



Consumer Mood Monitor Q2 2024

April 2024





Irish consumers remain downbeat
and this is likely to manifest itself
in subdued spend activity and
slower economic growth over the
coming months

Cost-of-living concerns still weighing heavily on the overall consumer mood, despite the recent moderation in inflation



01

The RED C Consumer Mood Monitor experiences a very slight improvement this quarter, with a reading of -31 in April 2024, a four point increase from the previous wave in January. The mood is especially low among the “squeezed middle”, particularly: women; those aged 25-54; and middle to lower socio-economic groups.

02

Negative consumer sentiment appears to be driven primarily by concerns around cost-of-living and the knock-on effect this has had on discretionary disposable income. While inflation appears to have slowed considerably in recent months, prices are now at higher level than before and consumers are adjusting to a new reality of living with reduced spending power.

03

While the cost-of-living crisis is no longer really a “crisis” per se, price increases in the areas of motor fuel, health insurance and streaming subscriptions amongst others appear to be impacting on the overall consumer mood. Geopolitical instability in the Middle East may also be having some impact (concerns over implications this may have for energy prices).

04

Expected spend on discretionary areas of consumer goods, entertainment and holidays looks to remain under pressure and this is already evident in CSO data showing slower growth in retail sales. This is likely to mean weaker domestic demand and overall slower economic growth.

Outlook on the Irish economy remains downbeat on the whole, albeit having experienced some improvement over the past year



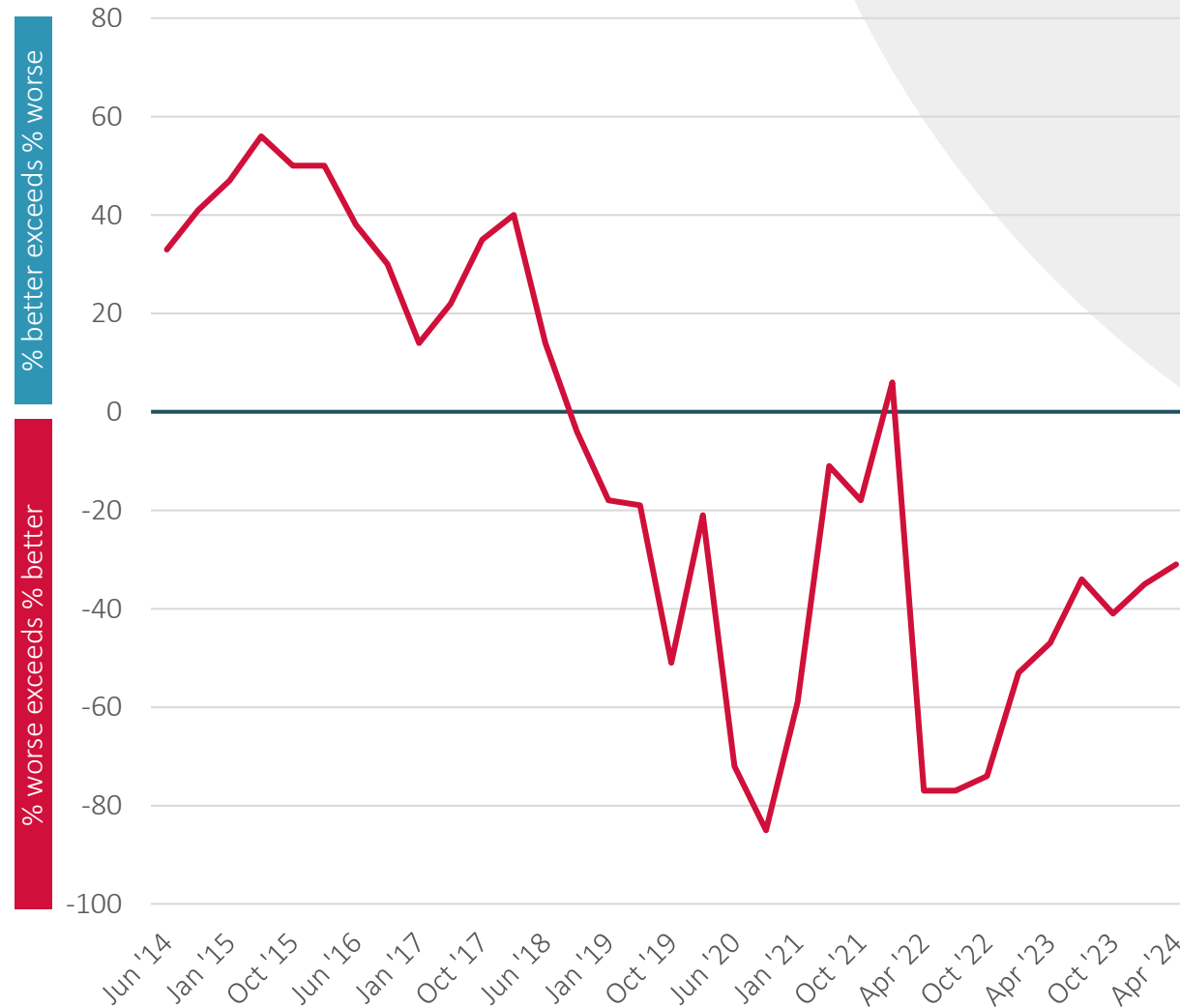
Consumer sentiment remains decidedly negative

The consumer mood has been slowly edging upwards over the last number of quarters and consumers aren't quite as pessimistic about the outlook for the economy as they were this time two years ago when there was a sharp increase in energy prices and the cost-of-living crisis first took hold. However, on balance there are still more people that believe the economy will get worse than those that believe it will improve.

