



## **Expectations of Tough Budget Affecting Consumer Confidence**

**Credit Crunch  
Tracking  
October 2012**

# Consumer Confidence is Decreasing...



- ✘ More consumers feel that they have been personally impacted by the recession in the past three months – this could be caused by the prolonged discussion of the upcoming budget as there has been little change in main economic indicators.
- ✘ Compared to October 2011, we also see a significant decline in happiness and quality of life among the Irish.
- ✓ Yet, consumer outlook for the Irish economy is unchanged since June 2012 and outlook for the Irish housing market and the World economy has improved.



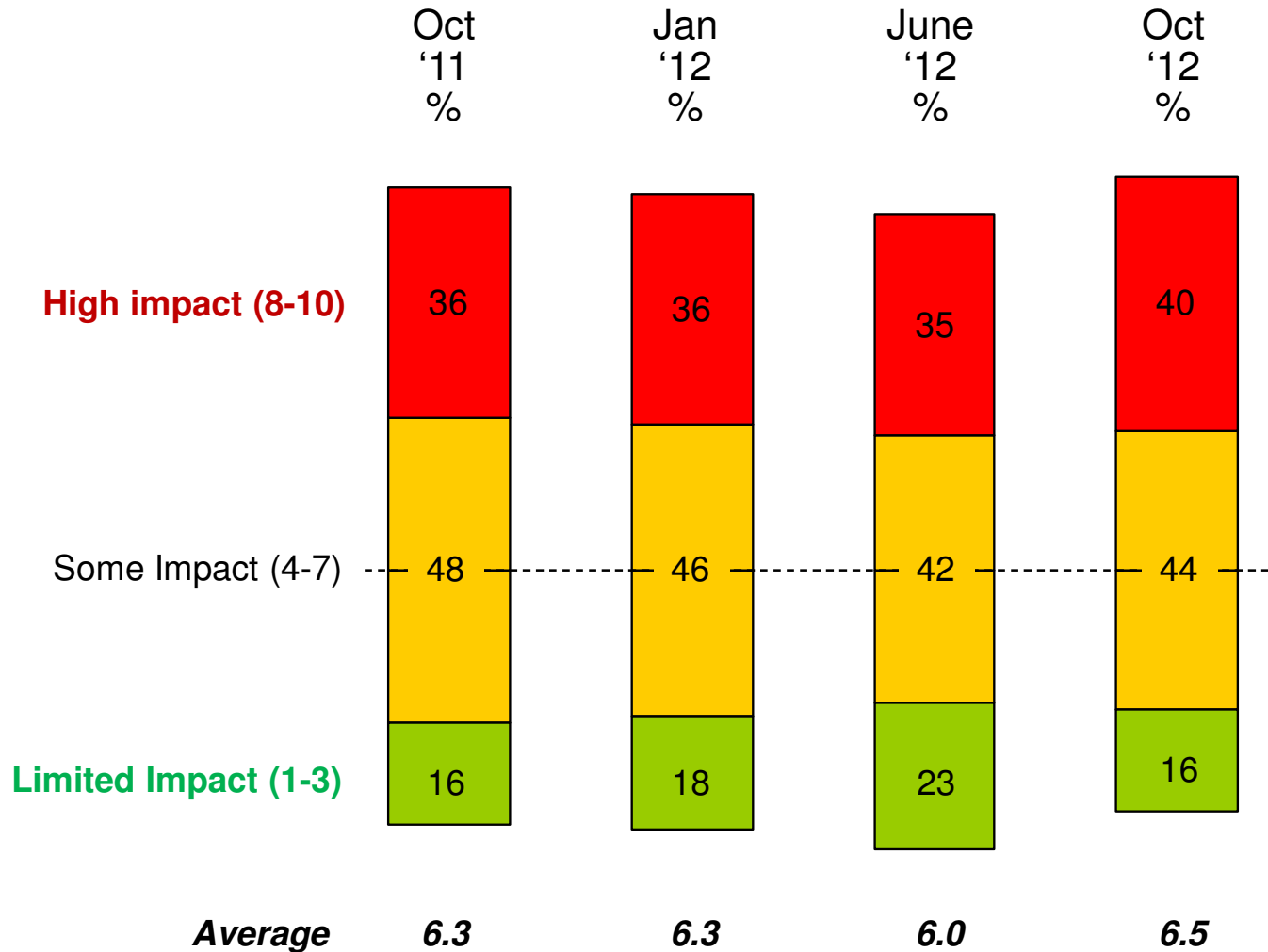
C

