



# Consumer Confidence Tracker

August 2011

Prepared by John J Clarke  
& Luke Reaper  
J.3039



# 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 1006 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 8<sup>th</sup> - 22<sup>nd</sup> July 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.
- As 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 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](http://www.banda.ie)

# Summary

- The previous Behaviour & Attitudes Consumer Confidence Barometer, April 2011 saw a reduction in negative sentiment in consumer confidence, primarily due to the impact of the change in political leadership. The moderate decline in negativity (across all measures) has continued through the current tracking period.
- In the intervening period Ireland benefitted from the new ECB ESFS deal which saw Irish interest rates on ECB loans decreased, as part of the second ECB/IMF deal for Greece and an increase in the international loan term periods. The effect of these on consumer sentiment had been to increase the level of certainty & confidence in Ireland's ability to maintain its austerity plan and return the country to nominal growth levels.
- This effect however has been undermined by current market activities (which have taken place after the interviewing period) as such while negative sentiment was reducing, it was by no means positive and we would anticipate that the current fluctuations in economic certainty and the possibility of a double dip recession on a global scale will undermine confidence levels for consumers again.
- Consumer intentions in regards to saving, purchasing and assets in the current report have become moderately less negative. The combination of reduced saving and purchase intentions at the same level indicates that the real cost of living is increasing steadily in comparison to real income levels.
- The real cost of living has increased during the period, with significant increases announced for gas and electricity prices, these will further impact disposable income levels. This coupled to inflation levels of 3% indicates that domestic demand over time will continue to diminish. This will be further affected at year end by the fourth austerity budget.
- While the likelihood of further ECB interest rate increases has diminished the actual value of assets (houses, pensions, shares) has declined consistently across the April - August period.

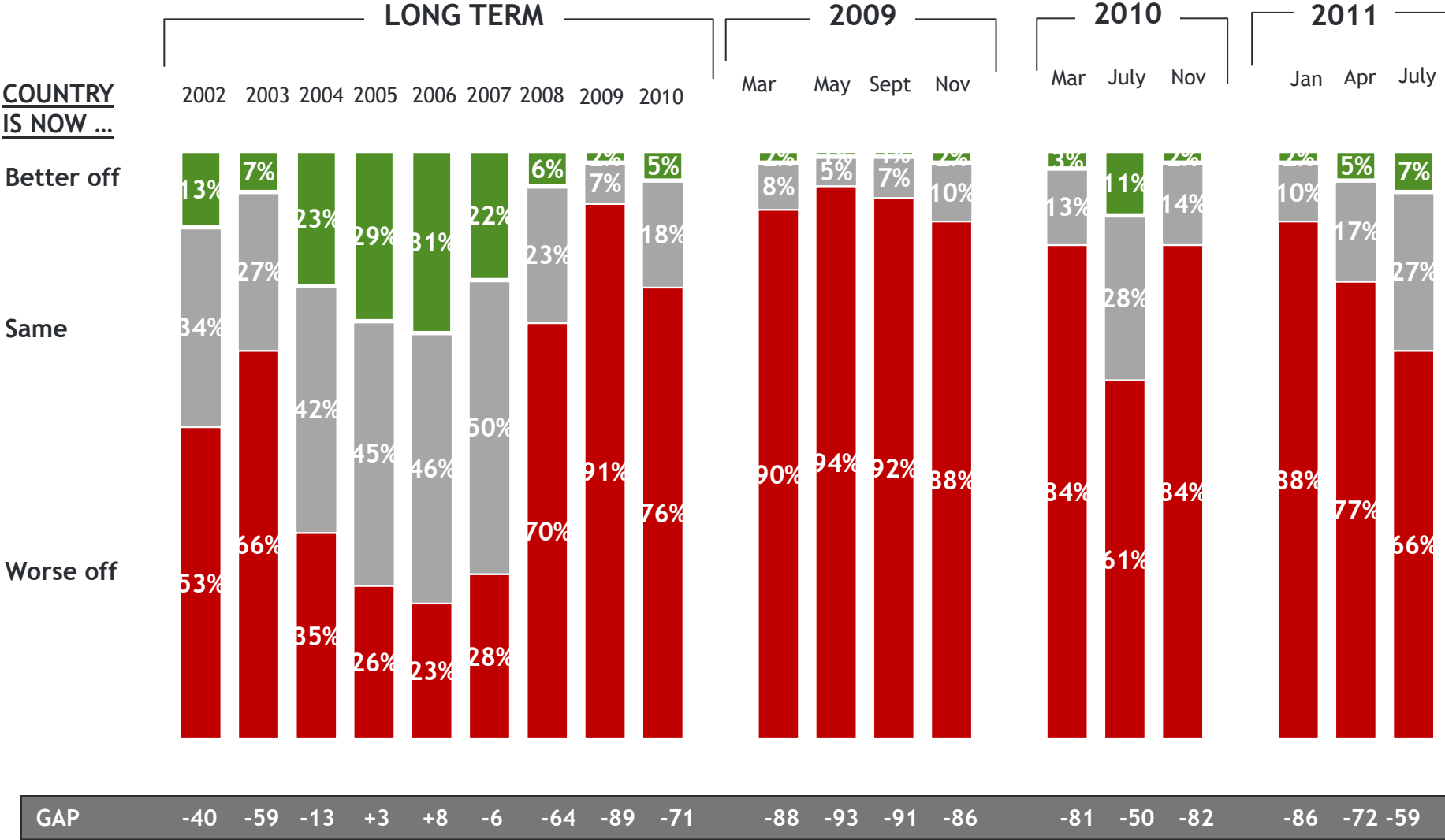
# Summary

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

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

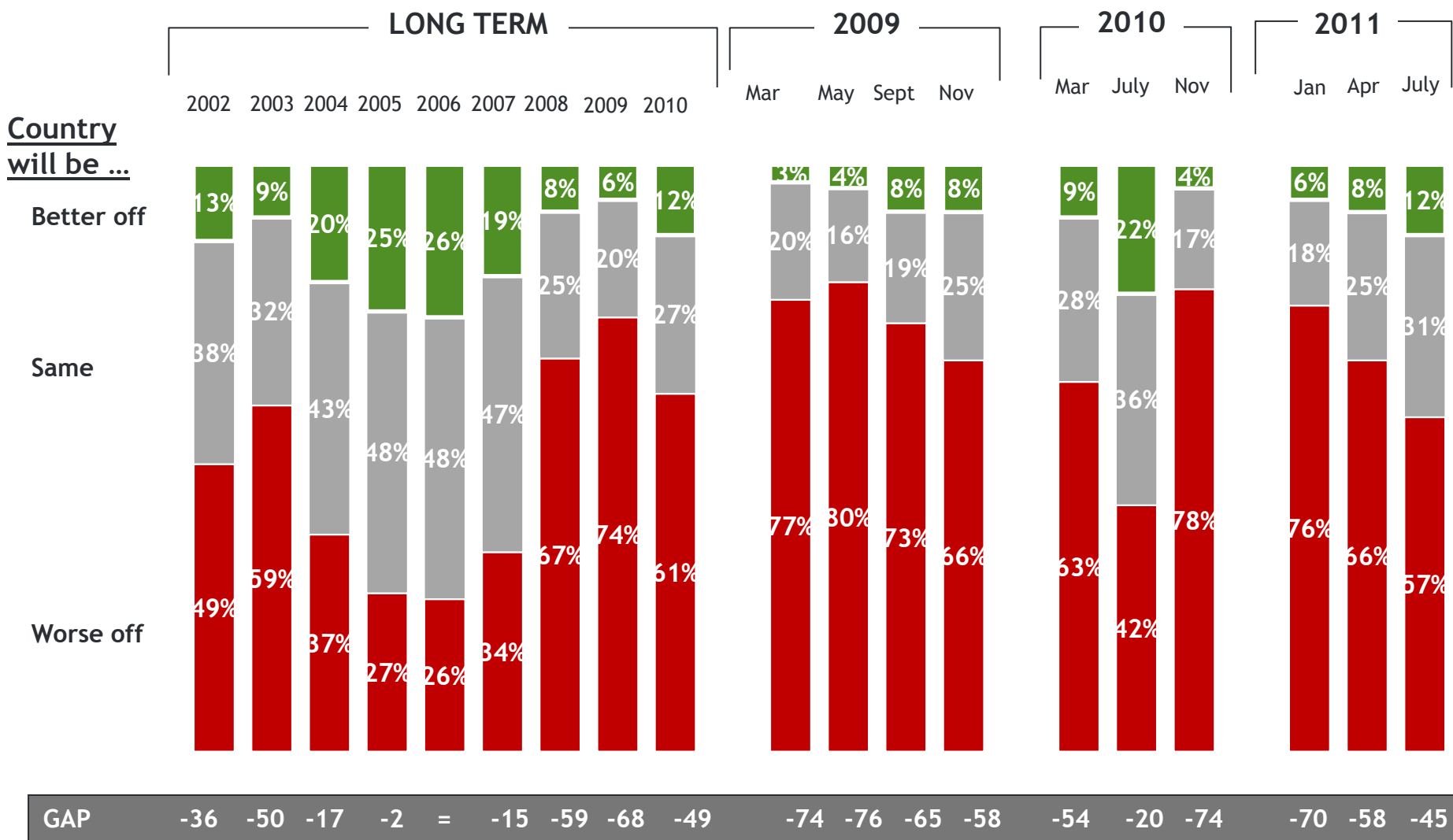
Despite continuing economic underperformance, the change in political leadership and the reduction in ECB interest rates appears to be having a modest effect on consumer confidence, with negative sentiment continuing to reduce. Yet current market activities may indicate that this reduction in negative sentiment for the second consecutive period is premature.

# Economy - Looking Back



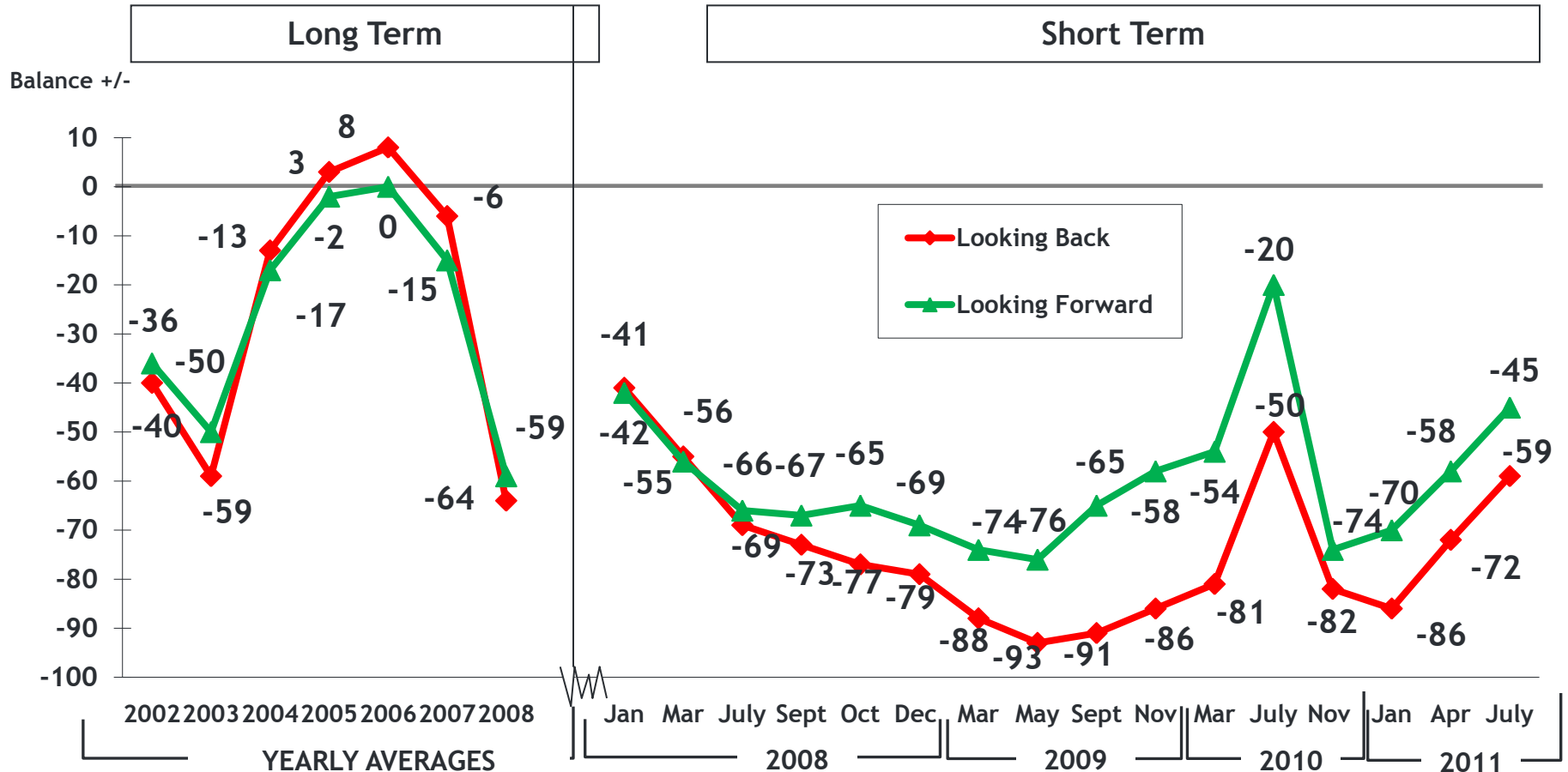
Q.1 Thinking about the economy as a whole, do you think that the country is better off, worse off, or about the same as last year?

