



Consumer Mood Monitor

July 2023



While we see a continued improvement in the consumer mood, many remain concerned about the outlook for the economy, with the cost-of-living crisis still weighing heavily on peoples' minds. Consequently, consumers remain cautious on their plans for spending.

Consumer mood improves, but many still cautious about outlook



01

Almost one-in-five (18%) consumers expect the Irish economy to improve in the next six months, up from just one-in-twenty (5%) 12 months ago. But while some are that bit more optimistic about the future for the economy, more than half (52%) believe things will actually get worse over the next six months (this is down from more than four-in-five 12 months ago).

03

Despite this somewhat downbeat assessment of the prospects for the economy and cost-of-living, consumers are increasingly optimistic about the outlook for the jobs market. Even in the context of recent high-profile job losses in the technology and business services sectors, this no doubt reflects the sustained low level of unemployment and continued growth in employment observed over the last year.

02

Clearly concerns over the rising cost-of-living continue to preoccupy the consumer mindset. Despite the moderation in inflation over the past year, four-out-of-five (80%) are expecting a further deterioration in the cost-of-living in the next six months. On top of this, a considerable majority of consumers are also expecting further increases in the cost of borrowing and no improvement in affordability in the residential property market.

04

In areas such as entertainment, consumer goods and services, and holidays / short breaks, the proportion of consumers that expect to spend less in the coming six months is more than double the proportion that plan to spend more, indicating a contraction in spending in these areas. Consumers are most likely being thriftier and making carefully considered choices as to how they spend their money.

The consumer mood continues to trend upwards, yet many remain cautious on the outlook for the economy in the coming six months



Some improvement in consumer mood this quarter



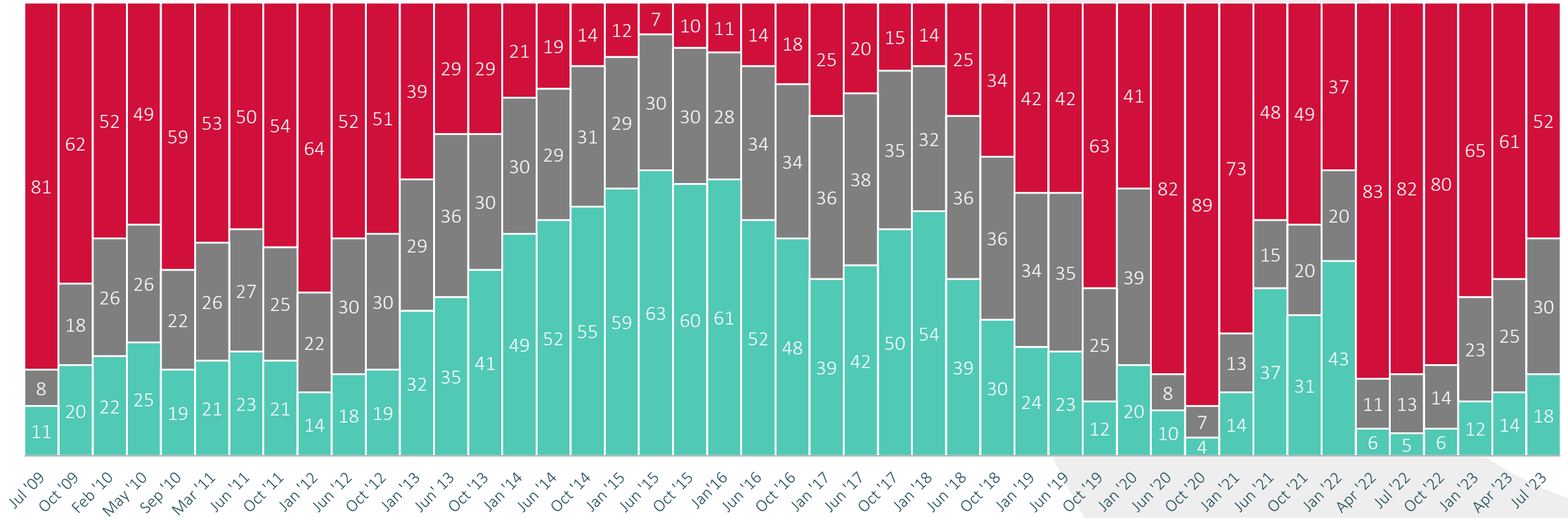
A continued increase in those believing the economy will improve along with a continued decline in those that think it will get worse. However, a sizable majority still believe things will get worse over the next six months.

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

% worse / better / stay the same



■ Worse ■ Same ■ Better



Confidence in world economy continues to follow similar pattern



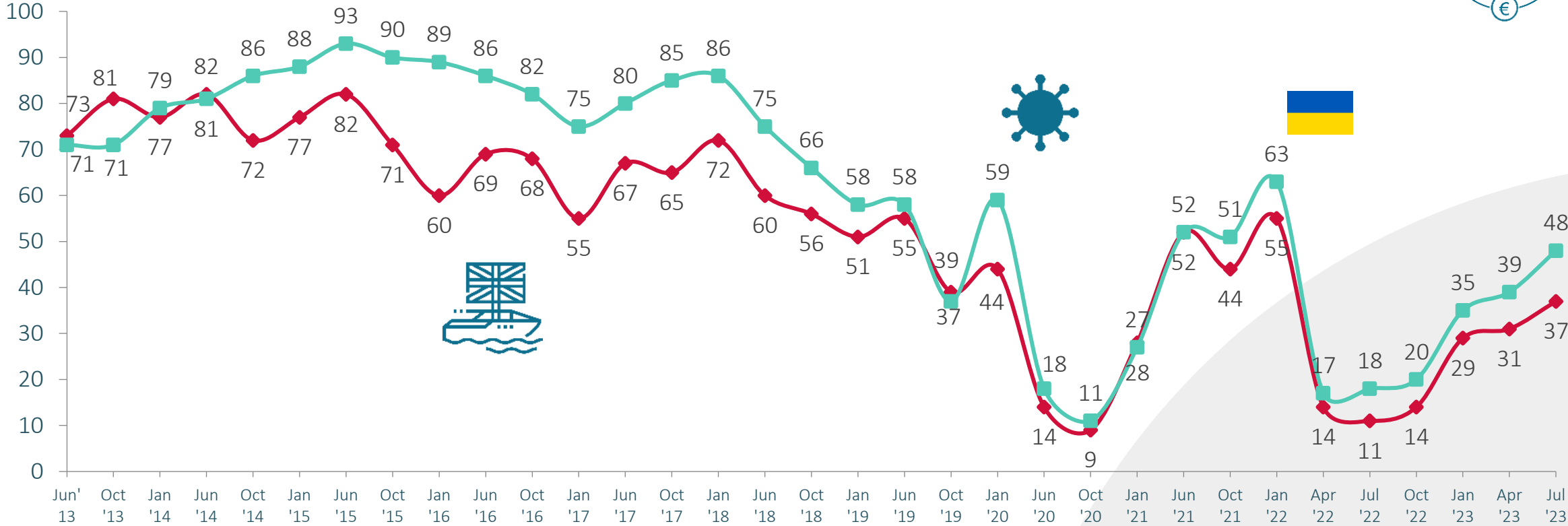
Ireland's economic fate has always been largely determined by the global economy – consumers are currently that bit more optimistic about the outlook for the Irish economy over the coming six months

