



Consumer Mood Monitor

January 2023



Despite some slight improvement in consumer confidence recorded at the start of 2023, most still remain downbeat about the economic outlook for the coming six months, with no real expectation of a let-up in the cost of living crisis – consumers continue to look for ways to cut costs in order to offset this

Most consumers remain downbeat about the economic outlook



1

Compared to recent months, fewer believe that the Irish economy is to disimprove further. While we do see slightly more who expect the economy to recover, this difference is mostly made up by those who expect the economy to remain the same.

2

Amid reports of slower house price growth and further ECB rate increases, the majority still expect the cost-of-living, cost of borrowing money, and the affordability of housing to fare worse.

3

Concerns about the outlook for the labour market remain heightened, with half expecting the employment situation to deteriorate and this no doubt has been influenced by some recent high profile job losses in the technology and retail sectors.

4

Just less than two-thirds also believe their discretionary disposable income will fall in the coming six months, most likely due to an expectation of increased costs as result of rising prices.

5

Despite that, there is an increase in consumers expecting to spend more on holidays, consumer goods and entertainment – again, this is likely to reflect higher costs associated with these things, rather than necessarily an increase in volume purchases.

6

Many consumers have already taken action and made changes to their spend on groceries, frequency of socialising, streaming subscriptions, switching utility providers and newspaper / magazine subscriptions. There are also more people now planning to make changes to their mortgage and health insurance products (typically more complex products to change).



**Consumer outlook
remains decidedly
downbeat on the
whole, but with
fewer expecting it to
actively worsen**

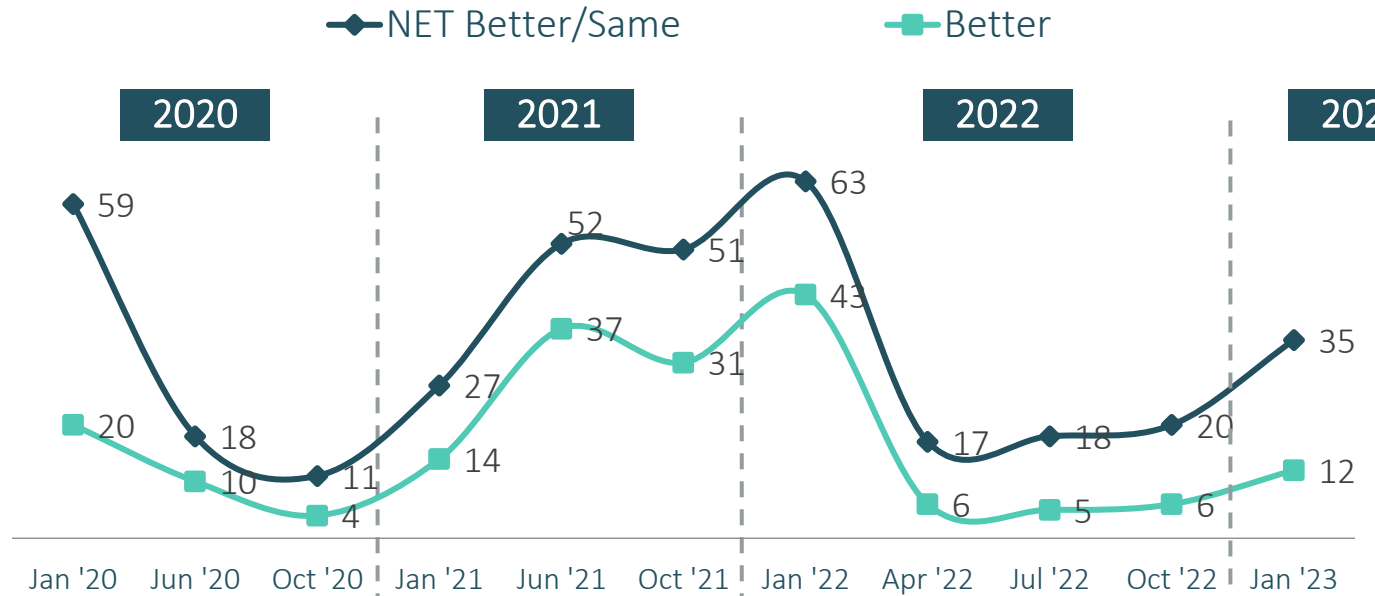




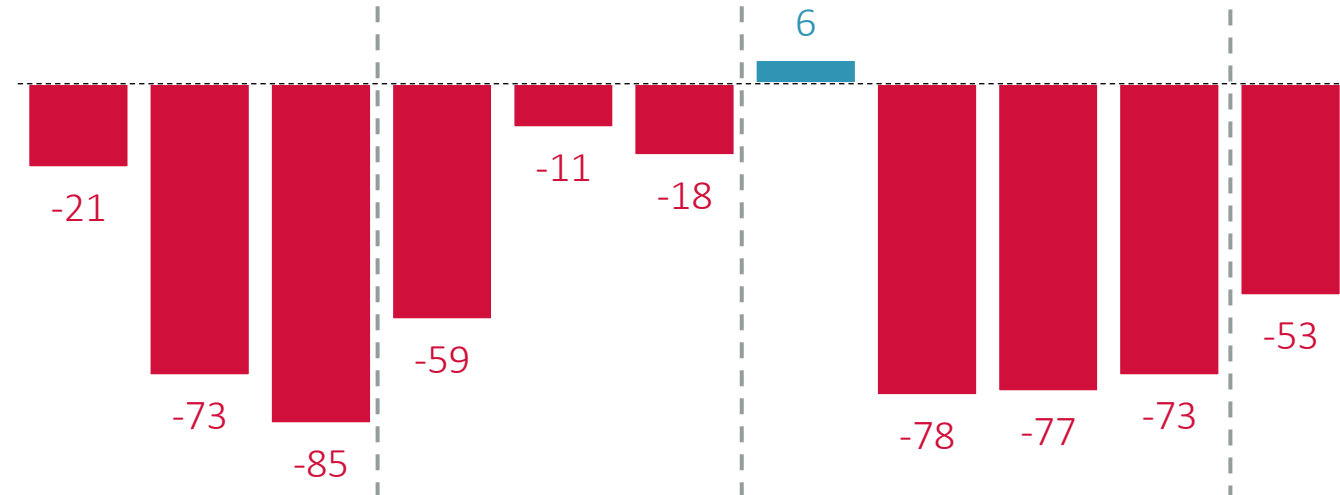
The majority still believe that the economy is set to worsen in the first half of 2023

At the same time, we are starting to see the beginning of renewed positivity with a small number either believing the worst is behind us, or that we have weathered the economic storm better than expected.

Expectations for the Irish economy over the next 6mths



NET Expectations = % Better minus % Worse

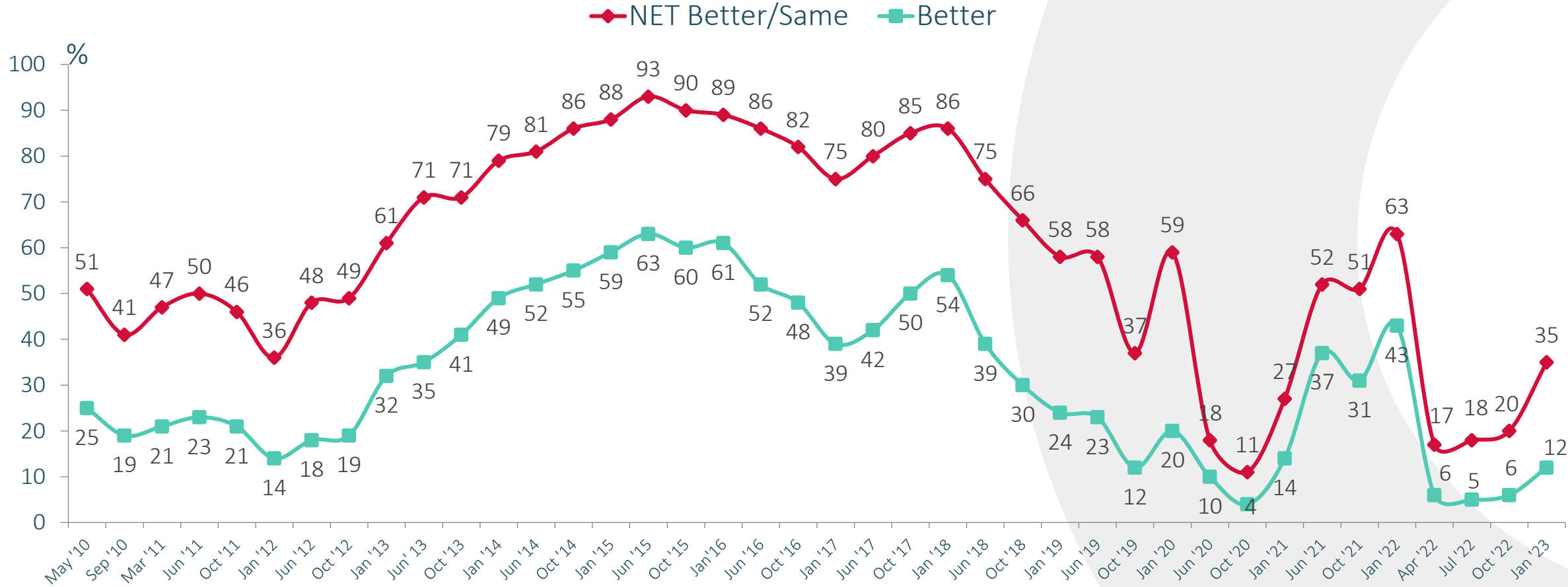


Despite some recovery, consumer confidence remains very low



Compared to Oct, fewer believe the economy will fare worse, but this difference is mostly made up of those who believe it will stay the same. Slightly more also believe it will improve. Most still expect it to worsen.

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



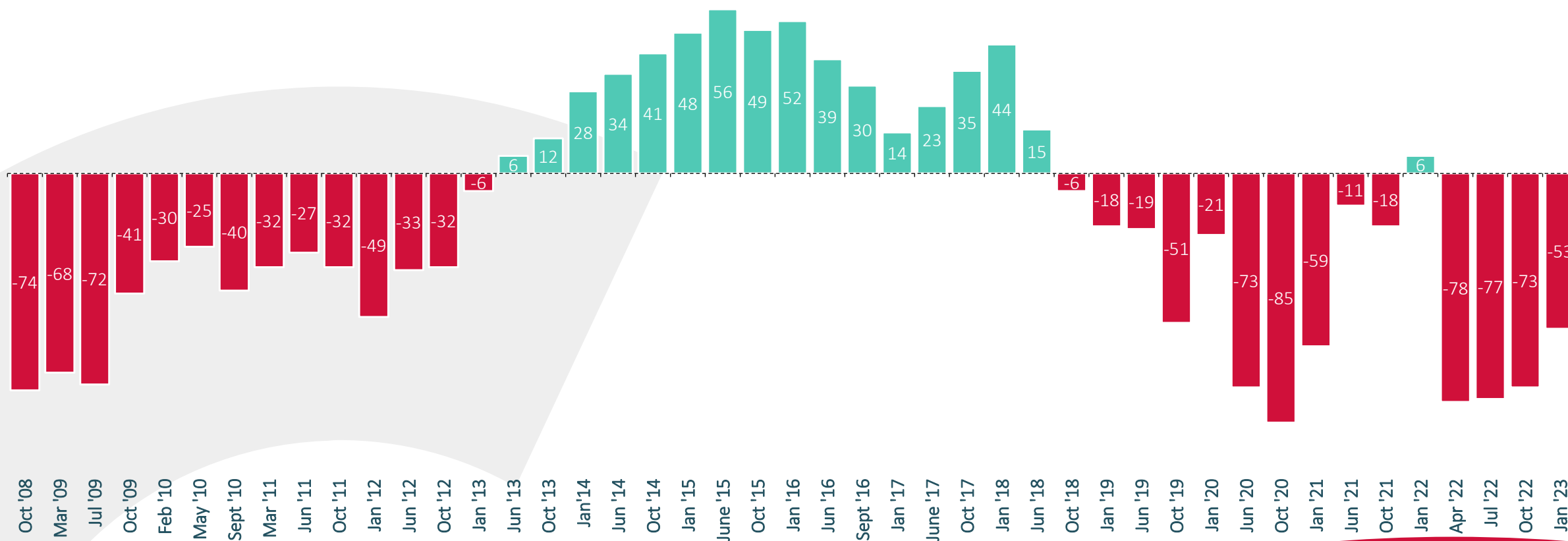
Outlook remains decidedly negative on the whole



While being less negative compared to levels seen over the past nine months, consumer confidence remains negative on the whole.

