



# Mid-West Consumer Sentiment Survey

Summer 2023



## Executive Summary

Limerick Chamber launched its Summer Consumer Sentiment Survey in July 2023. The aim of the survey is to allow consumers to provide anonymous feedback which will form part of our regional update. Ultimately, this feedback provides our policy team with the vital information to lobby on our members behalf and to advocate for a better region. This report outlines the results of the Summer 2023 Consumer Sentiment Survey.

When asked to rank the three biggest issues facing the Irish economy; Cost of Living, Supply of Affordable Housing, and Climate Change were the most frequently ranked top issue, in that order. This is the first time that climate change has appeared in the top three, likely spurred by increased stories of adverse weather events present this summer.

## Household Spending

The majority of respondents have negative perspectives of the Irish economy likely due to uncertainty surrounding housing, energy costs and overall cost of living. The majority of respondents outline that they do not foresee an improvement in their financial position (83%), while 67% believe now is not the right time to make a large purchase, and another majority of 67% expect to decrease their non-essential spending. This is a much bleaker outlook when compared summer 2022. This is likely to impact local retail and in particular, areas which are seen as non-essential.

## Holidaying

9 out of 10 respondents have or intend to holiday this year. 44% of holiday goers holiday abroad only. However, domestic tourism continued to hold strong. 29% of holiday goers' holiday abroad and in Ireland. There is a short lead in time for holidays, with the majority of holiday goers planning and booking 1 to 6 months in advance. It is an interesting contrast, while consumers are more pragmatic and mindful of their spending, 90% still planned on holidaying to some extent.

## Working Patterns

Just over half of respondents experienced a wage increase in the past year. Just 40% of those who experienced a wage increase experienced a wage increase greater than the rate of inflation (c. 6.1%). On site working prevails as the main place of work, despite hybrid and remote working growing in popularity. Of those hybrid or remote working 83% of respondents' offices are based in the Mid-West. The next largest office base is Dublin at 11%. The total share of hybrid and remote working introduced since the pandemic has remained strong and will likely feed into organisational plans for the future of work and demand for space.

## Retail

The Crescent Shopping Centre was ranked as respondents most preferred shopping destination in the Mid-West. The city centre came in second, followed by online shopping. The largest influencer of choosing to shop in a location was parking, with the second most influential factor being the selection of businesses and items on offer. The third largest influencer was convenience and or close to home or work. The decision to shop in shopping centres was more practical in nature, focusing on parking on selection, while the decision to shop in Limerick City Centre was focused more on supporting local shops and the city as a whole.

## Economic Outlook

With the winter and associated energy price increases looming, 87% of respondents foresee price increases in the next 6 months. Interest rate increases effect homeowners and potential homeowners differently, depending on mortgage types but significantly effect prospective buyers saving for a deposit. Despite this general pragmatic view, 22% of respondents intend to take out a loan in the next 6 months. Finally, respondents appear to have greater confidence in the Irish economy than in the Irish government. 44% of respondents are confident in the Irish economy compared to 33% with the same level of confidence for the Irish government.

# Mid-West at a Glance



83%

Do not foresee an improvement in their finances



67%

Expect to decrease non-essential spending



44%

Will holiday solely abroad



52%

Received wage increases



55%

Of workers are remote or hybrid



60%

Of wage increases did not beat inflation



30%

Chose the Crescent Shopping Centre as their preferred shopping destination



## Parking

Was the most influential factor when choosing a place to shop



34%

Cite cost of living as biggest issue facing economy. While 28% cite the housing crisis.



87%

Foresee further price increases in the next six months



## Household Spending

Consumer household spending appears to be taking a more pragmatic turn over the next six months.

The majority of respondents (83%) do not expect the financial position of their household to improve in the coming six months, while 17% do expect to see an improvement. This is largely due to the increased cost of living and perceived global instability and uncertainty still hanging over from 2022. Comparing this to consumer sentiment from Spring 2022, 42% of respondents expected their situation to improve, with 58% expecting no improvement. This signals quite a drastic change in the household thought process over one year.

