



the gandalf group

What Does the Middle Class Want?

August 20, 2013

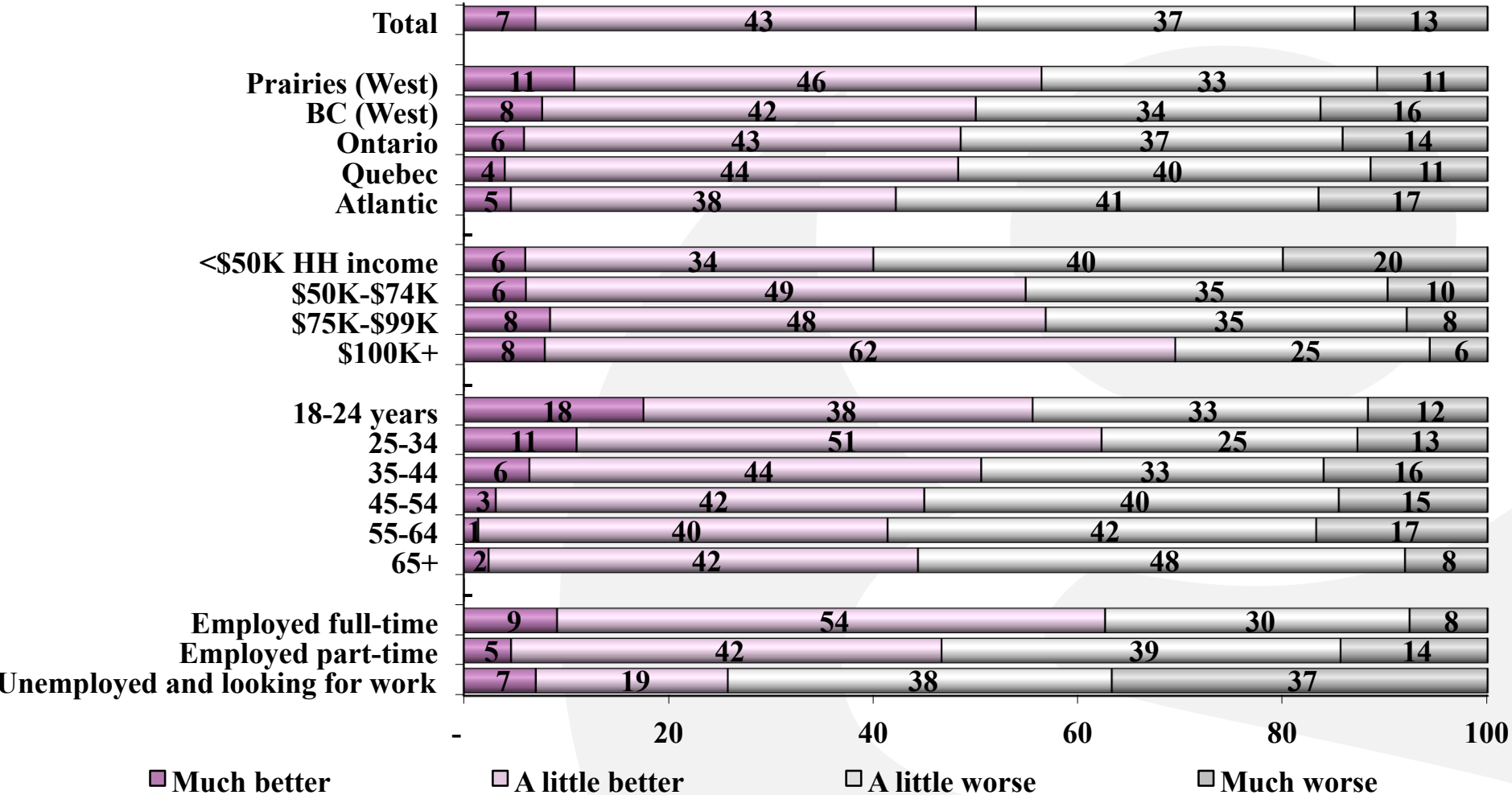


The State of the Middle Class

- ❑ Characterized by economic insecurity
- ❑ Very risk averse
- ❑ Middle is shrinking, society is bifurcating
- ❑ Middle class increasingly an aspiration more than a reality for many people
- ❑ It is understood to be a trend, not an event



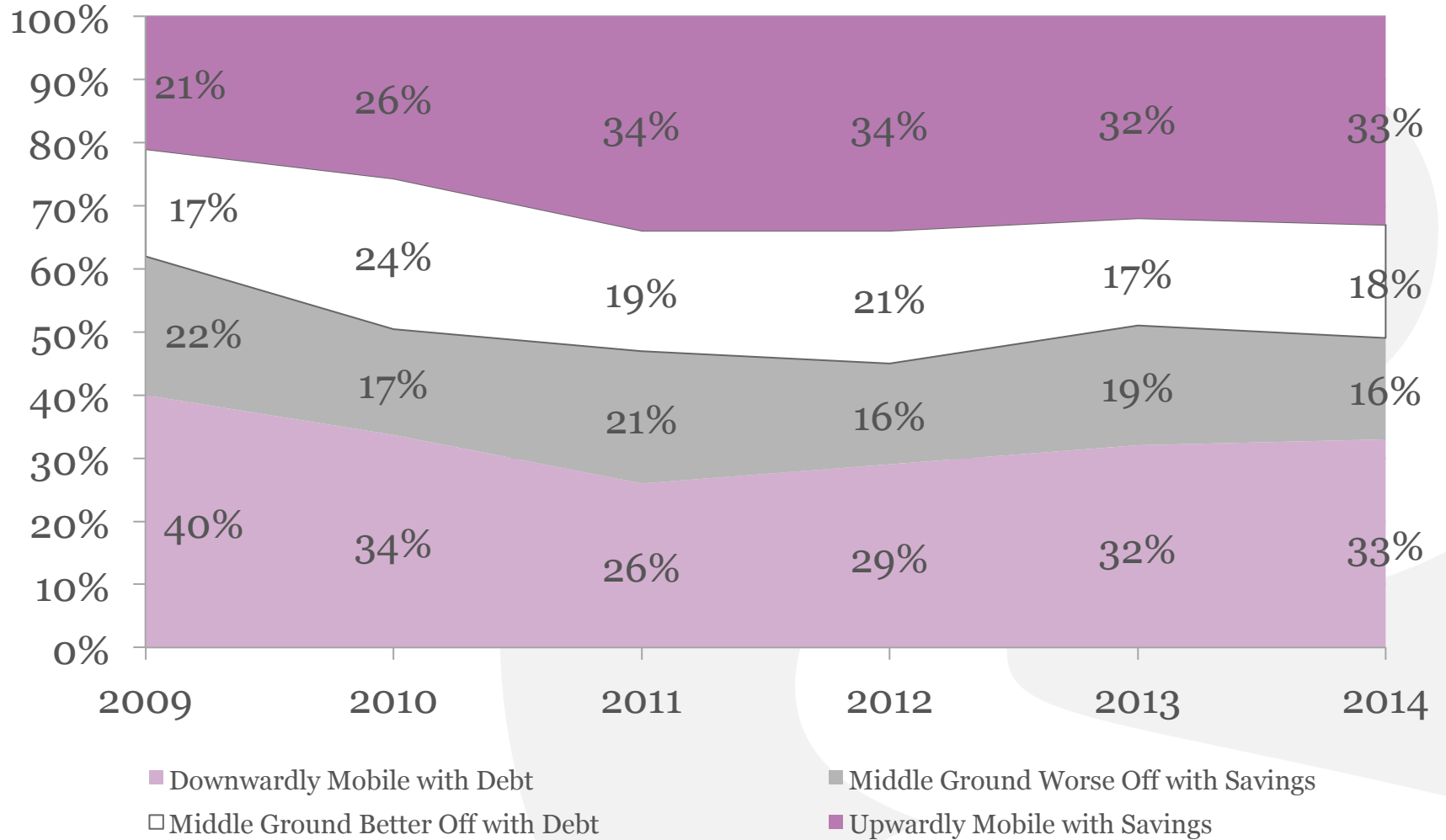
Assessment of Personal Financial Situation

