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Pakistan's Foremost Social Research Lab

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PAKISTAN

ISSUE NO. 13

Pakistan Consumer Confidence Index (CCI)

Results of Q1 FY2023 Survey Report
(Survey conducted during July 2023)

28th September 2023

Key highlights of change in Consumer Sentiments across Pakistan from Q4 FY2022 to Q1 FY2023

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

Dun & Bradstreet Pakistan

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D&B was established in 1841 and has the world's largest business database, comprising of over 500+ Million company records. D&B has 8 service lines in the region for its clients

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Develops the D&B Business Optimism Index that studies the business outlook and growth expectations of an economy.

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Provide innovative, high-quality, comprehensive training and education programs to the business community.

Consumer Sentiments are volatile and are shaped by consumers' perception of their personal financial situation as well as the overall financial and economic performance of the country. The Consumer Confidence Index (CCI Index) is a globally recognized instrument that serves as a leading indicator for household consumption and saving, which in turn is a key driver of overall economic activity in the country.

To help businesses and policymakers better understand this crucial link, D&B and Gallup have collaborated to publish a quarterly report. The CCI is a valuable tool for multiple stakeholders, including governments, businesses, and financial institutions, as it enables them to gain a deeper understanding of the market and make informed decisions backed by data.

To learn more about past CCI publications, please visit the D&B Pakistan Knowledge Capital website (https://dnbsame.com/knowledge-capital) or the website of Gallup Pakistan (Private) Limited (www.gallup.com.pk).

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Gallup Pakistan Services

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.

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With decades of experience in the field of public polling and market research, Gallup Pakistan is currently leading 7 programs from financial inclusion to media research and behavioural mapping.

- Financial Inclusion Research
- Media Research
- ICT & Telecom Research
- Healthcare Research
- Behavioral Science Lab
- Gallup History Project
- Social and Political Research

Acknowledgements

THE CONSUMER CONFIDENCE INDEX (CCI) IS A HIGHLY VALUED QUARTERLY PUBLICATION THAT RECEIVES SIGNIFICANT ATTENTION FROM MEDIA NETWORKS AND LEADING NEWS OUTLETS. IT IS PROMINENTLY FEATURED IN POPULAR NEWS SOURCES SUCH AS DAWN, BUSINESS RECORDER, AND DAILY TIMES, WHICH REFLECTS ITS IMPORTANCE IN THE BUSINESS AND ECONOMIC LANDSCAPE OF THE COUNTRY.

The Consumer Confidence Index (CCI) is a survey that measures consumer sentiments about the country's economic condition, household financial situation, job prospects, and personal finances.

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

We expect this report to be useful for Government entities, as well as private organizations to strengthen their understanding of consumers confidence 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 Q1 FY2023 vis-à-vis Consumer Confidence in Q4 FY2022 (Q-o-Q comparison).

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

Index and Net Indicator (NI) Interpretation

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

The index ranges from 0 to 200 points

Above 125
Extremely Optimistic

Under 75
Extremely Pessimistic

101-125
Optimistic

75-99
Pessimistic

100
Neutral

Scores between 0 to 99 indicate decreasing levels of pessimism
Scores between 101 to 200 indicate increasing levels of optimism

Note: Please refer to pages 26 to 28 for the detailed methodology
The Index and NI interpretation applies to rounded-off numbers.

Glossary

Consumers

Respondents that have participated in the Consumer Confidence survey.

Net Indicator (NI)

A composite score is 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 index that indicates consumer feedback about current economic conditions (vis-a-vis last 6 months) across four index parameters, i.e., Household Financial Situation, Country's Economic Conditions, Unemployment, and Household Savings.

Future Consumer Confidence Index *(CCI - Future)*

An index that indicates consumer outlook for the next 6 months (compared to the months in which the survey was conducted), across four index parameters, i.e., Household Financial Situation, Country's Economic Conditions, Unemployment, and Household Savings.

Relative Optimism *(Future to Current)*

A measure of the CCI – Future and CCI – Current. It represents the Future optimism in relation to Current optimism in the mind of consumers in Pakistan. The result is a score in percentage terms allowing for comparison across quarters. Typically, people are predisposed to be more optimistic about the Future (relative to Current situation), thus this ratio has always been over 100%.

Index Parameter

The individual constituent of each of the indices captures the current or future economic condition. There are four 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 that is governed by its own Government. In Pakistan, there are four provinces i.e., Balochistan, Punjab, Sindh, and Khyber Pakhtunkhwa (KPK).

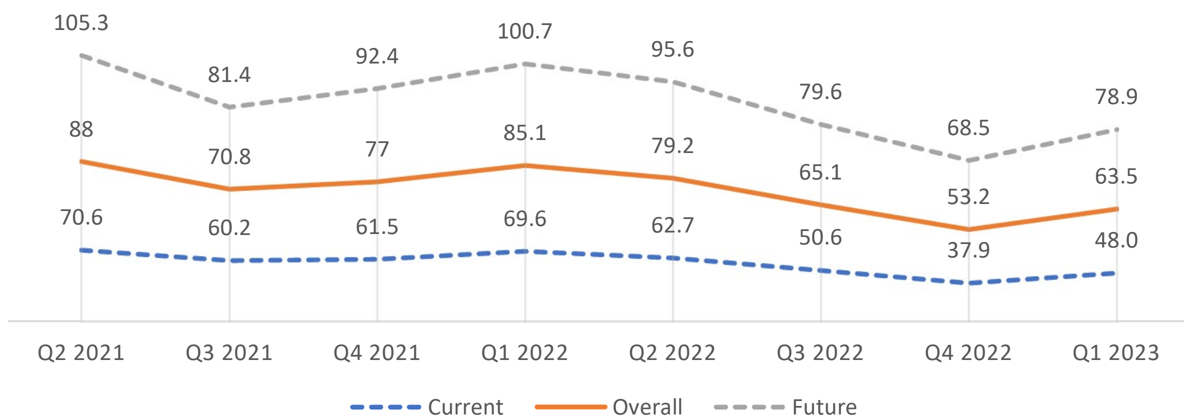
Report Flow

Executive Summary

Key Findings: Q1 FY2023 Survey

In Q1 FY2023, the Overall Consumer Confidence Index (CCI) was 63.5, which indicates a quarter-on-quarter increase of 10.3%. This ascent is significant when compared to the 11.9% decline that was observed during the fourth quarter of the previous year.