# Economy - Looking Forward



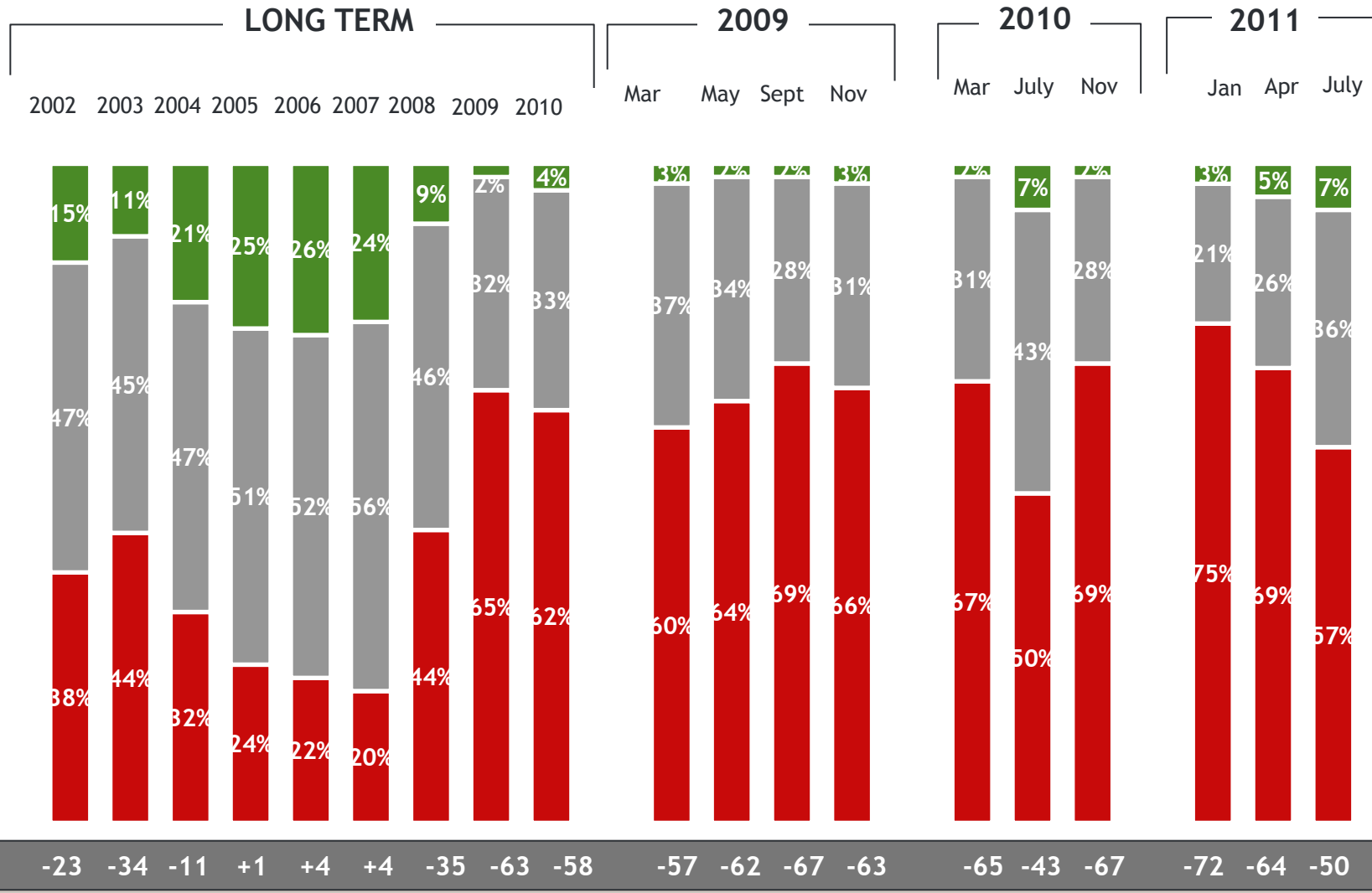
Q.2 And what about the coming year, do you think that the country will be better off, worse off or about the same as this year?

# Balance Of Opinion - Economy



Consumer opinions of Irish economic performance appears to be moderating in terms of negative sentiment, over the last two waves. To a degree this may be due to the change in political leadership and lack of 'shock events' during these periods. While indications among consumers are that the economy remains under considerable pressure the current indicator, taking into account the new ECB loan terms for Ireland and the reduction in interest payments for ECB loans, appears to have added a degree of certainty that further declines would not occur. Recent economic revelations has shown this to be inaccurate.

# Personal Finances - Looking Back



Now feel ...

Better off

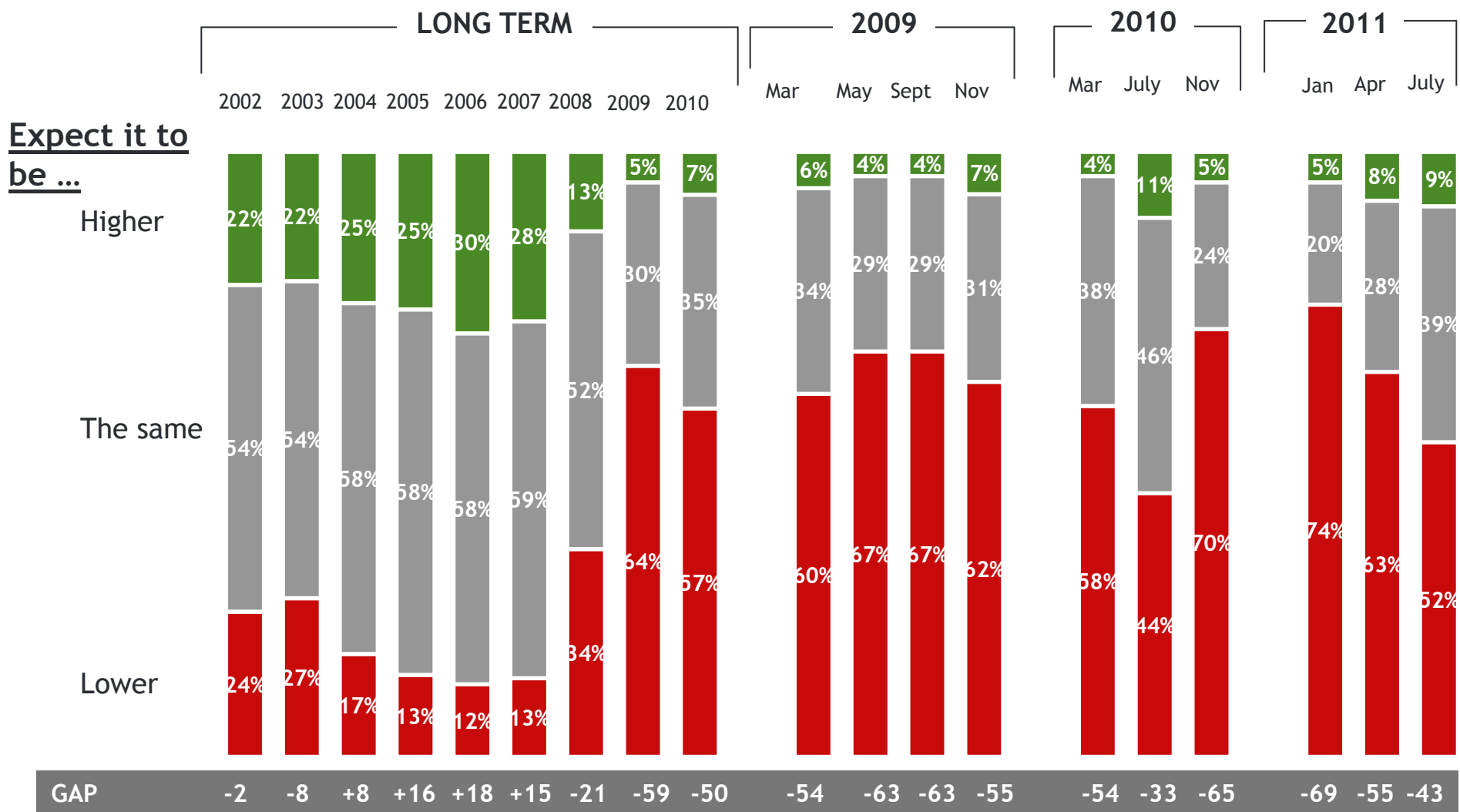
Same

Worse off

GAP

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 ...

