Consumer Mood Monitor

Small Signs of Recovery Benefitting Consumers Personally

January 2015

Recovery benefitting consumer finances but limited impact on spend…

- ✓ Consumer outlook for the Irish economy continues to improve and now more than half believe the economy will fare even better in the next 6 months.
- ✓ We see the first, small signs of consumers feeling the recovery impacting them personally, with a significant improvement in current financial situation, and 3 in 5 of those who believe in the recovery feeling personal benefits from this recovery.
- ✓ Yet, many continue to struggle to make ends meet.
- ✓ The improvement in consumer finances does not yet translate into increased consumer spend – could this be due to a changed mentality after the economic crisis?
- ✓ A two tier economy is still evident – we see Rest of Leinster and Munster having caught up with Dublin – while Connaught/Ulster remain behind.
- ✓ The outlook for the job and housing market has also improved.

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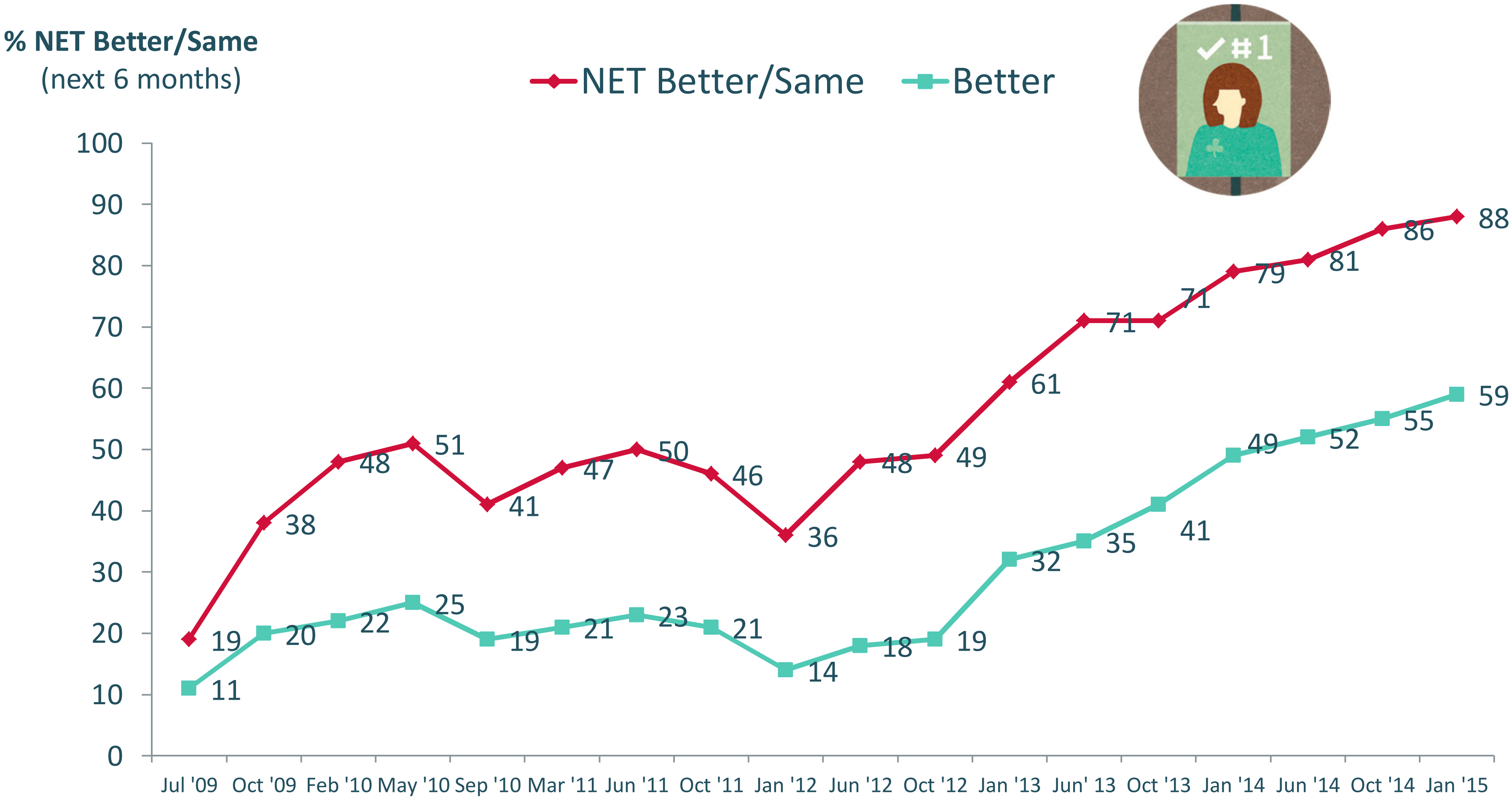
Consumer Mood - Headline Facts

- **59%** believe the Irish economy will improve in the next 6 months – up from 55% in October
- **75%** believe recovery is underway in Ireland – up from 72%
- **57%** of those believing in the recovery feel they benefit from this personally
- **31%** of consumers believe they are living comfortably

  BUT **27%** are still struggling financially – however this is down from 32%
- Circa **18%** anticipate spending more goods & services over the next 6 months – especially on holidays and entertainment products.

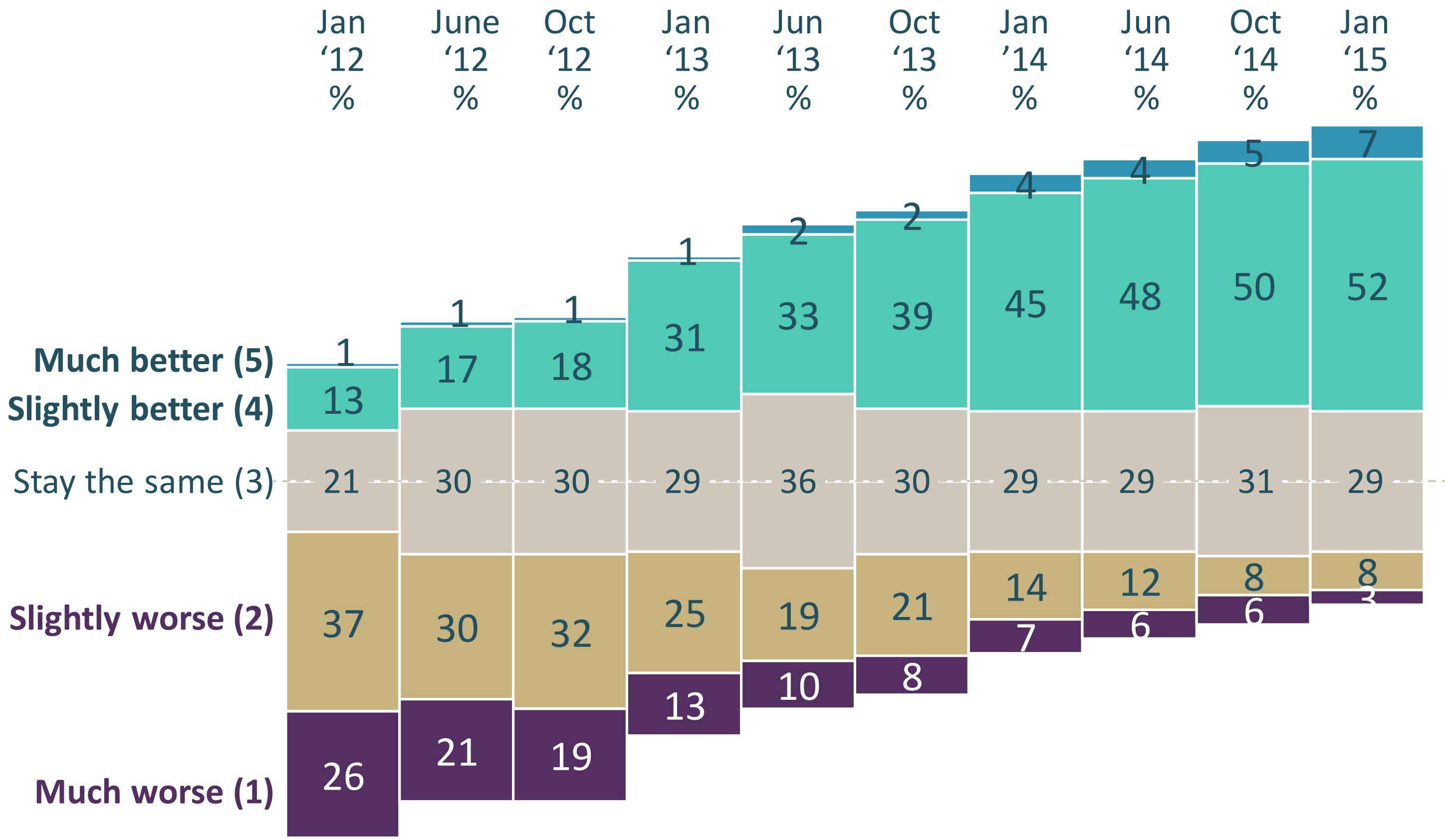
Further Improvement in Consumer Outlook

How do you expect the *Irish economy* to fare in the next 6 months?



The positive trend in outlook for the Irish economy continues with 3 in 5 expecting the economy to fare better in the next 6 months.

How do you expect the Irish economy to fare in the next 6 months?