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

NET Expectations = % Better minus % Worse



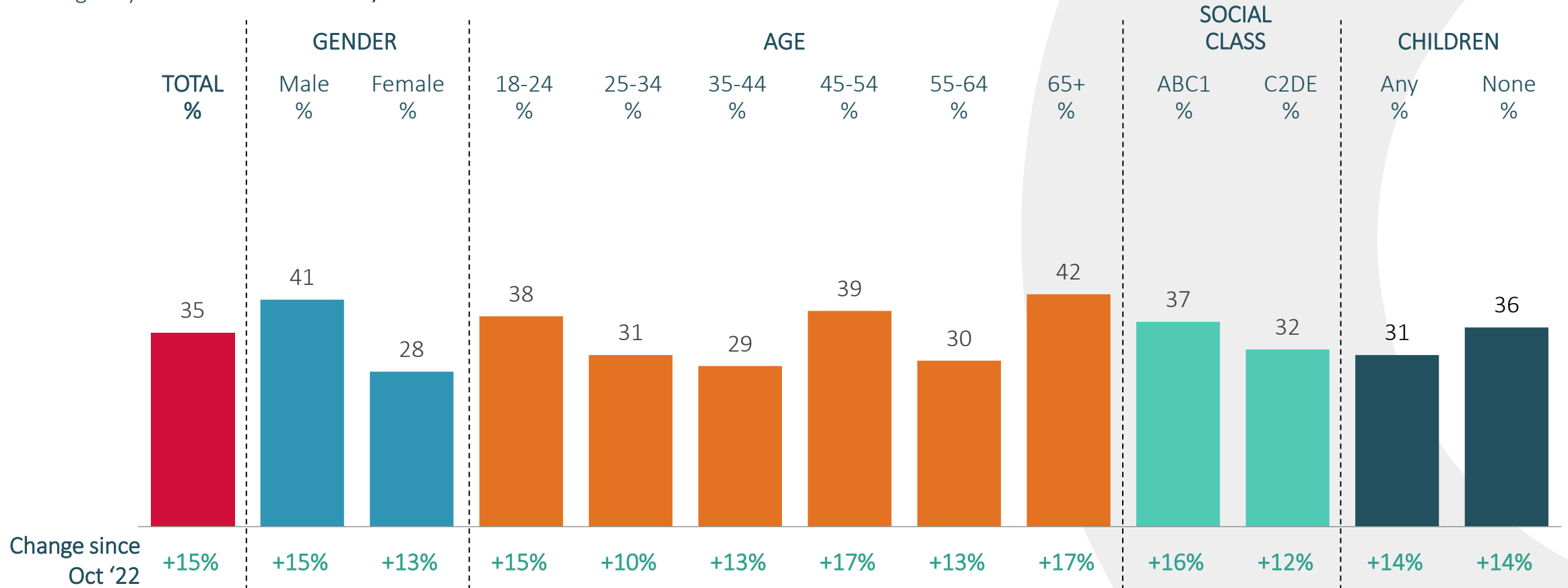
Uplift in mood reflected across all key demographic group



While still comparatively low, confidence in the economy is highest among men, over 65s, higher social grades and those without dependent children.

Expectations for the Irish economy 6 months from now

% Stating they believe it will be better/the same



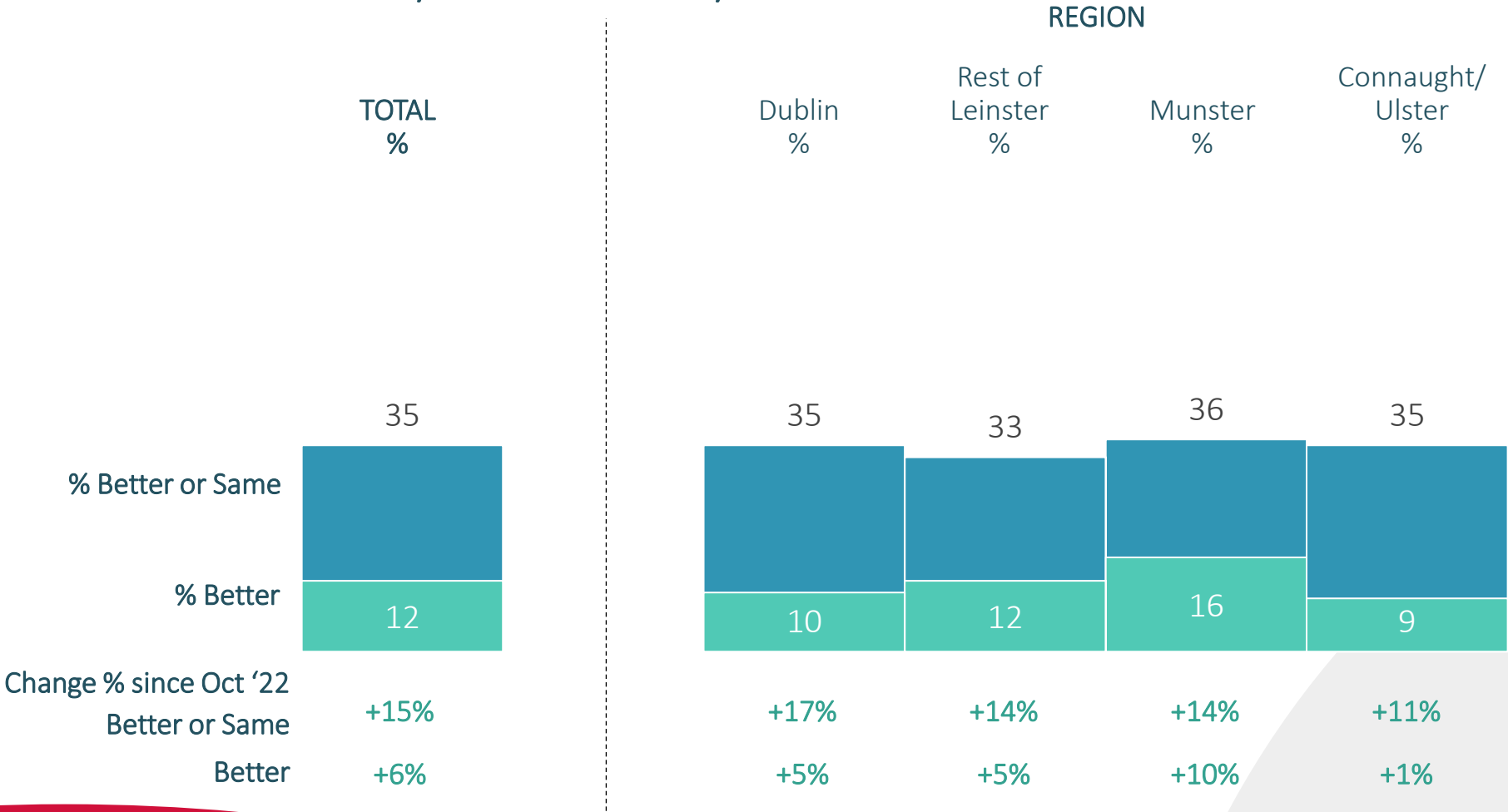
Consumer confidence low across all parts of the country



Consumer outlook has recovered slightly since October, but remains decidedly negative across all regions.



Expectations for the Irish economy across the country...



Similar trend seen for outlook on the world economy



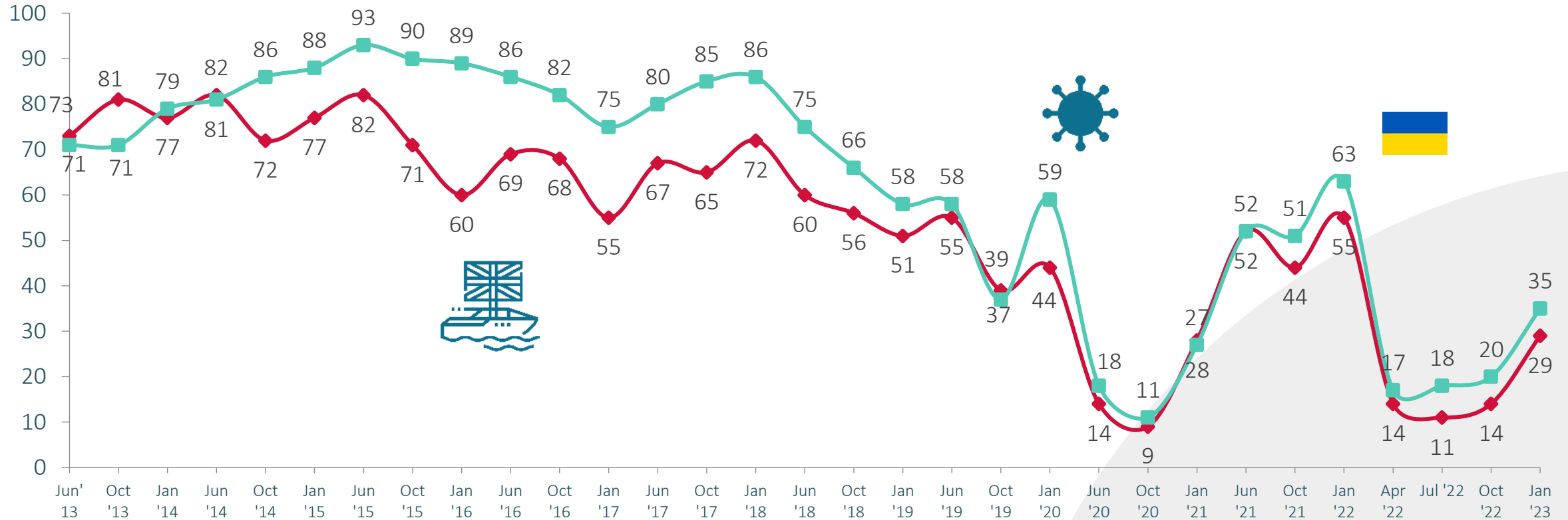
Expectations in the Irish and world economies continues to closely shadow each other with even lower confidence in the world economy recorded.



