



Consumer Mood Monitor

October 2023



Consumer confidence remains challenged heading into Q4 2023, with a majority still expecting the economic situation to worsen further – the rising cost of living continues to be a key influencing factor on the general consumer mood, but economic forecasts of slower growth in Ireland, Europe and the US for next year are probably having an impact too

Consumers remain concerned about outlook for Irish economy



01

Following three consecutive quarters of a gradual improvement in the consumer mood, this trend has stalled and slipped back marginally. Just over half (56%) of consumers believe the economy will get worse in the next six months, up 4pts from the last wave in Jul-23. Meanwhile, 29% (-1pt v Jul-23) expect the economy to stay the same, which for many people is not necessarily a good thing, and just 15% (-3pt v Jul-23) expect it to improve. While the consumer mood is considerably better than what it was twelve months ago, it still remains quite depressed.

03

Half (50%) of all consumers are classified as either “challenged” or “desperate” (i.e. worse off than two years ago and either struggling to make ends meet or are neither comfortable nor struggling). These two groups together are also the least optimistic about the outlook for the economy, with more than two-thirds (69%) expecting things to get worse in the coming six months. There are also stark differences in the demographic composition of those that are classified as either challenged or desperate, highlighting the wide disparity in experience of the impact of the cost of living crisis over the last two years.

02

There are a number of factors impacting on the consumer mood, but at top of the list is the cost of living, with nearly four-in-five (79%) still expecting it to worsen in the coming six months, despite the deceleration in inflation since the beginning of this year. Another factor is the significant rise in interest rates over the past 18 months and the impact this has had on prospective home buyers, existing homeowners with mortgages and the general cost of borrowing. But other factors at are no doubt influencing consumers, with many forecasts for the Irish economy (e.g. ESRI, European Commission) being revised downwards as slower growth is expected both here and in the rest of Europe next year.

04

Despite the prevailing negativity about the economic outlook, most do not believe this will impact on the jobs market. However, a majority still believe their discretionary disposable income will decline in the coming months (despite the changes announced in the recent budget), reflecting slower growth in wages relative to the rate of inflation. Added to this, most consumers aren't expecting any improvement in household energy bills, despite the recent cuts in residential energy prices. It is therefore not all that surprising to still see consumers continuing to be cautious about spending on things like entertainment, consumer goods, and holidays.

Consumers remain downbeat on the prospects for the Irish economy



The upward trend of expectations for the economy comes to a halt

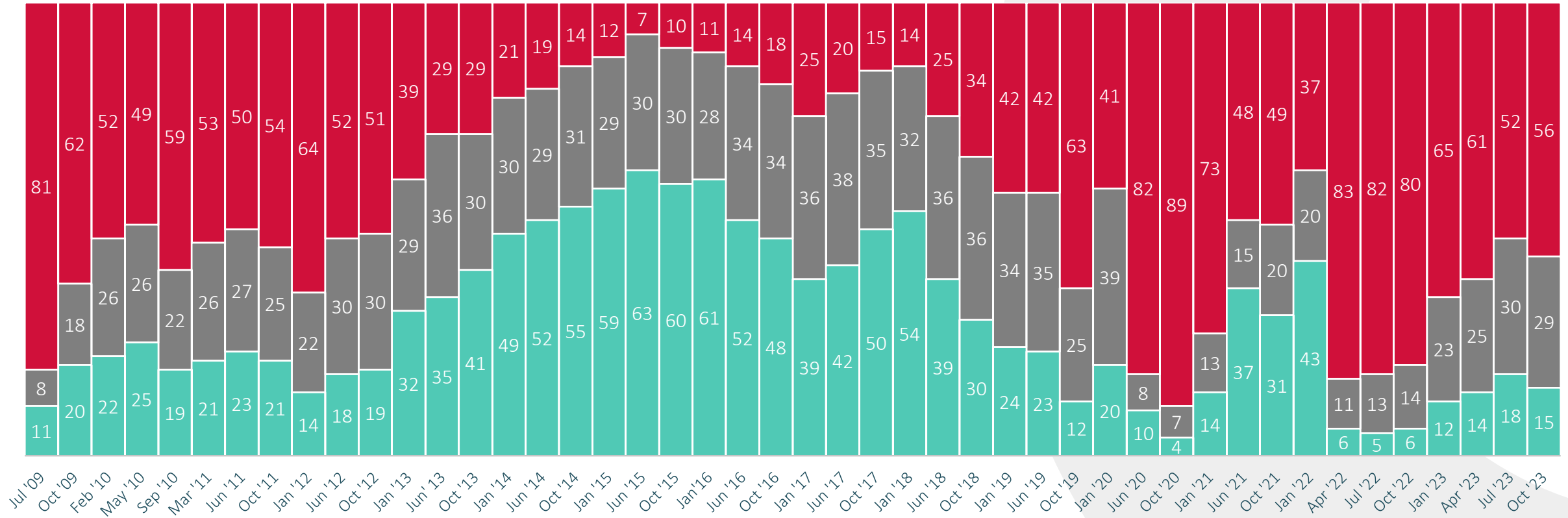
Following modest increases in the proportion expecting the Irish economy to fare better over the past four quarters, this drops back slightly in October.

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

% worse / better / stay the same



■ Worse ■ Same ■ Better



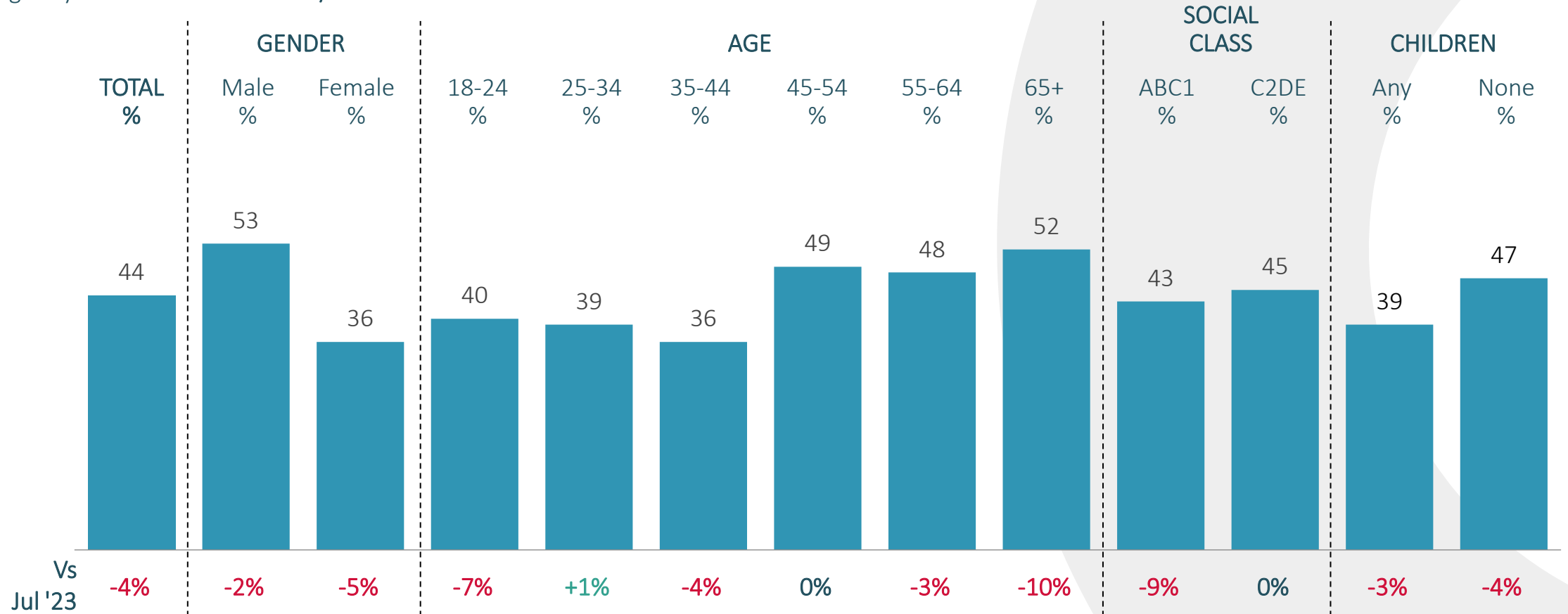
Greatest drops in outlook are among over 65s and ABC1s



Men, over 45s and those without children are somewhat more confident in the Irish economy. Confidence has deteriorated among higher social grades who are now on par with lower social grades.