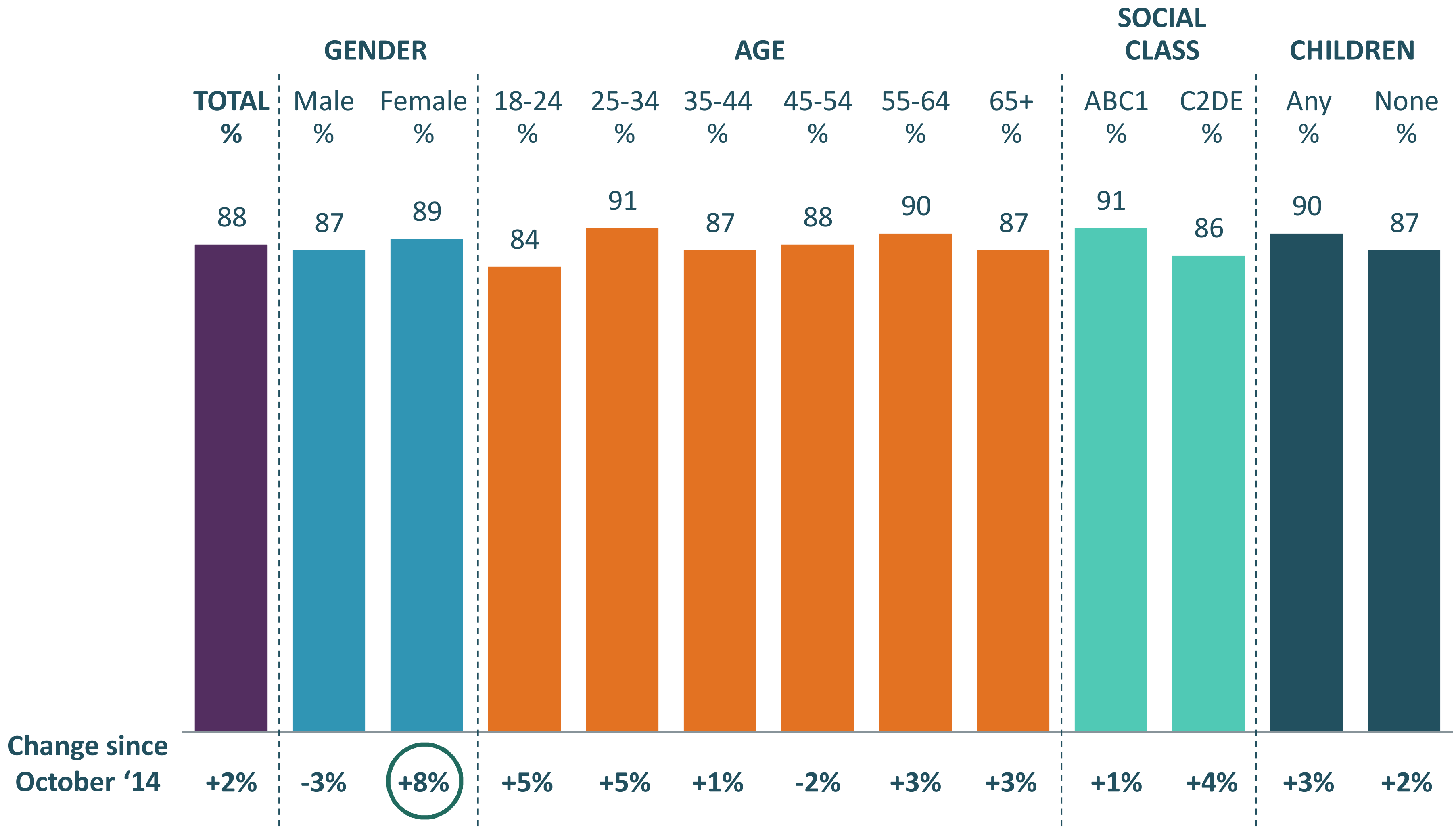


	Jan '12	June '12	Oct '12	Jan '13	Jun '13	Oct '13	Jan '14	Jun '14	Oct '14	Jan '15
NET Same /Better (3-5)	36	48	49	61	71	71	79	81	86	88
Average	2.24	2.46	2.52	2.83	2.99	3.06	3.25	3.31	3.41	3.52

- ✓ 3 in 5 expect the Irish economy to fare better in the next 6 months.
- ✓ Only 1 in 9 believe the economy will fare worse in the coming 6 months.

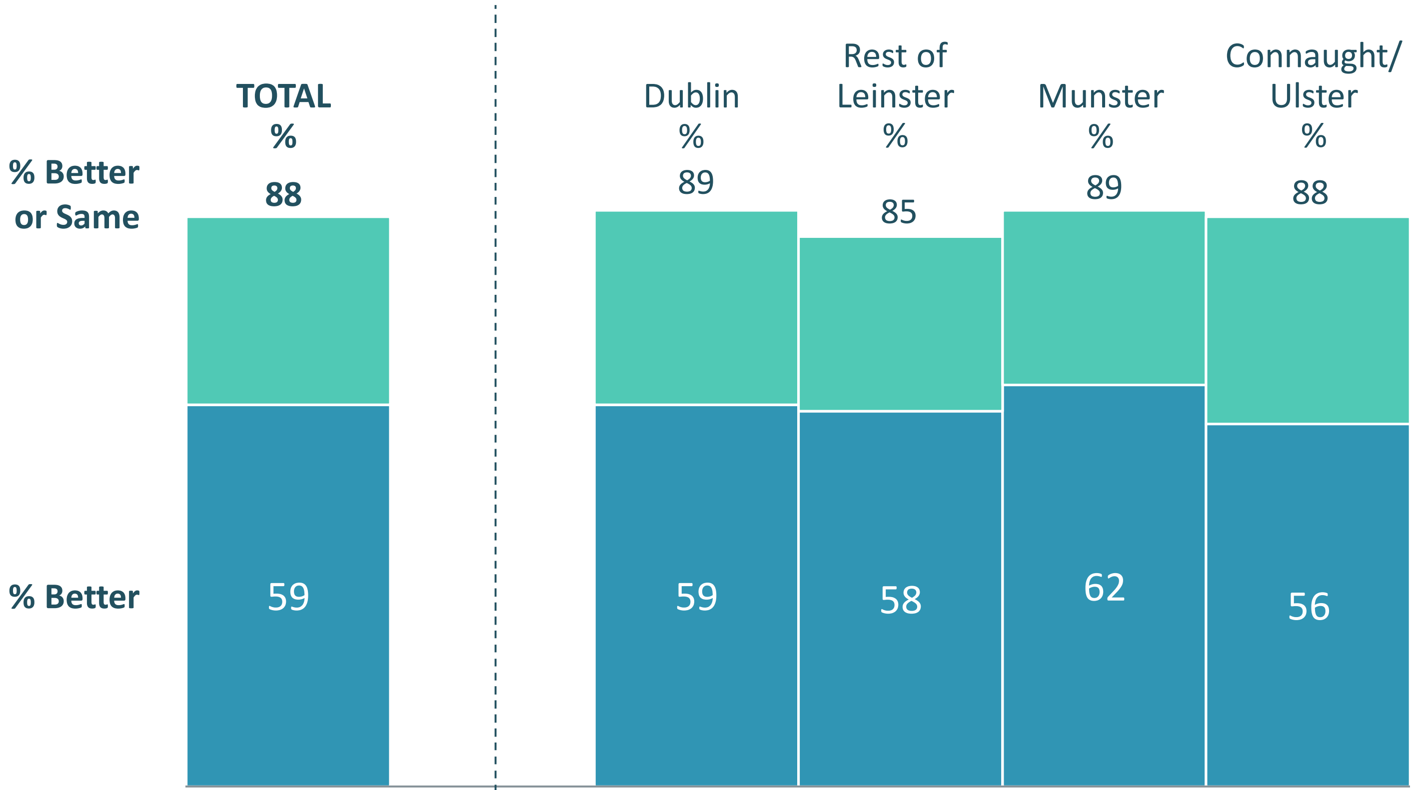
Expectations for the Irish economy 6 months from now

% Stating they believe it will be the same or better



Consumer outlook is relatively even across most demographics with females being significantly more positive now than in October 2014.

The Two Tier Economy gap is closing…



Change % since June '14	TOTAL	Dublin	Rest of Leinster	Munster	Connaught/ Ulster
Better or Same	+2%	+5%	=%	=%	+4%
Better	+4%	+2%	-1%	+6%	+11%

Connaught/Ulster records the highest uplift in consumer outlook, bringing it in line with the other regions.

