

# Ipsos *Global @dvisory*

**CITIZENS IN 24  
COUNTRIES ASSESS  
THE CURRENT STATE  
OF THEIR COUNTRY'S  
ECONOMY**



# IS THE GLASS HALF EMPTY OR HALF FULL?

## GLOBAL CONSUMER OUTLOOK MID-YEAR 2010

Late 2008 and all of 2009 were years of global economic trauma—a massive shock to the system. The signs of this stress were everywhere. Stock markets fell, companies made massive lay offs, currencies were devalued and governments scrambled to staunch the bleeding by massive, deficit financed spending.

A central player in this drama was the consumer. As the outward signs of economic recession became obvious, consumers reacted rationally by deleveraging: paying down debt, increasing savings, cutting luxuries, and downsizing on essentials. Mid-2009 was the zenith of this unprecedented global consumer deleveraging. At the time, a full 70% of all consumers had cut household spending and correspondingly savings rates spiked.

As the outward signs of economic recession became obvious, consumers reacted rationally by deleveraging.

Such consumer coping behavior is an understandable temporary reaction to hostile environments. In past post-WWII recessions, consumer deleveraging has been temporary: with the bad times came cuts; with the good ones came increased spending.

With this implicit model in mind, economic pundits have been expecting some predictable path for the global economy in the form of a slower ‘U’ recovery or a faster ‘V’ recovery. Some market pessimists have even worried about a double-dip, or ‘W’ recovery.

From a consumer perspective, what are we actually seeing?

The global data presented within show something quite unexpected—a flatline ‘L’ in consumer confidence. Indeed, after a slight recovery between mid-2009 and the beginning of 2010—mostly driven by China, Brazil and India — global consumers have remained pessimistic about the economy.

Why are consumers still pessimistic? The short answer is job security. Consumer confidence and corresponding consumer spending is directly correlated with perceived job prospects six to twelve months out. Indeed, 63% of global consumers mention ‘improvement in the jobs numbers’ as the primary indicator that they themselves use to gauge the health of the economy. Put another way, jobs are the signal to consumers that they should re-leverage. The basic logic follows: “companies are hiring again making me feel safer about things so maybe I can go out and spend”.

Most economic projections, however, suggest that job generation will remain slow—and “therein lies the rub”. The longer consumers remain deleveraged, the more likely that what was a temporary coping behavior becomes a permanent one. It is basic social science: the longer a person is exposed to a given environment; in this case an adverse economic climate, the more likely that permanent habits and attitudes will form around this new condition.

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In the consumers’ mind, the rationale follows: “well, maybe, one car is not so bad”; or “I actually like strip steak more than filet mignon”; or “my smaller home is in reality easier to clean”. Our best benchmark for such a consumer shift is the 1930’s Great Depression. The “Depression Generation” exhibits more conservative attitudes and behaviors than earlier or later cohorts.

So ultimately is the glass half-full or half-empty? I would say both.

On the upside, it looks like we have put the worst behind us and have entered a period of consumer stability, even if at sub-optimal levels. To date, Europe has not experienced the dreaded double-dip. The US, in turn, has shown a down

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tick in consumer optimism over the last few months, but, thus far, this blip is more noise than substance. We though need to continue tracking this closely in the coming months.

On the downside, the stagnant jobs numbers are a powerful signal to consumers that they should stay the course and be conservative in their expenditures. The concern looking forward will be whether this deleveraging is temporary or the 'new normal'. Unfortunately, without a crystal ball, only time will tell.

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# SUMMARY OF FINDINGS

*Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?*

There is no sign of a global recovery based on current assessments by citizens in 24 countries—representing 75% of the world's GNP—of their current country economic fortunes in June 2010 compared to results in May. In May, the global average assessment of economies was 39% and is unchanged in June (the highest positive level of assessment was in April, 2007 at 66% and was at its lowest (29%) in April 2009).

In fact, the data suggests that more regions and countries are becoming mired in a sense of economic stagnation.

This may be unfamiliar territory for prognosticators or pundits looking for some predictable recovery path in the form of 'U', a 'V' or a 'W'. At this stage, the global economic assessment seems more like an 'L'—an undulating flat line—at this stage, with most countries in a similar mimic.

In May, two countries reported no change in assessment of their economy; in June, that has risen to five. In May, four regions reported declines (3) or 'no change' (1) in assessments; in June, while declines were halted, four regions reported 'no change'. Regional change from May to June: G8 Countries +1, LATAM +4 points, European Countries N/C, North America N/C, APAC N/C and BRIC N/C.

A robust Canadian assessment offset tumbling US fortunes for a North American break even.

But even here, there are some stars lifting up the dogs: a robust Canadian assessment offset tumbling US fortunes for a North American break even; and, Argentina's usually dreary outlook sparked upward and singularly drove the LATAM average up. The lesson here: take nothing for granted and look at individual countries inside the regional envelopes.

It's clear that the Greek implosion has not brought the rest of Europe with it, at least not thus far.

But while there may be overall stagnation there is, overall, stability: it's clear that the Greek implosion has not brought the rest of Europe with it, at least not thus far. This is a very important point / takeaway.

Those countries where citizens have the greatest improvement in their assessment of their economy since May are: Argentina (+12), South Africa (+5), Canada (+4), Turkey (+4), Sweden (+3), South Korea (+3), Japan (+3), Italy (+2), Poland (+1) and Germany (+1).

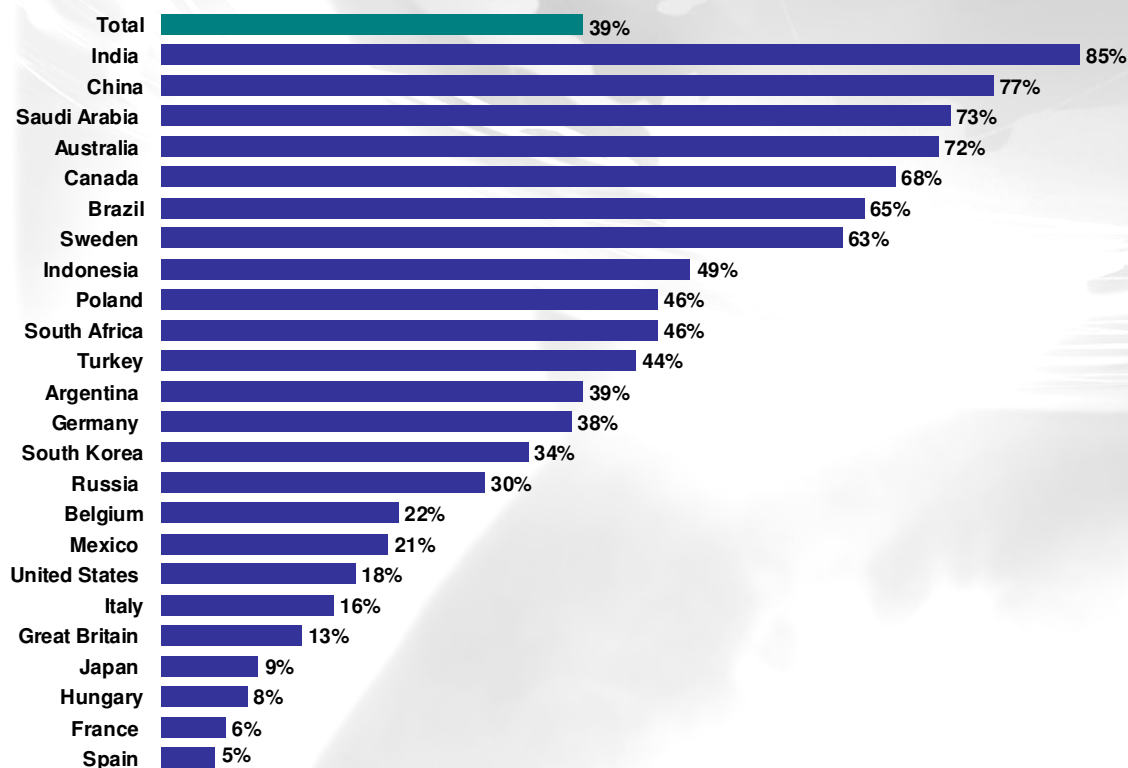
Those countries where citizens have the greatest decline in their assessment of their economy since May are from Saudi Arabia (-7), United States (-5), Indonesia (-3), France (-2), Mexico (-2), Australia (-2), Spain (-1), Belgium (-1) and China (-1).

