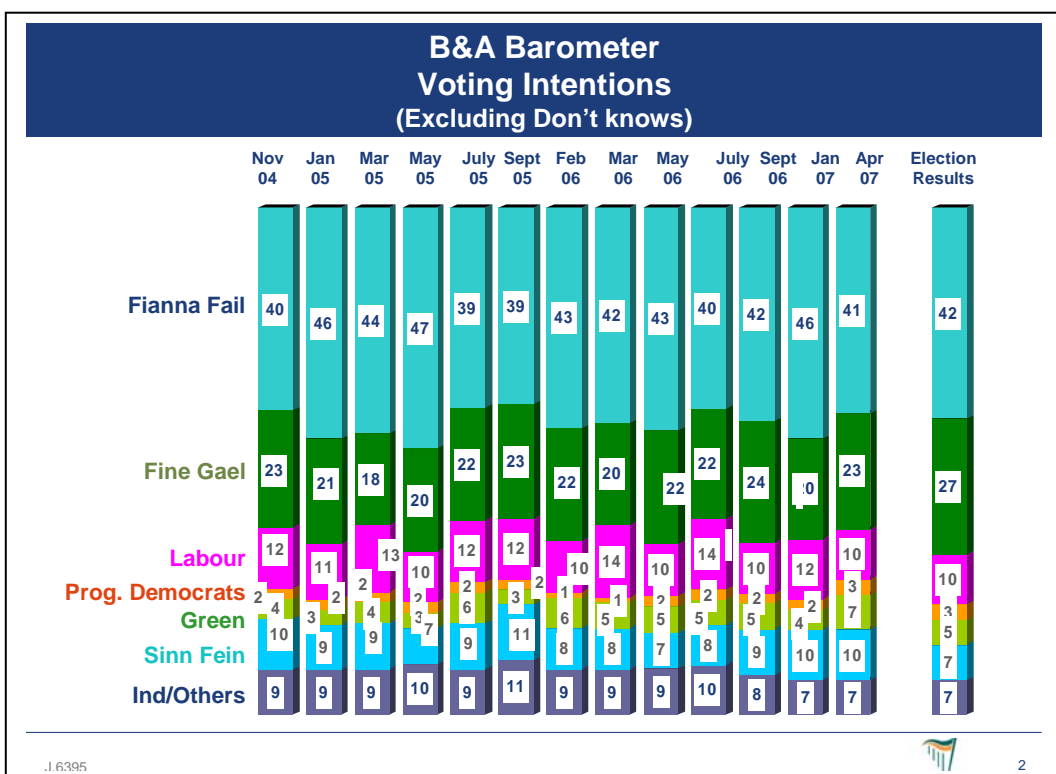
However when voters come to make up their minds on Election Day, they are quite capable of distilling their assessment of the totality of the performance of a Government.

The seeds of Fianna Fail's remarkable performance may have been set two years earlier. The Progressive Democrats must wonder how they failed to share in the kudos.

5. VOTING INTENTIONS

As was mentioned earlier, we have been collecting voting intentions data on the consumer confidence tracker since November 2004. We deliberately did not publish these data at the time, because of the fact that there are so many existing published polls on voting intentions. If anything, one extra poll was more likely to confuse rather than illuminate matters.

For the record however, the voting intentions claims from our Barometer survey over that time were as follows:



In overall terms, the election result turned out to be very close to our final poll which was undertaken 5 – 6 weeks before the election.

The variation in first preference voting for the individual parties is within sampling tolerance in all cases bar one. We underestimated the share of vote attributable to Fine Gael. This is a pattern that applies to other poll data also. The Irish Times/TNS/mrbi poll, for example, adjusts its claimed voting intentions, to make allowance for this anticipated bias.

There is no unequivocal explanation as to why this should be so. A personal interpretation is that Fine Gael supporters tend to be somewhat more reticent about “pinning their colours to the mast”. In other words we suspect that a higher proportion of Fine Gael supporters suggest to pollsters that they are undecided when, in reality, they have made up their minds but are a bit more “shy” about divulging their allegiance .

Interestingly, the predicted share of vote for Fianna Fail, Labour, the PDs and independents all turned out to be extremely accurate.

The two parties that were overstated in our final poll (admittedly 5 to 6 weeks before the election) were the Greens and Sinn Fein.

