

# The IriS *Global Confidence Crisis* Report

## Top-line Country & Region Findings

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## 1. Introduction

### Global issues, local impacts

The IriS Global Confidence Study is a very timely piece of research, providing us with a genuinely international perspective on the global financial crisis, from the perspectives of more than 18,000 consumers in 22 countries in February 14<sup>th</sup> and 28<sup>th</sup>, 2009.

One of the most striking things the study reveals is that there is such great *diversity* in the perceptions and reactions of consumers across the world. Our economic problems in early 2009 are certainly a 'global' phenomenon, but on the ground, businesses and policy makers must confront what is actually a multiplicity of inter-linked 'local' economic impacts, with different economic consequences emerging in different countries, and different impacts on consumer confidence, attitudes and behaviour.

We certainly should not be surprised to find a very different consumer *reaction* in different countries – even if the scale and scope of economic problems were the same across the world (which they are not), consumers in different societies have very different sets of values, and very different economic histories, that shape their perceptions of, and responses to, today's tougher times.

These differences in culture and context are what the iRis network really understands, and in our final report we will be including genuinely local insight from experienced indigenous research professionals in every country, to provide the best possible explanation of our findings.

## About this report

This report sets out our findings from each country and from a series of 'regional' averages\*.

Here, we aim to provide a more 'condensed' overview of findings, often by creating single 'index' measures from our many scale-response questions (for example, by subtracting the proportion of respondents who think their financial situation will get better, from the proportion who think it will get worse, to create an overview 'index' measure).

This report is thus intended as a 'companion' document to the more detailed data tables provided by Environics. InfoSearch Ltd. as the only IriS network conducted research in Thailand.

We have also presented the data in a somewhat different order from that in which it was collected, running through from perceptions of the current situation, to prospects for the future, impacts on lifestyle and consumer behaviour, and perceptions of blame and responsibility for the current economic situation.

It is also intended to provide a preliminary basis for our more in-depth report, to be written during April 2009, for which we will be inviting contributions at our forthcoming conference.

We currently anticipate that we (FDS International) will provide (in addition to an in-depth 'global-level' analysis), a series of bullet-point 'stand-out' findings for each country, and then individual agencies will be asked to provide contributions consisting of at least 400 words of country-specific commentary, explaining and contextualising the findings for their own country, and ideally offering broad but locally-relevant implications for businesses and policy makers.

We would thus welcome any feedback from member countries on the structure of this topline report (currently intended to mirror that of the final report), and on our proposed approach to obtaining 'local' insight commentaries.

\*(note that regional averages are based upon a straightforward average of findings from the countries included thus far, they are not weighted to the relative size of populations).

## 2. Perceptions of the Current Situation

We begin by looking at attitudes to the current economic situation in each country. With regard to consumers' current situation, three questions were asked:

- Whether now is the right time to buy things consumers need
- Whether households are struggling to make ends meet
- Whether consumers feel their country is already in a recession.

*Globally*, perceptions of current circumstances are certainly bleak, with many seeing now as a bad time to buy things, many feeling that their households are struggling, and that their country is already experiencing a recession.

The situation is not entirely negative across all countries however. Western Europeans (with the exception of French consumers) are the least likely to claim that now is a bad time to buy things they want or need, particularly so in Germany and the Netherlands where there are more people disagreeing with the statement than agreeing. Consumers in these 'bargain hunting' nations are seeing opportunities in the fierce price competition that has emerged in many sectors as a result of the downturn.

Those in Portugal and South Korea are most likely to feel that their household is struggling to make ends meet, with the Dutch (again) least likely to see this as a current problem.

In two thirds of countries (see country top-line tables) consumers feel that their country is already in a recession, while China is now the only country where the majority of consumers still believe that their country will avoid outright recession.

