

**REDC**

# Consumer Mood Monitor

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January 2022





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**Consumer confidence at its highest level in almost three years, buoyed on by the removal of most COVID-19 restrictions – yet concerns remain about the rising cost of living**

# Consumer confidence up, but concerns over rising cost of living



1

The fieldwork for this wave of the Consumer Mood Monitor was during the period 21st to 26th Jan, coinciding with the Government announcement to remove most COVID-19 restrictions – this clearly has played a role in the growing optimism amongst consumers regarding the outlook for the Irish economy.

2

Consumer confidence in the economy is now back above pre-pandemic levels and for the first time in 3½ years, the proportion of people expecting the economy to get better exceeds those that expect it to get worse. Clearly the mood amongst people is far more buoyant and upbeat than what it has been over the last two years.

3

Consumers are also expecting to spend more on holidays, entertainment and consumer goods, with a temporary boom in spending potentially due to people making up for lost time over the past two years. Spend is also expected to increase on groceries and energy, but this is more likely driven by an expectation of higher prices.

4

Expectations for the jobs market have also dramatically improved in-line with the increase in consumer confidence as near normality returns to many sectors of the economy that have been adversely impacted during the pandemic (especially the hospitality and tourism sectors).

5

However, the vast majority of consumers remain worried about the rising cost of living. Concerns also remain high around Brexit, with over 4 in 5 believing it will harm the Irish economy, hardly changed in over 3 years.

6

Overall, the outlook for 2022 is positive, as consumers look to take advantage of the more benign COVID-19 environment. However, a post-pandemic boom in consumer spending (combined with external inflationary pressures) is likely to contribute to sustained upward pressure on costs / prices for the rest of this year.

**Following a brief  
pause towards the  
end of last year,  
consumer confidence  
resumes an upward  
trajectory**



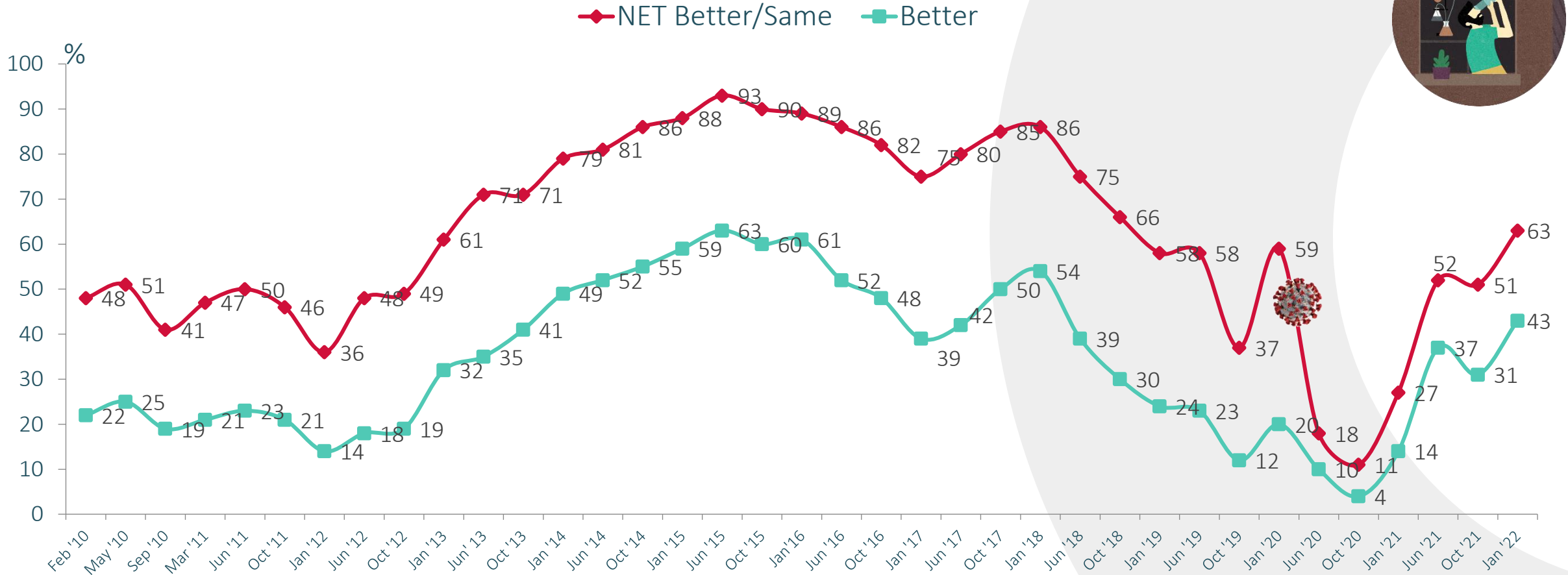


# Recovery in Irish consumer confidence back on track



Consumer confidence is at the highest level in over 3 years. Following a low-point in Oct 2020, confidence rebounded in Jan and Jun of 2021. This recovery stalled in October 2021, but has resumed again in 2022.

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



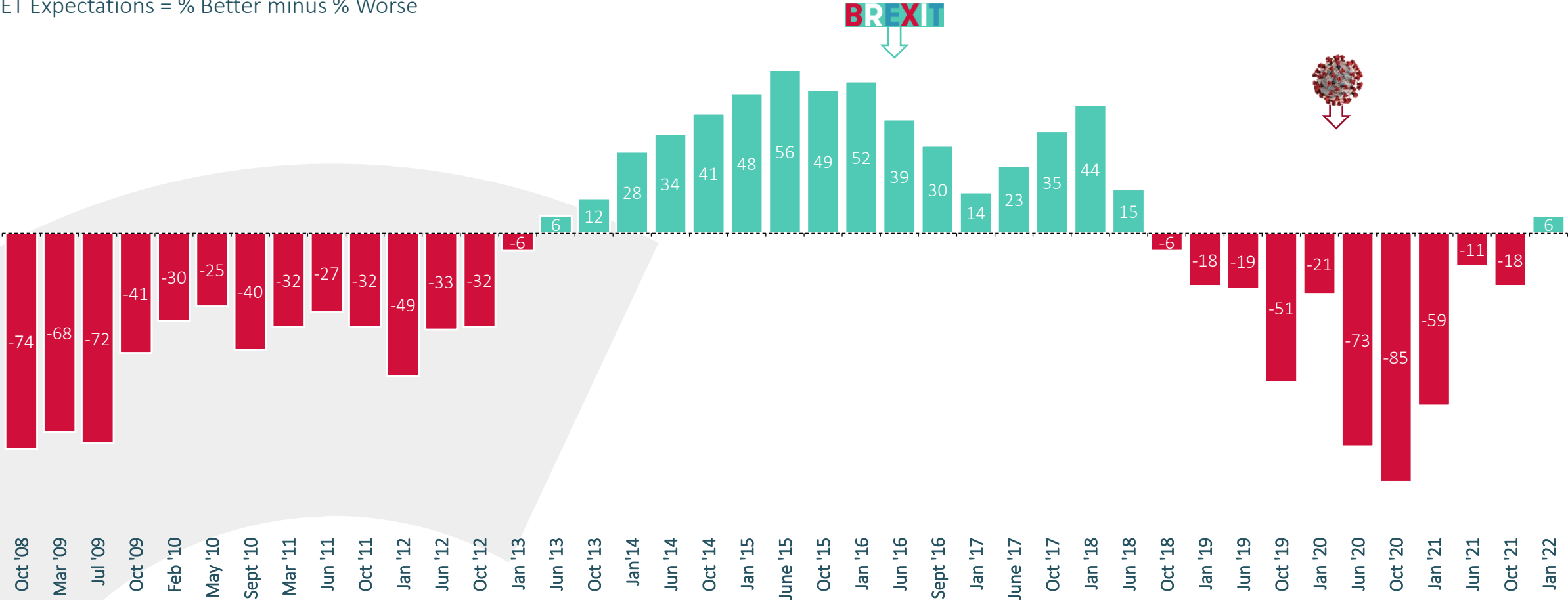
# NET positivity in Irish economy for first time since June '18



For the first time in over three years, more people believe that the Irish economy will improve than believe it will fare worse. This represents extremely strong recovery, but also has a way to go to pre-Brexit levels.

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

NET Expectations = % Better minus % Worse



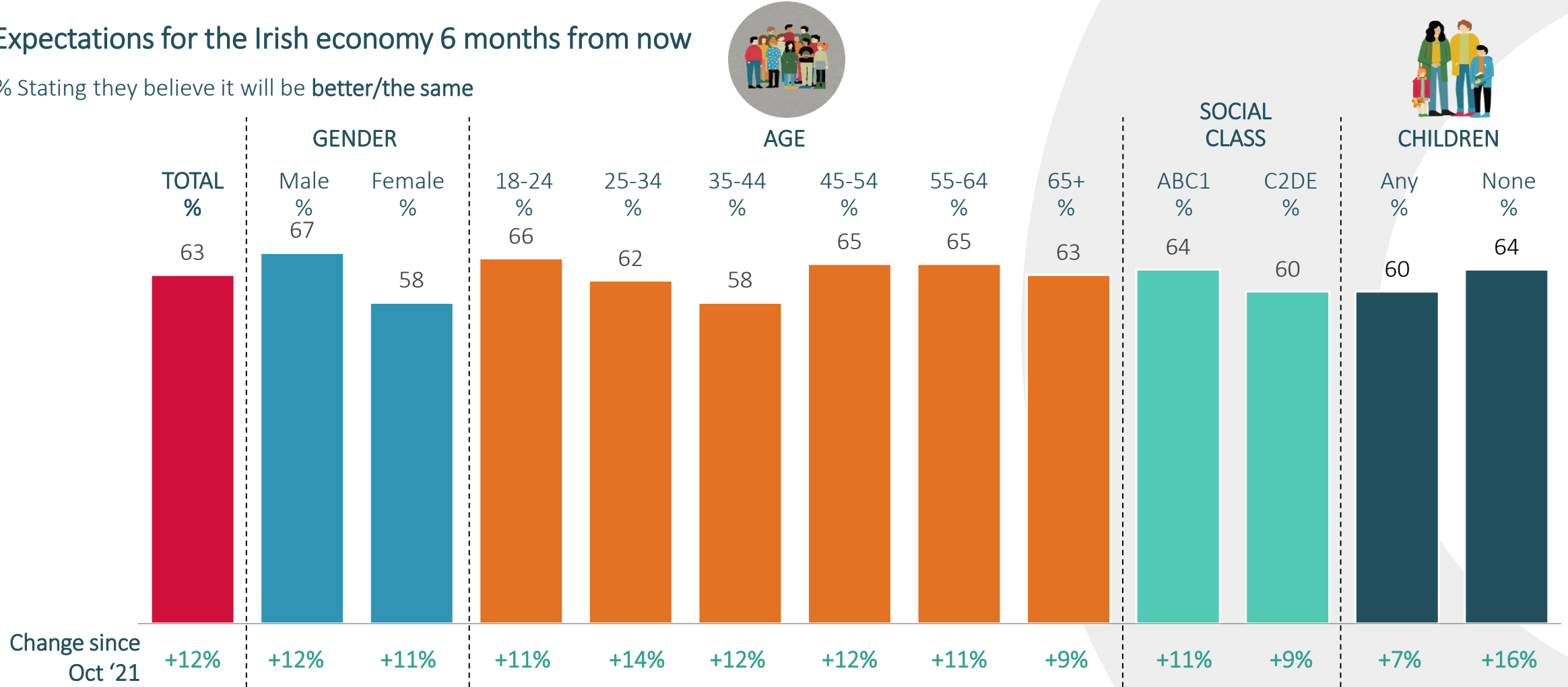
# Improved consumer outlook is evident across all demographics



Slightly lower consumer confidence continues to be seen amongst women, 35-44 year olds and those with children.