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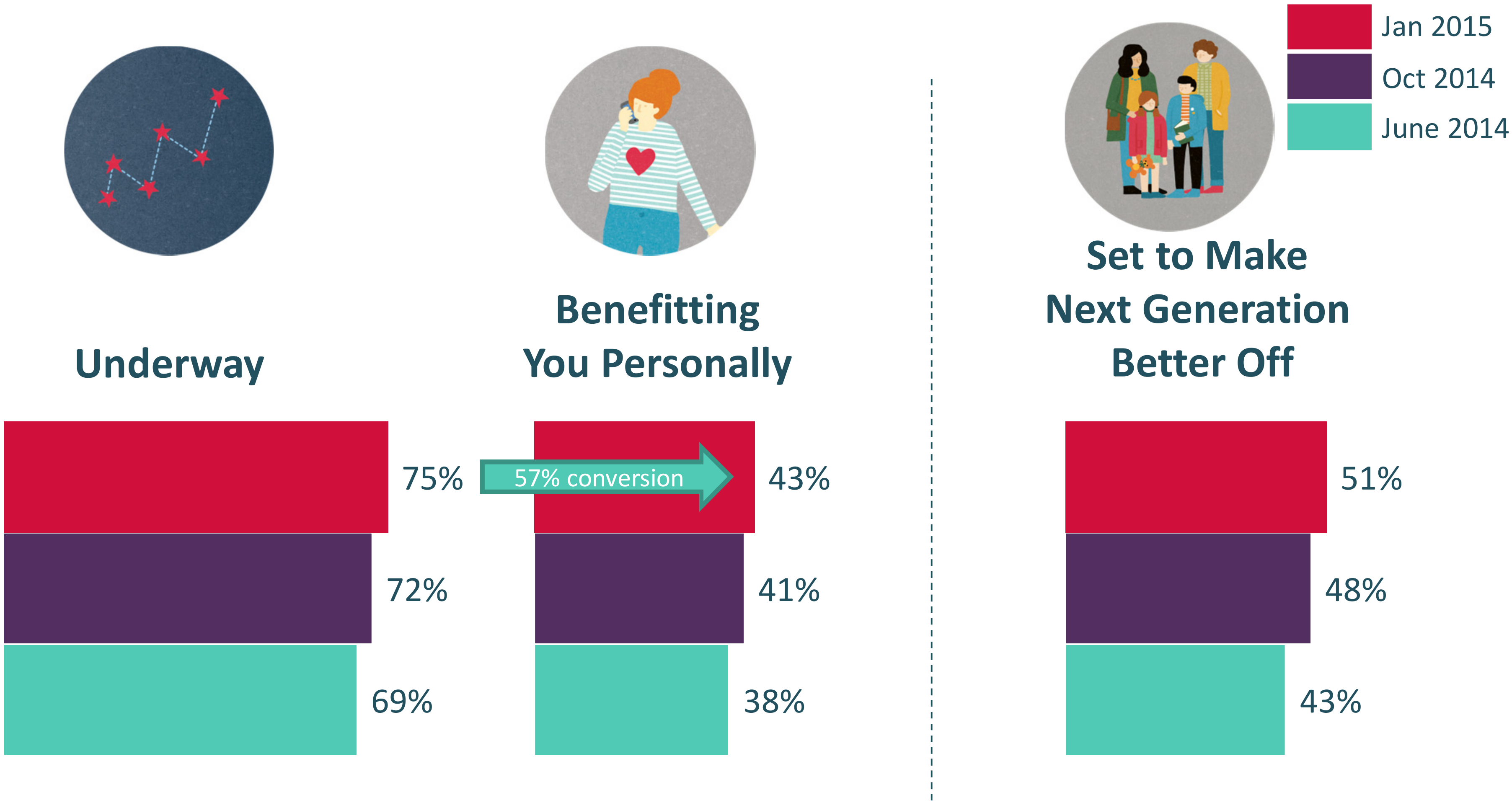
Many continue to believe that the recovery is underway, but we see a growing proportion feeling it is benefitting them personally

Do you believe that an Economic Recovery in Ireland is…?



3 in 4 believe the recovery is underway in Ireland. Of those, 3 in 5 believe the recovery is benefitting them personally.

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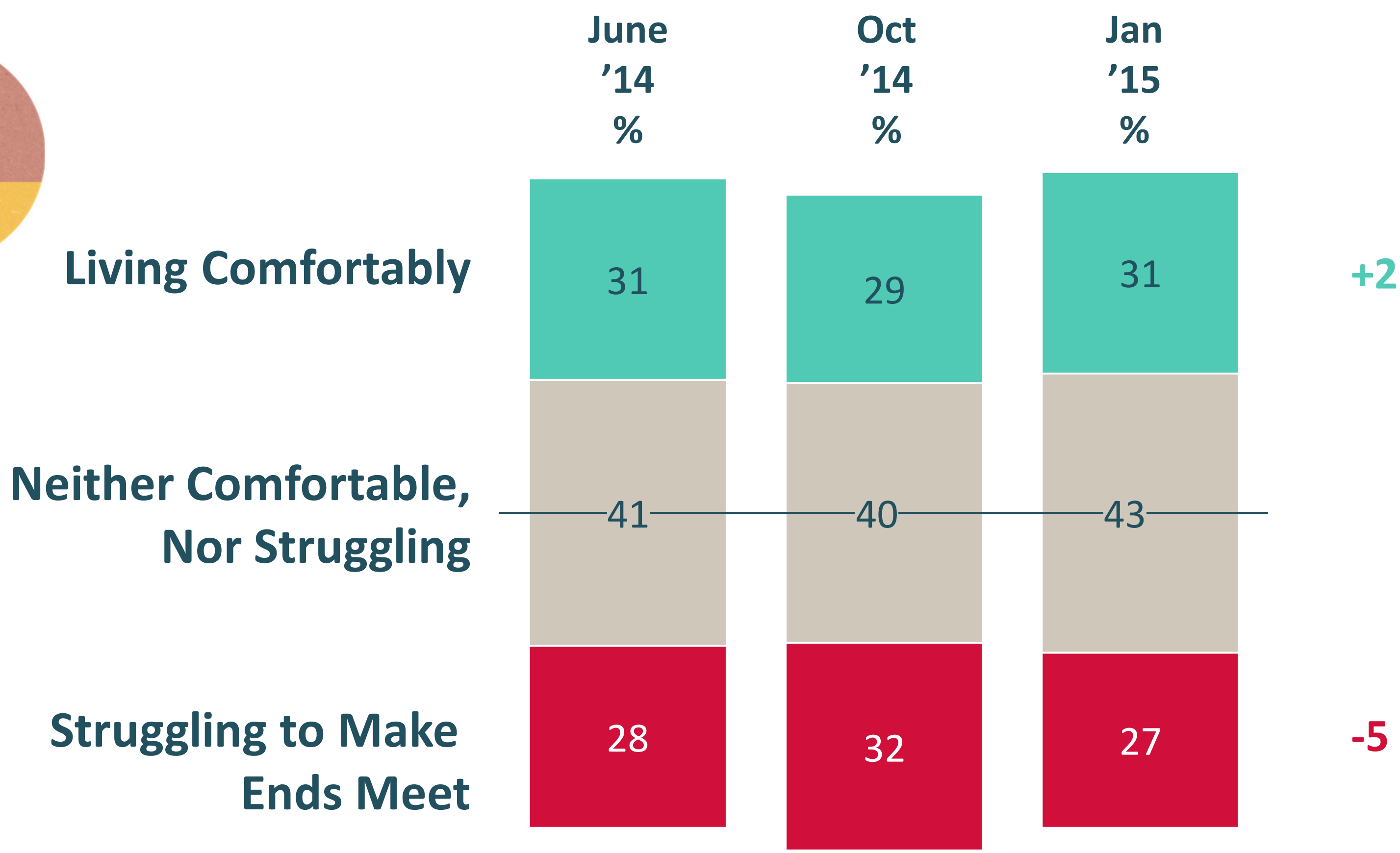
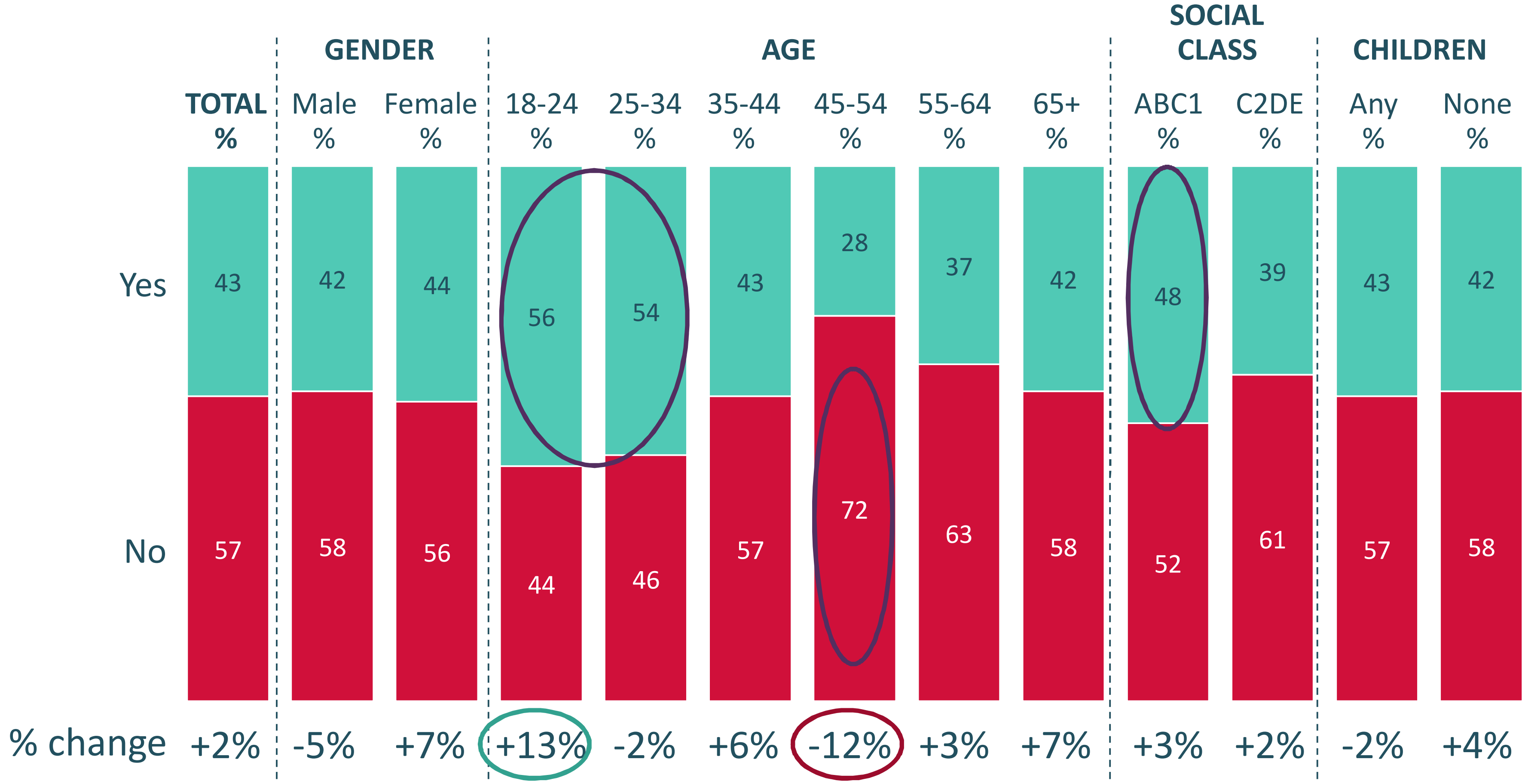
Personal Impact of Recovery is evident when looking at Current Financial Situation…



We see a slight increase in the proportion who claims to live comfortably but we see a significant decline in the proportion who claim to be struggling to make ends meet.

