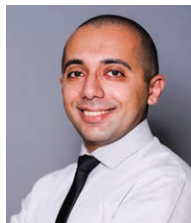




Consumer *Sentiment Survey*

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The majority of respondents expect that regional business conditions will improve.

KEY POINTS

- Consumer sentiment in the region is generally positive.
- Over 90 percent of respondents expect their income to rise (43%) or stay the same (48%) over the next year.
- Respondents anticipate their personal economic situation to improve over the next 5 years (53%) and over the next year (44%).
- The majority of respondents expect that regional business conditions will improve (31%) or at least stay the same over the next year (50%).
- Generally, respondents expect that inflation will increase faster than their income.
- Compared to national data, regional respondents are less positive about the improvements in their current personal economic conditions compared to the past year and past five years, but more positive regarding the future.

The Central California Business Review has conducted a survey of consumer sentiment in the Central California region. The survey was adapted from the University of Michigan Consumer Sentiment Survey. The sample is composed of 1,837 respondents recruited via a marketing research firm with respondents having the following county representation to parallel relative populations: Fresno (55%), Tulare (18.4%), Merced (13.2%), Madera (6.6%), and Kings (6.3%).

The survey included measures of personal and regional economic conditions, as well as purchasing and credit utilization. The findings indicate that overall consumer sentiment in the Central California region is generally positive.

Regional Consumer Sentiment

Personal economic situation is perceived to be, generally, better five years ago, 42 percent of respondents reported that they are currently experiencing better financial situations. When compared to one-year ago, 29 percent reported being financially better off now and 39 percent reported being the same (Figure 1).

When asked about expectations for their future personal financial situation, respondents indicated positive anticipations for the upcoming year as well as the next five years. Approximately 44 percent of respondents expect to be better off financially in one-year. Looking at five years ahead, about 53 percent of respondents indicate positive expectations about their personal financial situation. Only 9 percent expect to be worse off financially one-year and five years from now (Figure 1).

Additionally, 43 percent of respondents expect their household income to increase over the coming year. Another 48 percent expect household income to remain the same, and only 9 percent expect a decrease in household income. On average, respondents expect an increase of 6.5 percent in income over the next year. The median anticipated change in household income was 3 percent. Sixty-seven percent of respondents anticipate prices to go up during the next 12 months. When asked to compare anticipated increase in prices (i.e., inflation) to anticipated increase in household income, 34 percent of respondents expect prices

Figure 1
Personal Economic Conditions

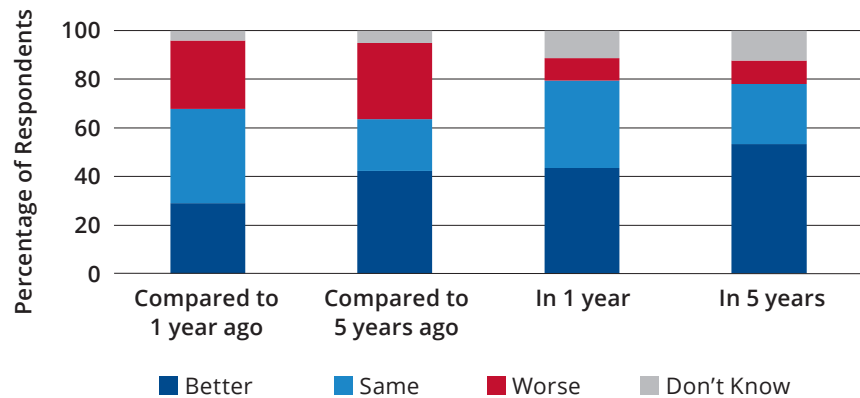
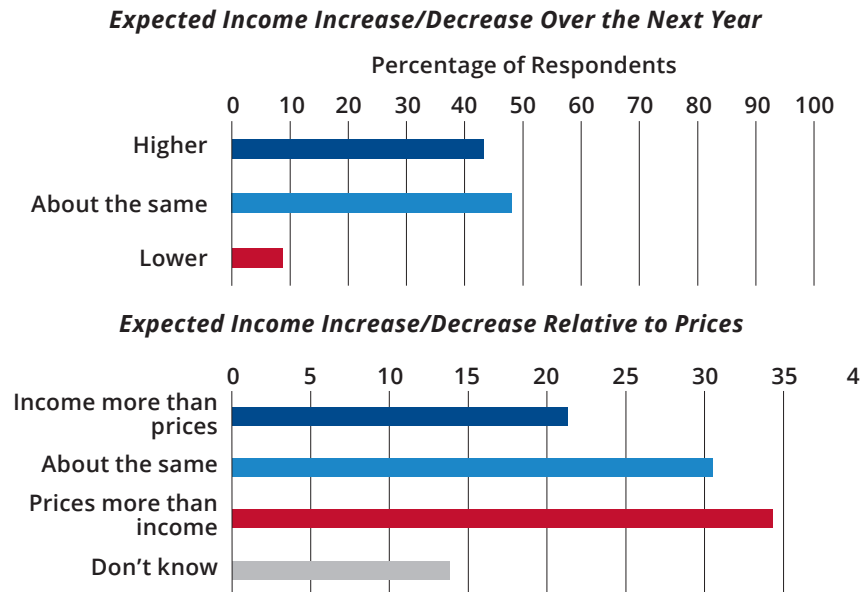