	A1 Think now is a good time or a bad time to buy things want / need  (% good – % bad)	A4a Household is struggling to make ends meet  (Overall % agreeing)	B13 Already think a recession in country  (% recession – % no recession)
Total	-26	52	79
Australia	-7	31	72
Canada	-20	31	79
China	-4	40	12
France	-30	47	84
Germany	12	35	79
Greece	-54	64	79
Ireland	-18	41	80
Japan	-44	62	95
Lithuania	-24	54	85
Mexico	-54	51	84
Poland	-30	45	70
Portugal	-30	94	92
Russia	-58	50	53
South Korea	-73	92	95
Spain	-15	60	85
Thailand	-44	67	89
The Netherlands	7	22	76
UK	0	43	91
USA	-8	59	94
EU 27	-18	50	82
Western Europe	-7	37	67
Eastern Europe	-38	50	69
Southern Europe	-33	73	85
Asia	-41	65	73
North America	-14	45	87

### 3. Prospects for the short-to-medium term

The attitudes of consumers to future prospects for them personally, and their countries' economy as a whole, were measured in four separate questions:

- Whether consumers feel their personal financial situation will be better or worse in six months time
- Concern that someone in the household may lose their job
- Whether their country's economy is getting stronger or weaker
- How long the financial crisis will last (here we examine the % who believe it will last more than two years).

Attitudes are generally pessimistic, with the majority of consumers feeling their personal situations are getting worse, and their economies are getting weaker. Across all countries, over a third of consumers expect the financial crisis to last more than two years.

Across all four measures, the countries with the most concern about the future were Ireland, Japan and Lithuania, with Lithuania's high levels of concern contributing to the low overall scores of Eastern Europe (with Russians the most concerned that someone in their household may lose their job compared to other countries).

Canadians, Chinese and Dutch consumers are feeling most optimistic about their future prospects.

The table on the following page summarises these results:

	A2 In 6 months Personal financial situation better or worse than it is today (%better – %worse)	A3 Concern that someone in household may lose their job (% concerned – % not concerned)	B9 Economy in their country getting stronger/ weaker (% stronger – % weaker)	B15 Financial crisis in their country will last more than 2 years (% last more than 2 years)
<b>Total</b>	<b>-17</b>	<b>1</b>	<b>-64</b>	<b>36</b>
Australia	-2	-24	-59	32
Canada	18	-32	-68	25
China	7	-24	22	13
France	-6	28	-77	41
Germany	-11	-28	-67	32
Greece	-33	0	-77	38
Ireland	-41	21	-93	56
Japan	-43	5	-78	37
Lithuania	-57	34	-90	53
Mexico	-31	43	-38	50
Poland	-24	-25	-75	31
Portugal	2	18	-86	15
Russia	-11	51	-37	30
South Korea	-38	-12	-26	29
Spain	-10	9	-79	36
Thailand	-40	21	-69	47
The Netherlands	0	-67	-69	25
UK	-13	-13	-79	38
USA	18	7	-66	40
EU 27	-19	-2	-79	36
Western Europe	-10	-14	-57	33
Eastern Europe	-31	20	-68	38
Southern Europe	-14	9	-81	30
Asia	-28	-3	-38	31
North America	18	-12	-67	33

NB: top/bottom 3 countries highlighted

## 4. Impacts on Consumer Behaviour

### Changes in consumer behaviour

A number of possible experiences were given, to which consumers were asked whether they had experienced any as a result of the current economic situation. There were three aspects where over half of all consumers globally believe they have experienced, and a further two that have been experienced by at least two-fifths:

More than half of all consumers worldwide are now:

- Spending less on gifts
- Spending less on clothing
- Dining out less

More than two-fifths (40%) worldwide are now:

- Giving less to charity
- Spending less on food.

Across all fifteen aspects, three or four countries appear most affected. Mexico, Thailand and the USA have large numbers of consumers believing that they have experienced that issue in more than half of cases listed. Conversely, Japan and the Netherlands claim to be least affected.

The table on the following page sets out the full results on changes in consumer behaviour.