Expectations for the Irish and World Economy



% NET Better/Same
(next six months)

◆ World Economy ■ Irish Economy



Most continue to expect cost of living, cost of borrowing, and affordability of housing to worsen further

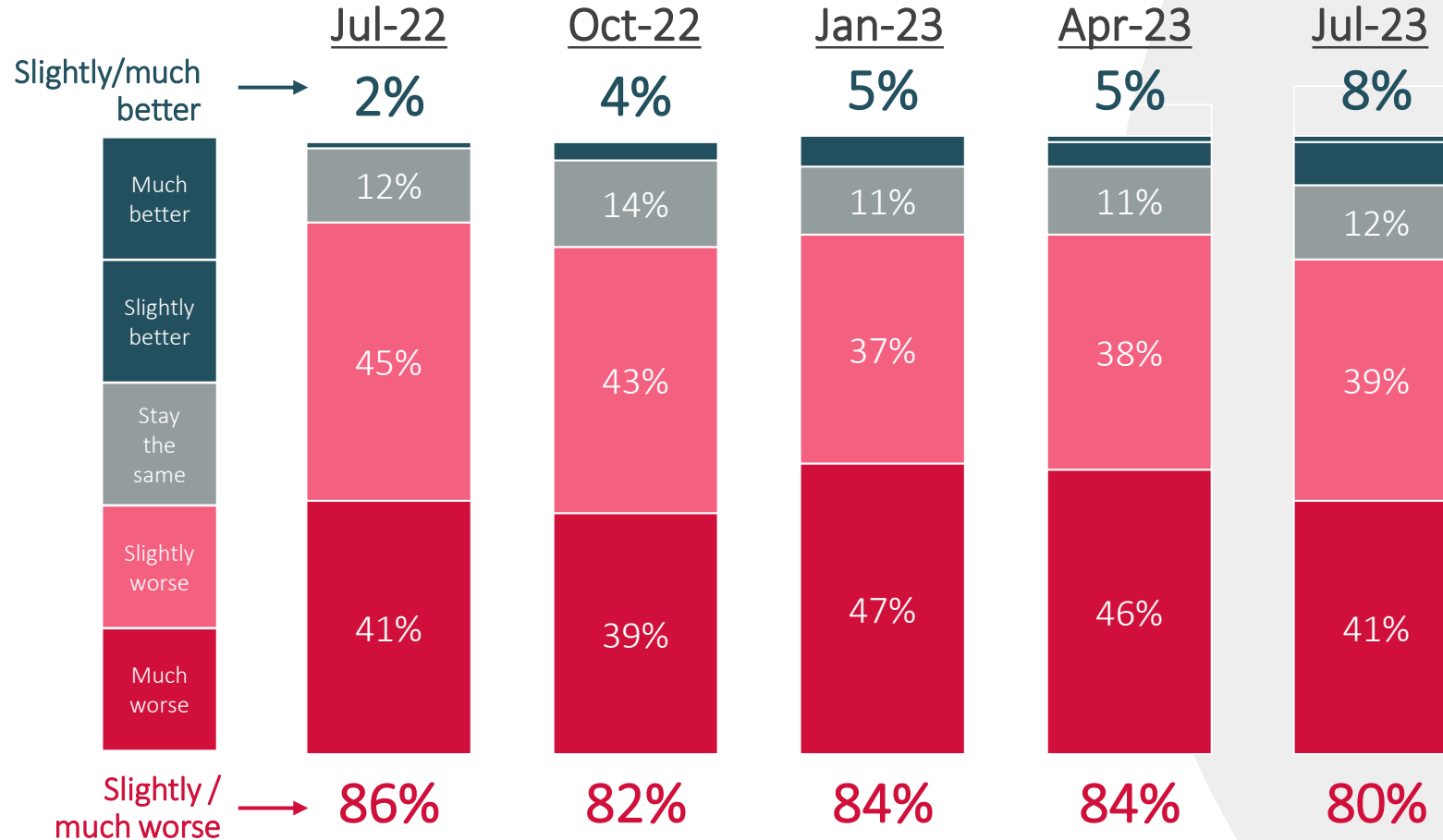


Majority still expect cost-of-living to worsen further



Even though the rate of inflation has moderated (was 9.1% 12 months ago, currently 5.8%), consumers are wary of further potential increases in the cost-of-living in the months ahead