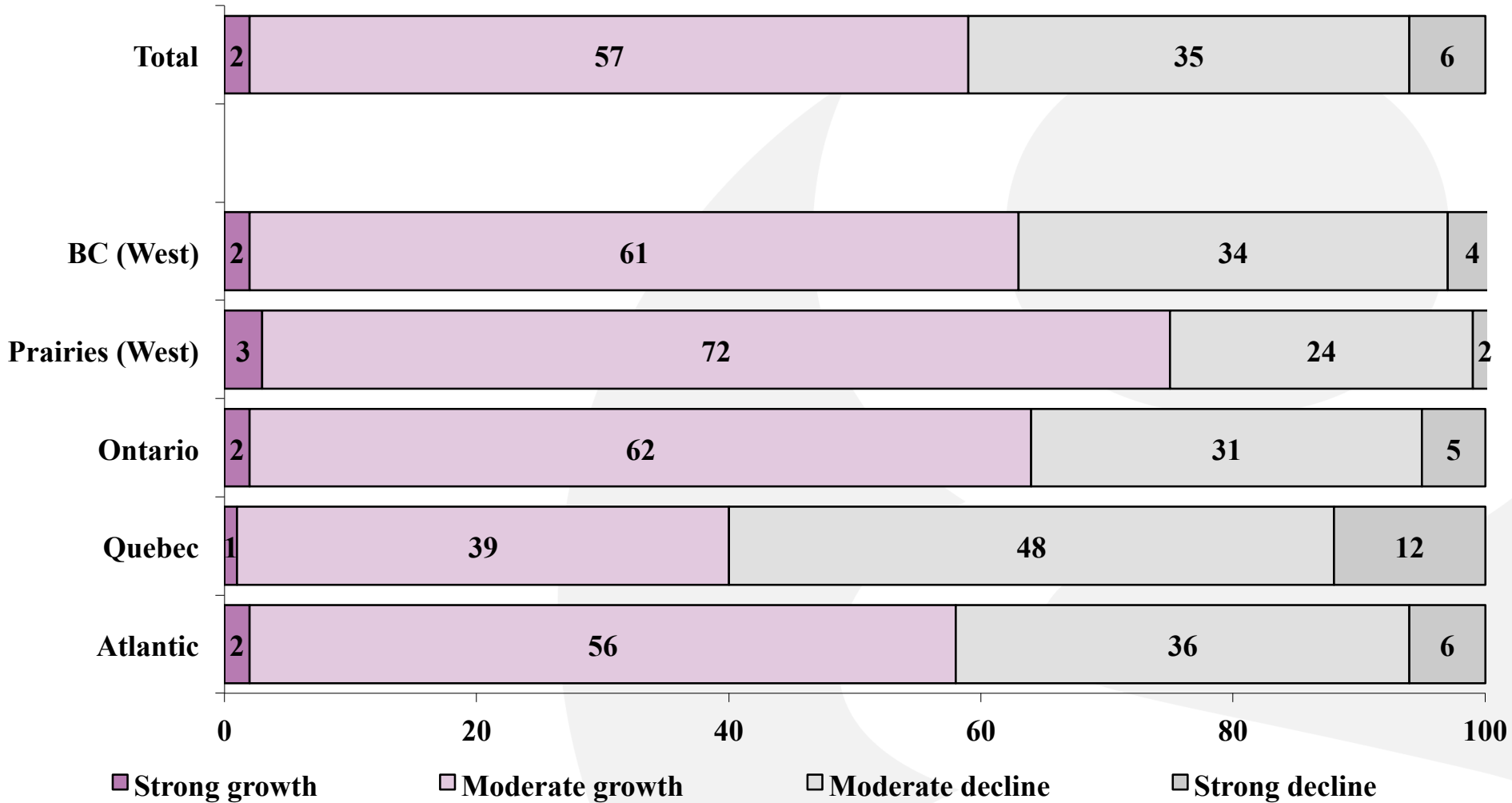


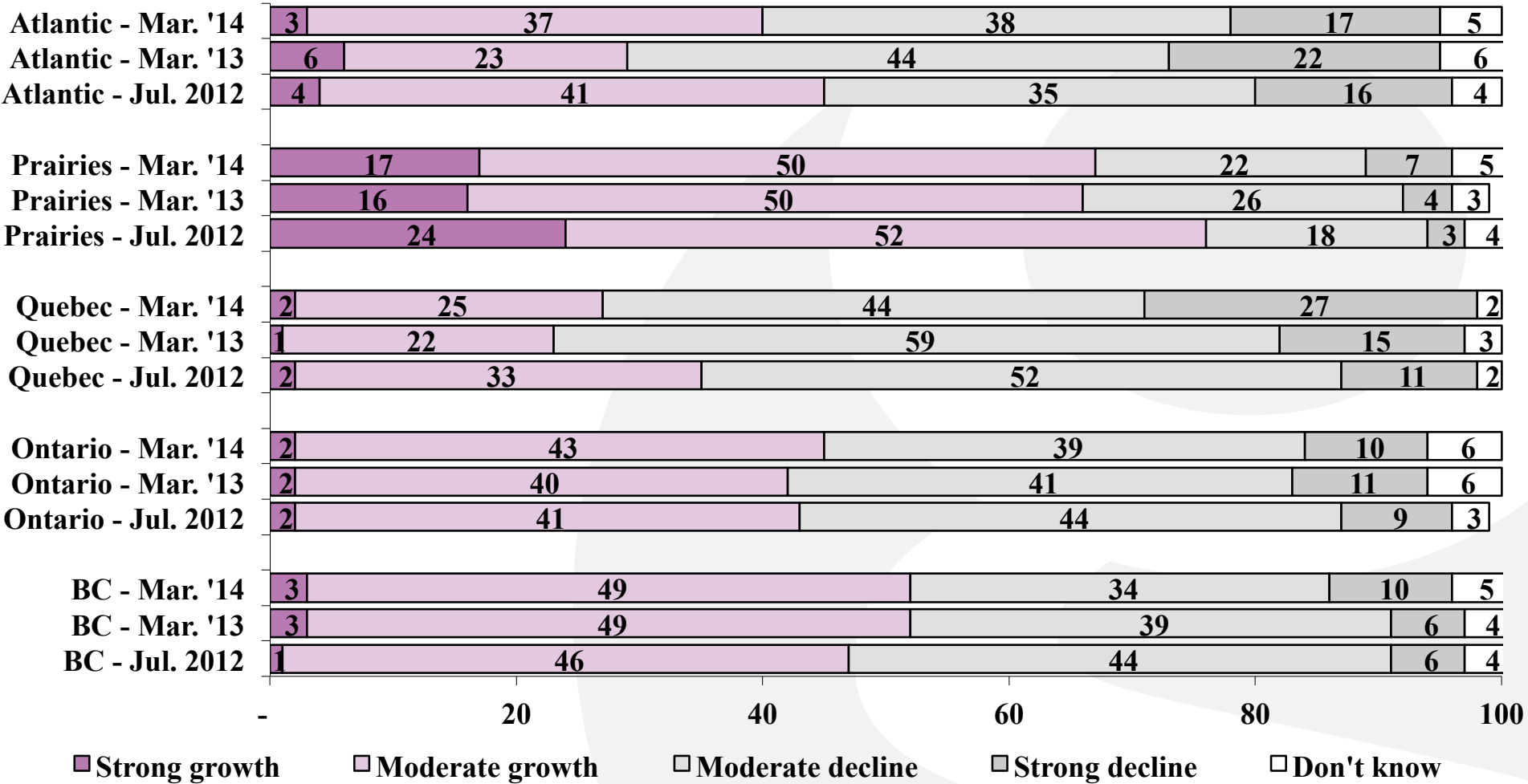
“How would you say your PERSONAL financial or economic situation is compared to one year ago? Would you say your PERSONAL or economic financial situation has gotten _____?”