### **Trading down or buying less? How consumers are seeking to reduce their spending**

Among those consumers who told us they were spending less on food and clothing, we asked how exactly they were trying to do this.

In general, for food shopping, consumers are tending to trade down to cheaper brands, but when it comes to saving money on clothing, most are simply not buying it at all.

Our results suggest that branded goods are coming under the most severe pressure in Germany (home of Aldi and Lidl), with German money-savers most likely to trade-down on brand.

In general, trading down to cheaper brands is a strategy typical of European consumers, while buying less volume of food and clothing is more prevalent in Asia.

The table on the page after next sets out these results.

A5 Which, if any, have you experienced as a result of the current economic situation?

	Spending less on gifts	Spending less on clothing	Dining out less	Giving less to charity	Spending less on food	Cancelling a vacation	Taking public transportation more often	Withdrawing money from a savings or retirement account	Having to work longer hours	Delaying purchasing a house	Missing or being late paying a utility bill	Cutting back on medication you need	Being unable to afford a medical service or doctor visit	Delaying your retirement plans	Missing or being late for a mortgage payment or rent
Total	61	61	58	43	40	31	31	30	28	23	20	18	17	15	11
Australia	56	56	53	48	27	23	16	37	25	15	16	7	11	28	5
Canada	56	52	54	42	28	29	14	23	24	24	12	7	11	26	5
China	41	42	42	22	30	31	42	31	27	31	8	20	15	10	8
France	55	59	50	41	41	29	22	27	26	18	14	11	8	16	5
Germany	43	49	53	37	30	11	20	32	15	5	7	14	14	4	7
Greece	78	79	72	62	49	37	42	46	35	32	28	17	27	10	13
Ireland	60	49	55	43	30	24	18	28	21	12	22	11	14	12	10
Japan	26	50	56	5	39	5	11	28	6	4	8	6	6	1	5
Lithuania	72	64	59	23	43	13	35	18	24	21	18	18	13	4	9
Mexico	82	79	71	68	50	73	60	41	49	50	50	36	38	40	24
Poland	55	55	31	43	30	28	37	14	30	12	24	23	23	4	6
Portugal	84	77	82	53	26	40	43	31	36	29	25	8	13	19	9
Russia	64	66	39	38	49	28	31	34	31	51	20	36	33	13	14
South Korea	81	74	77	62	67	41	73	36	28	34	27	45	28	20	20
Spain	63	60	60	30	33	37	27	20	20	24	10	6	7	14	9
Thailand	76	74	70	66	63	62	48	33	73	22	36	38	21	15	25
The Netherlands	25	27	34	27	10	5	12	19	10	21	4	4	8	7	2
UK	63	66	63	39	49	21	13	28	14	11	19	5	5	6	8
USA	80	78	77	65	61	50	17	48	33	31	30	24	34	34	20
EU 27	60	58	56	40	34	25	27	26	23	18	17	12	13	10	8
Western Europe	45	45	47	34	28	20	23	27	20	17	11	12	12	10	6
Eastern Europe	64	62	43	35	41	23	35	22	28	28	21	26	23	7	10
Southern Europe	75	72	71	48	36	38	38	33	30	28	21	10	16	14	11
Asia	56	60	61	38	50	35	43	32	34	23	19	27	17	11	14
North America	68	65	66	53	44	39	16	36	29	28	21	15	23	30	12

NB: top/bottom 3 countries and higher/lower regions highlighted for each measure (blue: lowest levels, pink: highest levels)

