



Recession Update

A digest of recent Ipsos MORI research

September 2009

Ipsos MORI



But first, a chronology of the economic crisis

- **21 January 2008: global stock markets biggest falls since 9/11**
- **10 February: G7 “world-wide losses...could reach \$400 billion**
- **17 February: UK “Northern Rock to be nationalised**
- **21-26 February, 7% say economy will improve over 12 months, worst economic optimism in 30 years in Ipsos MORI polls**
- **8 April: IMF predicts losses could reach \$1 trillion, maybe higher**
- **8 July: FTSE 20% drop**
- **28 August: Nationwide announces house prices down 10% over the year**
- **30 August: Chancellor announced worst economic crisis for 60 years**
- **7 September, Fannie Mae and Freddie Mac bailed out by US Government**
- **15 September, Lehman Brothers files for Chapter 11 bankruptcy protection**
- **15 October, the Dow Jones index falls 733 points or 7.87% (the biggest percentage fall since 26 October 1987)**
- **6 November, the Bank of England slashes interest rates from 4.5% to 3% (the lowest level since 1955)**
- **31 December, the FTSE 100 closes down 31.3% since the beginning of 2008 (biggest annual fall in the 24 years since the index was started)**
- **8 January, the Bank of England cuts interest rates to 1.5% (lowest level in its 315-year history)**
- **15 July, UK unemployment rate rises to 7.6% (highest in more than 10 years)**
- **...stock market boom, house prices up, car sales up in July 09, etc.**
- **21-23 August, greatest recovery in economic optimism in 30 years in Ipsos MORI polls**

Recession Update September 2009

- Following on from our last “Recession Update” in February of this year, the following charts show the situation in the UK economy since then, and provide an overview of research we have carried out in this area.
- They come from a number of sources:
 - **The CIM Marketing Trends Survey**
 - **Ipsos MORI Consumer Focus research**
 - **The Ipsos MORI Issues Index**
 - **The Ipsos MORI Public Spending Index**
 - **The Ipsos MORI Political Monitor**
- For further information, please contact your regular Ipsos MORI contact
- Full details of our published research can be found at www.ipsos-mori.com

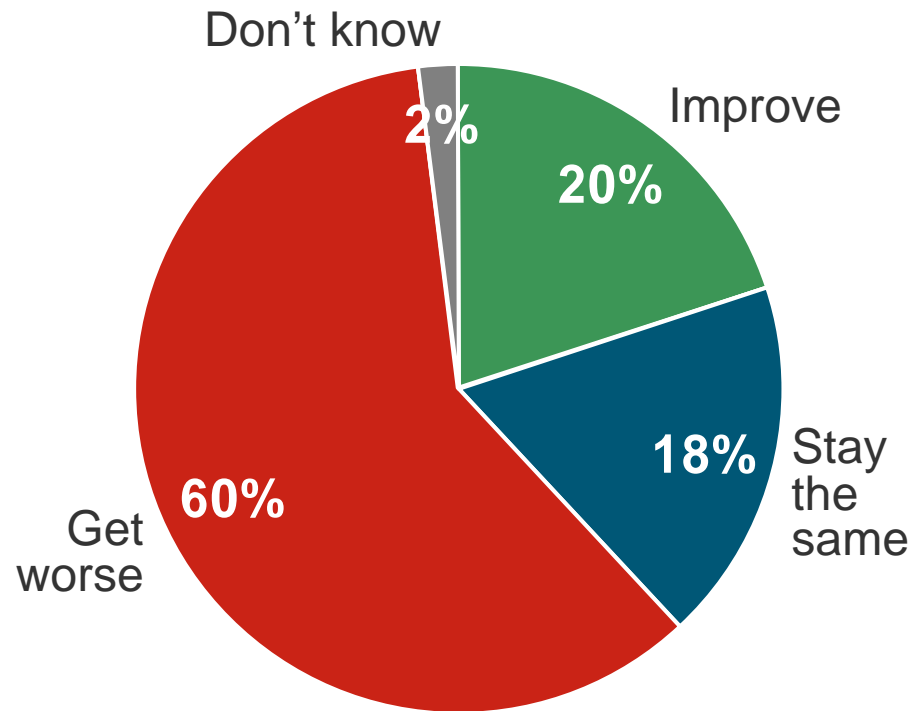
What has changed since January?

The Public are now more optimistic -
maybe things couldn't get any worse...

Economic Optimism Index – A more positive outlook than the beginning of the year

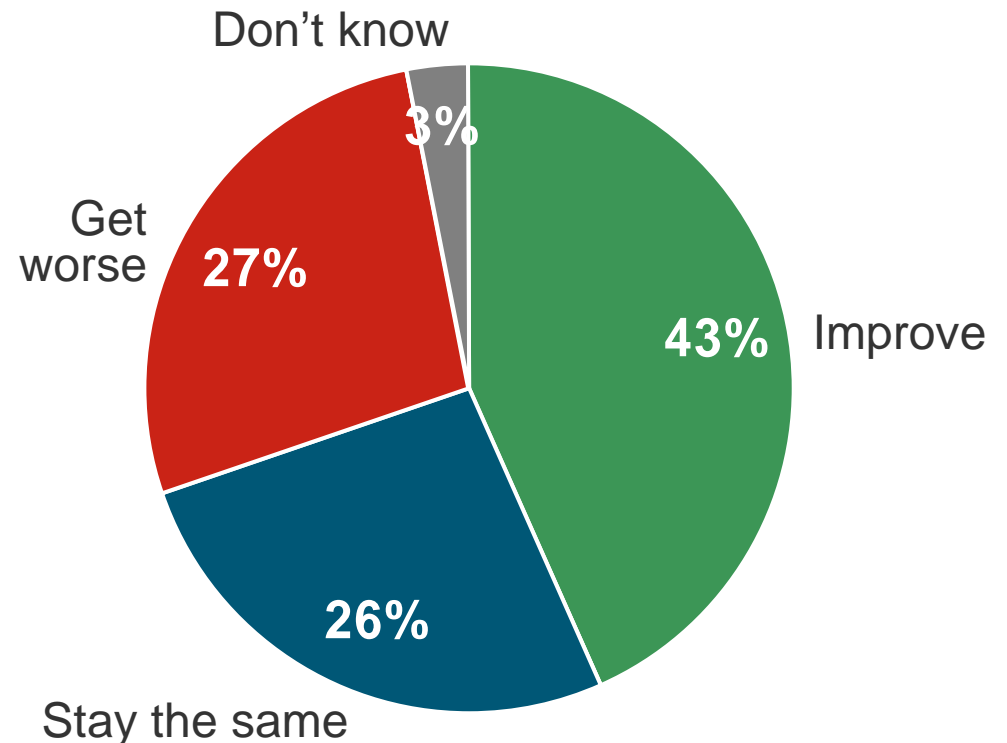
Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?

January 2009



EOI = -40%

August 2009



EOI = +16%

Base: 1,005 British adults, 16–18 January 2009:

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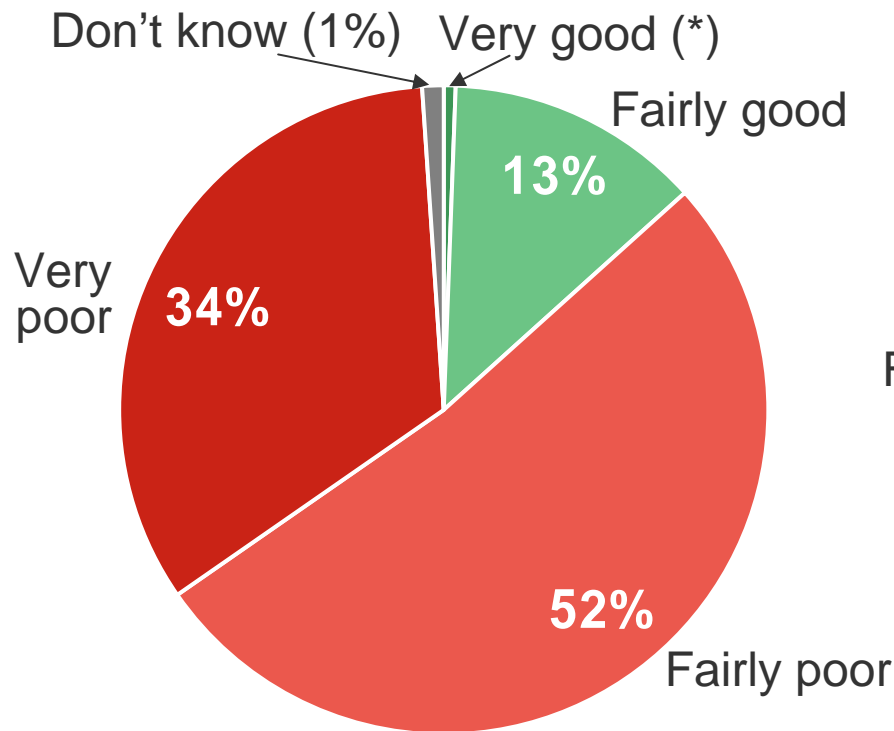
Base: 1,013 British adults, 21-23 August 2009

Source: Ipsos MORI Political Monitor

They await recovery...

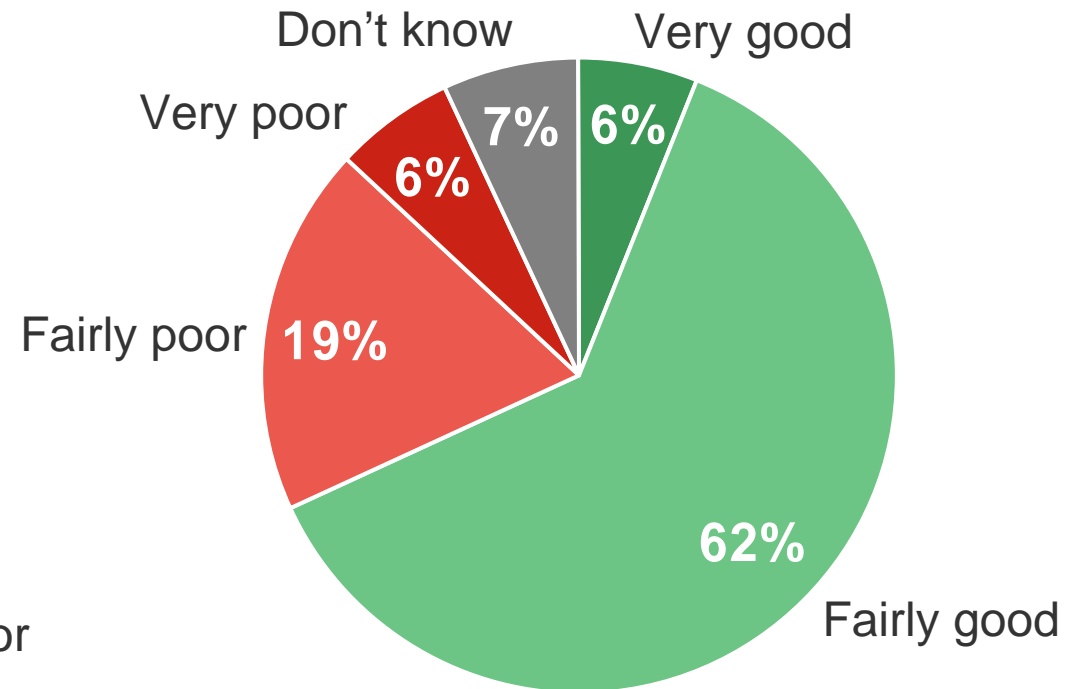
How would you describe the current state of the British economy?
And what state do you think the British economy will be in, in 5 years time?