## Expectations for the Irish economy 6 months from now

% Stating they believe it will be better/the same

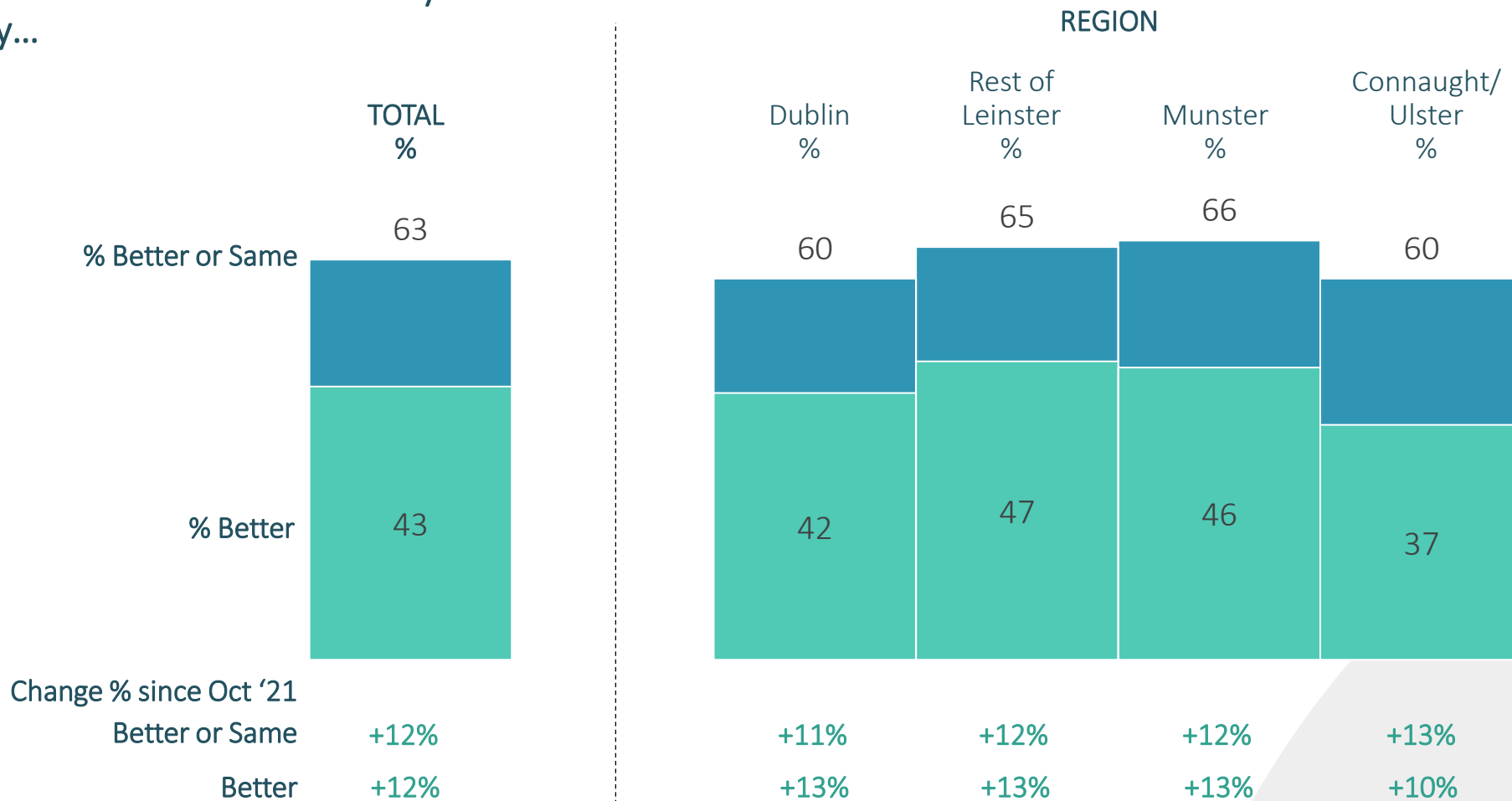


# Consumer confidence improves across all regions



Confidence is marginally higher in Leinster and Munster than in Dublin or Connaught/Ulster.

Expectations for the Irish economy across the country...





# Expectations for the world economy are also improved

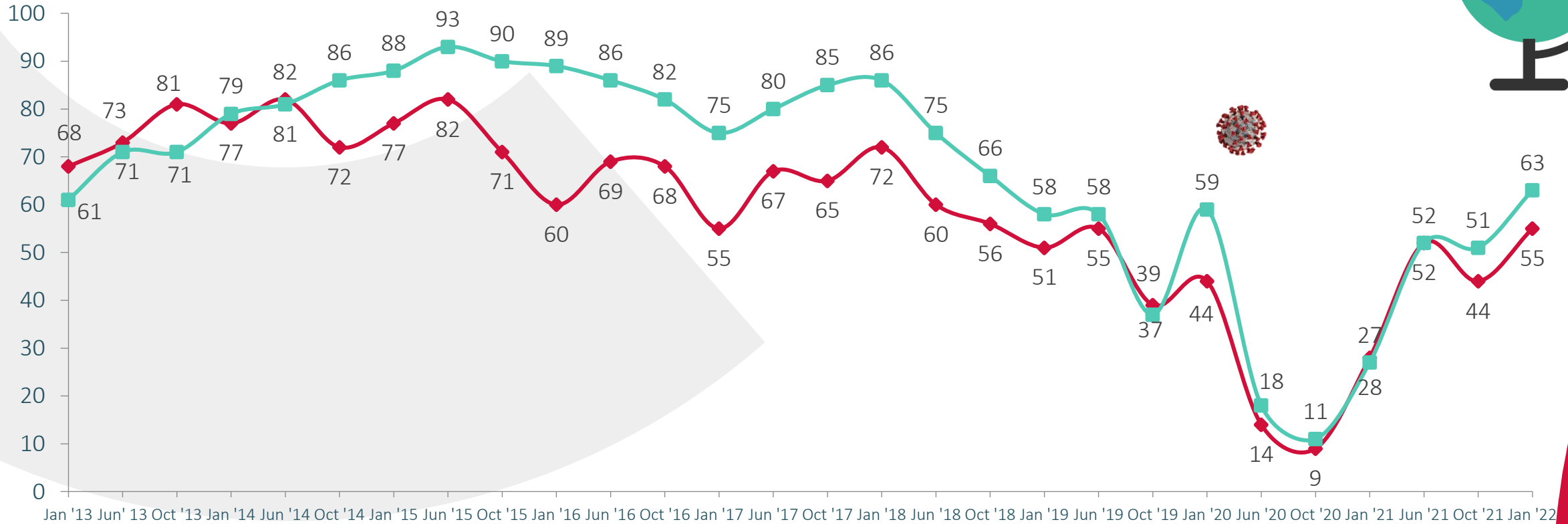


Expectations in the world economy continue to closely track that of the Irish economy although with the Irish economy seeing higher positivity overall.

## Expectations for the Irish & World Economy

% NET Better/Same  
(next 6 months)

◆ World Economy    ■ Irish Economy



**The more optimistic outlook for the economy is no doubt heavily influenced by receding concerns over the COVID-19 pandemic**