More people feel personally impacted by the recession now than in the past year

# Personal Recession Impact – Overall



## Impact Past 3 Months

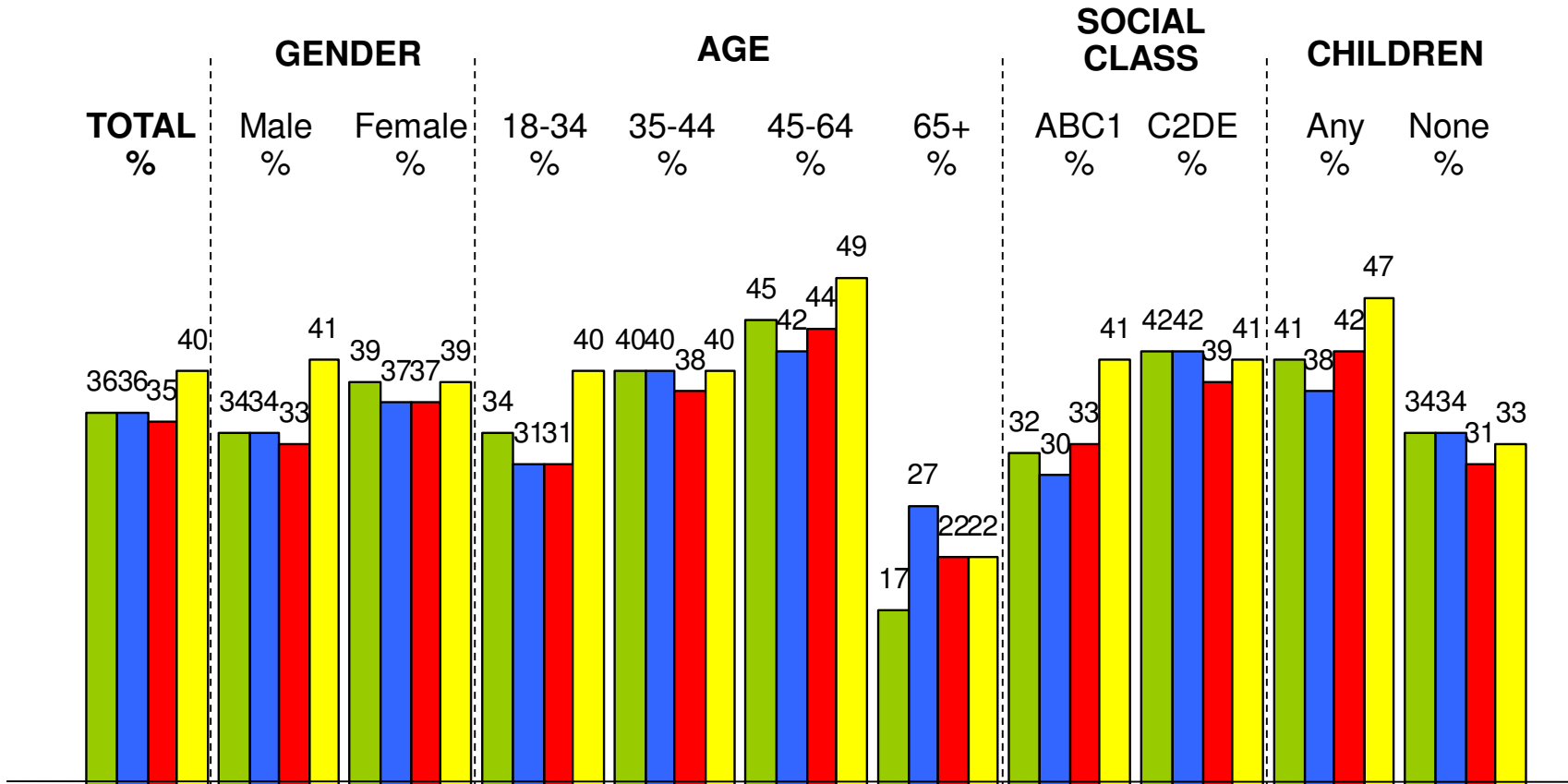
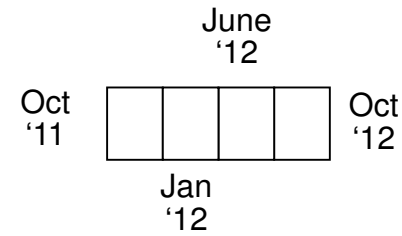


✘ 2 in 5 consumers feel that the recession have had a high impact on them in the past 3 months

✘ This is the lowest level of consumer confidence recorded in the past year

# Personal Recession Impact Overall

## – Net High Impact (8-10)



Those aged 45-64 and those with children feel more impacted by the recession in the past three months than any other demographic group.





C

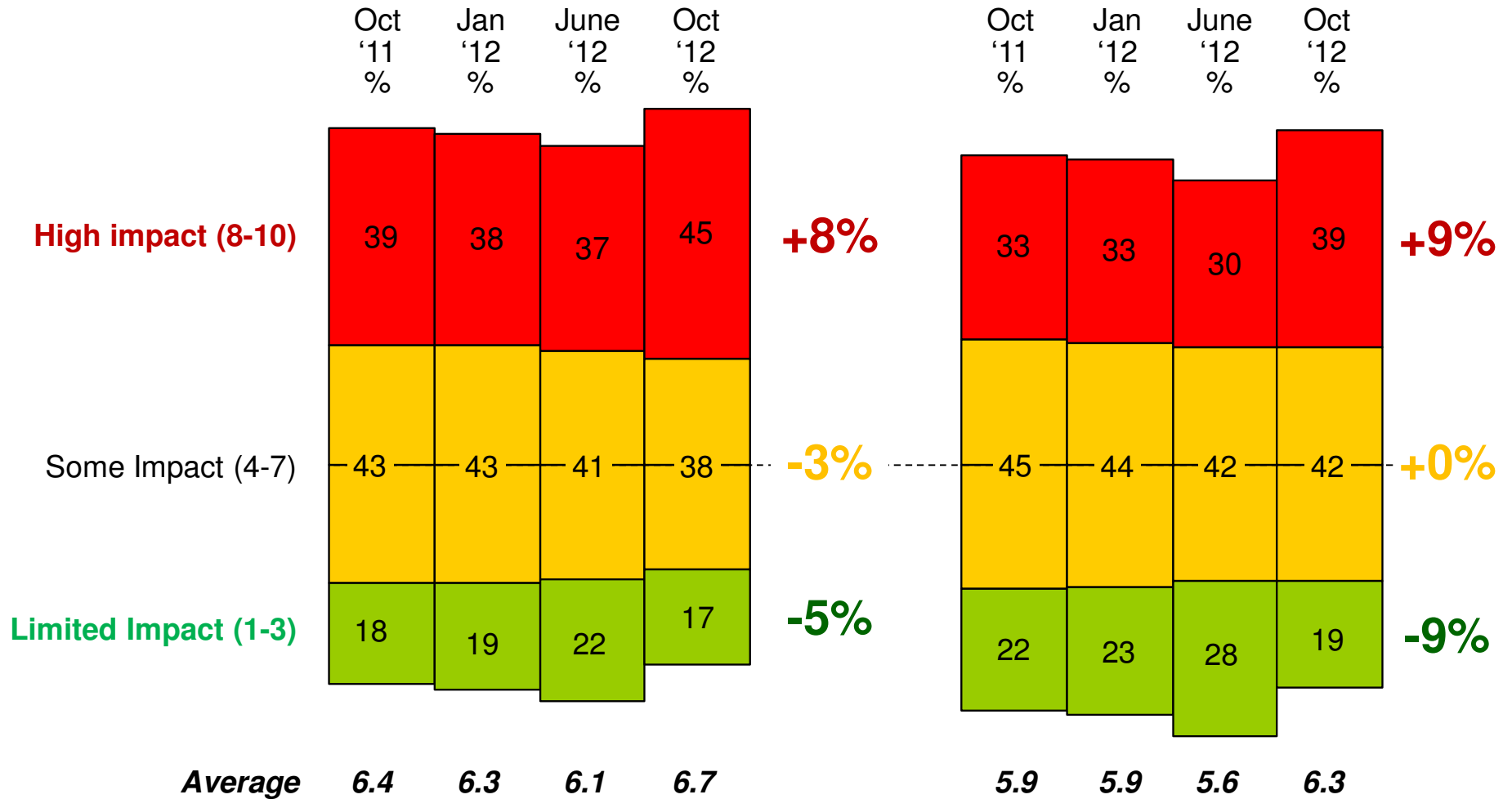
The lower consumer confidence is also impacting our monthly spend, way of life and perception of job security

