

WESTPAC : McDERMOTT MILLER

CONSUMER CONFIDENCE SURVEY AND INDEX MARCH 2022

ANNEX 1: BACKGROUND

THE SURVEY

The Westpac : McDermott Miller Consumer Confidence Survey was carried out in March 2022.

The Survey is under the joint sponsorship of Westpac and McDermott Miller Limited. In Australia, Westpac sponsor the Westpac-Melbourne Institute Index of Consumer Sentiment. Westpac's involvement in the two surveys ensures the close comparability of the indices of Consumer Confidence on both sides of the Tasman, and ensures continued quarterly measurement of these important lead economic indicators.

Quarterly surveys of consumer confidence in New Zealand were initiated in June 1988 by McDermott Miller. Between June 1988 and September 1990 the quarterly survey of consumer confidence and index was publicly released as part of the Dominion-United National Economic Review in the Dominion Sunday Times and The Dominion newspapers. Since September 1990, the Westpac : McDermott Miller Consumer Confidence survey has been released universally to the news media.

The Westpac : McDermott Miller Consumer Confidence Survey is directed, designed and analysed by McDermott Miller Strategic Planning Consultancy. The Survey is conducted using online self-completion interviews.

An outline of the Consumer Confidence Survey questionnaire is annexed.

THE NATURE OF THE INDEX

The Index of Consumer Sentiment was developed after World War II at the University of Michigan Survey Research Centre, in the United States, to improve economic forecasting under conditions of uncertainty and disruption. It has proved to be a useful supplement to conventional measures of national economic performance, and a reliable indicator of consumer spending behaviour since first determined in the US in 1952, and in Australia in 1973.

The Consumer Confidence Index is based on five internationally standardised questions, originating from the US survey, answered by a random sample of at least 1,550 New Zealanders. Sufficient numbers are sampled from every region to derive both regional index figures and a national index.

A single index figure, derived from answers to five questions, summarises "consumer confidence". A score above 100 denotes more optimism than pessimism. A score below 100 denotes more pessimism than optimism. The range measures the relative strengths of these "sentiments". The five questions asked in building up the index cover consumers' personal financial circumstances, national economic expectations and attitudes to major purchases.

USE OF THE INDEX

The Westpac : McDermott Miller Consumer Confidence Survey and Index remains the only regionalised "demand" oriented economic indicator published outside official statistics and is the only available "leading" indicator of consumer spending and savings intentions.

The Index can be compared directly with the Australian Westpac-Melbourne Institute Index of Consumer Sentiment, published by the Melbourne Economic Research Institute over the last 32 years. It can also be compared with similar United States and European indices.

Since the Survey's inception, McDermott Miller have built up an extensive database on consumer sentiment and are able to interpret the index as a leading indicator of retail sales, housing demand, savings intentions and inflation expectations.

SURVEY SPECIFICATIONS

A **Sample Size** of 1559 interviews in March 2022 was obtained with interviews for the latest Consumer Confidence Survey conducted between 1 – 17 March 2022.

The **Margin for error** of the Consumer Confidence Survey is a maximum of plus or minus 2.5 percent, at 95% confidence.

The **Sampling Technique** employed is stratified by Regional Council region, with additional quotas set for key demographic variables. Respondent's towns of residence are recorded, allowing analysis by a three-way split: **Metropolitan Centres** (Auckland, Wellington, and Christchurch) **Secondary Centres** (ranging in size from Timaru up to Hamilton and Dunedin), or **Rural** (the remainder).

The **Data Collection Methodology** is self-completion online interviews.

The **Consumer Confidence Index** is calculated by McDermott Miller from the percentage responses to five questions. It is 100 plus the unweighted average of the difference between positive/optimistic responses and negative/pessimistic responses. A score above 100 shows more optimism than pessimism and vice versa for a score below 100.

OWNERSHIP AND ACKNOWLEDGEMENT

The Westpac : McDermott Miller Consumer Confidence Survey and Index is owned by McDermott Miller Limited. Westpac : McDermott Miller should be acknowledged as the source when citing the Index, just as Westpac-Melbourne Institute should be acknowledged when citing the Australian Index of Consumer Sentiment. Graphs supplied may be reproduced by the news media provided the Westpac : McDermott Miller logo remains inset.