# CURRENT AND HISTORICAL GLOBAL ECONOMIC ASSESSMENT

**Four in Ten (39%, N/C from May 2010) Global Citizens Assess the Current Economic Situation in their Country as “Good”**

*% Very Good + Somewhat Good*

*Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?*

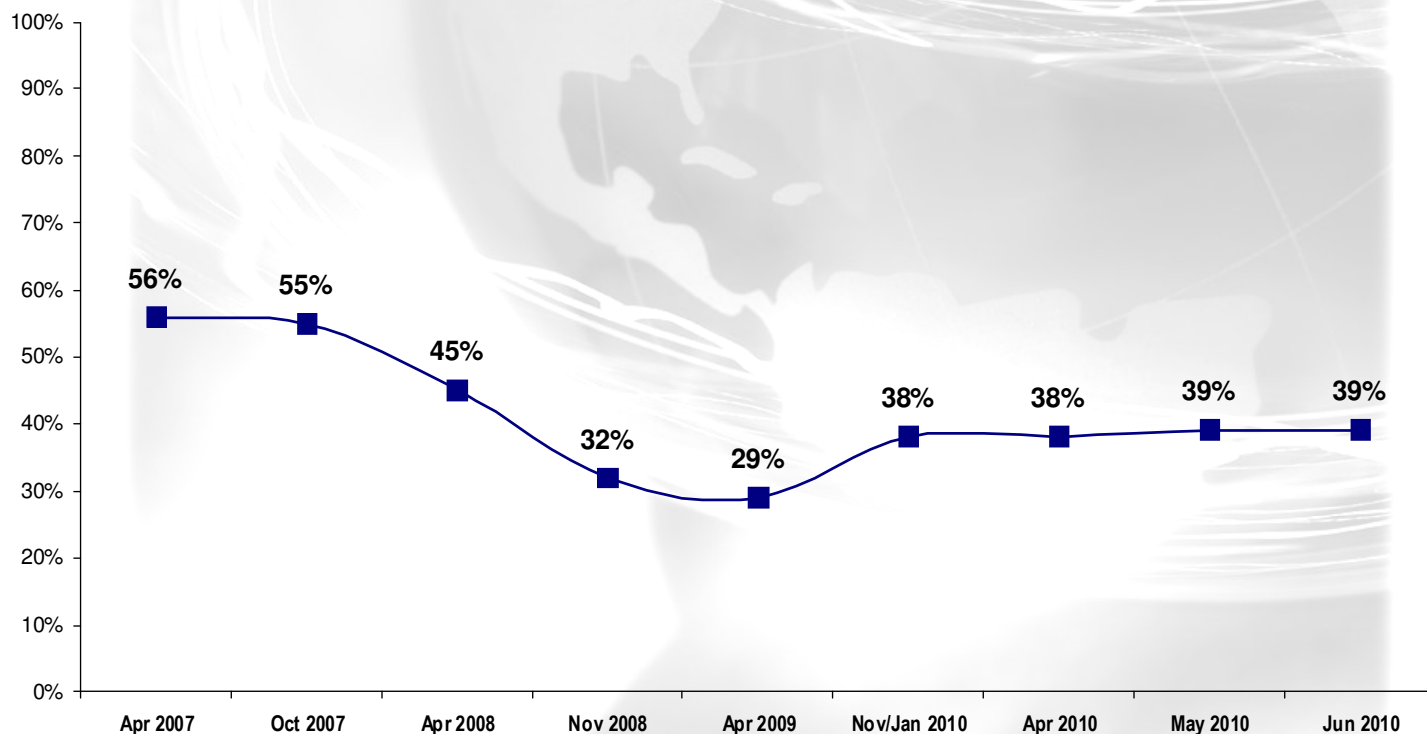




## Global Citizens Assess the Current Economic Situation in their Country as “Good”: Global Average Tracked

*% Very Good + Somewhat Good*

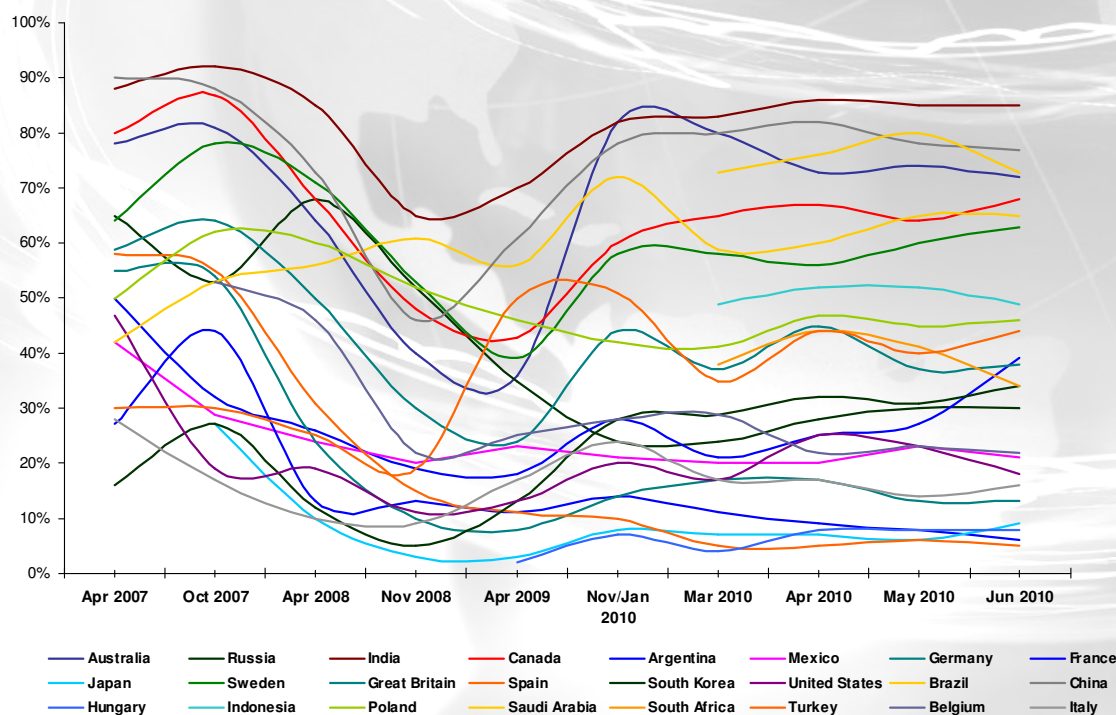
*Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?*