# Impact of Recession on....



## Monthly Spending

## Your Way Of Life



# Impact of Recession on Job Security

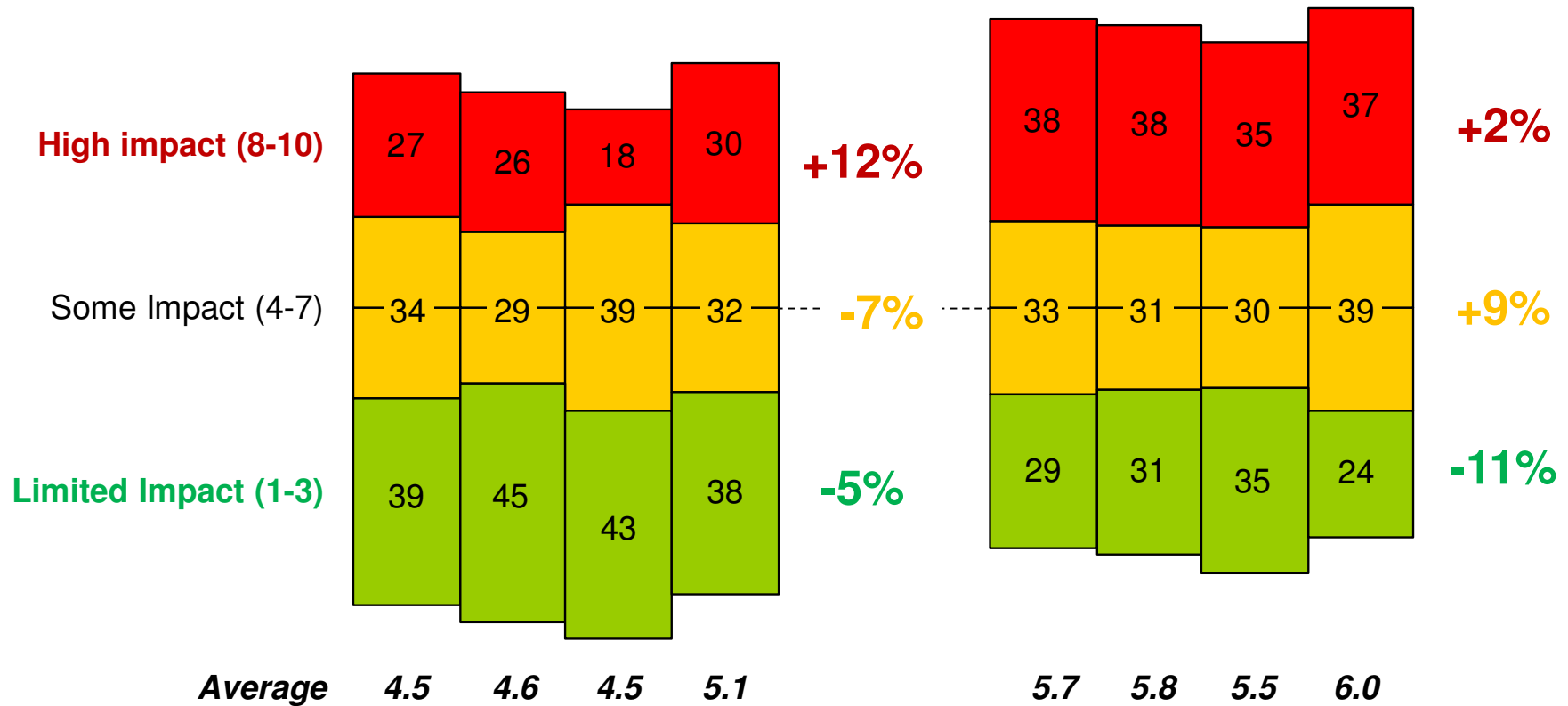


## Full-time Workers

Oct '11 %    Jan '12 %    June '12 %    Oct '12 %

## Part-time Workers

Oct '11 %    Jan '12 %    June '12 %    Oct '12 %







C

The continued recession has also impacted our happiness – we are a less happy nation compared to October 2011