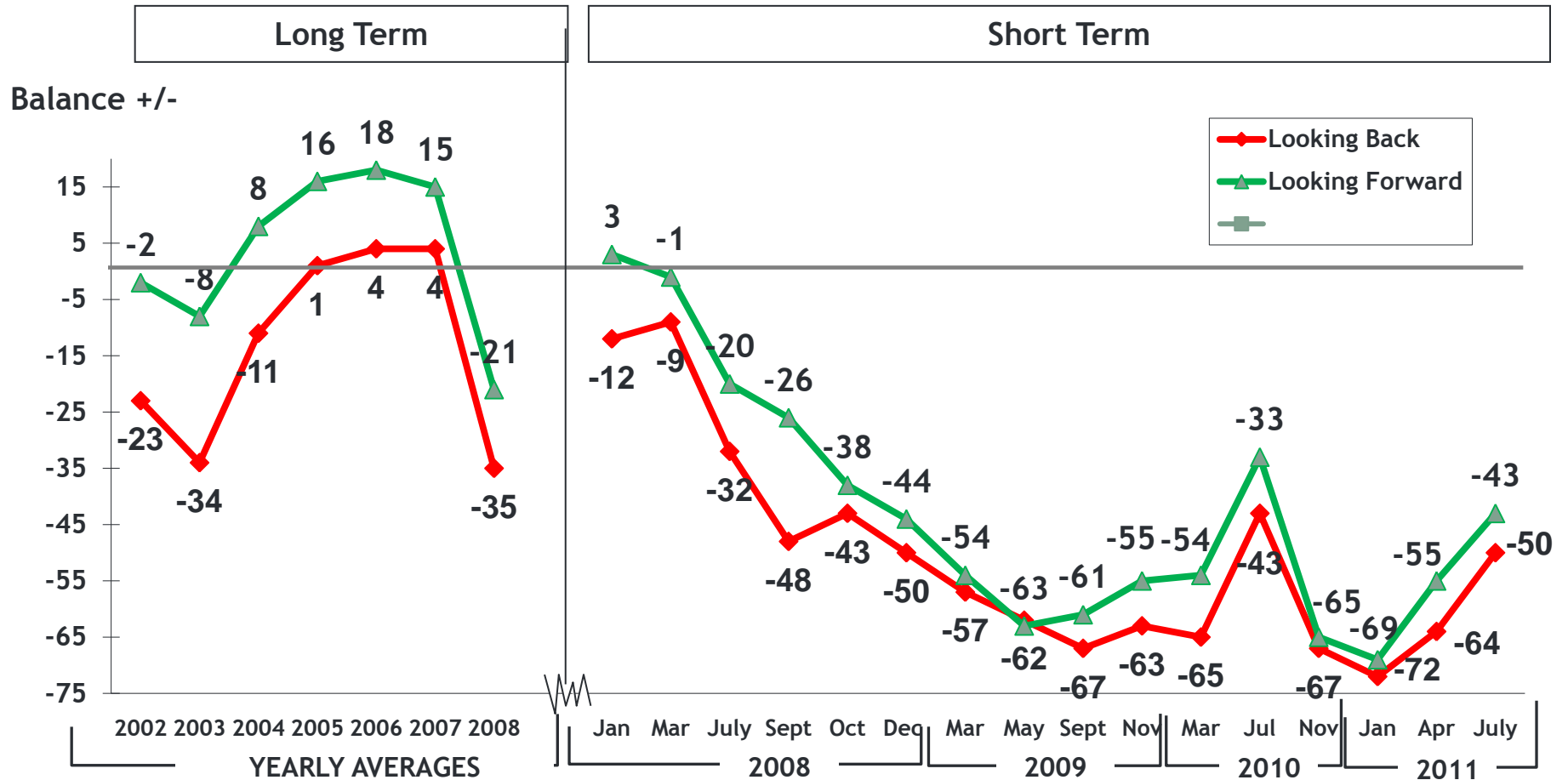
Higher

The same

Lower

GAP

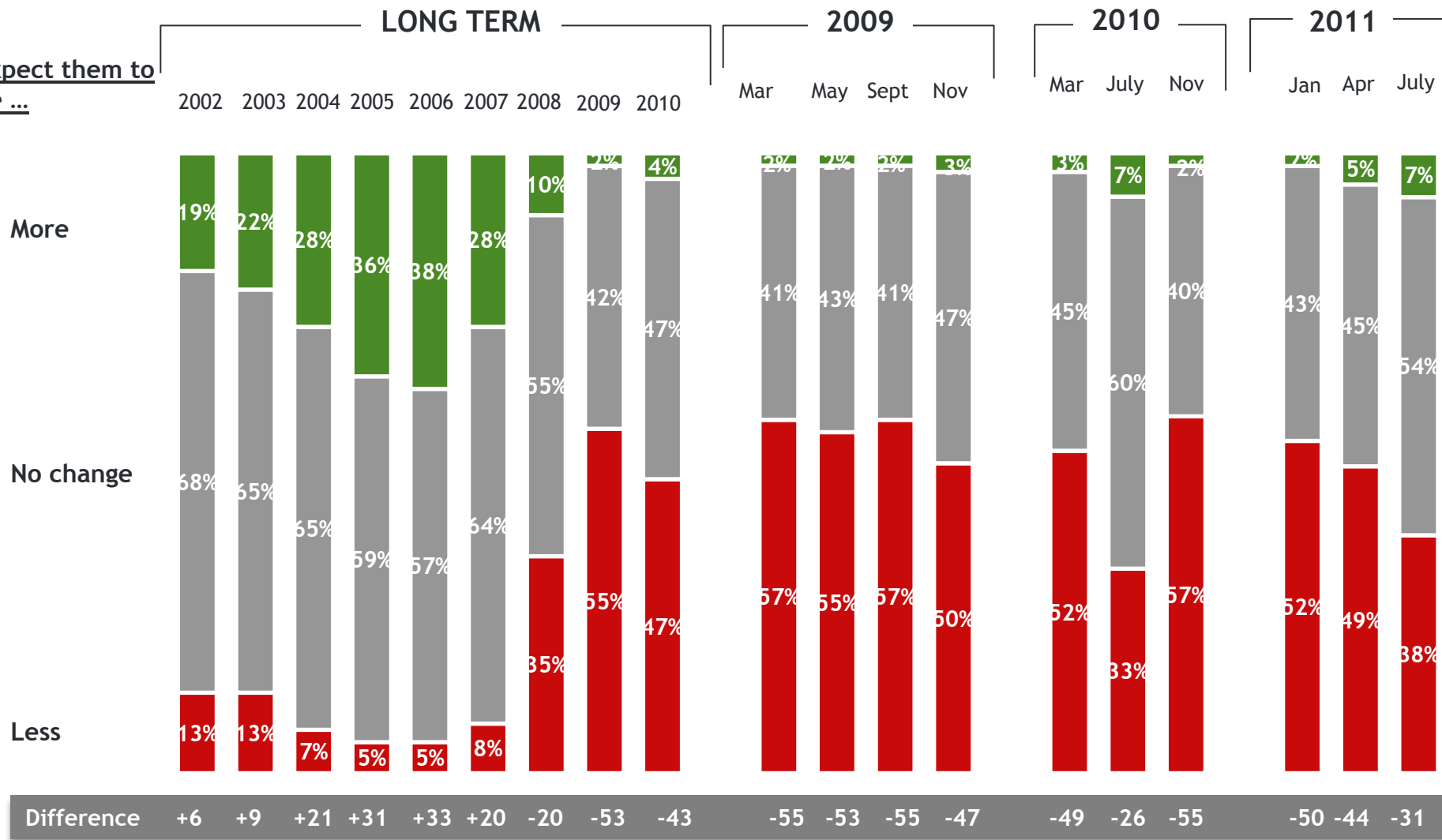
# Balance Of Opinion - Personal Finances



The dire impact on real wages and employment for consumers of Ireland's economic performance during 2010, alongside the USC implementation in January 2011 appears to have impacted consumers considerably. Due to the real effects of these cuts there is a tacit belief that wages cannot possibly undergo a similar level of reduction in the near future. This combined with political promises of no income tax increases over the next 12 months has led to a reduction in negative sentiment. There is also an undercurrent of belief that wages could not reduce further as they would place some employees in a situation where employment per se would not be the economically most advantageous position for the individual or household based on their place in the life cycle. This may emerge further as a concern.

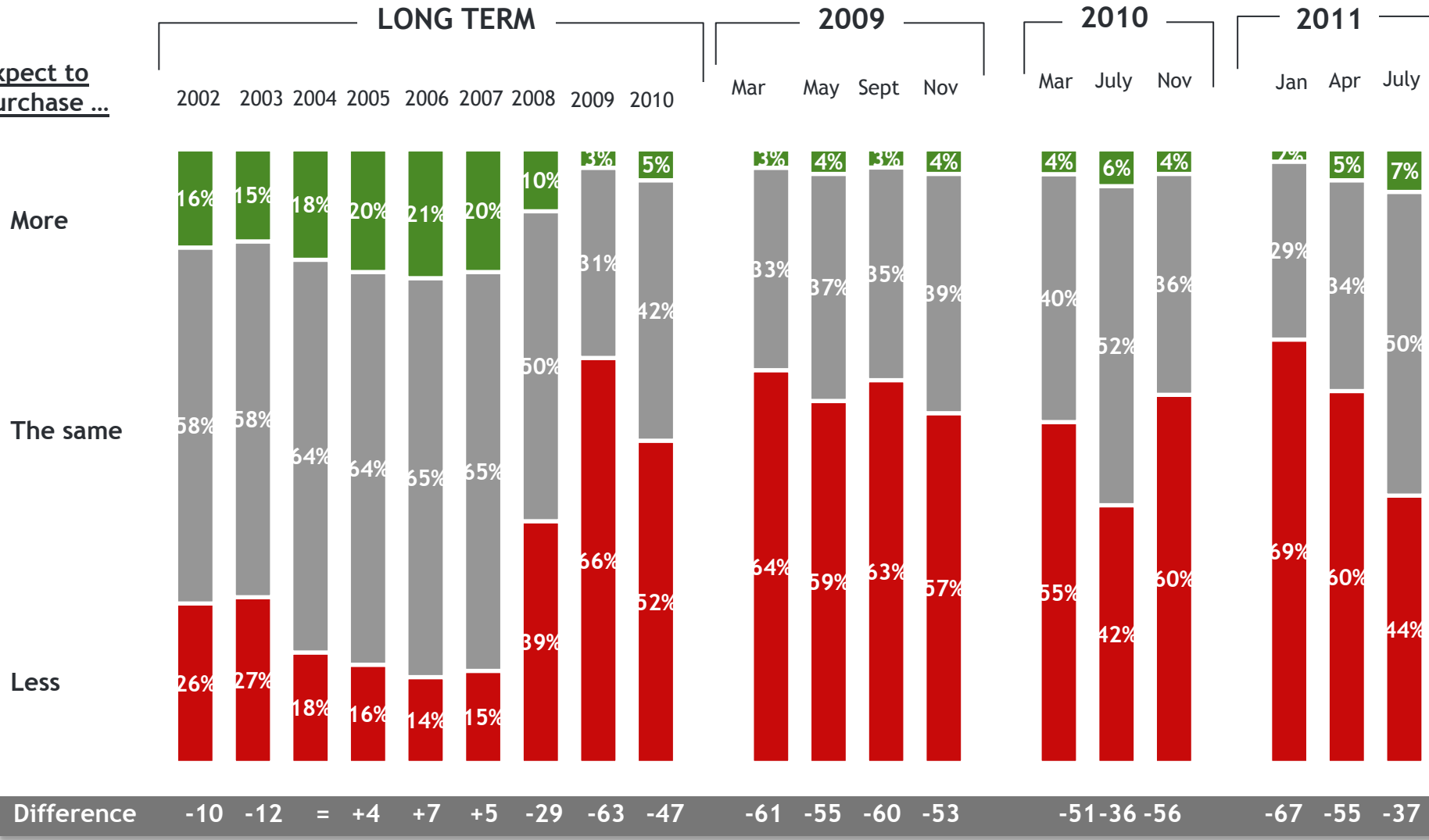
# Personal Assets- Looking Forward

Expect them to be ...

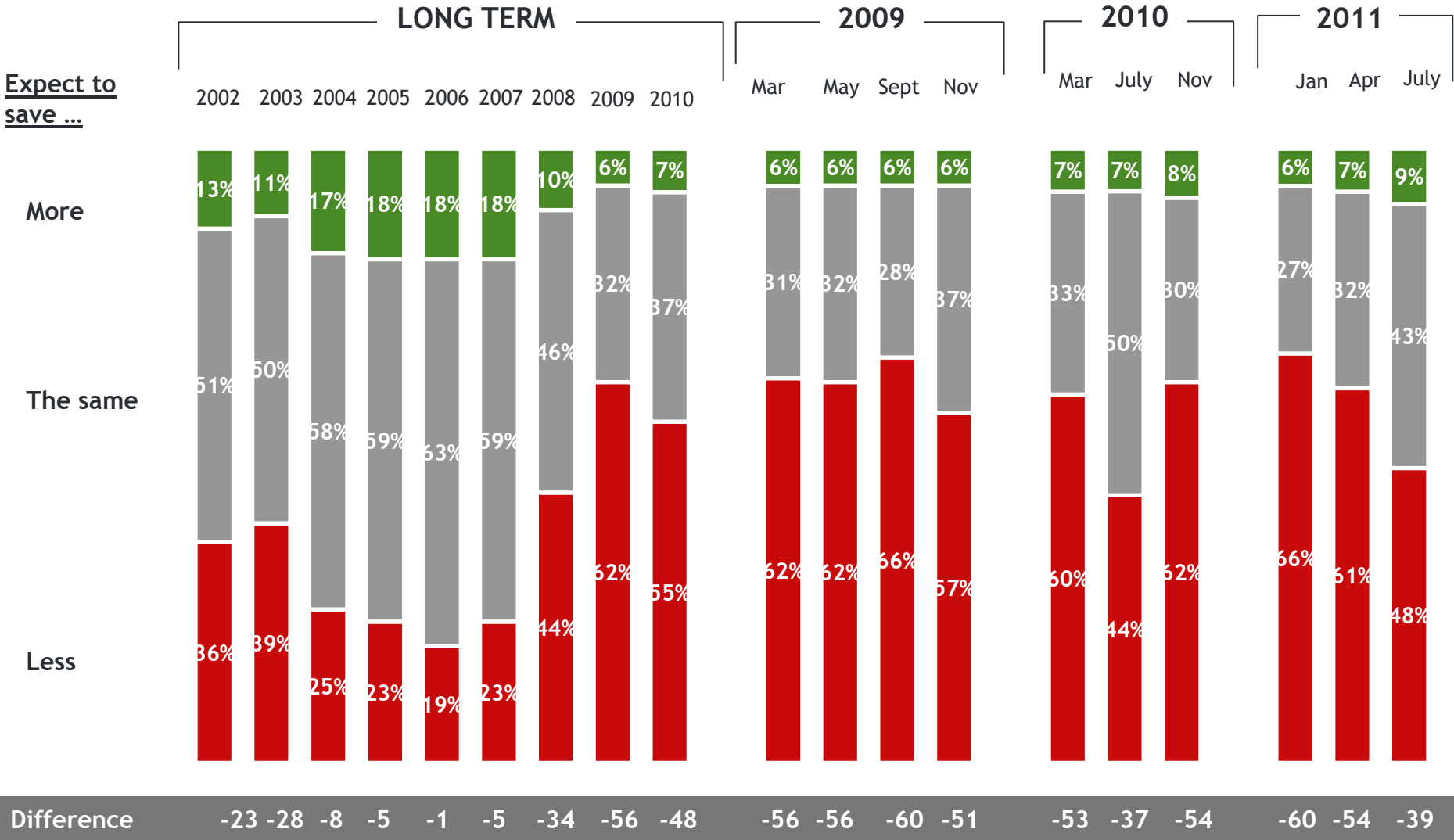


# Purchasing Goods And Services - Looking Forward

Expect to purchase ...