Expectations for the Irish economy six months from now

% Stating they believe it will be better/the same



Decline in optimism for the world economy



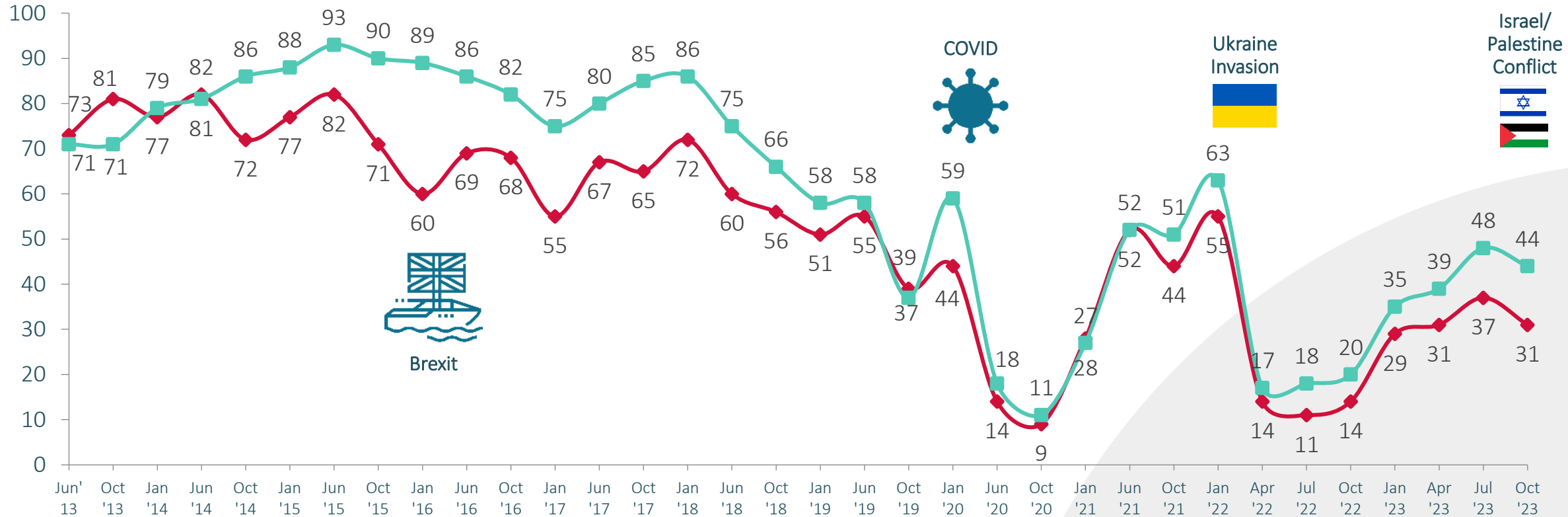
Geo-political uncertainty in the Middle East is probably a contributing factor here, but also forecasts of slower economic growth for next year in both Europe and the US are probably also playing a part

Expectations for the Irish and World Economy



% NET Better/Same
(next six months)

◆ World Economy ■ Irish Economy



Consumers in the UK are just as pessimistic about the outlook for the British economy

UK data based on a nationally representative sample of n=2,095 adults living in the UK, with fieldwork conducted between 23rd and 24th October

Expectations for the economy in the next six months (Oct-23)



UK consumers' expectations for the British economy



Irish consumers' expectations for the Irish economy



Clear division in Irish society with many feeling worse off than they were over two years ago





Half of Irish consumers are considered to be either challenged or desperate

	<u>Living comfortably</u>	Neither struggling nor comfortable	<u>Struggling to make ends meet</u>
<u>Better off</u> than two years' ago	Thriving 12%	Satisfied 8%	Slowly emerging 1%
The <u>same</u> as two years' ago	Prosperous 9%	Treading water 15%	Disheartened 1%
<u>Worse off</u> than two years' ago	Resigned 5%	Challenged 27%	Desperate 23%

Those that are **challenged** are neither struggling nor comfortable, but feel worse off than they were two years ago.

Those that are **desperate** are struggling to make ends meet and feel worse off than they were two years ago.

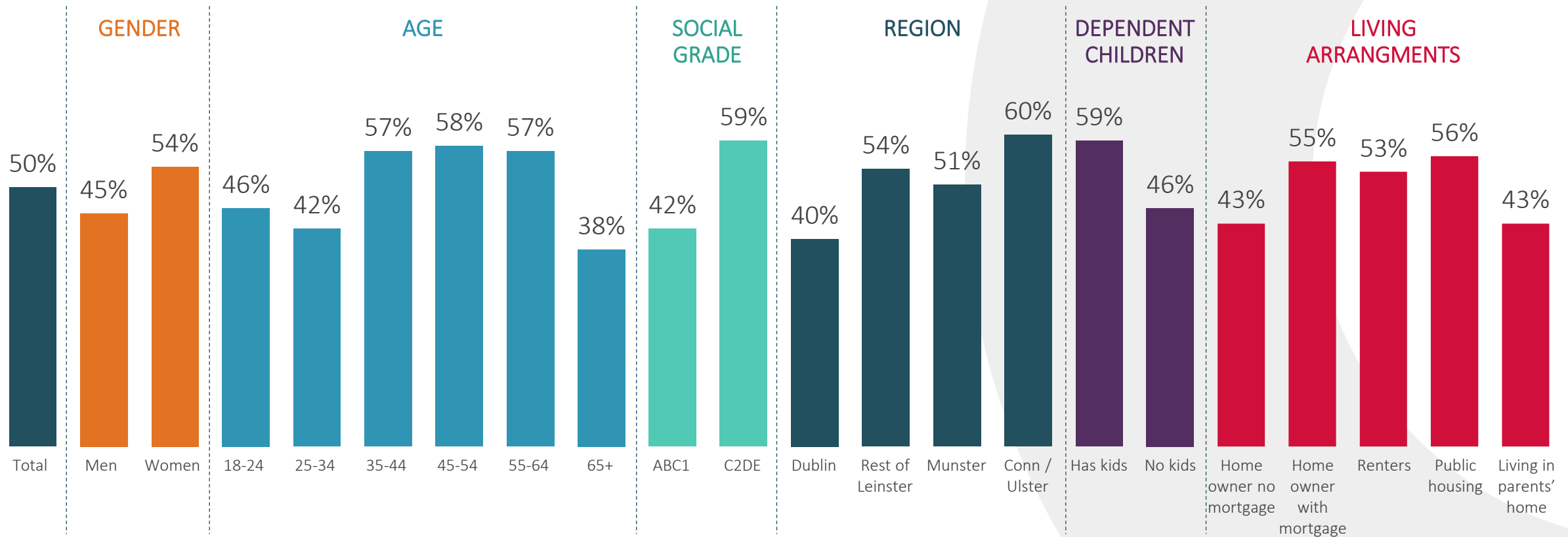
Over two-thirds (69%) that are challenged or desperate believe the economy will get worse in the coming six months.

Notable differences in experience across key demographics



Those more likely to be categorised as challenged or desperate include women, middle-age groups, C2DEs, those living outside Dublin, those with children and homeowners with mortgages, renters and those living in public housing.