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

Oct '11   Oct '12



**Quality of Life**  
%



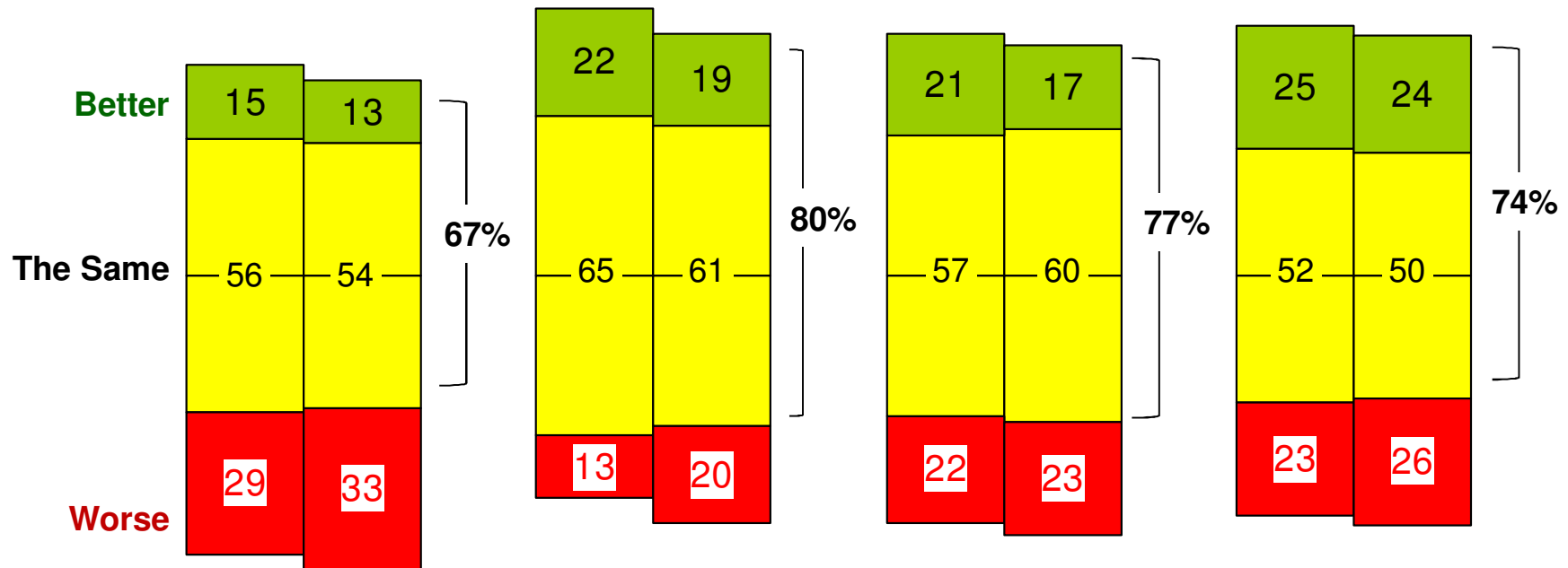
**Your Happiness**  
%



**Your Energy for Life**  
%







**Your Motivation**  
%



# Change Compared To Same Time Last Year Analysed by key demographics

C

% Better/Same as same time last year	 <b>Quality of Life</b>	 <b>Your Happiness</b>	 <b>Your Energy for Life</b>	 <b>Your Motivation</b>
<b>Total</b>	<b>67</b>	<b>80</b>	<b>77</b>	<b>74</b>
<b>Gender</b>				
Male	70	82	81	77
Female	64	78	73	71
<b>Age</b>				
18-34	68	79	78	77
35-44	70	84	84	78
45-64	58	76	72	67
65+	77	84	74	73
<b>Social Class</b>				
ABC1	68	80	78	76
C2DE	65	78	74	71

Those aged 45-64 feel less happy than the rest of the country.