Downward Mobility







“In general, how would you describe the state of the economy of your province today – would you say that it is in a period of _____?”

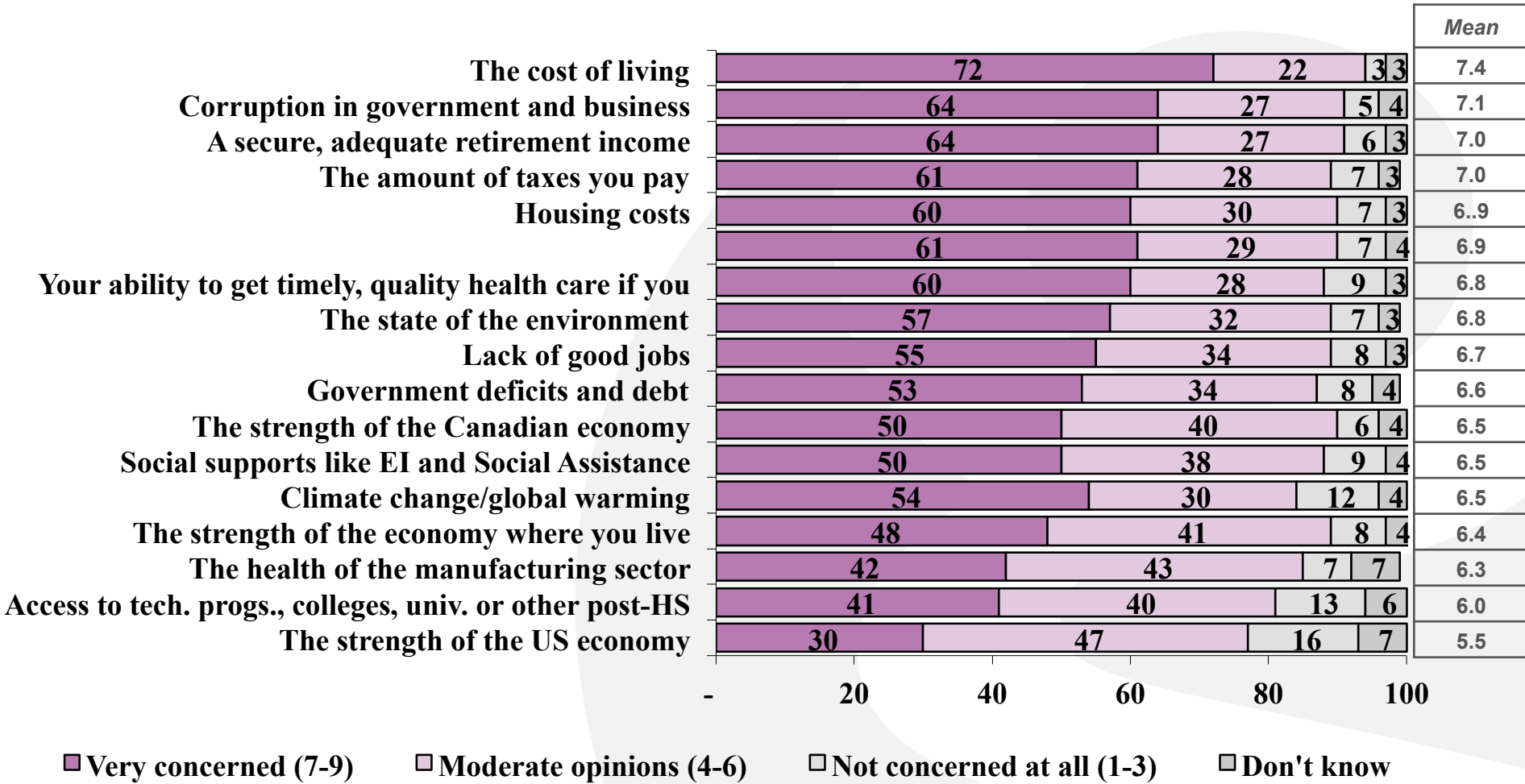


The Concerns of the Middle Class

- ❑ To know what the middle class wants, take a look at what is concerning them – personal finances
- ❑ Inflation and the cost of living
- ❑ Future income insecurity – jobs, retirement
- ❑ Taxes
- ❑ Housing costs
- ❑ Along with that, a macro economic concern – growing unfairness in economic outcomes



The Concerns of the Middle Class

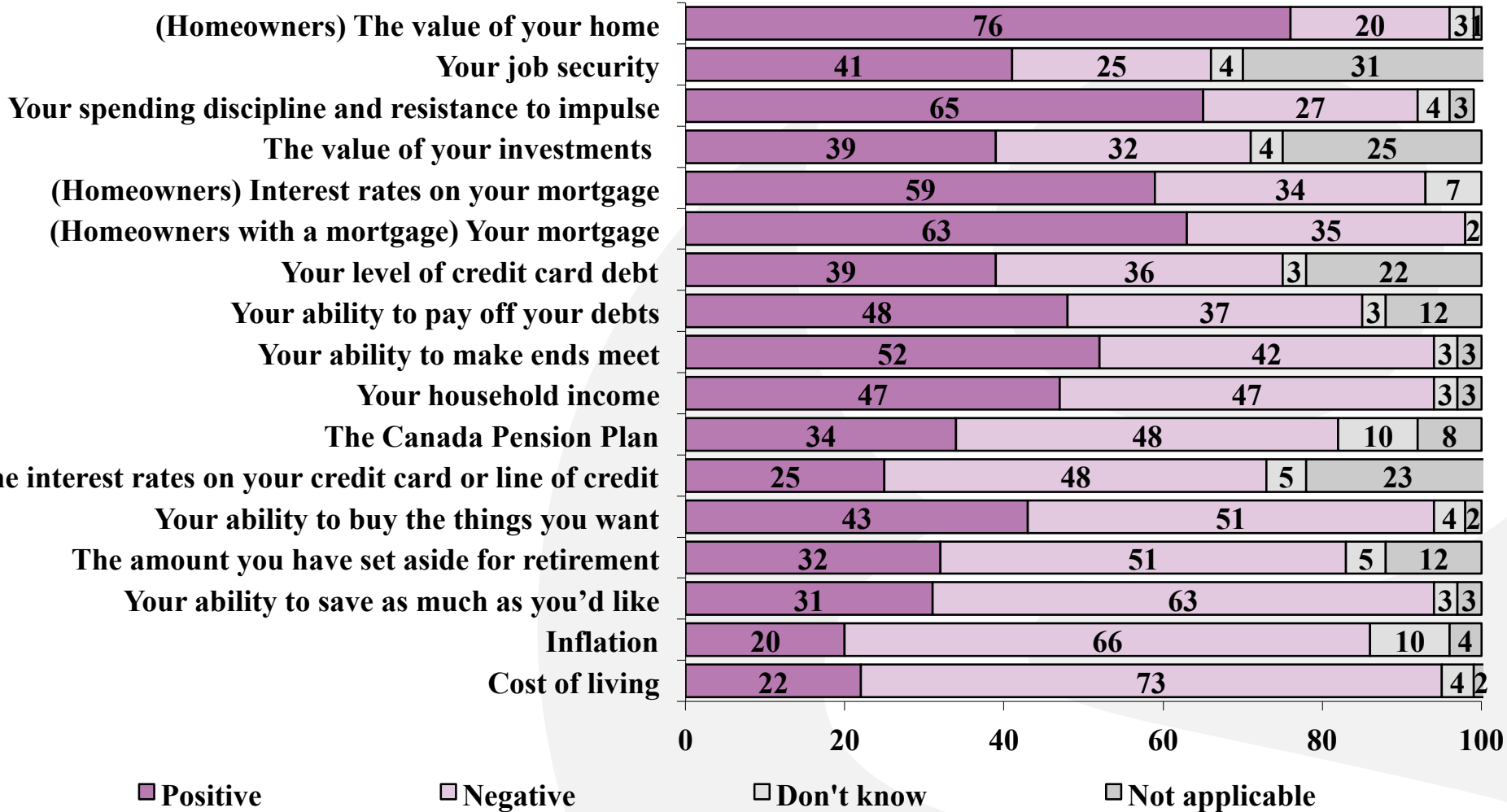




- ❑ House values are the foundation for much of the financial/consumer confidence that exists
- ❑ No more than half of Canadians feel positive about the other aspects of their finances
- ❑ For many, personal debt overhangs all their decisions



