

Feeling the Pinch: The Consumer Outlook – January 2012

*The challenges ahead for the Irish
Food and Drinks industry*



Presented by Helen King, Head of Consumer Insight & Innovation

Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

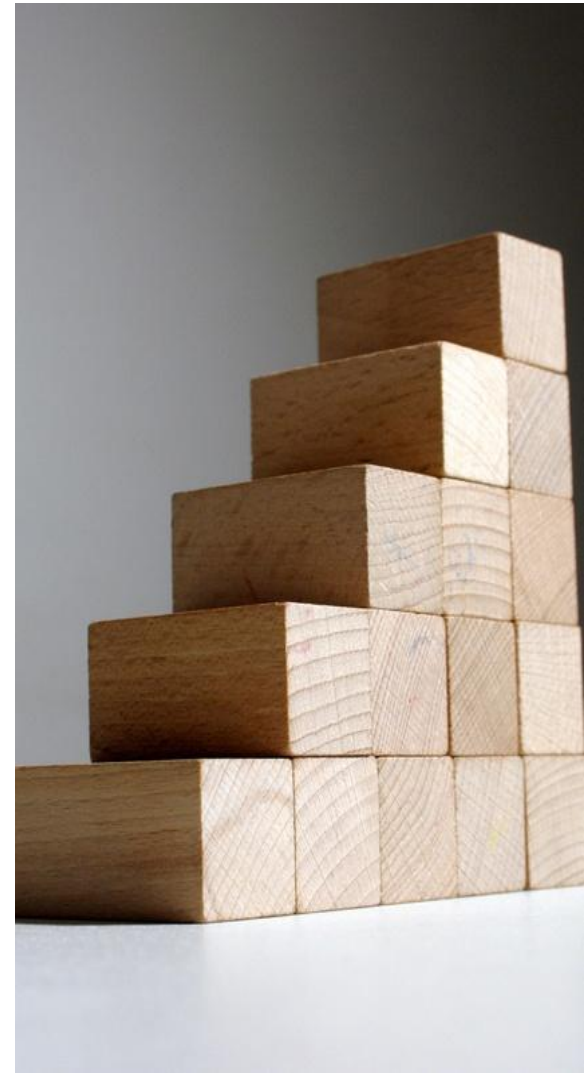
What we are covering today

- What's the consumer context in Republic of Ireland and Great Britain?
- How are consumers coping on a day to day basis?
- How can brands and companies help?
- Closing thoughts



An ongoing research programme

- **On line nationally representative survey** in ROI and GB
 - August 2008
 - January 2009
 - November 2009
 - September 2010
 - March 2011
 - January 2012
- **Online consumer forum** January 2012

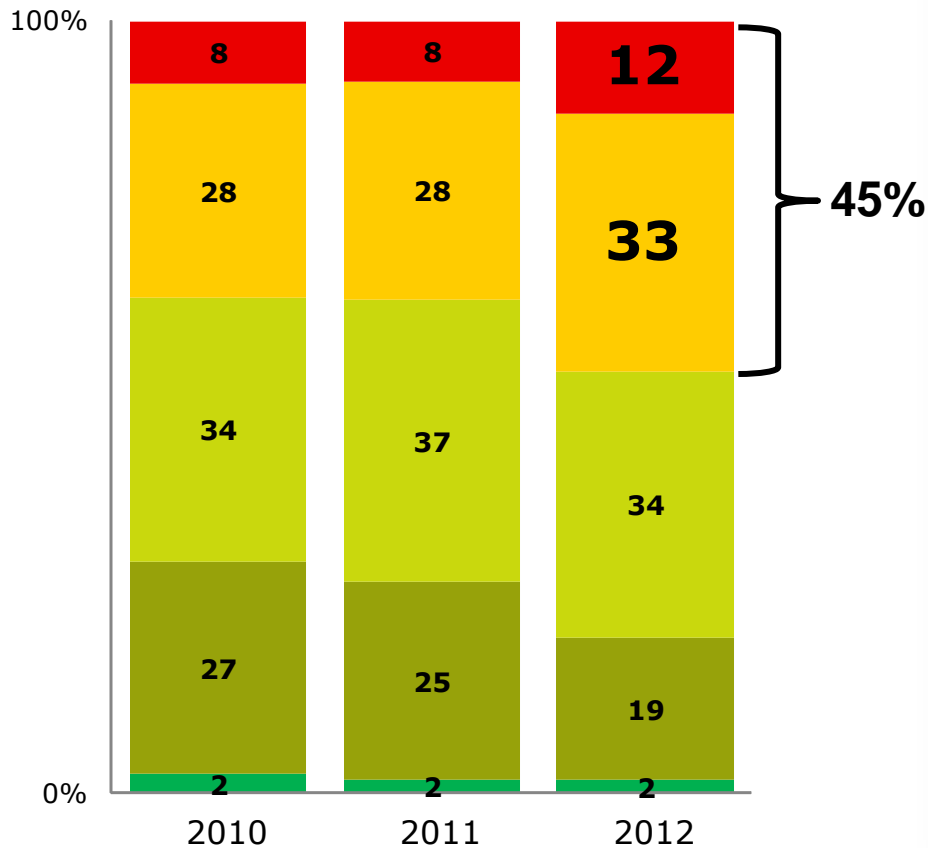


The slowing of the global economy and the Euro crisis means prospects for the year ahead look challenging



The consumer outlook is increasingly pessimistic for the domestic economy

Which of the following best describes what you feel will happen to the economy in the next 12 months?