CCI Last Eight Quarters (Q2 2021 – Q1 FY2023)

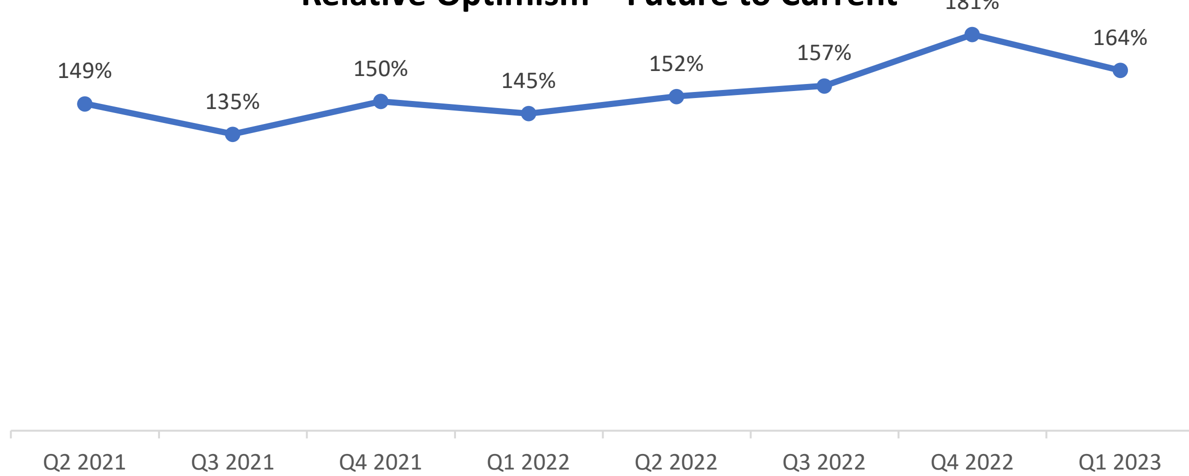


After being on continuous decline for the last four quarters, the CCI has now finally picked up in Q1 2023.

This deterioration in the last four quarters' CCI is reflected by a decrease in confidence across all parameters of the index. This can be attributed to the overall worsening economic condition and outlook.

In this wave of the survey, consumers showed relatively lower pessimism about current and future economic prospects in comparison to Q4.

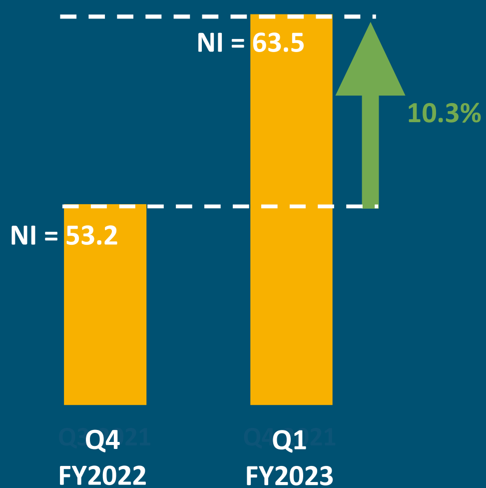
Relative Optimism – Future to Current*



The Relative Optimism in CCI between the future versus the current situation is about 164%, the second highest in last the 7 quarters.

Note: **This number now reflects a percentage instead of a percentage increase as earlier.*

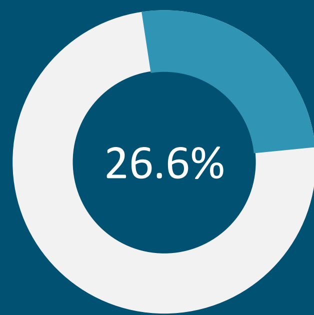
CHANGE IN OVERALL CCI



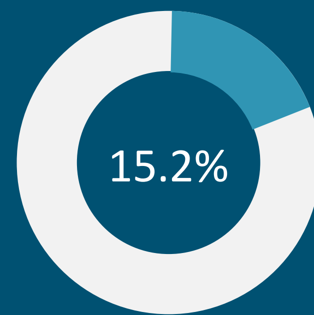
Consumer Confidence Index (CCI) increased Q-o-Q, indicating relative improvement in sentiments.

CHANGE IN CCI COMPONENTS (CURRENT & FUTURE)

CURRENT OPTIMISM CHANGE



FUTURE OPTIMISM CHANGE



Overall, Consumers reported an improvement in the Current outlook in this survey versus the previous survey (this has improved from 37.9 to 48.0, thus an increase of 26.6%). A similar trend has been observed for the Future optimism as well.

Increase in the overall CCI can be attributed to relatively less pessimism (indicating improved outlook) across most parameters, as seen below. The increase is reflected in three parameters of the CCI. Except for Unemployment, all parameters showed improvement in consumer confidence with significant increases.

In the case of the Unemployment parameter, the overall and future components reflect deterioration of sentiments, however, the current component displayed a relative decrease in pessimism (i.e., an improvement of 6.9% when compared to the previous quarter).

Current Outlook on **Financial Situation** and **Household Savings** parameters increased from 62.9 to 77.9 and 46.7 to 57.6 respectively .

