

Agenda Setting Newsletter



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Consumer confidence likely to lose more ground in May

New York, April 28, 2005. Consumer confidence fell in April and is likely to continue to fall over the next month. Media Tenor found a direct correlation between consumer confidence and media coverage of the economy. After eleven years of continuous media analysis, Media Tenor's research shows a strong correlation between how the media portrays the state of the economy to the general public and public perception of the overall situation of a country's economy. Media Tenor started to do research on this issue in Germany and has since successfully expanded the scope of inquiry to other countries, such as the U.K., South Africa, the Czech Republic and the U.S.

Media Tenor compared the media ratings in reports on the overall economic development in the ABC, CBS and NBC evening news broadcasts with the Consumer Confidence Survey, which is based on a representative sample of 5,000 U.S. households. The analyzed data comprised all statements in the news on the development of the economy, e.g. forecasts and prognoses of the general economic situation, assessments of the sentiment of businesses, corporate investment and the job market. According to Media Tenor's data, the Consumer Confidence Index follows the rating of the economy in the media with a lag of about one month. In July, 2004, e.g., the index fell after a series of TV news segments reported negatively on the economy.

The index has recovered since November, 2004, again with a lag of one month, after network news coverage of the economy assumed a more positive tone. However, the decline of the CCI in February, to 104 from 105.1 points, happened with an approximate two-month lag. In January, the media coverage of the economy briefly recovered, with no noticeable effect on the index, and became more austere again in the following months. The CCI continued its decline in March to 102.4 points and fell even further in April. The media coverage of the economy in April also continued to become more negative. Based on that finding, it is more than likely that the perception of the public will follow this overall trend set by the opinion-leading media and that the CCI will continue to decline in accordance.

Media Tenor's research uses a scientific and verifiable methodology to show how public opinion regarding the overall economic development is not only dependent on real economic factors, but also on how the media frames its coverage of the economy.