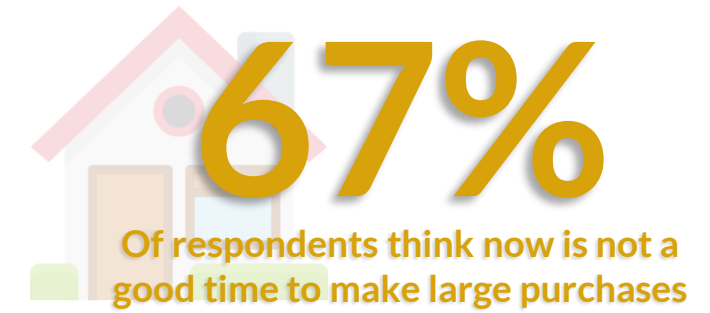
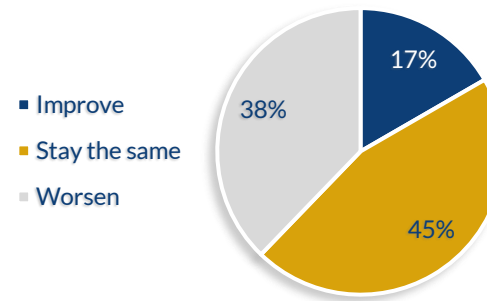
Again, feeding into the uncertainty, 67% of respondents do not think now is the right time to make large purchases (white goods, electronics, cars, houses etc) this is compared to 50% for Spring 2022. However, while 7% do think now is a good time to make large purchases, 27% think that they will make a large purchase in the coming six months. 16% remain unsure whether now is the correct time or not. While just 7% think now is the right time to make a large purchase, 27% think that they will. This might be due to the need for essential items.

Just 15% of people who plan on making a large purchase intend to take out a loan to do so. Of those people that expect to take a loan, they anticipate taking out loans for home improvements, cars, houses and other personal / student items.

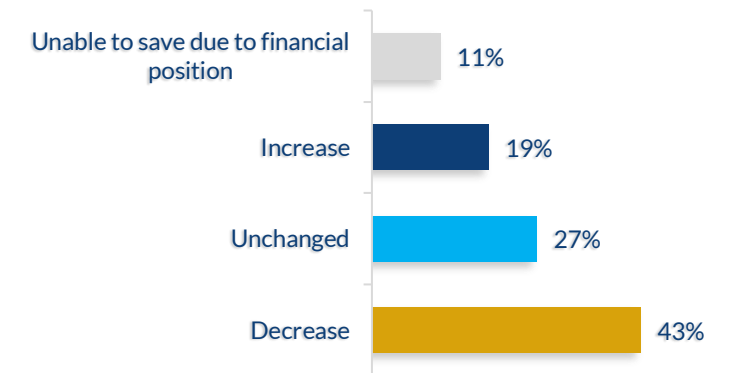
Worryingly, for businesses, is that 67% of respondents expect to decrease discretionary (non-essential) spending in the coming six months, again due to uncertainty. Particularly uncertainty around energy prices into the winter.

The intention to be more pragmatic with household finances is likely to negatively impact spending on discretionary items and it is something that businesses should be mindful of when planning for the next six months.

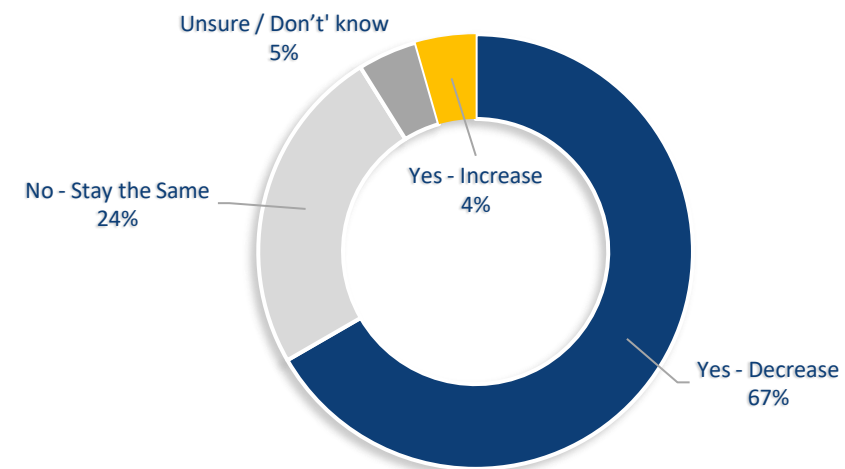
How do you expect the financial position of your household to change over the next 6 months?



How do you expect your monthly savings amount to change over the next 6 months?



Do you think your discretionary spending will change in the next six months?



