

Storm Clouds on the BRIC Horizon: Falling Consumer Optimism in Brazil, Russia, India, and China

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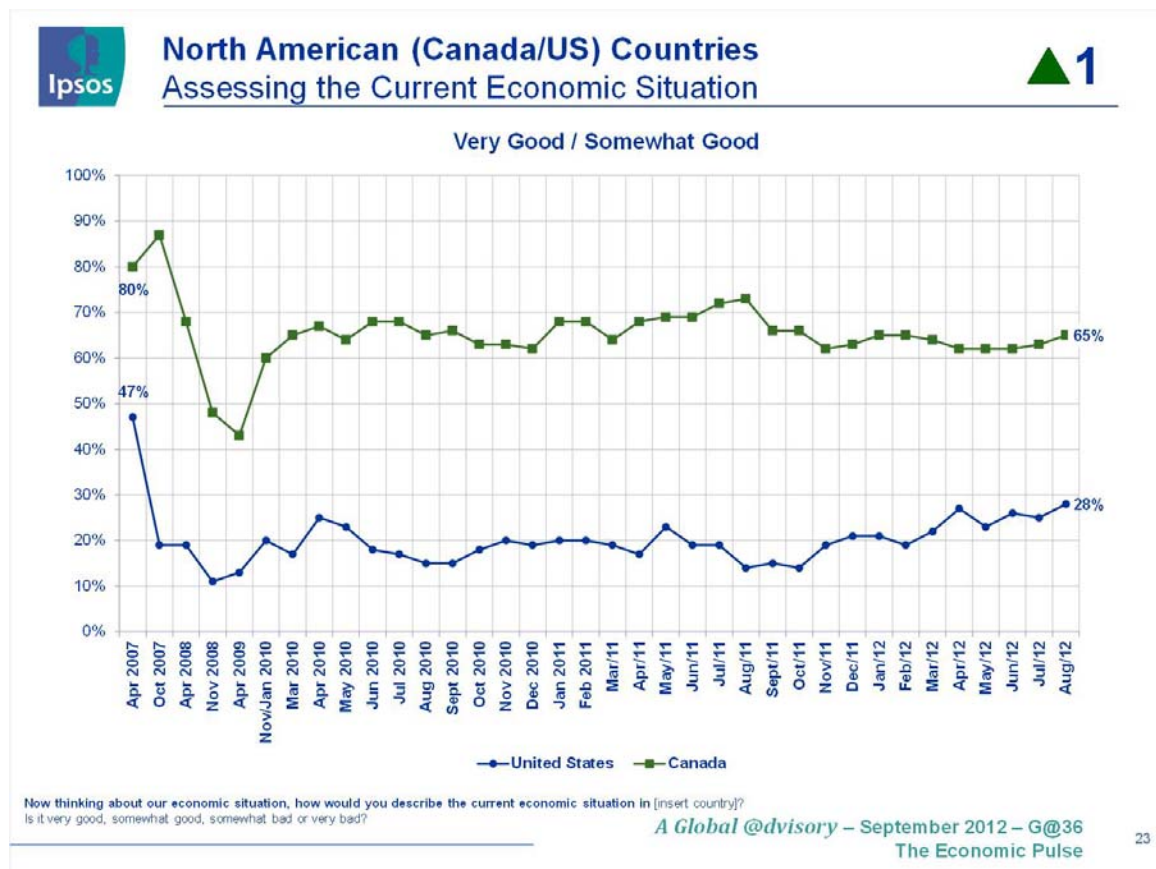
Washington, D.C. – The economic meltdown of late 2008 and early 2009, while global in nature, most squarely affected Europe, the United States, and more generally the industrialized world. In many of these places, consumer optimism fell between 30 and 40 points and has been very slow to recover since. Such dampened consumer enthusiasm, in turn, equated into serious household deleveraging and reduced interest in spending on non-essentials goods and services. In contrast, this economic scenario only marginally affected consumers in emerging markets and, in particular, the BRIC countries.

Indeed, at the same time the industrialized world was collapsing, consumer optimism and spending in emerging markets reached a fevered pitch. Many proclaimed a new world order with a new South-South economic axis. Within this context, most captains of multinationals had an emerging market strategy to help mitigate the uncertainties in Europe and the US.

That was then. What, though, is the state of global consumer sentiment today in 2012? And where do we find emerging markets vis-à-vis the US and Europe? To answer this question, I use data from [Ipsos Global @dvisor](#) (G@) – a monthly 24-country tracker of consumer and citizen sentiment (Ipsos Global @dvisor).

So what do we find? Well, a mixed bag of cats.