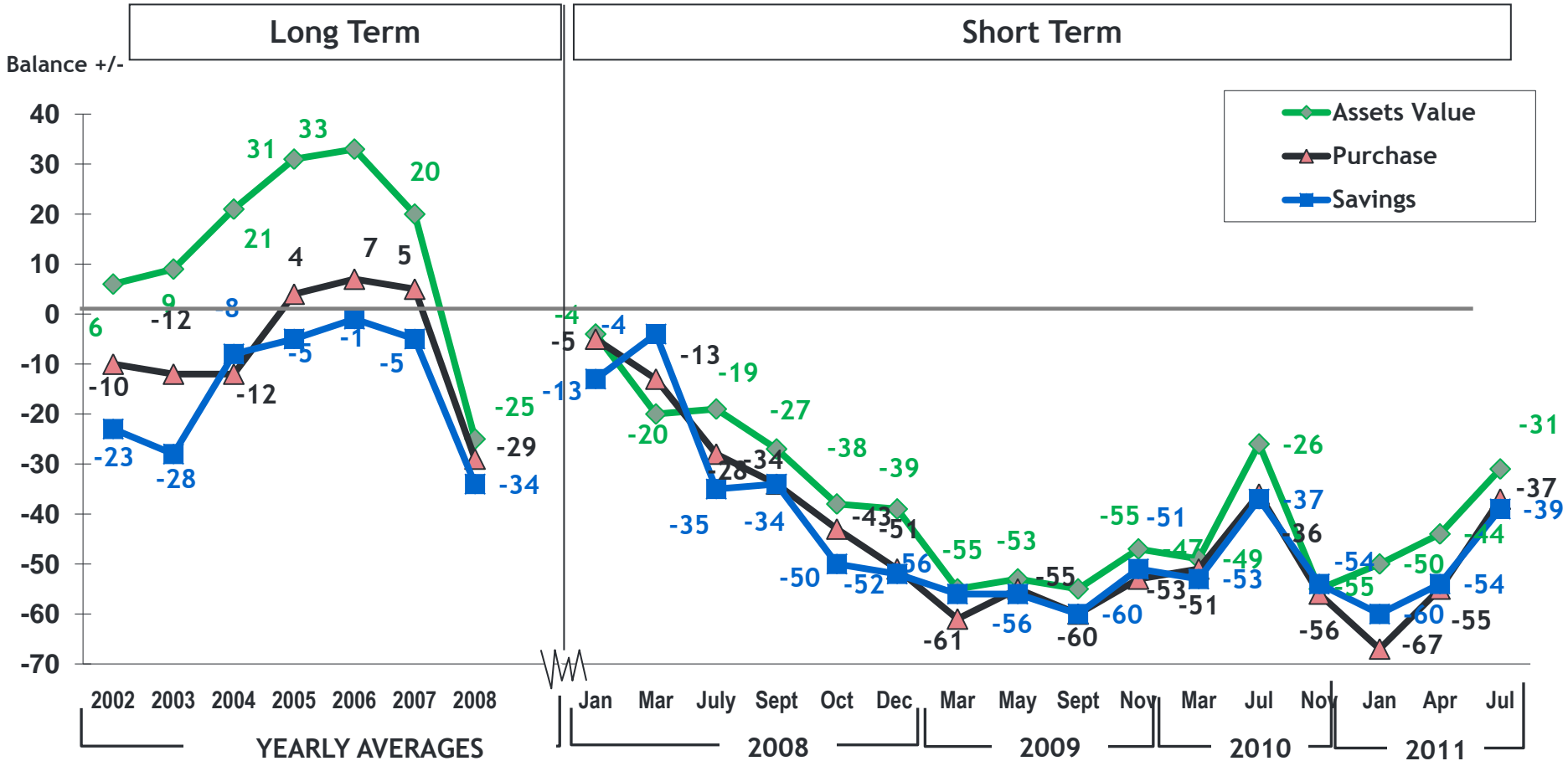
# Savings - Looking Forward



**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



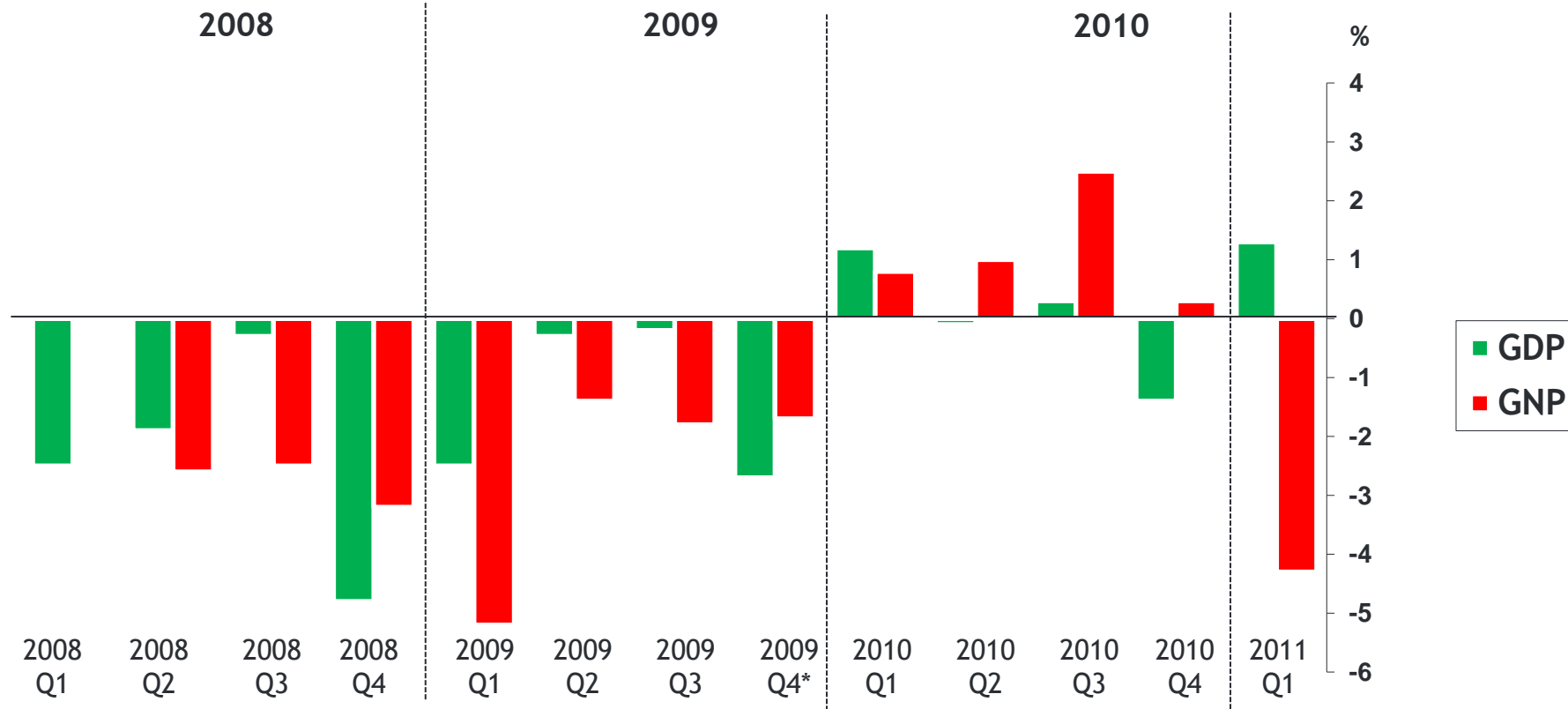
Indicators of Savings & Purchases in the future while reducing in negativity continue to show that consumers will keep their money to a greater degree than before from the domestic market. The correlation of reduced purchases and savings indicates that at an overall level more real income is being expending on maintaining living standards (paying increased bills and mortgage payments) . This leaves little real/ disposable income for the individual to bring to market. The continuous reduction in property and asset values is setting consumer opinion of assets on a nadir course, reducing to such a degree on a continuous trajectory that beyond a certain level they cannot possibly lose more value.

# CSO DATA

(latest estimates 2011)

# Initial Estimates: Quarterly Increase in GDP but GNP down slightly

% Change on previous quarter



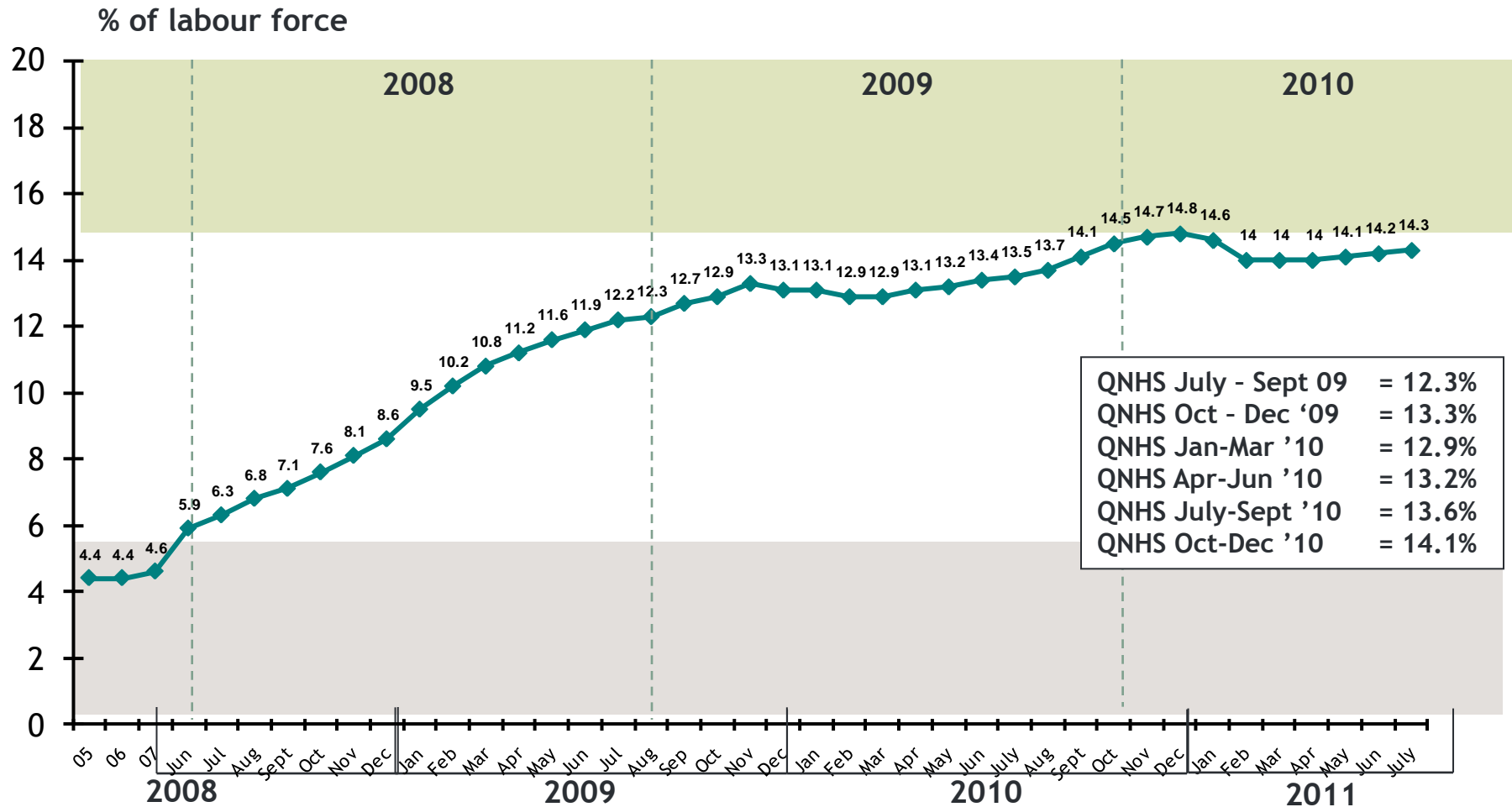
Figures - GDP and GNP at constant market prices seasonally adjusted.

\*Source: CSO Estimates as of August 2011

Initial estimates for the first quarter of 2011 show an increase, on a seasonally adjusted basis, of 1.3 per cent in GDP and a decrease of 4.1 per cent in GNP compared with the previous quarter. This indicates the considerable differences in the Irish macro economy. The domestic market is continuing to decline at a considerable rate, unlike the FDI led export market.

# Unemployment Rate - Continues to Stabilise

Seasonally adjusted

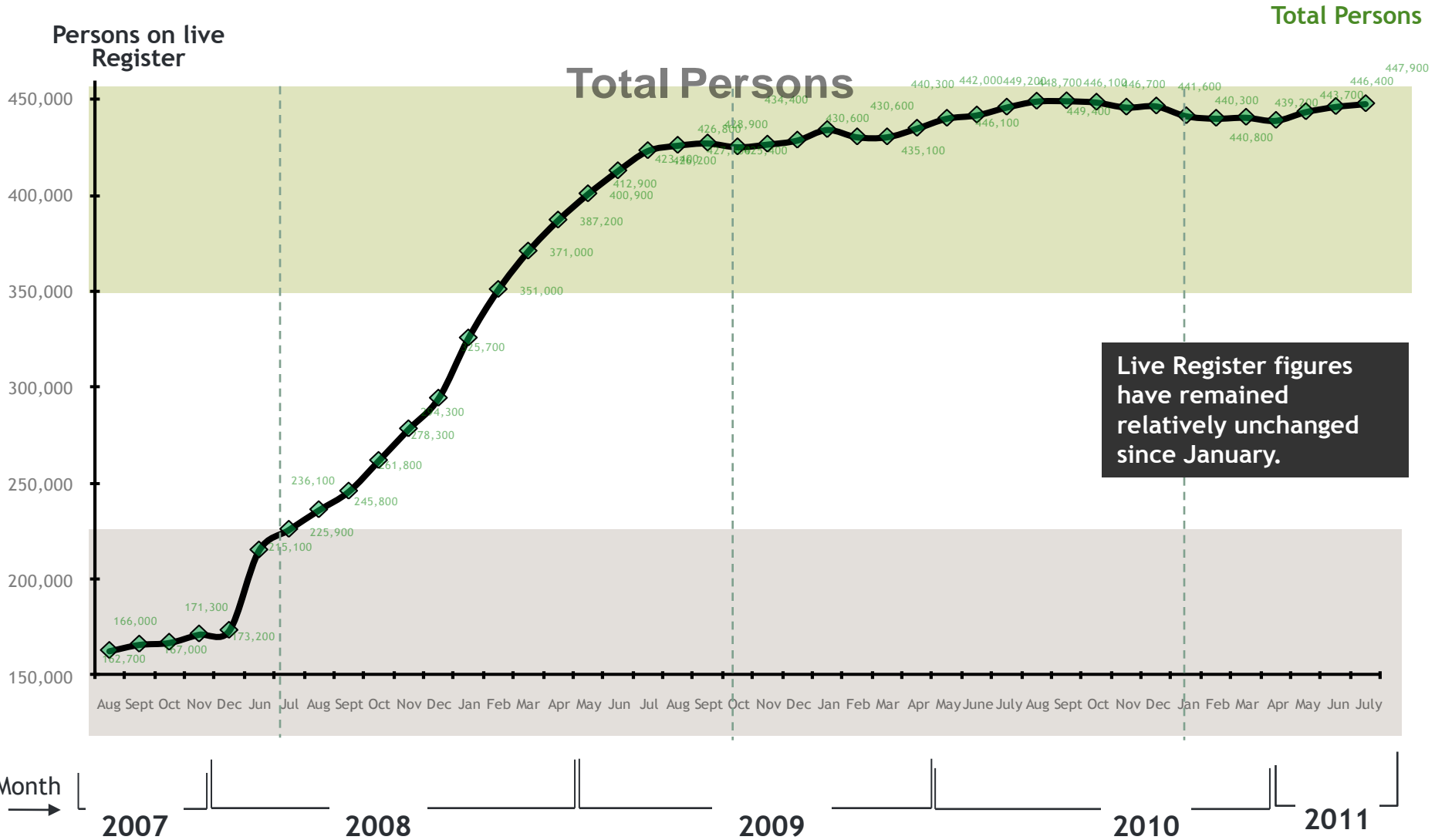


\*Source: Line chart relates to CSO latest estimates published July 2011 (seasonally adjusted standardised unemployed rates (SUR))

