

## Monthly consumer confidence survey

### Survey description

INSEE has been conducting a monthly consumer confidence survey since January 1987. The monthly survey replaces the four-monthly survey that had been carried out by the Institute until October 1994. The monthly survey offers the added advantage of tracking changes in household consumer opinion more closely through a more precise identification of the trend upturns. In the overlapping period of the two surveys, the similarity in the movements of the two series of indicators was verified. However, four-monthly and monthly surveys have slight differences in level. This is mainly due to differences in sampling and to the changed wording of particular questions. They have been connected with backdated four-monthly surveys conducted before 1987, so that they are consistent over a long period.

The monthly survey enables to study households' opinion of their economic environment and of some aspects of their personal economic situation. It provides information on consumer behavior and expectations with regard to spending and saving. The survey measures short-term phenomena – such as prices, unemployment, savings – as perceived by households, independently of macroeconomic indicators. These perceptions provide useful input for setting up a short-term economic analysis.

About 2,000 households are interviewed by telephone. The data have been collected directly since January 1991. The interviews take place in the first three weeks of every month.

The responses are tabulated in a balance-of-opinion form and seasonally adjusted. Seasonal coefficients are recalculated at the end of every month, which can occasionally entail some minor changes to the series on past data.

### Balances of opinion and synthetic index

The balance of each qualitative question is calculated as the difference between the percentages of positive and negative responses. "Do not know" responses are not included in the calculation.

The interpretation of the series must be carried out with caution: preference will be given to the change rather than to the level of a series. However, to try to qualify its level, the reference must always be the long-term average of the series to take households' usual response behavior into account.

#### Consumer confidence synthetic index

The consumer confidence synthetic index indicates, through a single variable, the common component of selected balances of opinion (past and future general economic situation in France, past and future personal financial situation, future prospect of unemployment, opportunity to make major purchases, and current and expected saving capacity). It is calculated using a particular technique: the factor analysis. This technique, similar to the one used in business outlook surveys, allows a summary of the concomitant change of several variables whose movements are highly correlated. The result is a weighted average of the selected balances.

The synthetic index has been calculated using data from the monthly survey, seasonally adjusted, since January 1987. It is then backdated based on the four-monthly survey since October 1972, date from which the eight balances constituting the synthetic index have been available.

As for business outlook surveys, the index is standardized to have an average of 100 and a standard deviation of 10, excluding backdated period and current year. The weighting coefficients of the common factor are re-estimated each year in January.

Compared to the summary confidence consumer indicator about the economic situation published until the end of 2010, the synthetic index is based on a more thorough methodology. The summary indicator published before 2011 was indeed the un-weighted average of five of the eight balances used for the synthetic index with an arbitrary choice of these variables. However, the new calculation method of the synthetic index produces results highly correlated with short-term information from the survey *via* the summary indicator published until 2010.

## Harmonized European surveys

Analogous monthly surveys are conducted in all countries of the European Union. Their results are published by the European Commission services.

The European Commission also calculates a summary confidence consumer indicator, which is called "consumer confidence." This summary indicator is likely to differ from the one published here both in level and change, because the calculation of balances of opinion uses a different weighting for the types of response. The seasonal adjustment method is also different.

[http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm).

## European harmonization of the monthly confidence consumer survey from January 2004

To allow a perfect harmonization of European short-term surveys, the monthly consumer confidence survey has undergone several changes from January 2004:

- Change in the formulation of some questions and in particular change in the time reference: questions now systematically refer to the last twelve or next twelve months (*see Appendix 1*);
- Change in the answer choices proposed for some questions (*see Appendix 1*): in particular, the disappearance of filtering: for example, the four possible answers "YES, CERTAINLY / YES, MAYBE / NO, PROBABLY NOT / NO, CERTAINLY NOT" are now available at the same time to the respondent, whereas previously the answers "YES / NO" were proposed at first, then in a second phase "CERTAINLY / MAYBE or PROBABLY NOT/ CERTAINLY NOT"; this change tends to shift the level of balances upward;
- Change in the positioning of some questions in the questionnaire;
- Change of sampling method: the number of respondents remains the same (about 2000 per month), but the sample selection is modified, in particular to factor in the penetration rate of red and orange lists better.