Ireland's Economic Recovery Benefitting You Personally?

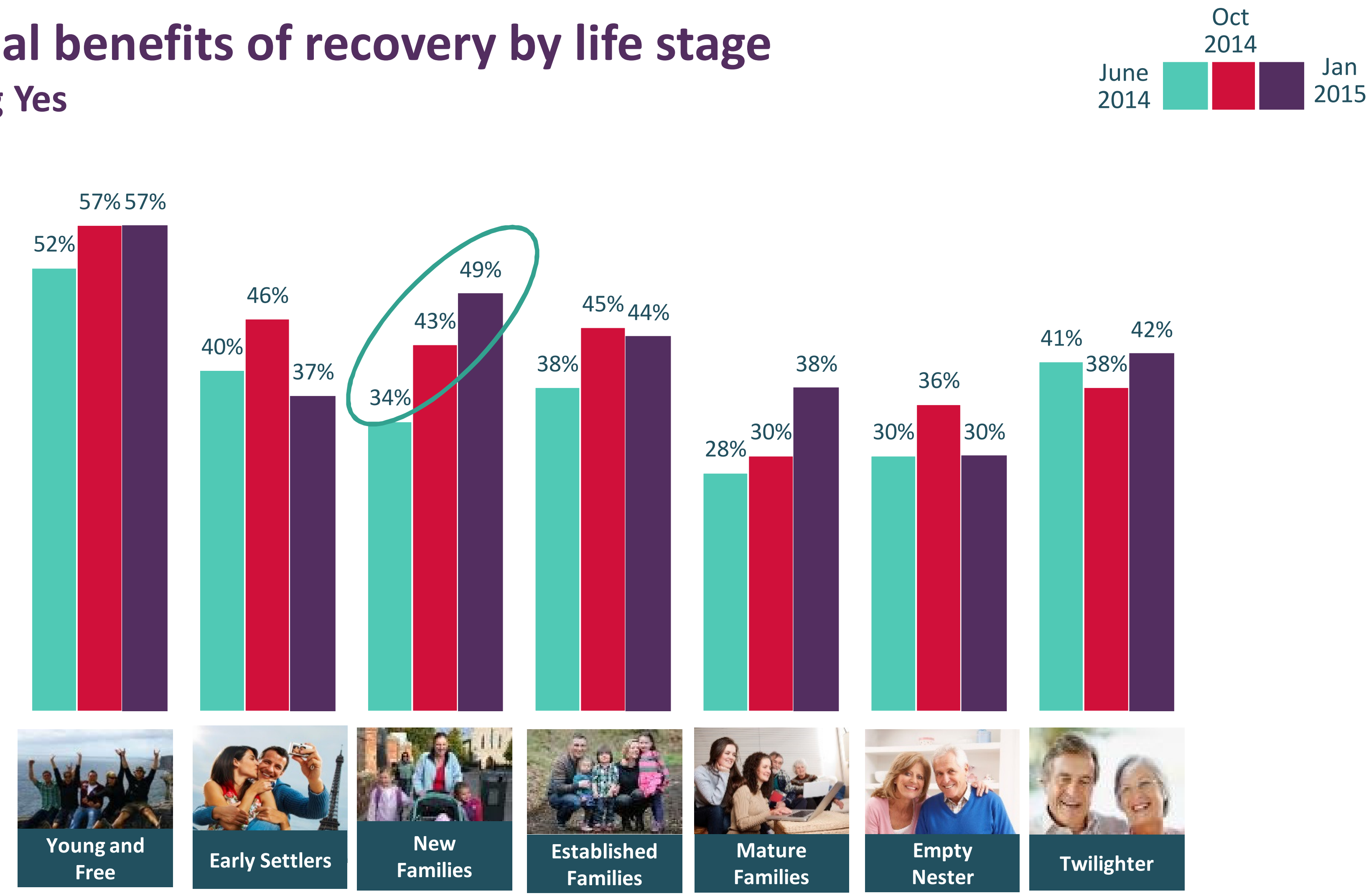
% Stating Yes or No



The personal impact of the recovery has increased among most demographic groups. The younger age groups and higher social classes are more likely to feel this impact.

Personal benefits of recovery by life stage

% Stating Yes



'New families' follow a positive trend in terms of personal relevance of recovery. The 'young and free' are most likely to claim a personal impact from the economic recovery.

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Personal benefits of recovery by region

% Stating Yes

The personal impact of the recovery has yet to break through to the same extent among those living in Connaught/Ulster – in spite of the similarities in economic outlook.

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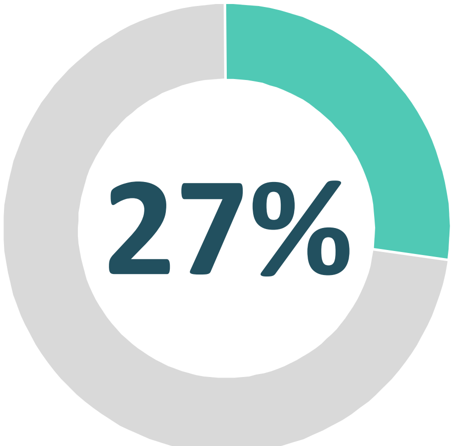
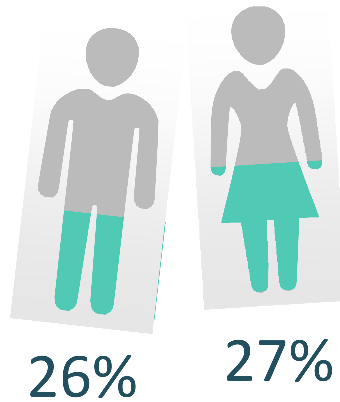
But hardship remains with 1 in 4 struggling to make ends meet...

Who is Struggling to Make Ends Meet?

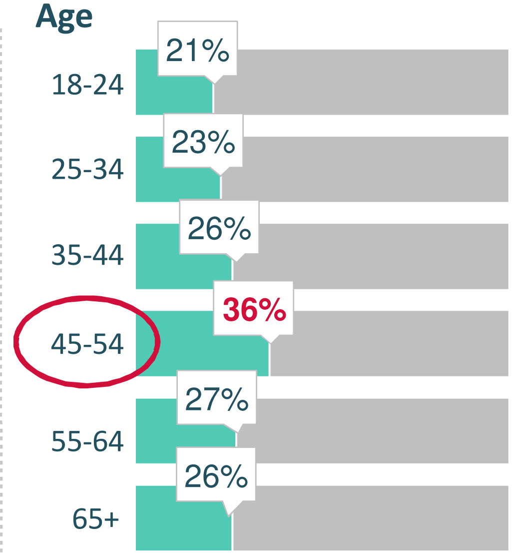
Total – 1 in 4 struggle to make ends meet