Base: all adults living in ROI aged 18+

The RED C Consumer Mood – outlook for the Irish economy

% get better LESS % get worse over the next six months



RED C Consumer Mood
Apr 2024:

-31

+4 v Jan-24
+16 v Apr-23

Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

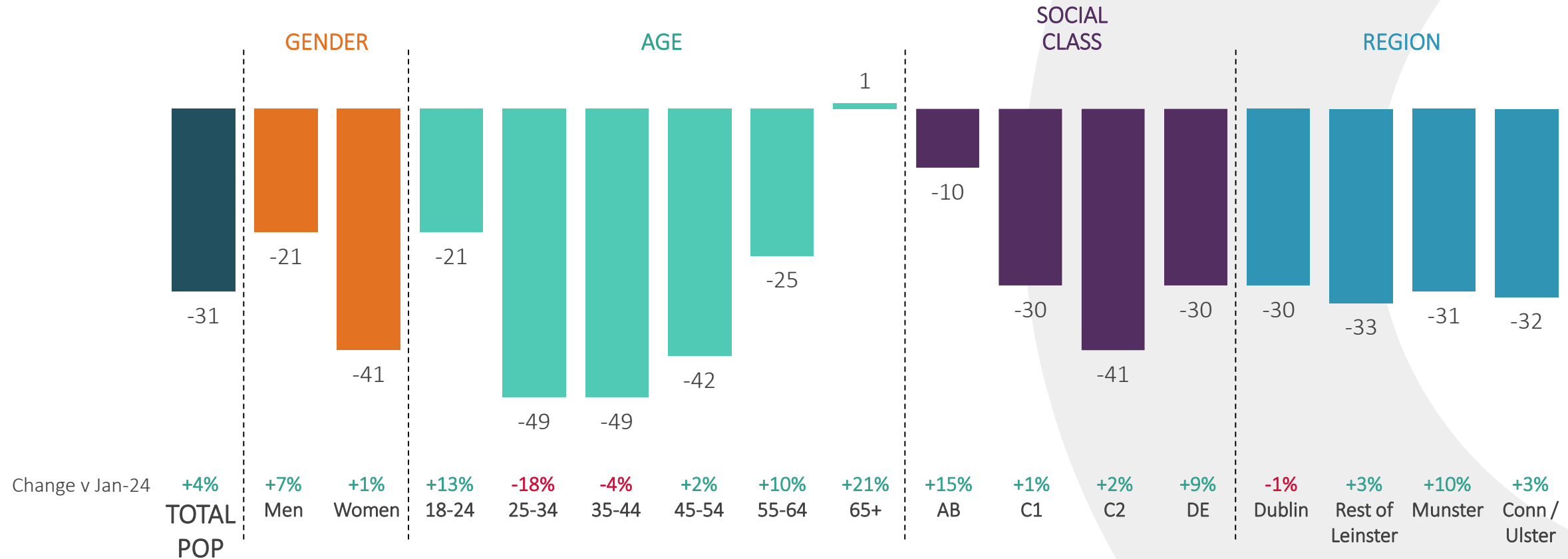
“Squeezed middle” most concerned about the economy



Women, middle to lower socio economic groups, and those aged 25-54 are the least optimistic in regards to the outlook for the Irish economy

Expectations for the Irish economy six months from now

% get better LESS % get worse over the next six months



Roughly half continue to expect Irish economy to fare worse



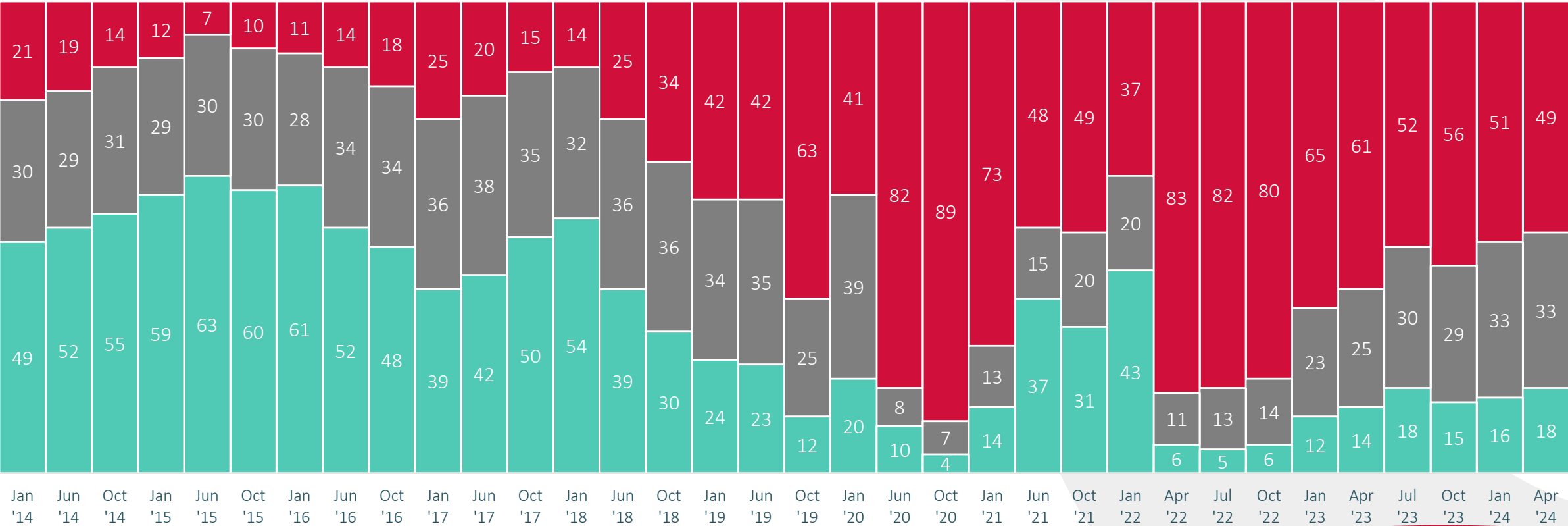
Far more expect the Irish economy to fare worse in the coming six months than expect it to fare better