## Trend Line Pictograph for All Countries Tracked: Citizens Assess the Current Economic Situation in their Country as "Good"

% Very Good + Somewhat Good

Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?



|               | Apr 2007 | Oct 2007 | Apr 2008 | Nov 2008 | Apr 2009 | Nov/Jan 2010 | Mar 2010 | Apr 2010 | May 2010 | Jun 2010 |
|---------------|----------|----------|----------|----------|----------|--------------|----------|----------|----------|----------|
| Argentina     | 50%      | 32%      | 26%      | 19%      | 18%      | 28%          | 21%      | 25%      | 27%      | 39%      |
| Australia     | 78%      | 81%      | 64%      | 40%      | 36%      | 82%          | 80%      | 73%      | 74%      | 72%      |
| Belgium       | -        | 53%      | 46%      | 22%      | 25%      | 28%          | 29%      | 22%      | 23%      | 22%      |
| Brazil        | 42%      | 53%      | 56%      | 61%      | 56%      | 72%          | 59%      | 60%      | 65%      | 65%      |
| Canada        | 80%      | 87%      | 68%      | 48%      | 43%      | 60%          | 65%      | 67%      | 64%      | 68%      |
| China         | 90%      | 88%      | 73%      | 46%      | 61%      | 78%          | 80%      | 82%      | 78%      | 77%      |
| France        | 27%      | 44%      | 13%      | 13%      | 11%      | 14%          | 11%      | 9%       | 8%       | 6%       |
| Germany       | 59%      | 64%      | 50%      | 30%      | 24%      | 44%          | 37%      | 45%      | 37%      | 38%      |
| Great Britain | 55%      | 54%      | 24%      | 10%      | 8%       | 14%          | 17%      | 17%      | 13%      | 13%      |
| Hungary       | -        | -        | -        | -        | 2%       | 7%           | 4%       | 8%       | 8%       | 8%       |
| India         | 88%      | 92%      | 85%      | 65%      | 70%      | 82%          | 83%      | 86%      | 85%      | 85%      |
| Indonesia     | -        | -        | -        | -        | -        | -            | 49%      | 52%      | 52%      | 49%      |
| Italy         | 28%      | 17%      | 10%      | 9%       | 17%      | 24%          | 17%      | 17%      | 14%      | 16%      |
| Japan         | -        | 27%      | 10%      | 3%       | 3%       | 8%           | 7%       | 7%       | 6%       | 9%       |
| Mexico        | 42%      | 29%      | 24%      | 20%      | 23%      | 21%          | 20%      | 20%      | 23%      | 21%      |
| Poland        | 50%      | 62%      | 60%      | 52%      | 46%      | 42%          | 41%      | 47%      | 45%      | 46%      |
| Russia        | 65%      | 53%      | 68%      | 52%      | 35%      | 24%          | 24%      | 28%      | 30%      | 30%      |
| Saudi Arabia  | -        | -        | -        | -        | -        | -            | 73%      | 76%      | 80%      | 73%      |
| South Africa  | -        | -        | -        | -        | -        | -            | 38%      | 44%      | 41%      | 34%      |
| South Korea   | 16%      | 27%      | 12%      | 5%       | 13%      | 28%          | 29%      | 32%      | 31%      | 34%      |
| Spain         | 58%      | 55%      | 31%      | 15%      | 11%      | 10%          | 5%       | 5%       | 6%       | 5%       |
| Sweden        | 64%      | 78%      | 71%      | 53%      | 39%      | 58%          | 58%      | 56%      | 60%      | 63%      |
| Turkey        | 30%      | 30%      | 25%      | 19%      | 50%      | 51%          | 35%      | 44%      | 40%      | 44%      |
| United States | 47%      | 19%      | 19%      | 11%      | 13%      | 20%          | 17%      | 25%      | 23%      | 18%      |

