

2010 Report on New Jersey Consumer Intentions

High Expectations Despite Harsh Reality

According to the annual consumer survey of New Jerseyans by Fairleigh Dickinson University's Silberman College of Business, 48% of Garden Staters say their personal financial well-being in the next 12 months will improve. That compares to just 23% who think they will be worse off by year's end. In the survey a year ago, 46% thought that they would be better off by the end of 2009 and 25% thought that they would be worse off. The reality, though, was that at the end of 2009 only 18% claimed to be better off while 54% were worse off.

"New Jerseyans have a feeling that the worst is over. This year the consumer might be closer to the truth than a year ago," said Sorin Tuluca, professor of finance at the Silberman College of Business and a specialist in financial crises. "Indeed, most of the indicators point toward an economic recovery," added Tuluca. "It's just not happening as fast as people are hoping."

New Jerseyans are also optimistic about prospects for business in the state: 58% say that business conditions will improve in the next 12 months, compared to 42% who said so a year ago. Reflecting a national trend, two-thirds (67%) of New Jerseyans report that either they or someone in the family or a friend has lost their job, a sharp increase from last year's 54%, but unchanged from the October measure.

"While unemployment certainly hurts when it's you or a friend, as a statistic it lags behind other indicators," said Tuluca. "Stabilization in unemployment is good news. Even if the upward trend is not as steep as we would like, it is there," said Tuluca.

A year ago, 11% said they expected to refinance their house or take a home equity loan and 12% report they actually did. Now, just 5% say they expect to refinance in the coming year or take a home equity loan. "People who are in a position to borrow more have either already taken advantage of low rates or are being very cautious," said Tuluca. In addition:

- 33% are "somewhat worried" or "very worried" that they might lose their job this coming year, unchanged from the 3rd quarter.
- 33% say it is "somewhat" or "very difficult" to make payments on their credit cards, an increase from 31% a year ago and from 25% in each of the previous six years.
- 70% report the Wall Street crisis has directly affected their financial well-being. This represents an increase of 8% over the last year.
- Given a windfall of \$1,000, consumers would use it pretty much the same in these hard times as in previous years: 34% would save it, 15% would spend it, 43% would pay their bills and 6% would give it to charity.
- Only 31% of respondents are confident in the economic future of their children; 60% are not.

- 45% of those now working would be able to live less than six months on their savings if laid off.
- A majority (56%) think housing prices will rise in 2010, while one-quarter (26%) say they'll decline further, and 11% say they will stay the same. A year ago, only 28% expected that housing prices would rise.

The composite Index of New Jersey Consumer Intentions — what N.J. consumers think they will do — is 42, up from 39 a year ago. The composite Index of New Jersey Consumer Performance — what consumers actually did in the past year — is 28, a significant improvement over 24 in the previous year.

“The gap between expectation and reality is clearly shrinking,” said Tuluca. “Since economic activity is often driven by the expectation that the future will be favorable, let’s hope this year will be a self-fulfilling prophecy.”

The telephone survey of 886 randomly selected adults throughout New Jersey who participate in their household’s financial decisions was sponsored by Fairleigh Dickinson University’s Silberman College of Business and conducted by FDU’s PublicMind from January 2 through January 10 and has a margin of error of +/- 3% percentage points.