Current state



Total poor = 85%

State in 5 years time



Total good = 68%

Base: 1,011 British adults, 17-19 April 2009

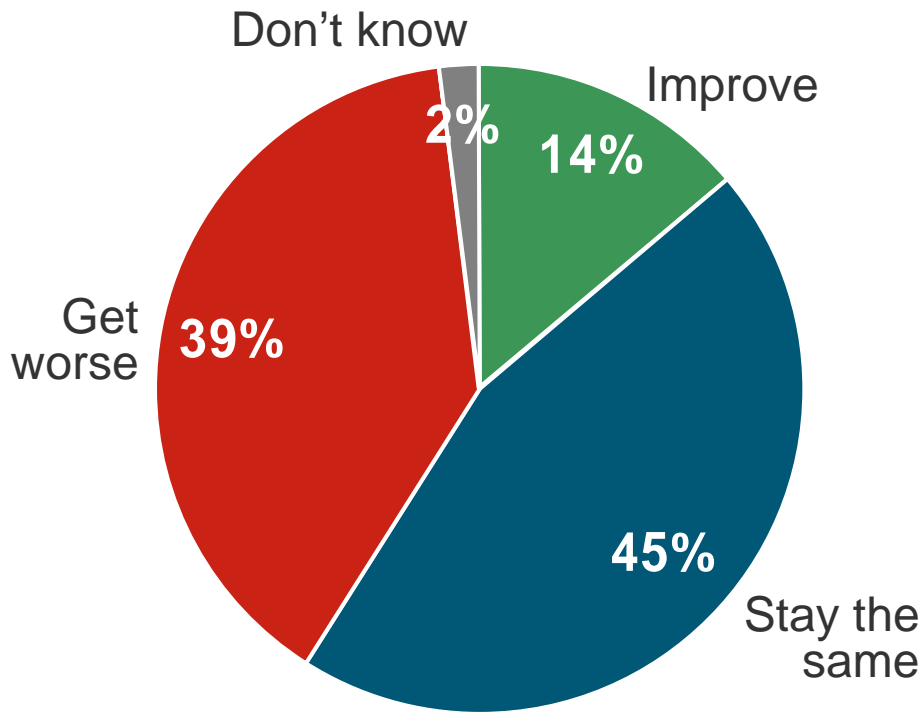
Ipsos MORI

Source: Ipsos MORI Political Monitor

...are a little less negative about their own financial circumstances...

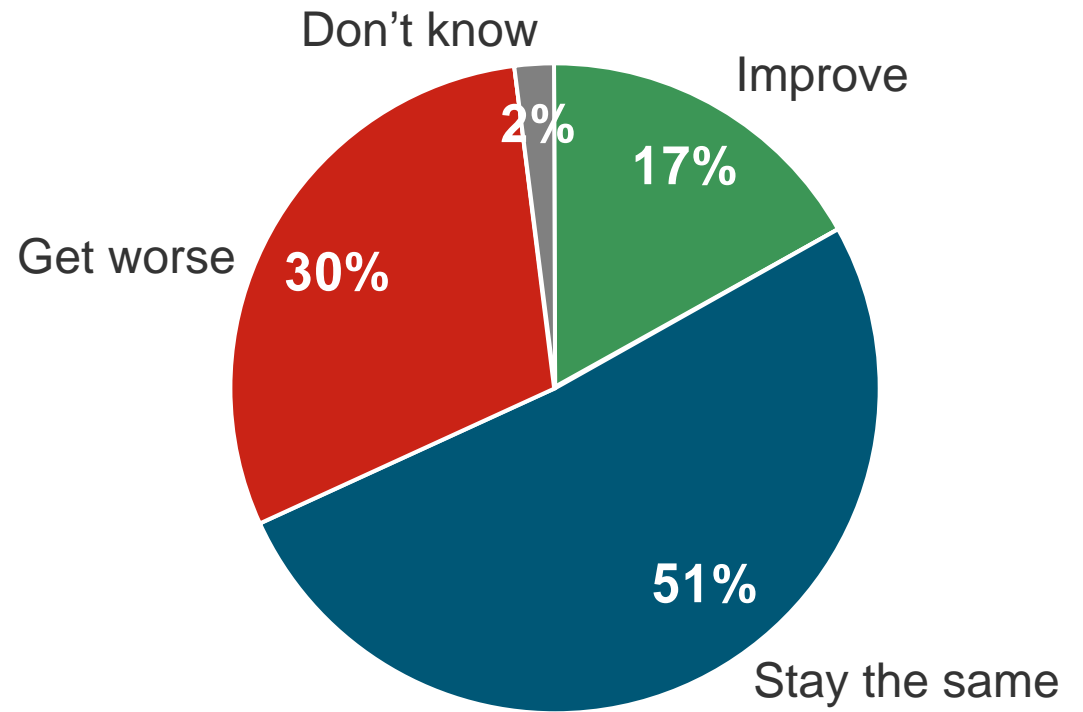
Do you think that your personal financial circumstances will improve, get worse or stay the same over the next few months?

November 2008



Net improve = -25

April 2009



Net improve = -13

Base: 1,002 British adults, 17-19 November 2008

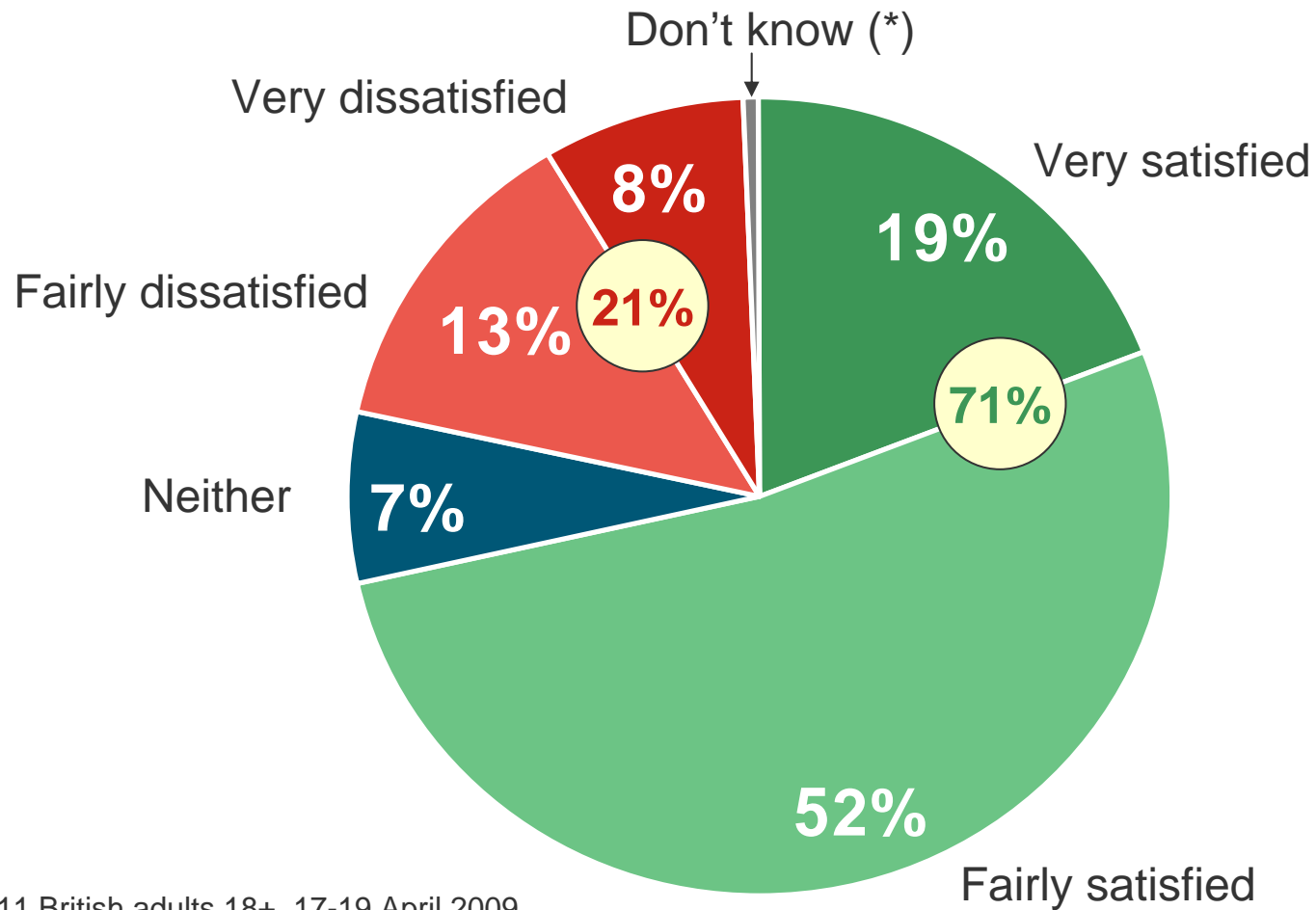
Ipsos MORI

Base: 1,011 British adults, 17-19 April 2009

Source: Ipsos MORI Political Monitor

...and remain positive about their standard of living

The things people can buy and do – their housing, furniture, food, cars, recreation and travel – make up their standard of living. How satisfied or dissatisfied do you feel about your standard of living at present?

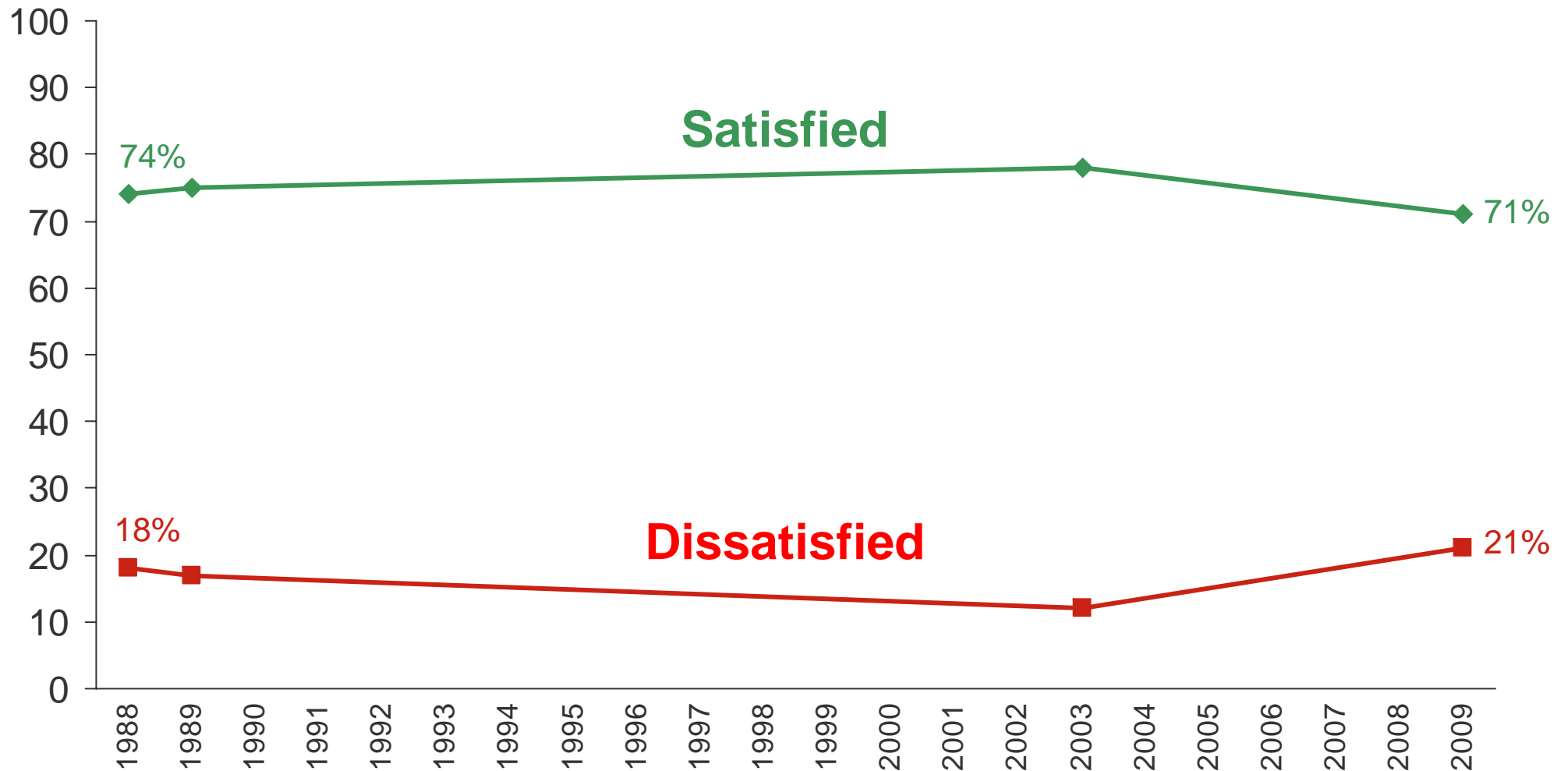


Base: 1,011 British adults 18+, 17-19 April 2009

Ipsos MORI

Source: Ipsos MORI Political Monitor

...something which has remained fairly stable over time...