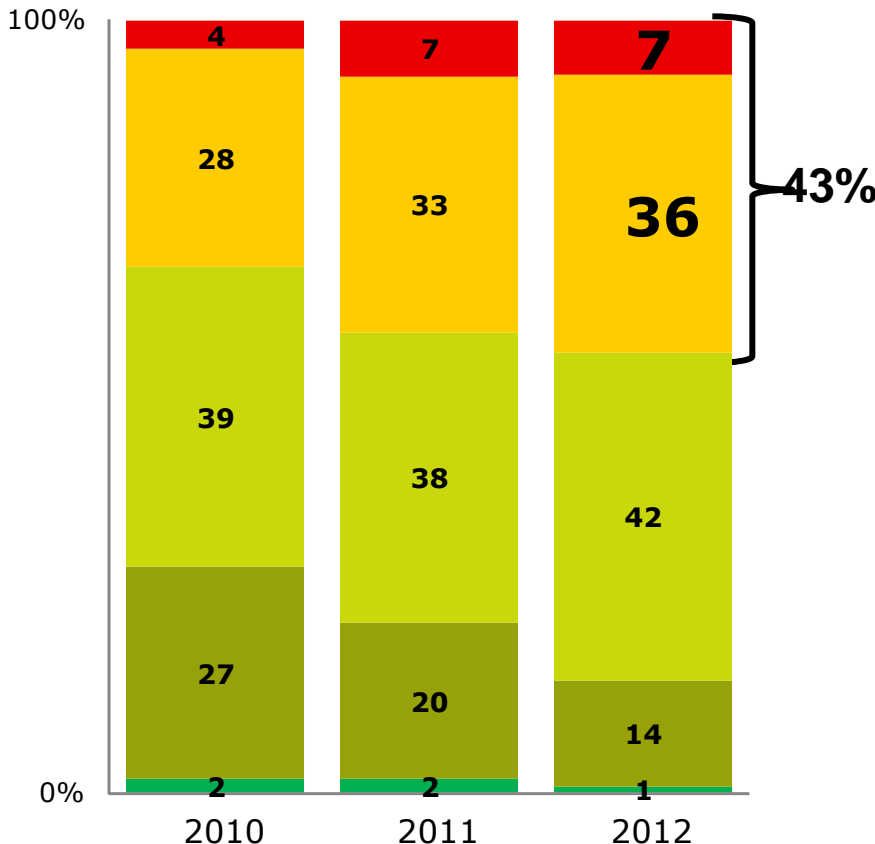
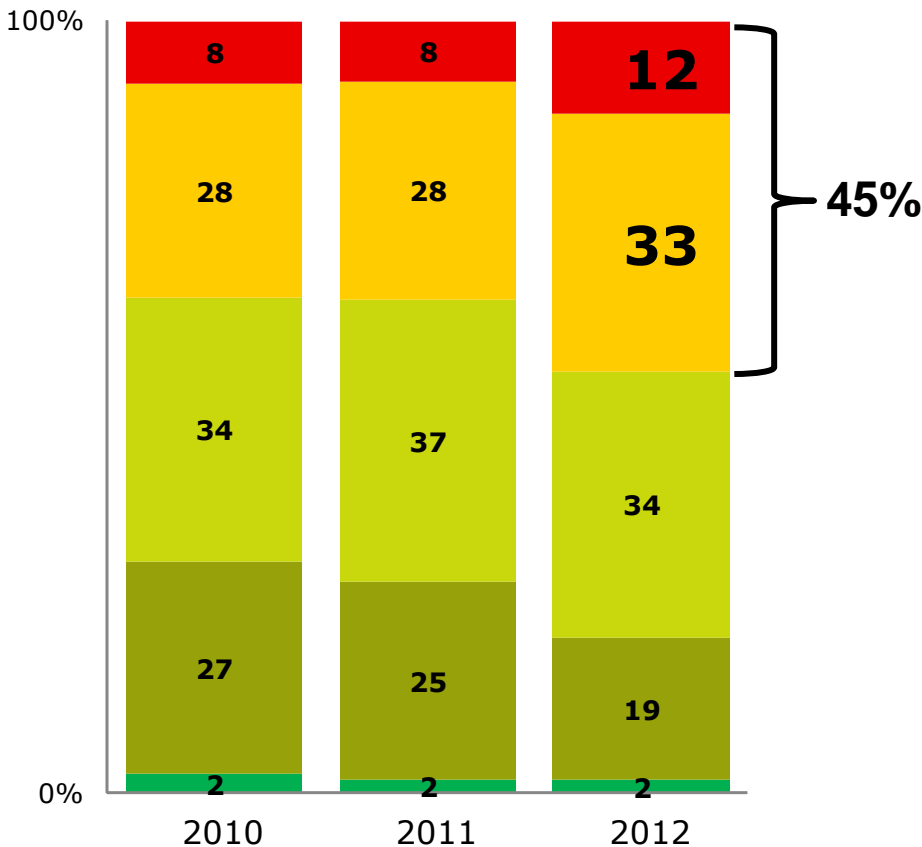


■ Get much better ■ Get somewhat better ■ Stay about the same ■ Get somewhat worse ■ Get much worse

Similar views are emerging in GB too...

Republic of Ireland

Great Britain



■ Get much better ■ Get somewhat better ■ Stay about the same ■ Get somewhat worse ■ Get much worse

The job market remains depressed and a quick return to employment increasingly unlikely



ROI economy is only predicted to get back to pre-recession peak employment levels by 2030.

Source: Ernst & Young's Economic Eye Winter 2011

Independent forecasts show unemployment will increase and be just shy of 3 million in 2013 in GB, at 9.3% of the workforce.

Source: Ernst & Young's ITEM Club 2012

Inflationary pressures have eased, but not disappeared

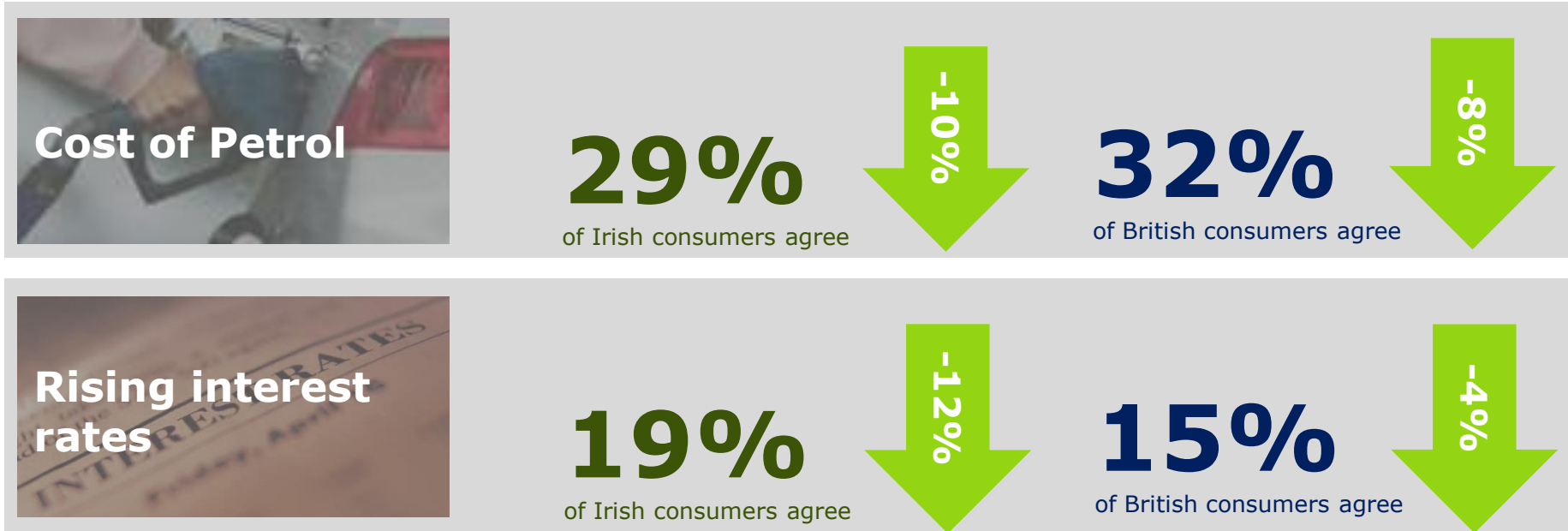
How worried are you by each of the following issues? (% very worried)