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

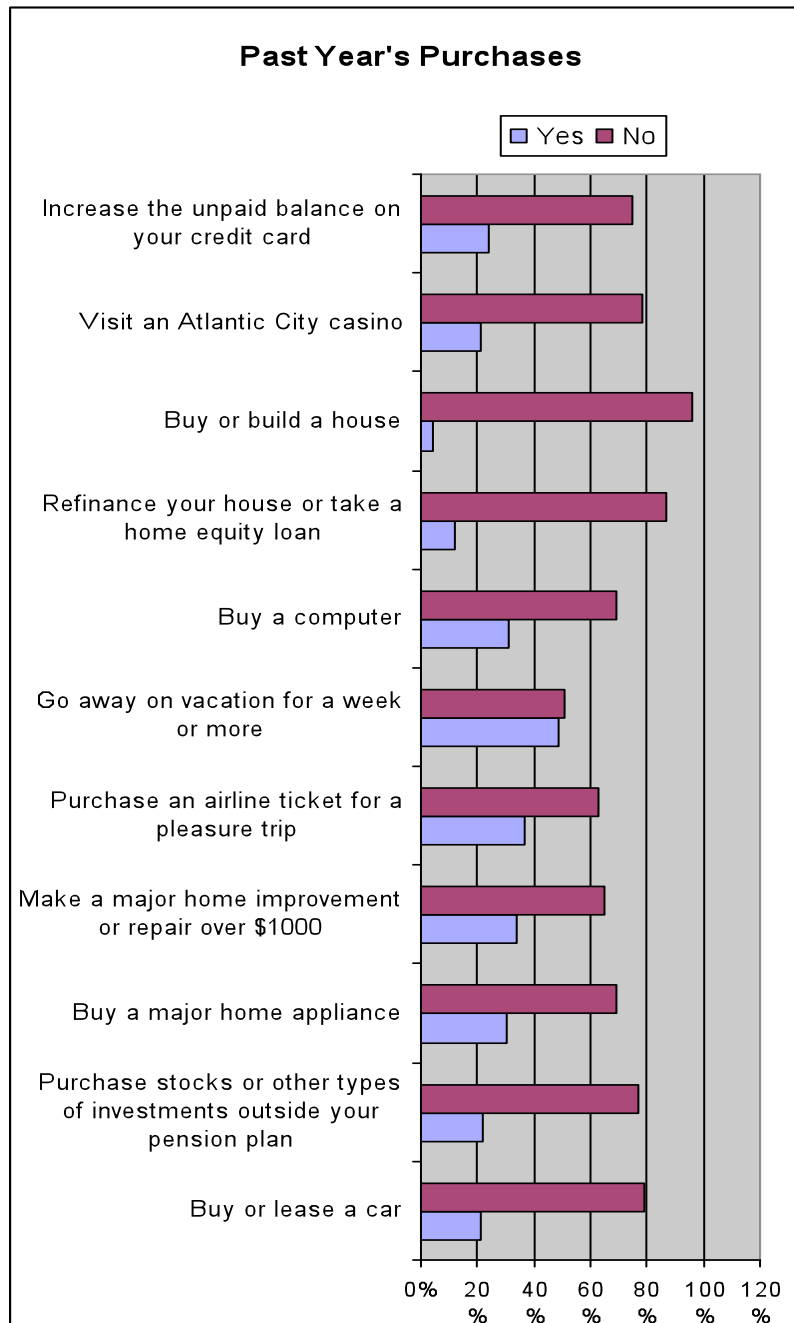
<http://publicmind.fdu.edu>

Radio actuality line: (201) 692-2846.

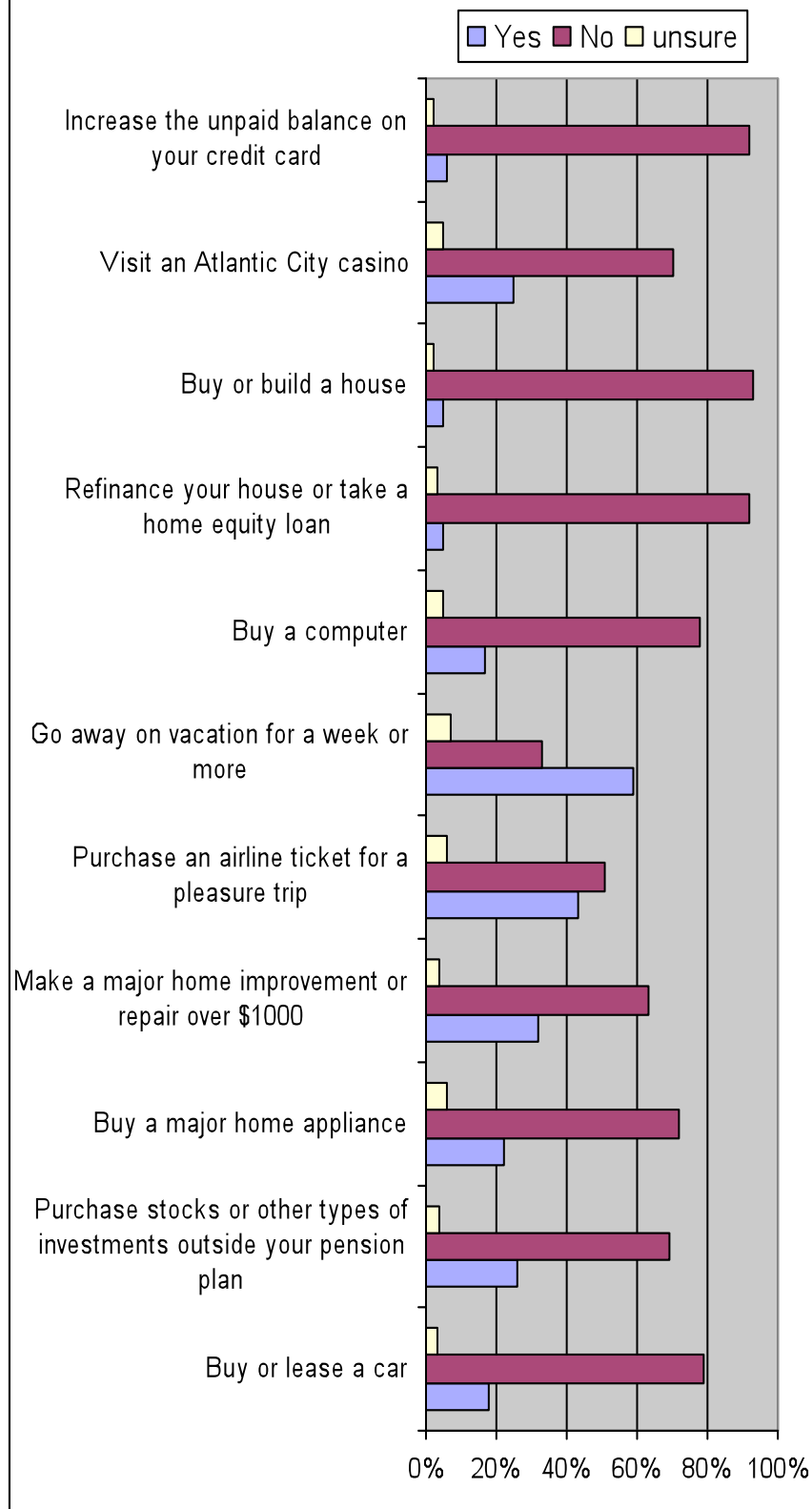
For more information, please call (201) 692-7032.