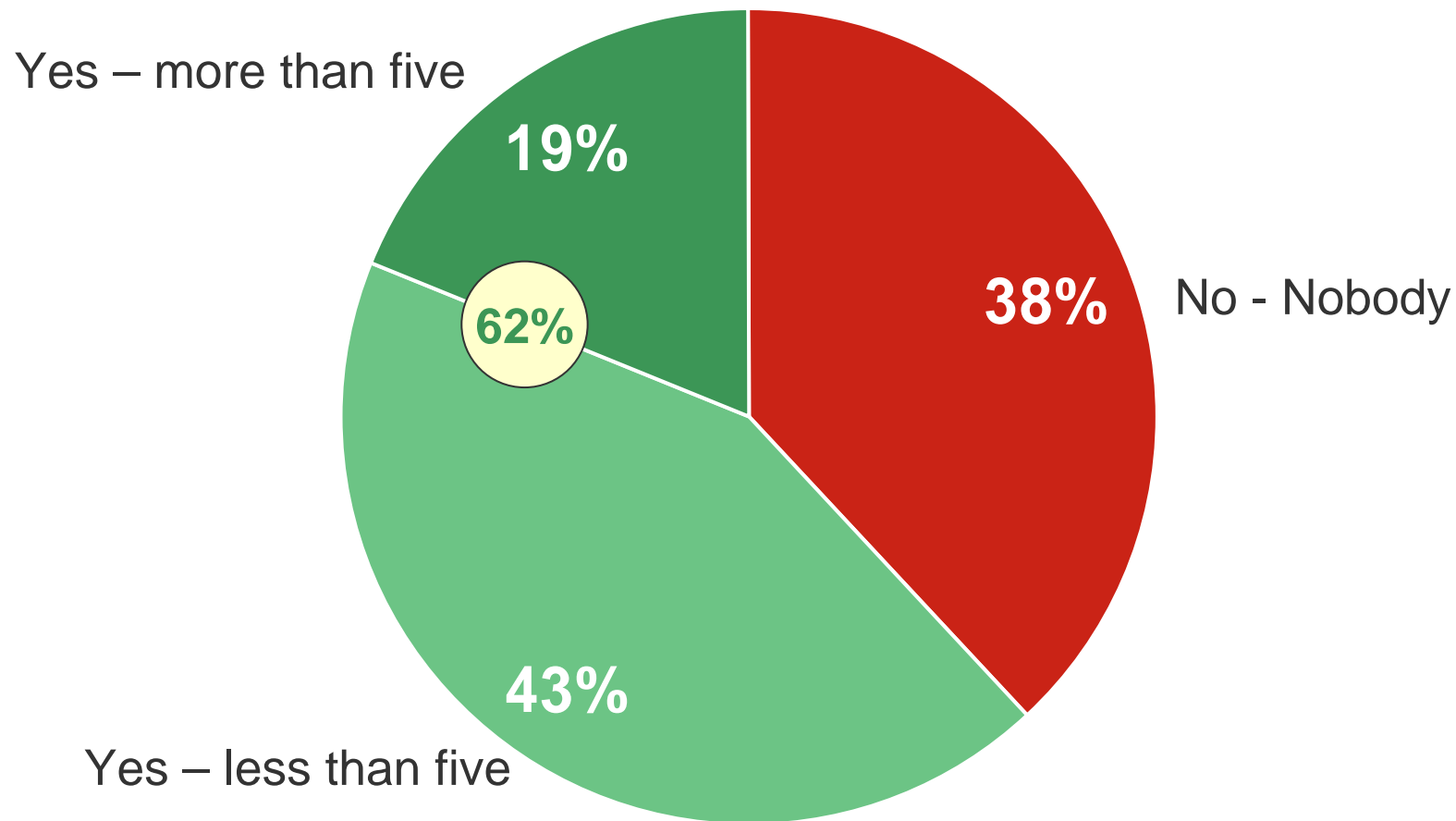
Base: c. 1,000 British adults for each of the four waves

Note: Data collected prior to May 2008 was collected via face-to-face methodology; data collected from June 2008 was via telephone

However...

Most do know someone made redundant

And do you personally know anyone who has been made redundant in the past six months?



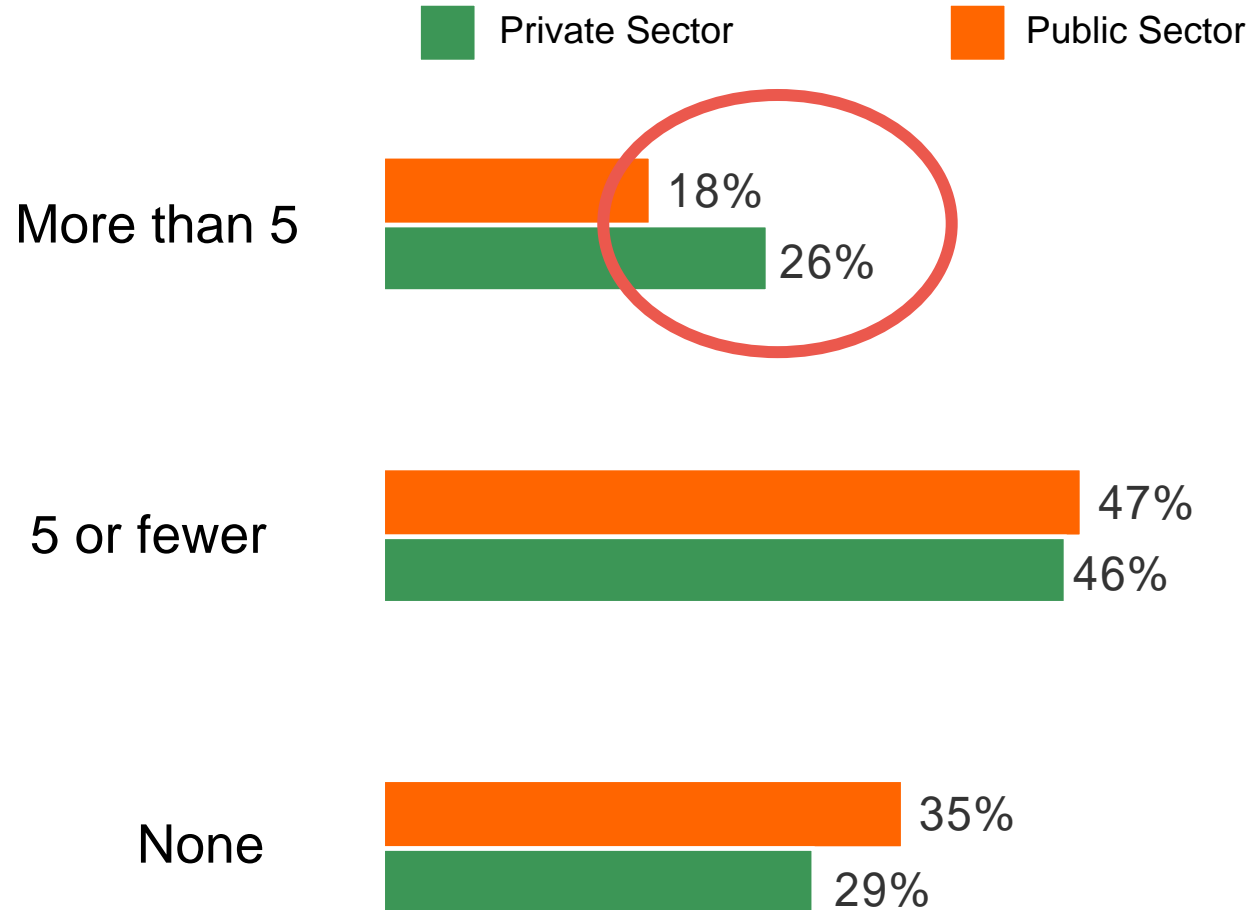
Base: 1,011 British adults, 17-19 April 2009

Ipsos MORI

Source: Ipsos MORI Political Monitor

...particularly in the private sector

And do you personally know anyone who has been made redundant in the past six months?



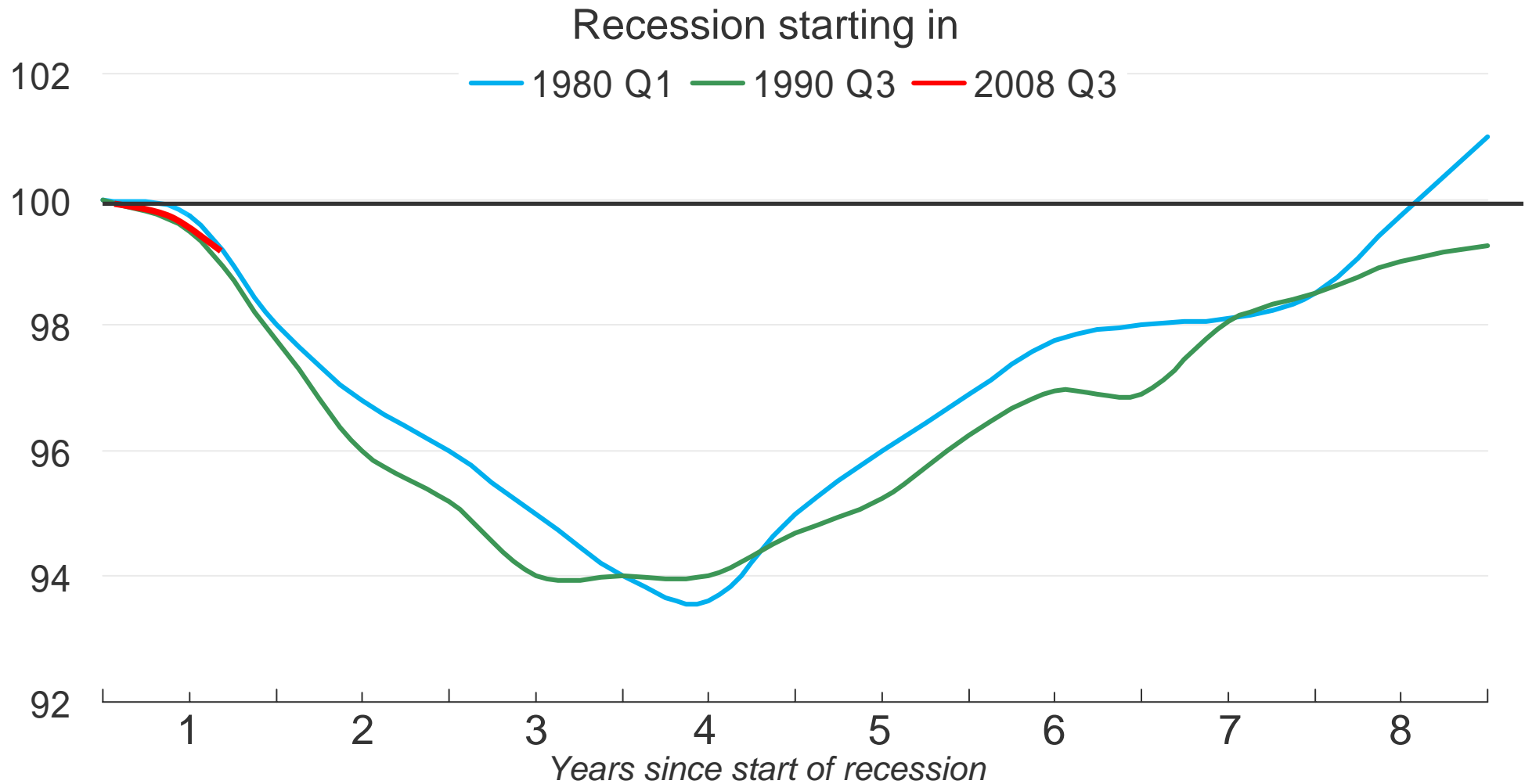
Base: 1,011 British adults, 17-19 April 2009 – 546 public sector/private sector workers

...and of course the official figures suggest the public may be a little optimistic...

The reality of what lies ahead?

