ISSUE NO. 4

Pakistan Consumer Confidence Index (CCI)

Results of Q4 2020 Survey

Key highlights of change in Consumer Sentiments across Pakistan from Q3 2020 to Q4 2020

24th February 2021

Report prepared by D&B Pakistan in collaboration with Gallup Pakistan

Dun & Bradstreet Pakistan

World's leading data & analytics company with strong local presence in the GCC, South Asia & North Africa

Gallup Pakistan

Gallup Pakistan, the Pakistani affiliate of Gallup International, is a leading survey research agency and an emerging Social Science Research Lab in Pakistan. Gallup Pakistan is a specialist in independent third party evaluation and ratings.

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Gallup Pakistan is operating in Pakistan since 1980, thus bringing in more than 40 years of professional experience. Gallup Pakistan offers its expertise in 6 fields of social and market research

- Behavioral and Attitudinal Studies
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- **Financial Inclusion Research**
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- **Social and Political Research**

Acknowledgements

The Consumer Confidence Index (CCI) has received acknowledgement from several entities including the Government of Pakistan and various news outlets

Consumer Confidence Index (CCI), prepared by D&B Pakistan and Gallup Pakistan, has received acknowledgment from several entities including the Government of Pakistan and various news outlets including DAWN, Business Recorder, Daily Times and others.

The Consumer Confidence Index (CCI) is a survey that measures the level of optimism that consumers have about the country's economic condition, their household financial situation, job prospects, and personal finances.

The survey captures consumers' response related to the Current Situation as well as their Future Expectations.

We hope the report is useful to Government entities, as well as private organizations to strengthen their understanding of consumers across Pakistan and help in developing effective strategies and policies.

The CCI report is a quarterly publication from Dun & Bradstreet Pakistan, and Gallup Pakistan.

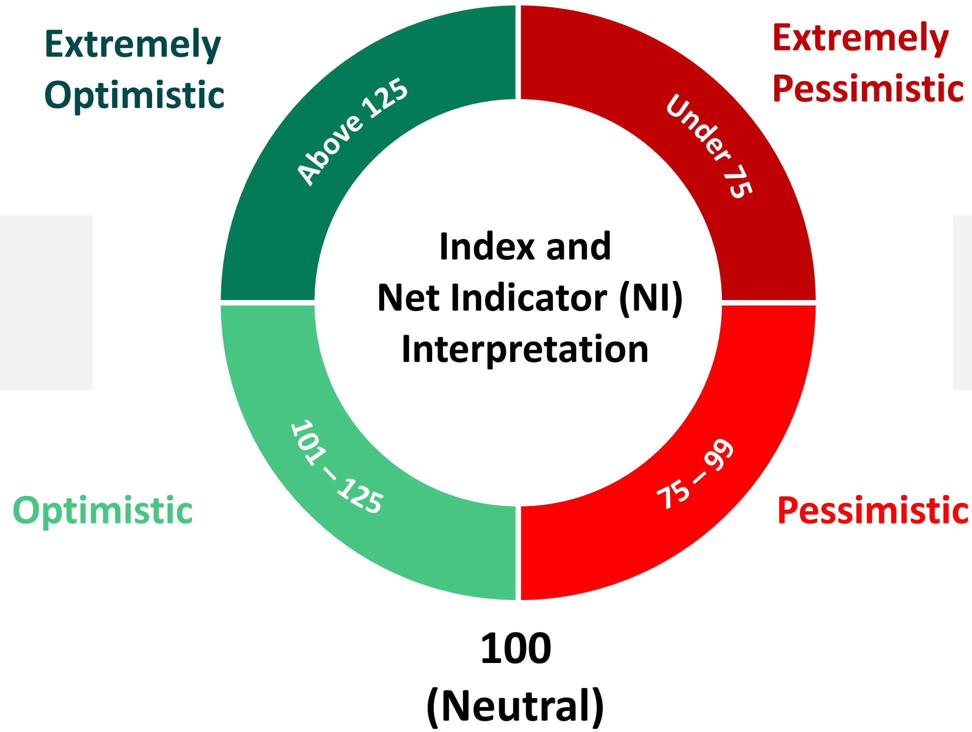
This report compares Consumer Confidence in Q4 2020 with Consumer Confidence in Q3 2020 (q-o-q comparison).

For more information on past CCI publications please visit: D&B Pakistan Knowledge Capital

The Index and Net Indicator (NI) scores are used in the report to indicate the level of Pessimism or Optimism with respect to specific questions, or as a composite Index

Index and Net Indicator (NI) Interpretation

Scores between 101 to 200 indicate increasing levels of optimism



Scores between 0 to 99 indicate decreasing levels of pessimism

The index ranges from 0 to 200 points

Note: Please refer to pages 26 to 30 for the detailed methodology
The Index and NI interpretation applies to rounded-off numbers.

Glossary

Key Terms	Definitions
Consumers	Respondents that have participated in the Consumer Confidence survey
Net Indicator (NI)	A composite score computed for each index parameter by assigning weights to responses received from consumers
Consumer Confidence Index (CCI - Overall)	This is an aggregate index used to determine overall optimism/ pessimism amongst consumers in Pakistan. The CCI is an average of the Current Consumer Confidence Index (CCI - Current) and Future Consumer Confidence Index (CCI - Future)
Current Consumer Confidence Index (CCI - Current)	An **i**ndex that indicates consumer feedback about current economic conditions (vis-a-vis last 6 months) across four index parameters (Household Financial Situation, Country's Economic Conditions, Unemployment and Household Savings)
Future Consumer Confidence Index (CCI - Future)	An **i**ndex that indicates consumer outlook for the next 6 months (compared to the month in which survey was conducted), across four index parameters (Household Financial Situation, Country's Economic Conditions, Unemployment and Household Savings)
Index Parameter	The individual constituent of each of the indices capturing the current or future economic condition. There are 4 parameters captured as part of the survey and have been explained in the methodology section of this report
Province	A province is an administrative territory which is governed by its own Government. In Pakistan, there are four provinces i.e., Balochistan, Punjab, Sindh and Khyber Pakhtunkhwa (KPK)

REPORT FLOW

EXECUTIVE SUMMARY

Key Findings: Q4 2020 Survey

Consumers display cautious optimism due to prevailing uncertainty

The Consumer Confidence Index (CCI) improved marginally by 1.8% in Q4 2020 as compared to Q3 2020. This was driven by a relative improvement in the Current Situation of Household Savings as well as Household Financial Situation as expressed by the respondents. This can be largely attributed to resumption of normalcy in business activities.