Incidence of being “challenged” or “desperate” in key demographic groups



Most still believe cost of living, borrowing and housing to worsen further, but outlook on own financial wellbeing is less stark

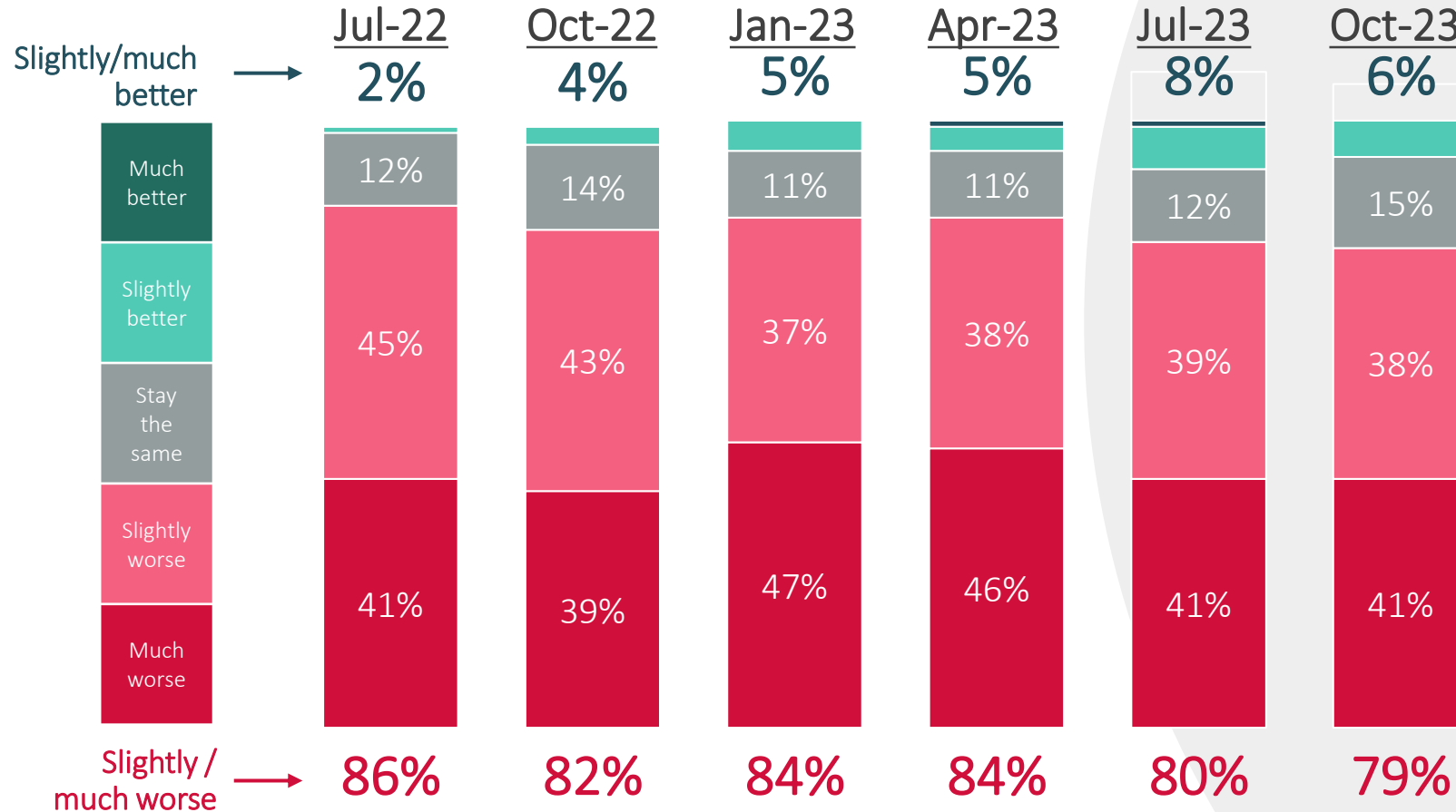


Majority still expect cost-of-living to continue to worsen



Despite the deceleration in the rate of inflation since the beginning of the year, most consumers still expect the cost of living to worsen in the coming months.

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

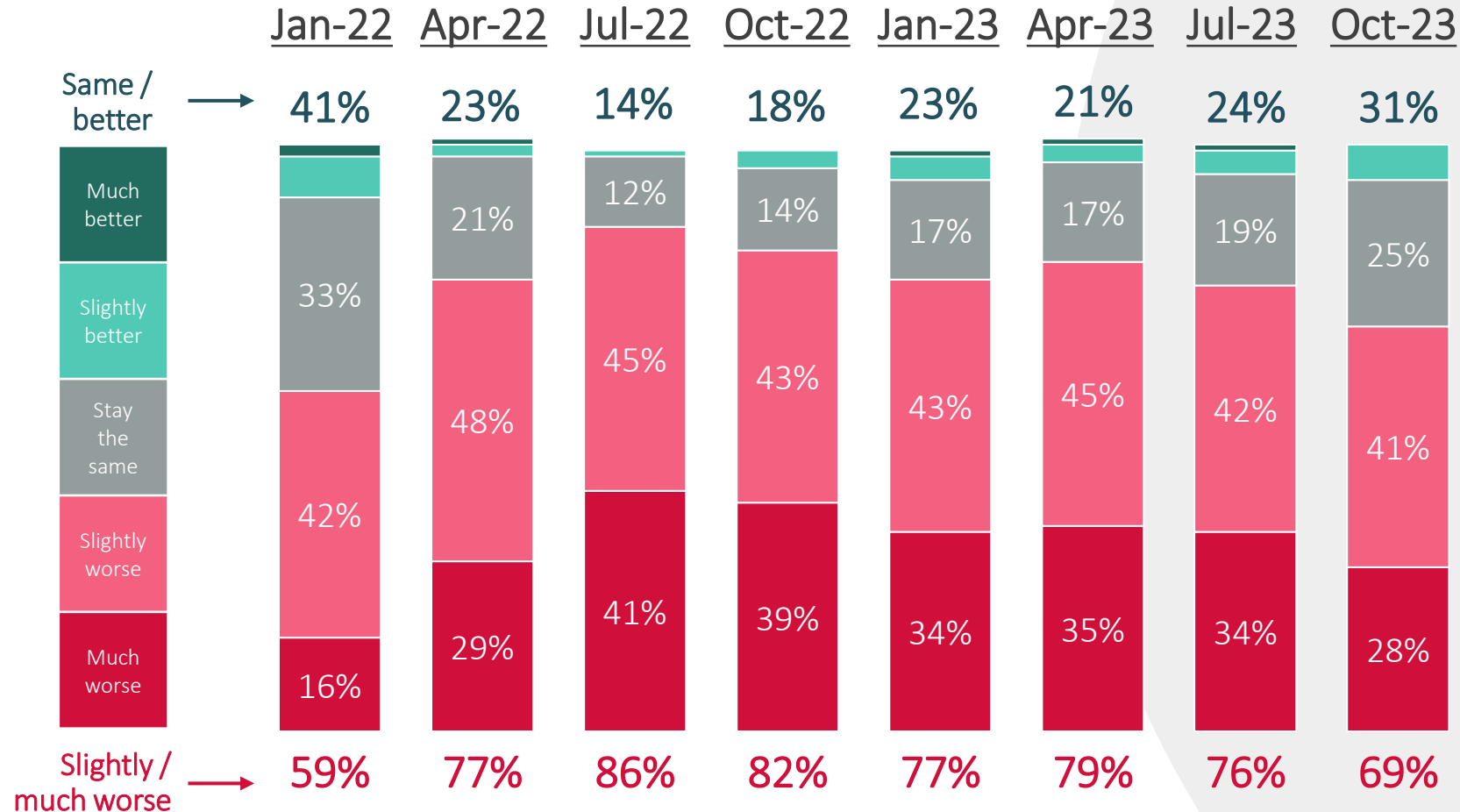


Cost of borrowing expected to worsen further



With signs that the ECB rate cycle has now peaked, there are some indications here that consumers are taking this on board, but also still probably an expectation that the full impact of the rate increases has yet to completely filter through to mortgages and loans.

How do you expect the cost of borrowing money to fare in the next six months?