All inquiries should be addressed to:

Imogen Rendall
Market Research Director
McDermott Miller Limited

Mobile No. (+44) 7843-096788

Email imogenr@mcdermottmiller.co.nz
Web <http://www.mcdermottmiller.co.nz/>

QUESTIONNAIRE – MARCH 2022

- *1. Thinking about how you are getting along financially these days, would you say you and your family are better-off or worse-off financially, than you were this time last year?
- *2. Looking ahead to this time next year, do you expect you and your family to be better-off financially or worse-off or about the same as now?
- *3. Now thinking of the economic conditions in New Zealand as a whole. During the next 12 months, do you expect we'll have mainly good economic times, or mainly bad economic times?
- *4. Looking ahead now, in the next five years do you think New Zealand as a whole, will have mainly GOOD economic times - or will we have mainly bad economic times?
- *5. Now thinking about MAJOR household purchases. Do you think NOW is a good time or a bad time to buy major household items?
6. Now thinking about the economic conditions in (..... region). During the next 12 months, do you expect (region) will have mainly good economic times or mainly bad?
7. Would you say you and your family spend more, less or about the same on leisure-time entertainment over the last three months than you did this time last year?
8. Suppose you received \$10,000. What would you do with the money?

These are followed by questions to establish the demographics of the sample. These include the respondent's age, home ownership and household income. Sex, region, and city are also recorded.

* Consumer Confidence Index Questions

LIST OF TABLES

TABLE 1	TRENDS IN CONSUMER CONFIDENCE	1
TABLE 2	PERCENT RESPONSES USED IN CCI CALCULATION	2
	a NEW ZEALAND	
	b NORTH ISLAND	
	c SOUTH ISLAND	
	d METROPOLITAN CENTRES	
	e SECONDARY CENTRES	
	f RURAL	
	g SEX : MALE	
	h SEX : FEMALE	
	i AGE GROUP : 18 TO 29	
	j AGE GROUP : 30 TO 49	
	k AGE GROUP : 50 PLUS	
	l HOUSEHOLD INCOME GROUP : LESS THAN \$30,000	
	m HOUSEHOLD INCOME GROUP : \$30,001-\$50,000	
	n HOUSEHOLD INCOME GROUP : \$50,001-\$70,000	
	o HOUSEHOLD INCOME GROUP : \$70,001-\$100,000	
	p HOUSEHOLD INCOME GROUP : MORE THAN \$100,001	
TABLE 3	PERCENT RESPONSES TO CCI QUESTIONS NOT USED IN CALCULATION	18
	a NEW ZEALAND	
	b NORTH ISLAND	
	c SOUTH ISLAND	
	d METROPOLITAN CENTRES	
	e SECONDARY CENTRES	
	f RURAL	
TABLE 4	CONSUMER SENTIMENT IN THE REGIONS	24
TABLE 5	ECONOMIC OUTLOOK OVER NEXT YEAR IN RESPONDENTS' OWN REGIONS	27
TABLE 6	ECONOMIC OUTLOOK OVER NEXT YEAR IN NEW ZEALAND & RESPONDENTS' OWN REGIONS	28
TABLE 7	DISCRETIONARY EXPENDITURE: CHANGE IN FAMILY SPENDING ON LEISURE-TIME ENTERTAINMENT	29
	a % RESPONSE BY AREA	
	b % RESPONSE BY SEX	
	c % RESPONSE BY AGE GROUP	
	d % RESPONSE BY HOUSEHOLD INCOME GROUP	
TABLE 8	SPENDING INTENTIONS: WHAT ONE THING WOULD BE DONE WITH A \$10,000 WINDFALL	33
	a % RESPONSE BY AREA	
	b % RESPONSE BY SEX	
	c % RESPONSE BY AGE GROUP	
	d % RESPONSE BY HOUSEHOLD INCOME GROUP	