Irish consumers resolute in face of poor outlook

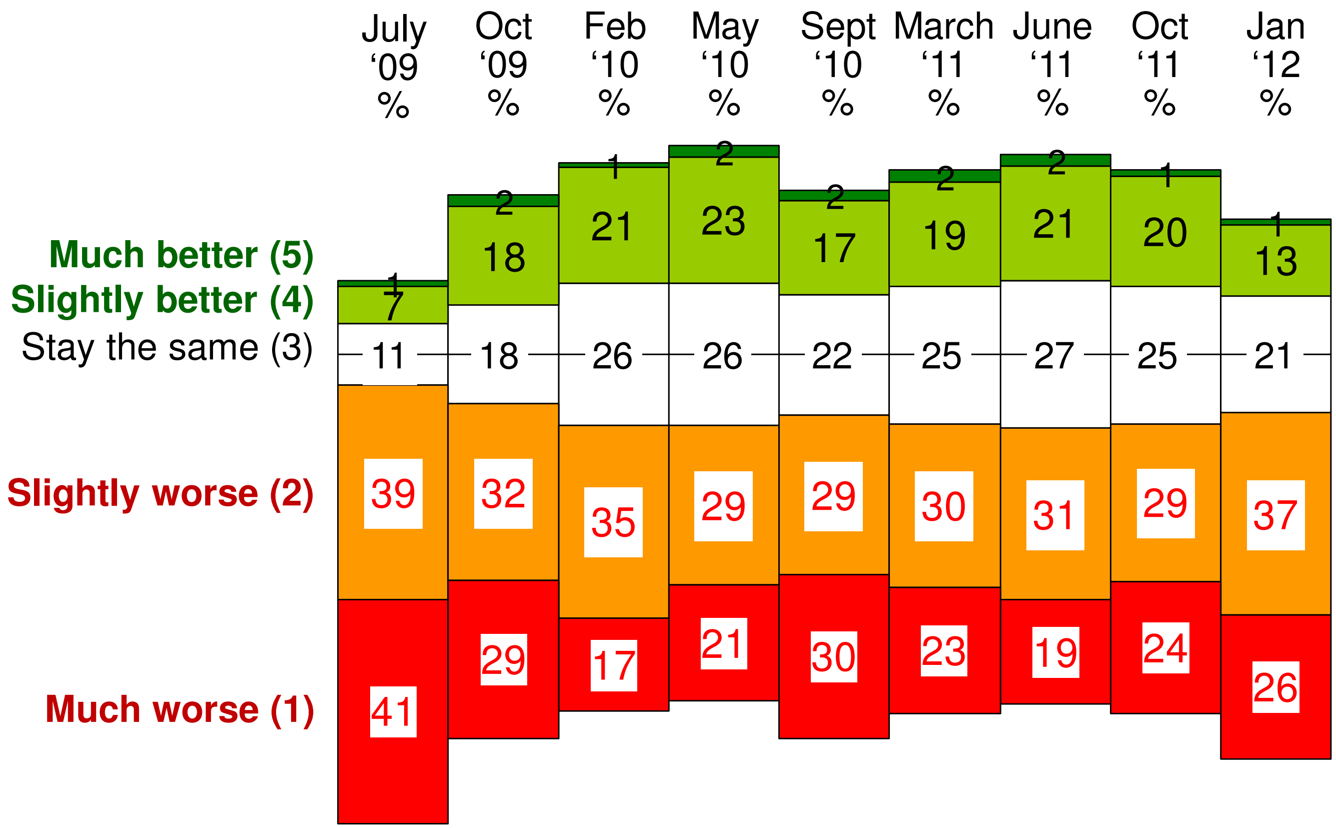
Credit Crunch
Tracking
February 2012

More Bad News – But What Can We Do…

- ✖ The consumer outlook for the Irish economy is the lowest in 2½ years due to the European debt crisis combined with yet another tough budget and talks of a second bailout for Ireland.
- ✓ Yet, the outlook for job security and our happiness level remain unchanged (apart from the traditional January blues)… indicating that while we don't think things will get better soon, it can't really get any worse either!
- ✓ Increased consumer spend over the coming year will focus on low cost treats, e.g. higher spend on food and drinks for in-home entertainment.

Expectations to the Irish economy is the lowest in 2½ years due to the European debt crisis and yet another tough budget.

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



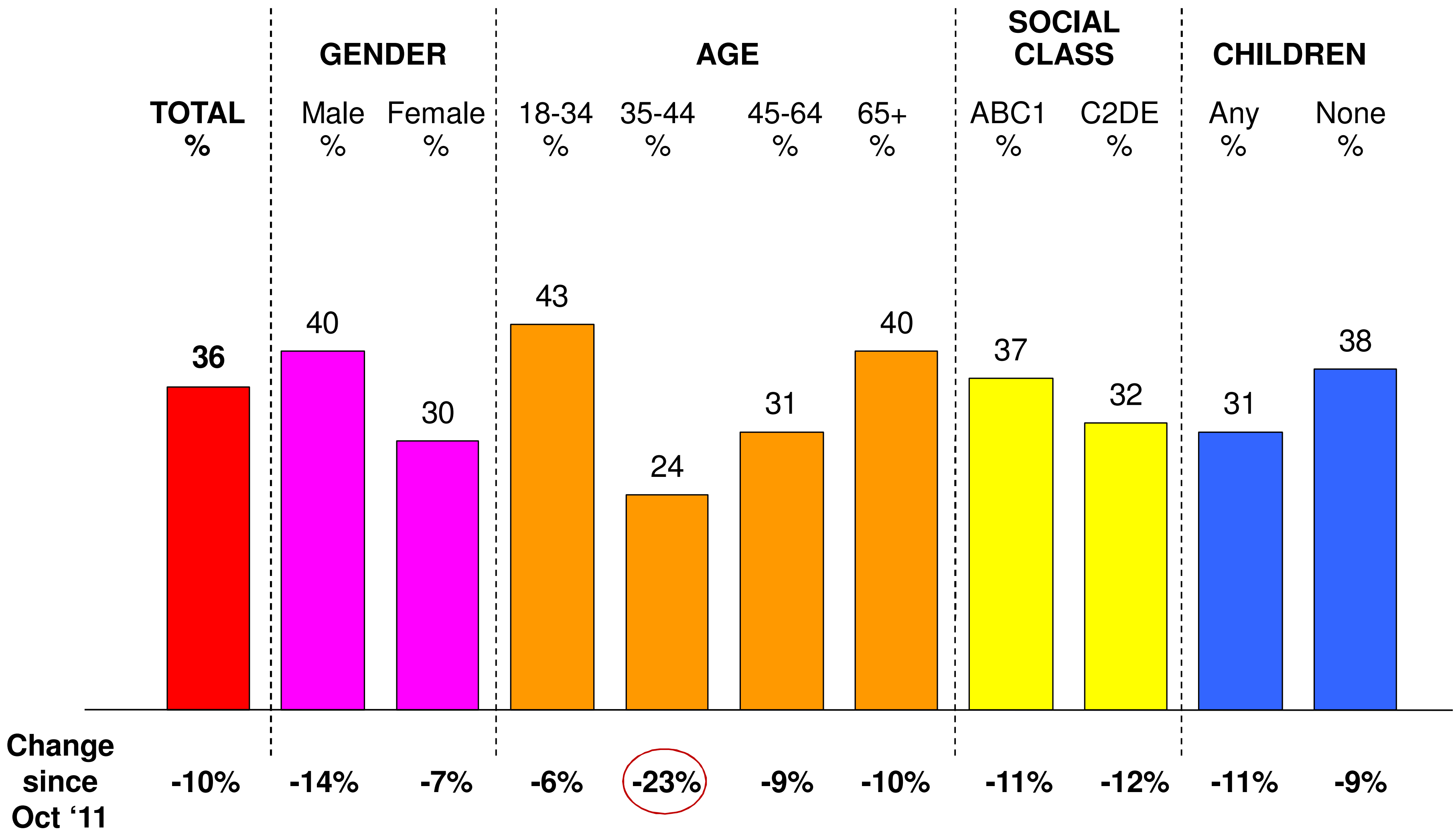
	July ‘09	Oct ‘09	Feb ‘10	May ‘10	Sept ‘10	March ‘11	June ‘11	Oct ‘11	Jan ‘12
NET Same/Better (3-5)	**19**	**38**	**48**	**51**	**41**	**47**	**50**	**46**	**36**
Average	**1.88**	**2.32**	**2.54**	**2.57**	**2.32**	**2.47**	**2.56**	**2.44**	**2.24**

