



permanent tsb

Reflecting Ireland

An insight into consumer
behavioural change in Ireland



KANTAR

Representatives of our Colleague Network Groups

Executive Summary

The past 16 months in a global pandemic have led to great upheaval and profound changes in human behaviour in Ireland and around the world. Navigating change is always a challenge but this is particularly true now.

Permanent TSB and Kantar's Reflecting Ireland research series looks at how consumer behaviour is changing in Ireland. This first report focuses on consumer savings trends, intended consumer spending and macro-economic consumer sentiment, over the coming months.

Our research reveals much about how Irish people are feeling and behaving. Decision-making during times of uncertainty is more challenging than in normal times, which is why we have also partnered with Behavioural Scientist Claire Cogan of BehaviourWise to understand what may be driving the behavioural trends identified in this research and how the pandemic is influencing our decision making.

The research identified that our top savings goals reflect a balance between protecting our future financial wellbeing and improving our day-to-day lives. Irish consumers tend to save for "a rainy day" – nearly half (49%) express this as their motivation for saving. It seems that as a nation, we like to "keep something in reserve", as we never know what may be lying around the corner.

There is evidence that we are looking forward to releasing the purse strings to some degree but only circa a quarter of new savings (27%) will be spent over the next few months.

This reflects pent up demand, however with the remainder being held aside, have consumer spending habits been broken? This conservative level of

spending may be a concern for local businesses in our communities. It does raise the question whether or not businesses need to do more to attract consumers and encourage spending in the coming months.

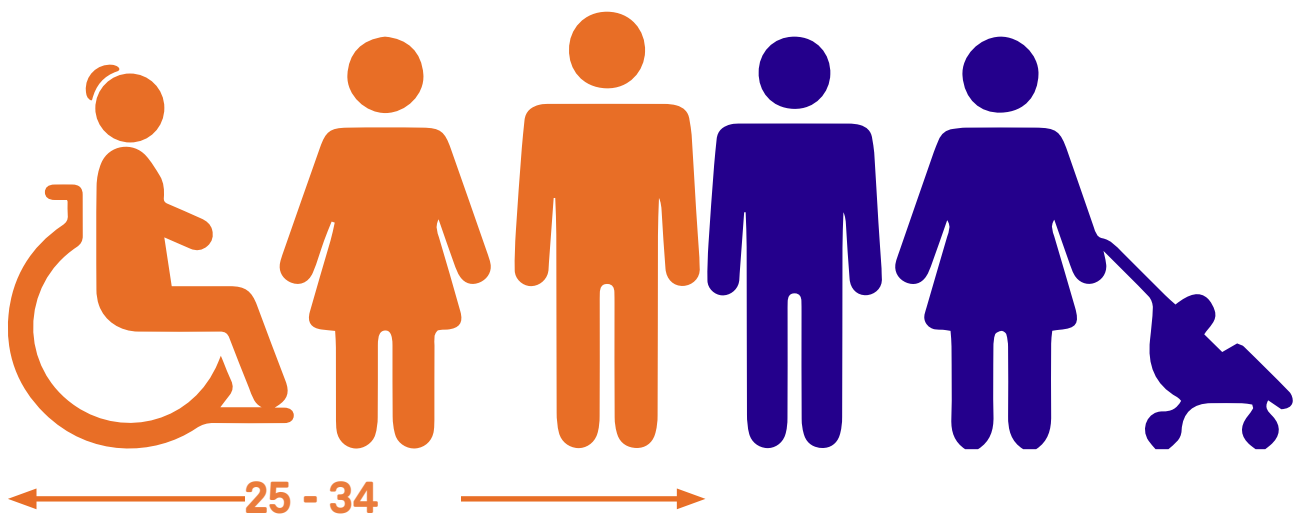
Economists hope for a splurge in spending over the coming months to fuel economic growth but given the level of uncertainty that still prevails, our findings reflect a cautious approach; a desire to treat ourselves in the short-term, balanced against a desire to build financial security over the medium-term.