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

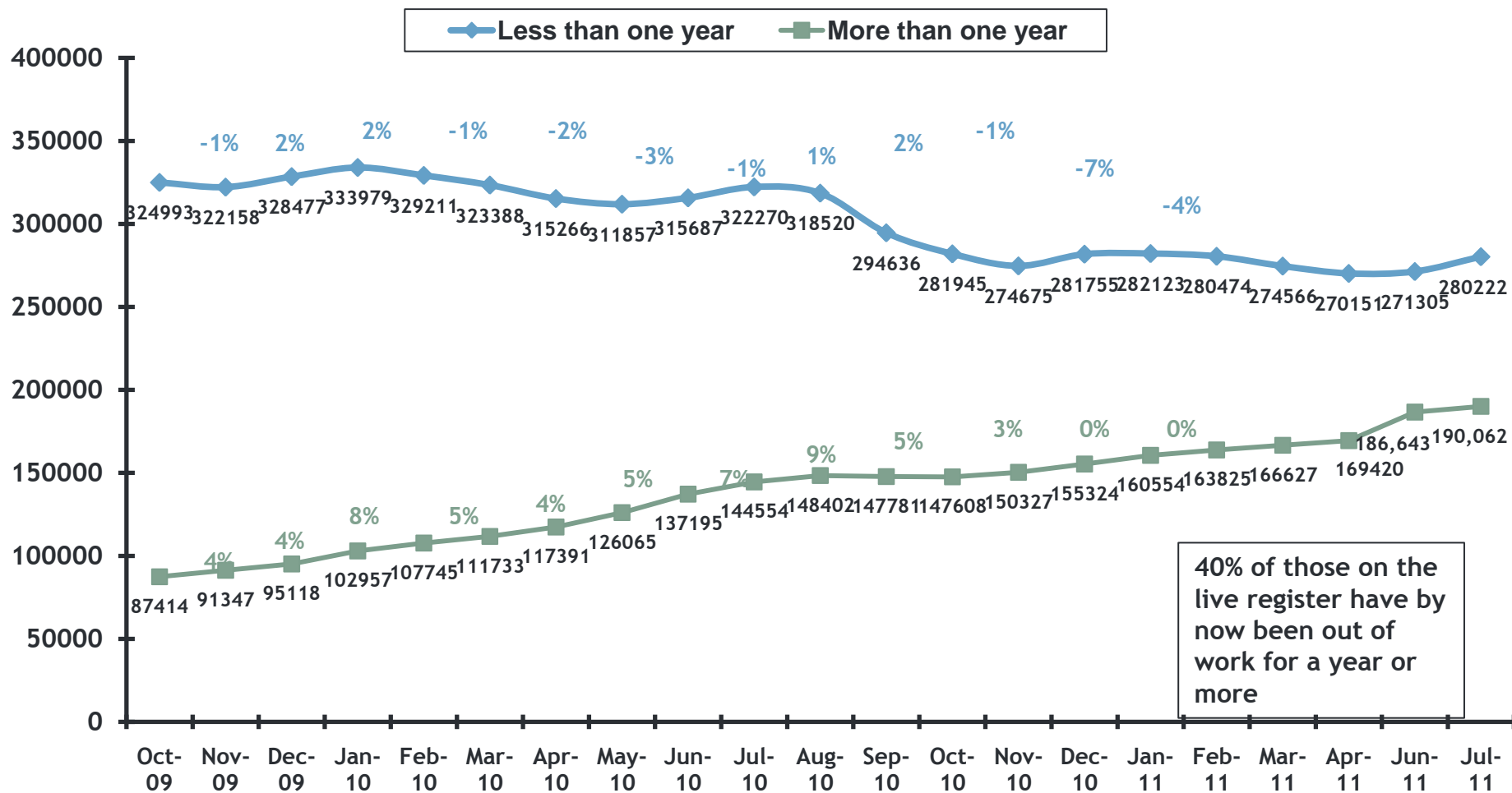
Seasonally adjusted



\*Source: CSO latest estimates July 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



40% of those on the live register have by now been out of work for a year or more

\*Source: CSO, Latest Estimates July 2011.

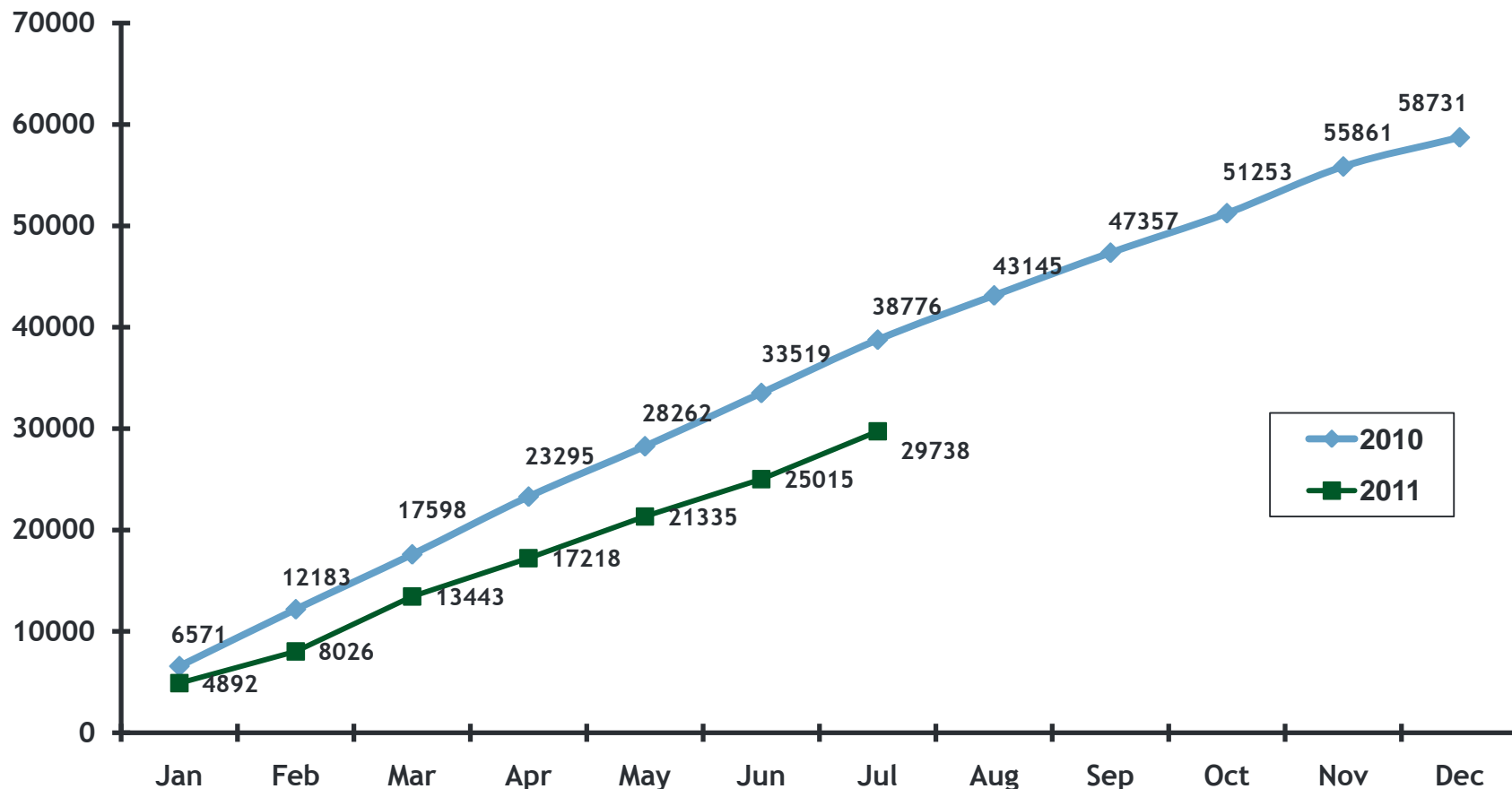
(non seasonally adjusted)



Concerns relating to long term unemployment continue to deepen.

# Actual Redundancies January 2010 - July 2011

## Cumulative Redundancy comparison 2010 vs 2011



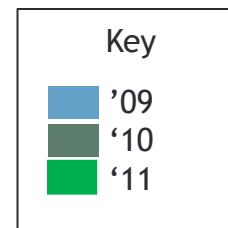
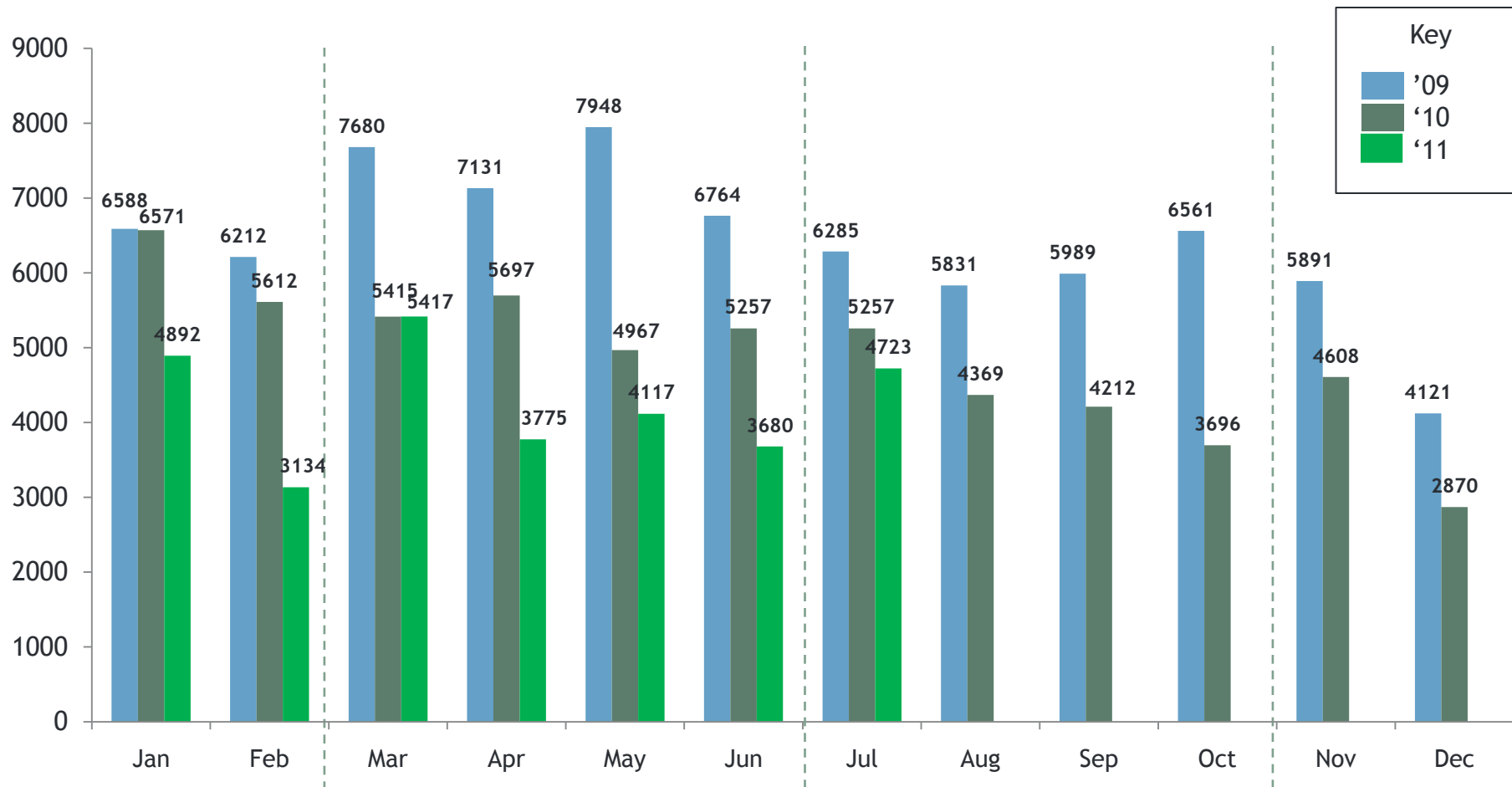
% diff 2011 v 2010	Jan	Feb	Mar	Apr	May	Jun	Jul
	-25.5%	-34.2%	-23.9%	-26.3%	-24.5%	-25.3%	-23.3%

\*Source: DETI, Redundancy Statistics July 2011.

The consistent increases in the redundancy rate while lower than rate of increase in the previous year is concerning. This indicates there a continuous tightening of the domestic economy, forcing businesses to shed workers. This continuously high level, in the third year of a recession is a strong indicator of the relatively high underlying cost base of Irish employment and the reduced level of competitiveness in input costs in the Irish domestic market.