- Only 1 in 7 believe the Irish economy will fare better in the next 6 months.
- While more than 3 in 5 feel our economy will fare worse.

The squeezed middle aged continue to have the lowest expectations to the economy

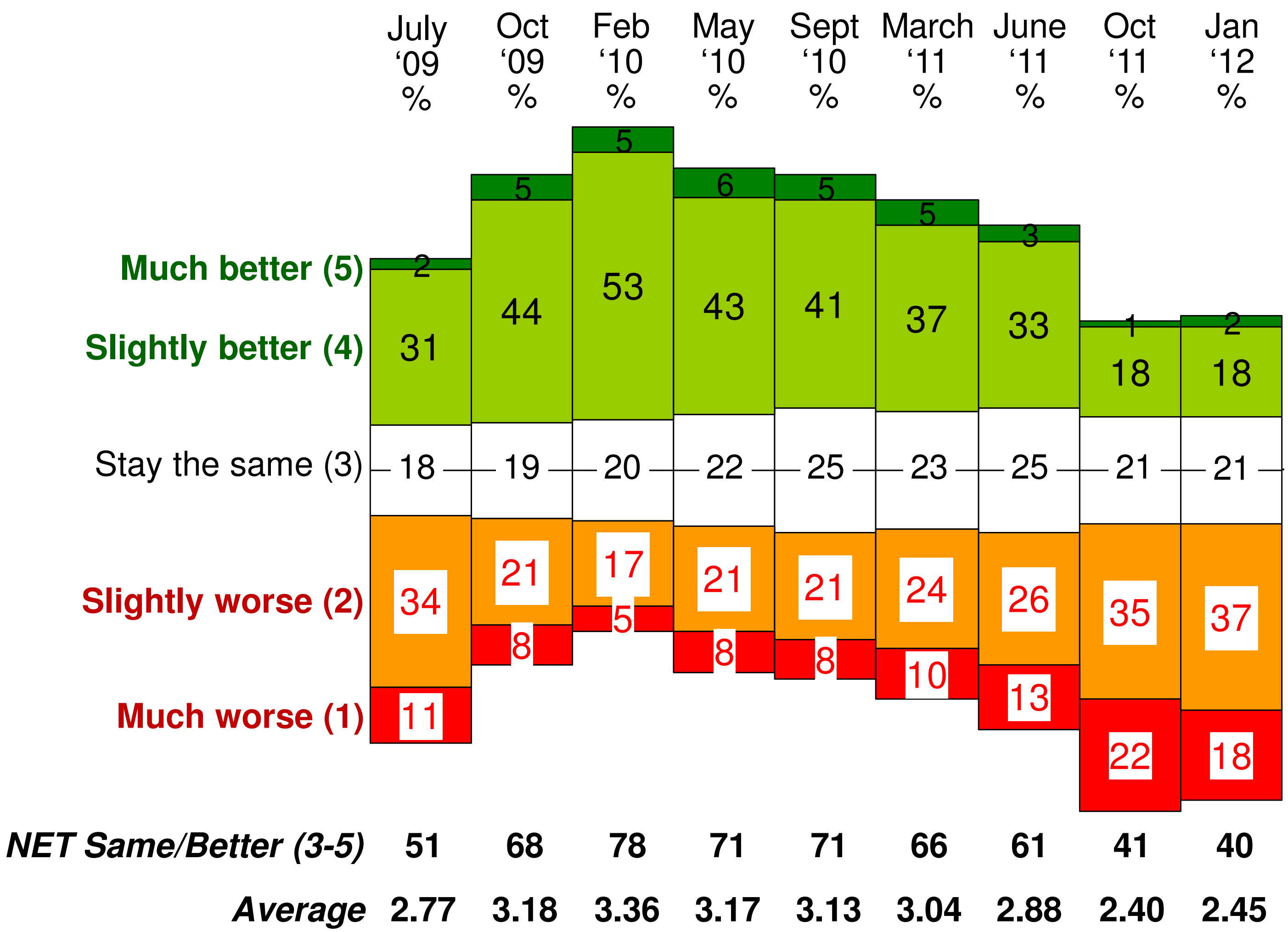
Expectations for the Irish economy 6 months from now

% Stating they believe it will be the same or better (3-5)



The outlook for the World economy remains unchanged from the low level recorded in October 2011

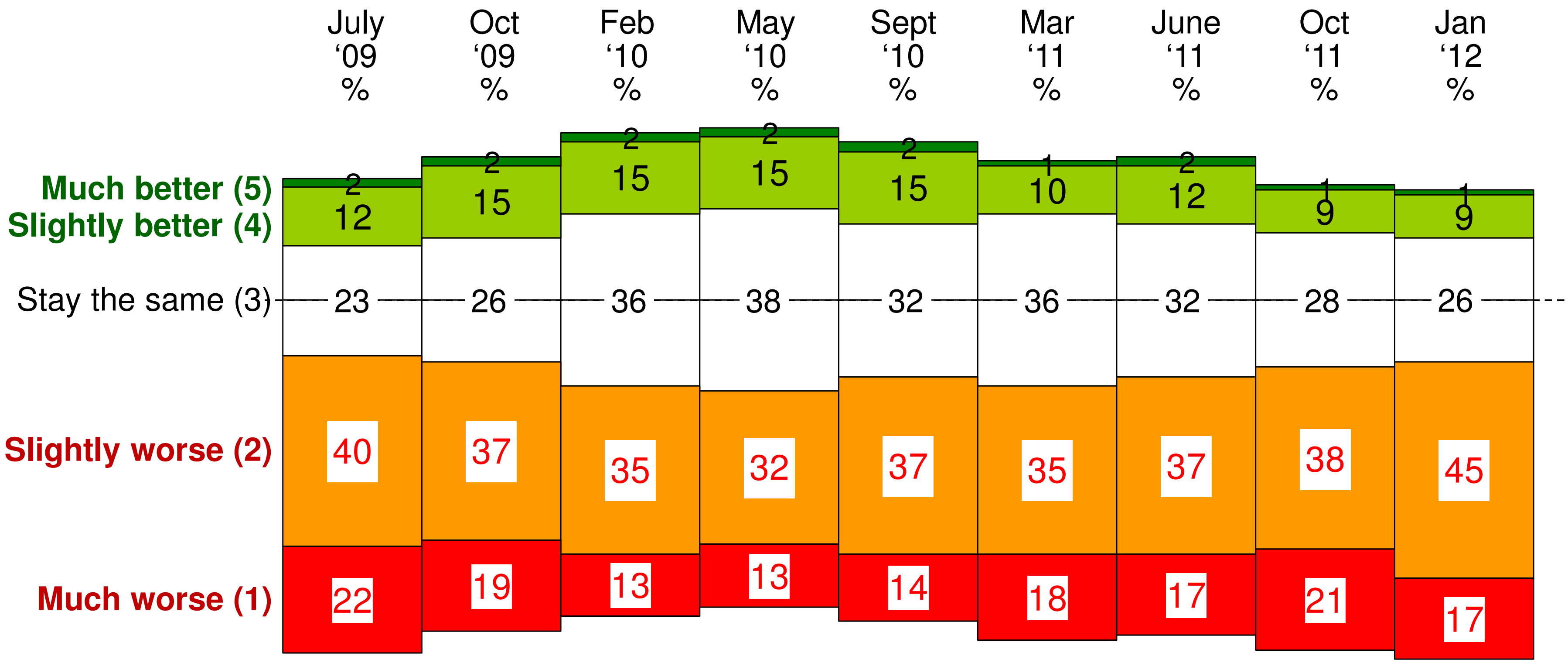
How do you expect the World economy to fare in the next 6 months?



