

2011 Report on New Jersey Consumer Intentions

A slow-growing economy keeps New Jerseyans guarded about 2011 prospects

According to the annual consumer survey by Fairleigh Dickinson University's Silberman College of Business, 25% of New Jerseyans say they are better off financially than they were a year ago, a figure up 7 percentage points from a year ago. Nearly half (48%) say they are worse off financially, but that is a 6-point decline from a year ago.

While there is improvement over last year in every income bracket, only in the highest bracket do those who say they are better off outweigh those who say they're worse off. Two in five (40%) of those with household incomes over \$150,000 say they're better off, while just one in four (26%) in that income bracket say they're worse off. In the lowest bracket, earning under \$50,000 a year, 23% say they're better off financially than a year ago, a gain of 8 percentage points over last year, while more than half, 55%, say they're worse off, a decline of 7 points from a year ago.

"It's the norm that those with the most income emerge from a recession first and most everyone trails them," said Sorin Tuluca, professor of finance at the Silberman College of Business.

While fewer Garden Staters say they're worse off and more say they are better off, their optimism is consistent: 46% say their financial well-being in the next 12 months will improve, compared to just 27% who think they will be worse off by year's end. In the survey a year ago, 48% thought that they would be better off by the start of 2011 and 23% thought that they would be worse off. The reality, though, was that at the end of 2010 only 25% claimed to be better off while 48% were worse off.

"A year ago New Jerseyans were quite optimistic as they had the feeling that the worst was over," said Tuluca. "The reality is that the worst is over but the road ahead will continue to be a steep climb."

Similarly, while only one in four (25%) say business conditions in the state have improved since a year ago, that is an increase of 12 points over a year ago. And while a majority (56%) say business conditions are worse, that is an improvement from 71% a year ago.

Looking to the future, New Jerseyans are bullish about prospects for business in the state: 54% say that business conditions will improve in the next 12 months while half that, 26%, say business will be worse off. But reflecting a stubborn unemployment percentage at the national and state level, 65% of New Jerseyans still report that either they or someone in their family or a friend has lost their job, essentially unchanged from 67% one year ago.

"Unemployment certainly leaves a scar when it's you or a friend," said Tuluca, "yet as a statistic it lags behind other indicators. Even a little improvement in unemployment is good news. The upward trend is just not as quick as we would like, and many jobs will never come back."

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Other notable results of the survey:

- 30% continue to be “somewhat worried” or “very worried” that they might lose their job this coming year.
- 35% say it is “somewhat” or “very difficult” to make payments on their credit cards, up from 33% a year ago, 31% two years ago, and 25% three years ago.
- Given a windfall of \$1,000, 36% would save it, 12% would spend it, 45% would pay their bills and 4% would give it to charity. A majority (56%) of those making less than \$50,000 would use it to pay bills. A majority (51%) of those making over \$150,000 would save it.
- 49% think housing prices will rise in 2011, a decline from 56% a year ago, while 30% say prices will decline further, up from 26% last year.

What folks say they will purchase in the coming year has not increased over last year, and in many cases suggests a decrease. However, over the past year consumers tended to over-perform, that is, they spent more than they said they would. “All things considered, people are uncertain, and uncertainty leads to caution,” said Tuluca. “Consumers were cautious last year, but found themselves in some cases a little more secure, a little less worried about losing their jobs, and purchasing more.”

The composite Index of New Jersey Consumer Intentions— what New Jersey consumers think they will do on a theoretical scale of 0 to 100 – is 39, down from 42 a year ago and unchanged from 2009. The composite Index of New Jersey Consumer Performance — what consumers actually did in the past year — is 31, up from 28 a year ago and 24 the previous year, but well below its high of 43 in 2005.

“Consumers hope that all this is going to be over quickly,” said Tuluca. “Unfortunately that won’t be the case. The economy will take a while to heal.”

The telephone survey of 809 randomly selected adults throughout New Jersey who participate in their household’s financial decisions is sponsored by the Silberman College of Business at Fairleigh Dickinson University. It was conducted by PublicMind from Jan. 3 through Jan. 9 and has a margin of error of +/- 3.5% percentage points.

Methodology, questions and tables are available on the Web at:

<http://publicmind.fdu.edu>

Radio actuality line: (201) 692-2846.

For more information, please call (201) 692-7032.

Patch.com, as a complement to the FDU poll, also asked New Jersey residents in several communities if they think they're personally better or worse off than a year ago, and whether they think they'll be better or worse off a year from now.

For a downloadable video of their answers, see <http://patch.com/buQwU> Note: This video may be used by news organizations or online media, with mandatory onscreen credit to "Nilsa De La Cruz/ Patch.com."