Current Outlook on **Economic Situation** and **Unemployment** parameters increased from 48.9 to 65.5 and decreased from 54.4 to 52.8 respectively.

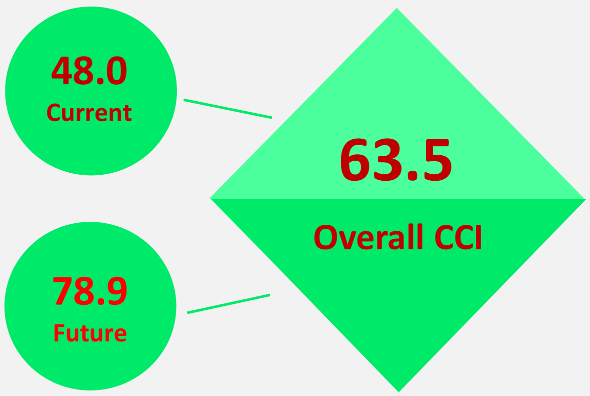
Rising prices and **Household Income** have always been a concern. However, moving from 6.9 to 24.3 and 87.2 to 100.2 respectively indicates relative improvement in sentiment.

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

Consumer Confidence Index

Consumers displayed relatively less pessimism regarding Future Expectations (NI = 78.9) compared to Current Situation (NI = 48.0).

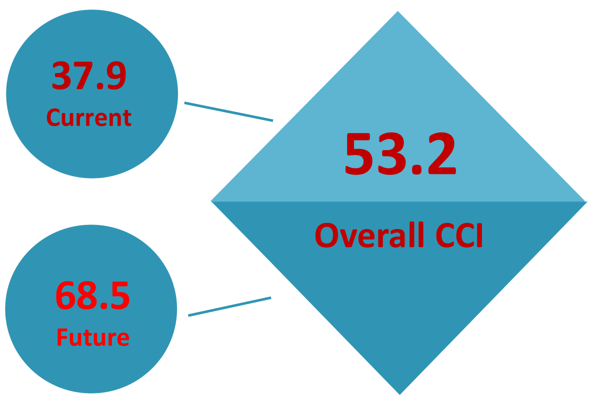
Current Quarter: Q1 FY2023 Survey



Survey conducted during: July - 23

Overall CCI increased by 19.25% Q-o-Q to **63.5** in Q1 FY2023. This could be attributed to marginally tamed inflation. Furthermore, the Stand-By-Arrangement of the IMF with the Government has renewed hopes amongst the business community. As a result, it has bolstered repatriation of Export proceeds and increased Foreign Exchange inflows from bilateral arrangements. Despite the improvement, the index remains in the extremely pessimistic zone.

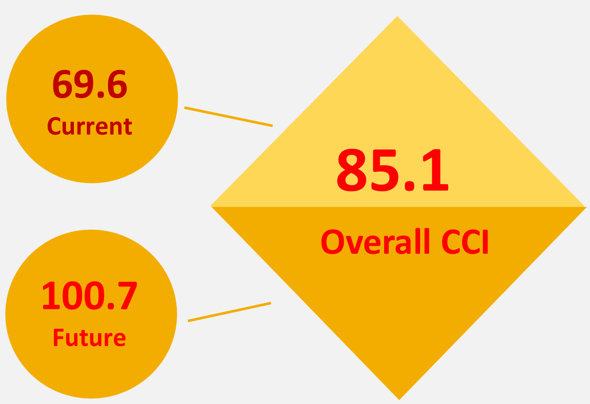
Previous Quarter: Q4 FY2022 Survey



Survey conducted during: March - 23

Overall CCI decreased by 18.27% Q-o-Q to **53.2** in Q4 FY2022. The decrease could be attributed to high inflation coupled with political instability. Furthermore, businesses had been significantly affected by inflation, compelling them to take measures to reduce their escalating expenses. As a result, they resorted to laying off employees at a higher rate in order to cut costs. Therefore, the index remained in the extremely pessimistic zone.

Previous Year: Q1 FY2022 Survey



Survey conducted during: May - 22

Overall CCI increased by 10.5% Q-o-Q to **85.1** in Q1 FY2022. The increase can be attributed to positive consumer sentiments towards performance of newly formed Federal government, at the time. However, despite improvement, the overall index remained in the pessimistic zone and the current component of the index was in the extremely pessimistic zone due to import restrictions and increasing fuel prices.

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

Key Takeaways

Consumers are extremely pessimistic about the current macroeconomic situation

Consumers remained extremely pessimistic regarding unemployment, household savings, and the economic situation of the country (NI = 36.9, 42.0 and 47.4 respectively).

Financial Situation – improvement in Net Indicator by 18.5 %

Consumers went from the extremely pessimistic to the pessimistic range. The Net Indicator for the Financial Situation (Future Expectations) moved from 71.6 to 90.1.

Economic Situation – improvement in Net Indicator by 17.4%

Consumers went from the extremely pessimistic to the pessimistic range. The Net Indicator for the Financial Situation (Future Expectations) moved from 66.3 to 83.7 indicating a 18.5% improvement.