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

% worse / better / stay the same



■ Worse ■ Same ■ Better

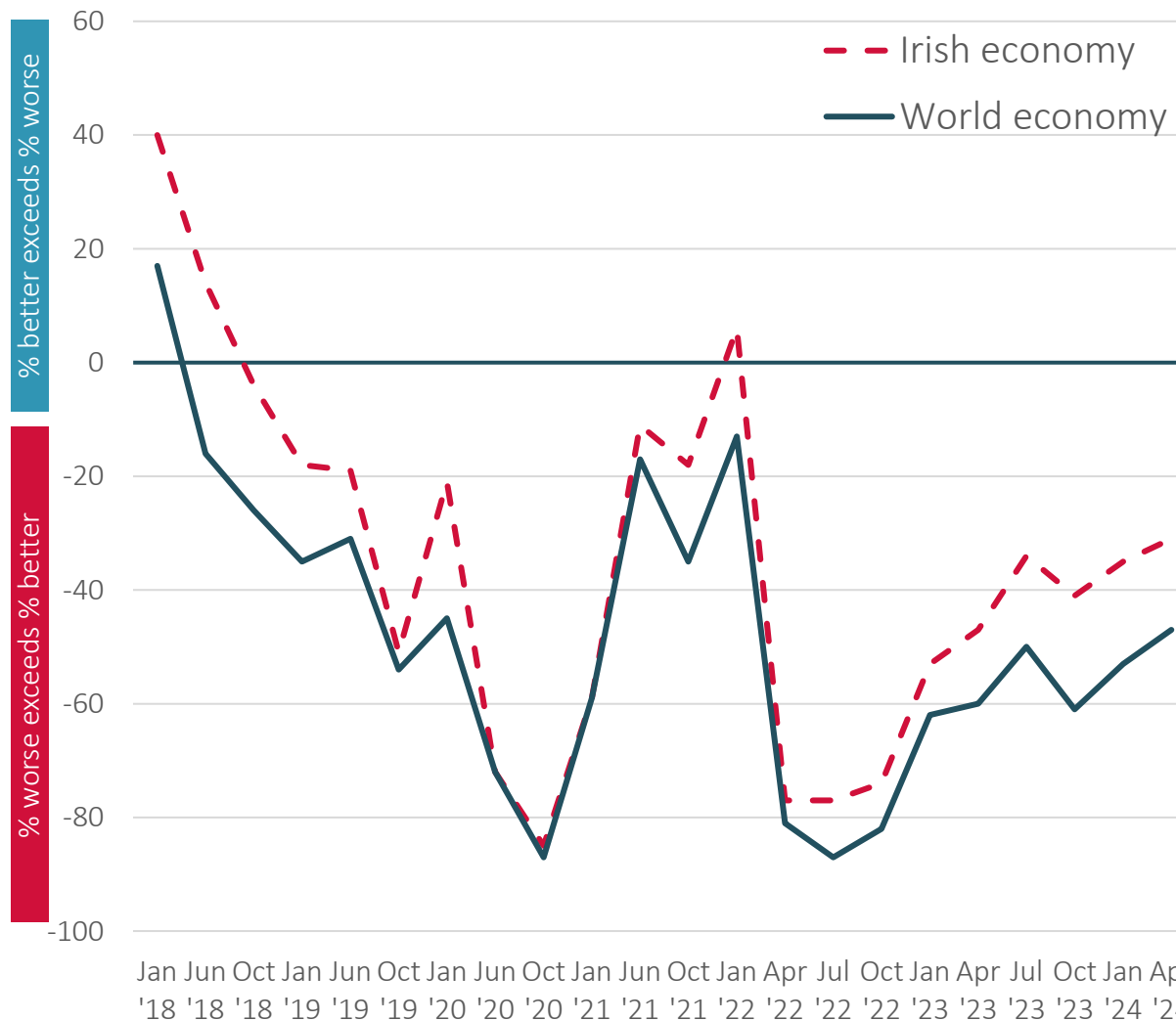


Outlook on Irish economy remains more positive than on world economy

Irish consumers are more downbeat on the prospects for the global economy, which is likely being influenced by ongoing geopolitical instability (war in Ukraine / Gaza) as well as fairly sluggish performance in both the US and European economies.

Outlook for the World Economy

% get better LESS % get worse in next six months



Global economy
Apr 2024:

-47

+6 v Jan-24
+13 v Apr-23

Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

Outlook on cost of borrowing continues to improve, but housing and cost-of-living remain significant concerns for Irish consumers