Expectations for the Irish & World Economy

% NET Better/Same
(next 6 months)

◆ World Economy ■ Irish Economy



**Majority expect
the cost-of-living,
cost of borrowing
money, and
affordability of
housing to
deteriorate
further in 2023**

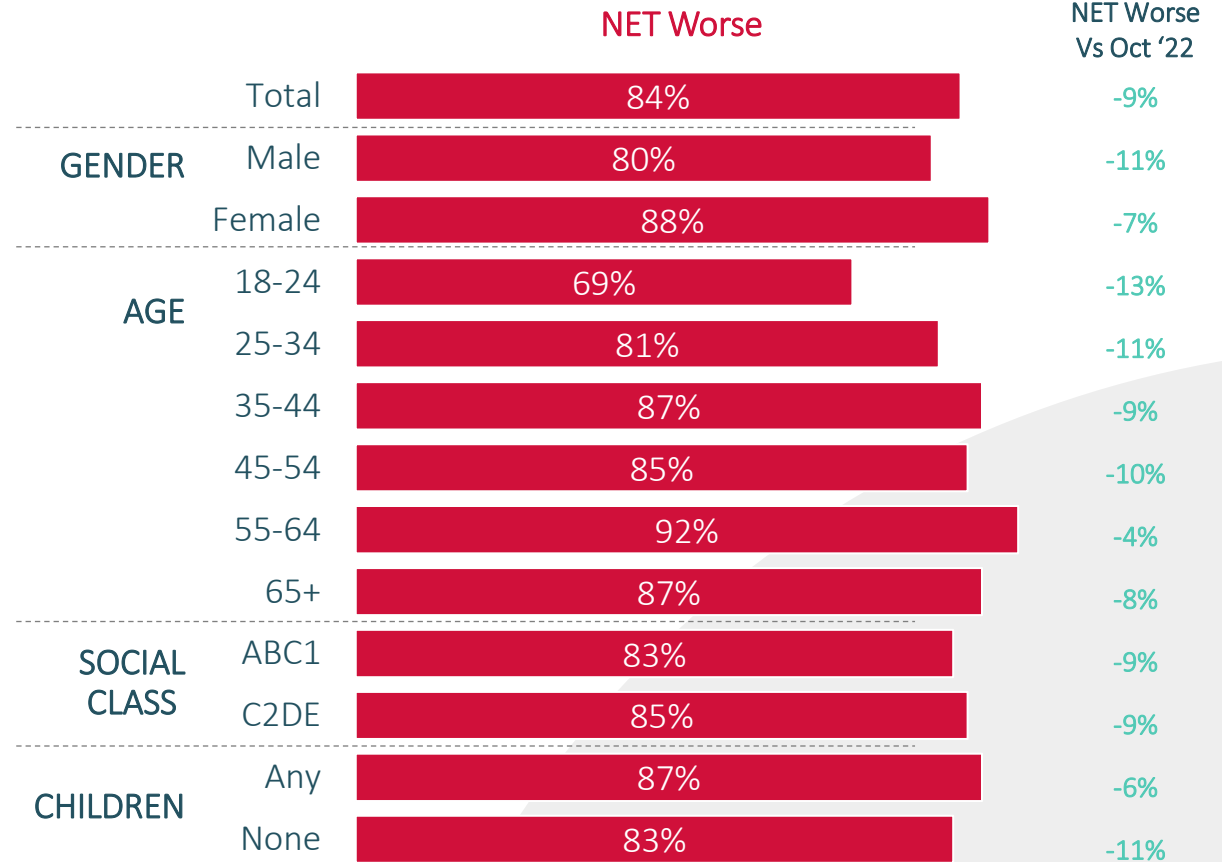
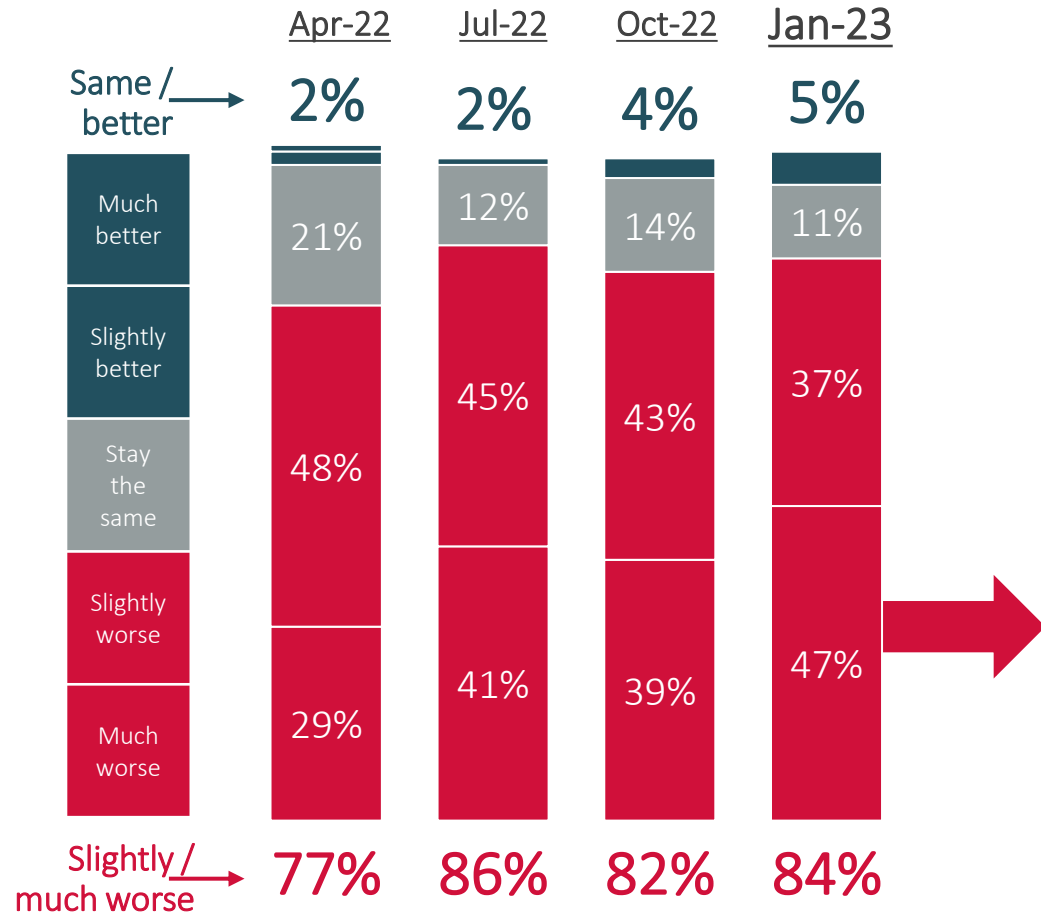


Over 4 in 5 continue to expect the cost-of-living to worsen

Almost half of consumers expect the cost-of-living to fare *much* worse in the coming six months, as the cost of living crisis continues to bite and prices rise across the economy



How do you expect the cost-of-living to fare in the next 6 months?



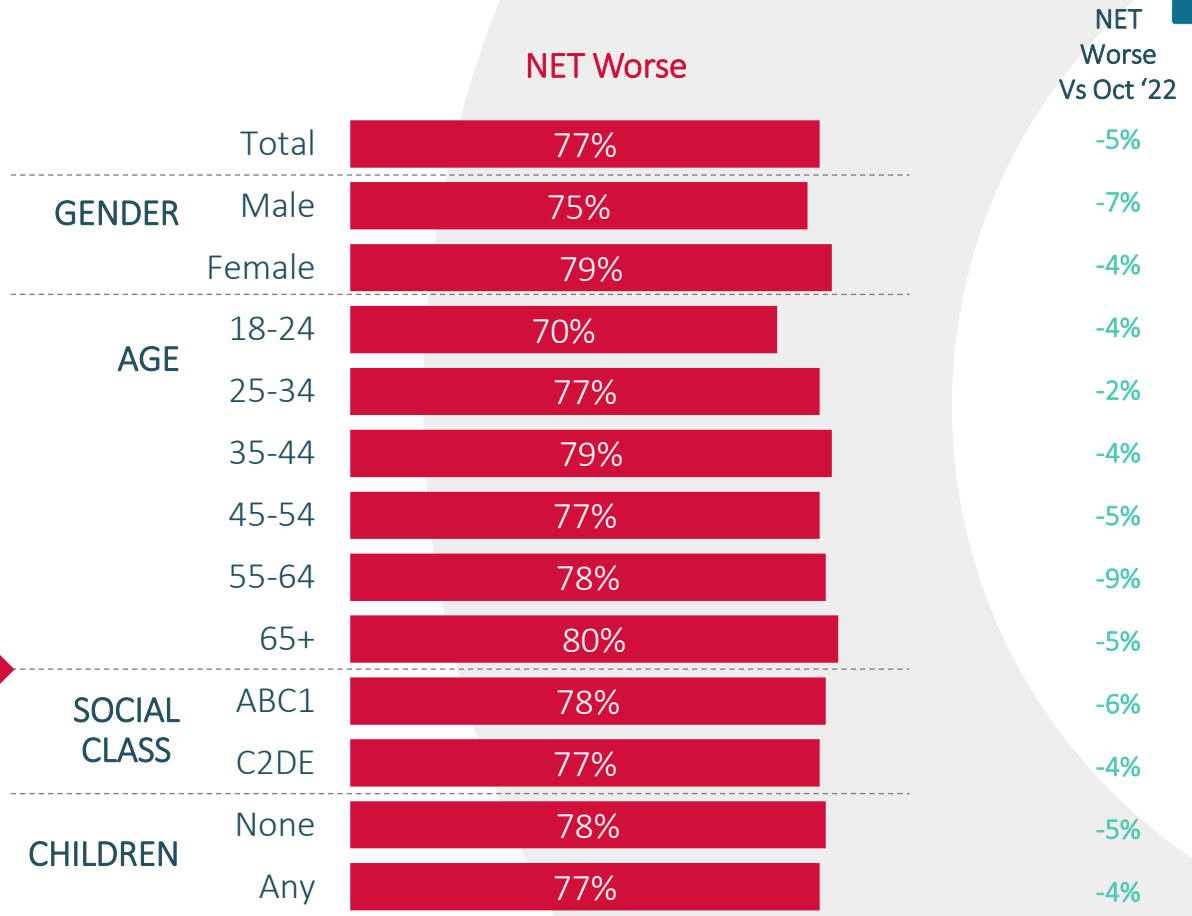
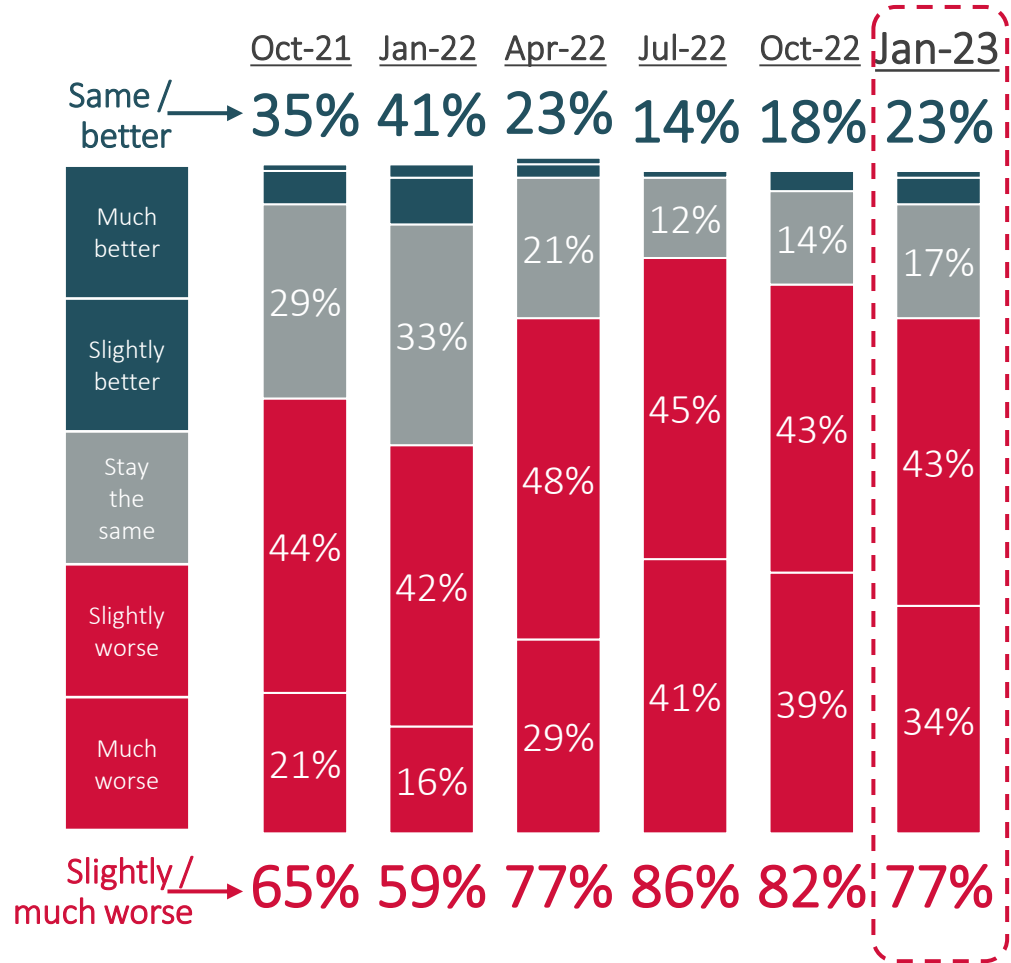
Consumers continue to expect the cost of borrowing to rise