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

IMPROVED OUTLOOK VERSUS PREVIOUS QUARTER FOR MOST OF THE RELEVANT PARAMETERS OUTLINED BELOW

Household Financial Situation

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**62.9**	**77.9**	**15.0%**
Current	54.2	65.8	11.6%
Future	71.6	90.1	18.5%

Country's Economic Situation

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**48.9**	**65.5**	**16.6%**
Current	31.5	47.4	15.9%
Future	66.3	83.7	17.4%

Unemployment Situation

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**54.4**	**52.8**	**-1.6%**
Current	30.0	36.9	6.9%
Future	78.9	68.8	-10.1%

Household Savings

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**46.7**	**57.6**	**10.9%**
Current	36.1	42.0	5.9%
Future	57.2	73.1	15.9%

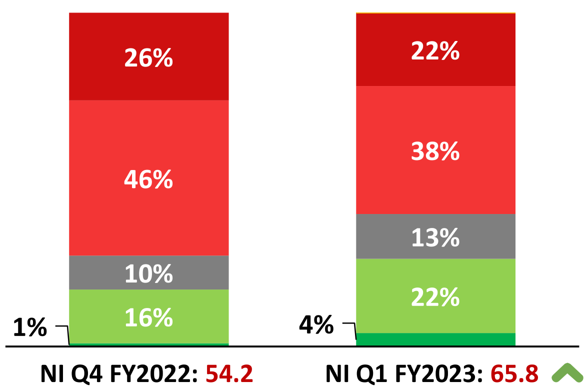
Index / Net Indicator (NI) Interpretation: Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic

PERCEPTIONS REGARDING HOUSEHOLD FINANCIAL SITUATION CHANGED FOR THE BETTER

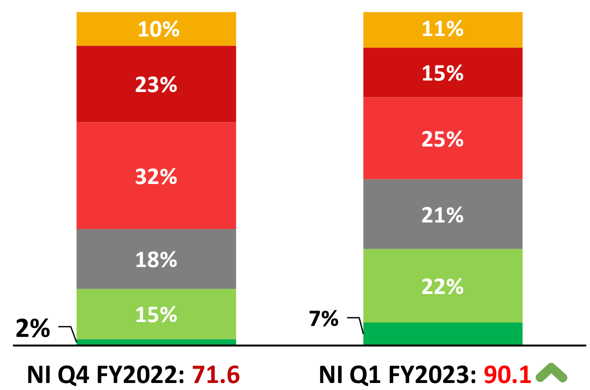
This parameter concerns the buying power of a household's working individuals. Consumers turned less pessimistic regarding their **future household financial situation**, which **increased by 18.5% Q-o-Q**. **50%** of the respondents indicated that their **household financial situation is expected to improve or stay the same in future** as compared to 36% in Q4 FY2022.

Surveys	Overall NI*
Q4 FY2022	62.9
Q1 FY2023	77.9 ▲

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



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

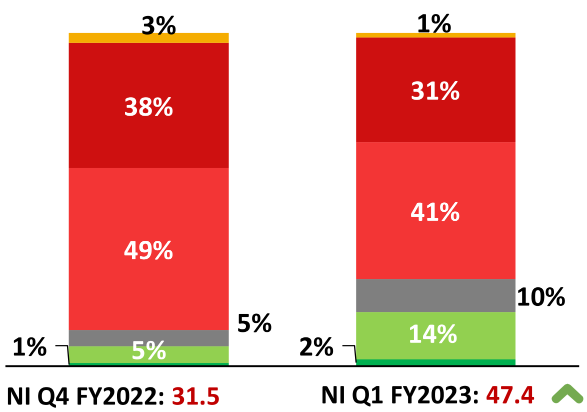


SENTIMENTS REGARDING THE COUNTRY'S ECONOMIC SITUATION INCREASED ACROSS BOTH THE CURRENT SITUATION AND FUTURE EXPECTATIONS

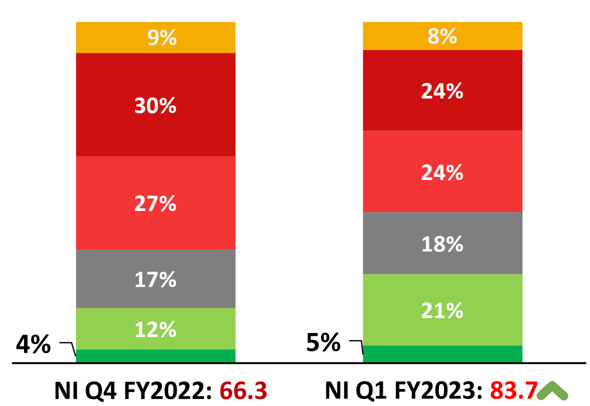
This parameter concerns the economic output and stability of the country. The sentiments appreciated primarily due to an increase in the **current situation** by 15.9% Q-o-Q. **44%** expect **country's future economic situation to improve or remain the same** as compared to 33% in the previous quarter.

Surveys	Overall NI*
Q4 FY2022	48.9
Q1 FY2023	65.5 ▲

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?



Will be better a lot | Will be better | No change | Will be Worse | Will be Worse a lot | Don't Know

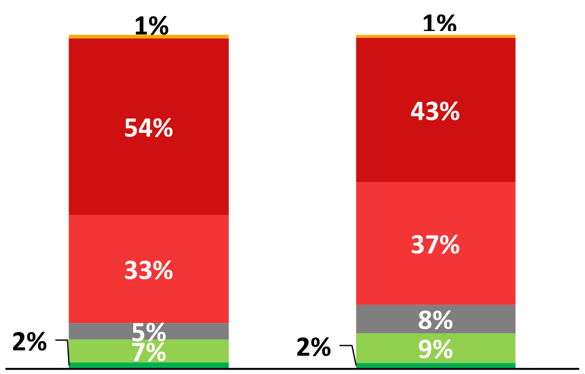
Index / Net Indicator (NI) Interpretation: Under 75 - extremely pessimistic, 75 to 99 – pessimistic, 100 – Neutral, 101 to 125 – optimistic and 125 above - extremely optimistic

CONSUMER CONCERNS AROUND UNEMPLOYMENT CONTINUE TO PERSIST

This parameter concerns the employment opportunities available to the labor force participants. Respondents remained extremely pessimistic **regarding the unemployment situation**, with a Q-o-Q decrease of 1.6%. **58%** respondents highlighted that **unemployment will increase** in the next six months, increasing from **53% in Q4 FY2022**.

