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Profitable by Design

The start of the year heralds a slew of new product launches, from laptops to cars to mobile phones. This year is no different, and it seems there's something for everyone amidst the hype and PR. Moreover, it is obvious that design plays a growing part in the success or otherwise of most new products, in most categories.

Perhaps it was ever thus, but the success of the iPhone has highlighted the potential for good design to shake up the assumptions and habits of an entire industry. Design is now a key issue in pre-testing new products and services, with functionality, quality and price 'taken as given' by consumers. This presents a challenge for both manufacturers and researchers as design aesthetics are by their nature subjective, and often quite difficult to articulate in the standard format of a focus group or survey.

But the prize for getting it right is enormous: consider that Apple have sold four million iPhones in the first 200 days, putting it on target to sell 10 million by the end of 2008. Not bad for a company that wasn't even in the mobile handset business 12 months ago.

Key findings from the survey include:

- Slightly more than half of respondents anticipate commercial property values to rise, however, three quarters of respondents anticipate residential property values to fall;
- Of those who predict a rise in property values, the majority feel this will be in line with inflation;
- Of those who predict a fall in property values, a third believe this will be 7% or more with this fall being more pronounced for residential property;
- An overwhelming majority expect the number of completed residential units to be 50,000 or less during 2008;
- The recent Stamp Duty reform announced in the Budget is seen to have little impact so far on activity in the property sector.

As the chart shows, most of the negative sentiment in the market relates to residential rather than commercial property. According to survey participants, the number of residential units to be completed is forecast to drop from 77,000 in 2007. An overwhelming majority (84%) felt that the output would be less than 50,000 units with a third (33%) expecting this to be less than 40,000.

The survey reveals that the key constraining factor for growth in the Irish property market is availability of finance. Survey participants feel that the attitudes of banks to lending and the difficulty in raising finance are the most important factors influencing the Irish commercial property in 2008. For residential property the key constraining factor is reducing consumer confidence.

Crucially, in a year that will see new energy efficiency building regulations come into force, an overwhelming 82% of survey respondents said that Green Issues have moved up the agenda in their business. Green issues, however, are primarily adding to the cost and regulatory burden of doing business rather than resulting in a perceived benefit such as 'enhancing the organisation's good corporate citizen goals' or being 'a vital market differentiator'.

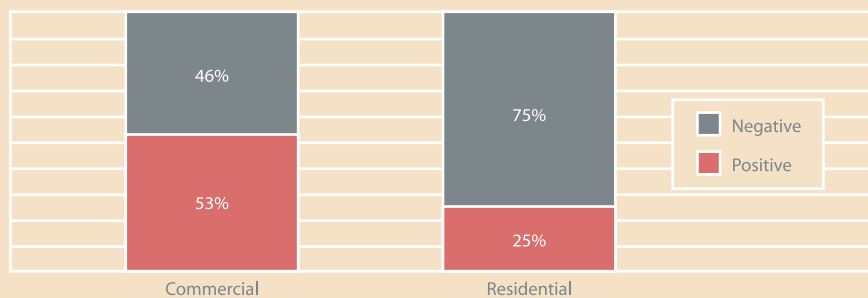
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Alongside a new look web site (with lots of free reports and studies); Amárach Research has launched the first market research blog for Irish marketers. Get your regular updates here: www.amarachresearch.blogspot.com

Property Market Outlook

% expecting positive or negative change in values by type in 2008



Source: Amárach survey for PwC, 2008

Property Challenges

It's shaping up to be a tough year for Irish property. So say the results of the 2008 Irish property survey, launched last week at the Irish Independent Property Developers' Conference by PricewaterhouseCoopers (PwC) and Amárach Research. They reveal mixed views on the future of the Irish economy with 43% expecting no change or some improvement in the overall business climate in Ireland. However over half (57%) of survey respondents expect a dis-improvement in the overall business climate.

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