- More than half believe the World economy will worsen over the next 6 months.
- While only 1 in 5 feel it will improve.

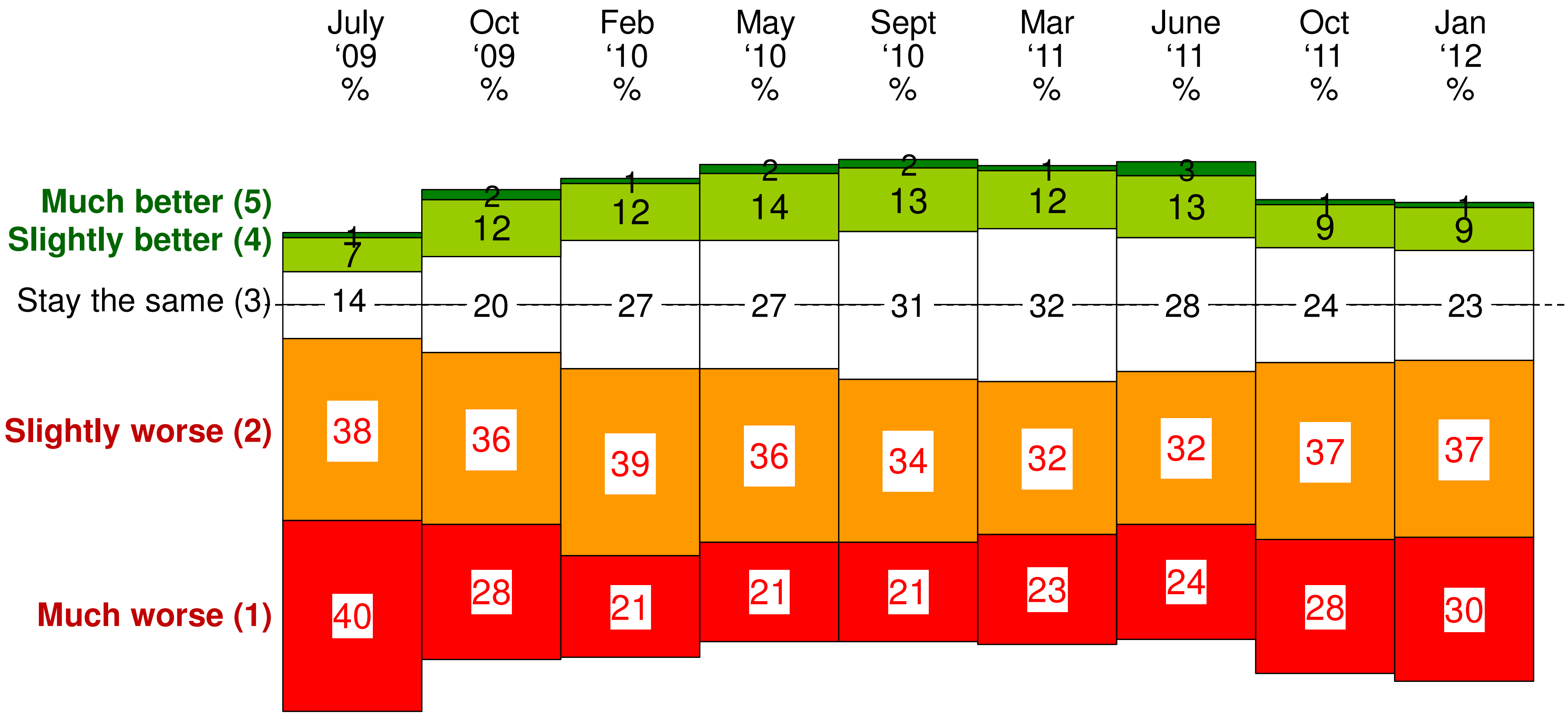
Yet, there is no change in expectations to job security and the housing market… it's not good but we don't expect it to get worse!

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



	July '09	Oct '09	Feb '10	May '10	Sept '10	Mar '11	June '11	Oct '11	Jan '12
NET Same/Better (3-5)	**37**	**43**	**53**	**55**	**49**	**47**	**46**	**38**	**36**
Average	**2.32**	**2.43**	**2.59**	**2.60**	**2.55**	**2.40**	**2.43**	**2.29**	**2.29**