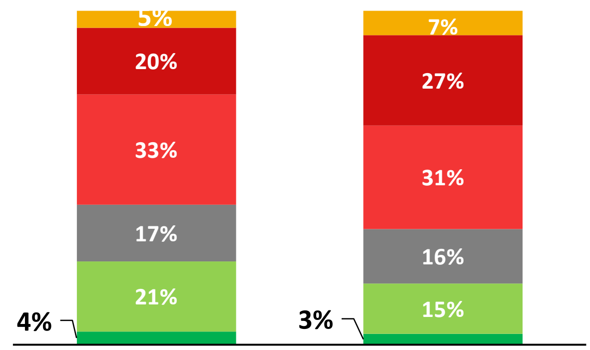
Surveys	Overall NI
Q4 FY2022	54.4
Q1 FY2023	52.8

Current: In your opinion, in comparison to last 6-months, unemployment in Pakistan is …..?



NI Q4 FY2022: 30.0 **NI Q1 FY2023: 36.9**

Future: In your opinion, in next 6 months, unemployment in Pakistan will be….?



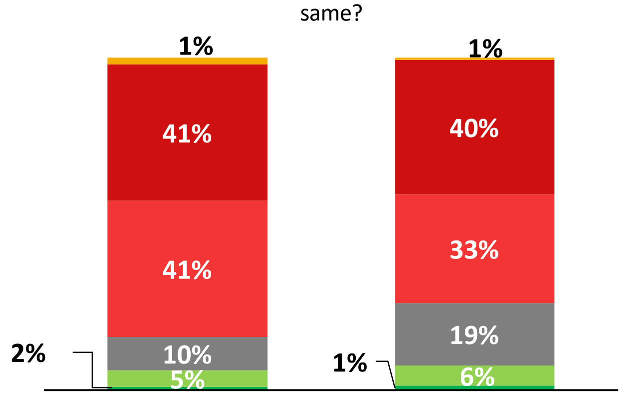
NI Q4 FY2022: 78.9 **NI Q1 FY2023: 68.8**

SENTIMENTS REGARDING OVERALL HOUSEHOLD SAVINGS IMPROVED

This parameter concerns the total liquid assets owned by a household's members. Sentiments (Net Indicator) regarding **household savings** noted an **increase of 10.9%. 41% respondents** expect **household savings to increase or remain same** in the next six months.

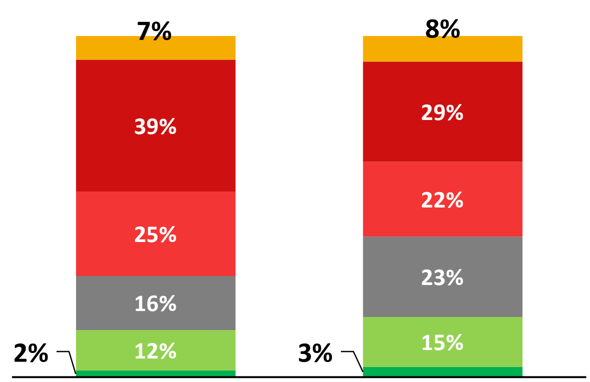
Surveys	Overall NI
Q4 FY2022	46.7
Q1 FY2023	57.6

Current: Do you think, in comparison to last 6 months, your household savings increased, decreased or remained the same?



NI Q4 FY2022: 36.1 **NI Q1 FY2023: 42.0**

Future: Do you expect your household savings to increase, decrease or remain the same in next 6 months?



NI Q4 FY2022: 57.2 **NI Q1 FY2023: 73.1**

Will be better a lot | Will be better | No change | Will be Worse | Will be Worse a lot | Don't Know

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

ALL PROVINCES DISPLAYED PROGRESS IN OVERALL SENTIMENTS

Punjab
n = 549

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**53.4**	**65.0**	**11.6%**
Current	39.7	50.2	10.5%
Future	67.2	79.9	12.7%

Sindh
n = 216

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**56.0**	**67.3**	**11.3%**
Current	34.9	52.2	17.3%
Future	77.1	82.5	5.4%

KPK
n = 210

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**50.2**	**54.0**	**3.8%**
Current	38.4	32.3	-6.1%
Future	61.9	75.6	13.7%

Balochistan
n = 204

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**45.1**	**50.2**	**5.1%**
Current	30.5	41.9	11.4%
Future	59.7	58.5	-1.2%

While the overall sample is significant for the survey across the country, the differences across the Provinces seen in the above table should be considered as relative and not concluded statistically.

CONSUMERS IN BOTH URBAN AND RURAL AREAS INDICATE BETTER SENTIMENTS VIS-À-VIS PREVIOUS QUARTER. MOREOVER, MALE RESPONDENTS EXHIBITED MORE OPTMISM IN COMPARISON TO FEMALE RESPONDENTS IN CURRENT AND FUTURE SENTIMENTS.

Urban
n = 621

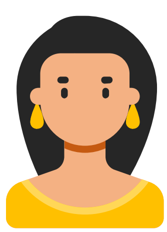
NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**52.3**	**64.0**	**11.7%**
Current	35.9	50.3	14.4%
Future	68.7	77.6	8.9%

Rural
n = 558

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**53.7**	**63.2**	**9.5%**
Current	39.0	46.8	7.8%
Future	68.4	79.6	11.2%

Male
n = 1008

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**52.1**	**67.6**	**15.5%**
Current	35.6	53.5	17.9%
Future	68.5	81.8	13.3%



Female
n = 171

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**54.5**	**59.0**	**4.5%**
Current	40.5	42.1	1.6%
Future	68.4	76.0	7.6%

While the overall sample is significant for the survey across the country, the differences across Gender seen in the above table should be considered as relative and not concluded statistically. The differences across Rural and Urban sentiments can be considered as statistically significant.