Figure 2
Personal Income Expectations



to increase more than their income over the next year or two. On the other hand, 21 percent of respondents expect their income to increase more than prices, and 30 percent expect a similar increase in their income and prices (Figure 2).

Reflecting on the region's overall economy, respondents indicate that economic conditions have improved

(28%) or stayed the same (49%) over the past year, and they expect conditions to continue to improve (30%) or stay the same (50%) over the next year (Figure 3).

When asked about general business conditions, 30 percent of respondents expect good times, 54 percent expect a mix of good and bad times, and only 9 percent expect bad times.

CONSUMER SENTIMENT

Consumer Sentiment Survey



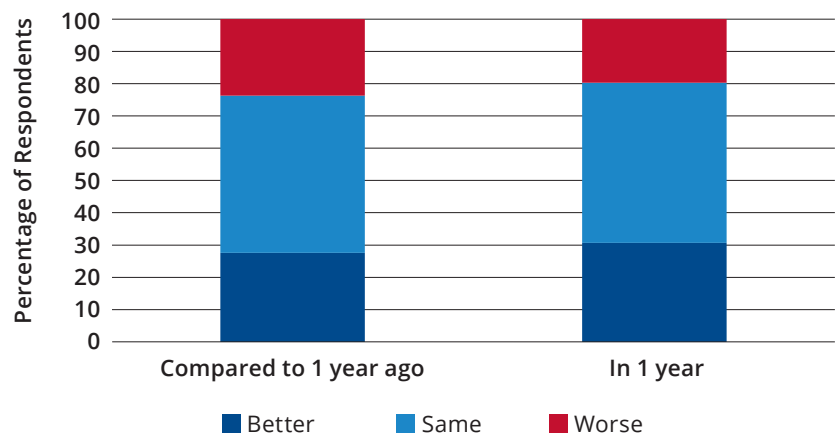
Regional vs. National Sentiment¹

To compare regional sentiment with national sentiment measures, we included questions adapted from the University of Michigan Consumer Sentiment[®] survey to address the Central California region. Following the University of Michigan method of analysis, relative scores were calculated. Relative scores above 100 suggest more respondents indicated favorable expectations than unfavorable expectations. Scores below 100 suggest respondents indicated more unfavorable than favorable expectations. We compared relative scores of Central California to national relative scores.

Generally, when compared to the national respondents, Central California respondents perceive their personal finances to be less improving over the past year (relative scores: 101 vs. 129) and over the past five years (relative scores: 111 vs. 140). However, respondents in Central California indicate more positive expectations about their personal financial situation over the next year (relative scores: 134 vs. 130) as well as after five years (relative scores: 144 vs. 141).

Data from the Central California survey and national survey indicate that consumers expect an increase in both prices and income over the next year. The expected increases are found to be lower among Central California (vs. national) respondents for both income (relative scores: 135

Figure 3
Regional Economic Conditions



vs. 147) and prices (relative scores: 163 vs. 180). Respondents in both samples similarly anticipate that the increase in prices will surpass the increase in income level (relative score of 87 in both samples).

Further, we compared the perceptions about regional business conditions among Central California respondents to the perceptions about national business conditions in the national survey. Both samples indicate perceived improvement in business conditions during the past year. However, when compared to those of Central California, national respondents indicate higher perceived improvements in business conditions during the past year (relative scores: 104 vs. 128). Both samples similarly expect positive improvements to happen over the coming year (Table 1).