% change between 2011 results and Jan 2012

Inflationary pressures have eased, but not disappeared

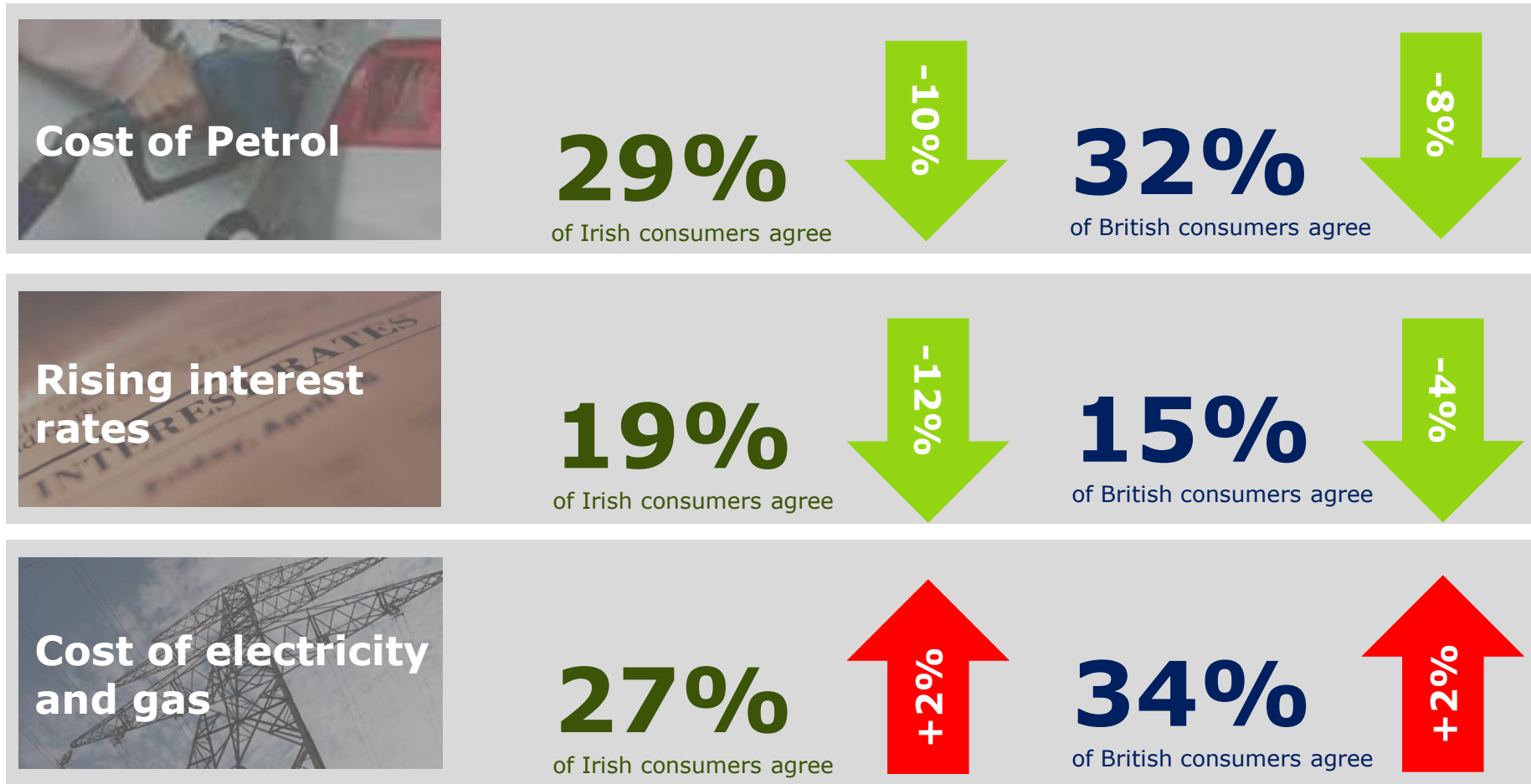
How worried are you by each of the following issues? (% very worried)



% change between 2011 results and Jan 2012

Inflationary pressures have eased, but not disappeared

How worried are you by each of the following issues? (% very worried)



% change between 2011 results and Jan 2012

Disposable incomes remain under pressure



"There is too much going out to match what comes in, and interest hikes are putting more strain on us. [It is a source of anxiety] Saying 'NO' to the children all the time"

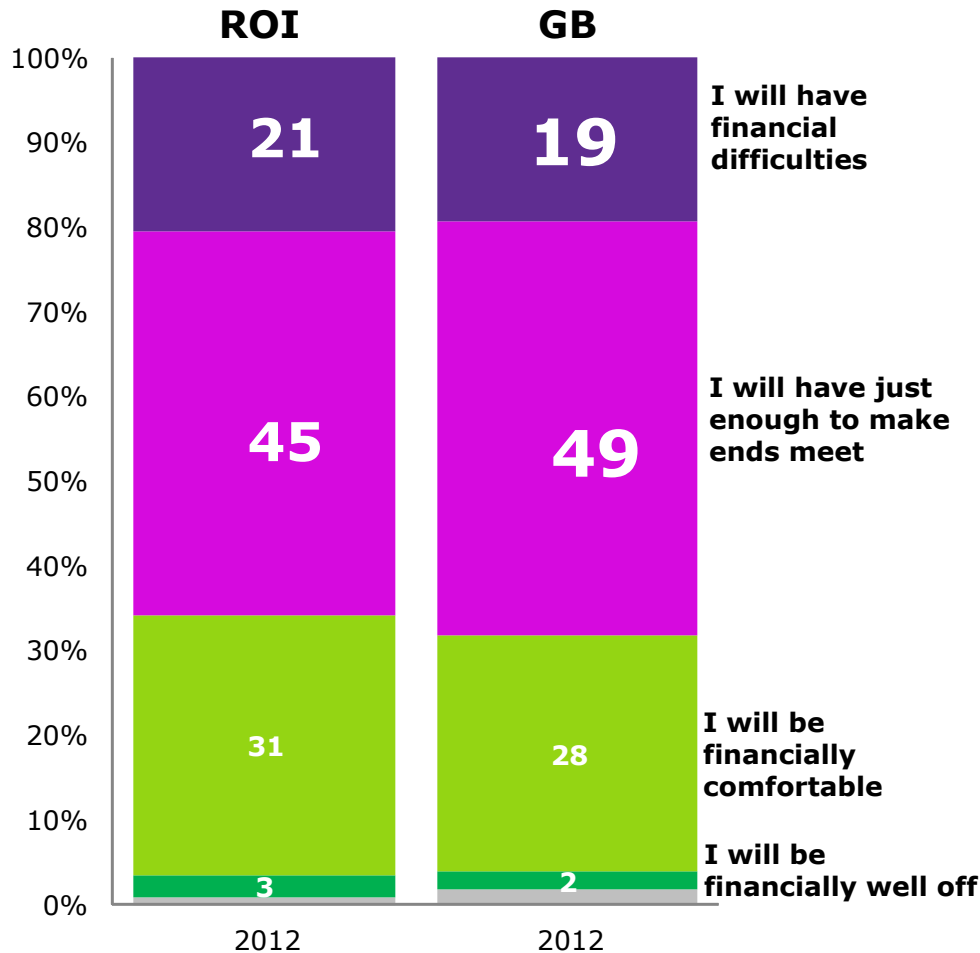
Male, 18-40 year old, ROI

"My biggest financial concern is the fact that for the last few years our income and savings are going the wrong direction, and then there are taxes, taxes..."