THERE WAS IMPROVEMENTS IN SENTIMENT AMONGST CONSUMERS ACROSS ALL AGE GROUPS FOR CURRENT AS WELL AS FUTURE OUTLOOK

Below 30 years
n = 426

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**56.5**	**66.1**	**9.6%**
Current	42.9	50.6	7.7%
Future	70.1	81.5	11.4%

30 to 49 years
n = 560

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**52.3**	**62.1**	**9.8%**
Current	36.2	47.5	11.3%
Future	68.4	76.6	8.2%

50 years and above
n = 193

NI	Q4 FY2022	Q1 FY2023	% Change
Overall	**48.4**	**60.5**	**12.1%**
Current	32.0	40.9	8.9%
Future	64.7	80.0	15.3%

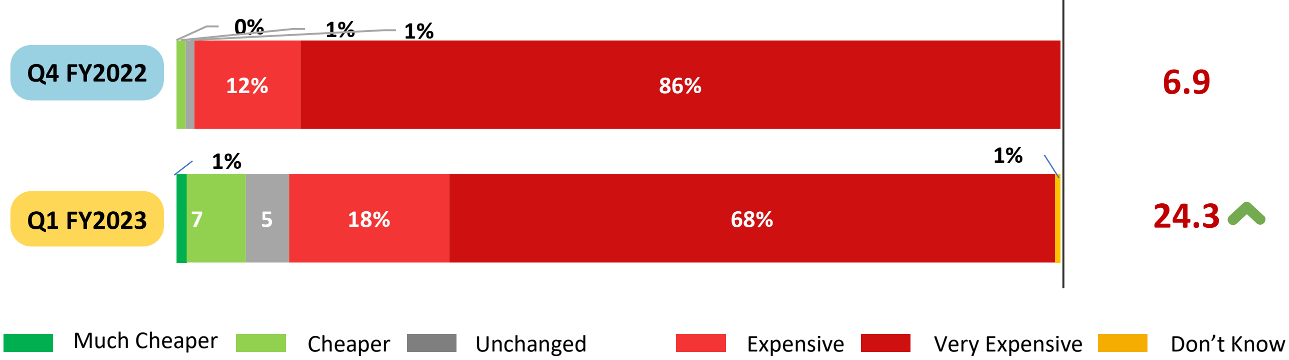
While the overall sample is significant for the survey across the country, the differences across Age groups seen in the above table should be considered as relative and not concluded statistically.

Price Situation & Household Income

CONSUMER SENTIMENTS RELATED TO PRICE REMAINED EXTREMELY PESSIMISTIC

This parameter concerns the **current price level** of everyday essential items in comparison to the prices of the same items six months ago.

Net Indicator



86% of consumers said that daily essentials have become expensive/very expensive in last six months compared to **98% responses** in **Q4 FY2022**.

Net Indicator	Under 30 yrs.	30-49 yrs.	Above 50 yrs.
Q4 FY2022	8.6	5.6	7.3
Q1 FY2023	25.5	25.5	18.3

Consumers above 50 years of age are most concerned about rising prices of daily essentials

Net Indicator	Punjab	Sindh	KPK	Balochistan
Q4 FY2022	5.8	6.7	14.1	1.5
Q1 FY2023	26.6	24.0	18.0	15.7

Respondents across provinces displayed a relatively less pessimism

Net Indicator	Male	Female
Q4 FY2022	9.2	4.3
Q1 FY2023	^ 23.8	^ 27.3

Male and Female respondents' sentiments were better as compared to last quarter

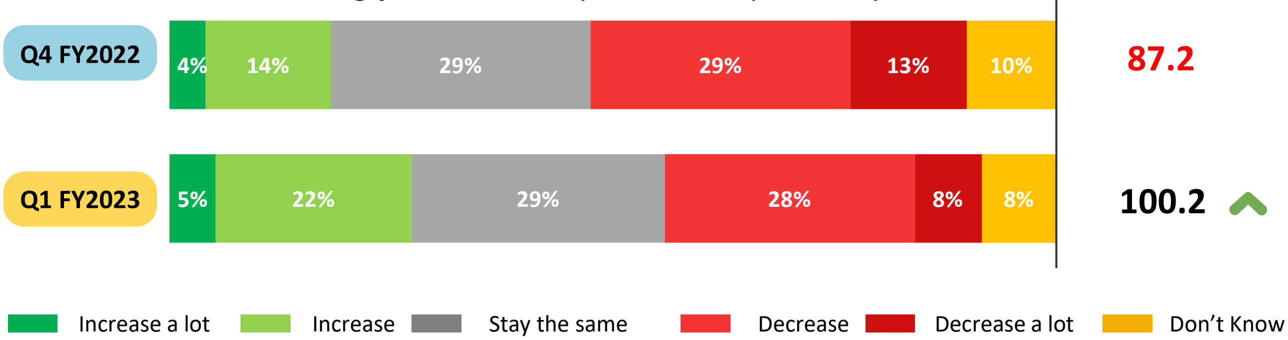
Net Indicator	Urban	Rural
Q4 FY2022	6.6	7.0
Q1 FY2023	^ 25.2	^ 23.3

Urban and Rural consumers are concerned about increase in prices; however, the concerns have mellowed down vis-à-vis the last quarter (as indicated by a higher NI)

CONSUMERS INDICATED LESS PESSIMISTIC SENTIMENTS ABOUT FUTURE HOUSEHOLD INCOME

This parameter concerns the outlook of a household's working individuals on their **income in the coming year** when compared to the previous year

Net Indicator



36% of respondents mentioned that their income levels will decrease in the next year compared to **42%** in **Q4 FY2022**.