# Actual Redundancies January 2010 - July 2011

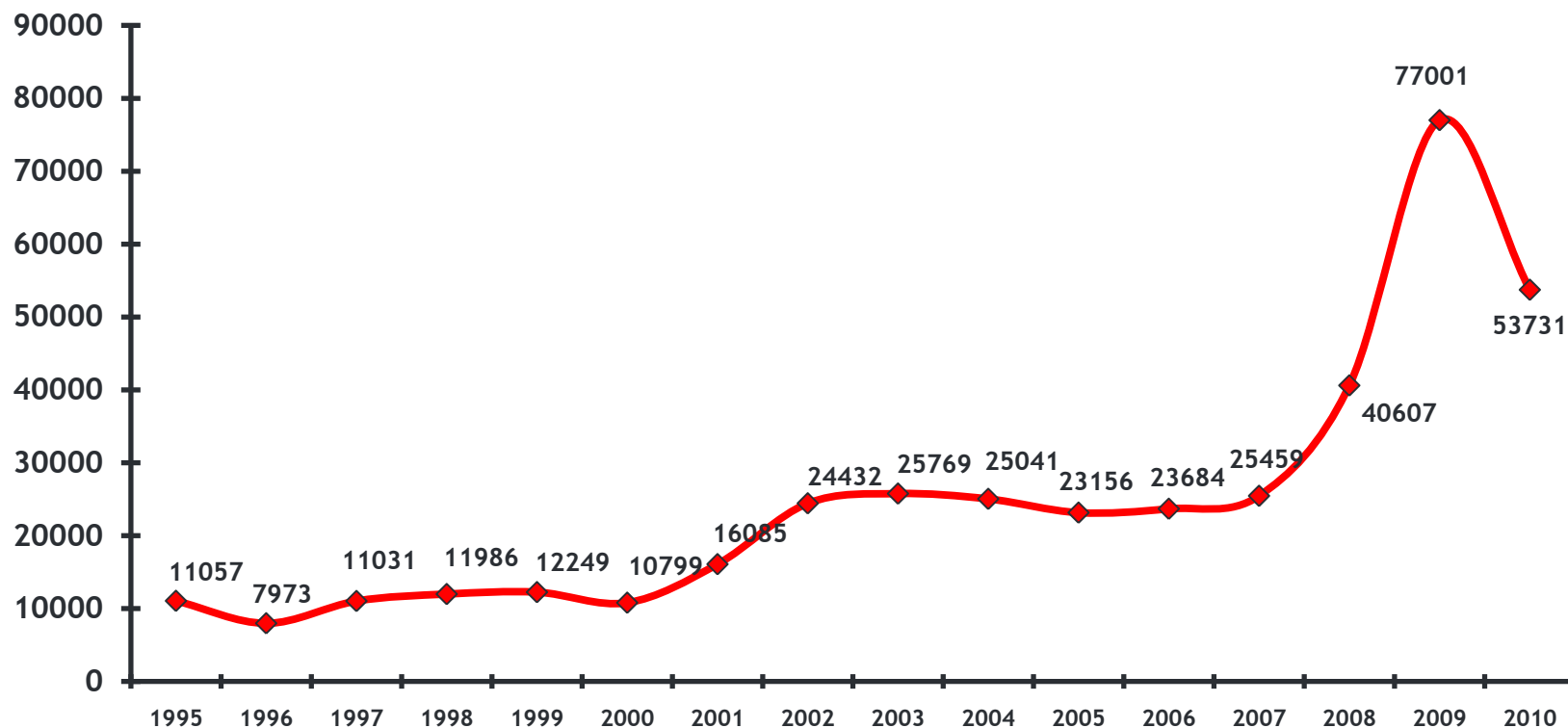
## Monthly Redundancy comparison 2011 vs 2010/ 2009



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
% diff 10-11	-26.1	-44.6%	-0.5%	-33.7%	-17.1%	-29.9%	-10.2%	-	-	-	-	-
% 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 July 2011.

# Total annual redundancy figures 1995 to 2010



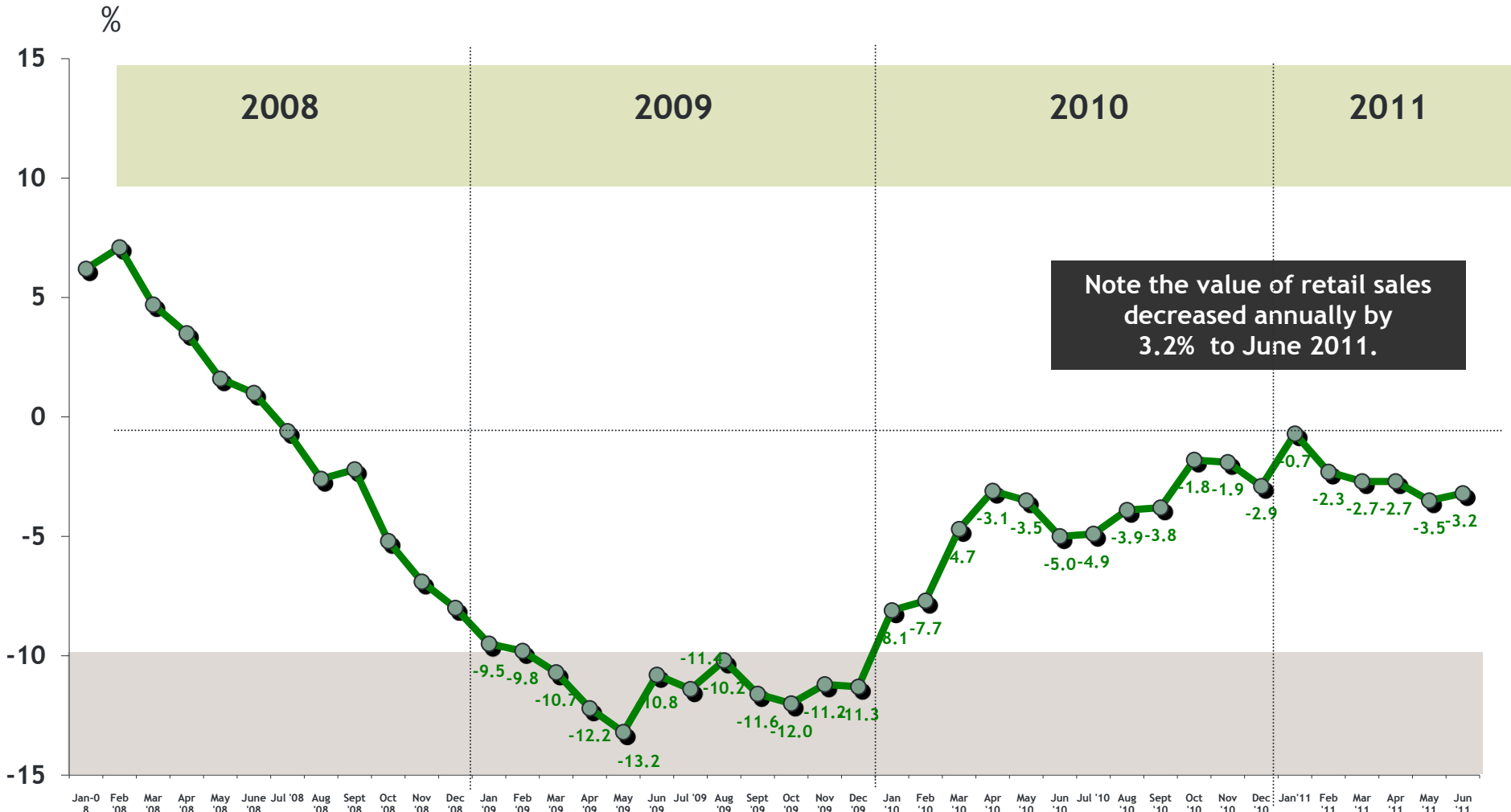
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
At work '000 (April)	1281.8	1328.5	1380	1494	1589.1	1671.4	1721.9	1760.6	1790.01	1834.6	1931.6	2021.1	2101.6	2108.5	1938.5	1859.5
Increase/Decrease in working population		4%	4%	8%	6%	5%	3%	2%	2%	2%	5%	5%	4%	0%	-8%	-4%

\*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.

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

Base: Year 2005 = 100



Note the value of retail sales decreased annually by 3.2% to June 2011.

\* Source: CSO latest estimates July 2011. Base year : 2005 = 100

# Retail Sales

Value & Volume Growth: 2011 vs 2005 (= 100). Seasonally adjusted.

<u>Period June 2011</u>	Value		Volume	
	Index	Annual % Ch	Index	Most recent % annual vol. Change
Motor Trades	71.2	18.3	77	+21.9
Department Stores	85.2	-3.4	113.8	-0.8
Food beverages & Tobacco	88.1	-2.6	87	-2.6
Fuel	107.4	-2.0	78.4	-12.0
Pharmaceuticals Medical & Cosmetic Articles	103.1	-4.2	111	-5.5
Clothing, footwear & textiles	82.8	-3.9	115.6	-0.5
Furniture and Lighting	59.1	-2.3	79	+2.6
Hardware, Paints and Glass	74.7	-10.9	78	-10.4
Electrical Goods	73.6	-1.8	126.9	+5.2
Books, Newspapers and Stationery	74.6	-4.6	66.6	-5.9
Other retail sales	80.0	-6.0	93.8	-8.1
Bars	76.4	-5.8	70.1	-5.9

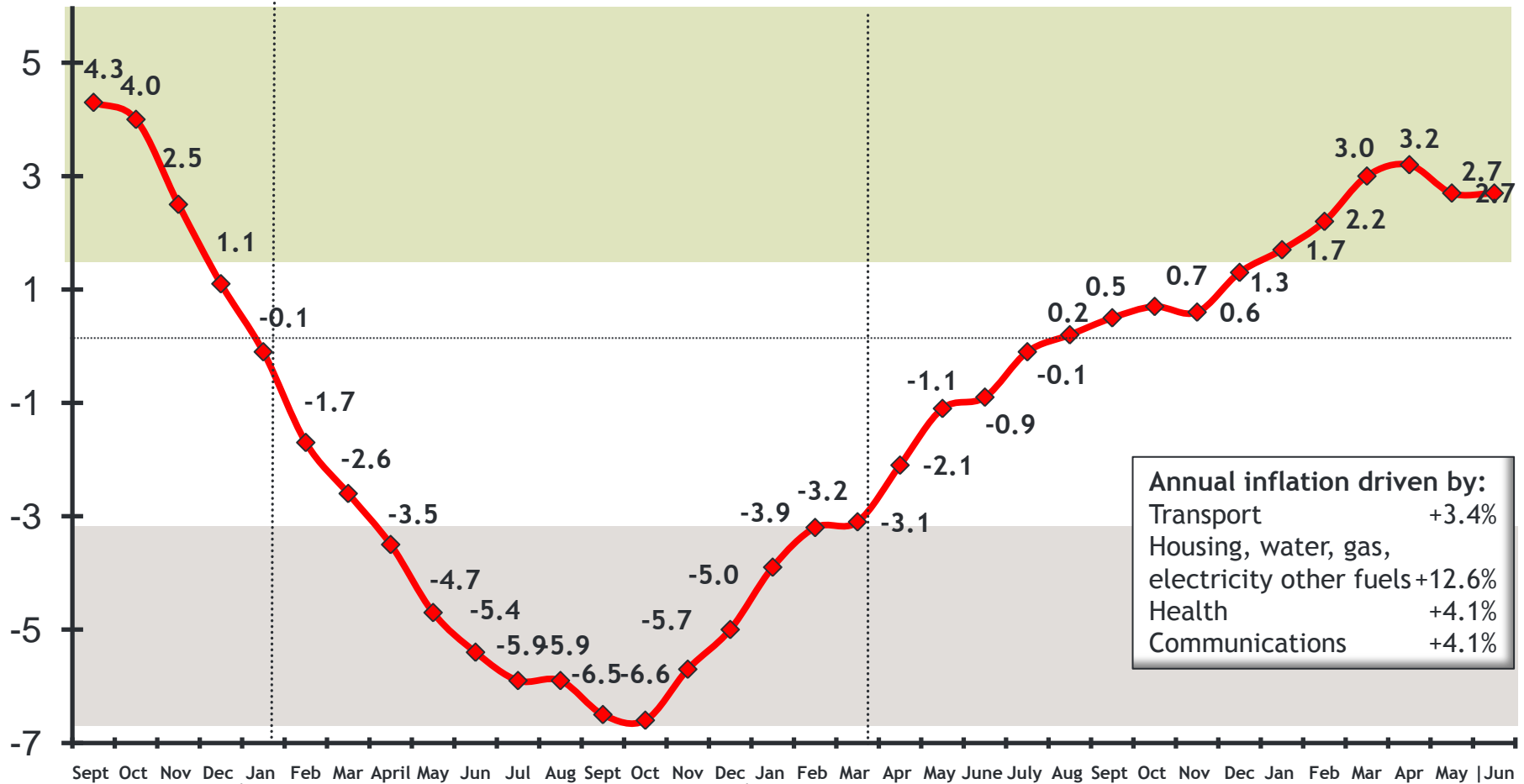
\*Source: CSO latest estimates July 2011 (seasonally adjusted).

Retail Business - NACE REV 2

The mild recovery of the motor trade appears a constant for 2011, with performance well in advance of 2010. Demand appears to be leaving the home improvement market as household budgets tighten. Lower volume performance on fuels is being supported by oil prices at the moment. Values continue to be low across the board with pharmaceutical, clothing, ancillary retail sales and hardware and in particular electrical goods, having to operate reduced pricing structures to maintain sales volume.