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

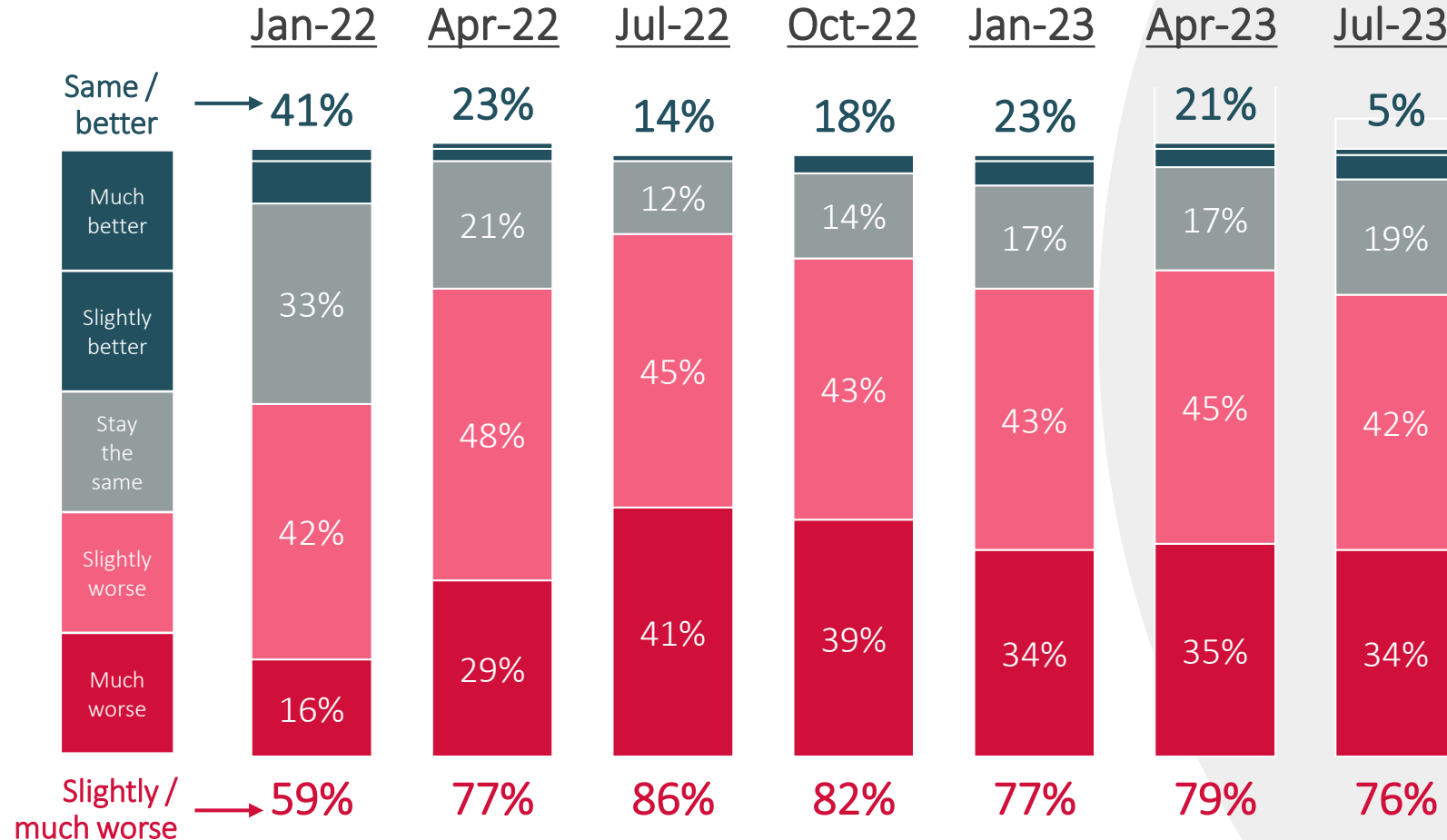


Cost of borrowing is still expected to increase in coming months



The European Central Bank has been increasing rates since the middle of last year and it's quite possible that further rates rises are on the cards before the end of the year

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

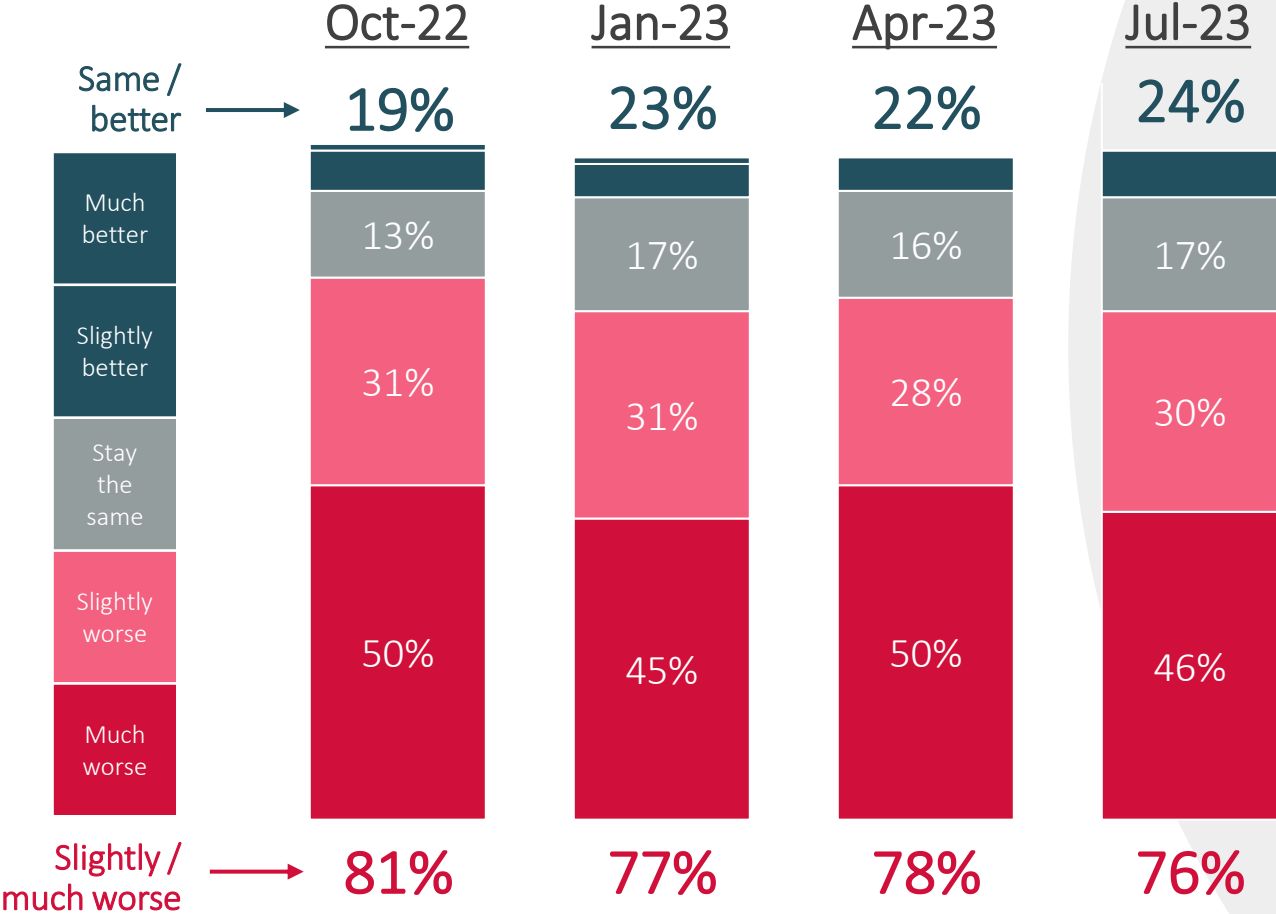


Most expect the affordability of housing to worsen further



Despite a moderation in house price growth of late on the back of an improvement in supply, most consumers aren't expecting any improvement in the cost of housing (especially with interest rates on the rise)