Employment levels, rebased*

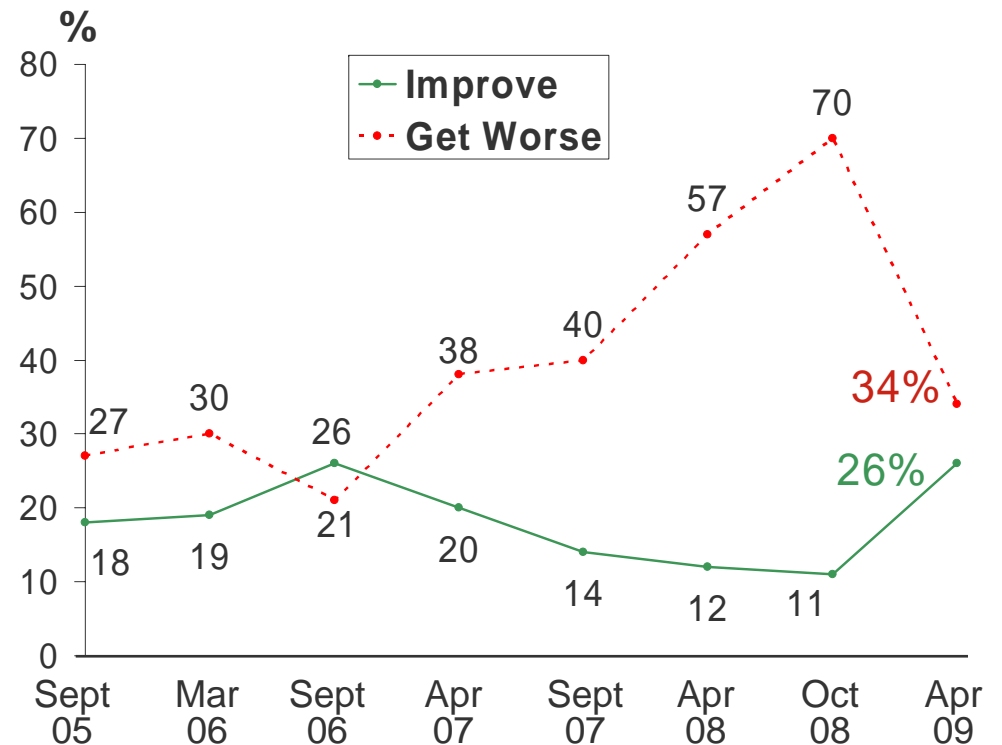
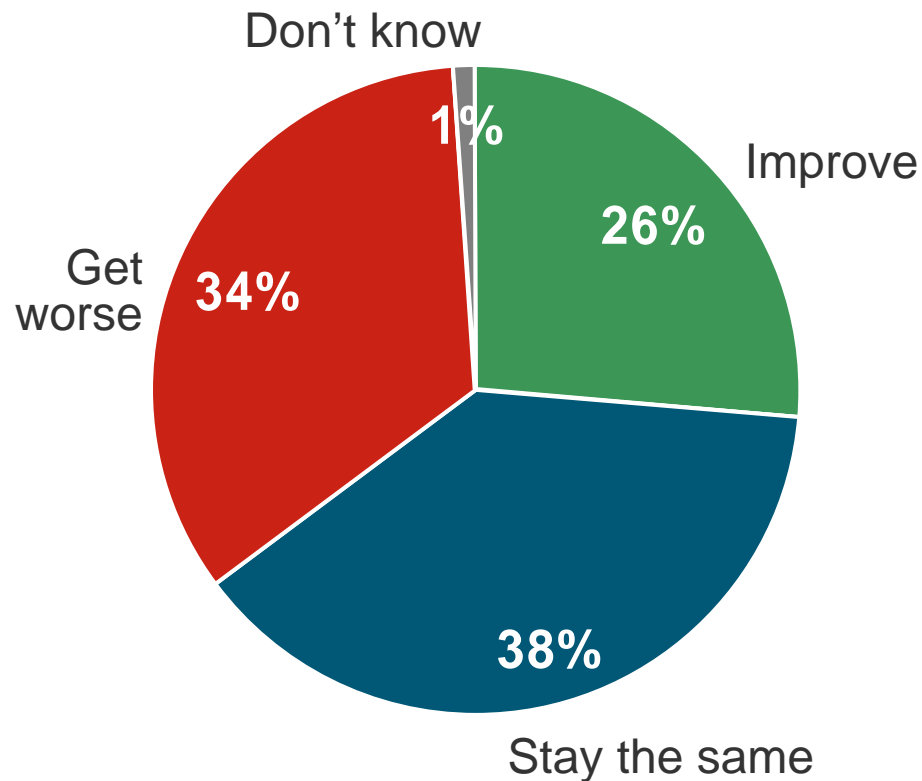
*Quarter before start of recession = 100



The Marketing Department are feeling a bit better – but it's been a tough year...

More optimistic about the country...

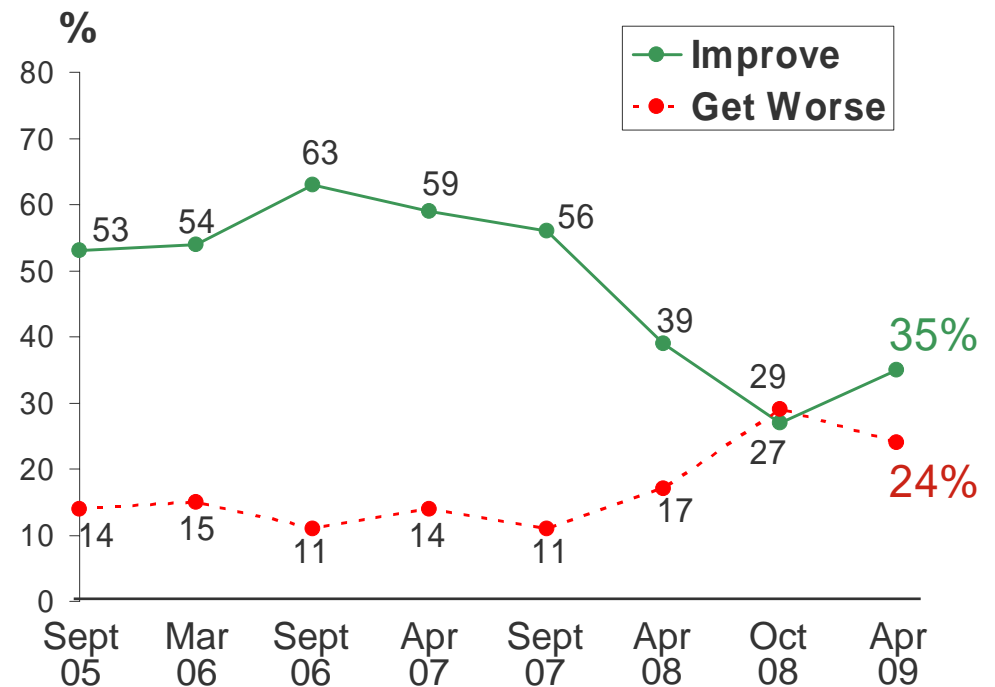
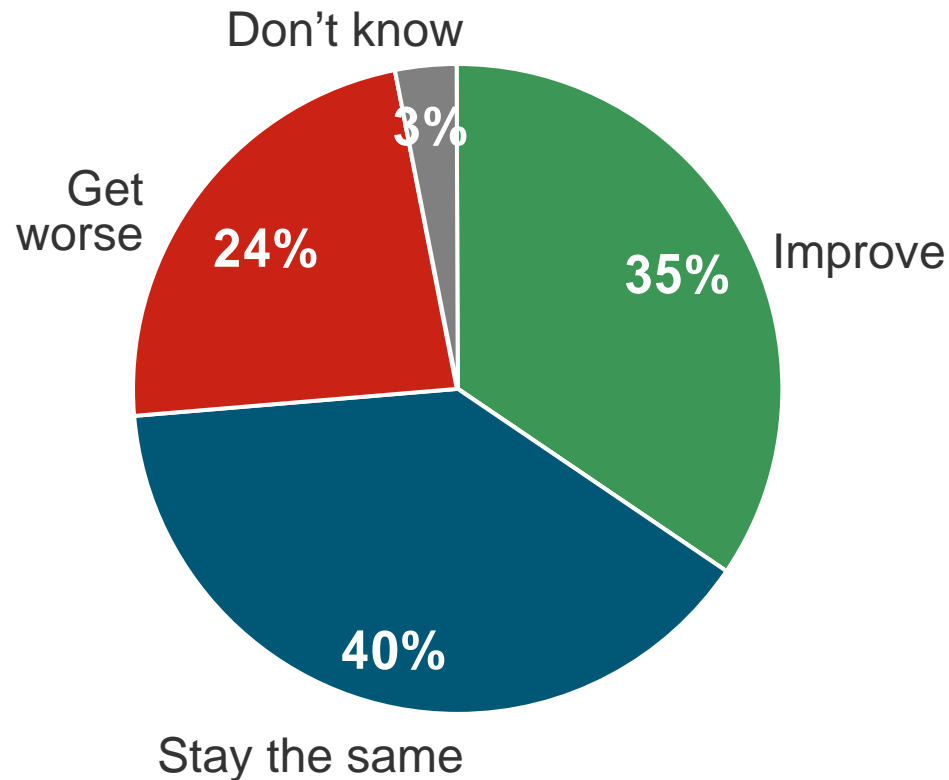
Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?



Base: CIM Marketing Trends Survey 1,223 CIM Members, 2-27 April 2009

...and their own business

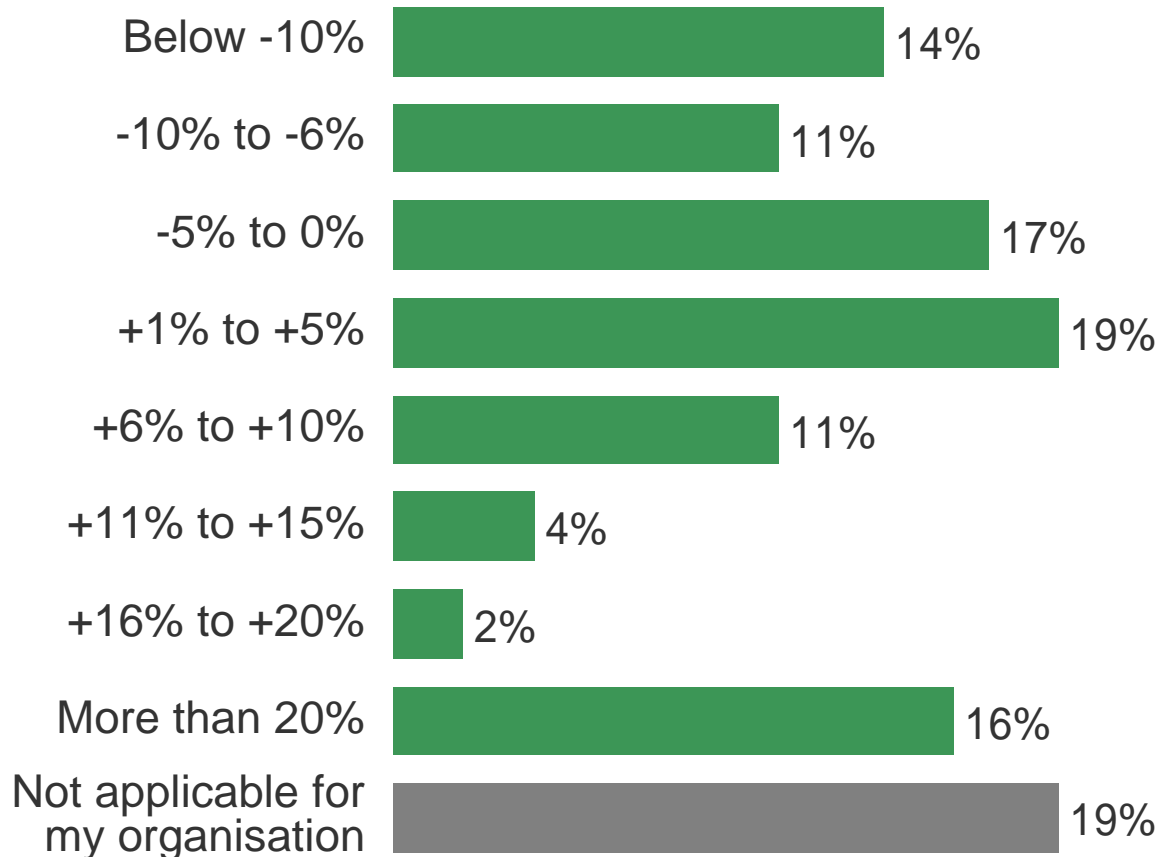
Do you think that business for your own company will improve, stay the same or get worse over the next 12 months?