Male, 18-40 years old, ROI

The consumer's depressed financial outlook is accepted as the new reality of their lives

Which best describes the financial situation you think you will have during 2012?



Economic experience of the current situation varies but many themes resonate



Economic experience of the current situation varies but many themes resonate

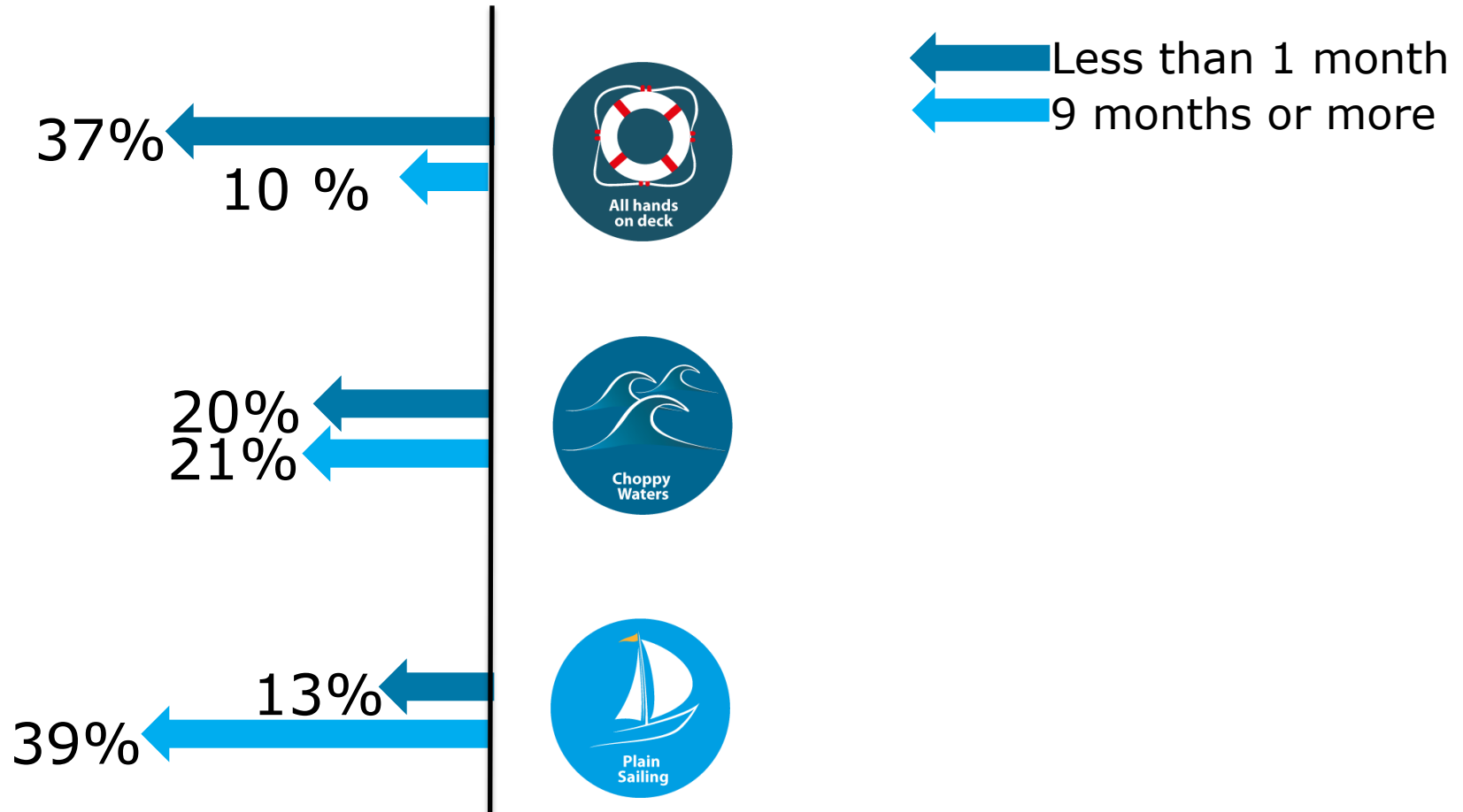


Economic experience of the current situation varies but many themes resonate



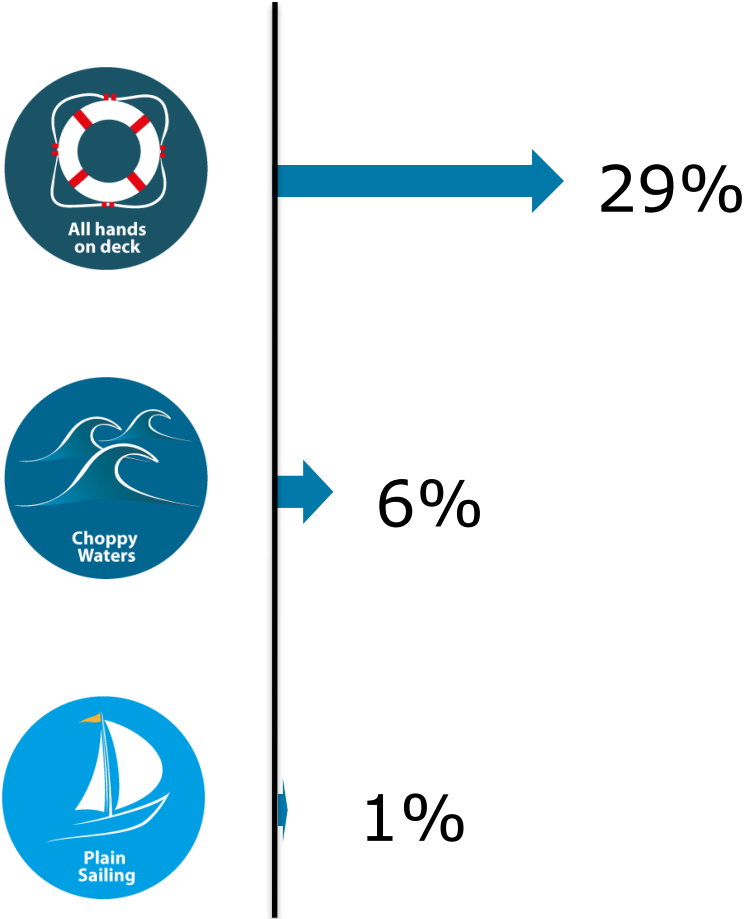
Financial security, or the lack of it is a key characteristic that defines each group

How long could you cover living expenses if you or someone in your household suddenly became jobless?