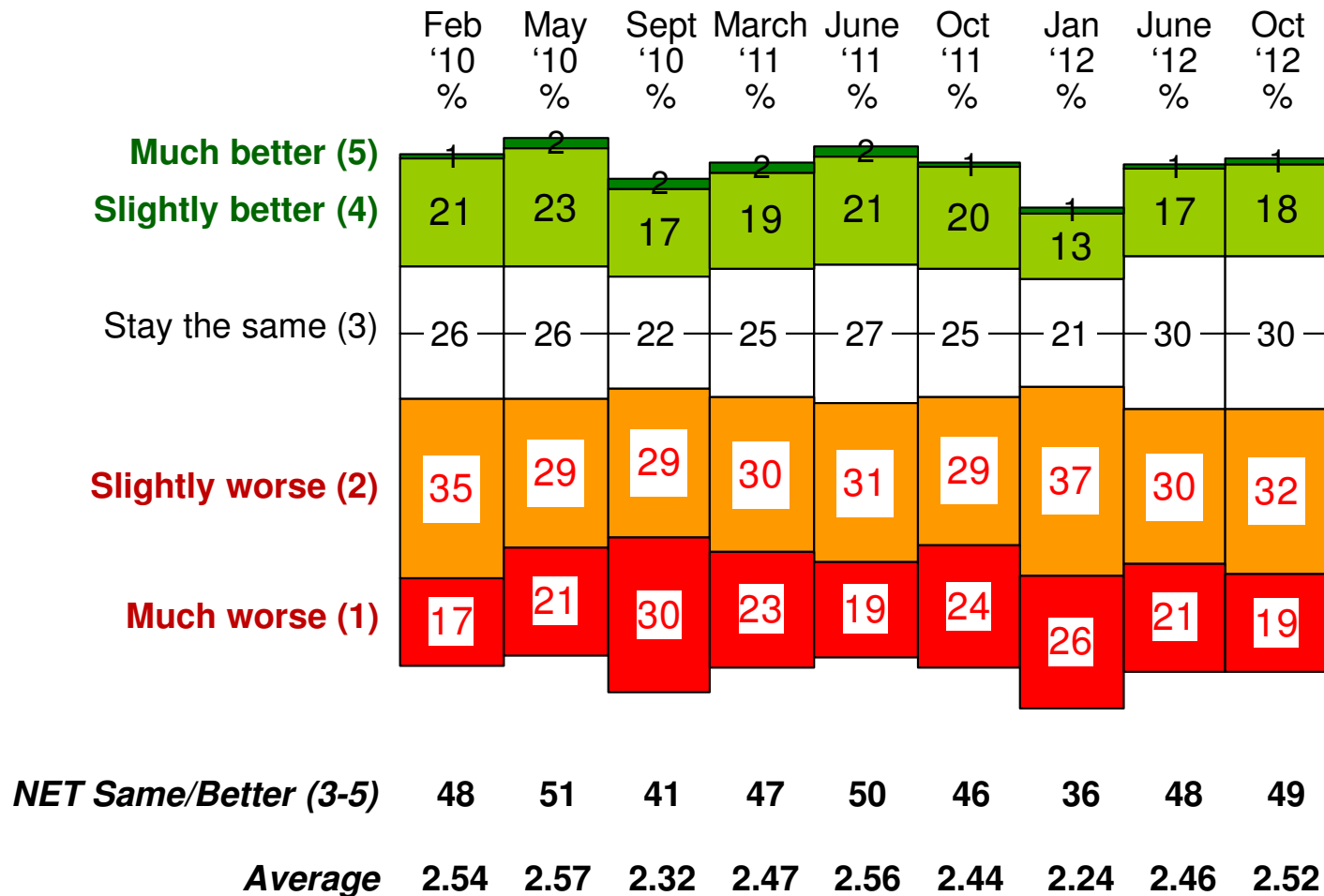


C

In spite of the lower consumer confidence, expectations of the Irish economy are unchanged since June 2011



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



✓ Almost half feel that the Irish economy will fare the same or better in the next 6 months.

✓ This is the highest level of confidence recorded since June 2011.





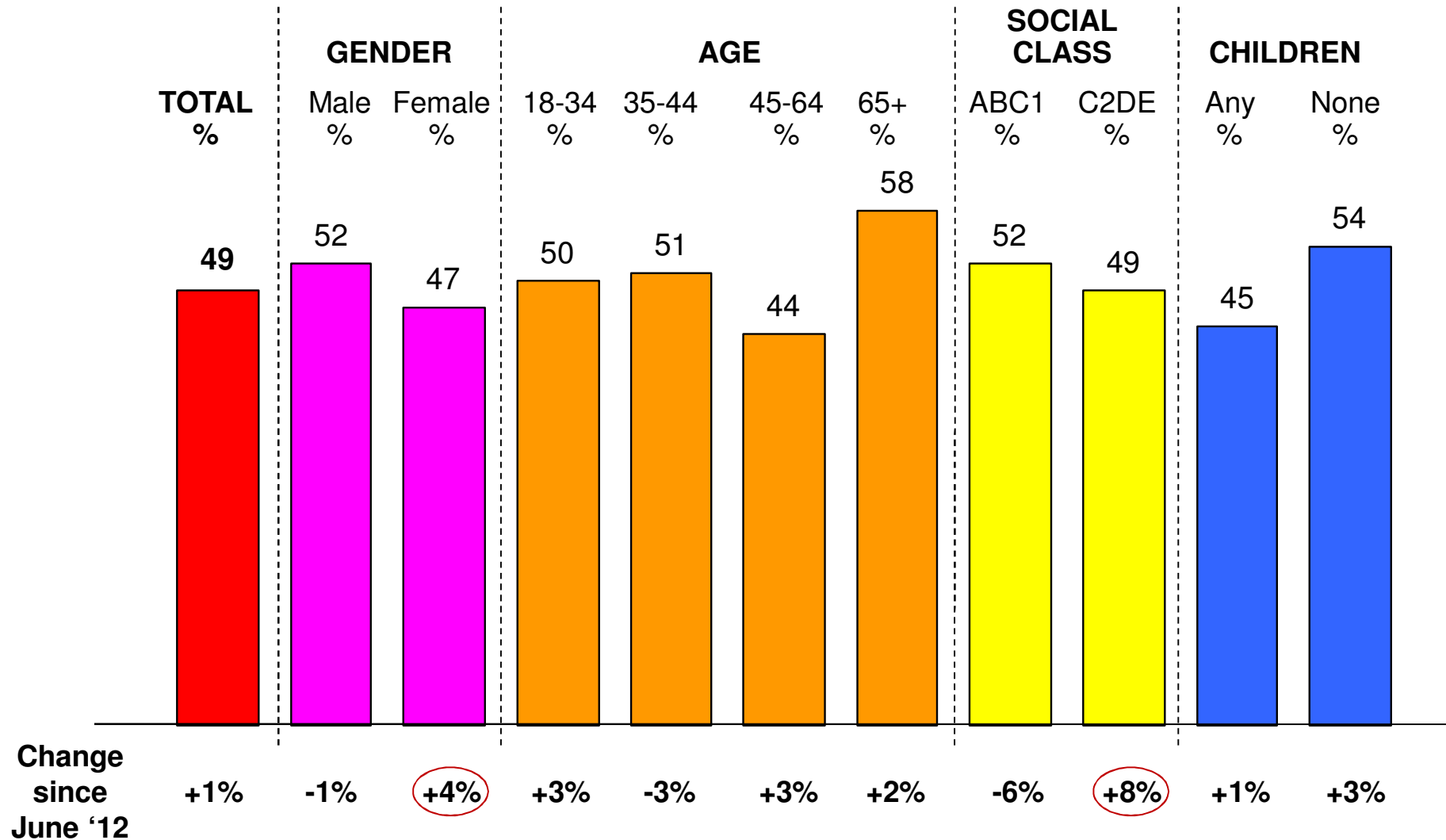
C

Those aged 45-64 years and those with children are less positive about the outlook for the Irish economy