Methodology, Questions, and Tables

The most recent consumer poll by Fairleigh Dickinson University's PublicMind was commissioned by the Silberman College of Business and conducted by telephone, both landlines and cell phones, from Jan. 3 through Jan. 9 using a randomly selected sample of 809 adults statewide (aged 18 and over) who report that they participate in financial decisions in their household. The sampling error for 809 randomly selected respondents is +/- 3.5 percentage points at the 95 percent level of confidence. Survey results are also subject to non-sampling error. This kind of error, which cannot be measured, arises from a number of factors including, but not limited to, non-response (eligible individuals refusing to be interviewed), question wording, the order in which questions are asked, and variations among interviewers. Interviews were conducted by professionally trained interviewers using a CATI (Computer Assisted Telephone Interviewing) system. Random selection is achieved through computerized random-digit dialing. This technique gives every person with a land line (including those with unlisted numbers) an equal chance of being selected. Landline households are supplemented with a separate, randomly selected sample of cell-phone-only households, interviewed in the same time frame. The total combined sample is mathematically weighted to match known demographics of age, race and gender.

Expected Purchases in 2011

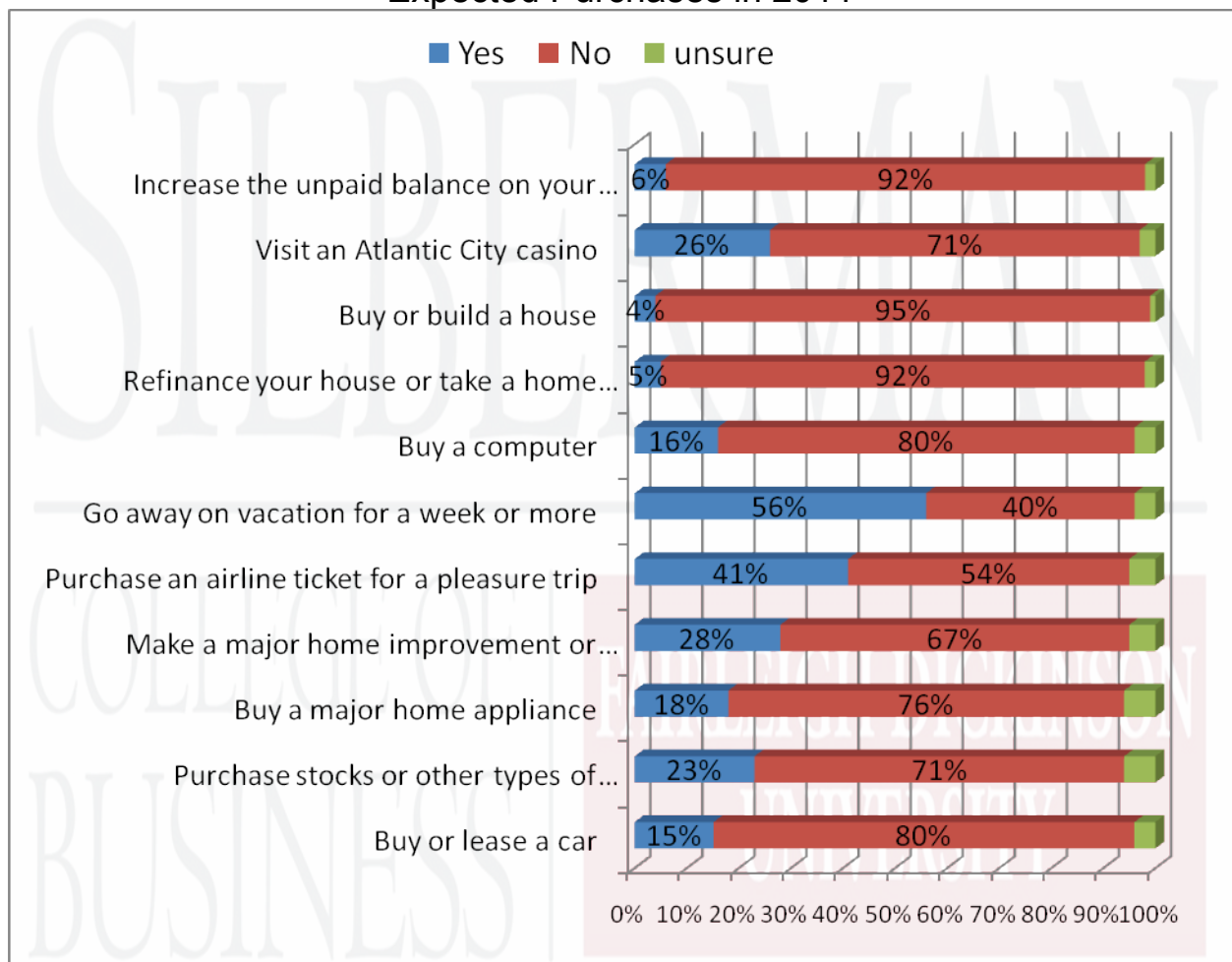


Table 1A: Personal finances in past year

Question: Would you say you (and your family) are better off or worse off financially than you were a year ago?	All		Better 25%	Same 26%	Worse 48%	Unsure 1%
	Employed		32	26	41	1
	Not employed		14	27	59	1
	Income	0-50k	23(+8)	22	55 (-7)	-
		51-100k	26 (+9)	21	52 (-2)	1
		101-150k	34(+15)	16	50 (-3)	-
		151k+	40 (+8)	34	26 (-9)	-
	Age	18-29	39(+10)	22	38(-11)	1
		30-44	29 (-4)	25	46 (+1)	-
		45-59	25 (+6)	24	51 (-2)	-
		60+	17 (+5)	32	51(-16)	1

Table 1B: Personal finances, trend

Question: Would you say you and your family living there are better off or worse off financially than you were a year ago?		Better	Same	Worse	Unsure
	2011	25%	26%	48%	1%
	2010 (Oct.)	21%	21%	56%	1%
	2010 (April)	21%	32%	46%	1%