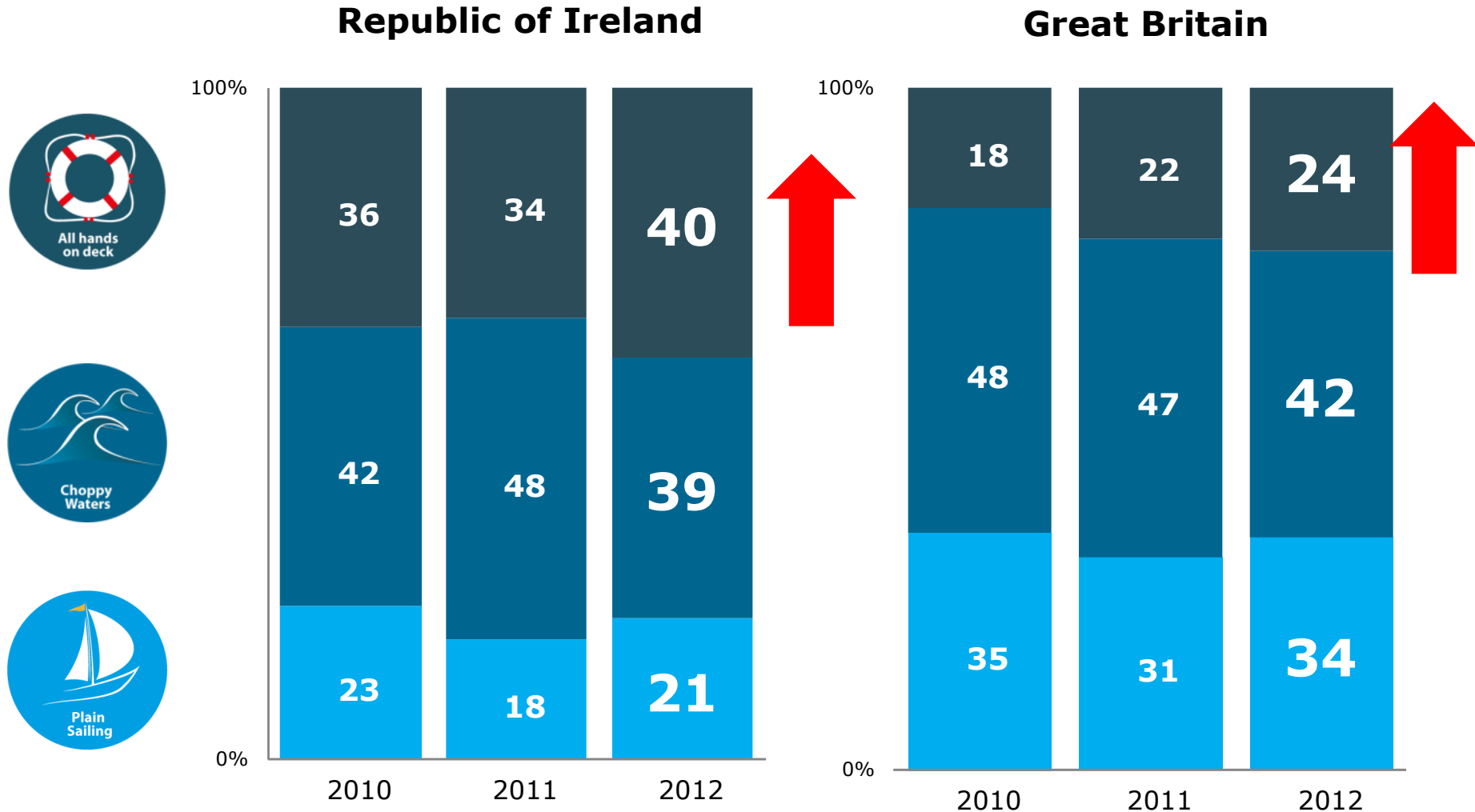


The pressures of debt will strongly shape future behaviour

% agreeing strongly their level of debt is ruining quality of life



The size of each group varies by market

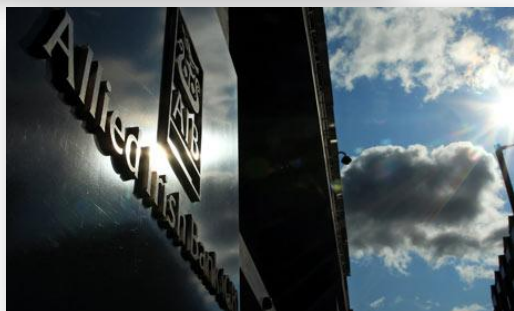


But it is not just an economic crisis... It is a crisis of trust!



*"I rely on nobody
as **I can only
trust myself**"*

Female, 18-40 year old,
GB South West



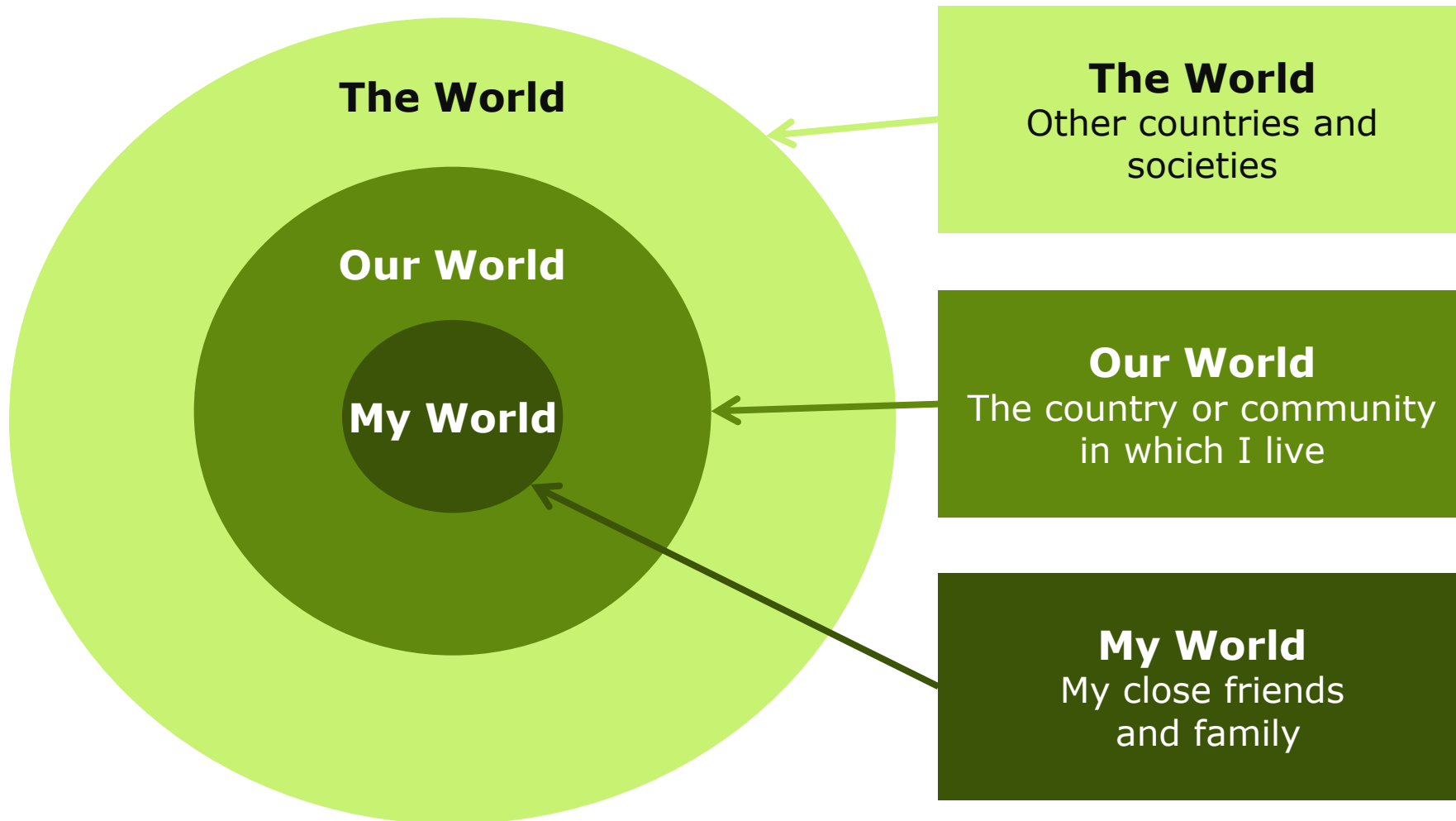
*"At the moment it's difficult to
trust anyone... Governments
are screwing us on
Taxes... Bankers are screwing
us on interest rates... Church is
screwing us and covering it up
and still thinking it's
acceptable... So I'm afraid and
shocked at myself for saying it
but at the moment..."*