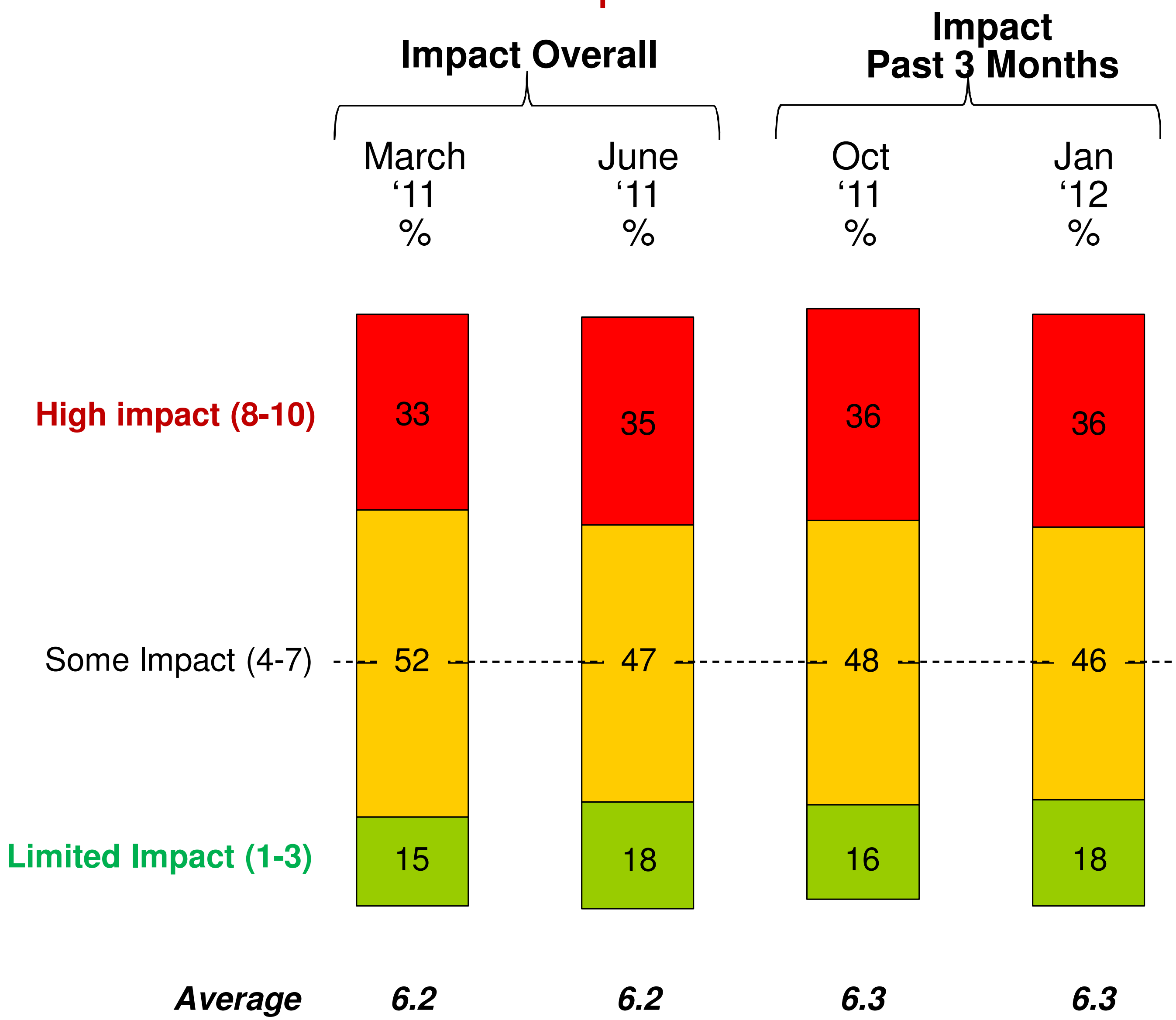
How do you expect the Job market to fare in the next 6 months?



	July '09	Oct '09	Feb '10	May '10	Sept '10	Mar '11	June '11	Oct '11	Jan '12
NET Same/Better (3-5)	**22**	**34**	**40**	**42**	**45**	**45**	**44**	**33**	**33**
Average	**1.89**	**2.24**	**2.34**	**2.39**	**2.40**	**2.37**	**2.38**	**2.16**	**2.15**

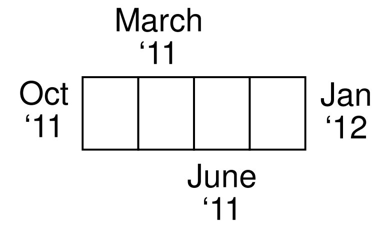
Less people feel personally impacted by the recession in the past three months than in October