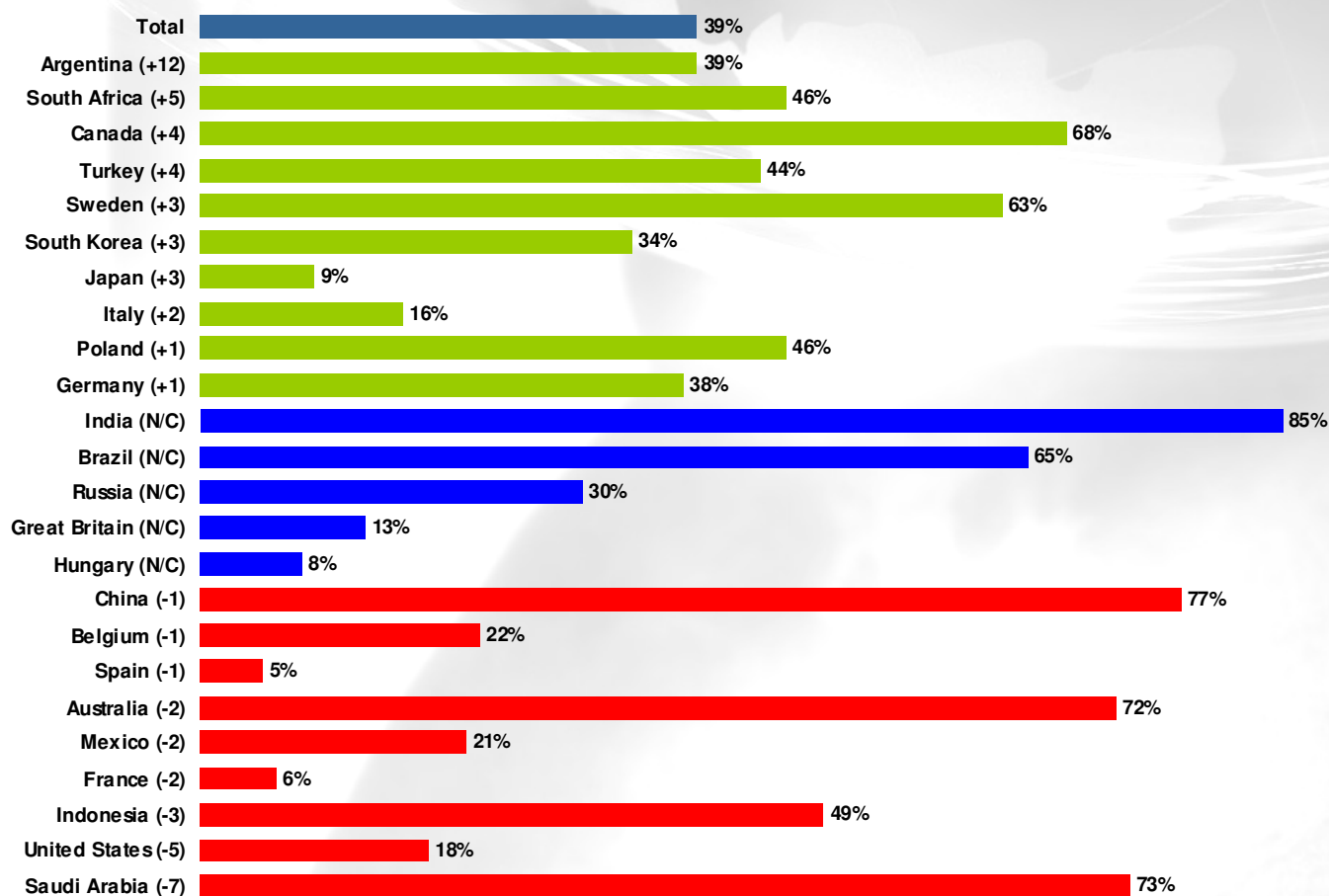
# COUNTRY BY COUNTRY CURRENT ASSESSMENT

## Countries Ranked and Marked By Change in Assessment from Last Month (Left Column)

% Very Good + Somewhat Good

Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?

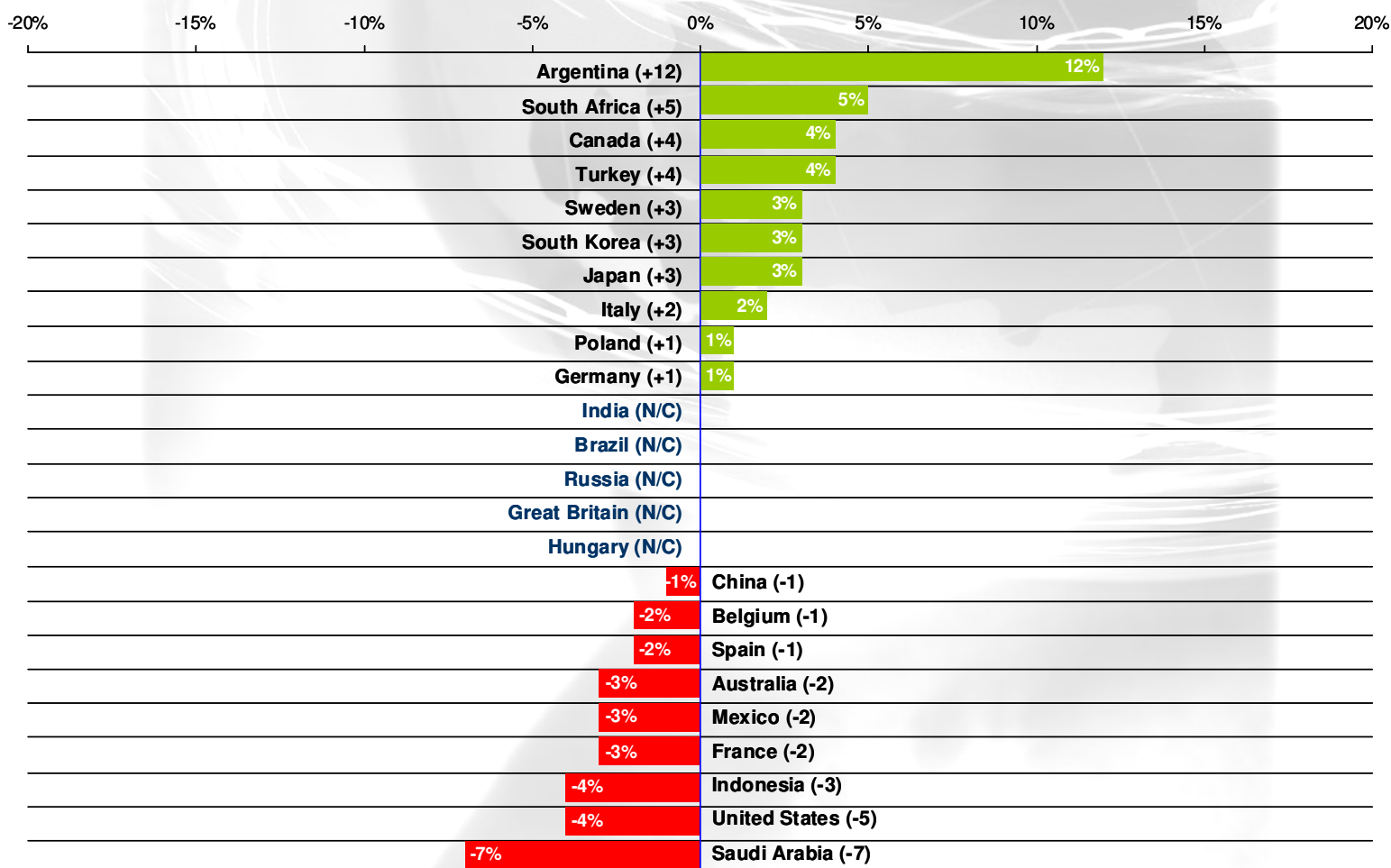
**Green** marks countries experiencing improvement;  
**Blue** marks countries with no change from last month;  
**Red** marks countries experiencing a decline





## Countries Ranked by Net Improvement, Decline or Static Citizen Assessment of their National Economy Compared to May 2010

Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?