Examining consumer sentiment at a broad level, we are quite polarised about the Macro economy – a more or less equal number believe it will improve (37%), compared to 36% who feel it will disimprove. We are in neutral territory in terms of our future economic outlook.

Taking a step back from the micro and macro financial situation, we also sought to find out how people are feeling emotionally. Our personal mood in 2021 is also quite polarised – over half (53%) express positive sentiments compared to 47% being more downbeat.

The Reflecting Ireland research series was conducted in July 2021 among a nationally representative sample of 997 adults aged 18+ in the Republic of Ireland.

Savings Trends



58% of those surveyed are managing to save money during the pandemic with **three in five claiming that they try to save regularly**, and intend to continue doing so. It is not surprising that many choose to save money during uncertain times, however 26% cannot afford to save at all.

Regular savers tend to be those who've had the ability to work from home, are aged 25-34.

79%

will continue with their new savings habits.

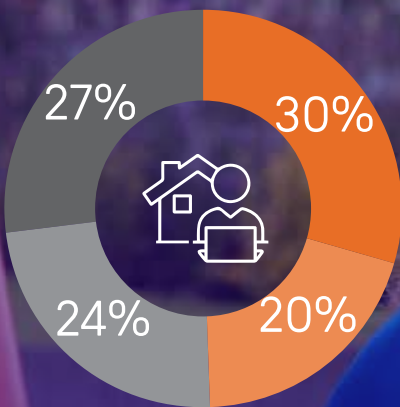


Mean disposable income saved monthly since the pandemic

€272.50

Those whose disposable income increased as a result of Covid-19, those working remotely and potential First Time Buyers are more likely to be saving the most.

Ability to work remotely due to restrictions



- Yes, all of the time
- Yes, some of the time
- No, was not able to work remotely
- Not applicable

In more general terms, our top savings goals reflect a balance between protecting our future financial wellbeing and improving our day-to-day lives.

Irish consumers tend to save for “a rainy day” – nearly half (49%) express this as their motivation for saving.

This cautious approach is more common amongst 55+, women and those whose income stayed the same during Covid-19.

49%



saving for a rainy day



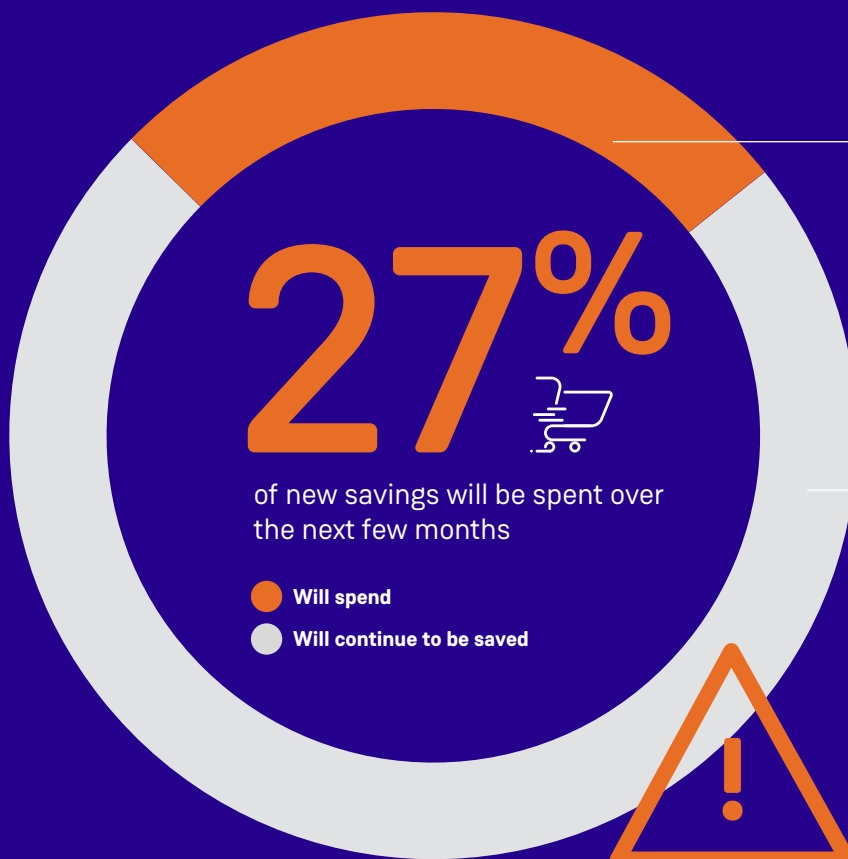
It seems that as a nation, we like to “keep something in reserve”, as we never know what may be lying around the corner.