However, consumers continue to be cautiously optimistic on account of prevailing uncertainty and resurgence in COVID-19 cases. Thus, Future Expectations have deteriorated for the first time since Q1 2020.

Consumers' sentiments regarding Price situation in the country are at its lowest since Q1 2020 on account of disrupted incomes and inflation. In contrast, consumers have highlighted optimism regarding future Income situation.

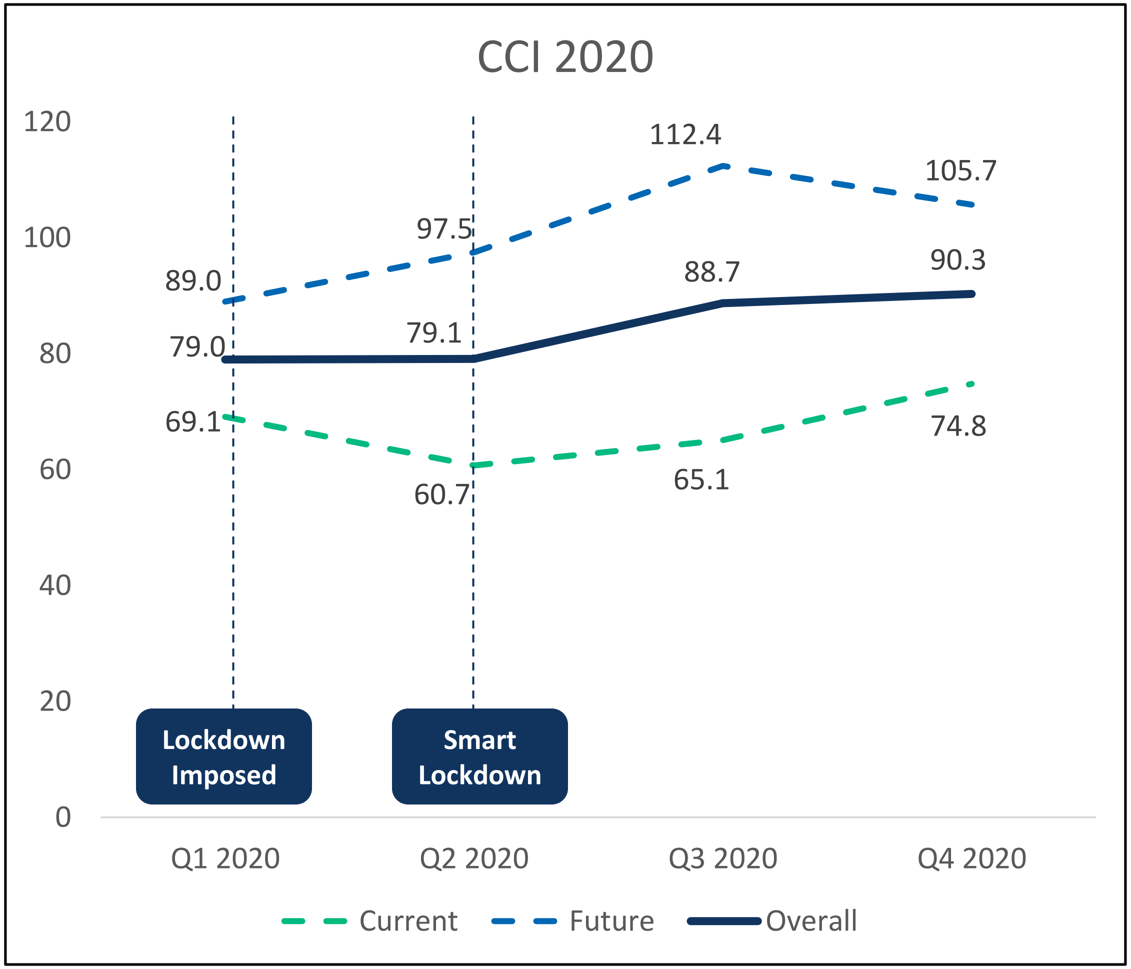
Key Findings: Q4 2020 Survey

The increase in Q4 is attributed to improved Current Conditions, up 14.9% q-o-q

The Consumer Confidence Index (CCI) continued increasing trend in Q4. However, the increase was lower (1.8%) as compared to the increase in Q3 (12.1%).

Overall CCI increased to 90.3 in Q4 from 79.0 in Q1, up 14.3% as the improvement in Current Situation was magnified by a recovery from a low base.

Future Expectations deteriorated in Q4 for the first time since the start of 2020, as consumers are concerned about the prevailing uncertainty due to second wave of COVID-19.



Key Findings: Q4 2020 Survey

Consumer Confidence Index continues to improve for the fourth quarter in a row

- *Consumer Confidence Index (CCI) improved by 1.8% as compared to the last quarter; showing signs of recovery*
- *Consumers have cited improvement in current situation (up 14.9% as compared to Q3). However, resurgence in COVID-19 cases has made consumers pessimistic about future*
- *Perceptions about the National Economy remained relatively neutral at 100.4 in Q4*
- *Perception about Household Financial Situation improved to 109.3 in Q4 from 105.3 in Q3 (up 3.8%) likely due to the recovery in business activity*
- *Inflation and consumers' concerns regarding future Household Savings affected consumer enthusiasm*

CONSUMER CONFIDENCE INDEX

Overall CCI improved by 1.8% (or 1.6 points) in Q4 2020 due to improved Current Conditions (NI = 74.8); amidst normalcy in business activities

Q1 2020 Survey

69.1 Current

89.0 Future

79.0 Overall CCI

Overall CCI was Pessimistic

Q1 2020 survey was completed before COVID-19 pandemic fully impacted Pakistan. Even during pre-COVID times, consumers were extremely pessimistic about Current Situation (NI = 69.1) compared to a relatively optimistic outlook for Future Expectations (NI = 89.0).