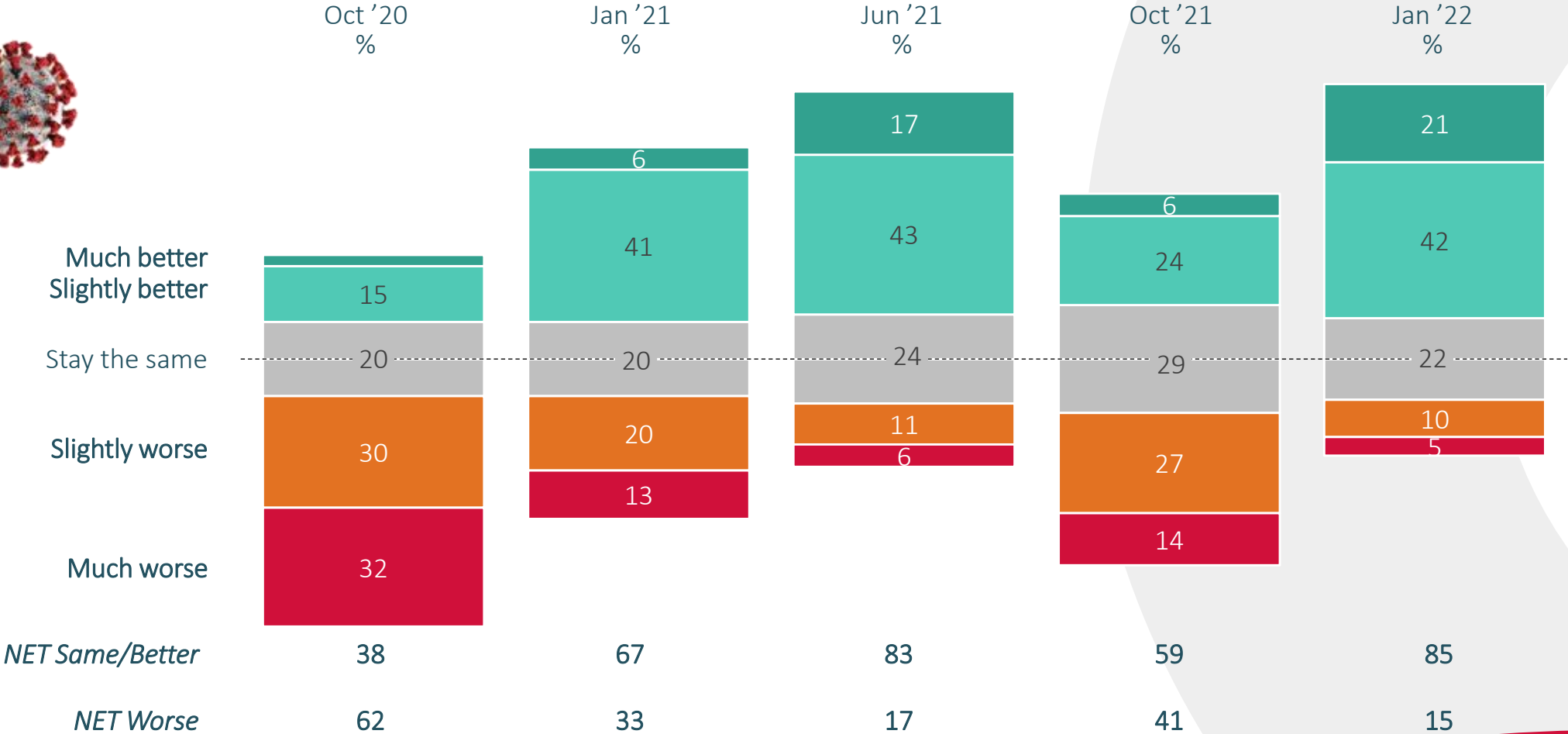
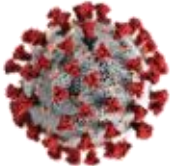


# Number expecting the pandemic to improve back up notably



Over 4 in 5 expect the pandemic to improve in the coming 6 months. This is back to June 2021 levels and represents a significant improvement in outlook since October when consumer worries were escalating.

How do you expect the pandemic / COVID-19 to fare in the next 6 months?



**With restrictions lifting and fear around COVID-19 subsiding, consumers are planning on increasing spend across most areas**



# Consumers expect to increase spend in key categories

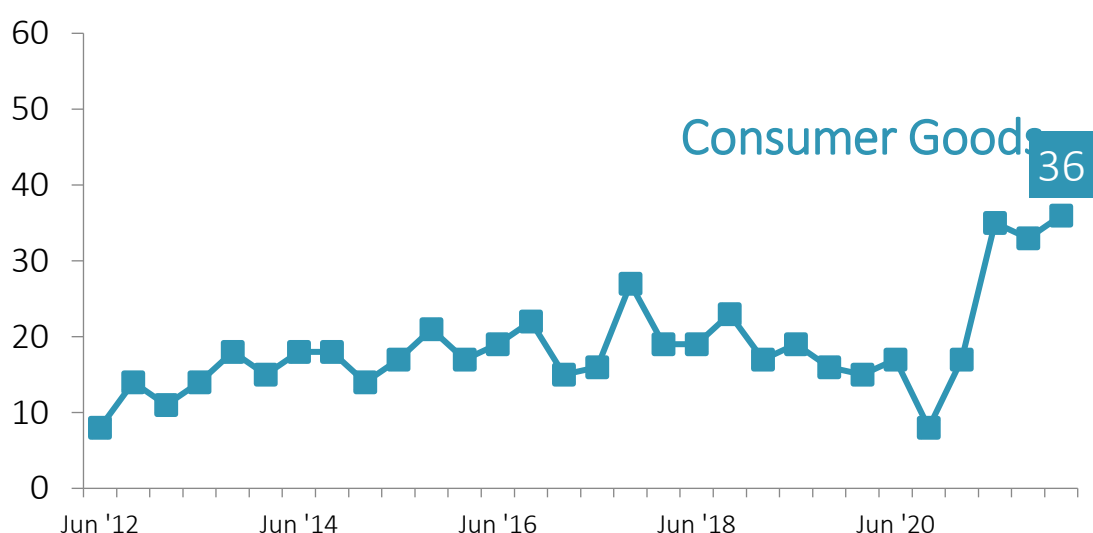
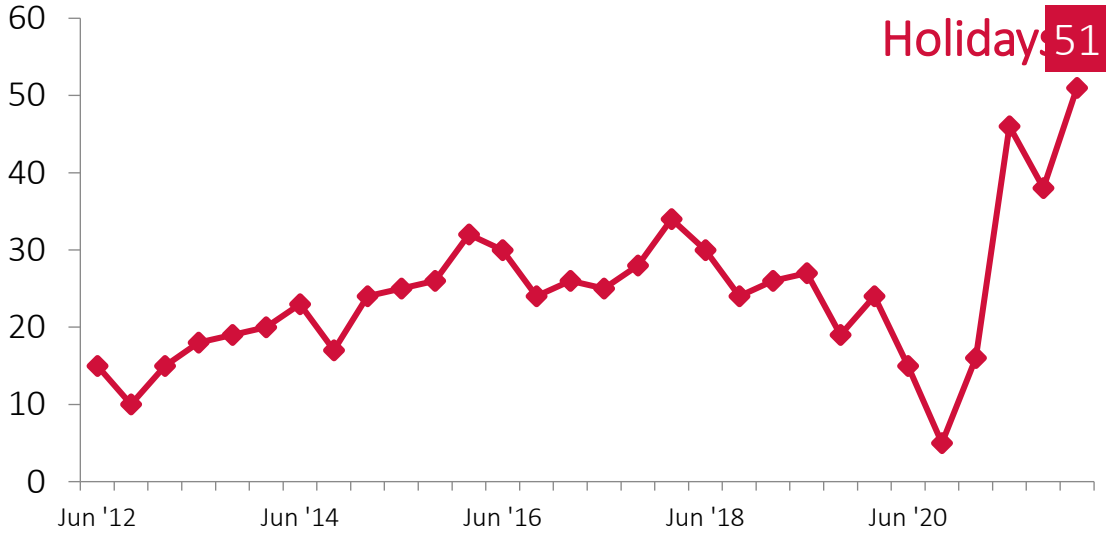
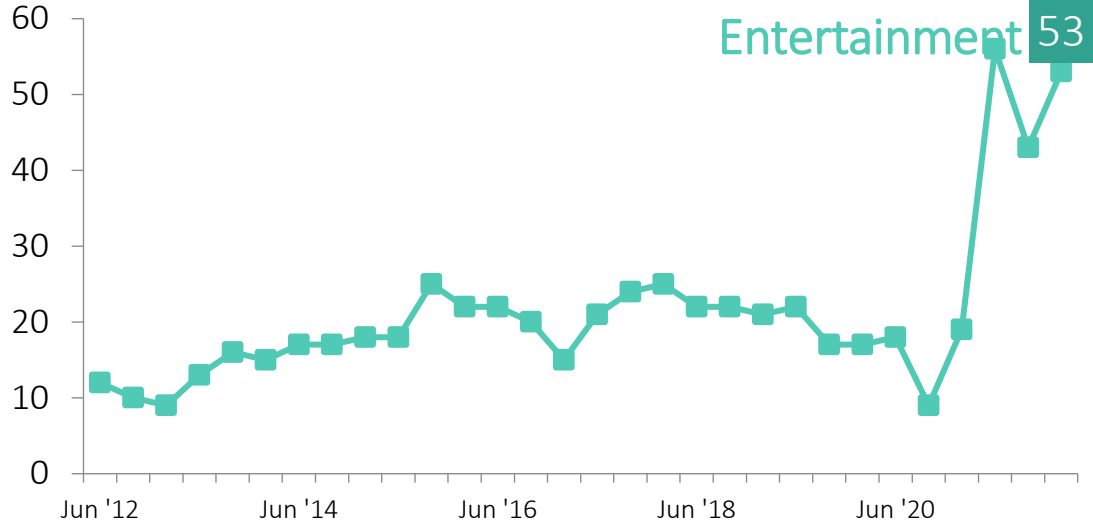
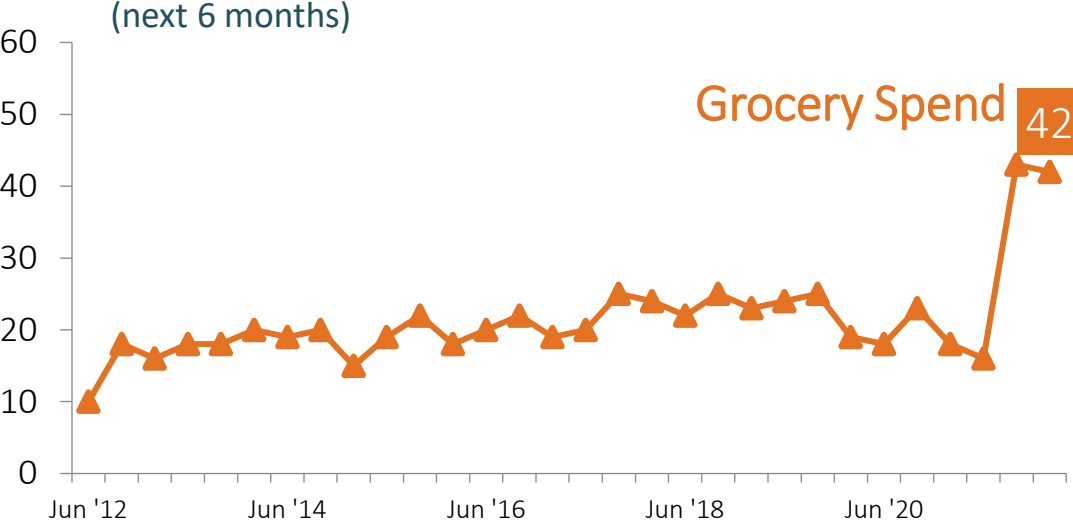


Withheld expenditure during the pandemic is certainly a factor here, but we can't rule out an expectation of higher prices influencing things here

Vs Oct '21  
Household Energy Bills 71 (-8)

## Expected Increase in Spend In The Next 6 Months

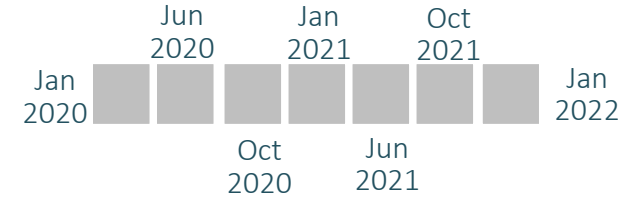
% Likely to increase spend



# Irish consumers preparing to increase spend on holidays and breaks

We see the highest ever level expecting to increase holiday spend. Expected spend on entertainment, groceries and consumer goods also close to all-time high.