Methodology, Questions, and Tables

The most recent poll by Fairleigh Dickinson University's PublicMind was commissioned by the Silberman College of Business and conducted by telephone from January 2 through January 10 using a randomly selected sample of 886 adults statewide (aged 18 and over) who report that they participate in financial decisions in their household. The sampling error for 886 randomly selected respondents is +/- 3 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. Results are also mathematically weighted to match known demographics.



Expected Purchases in 2010



PublicMind research is available on the web at: <http://publicmind.fdu.edu>

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	Same	Worse	Unsure	
		18%	28%	54%	1%	
	White	18%	28%	53%	1%	
	Non- white	19%	27%	53%	1%	
	Income	0-50k	15%	23%	62%	
		51-100k	17%	28%	54%	1%
		101-150k	19%	27%	53%	1%
		151k+	32%	31%	35%	2%
	Age	18-29	29%	22%	49%	
		30-44	25%	30%	45%	
45-59		15%	23%	61%	1%	
60+		12%	31%	56%	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?	2010	Better	Same	Worse	Unsure
		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%	2%
	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	Same	Worse	Unsure	
		48%	14%	23%	14%	
	White	45%	16%	27%	13%	
	Non- white	62%	13%	12%	14%	
	Income	0-50k	50%	9%	23%	18%
		51-100k	48%	17%	22%	13%
		101-150k	44%	16%	27%	12%
		151k+	54%	19%	21%	6%
	Age	18-29	62%	7%	16%	15%
		30-44	57%	18%	17%	9%
45-59		52%	13%	23%	12%	
60+		34%	15%	32%	19%	

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Table 2B: Personal finances in the year ahead, trend

		Better	Same	Worse	Unsure
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?	2010	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

		Better	Same	Worse	Unsure
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?	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

		Better	Same	Worse	Unsure
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?	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:

		Yes	No
Question: Have you, or anyone of your relatives or close friends lost a job in the past year?	All	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%

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Table 6: 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 7: 2009 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	22%	78%	18%	78%	3%
Purchase stocks or other types of investments outside your pension plan	23%	76%	25%	70%	5%
Buy a major home appliance	28%	72%	21%	73%	6%
Make a major home improvement or repair over \$1000	38%	61%	33%	63%	4%
Purchase an airline ticket for a pleasure trip	38%	62%	45%	50%	5%
Go away on vacation for a week or more	51%	49%	61%	34%	5%
Buy a computer	26%	74%	15%	81%	3%
Refinance your house or take a home equity loan	8%	91%	11%	84%	5%
Buy or build a house	4%	96%	5%	92%	3%
Visit an Atlantic City casino	27%	73%	27%	69%	4%
Increase the unpaid balance on your credit card	24%	74%	7%	89%	2%

Table 8A: Credit Card balance in past year

In the past year, did you let the unpaid balance on your credit card increase?									
	2010	Income				Last 4 quarters...			
		0-50k	51-100k	101-150k	151k+	Oct	Jul	Apr	Jan
Yes	24%	33%	24%	21%	22%	22%	21%	23%	24%
No	75%	67%	75%	79%	78%	70%	73%	68%	74%
Unsure	1%	--	1%	--	--	1%	1%	1%	1%
Ref.	--					7%	5%	8%	1%