## Trading down or buying less? How consumers are seeking to reduce their spending

	A6 (how saving on food) Are you doing that by buying less food or by switching to less expensive brands?		A7 (how saving on clothing) Are you doing that by buying less clothing or by switching to less expensive brands?	
	Any brand trade-down	Any buying less volume	Any brand trade-down	Any buying less volume
All	67	50	42	75
Australia	79	36	32	77
Canada	72	38	28	80
China	65	65	55	71
France	84	30	46	69
Germany	93	69	56	81
Greece	55	74	50	77
Ireland	26	12	27	34
Japan	76	63	47	83
Lithuania	90	51	72	66
Mexico	68	55	39	75
Poland	83	38	46	72
Portugal	94	36	51	93
Russia	66	42	26	69
South Korea	60	63	43	77
Spain	93	46	48	83
Thailand	54	85	46	88
The Netherlands	77	38	48	73
UK	87	67	42	90
USA	58	41	18	83
EU 27	78	46	49	74
Western Europe	69	43	46	66
Eastern Europe	80	44	48	69
Southern Europe	81	52	50	84
Asia	64	69	48	80
North America	65	40	23	81

NB: top/bottom 3 countries highlighted

## Priorities for Further Spending Cut-backs

Concentrating on consumers' priorities for further cut-backs in future now, three areas are seen as particularly under threat:

- Purchasing of luxury goods
- Holidays/vacations
- Visiting restaurants.

Consumers in Germany, Portugal and Thailand are most likely to say cutting back on buying luxury goods is a priority, with those in Spain, France and the USA least likely. North America is the least likely region to say they will cut back on luxury goods (different perceptions of the context and meaning of 'luxury goods' notwithstanding).

Western Europeans, specifically those in France, Ireland and the UK are the most likely to reduce spending on holidays or vacations. Those in Mexico are also likely to target holiday spending when making cut-backs.

Consumers in Eastern Europe (particularly in Lithuania and Russia, but also Poland to a slightly lesser extent) are the *least* likely to say they will be reducing spend on holidays – perhaps a reflection of lower 'background' levels of spending on holidays, rather than any particular attachment to holiday-making?

Consumers in Asia (Japan and South Korea) are most likely to make a priority of spending less money in restaurants, closely followed by those from the USA and Canada.

Thai and Polish consumers are the least likely to cut back on spending on this specific area – possibly because many do not make a regular habit of eating in restaurants in any case? Whereas we suspect that in France, we may be seeing a genuine reflection of gastronomic culture in their reluctance to prioritise eating out when cutting down on spending.

The table on the following page sets out our results on priorities for making cutbacks.

A8 And if your household had to spend less money, what would be the first thing you would reduce your spending on?

	Luxury goods	Holidays/vacations	Visiting restaurants	Daily grocery	Buying a new car	New electronic devices
<b>Total</b>	<b>23</b>	<b>14</b>	<b>14</b>	<b>8</b>	<b>7</b>	<b>4</b>
Australia	28	9	16	7	2	3
Canada	8	15	19	6	3	2
China	14	16	8	22	5	2
France	5	21	7	6	5	3
Germany	39	15	14	2	16	3
Greece	22	20	13	5	5	3
Ireland	25	27	10	5	8	3
Japan	35	15	28	6	7	5
Lithuania	37	3	8	28	5	3
Mexico	35	22	13	3	5	3
Poland	12	9	4	11	4	6
Portugal	38	15	14	1	17	4
Russia	21	5	16	10	15	4
South Korea	9	9	36	11	4	3
Spain	3	7	10	4	2	9
Thailand	51	9	4	13	7	4
The Netherlands	28	16	9	8	8	2
UK	26	21	11	7	14	6
USA	3	7	22	1	0	3
EU 27	24	15	10	8	8	4
Western Europe	22	19	9	8	8	3
Eastern Europe	23	6	10	16	8	4
Southern Europe	21	14	12	3	8	5
Asia	27	12	19	13	5	4
North America	5	11	20	4	1	3

## 5. Who is taking responsibility? And where does the blame lie?

Opinion of the institutions taking responsibility for steering us out of the current economic situation is generally poor; there are more disagreeing than are agreeing with the following three statements:

- That the free market works well, and that it is needed to work through the current financial crisis
- That each country's national government is doing enough to address the current economic challenges
- That international financial institutions are doing enough to address the global economic crisis.