# Expectations for the Irish economy 6 months from now

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

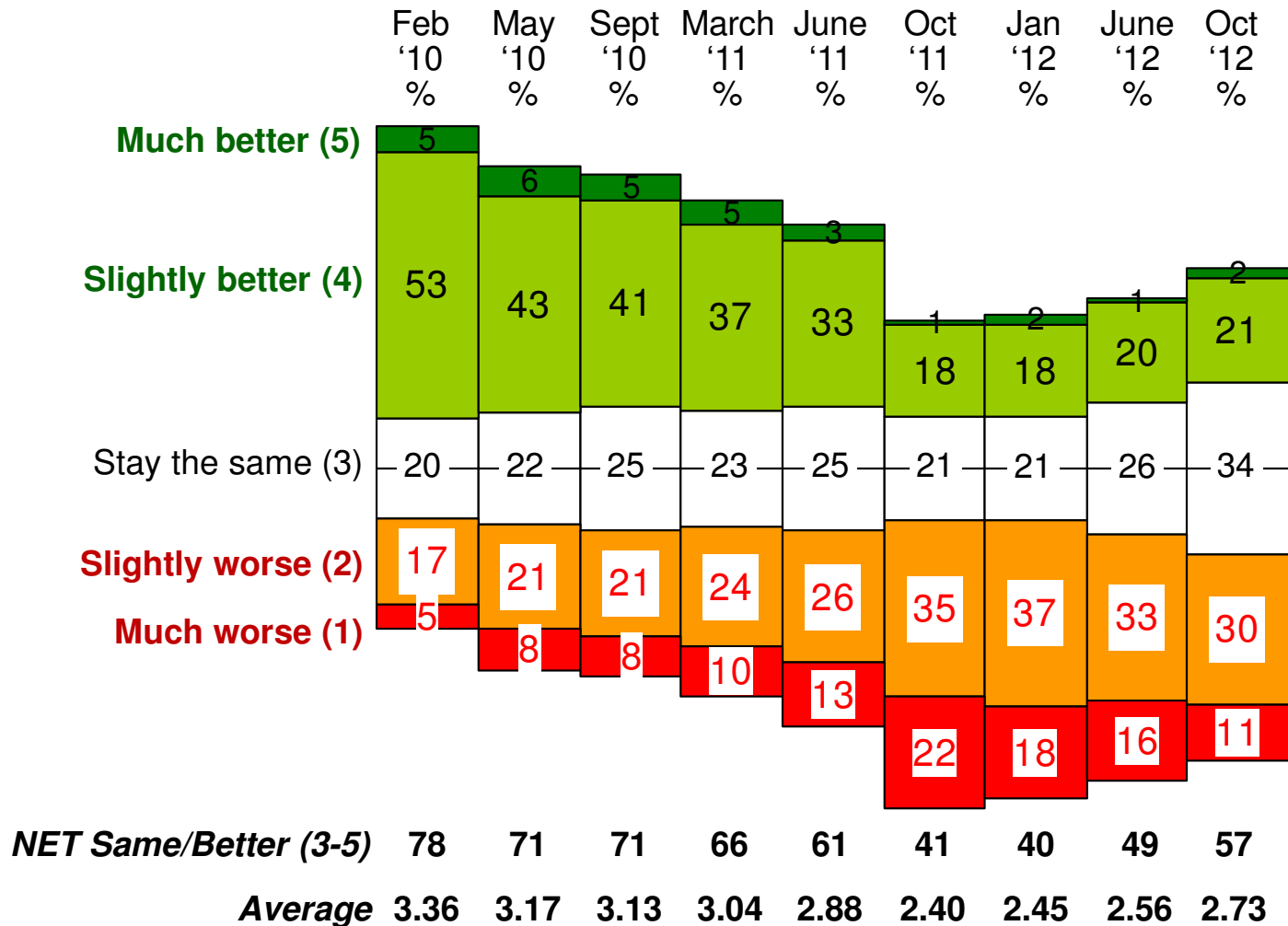




C

The outlook for the World economy has improved and is at its highest level in more than a year

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



✓ Almost 3 in 5 feel that the World economy will fare the same or better in the next 6 months.