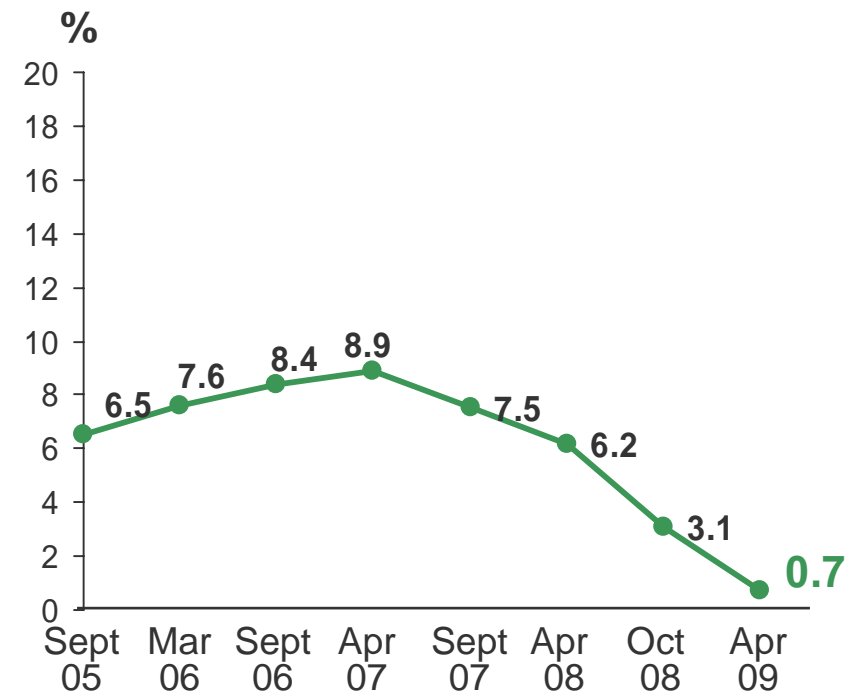
Base: CIM Marketing Trends Survey All working 1,12, 2-27 April 2009

Despite that 'bounce' in expected business prospects, sales have continued to suffer

What is your organisation's approximate anticipated sales performance for this financial year?



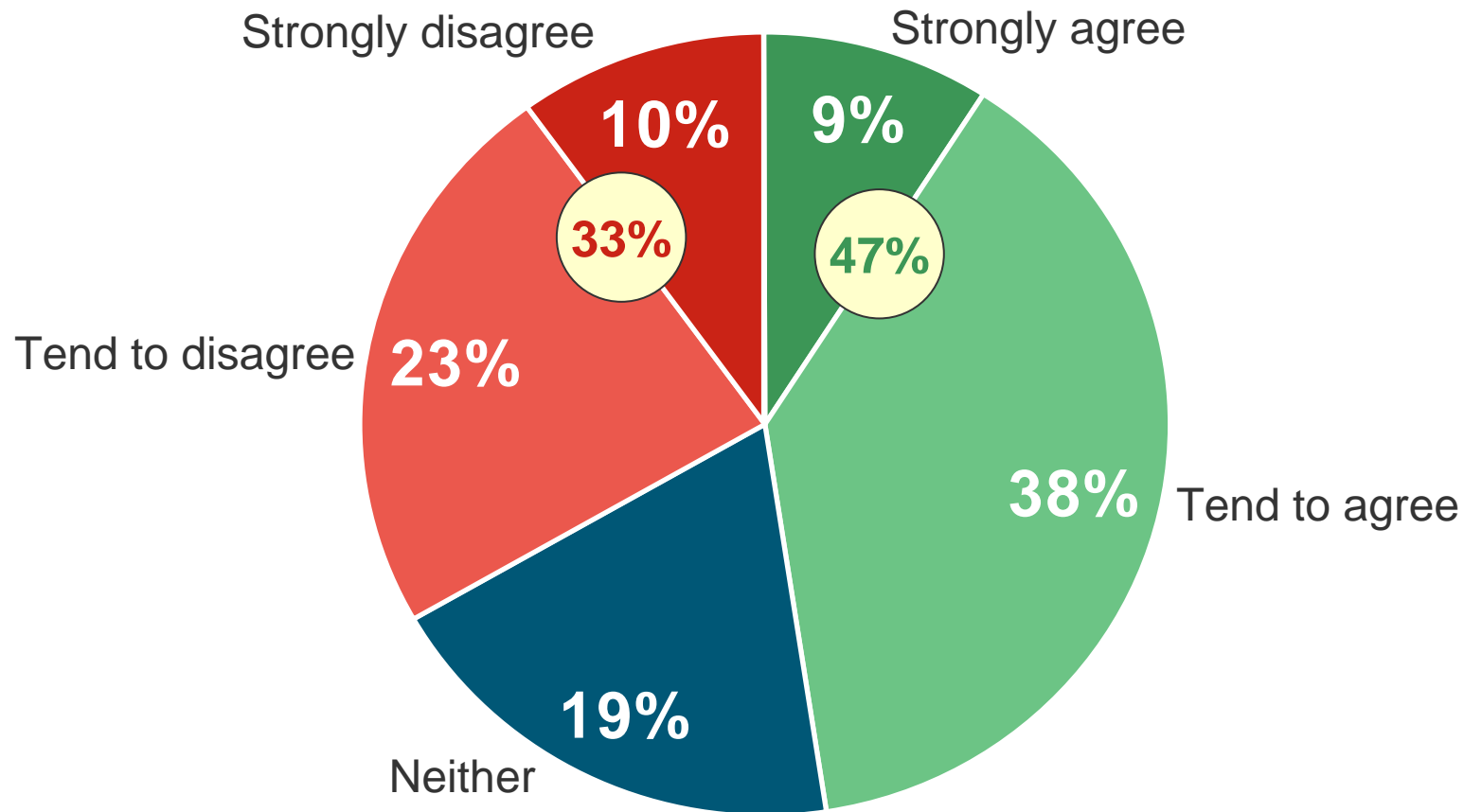
Mean anticipated sales (over time)



Base: CIM Marketing Trends Survey 1,121 All working CIM Members, 2-27 April 2009

On the one hand, the recession is prompting some new thinking...

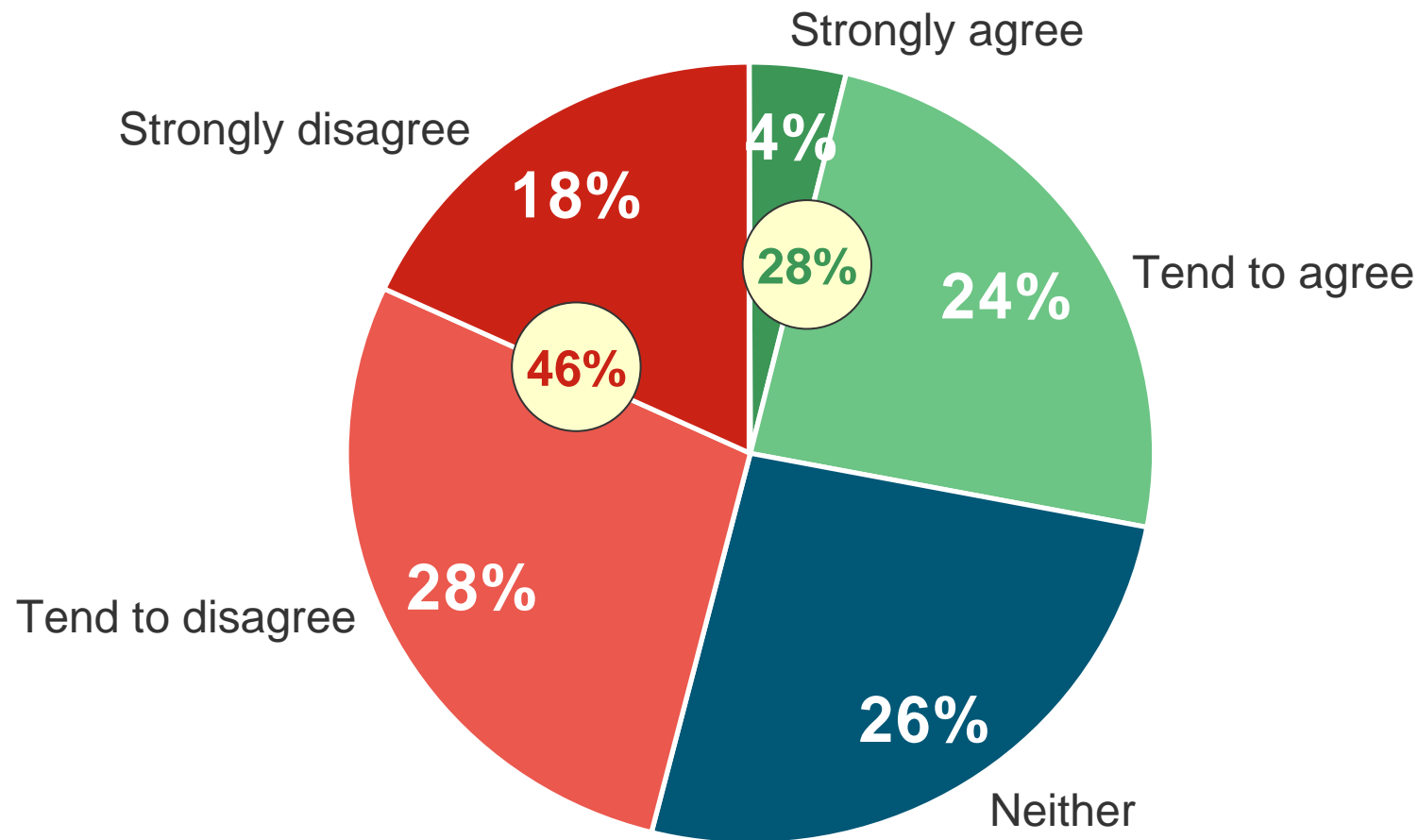
To what extent do you agree or disagree with the following statement?
“The recession has forced us to change our products and/or service offering”



Base: CIM Marketing Trends Survey 1,121 All employed, 2-27 April 2009

...but it still doesn't feel great

To what extent do you agree or disagree with the following statement?
“The recession is opening up lots of opportunities for my company”



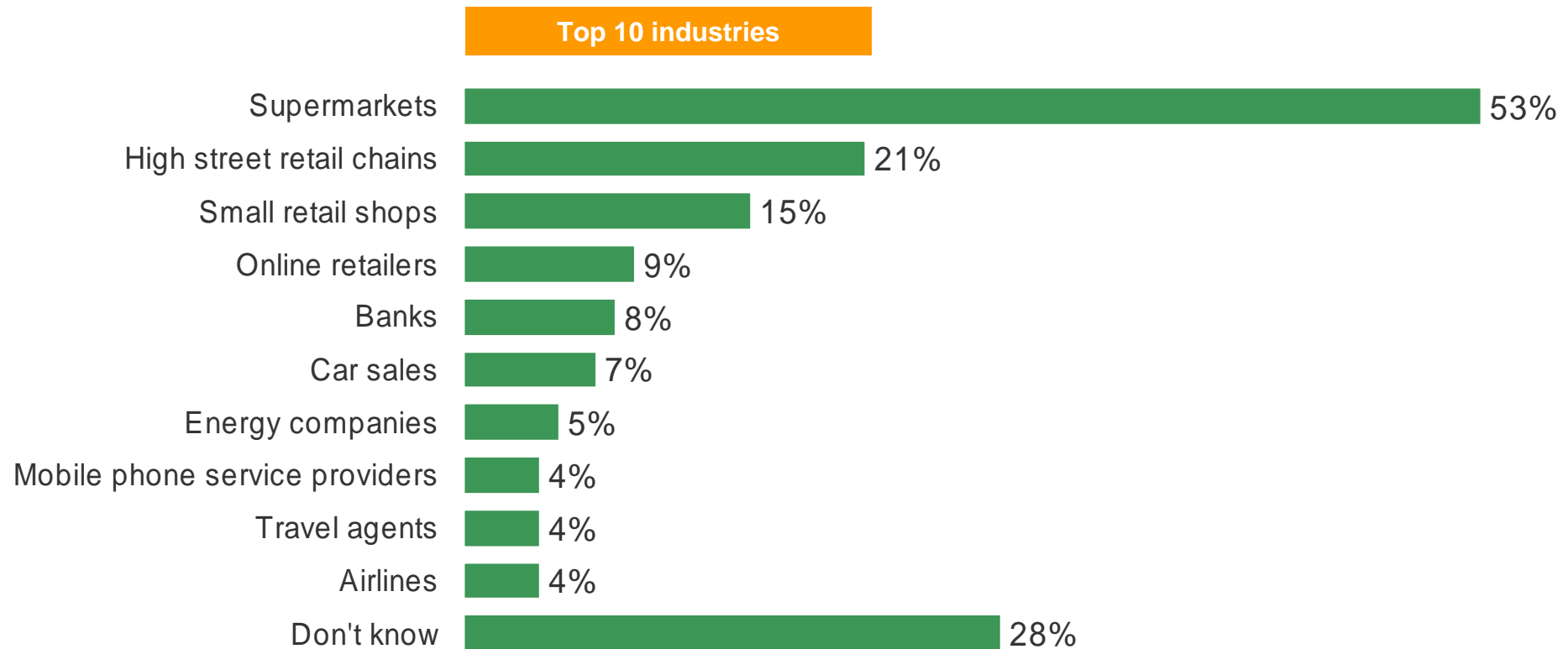
Base: CIM Marketing Trends Survey 1,121 All employed, 2-27 April 2009

The public feel that supermarkets have responded to the recession pretty well – unlike the banks...