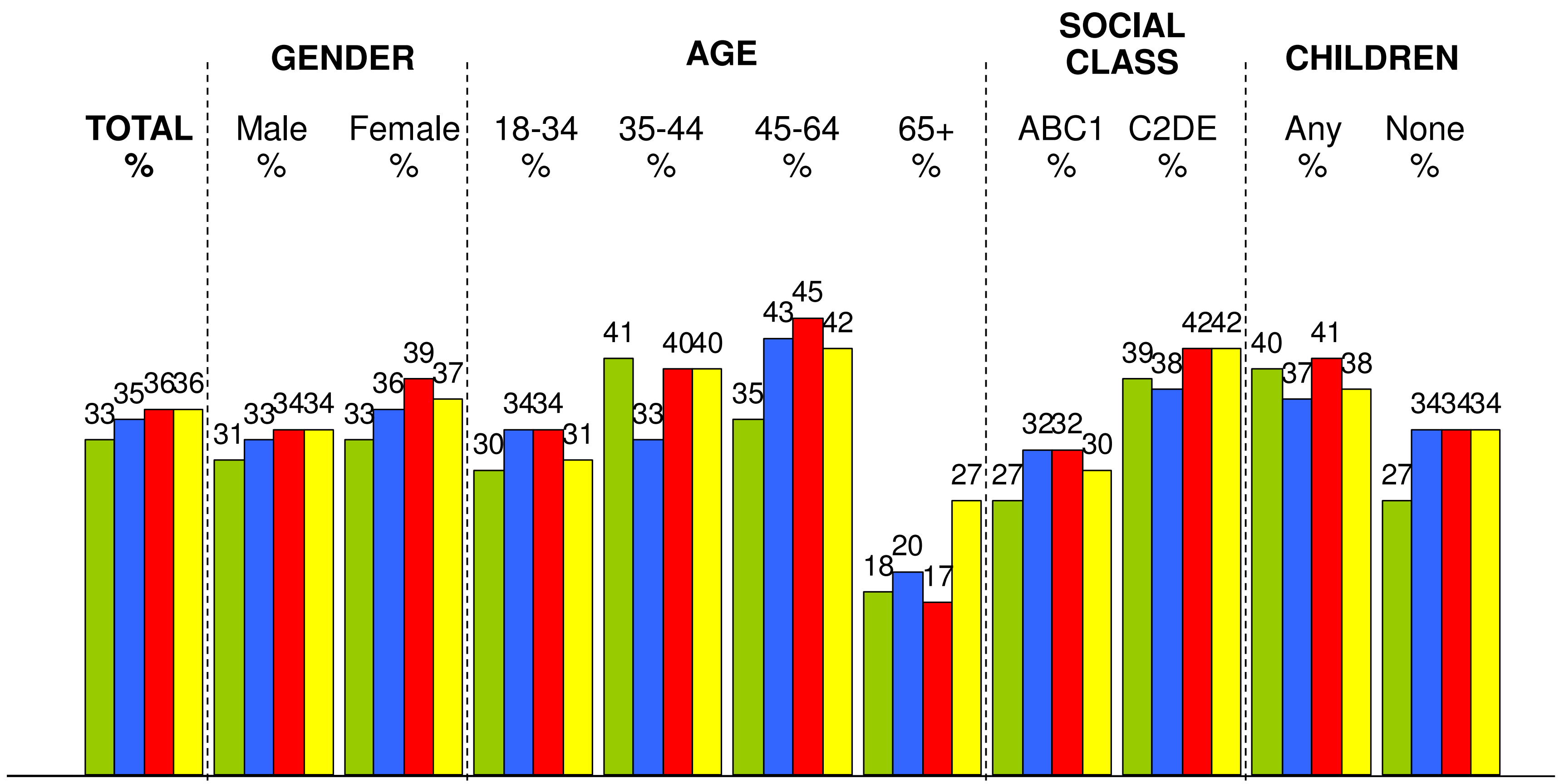
Personal Recession Impact – Overall



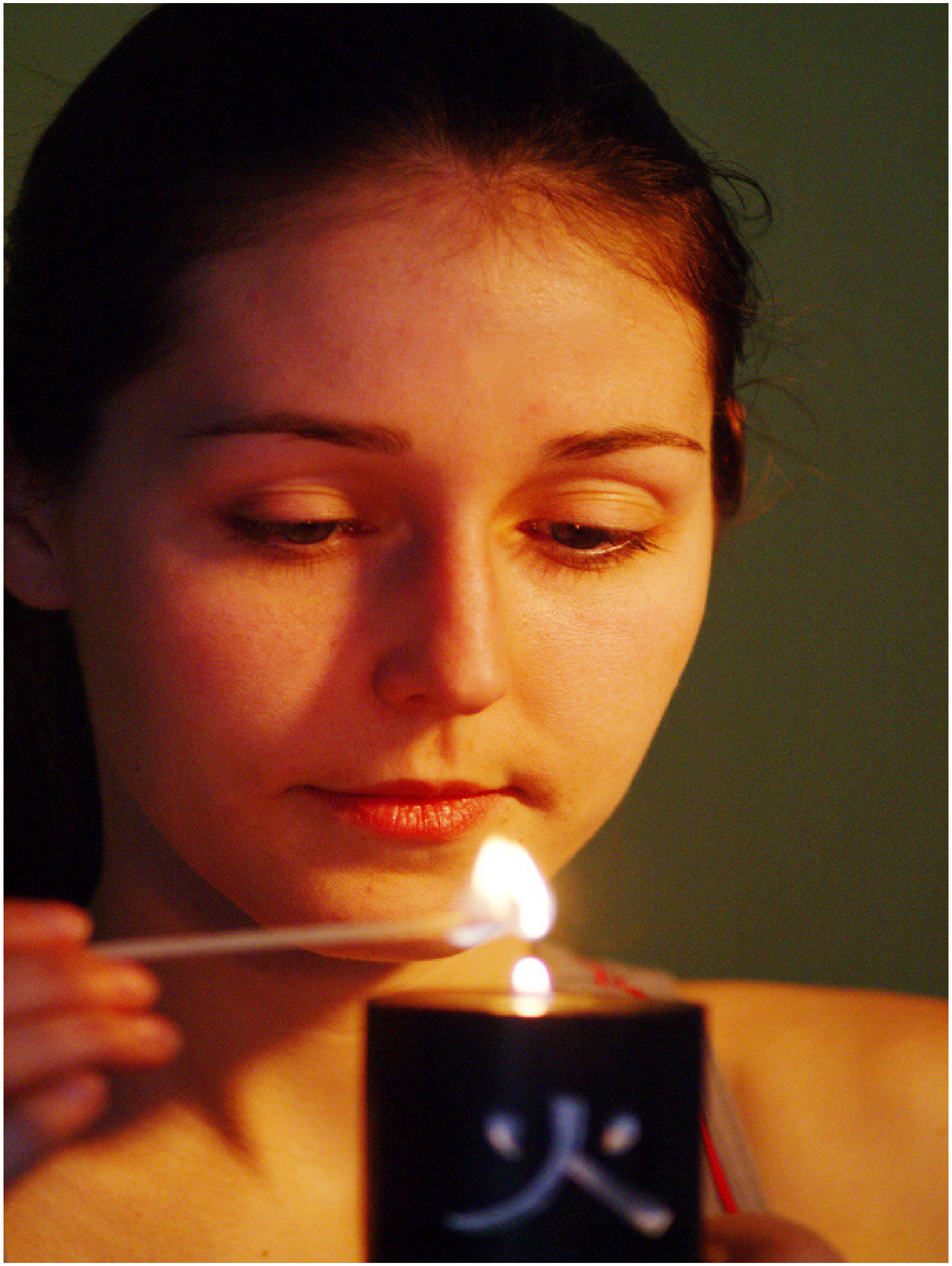
- ✓ Slightly less people feel impacted by the recession now than back in October
- ✖ Yet, more than 1 in 3 feel that the recession has had a high impact on them in the past three months.

Personal Recession Impact Overall – Net High Impact (8-10)





Those aged 35-64 and lower social classes feel more impacted by the recession in the past three months than any other demographic group.