## Expected Changes In Spend Over The Next 6 Months



Entertainment such as going out, eating, drinking or socialising



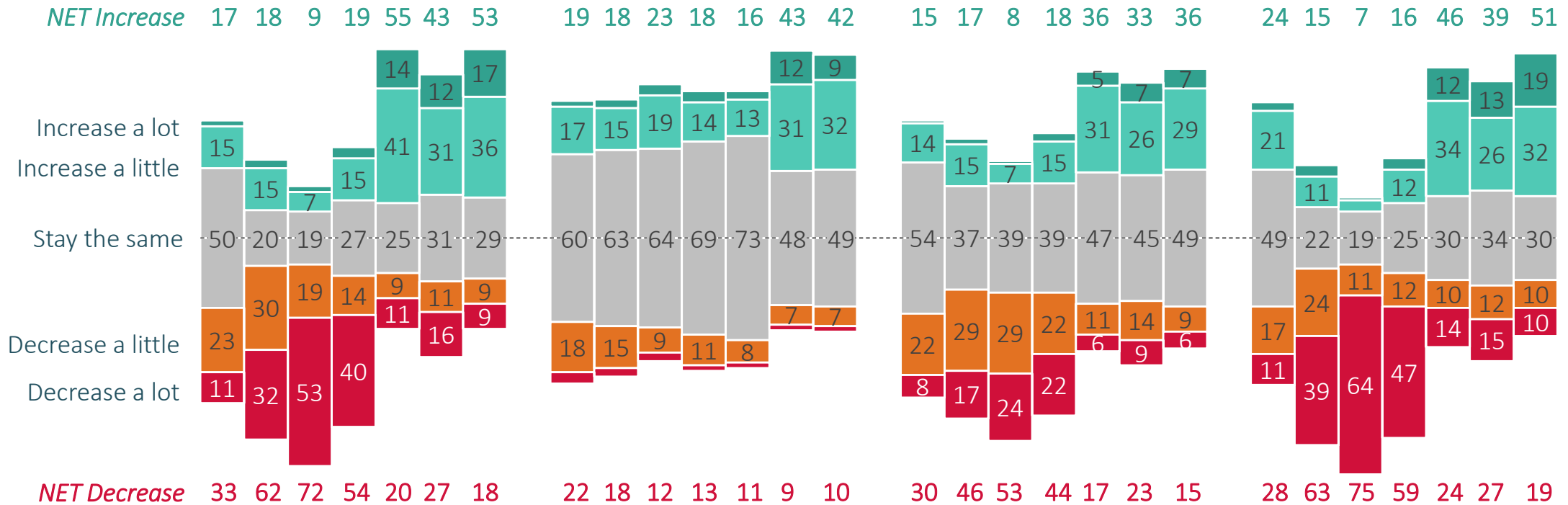
Grocery spend



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



Holidays and short breaks





# Most still expect to spend more on energy, but this is down on Oct

Expected spend is up on garden improvements as we head into spring while being steady for home improvements and for big ticket items.

## Expected Changes In Spend Over The Next 6 Months



Home Improvements



Garden Improvements



Big ticket items (e.g. car, sofa, TV etc)



Household energy bills e.g. electricity, gas

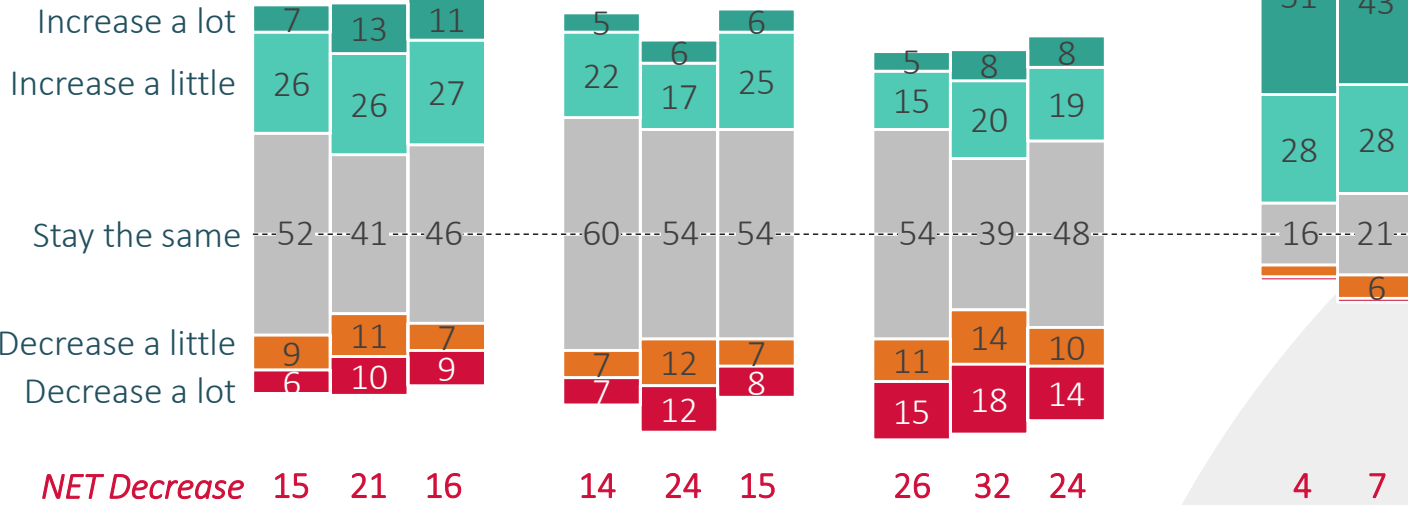


NET Increase 33 39 39

27 23 32

20 28 28

79 71



**The positive consumer outlook for the economy is further reflected in an improving labour market environment, in no small part thanks to the lifting of restrictions and planned increase in expenditure**

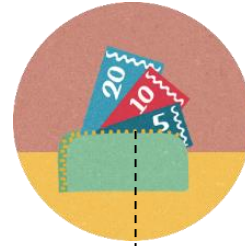


# Expectations are considerably improved for employment



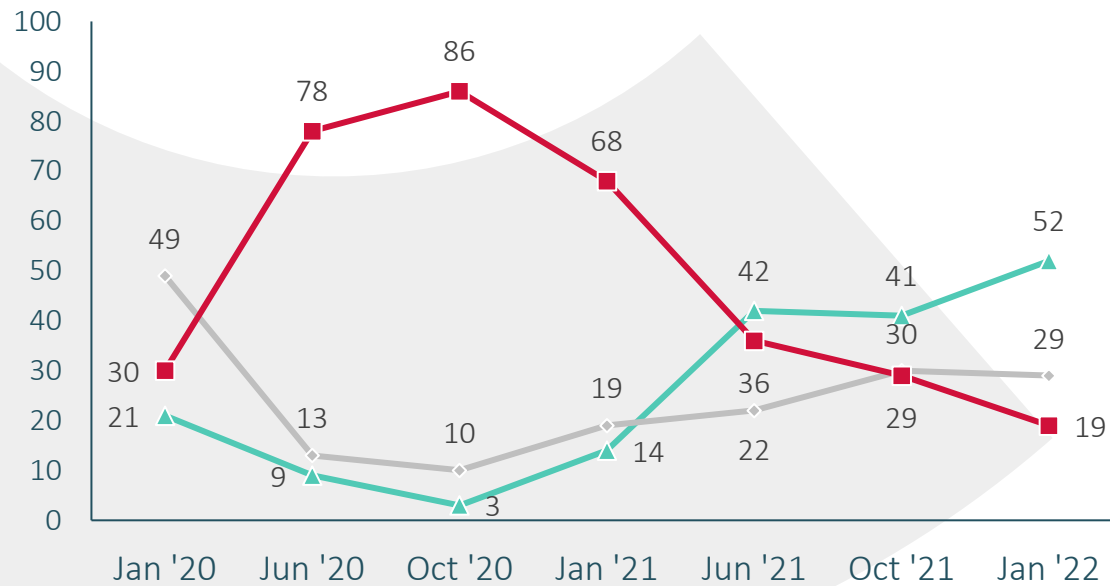
Far more people believe employment will improve and far fewer than it will get worse, a trend evident since Oct 20. However, outlook on discretionary disposable income, while up on Oct, remains in negative territory.

Expectations for the next 6 months for...