Who's responded well to economic downturn in terms of how they treat their customers?

- Retail - previously cited as the industry most likely to give consumers a fair deal – is also perceived here as having responded particularly well to the economic downturn – and here again supermarkets are best in class.

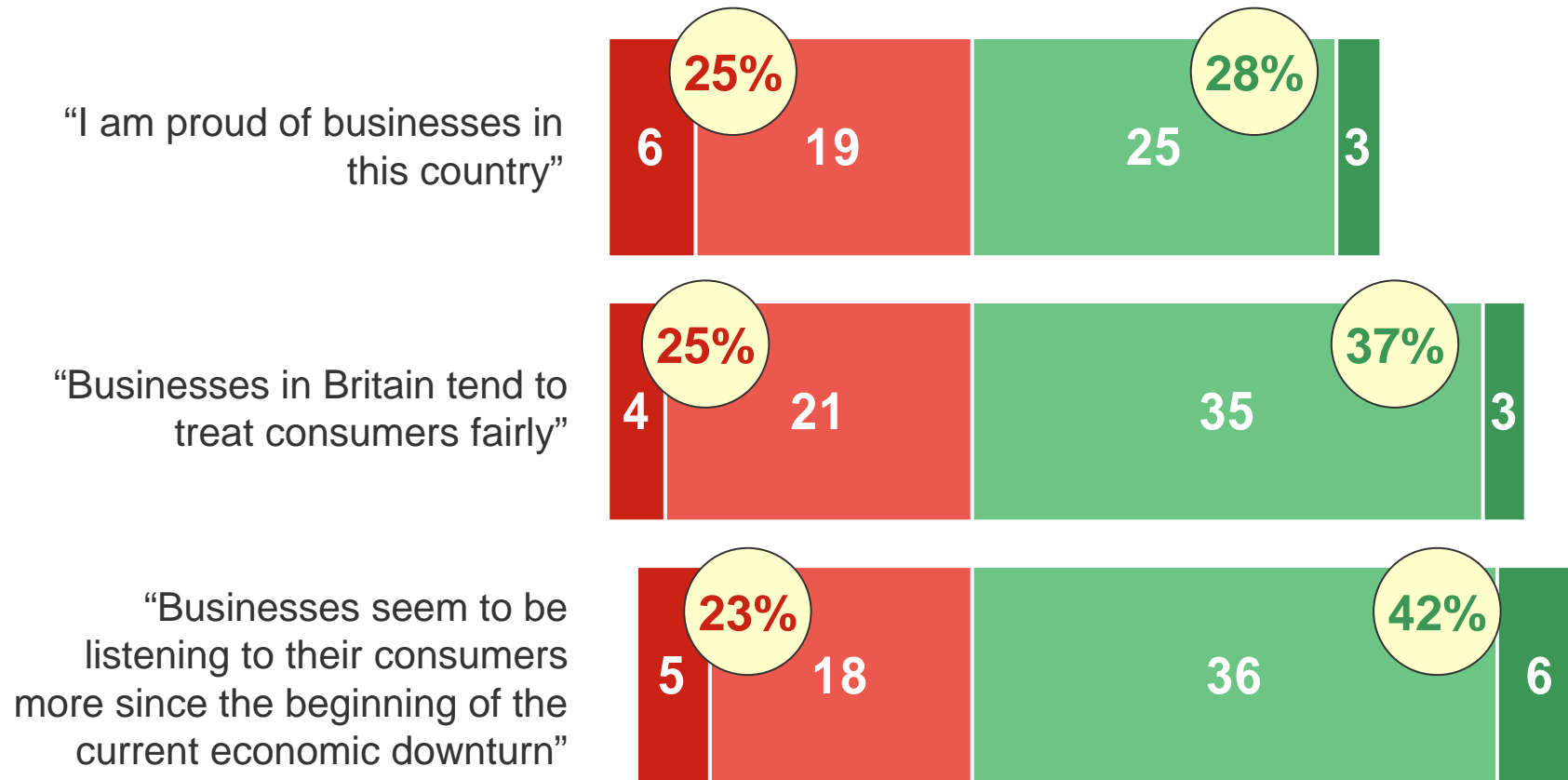
Which industries, if any, would you say have responded particularly well to the economic downturn in the way they treat their customers (Multichoice)



Businesses starting to listen to consumers more?

To what extent do you agree or disagree with the following statements?

■ % Strongly disagree ■ % Tend to disagree ■ % Tend to agree ■ % Strongly agree



What next...?

Public sector cuts?

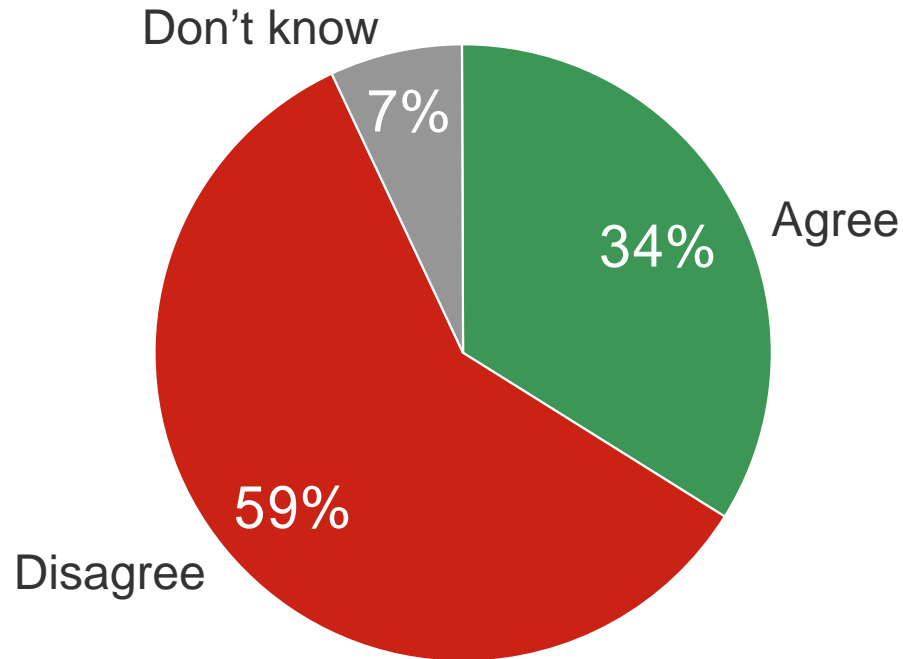
Low confidence in government policies

On balance, do you agree or disagree that in the long term, this government's policies will...

...improve the state of Britain's economy?

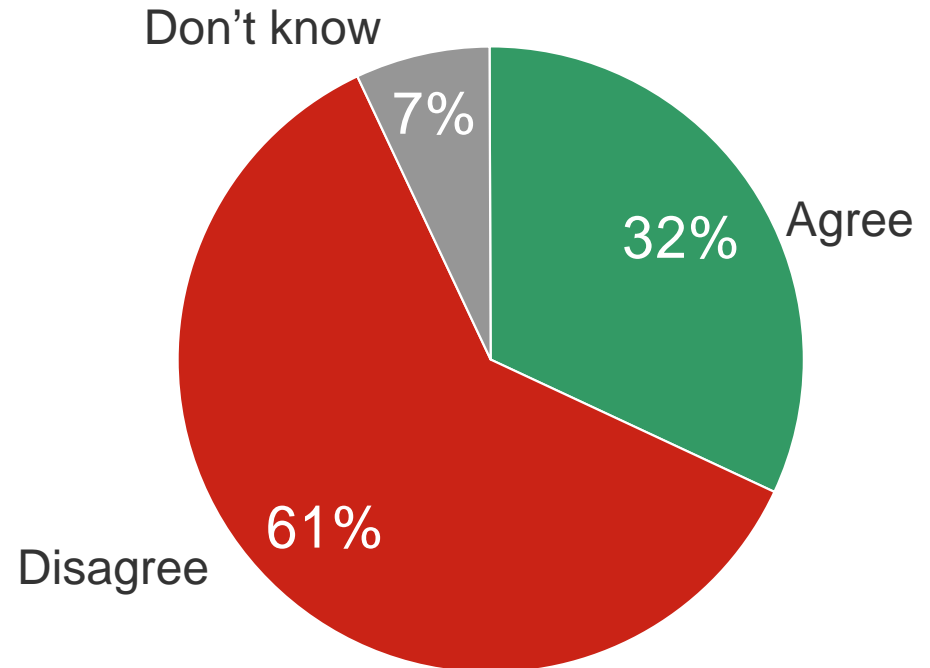
...improve the state of Britain's public services?

Economy



Net agree = -25

Public Services



Net agree = -29

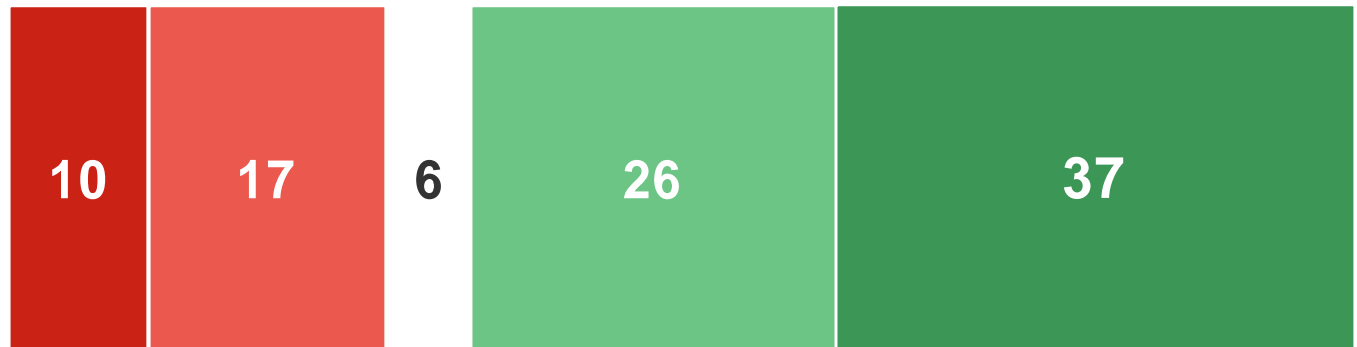
Base: 1,004 British adults, 19-21 June 2009

Most think public services ARE NOT run efficiently

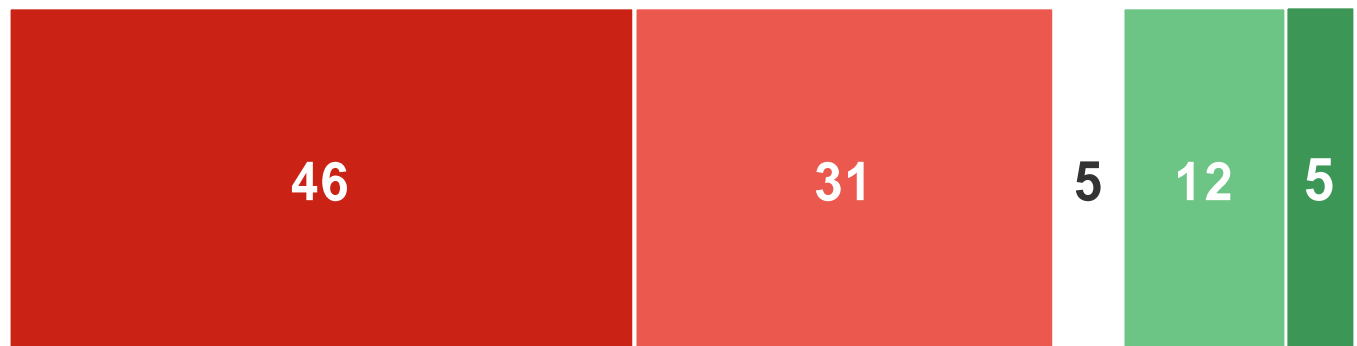
Please tell me how strongly you agree or disagree with each of these arguments about public services and public spending

■ % Strongly disagree ■ % Tend to disagree ■ % Tend to agree ■ % Strongly agree

“There are many public services that are a waste of money and can be cut”