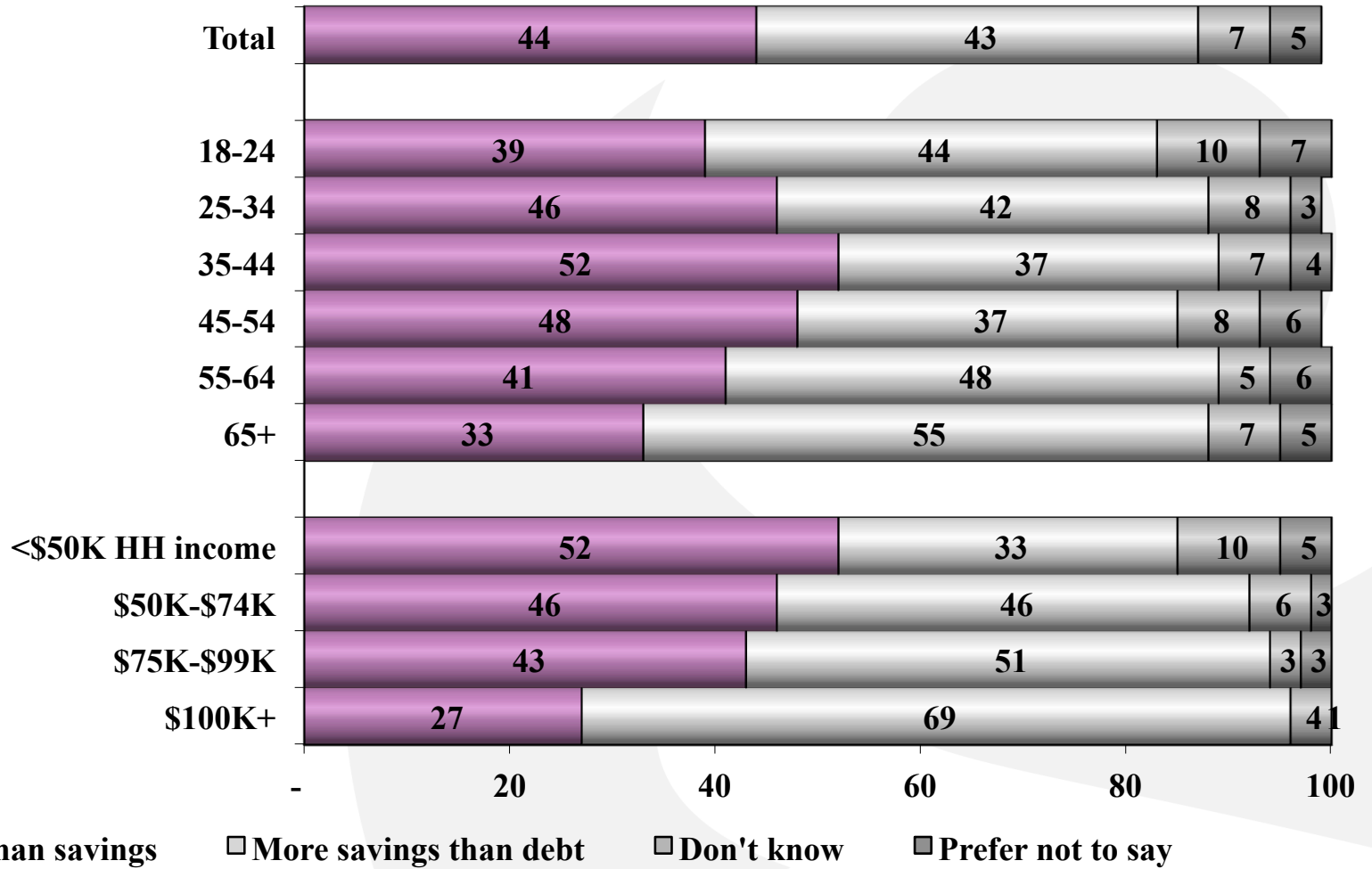
How Canadians Feel About Financial Factors In Their Lives



“At the current time, are you feeling positively or negatively about each of the following financial factors in your life...? Is that very positive, somewhat positive, somewhat negative or very negative?”

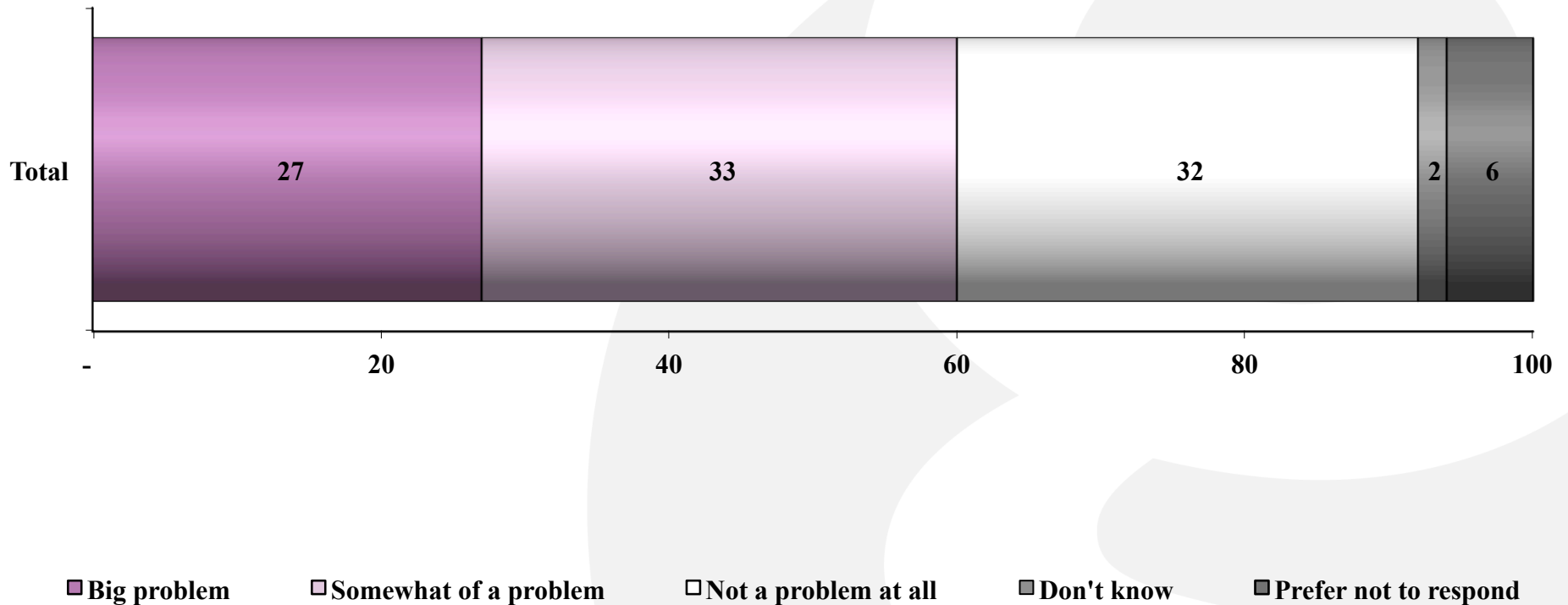


Do Canadians Have More Debt or More Savings?