Time period for Survey: Feb-20 and Mar-20

Q2 2020 Survey

60.7 Current

97.5 Future

~79.1 Overall CCI

In comparison to Q1 survey, Overall CCI remained flat

Although Current Situation deteriorated, from 69.1 in Q1 to 60.7 in Q2, Overall CCI remained flat at 79.1. This was driven by better Future Expectation, up 9.5%, due to decline in COVID-19 cases and gradual pickup in economic activity.

Time period for Survey: Jul-20 and Aug-20

Q3 2020 Survey

65.1 Current

112.4 Future

88.7 Overall CCI

Overall CCI improved as Future Expectations turned optimistic

Relative to Q2 2020 survey, Overall Confidence improved by 12.1% in Q3 2020. This was driven by optimistic Future Expectations (NI = 112.4), up 15.3%, amidst complete lifting of lockdown.

Time period for Survey: Sep-20

Q4 2020 Survey

74.8 Current

105.7 Future

90.3 Overall CCI

Overall CCI increased due to improved Current Conditions

Overall CCI remained below 100, however, it increased to 90.3 in Q4. The increase was driven by improvement in current conditions (NI = 74.8) and subdued by decline in Future Expectations (NI = 105.7).

Time period for Survey: Dec-20

Index / Net Indicator (NI) Interpretation: *Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

Consumers cited improvement in current situation and remained optimistic about the future (NI = 105.7), however the optimism for future is subdued compared to the last quarter. Overall CCI increased to 90.3 in Q4 2020 from 79.0 in Q1 2020, up 14.3%.

Key Takeaways

1 Cautiously Optimistic

Consumers cited improvement in the current situation. This was magnified by recovery from a low base as sentiments were severely dampened during the past 6 months due to COVID-19. Future expectations deteriorated due to cautious optimism by individuals because of prevailing uncertainty amid resurgence in COVID-19 cases.

2 Concern Regarding Household Savings

Optimism has improved for Household Financial Situation, Country's Economic Situation and Unemployment, while it has declined for Household Savings. This is primarily driven by consumers' concerns about future. This could have a cascading effect on asset related investments in the country, and overall spending by consumers.

3 Improving Household Financial Situation

Overall Household Financial Situation displayed the greatest optimism (NI = 109.3) in Q4 owing to an improvement in Current Situation (NI = 96.2) after the lifting of lockdown.

4 Consumers remain skeptical and concerned about Unemployment in the Country

Overall confidence on Unemployment situation remains the lowest (NI = 72.3) amongst all parameters. However, Unemployment is the only parameter with marginal increase (1.4%) in Future Expectations in Q4.

Index / Net Indicator (NI) Interpretation: *Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

Household Financial Situation is the most optimistic parameter (NI = 109.3) while Unemployment remained most pessimistic (NI = 72.3) despite highlighting an improvement in Future Employment Expectations

Household Financial Situation

NI	Q3 2020	Q4 2020
Overall	105.3	↑ 109.3
Current	81.8	96.2 ↑
Future	128.9	122.4 ↓

Household Financial Situation displayed the greatest optimism (NI = 109.3) in Q4 owing to improvement in Current Situation **(NI = 96.2)**

Country's Economic Situation

NI	Q3 2020	Q4 2020
Overall	98.8	↑ 100.4
Current	77.1	83.4 ↑
Future	120.6	117.3 ↓

Economic Situation improved marginally in Q4 (NI = 100.4), reporting higher than Q3 due to improvement in Current Situation **(NI = 83.4)**

Unemployment

NI	Q3 2020	Q4 2020
Overall	68.2	↑ 72.3
Current	45.2	52.1 ↑
Future	91.2	92.5 ~

Across all CCI parameters, **confidence related to the Unemployment Situation is the lowest (NI = 72.3) in Q4** despite a **15.3% Q-o-Q improvement** in **Current Situation (NI = 52.1)**

Household Savings

NI	Q3 2020	Q4 2020
Overall	82.6	↓ 79.1
Current	56.2	67.5 ↑
Future	108.9	90.7 ↓

Household Savings is the only CCI parameter to decline (NI = 79.1) in Q4 due to lack of confidence in future.

Index / Net Indicator (NI) Interpretation: *Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

Consumers were most confident about their Household Financial Situation amongst all CCI parameters owing to improvement in Current Situation, up 17.6% from Q3

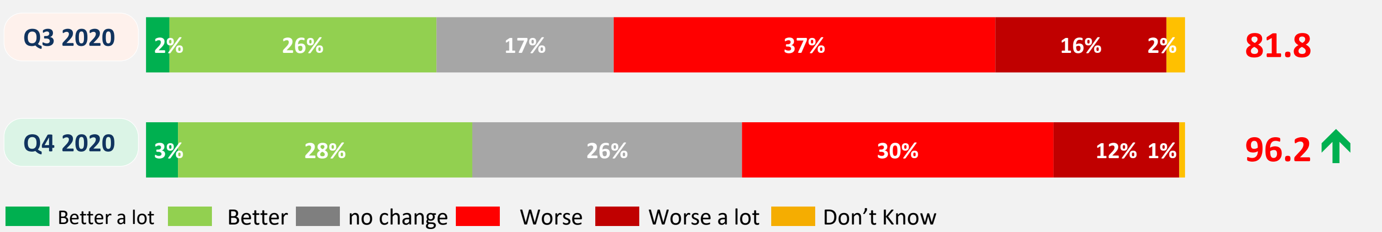
Surveys	Overall NI
Q3 2020	105.3
Q4 2020	109.3 ↑

Household Financial Situation

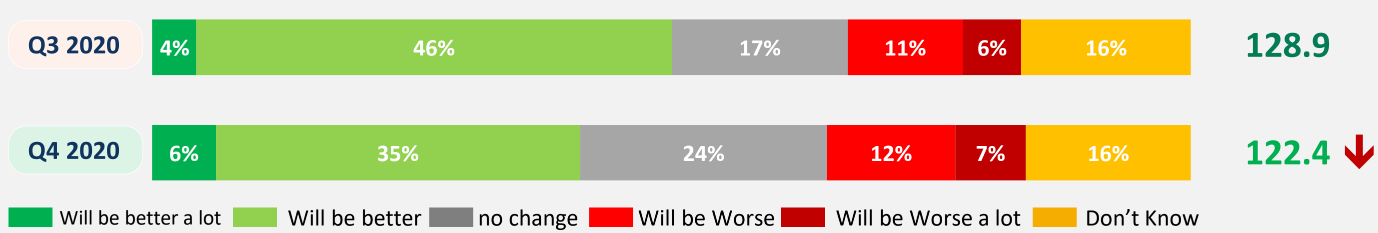
Household Financial Situation improvement was driven by better Current Situation (**NI = 96.2**) but was subdued by a marginal decline in Future Expectations (**NI = 122.4**).