Thanks to the remodeling of the survey, European questionnaires are now harmonized and therefore more easily comparable. As seasonality of the new series was not yet known in 2004, the seasonal coefficients of series from the old questionnaire were at first applied to the series from the new questionnaire. Since 2007, the new series have been backdated and seasonal coefficients are now re-estimated again each month throughout the available period.

## **Change in the sampling database in September 2012 and weighting of balances**

Since September 2012, several changes have been introduced in the consumer confidence survey. To ensure a better representativeness of the households surveyed by phone, the sampling database from which their numbers are drawn, now includes households with a subscription to a mobile line only and subscribers to product bundling offers who therefore no longer had a “France Telecom” number. Additionally, the balances of respondents are now weighted to wedge the sociodemographic structure of the respondents onto that of the whole population. Sociodemographic variables used for the weightings are: size of the urban area, age bracket, household composition, type of socio-professional occupation and category (PCS) and level of education.

The effect of these changes was measured by conducting the survey simultaneously on both samples in July 2012. In total, the synthetic index is barely affected by this change of methodology. None of the balances is affected uniformly by the change in the sampling and the transition to weighted balances: some are barely impacted, others more widely as the current saving capacity demonstrates.

The modification consists in replacing the results of the July 2012 survey based on the new sample with weighted balances adjusted to those published until then. To avoid any break in series with the introduction of these changes, each series of balance has been modified since 1995 by adding a wedge: leveled at zero in 1995, this wedge then grows linearly to reach in July 2012 the amount of the difference measured at that date between the two samples. The year 1995 corresponds indeed to a date when households with a subscription to a mobile line only and subscribers to product bundling offers were still a small minority: the bias linked to the basic sampling which does not include such households can at this date be considered as marginal. The coefficients of the synthetic index have been recalculated with the new series over the period 1987-2011.

## **First publication of the monthly consumer confidence survey's results in August**

Until the publications of July 2013, each balance for August was calculated through a linear interpolation of the July and September surveys' results. Since September 2013, the results of the monthly surveys conducted in August since 2008 have been published. There has been enough time to allow a satisfying estimation of the corrections of seasonal variations which incorporates those surveys' results.

The first publication in August 2013 led to a replacement of the interpolated balances of the months of August from 2008 to 2012 by those estimated during the surveys (however the months of August over the previous years are still estimated through a linear interpolation). On this occasion, the seasonal variation effects and the weights used for the calculation of the synthetic index have been re-estimated. As a result, the changes in the published series are concentrated over the months of August from 2008 to 2012; they are very slight for the other months of the year.

## APPENDIX: the questionnaires of the monthly consumer survey

### New questionnaire (since 2004)

#### Question 1 (past standard of living in France):

How do you think the general economic situation in France has changed over the past 12 months? It has ... got a lot better (+) / got a little better (+) / remained stable / got a little worse (-) / got a lot worse (-)

#### Question 2 (future standard of living in France):

How do you expect the general economic situation in France to develop over the next 12 months? It will... get a lot better (+) / get a little better (+) / remain stable / get a little worse (-) / get a lot worse (-)

Question 3 (unemployment): In your opinion, the number of people unemployed in the next twelve months will ... increase sharply (+) / increase slightly (+) / remain stable / fall slightly (-) / fall sharply (-)

Question 4 (past consumer prices): In your opinion, prices in the past twelve months have ... risen a lot (+) / risen moderately / risen slightly (-) / remained stable (-) / fallen (-) / don't know

Question 4.1: By how many per cent do you think that consumer prices have gone up / over the past 12 months? (give a value in %)

Question 4.2: By how many per cent do you think that consumer prices have gone down over the past 12 months? (give a value in %)

N.B. The answer to questions 4.1 and 4.2 are not published.