Gender



Age



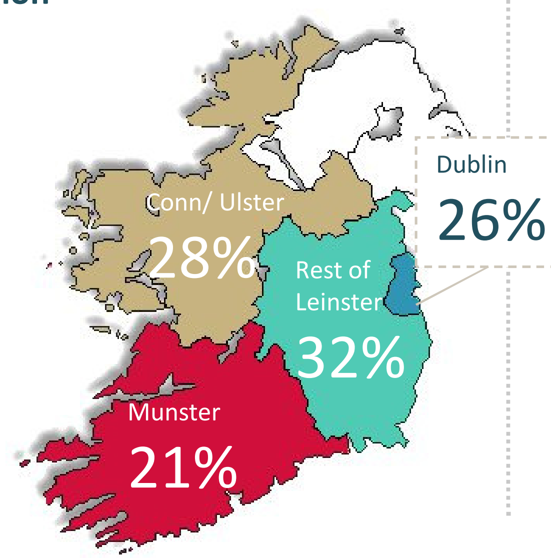
Social Class

Was 25%

Higher Social Grades: 16%

Lower Social Grades: **35%**

Region



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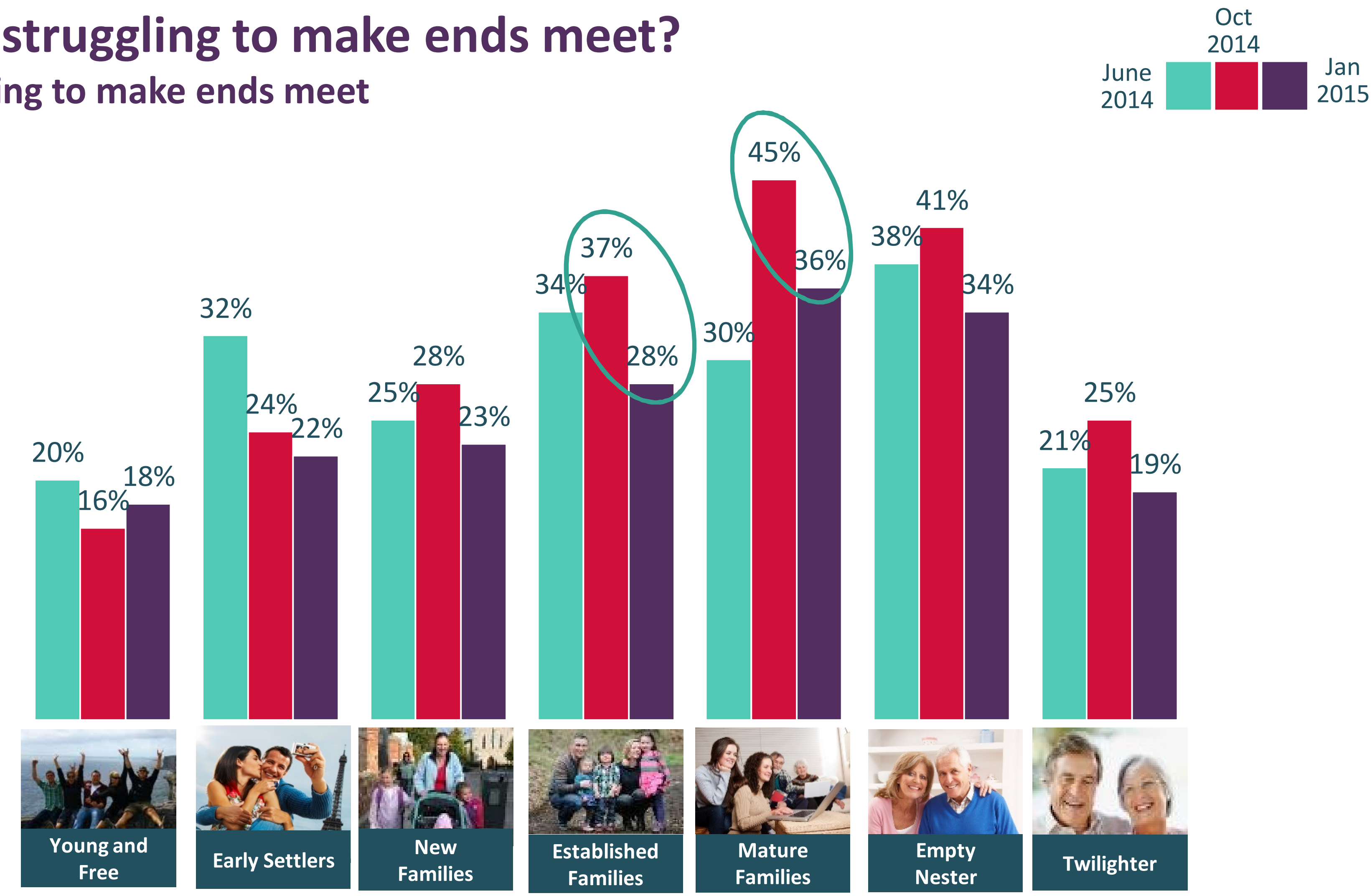
Who is struggling to make ends meet?

% Struggling to make ends meet



It is evident that families and empty nesters have seen an improvement in their current financial situation since October. Mature families are most likely to struggle to make ends meet.

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Relationship between Economic Situation and Impact of Recovery

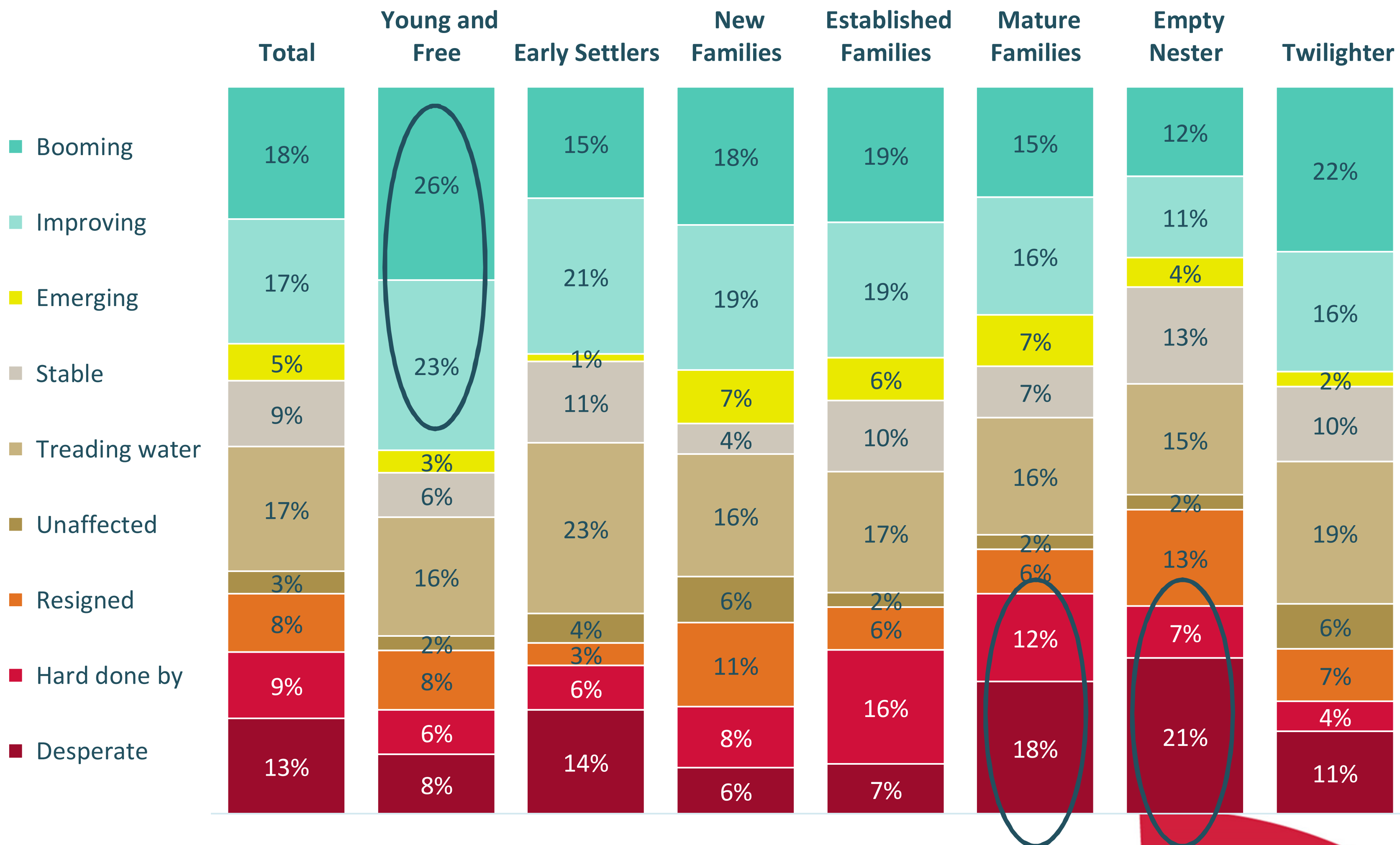
Current Difficulty	No Recovery	Recovery & NOT benefitting	Recovery & Benefitting
Comfortable	Unaffected 3% (4%)	Stable 9% (7%)	Booming 18% (18%)
Neither Comfortable nor Struggling	Resigned 8% (10%)	Treading Water 17% (14%)	Improving 17% (15%)
Struggling	Desperate 13% (13%)	Hard Done By 9% (11%)	Emerging 5% (7%)

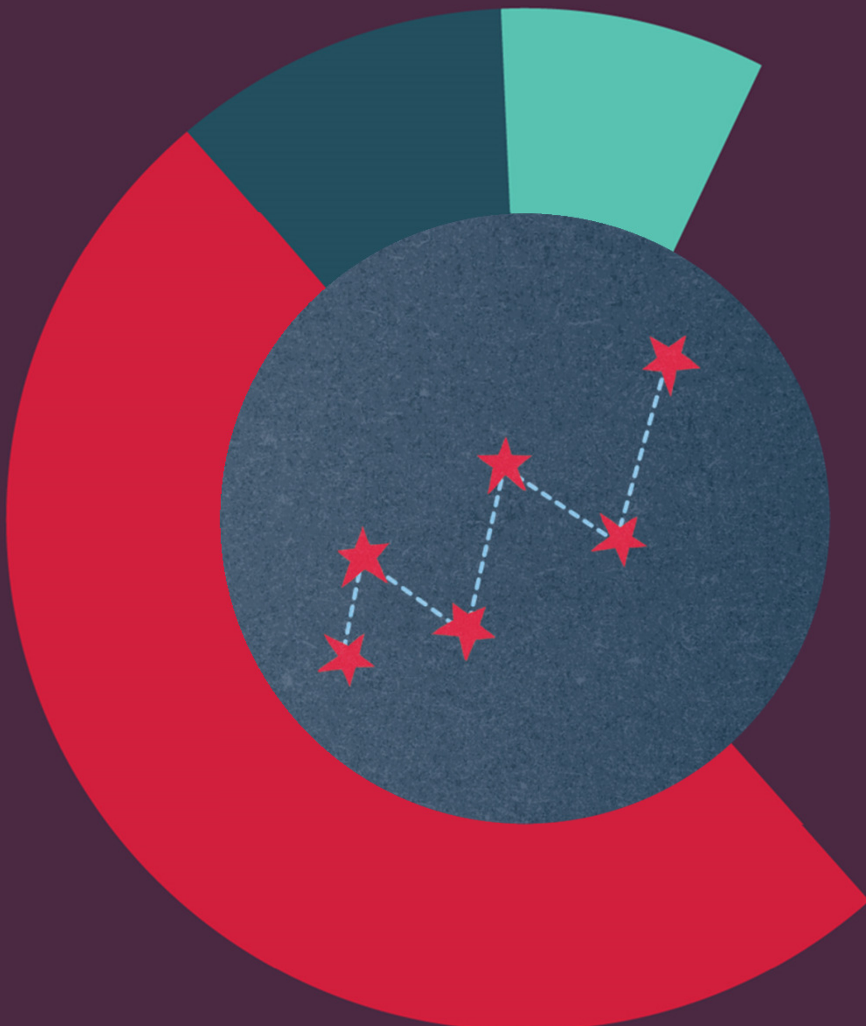
Future Opportunity

( ) Figures in brackets show Oct 2014 figures

We see more people feeling stable or improving, or treading water while less feel resigned or hard done by. Yet, more than 1 in 5 continue to struggle without feeling the recovery personally.

