



2010

The Good, the Bad and the... Ugly!

January 2011

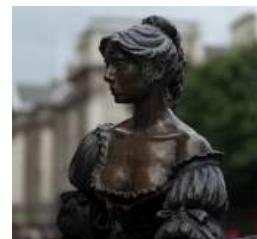
1.

Key Stats from 2010...

- **The Weather** was our most recent gripe. On December 21, 2010 the temperature in Co Cavan never got above minus 9.4°C, making it the coldest ever day recorded in Ireland (SBP). Sales of salt, de-icer, wheel socks and insulation products were at all time highs – possible growth industries for 2011?



- **Tourism** has taken a hit this year. Overseas visitors are estimated to have dropped by 15% from 2009 to 2010 with revenue reduced by over €600 million. (Irish tourist industry confederation). With Frommer's Travel Guide voting Ireland as readers favourite destination for 2011, it is hoped we can reverse this trend in the coming year.



2.

Key Stats from 2010...

- With several industries contracting in 2010, sales of **new cars** jumped by 55%, helped by the introduction of the car scrappage scheme. This increase generated a rise of 3,500 jobs. A positive growth which will hopefully continue into 2011.



- Net **outward migration** in 2010 was 34,500, the largest figure seen since 1989. While we are seeing many of our productive non-nationals leaving Ireland, we also are losing some of our best and brightest who have fallen foul of the recession. This is likely to have a further negative impact on consumer spending for 2011.



3.

The Stats from RED C

C

The Recession



- The recession continues and it has most definitely impacted on us....
 - 20% claim to have lost their job,
 - 8% have seen a relationship end
 - 45% report their health has suffered.
- 47% believe crime has increased due to the recession.
- However, if you have managed to make it through these issues, an increasing proportion claim the recession has improved quality of life.
- People are going out less and taking up a greater number of free activities. The X-factor phenomenon is a reflection of this behaviour where pubs note a marked decline in business on a Saturday evening only picking up once X-factor is over. Other free activities are likely to interest consumers in 2011 including walking, jogging, visiting friends.
- Most believe it will take us 10 years or more for Ireland to recover.



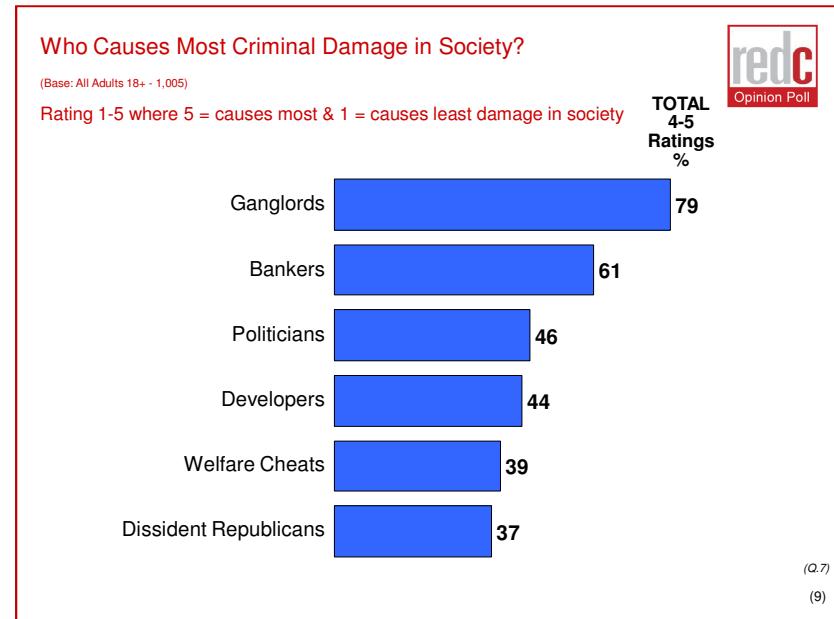
4.

C

The Banking Crisis



- It is not possible to talk about 2010 without some mention of the continued decline of our banking system.
 - The European Union approved an €85 billion rescue package for Ireland in November.
 - Bankers were not considered favourably by the Irish public with 61% agreeing that they cause most criminal damage in society. Rated less favourably than welfare cheats and dissident republicans!



5.

The Changing Face of Politics



Of course this is having a huge impact on our political landscape

- Support for Fianna Fail has fallen from 27% in January to just 17% in December, while only 13% want to see Brian Cowen as Taoiseach.
- This is a very long way from April 2008 when 74% considered that Brian Cowen would make a good Taoiseach and the same proportion thought he was a safe pair of hands.
- Almost 1 in 5 – 18-34 year olds claim they are unlikely to bother voting at the next general election.
- With a general election looming it will be interesting to see how this all plays out on polling day!



C

The Big Product Take-Up of 2010

The **Smartphone** has taken off!!!

- Smartphone subscriptions in the top 5 EU countries rose by 32% in 2010 from 2009 (comScore MobiLens)
- The WIN/Gallup International survey in Summer 2010, based on 27 countries around the world, highlighted the move of social media from the desktop to the mobile. Also 16-24 years olds were found to be the driving force behind more engaging internet activities of uploading/downloading content.
- There will be growing importance placed on social media and mobile applications which will impact on broadcasting, advertising and TV.
- However, the 65+ age group are still loyal TV viewers with one-third of these watching an average of 4+ hours in an average evening.



7.

What does this mean for 2011?



- **A more savvy consumer**

- A greater level of information available and increased use of multiple media sources makes for a more knowledgeable and more discerning consumer.
- Particularly for generic products switching to lower cost providers is likely to increase. However, differentiating is key for premium priced products and services.

- **Corporate responsibility**

- As people focus less on commodities and spending a closer look and understanding of community is occurring. Companies could use this as an opportunity to provide reassurance to consumers.



What does this mean for 2011?



- **A new government**

- Is likely to be in power tasked with reforming the public and banking sectors and repaying our debts which will impact further on public and banking sector workers. Healing the divide may do well for our nation in the year ahead.

- **Potential growth**

- There is evidence in recent reports and within Europe that there is potential for growth, however, consumer sentiment must improve before we can truly realise this