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



**Consumer outlook
for jobs market
improves, but
concerns remain
over discretionary
disposable income**



Fewer concerned about outlook for jobs market

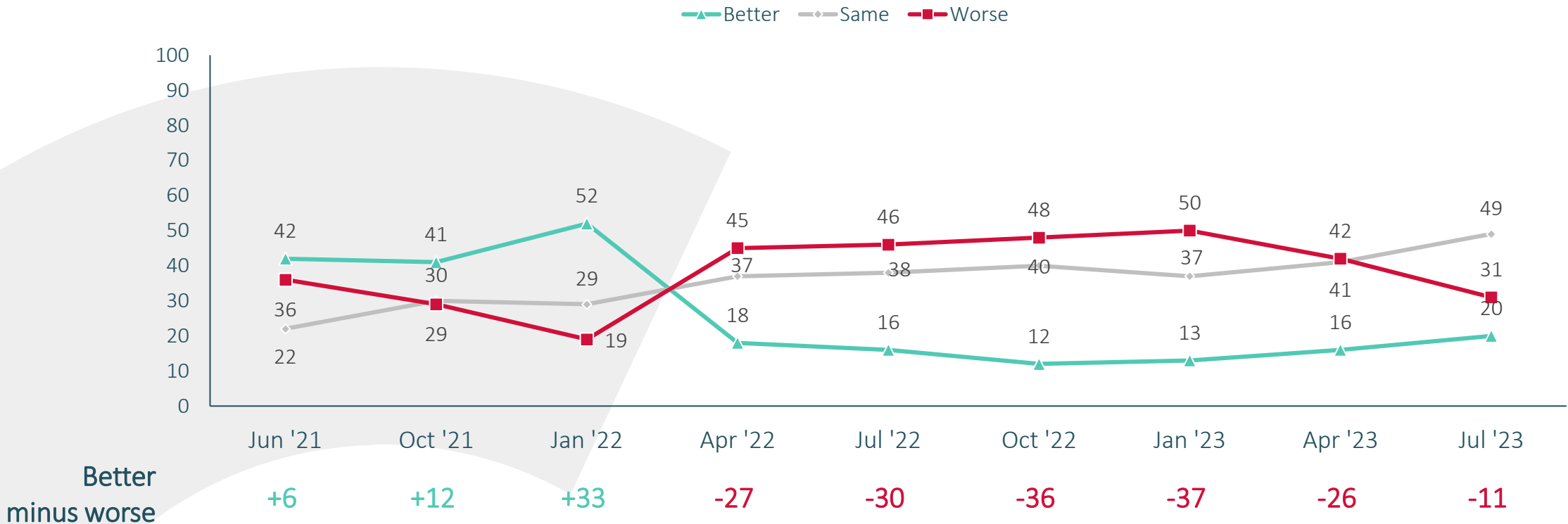


Despite some more recent high profile job losses in the tech and business service sectors, consumers are becoming less concerned about the outlook for employment (unemployment in Ireland remains very low)

Expectations for the next 6 months for...