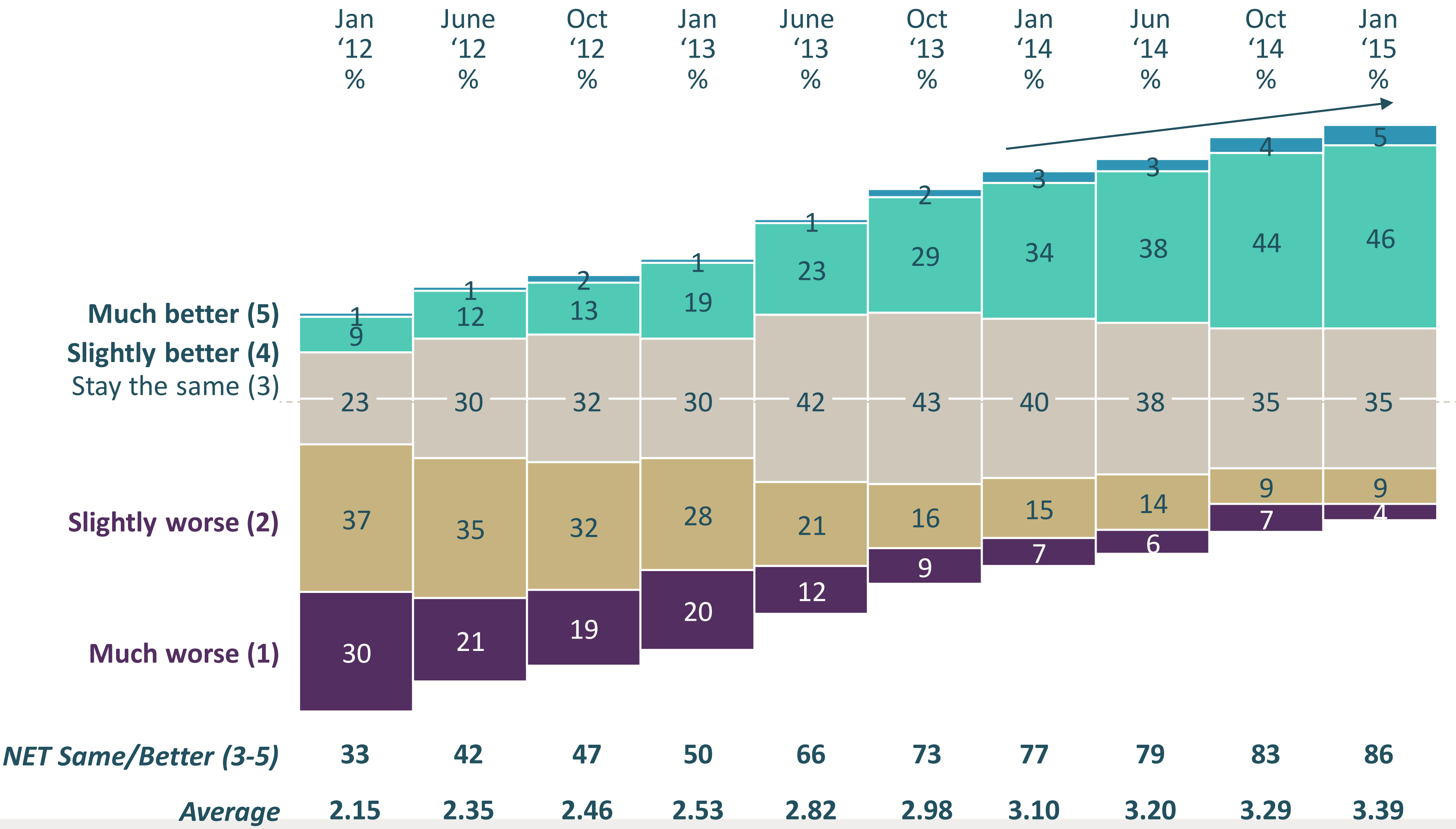
Young & Free are most likely to be booming financially. Mature Families and Empty Nesters are struggling the most.





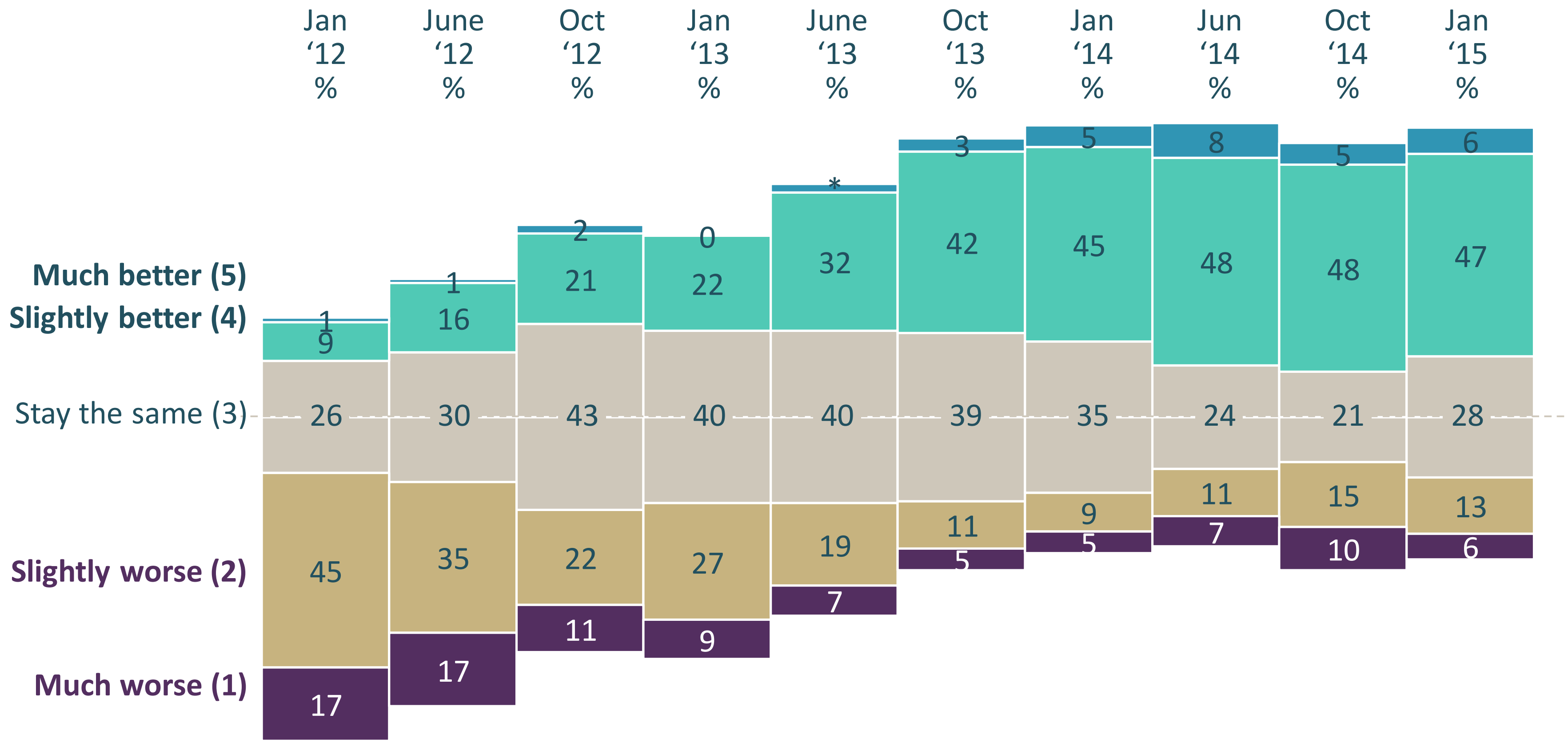
Positive Outlook for Jobs & Property

How do you expect the job market to fare in the next 6 months?



In line with improved expectations for the Irish economy, outlook for the job market is also increasingly positive.

How do you expect the Housing Market to fare in the next 6 months?



	Jan '12	June '12	Oct '12	Jan '13	June '13	Oct '13	Jan '14	Jun '14	Oct '14	Jan '15
NET Same/Better (3-5)	**36**	**46**	**66**	**62**	**74**	**83**	**85**	**80**	**74**	**81**
Average	**2.29**	**2.47**	**2.80**	**2.77**	**3.03**	**3.26**	**3.37**	**3.41**	**3.24**	**3.33**

After a decrease in October (related to publishing of new legislation), the outlook for the housing market has improved to the level seen in June.