Purchasing and Credit

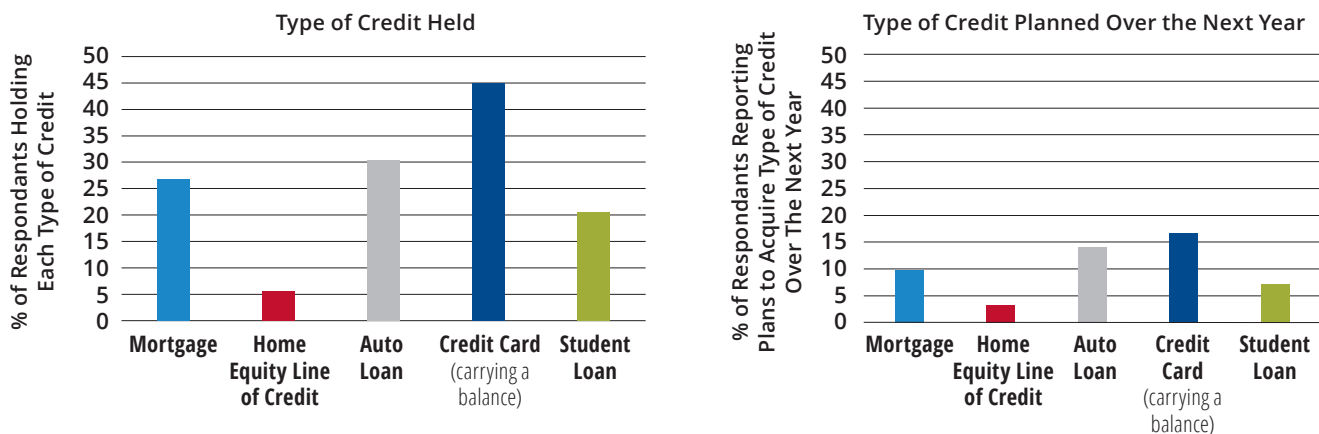
Respondents also completed questions about major purchases. Approximately 42 percent of respondents reported making a major household purchase during the past 6 months (e.g., furniture, television, major appliances, etc.), and about 44 percent of respondents anticipate making one during the next 6 months.

As for credit utilization, respondents indicate types of credit they currently hold. About 27 percent of respondents hold a mortgage, 30 percent hold an auto loan, 45 percent have a credit card carrying a balance, and 21 percent hold a student loan. Additionally, respondents reported their plans to acquire different types of credit in the next year. Respondents indicate that they plan to seek mortgages (10%), auto loans (14%), student loans (7%) and obtain credit cards (17%) within the next 12 months (Figure 4).

**Table 1
Regional Vs. National¹**

Category	Regional Relative Score	National Relative Score	Comparison	Interpretation
Personal Economic Conditions				
Current Financial Situation Compared to 5 Years Ago	111	140	⬇️	Region perceives less improvement over past 5 years.
Current Financial Situation Compared to a Year Ago	101	129	⬇️	Region perceives less improvement over past year.
Expected Change in Financial Situation in a Year	134	130	⬆️	Region expects more improvement over next year.
Expected Change in Financial Situation in 5 Years	144	141	⬆️	Region expects more improvement over next 5 years.
Personal Income Expectations				
Expected Household Income Change Over the Next Year	135	147	⬇️	Region expects less income growth over the next year.
Expected Change in Prices Over the Next Year	163	180	⬇️	Region expects less inflation over the next year.
Expected Change in Household Income Relative to Prices	87	87	↔️	Region expects equivalent real income growth over the next year.
Economic Conditions				
Current Business Conditions Compared to 1 Year Ago	104	128	⬇️	Region perceives less improvement over past year.
Expected Change in Business Conditions in 1 Year	111	112	↔️	Region expects similar conditions over the next year.

**Figure 4
Types of Credit Held and Planned Over the Next Year**



Endnotes

¹ National data from the University of Michigan Consumer Sentiment Survey 2017 Data. Available at: <https://data.sca.isr.umich.edu/>
Relative score values calculated as % of favorable responses minus % of unfavorable responses plus 100. Positive or negative comparison indications are provided for regional vs. national score differences exceeding 2 points.

Thank you Educational Employees Credit Union (EECU) for sponsoring this survey.