Consumers in countries based in Southern or Eastern Europe are the most critical of the free market system, whereas North America has the highest number of supporters. The USA is the only country where consumers believing the free market works outweigh those disagreeing.

Equally, there are only three countries where more consumers believe that their government is doing enough than believe they are not doing enough; the Netherlands, Australia and China. Consumers in Japan are by far the most critical of their government.

Three countries also have more advocates than detractors when believing that the IMF and World Bank are doing enough; China and the Netherlands again, and also Spain. Meanwhile, Japan continues to be most critical.

The table overleaf sets out the results here.

	B12 Whether free market system works well and need to let it work though the current financial crisis. (% works – % doesn't)	B14 Believe national government is doing enough to address country's economic challenges (% govt doing enough – % not doing enough)	B16.2 Believe that the international financial institutions such as the IMF and World Bank are doing enough to address the global economic crisis (% doing enough – % not doing enough)
<b>Total</b>	<b>-25</b>	<b>-35</b>	<b>-37</b>
Australia	-13	33	-12
Canada	-4	-21	-20
China	-28	13	4
France	-34	-30	-35
Germany	-13	-30	-38
Greece	-50	-51	-34
Ireland	-14	-56	-59
Japan	-18	-93	-85
Lithuania	-46	-67	-49
Mexico	-26	-39	-34
Poland	-39	-54	-37
Portugal	-47	-53	-52
Russia	-44	-4	-19
South Korea	-30	-8	16
Spain	-17	-50	-62
Thailand	-37	-79	-76
The Netherlands	-5	35	14
UK	-14	-50	-59
USA	4	-30	-59
EU 27	-28	-41	-41
Western Europe	-19	-14	-23
Eastern Europe	-43	-42	-35
Southern Europe	-38	-52	-50
Asia	-28	-42	-35
North America	0	-26	-40

*NB: top/bottom 3 countries highlighted*

## **Who is to blame?**

A quarter of consumers see their own government as most responsible for the current economic problems, particularly so for those in Thailand, Russia and Lithuania. The United States also gains a lot of criticism, with the highest detractors coming from China, Japan and Australia.

Europeans, specifically Germany, the UK and Spain, are most likely to blame banks or the banking industry as a whole for the problems. Europeans are also more likely to blame corporate greed.

Again, please see following page for table of results.

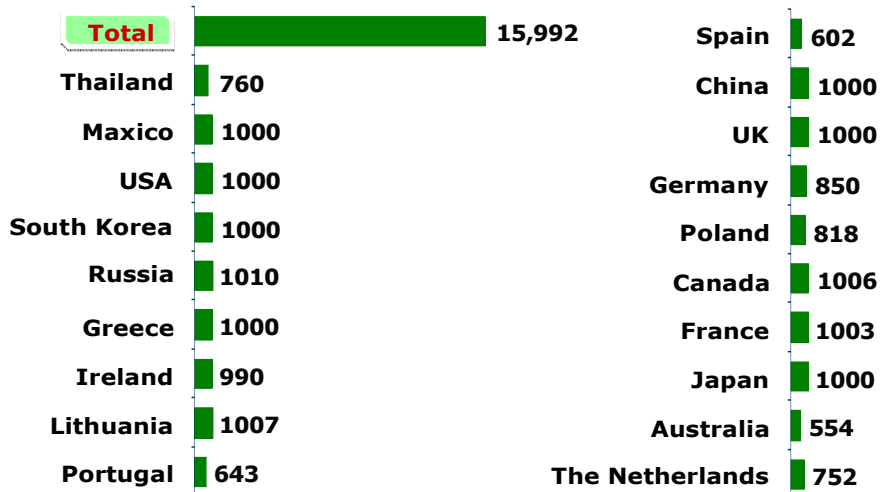
B11 Who or what do you think is most responsible for the problems we are seeing in the economies of many countries right now?