Employment; the ability to get & move jobs



Older age groups much more optimistic for the jobs market

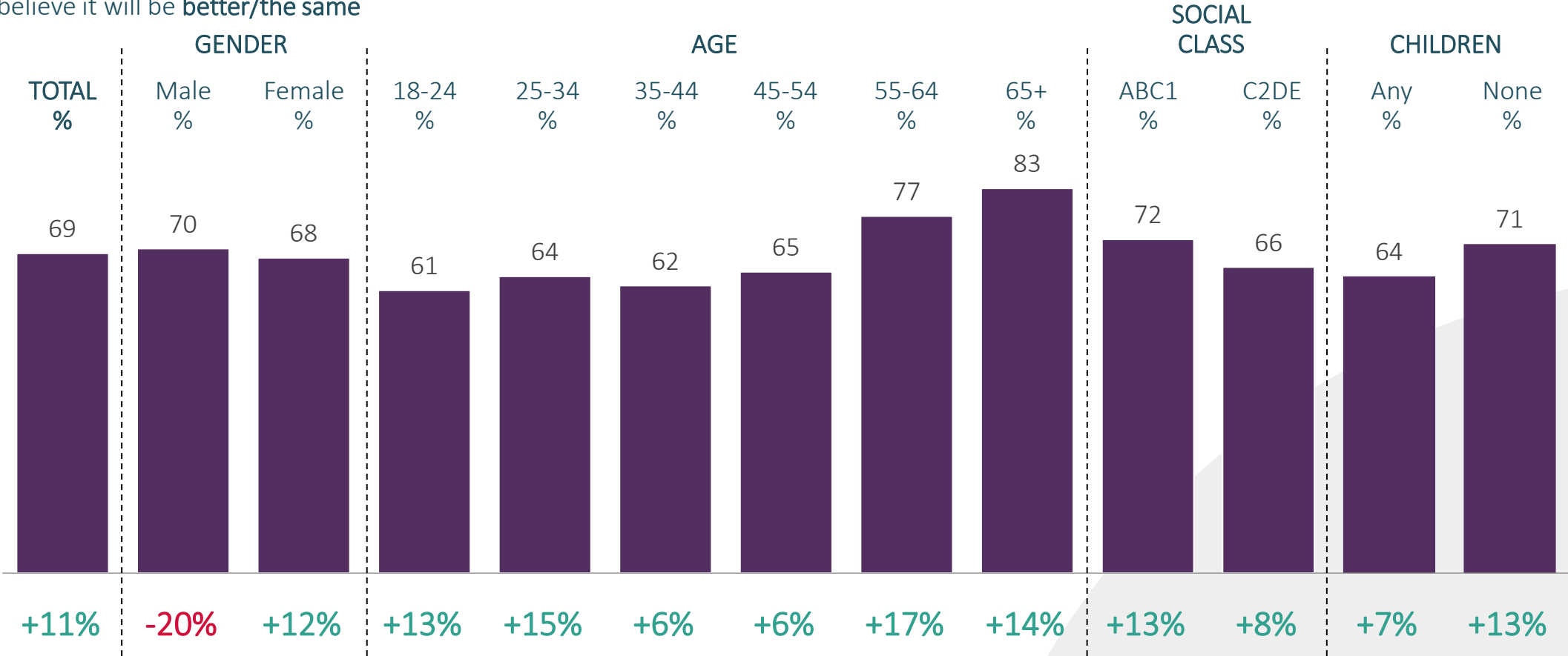


Over 55s, particularly over 65s, have higher confidence in the jobs market



Expectations for employment in the next 6 months

% Stating they believe it will be better/the same



Vs Apr 2023

A slight improvement in outlook for incomes

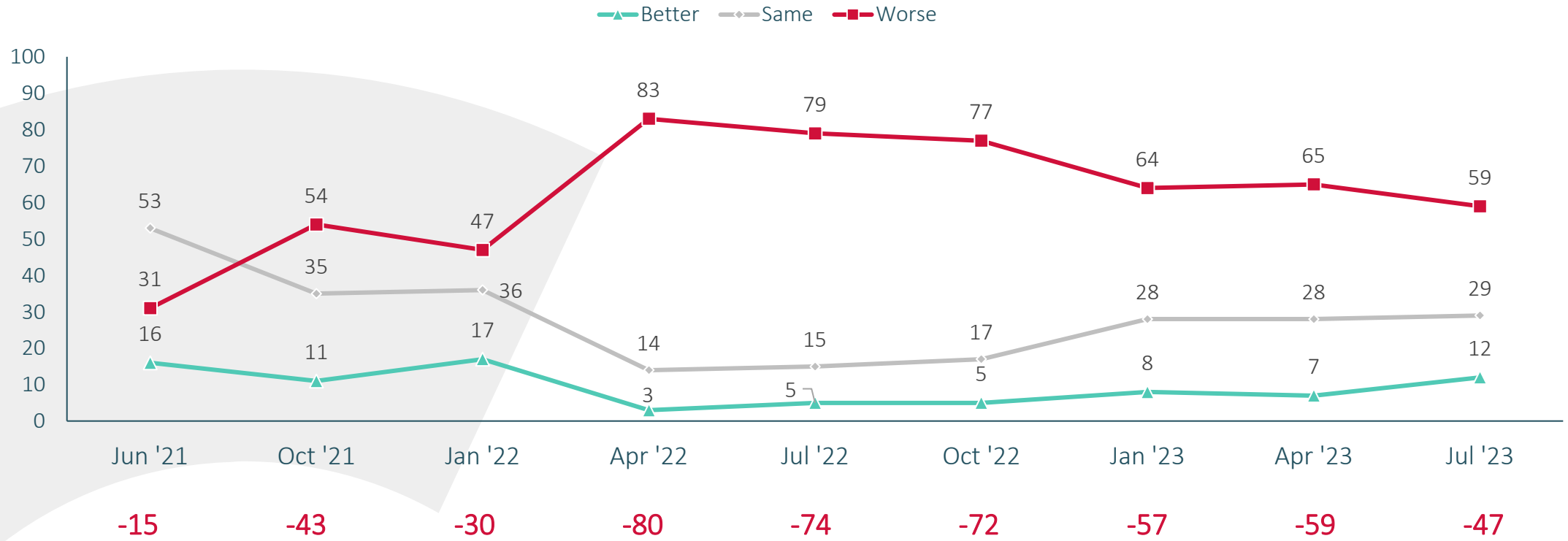


A majority still expect their level of discretionary disposable income to decline, mainly due a higher cost of living meaning they have less discretionary spend at the end of each month



Expectations for the next 6 months for...

Your level of discretionary disposable income*



Better
minus worse

*changed from 'Your Disposable Income' in Oct 2021

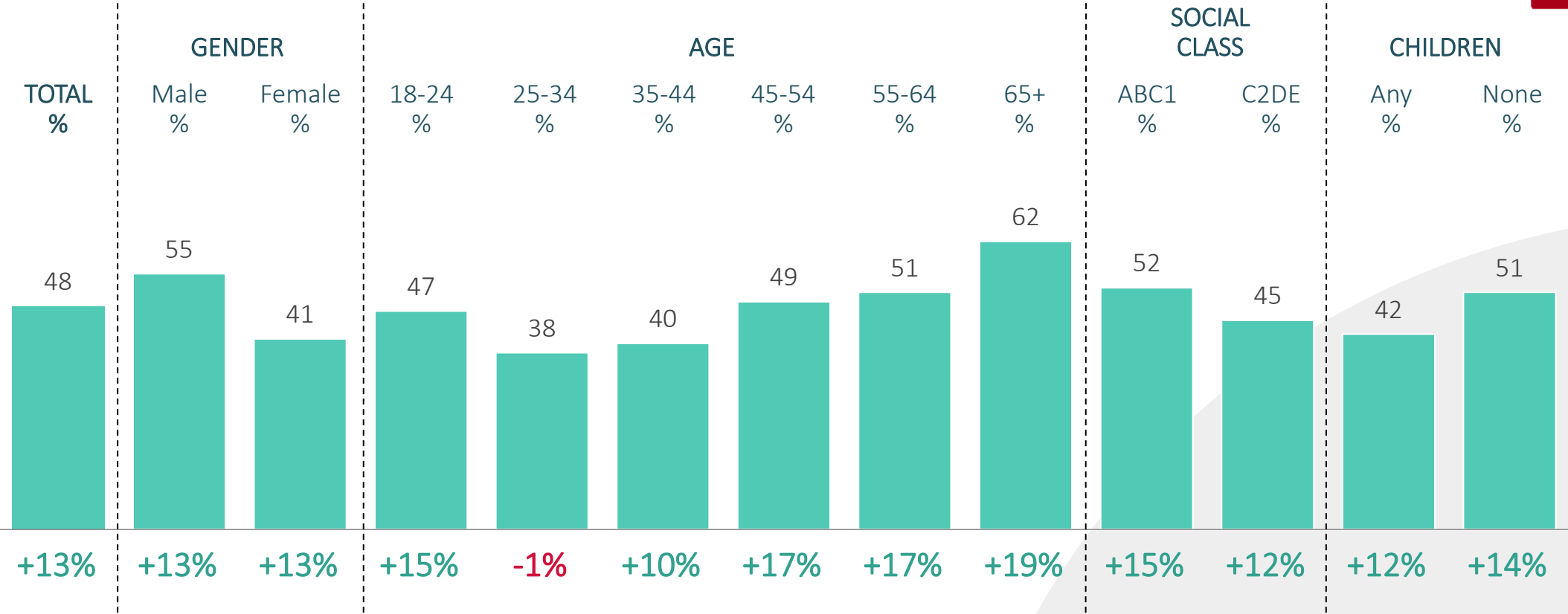
Clear generational gap in terms of outlook for disposable income