	2010 (Jan)	18%	28%	54%	1%
	2009 (Oct)	14%	30%	53%	2%
	2009 (Jul)	15%	24%	59%	1%
	2009 (Apr)	17%	23%	60%	0%
	2009 (Jan)	13%	28%	58%	1%
	2008 (Oct)	13%	27%	58%	2%
	2008 (Jun)	20%	23%	54%	3%
	2008 (Mar)	25%	23%	49%	2%
	2008 (Jan)	27%	30%	41%	2%
	2007	30%	34%	35%	1%
	2006	35%	30%	35%	1%
	2005	37%	31%	31%	2%
	2004	36%	32%	30%	2%
	2003	29%	31%	39%	1%

Table 2A: Personal finances in the year ahead

Question: Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially or worse off?	All		Better 46%	Same 14%	Worse 27%	Unsure 13%
	Employed		52	12	26	10
	Not employed		37	18	30	15
	Income	0-50k	47	7	32	14
		51-100k	51	11	26	12
		101-150k	54	8	32	7
		151k+	54	16	20	10
	Age	18-29	73	4	19	4
		30-44	49	13	23	15
		45-59	46	13	27	14
		60+	32	21	35	12

2B: Personal finances in the year ahead, trend

Question: Now looking ahead—do you think that a year from now you (and your family living there) will be better off financially or worse off?		Better	Same	Worse	Unsure
	2011	46%	14%	27%	13%
	2010 (Oct.)	41%	17%	29%	13%
	2010 (April)	43%	16%	29%	12%
	2010 (Jan)	48%	14%	23%	14%
	2009 (Oct)	46%	15%	25%	15%
	2009 (Jul)	45%	14%	32%	10%
	2009 (Apr)	44%	14%	28%	14%
	2009 (Jan)	46%	16%	25%	13%
	2008 (Oct)	37%	16%	29%	18%
	2008 (Jul)	34%	14%	36%	16%
	2008 (Mar)	40%	15%	35%	10%
	2008 (Jan)	37%	19%	33%	12%
	2007	42%	22%	27%	10%
	2006	42%	18%	30%	11%
	2005	52%	17%	19%	12%
	2004	55%	19%	15%	11%
	2003	48%	20%	22%	11%

Table 3: business conditions now compared to a year ago

Question: Would you say that at the present time <u>business conditions</u> in New Jersey are better or worse than they were a year ago?		Better	Same	Worse	Unsure
	2011	25%	9%	56%	10%
	2010	13%	7%	71%	9%
	2009	3%	5%	88%	3%
	2008	18%	12%	56%	14%
	2007	24%	19%	41%	16%
	2006	33%	15%	37%	16%
	2005	36%	15%	37%	12%
	2004	33%	14%	43%	11%
	2003	15%	10%	68%	7%

Table 4: business conditions next year

Question: And how about a year from now—do you expect during the next 12 months <u>business conditions</u> in New Jersey will be better or worse than they are at present?		Better	Same	Worse	Unsure
	2011	54%	8%	26%	12%
	2010	58%	8%	22%	13%
	2009	42%	11%	37%	9%
	2008	28%	15%	42%	16%
	2007	37%	17%	30%	16%
	2006	43%	13%	27%	17%
	2005	52%	11%	21%	16%
	2004	56%	10%	21%	13%
	2003	43%	11%	34%	12%