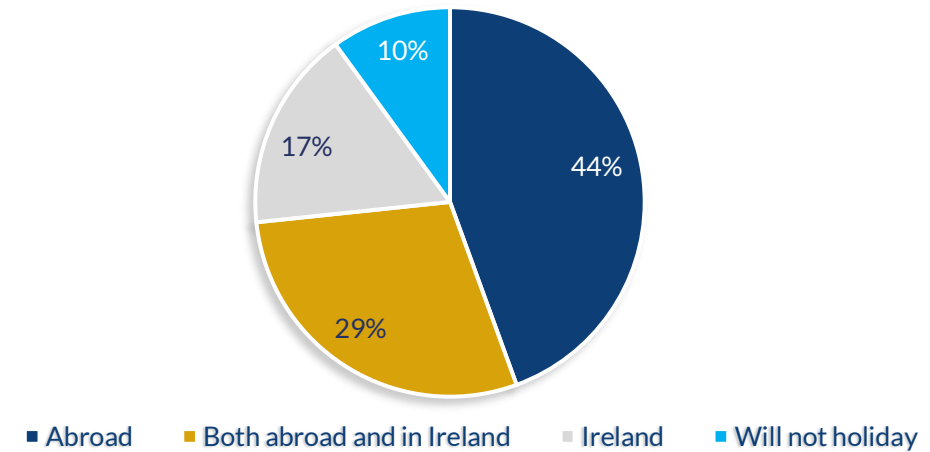
## Holidaying

Despite pragmatism around spend elsewhere in this survey, 90% of respondents have already or intend to holiday this year. 10% of respondents do not or will not holiday this year. One's current financial situation and economic outlook may influence this decision, however, this does not correspond to the feeling of pragmatism.

Almost, one third of holiday goers have gone or will go on holiday in Ireland and abroad this year, contributing to both domestic and international economies. 44% of respondents have gone or intend to holiday solely abroad. Finally, 17% of respondents have or intend to holiday solely in Ireland contributing to the domestic tourism industry. According to Fáilte Ireland May 2023, holidays in Ireland are expected to continue their upward trend since the pandemic period.

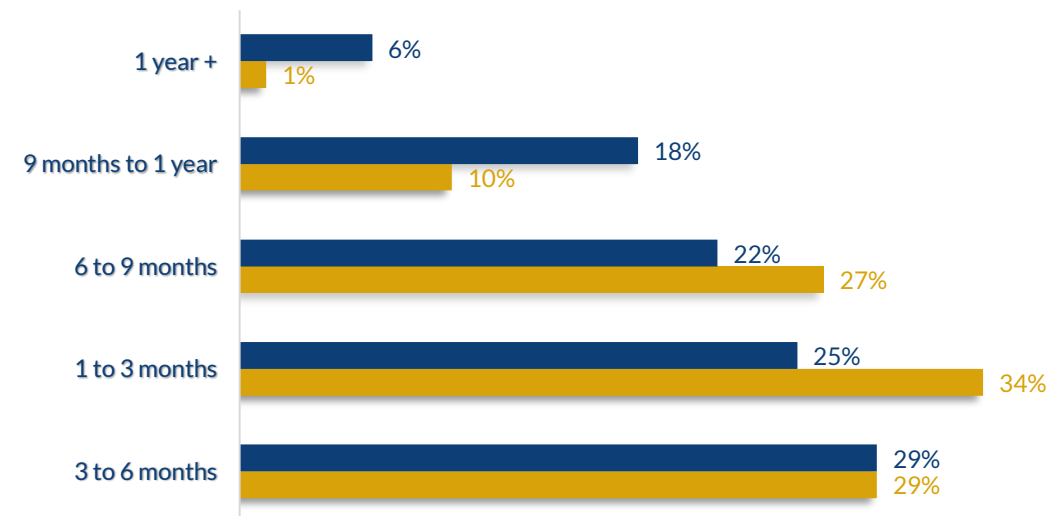
The majority of respondents both plan (54%) and book (63%) their holidays in the short-term (1 to 6 months in advance). In the medium term (6 to 12 months), 40% plan their holiday, while 37% book their holiday. Finally, in the long term, 6% plan their holiday as just 1% commit and book their holiday. Therefore, 1 to six months out from a holiday is the key time in which most make decisions.

Where did you go, or intend to go, on holiday this year?



How far in advance do you plan your holiday?

How far in advance do you book your holiday?



## Working Patterns

Over half of respondents that are working (52%) have experienced an increase in wages in the last 12 months. This is quite necessary given the current rate of inflation. However, comparatively, 48% of respondents did not experience a pay increase in the last year, decreasing their spending power and likely quality of life.