Over three quarters expect the cost of borrowing money to deteriorate in the coming six months, with the ECB clearly signalling its intention to continue raising rates during 2023



The cost of borrowing money

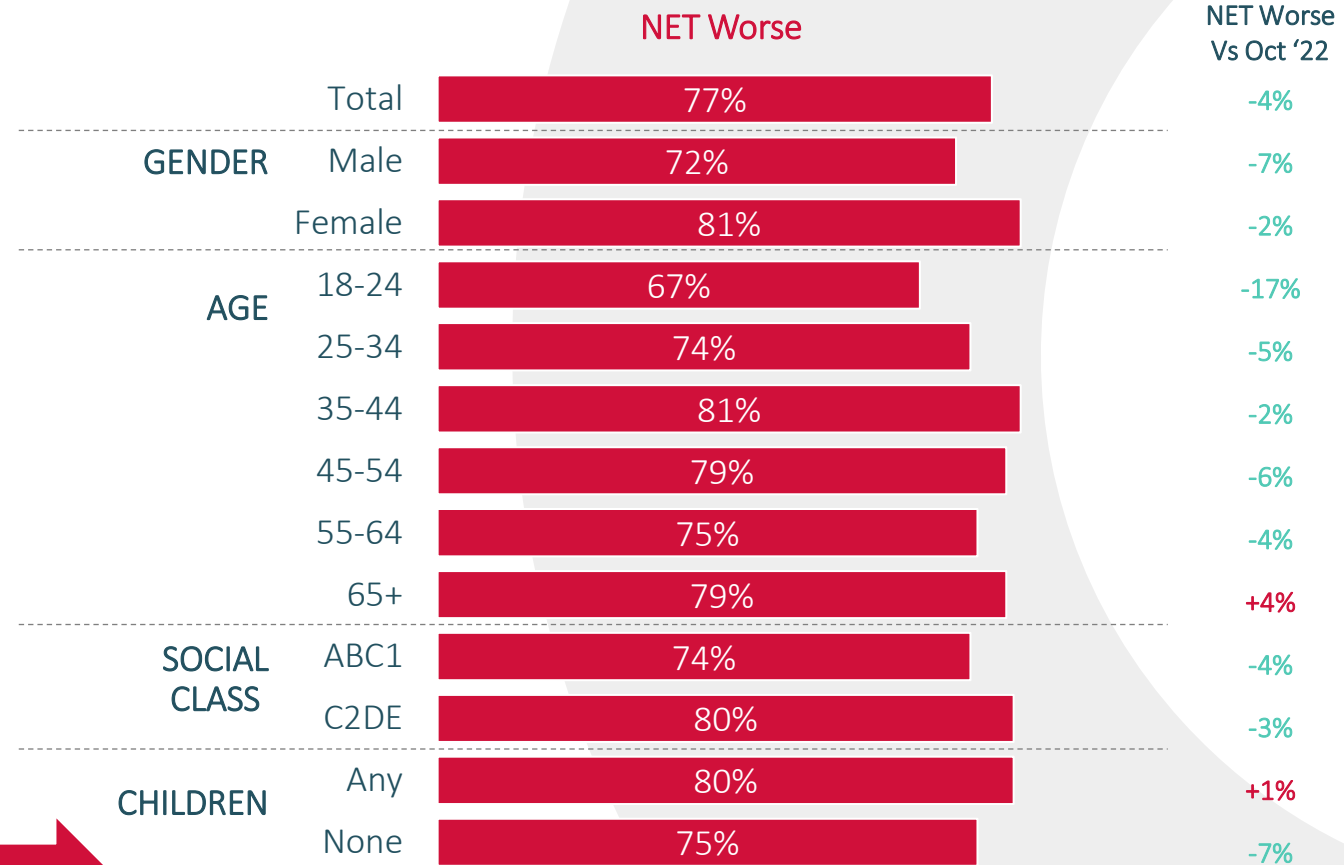
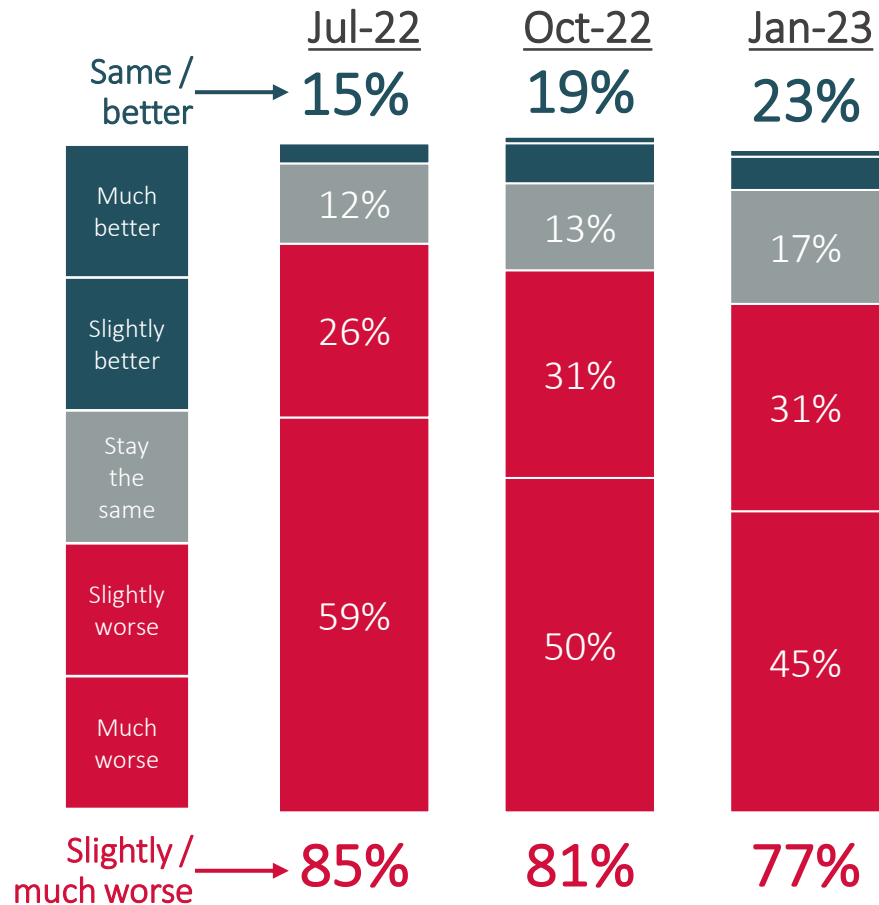


Vast majority continue to expect housing affordability to worsen



But there has been a slight increase in those expecting prices to stabilise over the last three waves, reflecting some reports that house price growth has been slowing down

How do you expect the affordability of housing to fare in the next 6 months?



**Concerns remain
about the outlook for
the jobs market and
most still expect
discretionary
disposable income to
fall further in 2023**



Still many concerned about the outlook for employment

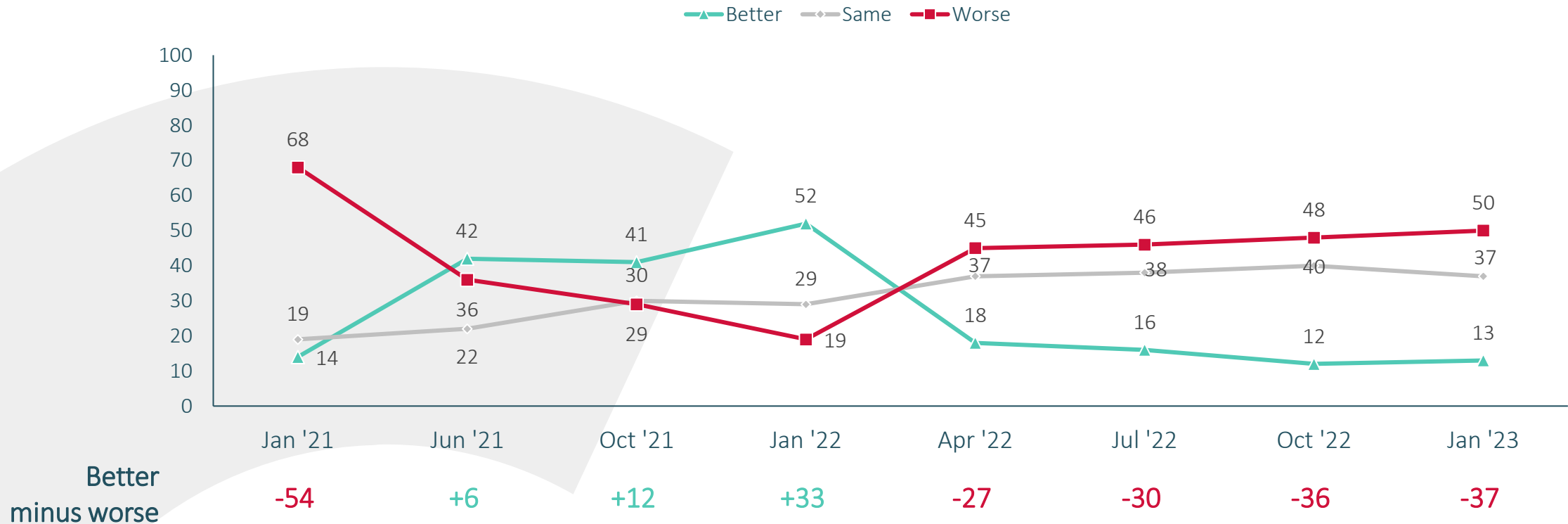


Creeping up since the beginning of the cost-of-living crisis, a half now expect the employment situation to worsen in the coming six months – recent high profile job losses in the tech sector are likely to heighten

Expectations for the next 6 months for...