Women, 25-44 year olds, lower social grades and parents of dependent children are notably less optimistic in regards to their levels of discretionary disposable income

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

% Stating they believe it will be better/the same



Vs Apr 2023

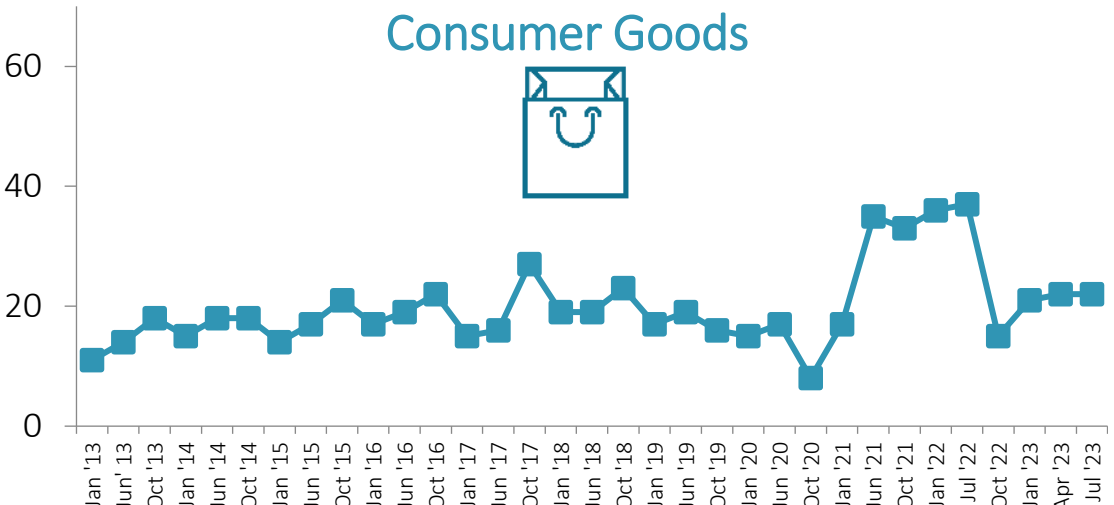
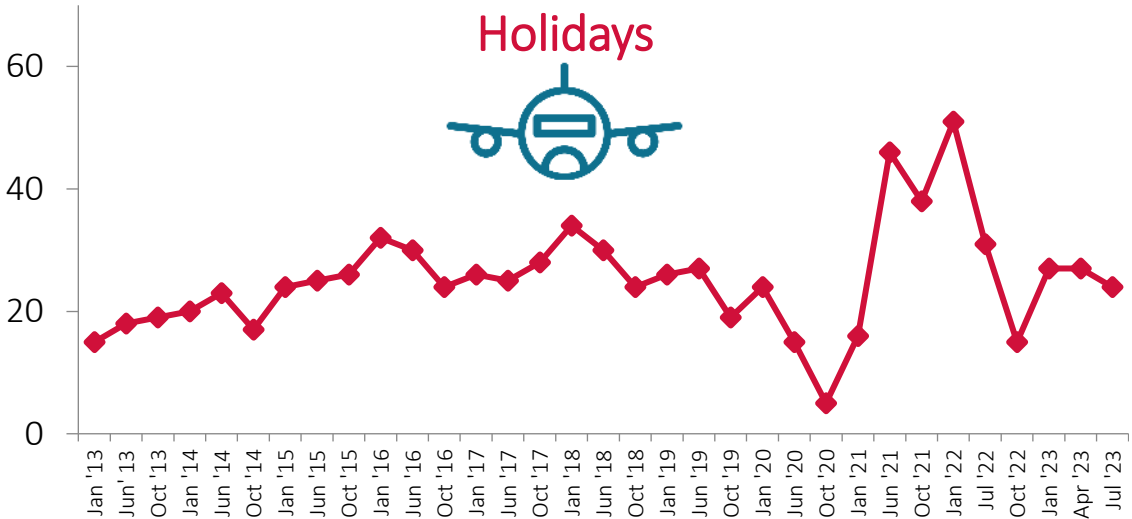
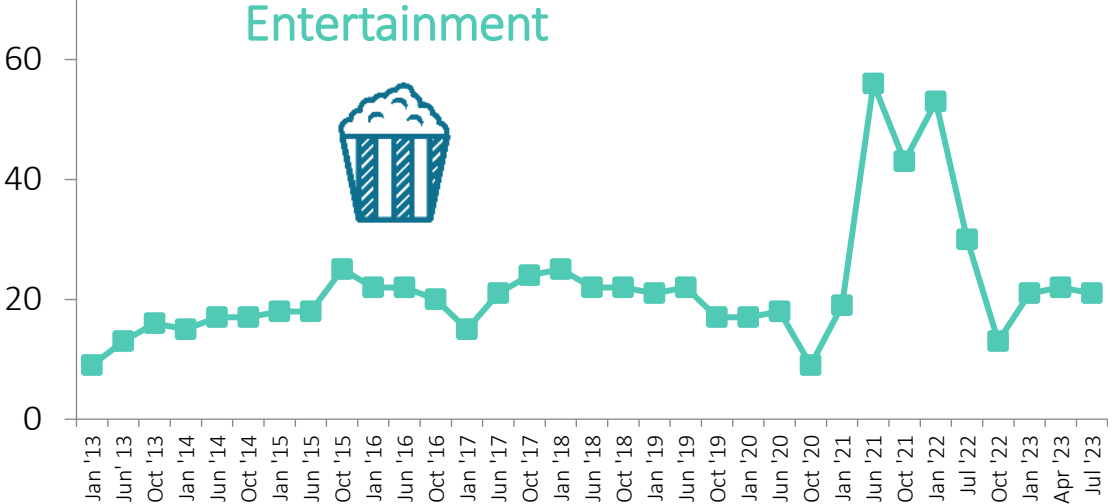
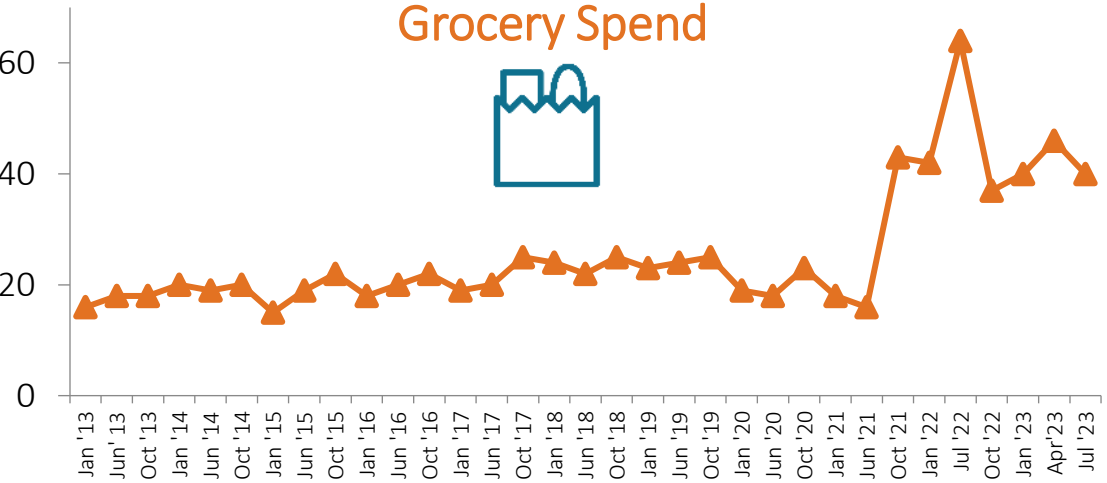
Consumers remain cautious on spending plans for discretionary items