Of those who experienced a pay increase in the last year, 60% experienced a less than 6.1% increase. The annual inflation when the survey was carried out was 6.1% therefore, an increase of less than 6.1% fails to adequately address the problem of inflation and results in a person's real income falling (that is income adjusted for inflation).

40% of those that received a pay increase, experienced wage increases of greater than 6.1%. This puts the individual in a better financial position as their wage increase outpaces inflation, thus mitigating the impact.

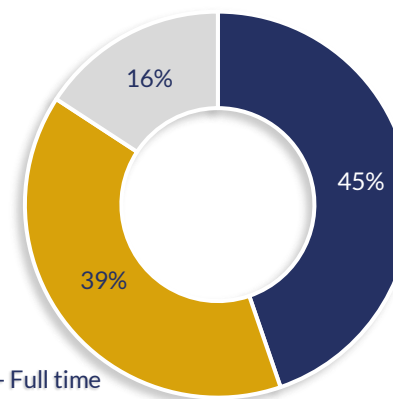
45% of respondents who work are in the office full time, followed by 39% hybrid/ remote working. 16% work remotely full time. The increase of hybrid and remote working has had positive effects on reducing the emissions and congestion in the Midwest. Comparatively, it will likely also impact demand for office space.

However, the largest industries by employment in the Mid-West such as healthcare and manufacturing may not be as conducive to hybrid / remote working as professional services for example. Therefore, this trend may not be as impactful as it might be in another region that has different employment sectoral trends.

83% of respondents that are hybrid / remote working, work for offices based in the Mid-West; Limerick (68%), Clare (11%), and Tipperary (4%). 11% work for offices based in Dublin while the remainder work for offices around Ireland and abroad. This appears to be a growing trend that the Mid-West could capitalise on as people could relocate and avail of the lower cost of living which would align with the government's decentralising goals.

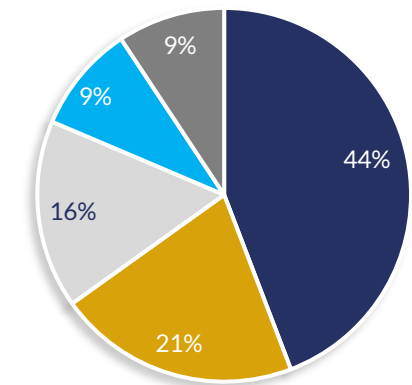


If you are working, what is your place of work?



- Office - Full time
- Hybrid - both in the office and at home / remote working space
- Remote - Full time

If you experienced a wage increase, by how much has your wage increased?



- 2% - 6%
- >10%
- Less than 2%
- 6.1% - 7.5%
- 7.6% - 10%



Of respondents that are hybrid / remote working, work for offices based in Limerick.





## Economic Outlook

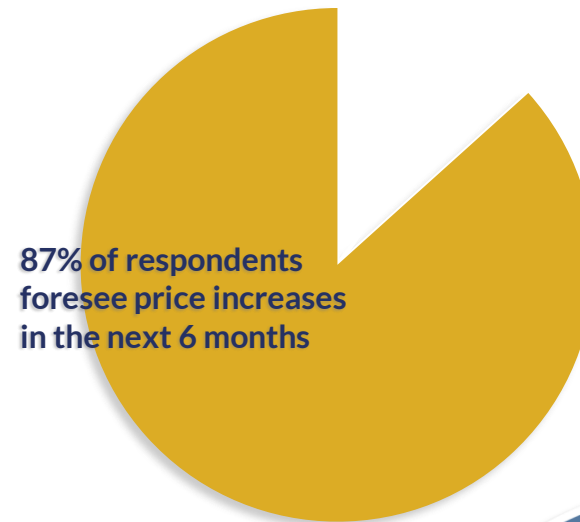
87% of respondents expect further price increases in the next six months which will largely impact the perceived uncertainty and spending of consumers. Likely on the mind of consumers is the coming winter and potential winter energy prices impacting their ability to spend elsewhere in the economy. As part of this survey, when respondents were asked what the impact of increasing energy bills had been on their household spending, the first and most popular answer was that they decreased other expenditure. Secondly, they cited the inability to save, which will negatively impact those saving for a house deposit. For more respondents, it also encouraged them to be more energy efficient and conscious of energy usage by turning off and unplugging devices when they were not required.