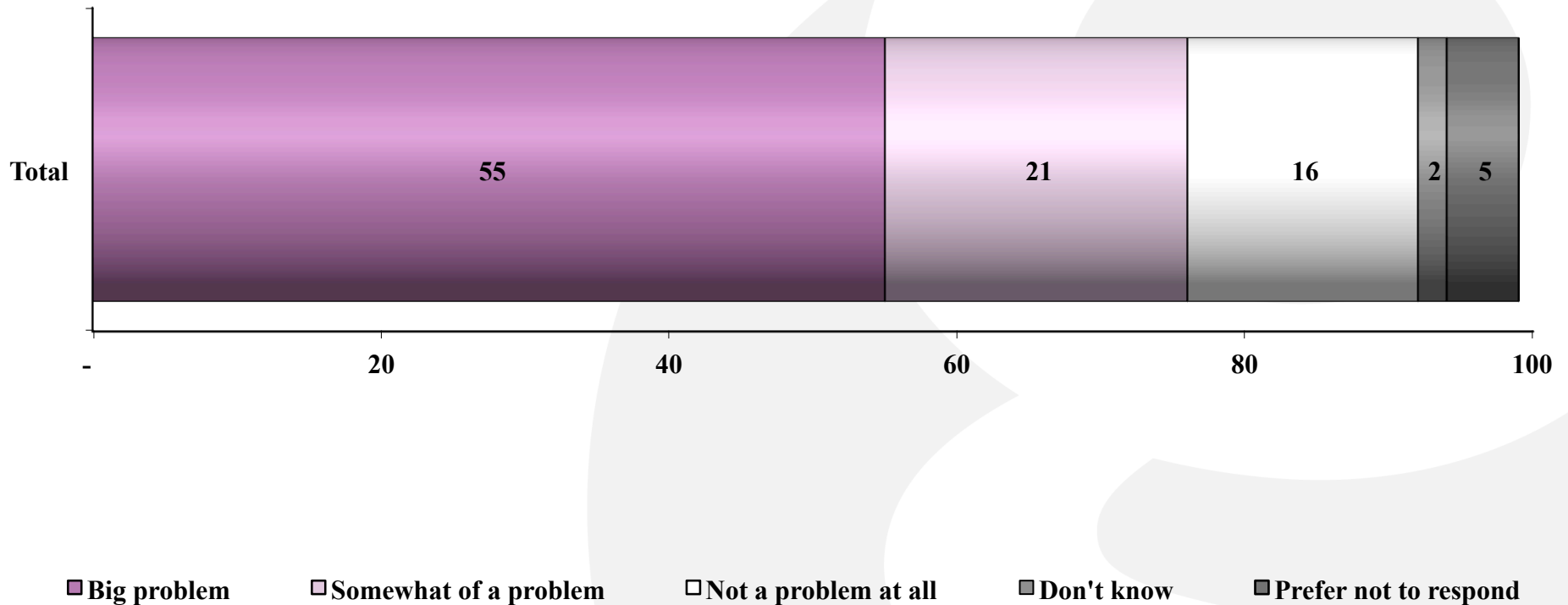
How Problematic Would It Be For Those With Debt If Interest Rates Rose By 1% in the Next Two Years?



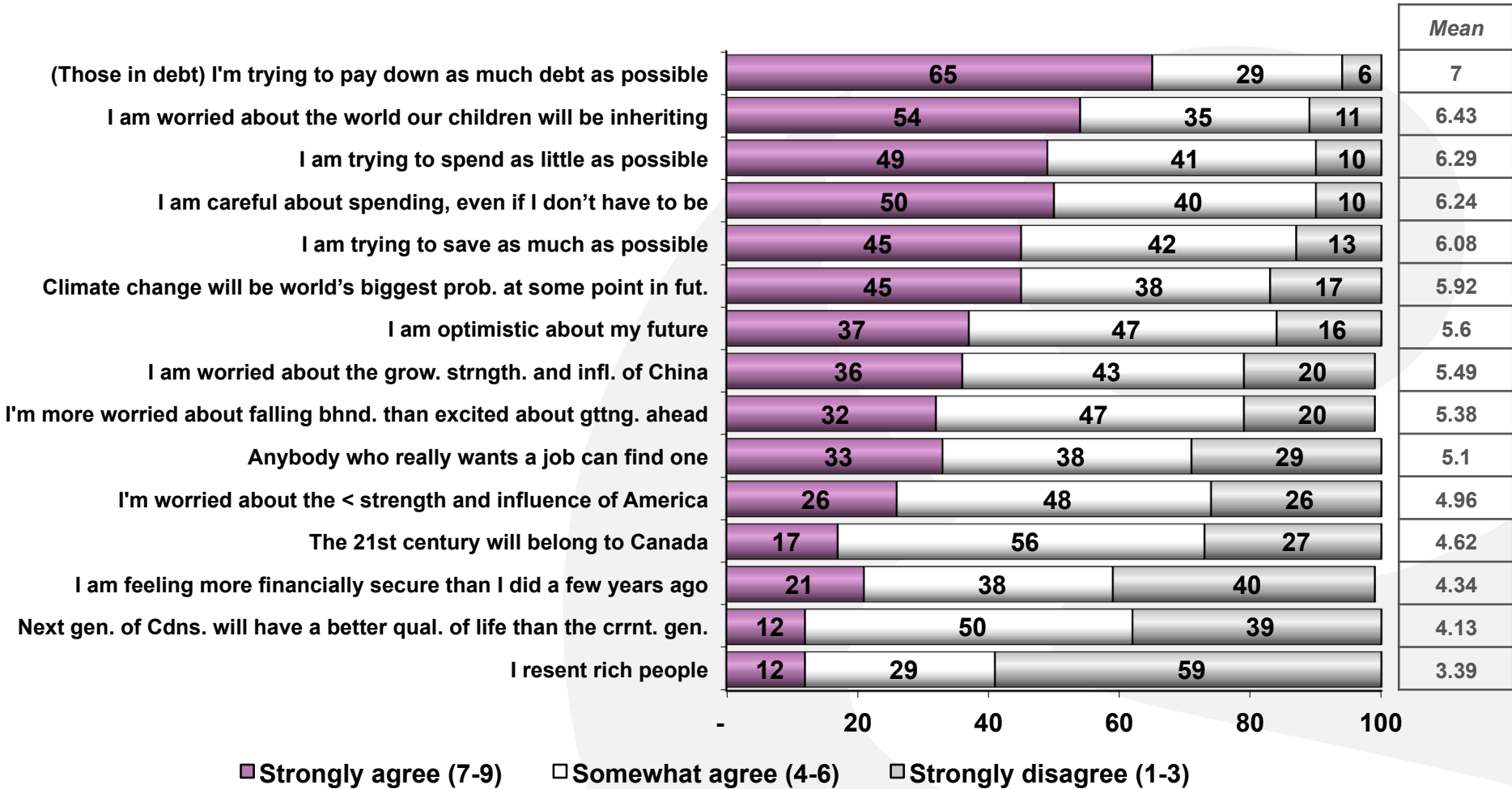
“Thinking ahead to the next 2 years, on a scale of 1 to 9, where 1 is not a problem at all and 9 is a big problem in terms of your debt, how much of a problem would it be if interest rates rose by 1%?” (Among those with debt n=962)



How Problematic Would It Be For Those With Debt If Interest Rates Rose By 3% in the Next Two Years?



