

## Press release

### UK Consumer Confidence increases two points to - 5 But when will the squeeze in living standards hit home?

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GfK's long-running Consumer Confidence Index increased two points to - 5 in May. Four of the five measures increased, and one remained unchanged.



Joe Staton, Head of Market Dynamics at GfK, says:

“We have an unexpected uptick in the barometer this month as consumers report increased confidence in their personal financial situation, the wider economy, and future plans for shopping and saving. Despite life becoming more expensive with inflation hitting its highest level in four years, and wages dropping in real terms for the first time in three years, stagnant living standards haven't yet significantly dented consumers' spirits – when it comes to retail therapy we remain happy to splash the cash as sales jump ahead of expectations. Although the Overall Index Score is bumping along in negative territory, we haven't seen any significant fall of the kind we might expect during such periods of pre-election and pre-Brexit uncertainty. Perhaps the real squeeze in living standards is yet to hit home. After years of people paying off debts post-downturn, unsecured borrowing has steadily increased since 2014 reaching record highs this month. When will we get our comeuppance and realise we have to 'pay-the-piper'?”

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## UK Consumer Confidence Measures – May 2017

The Overall Index Score in May is - 5. Four of the five measures increased, and the other one remained unchanged.

Measure	↑↔↓	May 2017	April 2017	March 2017	May 2016
Overall Index Score	↑2	-5	-7	-6	-1
Personal Financial Situation over last 12 months	↑1	2	1	2	4
Personal Financial Situation over next 12 months	↑2	4	2	3	7
General Economic Situation over last 12 months	↑3	-20	-23	-21	-13
General Economic Situation over next 12 months	↔	-21	-21	-20	-13
Major Purchase Index	↑2	9	7	6	9
Savings Index (commented on but not used in Index Score)	↑4	5	1	-1	4

Source: GfK Consumer Confidence Barometer on behalf of the European Commission (May 2017)



### Personal Financial Situation

The index measuring changes in personal finances during the last 12 months has increased by one point this month to +2; this is two points lower than this time last year.

The forecast for personal finances over the next 12 months has increased two points this month to +4; this is three points lower than May 2016.

### General Economic Situation

The measure for the General Economic Situation of the country during the last 12 months has increased three points to -20; this is seven points lower than May 2016.

Expectations for the General Economic Situation over the next 12 months have stayed the same this month at -21; this is eight points lower than May 2016.

### Major Purchase Index

The Major Purchase Index has increased two points this month to +9; this is the same as this time last year.

### Savings Index

The Savings Index has increased four points to +5; this is one point higher than May 2016. .

- ENDS -

**EDITOR'S NOTE:** Please source all information to GfK.

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### About the survey

- The UK Consumer Confidence Barometer is conducted by GfK on behalf of the EU, with similar surveys being conducted in each European country. In producing its own reports on the whole of Europe, the EU applies a seasonal adjustment to the data, to smooth out any changes that are functions, at least in part, of the time of year.
- Historically, the UK data **have not** been seasonally adjusted in this way, and to maintain comparability, GfK continues **not** to apply this adjustment. This can lead to situations where the EU figures show different movements in a particular month from those produced by GfK. Individual months may be affected, but the long-term trend is not.
- The UK Consumer Confidence Survey from GfK was conducted amongst a sample of 2000 individuals aged 16+ on behalf of the European Commission.
- Quotas are imposed on age, sex, region and social class to ensure the final sample is representative of the UK population.
- Interviewing was carried out during May 1<sup>st</sup> – 15<sup>th</sup> 2017.
- The figures contained within the Consumer Confidence Barometer have an estimated margin of error of +/-2%.
- Results for the Consumer Confidence Barometer are normally available on the last working day of each month at 00.01am (unless the final working day of a month is a Monday, in which case the results are published on the Friday preceding the final working day). The release date for June 2017 is Friday 30<sup>th</sup> June 2017.
- **Any published material requires a reference to both GfK and the European Commission e.g. 'Research carried out by GfK on behalf of the European Commission'.**
- This study has been running since 1974. Back data is available from 1996.
- The table below provides an overview of the questions asked to obtain the individual index measures:

<b>Personal Financial Situation (Q1/Q2)</b>	<p>This index is based on the following questions to consumers: ‘How has the financial situation of your household changed over the last 12 months?’</p> <p>‘How do you expect the financial position of your household to change over the next 12 months?’ (a lot better – a little better – stay(ed) the same – a little worse – a lot worse)</p>
<b>General Economic Situation (Q3/Q4)</b>	<p>This index is based on the following questions to consumers: ‘How do you think the general economic situation in this country has changed over the last 12 months?’</p> <p>‘How do you expect the general economic situation in this country to develop over the next 12 months?’</p> <p>(a lot better – a little better – stay(ed) the same – a little worse - a lot worse)</p>
<b>Major Purchase Index (Q8)</b>	<p>This index is based on the following question to consumers: ‘In view of the general economic situation, do you think now is the right time for people to make major purchases such as furniture or electrical goods?’</p> <p>(right time – neither right nor wrong time – wrong time)</p>
<b>Savings Index (Q10)</b>	<p>This index is based on the following question to consumers: ‘In view of the general economic situation do you think now is?’ (a very good time to save – a fairly good time to save – not a good time to save – a very bad time to save)</p> <p><b>(Commented on but not included in the Index Score)</b></p>

### About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK’s long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers’ experiences and choices.

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