Net Indicator	Under 30 yrs.	30 - 49 yrs.	Above 50 yrs.
Q4 FY2022	88.4	87.0	85.2
Q1 FY2023	101.8	98.7	101.0

All age groups have decreased pessimism. Respondents between 30-49 years are the least optimistic

Net Indicator	Punjab	Sindh	KPK	Balochistan
Q4 FY2022	88.4	89.4	78.4	85.9
Q1 FY2023	99.3	94.4	110.1	113.1

Consumers across all provinces relatively increased in optimism

Net Indicator	Male	Female
Q4 FY2022	90.0	84.2
Q1 FY2023	99.9	101.5

Both Male and Female consumers indicated movement out of the pessimistic zone

Net Indicator	Urban	Rural
Q4 FY2022	86.6	87.6
Q1 FY2023	96.2	104.7

Both Urban and Rural consumers showed less pessimism, with Rural consumers showing optimism

Methodology

GALLUP PAKISTAN
Affiliated with Gallup International
Pakistan's Foremost Social Research Lab

dun & bradstreet
PAKISTAN

Q1 FY2023 SURVEY: A TELEPHONIC SURVEY WAS CONDUCTED AMONG 1,179 RESPONDENTS BY A TEAM OF TRAINED PROFESSIONALS FROM GALLUP PAKISTAN

Sample Size: 1,179

2.9% Error Margin at 95% Confidence level

Data Collection Period: July 2023

Sample Survey Key Concepts

Male
86%

Female
14%

Below 30 years
37%

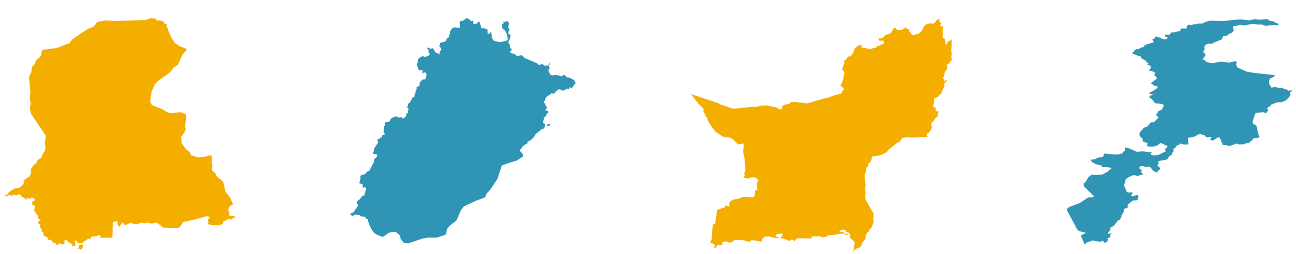
30 to 49 years
51%

50 years & above
16%

Urban
54%

Rural
46%

Sample Size Distribution by Province



Sindh
24%

Punjab
59%

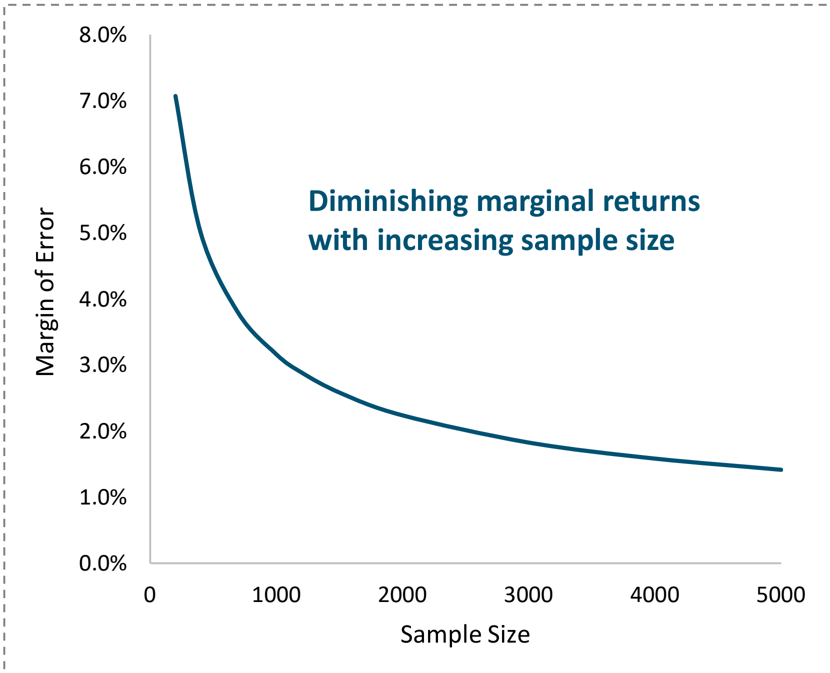
Balochistan
4%

KPK
13%

Sample size of 1,179 respondents result in a margin of error of 2.9%, 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 1,179 IS 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:

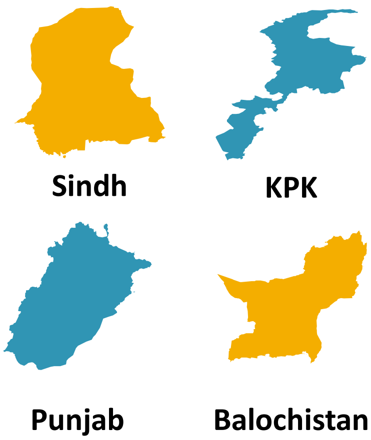
- A four times increase in sample size (from 1,000 to 4,000) will reduce error margin by only 1.6% (from 3.2% to 1.6%).
- The most substantial decrease in margin of error is between samples sizes of 200 and 1,200
- The margin of error does not substantially decrease at sample sizes above 1,500 (since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