Outlook for spending relatively stable across all key categories



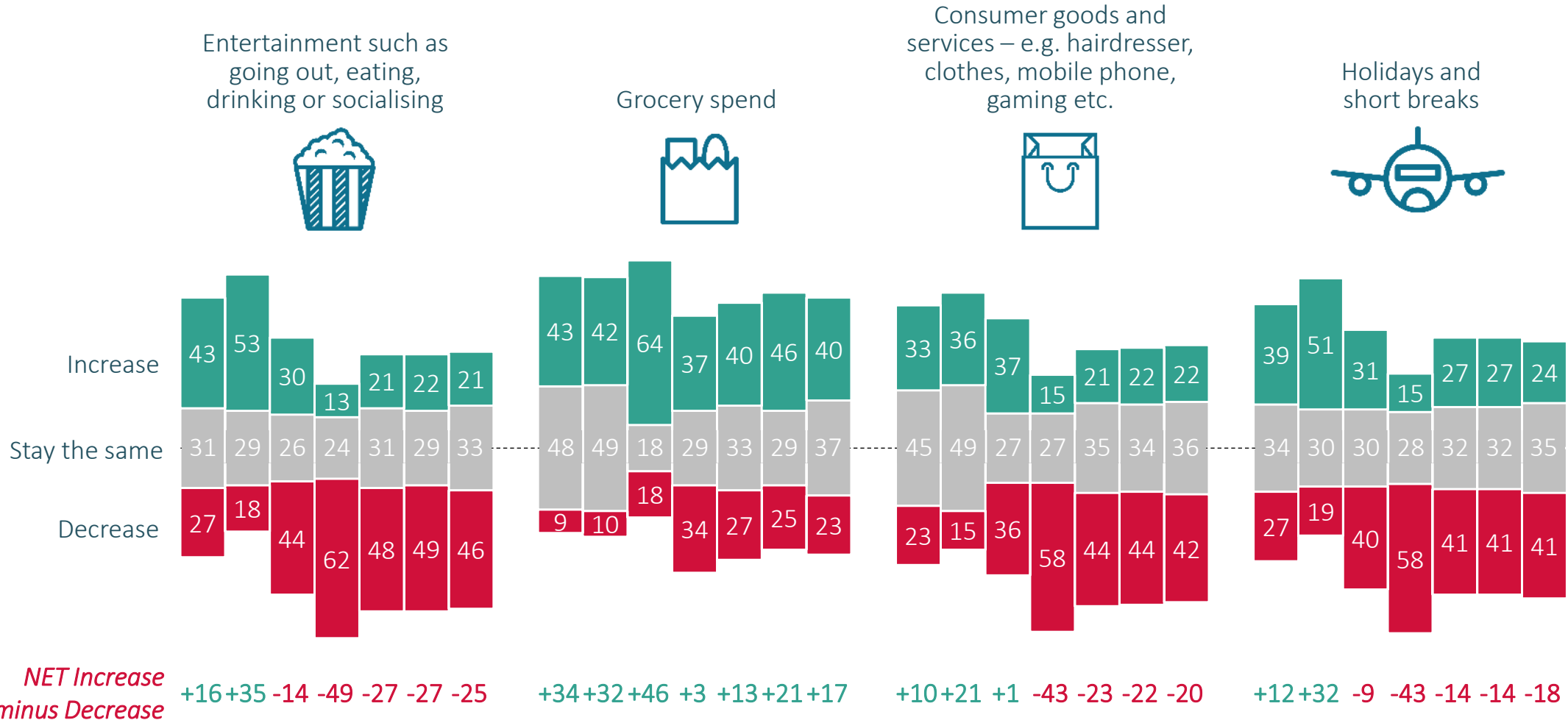
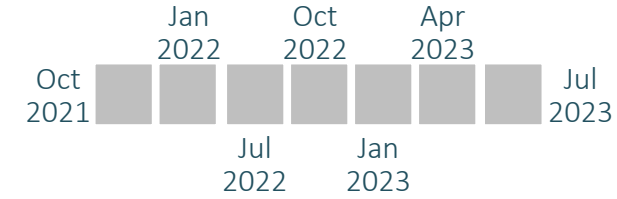
Expected Increase in Spend In The Next 6 Months
 % Likely to increase spend
 (next 6 months)