3 out of 5 respondents (57%) indicated that their Household Financial Situation either improved or remained the same (as compared to **45%** in **Q3, 47% in Q2 and 46% in Q1**). Current Situation's NI increased **by 17.6%, from 81.8 in Q3 to 96.2 in Q4.**

Current: How is your household's financial situation in comparison to last 6 months? | **Net Indicator**



Future: What do you expect your household's financial situation to be in next 6 months? | **Net Indicator**



Index / Net Indicator (NI) Interpretation: *Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

Relative to Q3, perception about Country's Economic Situation improved marginally by 1.6% in Q4

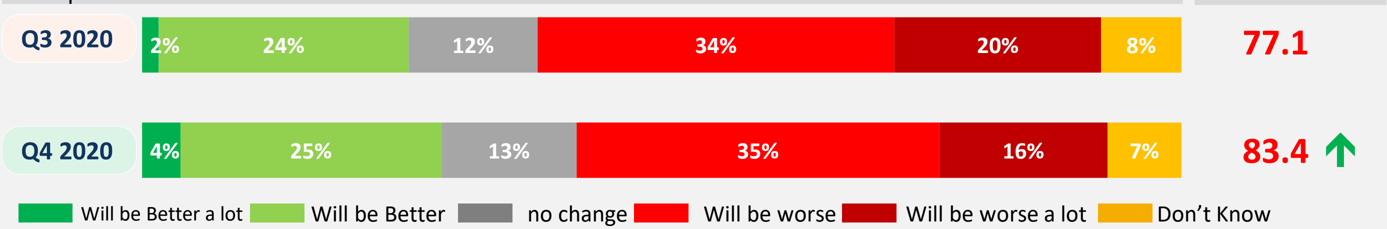
Surveys	Overall NI
Q3 2020	98.8
Q4 2020	100.4 ↑

Country's Economic Situation

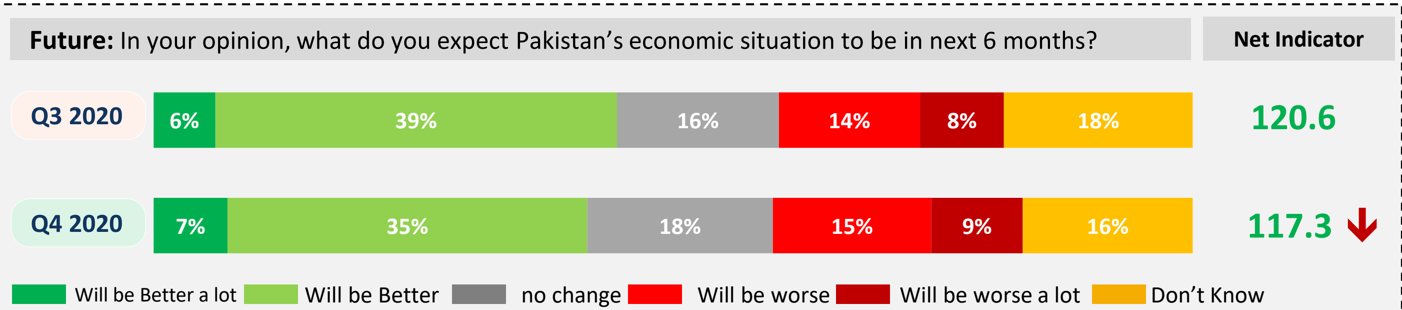
Country's Economic Situation improved marginally, up 1.6% in Q4 survey to 100.4 from 98.8 in Q3, albeit still not in the optimistic range.

3 out of 5 consumers (60%) expect that Country's Economic Condition will improve / remain the same in the next six months compared to 61% in Q3, 51% in Q2 and 54% in Q1.

Current: In your opinion, how would you describe the current economic situation in Pakistan in comparison to last 6 months?



Future: In your opinion, what do you expect Pakistan's economic situation to be in next 6 months?



***Index / Net Indicator (NI) Interpretation:** Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

Concerns regarding Unemployment continue to persist in Q4. However, consumers are relatively less pessimistic about Unemployment situation in the next 6 months

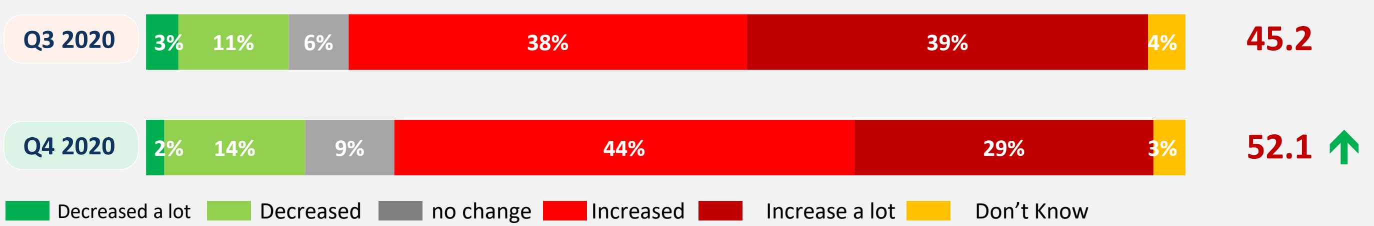
Surveys	Overall NI
Q3 2020	68.2
Q4 2020	72.3 ↑

Unemployment

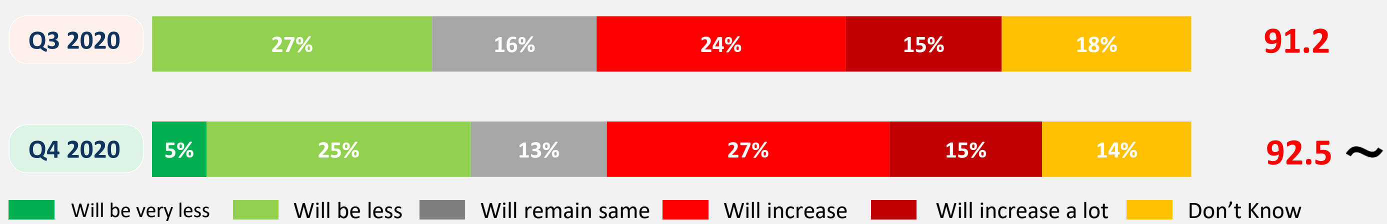
Unemployment had the lowest NI across all CCI parameters in all four quarters, although the overall NI improved to **72.3 in Q4 from 68.2 in Q3, up 6.0%**

42% respondents believe that Unemployment will increase/ increase a lot in the next six months compared to 39% in Q3, 56% in Q2 and 62% in Q1.