Employment; the ability to get & move jobs

▲ Better    ◆ Same    ■ Worse

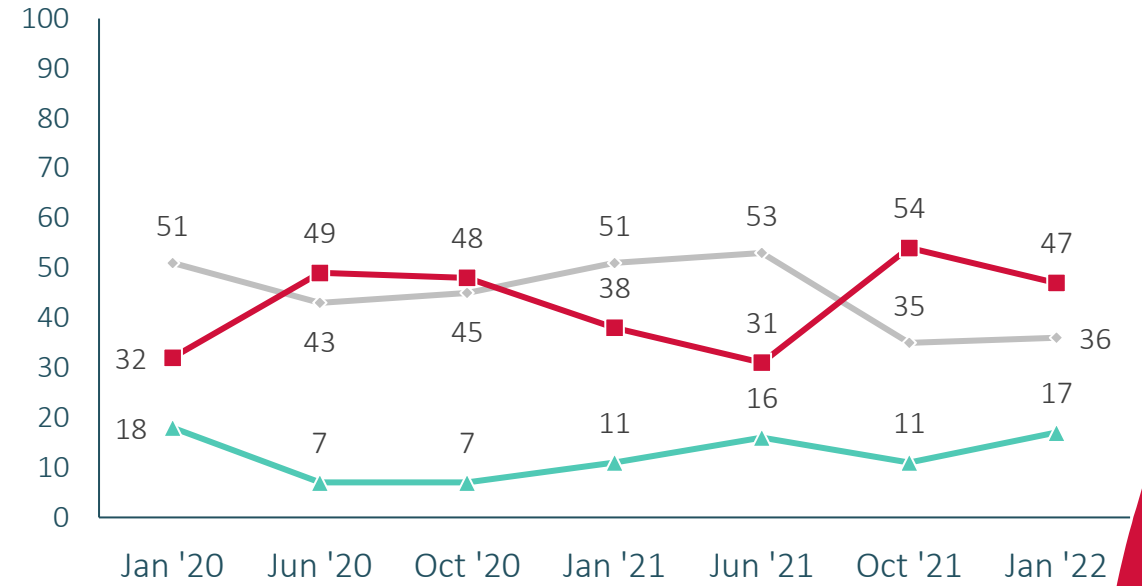


Better minus worse

-9    -69    -83    -54    6    12    33

Your level of discretionary disposable income

▲ Better    ◆ Same    ■ Worse



-14    -42    -41    -27    -15    -43    -30

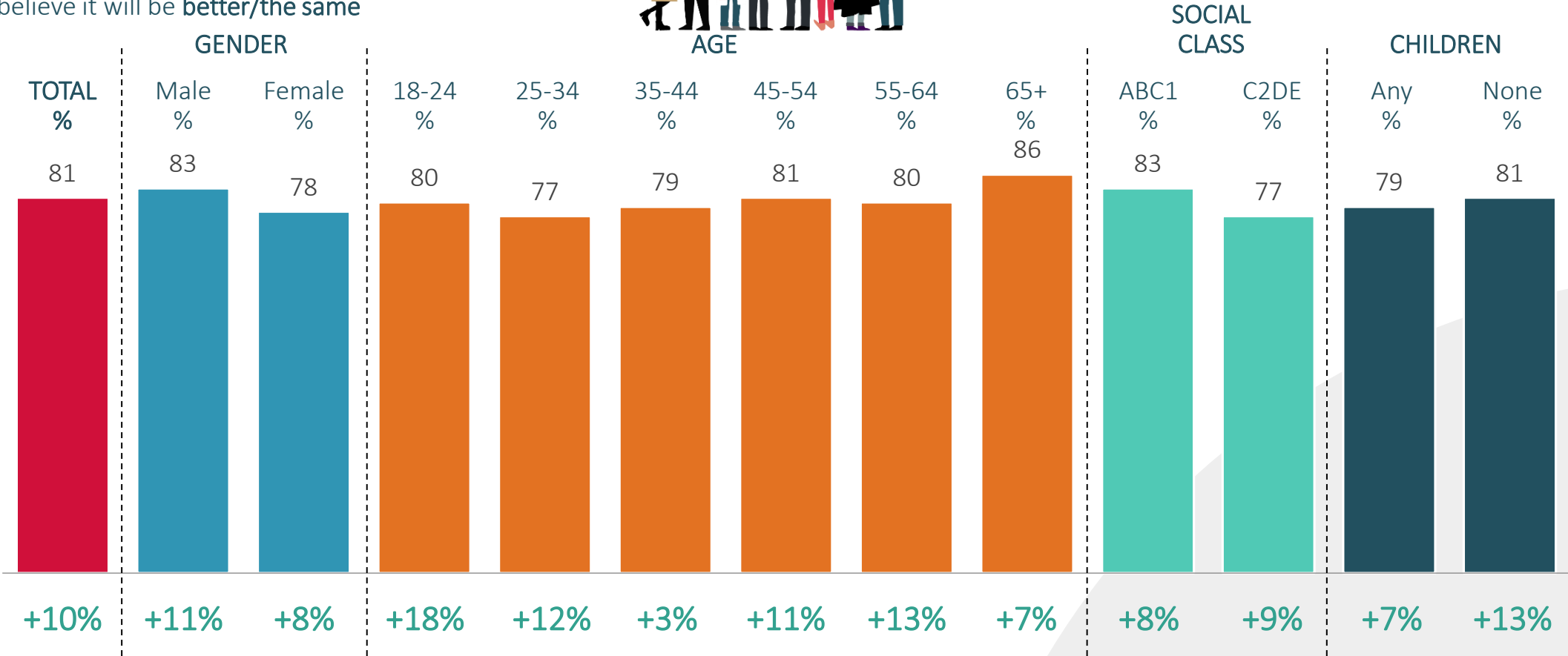
# Improved outlook in employment across all demographics



The highest outlook is among men, higher social grades and those aged over 65.

## Expectations for employment in the next 6 months

% Stating they believe it will be better/the same

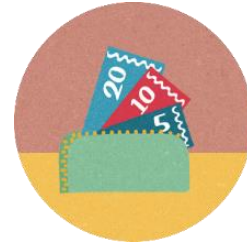


# Just over half expect their income to improve or stay steady

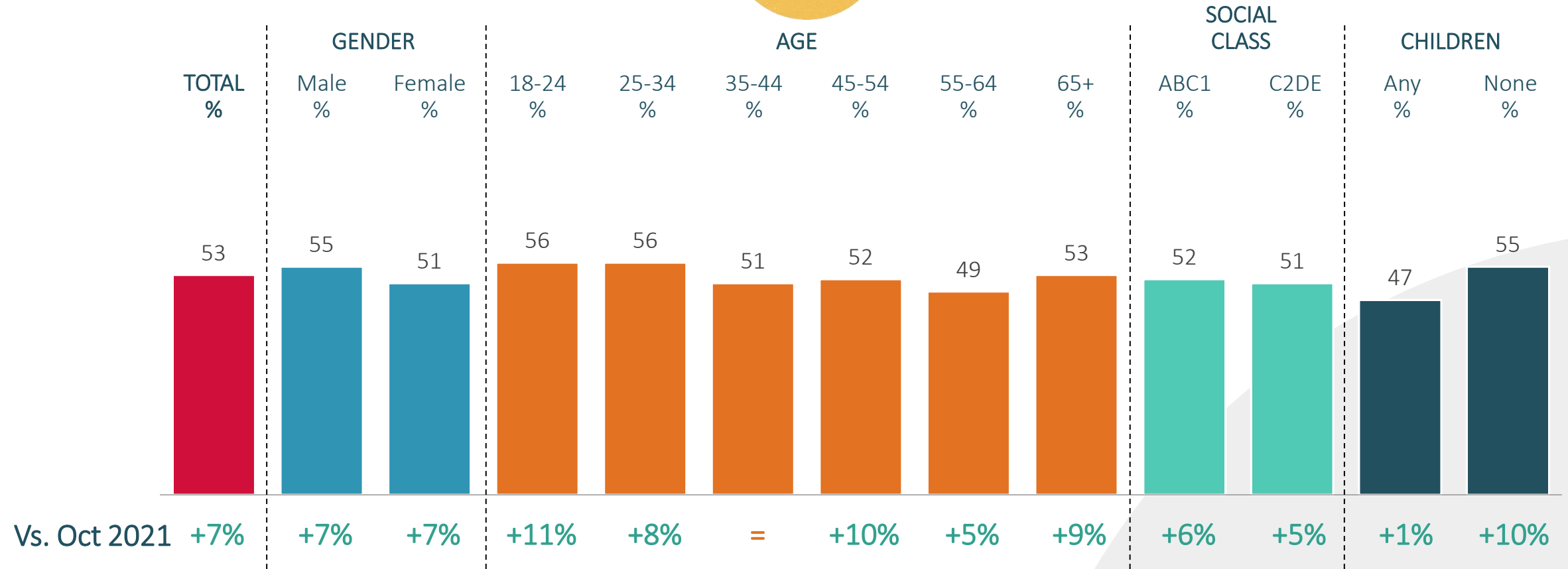


This is up on October for all demographics with the exception of 35-44 year olds.

Expectations for level of discretionary disposable income in the next 6 months



% Stating they believe it will be better/the same



\* changed from 'Your Disposable Income' in Oct 2021

**But consumers  
remain alert to the  
threat of the rising  
cost of living**



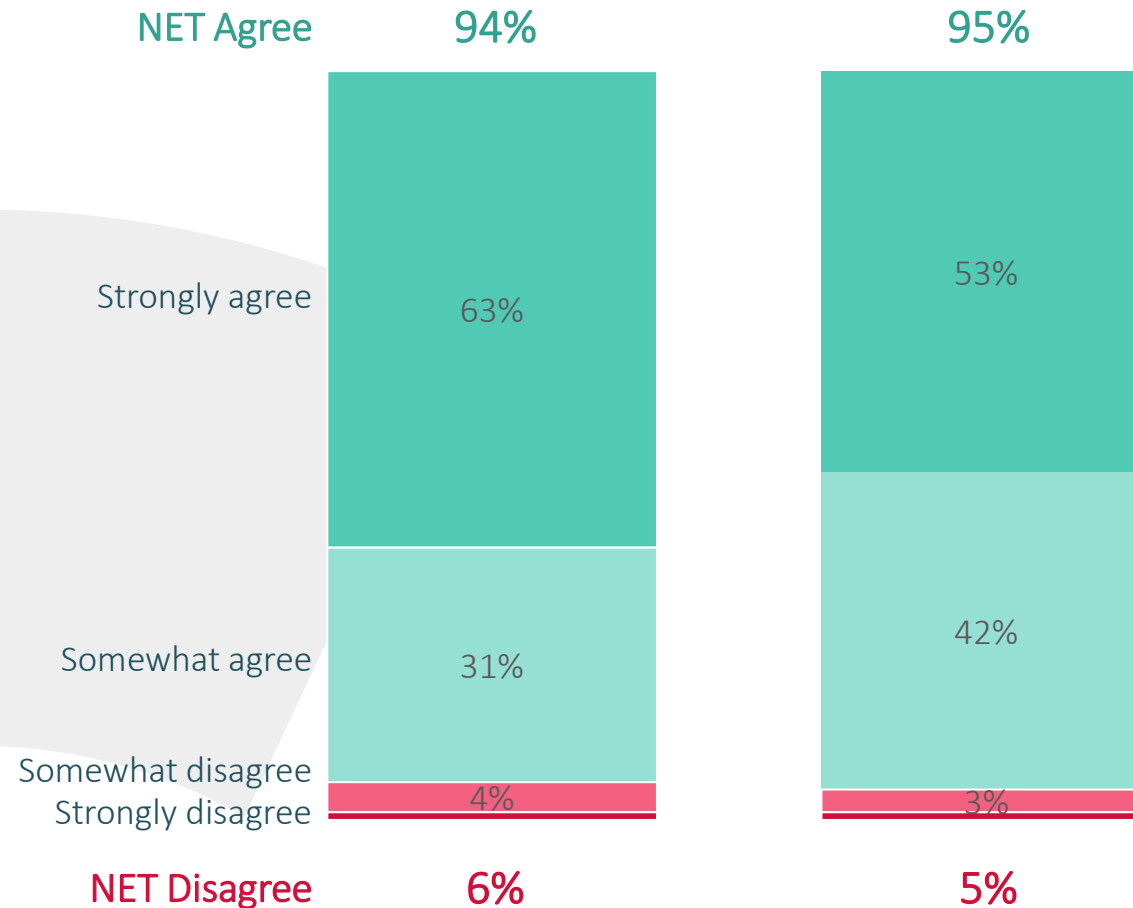


# Almost all consumers worries about rising cost of living



While fewer are very worried about the rising cost of living, we still see that well over 9 in 10 consumers are worried and over half of consumers are very worried about the cost of living.