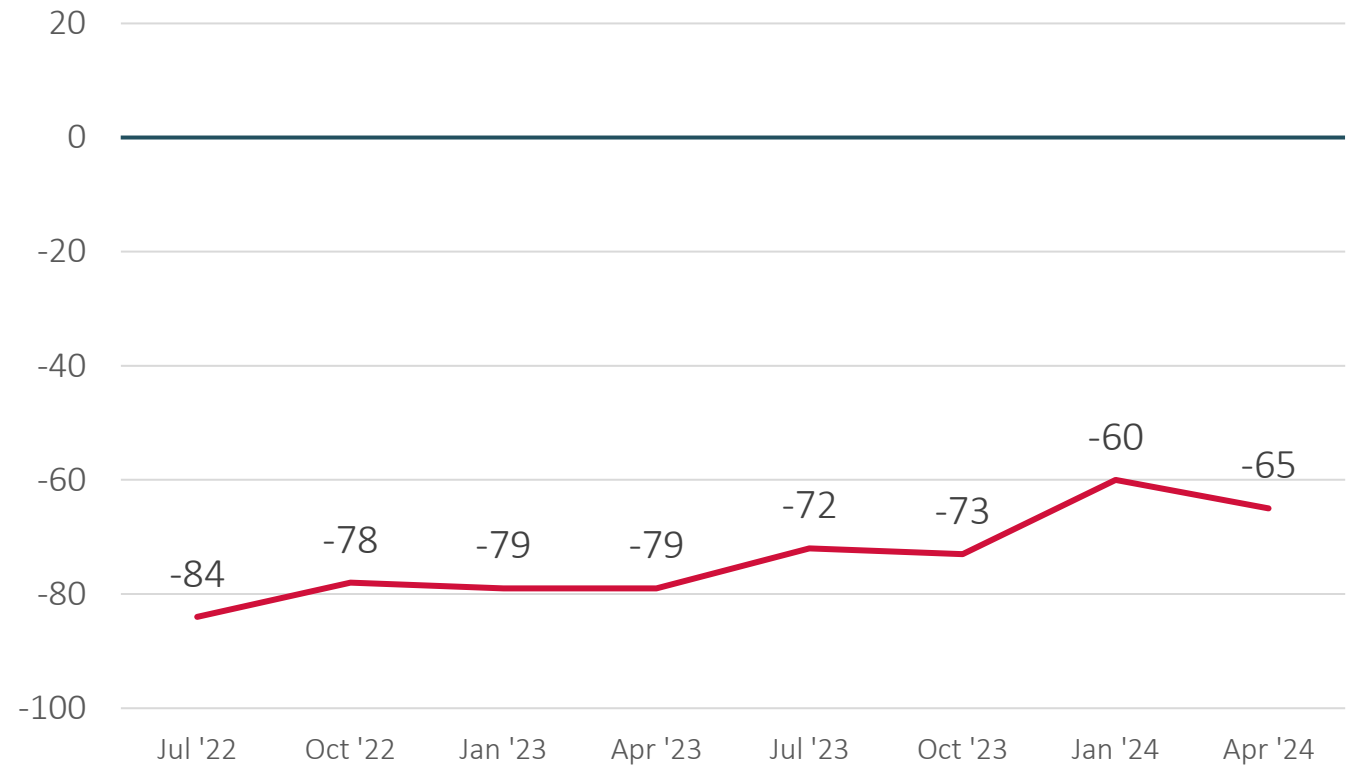




Some deterioration in expected outlook for cost-of-living this wave

While there has been an improvement in the cost-of-living outlook over the last year, there has been some decline in the measure during the past quarter. This may be as a result of consumers being impacted by recent price rises in areas like health insurance, transport fuel and streaming services.

Expectations for the cost-of-living over the next 6 months
% get better LESS % get worse



Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

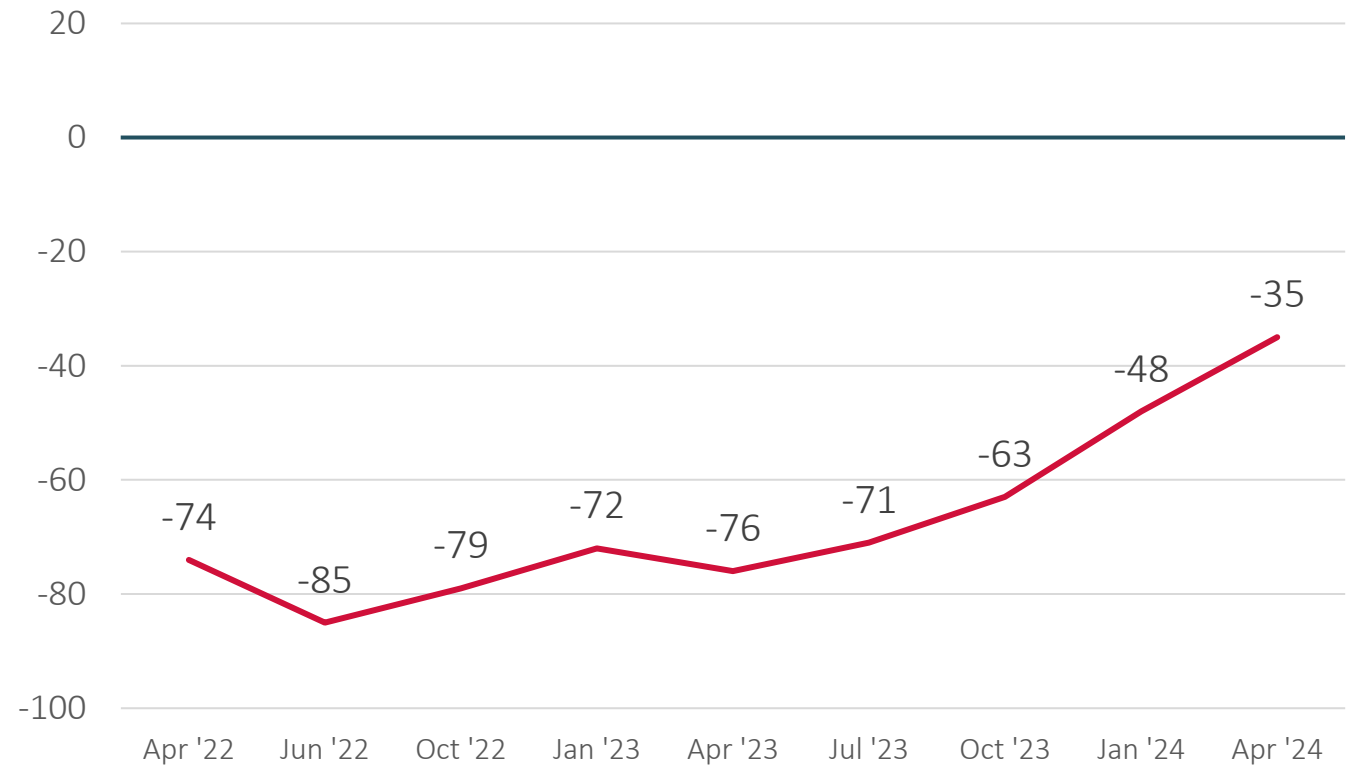


More people expecting cost of borrowing to improve in coming months

While on balance more consumers still believe the cost of borrowing will worsen over the next six months than those that expect it to improve, this measure has been gradually improving since this time last year, with the ECB signalling that it is likely to cut Euro-zone interest rates in the latter half of this year.