Current: In your opinion, in comparison to last 6-month, unemployment in Pakistan is .....? — **Net Indicator**



Future: In your opinion, in next 6 months, unemployment in Pakistan will be....? — **Net Indicator**



***Index / Net Indicator (NI) Interpretation:** Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

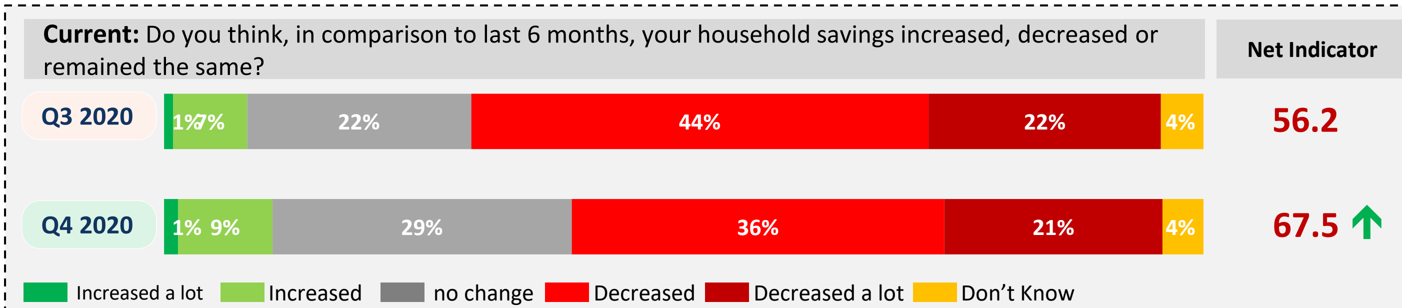
Concerns regarding Household Savings continue to persist– Additionally, it was the only CCI parameter to decline in Q4 as consumers turned pessimistic about Future

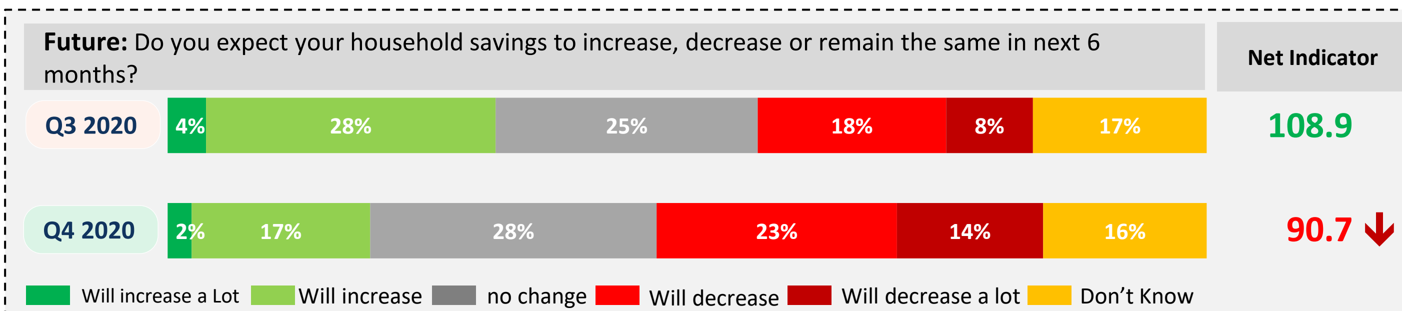
Surveys	Overall NI
Q3 2020	82.6
Q4 2020	79.1 ↓

Household Savings

Household Savings was the only CCI parameter to decline in Q4 since consumers remained pessimistic about future as NI declined to 90.7 in Q4 compared to 108.9 in Q3.

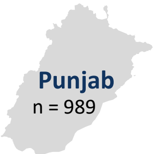
57% respondents have cited that their Household Savings reduced in the last six months compared to **66% in Q3, depicting an improvement in the Current Situation.**





***Index / Net Indicator (NI) Interpretation:** Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

Confidence improved across all provinces except Punjab. Consumers in Punjab and Sindh were relatively more pessimistic while consumers in KPK displayed the highest increase in confidence



Punjab

NI	Q3 2020	Q4 2020
Overall	89.2	↓ 89.0
Current	64.6	73.9 ↑
Future	113.7	104.0 ↓

Across all provinces, Punjab was the only province that witnessed a marginal decline in overall index (NI = 89.0) due to deterioration in Future Expectations

Sindh

NI	Q3 2020	Q4 2020
Overall	88.9	↑ 89.1
Current	68.1	73.0 ↑
Future	109.8	105.2 ↓

Overall confidence in Sindh reached the highest levels since Q1 due to consistent improvement in Current Situation that stood at **73.0** in Q4

KPK

NI	Q3 2020	Q4 2020
Overall	86.7	↑ 98.3
Current	61.7	80.5 ↑
Future	111.7	116.1 ↑

KPK was relatively least pessimistic across all provinces and was the only province to highlight improvement in Current Situation as well as Future Expectations

Balochistan

NI	Q3 2020	Q4 2020
Overall	87.9	↑ 90.6
Current	64.4	79.8 ↑
Future	111.4	101.4 ↓

Balochistan experienced the largest decrease in Future Expectation in Q4, down 9% to 101.4, limiting the overall NI increase to **90.6.**

Index / Net Indicator (NI) Interpretation: *Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic.*

n represents the number of respondents from the province

Males were significantly less pessimistic than Females. Recovery in Urban consumer confidence increased by 5.3% which is slightly higher than for Rural consumers

Urban

NI	Q3 2020	Q4 2020
Overall	88.2	↑ 92.9
Current	64.2	77.1 ↑
Future	112.1	108.6 ↓

Overall NI for Urban consumers increased to 92.9, driven by improvement in Current Situation from **64.2 in Q3 to 77.1 in Q4, up 20.1%**

Rural

NI	Q3 2020	Q4 2020
Overall	89.0	↓ 88.9
Current	65.5	73.6 ↑
Future	112.6	104.2 ↓

Future Expectations for rural consumer declined sharply as indicated by lower **Future NI (104.2) in Q4** compared to **Future NI (112.6)** in Q3.