Table 5:

Question: Have you, or anyone of your relatives or close friends lost a job in the past year?		Yes	No
	2011	65%	34%
	2010 (Oct)	66%	33%
	2010 (April)	65%	34%
	2010 (Jan)	67%	33%
	2009 (Oct)	67%	32%
	2009 (Jul)	63%	36%
	2009 (Apr)	61%	38%
	2009 (Jan)	54%	46%
	2008	38%	61%
	2007	35%	64%
	2006	32%	67%
	2005	39%	61%

Table 6a: 2011 NJ Consumer Performance and Intentions

	In the past year, did you...?		% Δ from "yes, I will" 2010	In the next 12 months, will you...?			% Δ from "yes" 2010
	Yes	(No)		Yes	(No)	unsure	
Buy or lease a car	23%	77%	+5	15%	80%	4%	-3
Purchase stocks or other types of investments outside your pension plan	21	79	-5	23	71	5	-3
Buy a major home appliance	28	72	+6	18	76	6	-4
Make a major home improvement or repair over \$1000	34	66	+2	28	67	5	-4
Purchase an airline ticket for a pleasure trip	33	67	-10	41	54	5	-2
Go away on vacation for a week or more	44	56	+15	56	40	4	-3
Buy a computer	29	71	+12	16	80	4	-1
Refinance your house or take a home equity loan	13	86	+8	5	92	2	+/-0
Buy or build a house	4	96	-1	4	95	1	-1
Visit an Atlantic City casino	25	75	+/-0	26	71	3	+1
Increase the unpaid balance on your credit card	26	73	+20	6	92	1	+/-0

Table 6b: 2010 NJ Consumer Performance and Intentions

	In the past year, did you...?		In the next 12 months, will you...?		
	Yes	No	Yes	No	unsure
Buy or lease a car	21%	79%	18%	79%	3%
Purchase stocks or other types of investments outside your pension plan	22%	77%	26%	69%	4%
Buy a major home appliance	30%	69%	22%	72%	6%
Make a major home improvement or repair over \$1000	34%	65%	32%	63%	4%
Purchase an airline ticket for a pleasure trip	37%	63%	43%	51%	6%
Go away on vacation for a week or more	49%	51%	59%	33%	7%
Buy a computer	31%	69%	17%	78%	5%
Refinance your house or take a home equity loan	12%	87%	5%	92%	3%
Buy or build a house	4%	96%	5%	93%	2%
Visit an Atlantic City casino	21%	78%	25%	70%	5%
Increase the unpaid balance on your credit card	24%	75%	6%	92%	2%

Table 7A: Credit Card balance in past year

In the past year, did you let the unpaid balance on your credit card increase?								
	2011	2010			2009			
		Oct	April	Jan	Oct	Jul	Apr	Jan
Yes	26%	21%	21%	24%	22%	21%	23%	24%
No	73%	68%	71%	75%	70%	73%	68%	74%
Unsure	1%	1%	1%	1%	1%	1%	1%	1%
No cards/don't use	%	9%	7%	---	7%	5%	8%	1%

Table 7b: Credit Card balance in coming year

In the next 12 months, do you expect to let the unpaid balance on your credit card increase?								
2011	Previous measures							
	Oct '10	April '10	Jan '10	Oct '09	Jul '09	Apr '09	Jan '09	
Yes	6%	7	8	6	7	8	9	7
No	92%	88	86	92	86	86	87	89
Unsure	1%	4	3	2	4	3	3	2
Ref.	1%	1	2	1	2	3	1	1

Table 7C: difficulty of credit payments

Now thinking about the outstanding balance on your credit cards - how difficult is it to make payments on the balances? Would you say it is...?									
	All	Age				Income			
		18-29	30-44	45-59	60+	0-50k	51-100k	101-150k	151k+
Very difficult	13%	30	14	11	5	29	13	13	3
Somewhat difficult	22%	28	21	25	19	17	29	21	8
Not very difficult	15%	11	16	17	15	6	15	16	21
Not at all difficult	34%	19	32	37	39	21	34	45	57
Don't have/use	13%	10	15	10	18	23	9	5	7
Unsure	1%	2	1	-	2	4	-	-	4