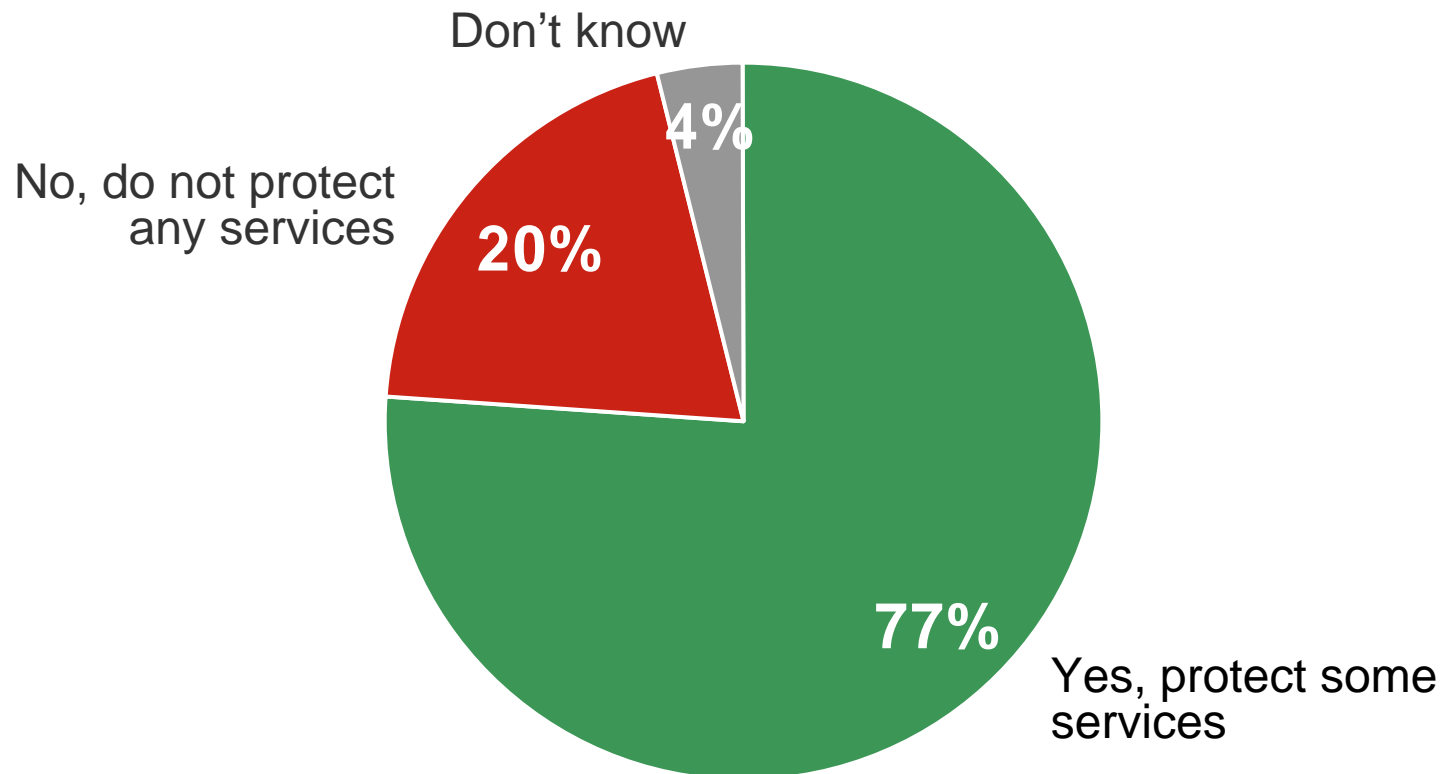
“Public services are already run efficiently, and so the only way to cut spending is to cut services provided to the public”



Base: 1,004 British adults, 19-21 June 2009

Most want some services protected from cuts

If the overall level of public spending is going to be reduced as part of the process of reducing borrowing and rebalancing the public finances, should spending on some services be protected from cuts even if that means bigger rises in taxation and/or deeper cuts in other areas of public spending, or should no services be protected from cuts?



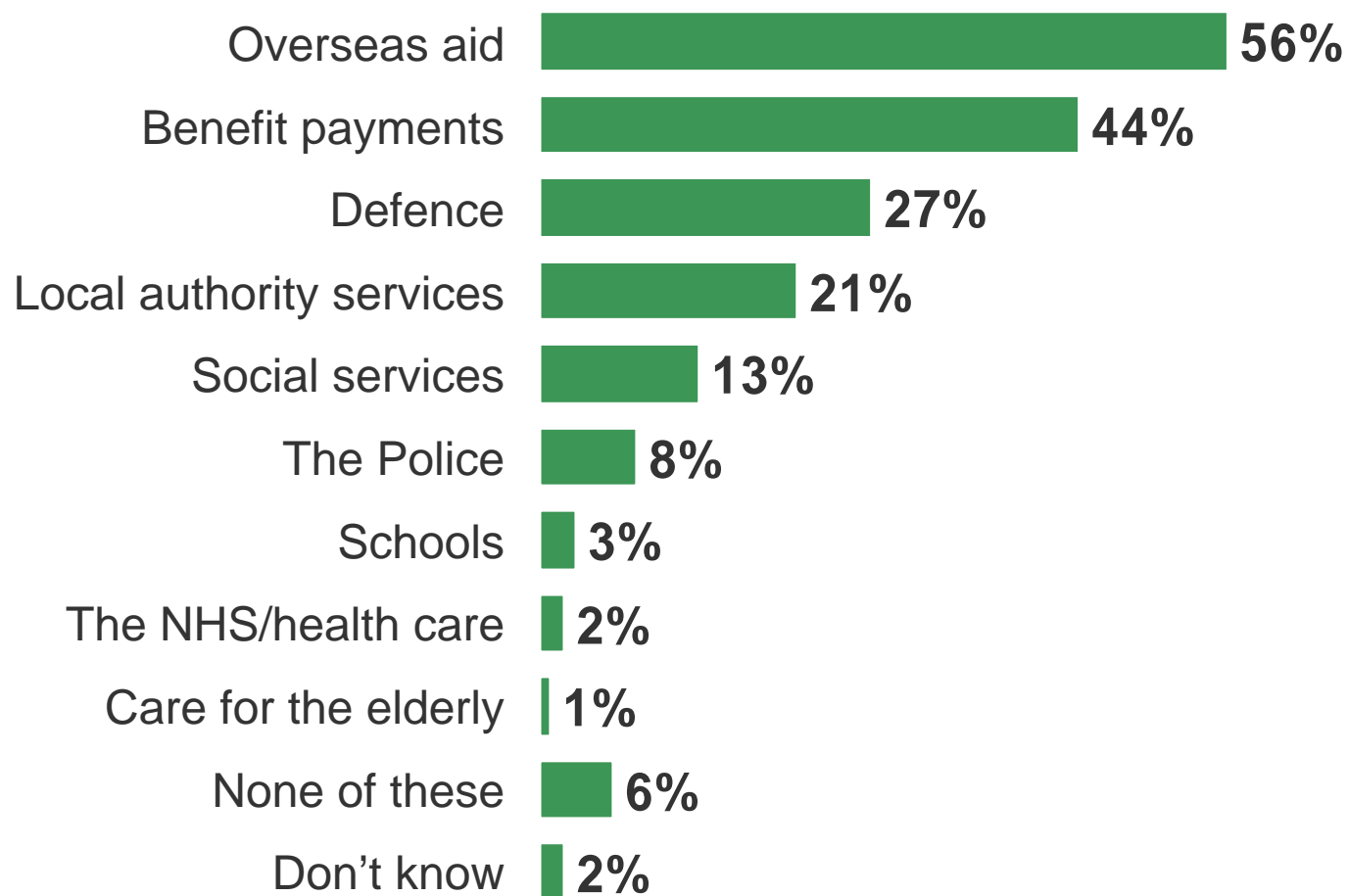
Base: 1,004 British adults, 19-21 June 2009

Ipsos MORI

Source: Ipsos MORI Public Spending Index

Overseas aid and benefits (even in a recession) are the prime candidates for cuts...

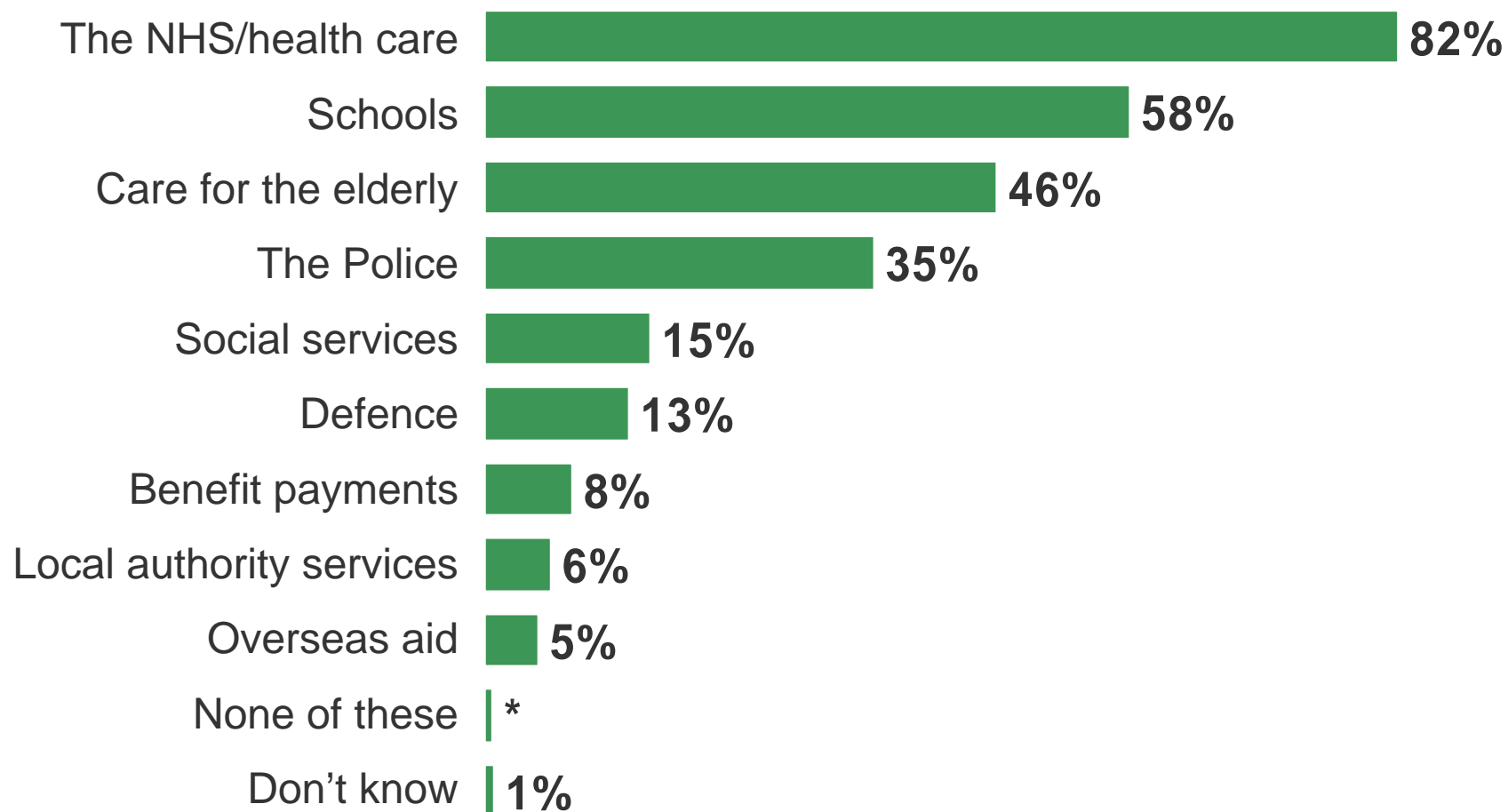
And which TWO or THREE, if any, of the following main areas of public spending do you think **should be cut** to restore public finances?