I am worried about the rising cost of living - % Agree

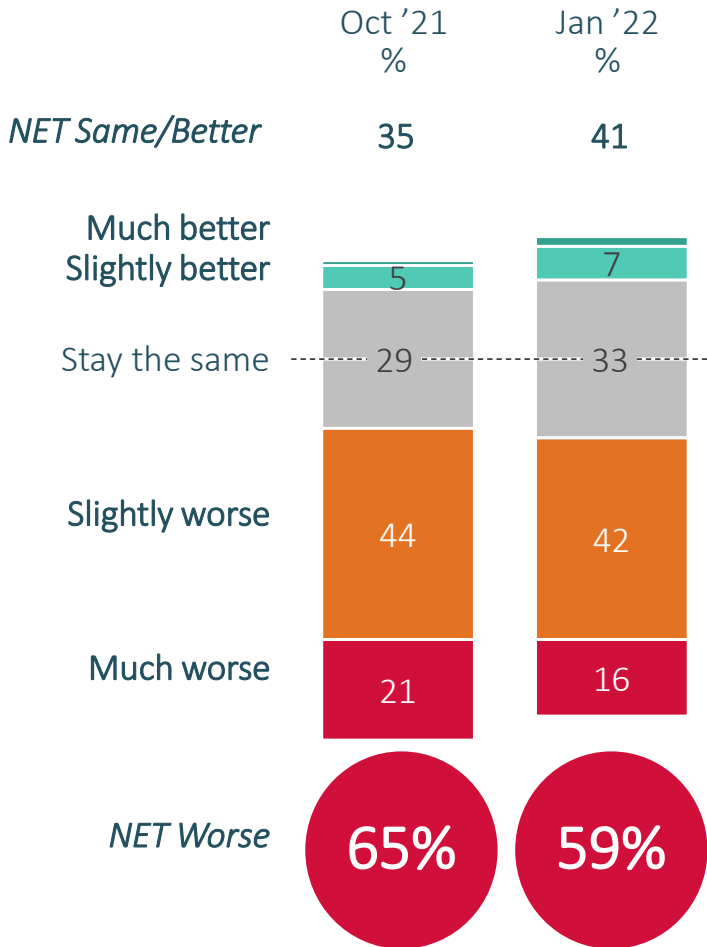


# Improved, but still negative outlook on cost of borrowing money



All demographics have become more positive in this regard since October, but still almost 3 in 5 believe the cost of borrowing money will get worse. The most negative are those aged over 65, hardly changed on Oct.

## The cost of borrowing money



		Slightly Worse	Much Worse	NET Worse	NET Worse Vs Oct '21
GENDER	Total	42%	16%	59%	-6%
	Male	42%	15%	57%	-4%
	Female	43%	17%	60%	-10%
AGE	18-24	39%	8%	47%	-16%
	25-34	28%	19%	47%	-13%
	35-44	41%	17%	58%	-5%
	45-54	40%	22%	61%	-6%
	55-64	52%	13%	65%	-4%
	65+	55%	15%	70%	-1%
SOCIAL CLASS	NET: ABC1	47%	14%	61%	-3%
	NET: C2DE	37%	20%	56%	-11%
CHILDREN	Any	42%	20%	62%	-4%
	None	43%	14%	57%	-9%

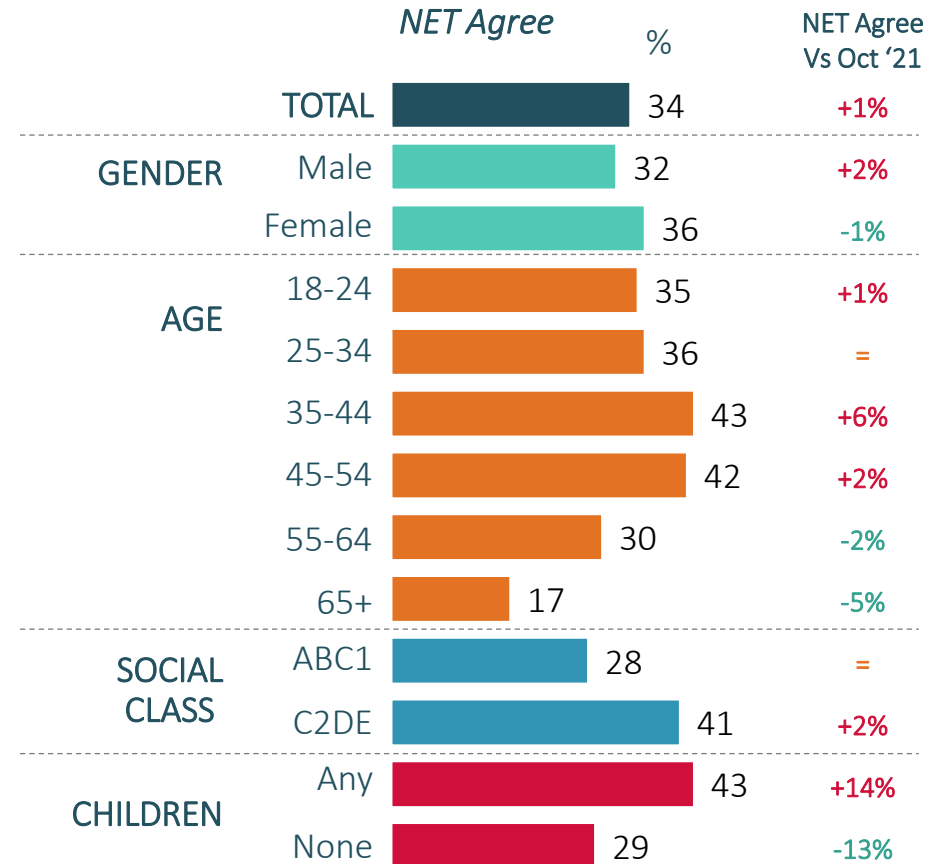
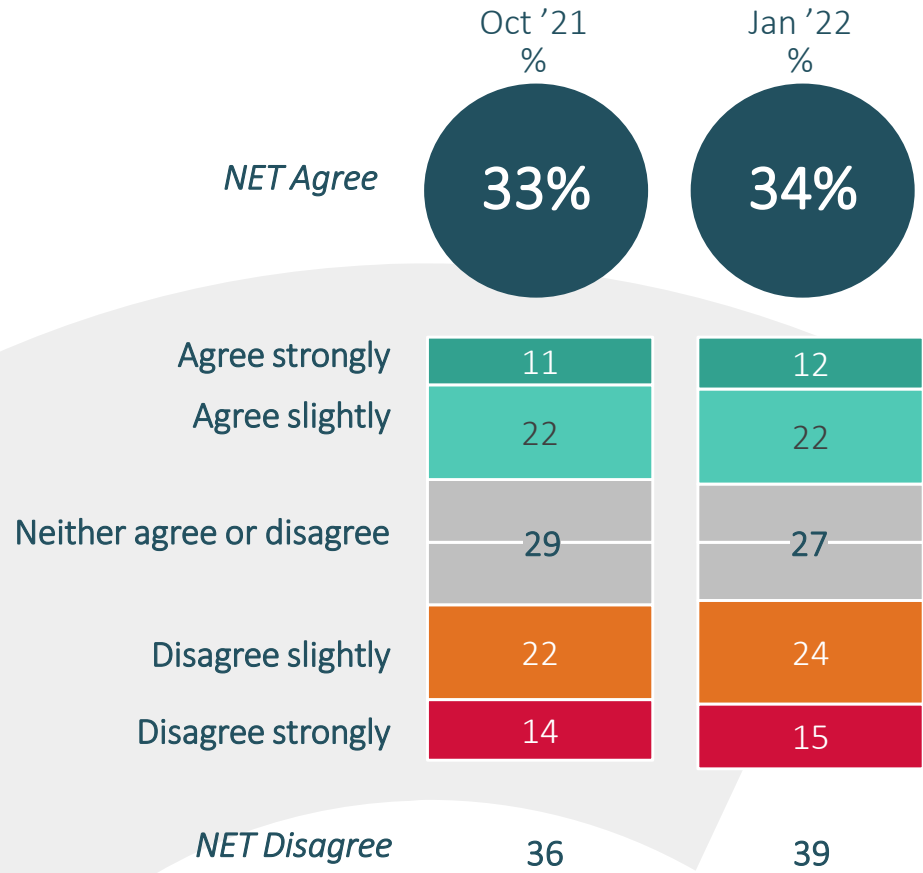


# One third remain struggling to make ends meet



While almost 2 in 5 say they are not struggling. Both of these figures have increased slightly on Oct, possibly evidence of a K-shaped recovery. 35-54 year olds and lower social grades are noticeably more negative.