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

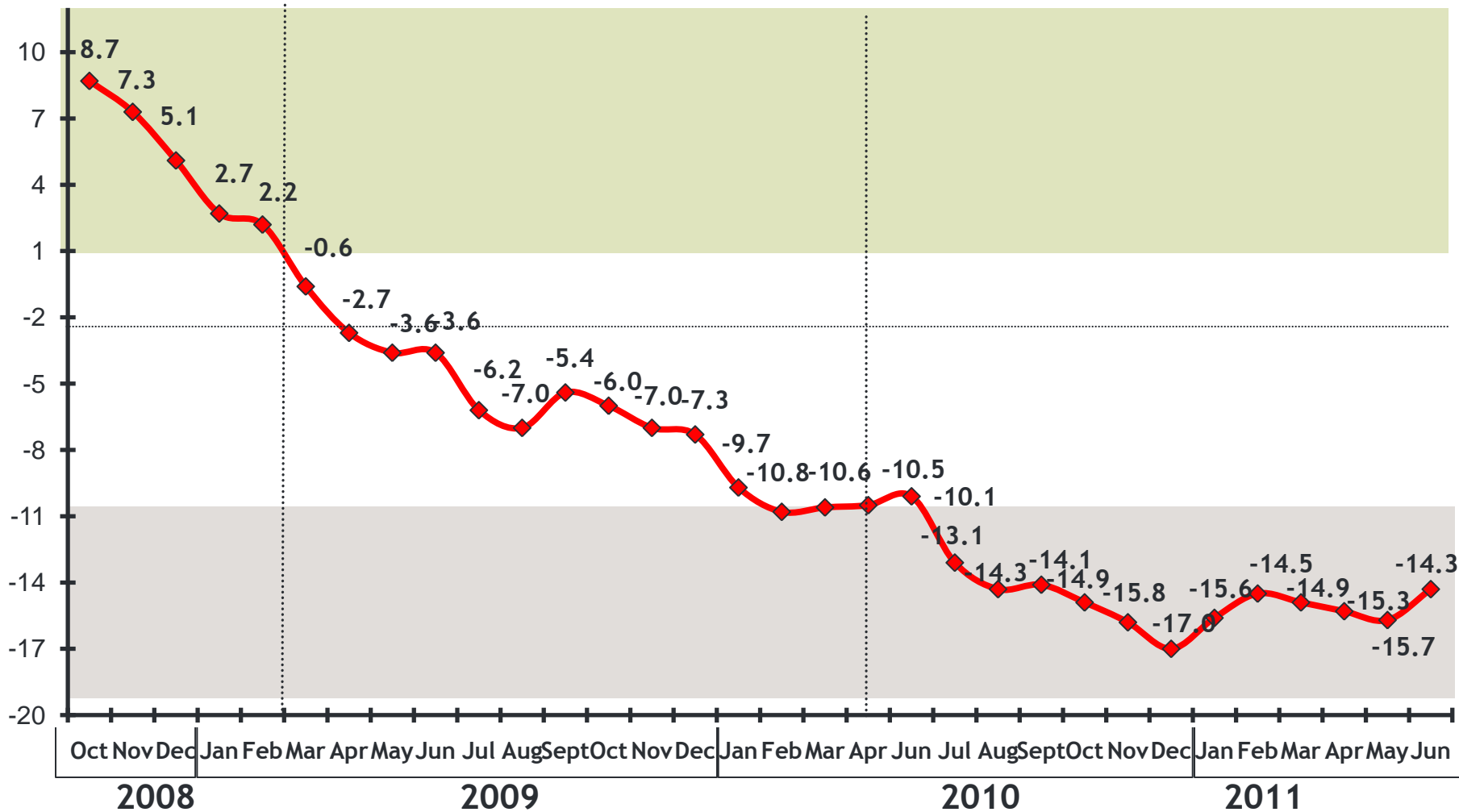
% Annual Change



Inflation is now becoming a distinct concern in light of stagnant wage levels and continued high unemployment. The level of inflation is working in opposition to market demand and means that real incomes will continue to decline further. With economy growth currently a statistical rather than real effect this ensures that the level of disposable income will continue to diminish. This will particularly impact blue collar workers and those in the early family lifestage.

# Growth Rate in Extended Consumer Credit

% Annual Change

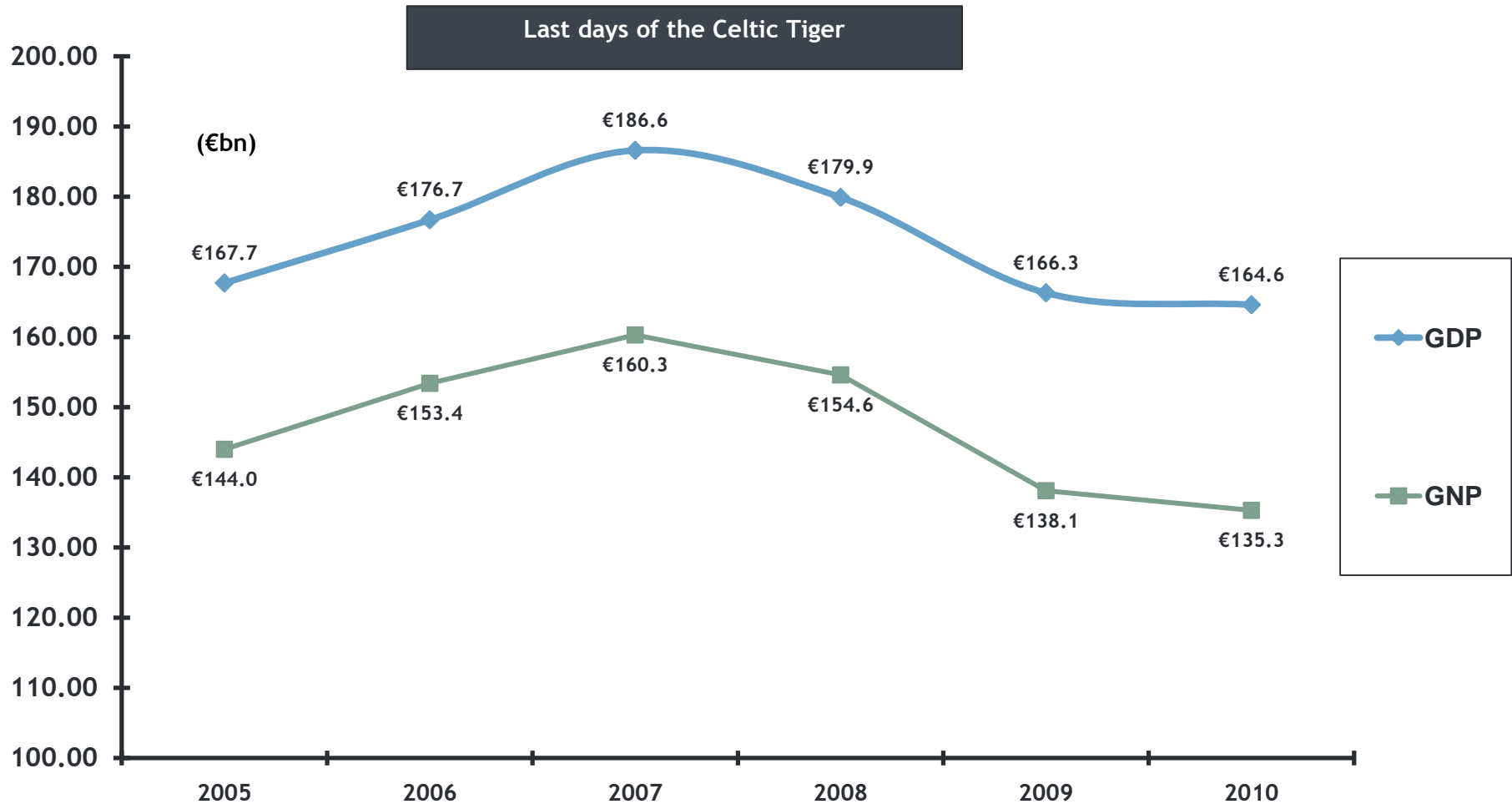


\*Source: Central Bank of Ireland.

Source: Central Bank

J.1814

# GDP and GNP Value Changes (at Current Market Prices)

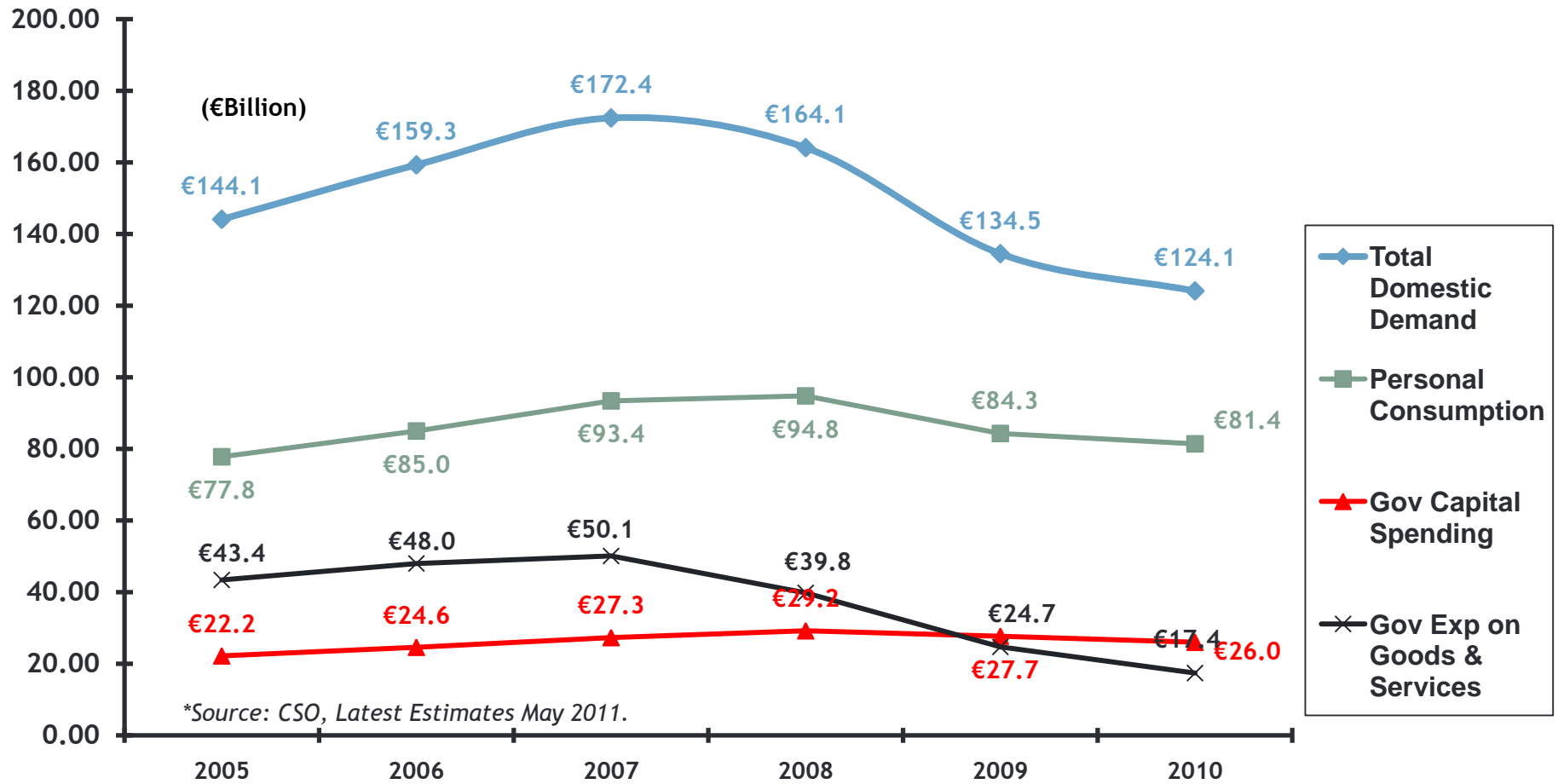


\*Source: CSO, Latest Estimates May 2011.



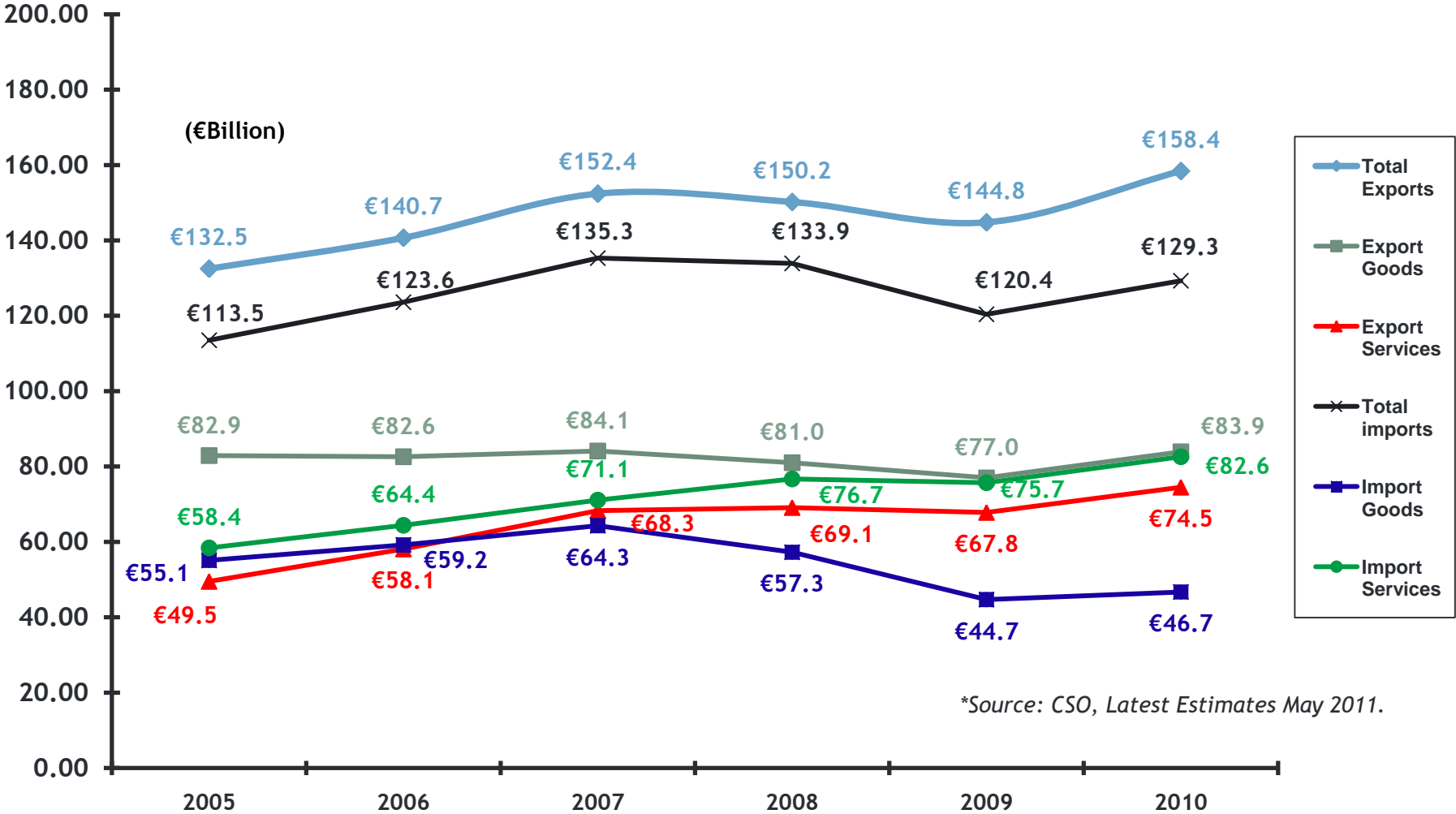
GDP and GNP values have declined back to pre 2005 levels. From peak year 2008, GDP has declined by 11.7% and GNP decline has been 15.6%. The decline in GNP indicates the severity of the recession in the domestic economy, and this decline has accounted for all declines in GDP. In comparison the FDI sector has remained relatively static, making a marginal gain across the same time period.

