

The Bermuda Omnibus Survey

Top-Line Highlights – Fourth Quarter 2008

The following are Top-Line Highlights from the latest Bermuda Omnibus Survey, a syndicated quarterly survey of Bermuda residents. The survey consisted of telephone interviews with a representative sample of 400 Bermuda residents conducted between December 1st and 10th, 2008. A sample of this size drawn from the population provides results accurate to within plus or minus 4.9 percent in 95 out of 100 samples. A detailed report on the results of this survey will be provided to subscribers.

Important Issues in Bermuda Today

- **Most Important Issue.** In light of current global economic conditions, it is not surprising that Bermuda residents' perception of the most important issue facing the Island has changed in the past quarter. Indeed, one-third of residents now consider the **economy/ cost of living / recession** (32%, up 23 points from last quarter) to be the most important issue facing residents. This reflects a dramatic shift in opinion from September, when crime was considered the most important issue on the Island (17%, down 20 points). The economy far surpasses other topics including **housing/the cost of housing** (10%, down 1 point), **education** (9%, down 2 points) and **Government** (5%, no change).
- **Election of Barack Obama.** With the recent election of Barack Obama as U.S. President, residents were asked what impact, if any, American election results will have on Bermuda. Four in ten (44%) residents anticipate that Barack Obama's election will have a **positive** impact, while three in ten (28%) expect it to have a **negative** impact. One in ten residents (13%) anticipate Obama's election to have **no** impact, while a similar number don't know (15%) what the impact might be.

Opinion is slightly more pronounced when asked what impact the election of Barack Obama might have on race relations in Bermuda. Across the population, most residents (56%) expect election results to have a **positive impact** on race relations in Bermuda, while four in ten (37%) anticipate **no impact**.

- **400th Anniversary.** Given that in 2009 Bermuda will celebrate its 400th anniversary, residents were asked if they were aware of any events planned to celebrate the occasion. Most residents (65%) are aware of some type of celebration plans, while one-third (33%) are not. When asked which events are planned, the Tall Ships (32%) is the most often mentioned, followed distantly by the Bermuda Festival (8%), and the Bermuda Marathon (8%). Three in ten (31%) were unable to identify any particular events.

Economic Mood

- **Consumer Confidence.** Reflective of current global economic conditions, consumer confidence has plummeted in the past quarter to reach the lowest point recorded in the history of the Bermuda Omnibus. The Consumer Confidence Index (CCI) stands at **64** this quarter (down from 75 in September 2008, and 92 in December 2007). Although confidence has dropped across all demographic breakdowns, the decline is much more prevalent among white residents than black residents (53 vs. 75 respectively). The decline is also most pronounced in the middle-aged category (those aged 35 – 54 years).
- **Bermuda Economy.** Further reflecting a decline in consumer confidence, residents are now significantly more inclined to report that the economy in Bermuda is **worse** compared with last year (65%, up 14 points from last quarter). Comparatively, less than three in ten residents (27%, down 9 points) believe the economy is **about the same**, while few (7%, down 4 points) think the economy is now **better** than it was this time last year.
- Perceptions of the Island's future are equally concerning relative to expectations held by residents one year ago. Currently, close to seven in ten Island residents (68%, up 17 points) anticipate the Island's economy will **worsen** over the coming year, while two in ten residents (18%, down 19 points) believe the Island's economy will **remain the same**. Consistent with last quarter's results, one-in-ten (12%, up 1 point) think Bermuda's economy will **improve** in the coming year.
- **Household Finance.** Residents perceive their own standard of living to have remained stable in the past year as two-thirds (65%, up 7 points from September) report their household well-being to have remained the same. The remainder of residents believe that their own well-being has either **improved** (15%, down 4 points) or **declined** (19%, down 3 points) in the past twelve months.
- Consistent with past results, residents regard their own future more positively than the Island's economy when considering sustaining the brunt of an economic downturn. Indeed, while seven in ten Island residents (68%) believe the Island's economy will worsen in the coming year, three in ten (29%, up 8 points) think their personal well-being will **worsen** in the next twelve months. Consistent with last quarter, one-half of residents (53%, down 1 point) anticipating their personal well-being to **remain the same** in the coming year. There remains a small group of residents who hold some level of optimism about their personal future, with just over one in ten of residents (16%, down 6 points) expecting their household's well-being will **improve**.
- **Global Economic Downturn.** Residents do not anticipate a quick rebound to the global economic downturn. Indeed, half of residents (52%) anticipate the downturn will last between one and two years, while one-quarter (26%) anticipate it lasting a period of two years or more. In comparison, one in ten (12%) believe the global economic downturn will last more than six months but less than a year, while few (4%) expect recovery within the next six months.