### Former questionnaire (until 2003)

Question 1.0: In your opinion, overall standard of living in France has... improved (+) / remained stable / worsened (-)

(Question 1.1: if improved or worsened: significantly / slightly)

Question 2.0: In your opinion, overall standard of living in France in the next year will... improve (+) / remain stable / worsen (-)

(Question 2.1: if improved or worsened: significantly / slightly)

Question 3.0: In your opinion, the number of people unemployed in the coming months will... rise (+) / remain stable / fall (-)

(Question 3.1: if improved or worsened: significantly / slightly)

Question 4.0: In your opinion, prices in the past six months have... risen / remained stable (-) / fallen slightly (-)

(Question 4.1: if risen: sharply (+) / moderately / slightly (-))

.../...

Question 5 (expected consumer prices): In comparison with the past 12 months, how do you expect that consumer prices will develop in the next 12 months? They will... increase more rapidly (+) / increase at the same rate / increase at a slower rate (-) / remain stable (-) / fall (-)

Question 5.1: By how many percent do you expect consumer prices to go up in the next 12 months? (give a value in %)

Question 5.2: By how many percent do you expect consumer prices to go down in the next 12 months? (give a value in %)

N.B. The answers to questions 5.1 and 5.2 are not published.

Question 6 (purchasing intentions): In view of the general economic situation, do you think now is the right moment for people to make major purchases such as furniture, domestic electrical goods, electronic devices, computer hardware etc.? Yes, now is the right moment (+) / It is neither the right nor the wrong moment / no, it is not the right moment (-)

Question 7 (savings intentions): In view of the general economic situation, do you think that now is a good moment to save ? Yes, certainly / Yes, probably / No, probably not / No, certainly not

Question 8 (current saving capacity): Which of these statements best describes the current financial situation of your household? You have a lot of money left to save (+) / You have some money left to save (+) / You just about make ends meet / You are dipping into your savings (-) / You're getting into debt (-)

Question 9 (past financial situation): Over the last 12 months, the financial situation of your household has... got a lot better (+) / got a little better (+) / remained stable / got a little worse (-) / got a lot worse (-)

Question 10 (expected financial situation): Over the next 12 months, do you expect the financial position of your household to...? get a lot better (+) / get a little better (+) / remain stable / get a little worse (-) / get a lot worse (-)

Question 11 (expected saving capacity): Do you expect to be able to put some money into savings in the next twelve months? Yes, certainly / Yes, probably / No, probably not / No, certainly not

Question 5.0: In comparison with today, how do you expect prices to move in the coming months? They will rise more quickly (+) / They will rise just as quickly / They will rise less quickly (-) / They will remain stable (-) / They will fall slightly (-)

Question 6.0: Do you think it is the right time for major purchases (furniture, washing machines, TVs...)? Yes, it is a fairly good time (+) / It is neither a good nor a bad time / No, it is not a very good time, the purchases should be postponed (-)

Question 7.0: In the present economic situation, do you think it is reasonable to put money into savings? Yes (+) / No (-)

Question 7.1 if yes: certainly / maybe;

Question 7.2 if no: probably not / certainly not)

Question 8.0: What is your present financial position? You have a lot of money left to save (+) / You have some money left to save (+) / You just about make ends meet / You are dipping into your savings (-) / You're getting into debt (-)

Question 9.0: In the past six months, your financial position ... has improved (+) / has remained stable / has worsened (-)

Question 9.1: significantly / slightly)

Question 10.0: In the coming months, do you expect your financial position to... improve (+) / remain stable / worsen (-)

Question 10.1: significantly / slightly)

Question 11.0: Do you expect to be able to put some money into savings in the coming months? Yes (+) / No (-)

Question 11.1: if yes: certainly / maybe;

Question 11.2: if no: probably not / certainly not)