I TRUST NOBODY

Male, 18-40 year old, ROI



People connect with the world on different levels... Retrenchment seems a common theme



'The World' was an unsettled place in 2011



Tsumani, Japan



Camp Shooting, Norway



Arab Spring



Phone Hacking Scandal, GB



Flood, Thailand

We are more wary of outside influences

I appreciate the influence of other cultures:
% agree / agree strongly

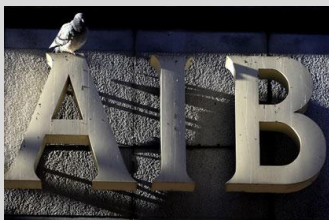
Country	2009	2011	↓↑
ROI	63%	56%	↓
GB	49%	45%	↓
France	47%	42%	↓
Spain	60%	47%	↓
Germany	48%	49%	↔
Italy	54%	47%	↓



Source: The Futures Company Global MONITOR

In 'Our World' the institutions are letting us down

I now have less trust in banks and feel they serve their own interests, not the interests of their customers



87%

of Irish consumers **agree**

75%

of British consumers **agree**

How confident are you that the current government can bring about an improvement in the economy



71%

of Irish consumers **not** confident

68%

of British consumers **not** confident

I think that the major supermarkets are the only stores who are really trying to help the everyday person by keeping prices down



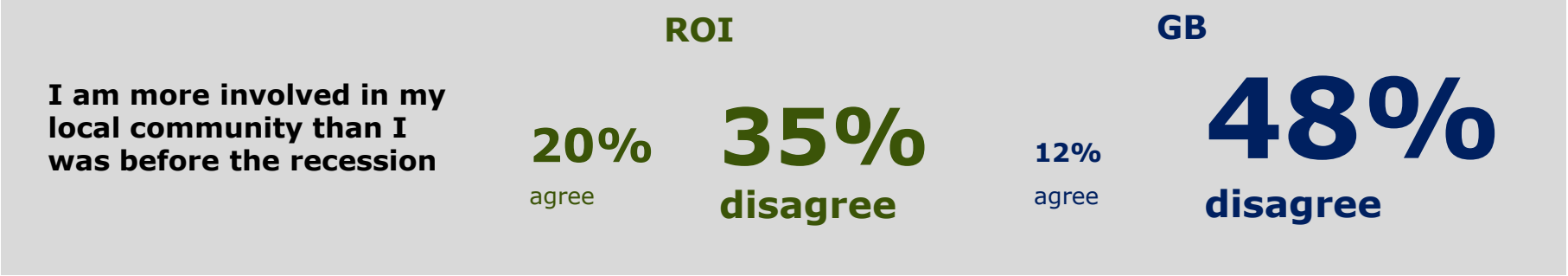
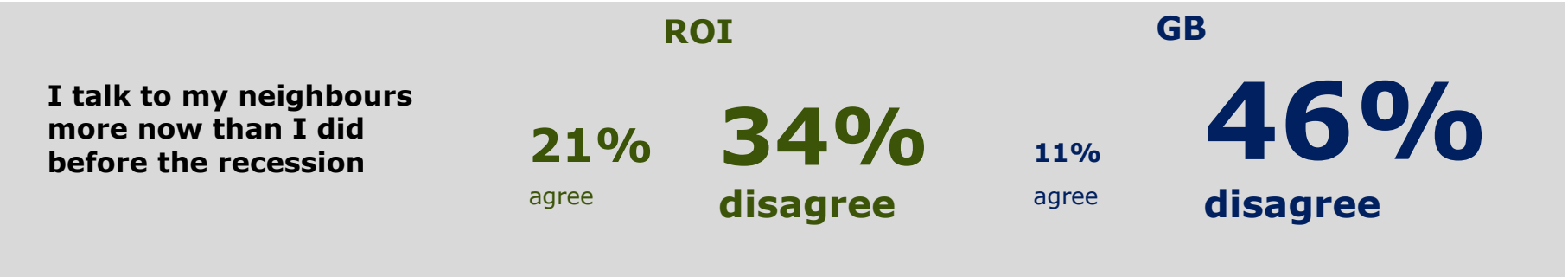
37%

of Irish consumers **agree**

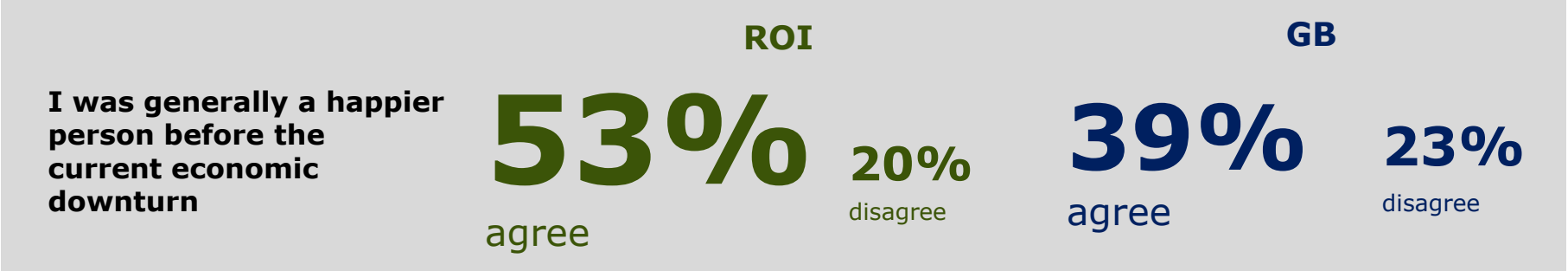
33%

of British consumers **agree**

Consumers have become more retrenched in their 'My World' realities



And, they are not necessarily happier for it



Our well-being is taking a turn for the worse

Satisfaction with emotional well-being:
Summary of top 3 boxes on a 10 point scale