Expectations for cost of borrowing money over the next 6 months

% get better LESS % get worse



Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

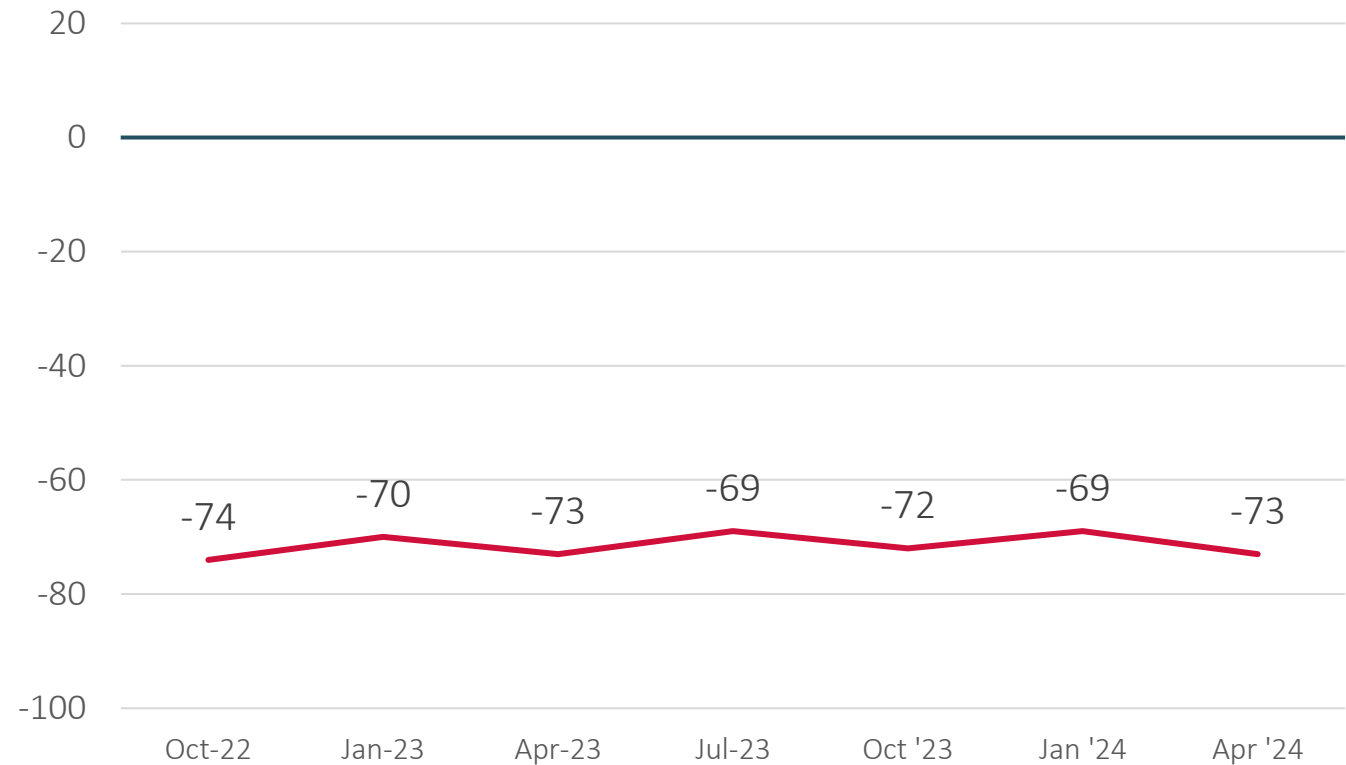


A modest decline in expectations for affordability of housing

This is clearly an indicator that is going to take some time to see any sort of notable improvement. Even with interest rates likely to fall, house price inflation having moderated to some degree and house construction activity continuing to rise, this is all seeming to have little impact on affordability expectations and whether or not prospective new entrants to the housing market can get a foothold on the property ladder.