Table 8B: Credit Card balance in coming year

In the next 12 months, do you expect to let the unpaid balance on your credit card increase?									
	All	Income				2009			
		0-50k	51-100k	101-150k	151k+	Oct	Jul	Apr	Jan
Yes	6%	10%	5%	5%	4%	7%	8%	9%	7%
No	92%	86%	94%	93%	94%	86%	86%	87%	89%
Unsure	2%	3%	--	2%	2%	4%	3%	3%	2%
Ref.	1%	2%	--	--	--	2%	3%	1%	1%

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Table 8C: 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	12%	13%	16%	15%	6%	21%	13%	7%	7%
Somewhat difficult	21%	27%	22%	21%	17%	22%	22%	23%	15%
Not very difficult	17%	20%	15%	18%	15%	12%	19%	22%	14%
Not at all difficult	36%	22%	31%	34%	47%	25%	35%	35%	55%
No longer have	14%	14%	15%	12%	14%	19%	9%	13%	8%
Unsure	1%	4%	1%		1%	1%			1%

Table 8D: 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...?										
	2009				2008	2007	2006	2005	2004	2003
	Oct	Jul	Apr	Jan						
Very difficult	11%	11	14	8	7	5	7	6	9	8
Somewhat difficult	25%	27	22	23	18	20	18	19	16	16
Not very difficult	17%	18	18	17	20	20	17	19	17	22
Not at all difficult	38%	35	40	36	39	40	42	40	39	36
Don't use/have	5%	6	4	14	14	12	13	14	18	18
Unsure	4%	3	2	1	3	3	3	2	2	--

Table 9: confidence in future

Do you feel confident or not confident that life for our children's generation will be better than it has been for us?											
	All	Age				Household Income				Oct	Jul
		18-29	30-44	45-59	60+	0-50k	51-100	101-150	151k+		
confident	31%	48	38	27	24	43	26	28	26	28%	30%
not confident	60%	36	57	64	66	45	66	67	70	62%	63%
Don't know	9%	15	4	9	10	11	8	5	4	11%	8%

Table 10: windfall

If you were suddenly to get an extra \$1000, do you think you would							
	2010	2009	2008	2007	2006	2005	2004
Save it	34%	31%	34%	39%	38%	36%	33%
Spend it	15%	15%	11%	15%	17%	16%	17%
Use it to pay bills	43%	45%	42%	41%	34%	42%	43%
Other	3%	4%	5%	3%	4%	3%	1%
Give it to Charity	6%	3%	6%	1%	5%	--	--
Unsure	1%	1%	2%	2%	2%	3%	2%

Table 11A: housing price direction

During the next 12 months, do you think that housing prices in your area will go up or go down?							
All	renters	owners	<50k	50-100k	100-150k	150k+	
Up	56%	56	57	59	54	56	65
Same	11%	8	12	9	9	19	10
Down	26%	31	24	25	31	21	22
unsure	7%	6	6	7	6	5	2

Table 11B: trend, direction of housing prices

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

Table 12: Wall Street and you

Question: At this point, has the financial crisis on Wall Street directly affected your finances or not?								
	Jan 10	Age				Kids at home?		Jan 09
		18-29	30-44	45-59	60+	yes	no	
Yes	70%	39%	69%	76%	76%	70%	71%	62%
No	27%	57%	28%	23%	22%	28%	27%	36%
Don't know	3%	4%	3%	2%	2%	2%	2%	2%

Table 13: Job security

[If employed, ask...] How worried are you that you might lose your job in the next 12 months...?											
N=543 MoE=+/-4	All	Age				Oct	Jul	Apr	Jan	Oct	Jun
		18-29	30-44	45-59	60+	09	09	09	09	08	08
Very worried	10%	15%	10%	10%	6%	10%	13	14	10	12	7
Somewhat worried	23%	14%	24%	26%	17%	22%	19	24	24	18	17
Not very worried	22%	24%	24%	22%	16%	18%	26	25	23	18	21
Not at all worried	44%	47%	42%	40%	58%	49%	41	36	43	52	53
Not sure	1%			2%	2%	1%	1	1	1	1	2

Table 14: savings as safety net

[If employed, ask...] If you were to lose your job tomorrow, how long could you live off your savings?										
N=543 MoE=+/-4	All	18-29	30-44	45-59	60+	Oct	Jul	April	Jan	
						'09	'09	'09	'09	
0 months/no savings	7%	7	7	6	6	9%	8	5	10	
1 or 2 months	20%	18	25	21	10	20%	15	22	21	
3 to 5 months	18%	20	22	17	9	17%	24	22	16	
6 months or more	49%	51	41	51	65	48%	48	47	46	
Don't know	5%	3	4	5	10	5%	5	3	7	

Table 15: 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+
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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