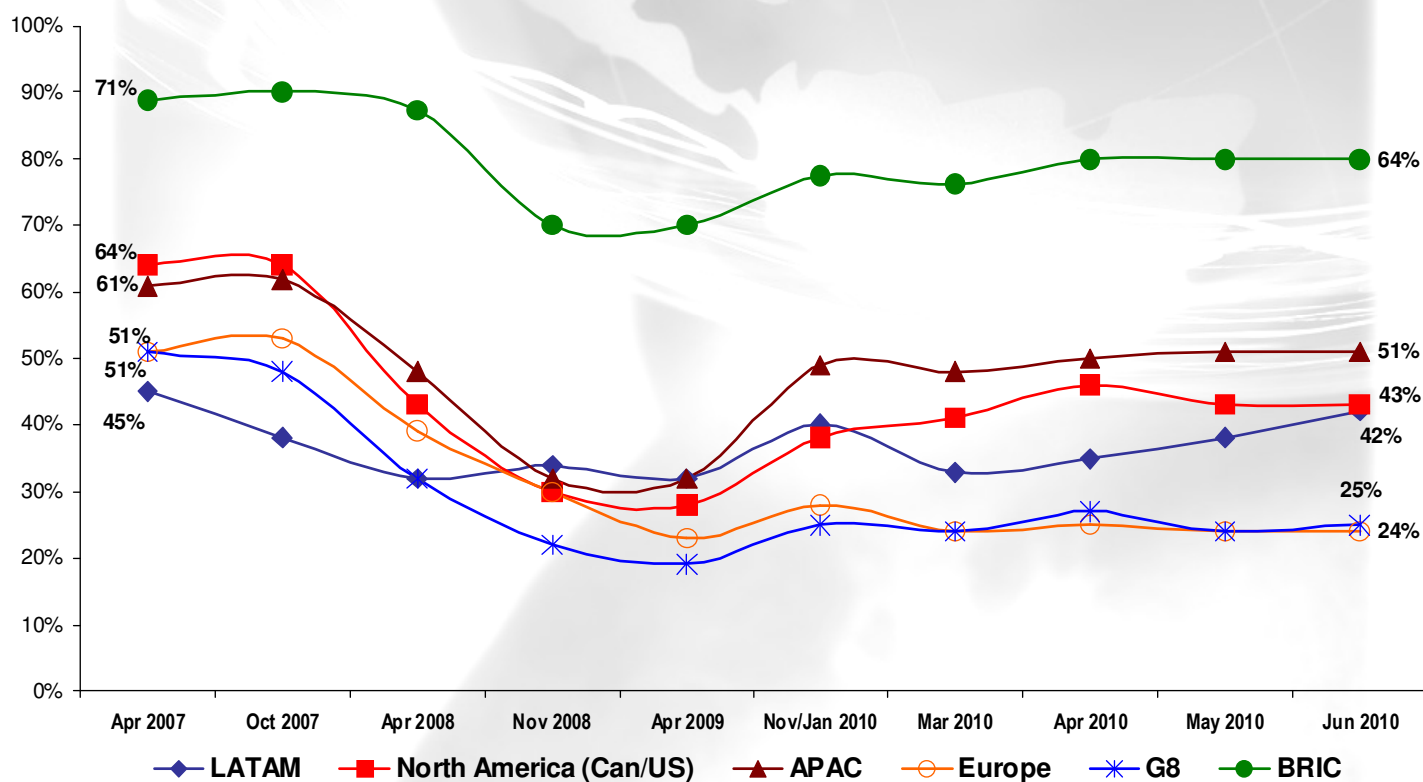


# ASSESSING THE CURRENT ECONOMIC SITUATION BY REGIONS

## Assessing the Economic Situation by All Regions: Current Tracked Status

% Very Good + Somewhat Good

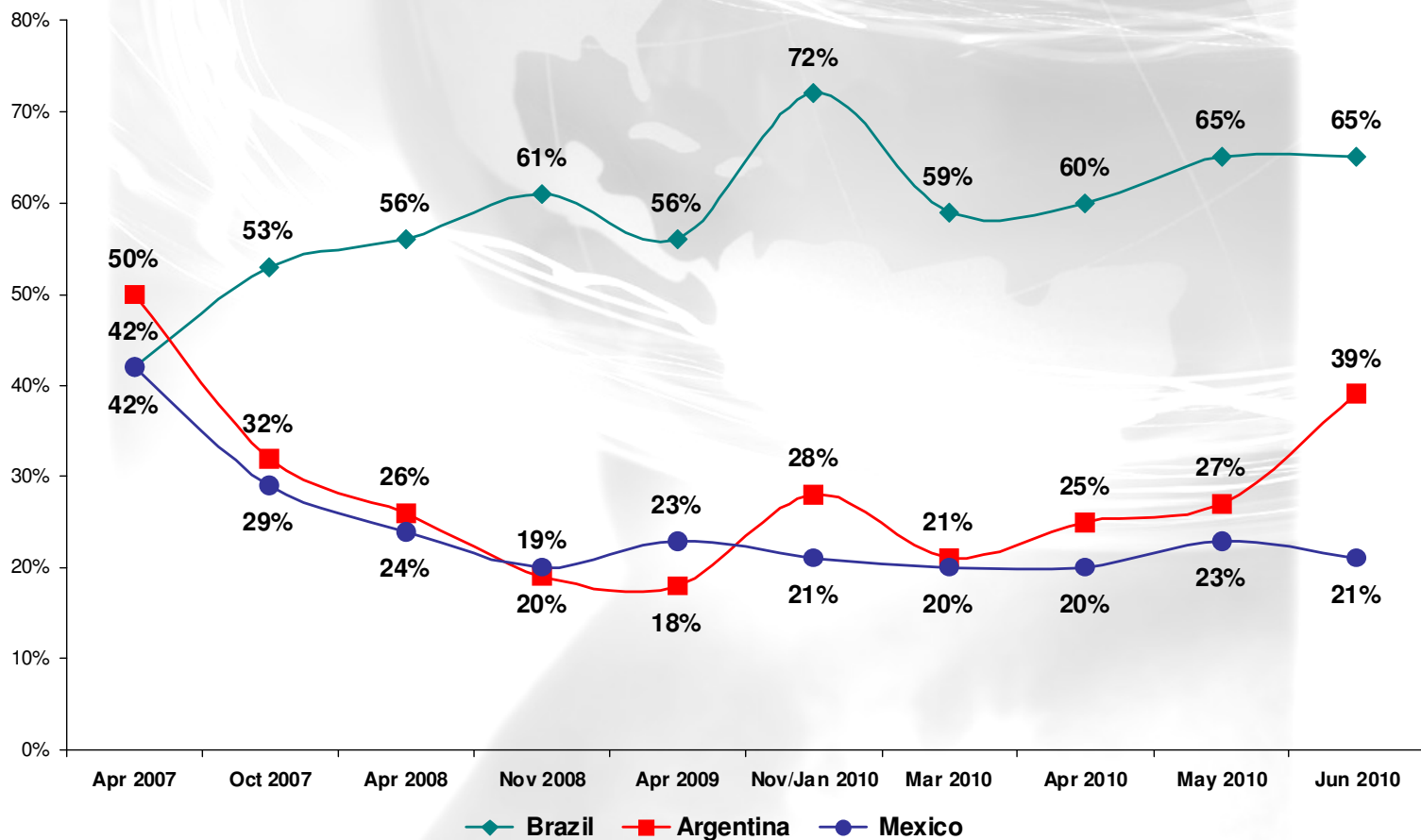
Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?