“Thinking ahead to the next 2 years, on a scale of 1 to 9, where 1 is not a problem at all and 9 is a big problem in terms of your debt, how much of a problem would it be if interest rates rose by 3%?” (Among those with debt n=962)

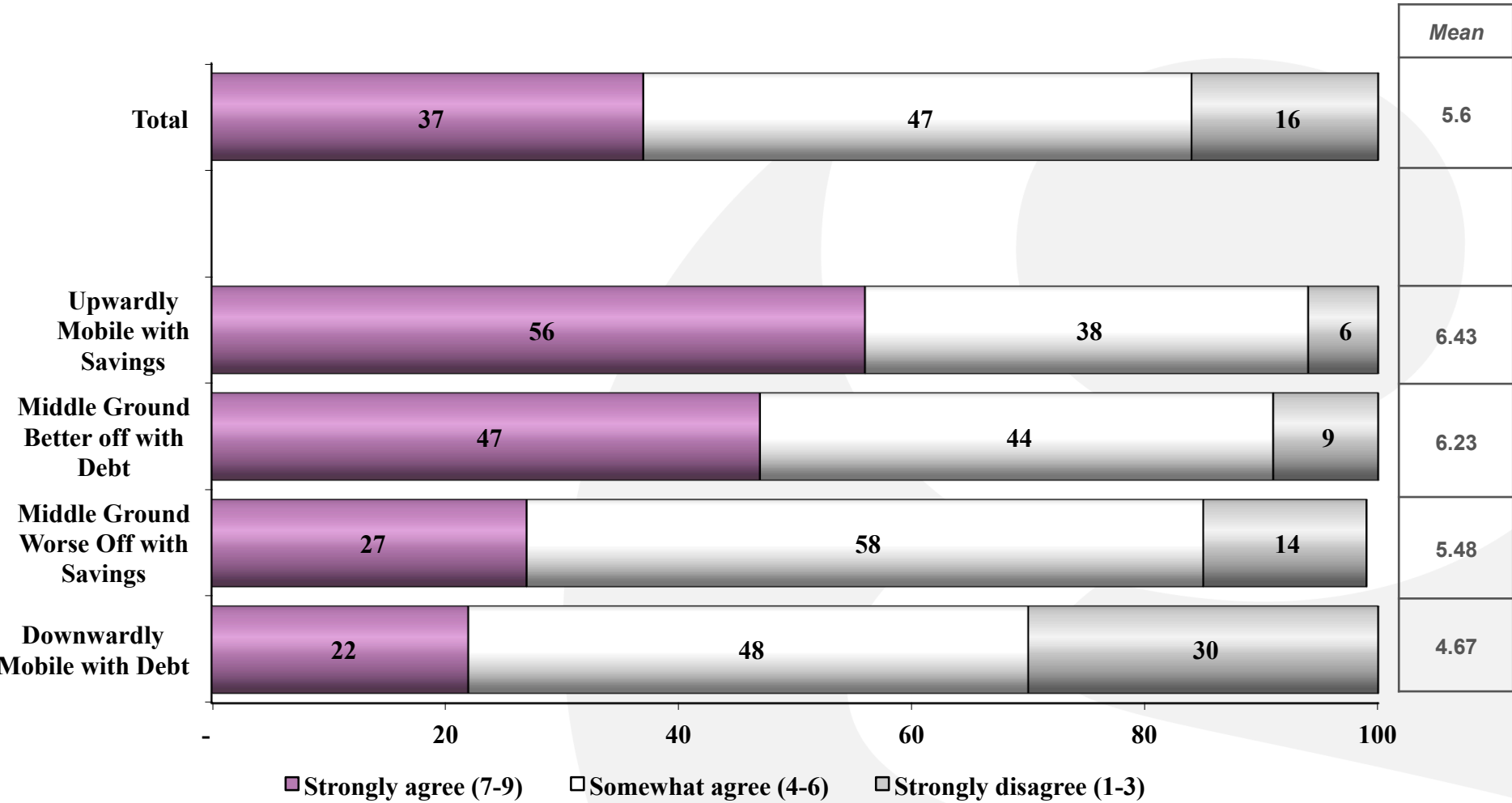


“Please tell us how much you agree or disagree with each of the following.”

Mean is the average score on a 1-9 scale, with 1 meaning strongly disagree, and 9 meaning strongly agree



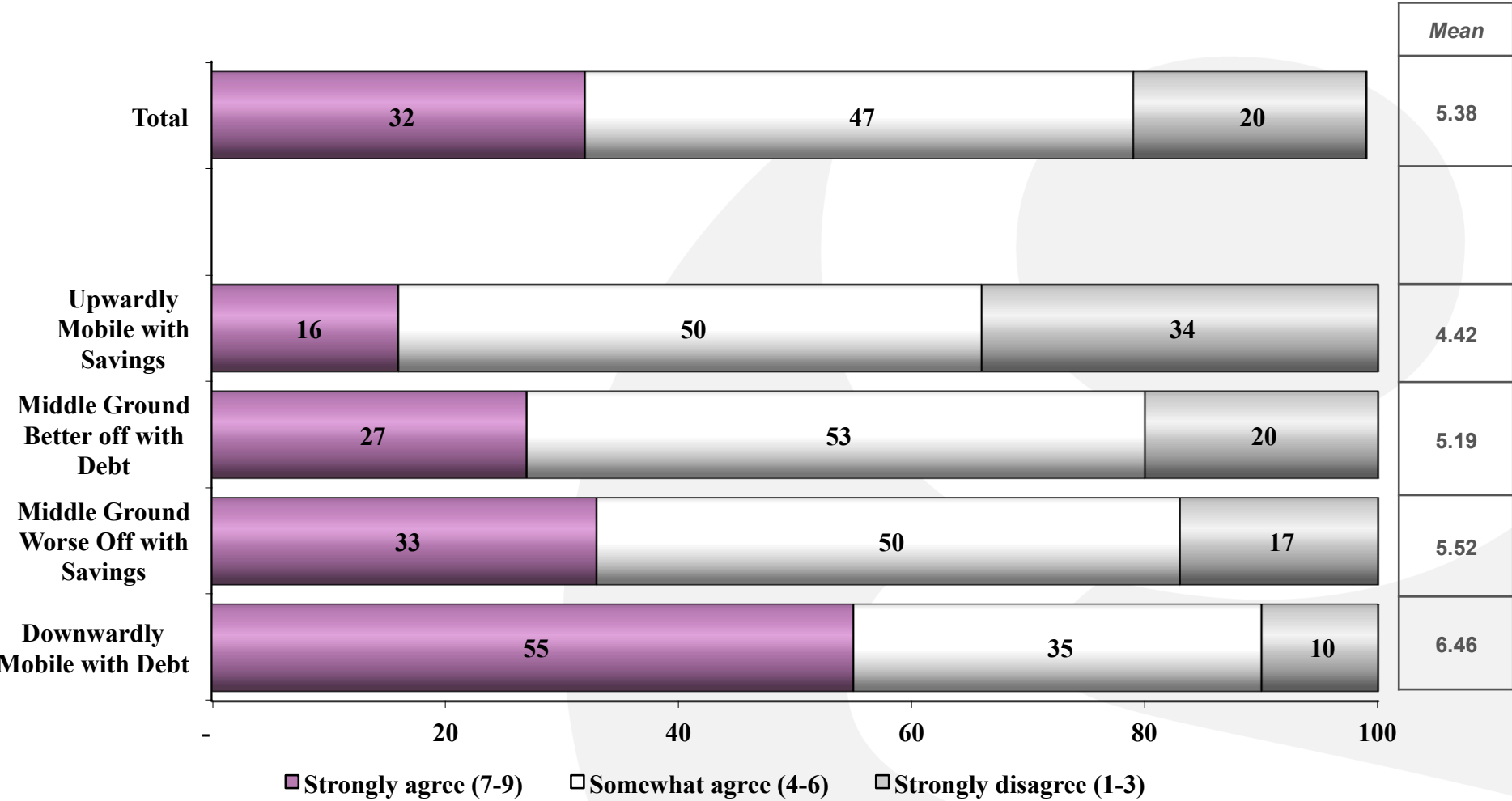
Views on the Economy and Personal Finance – Spending – Among All Respondents



