



Consumer *Sentiment Survey*

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KEY POINTS

- Consumer sentiment in the region comprising the counties of Fresno, Tulare, Merced, Madera, and Kings is generally positive; 48% of survey respondents indicate their family is better off financially today than five years ago.
- Over half (54%) of respondents expect their income will increase more than prices over the next year or two, or will increase about the same as prices.
- Just over 80% of respondents believe economic conditions are the same or better than last year, and that same percentage expect regional business conditions will improve or stay the same over the next year.
- Compared to national data, regional respondents are less positive about their current personal finances and their current economic conditions compared to the past year.
- Compared to national data, respondents are more positive in their expectations about regional economic conditions one year from now.

NEARLY HALF OF RESPONDENTS REPORTED they are currently experiencing a better financial situation when compared to 5 years ago.



The *Central California Business Review* recently conducted a survey of consumer sentiment in the counties of Fresno, Tulare, Merced, Madera, and Kings. This survey measures respondents' sentiments about regional economic conditions, as well as their personal financial situation, purchasing intentions, and credit utilization. The survey methodology was adapted from the University of Michigan Consumer Sentiment Survey.

Personal Economic Sentiment

Respondents generally perceive their current personal economic situations to be better today than in the past. Compared to five years ago, 48% of respondents reported that they are currently experiencing a better financial situation. (See Figure 1.) When compared to one year ago, 33% reported being financially better off now, and 40% reported being about the same. The percentage of respondents who indicated they are worse off than one year ago is lower (22%) than the percentage who indicated they are worse off than five years ago (28%).

RESPONDENTS WERE POSITIVE about their personal finances for the next five years.

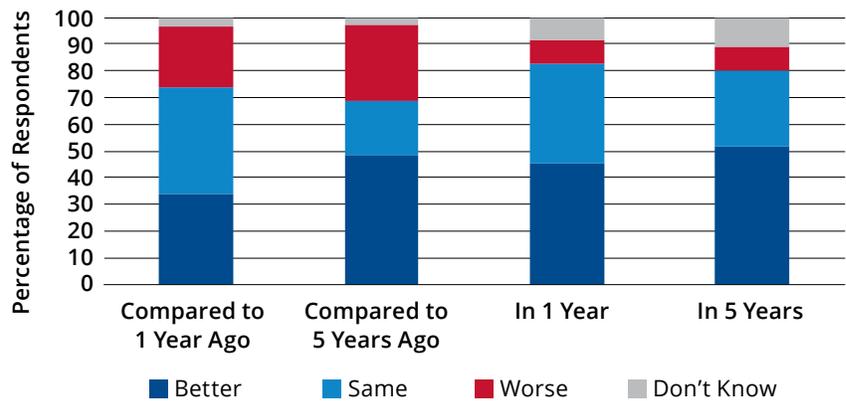


When asked about expectations regarding their future personal financial situation, respondents were positive about the upcoming year and the next five years. Approximately 45% expect to be better off financially in one year. Looking ahead five years, about 51% of respondents have positive expectations. Only 9% expect to be worse off financially both one year and five years from now. (See Figure 1.)

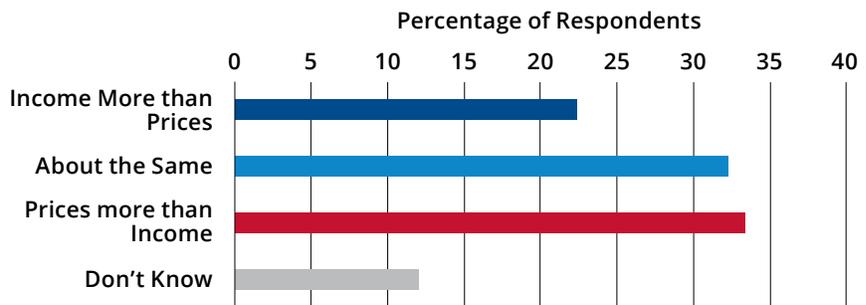
Survey results indicate that the median anticipated change in household income is 3%. Forty-two percent of respondents expect their household income to increase over the coming year. Another 48% expect household income to remain the same. Only 8% expect a decrease. Sixty-eight percent of respondents anticipate prices will rise during the next year, while 21% anticipate prices will remain the same.

When asked to compare anticipated price increases (i.e., inflation) to anticipated increases in household income, 22% of respondents expect their income to rise more than prices over the next year or two, and 32% expect a similar increase in their income and prices. Thirty-three percent of respondents expect prices will increase more than their income. (See Figure 2.)

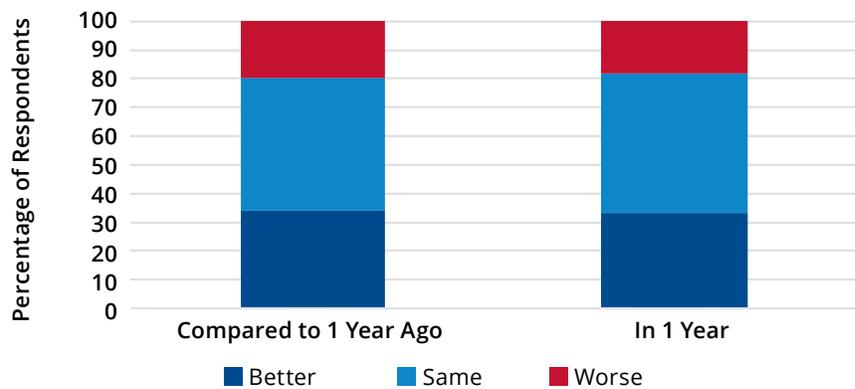
**Figure 1
Personal Economic Conditions**



**Figure 2
Expected Income Increase/Decrease Relative to Prices**



**Figure 3
Regional Economic Conditions**



Sentiment about the Region

Respondents were asked to reflect on the region's overall economy compared to a year ago. Nearly 80% indicate economic conditions have improved (33%) or stayed the same (45%). When asked about how conditions will be in one year, about the same percentage indicate the economy will improve (33%) or stay the same (48%) over the next year. (See Figure 3.)