## LATAM Countries Assess the Economic Situation (Net from Last Sounding: +4)

% Very Good + Somewhat Good

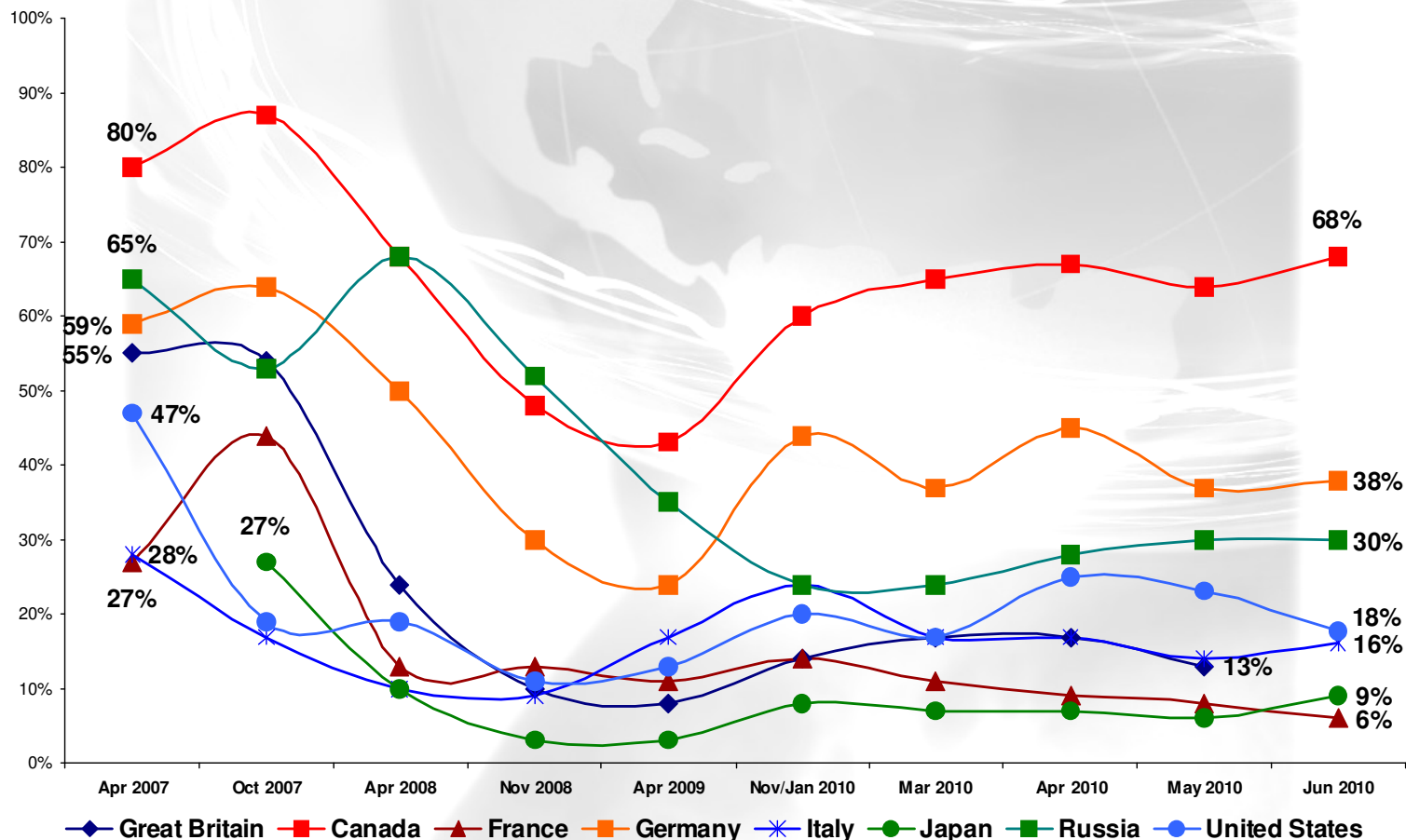
Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?



## G8 Countries Assess the Economic Situation (Net from Last Sounding: +1)

% Very Good + Somewhat Good

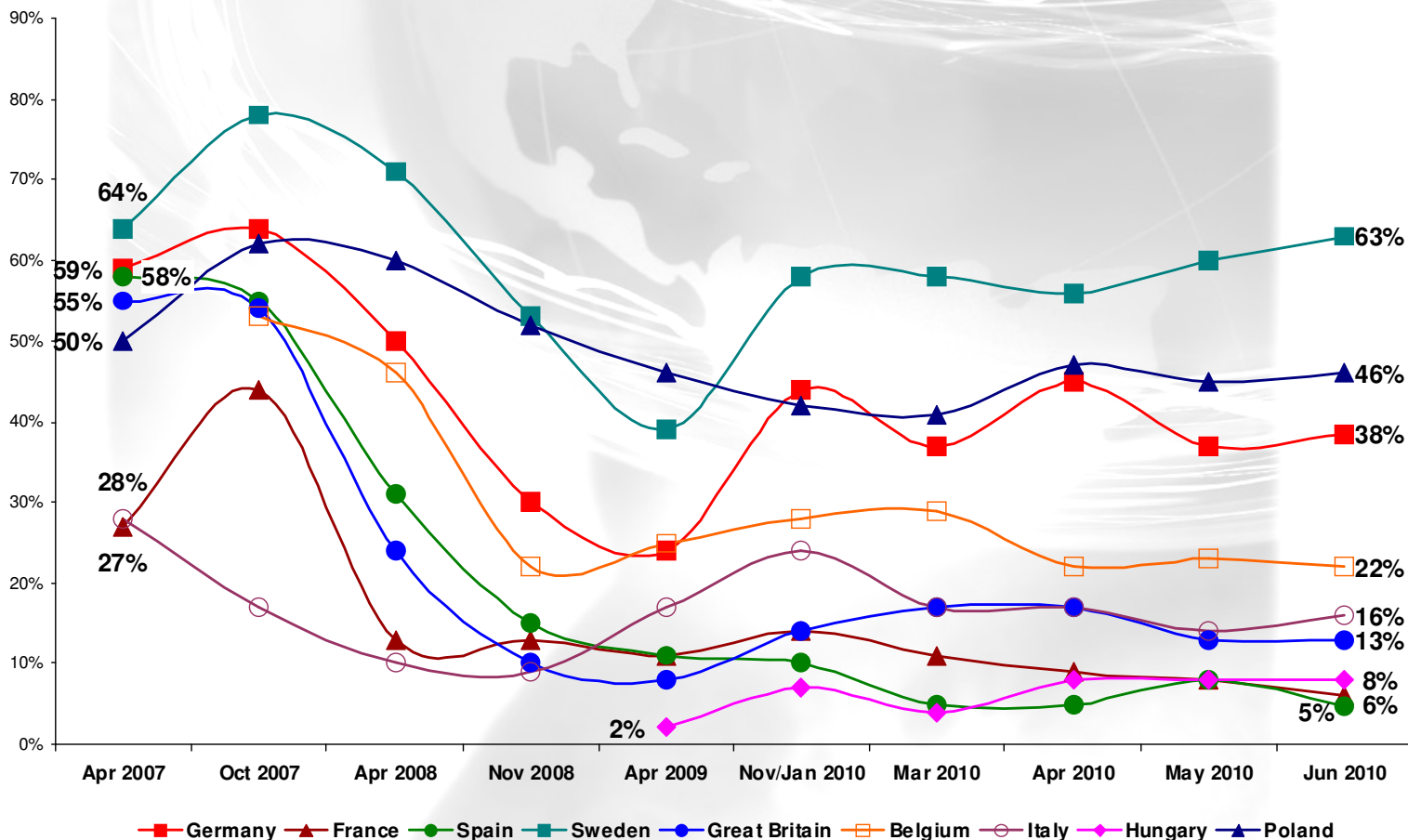
Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?