Expectations for affordability of housing over the next 6 months

% get better LESS % get worse



Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

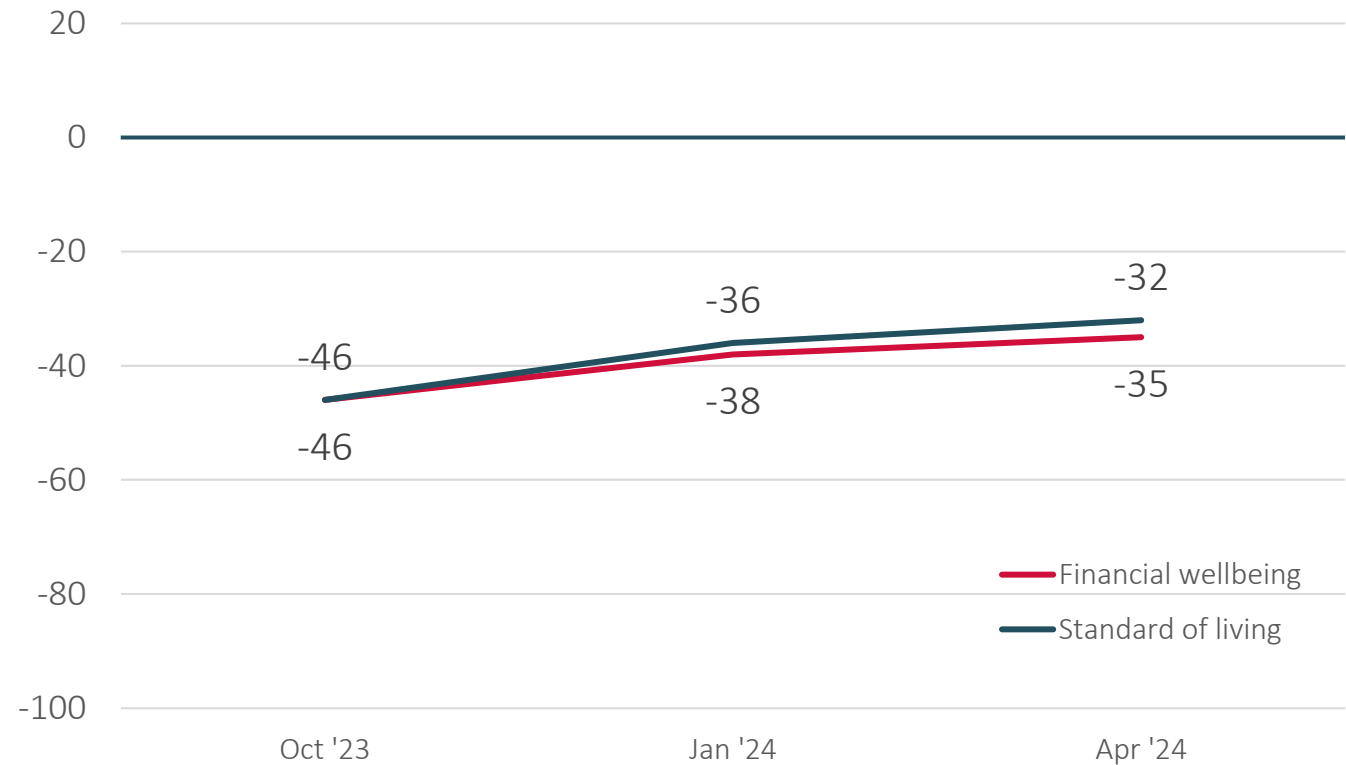


Some improvement in financial wellbeing and standard of living indicators

Both these indicators track each other very closely, with the standard of living measure slightly ahead of financial wellbeing. What is notable here is that both these measures are significantly ahead of the cost-of-living indicator.

Expectations for financial wellbeing and standard of living over the next 6 months

% get better LESS % get worse



Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

Despite concerns over the economic outlook, there is still some improvement in the outlook for jobs and incomes

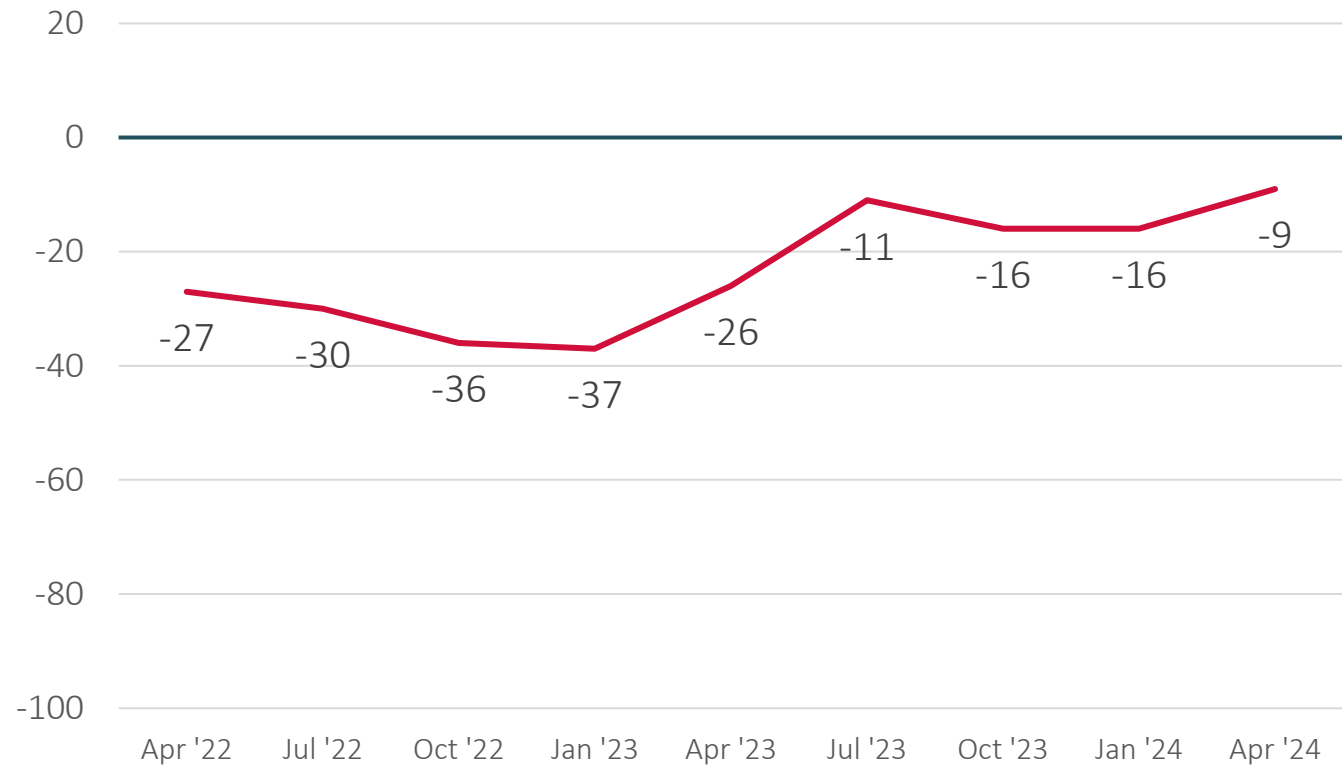




Improvement in outlook for employment this quarter

Current concerns around the economy appear to be driven by weaker spending power rather than by any fears of job losses and a rise in unemployment. In fact, unemployment in Ireland currently stands at 4.3% and is one of the lowest across the EU.