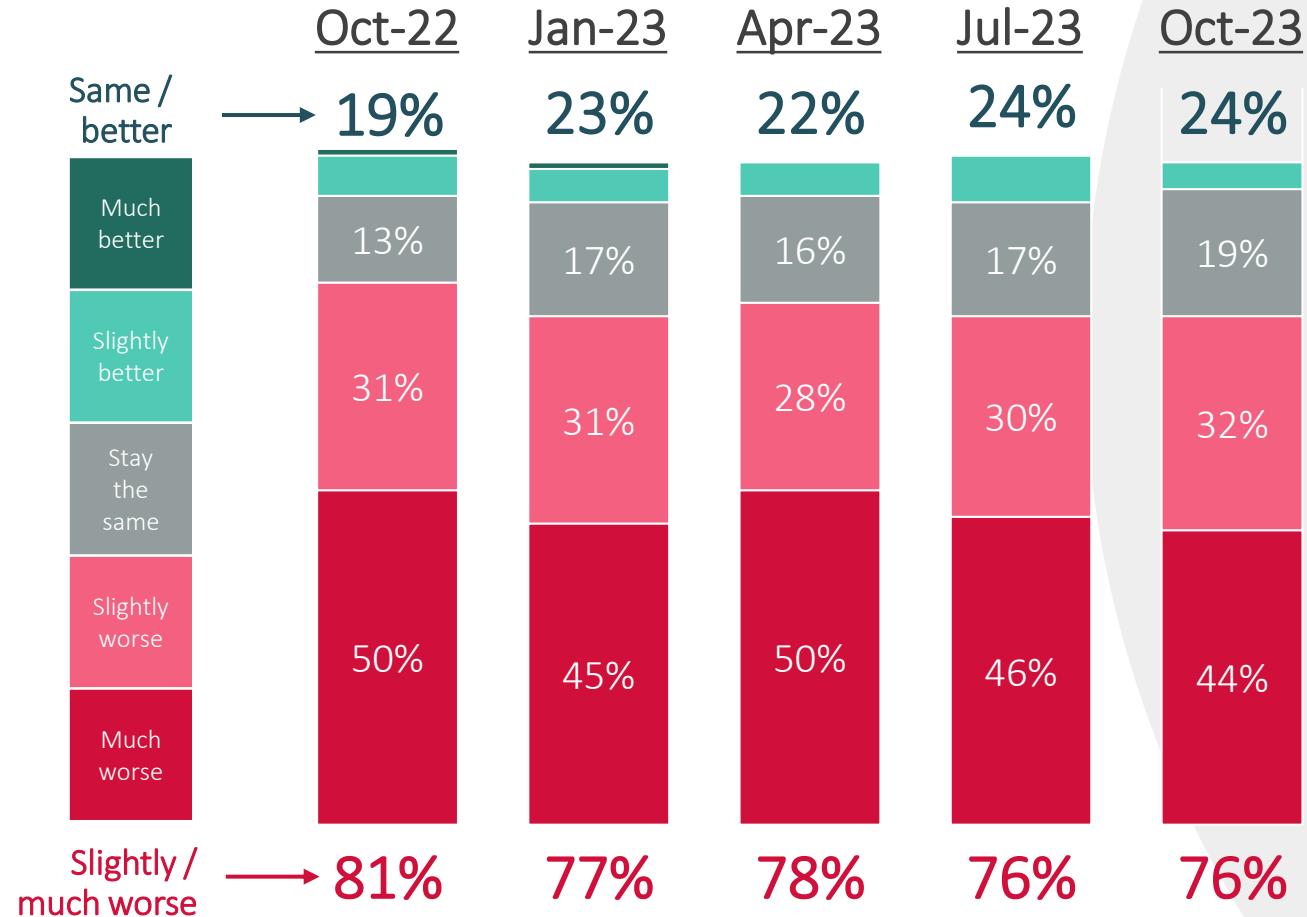


Outlook on affordability of housing remains bleak



Indicators do point to a slowdown in price growth in the housing market (especially in Dublin), but consumers aren't expecting this to make the cost of housing more affordable any time soon.

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

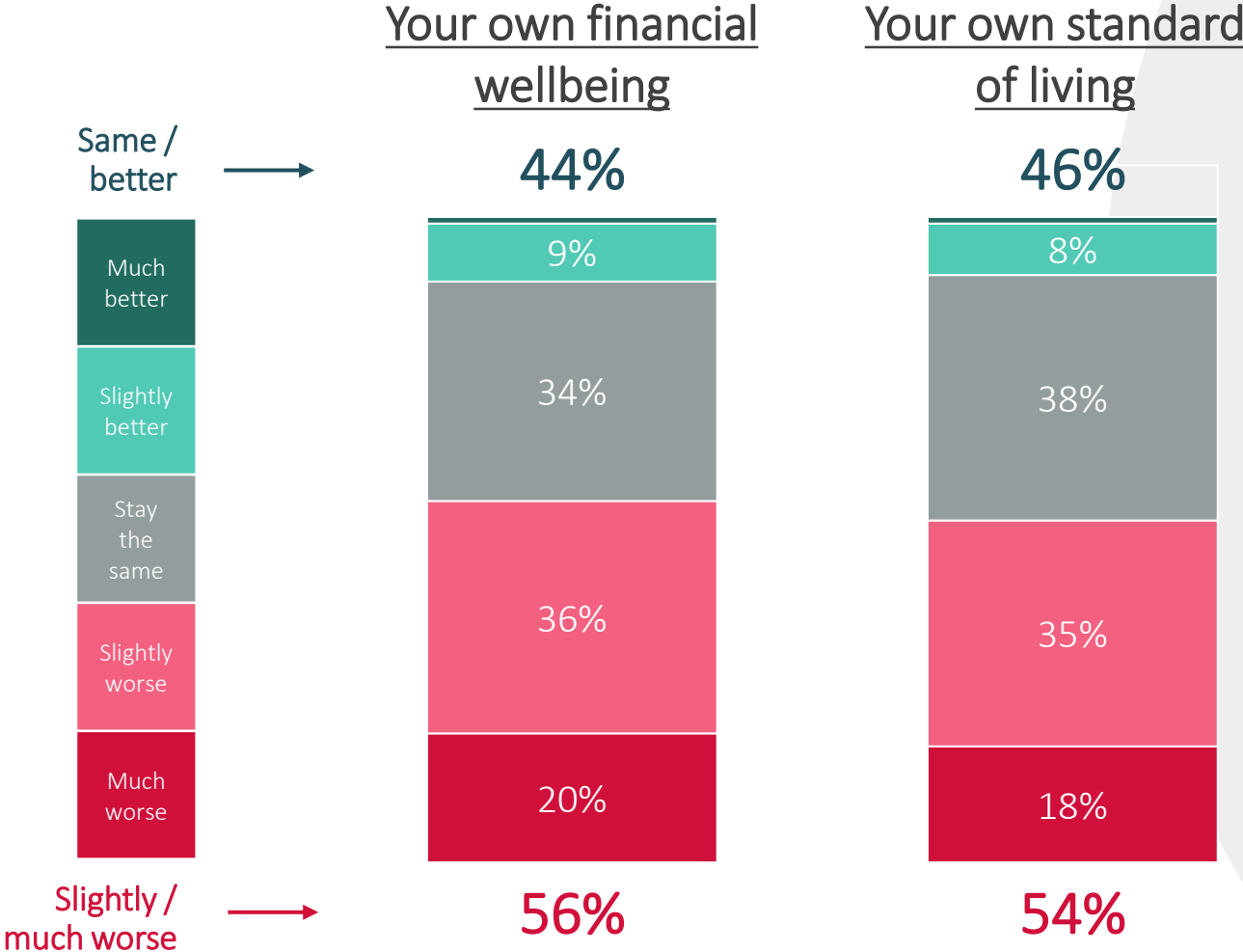


Outlook on personal standard of living negative, but less stark



Given the ongoing concern over rising cost of living, it's not surprising to see that over half expect their financial wellbeing to deteriorate and similarly just over half expect their standard of living to decline.