## I am struggling to make ends meet

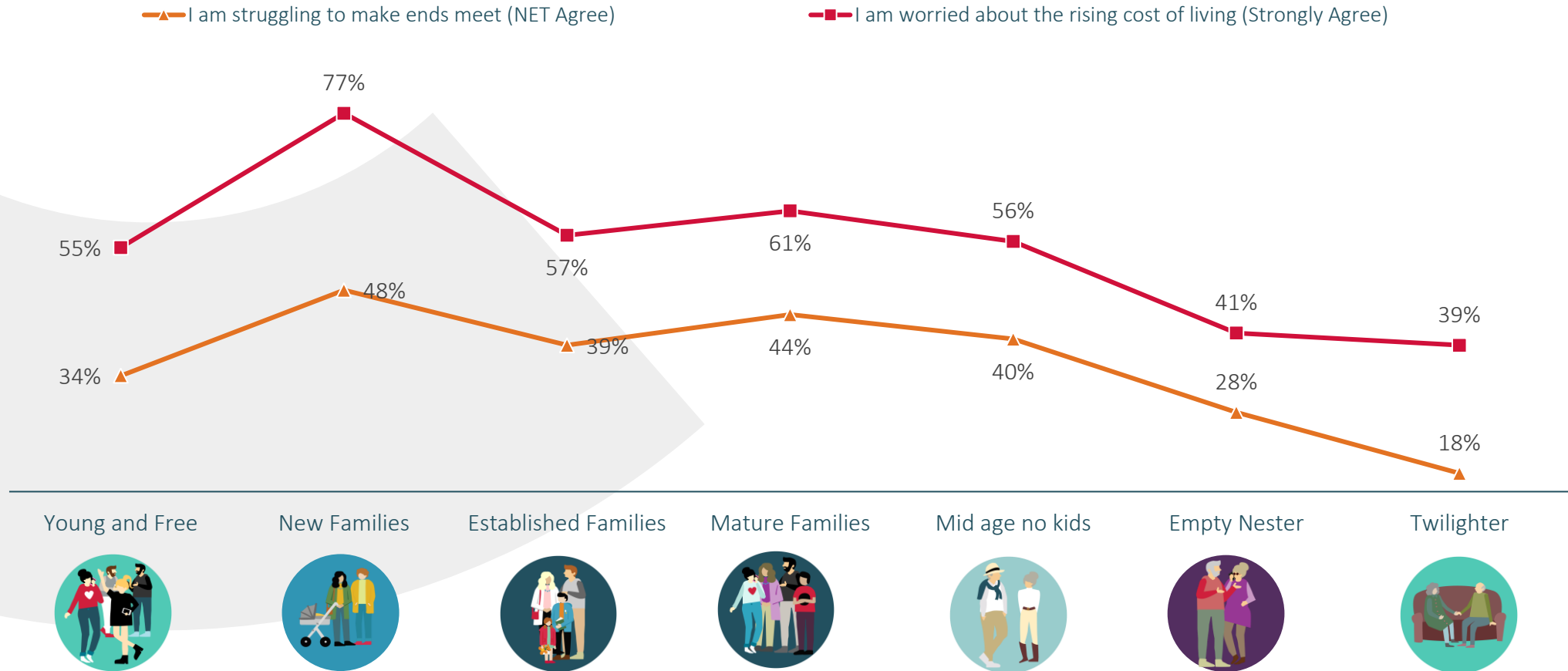


# New Families most likely to be struggling



New Families are the most likely segment to report to be struggling to make ends meet and to be worried about the rising cost of living. Worry is lowest among the oldest segments, particularly twilighters.

## Indicators by lifestage segments



**Two years on from the UK leaving the EU, yet people still are concerned about the lasting impact Brexit will have on the Irish economy**



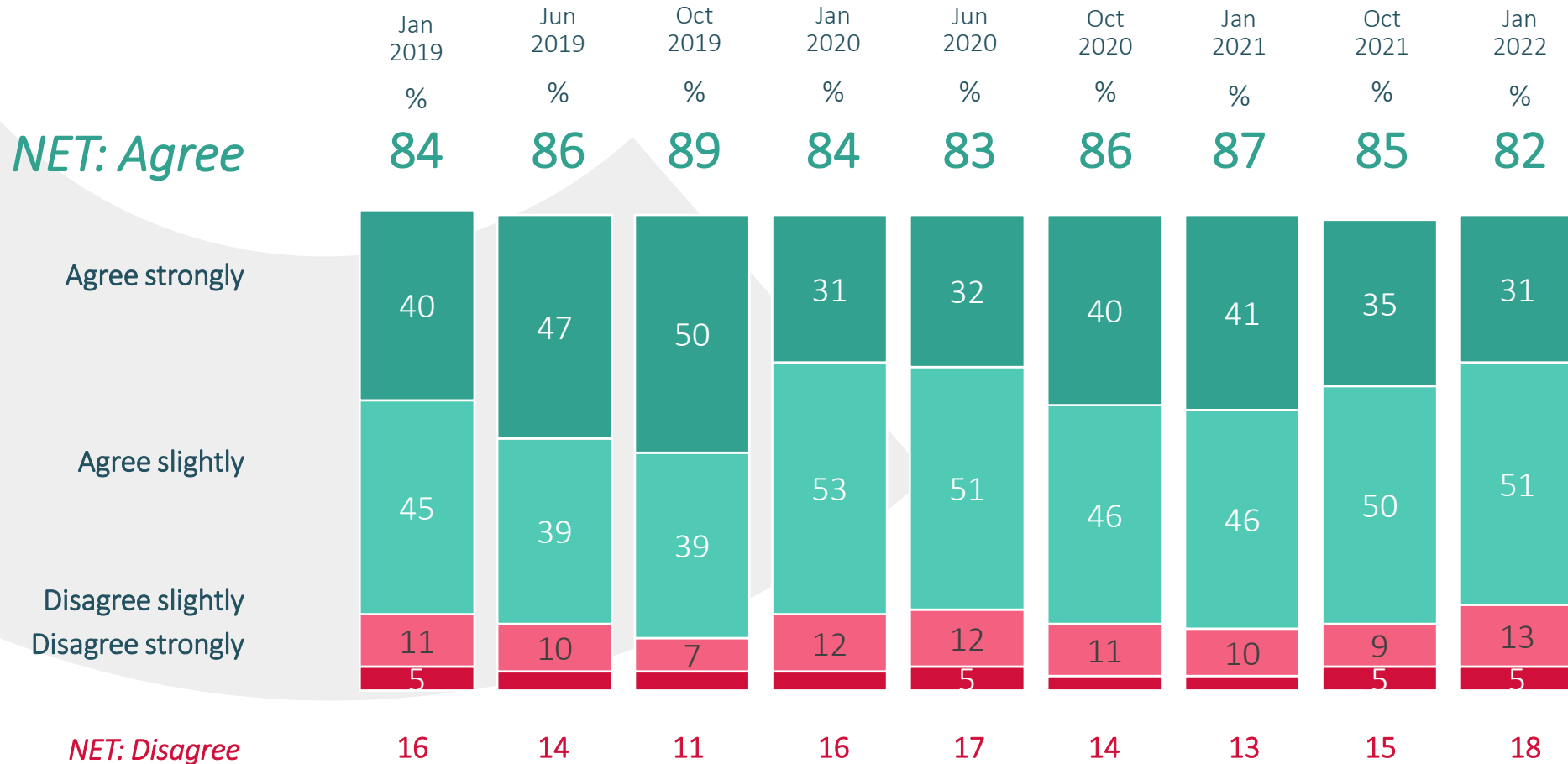
# Brexit still a major worry for Irish consumers



While agreement that Brexit will negatively impact Ireland's economy is down slightly on previous waves, over 4 in 5 still agree, not significantly changed in three years.