Male

NI	Q3 2020	Q4 2020
Overall	89.4	↑ 96.4
Current	66.2	81.3 ↑
Future	112.6	111.4 ↓

Male respondents were more optimistic in Q4 compared to Q3 driven by improvement Current Situation

Female

NI	Q3 2020	Q4 2020
Overall	84.8	↓ 72.7
Current	58.5	56.1 ↓
Future	111.0	89.2 ↓

Female respondents cited a decline in overall confidence.

Index / Net Indicator (NI) Interpretation: *Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic **and** 125 above - extremely optimistic*

Consumers remained pessimistic about future across all age groups; the 50 yrs. and above age group indicated a relatively larger decrease in confidence, down 5.0% from Q3

Below 30 yrs.

NI	Q3 2020	Q4 2020
Overall	91.6	↑ 96.0
Current	68.2	80.8 ↑
Future	115.0	111.1 ↓

Below 30 yrs. consumers highlighted an increase of almost 5 points in NI, driven by improvement in Current Situation

30 to 49 yrs.

NI	Q3 2020	Q4 2020
Overall	86.3	~ 87.6
Current	62.7	72.1 ↑
Future	109.9	103.1 ↓

For 30 to 49 yrs. consumers, overall NI remained relatively unchanged in Q4 (NI = 87.6) on the back of increase in Current Situation (NI = 72.1) and decline in Future Expectations (NI = 103.1)

50 yrs. and above

NI	Q3 2020	Q4 2020
Overall	87.8	↓ 83.4
Current	63.0	67.4 ↑
Future	112.6	99.4 ↓

50 yrs. and above was the only category that experienced a decline of 5.0% in the overall index (NI = 83.4) in Q4, owing to pessimistic Future Expectations (**NI = 99.4**), down 11.7% q-o-q

Index / Net Indicator (NI) Interpretation: *Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic*

PRICE SITUATION
&
HOUSEHOLD INCOME

Price of daily essentials remains a major concern; NI dropped to 16.4 in Q4 from 19.3 in Q3, down 15.0%

Price Situation

Current: In your opinion, in comparison to last six months, prices of daily essentials are

Net Indicator	
Q3 2020	19.3
Q4 2020	16.4 ↓

93% of consumers said that daily essentials have become expensive / very expensive in last six months compared to **91% in Q3**

Net Indicator	Under 30 yrs.	30 – 49 yrs.	Above 50 yrs.
Q3 2020	20.8	18.3	17.7
Q4 2020	20.7 ~	13.7 ↓	12.9 ↓

Above 50 yrs. age group are most concerned about rising prices of daily essentials in Q4

Net Indicator	Punjab	Sindh	KPK	Balochistan
Q3 2020	17.3	20.4	21.7	31.8
Q4 2020	19.3 ↑	13.7 ↓	10.6 ↓	8.2 ↓

Punjab was the only province with higher proportion of consumers citing a decrease in prices in Q4 as compared to Q3

Net Indicator	Male	Female
Q3 2020	20.5	12.7
Q4 2020	17.4 ↓	13.3 ↑

74% of females indicated that price of daily essential items have become **very expensive compared to 66% of Males**

Net Indicator	Urban	Rural
Q3 2020	16.6	20.8
Q4 2020	17.8 ↑	15.6 ↓

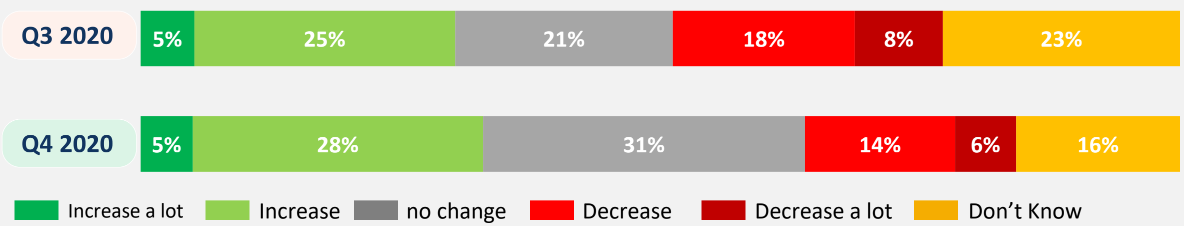
94% of rural consumers cited that current prices are higher than the prices 6 months ago, as compared to 92% of urban consumers

Survey Question Asked for Assessing Price Situation: *In your opinion, in comparison to last six months, prices of daily essentials has…?*
i) Much cheaper, ii) Cheaper, iii) Have not changed, iv) Expensive, v) Very expensive, vi) Don't Know/ No Response

Consumers cited higher optimism about Future Household Income expectations as fewer respondents (20%) believe that income will decline as compared to 26% in Q3

Household Income

Future: What change do you expect in your household income in the future?