## European Countries Assess the Economic Situation (Net from Last Sounding: N/C)

% Very Good + Somewhat Good

Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?

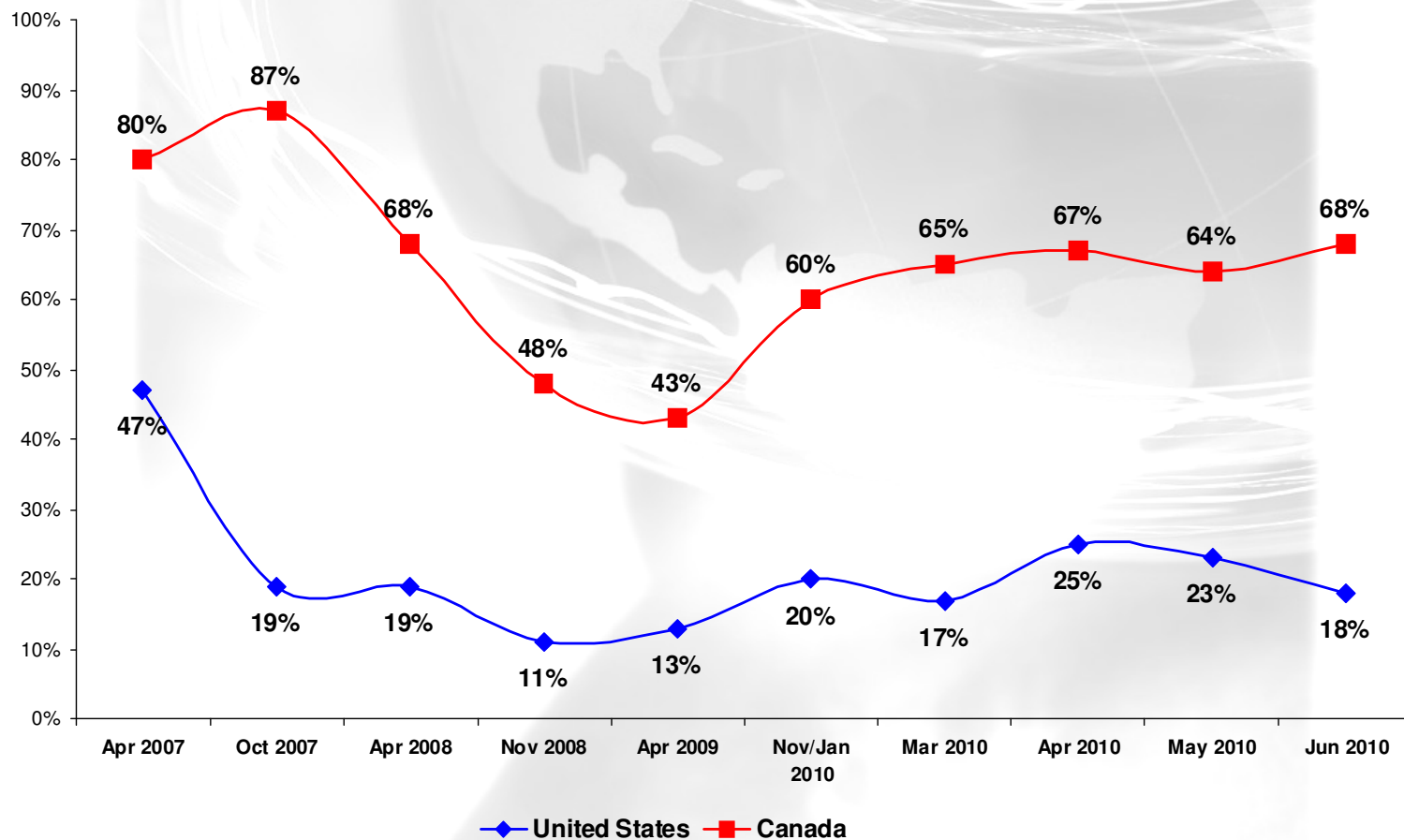




## North American (Canada/US) Countries Assess the Economic Situation (Net from Last Sounding: N/C)

% Very Good + Somewhat Good

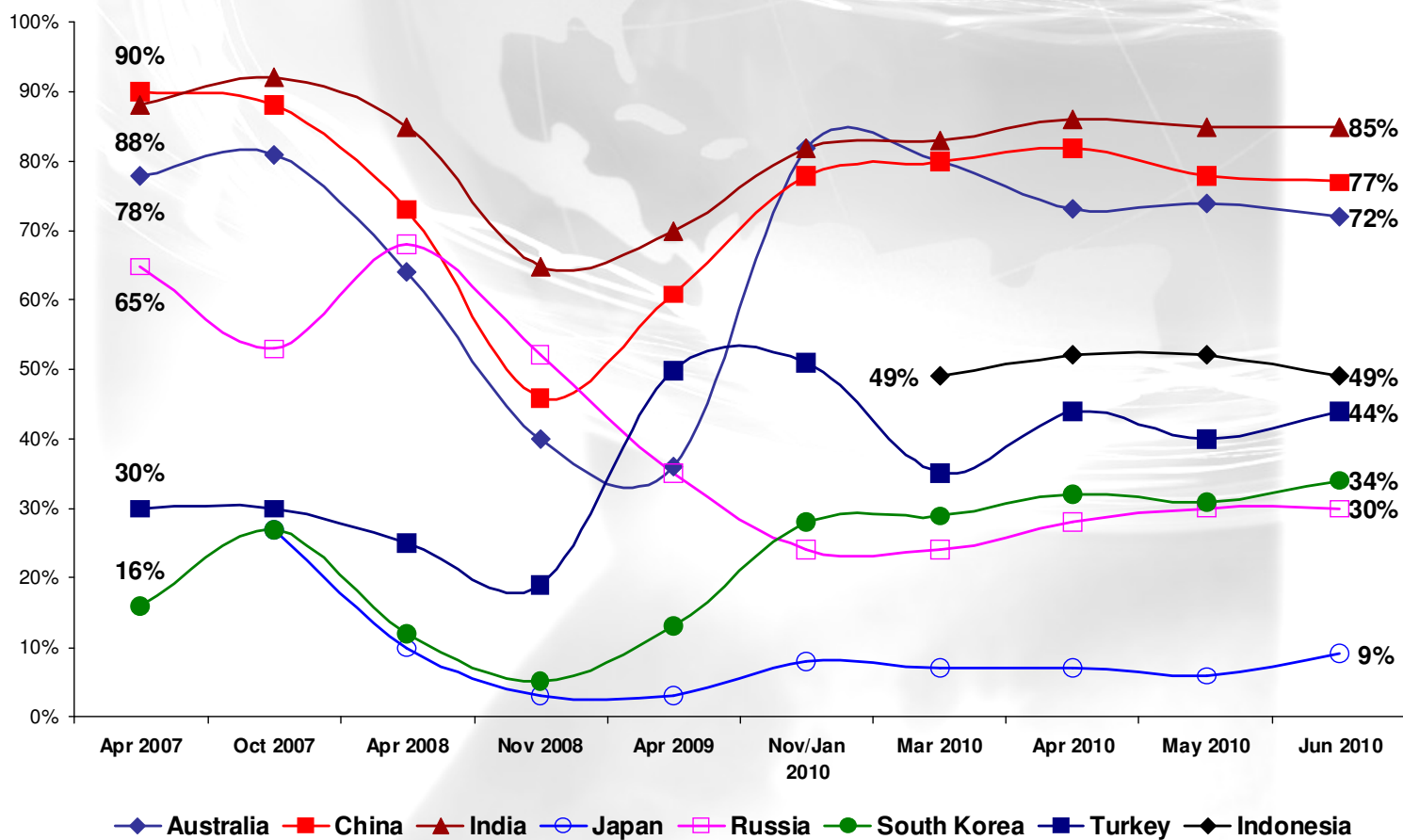
Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?