Table 7D: trend, difficulty of credit payments

Now thinking about the outstanding balance on your credit cards - how difficult is it to make payments on the balances? Would you say it is...?									
2011	2010	2009	2008	2007	2006	2005	2004	2003	
Very difficult	13%	12	8	7	5	7	6	9	8
Somewhat difficult	22%	21	23	18	20	18	19	16	16
Not very difficult	15%	17	17	20	20	17	19	17	22
Not at all difficult	34%	36	36	39	40	42	40	39	36
Don't use/carry	13%	11	13	14	12	13	14	18	18
Unsure/ref.	1%	3	1	3	3	3	2	2	--

Table 8: \$1000 windfall

If you were suddenly to get an extra \$1000, do you think you would...READ?											
	All	Age				Household Income				men	wom
		18-30	31-44	45-59	60+	<50k	<100k	<150	151k+		
Save it	36%	34	41	34	35	29	35	42	51	37	36
Spend it	12%	4	10	12	16	7	11	11	19	13	10
Use it to pay bills	45%	62	43	46	36	56	50	41	23	43	46
Give it to Charity	4%	-	5	4	5	5	2	2	3	3	4
Other (vol.)	2%	-	-	2	5	2	1	-	4	1	3
Unsure (vol.)	2%	-	1	2	2	-	1	4	-	2	1

Table 9A: housing price direction

During the next 12 months, do you think that housing prices in your area will go up or go down?							
	All	men	wom	<50k	50-100k	100-150k	150k+
Up	49%	51	47	47	60	49	66
Same	13%	13	13	8	9	15	20
Down	30%	31	29	36	27	34	10
Unsure	8%	4	11	8	4	2	4

Table 9B: trend, direction of housing prices

	2011	2010	2009	2008	2007	2006	2005	2004
Up	49%	56	28	38	46	55	81	80
Same	13%	11	50	9	12	12	4	11
Down	30%	26	14	47	38	28	10	6
Unsure	8%	7	8	6	4	5	5	4

Table 10: Job security

[If employed, ask...] How worried are you that you might lose your job in the next 12 months...?													
N=502 MoE= +/-4	All	Age				Oct	Apr	Jan	Oct	Jul	Apr	Jan	Oct
		18-29	30-44	45-59	60+	10	10	10	09	09	09	09	08
Very worried	9%	17	7	8	6	11	12	10	10	13	14	10	12
Somewhat worried	21%	14	26	20	16	19	24	23	22	19	24	24	18
Not very worried	23%	28	26	23	15	28	24	22	18	26	25	23	18
Not at all worried	45%	39	40	48	62	41	39	44	49	41	36	43	52
Not sure	2%	2	2	1	1	1	1	1	1	1	1	1	2

Table 11: Composite Number of Past and Intended Consumer Activity (scale of 0 – 100)*

Composite Number (scale of 0 – 100)	All	Gender		Age			
		Male	Female	18-29	30-44	45-59	60+
2011 Consumer Intentions	39	41	37	41	40	39	36
2011 Consumer Performance	31	35	27	30	31	33	29
2010 Consumer Intentions	42	43	40	44	45	42	38
2010 Consumer Performance	28	29	27	26	31	27	26
2009 Consumer Intentions	39	40	37	45	42	36	36
2009 Consumer Performance	24	26	23	24	29	22	23
2008 Consumer Intentions	37	40	34	43	38	36	34
2008 Consumer Performance	34	38	31	39	37	34	32
2007 Consumer Intentions	40	42	39	48	45	39	37
2007 Consumer Performance	38	39	36	37	43	36	36
2006 Consumer Intentions	41	43	40	48	45	40	35
2006 Consumer Performance	40	43	39	43	44	42	34
2005 Consumer Intentions	45	48	43	50	48	43	41
2005 Consumer Performance	43	47	41	44	47	42	38
2004 Consumer Intentions	42	44	40	52	49	45	40
2004 Consumer Performance	41	44	39	42	43	42	35
2003 Consumer Intentions	42						
2003 Consumer Performance	33						

*The *Index of Consumer Performance* is one composite number of consumer behavior over the past year. By contrast, the *Index of Consumer Intentions* is a composite number of what consumers intend to do in the coming year. Each number is based on a series of questions about the economy, personal finance, and purchases. Responses about the direction of the economy and personal finances account for 40% of the composite. Consumer intentions regarding a variety of major expenditures over the past and coming year make up 50% of the index. And 10% of the composite number is a reflection of consumers' comfort with personal debt. The scale can theoretically vary from 0 to 100.

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Sample Characteristics (%)

Gender

Male	49
Female	51

Age

18-29	15
30-44	25
45-59	30
60+	27
Ref.	3

In addition to being American, would you say you are...?

White	66
Black	15
Hispanic or Latino	12
Asian	3
Other/ref.	4