Expectations for employment over the next 6 months
% get better LESS % get worse



Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

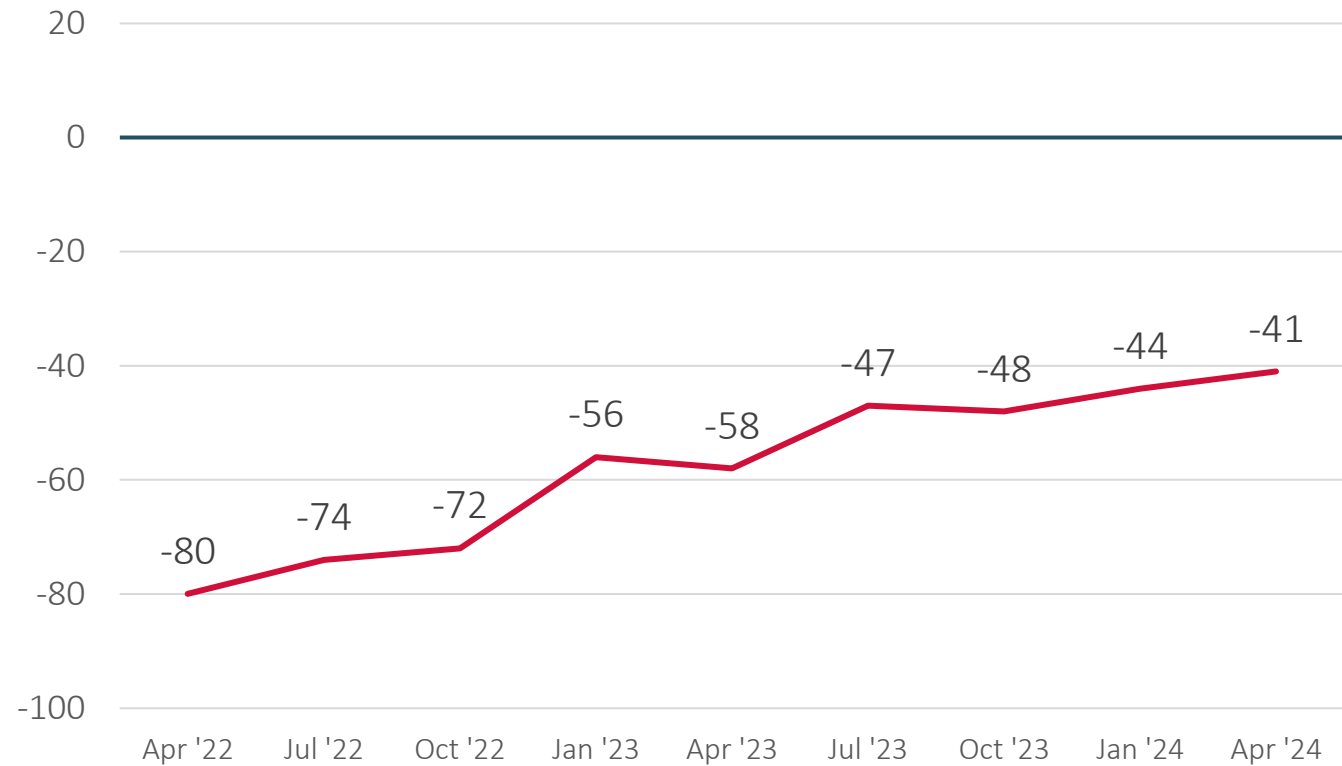


Expectations for discretionary disposable income continue to gradually improve

We still see more consumers expecting their income to decline over the coming six months compared to those that expect it to increase. However, this measure has been gradually tracking upwards over the last two years and is now notably higher compared with the same period last year.

Expectations for discretionary disposable income over the next 6 months

% get better LESS % get worse



Above zero: % expect things to get better GREATER than % expect things to get worse
Below zero: % expect things to get better LESS % than expect things to get worse

Grocery spend continues to trump spend on discretionary goods and services, while some increased concern about rising cost of motor fuel

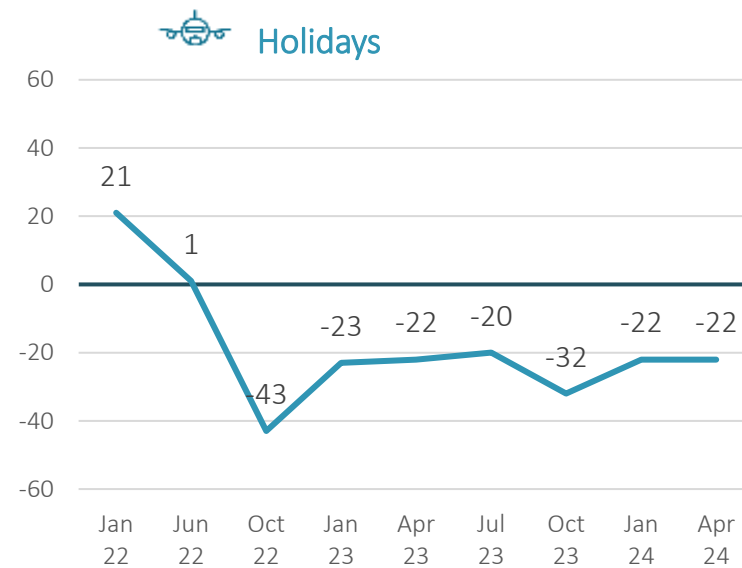
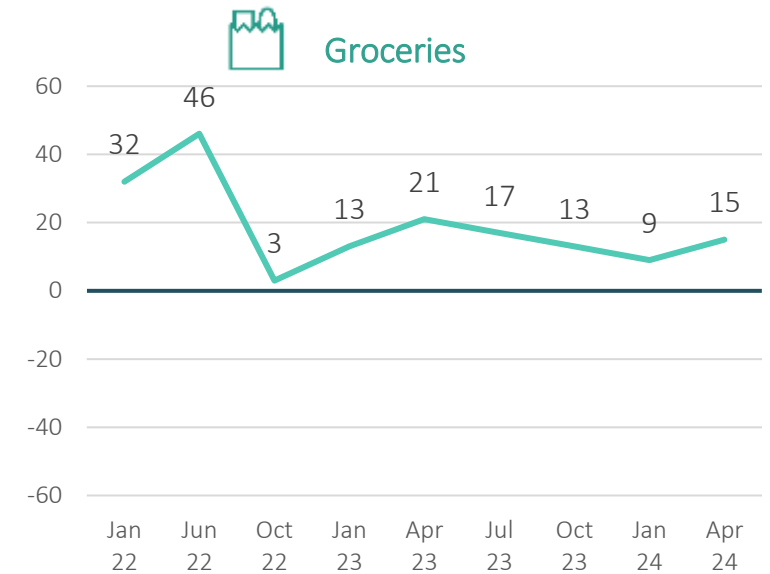
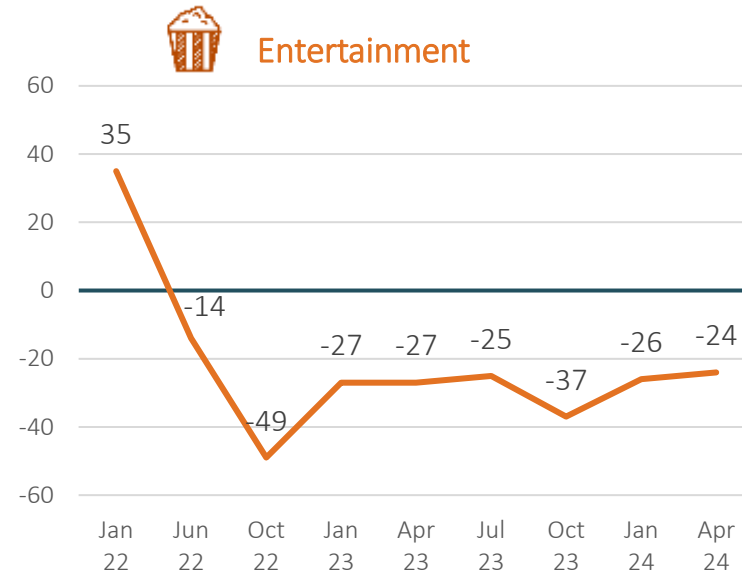