Most consumers expect their grocery spend to stabilise or increase

In contrast, consumers remain more likely to cut back, than to increase spend, across entertainment, consumer goods, and holidays

Expected Changes In Spend Over The Next 6 Months



High expectation that energy / fuel bills will increase further



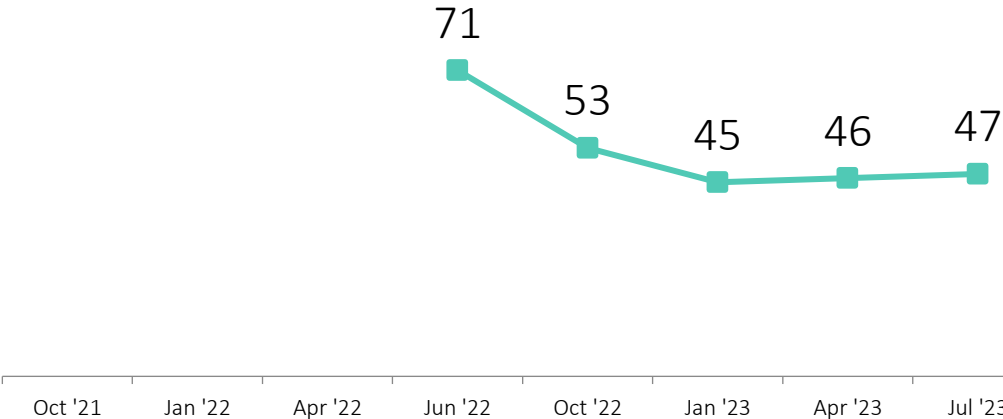
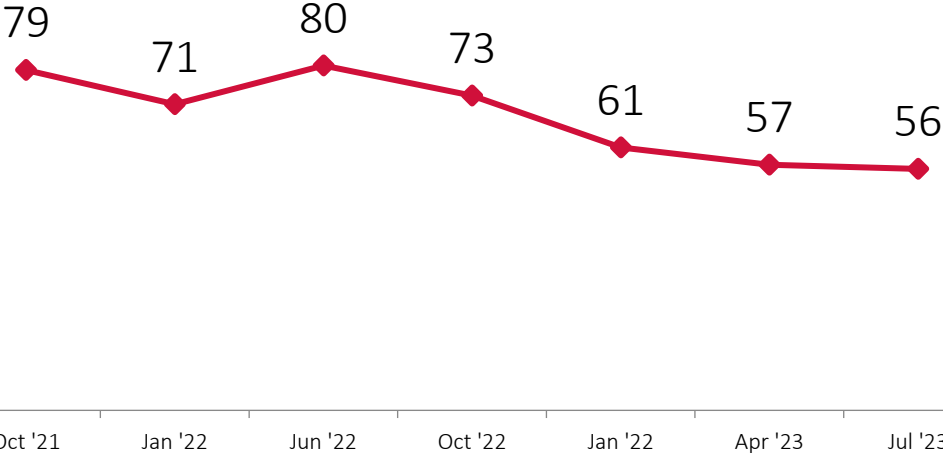
However, the level of concern is not as high as it was this time last year

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)*



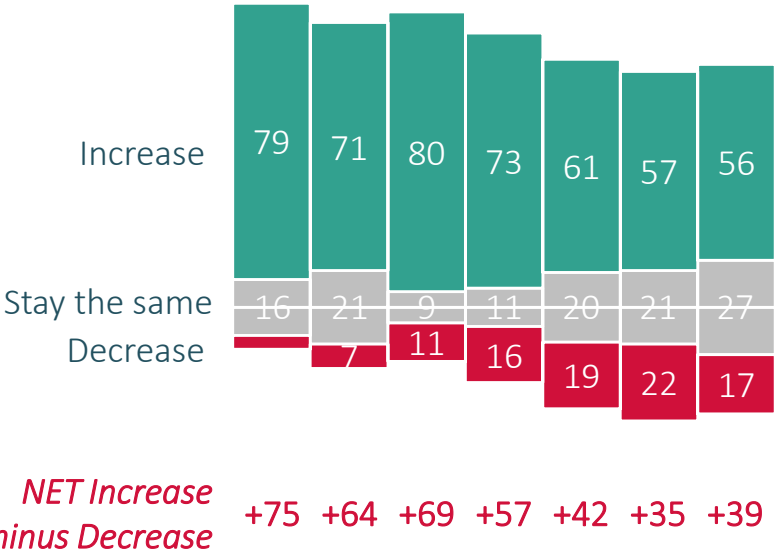
*excludes n/a responses

Few expect their spend on energy bills or fuel to decrease

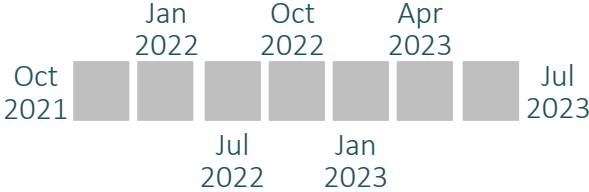
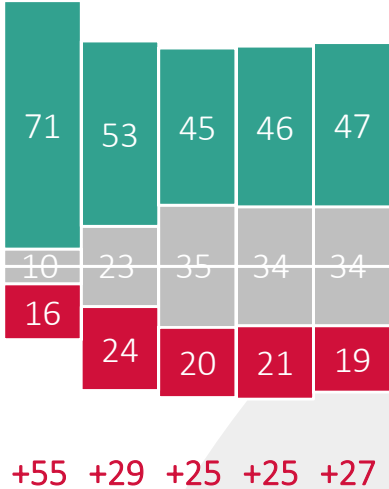


Expected Changes In Spend Over The Next 6 Months

Household energy bills e.g. electricity, gas*



Fuel (petrol/diesel)*



*excludes n/a responses



Appendix
- Methodology
- About RED C

Methodology

- 1,012 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 48th Wave of the RED C Consumer Mood Monitor and fieldwork was conducted from the 21st – 26th July 2023



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



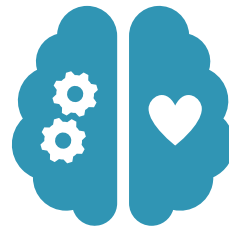
Mapping and delivering easy and enjoyable customer journey's and experiences to maximize purchase and retention.

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