	Net Indicator
Q3 2020	107.6
Q4 2020	117.0 ↑

33% of respondents are confident that their income levels will improve in the next 6 months in Q4 compared to **30% in Q3** and **28% in Q2**

Net Indicator	Under 30 yrs.	30 – 49 yrs.	Above 50 yrs.
Q3 2020	111.4	102.9	112.3
Q4 2020	121.9 ↑	116.0 ↑	107.9 ↓

Higher aged consumers have cited relatively lower optimism in Q4 whereas, **youth are primarily optimistic (NI = 121.9)** owing to improvement in NI by 9.4% from Q3

Net Indicator	Punjab	Sindh	KPK	Balochistan
Q3 2020	111.3	102.7	100.5	105.4
Q4 2020	116.4 ↑	117.3 ↑	117.1 ↑	121.1 ↑

Income expectations remained optimistic across all provinces in Q4; **with highest in Balochistan (NI = 121.1) and lowest in Punjab (NI = 116.4)**

Net Indicator	Male	Female
Q3 2020	108.3	103.5
Q4 2020	121.4 ↑	104.1 ~

Males are significantly more optimistic than Females about future income levels during Q4

Net Indicator	Urban	Rural
Q3 2020	111.3	105.6
Q4 2020	120.7 ↑	115.0 ↑

Urban consumers remain more optimistic than Rural consumers

Survey Question Asked for Assessing Household Income Situation: *what change do you expect in your household income in the future?*
i) Will increase a lot, ii) Will increase, iii) Will not change, iv) Will decrease, v) Will decrease a lot, vi) Don't Know/ No Response

METHODOLOGY

Q4 2020 Survey: A telephonic survey was conducted among 1,634 respondents by a team of trained professionals from Gallup Pakistan

Survey Sampling

Sample Size: 1,634

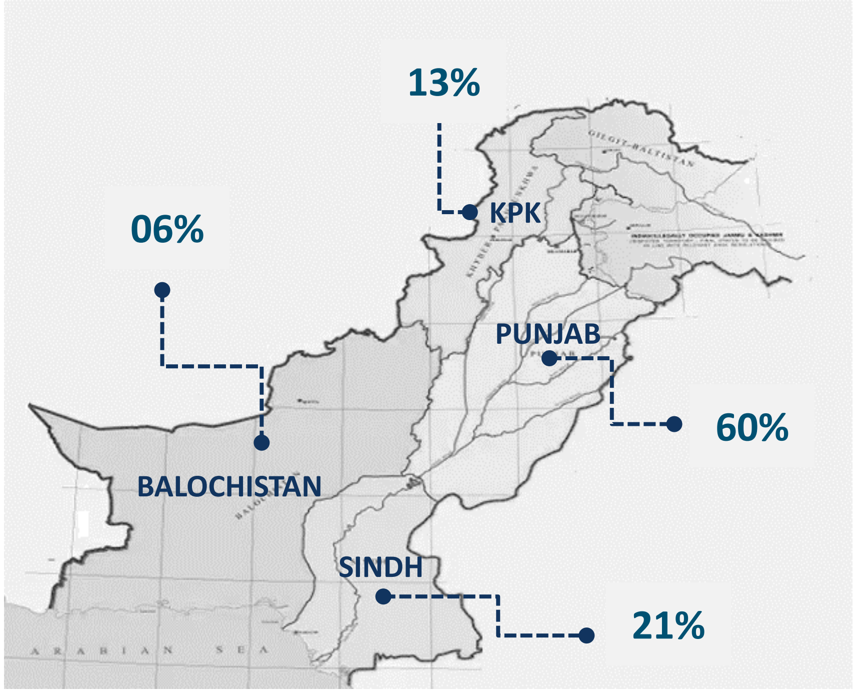
2.4% Error Margin at 95% Confidence level

Data Collection Period:
December 2020

Sample Size Distribution

Urban	69%
Rural	31%
Male	73%
Female	27%
Under 30 yrs.	41%
30 – 50 yrs.	42%
Above 50 yrs.	17%

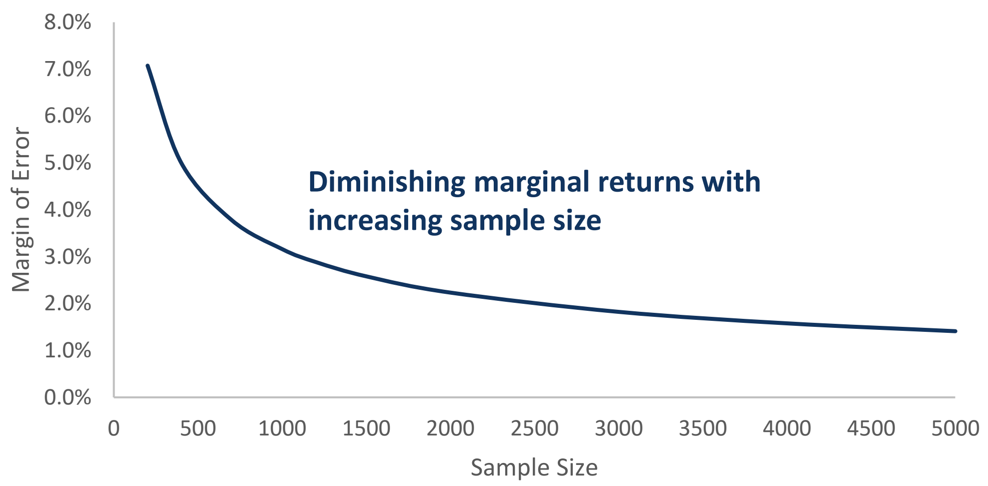
Sample Size Distribution by Province



Sample size of 1,634 respondents result in a margin of error of 2.4%, hence the sample size is representative of population.

The margin of error decreases with increase in sample size but at a much lower pace. A sample size of 1,200 is statistically significant. However, our sample size of 1,634 is more than sufficient from the point of view of statistical accuracy

Relationship between Sample Size and Margin of Error



Sample Size (n)	Margin of Error (M.E.)
200	7.1%
400	5.0%
700	3.8%
1,000	3.2%
1,200	2.9%
1,500	2.6%
2,000	2.2%
3,000	1.8%
4,000	1.6%
5,000	1.4%

Observations:

- A four times increase in sample size (from 1,000 to 4,000) will reduce error margin by only 1.6% (from 3.2% to 1.6%).
- The most substantial decrease in margin of error is between samples sizes of 200 and 1,200
- The margin of error does not substantially decrease at sample sizes above 1,500 (since it is already below 3%).

With Pakistan's population of ~220 Mn, a sample size of 1,200 results in a margin of error of 2.8%, which is below 3%, the accepted norm for statistical research accuracy. A Sample of 1,634 for this survey is sufficiently large to represent feedback from across the Nation.

Note: For further details on statistical concepts see page 32

This survey has been weighted using ‘post-stratification weights’

Survey Methodology

Weighting Approach

Balochistan Rural

Balochistan Urban

Punjab Rural

Punjab Urban

Sindh Rural

Sindh Urban

KPK Rural

KPK Urban

A weighting approach has been used for the CCI to make the sample statistically representative of the population.