When asked about general business conditions, 32% of respondents expect good times, 52% expect a mix of good and bad times, and only 11% expect bad times.

CONSUMER SENTIMENT

Consumer Sentiment Survey



Regional vs. National Sentiment

To compare regional sentiment with national sentiment, questions adapted from the University of Michigan Consumer Sentiment^{®1} Survey were included in the regional survey. Following the University of Michigan's method, relative scores were calculated. Scores above 100 indicate more respondents have favorable expectations than unfavorable. Scores below 100 suggest more respondents have unfavorable expectations than favorable. Relative scores for the five-county region were compared to national relative scores.

At the regional level, a smaller portion of respondents are positive about the state of their current financial situation compared to a year ago and five years ago than respondents at the national level. A slightly larger portion of respondents in Central California have positive expectations about their personal financial situation over the next year than at the national level.

Data from the two surveys indicate consumers have favorable expectations regarding both price increases and income increases for the coming year. Respondents in both groups anticipate the increase in prices will surpass the increase in income, with relative scores of 89 and 86.

Perceptions about regional business conditions among the five counties were compared to perceptions about national business conditions. Both samples indicate business conditions have improved during the past year, with national respondents' relative score being 19 points higher than regional respondents. Both groups expect positive improvements in the coming year, though a significantly larger portion of regional respondents are optimistic about the upcoming year with a relative score of 115 than national respondents with a score of 103.

Table 1
Regional Vs. National Consumer Sentiment¹

Category	Regional Relative Score	National Relative Score	Comparison
Personal Economic Conditions			
Current Financial Situation Compared to 5 Years Ago	120	144	⬇️
Current Financial Situation Compared to 1 Year Ago	111	130	⬇️
Expected Change in Financial Situation in 1 Year	136	131	⬆️
Expected Change in Financial Situation in 5 Years	142.5	144	↔️
Personal Income Expectations			
Expected Household Income Change Over the Next Year	134	148	⬇️
Expected Change in Prices Over the Next Year	164	188	⬇️
Expected Change in Household Income Relative to Prices	89	86	⬆️
Economic Conditions			
Current Business/Economic Conditions Compared to 1 Year Ago	114	133	⬇️
Expected Change in Business/Economic Conditions in 1 Year	115	103	⬆️

Purchasing and Credit

Respondents also completed questions about major purchases. Approximately 42% reported making a major household purchase during the past six months (e.g., furniture, television, major appliances, etc.). Approximately 49% of respondents reported that now is a good time to make major household purchases, and about 48% of respondents anticipate making one during the next six months.

As for credit utilization, respondents indicated the types of credit they currently hold. About 32% of respondents hold a mortgage, 35% hold an auto loan, 50% have a credit card carrying a balance, and 20% hold a student loan. (See Figure 4.)

When comparing survey results regarding credit use, all forms of credit held were higher this year than last, with the exception of student loans. This year, the percent of respondents who indicated having mortgages, auto loans and balance-carrying credit cards was about five points higher than last year.

Respondents also reported on their plans to acquire different types of credit in the next year. They indicate plans to seek mortgages (12%), auto loans (15%), student loans (6%), and credit cards (18%) within the next 12 months. (See Figure 5.)

When comparing survey results regarding credit planned with last year's results, slightly more respondents this year indicated that they planned to use each type of credit. Student loans were the exception, with a slightly lower percentage of respondents this year indicating they plan to use this form of credit.

Survey Methodology

The Central California Consumer Sentiment Survey was adapted from the University of Michigan Consumer Sentiment Survey. The sample is composed of 1,774 respondents from five counties in Central California, recruited via a marketing research firm to complete the survey. Respondents represented the counties of: Fresno (53.6%), Tulare (19.6%), Merced (13.4%), Madera (6.7%), and Kings (6.7%).

Endnote

- 1 National data from the University of Michigan Consumer Sentiment Survey 2018 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.

Figure 4
Types of Credit Held

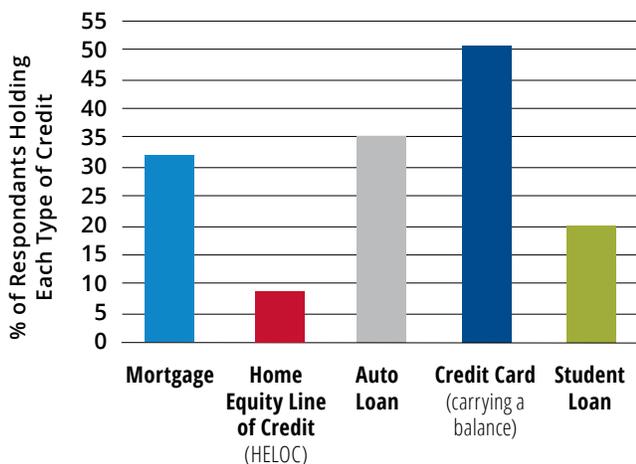


Figure 5
Types of Credit Planned Over the Next Year