Spending Trends

There is evidence that we are looking forward to releasing the purse strings to some degree but only circa a quarter of new savings will be spent over the next few months.



Of those that do plan on spending, they are more likely to be 18-34 and those whose disposable income increased as a result of the pandemic.



Proportion of savings intending to spend higher among:

Disposable income increased as a result of pandemic	34%
25-34	33%
C2s	31%
18-24	30%

Proportion of savings to be held back higher among:

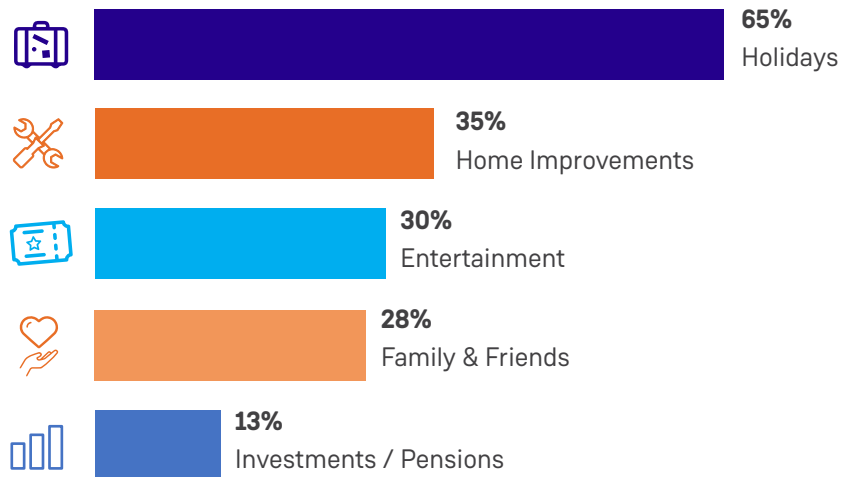
65+	78%
Income stayed the same during pandemic	78%
56-64	77%
C1s	77%
Females	77%

This conservative level of spending may be a concern for local businesses in our communities.

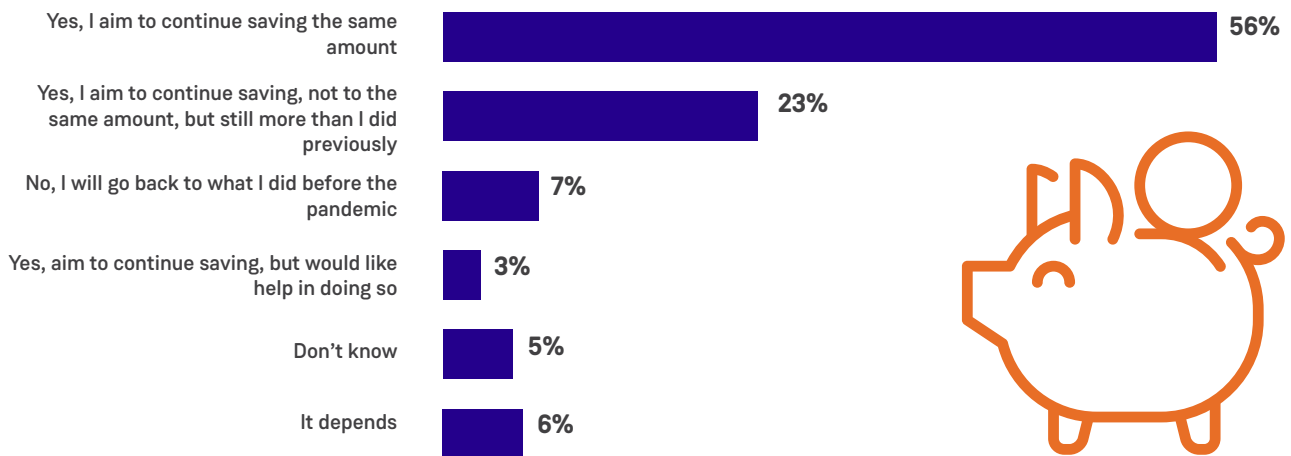
Broadly speaking ABs are defined as Professionals, C1s are White Collar workers, C2s are Skilled Blue Collar workers.

