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Marketing Messages

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Poll surveys consumer views on income and debt

The need for marketers to monitor consumer's incomes and their attitudes towards savings is becoming increasingly critical because the scale of consumer debt has made millions of households vulnerable to shocks in the economy. In Vancouver, we enjoy a bullish attitude toward the economy but we are also under larges debt burdens when it comes to housing. To further understand consumer attitudes, and the possible implications for marketers, I undertook a study with Pollara, a Canadian national public opinion and market research firm. We asked people:

1. Are making more money now than you did 5 years ago?
2. Are you saving more money now that you did 5 years ago?
3. Do you carry more debt now than you did 5 years ago?
4. Do you feel financially more secure than you did 5 years ago?
5. If interest rates increased by 2% would you be in trouble?

Of course perception is not always reality, so caution is prudent in the interpretation of results.

On income:
Incremental increases in income seem to get smaller with age. Those with higher education experienced greater increases in income. Those with higher incomes had a greater likelihood of continuing an income increase. However, there was a striking difference between male and female responses. 74% of males 18-35 felt very strongly that they were making more money than they did 5 years ago, while only 66% of women 18-35 felt that way. This perceived income discrepancy between males and females remained consistent through all age groups.

On savings:
The ability to save has little reflection on what is earned. "A lot of professional people and high income earners get into trouble. They spend more because they earn more," says **Michael Antecol, VP Pollara**. The statistics supported this statement. 30% of both middle income and higher income earners strongly agreed that they saved more money now than they did 5 years ago. 55% of those earning less than $25,000 strongly disagreed with the statement.

On debt:
Older respondents carried less debt. While 40% of 18-34 yr olds strongly agreed they had more debt than they did 5 years ago, this decreased to 30% for 35-44 year olds, and to 18% for 55-64. Having children increased the debt carried. Again, income seems a minor factor in debt load. Very similar percentages of people from low-income and high-income earners carry debt. There was little gender difference in debt levels. Although females appeared to earn less, once they have money there is little difference in debt incurred.

On financial security:
Interestingly younger respondents felt more financially secure than older respondents. Call it youthful naivety, or aged over-concern, but 50% of 18-24 yr olds and 53% of 25-34 yr olds very strongly agreed that they were more financially secure now than they were 5 years ago. Only 31% of those 55-64 and 24% of those 65 and older had the same confidence. The good news is that Vancouver, with the exclusion of the province of Alberta had the highest financial security confidence of any area in the country. 39% of Vancouver respondents agreed very strongly that they were more financially secure than they were 5 years ago.

In response to an interest rate increase:
We know that lines of credit have grown at a record pace in Canada, up 30% in 2004 alone. But a relatively low number of respondents admitted that a 2% interest rate increase would cause them concern. 15% of Vancouver respondents agreed strongly that they would be in trouble if interest rates increased 2%. Fully 50% disagreed with the statement. However, young women are a group to watch. 30% of women 18-34 strongly agreed that an interest rate increase would put them in trouble. This difference may be the result of earning less than their male counterparts on average, but it is dramatically different than the male response of 15% admitting an interest rate increase would cause hardship.

So what does it all mean to marketers? Vancouverites are bullish. The economy appears strong and consumers perceive themselves to be managing debt and savings reasonable well. However consumer perception doesn't always match consumer reality, and this may be the sleeper issue to watch. And there are many variations by age, income and gender. It is there that the subtle, yet important messages lie for those in the business of luring the consumer dollar.

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