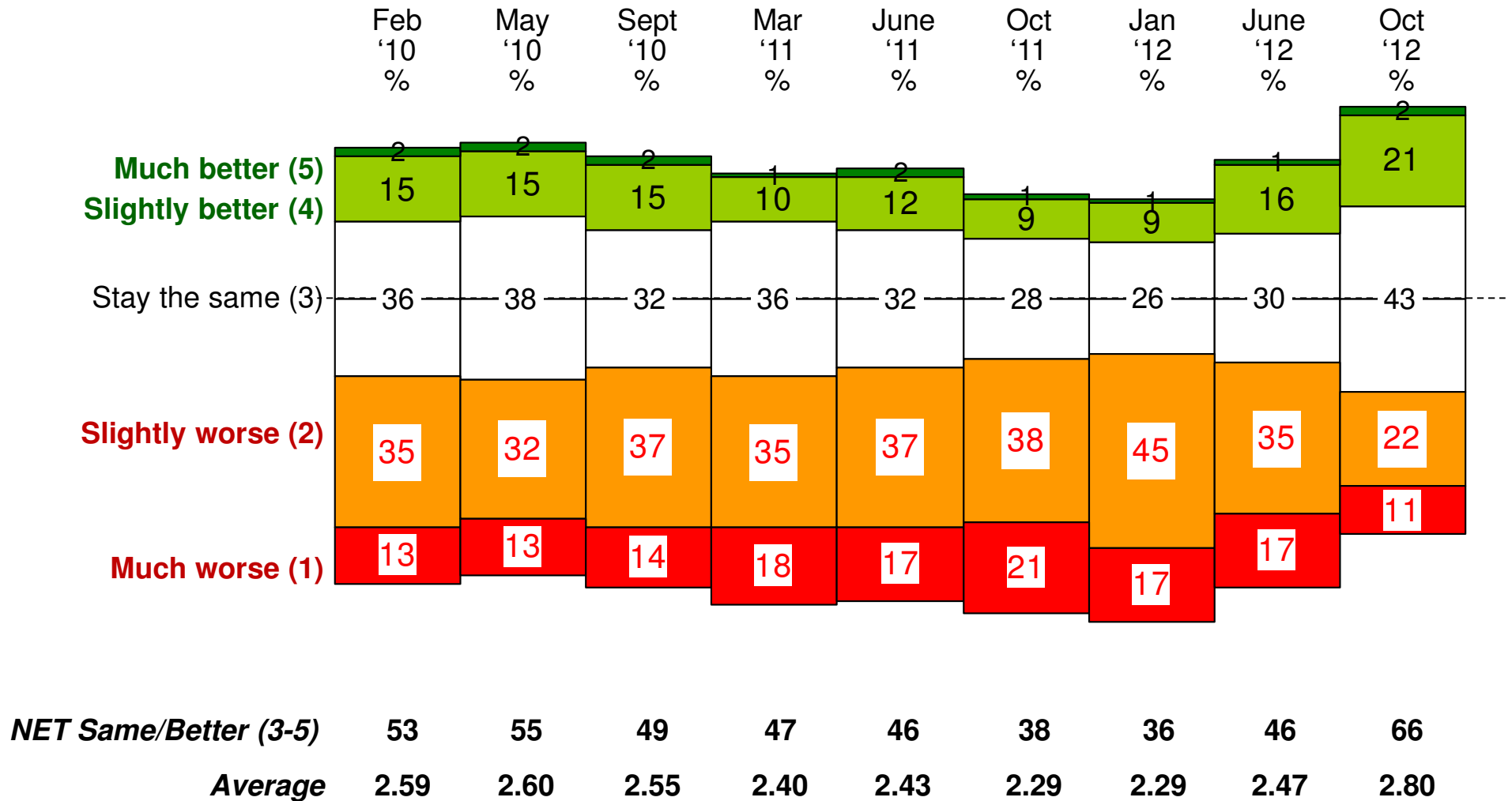
✓ This is the most positive outlook recorded since June 2011.



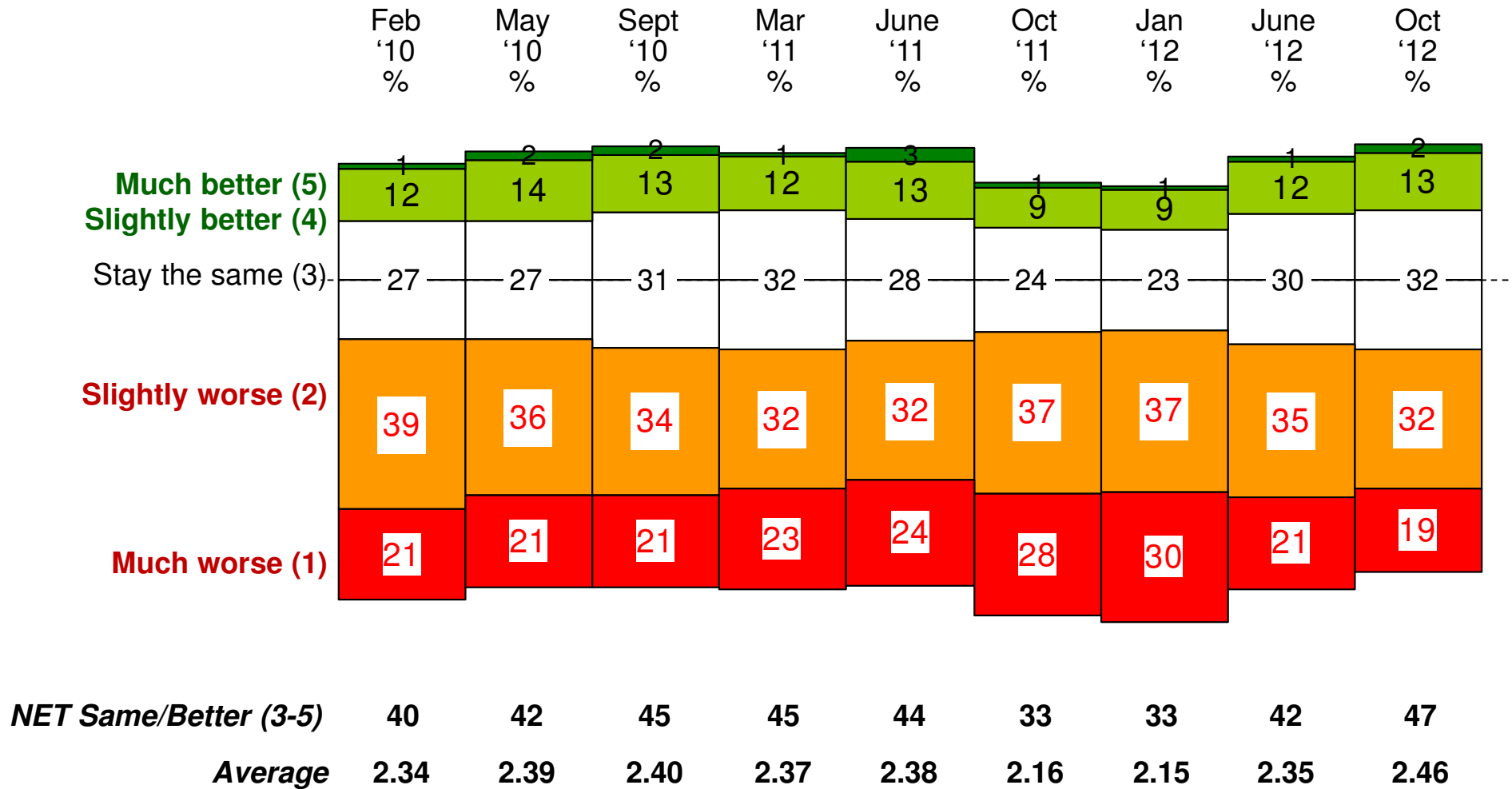
C

The outlook for the housing market has also improved while the outlook for the job market is unchanged

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



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





C



Cautious spending  
remains as  
consumers prepare  
for a tough  
budget...