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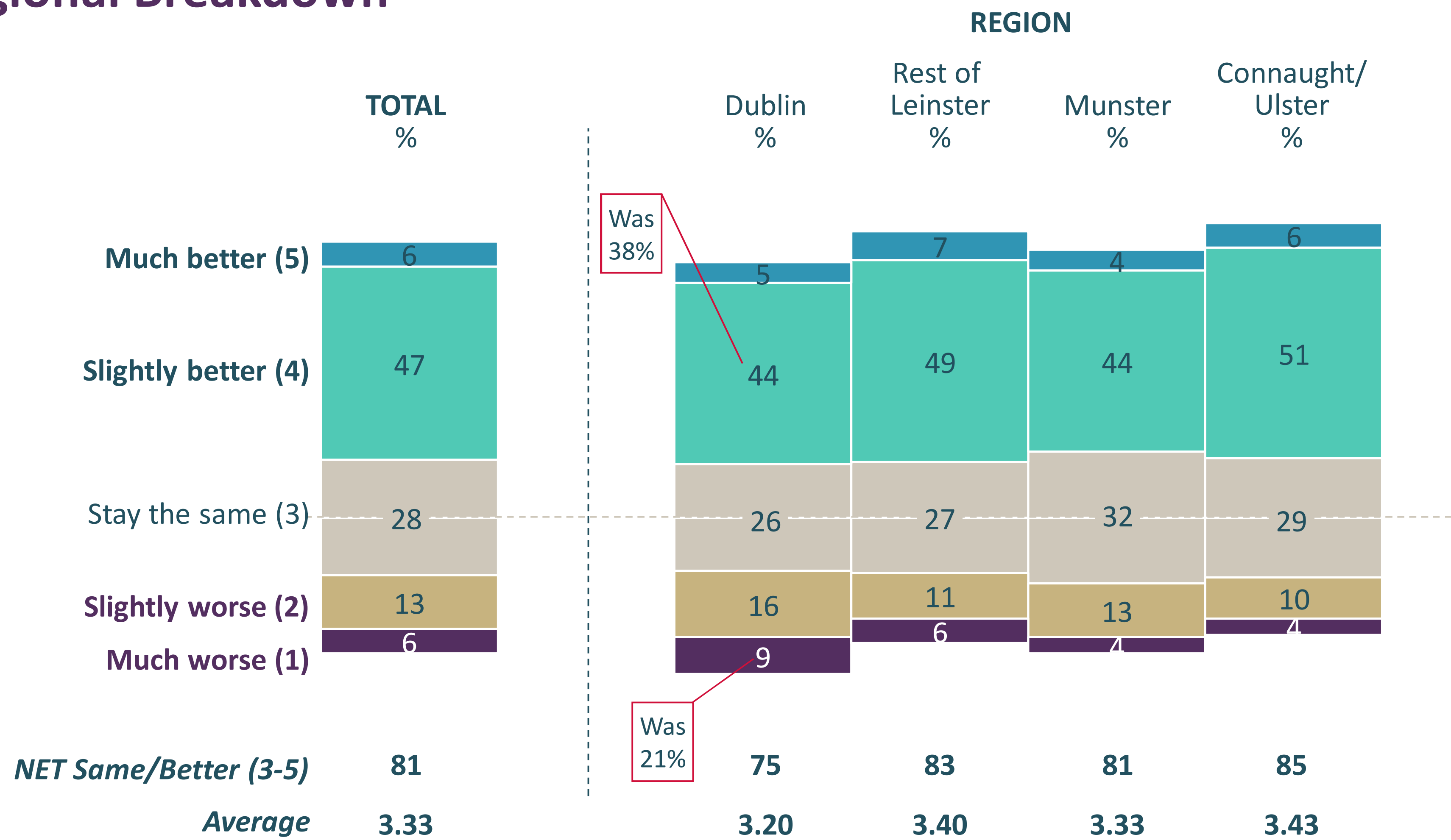
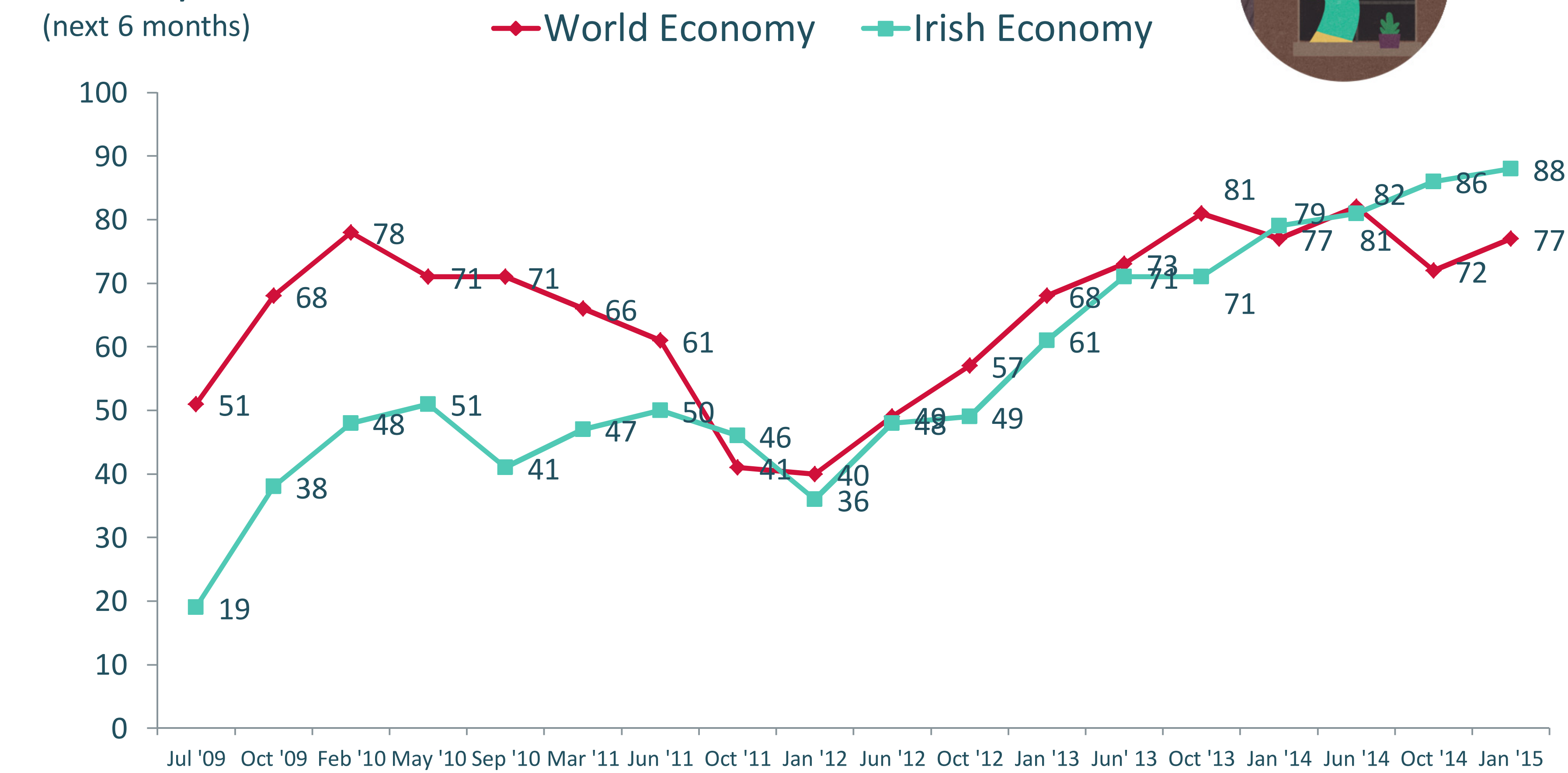
How do you expect the housing market to fare in the next 6 months? Regional Breakdown



The increase in positivity for the housing market is mainly driven by Dublin residents.

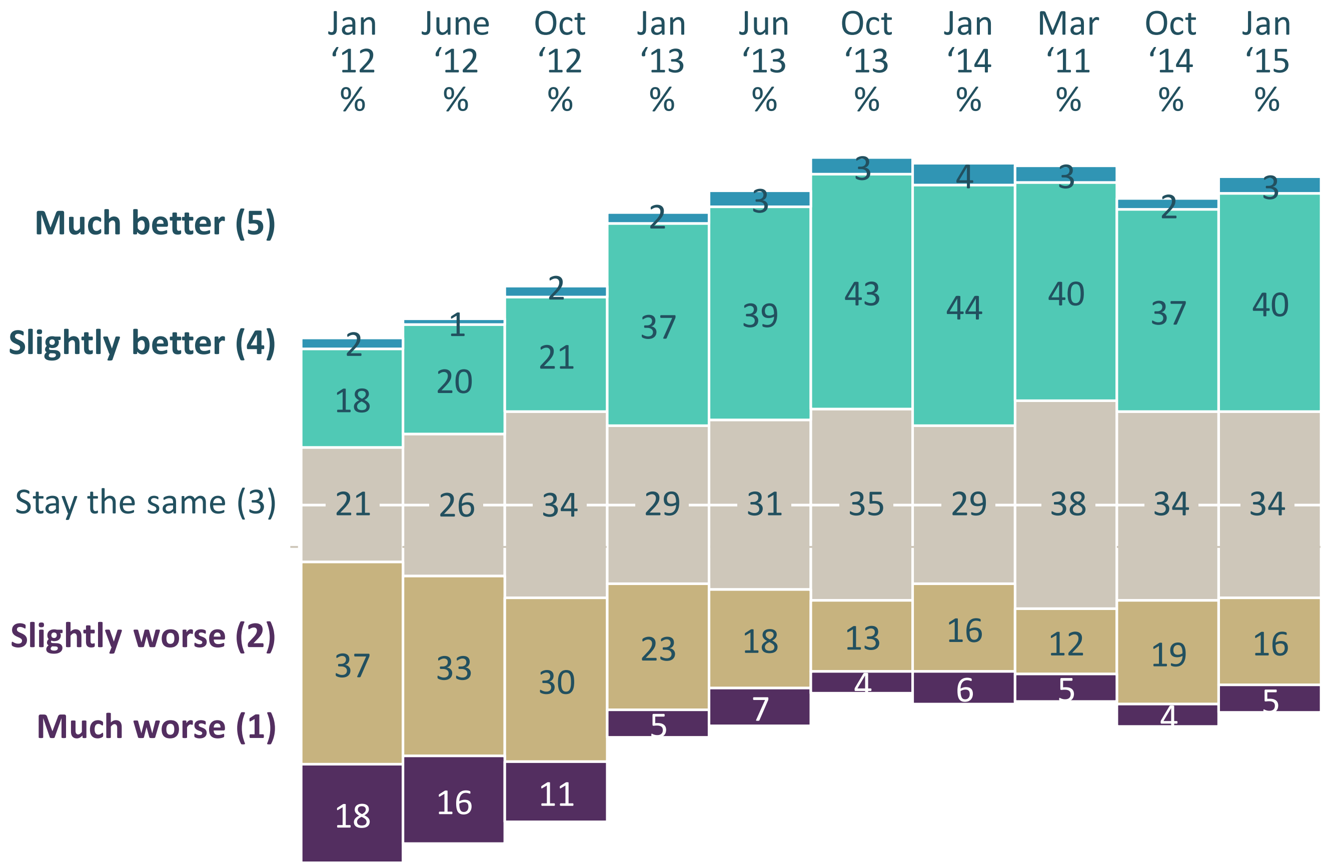
Outlook for the World Economy has improved after a decline in October

Expectations for the World Economy



Expectations for the World Economy have recovered since the decline in October but remain below the Irish outlook.

How do you expect the World economy to fare in the next 6 months?