Employment; the ability to get & move jobs



Majority also fear their disposable income will fall in 2023

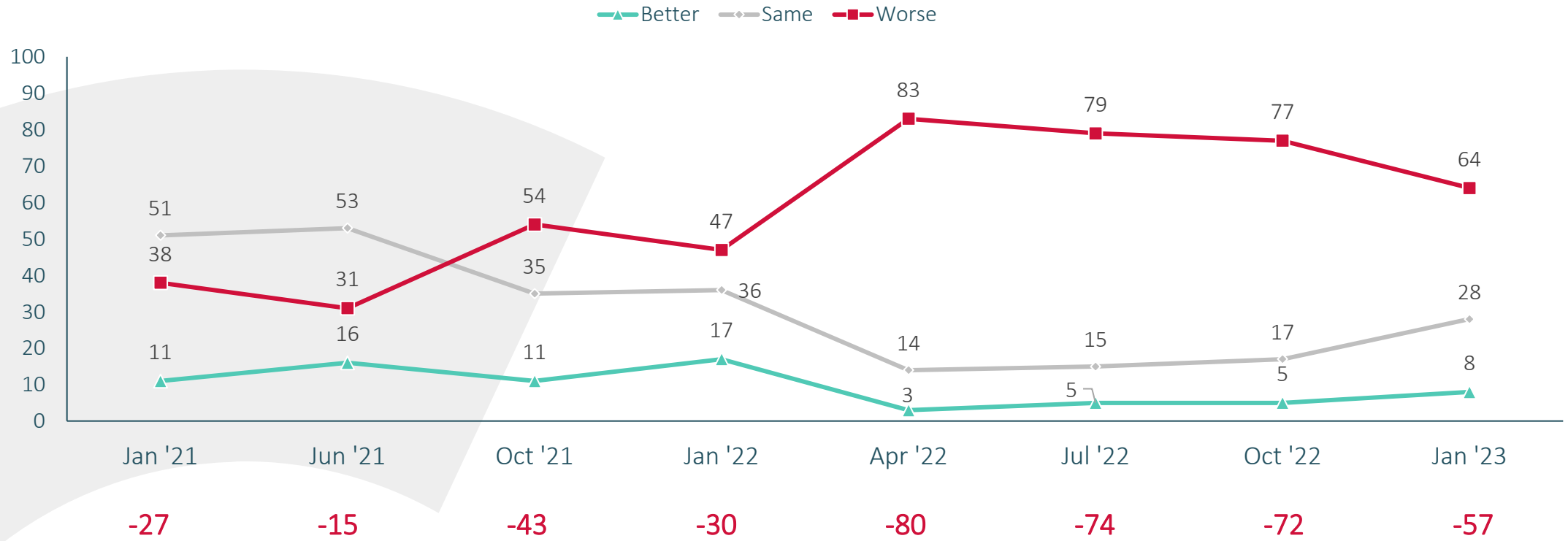


While the proportion concerned about declining disposable income has fallen back a bit since last year, no doubt many rising costs are eating into what is available to them for discretionary spending

Expectations for the next 6 months for...



Your level of discretionary disposable income*



Better
minus worse

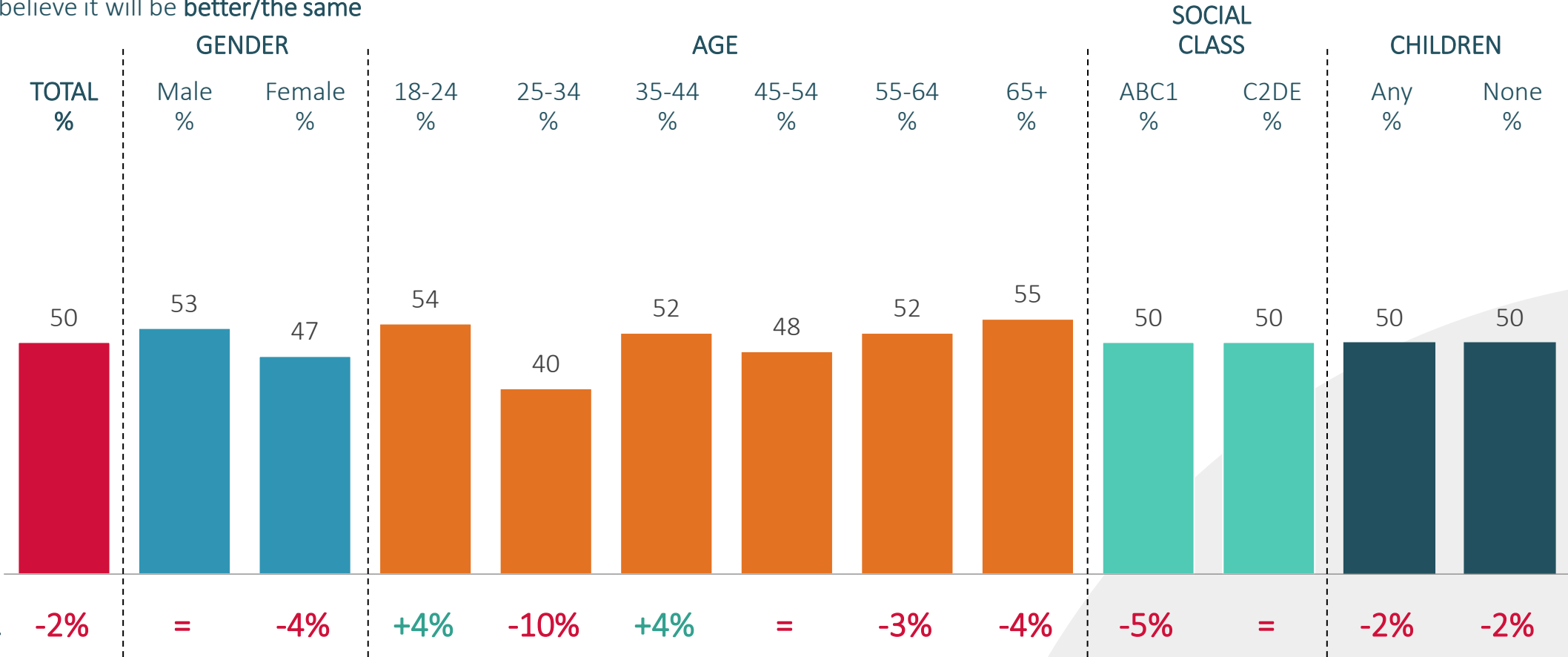
*changed from 'Your Disposable Income' in Oct 2021

Outlook on employment lowest among 25-34 year olds



Expectations for employment in the next 6 months

% Stating they believe it will be better/the same



Vs. Oct 2022

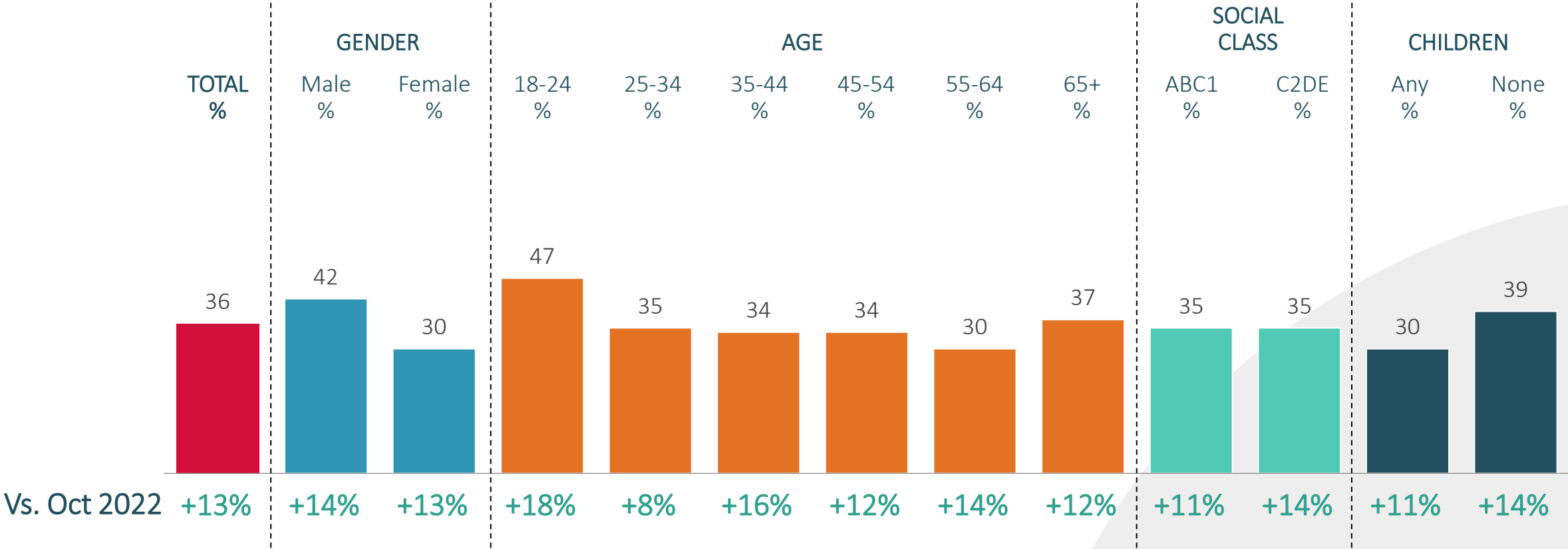
Clear age and gender gaps in terms of outlook on income



Women, those aged 25-64, and parents are less likely to believe their level of disposable income will improve. 18-24 year olds are the most likely to believe theirs will improve.