## APAC Countries Assess the Economic Situation (Net from Last Sounding: N/C)

% Very Good + Somewhat Good

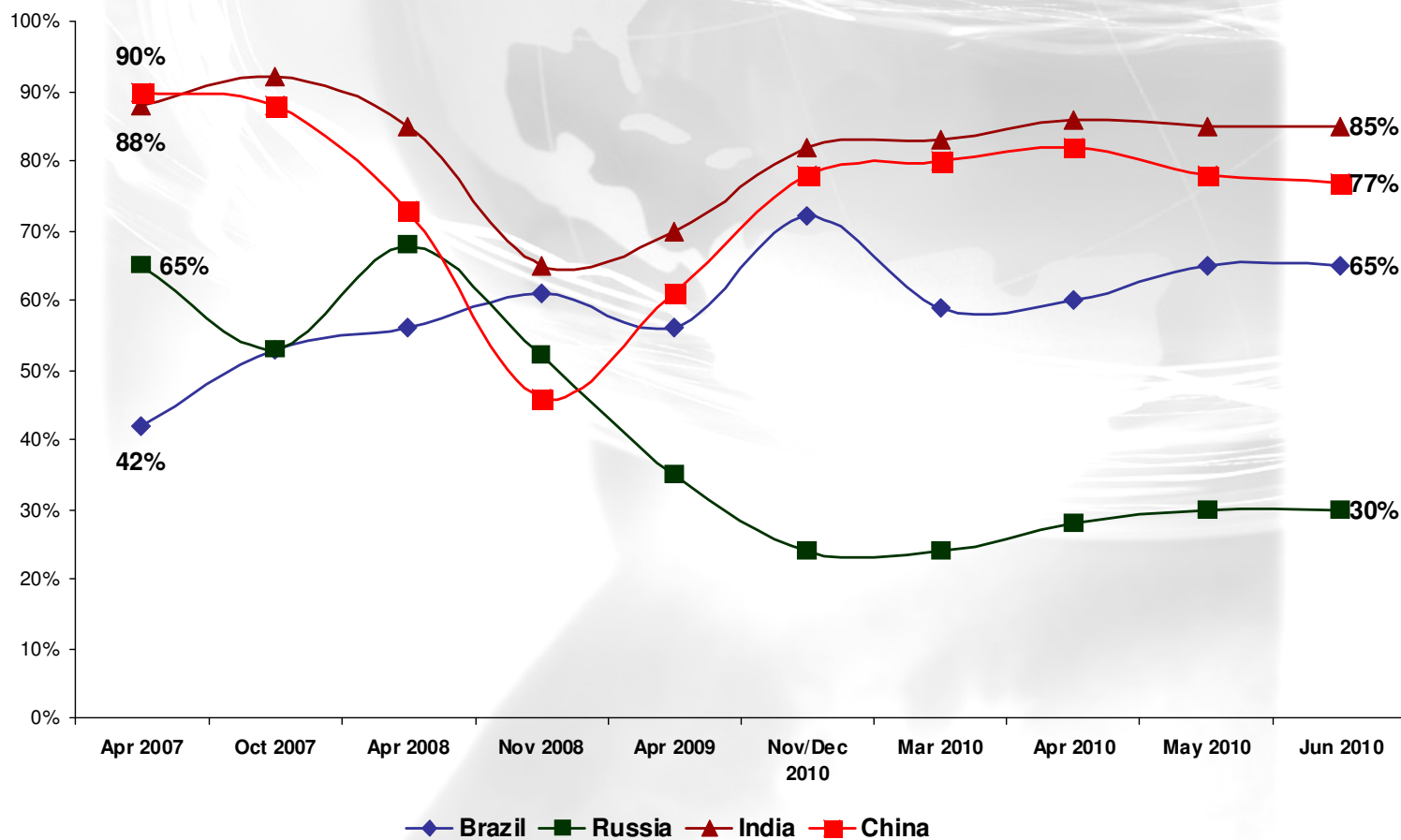
Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?



## BRIC Countries Assess the Economic Situation (Net from Last Sounding: N/C)

% Very Good + Somewhat Good

Thinking about our economic situation, how would you describe the current economic situation in [insert country]? Is it very good, somewhat good, somewhat bad or very bad?



# METHODOLOGY

This @dvisory report contains data from the tenth wave of the **Ipsos Global @dvisor Omnibus**, an online survey of citizen-consumers across 24 countries. Seventy-five percent (75%) of the world's GDP is covered: Argentina, Australia, Belgium, Brazil, Canada, China, France, Germany, Hungary, India, Indonesia, Italy, Japan, Mexico, Poland, Russia, Saudi Arabia, South Africa, South Korea, Spain, Sweden, Great Britain, the United States and Turkey.

18,594 interviews were carried out June 7 - 20, 2010 with adults aged 18-64. Weighting was then employed to balance demographics and ensure that the sample's composition reflects that of the adult population according to the most recent country Census data and to provide results intended to approximate the sample universe. A survey with an unweighted probability sample of 1000 adults and a 100% response rate would have an estimated margin of error of  $\pm 3.1$  percentage points 19 times out of 20 per country of what the results would have been had the entire population of adults in that country been polled.

# FURTHER INFORMATION

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The **Ipsos Global @dvisor Omnibus** is a monthly, online survey of consumer citizens in 24 countries and produces syndicated reports and studies specifically tailored to the needs of corporations, advertising and PR agencies, and governments. For more information about this please contact:

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