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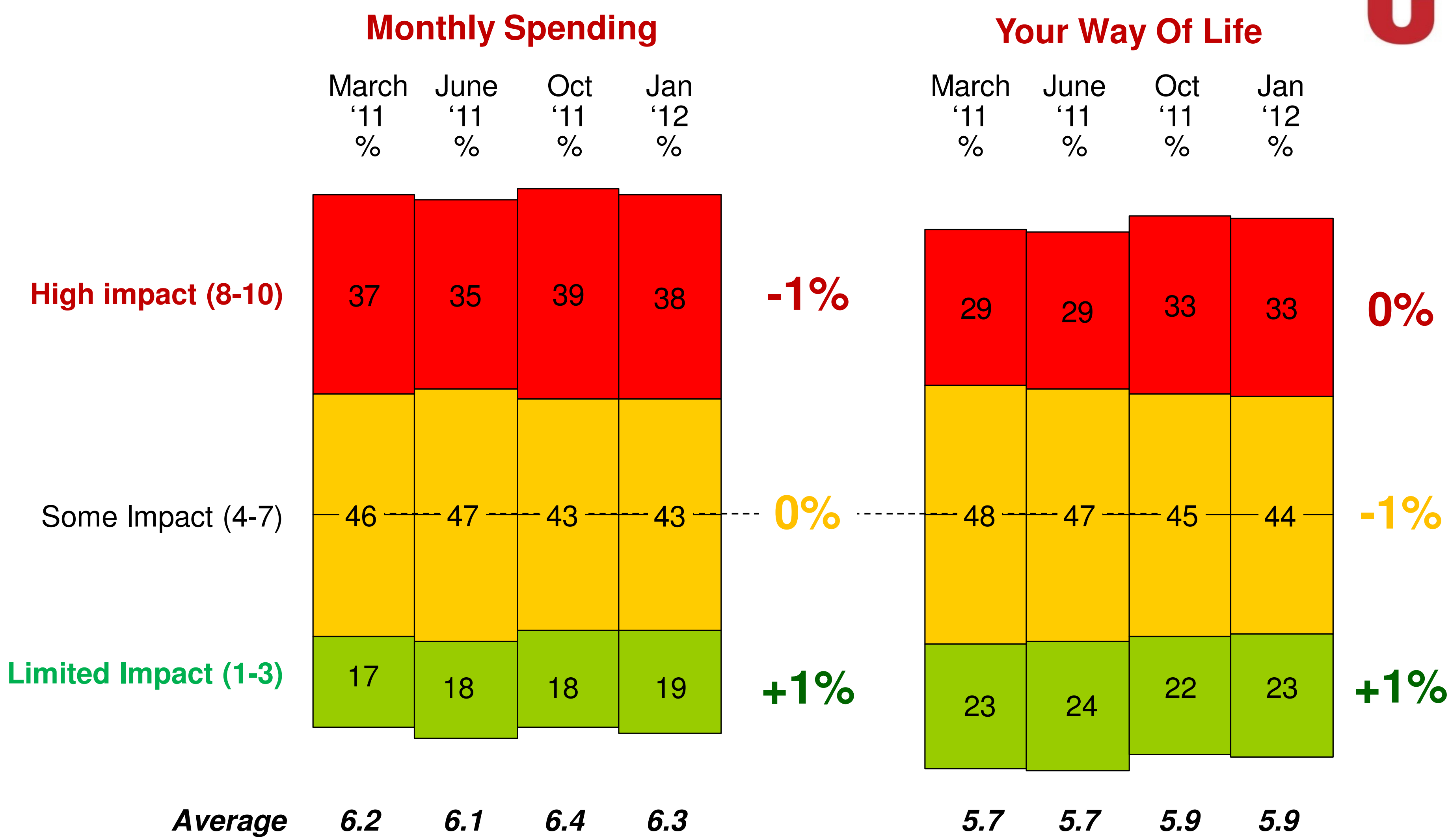
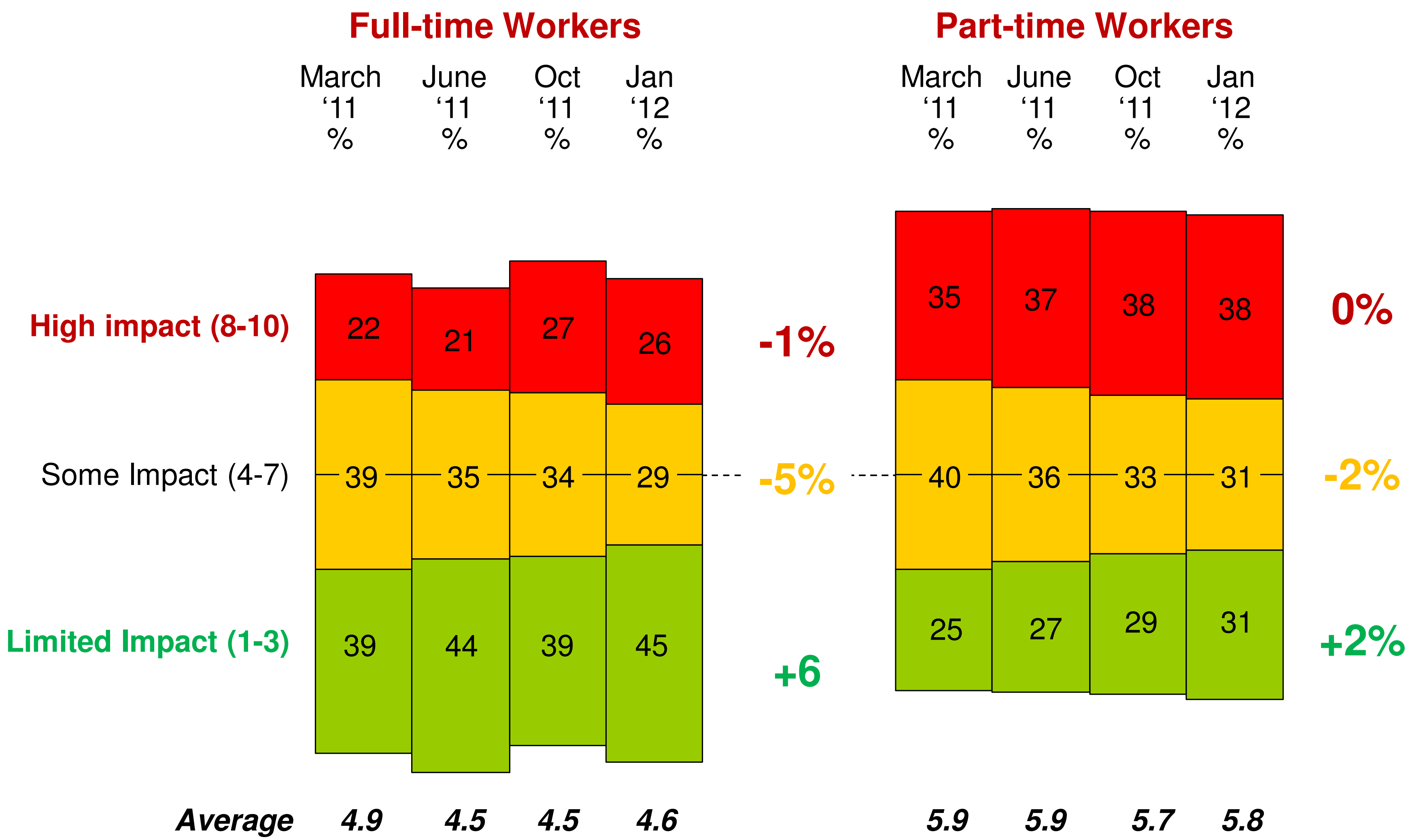
The recession is still impacting our monthly lifestyle but we see a slight improvement since October in spite of the negative outlook for the Irish economy

Impact of Recession on….



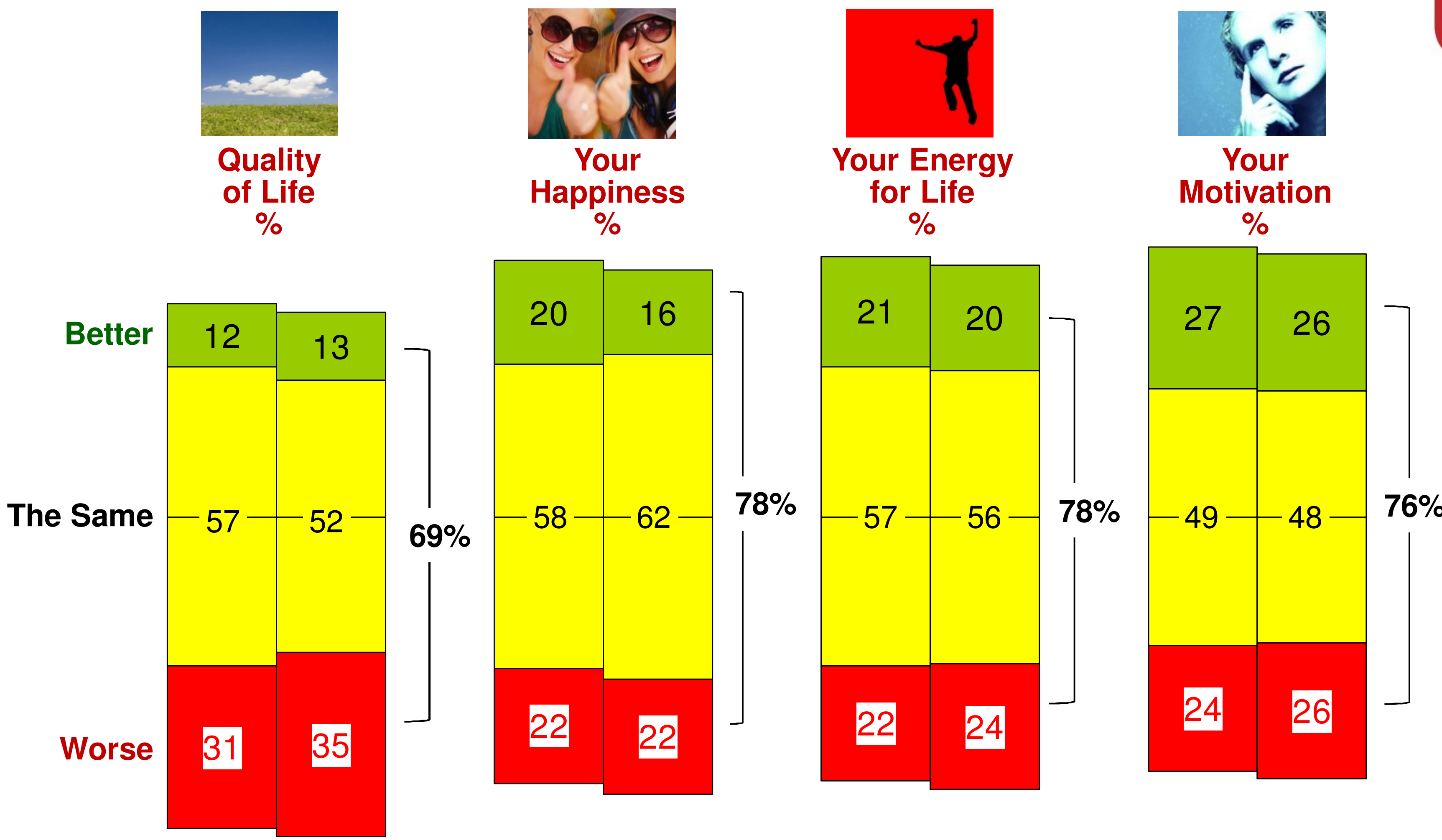
Impact of Recession on Job Security



Apart from traditional January blues, we do not see any major shift in happiness of the Irish consumers