“Please tell us how much you agree or disagree with each of the following...*I am optimistic about my future.*”
Mean is the average score on a 1-9 scale, with 1 meaning strongly disagree, and 9 meaning strongly agree



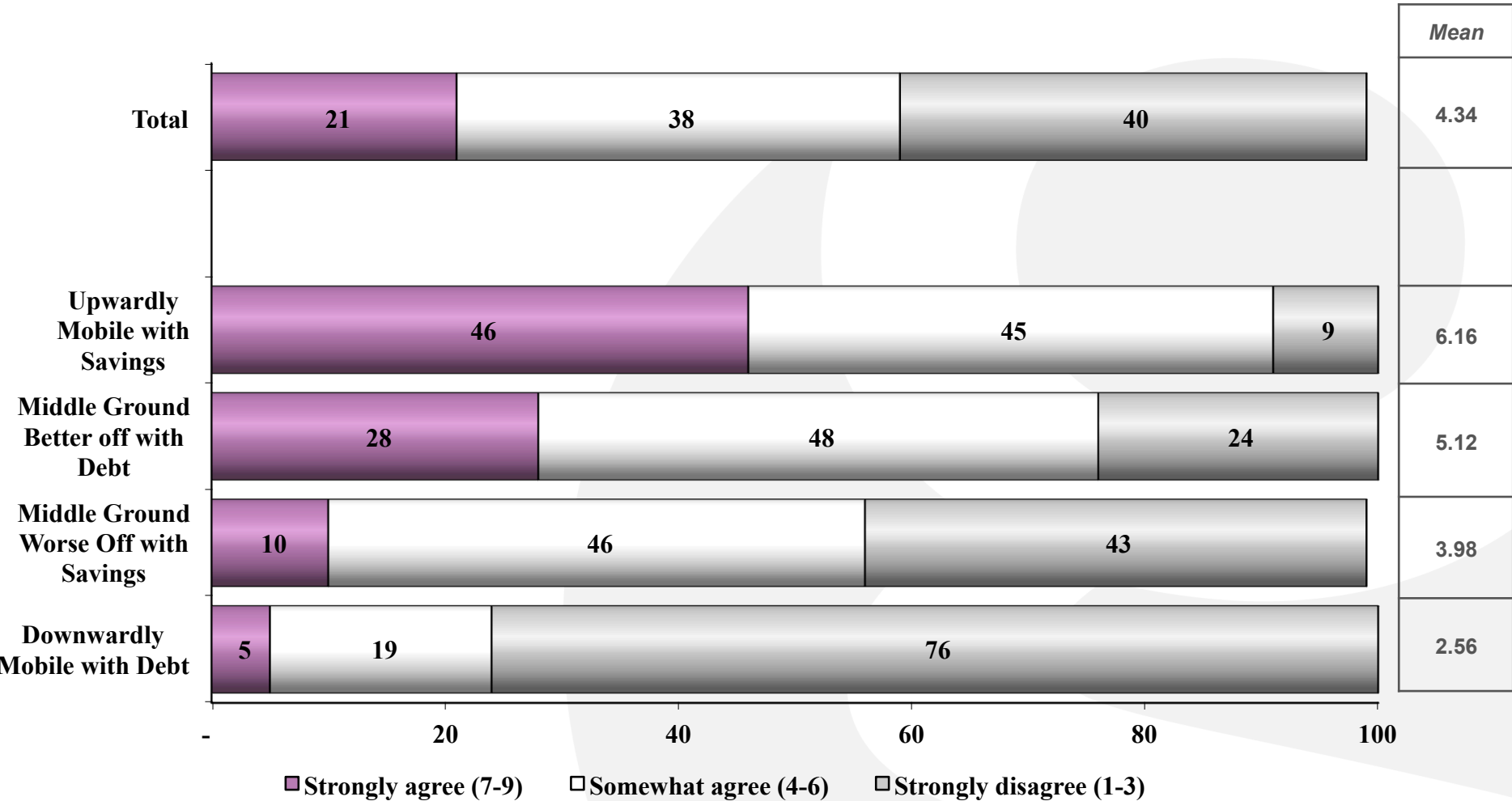
Views on the Economy and Personal Finance – Spending – Among All Respondents



“Please tell us how much you agree or disagree with each of the following...I’m more worried about falling behind than excited about getting ahead.” Mean is the average score on a 1-9 scale, with 1 meaning strongly disagree, and 9 meaning strongly agree



Views on the Economy and Personal Finance – Spending – Among All Respondents

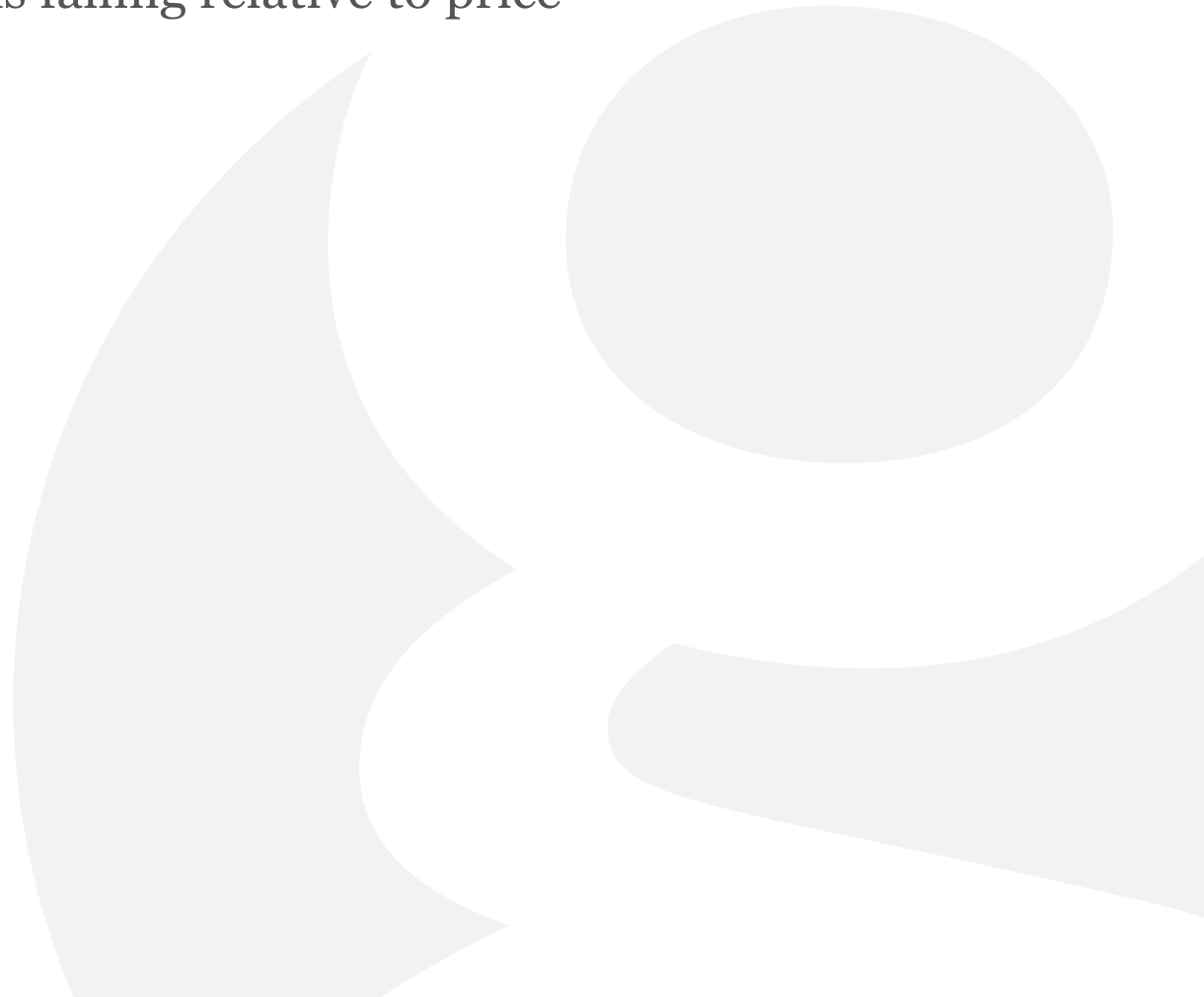


“Please tell us how much you agree or disagree with each of the following...*I am feeling more financially secure than I did a few years ago.*” Mean is the average score on a 1-9 scale, with 1 meaning strongly disagree, and 9 meaning strongly agree



