

Keep Acting Local!

Richer country consumers are tougher evaluators than those with lower incomes, but why?

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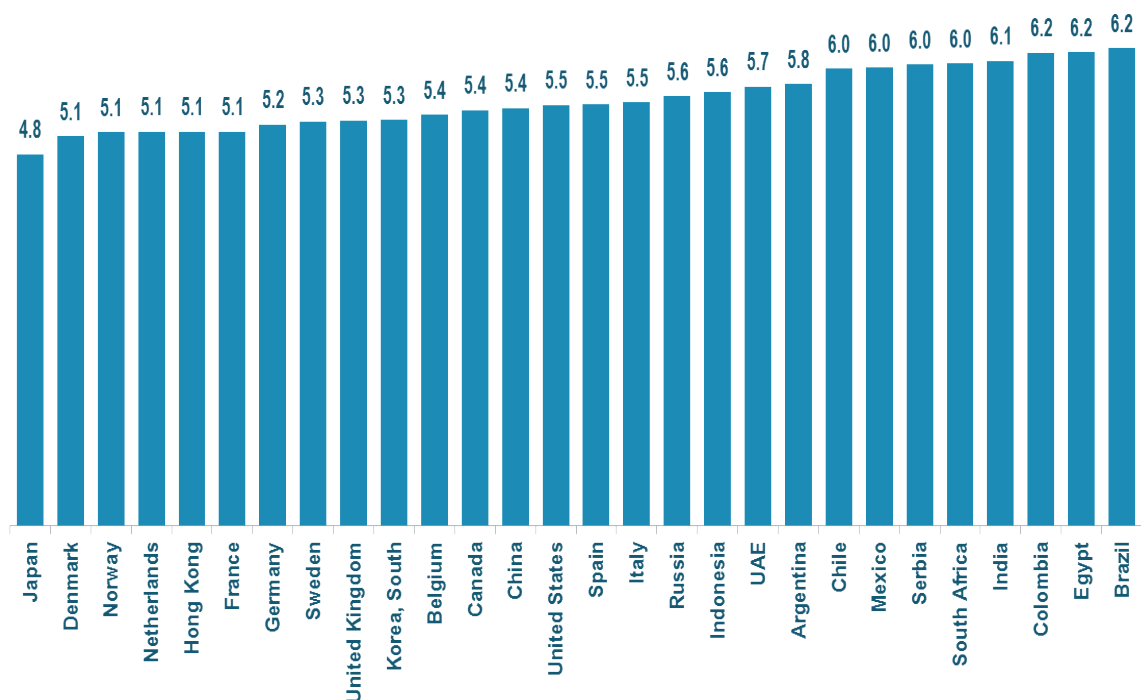
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Let us introduce you to the **Synovate Cultural Trends Monitor**: a quantitative program put in place to measure a broad range of topics to identify emerging trends in the way we live, feel and consume across the world.

We have conducted more than 23,000 interviews in 28 countries (Indonesia, India, South Korea, Japan, Canada, United States, Colombia, Brazil, Mexico, Argentina, Chile, Hong Kong, China, Germany, Netherlands, Belgium, Sweden, Norway, Denmark, France, Italy, United Kingdom, Serbia, Spain, United Arab Emirates, Russia, South Africa, and Egypt).¹

In the first question of the first wave – launched during July 2010 – we asked our respondents to tell us how much they agreed or disagreed with several topics related to basic needs and aspirations that anyone in the world can have in different life situations (we frame this under our Synovate Censydiam Model); we found something quite interesting.

FIGURE ONE - STATEMENT AGREEMENT AVERAGE PER COUNTRY





Each respondent was exposed to each statement (always with positive sentiment) and was asked to evaluate (from 1 to 7) his/her level of agreement with it. Adding all responses up and calculating an average for all statement² (32) evaluations per country, we unveiled something that has been around in market research for many years, but that we can see now very clearly and with a robust base (more than 650,000 answers coming from 23,000 individuals X 32 Statements): there is what we call a “Country effect” directly related with the economical context (Fig. 1).

This data reveals a pattern placing the richer countries (consolidated economies) on the left (lower agreement level) and the developing economies on the right (higher agreement level). This reinforces the hypothesis: Richer country consumers are tougher evaluators than those with lower incomes.