Base: All who think some services should be protected (773), 19-21 June 2009

...but NHS and schools should be 'ring-fenced'

Which TWO or THREE, if any, of the following main areas of public spending do you think **should be protected from any cuts?**



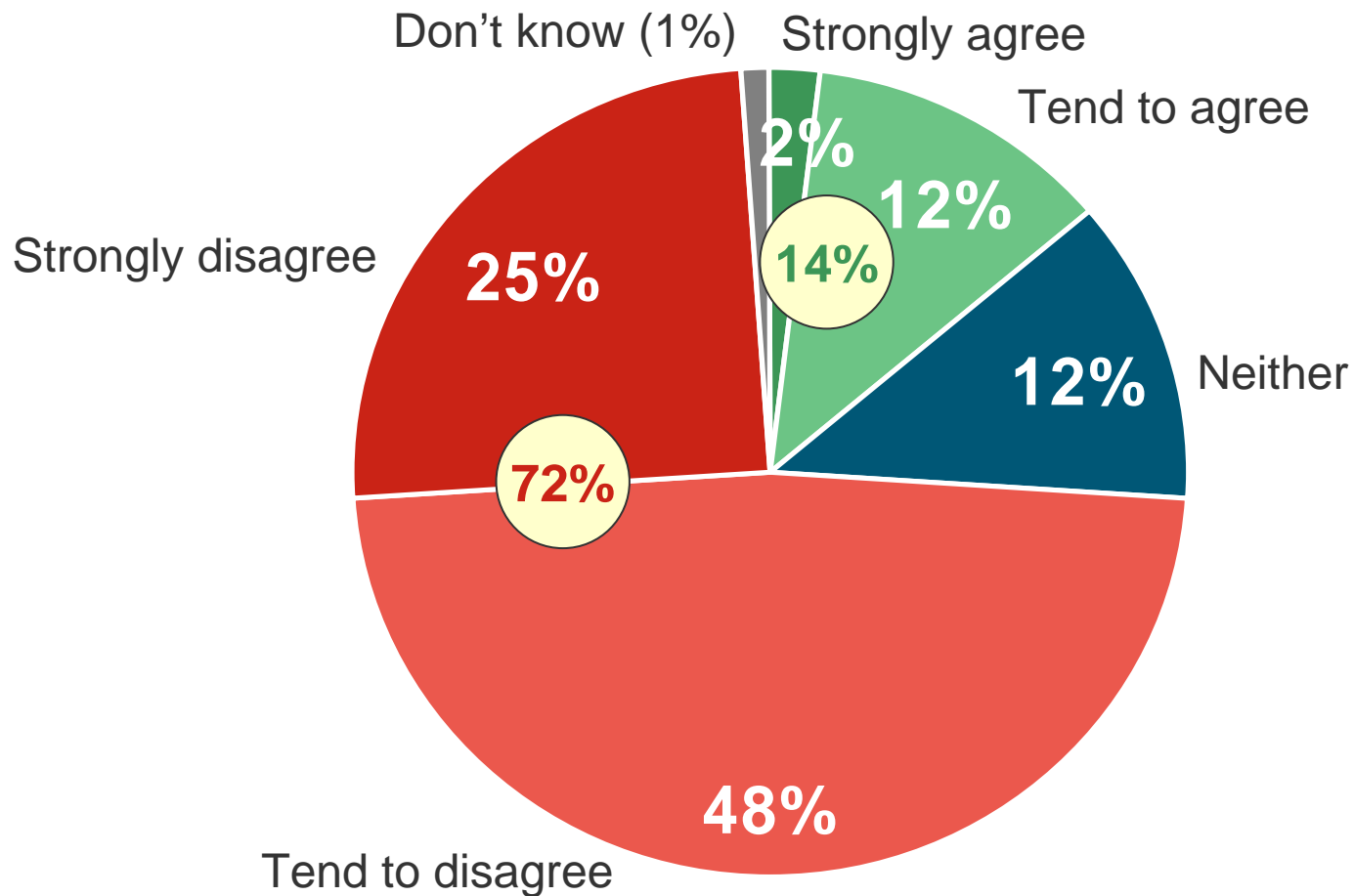
Base: All who think some services should be protected (773), 19-21 June 2009

A wave of optimism?

...the Marketing Department remain gloomy

To what extent do you agree or disagree with the following statement?

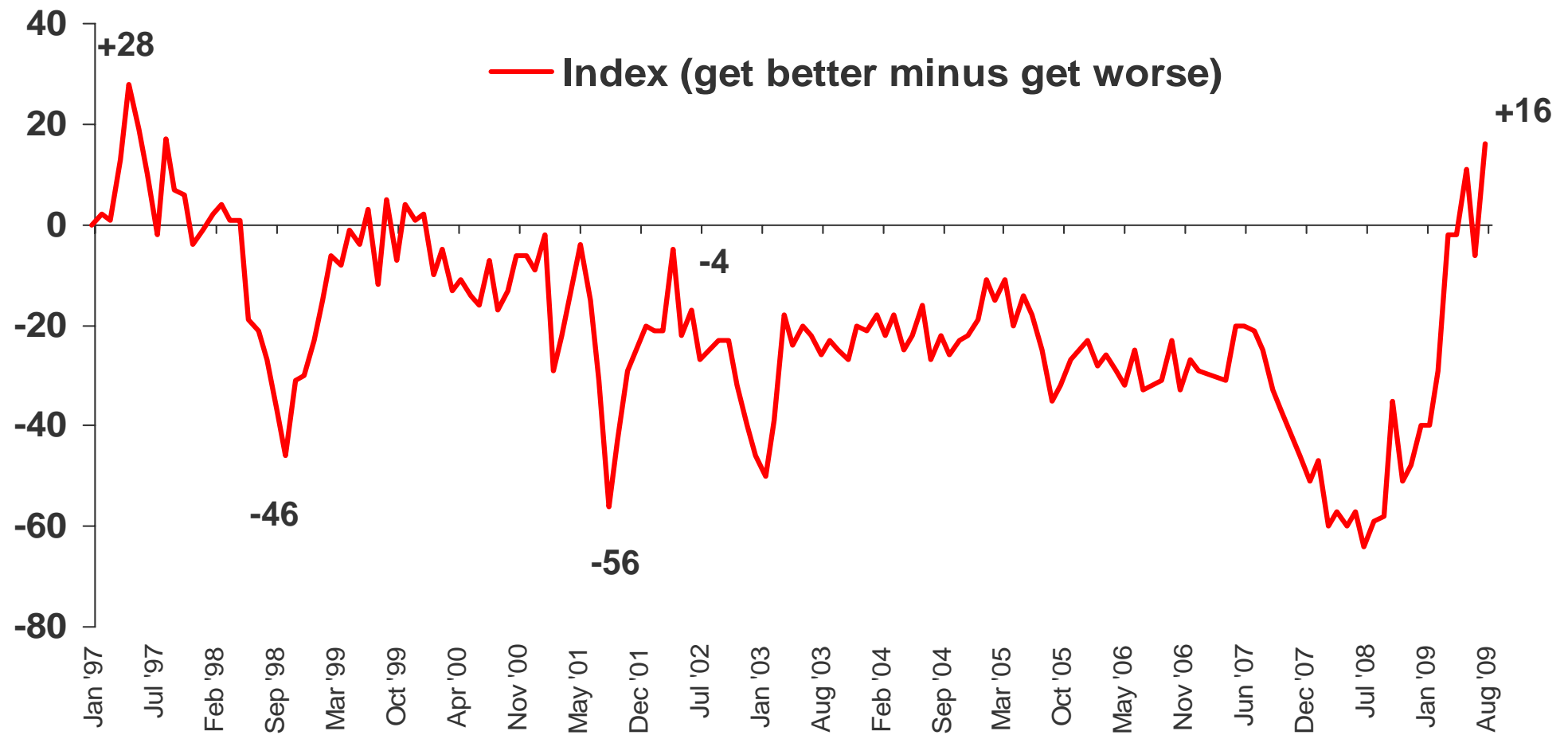
“The UK economy will pull out of recession in 2009”



Base: CIM Marketing Trends Survey All employed 1,223, 2-27 April 2009

For the general public, we need to look further than economic optimism rising from its trough...

Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?



Base: c. 1,000 British adults each month

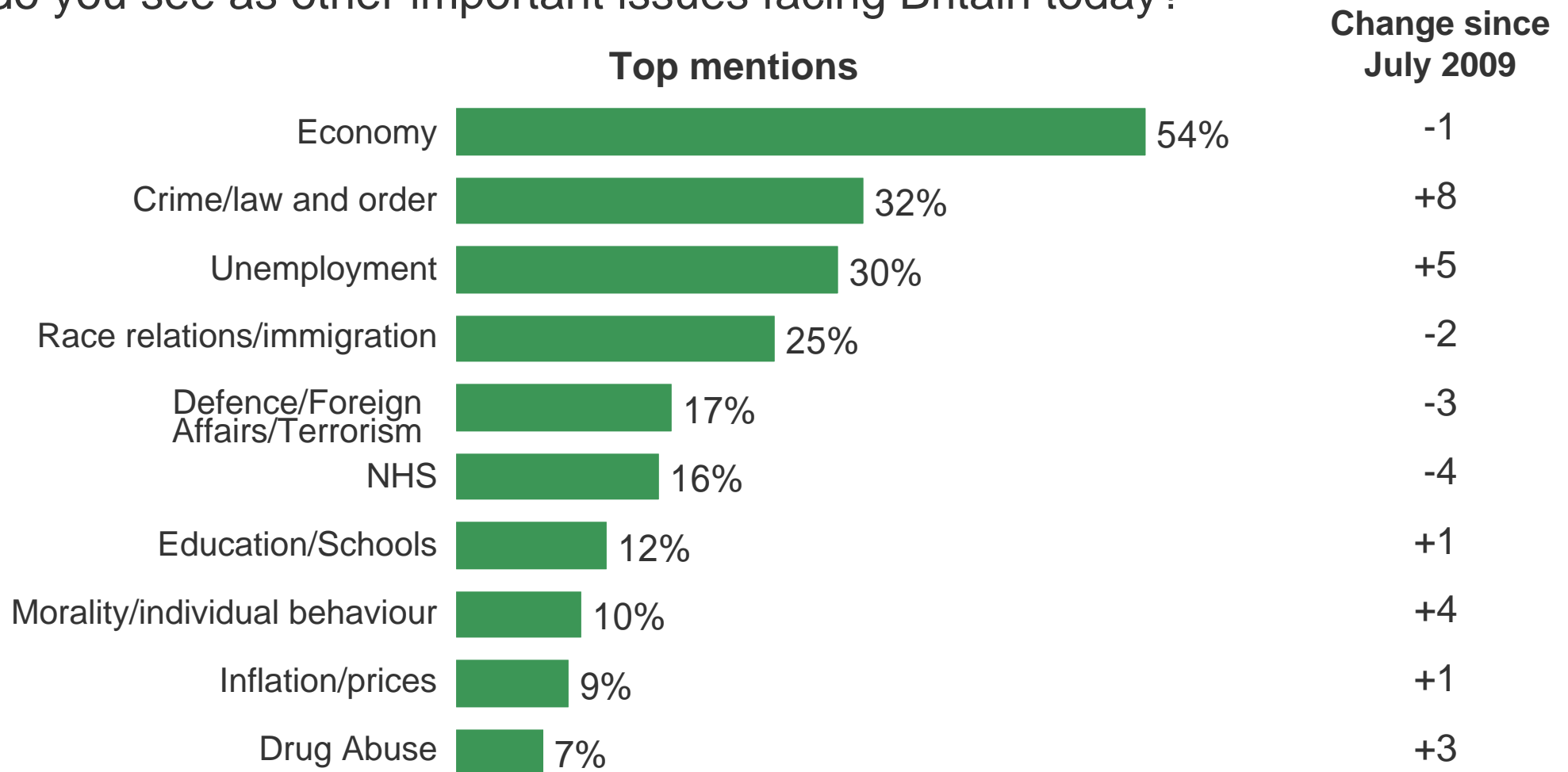
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Source: Ipsos MORI Political Monitor



...the extent to which "The Economy" remains top of the list will be one key variable...

What would you say is the most important issue facing Britain today? What do you see as other important issues facing Britain today?



Base: 978 British adults 18+, 13-18 Aug 2009

...but there are some encouraging signs from our work among the business community.

Over the next 12 months do you expect the business climate in which your business operates to generally improve, remain stable or deteriorate?

	% stating Improve Nov 2008	% stating improve June 2009
Primary	18%	11%
Manufacturing	8%	22%
Construction	5%	17%
Retail / distribution	7%	20%
Hotels / catering	7%	19%
Transport / storage / comms	7%	17%
Financial intermediation	11%	26%
Public / personal Services	14%	25%

BASE: All businesses in England and Northern Ireland, November 2008 (4,913) June 2009 (6,708), IpsosMORI / Regional Development Agency Network / Invest NI

...and they feel they may be able to weather further storms.

How well placed is your business to weather any downturn in economic conditions over the next 12 months?

	June 2009	
	% stating well placed	% stating not well placed
Primary	77%	18%
Manufacturing	75%	8%
Construction	65%	5%
Retail / distribution	72%	7%
Hotels / catering	61%	7%
Transport / storage / comms	75%	7%
Financial intermediation	74%	11%
Public / personal Services	75%	14%

**BASE: All businesses in England and Northern Ireland, June 2009 (6,742)
IpsosMORI / Regional Development Agency Network / Invest NI**



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