Spend on discretionary categories remains under pressure

Spend on groceries continues to remain in positive territory, although this still probably reflects an expectation of higher prices in the sector as opposed to any volume gains. Meanwhile, the areas of entertainment, holidays and consumer goods remain under pressure – this is being mirrored by weak retail sales figures over the past twelve months, along with a decline in overall domestic consumption.

Expectations for expenditure over the next 6 months

% increase LESS % decrease



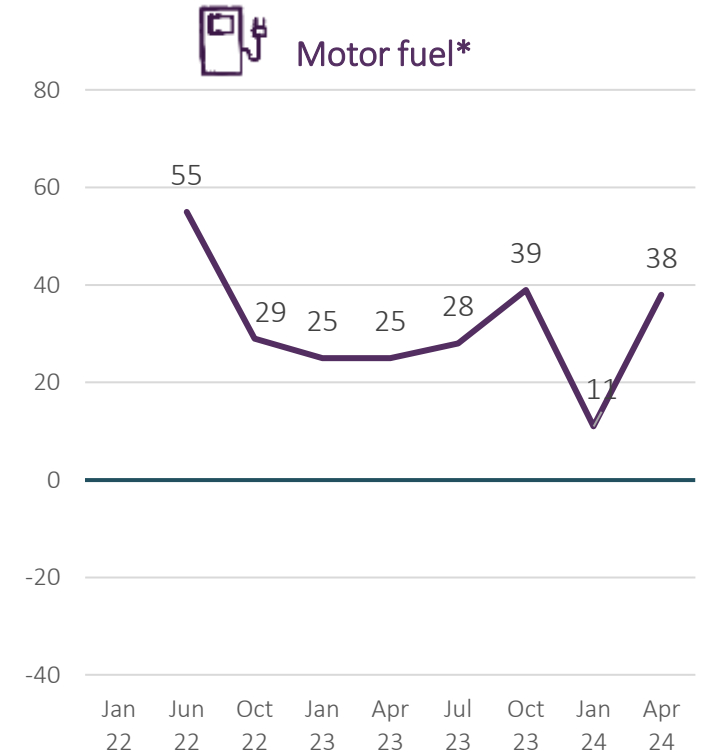
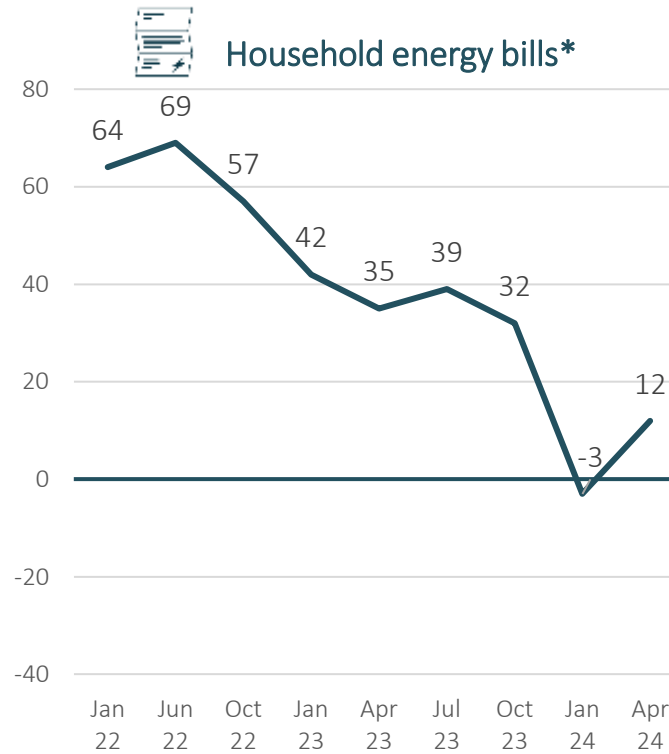
Above zero: % expect spend to increase GREATER than % expect spend to decrease
 Below zero: % expect spend to increase LESS than % expect spend to decrease



A notable shift upwards in expectations for higher motor fuel spend

As the price of petrol/diesel has been visibly gradually edging upwards at the forecourt of late, this is feeding into consumer expectations around the future cost of motor fuel. Geopolitical instability in the Middle East might also be a factor here. There also seems to be some spillover into expectations for household energy bills, despite recent cuts in residential electricity and gas prices.

Expectations for expenditure over the next 6 months
% increase LESS % decrease



Above zero: % expect spend to increase GREATER than % expect spend to decrease
Below zero: % expect spend to increase LESS than % expect spend to decrease

*excludes not applicable

Appendix

- Methodology
- About RED C

Methodology

- N=1,000 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 51st Wave of the RED C Consumer Mood Monitor and fieldwork was conducted from the 9th – 15th April 2024



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**.





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



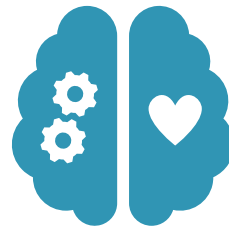
Mapping and delivering easy and enjoyable customer journey's and experiences to maximize purchase and retention.

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