## Impact of Brexit on Ireland's Economy

*"I am worried that Brexit will have a negative impact on Ireland's economy"*



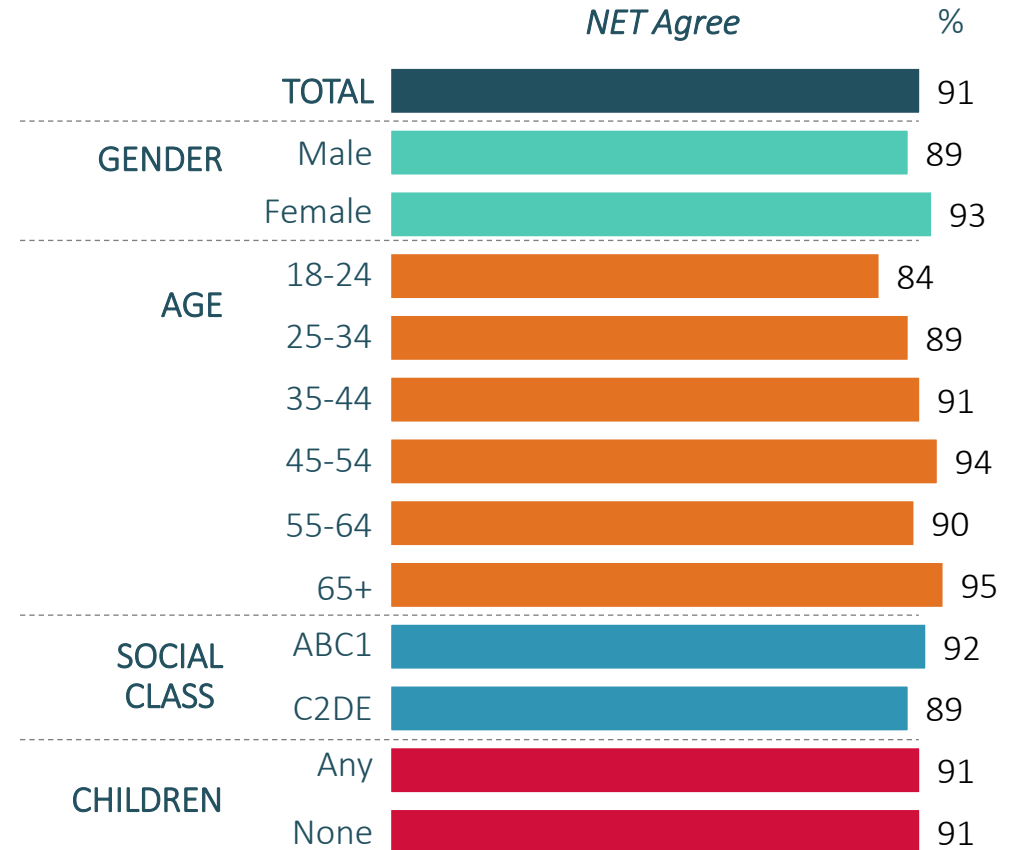
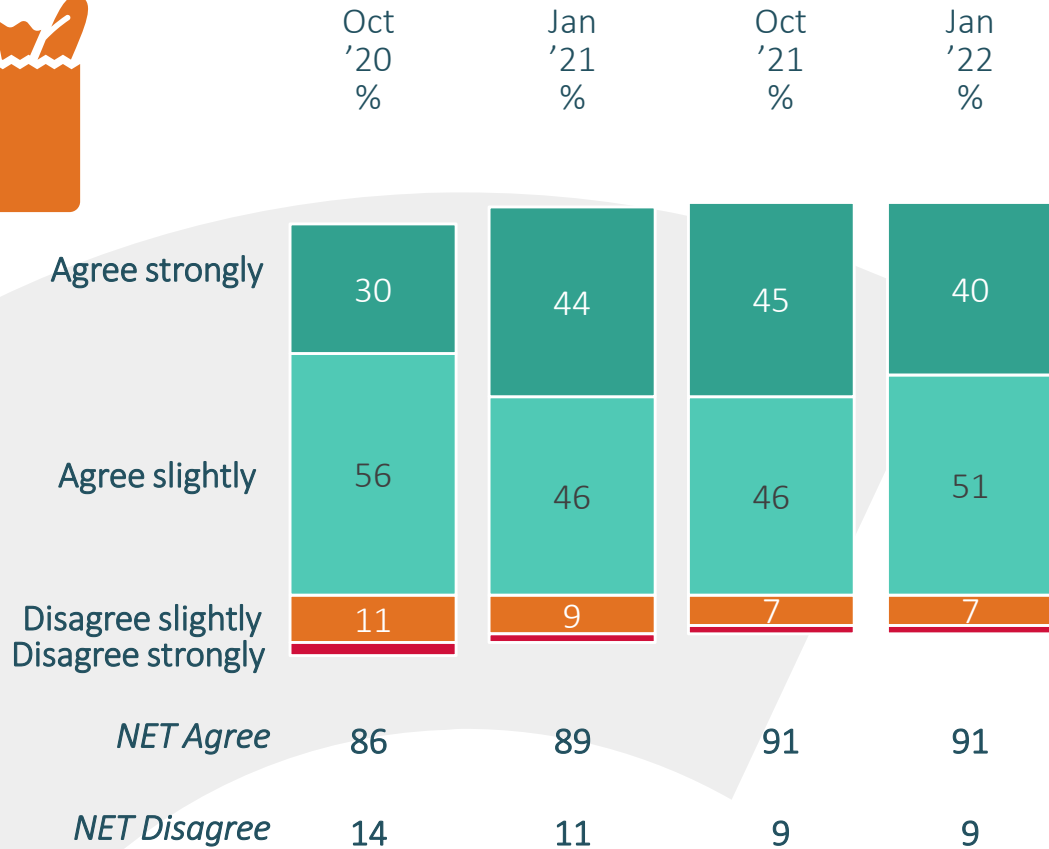


# Vast majority still believe Brexit will lead to higher food costs



Unchanged from October 2021, over 9 in 10 still believe that Brexit will lead to higher prices on food and goods in Ireland.

I think Brexit will lead to higher prices on food and consumer goods here in Ireland

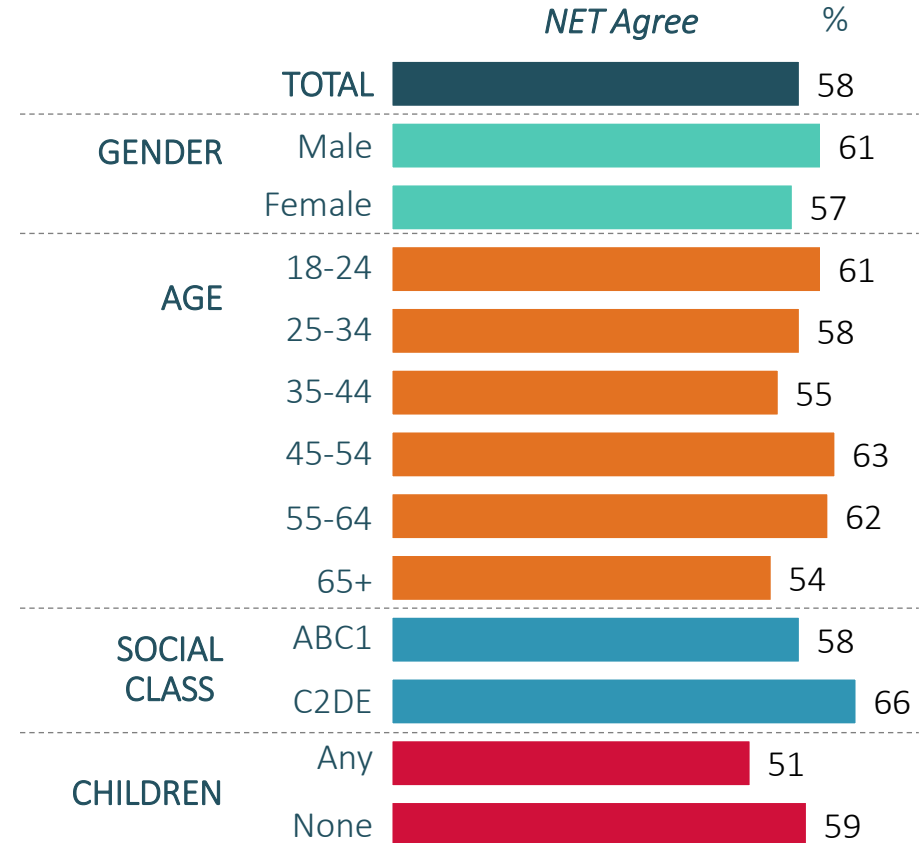
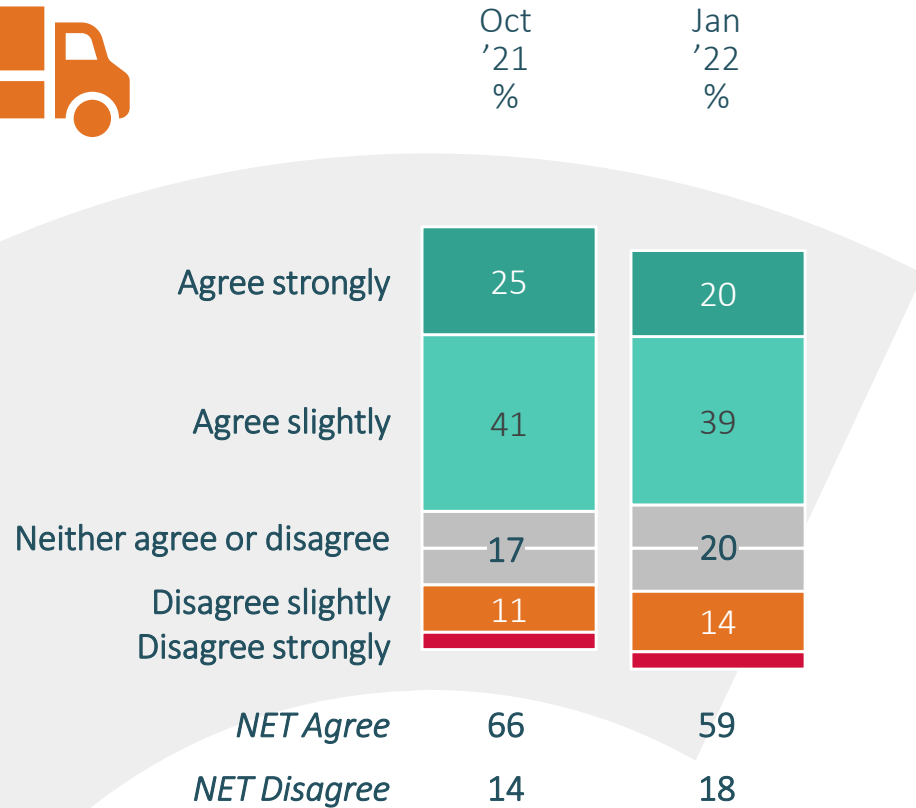


# Worry about Brexit and supply chain issues still evident



Concerns around Brexit and supply chain issues have been somewhat alleviated since October, possibly now that Christmas is past. However, roughly 3 in 5 consumers are still concerned about goods shortages.

I am concerned that there could be shortages of goods that I wish to purchase due to Brexit/supply chain issues



# Appendix

- Methodology
- About RED C

# Methodology

- 1,036 online interviews were conducted using RED C's online panel, RED C Live – this methodology has been used since June 2018.
- Waves before and including January 2018 were conducted using a telephone (CATI) methodology.
- Quotas were set and data weighted to ensure a nationally representative sample of the population aged 18+ years.
- This is the 43<sup>rd</sup> Wave of the RED C Consumer Mood Monitor and fieldwork was conducted from the 21<sup>st</sup> – 26<sup>th</sup> January 2022.



# RED C Who are we?

With offices in **Dublin, Dundalk and London** RED C are one of Ireland and the UK's premier providers of research-based consultancy services.

**Founded in Dublin in 2003**, we have been providing **high quality** research based consultancy services to both blue chip and up and coming businesses both **nationally and internationally** for many years.

Now **50 highly experienced and skilled** staff, look after the insight needs of companies **worldwide**.







We deliver

# CLARITY

to business by truly understanding how humans behave, feel and act

Helping you **See More Clearly**, by better understanding business opportunities, plus growth, retention and change strategies

### Opportunity



Understanding people, behaviour, markets, society and technology in order to uncover opportunities.

### Growth



Uncovering choices, preferences and decisions that enable business to design brands, products and services that beat the competition.

### Retention



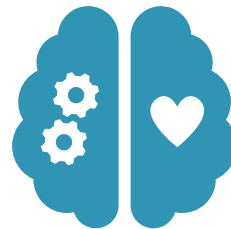
Mapping and delivering easy and enjoyable customer journey's and experiences to maximize purchase and retention.

### Change



Accelerating how products and services are adopted and marketed.

Underpinned by understanding of real human behaviour, and using a set of specially designed products



System 1



RED Star

Conducted in over 30 markets across the world in the past year





# Using a variety of techniques to uncover & understand





RESEARCH  
EVALUATION  
DIRECTION  
**CLARITY**

*See More, Clearly*

**REDC**