# Trends in Macro Domestic Demand (at Current Market Prices)



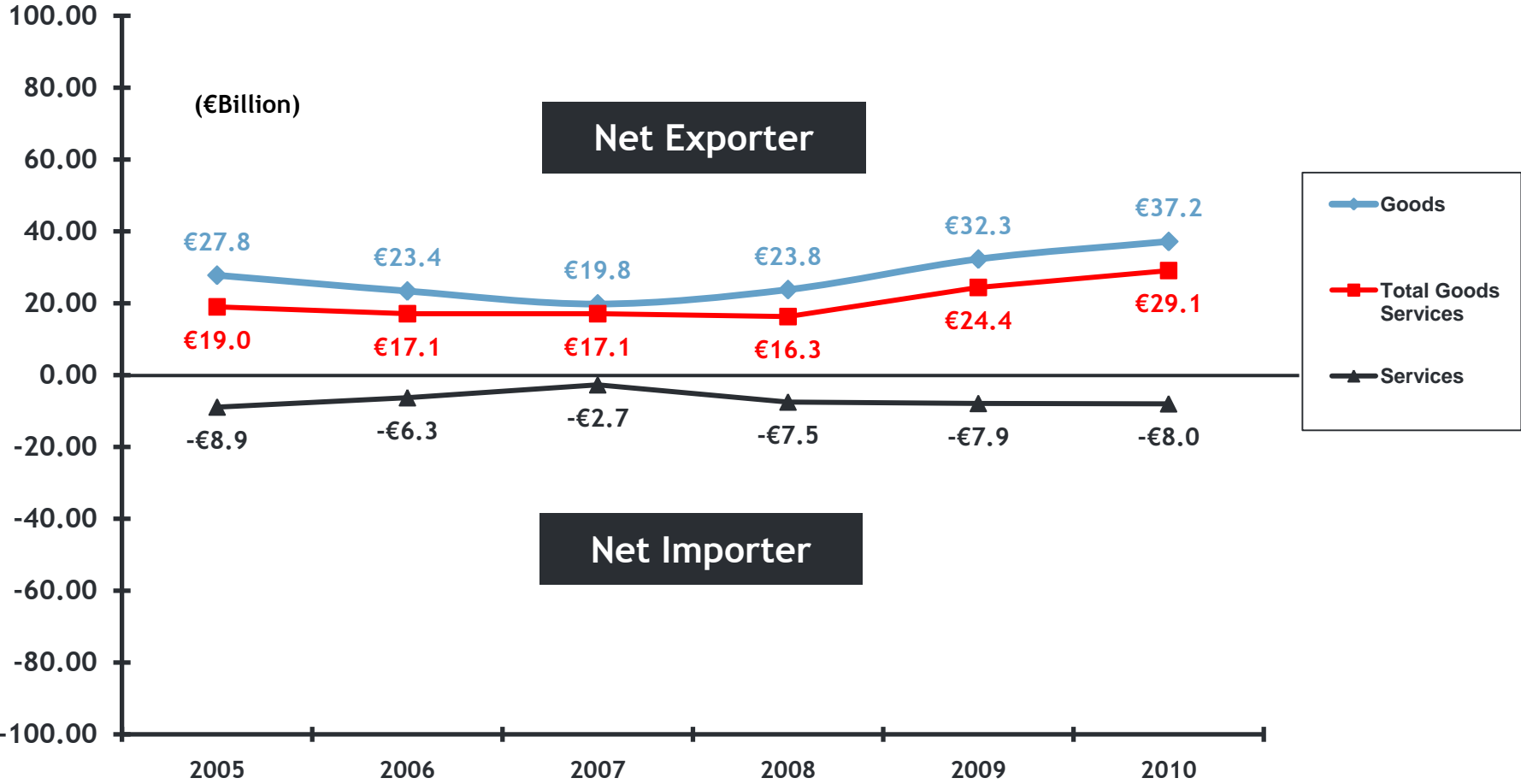
The contraction in domestic demand since 2007 to the end of 2010 has been significant. Demand has been most severely effected by the reduction in central capital infrastructure spend (down 64.8% since 2007) and the reduction in direct consumer demand of 14.1% over the same period. This equates to a reduction of €48.3bn (pre multiplier, at current market prices) from the economy.

# Balance of Payment: Exports vs Imports (at current market prices)



Exports remain key to Irish economic recovery, with a significant increase noted for 2010. Import levels have declined from the peak year 2007 due to reduced disposable income among consumers and also due to reduced business input requirements, although service imports have continued to increase.

# Balance of Payment: Exports vs Imports (at current market prices)



Ireland remains a net exporter country, making more from exports than we pay out in imports. In particular we are a net exporter of goods, primarily due to the level of FDI companies located here. In terms of services Ireland remains a net importer, as value levels of import services increase.

# Unemployment In Ireland:

A Review of Live Register  
Changes: June 2007- June  
2011

Prepared by John J Clarke



# Live Register

- **Compiled:** From returns made directly to the Central Statistics Office (CSO) by each of the local offices of the Department of Social and Family Affairs.
- **Included on the Live Register are:**
  - ❖ **All those on Jobseekers Benefit (JB)** - excluding systematic short-time workers
  - ❖ **All those on Jobseekers Allowance (JA)** - excluding smallholders/farm assists and self-employed persons
  - ❖ **Part-time workers** (those who work up to 3 days a week), seasonal and casual workers entitled to Jobseekers Allowance or Benefit.
  - ❖ **Those signing on for 'PRSI credits'** but receiving no payment.
  - ❖ **Standardised Unemployment Rate:** Published with each monthly Live Register analysis. The figure is based on a comparison between the annual unemployment figure taken in April of the year in question from the corresponding ILO -QNHS figure, and the seasonally adjusted live register figure for the month.

# Live Register x County

June '11

State 457,948			
Dublin County	109567	Clare County	10485
Cork County	46086	Offaly County	9601
Galway County	24345	South Tipperary	9524
Donegal County	22665	Laoighis County	8678
Limerick County	21728	North Tipperary	7965
Wexford County	20023	Kilkenny County	7787
Kildare County	19011	Cavan County	7709
Louth County	18368	Carlow County	7181
Kerry County	16600	Monaghan County	6878
Waterford County	14741	Sligo County	5787
Mayo County	13744	Longford County	5412
Wicklow County	13194	Roscommon County	4307
Meath County	12093	Leitrim County	3706
Westmeath County	10763		

# Actual Change in Live Register

June '07 - June '11

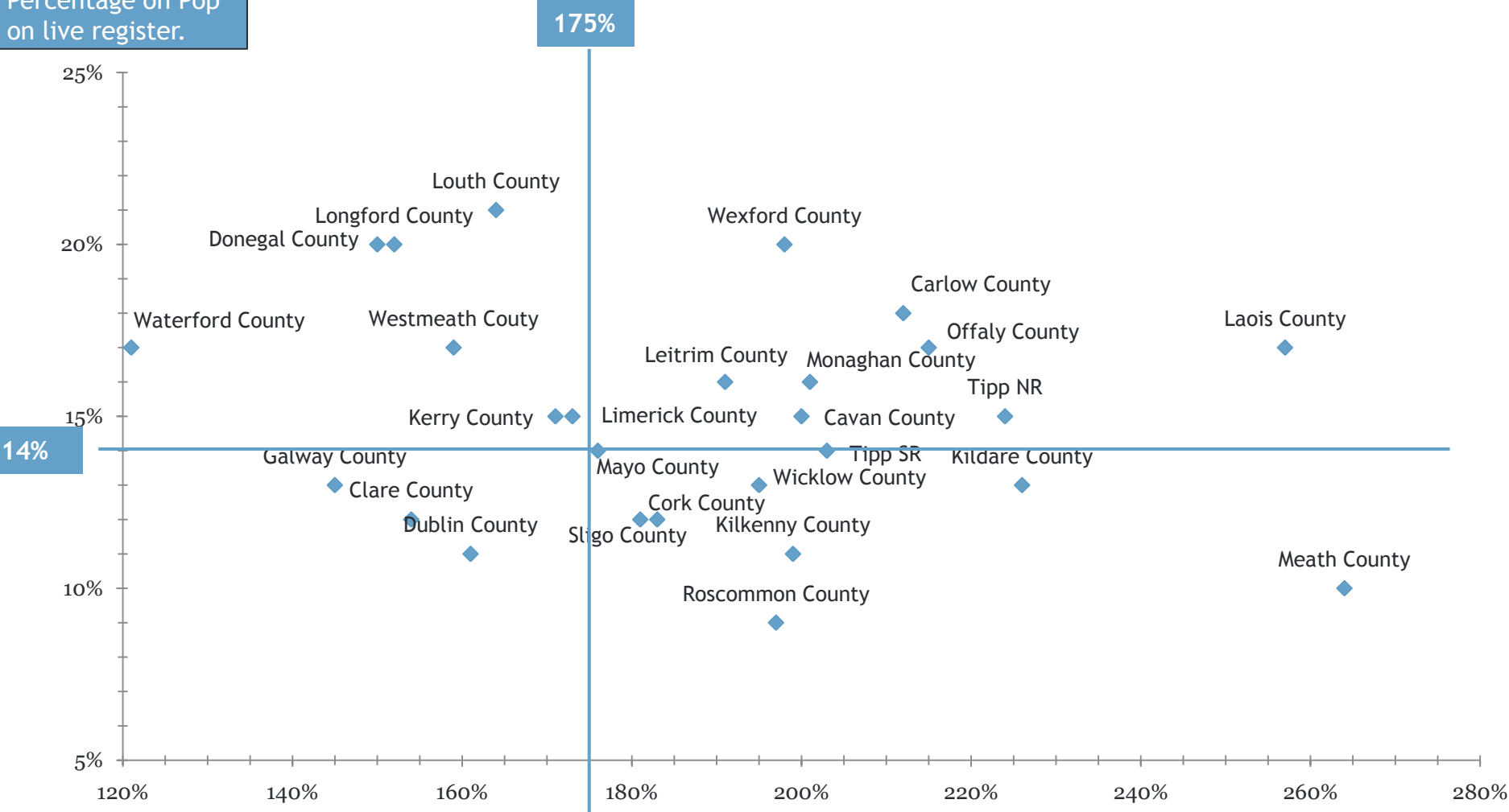
State 291,585			
Dublin County	67622	Offaly County	6549
Cork County	29775	South Tipperary	6380
Galway County	14420	Clare County	6355
Limerick County	13761	Laoighis County	6249
Donegal County	13609	North Tipperary	5503
Wexford County	13293	Kilkenny County	5183
Kildare County	13184	Cavan County	5142
Louth County	11405	Carlow County	4878
Kerry County	10471	Monaghan County	4594
Meath County	8767	Sligo County	3729
Mayo County	8764	Longford County	3266
Wicklow County	8729	Roscommon County	2858
Waterford County	8061	Leitrim County	2434
Westmeath County	6604		

# Percentage of Population 15+\* on Live Register & Percentage Increase in Live Register x County: June 2011

	Percentage of Pop on Live Register	Percentage Increase in Live Register 07-11		Percentage of Pop on Live Register	Percentage Increase In Live Register
State	14%	175%		14%	175%
Louth County	21%	164%	Limerick County	15%	173%
Longford County	20%	152%	South Tipperary	14%	203%
Donegal County	20%	150%	Mayo County	14%	176%
Wexford County	20%	198%	Wicklow County	13%	195%
Carlow County	18%	212%	Kildare County	13%	226%
Offaly County	17%	215%	Galway County	13%	145%
Westmeath County	17%	159%	Clare County	12%	154%
Waterford County	17%	121%	Cork County	12%	183%
Laoighis County	17%	257%	Sligo County	12%	181%
Leitrim County	16%	191%	Kilkenny County	11%	199%
Monaghan County	16%	201%	Dublin County	11%	161%
Cavan County	15%	200%	Meath County	10%	264%
North Tipperary	15%	224%	Roscommon County	9%	197%
Kerry County	15%	171%			

# Live Register As a Percentage of County Populations X Live Register Increase.

Percentage on Pop on live register.



Live register increase June '07- June '11

0.1814

# 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?	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Better off</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">Worse off</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">The same</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> </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 style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Better off</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">Worse off</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">The same</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> </table>	Better off	1	Worse off	2	The same	3				
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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 style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Better off</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">Worse off</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">The same</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> </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 style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">More confident</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">Less confident</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">No change</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> </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 style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Higher</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">Lower</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">The same</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> </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? <b>PROBE:</b> A lot or a little	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">A lot higher</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">A little higher</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">No change</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> <tr><td style="padding: 2px 5px;">A little lower</td><td style="text-align: right; padding: 2px 5px;">4</td></tr> <tr><td style="padding: 2px 5px;">A lot lower</td><td style="text-align: right; padding: 2px 5px;">5</td></tr> </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 style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">More</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">Less</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">The same</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> </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 style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">More</td><td style="text-align: right; padding: 2px 5px;">1</td></tr> <tr><td style="padding: 2px 5px;">Less</td><td style="text-align: right; padding: 2px 5px;">2</td></tr> <tr><td style="padding: 2px 5px;">The same</td><td style="text-align: right; padding: 2px 5px;">3</td></tr> </table>	More	1	Less	2	The same	3				
More	1											
Less	2											
The same	3											