Country	2010	2011	↓↑
ROI	57%	46%	↓
GB	52%	43%	↓
France	48%	39%	↓
Spain	53%	45%	↓
Germany	51%	44%	↓
Italy	48%	35%	↓



Source: The Futures Company Global MONITOR

It is clearly not just about finances and price anymore... People are looking for more

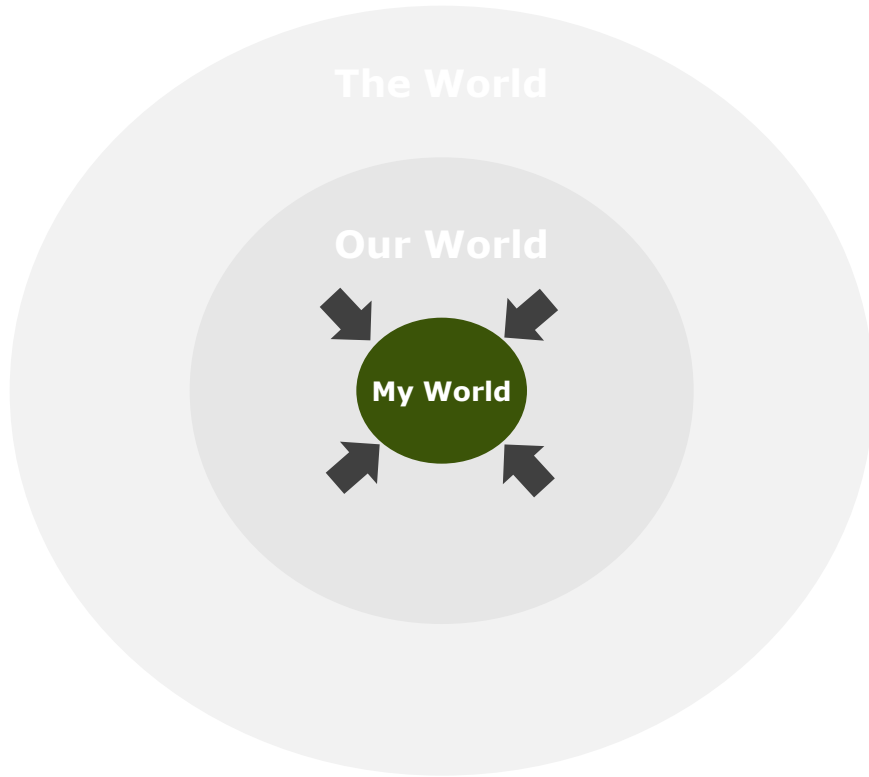
Like-for-like sales at Tesco were down by 2.3% over Christmas. Britain's largest retailer said the results, for the six weeks to January 7, were "below expectations and disappointing"



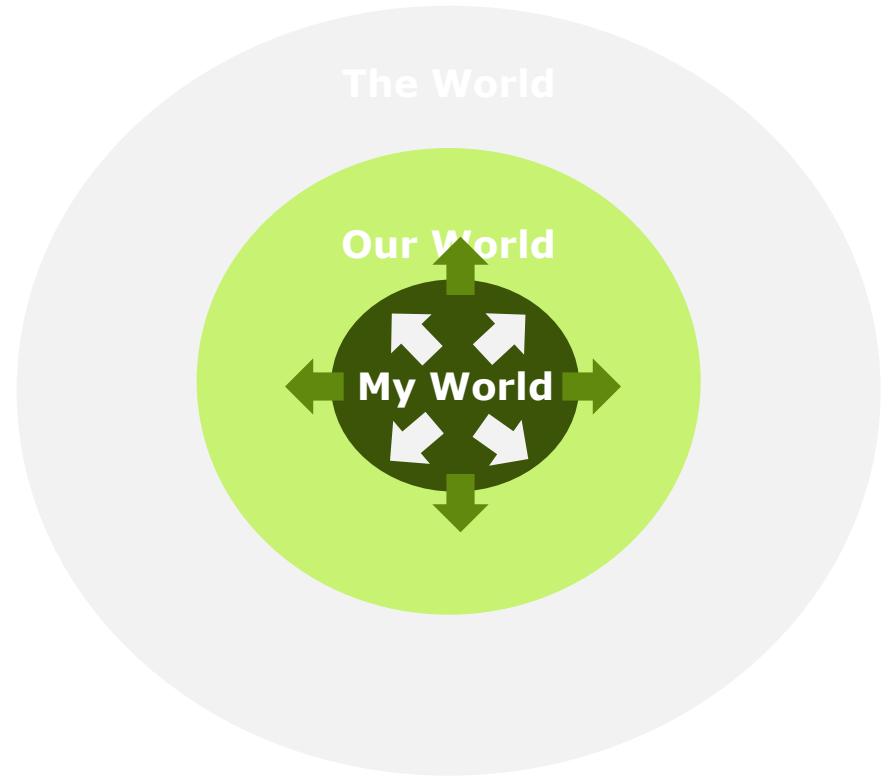
"Our price inflation was half that of the market over Christmas"

Philip Clark, Tesco CEO, 12th January 2012

People need help finding new connections and meaning in life to lift the sense of gloom



The effects of the recession



The opportunity for brands and companies

Opportunities for brands and companies



PROTECTION:

Protecting consumers from uncertainty and risk



PRACTICAL:

Helping to consumers plan and be more self-reliant



PERMISSION:

Encouraging people to make connections and see the positives of a life with less



PURPOSE:

Giving people new meaning and purpose to their lives



PRIDE:

Re-building a sense of pride and achievement

Protection: Protecting consumers from uncertainty and risk



I find myself thinking twice before making even the smallest day-to-day purchases

72%

of Irish consumers **agree**



63%

of British consumers **agree**



% change between Sep 2010 results and Jan 2012

Protection: Protecting consumers from uncertainty and risk



Assessing and tracking the value of your possessions so you know what to sell if you need to

Protection: Protecting consumers from uncertainty and risk



Financial planning and coaching from your local coffee shop

***Protection:* Protecting consumers from uncertainty and risk**



Try before you buy packs to remove the risk of buying fine wine

Protection: Protecting consumers from uncertainty and risk

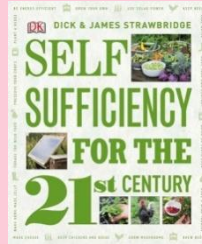


How can you remove the risks of purchase or help consumers to manage risk in other parts of their lives?