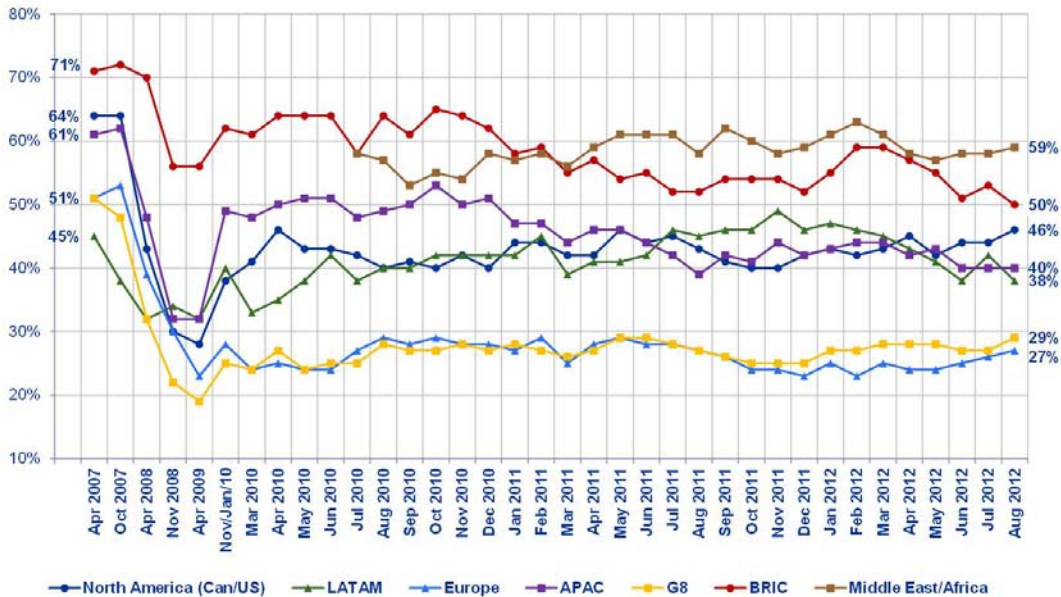
Indeed, on the positive side, the US has slowly but surely been ticking up over the course of this year. This trend is confirmed by both G@ trends as well as any number of other US-based consumer confidence polls ([Royal Bank of Canada Consumer Outlook Index](#), [Thomson Reuters/University of Michigan Surveys of Consumers](#)). These ‘glimmers of hope’ potentially bode well for both Obama the incumbent as well as the retail outlook for the 2012 holiday season.



In Europe, the picture is uglier. While northern Europe (especially Germany) has been the stalwart pillar holding up a flagging Eurozone, most of the rest of Europe has been flat to downright ugly on the consumer optimism front. All indicators here suggest a long slow slog to consumer normality.

Assessing the Current Economic Situation by All Regions:

Very Good / Somewhat Good



Now 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?

A Global @dvisory – September 2012 – G@36
The Economic Pulse

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Finally, to the BRICs and the emerging markets, here all news has been very negative over the last year with China, Brazil, Russia, and India all showing signs of weakening consumer optimism. Such trends are indicative of two things: first, that consumers will be counting their pennies in the short-term by reducing their spending, and second, that voter-citizens in these countries will be especially cranky with their political leaders.

In the end, 2012 seems to be 2009 in reverse with the BRICs going from saviors to uncertain partners as consumers in these countries seem to be growing



increasingly wary. The key will be whether this trend is short-lived or if it becomes the new normal. Our global tracking poll should paint a more complete picture of what to expect in the next few months.

These are the findings of the Global @dvisor Wave 36 (G@36), an Ipsos survey conducted between August 7th and August 21st, 2012.

The survey instrument is conducted monthly in 24 core countries around the world via the Ipsos Online Panel system. The countries reporting herein are Argentina, Australia, Belgium, Brazil, Canada, China, France, Germany, Great Britain, Hungary, India, Indonesia, Italy, Japan, Mexico, Poland, Russia, Saudi Arabia, South Africa, South Korea, Spain, Sweden, Turkey and the United States of America.

For the results of the survey an international sample of 20,915 adults aged 18-64 in the US and Canada, and age 16-64 in all other countries, were interviewed. Approximately 1000+ individuals participated on a country by country basis via the Ipsos Online Panel with the exception of Argentina, Belgium, Indonesia, Mexico, Poland, Russia, Saudi Arabia, South Africa, South Korea, Sweden and Turkey, where each have a sample approximately 500+. In China, India and South Africa the samples are slightly more educated and educated compared to the average citizen. In this wave (G@36), 500+ individuals from Hong Kong, Singapore, Malaysia and Colombia are also participated in the survey.

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 this size and a 100% response rate would have an estimated margin of error of +/-3.1 percentage points for a sample of 1,000 and an estimated margin of error of +/- 4.5 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 had been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.



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