	Country's national / central government	USA	Commercial banks / banking industry	Corporate greed	Local politicians	George W. Bush / Bush administration
<b>Total</b>	<b>24</b>	<b>14</b>	<b>12</b>	<b>9</b>	<b>5</b>	<b>4</b>
Australia	6	25	10	19	0	4
Canada	14	24	6	6	1	4
China	10	34	0	1	1	1
France	19	11	17	5	6	1
Germany	5	12	36	28	0	5
Greece	29	6	8	8	15	2
Ireland	39	3	19	7	1	1
Japan	12	32	9	20	9	13
Lithuania	41	2	21	5	21	1
Mexico	39	19	1	3	12	2
Poland	22	10	14	3	8	0
Portugal	21	11	8	20	8	7
Russia	45	12	1	0	2	1
South Korea	40	16	3	1	6	1
Spain	11	8	22	6	3	2
Thailand	56	6	1	4	3	1
The Netherlands	9	21	17	7	3	6
UK	26	5	25	22	0	3
USA	36	N/A	17	10	2	N/A
EU 27	22	9	19	11	6	3
Western Europe	16	16	18	10	2	3
Eastern Europe	36	8	12	3	10	1
Southern Europe	20	8	13	11	9	3
Asia	29	22	3	6	5	4
North America	16	13	11	8	2	11

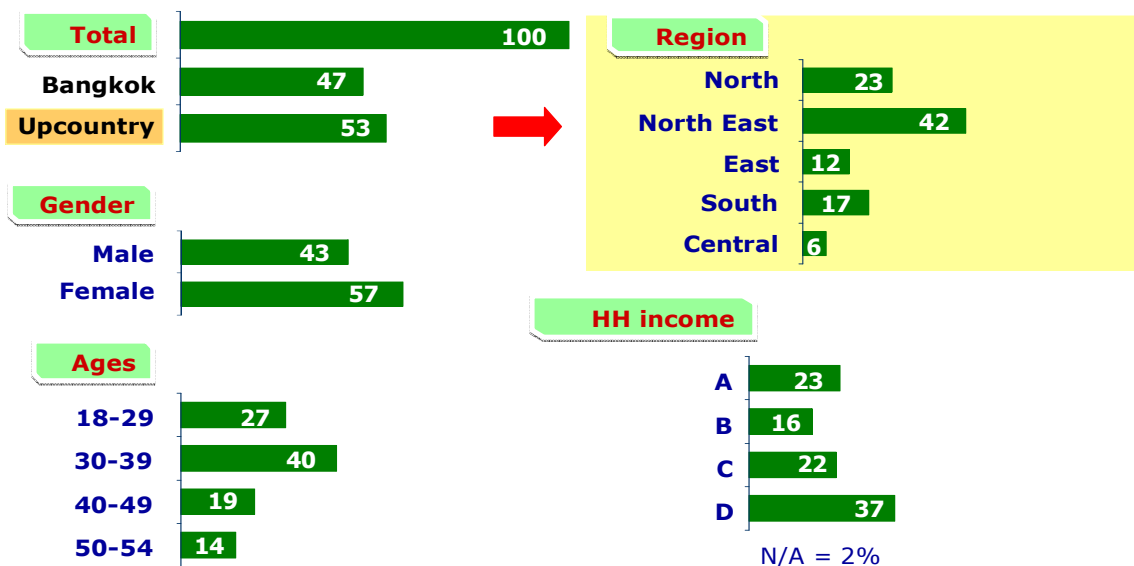
NB: top 3 countries highlighted

## 6. Respondent Profile by Country

### Respondent Profile by Country



### Respondent Profile in Thailand (n=760)



Please feel free to contact us with any further questions.

#### **CONTACT DETAILS**



**Dr. Kreaovan Limapichat**

President

**INFOSEARCH LIMITED**

89/12-13 Amornpan 205 Tower 1, 11TH Floor, Soi  
Nathong, Ratchadapisek Road, Dindaeng Bangkok  
10400, Thailand.

Tel. 0-2248-7662-6 Fax. 022487667

[www.infosearch.co.th](http://www.infosearch.co.th)