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

% Stating they believe it will be better/the same



More expecting to decrease spend on fuel and energy, and increase spend on holidays, entertainment and consumer goods



Uptick in number expecting to up discretionary spending



Consumers are expecting to spend more on holidays, entertainment and consumer goods, although this is quite likely reflecting an expectation of higher prices in these areas rather than a higher volume of spend

Vs Oct '22

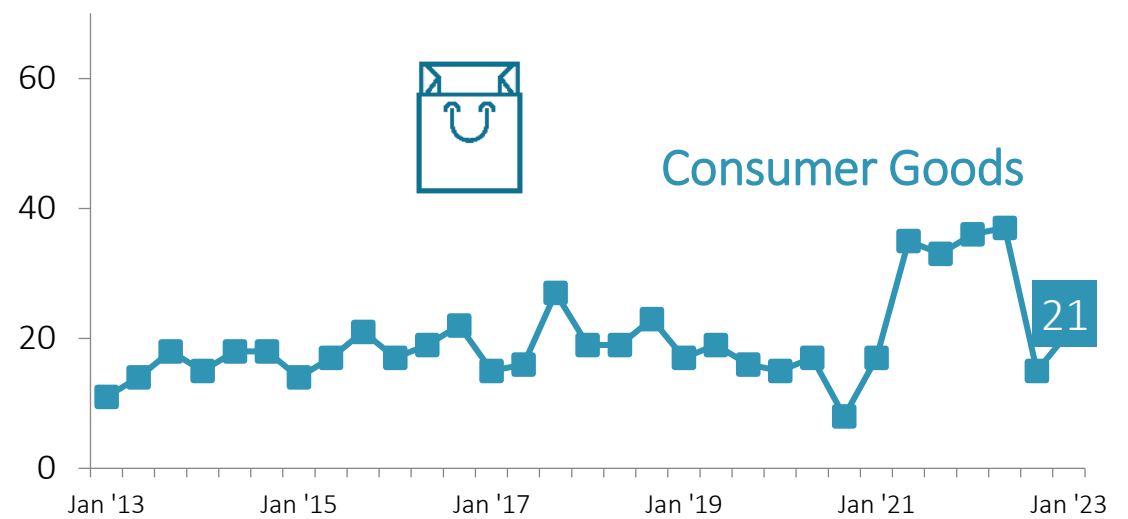
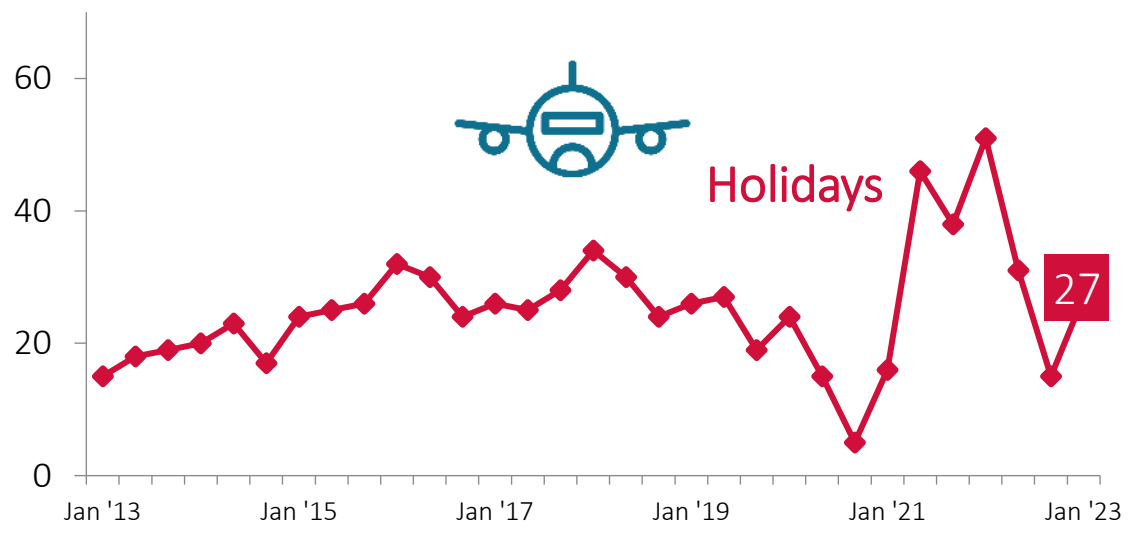
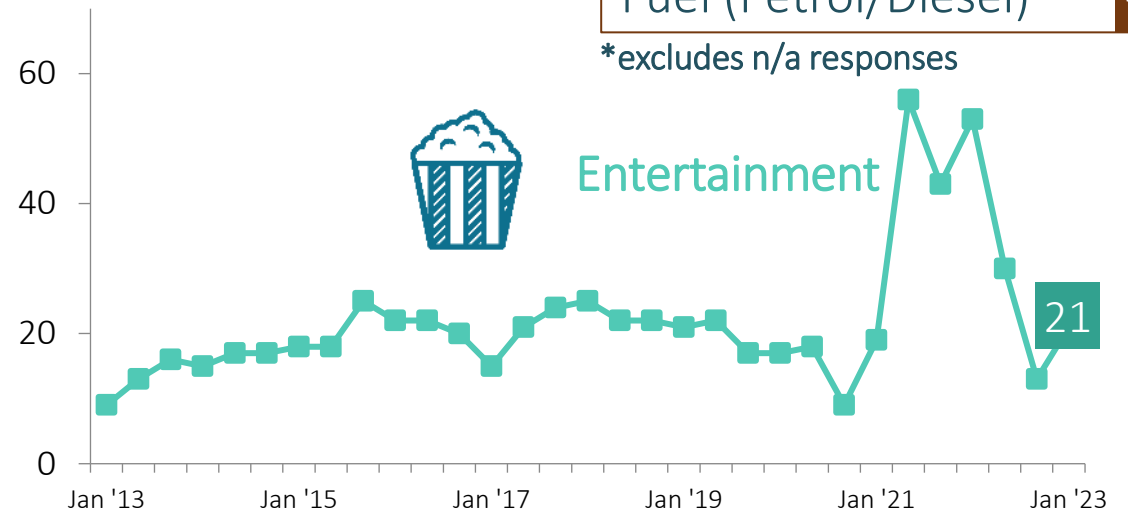
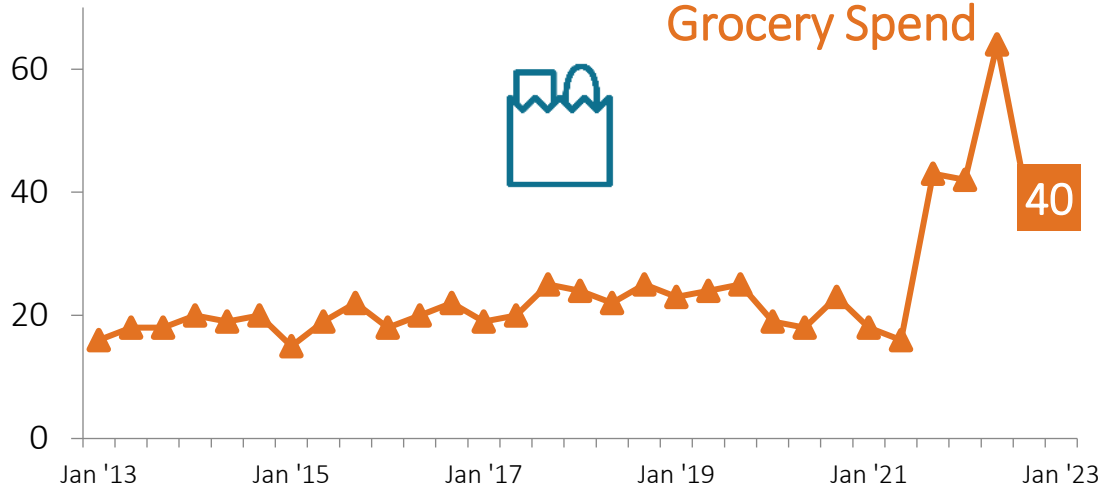
Expected Increase in Spend In The Next 6 Months

% Likely to increase spend
(next 6 months)

Household Energy Bills	61	(-12)
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Fuel (Petrol/Diesel)*	45	(-8)
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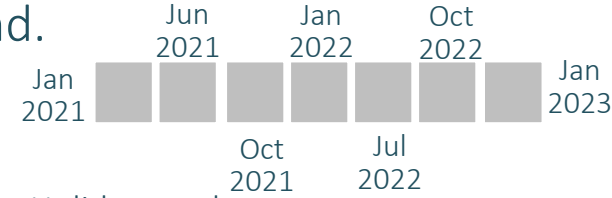
*excludes n/a responses



Increase in number expecting to increase their discretionary spend

Compared to October, more expect to up their spend on entertainment, consumer goods and holidays, but more are still planning on cutting back on these areas than to up their spend.

Expected Changes In Spend Over The Next 6 Months



Entertainment such as going out, eating, drinking or socialising



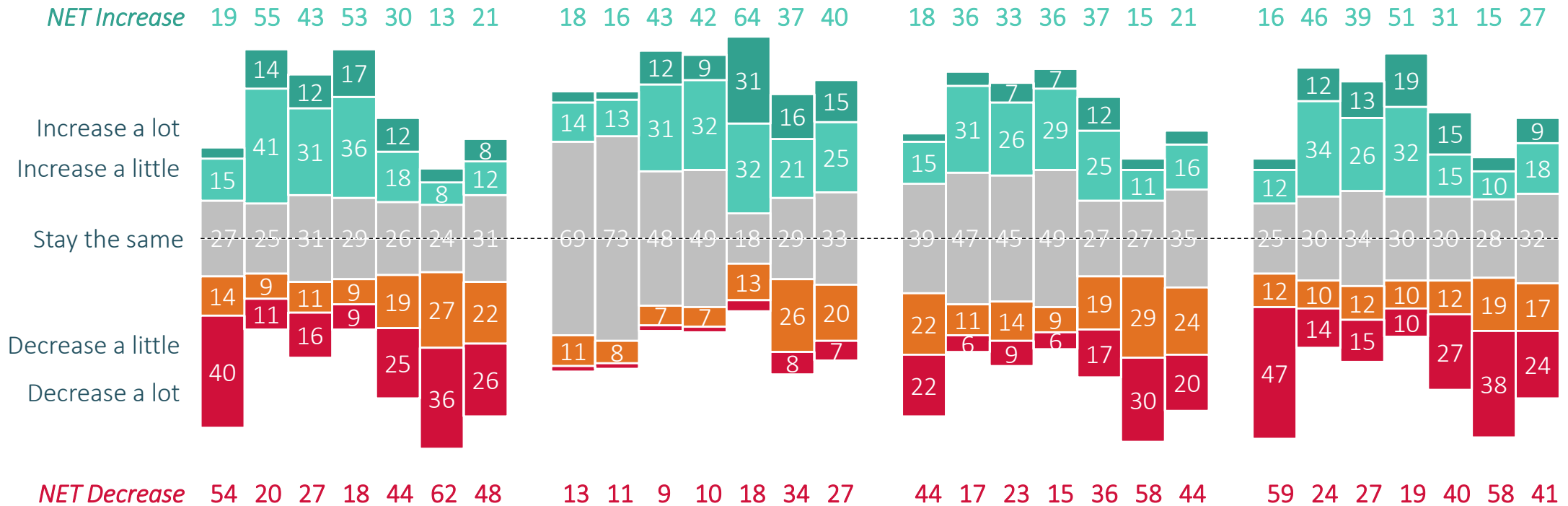
Grocery spend



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



Holidays and short breaks



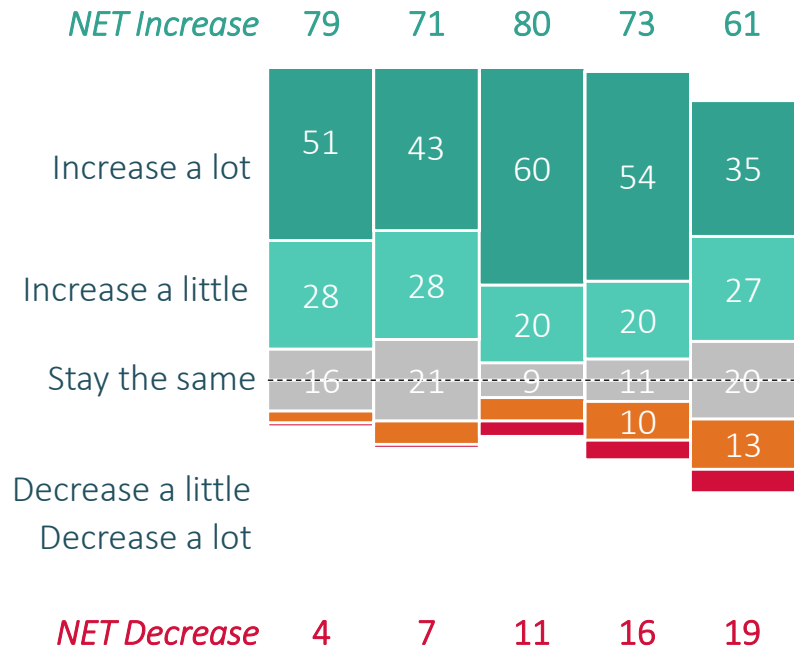
Fewer expecting their energy/fuel spend to increase