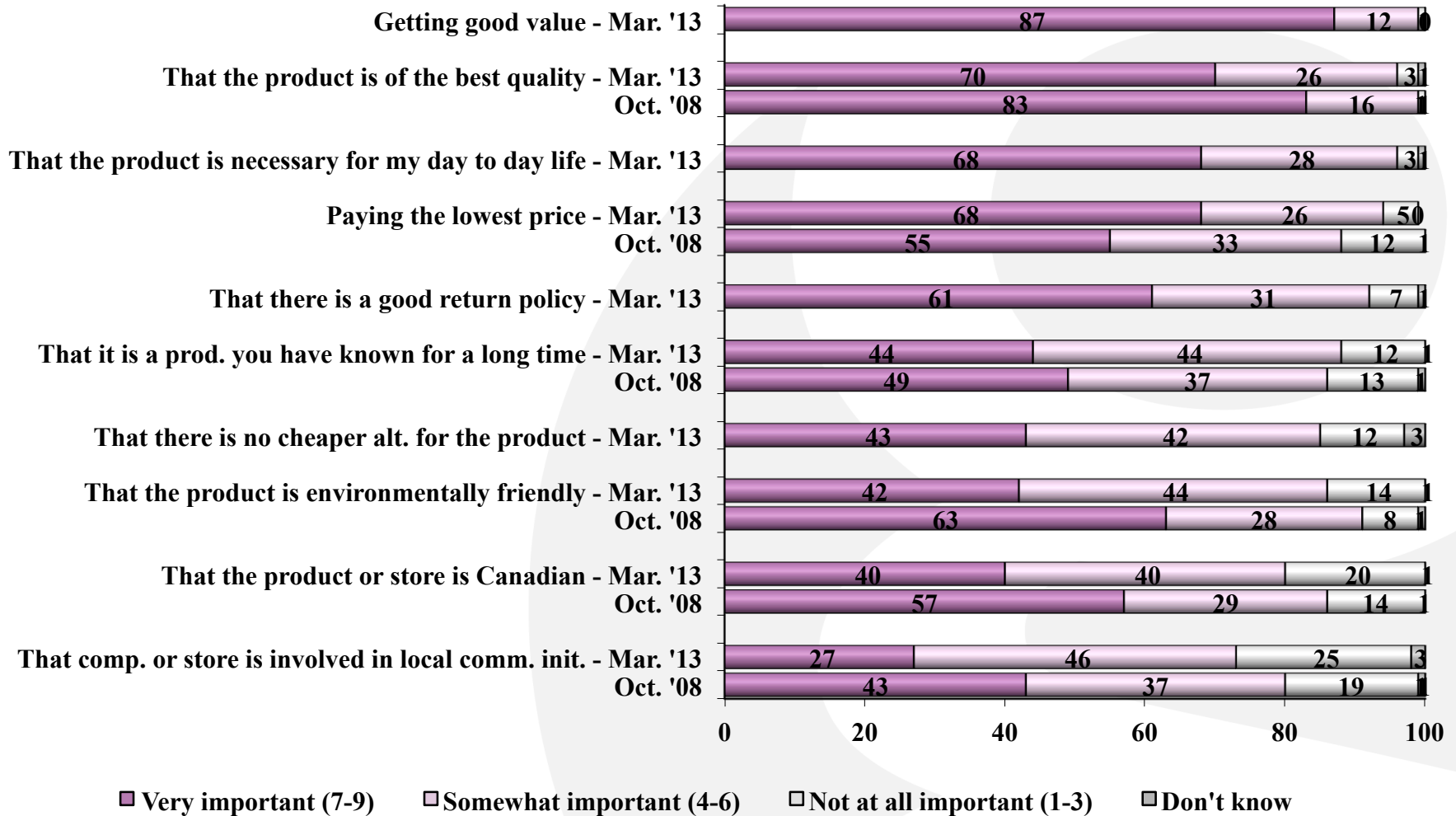
One Telling Consumer Implication

- ❑ All other considerations falling relative to price





Importance of Product Attributes - Among All Respondents





So, What Does The Middle Class Want?

❑ Security and opportunity

- Retirement income
- Job security and opportunities
- Strong core public services primarily health care and public education
- Better access to post secondary
- Income growth that matches the cost of living

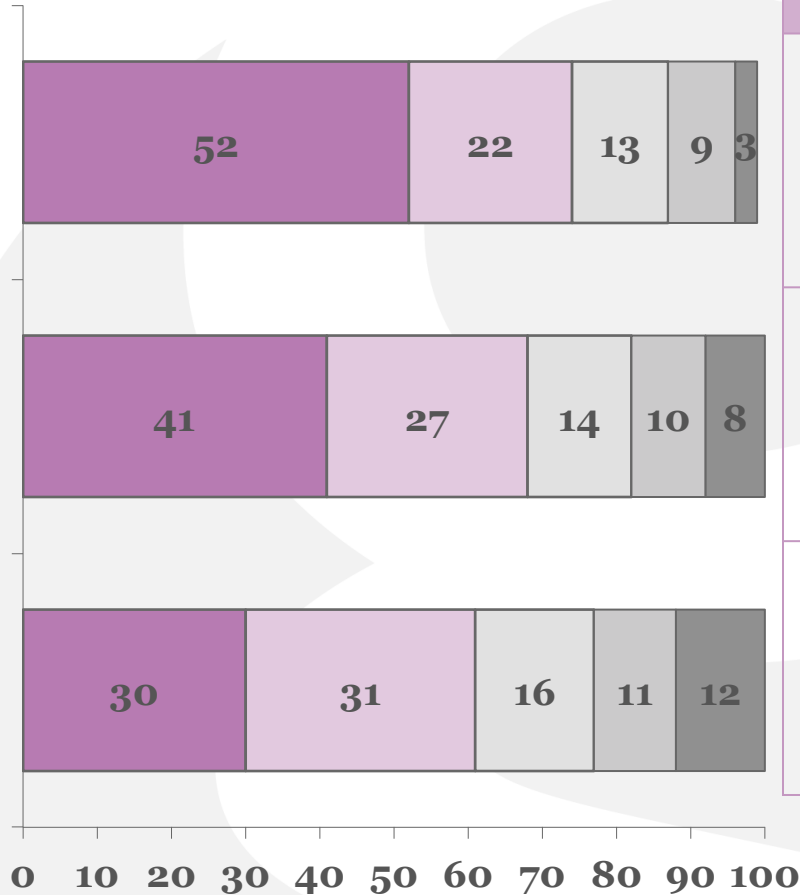
❑ Activist Government

- Debt and deficit are lower order concerns
- Laissez faire economics is not thought to be the answer to breaking the trajectory we are on



Opinions on PS Worker Pensions – I

It would be wrong of the government to go back on pension commitments to employees, as they have negotiated wages and planned their retirement based on the commitments



Change in % str. agree since '12
+5
+5
+5

- Strongly agree
- Somewhat agree
- Strongly disagree
- Don't know

“And would you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statements?”



Cut spending, increase the deficit or increase taxes?



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THANK YOU



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