This is in line with a piece of work produced by Paul Holtzman and Jason Karpeles that proved that *purchase interest is related to the economic, political, and demographic characteristics of a country, suggesting that the same phenomena that motivates purchase interest also help to define the marketing conditions in a country.*³

He proved the connection between Purchase Interest with GDP and the Political Freedom Index.⁴

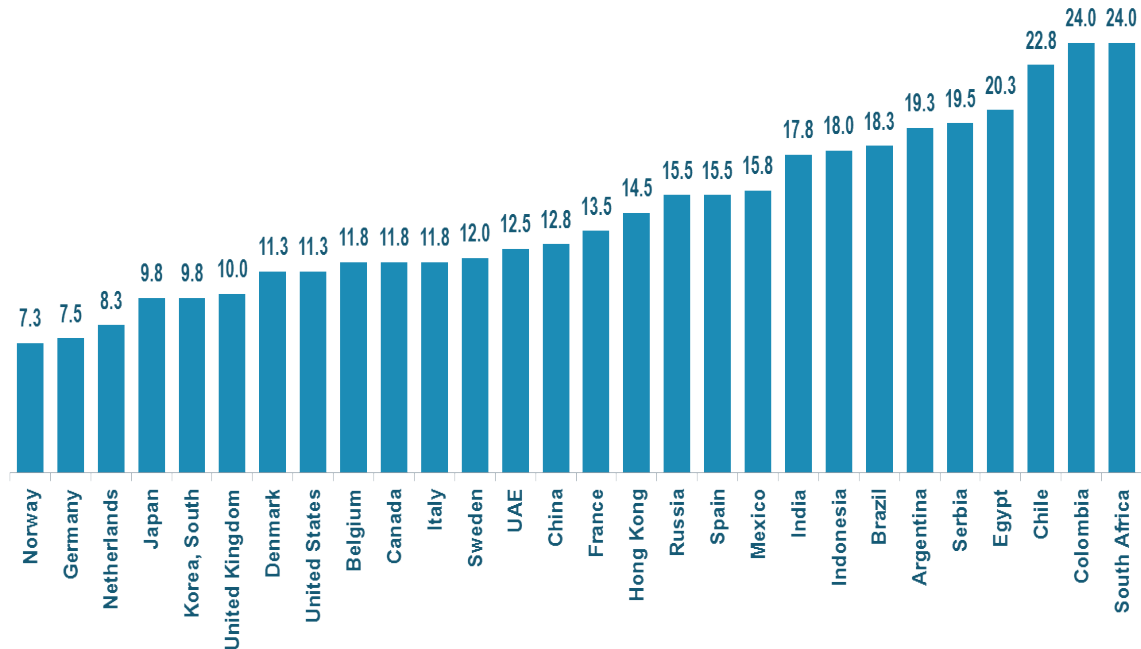
Following this idea we worked with 5 indicators in order to find if there is some correlation between the Level of Agreement & the Level of Development of each economy/country. These 5 indicators were:

1. GDP: The gross domestic product.
2. GDP per capita: The gross domestic product divided by country population
3. Unemployment rate percentage (based on active population)
4. Gini coefficient: is a measure of statistical dispersion commonly used as a measure of inequality of income or wealth.
5. Political freedom Index

We calculated the ranking position for each country in all the variables (the country with highest GDP is assigned to position number 1 and the one with the lowest to position number 28). Using the position from the 5 variables we have calculated an average per country, where the lower numbers belong to the richer countries (higher in the ranking) and the highest numbers to the poorer ones (Fig. 2).