- **Christmas Spending.** The state of the economy will clearly impact this year's Christmas spending. In fact, most residents (62%, up 17 points since Dec 2007) anticipate that they will **spend less** on gifts, entertainment and other holiday-related expenses compared to last year, while three in ten (31%, down five points since Dec 2007) expect to **spend about the same amount** as previous year's. Few anticipate that they will spend **more** on the holiday season compared to last year (6%, down 11 points since Dec. 2007).

Although consumers expect to spend less, where they shop has not changed dramatically year-over-year. Consistent with last year's results, consumers expect to spend the majority of their Christmas spending **locally**. Indeed, more than half (55%, down 2 points from Dec. 2007) report that they will likely spend more than 50 percent of their spending locally, compared to close to four in ten (41%, up 3 points from 2007) who anticipate that the local portion of their spending will be less than fifty percent of their total Christmas spend.

Consumer and Lifestyle Trends

- **"Best" Restaurant.** When asked which restaurant, if any, is the best in Bermuda, results show that no one restaurant is clearly recognized as the best. That said, two restaurants were most frequently mentioned when asked which restaurant they considered to be the best in Bermuda, namely **Harbourfront** (6%) and **The Lobster Pot** (6%). No other restaurant was mentioned by four percent or more of the population.
- **Cellular Phones.** The vast majority of Bermuda residents (87%) currently have a cellular phone and cell phone penetration is high across the population. That said, residents aged 55+ are less likely (77%) than their younger counterparts (91%) to have a cell phone.

Cellular service provider market share is fragmented, with the most common service provider being Digicel/Cingular/AT&T/Telecom (38%). In contrast, three in ten (31%) use Cellular One as their service provider, while one-quarter (25%) use BTC Mobility / BTC/ M3). Those aged 18-34 years are significantly most likely to use Digicel/Cingular/AT&T/Telecom (58%) rather than any other providers.

International Business

- **International Business in Bermuda.** The vast majority of Bermuda residents (59%) consider the number of international businesses physically located in Bermuda to be about the right number, although older residents are less inclined than those in younger age groups to believe that to be the case. In contrast, two in ten (20%) feel there are not enough international business physically located on the Island, while one in ten (11%) perceive there to be too many.

Most residents (54%) believe the Bermuda Government adequately supports the international business sector, although a significant minority (37%) do not. Residents with higher household incomes and white residents are more likely to hold a differing opinion on this topic (with 50% and 62% respectively believing adequate support is not given to the sector.)

- **Insurance Sector.** Practically all residents (94%) anticipate that recent negative events in the international insurance industry will impact Bermuda's economy, with most expecting changes to

have a significant (56%) rather than moderate (38%) impact. Similarly, residents believe that the recent events in the international insurance industry will impact them **personally** (75%), although the anticipated **personal** impact is more likely to be moderate (50%) rather than significant (25%). Two in ten (22%) expect recent events to have **no** impact on them personally.

Government and Politics

- **Government Performance.** Despite recent economic turmoil and a sharp decline in consumer confidence, residents' satisfaction with the Government has generally remained stable in the past three months. Consistently with last quarter, more than four in ten (42%, down 3 points) currently express some level of **satisfaction** with the Government led by Premier Dr. Ewart Brown. Conversely, one-half of residents (50%, no change) are either completely or mostly **dissatisfied** with the Government's performance. Satisfaction with opinions related to Government satisfaction shows a strong racial divide, with black residents being notably more satisfied with the Government than white residents (61% vs. 15% respectively).