What do people intend to spend their money on?*

As indoor hospitality, entertainment and travel make a welcome return, the temptation to treat ourselves to what we have missed grows. Our choices reflect what has become highly salient in our lives as a result of the pandemic, and reflects the sense of restlessness after prolonged lockdown.



Will the public continue to save at the level that they have been?



Economists hope for a splurge in spending over the coming months to fuel economic growth but given the level of uncertainty that still prevails, **our findings reflect a cautious approach**; a desire to treat ourselves in the short-term, balanced against a desire to build financial security over the medium-term.

*Multiple responses were possible

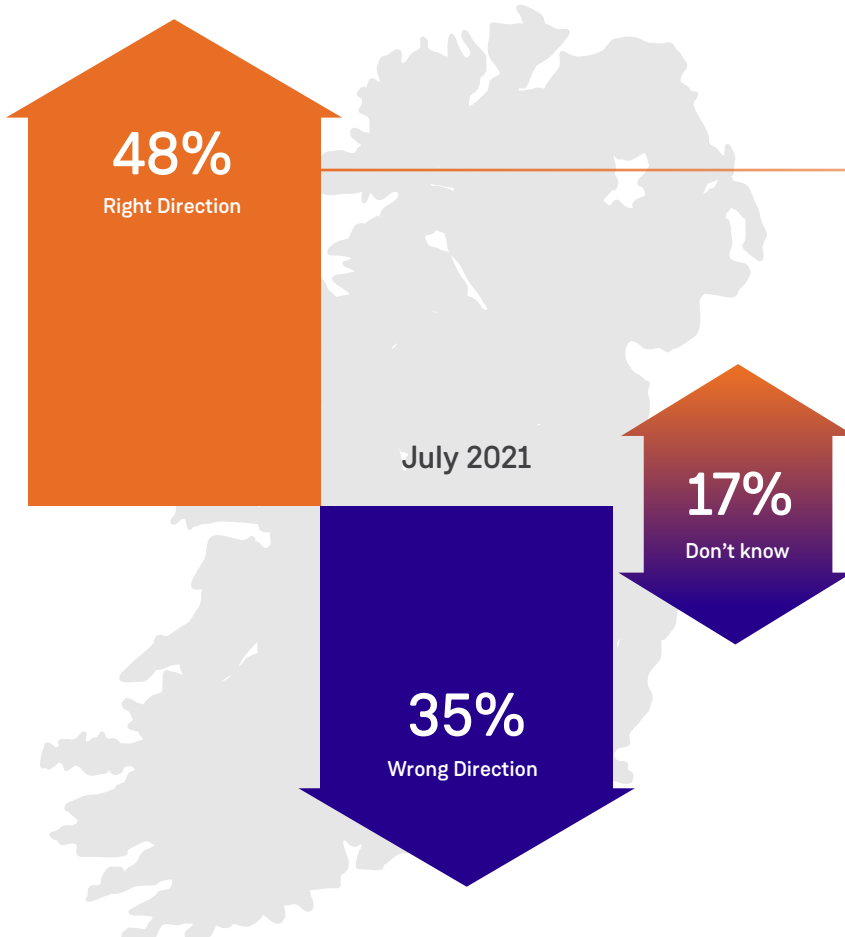
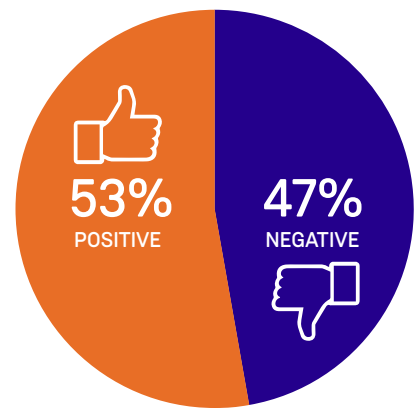
Macro-Economic Consumer Sentiment

Examining consumer sentiment at a broader level, we are quite polarised about the Macro economy. We are in neutral territory in terms of our future economic outlook.