When asked about interest rate increases and spending responses were more mixed, with homeowners outlining that most are currently on a fixed rate, however, for others it has resulted in decreased expenditure elsewhere. While renters cited the increase in rates making potential home ownership more difficult to come by due to the overall increase in monthly mortgage payments.

Despite the pragmatic viewpoint of consumers, 22% still plan to take out a loan (large and small purchases) over the next six months this is slightly ahead of 15% of respondents outlining they will finance large purchases with a loan, meaning approximately 7% will take out a loan for smaller items with a credit card or personal loan.

Overall, respondents draw a distinction between the Irish Economy and the Irish Government. While 34% are not confident in the Irish Economy, 49% are not confident in the Irish Government with 30% citing they are not at all confident. Comparatively, 44% outlined they were confident in the Irish Economy but less so in the Government, with 33% outlining they had confidence in the Government.

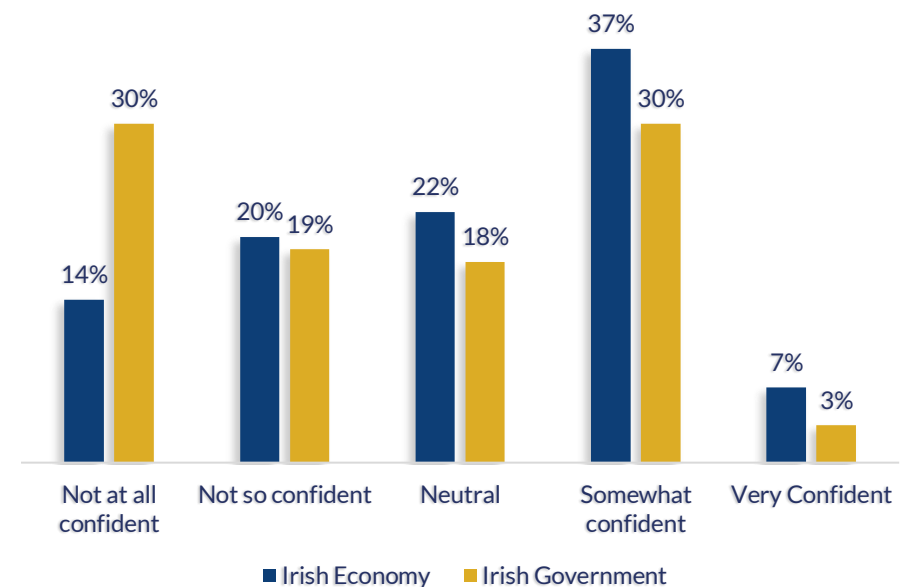
Do you foresee further price increases in the next 6 months?



What are the top 3 issues facing the Irish Economy?



How confident are you in the....



## Prepared by Limerick Chamber's Policy & Economics Team

### Seán Golden – Chief Economist / Director of Policy

Seán joined Chamber team in 2022. Prior to taking up his position at the chamber, Seán worked as the Economist with the Land Development Agency (LDA), leading their policy and economic research function as well as leading Project Tosaigh, the LDA's homebuilding partnership. He also previously held the position of Senior Economist with EY, where he provided economic consultancy services to a range of organisations across the public and private sector. Prior to joining EY, he worked with the Department of Public Expenditure and Reform / Irish Government Economic and Evaluation Service (IGEES) as an Economist and also spent a several years in retail banking with Bank of Ireland.

Seán holds an MSc in Economic Analysis from the University of Limerick where he graduated top of his class and received the Northern Trust Outstanding Scholar Award. He also holds a BBS in Economic and Finance from the University of Limerick. Seán is also active in the voluntary sector in Limerick having worked with the European Expo 2020, Lean on Me and MyMind.

He currently chairs the Chambers Ireland Urbanisation taskforce.



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### Eoghan Carr – Economic & Policy Analyst

Eoghan joined the Chamber in June 2023. Eoghan has worked in the aviation finance sector in Shannon. Prior to taking up his position at the Chamber, Eoghan worked in KPMG Future Analytics as an Economic and Strategy Analyst. In this role Eoghan engaged in report writing and data analysis as well as providing socio-economic statements/analysis, feasibility analysis, and policy contexts for both public and private clients aiming to provide a strategy and secure funding.

Eoghan holds a first-class honours MSc in Economic Analysis from the University of Limerick. He also holds a first-class honours degree in Business Studies, majoring in Economic and Finance from the University of Limerick.



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