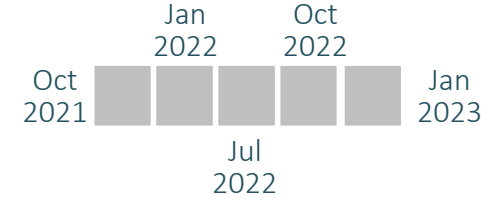
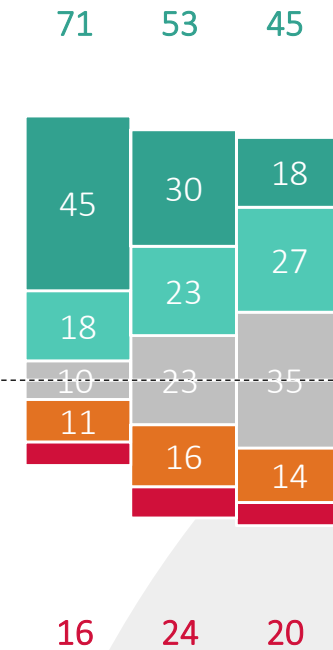
Although fewer expect higher energy bills, the majority still expect their spend to increase. Almost half expect their fuel spend to increase with a third expecting it to stay the same.

Expected Changes In Spend Over The Next 6 Months

Household energy bills e.g. electricity, gas*

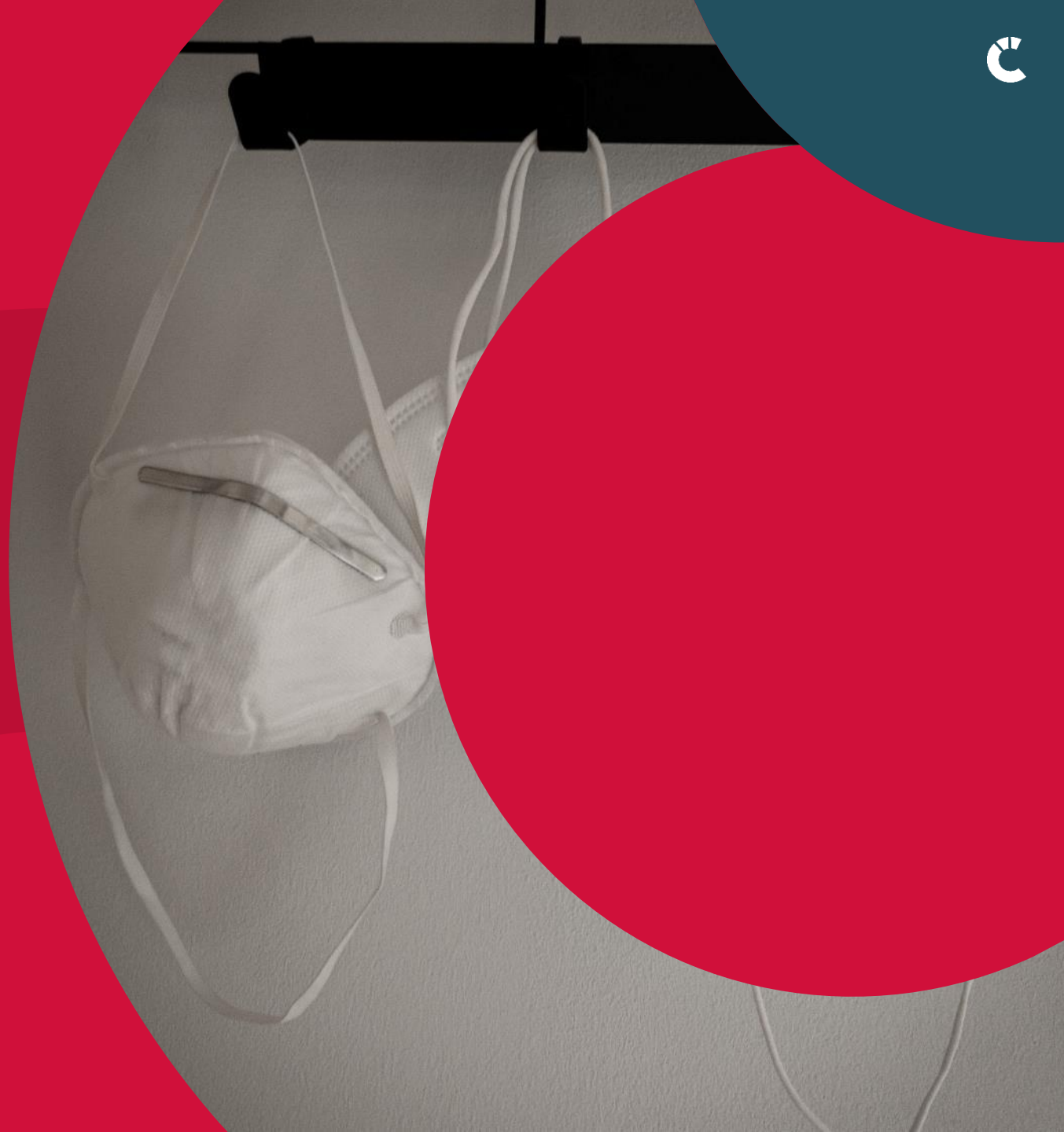


Fuel (petrol/diesel)*



*excludes n/a responses

**Great majority
believe the
pandemic will fare
the same or better
in the coming
months**

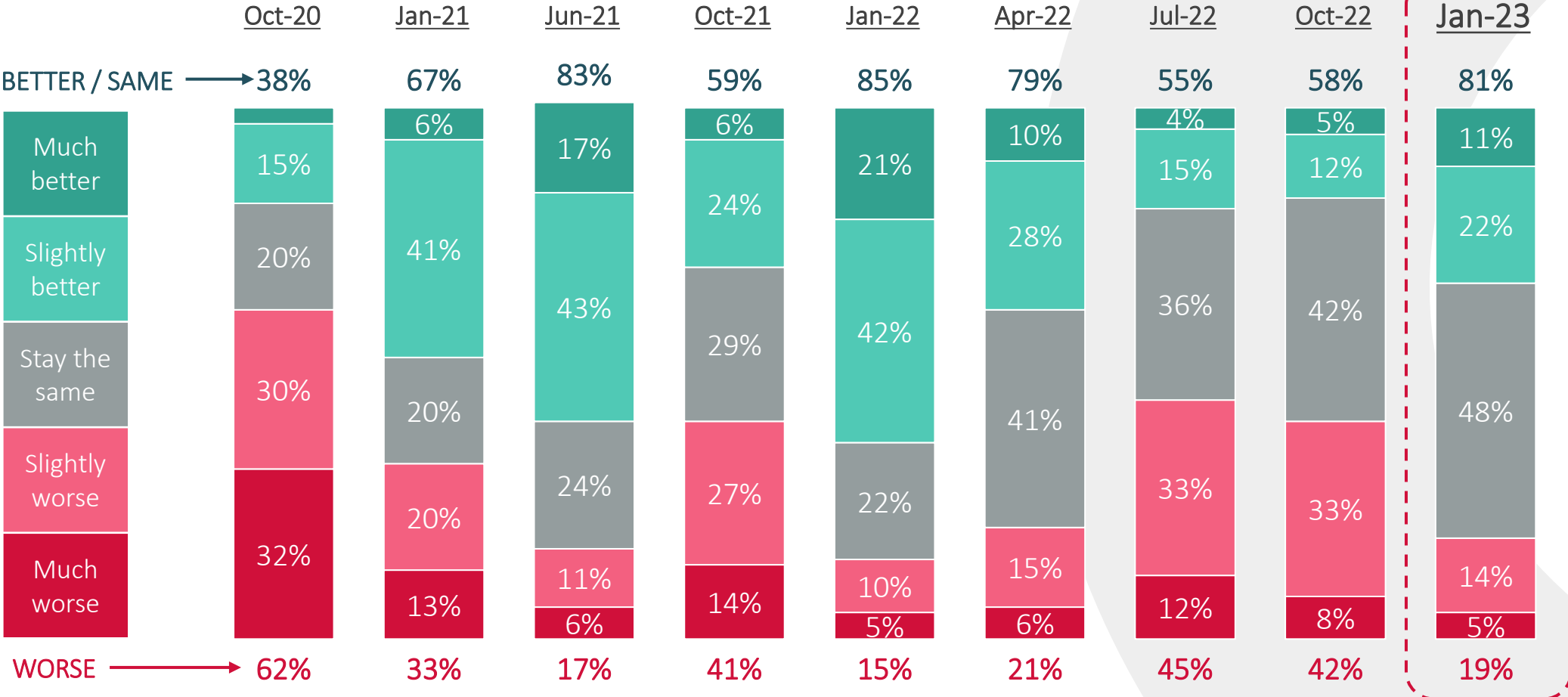


Concern around the pandemic has greatly subsided



As we seem to be over the worst of the COVID-19 / flu for this winter, most people expect the pandemic to either stay the same or improve in the coming months.

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



**Consumers intend
on cutting back in
numerous areas of
their life, with an
increase in those
making changes over
the past 6 months**



Increase in those saying they have made changes to their grocery shopping versus last July

Almost two-in-five people now say they have made changes to their grocery shopping in order to cut costs. A further one-in-four are planning to make changes.