While there is optimism that the economy will recover, we have the fiscal hangover of pandemic provisions to contend with.

One in three of us feel we are on the wrong track.

Our personal mood is also quite polarised – Over half (53%) express positive sentiments compared to 47% being more downbeat.



Higher Among:



Broadly speaking ABs are defined as Professionals, C1s are White Collar workers, C2s are Skilled Blue Collar workers.

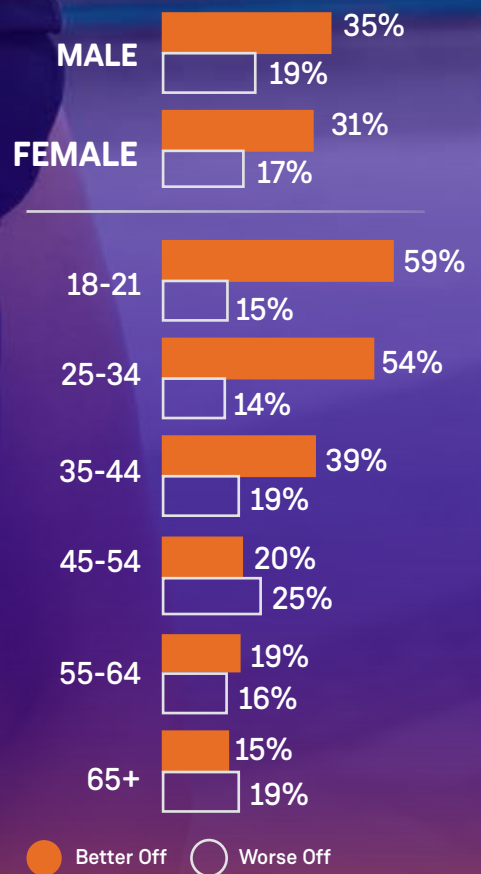
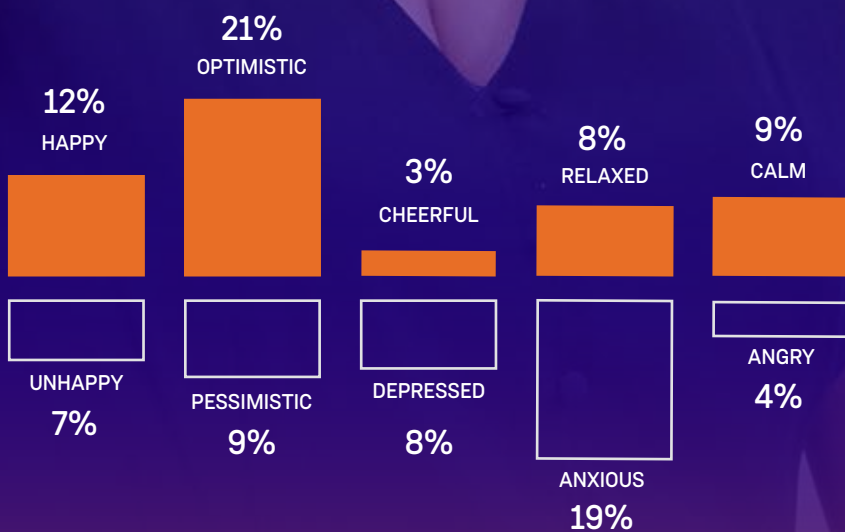


1 in 3 of us expect to be better off this time next year



Given we are living through a global pandemic with its impact dominating our news headlines, it is understandable that levels of anxiety have increased. It is a reminder of the toll the pandemic has taken on our mental health.