# Expected Changes In Spend Over The Next 6 Months

C

Entertainment  
such as going out,  
eating, drinking or  
socialising



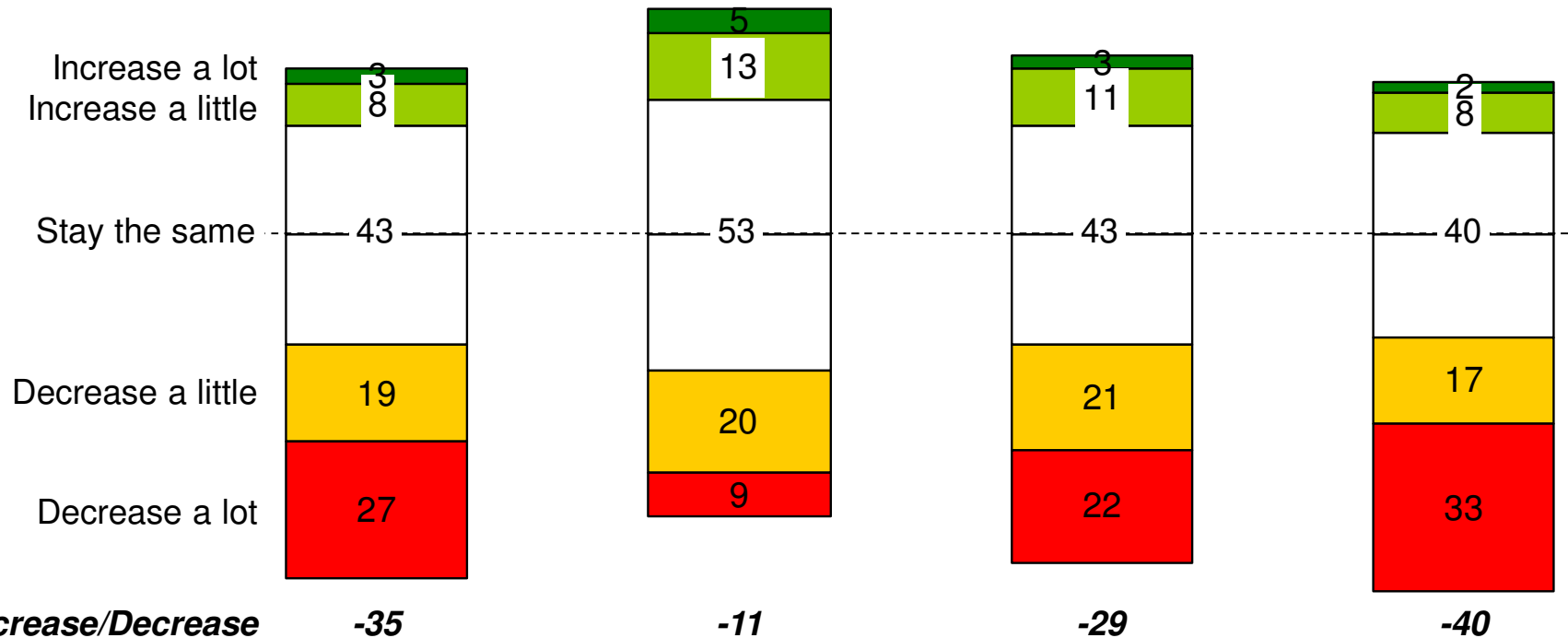
Grocery  
spend



Consumer goods  
and services – e.g.  
hairdresser,  
clothes, mobile  
phone, gaming etc.



Holidays  
and short  
breaks



Grocery spend is less likely to be affected by decreasing spend than entertainment, consumer goods and holidays.

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

C



% Likely to increase spend in next 12 months	Entertainment	Grocery Spend	Consumer Goods/ Services	Holidays/ Shorter Breaks
<b>Total</b>	<b>10</b>	<b>18</b>	<b>14</b>	<b>10</b>
<b>Gender</b>				
Male	10	17	14	11
Female	10	19	14	10
<b>Age</b>				
18-34	15	24	18	16
35-44	10	19	14	9
45-64	6	11	9	5
65+	7	16	14	10
<b>Social Class</b>				
ABC1	8	17	13	10
C2DE	10	18	13	11



## Summary...



- Consumer confidence has decreased significantly since June 2012 – more consumers feel impacted by the recession now than during the past year.
- The discussion of possible budget adjustments (higher tax, spending cuts) is a possible key contributor to this decrease in consumer confidence.
- The recession is also taking a toll emotionally – we are a less happy nation today than one year ago with lower levels of life energy, motivation and perceived quality of life.



## Summary...



- Yet, hope remains for the broader economy with an unchanged outlook for the Irish economy since June 2012 and increased optimism for the Irish housing market and the World economy.
- However, cautious consumer spending remains as consumers wait to see how the anticipated tough budget will affect them and their disposable income.





## Methodology – RED Express



- 1,003 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 15<sup>th</sup> wave of the credit crunch tracking – fieldwork was conducted 15<sup>th</sup>-17<sup>th</sup> October 2012.