The weights have been applied on the basis of two secondary variables:

1) Province of Residence (Sindh, Punjab, KPK or Balochistan)

2) Type of Location/Area of Residence (Urban or Rural)

The assignment of a weight to each survey respondent is such that: demographics that are under-represented (when compared to the actual population proportion) are assigned a weight larger than 1, and those in over-represented groups are assigned a weight smaller than 1.

For estimating Net Indicator, weights have been assigned to each response asymmetrically to account for respondent's tendency to under-weigh positive responses

Survey Methodology

Response Weighting

Response Weights	1.00	0.75	0.25	(0.75)	(1.00)	0.00
Response Categories	Much Better	Better	Same as Before	Worse	Much worse	Don't Know
Net Indicator	**1 + Σ (Weighted Responses)**					

Net indicator is a composite score computed for each index parameter by assigning weights to responses received from consumers. For each question asked during the survey, the respondent has six options as shown above.

Neutral responses (Same as before) are assigned a weight of 0.25 due to respondent's tendency to under-weigh positive responses.

Net Indicator is computed by taking a weighted average sum of the responses based on the weights indicated above. It is converted into an index by adding 100 to the weighted average score. The index will thus range from 0 to 200

Index / Net Indicator (NI) Interpretation: Under 75 - extremely pessimistic, 75 to 100 – pessimistic, 100 to 125 – optimistic and **125 & above - extremely optimistic**

APPENDIX

A Sample is a collection of data from a subset of the population. Margin of Error determines the accuracy of estimation about population parameter from sample survey

Sample Survey Key Concepts

Population, Sampling Frame and Sample

Population: The entire group of individuals or objects that we wish to know something about

Sample (n): Those individuals or objects who provide the data to be collected.

Sampling Frame: It is a list of all those within a population who can be sampled. Having sampling frame close to population avoids selection bias.

Relationship between Population, Sampling Frame and Sample (Process of creating a sample)

- ➢ *Want to know about a population*
- ➢ *Only really have access to a sampling frame to draw an intended sample from*
- ➢ *Get observations only from the actual sample.*

Margin of Error (ME)

- It measures the reliability of the percent or other estimate based on the survey data
- The margin of error depends directly on the square root of the size of the sample.

Formula: $ME = 1 / \sqrt{n}$
Rule of Thumb: *The larger the sample size (n) the smaller the margin of error; the size of the population does not affect the margin of error*

Confidence Interval (CI)

- It is a probability that a parameter will fall between a pair of values around the mean.

Formula: $CI = \bar{x} \pm z * \sigma / (\sqrt{n})$
($\bar{x}$ = sample mean, z = confidence level value, σ =sample standard deviation)
Observation: *Mostly constructed using confidence levels of 95% or 99%.*

If a survey is conducted using an unbiased methodology, then the margin of error tells us directly about the accuracy of the survey at estimating a population parameter.

This report has been developed to assess Consumer Confidence across Pakistan. Multiple stakeholders can use this report for strategic decision making.

The Consumer Confidence Index (CCI Index) is a globally recognized instrument that helps understand the sentiments and outlook of the common man.

The Consumer Confidence Survey measures the level of optimism that consumers have about household financial situation, country's economic condition, job prospects, personal finances and spending intentions[1].

Thus, it would help multiple stakeholders to strengthen their research, develop their strategies, and thereby aid in the process of decision making.

Target Audience

Public Institutions and Policy Makers

Large and Small Businesses (especially B2C)

Development Financial Institutions & Foundations

Banks and Non-Banking Financial Institutions

Education and Research Center

1 Purchase of Assets Index is an indicator of Spending Intentions, and was covered in Q1 2020 survey. However this section was omitted in Q2, Q3 and Q4 Surveys, due to length of questionnaire being reduced as the survey was done telephonically (due to COVID related restrictions)

This report compares changes in Consumer Confidence across two quarters; previous quarter of 2020 (Q3 2020) and the current situation (Q4 2020)

	Q3 2020	Q4 2020
Number of Respondents	2,056	1,634
Time period of Survey	September-20	December-20
Mode of Survey Interviews	Telephonic	Telephonic

The Consumer Confidence Index report compares survey results, and assesses current & future consumer outlook for all key parameters across demographic segments

Analysis Framework

Consumer response related to Current Situation and Future Expectations

Current
Past 6 Months sentiment from month of survey

Future
Next 6 Months outlook from month of survey

Q. How would you describe the current situation in comparison to 6 months ago?

Q. What do you expect the situation to be 6 months from now?

Quarterly Consumer Confidence Surveys

Q3 2020 Survey

Q4 2020 Survey

Different colors are used to indicate the quarterly Surveys

Demographic Split

Provinces

Location

Urban

Rural

Age Group

Below 30 yrs.

30 – 49 yrs.

50 yrs.& above

Gender

Male

Female

For each question asked during the survey, the respondents had multiple options: much better, better, same, worse, much worse and don't know

In Q4 2020 Survey, 10 questions were asked on three topics

Questionnaire Q4 2020 Survey

	CONSUMER CONFIDENCE			
Parameters	**Household Financial Situation**	**Country's Economic Condition**	**Unemployment**	**Household Savings**
Current	Q1. How is your household's financial situation in comparison to last 6 months?	Q3. In your opinion, how would you describe the current economic situation in Pakistan in comparison to last 6 months?	Q5. In your opinion, in comparison to last 6 month, unemployment in Pakistan is .....?	Q7. Do you think, in comparison to last 6 months, your household savings increased, decreased or remained the same?
Future	Q2. What do you expect your household's financial situation to be in next 6 months?	Q4. In your opinion, what do you expect Pakistan's economic situation to be in next 6 months?	Q6. In your opinion, in next 6 months, unemployment in Pakistan will be....?	Q8. Do you expect your household savings to increase, decrease or remain the same in next 6 months?

	PRICES
Parameters	**Outlook on food prices**
Current	Q9. In your opinion, in comparison to last six months, prices of daily essentials has...?

	HOUSEHOLD INCOME
Parameters	**Outlook on Household Income**
Future	Q10. What change do you expect in your household income in the future?

In Q4 2020 Survey, number of questions were reduced to manage the survey process effectively through telephonic calls, abiding by all the Covid-19 restrictions.

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