Findings suggest a directional relationship between age and optimism, with younger cohorts less optimistic about living in Ireland. Among those more uncertain about living in Ireland, the key emotion is anxiety which has seen the greatest increase over the last few years (versus 11% in 2019).



Emotions can affect our judgement and decision-making and anxiety can lead people to perceive higher levels of risk, and unhappiness has been linked to impatience and a need for instant gratification.

Reflecting the Nation

CONNACHT & ULSTER



Garden improvements are a priority – 18% intend to do so versus a National figure of 12%

39% 34%



Four in ten (39%) saw a decrease to their disposable income during the Pandemic, vs. national average of 34%

MUNSTER



Least likely to claim they will spend it on alcohol/ drinking out of home (6% vs 12% overall)



Most likely to say they are saving for a pension (14% vs 9% Nationally)

DUBLIN



Over three in five Dubliners (62%) try to save regularly vs. national average (58%)



Over one in five (22%) believe their disposable income increased during the pandemic, vs. national average (16%)

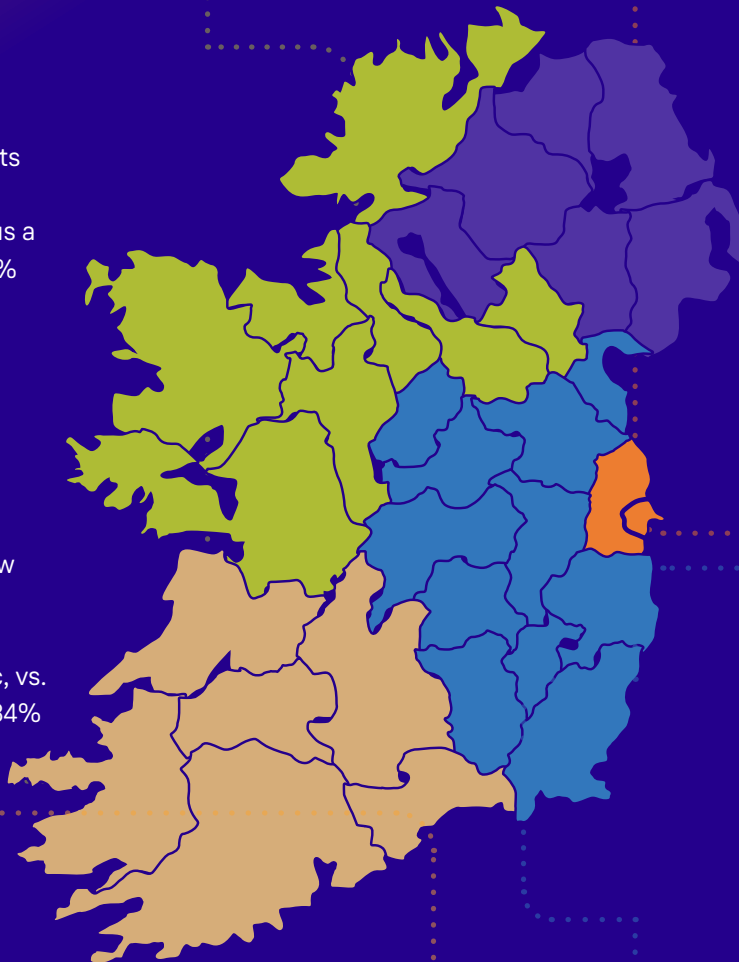
LEINSTER



Leinster residents who are saving are less likely to say they will spend (23% vs 27% overall)



More likely to intend spending their savings on home improvements (36% vs 27% Nationally)



Methodology

Permanent TSB and Kantar's Reflecting Ireland research series looks at how consumer behaviour is changing in Ireland.

This first report focuses on macro-economic consumer sentiment, consumer savings trends and intended consumer spending over the coming months.

- Interviews were conducted online among a sample of those aged 18+.
- Quota controls were set on gender, age, social class and region to mirror the 18+ population profile.
- 997 interviews were conducted in total.
- Interviews were carried out between 28th June – 7th July 2021.
- Data weighted to reflect the adult population aged 18+.
- The margin of error for this research is +/- 3.1%.

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