Expectations for own financial wellbeing and standard of living



**Outlook on
disposable income
remains decidedly
negative, with some
concern around the
jobs market**

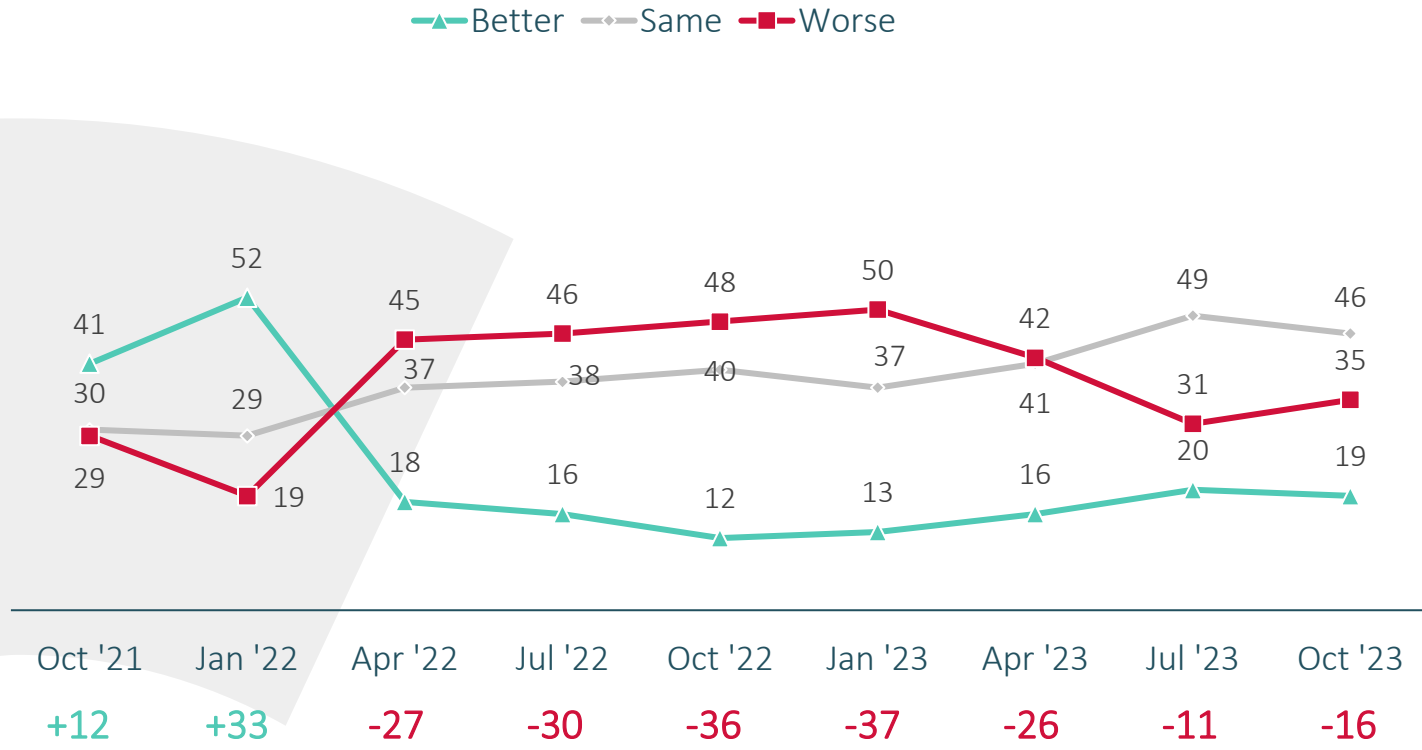


Outlook on employment does give some degree of hope



With the labour market operating at full employment and most people expecting employment to either remain unchanged or improved in the coming six months, this does suggest that while there is an expectation for slower economic growth, the economy overall will remain in relatively good health.

Expectations for employment in the next 6 months



Younger age groups that bit less confident about the jobs market

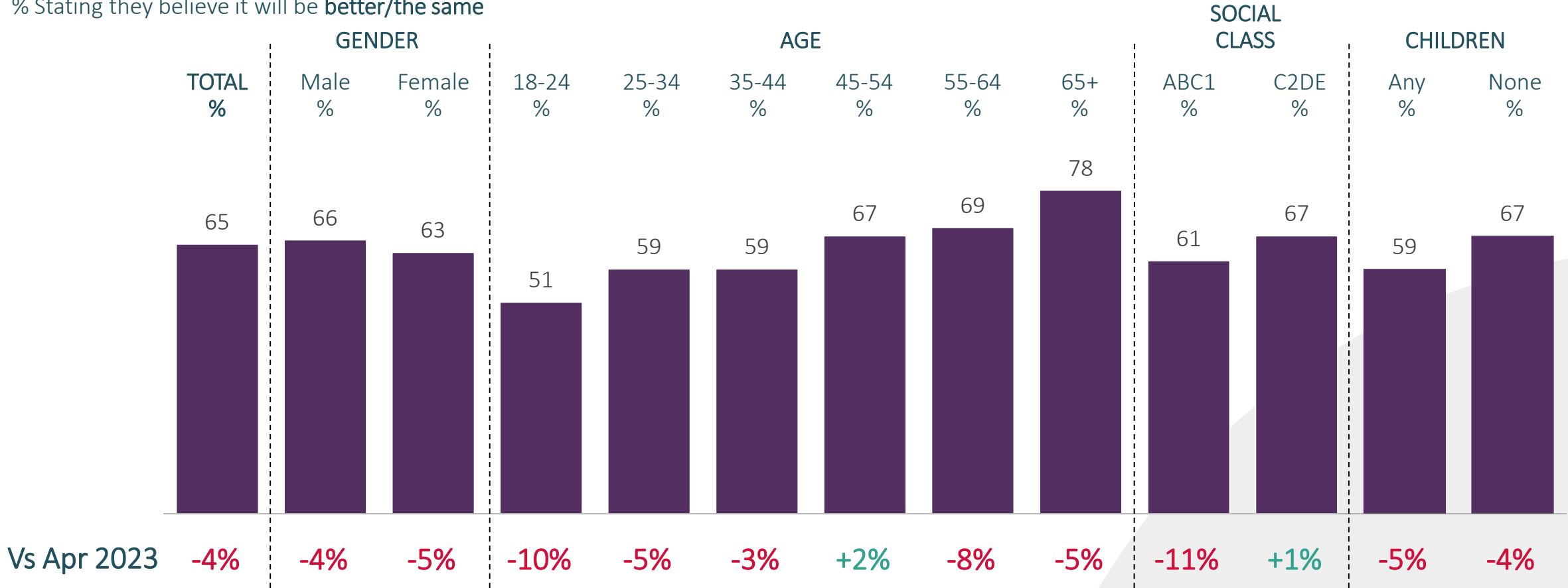


Under 24s and higher social grades see the greatest drops in outlook since July, while 18-24 year olds are also the least optimistic overall, with over 65s the most.



Expectations for employment in the next 6 months

% Stating they believe it will be better/the same



Vs Apr 2023

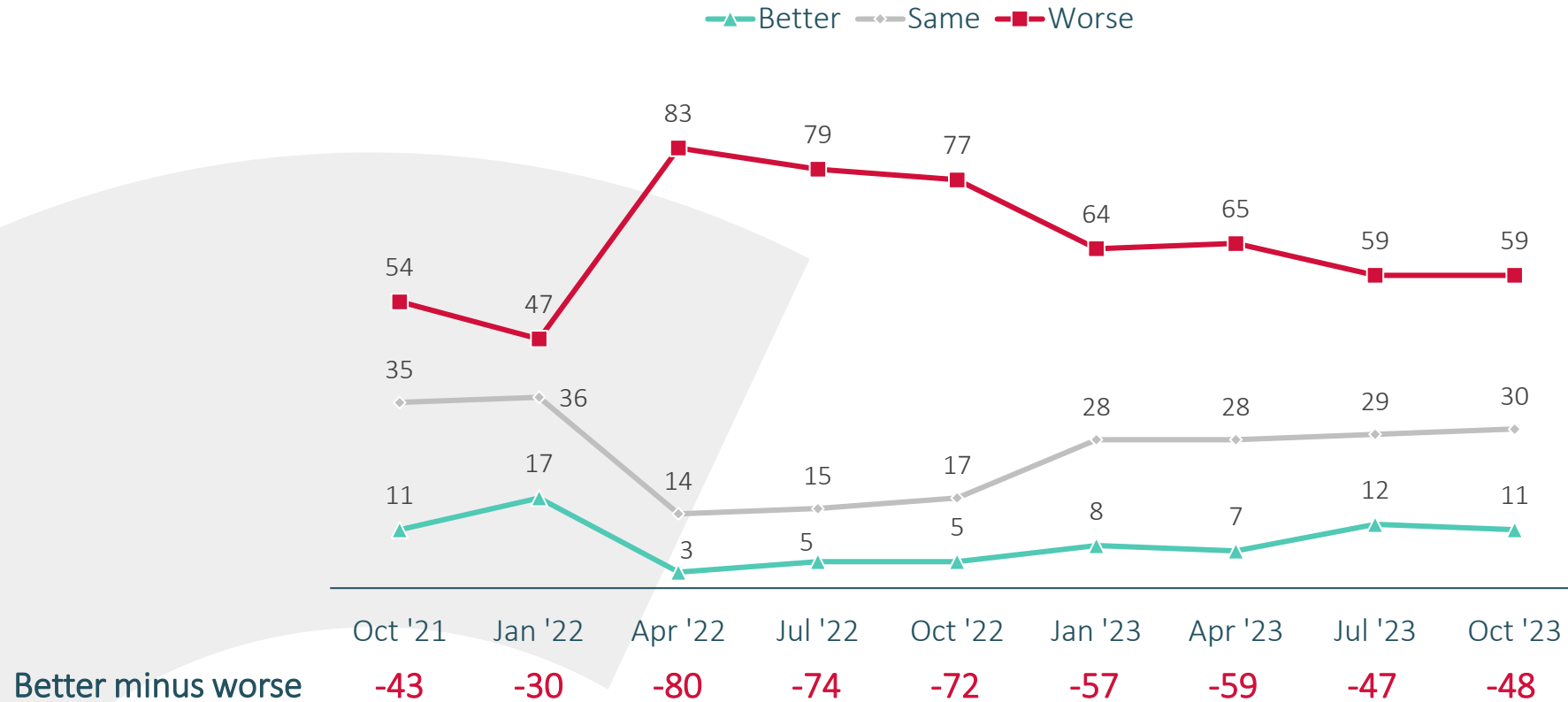
Outlook on levels of disposable income remains negative



The negative outlook for discretionary disposable income continues to reflect the slower rate of income growth relative to the rate of inflation over the past two years.