Change Compared To Same Time Last Year in ....

March '11 | Jan '12



Less than 1 in 4 feel less happy compared to a year ago. Compared to March 2011, we see more people who indicate that their quality of life, energy level and motivation is lower than a year ago.

Change Compared To Same Time Last Year
Analysed by key demographics

% Better/Same as same time last year	 **Quality of Life**	 **Your Happiness**	 **Your Energy for Life**	 **Your Motivation**
Total	**69**	**78**	**78**	**76**
Gender				
Male	68	76	83	80
Female	71	80	74	72
Age				
18-34	73	80	82	78
35-44	58	74	73	73
45-64	64	74	75	74
65+	85	87	83	79
Social Class				
ABC1	72	80	80	79
C2DE	65	75	75	71

Those aged 18-34 or 65 and over have seen a greater positive impact on quality of life and happiness compared to a year ago.

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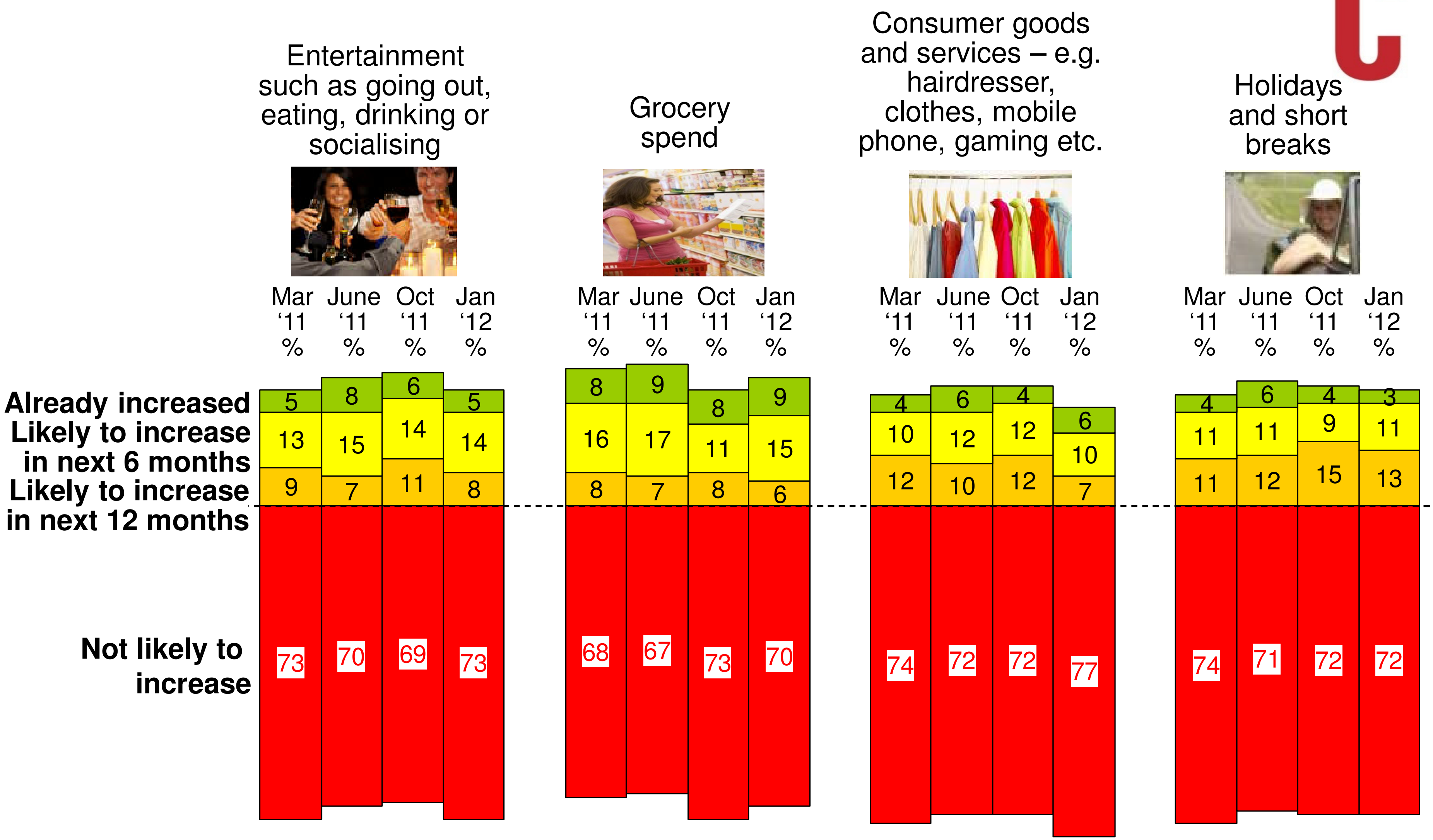
Increased spend is focused on everyday, low costs treats such as food and drink for home entertainment – due to the uncertainty of the economic situation.