FIGURE TWO - ECONOMIC INDEX RANKING AVERAGE PER COUNTRY



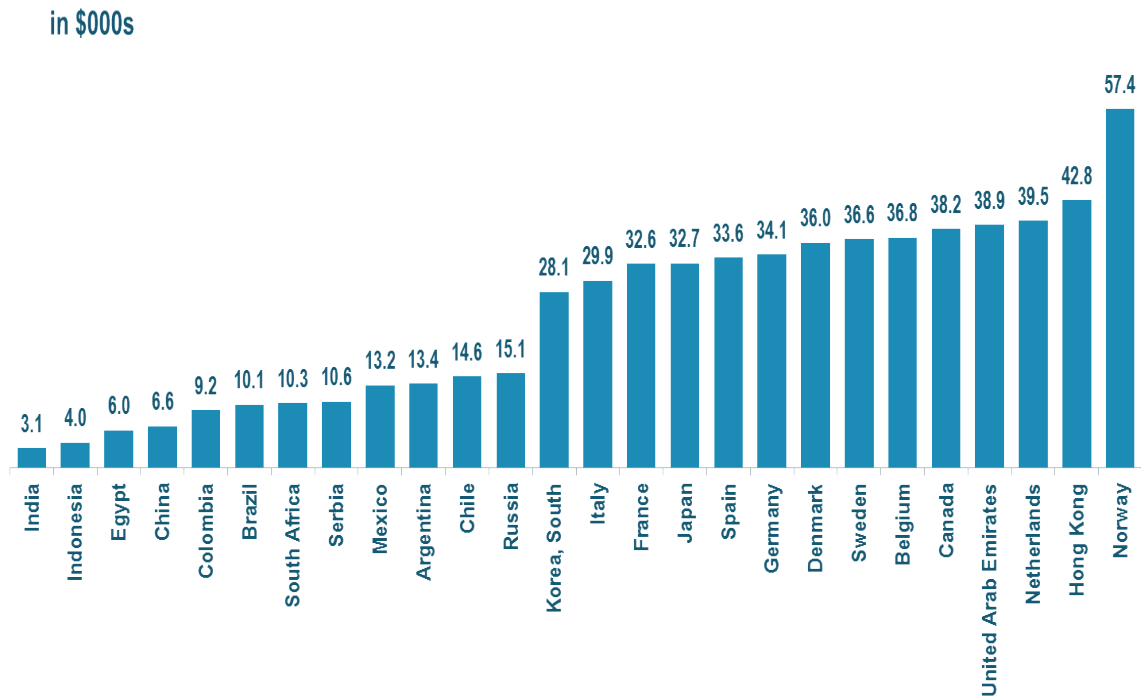
The correlation scores between this economic variable and the Statements agreement average from our survey went up to 0.84. That's very strong indeed (there is less than 1 case in 1000 that this association is just a coincidence).

This calculation was too complex (using rankings, etc...) and that's why we tried to conduct the same analysis using simpler variables. We found out that the GDP per capita (The gross domestic product divided by country population) was the easiest to handle and maintain reliable results.



The country values in this indicator are outlined in Figure 3:

FIGURE THREE - GROSS DOMESTIC PRODUCT PER CAPITA



The pattern is very similar to what we obtained in our survey (but inverse). Conducting a correlation analysis we obtain a -0.70 between both figures (negative because the poorer that a country is, the higher agreement they claim). That's very strong indeed (there is less than 1 case in 1000 that this association is just a coincidence).

Visually, we can see this correlation in the next graphic:



Residents from poorer countries have a broader range of topics that they would need to satisfy (so they consider them important) because they have fewer ones currently covered (security, being in touch,...). The opposite happens in the richer ones: life is easier so fewer things are important and their residents are more specific and tougher when evaluating what really matters.

During years the “think global, act local” has been implemented by blue chip companies across the world. Nevertheless, the recent economic turmoil has forced many of those companies to pull back from some markets, centralizing their marketing efforts in just a few sources in order to cut costs. This may be the right decision in the short term (first of all to survive!) but it should not mean losing contact with the local markets

The success of campaigns communicated by global brands is going to be directly linked with their ability to connect with the consumer in a relevant way. This is not new news, but the results from this study are a good reminder of how different we are and how companies should always keep that in mind.

The current analysis was conducted by Antonio J Gomez, (antonio.gomez@synovate.com) Synovate Iberia Quantitative Director, (with the collaboration of Javier Camino & Gerardo Fuksman).



Footnotes

1. This analysis was taken from Synovate's Global Trends survey, an international research study that monitors and measures consumers' values and attitudes on a variety of topics and their impact on trends and other emerging insights. The study was conducted from July to September 2010 with people aged 16 to 65 years old using data collection methods (CATI, CAWI, FTF). Quotas in all markets were set to maximize representativeness of the sample interviewed.
2. The statements: Life is full of wonderful things; Life is meant to be enjoyed, not endured; One should enjoy life to the fullest; You should always try to get the most enjoyment out of everything you do; You can make things happen and fulfil your dreams; You must overcome your own limits; You can make your dreams come true through hard work; Trying new things are worth the risk; Respect should be earned; You have to keep on achieving goals in life in order to be respected; Some people deserve more respect than others; I constantly aim to improve my (social) status; Ideas are the power of society; I'm proud of what I have achieved in my life; I always try and find ways to express my individuality; I strive to be different from others; You have to plan your future; My greatest ambition is to have a stable and secure future; I try to foresee obstacles as much as possible; We live in threatening times; I believe that something greater than ourselves protects us; It is essential to live a comfortable life; I need to have relaxed and stress-free surroundings; I prefer things that I know to new ones; I have to be there for those who matter to me; Your family always protects you; I have to protect my loved ones; My family helps me build my future; I pay attention to what others do; We are all the same; I want to share good times with others; I value close relationships and enjoy the company of my friends
3. Relating Purchase Interest to Country Characteristics. Paul Holtzman, Internal paper.
4. <http://www.freedomhouse.org>