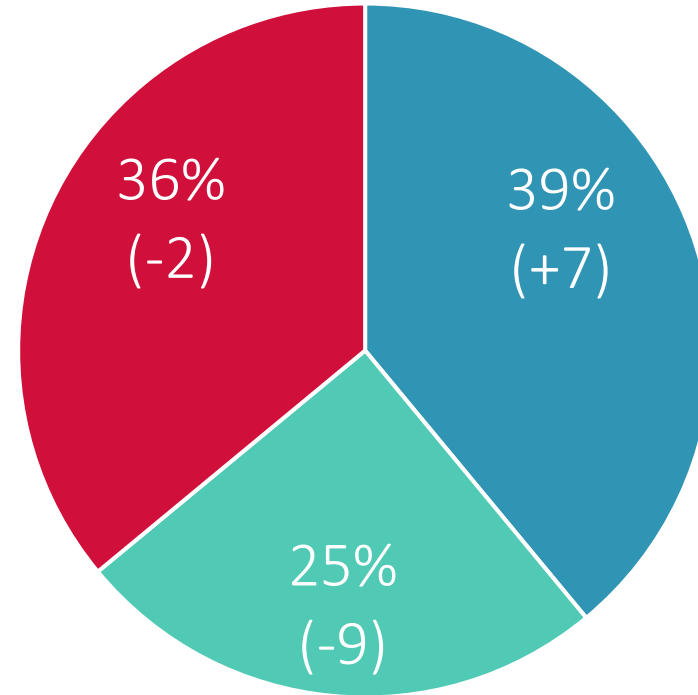
For those that have already or plan to make changes, this is higher amongst women versus men.

Which of the following have you made changes to in order to cut costs?

- Made changes
- Planning to make changes
- Not planning to make changes



My grocery shopping



Made changes or planning to make changes
() = change v Jul-22

64%
(-2)



Note: excluding n/a responses

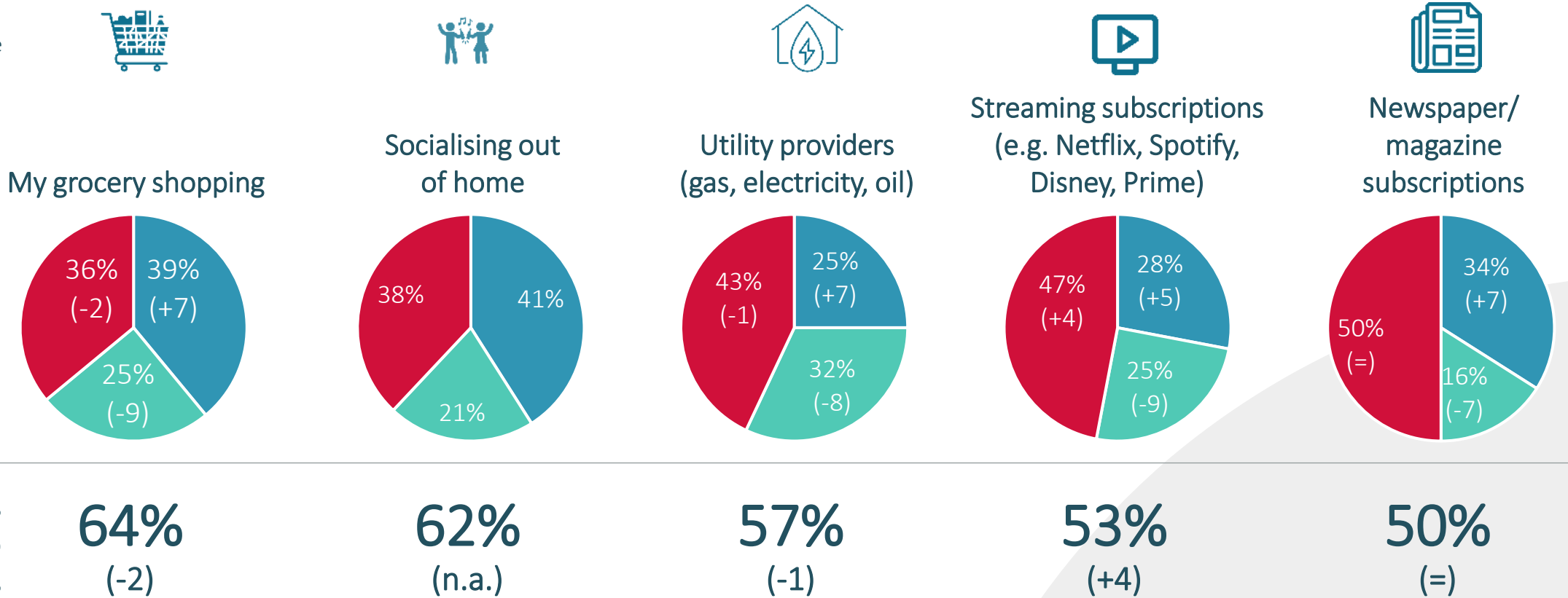
Increase in those that have taken action to cut costs



Compared with last July, more people are now claiming to have responded to the increase in the cost of living by making changes to utility providers, streaming subscriptions and newspaper / magazine subscriptions.

Which of the following have you made changes to in order to cut costs?

- Made changes
- Planning to make changes
- Not planning to make changes



Made changes or planning to make changes

() = change v Jul-22

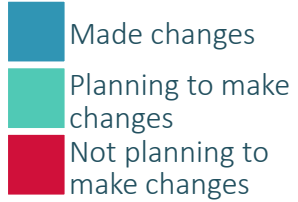
Note: excluding n/a responses

More complex products less likely to be subject to changes

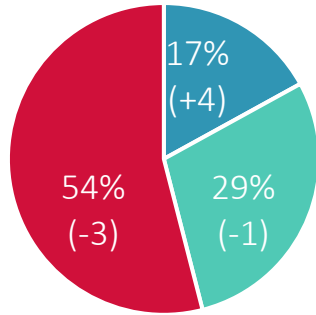


Yet, there is an increase in those that are planning to change their mortgage and health insurance provider.

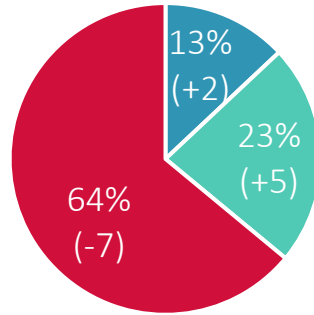
Which of the following have you made changes to in order to cut costs?



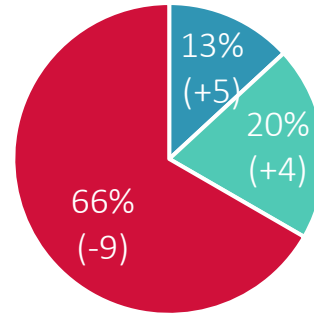
Broadband provider



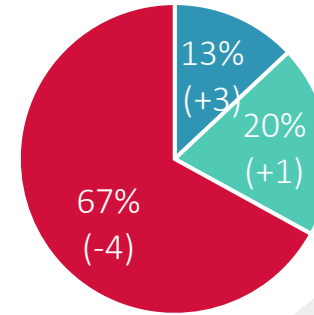
Mortgage



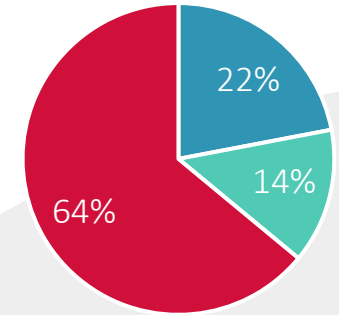
Health insurance provider



Mobile provider



Charity Donations



Made changes or planning to make changes

46% (+3)

36% (+7)

34% (+8)

33% (+2)

36% (n.a.)

() = change v Jul-22

Note: excluding n/a responses



Appendix
- Methodology
- About RED C

Methodology

- 1,018 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 45th Wave of the RED C Consumer Mood Monitor and fieldwork was conducted from the 21st – 27th October 2022.



REDC **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**.





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

We deliver

CLARITY

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

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



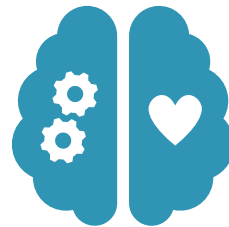
Mapping and delivering easy and enjoyable customer journey's and experiences to maximize purchase and retention.

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

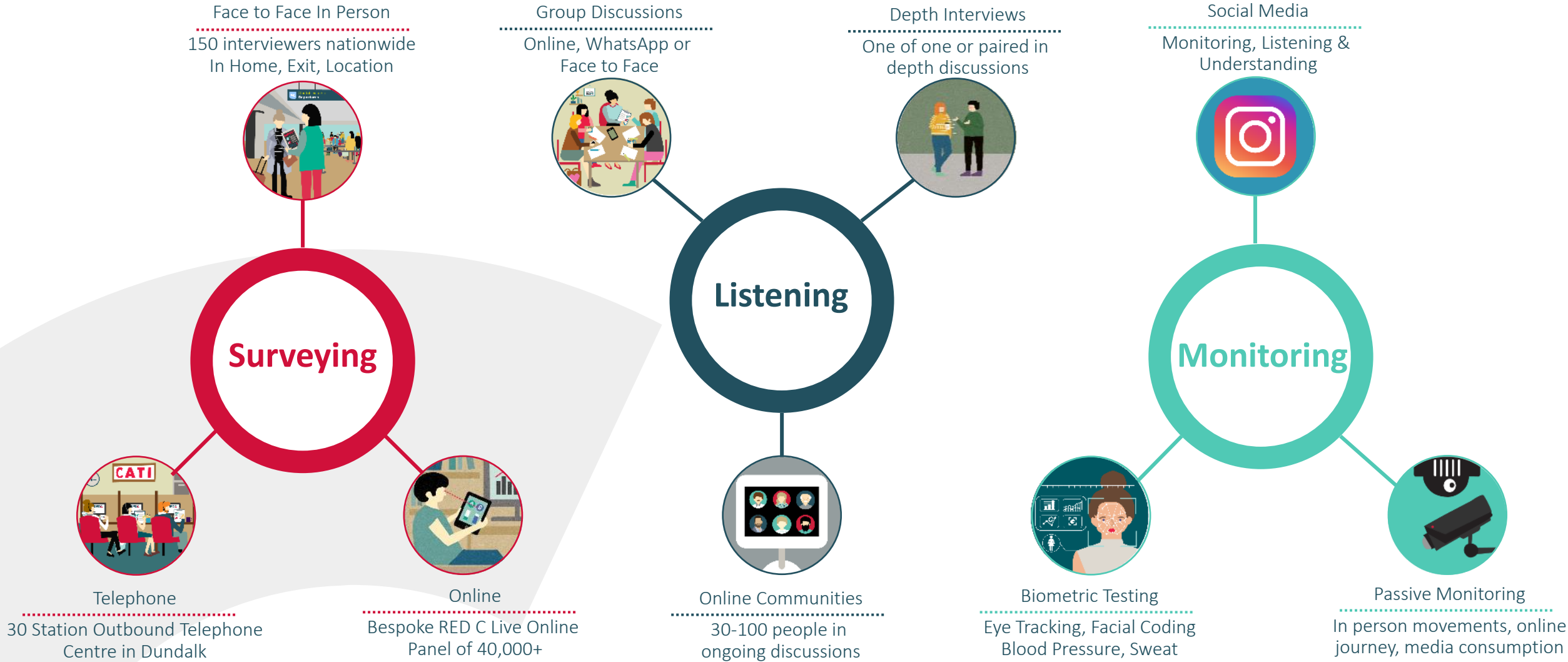


RED Star

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