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



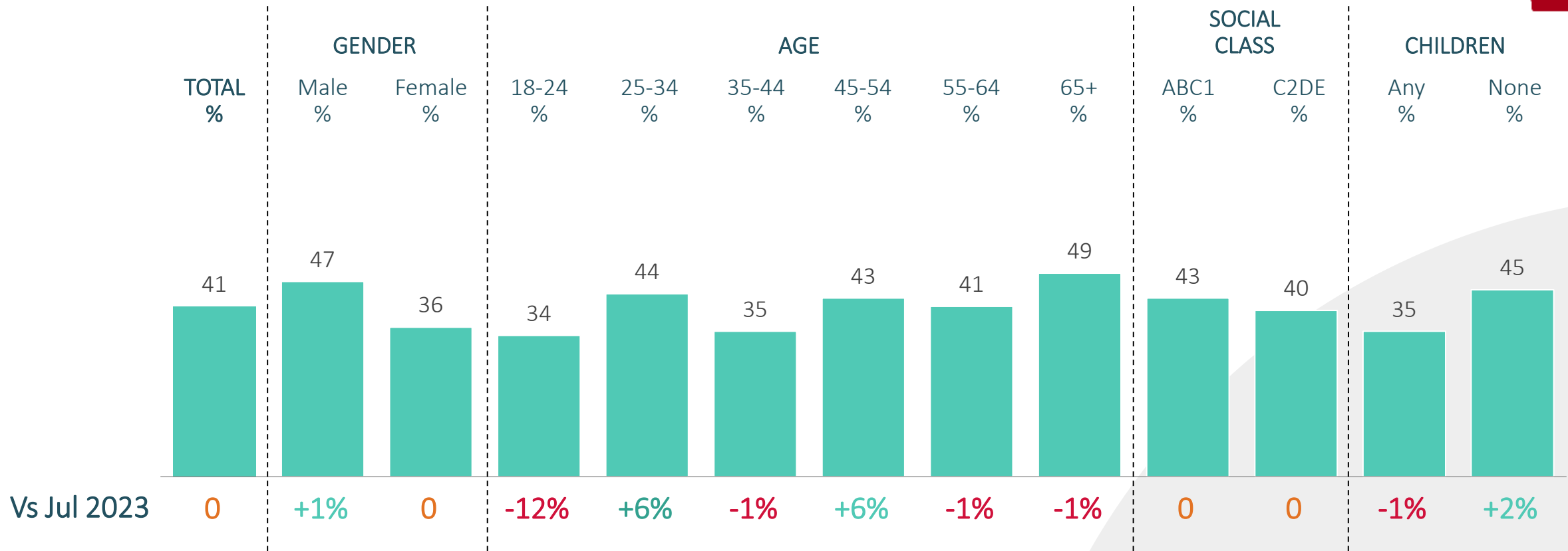
Dramatic drop in outlook on income among under 24s



The groups with the lowest confidence in their levels of disposable income for the next 6 months are women, under 24s, 35-44 year olds and parents of dependant children

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

% Stating they believe it will be better/the same



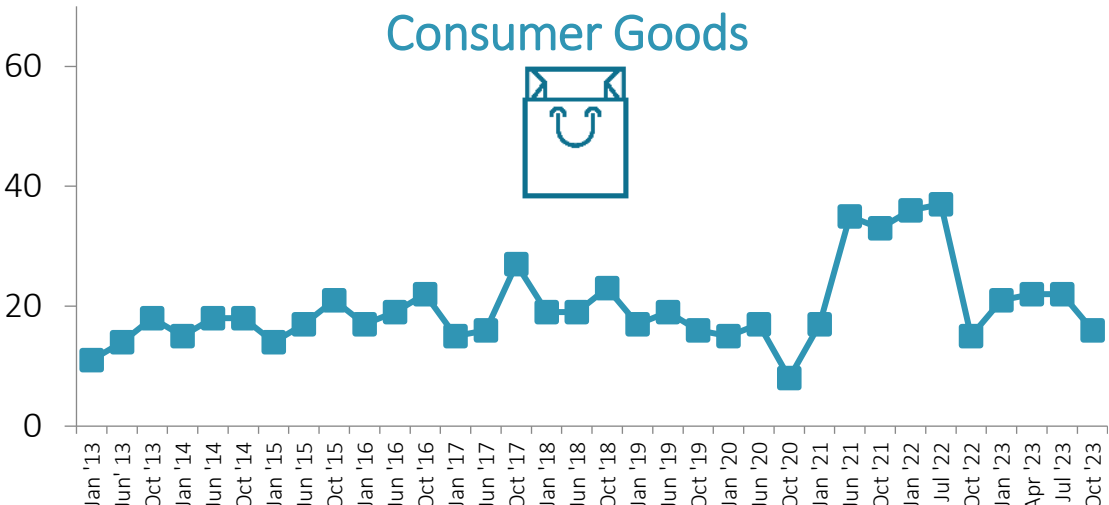
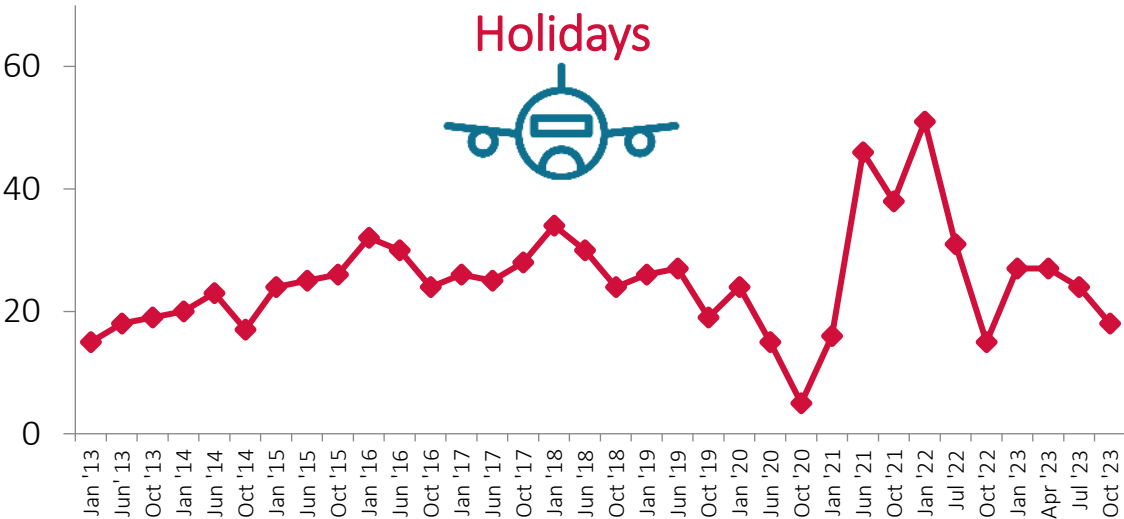
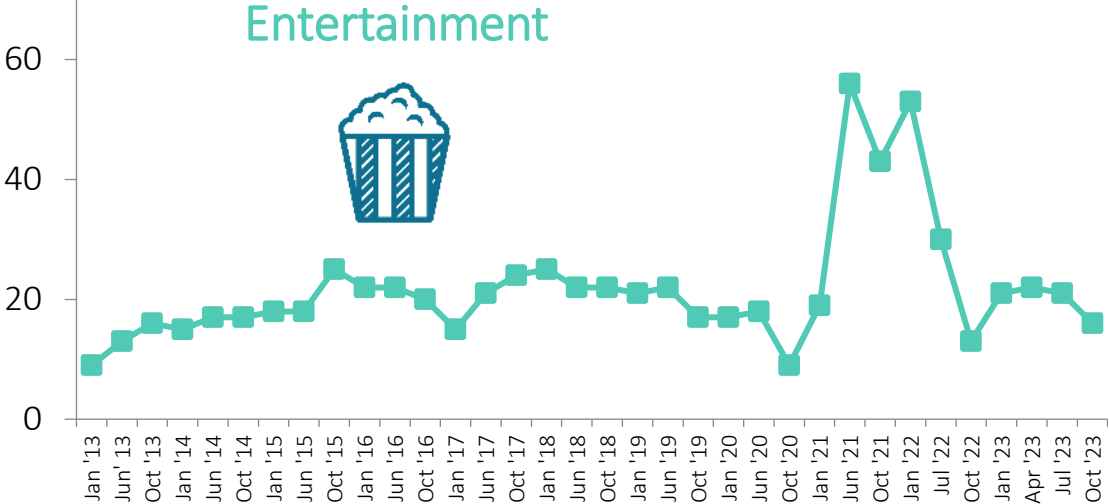
Expected spend on groceries, energy and fuel stabilising, but lower expenditure expected across key discretionary areas