Practical: Help consumers to plan and be more self-sufficient

P

Since the recession I feel a greater need to be as self-sufficient as possible



76%

of Irish consumers **agree**

58%

of British consumers **agree**

I make better use of leftover food than I did a few years ago



66%

of Irish consumers **agree**

55%

of British consumers **agree**

Practical: Help consumers to plan and be more self-sufficient



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Recetas de cocina en 140 caracteres. Si te gusta cocinar o quieres aprender ya sabes, twittéanos o mídete en nuestra web.
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- gallinablanca** Recetas de cocina
@cielo_ma ¡Hola! La samfaina es un plato típico catalán de verduras similar al pisto. Pruébalo, está delicioso! :)
2 hours ago
- gallinablanca** Recetas de cocina
Hoy para comer tenemos acelgas de huerta de 1ª [ow ly/8xzgR](#) y pollo con samfaina de segundo. ¿Y vosotros? [ow ly/8xzcN](#)
2 hours ago
- gallinablanca** Recetas de cocina
Hoy tenemos unas acelgas de huerta de primero [ow ly/8sz1o](#) y un pollo con samfaina de segundo. ¿Qué tenéis vosotros? ...
3 hours ago
- gallinablanca** Recetas de cocina
@xandaris Muy buen truco!
3 hours ago
- gallinablanca** Recetas de cocina
@alexasenso Buenos días! Mira esta receta de arroz a ver si te gusta. Muy fácil y lista en 20 minutos :) [ow ly/8xtvR](#)
5 hours ago
- gallinablanca** Recetas de cocina
@tomasibg En 40-60 minutos en el horno está listo. Animate! :)
5 hours ago

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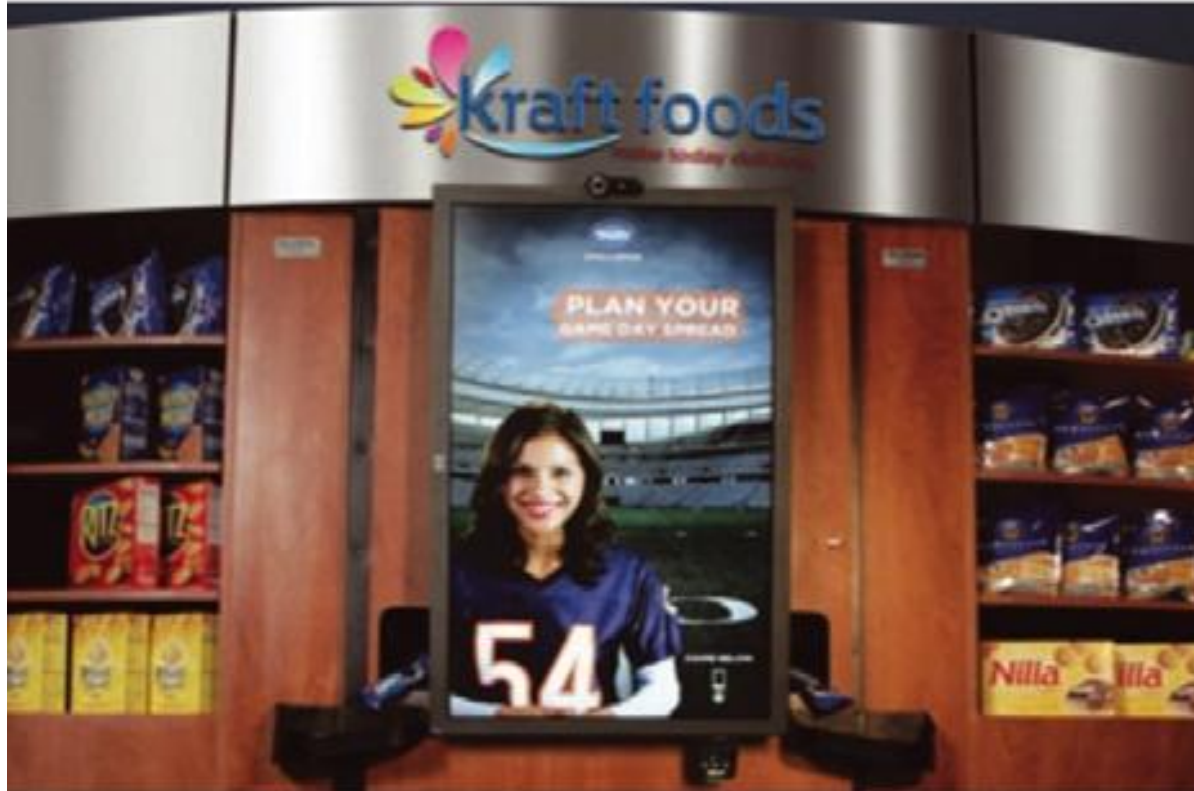
8,810	4,211	71,557	904
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Finding a recipe for the ingredients you already have

Practical: Help consumers to plan and be more self-sufficient



Customised and automated meal planning

Practical: Help consumers to plan and be more self-sufficient



How can you empower people and help them to be more practical?

Permission: Encouraging people to make connections and see the positives of a life with less



Since the recession I have learned how many things I can do without and still be happy



70%

of Irish consumers agree

53%

of British consumers agree

I've recently put off buying something I could afford because I didn't want to seem insensitive to my friends or neighbours with financial troubles



24%

of Irish consumers agree

18%

of British consumers agree



Permission: Encouraging people to make connections and see the positives of a life with less



Giving a gift when you buy

Permission: Encouraging people to make connections and see the positives of a life with less



Making leftovers a reason to meet

Permission: Encouraging people to make connections and see the positives of a life with less



How can you create or give new reasons for consumers to connect or make living with less seem a positive experience?

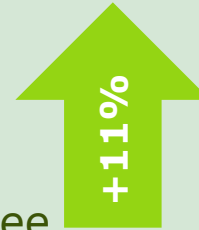
Purpose: Giving people new meaning, purpose and goals in their lives



Some of the dreams I had for myself before the recession are now probably out of my reach

70%

of Irish consumers agree



53%

of British consumers agree



% change between Sep 2010 results and Jan 2012

Purpose: Giving people new meaning, purpose and goals in their lives



Soup suppers to raise money for creative endeavours

***Purpose: Giving people new meaning,
purpose and goals in their lives***



Creating your own food service business

***Purpose: Giving people new meaning,
purpose and goals in their lives***



How can you give new consumers new goals in their lives and make them feel like they are achieving something worthwhile?

Pride: Re-building a sense of pride and achievement



It is important to buy local products to support the economy, even if they sometimes cost more

70%

of Irish consumers agree



50%

of British consumers agree



"I see nothing different in the future. We are all so afraid of being made redundant that we can't fight..."

Male, 18-40 year old, ROI

% change between Sep 2010 results and Jan 2012

***Pride:* Re-building a sense of pride and achievement**



New campaign to position dads as “*milk heroes*” picking up milk when it has run out

Pride: Re-building a sense of pride and achievement



A easy way to help support and transform local community spaces

Pride: Re-building a sense of pride and achievement



How can you create a sense of pride around the small things in life or make people proud to be part of their community again?

Closing thoughts

- Consumers expect another tough year ahead. Whilst they are concerned about financial pressures, they are also feeling mentally weighed down by life in general.
- Cutting back on spending, staying in control and getting a deal will remain mantra for the year ahead.
- But, most of all people need a lift, to re-connect with the world around them and to feel they are more than just surviving. Brands can do a lot to lift the gloom and give new meaning and purpose to life.



Thank you



Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board