With Pakistan's population of ~240 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 1,179 for this survey is sufficient 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’

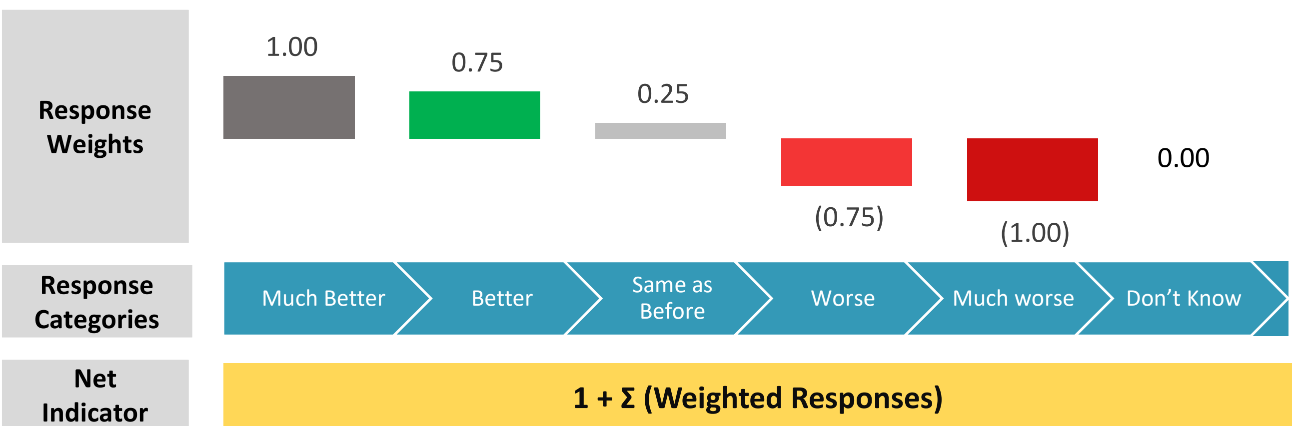
Weighting Approach



- A weighting approach has been used for the CCI to make the sample statistically representative of the population.
- The weights have been applied based on Provinces of Residence (Sindh, Punjab, KPK or Balochistan)
- 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

Response Weighting



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.

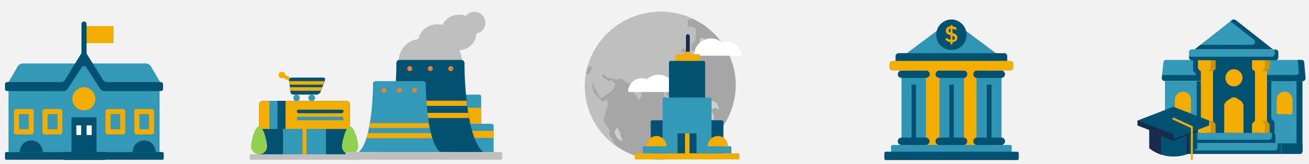
THIS REPORT HAS BEEN DEVELOPED TO ASSESS CONSUMER CONFIDENCE ACROSS PAKISTAN. MULTIPLE STAKEHOLDERS CAN USE THIS REPORT FOR STRATEGIC DECISION MAKING.

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.

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

THIS REPORT COMPARES CHANGES IN CONSUMER CONFIDENCE ACROSS TWO QUARTERS; FOURTH QUARTER OF 2022 (Q4 FY2022) AND THE CURRENT SITUATION (Q1 FY2023)

	Q4 FY2022	Q1 FY2023
Number of Respondents	1,232	1,179
Time period of Survey	March 23	July 23
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

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

Future
Next 6 Months outlook from month of survey

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

Quarterly Consumer Confidence Surveys

Q4 FY2022 Survey

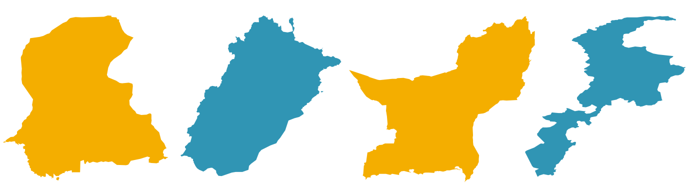
Q1 FY2023 Survey

Different colors are used to indicate the quarterly Surveys

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

Demographic Split

Provinces



Location

Urban

Rural

Age Group

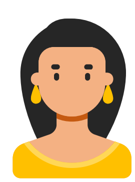
Below 30 years

30 to 49 years

50 years & above

Gender

Male



Female

IN Q1 FY2023 SURVEY, 10 QUESTIONS WERE ASKED ON THREE TOPICS

Consumer Confidence

Household Financial Situation
Current:
Q1. How is your household's financial situation in comparison to last 6 months?

Future:
Q2. What do you expect your household's financial situation to be in next 6 months?

Country's Economic Condition
Current:
Q3. In your opinion, how would you describe the current economic situation in Pakistan in comparison to last 6 months?

Future:
Q4. In your opinion, what do you expect Pakistan's economic situation to be in next 6 months?

Unemployment
Current:
Q5. In your opinion, in comparison to last 6-months, unemployment in Pakistan is …..?

Future:
Q6. In your opinion, in next 6 months, unemployment in Pakistan will be….?

Household Savings
Current:
Q7. Do you think, in comparison to last 6 months, your household savings increased, decreased or remained the same?

Future:
Q8. Do you expect your household savings to increase, decrease or remain the same in next 6 months?

Prices

Outlook on food prices:
Current:
Q9. In your opinion, in comparison to last six months, prices of daily essentials are…?

Household Income

Outlook on household income:
Future:
Q10. What change do you expect in your household income in the next year compared to the last year?

In Q4 2021 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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