Fewer expecting to spend more across discretionary categories



Expected Increase in Spend In The Next 6 Months
% Likely to increase spend
(next 6 months)



Lower discretionary spend expected, while grocery spend holds



Consumers are overall expecting to spend less across entertainment, consumer goods, and holidays, while expecting to spend more on groceries

Expected Changes In Spend Over The Next 6 Months



Entertainment such as going out, eating, drinking or socialising



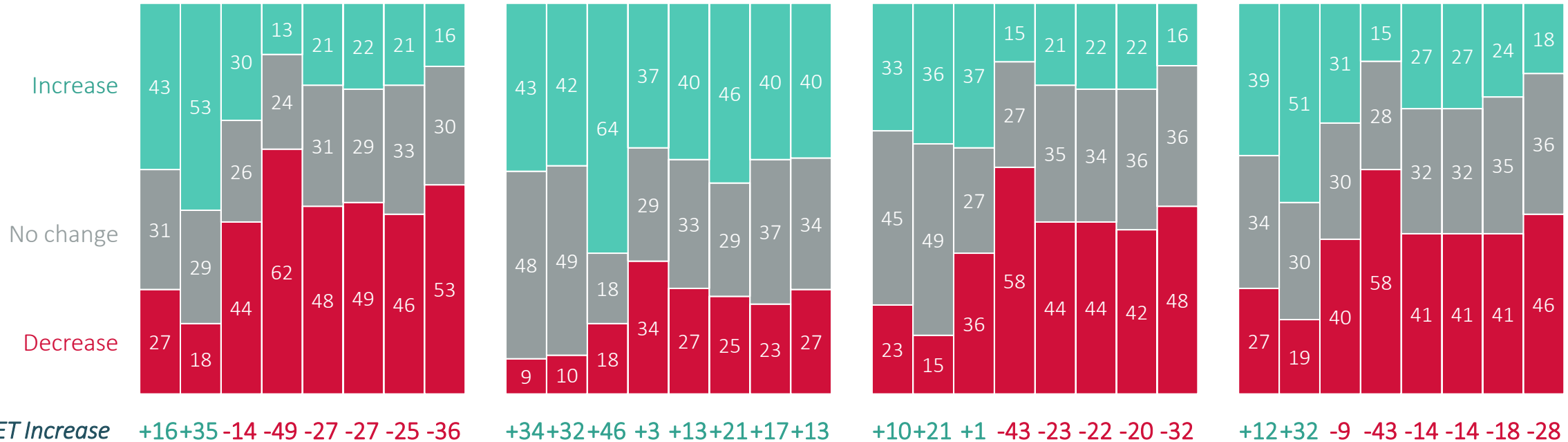
Grocery spend



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



Holidays and short breaks



NET Increase minus Decrease

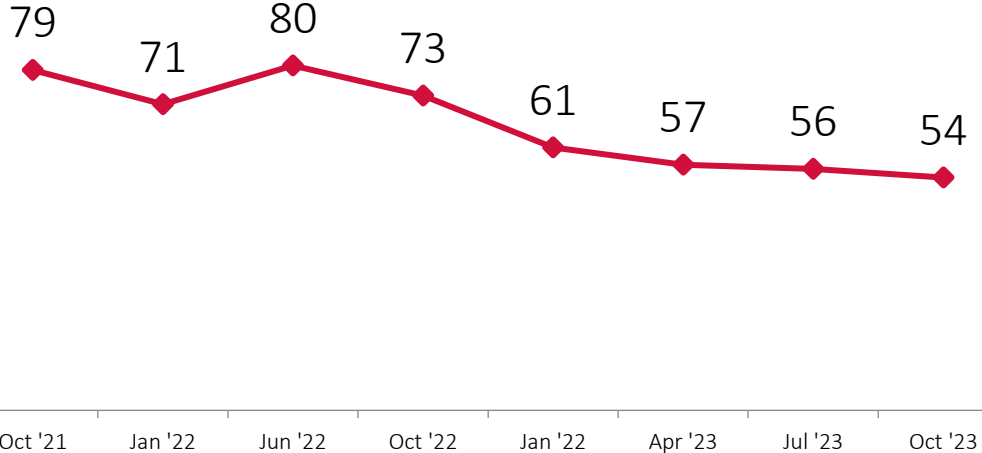
Expected spend down on household energy, but up on fuel



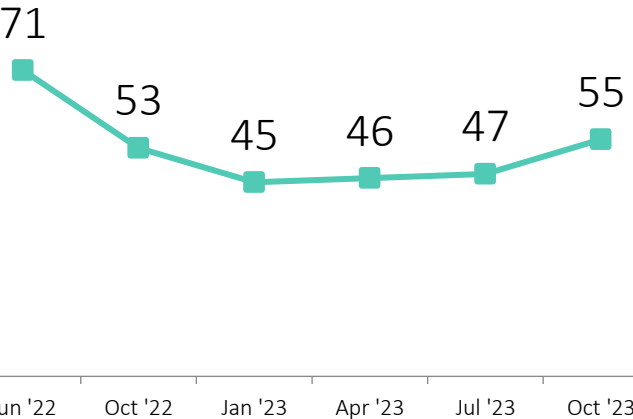
With energy credits announced in the budget, and providers dropping rates, we see fewer expecting to spend more on household energy. However with prices up at the pump, more expect to increase their spend on petrol/diesel.

Expected Increase in Spend In The Next 6 Months
% likely to increase spend (next 6 months)

Household energy bills
e.g. electricity, gas*



Fuel
(petrol/diesel)*

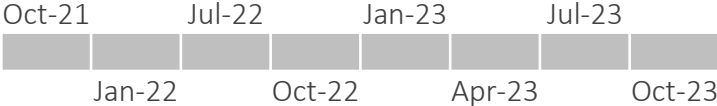


*excludes n/a responses

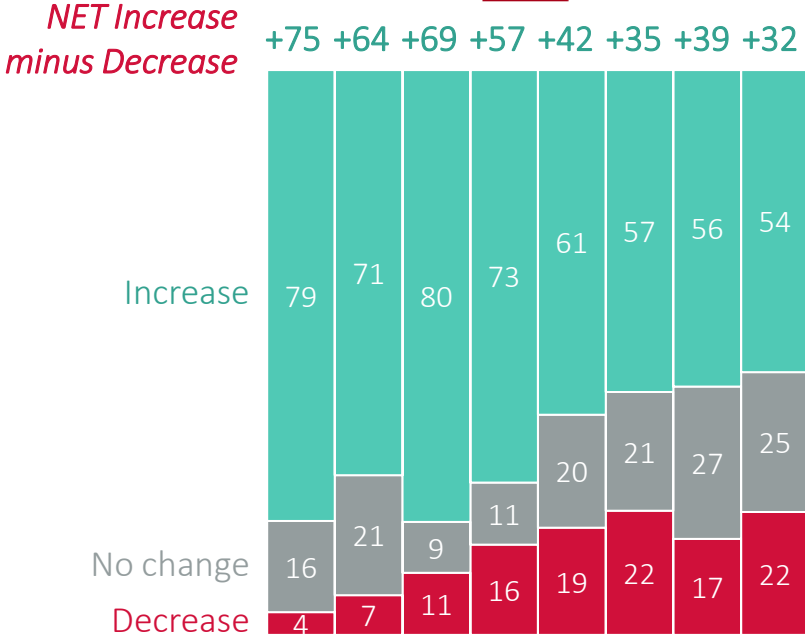
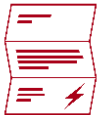
Majority expect energy bills and fuel spend to increase or stay the same this winter