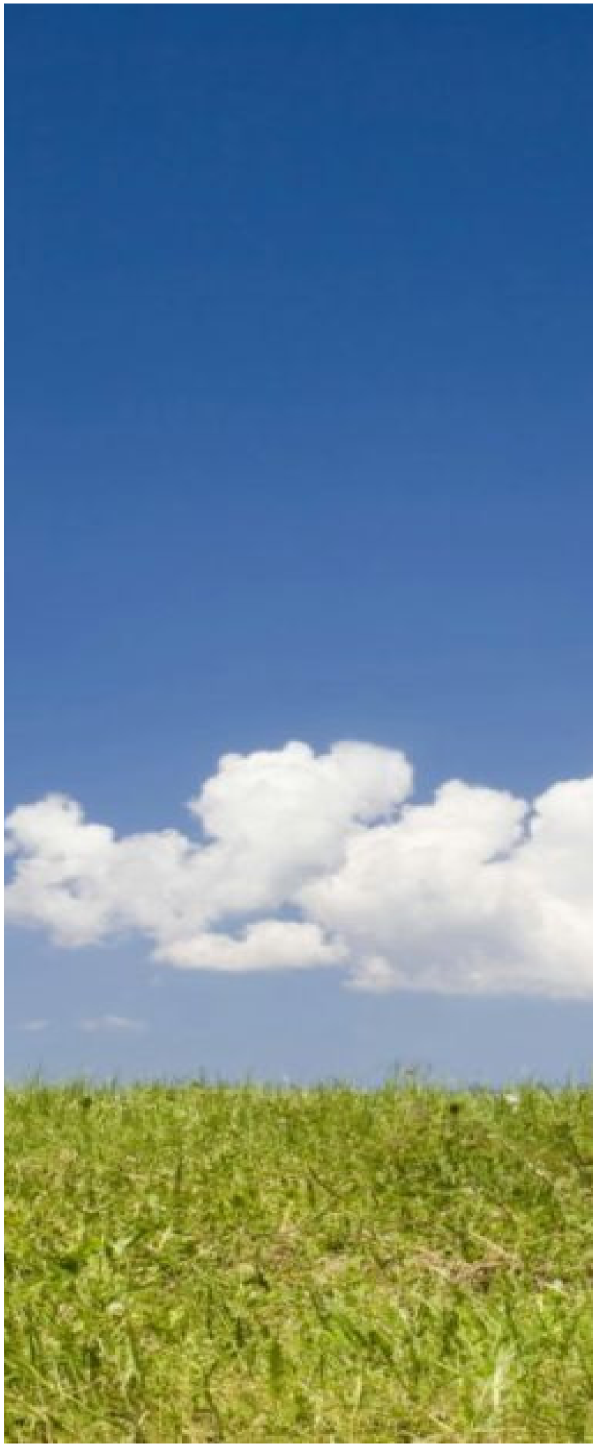
Likelihood to increase spend in...



Compared to October 2011, less people expect to increase spend on entertainment and consumer goods while more people want to increase spend on grocery shopping.

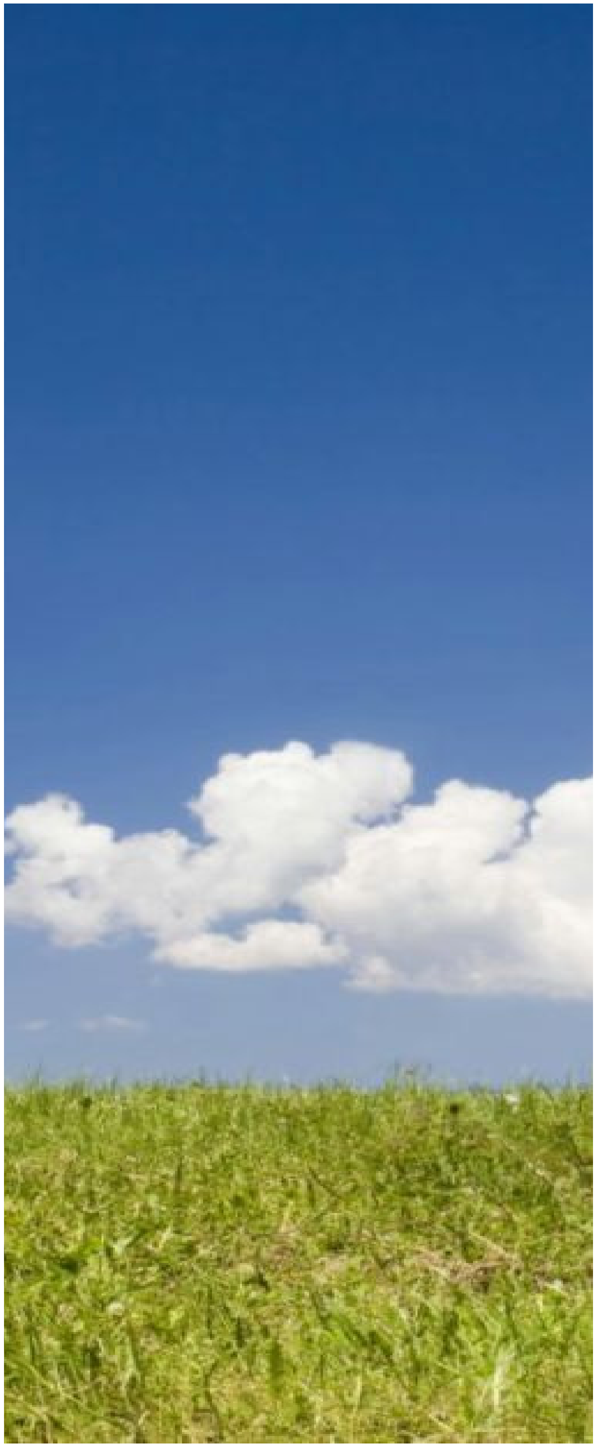
Those aged 18-34 are most likely to increase spend across all categories…

% Likely to increase spend in next 12 months	Entertainment	Grocery Spend	Consumer Goods/ Services	Holidays/ Shorter Breaks
Total	**22**	**21**	**17**	**25**
Gender				
Male	22	20	15	24
Female	22	22	19	26
Age				
18-34	29	27	22	33
35-44	24	17	19	26
45-64	15	18	14	16
65+	16	18	10	21
Social Class				
ABC1	24	21	16	24
C2DE	21	23	20	25



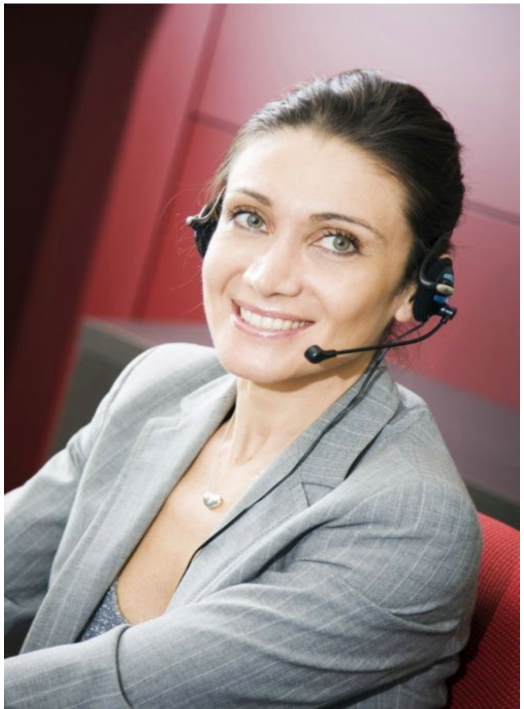
Summary...

- The European debt crisis, another tough budget and talks about a second bailout for Ireland have caused consumer expectations for the Irish economy to reach its lowest level in 2½ years.
- The squeezed middle aged with families, continue to have the lowest expectations to the economy and appear to be hardest hit.
- As a nation, we also see a slight decrease in happiness since March 2011, but this is contributed to traditional January blues.
- Yet, we see no change in expectations for the job market or housing market.



Summary...

- Also, slightly less consumers feel they have been impacted personally by the recession in the last three months compared to October 2011 – suggesting that we have reach a point where bad news is bad news, and we just have to get on with it.
- Consumers do continue to hold on to their purse strings, due to the uncertainty about the economic situation.
- However, we do see the highest potential for increased spend on low cost treats, e.g. food and drinks for in-home entertainment.



Methodology – RED Express

- 1,009 telephone interviews (CATI) using a random digital sample to ensure coverage of all households, including ex-directory.
- Quotas were set and data weighted to ensure a national representative sample of the population aged 18+ years.
- This is the 13th wave of the credit crunch tracking – fieldwork was conducted the 23rd-25th January 2012.