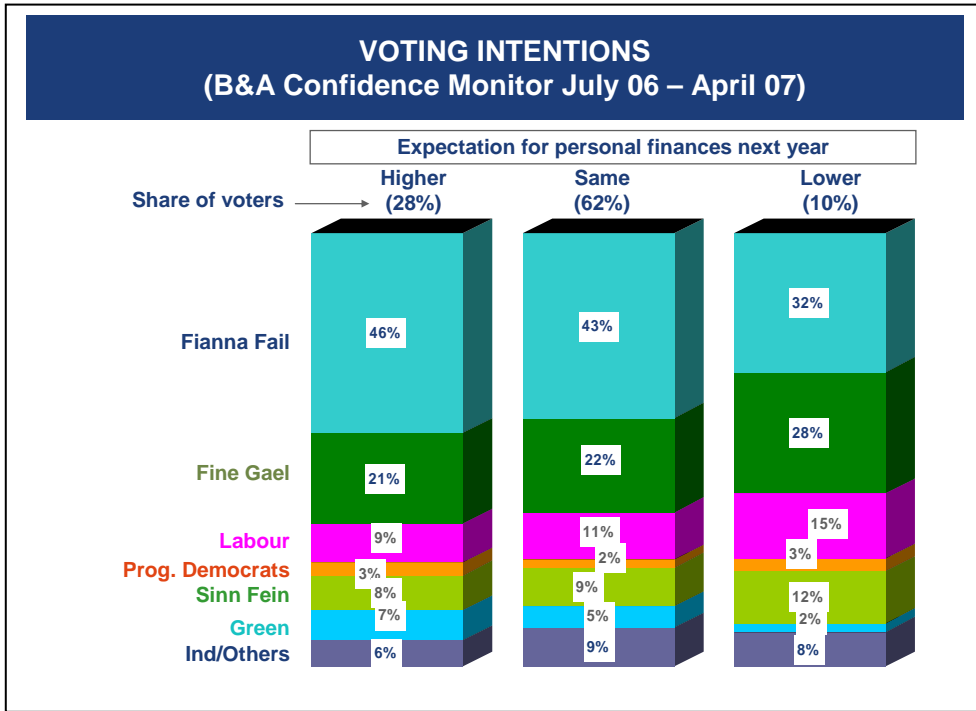
We suspect that there are different influences at work here.

Before we address that however, we need to look at the impact of consumer confidence on voting intentions.

Having reviewed the various indicators of consumer confidence we suspect that the prime driver was probably expectations in regard to personal finances for the year ahead.

We have combined the data for the last four surveys (from July 06 to April 07) to examine voting intentions for three groups of people separately: those who expected their personal finances to improve (28% of the population), those who felt they would stay static (62%) and those who expected that their personal finances would diminish (10%).

Not surprisingly, there are marked differences in voting intentions between these three groups, as can be seen here:-



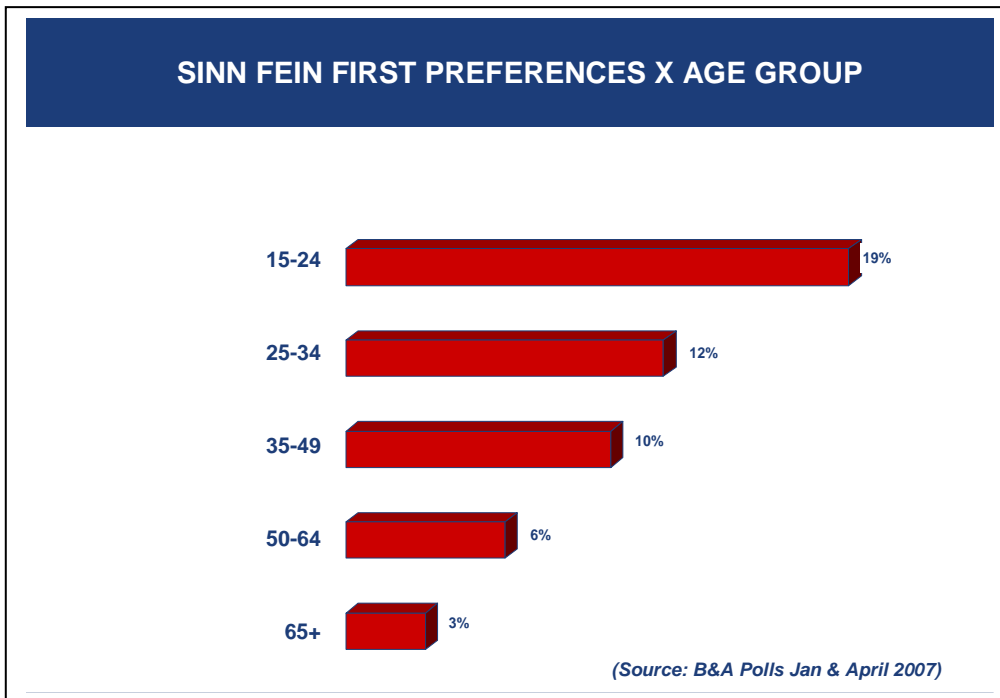
If the balance of consumer confidence had been different (in other words if substantially more people were expecting a reduction in their personal circumstances than an increase) it is undoubtedly the case that Labour and Fine Gael would have had a much higher share of the vote; to the point where they most certainly would have won.

One interesting anomaly, in light of the way matters have panned out, is the fact that support for the Green party was highest among those who were expecting an improvement rather than a disimprovement in their personal circumstances. These are the very people who would have been most caught in a dilemma on Election Day. This may serve to explain why; in the final analysis, the share of vote for the Greens was lower than would have been predicted from our poll data.

That cannot be the explanation for the apparent late collapse in the Sinn Fein vote. Some commentators have attributed this to what was seen as a poor performance by Gerry Adams, in the television debate prior to the election. We suspect that the problem was more subtle than this.

All of the polls were in agreement that the Sinn Fein vote was a very young one.

Our final two polls, for example suggested a potential Sinn Fein vote, within the individual age groups, along the following lines:



Poll data over the years has consistently shown that younger people are less likely than average to turn out to vote. We suspect that this was a major problem for Sinn Fein.

We have included a question in our next tracker to establish whether people voted or not in the election, and who they claim to have voted for, in retrospect. We would be willing to make a small wager that this will show that the Sinn Fein vote suffered as a consequence of a low turn out by young voters: the people they were primarily depending upon for support.