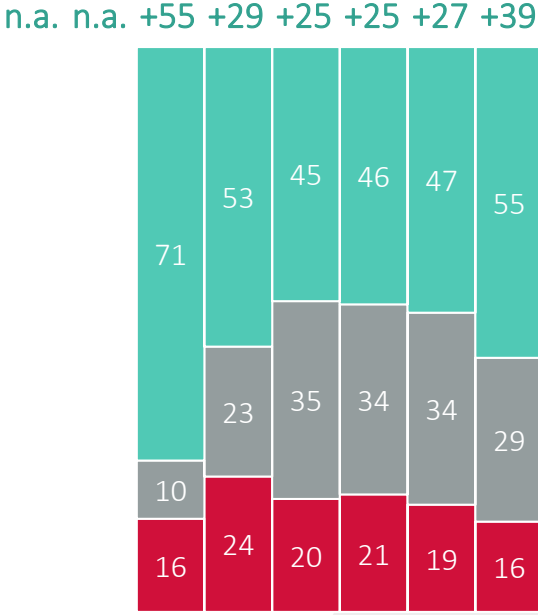
Expected Changes In Spend Over The Next 6 Months



Household energy bills e.g. electricity, gas*



Fuel (petrol/diesel)*



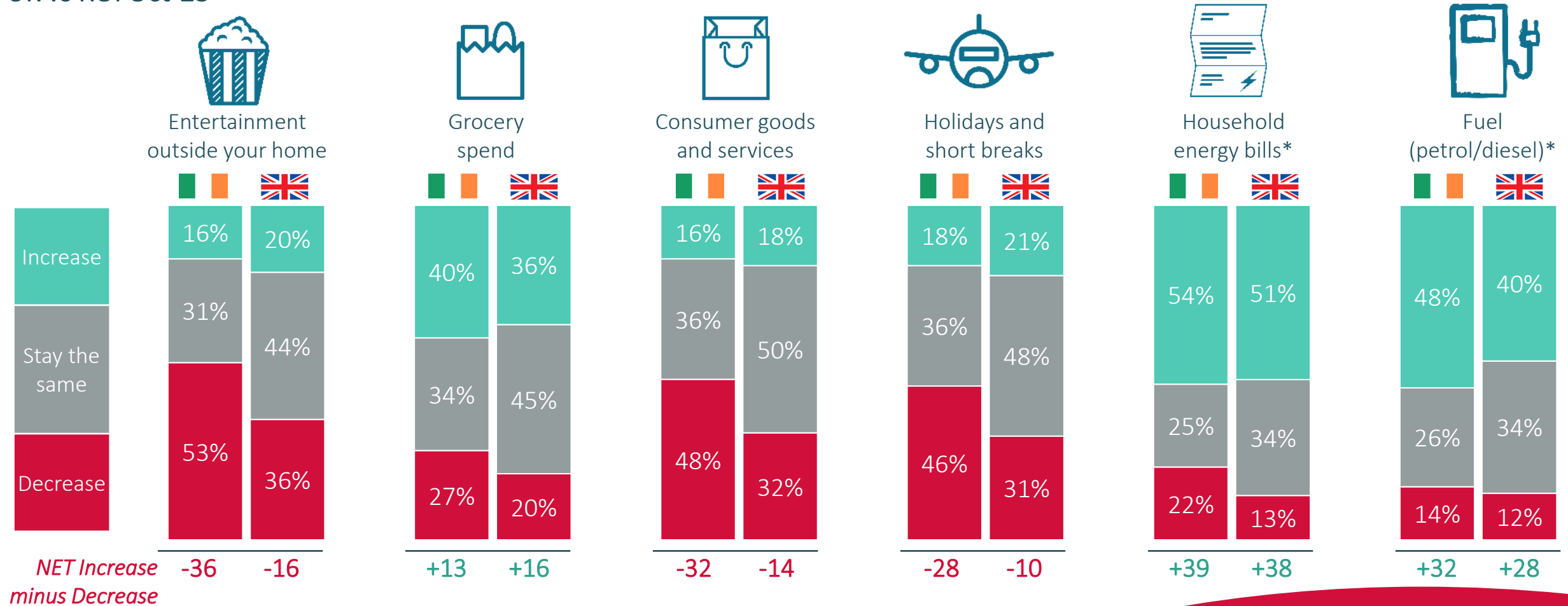
*excludes n/a responses

ROI consumers more likely to make cuts to discretionary spend



Both UK and ROI consumers expect higher expenditure on groceries, energy and fuel this winter, and plan to cut back their discretionary spend accordingly. However, ROI residents are more likely to plan to reduce this.

Spending plans UK vs ROI Oct-23



*excludes 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 49th Wave of the RED C Consumer Mood Monitor and fieldwork was conducted from the 20th – 25th October 2023



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



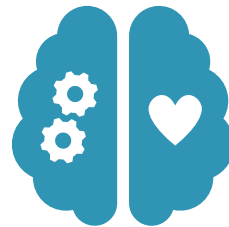
Mapping and delivering easy and enjoyable customer journey's and experiences to maximize purchase and retention.

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

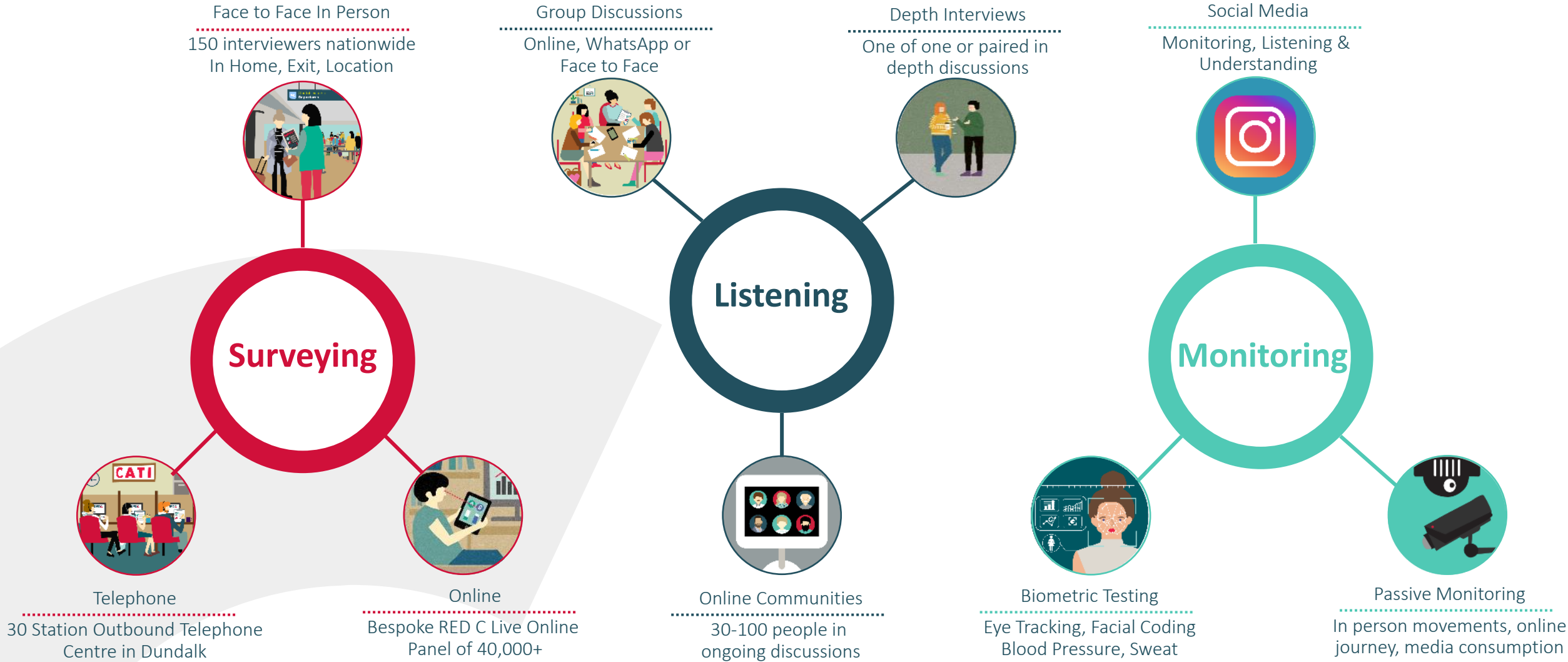


RED Star

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