NET Same/Better (3-5)	**40**	**49**	**57**	**68**	**73**	**81**	**77**	**82**	**72**	**77**
Average	**2.45**	**2.56**	**2.73**	**3.08**	**3.12**	**3.27**	**3.26**	**3.25**	**3.13**	**3.19**

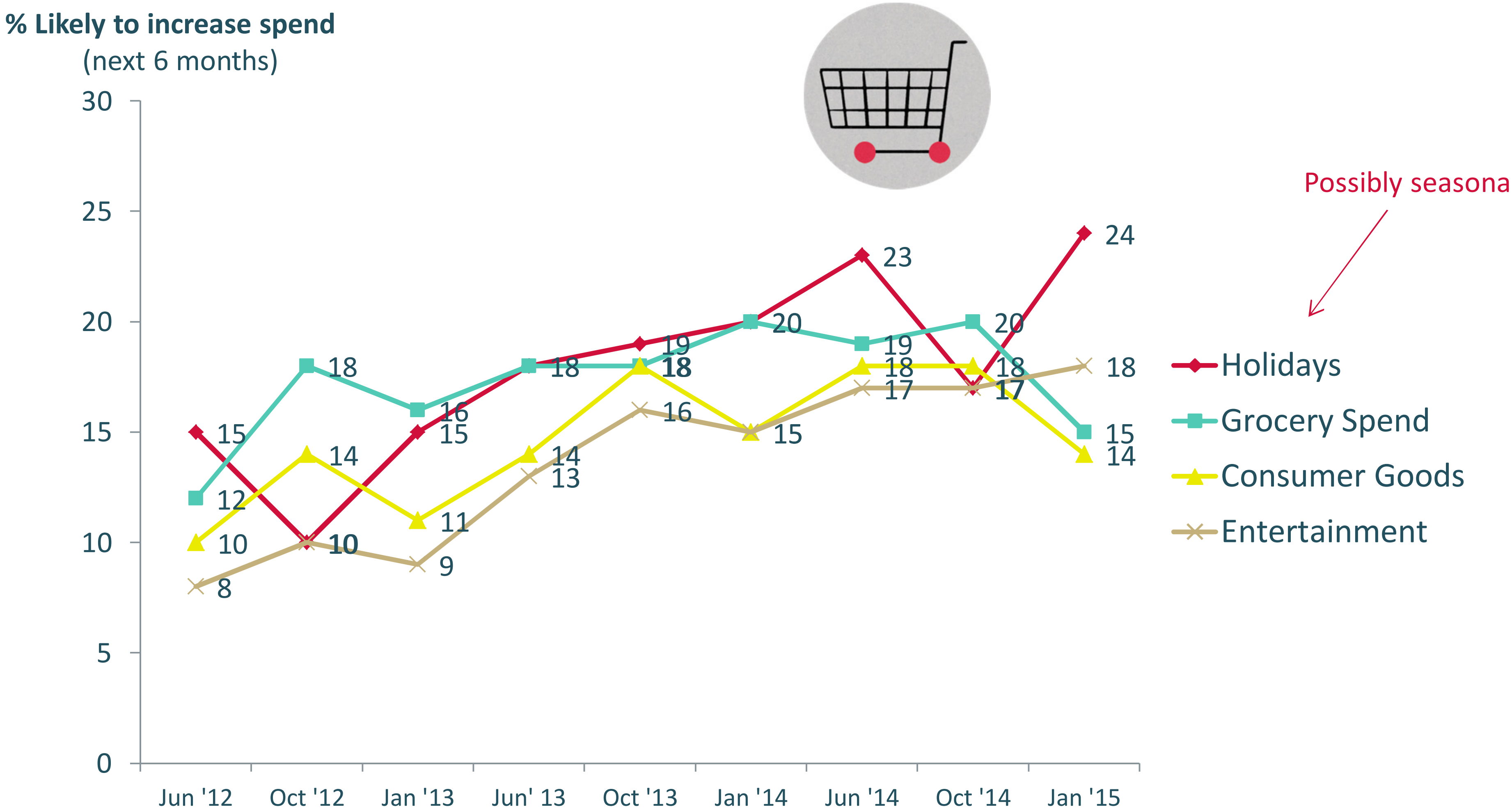
✓ Outlook is returning to positivity after a drop last October

× Overall though still less positive than this time last year.

No significant change in consumer spend, in spite of improved financial situation

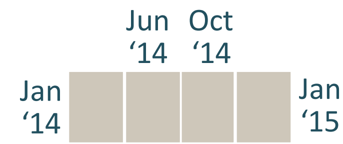
A New Mentality?

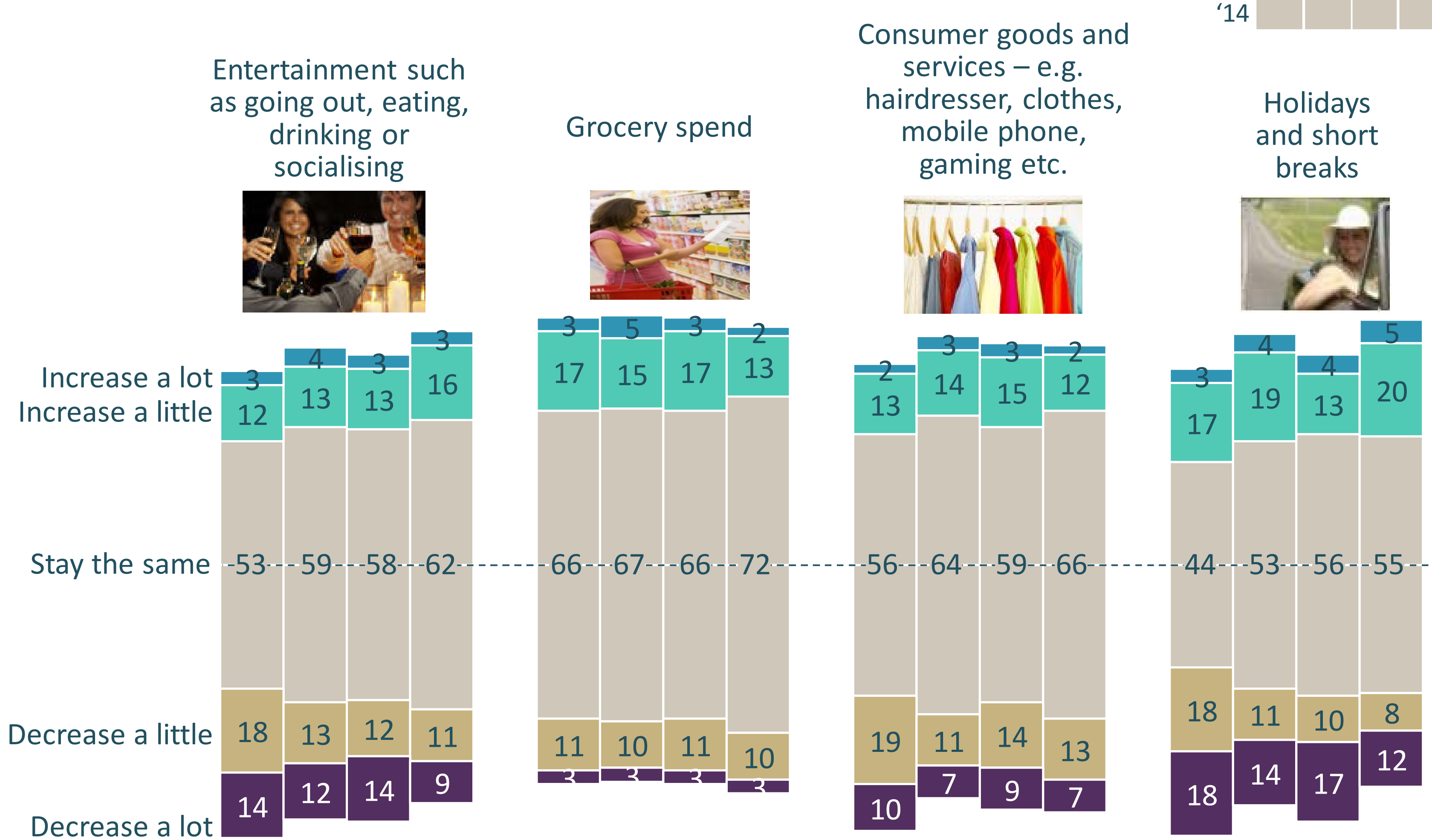
Spend intention remains steady, apart from increase for holidays



Spend intention for holidays has recovered from Oct (possible seasonal). We see a slight increase in intention to spend on entertainment products while we see significant declines for **grocery spend and consumer goods**. Some tightening of purse strings is still apparent despite a more optimistic outlook.

Expected Changes In Spend Over The Next 6 Months





Grocery spend intention is at its lowest level during the past year. The discount war could play a role here.

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The younger age groups are most likely to increase spend in the next 6 months…




% Likely to increase spend in next 6 months	Entertainment	Grocery Spend	Consumer Goods/ Services	Holidays/ Shorter Breaks
Total	**18**	**15**	**14**	**24**
Gender				
Male	22	17	17	29
Female	15	12	11	19
Age				
18-24	31	23	26	39
25-34	21	18	17	36
35-44	22	12	12	21
45-54	12	10	9	19
55-64	14	13	16	14
65+	11	15	9	17
Social Class				
ABC1	21	13	16	32
C2DE	17	16	13	19
Region				
Dublin	21	14	14	26
Rest of Leinster	15	16	15	25
Munster	18	17	15	24
Connaught/Ulster	19	9	12	21

Methodology

- 1,005 telephone interviews (CATI) were conducted using a random digit dial sample to ensure coverage of all households, including ex-directory.
- Quotas were set and data weighted to ensure a nationally representative sample of the population aged 18+ years.
- This is the 22nd wave of the Consumer Mood Monitor & fieldwork was conducted 19th-21st January 2015.

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THANK YOU